

IMF: Grenada's economy grew 4.4% in '25

The International Monetary Fund (IMF) Wednesday said that Grenada's economy continues to navigate elevated global uncertainties effectively in the aftermath of Hurricane Beryl, the category four storm that hit the island on July 1, 2024.

"Economic activity remains robust, with strong investment and construction more than offsetting a moderation in tourism inflows," the IMF executive board said following the 2025 Article IV consultation with Grenada, endorsing the earlier staff appraisal.

The IMF said Grenada's economy has proven resilient in the aftermath of Hurricane Beryl, despite elevated global uncertainties.

Growth in 2025 is estimated to have accelerated to 4.4 per cent, driven by strong investment and construction activity. Inflation has continued to moderate, reflecting easing global food and fuel prices. The fiscal position remains comfortable notwithstanding a temporary suspension of fiscal rules and an estimated 2025 primary deficit of 3.2 per cent of gross domestic product (GDP).

According to the Washington-based financial institution, major public infrastructure projects will sustain buoyant construction over the medium-term, extending the gradual moderation in overall growth toward its long-term potential.

The executive board said current low inflation is expected to gradually normalise by 2028.

"Grenada's external position in 2024 is assessed as weaker than the level implied by medium-term fundamentals and desirable policies and the large current account deficit will remain elevated over the medium-term until construction import pressures subside. Notwithstanding near-term fiscal deficit deficits amid reconstruction and other priority spending, the underlying fiscal position remains sound."

The executive board said the downside risks to the outlook persist amid heightened global economic and geopolitical uncertainties.

It said these stem from Grenada's high vulnerability to natural disasters and reliance on tourism and imports, even as moderate shocks to key tourism source countries or global commodity and shipping prices are assessed to have only modest impact.