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C O N T E N T S

INTERNATIONAL ECONOMIC DEVELOPMENTS

Overview

During the first quarter of 2017 there was wide dispersion in the economic performance of the world's major economies. Global GDP growth was mixed in the major economies, relative to the pace in the last quarter of 2016. Specifically, the rate of growth slowed in the USA, and the UK, while it accelerated in Canada and China. In the USA and the UK, growth slowed due to lower consumer spending and investor uncertainty, while in Canada a rebound in oil related investments and household consumption propelled growth. In China strength in housing, infrastructure investment, exports and retail sales coupled with government policy support were the main drivers of growth during the quarter. Labour market conditions improved, supported by accommodative monetary policy, as Central Banks maintained interest rates below the 2008 pre-crisis level and implemented non-conventional policy intervention such as asset purchases. Inflationary pressures increased during the quarter due to a moderate rise in global oil and food prices.

The IMF April 2017 World Economic Outlook report forecasts that world growth is projected to rise from 3.1 per cent in 2016 to 3.5 per cent in 2017 and 3.6 per cent in 2018. This level of growth will be on account of buoyant financial markets and a cyclical recovery in manufacturing and trade. While the pace of growth was uneven in the major economies in the first quarter, the pace of growth is likely to accelerate in most of the major economies in the remainder of 2017 as confidence improves and more targeted policy support takes effect. The risks to global growth are largely negative and include inward looking policies that could hinder global trade and by extension the manufacturing sector and investment flows. These risks include geopolitical tensions along with terrorism and other security jitters; an accelerated increase in the Federal Funds rate in the USA; financial vulnerabilities in emerging markets along with increasing debt levels in China; and the roll out of Brexit given the results of the recent UK election. Some of these risks could be abated by the crafting of policy responses aimed at tackling uncertainty; tightening homeland security; and the implementation of macro-economic/structural and financial reforms to ease the distresses in the financial system and the macro-economy.

Macro-economic Developments in the Major Economies

Real GDP and Labour Market Developments

The value of the goods and services produced in the **USA** increased at an annual rate of 1.2 per cent in the first quarter of 2017, compared with a 1.1 per cent growth in the corresponding quarter of 2016 and a 2.1 per cent increase in the fourth quarter of 2016. The increase in real GDP in the first quarter primarily reflected positive contributions from nonresidential fixed investment, exports, residential fixed investment, and PCE that were partly offset by negative contributions from private inventory investment, federal government spending, and state and local government spending. There was also a higher level of imports, during the quarter. The unemployment rate was 4.5 per cent in March 2017 down from the rate of 4.8 per cent in January 2017 and 5.0 per cent in March 2016. Consequently, the number of unemployed persons declined by 326,000 to 7.2 million. The labour force participation rate increased slightly to 63.0 per cent in March from 62.9 per cent in January. Average hourly earnings for all employees on private nonfarm payrolls edged up by five cents to $26.14 in March. Over the year, average hourly earnings have risen by 68 cents or 2.7 per cent.

The economy of the **United Kingdom** expanded by 0.2 per cent during the first quarter of 2017, slowing from 0.7 per cent growth in the previous period and below preliminary estimate of 0.3 per cent. The expansion was driven by activity in the services sector which grew by 0.2 per cent and is the largest contributor to GDP. There were also increases in industrial output (0.1 per cent) as output expanded in manufacturing, mining and quarrying, among others. Construction and agricultural output also advanced by 0.2 per cent and 0.3 per cent, respectively. The unemployment rate in the first quarter of 2017 was 4.6 per cent, down from 5.1 per cent for a year earlier and the lowest since 1975. There were 8.83 million people who were economically inactive; 40,000 fewer than for October to December 2016 period and 82,000 less than a year earlier. Latest estimates show that average weekly earnings in real terms increased by 0.1 per cent including bonuses, but fell by 0.2 per cent excluding bonuses, compared with a year earlier.

The **Eurozone** economy is estimated to have increased by 0.5 per cent during the first quarter of 2017, which was the same pace as in the last quarter of 2016. Compared with the corresponding quarter of the previous year, seasonally adjusted GDP rose by 1.7 per cent. On an individual country basis; economic expansion occurred in Spain (0.8 per cent); Germany (0.6 per cent); France (0.3 per cent) and Italy (0.2 per cent). In contrast, economic activity contracted in Greece by 0.1 per cent. The unemployment rate in the Eurozone was 9.5 per cent in March 2017, stable when compared to February 2017 and down from 10.2 per cent in March 2016. This was the lowest rate recorded since April 2009. The unemployment rate was lowest in Germany at 3.9 per cent and highest in Greece at 23.1 per cent.

The **Canadian** economy expanded by 0.9 per cent in the first three months of 2017, following 0.7 per cent growth in the previous three months. The annualized growth rate advanced to 2.3 per cent from 2.0 per cent a year earlier. GDP growth in the quarter increased partly because of a resumption of investment growth in the oil and gas sector after a long period of steep declines along with increases in household consumption and retail sales. The unemployment rate in March 2017 was 6.7 per cent, down from 7.1 per cent a year earlier and 6.9 per cent in December 2016. The number of unemployed persons increased by 27,600 to 1,3 million. The participation rate increased to 65.9 per cent from 65.8 per cent in the previous month.

The economy of **China** expanded at an annual rate of 6.9 per cent in the first quarter of 2017, slightly higher than the rate of 6.8 per cent recorded in the last quarter of 2016. This was the strongest quarterly performance in 18 months, and reflected a surge in industrial activity, property investment and credit growth. During the first quarter industrial production rose by 6.8 per cent year on year, with growth in March accelerating to 7.6 per cent. Retail sales for the quarter rose by 10.0 per cent year on year, and were also strongest in March, although auto sales were soft. This was further supported by an 18.0 per cent surge in new home sales.

Commodity and Consumer Prices

According to the World Bank Commodities Market Outlook, energy prices rose by 6.0 per cent in the first quarter of 2017. This was primarily driven by an increase in crude oil prices. Crude oil prices rose by 8.0 per cent in the first quarter of 2017, averaging nearly US$53.0 per barrel. Prices dropped below US$50.0 per barrel in early March on concerns of over commitments to the OPEC/non-OPEC cuts, larger-than-expected U.S. crude oil inventories, and a robust recovery in U.S. shale oil activity. More specifically, during the first quarter, the average price of West Texas Intermediate (WTI) rose to US$53.3 per barrel compared with US$48.9 per barrel in the previous three months and US$36.4 per barrel during the corresponding quarter of 2016. Likewise, UK Brent averaged US$56.3 in the first three months of 2017 from an average of US$34.2 in the last quarter of 2016 and US$39.9 in the corresponding three months of 2016.

Metals prices rose by 10.0 per cent in the first quarter of 2017, relative to the previous quarter ending December 2016, driven by strong demand particularly in China's property, infrastructure, and manufacturing sectors, as well as various supply constraints. Copper prices jumped by 11.0 per cent to US$5,840 per metric ton during the quarter due to supply disruptions among the world's largest producers such as Chile and Peru. Aluminum prices rose by 8.0 per cent to US$1,851 per metric ton due to strong demand, restocking in China, falling London Metal Exchange stocks, and concerns about a new Chinese law that went into effect in March. With respect to precious metals, the average price of gold per ounce fell to US$1,219 in the first three months of 2017 from US$1,221 in the last quarter of 2016, however this represented an increase when compared to the first quarter of 2016 when gold prices were US$1,181 per ounce. Platinum prices followed a similar trend as gold prices, rising to US$981 per ounce in the first quarter of 2017 from US$944 in the last quarter of 2016. The price of silver averaged US$17.5 per ounce in the first quarter of 2017 from US$17.2 in the previous quarter and US$14.9 per ounce in the first quarter of 2016.

The FAO Food Price Index (FFPI) averaged 173.7 in the first three months of 2017 up from an average of 171.5 in the final quarter of 2016 and an average of 149.9 in the corresponding quarter of 2016. The major contributors to the increase in food prices relative to the previous quarter were increases in the dairy and cereal price indices. The dairy price index rose by 4.4 points to 192.3 and the cereal price index increased by 6.4 points to 148.4. Concerns about unfavorable weather and a reduction in arable land used for planting wheat in the United States of America drove up wheat prices, while maize prices rose due to uncertain crop prospects in South America coupled with strong global demand. Less rice available for export in India, as a result of ongoing state procurement programs, drove up international rice prices. Meanwhile, the sugar price index fell by 10.7 points to 277.7 due to continued weak global import demand and prospects of larger export supplies from Brazil.

Consumer Prices

The evolution of consumer price inflation in the major economies was mixed during the first quarter of 2017. Headline consumer prices in the **USA** fell by 0.3 per cent in March 2017, the first decline since February 2016. A decline in the gasoline index was the largest factor coupled with a decrease in the index for wireless telephone services. Consumer prices in the **United Kingdom** increased by 2.3 per cent year-on-year in March of 2017, largely due to rising prices for food; alcohol and tobacco; clothing and footwear; and miscellaneous goods and services. The rate has been steadily increasing following a period of relatively low inflation in 2015. The annual inflation rate in the **Eurozone** was 1.5 per cent in March 2017, down from 2.0 per cent in February and up from zero per cent in the corresponding period last year. The largest upward impacts to annual inflation came from fuels for transport, heating oil, and vegetables while telecommunication and package holidays, and garments had the biggest downward impacts.

In **Canada**, consumer prices rose by 1.6 per cent year-over-year in March 2017, following a 2.0 per cent gain in February, largely driven by higher gasoline prices. Excluding food and energy, the CPI was up by 1.7 per cent year over year in March, after posting a 2.0 per cent increase in

February. Consumer price inflation in **China** rose by 0.9 per cent year-on-year in March of 2017, up from an inflation rate in February of 0.8 per cent and below expectations of a 1.0 per cent increase. This largely reflected an increase in non-food prices and services while food prices and the prices of consumer goods fell.

Monetary Policy Developments

While the pace of economic growth in the advanced economies ticked up during the first quarter of 2017, the rate of growth is still considered to be tepid. As a result, the monetary policy stance in these economies remained largely supportive to quicken the pace of GDP expansion. In the **USA**, the Federal Open Market Committee (FOMC) at its 15th March meeting increased the Federal Funds rate by 0.25 percentage point to a range of 0.75 per cent to 1.0 per cent. The hike in the rate was widely expected following a strong jobs report coupled with solid progress toward the goal of maximum employment and price stability. The rate hike also signaled confidence in the robustness and resilience of the economy. Analysts are of the view that the Federal Reserve is likely to raise rates two more times this year, although subjected to economic data. The Committee also maintained its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. The Committee anticipates that this policy stance will continue until the process of restoring the federal funds rate to normal levels ensues.

At its meeting on 15th March 2017, the **Bank of England's** Monetary Policy Committee maintained the Bank Rate at 0.25 per cent, although the inflation rate neared the inflation target of 2.0 per cent in January 2017. The Monetary Policy Committee also voted unanimously to continue with the programme of non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, totalling up to £10 billion and to maintain the stock of UK government bond purchases at £435 billion.

The Governing Council of the **European Central Bank (ECB)** at its 9th March 2017 meeting decided that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.00 per cent, 0.25 per cent and -0.40 per cent, respectively. The Governing Council expects to continue to hold the key ECB interest rates as they are or at lower levels for an extended period of time. Regarding non-standard monetary policy measures, the Governing Council confirmed that it will continue to make purchases under the asset purchase programme (APP) at the current monthly pace of €80 billion until the end of March 2017. From April 2017, the net asset purchases are intended to continue at a monthly pace of €60 billion until the end of December 2017, or beyond, if necessary, and in any case until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim. The net purchases will be made alongside reinvestments of the principal payments from maturing securities purchased under the APP.

The **Bank of Canada** on 1st March 2017 maintained its target for the overnight rate at 0.5 per cent, likewise the Bank Rate and deposit rates remained unchanged at 0.75 per cent and 0.25 per cent respectively. This decision was taken as there continued to be excess capacity in the economy. Driven by market expectations, in March, the People's **Bank of China** raised the medium term lending facilities rate by 10 basis points, with 6-month and 1-year rates raised to 3.05 per cent and 3.20 per cent, respectively. The cost of seven (7), fourteen (14) and twenty-eight (28)-day reverse repurchase agreements were raised by 10 basis points each. Seven-day reverse repos were offered at 2.45 per cent, 14-day reverse repos at 2.6 per cent and 28-day reverse repos at 2.75 per cent.

Prospects

Global economic growth is expected to accelerate in 2017 according to the April 2017 IMF World Economic Outlook. The global economy is forecasted to grow by 3.5 per cent in 2017 from 3.1 per cent in 2016. Much of this expansion in global growth will stem largely from emerging market and developing economies. Emerging market and developing economies are estimated to expand by 4.5 per cent, more than twice the 2.0 per cent increase in GDP forecasted for more advanced economies. Global growth will be fuelled by buoyant financial markets, and a recovery in manufacturing and trade. Furthermore, an increase in oil prices in emerging market oil producers will facilitate growth in these economies.

On an individual country basis, the **USA** is estimated to expand between 2.0 to 3.0 per cent in 2017, up from 1.6 per cent in 2016. These growth prospects are dependent on the pace of implementation of announced policies by the Trump Administration namely fiscal stimulus and financial deregulation. Economic activity is expected to be sustained by an improvement in the manufacturing sector and robust consumer confidence which will translate to higher levels of consumption. These gains may be constrained somewhat by weak external demand for USA exports due to the appreciation of the dollar and rising interest rates. The rate of unemployment is expected to remain at the natural rate of unemployment (near 4.5 per cent), while interest rates are likely to increase during the rest of the year.

The **Bank of England's** growth outlook for the UK economy remains guarded in the near-to-medium term, largely based on sentiments after the UK election. The economy is projected to grow by 1.9 per cent in 2017 from 1.6 per cent in 2016. This growth is expected to stem from the manufacturing and services sectors which benefit from the weaker pound. The economy will however be challenged by slower consumer spending growth and the drag on business investment from Brexit-related uncertainty. Inflation is expected to rise further above the target in the coming months, peaking a little below 3.0 per cent in the fourth quarter of 2017.

The economic recovery in the **Eurozone** is expected to continue, buoyed by domestic demand, as foreign demand growth remains weak. The preliminary estimate is for an expansion range between 1.5 to 2.0 per cent in 2017. Sustained domestic demand continued to be supported by highly accommodative monetary conditions and an improving labour market. Furthermore, the favourable impact on financing conditions from the accommodative policy stance, along with improvements in corporate profitability, has benefited investment as well as lending to households and a rebound in residential investment. The pace of expansion over the projection horizon will be tempered by slow potential output growth and political uncertainty.

Canada's economy is expected to grow by 2.6 per cent this year due to a bounce-back in capital expenditures in the oil and gas sector, which is helping to underpin renewed growth in business investment. Economic activity will also be supported by rising foreign demand, federal fiscal stimulus, rising consumer demand in energy-intensive provinces and accommodative monetary and financial conditions. Ongoing competitiveness challenges and uncertainty surrounding the prospects for global trade are expected to limit this broadening of growth. A notable increase in global protectionism remains the most important source of uncertainty facing the Canadian economy. The Bank of Canada expects CPI inflation to remain close to 2.0 per cent over the projection horizon as the effects of the relative price movements dissipate and excess supply is absorbed.

The **Chinese** government expects the economy to grow by around 6.5 per cent in 2017; compared to a 6.7 per cent expansion in 2016, which was the slowest growth in 26 years. Growth during the year will be led by a boost in investment along with strong policy support from the authorities.

Crude oil prices are projected to average US$55 per barrel in 2017, as global supplies fall short of demand. Crude oil stocks are expected to fall, especially in the second half of the year, as OPEC and non-OPEC countries constrain production. Consequently, inflationary pressures will likely increase at moderate pace.

There are a number of downside risks that could setback the aforementioned growth projections. These include inward looking policies that could hinder global trade and by extension the manufacturing sector and investment flows; geopolitical tensions along with terrorism and other security jitters; the increase in the Federal Funds rate in the USA at a quicker pace than anticipated, which could lead to tightening in global financial conditions and a sharp dollar depreciation; financial vulnerabilities in emerging markets along with increasing debt levels in China; and the roll out of Brexit given the results of the recent UK election which saw a smaller majority lead government. Some of these risks could be tempered by greater collaboration among high risks countries targeted for terrorist attacks and a more thoughtful increase in interest rates in the USA.

DOMESTIC ECONOMIC DEVELOPMENTS

Overview

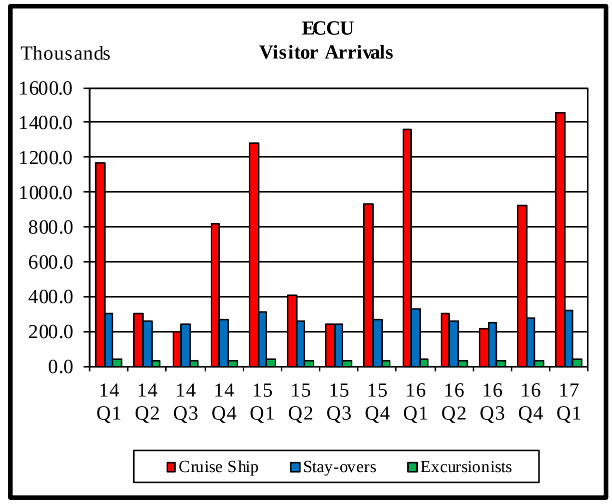
Macroeconomic outcomes were broadly favourable in the ECCU in the first three months of 2017, relative to the comparable period of 2016. This is in tandem with the results of the Business Outlook Survey, conducted by the ECCB in each of its member countries during the period 18 January to 17 February 2017, which indicated that businesses in the ECCU expected an improvement in economic conditions for the first half of 2017, compared with the corresponding period in 2016. The economic momentum, in the quarter under review, was upheld by strong construction activity and steady tourism demand, predominantly from cruise visitors. All member countries registered an increase in economic activity, albeit at varying paces. The fiscal operations of the central governments resulted in a smaller overall surplus, compared with that recorded in the first quarter of 2016. Total public sector debt contracted during the review period. The merchandise trade deficit widened, mirroring reduced export receipts and higher import payments. Developments in the banking sector were marked by growth in monetary liabilities (M2), net foreign assets, and domestic credit. The liquidity position of commercial banks in the Currency Union rose and the spread between the weighted average interest rate on loans and deposits widened.

Favourable macroeconomic conditions are forecasted for the ECCU in the remainder of 2017, premised on advancements in the global economy, and supported by growth enhancing policies both at the domestic and regional level. Inflationary pressures are likely to remain subdued. The consolidated fiscal operations of the central governments are likely to result in a smaller overall surplus in 2017. In the external sector, the merchandise trade deficit is projected to widen, largely based on the expectation of higher import payments. Risks to this outlook emanate from the global economy, some of which are associated with the uncertainty surrounding the Brexit referendum and the policies of the new USA government. The region also remains susceptible to other external shocks, plant diseases and adverse weather. **Despite**

recent macroeconomic gains, challenges persist in the Currency Union, including those relating to high unemployment; increasing crimes; a high debt overhang; and constraining factors in the doing business environment. Deeper regional cooperation and coordination are necessary to address these challenges in the near to medium term.

Output

Construction activity is estimated to have strengthened in the quarter under review, compared with the first three months in 2016. Higher activity in Antigua and Barbuda, Dominica, Grenada, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines offset estimated declines in Anguilla and Montserrat. Private sector construction was robust, largely sustained by work on tourism related properties in Dominica, Grenada, St Kitts and Nevis and Saint Lucia. This outturn was complemented by growth of 2.0 per cent in capital expenditure, primarily associated with developments in Dominica and St Kitts and Nevis. Public sector activity was focused on roads, schools, a Parliament building, a Fire Hall facility, housing, an athletic track, water projects, and hospital development, supported by reconstruction and rehabilitation work undertaken in Dominica.



Activity in the tourism industry grew moderately in the first three months of 2017, in comparison with the outcome in the corresponding period of 2016. Total visitor arrivals rose by 5.3 per cent to 1.9m, relatively on par with the pace of growth of 5.1 per cent recorded in the first quarter of 2016. The number of cruise passengers, the largest category of visitors, grew by 7.6 per cent to 1.5m, accelerating from the rate of growth of 5.8 per cent observed in the first quarter of 2016. Saint Lucia registered the largest additional intake of cruise visitors, followed by Antigua and Barbuda and then St Kitts and Nevis. The total number of cruise ship calls to the Currency Union moved up to 938 from 932. Heightened activity in the cruise industry is estimated to have had positive spin off effects on the transport, storage, and communications sector.

Stay-over visitor arrivals, the second largest sub-category, decreased by 2.2 per cent to 317,841 in contrast to a rate of growth of 5.2 per cent in the corresponding period of 2016. This development was influenced by lower arrivals from the chief source markets, namely, the Caribbean (7.9 per cent), UK (5.5 per cent), and the USA (2.9 per cent). There were declines in stay-over arrivals for most member countries, with the exception of Dominica and Saint Lucia. The most pronounced decline was observed in Antigua and Barbuda (6.6 per cent), followed by St Kitts and Nevis (5.0 per cent).

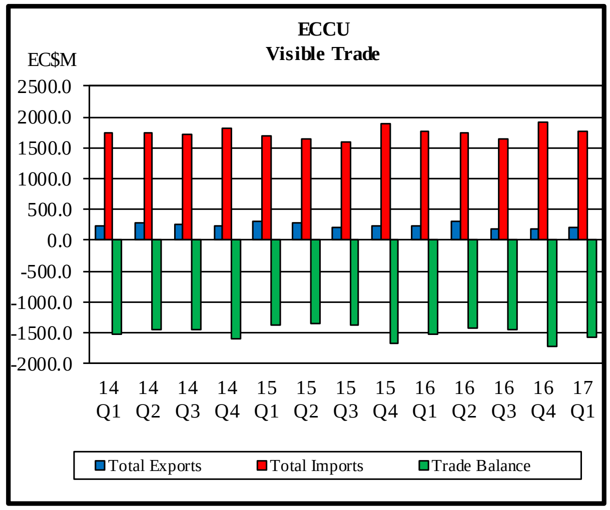
Among the remaining categories of visitors, the number of excursionists rose by 2.1 per cent to 37,347, a turnaround from a decline of 10.1 per cent registered in the first quarter of 2016. Mainly Anguilla, and, to a lesser extent, St Vincent and the Grenadines accounted for growth in the number of excursionists. The number of yacht passengers decreased by 2.9 per cent to 68,145, following marginal growth of 0.4 per cent in the comparable period of 2016. The unfavourable outturn for yacht passengers resulted mainly from declines in the majority of member states, principally Grenada.

Output in the agricultural sector was mixed. Banana production fell by 32.8 per cent to 2,783.1 tonnes, relative to a decrease of 17.1 per cent in the first quarter of 2016. There was lower banana output in Grenada and Saint Lucia, and only a marginal increase in production in Dominica. In St Vincent and the Grenadines, banana exports are estimated to have fallen. The total output of non-banana crops is estimated to have contracted in Grenada and St Vincent and the Grenadines, but expanded in Dominica, Saint Lucia and St Kitts and Nevis. Output of the livestock sub-sector is estimated to have risen in Dominica, St Kitts and Nevis and Saint Lucia.

Activity in the manufacturing sector is estimated to have deteriorated in the quarter under review. This sector's performance was subdued in Dominica, Saint Lucia and St Vincent and the Grenadines. The outturn was characterised by declines in the output of items such as beverages and flour. By exception, Saint Kitts registered improved manufacturing performance.

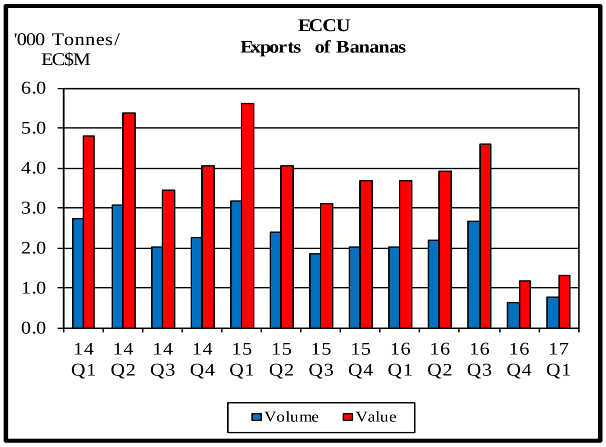
Prices

Inflationary pressures were evident across the majority of member states during the first quarter of 2017, with the exception of Anguilla, Dominica, and St Kitts and Nevis, which experienced marginal declines in their general consumer price levels. There were increases in the overall consumer price index ranging from 0.2 per cent in three countries (Grenada, Saint Lucia, and St Vincent and the Grenadines) to 2.4 per cent in Antigua and Barbuda. The moderate inflation was primarily associated with higher costs for transport and food, inextricably linked to higher international commodity prices. The rise in the transport related sub-index ranged from 0.3 per cent in Dominica to 8.5 per cent in Montserrat. The increase in the food related sub-index ranged from 0.1 per cent in St Kitts and Nevis to 1.9 per cent in Antigua and Barbuda.



Trade and Payments

Preliminary estimates indicate that the merchandise trade deficit widened to $1,564.3m from $1,527.1m, largely on account of a contraction in export receipts and exacerbated by higher import payments. The value of exports shrank by 10.9 per cent to $202.5m, representing reductions in both of its components. Domestic exports fell by 9.1 per cent ($13.1m) to $131.3m, partly linked to the subdued manufacturing output. Additionally, earnings from export of bananas were cut by 64.6 per cent ($2.4m) to $1.3m, reflecting lower production of this commodity. Re-exports were down by 14.1 per cent ($11.7m) to $71.2m. Import payments rose by 0.7 per cent ($12.5m), to $1,766.8m, chiefly on account of higher outlays on machinery and transport equipment, manufactured goods and articles, and food and live animals. The value of imports increased in most territories except Anguilla, Montserrat, and Saint Lucia.



Gross travel receipts rose by 5.9 per cent to $1,435.4m, in tandem with growth in visitor arrivals. Commercial bank transactions resulted in a net outflow of $576.8m in short-term capital compared with a net outflow of $59.6m in the corresponding period of 2016. Disbursements of external loans to central governments amounted to $200.0m, up from $81.4m in the corresponding period of 2016. External loan amortisation totalled $156.4m, up from $133.1m in the first quarter of 2016. Consequently, the central governments were in an external net disbursement position of $43.6m, in contrast to a net amortisation position of $51.7m in the first three months of 2016.

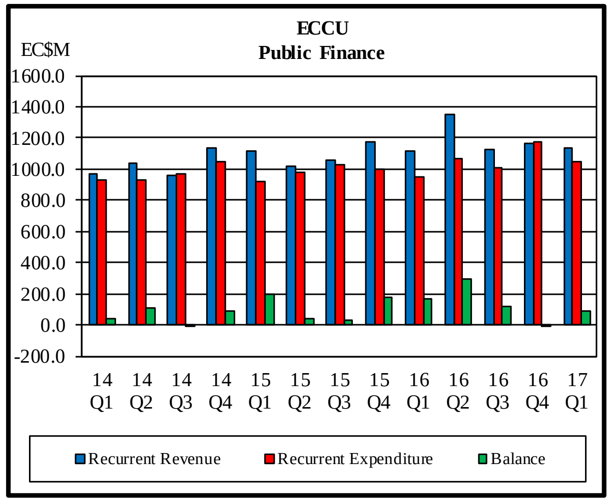
Central Government Fiscal Operations

The consolidated fiscal operations of the central governments resulted in an overall surplus of $0.3m, significantly below one of $77.4m in the first quarter of 2016. This outturn was characterised by lower surpluses registered in Anguilla, Antigua and Barbuda and St Kitts and Nevis; while Grenada, by exception, incurred a higher surplus. The remaining ECCU member territories recorded wider deficits, other than St Vincent and the Grenadines, which recorded a lower deficit. A primary balance surplus of $101.0m was recorded for the ECCU, down from one of $190.6m in the first quarter of 2016.

The fiscal position of the ECCU in the review period was influenced primarily by developments on the current account. A current account surplus of $89.8m was registered, below that of $168.2m. The majority of member countries registered current account surpluses, with the exception of Dominica, Montserrat and St Vincent and the Grenadines. Notably, Dominica moved from a current account surplus to a deficit position, while the deficits were wider in Montserrat and St Vincent and the Grenadines. The surpluses ranged from $4.6m in Antigua and Barbuda to $45.6m in Saint Lucia.

On the current account, growth in current expenditure outpaced that of current revenue. Current expenditure expanded by 9.9 per cent ($93.8m) to $1,042.5m, on account of higher spending on most major categories, except interest payments. Interest payments were down by 11.1 per cent ($12.5m), reflective of lower external interest obligations in most ECCU member states, particularly Antigua and Barbuda. There was a 24.3 per cent ($53.6m) expansion in spending on transfers and subsidies, partly influenced by higher pension payments in most member territories. Payment for goods and services rose by 16.9 per cent ($30.2m), on account of developments in most member countries, but more so in St Kitts and Nevis and Dominica which posted increases of $10.4m and $8.9m respectively. Outlays on personal emoluments, the largest component of current expenditure, were up by 5.0 per cent ($21.7m). There was higher spending on personal emoluments in every member state, ranging from an increase of $0.2m in Montserrat to one of $9.7m in Grenada, the latter of which was associated with salary increases and increments paid to certain public officers.

Current revenue grew by 1.4 per cent ($15.3m) to $1,132.3m, resulting from stronger collections, especially in Grenada and Saint Lucia, and to a lesser extent Anguilla, Montserrat, and St Vincent and the Grenadines. Growth of 7.4 per cent ($69.6m) in tax revenue was primarily responsible for the advancement in current revenue. All countries registered additional tax revenue, principally Grenada ($28.4m), Antigua and Barbuda ($14.9m) and Saint Lucia ($13.0m). There were gains in most tax heads, except taxes on property which fell by 7.2 per cent ($2.0m) as a result of developments in St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines. Revenue from taxes on income and profits rose by 13.0 per cent ($29.3m), on account of gains in most territories, led by Grenada. The performance of this tax head was driven by growth of 34.0 per cent in company tax which more than offset a contraction of 6.9 per cent in personal income tax. Collections from taxes on domestic goods and services grew by 6.0 per cent ($25.9m), reflecting improved yields in all territories, excluding Montserrat and Saint Lucia. The outturn for this tax head was underpinned by growth of 2.3 per cent ($5.6m) in revenue from the Value Added Tax (VAT), reflective of the strengthened momentum in economic activity. The increase in the VAT intake was more pronounced in Grenada and St Kitts and Nevis. A higher yield of 6.3 per cent ($16.4m) from taxes on international trade and transactions partly resulted from growth in import duties and the customs service charge. Saint Lucia, followed by Dominica and Grenada, observed the largest advancements in receipts from taxes on international trade and transactions. Meanwhile, non-tax revenue, the smaller component of current revenue, fell by 31.4 per cent ($54.3m), largely the consequence of lower receipts in Antigua and Barbuda, Dominica and St Kitts and Nevis. The downturn was primarily influenced by reduced inflows recorded from the Citizenship by Investment programmes.



On the capital account, there was an uptick of 2.0 per cent to $145.6m in expenditure, against the backdrop of additional grant funding. Notable growth in capital outlays were recorded in Dominica ($21.2m), associated with reconstruction and rehabilitation activity, as well as in St Kitts and Nevis ($7.8m). Capital grants totalled $41.0m, representing growth of 46.9 per cent from the amount received in the first quarter of 2016, chiefly resulting from developments in St Kitts and Nevis.

The pick-up in capital grant inflows was more than adequate to mitigate a fall off of 63.2 per cent ($3.8m) in current grants. The two recipients of current grants registered reduced intakes, namely Grenada and St Kitts and Nevis. Consequently, total grants reached $43.2m in the review period, 27.4

per cent above the level recorded in the first three months of 2016.

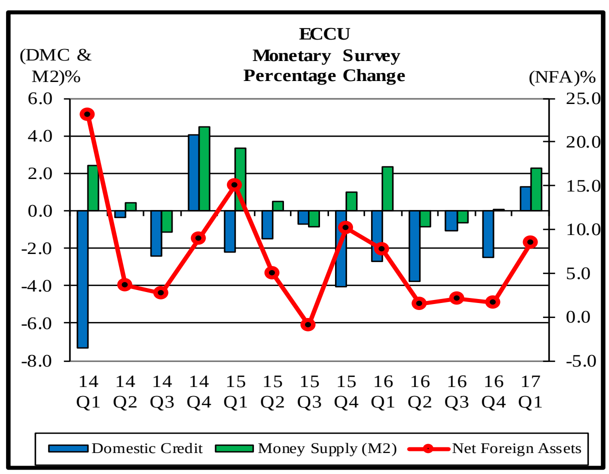
Public Sector Debt

The total outstanding debt of the public sector fell by 0.1 per cent ($8.6m) to $13,356.9m during the quarter under review. The total public sector debt declined in most member countries, excluding Grenada, Saint Lucia and St Vincent and the Grenadines. The reduction stemmed mainly from a contraction of 0.4 per cent ($32.2m) to $7,359.9m in the total external debt of the public sector. This more than offset an increase of 0.4 per cent ($23.6m) to $5,996.9m in the total domestic debt of the public sector. There was a reduction of 0.1 per cent ($7.8m) to $11,992.8m in the debt of central governments, and also one of 0.1 per cent ($0.8m) to $1,364.0 in that of public corporations.

Monetary and Financial Developments

Money and Credit

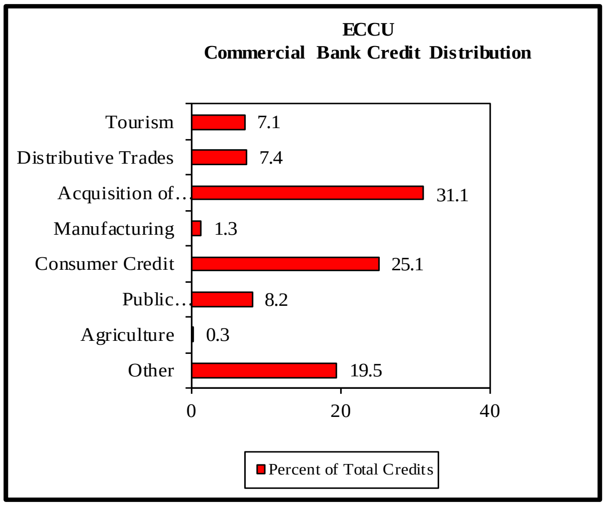
The improvement in macroeconomic conditions, in turn, contributed to strengthened monetary and credit conditions. Monetary liabilities (M2) grew by 2.3 per cent to $16,220.0m during the first quarter of 2017, relatively on par with the rate of growth observed during the corresponding quarter of the previous year. The outturn resulted from growth in both quasi money and narrow money (M1). Quasi money rose by 1.9 per cent ($230.6m) to $12,300.9m, on account of growth in private sector foreign currency deposits (5.9 per cent) and private sector savings deposits (2.1 per cent). M1 rose by 3.5 per cent ($131.4m), resulting from increases in private sector demand deposits (5.3 per cent) and EC dollar Cheques and Drafts Issued (2.1 per cent), which more than offset a contraction in currency with the public (2.9 per cent).



The net foreign assets of the ECCU banking system rose by 8.5 per cent to $8,031.4m during the quarter under review, an acceleration from the rate of growth of 7.7 per cent recorded during the comparable period of 2016. This outturn resulted from expansions in the net foreign assets of the commercial banks (20.3 per cent) and the Central Bank (1.2 per cent). The accumulation in the net foreign asset position of the commercial banks was led by growth of 9.5 per cent in their assets. The Central Bank's net foreign assets amounted to $4,612.2m.

Domestic credit grew by 1.3 per cent to $10,128.5m during the quarter under review, in contrast to a decline of 2.7 per cent during the first three months of 2016. The transactions of the general government in the banking system, was primarily responsible for this development. Net credit to the general government rose by 20.3 per cent, attributed to a reduction of 11.1 per cent in deposits in the whole banking system. There was a marginal contraction of 0.9 per cent in credit to the general government from the entire banking system. In the remainder of the public sector, the net deposits position of non-financial public enterprises increased by 1.3 per cent as their deposits grew by 1.2 per cent. There was a decline of 0.3 per cent in lending to the private sector, reflecting reductions in credit to businesses (5.6 per cent) and subsidiaries and affiliates (0.2 per cent). In the rest of the private sector, lending was at a higher level for non-bank financial institutions (17.9 per cent) and households (2.3 per cent).

Total loans and advances fell by 0.5 per cent to $12,168.1m, relatively on par with the rate of decline recorded during the first quarter of 2016. Outstanding credit softened for sectors such as professional and other services (16.9 per cent), manufacturing, mining and quarry (14.1 per cent), tourism (8.0 per cent), utilities, electricity and water (6.7 per cent), distributive trades (3.1 per cent), agriculture and fisheries (3.1 per cent), and public administration (0.6 per cent). Credit for personal use, which accounted for the majority of lending, rose by 1.8 per cent, partly on account of growth in credit for the acquisition of property and for durable consumer goods. Credit for construction edged up 0.9 per cent, reflective of the higher activity in that sector. Increases in credit were also observed in other areas, namely, financial institutions (33.4 per cent), transportation and storage (6.2 per cent), and entertainment and catering (0.9 per cent).



Commercial bank liquidity increased during the quarter under review, underpinned by a 2.4 percentage point rise to 47.0 per cent in the ratio of liquid assets to total deposits plus liquid liabilities. The loans and advances to deposits ratio declined to 59.5 per cent from 60.5 per cent at the end of December 2016, as loans and advances fell and deposits expanded.

Deposit rates fell for the seventh consecutive quarter, following the decision of the Monetary Council of the Eastern Caribbean Central Bank (ECCB) to reduce the minimum savings deposit rate from 3.0 per cent to 2.0 per cent, effective 01 May 2015. The weighted average deposit rate decreased to 1.65 per cent at the end of March 2017 from 1.71 per cent at the end of December 2016. The weighted average lending rate increased to 8.56 per cent from 8.53 per cent. As a result, the spread between the average weighted interest rate on deposits and that on loans widened to 6.91 per cent at the end of March 2017, from 6.81 per cent at the end of December 2016.

Developments on the RGSM

Activity on the primary market for government securities fell during the first three months of 2017, amid overall and current account fiscal surpluses in the ECCU. Gross funds issued amounted to \$191.0m, down from \$226.0m during the first quarter of 2016. This total represented the issuance of ten (10) instruments, down from twelve (12) during the corresponding quarter of the prior year. There were fewer auctions by the government of Saint Lucia, while other participating governments maintained the same number of auctions. The issued securities were solely concentrated in the short end of the market. There were eight 91-day Treasury bills, as well as one (1) of each in the 180-day and 365-day Treasury bills auctioned during the review period. This compares with the corresponding quarter of 2016 when there were eight 91-day Treasury bills, one (1) of each in the 180-day and 365-day Treasury bills, one 6-year bond and one 10-year bond. The value of Treasury bill issues totalled $191.0m, above the value of $182.0m registered for these instruments during the first quarter of 2016. While there were no bond issues during the review period, the value of those issued during the first quarter of the prior year amounted to $44.0m. The government of St Vincent and the Grenadines was the primary issuer as it kept the number of auctions at three (3) and increased the value of 91-day Treasury bills issued to $84.0m from $75.0m. Notably, the government of Saint Lucia, which was the only participating country in the longer term end of the market during January to March 2016, moved exclusively to the shorter term end during this review period. This government reduced the total value of its auctions to $52.0m from $96.0m, as well as the number of auctions to three (3) from five (5).

Available indicators point to higher investor sentiment in the market. The bid-to-cover ratio, which represents the value of bids received in an auction divided by the value of bids accepted, rose to 1.58 from 1.23 during the comparable period of 2016. The movement in the ratio reflected an increase in the value of bids received to $340.7m from $322.2m, alongside a drop in the value of bids accepted to $216.0m from $262.2m. There were no under-subscriptions during the period under review, likewise for the first quarter of 2016.

The weighted average interest rate on the 91-day Treasury bill fell to 2.45 per cent from 4.51 per cent at the end of March 2016. Declines were also observed in the yields for 180-day Treasury bills to 2.00 per cent from 4.50 per cent, as well as for the 365-day Treasury bills to 4.00 per cent from 4.50 per cent at the end of March 2016.

Secondary market trading activity increased during the first three months of 2017. The value of secondary trading rose to $7.7m, from $1.0m during the corresponding period of 2016.

Prospects

Macroeconomic conditions are expected to continue to improve in the ECCU in the near term with growth advancing at a modest pace and inflation remaining stable in 2017. This outlook is contingent on advancements in the global economy, coupled with the implementation of both domestic and regional policies to ensure sustainable growth. According to the IMF's April 2017 edition of the World Economic Outlook, global growth is projected to expand from 3.1 per cent in 2016 to 3.5 per cent and 3.6 per cent in 2017 and 2018 respectively. Moreover, growth is expected to accelerate in the USA, the ECCU's main trading partner, from 1.6 per cent in 2016 to 2.3 per cent and 2.5 per cent in 2017 and 2018 respectively. A general increase in global output will likely transmit to the ECCU, providing some impetus for growth via increased trade, tourism demand and foreign direct investment inflows. Accordingly, growth in the ECCU is expected to rise at an average rate of 2.9 per cent in 2017 and 2018.

On the domestic front, fiscal policies, especially a continued rebound in capital expenditure throughout the remainder of 2017, are expected to bolster growth in member states. Additionally, reconstruction in Dominica; public sector initiated reforms in the agricultural sector and tourism industry across member states; and the VAT reduction in Saint Lucia are among some of the policies meant to support growth.

On the regional front, continued financial reforms and developmental activities, spearheaded by the ECCB, are anticipated to enhance the efficiency of financial intermediation and ultimately support growth. These developments include the implementation of the new Banking Act (2015); the operationalization of the Eastern Caribbean Asset Management Corporation (ECAMC); the establishment of a partial credit guarantee scheme; the development of an appraisal institute; and the passing of credit reporting legislation, as a step towards the establishment of a credit bureau. These initiatives are intended to facilitate an easing of credit conditions in order to spur growth.

The consolidated fiscal operations of the central governments are likely to result in a smaller overall surplus in 2017, relative to that in the previous year. Growth in current expenditure is likely to outpace that of current revenue. Capital expenditure is anticipated to increase amid additional grant financing. In the external sector, the merchandise trade deficit is projected to widen, as import payments, especially those related to construction, are expected to rise. Weaker manufacturing activity in some territories is likely to constrain any improvement in the total export receipts of the Currency Union. Gross travel receipts are projected to rise, premised on growth in visitor arrivals.

Major risks to the outlook emanate mainly from global developments. For instance, geo-political risks from terrorism; and uncertainty surrounding the Brexit referendum and the policies of the new USA government may negatively impact future macroeconomic performance in the ECCU, more than anticipated. Should global growth falter, it could lead to a reduction in foreign demand for the ECCU's goods and services and dampen regional growth prospects. Conversely, a stronger than expected global growth performance could propel ECCU growth closer towards the targeted 5.0 per cent. **On the domestic side, any failure to sustain recent gains in fiscal and debt sustainability could lead to macroeconomic instability. Other risks include inclement weather and natural disasters; a protracted decline in Citizenship by Investment inflows; further exposure to plant diseases; any additional negative effects from de-risking on the financial sector and the rest of the economy; and intense bouts of political unrest. The region also remains susceptible to volatility in commodity prices.**

Despite recent progress, challenges persist in the Currency Union. Some relate to high unemployment; increasing crime; and a high debt overhang. Other challenges are associated with the doing business environment. According to the Business Outlook Survey, of the major challenges facing businesses, the top six (6) highlighted were, low sales turnover, competition from local firms, cash flow/receivables issues, high utility rates/fuel prices, lack of skilled employees and the total tax burden. Further regional cooperation and coordination are necessary to address those challenges in the near to medium term.

A N G U I L L A

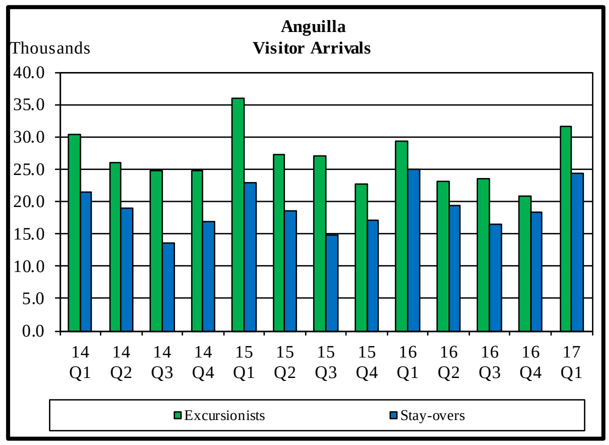
Overview

Economic activity in Anguilla is estimated to have expanded in the first quarter of 2017 compared with the performance in the corresponding period of 2016. The outturn was mainly influenced by an expansion in key sectors including hotels and restaurants, and wholesale and retail trade. Consumer prices fell by 0.3 per cent on an end-of-period basis. In the external sector, the merchandise trade deficit is estimated to have narrowed on account of a larger decline in imports relative to exports. **The fiscal operations of the central government resulted in a smaller overall surplus, however, the total outstanding public sector debt declined during the review period**. In the banking system, net foreign assets and monetary liabilities increased, while domestic credit decreased. Commercial bank liquidity improved and the weighted average interest rate spread between loans and deposits widened.

Economic activity is expected to improve in 2017, premised on stronger growth in the tourism industry as well as greater investment in public infrastructure. A larger number of excursionists, coupled with an expected improvement in stay-over visitor arrivals, is projected to sustain economic activity in the short term. Similarly, construction activity is anticipated to recover due to planned infrastructural upgrades, especially to both air and sea ports. The increased capital spending is expected to have a positive impact on the transport, storage and communications as well as wholesale and retail trade sectors. Capital spending is expected to be supported by the disbursement of the first tranche of the 11th European Development Fund (EDF) as well as grant funding from the UK government. Notwithstanding the favourable prospects in the domestic economy, a **key downside risk continues to be the ongoing uncertainty surrounding Brexit and the likely impact on trade relations with St Maarten, a critical tourism hub for Anguilla.** In addition, should budgeted UK grant funding not materialize, capital spending and broader economic activity could be negatively impacted. On the upside, sustained low global commodity prices and continued growth in key source markers are likely to provide a boost for both regional and international visitors to Anguilla, further spurring growth.

Output

Activity in the hotels and restaurants sector, a proxy for the tourism industry, is estimated to have increased in the first quarter of 2017, compared with that in the corresponding period of 2016. This outturn was mainly driven by a 7.8 per cent (2,295) increase in the number of excursionists to 31,681 in contrast to an 18.1 per cent decline recorded in the comparable period in 2016. By contrast, the number of stay-over visitors declined by 2.2 per cent to 24,445 in the first quarter of 2017 as against an increase of 9.4 per cent one year earlier. The contraction in stay-over visitor arrivals was led by declines in the key source markets of the Caribbean and the United States of America. The former fell by 23.0 per cent, while the latter, which accounts for approximately 70.0 per cent of the stay-over market, declined marginally (0.6 per cent). Contractions were also observed for Italy (13.0 per cent), Germany (7.6 per cent) and the rest of Europe (2.5 per cent), which together accounted for approximately 7.3 per cent of stayover arrivals during the first quarter of 2017. By contrast, gains of 12.5 per cent and 8.8 per cent were observed in the United Kingdom and Canadian markets respectively.



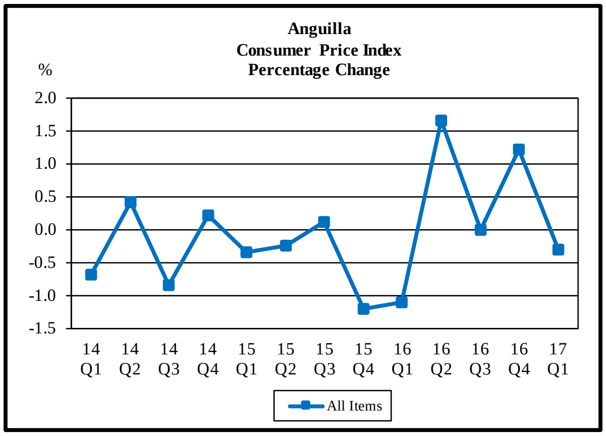
Largely owing to the performance in the excursionist category, total visitor arrivals during the review period increased by 3.2 per cent to 56,126 in contrast to a decline of 7.4 per cent to 54,369 in the corresponding period in 2016. The first quarter visitor arrivals number is the second largest on record since 2005, only being surpassed in 2015 when arrivals totalled 58,702.

The level of construction activity in the first quarter of 2017 was mixed and possibly lower than the outturn recorded in the corresponding period of 2016. On the positive side, the ongoing construction of the EC$8.0m Fire Hall facility at the Clayton J Lloyd International Airport, slated to be completed in March 2018, is estimated to have supported broader construction activity. In addition, government outlays on capital projects increased to $1.7m relative to the $0.3m spent in the comparable period of 2016. However, the increase in public sector construction activity is estimated to have been outweighed by slower activity in the private sector, partially attributable to the smaller number of approved building permits which fell to 22 relatives to the 38 recorded in the corresponding period in 2016. Additionally, credit for home construction and renovation as well as house and land purchases declined by 2.4 and 1.5 per cent, respectively, compared with their December 2016 levels.

Activity in the financial intermediation sector is estimated to have declined in the first quarter of 2017, on account of the reduction in the value of loans and advances extended by commercial banks. Of note, the largest financial institution, the National Commercial Bank of Anguilla (NCBA), continues on its path to recovery following the resolution of the two indigenous banks in April 2016.

Prices

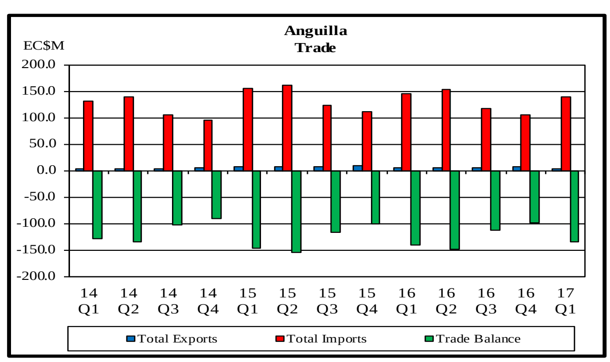
The consumer price index fell by 0.3 per cent on an end-of-period basis during the first quarter of 2017, following a decline of 1.1 per cent during the corresponding period of 2016. The main sub-indices contributing to the contraction in prices were transport (4.2 per cent), clothing and footwear (2.5 per cent), furnishings, household equipment and routine household maintenance (0.4 per cent), and restaurants and hotels (0.3 per cent). The reduction in the transport sub-index was largely due to a decline in airfares to the United States of America, the Dominican Republic and the US Virgin Islands, while a 10.5 per cent decrease in women's clothing drove the decline in the clothing and footwear sub-index. Likewise, the downward movement in the furnishings, household equipment and routine household maintenance sub-index was influenced by a decline in the price of appliances such as stoves and washers. Additionally, the restaurants and hotels sub-index fell owing to a decline in the price of stay-over accommodations.



The contraction in the aforementioned sub-indices was tempered by increases in the sub-indices for communication (2.4 per cent), recreation and culture (1.6 per cent), and alcoholic beverages, tobacco and narcotics (1.2 per cent). Influencing the rise in the communication sub-index were higher prices for mobile phones, while an increase in the prices for recreational items and equipment contributed to the higher sub-index for recreation and culture. Likewise, the alcoholic beverages, tobacco and narcotics sub-index increased primarily due to higher prices for wines and spirits. In addition, marginal increases were observed for miscellaneous goods and services (0.3 per cent), food and non-alcoholic beverages (0.2 per cent) and housing, utilities, gas and fuels (0.1 per cent).

Trade and Payments

A merchandise trade deficit of $135.3m was estimated in the first quarter of 2017, representing a 4.5 per cent improvement over the $141.7m deficit recorded in the corresponding period of 2016. The lower provisional trade deficit was influenced by a $7.7m decline in import payments, while export receipts are estimated to have contracted by $1.4m. Gross travel receipts are estimated to have increased by 5.6 per cent to $119.2m in the first quarter of the year, consistent with the gains in the number of excursionists and the overall increase in visitor arrivals. The transactions of commercial banks resulted in a net outflow of $8.6m in short term capital during the review period, compared with an outflow of $54.4m during the corresponding period of 2016. There were no external disbursements received in the first quarter and external principal repayments amounted of $3.3m.

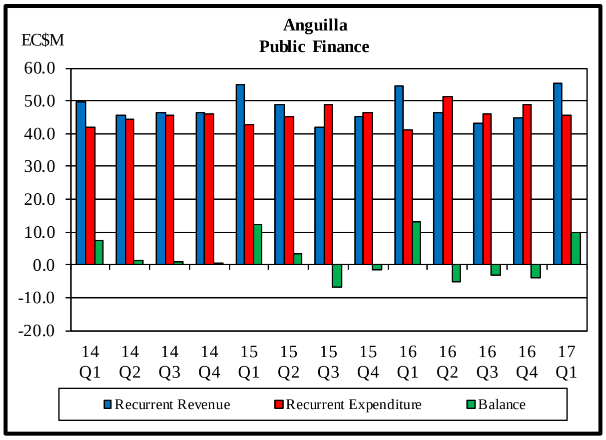


Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall surplus of $8.9m in the first quarter of 2017, compared with one of $12.8m in the corresponding period of 2016. The outturn was largely influenced by a narrowing of the current account surplus to $10.0m, from $13.2m one year ago, as growth in current revenue (1.7 per cent) was outstripped by that for current expenditure (10.1 per cent). A primary surplus (after grants) of $12.4m was recorded, compared with one of $14.8m realised in the first quarter of 2016.

Current revenue increased by 1.7 per cent ($0.9m) to $55.5m, mainly attributable to greater tax receipts on properties as well as on domestic goods and services. Tax revenue totalled $47.8m, which was 0.8 per cent higher than the amount collected in the comparable period of 2016. The yield from property taxes rose by 55.6 per cent ($0.3m) to $0.9m as a result of improved tax collections and compliance measures. Similarly, tax receipts on domestic goods and services grew by 7.7 per cent ($1.6m) to $22.3m, reflective of higher inflows from the tourism marketing levy ($0.9m), the communication levy ($0.6m) and the accommodation tax ($0.3m). The increase in taxes on domestic goods and services was moderated by lower receipts for international trade, driven by declines of 6.0 per cent ($1.0m) in import duties and 75.1 per cent ($0.4m) in embarkation tax receipts. The aforementioned contractions were consistent with the reduced import volumes as well as the smaller number of stay-over visitors recorded in the first quarter of 2017. Non-tax revenue grew by 7.9 per cent ($0.6m) to $7.7m compared with receipts totalling $7.3m in the comparable period of 2016.

Current expenditure increased by 10.1 per cent ($4.2m) to $45.5m, in contrast to a 3.0 per cent contraction in the corresponding period of 2016. The expansion in current expenditure was partially driven by an 80.6 per cent ($1.6m) increase in interest payments, consistent with higher levels of domestic public sector debt associated with the resolution of the indigenous domestic banks. In addition, current expenditure growth was supported by larger outlays on goods and services which rose by 34.7 per cent ($2.5m). Of note, spending on personal emoluments remained virtually unchanged at $20.8m, while outlays for transfers and subsidies increased marginally by 0.5 per cent ($0.1m).



Capital expenditure increased by $1.3m to $1.7m in the review period, compared with an outlay of $0.5m one year earlier, largely consistent with increased grant flows of $0.6m in the first quarter.

Public Sector Debt

The total disbursed outstanding public sector debt was estimated at $471.5m at the end of March 2017, approximately 0.8 cent ($3.7m) lower than that recorded at the end of 2016. The reduction in the total debt stock is attributed to ongoing debt amortisation coupled with a virtual freeze on new debt by the central government, in keeping with the Framework for Fiscal Sustainability and Development (FFSD). Central government debt accounted for 97.5 per cent of total disbursed outstanding debt, with domestic debt making up 56.7 per cent of the total, while external debt accounted for the remaining 43.3 per cent. The outstanding debt of statutory bodies fell by 3.6 per cent to $11.8m.

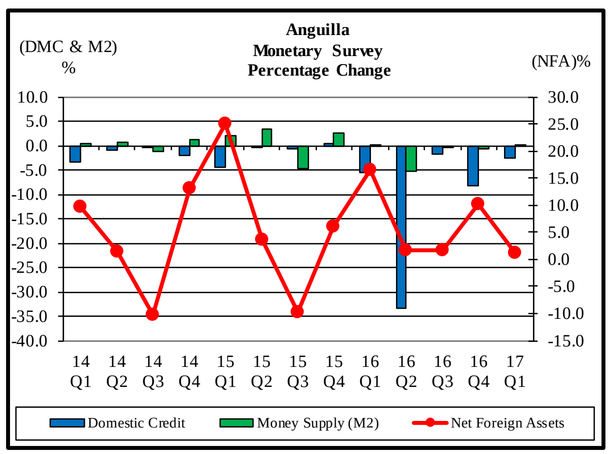
Money and Credit

Monetary liabilities (M2) increased by 0.1 per cent to $1,012.2m during the first quarter of 2017, compared with an increase of 0.2 per cent during the corresponding period of 2016. The expansion in M2 was primarily attributable to a 0.4 per cent ($3.6m) increase in quasi money to $950.5m, on account of growth in both private sector savings ($3.9m) and time deposits ($2.8m). However, private sector foreign currency deposits recorded a decline of $3.1m during the review period. In contrast to growth exhibited in quasi money, narrow money (M1) contracted by 3.8 per cent ($2.4m) following a decline of 18.0 per cent during the comparable period of 2016. The reduction in M1 was mainly influenced by a 6.2 per cent ($2.7m) contraction in private sector demand deposits.

Consistent with the ongoing tight credit conditions and general risk aversion, domestic credit fell by 2.7 per cent ($14.3m) to $517.7m, compared with a decline of 5.5 per cent during the comparable period of 2016. The contraction in credit was largely attributable to a reduction in outstanding credit to the private sector, combined with an increase in the net deposit position of the non-financial public enterprises.

Private sector credit declined by 1.1 per cent ($7.0m) to $640.7m during the review period, largely due to contractions of 1.3 per cent ($4.7m) in credit extended to households and 0.8 per cent ($2.2m) in credit to businesses. The net deposit position of the central government fell by 4.3 per cent ($3.3m), largely influenced by a $1.7m decrease in central government deposits held at commercial banks along with a $1.3m increase in commercial bank credit to the government. In the rest of the public sector, the net deposit position of non-financial public enterprises increased by 27.0 per cent ($10.6m) reflecting an expansion in their deposits at commercial banks.

An analysis of changes in the distribution of credit across the sectors indicates that the most notable contractions were observed for tourism ($7.9m), personal use ($7.9m) and manufacturing ($2.2m). Within the personal use category, a $3.7m decline was observed for the acquisition of property, in particular for home construction and renovation ($3.0m) and house and land purchases ($0.7m). By contrast, credit flows increased for construction and land development ($6.6m), distributive trades ($2.5m), public utilities ($1.5m) and government and statutory bodies ($1.4m).



The net foreign assets of the banking system grew by 1.3 per cent ($5.4m) to $437.6m, compared with growth of 16.4 per cent during the first quarter of 2016. The increase was primarily driven by a 3.1 per cent ($8.6m) expansion in commercial banks' net foreign assets to $290.9m. Anguilla's imputed share of ECCB reserves fell by 2.2 per cent to $146.8m.

Liquidity in the commercial banking system generally improved during the review period, partly on account of the heightened level of risk aversion among financial institutions. The ratio of liquid assets to total deposits plus liquid liabilities fell marginally by 0.2 percentage point to 42.6 per cent, while the loans and advances to deposits ratio fell by 1.2 percentage points to 54.5 per cent, which is below the ECCB prudential benchmark of 75.0 - 85.0 per cent.

The weighted average interest rate spread between loans and deposits grew by 1.3 percentage points to 7.68 per cent, compared with a spread of 6.43 per cent as at December 2016. The increase in the interest rate spread was mainly attributable to a 1.3 percentage point gain in the weighted average lending rate to 10.04 per cent. The weighted average deposit rate remained virtually unchanged at 2.36 per cent in the review period.

Prospects

After posting growth of 3.1 per cent in 2016, world economic growth is projected to accelerate to 3.5 per cent and 3.6 per cent in 2017 and 2018 respectively, according to the April 2017 World Economic Outlook (WEO) published by the International Monetary Fund (IMF). Importantly, 2017 growth projections for advanced economies have remained relatively buoyant at 2.0 per cent, driven in part by fairly robust economic activity in the United States of America over the second half of 2016 and some level of stabilisation among key European economies. In addition, growth prospects for emerging market and developing economies are likely to remain strong as commodity prices slowly rebound and growth prospects in advanced economies stabilise. Importantly, 2017 growth projections for the United States of America, Canada and the United Kingdom, three key source markets for Anguilla, have been reported at 2.3 per cent, 1.9 per cent and 2.0 per cent respectively.

Against this backdrop, a moderate expansion in economic activity is projected for the Anguillian economy in 2017. The projection is premised on increased visitor traffic to the island, building on the momentum established in the first quarter of 2017. This development is likely to be further supported by the additional airlift provided by Seaborne Airlines out of Puerto Rico, as well as the commencement of bi-weekly flights out of the Dominican Republic by the SAP Aviation Group. Moreover, the expansion and upgrade of Anguilla's tourism plant in 2016 is likely to attract more visitors to the island going forward. Further, economic activity is expected to receive a boost from greater public sector capital projects related to the new Fire Hall facility at the Clayton J Lloyd International Airport as well as the development of the Road Bay/Sandy Ground Jetty.

Inflationary pressures are expected to be contained as oil prices are not projected to increase appreciably in 2017, given that the production cuts employed by OPEC and other oil-producing countries have been mitigated somewhat by a ramping up of production among US shale oil producers. In addition, oil stocks remain above their five-year averages, ensuring adequate supply for the world economy over the medium term.

The fiscal operations of the Central Government are expected to generate an overall surplus in 2017 based on continued strengthening of the Anguillian economy. The anticipated higher level of tourism activity is expected to positively impact wholesale and retail trade as well as the transport, storage and communications sectors, thus boosting the government's tax receipts. In addition, the central government is expected to continue to exercise fiscal prudence as it adheres to the spending limits prescribed under the Framework for Fiscal Sustainability and Development (FFSD). However, the overall surplus is likely to be tempered by increased current expenditure in 2017 primarily due to higher interest payments associated with the debt incurred in stabilising the domestic banking system.

Capital expenditure is projected to increase in 2017 based on larger grant allocations by the UK government as well as the anticipated disbursement of the first tranche of the 11th European Development Fund (EDF). On the external front, the merchandise trade deficit is expected to widen, consistent with a projected increase in consumer spending as the economy continues to recover. In addition, gross inflows from travel are projected to be higher in 2017, consistent with the anticipated increase in visitor arrivals.

Despite the positive economic projection, important downside risks persist. Chief among these are the protracted resolution process associated with the NCBA and the potential fallout from Brexit. The latter has important implications for trade and travel between Anguilla and the EU associated states of St Maarten/St Martin, a key entry point for visitors traveling to Anguilla. In addition, the fiscal challenges of honouring increased debt obligations as they fall due in 2017, are expected to place significant constraints on the Central Government.

ANTIGUA AND BARBUDA

Overview

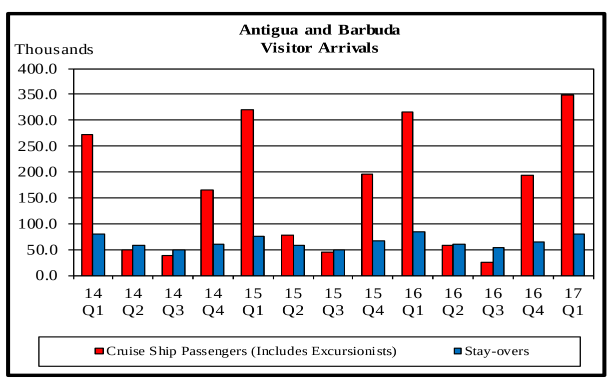
Economic activity in Antigua and Barbuda is estimated to have increased at a moderate pace in the first quarter of 2017, relative to the performance in the corresponding period of 2016. Economic activity was driven by developments in the construction, public administration and transport, storage and communications sectors. The consumer price index rose by 2.4 per cent on an end of period basis. There was a smaller overall fiscal surplus and a reduction in the total outstanding public sector debt. The merchandise trade deficit is estimated to have expanded on account of higher import payments. All major monetary aggregates increased during the period under review while commercial banks weighted average interest rate spread on loans and deposits narrowed.

The pace of economic activity during the remainder of 2017 is likely to strengthen premised on global developments, and an acceleration of construction activity. Activity in the construction sector will be buoyed by developments in both the public and private sectors. This is expected to be supported by activity in the wholesale and retail trade; and transport, storage and communications sectors on the basis of a likely improvement in cruise tourism. Based on the fiscal outturn in the first quarter of the year, the fiscal balance is expected to be in a deficit position in 2017. Inflationary pressures are likely to inch up as global oil prices trend upwards. Downside risks to the outlook include slower than anticipated global economic growth especially in the USA and the UK; a slow pace of implementation of the public sector investment programme; lower than expected CIP inflows, and adverse weather. On the upside, increased investment in the tourism stock is likely to boost stay-over arrivals and by extension GDP growth.

Output

Provisional data for the first quarter of 2017 indicates that the level of economic activity increased at a moderate pace. Based on the importation of cement which grew by 19.8 per cent (1,787.0 tonnes), value added in the construction sector is estimated to have increased in the first quarter of 2017. The rate of growth of cement imports represented a near tripling of the rate of growth recorded in the corresponding period last year.

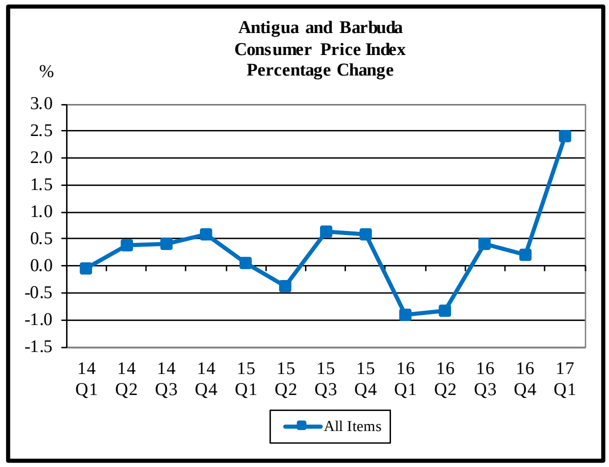
Developments in the tourism industry were mixed over the review period. The total number of visitors to the island rose at an accelerated pace of 6.0 per cent to 435,479, relative to a rate of growth of 1.6 per cent at the end of March 2016. This outcome was driven by an increase of 9.8 per cent in the number of cruise passengers including excursionists to 347,578, reversing the contraction of 1.1 per cent recorded in the corresponding period of 2016. The increase in the number of cruise passengers was consistent with a rise in the number of cruise ship calls to 192 from 165 in the first quarter of 2016. Meanwhile, the number of stay-over visitors contracted by 6.6 per cent to 78,982, in contrast to an increase of 13.5 per cent in the first quarter of 2016. There were declines in the number of stay-over visitors from the USA, Canada, the Caribbean and South America. Stay over visitors from the USA, the largest source market, fell by 12.0 per cent in the first quarter of 2017, relative to an increase of 13.5 per cent in 2016. Similarly, in the Canadian market there was a further decline in the number of stay-over visitors by 10.0 per cent, one percentage point above the decline recorded for the corresponding period in 2016. The decline in the aforementioned markets may be attributed to uncertainty related to internal policies and the pace of economic growth. The Caribbean and South American markets also showed declines of 8.9 per cent and 36.0 per cent respectively. These reductions were in contrast to increases of 23.3 per cent and 91.9 per cent, respectively in the corresponding period of 2016. Yacht passenger arrivals were estimated to have decreased at an accelerated rate of 6.8 per cent to 8,919, compared with a rate of growth of 1.2 per cent at the end of March 2016. This accelerated decline reflected a reduction in the number of yacht calls to 1,933 from 1,992.



The positive developments in the cruise industry and the construction sector are estimated to have yielded an increase in value added in the wholesale and retail trade; transport, storage and communications; and real estate, rental and business activities sectors. In addition, activity in public administration and defense, and compulsory social security sector is estimated to have increased evidenced by a higher level of personal emoluments and pensions.

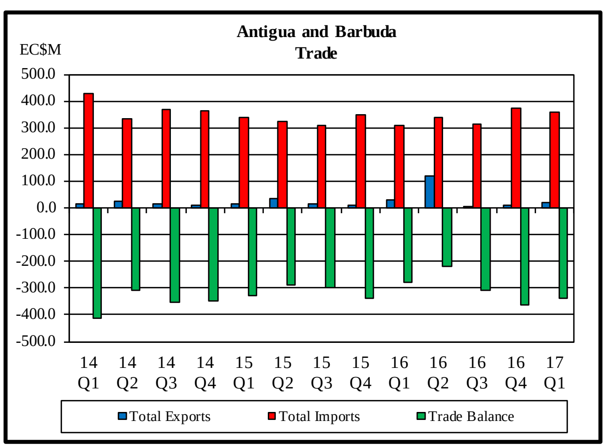
Prices

The Consumer Price Index rose by 2.4 per cent at the end of March 2017, reversing the deflationary pressures experienced at the end of the corresponding period in 2016. The increase in the overall index largely reflected surges in the three highest weighted sub-indices – food; housing; and transport and communications. The food sub-index rose by 1.9 per cent on account of higher prices for various meats, dairy products and fruits and vegetables. The housing sub-index rose by 7.4 per cent due to the introduction of a new rental index in January 2017. An increase in the costs related to the operation, repairs and maintenance of personal transportation contributed to a 2.1 per cent uptick in the transport and communications sub-index. Other notable increases were recorded in the sub-indices of personal services (4.8 per cent); alcoholic beverages and tobacco (0.9 per cent); household furnishings and supplies (0.4 per cent). Meanwhile, there was no movement in the fuel and light sub index during the period under review.



Trade and Payments

Trade data estimates indicated that the merchandise trade deficit widened by 22.3 per cent to $339.2m in the first quarter of 2017, relative to the position in the corresponding period last year. The expansion in the deficit was largely the result of a 16.0 per cent increase in total imports to $358.3m mainly due to a more than doubling of mineral fuels and related materials imports. In addition, export receipts fell by 39.3 per cent to $19.1m at the end of March 2017, from $31.4m in the corresponding period of 2016, largely on account of a reduction in the re-exports of machinery and transport equipment and manufactured goods. Gross travel receipts were estimated to have declined by 5.3 per cent to $288.0m, consistent with the fall off in stay-over arrivals. Commercial banks' transactions resulted in a net outflow of $322.5m in short-term capital, in contrast to a net inflow of $106.2m in the comparable period of 2016. Inflows from external loans amounted to $5.2m, shaving off more than fifty per cent from the amount recorded in the same period last year. External principal payments declined by 15.2 per cent to $46.9m.

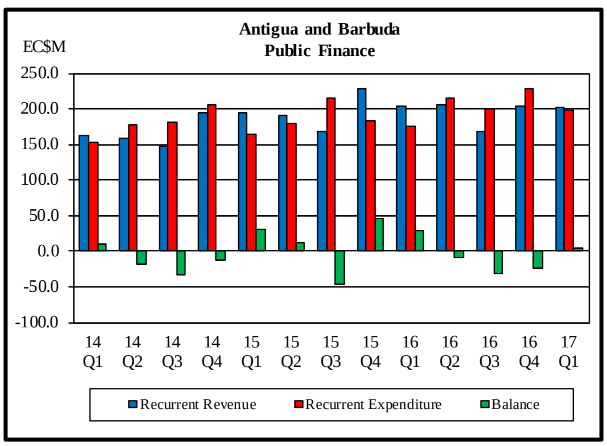


Central Government Fiscal Operations

Preliminary data on the fiscal operations of the central government indicated a reduction in the overall surplus to $12.3m in the first quarter of 2017 from $25.1m in the corresponding period of 2016. This reduction in the overall balance largely reflected transactions on the current account, namely a fall-off in non-tax revenue coupled with an increase in current expenditure. As a result, the primary surplus fell by 40.4 per cent to $36.9m. Notwithstanding, the overall surplus, there was an increase in both domestic and external arrears by $20.5m.

The current account surplus narrowed to $4.6m in the first three months of 2017, from one of $28.6m in the comparable period in 2016. Current revenue declined by 1.0 per cent ($2.1m) to $202.7m, largely due to a fall in non-tax revenue. Non-tax revenue fell by 48.4 per cent to $18.1m largely due to lower inflows from the CIP Programme. Meanwhile, tax revenue rose by 8.8 per cent to total $184.6m, due to increases in revenue intake from all major tax classifications except taxes on international trade and transactions. Tax receipts from domestic goods and services rose by 13.9 per cent to

$88.7m, largely attributable to higher intake from the Antigua and Barbuda Sales Tax (ABST). Receipts from the ABST grew by 5.9 per cent to $73.4m, reflecting increase collection efforts. Tax revenue from income and profits rose by 17.1 per cent to $28.8m partly due to a near-doubling of inflows from company tax. In contrast revenues from international trade and transactions fell by 2.8 per cent to $61.0m on account of a reduction in the consumption tax and other miscellaneous taxes. Taxes on property rose by 37.4 per cent ($1.7m) to $6.1m on account of an increase in compliance.



Current expenditure rose by 12.5 per cent ($22.0m) to $198.1m. This reflected increases in spending on personal emoluments ($4.3m); goods and services ($3.3m) and transfers and subsidies ($26.7m). The increase in transfers and subsidies was mainly on account of land sale compensation and harbor dredging. In contrast interest payments contracted by 33.2 per cent to $24.7m largely due to a reduction in external payments on account of a reclassification of domestic debt on the RGSM. Capital spending amounted to $0.4m compared with $3.6m in the corresponding period of 2016, within the range of first quarter historical levels.

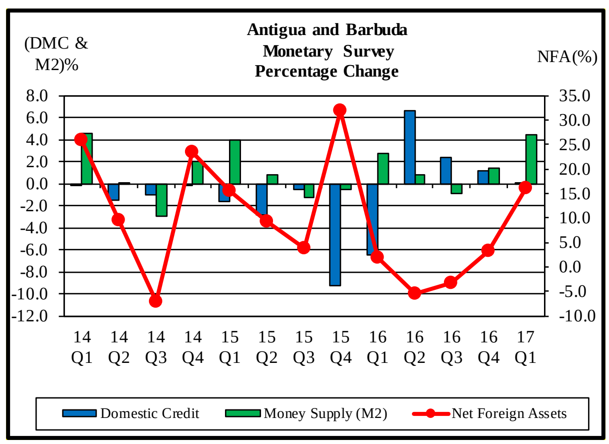
Public Sector Debt

The total outstanding debt of the public sector is estimated to have declined by 1.0 per cent ($32.9m) to $3,222.1m at the end of March 2017. Of this amount, 84.8 per cent represented central government debt and 15.2 per cent was public corporation's debt. The reduction in the total debt stock was largely due to a fall in external debt which decreased by 6.8 per cent to $1,486.0m. Domestic debt which accounted for 53.9 per cent of the total debt stock, rose by 4.5 per cent to $1,736.1m associated with a debt for asset swap. The debt stock of public corporations fell by 0.5 per cent to $490.3m.

Money and Credit

Monetary liabilities (M2) of the banking system grew by 4.4 per cent ($141.9m) to $3,366.5m during the first quarter of 2017, an acceleration from the rate of growth of 2.7 per cent during the corresponding period in 2016. The rise in M2 was largely attributable to increases in both narrow money (M1) and quasi money. M1 grew by 7.8 per cent to $852.3m mainly due to a 10.8 per cent rise in private sector demand deposits. Meanwhile, currency with the public fell by 2.6 per cent ($4.4m) due to a contraction in currency in circulation. Quasi money rose by 3.3 per cent to $2,433.7m owing to growth in private sector savings deposits (3.7 per cent), the largest share, and private sector foreign currency deposits (14.2 per cent), while private sector time deposits fell by 3.5 per cent.

The stock of domestic credit in the banking system grew at a marginal rate of 0.1 per cent to $2,323.4m during the review period. This is a reversal of the contraction of 6.5 per cent recorded during the first quarter of 2016. Credit to the private sector declined by 0.6 per cent to $1,900.2m, largely owing to a reduction in business credit by 7.4 per cent ($52.1m). This was tempered by increases in household credit (0.6 per cent) and Non-Bank Financial Institutions credit, which more than doubled. Net credit to general government grew by 0.4 per cent to $395.3m, on account of a 2.1 per cent reduction in central government deposits coupled with 0.1 per cent fall in loans and advances from both the central bank and commercial banks. Net credit to the Non-Financial Public Enterprises nearly doubled to $27.8m as they borrowed more to finance their operations as opposed to drawing down their deposits.



Total outstanding loans and advances amounted to $2,410.4m, a decline of 0.8 per cent from the value at the end of December 2016. Declines in outstanding credit were recorded for the major sectors including tourism (26.3 per cent);

manufacturing (10.4 per cent); utilities, electricity and water (7.5 per cent); professional and other services (8.0 per cent); distributive trades (1.6 per cent) and public administration (0.7 per cent). These decreases were tempered by increases in transportation and storage (12.6 per cent); entertainment and catering (3.0 per cent); construction (1.7 per cent) and personal loans (0.7 per cent).

The net foreign assets of the banking system rose by 16.0 per cent to $1,694.2m during the period under review. Commercial banks net foreign assets rose by 56.5 per cent to $893.2m mainly associated with increases in the asset position with institutions within and outside the ECCU. Antigua and Barbuda's imputed share of the Central Bank's reserves fell by 10.1 per cent to $801.0m associated with a contraction in banker's reserves.

Commercial bank liquidity increased during the first quarter of 2017, relative to December 2016. The ratio of liquid assets to total deposits plus liquid liabilities increased to 66.2 per cent at the end of March 2017 from 63.1 per cent at the end of December 2016. The loans and advances to deposits ratio fell by 2.8 percentage points to 67.1 per cent, which remained below the ECCB prudential benchmark of 75.0 - 85.0 per cent.

The weighted average interest rate spread between loans and deposits narrowed by 0.02 basis points to 7.41 percentage points at the end of March 2017. The weighted average deposit rate fell by 5 basis points to 1.63 per cent while the weighted average lending rate fell by 7 basis points to 9.04 per cent.

Prospects

Economic activity in Antigua and Barbuda is projected to be positive in 2017 largely driven by developments in the construction sector along with other auxiliary sectors. Construction sector activity will be boosted by major road works in the public sector along with the Government Housing Programme, routine capital stock maintenance, and airport infrastructure development in Barbuda. Private sector construction works will continue apace on some tourism and CIP related projects. Value added in the hotels and restaurants sector is expected to pick up during the rest of the year due to an intensification of marketing efforts and improvement to the tourism stock. Inflationary pressures are likely to inch up in 2017 as the global oil price increases.

The fiscal position of the government is anticipated to deteriorate in 2017 when compared with the outturn in 2016. An overall fiscal deficit is projected, reversing the surplus position recorded at the end of 2016. The deficit position is likely to be a reflection of higher levels of expenditure amid lower inflows from non-tax revenue, which over the last two years has been a major contributor to total revenue. Tax revenue is likely to increase but is dependent on the success of the implementation of Asycuda World, and the new tax on gambling and on the gains and profits of offshore banks.

In the external sector, the merchandise trade deficit is projected to widen due to an increase in construction imports coupled with an increase in the price of oil. Gross travel receipts are forecasted to grow in line with the expected increase in the number of stay-over and cruise visitors.

These macro projections could be adversely affected by several downside risks stemming from the global environment and domestic policy. Global growth projections could be thwarted by lower than expected growth in the US economy, coupled with increase terrorism threats and geo-political tensions in Eastern Europe and Asia. The uncertainty of Brexit, along with anti-migrant policies in Europe and the USA may adversely impact the level of global production. Domestic policy that could hinder the pace of implementation of the public sector investment programme, either due to capacity constraints or the flow of funds, could affect the level of economic growth and employment. On the optimistic front, global activity could be stronger than anticipated if the policy stimulus in the USA and China surpasses expectations and if local construction activity come on stream as expected. This could be further supported by upgrading the existing tourism stock to improve competitiveness and the implementation of policies to mitigate fiscal risks, along with enhancing natural disaster resilience.

DOMINICA

Overview

Preliminary estimates suggest that the pace of economic activity in Dominica in the first three months of 2017 was above that of the corresponding period of 2016. This assessment is largely based on increased activity in the construction and agricultural sectors and the tourism industry, notwithstanding subdued performance in the manufacturing sector. The consumer price index is estimated to have declined by 0.3 per cent, on an end of period basis. In the external sector, the merchandise trade deficit is estimated to have widened as a result of growth in imports coupled with a contraction in exports. **The central government's fiscal operations resulted in a larger overall deficit, compared to that recorded in the corresponding period of the previous year.** However, the total disbursed outstanding debt is estimated to have decreased, influenced by a reduction in borrowing by the central government. Monetary liabilities, domestic credit and net foreign assets in the banking system expanded. Commercial bank liquidity deteriorated, while the weighted average interest rate spread narrowed during the review period.

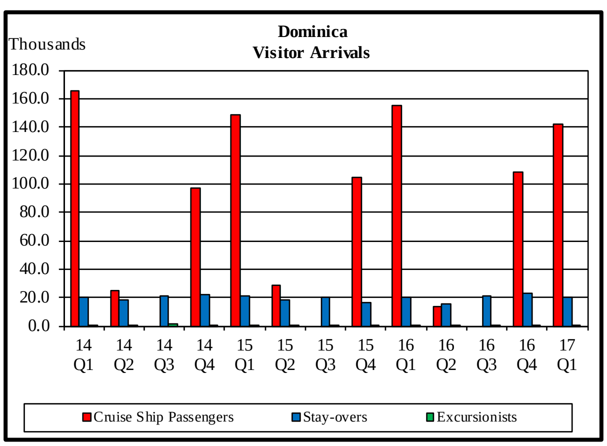
Economic activity is expected to accelerate in 2017, led by increased activity in the construction sector. The overall fiscal balance is anticipated to deteriorate in 2017, mainly as a consequence of increased capital expenditure. Downside risks to this outlook, however, include a deceleration in flows from the Citizenship by Investment Programme, further exposure to plant diseases, de-risking and adverse weather. On the upside, the advancement of projects such as the construction of the geothermal energy plant would positively impact the economy.

Output

Construction activity is estimated to have accelerated in the period under review, mainly reflecting developments in the public sector. Capital spending by the central government increased by \$21.2m to \$42.7m, partially reflecting a pickup in reconstruction and rehabilitation activity, associated with the passage of tropical storm Erika in August

2015; as well as other infrastructural improvements. Private sector projects, particularly the construction of the Range Developments' Cabrits Resort Kempinski also supported the increase in construction activity. Private sector construction was however tempered by an estimated decline in residential building. Accordingly, a $4.1m decrease in the value of residential housing starts to $5.8m was observed during the period under review.

Output in the agricultural sector is estimated to have improved in the period under review. Total banana production amounted to 118 tonnes, 6 tonnes more than the output recorded in the first quarter of 2016. Supporting the expansion, the output of non-banana crops and livestock are provisionally estimated to have increased.

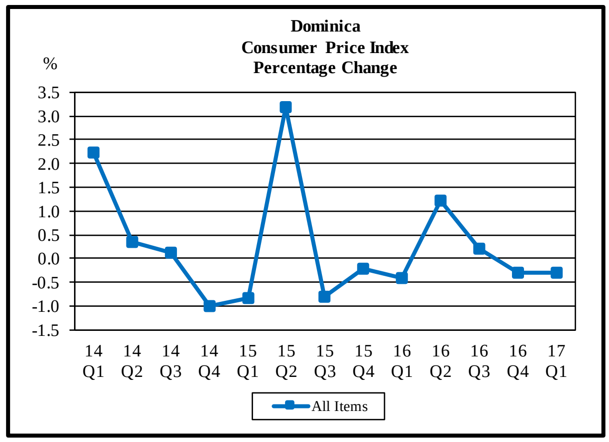


Notwithstanding a decrease in the number of total visitors by 6.5 per cent to 169,622, performance in the tourism industry is preliminary estimated to have improved reflecting increases in stay-over arrivals, who on average spend considerably more than cruise passengers. The number of stay-over visitors rose by 3.8 per cent to 20,552, in contrast to a 4.4 per cent decline in the corresponding period of 2016. This outturn was largely driven by an upsurge in visitors from major source markets namely the UK (29.9 per cent), reflecting improved flight connections to Dominica; Canada (13.0 per cent) and; USA (8.8 per cent). These increases were however moderated by a contraction in arrivals from the Caribbean (9.3 per cent), the largest source market, mainly the result of a decline in arrivals from the French West Indies. During the period under review, the number of cruise ship passengers fell by 8.4 per cent to 142,152, consistent with a decline of one cruise call. A decline was also observed in the number of excursionists (8.8 per cent). The number of yacht passengers visiting the island, however registered an improvement of 8.2 per cent, consistent with an increase of 8.6 per cent in the number of yachts.

In the manufacturing sector, output is estimated to have contracted in the first quarter of 2017, associated with a decline in the production of beverages and paints and varnishes. The production of beverages decreased by 22.4 per cent to 102,536 cases and the production of paints and varnishes fell by 19.6 per cent.

Prices

The consumer price index is estimated to have decreased by 0.3 per cent during the first quarter of 2017, compared to a 0.4 per cent reduction in the corresponding period of 2016. The deflationary pressures primarily reflected declines in the prices of housing, utilities, gas and fuels (0.9 per cent) partly on account of lower electricity prices and; food and non-alcoholic beverages (0.1 per cent) largely resulting from reductions in the cost of meats, fruits and vegetables. Price reductions were also recorded in the relatively smaller sub-indices of alcoholic beverages, tobacco and narcotics (0.8 per cent); recreation and culture (0.1 per cent); miscellaneous goods and services (0.1 per cent) and; education (0.1 per cent). These decreases were however tempered by upticks in the prices of transport (0.3 per cent); health (0.5 per cent) and; household furnishings, supplies and maintenance (0.3 per cent). The prices for the remaining sub-indices remained flat including those for clothing and footwear; communication and; hotels and restaurants.

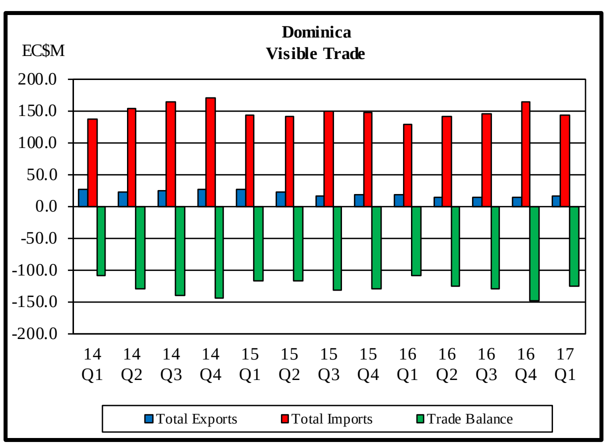


Trade and Payments

Preliminary data indicated that the merchandise trade deficit widened by 14.0 per cent to $125.8m in the first quarter of 2017, relative to that in the corresponding period last year. The expansion in the deficit was largely the result of an increase in import payments, exacerbated by a decline in export revenue. The value of imports rose by 10.4 per cent to $142.0m, reflecting larger outlays mainly for mineral fuels and related materials and; manufactured goods. Meanwhile, export receipts fell by 11.5

per cent to $16.2m, associated with an estimated reduction in revenue from domestic exports.

Gross travel receipts were estimated to have declined marginally by 0.1 per cent to $102.2m, partially on account of mild deflationary pressures. Commercial banks' transactions resulted in a net outflow of $23.7m in short term capital compared to one of $64.2m in the first three months of 2016. In the public sector, external loan disbursements to the central government totalled $20.0m compared with $0.1m in the corresponding period of the previous year. On the other hand, external principal repayments amounted to $11.5m, up from $10.3m at the end of March 2016. These transactions led to a net inflow of $8.5m in contrast to an outflow of $10.2m in the first quarter of 2016.

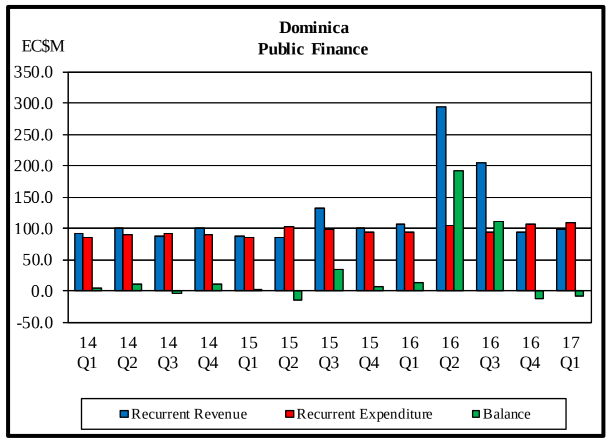


Central Government Fiscal Operations

The fiscal operations of the central government, in the quarter under review, resulted in an overall deficit of $50.2m, compared with one of $10.3m in first three months of 2016. The overall deficit was mainly financed by domestic sources. A primary deficit of $44.1m was realized, a deterioration from one of $1.3m observed in the corresponding period of 2016. The deficits were largely influenced by developments on the capital account. Amid low capital grants of $1.4m, capital expenditure rose by $21.2m to $42.7m, mainly associated with recovery and reconstruction activities. Other infrastructural improvements such as the construction of the new West Bridge in the capital city and investments in human capital and housing; all of which were primarily funded by the Government of Dominica, also contributed to the rise in capital expenditure.

On the current account, a deficit of $9.0m was recorded in contrast to a surplus of $12.7m in the first quarter of 2016, as current expenditure outpaced current revenue. Current revenue amounted to $98.9m, registering a decrease of $6.6m from the total collected in the corresponding period of last year. This development was primarily associated with a reduction in non-tax revenue by $15.0m to $4.2m. The decline in current revenue was however tempered by an expansion in tax revenue of $8.4m to $94.7m, reflecting an increase in revenue earned from all categories of taxes. An upturn of $3.4m to $19.7m was observed for taxes on international trade and transactions, mainly associated with improved collections from the customs service tax, embarkation tax and import duty. Revenue earned from taxes on income, profit and capital gains rose by $2.2m to $21.4m, attributable to increases in collections from both personal income tax and corporation tax. Receipts from taxes on domestic goods and services, the largest source of tax revenue, rose by $1.7m to $50.9m largely attributed to an uptick in earnings from the excise tax, value added tax and licenses. A smaller enhancement was observed in the collection of taxes on property ($1.2m).

Current expenditure grew by $15.1m to $107.9m during the period under review, reflecting increases in spending on all subcategories with the exception of interest payments which fell by $2.8m to $6.2m. Payments for goods and services rose by $8.9m to $32.0m partially associated with an uptick in professional and consultancy fees. Also contributing to the overall expansion in current expenditure, outlays for transfers and subsidies surged by $8.7m to $31.8m, reflecting an increase in contributions to local and regional institutions. A marginal increase of $0.4m was observed in spending on personal emoluments.



Public Sector Debt

The total disbursed outstanding debt of the public sector is estimated to have declined by 1.1 per cent to $1,050.0m at the end of March 2017. This outturn was as a consequence of a reduction in central government debt, the largest component of public debt. Outstanding central government debt fell by 1.5 per cent to $880.0m as declines in both its domestic and external debt stock were recorded. The contraction in the total disbursed outstanding debt was however moderated by a rise in public corporations' debt by 0.8 per cent to $170.0m, associated with an increase in its domestic debt.

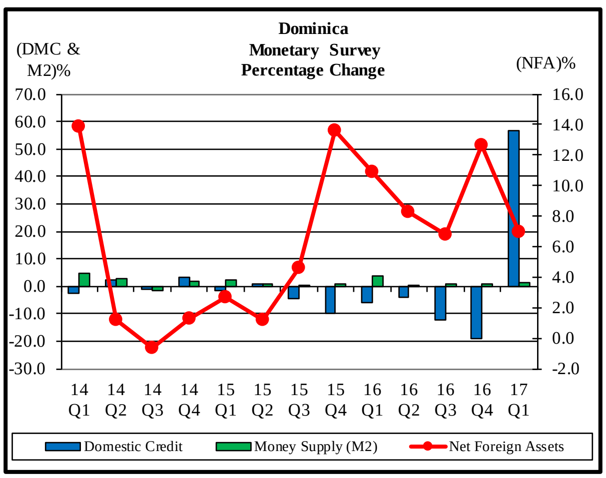
Money and Credit

Monetary liabilities (M2) expanded by 1.5 per cent to $1,397.0m during the first quarter of 2017, compared with growth of 3.9 per cent in the corresponding period of 2016. Growth in M2 reflected an increase in quasi money, the larger component of M2. Quasi money rose by 2.1 per cent to $1,096.6m, attributed to growth in private sector savings deposits (3.9 per cent). This increase was however tempered by contractions in private sector foreign currency deposits (22.1 per cent) and private sector time deposits (0.9 per cent). A 0.7 per cent reduction in narrow money to $300.4m moderated the overall expansion in monetary liabilities. This development was associated with a decline of 2.1 per cent in private sector demand deposits, which was partially offset by a more than doubling of EC$ cheques and drafts and a 2.4 per cent upsurge in currency with the public.

Meanwhile, domestic credit rose by 56.7 per cent to $630.1m during the period under review, mainly influenced by an increase of 77.8 per cent in net credit to the government as the contraction in its deposits (59.0 per cent) more than offset the reduction in credit (10.9 per cent). A 0.4 per cent decline in the net deposit position of non-financial public enterprises also contributed to the upsurge in domestic credit. The increase in domestic credit was however moderated by a 0.6 per cent decline in private sector credit which constitutes the largest share of credit in the economy. This contraction was largely associated with a decrease in business credit (1.3 per cent) and credit to non-bank financial institutions (1.4 per cent) while household credit remained flat.

An analysis of the distribution of commercial bank credit by economic activity indicated that total outstanding loans and advances decreased by 1.4 per cent to $946.5m. Declines were recorded in lending to various sectors including agriculture and fisheries (19.0 per cent); transportation and storage

(16.4 per cent); public administration (9.5 per cent); tourism (6.2 per cent); mining and quarrying (3.5 per cent). A contraction in the extension of credit was also registered for other services such as entertainment and catering (5.2 per cent); utilities, electricity and water (3.6 per cent) and financial institutions (1.7 per cent). The reduction in credit was moderated by increased lending to distributive trades (3.2 per cent); manufacturing (2.7 per cent); construction (0.8 per cent); personal use (0.2 per cent).



The commercial banking system remained very liquid in the first quarter of 2017. The ratio of liquid assets to total deposits plus liquid liabilities was 53.1 per cent at the end of March 2017. Accordingly, the loans and advances to total deposits ratio rose by 5.7 percentage points to 53.5 per cent, considerably below the ECCB's benchmark of 75.0 to 85.0 per cent.

At the end of March 2017, the net foreign assets position of the banking system stood at $1,165.9m, registering an increase of 6.9 per cent from the corresponding period of the previous year. This development was mainly the result of an 8.7 per cent rise in Dominica's imputed share of the Central Bank's reserves. The increase in net foreign assets was also supported by a 4.8 per cent expansion in the net foreign assets position of commercial banks, associated with growth in their net assets position with institutions outside of the ECCU territories but partially offset by a decline in their net position in other ECCU territories.

The weighted average total deposits rate rose to 1.75 per cent at the end of March 2017 from 1.70 per cent at the end of December 2016. Concomitantly, the weighted average lending rate declined to 8.09 per cent from 8.12 per cent in the period under review. Consequently, the weighted average interest rate spread narrowed to 6.35 percentage points at the end of March 2017 from 6.42 percentage points at the end of December 2016.

Prospects

Real output in Dominica is forecasted to gain momentum in the remainder of 2017, largely led by the construction sector, as the economy continues to recover from the effect of tropical storm Erika in August 2015. The acceleration in activity is also expected to be supported by improvements in the tourism industry and agricultural sector. Construction activity in the public sector is anticipated to increase as the rebuilding efforts following the storm continues. This investment is expected to be supplemented by other projects such as the ongoing construction of a new national hospital and the implementation of the Roseau Enhancement Project. Furthermore, the continued construction of Range Developments' Cabrits Resort Kempinski project, which is due to open in 2018, is projected to drive private sector construction activity along with other projects likely to be advanced during the year such as the construction of the Jungle Bay Villas.

Overall performance in the tourism industry in 2017 is likely to improve as reliable air access is expected to be maintained for the remainder of the year, barring any disasters. Increased marketing efforts by Discover Dominica Authority, supported by an expanded tourism budget, are also likely to boost growth in the industry. An increased number of cruise ship passengers are also projected from an estimated improvement in the number of cruise calls scheduled for the 2017/2018 cruise tourism season which begins in October. Additional cruise ships such as the MV Freewinds and the MV Carnival Fascination are also expected to make summer calls to the island in 2017.

With the continued support of the government and the European Union under the Banana Accompanying Measures (BAM) and amidst efforts to control Black Sigatoka in the banana sub-sector, output in the agricultural sector is expected to continue to improve in 2017. In the short to medium term, manufacturing output is expected to remain subdued.

The overall fiscal balance is anticipated to deteriorate in 2017, mainly as a consequence of increased capital expenditure for reconstruction and rehabilitation, among other capital projects and amid declining grant revenues. The increase in the deficit is however anticipated to be tempered by continued efforts to improve tax compliance. In the external sector, the merchandise trade deficit is expected to widen, driven by construction related imports.

Downside risks to this outlook include a deceleration in Citizenship by Investment programme inflows, the receipt of fewer grants than expected and/or delays in the disbursement of loan or grant funds which could all slow down the implementation of the public sector investment programme. This process could be additionally affected by administrative and implementation capacity constraints. Further exposures to plant diseases also pose a threat and could undermine any progress in the agricultural sector. Bouts of political unrest could also have negative implications for the investment climate. In addition, Dominica remains vulnerable to external shocks such as adverse weather and downturns in the economies of development partners and major tourism source markets. On the upside, businesses in the agricultural sector and tourism industry can benefit from concessional financing opportunities currently being provided by the government. This initiative can potentially boost activity in the private sector. Additionally, the advancement of projects such as the geothermal energy plant would positively impact the economy. Finally, the establishment of a disaster vulnerability fund using Citizenship by Investment funds as announced in the 2016/2017 Budget would assist the country in its response to natural disasters in the future.

GRENADA

Overview

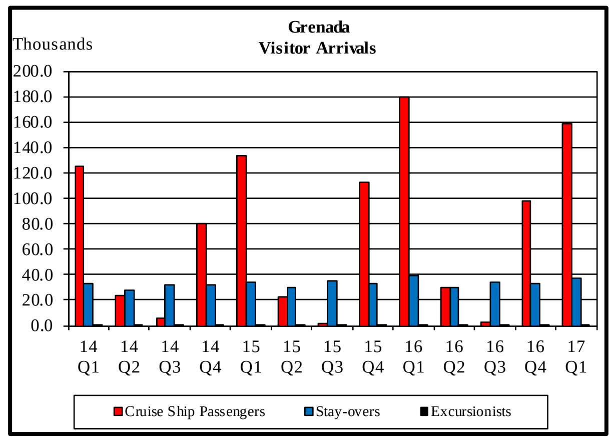
Grenada recorded macro-economic gains during the completion of its three-year Homegrown Structural Adjustment Programme. Economic activity increased in the first quarter of 2017 relative to the level in the corresponding period of 2016. Growth stemmed from robust construction activity and its spillovers to the rest of the economy. Consumer prices rose marginally by 0.2 per cent on an end of period basis. The fiscal position of the central government improved, registering a larger overall surplus in the quarter under review. The disbursed outstanding public sector debt rose, compared with the level at the end of December 2016. In the banking sector, there was growth in monetary liabilities and net foreign assets, but a contraction in domestic credit. Commercial banks liquidity increased while the spread between the weighted average deposit and lending interest rates narrowed.

The economy of Grenada is expected to grow in 2017, albeit at a slower pace than the prior year. The construction sector is likely to provide the main impetus to growth with positive spin off effects in sectors such as wholesale and retail trade. The deceleration is premised on weaker developments in tourism and agriculture. The merchandise trade deficit is expected to widen, while the central government's fiscal operations are likely to result in a larger overall surplus in 2017. Risks to the near term are generally balanced. **Some of the key negative risks include a sharp reduction in CBI inflows; and a natural disaster or adverse weather. On the upside, ongoing measures, including those to improve doing business and reduce unemployment, can support faster growth.**

Output

Construction activity is estimated to have expanded in the first three months of 2017. The value and volume of imports of construction materials is estimated to have risen by 31.6 per cent and 9.0 per cent, respectively. This outturn was largely influenced by the construction of a number of tourism related projects including Silver Sands Resort Development, and other commercial properties like a mall expansion. In the public sector, work continued on the Parliament building, roads, schools, among others. Growth in construction activity is estimated to have contributed positively to increased activity in sectors such as mining and quarrying as well as wholesale and retail trade.

Activity in the manufacturing sector was mixed in the quarter under review. Production grew for the majority of beverages, other than stout production which fell by 10.3 per cent. Output of soft drinks nearly tripled to 79,254 cases, as production resumed for a particular soft drink in the third quarter of 2016 following a hiatus in early 2015. Further gains were registered in the volume of rum (12.6 per cent), beer (11.7 per cent), and malt (9.8 per cent). The performances of other industries within the sector were not as favourable. The manufacturers of oxygen gained 16.4 per cent additional output while the producers of acetylene and paint, registered declines in their volumes of 23.6 per cent and 1.7 per cent, respectively. Among the animal feed producers, contractions were recorded in the output of poultry feed (8.4 per cent) and wheat bran (2.0 per cent). Further declines were observed in the output levels of toilet paper (13.4 per cent), as well as grain mill and bakery products, namely, flour (5.2 per cent) and macaroni (2.0 per cent).



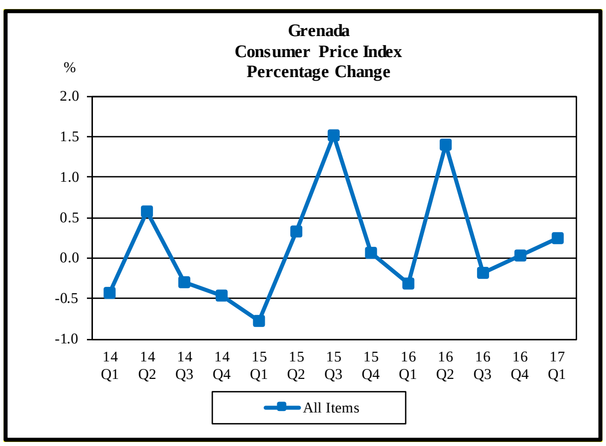
The overall performance of the tourism industry was weaker in the first three months of 2017, relative to that in the corresponding period of 2016. Total visitor arrivals are estimated to have contracted by 10.6 per cent to 203,778 in the period of review, in stark contrast to an expansion of 29.1 per cent in the first quarter of 2016. The main factor responsible for this outturn was a reduction of 11.5 per cent to 158,609 in the number of cruise passengers, reflecting visits by seemingly smaller and fewer vessels. The number of cruise ship calls fell to 123 from 125. The stay–over visitor category also did not fare very well, registering a decrease of 3.5 per cent to 37,387 in arrivals. This contrasts with growth of 12.5 per cent in these arrivals in the first quarter of 2016, when the outturn was boosted by the country's hosting of regional and international sports events. Within the major source markets, the most notable contraction was in arrivals from the Caribbean (21.6 per cent), followed by the United Kingdom (6.2 per cent). Improved performances were recorded in the Canadian and USA source markets, which witnessed growth of 7.1 per cent and 3.4 per cent respectively. Across the European markets, Germany posted the largest growth of 25.9 per cent. Improvements were partly attributable to improved airlift and targeted marketing efforts. Among other sub-categories of visitors, declines were recorded in the number of excursionists (70.0 per cent) and yacht passengers (16.7 per cent).

Agricultural output is estimated to have contracted, premised on the negative outturn for most non-banana crops. The total production of other crops, including fruits, vegetables, and ground provisions is estimated to have fallen by 18.8 per cent to 618,149 pounds. This was steeper than the rate of decline of 14.0 per cent in the first quarter of 2016, as production was stymied by pest infestation and other weather related factors. Further decreases were observed in the output of cocoa (22.3 per cent) and mace (12.1 per cent). Banana production was down by 5.1 per cent, impacted by the lingering effects of plant disease such as the Black Sigatoka disease. Notwithstanding the constraints, nutmeg output rose by 19.3 per cent.

The contraction of output in the fishing sector decelerated to 8.2 per cent from 18.4 per cent in the first quarter of 2016; total output reached 1,010 tonnes in the first quarter of 2017.

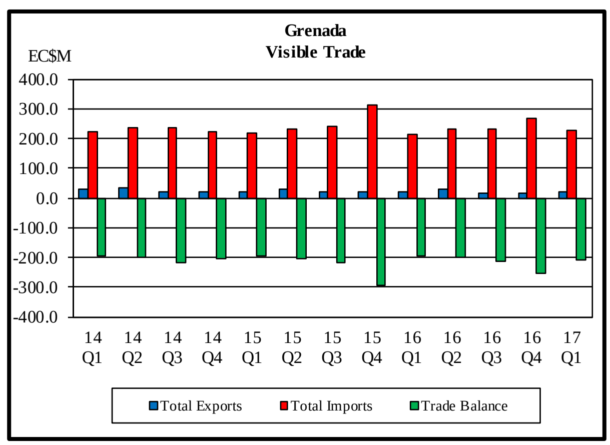
Prices

The general consumer price level edged upwards by 0.2 per cent during the quarter under review, reflecting the transmission of relatively higher international oil prices. This was a reversal of the rate of decline of 0.3 per cent in the corresponding period of 2016. The largest increase was observed for the transport sub-index (0.8 per cent), largely due to higher costs for: fuels and lubricants; vehicle spare parts and accessories; and airfares. There were also increases in the largest sub-indices, namely, food and non-alcoholic beverages (0.2 per cent) and housing, utilities, gas and fuels (0.1 per cent). The sub-index for recreation and culture was up by 0.2 per cent. Overall inflation was tempered by a decline of 0.3 per cent in health sub-index. There was little or no change in the remaining sub-indices including those for communication, hotels and restaurants, and alcoholic beverages, tobacco and narcotics.



Trade and Payments

The merchandise trade deficit is estimated to have widened by 5.8 per cent to $207.7m in the first quarter of 2017. The larger deficit mainly resulted from growth in the value of imports. Import payments were up by 4.9 per cent ($10.5m) to $225.7m mainly on account of the higher value of imports of food and live animals; machinery and transport equipment; and mineral fuels and related materials. The value of total exports remained relatively flat at $18.0m, reflecting a reduction in domestic exports and a slight increase in re-exports to $1.0m. The receipts from domestic exports fell by 4.7 per cent ($0.8m), reflecting lower export earnings from fish; agricultural products including nutmeg, cocoa and mace; and most manufactured goods with the exception of products such as paints and varnishes.



Gross travel receipts dipped by 3.4 per cent to $111.1m, mirroring the fall off in all categories of visitors. Commercial bank transactions resulted in a net outflow of

$101.0m, representing almost triple the level of outflows recorded during the first quarter of 2016. External loan disbursements expanded to $25.3m from $7.9m in the first quarter of 2016, while external amortization amounted to $13.9m from $9.6m. Accordingly, the central government was in a net disbursement position of $11.5m in the first three months of 2017, in contrast to a net amortization position of $1.7m in the corresponding period of 2016.

Central Government Fiscal Operations

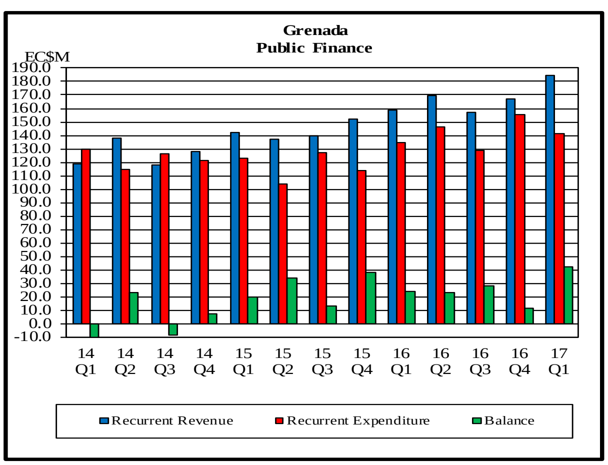
The central government incurred an overall fiscal surplus of $43.8m in the first quarter of 2017, which tripled that of $13.1m in the comparable period of 2016. A primary surplus of $52.3m was registered, up from one of $22.8m in the first quarter of 2016. The fiscal outturn, which was supported by the increase in economic activity, was also underpinned by ongoing efforts to strengthen a number of areas including tax administration; public financial management; oversight of state-owned enterprises; and the targeting of social safety nets.

The current account surplus expanded by 80.5 per cent to $42.6m, reflecting growth in current revenue which outpaced that of current expenditure. Current revenue rose by 16.3 per cent to $184.2m, accelerating from the rate of growth of 11.1 per cent observed in the corresponding period of 2016. The enhancement was an account of an increase of 19.3 per cent in tax revenue ($28.4m) to $175.4m. The smaller component of current revenue, non–tax revenue, contracted by 22.2 per cent ($2.5m), largely associated with lower receipts from dividends and rent.

All of the main tax categories posted improvements. Taxes on income and profit posted the largest growth of $13.9m (43.5 per cent), arising from growth mainly in the collection of company taxes. Collections from taxes on domestic goods and services, the largest source of taxes, grew by $9.3m (14.4 per cent), partly on account of an increase of $5.3m in Value Added Tax (VAT) receipts to $57.9m. Revenue from taxes on international trade and transactions was up by $3.1m (6.7 per cent), mirroring higher receipts from the import duty and customs service charge. The yield from taxes on property rose by $2.0m (47.7

per cent), influenced by improved collection methods.

Current expenditure grew by 5.1 per cent to $141.7m during the quarter under review. Expenditure on personal emoluments, its largest sub-component, grew by $9.7m (16.0 per cent), influenced by salary increments and increases made to certain public officers during the quarter under review. Spending on goods and services also grew, by 11.6 per cent ($3.1m). By contrast, transfers and subsidies declined by $4.8m (12.8 per cent) partly attributed to lower spending on pensions, gratuities, subventions and transfers. Interest payments fell by $1.2m (12.3 per cent) attributable to lower domestic interest obligations of $3.2m from $5.3m. Meanwhile, grant resources utilised for current outlays amounted to $2.2m, down from $5.9m in the first quarter of 2016.



On the capital account, $12.3m was recorded in capital grants, relative to that of $9.7m in the first quarter of 2016. Capital expenditure amounted to $14.3m, below the amount of $20.7m in the corresponding period of 2016.

Public Sector Debt

The total disbursed outstanding debt of the public sector rose by 1.0 per cent ($23.9m) to $2,319.5m at the end of March 2017 relative to the level at the end of December 2016. The total domestic debt grew by 1.4 per cent, partly reflecting increased bond issuance. The total external debt was up by 0.9 per cent, largely influenced by higher disbursements from multi-lateral organisations as well as upward movements in the exchange rates of two of the major borrowing currencies. The disbursed outstanding debt of the central government moved up by 0.7 per cent to $2,189.0m, while that of public corporations is estimated to have risen by 6.9 per cent to $130.5m.

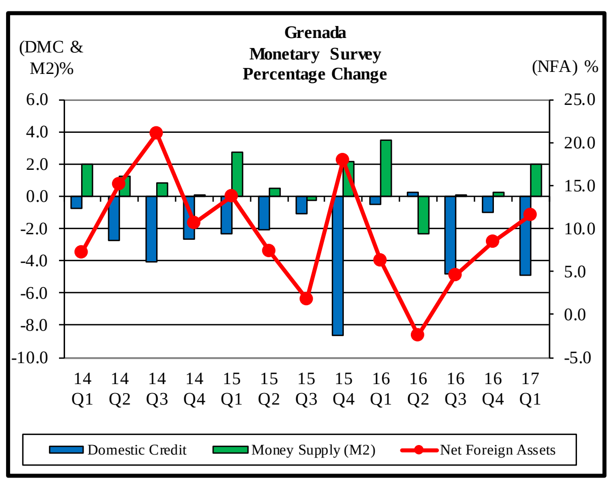
Money and Credit

Monetary liabilities (M2) rose by 2.0 per cent to $2,194.5m during the first quarter of 2017, below the pace of growth

of 3.5 per cent registered during the corresponding period of 2016. This outturn resulted from increases in both quasi money (1.8 per cent or $27.8m) and the narrow money supply or M1 (2.7 per cent or $15.7m). Growth in private sector foreign currency deposits (12.0 per cent) and private sector savings deposits (1.1 per cent), outweighed a decline of 1.4 per cent in private sector time deposits, leading to the surge in quasi money. Within M1, an increase of 5.0 per cent in private sector demand deposits offset declines in the issuances of cheques and drafts (32.3 per cent) and currency with the public (1.7 per cent).

The net foreign assets of the banking system totaled $1,119.2m at the end of March 2017, 11.6 per cent above the level recorded at the end of 2016. The transactions of commercial banks primarily contributed to the acceleration, as they expanded their net foreign asset positions with financial institutions outside the Currency Union and with those in other ECCU territories by 35.4 per cent and 15.4 per cent respectively. Grenada's imputed share of ECCB's reserves rose by 2.8 per cent to $558.7m.

Domestic credit decreased by 4.9 per cent to $1,179.6m during the quarter under review, mainly associated with the transactions of central government. There was a decline of 16.7 per cent in total credit to the central government and an acceleration of 42.3 per cent in the total deposits of the central government in the entire banking system. Consequently, the central government net deposit position a little more than doubled to $126.5m. In the rest of the public sector, the net deposit position of non-financial public enterprises declined by 5.9 per cent, as they contracted additional credit and reduced their deposits in the banking system. Borrowings by the private sector fell by 0.5 per cent ($8.1m), as contractions in credit to non-bank financial institutions (8.0 per cent) and households (1.4 per cent) offset an increase in credit to businesses (1.6 per cent).



Total loans and advances decreased by 0.7 per cent to $1,622.7m during the first quarter of 2017. Declines were more pronounced in credit for utilities, electricity and water (10.0 per cent), tourism (4.1 per cent), and personal use (1.1 per cent). Additionally, credit for public administration was down by 97.7 per cent ($9.7m). The overall reduction in credit was tempered by growth in credit to areas such as transportation and storage which rose twofold, as well as financial institutions (39.8 per cent), professional and other services (6.0 per cent), and agriculture and fisheries (3.5 per cent).

With respect to commercial bank liquidity, the ratio of liquid assets to total deposits plus liquid liabilities rose by 1.7 percentage points to 46.6 per cent at the end of March 2017. The loans and advances to total deposits ratio fell by 2.1 percentage points to 56.7 per cent.

The weighted average total deposits rate declined to 1.40 per cent at the end of March 2017, from 1.44 per cent at the end of December 2016. Meanwhile, the weighted average interest rate on loans fell to 8.36 per cent from 8.43 per cent. As a result, the weighted average interest rate spread narrowed to 6.96 percentage points at the end of March 2017, from 6.99 percentage points at the end of the prior year.

Prospects

The economy of Grenada is expected to grow in 2017, albeit at a slower pace than the previous year. The deceleration in economic activity is likely to stem from weaker developments in tourism and agriculture. The near term prospects for the country are broadly positive amid signs that global economic activity is picking up. The construction sector is likely to provide the main impetus to growth with positive spin off effects in sectors such as wholesale and retail trade. Construction activity is projected to remain strong as work continues on private sector tourism related projects.

In the external sector, the merchandise trade deficit is expected to widen, premised on higher value of construction related imports for tourism projects. Furthermore, the rising trend in international oil prices, observed since late 2016, could not only cause the domestic price level to increase, but also does not bode well for the country's external position. Export revenue is likely to remain subdued in 2017, affected by supply side and logistical constraints in agriculture and fishing respectively.

The central government's fiscal operations are likely to result in a larger overall surplus in 2017. Adherence to the fiscal responsibility legislation will ensure the forecasted enhanced fiscal position. A broadened tax base, stemming from streamlined tax incentives and improved tax administration, coupled with increased economy activity, will auger well for current revenue performance. Containing primary expenditure, particularly the public wage bill should remain a priority.

Risks to the near term are generally balanced. Some of the negative risks include a sharp decline in CBI inflows; adverse weather; appreciation of the US dollar making exports less competitive; and a loss of correspondent banking relationships and associated increase in compliance costs. Furthermore, the outcome of the Brexit referendum and the policies of the new US government can pose additional risks to tourism, grant inflows, trade and investment. On the upside, the successful climax of the Homegrown Structural Adjustment Programme, in meeting its intended objectives by the first half of 2017, should foster improved confidence and credibility in the economy among consumers, investors, creditors and donor agencies. This can result in greater than anticipated consumer spending and investments as well as greater access and availability of concessional financing and grants. Additionally, ongoing measures, including those to improve doing business and reduce unemployment, can support faster growth. Policy priorities in the near term are likely to be, but not limited to, pension reform; modernizing the management of the public sector; and accessing and using funds to address areas such as climate change, natural disasters and energy.

MONTSERRAT

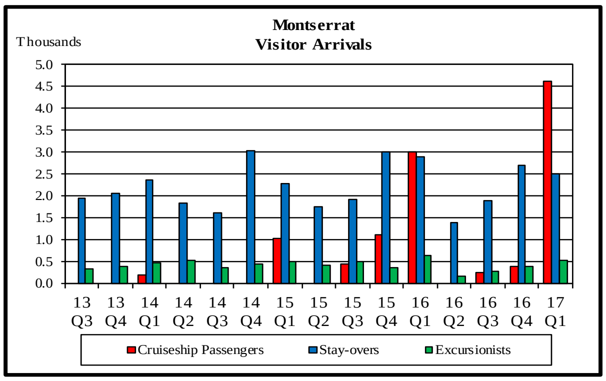
Overview

The economic performance of Montserrat strengthened in the first three months of 2017 relative to that in the corresponding period of 2016. Among the main sectors contributing to the improved performance were public administration and tourism. The consumer price index rose by 1.5 per cent, on an end of period basis. The merchandise trade deficit narrowed as the value of exports increased while imports declined. **The overall balance on the fiscal account (after grants) worsened due principally to a reduction in current grant flows.** In the banking system, total monetary liabilities increased, net foreign assets decreased and commercial banks moved from a net deposit position to a net credit position. Overall, liquidity conditions remained relatively stable and high, while the weighted average interest rate spread between loans and deposits narrowed.

Montserrat's economy faces uncertainty for the remainder of 2017, with minimal growth projected based on the first quarter performance. In addition, the combination of the Brexit negotiations and the UK election in June may result in more uncertainty for Montserrat's economy. Moreover, improvements in value added by government services and construction may not be realized until the latter part of the year, as it remains contingent upon the resumption of a number of public sector infrastructural projects. The outturn on the fiscal balance depends largely on the level of budgetary support. An increase in stay-over visitor arrivals and other auxiliary sectors such as transport, storage and communications and wholesale and retail trade could also have a positive impact on the fiscal balance. However, downside risks including adverse weather, disruptions to access and the slow mobilisation of budgetary support remain a concern.

Output

Preliminary data indicate an improvement in economic activity. Value added by public sector administration, defence and compulsory social security, the largest contributor to economic output, is estimated to have increased in the first quarter of 2017. The proxy indicator, the value of expenditure on personal emoluments, recorded growth of 1.5 per cent in the first quarter of 2017 compared with growth of 0.5 per cent in the corresponding period last year.



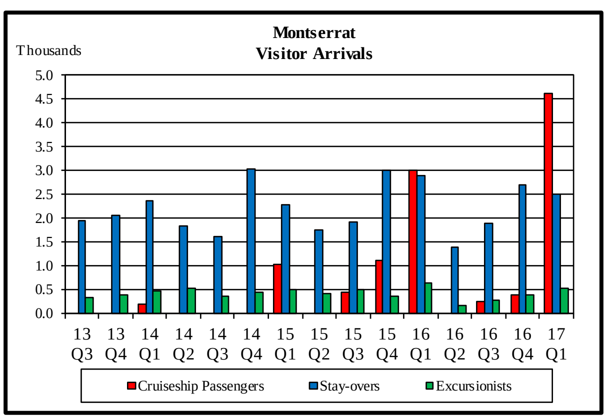
Performance in the tourism industry improved as total visitor arrivals increased by 9.0 per cent in the first quarter of 2017 in comparison to a 93.9 per cent increase in the corresponding period last year. This increase was fuelled by growth of 54.4 per cent (1,624) cruise ship passengers to 4,611 in the period under review. However, the improvement in cruise ship passengers was tempered by declines in all other categories. Stay-over tourist arrivals decreased by 13.1 per cent to 2,503 reflecting a decline in the number of tourists from the Caribbean (21.0 per cent), UK (18.1 per cent) and the USA (12.4 per cent). Excursionists decreased by 16.5 per cent to 530, in contrast to an increase of 26.5 per cent in the first quarter of the prior year. In the first three months of 2017 passengers arriving by yacht also declined by 55.0 per cent to 394.

Value added in the construction sector is provisionally estimated to have declined in the first quarter of 2017 compared with that in the corresponding period of 2016. This outturn is evidenced by a 46.1 per cent fall in construction starts. The decrease in the sector's performance was also driven by a 100.0 per cent fall in government capital expenditure for the review period due to the fact that no grants were received for the quarter. It is the policy of the Government of Montserrat to complete all drawdowns of grant funding in the first three quarters of its fiscal year which results in no drawdowns in in the fourth quarter of their fiscal year (January to March).

Prices

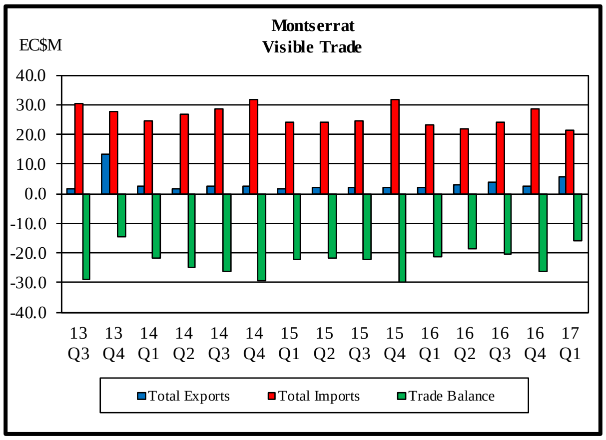
The consumer price index increased by 1.5 per cent, on an end of period basis, in contrast to a decrease of 1.5 per cent in the

first three months of 2016. The rise in prices was mainly attributed to increases in the sub-indices for transport (8.5 per cent), clothing and footwear (1.8 per cent), housing, water, gas, electricity and other fuels (0.8 per cent) and restaurants and hotels (0.2 per cent). The increase in transport was attributed to the increase in oil prices. Meanwhile, price declines were recorded in the sub-indices for recreation and culture (2.8 per cent), furnishing, household equipment and routine household maintenance (1.2 per cent), food and non-alcoholic beverages (1.0 per cent), health (0.4 per cent) and communication (0.3 per cent). The alcoholic beverages, tobacco and narcotics index and education index remained relatively unchanged.



Trade and Payments

Preliminary data revealed a narrowing of the trade deficit on the merchandise account in the first quarter of 2017 compared with that in the corresponding period last year. The trade balance improved by approximately 26.0 per cent to $15.9m. This outturn was partly attributable to an estimated 190.3 per cent ($3.6m) expansion in export earnings. Re-exports expanded by $3.1m in the first quarter of 2017, reflecting a rise in the re-exports value of machinery and transport equipment and miscellaneous manufactured articles. The re-exports of machinery and transport equipment are primarily from the equipment used to drill the third well for geothermal energy. The value of domestic exports also increased to $2.3m from $1.8m in the first quarter of 2016, as earnings from crude materials, inedible except fuels increased by $0.4m to an estimated $1.9m. Imports totalled $21.4m, a decrease from $23.3m in the comparable period of the previous year. This decline was mainly due to decreases in miscellaneous manufactured articles ($1.0m), manufactured goods ($0.6m) and machinery and transport equipment ($0.4m). These decreases were partially tempered by increases in expenditure on imports of beverage and tobacco ($0.3m) and mineral fuels and related materials ($0.1m).

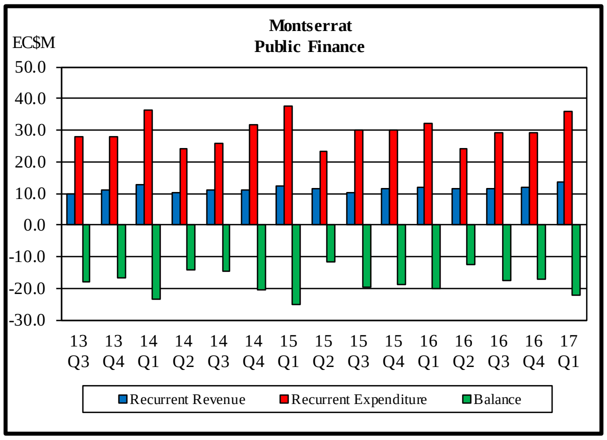


Developments on the services account indicated that despite growth in visitor arrivals, there was a decrease in gross travel receipts to $7.6m in the first quarter of 2017 from $8.6m in the first quarter of 2016. Commercial banks' transactions resulted in a net inflow of $21.3m in short term capital during the review period compared with a net inflow of $18.2m in the corresponding quarter in 2016.

Central Government Fiscal Operations

The central government recorded a deficit (after grants) of $22.1m, in the first quarter of 2017 compared with a deficit of $16.1m in the corresponding period of 2016. The outturn stemmed from a lack of both current and capital grants. The downturn in grants led to a current account deficit of $22.1m from one of $20.2m in corresponding quarter of 2016. It is the policy of the Government of Montserrat to complete all drawdowns of grant funding in the first three quarters of its fiscal year which results in no drawdowns in in the fourth quarter of their fiscal year (January to March).

Current expenditure increased by 11.8 per cent to $35.7m, largely due to expenditure on transfers and subsidies which increased by 40.2 per cent ($3.2m). The increase in transfers and subsidies was due to the resumption of the ferry service between Montserrat and Antigua. Outlays on goods and services rose by 3.3 per cent to $13.8m and spending on personal emoluments increased by 1.5 per cent to $10.8m. Meanwhile, interest payments primarily on external debt remained relatively unchanged. Capital expenditure declined, in the absence of large investments for major public infrastructural projects and also the lack of capital grants. There were no investment outlays as it decreased by 100 per cent in the current period in contrast to $8.6m spent in the corresponding three months of 2016. This outturn was also reflective of a slowdown in construction activity owing to the suspension of several new public projects.



Current revenue improved by 16.1 per cent to $13.6m in contrast to a decrease of 4.4 per cent in the corresponding period of 2016. This outturn resulted primarily from a 15.2 per cent increase in tax revenue to $12.2m in comparison to an increase of 3.0 per cent in the corresponding period of the previous year. The increase in taxes was driven largely by growth in collections from taxes on income and profits ($1.5m) and taxes on international trade and transactions ($0.2m). This upsurge was tempered by a decline in revenue collected from taxes on domestic goods and services ($0.1m) and taxes on property ($0.1m). An increase in non-tax revenue ($0.3m) also contributed to the overall increase of current revenue.

Public Sector Debt

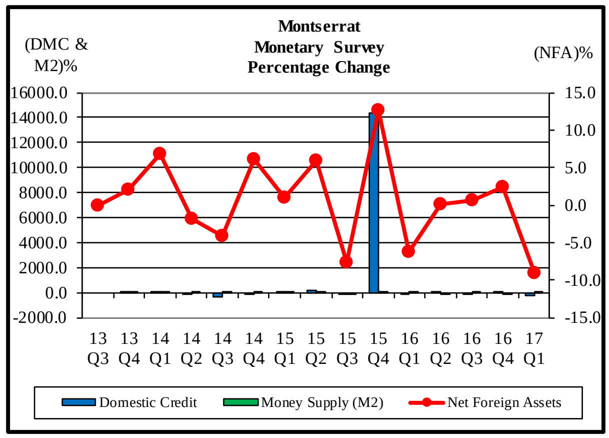
The stock of public sector debt stood at $8.51m at the end of the first quarter of 2017 compared with the stock of $8.9m at the end of the first quarter of 2016. This decline was as a result of payments made on the Caribbean Development Bank (CDB) loan, for the purchase of a new diesel generator and the construction of a power plant. The proportion of total debt held by the central government stood at $4.55m, while $3.96m was held by public corporations. The total stock of debt was contracted externally.

Money and Credit

The stock of monetary liabilities (M2) in the banking sector grew by 1.7 per cent to $251.5m during the first three months of 2017, compared with an increase of 1.6 per cent during the corresponding period of 2016. This outturn was associated with a 5.4 per cent increase in narrow money (M1) to $65.6m. The expansion in narrow money was driven largely by a 6.9 per cent rise in private sector demand deposits. Currency with the public also increased in the period by 2.3 per cent. Quasi money increased by 0.4 per cent to $185.9m, as there was growth in private sector time deposits (1.0 per cent) and private sector savings deposits (0.7 per cent). However, there was a decline in private sector foreign currency deposits (5.2 per cent).

Montserrat registered a net domestic credit position of $14.8m, in contrast to the net deposit position of $14.6m recorded at the end of March 2016. This outturn was largely influenced by a 36.4 per cent contraction in the net deposit position of the central government to $48.6m, associated with a drawdown in deposits to meet current obligations. Credit to the private sector rose by 1.2 per cent to $81.3m, due to an expansion in household sector credit (1.4 per cent), while the business sector borrowing remained unchanged over the period.

A sectorial analysis of credit extended during the review period revealed a 1.0 per cent increase in personal credit to $80.8m, representing 85.5 per cent of total commercial bank credit. The increase in personal credit was associated with higher borrowing for the acquisition of property (0.9 per cent) and expenditure on durable goods (5.8 per cent). However, there were declines in lending for manufacturing (12.7 per cent), distributive trades (11.0 per cent), agriculture and fisheries (14.3 per cent) and tourism (2.5 per cent).



Net foreign assets in the banking system contracted by 9.0 per cent to $282.2m during the first three months of 2017. The net foreign assets of commercial banks decreased by 12.1 per cent to $155.6m, as assets held with institutions outside the Currency Union declined by 14.1 per cent. Montserrat's imputed share of the reserves held with the Central Bank contracted by 5.0 per cent to $126.6m.

The level of liquidity in the commercial banking system remained high during the first quarter of 2017. The proportion of total liquid assets to total deposits plus liquid liabilities was 84.1 per cent, trending consistently above the minimum prudential requirement of 25.0 per cent. The ratio of loans and advances to total deposits increased to 28.5 per cent from 26.2 per cent at the end of December 2016, consistent with growth in private sector credit.

The interest rate spread between deposits and loans contracted by 12 basis points to 5.97 per cent during the review period. The weighted average lending rate decreased by 4 basis points to 7.03 per cent, while the weighted average interest rate on total deposits grew to 1.18 per cent from 1.10 per cent at the end of December 2016.

Prospects

Montserrat's economy faces some uncertainty for the remainder of 2017. Growth for the country is projected to be lower given the first quarter performance. There is also a less favourable outlook for key drivers of economic activity. The scale of activity generated by the construction sector is not expected to pick up as the roll-out of key transformational projects is currently on hold. These include the re-instatement of fibre-optic connectivity, the new hospital and secondary school projects. Also, with the triggering of Article 50 setting the stage for Brexit, uncertainty in the economy remains for both the UK and Montserrat. This uncertainty is coupled with the fact that the UK Prime Minister Theresa May called an early election which took place on 8 June 2017 which resulted in her party losing seats but still maintains the majority of seats in parliament.

The slowdown in construction activity may be slightly moderated if maintenance and other infrastructural projects addressing road works, social housing, water supply and drainage and sanitation works are implemented within the second half of the year. Also, the on-going construction of the geothermal exploration and power generation plant is likely to increase the value of output in the construction sector.

Improvements in the tourism industry are likely for the remainder 2017 as a ferry has commenced operations between Montserrat and Antigua at least four times

per week. With enhanced access and marketing, there should be a recovery in the number of stay-over visitors and excursionists to the country. These developments will positively contribute to improvements in the ancillary sectors such as wholesale and retail trade and transport, storage and communications.

Improvement in tax collection and compliance, and enforcement of tax legislative requirements should provide for gains in revenues collected for the remainder of 2017. Expenditure is expected to increase during the year but at a relatively low rate as the government has not announced any major plans for 2017 to date.

The economic performance of Montserrat in 2017 is largely dependent on the availability and timeliness of budgetary aid, positive developments in the global macro-economic environment, access to the country and a lower incidence of threats from natural disasters. **The downside risks are the Brexit negotiations, limited air and sea access, possible disruptions in the implementation of development projects to restore the island's infrastructure and untimely access to budgetary aid. Moreover, threats posed by hurricanes and volcano related risks remain major concerns.**

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

Overview

Data on hand for the first three months of 2017 suggest that economic growth in St Kitts and Nevis decelerated, relative to the performance of the corresponding period of 2016. The increase in economic activity reflected buoyancy in construction; hotels and restaurants; transport, storage and communications and real estate, renting and business activities sectors. Concurrently, value added in the manufacturing and agricultural sectors is also estimated to have increased. Consumer prices were virtually unchanged declining by less than 0.1 per cent on an end of period basis. **The operations of the Federal Government resulted in an overall fiscal surplus, albeit lower than the surplus in the comparable period in 2016 and the total outstanding debt of the public sector fell.** In the banking system developments were underscored by increases in the net foreign assets and monetary liabilities, while domestic credit declined. Commercial bank liquidity increased, and the weighted average interest rate spread between loans and deposits widened.

For 2017 the economy of St Kitts and Nevis is forecasted to expand further, buoyed by generally higher activity in the major productive sectors; construction and hotels and restaurants with spill-over effects on wholesale and retail trade; transport, storage and communications; and real estate, renting and business activities sectors. The performance will also be supported by strengthening recoveries in the manufacturing and agricultural sectors. Some upward pressure on prices is anticipated consistent with higher real sector activity, however persistently low and stable international commodity prices particularly for petroleum and food products could mitigate any domestic inflationary pressures. Notwithstanding the forecasted increase in economic activity, a decline in total revenue is estimated, relative to the performance in 2016, influenced by lower receipts from the Citizenship by Investment (CBI) programme. Developments in the real sector will be influenced largely by planned public sector investments, therefore growth outcomes could be significantly altered by the extent to which planned public investments are successfully implemented. As a consequence of declines in total revenue, a slight narrowing in the overall surplus is estimated, contingent on fiscal restraint in outlays on current expenditure.

A major downside risk includes a further decline in CBI receipts exacerbated by intensified competition from programmes in other regional jurisdictions and negative press generally on similar programmes in the region and further abroad. The risk is further magnified when the relationship between CBI inflows and the construction sector is taken into consideration. Other risks include, the adverse impact on visitor arrivals from a possible slowing in the economic performance of the USA, the Federation's major visitor source market, and the impact as the UK gradually demits the European Union. Second order risks to the outlook for 2017 point to decreased competitiveness through an appreciation of the US dollar, to which the domestic currency is pegged, relative to other major currencies and the prevailing threat of weather related damage to the country's productive sectors and physical infrastructure.

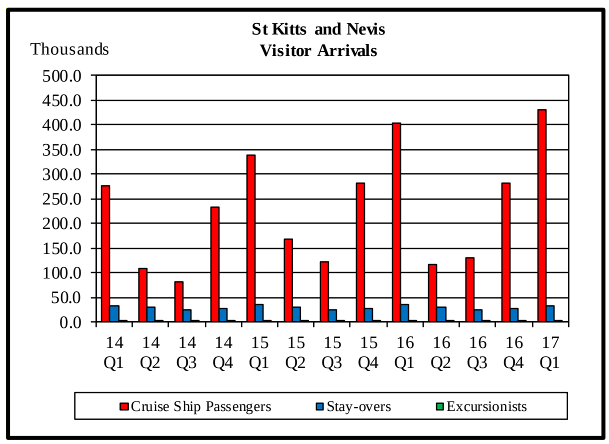
On the upside, the recently re-branded CBI programme could serve to distance the product from its competitors by further differentiating the product from other programmes. Recent reforms aimed at improving customer relations, transaction processing time and the security robustness of the programme have been touted as distinct points of demarcation from similar programmes offered regionally and internationally.

Output

Value added in the construction sector, rose in the first three months of 2017, compared with the performance in the corresponding period of 2016. This assessment is based on ongoing capital outlays in both the private and public sectors. Private sector activity was sustained by ongoing construction work on a number of hotel accommodation establishments including completion work on the 136 room, Park Hyatt Resort and sustained work on the Koi Resort and Residences. Incremental work continued on the T-Loft Pirates' Nest development in Frigate Bay and the Heldens Estate Condominium Resort and Residences in the north of St Kitts. Other tourism related developments include construction work on the Customs House at the Christophe Harbour marina and work on phase I of the Kittitian Hill development. Work also advanced on the Golden Rock Commercial Development, retail spaces in Frigate Bay and the construction of various commercial buildings and private residential homes. In Nevis, private sector construction focused on the Four Seasons Estates, the Candy Resort and other residential properties. The assessment of higher construction activity was, supported by an estimated 7.5 per cent increase in the volume of sand mined from the government quarry to 6,212 cubic yards, in contrast to a 10.0 per cent decrease in January to March 2016 and an estimated 7.5 per cent increase to 9,721 cubic yards, in the volume of stones mined, in contrast to a decrease of 10.0 per cent in the corresponding period of 2016. These developments were, however, moderated by a 7.9 per cent decline in the volume of imports of construction related materials, in contrast to a 9.1 per cent increase in the volume of imports in 2016. The constrained pace of expansion in the construction sector was also further explained by a 0.1 per cent decrease in credit to the construction sector, compared with a 1.1 per cent decline in the first quarter of 2016. However, construction activity was also supported by public sector investment. Capital expenditure rose by $7.8m from January to March 2017, in contrast to a decrease of $9.1m in the corresponding period in 2016, largely driven by infrastructural enhancements to roads, pedestrian ways and tourism attractions on St Kitts. In Nevis, public investment consisted mainly of outlays on an athletics track, expansion work on the Alexandra hospital and work on the Caribbean Development Bank (CDB) funded water project.

Value added in the hotels and restaurants sector, which closely tracks developments in the tourism industry, is estimated to have risen in the first three months of 2017, attributable to higher cruise passenger arrivals partly constrained by a decrease in the number of stay-over visitors. The number of stay-over visitors is estimated to have declined by 5.0 per cent to 32,664 from January to March 2017, compared with a decrease of 2.9 per cent in the corresponding period of 2016. This development was attributable to lower performances in all of the major source markets, including the United States of America (5.7 per cent),), the UK (6.1 per cent), Canada (4.2 per cent) and the Caribbean (2.6 per cent). The decline in the performance of the USA market, is not unusual during the period leading up to and following Presidential elections in the USA as voters customarily prefer not to travel outside of the country at that time. The underperformance of the UK market may reflect the uncertainty surrounding trade relations between the UK and the European Union post Brexit. The performance of the Caribbean tourism market continues to be restricted by the high cost of regional travel. In contrast, cruise passenger arrivals are estimated to have risen by 6.5 per cent (26,135) to 430,411, in the first three months of 2017, compared with a 19.6 per cent (66,329) increase in the corresponding period of 2016. The increase in cruise passengers was recorded in spite of a decline in the number of cruise ship calls to 198 from 209. Meanwhile, the number of passengers visiting by yacht fell by 2.1 per cent to 1,852, while the number of excursionists decreased by 5.1 per cent to 1,339, in contrast to a 16.6 per cent rise in the first quarter of 2016. The overall, impact of developments in the various visitor sub-categories was an estimated 5.5 per cent increase to 466,266 in total visitor arrivals, compared with a 17.3 per cent increase in the corresponding three months of 2016.

Value added in the manufacturing sector, is estimated to have risen, based on a quadrupling in the volume of exports of electronic components, attributable to resurgent demand in key external markets which typically occurs after elections in the USA. The volume of exports of alcoholic beverages also recovered by 63.8 per cent reversing a 25.6 per cent decline in the first quarter of 2016.

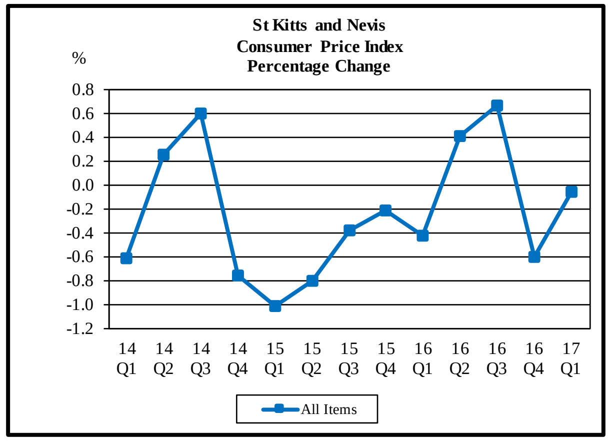


Value added in the agriculture, livestock and forestry sector is estimated to have expanded, driven by increases in both the production of crops and the output of the livestock subsector. Higher crop production was attributable mainly to an 8.0 per cent increase in the production of pumpkins, sweet potatoes, tomatoes, watermelons and carrots. Likewise, output in the livestock subsector rose, registering increases for the production of beef (6.0 per cent), pork (6.0 per cent), and mutton (6.1 per cent). Increases were also estimated for the output of eggs (6.0 per cent).

Expansions in construction, hotels and restaurants, manufacturing and the agricultural sectors, would have generated positive externalities, favourably influencing developments in; transport, storage, and communications; real estate, renting and business activities and wholesale and retail trade, supported by growth in imports. Favourable contributions from spending on public administration, defence & compulsory social security also generated positive spill-over effects on the economy.

Prices

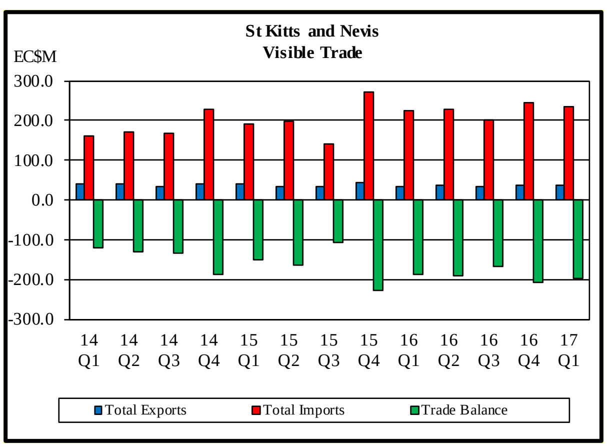
The Consumer Price Index (CPI) is estimated to have decreased by 0.1 per cent during the first three months of 2017, compared with a decrease of 0.4 per cent during the corresponding period of 2016. The lower CPI was influenced by a fall in prices for the transport; and clothing and footwear sub-indices accounting for approximately 20.3 per cent of the total weight of the goods and services basket, while all of the other sub-indices either rose or remained virtually unchanged. The transport sub-index declined by 1.7 per cent, attributable to lower prices for air transportation services and the cost of spare parts for personal transportation. Prices for clothing and footwear fell by less than 0.1 per cent, mainly reflecting lower prices paid for shoes and other articles of clothing. Of the sub-indices that rose, significant increases were recorded for household furnishings, supplies and maintenance (1.6 per cent), recreation and culture (2.7 per cent) and alcoholic beverages, tobacco and narcotics (1.0 per cent). Inflation in the household furnishings, supplies and maintenance sub-index was attributable to higher prices for household appliances, while higher prices for recreation services drove up the recreation and culture sub-index. An increase in the transaction price for spirits and tobacco primarily influenced the upward movement in the alcoholic beverages tobacco and narcotics sub-index. Increases were also recorded for the food and non-alcoholic beverages; and health sub-indices of 0.1 per cent and 0.3 per cent respectively. Three of the sub-indices remained unchanged accounting for about 15.0 per cent of the goods basket, these include; communication; education; and hotels and restaurants. On an individual territory basis, there was on average a marginal decrease in prices in Nevis (0.3 per cent), in contrast to an increase in the CPI for St Kitts (0.1 per cent) which influenced the combined CPI for the Federation. The decrease in the CPI in Nevis was primarily attributable to a decline in the sub-indices for transport; and food and non-alcoholic beverages of 2.2 per cent and 0.3 per cent respectively, while in St Kitts the major contributors to the increase in average consumer prices included the sub-indices; recreation and culture (3.7 per cent), food and non-alcoholic beverages (0.3 per cent) and household furnishings, supplies and maintenance (1.1 per cent).



Trade and Payments

A larger deficit of $198.9m was estimated on the visible trade account in the first three months of the year, marginally higher than one of $189.2m in the first quarter of 2016, driven by an increase in import payments which outpaced higher exports receipts. The value of imports rose by 5.0 per cent to $235.0m, mainly influenced by increases in the value of food and live animals; machinery and transport equipment; manufactured goods; and chemicals and related products. The value of total exports was $36.1m compared with $34.6m recorded in the same period of 2016, reflective of an increase in the value of electronic components and alcoholic beverages exported. Domestic exports expanded by 4.1 per cent to $28.3m, supplemented by higher re-exports ($7.4m). The volume of trade in goods (both exports and imports) is estimated to have risen by 4.9 per cent to 271,047 tonnes.

Gross travel receipts are estimated to have increased by 10.8 per cent to $125.6m in the first three months of 2017, mainly reflective of higher cruise visitors. Commercial banks' transactions resulted in a net inflow of $19.3m in short-term capital, in comparison to an inflow of $106.1m in the corresponding period in 2016. Government transactions resulted in a reduction in the net outflow of funds attributable to lower external principal repayments ($4.9m), compared with $27.2m in the January to March period of 2016. Loan disbursements were virtually nil during the first three months of 2017 compared with $0.4m in the comparable period in 2016.

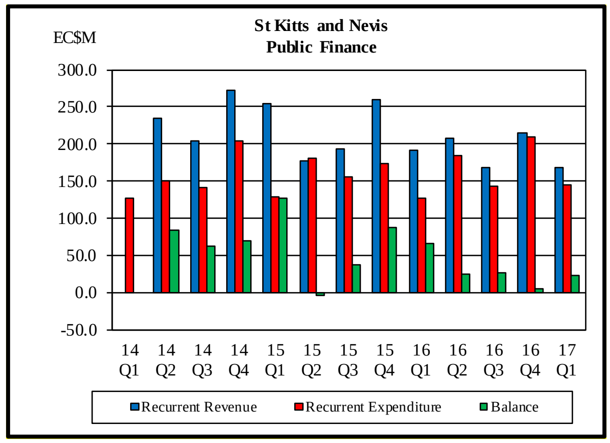


Federal Government Operations

The fiscal operations of the Federal Government resulted in an overall surplus (after grants) of $18.1m in the first three months of 2017, compared with one of $66.4m in the corresponding period of 2016. Corresponding reductions were also observed for the primary balances (after grants), as a surplus of $24.5m was recorded representing a 67.1 per cent reduction in the surplus recorded in the corresponding period of 2016. The narrowing of the overall fiscal surplus was mainly due to a higher capital expenditure and net lending position combined with a decline in the current account balance.

Current revenue decreased by 12.7 per cent to $167.7m in the first three months of 2017, compared with a 24.7 per cent decline in the corresponding period of 2016. The contraction in current revenue was on account of a decrease in non-tax receipts. Tax revenue rose by 1.9 per cent to $120.9m, associated with increases in collections for taxes on international trade and transactions and taxes on domestic goods and services. Receipts of taxes on domestic goods and services trended higher (5.0

per cent) largely influenced by an increase in the collection of value added tax (VAT) by 16.6 per cent, in contrast to a 20.3 per cent decline in the first quarter of 2016. Receipts of VAT, the largest revenue category under taxes on domestic goods and services, totalled $37.4m and contributed 30.9 per cent of tax revenue, in the first three months of 2017. Other contributors to the outturn for taxes on domestic goods and services include higher collections of licences (8.0 per cent) and a quadrupling in hotel room tax receipts. Receipts of taxes on international trade rose by 3.4 per cent, attributable to an increase in inflows of excise tax and the non-refundable duty free store levy of 14.0 per cent and 48.3 per cent respectively. The rise in the aforementioned tax categories was tempered by lower receipts from the remaining tax categories including; property (41.6 per cent) and income and profits (0.6 per cent). In relation to lower property tax collections, the major contributor was a fall in condominium tax receipts by 73.7 per cent as receipts of house taxes strengthened (21.6 per cent). Collections of taxes on income and profits fell, directly as a consequence of a decline in the collection of social services levy (6.2 per cent). Non-tax revenue receipts fell by 36.2 per cent to $46.8m, largely due to a decline in inflows associated with the Citizenship by Investment (CBI) Programme.



Current expenditure rose by 14.9 per cent to $144.8m in contrast to a decrease of 2.1 per cent in the first three months of 2016. This development reflected higher outlays in all of the major expenditure categories except interest payments. Increases were recorded for outlays on goods and services (40.0 per cent), transfers and subsidies (24.5 per cent) and personal emoluments (5.8 per cent). Increased expenditure on goods and services were attributable to the earlier payment of premiums for the government's group medical scheme and increases in transfers and subsidies were fuelled primarily by increased support to the Nevis Island Administration. Higher current expenditure was moderated by lower interest outlays in line with declines in both domestic and external payments, consistent with a gradually diminishing outstanding debt portfolio coupled with abstention from borrowing.

Capital expenditure outlays rose by 35.6 per cent to $29.8m, influenced by a number of major capital projects; road improvement works in St Kitts and Nevis, an athletics track and enhancements to the Alexandra hospital in Nevis. Work continued on upgrades to tourism sites in St Kitts and a water distribution project in Nevis.

Inflows of official assistance (grants) rose to $21.6m, from $0.3m in the corresponding quarter of 2016. This outcome was in contrast to 95.9 per cent reduction in the first quarter of the previous year and was influenced mainly by an increase in capital grants to $21.5m, compared with grant receipts of $0.3m in the same period last year. This development was associated with an expansion in grant funding to the Nevis Island Administration (NIA).

An overall surplus of $14.8m was recorded by the Central Government, compared with one of $72.2m in the first three months of 2016. This development was largely attributable to a reduction in non-tax revenue and an increase in net lending, coupled with higher capital expenditure. Recurrent revenues fell by 16.5 per cent to $135.5m, attributable to lower collections of tax and non-tax receipts of 1.1 per cent and 39.7 per cent respectively. Tax revenues fell on account of reduced collections of property tax. Receipts from property tax declined by 49.8 per cent attributable to lower inflows of condominium tax (73.7 per cent). Receipts of taxes on domestic goods and services were relatively unchanged in the first quarter of 2017. The performance of taxes on domestic goods and services was buoyed by higher receipts from the VAT ($3.5m), unincorporated business levy ($1.3m) and the island enhancement fund ($1.2m), constrained by a reduction in stamp duty receipts ($3.7m). The decline in tax revenue was moderated by an increase in the collections from taxes on international trade and transactions which rose by 0.6 per cent, buoyed mainly by higher receipts of non-refundable duty-free store levy of 48.3 per cent.

Non-tax revenues decreased to $39.0m compared with $64.7m in the first three months of 2016, largely influenced by a 46.9

per cent reduction to $24.9m in revenue inflows from the CBI programme.

Recurrent expenditure was 17.9 per cent higher at $114.1m in the first three months of 2017, in contrast to a 3.7 per cent decline in the corresponding period of last year. The performance, for the most part reflected higher spending on most of the expenditure categories including; goods and services which rose by 40.7 per cent in contrast to a 25.7 per cent decline in the same period of 2016. Spending also increased for transfers and subsidies (29.0 per cent), and personal emoluments (6.8 per cent). In contrast, interest payments fell by 17.1 per cent to $3.7m, attributed to declines in external payments (32.2 per cent), in line with the decrease in the outstanding debt of the central government.

Capital expenditure declined by 12.2 per cent to $13.6m, compared with a decrease of 37.0 per cent in the corresponding period of 2016. Additionally, the central government reduced its net borrowing position to $0.2m from one of $20.6m as statutory bodies reduced their liability on outstanding loans previously advanced to them by the central government.

The fiscal operations of the Nevis Island Administration (NIA) resulted in an overall surplus of $3.3m in the first three months of 2016, in contrast to a deficit of $5.8m recorded in the corresponding period of 2016. The surplus was attributable to higher grant receipts and an increase in the surplus on the current account.

Current revenue increased by 8.0 per cent to $32.3m, in contrast to a 12.8 per cent decrease to $29.9m in the corresponding three months of 2016. Higher current revenue collections were fuelled by increased tax receipts which exceeded a decline in non-tax revenue. Tax revenues were 15.5 per cent ($3.3m) higher than collections in the corresponding three months of 2016, attributable to increases in receipts from most of the major tax revenue categories including; taxes on domestic goods and services (23.9 per cent), taxes on international trade (15.5 per cent) and taxes on property (74.8 per cent). The increase in tax revenue was constrained by lower collections from taxes on income and profits (10.6 per cent), attributed to lower collections of the social services levy ($0.7m). Non-tax revenue fell by 10.3 per cent ($0.9m) to $7.8m, largely attributable to a decline in the revenue performance for financial services ($0.7m). Official assistance amounted to $17.9m in capital grants, in the period under review, compared with no grants in the corresponding three months of 2016.

Current expenditure rose by 5.0 per cent to $30.6m, compared with a 3.5 per cent increase to $29.2m in the corresponding period of 2016. Higher current expenditure reflected increased spending on goods and services and personal emoluments of 37.2 per cent and 2.9 per cent respectively. The increase in current expenditure was tempered by a 23.6 per cent reduction in interest payments and 4.0 per cent decrease in transfers and subsidies. Capital expenditure rose more than doubled to $16.2m, compared with $6.5m spent in the first quarter of 2016.

Public Sector Debt

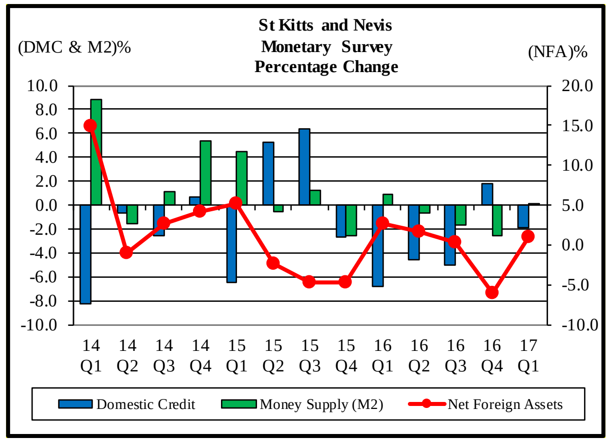
The Federal Government's total disbursed outstanding debt fell by 0.2 per cent to $1,550.0m during the first three months of 2017, compared with $1,553.5m at the end of December 2016. A reduction in the central government outstanding debt by 0.3 per cent to $1,253.6m was the main contributor to the downward trajectory in the outstanding debt, partly offset by a 0.3 per cent rise to $296.4m in the outstanding debt of statutory bodies. The decline in the central government debt generally reflected a reduction in the outstanding balances on the external debt portfolio through the amortisation of the debt. In contrast, an increase of 0.1 per cent ($1.7m) was recorded on the domestic debt portfolio. Central government debt accounted for 80.9 per cent of total debt and statutory bodies the remaining 19.1 per cent.

Money and Credit

Monetary liabilities (M2) expanded by 0.1 per cent to $2,909.6m, compared with an increase of 0.9 per cent during the corresponding period of 2016. This development largely reflected a 0.1 per cent rise in quasi money to $2,342.0m. The increase in quasi money was driven by foreign currency and savings deposits which rose by 2.8 per cent ($22.9m) and 1.4 per cent ($13.0m) respectively. Meanwhile, a marginal increase in narrow money (M1) to $567.6m, attributable to the increased issuance of EC dollar cheques and drafts

(27.9 per cent), also contributed to the expansion in broad money (M2).

Domestic credit declined by 1.9 per cent to $869.8m, compared to a decrease of 6.9 per cent in the first quarter of 2016, attributable to an increase in the net deposit position of nonfinancial public enterprises (NFPE). The net deposit position of non-financial public enterprises (NFPEs) rose by 2.5 per cent to $1,036.8m, fuelled largely by a 2.4 per cent ($25.0m) increase in deposits held at commercial banks. Meanwhile, the decline in domestic credit was moderated by a 0.4 per cent ($6.3m) rise in private sector credit mainly driven by a 73.6 per cent ($16.3m) increase in the net credit position of non-bank financial institutions, as lower credit was extended to both households (0.7 per cent) and businesses (0.7 per cent). Net credit to the Federal Government rose by 0.4 per cent ($1.8m) to $438.4m, largely driven by a 3.1 per cent ($5.9m) increase in borrowings by the Nevis Island Administration (NIA), mainly from commercial banks ($3.0m). The increase in net credit to the Federal Government was moderated by a reduction in net borrowings by the central government by 1.7 per ($4.1m), a combination of an increase in central government deposits ($4.2m) held at commercial banks and virtually no increase in outstanding credit.



Decreases were recorded in the distribution of credit for most of the economic sectors. Lending for distributive trades; personal uses; and manufacturing, mining and quarrying declined by 9.2 per cent, 0.2 per cent and 9.0 per cent respectively. Declines were also recorded for credit to tourism (0.6 per cent) and construction (0.1 per cent). Reduced credit for personal uses, was primarily influenced by a 0.8 per cent decline in lending for other services and a 3.8 per cent decrease in lending for durable consumer goods. There was also an increase in credit to other services (3.7 per cent) which largely reflected higher credit to financial services, professional and other services and public administration of 57.3 per cent 3.1 per cent and 1.6 per cent respectively.

The net foreign assets of the banking system grew by 0.9 per cent to $2,187.0m during the first three months of 2017, compared with an increase of 2.6 per cent ($58.2m) during the corresponding period of 2016. The higher net foreign assets position reflected a 4.6 per cent ($39.2m) rise in St Kitts and Nevis' imputed share of the Central Bank's reserves to $883.9m, due to an increase ($39.3m) in imputed assets. The rise in the imputed share of the reserves of the Central Bank was tempered by developments with commercial banks, whose net foreign asset position fell by 1.5 per cent to $1,303.1m, largely on account of an increase in the net liabilities position of financial institutions outside of the Currency Union.

Liquidity in the commercial banking system increased during the review period as evidenced by a rise in the ratio of liquid assets to total deposits by 4.4 percentage points to 77.3 per cent, while loans and advances to total deposits fell to 37.2 per cent at the end of March 2017 from 37.7 per cent at the end of 2016. Further supporting evidence of a general increase in liquidity included a reduction in the ratio of liquid assets to total deposits plus liquid liabilities which fell by 1.9 percentage points to 57.1 per cent.

The weighted average interest rate spread between loans and deposits, widened by 13 basis points to 6.74 percentage points at the end of March 2017, compared with 6.61 percentage points at the end of December 2016. This development was the result of a 20 basis points decline in the weighted average deposit rate to 1.76 per cent, exceeding an 8 basis points reduction in the weighted average lending rates to 8.49 per cent.

Prospects

The global macroeconomic outlook has improved according to the April 2017 update to the International Monetary Fund's World Economic Outlook (WEO). The IMF raised its projection for global growth in 2017 to 3.5 per cent, compared with the previous forecast of a 3.4 per cent expansion. The more optimistic outlook is based on a cyclical recovery in global investment, manufacturing, and trade. In addition, other developments on the upside framing the positive economic forecast include; increased economic activity and expectations of more robust global demand, reduced deflationary pressures, and strengthening financial markets. The Federation's major trading partner, the USA, is forecasted to grow by 2.3 per cent in 2017 significantly above the 1.6 per cent expansion in 2016. Other major trading partners forecasted to experience improved economic outcomes relative to 2016 include the UK (2.0 per cent) and Canada (1.9 per cent).

Real sector developments will be sustained by continued buoyancy in the construction sector, attributable to continued investments in resorts in the private sector and intensified public sector investment. Work will continue on the maintenance of road works, tourist sites and public infrastructure. In the private sector, completion work on the Park Hyatt resort continues apace in anticipation of that establishment's opening later in 2017. Construction activity also continues on the Koi Resort and Residences, the T-Loft, Pirates' Nest Resort, the Heldens Condominium Resort and Residences, and several other hospitality and commercial developments. In Nevis, work continues on the Four Seasons Estates and the Candy Resort. However, the major boost to construction activity will be the construction of a new $47.0m cruise pier and a new Secondary School.

The performance of the tourism industry is estimated to improve in the remainder of 2017, attributable to sustained marketing efforts in the east-coast of the USA and sports tourism initiatives aimed at the Canadian and UK markets. Recent investments in securing increased airlift from United Airlines resulted in an increase the number of weekly flights to the destination, by almost 50.0 per cent. This initiative was in addition to pre-existing seasonal airlift arrangements by American Airlines, weekly service from Delta Airlines and winter service from Air Canada Rouge. The opening of the 5-star Park Hyatt St Kitts Resort, later in 2017, coupled with continued development at Kittitian Hill a high-end boutique resort, represent major enhancements to the profile of the destination. The favourable outlook for stay-over visitors is mirrored in the cruise sub-sector where the authorities anticipate another record year for cruise passenger arrivals. Consequently, developments both in the construction and the hotels and restaurants sectors should positively impact the wholesale and retail trade; transport, storage and communications and real estate, renting and business activities sectors. The optimistic global growth forecast could also enhance prospects for the manufacturing sector particularly electronics. Some inflationary pressures are anticipated, consistent with increased real sector activity and marginally higher commodity prices that have been maintained through production agreements among oil producing nations aimed at limiting petroleum output and maintaining price stability.

An overall lower fiscal surplus for the remaining quarters of 2017, is estimated based on an anticipated decline in tax and non-tax revenue, coupled with increases in current expenditure. The performance of the non-tax revenue category is forecasted to mirror a continued reduction in inflows from the CBI programme. In view of developments in non-tax, total revenue is projected to decrease in the reminder of 2017. Tax revenue declines are also estimated to reflect more moderate real sector activity. Current expenditure is estimated to increase, but to grow more slowly during the latter part of the year. Capital expenditure outlays, however, are anticipated to increase and provide some economic stimulus going forward.

A widening of the deficit on the current account of the balance of payments is projected, attributable to higher construction related imports, moderated by an increase in export earnings.

The major downside risks include further declines in receipts from the Citizenship by Investment programme due to regional competition and the associated negative impact that this development can have on planned and on-going FDI related construction activity. Intensified geo-political tensions fomented by military exercises between the USA and North Korea could further weaken relations between the USA, China and Russia. An escalation in tensions could create global uncertainty and adversely impact consumer sentiment and consumer spending in the major tourism source markets. Additionally, an increase in protectionist trade policies by the new US administration and negative economic impacts, particularly to the UK, associated with a disruptive Brexit could dampen economic prospects. The recurring possibility of weather related damage to the physical infrastructure constitutes another downside risk.

Risks to the upside include; a rebound in inflows from the CBI programme based on reforms implemented in January 2017, geared towards the improvement in the administration, security robustness and user-friendliness of the programme. The programme which was re-branded, 'Platinum Standard' aims to deliver on a promise of product and service unrivalled by its regional and global competitors. The promise of more relaxed financial regulation by the new Republican led administration in the USA could result in increased optimism in the financial sector resulting in increased inflows of foreign direct investment into the country. The apparent strained relations between the UK and the policy makers of the European Union as to the terms of reference under which the Brexit will be operationalised may lay the basis for UK policy makers to enhanced bilateral relations between the UK and other trade partners including St Kitts and Nevis.

SAINT LUCIA

Overview

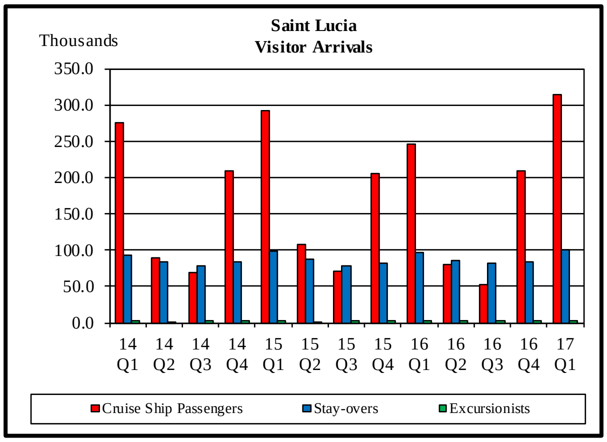
Preliminary economic indicators for Saint Lucia suggest an expansion in economic activity in the first three months of 2017 compared with the outturn in the corresponding period of 2016. The overall assessment mirrored improved performances in key economic sectors including construction and hotels and restaurants. Consumer prices, as measured by the rate of inflation, grew by 0.2 per cent, on an end-of-period basis. The merchandise trade deficit narrowed, reflecting a fall in import payments, which was partially offset by a decline in the value of exports. The fiscal operations of the central government resulted in a marginal increase in the overall deficit compared with that in the first quarter of 2016. The total disbursed outstanding debt of the public sector rose during the review period, driven by an increase in central government's borrowing. In the banking system, money supply (M2) and net foreign assets increased, while domestic credit fell. Liquidity in the commercial banking system improved and the weighted average interest rate spread between loans and deposits widened.

Economic prospects for the remainder of 2017 are favourable, contingent on the outlook for construction, tourism and agriculture. The pace of construction activity is projected to increase, fuelled by the private sector, with support from road and other infrastructural development in the public sector. Work in the private sector will continue to focus on new and ongoing hotel plants. An increase in the number of stay-over visitors is anticipated as the economies of the major source markets strengthen and marketing initiatives continue to yield returns. Improvement in the agricultural sector is expected, as linkages with tourism solidify and new investments in the sector take root. On the fiscal account, the overall balance deficit is likely to widen, contingent, to a large extent, on the performance of the citizenship by investment (CIP) programme. On the external side, the merchandise trade deficit may narrow in the short run, in anticipation of increased export earnings. Inflationary pressures are anticipated, in line with developments in global commodity prices. **Risks remained skewed to the downside and include a sudden stop in foreign investments - the main source of funding for major tourism-related projects, the dependence of the tourism industry on developments in the advanced economies, especially the USA, the negative effects of global warming and climate change, adverse weather and high levels of unemployment in the economy, particularly among the youth and vulnerable.**

Output

Construction activity is estimated to have improved in the period under review compared with the corresponding period of 2016. This assessment is partly supported by estimated increases of 26.5 per cent in the value of imported construction materials and 6.6 per cent in commercial banks' credit for home construction and renovation. Growth in the construction sector was mainly fuelled by private investment, as work continued on a number of projects, mainly tourism-related plants. These include the 435 room Royalton property at Cap Estate, the 115 room Harbour Club in Rodney Bay, Over-The-Water Suites at Sandals, refurbishment at the Landings hotel and commercial buildings in Castries. In the public sector, work progressed on both economic and social infrastructural development including roads, disaster mitigation and recovery, improvement of water intake and the rehabilitation of feeder roads.

In the tourism industry, activity is estimated to have improved in the first quarter of 2017, as evidenced by an increase in the total number of visitors, particularly in the stay-over category. Stay-over arrivals increased by 3.2 per cent to 100,478, in contrast to a marginal decline (0.9 per cent) in the first three months of 2016. The improvement in the stay-over category was driven largely by growth of 9.7 in the number of arrivals from Canada, which contrasts a 14.8 per cent fall in that market in the corresponding period of the prior year. Visitor arrivals from the USA, the major source market, grew by 1.7 per cent, a slower pace than the 3.8 per cent recorded in the first quarter of 2016. The number of stay-over visitors from Europe, the second largest source market, grew by 1.4 per cent, largely driven by increases in arrivals from France and Germany, which more than offset a 6.4 per cent fall in the number of arrivals from the UK. By contrast, the number of stay-over visitors from the Caribbean fell marginally (0.6 per cent), contrary to growth of 30.7 per cent in the first three months of the previous year.



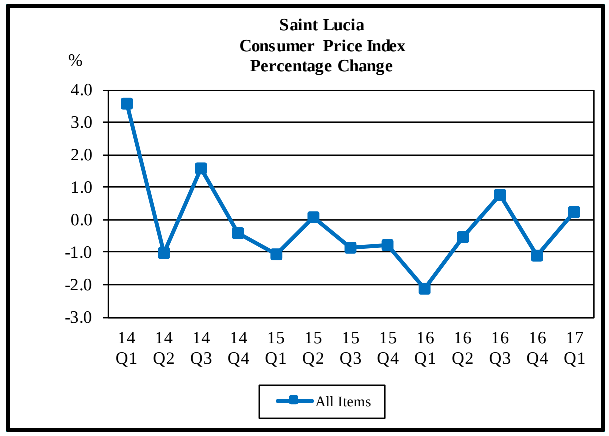
In the cruise-visitors' category, passenger arrivals increased by 27.8 per cent to 313,552, in contrast to a fall of 16.0 per cent in the first three months of 2016. The improvement in the cruise category is attributable to an increase in the number of cruise ship calls to 211 from 184 in the first quarter of the previous year. Of the other categories, yacht visitor arrivals are estimated to have grown by 1.3 per cent (269), while the number of excursionists fell by 25.7 per cent to 2,522. The overall effect of those developments in the tourism industry was a 19.3 per cent increase in total visitor arrivals to 437,625.

Notwithstanding the decline in banana production, agricultural output is provisionally estimated to have risen, influenced in part by developments in the non-banana sub-sector including poultry and livestock. The positive performance of livestock was mainly the result of efforts by the Ministry of Agriculture to increase the breeding stock of ruminants. Banana production more than halved to 651 tonnes, largely due to the impact of Tropical Storm Matthew, which hit the island in September 2016. Consequently, revenue from banana exports was 67.9 per cent below the level of the corresponding period of the prior year.

In the manufacturing sector, however, output is estimated to have decreased marginally compared with the total in the first quarter of 2016. This assessment was supported by an estimated contraction of 13.2 per cent in domestic exports, which reflected a decline in the production of a number of manufactured items, including rubber products, fabricated metal products, plastic products, paper and paper products. In addition, the manufacturing sector recorded the largest percentage decline (25.6 per cent) in commercial banks' lending to the economic sectors in the quarter under review.

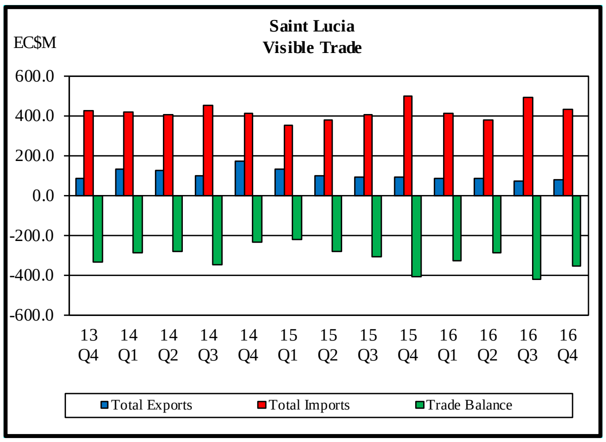
Prices

The rate of inflation as measured by the consumer price index grew by 0.2 per cent during the first three months of 2017, in contrast to a decline of 2.1 per cent during the comparable period one year ago. The marginal increase in prices during the review period was underpinned by higher costs for transport (2.7 per cent), education (2.3 per cent), household furnishings, supplies and maintenance (1.5 per cent), food and non-alcoholic beverages (0.5 per cent) and health (0.4 per cent). The expansion in overall prices was moderated by decreases in the sub-indices for clothing and footwear (4.5 per cent), recreation and culture (3.9 per cent), housing, utilities, gas and fuels (2.8 per cent), alcoholic beverages, tobacco and narcotics (0.9 per cent) and communication (0.5 per cent).



Trade and Payments

Estimates of merchandise trade indicate a deficit of $354.1m for the first three months of 2017, compared with one of $406.9m in the comparable period last year. The narrowing of the deficit was attributable to a fall in import payments, which more than offset a decline in the value of exports. Import payments were estimated to have fallen by 13.3 per cent to $429.5m, in contrast to growth of 21.3 per cent in the first quarter of 2016. The decline in imports was mainly the result of a fall of $104.7m in the outlay for minerals, fuel, lubricants and related materials. Total export receipts shrank by 14.6 per cent to $75.4m, attributable to declines in both domestic exports and re-exports, which fell by 13.2 per cent and 17.1 per cent, respectively. Lower earnings from domestic exports predominantly reflected reductions in the export of machinery and transport equipment and manufactured goods. Re-export earnings fell, largely reflecting lower re-exports of miscellaneous manufactured articles and minerals, fuels, lubricants and related materials.



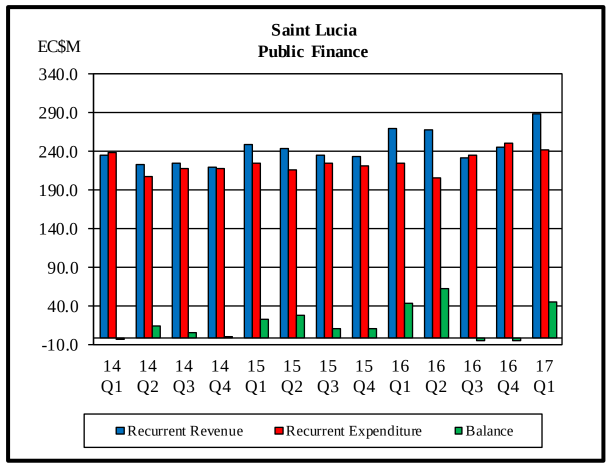
Gross travel receipts are estimated to have risen by 18.0 per cent to $596.3m, consistent with the performance of stay-over visitors. The increase in travel receipts was also influenced by growth in the average daily expenditure of visitors from most of the source markets. The transactions of commercial banks resulted in a net outflow of $202.9 m in short-term capital during the first quarter of 2017, compared with an outflow of $139.9m recorded during the corresponding period of 2016. In the review period, external loan disbursements to the central government more than doubled to $75.1m, while debt repayment increased by $3.1m to $17.5m. Consequently, the central government was in a net disbursement position of $57.6m, a stark contrast to a net amortization position of $1.2m in the comparable period a year ago.

Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall deficit of $5.1m, compared with one of $4.2m recorded in the first three months of 2016. The slight expansion in the overall deficit was attributable to a larger capital account deficit, which more than offset marginal gains on the current account. The capital account registered a deficit (after grants) of $50.7m, compared with one of $48.6m in the first quarter of the prior year. Capital expenditure was financed predominantly through the current surplus as grant funding fell by 23.1 per cent ($1.4m) to $4.5m. A primary surplus of $36.5m was recorded, slightly above one of $34.7m realised in the first three months of last year.

A current account surplus of $45.6m was recorded in the first quarter of 2017, up from one of $44.4m in the corresponding period of 2016. The main contributor to the marginal improvement in this outturn was growth in current revenue, which outpaced an increase in current expenditure. Current revenue rose by 6.9 per cent to $288.1m, reflecting larger receipts from taxes, supported by growth in non-tax revenue. Non-tax revenue grew by 53.7 per cent ($5.5m) to $15.7m, influenced largely by gains of $5.5m on earnings from fees, fines and sales, partly associated with receipts from the Citizenship by Investment Programme.

Tax revenue rose by 5.0 per cent ($13.0m) to $272.4m, as increases were recorded in receipts from taxes on international trade and transactions as well as income and profits. Yields from taxes on international trade and transactions increased by 19.7 per cent ($12.5m), largely associated with higher earnings from the excise tax ($5.8m), the import duty ($3.1m) and the service charge ($2.1m). Proceeds from taxes on income and profits grew by 10.5 per cent ($8.5m), mainly reflecting growth of 18.5 per cent ($6.3m) in intake from the corporation tax and 30.4 per cent ($3.2m) from the collection of arrears. Meanwhile, revenue from taxes on domestic goods and services fell by 6.4 per cent ($7.1m), largely associated with lower yields from the VAT, as government cut the rate of that tax by 2.5 percentage points to 12.5 per cent, effective 01 February 2017. Additionally, receipts from the property tax decreased marginally to $3.5m.



Current expenditure rose by 7.7 per cent ($17.4m) to $242.6m, influenced by increases in all sub-categories, but predominantly transfers and subsidies. Outlays on transfers and subsidies, which account for the second largest share of current expenditure, grew by 25.4 per cent ($11.2m), due, for the most part, to increased contributions to transfers ($8.3m). Expenditure on interest payments grew by 7.1 per cent ($2.8m), which primarily reflected larger external commitments. Outlays on personal emoluments edged up to

$97.0m, a reflection of a slight increase in the number of public servants. Also contributing to growth in current expenditure was a 3.6 per cent ($1.7m) increase in spending on goods and services.

Public Sector Debt

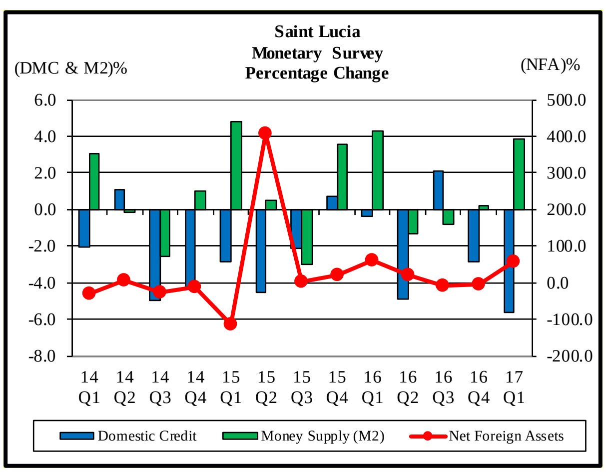
The total disbursed outstanding debt of the public sector was estimated at $3,035.1m at the end of March 2017, approximately 0.6 per cent above the total at the end of December 2016. This outturn was largely influenced by an expansion in the outstanding debt of the central government, which more than offset a decline in the stock of debt of the public corporations. Debt incurred by the central government increased by 0.9 per cent to $2,926.3m, as its stock of external debt grew by $70.0m (5.0 per cent), while its domestic borrowing declined by $44.4m (2.9 per cent). Total debt incurred by the public corporations fell by 6.5 per cent ($7.0m) to $108.8m, reflecting a contraction of 9.4 per cent in their stock of domestic debt.

Money and Credit

Monetary liabilities (M2) are provisionally estimated to have risen by 3.9 per cent to $3,245.6m during the quarter ended March 2017, a relatively slower pace compared with growth of 4.3 per cent recorded during the corresponding period of the prior year. Growth in M2 mirrored increases in both quasi money and the narrow money supply (M1). Quasi money grew by 3.9 per cent ($88.1m), associated with growth in all sub-categories. Private sector foreign currency deposits rose by 21.5 per cent ($68.5m), while savings deposits and time deposits increased by 1.0 per cent ($15.0m) and 1.3 per cent ($4.6m), respectively. M1 rose by 3.8 per cent to $892.2m, primarily on account of an expansion of 6.7 per cent in private sector demand deposits, which more than offset declines of 6.7 per cent ($11.1m) in currency with the public and 24.9 per cent ($2.1m) in EC$ cheques and drafts issued.

Domestic credit fell by 5.6 per cent to $2,899.4m during the review period, compared with a marginal decline (0.4 per cent) recorded during the corresponding period of the prior year.

This development was largely influenced by a 3.5 per cent contraction in lending to the private sector; mainly businesses, which recorded a decline of 14.4 per cent ($230.0m), whereas credit to households increased by 6.8 per cent ($117.3m). The transactions of the central government resulted in a net credit position of $179.9m, compared with one of $205.0m at the end of December 2016. Net credit to central government fell by 12.2 per cent ($25.1m), owing largely to a decline of $13.0m in its borrowing from commercial banks, coupled with an increase of $39.1m in deposits. In the rest of the public sector, the net deposits of non–financial public enterprises/statutory bodies rose by 6.5 per cent, largely influenced by an increase of 4.8 per cent ($25.1m) in their deposits.



An analysis of the distribution of credit by economic activity indicates that outstanding loans decreased by 3.5 per cent, influenced by a contraction in lending for most categories. Outstanding credit for other uses fell by 21.6 per cent ($192.1m) driven predominantly by a 30.0 per cent decline in lending for professional and other services. Credit to manufacturing and mining and quarrying contracted by 25.6 per cent ($23.8m), consistent with the developments in that sector. Additionally, lending for distributive trades, tourism, construction and agricultural activity fell by 6.6 per cent ($18.9m), 3.7 per cent ($13.0m), 2.2 per cent ($5.0m) and 8.3 per cent ($1.2m), respectively. Those declines were partly offset by growth of 7.3 per cent ($127.5m) in outstanding loans for personal use.

At the end of the quarter under review, the banking system stood in a net foreign assets position of $707.5m up from one of $449.5m at the end of December 2016. The outturn was mainly associated with a decline of $202.9m in the net liabilities position of commercial banks, as they increased their asset base, while simultaneously reducing their liabilities. Assets held with institutions outside the region grew by 6.2 per cent ($59.1m), while those held within the ECCU region increased by 27.9 per cent ($109.1m). Saint Lucia's imputed share of the central bank's reserves was up by 7.4 per cent to $798.7m.

Liquidity in the commercial banking system improved during the review period. At the end of March 2017, the ratio of liquid assets to total deposits plus liquid liabilities stood at 41.2 per cent, which was above the recommended minimum of 25.0 per cent and approximately 3.6 percentage points higher than the level recorded at the end of December 2016. The loans and advances to total deposits ratio fell by 7.6 percentage points to 82.6 per cent, well within the ECCB's recommended ceiling of 85.0 per cent.

Following the decision by the ECCB's Monetary Council to reduce the minimum savings rate on deposits to 2.0 per cent, effective 01 May 2015, a continuous decline has been noted in the deposit rates, but not so for lending rates. Accordingly, the weighted average interest rate on deposits fell to 1.54 per cent from 1.62 per cent at the end of December 2016, and the weighted average lending rate was only one basis point below December's position. These changes resulted in an increase of 7.0 basis points in the weighted average interest rate spread to 6.6 per cent.

Prospects

Despite downside risks, prospects for global growth remain positive. In its April 2017 update of the World Economic Outlook, the International Monetary Fund revised its projections for global growth in 2017 slightly upwards to 3.5 per cent and above the outturn for 2016. It is forecasted that the recovery will be sustained in 2018 and into the medium term. Activity in the advanced economies is forecasted to average 2.0 per cent over the next two years and growth in the USA is projected at 2.3 per cent in 2017 and 2.5 per cent in 2018. Average growth of about 1.8 per cent is projected for the UK and 2.0 per cent for Canada. The anticipated strengthening in global economic activity, particularly in the USA, augurs well for economic recovery in Saint Lucia. **Within the global context and expectations for increased competitiveness and sustainable growth in the local economy, activity in Saint Lucia is projected to continue to expand in 2017, driven**

primarily by developments in the construction sector, supported by prospects for other productive sectors and the tourism industry.

Activity in the construction sector, a major contributor to overall economic output, is likely to be driven by the private sector, as work takes off on some new projects and progresses on a number of ongoing hotel plants. These include the Harbour Club, Coconut Bay, Sandals' Over-the-water Suites, Sunset Bay Resort, Black Bay Hotel Development and Fairmont Saint Lucia Resort. The construction of a new headquarters by Guyana and Trinidad Mutual Group of Companies and other private dwellings are expected to add momentum to the sector. Support from the public sector is also anticipated through rehabilitation and maintenance of the road networks and the development of other physical infrastructure.

Activity in the tourism industry is projected to remain on its current positive trajectory. Due to expected improvements in airlift and the authorities' tourism-led strategy, it is anticipated that stay-over arrivals will continue to increase and augment activity in the hotels and restaurants sector. An estimated expansion in the room stock, along with policy changes and new marketing initiatives in the industry augur well for an improved performance. Also, positive growth prospects for the USA, the main source market; the UK and Canada have the potential for better-than-forecasted stay-over arrivals to Saint Lucia. Additionally, support is likely to come from a boost in airlift through the increased presence of Delta Airlines, United Airlines, JetBlue, British Airways, Virgin Atlantic and the Sun Wing. Arrivals from the region should bolster the tourism numbers through greater collaboration between the French West Indies and local communities in Saint Lucia. As performance in the tourism industry improves, other ancillary sectors like wholesale and retail, transport and distributive trades are projected to benefit.

Within the context of strengthening linkages between tourism and agriculture in Saint Lucia and the strategy for improvement in agriculture, output in the agricultural sector is projected to increase. Inter alia, production of crops, both banana and non-banana, livestock and poultry is likely to increase, as domestic farmers continue to supply local hotels and supermarkets with fresh produce. Despite the decline in banana production in the first quarter of the year, the industry is expected to recover as a banana productivity improvement project gets underway this year to expand the acreage under cultivation.

Critical to growth prospects for Saint Lucia, is the Central Government's overall fiscal and debt management policy. Although success has been achieved in the implementation of measures to curb expenditure and enhance revenue, a change in administration has seen a policy shift, which is likely to impact the fiscal performance. Among these are income tax reform, an increase in the excise tax on fuel and a reduction in transfers and subsidies. However, the reduction in the VAT rate and the deferral of VAT for manufacturers will have an adverse impact on revenue. The fiscal outturn is therefore contingent on the success of these measures and the level of inflows received from the Citizenship by Investment Programme. Capital expenditure is expected to increase, as funding has been identified for work on a number of projects, along with major road works outlined in the 2017/18 budget. Although the authorities have expressed concern about the debt overhang, the budget for the 2017/18 financial year is expected to be financed through, inter alia, bonds of \$208m, Treasury bills of \$50m and other loans of \$84.8m. These borrowing pressures are likely to result in a higher debt level by the central government, hence adversely impacting overall debt servicing costs. However, a medium term debt strategy has been developed to analyse the country's debt portfolio and examine debt reduction strategies, which are likely to assist in effective public debt management.

In the external sector, the merchandise trade deficit may narrow in the short to medium term, in anticipation of increased earnings from exports. It is likely that the improvement in export earnings will more than offset projected growth in import payments to facilitate the forecasted expansion in construction activity. Inflows from travel are expected to increase, contingent on the performance of the tourism industry. Inflationary pressures may rise, largely dependent on developments in global commodity prices. Although OPEC and non-OPEC allies agreed to extend oil supply cuts into 2018, the expansion of the US shale industry may assist is keeping prices at bay.

The continued success of the global recovery remains contingent on developments in the advanced economies, which themselves are challenged with structural impediments, hence imminent risks. These countries are therefore advised to implement policies to deal with these impediments and to safeguard fiscal and financial stability. In the region, however, major downside risks persist if policy makers are not successful in effectively implementing policies to stimulate growth and competitiveness, while simultaneously addressing fiscal and debt sustainability. **In addition to the need to cushion the Saint Lucian economy from extrinsic shocks, a number of domestic challenges confront policy makers. These include a sudden stop in foreign investments, which are the main source of funding for major tourism-related projects, the dependence of the tourism industry on developments in the advanced economies, especially the USA, the adverse effects of global warming and climate change, inclement weather and chronic unemployment, particularly among the youth and vulnerable.**

ST VINCENT AND THE GRENADINES

Overview

Preliminary economic data suggest that the economy of St Vincent and the Grenadines grew at a slower pace in the first quarter of 2017, relative to its performance in the corresponding period of 2016. This deceleration was attributable to an estimated slowdown in the manufacturing and agricultural sectors which was partially mitigated by a modest pace of activity in tourism and construction. The period was also marked by the much-anticipated opening of the country's first international airport in February 2017, which provided a temporary boost to some of the key ancillary service sectors. End-of-period inflation continued to pick up, as the consumer price index rose by 0.2 per cent, reflecting the higher costs of electricity and miscellaneous items. The government's fiscal operations over the review period resulted in a widening of the overall deficit while the outstanding stock of public sector debt rose relative to that at the end of December 2016. In the external sector, the merchandise trade deficit was preliminarily estimated to have widened on account of a rise in the value of imports and a simultaneous decline in export earnings. Monetary and credit conditions during the review period were characterised by a widening of the weighted average interest rate spread, and moderate expansions in monetary liabilities and private sector credit.

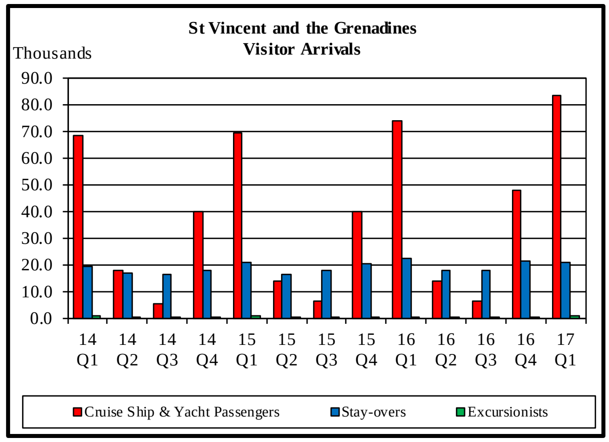
Economic activity in St Vincent and the Grenadines is expected to rebound for the remainder of 2017, driven by positive domestic and international developments. Domestically, the country is expected to benefit from the opening of the international airport with the proposed introduction of direct international flights, the start of operations of Glossy Bay marina in Canouan and the continuation of a number of infrastructural projects. In particular, the introduction of direct airline services and the operations of the marina may provide unprecedented opportunities to the country for investment, trade and tourism. With respect to external developments, the IMF has projected that the global economy would grow by 3.5 per cent in 2017, from a rate of 3.1 per cent in 2016. This improvement is expected to be supported by favourable economic developments in Europe, and higher growth in the United States of America. This anticipated strengthening is likely to have positive knock-on effects on the economies of the ECCU, including St Vincent and the Grenadines. This optimistic outlook is however restrained by a number of downside risks associated with both the domestic and external environment. In particular, geopolitical risks related to terrorism; uncertainty emanating from several of President Trump's policies; and natural disasters may cloud the 2017 global and domestic outlook. Domestically, the operationalization of the airport may not facilitate a robust recovery in tourism as is generally expected, particularly if there is an extended closure of the Buccament Bay Resort. If any of these risks materialise, a lower growth outcome may be likely in 2017.

Output

While data on the construction sector are not readily available, initial proxy indicators point to some moderation in the pace of activity for the first three months of 2017 relative to the previous year. This assessment was influenced by a modest expansion in private construction coupled with a sharp decline in public sector investment. In the absence of sector data, commercial bank lending for home construction, a proxy for residential construction improved during the quarter and increased by 1.3 per cent, marginally higher than the 1.1 per cent recorded one year earlier. Similarly, credit extended directly to construction companies and contractors recorded double-digit growth of 18.1 per cent, reversing the 6.0 per cent decline observed in the first three months of 2016. Conversely, investment in the government's capital programme posted a notable drop of 87.3 per cent, and stood at $1.5m in the review period following a decline of 25.4 per cent relative to the corresponding period of 2016. The contraction partly reflected the slow start of the government's capital programme following the budget in February 2017, as well as the completion of the Argyle International Airport, which dominated much of the capital programme in previous years. The weakness was compounded by an observed decline in the value of imports of building materials during the period. Overall, these indicators may point to the sector's modest contribution to growth.

Despite the operationalisation of the

international airport in February 2017, provisional data for the hotels and restaurants sector, proxied by visitor arrivals and expenditure, pointed to benign growth in the first quarter of 2017 compared with the performance in the comparable period in 2016. Largely influenced by improvements in the non-stay-over segment, the increase in total visitor arrivals is estimated to have strengthened at a rate of 8.4 per cent to 104,798, relative to a pace of 6.8 per cent in the corresponding quarter of 2016. Within the excursionists' segment, arrivals rebounded to register an expansion of 49.4 per cent to 768, following a 21.3 per cent decline in the first quarter one year prior. The cruise segment was estimated to have recorded a similar improvement. Despite a fall in cruise ship calls to 104 from 135 in the reporting period, cruise passenger arrivals were estimated to be 18.2 per cent higher and stood at 61,486 compared with a 6.5 per cent increase registered in the first quarter of 2016. This improvement may have been due in part to larger vessels, and more cruise passengers who may have disembarked to enjoy the islands' amenities. Conversely, in the yachting segment, there was a 0.5 per cent decline in passengers to 21,714, in contrast to an expansion of 7.1 per cent one year prior.



Meanwhile, the stay-over arrivals segment had a dampening impact on the sector. Following an 8.2 per cent rise in corresponding period of the previous year, stay-over arrivals declined by 6.8 per cent in the first three months of 2017, associated with developments related to the closure of Buccament Resort from December 2016. This development was partially mitigated by the marginal improvement related to the international flights at the opening of the Argyle International Airport in February 2017. The decline in stay-over visitor arrivals was largely driven by contractions in two of the major source markets. Contractions were recorded in stay-over arrivals from the United Kingdom (28.9 per cent), and the Caribbean (1.8 per cent).

The recent contraction in the United Kingdom market may be partly associated with the closure of Buccament Bay Resort, which was quite popular with British tourists. By contrast, growth was recorded in arrivals from Canada (6.3 per cent) and the USA (0.4 per cent), following respective expansions of 1.9 and 9.3 per cent one year earlier. Arrivals from the miscellaneous subgroup (other countries), which collectively accounted for less than a fifth of stay-over visitors, rebounded by 5.5 per cent following a reduction of 3.8 per cent in the first three months of 2016. Largely reflecting the decline in this visitor segment, there was an 8.5 per cent drop in the estimated earnings from the sector for the period.

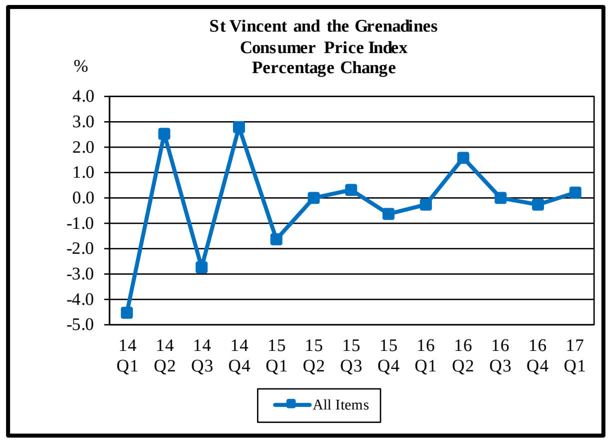
Available data for the first quarter of 2017 indicate that the manufacturing sector was affected by a number of negative trends. Low demand and weak competitiveness continued to plague the sector during the period and led to contractions in the output of flour (4.3 per cent) and rice, the production and repackaging of which has largely been discontinued. The performance of the sector was also affected by weaker production of galvanize sheets and packaging material, the volumes of which fell by 5.0 per cent and 2.7 per cent respectively. These declines were partially mitigated by an expansion in the output of PVC pipes (20.2 per cent), animal feeds (4.2 per cent), beverages (0.2 per cent) relative to the corresponding period of 2016.

Despite a number of initiatives to promote the agricultural sector, initial estimates indicated that the sector posted a weaker performance in the first quarter of 2017 when compared with the first quarter one year earlier. A number of challenges continue to weigh on agricultural output, including uncertainty of markets, the difficulties in obtaining foreign exchange for the sale of produce in regional markets and adverse weather conditions, all of which may have dampened activity in this sector. Notably, preliminary estimates suggest that both the volume of banana exports and fish production may have contributed negatively to growth during the period, posting declines of 32.3 per cent and 7.6 per cent respectively. Crop production remained virtually flat during the review period relative to 5.0 per cent expansion in the comparative period in 2016. The outturn was underpinned by a 3.1 per cent increase in permanent crops and offset by a 1.9

per cent contraction in temporary crops. Meanwhile, the performance of utilities was mixed, with a 1.2 per cent increase recorded in electricity consumption in the period, indicative of reduced usage by households and the manufacturing sector, while water production rose by 8.2 per cent.

Prices

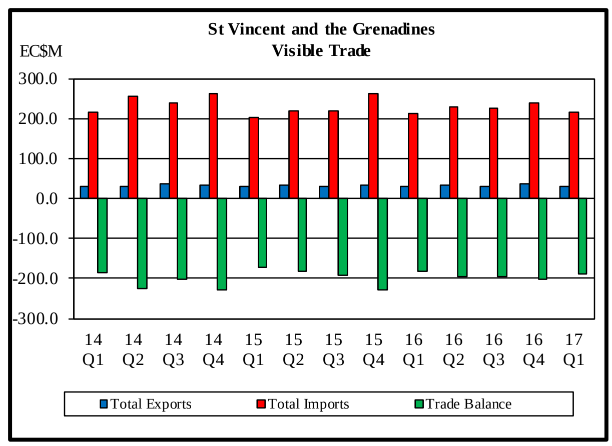
Price pressures were moderate as consumer price inflation rose by 0.2 per cent in March 2017, in contrast to a decline of 0.3 per cent during the corresponding period of 2016. The uptick was fueled by developments in the cost of electricity and miscellaneous items. The largest gain was recorded in the miscellaneous goods and services sub-index (4.0 per cent), reflecting faster growth in the price of toiletries and selected personal items. This increase was followed by an upward movement in the largest sub-index comprising housing, water, electricity, gas and other fuels, which rose by 0.9 per cent at the end of the period on account of an increase in the cost of electricity and building materials. Another notable rise was registered in the transport sub-index (0.7 per cent), which reflected higher airfares to regional and international destinations. The inflationary impact was however mitigated by lower prices for cereals and vegetables which resulted in a decline in the food and non-alcoholic beverages sub-index (1.0 per cent) relative to one year earlier.



Trade and Payments

Preliminary data for the first quarter of 2017 suggest that the merchandise trade deficit widened by 2.0 per cent to $187.5m, relative to the corresponding period in the previous year. The main factor contributing to the widening deficit was a 1.6 per cent increase in import payments which totaled $216.8m. This outturn was attributable to a 21.9 per cent increase in the category's largest component, machinery and transport. The expansion in machinery and transport equipment may be partly associated with the increase in reconstruction and rehabilitation activity following a number of adverse weather events which affected the country in the last quarter of 2017. The expansion was partially tempered by a reduction in the value of imports of food and live animals (1.6 per cent), manufactured goods (9.9 per cent) and mineral fuels (4.3 per cent). The fall in the value and volume of these import segments may have been influenced by the estimated slowdown in economic activity and the closure of Buccament Bay Resort in December 2016. Meanwhile, export receipts are also estimated to have been lowered by 0.6 cent to $29.3m largely associated with a 15.5 per cent decline in domestic exports to $23.6m. Lower domestic exports earnings reflected a fall in earnings from the export of beer (36.4 per cent), rice (33.6 per cent), and flour (12.4 per cent), while earnings from feeds rose by 4.4 per cent. The decline in domestic export was partly offset by the value of re-exports which increased almost three-fold to $5.7m from $1.6m.

Consistent with the decline in stay-over arrivals, gross travel receipts were estimated to have contracted by 8.5 per cent to $85.6m. The transactions of commercial banks resulted in an estimated net outflow of $31.8m in short-term capital in the first quarter of 2017 following net outflows of $10.6m in the comparable period in 2016. In line with an increase in outstanding debt, external loan disbursements to the central government rose by $27.4m to $74.4m in the review period relative to the comparable period of 2016. External principal payments rose by $45.7m to $58.3m. These developments resulted in net disbursements of $16.1m in the first quarter of 2017, relative to $34.5m registered in the corresponding quarter of the previous year.

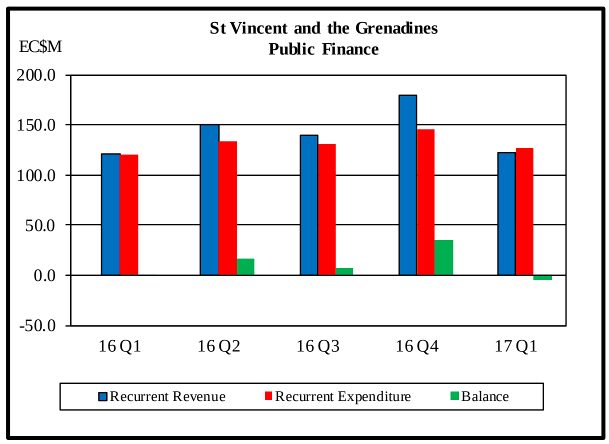


Central Government Fiscal Operations

The operations of the government are estimated to have resulted in a narrowing of the deficit to $5.3m in the first quarter of 2017 relative to one of $9.5m realised in

the corresponding period of 2016.[1] This improvement was driven to a large extent by developments in the capital account, which improved relative to the previous year. The current account registered a deficit of $4.7m, higher than the marginal deficit of $0.2m twelve months prior. Over the same period, the primary balance moved to a surplus of $4.5m from a deficit of $0.7m in the first three months of 2016. The deficit was largely financed by external sources.

The deterioration in the current account balance was associated with a 4.7 per cent expansion in current expenditure to $126.3m, which outpaced growth of 1.0 per cent in current revenue totaling $121.6m. The increase in current revenue was driven by advances in two of the major revenue categories and a broadening of revenue sources. Collections from taxes on goods and services were 13.4 per cent ($7.1m) higher than the level recorded in 2016, stemming largely from an improvement in telecommunication broadcast licenses and the broadening of the Value Added Tax (VAT) base, which included the elimination of the tax-exempt status on basic food items. Consequently, the revenue intake from the VAT rose by 3.7 per cent ($1.5m) to $40.2m. Concurrently, the yield from broadcast licenses rebounded to $3.0m relative to the corresponding quarter of the previous year when there were no collections from this sub-component. Inflows from the sale of goods and services advanced by 4.2 per cent ($0.6m), and were underpinned by marginal gains in most of its sub-components.



These advances were partly offset by lower collections from taxes on property ($5.0m), taxes on income and profits ($0.9m), taxes on international trade ($0.5m) and property income ($0.3m). Contractions in the inflows from aliens-landholding licenses and stamp

[1] Data submitted by the Ministry of Finance are now classified according to the Government Finance Statistics Manual 2014 (GFS 2014), hence the analysis may vary slightly from that of previous years.

duty[2] led to the sharp decline in the collections from taxes on property; while lower receipts on taxes on income and profit were influenced by a 40.1 per cent falloff in corporate tax inflows. The reduction in the intake from taxes on international trade and transactions was partly associated with a dip in vehicle surtax due to fewer imports of used vehicles. Concurrently, there was marginal growth in the outturn of the sundry category of current revenue (other), which was $0.1m higher compared with the yield in the corresponding period of 2016.

During the period, current expenditure grew by 4.7 per cent ($5.7m) to $126.3m, reflecting higher outlays in all but one of the major sub-categories. Compensation to employees, which accounts for the largest share of current expenditure, advanced by 2.2 per cent ($1.5m) to $69.3m, while spending on transfers and other social benefits, rose by 8.4 per cent ($2.6m), driven by increases in subventions to statutory organisations including the operationalisation of the airport. Interest payments advanced by 10.9 per cent ($1.0m) reflecting a $1.1m gain in domestic obligations. On the external side, there was a $0.1m fall in payments. Partially offsetting these increases was a contraction of 2.2 per cent ($0.3m) in the expenditure on goods and services, indicative of a reduction in spending on office supplies, electricity and maintenance services.

Following a decline of 25.4 per cent in the previous year, capital outlays stood at a historically low level of $1.5m in the first quarter, representing another sharp contraction of 87.3 per cent ($10.1m). The consecutive declines were consistent with the culmination of construction activity of the modern medical complex, post-disaster rehabilitation and the Argyle International Airport project, which began operations during the review period. Capital revenue and grants amounted to $0.9m, which was less than half of the intake of $2.4m recorded in the first quarter of the previous year.

Public Sector Debt

At the end of March 2017, the total outstanding debt of the public sector is estimated to have risen by 0.1 per cent to $1,700.2m, relative to the stock at the end of December 2016. This outturn was due to an

[2] Taxes on Property now include aliens landholding license, property tax and stamp duty

increase in external debt while domestic debt declined. The external debt stock which accounts for approximately 75.0 per cent of total debt rose by 1.0 per cent to $1,279.1m, while the domestic debt fell by 2.5 per cent to $421.1m. Debt incurred by statutory corporations fell by 0.7 per cent to $152.3m while central government debt increased by 0.2 per cent to $$1,547.9m.

Money and Credit

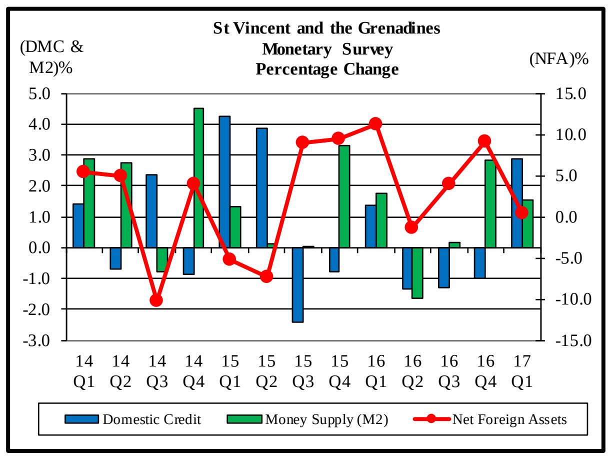
Monetary liabilities (M2) of the banking system are estimated to have moderated by 1.6 per cent to $1,544.4m during the quarter ending March 2017, relative to a pace of 1.7 per cent in the corresponding period one year ago. The increase was influenced by growth in both quasi and narrow money. Quasi money, the larger component of M2, grew at a marginal rate of 0.9 per cent to $1,050.2m, largely attributable to an expansion of 2.6 per cent in private sector savings deposits, which offset declines in private sector foreign currency and time deposits of 11.1 per cent and 3.1 per cent respectively. Concurrently, narrow money expanded at a pace of 3.0 per cent to $494.2m, largely due to a 5.1 per cent gain in private sector demand deposits, as all other subcategories posted contractions.

Domestic credit grew by 2.9 per cent to $1,075.4m during the quarter under review, largely influenced by the activities of the central government. Net credit to the general government increased by 26.6 per cent to $76.5m, associated with a 13.6 per cent strengthening in commercial bank credit. Meanwhile, the net deposit position of non-financial public enterprises fell by 7.2 per cent to $91.9m, on account of a 6.6 per cent drawdown in bank deposits. Credit to the private sector expanded by 0.6 per cent to $1,090.7m, largely associated with a 0.9 per cent increase in household credit which mitigated the marginal decline in loans extended to businesses.

Preliminary data for the review period indicated mixed developments related to credit extended to key economic sectors. Outstanding credit rose by 1.8 per cent to $1,221.7m, the bulk of which was extended to the personal sector. Notably, there was a 0.6 per cent increase in credit extended to households for personal use during the period, supported by expansions in two of the three major sub-components, including for home construction and renovation (1.3 per cent) and for the durable consumer goods (2.6 per cent). In the business segment, increases were also observed in, inter alia, construction (18.1 per cent), public administration (16.8 per cent) and manufacturing (0.9 per cent). Partly offsetting this expansion was a 0.5 per cent decline in credit extended to other personal uses. With respect to outstanding loans to businesses and other economic sectors, declines were observed in credit extended to inter alia, tourism (7.9 per cent), transport and storage (4.0 per cent) and distributive trades (1.2 per cent).

The net foreign assets of the banking system advanced by 0.3 per cent to $664.0m during the first three months of 2017, driven by a 21.8 per cent increase in commercial banks' net foreign assets to $177.4m. This development was largely attributable to a reduction in liabilities held with institutions both within and outside the ECCU. Meanwhile, the country's imputed share of the ECCB reserves fell by 5.7 per cent to $486.7m.

Commercial bank liquidity remained at a fairly healthy level during the review period. Despite the 1.3 percentage point decline in the ratio of liquid assets to total deposits plus liquid liabilities to 44.1 per cent at the end of March 2017, the ratio remained above the ECCB's minimum prudential requirement of 25.0 per cent. The loans and advances to deposits ratio stood at 68.6 per cent approximately 1.2 percentage points above the level at the end of December 2016, reflecting a rise in outstanding credit.



The cost of domestic credit was marginally more favourable in the first three months of 2017 as the weighted average interest rate on loans fell by 2 basis points to 8.88 per cent. Meanwhile, the weighted average deposit rate declined by 21 basis points to 1.6 per cent. These movements resulted in the widening of the weighted average interest rate spread to 7.27 per cent compared with a rate of 7.09 per cent registered in December 2016.

Prospects

Economic activity in St Vincent and the Grenadines is expected to rebound for the remainder of 2017, driven by positive domestic and international developments. Domestically, the country is expected to benefit from the opening of the international airport with the imminent introduction of direct international flights as well as the start of operations of Glossy Bay marina in Canouan. In particular, the recent introduction of direct services by Caribbean Airlines and the proposed launch of international travel services by Air Canada on its winter schedule may provide unprecedented opportunities to the country for investment, trade and tourism. Meanwhile, the start of operations of the marina would be a significant enhancement to yachting activities and represent a valuable complement to stay-over tourism. Such facilities may also provide positive spill-over effects to the local economy by boosting entrepreneurship in the provision of yacht support trades, while increasing the demand for local agricultural produce such as fresh fish and vegetables. This positive outlook however, would be contingent on improved foreign and domestic private sector investment as well as enhancing productivity and economic competitiveness.

Consistent with this development, the pace of tourism activity is projected to improve further with a concomitant advance in gross travel receipts. However, private sector investment and enhanced marketing in both traditional and non-traditional source markets need to be enhanced to capitalise on the potential in this sector. The proposed funding devoted to marketing in the 2017 budget is encouraging, but the impact may only be fully realized in the long-term. A swift resolution to the issues at the Buccament Bay Resort should also contribute positively to the outlook for this sector.

The outlook for the agricultural and manufacturing sectors is mixed. The agricultural sector continues to be negatively impacted by a number of challenges including adverse weather, lack of consistent markets and the difficulties by farmers and hucksters in obtaining foreign exchange when selling their produce in regional markets. Notwithstanding these challenges, some recovery in the agricultural sector is expected in 2017, supported by the range of ongoing donor-funded initiatives, which are likely to enhance output in crops and livestock. Unfortunately, output in the manufacturing sector is unlikely to improve substantially in light of the increased competitive pressure in the grains and beverages sub-sectors.

Construction activity is projected to rebound strongly, with increased anticipated spending by the private sector including identified foreign direct investment such as the Mt Wynne/Peter's Hope project; and by the Government, as it executes its budgeted capital programme. The latter includes the geothermal project, basic needs, and the construction and rehabilitation of roads, sea defences and bridges. Specifically, the rehabilitation of the secondary village and feeder roads would improve access to important economic and social facilities, provide markets for farmers and encourage greater investment by the private sector.

The central government's fiscal operations are expected to be neutralised in light of counteracting developments in revenue and expenditure. The increase in capital expenditure and possible transfers for the operations of the airport may be partly mitigated by the fiscal measures which were introduced in the 2017 budget. Those include a 1.0 percentage point increase in the Value-Added Tax, along with increases in departure tax and in professional fees.

With respect to external developments, the IMF has projected that the global economy would grow by 3.5 per cent in 2017, from a rate of 3.1 per cent in 2016. This expansion is expected to be broad-based across advanced, emerging and low-income countries, supported by favourable economic developments for Europe, and the expectation for higher growth in the US. Despite weak growth performance in first quarter of 2017, the US labour market remains relatively healthy at near full employment and consumer confidence remained at historic highs. These international developments could have positive knock-on effects on the economies of the ECCU, including St Vincent and the Grenadines. This outlook may be further boosted if the tax cuts promised by President Trump were to materialise before the end of the year.

This optimistic outlook is restrained by a number of downside risks associated with both the domestic and external environment. In particular, geopolitical risks related to terrorism and the uncertainty emanating from President Trump's trade, immigration and fiscal policies may cloud the 2017 global outlook and adversely affect visitor sentiment. Domestically, the operationalisation of the airport may not facilitate the sustained recovery in tourism as is generally expected, particularly in light of an extended closure of Buccament Bay Resort. Enhancements in major visitor sites and improved room stock may have to complement this major development. Additionally, the risk of natural disasters persists, particularly as St Vincent and the Grenadines has been threatened by several weather-related events in the last few years. With the threat of global warming there is likelihood for increasing frequency and intensity of these disasters, as the region moves into the hurricane season. If any of these risks materialise, a lower growth outcome may also be likely in 2017.

NOTES FOR STATISTICAL TABLES AND MONETARY SURVEY

STATISTICAL TABLES

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.

S T A T I S T I C A L T A B L E S I N D E X

GRENADA

MONTSERRAT

ST KITTS AND NEVIS

SAINT LUCIA

ST VINCENT AND THE GRENADINES

Table 1
ECCU - Selected Tourism Statistics

	2016R 1st Qr	2016R 2nd Qr	2016R 3rd Qr	2016R 4th Qr	2017P 1st Qr
Total Visitors	1,787,575	624,078	513,959	1,264,190	1,881,732
Stay-Over Visitors	325,073	259,105	251,438	274,474	317,841
Of which:					
USA	139,462	123,550	98,997	109,655	135,423
Canada	39,274	15,973	12,950	23,064	40,562
UK	62,318	44,684	41,301	54,254	58,914
Caribbean	47,113	50,477	70,863	55,342	43,409
Other Countries	36,906	24,421	27,327	32,159	39,533
Excursionists \1	36,590	27,846	28,834	27,147	37,347
Cruise Ship Passengers \2	1,355,769	305,292	211,988	925,408	1,458,399
Yacht Passengers \4	70,143	31,835	21,699	37,161	68,145
Number of Cruise Ship Calls \3	932	181	110	581	938
Total Visitor Expenditure (EC$M)	**1,354.90**	**1,046.26**	**1,022.76**	**1,239.32**	**1,435.38**

Sources: ECCU Central Statistics Offices and Eastern Caribbean Central Bank

[1] Excursionists includes Sea Arrivals for Saint Lucia and excludes Antigua and Barbuda.

[2] Cruise ship passengers excludes Anguilla but includes Antigua and Barbuda.

[3] Cruise ship calls excludes Anguilla and St Vincent and the Grenadines.

[4] Yacht passengers includes St Kitts and Nevis and St Vincent and the Grenadines.

Data as at 12 May 2017

Table 2
ECCU - Monetary Survey
(EC$M at end of period)

	2015 4th Qr	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017 1st Qr[p]
Net Foreign Assets	**6,532.89**	**7,033.44**	**7,133.22**	**7,286.08**	**7,399.67**	**8,031.40**
Central Bank (Net)	**4,205.97**	**4,646.97**	**4,711.83**	**4,610.64**	**4,557.25**	**4,612.23**
External Assets	4,211.41	4,656.05	4,715.80	4,616.90	4,565.64	4,624.35
External Liabilities	(5.44)	(9.09)	(3.97)	(6.26)	(8.39)	(12.12)
Commercial Banks (Net)	**2,326.92**	**2,386.48**	**2,421.40**	**2,675.44**	**2,842.42**	**3,419.17**
External Assets	5,904.76	5,931.57	5,825.57	5,921.09	6,159.17	6,745.31
External Liabilities	(3,577.84)	(3,545.09)	(3,404.18)	(3,245.65)	(3,316.75)	(3,326.14)
Net Domestic Assets	9,189.81	9,055.22	8,811.93	8,556.28	8,458.32	8,188.60
Domestic Credit	**11,084.55**	**10,785.48**	**10,375.45**	**10,260.77**	**10,001.41**	**10,128.55**
Central Government (Net)	1,246.39	1,058.55	1,017.13	970.04	920.45	1,107.04
Other Public Sector (Net)	(2,002.93)	(2,114.25)	(1,948.72)	(1,957.98)	(1,968.75)	(1,994.68)
Private Sector	11,841.09	11,841.19	11,307.05	11,248.71	11,049.71	11,016.20
Household	6,776.08	6,760.14	6,629.08	6,625.78	6,543.74	6,694.90
Business	4,719.03	4,730.45	4,322.07	4,262.30	4,150.23	3,917.21
Non-Bank Financial Institutions	199.12	205.57	225.16	230.27	270.55	319.07
Subsidiaries & Affiliates	146.86	145.03	130.74	130.37	85.19	85.02
Other Items (Net)	**(1,894.74)**	**(1,730.26)**	**(1,563.52)**	**(1,704.49)**	**(1,543.09)**	**(1,939.95)**
Monetary Liabilities (M2)	**15,722.70**	**16,088.66**	**15,945.16**	**15,842.36**	**15,857.99**	**16,220.00**
Money Supply (M1)	**3,525.93**	**3,734.15**	**3,708.19**	**3,682.11**	**3,787.66**	**3,919.06**
Currency with the Public	763.92	744.11	749.88	762.98	833.99	810.25
Demand Deposits	2,697.48	2,930.59	2,884.17	2,831.23	2,877.44	3,030.99
EC$ Cheques and Drafts Issued	64.52	59.46	74.15	87.90	76.23	77.83
Quasi Money	**12,196.77**	**12,354.51**	**12,236.97**	**12,160.26**	**12,070.32**	**12,300.94**
Savings Deposits	7,002.09	7,122.38	7,165.17	7,161.39	7,201.48	7,354.66
Time Deposits	2,572.90	2,558.68	2,500.07	2,409.64	2,349.61	2,278.15
Foreign Currency Deposits	2,621.79	2,673.46	2,571.72	2,589.22	2,519.24	2,668.13

Source: Eastern Caribbean Central Bank
Data as at 30 May 2017

Table 3
ECCU - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017p 1st Qr
Current Revenue	1,116.92	1,354.07	1,122.87	1,161.52	1,132.26
Tax Revenue	943.95	997.52	878.73	940.59	1,013.59
Taxes on Income and Profits \1	225.71	230.07	184.59	185.01	255.03
Of which:					
Personal /1	103.65	94.38	81.95	86.55	96.51
Company/Corporation /2	97.28	109.66	83.42	80.04	130.37
Taxes on Property	26.99	44.09	26.06	31.32	25.04
Taxes on Domestic Goods and Services	429.24	443.59	402.90	417.09	455.13
Of which:					
Accommodation Tax	9.50	5.02	2.32	0.84	9.83
Licences	29.81	24.50	17.35	25.85	29.77
Sales Tax \3	69.33	67.74	56.11	57.79	73.41
Value Added Tax \5	247.35	254.13	237.17	254.41	252.96
Consumption Tax \4	0.04	0.03	0.02	0.04	0.00
Stamp Duties	23.02	31.94	31.89	23.21	24.24
Taxes on International Trade and Transac	262.01	279.77	265.18	307.16	278.39
Of which:					
Import Duties	114.38	121.45	119.53	142.81	120.27
Consumption Tax \6	21.46	25.07	21.38	21.98	20.00
Customs Service Charge	44.71	48.30	47.28	57.56	48.93
Non-Tax Revenue	172.97	356.55	244.14	220.93	118.67
Current Expenditure	948.73	1,062.31	1,006.68	1,172.33	1,042.48
Personal Emoluments	434.97	456.29	444.87	510.32	456.65
Goods and Services	178.59	220.24	205.18	237.18	208.76
Interest Payments	113.20	116.11	116.32	116.25	100.68
Domestic	57.99	54.88	68.21	59.99	62.19
External	55.21	61.23	48.10	56.27	38.49
Transfers and Subsidies	220.68	266.75	236.96	302.44	274.26
Of which: Pensions	76.27	74.41	73.52	97.99	82.06
Current Account Balance	168.19	291.77	116.19	(10.81)	89.78
Capital Revenue	2.82	48.48	13.18	138.01	12.69
Grants	33.88	108.26	91.34	86.58	43.16
Of which: Capital Grants	27.89	57.96	64.29	56.16	40.95
Capital Expenditure and Net Lending	127.49	196.42	187.89	259.59	145.31
Of which: Capital Expenditure	142.78	193.05	187.84	223.04	145.57
Primary Balance after grants	190.59	368.20	149.14	70.44	101.00
Overall Balance after grants	77.39	252.09	32.83	(45.81)	0.32
Financing	(77.39)	(252.09)	(32.83)	45.81	(0.32)
Domestic	(30.47)	(199.39)	(41.51)	32.38	(55.76)
ECCB (net)	(37.27)	29.97	34.42	(68.94)	(15.29)
Commercial Banks (net)	(152.09)	(52.72)	(60.98)	(16.14)	201.24
Other	158.89	(176.64)	(14.95)	117.46	(241.71)
External	(62.59)	(45.91)	(17.69)	40.10	42.27
Net Disbursements/(Amortisation)	(51.68)	(43.32)	(40.75)	49.11	43.61
Disbursements	81.44	131.53	139.07	236.13	199.99
Amortisation	133.13	174.85	179.82	187.02	156.38
Change in Government Foreign Assets	(10.91)	(2.59)	23.06	(9.01)	(1.34)
Arrears \7	(14.77)	(6.79)	26.37	(26.67)	13.17
Domestic	(25.27)	(6.44)	6.68	9.35	(0.28)
External	10.51	(0.35)	19.69	(36.02)	13.45
Other Financing	30.44	-	-	-	-

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 Grenada, Montserrat, St Kitts and Nevis and Saint Lucia

Data as at 16 May 2017

Table 4
ECCU - Total Public Sector Disbursed Outstanding Debt (DOD)*
(In millions of Eastern Caribbean dollars)
at end of period

	2016P 1st Qr	2016P 2nd Qr	2016P 3rd Qr	2016P 4th Qr	2017P 1st Qr
Anguilla	203.39	420.58	423.46	475.24	471.50
Antigua and Barbuda	3,188.94	3,287.22	3,268.69	3,254.99	3,222.12
Dominica	1,076.08	1,094.71	1,089.16	1,062.02	1,049.96
Grenada	2,321.72	2,308.28	2,303.62	2,295.63	2,319.50
Montserrat	8.93	8.83	8.72	8.62	8.51
St Kitts and Nevis	1,568.78	1,565.59	1,561.58	1,553.53	1,549.96
Saint Lucia	2,975.39	2,985.45	3,043.39	3,016.98	3,035.10
St Vincent and the Grenadines	1,664.86	1,661.30	1,599.68	1,698.45	1,700.21
TOTAL ECCU	**13,008.09**	**13,331.96**	**13,298.30**	**13,365.45**	**13,356.86**

Source: ECCB
* Includes arrears of principal
Data available at 12 May 2017

Table 5
ECCU - Central Government Disbursed Outstanding Debt (DOD)
(In millions of Eastern Caribbean dollars)
at end of period

	2016P 1st Qr	2016P 2nd Qr	2016P 3rd Qr	2016P 4th Qr	2017P 1st Qr
Anguilla	192.61	410.15	410.68	462.99	459.68
Antigua and Barbuda	2,675.03	2,780.94	2,769.09	2,762.03	2,731.83
Dominica	923.71	929.67	916.21	893.35	879.99
Grenada	2,168.46	2,176.34	2,174.44	2,173.57	2,189.01
Montserrat	4.59	4.58	4.57	4.56	4.55
St Kitts and Nevis	1,265.07	1,264.94	1,263.43	1,257.91	1,253.59
Saint Lucia	2,828.87	2,850.67	2,913.63	2,901.13	2,926.29
St Vincent and the Grenadines	1,430.61	1,431.37	1,445.67	1,545.06	1,547.87
TOTAL ECCU	**11,488.94**	**11,848.66**	**11,897.72**	**12,000.59**	**11,992.82**

Source: ECCB
Data available at 12 May 2017

Table 6
ECCU - Total Central Government Debt Service Payments
(In millions of Eastern Caribbean dollars)

	2016P 1st Qr	2016p 2nd Qr	2016P 3rd Qr	2016P 4th Qr	2017P 1st Qr
Anguilla	6.69	21.04	8.19	6.70	8.24
Antigua and Barbuda	162.02	114.99	149.50	151.10	116.96
Dominica	19.48	23.62	18.24	21.51	17.78
Grenada	56.27	97.26	89.91	133.26	68.20
Montserrat	0.04	0.04	0.04	0.03	0.04
St Kitts and Nevis	36.17	25.87	14.94	25.19	26.11
Saint Lucia	65.68	67.02	68.20	68.89	74.42
St Vincent and the Grenadines	28.21	46.07	34.84	38.45	80.69
TOTAL ECCU	**374.57**	**395.90**	**383.86**	**445.13**	**392.44**

Source: ECCB
Data available at 12 May 2017

Table 7
Regional Government Securities Market (RGSM)
Activity on the Primary Market (EC$M)

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
Total Bid Amount	322.2	376.6	344.4	457.2	340.7
Total Offer Amount	226.0	222.0	232.0	285.0	191.0

Source: Eastern Caribbean Central Bank
Data as at 12 May 2017

Table 8
Regional Government Securities Market (RGSM)
Weighted Average Interest Rates

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
91-day Treasury Bills	4.51	3.74	3.70	2.91	2.45
180-day Treasury Bills	4.50	4.18	3.00	3.58	2.00
365-day Treasury Bills	4.50	**	5.00	4.91	4.00
2-year Bond	**	**	**	**	**
3-year Bond	**	**	6.50	**	**
4-year Bond	**	**	**	**	**
5-year Bond	**	**	**	**	**
6-year Bond	7.00	**	**	**	**
7-year Bond	**	**	**	**	**
8-year Bond	**	**	**	**	**
10-year Bond	7.50	**	**	**	**
15-year Bond	**	**	**	**	**

Source: Eastern Caribbean Central Bank
Data as at 12 May 2017

Table 9
Secondary Market for Government Securities

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
Volume (Units)	0.96	1.49	11.23	2.00	4.57
Value (EC$m)	0.95	1.49	11.10	2.68	7.69

Source: Eastern Caribbean Central Bank, Eastern Caribbean Securities Exchange
Data as at 12 May 2017

Table 10
Anguilla - Selected Tourism Statistics

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
Total Visitors	54,369	42,478	39,999	39,124	56,126
Stay-Over Visitors	24,983	19,385	16,542	18,329	24,445
Of which:					
USA	17,318	12,965	8,232	11,993	17,217
Canada	1,395	741	416	949	1,518
UK	893	639	733	703	1,005
Italy	439	149	325	247	382
Germany	210	246	58	112	194
Rest of Europe	1,239	1,001	859	1,026	1,208
Caribbean	2,774	2,972	5,012	2,677	2,135
Other Countries	715	672	907	622	786
Excursionists	29,386	23,093	23,457	20,795	31,681
Total Visitor Expenditure (EC$M)	**112.81**	**79.55**	**79.36**	**83.74**	**119.15**

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism
Data as at 25 May 2017

Table 11
Anguilla - Consumer Price Index
March 2010 = 100

			Percentage Change*				
	Weights	Index Mar 2017	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
All Items	100.0	106.61	(1.12)	1.65	(0.01)	1.20	(0.32)
Food and Non-Alcoholic Beverages	12.83	112.69	(0.40)	(0.02)	0.84	0.24	0.18
Alcoholic Beverages, Tobacco and Narcotics	2.34	122.38	(0.04)	0.97	0.06	0.18	1.23
Clothing and Footwear	3.25	103.95	5.44	0.32	0.15	(2.56)	(2.53)
Housing, Water, Electricity, Gas and Other Fuels	25.55	95.74	(1.52)	0.08	(0.23)	(0.17)	0.12
Furnishing, Household Equipment and Routine Household Maintenance	4.03	113.31	4.59	(0.61)	0.40	0.77	(0.40)
Health	2.34	115.90	(6.81)	7.18	-	0.08	-
Transport	15.96	106.00	(4.96)	0.45	(1.14)	8.83	(4.22)
Communications	13.42	118.56	-	11.60	0.45	(1.26)	2.37
Recreation and Culture	3.81	92.92	(1.62)	(2.68)	1.24	(0.44)	1.62
Education	5.91	121.84	-	-	-	0.00	-
Restaurants and Hotels	4.04	104.63	(0.21)	(0.77)	(0.11)	1.13	(0.31)
Miscellaneous Goods and Services	6.52	103.78	0.19	0.68	0.01	0.75	0.25

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism
*at end of period
Data as at 08 June 2017

Table 12
Anguilla - External Trade
(EC$M)

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
Total Exports	4.25	4.19	4.49	6.46	2.83
Total Imports	145.90	153.15	117.20	105.57	138.16
Trade Balance	(141.65)	(148.96)	(112.71)	(99.11)	(135.32)

Source: ECCB Estimates
Data as at 08 June 2017

Table 13
Anguilla - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
Current Revenue	54.54	46.21	42.99	44.97	55.46
Tax Revenue	47.42	39.08	36.26	37.60	47.77
Taxes on Income and Profits	3.80	3.82	3.55	3.26	3.89
Of which: Stabilisation Levy	3.80	3.82	3.55	3.26	3.89
Taxes on Property	0.60	0.56	1.69	2.96	0.94
Taxes on Domestic Goods and Services	20.70	14.65	12.56	7.70	22.30
Of which:					
Licenses	7.57	4.45	2.93	2.39	7.15
Accommodation Tax	9.13	4.98	2.26	0.71	9.42
Stamp Duties	1.02	1.76	2.32	1.98	1.15
Taxes on International Trade and Transac	22.31	20.05	18.46	23.67	20.64
Of which:					
Import Duty	17.06	15.65	13.87	18.61	16.03
Customs Surcharge	4.52	4.11	3.78	4.91	4.36
Embarkation Tax	0.53	0.09	0.63	0.02	0.13
Non-Tax Revenue	7.12	7.14	6.73	7.37	7.68
Current Expenditure	41.30	51.46	45.96	48.93	45.48
Personal Emoluments	20.75	21.50	21.31	21.37	20.76
Good and Services	7.29	13.92	9.86	13.17	9.81
Interest Payments	1.97	3.31	3.43	3.27	3.56
Domestic	0.30	2.53	2.33	2.19	2.41
External	1.67	0.78	1.11	1.08	1.15
Transfers & Subsidies	11.29	12.73	11.35	11.12	11.35
Of which: Pensions	2.12	2.15	2.13	2.12	2.13
Current Account Balance	13.24	(5.24)	(2.97)	(3.96)	9.97
Capital Revenue	-	-	-	-	-
Grants	0.06	0.06	0.35	1.88	0.63
Of which: Capital Grants	0.06	0.06	0.35	1.88	0.63
Capital Expenditure and Net Lending	0.46	1.67	1.23	3.20	1.74
Of which: Capital Expenditure	0.46	1.67	1.23	3.20	1.74
Primary Balance	14.75	(3.60)	(0.77)	(3.89)	11.79
Overall Balance	12.83	(6.85)	(3.85)	(5.28)	8.86
Financing	(12.83)	6.85	3.85	5.28	(8.86)
Domestic	(9.80)	9.77	7.20	(50.51)	(8.38)
ECCB (net)	3.61	0.97	(0.04)	(59.51)	0.23
Commercial Banks (net)	(11.23)	25.71	16.03	12.82	3.03
Other	(2.18)	(16.91)	(8.78)	(3.82)	(11.64)
External	(3.25)	(3.34)	(3.36)	56.45	(3.29)
Net Disbursements/(Amortisation)	(3.25)	(3.34)	(3.36)	56.45	(3.29)
Disbursements	0.08	-	-	59.79	0.00
Amortisation	3.33	3.34	3.36	3.34	3.29
Change in Government Foreign Assets	-	-	-	-	-
Arrears	0.22	0.42	0.01	(0.65)	2.81
Domestic	0.22	0.42	0.01	(0.65)	2.81
External	-	-	-	-	-
Other Financing	-	-	-	-	-

Source: Treasury Department, Anguilla
Data as at 25 May 2017

Table 14
Anguilla - Monetary Survey
(EC$M at end of period)

	2015 4th Qr	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017 1st Qr[P]
Net Foreign Assets	**325.69**	**379.03**	**385.74**	**392.60**	**432.23**	**437.64**
Central Bank (Net)	**129.99**	**128.91**	**129.62**	**113.61**	**149.99**	**146.77**
Commercial Banks (Net)	195.70	250.12	256.12	278.98	282.25	290.88
External (Net)	35.02	75.67	96.42	181.60	187.59	212.07
Assets	198.07	247.00	259.66	275.80	275.56	298.49
Liabilities	163.05	171.33	163.24	94.20	87.97	86.42
Other ECCB Territories (Net)	160.68	174.45	159.70	97.39	94.66	78.81
Assets	201.08	210.58	180.81	197.21	201.10	194.79
Liabilities	40.40	36.13	21.10	99.82	106.44	115.98
Net Domestic Assets	**748.25**	**696.53**	**632.25**	**625.13**	**578.78**	**574.51**
Domestic Credit	**934.13**	**882.94**	**589.35**	**579.30**	**532.01**	**517.74**
Central Government (Net)	(64.95)	(72.58)	(45.90)	(29.92)	(76.61)	(73.35)
Other Public Sector (Net)	(224.05)	(250.54)	(36.83)	(38.88)	(39.10)	(49.66)
Private Sector	1,223.13	1,206.06	672.08	648.10	647.72	640.74
Household	517.30	509.55	367.83	354.09	356.19	351.44
Business	684.15	675.19	296.49	286.13	283.80	281.61
Non-Bank Financial Institutions	3.88	3.52	1.04	1.16	1.01	0.98
Subsidiaries & Affiliates	17.80	17.80	6.72	6.72	6.72	6.72
Other Items (Net)	**(185.88)**	**(186.41)**	**42.90**	**45.83**	**46.77**	**56.77**
Monetary Liabilities (M2)	**1,073.94**	**1,075.56**	**1,017.99**	**1,017.72**	**1,011.02**	**1,012.15**
Money Supply (M1)	**70.14**	**57.50**	**59.94**	**63.07**	**64.10**	**61.67**
Currency with the Public	17.38	17.40	18.81	20.33	19.98	21.02
Demand Deposits	52.04	39.23	38.71	42.01	42.87	40.20
EC$ Cheques and Drafts Issued	0.72	0.87	2.42	0.73	1.26	0.45
Quasi Money	**1,003.80**	**1,018.06**	**958.06**	**954.66**	**946.92**	**950.48**
Savings Deposits	131.43	131.25	133.43	136.24	134.76	138.66
Time Deposits	121.40	112.97	101.72	100.15	99.37	102.15
Foreign Currency Deposits	750.97	773.85	722.90	718.27	712.80	709.67

Source: Eastern Caribbean Central Bank
Data as at16MAY2017

Table 15

Antigua and Barbuda - Selected Tourism Statistics

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
Total Visitors	410,728	123,253	81,195	263,067	435,479
Stay-Over Visitors	84,566	60,998	54,621	65,002	78,982
Of which:					
USA	34,640	28,362	21,498	24,152	30,472
Canada	9,900	3,835	2,353	5,108	8,907
Europe	29,530	19,158	18,395	25,152	29,739
UK	24,141	16,442	15,099	20,830	23,967
Germany	1,071	360	157	577	937
Switzerland	400	252	137	367	374
Italy	2,354	1,509	2,528	2,209	2,925
France	594	270	224	544	600
Other Europe	970	325	250	625	936
Caribbean	6,585	7,132	9,726	7,593	6,000
South America	662	375	358	265	424
Other Countries	3,249	2,136	2,291	2,732	3,440
Cruise Ship Passengers	316,592	58,494	25,714	193,929	347,578
Number of Cruise Ship Calls	165	27	10	111	192
Yacht Passengers	9,570	3,761	860	4,136	8,919
Number of Yacht Calls	1,992	1,001	200	803	1,933
Total Visitor Expenditure (EC$M)	**304.16**	**202.64**	**176.31**	**226.04**	**287.97**

Source: Ministry of Tourism, Antigua and Barbuda

Data as at 12 May 2017

Table 16
Antigua and Barbuda - Consumer Price Index
January 2001 = 100

			Percentage Change*				
		Index	2016	2016	2016	2016	2017P
	Weights	Mar-17	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr
All Items	100.00	137.33	(0.91)	(0.83)	0.41	0.21	2.41
Food	21.42	160.18	(2.14)	(0.43)	0.19	0.59	1.92
Alcoholic Beverages and Tobacco	0.16	139.23	(1.53)	(1.48)	(0.94)	1.71	0.94
Housing	21.83	112.44	(1.45)	(2.69)	0.00	0.00	7.44
Fuel and Light	6.39	131.73	0.00	0.00	0.00	0.00	0.00
Clothing and Footwear	11.06	104.32	1.16	(0.82)	0.43	0.11	0.02
Household Furnishings and Supplies	12.60	145.17	(0.86)	1.17	(0.13)	1.09	0.39
Transport and Communications	15.35	140.65	(1.25)	(0.43)	1.45	0.09	2.13
Medical Care and Expenses	2.76	135.12	(0.01)	(3.15)	(2.85)	(0.07)	0.07
Education	2.34	212.44	0.00	(2.36)	0.00	0.00	0.00
Personal Services	4.30	171.90	1.60	(1.22)	2.37	(1.97)	4.82
Miscellaneous	1.79	129.80	0.68	(1.16)	5.08	(0.25)	0.58

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda
*at end of period
Data as at 12 May 2017

Table 17
Antigua and Barbuda - External Trade
(EC$M)

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
Visible Trade Balance	(277.39)	(218.50)	(309.42)	(364.37)	(339.20)
Total Exports	31.41	119.25	5.18	8.74	19.08
Total Imports	308.80	337.75	314.61	373.11	358.27

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbu
Data as at 12 May 2017

Table 18
Antigua and Barbuda - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
Current Revenue	204.71	205.87	167.40	204.23	202.67
Tax Revenue	169.68	182.39	140.96	147.36	184.58
Taxes on Income and Profits	24.59	24.66	11.69	13.81	28.78
Of which:					
Personal Income	10.14	9.71	3.49	2.30	0.42
Corporation	14.45	14.96	8.20	11.52	28.36
Taxes on Property	4.43	8.62	2.83	1.64	6.08
Taxes on Domestic Goods and Servic	77.90	84.56	68.60	70.35	88.73
Of which:					
Stamp Duties	6.76	15.21	10.09	10.07	11.00
Antigua and Barbuda Sales Tax	69.33	67.73	56.09	57.79	73.40
Taxes on International Trade and Tran	62.76	64.54	57.84	61.56	60.99
Of which:					
Import Duty	20.99	20.48	18.71	21.89	22.46
Consumption Tax	18.54	22.30	18.61	18.13	17.10
Revenue Recovery Charge	18.32	18.51	17.69	19.68	18.41
Non-Tax Revenue	35.04	23.48	26.44	56.88	18.08
Current Expenditure	176.10	214.47	199.59	227.73	198.12
Personal Emoluments	74.97	85.12	81.37	87.07	79.24
Goods and Services	22.60	37.22	31.01	37.41	25.93
Interest Payments	36.93	20.11	35.78	17.05	24.66
Domestic	12.85	14.47	17.55	15.78	18.24
External	24.08	5.64	18.22	1.26	6.42
Transfers and Subsidies	41.60	72.02	51.44	86.21	68.29
Of which: Pensions	17.06	16.56	14.32	16.82	23.16
Current Account Balance	28.61	- 8.61	- 32.19	- 23.50	4.55
Capital Revenue	0.09	40.89	1.30	131.79	8.14
Grants	-	-	-	-	-
Of which:					
Capital Grants	-	-	-	-	-
Debt Forgiveness	-	-	-	-	-
Capital Expenditure and Net Lending	3.63	59.14	22.93	68.15	0.42
Of which: Capital Expenditure	3.63	59.14	22.93	38.15	0.42
Primary Balance after grants	62.00	(6.75)	(18.05)	57.19	36.93
Overall Balance after grants	25.07	(26.85)	(53.82)	40.14	12.27
Financing	(25.07)	26.85	53.82	(40.14)	(12.27)
Domestic	(15.72)	58.82	112.29	(29.27)	6.04
ECCB (net)	(50.97)	58.87	32.76	20.67	(2.23)
Commercial Banks (net)	(50.29)	16.45	18.77	12.20	3.81
Other	85.54	(16.49)	60.77	(62.14)	4.45
External	(44.08)	(32.77)	(74.86)	5.58	(43.05)
Net Disbursements/(Amortisation)	(42.58)	(30.78)	(77.03)	7.56	(41.71)
Disbursements	12.71	24.42	10.83	59.77	5.19
Amortisation	55.29	55.20	87.86	52.21	46.91
Change in Government Foreign Asse	(1.50)	(1.99)	2.17	(1.98)	(1.34)
Other	0.00	0.00	0.00	0.00	0.00
Arrears	4.29	0.80	16.39	(16.45)	24.74
Domestic	(3.82)	1.15	(3.30)	19.56	11.29
External	8.11	(0.35)	19.69	(36.02)	13.45
Other Financing	30.44	0.00	0.00	0.00	0.00

Source: Ministry of Finance, Antigua and Barbuda
Data as at 16 May 2017

Table 19
Antigua and Barbuda - Monetary Survey
(EC$M at end of period)

	2015 4th Qr	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017 1st Qr[P]
Net Foreign Assets	**1,524.05**	**1,550.90**	**1,464.34**	**1,415.85**	**1,461.15**	**1,694.17**
Central Bank (Net)	**959.86**	**1,092.88**	**1,105.88**	**1,096.87**	**890.46**	**800.98**
Commercial Banks (Net)	**564.19**	**458.03**	**358.46**	**318.99**	**570.69**	**893.19**
External (Net)	319.59	121.23	108.72	113.25	175.47	365.20
Assets	1,090.41	852.81	857.40	845.55	904.94	1,071.32
Liabilities	770.82	731.58	748.67	732.30	729.46	706.13
Other ECCB Territories (Net)	244.60	336.80	249.74	205.74	395.22	527.99
Assets	1,422.33	1,516.11	1,443.59	1,399.94	1,549.32	1,653.40
Liabilities	1,177.73	1,179.31	1,193.85	1,194.21	1,154.10	1,125.41
Net Domestic Assets	**1,576.46**	**1,632.88**	**1,746.19**	**1,766.25**	**1,763.50**	**1,672.33**
Domestic Credit	**2,251.10**	**2,104.38**	**2,242.79**	**2,295.49**	**2,320.75**	**2,323.40**
Central Government (Net)	335.31	234.05	309.36	360.89	393.76	395.34
Other Public Sector (Net)	6.32	(10.96)	1.23	7.78	14.66	27.82
Private Sector	1,909.47	1,881.29	1,932.21	1,926.82	1,912.33	1,900.23
Household	1,173.93	1,172.27	1,180.95	1,181.35	1,184.71	1,191.98
Business	713.57	680.31	723.98	718.33	706.14	654.02
Non-Bank Financial Institutions	14.95	23.05	21.62	21.48	15.82	48.57
Subsidiaries & Affiliates	7.02	5.66	5.66	5.66	5.66	5.66
Other Items (Net)	**(674.63)**	**(471.51)**	**(496.60)**	**(529.25)**	**(557.25)**	**(651.06)**
Monetary Liabilities (M2)	**3,100.51**	**3,183.78**	**3,210.54**	**3,182.10**	**3,224.65**	**3,366.50**
Money Supply (M1)	**694.15**	**764.98**	**774.43**	**760.33**	**790.98**	**852.31**
Currency with the Public	159.59	155.52	153.03	156.37	167.53	163.17
Demand Deposits	510.67	595.39	594.28	570.36	594.61	658.66
EC$ Cheques and Drafts Issued	23.89	14.07	27.12	33.60	28.84	30.48
Quasi Money	**2,406.36**	**2,418.80**	**2,436.11**	**2,421.77**	**2,433.66**	**2,514.19**
Savings Deposits	1,375.93	1,418.62	1,450.62	1,450.97	1,474.92	1,528.76
Time Deposits	664.57	652.69	646.97	631.57	619.97	598.52
Foreign Currency Deposits	365.86	347.48	338.53	339.23	338.78	386.91

Source: Eastern Caribbean Central Bank
Data as at 22 May 2017

Table 20
Dominica - Selected Tourism Statistics

	2016^R 1st Qr	2016 2nd Qr	2016^R 3rd Qr	2016 4th Qr	2017^P 1st Qr
Total Visitors	181,414	32,368	22,655	134,001	169,622
Stay-Over Visitors	19,793	15,655	20,883	23,245	20,552
Of which:					
USA	4,146	3,735	3,567	4,419	4,511
Canada	888	442	507	855	1,003
UK	1,286	908	1,319	1,502	1,670
Caribbean	7,947	6,982	11,554	11,979	7,206
Other Countries	5,526	3,588	3,936	4,490	6,162
Excursionists	215	129	425	254	196
Yacht Passengers	6,215	2,721	1,347	2,425	6,722
Cruise Ship Passengers	155,191	13,863	-	108,077	142,152
Number of Cruise Ship Calls	97	8	-	58	96
Total Visitor Expenditure (EC$M)	**102.30**	**67.42**	**88.94**	**123.96**	**102.24**

Sources: Discover Dominica Authority and ECCB Estimates
Data as at 12 May 2017

Table 21
Dominica - Consumer Price Index
June 2010 = 100

			Percentage Change*				
	Weights	Index Mar 2017	2016^R 1st Qr	2016^R 2nd Qr	2016^R 3rd Qr	2016 4th Qr	2017^P 1st Qr
All Items	100.00	102.15	(0.40)	1.21	0.21	(0.30)	(0.30)
Food and Non-Alcoholic Beverages	18.08	111.06	(0.51)	(0.46)	0.84	(0.02)	(0.14)
Alcoholic Beverages, Tobacco and Narcotics	0.77	111.40	1.61	0.84	0.33	0.92	(0.83)
Clothing and Footwear	5.08	109.59	(0.09)	-	-	3.10	-
Housing, Utilities, Gas and Fuels	30.62	92.20	(0.96)	2.98	0.49	(2.27)	(0.90)
Household Furnishings, Supplies and Maintenance	5.23	106.00	(0.13)	(0.07)	0.37	(1.28)	0.33
Health	3.36	106.43	0.03	-	-	(0.51)	0.51
Transport	20.11	103.99	(1.03)	1.91	(0.54)	0.34	0.34
Communication	3.95	100.67	-	-	-	-	-
Recreation and Culture	3.74	101.42	3.21	-	0.07	(0.09)	(0.12)
Education	1.33	103.74	-	-	-	-	(0.09)
Hotels and Restaurants	2.88	110.42	3.37	0.07	-	0.56	-
Miscellaneous	4.85	105.17	0.09	-	0.19	0.70	(0.12)

Sources: Central Statistical Office, Dominica and ECCB Estimates
*at end of period
Data as at 12 May 2017

Table 22
Dominica - Selected Trade Statistics
(Value: EC$M; Volume: tonnes)

	2016^R 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017^P 1st Qr
Visible Trade Balance	(110.32)	(127.04)	(131.07)	(148.24)	(125.77)
Total Imports	128.62	141.44	144.89	162.74	141.96
Total Exports	18.30	14.40	13.81	14.50	16.20
Re-Exports	6.51	1.79	1.34	3.69	6.66
Domestic Exports	11.78	12.62	12.48	10.81	9.54
Of which:					
Bananas					
Value	0.17	0.15	0.10	0.06	0.18
Volume	113	134	111	35	118

Source: Central Statistical Office, WINFRESH and ECCB Estimates
Data as at 12 May 2017

Table 23
Dominica - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2016R 1st Qr	2016R 2ndQr	2016R 3rdQr	2016R 4thQr	2017P 1st Qr
Current Revenue	105.44	294.19	204.18	93.79	98.88
Tax Revenue	86.31	90.79	83.29	90.37	94.71
Taxes on Income and Profits	19.23	19.90	15.21	13.96	21.40
Of which:					
Personal	9.85	7.96	7.29	7.08	10.37
Company/Corporation	9.83	12.92	8.58	7.70	11.74
Taxes on Property	1.58	1.99	1.80	1.78	2.75
Taxes on Domestic Goods and Services	49.22	51.11	48.14	54.18	50.90
Of which:					
Licences	5.81	6.66	3.66	4.08	6.34
Value Added Tax	31.44	32.72	33.53	37.36	31.74
Excise Tax	11.59	11.21	10.44	12.13	12.42
Taxes on International Trade and Transa	16.29	17.79	18.14	20.44	19.66
Of which:					
Import Duty	8.82	9.60	10.09	10.88	9.49
Customs Service Charge	3.35	4.05	5.16	5.48	4.77
Environmental Levy	2.42	2.47	2.51	2.70	2.47
Non-Tax Revenue [1]	19.13	203.40	120.89	3.42	4.17
Current Expenditure	92.76	103.52	93.36	106.08	107.89
Personal Emoluments	37.67	38.69	37.87	38.63	38.03
Goods and Services	23.09	36.19	26.12	36.70	31.96
Interest Payments	8.93	5.94	6.61	5.33	6.15
Domestic	1.57	1.97	2.54	1.19	2.88
External	7.36	3.97	4.06	4.14	3.27
Transfers and Subsidies	23.07	22.70	22.76	25.42	31.75
Of which: Pensions	4.84	4.89	5.01	4.99	5.11
Current Account Balance	12.67	190.66	110.82	(12.29)	(9.01)
Capital Revenue	0.02	0.07	0.00	0.01	0.00
Grants	(1.58)	21.34	0.91	0.77	1.37
Of which: Capital Grants	(1.58)	21.34	0.91	0.77	1.37
Capital Expenditure and Net Lending	21.38	58.50	42.95	37.72	42.59
Of which: Capital Expenditure	21.46	58.62	43.05	37.75	42.70
Primary Balance after grants	(1.34)	159.51	75.40	(43.90)	(44.08)
Overall Balance after grants	(10.27)	153.57	68.79	(49.23)	(50.23)
Financing	10.27	(153.57)	(68.79)	49.23	50.23
Domestic	31.62	(137.83)	(80.52)	73.38	40.64
ECCB (net)	(20.05)	0.78	22.09	(20.61)	(14.04)
Commercial Banks (net)	(13.07)	(44.89)	(94.49)	(77.72)	247.05
Other	64.74	(93.71)	(8.12)	171.72	(192.38)
External	(19.61)	(14.16)	12.90	(21.24)	8.48
Net Disbursements (Amortisation)	(10.20)	(13.55)	(7.99)	(14.21)	8.48
Disbursements	0.07	1.86	3.47	1.79	19.99
Amortisation	10.27	15.41	11.46	15.99	11.51
Change in Government Foreign Assets	(9.41)	(0.61)	20.90	(7.03)	-
Arrears	(1.74)	(1.58)	(1.18)	(2.91)	1.11
Domestic	(1.74)	(1.58)	(1.18)	(2.91)	1.11
External	-	-	-	-	-
Other Financing	-	-	-	-	-

Source: Ministry of Finance, Dominica and Eastern Caribbean Central Bank
[1] Effective February 1, 2017, the new accounting methodology adopted by the Government of Dominica requires CBI revenues to be recorded as expended.
Data as at 16 May 2017

Table 24
Dominica - Monetary Survey
(EC$M at end of period)

	2015 4th Qr	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017 1st Qr[p]
Net Foreign Assets	**755.48**	**837.69**	**906.80**	**968.24**	**1,090.32**	**1,165.91**
Central Bank (Net)	**338.65**	**356.63**	**423.32**	**454.24**	**596.43**	**648.27**
Commercial Banks (Net)	416.83	481.07	483.48	514.01	493.89	517.64
External (Net)	147.03	184.69	176.69	231.14	248.73	301.75
Assets	423.54	465.67	461.19	504.39	514.08	560.42
Liabilities	276.51	280.98	284.50	273.25	265.35	258.66
Other ECCB Territories (Net)	269.80	296.38	306.79	282.86	245.16	215.88
Assets	353.82	371.98	384.31	358.40	326.59	327.03
Liabilities	84.02	75.60	77.52	75.53	81.43	111.15
Net Domestic Assets	**542.99**	**510.86**	**444.34**	**396.38**	**285.91**	**231.12**
Domestic Credit	**631.72**	**592.81**	**569.09**	**497.90**	**402.11**	**630.12**
Central Government (Net)	(51.62)	(84.74)	(128.85)	(201.25)	(299.58)	(66.57)
Other Public Sector (Net)	(92.26)	(90.22)	(114.18)	(116.34)	(96.44)	(96.83)
Private Sector	775.60	767.77	812.13	815.49	798.13	793.51
Household	464.38	459.14	456.71	457.37	449.58	449.59
Business	284.68	281.38	301.03	299.82	280.82	277.10
Non-Bank Financial Institutions	26.53	27.26	54.39	58.30	67.74	66.82
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(88.73)**	**(81.96)**	**(124.75)**	**(101.52)**	**(116.21)**	**(399.00)**
Monetary Liabilities (M2)	**1,298.47**	**1,348.55**	**1,351.14**	**1,364.62**	**1,376.23**	**1,397.02**
Money Supply (M1)	**260.78**	**282.60**	**293.64**	**285.46**	**302.43**	**300.45**
Currency with the Public	46.59	46.29	47.91	46.09	52.62	53.86
Demand Deposits	212.31	231.83	244.08	238.20	248.10	242.90
EC$ Cheques and Drafts Issued	1.88	4.48	1.65	1.18	1.71	3.68
Quasi Money	**1,037.69**	**1,065.95**	**1,057.51**	**1,079.16**	**1,073.80**	**1,096.58**
Savings Deposits	802.30	827.46	828.73	815.93	818.02	849.81
Time Deposits	208.18	206.76	204.13	224.21	224.13	222.11
Foreign Currency Deposits	27.21	31.73	24.64	39.02	31.66	24.65

Source: Eastern Caribbean Central Bank
Data as at 29 May 2017

Table 25
Grenada - Selected Tourism Statistics

	2016R 1st Qr	2016R 2nd Qr	2016R 3rd Qr	2016R 4th Qr	2017P 1st Qr
Total Visitors	228,041	64,384	40,480	135,455	203,778
Stay-Over Visitors	38,746	29,328	34,111	33,116	37,387
Of which:					
USA	12,952	10,615	11,055	10,682	13,394
Canada	4,092	1,942	2,010	2,679	4,384
United Kingdom	7,322	5,185	5,559	6,038	6,866
Caribbean	5,751	5,325	7,003	5,033	4,507
Other Countries	8,629	6,261	8,484	8,684	8,236
Excursionists	1,037	714	615	904	311
Cruise Ship Passengers	179,289	29,367	2,993	97,550	158,609
Yacht Passengers	8,969	4,975	2,761	3,885	7,471
Number of Cruise Ship Calls	125	29	21	67	123
Total Visitor Expenditure (EC$M)	**114.97**	**69.71**	**94.69**	**94.62**	**111.05**

Source: Grenada Board of Tourism
Data as at 23 May 2017

Table 26
Grenada - Consumer Price Index
January 2010 = 100

	Weights	Index Mar 2017	Percentage Change* 2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
All Items	100.0	110.13	(0.31)	1.39	(0.18)	0.03	0.24
Food & Non-Alcoholic Beverages	20.4	114.46	(1.51)	(0.03)	(0.12)	0.31	0.20
Alcoholic Beverages, Tobacco and Narcotics	1.8	125.19	0.42	(0.12)	0.46	0.14	0.04
Clothing and Footwear	3.7	102.89	(0.22)	0.51	-	0.34	-
Housing, Utilities, Gas and Fuels	29.1	102.42	(1.13)	0.69	0.43	0.16	0.09
Household Furnishings, Supplies and Maintenance	4.5	111.66	0.77	0.68	0.12	0.04	-
Health	1.9	133.72	0.48	0.02	1.89	(1.56)	(0.25)
Transport	18.7	110.90	1.58	3.14	(1.30)	(0.42)	0.83
Communication	10.0	120.90	-	5.67	-	-	-
Recreation and Culture	2.7	111.00	(0.24)	0.10	0.27	0.09	0.17
Education	0.8	132.07	-	-	6.47	(0.24)	-
Hotels and Restaurants	1.8	99.32	-	-	(7.39)	-	-
Miscellaneous	4.6	106.98	(0.10)	0.11	(0.03)	0.15	0.27

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada
*at end of period
Data as at 23 May 2017

Table 27
Grenada - Selected Agricultural Production

	Unit	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016R 4th Qr	2017P 1st Qr
Bananas	(Tons)	2,121	1,719	1,940	1,980	2,014
Cocoa	(Tons)	345	140	33	243	268
Nutmeg	(Tons)	130	117	115	119	155
Mace	(Tons)	11	10	8	6	10

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada
Data as at 23 May 2017

Table 28
Grenada - Selected Trade Statistics
(Value: EC$M; Volume: tons)

	2016 1st Qr	2016 2nd Qr	2016R 3rd Qr	2016R 4th Qr	2017E 1st Qr
Visible Trade Balance	(196.38)	(202.06)	(214.58)	(253.54)	(207.67)
Total Imports	215.24	230.15	231.88	269.10	225.71
Total Exports	18.86	28.09	17.30	15.56	18.04
Re-Exports	0.95	6.22	1.66	0.81	0.97
Domestic Exports	17.91	21.87	15.64	14.75	17.07
Of Which:					
Bananas					
Volume	-	-	-	-	-
Value	-	-	-	-	-
Nutmeg					
Volume	171.27	135.36	121.78	82.66	162.71
Value	4.06	3.45	2.94	1.98	3.86
Mace					
Volume	8.87	4.04	13.81	16.76	7.28
Value	0.25	0.15	0.40	0.38	0.22
Cocoa					
Volume	270.92	148.09	49.92	105.06	250.57
Value	3.06	1.45	0.44	1.02	2.74
Manufactured Exports					
Value	7.92	9.26	8.47	8.52	7.78

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada
Data as at 23 May 2017

Table 29
Grenada - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
Current Revenue	158.40	169.33	156.95	166.91	184.22
Tax Revenue	147.01	161.97	150.07	158.08	175.36
Taxes on Income and Profits	32.05	36.87	27.53	30.82	45.99
Of which:					
Personal	15.95	15.71	13.07	14.58	17.58
Company/Corporation	16.10	21.16	14.46	16.24	28.40
Taxes on Property	4.27	11.94	3.97	3.72	6.30
Taxes on Domestic Goods and Services	64.55	63.31	66.96	66.66	73.83
Of which:					
Value-added Tax	52.68	54.30	53.57	57.54	57.94
Stamp Duties	1.17	0.74	6.04	0.71	2.69
Licences	4.85	4.70	3.08	4.01	5.45
Taxes on International Trade and Transa	46.14	49.86	51.61	56.88	49.24
Of which:					
Import Duty	14.63	16.60	18.08	20.52	16.16
Customs Service Charge	10.91	11.82	12.32	14.51	12.00
Non-Tax Revenue	11.39	7.36	6.88	8.83	8.86
Current Expenditure	134.83	146.12	128.86	155.65	141.68
Personal Emoluments	60.74	62.07	62.48	66.35	70.44
Goods and Services	26.99	30.12	31.91	28.60	30.12
Interest Payments	9.69	28.66	10.49	33.44	8.51
Domestic	5.31	3.07	6.32	8.26	3.19
External	4.38	25.59	4.17	25.18	5.31
Transfers and Subsidies	37.41	25.27	23.98	27.27	32.61
Of which: Pensions	7.93	8.00	7.57	8.33	8.41
Current Account Balance	23.57	23.20	28.10	11.25	42.55
Capital Revenue	0.00	-	-	-	1.09
Grants	15.61	26.62	25.74	32.01	14.45
Of which: Capital Grants	9.67	17.14	24.25	22.96	12.28
Capital Expenditure and Net Lending	26.05	26.64	31.31	50.57	14.26
Of which: Capital Expenditure	20.65	22.24	31.31	45.94	14.26
Primary Balance after grants	22.82	51.84	33.02	26.14	52.34
Overall Balance after grants	13.13	23.18	22.53	(7.30)	43.83
Financing	(13.13)	(23.18)	(22.53)	7.30	(43.83)
Domestic	(15.58)	(0.69)	(16.42)	(7.17)	(55.28)
ECCB (net)	(1.77)	(4.16)	(0.91)	6.16	(12.63)
Commercial Banks (net)	4.75	10.16	(26.07)	18.91	(55.09)
Other	(18.57)	(6.69)	10.57	(32.23)	12.44
External	(1.72)	(22.50)	(6.12)	14.47	11.45
Net Amortisation	(1.72)	(22.50)	(6.12)	14.47	11.45
Disbursements	7.90	8.85	4.21	45.57	25.31
Amortisation	9.62	31.35	10.32	31.11	13.86
Change in Government Foreign Assets	-	-	-	-	-
Arrears	4.17	(0.00)	-	-	-
Domestic	1.78	(0.00)	-	-	-
External	2.40	-	-	-	-
Other Financing	-	-	-	-	-

Source: Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and the ECCB
Data as at 23 May 2017

Table 30
Grenada - Monetary Survey
(EC$M at end of period)

	2015 4th Qr	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017 1st Qr[P]
Net Foreign Assets	**852.48**	**906.32**	**884.60**	**925.34**	**1,003.20**	**1,119.20**
Central Bank (Net)	**508.98**	**526.26**	**525.55**	**516.48**	**543.71**	**558.69**
Commercial Banks (Net)	343.50	380.06	359.04	408.86	459.49	560.52
External (Net)	12.21	77.49	73.83	129.07	151.70	205.45
Assets	493.91	550.16	539.59	585.10	604.88	653.26
Liabilities	481.70	472.67	465.76	456.03	453.19	447.81
Other ECCB Territories (Net)	331.29	302.56	285.21	279.79	307.79	355.06
Assets	362.00	356.73	338.96	333.36	361.94	400.95
Liabilities	30.71	54.17	53.75	53.57	54.15	45.88
Net Domestic Assets	**1,269.88**	**1,289.61**	**1,260.77**	**1,220.08**	**1,147.82**	**1,075.25**
Domestic Credit	**1,320.07**	**1,313.78**	**1,317.11**	**1,253.76**	**1,240.91**	**1,179.64**
Central Government (Net)	(65.88)	(62.89)	(56.89)	(83.88)	(58.81)	(126.53)
Other Public Sector (Net)	(166.44)	(212.06)	(213.14)	(229.66)	(248.87)	(234.32)
Private Sector	1,552.39	1,588.73	1,587.14	1,567.29	1,548.60	1,540.49
Household	1,073.59	1,066.61	1,076.86	1,071.55	1,054.61	1,039.51
Business	469.46	513.09	504.40	486.97	485.32	493.00
Non-Bank Financial Institutions	9.34	9.03	5.87	8.76	8.67	7.98
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(50.19)**	**(24.16)**	**(56.34)**	**(33.68)**	**(93.10)**	**(104.38)**
Monetary Liabilities (M2)	**2,122.37**	**2,195.93**	**2,145.37**	**2,145.42**	**2,151.01**	**2,194.46**
Money Supply (M1)	**543.00**	**597.45**	**563.80**	**568.92**	**577.89**	**593.58**
Currency with the Public	131.55	123.95	123.98	125.77	135.66	133.41
Demand Deposits	402.11	464.75	429.49	432.34	430.65	452.34
EC$ Cheques and Drafts Issued	9.34	8.76	10.33	10.81	11.58	7.83
Quasi Money	**1,579.37**	**1,598.48**	**1,581.57**	**1,576.50**	**1,573.12**	**1,600.88**
Savings Deposits	1,160.49	1,179.30	1,174.38	1,171.98	1,174.66	1,187.25
Time Deposits	271.43	256.84	247.90	241.98	242.57	239.09
Foreign Currency Deposits	147.45	162.33	159.29	162.54	155.89	174.54

Source: Eastern Caribbean Central Bank
Data as at16MAY2017

Table 31
Montserrat - Selected Tourism Statistics

	2016[R] 1st Qr	2016[R] 2nd Qr	2016[R] 3rd Qr	2016[R] 4th Qr	2017[P] 1st Qr
Total Visitors	7,378	2,030	2,544	3,727	8,038
Stay-Over Visitors	2,880	1,395	1,879	2,694	2,503
Of which:					
USA	814	412	455	661	713
Canada	223	64	63	177	264
UK	774	312	456	737	634
Caribbean	948	530	835	1,024	749
Other Countries	121	77	70	95	143
Excursionists	635	159	258	377	530
Cruise Ship Passengers	2,987	-	237	372	4,611
Number of Cruise Ship Calls	17	-	1	4	14
Yacht Passengers	876	476	170	284	394
Number of Yachts	214	126	43	67	331
Total Visitor Expenditure (EC$M)	**8.61**	**3.48**	**4.26**	**6.37**	**7.60**

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat
Data available as at 08 June 2017

Table 32
Montserrat - Consumer Price Index
January 2014 = 100

			Percentage Change*				
	Weights	Index Mar-17	2016R 1st Qr	2016R 2nd Qr	2016R 3rd Qr	2016R 4th Qr	2017P 1st Qr
All Items	99.9	99.06	(1.45)	1.45	(0.59)	(0.70)	1.49
Food & Non-Alchoholic Beverages	16.3	97.92	(1.37)	1.50	(0.48)	0.08	(0.99)
Alchoholic Beverages, Tobacco & Nar	0.4	99.72	0.20	0.61	(0.75)	0.23	0.09
Clothing & Footwear	4.8	94.40	(0.34)	0.01	0.05	(4.60)	1.80
Housing, Water, Electrcity, Gas and Ot	33.1	99.44	(3.44)	2.74	(0.08)	(0.63)	0.75
Furnishing, household equipment and R	3.5	98.35	(0.06)	(1.12)	(0.26)	(1.87)	(1.20)
Health	1.9	104.05	(1.03)	0.00	0.00	0.00	(0.35)
Transport	18.1	98.93	(1.40)	1.89	(2.56)	0.36	8.50
Communication	8.3	100.40	2.32	0.00	0.00	(2.61)	(0.25)
Recreation & Culture	2.4	96.36	0.00	(0.01)	(1.41)	1.71	(2.82)
Education	2.9	102.95	0.00	0.00	0.28	0.00	0.00
Restaurants and Hotels	2.1	101.28	1.34	(0.35)	0.00	0.00	0.23
Miscellaneous goods and services	6.2	99.85	0.23	(0.03)	0.35	(1.66)	(0.54)

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat
*at end of period
Data available as at 08 June 2017

Table 33
Montserrat - Selected Trade Statistics
(Value: EC$M)

	2016R 1st Qr	2016R 2nd Qr	2016R 3rd Qr	2016R 4th Qr	2017P 1st Qr
Visible Trade Balance	(21.41)	(18.74)	(20.29)	(26.32)	(15.86)
Total Imports	23.32	21.69	23.90	28.62	21.37
Total Exports	1.90	2.95	3.61	2.30	5.52
Total Domestic Exports	1.76	2.05	3.45	2.11	2.33
Total Re-Exports	0.14	0.90	0.15	0.18	3.18

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and ECCB Estim
Data available as at 16 May 2017

Table 34
Montserrat - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2016^{R} 1st Qr	2016^{R} 2nd Qr	2016^{R} 3rd Qr	2016^{R} 4thQr	2017^{P} 1st Qr
Current Revenue	11.75	11.60	11.65	12.01	13.64
Tax Revenue	10.63	10.39	10.05	10.77	12.24
Taxes on Income and Profits	4.50	5.18	3.56	3.34	6.02
Of which:					
Personal	3.36	2.84	3.06	3.04	3.46
Corporation	0.97	1.95	0.41	0.09	2.31
Taxes on Property	0.08	0.03	0.54	0.10	0.03
Taxes on Domestic Goods and Servic	1.60	0.86	1.55	1.13	1.53
Of which:					
Hotel Occupancy	0.01	0.01	0.00	0.02	0.02
Insurance Company Levy	0.04	0.09	0.07	0.06	0.04
Licences and Stamp Duties	0.89	0.61	0.52	0.80	0.67
Taxes on International Trade and Tran	4.44	4.32	4.40	6.21	4.66
Of which:					
Import Duty	1.58	1.56	1.62	2.23	1.68
Consumption Tax	2.56	2.47	2.63	3.70	2.77
Customs Service Charge	-	-	-	-	-
Non-Tax Revenue	1.13	1.21	1.59	1.24	1.40
Current Expenditure	31.94	23.94	29.07	29.30	35.72
Personal Emoluments	10.65	10.45	10.31	10.74	10.82
Goods and Services	13.39	7.03	11.34	10.58	13.83
Interest Payments	0.01	0.01	0.01	0.01	0.01
Domestic	-	-	-	-	-
External	0.01	0.01	0.01	0.01	0.01
Transfers and Subsidies	7.89	6.46	7.42	7.97	11.07
Of which: Pensions	3.32	2.69	2.71	2.96	3.84
Current Account Balance (before grar	- 20.19	- 12.34	- 17.43	- 17.29	-22.07
Current Account Balance (after grant	- 20.19	15.74	7.67	3.92	-22.07
Capital Revenue	-	-	-	-	-
Grants	12.67	28.08	25.56	21.28	-
Of which: Capital Grants	12.67	-	0.45	0.07	-
Capital Expenditure and Net Lending	8.61	1.81	7.26	3.30	0.02
Of which: Capital Expenditure	8.59	1.79	7.24	3.28	-
Primary Balance (before grants)	- 28.79	- 14.14	- 24.68	- 20.59	-22.09
Primary Balance (after grants)	- 16.11	13.94	0.87	0.69	-22.09
Overall Balance (before grants)	- 28.79	- 14.15	- 24.69	- 20.59	-22.09
Overall Balance (after grants)	- 16.12	13.93	0.87	0.69	-22.09
Financing	16.12	- 13.93	- 0.87	- 0.69	22.09
Domestic	16.13	- 13.92	- 0.86	- 0.68	22.10
ECCB (net)	- 0.14	0.13	- 0.16	- 0.03	- 0.48
Commercial Banks (net)	23.72	- 7.43	- 2.39	- 7.42	28.34
Other	- 7.45	- 6.63	1.70	6.77	- 5.76
External	- 0.01	- 0.01	- 0.01	- 0.01	- 0.01
Net Disbursements/(Amortisation)	- 0.01	- 0.01	- 0.01	- 0.01	- 0.01
Disbursements	0.02	0.02	0.02	0.02	0.02
Amortisation	0.03	0.03	0.03	0.03	0.03
Change in Government Foreign Asse	-	-	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-
Other Financing	-	-	-	-	-

Source: Ministry of Finance, Montserrat
*Goods and Services include Miscellaneous Payments
Data available as at 08 June 2017

Table 35
Montserrat - Monetary Survey
(EC$M at end of period)

	2015 4th Qr	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017 1st Qr[P]
Net Foreign Assets	**320.51**	**300.69**	**300.75**	**302.86**	**310.18**	**282.16**
Central Bank (Net)	**138.96**	**137.38**	**137.79**	**137.50**	**133.26**	**126.57**
Commercial Banks (Net)	181.55	163.32	162.95	165.36	176.92	155.60
External (Net)	117.04	100.45	107.04	100.70	108.16	92.86
Assets	186.35	169.52	176.72	171.82	178.72	164.04
Liabilities	69.31	69.07	69.69	71.12	70.56	71.18
Other ECCB Territories (Net)	64.51	62.87	55.92	64.66	68.77	62.74
Assets	77.92	75.62	68.84	76.62	81.03	76.41
Liabilities	13.41	12.75	12.92	11.96	12.26	13.67
Net Domestic Assets	**(75.65)**	**(52.01)**	**(53.83)**	**(53.55)**	**(62.88)**	**(30.71)**
Domestic Credit	**(30.88)**	**(7.65)**	**(9.49)**	**(8.90)**	**(14.64)**	**14.81**
Central Government (Net)	(82.75)	(59.16)	(66.45)	(69.01)	(76.46)	(48.60)
Other Public Sector (Net)	(18.89)	(19.85)	(16.03)	(19.11)	(18.50)	(17.86)
Private Sector	70.76	71.36	73.00	79.23	80.32	81.27
Household	63.67	64.64	66.31	69.87	70.62	71.58
Business	7.10	6.72	6.69	9.35	9.70	9.70
Non-Bank Financial Institutions	-	-	-	-	-	-
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(44.77)**	**(44.37)**	**(44.34)**	**(44.65)**	**(48.24)**	**(45.52)**
Monetary Liabilities (M2)	**244.86**	**248.68**	**246.92**	**249.31**	**247.31**	**251.45**
Money Supply (M1)	**47.64**	**50.33**	**48.21**	**51.27**	**62.20**	**65.57**
Currency with the Public	20.20	19.46	19.33	20.73	20.69	21.16
Demand Deposits	27.31	30.44	28.52	30.35	41.41	44.27
EC$ Cheques and Drafts Issued	0.14	0.43	0.36	0.20	0.09	0.14
Quasi Money	**197.22**	**198.35**	**198.71**	**198.04**	**185.11**	**185.89**
Savings Deposits	143.39	144.25	144.75	145.19	144.23	145.26
Time Deposits	45.40	44.67	44.66	43.54	30.48	30.78
Foreign Currency Deposits	8.44	9.43	9.30	9.31	10.40	9.85

Source: Eastern Caribbean Central Bank
Data as at 15 MAY 2017

Table 36
St Kitts and Nevis - Selected Tourism Statistics

	2016R 1st Qr	2016R 2stQr	2016 3ndQr	2016 4thQr	2017P 1st Qr
Total Visitors	441,970	147,072	155,193	309,677	466,266
Stay-Over Visitors	34,392	28,431	24,145	27,704	32,664
Of which:					
USA	21,445	17,565	13,553	15,766	20,230
Canada	3,026	1,252	1,074	1,593	2,899
UK	2,926	2,281	2,223	2,761	2,747
Caribbean	5,187	5,713	5,928	5,969	5,053
Other Countries	1,808	1,620	1,367	1,615	1,735
Excursionists	1,411	833	746	1,151	1,339
Cruise Ship Passengers	404,276	117,342	130,115	280,497	430,411
Yacht Passengers	1,891	466	187	325	1,852
Number of Cruise Ship Calls	209	46	36	131	198
Total Visitor Expenditure (EC$M)	**113.32**	**84.46**	**75.66**	**98.16**	**125.55**

Source: Statistics Department, Sustainable Development, St Kitts and Central Statistics Office, Nevis and ECCB Estimates
Data available as at 08 June 2017

Table 37

St Kitts and Nevis - Consumer Price Index

January 2010 = 100

	Weights	Index Mar 2017	Percentage Change* 2016R 1st Qr	2016R 2stQr	2016R 3ndQr	2016 4thQr	2017P 1st Qr
All items	100.00	106.68	(0.43)	0.40	0.67	(0.61)	(0.06)
Food and Non-Alcoholic Beverages	15.98	96.79	(2.54)	0.11	(0.24)	(2.59)	0.12
Alcoholic Beverages, Tobacco & Narcotics	2.71	123.48	1.60	1.53	(0.51)	(0.15)	1.01
Clothing and Footwear	4.20	116.73	0.04	0.07	0.82	(0.07)	(0.03)
Housing, Utilities, Gas and Fuels	27.56	100.92	(0.32)	(0.18)	0.10	0.10	0.04
Household Furnishings, Supplies and Maintenance	6.10	109.31	(0.56)	1.64	0.67	(1.51)	1.62
Health	2.38	109.17	0.12	(0.31)	2.35	(0.36)	0.32
Transport	16.14	113.69	(2.38)	1.02	0.81	3.63	(1.65)
Communication	8.47	106.62	4.96	1.28	(0.25)	(8.86)	-
Recreation and Culture	2.92	109.89	(0.28)	(0.43)	1.01	0.77	2.70
Education	2.41	129.54	2.80	-	5.60	(2.63)	-
Hotels and Restaurants	5.60	116.52	-	-	5.05	0.41	-
Miscellaneous Goods and Services	5.54	107.32	0.88	0.62	0.46	0.18	0.09

Source: Statistics Department, Sustainable Development, St Kitts
*at end of period
Data available as at 08 June 2017

Table 38

St Kitts and Nevis - Selected Trade Statistics

(Value: EC$M)

	2016 1st Qr	2016R 2stQr	2016R 3ndQr	2016 4thQr	2017P 1st Qr
Visible Trade Balance	(189.17)	(191.49)	(167.19)	(208.82)	(198.88)
Total Imports	223.77	227.04	199.99	244.76	234.96
Total Exports	34.60	35.56	32.79	35.93	36.08
Total Domestic Exports	27.23	20.85	28.11	31.29	28.34
Total Re-Exports	7.37	14.71	4.68	4.64	7.74

Source: Statistics Department, Sustainable Development, St Kitts and ECCB Estimates
Data available as at 08 June 2017

Table 39
St Kitts and Nevis - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2016R 1st Qr	2016R 2stQr	2016R 3ndQr	2016R 4thQr	2017P 1st Qr
Current Revenue	192.07	207.65	168.94	214.64	167.72
Tax Revenue	118.68	122.04	117.10	128.92	120.91
Taxes on Income and Profits	30.87	27.12	30.35	28.51	30.67
Of which:					
Personal (Social Services Levy)	13.43	12.50	12.65	14.00	12.60
Corporation	14.07	12.90	13.71	12.63	14.61
Taxes on Property	3.03	7.54	4.17	1.93	1.77
Taxes on Domestic Goods and Servi	51.33	53.03	50.67	52.83	53.91
Of which:					
Stamp Duties	10.41	10.17	9.07	6.66	6.73
Value Added Tax	32.06	37.41	35.12	36.10	37.37
Licences	3.22	1.56	0.83	4.31	3.48
Unincorporated Business Levy	1.68	0.76	1.55	2.23	1.84
Island Enhancement Levy	1.26	0.31	0.99	0.85	1.21
Taxes on International Trade and Tra	33.44	34.34	31.91	45.65	34.57
Of which:					
Import Duty	14.57	15.96	15.43	21.75	14.75
Customs Service Charge	9.93	10.44	9.59	13.74	9.68
Excise Tax	4.57	4.14	3.24	5.09	5.21
Non-Refundable Duty Free Store I	1.18	0.72	0.53	1.74	1.75
Non-Tax Revenue	73.39	85.61	51.84	85.72	46.81
Current Expenditure	125.98	183.55	143.23	209.40	144.77
Personal Emoluments	67.20	75.14	69.18	99.20	71.10
Goods and Services	26.11	47.00	33.28	47.62	36.55
Interest Payments	7.97	13.08	8.25	9.92	6.38
Domestic	5.28	10.67	6.10	7.42	4.61
External	2.69	2.41	2.14	2.50	1.77
Transfers and Subsidies	24.70	48.33	32.51	52.65	30.74
Of which: Pensions	8.20	8.37	8.62	24.36	8.03
Current Account Balance	66.09	24.10	25.71	5.25	22.96
Capital Revenue	1.35	0.93	1.07	2.11	3.19
Grants	0.31	21.46	26.00	18.77	21.56
Of which: Capital Grants	0.25	8.73	25.54	18.62	21.53
Capital Expenditure and Net Lending	1.35	21.15	23.40	35.08	29.60
Of which: Capital Expenditure	21.97	22.09	23.26	33.16	29.78
Primary Balance after grants	74.37	38.41	37.63	0.96	24.49
Overall Balance after grants	66.39	25.33	29.38	(8.96)	18.11
Financing	(66.39)	(25.33)	(29.38)	8.96	(18.11)
Domestic	(39.24)	(13.99)	(23.78)	19.90	(13.15)
ECCB (net)	(1.22)	(12.86)	(4.36)	(7.16)	0.92
Commercial Banks (net)	(50.08)	0.28	(16.23)	19.23	0.89
Other	12.06	(1.41)	(3.19)	7.84	(14.97)
External	(27.16)	(11.34)	(5.60)	(10.94)	(4.96)
Net Disbursements/(Amortisation)	(27.16)	(11.34)	(5.60)	(10.94)	(4.96)
Disbursements	0.41	0.15	0.56	0.10	0.01
Amortisation	27.57	11.49	6.16	11.04	4.97
Change in Government Foreign Ass	-	-	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-
Other Financing	-	-	-	-	-

Source: Ministry of Finance, St Kitts and Nevis and ECCB Estimates
Data available as at 08 June 2017

Table 40
St Kitts and Nevis - Monetary Survey
(EC$M at end of period)

	2015 4th Qr	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017 1st Qr[P]
Net Foreign Assets	**2,206.09**	**2,264.26**	**2,300.54**	**2,307.64**	**2,167.07**	**2,187.02**
Central Bank (Net)	**757.19**	**921.46**	**926.07**	**888.28**	**844.71**	**883.93**
Commercial Banks (Net)	1,448.91	1,342.79	1,374.47	1,419.36	1,322.36	1,303.09
External (Net)	1,600.48	1,567.87	1,642.90	1,679.37	1,698.67	1,855.34
Assets	2,388.23	2,395.51	2,314.70	2,319.25	2,447.43	2,695.00
Liabilities	787.75	827.64	671.80	639.88	748.76	839.66
Other ECCB Territories (Net)	(151.57)	(225.08)	(268.43)	(260.01)	(376.31)	(552.26)
Assets	809.89	834.05	734.18	724.14	676.52	632.12
Liabilities	961.47	1,059.12	1,002.60	984.15	1,052.84	1,184.37
Net Domestic Assets	**821.93**	**791.84**	**734.41**	**678.09**	**740.59**	**722.55**
Domestic Credit	**1,031.99**	**961.08**	**917.53**	**871.30**	**887.00**	**869.83**
Central Government (Net)	509.03	457.74	445.16	424.57	436.63	438.45
Other Public Sector (Net)	(926.04)	(946.03)	(979.60)	(1,000.78)	(1,011.46)	(1,036.75)
Private Sector	1,448.99	1,449.38	1,451.98	1,447.51	1,461.83	1,468.14
Household	865.43	859.97	862.33	864.00	875.34	869.26
Business	527.07	532.92	533.72	530.80	523.79	519.97
Non-Bank Financial Institutions	15.22	15.19	15.34	12.29	22.15	38.46
Subsidiaries & Affiliates	41.28	41.29	40.58	40.42	40.56	40.45
Other Items (Net)	**(210.06)**	**(169.24)**	**(183.12)**	**(193.20)**	**(146.41)**	**(147.28)**
Monetary Liabilities (M2)	**3,028.02**	**3,056.10**	**3,034.95**	**2,985.73**	**2,907.67**	**2,909.56**
Money Supply (M1)	**624.28**	**606.34**	**622.46**	**593.79**	**567.40**	**567.57**
Currency with the Public	168.26	162.87	164.49	166.77	178.13	174.36
Demand Deposits	441.59	429.94	441.25	406.47	373.42	372.94
EC$ Cheques and Drafts Issued	14.43	13.53	16.72	20.55	15.85	20.27
Quasi Money	**2,403.75**	**2,449.75**	**2,412.49**	**2,391.94**	**2,340.27**	**2,342.00**
Savings Deposits	936.64	952.59	942.80	944.31	955.38	968.38
Time Deposits	620.45	642.92	615.67	589.30	560.05	525.92
Foreign Currency Deposits	846.65	854.25	854.02	858.32	824.84	847.69

Source: Eastern Caribbean Central Bank
Data as at18MAY2017

Table 41
Saint Lucia - Selected Tourism Statistics

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
Total Visitors	366,995	179,941	147,458	309,650	437,625
Stay-Over Visitors	97,367	85,772	81,541	83,192	100,478
USA	41,799	43,989	35,729	36,059	42,511
Canada	17,366	6,083	5,092	9,231	19,054
UK	18,957	15,537	12,779	17,241	17,743
Caribbean	12,803	15,806	23,731	14,886	12,732
Other Countries	6,442	4,357	4,210	5,775	8,438
Excursionists	3,392	2,541	3,141	3,409	2,522
Cruise Ship Passengers	245,432	80,735	52,175	209,079	313,552
Number of Cruise Ship Calls	184	46	24	127	211
Yacht Passengers	20,804	10,893	10,601	13,970	21,073
Total Visitor Expenditure (EC$M)	**505.21**	**481.98**	**456.35**	**535.53**	**596.26**

Source: Saint Lucia Tourist Board and ECCB Estimates
Data as at 26 May 2017

Table 42
Saint Lucia - Consumer Price Index
January 2008 = 100

	Weights	Index Mar 2017	Percentage Change* 2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
All items	99.87	113.16	(2.14)	(0.52)	0.76	(1.13)	0.23
Food and Non-Alcoholic Beverages	25.02	123.32	(1.11)	(1.34)	(0.31)	0.56	0.46
Alcoholic Beverages, Tobacco & Narcotics	6.53	136.67	0.67	2.87	0.56	0.04	(0.92)
Clothing and Footwear	1.66	122.01	(2.21)	0.77	(2.90)	(11.11)	(4.45)
Housing, Utilities, Gas and Fuels	17.36	107.84	(6.89)	0.85	4.11	(2.56)	(2.76)
Household Furnishings, Supplies and Maintenance	3.31	102.24	5.29	0.75	(2.67)	2.05	1.54
Health	3.96	120.23	0.56	(0.36)	(0.05)	(0.18)	0.39
Transport	16.40	107.44	(1.26)	2.13	(2.73)	(2.18)	2.70
Communication	12.54	118.10	3.65	-	-	(0.00)	(0.49)
Recreation & Culture	1.37	61.14	(1.22)	(21.57)	(4.65)	(2.36)	(3.88)
Education	3.70	161.48	2.55	(0.51)	-	0.00	2.33
Hotels & Restaurants	1.10	123.17	(0.00)	2.19	-	0.00	-
Miscellaneous Goods and Services	6.92	103.97	(0.63)	(1.71)	3.99	1.71	3.88

*at end of period
Source: Central Statistical Office, Saint Lucia and ECCB Estimates
Data as at 26 May 2017

Table 43
Saint Lucia - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2016R 1st Qr	2016R 2nd Qr	2016R 3rd Qr	2016R 4th Qr	2017P 1st Qr
Current Revenue	269.62	268.91	231.83	245.25	288.11
Tax Revenue	259.41	260.60	223.16	222.72	272.42
Taxes on Income and Profits	80.91	73.18	56.97	40.53	89.43
Of which:					
Personal	31.27	26.23	24.80	24.56	30.55
Corporation	34.12	29.09	23.81	5.67	40.44
Taxes on Property	4.32	1.92	3.25	2.08	3.47
Taxes on Domestic Goods and Servic	110.72	112.51	96.56	104.82	103.59
Of which:					
Consumption Duty	-	0.01	0.01	0.02	-
Licences	7.08	6.11	5.91	9.71	6.26
Excise Tax	1.06	0.80	1.06	0.87	1.03
Hotel Occupancy Tax	0.29	0.04	0.02	0.07	0.09
Value Added Tax	92.38	92.40	77.45	83.21	85.68
Taxes on International Trade and Tran	63.46	72.99	66.38	75.29	75.93
Of which:					
Consumption Tax (Imports)	0.24	-	-	0.01	-
Import Duties	25.08	27.57	26.87	30.89	28.16
Customs Service Charge (Imports)	16.01	17.87	16.42	18.93	18.13
Excise Tax	16.93	22.81	18.80	22.44	22.70
Non-Tax Revenue	10.21	8.32	8.67	22.53	15.69
Current Expenditure	225.19	205.94	235.35	250.27	242.55
Personal Emoluments	95.22	93.91	94.70	116.81	96.98
Goods and Services	47.22	32.50	43.86	42.07	48.90
Interest Payments	38.89	32.83	42.15	35.42	41.65
Domestic	29.10	18.88	28.47	21.99	26.19
External	9.79	13.95	13.68	13.43	15.46
Transfers and Subsidies	43.86	46.70	54.65	55.96	55.01
Of which: Pensions	18.73	18.67	20.67	23.47	21.14
Current Account Balance	44.43	62.98	(3.52)	(5.02)	45.56
Capital Revenue	-	0.09	0.06	0.08	0.02
Grants	5.83	4.71	2.39	8.45	4.48
Of which: Capital Grants	5.83	4.71	2.39	8.45	4.48
Capital Expenditure and Net Lending	54.41	14.93	36.18	38.03	55.20
Of which: Capital Expenditure	54.41	14.93	36.18	38.03	55.20
Primary Balance after grants	34.74	85.68	4.90	0.90	36.52
Overall Balance after grants	(4.15)	52.85	(37.25)	(34.52)	(5.13)
Financing	4.15	(52.85)	37.25	34.52	5.13
Domestic	5.37	(84.82)	(12.31)	44.31	(52.43)
ECCB (net)	20.47	(8.90)	(15.71)	(7.11)	27.09
Commercial Banks (net)	(48.86)	(44.15)	59.53	23.00	(52.14)
Other	33.77	(31.77)	(56.12)	28.42	(27.38)
External	(1.22)	31.97	49.56	(9.79)	57.56
Net Disbursements (Amortisation)	(1.22)	31.97	49.56	(9.79)	57.56
Disbursements	13.22	53.31	67.26	10.79	75.07
Amortisation	14.44	21.34	17.70	20.58	17.51
Change in Government Foreign Asse	-	-	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-
Other Financing	-	-	-	-	-

Source: Ministry of Finance, Saint Lucia and Eastern Caribbean Central Bank
Data as at 26 May 2017

Table 44
Saint Lucia - Banana Production

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
Volume (tonnes)	1,911	2,062	2,542	576	651
Value (EC$M)	3.52	3.75	4.50	1.10	1.13
Unit Price (EC$/ tonnes)	1,843.21	1,819.56	1,769.30	1,908.63	1,734.27

Source: Winfresh Ltd
Data as at 26 May 2017

Table 45
Saint Lucia - Selected Trade Statistics
(Value: EC$M)

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
Total Exports	88.35	80.18	85.64	68.91	75.43
Total Domestic Exports	55.98	54.15	57.31	48.23	48.61
Total Re-Exports	32.36	26.03	28.33	20.67	26.82
Total Imports	495.19	407.20	373.98	490.69	429.51
Visible Trade Balance	(406.85)	(327.02)	(288.34)	(421.78)	(354.08)

Source: Central Statistical Office, Saint Lucia and ECCB Estimates
Data as at 26 May 2017

Table 46
Saint Lucia - Monetary Survey
(EC$M at end of period)

	2015 4th Qr	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017 1st Qr[P]
Net Foreign Assets	**268.38**	**429.74**	**511.97**	**464.49**	**449.49**	**707.53**
Central Bank (Net)	**804.87**	**826.32**	**839.16**	**789.18**	**743.60**	**798.73**
Commercial Banks (Net)	(536.49)	(396.59)	(327.19)	(324.69)	(294.11)	(91.21)
External (Net)	91.17	228.83	173.71	171.67	204.15	296.91
Assets	892.87	1,003.48	963.24	941.02	960.03	1,019.15
Liabilities	801.69	774.66	789.53	769.35	755.89	722.23
Other ECCB Territories (Net)	(627.66)	(625.41)	(500.90)	(496.35)	(498.25)	(388.12)
Assets	333.34	359.16	387.32	368.71	390.34	499.40
Liabilities	961.00	984.58	888.22	865.06	888.59	887.52
Net Domestic Assets	**2,786.32**	**2,755.27**	**2,630.45**	**2,653.28**	**2,675.52**	**2,538.08**
Domestic Credit	**3,269.23**	**3,256.24**	**3,097.80**	**3,163.32**	**3,072.74**	**2,899.40**
Central Government (Net)	226.72	198.32	145.28	189.09	204.98	179.93
Other Public Sector (Net)	(480.38)	(484.83)	(497.09)	(466.40)	(477.41)	(508.26)
Private Sector	3,522.89	3,542.75	3,449.61	3,440.62	3,345.17	3,227.72
Household	1,771.13	1,777.00	1,756.97	1,762.10	1,726.22	1,843.52
Business	1,689.50	1,703.13	1,628.92	1,614.88	1,600.97	1,370.95
Non-Bank Financial Institutions	14.93	15.76	17.66	17.79	17.40	12.63
Subsidiaries & Affiliates	47.34	46.85	46.06	45.86	0.59	0.62
Other Items (Net)	**(482.92)**	**(500.97)**	**(467.36)**	**(510.04)**	**(397.22)**	**(361.32)**
Monetary Liabilities (M2)	**3,054.70**	**3,185.01**	**3,142.42**	**3,117.77**	**3,125.02**	**3,245.60**
Money Supply (M1)	**769.09**	**836.40**	**791.32**	**832.81**	**859.74**	**892.20**
Currency with the Public	153.85	153.15	154.54	153.09	165.76	154.67
Demand Deposits	610.27	671.92	634.77	667.89	685.58	731.23
EC$ Cheques and Drafts Issued	4.97	11.33	2.01	11.83	8.39	6.30
Quasi Money	**2,285.61**	**2,348.60**	**2,351.10**	**2,284.96**	**2,265.28**	**2,353.40**
Savings Deposits	1,556.01	1,567.64	1,587.70	1,592.06	1,584.80	1,599.83
Time Deposits	387.72	405.95	418.90	365.22	362.13	366.70
Foreign Currency Deposits	341.88	375.02	344.50	327.68	318.35	386.87

Source: Eastern Caribbean Central Bank
Data as at 23 May 2017

Table 47
St Vincent and the Grenadines - Selected Tourism Statistics

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 R 4th Qr	2017P 1st Qr
Total Visitors	96,680	32,552	24,435	69,489	104,798
Stay-Over Visitors	22,346	18,141	17,716	21,192	20,830
Of which:					
USA	6,348	5,907	4,908	5,923	6,375
Canada	2,384	1,614	1,435	2,472	2,533
UK	6,019	3,380	3,133	4,442	4,282
Caribbean	5,118	6,017	7,074	6,181	5,027
Other Countries	2,477	1,223	1,166	2,174	2,613
Excursionists	514	377	192	257	768
Yacht Passengers	21,818	8,543	5,773	12,136	21,714
Cruise Ship Passengers	52,002	5,491	754	35,904	61,486
Number of Cruise Ship Calls	135	25	18	83	104
Total Visitor Expenditure (EC$M)	**93.52**	**57.02**	**47.20**	**70.90**	**85.55**

Source: St Vincent and the Grenadines Tourism Authority and ECCB Estimates
Data as at 12 May 2017

Table 48
St Vincent and the Grenadines - Consumer Price Index
January 2001 = 100

	Weights	Index Mar 2017	Percentage Change* 2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
All Items	100.0	106.30	(0.29)	1.53	-	(0.28)	0.19
Food and Non-Alcoholic Beverages	21.91	111.00	(0.82)	2.56	(0.54)	0.63	(0.98)
Alcoholic Beverages, Tobacco and Narcotics	3.87	116.00	1.35	1.15	0.88	1.13	(0.17)
Clothing and Footwear	3.22	104.90	1.85	0.57	(0.29)	-	0.10
Housing, Water, Electricity, Gas and Other Fuels	30.06	99.10	(0.41)	1.23	0.81	(1.11)	0.92
Furnishing, Household Equipment and Routine Household Maintenance	6.59	102.50	0.39	0.59	0.29	-	(0.58)
Health	1.79	107.30	(1.37)	(0.09)	(0.09)	(0.09)	(0.19)
Transport	11.84	118.60	(0.60)	3.18	(1.33)	(0.51)	0.68
Communications	9.41	106.90	-	2.16	(1.66)	-	0.09
Recreation and Culture	3.81	104.50	0.58	0.78	-	0.10	0.38
Education	1.32	109.30	(1.54)	-	0.74	-	-
Restaurants and Hotels	1.87	102.30	-	-	0.29	0.19	(0.58)
Miscellaneous Goods and Services	4.31	105.50	0.10	0.10	-	-	4.04

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning , St Vincent and the Grenadines
*at end of period
Data as at 12 May 2017

Table 49
St Vincent and the Grenadines - Selected Trade Statistics
(Value: EC$M)

	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017P 1st Qr
Visible Trade Balance	(183.88)	(195.11)	(195.39)	(203.26)	(187.47)
Total Imports	213.38	227.94	224.18	238.34	216.80
Total Exports	29.50	32.84	28.80	35.08	29.33
Re-Exports	1.57	2.54	2.50	3.81	5.73
Domestic Exports	27.93	30.30	26.29	31.26	23.60

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning , St Vincent and the Grenadines
Data as at 12 May 2017

Table 50
St Vincent and the Grenadines - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2016 R 1st Qr	2016 R 2nd Qr	2016 R 3rd Qr	2016 R 4th Qr	2017 P 1st Qr
Current Revenue	**120.40**	**150.31**	**138.93**	**179.73**	**121.56**
Taxes on Income and Profits	29.75	39.33	35.73	50.77	28.84
Individuals	19.66	19.43	17.59	21.00	21.52
Corporate	7.74	16.69	14.25	26.21	4.50
Non Resident	2.35	3.21	3.89	3.57	2.82
Taxes on Property	8.69	11.48	7.81	17.13	3.71
Taxes on Goods and Services	53.22	63.57	57.87	59.41	60.34
Of which:					
Telecomm Broadcast Licence	0.00	0.78	0.05	0.02	2.99
Excise Tax	8.20	10.63	10.39	12.08	9.99
Value Added Tax	38.78	37.31	37.50	40.20	40.23
Motor Vehicle Licence	2.37	3.97	3.58	3.18	3.06
Taxes on International Trade and Transa	13.16	15.89	16.43	17.46	12.70
Of which:					
Import Duty	11.66	14.04	14.93	16.06	11.54
Other Revenue	15.57	20.05	21.10	34.94	15.97
Current Expenditure	**120.63**	**133.30**	**131.27**	**144.97**	**126.28**
Compensation of Employee	67.77	69.41	67.65	70.14	69.28
Use of Goods and Services	11.92	16.26	17.81	21.03	11.66
Interest Payments	8.80	12.18	9.61	11.82	9.76
Domestic	3.57	3.29	4.90	3.17	4.67
External	5.23	8.89	4.71	8.65	5.09
Transfers	30.85	32.54	32.84	35.84	33.44
Of which:					
Other Grants and Contributions	10.68	15.12	13.84	16.25	13.07
Employment Related Social Benefit	14.07	13.08	12.50	14.92	15.37
Current Account Balance	**(0.24)**	**17.02**	**7.67**	**34.75**	**(4.72)**
Capital Revenue and Grants	**2.35**	**12.48**	**21.15**	**7.43**	**0.91**
Capital Expenditure	**11.60**	**12.57**	**22.63**	**23.54**	**1.48**
Primary Balance	**(0.69)**	**29.10**	**15.80**	**30.47**	**4.47**
Overall Balance	**(9.49)**	**16.92**	**6.18**	**18.65**	**(5.29)**
Financing	**9.49**	**(16.92)**	**(6.18)**	**(18.65)**	**5.29**
Domestic	(3.26)	(16.74)	(27.12)	(17.58)	4.70
ECCB (net)	16.13	(13.83)	3.04	(6.91)	(9.25)
Commercial Banks (net)	(7.03)	(8.86)	(16.13)	(17.16)	25.34
Other	(12.36)	5.96	(14.04)	6.49	(11.39)
External	34.46	6.23	9.80	5.58	16.08
Net Disbursements/(Amortisation)	34.46	6.23	9.80	5.58	16.08
Disbursements	47.03	42.92	52.73	58.30	74.39
Amortisation	12.57	36.69	42.92	52.73	58.30
Change in Government Foreign Assets	-	-	-	-	-
Arrears	(21.71)	(6.42)	11.14	(6.65)	(15.49)
Domestic	(21.71)	(6.42)	11.14	(6.65)	(15.49)
External	-	-	-	-	-
Other Financing	-	-	-	-	-

Source: Ministry of Finance and Economic Planning, St Vincent and the Grenadines and the Eastern Caribbean Central Bank

Note: The classification of Government Finance Statistics was changed in the first quarter of 2016

**Based on international best practice of economic classification, 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 17 May 2017

Table 51
St Vincent and the Grenadines - Monetary Survey
(EC$M at end of period)

	2015 4th Qr	2016 1st Qr	2016 2nd Qr	2016 3rd Qr	2016 4th Qr	2017 1st Qr[p]
Net Foreign Assets	**531.94**	**591.62**	**583.24**	**606.72**	**661.82**	**664.03**
Central Bank (Net)	**444.81**	**493.86**	**455.16**	**440.09**	**516.24**	**486.67**
Commercial Banks (Net)	87.13	97.76	128.08	166.63	145.58	177.37
External (Net)	4.38	30.26	42.09	68.65	67.95	89.58
Assets	231.39	247.43	253.08	278.17	273.52	283.64
Liabilities	227.01	217.17	210.99	209.52	205.58	194.06
Other ECCB Territories (Net)	82.75	67.51	86.00	97.98	77.64	87.78
Assets	200.27	193.76	202.10	205.15	197.52	195.86
Liabilities	117.52	126.25	116.10	107.17	119.89	108.08
Net Domestic Assets	**943.84**	**909.79**	**893.55**	**872.21**	**858.90**	**880.35**
Domestic Credit	**1,069.38**	**1,084.14**	**1,069.70**	**1,055.98**	**1,045.43**	**1,075.36**
Central Government (Net)	111.16	120.26	97.57	84.49	60.42	76.51
Other Public Sector (Net)	(111.66)	(107.57)	(107.39)	(106.64)	(99.04)	(91.89)
Private Sector	1,069.89	1,071.45	1,079.52	1,078.13	1,084.05	1,090.74
Household	817.52	822.82	837.81	842.54	846.62	854.19
Business	232.88	229.32	222.59	216.24	210.02	210.01
Non-Bank Financial Institutions	15.49	15.31	15.12	15.36	23.41	22.55
Subsidiaries & Affiliates	4.00	4.00	4.00	4.00	4.00	4.00
Other Items (Net)	**(125.54)**	**(174.35)**	**(176.15)**	**(183.76)**	**(186.54)**	**(195.01)**
Monetary Liabilities (M2)	**1,475.78**	**1,501.41**	**1,476.79**	**1,478.93**	**1,520.72**	**1,544.39**
Money Supply (M1)	**437.83**	**462.00**	**458.00**	**452.09**	**479.79**	**494.22**
Currency with the Public	64.62	63.59	65.88	71.94	91.72	86.70
Demand Deposits	364.05	392.41	378.57	371.15	379.55	398.85
EC$ Cheques and Drafts Issued	9.16	5.99	13.55	9.00	8.51	8.67
Quasi Money	**1,037.95**	**1,039.41**	**1,018.79**	**1,026.84**	**1,040.93**	**1,050.17**
Savings Deposits	820.61	828.97	829.96	831.97	845.21	867.06
Time Deposits	126.90	129.06	117.57	113.68	114.25	110.68
Foreign Currency Deposits	90.44	81.39	71.26	81.19	81.47	72.43

Source: Eastern Caribbean Central Bank
Data as at 25 MAY 2017

(ORGANIC) FOOD FOR THOUGHT - EXPLORING THE FEASIBILITY OF ORGANIC AGRICULTURE FOR FARMERS IN THE ECCU

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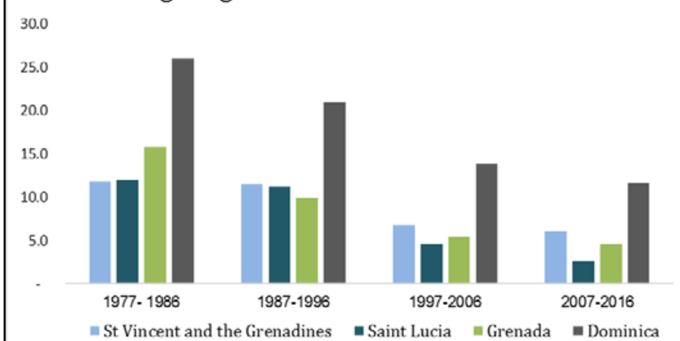
1. Introduction

Public concerns about the safety and quality of food have boosted the demand for organic products. A number of food scares surrounding conventional agriculture, such as tainted meat, mad cow disease and genetically-modified crops has led to enormous mistrust among consumers about the safety and integrity of what they eat. Such anxieties have contributed to the growing demand for organic food, with consumers showing greater awareness for their health and the health and sustainability of the environment. Organic agriculture advocates have maintained that the intensification of conventional agriculture has depleted the soil and crops of nutrients, while studies continue to suggest that human exposure to toxins should be minimised on health and safety grounds.

Fig 1: Agriculture Sector's Share of GVA



Source: ECCB

These health concerns over the use of pesticides in farming have been an important impetus for transformation of the agricultural sector. In light of the potential risks, the United Nations in 2013, underscored the urgent need to return to a more sustainable, natural and organic system. According to the 2013 *Trade and Environment Review: Wake Up Before It's Too Late*", significant adjustments will be required in the global agriculture and trade systems, and highlighted inter alia, a shift toward local small-scale farming, expanding farm diversity and reducing the use of fertilizer.

These developments may provide useful opportunities for small-scale farmers in the Eastern Caribbean Currency Union, if they can harness them. These farmers, particularly those in the

Windward Islands, have been challenged with numerous impediments in recent years. These have included the loss of access to conventional markets, natural disasters, crop diseases and pressure from consumers for safe and healthy foods that are environmentally-friendly. Specifically, when the islands lost their preferential access to European markets in the late 1990's and early 2000's, the economic and social impacts were extensive given the dependence on banana production by these farmers (Mlachila et al., 2013). The market loss resulted in a diminution in the contribution of the agricultural sector in the Windward Islands, which declined to an estimated annual average of 6.2 per cent in the ten-year period ending in 2016 (see figure 1) from a high of 16.4 per cent during the 1977-1986 decade.

Notwithstanding this contraction in significance, agriculture remains an important source of income for many rural communities in these islands, with at least one-tenth of the economically active population in St Vincent and the Grenadines (13.1 per cent) and Saint Lucia (10.2 per cent). These economies have also been subsequently affected by the global economic crisis, which has further exacerbated the plight of small-scale farmers in conventional farming. Conventional farming practices have often benefitted from scale which has facilitated mechanization, the use of external inputs and monoculture, elements on which farmers in the Eastern Caribbean have not been able to compete. These challenges require innovative and strategic solutions, suitable to the region's special circumstances, such as size and traditional knowledge.

Organic farming may be considered one such option given the recent concerns about consumers' health and safety. On the consumer side, organics are one of the fastest growing segments of the food industry. This segment was valued at approximately US$72 billion in 2013 and registered growth of more than 10 per cent in most advanced markets (FiBL-IFOAM), 2015). Given the preponderance of small-scale farms in the region and the region's experience in the cultivation of tropical fruits and vegetables, the ECCU may be able to capitalise on this expanding market. Fresh fruits and vegetables are the most commonly-consumed organic foods and are therefore the subject of this study.

The brief is organized in six sections. After the introduction, the second section outlines the characteristics of organic agriculture, which is followed by an overview of the characteristics of the ECCU farming in section 3. The global market trends for organics fruits and vegetables are presented in section 4 while section 5 reviews the likely constraints and benefits for the adoption of organic practices by ECCU small-scale farmers. A brief conclusion highlighting possible considerations to the adoption of organic farming is presented in section 6.

2. Core Principles of Organic Farming

Although there is no single definition for organic farming, some of its key characteristics are by now, widely accepted. According to IFOAM, 2000, organic agriculture includes all agricultural systems that promote the environmentally, socially and economically sound production of food and fibers. These systems take local soil fertility as a key to successful production. By respecting the natural capacity of plants, animals and the landscape, it aims to optimize quality in all aspects of agriculture and the environment. The system is expected to reduce external inputs by refraining from the use of chemo-synthetic fertilizers, pesticides, and pharmaceuticals.

For the average consumer, the most defining characteristic of organic agriculture is the absence or avoidance of synthetic fertilizers. Organic foods are therefore distinguished from conventionally-grown products in their manner of production, not their physical features. Organic farmers use techniques such as composting, rotating crops, and green manuring and other forms of husbandry to maintain soil fertility and control weeds, pests and diseases. Given their reduced exposure to pesticide residue, consumers are willing to pay a price premium for organics as they perceive as healthier, better tasting and more nutritional food.

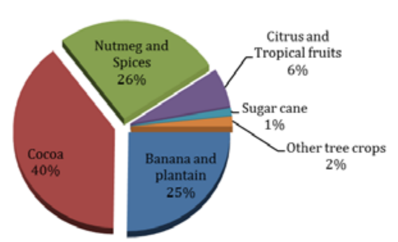
Organic farming systems exemplify many principles that make them suitable to reduce poverty and farmer viability. These include a long-term commitment to soil fertility, particularly addressing soil erosion and degradation, the reduction of external energy consumption and the reduction of water use, knowledge-intensive rather than capital and resource-intensive practices. These systems are usually coupled with the use of traditional knowledge such as bio-controls and efficient nutrient management, joint problem solving, and farmer-to-farmer exchange.

3. Characteristics of the ECCU Agricultural Sector - A Proxy

In spite of the growing trend in demand for organically-produced food, there are only a few organic farmers in the ECCU, such as the Grenada Organic Agriculture Movement who have only recently begun the transformation.[3] Accordingly, there is very little data on the acreage under organic farming. The 2015 report by Research Institute of Organic Agriculture (FiBL) and the International Federation of Organic Agriculture Movements (IFOAM) showed that the Caribbean had a negligible organic industry. Of the two ECCU member countries highlighted, the report identified Dominica as having a total of 240 hectares or 0.98 per cent of its agricultural land under organic farming while only 85 hectares or 0.68 per cent of Grenada's agricultural land was under organic cultivation.

Given the paucity of data on the agricultural sector in the ECCU, the brief utilises country-level data for Grenada[4] as a guide to examine some of the key farm characteristics for the ECCU. The most recent agricultural census confirmed that most of the regional agricultural sector was small-holder based. As at 2012, the island had about 9,345 farming production units, occupying approximately 23,599 acres. The number of land parcels was approximately 14,000, with an average of 1.48 or one parcel per farm with land under agricultural production. The average size of parcels was about 1.70 acres. These relatively small units of production are largely responsible for

Fig 2: Area Under Permanent Crops - Grenada



Source: Grenada Agricultural Census 2012

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[3] The author is unaware that there are any certified farmers

[4] Grenada is used as a proxy as its agricultural census was the most recently completed report of the 8 ECCU member states

domestic consumption and export. While there is little or no information on organic characteristics of farms, the census noted that there had been a general decline in the number of farms using chemical fertilizers and agro-chemicals such as fungicides, herbicides, insecticides and other pesticides.

For most of the ECCU, the main export crops such as bananas and sugarcane are usually the most expansive, with respect to acreage and is the most developed of the regional agricultural sector. In the case of Grenada, these include bananas, cocoa and spices. The next most important would include fruits. While fruits are non-traditional export crops, they are grown fairly extensively and have the potential to be grown on a commercial basis. In addition to fruits, a wide variety of vegetables are cultivated under temporary cover. Given the lack of historic significance, it would be difficult to ascertain quality and international demand for tropical fruits. As shown in Table 1, the range of vegetables is more diverse, and may therefore be a valuable option when considering the transition to organic agriculture. Fresh fruit and vegetables may be appropriate for this analysis given small farmer know-how as well as demand in the international organic market. The next section therefore considers the demand for fruits and vegetables in more advanced markets.

Table 1: Number of Farms Growing Temporary Crops

Temporary Crops	Total	Temporary Crops	Total
Cabbage	743	Hot Pepper	27
Callaloo	163	Other pepper	866
Carrots	269	Sweet pepper	327
Christophene	40	Other vegetables	281
Cucumber	395	Cantaloupe	55
Eggplant	164	Water melons	197
Lettuce	425	Sorrel	801
Okra	675	Herbs	612
Patchoi	104	Cassava	561
Pigeon peas	2402	Dasheen	1535
Pumpkin	524	Potatoes	470
Spinach	26	Sweet potatoes	929
String beans	24	Tania	1697
Other legumes	543	Yams	1339
Sweet Corn	893	Other roots, tubers	325
Tomatoes	600		

Source: Grenada Agricultural Census 2012

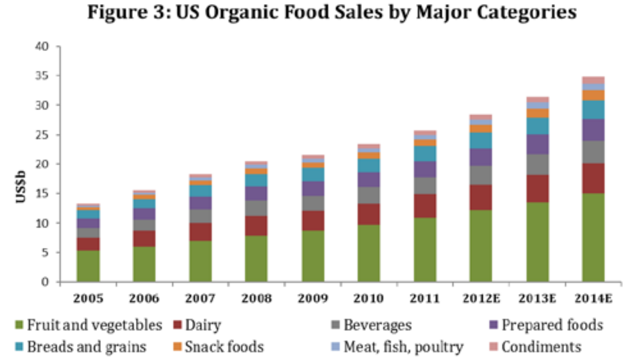
4. The Market for Organic Fruits and Vegetables

Organic agriculture is developing rapidly and was practiced in more than 170 countries of the world in 2013 (up from 164 in 2012), with its share of agricultural land and farms continuing to grow in many countries. According to the 2015 report by the Research Institute of Organic Agriculture (FiBL) in collaboration with the International Federation of Organic Agriculture Movements (IFOAM), there were 43.1 million hectares of organic agricultural land in 2013, including in-conversion areas. The regions with the largest areas of organic agricultural land were Oceania (17.3 hectares) and Europe (11.5 million hectares, North America (3 million hectares) and Africa (1.2 million hectares). In addition to agricultural land, the report noted that there were organic areas such as aquaculture, forests and grazing areas which constituted more than 35 million hectares.

With respect to production, it was estimated that there were almost 2 million producers in 2013. Thirty-six per cent of these organic producers are in Asia, followed by Africa (29 per cent) and Europe (17 per cent). About a quarter of the world's agricultural land (11.7 million hectares) and more than 80 per cent (1.7 million) of the producers are in developing countries and emerging markets.

Global sales of organic food and drink were valued at US$72b in 2013, with revenues estimated to have increased almost five-fold since 1999 (FiBL/IFOAM, 2015). Organic product sales have increased at a healthy rate over the last decade, and Organic Monitor predicts growth will continue in the coming years. Europe and North America generate over 90 per cent of global sales. In 2013, the countries with the largest organic markets were the United States (€24.3b), Germany (€7.6b euros), and France (€4.4b). The largest single market was the United States (43 per cent of the global

Figure 3: US Organic Food Sales by Major Categories



Source: USDA, Nutrition Business Journal market), followed by the European Union (€22.2 billion, 40 per cent) and China (€2.4b). In terms of production among developing countries, Uganda was estimated to have the largest organic area (with more than 231,000 hectares), with the largest number of organic producers. The country with the highest share of organic agricultural land is the island state Sao Tome and Principe, with 7.2 per cent of its agricultural area being organic. The majority of certified organic produce in Africa is destined for export markets. Key crops are coffee, olives, nuts, cocoa, oilseeds, and cotton. In Latin America, slightly more than 300,000 producers managed a total of 6.6 million hectares of organically-agricultural land in 2013, which constituted 15 per cent of the world's organic land. The leading countries were Argentina (3.2m hectares), Uruguay (0.9 m hectares and Brazil (0.7 m hectares).

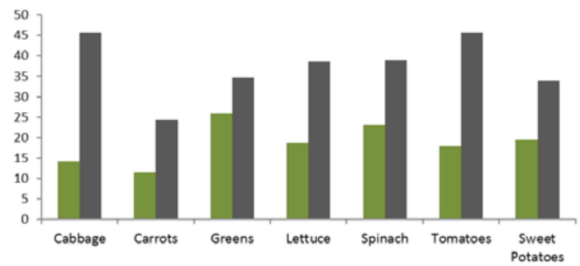
According to the *Nutrition Business Journal*, fresh fruits and vegetables are one of the top selling categories of organically-grown food since the organic food industry started retailing products, and continue to outsell other food categories. Produce accounted for 43 per cent of U.S. organic food sales in 2012, followed by dairy (15 per cent) as shown in Figure 3.

According to the Organic Trade Association (OTA), 93 per cent of organic sales usually take place through conventional and natural food supermarkets, while the remaining 7.0 per cent occur through farmers' markets, foodservice, and marketing channels other than retail stores. Organic products often sell for higher prices than conventionally produced goods. The price premium results from higher production and distribution costs for organic food, as well as consumers' willingness to pay extra for organic food. As long as demand outpaces supply, organic food will continue to sell at a premium. These price premiums and profitability earned by organic producers have contributed to growth in certified organic farmland and, ultimately, market expansion. In considering the financial benefits of organics, the price premiums for organic and conventional vegetables are examined for the year 2013. Taking a small sample of vegetables, the data find that in 2013 the premiums were nearly 100 per cent over the prices for conventional produce. Considering these results, the prospects for small-scale farmers in the fresh fruits and vegetables market may be encouraging for interested organic farmers. The next section will review what factors may have to be considered to explore these potential benefits.

5. Potential Constraints and Benefits for the Development of Organic Agriculture Industry

While the rapid growth of the organic food and drinks sector has created niche market opportunities for farmers in both developed and developing countries, a key policy question is whether the region is well-positioned to capitalise on this opportunity. To answer this question, this section considers some of the policy issues to the development of this industry in the ECCU.

Figure 4: Comparison of Organic and Conventional Wholesale Vegetable Prices, 2013



Source: USDA, ERS

An important advantage of organic methods is its ability to actually help producers to overcome the barriers to entry that are presented by emerging trade standards, as organics inherently meet many of these standards. This has important implications for small and medium producers and helps them to meet stringent regulatory demands in the global trade regime. For governments, organics reduce the possibility of environmental contamination, reduce the use of chemical inputs (which are often imported) and minimize the public health costs.

a. Suitability to Small-Scale Farmers

Studies have shown that organic agriculture helps to preserve biodiversity and helps in the fight against the harmful impacts of climate change. In addition, it draws from the traditional knowledge and practices of local farmers which could enhance their incomes. An IFAD paper (2003) noted that based on several case studies conducted on organic farming in Latin America and the Caribbean, small-scale farmers dominated organic production and smallholders accounted for most of the area under organic farming, which it attributes to the fact that many small farmers already practice elements of organic farming. The predominance of small-scale farmers in that niche market suggests that these farmers may have some comparative advantages in organic production or may find it relatively easy to convert to organic production, with only marginal improvements in some of their current practices. Notwithstanding this knowledge in traditional organic methods, *certified* organic agriculture is still relatively new. The benefits of conversion are may be sufficiently substantial to warrant conversion. For instance, growth of this industry in the ECCU may encourage locals to consume organics, which may help reduce the incidence of non-communicable diseases (NCDs).[5]

b. Sustainable Tourism

In the absence of a viable export market, organic agriculture can present useful opportunities for enhancing the tourism product in the ECCU. Currently, more than half of the food purchased for tourists is imported, yet a large number of the region's tourists originate from markets where the demand for organics is high. Given that food is a significant aspect of the tourist's experience of a destination, this can present a unique opportunity to support and initiate faster conversion to organic farming, while strengthening the linkages between agriculture and tourism.

c. Onerous Requirements

There are also constraints to the possible adoption of organics in the ECCU. First, the conversion to organic farming is lengthy process and can be affected by the previous activities or farmers such as use of chemical fertilizers. This conversion process can take as many as three years in some cases. Furthermore, in order to ensure the integrity of the organic label, organic food production must be strictly regulated by inspection, certification and labelling schemes by recognized third-party certification bodies, to meet the requirements of the importing country. For instance, organic farming requires farmers to have detailed records of activities so that these activities can be readily understood and audited. These records include all inputs used, all field activities, harvest, storage and transfer of crops. A number of ECCU

[5] Research has increasingly shown that foods, diets and nutritional status are important determinants of NCDs

farmers may consider these record-keeping requirements too onerous, particularly as these practices were historically unwarranted. Accordingly, farmers may decide to remain in conventional farming as a means of circumventing these rigorous record-keeping standards despite the potential profitability of organic farming. Accordingly, the conversion process requires a high level of commitment by farmers, including a fundamental shift in attitude and may involve a significant financial risks. In light of the unstable nature of organic yields during the transition phase, it is usually recommended that farmers take a ***phased approach*** in the conversion to organic production to mitigate these risks.

d. High Input Costs

Despite some of its positive consequences in terms of yields and incomes, the transition to organics from traditional cultivation methods usually involves increased labour costs. When switching from intensive forms of agriculture to organics, labour costs are higher, but this may be offset subsequently by lower input costs. Yields also often decline in the first few years of the transition to organic production, but research show that by the third year, yields would typically stabilize, albeit at a lower level. Given that labour requirements are generally higher than in conventional farming, organic agriculture may be effective in redistributing resources in areas where the labour force is underemployed. This can help contribute to rural stability, especially where labour is abundant.

e. Policy Support

Another key constraint for successful transition in the ECCU is the absence of reliable institutional support systems to farmers. Today, none of the eight ECCU member governments has developed an explicit national organic agricultural policy to guide this burgeoning industry. This stands in stark contrast to most developed countries which have explicit government policies and provide financial support for encouraging farmers to convert to organic production methods. The absence of such a policy in the ECCU is evident by the limited number of organic farmers in the ECCU.[6] Consequently, many farmers have not

[6] One of the few exceptions include the Grenada Organic Agriculture Movement which is gradually exploring this potential

recognized the benefits of this niche market nor are they likely to obtain the necessary technical and financial assistance required to become profitable. This is further compounded by the absence of certification and regulatory bodies which would enable farmers to participate in foreign markets. Without such certification, current farmers may face significant barriers to these markets, rendering them globally uncompetitive.

f. Enabling Environment

Another useful benefit of establishing a national policy or in ensuring explicit acknowledgement in a national policy document is that it helps to craft specific fiscal policies and programmes aimed at encouraging cultivation and consumption of organic foods. For instance, a number of countries have begun to impose 'sin taxes' on fat and sugars to dissuade persons from eating junk food and encourage the consumption of healthy foods. This may be one of many options to encourage organic agriculture. Another option may be to increase taxes on imported synthetic fertilizers and pesticides, which may encourage the use of organic inputs and fertilizers such as seaweed (see Box 1). One of the initial steps to adopting organic farming however, may be in providing the necessary information to farmers, through national extension services, aimed at generating interest in its pursuit. The process may require the training of extension officers through attachments to countries where organic farming has been successfully adopted. Research and experimentation in organic agriculture should also be encouraged. This can be conducted at universities, Ministries of Agriculture and the central bank, but also at secondary and technical colleges where agricultural science is practiced. The Government may assist these institutions by making land and experimental farms available to researchers. The empirical and practical research would assist in establish the expected yields of selected organic crops, or export prices and margins for organic foods in key foreign markets.

g. Disproportionate Focus on Conventional Agriculture

One of the major constraints to organic farming in the ECCU is the sector's inertia in adjusting to market forces. Government policies, including external funding and technical assistance have remained focused on conventional agriculture, particularly the revival of traditional crops such as bananas. This high level of priority attributed to conventional agriculture has limited interest of farmers in organic agriculture and other forms of innovative farming.

Box 1: Transforming Seaweed into Organic Fertilizer

Increasing the potential for organic agriculture in the region has been made possible with the introduction of organic fertilizer. Johannan Dujon, a young St Lucian entrepreneur has successfully embarked on a project which transforms sargassum seaweed into organic compost. Algas Organics, which was established in 2014 has created an organic fertilizer for the farming industry out of the tons of sargassum seaweed that has washed up along the beaches and seasides of the communities of Dennery, Praslin and Micoud. Dujon partnered with the St Lucia Fisher Folk Initiative, the GEF SGP UNDP, and the Inter-American Institution for Cooperation on Agriculture. The product is also able to build plants' resilience to drought. Algas Organics is expected to give St Lucia its first Bio Fertilizer Manufacturing Plant. Algas Organics produces a 3-in-1 organic fertiliser, pesticide and fungicide. Presently, Algas Organics supplies a number of business places with its products including Sandals Hotel, St James Club, farmers and backyard gardeners and local supermarkets which are moving away from some of the conventional chemicals to Algas fertilizer, given its organic content.

6. Conclusion

Recent trends show that there is a great demand for quality and safe food and is likely to increase further in the near term. With national and rural unemployment rates still at uncomfortable levels in many ECCU member countries based on recent labour market surveys, private and public sector stakeholders may wish to consider policies and to create opportunities for the adoption of organic farming by regional producers. The organic market remains limited, which may be a benefit for ECCU farmers, if properly harnessed. However, as has been noted, the transition from conventional to organic production may imply costly adjustments with respect to conversion of the land and the lengthy transition period.

Before certified organic produce can be successfully adopted in the ECCU however, producers would have to be sufficiently convinced of its benefits. In this regard, there may be a role for both the public and the private sectors. Member governments and farmers' cooperatives should undertake rigorous marketing and awareness campaigns highlighting the benefits to both farmers and consumers in the ECCU, with respect to economic and social development of communities, health and the environment. These benefits may be best highlighted through an explicit articulation of organic agriculture in a national agricultural policy. The policy should include strategies to enhance awareness, undertake research, training of extension officers and development and crafting supportive government policies aimed at the promotion of organics. Given the limited fiscal resources, it may require governments to re-direct a proportion of donor assistance to agriculture to this budding industry.

Another important step may be to establish national or regional organic standards and regulations and a reliable independent accreditation and control system to enforce those rules. The ECCU may be able to avoid unnecessary certification costs if the region's domestic standards and certification rules are recognized as comparable to the organic rules of the importing country.

Before deciding on whether to convert to organic production, small-scale farmers and Ministries of Agriculture in the ECCU should consider the lengthy conversion period and the unpredictability of the returns in the early stages. Given this unpredictability during conversion period, farmers should be encouraged to adopt organic in stages with the possibility of governments providing them with limited financial support.

Good post-harvest handling (such as cold storage), good infrastructure and logistics (including harbour or airports) will enable the fresh produce to be of good quality upon landing in the country of destination. However, another critical element to exporting successfully, is in establishing good and reliable relations with an importer, trader or wholesaler in the target market. The importer should provide farmers or marketing boards with up to date information on the latest market developments.

Given the above considerations, one should be careful when drawing conclusions about whether organic agriculture is a viable avenue for small-scale farmers in the ECCU. The inability to forecast future price changes may make it difficult to draw reliable conclusions, as price changes may be critical in determining whether to switch to organic farming, especially given the lengthy conversion period. However, these potential challenges should not justify inaction and explore experimentation, especially given the potential benefits to public health and sustainability.

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