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Annual Economic and Financial Review 2018

The Eastern Caribbean Central Bank prepares an Economic and Financial Review for the Eastern Caribbean Currency Union and each individual member territory for the periods ending June and December of each year.

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C O N T E N T S

LIST OF ACRONYMS AND ABBREVIATIONS

ABST	-	Antigua and Barbuda Sales Tax
CBI/CIP	-	Citizenship by Investment / Citizenship by Investment Programme
CPI	-	Consumer Price Index
ECCB	-	Eastern Caribbean Central Bank
ECCU	-	Eastern Caribbean Currency Union
EU	-	European Union
FDI	-	Foreign Direct Investment
GDP	-	Gross Domestic Product
IMF	-	International Monetary Fund
M1	-	Narrow Money
M2	-	Total Monetary Liabilities (Currency with the Public plus Deposits)
NFA	-	Net Foreign Assets
NFPE	-	Non-Financial Public Enterprises
NIA	-	Nevis Island Administration
NIS	-	National Insurance Services
NPL	-	Non-performing Loans
OPEC	-	Organisation of Petroleum Exporting Countries
PSIP	-	Public Sector Investment Programme
RGSM	-	Regional Government Securities Market
T-bill	-	Treasury Bills
UK	-	United Kingdom
US/USA	-	United States of America
VAT	-	Value Added Tax
WEO	-	World Economic Outlook

EXECUTIVE SUMMARY

Weakened growth for some of the major economies in the latter half of 2018 punctuated somewhat the outlook for global growth in the near term. Expansion in the international economy debilitated, hence overall growth for the year was estimated at 3.6 per cent compared with growth of 3.8 per cent in 2017. According to the IMF's World Economic Outlook (WEO) for April 2019, a deceleration is forecasted for global growth for 2019 and 2020 to 3.3 and 3.6 respectively, driven by a moderated pace of economic activity in advanced economies. Notwithstanding the deceleration, growth prospects over the near-term are relatively positive. Particularly, forecasts are for an expansion of the US economy, one of the major trading partners of the Eastern Caribbean Currency Union (ECCU) and an important source market for stay-over tourists. According to the April WEO, the US economy is expected to expand by 2.3 per cent in 2019 and 1.9 per cent in 2020. Among the key US economic indicators for 2019, the unemployment rate is projected to be 3.7 per cent and inflation 2.0 per cent. Monetary policy is not likely to tighten further from the position at December 2018, when the funds rate was raised to 2.5 percent.

Against the backdrop of these anticipated developments in the global economy, economic activity in the ECCU in 2019 is expected to continue with growth in all member countries. The expansion in 2018 were largely driven by construction and tourism activity, supported by the auxiliary sectors, which will all contribute to the impetus for growth in 2019. Though moderate, inflationary conditions prevailed as prices for petroleum products and food remained elevated. The merchandise trade balance for the region deteriorated influenced by higher levels of imports, mainly of construction materials to sustain the activity in that sector. On a consolidated basis, the overall fiscal situation improved, turning around to register a surplus. This outcome was the result of an expansion in the current account surplus, as revenue collections surpassed current outlays. The buoyancy in revenue was mainly associated with stronger inflows from the Citizenship by Investment Programmes. Activity on the RGSM was assessed to have improved as the value of bids on the primary market increased. Debt pressures mounted and a number of territories did not show signs of convergence to the 60.0 per cent debt to GDP ratio target by 2030. Large outlays for restoration and rehabilitation works contributed to increased borrowing. Despite issues related to correspondent banking and the implementation of the International Financial Reporting Standards 9, the banking sector remained stable with an overall improvement in asset quality and a stronger reserves position. In addition, the ECCB launched a digital currency pilot project with Bitt Inc, which is expected to address certain frictions in the financial system, improve the regional business environment and contribute to the prosperity of a striving and thriving citizenry.

Short-term prospects remain positive, though relatively uneven across member countries. Compared with the outcome in 2018, all member countries are expected to register expansions in economic activity, contributing to aggregate growth in the ECCU. Policy initiatives are accommodative of a contractionary fiscal stance, as it has become imperative for the region to establish buffers to guard against adverse extrinsic shocks and strengthen resilience to natural disasters. Given the current geopolitical challenges, particularly the instability in the Venezuelan economy, it is likely that prices for petroleum products in the ECCU may rise as imports under the Petro Caribe agreements experience stoppages and countries resort to extra-regional sources. Hence, it is anticipated that inflationary pressures will linger into 2019.

While the economic prospects for 2019 are largely favourable, a number of downside risks to the projections exist. These include a deeper than anticipated moderation in global growth originating from the advanced market economies, heightening of trade tensions between China and the USA and general policy uncertainty in a number of areas. Disruptions to the economies of major source markets like the USA, UK and Canada, have the potential to adversely impact tourism demand, investment flows and ultimately the overall economic outturn for the ECCU region. Other external threats include terrorism and natural disasters to which the region is vulnerable. Risks intrinsic to the ECCU include the governments' inability to close their fiscal financing gaps and source concessionary funding to support a growth-enhancing agenda. Additionally, climate risks and escalating crime rates around the region and negative spill-off effects associated with climate change are potentially detrimental to the thriving tourism industry. These risks could de-rail economic gains, if not addressed adequately. On the upside, domestic policies to spur growth and enhance resilience augur well for the region's development prospects.

D O M E S T I C E C O N O M I C D E V E L O P M E N T S

Overview

Supported by positive global developments, economic activity in the Eastern Caribbean Currency Union (ECCU) persisted on an upward trajectory, registering its eighth consecutive year of expansion. Provisional assessments indicate that the regional economy grew by 3.3 per cent[1] in 2018, an acceleration from the pace of 1.4 per cent recorded in the year prior. The acceleration largely reflected a turnaround in the performance of some key sectors including real estate, wholesale and retail, hotels and restaurants, and manufacturing; supported by continued expansion in construction activity. On a disaggregated basis, preliminary estimates revealed that economic activity expanded in all eight territories. Six of the ECCU member states recorded inflationary conditions during 2018, compared with the previous year, when all eight countries experienced inflationary pressures.

The overall balance on the consolidated fiscal accounts of member governments reverted to a surplus position after recording a deficit last year. The turnaround resulted from

[1] In keeping with international standards, the ECCB updated the terminology used to describe economic activity in the ECCU. Accordingly, the Bank now reports real change in the economy using real Gross Domestic Product (GDP) at market prices and not Gross Value Added (GVA) at basic prices as used in previous reports of the Annual Economic and Financial Review (AEFR). However, GVA will remain applicable for output by sector.

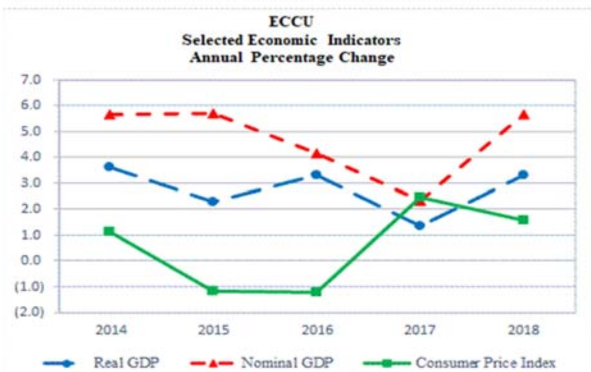
developments on the current account, which more than offset the impact of higher capital outlays. Despite the improvement in the overall fiscal performance, the outstanding debt of the public sector rose, driven in part by increases in both external and domestic borrowing. The overall robust economic activity was reflected in the major monetary aggregates of the banking sector, as net foreign assets, monetary liabilities and domestic credit recorded expansions. Liquidity in the commercial banking system improved, associated with an expansion in the deposit base, despite an increase in credit. In the external sector, the merchandize trade deficit widened, largely driven by growth in import payments.

Short to medium term growth forecasts for the economy of the ECCU are favourable, based on positive GDP projections for all member territories. The main impetus for this outlook is the anticipated robust construction activity, supported by strengthened performances in other major sectors, including hotels and restaurants, one of the main proxies for activity in the tourism industry. Any improvement in these sectors of the economy is likely to have associated positive knock-on effects on a number of auxiliary sectors, including wholesale and retail trade and transport, storage and communications. Inflationary pressures are likely to persist but remain constrained. This is premised on the expectations of a slowdown in global economic activity and moderation in commodity prices relative to the levels in 2018, especially oil. However, sustained improvements in domestic demand is expected to put upward pressures on the non-tradable component of the consumer basket, partially offsetting some of the downward pressures from fall in international prices. It is anticipated that despite fiscal and debt challenges, the positive economic performance, along with governments' continued fiscal consolidation and debt management efforts, may contribute to an overall surplus.

The economic outlook for the ECCU region remains contingent on developments in the global economy, which notwithstanding downside risks, is projected to expand by 3.3 per cent in 2019. Downside risks to the forecasts include uncertainty in the achievement of global growth targets, challenges associated with the UK with respect to Brexit, the adverse impact of the Venezuelan crisis on fiscal and debt in the region, a higher than expected increase in oil prices and strengthening of geo-political tension. Other areas of concern regarding the growth forecasts for the ECCU are an active hurricane season, other adverse weather conditions associated with global warming and climate change and socio-economic challenges like increasing crime, unemployment and poverty.

Real Sector Developments

Favourable conditions in the global economy contributed to an overall improvement in economic activity in the region.



These positive developments in the domestic economy stemmed largely from a turn-around in the performance of some key economic sectors, coupled with a major impetus from construction activity. Value added in the construction sector, a main contributor to economic growth in the ECCU, decelerated in 2018, registering an expansion of 9.2 per cent, compared with growth of 12.3 per cent in the prior year.

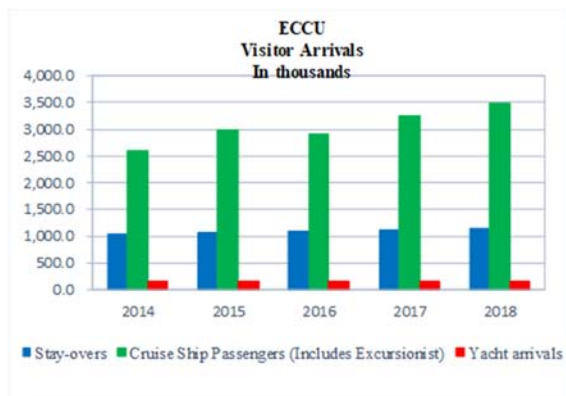
The performance of the construction sector was a reflection of higher levels of activity in seven of the eight member territories. Elevated private-sector-led activity across these member territories, largely accounted for the buoyancy in construction, which was supplemented by activity in the public sector, as outlays on capital projects rose. Private sector construction in the ECCU focused primarily on capital investments in tourism-related properties. In the meantime, public sector activity concentrated on rehabilitation of infrastructure, including roads and schools and further development of the housing stock.

On a country basis, the impact of the increase in the construction sector was greatest in Dominica and Anguilla, where value added rose by 65.0 per cent and 60.0 per cent, respectively. This impact was influenced largely by private sector projects and reconstruction work in both countries, as they recovered from hurricanes Maria and Irma. Other notable increases in construction value added were in Antigua and Barbuda (20.0 per cent), Grenada (15.0 per cent), Montserrat (5.0 per cent)) and St Vincent and the Grenadines (2.2 per cent). Higher value added in the construction sector was moderated somewhat by lower activity in Saint Lucia, where a decline of 17.0 per cent was recorded, as major planned investment projects experienced implementation delays.

Developments in the hotels and restaurants sector, a proxy for activity in the tourism industry, were marked by an estimated expansion of 2.1 per cent in value added in contrast to a marginal decline (0.1 per cent) in the previous year. On an individual territory basis, six countries recorded increases in tourism output, which more than offset declines in the remaining territories. The improved performance in the hotels and restaurants sector largely reflected growth in the total number of visitors to the Currency Union, particularly in the cruise ship and stay-over sub-categories.

The number of cruise passengers, which represented 71.5 per cent of total visitor arrivals, grew by 9.4 per cent to 3.4m compared with growth of 12.1 per cent recorded in 2017. The improved performance in the cruise sub-sector stemmed from growth in arrivals in five member countries, notwithstanding an 8.4 per cent decline in the number of cruise ship calls to regional ports. The highest expansion in the cruise ship sub-category was noted in Saint Lucia, where arrivals grew by 13.6 per cent (91,089), supported by increases of 8.1 per cent (86,125) in St Kitts and Nevis, 7.4 per cent (56,582) in Antigua and Barbuda, 25.1 per cent (43,640) in St Vincent and the Grenadines and 14.5 per cent (43,397) in Grenada. The impact of these increases was mitigated by declines of 14.4 per cent (22,574) in Dominica and 39.8 per cent (2,834) in Montserrat. As a share of total cruise passenger arrivals to the region, St Kitts and Nevis represents 33.6 per cent, Antigua and Barbuda, 24.0 per cent and Saint Lucia, 22.1 per cent.

Stay-over visitor arrivals rose by 2.5 per cent to 1.1m, an acceleration from the pace of expansion of 1.0 per cent recorded in 2017. The performance in this sub-category reflected growth in the number of visitors from all the major source markets. The number of stay-over visitors from the USA, the largest of this category, increased by 1.9 per cent in contrast to a decline of 0.4 per cent recorded in the prior year.



The Caribbean, the second biggest source market, continued its path of expansion and recorded an accelerated growth rate of 3.1 per cent, relative to last year's increase of 1.5 per cent. Additionally, expansions of 15.8 per cent and 0.8 per cent were observed in arrivals from Canada and UK, respectively. Six of the ECCU territories experienced growth, averaging 4.7 per cent, in stay-over arrivals. These increases ranged from a slight pick-up in Montserrat (0.1 per cent) to 10.0 per cent in Grenada.

Of the other categories of visitors, the number of yacht passengers grew by 9.6 per cent to 174,515, in contrast to a decline of 0.9 per cent recorded last year. Yachting activity was on the rise in four territories, predominantly in Saint Lucia, where the annual yacht regatta continues to do well. On the contrary, the number of excursionists fell by 49.0 per cent, following an 18.0 per cent contraction, one year prior. This outturn reflected a 60.0 per cent decline in the number of excursionists to Anguilla, as ongoing efforts to improve interconnectivity with St Martin, post- hurricane Irma, are progressing relatively slow.

Spill-over effects from increased construction and tourism activity are estimated to have contributed favourably to value added in sectors such as mining and quarrying (8.9 per cent), wholesale and retail trade (7.2 per cent) and transport, storage and communications (4.9 per cent). Performance was relatively favourable in a few of the other economic sectors, including health and social work (3.3 per cent), real estate, renting and business activities (1.7 per cent) and financial intermediation (1.3 per cent).

Value added in the manufacturing sector of the Currency Union advanced by an estimated 4.5 per cent, after contracting by 1.4 per cent in 2017. Seven member countries are estimated to have recorded elevated manufacturing activity, which more than offset a 25.0 per cent contraction in Dominica, following closure of its main brewery destroyed by hurricane Maria. Manufacturing activity turned around in Anguilla and St Kitts and Nevis to register growth of 40.0 per cent and 3.0 per cent, respectively, following declines in the previous year. Manufactured output intensified in Grenada (7.0 per cent), as the production of beverages and poultry feed improved. In addition, increasing manufacturing activity was recorded in Saint Lucia (6.0 per cent), St Vincent and the Grenadines (5.8 per cent), St Kitts and Nevis (3.0 per cent) and Montserrat (2.0 per cent).

Output in the agriculture, livestock and forestry sector is estimated to have contracted by 2.4 per cent, compared with a decline of 10.1 per cent in the prior year. The contraction in value added in that sector was driven primarily by a 2.6 per cent fall in crop production, particularly nutmeg. Value added from nutmeg fell by 12.5 per cent, in contrast to the previous year, when it increased by 17.2 per cent. This outcome mirrored developments in the nutmeg industry in Grenada, where production decreased by 13.1 per cent. Output of other crops fell by 3.7 per cent, driven predominantly by contractions of 10.0 per cent in Dominica and 2.8 per cent in Grenada. These declines were partially offset by an increase in the output of bananas, driven by an expansion of 5.8 per cent in production in Saint Lucia, as export to the UK rose. On the contrary, banana output declined in Dominica and Grenada by 29.4 per cent and 8.7 per cent, respectively. Relatedly, the tonnage of banana produced and exported increased, contributing to growth of 5.4 per cent in revenues from banana exports. The livestock sub-sector recorded a lower output, estimated at 1.8 per cent, compared with a contraction of 2.1 per cent in 2017.

Prices, Wages and Employment

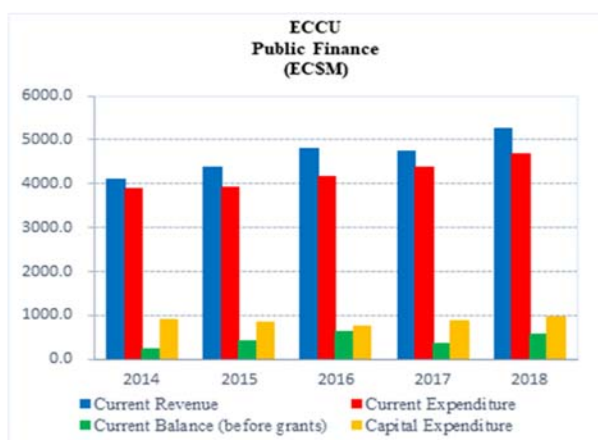
Most ECCU member countries experienced inflationary conditions during the year under review. The increases in consumer prices ranged from 1.0 per cent in Grenada to 2.8 per cent in Dominica. The other economies functioning under elevated price conditions were Montserrat (2.4 per cent), Saint Lucia (1.6 per cent), Antigua and Barbuda (1.5 per cent) and St Vincent and the Grenadines (1.4 per cent). A deflationary environment prevailed in St Kitts and Nevis (0.8 per cent) and Anguilla (0.4 per cent). Most of the inflation reported was a consequence of higher prices for utilities, gas, fuels and a number of food items.

Information with regard to wage movements in the public sector indicated mixed developments within the member territories. Public servants in Antigua and Barbuda received a 5.0 per cent salary increase, while those in Grenada were awarded a 3.0 per cent raise, coupled with a one-time payment of $750. While government employees in St Kitts and Nevis did not receive any pay increase, they were granted a one-month salary bonus in December. Public servants in Saint Lucia did not receive any wage increase, but the number of public sector employees rose, as more police officers were enlisted to the Royal Saint Lucia Police Force. Due to the buoyant construction activity in Anguilla, Grenada and St Kitts and Nevis, employment levels were estimated to have increased. Preliminary estimates point to reduced unemployment levels in Montserrat, Dominica and Saint Lucia, where the number of persons employed increased, particularly in the public service. Based on preliminary reports from the social security systems, the total number of insured persons in Antigua and Barbuda and St Vincent and the Grenadines rose. On average, however, the unemployment rate in the ECCU, which continues to be a concern for regional policymakers, may have edged downwards. The structural impediments in the labour market persists and while the region made small strides in the area of employment, a more targeted regional approach is necessary to drive down unemployment and underemployment to sustainable levels for long run survival of the social security systems.

Fiscal and Debt Developments

Preliminary data on the aggregated fiscal operations of the central governments indicated that an overall surplus (after grants) of $12.7m (0.1 per cent of GDP) was generated, in contrast to a deficit of $109.5m (0.6 per cent of GDP) recorded one year earlier. The turn-around in the overall balance position was largely attributable to developments on the current account, as a larger current surplus more than offset growth in capital expenditure. The overall fiscal improvement was also reflected in the primary balance (after grants), as it yielded a surplus of $481.2m (2.4 per cent of GDP) compared with one of $351.6m (1.9 per cent of GDP) in the prior year. The augmented primary balance indicates a general improvement in the fiscal position of six member territories. St Kitts and Nevis, Grenada, Saint Lucia, St Vincent and the Grenadines, Anguilla and Antigua and Barbuda all recorded larger primary surpluses, while Dominica realized a wider primary deficit. Montserrat, on the other hand moved to a primary deficit position from its small surplus one year ago.

The governments' current operations yielded a surplus of $581.0 (2.9 per cent of GDP) compared with one of $360.8m (1.9 per cent of GDP), as the rate of increase in revenue collections outpaced that of current expenditure. Current revenue grew by 11.3 per cent to $5,265.9m (26.2 per cent of GDP) in contrast to a contraction of 1.2 per cent to $4,731.1m (24.8 per cent of GDP) noted a year earlier. The increase in current revenue resulted from enhanced intakes from both non-tax and tax revenues.



Non-tax revenue grew by 31.8 per cent ($286.1m) to $1186.2m (5.9 per cent of GDP), primarily due to growth of 51.5 per cent in proceeds associated with the Citizenship by Investment Programmes in St Kitts and Nevis and Saint Lucia. This performance contrasts the outturn in 2017, when non-tax revenue contracted by 11.2 per cent ($113.1m) to $900.17m (4.7 per cent of GDP), which largely reflected a downturn in Dominica's intake.

Tax revenues increased by 6.5 per cent ($248.8m) to $4,079.7m (20.3 per cent of GDP) compared with growth of 1.5 per cent to $3,830.9m (20.1 per cent of GDP) recorded in the previous year. Growth in tax revenue was buoyed by higher intakes from all categories of taxes, except the property tax. Receipts from taxes on domestic goods and services rose by 7.5 per cent ($124.1m), led by higher collections from the value added tax (VAT), supported by an increase in the intake from the sales tax. VAT receipts were up by 11.3 per cent to $1071.1m (5.3 per cent of GDP), reflecting improved performances in five of the territories – Dominica, Grenada, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines. Additionally, yields from the sales tax grew by 17.5 per cent, a reflection of growth in collection from the Antigua and Barbuda Sales Tax, which was driven by enhanced administration and investment in its IT system.

Also contributing to the uptick in tax revenue, was an increase of 9.3 per cent ($109.3m) to $1,284.1m, from taxes on international trade and transactions, largely driven by higher yields from the import duty and the customs service charge, associated with the increased economic activity. Receipts from taxes on income and profits grew by 2.8 per cent ($24.1m), buoyed by higher yields from the corporation tax (3.8 per cent), which more than offset a decline in proceeds from the personal income tax (2.0 per cent). On a disaggregated basis, all countries, except Anguilla, recorded growth in tax revenue ranging from 0.8 per cent in St Vincent and the Grenadines to 22.6 per cent in Dominica.

Current expenditure expanded by 7.2 per cent to $4,684.9 (22.7 per cent of GDP), compared with growth of 5.2 per cent to $4,370.3m (22.9 per cent of GDP) in the prior year. Despite growth in current spending, the total remained within the Monetary Council's target range of 22 to 26 per cent of GDP. The upward movement in current outlays was associated with higher spending on all sub-categories of expenditure, particularly goods and services and personal emoluments.

Outlays on goods and services increased by 18.5 per cent ($166.9m), mainly driven by developments in three countries, where that category of expenditure rose by $72.4m (Saint Lucia), $67.9m (St Kitts and Nevis) and $36.3m (Dominica). Spending on personal emoluments rose by 5.8 per cent ($108.4m) driven by higher outlays in seven of the eight countries, i.e. Antigua and Barbuda ($90.6m), St Kitts and Nevis ($13.8m), Grenada ($7.9m), St Vincent and the Grenadines ($7.2m), Anguilla ($2.1m), Saint Lucia ($4.0m), and Montserrat ($1.0m). By contrast, payments towards personal emoluments fell by 11.2 per cent ($20.1m) in Dominica.

Spending on transfers and subsidies rose by 2.8 per cent ($32.0m), influenced largely by increases in subventions and contributions to statutory corporations and other institutions by the governments of Anguilla, Dominica, Grenada, Montserrat, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines. The overall increase in spending on transfers and subsidies was moderated by a decline in outlays in Antigua and Barbuda as the government scaled back on transfers to state owned enterprises.

Larger interest payments ($7.5m) were attributable to increases in the stock of outstanding public debt, as governments continued to borrow to finance their operations. Higher allocations towards interest payments, noted in six of the member territories were somewhat moderated by declines in Grenada ($15.1m) and St Kitts and Nevis ($2.0m). The largest increases in interest payments were recorded in Saint Lucia ($10.2m), Antigua and Barbuda ($5.8m), Anguilla ($4.7m) and Dominica ($3.6m), due largely to rising external obligations.

Capital expenditure at the ECCU level grew by 10.9 per cent to $978.6m (4.9 per cent of GDP), which was below the 5.0 to 7.0 per cent of GDP target range recommended by the Monetary Council. This outturn is a deceleration from growth of 15.5 per cent to $882.5m (4.6 per cent of GDP) recorded in 2017. The expansion in capital outlays was observed in five territories: Dominica ($114.7m), St Kitts and Nevis ($48.1m), Antigua and Barbuda ($17.4m), Grenada ($9.1m) and Anguilla ($2.9m). Higher outlays on capital expenditure largely reflected increased spending on construction, reconstruction and rehabilitation of major infrastructure, including roads, a cruise-ship pier and a few public housing projects.

Total grant inflows declined by 4.4 per cent to $372.0m (1.8 per cent of GDP), in contrast to growth of 11.4 per cent to $388.9m (2.0 per cent of GDP) in the previous year.

This outturn was associated with lower inflows in four of the territories, particularly in Saint Lucia ($27.4m) Dominica ($13.3m) and Montserrat ($9.4m). By contrast, total grant flows increased in the remaining four territories including Antigua and Barbuda ($13.6m), Grenada ($11.3m) and St Kitts and Nevis ($9.7m).

The total stock of outstanding public sector debt of the ECCU member countries increased by 2.5 per cent to $13,674.6m at the end of December 2018, in contrast to a marginal contraction (0.3 per cent) during the prior year. Notwithstanding the increase in the debt level, the debt to GDP ratio fell to 67.9 per cent from 70.0 per cent at the end of December 2017. Growth in disbursed outstanding debt largely reflected a 2.4 per cent ($283.4m) increase to $12,036.4m in the outstanding debt of the central government, supported by a rise in the debt of public corporations. The expansion in central government's indebtedness stemmed from increases of 3.2 per cent and 1.4 per cent in external and domestic debt obligations, respectively. These expansions were driven largely by increased indebtedness by the governments of Antigua and Barbuda, Saint Lucia, St Vincent and the Grenadines, Anguilla and Dominica. This outturn was partially offset by declines in the debt levels of the governments of St Kitts and Nevis, Grenada and Montserrat.

The stock of debt by public corporations grew by 3.1 per cent ($49.3m) and primarily reflected growth of 7.3 per cent in domestic obligations, despite a decline of 4.5 per cent in their external commitments. The total debt service payments (principal plus interest) by central governments increased by 37.6 per cent to $1,983.4m (37.7 per cent of current revenue), compared with the volume at the end of December 2017, mainly on account of higher obligations in Saint Lucia, Grenada and St Vincent and the Grenadines.

Developments on the RGSM

Preliminary data point to a mixed outcome regarding activity on the Regional Government Securities Market (RGSM) during 2018. There was an increase in the value of bids, combined with a simultaneous fall in the volume of issuance on the primary market. Provisionally, the data indicate a decrease in the total number of auctions by member governments to 55 from 59 in the previous year, while the total value of issues grew by 4.4 per cent to $1,286.3m. This year's outturn compares with growth of 12.1 per cent in gross issuance recorded one year ago. Of the total securities, 47 were

Treasury bills, while eight were bonds. Notwithstanding the lower volume of bids, the increased value of security issuances augurs well for market confidence in the RGSM and its continued use as a regional investment platform for the governments and people of the ECCU.

An analysis of activity by the tenor of the security indicates that the instruments were predominantly of short-term maturity, with Treasury bills making up about 85.5 per cent of the total securities issued. The volume of short dated securities issued contracted by 9.6 per cent and the value fell by 3.2 per cent to $1,073.3m. The lower value was primarily the result of reduced issuance by the governments of Grenada, Saint Lucia, St Vincent and the Grenadines and Dominica. The volume of the longer-term securities (bonds) increased by 14.3 per cent and their value almost doubled to $213.0m.

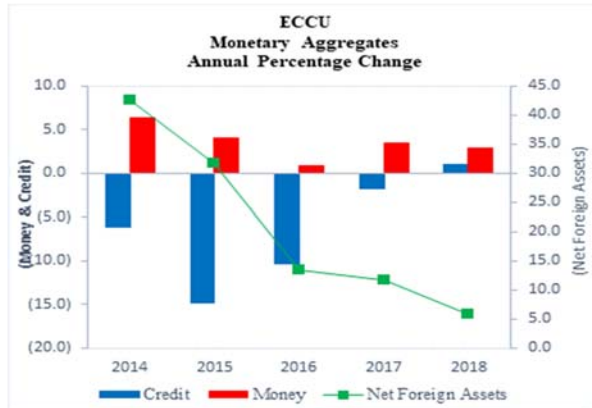
Commercial banks continued to hold the highest proportion of the value of successful bids, which decreased to 37.8 per cent from 45.4 per cent at the end of 2017. Investor confidence appeared to have remained elevated, as evidenced by a 3.6 per cent increase in total annual subscriptions to $1,716.1m. There was a marginal decline in demand by investors for instruments issued on the market during the year, as indicated by the behaviour of the bid-to-cover ratio (value of bids received/value of bids accepted), which moved to 1.33 from 1.34 at the end of December 2017.

The Government of Saint Lucia remained the most active on the RGSM, accounting for 34.5 per cent of the volume of auctions, becoming the holder of the highest gross value of securities (38.8 per cent). The Government of St Vincent and the Grenadines followed with 25.9 per cent of the total value issued. Issuances by governments of Antigua and Barbuda, Grenada and Dominica accounted for 19.8 per cent, 9.2 per cent and 6.2 per cent, respectively. Two member governments improved their participation in 2018, when compared with issuance activities in the prior year, with the larger increase coming from Saint Lucia (131.8m). On the contrary, three governments reduced their participation, with the largest decrease in value coming from Grenada ($72.0m).

The rates on the instruments differed based on the term to maturity and tended to be lower for short-dated securities and higher for long-term issues. The average weighted yield on 91-day T-bills fell by 27 basis points to 2.74 per cent at the end of 2018. For 180-day T-bills, the rates decreased by 22 basis points to 3.21 per cent. The weighted average yield on the 365-day T-bills fell by 47 basis points to 4.01 per cent. Regarding the movements of rates for limited medium-term instruments, the weighted average yields on the 7-year bonds fell by 68 basis points to 6.25 per cent, while the yield for the 8-year bond, introduced for the first time in 2018, was 7.02 per cent. The yield on a 10-year bond was 7.30 per cent, five basis points lower than December 2017.

Banking Sector Developments

From the perspective of the Currency Union, monetary liabilities (M2) expanded by 2.9 per cent to $16,872.8m during 2018, compared with growth of 3.4 per cent during the previous year. Growth in M2 was sustained by expansions in both narrow money (M1) and quasi money. M1 grew by 6.8 per cent ($285.6m), fuelled largely by increases of 7.4 per cent ($237.9m) in private sector demand deposits and 5.6 per cent ($50.0m) in currency with the public. The performance of M1 was somewhat moderated by a 2.7 per cent decline in EC$ cheques and drafts issued. Quasi money grew by 1.5 per cent to $12,211.4m, as expansions in private sector savings deposits (2.5 per cent) and private sector foreign currency deposits (2.2 per cent) more than offset a 3.0 per cent decrease in private sector time deposits.

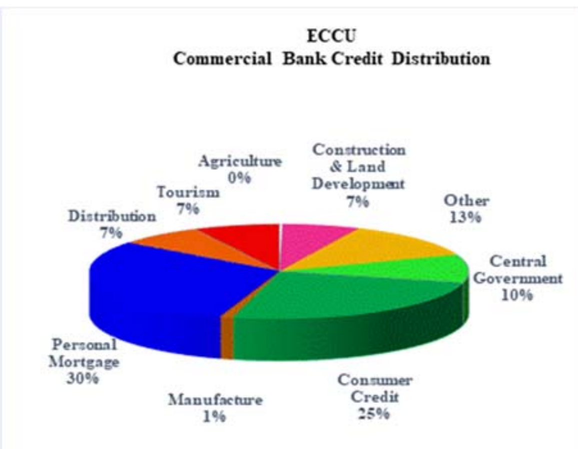


Following a decline of 1.9 per cent during the previous year, domestic credit[2] inched up marginally (0.9 per cent) to $9,129.5m, partly driven by the transactions of governments. Net credit to the central government expanded by $120.0m, partly associated with a decrease of 3.9 per cent in their deposits at commercial banks, despite an increase in loans and advances from these institutions. There was a slight increase ($2.8m) to $11,052.1m in outstanding credit to the private sector, driven by marginal growth in lending to households, which more than offset a decline of 0.3 per cent in credit extended to businesses. In the rest of the private sector, credit to subsidiaries and affiliates increased by 1.4 per cent and that to non-bank financial institutions grew by 2.4 per cent. The net deposit position of non-financial public enterprises grew by 2.1 per cent, reflecting

[2] Refers only to the banking system

increases in both deposits and commercial banks' credit.

An analysis of the distribution of commercial banks' credit by economic activity indicates that outstanding loans and advances increased by 2.4 per cent following a marginal decline during 2017. The performance of credit extended among the major sectors of the economy was mixed with a number of key sectors recording a turn-around in their borrowing.



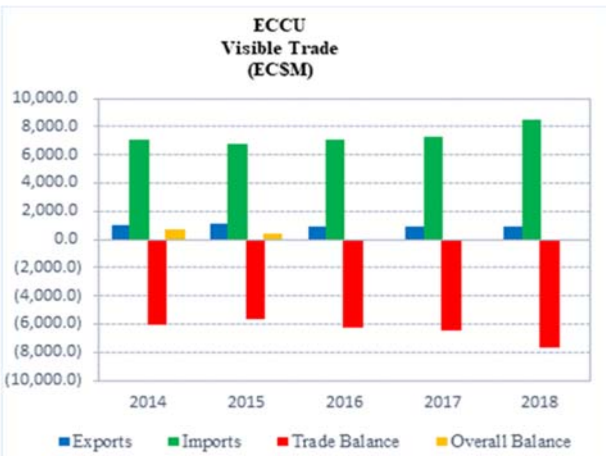
Credit for utilities, electricity and water increased by 47.4 per cent ($94.6m), in stark contrast to a decline of 16.2 per cent extended one year ago. Consistent with the buildup in the construction sector and the tourism industry, lending for these purposes grew by 6.8 per cent and 4.5 per cent, respectively. Notwithstanding an improvement in manufacturing activity, credit extended to that sector declined by 6.5 per cent ($11.8m). In addition, lending for personal use fell marginally (0.2 per cent), despite an increase in borrowing for durable consumer goods.

The net foreign assets of the ECCU's banking system rose by 5.9 per cent to $8,736.7m, compared with an increase of 11.6 per cent during the last year. The improvement in the net foreign assets position was primarily attributed to growth in the net foreign assets of the commercial banking sector. Commercial banks' net external position expanded by 15.1 per cent to $4,081.0m, primarily influenced by an 11.6 per cent rise in their foreign assets, notwithstanding growth of 7.8 per cent in their foreign liabilities. The net external position of the Central Bank fell by 1.1 per cent to $4,655.7m, as its foreign liabilities more than tripled.

An assessment of the commercial banking system indicated that it remained relatively liquid during the review year. At the end of December, the ratio of liquid assets to short-term liabilities stood at 39.7 per cent, well above the 25.0 per cent minimum established by the ECCB's prudential guidelines and slightly higher than the level recorded at the end of 2017. The loans and advances to total deposits ratio rose marginally (0.2 percentage point) to 58.8 per cent, which remained well beneath the ECCB's stipulated lower limit of 75.0 per cent.

External Sector Developments

Preliminarily, the merchandise trade balance demonstrated further deterioration in 2018. The deficit widened by 18.8 per cent to $7,608.0m (37.8 per cent of GDP), after having deteriorated by 3.6 per cent in 2017.



This outturn was largely driven by growth in import payments, which more than offset an improvement in export receipts. The value of imports expanded by 17.1 per cent ($1233.9m) to $8,452.4m, compared with growth of 3.0 per cent in the prior year. Higher import payments were recorded in all the eight member countries ranging from 4.1 per cent in Saint Lucia to 65.4 per cent in Anguilla. Export revenue grew by 3.7 per cent to $844.3m, largely reflecting an increase of 5.1 per cent ($28.2m) in domestic exports, supported by growth of 1.2 per cent in re-exports. Five territories registered augmented exports earnings, mostly in Anguilla and St Kitts and Nevis, where receipts from exports grew by 15.5 per cent and 9.5 per cent, respectively.

Gross travel receipts were estimated to have expanded by 5.8 per cent to $5,878.5m, associated with growth in total visitor arrival, particularly stay-over visitors from all the major source markets. Increases in such receipts were realized in six of the ECCU countries and were noteworthy in Montserrat (32.9 per cent), St Kitts and Nevis (15.2 per cent), Saint Lucia (12.7 per cent) and Grenada (10.1 per cent). Gross external disbursements to the central governments totalled $640.2m, an increase of 14.6 per cent, while external debt repayment amounted to $679.3m, approximately 27.8 per cent above the amount recorded at the end of last year. These developments contributed to a net outflow of $39.1m by the central governments, compared with a net inflow position of $27.5m in the prior year. Total official grants to the governments were down by 4.4 per cent, in contrast to an expansion of 11.4 per cent in 2017. This outturn reflected lower grant receipts by four territories, including Saint Lucia ($27.9m) and Dominica ($13.3m). Commercial banks' external transactions led to a net outflow of $553.9m in short term capital, relative to one of $704.9m during the previous year.

Outlook

Notwithstanding a projected moderation in global expansion as cited by the IMF's April 2019 World Economic Outlook report, growth prospects remain relatively favourable. Projections are for the world output to expand by 3.3 per cent in 2019 and 3.6 per cent in 2020. In light of downside risks, which have the potential to affect anticipated gains, growth in the advanced economies is projected to decelerate to 1.8 per cent in 2019 and 1.7 per cent in 2020. More significantly, economic activity in the United States of America, one of the region's major trading partners, is expected to expand by 2.3 per cent in 2019 and soften to 1.9 per cent in 2020, as fiscal stimulus continue to unwind. Other noteworthy economies include the UK, which despite headwinds associated with Brexit, is expected to grow by 1.2 per cent in 2019 and Canada, forecasted to expand by 1.5 per cent in that same year.

Consistent with the prospects for the aforementioned countries and regional efforts to spur growth, some strengthening is projected for economic activity in the ECCU in the short to medium term. Forecasts are for enhanced activity in all member territories and ultimately for the currency union. It is anticipated that the improvement will be influenced by buoyancy in the construction sector, supported by positive developments in some of the major economic sectors, including hotels and restaurants, agriculture, livestock and forestry, wholesale and retail trade, transport, storage and communications and real estate, renting and business activities. Additionally increased foreign direct investments is likely to influence growth, as member countries continue to benefit from the Citizenship by Investment Programmes.

Forecasts for the near-term point to strengthened construction-related output driven by activity in both the private and public sectors, more so in the private sector. Activity in the private sector is likely to remain buoyant as work progresses on a number of tourism-related construction projects in member territories, including St Kitts and Nevis, Saint Lucia, Dominica and Antigua and Barbuda. In the public sector, construction activity is also projected to rise in most ECCU countries. The focus will be on road and other infrastructural developments, including a new cruise ship berth and secondary school in St Kitts and Nevis, port re-development and enhancement in Antigua and Barbuda, airport development in Saint Lucia, air and sea port development in Anguilla and geothermal-related development in St Vincent and the Grenadines.

Increased value added in the hotels and restaurants sector is anticipated, buoyed by greater demand for leisure services from major source markets, as the outlook for these economies remains generally favourable. Intensified marketing and sales efforts, increased airlift, combined with new initiatives and augmented room stock may further enhance the performance of the tourism industry. Projections for the cruise sub-sector remain positive, based on advanced scheduling of ships and on-going efforts to bolster cruise-related infrastructure. The anticipated improvement in tourism is likely to have positive spill-over effects on ancillary sectors including wholesale and retail trade, real estate, renting and business activities and transport, storage and communications, hence a further boost for the economy of the ECCU.

Output in the agriculture, livestock and forestry sector is likely to strengthen, largely based on expected developments in all crops, particularly non-banana production. On-going efforts by most of the territories towards investment in agriculture, diversification within the sector and building external linkages, augur well for boosting overall value added in agriculture. Inter alia, anticipated developments with medicinal cannabis in St Vincent and the Grenadines, rehabilitation of coffee and cocoa in Dominica, coupled with strengthening banana export in Saint Lucia are all likely to add impetus to agricultural production.

In light of the broad based gains in the governments' fiscal performance this year and the projected improvement in economic activity, the consolidated fiscal operations of member governments are projected to maintain an overall surplus position, as they continue to implement policies geared towards fiscal and debt consolidation. Notwithstanding anticipated improved current account outturns in some territories, further fiscal challenges are possible as official grant inflows wane. Capital expenditure is projected to rise in most member countries, as work on infrastructural projects progresses, especially in the hard-hit territories where rebuilding efforts are still on-going following hurricanes Irma and Maria. Despite the expected developments on the fiscal accounts and the anticipated growth, greater efforts are necessary to leapfrog the region out of its current state of low growth towards a greater thriving citizenry. Initiatives towards strengthening the fiscal and debt dynamics are imperative and must be at the forefront. These measures should include the building and strengthening of fiscal and financial buffers. Moreover, along with the greater need to be a competitive region, policies to tackle head on the social challenges of poverty, unemployment and crime that confront the region, must be top priority.

On the external accounts, the merchandise trade deficit is expected to widen, on the premise of higher import payments. The total import bill for the region is likely to increase, associated with the anticipated buoyancy in the construction sector and rebuilding and renovating activities post-hurricane. As the number of visitors increase, so does the tendency to augment imports to cater to the increasing demand; hence further developments in the tourism industry are also expected to contribute to a higher import bill.

Stable conditions in the financial sector are expected to persist, driven by on-going efforts of the ECCB to strengthen that sector. The implementation of a Fintech pilot project in the ECCU aimed at bolstering the region's competitiveness augurs well for the banking sector. Monetary aggregates are projected to expand, driven by increases in private sector savings and demand deposits, consistent with positive forecast for growth in 2019. Credit to the private sector, however, is likely to moderate, as lending conditions may remain relatively tight. Liquidity is likely to ease further as macroeconomic conditions improve. Amid uncertainty, persistent fiscal deficits and unsustainable debt levels, efforts to address any weaknesses in the banking system and to mitigate the impact of potential risks are among major policy priorities for the continued development of the region and its people.

Although global dynamics indicate economic expansion in 2019, significant risks remain, which can potentially derail the realization of these forecasts. These risks tilt to the downside and include lower than anticipated global economic activity, attributable in part to an escalation of trade tension and the uncertainties for the UK economy associated with Brexit. The materialization of these risks can negatively influence the demand for leisure and impact tourism activity, which plays a key role in the region's economy. Additionally, investment flows to the ECCU have serious growth implication and remain vulnerable to external market conditions. Like all other countries, the ECCU needs to implement measures to boost potential output growth and foster inclusivity. On the domestic front, continuous accumulation of debt, emanating from larger financing gaps associated with fiscal operations can put a greater strain on the fiscal and hinder governments' ability to implement their capital programme. The ECCU also faces a myriad of socioeconomic challenges, including competitiveness, labour market rigidities, unemployment and underemployment, poverty and crime, which can damper growth prospects.

Other significant risks are those related to climate change, global warming and natural disasters - including an active hurricane season, a slow-down in inflows from the Citizenship by Investment Programmes and continued challenges with de-risking and correspondent banking relationships.

On the upside, initiatives to improve efficiencies in the banking service infrastructure to facilitate doing business bode well for competitiveness. Any improvement in global conditions could stimulate further activity and in turn bolster growth in the region. In addition, positive developments regarding commodity prices could lead to improvements on the balance of payments.

A N G U I L L A

Overview

Economic activity in Anguilla is estimated to have expanded by 1.9 per cent in 2018 in contrast to a contraction of 7.7[3] per cent in 2017. The growth in economic output was primarily attributable to expansions in major sectors including construction and wholesale and retail trade. However, the growth outturn was tempered by contractions in hotels and restaurants, fishing, electricity and water, and financial intermediation. Consumer prices fell by 0.4 per cent during 2018, on an end of period basis, following an increase of 1.4 per cent during the previous year. The fiscal operations of the central government resulted in a smaller overall surplus, relative to the one achieved in 2017. With respect to debt, the disbursed outstanding public sector obligations increased, largely on account of an expansion in external debt. In the banking system, net foreign assets, monetary liabilities and liquidity increased while domestic credit declined.

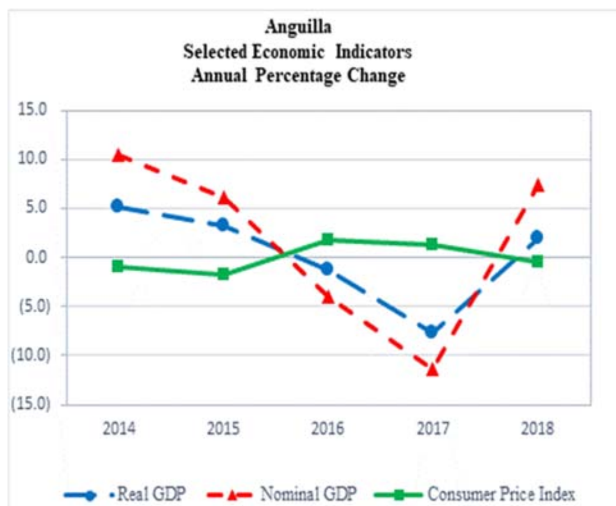
Economic activity is expected to be robust in 2019 on the back of a buoyant tourism sector, as all the major hotels and villas

[3] In keeping with international standards, the ECCB updated the terminology used to describe economic activity in the ECCU. Accordingly, the Bank now reports real change in the economy using real Gross Domestic Product (GDP) at market prices and not Gross Value Added (GVA) at basic prices as used in previous reports of the Annual Economic and Financial Review (AEFR). However, GVA will remain applicable for output by sector

return to full operations and demand from major source markets continues apace. In addition, access issues are expected to improve as airlift increases in line with the return to normal traffic at the Princess Juliana Airport in St Maarten, Anguilla's primary gateway. Increased output in the tourism sector will have an important knock-on effect on wholesale and retail trade, transport, storage and communications. Furthermore, strong support is expected from the construction sector, as work on key infrastructure such as the Blowing Point Terminal, the Clayton J Lloyd International Airport and all public schools will accelerate in 2019. Much of the central government's capital programme will be supported by grant aid provided by the UK government as part of a three-year package of assistance to rebuild critical infrastructure. **There are critical downside risks to the outlook**. A key one relates to the possibility of a no-deal withdrawal of the United Kingdom from the European Union and what such an eventuality may portend for critical aid to Anguilla's capital reconstruction programme. Closely aligned to this, is the potential effect of Brexit on the British pound, which can negatively affect the purchasing power of UK travellers. In addition, a faster-than-expected slowdown in the US economy, further aggravated by a possible escalation in trade tensions between the United States of America and China, could dampen global growth and negatively impact the demand for leisure among travellers in key source markets. Furthermore, the non-divestiture of ANGLEC shares could pose liquidity issues for the central government and impair its ability to honour maturing debt obligations.

Real Sector Developments

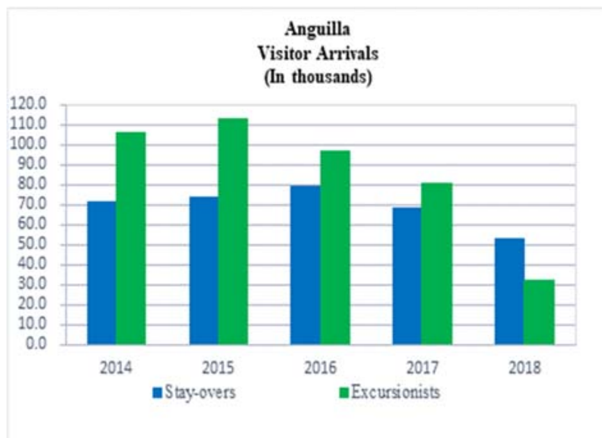
Following two consecutive years of contraction, economic output rebounded in 2018, primarily led by construction and wholesale and retail trade.



Value added in the construction sector, which contributed approximately 12.6 per cent of GDP, is estimated to have increased by 60.0 per cent in 2018, in contrast to a decline of 5.5 per cent in 2017. The growth in construction activity was led by the private sector as all the major hotels and villas on the island, including Four Seasons Resort and Residencies, Belmond Cap Juluca, Cuisinart and Zemi Beach House, completed renovations and expansions in time for the peak tourism season, which runs from December to March. Additional support was provided by the public sector, as work on critical infrastructure such as the Princess Alexandra Hospital and the Clayton J Lloyd International Airport continued apace. The wholesale and retail trade sector also exhibited robust growth in 2018, expanding by 45.0 per cent in contrast to a 16.0 per cent contraction recorded in 2017.

The sector, which contributed approximately 11.8 per cent of GDP, grew in tandem with activity in the construction sector as private businesses and homes underwent significant refurbishment in the wake of Hurricane Irma in September 2017.

By contrast, **value added in the hotels and restaurants sector, a proxy for activity in the tourism industry, is estimated to have contracted by 25.0 per cent in 2018, following a decline of 16.1 per cent in 2017.** The depressed level of activity in the sector was primarily driven by a decline of 22.3 per cent in the number of stay-over visitors to 53,056, following a contraction of 13.9 per cent in the previous year. Activity was further depressed by a decrease of 60.2 per cent in the number of excursionists to 32,029. Stay-over arrivals fell across most source markets, with the largest, the USA, contracting by 33.0 per cent (14,284).



In addition, arrivals from the Canadian and UK markets declined by 25.8 per cent and 20.1 per cent, respectively. A contraction of 23.0 per cent in arrivals from other countries was also recorded. The decline in the number of arrivals was mainly attributable to the lack of access to the island, coupled with reduced hotel and villa capacity in the wake of hurricane Irma. Mitigating the downward movement in the numbers was an increase of

20.9 per cent in arrivals from the Caribbean, the second largest market. This development was partly influenced by the influx of temporary workers and consultants on the island in the aftermath of Hurricane Irma. The contribution of the hotels and restaurants sector to GDP fell to 16.3 per cent from 22.5 per cent in the prior year.

The real estate, renting and business activities sector, which accounts for 15.0 per cent of GDP, and represents the second largest contributor to economic output, recorded no change in value added over the review period. Developments in this sector were characterized by a contraction in the renting of machinery and equipment, consistent with the decline in visitor arrivals. However, this decline was matched by marginal improvements in subsectors including real estate activities, business services and computer and related services.

Value added in public administration, defence and compulsory social security, rose by 1.0 per cent as against a contraction of 0.1 per cent in 2017. The expansion was influenced by larger outlays for personal emoluments as well as goods and services. Public administration, defence and compulsory social security, accounted for 10.5 per cent of GDP in 2018.

The transport, storage and communications sector, which contributed 8.8 per cent of GDP, recorded a 1.4 per cent increase in value added, in contrast to a decline of 14.2 per cent in 2017. Within the subcomponents, activity in the transport and storage subsector expanded by 12.9 per cent, consistent with the increase in construction sector output, while that for the communications subsector contracted by 10.0 per cent as overall tourism activity fell.

By contrast, **value added in the financial intermediation sector, which contributed 7.1 per cent of GDP, declined by 2.9 per cent, on the heels of a 13.1 per cent contraction in 2017**. The outturn was largely influenced by the continued high level of prudence of commercial banks in extending credit as the Anguillan economy returns to stable growth. This development was characterized by a further decline in credit extended to the private sector over the review period.

Prices, Wages and Employment

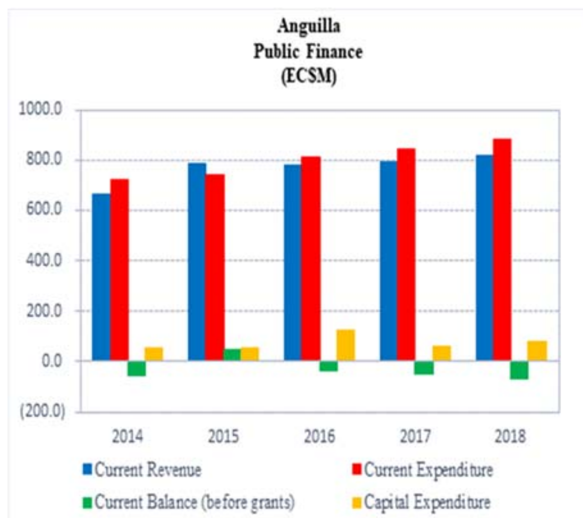
The consumer price index fell by 0.4 per cent, on an end-of-period basis, following growth of 1.4 per cent during

2017. The decrease in prices was driven by contractions in the sub-indices for recreation and culture (12.6 per cent), transport (6.1 per cent), communication (1.6 per cent) and hotels and restaurants (1.5 per cent). The decline in the recreation and culture sub-index was mainly influenced by promotional incentives for TV services, while the reduction in the price of fuel and lubricants drove the decrease in the transport sub-index. For the communication sub-index, a decline in the average cost of a telephone call and cell phones influenced the downward movement in prices, while the reduced average cost of a meal pushed the restaurants and hotel sub-index lower. By contrast, the decrease in the general price index was mitigated by growth in the remaining sub-indices including clothing and footwear (7.2 per cent); household furnishings, supplies and maintenance (5.8 per cent); miscellaneous goods and services (2.7 per cent) and food and non-alcoholic beverages (2.6 per cent). In addition, the housing, utilities, gas and fuels sub-index, which accounts for 25.6 per cent of the weighted CPI index, rose by 1.4 per cent on account of an increase in the price of electricity, coupled with a rise in the cost of maintenance and repair of dwellings.

Based on the strength of construction activity in 2018, coupled with the recovery of the tourism industry in the fourth quarter, employment levels are estimated to have increased, as persons who were previously unemployed or underemployed were rehired on a full time basis in the hospitality sector.

Fiscal and Debt Developments

The fiscal operations of the central government resulted in an overall surplus of $2.4m (0.3 per cent of GDP) in 2018, compared with one of $4.3m (0.6 per cent of GDP) in 2017.



This outturn was largely driven by an increase in grant inflows, mainly associated with post hurricane Irma relief efforts. The central government's recurrent operations resulted in a current account deficit of $7.4m compared with one of $4.7m in 2017, as current expenditure growth outpaced that of current revenues. A primary surplus (after grants) of $23.5m was recorded compared with one of $20.7m one year prior.

Current revenue increased by 5.0 per cent to $200.2m (24.6 per cent of GDP) compared with a 1.0 per cent rise to $190.7m (25.1 per cent of GDP) one year prior. The expansion in current revenue was mainly influenced by a 37.6 per cent ($10.2m) increase in non-tax revenue, due to greater collections associated with fines, fees and permits. However, the increased receipts were partly mitigated by contractions in tax flows on domestic goods and services. In particular, accommodation tax receipts declined by 71.8 per cent ($14.1m), while stamp duties fell by 42.3 per cent ($6.7m) compared with receipts in 2017. This outturn was largely attributed to the downturn in visitor arrivals in the first quarter as most hotels were still recovering from the effects of Hurricane Irma. In addition, the sale of villas slowed relative to 2017. In a similar vein, the tourism marketing levy receipts contracted by 58.0 per cent ($2.1m), consistent with the decline in visitor arrivals. By contrast, tax receipts for international trade and transactions grew by 28.3 per cent ($21.3m), with both the import duty and customs service charge receipts increasing by about 28.0 per cent relative to the prior year. Much of this outturn was associated with the high volumes of construction-related materials imported into the country as the private sector ramped up renovations in time for the fourth quarter tourism season. Earnings from taxes on income and profits also rose ($0.9m), consistent with the increase in the stabilisation levy, as more persons regained employment in the hospitality sector.

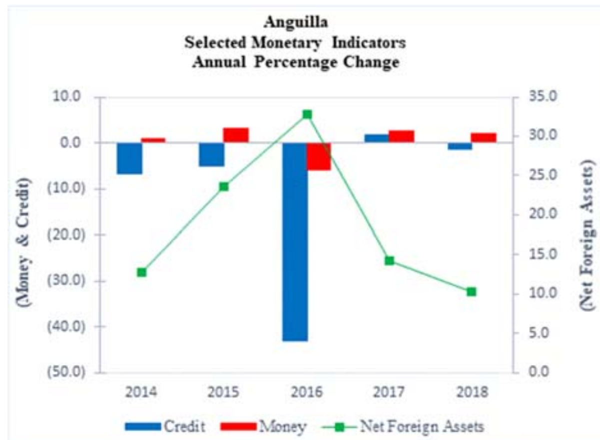
Current expenditure increased by 6.3 per cent to $207.7m (25.5 per cent of GDP), compared with growth of 4.1 per cent to $195.4m (25.7 per cent of GDP) in 2017. This outturn was primarily attributable to expansions in outlays on interest payments, personal emoluments and transfers and subsidies. Interest payments increased by 28.8 per cent ($4.7m) to $21.1m, mainly attributable to a larger stock of external debt, owing to two new disbursements from the Caribbean Development Bank (CDB), as well as an interest rate resetting on CDB debt. Outlays for personal emoluments also increased by 4.9 per cent ($4.1m) to $87.9m, as 30.0 per cent of deferred salaries, dating back to the 2010 salary suspensions, were paid. In addition, transfers and subsidies grew by 4.4 per cent ($2.0m) to $48.4m, as did outlays on goods and services, which rose by 3.0 per cent ($1.5m) to $50.2m.

Capital expenditure recorded a 13.4 per cent increase to $24.4m (3.0 per cent of GDP) relative to the $21.5m outlay (2.8 per cent of GDP) in 2017. The larger capital outlays were primarily associated with ongoing reconstruction work on key infrastructure following the passage of hurricane Irma. Capital expenditure was mainly supported by grant inflows, which grew by 12.0 per cent to $34.2m.

The total disbursed outstanding public sector debt stood at $525.2m at the end of 2018, representing an increase of 1.6 per cent ($8.1m) relative to the levels recorded at the end of 2017. As a percentage of GDP, the debt ratio fell to 64.4 per cent from 68.1 per cent one year prior, as amortization continued apace, coupled with growth in GDP. Central government debt accounted for 98.4 per cent of total disbursed outstanding debt, while that of statutory bodies represented the remaining 1.6 per cent. Further, domestic debt represented 58.2 per cent of total debt, while external debt accounted for 41.8 per cent.

Banking Sector Developments

Monetary liabilities (M2) expanded by 2.0 per cent to $1,056.5m during 2018, down from a 2.5 per cent increase to $1,036.0m during 2017.



Growth in M2 was influenced by expansions in both quasi money and narrow money (M1). As it relates to quasi money, expansions were recorded in private sector foreign currency deposits ($14.2m) and savings deposit ($5.2m). However, this expansion was moderated by a 1.6 per cent ($1.5m) decline in private sector time deposits. In respect of narrow money, currency with the public and private sector demand deposits increased by 12.8 per cent ($2.9m) and 3.9 per cent ($1.9m) respectively, while EC$ cheques and draft issued contracted by 88.1 per cent ($2.2m).

Domestic credit contracted by 1.5 per cent to $533.3m, in contrast to growth of 1.8 per cent to $541.5m during 2017. This development was largely attributable to a 4.7 per cent ($31.7m) reduction in outstanding credit to the private sector. Credit to both households and businesses declined by 4.6 per cent ($16.6m) and 5.1 per cent ($15.3m) respectively, during the review period. The decline in domestic credit was also influenced by 26.4 per cent ($14.5m) increase in the net deposit position of non-financial public enterprises, largely reflecting an increase in their deposits at commercial banks. By contrast, the net deposit position of the central government fell by 51.5 per cent ($37.9m) to $35.7m, largely due to a decline in deposits at the central bank ($59.4m) to $0.1m. This decline was partially offset by a $20.7m increase in central government deposits at commercial banks. The reduction in deposits was largely attributable to the drawdown of the CDB recapitalisation loan, which was held in escrow at the Central Bank. Commercial bank credit to the central government increased by 25.7 per cent ($2.8m), while credit extended by the Central Bank declined by 23.3 per cent ($3.5m) due to ongoing amortisation.

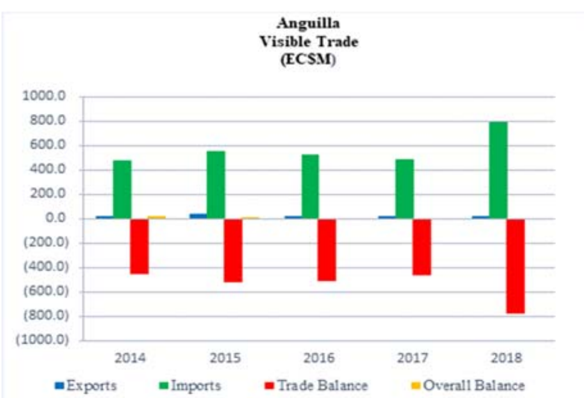
An analysis of changes in the distribution of credit indicates contraction across most sectors. Some of the key areas which recorded a decrease in credit include construction and land development ($19.8m), personal ($17.5m) and distributive trade ($2.5m). Within the personal sector, credit for the acquisition of property contracted by $13.1m to $164.2m, while credit for “other personal”, which includes items such as education loans, retreated by $3.9m to $167.6m. Despite the overall contraction, credit expanded to tourism ($5.5m), government and statutory bodies ($3.2m) and professional and other services ($1.0m).

The net foreign assets of the banking system rose by 10.3 per cent to $544.8m compared with an increase of 14.3 per cent to $494.0m during 2017. The outturn was primarily driven by a 43.3 per cent increase ($139.4m) in commercial banks’ external assets. Growth in the net foreign asset position was mitigated by a 14.2 per cent decline ($29.3m) in Anguilla’s imputed share of the ECCB’s reserves, coupled with increases in liabilities held within the ECCU ($26.1m) as well as those held externally ($24.9m).

Liquidity in the commercial banking system improved during the review period. This was evidenced by a 6.3 percentage point increase to 50.9 per cent in the ratio of liquid assets to total assets, coupled with a 7.7 percentage point increase to 57.4 per cent in the ratio of liquid assets to short-term liabilities. Commercial banks' asset quality declined marginally over the review period, with the nonperforming loans (NPL) ratio rising to 24.3 per cent from 23.5 per cent in 2017.

External Sector Developments

Anguilla is estimated to have generated a merchandise trade deficit of $775.4m (95.1 per cent of GDP) in 2018, representing a widening of 66.7 per cent ($310.2m) relative to the deficit recorded one year earlier.



The expansion of the merchandise trade deficit was mainly influenced by a larger growth in import payments relative to that of export receipts. Total import payments increased by 65.4 per cent ($312.1m), compared with a decline of 8.8 per cent ($46.1m) one year earlier. These payments more than offset the growth in export receipts of 15.5 per cent ($1.9m). Gross travel receipts are estimated to have declined by 24.2 per cent ($90.1m) to $281.6m , as both stay-over arrivals and the number of excursionists fell, consistent with the lack of capacity on island, coupled with a contraction in cruise ship calls to St Maarten, the key hub for excursionists to Anguilla. Commercial banks' transactions resulted in a net outflow of $80.2m in short term capital, mainly reflecting repatriation of profits, compared with an outflow of $5.5m during 2017. The government of Anguilla received $40.4m in external disbursements, primarily from the CDB for budget support. The government also made external principal payments totalling $13.0m, marginally below the payment of $13.2m in the prior year. At end 2018, public sector external debt stood at 26.9 per cent of GDP, compared with a ratio of 25.5 per cent as at December 2017.

Outlook

Based on the January 2019 update of the International Monetary Fund's (IMF) World Economic Outlook, the global economy is projected to grow by 3.5 per cent and 3.6 per cent in 2019 and 2020, respectively. Importantly, economic growth for the United States of America, Anguilla's largest trading partner, is expected to decelerate to 2.3 per cent in 2019, from the estimated 2.9 per cent growth in 2018. A slowdown in growth is also projected for some of Anguilla's other key trading partners in 2019 including the Euro area (1.3 per cent) and Canada (1.5 per cent). While economic headwinds associated with Brexit remain for the United Kingdom, early output projections reflect some marginal strengthening to 1.5 per cent in 2019, relative to the estimated 1.4 per cent expansion recorded in 2018.

Given the global projections for 2019, growth in the Anguillan economy is expected to accelerate, powered by the tourism sector as room stock returns to normal levels and air access issues improve. Already, all of the major hotels have reopened for business and are recording high advanced booking rates. In addition, most of the major US airlines have increased airlift into the Princess Juliana International Airport in St Maarten, facilitating access to the island. In the public sector, major works are expected to be ramped up in 2019, including the rebuilding of the Blowing Point Ferry Terminal, ongoing renovation of the Clayton J Lloyd International Airport and the Princess Alexandra Hospital, and the construction of new primary and secondary schools. Support for Anguilla's recovery is also anticipated from a still strong US economy, as the labour market remains vibrant and the demand for leisure increases.

Inflationary pressures are expected to remain contained, as the volatility of oil prices on the global market lessen and stabilises at a level below that recorded in 2018. Supply factors are likely to be the main driving force influencing developments over the near term. In particular, the level of discipline exercised by the 15-member OPEC cartel and allied oil-producing nations, including Russia, to adjust production levels to mitigate any negative effects from sanctions imposed by the USA on Iran, should have a cooling effect on prices. In addition, the continued buoyancy of shale oil production in the United States of America, is expected to contain global oil price increases.

The fiscal operations of the central government are expected to generate a larger overall surplus in 2019. On the recurrent side, the central government is projected to record a surplus, largely influenced by an increase in tax revenues from the vital tourism industry, as it returns to normal operations. Greater activity in the tourism industry is broadly expected to positively impact wholesale and retail trade, as well as the transport, storage and communications sectors, thus providing an avenue for additional revenue for the government. Import duty receipts are also expected to strengthen further, in line with increased activity in the tourism, construction and wholesale and retail industries. Additionally, the divestiture of government shares in the Anguilla Electricity Company (ANGLEC) is expected to be finalised in 2019 and provide capital revenue of approximately $24.0m to the government. Recurrent expenditures, on the other hand, are expected to remain at or slightly above the 2018 levels, as no extraordinary increase in outlays is anticipated.

Capital expenditure is projected to increase, consistent with the level of grants to be provided by the UK Government as part of its three-year assistance package (EC$220.0m) for Anguilla. Given that less than half of the allotted $68.3m was utilised in 2018, a surge in capital expenditure is anticipated in 2019, possibly exceeding $100.0m. The rate of implementation of capital projects will largely depend on the tendering process and the rate at which projects can be approved by the Executive Council. In an effort to streamline the process and achieve maximum efficiency, the UK Government has agreed to provide consultants to assist with the roll-out of projects. On the external front, the merchandise trade deficit is expected to widen, consistent with the projected increase in visitor arrivals, as well as the ramping up of public sector capital projects. Relatedly, gross inflows from travel are projected to rebound, broadly in line with increased domestic capacity.

Despite the positive growth projections for Anguilla, key downside risks persist, which could negatively impact the outlook. Chief among these is the possibility of a no-deal withdrawal of the United Kingdom from the European Union and what this may portend for critical aid to Anguilla's capital reconstruction programme. Closely aligned is the potential effect of Brexit on the British pound, which could negatively affect the purchasing power of UK travellers. Additionally, uncertainty associated with Brexit creates concerns about the future relationship between Anguilla and St Maarten, the main access point to the island. A hard Brexit could potentially complicate access issues between the British Overseas Territory and St Maarten, which will remain a part of the European Union by virtue of being a dependent of the Netherlands. Looking further afield, a faster-than-expected slowdown in the US economy, further aggravated by a possible escalation in trade tensions between the United States of America and China, could dampen global growth and negatively impact the demand for leisure among travellers in key source markets.

Another area of concern is the potential non-divestiture of ANGLEC shares. The use of the funds from the sale of these shares to pay off maturing debt obligations is a key component of the medium term fiscal framework and debt strategy. Non-divestiture of those shares could therefore pose liquidity issues for the central government and impair its ability to honour maturing debt obligations. Financial stability issues also continue to present some challenges for the authorities. Non-performing loans in the banking system have increased over the past year and may require additional provisioning from banks, which could negatively affect liquidity and profitability levels. Such a development could trigger further tightening in lending terms and conditions, thus making it more difficult for firms and households to access credit.

A N T I G U A A N D B A R B U D A

Overview

Favourable global economic conditions and a disaster free year contributed to a thriving environment for both the tradeable and non-tradeable sectors in Antigua and Barbuda. Preliminary real GDP estimates indicated that the economy expanded at an accelerated rate of 6.5[4] in 2018, relative to an expansion of 3.0 per cent in 2017. This was the strongest rate of growth since 2007. This accelerated pace of economic activity was primarily driven by robust performance in the construction; wholesale and retail trade; real estate, renting and business activities; hotels and restaurants; and transport, storage and communications sectors. Notably, every broad sector of the economy recorded positive growth. Fuelled primarily by higher food prices, the consumer price index rose by 1.5 per cent, on an end of period basis. Provisional fiscal data indicated a widening of the overall fiscal deficit on account of a substantial increase in current expenditure which surpassed the gains in current revenue. Consequently, the total disbursed outstanding debt of the public sector rose in 2018. Commercial banking indicators reflected the buoyancy in the economy as

[4]. In keeping with international standards, the ECCB updated the terminology used to describe economic activity in the ECCU. Accordingly, the Bank now reports real change in the economy using real Gross Domestic Product (GDP) at market prices and not Gross Value Added (GVA) at basic prices as used in previous reports of the Annual Economic and Financial Review (AEFR). However, GVA will remain applicable for output by sector.

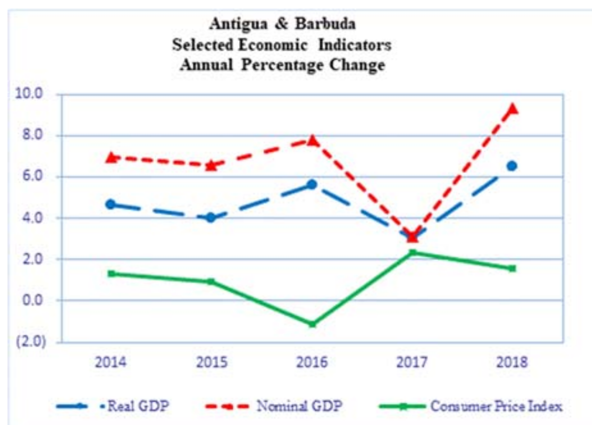
increases were recorded in net foreign assets, monetary liabilities and domestic credit.

The pace of economic activity in Antigua and Barbuda is expected to be sustained in 2019. The growth momentum observed in the two broad sectors of construction and hotels and restaurants is projected to continue based on the number of public and private sector projects currently in the pipeline, and enhancements to the hotel room stock and greater marketing efforts, respectively. Inflationary pressures is likely to remain subdued, in line with the expected moderation in global economic activity as well as possible stabilisation of oil prices at a lower level. The fiscal situation is anticipated to improve marginally based on the 2019 National Budget Estimates of Revenue and Expenditure for a reduced overall deficit, relative to 2018 preliminary data.

There are a number of primary risks to this growth outlook. Among the downside risks are: any unforeseen slowdown in the growth rates of its main trading partners such as United States of America (USA), the United Kingdom (UK) and the Euro Area due to trade protectionism policies, heightened geopolitical tensions, and Brexit uncertainty. The likely impact of adverse weather, and delays in project implementation due to financing and capacity constraints represent additional downside risks. On the upside, additional hotel room stock and greater capital investments could further add to the growth momentum of the productive sectors.

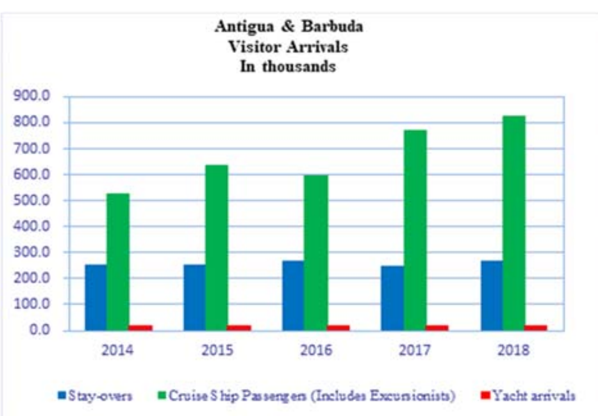
Real Sector Developments

The Antigua and Barbuda economy benefited from a favourable global economic environment. This allowed for greater investments in real estate projects and the associated boost to the auxiliary sectors.



Value added in the construction sector is estimated to have expanded by 20.0 per cent in 2018, slightly below the rate of growth of 23.1 per cent in 2017. The contribution of the sector to real GDP inched up to 13.7 per cent from 12.2 per cent in 2017, maintaining its status as the second largest contributor to GDP. Construction activity was driven by both public and private sector investments. Public sector projects included the Government Affordable Housing Development, repairs and enhancements to government administrative offices and schools, dredging of the Heritage Quay Pier, and the road infrastructure project funded with the United Kingdom Caribbean Infrastructure Fund (UK- CIF). Construction activity in the private sector included capital investments in hotel projects such as Pearns Point, Non Such Bay, Royalton, Hodges Bay Resort and Spa, Jumby Bay, and Galley Bay Resort and Spa, among others. The robust activity in the construction sector, increased the demand for sand and stones aggregates, leading to a 22.0 per cent expansion in the mining and quarrying sector.

The hotels and restaurants sector, a proxy for the tourism industry, grew by an estimated 5.2 per cent reversing the contraction of 2.0 per cent recorded in 2017.



The hotels and restaurants sector contribution to GDP fell slightly to 13.5 per cent from 13.7 per cent in 2017. For the second consecutive year, Antigua and Barbuda recorded total visitor numbers in excess of one million (1.0m). Total visitor arrivals increased by 7.5 per cent to 1.1m, contributing to a 7.6 per cent surge in visitor expenditure to $1,616.9m. Cruise passenger arrivals, which accounted for 74.1 per cent of the total, rose by 7.4 per cent to 825,420 in 2018. This was mainly attributable to visits of larger capacity ships, which was made possible by the improvement in the cruise port infrastructure, notwithstanding the decline in the number of cruise ship calls to 379 from 424 in 2017. There was also solid growth in the number of stay over arrivals, which increased by 8.8 per cent to 268,949, relative to 2017. This outturn was largely due to the combined effect of increased airlift by American Airlines, Delta, Thomas Cook, Air Canada and LIAT, and more strategic marketing and destination branding. The performance in 2018 reversed the contractions that took place in major regions such as the USA and the Caribbean. Stay over arrivals from the USA, the major source market, advanced by 8.1 per cent, after declining by 11.3 per cent in 2017. The number of visitors from the Caribbean grew by 0.9 per cent reversing the decline of 5.7 per cent in 2017 while the Canadian market recorded exponential growth of 66.1 per cent. Meanwhile, the number of stay over arrivals from the UK fell by 0.1 per cent, a slower pace than the 7.6 per cent fall reported in 2017, symptomatic of the uncertainty regarding Brexit and the corresponding depreciation of the pound. Yacht passengers, which make a significant contribution to overall tourism value added, declined by 3.5 per cent to 18,855. This is in contrast to the growth rate of 6.6 per cent recorded in 2017.

Higher levels of air and sea passenger arrivals, a substantial increase in total volume of general cargo (389 per cent) and stronger domestic consumption propelled growth in the ensuring ancillary sectors. The wholesale and retail trade sector grew by an estimated 6.3 per cent relative to an increase of 0.9 per cent in 2017. Similarly, value added in the transport, storage and communications sector rose at a rate of 9.3 per cent, above the rate of growth of 2.5 per cent in 2017. The real estate, renting and business activities sector also expanded by 7.2 per cent, more than doubling the rate of growth obtained in 2017. These sectors together contributed 37.7 per cent to real GDP in 2018.

The public administration defence and social security sector, which contributed 9.0 per cent to real GDP, advanced by 2.2 per cent in 2018, doubling the rate of growth recorded in 2017. This was on account of a 5.0 per cent salary increase, back pay and retroactive payments and new hirings. Other increases in real value added were recorded for agriculture, livestock and forestry (3.2 per cent); electricity and water (2.4 per cent); health and social work (2.2 per cent); education (2.1 per cent); fishing (2.0 per cent); financial intermediation (2.0 per cent); and manufacturing (0.5 per cent).

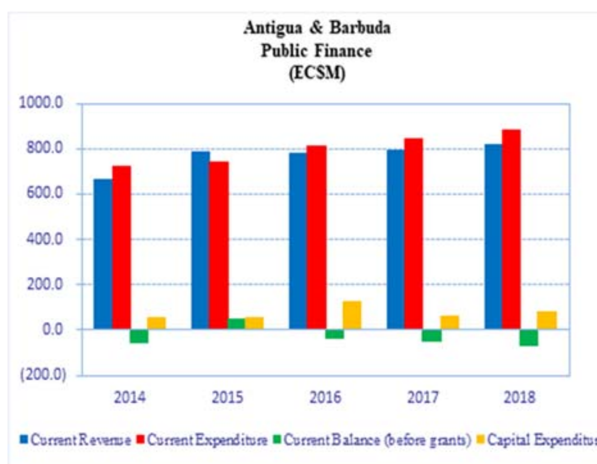
Prices, Wages and Employment

The Consumer Price Index (CPI) rose by 1.5 per cent in 2018, relative to an increase of 2.4 per cent in 2017. The main reason for this disinflation was the normalization of the housing sub-index after the methodological review, which took place in 2017. Accordingly, the housing sub-index, the highest weighted, rose by 2.2 per cent compared with 7.4 per cent in 2017. Increases were also recorded in the sub-indices of food (3.9 per cent); transport and communications (0.2 per cent); medical care and expenses (1.4 per cent), household furnishing and supplies (1.4 per cent) and clothing and footwear (0.9 per cent). The rise in the food sub-index, the second highest weighted, mainly reflected higher prices for meats, fruits, vegetables and bakery and cereal products. The increment in the housing index reflected higher costs related to maintenance and repairs and other related expenses. Meanwhile, there were declines in the sub-indices of alcoholic beverages and tobacco (1.5 per cent) and personal services (4.2 per cent).

During the year, public sector employees received a 5.0 per cent salary increase, along with back-pay and retroactive payments, preliminarily estimated to cost $53.0m. In the absence of labour force statistics, provisional data from the Antigua and Barbuda Social Security Board for 2018 indicated that the number of private sector registered contributors increased to 31,391 in 2018 from 25,694 in 2017. This mainly reflected higher employee counts in the construction sector (10.0 per cent), transportation (3.1 per cent), accommodation (1.5 per cent), and wholesale and education both at 1.1 per cent. In the public sector the number of general public administration services employees increased by 2.7 per cent to 9,797. Meanwhile, the number of registered self-employed persons contracted by 122 to 1,887.

Fiscal and Debt Developments

Preliminary fiscal data for the year ended 2018 revealed a widening of the central government's overall deficit.



A higher overall deficit of \$101.5m (2.3 per cent of GDP) was recorded for the period from one of \$96.8m (2.4 per cent of GDP) in 2017. The overall deficit was 18.8 per cent larger than the 2018 National Budget estimates, due to an underperformance of current revenue, lower than expected capital grants and an overshoot of current expenditure. The primary surplus, rose to \$5.5m from \$4.4m in 2017 but remained unchanged at 0.1 per cent of GDP.

The current account position deteriorated during the period under review, as a deficit of \$67.4m (1.5 per cent of GDP) was recorded in 2018, up from \$49.0m (1.2 per cent of GDP) in 2017. This development was largely driven by growth in current expenditure, which outstripped the gains in current revenue. Current expenditure rose by 4.9 per cent (\$41.5m) to \$882.7m in 2018, from 3.6 per cent growth recorded in 2017 and was 2.7 per cent above the 2018 National Budget estimates. As a percentage of GDP, current expenditure declined to 19.8 per cent from 20.6 per cent in 2017. The increase in current expenditure was mainly attributable to higher outlays on personal emoluments or the wage bill, which rose by 27.7 per cent (\$90.6m) to \$417.8m. A number of factors contributed to the notable escalation in the wage bill such as the granting of a 5.0 per cent salary increase, back-pay and retroactive payments carried forward from over a decade ago, and new hirings. Interest payments rose by 5.7 per cent (\$5.8m) to \$107.0m, following a decline of 2.4 per cent (\$2.5m) in 2017. These increases in current expenditure were partly offset by reductions in expenditure on goods and services and transfers and subsidies. The amount spent on goods and services contracted by 6.5 per cent (\$8.6m) to \$123.1m. Likewise, spending on transfers and subsidies fell by 16.5 per cent (\$46.3m) to \$234.8m due to lower remittance to state owned enterprises.

Current revenue rose by 2.9 per cent (\$23.0m) to \$815.3 in 2018, an improvement from the performance observed in 2017, however, still fell short of budget expectations by 7.0 per cent. As a percentage of GDP, current revenue fell to 18.3 per cent from 19.4 per cent in 2017. Tax revenue, which accounted for 83.4 per cent of current revenue, experienced the highest intake since 2008. The outturn was influenced by improvements in tax administration, particularly the auditing of more businesses, the hiring of specialized staff and investments in the tax collection IT system. As a result, tax revenue rose by 5.9 per cent (\$37.9) to \$679.7m in 2018 from \$641.8m in 2017. However, as a percentage of GDP, tax revenue declined to 15.2 per cent, from

15.7 per cent in 2017, reflecting a lack of tax buoyancy. There were increases in all the broad tax categories, with the most prominent being receipts from taxes on domestic goods and services. Collections from taxes on domestic goods and services rose by 10.4 per cent to $329.5m, as the major component, the Antigua and Barbuda Sales Tax (ABST), performed the best it has since its introduction in 2007. Receipts from the ABST advanced by 17.5 per cent ($41.4m) to $278.4m from $236.9m in 2017. In contrast, stamp duties fell by $8.8m to $41.2m due to the granting of waivers. Receipts on taxes on international trade and transactions grew by 0.6 per cent ($1.4m) to $250.6m as a result of higher receipts from import duty ($7.1m) and the revenue recovery charge ($7.4m). Meanwhile, revenue collection of the consumption tax fell by 18.2 per cent ($11.7m) associated with higher global oil prices, which eroded the margins received by the central government. Inflows of revenue from taxes levied on income and profits rose by 5.8 per cent ($4.3) to $78.4 driven by greater inflows of corporate tax, as income tax was repealed on 1st July 2016. Receipts from property taxes rose to $21.2m from $20.1m in 2017. Non-tax revenue fell by 9.9 per cent to $135.6m, notwithstanding the 10.0 per cent ($5.4m) increase in receipts from the Citizenship by Investment Programme (CIP). The decline in non-tax revenue reflected a contraction in the traditional income streams such as fees and charges on a wide variety of public services.

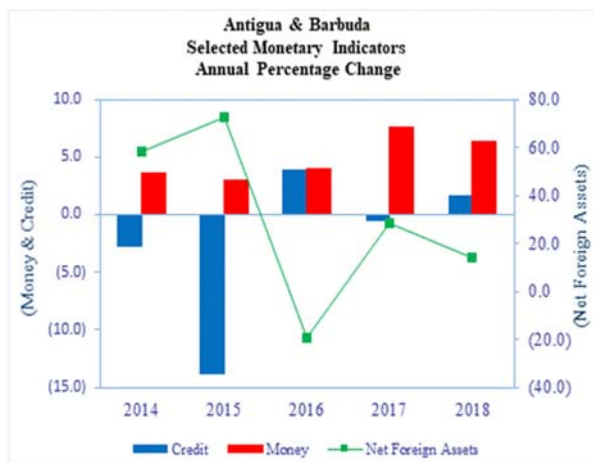
On the capital account, grants amounted to $15.7m, a higher intake than that of 2017, which was reported at $2.1m. However, this was much lower than the budget forecast of $86.6m, which was based on the expectation of a quicker drawn down of the UK-CIF grant for road infrastructure development. On the upside, land sales led to an increase in capital revenue to $28.2m from $10.8m in 2017. Capital expenditure totalled $78.0m (1.8 per cent of GDP), representing a 28.6 per cent increase relative to the 2017 total but way below budget estimates of $197.0m.

The overall fiscal deficit was financed primarily through the accumulation of arrears ($76.8m), the issuance of treasury bills, and a drawdown of deposits from both commercial banks and the central bank totalling $29.4m.

In nominal terms, the total disbursed outstanding debt of the public sector was estimated at $3,442.8m at the end of December 2018, up from $3,286.6m at the end of December 2017. However, as a percentage of GDP, total public sector debt contracted to 77.2 per cent from 80.6 per cent at the end of December 2017, as a result of an expansion in GDP. The debt stock of the central government, which comprised 82.5 per cent of the total debt stock, grew by 6.6 per cent to $2,839.4m. Central government domestic debt, which amounted to 49.0 per cent of the total, rose by $38.5m to $1,391.3m as the government issued a number of securities on the Regional Government Securities Market and Over the Counter bonds, and increased borrowing from two local financial institutions. On the external side, central government debt increased by $137.0m to $1,448.6m reflecting new disbursements from the Caribbean Development Bank, the EXIM Bank of China and Treasury Bills. In contrast, the debt stock of public corporations declined by $19.3m to $603.0m reflecting a lower level of domestic debt (6.6 per cent) while external debt inched up marginally (1.5 per cent). During the period under review the central government continued to accumulate arrears to some Paris Club Creditors and local institutions, which added to the overall debt stock.

Banking Sector Developments

Banking sector developments were broadly in line with the pace of economic activity and continued on an upward trend in 2018. Monetary liabilities (M2) grew by 6.3 per cent to $3,688.9m in 2018, from $3,470.1m in 2017. Quasi money, which is the largest component of M2, grew by 6.9 per cent to $2,720.3m, due to greater accumulation of private sector foreign currency deposits ($85.0m); private sector savings deposits ($45.7m); and private sector time deposits ($44.8m).



Money supply (M1), the second component of M2, rose by 4.7 per cent ($43.4m) to $968.6m as currency with the public and private sector demand deposits expanded by 6.8 per cent ($11.9m) and 4.7 per cent ($33.5m), respectively. However, this was tempered by a

6.0 per cent ($2.0m) reduction in EC$ cheques and drafts issued.

The stock of domestic credit in the banking system rose by 1.6 per cent to $2,360.6m during 2018, reversing the marginal contraction of 0.5 per cent recorded in 2017. This upward movement in domestic credit was principally the result of a 1.8 per cent ($33.4m) advancement in credit granted to the private sector. On a disaggregated level, loans extended to households and businesses rose 1.3 per cent and 3.2 per cent, respectively, while there was a fall in credit disbursed to non-bank financial institutions (5.2 per cent). The net credit position of Non-Financial Public Enterprises fell by 28.7 per cent to $36.2m as the growth in deposits (30.8 per cent) outpaced the increase in borrowing (15.4 per cent). The net credit position of general government increased by 4.6 per cent to $393.3m as government drew down on its deposits in the banking system by $31.4m to reduce its loans obligations by $14.2m and finance its operations.

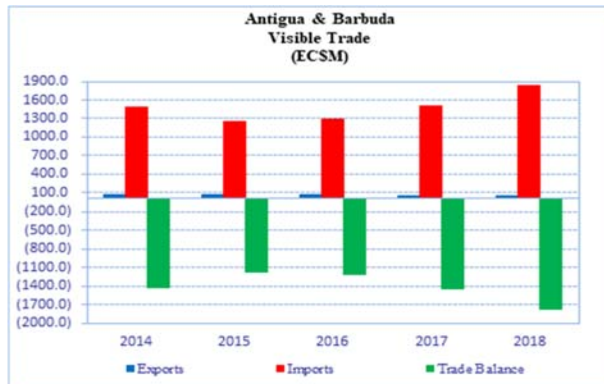
The outstanding stock of banking sector credit allocated to economic sectors, indicated that credit more than doubled for construction and expanded for entertainment and catering (21.6 per cent); tourism (19.8 per cent); professional and other services (15.2 per cent); distributive trades (9.4 per cent); transportation and storage (4.0 per cent); and personal loans (1.1 per cent). The personal credit category, which accounted for 47.7 per cent of total outstanding loans, reported increases in loans allocated towards durable consumer goods (8.5 per cent) and other miscellaneous personal loans (4.5 per cent). Meanwhile, loans outstanding for home construction and renovation, and house and land purchase fell by 1.8 per cent and 0.8 per cent, respectively. Those increases were tempered by declines in credit outstanding for utilities, electricity and water (4.3 per cent) and public administration (1.6 per cent).

The net foreign assets of the banking system rose by 13.8 per cent to $1,793.0m during 2018, much lower than the pace of growth recorded during 2017 of 28.6 per cent. The augmentation observed was largely the result of an expansion in commercial banks net foreign assets, which rose by 24.2 per cent ($176.3m) to $906.1m, as banks increased their holdings with head offices and other branches. The growth in NFA also reflected a 4.8 per cent increase in Antigua and Barbuda’s share of the Central Bank’s imputed reserves to $886.9m, mainly on account of a higher level of banker's reserves.

Commercial banks remained highly liquid during the period under review, with the total loans and advances to deposit ratio at 65.7 per cent, significantly below the prudential benchmark of 85.0 per cent. In addition, the ratio of liquid assets to total deposits plus liquid liabilities increased to 64.5 per cent from 63.8 per cent in 2017. Noting the 5.0 per cent prudential limit, the non-performing loans ratio continued to trend downwards to 6.4 per cent at the end of December 2018 from 7.9 per cent at the end of December 2017.

External Sector Developments

Based on preliminary data, external sector transactions resulted in a larger trade deficit of $1,779.7m (39.9 per cent of GDP) at the end of 2018, from $1,440.2m (35.3 per cent of GDP) in 2017.



The larger trade deficit resulted from a higher import bill consistent with buoyant activity in the construction sector and the tourism industry. Import payments rose by 22.7 per cent ($338.9m) to $1,835.4m, from $1,496.5m in 2017. Substantial increases in the importation of mineral fuels, lubricants and related materials; food and live animals; manufactured goods; machinery and transport equipment; and miscellaneous manufactured articles were the main drivers of the escalation in imports. Meanwhile, export receipts fell by a minuscule 1.0 per cent ($0.6m) to $55.7m.

Gross travel receipts are estimated to have increased by 7.6 cent ($114.4m) to $1,616.9m, consistent with growth in total visitor arrivals. Commercial banks' transactions resulted in a net outflow in short-term capital of $176.3m, lower than the amount of $394.9m recorded in the 2017. This outturn primarily represented a fall in the asset position with banks outside the ECCU region. External loan disbursements to the central government amounted to $183.4m, lower than the amount of $200.9m disbursed in 2017. Loans were disbursed from the Caribbean Development Bank and the EXIM Bank of China. External principal payments fell by 12.8 per cent to $187.7m as the government continued to service its debt obligations with external creditors, and in particular, cleared its outstanding balance with the International Monetary Fund (IMF). These developments contributed to a net outflow position of $4.3m.

Outlook

Economic activity in the Antigua and Barbuda economy is expected to remain robust in 2019, contingent on a stable global economy. Robust activity in the tourism industry and the construction sector will continue to drive growth. The stay-over market segment will continue to benefit from additional airlift from major US airports in cities such as New York, Miami and North Carolina. Furthermore, a cabinet decision to increase the marketing budget of the Antigua and Barbuda Tourism Authority will allow for greater marketing and destination branding aimed at beefing up arrivals in the summer months. It is expected that the hotel room stock will be augmented with the opening of the Royalton Hotel and the Hammock Cove Resort and Spa during the year. In the cruise sector, the construction of a 5th pier to accommodate Oasis Class ships, and efforts to enhance the visitor experience through the passage of a Tourism Licensing and Classification Bill 2019 is likely to support a further growth in cruise tourism. Construction activity will continue to be buoyed by projects in both the private and public sectors such as the Road Rehabilitation and Expansion Project, the Port Redevelopment and Enhancement Project, the Government Affordable Housing Project, the reconstruction of public infrastructure and private homes on Barbuda and investments in the accommodation sector. The Consumer Price Index will likely remain subdued, as global oil prices are expected to moderate in 2019.

According to the 2019 National Budget Address, the fiscal situation is expected to improve marginally. An overall fiscal deficit of $78.8m is estimated for 2019, lower than the provisional deficit of $101.5m obtained in 2018. Strengthening revenue through improved tax collection both at the border and inland revenue and the implementation of the Tax Administration and Procedures Act (TAPA) are expected to yield a bump in receipts. Furthermore, the announced reduction in fiscal concessions, if implemented, will augur well for revenue collections. Another positive development is that the notable surge in CIP applications since the reduction in the investment required for the National Development Fund, is expected to continue in 2019. On the expenditure side, current expenditure is likely to stabilize as the government honoured its salaries and wages obligation to public sector employees, which was the main reason for the escalation in that category of expenditure in 2018. Capital expenditure will likely exceed the amount expended in 2018 as government expedites the road projects in Antigua and continues the rehabilitative works and airport infrastructure in Barbuda.

In the external sector, the merchandise trade deficit is projected to widen due to higher import payments to support construction activity and tourism related activities. Gross travel receipts are expected to be stronger than that of 2018, contingent on the forecast for increased tourism activity.

While the outlook for the Antigua and Barbuda economy is broadly positive, there are a number of downside risks that could hinder the realization of this forecast. Foremost is lower than anticipated global economic growth due to trade protectionist policies, heightened geopolitical tensions and the continued uncertainty of Brexit. Those developments could restrain the demand for touristic travel and reduce foreign direct investment inflows, thus having an adverse effect on the pace of economic activity in Antigua and Barbuda.

The country is also highly vulnerable to meteorological disasters, which can cause extensive damage to infrastructure and reverse the gains made in capital accumulation. Within the country's remit are downside risks stemming from the re-current fiscal deficit, which increases financing needs and may constrain the ability of the authorities to execute capital projects, fight and manage crime, implement reforms to enhance the business environment and create sustainable employment. Some of these risks can be mitigated by strengthening and diversifying the productive sectors; tapping into climate financing to build resilient infrastructure; and implementing effective fiscal and debt management practices.

D O M I N I C A

Overview

Preliminary estimates indicate that the Dominican economy expanded by 0.5 per cent in 2018, buoyed by growth in major sectors, led by construction, after hurricane Maria in September 2017[5]. Consumer prices rose by 2.8 per cent on an end of period basis. While the central government's fiscal operations resulted in an overall deficit, the total disbursed outstanding debt decreased. In the banking system, monetary liabilities and domestic credit expanded, whereas net foreign assets declined. The commercial banking system remained liquid, but nonperforming loans exceeded the prudential benchmark during the period under review.

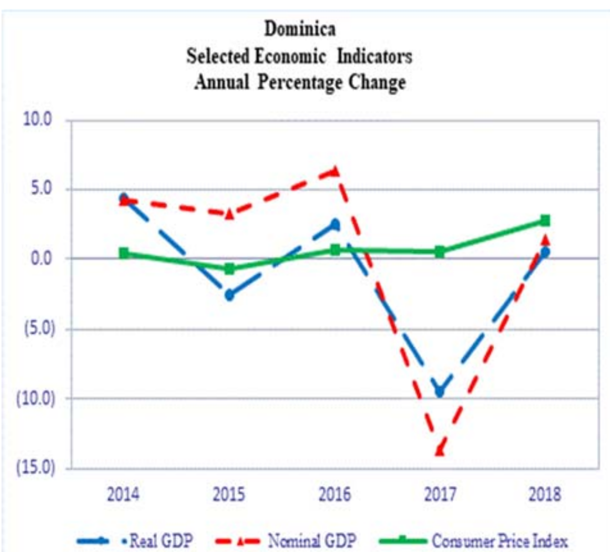
Economic activity in Dominica is likely to improve further in 2019, based on expected developments in key sectors. Furthermore, the overall fiscal balance is anticipated to deteriorate, mainly owing to a rise in expenditure for the recovery effort. The merchandise trade deficit is likely to widen, largely reflecting the sustained importation of construction material. Downside risks to this outlook include a deceleration in Citizenship by Investment programme funds; the receipt of fewer grants than expected, which could slow down the pace of recovery efforts; and adverse weather. On the upside, the government's

[5] In keeping with international standards, the ECCB updated the terminology used to describe economic activity in the ECCU. Accordingly, the Bank now reports real change in the economy using real Gross Domestic Product (GDP) at market prices and not Gross Value Added (GVA) at basic prices as used in previous reports of the Annual Economic and Financial Review (AEFR). However, GVA will remain applicable for output by sector.

focus on building climate resilient infrastructure and economic sectors can potentially reduce the impact of future natural disasters on the economy.

Real Sector Developments

Following the passage of hurricane Maria on 18 September 2017, economic activity was significantly impaired due to the large magnitude of the destruction[6]. This development resulted in an estimated contraction in economic activity of 9.5 per cent in 2017.



Although output of the most productive sectors remained subdued, economic activity is estimated to have rebounded to growth of 0.5 per cent in 2018, largely due to the reconstruction effort.

Value added in the construction sector is estimated to have expanded by 65.0 per cent, resulting in an increase in its contribution to total output from 5.5 per cent in 2017 to 9.6 per cent in 2018. This outturn reflected developments in both the public and private sectors. Capital spending by the government rose by 44.1 per cent ($114.7m) to $374.7m, mainly associated with the fast pace of reconstruction and rehabilitation activities post hurricane Maria. Public sector construction was complemented by ongoing Citizenship by Investment funded private sector projects such as the construction of the Anichi Resort and Jungle Bay Hotel, and the winding up of construction of the Range Developments' Cabrits Resort Kempinski. Also supporting the expansion in private sector construction, there was an estimated increase in residential construction. This development was evidenced by a rise in the number of starts, as residents continued to rebuild and repair homes that were damaged during the passage of hurricane Maria. Bolstered by the surge in construction activity, the value added in the mining and

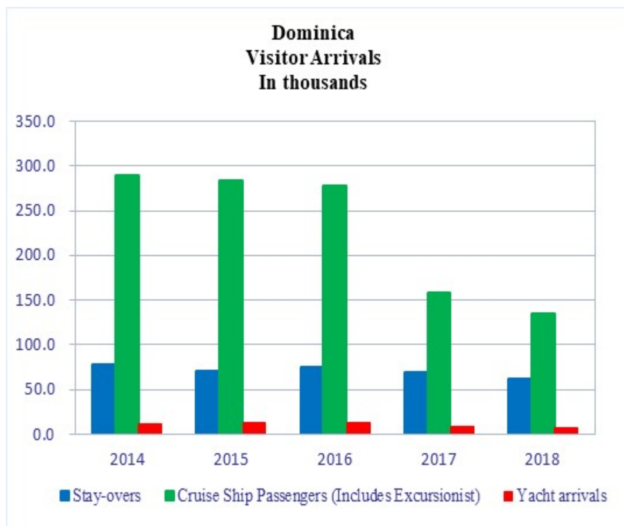
[6] According to the World Bank's 2017 Post-Disaster Needs Assessment, total damage and losses from hurricane Maria are estimated to be 226.0 per cent of Dominica's 2016 gross domestic product (GDP) or $3,539.0m.

quarrying sector is estimated to have increased by 10.0 per cent.

Supported by the increased activity in the construction sector, performance in key supporting sectors improved. Transport, storage and communications, which contributed 15.8 per sent to total output, grew by 2.4 per cent as upsurges in road and sea transport more than offset the contraction observed for air transport. The wholesale and retail sector, which contributed 14.5 per cent to total output, grew by 15.0 per cent in 2018, partially reflecting the re-opening of businesses whose operations were impeded by the hurricane and the emergence of new ones. Expansions in public administration, defence and compulsory social security (5.0 per cent); and financial intermediation (1.9 per cent) also contributed to the marginal growth in economic activity.

Moderating the increase in total output, activity in the productive sectors registered contractions. Value added in the agriculture, livestock and forestry sector is estimated to have deteriorated by 11.6 per cent, reflecting declines in contributions from all sub-sectors. More specifically, total value added in the banana sub-sector fell by 29.4 per cent while that of non-banana crops including root crops and citrus fell by 10.0 per cent. This outturn was influenced by the destruction of crops and limited access to farms in the wake of hurricane Maria and the resultant need for replanting. Similarly, value added in the livestock and forestry sub-sectors fell by 20.0 per cent and 10.0 per cent respectively, each also impacted by the hurricane. Accordingly, the sector's contribution to total GDP fell to 10.9 per cent from 11.7 per cent in 2017.

The hotels and restaurants sector, a proxy for activity in the tourism industry, is estimated to have contracted for the fourth consecutive year, by 41.9 per cent in 2018.



The sustained contraction in the sector was partly a reflection of natural disasters, tropical storm Erika and hurricane Maria, in 2015 and 2017 respectively. The total number of visitors is estimated to have declined by 13.3 per cent to 204,457, driven by a sharp reduction in both the number of stayover visitors and the number of cruise ship passengers, the two largest subcategories of visitors. The number of cruise ship passengers fell by 14.4 per cent to 134,466 and accordingly, there were 14 fewer cruise calls. A decrease of 10.5 per cent was also observed in the number of stayover visitors, reflecting a fall in arrivals from France (45.4 per cent), the United Kingdom (29.6 per cent) and the USA (23.4 per cent). Moderating the decline in stayover arrivals were increases in visitors from the Caribbean (7.3 per cent), Dominica's largest source market, and Canada (4.3 per cent). The rise in stayover visitors from the Caribbean was likely to be associated with the reintroduction of the annual World Creole Music Festival in October 2018, following a hiatus in 2017 due to the hurricane. Further deepening the contraction in activity in the sector, the number of excursionists and yacht passengers declined by 27.8 and 15.3 per cent respectively. Consistent with the decline in stayover arrivals, specifically those in paid accommodation, tourism expenditure declined by 40.0 per cent to $186.7m in 2018.

Preliminary estimates indicate that output in the manufacturing sector declined by 25.0 per cent in 2018, following four years of decreases in activity. The sector's contribution to total output therefore moved downwards to 1.8 per cent from 2.2 per cent in the previous year. This outturn was partially associated with a fall in the output of beverages by 57.2 per cent, partly reflecting the closure of the Dominica Brewery and Beverages Ltd. Tempering the contraction in the sector, the production of paints increased by 84.8 per cent and notably, the manufacturing of soaps resumed in 2018. Due to the permanent departure of Ross University School of Medicine, it is estimated that activity in the education sector declined by 55.5 per cent, following a 6.9 per cent contraction in the previous year. Accordingly, the sector's contribution to total output decreased to 5.7 per cent in 2018 from 12.1 per cent in 2017. Also affected by the departure of Ross University, value added in the real estate, renting and business activities sector was compressed by 9.8 per cent. This outturn was also somewhat attributable to damages sustained by owner occupied and rental dwellings from the passage of hurricane Maria. These events have also partly contributed to a 25.9 per cent decrease in output in the electricity and water sector.

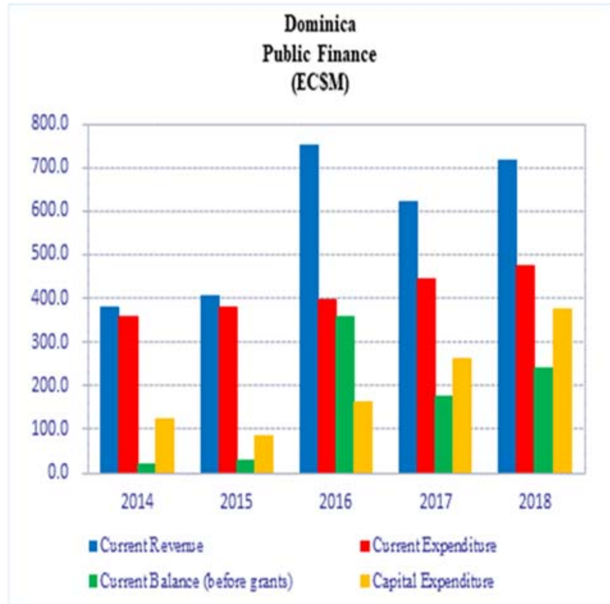
Prices, Wages and Employment

The consumer price index is estimated to have risen by 2.8 per cent in 2018, compared with a 0.6 per cent increase in 2017. The inflationary pressures were largely attributable to increases in the prices of food and non-alcoholic beverages (10.4 per cent); housing, utilities, gas and fuels (1.5 per cent) and transport (1.5 per cent).

Regarding wages and employment, complete data are unavailable for the private sector. In the public sector, however, the total number of persons employed rose by 1.5 per cent to 4,236 at the end of 2018, following a decline of 6.3 per cent in the previous year. Among the categories of workers, increases in employment were registered for non-established officers (16.4 per cent) and contractual officers (35.7 per cent). However, this increase was moderated by a 4.3 per cent decrease in the number of established officers and a reduction of half of the number of officers on special assignment.

Fiscal and Debt Developments

The fiscal operations of the central government resulted in a preliminary overall deficit of \$133.0m (9.8 per cent of GDP); relative to a smaller deficit of \$70.0m (5.2) per cent of GDP) recorded in 2017. Similarly, a primary deficit of \$107.2m (7.9 per cent of GDP) was realised, representing a deterioration from one of \$47.8m (3.6 per cent of GDP) recorded in the previous year. The deficits were largely fuelled by an upsurge in capital expenditure, and mainly funded by domestic sources.



Capital expenditure grew by \$114.7m to \$374.7m largely associated with spending on rehabilitation works as well as housing repair and reconstruction post hurricane Maria. Other infrastructural improvements such as the dredging of rivers and investments in human capital also contributed to the rise in capital expenditure. Capital grants spent amounted to \$0.1m, a decline from the \$13.4m recorded in the same period of the previous year. Hence, the capital programme was largely funded by the Government of Dominica.

A current account surplus of \$241.5m was registered in 2018 (17.8 per cent of GDP) compared with one of \$176.0m (13.1 per cent of GDP) in 2017, largely reflecting an increase in current revenue. Current revenue grew by $93.7m to $714.4m (52.5 per cent of GDP), mainly influenced by a rise in tax revenue of $74.1m to $401.9m. More specifically, receipts from taxes on domestic goods and services surged by $64.3m to $251.3m, mostly due to upticks in value added tax ($52.1m) and excise tax ($9.8m). Also supporting the increase in tax revenue, revenue from taxes on international trade and transactions improved by $29.9m to $96.8m. This outturn was largely attributable to higher intakes of import duty ($13.1m) and customs service charge ($16.4m), a reflection of the surge in imports observed during the period under review. Revenue raised from direct taxes had a moderating effect as the intake from taxes on income and profit decreased by $18.3m to $47.0m. Receipts from taxes on property also contracted by $1.8m to $6.9m during the period under review.

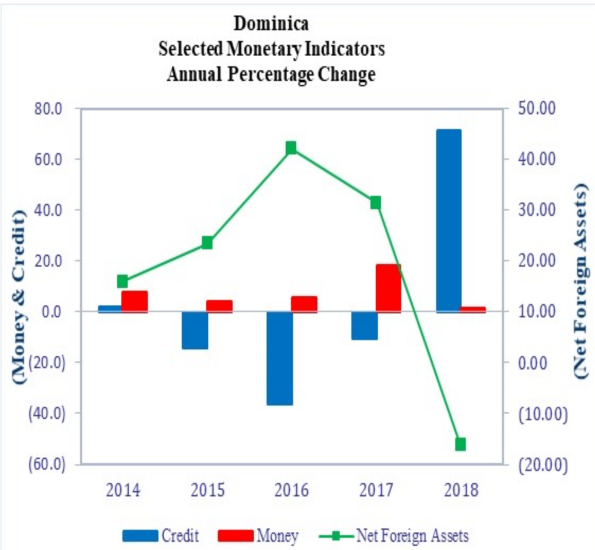
Current expenditure grew by $28.2m to $472.8m (34.8 per cent of GDP) as all the main categories recorded higher outlays, apart from personal emoluments which declined by $20.1m, following the payment of a double salary in 2017. Payments for goods and services increased by $36.3m to $173.0m, partially associated with the maintenance of buildings, the procurement of professional and consultancy fees, and the purchase of medical and office supplies and equipment. Also contributing to the expansion in current expenditure, upticks in outlays were recorded for transfers and subsidies ($8.4m) mostly due to larger contributions to local institutions; and interest payments ($3.6m) which were primarily domestic.

The central government's fiscal operations were financed through a drawdown on their deposits with and an increase in credit from commercial banks. Meanwhile, the government's indebtedness to external creditors declined through the amortisation of loans from both multilateral and bilateral entities.

Total disbursed outstanding debt of the public sector has provisionally decreased to $1,037.5m (76.3 per cent of GDP) in 2018 from $1,043.8m in 2017 (77.8 per cent of GDP). This outturn was largely attributable to an 8.0 per cent contraction in the debt of public corporations to $155.5m, reflecting a fall in the debt owed to their external (10.4 per cent) and domestic (4.5 per cent) creditors. With regard to central government debt, the increase in its domestic debt (13.8 per cent) more than offset the decline in its external obligation (4.5 per cent), resulting in an overall increase of 0.8 per cent.

Banking Sector Developments

Monetary liabilities (M2) grew by 1.4 per cent to $1,651.1m at the end of 2018, compared with an increase of 18.4 per cent at the end of 2017. The expansion in M2 was driven by growth in both quasi money, the larger component of M2, and narrow money. Quasi money rose by 1.2 per cent to



$1,204.3m, reflecting growth in private sector foreign currency deposits (23.5 per cent) and private sector savings deposits (2.2 per cent). However, this increase was moderated by a decline in private sector time deposits (5.9 per cent). Growth in monetary liabilities was also supported by a 2.0 per cent expansion in narrow money to $446.8m, associated with a rise in currency with the public (24.8 per cent), but tempered by decreases in EC$ Cheques and Drafts Issued (14.2 per cent) and private sector demand deposits (2.4 per cent).

Domestic credit rose by 71.5 per cent to $617.5m, largely reflecting developments in the public sector, as private sector credit declined.

The net deposit position of the central government fell by 85.1 per cent to $48.1m, as the government drew down on its deposits and was simultaneously extended more credit, partially to support public sector reconstruction and recovery efforts. Growth in domestic credit was however moderated by a contraction in credit extended to the private sector and an increase in the net deposit position of non-financial public enterprises. Private sector credit declined by 1.5 per cent to $773.1m, reflecting decreases in credit to households (4.8 per cent) and to non-bank financial institutions (0.4 per cent). A 3.3 per cent increased in credit extended to businesses, however, mitigated the reduction in private sector credit. A 4.8 per cent upturn in the net deposit position of non-financial public enterprises to $107.4m was observed in the period under review, due to growth in their deposits and a decline in credit extended to them.

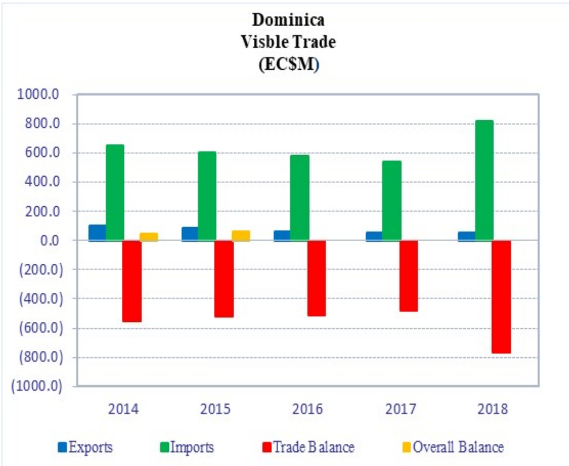
An analysis of the distribution of commercial bank credit by economic activity revealed that total outstanding loans and advances increased by 3.7 per cent to $962.0m in 2018. Expansions in lending were observed in the public administration (53.6 per cent); utilities, electricity and water (74.8 per cent) and financial institutions (3.5 per cent) sectors. A marginal increase in credit was also extended to the agriculture and fisheries sector (0.7 per cent). This growth in credit was partially offset by reductions in loans extended to transportation and storage (43.3 per cent); tourism (14.7 per cent); professional and other services (10.5 per cent); manufacturing, mining and quarrying (9.2 per cent); entertainment and catering (7.1 per cent); construction (5.5 per cent) and distributive trades (4.5 per cent).

The net foreign assets position of the banking system stood at $1,182.0m at the end of December 2018, registering a decrease of 16.3 per cent from the end of December 2017. This development was mainly the result of a 20.3 per cent contraction in the net foreign assets position of commercial banks, associated with a decline in their net assets position with institutions both within and external to the ECCU. This outturn partially reflected a drawdown on commercial bank's foreign assets to fund the increase in credit extended to the government. The overall decrease in net foreign assets was further reinforced by a 10.3 per cent reduction in Dominica's imputed share of the Central Bank's reserves.

The commercial banking system remained liquid in 2018. The ratio of net liquid assets to total deposits fell by 8.2 percentage points to 55.8 per cent at the end of December 2018, still notably above the ECCB's minimum benchmark of 20.0 per cent. The loans and advances to total deposits ratio increased by 5.6 percentage points to 46.9 per cent, still considerably below the ECCB's maximum benchmark of 75.0 to 85.0 per cent. Despite the high level of liquidity in the banking system, asset quality among financial institutions was still an area of concern. Accordingly, the ratio of non-performing loans to gross loans was 17.0 per cent, 12.0 percentage points above the ECCB's tolerable limit.

External Sector Developments

Preliminary estimates indicate that the merchandise trade deficit widened to $765.5m (56.3 per cent of GDP) during 2018, relative to one of $478.9m (35.7 per cent of GDP) observed in 2017. A considerable increase in import payments coupled with a decline in export receipts resulted in the deficit, the largest recorded over Dominica's history.



Imports payments rebounded by 52.6 per cent to $815.4m in 2018, following the passage of hurricane Maria in September 2017. This expansion partially reflected upticks in the import of machinery and transport equipment; and manufactured goods, largely associated with reconstruction activities. Exacerbating the overall deficit was an estimated 10.0 per cent decline in export receipts to $49.9m partly attributable to the disruption in domestic production following hurricane Maria. More specifically, a contraction in receipts was observed for bananas ($0.3m), beverages ($9.0m) and paints ($1.0m). However, notably, the resumption of the export of soap ($1.8m) following the destruction of the plant by tropical storm Erika in August 2015 marginally moderated the decrease in exports.

Gross travel receipts are estimated to have declined by 40.0 per cent to $186.7m, consistent with the decrease in tourist arrivals. Commercial banks' transactions resulted in a net inflow of $171.4m in short term capital, in contrast to a net outflow of $348.7m in the prior year. In the public sector, external loan disbursements to the central government totalled $18.0m compared with $26.1m in the corresponding period of the previous year. On the other hand, external principal repayments amounted to $44.2m, marginally down from $44.5m in 2017. These transactions led to a net outflow of $26.1m compared with one of $18.4m in 2017.

Outlook

Economic activity in Dominica is likely to strengthen in 2019. Output of goods and services is projected to increase by 2.0 per cent in 2019, based on expected positive developments in key sectors. Risks to this outlook are tilted to the downside. Growth in the construction sector is expected to continue, supported by ongoing reconstruction and rehabilitation activities in the public sector. The advancement of private sector projects such as the construction of the Citizenship by Investment funded Anichi Resorts, Jungle Bay Hotel and the Tranquility Beach Hotel, in addition to the continued repair and reconstruction of residential homes, is likely to contribute to the buoyancy in construction activity. Following the replanting of produce in 2018, the agricultural sector is projected to recover in 2019. Activity in the sector is also expected to be supported by government-led programmes such as the rehabilitation of coffee and cocoa and the expansion of vegetable production. In addition, the number of visitors is predicted to increase as the rehabilitation of tourism infrastructure continues. Further, manufacturing output is expected to be boosted by the resumption of the production of soap after a hiatus.

The overall fiscal balance is anticipated to worsen, mainly because of increased expenditure on the recovery and reconstruction effort. This outturn is however expected to be moderated by the continued inflow of funds from the Citizenship by Investment Programme and the expected steady intake of indirect taxes as a result of high imports and the recovery of the wholesale and retail sector. In the external sector, the relatively high merchandise deficit is likely to be sustained reflecting the continued import of construction material. However, exports are expected to recover to some degree as the agricultural sector rebounds.

Downside risks to this outlook include a likely deceleration in revenue from the Citizenship by Investment Programme; the receipt of fewer grants than expected and/or delays in the disbursement of loan or grant funds, which could slow down the implementation of the recovery and reconstruction effort. In addition, Dominica remains vulnerable to external shocks such as adverse weather; weakening growth prospects of trading partners and friendly governments and the potential fallout from international developments such as Brexit, which would weaken the economic outlook. On the upside, the government's focus on building climate resilient infrastructure and economic sectors can potentially reduce the impact of future natural disasters on the economy. Additionally, the successful operationalisation of the Climate Resilience Execution Agency of Dominica (CREAD) could boost the government's capacity for implementing planned projects. Finally, the advancement of public sector projects such as the geothermal energy plant, the sustainable housing solution project and private sector tourism projects would contribute positively to the development of the economy.

G R E N A D A

Overview

Economic activity in Grenada continued to be buoyant in 2018. Real GDP is estimated to have expanded by 4.8[7] per cent in 2018, slightly slower than the rate of growth of 5.1 per cent obtained in 2017. The robust growth performance was the result of developments in the construction, hotels and restaurants, manufacturing and education sectors. The favourable outcome in these sectors, contributed to positive valued added in the main ancillary sectors. In contrast, output in the agricultural sector continued to decline. The Consumer Price Index increased by 1.0 per cent, on an end of period basis. The central government continued to reap the benefits of the Home Grown Structural Adjustment Programme as the highest overall surplus was recorded since the programme's implementation in 2014. The disbursed outstanding public sector debt contracted further in 2018. Banking sector developments were characterized by an acceleration in the growth of monetary liabilities and net foreign assets, an increase in liquidity level and a contraction in domestic credit. The merchandise trade deficit widened during the period under review.

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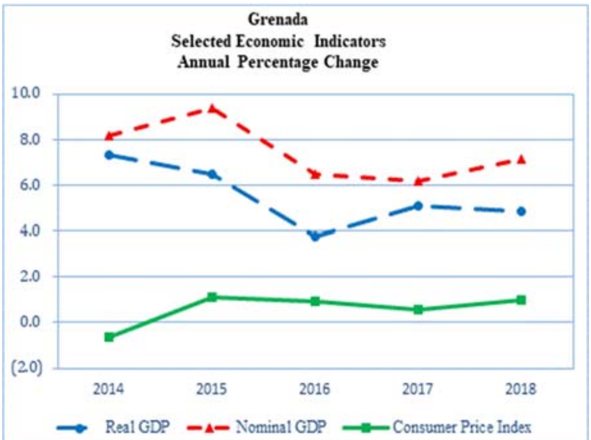
The near term economic outlook is favourable. Real GDP growth is anticipated to be comparable to the level estimated in 2018. This forecast is on the basis that activity in the main economic sectors of construction, hotels and restaurants and education will remain strong. Inflationary pressures are likely to be subdued based on the forecast for lower oil prices on the global market in 2019. The merchandise trade deficit is forecasted to widen as imports increase to support demand in the construction sector as well as tourism activity. According to the 2019 Budget Estimates of Revenue and Expenditure, a smaller overall surplus of approximately 3.8 per cent of GDP is anticipated this year. Similarly, the primary surplus will also trend downwards to 6.0 per cent of GDP, but will nevertheless surpass the primary balance target of 3.5 per cent of GDP embedded in the Fiscal Responsibility Act (FRA).

These forecasts are highly conditional on developments in the global economy, given its positive correlation with the Grenadian economy. In particular, threats to the outlook include: slower than anticipated global economic growth; natural disasters; and an unexpected surge in oil prices. Moreover, there are a number of domestic challenges that could adversely impact the economic growth. These include: capacity constraints that could further slow the implementation of public sector capital projects; fiscal risks associated with ongoing pension reform and the introduction of a National Health Insurance Scheme; lower than projected receipts from the Citizenship by Investment Programme (CBI) and labour market challenges. These threats and challenges can be mitigated through the formulation and implementation of reforms to engender economic and infrastructure resilience; exercising fiscal prudence; and building capacity to enhance the management and implementation of capital projects. The successful management and mitigation of those risks could boost growth above the level recorded in 2018.

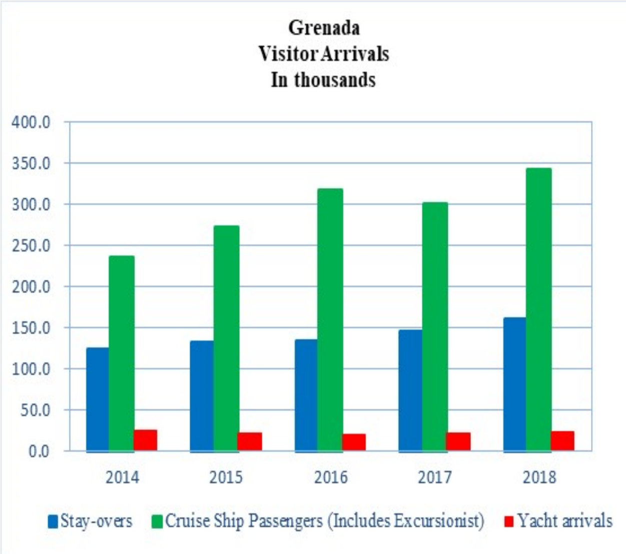
Real Sector Developments

Supported by a stable global economic environment, most economic sectors in Grenada expanded in 2018, according to preliminary estimates.



The construction sector continued to be an impetus for growth. Value added in the sector is estimated at 15.0 per cent, a deceleration from the rate of growth of 29.0 per cent in 2017. Nevertheless, the sector's contribution to overall GDP grew marginally to 10.0 per cent, compared to 9.3 per cent in 2017. The sector was bolstered by continued construction activity from a number of private sector projects as well as the execution of public sector investment projects. Key private sector projects under construction in 2018 included the Point at Petite Calivigny Resort, Mount Cinnamon, the Kimpton Kawana Bay Grenada Resort, St George's University (SGU) Expansion Project and the completion of the first phase of the Silver Sands Resort Development. With respect to public sector activity, construction work focused on the completion of phase one of the Parliament Building, the Gouyavee Bridge, Lance Bridge, and restoration and maintenance of government buildings. Notwithstanding, the increase in construction, the mining and quarrying sector contracted by 12.5 per cent in 2018, after increasing by 5.5 per cent in 2017. This was mainly due to a decline in the production of sand as a result of quality challenges, which hindered its usage in major construction projects.

The hotels and restaurants sector, a proxy for the tourism industry, is estimated to have increased by 7.8 per cent in 2018, a faster pace than the 5.1 per cent realized in 2017. The sector's contribution to total GDP rose slightly to 6.2 per cent from 6.1 per cent in 2017. Total arrivals to Grenada advanced by 12.8 per cent to 528,637, the highest number of visitors recorded over the last five years due to developments in both the cruise and stay over categories of visitors. Activity in the cruise sub-sector was robust as passenger arrivals increased by 14.5 per cent to 342,826, reversing the contraction of 4.9 per cent recorded in 2017.



This outturn was on account of cruise ship calls by seven new cruise lines due to adjustments to their itineraries in the aftermath of the 2017 hurricanes and in general larger capacity ships, despite a fall in calls by 45 to 246. Stay-over visitors also grew at a solid rate of 10.0 per cent to 160,975, accelerating from the 8.2 per cent rate of growth registered in the previous year. There were positive outcomes from all the major stay-over source markets. Canadian arrivals grew by 21.1 per cent, due to strong marketing efforts and direct airlift all year round. Stay-over arrivals from the USA market grew by 12.1 per cent, much lower than the rate of growth of 20.9 per cent experienced in the previous year. Arrivals from the Caribbean were also strong, increasing by 6.9 per cent as the country hosted a number of regional events including the Grenada Invitational Athletics Meet, Dive Fest, Pure Grenada Music Festival, Spice Mas, as well as several regional meetings and conferences. Stay-over arrivals from the European market rebounded in 2018, increasing by 2.5 per cent following a decrease of 2.6 per cent in 2017. This was primarily led by improved performance of the UK market, which saw an increase of 1.1 per cent, after declining by 6.7 per cent in 2017, amid BREXIT uncertainties. Regarding the other segment of visitors, the yachting sub-sector registered an increase of 10.4 per cent to 24,281 after growing by 8.1 per cent in the previous year. Meanwhile, the number of excursionists declined by 47.7 per cent to 555, a lower contraction from the 70.2 per cent recorded in 2017.

The education sector, which contributed the largest to GDP at 18.3 per cent, grew at an estimated rate 3.6 per cent in 2018, down from the rate of 4.6 per cent in 2017. This slowdown in the pace of growth was influenced by a lower enrollment rate at St George’s University. Total enrolment increased by an estimated 1.6 per cent to 7,846 in the 2018 academic year, down from a rate of growth of 3.2 per cent in 2017. The closely related sector of real estate, renting and business activities grew at a rate of 2.2 per cent, slightly below the rate of 2.5 per cent recorded in 2017.

The favourable performance of the hotels and restaurants, construction and education sectors provided the catalyst for continued growth in the transport, storage and communications sector (6.4 per cent) and the wholesale and retail trade sector (10.0 per cent). Those sectors together accounted for 21.5 per cent of total GDP in 2018, slightly above the 20.9 per cent contributed in the prior year.

Valued added in the manufacturing sector accelerated at a pace of 7.0 per cent in 2018, after registering growth of 2.7 per cent in the previous year. The sector's overall contribution to GDP rose marginally to 3.4 per cent in 2018 from 3.3 per cent in 2017. There was an increase in the production of all beverage categories, with the exception of rum, which declined by 4.5 per cent. Production of stout, malt and beer rose by 31.7 per cent, 8.6 per cent and 0.1 per cent, respectively. Soft drinks production grew by 17.1 per cent, as a result of the reintroduction of an international soft drink brand. Output of chemicals and paints rose by 8.1 per cent reflecting increases in the production lines of oxygen (71.0 per cent), acetylene (28.5 per cent) and paint (6.5 per cent). With respect to grain mill and bakery products, flour production fell by a further 11.3 per cent, associated with challenges on the export market. More specifically, regional competition in another OECS country and the non-implementation of Article 164 of the Revised Treaty of Chaguaramas has made it difficult for Grenada's product to compete with cheaper flour from the larger Caribbean countries. Animal feed production registered an overall increase of 19.2 per cent, as a 31.9 per cent rise in poultry feed was able to offset the 17.4 per cent decline in wheat bran production. The volume of toilet paper produced increased by 14.4 per cent in 2018, more than twice the growth recorded in the former year. The positive outturn in the manufacturing sector along with real estate, renting and business services contributed to a 3.6 per cent increase in value added in the electricity and water sector.

The agriculture, livestock and forestry sector recorded its third consecutive year of contraction. Value added in the sector declined by a rate of 3.8 per cent in 2018, compared with 19.5 per cent in 2017. Hence, the sector's total contribution to GDP dropped to 4.7 per cent, from 5.1 per cent in 2017. This outturn can be attributed to a further slump in the crops sub-sector, the largest component. Crops value added declined by 4.7 per cent as the output of other crops, cocoa, nutmeg and bananas fell. Other crops produced, including fruits and vegetables, fell by 2.8 per cent to 2.3m pounds, owing in part to unusually high levels of rainfall. High levels of moisture associated with heavy rainfall led to a 19.2 per cent reduction in cocoa production. Similarly, nutmeg production contracted by 13.1 per cent after a rebound of 17.2 in the previous year. This gave rise to a 12.5 per cent decline in nutmeg value added. Output in the banana sub-sector also contracted by 10.0 per cent. The forestry and livestock sub-sectors both registered positive growth of 2.1 per cent and 1.2 per cent, respectively. A 44.3 per cent increase in fish landings led to higher value added in the fishing sector, which rose by 1.8 per cent, up from 1.0 per cent growth in 2017.

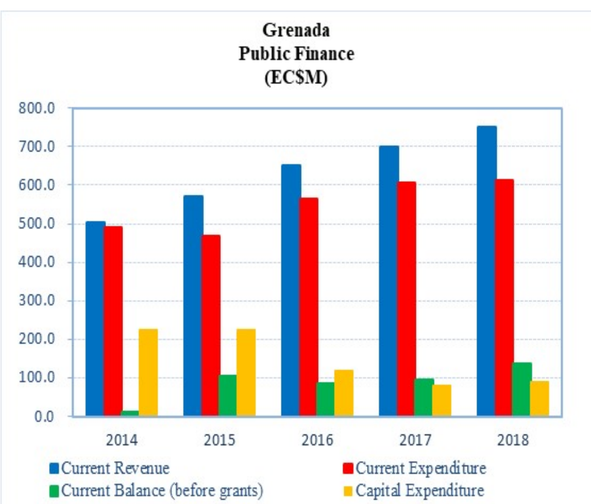
Prices, Wages and Employment

Growth in consumer prices advanced to 1.0 per cent in 2018, from 0.5 per cent in 2017. The majority of the sub-indices registered increases with the exception of alcoholic beverages, tobacco and narcotics; and recreation and culture, which declined by 1.1 per cent and 0.4 per cent, respectively. The largest sub-index, housing, utilities, gas and other fuels, advanced by 1.5 per cent associated with higher costs for maintenance and repairs, bedroom furniture, major house appliances and the price for a 100 pound cooking gas cylinder. Food and non-alcoholic beverages registered an increase of 0.7 per cent, reflecting an uptick in prices of fresh fish, fresh fruits, preserved milk, and all meats with the exception of chicken. The transport sub-index rose by 1.7 per cent on account of higher airfares. Other notable increases were observed in the sub-indices for education (6.0 per cent), and health (3.1 per cent).

Labour market conditions improved during the period under review. In 2018, the government continued to honour its agreement with trade unions. As a result a 3.0 per cent salary increase was given to public servants along with a one-off payment of a maximum of $750 as compensation for the sacrifices made during the home-grown structural adjustment programme. These payments amounted to approximately $7.3m. Preliminary results of the second quarter 2018 Labour Force Survey indicated an unemployment rate of 20.6 per cent, a decline from the rate of 23.6 per cent at the end of 2017. Based on general economic trends, it is assumed that the downward movement in the unemployment rate was attributable to job creation mainly in the tourism and construction sectors.

Fiscal and Debt Developments

Fiscal policy in Grenada in 2018 continued to be guided by the targets embedded in its Fiscal Responsibility Act (FRA). All the fiscal targets were met during the period under review. This included the wage bill, the primary surplus and the primary expenditure targets. The operations of the central government resulted in an overall surplus of $136.9m (4.2 per cent of GDP), an increase from the overall surplus of $91.6m (3.0 per cent of GDP) in 2017. This outturn was 71.4 per cent above the 2018 National Budget Estimates and Expenditure and reflected a better than anticipated revenue performance along with lower capital expenditure.



A primary surplus of $202.8m (6.2 per cent of GDP) was registered, up from $172.6m (5.7 per cent of GDP) in 2017, far exceeding the target of a minimum of 3.5 per cent of GDP. The overall surplus was partly used to reduce debt levels and augment the contingency fund. This laudable performance mirrored enhanced compliance, greater enforcement by the revenue collection departments and containment of discretionary expenditure.

A current account surplus of $137.2m (4.2 per cent of GDP) was realized, which was an increase from the surplus of $94.2m (3.1 per cent of GDP) posted in 2017. Growth in current expenditure was weaker than that of current revenue, leading to the higher surplus on the current account. Current revenue grew by 7.3 per cent ($50.9m) to $751.0m, slightly lower than the rate of growth of 7.4 per cent in 2017. As a percentage of GDP, current revenue was unchanged at 23.0 per cent. Tax revenues amounted to $717.3m (22.0 per cent of GDP), exceeding the prior year's level by approximately 7.1 per cent ($47.3m). Revenue from taxes on international trade and transactions rose by 9.1 per cent ($20.3m), primarily associated with growing receipts from import duties ($6.4m) and customs service charges ($5.7m). Receipts from taxes on domestic goods and services advanced by 4.5 per cent ($12.7m), primarily associated with an increase of $14.0m to $249.6m (7.7per cent of GDP) in Value-added Tax (VAT) receipts. Taxes on income and profits rose by 7.2 per cent ($10.1m), mainly as a result of increased collections from corporations ($7.1m) and the personal income tax category ($3.0m). Revenue from taxes on property grew by 17.3 per cent ($4.2m) to $28.5m. Non-tax revenue rose by 12.1 per cent ($3.6m) to $33.7m, reversing the contraction of 12.9 per cent recorded in 2017. Current grants amounted to $15.6m (0.5 per cent of GDP) in 2018, an increase of $1.7m over 2017.

Current expenditure expanded by 1.3 per cent ($7.9m) to $613.8m (18.8 per cent of GDP), a noted slowdown from the 7.2 per cent growth rate recorded in the previous year. There was a 14.5 per cent ($19.3m) increase in outlays on transfers and subsidies. Personal emoluments, which is the largest expenditure, rose by 3.0 per cent ($5.4m) to $273.1m as a result of the granting of 3.0 per cent salary increase and a one-time payment to public officers. On the contrary, outlays on goods and services fell by 3.3 per cent ($4.2m). Interest payments also declined by 18.6 per cent ($15.1m), benefiting from the conclusion of debt restructuring in 2017 that included interest rate adjustments.

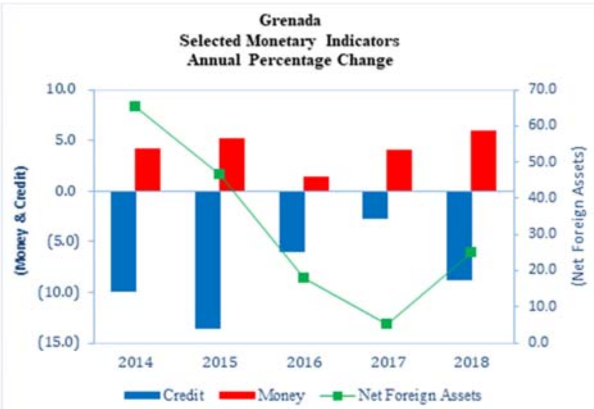
On the capital account, $73.8m (2.3 per cent of GDP) was recorded in capital grants, above the $64.2m (2.1 per cent of GDP) received in 2017. Capital expenditure totaled $89.7m (2.8 per cent of GDP), up from $80.6m (2.6 per cent of GDP) in 2017. The amount expensed on capital expenditure was approximately 30.0 per cent lower than the 2018 Budget Estimates mainly due to capacity constraints.

Improved public financial management, evidenced by higher primary surpluses along with successful debt restructuring, led to a reduction in the public sector debt stock. The total outstanding debt of the public sector decreased to $2,097.3m (64.3 per cent of GDP) at the end of 2018, down from $2,119.2m (69.7 per cent of GDP) at the end of 2017.

The central government total debt stock fell by 1.4 per cent to $1,971.1m due to a reduction in domestic debt. Central government domestic debt contracted by $100.2m to $495.7m because of scheduled amortization payments; the retirement of Government's Series A 91-day Treasury Bills on the Regional Government Securities Market (RGSM), and a reclassification of investors based on residency. Meanwhile, central government external debt rose by $72.5m to $1,475.3m reflecting disbursements from the Caribbean Development Bank and the World Bank. In contrast, the debt position of public corporations increased by $5.8m to $126.2m at the end of 2018.

Banking Sector Developments

Monetary liabilities (M2) rose by 5.9 per cent to $2,368.9m during 2018, above the 4.0 per cent growth registered in 2017.



This expansion was primarily driven by growth of 12.4 per cent ($77.2m) to $702.3m in narrow money supply (M1). Of the components of M1, private sector demand deposits recorded strong growth of 18.7 per cent while there were contractions in currency with the public (5.0 per cent) and EC$ Cheques and Drafts Issued (12.6 per cent). Quasi money also advanced by 3.4 per cent ($55.4m) to $1,666.6m over the review period. Growth of 4.0 per cent in private sector savings deposits and 17.3 per cent in private sector foreign currency deposits, more than compensated for a contraction of 11.4 per cent in private sector time deposits, resulting in the overall expansion in quasi money.

The net foreign assets of the banking system grew by 24.8 per cent to $1,315.0m at the end of December 2018, accelerating from the pace of 5.0 per cent recorded in the corresponding period of 2017. This acceleration was largely attributable the transactions of commercial banks as their net foreign assets rose by 31.2 per cent to $691.8m. Commercial banks boosted their net foreign asset position with financial institutions outside the Currency Union by 86.2 per cent, while reducing their net foreign asset position with financial institutions in other ECCU territories by 14.4 per cent. Grenada's imputed share of the ECCB's reserves amounted to $623.2m, approximately 18.5 per cent above the level recorded at the end of 2017.

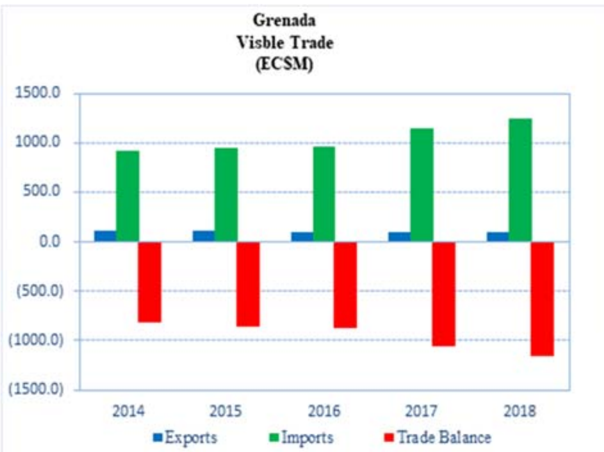
Domestic credit declined by a further 8.7 per cent to $1,101.8m a steeper contraction from the rate of 2.8 per cent recorded at the end of 2017. This outturn was led by the changing leverage position of the central government and Non-Financial Public Enterprises. The government's net deposit position rose by 66.9 per cent to $201.3m. This was attributed to a more than doubling of deposits at the Central Bank coupled with a 30.3 per cent reduction in commercial bank credit. Furthermore, the net deposit position of the Non-Financial Public Enterprises increased by 35.9 per cent to $298.9m as growth in deposits far outpaced the surge in loans by $67.7m. Private sector credit grew at an accelerated rate of 2.8 per cent after increasing at a marginal rate of 0.6 per cent during 2017. There was growth in credit extended to households (1.7 per cent), businesses (4.9 per cent), and non-bank financial institutions (6.8 per cent).

Credit outstanding by economic sector, grew by 4.1 per cent to $1,701.8m during 2018 from $1,634.9m in 2017. The bulk of that expansion originated from outstanding credit to tourism (23.2 per cent), construction (6.4 per cent) and personal (1.1 per cent). The increase in outstanding loans for personal use, the largest component of credit, was on account of an expansion in credit for durable consumer goods (17.7 per cent) and other personal loans (1.1 per cent) while credit fell for the acquisition of property (0.4 per cent). Contractions in outstanding credit were registered in all other economic sectors of transportation and storage (47.9 per cent); manufacturing, mining and quarry (8.3 per cent); agriculture and fisheries (5.7 per cent); distributive trades (1.5 per cent); financial institutions (6.9 per cent); professional and other services (1.5 per cent); and entertainment and catering (3.0 per cent). Meanwhile, the changes observed in credit outstanding for public administration and utilities, electricity, water were mainly due to a reclassification from the latter to the former.

The liquidity position of commercial banks increased during 2018. The ratio of liquid assets to total deposits plus liquid liabilities rose by 2.7 percentage points to 49.1 per cent at the end of December 2018. As the pace of deposit growth far outpaced the expansion in loans and advances granted, the loan to deposits ratio declined by 1.3 percentage points to 55.0 per cent. The quality of commercial banks assets improved, evidenced by a further reduction in the non-performing loans ratio to 2.4 per cent from 3.9 per cent in 2017.

External Sector Developments

A merchandise trade deficit of $1,146.6m (35.2 per cent of GDP) was recorded in 2018, above the $1053.7m (34.6 per cent of GDP) recorded in the corresponding period of 2017.



This widening deficit was largely associated with higher import payments. The value of imports grew by 8.5 per cent ($96.5m) to $1,231.2m, influenced primarily by larger outlays for mineral fuels and related materials and manufactured goods. The increase in import payments was partly cushioned by a 4.3 per cent ($3.5m) growth in the value of exports to $84.6m. This reflected a combined increase in the value of domestic exports and re-exports. Domestic export earnings rose by 3.9 per cent to $78.1m on account of improvements in both agricultural and manufactured exports. Receipts from agricultural exports rose by a further 47.7 per cent ($13.6m), due to higher receipts for commodities, specifically, cocoa (28.9 per cent), fish (27.4 per cent) and fruits and vegetables (0.3 per cent) while receipts for nutmeg fell by 12.7 per cent. The receipts from manufactured exports rose by 10.3 per cent ($3.4m), attributed mainly to higher earnings from animal feed (18.0 per cent), other manufactured products (55.1 per cent). Meanwhile, receipts from flour exports contracted by 14.2 per cent.

Travel receipts are estimated to have risen by 10.1 per cent to $437.9m, an acceleration from the rate of growth of 6.8 per cent recorded in 2017. This development mirrored the significant growth in both stay-over visitors (10.0 per cent) and cruise ship passengers (14.5 per cent). Commercial banks' transactions resulted in a net outflow of $164.3m in short-term capital, compared with one of $67.9m during 2017. External inflows to the central government rose by $67.2m per cent to $112.7m, owing to the receipt of loan funds from the World Bank at very concessional terms and the Caribbean Development Bank. Meanwhile, external outflows rose further to $96.6m from $90.3m in 2017, as the government continued its efforts to restructure and repay outstanding debts. Consequently, the central government recorded a net inflow position of $16.1m from a net amortization position of $44.8m in 2017.

Outlook

Economic activity in Grenada is expected to remain strong in 2019, increasing at a similar rate as in 2018. Growth will be driven by developments in the construction, hotels and restaurants, and education sectors. The construction sector is expected to maintain its robust momentum as works continue on some private sector tourism related projects as well as public sector projects. In the public sector, new projects expected to come on stream during the year include the Climate Resilient Water Sector Project, rehabilitation of the Maurice Bishop International Airport, Retrofitting of the Hillsborough Heath Center and the Princess Royal Hospital in Carriacou, among others. The tourism industry will be buoyed by intensified marketing; the rehabilitation of existing room stock and the construction of new room stock; and increased airlift. The education sector is also expected to expand in 2019, although at a moderate pace. Positive value added is also expected in the manufacturing sector as the reintroduction of a soft drink brand strengthens output. However, challenges persist in the agricultural sector, weighing down its contribution to growth. Consumer price inflation is expected to remain subdued in line the forecast for lower oil prices by the EIA, barring any sudden adverse shocks. The merchandise trade deficit is projected to widen as the importation of construction materials and other manufactured goods continue to trend upwards. The increase in imports payments will be partly offset by greater travel receipts.

According to the 2019 Budget Estimates of Revenue and Expenditure, the central government is expected to record an overall surplus of 3.8 per cent of GDP and a primary surplus of 6.0 per cent of GDP. These balances are slightly below the performance obtained in 2018 but nevertheless the primary balance should surpass the target in the FRA of 3.5 per cent of GDP. The attainment of this primary surplus will support a further reduction in the central government debt level. Despite the announced 2.0 percentage points reduction in personal income tax and corporate tax, current revenue is expected to outperform the intake in 2018. This is on the basis of continued improvements in tax administration and a general uptick in economic activity. Current expenditure is also likely to increase due to the payment of a 4.0 per cent salary increase to public officers, the final portion of the agreement negotiated with trade unions for the triennium 2017-2019. This is expected to increase the wage bill by $10.3m. Additionally, public workers will also receive annual increments. Notwithstanding, these payments the wage bill is likely to remain within the FRL target of 9.0 per cent of GDP. Other increases in current expenditure will emanate from goods and services, interest payments and transfer and subsidies. The pace of implementation of the capital programme is expected to intensify, thus leading to a higher level of capital expenditure in 2019. This will be tempered by an increase in capital grants.

There are a number of threats that could hinder the realization of the growth forecast. Chief among them is lower than anticipated global economic growth due to trade tensions, geopolitical conflicts, upward shocks to oil prices and uncertainties related to Brexit. Less buoyancy in the global economy due to those factors can adversely affect the demand for tourism services and goods. The country is also highly vulnerable to natural disasters in the form of hurricanes, droughts, floods and storms as well as volcanic activity. These disasters have the potential of damaging the capital stock and constraining activity in the productive sectors. On the fiscal front, lower than projected inflows from the CBI programme could restrain grant financing for capital projects and hence, limit construction activity, which is a major driver of growth. The likely additional expenditure related to pension reform along with the introduction of a National Health Insurance Scheme, could increase fiscal costs and make the FRL targets unreachable. Furthermore, capacity constraints such as weaknesses in project management and the lack of effective coordination among executing departments, could continue to hamper the pace of capital project implementation. Despite above average growth rates over the last five years, unemployment remains high in Grenada, which continues to be a major challenge for the authorities. The impact of these threats can be lessened by the formulation of a carefully crafted plan to improve economic and infrastructure resilience. Such a plan should entail mitigating the impacts of climate change on the productive sectors, the implementation of the land use and zoning policy and ensuring that building codes are adhered to. The authorities should continue to exercise fiscal prudence that will allow for some flexibility to absorb unexpected fiscal costs or adverse shocks. In addition, efforts to tackle capacity constraints should be intensified. This will augur well for the pace of project implementation and could raise GDP growth above the level of 2018, given the number of major projects that were announced to come on stream in 2019.

M O N T S E R R A T

Overview

Economic activity in Montserrat is estimated to have expanded in 2018 with real output growing by 1.6 per cent[8] in 2018, in contrast to a decline of 2.8 per cent in 2017. The expansion in real GDP reflected positive contributions from two key sectors; namely construction and hotels and restaurants. The consumer price index rose by 2.4 per cent, on an end of period basis. The central government recorded an overall deficit, which was largely due to an increase in recurrent expenditure. In the banking system, domestic credit, total monetary liabilities and net foreign assets increased. Overall, liquidity conditions remained relatively stable and high, while non-performing loans declined.

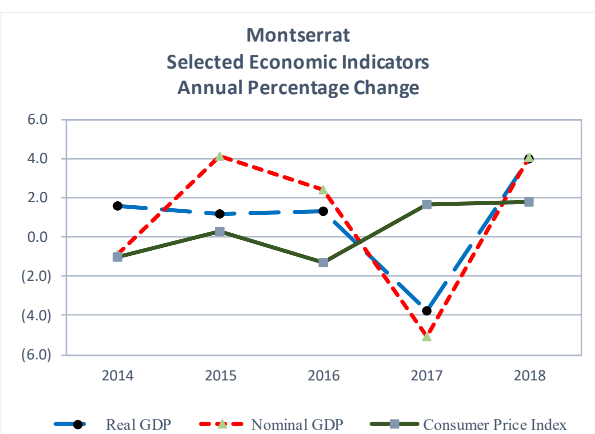
The outlook for the economy in 2019 is favourable as economic growth is expected to continue. This projection is premised on positive developments from the major contributing sectors, which include construction and hotels and restaurants. The expansion of economic activity in these key sectors is expected to have positive spillover effects on the performance of allied sectors such as transport, storage and communications and the real estate, renting and business sector. Improvements in the central government's fiscal balances in 2019 will depend on

[8] In keeping with international standards, the ECCB updated the terminology used to describe economic activity in the ECCU. Accordingly, the Bank now reports real change in the economy using real Gross Domestic Product (GDP) at market prices and not Gross Value Added (GVA) at basic prices as used in previous reports of the Annual Economic and Financial Review (AEFR). However, GVA will remain applicable for output by sector.

increases in current revenue, the containment of expenditure on transfers and subsidies, and goods and services. In addition, budgetary aid from the United Kingdom; which, on average, has financed over two-thirds of total expenditure, will also help to bolster fiscal performance. However, the uncertainty with respect to the end product of the Brexit negotiations and untimely access to budgetary aid pose significant risks to both the fiscal outturn and the economic growth prospects. Additionally, volcanic eruptions and adverse weather conditions, during the 2019 hurricane season, continue to be notable threats.

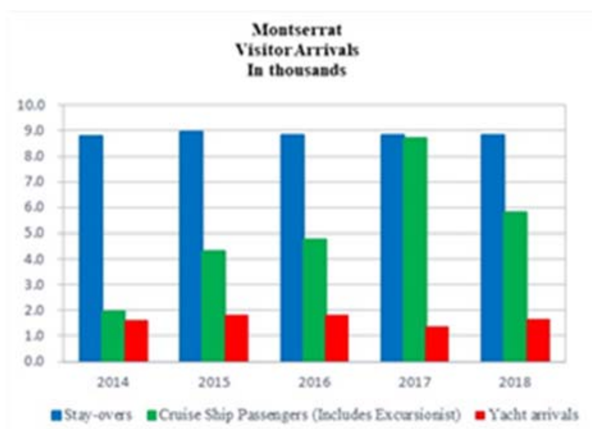
Real Sector Developments

The estimated value of total goods and services produced in 2018 grew by 1.6 per cent, primarily attributable to increased activity in the main sectors of the economy, such as hotels and restaurants and construction.



In the hotels and restaurants sector a proxy for activity in the tourism industry, value added is estimated to have increased by 1.9 per cent, following an expansion of 37.9 per cent in the prior year. This development was associated with growth of 0.1 per cent to 8,834 in stay-over arrivals, which accounted for approximately 54.2 per cent of total visitor arrivals.

This outturn was on account of increased arrivals from the United States of America (3.4 per cent); and the United Kingdom (1.8 per cent), while there were declines in the number of visitors from the Canada (6.5 per cent) and Caribbean (2.5 per cent). The yachting sub sector also contributed to the improved performance of the industry as the number of passengers visiting the island rose by 23.8 per cent to 1,650, in contrast to a 26.2 per cent decline in 2017.



However, this improved performance was partly tempered by a decline in the number of cruise ship passengers by 39.8 per cent (2,834 persons) to 4,294 persons. Value added by dependent tourism-related services sectors also increased; namely the transport, storage and communications (5.0 per cent); and the real estate, renting and business activities (1.5 per cent).

The construction sector, which contributed 3.9 per cent to GDP, increased by 5.0 per cent in 2018 in contrast to a decrease of 32.7 per cent in 2017. The improved activity in this sector was attributable to an increase in private sector activity, evidenced by an expansion of credit of $5.9m during the period under review. A deceleration in public sector activity, as reflected in a $2.7m decline capital spending, provided a partial counter to the overall expansion. Other sectors that contributed positively to the increased level of economic activity in 2018 were fishing (35.0 per cent); mining and quarrying (15.0 per cent); education (10.8 per cent); wholesale and retail trade (8.0 per cent); electricity and water (2.5 per cent); manufacturing (2.0 per cent); health and social work (1.8 per cent) and financial intermediation (1.0 per cent). These sectors combined contributed 32.0 per cent of GDP.

The overall increase in real output was also moderated by a decline of 1.0 per cent in the public administration, defence and compulsory social security sector, which contributes over one-third of total GDP on average, and a reduction of 8.9 per cent in agriculture, livestock and forestry sector.

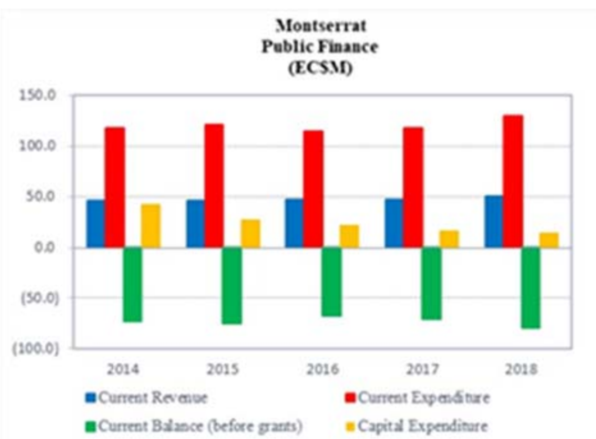
Prices, Wages and Employment

The rate of inflation rose by 2.4 per cent, on an end of period basis compared with 1.7 per cent in 2017. The growth in inflation was largely associated with a 3.5 per cent increase in the housing, utilities, gas and fuels sub-index. Higher prices were also reflective of upward movements in the transport (3.4 per cent), communication (3.4 per cent) and alcoholic beverages, tobacco and narcotics (2.2 per cent) sub-indices. However, the increase in the general price level was tempered by decreases in the sub-indices for recreation and culture (1.7 per cent), clothing and footwear (1.6 per cent) and household furnishings, supplies and maintenance (1.5 per cent).

Survey based labour market conditions data were unavailable for the period under review, however information from the Social Security System provided useful proxy metrics to gauge developments. Preliminary data available as at end September 2018 indicated that the number of persons employed increased, by 0.4 per cent in 2018 to 2002 from 1995 as at the end of December 2017. The number of self-employed persons declined by 5.0 per cent to 266 as at end September 2018 from 280 in the comparable period of 2017.

Fiscal and Debt Developments

The fiscal operations of the central government deteriorated in 2018 relative to 2017, due to an increase in recurrent expenditure.



The overall balance (after grants) recorded a deficit of $10.9m (6.6 per cent of GDP) in contrast to a surplus of $1.9m (1.2 per cent of GDP) in the prior year. Consequently, the primary balance after grants registered a deficit of $10.9m (6.5 per cent of GDP), in contrast to a surplus of $1.9m (1.2 per cent of GDP) in 2017. The current account (after grants) also recorded a deficit of $1.5m (0.9 per cent of GDP), in contrast to a surplus of $5.4m (3.4 per cent of GDP) in 2017. These fiscal developments were mainly influenced by higher levels of recurrent expenditure, which outpaced the estimated growth in current revenue.

Current expenditure increased by 9.9 per cent to $129.8m (77.3 per cent of GDP), in comparison to an increase of 3.4 per cent to $118.1m (78.3 per cent of GDP). This outturn was primarily due to a 12.9 per cent ($5.7m) hike in spending on goods and services to $50.1m, as the government reconciled and brought up to date most of its contributions for regional obligations. The spending on this line item accounted for 38.6 per cent of current expenditure in 2018. Additionally, there was an increase in outlays for transfer and subsidies of 16.4 per cent ($4.9m) to $35.1m, as the ferry service had normal operations during the year along with an increase in Medivacs[9]. Outlays on personal emoluments went up by 2.4 per cent ($1.0m) to $44.6m in 2018.

[9] Medivacs is a social programme in the Ministry of Health that pays for medical emergencies for citizen who have to be flown out of Montserrat.

Current revenue rose by 6.9 per cent to $50.3m (30.0 per cent of GDP), compared with an increase of 0.1 per cent to $47.1m (28.4 per cent of GDP) in 2017. This development was largely because of an increase in tax revenue, which rose by 7.1 per cent to $44.4m (26.5 per cent of GDP). The main driver of the increase in tax revenue was the higher collections from taxes on income of $1.4m, largely because of a $0.4m uptake in personal income tax. Other categories also recorded an increase in tax receipts, in particular international trade and transaction ($1.0m) and domestic goods and services ($0.6m). The growth in tax revenue was partly offset by a decline in receipts from taxes on property ($0.04m).

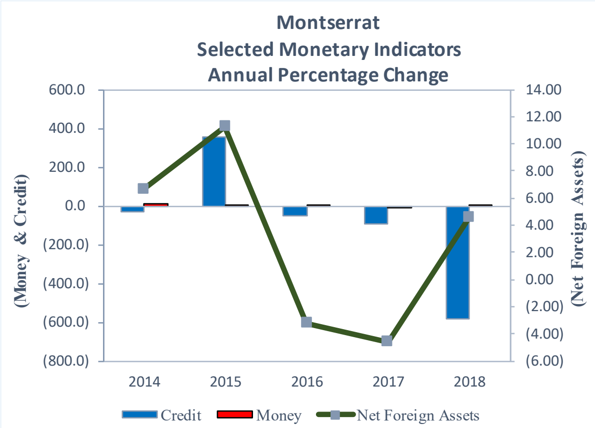
Current grants receipts rose by 2.0 per cent to $78.0m (46.4 per cent of GDP) compared with inflows of $76.5m (47.2 per cent of GDP) in 2017, due to increased external financial support for recurrent expenditure from the United Kingdom. However, total grant receipts contracted to $82.1m, stemming from a 72.6 per cent decline in capital grants to $4.1m in 2018.

Capital expenditure fell by 16.8 per cent to $13.4m (8.0 per cent of GDP) in 2018, compared with $16.1m (10.0 per cent of GDP) in the prior year. This fall in capital expenditure is directly related to delays in the implementation of various public sector infrastructural projects.

The stock of public sector external debt stood at $10.1m (6.3 per cent of GDP) at the end of December 2018, compared with a balance of $10.5m (6.5 per cent of GDP) recorded at the end of December 2017. The decrease in debt stock is attributable to the payment of interest by the Montserrat Utilities Limited on the Caribbean Development Bank (CDB) loan for the new power plant. Of the $10.1m total debt, the central government held $6.8m, while public corporations accounted for $3.3m.

Banking Sector Developments

In the banking system, monetary liabilities (M2) increased by 5.4 per cent to $255.9m during 2018, in contrast to a decline of 1.8 per cent during 2017.



This outturn was largely due to an expansion of 12.1 per cent in narrow money supply (M1) to $68.1m. Within this category, private sector demand deposits grew by 17.0 per cent ($6.7m) and currency with the public 2.0 per cent ($0.4m). Another contributing factor to growth in M2 was a 3.2 per cent increase in quasi money to $187.8m, driven by a 38.1 per cent ($3.4m) and 2.4 per cent ($3.4m) increase in private sector foreign currency deposits and private sector savings deposits components.

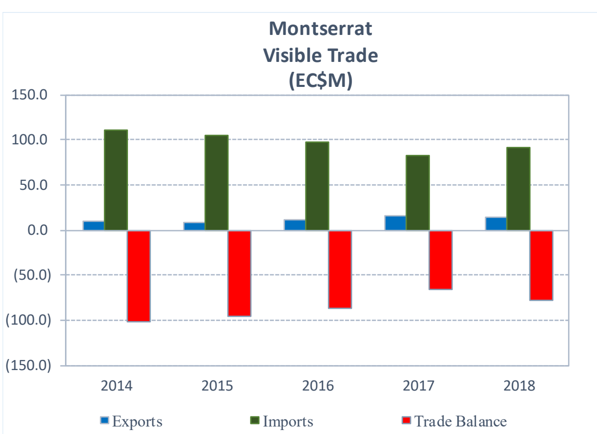
During the period under review, commercial banks had a net credit position of $3.6m, representing a reversal from a net deposit position of $0.7m in 2017. This outcome resulted from the net deposit position of non-financial public enterprises decreasing to $9.3m at the end of 2018 from $14.5m as at end 2017. In addition, private sector borrowing increased by 5.4 per cent, largely associated with 7.7 per cent growth in credit to households. However, this was partially offset by central government holding more deposits at commercial banks, which grew by 7.9 per cent in 2018.

An analysis of the distribution of commercial bank credit by economic activity revealed personal loans, which accounted for an estimated 85.9 per cent of credit outstanding, rose by 5.4 per cent to $89.3m. This expansion was reflected primarily in growth in lending of $4.9m to $73.7m for acquisition of property. Credit to mining and quarrying increased by 44.8 per cent to $0.5m in 2018. However, credit extended for construction and tourism fell by 10.6 per cent to $4.2m and 5.0 per cent to $6.0m respectively 2018. **The net foreign assets (NFA) in the banking system grew by 4.6 per cent to $309.6m**. This increase was largely attributable to a 4.1 per cent expansion in the net foreign assets of commercial banks, which totalled $174.4m. The rise in net external assets of commercial bank was fuelled by an increase of 14.6 per cent in net assets held with institutions external to the Currency Union. At the same time, Montserrat's imputed share of Central Bank's reserves grew by 5.3 per cent to $135.2m due to an increase of their assets.

Liquidity in the banking system remained high and stable in 2018. The ratio of liquid assets to total deposits and liquid liabilities was 84.6 per cent well above the minimum prudential benchmark of 25.0 per cent. The surplus liquidity condition is further evidenced by a ratio of loans and advances to total deposit of 29.0 per cent at the end of the review period, below the prudential guidelines of 75.0 per cent to 85.0 per cent. The ratio of non-performing loans to gross loans fell to 4.9 per cent from 5.7 per cent, below the ECCB's recommended limit of 5 per cent.

External Sector Developments

The merchandise trade deficit totalled $77.3m (46.0 per cent of GDP) in 2018, compared with a deficit of $66.0m (40.8 per cent of GDP) in 2017.



This expansion of the trade deficit resulted from an increase of 12.3 per cent in the import bill, coupled with a 7.9 per cent reduction in the export earnings. The larger import bill was primarily influenced by higher payments for the imports of mineral fuels and related materials, manufactured goods, and miscellaneous manufactured articles. Export earnings decreased by $1.3m to $14.7m due to a 14.4 per cent ($2.0m) reduction in domestic exports. The main categories that contributed to the decline in domestic exports were machinery and transport equipment and miscellaneous manufactured articles.

Developments on the services account were influenced by an increase in stay-over arrivals, which translated into a 32.9 per cent expansion in gross travel receipts to $30.1m. Commercial bank activity resulted in a net outflow of $6.9m during 2018, in contrast to a net inflow of $9.5m during 2017. Additionally, total grant inflows declined by 10.3 per cent to $82.1m.

Outlook

The economy of Montserrat is projected to expand by 1.1 per cent in 2019 as the performance of key economic drivers is expected to improve. The expansion in construction activity in 2018 is expected to continue in 2019, with the implementation of maintenance and other infrastructural projects addressing road works, social housing, water supply and drainage. The government has also announced a few public sector projects namely; construction of a new air traffic control tower; refurbishment of the Golden Years' home; repairs to the roof and external canopies of the Montserrat Port Authority's (MPA) ferry terminal and Carr's Bay Bridge by-pass road. One of the major projects, which is expected to drive growth in 2019, is the Little Bay Port development. Phase one (1) is expected to start in the third quarter of 2019 and will include the construction of breakwater, safe docking and mooring facility to cater for cruise and cargo vessels. On the downside, given that capital projects are 100 per cent grant funded by the Government of the UK, the political uncertainty surrounding the Brexit negotiations and the macroeconomic implications for the UK economy could affect budgetary allocations and hence the implementation of the capital projects. In addition, any appreciation of the Sterling against the EC dollar would adversely affect the level of budgetary support received by the Government of Montserrat, since they receive a fixed amount annually.

The tourism industry is likely to improve in 2019 as the number of cruise ships calls is projected to increase in 2019**.** Enhanced access and more aggressive marketing, is also expected to further increase in the number of stay-over visitors and the rebound in excursionists and yacht passengers to the country should be sustained in 2019. In addition, a full slate of activities is scheduled to take place on St Patrick's Day. These celebrations are expected to provide an additional boost to the tourism industry in 2019. Such developments are likely to contribute to improvements in the ancillary sectors such as wholesale and retail trade and transport, storage and communications.

One of the major downside risk to overall economic performance in 2019 is a disorderly Brexit outcome, such as a no-deal result. This could affect the timely access to crucial budgetary aid, which would disrupt the implementation of development projects to restore the island's infrastructure. In addition, further limitations to air access is another factor that could impede the plans for boosting visitors arrivals to the island as well as a heighten threat of volcanic eruptions and natural disasters.

S T   K I T T S   A N D   N E V I S

Overview

Available data indicated that the economy of St Kitts and Nevis expanded at an accelerated rate in 2018 compared with the performance in the previous year. Real GDP is estimated to have risen by 3.0 per cent[10] in the period under review, compared with an expansion of 1.2 per cent in the previous year. The economic outturn reflected expansions in the major economic drivers mainly; the hotels and restaurants, construction and manufacturing sectors with positive spinoffs on the wholesale and retail and transport, storage and communications sectors. Consumer prices fell by 0.8 per cent, on an end of period basis. The fiscal operations of the Federal Government generated a larger overall surplus, driven by a surge in non-tax revenue supplemented by higher tax revenue. The total outstanding public sector debt rose during the period under review. In the banking system, declines were recorded for the principal monetary aggregates including; monetary liabilities, domestic credit and net foreign assets. Liquidity in the commercial banking system rose.

The economy of St Kitts and Nevis is expected to expand at an accelerated pace in 2019, relative to the performance in 2018.

[10] In keeping with international standards, the ECCB updated the terminology used to describe economic activity in the ECCU. Accordingly, the Bank now reports real change in the economy using real Gross Domestic Product (GDP) at market prices and not Gross Value Added (GVA) at basic prices as used in previous reports of the Annual Economic and Financial Review (AEFR). However, GVA will remain applicable for output by sector.

The positive outlook is fuelled by higher value added contributions from the hotels and restaurants, construction and agricultural sectors**.** An increase in construction will reflect continued public investment combined with ongoing private sector activity. The public sector investment programme will reflect road resurfacing in both St Kitts and Nevis, the renovation and construction of public buildings, as well as completion work on the second cruise pier prior to the commencement of the cruise season in 2019. Developments in the private sector will be underpinned by further investments in the room stock on both islands, coupled with other service related projects that are either about to commence or are approaching an advanced stage of activity. Developments in the tourism industry will be augmented by increases in airlift and the anticipated bump associated with the completion of the second cruise pier. The impact of developments in the construction and hotels and restaurants sectors will likely generate positive externalities with favourable knock-on effects on other major sectors including; wholesale and retail trade, transport, storage and communications, real estate renting and business activities and financial intermediation sectors. Higher real sector activity could induce inflationary pressures in the domestic economy.

A smaller fiscal surplus for the Federal Government is anticipated, consistent with a more modest outlook for non-tax revenue and sustained public sector related capital expenditure. Tax revenue receipts is estimated to remain buoyant in tandem with real sector activity, however the effect may be tempered by higher current expenditure reflective of recent policy pronouncements in the 2019 Budget.

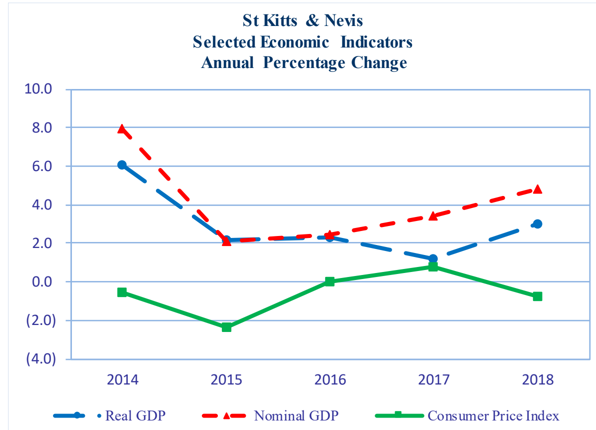
There are a number of downside risks that could negatively impact the outlook and result in slowdown in the forecasted rate on growth. One of the main ones include a possible strengthening in global commodity prices, particularly fuel and food and the attendant impact on the overall fiscal balance and the domestic cost of doing business. The anticipated departure of Britain from the European Union (Brexit) and the possibility of a "No-Deal" exit also represents an outlying risk to the Federation, from which 7.5 per cent of stayover visitors originate. Lower than expected inflows from the CBI programmes could also affect both the current and capital spending plans of the government with knock-on effects on growth. Financial risks reflect increased credit costs for the Federation's major trading partners, the USA, the UK and the European Union as the Federal

Reserve and other central banks become less accommodative. Structural damage and impairment of the major productive sectors posed by weather related threats from hurricanes and flooding represent additional risks to the downside.

On the upside, the economy of St Kitts and Nevis could benefit from generally positive global economic growth, specifically in its major trading partners. Continued buoyancy in the economy of the USA and a diminution of global financial risks could help the country to retain its current economic trajectory.

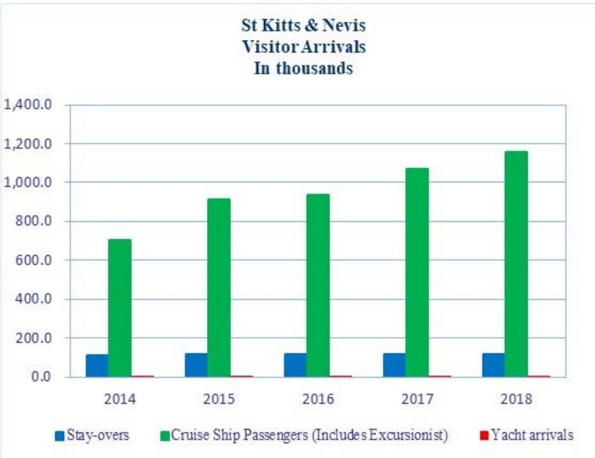
Real Sector Developments

Value added in the hotels and restaurants sector, a proxy measure of activity in the tourism industry, is estimated to have risen by 9.9 per cent in 2018, which compares favourably with the 0.7 per cent expansion in the previous year. Developments in the sector were driven by a 7.0 per cent increase to 1,276,855 in total visitors, compared with



a 13.1 per cent improvement in 2017. Total visitor arrivals strengthened, attributable to the improved performance in the number of cruise ship passengers and stay-over arrivals. The number of stay-over visitors, whose contribution to value added is relatively more important, increased by 1.5 per cent to 116,607 in 2018, in contrast to a 0.8 per cent decrease observed in 2017. The boost in stay-over arrivals was largely attributed to a recovery in visitors from the United States of America the largest source market, by 3.2 per cent to 69,283 in contrast to a decline of 1.0 per cent in 2017.

The major contributing factor to the performance of the USA market was increased direct marketing and airlift in the major gateways to the destination, while the hosting of regional events; the St Kitts Music Festival and the Caribbean Premier League boosted arrivals from the Caribbean. Increases were also recorded for visitors from the Caribbean, the second-largest market, of 1.5 per cent to 24,366. In contrast, stay-over arrivals from the UK, fell by (11.5 per cent) to 8,788, attributable to uncertainty associated with the anticipated Brexit.



A decrease in stay-over arrivals of 1.9 per cent to 6,672 was also observed for the Canadian market. Cruise ship passenger arrivals which on average accounted for 89.9 per cent of total visitors over the last two years, rose by 8.1 per cent to 1,153,537 in 2018, compared with a 14.5 per cent increase in 2017. The outturn was consistent with a 3.1 per cent (16) increase in the number of cruise ship calls to 539 at cruise ports in St Kitts and Nevis. The number of excursionists rose by 6.5 per cent to 4,217, while visitors by yacht fell by 63.0 per cent to 2,494.

Value added in the construction sector, is estimated to have risen at a decelerated rate of 0.8 per cent in 2018, compared with a 4.7 per cent expansion in 2017. The construction sector is the largest contributor to the economy accounting for 18.0 per cent of GDP. Buoyancy in construction was fuelled by continuing activity in the public and private sectors. This assessment was supported by increases in the quantity of sand produced by the government quarry of 9.3 per cent to 43,821.5 tonnes and stones of 70.6 per cent to 57,296.8 tonnes. Further evidence of an increase in activity in the sector was an 8.7 per cent increase in the volume of imported construction related materials another gauge of activity in the sector. Public sector investment rose, sustained by a 34.6 per cent increase in capital outlays over the review period. Activity in the public sector in St Kitts consisted of the completion of major work on Phase I of the island main road resurfacing project, accelerated work on the second cruise pier and resurfacing of the airport runway. Additionally, the East Line bus terminal was completed and major renovations to the Coast Guard headquarters were undertaken. In Nevis, capital investment was buoyed principally by continued work on the Treasury building in Charlestown, the resurfacing of roads and expansion work on the Alexander hospital. Construction developments in the private sector were underscored by ongoing work on the Ramada branded Heldens Estate Condo Resort & Residences in the north of St Kitts, the T-Loft Pirates Nest in Frigate Bay to be managed by Radisson and the Royal Mist Hotel at Sea View Gardens. Other private sector led activity included the completion of a headquarters renovation and a hotel, both in Basseterre, along with other private fixed capital investment for commercial and residential purposes. In Nevis, private sector developments included continued work on the Four Seasons Resort Estates and villas and residences.

Value added in the manufacturing sector rebounded by 3.0 per cent in contrast to a decline of 6.5 per cent in 2017, driven by increases in the production of electronics and beverages. An increase in the production of electronic components is estimated, based on data for actual exports. The export of electronic components rose by a 5.6 per cent which compares favourably with the performance in 2017 when there was virtually no growth. The positive assessment of developments in the manufacturing sector was also buttressed by estimated increases in the output of alcoholic beverages of which the volume of exports rose by 71.6 per cent compared with an increase of 0.1 per cent in 2017. In addition, the performance of beverages was also supplemented by an increased in the production of non-alcoholic beverages for which exports resumed in 2018 after recording no exports during the prior four years.

Value added in the agriculture, livestock and forestry sector remained relatively stable increasing by an estimated 0.2 per cent, compared with a rebound of 11.4 per cent in 2017. The performance in the current period reflected increases in livestock largely chicken, moderated by declines in crops. In the livestock sub-sector, output is estimated to have expanded, largely influenced by a near doubling in the output of broilers and a 1.0 per cent rise in egg production. Output in the livestock sub-sector was also augmented by higher beef production (5.8 per cent).

The performance was moderated somewhat by a 14.5 per cent decline in the production of pork. The level of crop production was also lower, largely reflected in decreases in the output of sweet pepper, carrots and onions of 47.3 per cent 46.8 per cent and 69.9per cent respectively. Decreases were also recorded for sweet potato (13.6 per cent) and yam (82.7 per cent). The decline in crops was moderated primarily by a 14.1 per cent increases in the output of tomato and a doubling in the output of cabbage.

The expansionary results in the hotels and restaurants, construction, manufacturing and agricultural sectors, generated positive externalities which favourably impacted a number of related sectors. Consequently, higher value added contributions were also estimated for the wholesale and retail (11.1 per cent); transport, storage and communications (4.2 per cent) and real estate renting and business activities sectors (2.2 per cent), which together account for 30.8 per cent of GDP in 2018.

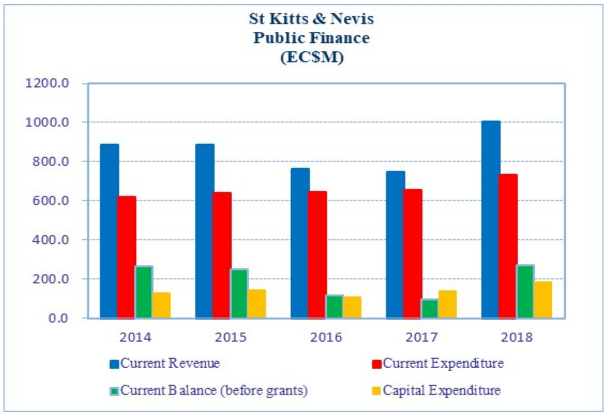
Prices, Wages and Employment

The consumer price index fell by 0.8 per cent in 2018 in contrast to a 0.8 per cent increase registered in 2017. The decrease in consumer prices reflected a decline in the majority of the sub-indices with the highest weight in the goods and services basket. The most significant contributors to this development were decreases in the sub-indices for transport (2.7 per cent), housing utilities, gas and fuels (1.5 per cent) and education (7.3 per cent). Falling prices were also recorded for the hotels and restaurants, recreation and culture and communication sub-indices of 1.2 per cent, 1.8 per cent and 0.4 per cent respectively. The overall decrease in prices was tempered by higher prices for food and non-alcoholic beverages (1.8 per cent), household furnishings and maintenance (1.3 per cent) and alcoholic beverages, tobacco and narcotics (1.9 per cent). When analysed by island, the decline in prices for the Federation was largely, influenced by reduced average prices (2.8 per cent) in Nevis tempered by higher prices in St Kitts (0.3 per cent).

Official data on wages and unemployment levels are unavailable for the review period, however, a number of ongoing policy measures would have positively impacted the labour market. Policy interventions by the authorities include; the Skills Training and Empowerment Programme (STEP), the awarding of an additional month's salary to public servants for a third consecutive year and the payment of $500.0 to qualifying households earning less than $3,000.0 per month under the Poverty Alleviation Programme. The rate of unemployment is likely to have declined attributable to the creation of jobs associated with developments in the hotels and restaurants, construction and manufacturing sectors.

Fiscal and Debt Developments

The fiscal operations of the Federal Government resulted in an estimated overall surplus (after grants) of $188.4m (6.7 per cent of GDP), compared with one of $51.2m (1.9 per cent of GDP) in 2017.



Likewise, the primary surplus (after grants) more than doubled to $227.3m (8.1 per cent of GDP), compared with one of $92.1m (3.4 per cent of GDP) in 2017. The higher overall fiscal surplus was largely attributable to a widening of the surplus on the current account, owing to increases in tax and non-tax revenue. Similarly, a surplus on the current account was recorded, which represented an almost three-fold increase to $271.3m, in contrast to a 17.5 per cent contraction in 2017. Current revenue, rose by 34.0 per cent to $1,006.0m in 2018 (35.8 per cent of GDP), in contrast to a 1.9 per cent decrease to $750.5m (28.0 per cent of GDP) in 2017. An increase in non-tax revenue largely accounted for the rise in current revenue. Non-tax receipts, rose by 84.0 per cent to $466.7m (16.6 per cent of GDP), for the most part influenced by a surge in inflows from the Citizenship by Investment Programme (CBI). Receipts from the CBI programme more than doubled to $366.4m from $156.9m in 2017, due to a resurgence in the programme following the successful introduction of the Hurricane Relief Fund and the subsequent Sustainable Growth Fund. Meanwhile, collections of tax revenue, rose by 8.5 per cent to $539.3m (19.2 per cent of GDP), attributable to buoyancy in receipts from all of the sub-components. Taxes from income and profits rose by 13.3 per cent to $151.9m attributable to higher collections from company tax (23.7 per cent) and withholding tax (33.0 per cent). The revenue collections from international trade and transactions totalled $156.6m, which was 8.5 per cent larger than the outturn in 2017. This higher level of revenue was primarily attributable to higher receipts of import duty (7.5 per cent), customs service charge (7.8 per cent) and travel tax (63.7 per cent). Revenue from taxes on domestic goods and services rose by 4.3 per cent to $212.0m, in contrast to a decline of 2.1 per cent in 2017, mainly as a result of increased intake from the

Value Added Tax (VAT). Value added tax (VAT) receipts, which accounted for an average of 28.3 per cent of the tax revenue over the last two years, increased by 5.5 per cent to $150.3m (5.4 per cent of GDP) compared with a total of $142.4m (5.3 per cent of GDP) in 2017. Property tax revenues were higher by 23.9 per cent on account of an increase in the performance of house tax and condominium tax of 12.1 per cent and 88.2 per cent respectively.

The expansion in the current account surplus was moderated by higher current expenditure which rose by 12.3 per cent to $734.7m (26.2 per cent of GDP), following an increase of 1.0 per cent to $654.2m (24.4 per cent of GDP), in 2017. The primary factor contributing to the outturn was an estimated 45.5 per cent ($67.9m) elevation in spending on goods and services and a 4.7 per cent ($13.8m) rise in payment for personal emoluments. Higher outlays on goods and services were due to a rise in professional and consultancy fees consistent with the increase in revenue from the CBI programme, while an increase in employment in the public sector and the payment of an additional month's salary drove the expenditure on personal emoluments higher. The increase in current expenditure was constrained by decreases in interest payments (4.8 per cent), as payments on domestically held debt fell.

Capital expenditure increased by 34.6 per cent to $186.8m (6.7 per cent of GDP) compared with a 25.7 per cent increase to $138.7m (5.2 per cent of GDP) in 2017, as work advanced on a number of major capital projects. Public investment consisted of road works on both islands, continuing work on the second cruise pier, the resurfacing of the airport runway, renovations to the coast guard headquarters and the completion of a bus terminal in St Kitts. On Nevis work advanced on the new Treasury building and the water taxi pier.

Inflows of official assistance (grants) rose by 11.4 per cent to $95.0m (3.4 per cent of GDP), in contrast to a 6.1 per cent decrease to $85.2m (3.2 per cent of GDP) in 2017. The major contributor to the increase was a 40.3 per cent rise in current grants to $43.2m.

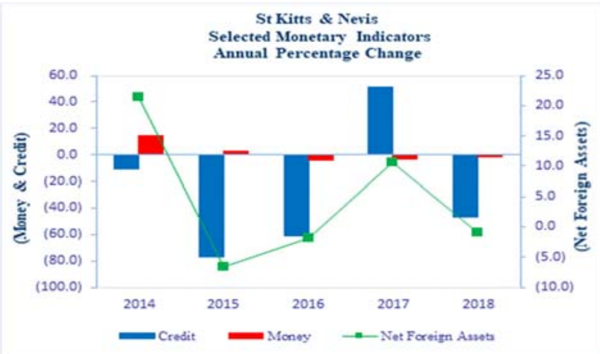
The fiscal operations of the Nevis Island Administration (NIA) recorded a smaller overall deficit of $6.6m in 2018, compared with the $16.1m recorded in 2017. The narrowing of the deficit was directly attributable to a lower imbalance on the capital and current accounts. Current revenue amounted to $138.4m in 2018, approximately 7.4 per cent higher than total collections in 2017. The increase in current revenue collections reflected favourable outcomes in tax and non-tax revenue. Tax revenues rose by 6.2 per cent, influenced by larger receipts from taxes on domestic goods and services (7.6 per cent) and international trade and transactions (6.3 per cent). An increase in property tax collections by 19.7 per cent to $3.9m, also buttressed tax revenue collections. These increases were however, constrained by lower taxes receipts from income and profits which fell by 0.4 per cent. Non-tax revenue rose by 11.0 per cent ($3.5m) to $35.8m. Grant receipts, in the form of budgetary assistance from the Federal Government, rose by 23.5 per cent to $37.1m in 2018 from $30.1m in the previous year. In contrast, capital grants decreased by 44.2 per cent to $16.2m.

Current expenditure increased by 5.0 per cent to $147.5m, compared with an increase of 4.0 per cent in 2017. The rise in current expenditure was attributable to higher outlays for most of the major expenditure categories; goods and services (12.4 per cent), transfers and subsidies (18.9 per cent) and interest payments (3.0 per cent). However, the increase in current expenditure was moderated by a decrease in personal emoluments and wages (0.1 per cent). Capital expenditure fell by 20.0 per cent to $50.8m, in contrast to an increase of 82.5 per cent to $63.5m spent in 2017 based on the completion of a major public sector project, the Mondo athletics track, that year.

The total disbursed outstanding public sector debt increased marginally by 1.2 per cent to $1,614.2m (57.5 per cent of GDP) at the end of 2018, compared to an increase of 3.1 per cent to $1,595.4m (59.6 per cent of GDP) in 2017. This development largely reflected an expansion in the outstanding debt of public corporations, primarily influenced by a 31.6 per cent increase in the outstanding debt to $413.3m. Greater indebtedness of public corporations coincided with investments to construct a new cruise pier and a housing development project by the National Housing Corporation. The increase in the outstanding debt of statutory bodies was moderated by a reduction in central government outstanding debt to $1,200.9m, driven by decreases ($80.5m) in both the external and domestic debt portfolios. Central government debt accounted for 74.4 per cent of total debt while statutory bodies accounted for the remaining 25.6 per cent.

Banking Sector Developments

Monetary liabilities (M2) contracted by 1.7 per cent to $2,759.8m, compared with a decrease of 3.4 per cent during 2017.



This development was attributable to a 1.6 per cent contraction in quasi money to $2,206.9m, combined with a 2.1 per cent reduction in narrow money to $552.9m. The decrease in quasi money was for the most part related to a 6.5 per cent ($47.0m) reduction in foreign currency deposit balances. Narrow money (M1) fell, associated with declines in demand deposits and a decrease in the issuance of EC dollar cheques and drafts of 5.3 per cent and 15.6 per cent respectively.

Domestic credit declined by 46.9 per cent to $74.4m, compared with a decrease of 51.2 per cent in 2017, for the most part attributable to an increase in the net deposit position of the general government. The net deposit position of the general government rose by 55.3 per cent ($184.4m) to $518.2m on the strength of a 19.1 per cent ($133.9m) rise in central government deposits to $195.5m coupled with a 42.2 per cent ($61.6m) reduction in commercial bank credit. However, the decline in domestic credit was partly moderated by two developments. First, a decrease in the net deposit position of non-financial public enterprises (NFPE) by 9.7 per cent to $912.8m, fuelled largely by a near doubling ($59.8m) in outstanding loans. Secondly, lending to the private sector rose by 1.4 per cent ($21.1m) to $1,505.4m, attributable to higher lending to households and businesses of 1.7 per cent ($15.4m) and 1.5 per cent ($7.6m) respectively.

An overview of the distribution of credit by economic activity revealed higher lending to public administration, public utilities, personal lending, manufacturing and distribution, in contrast to decreased allocations to the major productive sectors of construction and tourism. Lending for other purposes rose by 19.8 per cent to $421.8m, largely influenced by a more than fourteen-fold increase in credit for utilities, electricity and water, and public administration

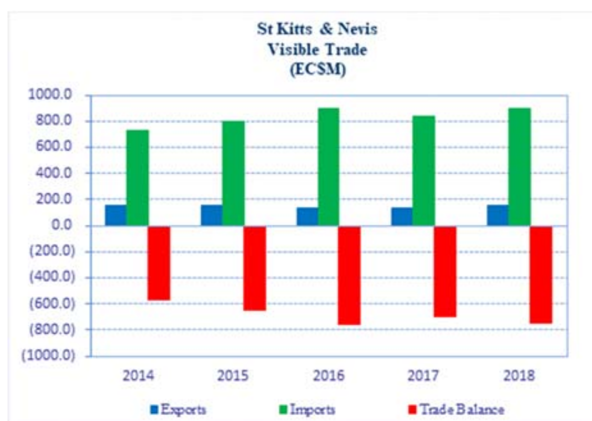
(7.8 per cent). Increases in outstanding credit were also fuelled by larger allocations to distributive trades (17.1 per cent), personal uses (1.1 per cent) and manufacturing and mining and quarrying (8.2 per cent). By contrast, there were decreases in credit to other sectors including construction and tourism of 5.0 per cent and 1.5 per cent respectively.

The net foreign assets of the banking system declined by 0.9 per cent to $2,374.4m in 2018, in contrast to an increase of 10.6 per cent ($229.1m) to $2,396.1m in 2017. The decrease in the net foreign assets position reflected a 1.2 per cent ($17.3m) decline in commercial bank's net foreign assets to $1,415.0m. This development was attributable to an increase of 37.9 per cent ($286.8m) in liabilities held by financial institutions outside of the Currency Union. Additionally, a decline in the St Kitts and Nevis' imputed share of the Central Bank's reserves, by 0.5 per cent ($4.5m) also contributed to the lower net foreign assets position.

Liquidity in the commercial banking system increased as evidenced by a rise in the ratio of liquid assets to total deposits by 7.0 percentage points to 100.4 per cent. Further supporting evidence of a general increase in liquidity included the ratio of liquid assets to total deposits plus liquid liabilities which rose by 0.7 percentage points to 66.6 per cent. The increase in liquidity was however, moderated by the upward movement in the ratio of loans and advances to total deposits by 1.3 per cent to 41.1 per cent at end of 2018. Meanwhile, the level of non-performing loans in the commercial banking system rose by 4.2 percentage points to 24.7 per cent, compared with a 5.8 per cent increase in 2017.

External Sector Developments

A deficit of $744.3m (26.5 per cent of GDP) was recorded on the visible trade account, above an imbalance of $698.3m (26.1 per cent of GDP) in 2017, as the expansion in imports outpaced an increase in exports.



The value of imports (CIF) increased by 7.1 per cent to $893.0m, mainly influenced by increases in the value of machinery and transport equipment; manufactured goods; food and live animals and chemicals and related products. The value of total exports was $148.7m, compared with $135.8m recorded in 2017, reflective of an increase in the value of machinery and transport equipment; live food and animals and beverages and tobacco exported. Domestic exports expanded by 11.1 per cent to $118.2m, while re-exports rose by 3.8 per cent to $30.4m. The volume of trade in goods (both exports and imports) expanded by 21.5 per cent to 520,896 tonnes.

Gross travel receipts are estimated to have risen by 15.2 per cent to $496.4m in 2018 compared with a 15.0 per cent increase in the previous year. Commercial banks' transactions resulted in a net inflow of $17.3m in short-term capital, in contrast to an outflow of $109.9m in 2017. Government transactions resulted in a reduction in the net outflow of funds to $23.7m, mainly attributable to a lower net amortisation position. This development largely mirrored higher disbursements of $1.7m compared with $0.9m in 2017, while external principal repayments were relatively unchanged at $25.5m, compared with payments of $25.2m in the previous year.

Outlook

The outlook for the economy of St Kitts and Nevis appears favourable for 2019, underscored by a 3.1 per cent growth projection. This assessment is, however, partly contingent on positive developments for the Federation's major trading partners; the USA, the UK and the European Union, as forecasted by the International Monetary Fund (IMF).

According to the January 2019 update of the International Monetary Fund's World Economic Outlook (WEO) the global economy is estimated to expand by 3.5 per cent in 2019 and to accelerate slightly to a 3.6 rate in 2020.
The United States of America, the Federation's major trading partner, is estimated to expand by 2.5 per cent in 2019 and projected to decelerate to a 1.8 per cent expansion in 2020. Both estimates, for the global economy and the USA have been downgraded from previous estimates in October 2019. The generally positive outlook is tempered by the risk of an escalation of trade tensions, further tightening in global financial conditions and higher commodity prices. In addition, the most recent growth projections for the global economy and

the USA represent downward revisions from the previous October 2019 estimates.

Increases in real sector activity will be fuelled by developments in the construction sector, led by public investment and supported by ongoing activity in the private sector. Major infrastructural projects in St Kitts include intensified work on the second cruise pier, Phase II of the resurfacing of the island main and the completion of the resurfacing of the airport runway. Phase III of the development of the J N France Hospital, the construction of the new Basseterre High School and an urban housing development are other major projects earmarked for commencement in 2019. In Nevis, completion work will advance on the new Treasury building and a water taxi pier. Work also continues on the expansion of the Alexander Hospital and the resurfacing of roadways. In the private sector, construction activity in St Kitts will be anchored by major hospitality projects including; the Royal Mist Hotel in Sea View Gardens, the Ramada branded Heldens Condominium Resort and Residences and the T-Loft, Pirates' Nest Resort to be managed by Radisson. The commencement of a medical facility on the South-East Peninsular during the first half of 2019 represents another major private sector venture. In Nevis, work continues on the construction of various villa developments, and private residences. Going forward construction activity could be further boosted with the possible commencement of work on the Wyndham Grand Resort at Pot Works in the first quarter of 2019.

The performance of the tourism industry is estimated to strengthen further during 2019, based on intensified and targeted marketing initiatives coupled with positive exposure associated with the Park Hyatt brand and other existing properties. The strong performance of the cruise industry is also likely to be enhanced by the completion of the second cruise pier in time for the high season. Additionally, the continued promotion of sports tourism, particularly golf, in the Canadian and UK markets, could boost visitor arrivals from those markets. The recent announcement of an additional American Airlines flight out of Dallas Forth Worth, Texas commencing on 25 May to 17 August 2019, complements another recent airlift initiative by Sun Country Airlines which commenced services in December 2018 and will continue until 20 April, 2019. These developments add to pre-existing airlift services by United Airlines, American Airlines services out of Miami and New York, USA; Delta Airlines and winter service from Air Canada Rouge. The hosting of events such as the annual St Kitts Music Festival and matches for the Hero Caribbean Premier League T20 Cricket tournament in August will help to boost visitor arrivals during the traditional “offseason”. The optimism associated with prospects for stay-over visitors is also echoed by the cruise sub-sector, in line with increased berthing capacity afforded by the anticipated completion of the second cruise pier. On balance, the number of total visitors is projected to increase, driven by higher stay-over and cruise ship passenger arrivals. Additionally, the combination of developments in both the construction and the hotels and restaurants sectors will generate positive spin-offs for the wholesale and retail trade; transport, storage and communications and real estate, renting and business activities sectors. Prospects for the manufacturing sector, particularly in the area of electronics, are cautiously optimistic, tempered by the recent announcement of the imminent closure of a longstanding manufacturing plant in March 2019. Inflationary pressures are anticipated to remain moderate but to nudge up in tandem with buoyant economic activity and possible increases in international energy prices.

The outlook for the fiscal accounts points to some moderation in the fiscal performance. The large overall surpluses recorded in 2018 are estimated to narrow in 2019 consistent with a budgeted decline in CBI receipts an increase in capital and current expenditure. The rate of increase in capital and current expenditure is estimated to outpace that of current revenue, further contributing to smaller current and overall balances. Pressures are likely to emanate from capital expenditure and outlays on goods and services as work on several major capital projects accelerates.

The deficit on the current account of the balance of payments is projected to widen, consistent with increases in value added for construction and tourism services with concomitant increases in the demand for related imports.

There are a number of downside risks that could negatively impact the outlook and result in a slowdown in the forecasted rate of growth. If inflows from the CBI programmes are lower than budgeted, this could pose a significant risk to the fiscal outturn, given its contributions to both the revenue and spending activities of the government. The CBI programme remains a major catalyst to tourism-related foreign investment in the Federation. Consequently, any diminution in the attractiveness of the programme will threaten the sustainability of on-going and planned FDI construction projects and other programmes which it funds. Another risk to the outlook is the issue of crime and violence. Unprecedented efforts (community outreach and law enforcement) are underway by the authorities to address it. Other potential headwinds include increased global uncertainty associated with latent trade tensions between the USA and China and its potential to reduce global trade and consumer optimism both in export markets and on the domestic front. If commodity prices increase, especially for oil and related products, this could undermine recent fiscal gains by increasing the government's operational expenditure while exacerbating the size of trade deficits on the external accounts. Another downside risk, relates to physical damage by hurricanes and floods combined with the debilitating effects of adverse drought conditions on agricultural output.

On the upside, the global economic outlook appears broadly optimistic, a development that should augur well for the export of tourism services and the receipt of investment inflows. Further strengthening of the USA and UK economies could have concomitant positive impacts on visitor arrivals and FDI inflows. Additionally, the recent resurgence in the CBI programme, if sustained, could auger well for the fiscal and developmental prospects in the near to medium-term.

SAINT LUCIA

Overview

According to preliminary data, the Saint Lucian economy experienced a marginal increase in activity in 2018. Real GDP is estimated to have expanded by 0.6 per cent[11], following growth of 3.7 per cent one year ago. The deceleration in overall economic activity was largely driven by a reversal in the construction sector, which largely offset improved performances in a few of the other significant economic sectors. Three of these major contributing sectors, including hotels and restaurants, recorded increases, while a number of others, including real estate experienced a fall in activity. On an end of period basis, the rate of inflation rose by 1.6 per cent, influenced largely by the sub-index for housing, utilities, gas and fuels. The overall deficit from the central government's fiscal operations narrowed, largely due to developments on the capital account, supported by a smaller current account surplus. Total disbursed outstanding public sector debt stock rose during 2018, reflecting growth in the borrowings of central government. In the banking system, developments were marked by growth in monetary liabilities and net foreign assets, while domestic credit fell. Commercial banks remained relatively liquid. In the external sector, the merchandise trade deficit widened, as the value of imports increased.

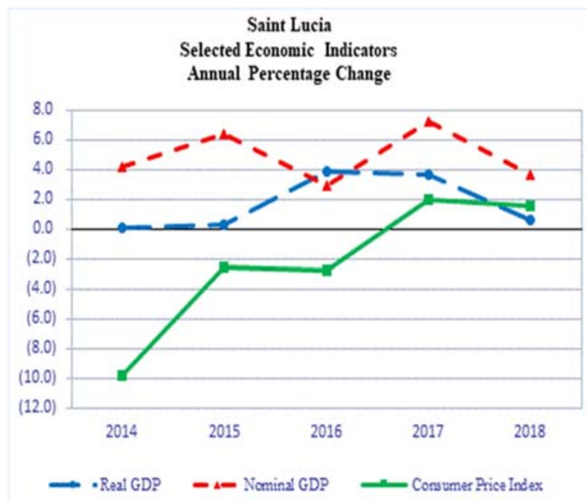
[11] In keeping with international standards, the ECCB updated the terminology used to describe economic activity in the ECCU. Accordingly, the Bank reports real change in the economy using real Gross Domestic Product (GDP) at market prices and not Gross Value Added (GVA) at basic prices as used in previous reports of the Annual Economic and Financial Review (AEFR). However, GVA will remain applicable for output by sector.

Despite the slowdown in 2018 and major downside risks, prospects for the Saint Lucian economy in 2019 remain favourable, as activity is projected to expand in the short term, largely influenced by developments in a number of key economic sectors. Construction activity is expected to rebound, buoyed by private sector activity, including on-going work on tourism-related plants, which are likely to be bolstered by a number of projects under the Citizenship by Investment Programme. The public sector is expected to lend support through a major airport rehabilitation project and other infrastructural rehabilitation and maintenance works.

The anticipated increase in the number of stay-over visitors and positive forecasts for the other productive sectors are likely to support growth. The overall deficit is expected to persist, based on budgeted spending and the debt level is projected to remain on its upward trajectory. Inflationary pressures are anticipated, mainly from commodity price movements, especially fuel. Risks to the outlook are skewed to the downside and include exogenous shocks, a precipitous decline in foreign investments, the inability of the Citizenship by Investment Programme to deliver according to expectations, the adverse impact of global warming and climate change, labour market and other social impediments like crime and poverty.

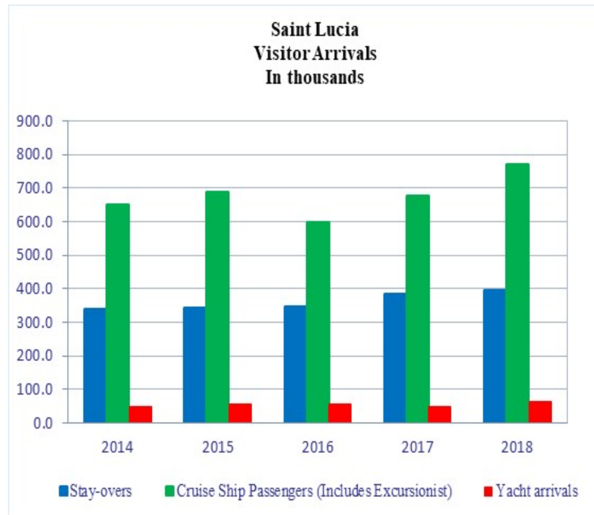
Real Sector Developments

Notwithstanding the deceleration in economic activity, the tourism industry remained buoyant for a second consecutive year, as it continued to recover from the negative outturn in 2015 and 2016.



Value added in the hotels and restaurants sector, a proxy measure of activity in the tourism industry, is estimated to have increased by 4.3 per cent in 2018, compared with growth of 10.3 per cent recorded in the previous year. The sector's contribution to GDP grew marginally to 10.7 per cent from 10.3 per cent in 2017. This performance was the result of strengthened activity in both sub-sectors. The improved performance also reflected growth in the total number of visitors, which increased by 10.2 per cent to 1,228,718, primarily attributable to growth in the cruise ship sub-category. The number of cruise ship passengers grew by 13.6 per cent to 760,306, slightly lower than the rate of 13.9 per cent recorded last year. The expansion in the number of cruise passengers largely reflected an increase in the capacity of the vessels visiting the island.

Stay-over arrivals increased by 2.2 per cent to 394,780, a deceleration when compared with growth of 11.0 per cent in 2017. The performance in the stay-over sub-category was attributable to growth in the number of visitors from all major source markets, except Canada. Visitor arrivals from the USA, the largest market as it accounted for approximately 44.3 per cent of total stay-over arrivals, grew by 4.1 per cent compared with an increase of 6.8 per cent in 2017. Europe, the second largest source market, posted growth of 3.8 per cent to 95,988 mainly the result of an increase in arrivals from the UK (4.9 per cent) and France (17.3 per cent). The number of stay-over visitors from the Caribbean, the third major market, grew by 1.6 per cent, compared with growth of 13.6 per cent recorded in 2017. Stay-over arrivals from Canada, on the contrary, fell by 5.6 per cent to 40,213. The performance of the Canadian market was in stark contrast to an increase of 12.7 per cent recorded in the prior year. Of the other categories of visitors, the number of yacht arrivals and excursionist grew by 26.7 per cent and 8.9 per cent, respectively.



Manufacturing activity is estimated to have picked up pace as the sector persisted on its growth trajectory. Value added in that sector rose by 6.0 per cent in 2018, compared with a marginal increase (0.7 per cent) in the previous year. The expansion in the sector's output was attributable to an estimated 16.9 per cent increase in the output of miscellaneous manufactured articles, supported by growth of 8.9 per cent in the production of manufactured goods. Concomitant with the increase in activity, the sector's contribution to overall GDP improved marginally to 5.7 per cent from 5.4 per cent in 2017.

Agricultural-related activity is tentatively estimated to have recovered when compared with last year's outturn. Value added in the agriculture, livestock and forestry sector grew by 11.4 per cent, in contrast to a decline of 5.2 per cent recoded in 2017. The sector's contribution to GDP increased marginally to 2.3 per cent from 2.1 per cent in the prior year. This outturn was largely associated with growth in all the sub-sectors, with the exception of fishing. Output of crops was up by 11.8 per cent in contrast to a decline of 3.4 per cent in the previous year. Enhanced activity in the banana industry, supported by a general increase in acreage under cultivation and active banana farmers, was a key determinant in the performance of the crops sub-sector. Supported by an increase in demand from the United Kingdom market, banana production grew by 5.8 per cent to 9,413 tonnes, following an increase of 25.5 per cent in 2017. Also contributing to the sector's overall outturn was an increase of 12.0 per cent in value added from the output of livestock, recovering from a 17.7 per cent decline in 2017.

Value added in the construction sector is estimated to have declined by 17.0 per cent in 2018, in contrast to growth of 11.4 per cent recorded in the preceding year. Consequently, construction's share of GDP fell to 6.3 per cent from 7.6 per cent in 2017. The adverse turn-around in construction activity was partly reflective of declines in the value of construction imports for the year and commercial banks' lending to the sector. Implementation of planned construction projects was sluggish in both private investments and the public sector. Notwithstanding the general slowdown, work continued on a few tourism-related projects and some infrastructural development in the public sector.

Consistent with the fall-off in construction activity, the mining and quarrying sector recorded a decline of 5.8 per cent in 2018, which contrasts growth of 14.6 per cent in the prior year. Of the other major sectors, value added in the wholesale and retail sector decreased by 5.0 per cent, contrary to growth of 4.8 per cent one year ago. The sector's contribution to GDP fell slightly to 6.0 per cent from 6.3 per cent in 2017. The transport, storage and communications sector posted growth of 2.7 per cent, a deceleration from an increase of 5.9 per cent noted in the previous year. As a percentage of GDP, the sector's share grew marginally to 19.9 per cent from the previous year's level of 19.4 per cent.

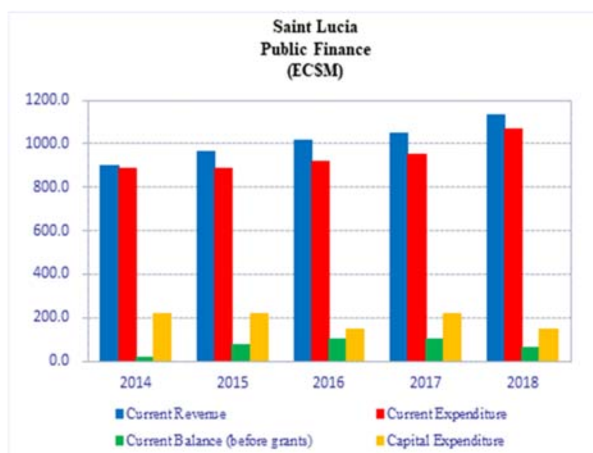
Prices, Wages and Employment

A reading of the consumer price index during 2018 indicated that prices of goods and services in the Saint Lucian economy rose by 1.6 per cent, on an end of period basis. This outturn compares with an increase of 2.0 per cent recorded during 2017. The inflationary pressure was associated in part with increases in four of the major sub-indices. The sub-index for housing, utilities, gas and fuels; the second largest weighted in the basket of goods and services, grew by 9.1 per cent following growth of 8.5 per cent during the previous year. This outturn was largely the result of increases in the price of liquid fuels and electricity. Other upward price movements were recorded in the sub-indices for alcoholic beverages, tobacco and narcotics (5.2 per cent), health (4.0 per cent) and food and non-alcoholic beverages (3.7 per cent). Those increases more than offset declines in the sub-indices for clothing & footwear (9.4 per cent), hotels and restaurants (4.4 per cent), and recreation and culture (3.8 per cent).

Official data on wage movements and employment in the private sector were not available. According to the Central Statistics Office, the rate of unemployment was estimated at 16.5 per cent, from 23.2 per cent at the end of 2017. The youth unemployment rate declined to an estimated 36.3 per cent compared with a rate of 38.5 per cent registered at the end of the prior year. The number of public sector employees increased by 1.2 per cent from last year, owing partially to a higher number of police officers recruited.

Fiscal and Debt Developments

The central government's fiscal operations resulted in an overall deficit of $46.7m (0.9 per cent of GDP), which was lower than the deficit of $56.6m (1.2 per cent of GDP) at the end of 2017.



The slightly improved fiscal outturn was attributed to developments on the capital account, which recorded a smaller deficit. Capital spending declined by 33.8 per cent to $143.3m (2.8 per cent of GDP), partly reflecting a fall of 46.1 per cent in grant receipts. A primary surplus of $113.2m (2.2 per cent of GDP) was realised, compared with one of $93.0m (1.9 per cent of GDP) in 2017.

The current account yielded a surplus of $64.3m (1.3 per cent of GDP), a decline of 35.7 per cent over the outturn at the end of 2017. This deterioration was largely the result of an expansion in current expenditure, which more than offset an improvement in revenue intake. Current expenditure grew by 13.0 per cent to $1,069.9m, reflecting growth in all the major spending components. As a percentage of GDP, current expenditure increased to 21.1 per cent, from 19.4 per cent in 2017. Expenditure on goods and services rose by 39.1 per cent ($72.4m), in line with a general increase in prices. Also recording growth was spending on transfers and subsidies ($36.0m) mainly reflecting higher transfer and pension payments. In addition, interest payments increased by 6.8 per cent to $159.9m, following marginal growth of 0.2 per cent in the prior year. This increase was largely driven by higher external interest obligations. Outlays on personal emoluments, which accounted for 36.2 per cent of current expenditure, grew by 1.0 per cent ($4.0m), as the amount spent on wages more than doubled.

Current revenue rose by 8.3 per cent to $1,134.2m (22.4 per cent of GDP) compared with growth of 3.1 per cent to $1,047.3m (21.4 per cent of GDP) at the end of the prior year. Current revenue growth was influenced by increases in both non-tax and tax revenue yields. An increase of 72.2 per cent ($46.1m) was noted for non-tax revenue, as yields from fees, fines and sales almost tripled, associated with receipts from the Citizenship by Investment Programme. Tax revenue grew by 4.2 per cent ($40.9m), reflecting increases in collections from all sub-categories of taxes, with the exception of property taxes.

Receipts from taxes on international trade and transactions grew by 7.5 per cent to $351.4m (6.9 per cent of GDP), primarily reflecting increases in the collections from the airport tax ($14.2m), the service charge ($4.9m), the excise tax on imports ($3.8m) and the import duty ($3.6m). Yields from taxes on income and profits increased by 4.4 per cent to $265.4m (5.2 per cent of GDP), compared with growth of 1.0 per cent to $254.2m (5.2 per cent of GDP) recorded in the year before. This improvement was largely associated with growth of 26.8 per cent

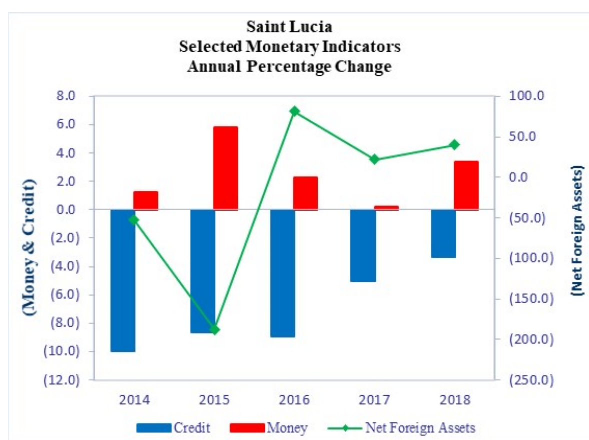
($6.2m) from the withholding tax, 4.6 per cent ($4.9m) in inflows from the individual income tax and 10.5 per cent ($4.2m) from arrears.

Revenue from taxes on domestic goods and services was 1.8 per cent ($7.0m) above the collections from 2017, attributable largely to greater yields from the value added tax (VAT), supported by the intake from stamp duties. The VAT, which constitutes 82.3 per cent of tax receipts on domestic goods and services, grew by 4.3 per cent ($13.5m), in contrast to a decline of 9.4 per cent ($32.6m) posted in the year prior. As a percentage of GDP, the revenue from VAT remained relatively unchanged at 6.4 per cent. An increase of $4.7m was noted for the yield from stamp duties. By contrast, receipts from the property tax fell by 14.8 per cent to record a total of $10.8m in the year under review.

The total disbursed outstanding debt of the public sector was estimated at $3,340.0m at the end of 2018, representing an increase of 5.0 per cent over the total at the end of December 2017. As a percentage of GDP, the outstanding debt increased marginally to 65.9 per cent from 65.1 per cent at the end of the previous year. Overall growth in public sector debt was largely the consequence of an increase in central government's borrowing. Central government's debt, which accounted for 94.1 per cent of the total debt stock, grew by 5.5 per cent to $3,144.6m (62.1 per cent of GDP), reflecting increased domestic borrowing. The stock of domestic debt of the central government rose by 11.4 per cent ($161.1m), while its external debt inched up (0.1 per cent) to $1,575.3m. On the contrary, preliminary estimates of the outstanding debt of the public corporations indicated a contraction of 2.4 per cent to $195.4m. The debt service payments increased by 25.3 per cent to $886.1m, influenced primarily by growth of 22.1 per in principal payments, as government paid off some debt obligations.

Banking Sector Developments

Broad money supply (M2) expanded by 3.4 per cent to $3,238.9m, compared with a marginal increase of 0.2 per cent during 2017.



While both components contributed to the expansion in M2, the larger share was attributed to growth in narrow money (M1). M1 rose by 11.7 per cent ($106.1m) to $1,016.1m, predominantly owing to an increase of 12.8 per cent in private sector demand deposits, supported by a more than doubling of EC$ cheques and drafts issued and growth of 2.4 per cent in currency with the public. Quasi money rose marginally to $2,222.8m from $2,222.5m last year, influenced by an increase of 3.1 per cent ($49.8m) in private sector savings deposits.

Domestic credit contracted by 3.3 per cent to $2,734.1m, compared with a decline of 5.0 per cent recorded during 2017. Despite an increase in central government borrowing from the financial system, decreased lending to the private sector and non-financial public enterprises influenced the contraction. Outstanding credit to the private sector fell by 1.0 per cent, reflecting declines of 2.8 per cent and 1.6 per cent in credit to businesses and households, respectively. Outstanding loans to non-financial public enterprises fell by 6.2 per cent to $35.6m, while their deposits grew by 13.2 per cent ($77.9m). By contrast, the central government's transactions resulted in a net credit position of $210.8m compared with one of $191.8m at the end of 2017. Commercial banks' loans and advances to government increased by 13.5 per cent, while their deposits fell by 12.8 per cent. In addition, the net credit position of non-bank financial institutions more than doubled to $42.4m, driven by an increase in loans to these institutions.

An analysis of the distribution of commercial banks' credit by economic activity suggests that outstanding loans and advances fell marginally (0.5 per cent), compared with a decline of 3.9 per cent during the previous year. The outcome was associated with declines in lending for most categories. Outstanding credit for personal uses fell by 1.5 per cent ($27.5m) compared with last year when that category of credit rose by 8.9 per cent. Credit to construction contracted by 8.1 per cent ($17.6m), consistent with the performance of that sector. Additionally, lending to tourism, agriculture and distributive trades recorded contractions of $3.8m, $2.8 and $2.2m, respectively. These declines were partially offset by increases of 3.9 per cent in credit for other personal uses ($28.1m) and 11.9 per cent ($7.8m) for manufacturing.

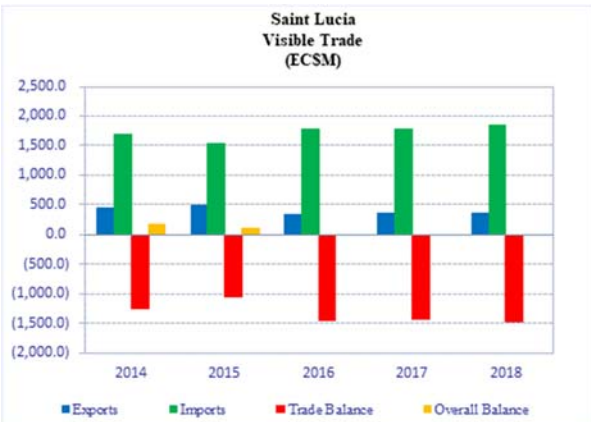
The banking system recorded $833.3m in net foreign assets at the end of 2018, up from $594.3m one year earlier. This outturn was mainly associated with a turn-around by the commercial banks to a net asset position of $91.3m, from a net liabilities position of $235.7m at the end of December 2017. Assets held with institutions outside the region increased by 26.9 per cent ($275.3m) and those within the ECCU grew by 17.4 per cent ($87.8m). Foreign liabilities held outside the ECCU contracted by 8.9 per cent ($60.9m), while those held within the region increased by 9.0 per cent ($97.1m). Saint Lucia's imputed share of the Central Bank's reserves decreased by 10.6 per cent to $742.0m.

Liquidity in the commercial banking system improved during the year. At the end of December, the ratio of liquid assets to short-term liabilities stood at 42.0 per cent, which was above the recommended minimum and about 2.9 percentage points higher than the level recorded at the end of 2017. The ratio of loans and advances to total deposits fell by 2.8 percentage points to 80.7 per cent, which remained well within the ECCB's stipulated range of 75.0 to 85.0 per cent.

Worthy of note was the liquid assets to total assets ratio, which increased by 2.8 percentage points to 39.5 per cent at the end of the calendar year. In respect of asset quality, the ratio of non-performing loans to gross loans fell by 2.5 percentage points to 10.0 per cent during the year under review, a convergence to the 5.0 per cent prudential limit.

External Sector Developments

A merchandise trade deficit of $1,483.3m (29.3 per cent of GDP) was estimated for 2018, above one of $1,425.6m (29.2 per cent of GDP) recorded for the prior year.



The larger deficit was mainly attributable to growth of 4.1 per cent in the value of imports to $1,841.2m. The increase in import payments was largely influenced by higher outlays ($155.8m) for minerals, fuel, lubricants and related materials. This outturn contrasts a decline of 19.5 per cent recorded at the end of December 2017. Likewise, total exports receipts grew by 4.4 per cent ($15.0m), a deceleration from growth of 6.1 per cent reported for the previous year. The increase in total export receipts reflected developments in both the domestic exports and re-exports sub-categories, where receipts were above that of last year by 3.6 per cent ($7.5m) and 5.6 per cent ($7.4m), respectively. On the domestic side, an increase in banana export to the United Kingdom contributed to growth of 7.7 per cent in revenue from banana exports this year when compared with the outturn of the previous year.

Gross travel receipts are estimated to have grown by 12.7 per cent to $2,547.1m, concomitant with growth in the number of stay-over visitors, particularly from the USA and Europe, two of the major source markets. The activities of commercial banks resulted in a net outflow of $326.9m in short-term capital during the year, compared with a net outflow of $58.4m recorded during 2017.

In the review period, external loan disbursements to the central government totalled $196.7m, down from $227.2m in the previous year. Principal repayment on debt more than doubled to $248.7m; consequently, the central government was in a net outflow position of $51.9m, in contrast to a net disbursement position of $149.1m at the end of 2017.

Outlook

Notwithstanding the expectations for a slowdown in global growth, prospects for the economy of Saint Lucia for the near-term remain positive. The uptick is likely to be led by a rebound in the construction sector, with support from the tourism industry and a few other productive sectors. The construction sector, one of the main drivers of economic growth, is expected to rebound as the implementation rate of planned projects accelerates. Most of the impetus from that sector will emanate from robust activity in the private sector, driven by work on tourism-related plants, including the Harbour Club Hotel, the Coconut Bay Resort, the Sandals Resort and a few other projects under the Citizenship by Investment Programme. In addition, support is anticipated from the public sector through the Hewanorra International Airport (HIA) project, rehabilitation and maintenance of the road networks, infrastructural development and a few private residential buildings.

Another major contributor to the short-term outlook is activity in the hotels and restaurants sector. It is anticipated that the sector will remain on its positive path, as airlift continues to improve and the room stock increases. The tourism authority seeks to boost its marketing strategy to ensure that Saint Lucia continuously receives positive international reviews, which augur well for the sustainability of the destination. The projections are that stay-over arrivals will keep driving tourism activity as a number of airlines like JetBlue, Delta, British Airways, Sun Wing, Virgin Atlantic and United Airlines maintain their service to the island and in some cases increase their presence at the HIA. Additionally, the favourable growth projections for the US and UK economies, the main source markets, may contribute positively to stay-over arrivals. Regional visitors are likely to bolster the tourism numbers through, inter alia, continued collaboration between the French West Indies and local communities in Saint Lucia. The cruise sub-sector is also expected to sustain its performance into 2019, as the frequency and size of ships increase. Positive developments in the tourism industry will have spill-over effects on other ancillary sectors, like wholesale and retail trade, and transport, storage and communications.

Effective fiscal consolidation and debt management policies remain key in the quest towards sustainable growth and development. While policy initiatives have contributed to strengthening revenue intake, recurrent spending continues to rise, necessitating subsequent measures to contain that expenditure and steer the country to fiscal sustainability. The Citizenship by Investment Programme is expected to contribute to that overall objective. An increase in capital expenditure is projected, contingent on the implementation of major pipelined projects. Of importance is the concern with regard to mounting debt servicing cost and the progress towards the target of 60.0 per cent debt to GDP by 2030. While Saint Lucia's medium term debt strategy identifies its future borrowing plan, the concentration of short-term debt and rollover risks are significant issues, which need to be addressed in its bid to achieve fiscal and debt sustainability.

In the external sector, it is highly likely that the merchandise trade deficit may narrow in the near to medium term, as an improvement in export earnings is anticipated, despite an expected increase in import payments to accommodate the projected expansion in construction activity. Travel inflows are expected to grow concomitant with the expectations for increased activity in the tourism industry, particularly for the stay-over visitor sub-category. Additionally, it is likely that foreign investment flows may improve in the short run in line with positive prospects for the Citizenship by Investment Programme. Inflationary pressures may persist, largely contingent on developments regarding global commodity prices, especially fuel.

Global dynamics indicate that risks are skewed to the downside and significant. These risks, which include the effect of ongoing trade negotiations between China and the USA, have the potential to inhibit economic growth and confidence globally and more so for small open economies like Saint Lucia. Accordingly, Saint Lucia needs to focus on accelerating economic activity and strengthening resilience, while safeguarding financial, fiscal and debt stability. Other key sources of risk to the outlook include the strong dependence of the tourism industry on developments in the advanced economies, a sudden stop in foreign investments necessary for the pending tourism-related projects and the adverse effects of global warming and climate change. On the other hand, opportunities exist with the Citizenship by Investment Programme that the country can leverage to its advantage.

S T V I N C E N T A N D T H E G R E N A D I N E S

Overview

Following sluggish growth in the previous year, economic activity in St Vincent and the Grenadines is provisionally estimated to have gained greater momentum in 2018. Real GDP is estimated to have expanded by 3.2 per cent in 2018, following a 0.7 per cent increase in 2017[12]. This growth momentum was fairly broad-based, and was underpinned by expansions in key service sectors. The relatively buoyant economy was accompanied by moderating consumer prices, which rose by 1.4 per cent on an end of period basis, due in part to rising prices in utilities and transport. Central government's operations improved marginally resulting in a narrower overall fiscal deficit. Following a contraction in the debt stock in 2017 as a result of debt forgiveness, the stock of total outstanding public sector debt rose in 2018, mainly due to an increase in central government debt. Although monetary and credit conditions remained fairly favourable, there was a continued contraction in outstanding credit to businesses, despite improved economic activity. Liquidity ratios of banks remained within the statutory limits and asset quality improved. Meanwhile, the

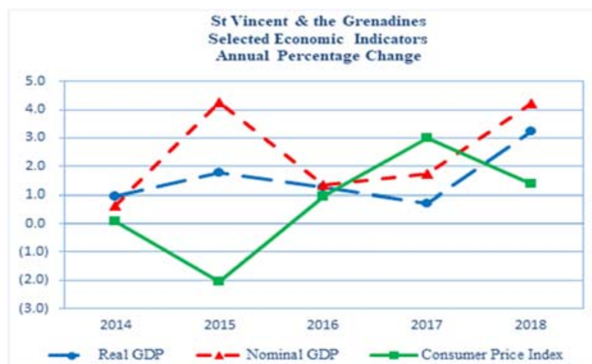
[12] In keeping with international standards, the ECCB updated the terminology used to describe economic activity in the ECCU. Accordingly, the Bank now reports real change in the economy using real Gross Domestic Product (GDP) at market prices and not Gross Value Added (GVA) at basic prices as used in previous reports of the Annual Economic and Financial Review (AEFR). However, GVA will remain applicable for output by sector.

external account was characterised by a wider trade deficit reflecting an expansion in import payments.

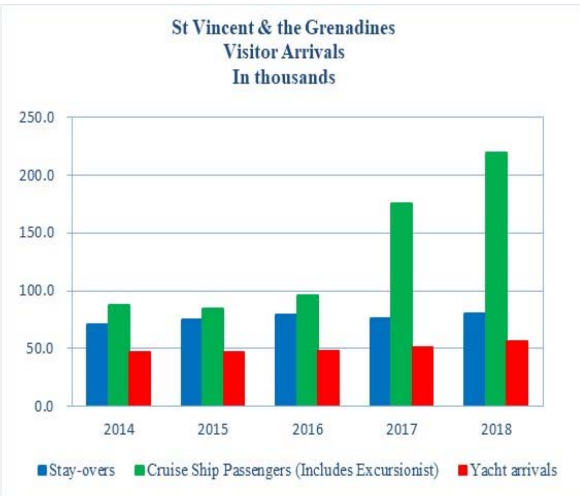
The growth momentum of the economy of St Vincent and the Grenadines is expected to moderate in 2019, reflecting both domestic and international developments. Activity is projected to be supported by the continued developments from the Argyle International Airport and the impact of initiatives announced in the 2019 budget. Specifically, the country is expected to benefit from another full year of operations of the Argyle International Airport, with the introduction of year-round flights from major cities in the United States of America and Canada. These developments are likely to sustain growth in key services sectors including hotels and restaurants. However, government balances are expected to deteriorate in light of increased expenditure from initiatives announced in the 2019 budget as well as the full impact of fiscal incentives announced in 2018. **The outlook for 2019 is subject to downside risks, particularly as it relates to the evolution of global developments.** The International Monetary Fund (IMF) has projected that the global economy would slow to 3.3 per cent in 2019, amidst rising trade tensions and challenges with achieving an orderly Brexit agreement. These potential risks to the global economy, as well as continuing risks of natural disasters, may cloud the 2019 economic outlook for St Vincent and the Grenadines.

Real Sector Developments

Real GDP in St Vincent and the Grenadines recorded growth of 3.2 per cent in 2018, following a marginal expansion of 0.7 per cent in the prior year, reflecting positive trends across most of the main sectors.



Buoyed by the first full year of operations of the Argyle International Airport, value added in the hotels and restaurants sector, a proxy for tourism activity, is estimated to have expanded by 3.8 per cent in 2018, following a marked contraction of 18.2 per cent in 2017. This outturn largely reflected a 5.4 per cent expansion in the number of stay-over visitors to 80,080, an improvement from the contraction of 4.3 per cent in the previous year. The rebound largely reflected growth in stay-over visitors from extra-regional source markets including the United States of America and Canada. As the largest source market with one-third of stay-over visitors, arrivals from the United States of America accelerated by 13.0 per cent from a low rate of 1.0 per cent in the previous year.



This development was boosted by the introduction of non-stop direct flights by Caribbean Airlines from New York, and to a lesser extent, the entry of American Airlines from Miami in December 2018. Although Canada still accounts for a small share of the market, stay-over arrivals from this source market continued to register strong growth in 2018. Benefitting from direct flights from Air Canada Rouge during the winter season, stay-over arrivals from Canada also grew at a similarly remarkable rate of 13.0 per cent, from 9.9 per cent in 2017 and 5.2 in 2016. After two consecutive years of contraction, stay-over arrivals from the United Kingdom market rebounded at a rate of 9.2 per cent. The previous reductions were driven largely by the closure of Buccament Bay Resort in December 2017. Partially offsetting these expansions, were declines in stay-over arrivals from the Caribbean and the other less-established markets. Accounting for about a third of stay-over arrivals in the period, the number of stay-over visitors from the Caribbean fell by 4.5 per cent to 23,807, against the 2.2 per cent increase observed in the prior year.

The growth in stay-over arrivals was accompanied by significant expansions in the cruise and yachting segments of visitors. Despite 19 fewer cruise calls to St Vincent and the Grenadines, growth was recorded in the number of cruise passengers (25.1 per cent) for 2018 to 217,876. This represented a marked deceleration from growth of 85.1 per cent in the previous year, when the sub-sector benefitted from the diversion related to the devastation caused to a number of other islands following the passage of two major hurricanes in 2017. An improvement was also recorded in the yachting sub-sector as the number of yacht passengers steadily grew by 10.7 per cent in 2018 to 56,826, relative to the increase of 6.4 per cent in the previous year. The sector benefited from the opening of Glossy Bay Marina in Canouan which has resulted in additional berths and facilitated larger yachts. Developments in the excursions sub-sector however, partly mitigated the overall impact of the sector. After a recovery in 2017, the number of excursionists fell by 13.3 per cent in 2018 to 1,287. Collectively, those sectoral developments resulted in a 17.5 per cent growth in total visitor arrivals to 356,069 in 2018, easing from a 35.8 per cent expansion in the previous year.

In line with the improvements in the hotels and restaurants sector, expansions were recorded in many of the allied sectors. Key among them was the wholesale and retail trade sector, which also recovered in 2018. The sector, which is the third largest in terms of its contribution to GDP, is estimated to have improved by 3.6 per cent, further evidenced by an expansion in a number of import categories.

The initial data also point to greater momentum in the transport, storage and communications sector for the review period. With a contribution of 14.5 per cent to output, activity in the sector grew by 6.2 per cent, up from a more moderate expansion of 2.3 per cent in the preceding year. The relatively robust activity in the sector was supported by an acceleration in the cruise sub-sector. The improvement in the sector was also boosted by the pickup in activity in the road transport sub-sector, which was supported by taxi and tour operators as well as by higher stay-over arrivals.

The manufacturing sector, which consists of the grains, beverages and building materials sub-sectors, maintained a favourable growth trend in 2018. Value-added in the sector advanced by 5.8 per cent, following growth of 3.2 per cent in the preceding year. Activity in the sector improved, reflecting greater output in the building material sub-sector in the first half of 2018, as manufacturers benefitted from increased external demand, largely driven by reconstruction activity in the islands affected by hurricanes Irma and Maria. This positive development was accompanied by growth in the production of beer (35.8 per cent) and flour (27.5 per cent) in 2018. These expansions were however mitigated by estimated contractions in the production of feed (11.5 per cent) and bananas (8.6 per cent).

Construction activity moderated relative to that in the corresponding period in 2017, attributable in part, to the low implementation

rate for public sector infrastructural projects and the deceleration in residential construction. Value added in this sector, which accounted for approximately
8.4 per cent of overall output, is provisionally estimated to have risen by 2.2 per cent, following the more robust pace of 6.4 per cent in the previous year. Public sector construction, proxied by capital expenditure, fell by 29.6 per cent to $68.4m, reflecting the continued slow pace of implementation of government's capital programme. Private sector activity helped to mitigate the weaker public sector capital spending, as observed by the 4.8 per cent increase in outstanding credit to construction firms. Meanwhile, activity in the residential sub-sector eased during the period, as reflected in a slowdown in lending for residential construction and renovation. Outstanding credit to this area grew by 1.6 per cent, lower than the rate of 3.7 per cent observed in the corresponding period of 2017. Meanwhile, growth in the real estate, renting and business activities sector, which accounts for the largest contribution to GDP, remained subdued with a growth rate of 1.4 per cent, slightly lower than its performance in the previous year.

According to preliminary estimates, output in the agricultural sector is estimated to have recorded negative growth, reflecting a number of persistent logistical issues associated with the sector. These included the challenges faced by farmers and hucksters in obtaining foreign exchange from Trinidad and Tobago, which persisted during the early months of 2018 and which created a disincentive for cultivation by some farmers. Following a 3.8 per cent expansion in 2017, output in the sector is estimated to have contracted by 1.7 per cent in 2018. The weak performance was primarily driven by a decline in non-banana output (1.7 per cent). While initial estimates indicated strong advances in cocoa production, contractions were registered in other produce such as ginger, pumpkin and cabbage. This contraction was only partly offset by an estimated marginal improvement in banana output. Meanwhile, fish landing and export is assessed to have accelerated by 7.4 per cent in 2018, partly attributable to increased activity in fishing of lobster and other shellfish for the local and export markets. Particularly, fishing exports doubled in 2018, with marked increases in the export of conch, lobster, tuna and snapper.

Prices, Wages and Employment

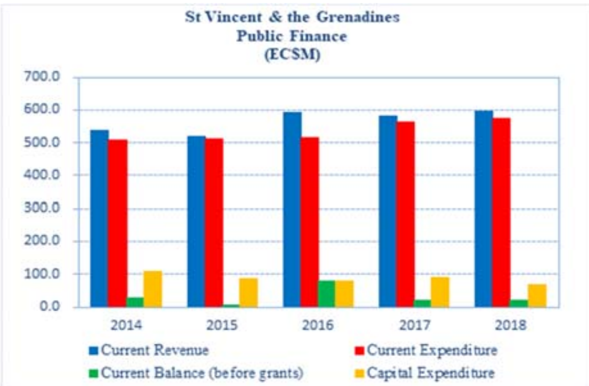
Inflationary pressures moderated in 2018 relative to 2017, as measured by the annual

change in the Consumer Price Index (CPI) on an end-of-period basis. The index rose by 1.4 per cent in 2018, following a 3.0 per cent increase in 2017. The largest advances in the index in 2018 were registered in Alcoholic Beverages, Tobacco & Narcotics (3.5 per cent), Transport (3.3 per cent), Housing, Electricity, Gas & Oher Fuels (2.3 per cent) sub-indices. The Alcoholic Beverages, Tobacco and Narcotics sub-index was 3.5 per cent higher, reflecting higher prices for wines, spirits and local beer. Meanwhile, higher oil prices partially contributed to the increase in the Transport; and Housing, Electricity, Gas & Other Fuels sub-indices. The increase in the Transport index was due to upward movements in the prices of diesel and petrol as well as higher airfares to selected regional destinations. Meanwhile the rise in the price of the Housing, Electricity, Gas & Other Fuels sub-index was partly influenced by higher prices for building materials, electricity and cooking gas. Partially alleviating those pressures, were declines in the Food & non-alcoholic beverages (0.03 per cent) and Clothing & footwear (0.2 percent) sub-indices. Lower prices for selected vegetables and condiments contributed to the downward pressure in the average price level of the food and non-alcoholic beverages sub-index, while a decline in the price of textile materials contributed to the fall in the average price level of the clothing & footwear sub-index.

Labour market conditions improved in 2018, as indicated by proxy data from the National Insurance Services (NIS). Preliminary data revealed that the total insured population rose by 4.2 per cent in 2018, albeit a slower pace than the 9.2 per cent increase in the preceding year. The largest increase was in the self-employed category which grew by 10.9 per cent in 2018, which was followed by the employee sub-group at 4.0 per cent. Conversely, voluntary contributors contracted by 1.0 per cent. Among the economic sectors tracked by the NIS from the employee sub-group, advances were registered in all categories with the exception of mining and quarrying.

Fiscal and Debt Developments

The operations of the government are estimated to have resulted in an overall deficit of $22.9m (1.0 per cent of GDP) in 2018, narrower than that of $35.1m (1.7 per cent of GDP) in the previous year.



This improvement was largely driven by developments in the current account. In contrast, a primary surplus of $27.0m (1.2 per cent of GDP) was recorded in 2018, following one of $14.6m (0.7 per cent of GDP) in 2017.

The current account surplus improved to $21.0m (1.0 per cent of GDP) following one of $19.0m (0.9 per cent of GDP) in 2017, largely reflecting growth in current revenue. Current revenue rose by 2.0 per cent to $594.6m (27.1 per cent of GDP) from $582.6m (27.7 per cent of GDP) in 2017, reflecting expansions in four of the seven major tax categories, namely, taxes on goods and services, the sale of goods and services, property income and other current revenue. The additional intake of $21.0m in revenue from taxes on goods and services was positively affected by advances in the collection from the value-added tax (VAT). VAT receipts for the period rose by $21.0m (12.3 per cent), reflecting the impact of the first full year of the one percentage point increase of VAT to 16 per cent. Meanwhile, the increased outturn of $5.1m in the receipts from the sale of goods and services partially reflected the higher receipts from driver's license fees and customs service charge. Property income[13] remained volatile and generated an additional $2.4m intake than that of the previous year to total $8.2m.

The sundry revenue category, Other current revenue, recorded total receipts of $9.5m, which was $0.5m higher from the previous year. These expansions were offset by lower receipts from the remaining three major tax categories, namely taxes on property, taxes on international trade, and taxes on income and profits. Lower collections from stamp duty on property ($8.8m) and the issuance of aliens-landholding licenses ($5.1m) contributed to the

[13] Property income includes interest and rent earned on government assets and dividends from statutory companies

marked contraction of $13.3m in the inflows from taxes on property. Collections from taxes on income and profits, which accounted for approximately a quarter of current revenue, fell by $3.3m partly due to lower inflows from personal income and corporate taxes, driven by fiscal incentives announced in the 2018 budget.[14] Despite a marked increase in import duty, fewer imports of used vehicles resulted in a sharp falloff in the vehicle surtax and contributed to the $1.5m decline in receipts from taxes on international trade.

Current expenditure rose by 1.7 per cent ($9.9m) to $573.5m (26.1 per cent of GDP), reflecting higher outlays in three of the major expenditure categories. Compensation of employees, which comprised approximately half of current expenditure, advanced by 2.5 per cent ($7.2m), due mainly to the recruitment of police officers, the regularisation of teachers and annual increments granted to public workers. Spending on transfers and other social benefits, the second largest expenditure component, grew by 4.9 per cent ($6.8m) due to investments in tourism marketing, negotiations with airlines and the operations of the Argyle International Airport. A 0.3 per cent ($0.2m) uptick in interest payments was recorded for the year, attributable to an increase of 1.3 per cent in domestic obligations, and was partly mitigated by a 0.3 per cent contraction in external obligations. Offsetting those expansions, was a notable decline of 5.7 per cent ($4.2m) in expenditure on goods and services and a 0.4 per cent ($0.1m) fall in the sundry expenditure category (Other expenses). The lower outlay in goods and services was related to government's efforts at reducing operating expenses and maintenance services.

Investment in the government's capital programme contracted by 29.6 per cent ($20.3m) to $68.4m, the fourth consecutive year of contraction. The consecutive declines were consistent with the low rates of implementation related to large infrastructure projects, which has been due in part to lengthy procurement and payment processes by some donor agencies. The capital programme was partially funded by capital revenue and grants which amounted to $24.5m, a 41.1 per cent decline from the inflows from the prior year. Grants accounted for the vast majority of this total, with a value of $23.5m in the period,

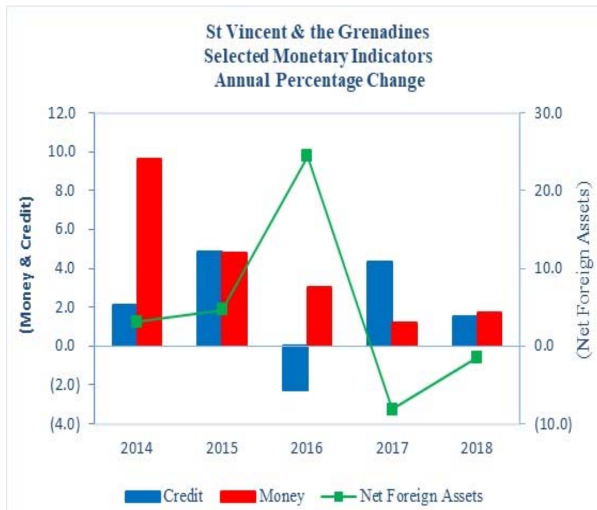
[14] Some of the incentives announced in the 2018 budget were 1) a reduction in the rate of tax paid on corporate income from 32.5 per cent to 30.0 per cent and; 2) a reduction in the marginal rate of personal income tax from 32.5 per cent to 30 per cent.

$5.2m (22.0 per cent) lower than the amount received in the comparable period in 2017. Meanwhile, capital revenue remained volatile, as it fell to a mere $1.0m from $5.8m in 2017, owing to lower sales of government assets, including land.

The stock of disbursed outstanding debt of the public sector was estimated at $1,605.5m at the end of 2018, approximately 1.3 per cent higher than that recorded in 2017. Notwithstanding the increase in the debt stock, the debt-to-GDP ratio fell to 73.1 per cent from 75.3 per cent in December 2017. The expansion in the debt stock was attributable to an increase in both the domestic and external debt of the central government. The central government's domestic debt stock fell by 5.5 per cent to $488.0m. The expansion was associated with increase in overdraft facilities and accounts payables, while the stock of loans fell. Conversely, the central government's external portfolio was 1.1 per cent higher than the previous year and stood at $984.5m, on account of disbursements by international creditors including CDB, the Kuwait Fund and the OPEC Fund. Meanwhile, the debt stock of public corporations, which comprise less than 10.0 per cent of total outstanding debt, was 10.7 per cent ($5.9m) lower at the end of the period and stood at $133.0m, attributable to principal repayments to some of their major creditors.

Banking Sector Developments

Provisional data indicate that financial conditions in St Vincent and the Grenadines remained mixed during 2018, characterised by an expansion in monetary liabilities and a contraction in outstanding credit to key productive sectors.



Consistent with the general expansion in economic activity, total monetary liabilities (M2) of the banking system grew by 1.7 per cent to $1,565.1m during 2018, when compared to growth of 1.2 per cent during 2017. The expansion in M2 largely reflected the growth in narrow money, which was tempered by a contraction in quasi money. Narrow money recorded an expansion of

8.4 per cent to $516.0m, reflecting increases of 11.7 per cent and 7.9 per cent in currency with the public and private sector demand deposits respectively. The expansion was dampened by a 1.3 per cent decline in quasi money to $1,049.2m, primarily on account of contractions in foreign currency deposits (12.2 per cent) and time deposits (4.8 per cent) of the private sector.

The net credit position of commercial banks increased by 1.5 per cent to $1,107.3m in 2018 from the prior year's position of $1,091.0m. Contributing to this expansion was an 11.7 per cent increase in net credit to government, partially attributable to a 12.9 per cent decline in deposits. Concurrently, the net deposit position of non-financial public enterprises fell by 3.2 per cent to $101.8m, while private sector borrowing rose by a marginal 0.2 per cent during the period.

The subdued expansion in private sector credit was driven largely by outstanding credit to households, which continued to dominate credit to the sector. Credit to households grew at a decelerated rate of 2.3 per cent during the period, following a rate of 3.7 per cent during the previous year. Conversely, banking sector data indicated another year of credit contraction to the corporate sector, despite the estimated improvement in economic activity. Following an 11.2 per cent reduction in 2017, credit to that sector plunged further by 12.6 per cent, which was reflective of a more prudent approach to credit underwriting by some commercial banks and risk aversion by many small and family-owned businesses.

An analysis of the allocation of bank credit by economic activity revealed that loans and advances to the private sector fell by 0.7 per cent to $1,222.7m during 2018, following the 2.6 per cent expansion recorded during 2017. This outturn stemmed from declines in outstanding credit to a number of the key sectors. Declines were registered in outstanding credit to tourism (39.9 per cent), transport (29.9 per cent), manufacturing (18.3 per cent) and distributive trades (8.4 per cent). These contractions were moderated by a 4.8 per cent expansion in credit extended to construction. Of the non-productive sectors, increases in outstanding credit were registered in professional services (3.7 per cent) and public administration (2.1 per cent). Notwithstanding the moderate growth in household credit in 2018, the continued decline in business lending, particularly in the productive sectors, may adversely impact growth and the employment outlook for 2019.

Meanwhile, outstanding credit to the personal sector maintained its expansion, albeit at a slightly slower pace of 1.5 per cent than the previous year (3.3 per cent). Credit extended to this category was mainly allocated to property acquisition and consumer durables. Lending for property acquisition grew by 2.5 per cent, easing from the 7.8 per cent recorded during the prior year. Concurrently, credit for the purchase of consumer durables also slowed considerably at 1.2 per cent from the robust pace of 8.0 per cent observed in 2017.

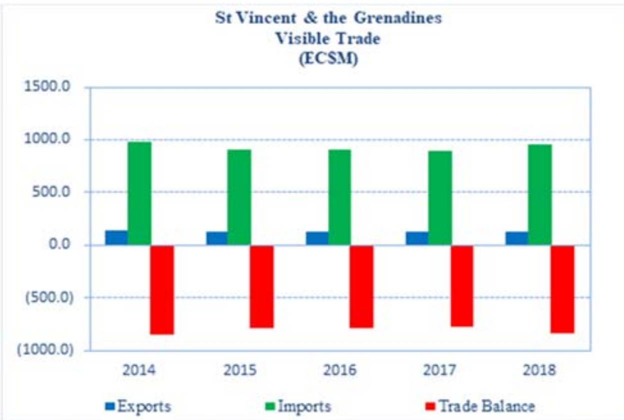
Net foreign assets of the banking system fell by 1.4 per cent to $599.1m, at the end of 2018, following an accelerated pace of 8.2 per cent during 2017. This contraction was mainly fuelled by a 6.6 per cent decline in St Vincent and the Grenadines' imputed share of the Central Bank's reserves to $454.9m. This contraction was offset by a 19.3 per cent increase in the net foreign assets of commercial banks to $144.2m, and was largely associated with a higher (16.4 per cent) asset position with banks within the currency union.

The liquidity position of the banking system remained healthy during the period under review. This was indicated by a fall in the ratio of liquid assets to total deposits plus liquid liabilities. The ratio stood at 43.1 per cent as at end 2018, from 44.4 per cent recorded during 2017. In addition, the ratio of loans and advances to total deposits inched higher to 69.2 per cent from 68.9 per cent in 2017, but still below the ECCB's recommended threshold of 75.0 to 85.0 per cent.

Asset quality in the banking sector, measured by the ratio of non-performing loans (NPLs) to total loans, continued to improve during the review period. The NPL ratio fell to 6.5 per cent at the end of December 2018 from 8.2 per cent one year earlier. The improvement in this ratio was largely due to proactive collection strategies by a number of commercial banks and an improvement in commercial banks' underwriting practices.

External Sector Developments

Despite an improvement in export earnings, provisional trade data indicate that there was a deterioration in the merchandise trade deficit.



The deficit stood at $835.8m (38.1 per cent of GDP) for the twelve-month period ending December 2018 relative to a deficit of $776.2m (36.9 per cent of GDP) one year earlier.

The widening deficit was mainly the result of an increase in import payments, which rose by 7.2 per cent to $954.7m. This outturn was the result of increases in the value from a number of major import categories, including mineral fuels and related materials (64.2 per cent), miscellaneous manufactured articles (16.0 per cent) and animal and vegetable oils (12.6 per cent). These increases were only partially offset by declines in the payments for machinery and transport equipment (9.6 per cent) and food and live animals (0.4 per cent). Meanwhile, earnings from exports recorded positive growth of 3.6 per cent to $118.9m. The expansion in export receipts reflected higher earnings from the export of domestic goods which rose by 8.7 per cent to $108.9m, associated in part, with an expansion in the exports of beer ($7.8m), along with agricultural produce and some manufactured items such as building materials to the regional market. These expansions were tempered by declines in the export earnings from flour ($2.2m), and rice ($1.5m).

Consistent with the growth in stay-over arrivals, gross travel receipts are estimated to have expanded by 9.8 per cent to $281.8m. Preliminary estimates indicate that the transactions of commercial banks resulted in a net outflow of $23.3m in short-term capital during the twelve months to December 2018, relative to a net inflow of $24.7m recorded during the corresponding period of 2017. Concurrently, external loan disbursements to the central government rose by $31.3m to $87.1m during the period, while external principal payments declined by 1.7 per cent to $63.6m.

Outlook

The economic outlook for St Vincent and the Grenadines is expected to moderate in 2019, as the country continues to capitalize on the initial successes on the operations of the Argyle International Airport as well as from developments from the 2019 budget. Accordingly, the economy is expected to expand by 1.2 per cent in 2019. The economy is anticipated to benefit from the introduction of weekly year-round flights by American Airlines and Air Canada Rouge, from major cities in the United States of America and Canada. The weekly services are expected to boost the hotels and restaurants sector, which is estimated to strengthen in 2019. Consistent with this development, activity in the transport, storage and communications and agricultural sectors are projected to improve. The favourable outlook for the sector is however contingent on business reform and productivity improvements as well as enhanced marketing in both traditional and non-traditional source markets. The upgrade of a number of local tourism plants would also contribute positively to this outlook.

Developments in the agricultural sector are also likely to positively impact this growth outcome. Although the sector was previously impacted by the difficulties faced by hucksters in remitting foreign exchange from Trinidad and Tobago, an agreement was brokered by the Central Bank in the last quarter of 2018 which would facilitate the remittal of funds by traders, and consequently, some recovery in the agricultural sector in 2019. The sector is also expected to be bolstered by increased production of cocoa, coffee, fruits and vegetables as well as the identification of new regional markets. Activity in the fishing sector is also likely to improve in light of a proposed agreement with Rainforest Foods, to facilitate the export of fish, lobster and other shellfish to regional and international markets. The development of the medicinal cannabis industry may also positively impact output and employment in the sector and help to offset the dampening effects from the traditional agricultural sector.

Output in the selected manufacturing sub-sectors is anticipated to decelerate as reconstruction activity in a number of the islands wanes. This development is expected to be compounded by the continued contraction in the grains component of the sector. Meanwhile, construction activity is projected to regain some momentum in the coming year. Private sector construction activity would include new investments in tourism properties, such as developments at Glossy Bay in Canouan and at Mt Wynne/St Peter's Hope. These initiatives are expected to be complemented by public sector investment through the construction and rehabilitation of the road network and continued infrastructural works for the geothermal project. However, to fully capitalize on these benefits, the rate of implementation for infrastructural projects must be accelerated in 2019.

Government balances are likely to deteriorate in light of a number of initiatives announced in the 2019 budget. A significant increase in expenditure is projected for 2019, associated with higher allocations for salaries and wages as well as greater investment in infrastructure. Particularly, recurrent spending is expected to expand further, driven in part by salary increases totalling 4.5 per cent to public sector workers, including retroactive pay. The rise in government spending may however be compounded by the impact from the first full year of a number of the fiscal incentives announced in 2018, including reductions in the rates of corporate and income tax. Measures to improve the efficiency in tax administration and higher economic growth may help to mitigate this adverse impact.

The outlook for 2019 is however subject to some notable downside risks. As far as external developments are concerned, the IMF's WEO (April 2019) report notes that global economic growth is projected to weaken slightly in 2019. Global economic activity is forecasted to be 3.3 per cent in 2019, below its initial projections. The slowdown emanated from ongoing trade tensions, challenges with reaching a Brexit agreement and a slowdown in China. The slowdown has been evident in many advanced economies including many in Europe, and could adversely affect foreign demand for tourism services and investment in the regional economies. Meanwhile, growth in the United States of America is projected to be favourable with growth of 3.1 per cent in 2018. The pace may nevertheless decelerate amid continuing trade tensions and a slowdown in global growth. If these risks materialise, it may undermine global economic growth and weigh on the economic performance of the ECCU member states, including St Vincent and the Grenadines.

Although initial projections suggest an increase in stayover arrivals from the ongoing operations of the international airport, this expansion may not materialise as the sector continues to be impacted by low room stock and limited opportunities for building a local brand. The sector may be further enhanced by more targeted efforts to improve tourism receipts in important components such as sightseeing, entertainment, shopping for local goods, as well as food and beverage. Other downside risks relate to the continued low implementation rate of infrastructural projects and the uncertainty in the global environment from ongoing trade tensions, the challenges related to Brexit negotiations and slowdown in a number of advanced economies. These developments could limit tourism demand and foreign investment.

In addition, one of the most notable risks for small island states such as St Vincent and the Grenadines is the threat of extreme climatic events. The effect of climate change has increased the intensity and frequency of natural disasters, which could pose significant social and economic costs for the island. While St Vincent and the Grenadines has made the initial steps in establishing a contingency fund, the potential wide-ranging impacts of such extreme events suggest that additional options for resilience and adaptation may be required.

NOTES FOR STATISTICAL TABLES AND MONETARY SURVEY

All figures have been rounded to either the nearest whole number or the first decimal place (except in cases where values are small and need to be rounded off at two decimal places instead).

--	denotes 'nil'
0.0	denotes 'negligible'
n.a.	denotes 'not available'
**	denotes 'not applicable'
R	denotes 'revised'
P	denotes 'provisional'
E	denotes 'ECCB estimates'

Some figures may differ from those in previous publications because of subsequent revision based on more accurate data.

MONETARY SURVEY

1. Central government represents central and local government.
   1.1 Domestic Credit to Central Government (net)
   Central Bank and commercial banks' total holdings of Treasury Bills and Debentures
   plus Central Bank and commercial banks' loans and advances to central government
   plus Central Bank interest due on Securities
   minus Total central government deposits held with the Central Bank and commercial banks
   minus Sinking Fund Call Account and Government Operating Account held with the Central Bank
2. Other Public Sector represents national insurance (social security scheme) and non-financial public enterprises.
3. Private Sector represents households, private businesses, non-bank financial institutions, and subsidiaries and affiliates.
4. Money Supply (M1) = currency plus total private sector demand deposits plus EC cheques and drafts issued.
5. Currency = total currency liabilities of the Central Bank less commercial banks' holdings of local currency cash.
6. Demand Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents' demand deposits.
7. Savings Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents' savings deposits.
8. Time Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents' time deposits.
9. Foreign Currency Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents' foreign currency deposits.

STATISTICAL TABLES INDEX

PAGE

ECCU

ANGUILLA

ANTIGUA AND BARBUDA

DOMINICA

Table 1
ECCU - Selected Economic Indicators

	2014R	2015R	2016R	2017R	2018P
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal Gross Domestic Product (GDP) at Market Prices	5.66	5.70	4.12	2.34	5.65
Real GDP at Market Prices	3.61	2.28	3.28	1.35	3.28
Deflator	1.74	2.93	1.14	1.23	2.21
Consumer Prices (end of period)	1.14	(1.16)	(1.22)	2.47	1.56
Consumer Prices (period average)	1.18	(0.74)	(1.35)	1.64	1.61
Real Gross Value Added (GVA) at basic prices					
Agriculture, Livestock and Forestry	7.11	9.10	(0.07)	(10.14)	(2.41)
Fishing	(3.46)	2.66	6.78	1.82	0.75
Manufacturing	(0.17)	1.03	(0.24)	(1.44)	4.46
Mining & Quarrying	6.15	(2.92)	(0.79)	9.66	8.94
Electricity & Water	(0.32)	3.90	3.05	(3.44)	(0.75)
Construction	2.06	6.16	8.52	12.27	9.19
Wholesale and Retail	3.56	(0.51)	3.52	(1.28)	7.16
Hotels and Restaurants	8.14	0.99	2.02	(0.08)	2.10
Transport, Storage and Communications	4.54	3.12	(0.21)	3.65	4.91
Transport and Storage	7.34	3.41	0.19	7.76	7.66
Communications	0.67	2.69	(0.81)	(2.50)	0.34
Financial Intermediation	(1.47)	3.83	3.28	0.82	1.25
Real Estate, Renting and Business Activities	2.35	3.27	1.35	(0.70)	1.71
Public Administration, Defence & Compulsory Social Se	6.00	1.96	1.69	1.04	1.56
Education	2.75	(0.78)	5.24	0.95	(3.64)
Health and Social Work	3.22	1.58	4.90	1.80	3.33
Other Community, Social & Personal Services	0.92	2.17	0.69	0.53	1.30
Activities of Private Households as Employers	(2.22)	(5.34)	(1.75)	(3.56)	0.40
FISIM	(1.87)	0.89	(2.14)	(0.54)	(0.57)
	(In percent of GDP)				
External Sector					
Public Sector External Debt (end-of-period)	43.78	40.11	39.12	36.87	35.81
Central Government					
Current Account Balance	1.34	2.44	3.40	1.89	2.89
Current Revenue	24.25	24.39	25.71	24.83	26.16
Current Expenditure	22.91	21.96	22.31	22.94	23.27
Capital Expenditure and Net Lending	5.33	4.85	4.23	4.64	4.86
Overall Fiscal Balance	(0.94)	0.60	2.12	(0.57)	0.06
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	2.58	1.98	1.71	1.63	1.57
Weighted Lending Interest Rates	8.92	8.74	8.53	8.41	8.11
	(in millions of EC dollars, unlesss otherwise stated)				
Memo					
Nominal GDP at Market Prices	16,918.30	17,882.20	18,618.65	19,054.24	20,130.57
Real GDP at Market Prices	14,113.36	14,434.48	14,908.31	15,110.11	15,606.12
Merchandise Imports (f.o.b)	6,187.29	5,885.53	6,165.67	6,352.22	7,438.08
Merchandise Exports	1,000.52	1,047.38	827.18	814.33	844.35
Gross Visitor Expenditure	5,259.94	5,416.40	5,370.32	5,554.66	5,878.48
GDP per capita (EC$)	27,377.22	28,676.99	29,583.00	30,009.90	31,426.22

Source: ECCU Central Statistics Offices and Eastern Caribbean Central Bank
Data as at 7 March 2019

Table 1A
Selected Economic Indicators by Country

	2014	2015	2016	2017	2018
Anguilla					
Real GDP Growth at Market Prices	5.07	3.15	(1.34)	(7.74)	1.89
Debt to GDP	26.40	23.83	64.48	68.11	64.38
Tax Effort/1	18.60	18.24	18.73	21.54	19.98
Antigua and Barbuda					
Real GDP Growth at Market Prices	4.66	4.03	5.59	3.03	6.52
Debt to GDP	98.15	85.49	80.35	80.61	77.23
Tax Effort	16.58	16.97	16.21	15.74	15.25
Dominica					
Real GDP Growth at Market Prices	4.39	(2.55)	2.52	(9.53)	0.53
Debt to GDP	77.59	74.15	68.37	77.83	76.30
Tax Effort	0.22	0.23	0.23	0.24	0.30
Grenada					
Real GDP Growth at Market Prices	7.34	6.45	3.74	5.06	4.83
Debt to GDP	96.88	88.58	79.99	69.65	64.28
Tax Effort	19.43	19.70	21.53	22.02	22.00
Montserrat					
Real GDP Growth at Market Prices	2.24	(1.93)	0.53	(2.81)	1.59
Debt to GDP	5.97	7.41	6.73	7.96	7.17
Tax Effort	25.42	23.55	24.66	25.63	26.45
St Kitts and Nevis					
Real GDP Growth at Market Prices	6.06	2.15	2.32	1.17	3.00
Debt to GDP	71.66	62.76	59.75	59.57	57.49
Tax Effort	19.18	20.07	19.27	18.55	19.21
Saint Lucia					
Real GDP Growth at Market Prices	0.00	0.27	3.89	3.67	0.60
Debt to GDP	69.50	66.56	66.19	65.10	65.93
Tax Effort	20.54	20.62	21.19	20.12	20.22
St Vincent and the Grenadines					
Real GDP Growth at Market Prices	0.96	1.79	1.27	0.71	3.23
Debt to GDP	80.50	78.98	82.92	75.25	73.13
Tax Effort	22.22	21.72	24.06	24.02	23.22
ECCU					
Real GDP Growth at Market Prices	3.61	2.28	3.28	1.35	3.28
Debt to GDP	78.84	72.58	71.85	70.02	67.92
Tax Effort	19.66	19.85	20.27	20.11	20.27

Source: ECCU Central Statistics Offices and Eastern Caribbean Central Bank

Data as at 7 March 2019

/1 Tax effort is the ratio of actual tax collections to GDP at market prices - the indicator of taxable capacity

Table 2
ECCU - Consolidated Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2014^R	2015^R	2016^R	2017^R	2018^P
CURRENT REVENUE	**4,103.4**	**4,361.8**	**4,787.5**	**4,731.1**	**5,265.9**
Tax Revenue	3,326.8	3,549.1	3,774.2	3,830.9	4,079.7
Taxes on Income and Profits [1/]	703.8	773.4	836.1	851.3	875.3
of which:					
Personal [/1]	344.1	357.2	366.9	353.4	346.2
Company [/2]	257.3	319.9	379.3	405.7	421.0
Taxes on Property	114.5	113.6	128.1	139.2	130.5
Taxes on Domestic Goods & Services	1,544.6	1,591.2	1,692.7	1,665.6	1,789.7
of which:					
Accommodation Tax	19.0	19.4	17.7	20.6	6.5
Licenses	97.8	92.9	97.4	95.6	84.7
Sales Tax [/3]	229.2	231.7	251.0	236.9	278.3
Consumption Tax [/4]	0.4	0.3	0.1	0.0	-
Value Added Tax [/5]	900.1	927.4	992.1	962.6	1,071.1
Stamp Duties	111.4	102.6	109.0	110.1	97.7
Taxes on International Trade & Transactions	963.9	1,071.0	1,117.3	1,174.9	1,284.1
of which:					
Consumption Tax [/6]	52.0	75.3	89.8	75.7	65.4
Import Duties	446.6	470.2	498.9	503.3	561.0
Customs Service Charge	210.5	227.5	236.0	243.3	281.9
Non-Tax Revenue	776.6	812.6	1,013.3	900.2	1,186.2
of which: Citizenship by Investment	370.3	493.5	635.5	513.7	778.3
CURRENT EXPENDITURE	**3,876.2**	**3,926.1**	**4,154.3**	**4,370.3**	**4,684.9**
Personal Emoluments	1,719.8	1,712.6	1,831.3	1,857.1	1,965.5
Goods and Services	783.9	781.0	823.3	901.0	1,067.8
Interest Payments	480.3	452.1	459.4	461.0	468.5
Domestic	272.9	250.2	249.3	245.7	249.9
External	207.5	201.9	210.1	215.3	218.7
Transfers and Subsidies	885.3	974.5	1,026.5	1,128.6	1,160.5
Pensions	283.9	288.7	305.7	332.2	323.7
Other Expenses	6.9	5.8	13.8	22.6	22.5
Current Account Balance (before grants)	**227.23**	**435.71**	**633.24**	**360.79**	**581.03**
Capital Revenue	**37.7**	**101.3**	**200.2**	**25.1**	**38.6**
Grants	**478.3**	**436.8**	**349.3**	**388.9**	**372.0**
Current Grants	112.0	138.9	140.9	121.1	136.8
Capital Grants	366.3	297.9	208.3	267.8	235.2
Capital Expenditure and Net Lending	**901.7**	**866.6**	**788.1**	**884.2**	**978.9**
Captial Expenditure	901.0	840.7	764.4	882.5	978.6
Primary Balance after grants	**321.89**	**559.23**	**853.94**	**351.58**	**481.17**
Overall Balance after grants	**(158.4)**	**107.1**	**394.5**	**(109.5)**	**12.7**
Financing	**158.4**	**(107.1)**	**(394.5)**	**109.5**	**(12.7)**
Domestic	(150.6)	(499.7)	(448.0)	9.3	(61.4)
ECCB(net)	(63.7)	(60.4)	(41.8)	(2.6)	(37.8)
Commercial Banks(net)	139.1	(1,094.6)	(279.8)	(114.4)	157.8
Other	(226.0)	655.2	(126.3)	126.3	(181.4)
External	194.5	217.0	25.3	27.8	(43.3)
Net Disbursments/ (Amortisation)	203.0	139.6	36.5	27.5	(39.1)
Disbursement	573.1	602.4	486.3	558.8	640.2
Amortisation	370.1	462.8	449.8	531.4	679.2
Change in Govt. Foreign Assets	(8.6)	77.4	(11.2)	0.4	(4.2)
Other Foreign Financing [7/]	-	-	-	-	-
Arrears	114.6	23.2	(2.3)	72.3	92.1
Domestic	26.6	(14.2)	(25.9)	34.8	33.5
External	88.0	37.4	23.6	37.5	58.5
Other Financing (residual)	-	152.3	30.4	-	-

Source: ECCU Ministries of Finance and Eastern Caribbean Central Bank
[/1] Taxes on Income & Profits include stabilization levy collected in Anguilla and Social Services Levy in St Kitts and Nevis
[/2] Excludes Anguilla
[/3] Includes Antigua and Barbuda and Dominica
[/4] Excludes Montserrat
[/5] Excludes Anguilla, Antigua and Barbuda, Montserrat
[/6] Excludes St Vincent and the Grenadines
[/7] Excludes Montserrat, St Kitts and Nevis and Saint Lucia
Data as at 27 February 2019

Table 3
ECCU - Monetary Survey
(EC$M at end of period)

	2013	2014	2015	2016	2017	2018P
Net Foreign Assets	**3,481.20**	**4,960.27**	**6,532.89**	**7,399.33**	**8,253.96**	**8,736.66**
Central Bank (Net)	**3,149.94**	**3,804.49**	**4,205.97**	**4,557.25**	**4,706.94**	**4,655.69**
External Assets	3,156.59	3,810.30	4,211.41	4,565.64	4,725.76	4,716.50
External Liabilities	(6.64)	(5.81)	(5.44)	(8.39)	(18.82)	(60.81)
Commercial Banks (Net)	**331.26**	**1,155.78**	**2,326.92**	**2,842.08**	**3,547.02**	**4,080.97**
External Assets	4,205.66	4,940.18	5,904.76	6,158.83	6,777.10	7,563.01
External Liabilities	(3,874.41)	(3,784.40)	(3,577.84)	(3,316.75)	(3,230.08)	(3,482.04)
Net Domestic Assets	10,755.91	10,165.47	9,189.81	8,458.66	8,151.26	8,136.18
Domestic Credit	**12,888.29**	**12,088.16**	**10,288.53**	**9,223.14**	**9,049.41**	**9,129.46**
Central Government (Net)	1,529.90	1,605.30	450.36	128.70	11.67	131.65
Other Public Sector (Net)	(1,621.12)	(1,893.77)	(2,002.93)	(1,965.81)	(2,011.52)	(2,054.28)
Private Sector	12,979.51	12,376.63	11,841.09	11,060.26	11,049.26	11,052.09
Household	6,715.87	6,872.24	6,776.08	6,543.74	6,774.31	6,780.64
Business	5,822.04	5,166.43	4,719.03	4,144.78	3,834.98	3,822.00
Non-Bank Financial Institutions	276.71	180.67	199.12	270.55	345.35	353.56
Subsidiaries & Affiliates	164.89	157.30	146.86	101.19	94.62	95.90
Other Items (Net)	**(2,132.38)**	**(1,922.68)**	**(1,098.72)**	**(764.49)**	**(898.15)**	**(993.29)**
Monetary Liabilities (M2)	**14,237.11**	**15,125.74**	**15,722.70**	**15,857.99**	**16,405.22**	**16,872.83**
Money Supply (M1)	**2,925.59**	**3,253.35**	**3,525.93**	**3,787.66**	**4,193.86**	**4,479.47**
Currency with the Public	667.57	715.80	763.92	833.99	898.38	948.40
Demand Deposits	2,187.67	2,456.96	2,697.48	2,877.44	3,211.09	3,449.00
EC$ Cheques and Drafts Issued	70.34	80.59	64.52	76.23	84.39	82.07
Quasi Money	**11,311.52**	**11,872.39**	**12,196.77**	**12,070.32**	**12,211.36**	**12,393.36**
Savings Deposits	6,399.91	6,787.27	7,002.09	7,201.48	7,628.79	7,817.21
Time Deposits	2,903.67	2,731.55	2,572.90	2,349.61	2,035.64	1,974.41
Foreign Currency Deposits	2,007.94	2,353.57	2,621.79	2,519.24	2,546.92	2,601.75
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	26.50	30.17	33.12	34.51	36.18	36.40
Liquid assets to short-term liabilities	29.51	33.06	36.47	37.55	39.34	39.67
Customer deposits to total (noninterbank	119.81	133.81	144.77	154.23	157.70	157.37
Weighted Average Interest Rates						
Total Deposits Rate	2.85	2.58	1.98	1.71	1.63	1.57
Lending Rate	8.94	8.92	8.74	8.53	8.41	8.11
Spread between reference lending and c	6.09	6.34	6.77	6.81	6.78	6.54
Nonperforming loans to gross loans	18.13	17.61	16.75	10.93	12.05	11.29

Source: Eastern Caribbean Central Bank
Data as at 06 March 2019

Table 4
ECCU - Selected Tourism Statistics

	2014	2015^R	2016^R	2017^R	2018^P
Total Visitors	3,809,473	4,229,755	4,191,980	4,518,629	4,809,336
Stay-Over Visitors	1,054,213	1,073,752	1,106,856	1,117,553	1,145,811
USA	424,744	444,139	471,181	469,539	478,443
Canada	105,211	93,671	91,220	98,325	113,865
UK	203,314	207,908	202,478	198,009	199,623
Caribbean	204,464	213,201	227,627	230,975	238,113
Other Countries	116,480	114,833	114,350	120,705	115,767
Excursionists	124,598	132,290	120,270	98,587	50,285
Cruise Ship Passengers/1	2,475,312	2,859,801	2,804,171	3,143,300	3,438,725
Yacht Passengers/2	155,350	163,912	160,683	159,189	174,515
Number of Cruise Ship Calls/3	1,652	1,788	1,819	2,081	1,907
Total Visitor Expenditure (EC$M	**5,259.94**	**5,416.40**	**5,370.32**	**5,554.66**	**5,878.48**

Source: ECCU Central Statistics Offices, Tourist Boards and Eastern Caribbean Central Bank

/1Cruiseship passengers excludes Anguilla but includes Excursionists for Antigua and Barbuda

/2Yacht passengers excludes Anguilla

/3Cruiseship calls excludes Anguilla

/4Excursionists exclude Antigua and Barbuda

Data as at 07 March 2019

Table 5

ECCU - Total Public Sector Disbursed Outstanding Debt (DOD)[1/]
(In millions of Eastern Caribbean dollars)
at end of period

2013^{R}	2014^{R}	2015^{R}	2016^{R}	2017^{R}	2018^{P}
Anguilla	221.90	212.71	552.14	517.10	525.17
Antigua and Barbuda[2/]	3,380.18	3,137.18	3,177.39	3,286.56	3,442.82
Dominica	1,096.71	1,082.72	1,062.30	1,043.78	1,037.51
Grenada	2,384.23	2,384.50	2,292.89	2,119.16	2,097.30
Montserrat[4/]	9.51	12.28	11.43	12.89	12.04
St Kitts and Nevis	1,774.08	1,586.49	1,547.16	1,595.44	1,614.21
Saint Lucia	2,894.38	2,949.12	3,016.98	3,181.86	3,340.00
St Vincent and the Grenadines[3/]	1,577.72	1,613.85	1,717.02	1,585.04	1,605.51
TOTAL ECCU	**13,338.70**	**12,978.85**	**13,377.31**	**13,341.83**	**13,674.56**

Source: Ministry of Finance/ECCB

[1/] Includes arrears of principal

[2/] Includes arears of interest and principal

[3/] Debt relief from Venezuela applied from September 2017; balance due to ALBA reclassified from Public Corporation debt to Central Govt debt

[4/] Revised to include two domestic loans (MSSF & MUL)

Data available at 13 February 2019

Table 6

ECCU - Central Government Disbursed Outstanding Debt (DOD)[1/]
(In millions of Eastern Caribbean dollars)
at end of period

2013^{R}	2014^{R}	2015^{R}	2016^{R}	2017^{R}	2018^{P}
Anguilla	209.15	201.52	539.88	506.76	516.69
Antigua and Barbuda[2/]	2,836.02	2,566.17	2,630.00	2,664.30	2,839.84
Dominica	916.00	934.01	893.63	874.79	882.00
Grenada	2,204.51	2,226.69	2,170.80	1,998.76	1,971.07
Montserrat[4/]	4.69	7.85	7.37	9.22	8.75
St Kitts and Nevis	1,482.43	1,278.55	1,256.71	1,281.38	1,200.93
Saint Lucia	2,731.52	2,802.88	2,901.13	2,981.63	3,144.61
St Vincent and the Grenadines[3/]	1,349.25	1,379.22	1,378.67	1,436.15	1,472.49
TOTAL ECCU	**11,733.56**	**11,396.90**	**11,778.20**	**11,752.99**	**12,036.38**

Source: Ministry of Finance/ECCB

[1/] Includes arrears of principal

[2/] Includes arears of interest and principal

[3/] Debt relief from Venezuela applied from September 2017; balance due to ALBA reclassified from Public Corporation debt to Central Govt debt

[4/] Revised to include two domestic loans (MSSF & MUL)

Data available at 13 February 2019

Table 7

ECCU - Total Central Government Debt Service Payments
(In millions of Eastern Caribbean dollars)

2013^{R}	2014^{R}	2015^{R}	2016^{R}	2017^{R}	2018^{P}
Anguilla	16.07	17.97	42.61	46.75	48.24
Antigua and Barbuda	228.75	371.43	545.31	504.28	465.27
Dominica	58.73	61.97	69.11	67.71	70.86
Grenada	197.21	157.22	206.86	233.54	262.94
Montserrat	0.15	0.15	0.14	0.14	0.14
St Kitts and Nevis	229.65	242.67	101.28	95.39	70.20
Saint Lucia	240.03	254.27	269.80	328.17	886.10
St Vincent and the Grenadines	155.30	134.91	144.08	165.02	179.63
TOTAL ECCU	**1,125.90**	**1240.59**	**1379.20**	**1441.00**	**1983.39**

Source: Ministry of Finance/ECCB

Data available at 13 February 2019

Table 8
ECCU - Participation on the RGSM

	2014R	2015R	2016R	2017R	2018P
Treasury Bills					
Number of Auctions	47	46	48	52	47
Amount Raised (EC$M)	958.6	955.06	1018.56	1109.29	1073.33
Subscriptions (EC$M)	1178.4	1326.68	1419.43	1533.04	1486.74
Bonds					
Number of Auctions	9	7	3	7	8
Amount Raised (EC$M)	220.8	139.9	80.2	122.3	213.0
Subscriptions (EC$M)	222.8	142.46	81.01	122.71	229.33
Total number of auctions	56	53	51	59	55
Total Amounts Raised (EC$M)	1179.5	1094.96	1098.77	1231.59	1286.33
Total Subscriptions (EC$M)	1401.2	1469.14	1500.45	1655.75	1716.07

Source: Eastern Caribbean Central Bank
Data as at 27 March 2019

Table 9
ECCU - Average Weighted Interest Rates on the RGSM (%)

	2014R	2015R	2016R	2017R	2018P
91-day Treasury Bill	3.68	3.41	3.77	3.01	2.74
180-day Treasury Bill	5.01	4.31	3.76	3.43	3.21
365-day Treasury Bill	6.21	5.34	4.90	4.48	4.01
2-year Bonds	4.50	4.95	**	6.50	5.50
3-year Bonds	5.25	6.50	6.50	**	**
4-year Bonds	**	**	**	**	**
5-year Bonds	6.46	6.80	**	7.00	**
6-year Bonds	**	7.25	7.00	**	**
7-year Bonds	7.28	**	**	6.93	6.25
8-year Bonds	**	**	**	**	7.02
10-year Bonds	7.50	**	7.50	7.25	7.30
15-year Bonds	7.95	**	**	**	**

Source: Eastern Caribbean Central Bank
Data as at 27 March 2019

Table 10
Secondary Market Activity (EC$M)

	2014R	2015R	2016R	2017R	2018P
Volume	21,069.75	989.70	15,673.38	19,713.78	28,845.13
Value	21,372.64	990.50	16,210.13	22,422.78	29,208.86

Source: Eastern Caribbean Securities Exchange
Data as at 27 March 2019

Table 11
Anguilla - Selected Economic Indicators

	2014^R	2015^R	2016^R	2017^R	2018^P
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal Gross Domestic Product (GDP) at Market Prices	10.47	6.18	(4.06)	(11.33)	7.45
Real GDP at Market Prices	5.07	3.15	(1.34)	(7.74)	1.89
Deflator	5.14	2.94	(2.76)	(3.89)	5.46
Consumer Prices (end of period)	(0.93)	(1.71)	1.72	1.35	(0.44)
Consumer Prices (period average)	(0.12)	(0.97)	(0.52)	1.53	0.14
Real Gross Value Added (GVA) at basic prices					
Agriculture, Livestock and Forestry	(2.37)	15.72	0.36	89.89	5.00
Fishing	2.27	5.00	41.46	(42.83)	(15.40)
Manufacturing	16.49	1.34	(5.80)	(3.39)	40.00
Mining and Quarrying	30.22	1.77	(25.69)	(13.54)	30.00
Electricity and Water	0.35	2.85	8.98	(21.93)	(4.25)
Construction	38.86	7.22	(23.01)	(5.50)	60.00
Wholesale and Retail Trade	15.43	2.03	2.54	(15.95)	45.00
Hotels and Restaurants	2.92	2.24	3.84	(16.06)	(25.00)
Transport, Storage and Communications	5.26	6.56	(0.56)	(14.24)	1.42
Transport and Storage	16.95	8.04	(9.05)	(7.54)	12.87
Communications	(4.29)	5.08	8.15	(20.02)	(10.00)
Financial Intermediation	(9.63)	6.96	(24.85)	(13.05)	(2.90)
Real Estate, Renting and Business Activities	2.31	2.31	2.42	(2.35)	0.00
Public Administration, Defence & Compulsory Social Security	0.95	4.18	(6.20)	(0.09)	1.00
Education	(2.17)	1.35	(2.87)	(1.57)	1.06
Health and Social Work	2.39	2.43	8.98	(0.78)	1.05
Other Community, Social and Personal Services	1.88	1.00	3.03	1.39	1.00
Activities of Private Households as Employers	1.09	3.53	2.45	(0.20)	1.00
FISIM	(10.08)	9.32	(48.04)	3.67	3.52
	(In percent of GDP)				
External Sector					
Public Sector External Debt (end-of-period)	19.98	18.21	24.24	25.46	26.90
Central Government					
Current Account Balance	1.17	0.84	0.12	(0.62)	(0.91)
Current Revenue	22.37	21.41	22.04	25.11	24.55
Current Expenditure	21.20	20.56	21.92	25.73	25.45
Capital Expenditure and Net Lending	0.41	0.82	0.77	2.83	2.99
Overall Fiscal Balance	2.53	0.44	(0.37)	0.57	0.29
	(in per cent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	2.97	2.65	2.35	2.21	2.29
Weighted Lending Interest Rates	9.25	9.07	8.78	9.91	9.73
	(in millions of EC dollars, unlesss otherwise stated)				
Memo					
Nominal GDP at Market Prices	840.53	892.44	856.24	759.22	815.77
Real GDP at Market Prices	679.89	701.29	691.91	638.33	650.38
Merchandise Imports (f.o.b)	414.69	484.94	460.68	420.09	694.71
Merchandise Exports	14.17	29.11	17.84	12.13	14.01
Gross Visitor Expenditure	346.08	346.09	355.46	371.71	281.61
GDP per Capita (EC$)	59,105.00	62,165.24	58,474.19	50,831.82	53,549.18

Source: Anguilla Statistics and Customs Departments, Ministry of Finance, Economic Development, Investment, Commerce and Tourism and Eastern Caribbean Central Bank
Data as at 1 March 2019

Table 12
Anguilla - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2014	2015	2016	2017[R]	2018[P]
Current Revenue	188.04	191.04	188.71	190.65	200.23
Tax Revenue	156.31	162.75	160.35	163.56	162.96
Taxes on Income and Profit	13.21	13.85	14.44	14.14	15.02
of which: Stabilisation Levy	13.21	13.85	14.44	14.14	15.02
Taxes on Property	4.46	4.80	5.82	6.90	6.42
Taxes on Domestic Goods and Services	58.21	58.98	55.60	67.30	44.97
of which:					
Licenses	12.33	13.86	17.35	14.60	15.43
Accommodation Tax	16.11	18.34	17.08	19.67	5.54
Stamp Duties	12.97	10.93	7.08	15.87	9.15
Taxes on International Trade and Transactions	80.43	85.12	84.49	75.23	96.55
of Which:					
Import Duty	61.80	65.13	65.19	58.85	75.64
Customs Surcharge	16.48	17.69	17.32	15.67	20.08
Embarkation Tax	1.19	1.39	1.27	0.11	0.02
Non-tax Revenue	31.72	28.30	28.36	27.08	37.27
Current Expenditure	178.17	183.52	187.65	195.35	207.65
Personal Emoluments	81.15	82.82	84.93	83.84	87.91
Goods and Services	42.20	42.79	44.24	48.76	50.24
Interest Payments	9.39	8.38	11.99	16.42	21.14
Domestic	3.09	2.41	7.34	10.12	11.91
External	6.30	5.97	4.64	6.30	9.23
Transfers and Subsidies	45.43	49.54	46.49	46.33	48.36
of which: Pensions	7.95	9.19	8.51	8.72	8.61
Current Account Balance	9.87	7.53	1.07	(4.70)	(7.41)
Capital Revenue	-	-	-	-	-
Grants	14.82	3.74	2.34	30.55	34.22
Of which Capital Grants	14.82	3.74	2.34	30.55	34.22
Capital Expenditure and Net Lending	3.43	7.34	6.56	21.52	24.41
Of which: Capital Expenditure	3.43	7.34	6.56	21.52	24.41
Primary Balance before grants	15.83	8.56	6.49	(9.81)	(10.68)
Primary Balance after grants	30.65	12.30	8.83	20.74	23.53
Overall Balance before grants	6.44	0.19	(5.49)	(26.22)	(31.82)
Overall Balance after grants	21.26	3.93	(3.15)	4.32	2.39
Financing	(21.26)	(3.93)	3.15	(4.32)	(2.39)
Domestic	(20.26)	0.12	(43.35)	8.81	(29.82)
ECCB (net)	(0.04)	0.05	(54.98)	1.01	55.93
Commercial Banks (net)	(8.53)	9.51	43.32	1.98	(18.03)
Other	(11.69)	(9.45)	(31.69)	5.82	(67.72)
External	(1.12)	(4.04)	46.50	(13.13)	27.42
Net Disbursements/(Amortisation)	(1.12)	(4.04)	46.50	(13.13)	27.42
Disbursements	-	-	59.87	0.08	40.41
Amortisation	(1.12)	(4.04)	(13.37)	(13.21)	(12.99)
Change in Government Foreign Assets	-	-	-	-	-
Arrears	0.12	0.00	0.00	-	0.00
Domestic	0.12	0.00	0.00	-	0.00
External	-	-	-	-	-
Other financing					

Source: Treasury Department, Anguilla and the Eastern Caribbean Central Bank
Data as at 01 March 2019

Table 13
Anguilla - Monetary Survey
(EC$M at end of period)

	2013	2014	2015	2016	2017	2018P
Net Foreign Assets	**233.83**	**263.46**	**325.69**	**432.23**	**493.98**	**544.80**
Central Bank (Net)	**110.82**	**127.66**	**129.99**	**149.99**	**206.21**	**176.88**
Commercial Banks (Net)	123.01	135.80	195.70	282.25	287.77	367.92
External (Net)	77.39	31.26	35.02	187.59	229.05	343.62
Assets	203.04	182.71	198.07	275.56	322.24	461.68
Liabilities	125.65	151.45	163.05	87.97	93.19	118.06
Other ECCB Territories (Net)	45.62	104.54	160.68	94.66	58.71	24.30
Assets	135.07	157.56	201.08	201.10	200.56	192.27
Liabilities	89.45	53.02	40.40	106.44	141.84	167.97
Net Domestic Assets	**797.07**	**776.88**	**748.25**	**578.78**	**542.05**	**511.70**
Domestic Credit	**1,053.11**	**983.29**	**934.13**	**532.01**	**541.51**	**533.29**
Central Government (Net)	(65.95)	(74.52)	(64.95)	(76.61)	(73.62)	(35.71)
Other Public Sector (Net)	(198.64)	(210.23)	(224.05)	(39.10)	(54.74)	(69.20)
Private Sector	1,317.70	1,268.04	1,223.13	647.72	669.87	638.20
Household	539.74	521.37	517.30	356.19	358.94	342.30
Business	751.46	724.74	684.15	283.80	302.09	286.81
Non-Bank Financial Institutions	5.30	4.13	3.88	1.01	2.12	2.37
Subsidiaries & Affiliates	21.20	17.80	17.80	6.72	6.72	6.72
Other Items (Net)	**(256.04)**	**(206.42)**	**(185.88)**	**46.77**	**0.54**	**(21.59)**
Monetary Liabilities (M2)	**1,030.90**	**1,040.34**	**1,073.94**	**1,011.02**	**1,036.03**	**1,056.50**
Money Supply (M1)	**43.06**	**51.51**	**70.14**	**64.10**	**75.35**	**77.93**
Currency with the Public	12.21	12.31	17.38	19.97	22.39	25.27
Demand Deposits	30.13	38.35	52.04	42.87	50.43	52.37
EC$ Cheques and Drafts Issued	0.73	0.85	0.72	1.26	2.52	0.30
Quasi Money	**987.83**	**988.84**	**1,003.80**	**946.92**	**960.69**	**978.57**
Savings Deposits	107.84	121.66	131.43	134.76	146.30	151.47
Time Deposits	130.09	134.50	121.40	99.37	91.23	89.74
Foreign Currency Deposits	749.90	732.68	750.97	712.80	723.16	737.35
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	21.01	23.87	27.48	39.97	44.66	50.92
Liquid assets to short-term liabilities	29.00	31.10	38.72	44.96	49.81	57.54
Customer deposits to total (noninterbank) loans	103.03	110.28	117.62	172.55	173.11	182.38
Weighted Average Interest Rates						
Total Deposits Rate	3.32	2.97	2.65	2.35	2.21	2.29
Lending Rate	9.17	9.25	9.07	8.78	9.91	9.73
Spread between reference lending and deposit	5.86	6.28	6.43	6.43	7.70	7.44
Nonperforming loans to gross loans	48.95	48.87	49.32	6.52	23.48	24.31

Source: Eastern Caribbean Central Bank
Data as at 01 March 2019

Table 14
Anguilla - Selected Tourism Statistics

	2014	2015	2016	2017^R	2018^P
Total Visitor Arrivals	176,780	186,068	175,970	148,650	85,085
Stay-Over Arrivals	70,927	73,232	79,239	68,254	53,056
Of Which:					
USA	45,446	47,248	50,508	43,327	29,043
Canada	3,709	3,397	3,501	2,819	2,091
UK	2,750	2,753	2,968	3,303	2,639
Caribbean	11,445	12,497	13,435	10,932	13,219
Other Countries	7,577	7,337	8,827	7,873	6,064
Excursionists	105,853	112,836	96,731	80,396	32,029
Total Visitor Expenditure (EC$M)	**346.08**	**346.09**	**355.46**	**371.71**	**281.61**

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism, includes ECCB estimates

Data as at 01 March 2019

Table 15
Antigua and Barbuda - Selected Economic Indicators

	2014	2015	2016	2017	2018
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal Gross Domestic Product (GDP) at Market Prices	6.93	6.56	7.76	3.10	9.34
Real GDP at Market Prices	4.66	4.03	5.59	3.03	6.52
Deflator	2.17	2.43	2.05	0.07	2.65
Consumer Prices (end of period)	1.33	0.90	(1.12)	2.36	1.54
Consumer Prices (period average)	1.09	0.97	(0.49)	2.43	1.19
Real Gross Value Added (GVA) at basic prices					
Agriculture, Livestock and Forestry	2.88	(2.28)	3.00	1.44	3.22
Fishing	(30.22)	8.14	5.00	28.11	2.00
Mining and Quarrying	4.67	(11.11)	11.42	14.31	22.00
Manufacturing	3.88	1.52	6.32	(2.73)	0.50
Electricity and Water	(1.82)	6.93	0.53	0.94	2.41
Construction	7.08	3.94	17.93	23.11	20.00
Wholesale and Retail Trade	6.78	2.07	1.73	0.88	6.30
Hotels and Restaurants	2.96	2.22	6.37	(1.96)	5.19
Transport, Storage and Communications	2.86	5.02	2.66	2.51	9.30
Transport	3.89	4.01	(0.01)	4.85	14.32
Communication	1.35	6.56	6.60	(0.71)	2.00
Financial Intermediation	0.73	1.50	(1.22)	3.60	1.99
Real Estate, Renting and Business Activities	4.70	12.09	3.77	3.05	7.23
Public Administration, Defence & Compulsory Social Security	15.51	4.37	6.84	1.02	2.20
Education	4.58	(5.99)	18.44	(1.33)	2.09
Health and Social Work	7.84	5.76	7.60	1.70	2.17
Other Community, Social & Personal Services	2.59	0.82	(4.97)	(0.18)	1.08
Activities of Private Households as Employers	(3.24)	(18.69)	(8.96)	(11.91)	-
FISIM	(6.75)	(4.18)	(4.80)	4.27	(1.00)
	(In percent of GDP)				
External Sector					
Public Sector External Debt (end-of-period)	43.88	42.18	38.35	38.70	38.56
Central Government					
Current Account Balance	(1.57)	1.21	(0.89)	(1.20)	(1.51)
Current Revenue	19.29	21.34	19.64	19.43	18.29
Current Expenditure	20.86	20.13	20.53	20.63	19.80
Capital Expenditure and Net Lending	1.60	1.40	3.89	1.49	1.75
Overall Fiscal Balance	(2.72)	2.18	(0.37)	(2.37)	(2.28)
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	2.81	2.04	1.68	1.63	1.44
Weighted Lending Interest Rates	9.45	9.30	9.11	9.02	8.44
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Market Prices	3,444.06	3,669.83	3,954.50	4,077.23	4,458.12
Real GDP at Market Prices	2,565.70	2,661.65	2,813.92	2,912.77	3,115.73
Merchandise Imports (f.o.b)	1,489.73	1,249.10	1,290.61	1,496.49	1,835.40
Merchandise Exports	62.32	74.37	69.03	56.31	55.74
Gross Visitor Expenditure	1,622.29	1,624.02	1,609.68	1,502.56	1,616.94
GDP per capita (EC$)	38,528.01	40,436.62	42,910.49	43,568.98	46,920.71

Source: Statistics Division, Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda and Eastern Caribbean Central Bank
Data as at 27 February 2019

Table 16
Antigua and Barbuda - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2014	2015	2016	2017	2018
Current Revenue	664.41	782.96	776.71	792.23	815.27
Tax Revenue	571.12	622.65	641.21	641.79	679.65
Taxes on Income and Profit	72.56	89.48	75.58	74.09	78.37
of which:					
Personal Income	37.00	37.28	25.64	1.93	0.45
Corporation	35.55	52.20	49.94	72.16	77.92
Taxes on Property	21.85	18.34	17.52	20.11	21.17
Taxes on Domestic Goods and Services	268.25	274.39	301.41	298.41	329.51
of which:					
Antigua and Barbuda Sales Tax	228.94	231.62	250.94	236.90	278.35
Stamp Duties	30.59	33.95	42.13	50.02	41.23
Taxes on International Trade and Transactions	208.46	240.43	246.70	249.18	250.60
of which:					
Import Duty	79.07	82.19	82.07	89.53	96.61
Consumption Tax	39.99	63.61	77.57	64.24	52.57
Embarkation Tax	0.23	0.33	0.15	0.31	0.42
Revenue Recovery Charge	75.96	75.28	74.20	76.18	83.58
Non-Tax Revenue	93.29	160.31	135.51	150.43	135.62
Current Expenditure	718.32	738.73	811.75	841.19	882.68
Personal Emoluments	307.61	307.22	328.53	327.17	417.76
Goods and Services	124.74	106.65	128.24	131.72	123.12
Interest Payments	88.88	87.44	103.72	101.22	106.97
Domestic	57.74	64.17	66.07	72.45	71.23
External	31.14	23.27	37.65	28.77	35.74
Transfers and Subsidies	197.09	237.42	251.27	281.09	234.83
of Which: Pensions	60.58	63.37	64.77	75.84	56.64
Current Account Balance	(53.91)	44.23	(35.04)	(48.96)	(67.41)
Capital Revenue	1.38	65.86	174.07	10.76	28.23
Grants	13.79	21.13	-	2.09	15.70
of which: Capital Grants	13.79	21.13	-	2.09	15.70
Capital Expenditure	55.10	51.37	153.86	60.67	78.04
of which: Capital Expenditure	55.10	51.37	123.86	60.67	78.04
Primary Balance (before grants)	(18.75)	146.16	88.90	2.35	(10.25)
Primary Balance (after grants)	(4.96)	167.29	88.90	4.44	5.45
Overall Balance (before grants)	(107.62)	58.72	(14.82)	(98.87)	(117.22)
Overall Balance (after grants)	(93.83)	79.85	(14.82)	(96.78)	(101.52)
Financing	93.83	(79.85)	14.82	96.78	101.52
Domestic	128.83	(297.90)	7.27	43.09	29.38
ECCB (net)	0.74	(88.05)	61.33	(27.63)	22.77
Commercial Banks (net)	(8.89)	(92.29)	(2.88)	10.03	(5.59)
Other	136.98	(117.56)	(51.18)	60.69	12.20
External	(80.17)	66.74	(47.87)	(14.11)	(4.64)
Net Disbursements/(Amortisation)	(80.59)	63.92	(44.57)	(14.42)	(4.32)
Disbursements	16.95	145.65	92.58	200.87	183.37
Amortisation	97.54	81.73	137.15	215.29	187.70
Change in Govt. Foreign Assets	0.42	2.82	(3.30)	0.31	(0.31)
Arrears	45.17	(0.96)	24.98	67.80	76.78
Domestic	6.36	7.83	3.73	30.27	18.25
External	38.81	(8.79)	21.25	37.53	58.53
Other Financing	-	152.27	30.44	-	-

Source: Ministry of Finance and Corporate Governance, Antigua and Barbuda and Eastern Caribbean Central Bank
Data as at 6 March 2019

Table 17
Antigua and Barbuda - Monetary Survey
(EC$M at end of period)

	2013	2014	2015	2016	2017	2018P
Net Foreign Assets	**559.09**	**883.06**	**1,524.05**	**1,225.30**	**1,576.25**	**1,792.97**
Central Bank (Net)	**546.72**	**801.47**	**959.86**	**890.46**	**846.49**	**886.88**
Commercial Banks (Net)	12.37	81.59	564.19	334.84	729.77	906.09
External (Net)	(359.60)	(265.85)	319.59	175.14	614.44	695.74
Assets	594.52	540.00	1,090.41	904.60	1,337.30	1,480.44
Liabilities	954.11	805.84	770.82	729.47	722.85	784.70
Other ECCB Territories (Net)	371.97	347.44	244.60	159.70	115.32	210.35
Assets	1,393.47	1,418.89	1,422.33	1,555.64	1,597.47	1,777.59
Liabilities	1,021.50	1,071.45	1,177.73	1,395.95	1,482.15	1,567.24
Net Domestic Assets	**2,349.35**	**2,128.72**	**1,576.46**	**1,999.35**	**1,893.85**	**1,895.96**
Domestic Credit	**2,684.34**	**2,610.89**	**2,251.10**	**2,336.75**	**2,324.54**	**2,360.58**
Central Government (Net)	523.80	515.65	335.31	393.76	376.16	393.34
Other Public Sector (Net)	(109.00)	(56.38)	6.32	14.66	50.70	36.17
Private Sector	2,269.54	2,151.63	1,909.47	1,928.33	1,897.68	1,931.08
Household	1,250.66	1,238.91	1,173.93	1,184.71	1,207.21	1,223.02
Business	942.39	846.94	713.57	706.14	625.59	645.64
Non-Bank Financial Institutions	30.64	21.78	14.95	15.82	47.22	44.76
Subsidiaries & Affiliates	45.85	44.01	7.02	21.66	17.66	17.66
Other Items (Net)	**(334.99)**	**(482.17)**	**(674.63)**	**(337.40)**	**(430.69)**	**(464.62)**
Monetary Liabilities (M2)	**2,908.44**	**3,011.78**	**3,100.51**	**3,224.65**	**3,470.11**	**3,688.93**
Money Supply (M1)	**597.23**	**632.21**	**694.15**	**790.98**	**925.19**	**968.59**
Currency with the Public	136.59	149.23	159.59	167.53	176.33	188.26
Demand Deposits	431.63	450.67	510.67	594.61	715.25	748.72
EC$ Cheques and Drafts Issued	29.02	32.32	23.89	28.84	33.61	31.61
Quasi Money	**2,311.21**	**2,379.57**	**2,406.36**	**2,433.66**	**2,544.92**	**2,720.34**
Savings Deposits	1,181.61	1,310.85	1,375.93	1,474.92	1,604.93	1,650.61
Time Deposits	898.51	824.34	664.57	619.97	523.21	567.97
Foreign Currency Deposits	231.09	244.38	365.86	338.78	416.79	501.76
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	45.06	47.59	55.07	54.71	56.99	57.65
Liquid assets to short-term liabilities	46.95	49.59	58.92	59.05	61.87	62.83
Customer deposits to total (noninterbank) loans	121.45	129.12	138.14	135.41	143.37	144.41
Weighted Average Interest Rates						
Total Deposits Rate	2.93	2.81	2.04	1.68	1.63	1.44
Lending Rate	9.47	9.45	9.30	9.11	9.02	8.44
Spread between reference lending and deposit r	6.54	6.65	7.27	7.43	7.39	7.00
Nonperforming loans to gross loans	13.73	13.76	9.54	8.66	7.94	6.35

Source: Eastern Caribbean Central Bank
Data as at 28 February 2019

Table 18
Antigua and Barbuda - Selected Tourism Statistics

	2014	2015	2016	2017	2018
Total Visitor Arrivals	792,587	905,674	878,243	1,035,692	1,113,224
Stay-Over Arrivals	249,316	250,450	265,187	247,311	268,949
of which:					
USA	95,332	94,617	108,652	96,347	104,103
Canada	27,701	23,270	21,196	22,932	38,087
UK	71,193	77,890	76,512	70,701	70,607
Caribbean	30,282	30,460	33,898	31,978	32,254
Other Countries	24,808	24,213	24,929	25,353	23,898
Cruise Ship Passengers\1	525,349	636,458	594,729	768,838	825,420
Cruise Calls\2	315	339	313	424	379
Yacht Passengers	17,922	18,766	18,327	19,543	18,855
Yacht Calls	3,774	3,941	3,996	4,411	3,807
Total Visitor Expenditure (EC$M) \3	**1622.29**	**1624.02**	**1609.68**	**1502.56**	**1616.94**

Source: Ministry of Tourism and Central Statistics Office, Antigua and Barbuda and Eastern Caribbean Central Bank Estimates

\1 includes Excursionists

\2 Includes Windjammer Calls

\3 Includes only the expenditure of Stay Over Visitors

Data as at 6 March 2019

Table 19
Dominica - Selected Economic Indicators

	2014	2015	2016	2017	2018
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal Gross Domestic Product (GDP) at Market Prices	4.30	3.30	6.40	(13.68)	1.39
Real GDP at Market Prices	4.39	(2.55)	2.52	(9.53)	0.53
Deflator	(0.09)	6.01	3.79	(4.59)	0.86
Consumer Prices (end of period)	0.46	(0.65)	0.72	0.58	2.76
Consumer Prices (period average)	0.81	(0.85)	0.14	0.50	1.36
Real Gross Value Added (GVA) at basic prices					
Agriculture, Livestock and Forestry	(1.45)	(3.52)	9.87	(18.90)	(11.62)
Fishing	49.16	15.44	(4.20)	(24.98)	(10.00)
Manufacturing	(6.80)	(9.51)	(20.93)	(15.40)	(25.00)
Mining and Quarrying	(5.00)	(10.91)	17.57	(4.89)	10.00
Electricity and Water	3.22	5.87	3.21	(21.47)	(25.89)
Construction	9.24	(19.02)	31.83	(4.89)	65.00
Wholesale and Retail Trade	5.12	(7.49)	(0.91)	(12.93)	15.00
Hotels and Restaurants	12.23	(6.73)	(12.81)	(8.05)	(41.86)
Transport, Storage and Communications	2.86	(4.08)	(5.29)	(3.18)	2.38
Transport and Storage	5.50	(6.14)	(6.54)	(3.86)	11.58
Communications	(0.83)	(1.01)	(3.52)	(2.25)	(10.00)
Financial Intermediation	4.22	6.13	5.67	(5.43)	1.86
Real Estate, Renting and Business Activities	0.52	(1.64)	0.79	(17.63)	(9.78)
Public Administration, Defence & Compulsory Social Security	13.48	2.20	2.93	(1.58)	5.00
Education	5.69	3.34	4.20	(6.90)	(55.54)
Health and Social Work	1.77	0.72	4.97	(3.44)	4.75
Other Community, Social and Personal Services	(1.07)	2.80	0.49	(4.45)	1.93
Activities of Private Households as Employers	12.50	(9.33)	(0.49)	(10.00)	(5.00)
FISIM	(2.03)	2.13	19.16	16.83	2.00
	(In percent of GDP)				
External Sector					
Public Sector External Debt (end-of-period)	54.88	52.72	46.96	53.81	50.27
Central Government					
Current Account Balance	1.52	1.85	22.84	13.12	17.76
Current Revenue	26.71	27.64	48.31	46.28	52.53
Current Expenditure	25.19	25.79	25.47	33.15	34.77
Capital Expenditure and Net Lending	8.62	5.63	10.33	19.36	27.55
Overall Fiscal Balance	(1.68)	(1.74)	13.89	(5.22)	(9.78)
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	2.80	2.09	1.70	1.60	1.70
Weighted Lending Interest Rates	8.76	8.43	8.12	7.97	7.60
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Market Prices	1,413.56	1,460.24	1,553.76	1,341.16	1,359.84
Real GDP at Market Prices	1,223.34	1,192.14	1,222.20	1,105.72	1,111.61
Merchandise Imports (f.o.b)	569.66	527.40	507.53	470.24	717.56
Merchandise Exports	97.21	81.57	61.01	55.45	49.90
Gross Visitor Expenditure	343.46	336.97	383.28	311.29	186.71
GDP per capita (EC$)	20,438.10	20,699.16	21,592.95	18,272.94	18,164.20

Source: Central Statistical Office, Dominica and Eastern Caribbean Central Bank
Data as at 20 February 2019

Table 20
Dominica - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2014	2015	2016	2017	2018
Current Revenue	377.58	403.61	750.57	620.65	714.37
Tax Revenue	314.94	329.81	350.76	327.81	401.94
Taxes on Income and Profits	58.15	65.60	68.30	65.26	46.99
Of which:					
Personal	33.78	32.54	32.17	36.97	28.42
Company/Corporation	26.57	35.19	39.02	29.73	21.30
Taxes on Property	6.82	7.78	7.15	8.69	6.87
Taxes on Domestic Goods and Services	186.96	190.06	202.64	186.94	251.28
Of which:					
Value Added Tax (VAT)	129.09	127.59	135.06	122.45	174.53
Licenses	17.96	20.39	20.21	20.91	19.85
Excise Tax	37.44	40.12	45.37	42.10	51.86
Taxes on International Trade and Transactions	63.01	66.37	72.66	66.93	96.80
Of which:					
Import Duty	35.44	37.54	39.39	32.66	45.75
Customs Service Charge	14.70	15.09	18.03	18.36	34.79
Environmental Levy	8.56	9.61	10.10	9.37	15.08
Non-Tax Revenue	62.64	73.80	399.81	292.84	312.42
Current Expenditure	356.07	376.53	395.73	444.65	472.83
Personal Emoluments	148.42	163.73	152.86	179.65	159.51
Goods and Services	112.10	105.99	122.10	136.77	173.03
Interest Payments	25.01	25.44	26.81	22.20	25.84
Domestic	10.65	6.72	7.28	6.94	11.38
External	14.36	18.72	19.53	15.27	14.46
Transfers and Subsidies	70.53	81.38	93.95	106.03	114.45
Of which: Pensions	18.13	18.94	19.72	20.71	22.18
Current Account Balance	21.51	27.08	354.85	176.00	241.54
Capital Revenue	0.34	0.07	0.11	0.19	0.00
Grants	76.14	29.66	21.44	13.37	0.05
Of which: Capital Grants	76.14	29.66	21.44	13.37	0.05
Capital Expenditure and Net Lending	121.79	82.27	160.50	259.59	374.59
Of which: Capital Expenditure	121.75	82.57	160.84	259.97	374.65
Primary Balance after grants	1.20	(0.03)	242.70	(47.83)	(107.16)
Overall Balance after grants	(23.81)	(25.47)	215.89	(70.03)	(133.00)
Financing	23.81	25.47	(215.89)	70.03	133.00
Domestic	(0.27)	(25.64)	(167.99)	84.44	167.30
ECCB (net)	(8.90)	(5.77)	(17.79)	(32.98)	(22.19)
Commercial Banks (net)	14.36	(104.81)	(230.17)	10.00	296.63
Other	(5.73)	84.95	79.97	107.43	(107.13)
External	30.36	44.05	(40.12)	(18.31)	(30.02)
Net Disbursements/Amortisation	39.34	32.92	(32.21)	(18.38)	(26.11)
Disbursements	65.86	65.51	7.19	26.14	18.04
Amortisation	26.51	32.59	39.39	44.52	44.15
Change in Government Foreign Assets	(8.98)	11.13	(7.91)	0.08	(3.91)
Arrears	(6.28)	7.05	(7.78)	3.89	(4.27)
Domestic	(6.28)	7.05	(7.78)	3.89	(4.27)
External	0.00	0.00	0.00	0.00	0.00
Other Financing	0.00	0.00	0.00	0.00	0.00

Source: Ministry of Finance, Dominica and Eastern Caribbean Central Bank
Data as at 20 February 2019

Table 21
Dominica - Monetary Survey
(EC$M at end of period)

	2013	2014	2015	2016	2017	2018P
Net Foreign Assets	**527.87**	**611.91**	**755.48**	**1,090.32**	**1,412.13**	**1,182.04**
Central Bank (Net)	**230.48**	**269.79**	**338.65**	**596.43**	**569.50**	**510.84**
Commercial Banks (Net)	297.39	342.13	416.83	493.89	842.63	671.20
External (Net)	36.13	66.81	147.03	248.73	568.83	430.39
Assets	280.67	331.65	423.54	514.08	833.52	690.48
Liabilities	244.54	264.84	276.51	265.35	264.70	260.09
Other ECCB Territories (Net)	261.26	275.32	269.80	245.16	273.81	240.81
Assets	305.82	333.88	353.82	326.59	387.79	377.14
Liabilities	44.56	58.57	84.02	81.43	113.98	136.33
Net Domestic Assets	**630.67**	**637.02**	**542.99**	**285.91**	**216.60**	**469.08**
Domestic Credit	**722.45**	**737.36**	**631.72**	**402.11**	**359.98**	**617.49**
Central Government (Net)	53.50	58.96	(51.62)	(299.58)	(322.56)	(48.13)
Other Public Sector (Net)	(121.98)	(94.80)	(92.26)	(96.43)	(102.54)	(107.43)
Private Sector	790.93	773.20	775.60	798.13	785.09	773.05
Household	456.59	456.38	464.38	449.58	440.36	419.37
Business	318.64	297.83	284.68	280.82	277.95	287.19
Non-Bank Financial Institutions	11.13	12.41	26.53	67.74	66.78	66.50
Subsidiaries & Affiliates	4.57	6.57	-	-	-	-
Other Items (Net)	**(91.79)**	**(100.34)**	**(88.73)**	**(116.21)**	**(143.39)**	**(148.41)**
Monetary Liabilities (M2)	**1,158.54**	**1,248.94**	**1,298.47**	**1,376.23**	**1,628.73**	**1,651.12**
Money Supply (M1)	**212.86**	**234.69**	**260.78**	**302.42**	**438.12**	**446.79**
Currency with the Public	41.59	46.89	46.59	52.61	73.10	91.23
Demand Deposits	169.03	185.55	212.31	248.10	357.95	349.50
EC$ Cheques and Drafts Issued	2.24	2.25	1.88	1.71	7.07	6.07
Quasi Money	**945.68**	**1,014.25**	**1,037.69**	**1,073.80**	**1,190.60**	**1,204.33**
Savings Deposits	686.38	760.39	802.30	818.02	950.31	970.85
Time Deposits	235.76	217.49	208.18	224.13	215.54	202.89
Foreign Currency Deposits	23.54	36.36	27.21	31.66	24.76	30.59
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	36.63	39.73	45.69	53.04	60.80	54.42
Liquid assets to short-term liabilities	42.04	47.54	52.42	59.49	70.49	61.69
Customer deposits to total (noninterbank) loans	143.92	153.95	167.35	188.25	206.36	183.33
Weighted Average Interest Rates						
Total Deposits Rate	3.02	2.80	2.09	1.70	1.60	1.70
Lending Rate	8.96	8.76	8.43	8.12	7.97	7.60
Spread between reference lending and deposit r	5.94	5.96	6.34	6.42	6.37	5.91
Nonperforming loans to gross loans	13.89	14.18	15.12	14.45	17.43	17.02

Source: Eastern Caribbean Central Bank
Data as at 20 February 2019

Table 22
Dominica - Selected Tourism Statistics

	2014	2015	2016	2017	2018
Total Visitors	378,812	367,395	366,120	235,801	204,457
Stay-Over Visitors	78,135	71,419	75,250	69,824	62,530
USA	15,853	14,101	15,792	14,140	10,825
Canada	2,582	2,545	2,679	2,551	2,660
UK	4,866	4,979	5,030	4,839	3,406
Caribbean	41,890	37,273	38,665	34,241	36,724
Other Countries	12,944	12,521	13,084	14,053	8,915
Excursionists	2,195	1,494	1,031	898	648
Yachts Passengers	11,909	12,938	12,708	8,039	6,813
Cruise Ship Passengers	286,573	281,544	277,131	157,040	134,466
Number of Cruise Ship Calls	199	187	163	107	93
Total Visitor Expenditure (EC$M)	**343.46**	**336.97**	**383.28**	**311.29**	**186.71**

Sources: Discover Dominica Authority; Central Statistical Office, Dominica and Eastern Caribbean Central Bank
Data as at 20 February 2019

Table 23
Grenada - Selected Economic Indicators
In Percent

	2014	2015	2016	2017	2018
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal Gross Domestic Product (GDP) at Market Prices	8.17	9.38	6.48	6.15	7.15
Real GDP at Market Prices	7.34	6.45	3.74	5.06	4.83
Deflator	0.78	2.76	2.64	1.04	2.22
Consumer Prices (end of period)	(0.63)	1.11	0.92	0.53	1.01
Consumer Prices (period average)	(0.98)	(0.52)	1.64	0.91	0.77
Real Gross Value Added (GVA) at basic prices					
Agriculture, Livestock and Forestry	53.74	44.90	(13.90)	(19.53)	(3.84)
Fishing	4.25	(3.08)	6.38	1.00	1.84
Mining and Quarrying	2.97	40.73	(25.68)	5.48	(12.50)
Manufacturing	1.56	3.65	4.55	2.70	7.00
Electricity and Water	0.53	2.32	5.45	1.08	3.56
Construction	(4.69)	6.97	13.11	28.99	15.00
Wholesale and Retail Trade	3.70	9.53	(3.34)	9.02	10.00
Hotels and Restaurants	40.30	0.48	10.70	5.05	7.79
Transport, Storage and Communications	8.68	(2.32)	3.84	6.32	6.44
Transport and Storage	9.06	4.74	10.48	11.00	8.43
Communication	8.18	(12.05)	(7.04)	(2.81)	2.00
Financial Intermediation	(1.63)	11.98	4.71	8.46	2.94
Real Estate, Renting and Business Activities	3.54	2.01	1.90	2.48	2.20
Public Administration, Defence & Compulsory Social Secur	0.07	0.16	(0.78)	1.80	0.52
Education	4.56	5.23	3.11	4.63	3.57
Health and Social Work	(0.14)	(2.00)	(0.29)	0.85	0.50
Other Community, Social & Personal Services	2.21	(1.03)	5.45	0.98	0.60
Activities of Private Households as Employers	0.73	0.66	0.79	0.68	0.70
FISIM	0.39	9.94	3.93	10.94	(0.45)
	(In percent of GDP)				
External Sector					
Public Sector External Debt (end-of-period)	69.55	61.52	56.73	47.29	46.42
Central Government					
Current Account Balance	0.45	3.87	3.00	3.10	4.21
Current Revenue	20.41	21.22	22.73	23.01	23.04
Current Expenditure	19.97	17.35	19.73	19.91	18.83
Capital Expenditure and Net Lending	9.21	8.31	4.69	2.65	2.75
Overall Fiscal Balance	(4.68)	(1.19)	1.80	3.01	4.20
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	2.23	1.57	1.44	1.33	1.31
Weighted Lending Interest Rates	9.01	8.70	8.43	7.99	7.56
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Market Prices	2,461.04	2,691.92	2,866.40	3,042.58	3,260.13
Real GDP at Market Prices	2,054.70	2,187.13	2,268.91	2,383.62	2,498.67
Merchandise Imports (f.o.b)	806.78	829.10	832.81	998.60	1,083.49
Merchandise Exports	100.92	94.29	81.34	81.12	84.62
Gross Visitor Expenditure	362.25	392.52	372.40	397.64	437.87
GDP per capita (EC$)	22,501.17	24,450.67	25,844.42	27,295.81	29,072.20

Data as at 04 March 2019
SOURCE: Statistics Department and ECCB

Table 24
Grenada - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2014	2015	2016	2017	2018P
Current Revenue	502.32	571.26	651.58	700.07	750.99
Tax Revenue	478.15	530.24	617.12	670.04	717.34
Taxes on Income and Profit	89.90	101.74	127.27	140.60	150.66
Of which:					
Personal[1]	45.88	52.86	59.31	60.60	63.60
Company/Corporation	44.02	48.89	67.96	80.00	87.06
Taxes on Property	21.35	23.32	23.89	24.28	28.48
Taxes on Domestic Goods and Services	223.40	232.41	261.48	282.08	294.80
Of which:					
Value Added Tax	176.66	197.01	218.09	235.62	249.59
Consumption Duty	0.30	0.25	0.06	-	-
Stamp Duties	5.78	4.24	8.66	5.07	5.91
Licenses	30.04	18.40	16.65	18.22	16.69
Taxes on International Trade and Transactions	143.50	172.76	204.48	223.08	243.41
Of which:					
Import Duty	56.56	62.99	69.82	76.51	82.92
Consumption Tax	-	0.00	-	-	0.00
Customs Service Charge	45.22	46.88	49.56	55.02	60.74
Non-Tax Revenue	24.17	41.03	34.46	30.03	33.65
of which: Citizenship by Investment	-	16.21	3.44	4.86	3.97
Current Expenditure	491.36	466.98	565.46	605.89	613.79
Personal Emoluments	242.45	215.25	251.64	265.19	273.05
Goods and Services	72.19	75.86	117.62	126.51	122.35
Interest Payments	86.78	89.91	82.28	80.98	65.92
Domestic	26.96	28.74	22.96	21.54	19.99
External	59.82	61.17	59.32	59.44	45.93
Transfers and Subsidies	89.95	85.95	113.93	133.22	152.48
Of which: Pensions	33.43	30.96	31.83	35.27	37.62
Current Account Balance	10.96	104.28	86.12	94.17	137.20
Capital Revenue	0.09	0.13	0.00	-	-
Grants	100.46	87.18	99.99	78.07	89.37
of which: Capital Grants	90.56	87.18	74.01	64.20	73.77
Capital Expenditure and Net lending	226.69	223.64	134.57	80.62	89.68
of which: Capital Expenditure	226.69	223.64	120.13	80.62	89.68
Primary Balance before grants	(128.86)	(29.32)	33.83	94.53	113.44
Primary Balance after grants	(28.40)	57.86	133.82	172.60	202.81
Overall Balance before grants	(215.65)	(119.23)	(48.45)	13.55	47.52
Overall Balance after grants	(115.19)	(32.05)	51.54	91.63	136.89
Financing	115.19	32.05	(51.54)	(91.63)	(136.89)
Domestic	(25.92)	(101.90)	(39.85)	(46.82)	(153.01)
ECCB (net)	(27.48)	(46.04)	(0.69)	14.50	(67.68)
Commercial Banks (net)	(7.43)	(37.18)	7.75	(76.32)	(13.02)
Other	8.99	(18.68)	(46.92)	15.00	(72.31)
External	76.77	87.82	(15.86)	(44.81)	16.12
Net Disbursements/(Amortisation)	76.77	87.82	(15.86)	(44.81)	16.12
Disbursements	120.29	134.88	66.53	45.49	112.70
Amortisation	43.51	47.06	82.40	90.30	96.58
Change in Government Foreign Assets	-	-	-	-	-
Arrears	64.33	46.13	4.17	-	-
Domestic	15.18	(0.05)	1.78	-	-
External	49.16	46.19	2.40	-	-
Other Financing	-	-	-	-	-

Source: Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and Eastern Caribbean Central Bank
[1] Includes Debt Service Levy
Debt Restructuring not included

Data as at 04 March 2019

Table 25
Grenada - Monetary Survey
(EC$M at end of period)

	2013	2014	2015	2016	2017	2018^P
Net Foreign Assets	**352.39**	**582.15**	**852.48**	**1,003.20**	**1,053.54**	**1,314.99**
Central Bank (Net)	**365.60**	**427.31**	**508.98**	**543.71**	**526.12**	**623.24**
Commercial Banks (Net)	(13.21)	154.85	343.50	459.49	527.42	691.75
External (Net)	(187.69)	(144.40)	12.21	151.70	238.90	444.85
Assets	285.24	339.54	493.91	604.88	686.67	837.92
Liabilities	472.93	483.93	481.70	453.19	447.77	393.07
Other ECCB Territories (Net)	174.48	299.24	331.29	307.79	288.52	246.90
Assets	260.99	333.20	362.00	361.94	425.79	408.81
Liabilities	86.51	33.96	30.71	54.15	137.27	161.91
Net Domestic Assets	**1,586.33**	**1,435.83**	**1,269.88**	**1,147.82**	**1,182.69**	**1,053.86**
Domestic Credit	**1,695.39**	**1,526.92**	**1,320.07**	**1,240.91**	**1,206.78**	**1,101.79**
Central Government (Net)	52.25	17.34	(65.88)	(58.81)	(120.63)	(201.33)
Other Public Sector (Net)	(57.26)	(104.29)	(166.44)	(248.87)	(231.14)	(298.89)
Private Sector	1,700.40	1,613.87	1,552.39	1,548.60	1,558.55	1,602.01
Household	1,147.75	1,119.40	1,073.59	1,054.61	1,037.97	1,055.94
Business	541.65	485.36	469.46	485.32	514.13	539.19
Non-Bank Financial Institutions	11.01	9.11	9.34	8.67	6.44	6.88
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(109.06)**	**(91.10)**	**(50.19)**	**(93.10)**	**(24.09)**	**(47.93)**
Monetary Liabilities (M2)	**1,938.72**	**2,017.98**	**2,122.37**	**2,151.01**	**2,236.23**	**2,368.85**
Money Supply (M1)	**381.04**	**466.47**	**543.00**	**577.89**	**625.05**	**702.30**
Currency with the Public	115.69	124.09	131.55	135.66	151.38	143.85
Demand Deposits	253.71	332.27	402.11	430.65	460.96	547.34
EC$ Cheques and Drafts Issued	11.64	10.11	9.34	11.58	12.72	11.11
Quasi Money	**1,557.68**	**1,551.51**	**1,579.37**	**1,573.12**	**1,611.18**	**1,666.55**
Savings Deposits	1,143.12	1,167.94	1,160.49	1,174.66	1,216.30	1,265.26
Time Deposits	318.24	287.13	271.43	242.57	215.58	190.96
Foreign Currency Deposits	96.33	96.44	147.45	155.89	179.30	210.33
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	27.62	32.70	37.36	40.61	42.07	44.89
Liquid assets to short-term liabilities	29.84	34.87	39.96	43.68	46.14	48.19
Customer deposits to total (noninterbank) loans	123.34	137.36	152.89	159.75	167.78	170.54
Weighted Average Interest Rates						
Total Deposits Rate	2.46	2.23	1.57	1.44	1.33	1.31
Lending Rate	9.10	9.01	8.70	8.43	7.99	7.56
Spread between reference lending and deposit rates (basis points)	6.64	6.78	7.13	6.99	6.66	6.25
Nonperforming loans to gross loans	13.79	14.56	9.95	6.70	3.91	2.40

Source: Eastern Caribbean Central Bank
Data as at 05 MAR 2019

Table 26
Grenada - Selected Tourism Statistics

	2017 R 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018P 2nd Qr	2017 Jan - Jun	2018P Jan - Jun
Total Visitors	55,933	43,766	165,096	252,877	61,697	259,962	314,574
Stay-Over Visitors	34,287	37,607	37,051	42,951	36,416	71,682	79,367
Of which:							
USA	12,504	14,347	14,556	16,755	14,647	25,898	31,402
Canada	2,124	2,252	2,623	4,581	2,653	6,508	7,234
United Kingdom	4,908	5,158	5,566	6,878	4,886	11,774	11,764
Caribbean	7,327	7,797	5,616	5,714	6,759	11,834	12,473
Other Countries	7,424	8,053	8,690	9,023	7,471	15,668	16,494
Excursionists	108	165	235	138	177	662	315
Cruise Ship Passengers	15,380	2,745	122,695	199,962	20,163	173,989	220,125
Yacht Passengers	6,158	3,249	5,115	9,826	4,941	13,629	14,767
Number of Cruise Ship Calls	33	33	102	139	16	156	155
Total Visitor Expenditure (EC$M) [1/]	80.30	103.67	95.42	123.47	86.05	189.11	209.52

Source: Grenada Tourism Authorities

[1/] Expenditure of stay over visitors and cruiseship passengers only

Data as at 03 September 2018

Table 27
Montserrat - Selected Economic Indicators

	2014[R]	2015[R]	2016[R]	2017[R]	2018[P]
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal Gross Domestic Product (GDP) at Market Prices	(0.89)	4.11	2.37	(4.58)	3.76
Real GDP at Market Prices	2.24	(1.93)	0.53	(2.81)	1.59
Deflator	(2.50)	4.48	1.39	(4.35)	3.99
Consumer Prices (end of period)	(1.02)	(0.08)	(1.30)	1.65	2.40
Consumer Prices (period average)	(0.29)	(1.15)	(0.25)	1.19	1.50
Real Gross Value Added (GVA) at basic prices					
Agriculture, Livestock and Forestry	57.26	(30.54)	27.00	(11.44)	(8.94)
Fishing	0.13	(16.07)	(0.11)	(15.40)	35.00
Manufacturing	(3.08)	(0.79)	46.69	(24.71)	2.00
Mining and Quarrying	67.10	47.58	(10.00)	20.94	15.00
Electricity and Water	(11.33)	7.80	1.98	(1.76)	2.50
Construction	4.88	(39.26)	33.60	(32.66)	5.00
Wholesale and Retail Trade	(2.30)	23.17	4.96	(10.02)	8.00
Hotels and Restaurants	12.55	(1.24)	(18.67)	37.91	1.87
Transport, Storage and Communications	0.17	18.44	(5.70)	5.38	4.97
Transport and Storage	16.01	25.01	1.57	4.95	7.46
Communications	(13.83)	10.62	(15.48)	6.09	1.00
Financial Intermediation	(0.96)	11.46	(18.21)	(18.12)	0.99
Real Estate, Renting and Business Activities	0.52	1.27	1.37	1.66	1.54
Public Administration, Defence & Compulsory Social Security	(4.33)	(6.79)	(2.07)	2.63	(1.00)
Education	8.42	(9.70)	2.77	3.06	10.79
Health and Social Work	15.15	(5.38)	(0.24)	(5.60)	1.80
Other Community, Social and Personal Services	4.02	(3.68)	2.38	0.29	(7.00)
Activities of Private Households as Employers	(7.89)	(5.18)	(11.59)	1.64	(15.00)
FISIM	4.08	2.02	(51.01)	5.68	2.50
	(as a percentage of GDP)				
External Sector					
Public Sector External Debt (end-of-period)	3.93	5.45	5.08	6.48	5.98
Central Government					
Current Account Balance	(45.58)	(45.36)	(39.64)	(43.89)	(47.35)
Current Revenue	28.46	27.48	27.70	29.07	29.95
Current Expenditure	74.04	72.84	67.34	72.96	77.30
Capital Expenditure and Net Lending	26.51	17.87	12.36	11.45	8.03
Overall Fiscal Balance	(6.16)	18.82	(0.37)	1.18	(6.49)
	(percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	1.95	1.10	1.10	1.13	1.10
Weighted Lending Interest Rates	8.05	7.49	7.07	6.89	6.68
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Market Prices	159.18	165.73	169.66	161.89	167.97
Real GDP at Market Prices	170.77	167.48	168.37	163.64	166.23
Merchandise Imports (f.o.b)	97.94	91.79	85.82	72.09	80.97
Merchandise Exports (f.o.b)	9.12	8.04	10.76	15.96	14.69
Gross Visitor Expenditure	22.20	22.88	22.92	22.63	30.07
GDP per capita (EC$)	31,990	33,067	33,610	31,836	32,795

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and Eastern Caribbean Central Bank
Rebased CPI for Montserrat only available for 2014 and 2015
Data as at 28 February 2019

Table 28
Montserrat - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2014	2015	2016	2017^R	2018^P
Current Revenue	45.31	45.55	47.00	47.06	50.30
Tax Revenue	40.46	39.03	41.84	41.49	44.43
Taxes on Income and Profit	16.70	15.82	16.58	17.94	19.30
of which:					
Personal	12.35	11.85	12.30	13.57	13.96
Corporation	3.59	3.01	3.41	3.73	4.11
Taxes on Property	0.81	0.66	0.74	0.65	0.61
Taxes on Domestic Goods and Services	4.92	4.25	5.15	4.89	5.49
of which:					
Insurance Company Levy	0.22	0.21	0.26	0.20	0.25
Stamp Duty and Licenses	3.40	2.74	2.82	2.50	3.33
Taxes on International Trade and Transactions	18.04	18.30	19.37	18.01	19.02
of which:					
Import Duty	5.80	6.16	6.99	6.36	6.14
Consumption Tax	11.11	10.91	11.37	10.89	11.99
Customs Service Charge	0.00	0.00	0.00	0.00	0.00
Non-Tax Revenue	4.85	6.51	5.17	5.57	5.88
Current Expenditure	117.86	120.72	114.25	118.11	129.84
Personal Emoluments	42.72	41.75	42.15	43.56	44.60
Goods and Services	29.37	40.45	42.33	44.38	50.12
Interest Payments	0.03	0.03	0.03	0.02	0.03
Domestic	0.00	0.00	0.00	0.00	0.00
External	0.03	0.03	0.03	0.02	0.03
Transfers and Subsidies	45.74	38.49	29.75	30.15	35.09
of which: Pensions	15.11	12.41	11.68	12.43	11.63
Current Account Balance (before grants)	(72.55)	(75.18)	(67.25)	(71.05)	(79.53)
Current Grants	69.79	99.00	74.39	76.48	78.00
Current Account Balance (after grants)	(2.76)	23.82	7.14	5.43	(1.53)
Capital Grants	35.15	36.98	13.20	15.00	4.11
Capital Expenditure and Net Lending	42.20	29.61	20.98	18.53	13.48
of which: Capital Expenditure	42.20	26.33	20.90	16.14	13.43
Primary Balance (before grants)	(114.75)	(104.79)	(88.23)	(89.58)	(93.02)
Primary Balance (after grants)	(9.77)	31.22	(0.61)	1.92	(10.88)
Overall Balance (before grants)	(114.75)	(104.79)	(88.23)	(89.58)	(93.02)
Overall Balance (after grants)	(9.80)	31.19	(0.64)	1.90	(10.91)
Financing	9.80	(31.19)	0.64	(1.90)	10.91
Domestic	9.92	(34.35)	0.67	(4.17)	10.97
ECCB (net)	(13.90)	14.03	(0.20)	0.97	(0.45)
Commercial Banks (net)	17.77	(44.02)	6.48	5.65	(5.07)
Other	6.05	(4.36)	(5.61)	(10.79)	16.49
External	(0.12)	3.16	(0.04)	2.27	(0.07)
Net Disbursements (Amortisation)	(0.12)	3.16	(0.04)	2.27	(0.07)
Disbursements	0.00	3.28	0.08	2.39	0.05
Amortisation	0.12	0.12	0.12	0.12	0.12
Change in Govt. Foreign Assets	-	-	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-

Source: Ministry of Finance, Montserrat and Eastern Caribbean Central Bank
Data as at 01 March 2019

Table 29
Montserrat - Monetary Survey
(EC$M at end of period)

	2013	2014	2015	2016	2017	2018P
Net Foreign Assets	**270.08**	**288.10**	**320.51**	**310.18**	**295.92**	**309.64**
Central Bank (Net)	**109.38**	**121.77**	**138.96**	**133.26**	**128.47**	**135.25**
Commercial Banks (Net)	160.70	166.33	181.55	176.92	167.46	174.39
External (Net)	85.61	84.06	117.04	108.16	114.87	131.60
Assets	140.84	147.33	186.35	178.72	189.27	209.52
Liabilities	55.23	63.27	69.31	70.56	74.40	77.92
Other ECCB Territories (Net)	75.09	82.27	64.51	68.77	52.58	42.79
Assets	82.09	90.45	77.92	81.03	71.74	52.91
Liabilities	7.00	8.18	13.41	12.26	19.16	10.12
Net Domestic Assets	**(54.75)**	**(48.89)**	**(75.65)**	**(62.88)**	**(53.10)**	**(53.69)**
Domestic Credit	**(9.71)**	**(6.77)**	**(30.88)**	**(14.64)**	**(0.74)**	**3.57**
Central Government (Net)	(56.63)	(52.76)	(82.75)	(76.46)	(69.84)	(75.35)
Other Public Sector (Net)	(19.94)	(21.14)	(18.89)	(18.50)	(14.53)	(9.25)
Private Sector	66.86	67.13	70.76	80.32	83.64	88.17
Household	58.36	59.70	63.67	70.62	73.84	79.50
Business	8.51	7.43	7.10	9.70	9.80	8.67
Non-Bank Financial Institutions	-	-	-	-	-	-
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(45.04)**	**(42.12)**	**(44.77)**	**(48.24)**	**(52.37)**	**(57.26)**
Monetary Liabilities (M2)	**215.33**	**239.20**	**244.86**	**247.31**	**242.82**	**255.94**
Money Supply (M1)	**53.62**	**45.07**	**47.64**	**62.19**	**60.76**	**68.10**
Currency with the Public	18.39	18.36	20.20	20.69	21.38	21.81
Demand Deposits	35.10	26.57	27.31	41.41	39.06	45.71
EC$ Cheques and Drafts Issued	0.13	0.15	0.14	0.09	0.32	0.58
Quasi Money	**161.71**	**194.13**	**197.22**	**185.11**	**182.06**	**187.84**
Savings Deposits	119.65	140.47	143.39	144.23	142.39	145.83
Time Deposits	33.71	46.00	45.40	30.48	30.71	29.63
Foreign Currency Deposits	8.36	7.66	8.44	10.40	8.96	12.38
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	75.43	75.83	74.32	75.08	74.09	73.32
Liquid assets to short-term liabilities	86.78	86.58	83.51	84.97	84.10	84.39
Customer deposits to total (noninterbank) loans	377.19	385.49	429.37	350.26	313.57	318.70
Weighted Average Interest Rates						
Total Deposits Rate	1.83	1.95	1.10	1.10	1.13	1.10
Lending Rate	8.02	8.05	7.49	7.07	6.89	6.68
Spread between reference lending and deposit ra	6.19	6.11	6.39	5.97	5.76	5.58
Nonperforming loans to gross loans	5.87	5.25	7.15	4.86	5.66	4.91

Source: Eastern Caribbean Central Bank
Data as at 20 Febraury 2019

Table 30
Montserrat - Selected Tourism Statistics

	2013	2014	2015	2016	2017[P]
Total Visitor Arrivals	10,461	12,334	15,090	15,409	16,690
Stay-Over Arrivals	7,201	8,804	8,944	8,842	8,456
Of Which:					
USA	1,775	2,041	2,326	2,446	2,231
Canada	516	678	540	510	544
UK	1,821	2,164	2,339	2,317	2,074
Caribbean	2,591	3,528	3,321	3,116	3,180
Other Countries	498	393	418	453	427
Excursionists	1,519	1,749	1,740	1,165	1,632
Cruise Ship Passengers	364	184	2,591	3,596	5,218
Yacht Passengers	1377	1597	1815	1806	1384
Number of Yacht	346	368	474	450	582
Number of Cruise Ship Calls	4	2	11	22	31
Total Visitor Expenditure (EC$M)	**18.33**	**22.20**	**22.88**	**22.92**	**21.47**

Note: Includes ECCB estimates

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and Eastern Caribbean Central Bank

Data as at 19 February 2018

Note: *Includes ECCB Estimates*

Table 31
St Kitts and Nevis - Selected Economic Indicators

	2014[R]	2015[R]	2016[R]	2017[R]	2018[P]
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal Gross Domestics Product (GDP) at Market Pr	7.93	2.12	2.42	3.44	4.83
Real GDP at Market Prices Prices	6.06	2.15	2.32	1.17	3.00
Deflator	1.77	(0.02)	0.10	2.25	1.77
Consumer Prices (end of period)	(0.55)	(2.40)	0.03	0.76	(0.75)
Consumer Prices (period average)	0.25	(2.30)	(0.69)	0.69	(1.04)
Real Gross Value Added (GVA) at basic Prices					
Agriculture, Livestock and Forestry	(8.74)	(8.81)	(1.25)	11.36	0.17
Fishing	22.41	10.00	(23.38)	31.09	28.13
Manufacturing	(7.61)	3.03	(9.56)	(6.52)	3.00
Mining and Quarrying	5.31	(5.51)	9.71	(1.00)	5.00
Electricity and Water	1.55	2.88	(1.02)	0.45	5.72
Construction	14.82	7.65	8.35	4.70	0.83
Wholesale and Retail Trade	0.23	4.17	10.02	(6.09)	11.05
Hotels and Restaurants	5.00	2.89	(1.46)	0.65	9.86
Transport, Storage and Communications	8.95	8.59	5.99	6.02	4.21
Transport and Storage	9.38	12.28	3.15	15.55	6.73
Communications	8.50	4.74	9.17	(4.06)	1.00
Financial Intermediation	7.54	(1.09)	2.06	0.57	1.97
Real Estate, Renting and Business Activities	1.63	1.94	(4.34)	(0.52)	2.20
Public Administration, Defence & Compulsory Socis	6.47	5.68	3.02	3.76	2.05
Education	0.98	(12.86)	4.09	1.23	3.16
Health and Social Work	3.32	(1.19)	15.65	5.25	2.05
Other Community, Social and Personal Services	7.10	14.05	3.48	2.76	2.00
Activities of Private Households as Employers	(16.18)	(2.76)	3.55	(4.77)	3.10
FISIM	4.04	4.98	0.07	(7.96)	2.00
	(In percent of GDP)				
External Sector					
Public Sector External Debt (end-of-period)	30.96	22.81	20.73	15.76	14.37
Central Government					
Current Account Balance	10.80	9.80	4.51	3.60	9.66
Current Revenue	35.92	35.07	29.54	28.02	35.83
Current Expenditure	25.12	25.27	25.03	24.43	26.17
Capital Expenditure and Net Lending	5.24	6.55	3.47	5.17	6.66
Overall Fiscal Balance	9.73	5.82	4.75	1.91	6.71
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	2.49	2.05	1.85	1.78	1.71
Weighted Lending Interest Rates	8.62	8.54	8.56	8.42	8.06
	(in millions of EC dollars, unlesss otherwise stated)				
Memo					
Nominal GDP at Market Prices	2,475.51	2,528.05	2,589.23	2,678.42	2,807.66
Real GDP at Market Prices	2,033.90	2,077.56	2,125.71	2,150.59	2,215.14
Merchandise Imports (f.o.b)	637.83	705.37	792.03	734.01	785.82
Merchandise Exports	153.48	149.58	137.92	135.76	148.66
Gross Visitor Expenditure	339.09	361.34	374.66	431.01	496.35
GDP per capita (EC$)	51,561	52,393	53,394	54,959	57,325

SOURCE: Central Statistics Office, St Kitts and Eastern Caribbean Central Bank
Data as at 22 February 2019

Table 32
St Kitts and Nevis - Federal Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2014	2015	2016	2017	2018[P]
Current Revenue	889.19	886.60	764.74	750.53	1005.98
Tax Revenue	474.88	507.47	498.94	496.93	539.30
Taxes on Income and Profits	94.44	127.03	126.50	134.15	151.93
of which:					
Personal[1]	42.92	49.93	52.78	54.58	52.48
Company/Corporation	44.49	65.19	61.38	68.10	84.20
Taxes on Property	16.63	20.22	16.34	15.09	18.70
Taxes on Domestic Goods and Services	238.08	216.99	207.60	203.32	212.04
of which:					
Licences	9.10	10.25	9.78	10.18	10.95
Value Added Tax	161.52	142.28	139.63	142.44	150.34
Stamp Duties	46.88	41.19	35.30	25.75	23.37
Taxes on International Trade and Transactions	125.74	143.23	148.50	144.37	156.62
of which:					
Import Duty	57.07	59.46	68.34	65.61	70.51
Customs Service Charge	41.13	43.63	44.60	43.28	46.67
Export/Excise Duty	15.72	22.38	18.18	13.44	13.61
Non Refundable Duty Free Levy	4.41	5.52	4.01	5.05	6.23
Non-Tax Revenue	414.30	379.14	265.80	253.61	466.68
of which: Citizenship By Investment	325.41	293.44	175.26	156.87	366.35
Current Expenditure	621.92	638.79	648.05	654.24	734.66
Personal Emoluments	257.82	257.55	295.39	293.19	306.98
Goods and Services	159.63	167.23	138.91	149.30	217.19
Interest Payments	77.94	47.33	42.56	40.82	38.84
Domestic	62.11	32.75	32.34	32.61	28.44
External	15.83	14.58	10.23	8.21	10.40
Transfers and Subsidies	126.53	166.68	171.19	170.93	171.65
of which: Pensions	31.49	31.69	36.78	37.21	41.15
Current Account Balance	267.26	247.81	116.69	96.29	271.31
Capital Revenue	34.32	9.06	5.49	8.13	9.20
Grants	69.22	55.66	90.80	85.22	94.96
Of which: Capital Grants	36.92	39.17	50.23	54.44	51.78
Capital Expenditure and Net Lending	129.82	165.49	89.95	138.42	187.07
of which: Capital Expenditure	129.17	144.08	110.38	138.70	186.76
Primary Balance before grants	249.70	138.71	74.79	6.83	132.29
Primary Balance after grants	318.92	194.37	165.59	92.05	227.25
Overall Balance before grants	171.76	91.38	32.23	(33.99)	93.45
Overall Balance after grants	240.98	147.04	123.02	51.23	188.41
Financing	(240.98)	(147.04)	(123.02)	(51.23)	(188.41)
Domestic	(159.10)	26.52	(69.60)	(26.89)	(164.70)
ECCB (net)	19.82	75.43	(25.61)	(3.90)	(11.86)
Commercial Banks (net)	70.33	(824.61)	(45.05)	27.77	(172.59)
Other	(249.24)	775.70	1.05	(50.77)	19.75
External	(81.88)	(173.56)	(53.42)	(24.34)	(23.71)
Net Disbursement/Amortisation	(81.88)	(173.56)	(53.42)	(24.34)	(23.71)
Disbursements	8.67	2.02	1.21	0.90	1.75
Amortisation	90.55	175.57	54.63	25.24	25.46
Change in Govt. Foreign Assets	0.00	0.00	0.00	0.00	0.00
Arrears	0.00	0.00	0.00	0.00	0.00
Domestic	0.00	0.00	0.00	0.00	0.00
External	0.00	0.00	0.00	0.00	0.00

Source: Ministry of Finance - St Kitts, Nevis and Eastern Caribbean Central Bank
[1] Data reflects Housing and Social Development Levy
Data as at 29 March 2019

Table 33
St Kitts and Nevis - Monetary Survey
(EC$M at end of period)

	2013	2014	2015	2016	2017	2018P
Net Foreign Assets	**1,945.84**	**2,363.88**	**2,206.09**	**2,167.07**	**2,396.12**	**2,374.40**
Central Bank (Net)	**786.50**	**859.71**	**757.19**	**844.71**	**963.84**	**959.38**
Commercial Banks (Net)	1,159.34	1,504.17	1,448.91	1,322.36	1,432.29	1,415.02
External (Net)	1,100.22	1,578.86	1,600.48	1,698.67	1,407.32	1,338.93
Assets	1,920.89	2,434.82	2,388.23	2,447.43	2,163.83	2,382.26
Liabilities	820.67	855.96	787.75	748.76	756.51	1,043.33
Other ECCB Territories (Net)	59.11	(74.69)	(151.57)	(376.31)	24.97	76.08
Assets	690.12	735.16	809.89	676.52	1,399.99	1,615.68
Liabilities	631.00	809.85	961.47	1,052.84	1,375.03	1,539.59
Net Domestic Assets	**642.71**	**591.25**	**821.93**	**740.59**	**411.90**	**385.39**
Domestic Credit	**1,133.02**	**1,012.58**	**235.97**	**92.73**	**140.17**	**74.42**
Central Government (Net)	372.05	462.19	(286.99)	(357.64)	(333.77)	(518.21)
Other Public Sector (Net)	(635.31)	(854.14)	(926.04)	(1,011.46)	(1,010.35)	(912.76)
Private Sector	1,396.28	1,404.53	1,448.99	1,461.83	1,484.29	1,505.39
Household	878.65	866.64	865.43	875.34	882.37	897.72
Business	428.51	479.42	527.07	523.79	523.85	531.49
Non-Bank Financial Institutions	46.88	16.20	15.22	22.15	39.71	37.36
Subsidiaries & Affiliates	42.24	42.28	41.28	40.56	38.36	38.81
Other Items (Net)	**(490.31)**	**(421.33)**	**585.97**	**647.86**	**271.73**	**310.97**
Monetary Liabilities (M2)	**2,588.54**	**2,955.13**	**3,028.02**	**2,907.67**	**2,808.03**	**2,759.79**
Money Supply (M1)	**521.09**	**582.11**	**624.28**	**567.40**	**564.68**	**552.91**
Currency with the Public	133.10	154.64	168.26	178.13	196.36	205.60
Demand Deposits	375.25	411.05	441.59	373.42	353.92	335.16
EC$ Cheques and Drafts Issued	12.74	16.42	14.43	15.85	14.40	12.15
Quasi Money	**2,067.45**	**2,373.02**	**2,403.75**	**2,340.27**	**2,243.34**	**2,206.88**
Savings Deposits	827.89	908.94	936.64	955.38	1,002.92	1,017.62
Time Deposits	606.56	585.53	620.45	560.05	514.84	510.64
Foreign Currency Deposits	633.01	878.55	846.65	824.84	725.58	678.62

Source: Eastern Caribbean Central Bank
Data as at 21 February 2019

Table 34
St Kitts and Nevis - Selected Tourism Statistics

	2014	2015	2016	2017[R]	2018[P]
Total Visitors	823,284	1,033,816	1,054,900	1,192,966	1,276,855
Stay- Over Visitors	112,936	116,871	115,765	114,861	116,607
of which:					
USA	68,507	70,132	67,805	67,115	69,283
Canada	8,607	6,937	6,934	6,799	6,672
UK	9,136	10,046	10,055	9,927	8,788
Caribbean	20,127	22,975	23,775	24,004	24,366
Other Countries	4,188	3,977	4,124	4,119	4,619
Excursionists	3,463	3,829	3,954	3,960	4,217
Yacht Passengers	5,441	4,009	2,951	6,733	2,494
Cruise Ship Passengers	701,444	909,107	932,230	1,067,412	1,153,537
Number of Cruise Ship Calls	372	440	422	523	539
Total Visitor Expenditure (EC$M)	**339.09**	**361.34**	**374.66**	**431.01**	**496.35**

Note: Includes ECCB estimates

SOURCE: Central Statistics Office, St Kitts, Nevis, St Christopher Air and Seaports Authority and Eastern Caribbean Central Bank

Data as at 22 February 2019

Table 35
Saint Lucia - Selected Economic Indicators

	2014R	2015R	2016R	2017R	2018P
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal Gross Domestic Product (GDP) at Market Prices	4.14	6.39	2.88	7.22	3.65
Real GDP at Market Prices	0.00	0.27	3.89	3.67	0.60
Deflator	3.11	4.24	0.48	4.48	2.61
Consumer Prices (end of period)	3.67	(2.60)	(2.83)	1.98	1.55
Consumer Prices (period average)	3.52	(0.98)	(3.08)	0.10	1.94
Real Gross Value Added (GVA) at basic prices					
Agriculture, Livestock and Forestry	(11.23)	4.63	0.76	(5.17)	11.43
Fishing	2.33	(3.19)	8.16	10.53	(5.00)
Manufacturing	0.00	0.71	3.30	0.65	6.00
Mining and Quarrying	4.22	0.44	(12.00)	14.56	(5.80)
Electricity and Water	(1.00)	1.81	2.90	0.82	1.96
Construction	(15.02)	13.91	3.92	11.35	(17.00)
Wholesale and Retail Trade	(0.67)	(9.30)	16.15	4.76	(5.00)
Hotels and Restaurants	11.74	(1.66)	(3.90)	10.27	4.32
Transport, Storage and Communications	4.28	5.52	(4.01)	5.91	2.72
Transport and Storage	11.34	3.19	(2.83)	10.81	3.18
Communications	(4.37)	8.83	(5.59)	(0.90)	2.00
Financial Intermediation	(12.19)	4.42	18.08	0.44	0.42
Real Estate, Renting and Business Activities	1.93	1.55	2.00	(2.25)	(0.23)
Public Administration, Defence & Compulsory Social Security	0.01	(0.85)	0.11	1.06	0.50
Education	(0.26)	(1.33)	0.74	1.59	0.02
Health and Social Work	3.47	1.45	1.77	3.60	5.88
Other Community, Social & Personal Services	(3.67)	(0.74)	2.89	(0.84)	2.00
Activities of Private Households as Employers	(8.13)	4.17	(2.10)	0.15	5.00
FISIM	(0.53)	(1.52)	3.43	(6.54)	(2.00)
	(In percent of GDP)				
External Sector					
Public Sector External Debt (end-of-period)	34.13	31.00	31.35	33.05	31.84
Central Government					
Current Account Balance	0.43	1.67	2.17	2.05	1.27
Current Revenue	21.64	21.71	22.28	21.43	22.39
Current Expenditure	21.22	20.04	20.11	19.38	21.12
Capital Expenditure and Net Lending	5.16	4.95	3.15	4.42	2.83
Overall Fiscal Balance	(3.30)	(2.10)	(0.51)	(1.16)	(0.92)
	(In percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	2.58	1.94	1.62	1.48	1.44
Weighted Lending Interest Rates	8.50	8.35	8.15	7.99	7.95
	(In millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Market Prices	4,164.50	4,430.50	4,558.26	4,887.38	5,065.71
Real GDP at Market Prices	3,301.06	3,310.05	3,438.83	3,565.09	3,586.40
Merchandise Imports (f.o.b)	1,490.52	1,354.82	1,555.69	1,556.30	1,620.24
Merchandise Exports	433.56	486.84	323.07	342.90	357.85
Gross Visitor Expenditure	1,975.12	2,074.08	1,981.57	2,261.02	2,547.09
GDP per capita (EC$)	24,124.81	25,425.09	25,925.87	27,565.43	28,348.37

Source: Central Statistical Office, Saint Lucia and Eastern Caribbean Central Bank
Data as at 21 February 2019

Table 36
Saint Lucia - Central Government Fiscal Operations
(In Million of Eastern Caribbean Dollars)

	2014	2015	2016	2017[R]	2018[P]
Current Revenue	901.38	961.95	1,015.61	1,047.25	1,134.20
Tax Revenue	855.50	913.40	965.88	983.43	1,024.30
Taxes on Income & Profits	218.79	230.19	251.59	254.15	265.40
Of which:					
Personal	100.55	102.35	106.86	104.63	109.49
Company/Corporation	62.89	69.13	92.70	95.86	92.08
Taxes on Property	8.10	9.41	11.56	12.72	10.84
Taxes on Domestic Goods and Services	383.21	413.11	424.61	389.73	396.69
Of which:					
Stamp Duty	14.19	11.60	14.91	12.51	17.22
Hotel Occupancy Tax	2.67	0.66	0.42	0.14	0.32
Licenses	23.53	25.61	28.82	27.55	16.36
Value Added Tax	322.02	345.36	345.44	312.83	326.31
Taxes on International Trade and Transactions	245.41	260.69	278.11	326.82	351.38
Of which:					
Consumption Tax	0.24	0.03	0.25	0.00	0.00
Import Duty	101.54	104.50	110.41	119.68	123.24
Service Charge	60.06	66.77	69.24	74.45	79.33
Excise Tax	65.72	73.06	80.97	100.13	103.97
Non-Tax Revenue	45.88	48.55	49.73	63.82	109.89
of which: Citizenship By Investment	0.00	0.00	3.58	18.47	71.25
Current Expenditure	883.56	887.91	916.74	947.23	1,069.91
Personal Emoluments	379.52	375.44	400.64	383.66	387.66
Goods and Services	169.71	168.80	165.65	185.41	257.84
Interest Payments	146.61	148.74	149.29	149.65	159.88
Domestic	93.94	97.43	98.43	83.47	88.02
External	52.68	51.31	50.86	66.18	71.86
Transfers and Subsidies	187.72	194.94	201.17	228.51	264.52
Of which: Pensions	70.78	73.13	81.54	82.63	88.32
Current Account Balance	17.82	74.03	98.86	100.02	64.29
Capital Revenue	0.18	0.06	0.23	0.15	0.18
Grants	59.48	52.04	21.39	59.47	32.08
Of which: Capital Grants	59.48	52.04	21.39	59.47	32.08
Capital Expenditure and Net Lending	215.07	219.10	143.55	216.25	143.25
Of which: Capital Expenditure	215.07	219.10	143.55	216.25	143.25
Primary Balance before grants	(50.46)	3.73	104.83	33.57	81.10
Primary Balance after grants	9.02	55.77	126.21	93.03	113.18
Overall Balance before grants	(197.07)	(145.00)	(44.46)	(116.08)	(78.78)
Overall Balance after grants	(137.59)	(92.97)	(23.07)	(56.61)	(46.70)
Financing	137.59	92.97	23.07	56.61	46.70
Domestic	37.00	(14.25)	(47.45)	(92.47)	98.63
ECCB (net)	(34.10)	(26.69)	(11.26)	59.16	(24.98)
Commercial Banks (net)	(16.72)	(3.76)	(10.48)	(72.36)	43.97
Other	87.83	16.19	(25.71)	(79.28)	79.64
External	100.59	107.22	70.52	149.09	(51.93)
Net Disbursements (Amortisation)	100.59	43.72	70.52	149.09	(51.93)
Disbursements	168.83	119.90	144.59	227.15	196.73
Amortisation	68.24	76.18	74.07	78.06	248.66
Change in Govt. Foreign Assets	-	63.50	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-
Other financing	-	-	-	-	-

Source: Ministry of Finance, Saint Lucia and Eastern Caribbean Central Bank
Data as at 21 February 2019

Table 37
Saint Lucia - Monetary Survey
(EC$M at end of period)

	2013	2014	2015	2016	2017	2018P
Net Foreign Assets	**(646.15)**	**(305.18)**	**268.38**	**486.28**	**594.25**	**833.31**
Central Bank (Net)	**454.85**	**635.38**	**804.87**	**780.38**	**829.92**	**742.05**
Commercial Banks (Net)	(1,101.00)	(940.56)	(536.49)	(294.11)	(235.67)	91.26
External (Net)	(390.10)	(200.75)	91.17	204.15	342.69	678.93
Assets	605.91	748.36	892.87	960.03	1,024.48	1,299.80
Liabilities	996.01	949.12	801.69	755.89	681.79	620.86
Other ECCB Territories (Net)	(710.90)	(739.81)	(627.66)	(498.25)	(578.36)	(587.68)
Assets	300.91	236.83	333.34	390.34	504.64	592.46
Liabilities	1,011.82	976.64	961.00	888.59	1,083.00	1,180.14
Net Domestic Assets	**3,499.35**	**3,193.12**	**2,786.32**	**2,638.74**	**2,538.19**	**2,405.59**
Domestic Credit	**3,977.32**	**3,579.47**	**3,269.23**	**2,976.69**	**2,827.51**	**2,734.09**
Central Government (Net)	307.99	257.17	226.72	204.98	191.78	210.77
Other Public Sector (Net)	(382.10)	(456.29)	(480.38)	(477.41)	(553.05)	(633.26)
Private Sector	4,051.43	3,778.60	3,522.89	3,249.12	3,188.77	3,156.58
Household	1,572.07	1,785.54	1,771.13	1,683.54	1,871.39	1,841.76
Business	2,435.26	1,962.33	1,689.50	1,547.59	1,305.42	1,268.87
Non-Bank Financial Institutions	28.10	19.17	14.93	17.40	11.36	42.40
Subsidiaries & Affiliates	16.01	11.56	47.34	0.59	0.61	3.54
Other Items (Net)	**(477.97)**	**(386.35)**	**(482.92)**	**(337.95)**	**(289.32)**	**(328.50)**
Monetary Liabilities (M2)	**2,853.20**	**2,887.94**	**3,054.70**	**3,125.02**	**3,132.44**	**3,238.90**
Money Supply (M1)	**695.44**	**748.57**	**769.09**	**859.73**	**909.96**	**1,016.06**
Currency with the Public	159.97	154.89	153.85	165.76	159.62	163.37
Demand Deposits	527.61	583.57	610.27	685.58	745.36	840.99
EC$ Cheques and Drafts Issued	7.86	10.10	4.97	8.39	4.98	11.70
Quasi Money	**2,157.76**	**2,139.37**	**2,285.61**	**2,265.28**	**2,222.48**	**2,222.84**
Savings Deposits	1,543.19	1,526.49	1,556.01	1,584.80	1,624.34	1,674.18
Time Deposits	443.79	369.54	387.72	362.13	277.32	238.19
Foreign Currency Deposits	170.78	243.34	341.88	318.35	320.82	310.47
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	20.70	26.19	32.01	33.28	36.69	39.45
Liquid assets to short-term liabilities	22.63	28.08	34.24	35.43	39.07	42.01
Customer deposits to total (noninterbank) loans	78.71	85.48	95.95	103.87	109.52	113.88
Weighted Average Interest Rates						
Total Deposits Rate	2.79	2.58	1.94	1.62	1.48	1.44
Lending Rate	8.41	8.50	8.35	8.15	7.99	7.95
Spread between reference lending and deposit rates (basis points)	5.62	5.93	6.41	6.53	6.51	6.51
Nonperforming loans to gross loans	20.64	17.57	18.20	13.13	12.50	10.03

Source: Eastern Caribbean Central Bank
Data as at 21 February 2019

Table 38
Saint Lucia - Selected Tourism Statistics

	2014	2015	2016[R]	2017[R]	2018[P]
Total Visitor Arrivals	1,034,068	1,088,181	1,004,044	1,114,756	1,228,718
Stay Over Arrivals	338,158	344,908	347,872	386,127	394,780
USA	142,582	152,738	157,576	168,223	175,073
Canada	41,502	38,677	37,772	42,578	40,213
UK	73,960	68,175	64,514	72,580	76,142
Caribbean	55,516	62,745	67,226	76,349	77,548
Other Countries	24,598	22,573	20,784	26,397	25,804
Excursionists	7,526	9,080	12,483	9,215	10,036
Cruise Ship Passenger	641,452	677,394	587,421	669,217	760,306
Yacht Passengers	46,932	56,799	56,268	50,197	63,596
Number of Cruise Ships	386	387	381	423	370
Total Visitor Expenditure (EC$M) [1/]	1,975.12	2,074.08	1,981.57	2,261.02	2,547.09

[1/] *Visitor Expenditure includes only the expenditure of stay-over visitors and cruise ship passengers*

Source: Saint Lucia Tourist Board and Eastern Caribbean Central Bank

Data as at 21 February 2019

Table 39
St Vincent and the Grenadines - Selected Economic Indicators

	2014R	2015R	2016R	2017R	2018P
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal Gross Domestic Product (GDP) at Market Prices	0.65	4.26	1.33	1.73	4.22
Real GDP at Market prices	0.96	1.79	1.27	0.71	3.23
Deflator	(0.31)	2.43	0.05	1.01	0.97
Consumer Prices (end of period)	0.10	(2.05)	0.95	3.02	1.37
Consumer Prices (period average)	0.20	(1.73)	(0.15)	2.15	2.32
Real Gross Value Added (GVA) at basic prices					
Agriculture, Livestock and Forestry	2.82	(4.29)	7.89	3.76	(1.71)
Fishing	2.31	8.61	(13.26)	12.47	7.35
Mining and Quarrying	62.06	(7.13)	(5.78)	2.20	2.24
Manufacturing	6.01	1.87	1.94	3.22	5.84
Electricity and Water	(1.13)	3.30	3.58	0.38	1.01
Construction	(11.70)	8.74	(0.84)	6.43	2.24
Wholesale and Retail Trade	0.54	(3.17)	1.32	(3.50)	3.63
Hotels and Restaurants	(3.64)	3.97	0.19	(18.24)	3.82
Transport , Storage and Communications	(0.09)	(1.87)	(1.14)	2.27	6.21
Transport	(0.25)	(0.58)	0.21	3.25	7.76
Communication	0.37	(5.61)	(5.22)	(0.91)	1.00
Financial Intermediation	3.13	3.10	1.31	(0.10)	(0.97)
Real Estate, Renting and Business Activities	0.76	0.75	0.90	1.68	1.41
Public Administration, Defence & Compulsory Social Security	5.88	0.99	(0.44)	(0.90)	0.77
Education	(3.42)	5.74	2.49	(0.00)	2.81
Health and Social Work	(3.67)	2.05	0.65	1.87	3.23
Other Community, Social and Personal Services	3.12	4.38	(3.49)	3.64	0.50
Activities of Private Households as Employers	(2.00)	0.78	(1.81)	1.00	0.50
FISIM	3.32	(0.30)	2.02	(5.63)	(3.67)
	(in percent of GDP)				
External Sector					
Public Sector External Debt (end-of-period)	53.37	52.71	62.24	49.63	47.60
Central Government					
Current Account Balance	1.34	1.43	3.76	0.90	0.96
Current Revenue	27.31	25.39	28.62	27.66	27.08
Current Expenditure	25.97	25.10	24.85	26.76	26.12
Capital Expenditure and Net Lending	5.49	4.22	3.77	4.21	3.12
Overall Fiscal Balance	(2.06)	(0.21)	2.21	(1.67)	(1.04)
	(in percent per annum)				
Monetary Sector					
Weighted Average Deposit Interest Rate	2.51	1.92	1.82	1.82	1.78
Weighted Average Lending Interest Rate	9.30	9.22	8.90	8.58	8.41
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Market Prices	1,959.92	2,043.48	2,070.59	2,106.36	2,195.35
Real GDP at Market Prices	1,700.59	1,730.99	1,753.05	1,765.55	1,822.50
Merchandise Imports (f.o.b)	858.91	792.90	795.38	783.96	840.14
Merchandise Exports (f.o.b)	129.73	123.58	126.21	114.70	118.88
Gross Visitor Expenditure	249.44	258.51	270.34	256.78	281.84
GDP per capita (EC$)	17,783.30	18,526.77	18,765.04	19,074.03	19,863.86

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning and Eastern Caribbean Central Bank
Data as at 05 March 2019

Table 40
St Vincent and the Grenadines - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2014	2015	2016	2017	2018ᴾ
Current Revenue	535.19	518.82	592.58	582.64	594.57
Taxes on Income and Profits	140.03	129.70	155.83	150.93	147.65
Individuals	71.65	70.43	77.80	81.07	77.80
Corporate	40.18	46.31	64.89	56.08	54.29
Non Resident	28.21	12.96	13.14	13.79	15.56
Taxes on Property	34.49	29.02	45.11	50.76	37.43
Taxes on Domestic Goods and Services	181.55	201.02	234.24	232.89	254.91
of which:					
Telecomm Broadcast licence	4.17	7.43	0.85	3.07	3.67
Excise Tax	33.04	35.29	41.32	41.42	41.26
Value Added Tax	110.83	115.14	153.85	149.29	170.29
Motor Vehicle Licence	10.17	10.79	13.11	13.66	14.14
Taxes on International Trade and Transactions	79.34	84.07	62.98	71.26	69.76
of which:					
Import Duties	49.35	52.27	56.72	54.10	60.23
Other Revenue	99.77	75.01	94.42	76.79	84.82
Current Expenditure	508.92	512.90	514.63	563.61	573.53
Compensation of Employees	260.11	268.87	275.14	280.81	288.02
Use of Goods and Services	73.95	73.26	64.24	78.14	73.95
Interest Payments	45.67	44.84	42.73	49.74	49.89
Domestic	18.37	17.97	14.93	18.62	18.87
External	27.29	26.87	27.79	31.12	31.02
Transfers and Subsidies	122.31	120.12	118.74	132.30	139.14
of which:					
Other Grants and Contributions	54.59	51.73	42.63	50.79	60.73
Employment Related Social Benefit	46.45	49.00	50.84	59.40	57.51
Current Account Balance	26.27	29.32	77.95	19.02	21.04
Capital Revenue	9.46	26.09	20.26	5.83	0.96
Grants					
Of which: Capital Grants	9.34	28.02	25.72	28.67	23.49
Capital Expenditure	107.62	86.24	78.16	88.65	68.39
Primary Balance before grants	(34.26)	(10.96)	62.77	(14.06)	3.51
Primary Balance after grants	5.22	40.46	88.50	14.61	27.00
Overall Balance before grants		(55.79)	20.05	(63.79)	(46.39)
Overall Balance after grants	(40.45)	(4.37)	45.77	(35.12)	(22.89)
Financing	40.45	4.37	(45.77)	35.12	22.89
Domestic	(120.86)	(52.30)	(87.71)	43.33	(20.19)
Central Banks (net)	2.18	6.73	(1.57)	0.77	3.85
Commercial Banks (net)	22.35	15.82	(49.17)	33.98	7.26
Other	(145.38)	(74.85)	(36.97)	8.58	(31.30)
External	150.04	85.65	65.58	(8.82)	23.52
Net Disbursements/(Amortisation)	150.04	85.65	65.58	(8.82)	23.52
Disbursements	192.51	131.19	114.21	55.83	87.12
Amortisation	42.47	45.54	48.63	64.65	63.60
Change in Govt. Foreign Assets	0.00	0.00	0.00	0.00	0.00
Arrears	11.26	(28.98)	(23.64)	0.61	19.57
Domestic	11.26	(28.98)	(23.64)	0.61	19.57
External	0.00	0.00	0.00	0.00	0.00
Other Financing	0.00	0.00	0.00	0.00	0.00

Source: Ministry of Finance and Economic Planning, St Vincent and the Grenadines and Eastern Caribbean Central Bank
VAT is a tax on goods and services therefore all receipts including those payable on imports of goods and services have been consolidated under Taxes on Domestic Goods and Services
Data as at 14 February 2019

Table 41
St Vincent and the Grenadines - Monetary Survey
(EC$M at end of period)

	2013	2014	2015	2016	2017	2018P
Net Foreign Assets	**493.08**	**508.23**	**531.94**	**661.82**	**607.90**	**599.13**
Central Bank (Net)	**359.42**	**421.43**	**444.81**	**516.24**	**487.00**	**454.94**
Commercial Banks (Net)	133.66	86.80	87.13	145.58	120.90	144.19
External (Net)	(30.71)	5.79	4.38	67.95	30.91	16.91
Assets	174.55	215.78	231.39	273.52	219.80	200.92
Liabilities	205.26	209.99	227.01	205.58	188.88	184.01
Other ECCB Territories (Net)	164.37	81.01	82.75	77.64	89.99	127.28
Assets	276.13	200.15	200.27	197.52	236.77	275.49
Liabilities	111.77	119.13	117.52	119.89	146.79	148.21
Net Domestic Assets	**791.95**	**900.40**	**943.84**	**858.90**	**931.32**	**966.00**
Domestic Credit	**998.91**	**1,020.24**	**1,069.38**	**1,045.43**	**1,091.00**	**1,107.31**
Central Government (Net)	64.09	88.61	111.16	60.42	95.17	106.28
Other Public Sector (Net)	(113.02)	(113.63)	(111.66)	(99.04)	(105.13)	(101.78)
Private Sector	1,047.84	1,045.26	1,069.89	1,084.05	1,100.96	1,102.81
Household	777.08	789.59	817.52	846.62	877.96	897.97
Business	250.34	235.61	232.88	210.02	186.45	162.91
Non-Bank Financial Institutions	16.43	16.06	15.49	23.41	32.55	39.93
Subsidiaries & Affiliates	4.00	4.00	4.00	4.00	4.00	2.00
Other Items (Net)	**(206.96)**	**(119.84)**	**(125.54)**	**(186.53)**	**(159.68)**	**(141.31)**
Monetary Liabilities (M2)	**1,285.03**	**1,408.62**	**1,475.78**	**1,520.72**	**1,539.22**	**1,565.13**
Money Supply (M1)	**374.21**	**426.30**	**437.83**	**479.79**	**475.84**	**515.97**
Currency with the Public	48.14	53.61	64.62	91.72	95.87	107.07
Demand Deposits	320.08	364.30	364.05	379.55	371.21	400.34
EC$ Cheques and Drafts Issued	5.99	8.39	9.16	8.51	8.75	8.56
Quasi Money	**910.82**	**982.33**	**1,037.95**	**1,040.93**	**1,063.38**	**1,049.16**
Savings Deposits	717.40	779.44	820.61	845.21	875.79	876.29
Time Deposits	136.28	130.09	126.90	114.25	110.10	104.87
Foreign Currency Deposits	57.15	72.79	90.44	81.47	77.48	68.00
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	36.06	37.58	38.22	39.90	38.75	37.66
Liquid assets to short-term liabilities	41.70	42.24	42.90	44.66	43.52	41.60
Customer deposits to total (noninterbank) loans	122.25	129.28	130.48	130.83	128.57	128.78
Weighted Average Interest Rates						
Total Deposits Rate	2.63	2.51	1.92	1.82	1.82	1.78
Lending Rate	9.41	9.30	9.22	8.90	8.58	8.41
Spread between reference lending and deposit r	6.78	6.79	7.30	7.09	6.76	6.63
Nonperforming loans to gross loans	8.30	9.98	8.65	9.53	8.17	6.48

Source: Eastern Caribbean Central Bank
Data as at 25 February 2019

Table 42
St Vincent and the Grenadines - Selected Tourism Statistics

	2014	2015	2016	2017[R]	2018[P]
Total Visitor Arrivals	204,934	206,662	223,156	303,044	356,069
Stay-Over Arrivals	70,713	75,381	79,395	75,972	80,080
Of Which:					
USA	19,838	22,063	23,086	23,320	26,351
Canada	7,203	7,515	7,905	8,690	9,822
UK	15,960	17,045	16,974	11,870	12,959
Caribbean	19,886	21,566	24,390	24,924	23,807
Other Countries	7,826	7,192	7,040	7,168	7,141
Excursionists	2,152	1,732	1,340	1,485	1,287
Yacht Passengers	46,899	47,470	48,270	51,351	56,826
Cruise Ship Passengers	85,170	82,079	94,151	174,236	217,876
Number of Cruise Ship Calls	222	231	261	280	261
Total Visitor Expenditure (EC$M)	**249.44**	**258.51**	**270.34**	**256.78**	**281.84**

Note: Includes ECCB estimates
Source: St Vincent and the Grenadines Tourism Authority and Eastern Caribbean Central Bank
Data as at 05 March 2019

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