Annual Economic and Financial Review

EASTERN CARIBBEAN CENTRAL BANK

2015

E A S T E R N   C A R I B B E A N   C E N T R A L   B A N K

ADDRESS

Headquarters:	P O Box 89 Basseterre St Kitts and Nevis West Indies
Telephone:	(869) 465-2537
Facsimile:	(869) 465-5615
Email:	rd-sec@eccb-centralbank.org
Website:	www.eccb-centralbank.org

The ECCB welcomes your questions and comments on this publication.

The Quarterly Economic and Financial Review report is a publication of the Eastern Caribbean Central Bank

Annual Economic and Financial Review

2015

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

Correspondence regarding the Economic and Financial Review should be addressed to:

The Director
Research Department
Eastern Caribbean Central Bank
P O Box 89
BASSETERRE
St Kitts

Tel: (869) 465 2537
Fax: (869) 465 5615
Email: rd-sec@eccb-centralbank.org
Website: http://www.eccb-centralbank.org/

CONTENTS

ECONOMIC REVIEW:

International Economic Developments……………………………………………….…….1

Domestic Economic Developments 10

Country Performances:

Anguilla 29

Antigua and Barbuda 39

Dominica..52

Grenada..62

Montserrat..74

St Kitts and Nevis 84

Saint Lucia 99

St Vincent and the Grenadines 113

NOTES FOR STATISTICAL TABLES AND MONETARY SURVEY ………………...126

STATISTICAL TABLES INDEX 127

POLICY BRIEF………………………………………..…………………………… 176

INTERNATIONAL ECONOMIC DEVELOPMENTS

Overview

According to the International Monetary Fund's April 2016 update of the World Economic Outlook (WEO), global activity remained subdued in 2015, with growth estimated at 3.1 per cent, marginally lower than the 3.4 per cent which was registered in 2014. The subdued performance was largely influenced by a deceleration in emerging market and developing economies, accompanied by low commodity prices, and lower capital and global trade flows. The slowdown in activity in key emerging market and developing economies was tempered by a modest recovery in major advanced economies. The burgeoning recovery in major advanced economies strengthened in 2015, and was supported by stronger domestic demand, particularly in the United States of America, where labour market conditions continued to improve. Likewise, growth recovered slowly in the Euro Area supported by growth in credit and declining unemployment.

Based on initial estimates, the US economy decelerated in the final quarter of the year which reduced overall growth to 2.4 per cent for the year. The Euro area and United Kingdom registered a corresponding slowdown while the moderation in emerging market economic activity was characterized by lower output in Brazil and Russia, and to a lesser extent China which saw weaker investment and manufacturing activity.

Prices of crude oil fell further and remained consistently low compared with recent years largely reflecting excess supply. Prices of other commodities, particularly metals also declined, albeit at slower rates. Accordingly, global inflationary pressures remained largely benign which led most of the major central banks to maintain their accommodative monetary policies. Notably however, the Federal Reserve's stance diverged as it began to normalise rates in December 2015.

A prospective slowdown in large emerging market economies is expected to lower growth forecasts across major advanced economies in 2016. Nevertheless, some improvement is expected, with global growth estimated at 3.2 per cent in 2016 according to the April 2016 update of the WEO. Specifically, growth in advanced economies is projected to rise to 1.9 per cent while emerging market and developing economies are expected to register growth of 4.1 per cent in 2016 from 4.0 per cent in 2015.

Macro-economic Developments in the Major Economies

Real GDP and Labour Market Developments

Notwithstanding lower growth in the fourth quarter, the **US** economy is estimated to have expanded in 2015 at a rate of 2.4 per cent, which matched the outturn in the prior year. Private consumption remained an important driver of growth during the year, influenced by a gradual improvement in the labour market, enhanced disposable incomes from low fuel prices and very accommodative monetary policy. This outturn was moderated by tepid foreign demand which was related to a stronger dollar as well as a decline in energy exploration and related investment. Labour market conditions continued to improve which helped to reinforce the burgeoning recovery. Approximately 200,000 jobs were created on average per month in 2015 and the unemployment rate fell to 5.0 per cent in the final quarter of 2015. Notwithstanding these gains, the participation rate has trended downwards in recent years with minimal growth in average wages. Within the residential sector, homebuilding activity generally grew strongly during the year, supported by improvement in housing market conditions.

The pace of economic activity in the **United Kingdom** slowed in 2015, underpinned by mixed sectoral performance. The economy is estimated to have expanded by 1.9 per cent in the four quarters to 2015, almost one percentage point slower than was recorded in 2014. After a tepid first quarter, the activity improved in the second, before slowing again in the third quarter of the year, then slightly advancing in the fourth. Most of the service sectors grew robustly while manufacturing and construction were relatively weak. From the demand side, the slowdown was attributed to slowing credit, a decline in public spending following the government's fiscal consolidation programme as well as an appreciating currency. The jobless rate was at a ten-year low of 5.1 per cent in the three months to December of 2015, while wage growth including bonuses eased to 1.9 per cent.

The **Eurozone** economy is estimated to have increased by 1.5 per cent for 2015 as a whole, which was above the 0.9 per cent expansion recorded in 2014. The recovery was largely influenced by low oil prices, a weak euro currency and an accommodative monetary policy stance. The regional outturn reflected improving activity in Spain, alongside moderating activity in Germany, and a slow recovery in France and Italy. Meanwhile, the Greek economy is estimated to have contracted. There was some improvement in labour market conditions with declines in the unemployment rate. Notwithstanding this decline, the unemployment rate remained high. The Euro area seasonally-adjusted unemployment rate was 10.4 per cent in December 2015, a fall from 11.4 per cent in December 2014, and was the lowest recorded rate in the Euro area since September 2011. Meanwhile, the European Union (EU) unemployment rate fell to 9.0 per cent in December 2015 from 9.9 per cent in December 2014, and was the lowest rate recorded since June 2009.

The **Canadian** economy grew by 1.2 per cent in 2015, less than half of the pace of 2.5 per cent achieved in 2014. The outturn is the slowest pace recorded since the 2009 recession, and is attributed to falling oil prices which adversely affected business investment and domestic demand. An early oil shock in 2015, commodity price weakness and global economic uncertainty led to two consecutive quarters of economic contraction, which contributed to the slowing Canadian recovery. On the demand side, business investment was a key factor inhibiting growth in 2015. Household consumption grew at a modest pace of 1.9 per cent in the year, including just 1.0 per cent annualised rate in the fourth quarter. In the 12 months to December, the unemployment rate increased by 0.4 percentage points to 7.1 per cent, largely attributable to more people searching for work. Over the same period, the participation rate increased by 0.2 percentage points to 65.9 per cent.

A combination of structural changes in the economy, subdued global demand and domestic challenges led to a moderation in growth in **China** in 2015. For the full year, growth was 6.9 per cent, the weakest since 1990, and slightly lower than the 7.0 per cent which had been targeted by the government. Manufacturing growth slowed to 6.0 per cent in 2015 from 7.3 per cent in the previous year, while the services sector expanded by 8.3 per cent, higher than 7.8 per cent in 2014. Infrastructure investment growth slowed but remained relatively robust, supported by strong growth in government spending. The unemployment rate remained steady at 4.1 per cent in the fourth quarter of 2015 from the prior quarter.

Commodity and Consumer Prices

Commodity prices fell in the latter part of 2015, reflecting abundant supplies, weaker growth prospects in emerging economies, and a strong US dollar. During the period December 2014 to December 2015, commodity prices fell by 30.7 per cent as energy fell by 39.3 per cent and non-fuel prices fell by 19.1 per cent. One of the largest declines was in crude oil. The average price of West Texas Intermediate (WTI) fell to US$48.71 per barrel in 2015 from US$93.11 per barrel in 2014. The UK Brent averaged US$52.4 in 2015 from an average of US$98.9 in 2013. The decline was as sharp as 15.2 per cent in December 2015 to average $36.6 per barrel, despite geopolitical tensions in the Middle East. OPEC production increased further, reaching a three year high, with much of the increase coming from Saudi Arabia and Iraq. US crude oil production was also relatively robust for most of 2015.

During 2015 the metals index fell by about 30 per cent on slowing demand growth in China, and ample supplies. The declines were concentrated in iron ore and nickel, which registered a more than 40 per cent fall; aluminium, copper, tin, and zinc also fell by more than 20 per cent during the year. The decline in metal prices, which reached a six-year low in November, reflected over-supplied markets and subdued growth in a number of emerging markets. New mining operations began in several countries, including Australia, which added to the already ample stock. With respect to precious metals, the average price of gold per ounce dropped to US$1,160 in 2015 from US$1,265 in 2014. The price of silver averaged US$15.7 per ounce in 2015 from US$19.1 in 2014. The FAO Food Price Index (FFPI) averaged 164.0 in 2015 from 201.8 in 2014, representing a decline in all group sub-indices including meat, diary, cereals, vegetable oils and sugar. The largest movement was in the dairy index, which registered a decline of 28.5 per cent over the period.

Low commodity prices contributed to a reduction in inflationary pressures in the major economies. Headline inflation in the USA increased by 0.7 per cent year-on-year in December 2015, higher than 0.5 per cent in November, as the renewed fall in oil prices during the summer of 2015 and the strengthening dollar pushed down the index. Notably, the FOMC raised the federal funds rate target at its December meeting, in response to labour market strength and with the expectation that inflation would increase in the period ahead. Consumer prices in the **United Kingdom** rose fractionally by 0.2 per cent year-on-year in December of 2015, the highest figure since January 2015 while core inflation accelerated for the third straight month to 1.4 per cent. Annual core inflation which excludes food and energy accelerated to 2.1 per cent, the highest since July of 2012. Likewise, headline inflation remained low in the EU, also reflecting the decline in oil prices. Core inflation increased slightly, but remained well below the **European Central Bank's** target for headline inflation. This led the ECB to ease monetary policy further in December 2015. For the full year of 2015, consumer prices in **China** rose by 1.4 per cent, well within the government's target of keeping inflation below 3.0 per cent for the year, relative to the rate in 2014 of 2.0 per cent.

Monetary Policy Developments

While inflation rates remained below most central banks' targets, monetary policy globally remained very accommodative and was supportive of economic activity. In December 2015, the Federal Open Market Committee (FOMC) raised the federal funds rate by 0.25 percentage point to a range from 0.25 to 0.50 per cent based on improvements in the labour market and more stable inflation in the medium term. This increase marked the end of a seven-year period during which the federal funds rate was held near zero. The Committee also continued its policy of reinvesting proceeds from maturing Treasury securities and principal payments from agency debt and mortgage-backed securities, a policy which it anticipated would continue until normalization of the level of the federal funds rate was fully entrenched.

In contrast, other major central banks have maintained or expanded monetary stimulus in response to persistent economic slack and subdued inflation. Despite concerns over slower wage growth, the **Bank of England**

Monetary Policy Committee maintained the Bank Rate at 0.5 per cent and decided to leave the stock of purchased assets at £375 billion at its December 2015 meeting. The **European Central Bank (ECB)** announced a package of measures to ease monetary policy further in December 2015. The Bank lengthened its asset purchase programme by six months until March 2017 and broadened the programme to include regional and local government debts. The ECB also lowered the negative deposit facility rate by 10 basis points to -0.3 per cent. Although acknowledging the adjustment of the economy to a decline in the country's terms of trade, the **Bank of Canada** left its benchmark overnight rate on hold at 0.5 per cent at its December 2015 meeting, noting inflation risks remained balanced. The target for the overnight rate remained at 0.5 per cent. In order to counteract slowing activity and low inflation, the **People's Bank of China** throughout the course of 2015, lowered benchmark interest rates five times and cut the reserve requirement ratio four times in 2015. The central bank also continued to inject liquidity into the financial system, especially during the June stock market correction. In October 2015 the benchmark one-year lending rate was lowered by 25 bps to 4.35 per cent.

Prospects

The global economy is expected to strengthen over the next year, supported by ongoing monetary policy stimulus and low oil prices. In its April 2016 update to its World Economic Outlook (WEO), the International Monetary Fund (IMF) projected global growth at 3.2 per cent in 2016. Economic activity in advanced economies is projected to remain at 1.9 per cent in 2016. Overall activity is expected to be resilient in the United States of America, supported by accommodative financial conditions and strengthening housing and labour markets. Strong employment and rising wages should support disposable income, and low energy prices may provide an additional boost. The housing sector promises to further boost activity. This generally positive outlook may be offset by the continuing strengthening of the dollar which is likely to weigh on manufacturing activity, while lower oil prices is expected to limit investment in mining structures and equipment. Another important factor to consider in 2016 is the Presidential election which is scheduled in November

2016. This may have an impact of economic activity and monetary policy in the year. After raising rates in December 2015, it is expected that the Federal Reserve will raise the fed funds rate at least once by the end of 2016 but policy is still expected to be accommodative.

In its February 2016 Inflation Report, the **Bank of England** cut its forecast for growth in 2016 to 2.2 per cent from 2.5 per cent. The dominant service sector will continue to support growth, while the predicted monetary cycle tightening in the USA is likely depreciate the sterling and provide a boost for UK exports. Consumer spending is likely to remain strong, and low oil prices should help sustain the increase in real incomes. Prime Minister David Cameron has indicated that a referendum on U. K. membership in the European Union (EU) would be held in 2016. The forthcoming referendum has generated increased uncertainty, which may delay some spending decisions and depress growth of aggregate demand in the near term.

The gradual and timid recovery is expected to continue in the **Euro area** amid some challenging external conditions, including concerns about growth in some emerging market economies and expectations about diverging monetary policies in advanced economies. According to the European Commission's forecast report, growth is projected to increase to 1.7 per cent in 2016 in the euro area, and to climb to 1.9 per cent in 2017. Meanwhile, EU economic growth is forecasted to remain stable at 1.9 per cent in 2016 and rise to 2.0 per cent in 2017. Private consumption is projected to be the key factor for growth in the region, buoyed by rising real wages and employment growth. Investment is expected to advance over the coming year owing to easing collateral constraints, rising profits and accommodative monetary policy. As the regional recovery progresses, it is expected to gradually become more broad-based across Member States. However, the risk that growth could be downgraded may rise, mainly as a result of external factors. On the negative side, the recent acceleration in the number of migrants is creating important policy challenges that could put some additional strain on public services and government finances in affected countries.

The Bank of Canada projects that the **Canadian** economy will grow by about 1.5

per cent in 2016 and 2.5 per cent in 2017. The growth trajectory reflects the ongoing adjustment, with the contraction in the resource sector weakening while economic activity in the non-resource sector is expected to gain some momentum. The Bank has reported that given the magnitude and protracted nature of the ongoing structural adjustment, the outlooks for both aggregate demand and potential output remained highly uncertain. However, the Bank noted that this baseline forecast has not incorporated the positive impact of fiscal measures expected in the next federal budget.

The economy of China continues its adjustment towards a more feasible speed and structure towards a new economic growth model. While economic activity continues to comprise a substantial volume of global trade, the country's shift to services from manufacturing is likely to be protracted and may involve considerable volatility. As the adjustment process proceeds, data for manufacturing and investment is expected to moderate, while services and consumption should continue to be fairly robust. Growth in infrastructure investment is expected to slow but to remain relatively strong through 2017, in line with the Chinese government's stated priority to address ongoing infrastructure needs. Many analysts have therefore projected that economic activity in China would decelerate, to just below 7.0 per cent in 2016.

The IMF projects growth in emerging market and developing economies to increase from 4 per cent in 2015, which was the lowest since the crisis, to 4.3 per cent in 2016. Notably, contractionary pressures in certain emerging market economies are expected to ease. Nonetheless, persistent weakness in global business investment and slow progress in implementing structural reforms in a number of economies may continue to limit the growth of potential output.

As always, there are numerous downside risks to the above economic outlook. The most substantial may be related geopolitical risks related to terrorism and the ongoing conflict in the Middle East. Heightened terrorist activity is likely to further slow global economic growth. Other risks include lower growth in emerging markets, a disorderly adjustment in China, and further interest rate hikes in the United States of America, which could cause disruptions in financial markets or hurt vulnerable emerging economies.

DOMESTIC ECONOMIC DEVELOPMENTS

Overview

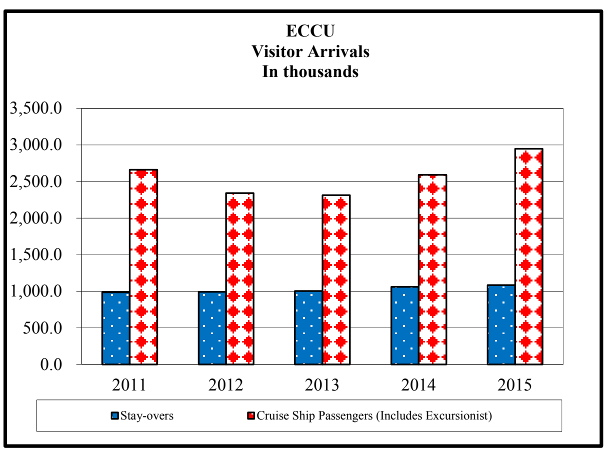
Based on preliminary data, economic activity in the Eastern Caribbean Currency Union (ECCU) expanded in 2015, albeit at a decelerated rate compared with the prior year. The improvement in economic activity was enabled by a confluence of factors, including developments in the economies of the major trading partners and growth in output in a number of sectors in the domestic economy. Provisional estimates indicate that real GDP output for the ECCU **rose by 2.6 per cent compared with growth of 2.9 per cent in 2014**. Expansion in value added was recorded for construction, transport and storage, agriculture, livestock and forestry and hotels and restaurants. At the country level, economic activity is estimated to have expanded in Anguilla, Antigua and Barbuda, Grenada, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines; but contracted in Dominica and Montserrat. The majority of the ECCU member states experienced deflation during 2015, in contrast to overall inflationary conditions during the prior year.

The overall deficit on the consolidated fiscal operations of member governments narrowed, largely associated with enhancements on the current account, supported by a reduction in capital expenditure. Consistent with the improvement in the overall fiscal performance, the outstanding debt of the public sector contracted, largely as a result of lower external borrowing. In the banking sector, monetary liabilities and net foreign assets expanded, while domestic credit fell. Liquidity in the commercial banking system improved, associated with an expansion in the deposit base, supported by a decline in credit. The spread between commercial banks' weighted average lending and deposit interest rates widened. On the external accounts, a smaller overall balance of payments surplus was recorded, reflecting lower net inflows on the capital and financial account.

The forecast for growth in the regional economy for the short to medium term is favourable with expectations for expansion of **2.7 per cent on average for the next two years**. This outlook is premised on anticipated buoyancy in the construction sector, coupled with strengthened performances in the agriculture, livestock and forestry and hotels and restaurants sectors. Improvement in these sectors of the economy is likely to have associated positive knock-on effects on a number of the other key sectors, including transport, storage and communications, wholesale and retail trade and real estate, renting and business activities. Inflationary pressures are likely to be constrained by developments in commodity prices. It is anticipated that the positive economic performance, along with governments' continued fiscal consolidation efforts may contribute to further improvement on the central governments' consolidated fiscal balance. Notwithstanding this optimism, the fiscal and debt challenges persist, particularly with regard to the successful winding-down of the on-going banking sector resolution. Also, the economic outlook for the ECCU region remains contingent on developments in the global economy. On the upside, global growth is projected to expand at a faster pace in 2016, driven by improved activity in the advanced economies, particularly the USA. Among the risks to the forecasts are continued slowdown in emerging market economies, especially China, geopolitical tensions and threats of global terrorism, adverse weather brought about by climate change and the spread of the Zika virus with related impact on visitor arrivals.

Output

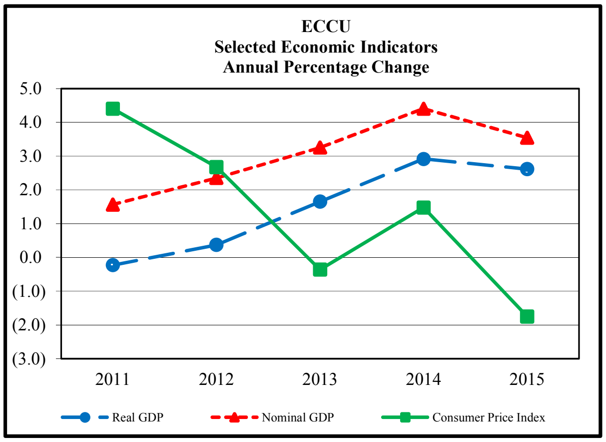
Value added in the construction sector, a main contributor to economic growth in the ECCU, expanded by 7.7 per cent in 2015, compared with growth of 1.3 per cent in the previous year. The performance of this sector was a reflection of higher levels of activity in five of the eight territories of the ECCU. Improvements in the external environment, coupled with positive developments in the domestic economy contributed to the increase in construction activity. Elevated private sector activity across these member territories, primarily accounted for the construction boost, which was supplemented by activity in the public sector, as outlays on capital projects rose in Anguilla, St Kitts and Nevis and Saint Lucia. Private sector projects comprised residential properties and tourism related plants including hotels, condominiums, villas and resorts. On a country basis, the impact of the increase in the construction sector was greatest in St Kitts and Nevis, where value added rose by 15.2 per cent, marginally above growth of 15.0 per cent in 2014. This development reflected a higher level of activity associated with investment projects under the Citizenship by Investment Programme. Construction activity also increased in Grenada (12.0 per cent), Saint Lucia (11.9 per cent), Antigua and Barbuda (4.9 per cent) and St Vincent and the Grenadines (4.0 per cent). Higher value added in the construction sector was moderated somewhat by lower activity in the rest of the region primarily in Montserrat (37.0 per cent) and Dominica (15.0 per cent).



In the hotels and restaurants sector, a proxy for activity in the tourism industry, developments were marked by an estimated expansion of 2.5 per cent in value added compared with growth of 5.3 per cent in the previous year. On an individual country basis, all countries, with the exception of Dominica, recorded increases in output. The improved performance in 2015 reflected growth in the total number of visitors across the Currency Union, with the cruise ship passengers' category being the dominant contributor. The number of cruise passengers, which represented 67.2 per cent of total visitor arrivals, grew by 14.1 per cent to 2.8m compared with an increase of 11.6 per cent recorded in 2014. Higher cruise passenger arrivals were consistent with an increase of 7.5 per cent in the number of cruise ship calls to 1,774, largely reflecting developments in five of the seven cruise destinations in the ECCU. The impact to growth in the cruise ship category was most pronounced in St Kitts and Nevis, where the number of arrivals grew by 30.9 per cent (214,687), followed by growth of 21.2 per cent (111,109) in Antigua and Barbuda, 5.6 per cent (35,942) in Saint Lucia and 3.6 per cent (8,416) in Grenada. The number of cruise passengers to Montserrat grew by fourteen-fold to 2,591. By contrast, Dominica and St Vincent and the Grenadines recorded declines in cruise ship passenger arrivals of 7.7 per cent (21,913) and 3.6 per cent (3,091), respectively.

The improvement in the performance of the tourism industry was supported by an increase of 2.2 per cent in the number of stay-over visitors, a deceleration when compared with growth of 5.8 per cent recorded in 2014. The increase in the stay-over sub-category was primarily attributed to growth in arrivals from the largest source markets, the USA (4.5 per cent), the Caribbean (6.4 per cent) and the UK (2.4 per cent). The performance from the Canadian market was disappointing, registering a decline of 11.2 per cent, in contrast to growth of 9.3 per cent last year. All of the ECCU territories recorded increases in stay-over visitor arrivals, ranging from 0.5 per cent in Antigua and Barbuda to 6.6 per cent in St Vincent and the Grenadines. The exception was Dominica, which showed a decline of 3.0 per cent. Of the other categories of visitors, the number of excursionists increased by 5.6 per cent, while yacht passenger arrivals were estimated to have declined by 3.5 per cent.

Value added in the agriculture, livestock and forestry sector is estimated to have increased by 4.1 per cent, compared with a 7.2 per cent rise in 2014. The higher contribution of the agricultural sector was fueled primarily by an increase of 5.0 per cent in crop production, reflecting expansions in three of the four Windward Islands. Output of other crops increased by 5.4 per cent, with major contributions from expansions in Grenada, Saint Lucia and St Vincent and the Grenadines. The banana industry showed signs of recovery, registering growth of 1.0 per cent in value added to the overall economy. The tonnage of banana produced is estimated to have increased to 16,406.8 from 15,709.7 last year, led by growth in output of 23.6 per cent in Grenada. Notwithstanding the expansion in production, earnings from banana exports contracted by 7.0 per cent, concomitant with a decline in the quantity exported. Domestic consumption of bananas increased as authorities made a concerted effort to encourage supermarkets and hotels to purchase more bananas and other local crops from farmers. Value added from nutmeg declined by 1.0 per cent in 2015, a sharp contrast to growth of 40.9 per cent in the prior year, when a number of trees planted after hurricane Ivan reached the maturity stage. The livestock sub-sector recorded a marginally lower output, in contrast to a 4.6 per cent expansion in 2014.



Value added in the manufacturing sector is estimated to have declined by 1.0 per cent in contrast to an expansion of 2.4 per cent in 2014. The sector continues to be constrained by a number of factors including weak demand and competitiveness. Four of the member countries are estimated to have recorded decreases in manufacturing activity, while the remaining four estimated increases. Manufacturing performance seemed to have been worse in Dominica, where a decline of 27.2 per cent was recorded as production of most commodities fell. The outturn for Dominica partly reflected the adverse impact of tropical Storm Erika, coupled with the closure of one of the main manufacturing facilities on the island. Declines were also recorded in activity in Anguilla (8.0 per cent), St Kitts and Nevis (3.5 per cent) and Montserrat (2.5 per cent). In St Vincent and the Grenadines, the sector showed signs of deceleration, registering an increase of 3.0 per cent compared with growth of 6.3 per cent in the previous year. Saint Lucia is estimated to have experienced a turn-around in the manufacturing sector, recording an expansion of 1.8 per cent, following four consecutive years of contraction. A pick-up in activity was recorded in Antigua and Barbuda (7.7 per cent) and Grenada (3.0 per cent).

In most of the other major economic sectors, performance was generally favourable. Value added increased by 3.2 per cent in the transport, storage and communications sector, reflecting positive spill-over from the tourism industry. Improvements were also recorded in value added from a number of other sectors including wholesale and retail trade (2.7 per cent), real estate, renting and business activities (1.9 per cent) and financial intermediation (1.6 per cent).

Prices, Wages and Employment

The majority of ECCU member states experienced deflation in the period under review. Consumer prices fell in six of the eight countries, with the declines ranging from 0.1 per cent in Montserrat to 2.6 per cent in Saint Lucia. The price increases, by contrast, were marginal ranging recording 0.6 per cent in Dominica and 0.9 per cent in Antigua and Barbuda. Some of the deflation arose from lower prices for food items which were reported in five territories, ranging from a decline of 1.1 per cent in Grenada to one of 7.8 per cent in St Kitts and Nevis. Food prices increased in Antigua and Barbuda (2.7 per cent), Dominica (0.8 per cent) and Montserrat (0.5 per cent).

Information regarding wage movements in the public sector indicated mixed developments within the member territories. Public servants did not receive any wage increases in Antigua and Barbuda, Grenada, Montserrat or Saint Lucia. Wage freezes remained in force in Saint Lucia following the 2013/16 wage negotiations and in Grenada, under its Home-grown Programme of Fiscal Adjustment and Reforms. Increments were re-instated in Montserrat and St Kitts and Nevis. Public sector employees in Dominica received a 1.0 per cent raise in salary and retroactive payments related to a 5.0 per cent salary increase negotiated for the 2012-2015 triennium. Public servants in St Kitts and Nevis received a 3.0 per cent salary increase in January 2015 and those in St Vincent and the Grenadines were granted a 2.5 per cent retroactive increase in December 2015. Additionally, information produced by the Anguilla Social Security Board revealed that average wages in the country's public sector increased by 6.5 per cent.

Recent data on private sector wage movements and official unemployment data for all countries in the Currency Union were unavailable. However, preliminary information point to a decline in employment in some territories –Dominica, Grenada, Saint Lucia, St Vincent and the Grenadines; and an increase in others - Anguilla, Antigua and Barbuda, Montserrat and St Kitts and Nevis. These estimates give an indication of labour market pressures within the ECCU. Although economic activity picked up in a number of the territories, that activity was not sufficient to spur employment and as a consequence, the general jobless state in the Currency Union was estimated to have edged up, particularly among the youths.

Central Government Fiscal Operations

On aggregate, preliminary data on the fiscal operations of the central governments indicate that **an overall deficit (after grants) of $46.7m (0.1 per cent of GDP) was generated, compared with one of $193.3m (1.2 per cent of GDP) recorded a year ago**. The contraction in the overall deficit was largely attributable to current account developments as the current account surplus in 2015 almost doubled the outturn of the previous year. The improvement on the current account was supported by a decline in capital expenditure in five of the ECCU member countries. The overall fiscal improvement was also evident in the primary balance (after grants), as it yielded a surplus of $415.6m (2.5 per cent of GDP) comparable to one of $286.9m (1.8 per cent of GDP) in 2014. The enhancement in the primary balance indicates that generally fiscal policy was contractionary in 2015, as governments continued with the implementation of fiscal reform programmes. There were lower overall deficits in Grenada, Saint Lucia, St Vincent and the Grenadines and Dominica and a turnaround from a deficit to a surplus in Antigua and Barbuda and Montserrat. St Kitts and Nevis and Anguilla recorded smaller overall surpluses.

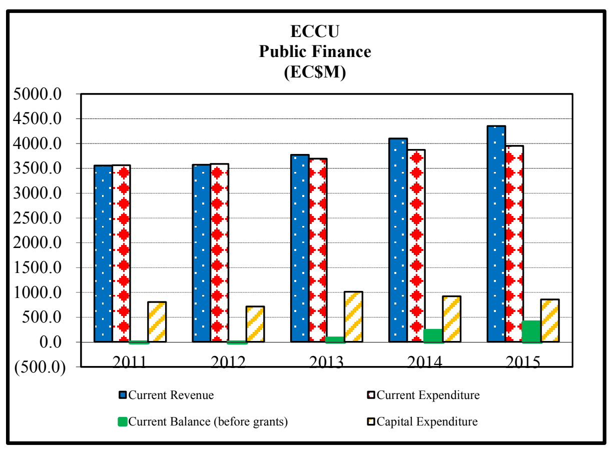
The governments' current operations yielded a surplus of $401.1m (2.4 per cent of GDP) compared with one of $229.4m (1.4 per cent of GDP), as the rate of increase in revenue collections outpaced growth in current expenditure. Current revenue collections expanded by 6.2 per cent to $4,353.6m (25.7 per cent of GDP) compared with growth of 8.7 per cent to $4,100.5m (25.2 per cent of GDP) recorded at the end of 2014. The increase in current revenue was primarily the result of larger collections from tax revenues, enhanced by growth in the intake from non-tax revenue.

Tax revenues grew by 6.8 per cent ($226.8m) to $3,586.5m compared with growth of 7.8 per cent to $3,359.7m (20.6 per cent of GDP) recorded in the previous year. Growth in tax revenue was buoyed by higher intake from all categories of taxes. Taxes on international trade and transactions increased by 10.8 per cent ($105.2m) to $1,076.3m, largely driven by higher yields from the consumption tax, the import duties and the customs service charge, associated with the increase in economic activity.

Receipts from taxes on income and profits grew by 10.9 per cent ($76.4m), largely buoyed by higher yields from the corporation tax (25.1 per cent), supported by growth in personal income tax (4.0 per cent). Contributing to the uptick in tax revenue was an increase of 2.5 per cent ($39.2m) from taxes on domestic goods and services, largely reflecting higher collections from the value added tax (VAT). VAT receipts were up by 3.1 per cent ($28.3m) to $955.7m (5.6 per cent of GDP), reflecting improved performances in three of the territories with that category of tax – Grenada, Saint Lucia and St Vincent and the Grenadines. Additionally, yields from the sales tax grew by 1.1 per cent, a reflection of growth in collection from the Antigua and Barbuda Sales Tax. On a disaggregated basis, all countries, with the exception of Montserrat, recorded growth in tax revenue ranging from 3.0 per cent in St Vincent and the Grenadines to 10.9 per cent in Grenada.

Non tax revenue receipts rose by 3.5 per cent ($26.2m) to $767.1m primarily attributed to a boost in the collection of fees associated with the citizenship by investment programmes in some of the ECCU member states.

Current expenditure expanded by 2.1 per cent to $3,952.4m (23.3 per cent of GDP), compared with an increase of 4.7 per cent to $3,871.1m (23.8 per cent of GDP) in the prior year. Despite growth in current spending, that category of expenditure remained within the Monetary Council's target of an upper limit of 26 per cent of GDP. The upward movement in current outlays was largely associated with higher spending on transfers and subsidies, personal emoluments and goods and services. Spending on transfers and subsidies rose by 10.0 per cent ($90.2m), influenced largely by increases in subventions paid to statutory corporations, regional and international organizations and institutions by the governments of St Kitts and Nevis and Antigua and Barbuda.



Personal emoluments rose by 0.4 per cent ($7.1m) while outlays on goods and services increased by 0.3 per cent ($1.9m). Personal emoluments were higher in four countries, namely Dominica (10.3 per cent), St Kitts and Nevis (5.3 per cent), St Vincent and the Grenadines (3.7 per cent) and Anguilla (2.1 per cent). The increase in personal emoluments was largely due to salary increases and retroactive pay granted to public servants in 2015. The increase in goods and services was mainly driven by developments in St Kitts and Nevis and Montserrat where outlays for goods and services rose by $11.6m and $11.1m, respectively.

Mitigating the impact of the increase in personal emoluments and goods and services was a reduction of 3.7 per cent ($17.9m) in interest payments, largely reflecting a decline of 5.4 per cent ($15.2m) in domestic interest payments. The fall in domestic interest payments was mainly a result of domestic debt restructuring operations in St Kitts and Nevis.

Capital expenditure at the ECCU level fell by 7.2 per cent to $852.2m (5.0 per cent of GDP) in 2015, which was at the lower bound of the 5.0 to 7.0 per cent of GDP target recommended by the Monetary Council of the ECCB. This outturn is comparable to a decline of 8.9 per cent to $918.6m (5.6 per cent of GDP) recorded in the Currency Union in the previous year. The reduction in capital outlays was observed in five of the territories: Dominica ($39.2m), St Vincent and the Grenadines ($25.3m), Montserrat ($15.9m), Antigua and Barbuda ($3.7m), and Grenada ($3.1m).

Total grant inflows decreased by 11.3 per cent to $407.6m (2.4 per cent of GDP), in contrast to growth of 31.2 per cent to $459.5m (2.8 per cent of GDP) in the previous year. This outturn was associated with lower inflows in five of the territories, particularly Dominica. Worthy of note is the contrast in Montserrat, where grant flows increased by 29.6 per cent ($31.0m).

Public Sector Debt

The total stock of outstanding public sector debt of the ECCU member countries declined by 3.0 per cent to $12,893.7m at the end of December 2015, in contrast to a marginal increase (0.7 per cent) during the prior year. Consequently, the debt to GDP ratio fell to

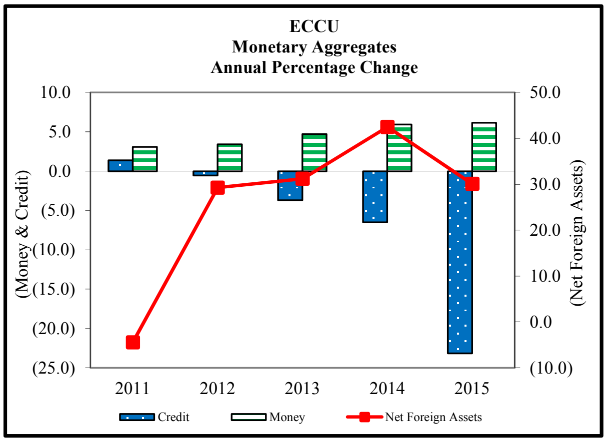
76.0 per cent from 81.6 per cent at the end of December 2014. The decline in the disbursed outstanding debt was largely due to a 2.7 per cent ($311.1m) decrease to $11,394.8m in the outstanding debt of the central governments, supported by a fall in the debt stock of public corporations. Decreases in both external (4.1 per cent) and domestic (0.8 per cent) obligations influenced the contraction in central governments' indebtedness. These declines were driven largely by lower indebtedness in St Kitts and Nevis, Antigua and Barbuda and Grenada. This outturn was partially offset by a 3.0 per cent increase in the public debt level of Saint Lucia, largely attributable to growth of 3.8 per cent in the borrowing of the central government.

Lower external indebtedness was mainly the result of a decline in borrowings by the central governments of St Kitts and Nevis and Saint Lucia. The stock of debt by public corporations fell by 5.3 per cent and primarily reflected a reduction of 7.1 per cent in external obligations, supported by a decline of 4.2 per cent in domestic commitments. Compared with the total at the end of December 2014, debt service payments (principal plus interest) of central governments rose by 32.3 per cent to $1,455.7m (33.4 per cent of revenue), mainly on account of higher payment obligations in Saint Lucia and Antigua and Barbuda.

Monetary and Financial Developments

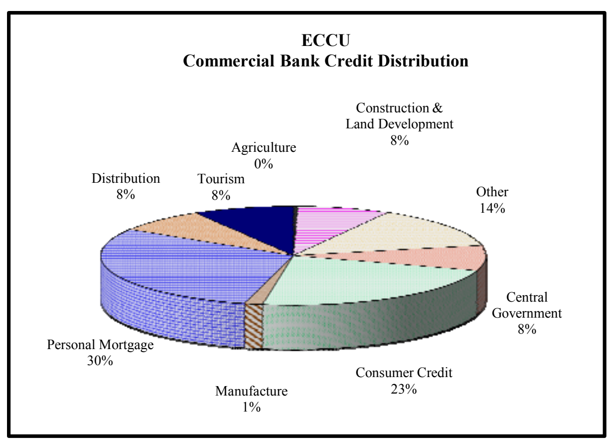
Money and Credit

At the ECCU level, monetary liabilities (M2) expanded by 4.0 per cent to $15,722.7m during 2015, compared with growth of 6.2 per cent during the previous year. The increase in M2 was sustained by expansions in both quasi money and narrow money M1). Quasi money grew by 2.7 per cent ($324.4m) driven by increases of 11.4 per cent and 3.2 per cent in private sector foreign currency deposits and private sector savings deposits, respectively. The performance of quasi money was moderated by a reduction of 5.8 per cent in private sector time deposits. M1 increased by 8.4 per cent ($272.6m), fuelled largely by a 9.8 per cent ($240.5m) rise in private sector demand deposits. Growth in M1 was also supported by an increase of 6.7 per cent ($48.1m) in currency with the public, while EC$ cheques and drafts issued fell by 19.9 per cent ($16.1m).



Domestic credit contracted by 7.6 per cent to $11,165.6m, following a decline of 6.2 per cent during 2014. The contraction primarily reflected declines in borrowing by the private sector, the government and non-financial public enterprises. Outstanding credit to the private sector fell by 3.7 per cent to $11,922.1m, driven largely by a decline of 7.1 per cent in lending to businesses, supported by a contraction of 1.4 per cent in credit extended to households. In the rest of the private sector, credit to non-bank financial institutions expanded by 10.2 per cent, while that to subsidiaries and affiliates decreased by 6.6 per cent. Net credit to the central government fell by 22.4 per cent ($358.9m), mainly associated with a decline in other government securities held by the commercial banks, complemented by an increase of 22.9 per cent in their deposits at commercial banks. The net deposit position of non-financial public enterprises rose by 5.8 per cent, reflecting a decline in credit and an increase in deposits.

An analysis of the distribution of commercial banks' credit by economic activity shows that credit extended to all sectors of the economy declined with the exception of credit for public administration and credit to financial institutions. Notwithstanding the improvement in tourism and construction activity, credit extended to tourism-related businesses and construction declined by 17.7 per cent ($238.8m) and 6.5 per cent ($70.5m), respectively. Inter alia, decreases were also recorded in outstanding credit for distributive trades ($79.9m), personal use ($78.5m), professional and other services ($70.7m), utilities ($49.9m) and agriculture and fisheries ($5.5m).



The net foreign assets of the Currency Union's banking system rose by 30.1 per cent to $6,451.9m, compared with an increase of 42.3 per cent during the prior year. This development reflected an increase in the net foreign assets position of both the commercial banking sector and the Central Bank. Commercial banks' net external position almost doubled to $2,245.9m, primarily influenced by a 17.9 per cent increase in their foreign assets, assisted by a decline of 5.5 per cent in their foreign liabilities. The net external position of the Central Bank rose by 10.6 per cent to $4,206.0m, mainly reflecting growth of 10.5 per cent in their foreign assets.

Liquidity in the commercial banking system is assessed to have eased during 2015. The ratio of liquid assets to total deposits plus liquid liabilities increased by 4.4 percentage points to 42.4 per cent, higher than the 25.0 per cent minimum established by the ECCB's prudential guidelines. The loans and advances to total deposits ratio fell by 4.3 percentage points to 64.8 per cent, which falls below the ECCB's stipulated range of 75.0 to 85.0 per cent.

The decision by the Central Bank's Monetary Council to lower the minimum savings rate on deposits to 2.0 per cent effective 01 May 2015 directly impacted deposit rates. The weighted average interest rate on deposits fell by 60 basis points to 1.98 per cent at the end of December 2015. Based on preliminary results from the Commercial Bank Senior Loan Officers' Opinion Survey on Credit Market Conditions in the ECCU, most banks barely considered the reduction in the minimum savings rate for any adjustment to lending. A number of loans' officers opined that competition on the market drove interest rates on lending, particularly mortgages, slightly downwards. In this light, the weighted average lending rate fell by 17 basis points to 8.74 per cent. A combination of the reductions in the weighted average deposit and lending rates explained a widening of 43 basis points to 6.77 percentage points in the weighted average interest rate spread.

Developments on the RGSM

Concomitant with continued efforts by member governments towards fiscal consolidation, activity on the Regional Government Securities Market (RGSM) declined during 2015, as indicated by a fall in both the volume and value of issuance on the primary market. Preliminary data revealed a decrease in the total number of auctions by member governments to 53 from 56 in the prior year, while the total value of issues fell by 7.6 per cent to $1,090.0m. This year's outturn contrasts a 10.5 per cent increase in gross issuance in 2014. Of the total securities, 46 were Treasury bills, while 7 were bonds. The contraction in the volume and value of outstanding security issuances emanated from a confluence of factors including a decline in issuance by the governments of St Vincent and the Grenadines and Dominica.

An analysis of the activity by the tenor of the security indicates that the instruments were predominantly of short term maturity, with Treasury bills making up about 86.8 per cent of the total securities issued. The volume of short dated securities issued - Treasury bills, decreased by 2.1 per cent, while the value fell by 0.9 per cent to $950.1m. The decrease in value was largely the result of reduced issuance by the governments of Dominica, Grenada and St Vincent and the Grenadines. The longer term securities (bonds) decreased by 22.2 per cent in volume, while their value almost halved to $139.9m. This outturn was mainly the result of reductions in the value of bonds issued by some member governments, particularly Saint Lucia ($84.4m).

Commercial banks continued to hold the highest proportion of the value of successful bids, which increased to 55.4 per cent from 48.2 per cent at the end of 2014. Investor confidence seemed to have remained elevated in 2015, as evidenced by a 4.6 per cent increase in total annual subscriptions to $1,469.1m. Demand by investors for all instruments issued on the market increased during the year, as indicated by marginal growth in the bid-to-cover ratio (value of bids received/value of bids accepted) to 1.35 from 1.21. While the value of bids received increased, the value accepted declined, an indication of reduced financing needs of the participating governments.

The government of Saint Lucia continued to be the most active on the RGSM, accounting for 32.7 per cent of the gross value of securities, followed by the Government of St Vincent and the Grenadines, which accounted for 27.1 per cent. Issuances by Grenada, Antigua and Barbuda and Dominica, represented 18.1 per cent, 14.3

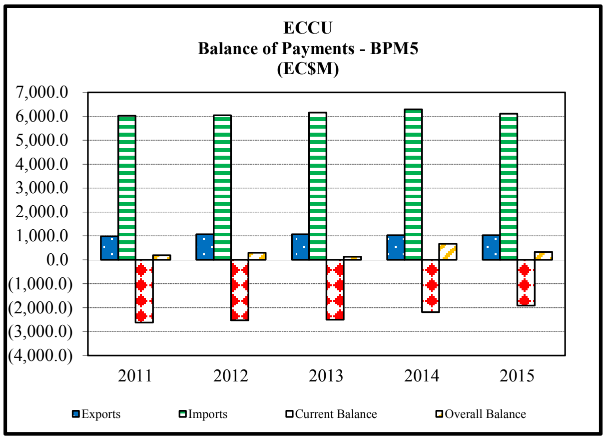
per cent and 7.8 per cent of the market, respectively. The participation of four member governments decreased when compared with last year, with the largest decline coming from Saint Lucia ($40.7m) and the smallest ($10.1m) from Dominica. Only Antigua and Barbuda registered an increase ($9.6m) in the value of securities raised on the RGSM in 2015.

The rates on the instruments differed based on the term to maturity and tended to be lower for short-dated securities and higher for long-term issues. The average weighted yield on 91-day T-bills fell by 27 basis points to 3.41 per cent at the end of 2015. For 180-day T-bills, the rates decreased by 70 basis points to 4.31 per cent. The weighted average yield on the 365-day T-bills fell by 87 basis points to 5.34 per cent. With regard to the movements of rates for limited medium-term instruments, the weighted average yield on the 3-year increased by 125 basis points to 6.50 per cent and the yield on a 5-year bond increased by 34 basis points to 6.80 per cent. The yield on a 10-year bond remained relatively unchanged from last year at 7.50 per cent.

Balance of Payments

Preliminary estimates of the balance of payments (BOP) showed that the overall position on the BOP recorded a smaller surplus of $323.8m (1.9 per cent of GDP), compared with a surplus of $663.1m (4.1 per cent of GDP) in 2014. This outturn was primarily attributable to a reduction in the surplus on the capital and financial account.

The surplus on the capital and financial account decreased to $2,245.6m in 2015, from a surplus of $2,865.0m at the end of December 2014. Developments on the financial account were mainly responsible for the reduced surplus on the capital and financial account. The surplus on the financial account fell by 32.1 per cent to $1,293.1m; largely due to a net outflow of $284.6m in other investments. Commercial bank transactions resulted in a net outflow of $1,090.1m, compared with one of $824.5m last year. Also, there was a net inflow of $72.2m from public sector long term loans compared with one of $181.7m in 2014. The decrease in the surplus on the capital and financial account was supported by outflows from portfolio investments and a reduction in inflows from direct investments. There was also a reduction in the surplus on the capital account by $8.3m to $952.6m as capital grants to ECCU member countries declined.



The current account deficit narrowed to $1,921.9m (11.3 per cent of GDP) from $2,201.9m (13.5 per cent of GDP), in the previous year, influenced primarily by developments on the goods and services account. The deficit on the goods and services account fell to $2,084.3m, from $2,338.7m in 2014, largely reflecting a narrowing of the merchandise trade deficit, coupled with an increase in the surplus on the services account. On the goods account, a smaller deficit was recorded, associated with the developments on the merchandise trade account, where the deficit narrowed by 3.5 per cent to $5,088.4m, driven by lower import payments. Import payments fell by 2.9 per cent to $6,106.9m, consistent with lower international commodity prices; while earnings from exports of goods declined marginally to $1,018.6m. On the services account, the larger surplus was a consequence of an increase of 2.7 per cent in net inflows, occasioned by growth in net travel receipts. Net receipts from travel grew by 2.1 per cent to $3,201.0m, associated with an increase in the number of stay-over visitors. Of the other sub-accounts, net outflows from insurance and other business services increased, along with net inflows to central governments.

Prospects

Based on the World Economic Outlook – April 2016 update of the International Monetary Fund the prospects for global economic activity appear favourable. Notwithstanding the positive outlook, a number of downside risks persist, which have the potential to adversely affect international economic developments. The updated projections indicate global economic growth of 3.2 per cent in 2016 and 3.5 per cent in 2017. It is anticipated that the main impetus to global expansion will be developments in advanced economies, where growth is forecasted to average 2.0 per cent over the next two years. In the USA, activity is projected to be resilient in the short run, with growth forecasts of 2.4 per cent and 2.5 per cent for 2016 and 2017 respectively, to be driven by improvement in the labour market conditions, in spite of fluctuations in commodity prices, particularly oil. Additionally, forecasts for Canada and the UK are largely positive.

Amidst the optimism for the aforementioned countries, to which the ECCU has strong economic links, and the positive outlook for the global economy, economic activity in the ECCU is expected to expand in the near-term. All of the member territories of the Currency Union are forecasted to record positive economic growth in 2016. It is anticipated that the improvement will be influenced by continued buoyancy in the construction sector and positive developments in some of the other major economic sectors, including hotels and restaurants, transport, storage and communications, wholesale and retail trade and agriculture, livestock and forestry. Also, it is also likely that growth will be positively impacted by increased FDI flows as the ECCU countries continue to benefit from the citizenship by investment programmes amidst anticipated global economic growth.

The construction sector is expected to maintain its robustness and strengthen output through improved activity in both the private and public sectors. In the private sector, activity is expected to be driven by work on a number of tourism-related construction projects in member territories, particularly Antigua and Barbuda, Grenada, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines. Work will also wind down on a number of major tourism projects in Anguilla and likely to begin on villa development in Dominica. Public sector construction activity is also projected to increase in most ECCU countries and will focus mainly on roads, bridges, and other infrastructural developments, including the completion of the international airport in St Vincent and the Grenadines; government housing projects in Antigua and Barbuda, Dominica and Montserrat, as well as a new Parliament building in Grenada. Additionally, a rebound in activity is likely in Dominica, as the country seeks to recover from the adverse impact of tropical storm Erika.

Increased value added in the hotels and restaurants sector is anticipated, buoyed by greater demand for leisure services from major source markets like the USA, as that economy continues to be resilient and the UK, and Canada, as the outlook for these economies remains hopeful. Intensified marketing efforts, increased airlift, combined with new initiatives and augmented room stock are expected to further boost the performance of the tourism industry. This anticipated improvement in tourism is likely to have positive spill-over effects on ancillary sectors including wholesale and retail trade, real estate, renting and business activities and transport, storage and communications, hence a further boost for the economy.

Output in the agriculture, livestock and forestry sector is likely to strengthen, largely based on expected developments in non-banana production particularly in Grenada, Saint Lucia and St Vincent and the Grenadines and agro-processing in Grenada. Anticipated recovery in the banana industry in Dominica, Saint Lucia and St Vincent and the Grenadines, underpinned by initiatives under the EU Banana Accompany Measures augur well for agricultural production. On-going public sector initiatives in these countries to diversify the sector and promote the production of non-traditional crops, livestock and poultry are all poised to contribute to the strengthening of the sector.

The central governments' fiscal operations are expected to record smaller overall deficits as member countries continue to exercise fiscal prudence through fiscal reform and consolidation initiatives. Consequently, an improved consolidated fiscal position of the Currency Union is anticipated, supported by the forecast for overall growth in the economy. Higher collections from tax and non-tax revenues are likely to continue to outpace projected growth in current spending. In spite of the anticipated improved current account outturn in some territories, further fiscal challenges are possible as official grant inflows moderate and governments of Antigua and Barbuda and Anguilla face bank resolution expenses in the face of reduced access to concessional funding. Capital expenditure may rise in a few member countries, as infrastructural projects get under way, but may remain suppressed in others. Governments' ability to balance growth enhancement and competitiveness policies with fiscal and debt sustainability, while simultaneously confronting the perennial social issues of poverty and unemployment, particularly among the youth, remain critical to the ECCU's developmental process.

On the external accounts, the overall surplus is projected to narrow, consistent with a forecasted widening of the current account deficit due to increased outflows for import payments, especially given the anticipated robustness in construction activity. The surplus on the capital and financial account is likely to be higher than that recorded in 2015, associated with increased inflows of foreign direct investments and remittances, concomitant with a strengthening global economy and expectations for the citizenship by investment programmes in Antigua and Barbuda, Dominica, Grenada and Saint Lucia.

In the banking system, monetary aggregates are expected to expand, driven by increases in private sector savings and demand deposits, consistent with the positive growth forecast for 2016. Regarding the existing financial environment, domestic credit is estimated to continue to fall in light of high non-performing loan ratios, which continue to erode bank profitability, forcing stricter underwriting policies. In terms of the minimum savings rate, the 100 basis points decline is not likely to translate to further reductions in lending rates, significant enough to fuel credit expansion. Amid fragmented markets, persistent fiscal deficits and unsustainable levels of debt, other emerging challenges such as correspondent banking relationships have become critical to the stability of the banking system. Therefore maintaining financial sector stability will remain a top priority for regional governments and the Central Bank, as they conclude efforts towards resolution.

Against the backdrop of reassuring signs in the global economy and regional initiatives under the OECS Growth and Development strategy, the outlook for economic growth in the ECCU remains largely positive. While global dynamics indicate economic expansion in 2016, there are still inherent uncertainties; hence risks have been tilted to the downside. These downside risks include a forecasted deceleration in the Chinese economy, fluctuations in commodity prices, especially oil, and likely changes in the monetary policy stance in the USA. Inter alia, these vulnerabilities have the potential to derail growth forecasts for the economies of the

ECCU, considering their openness to exogenous shocks. Most of the planned private sector construction projects depend on external funding and can be halted or delayed in the event of a sudden stop in foreign investment flows. The tourism product in the region hinges profoundly on developments in the advanced economies, particularly the USA (the major market), which has been opening to the Cuban tourism product and other important markets like the UK and Canada. In addition, the ECCU faces a myriad of domestic challenges, including the loss of correspondent banking relationships, competitiveness, labour market rigidities, unemployment and underemployment, poverty and crime. Other downside risks to economic prospects for the region include on-going geopolitical tension and imminent threats of terrorism; appreciation of the US dollar, the spread of the Zika virus and adverse weather, associated with global warming and climate change.

A N G U I L L A

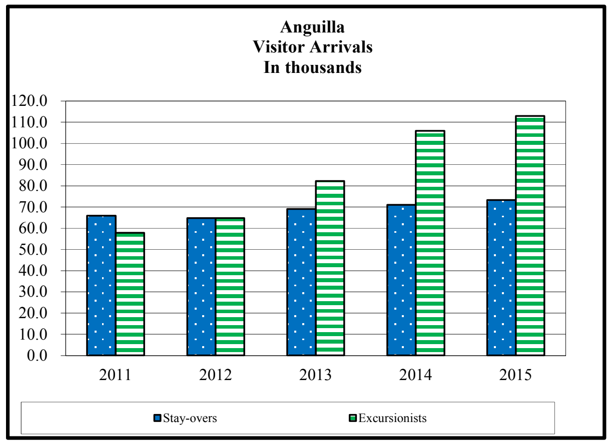
Overview

Economic activity in Anguilla was estimated to have expanded by 2.2 per cent in 2015 compared with growth of 6.7 per cent in 2014. The expansion in 2015 reflected increased activity in the hotels and restaurants, wholesale and retail trade and real estate, renting and business activities and financial intermediation sectors, tempered by a deceleration in construction activity. Consumer prices decreased by 1.8 per cent during 2015, on an end-of-period basis. In the external sector, the merchandise trade deficit widened on account of an increase in imports and a reduction in exports. The fiscal operations of the government resulted in an overall surplus which was slightly lower than the surplus in 2014. Total outstanding public sector debt fell during 2015. In the banking system, monetary liabilities and net foreign assets increased, while domestic credit decreased. Commercial bank liquidity improved and the weighted average interest rate spread between loans and deposits widened.

The pace of economic activity is expected to moderate during 2016 premised on further strengthening in the tourism industry and subdued construction activity. An increase in the number of excursionists combined with an improvement in stay-over visitor arrivals will sustain economic activity in the short term. On the other hand, construction activity is expected to grow, albeit at a slower pace with potential impact on the transport, storage and communications and wholesale and retail trade sectors. The outlook for the construction sector is predicated on the tapering of a number of on-going hotel projects with less than one year to completion. In the public sector, enhancement to public infrastructure will be limited to grant-funded projects from donor partners; the UK government and the European Development Fund (EDF). Notwithstanding the modest prospects in the domestic economy, key downside risks exist related to the potential real and fiscal costs associated with resolving the fragile banking sector.

Output

Value added in the hotels and restaurants sector, a proxy for activity in the tourism industry, is estimated to have increased by 4.5 per cent in 2015 following growth of 2.9 per cent in 2014. Developments in the sector were attributed in part to increased airlift into Anguilla, improved marketing by the Anguilla Tourism Board and the re-opening of the Malliouhana Hotel and Spa. The sector contribution to GDP grew marginally to 23.0 per cent from 22.5 per cent in 2014. The performance in 2015 also reflected growth in total number of visitors which increased by 5.3 per cent to 186,068, largely influenced by improvements in stay-over arrivals and excursionists. The number of stay-over visitors is estimated to have increased by 3.3 per cent to 73,232 higher than the 2.7 per cent increase in 2014. This outturn largely reflected the performance of markets such as the Caribbean, the USA and the UK, from which arrivals rose by 9.2 per cent, 4.0 per cent and 0.1 per cent respectively. Economic expansion in the USA and the UK contributed in part to the improved performances from these source markets. Those improvements were partially mitigated by lower arrivals from Canada (8.4 per cent) and Other Countries (3.2 per cent), in contrast to increases of 3.8 per cent and 12.5 per cent respectively in 2014. The number of excursionists rose by 6.6 per cent to 112,836 compared with a 28.7 per cent increase in 2014.



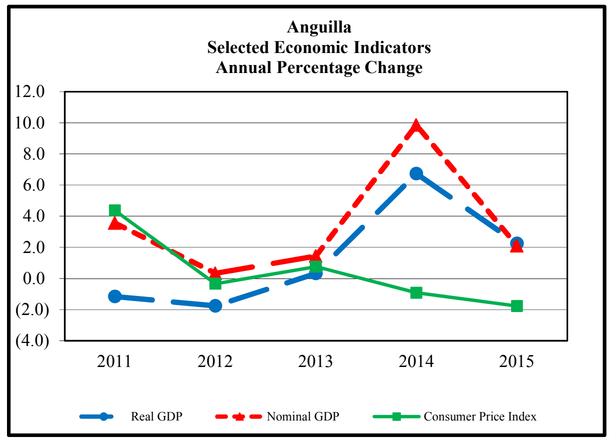
The second largest contributor to real GDP, the real estate, renting and business activities sector, recorded a 1.9 per cent expansion in value added compared with a 2.3 per cent increase in 2014. Developments in this sector were largely associated with the level of activity in the tourism industry and the availability of investment capital in the global real estate market.

Another major contributor to real GDP, the transport, storage and communications sector recorded a 3.7 per cent increase in value added following growth of 6.8 per cent in

2014. The performance in this sector was broad-based with increases recorded for the sub-sectors of road, air and sea transport associated with positive developments in the tourism industry. Activity in the wholesale and retail trade sector is estimated to have increased by 2.5 percent compared to 15.1 per cent growth in 2014 due to a buoyant tourism sector and a recovering economy.

Government services, which account for 9.9 percent of total GDP, rose by 3.7 per cent, above the 1.0 per cent rate of increase recorded in 2014. The growth was influenced by higher outlays on personal emoluments. Value added in the financial intermediation sector increased by 1.3 per cent following the 0.3 per cent growth in 2014.

In contrast, value added in the construction sector was estimated to have declined by 1.0 per cent compared with a growth of 38.1 per cent in the previous year, contributing to the slowdown in real GDP growth. Coincident indicators such as credit for private residential construction, the level of cement imports and active employment in construction also weakened over the period. Construction developments in the private sector included the completion of Zemi Beach Resort, ongoing work on Manoah hotel, the Reef at Cuisinart Golf Course and Spa and the Solaire hotel and villas project. In the public sector, government outlays on capital projects increased attributed to inflows of capital grants. Relatedly, building permits a leading indicator for the construction sector declined in 2015 to suggest that the short-term outlook for the construction sector remains on the downside.



Prices, Wages and Employment

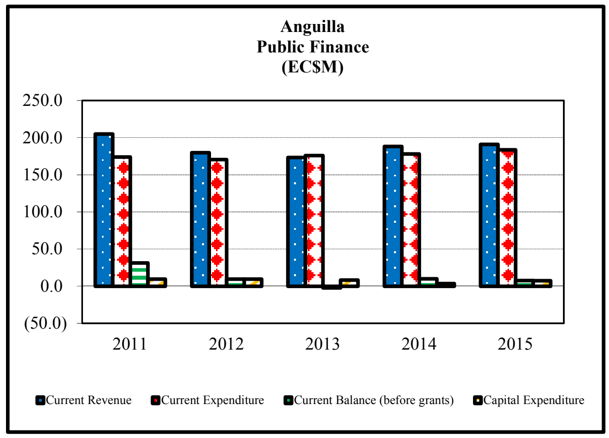
The consumer price index decreased by 1.8 per cent on an end-of-period basis during 2015, following a decline 0.2 per cent in the prior year. The main sub-indices contributing to the decline in prices were transport (7.5 per cent), clothing and footwear (2.6 per cent), food and non-alcoholic beverages (1.9 per cent) housing, utilities, gas and fuels (1.6 per cent), health (1.1 per cent), household furnishings and supplies and maintenance (0.5 per cent). The reduction in the transport sub-index was due to a fall in price of a gallon of fuel of 8.5 per cent and decline in the cost of passenger air transport. The reduction in the housing, utilities, gas and fuels sub-index was associated with a fall in the price of cooking gas and electricity as a result of a decline in the fuel surcharge. The lower sub-index for food and non-alcoholic beverages reflected decreases in the price of dairy and meat. The decline in those sub-indices was tempered by increases in communication (1.3 per cent), recreation and culture (0.9 per cent) and hotels and restaurants (0.5 per cent) sub-indices. The upward movement in the communications sub-index was due to a rise in high-end mobile handsets.

According to data from the Anguilla Social Security Board, average wages in the public sector was estimated to increase by 6.5 per cent in contrast to a decline of 11.5 per cent in 2014. In the private sector there were upward adjustments in average salaries by 11.4 percent in 2015, except for the construction sector which contracted 4.4 per cent. The total number of active employees in 2015 stood at 7,288, 4.0 per cent higher than the total recorded in 2014. In the hotels and restaurants sector, the largest contributor to employment in Anguilla, the number employed increased by 6.6 per cent in 2015 to 2,946 compared to a 5.2 per cent growth in 2014. Public sector employment, the second largest contributor, grew by 2.9 per cent to 1,319 in 2015 in contrast to an 8.0 per cent decline in 2014. The pace of construction-related employment slowed by 3.6 per cent to 813 persons in 2015 following a 54.8 percent growth in 2014. Consistent with the buoyancy in the tourism sector, coupled with new hiring in the public sector, it is estimated that the number of unemployed persons declined slightly in 2015 compared with the previous year.

Central Government Fiscal Operations

The fiscal operations of the central government resulted in a smaller overall surplus of \$3.9m (0.5 per cent of GDP) in 2015, compared with one of \$21.3m (2.5 per cent of GDP) in 2014. The outturn was largely influenced by a narrowing in the current account surplus to \$7.5m, compared with one of \$9.9m in 2014. This outturn reflected faster growth in current expenditure relative to a modest increase in tax revenue collections. A primary surplus (after grants) of $12.3m was recorded in 2015 compared with $30.7m in the previous year.

Current revenue rose by 1.6 per cent to $191.0m (26.0 per cent of GDP), due in large part to a 4.1 per cent increase in the collection of tax revenues. The larger intake of tax revenue collections reflected growth (5.8 per cent) in receipts from international trade and transactions on account of larger receipts of import duties ($3.3m) and customs surcharge ($1.2m). Receipts from taxes on domestic goods and services rose by 1.3 per cent ($0.8m) to $59.0m (8.0 per cent of GDP) on account of higher receipts from accommodation tax. Accommodation tax collection increased by 13.9 per cent ($2.2m) as result of an expansion in stay-over visitor arrivals and the collection of outstanding accommodation tax receipts from some tourist accommodation establishments. The growth in revenue from taxes on domestic goods and services was partly moderated by lower stamp duty receipts which fell by 15.8 per cent ($2.0m) reflecting a decline in the value of land sales. Collections from taxes on income and profits increased by 4.8 per cent ($0.6m) to $13.9m (1.9 per cent of GDP) mirrored higher receipts from the interim stabilisation levy. The yield from property taxes was higher ($0.3m) mainly due to improved tax administration. Non-tax revenue fell by 10.8 per cent ($3.4m) to $28.3m (3.8 per cent of GDP).



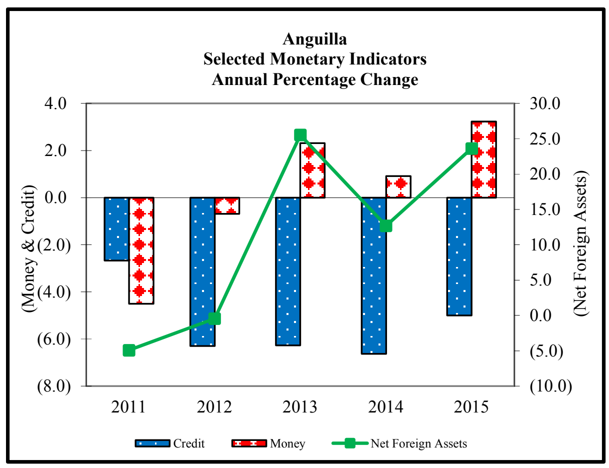
Current expenditure grew by 3.0 per cent to $183.5m (25.0 per cent of GDP), compared with a 1.4 per cent rise to $178.2m (24.7 per cent of GDP) in 2014. Outlays on transfers and subsidies grew by 9.1 per cent ($4.1m) associated with an increase in subventions to the tourist board and the community college. Higher current expenditure was also supported by an increase in spending on personal emoluments of 2.1 per cent ($1.7m) to $82.8m and higher outlays on goods and services of 1.4 per cent ($0.6m) to $42.8m, partly tempered by a decline in interest payments by 10.8 per cent ($1.0m) to $8.4m. Capital expenditure rose to $7.3m in 2015 from $3.4m in 2014, attributed in part to an increase in capital grants.

Public Sector Debt

The total disbursed outstanding debt of the public sector was estimated at $212.7m at the end of 2015, 4.1 per cent below the amount at the end of 2014. As a percentage of GDP the debt ratio declined to 24.7 per cent from 26.4 per cent in December 2014, due to the combined effects of an increase in GDP and a reduction in the outstanding debt. The contraction in the outstanding debt was attributed to declines in the domestic debt and external debt portfolio of 6.9 per cent and 3.3 per cent, respectively. Central government debt accounted for 94.7 per cent of total disbursed outstanding debt and its external debt accounted for 76.4 per cent. The outstanding debt of statutory bodies fell by 12.2 per cent to $11.2m. The continued reduction in the outstanding debt represents the restricted ability of the Government of Anguilla to incur additional debt.

Money and Credit

Monetary liabilities (M2) expanded by 3.2 per cent to $1,073.9m in 2015, compared to growth of 0.9 per cent in 2014. The rise in M2 can be attributed mainly to an increase in narrow money (M1) by 36.2 per cent, compared to 19.6 per cent increase recorded in 2014. The increase in M1 is mainly attributable to the upward movement in private sector demand deposits (35.7 per cent) and currency in circulation (35.5 per cent). Quasi money also grew by 1.5 per cent ($15.0m) on account of growth in private sector savings (8.0 per cent) and foreign currency deposits (2.5 per cent).



Domestic credit contracted by 5.0 per cent to $934.1m, compared with a decline of 6.6 per cent in 2014. This development 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 3.5 per cent ($44.9m) to $1,223.1m during 2015 largely due to a 5.6 per cent ($40.6m) fall in credit extended to businesses and a decline of 0.8 per cent ($4.1m) in credit to households. The net deposit position of the Central Government fell by 12.8 per cent ($9.6m) in 2015, largely influenced by a $2.0m increase in outstanding commercial bank credit and a $7.5m reduction in central government deposits. In the rest of the public sector, the net deposit position of non-financial public enterprises increased by 6.6 per cent reflecting growth in their deposits at commercial banks.

An analysis of changes in the distribution of credit across the sectors indicated that a 6.6 per cent ($13.6m) decline in credit for construction was the largest contributing factor to the overall contraction in credit extension. Lower credit for the other (6.4 per cent) and personal (2.1 per cent) categories particularly the sub-categories of acquisition of property (6.5 per cent) and home construction and renovation (8.6 per cent) were also observed. These declines were tempered by increases for transportation and storage (5.5 per cent) and tourism (0.7 per cent).

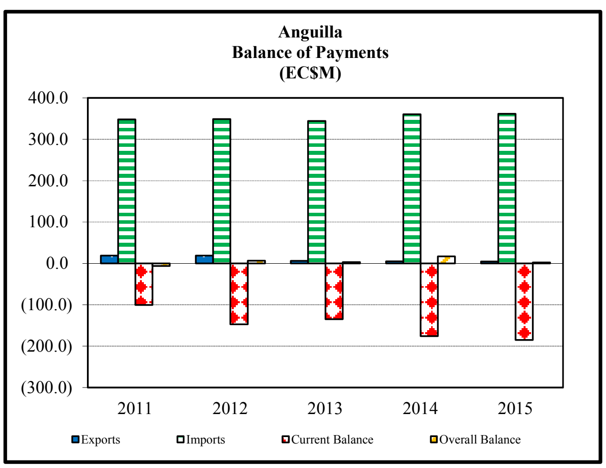
The net foreign assets of the banking system rose by 23.6 per cent to $325.7m in 2015 compared to an increase of 12.7 per cent in 2014. The growth was primarily influenced by a 27.6 per cent rise to $201.1m in commercial banks' net foreign assets position. Anguilla's imputed share of the ECCB reserves grew by 1.8 per cent to $130.0m.

Liquidity in the commercial banking system improved during the review period, as evidenced by a 4.0 percentage points increase in the ratio of liquid assets to total deposits plus liquid liabilities to 30.9 and a decrease of 4.9 percentage points in the loans and advances to total deposits ratio to 82.4.

The major development influencing movements in interest rate spreads was the reduction of the minimum savings deposit rate (MSR) from 3.0 per cent to 2.0 per cent effective on 1 May, 2015. The weighted average interest rate spread between loans and deposits subsequently increased by 15 basis points to 6.43 per cent at the end of 2015 compared to that of 2014. The weighted average interest rate on loans fell to 9.07 per cent from 9.25 per cent while that on deposits fell to 2.65 per cent from 2.97 per cent.

Balance of Payments

The balance of payments recorded an overall surplus estimated at $2.3m (0.3 per cent of GDP), compared with one of $16.9m (2.0 per cent of GDP) in 2014. The outturn reflected a surplus on the capital and financial account, which was more than sufficient to fund the larger deficit on the current account.



The surplus on the capital and financial account decelerated by 2.6 per cent to $187.7m in 2015 (21.8 per cent of GDP) from $192.7m (22.9 per cent of GDP) in 2014. The lower balance on the capital and financial account was largely influenced by a net outflow on the other investments category. This was partly offset by an increase in net inflows of direct investment by 7.8 per cent to $230.7m in 2015 from $214.0m the prior year.

The current account deficit rose to $185.4m in 2015 (21.5 per cent of GDP) from $175.9m (20.9 per cent of GDP) in 2014, mainly attributed to a larger deficit on the goods and services account. On the goods account the merchandise trade deficit rose by 0.7 per cent to $357.4m in 2015 (41.5 per cent of GDP), from $354.9m (42.2 per cent GDP), due to the combined effects of a decrease in exports and an increase in imports. The import bill increased by 0.4 per cent to $411.0m following growth of 4.7 per cent in 2014. On the other hand the value of exports amounted to $4.2m, declining by 18.5 per cent from the previous year. Net inflows on the services account fell by 3.5 per cent to $187.2m, associated with an increase in net outflows from other business services (7.3 per cent) namely construction and engineering, legal and management services. Net travel receipts fell marginally by 0.3 per cent to $309.6m in 2015. Net inflows with respect to current transfers fell by 1.1 per cent to $16.2m compared with an increase of 24.1 per cent in 2014.

Prospects

Global economic growth is forecasted at 3.2 per cent in 2016 based on the April 2016 update to the World Economic Outlook (WEO) report of the International Monetary Fund (IMF). The expansion in global economic growth will be gradual and led largely by accelerations in the performance of advanced economies, lower fuel prices and improved confidence and labour market conditions. The global expansion is however expected to be tempered by slowing growth in emerging markets reflected in the dampening impact of lower commodity prices and the rebalancing in China. In particular growth in the USA and UK, two vital international partners, are projected to be 2.4 per cent and 1.9 percent respectively.

In the context of both global and domestic developments, the real economy of Anguilla is expected to expand moderately by 3.0 per cent in 2016, following on from the recovery of 2.2 per cent real GDP in 2015. Continued economic activity in 2016 is expected to be fuelled mainly by improved performance of the tourism industry and on-going private sector construction activity. In the construction sector, several tourism-related construction projects are in their final phase of completion with anticipated tapering in the level of activity. Zemi Beach hotel is targeted to open in early 2016 while the Reef, Solaire Hotel and Villa projects, and the Manoah Boutique Resorts are all slated to be launched by end 2016.

The expansion in tourism activity is expected to continue, in the absence of mitigating factors and is projected to positively impact the wholesale and retail trade and real estate, renting and business activities sectors. Further, the prospects for the tourism industry is supported by increased airlift via Seaborne Airlines from San Juan, Puerto Rico since April 2015, forecasted expansion in the USA economy for 2016, lower fuel prices and improved marketing initiatives by the Anguillan Tourism Board. Inflation and inflationary pressures are anticipated to decline amid lower international commodity prices.

The fiscal operations of the Central Government are expected to generate a lower overall surplus in 2016 based on increases in current and capital expenditure. Total current expenditure is estimated to increase fuelled by higher interest payments associated with the resolution of the banking sector, higher transfer payments and goods and services in aid of public assistance, health services, supplies and materials for government services. Capital expenditure is expected to increase in 2016, above outlays in 2015, commensurate with an increase in grant funding and planned infrastructural works.

On the external account the merchandise trade deficit is expected to widen reflecting higher imports consistent with increases in tourism-related activities. Gross inflows from travel are projected to be higher in 2016 consistent with the projected increase in visitor arrivals.

However, the downside risks to the projections remain elevated on the domestic fronts. Risks to the fiscal and growth outlook include continued tightening of credit conditions as the authorities resolve the banking sector challenges, and its associated fiscal costs.

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

Overview

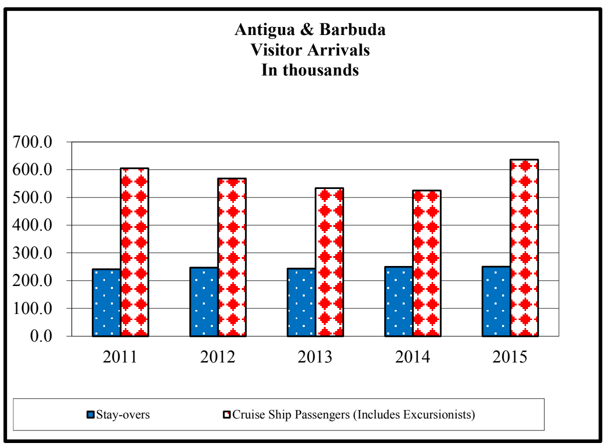
Preliminary estimates point to an expansion in economic activity in Antigua and Barbuda for 2015. The economy is estimated to have expanded by **3.3 per cent in 2015, relative to growth of 4.2 per cent in 2014**. The expansion in economic activity was due to growth in the major sectors including hotels and restaurants; construction; transport, storage and communications; wholesale and retail trade; and real estate, renting and business activities. The consumer price index rose by 0.9 per cent, on an end of period basis. Provisional fiscal data indicated an improvement in the fiscal position to **an overall surplus from an overall deficit in 2014**. The total disbursed outstanding public sector debt contracted compared with the level at the end of 2014. In the banking system, monetary liabilities and net foreign assets increased while domestic credit fell despite an increase in commercial banks liquidity. Monetary policy developments contributed to a widening in the weighted average interest rate spread between loans and deposits. The Balance of Payments surplus narrowed due to higher outflows on the capital and financial account resulting from commercial banks transactions.

The pace of economic activity is expected to accelerate in 2016 premised on favourable global and domestic developments. Positive contributions to GDP are likely to arise from the construction and hotels and restaurants sectors – the main catalysts of growth. Construction activity will be fuelled by public sector investments in infrastructure and private sector led tourism and Citizenship by Investment Programme (CIP) related projects. Activity in those sectors will spill over into other major ancillary sectors such as transport, storage and communications; wholesale and retail trade; and real estate, renting and business activities. Inflationary pressures will likely remain subdued during 2016. The fiscal balance is expected to improve due to increased revenue from taxes and the CIP and efforts to contain expenditure. However, there are a number of downside risks to those forecasts including slower than anticipated global growth brought about by challenges in emerging market economies such as China, which could adversely affect the tourism industry and foreign direct investments into Antigua and Barbuda. Other major threats to growth include adverse weather; financing constraints that may hinder the authorities' growth agenda of which include lower than projected flows from the CIP; and correspondent banking challenges that could indirectly affect foreign flows and the financial sector.

Output

Value added in the hotels and restaurants sector, an indicator of tourism activity, increased by 2.5 per cent in 2015, relative to growth of 3.0 per in 2014 as global economic conditions improved and marketing efforts were intensified. The tourism industry also benefited from increased airlift from Jet Blue Airways, InterCaribbean Airways and Seaborne Airlines among others, particularly during the last quarter of the year. Despite the lower rate of growth in 2015, the sector's contribution to real GDP remained virtually unchanged from the previous year at 14.7 per cent. The improvement in tourism activity was primarily driven by an increase in stay-over arrivals coupled with an uptick in cruise ship passengers. The number of stay-over visitors rose by 0.5 per cent to 250,450, lower than the rate of growth of 2.5 per cent in 2014. Stay-over arrivals from the UK, the second largest source market, rose by 9.4 per cent partly due to the hosting of the cricket test match between the West Indies and England in April. Other increases in stay over visitors were recorded from the Caribbean (1.5 per cent) and South America (80.3 per cent), a relatively new and small market. In contrast, the number of stay over visitors from the USA, the largest source market fell by 0.8 per cent, particularly reflecting developments in the first quarter of the year. Arrivals from the Canadian market continued to contract for the second consecutive year at a rate of 16.0 per cent, twice the rate of decline reported in 2014. The performance of the Canadian market continued to be adversely affected by reduced airlift and the challenge of attractively priced holiday packages.

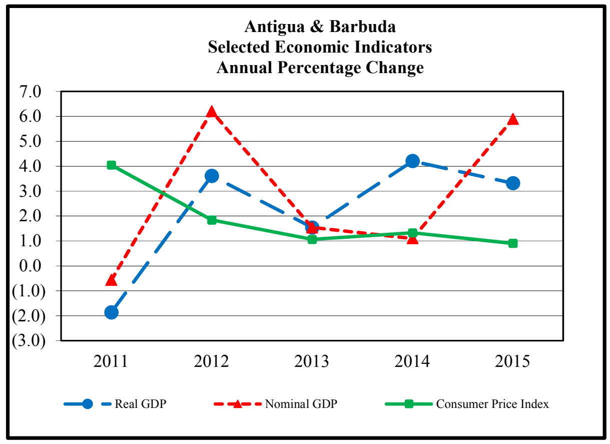
Activity in the cruise segment picked up significantly during the year. The number of cruise ship passengers rose by 21.2 per cent to 636,458, reversing the contraction of 1.5 per cent reported in 2014. The outturn reflected an increase in cruise ship calls to 339 from 315 in 2014, as a number of new vessels including Princess Regal, Mein Schiff 3, Norwegian Spirit and P&O Cruises Britannia made inaugural calls to the island. Although there was an increase in the number of yacht calls by 93 to 3,838, the number of yacht passengers fell by 9.0 per cent to 22,752 partly due to the docking of smaller capacity yachts. Those collective developments resulted in an overall increase in total visitor arrivals by 13.8 per cent to 909,660, reversing the decline of 0.7 per cent recorded in 2014.



Activity in the construction sector, one of the largest contributors to GDP is estimated to have expanded by 4.9 per cent in 2015, following a rate of growth of 7.1 per cent recorded in 2014. The contribution of the sector to real GDP remained relatively unchanged at 9.4 per cent from the previous year. Construction activity was driven by both public and private sector developments. In the public sector construction works were largely concentrated on the Department of Marine Services building, the Five Islands secondary school and road maintenance. Private sector construction activity included tourism and CIP related projects such as the Jumby Bay Project, Tamarind Hills Development, Non Such Bay and Hodges Bay Club, among others. Meanwhile, construction and renovation of residential homes were subdued as evidenced by a 3.1 per cent decline in outstanding commercial bank credit allocated for home construction and renovation. Value added in the associated mining and quarrying sector is estimated to have declined by 10.0 per cent due to lower production of aggregates during the year.

The expansion of activity in the hotels and restaurants and construction sectors had positive spillover effects on other key auxiliary sectors such as wholesale and retail trade; transport, storage and communications; and real estate, renting and business activity which together contributed 39.5 per cent to real GDP. Value added in the wholesale and retail trade sector increased by 9.4 per cent relative to an increase of 6.7 per cent in 2014, associated with a higher volume of imports to support tourism activity and domestic consumption. Value added in the transport, storage and communications sector rose at an accelerated rate of 4.7 per cent, compared with 0.9 per cent in 2014. The outturn was heavily influenced by tourism and construction activities and increased cargo throughput at the sea port. Value added in the real estate, renting and business activities sector is estimated to have increased by 1.7 per cent, albeit at a slower pace than the 4.8 per cent recorded in 2014. The growth in this sector was fuelled by increased activity in the renting of machinery equipment and computer and related services while there was a steep decline in the rate of growth of business services.

Activity in the manufacturing sector is estimated to have increased by 7.7 per cent, relative to growth of 3.5 per cent in 2014. The strengthening of activity was mainly on account of greater production of bakery products, paints and vanishes and fabricated products. Growth in public administration defence and social security was flat in 2015, compared with an increase of 10.8 per cent in 2014. The performance of the sector was due to the offsetting of an increase in pension payments by a decline in personal emoluments.



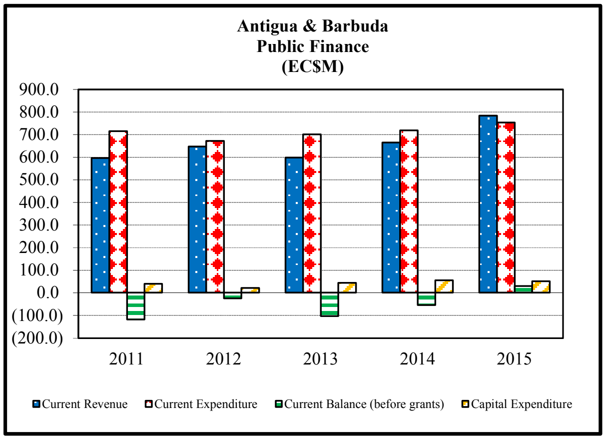
Prices, Wages and Employment

Inflationary pressures eased in 2015, evidenced by a deceleration in consumer prices. The Consumer Price Index (CPI) rose at a lesser rate of 0.9 per cent compared to one of 1.3 per cent in 2014, largely on account of the tempering of overall prices partly due to lower international oil prices. The food sub-index, which is the second highest weighted in the consumer basket rose by 2.7 per cent mainly due to increases in the prices of fruits and vegetables; various meats including beef and mutton; fish; eggs and candy. Higher prices of all categories of clothing, especially men’s and boy’s, contributed to a 1.5 per cent increase in the clothing and footwear sub-index. The housing furnishings and supplies index rose by 3.3 per cent primarily due to increased costs of household utensils, textiles and furnishings. Other increases were recorded in the lesser weighted sub-indices of alcoholic beverages and tobacco (1.1 per cent); medical care and expenses (2.1 per cent); education (7.9 per cent); and personal services (9.7 per cent). Those increases outweighed declines in several other sub-indices. The housing sub-index which is the highest weighted item in the consumer basket, declined by 0.5 per cent largely due to lower costs related to repairs and maintenance. Declines were also recorded in other major sub-indices of transport and communications (1.0 per cent) and fuel and light (12.2 per cent). A reduction in costs associated with operations, repairs and maintenance of personal transportation were the main factors contributing to the decline in the transport and communications sub-index. The drop in the fuel and light sub-index largely reflected a reduction in the fuel variation rate to 60 cents from 74 cents, which led to a fall in the costs of energy and electricity.

No wage or salary increases were granted to public servants during 2015. However, effective January 2015 the minimum wage was increased to $8.2 from $7.5 per hour. The number of central government employees declined by 1.5 per cent to 8,178 in 2015 due to a reduction in the number of non-established workers related to attrition. Meanwhile, provisional data from the Antigua and Barbuda Social Security Board indicated that the number of private sector employees rose by 1.8 per cent to 28,731 in 2015. The number of self-employed persons also rose by 1.5 per cent to 1,654.

Central Government Fiscal Operations

Preliminary data on the operations of the central government indicated that the fiscal position improved in 2015 when compared with revised data for 2014. An overall surplus of $3.5m (0.1 per cent of GDP) was recorded, in contrast to an overall deficit of $93.8m (2.9 per cent of GDP) in 2014, on account of higher revenue stemming from both tax and non-tax revenues. The marginal surplus was allocated towards debt reduction. The primary balance, a key indicator of debt sustainability, shifted to a surplus of $105.5m (3.0 per cent of GDP) from a deficit of $5.0m (0.2 per cent of GDP) in 2014.



The current account balance improved during the period under review. A current account surplus of $29.7m (0.9 per cent of GDP) was recorded in 2015, in contrast to a deficit of $53.9m (1.6 per cent of GDP) in 2014. The improvement in the current account balance was driven by a substantial uptick in current revenue which outstripped the increase in current expenditure. Current revenue rose by 17.8 per cent to $783.0m, substantially higher than the rate of increase of 11.1 per cent recorded in 2014. As a percentage of GDP, current revenue increased to 22.4 per cent from 20.2 per cent in 2014. The increase in current revenue was largely influenced by greater receipts from the CIP, positive economic growth, and enhanced collection efforts. Tax revenue, which accounted for 79.5 per cent of current revenue grew by 9.0 per cent to $622.7m (17.8 per cent of GDP), associated with increases in all sub-categories except property tax. Collections from taxes on domestic goods and services rose by 2.3 per cent to $274.4m primarily on account of increased receipts from stamp duties and the Antigua and Barbuda Sales Tax (ABST). Consistent with growth in the economy, revenue from the ABST increased by 1.2 per cent to $231.6m, albeit at a slower rate of growth than the 9.4 per cent recorded in 2014. Stamp duties rose to $34.0m from $30.6m in 2014. Receipts from taxes on international trade and transactions grew by 15.3 per cent to $240.4m reflecting increases from the consumption tax ($23.6m) and import duty ($3.1m) due to limited pass through of lower oil prices and higher import volumes, respectively. Inflows from taxes on income and profits rose by 23.3 per cent to $89.5m influenced by the collection of arrears stemming from increased collection efforts. Meanwhile, receipts from property taxes fell to $18.3m from $21.9m in 2014, as significant arrears were collected then. Boosted by a significant increase in CIP inflows, non-tax revenue, which accounted for 20.5 per cent of current revenue, rose by 71.9 per cent to $160.3m in 2015.

Current expenditure rose by 4.9 per cent to $753.3m (21.5 per cent of GDP), compared with a rate of growth of 2.5 per cent in 2014. As a percentage of GDP, current expenditure fell slightly to 21.5 per cent from 21.8 per cent in 2014. The increase in current expenditure was attributable to higher outlays on transfers and subsidies and interest payments. The amount spent on transfers and subsidies rose by 20.5 per cent to $237.4m as government increased its contributions to statutory corporations and bodies; regional and international organisations and institutions; the Mount St John Hospital and the Prime Ministers Scholarship Programme. Interest payments rose by 14.8 per cent to $102.0m associated with a $15.8m increase in domestic payments as external payments fell by $2.7m. Meanwhile, personal emoluments which accounted for 40.8 per cent of current expenditure fell at a marginal rate of 0.1 per cent to $307.2m consistent with the decline in the number of public sector employees due to the attrition rate. Expenditure on goods and services fell by 14.5 per cent to $106.7m due to cash flow constraints and efforts to contain this category of expenditure.

On the capital account, capital expenditure fell to $51.4m from $55.1m in 2014 as cash flow constraints continued to pose a challenge. Capital expenditure was partly financed by grants from the governments of China and Japan amounting to $21.1m and capital revenue of $4.0m.

The central government fiscal operations were financed through the accumulation of debt from private bond placements, the issuance of securities on the RGSM and external loans. Meanwhile, the overall fiscal surplus and other financing inflows contributed to a reduction in the government's indebtedness to domestic commercial banks and the ECCB, and a reduction in arrears to domestic creditors.

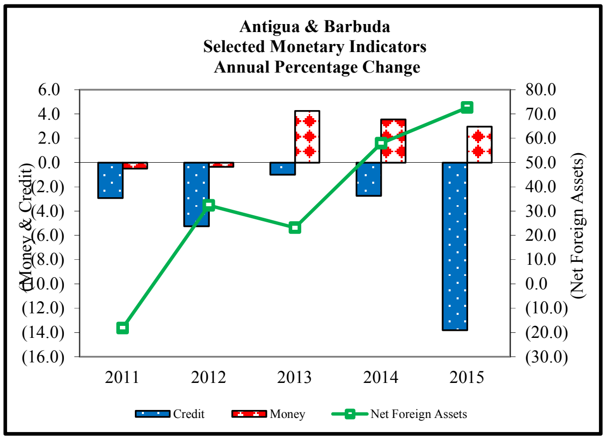
Public Sector Debt

Preliminary data for 2015 indicate that the total disbursed outstanding debt of the public sector contracted to $3,226.8m from $3,388.0m at the end of 2014. As a percentage of GDP, the total outstanding debt fell to 92.1 per cent from 102.8 per cent at the end of 2014. The reduction in the debt stock reflected a 10.0 per cent decrease in domestic indebtedness to $1,688.6m as the external debt stock rose by 1.8 per cent to $1,538.3m. Central government debt, which made up 84.2 per cent of total debt, fell by 4.5 per cent to $2,715.7m (77.5 per cent of GDP) due to developments on the domestic front. Central government domestic debt fell by 11.2 per cent to $1,380.7m (39.4 per cent of GDP) primarily due to a debt to asset swap with a statutory corporation in the amount of $125.0m and payment of $62.1m on the Half Moon Bay liability from the sale of the property. In contrast, central government external debt rose by 3.6 per cent to $1,335.0m (38.1 per cent of GDP) as new disbursements from external creditors, including the Caribbean Development Bank to support the resolution of the ABI Bank, and the Exim Bank of China, exceeded amortization payments to creditors such as the IMF and Credit Suisse. The total debt stock of public corporations fell by 6.1 per cent to $511.1m mainly due to scheduled amortization payments.

Money and Credit

The evolution of monetary aggregates during 2015 was impacted by two major developments – the resolution of the ABI Bank Ltd through a Purchase and Assumption Agreement with the Eastern Caribbean Amalgamated Bank (ECAB) in November and a reduction in the Minimum Savings Rate (MSR) in May. Consistent with growth in the economy, the total monetary liabilities (M2) of the banking system grew by 3.0 per cent to $3,100.5m during 2015, relative to an increase of 3.6 per cent in 2014. The expansion in M2 reflected increases in both quasi money and narrow money. Quasi money, which accounted for 77.6 per cent of M2, rose by 1.1 per cent to $2,406.4m, less than half the growth reported in 2014. Of the components of quasi money, increases were recorded in private sector savings deposits (5.0 per cent) and private sector foreign currency deposits (49.7 per cent). Meanwhile, private sector time deposits, the largest component of quasi money, contracted by 19.4 per cent ($159.8m), largely influenced by the takeover of ABI Bank Ltd by ECAB. Narrow money (M1), the other component of M2 rose by 9.8

per cent to $694.2m, primarily associated with a 13.3 per cent increase in private sector demand deposits and a 7.0 per cent surge in currency with the public.



Influenced by private sector deleveraging and tighter lending conditionalities, domestic credit contracted for the sixth consecutive year. Domestic credit fell at a steeper rate of 13.8 per cent to $2,250.5m during 2015, following a 2.7 per cent contraction during 2014. The stock of private sector credit fell by 11.3 per cent ($242.8m) to $1,908.8m influenced by declines in business credit (15.8 per cent) and household credit (5.2 per cent) as only the good assets of ABI Bank Ltd were transferred to ECAB. Net credit to general government fell by 35.0 per cent ($180.3m) to $335.3m, largely on account of a near tripling of deposits to $216.3m, partly reflecting proceeds from new loans and the CIP. Moreover, the government's outstanding credit from the banking system fell by 7.8 per cent ($46.6m) primarily due to the reduction of the central bank and commercial bank's debenture holdings. Meanwhile, net credit to the non-financial public sector rose to $6.3m from a net deposit position of $56.4m during 2014, largely on account of a reduction in deposits by $81.3m related to the ABI Bank Ltd take-over.

An analysis of credit allocation by economic activity indicated that credit contracted for all the main sectors except public administration. Credit for personal use, which accounted for 48.3 per cent of total credit, fell by 5.1 per cent to $1,186.0m primarily reflecting declines in credit for other personal use (6.7 per cent), acquisition of property (4.7 per cent) and durable consumer goods (1.4 per cent). Other major sectors which experienced declines in credit outstanding were tourism (41.0 per cent); entertainment and catering (38.2 per cent); construction (32.2 per cent); utilities, electricity and water sector (29.7 per cent); financial institutions (26.6 per cent); professional and other services (13.2 per cent); transportation and storage (8.0

per cent); distributive trades (6.5 per cent) and manufacturing plus mining and quarry (5.1 per cent). Meanwhile, outstanding credit for public administration including state owned enterprises rose by 33.3 per cent to support investments in infrastructure, services and human capital.

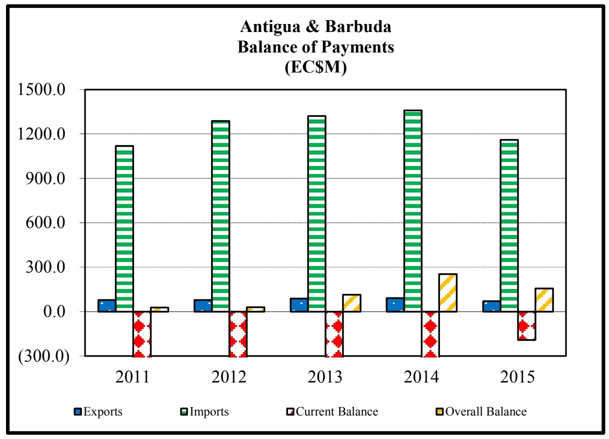
The net foreign assets of the banking system rose by 72.7 per cent to $1,524.7m, compared with an increase of 57.9 per cent during 2014. The increase in net foreign assets was mainly driven by a surge in commercial banks net foreign asset position, which rose to $564.8m from $81.6m at the end of 2014. This stark increase was the result of an uptick in foreign banks external assets coupled with a reduction in liabilities with institutions outside the ECCU. The growth in net foreign assets was also due to an expansion in Antigua and Barbuda's imputed share of the reserves held at the Central Bank. Imputed reserves rose by 19.8 per cent to $959.9m largely attributable to an increase in bankers' reserves as domestic credit declined and commercial bank deposits increased.

The overall liquidity of the commercial banking system increased during the period under review. This was evidenced by a reduction in the loans and advances to total deposits ratio to 68.7 per cent during 2015 from 73.3 per cent during 2014, below the benchmark range of 75.0 - 85.0 per cent set by the ECCB. The ratio of liquid assets to total deposits plus liquid liabilities increased by 11.8 per cent to 62.3 per cent, significantly above the minimum prudential limit of 25.0 per cent.

Movements in the weighted average interest rate spread during 2015 were highly influenced by the reduction in the MSR to 2.0 per cent in May 2015, from 3.0 per cent during 2014. The weighted average interest rate spread between loans and deposits increased to 7.27 from 6.65 percentage points at the end of 2014. The increase in the interest rate spread reflected a reduction in the weighted average deposit rate by 77 basis points to 2.04 per cent tempered by a fall in the weighted average lending rate by 15 basis points to 9.30 per cent. The significant decline in the weighted average deposit rate was mainly due to declines in the rates offered on savings and time deposits.

Balance of Payments

Preliminary estimates indicated that the overall surplus on the balance of payments (BOP) declined to $155.6m (4.4 per cent of GDP) at the end of 2015, from $254.3m (7.4 per cent of GDP) at the end of 2014. The decline in the overall balance was attributed to a lower surplus on the capital and financial account which more than offset the narrowing of the current account deficit. The surplus on the capital and financial account fell to $346.9m from $684.3m in 2014, largely due to an expansion in commercial bank outflows. Commercial bank transactions led to a net outflow of short term capital amounting to $483.2m compared with $69.2m in 2014, associated with business activities of foreign branch banks. Meanwhile, net foreign direct investment remained virtually unchanged at $400.4m, of which 61.9 per cent represented equity and 34.7 per cent was related to land sales. Public sector transactions resulted in a net inflow of $106.5m in contrast to a net outflow of $37.4m in 2014, on account of an increase in external loan disbursements, which offset amortization payments.



The current account deficit narrowed to $191.3m (5.5 per cent of GDP) in 2015, from one of $430.0m (13.0 per cent of GDP) in 2014. The contraction in the deficit was mainly due to a reduction in the merchandise trade deficit due to lower global oil prices. The merchandise trade deficit, on the goods account, narrowed to $1,089.5m from $1,267.7m in 2014 as a result of an 11.5 per cent reduction in import payments (fob). The surplus on the services account increased by 6.7 per cent to $854.8m largely due to improved balances on the government services and transportation sub accounts. The surplus on the government services account rose by $32.0m to $100.3m partly due to CIP inflows. Greater income from air transportation, contributed to an increase in the transportation sub account by $21.9m to $137.5m. The travel account surplus, which accounted for 83.7 per cent of the services surplus, grew by $2.3m to $716.3m consistent with the increase in tourism activity. On the income account, the deficit contracted by $13.1m to $84.4m attributable to lower public sector external interest payments and a higher level of distribution of branch profits on investment income. Net current transfers grew marginally by $0.5m to $77.3m during the period under review.

Prospects

The global growth outlook for 2016 is positive, although some downside risks exist. This bodes well for the economy of Antigua and Barbuda that is dependent on global demand for tourism services and foreign direct investment inflows. The Antiguan economy is projected to further expand in 2016 due to expected developments in the construction sector and the tourism industry with spill-over effects into other major supporting sectors. Construction sector activity will be boosted by public sector investments in road works and maintenance and public infrastructure including police stations, schools, the prison and upgrades to government buildings. Work will also continue on the government housing development. In the private sector, work will continue on several tourism and CIP related projects including the Tamarind Heights, Pearns Point, Harbour Island, Hodges Bay Club, and Morris Bay. Other major private sector projects expected to come on stream in 2016 include Royalton Hotel, Replay Resorts and a Beaches brand resort, among others. Value added in the hotels and restaurants sector is expected to expand due to continued benefits from new airlift in the last quarter of 2015 and intensified marketing efforts. Positive activity in these sectors will likely catalyse growth in the key ancillary sectors such as wholesale and retail trade; transport, storage and communications; and real estate, renting and business activities.

The fiscal position of the government is anticipated to improve in 2016 contingent on the maintenance of a salary freeze, higher non-tax and tax revenues, and cuts in other expenditures such as transfers and subsidies. The removal of the personal income tax in April 2016 as announced in the Budget Statement is expected to be revenue neutral as it will be recompensed by a 3.0 per cent increase in the Revenue Recovery Charge; the introduction of an incorporated business tax; and the implementation of a tax on the profits of offshore banks. Improvements in tax administration and increased marketing of the CIP are expected to yield greater inflows from tax revenue and non-tax revenue, respectively. These efforts will be somewhat tempered by an increase in capital expenditure and debt servicing.

The current account deficit on the balance of payments is projected to widen, based on higher import payments to support growth in economic activity, while the surplus on the capital and financial account is expected to increase due to higher FDI inflows associated with tourism-related projects. Inflationary pressures are likely to remain subdued due to low imported inflation given the reduction in oil prices.

The forecast for positive growth could be affected by several downside risks, including an unexpected slowdown in global growth, and the effects of higher interest rates in the USA on foreign investment flows. Domestically, downside risks include the inability to finance the public sector investment programme either due to lower than expected inflows from the CIP or other unforeseen fiscal shocks, adverse weather and the impact of the Zika virus on the tourism industry. In addition, the loss of correspondent banking by some banks may affect international financial flows and the performance of the financial sector.

DOMINICA

Overview

Preliminary data indicate that economic activity in Dominica contracted by 3.7 per cent in 2015, following two consecutive years of growth averaging 2.6 per cent. The downturn was characterised by the damage caused to infrastructure and the productive sectors during the passage of tropical storm Erika in August 2015. Most of the sectors registered declines namely agriculture, livestock, and forestry, construction, hotels and restaurants and manufacturing. Consumer prices rose by 0.6 per cent during 2015, on an end of period basis. The central government recorded a narrower overall fiscal deficit while the stock of disbursed outstanding debt of the public sector increased. In the banking sector, monetary liabilities and net foreign assets grew, but domestic credit declined. Commercial bank liquidity rose, and the weighted average interest rate spread between loans and deposits widened. In the external sector, a larger overall surplus was recorded on the balance of payments, influenced by a smaller current account deficit.

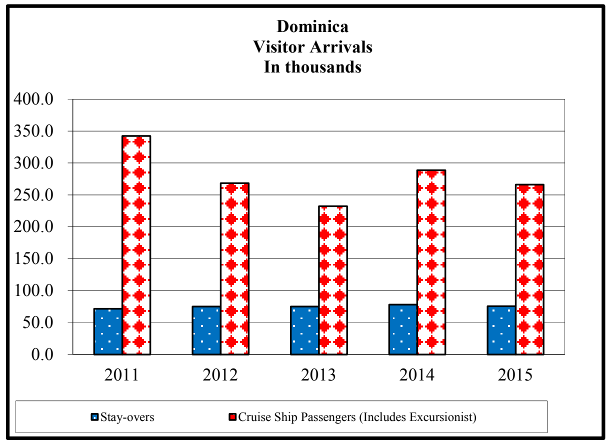
Dominica's economy is expected to recover in 2016, fuelled by the post storm reconstruction efforts. Inflationary pressures are likely to remain subdued in the near term. A smaller overall deficit is anticipated on central government fiscal accounts. Downside risks to these projections include immense difficulties in raising additional grant funding; any protracted impact of the Zika virus and; adverse weather.

Output

The two largest sectors in the economy, transport, storage and communications and wholesale and retail, each accounting for 14.2 per cent of total GDP, registered declines. Value added in the transport, storage and communications sector contracted by 4.1 per cent attributable to a decrease in the transport and storage subsector. Activity in the equally large wholesale and retail trade sector also diminished, falling by 7.5 per cent.

Value added in the agriculture, livestock and forestry sector decreased by 11.0 per cent, reflecting declines in the contribution of crops and livestock. The sector's contribution to total GDP fell to 11.2 per cent from 12.1 per cent. Total valued added in the banana sub-sector fell by 23.9 per cent and that of the non-banana crops declined by 10.0 per cent. This outturn was influenced by limited access to farms and the destruction of some crops in the wake of tropical storm Erika. Similarly, value added in the livestock sub-sector fell by 15.0 per cent, which was also impacted by the storm.

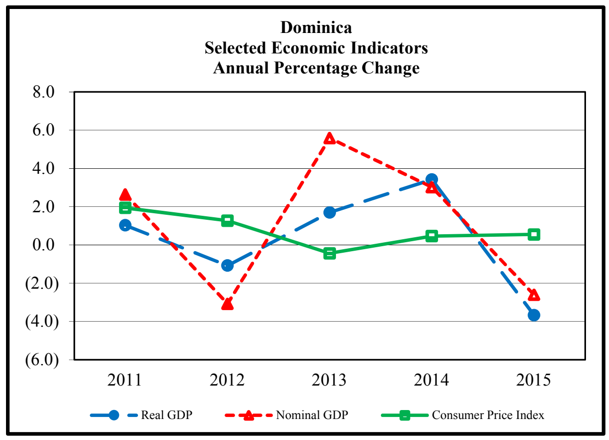
Construction activity is estimated to have declined by 15.0 per cent in 2015, in contrast to growth of 9.2 per cent in the previous year. This sector's contribution to total GDP moved to 4.3 per cent from 4.8 per cent. This outturn was reflected in developments in both the private and public sectors. Private sector construction indicators point to a contraction in the sub-sector, on the basis of reductions in the number and value of residential starts by 44.7 per cent and 37.3 per cent respectively. In the public sector, capital spending was down by 32.2 per cent to $82.6m, partially influenced by delays in disbursements and further postponements in the implementation of the public sector investment programme as a consequence of the passage of tropical storm Erika in August 2015.



The hotels and restaurants sector, a proxy for activity in the tourism industry, contracted by 11.5 per cent in 2015, following the growth of 12.7 per cent recorded in 2014. The sector's contribution to GDP fell marginally by 0.2 per cent to 2.0 per cent respectively. The slowdown in the tourism industry was evidenced by a decline in tourist arrivals. The total number of visitors fell by 5.3 per cent to 358,820, largely influenced by a 7.7 per cent reduction in cruise ship passenger arrivals as the number of cruise calls decreased to 186 from 199, in the year under review. A decline of 3.0 per cent was also observed in the number of stay-over visitors, attributable to reductions in arrivals from most major source markets partially as a consequence of limited air access, the cancellation of the 19th World Creole Music Festival, damage to tourism infrastructure and cancelled bookings, in the aftermath of the storm. A 2.4 per cent decline in arrivals was recorded for the Caribbean, the largest source market. Decreases were also observed in arrivals from the USA (6.6 per cent) and Europe (5.9 per cent) but were tempered by a 2.1 per cent uptick in arrivals from Canada. The number of excursionists fell by 35.2 per cent as a result of a decline in the number of in-transit passengers. Conversely, a 42.0 per cent increase was observed in the number of yacht passengers.

Output in the manufacturing sector is estimated to have contracted by 27.2 per cent in 2015, the result of a decline in the production of all major commodities. The sector's contribution to total output in the economy moved downwards to 2.7 per cent from 3.6 per cent. This development was partially associated with damage to manufacturing facilities inflicted by the passage of tropical storm Erika and the subsequent closure of Dominica Coconut Products, one of the largest manufacturing plants in Dominica. Consequently, the volume of soap production fell by 57.3 per cent. Further contributing to the downturn in the sector, were decreases in the volume of output of paints and varnishes (7.5 per cent) and beverages (0.5 per cent).

The contraction in economic activity was partially offset by growth in public administration, defence and compulsory social security (10.5 per cent), education (3.2 per cent) and health and social work (2.6 per cent).



Prices, Wages and Employment

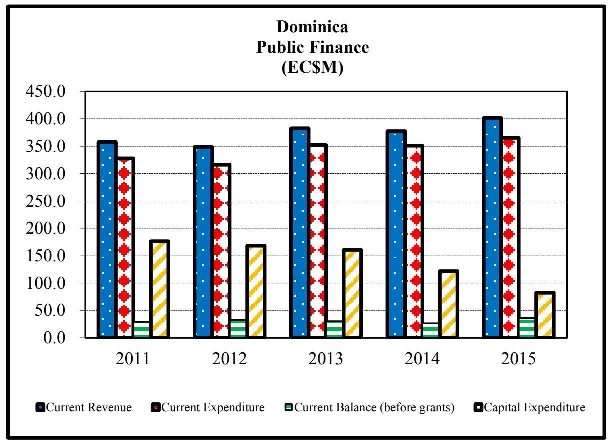
The consumer price index rose marginally by 0.6 per cent in 2015, relative to the rate of increase of 0.5 per cent in 2014. The modest inflation was mainly attributed to an increase of 2.9 per cent in the housing, utilities, gas and other fuels, the largest sub-index. Additionally, the sub-index of food and non-alcoholic beverages, the third largest sub-index, grew by 0.8 per cent, partly resulting from rising prices for fruits and vegetables. Increases were also recorded in the sub-indices for recreation and culture (3.4 per cent), alcoholic beverages, tobacco and narcotics (1.7 per cent), communication (0.7 per cent), and education (0.1 per cent). Inflationary pressures were suppressed due to reductions in the sub-indices for transport (2.0 per cent) and household furnishings, supplies and maintenance (0.9 per cent).

With regard to wages and employment, complete data are unavailable for the private sector. In the public sector, officers were granted an increase in salaries and retroactive payments in the first and second quarters of 2015 respectively. The total number of persons employed in the public service is estimated to have declined by 12.0 per cent to 4,361 at the end of 2015 relative to the previous year. The downsizing of the public service in 2015 followed four years of its expansion. Among the categories of workers, decreases were registered for non-established officers (25.4 per cent), established officers (7.8 per cent) and contractual officers (7.4 per cent) in 2015. The only category that recorded an increase was that of officers on special assignment, by 10.5 per cent.

Central Government Fiscal Operations

Preliminary data indicate that the fiscal operations of the central government resulted in an overall deficit of $16.3m (1.2 per cent of GDP) in 2015 compared to one of $18.7m (1.3 per cent of GDP) one year prior. The narrowing of the deficit reflected efforts by the government to improve tax collection, enhanced non-tax revenue and a reduction in capital expenditure. The deficit was mainly funded by external sources. A primary surplus of $5.6m (0.4 per cent of GDP) was realised during the year under review, $0.6m below that of 2014.

On the current account, a surplus of $36.3m (2.6 per cent of GDP) was recorded compared with one of $26.6m (1.9 per cent of GDP) in 2014 reflecting an increase in current revenue. Current revenue amounted to $401.5m, 6.3 per cent higher than the total earned in 2014. This outturn was primarily associated with a 4.1 per cent rise in tax revenue to $327.9m, reflecting an increase in the revenue yield of all tax categories, partially the result of efforts by the government to improve tax collection. The largest improvement was shown in taxes on income and profits which increased by 10.7 per cent to $64.4m, mainly influenced by an expansion of $7.5m in collections from the corporation tax. This upsurge was however moderated by a decline in personal income tax ($1.3m). The improvement in tax revenue was also the result of a rise in the intake from taxes on domestic goods and services by $2.9m to $189.9m. This development was associated with growth in the collection of excise taxes and licences. A reduction in the yield from the value added tax was however recorded ($1.5m). An increase of $2.9m in receipts from taxes on international trade and transactions was also observed owing largely to enhancements in revenue from import duty and the environmental levy. Income from taxes on property rose by $1.0m. The expansion in current revenue was also influenced by an increase in non-tax revenue by $11.0m to $73.6m, largely associated with a rise in the inflow of funds from the Citizenship by Investment Programme.



The improvement in the current account balance was tempered by an increase in current expenditure of $14.3m to $365.2m, mainly attributable to additional spending on personal emoluments ($15.3m), the largest subcategory of expenditure. This development was a reflection of an increase in salaries and the granting of retroactive payments to public officers in the first and second quarters of 2015 respectively. Spending on transfers and subsidies also increased, by $6.1m, partly on account of an increase in spending on pensions, gratuities, public assistance and casual relief. The expansion in current expenditure was however curtailed by contractions in interest payments ($3.0m) and outlays for goods and services ($4.1m).

Amid a 61.1 per cent ($46.5m) reduction in capital grants, capital expenditure fell by

32.2 per cent to $82.6m, consistent with the downward trend observed in the last four years.

Public Sector Debt

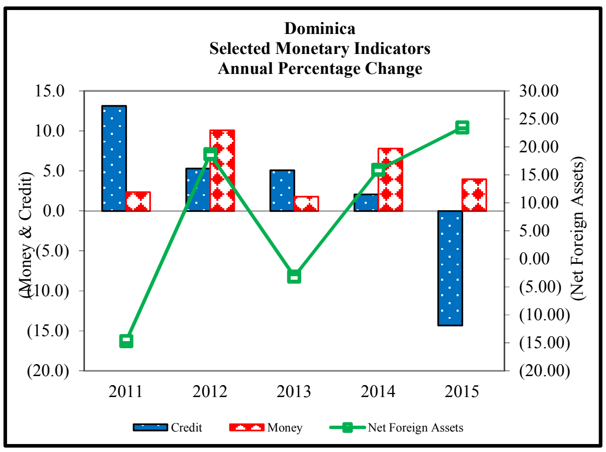
The total disbursed outstanding debt of the public sector is estimated to have risen by 3.0 per cent to $1,111.9m (80.1 per cent of GDP) in 2015. This outturn mainly resulted from a 2.8 per cent expansion in outstanding central government debt to $942.2m. The domestic stock of central government debt rose by 10.0 per cent due to increased borrowing from non-bank financial institutions. There was a contraction of 0.3 per cent in the central government's external debt stock. The stock of public corporations debt also grew, by 4.1 per cent to $169.7m reflecting an upsurge in both their domestic and external components.

Money and Credit

Monetary liabilities (M2) expanded by 4.0 per cent to $1,298.5m at the end of 2015, associated with increases in both the narrow money supply (M1) and quasi money. Quasi money, the larger component of M2, rose by 2.3 per cent to $1,037.7m as private sector savings deposits grew by 5.5 per cent but was partially offset by declines in private sector foreign currency deposits (25.2 per cent) and private sector time deposits (4.3 per cent). An increase of 11.1 per cent in narrow money (M1) resulted from growth in private sector demand deposits (14.4 per cent), moderated by contractions in EC$ cheques and drafts issued (16.2 per cent) and currency with the public (0.6 per cent).

At the end of December 2015, the net foreign assets position of the banking system stood at $755.5m, registering an increase of 23.5 per cent relative to the corresponding period of 2014. This expansion was mainly due to an increase of 21.8 per cent in assets held by commercial banks outside of the ECCU territories coupled with to a 25.5 per cent rise in Dominica's imputed share of the Central Bank's reserves.

Domestic credit fell by 14.3 per cent to $631.7m during the period under review. This outturn was primarily influenced by the transactions of the government which moved to a net deposit position of $51.6m, a turnaround from the net credit position of $59.0m in 2014. In the entire banking system, the government's deposits more than doubled to \$160.4m, reflecting tropical storm Erika related funds. On the other hand, the credit contracted by the government declined by 12.1 per cent. The general contraction in domestic credit was however moderated by a decrease in the net deposit position of non-financial public enterprises (2.7 per cent) and marginal growth in private sector credit (0.3 per cent). In the private sector, increases in credit extended to households and non-bank financial institutions were almost completely offset by a decline in business credit.



Consistent with the contraction in economic activity observed in 2015, lower credit was extended to most sectors. Most notably, decreases were recorded in credit to agriculture (29.9 per cent), tourism (10.0 per cent), distributive trade (9.4 per cent), transport (5.5 per cent) and construction and land development (1.2 per cent). However, there was an increase in credit granted for manufacturing (7.0 per cent), government and statutory bodies (5.9 per cent) and personal use (2.6 per cent).

Amidst relatively weak credit conditions, liquidity in the commercial banking system was elevated. The ratio of liquid assets to total deposits plus liquid liabilities increased by 6.3 percentage points to 50.1 per cent at the end of December 2015. Correspondingly, the ratio of total loans to total deposits fell by 4.6 percentage point to 54.7 per cent, which is considerably below the ECCB's benchmark of 75.0 to 85.0 per cent.

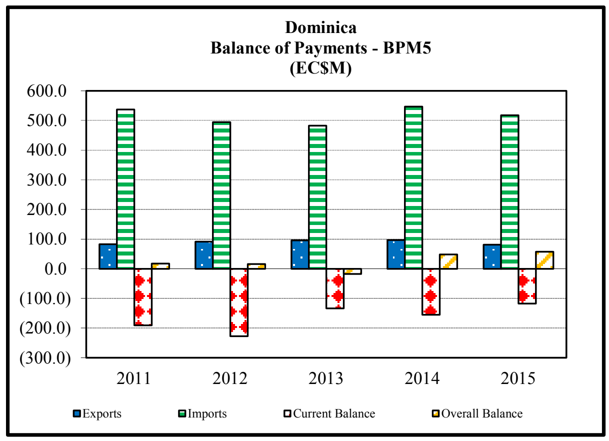
During the review period, the interest rate spread widened by 37.5 basis points to 6.34 per cent, largely driven by a 70.8 basis points fall to 2.09 in the weighted average total deposit rate. The reduction in the weighted average total deposits rate was partially a reflection of the Monetary Council's decision to decrease the minimum savings rate from 3.0 to 2.0 per cent effective 1 May 2015. The increase in the interest rate spread was however tempered by a 33.3 basis points reduction in the weighted average lending rate to 8.43 per cent.

Balance of Payments

Preliminary estimates indicate an overall surplus on the balance of payments of $57.5m (4.1 per cent of GDP) during 2015, up from one of $48.3m (3.4 per cent of GDP) in 2014. The outturn resulted from narrowing of the current account deficit. The current account deficit narrowed by $38.2m to $116.9m (8.4 per cent of GDP) in 2015, as the deficit on the goods and services account decreased and there were greater inflows on the current transfers account.

The deficit on the goods and services account declined by 12.3 per cent to $144.4m (10.4 per cent of GDP) reflecting improvements on both the goods and services accounts. On the goods account, the merchandise trade deficit was reduced to $435.8m (31.4 per cent of GDP) from $449.9m (31.8 per cent of GDP) in 2014. The improvement in the trade deficit reflected a reduction of 5.4 per cent to $517.4m in merchandise imports (f.o.b), largely associated with a lower fuel import bill. Meanwhile, export performance was not as favourable; export earnings fell by 16.1 per cent to $81.6m partly reflecting lower receipts from soap ($21.2m), paints and varnishes ($0.8m), bananas ($0.3m) and beverages ($0.2m). On the services account, net inflows rose by 2.6 per cent to $285.8m, primarily attributed to reduced net outflows on the transportation account. Also on the services account, net receipts from travel declined slightly to $309.6m.

On the current transfers account, net inflows expanded by 33.5 per cent to $74.5m, primarily influenced by gifts and grants received after the tropical storm.



The surplus on the capital and financial account fell to $174.4m (12.6 per cent of GDP) in 2015 from one of $203.3m (14.4 per cent of GDP) in the prior year. This performance partly reflected a decrease of 19.8 per cent to $94.6m in the net inflows on the financial account. On the financial account, gains in net inflows of direct and portfolio investments were offset by a reduction in net inflows from other investments. On the capital account, there was a contraction of 6.6 per cent to $79.8m in net inflows, as capital transfers declined.

Prospects

Real output in Dominica is forecasted to expand in 2016 as the economy recovers from the destruction caused by the storm. This recovery is expected to be led by an improvement in the performance of the construction sector as well as the tourism industry.

Construction activity in the public sector is expected to accelerate in 2016, relative to the previous year, as authorities work toward relocating displaced communities and as some reconstruction activities begin. The rebound in construction is also expected to be supported by the commencement of projects in the private sector, most notably the Range Developments project.

In tandem with the continued support of the European Union under the Banana Accompanying Measures (BAM), output in the agricultural sector is expected to remain flat as access is restored to farms and the replanting of destroyed crops begins. Growth in the pork and poultry sub-sector will also be supported by the expected opening of the abattoir this year.

In the tourism industry, the number of stay-over visitors is projected to increase in 2016 relative to 2015, attributable to the restoration of night landing and consequently, the resumption of previously suspended fights; the introduction of additional flights to the island and; intensified marketing by the Dominica Discover Authority in an effort to restore visitor confidence following the storm.

A smaller overall deficit is envisaged on the fiscal accounts of central government. Tax revenue is expected to rise, in line with higher economic activity. Non–tax revenue is likely to benefit from the increases in fees for Dominica's Citizenship by Investment Programme in the last quarter of 2015. Both current and capital expenditure are expected to rise, amid an anticipated uptick in grants.

In the external sector, the merchandise trade balance is likely to deteriorate, contingent on higher construction related imports that may outweigh any increase in export receipts.

Gross receipts from travel are projected to rise based on a forecasted improvement in visitor arrivals.

Significant downside risks surround the near term economic outlook. In particular, the inability to mobilise additional grant funding for reconstruction could delay the economic recovery and can have implications for fiscal and debt sustainability. Additionally, there is the possibility of lower tourism inflows from the effects of the Zika; natural disasters which can postpone economic growth; changes in US monetary policy which could transmit to higher borrowing costs and real exchange rate appreciation; and de-risking by global financial institutions which can disrupt the activities of local financial institutions if they lose their correspondent banking relationships.

G R E N A D A

Overview

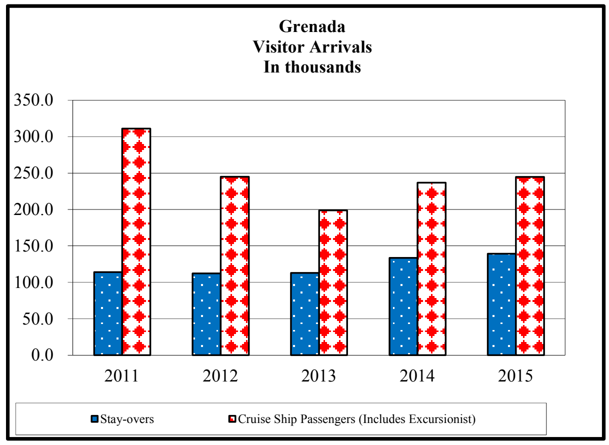
Grenada is now at critical stage in the implementation of its three-year Home-grown Programme of Fiscal Adjustment and Reforms which commenced in 2014. In light of the Programme, the country underwent growth enhancing and fiscal structural reforms, revenue and expenditure adjustment measures, as well as public debt restructuring, all of which have yielded positive results during the year under review. Real GDP is provisionally estimated to have increased by 3.9 per cent in 2015, following growth of 4.9 per cent in 2014. Growth was broad based, with increased value added registered in sectors accounting for more than 80.0 per cent of total output. Deflation persisted from two years prior, with the consumer price index declining by 1.2 per cent during 2015, on an end of period basis. The overall deficit on the central government's fiscal accounts narrowed, underpinned by strong revenue collections and restricted spending. Against this backdrop, the total outstanding public sector debt fell during 2015. Developments in the monetary sector were marked by growth in monetary liabilities and net foreign assets, while domestic credit contracted. Commercial bank liquidity rose during 2015, and the spread between the weighted average lending and deposit interest rates widened. In the external sector, a larger overall balance of payments surplus was recorded.

The prospects for 2016 seem generally positive. Growth is likely to stem mainly from construction, agriculture and tourism. Inflationary pressures are likely to remain subdued in 2016. Improvements are anticipated on the central government's fiscal accounts and in the external sector. There are still inherent risks associated with these projections including those arising from natural disasters and the potential effects of the Zika virus on tourism.

Output

Output of the construction sector is estimated to have rebounded, rising by 12.0 per cent in 2015, in contrast to a decline of 11.7 per cent in 2014. The sector's contribution to overall GDP rose to 6.7 per cent from 6.2 per cent in 2014. Notably in the private sector, work continued on hotel, villa and resort developments such as the Silver Sands Resort Development and marina projects including the Clarkes Court Bay Marina. A number of public sector projects were also ongoing or nearing completion, including the athletic stadium, schools and road networks including agricultural feeder roads.

Value added in the agriculture, livestock and forestry sector, which accounted for 6.9 per cent of total GDP in 2015, grew by 22.4 per cent fuelled by strong growth in the crops sub-sector. Value added in other crops, including fruits, vegetables, ground provisions, and cocoa is estimated to have expanded by 27.0 per cent. This outturn was supported by initiatives by the Marketing and National Importing Board (MNIB) such as increased promotion and sales of local produce on the domestic and international markets; and the provision of technical support to farmers. Additionally, value added in banana production is estimated to have risen by 27.0 per cent, recovering from the decline of 19.9 per cent in 2014 when there was low acreage under cultivation. In the other related sub-sectors, value added of livestock and forestry rose by 3.5 per cent and 2.0 per cent, respectively.



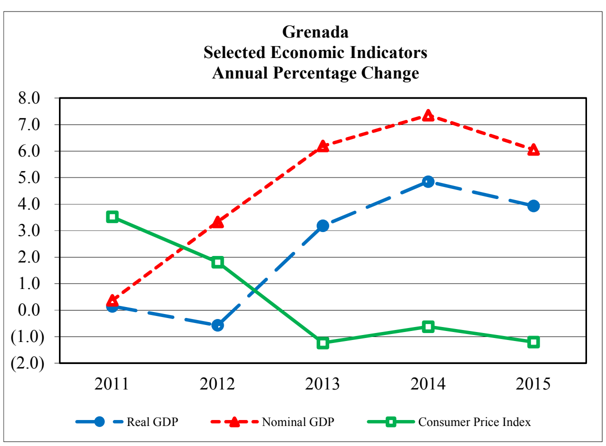
Value added in the hotels and restaurants sector a proxy for activity in the tourism industry, is estimated to have increased by 5.0 per cent, following the previous year's expansion of 30.4 per cent when there was an initial full year of operations of the Sandals La Source Grenada. The sector's contribution to total GDP rose slightly to 5.6 per cent. Total visitor arrivals grew by 2.8 per cent to 406,090, a reduction in the pace of growth of 18.3 per cent which was witnessed in 2014. There were gains in most sub-categories of visitors, especially cruise-ship passengers and stay-over arrivals. In the cruise visitor category, the number of passengers was up by 3.6 per cent to 243,556, reflecting an increase in the number of cruise ship calls to 175 from 156. The number of stay-over visitors rose by 4.4 per cent to 139,393. Among the factors contributing to this outturn were the addition of two new airlines commencing service to Grenada in June 2015; the aggressive marketing strategy by the Grenada Tourism Authority; and the hosting of the English cricket test match in April. There were improved performances from most source markets with the exception of Canada and Italy which registered declines of 25.4 per cent and 1.1 per cent, respectively. The strongest growth was in arrivals from the largest source market, the USA (10.6 per cent), followed by the United Kingdom (7.1 per cent) and the Caribbean (4.1 per cent). In the rest of this sector, there was a decline in the number of excursionists (38.4 per cent), partly associated with less business travellers and in transit passengers. Yacht passengers also fell, by 10.3 per cent.

Positive spill over effects from construction, agriculture, and tourism contributed to growth in the wholesale and retail trade sector (7.0 per cent), and transport, storage and communications sector (3.7 per cent). The aggregate contribution of these two sectors to total GDP was 21.6 per cent in 2015, representing almost one-quarter of the total economy.

Preliminary estimates indicate that the recovery in the manufacturing continued apace, as valued added in the sector was up by 3.0 per cent in 2015, about twice the rate of growth witnessed in the previous year. The sector’s overall contribution to GDP remained unchanged at 3.4 per cent. There were increases in the volume of production of beverages such as rum (18.3 per cent), beer (10.6 per cent), stout (6.3 per cent) and malt (4.8 per cent). Additionally, output rose for macaroni (27.1 per cent), oxygen (7.6 per cent), paint (6.6 per cent), toilet paper (4.4 per cent) and animal feed (2.1 per cent). By contrast, declines in output ranged from 1.3 per cent for flour to 20.2 per cent for soft drinks.

The largest sector in the economy, education, grew by 1.6 per cent premised on an estimated increase in student enrolment at a major private institution. Education continued to be the largest sector, accounting for 18.3 per cent of total GDP in 2015. The additional student intake is likely to have contributed to an increase of 1.0 per cent in value added in the real estate, renting and business activities sector.

The only two sector registering declines in value added were fishing (7.5 per cent) and public administration, defence and compulsory social security (1.4 per cent). The fishing sector was impacted by both demand and supply side challenges. There were price competitiveness issues arising from the appreciation of the US dollar which resulted in price advantages for some of the country's major fishing competitors. In addition, the presence of the sargassum seaweed affected the operations of fishermen. The decline in value added in public administration, defence and compulsory social security mirrored a decline in public sector employment.



Prices, Wages and Employment

Consumer prices fell by 1.2 per cent during 2015, registering the third consecutive year of deflation. The largest sub-index, housing, utilities, gas and other fuels, contracted by 2.6 per cent, primarily because of lower prices for electricity and cooking gas. Other sub-indices which declined included those for transport (2.5 per cent), food and non-alcoholic beverages (1.1 per cent), household furnishings, supplies and maintenance (0.7 per cent), and communication (0.2 per cent). There were increases in the remaining sub-indices, particularly those for health (3.1 per cent), recreation and culture (3.0 per cent), education (2.8 per cent), and clothing and footwear (1.9 per cent).

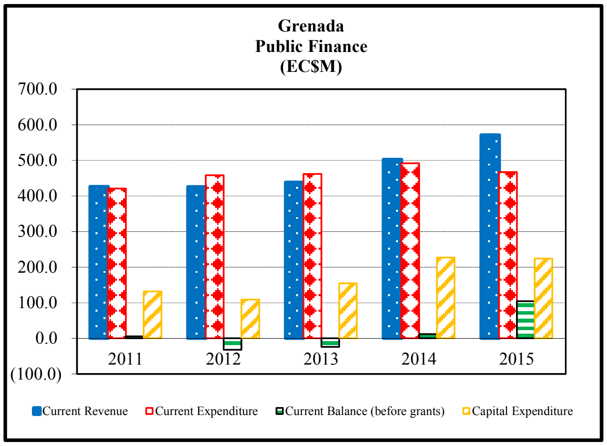
There were no retroactive wage and salary payments made to public officers during the year under review, in light of the public sector wage freeze under the Programme. Preliminary data indicated that public sector employment fell in 2015, partly on account of the attrition policy implemented by the authorities whereby no more than three of every ten employees departing the public service were replaced. In the private sector, the level of unemployment seemed to have remained relatively flat. According to the preliminary results of the 2015 Labour Force Survey, the rate of unemployment was 30.4 per cent, slightly above the rate of 28.9 per cent recorded in 2014. This was due to a higher labour force participation rate as more persons, particularly women, were seeking employment.

Central Government Fiscal Operations

The fiscal performance of the central government improved in 2015 under the implementation of the Programme. Preliminary estimates indicate that an overall fiscal deficit of $32.1m (1.2 per cent of GDP) was incurred in 2015, a marked improvement from one of $115.2m (4.7 per cent of GDP) in the previous year. The outturn mirrored the dual effects of stronger revenue collections and a cutback in expenditure. The deficit was partly financed by loans from multi-lateral institutions such as the IMF, World Bank and Caribbean Development Bank to support the Programme. A primary surplus of $57.9m (2.2 per cent of GDP) was registered, in contrast to a deficit of $28.4m (1.2 per cent of GDP) in 2014. Amid these achievements, the central government continued to implement legislative reforms to strengthen its fiscal policy framework in 2015. The comprehensive framework covered areas including public finance management, tax administration and incentives, and new fiscal rules.

A current account surplus of $104.3m (4.0 per cent of GDP) was realised, almost ten-fold the surplus in 2014. Higher economic activity, new fiscal measures and improved tax administration contributed to the increased revenue intake. Current revenue rose by 13.7 per cent to $571.3m (21.6 per cent of GDP) reflecting increased inflows from all major tax heads. Revenue from taxes on international trade and transactions grew by 20.4 per cent ($29.3m), partly on account of larger receipts from the import duty and customs service charge. Receipts from taxes on income and profit increased by 13.2 per cent ($11.8m) anchored by a higher intake from both personal and corporation taxes. Collections from taxes on domestic goods and services increased by 4.0 per cent ($9.0m), underpinned by the Value Added Tax (VAT). Receipts from the VAT rose to $197.0m (7.5 per cent of GDP) from $176.7m (7.2 per cent of GDP) one year earlier. Consequently, tax revenue rose by

10.9 per cent to $530.2m (20.1 per cent of GDP). Non-tax revenue was up by 69.8 per cent ($16.9m), supported by receipts from the Citizenship by Investment Programme.



Current expenditure is estimated to have contracted by 5.0 per cent to $467.0m (17.7 per cent of GDP). Expenditure on personal emoluments, the single largest current outlay, declined by 11.2 per cent ($27.2m), relative to 2014 when retroactive payments were made to public officers. The public sector wage freeze and the attrition policy contributed to the containment of this type of expenditure. Expenditure on transfers and subsidies contracted by 4.4 per cent ($4.0m), primarily on account of reduced pension payments. By contrast, the outlays on goods and services rose by 5.1 per cent ($3.7m). Interest payments grew by 3.6 per cent ($3.1m), on account of higher domestic and external interest obligations.

Capital spending is estimated to have declined by 1.4 per cent to $223.6m (8.5 per cent of GDP) in 2015. Public sector investments were undertaken in roads, schools, the Athletic Stadium, as well as in educational, health and skills development projects. Weaker than expected receipts from both PetroCaribe grants and the National Transformation Fund were the main contributors to this slowdown in capital expenditure. Capital grants amounted to $87.2m (3.3 per cent of GDP), below the $90.6m (3.7 per cent of GDP) registered in the corresponding period of 2014.

Public Sector Debt

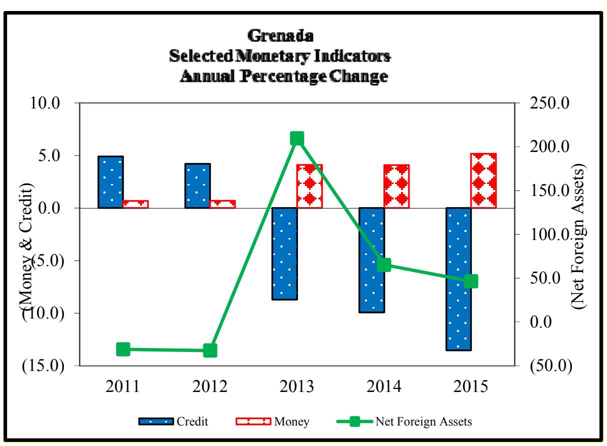
During the year under review, the Government reached debt restructuring agreements with its largest external and domestic creditors, including the holders of Grenada's international bonds due in 2025 and the Paris Club. Amid these developments, the total outstanding debt of the public sector was estimated at $2,264.7m at the end of 2015, representing a contraction of 3.9 per cent ($91.5m) on the total at the end of 2014. As a percentage of GDP, the outstanding debt of the public sector moved to 85.8 per cent from 95.7 per cent at the end of 2014. The total disbursed outstanding debt of the central government decreased by 3.2 per cent to $2,111.9m. This partly reflected efforts by the central government, under the Programme, to avoid the accumulation of external debt arrears and limit the contraction of non-concessional external debt. Meanwhile, the total outstanding debt of public corporations fell by 12.5 per cent to $152.8m, reflecting scheduled amortization payments. Further analysis of the composition of total public sector debt indicated that there was a contraction of 16.4 per cent in domestic debt, primarily on account of a decline in arrears, another deliberate policy effort under the Programme. The external portion of total public sector debt rose by 2.5 per cent, partly associated with disbursements from multi-lateral institutions to support the Programme.

Money and Credit

Monetary liabilities (M2) rose by 5.2 per cent to $2,122.4 during 2015, accelerating from the rate of growth of 4.1 per cent in 2014. This outturn was chiefly the result of an expansion of narrow money (M1). Narrow money rose by 16.4 per cent to $543.0m, on account of increases in private sector demand deposits (21.0 per cent) and currency with the public (6.0 per cent). Quasi money grew by 1.8 per cent to $1,579.4m, underpinned by an expansion of 52.9 per cent in foreign currency deposits which offset reductions in private sector time deposits (5.5 per cent) and private sector savings deposits (0.6 per cent).

Net foreign assets expanded by 46.4 per cent to $852.5m during 2015. Commercial banks transactions were the main contributor to this outcome as their combined net foreign asset position more than doubled to $343.5m. While commercial banks reduced their net liability position with institutions outside of the Currency Union by 52.4 per cent, they concurrently raised their net asset position in other ECCU territories by 37.8 per cent. Meanwhile, Grenada's imputed share of the Central Bank's reserves rose by 19.1 per cent to $509.0m.

There was a deeper contraction of 13.5 per cent in domestic credit to $1,320.1m in 2015, relative to a rate of 9.9 per cent in the previous year. Private sector credit remained weak in the year under review, although its pace of contraction narrowed to 3.8 per cent from 5.1 per cent, amid the heightened economic activity. There were reductions in outstanding loans to both households (4.1 per cent) and businesses (3.3 per cent). In the remainder of the private sector, credit to non-bank financial institutions rose by 2.5 per cent. There was a marked turnaround in the accounts of central government, reflecting the fiscal consolidation efforts. The central government moved from a net credit position of $17.3m to a net deposit position of $65.9m. This resulted from an expansion in deposits of 51.3 per cent and a contraction of 31.5 per cent in credit from the entire banking system. In the rest of the public sector, the net deposits of non-financial public enterprises expanded by 59.6 per cent, largely associated with growth in deposits.



Credit grew to economic sectors such as fisheries (79.5 per cent), manufacturing (13.6 per cent), construction (8.0 per cent) and transportation and storage (2.2 per cent). Declines were observed in credit for mining and quarrying (64.3 per cent), public administration (33.4 per cent), utilities, electricity, water (24.3 per cent), professional and other services (17.0 per cent), distributive trades (14.5 per cent), agriculture (6.3 per cent) and tourism (5.7 per cent). Outstanding loans for personal use, the largest category, dropped by 3.3 per cent, largely on account of a decline of 9.2 per cent in credit for home construction and renovation.

In line with the contraction with credit and an increase in deposits, commercial bank liquidity increased during 2015. The ratio of liquid assets to total deposits plus liquid liabilities rose by 5.3 percentage points to 40.8 per cent. The loans and advances to total deposits ratio contracted by 7.4 percentage points to 61.2 per cent.

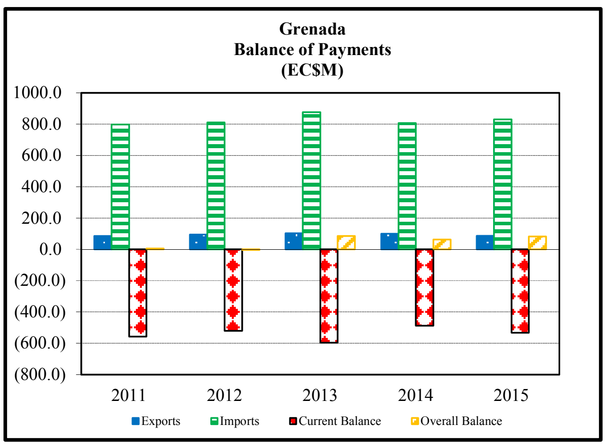
Amid the Central Bank's decision to reduce the minimum savings rate from 3.0 per cent to 2.0 per cent effective 01 May 2015, the weighted average savings deposit rate (on national currency) declined to 2.21 per cent from 3.02 per cent at the end of December 2014. This contributed to a contraction of in the weighted average total deposits rate of 0.66 percentage point to 1.57 per cent. Meanwhile, the weighted average interest rate on loans fell by 0.31 percentage point to 8.70 per cent. As a result, the weighted average interest rate spread between loans and deposits widened to 7.13 percentage points at the end of December 2015, from 6.78 percentage points at the end of the prior year.

Balance of Payments

External sector transactions resulted in an overall surplus of $81.7m (3.1 per cent of GDP), up from one of $61.7m (2.5 per cent of GDP) in 2014, as the deterioration on the current account was muted by higher net inflows on the capital account.

The current account deficit is estimated to have widened to $533.6m (20.2 per cent of GDP) from $489.5m (19.9 per cent of GDP) in 2014. The larger deficit was mainly attributed to developments in the goods and services sub-accounts. On the goods account, the merchandise trade deficit amounted to $744.4m (28.2 per cent of GDP), up from $707.0m (28.7 per cent of GDP) in 2014, attributable to the dual effects of higher import payments and lower export receipts. Payments for merchandise imports (f.o.b) rose by 2.9 per cent ($23.2m), as savings on the fuel import bill due to lower international oil prices were offset by higher spending mostly on imports of chemical products and manufactured articles/goods. Concurrently, the value of merchandise exports (f.o.b) declined by 14.2 per cent ($14.2m), chiefly the result of lower export revenue from total agricultural goods including nutmeg and from fish. Transactions on the services account resulted in an increase of 5.4 per cent to $241.6m (9.2 per cent of GDP) in the net inflows, largely on account of higher travel receipts. On the account for current transfers, net inflows fell by 25.1 per cent, primarily associated with reduced inflows to the general government. On the income account, net outflows rose by 2.0 per cent, partly on account of higher central government payments on its external interest obligations.

The surplus on the capital and financial account grew by 11.6 per cent to $615.3m (23.3 per cent of GDP) in 2015, as a result of transactions on the capital account. Net inflows on the capital account rose by 25.6 per cent to $321.2m, reflective of higher grant receipts by the entire public sector. Net inflows on the financial account fell by 0.5 per cent to $294.1m, mainly associated with a reduction in receipts from portfolio investment. The level of foreign direct investment expanded by 59.4 per cent in 2015, largely influenced by resort, villa and marina developments.



Prospects

The macroeconomic outlook for Grenada in 2016 is broadly positive. Economic growth is likely to be anchored by developments in construction, agriculture, tourism, manufacturing and education. A continued rebound is anticipated in the construction sector as work intensifies on private sector investments in resort and marina developments. This is likely to be complemented by the implementation of public sector projects including the new Parliament building, the Disaster Vulnerability Reduction Project, road development, health center reconstruction, general hospital expansion and airport runway rehabilitation. Further export market penetration in agriculture and agro-processing are also expected to propel growth. The tourism industry should be positively impacted by the inaugural hosting of sporting and music events; continued recovery in the USA economy; and capacity expansion from increased room stock and airlift. Growth in the manufacturing sector is likely to be supported by low global fuel costs, new export initiatives and increases in domestic demand. A moderate increase is anticipated in the private education sub-sector. These developments are anticipated to have positive spill-over effects on transport, storage and communications as well as wholesale and retail trade sectors. Overall economic activity will be strengthened by ongoing structural measures including those relating to reforming the doing business climate, modernization of the public sector, re-engineering of social protection systems, and implementation of management systems for the Public Sector Investment Programme. Against this backdrop, inflationary pressures are likely to remain subdued in 2016.

In the external sector, the current account balance is expected to improve, premised on the assumption that any increase in the value of construction related imports would be outweighed by increased agricultural exports, a lower fuel import bill, and growth in travel receipts. The net inflows on the capital and financial account is projected to rise from higher foreign direct investment inflows as work intensifies on luxury resort projects such as the Silver Sands Resort Development. Similar projects are expected to commence in the year, including the Grenada Resort Complex.

The central government seems on track to complete the fiscal consolidation required under its Programme in 2016. A reduction in the overall deficit and a larger primary surplus are projected on the accounts of central government at the end of the year. Tax revenue is expected to rise in line with increased economy activity. Furthermore, these yields will be supported by ongoing fiscal structural reforms including the reorganization of the Inland Revenue Department and the passage of a new Tax Administration Bill in 2016. Non-tax revenue and grants are likely to be higher owing mostly to Citizenship-by-Investment receipts. Primary expenditure is likely to be broadly in line with the expenditure rules set out in the fiscal responsibility legislation which was approved by Parliament in 2015. These fiscal developments will help to maintain a downward trajectory of the debt stock.

Notwithstanding these prospects, economic and fiscal challenges remain. Despite the economic recovery, unemployment is high. Among the other challenges, are spending pressures associated with granting increments in the public sector and cost commitments related to structural reforms. If these challenges are not properly planned and managed, they can erase current fiscal and debt gains in the short to medium term.

Downside risks to the projections include appreciation of the US dollar coupled with any further increase in the Federal Reserve interest rate which can reduce export competitiveness and cause capital flight; a potential reduction in visitor arrivals stemming from the Zika virus as well as any loss of correspondent banking relationships by local banks which can impact the operations of the financial sector. Furthermore, foreign direct investment projects are susceptible to external shocks which can result in a reduction in the availability of financing for foreign investors, causing delays or abrupt closure of projects.

MONTSERRAT

Overview

Economic activity in Montserrat contracted during 2015, based on the estimated real Gross Domestic Product (GDP). Real output is provisionally estimated to have declined by 1.4 per cent, in contrast to an increase of 1.3 per cent in 2014. The contraction in real GDP reflected negative contributions from three key sectors, namely public administration, construction and agriculture. The consumer price index fell by 0.1 per cent, on an end of period basis. The fiscal surplus of the central government was largely due to reduced capital expenditure and increased grants. In the banking system total monetary liabilities and net foreign assets increased, amid strong and relatively stable liquidity conditions. The weighted average interest rate spread between loans and deposits expanded. The overall surplus on the balance of payments grew largely on account of the receipt of budgetary aid from the Department for International Development (DFID) to the Government of Montserrat.

The outlook for the economy in 2016 is positive, as economic activity is expected to rebound. This projection is premised on developments in the major contributors to economic activity, namely government services, construction, financial intermediation and tourism, which are likely to pick up in 2016 and have spill over effects on the performance of allied sectors.

In the construction sector, rehabilitation and reconstruction work on a number of public sector projects are expected to resume in the first half of 2016. The pace of development of those projects along with some tourism related private investments will determine the level of buoyancy of economic activity over the short to medium term, as Montserrat works towards attaining a self-sufficient economy by 2020. According to global forecasts, inflation is expected to fall and remain mild and low during 2016, as declines in wholesale energy prices continue to be passed on to consumers. Therefore there could be continued reduction in transportation and electricity cost in Montserrat.

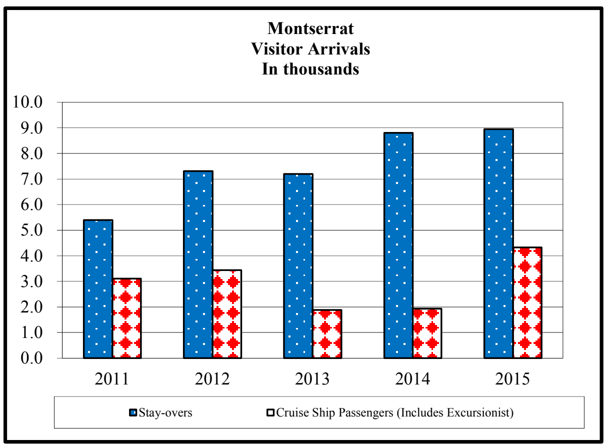
The improvements in the central government's fiscal balances may persist into 2016 if further increases in current expenditure items (transfers, subsidies and goods and services) are contained alongside sustained levels of budgetary aid from the United Kingdom; which, on average, has financed over two-thirds of total expenditure.

However, 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 pose significant risks to economic growth prospects. Moreover, threats posed by hurricanes and volcano related risks, remain major concerns.

Output

The estimated value of total goods and services produced in 2015 decreased by 1.4 per cent, largely attributable to reduced economic activity in the main sector of the economy. Value added in the public administration, defence and compulsory social security sector, which contributes over one-third of total GDP, decreased by 3.0 per cent. This decline was partly owing to a downturn in expenditure on personal emoluments (2.3 per cent) as there was a one off bonus given to workers in 2014.

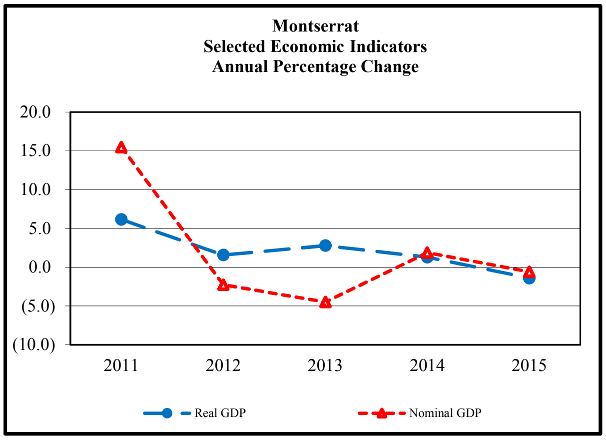
Value added in the hotels and restaurants sector is estimated to have increased by 5.0 per cent, following an expansion of 19.5 per cent in the prior year. This development was associated with growth of 3.1 per cent to $22.9m in estimated total visitor expenditure. Total visitors arrivals rose by 22.3 per cent to 15,090, following growth of 17.9 per cent in total arrivals for 2014. The increased in the number of visitors from the main categories contributed to the improved performance in the tourism industry. The improvement was underpinned by greater access to the island, a revamp in marketing and promotional efforts, and improved economic conditions in some of its major source markets. However, this improved performance was slightly tapered by a decline in excursionist. Stay-over visitors which accounted for approximately 59.3 per cent of the sector’s outturn, increased by 1.6 per cent to 8,944. This upturn resulted from growth in visitors arrivals from the United Kingdom (8.1 per cent); and the United States of America (14.0 per cent) but was partly offset by a decline in the number of visitors from the Caribbean (5.9 per cent) and Canada (20.4 per cent). Additionally, the number of cruise ship passengers more than doubled to 2,591, in contrast to a 49.5 per cent fall in 2014. This large increase was due to the first call to the island by the Windstar Cruise Liner. The number of visitors who arrived by yacht grew by 13.7 per cent to 1,815, on account of a 28.8 per cent rise in the number of yachts visiting the island. Value added for tourism-related services also increased, namely in the transport and storage sub-sector (13.7 per cent); and the real estate, renting and business activities (1.3 per cent) sector.



The construction sector which contributed 5.5 per cent to GDP, decreased by 37.0 per cent in 2015 in contrast to an increase of 5.3 per cent in 2014 when it contributed 8.5 per cent to GDP. The fall in output was attributable to a decline in public sector activity. There was a slowdown in the implementation rate of public sector investment projects, including the hospital, the new port and town centre development. The deceleration in public sector activity was further evidenced by a 37.6 per cent ($15.9m) contraction in capital expenditure to $26.3m. This was also partly owing to the completion of a few major infrastructural projects, namely the initial phases of the geothermal exploration and port development project.

Other sectors that contributed negatively to the level of economic activity in 2015 were manufacturing (2.5 per cent); agriculture, livestock and forestry (7.6 per cent); and fishing (15.0 per cent). These sectors combined contributed 2.6 per cent of GDP. The outturn in the agricultural sector was influenced by a 61.7 per cent decrease in the volume of crops, which was slightly offset by an increase of 24.7 per cent in the volume of livestock production, due to the operations of a newly constructed abattoir.

However the overall decline in real output was also moderated by an estimated 51.0 per cent expansion in value added in the mining and quarrying sector. Other sectors that recorded increases in value added were financial intermediation (4.4 per cent), wholesale and retail trade (3.0 per cent), and transport, storage and communications (6.5 per cent).



Prices, Wages and Employment

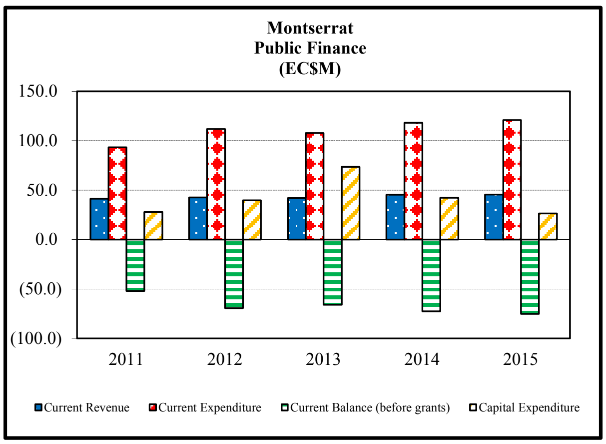
The rate of inflation fell by 0.1 per cent, on an end of period basis, as the consumer price index registered its fourth consecutive annual decline. The rate of deceleration in the price level during 2015 did not surpass the 1.0 per cent fall in prices during 2014. This outturn was largely associated with a 5.4 per cent fall in the transport sub-index. The overall fall in prices was also reflective of downward movements in the alcoholic beverages, tobacco and narcotics (0.5 per cent) and recreation and culture (0.9 per cent) sub-indices. However, the decline in the general price level was tempered by increases in the sub-indices for health (5.5 per cent), household furnishings, supplies and maintenance (2.0 per cent) and housing, utilities, gas and fuels (1.5 per cent).

Survey based labour market conditions data were unavailable for the period under review, however information from the Social Security System provided useful proxy metrics to gauge developments. Preliminary data indicated that the number of persons employed increased by 3.8 per cent to 2093, representing 40.7 per cent of the population. The number of self-employed persons decreased from 298 to 284 due to a suspension in the road rehabilitation projects.

Central Government Fiscal Operations

The fiscal operations of the central government improved in 2015 relative to 2014, due to a reduction in capital spending, as well as a marginal increase in current revenue. The overall balance (after grants) recorded a surplus of $34.5m (20.6 per cent of GDP) in contrast to a deficit of $9.8m (5.8 per cent of GDP) in the prior year. Consequently, the primary balance after grants registered a surplus of $34.5m (20.6

per cent of GDP), in contrast to a deficit of $9.8m (5.8 per cent of GDP) in 2014. The current account (after grant) recorded a surplus of $23.8m (14.2 per cent of GDP), in contrast to a deficit of $2.8m (1.6 per cent of GDP) in 2014. This development was reflective of an increase in current revenue and external grant receipts, despite an estimated upturn in current expenditure.



Current revenue increased by 0.5 per cent to $45.5m (27.2 per cent of GDP), largely on account of increases in non-tax revenue, which rose by 34.3 per cent to $6.5m. Also, an increase in collections from taxes on international trade and transactions (1.4 per cent) particularly import duty contributed to the increase of current revenue. However, the increase in current revenue was partly offset by a decline in tax revenue ($1.4m). The contraction in tax revenue was due to the declines in receipt from property tax ($0.14), taxes on income and profits ($0.9m) and taxes on domestic goods and services ($0.7m).

Current expenditure increased by 2.4 per cent to $120.7m (72.1 per cent of GDP), primarily due to higher spending on key expenditure items. Spending on goods and services ($40.5m) accounted for 33.5 per cent of current expenditure in 2015. However, the increase in current expenditure was offset by decreases in outlays on personal emoluments (2.3 per cent), and transfers and subsidies (15.8 per cent). Interest payments remained relatively unchanged.

Current grants receipts increased by 41.9 per cent to $99.0m (59.2 per cent of GDP) compared with inflows of $69.8m (41.5 per cent of GDP) in 2014, due to increased external financial support for recurrent expenditure from the United Kingdom. Additionally, total grant receipts increased to $136.0m as capital grants rose by 5.2 per cent to $37.0m in 2015. These inflows funded 100 per cent of total government expenditure.

Capital expenditure fell by 37.6 per cent to $26.3m (15.7 per cent of GDP) in 2015, compared with $42.2m (25.1 per cent of GDP) in the prior year. This fall in capital expenditure is directly related to delays in the implementation and continuance of various public sector infrastructural projects. It is also likely that the recent change in administration impacted the timeliness of disbursements.

Public Sector Debt

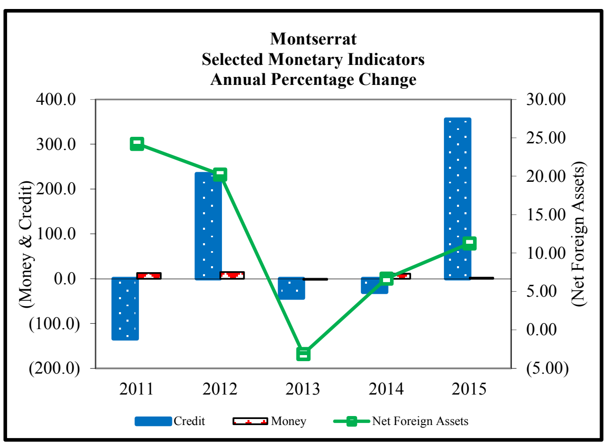
The stock of outstanding public sector debt stood at $9.1m at the end of 2015, representing an increase of 45.8 per cent from the amount ($6.3) held at the end of December 2014 as the government drawdown on the loan from the Caribbean Development Bank (CDB) for the purchase of a new diesel generator and the construction of power plant. Public corporation debt, which accounted for 85.5 per cent of total debt, registered an increase of 62.0 per cent to $7.8m. Debt held by the central government stood at $1.3m, an 8.3 per cent reduction, due to amortized payments and the total repayment of the domestic debt.

Money and Credit

In the banking system, monetary liabilities (M2) increased by 2.4 per cent to $244.9m during 2015, compared with an increase of 11.1 per cent during 2014. This outturn was largely due to growth of 5.7 per cent in narrow money (M1), which totalled $47.6m. Within this category, currency with public grew by 10.0 per cent ($1.8m) and private sector demand deposits increased by 2.8 per cent ($0.7m). The expansion of M2 was also aided by a 1.6 per cent increase in quasi money to $197.2, which was mainly attributable to a 2.1 per cent ($2.9m) increase in private sector savings deposits.

The net deposit position of commercial banks expanded to $30.9m at the end of 2015, compared with a position of $6.8m in 2014. This outcome resulted from the central government holding more deposits at commercial banks, as it increased by more than a hundred per cent. The net deposit position of non-financial public enterprises decreased to $18.9m from $21.1m at the end of 2014. Private sector borrowing increased by 5.4 per cent, largely associated with 6.7 per cent growth in credit to households to $63.7m. However, business credit declined by 4.5 per cent ($0.3m) to $7.1m, which reduced the rate of expansion in private sector borrowing.

Personal loans, which accounted for an estimated 85.8 per cent of credit outstanding, rose by 9.3 per cent to $67.2m. This upturn was reflected primarily in increased lending of $6.3m for home construction and renovation to $40.6m. Lending for agriculture and fisheries increased to $0.05m and credit to distributive trades increased by $0.2m to $2.4m in 2015. However, credit extended for construction and land development fell by 24.9 per cent to $2.2m in 2015 in contrast to growth of 17.7 per cent to $3.0m in 2014. Other sectors registering declines included mining and quarry ($0.1m) and tourism ($0.1m), consistent with the deceleration of activity in the wholesale and retail trade sector.



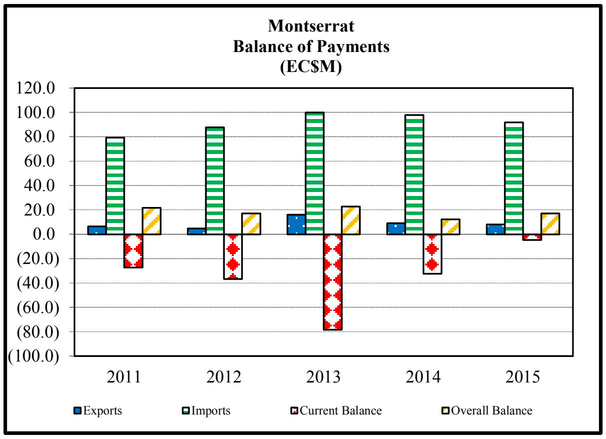
The Net Foreign Assets (NFA) in the banking system grew by 11.3 per cent to $320.5m. This increase was largely attributable to 14.1 per cent growth in the imputed share of reserves held with the Central Bank, which totalled $139.0m. The NFA of commercial banks increased by 9.2 per cent to $181.6m, as an increase of 26.5 per cent in assets held with institutions outside the Currency Union more than offset a decline of 13.9 per cent in assets held in other ECCU territories.

Liquidity in the banking system remained high and stable in 2015. The ratio of liquid assets to total deposits and liquid liabilities was 83.7 per cent, below its five-year average of 86.7 per cent. The liquidity indicator continues to trend above the minimum prudential benchmark of 25.0 per cent indicative of a lack of bankable projects. The surplus liquidity condition is further evidenced by a ratio of loans and advances to total deposit of 21.5 per cent at the end of the review period, below the prudential requirement of 75.0 to 85.0 per cent.

The interest rate spread between loans and deposits expanded to 6.39 per cent in 2015, from 6.11 per cent at the end of 2014. The weighted average lending rate decreased to 7.49 per cent from 8.05 per cent, and the weighted average deposit rate moved to 1.10 per cent in 2015 from 1.95 per cent in 2014.

Balance of Payments

Preliminary estimates show that the overall surplus on the balance of payments account expanded by 38.8 per cent to $17.2m (10.3 per cent of GDP) from $12.4m (7.4 per cent of GDP) in 2014. This improvement in the overall balance was primarily due to the narrowing of the current account. The size of the deficit on the current account is estimated to have narrowed to $4.5m (2.7 per cent of GDP) compared with $32.3m (19.2 per cent of GDP) in 2014. This improvement was related to lower deficits on the goods and services sub-accounts and a relatively steady net inflow of current transfers ($88.4m) to finance central government expenditure. The net import position on the goods account narrowed in 2015 by 5.7 per cent to $84.4m, mirroring the rate of decline in the merchandise trade account which totalled $83.8m (50.0 per cent of GDP). These improvements outweighed the reductions in exports and re-exports of manufactured goods and machinery and transport equipment, which resulted from the slowdown of construction activity. The net import position on the services account fell by 17.8 per cent to $6.0m, due to a 5.9 per cent rise in gross revenue from travel receipts representative of the upturn in tourism activity. Revenue intake from travel of $22.9m accounted for 62.0 per cent of inflows on the services sub-account. Also, the net surplus on the capital and financial account decreased to $21.7m compared with $44.7m realized in the previous year. This outturn was primarily associated with a net outflow of $15.2m by commercial banks compared with a net outflow of $5.6m in 2014. Other sources of financing for balance of payments activities were generated from a relatively stable level of capital transfers of $35.1m and net foreign direct investments which amounted to $11.1m although a decline from the level generated in 2014 ($16.7m).



Prospects

The economy of Montserrat is projected to grow in 2016 as the performance of key economic drivers is expected to pick up. This will bode well for the island's development needs and strategy as outlined in the sustainable development plan (2008-2020), notwithstanding the fact that the level of forecasted growth is below the target in the SDP. The economy shows strong signs of resiliency based on a stable and positive outlook for growth, strongly contingent upon continued budgetary and institutional support. Accordingly, government services and construction are expected to continue to dominate economic activity, restoring key infrastructure to facilitate and attract private sector investments.

The on-going public infrastructural and redevelopment projects, namely the construction of the government housing and power generation plant, are likely to lead to a recovery in the construction sector and promote economic growth, barring delays in implementation and access to budgetary support by the British Government. The improvements in the tourism industry are also likely to be sustained, underpinned by an increase in visitor arrivals and gross travel receipts fuelled by cruise tourism and enhanced access and marketing. These developments will positively contribute to improvements in the distributive trades and services industries and primary sectors.

The persistent decline in the overall price level may extend into 2016, as pressures from the international market are likely to remain broadly stable amid falling energy prices. Accordingly, it is anticipated that the merchandise trade deficit will continue to contract due to the prospect of a deceleration in external outflows.

The revenue generated from tax collections, licensing and fees is expected to remain stable. Improvements in the overall fiscal position will be predominantly contingent upon the availability of external aid (grants) to finance both current and capital expenditure. According to the April 2016 IMF World Economic Outlook the United Kingdom's economy is expected to grow by 1.9 per cent in 2016. This will bodes well for Montserrat as its level of budgetary aid and grants could be achieved to aid in the development of the country.

The economic performance of Montserrat in 2016 is largely dependent on the availability and timeliness of budgetary aid, positive developments in the global macro-economic environment, access to the country whether by boat or plane and a lower incidence of threats from natural disasters. The downside risks associated with these factors can have an adverse impact on fiscal outturns, employment generation, planned projects to revamp the productive sectors (mining and quarrying and agriculture) and improve the island's tourism product, private sector initiatives, as well as the prospect of restoring growth to pre-volcanic crisis levels by 2020.

ST KITTS AND NEVIS

Overview

Preliminary data suggest that economic activity in St Kitts and Nevis expanded at an accelerated rate in 2015 compared with the increase in economic activity in 2014. Real GDP is estimated to have risen by 6.6 per cent in 2015 compared with an expansion of 6.1 per cent in the previous year. The favourable economic performance largely reflected buoyancy in the construction and hotels and restaurants sectors which positively impacted developments in the wholesale and retail trade, transport, storage and communications and financial intermediation sectors. Consumer prices declined at a rate of 2.4 per cent, on an end of period basis attributable to a combination of global developments and domestic policy measures. The fiscal operations of the Federal Government resulted in a narrowing in the overall surplus, primarily due to a fall in non-tax revenue. The total outstanding public sector debt of the Federal Government fell during the period under review. In the banking system, monetary liabilities and domestic credit rose while net foreign assets fell. Commercial bank liquidity tightened and the weighted average interest rate spread between loans and deposits widened. The external sector moved to an overall deficit on the Balance of Payments from a surplus in 2014 consistent with a larger imbalance on the current account.

The economy of St Kitts and Nevis is expected to remain on an expansionary path in 2016, but at a pace below that observed in the previous year. The economic expansion is premised on value added contributions from the construction and hotels and restaurants sectors and a recovery in manufacturing. Continued buoyancy in construction activity is likely to be driven by intensified work on a number of on-going investments in the private sector and the commencement of major public sector projects. On-going additions to the room stock in St Kitts and Nevis will both enhance the appeal of the destination and support a greater number of high-end stay-over visitors in the tourism industry. Additionally, the performance of the tourism industry will be partially sustained by further improvements in the performance of cruise tourism. A recovery in the performance of the manufacturing sector is expected to be underpinned by sustained demand in the USA and the regional CARICOM market, supplemented by continued efforts to ratify the Partial Scope Agreement with Brazil to access that market. Based on the projected outturn of the major productive sectors, positive spill-over effects are likely to impact the real estate, renting and business activities; transport storage and communications; financial intermediation and the wholesale and retail trade sectors. Disinflationary pressures prevalent throughout 2015 are anticipated to abate somewhat in 2016 as the fall in commodity prices stabilises and domestic economic activity stokes some inflationary pressures.

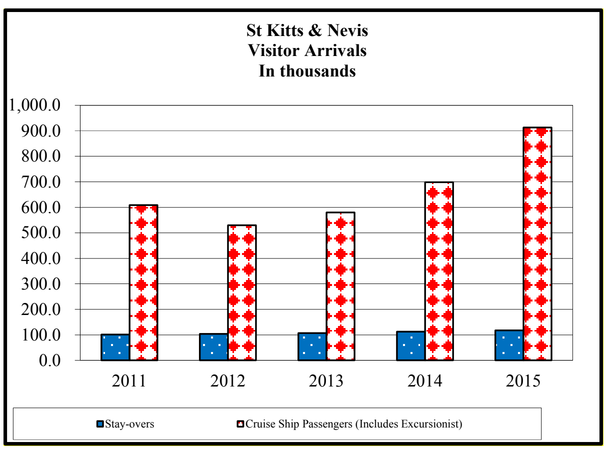
The fiscal operations of the Federal Government are anticipated to record a lower overall surplus due to a reduction in revenue receipts from the Citizenship by Investment (CBI) Program as competition from other jurisdictions intensifies. Overall, revenue is estimated to decreased marginally, combined with higher levels of expenditure, fuelled by a combination of higher capital investment and current expenditure.

Downside risks to the economic outlook include a possible deceleration in economic growth in the USA economy influenced by dimming global prospects, as well as possible further decline in inflows from the CBI program. More recently the emergence of the Zika virus threatens to impair the performance of the tourism industry.

Output

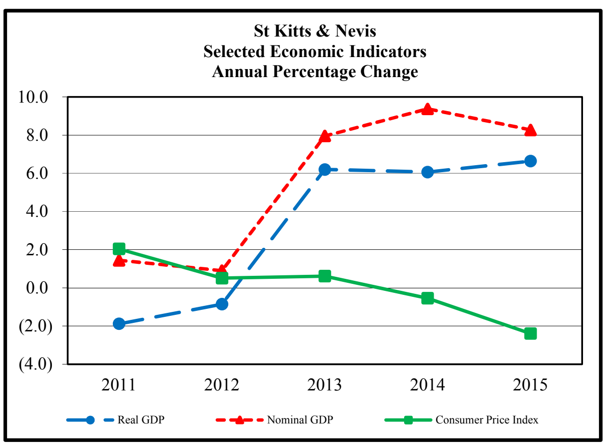
Value added in the construction sector, is estimated to have risen by 15.2 per cent in 2015, comparable with the 15.0 per cent expansion in 2014. The performance of construction was reflected in higher private and public sector capital investment. This assessment was supported by a 44.7 per cent increase in the volume of imported construction related materials, a gauge of activity in the sector. Private sector activity in St Kitts consisted of intensified work on the Park Hyatt Hotel at Christophe Harbour, the Koi Resort at Half-moon Bay and the Hilton branded Embassy Suites, Pelican Bay Resort at Potato Bay. Work also intensified on the second phase of the Kittitian Hill development while completion work continued on the Imperial Bay Condominium resort. In Nevis, work continued on the

Four Seasons Resort Estates, the Mount Nevis Hotel expansion and on the Tamarind Cove Marina Development. In the public sector, capital outlays rose by 9.8 per cent over the review period associated with the resurfacing of the Dr Kennedy Simmonds Highway, general infrastructural enhancements and on-going work on a public day care facility. Likewise, capital investment in Nevis was buoyant, underpinned by continued work on the Caribbean Development Bank funded water distribution project and the Hanley's Road resurfacing project.



Value added in the hotels and restaurants sector, which proxies activity in the tourism industry, is estimated to have risen by 4.6 per cent compared with a 5.1 per cent expansion in 2014. This development was attributable to a 26.8 per cent increase to 1,035,065 in total visitors, compared with an 18.2 per cent improvement in the previous year. The number of stay-over visitors, the relatively more important visitor category, rose by 4.4 per cent to 117,924 in 2015, below the 5.6 per cent rate of increase observed in 2014. Higher stay-over arrivals were attributed to increases from all of the major source markets except Canada. Positive growth was observed for the United States of America (3.4 per cent), the Caribbean (14.4 per cent) and the United Kingdom (9.6 per cent). The improved performances in these markets reflected buoyant economic activity in the USA and the UK, coupled with sustained recoveries in a number of Caribbean economies. The increase in stay-overs was dampened somewhat by an 11.0 per cent (964) decline in visitors from the Canadian market consistent with the weak performance of that economy. Developments in total visitors were also favourably impacted by a 30.9 per cent increase in cruise passenger arrivals to 909,368 compared with a 20.7 per cent increase in 2014. This outturn was broadly consistent with a 19.7 per cent (73) rise in the number of cruise ship calls to 444 at the Basseterre and Charlestown cruise ports in St Kitts and Nevis. The number of excursionists rose by 8.7 per cent to 3,764, while the number of visitors by yacht declined by 26.3 per cent to 4,009.

In the other key sectors economic activity is estimated to have increased, such as transport, storage and communications (9.3 per cent) and real estate renting and business activities (3.5 per cent), partly reflective of increases in visitor arrivals and sustained levels of construction activity. Higher valued added contributions were also estimated for the financial intermediation and wholesale and retail trade sectors of 7.0 per cent and 13.2 per cent respectively. Value added in the public administration, defence and compulsory social sector security also increased by 3.9 per cent.



Positive real sector developments were, however, moderated by lower output in the manufacturing and agricultural sectors. Manufacturing output is estimated to have declined by 3.5 per cent, evidenced by a 70.2 per cent decrease in the export of alcoholic beverages. This development reflected a return to historical output levels following a temporary increase in demand from a regional market. The decline in manufacturing output was partly constrained by an estimated increase in the output of electronic components. Value added in the agriculture, livestock and forestry sector also contracted (8.2 per cent), on account of a decline in crops, constrained somewhat by an increase in livestock production. Total crop production decreased by 30.7 per cent to 0.8m kilograms, influenced by declines in most of the reported crops largely attributable to persistent drought conditions.

The output of white potato fell due to the non-production of this crop in 2015, while other crops recorded declines including; pineapple (85.8 per cent); pumpkin (56.5 per cent); yam (21.3 per cent); sweet potato (7.9 per cent); watermelon (13.0 per cent); sweet pepper (19.7 per cent) and carrots (4.2 per cent). The reduction in the output of crops was partly moderated by an increase in livestock production largely attributable to mutton which more than trebled. In contrast lower output was recorded for beef, pork and goat of 8.6 per cent, 6.2 per cent and 10.5 per cent respectively. Higher livestock output was supplemented by a near four-fold increases in the output of broilers and increases in eggs (4.1 per cent). The output of fish, however fell by 36.4 per cent.

Prices, Wages and Employment

For a second consecutive year, prices appeared to have declined. The consumer price index (CPI) fell by 2.4 per cent in 2015 compared with a decrease of 0.6 per cent in 2014. This development mainly reflected decreases in most of the sub-indices. The most significant contributors to the fall in prices were the sub-indices for food (7.8 per cent), transport (3.3 per cent), household furnishings, supplies and maintenance (2.4 per cent), and housing utilities, gas and fuels (0.4 per cent) and education (4.7 per cent). Lower prices generally, were associated with global declines in commodity prices, primarily energy and food. Additionally, the removal of the Value Added Tax (VAT) on food, funeral and medical expenses also contributed to the disinflationary pressures. The fall in prices was moderated by higher prices for communication, recreation and culture, and alcoholic beverages, tobacco and narcotics of 11.3 per cent, 1.8 per cent and 0.7 per cent respectively. On a country basis, prices fell more sharply in St Kitts (2.9 per cent) compared with Nevis (1.3 per cent). The decline in the CPI in St Kitts was largely associated with the food (7.9 per cent), transport (7.9 per cent) and education (7.3 per cent) sub-indices, whereas in Nevis the food (7.7 per cent), housing utilities, gas and fuels (1.7 per cent) and household furnishings, supplies and maintenance (5.9 per cent) sub-indices were the major contributors.

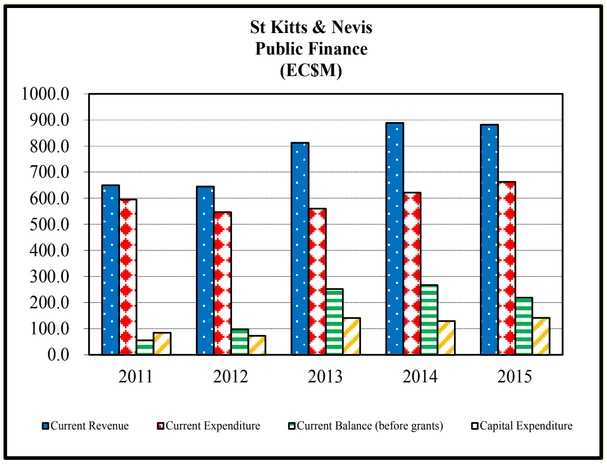
Official data on wages and unemployment levels are unavailable for the review period. However, it is estimated that interventions by employment programmes such as the People's Employment Programme (PEP), the resumption of increments and the payment of a 3.0 per cent salary increase in January 2015, the second of a three year general salary increase initiated in 2014, would have positively impacted the labour market. Unemployment levels are, therefore, estimated to have declined in 2015, fuelled by an increase in job creation, compared with the previous year.

Federal Government Fiscal Operations

The fiscal operations of the Federal Government resulted in a preliminary overall surplus (after grants) of $111.0m, (4.5 per cent of GDP) compared with one of $241.0m (10.3 per cent of GDP) in 2014. Likewise, the primary surplus contracted by 50.5 per cent to $157.9m (6.3 per cent of GDP), compared with one of $318.9m (13.7 per cent of GDP) in 2014. The lower overall fiscal surplus was attributable to reductions in non-tax receipts, capital revenue and total grant receipts, coupled with an increase in capital and current expenditure.

Current revenue fell by 0.9 per cent to $881.6m in 2015 (35.4 per cent of GDP), in contrast to a 9.4 per cent increase to $889.2m (38.1 per cent of GDP) in 2014. This performance was attributable to a decline in non-tax revenue, which offset an increase in tax revenue. Collections of tax revenue, rose by 7.2 per cent to $508.9m (20.4 per cent of GDP). The improved performance of tax revenue was attributable to higher receipts from most of the major tax categories, namely income and profits (40.0 per cent); international trade and transactions (10.4 per cent) and property (28.2 per cent). Higher receipts of taxes on income and profits were attributable to improved collections from companies and the Housing and Social Development Levy of 53.4 per cent and 18.1 per cent, respectively. Improved collections of taxes on international trade reflected higher receipts of excise tax and custom service charge as well as the non-refundable duty free levy. Increased property tax revenues reflected improved performances in the condominium (81.2 per cent) and house (5.2 per cent) tax. Of the major tax revenue categories, domestic goods and services recorded a decline. Collections of taxes on domestic goods and services were lower by 9.0 per cent, largely due to a decrease in receipts from value added tax (VAT) and stamp duty. Revenues from VAT totalled $141.9 (5.7 per cent of GDP) a decrease of 12.2 per cent over the amount collected in 2014, in contrast to a 9.0 per cent increase in the previous year. The increase in tax revenue was tempered by a decline of 10.1 per cent in non-tax receipts to $372.7m, largely influenced by a reduction in inflows from the Citizenship by Investment programme and reduced investment proceeds. Proceeds from the Citizenship by Investment (CBI) Programme fell by 9.8 per cent in contrast to a 17.5

per cent increase the previous year. The 68.9 per cent decline in investment proceeds was on account of a reduction in profits from the operation of the Central Bank.



Current expenditure rose by 6.6 per cent to $662.9m (26.6 per cent of GDP) compared with an increase of 10.9 per cent to $621.9m (26.6 per cent of GDP) in 2014. The major factors contributing to the outturn were a 37.0 per cent ($46.8m) increase in transfers and subsidies to local and international institutions and a 5.3 per cent ($13.6m) and 7.2 per cent ($11.6m) rise in spending on personal emoluments and goods and services respectively. The increase in current expenditure was moderated by a 39.8 per cent decreases in interest payments to $46.9m, largely attributable to lower domestic interest payments, consistent with the restructuring of outstanding domestic debt. External debt interest payments also declined.

Capital expenditure outlays rose by 9.8 per cent to $141.9m attributable to infrastructural enhancements to roads highways and a day-care facility in St Kitts. In Nevis capital investment was directed toward the CDB funded water distribution project.

The overall surplus of the Federal Government was disposed of through the amortisation of part of the outstanding debt to multilateral and bilateral creditors.

Inflows of official assistance (grants) fell by 23.1 per cent to $53.2m (2.1 per cent of GDP), compared with a 53.0 per cent reduction in 2014. The major contributor to the decline was a decrease in current grants by 49.0 per cent to $16.5m ($16.0m of which originated from the Government of Venezuela through PDV St Kitts and Nevis) and capital grants by 0.5 per cent to $36.7m. This compares to declines in budgetary grants of 27.7 per cent and capital grants of 64.0 per cent in 2014.

The overall surplus of the central government of St Kitts narrowed to $100.5m from a balance of $252.9m in 2014, reflecting a decline in non-tax, total grant receipts and capital revenue combined with higher current expenditure.

Current revenue fell by 2.5 per cent to $748.4m, mainly due to lower non tax receipts. However, tax revenues were higher by 6.4 per cent totalling $408.3m, on account of the improved performances of most of the major tax categories including; income and profits; international trade and property. Receipts from taxes on income and profits rose by 40.1 per cent ($33.0m) to $115.3m, due to higher collections of corporate tax, social service levy and withholding tax. Consistent with positive growth in imports, receipts from taxes on international trade and transactions rose by 10.9 per cent ($11.2m) to $113.6m, reflecting increases in collections from excise duty ($5.0m) environmental levy ($2.3m) and customs service charge ($1.9m). Higher property tax collections were largely attributable to an 81.2 per cent rise in condominium tax. The increase in tax revenue, however, was constrained by the decline in tax receipts from domestic goods and services which fell by 13.1 per cent ($24.1m) mainly due to lower receipts from the VAT and stamp duties of 14.3 per cent ($18.1m) and 27.7 per cent ($9.4m) respectively.

Non-tax revenue receipts fell by 11.5 per cent to $340.1m, influenced primarily by a 9.8 per cent decline in proceeds from the Citizenship by Investment programme.

Current expenditure increased by 8.5 per cent to $541.1m in 2015, below the 11.7 per cent rate of growth in expenditure in 2014. This development largely reflected a 40.8 per cent ($46.6m) growth in spending on transfers and subsidies associated primarily with budgetary support to the Nevis Island Administration and domestic dividend payments to a domestic creditor. Other contributing factors to the increase in current expenditure include higher outlays on personal emoluments and wages (6.5 per cent) and expenditure on goods and services (9.2 per cent). The rate of increase in current expenditure was moderated by lower interest payments (46.6 per cent), associated with declining domestic interest payment as consequence of lower outstanding debt. Capital expenditure rose marginally to

$115.9m, compared with outlays of $115.0 in 2014, as work progressed on a number of major infrastructural projects which began in 2014.

The fiscal operations of the Nevis Island Administration (NIA) recorded an overall surplus of $10.5m in 2015, in contrast to an overall deficit of $11.9m recorded in 2014. This fiscal outturn was attributable to higher receipts of grants and current revenue coupled with a decrease in current expenditure. Current revenue amounted to $133.2m in 2015, a 9.8 per cent increase when compared with total collections in the previous year. The improvement in current revenue collections reflected favourable developments in both tax and non-tax revenue. Tax revenues were 10.4 per cent higher, buoyed by increased collections from all the major categories, including: taxes on income and profits (39.6 per cent); domestic goods and services (5.1 per cent); international trade (8.2 per cent) and property (2.6 per cent). Non-tax revenue also rose by 8.1 per cent ($2.4m) to $32.5m. Grant receipts rose more than six-fold to $25.0m from $4.0m in 2014, largely attributable to budgetary assistance from the Federal Government.

Current expenditure fell by 1.0 per cent to $121.8m, in contrast to an increase of 8.0 per cent in 2014. The decrease in current expenditure was attributable to lower outlays for most of the major expenditure categories including; interest payments (13.7 per cent) and goods and services (1.2 per cent). However, the decrease in current expenditure was moderated by increases in outlays for personal emoluments and wages (1.7 per cent) and transfers and subsidies (1.6 per cent), primarily influenced by higher wages and salaries ($1.3m) and higher payments to overseas mission ($0.4m). Capital expenditure rose by 83.0 per cent to $25.9m, compared with $14.2m spent in 2014, attributable to increased outlays on the CDB funded water drilling project and other enhancements to the communications infrastructure.

Public Sector Debt

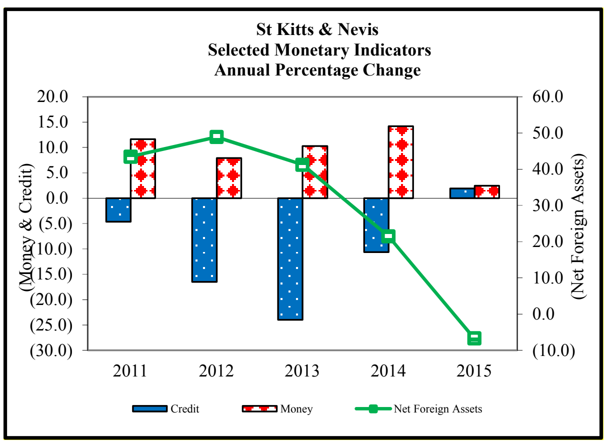
The total disbursed and outstanding public sector debt declined by 13.5 per cent to $1,534.3m (61.6 per cent of GDP) at the end of 2015, compared with a decline of 16.1 per cent in 2014. This development largely reflected a contraction in the outstanding debt of the central government by 14.5 per cent to

$1,267.1m which accounted for 82.6 per cent of total debt. The stock of debt held by public sector corporations also declined, falling by 8.4 per cent to $267.2m. Of the debt held by residency, external debt declined the most, contracting by 25.0 per cent to $575.0m, which represented 37.5 per cent of the public sector debt portfolio at the end of 2015. Lower external debt largely reflected the reduction in outstanding balances through debt service and other payments to the International Monetary Fund and the People's Bank of China, combined with the policy of the authorities to limit external borrowing. Total domestic debt, which accounted for 62.5 per cent of the total debt outstanding, also contracted, by 4.8 per cent to $959.3m.

Money and Credit

Monetary liabilities (M2) rose by 2.5 per cent to $3,028.0m, compared with an increase of 14.2 per cent in the corresponding period of 2014. The rise in the monetary base reflects increases of 7.2 per cent ($42.2m) in the narrow money supply (M1) and 1.3 per cent ($30.7m) in quasi money. The expansion in M1 was primarily influenced by higher levels of private sector demand deposits (7.4 per cent). Quasi money rose largely on account of higher private sector time and savings deposits of 6.0 per cent and 3.1 per cent respectively.

Domestic credit increased by 1.9 per cent to $1,032.0m in 2015, in contrast to a decrease of 10.6 per cent in 2014, reflective of a higher net credit position of the Federal Government combined with an increase in lending to the private sector. Net credit to the Federal Government rose by 10.1 per cent ($46.8m) to $509.0m, largely driven by a 16.0 per cent ($45.9m) increase in net lending to the central government. This outturn was attributable to a reduction in Central government deposits held at the Central Bank by 66.3 per cent ($75.4m) during the period. Meanwhile, commercial bank lending to the central government advanced by 0.2 per cent ($2.1m). The increase in domestic credit was also influenced by a 3.2 per cent ($44.5m) growth in lending to the private sector during 2015, fuelled by 9.9 per cent $47.7m rise in credit to private businesses. In contrast, credit to households fell by 0.1 per cent ($1.2m). Higher outstanding credit was also influenced by a 0.5 per cent ($0.9m) increase in the net credit position of the Nevis Island Administration (NIA), reflecting an increase in loans outstanding ($8.6m), partially offset by an increase ($7.7m) in deposits. Growth in domestic credit was tempered by an increase in the net deposit position of the non-financial public enterprises (NFPEs). The net deposit position of NFPEs rose by 8.4 per cent to $926.0m, fuelled largely by an 8.0 per cent ($71.4m) increase in deposits held at commercial banks.



An analysis of the distribution of credit by economic activity indicates that increases were recorded in lending to various economic sectors including; tourism (21.0 per cent); construction (12.4 per cent); agriculture and fisheries (4.6 per cent) and other services (10.6 per cent), which largely reflected higher credit to professional and other services. The increases in credit to those segments of the loan portfolio were tempered by declines in lending to the distributive trades (21.1 per cent), for personal uses (1.4 per cent) and manufacturing, mining and quarrying (1.0 per cent). Among the personal loans extended, contraction was recorded in all of the major categories, except lending for durable consumer goods which rose by 0.7 per cent.

Net foreign assets of the banking system fell by 6.7 per cent ($157.8m) to $ 2,206.1m in 2015, in contrast to growth of 21.5 per cent ($418.0m) in the corresponding period of 2014. The decrease was largely due to an 11.9 per cent ($102.5m) contraction in in St Kitts and Nevis's imputed share of the Central Bank's reserves to $757.2m. This development was supplemented by a decrease in the net foreign asset position of commercial banks to $1,448.9m, attributable to a higher level of liabilities held with institutions outside of the Currency Union.

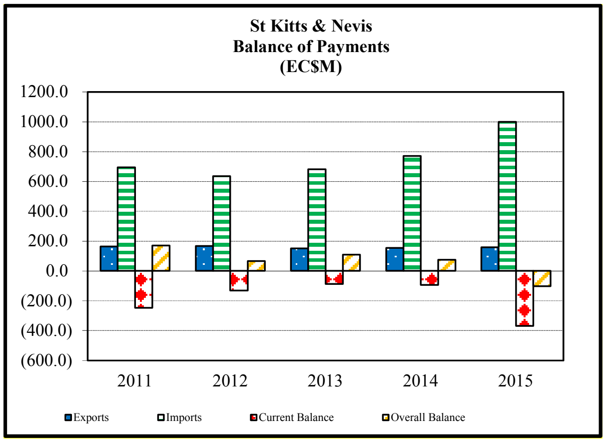
The commercial banking system remained relatively liquid in the period under review. The ratio of loans and advances to total deposits rose by 1.7 percentage points to 37.5 per cent, and the ratio of liquid assets to total deposits rose by 0.2 percentage points to 75.9 per cent. At the same time the ratio of liquid assets to total deposits plus liquid liabilities fell by 2.8 percentage points to 59.8 per cent.

The major development influencing movements in interest rate spreads was the reduction of the minimum savings deposit rate (MSR) from 3.0 per cent to 2.0 per cent effective on 01 May 2015. Consequently, the weighted average interest rate spread between loans and deposits widened to 6.50 percentage points in 2015, from 6.1 percentage points at the end of 2014. This outturn was the result of a faster decline in the weighted average deposit rate of 0.44 percentage point to 2.05 per cent, compared with a decline of 0.08 percentage point in the weighted average lending rates to 8.54 per cent.

Balance of Payments

Transactions with the rest of the world generated an overall deficit of $102.5m (4.1 per cent of GDP) on the balance of payments in contrast to an overall surplus of $73.1m (3.1 per cent of GDP) in 2014. This development reflected a widening in the deficit on current account partially moderated by a larger surplus on the capital and financial account.

The current account deficit widened to $369.6m (14.9 per cent of GDP) from one of $94.6m (4.1 per cent of GDP) in 2014. This development was largely driven by activities, primarily on the goods account. The larger deficit on the goods account was influenced by a widening of the merchandise trade deficit to $840.6m (fob) accounting for 33.8 per cent of GDP, on account of higher import payments. Higher import payments (29.6 per cent) were fuelled by the demand for construction related materials and automobiles. The expansion in the deficit on the goods account was supplemented by a smaller surplus on the services account, which fell by 9.4 per cent to $430.6m (17.3 per cent of GDP) in 2015. The contraction in the surplus on the services account was primarily attributable to an increase in net outflows for transportation services to $83.5m (3.4 per cent of GDP) and smaller net inflows for government services to $294.5m (11.8 per cent of GDP). The reduction in net inflows was attributed to declines in government services and reflected the lower performance of the citizenship by investment program in 2015 relative to the previous year.



The surplus on the capital and financial account rose by 59.2 per cent to $267.1m in 2015, attributable mainly to developments on the financial account. Transactions on the financial account led to a net inflow position of $3.5m (0.1 per cent of GDP) from net outflows of $160.9m (6.9 per cent of GDP). A major contributor to this development was the activities of commercial banks whose external asset position fell which resulted in net inflows of $55.3m at the end of 2015, in contrast to net outflows of $344.8m (14.8 per cent of GDP) in 2014. The surplus on the financial account was partly constrained by a fall in net inflows of Foreign Direct Investment (FDI) to $204.3m (8.2 per cent of GDP) compared with inflows of $317.7m (13.6 per cent) of GDP in 2014.

Prospects

On the upside, the economy of St Kitts and Nevis is expected to expand further in 2016, in the context of continued buoyancy in the USA, the world's largest economy and depressed petroleum prices which should act as a stimulus to consumer demand both in the USA and the domestic economy. According to the April 2016 update to the International Monetary Fund's World Economic Outlook (WEO), the economy of the USA, with which the Federation has had a long and established trade relationship, is estimated to expand by 2.4 per cent in 2016, compared with a similar growth rate in the previous year. Continued economic expansion in the USA and other global economic partners should act as a catalyst to investment opportunities, directly impacting the construction and hotels and restaurants sectors. Economic activity in the domestic economy will be sustained by continued tourism related construction supplemented by the commencement of major public sector investments including a new secondary school and a second cruise ship berthing facility. The performance of the tourism industry is estimated to strengthen, consistent with intensified marketing initiatives in the

UK and Canadian markets, additional airlift from United Airlines and Air Canada during the high season, as well as planned enhancements to the tourism product. The completion of a major 5-star Resort, the Park Hyatt, should also enhance the profile of the destination. As a consequence, the number of total visitors is projected to increase consistent with higher stay-over and cruise passenger arrivals. Positive knock-on effects on related sectors; wholesale and retail trade, transport, storage and communications and real estate, renting and business activities, are expected. Price pressures are anticipated to be minimal in line with low global commodity price pressures, however higher economic activity is expected to mitigate somewhat the supressed CPI.

The fiscal operations of the Federal Government are expected to generate a lower overall surplus in 2016 based on an anticipated increase in current and capital expenditure. Tax revenue is estimated to increase, on account of sustained economic activity, buoyed by robust receipts from taxes on international trade and transactions and some recovery in the collection of taxes on domestic goods and services. Non-tax revenues are estimated to be lower premised on a decline in the performance of the CBI program in response to increased competition. Total current expenditure is estimated to increase, fuelled by higher transfers and increases in outlays for wages and salaries associated the final payment (4.0 per cent) of a three-year salary increase and for goods and services. The major contributor to public expenditure is related to announced capital investments in public infrastructure. The size of the overall surplus will be largely constrained by larger outlays of capital expenditure, lower inflows of official grant financing and lower non-tax revenue.

The merchandise trade deficit is anticipated to widen further, consistent with growth in the construction, hotels and restaurants and wholesale and retail trade sectors. The widening in the deficit may be partially mitigated by an increase in export earnings associated with higher output in the manufacturing sector, associated with an increase in manufacturing capacity and the operationalization of the Partial Scope agreement with Brazil.

Possible downside risks to these projections include: the sustainability of some of the existing FDI funded projects consistent with economic uncertainty in China and the Middle-East, whose citizens are major investors in the CBI programme. Further declines in CBI inflows are predicated on intensified regional competition from newer programmes. This development may adversely impact projected budgetary outcomes if a decline was realised. Other external shocks that could derail the expansion include; a deceleration in global economic growth and attendant effects on the USA, as a fall-out from the on-going economic restructuring in China; possible adverse weather conditions; the possible negative impact on tourism if a case of the Zika virus were to surface and a sudden and sustained increase in commodity prices, primarily fuel.

SAINT LUCIA

Overview

Economic activity in Saint Lucia is provisionally estimated to have expanded in 2015, following three consecutive years of contraction. Preliminary data indicate that real GDP increased by 2.4 per cent, in contrast to a decline of 0.7 per cent in 2014. The expansion in economic activity was driven mainly by a turn-around in construction, supported by growth in a number of the significant contributors to overall output, such as agriculture, transport and tourism. On an end of period basis, the consumer price index declined by 2.6 per cent during 2015. The deficit from the central government's overall fiscal operations narrowed, largely due to developments on the current account. Total disbursed outstanding public sector debt stock rose during 2015, reflecting growth in central government's borrowings. In the banking system, developments were marked by growth in monetary liabilities, a decline in domestic credit and a turn-around on external transactions to a net foreign assets position. Commercial banks' liquidity improved amid tightened lending conditions. The spread between weighted average lending and deposit interest rates widened during the period under review. In the external sector, a smaller overall balance of payments surplus was recorded.

Prospects for the economy of Saint Lucia in 2016 are positive as activity is projected to expand further in the near term, largely on account of positive developments in construction activity. The projected increase in overall economic output is likely to be supported by anticipated improvements in agriculture, distributive trades and to a lesser extent the tourism industry. Construction activity is likely to be buoyed by a number of projects, particularly in the private sector. These include on-going work on hotel plants like the Royalton and the Harbour Club and also on a number of buildings in other economic sectors. Infrastructural rehabilitation and maintenance works in the public sector will contribute to increased value added in construction. Growth is also expected to be supported by a projected increase in the number of stay-over visitors to the island in 2016 and positive forecasts for agricultural production. A smaller overall deficit is projected on the fiscal accounts, based on deliberate policies to enhance revenue and contain expenditure. Deflationary pressures are likely to continue, largely on account of declining commodity prices. Downside risks include ongoing adjustments in the global economy, geopolitical tension, the Zika virus, the impact of global warming and climate change, social issues and domestic labour market conditions.

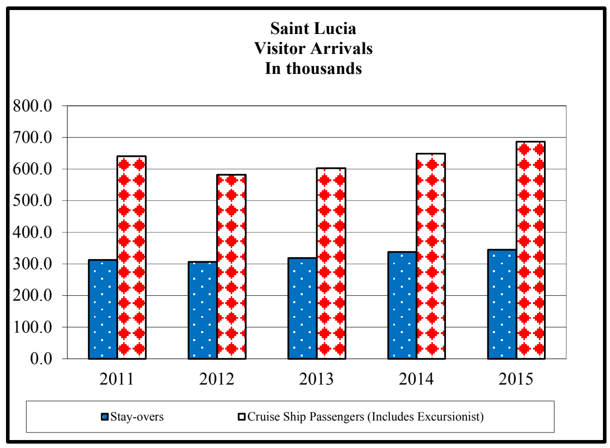
Output

Value added in the construction sector is estimated to have increased by 11.9 per cent in 2015, a rebound from a fall of 14.1 per cent in the preceding year. Construction's share of GDP grew to 8.0 per cent from 7.3 per cent in 2014. The overall expansion in construction activity was reflected in part by an increase of approximately 10.0 per cent in the value of imported construction materials. Its general outcome was swayed predominantly by higher levels of investments in the private sector as foreign inflows picked up. In that sector, work intensified on a number of projects including tourism related plants, like the Royalton, Tides Sugar Beach and the Harbour Club. That activity was bolstered by work on the Courts/Unicomer Megastore, the Dayana Commercial Centre and a few residential properties. Work in the public sector focused largely on infrastructural reconstruction and rehabilitation, supported by a number of community based projects under the Constituency Development Programme.

The mining and quarrying sector moved in tandem with construction activity, hence recording an expansion of 11.9 per cent in 2015, a recovery from two consecutive years of contraction. However, the sector's share to overall GDP remained relatively small. Improvements were also recorded in the real estate sector and the transport and storage sub-sector, where value added increased by 3.5 per cent and 5.6 per cent respectively. Real estate's contribution to GDP increased marginally to 19.1 per cent from 18.9 per cent in 2014. Also, the contribution of transport and storage to overall economic activity moved to 13.6 per cent from 13.1 per cent last year.

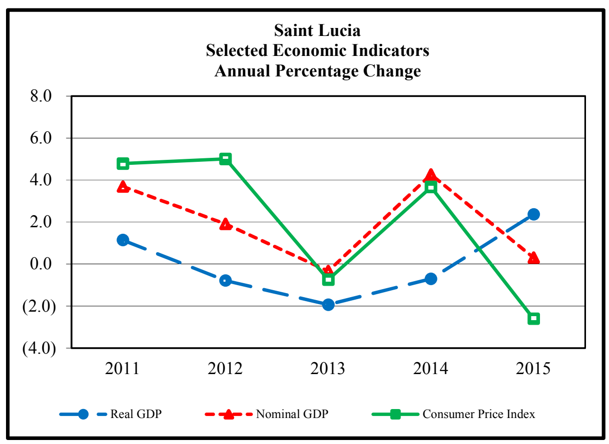
Agricultural related activity is estimated to have rebounded, following a contraction last year. Value added in the agriculture, livestock and forestry sector increased by 8.1 per cent, in contrast to a decline of 14.9 per cent in 2014. The sector's contribution to GDP increased marginally to 2.2 per cent in 2015 from 2.1 per cent in the prior year. The outturn in 2015 was primarily associated with an expansion of 10.1 per cent in crop production, supported by an improvement in the livestock sub-sector. The performance in the crop sub-sector was largely influenced by an estimated 11.7 per cent rise in purchases by hotels and supermarkets on the island. The output of bananas fell by an estimated 5.1 per cent to 8,446 tonnes, following a decline of 25.4 per cent in 2014. Consequently, revenue from banana-related exports was 5.6 per cent below the level recorded in the previous year. Notwithstanding its dismal performance, the industry continued to recover from the negative impact of heavy rains and the Black Sigatoka disease.

Some positive news emanated from manufacturing as the sector appeared to be turning around after six consecutive years of negative performance. Value added in manufacturing is estimated to have expanded by 1.8 per cent, primarily resulting from an increase in the production of a number of manufactured goods, which was partially offset by a fall in output of miscellaneous manufactured articles. As a share of GDP, the sector's contribution remained relatively unchanged at 4.7 per cent. The sector's overall assessment was also reinforced by growth of 12.3 per cent in domestic exports, partly attributable to increases of 29.0 per cent in the export of machinery and transport equipment, 32.0 per cent in that of manufactured goods and 33.5 per cent of food and live animals.



Value added in the hotels and restaurants sector, a proxy measure of activity in the tourism industry, is estimated to have increased slightly (0.4 per cent) in 2015, compared with growth of 2.9 per cent in the prior year. The sector's contribution to GDP declined to 10.8 per cent from 11.0 per cent in 2014. This performance was suggestive of a turnaround in activity in the restaurants sub-sector, which more than offset a marginal decline estimated for hotels. Restaurants recorded a 2.1 per cent increase in value added for the year under review in contrast to a contraction of 4.9 per cent last year. This year's performance also reflected growth in the total number of visitors, which increased by 3.8 per cent to 1,073,019, primarily attributable to an improvement in the cruise ship sub-category. The number of cruise ship passengers grew by 5.6 per cent to 677,394, compared with growth of 8.0 per cent in the prior year. The expansion in the number of cruise passengers largely reflected an increase in the size of cruise ships coming to the island.

Stay-over arrivals increased by 2.0 per cent to 344,908, compared with growth of 6.1 per cent in 2014. The performance in the stay-over sub-category was largely influenced by growth in the number of visitors from the USA and the Caribbean. Stay-over arrivals from the USA, the largest market, rose by 7.1 per cent, on account of increased airlift out of that market, supported by resilient economic activity. The number of stay-over visitors from the Caribbean, the third major market, grew by 13.0 per cent, in contrast to a fall of 8.3 per cent recorded in 2014. These increases were tempered by declines in arrivals from the European and Canadian markets. Visitor arrivals from Europe, the second largest source market, fell by 8.9 per cent, in contrast to growth of 6.1 per cent last year. The reduced performance in that market was predominantly driven by a 7.8 per cent decline in arrivals from the United Kingdom, supported by underperformance in all the other sub-markets within that region. Stay-over arrivals from Canada fell by 6.8 per cent, in contrast to growth of 15.3 per cent recorded in 2014.



Of the other categories of visitors, the number of excursionist increased by 20.6 per cent to 9,080, following two consecutive years of decline. By contrast, yacht arrivals declined by 11.3 per cent to 41,637, reflecting a fall of 6.2 per cent in the number of yachts occupying the island's marinas.

Prices, Wages and Employment

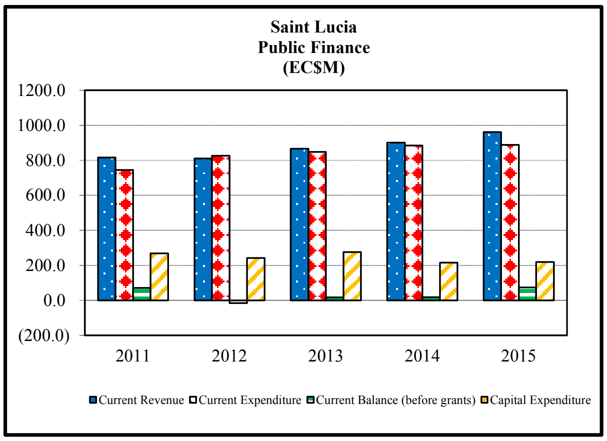
Prices of goods and services in the Saint Lucian economy are estimated to have fallen by 2.6 per cent during 2015, on an end of period basis, as indicated by negative movements in the consumer price index. This outturn contrasts an inflation rate of 3.7 per cent recorded during 2014. The deflationary situation was influenced by declines in four of the major sub-indices. The sub-index for food and non-alcoholic beverages, the largest weighted in the basket of goods and services, declined by 3.4 per cent in contrast to growth of 6.3 per cent during the prior year. Lower prices for a number of commodities including food, bread and cereals, non-alcoholic beverages, coffee, tea and cocoa and fruits, contributed to the overall decline in the food and non-alcoholic beverages category. Other downward price movements were recorded in the sub-indices for recreation and culture (15.8 per cent), household furnishings, supplies and maintenance (13.6 per cent) and transport (9.2 per cent). Those decreases more than offset growth in the sub-indices for clothing and footwear (14.4 per cent), hotels and restaurants (13.2 per cent), communication (8.8 per cent), education (7.8 per cent), housing, utilities, gas and fuels (6.9 per cent), alcoholic beverages, tobacco and narcotics (2.6 per cent) and health (1.5 per cent).

Official data on wage movements and employment in the private sector were not available. The rate of unemployment was estimated to have declined marginally to 24.1 per cent, from 24.4 per cent at the end of 2014. The youth unemployment rate, at an estimated 41.1 per cent, remains of great concern to authorities. The number of public sector employees decreased by less than 1.0 per cent from last year, as a concerted effort was made to cut back on personal emoluments, through inter alia, freezes on hiring and wages. Public servants agreed to a wage freeze for the 2013/16 triennium, therefore no salary increase was awarded in 2015.

Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall deficit of $93.6m (2.4 per cent of GDP), compared with one of $137.6m (3.6 per cent of GDP) recorded in 2014. The overall fiscal position outperformed the budgeted estimate of a deficit of 5.8 per cent of GDP for the fiscal year 2015/16. The improved performance was attributed to developments on the current account, which recorded a surplus for the third consecutive year. The primary balance continued the path of recovery which began last year and retained its surplus position. A primary surplus of $55.0m (1.4 per cent of GDP) was realised, compared with one of $9.0m (0.2 per cent of GDP) in 2014. In per cent of GDP, the primary balance was 1.8 percentage points above the authorities' target.

The current account yielded a surplus of $73.6m, which represents a more than trebling of the outturn at the end of last year. This improvement stemmed from an expansion in current revenue, which more than offset a rise in current expenditure. Current revenue grew by 6.7 per cent to $961.3m (24.8 per cent of GDP) compared with a rise of 4.2 per cent to 901.4m (23.7 per cent of GDP) at the end of the prior year. Current revenue growth was largely influenced by an increase in tax collections, which was supported by a slightly larger yield from non-tax revenue. Tax revenue grew by 6.7 per cent reflecting increases in all sub-categories of taxes. Receipts from taxes on domestic goods and services were 7.6 per cent above the 2014 collections, attributable largely to growth in revenue from the value added tax (VAT), coupled with an increase in yields from the fuel surcharge. The intake from the VAT expanded by 7.3 per cent, partially due to an increase in the VAT rate on the tourism industry from 8.0 per cent to 10.0 per cent, and the removal of a number of items from the VAT exemption list. As a percentage of GDP, the revenue from VAT increased to 8.9 per cent in 2015, from 8.5 per cent the year before. The more than doubling of the intake for the fuel surcharge is indicative of a revision in the rate from $0.2 to $0.5 per imperial gallon in the latter part of 2014. The intake from taxes on international trade and transactions grew by 6.2 per cent to $260.7m (6.7 per cent of GDP), primarily reflecting increases in the collections from the excise tax on imports ($7.3m) and the service charge ($6.7m). Yields from taxes on income and profits grew by 5.2 per cent to $230.2m (5.9 per cent of GDP), in contrast to a decline of 1.9 per cent to $218.8m (5.8 per cent of GDP) recorded in the previous year. The increase was largely associated with growth of 9.9 per cent ($6.2m) in intake from the corporation tax and 16.5 per cent ($6.0) from arrears. Non-tax revenue grew by 6.2 per cent to $48.7m (1.3 per cent of GDP), primarily as a result of an improvement in the inflows from interest and rents, which was $2.9m over last year's outturn.



Current expenditure grew marginally (0.5 per cent) to $887.7 (22.9 per cent of GDP), reflecting larger outlays on transfers and subsidies and interest payments. Outlays on transfers and subsidies increased by 3.8 per cent ($7.2m) reflecting a higher level of transfers and larger payments to pensioners. Interest payments increased by 1.3 per cent ($1.9m), affiliated with the rise in central government borrowing. These increases partly offset declines in outlays on salaries and wages and goods and services. Personal emoluments, which accounted for 42.3 per cent of current expenditure, were 1.1 per cent ($4.1m) lower than last year's level, a reflection of a fall in salaries and wages, commensurate with a decline in central government employment. Also, expenditure on goods and services fell by 0.5 per cent ($0.9m), primarily associated with a decline in the cost of utilities, reflective of lower fuel prices.

Capital expenditure grew by 1.9 per cent to $219.1m (5.7 per cent of GDP), in contrast to a contraction of 22.1 per cent to $215.1m (5.7 per cent of GDP) in the previous year. This outturn was largely attributed to acceleration in the pace of work on a number of infrastructural projects and continued investment in rehabilitation and reconstruction of roads and bridges around the island. Capital expenditure was partly financed through grant inflows, which declined by 12.8 per cent to $51.9m (1.3 per cent of GDP) from $59.5m (1.6 per cent of GDP) in 2014.

Public Sector Debt

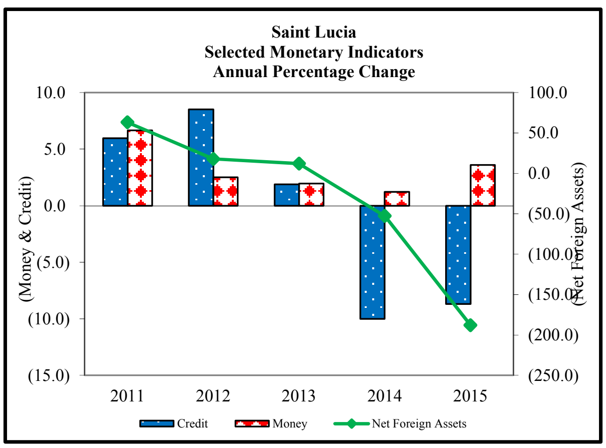
The outstanding debt of the public sector was estimated at $2,979.0m at the end of 2015, representing an increase of 3.0 per cent over the total at the end of December 2014. As a percentage of GDP, the outstanding debt increased to 76.8 per cent from 76.1 per cent at the end of the previous year. Overall growth in public sector debt was the consequence of an increase in borrowing by the central government. The disbursed outstanding debt of the central government, which accounted for 95.1 per cent of the total debt stock, increased by 3.8 per cent to $2,832.8m (73.0 per cent of GDP), reflecting increased domestic borrowing. The stock of domestic debt of the central government rose by 20.3 per cent ($276.9m), while its external debt fell by 12.6 per cent ($172.6m). Meanwhile, preliminary estimates of the outstanding debt of the public corporations indicated a decline of 10.2 per cent to $146.2m. The debt service payments more than doubled influenced primarily by growth of a similar magnitude in principal repayments.

Money and Credit

Broad money (M2) expanded by 3.6 per cent to $2,991.9m, compared with an increase of 1.2 per cent during 2014. The acceleration was associated with growth in both quasi money and narrow money (M1). Quasi money rose by 3.9 per cent in contrast to a marginal decline of 0.9 per cent last year. The rise in quasi money was attributed to increases in private sector foreign currency deposits (14.7 per cent), private sector time deposits (4.9 per cent) and private sector savings deposits (1.9 per cent). M1 rose by 2.7 per cent ($20.5m), owing to an increase of 4.6 per cent in private sector demand deposits, which more than offset declines in the other sub-components – ECS cheques and drafts issued ($5.1m) and currency with the public ($1.0m).

Domestic credit contracted by 8.7 per cent to $3,269.2m, compared with a decline of 10.0 per cent recorded during 2014. The contraction was primarily influenced by decreased private sector borrowing, supported by a fall in credit to the government and the non-financial public enterprises. Outstanding credit to the private sector fell by 6.8 per cent, reflecting declines of 13.9 per cent in business credit and 0.8 per cent in lending to households. The central government’s transactions resulted in a net credit position of $226.7 compared with one of $257.2m at the end of 2014. This development was attributable to a decline of

$52.2m in credit from the Central Bank, supported by an increase of $13.1m in government's deposits at the commercial banks. Additionally, outstanding loans to non-financial public enterprises decreased by 10.8 per cent, while their deposits at commercial banks grew by 3.2 per cent. Lending to non-bank financial institutions contracted by 12.8 per cent, while contrastingly, subsidiaries and affiliates more than tripled their borrowing.



An analysis of the distribution of commercial banks' credit by economic activity indicates that outstanding loans and advances decreased by 6.9 per cent in 2015, the same magnitude recorded during the prior year. The outcome was associated with declines in lending for all categories, except financial institutions, which more than tripled to $56.0m. The contraction was most pronounced in lending to the tourism industry, where a decline of 31.5 per cent ($181.2m) was recorded, as commercial banks constricted underwriting policies for tourism-related investments in response to the high level of non-performing assets in that category. Outstanding loans to other uses fell by 4.2 per cent, largely attributable to a decline of 7.4 per cent in lending for professional and other services. Declines were recorded in credit for construction (11.9 per cent - $37.5m), personal uses (0.4 per cent - $7.5m), agriculture (19.7 per cent - $5.1m), distributive trades (1.4 per cent - $4.0m) and manufacturing (3.2 per cent - $3.1m).

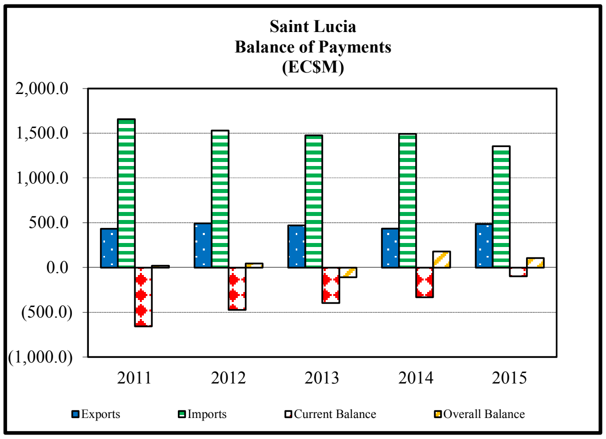
The banking system reverted to a net foreign asset position after eight consecutive years of being in a net liability position. The system recorded $268.4m in net foreign assets at the end of 2015, in contrast to a net foreign liabilities position of $305.2m one year earlier. The turnaround was largely associated with a 43.0 per cent decrease in the net liabilities position of commercial banks as they concurrently increased their assets and lowered their liabilities. Assets held with institutions outside the region grew by 19.3 per cent ($144.5m), and those held within the ECCU increased by 40.7 per cent ($96.5m). Foreign liabilities held outside and within the ECCU contracted by 15.5 per cent ($147.4m) and 1.6 per cent ($15.6m), respectively. Also contributing to the overall improvement in the country's position was an increase of 26.7 per cent ($169.5m) in Saint Lucia's imputed share of the reserves at the Central Bank.

Liquidity in the commercial banking system improved during 2015. At the end of December, the ratio of liquid assets to total deposits plus liquid liabilities was at 35.5 per cent, which was above the recommended minimum of 25.0 per cent and about 6.7 percentage points higher than the level recorded at the end of 2014. The ratio of loans and advances to total deposits fell by 12.5 percentage points to 96.5 per cent, but remained outside the ECCB's stipulated range of 75.0 to 85.0 per cent. At end of year 2015, the weighted average interest rate spread between loans and deposits widened to 6.41 percentage points from 5.93 percentage points at the end of 2014.

The Monetary Council's decision to lower the minimum savings rate on deposits to 2.0 per cent effective 01 May 2015, continued to impact deposit rates but based on feedback from senior loans officers, has had very little or no influence on lending rates. The weighted average interest rate on deposits was 1.94 per cent, representing a decline of 63 basis points from the level at the end of the previous year and the weighted average interest rate on lending fell by 15.3 basis points to 8.35 per cent.

Balance of Payments

Preliminary estimates of Saint Lucia's external sector performance for 2015 indicate that an overall surplus of $106.0m (2.7 per cent of GDP) was realised, compared with one of $180.5m (4.8 per cent of GDP) at the end of 2014. The balance of payments' outturn was largely associated with a narrowing of the surplus on the capital and financial account, while the deficit on the current account also contracted. Transactions on the capital and financial account resulted in a 60.0 per cent decrease to $205.2m in net inflows, compared with $512.7m recorded in 2014. The contraction mirrored developments on the financial accounts, where net inflows fell by 66.9 per cent. These developments were supported by a net outflow of $404.1m from commercial banks' transactions compared with one of $160.4m in the prior year.



The deficit on the current account contracted by an estimated 70.1 per cent to $99.2 (2.6 per cent of GDP) mainly attributable to a smaller deficit on the goods account, in addition to a larger surplus on the services account. The merchandise trade deficit is estimated to have shrunk to $867.6m (22.4 per cent of GDP) from $1,057.0m (27.8 per cent of GDP), reflecting a decline in import payments, supported by growth in export receipts. The import bill fell by 9.1 per cent to $1,354.4m, in contrast to an increase of 1.1 per cent in 2014. The value of exports amounted to $486.8m (12.6 per cent of GDP), about 12.3 per cent above the level of the prior year. The improvement in export receipts was the consequence of increases in both domestic exports and re-exports, due in part to larger receipts from a number of commodities, machinery and transport equipment, manufactured goods and food and live animals. Service transactions resulted in a net inflow of $727.1m (18.7 per cent of GDP), approximately 4.9 per cent higher than the amount at the end of the previous year.

Prospects

Notwithstanding downside risks, growth prospects for global economic activity are favourable. The International Monetary Fund in its April 2016 World Economic Outlook update revised projections for growth in 2016 and 2017 to 3.2 per cent and 3.5 per cent, respectively. Growth in advanced economies is forecasted to average 2.0 per cent in the short term and activity in the USA, in particular, is projected to remain resilient as conditions in the housing and labour markets improve, despite volatility in oil prices. Against the backdrop of a strengthening global economy, anticipated resilience for the US economy, which is projected to grow by 2.4 per cent and 2.5 per cent in 2016 and 2017 respectively and optimism for Canada and the UK, economic activity in Saint Lucia is projected to pick up in 2016. The uptick is likely to be led by increased activity in the construction sector, supported by a few of the other economic sectors. In addition, there is a commitment to the implementation of policy initiatives conducive to increased competitiveness and sustainable economic growth in Saint Lucia in the medium to long term.

The rebound in activity in the construction sector, one of the main drivers of economic growth, is projected to hold steady as private sector activity remains robust, coupled with continuous public sector investment. In the private sector, activity is expected to be driven by ongoing work on tourism related plants, including the Royalton Property, the Harbour Club Hotel, the Coconut Bay Resort and the Tides Sugar Beach Resort. Ongoing work on the Unicomer building and the Commercial Centre is likely to contribute to buoyancy in construction activity. In the public sector, work will concentrate on roads, bridges and other infrastructure.

In the agricultural sector, increased value added is anticipated, based on further improvement in the output of livestock, poultry and other crops and recovery in the banana industry as it continues to benefit from on-going initiatives under the EU Banana Accompanying Measures. The Ministry of Agriculture remains committed to diversification efforts within the sector, strengthening linkages with other sectors and attracting more young persons to employment opportunities in agriculture. These policies augur well for increased agricultural output in the short to medium term.

Another critical element to the near-term outlook is the prospect for tourism. Subsequent to the improvement in airlift to Saint Lucia and a number of marketing initiatives by Saint Lucia Hotel and Tourism Association, it is anticipated that increased stay-over arrivals will boost activity in the hotels and restaurants sector. Expansion from the USA, the main source market, is projected, premised on the increased presence of Delta Airlines, United Airlines and JetBlue. Additionally, improvement in the Canadian market is anticipated in light of Bank of Canada’s forecast for short term economic expansion. Support is likely to come from the UK market, with increased airlift by British Airways, Virgin Atlantic and the Sun Wing. Regional visitors are likely to bolster the tourism numbers through continued collaboration between the French West Indies and local communities in Saint Lucia. The cruise sub-sector is expected to perform better in 2016, attributable to a significant boost from anticipated home-porting services at Port Castries by P & O Cruises (Britannia). Positive developments in the tourism industry have spill-over effects on other ancillary sectors, like wholesale and retail and transport, storage and communications.

Growth prospects are largely contingent on the ability of Central Government to effectively manage its fiscal adjustment agenda and the medium-term debt strategy. The overall deficit on the fiscal accounts is projected to continue to narrow underpinned by deliberate policy measures to reduce expenditure and improve revenue collection, supported by expected flows from the Citizenship by Investment Programme, which was officially launched in January 2016. Capital expenditure is likely to increase, albeit slowly, as on-going projects progress and new ones get off the ground, following the receipt of funds for infrastructural upgrade under the Basic Enhancement Project and an active community development agenda funded through the Constituency Development Programme. Inter alia, the rolling over of a large proportion of existing debt is expected to put upward pressure on the debt stock for 2016, resulting in an overall larger debt burden with correspondingly higher interest payments and overall debt servicing costs.

In the external sector, the merchandise trade deficit is projected to narrow in the short to medium term, on account of a likely improvement in export earnings, despite an anticipated increase in imports to accommodate the projected expansion in construction activity. On the other hand, the local economy is expected to receive support from a commitment by supermarkets, hotels and restaurants to increase local purchase of a number of agricultural products including fruits, vegetables and poultry. Pressures on the balance of payments from a trade deficit are likely to be partly offset by higher external loan disbursements, an improvement in foreign investment flows, as work progresses on a number of the large tourism plants and the Citizenship by Investment Programme gets on the way. Additionally, higher inflows from travel are likely, consistent with anticipated growth in the number of visitors to Saint Lucia.

Deflationary pressures are likely to persist, largely on account of declining commodity prices, including petroleum.

Although global dynamics point to a pickup in activity in the short term – growth of 3.2 per cent in 2016, the balance of risks remains tilted to the downside, associated largely with global adjustments. These risks, which include a deceleration in emerging market economies, developments in the Chinese economy, the decline in commodity prices and changes in the monetary policy stance in the USA, need to be efficiently managed to safeguard global growth. Due to the openness of the ECCU economies, particularly Saint Lucia, they are not insulated from these global risks. In addition, they face a number of domestic challenges. Majority of the private sector construction projects are funded by external sources and therefore potential adverse effects of reduced foreign investments and remittance inflows persist. Also, the tourism industry depends on developments in the advanced economies, especially the main source markets like USA, UK and Canada. Other downside risks to economic prospects for Saint Lucia include increased geopolitical tension, the spread of the Zika virus, the adverse impact of global warming and climate change and domestic social and labour market conditions.

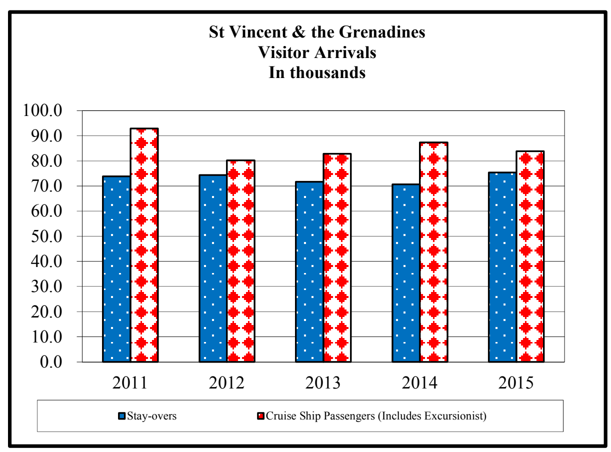
ST VINCENT AND THE GRENADINES

Economic activity in St Vincent and the Grenadines rebounded in 2015, with real GDP provisionally estimated to have expanded by 0.8 per cent following a mild contraction of 0.2 per cent in 2014. The favourable outturn was largely supported by expansions in all major economic sectors with a few exceptions. The modest expansion was accompanied by a 2.1 per cent decline in the inflation rate on an end of period basis, due largely to the fall in oil prices. The central government's operations resulted in a narrowing of the overall deficit, which was mainly influenced by developments on the capital account. The government paid down domestic arrears which contributed to a decline in the total outstanding public sector debt stock. Meanwhile, domestic financial conditions remained favourable - growth in the broad monetary aggregates moderated and that of net foreign assets strengthened. Liquidity in the commercial banking system remained above prudential benchmarks, and was sufficient to support domestic activity. The expansion in credit however, remained largely extended to households rather than the business sector. Reflecting a decline in deposit rates, the spread between the weighted average interest rate on loans and deposits widened. A smaller overall surplus was generated on the balance of payments mainly attributable to lower net inflows on the capital and financial account which offset a smaller current account deficit.

The modest recovery in real economic activity in St Vincent and the Grenadines is expected to be sustained in 2016. This outlook is contingent on developments in the global economy, particularly, the economies of its key trading partners. More robust growth in the US and UK should benefit St Vincent and the Grenadines, in light of the links through remittances, tourism and foreign direct investment. Similarly, lower commodity prices in the short term are likely to continue to support economic growth by increasing disposable incomes in these economies which may in turn positively impact domestic output in tourism and its ancillary sectors. The risks surrounding the 2016 economic growth projection are however tilted to the downside. Possible weaknesses in global growth, uncertainty over monetary policy adjustments in advanced economies, and low implementation rates on domestic infrastructural projects could adversely impact the local economy. Most notably, recent concerns over weaker emerging market growth may cloud the 2016 international outlook, while domestically; a further delay in the envisaged completion of the airport could generate greater private sector uncertainty. If any of these risks materialize, growth in 2016 may be lower than expected.

Output

Activity in most of the key services sectors expanded, led by tourism sector. Value added in the hotels and restaurants sector, a proxy for tourism activity, is estimated to have expanded by 7.3 per cent in 2015, following a contraction of 2.4 per cent in 2014. This strong outturn reflected a 6.6 per cent increase in the number of stay-over visitors, compared to growth of 1.4 per cent in 2014. The expansion was largely attributed to growth in arrivals from all of the major source markets. The USA and the Caribbean remained the most important source markets, each accounting for almost 30.0 per cent of total stay-over arrivals during the year. Following declines in the previous year, arrivals from these two main markets advanced by 11.2 per cent and 8.5 per cent, respectively. Visitor arrivals from the United Kingdom, the third largest source market, were sustained with growth of 6.8 per cent following an increase of 5.1 per cent in the previous year. Meanwhile, a more robust increase of 4.3 per cent was registered in visitors from Canada, relative to a 0.8 per cent growth in the previous year. These gains in stay-over visitors were partly mitigated by a reduction in arrivals from the aggregate of the other smaller, less-established markets, which retreated by 8.1 per cent.



Of the other categories of visitors, declines were recorded in the number of excursionists (19.5 per cent) and cruise ship passengers (3.6 per cent), while the pace of growth in yacht passengers moderated to 1.2 per cent in 2015, relative to 3.0 per cent growth in 2014. The number of cruise ship calls stood at 231 in 2015, 9 more calls than a year earlier. Cumulatively, growth in total visitor arrivals is estimated to have decelerated to 0.8 per cent to 206,662, following a 2.4 per cent expansion in 2014. Notwithstanding this deceleration, total visitor expenditure is estimated to have risen by 3.6 per cent to $258.5m during the year, far outpacing the increase in total arrivals.

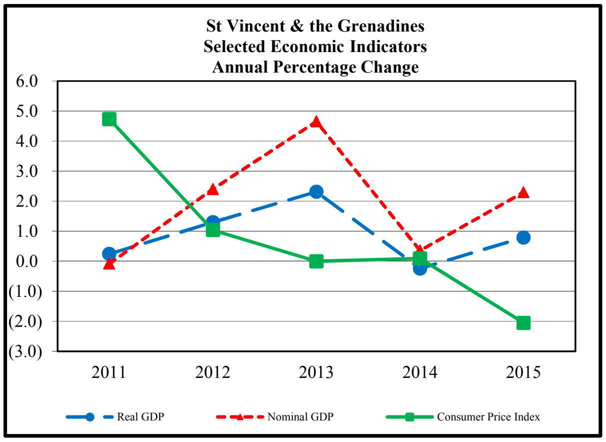
The construction sector remained strong, driven mainly by the residential sub-sector. Value added in the sector, which contributed approximately 7.8 per cent to real GDP, is estimated to have rebounded in 2015 to grow by 4.0 per cent, in contrast to a contraction of 11.8 per cent in the previous year. The expansion in value added was mainly driven by the residential sub-sector which helped to cushion weaker public sector activity. Supportive of this expansion was an 11.2 per cent increase in the sales of building materials, despite the 20.2 per cent decline in capital expenditure registered in the year. Activity in this sector was also evident in credit granted by commercial banks to residential construction and renovation, which grew by 7.3 per cent relative to the rate of 5.5 per cent observed in 2014. Value added in the mining and quarrying sector, mirrored the expansion in construction activity with estimated growth of 4.0 per cent.

The agricultural sector showed signs of revitalisation, reflecting a number of recent sectoral initiatives being undertaken. Following modest production due to adverse weather conditions and plant diseases in previous years, real output in the sector is estimated to have improved with growth of 4.7 per cent in 2015, from 2.9 per cent expansion in 2014. The more robust performance in 2015 was primarily driven by crop production, which grew at a faster rate of 5.3 per cent in 2015, compared with 4.3 per cent in 2014. This was reflected in a 20.0 per cent expansion in banana production and an increase of 5.0 per cent in output of other crops such as root crops and vegetables. The livestock subsector, which has been growing in importance in recent years, registered growth of 2.5 per cent. The improved production in these sub-sectors has been largely influenced by diversification initiatives undertaken by the Ministry of Agriculture, as the agency seeks to broaden output and cultivation in non-traditional areas. Fish production is estimated to have expanded by 8.0 per cent in 2015, the largest expansion in at least 4 years.

The manufacturing sector, which consists of the grains, beverages and building materials sub-sectors, exhibited signs of deceleration. Value-added in the manufacturing sector edged lower to 3.0 per cent, following growth of 6.3 per cent in 2014. Production was fuelled by an expansion in output from the sub-sectors producing beverages and building materials, while output from the grains sub-sector contracted. Lower domestic and regional demand led to declines in the production of animal feed (10.4 per cent), flour (2.7 per cent) and rice (89.9 per cent).

Only the wholesale and retail trade sector contributed negatively to growth in 2015. The sector, which is the third largest in terms of its contribution to GDP, is estimated to have shrunk by 8.0 per cent, evidenced by a reduction in imports related to wholesale and retail trade. This performance was partially offset by a modest expansion in a number of other services sectors such as transport, storage and communications, electricity and water and financial intermediation. Value added in the transport, storage and communications sector recovered, with growth of 1.6 per cent from its marginal decline of 0.2 per cent in the previous year. Similarly, growth in the electricity and water sector is estimated to have advanced by 4.0 per cent, supported by a 3.0 per cent and 7.0 per cent increase in value-added by the electricity and water sub-sectors respectively. Meanwhile, the value added in the financial intermediation sector is estimated to have improved to 2.4 per cent in the 2015 compared to growth of 2.1 per cent in 2014, influenced by the recent decision to reduce the minimum savings rate by the Monetary Council to 2.0 per cent from 3.0 per cent. The decision, which became effective from 01 May 2015, contributed to the enhanced profitability in the banking sector during the year.

While the contribution of most of the aforementioned sectors to GDP growth was largely positive, that of real estate, renting and business activities, which is the largest contributor to GDP, was almost negligible. The sector is estimated to have increased by 0.7 per cent, a deceleration from growth of 1.3 per cent a year earlier.



Prices, Wages and Employment

Largely reflecting global developments in energy prices in 2015, inflationary pressures declined during the year. The inflation rate, as measured by the annual change in the Consumer Price Index (CPI) on an end-of-period basis, fell by 2.1 per cent in 2015, following an increase of 0.1 per cent in 2014. The downward movement in the CPI was driven by average price reductions in the three largest sub-components of the Index. The largest sub-index of housing, utilities, gas and other fuels fell by 4.8 per cent, reflecting declines in the price of cooking gas, the electricity surcharge as well as the cost of selected building materials. Meanwhile, the second and third largest-weighted sub-categories comprising food and non-alcoholic beverages and transport, decreased by 2.3 per cent and 6.9 per cent, respectively. Considerable reductions in the price of certain canned goods and fresh vegetables contributed to the decline in the former while a fall in the price of fuel and vehicle parts contributed to the overall decrease in the latter. Conversely, the largest gains in the index were recorded in health (6.2 per cent), followed by communication (6.0 per cent), and alcoholic beverages, tobacco and narcotics (1.2 per cent). An increase in medical specialists' fees was the main contributor to the acceleration in the average price of health services while the overall increase in communication services reflected higher mobile rates on overseas calls.

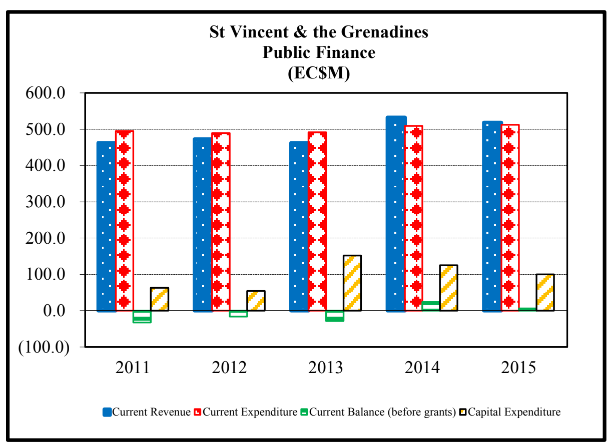
While recent data on the evolution of employment is not readily available, data on the total number of insured employees by the National Insurance Services (NIS) may be used as a proxy. Preliminary labour market information from the NIS revealed that the total number of active insured persons declined by 0.1 per cent in 2015 to 33,605, relative to a 0.5 per cent increase one year earlier. Among the economic sectors tracked, declines were registered in administrative support, construction, manufacturing, professional, real estate and wholesale and retail. With respect to wages and salaries, a 2.5 per cent retroactive increase was granted to public sector employees in December 2015 following successful negotiations with trade unions. In addition, the Government continued to support the PetroCaribe-funded Supportive Education and Training Programme (SET), aimed at training and skills development. With respect to future data improvements on the labour market, it is noted that the Government recently concluded a labour market survey in collaboration with the Orgainisation of Eastern Caribbean States (OECS) Commission. It is expected that the findings from this survey would potentially supplement future analysis on the domestic labour market and should be available during the second quarter of 2016.

Central Government Fiscal Operations

Provisional estimates indicate that the overall fiscal deficit narrowed to $57.6m (2.8 per cent of GDP) in 2015 from $80.4m (4.1 per cent of GDP) in 2014. The deficit was financed mainly from domestic sources. Over the same period, a primary deficit of $13.0m (0.6 per cent of GDP) was recorded compared with one of $34.7m (1.8 per cent of GDP) in 2014. The current account surplus narrowed to $6.2m (0.3 per cent of GDP) from one of $23.4m (1.2 per cent of GDP) in 2014, largely influenced by a decline in revenue accompanied by marginal growth in expenditure.

Current revenue declined by 2.6 per cent to $518.3m (25.6 per cent of GDP) from $532.3m (27.0 per cent of GDP) in 2014, largely reflecting a sharp decline in non-tax revenue. Non-tax revenue fell to a little more than half of the previous year's outturn to $36.0m, largely influenced by a sharp contraction in interest and rents, on account of the large prepayment made by the Mustique Company in the previous year. This was however, only partially compensated for by an increase in tax revenue. Tax revenue, which constituted more than 90.0 per cent of current revenue as at end of 2015, grew by a moderate pace of 3.0 per cent to $482.3m, following an expansion of 11.3 per cent in 2014. Inflows from taxes on domestic goods and services, which accounted for approximately half of tax revenue, rose by 5.6 per cent to $254.1, due in part to increased receipts from VAT and the bank deposit levy. VAT collections increased by 4.2 per cent to $143.8m reflecting enhanced tax collection efforts and the estimated modest expansion in economic activity. Receipts from the bank deposit levy rose sharply by 70.9 per cent ($7.8m) to $18.9m, while marginal gains were recorded in the revenue yielded from excise tax (6.8 per cent) and licenses (4.3 per cent). The increases were partially dampened by lower inflows from stamp duty which fell by 13.4 per cent to $22.6m on account of declining land sales. The yield from taxes on incomes and profits declined by $7.6m (5.5 per cent) in 2015, in contrast to an expansion of $25.7m (23.1 per cent) in the previous year. The lower outturn was mainly due to a falloff in receipts from withholding tax associated with the conduct of forensic audits conducted in 2014. Tax inflows from international trade and transactions rose by 9.0 per cent to $94.3m reflecting increases in import duty and customs service charge. Despite the decline in imports, the increase in import duty receipts was related to a fall in concessions and a shift in imports to more dutiable goods such as motor vehicles, while the gain recorded in customs service charge was principally attributable to the one percentage point increase in this charge instituted in 2015.

Current expenditure rose by 0.6 per cent to $512.1m (25.2 per cent of GDP), owing to increased outlays on personal emoluments and wages. Spending on this category advanced by 3.7 per cent to $257.2m, following the successful negotiation with trade unions, which granted public sector employees a 2.5 per cent retroactive salary increase in December 2015. Partially offsetting this increase were contractions in all other categories of current expenditure. Spending on transfers and subsidies fell by 2.2 per cent ($3.1m) to $137.7m in keeping with declines in in post-disaster assistance granted in the previous year. Expenditure on goods and services shrank by 2.6 per cent ($1.9m) to $72.6m and interest payments declined by 2.3 per cent to $44.6m on account of marginal contractions in both domestic and external payments.



Capital expenditure declined by 20.2 per cent to $99.9m and was mainly associated with a registered reduction in spending related to education and housing projects. Notably, the decline in housing expenditure was linked to the completion of work related to post-disaster construction and rehabilitation. Capital expenditure was in part financed by grant inflows which increased by $4.1m to $24.8m. Concurrently, capital revenue registered a sharp rise to $11.3m, following a significant drop in the previous year.

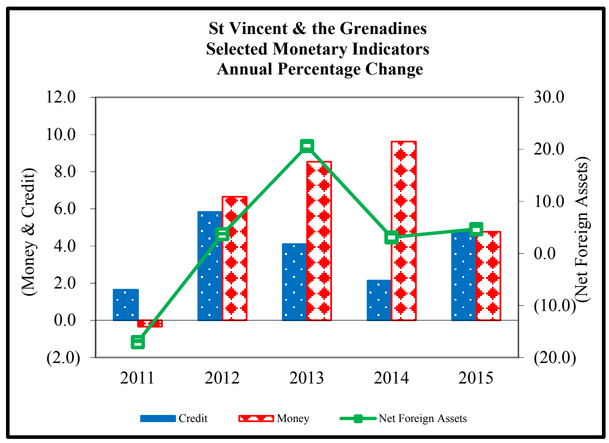
Public Sector Debt

The stock of disbursed outstanding debt of the public sector was estimated at $1,555.1m at the end of 2015, approximately 1.0 per cent lower than that recorded in 2014. Consequently, the debt-to-GDP ratio declined to 76.7 per cent from 79.7 per cent in December 2014. The decline in the debt stock was attributable to a fall in both domestic and external borrowings by the central government. The central government external debt stock fell by 0.5 per cent to $941.6m as previously-held external debt on the regional market was taken up by domestic investors. By comparison, the rate of decline on central government's domestic portfolio was greater at 3.9 per cent to $380.5m and was associated with decline in arrears and an increase in domestic principal repayments in 2015. Conversely, the debt stock of public corporations rose during the review period by 1.9 per cent to $232.9m, reflecting an increase in domestic credit (8.8 per cent) which was partly offset by an 8.1 per cent decline in external borrowing due to amortization payments.

Money and Credit

Provisional data indicate that money and credit dynamics in St Vincent and the Grenadines was mixed during 2015, characterized by a moderation in monetary liabilities and a decline in business credit. Despite the general expansion in economic activity, the total monetary liabilities (M2) of the banking system grew at a slower rate of 4.8 per cent to $1,475.8m during 2015, relative to growth of 9.6 per cent during 2014. The expansion in M2 largely reflected developments in quasi money. Quasi money, which accounts for approximately 70.0 per cent of M2, rose by 5.7 per cent to $1,038.0m, primarily on account of expansions in private sector saving deposits (5.3 per cent) and private sector foreign currency deposits (24.3 per cent). Narrow money, the other component of M2, grew more moderately by 2.7 per cent to $437.8m, reflecting a continued preference for more liquid deposits. The expansion was largely driven by currency with the public which rose by 20.6 per cent, but tempered by a 0.1 per cent decline in private sector demand deposits.

Growth in domestic credit accelerated by 4.8 per cent to $1,069.4m during 2015, up from the 2.1 per cent during 2014. This expansion reflected higher demand for credit by the private sector coupled with the activities of the central government. In contrast to a decline of 0.3 per cent during 2014, private sector credit rose by 2.4 per cent ($24.6m) during 2015 driven by the continued expansion in credit to households. Lending to households, which accounts for three-quarters of private sector credit, grew at a faster rate of 3.5 per cent compared with a rate of 1.6 per cent during the previous year. Conversely, loans extended to businesses declined by a further 1.2 per cent, less sharply than the previous year's contraction of 5.9 per cent, which may perhaps be reflective of continued uncertainty by local businesses. The net indebtedness of the central government expanded by 25.4 per cent to $112.2m during 2015 compared to 38.3 per cent in the previous year. The expansion was largely associated with a drawdown in deposits at commercial banks to finance ongoing fiscal operations. The net deposit position of non-financial public enterprises fell by 1.7 per cent to $111.7m largely resulting from a reduction in deposits.



An analysis of the distribution of bank credit by economic activity revealed that outstanding loans expanded by 2.1 per cent to $1,206.3m during 2015, following a 0.2 per cent contraction recorded during 2014. The expansion in credit was almost entirely attributable to loans extended to the personal sector. Within the personal sector category, credit extended to home construction and renovation increased markedly by 7.3

per cent, while lending on durable goods and other personal spending grew more slowly at 2.7 per cent and 0.8 per cent, respectively. Conversely, lending to most of the corporate sector contracted, with the notable exceptions of the agriculture, construction and tourism sectors, which respectively grew by 13.1 per cent, 9.6 per cent and 2.2 per cent. The continued decline in business lending is a cause for concern as it could adversely impact growth and the employment outlook.

Net foreign assets of the banking system grew by 4.7 per cent to $531.9m at the end of 2015, up from growth of 3.1 per cent during 2014. This expansion was mainly fuelled by a rise of 5.6 per cent to $444.8m in the imputed share of reserves of St Vincent and the Grenadines held at the Central Bank. This was supplemented by an increase in the net foreign assets of commercial banks by 0.4 per cent to $87.1m, which was influenced by a lower liability position with banks within the Currency Union.

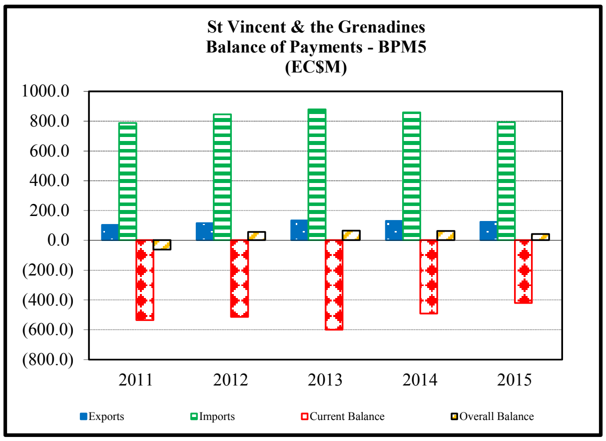
Liquidity in the commercial banking system rose during the period under review. This was evidenced by an increase in the ratio of liquid assets to total deposits plus liquid liabilities, which rose by 1.0 percentage point to 44.3 per cent. In addition, the ratio of loans and advances to total deposits fell by 0.3 percentage points to 67.9 per cent, well below the maximum threshold of 75.0 to 85.0 per cent.

Against a background of banking sector challenges and modest growth in the Currency Union, a pre-emptive step was taken by the Monetary Council to reduce the minimum savings rate by 100 basis points to 2.0 per cent effective 01 May 2015. With the reduction in this rate, the weighted average deposit rate by commercial banks declined to 1.92 per cent from 2.51 per cent during 2014. The reduction in the weighted average lending rate was more moderate, as the rate edged lower to 9.22 from 9.30 per cent in the previous year. Consequently, commercial banks weighted average interest rate spread between loans and deposits widened to 7.30 at the end of 2015, from 6.79 per cent at the end of 2014.

Balance of Payments

Preliminary estimates of the balance of payments indicate a further narrowing of the overall surplus to $41.4m (2.0 per cent of

GDP), marginally below that of $62.0m (3.2 per cent of GDP) recorded in 2014. This outturn was influenced by a decline in net inflows on the capital and financial account which more than offset the deficit on the current account.



The narrowing of the current account deficit continued to be heavily influenced by developments in the goods and services account. The current account deficit narrowed to an estimated $421.3m (20.8 per cent of GDP) from $492.5m (25.0 per cent of GDP) in 2014. The merchandise trade deficit narrowed by 8.2 per cent to $669.3m (33.0 per cent of GDP) on account of lower import payments. Import payments (f.o.b) fell by 7.7 per cent to $901.0m, mainly attributable to 46.9 per cent decline in the importation value of mineral fuels and related materials consistent with low global energy prices. Concurrently, export receipts fell by 4.7 per cent to $123.6m, reflecting a decline in re-exports. Re-exports contracted by 46.0 per cent due to a fall in the re-export of machinery and transport equipment. Meanwhile, domestic exports rose by 2.9 per cent attributed to the growth in exports of beer (18.4 per cent). This was partially offset by contractions in the export of grains including rice (13.4 per cent) and flour (5.3 per cent). On the services account, net inflows rose by 16.3 per cent to $124.4m, largely attributed to an increase in travel services inflows and a narrowing of the transportation deficit.

The surplus on the capital and financial account narrowed by 18.7 per cent to $458.0 (22.6 per cent of GDP), from $563.3 (28.6 per cent of GDP) in 2014. The decline primarily reflected developments on the financial account. Net inflows on the financial account contracted by 19.1 per cent to $391.1m, primarily attributable to a decline in external official disbursements. This was partially tempered by growth in foreign direct investment (10.0 per cent), which was an improvement from the significant contraction of 31.4 per cent recorded a year earlier.

Prospects

The modest recovery in real economic activity in St Vincent and the Grenadines is expected to be sustained in 2016. This outlook is contingent on developments in the global economy, particularly, the economies of its key trading partners. The April Update of the WEO projected that growth in advanced economies will remain at 1.9 per cent in 2016. Growth in the United States of America should benefit St Vincent and the Grenadines, given the links through remittances, foreign investment and tourism. Similarly, lower commodity prices for the foreseeable future are likely to continue to support global growth by increasing disposable incomes which could in turn positively impact domestic output in tourism, and its ancillary sectors.

Construction activity is projected to remain relatively robust, with spending by the private sector likely to cushion the government's lower capital expenditure programme. Construction activity is likely to be focused on residential activity which is expected to be supported by increased consumer spending on account of the announced wage increases and the low fuel prices. In addition, public sector activity will continue to be primarily focused on infrastructural projects including the completion of the Argyle International Airport, the South Leeward Highway, and the Regional Disaster Vulnerability Reduction projects.

A further recovery in the pace of tourism activity is projected, with a forecasted increase in stay-over arrivals and cruise ship calls likely to contribute to an increase in gross travel receipts. However, private sector investment, evidenced by business credit, needs to be enhanced to encourage the full potential in this sector. The recovery in the agricultural sector is expected to pick up, with the sustained production in non-traditional crops and livestock. However, despite lower energy prices, overall manufacturing output would likely remain modest in light of increased competitive pressure in the grains and beverages sub-sectors.

With respect to the fiscal accounts, the central government's overall deficit is expected to narrow due to the announced decline in capital expenditure as well as the introduction of a number of fiscal measures.

The Government has made important tax reforms for improving the sustainability of its finances. The most significant of these are a more broad based Value-Added-Tax (VAT) system and increases in licenses and property tax. These measures, along with the ongoing improvements in tax administration, are expected to enhance current revenue in 2016. Notwithstanding the aforementioned measures, there is still scope for significant reforms to help bring debt on a more sustainable path and to help fund Government's capital and public assistance programmes.

Monetary liabilities and domestic credit are projected to expand in keeping with the anticipated expansion in economic activity. In the external sector, the current account deficit is projected to widen owing to an increase in import payments associated with the expected expansion in economic activity. An increase is also expected in the value of domestic exports, influenced by positive developments in the agricultural sector. Similarly, the improved outlook for key trading partners is likely to stimulate a recovery in gross travel receipts, foreign direct investment and remittances which would contribute to an overall surplus on the balance of payments.

The risks surrounding the 2016 economic growth projection are however tilted to the downside. Possible weaknesses in global growth, uncertainty over adjustments in monetary policy in advanced economies, and low implementation rates on domestic infrastructural projects could, singly or jointly, adversely impact the local economy. With respect to global growth, recent concerns over weaker emerging market growth may cloud the 2016 international outlook. Additionally, a further delay in the envisaged completion of the airport could generate greater private sector uncertainty. If any of the above risks materialise, growth in 2016 could be lower than expected.

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

ECCU **PAGE**

Table 1 Selected Economic Indicators ... 129
Table 2 Consolidated Central Government Fiscal Operations ... 130
Table 3 Monetary Survey ... 131
Table 4 Selected Tourism Statistics ... 132
Table 5 Balance of Payments ... 133
Table 6 Total Public Sector Disbursed Outstanding Debt ... 134
Table 7 Central Government Disbursed Outstanding Debt ... 134
Table 8 Total Central Government Debt Service Payments ... 134
Table 9 Participation on the RGSM ... 135
Table 10 Average Weighted Interest Rates on the RGSM ... 135

ANGUILLA

Table 11 Selected Economic Indicators ... 136
Table 12 Central Government Fiscal Operations ... 137
Table 13 Monetary Survey ... 138
Table 14 Selected Tourism Statistics ... 139
Table 15 Balance of Payments ... 140

ANTIGUA AND BARBUDA

Table 16 Selected Economic Indicators ... 141
Table 17 Central Government Fiscal Operations ... 142
Table 18 Monetary Survey ... 143
Table 19 Selected Tourism Statistics ... 144
Table 20 Balance of Payments ... 145

DOMINICA

Table 21 Selected Economic Indicators ... 146
Table 22 Central Government Fiscal Operations ... 147
Table 23 Monetary Survey ... 148
Table 24 Selected Tourism Statistics ... 149
Table 25 Balance of Payments ... 150

GRENADA

Table 26 Selected Economic Indicators 151
Table 27 Central Government Fiscal Operations 152
Table 28 Monetary Survey 153
Table 29 Selected Tourism Statistics 154
Table 30 Balance of Payments 155

MONTSERRAT

Table 31 Selected Economic Indicators 156
Table 32 Central Government Fiscal Operations 157
Table 33 Monetary Survey 158
Table 34 Selected Tourism Statistics 159
Table 35 Balance of Payments 160

ST KITTS AND NEVIS

Table 36 Selected Economic Indicators 161
Table 37 Federal Government Fiscal Operations 162
Table 38 Monetary Survey 163
Table 39 Selected Tourism Statistics 164
Table 40 Balance of Payments 165

SAINT LUCIA

Table 41 Selected Economic Indicators 166
Table 42 Central Government Fiscal Operations 167
Table 43 Monetary Survey 168
Table 44 Selected Tourism Statistics 169
Table 45 Balance of Payments 170

ST VINCENT AND THE GRENADINES

Table 46 Selected Economic Indicators 171
Table 47 Central Government Fiscal Operations 172
Table 48 Monetary Survey 173
Table 49 Selected Tourism Statistics 174
Table 50 Balance of Payments 175

POLICY BRIEF 177

Table 1
ECCU - Selected Economic Indicators

	2011	2012	2013	2014	2015
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	1.56	2.35	3.25	4.40	3.54
Real GDP at Basic Prices	(0.23)	0.37	1.65	2.91	2.62
GDP Deflator	1.80	1.97	1.58	1.45	0.90
Consumer Prices (end of period)	4.40	2.68	(0.36)	1.48	(1.75)
Consumer Prices (period average)	3.95	2.88	0.88	1.50	(1.24)
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	0.30	5.72	5.25	7.23	4.09
Fishing	8.64	2.14	4.33	2.24	(0.89)
Manufacturing	(0.71)	(0.61)	(2.39)	2.35	(0.98)
Mining & Quarrying	(11.44)	9.87	8.84	(3.93)	(2.81)
Electricity & Water	2.02	(0.75)	(1.33)	0.14	3.03
Construction	(9.44)	(3.73)	5.27	1.32	7.66
Wholesale and Retail	(0.41)	0.92	(0.97)	3.90	2.68
Hotels and Restaurants	2.46	1.35	2.59	5.25	2.51
Transport, Storage and Communications	(1.33)	(2.18)	(0.22)	3.09	3.18
Transport and Storage	(2.29)	(1.13)	0.87	6.69	5.34
Communications	0.13	(3.74)	(1.86)	(2.54)	(0.52)
Financial Intermediation	0.88	(0.08)	(1.00)	0.70	1.61
Real Estate, Renting and Business Activities	1.26	0.83	2.80	2.04	1.93
Public Administration, Defence & Compulsory Social Security	3.08	2.60	2.56	4.25	1.61
Education	(0.44)	2.17	4.90	2.92	1.69
Health and Social Work	3.08	2.23	1.35	1.72	1.06
Other Services	4.12	1.51	(2.47)	0.35	2.66
FISIM	1.62	(0.64)	(4.68)	(5.42)	1.65
Import Cover Ratio	4.65	5.60	6.56	8.23	9.81
	(In percent of GDP)				
External Sector					
Current Account Balance	(17.86)	(16.88)	(16.24)	(13.52)	(11.33)
Overall Balance	1.21	1.94	0.79	4.07	1.91
Merchandise Trade Balance	(34.22)	(33.10)	(32.89)	(32.37)	(30.01)
Public Sector External Debt (end-of-period)	43.39	42.91	46.01	44.34	40.78
Central Government					
Current Account Balance	(0.08)	(0.12)	0.49	1.41	2.37
Current Revenue	24.10	23.73	24.36	25.17	25.68
Current Expenditure	24.17	23.86	23.88	23.77	23.31
Capital Expenditure and Net Lending	5.61	4.75	6.52	5.64	5.18
Overall Fiscal Balance	(3.17)	(2.19)	(3.38)	(1.19)	(0.28)
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	3.06	3.04	2.85	2.58	1.98
Weighted Lending Interest Rates	9.53	8.92	8.94	8.92	8.74
	(in millions of EC dollars, unlesss otherwise stated)				
Memo					
Nominal GDP at Basic Prices	12,584.3	12,880.2	13,299.1	13,884.6	14,376.4
Real GDP at Basic Prices	11,032.0	11,072.8	11,255.6	11,583.5	11,886.5
Nominal GDP at Market Prices	14,751.8	15,046.1	15,490.5	16,288.9	16,956.0
Merchandise Imports (f.o.b)	6,018.9	6,041.7	6,157.5	6,291.2	6,106.9
Merchandise Exports (f.o.b)	970.5	1,060.7	1,062.3	1,019.2	1,018.6
Gross Visitor Expenditure	3,163.7	3,178.5	3,322.2	3,591.8	3,676.7
GDP per capita (EC$)	20,799	21,198	21,725	22,510	22,987

Source: ECCU Central Statistics Offices and Eastern Caribbean Central Bank
Data as at 15 February 2016

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

	2011	2012	2013	2014	2015
CURRENT REVENUE	**3,554.66**	**3,570.64**	**3,774.17**	**4,100.54**	**4,353.55**
Tax Revenue	3,068.14	3,071.70	3,117.18	3,359.66	3,586.45
Taxes on Income and Profits [1/]	671.99	669.21	653.62	700.90	777.28
of which:					
Personal [2/]	301.79	316.91	317.23	343.99	357.83
Company[3/]	288.01	270.22	236.35	257.30	321.81
Taxes on Property	58.16	67.77	73.22	84.02	90.05
Taxes on Domestic Goods & Services	1,257.43	1,322.75	1,496.20	1,603.62	1,642.85
of which:					
Accommodation Tax	54.17	55.35	16.81	18.98	19.57
Licenses	103.75	103.44	139.16	126.18	121.47
Sales Tax [4/]	197.34	227.61	209.40	229.20	231.68
Consumption Tax [5/]	7.64	6.66	1.05	0.36	0.28
Value Added Tax [6/]	560.80	612.69	857.93	927.35	955.65
Taxes on International Trade & Transactions	1,080.56	1,011.96	894.15	971.11	1,076.27
of which:					
Consumption Tax [7/]	154.16	115.77	40.48	52.01	75.78
Import Duties	425.12	417.72	416.24	446.63	467.86
Customs Service Charge [7/]	200.61	196.51	197.39	210.50	226.76
Non-Tax Revenue	486.52	498.94	656.99	740.88	767.10
CURRENT EXPENDITURE	**3,565.94**	**3,589.29**	**3,698.39**	**3,871.10**	**3,952.41**
Personal Emoluments	1,546.11	1,582.75	1,653.05	1,707.59	1,714.71
Goods and Services	748.89	713.73	790.42	780.28	782.20
Interest Payments	434.60	466.68	437.83	480.15	462.22
Domestic	246.16	275.60	257.90	281.78	266.55
External	188.44	191.08	179.92	198.37	195.67
Transfers and Subsidies	836.34	826.14	817.10	903.08	993.29
Pensions	253.29	288.03	289.70	296.10	302.38
Current Account Balance (before grants)	**(11.28)**	**(18.65)**	**75.79**	**229.44**	**401.13**
Capital Revenue	**24.72**	**26.02**	**60.48**	**37.04**	**23.16**
Grants	**346.77**	**377.98**	**350.31**	**459.54**	**407.58**
Current Grants	137.53	109.31	75.84	111.99	115.49
Capital Grants	209.24	268.67	274.47	347.55	292.09
Capital Expenditure and Net Lending	**827.57**	**714.35**	**1,010.03**	**919.32**	**878.54**
Captial Expenditure	801.18	715.21	1,008.68	918.62	852.15
Primary Balance after grants	**(32.76)**	**137.67**	**(85.63)**	**286.85**	**415.56**
Overall Balance after grants	**(467.36)**	**(329.01)**	**(523.45)**	**(193.30)**	**(46.66)**
Financing	**467.36**	**329.01**	**523.45**	**193.30**	**46.66**
Domestic	204.96	(4.67)	224.38	(44.67)	(226.90)
ECCB(net)	70.40	(93.80)	54.49	(63.67)	(60.38)
Commercial Banks(net)	410.93	46.69	(100.35)	139.07	(298.53)
Other	(276.37)	42.44	270.24	(120.07)	132.01
External	282.43	168.58	244.11	132.02	36.15
Net Amortisation	242.16	131.07	247.37	140.58	(41.55)
Disbursement	568.48	464.08	586.31	508.50	514.77
Amortisation	(326.32)	(333.01)	(338.94)	(367.92)	(556.31)
Change in Govt. Foreign Assets	40.27	37.51	(3.26)	(8.56)	77.69
Other Foreign Financing [7/]	-	-	-	-	-
Arrears	(20.03)	64.41	54.96	105.95	(5.58)
Domestic	(19.27)	113.02	(12.17)	17.98	(2.43)
External	(0.76)	(48.61)	67.13	87.97	(3.15)
Other Financing (residual)	-	100.69	-	-	243.00

Source: ECCU Ministries of Finance and Eastern Caribbean Central Bank
/1 Taxes on Income & Profits include stabilization levy collected in Anguilla
/2 Included is a Social Services Levy which is applied in St. Kitts & Nevis; not collected in Anguilla.
/3 Excludes Anguilla
/4 Includes data for Antigua and Barbuda, and Dominica
/5 Excludes Anguilla, Antigua and Barbuda, and Montserrat
/6 Includes Dominica, Grenada, St Kitts and Nevis, and St Vincent and the Grenadines
/7 Excludes Anguilla
Data as at 15 February 2016

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

	2010	2011	2012	2013	2014	2015 [P]
Net Foreign Assets	**2,148.33**	**2,052.89**	**2,653.67**	**3,481.20**	**4,960.27**	**6,451.89**
Central Bank (net)	**2,498.31**	**2,717.94**	**3,031.40**	**3,149.94**	**3,804.49**	**4,205.97**
External Assets	2,500.52	2,720.52	3,036.61	3,156.59	3,810.30	4,211.41
External Liabilities	(2.20)	(2.58)	(5.21)	(6.64)	(5.81)	(5.44)
Commercial Banks (net)	**(349.99)**	**(665.05)**	**(377.73)**	**331.26**	**1,155.78**	**2,245.92**
External Assets	3,199.56	3,863.51	4,045.46	4,205.66	4,940.18	5,823.76
External Liabilities	(3,549.54)	(4,528.56)	(4,423.20)	(3,874.41)	(3,784.40)	(3,577.84)
Net Domestic Assets	**10,627.46**	**11,133.97**	**10,986.90**	**10,755.91**	**10,165.47**	**9,270.81**
Domestic Credit	**13,296.08**	**13,429.02**	**13,396.80**	**12,888.29**	**12,088.16**	**11,165.55**
Central Government (net)	1,141.53	1,622.86	1,575.75	1,529.90	1,605.30	1,246.39
Other Public Sector (net)	(908.03)	(1,391.09)	(1,512.94)	(1,621.12)	(1,893.77)	(2,002.93)
Private Sector	13,062.58	13,197.24	13,333.99	12,979.51	12,376.63	11,922.09
Households	6,348.44	6,415.39	6,685.98	6,715.87	6,872.24	6,776.08
Business	6,149.26	6,196.51	6,134.33	5,822.04	5,166.43	4,800.03
Non-Bank Financial Institutions	276.45	311.22	305.15	276.71	180.67	199.12
Subsidiaries & Affiliates	288.44	274.13	208.53	164.89	157.30	146.86
Other Items (Net)	**(2,668.62)**	**(2,295.05)**	**(2,409.90)**	**(2,132.38)**	**(1,922.68)**	**(1,894.74)**
Monetary Liabilities (M2)	**12,775.79**	**13,186.86**	**13,640.57**	**14,237.11**	**15,125.74**	**15,722.70**
Money Supply (M1)	2,638.59	2,758.66	2,870.37	2,925.59	3,253.35	3,525.93
Currency with the Public	616.08	634.59	633.82	667.57	715.80	763.92
Demand Deposits	1,941.67	2,049.53	2,170.30	2,187.67	2,456.96	2,697.48
EC$ Cheques and Drafts Issued	80.84	74.54	66.25	70.34	80.59	64.52
Quasi Money	10,137.20	10,428.20	10,770.20	11,311.52	11,872.39	12,196.77
Savings Deposits	5,355.33	5,575.60	5,968.92	6,399.91	6,787.27	7,002.09
Time Deposits	2,973.12	3,091.41	3,025.87	2,903.67	2,731.55	2,572.90
Foreign Currency Deposits	1,808.76	1,761.19	1,775.42	2,007.94	2,353.57	2,621.79

Source: Eastern Caribbean Central Bank

Data as at 16 February 2016

Table 4
ECCU - Selected Tourism Statistics

	2011	2012	2013	2014	2015
Total Visitors	3,791,913	3,484,369	3,472,960	3,818,081	4,190,474
Stay-Over Visitors	986,196	991,804	1,004,650	1,062,510	1,086,064
USA	378,112	385,630	401,808	431,066	450,478
Canada	83,358	90,562	96,943	105,961	94,105
UK	201,479	201,242	193,180	203,508	208,295
Caribbean	219,344	208,101	207,969	202,633	215,614
Other Countries	103,903	106,269	104,750	119,342	117,572
Excursionists	80,654	89,381	102,120	124,598	131,597
Cruise Ship Passengers[/1]	2,581,320	2,252,860	2,211,559	2,468,549	2,816,106
Yacht Passengers[/2]	143,743	150,324	154,631	162,424	156,707
Number of Cruise Ship Calls[/3]	1,537	1,462	1,485	1,651	1,774
Total Visitor Expenditure (EC$M)	**3,163.26**	**3,179.34**	**3,322.23**	**3,591.80**	**3,676.74**

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

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

[/2] Yacht passengers excludes Anguilla

[/3] Cruiseship calls excludes Anguilla

Data as at 15 February 2016

Table 5
ECCU - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2011	2012	2013	2014	2015
CURRENT ACCOUNT	**(2,634.5)**	**(2,539.1)**	**(2,515.4)**	**(2,201.9)**	**(1,921.9)**
Goods and Services	(2,726.6)	(2,575.8)	(2,547.2)	(2,338.7)	(2,084.3)
Goods	(4,876.0)	(4,813.9)	(4,936.9)	(5,110.0)	(4,930.0)
Merchandise	(5,048.4)	(4,981.0)	(5,095.2)	(5,272.0)	(5,088.4)
Repair on goods	0.4	0.3	0.4	0.5	0.5
Goods procured in ports by carriers	172.1	166.7	157.9	161.5	157.9
Services	2,149.4	2,238.2	2,389.7	2,771.3	2,845.6
Transportation	(462.3)	(438.7)	(467.8)	(445.7)	(427.7)
Travel	2,723.2	2,753.2	2,885.0	3,134.2	3,201.0
Insurance Services	(176.1)	(169.7)	(181.8)	(198.9)	(202.1)
Other Business Services	(36.6)	(60.5)	(142.3)	(139.1)	(155.4)
Government Services	101.1	153.9	296.5	420.8	429.9
Income	(389.1)	(429.6)	(355.8)	(365.7)	(360.3)
Compensation of Employees	46.4	44.9	45.2	47.9	49.1
Investment Income	(435.5)	(474.5)	(401.0)	(413.6)	(409.4)
Current Transfers	481.2	466.3	387.6	502.5	522.8
General Government	194.5	190.8	127.4	211.3	220.4
Other Sectors	286.7	275.4	260.2	291.2	302.4
CAPITAL & FINANCIAL ACCOUNT	**2,813.1**	**2,830.4**	**2,637.3**	**2,865.0**	**2,245.6**
Capital Account	693.7	878.3	709.7	960.9	952.6
Capital Transfers	693.7	878.3	709.7	960.9	952.6
General Government	402.6	559.2	340.3	506.8	532.6
Other Sectors	291.1	319.1	369.4	454.1	420.0
Acquisition & Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	2,119.4	1,952.1	1,927.6	1,904.1	1,293.1
Direct Investment	1,241.6	1,529.0	1,794.9	1,682.1	1,675.3
Portfolio Investment	74.8	49.7	312.5	71.1	(97.7)
Other Investments	802.9	373.4	(179.8)	150.9	(284.6)
Public Sector Long Term	191.1	92.9	664.1	181.7	72.2
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	315.1	(287.3)	(709.0)	(824.5)	(1,090.1)
Other Assets	161.4	21.6	(211.1)	216.6	165.0
Other Liabilities [1/]	135.3	546.2	76.1	577.2	568.4
Overall Balance	**178.6**	**291.3**	**121.8**	**663.1**	**323.8**
Financing	**(178.6)**	**(291.3)**	**(121.8)**	**(663.1)**	**(323.8)**
Change in SDR holdings	37.5	(15.3)	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	3.6	37.5	(3.3)	(8.6)	77.7
Change in ECCU's Net Foreign Assets [2/]	(219.6)	(313.5)	(118.5)	(654.6)	(401.5)

Source: ECCU Central Statistics Offices and Eastern Caribbean Central Bank
[1/] includes errors & omissions
[2/] adjusted for valuation changes
Data as at 26 February 2016

Table 6
ECCU - Total Public Sector Disbursed Outstanding Debt (DOD)*
(In millions of Eastern Caribbean dollars)
at end of period

	2011^{R}	2012^{R}	2013^{R}	2014^{R}	2015^{P}
Anguilla	229.50	234.01	231.64	221.90	212.71
Antigua and Barbuda	2,843.98	2,840.56	3,224.28	3,387.99	3226.82
Dominica	912.59	1,018.28	1,053.47	1,079.90	1111.93
Grenada	2,074.32	2,189.67	2,330.43	2,356.22	2264.73
Montserrat	7.93	7.40	6.83	6.26	9.13
St Kitts and Nevis	2,848.94	2,725.60	2,115.11	1,774.08	1534.32
Saint Lucia	2,372.78	2,610.76	2,754.60	2,891.38	2979.02
St Vincent and the Grenadines	1,276.08	1,361.57	1,476.91	1,570.61	1555.07
TOTAL ECCU	**12,566.12**	**12,987.85**	**13,193.26**	**13,288.33**	**12893.73**

Source: ECCU
* Includes arrears of principal
Data as at 15 February 2016

Table 7
ECCU - Central Government Disbursed Outstanding Debt (DOD)
(In millions of Eastern Caribbean dollars)
at end of period

	2011^{R}	2012^{R}	2013^{R}	2014^{R}	2015^{P}
Anguilla	213.12	217.33	216.77	209.15	201.52
Antigua and Barbuda	2,376.00	2,362.16	2,509.83	2,843.84	2715.74
Dominica	738.99	847.46	881.00	916.82	942.20
Grenada	1,846.59	1,972.88	2,127.75	2,181.54	2111.92
Montserrat	2.01	1.81	1.63	1.44	1.32
St Kitts and Nevis	2,320.69	2,154.82	1,635.81	1,482.43	1267.11
Saint Lucia	2,108.97	2,389.19	2,558.69	2,728.52	2832.78
St Vincent and the Grenadines	1,067.37	1,145.10	1,237.56	1,342.13	1322.21
TOTAL ECCU	**10,673.73**	**11,090.75**	**11,169.04**	**11,705.87**	**11394.81**

Source: ECCU
Data as at 15 February 2016

Table 8
ECCU - Total Central Government Debt Service Payments
(In millions of Eastern Caribbean dollars)

	2011^{R}	2012^{R}	2013^{R}	2014^{R}	2015^{P}
Anguilla	10.18	14.98	15.71	16.07	17.97
Antigua and Barbuda	197.81	226.00	232.24	228.75	415.86
Dominica	50.38	53.03	47.96	56.42	48.92
Grenada	125.28	139.08	153.45	197.21	166.84
Montserrat	0.16	0.14	0.15	0.15	0.15
St Kitts and Nevis	326.81	233.25	143.37	229.65	180.76
Saint Lucia	192.16	223.99	321.22	240.03	489.65
St Vincent and the Grenadines	115.86	117.43	131.80	132.17	135.51
TOTAL ECCU	**1,018.65**	**1,007.90**	**1,045.89**	**1,100.45**	**1455.66**

Source: ECCU
Data as at 15 February 2016

Table 9
ECCU - Participation on the RGSM

	2011R	2012R	2013R	2014P	2015P
Treasury Bills					
Number of Auctions	31	44	43	47	46
Amount Raised (EC$M)	589.7	811.2	832.4	958.6	950.1
Subscriptions (EC$M)	917.2	1101.5	1086.5	1178.4	1326.6
Bonds					
Number of Auctions	2	7	10	9	7
Amount Raised (EC$M)	25.5	260.0	234.9	220.8	139.9
Subscriptions (EC$M)	26.7	270.6	235.9	225.5	142.5
Total number of auctions	33	51	53	56	53
Total Amounts Raised (EC$M)	615.3	1071.2	1067.4	1179.5	1090
Total Subscriptions (EC$M)	943.9	1372.1	1322.3	1403.9	1469.1

Source: Eastern Caribbean Central Bank
Data as at 15 February 2016

Table 10
ECCU - Average Weighted Interest Rates on the RGSM (%)

	2011R	2012R	2013R	2014P	2015P
91-day Treasury Bill	4.55	4.43	3.94	3.68	3.41
180-day Treasury Bill	4.75	5.79	6.00	5.01	4.31
365-day Treasury Bill	6.08	6.24	5.93	6.21	5.34
2-year Bonds	**	**	**	4.50	4.95
3-year Bonds	**	**	6.75	5.25	6.50
4-year Bonds	**	6.00	**	**	**
5-year Bonds	7.50	6.99	7.25	6.46	6.80
6-year Bonds	**	**	6.90	**	7.25
7-year Bonds	**	7.00	7.34	7.28	**
8-year Bonds	**	7.10	7.10	**	**
10-year Bonds	7.75	7.48	7.32	7.50	**
15-year Bonds	**	**	**	7.95	**

Source: Eastern Caribbean Central Bank
Data as at 15 February 2016

Table 11
Anguilla - Selected Economic Indicators

	2011 R	2012 R	2013 R	2014 R	2015 P
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	3.56	0.33	1.44	9.85	2.09
Real GDP at Basic Prices	(1.16)	(1.77)	0.32	6.74	2.24
GDP Deflator	4.78	2.14	1.11	2.91	(0.14)
Consumer Prices (end of period)	8.62	(0.34)	0.76	(0.93)	(1.78)
Consumer Prices (period average)	6.19	1.41	0.15	(0.25)	(0.99)
Real GDP at Basic Prices by Selected Sectors:					
Agriculture, Livestock and Forestry	(9.52)	(12.75)	5.21	(2.37)	2.27
Fishing	34.49	10.60	(18.19)	2.27	1.50
Manufacturing	(1.54)	0.38	(1.35)	18.53	(8.00)
Mining and Quarrying	(5.43)	(9.04)	(8.63)	19.85	(2.86)
Electricity and Water	(2.88)	(10.63)	(3.82)	0.12	1.03
Construction	(13.95)	8.84	4.28	38.08	(1.00)
Wholesale and Retail Trade	(5.01)	7.93	(4.30)	15.09	2.50
Hotels and Restaurants	6.55	(4.78)	6.22	2.92	4.50
Transport, Storage and Communications	(3.12)	(6.45)	(2.21)	6.80	3.66
Transport and Storage	(3.97)	0.53	9.36	19.75	8.01
Communications	(2.59)	(10.80)	(10.33)	(4.29)	(1.00)
Financial Intermediation	(1.14)	(2.50)	(4.12)	0.31	1.28
Real Estate, Renting and Business Activities	0.61	(4.65)	1.39	2.31	1.92
Public Administration, Defence & Compulsory Social Security	(8.17)	(0.56)	(0.15)	1.00	3.72
Education	8.80	7.23	7.35	(1.46)	3.36
Health and Social Work	(0.69)	(12.11)	(3.52)	2.48	3.54
Other Services	(2.50)	0.89	2.07	1.23	2.00
FISIM	5.71	(5.57)	(0.42)	(0.31)	3.00
Import Cover Ratio	3.68	3.57	4.79	3.86	3.98
	(In percent of GDP)				
External Sector					
Current Account Balance	(12.56)	(19.20)	(17.54)	(20.89)	(21.53)
Overall Balance	(0.79)	0.82	0.36	2.00	0.27
Merchandise Trade Balance	(41.20)	(43.04)	(44.00)	(42.20)	(41.51)
Public Sector External Debt (end-of-period)	21.80	22.67	22.24	19.95	18.87
Central Government					
Current Account Balance	3.91	1.24	(0.31)	1.17	0.87
Current Revenue	25.68	23.50	22.56	22.34	22.18
Current Expenditure	21.77	22.26	22.87	21.17	21.31
Capital Expenditure and Net Lending	1.20	1.24	1.08	0.41	0.85
Overall Fiscal Balance	2.71	1.51	0.66	2.53	0.46
	(in per cent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	2.87	3.49	3.32	2.97	2.65
Weighted Lending Interest Rates	10.14	9.19	9.17	9.25	9.07
	(in millions of EC dollars, unlesss otherwise stated)				
Memo					
Nominal GDP at Basic Prices	644.45	646.55	655.84	720.45	735.54
Real GDP at Basic Prices	567.96	557.90	559.67	597.41	610.79
Nominal GDP at Market Prices	798.53	765.57	768.74	841.78	861.14
Merchandise Imports (f.o.b)	347.86	348.48	344.18	360.30	361.65
Merchandise Exports (f.o.b)	18.88	18.98	5.92	5.09	4.15
Gross Visitor Expenditure	301.70	304.52	331.56	346.08	346.09
GDP per Capita (EC$)	58,836.85	55,807.53	55,448.37	59,192.71	59,984.72

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism and Eastern Caribbean Central Bank
Data as at 13 February 2016

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

	2011	2012	2013	2014	2015 P
Current Revenue	205.04	179.89	173.41	188.04	191.04
Tax Revenue	180.71	155.13	147.47	156.31	162.75
Taxes on Income and Profit	8.20	13.86	12.77	13.21	13.85
of which: Stabilisation Levy	8.20	13.86	12.77	13.21	13.85
Taxes on Property	2.85	3.91	3.62	4.46	4.80
Taxes on Domestic Goods and Services	104.16	66.03	52.45	58.21	58.98
of which:					
Licenses	11.22	11.93	13.52	12.33	13.86
Accommodation Tax	20.51	18.58	13.62	16.11	18.34
Stamp Duties	55.40	18.22	9.37	12.97	10.93
Taxes on International Trade and Transactions	65.50	71.33	78.62	80.43	85.12
of Which:					
Import Duty	53.41	53.61	56.77	61.80	65.13
Customs Surcharge	11.32	14.72	15.89	16.48	17.69
Embarkation Tax	-	2.12	4.97	1.19	1.39
Non-tax Revenue	24.33	24.75	25.94	31.72	28.30
Current Expenditure	173.85	170.43	175.78	178.17	183.52
Personal Emoluments	80.46	79.91	80.32	81.15	82.82
Goods and Services	38.74	38.33	40.45	42.20	42.79
Interest Payments	9.12	8.35	9.11	9.39	8.38
Domestic	2.65	2.42	3.08	3.09	2.41
External	6.47	5.93	6.03	6.30	5.97
Transfers and Subsidies	45.52	43.84	45.91	45.43	49.54
of which: Pensions	8.11	7.77	8.21	7.95	9.19
Current Account Balance	31.19	9.46	(2.37)	9.87	7.53
Capital Revenue	-	-	-	-	-
Grants					
Of which Capital Grants	-	11.64	15.72	14.82	3.74
Capital Expenditure and Net Lending	9.55	9.51	8.27	3.43	7.34
Of which: Capital Expenditure	9.55	9.51	8.27	3.43	7.34
Primary Balance before grants	30.76	8.29	(1.53)	15.83	8.56
Primary Balance after grants	30.76	19.93	14.19	30.65	12.30
Overall Balance before grants	21.64	(0.05)	(10.64)	6.44	0.19
Overall Balance after grants	21.64	11.59	5.08	21.26	3.93
Financing	(21.64)	(11.59)	(5.08)	(21.26)	(3.93)
Domestic	(21.58)	(7.49)	(4.03)	(20.26)	0.12
ECCB (net)	(3.12)	5.71	0.14	(0.04)	0.05
Commercial Banks (net)	(4.33)	(9.21)	(8.27)	(8.53)	9.51
Other	(14.13)	(3.99)	4.10	(11.69)	(9.45)
External	(1.06)	(1.08)	(1.04)	(1.12)	(4.04)
Net Disbursements/(Amortisation)	(1.06)	(1.08)	(1.04)	(1.12)	(4.04)
Disbursements	-	-	-	-	-
Amortisation	(1.06)	(1.08)	(1.04)	(1.12)	(4.04)
Change in Government Foreign Assets	-	-	-	-	-
Arrears	1.00	(3.02)	(0.01)	0.12	0.00
Domestic	1.00	(3.02)	(0.01)	0.12	0.00
External	-	-	-	-	-
Other financing					

Source: Treasury Department, Anguilla and the Eastern Caribbean Central Bank
Data as at 13 February 2016

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

	2010	2011	2012	2013	2014	2015P
Net Foreign Assets	**196.81**	**187.12**	**186.28**	**233.83**	**263.46**	**325.69**
Central Bank (Net)	**108.09**	**101.76**	**108.04**	**110.82**	**127.66**	**129.99**
Commercial Banks (Net)	**88.71**	**85.36**	**78.24**	**123.01**	**135.80**	**195.70**
External (Net)	31.54	7.70	12.11	77.39	31.26	35.02
Assets	293.22	224.86	224.43	203.04	182.71	198.07
Liabilities	261.68	217.16	212.33	125.65	151.45	163.05
Other ECCB Territories (Net)	57.17	77.66	66.14	45.62	104.54	160.68
Assets	168.39	195.69	173.75	135.07	157.56	201.08
Liabilities	111.21	118.03	107.61	89.45	53.02	40.40
Net Domestic Assets	**865.55**	**827.44**	**821.31**	**797.07**	**776.88**	**748.25**
Domestic Credit	**1,231.92**	**1,199.03**	**1,123.55**	**1,053.11**	**983.29**	**934.13**
Central Government (Net)	(46.87)	(54.32)	(57.81)	(65.95)	(74.52)	(64.95)
Other Public Sector (Net)	(133.75)	(160.81)	(184.35)	(198.64)	(210.23)	(224.05)
Private Sector	1,412.54	1,414.16	1,365.72	1,317.70	1,268.04	1,223.13
Household	613.69	594.13	565.42	539.74	521.37	517.30
Business	777.08	794.05	776.95	751.46	724.74	684.15
Non-Bank Financial Institutions	5.69	6.96	5.67	5.30	4.13	3.88
Subsidiaries & Affiliates	16.08	19.02	17.68	21.20	17.80	17.80
Other Items (Net)	**(366.37)**	**(371.60)**	**(302.24)**	**(256.04)**	**(206.42)**	**(185.88)**
Monetary Liabilities (M2)	**1,062.36**	**1,014.55**	**1,007.59**	**1,030.90**	**1,040.34**	**1,073.94**
Money Supply (M1)	**42.09**	**45.43**	**42.62**	**43.06**	**51.51**	**70.14**
Currency with the Public	11.62	11.22	11.19	12.21	12.31	17.38
Demand Deposits	28.55	31.78	29.93	30.13	38.35	52.04
EC$ Cheques and Drafts Issued	1.92	2.43	1.51	0.73	0.85	0.72
Quasi Money	**1,020.27**	**969.12**	**964.96**	**987.83**	**988.84**	**1,003.80**
Savings Deposits	102.16	98.41	106.24	107.84	121.66	131.43
Time Deposits	118.74	124.48	127.03	130.09	134.50	121.40
Foreign Currency Deposits	799.37	746.24	731.69	749.90	732.68	750.97

Source: Eastern Caribbean Central Bank
Data as at 29 February 2016

Table 14
Anguilla - Selected Tourism Statistics

	2011	2012	2013	2014 R	2015 P
Total Visitor Arrivals	123,558	129,391	151,303	176,780	186,068
Stay-Over Arrivals	65,783	64,698	69,068	70,927	73,232
Of Which:					
USA	42,829	41,795	45,510	45,446	47,248
Canada	2,823	3,291	3,575	3,709	3,397
UK	3,118	2,599	2,796	2,750	2,753
Caribbean	10,954	10,181	10,454	11,445	12,497
Other Countries	6,059	6,832	6,733	7,577	7,337
Excursionists	57,775	64,693	82,235	105,853	112,836
Total Visitor Expenditure (EC$M)	**301.70**	**304.52**	**331.56**	**346.08**	**346.09**

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

Data as at 13 February 2016

Table 15
Anguilla - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2011	2012	2013	2014 [R]	2015 [P]
Current Account	**(100.26)**	**(147.02)**	**(134.85)**	**(175.85)**	**(185.37)**
Goods and Services	**(126.98)**	**(126.78)**	**(110.48)**	**(161.02)**	**(170.19)**
Goods	(328.76)	(328.83)	(337.73)	(354.89)	(357.35)
Merchandise	(328.97)	(329.50)	(338.25)	(355.21)	(357.49)
Repair on goods	0.07	0.07	0.07	0.06	0.05
Goods procured in ports by carriers	0.14	0.60	0.45	0.26	0.09
Services	201.78	202.05	227.25	193.87	187.16
Transportation	(27.39)	(28.62)	(22.45)	(31.21)	(31.46)
Travel	266.57	271.75	299.02	310.45	309.64
Insurance Services	(5.71)	(5.91)	(6.11)	(17.48)	(17.72)
Other Business Services	(34.84)	(40.55)	(48.06)	(75.98)	(81.56)
Government Services	3.16	5.38	4.85	8.08	8.25
Income	**(0.90)**	**(5.87)**	**(11.48)**	**1.17**	**1.00**
Compensation of Employees	7.47	0.53	(1.43)	(0.64)	(0.66)
Investment Income	(8.38)	(6.41)	(10.04)	1.81	1.66
Current Transfers	**27.62**	**(14.37)**	**(12.89)**	**(16.00)**	**(16.18)**
General Government	45.09	6.70	0.58	0.41	0.65
Other Sectors	(17.47)	(21.06)	(13.47)	(16.41)	(16.83)
Capital and Financial Account	**93.92**	**153.30**	**137.64**	**192.70**	**187.69**
Capital Account	**21.20**	**28.48**	**32.05**	**31.11**	**20.36**
Capital Transfers	21.20	28.48	32.05	31.11	20.36
General Government	0.08	12.55	15.72	14.82	3.74
Other Sectors	21.12	15.93	16.33	16.29	16.62
Acquisition & Disposal of Non-Produced Non-Financial Assets	-	-	-	-	-
Financial Account	**72.72**	**124.82**	**105.58**	**161.59**	**167.33**
Direct Investment	105.07	117.57	113.80	214.03	230.71
Portfolio Investment	(3.43)	0.65	1.85	1.77	0.88
Other Investments	(28.92)	6.60	(10.07)	(54.22)	(64.26)
Public Sector Long Term	(1.44)	(0.57)	(2.63)	(2.22)	(5.38)
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	3.35	7.12	(44.77)	(12.79)	(59.90)
Other Assets	(16.69)	(5.21)	13.39	(1.96)	(9.31)
Other Liabilities [1/]	(14.15)	5.27	23.94	(37.24)	10.32
Overall Balance	**(6.34)**	**6.28**	**2.78**	**16.85**	**2.32**
Financing	**6.34**	**(6.28)**	**(2.78)**	**(16.85)**	**(2.32)**
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	-	-	-	-	-
Change in Imputed Reserves	6.34	(6.28)	(2.78)	(16.85)	(2.32)

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism and Eastern Caribbean Central Bank
[1/] Includes errors & omissions
Data as at 13 February 2016

Table 16
Antigua and Barbuda - Selected Economic Indicators

	2011^R	2012^R	2013^R	2014^R	2015^P
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	(0.57)	6.20	1.54	1.10	5.89
Real GDP at Basic Prices	(1.87)	3.61	1.54	4.21	3.32
GDP Deflator	1.32	2.50	0.00	(2.98)	2.49
Consumer Prices (end of period)	4.04	1.84	1.06	1.33	0.90
Consumer Prices (period average)	3.46	3.38	1.06	1.09	0.97
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	5.97	(4.08)	(3.23)	2.74	2.88
Fishing	22.28	8.94	13.25	(1.32)	1.00
Mining and Quarrying	(19.30)	6.26	40.46	4.67	(10.00)
Manufacturing	2.77	(15.23)	17.59	3.47	7.70
Electricity and Water	8.02	(1.41)	(1.98)	(1.82)	6.91
Construction	(24.37)	10.06	2.83	7.08	4.91
Wholesale and Retail Trade	(7.89)	6.42	(2.31)	6.73	9.44
Hotels and Restaurants	4.37	2.22	(0.01)	2.96	2.54
Transport, Storage and Communications	0.18	(0.98)	(1.86)	0.90	4.71
Transport	(3.13)	5.45	(5.17)	3.87	7.07
Communication	5.10	(9.81)	3.46	(3.46)	1.00
Financial Intermediation	0.70	(0.80)	(5.81)	0.25	1.00
Real Estate, Renting and Business Activities	5.42	4.71	3.66	4.80	1.69
Public Administration, Defence & Compulsory Social Security	(0.29)	3.47	1.69	10.75	0.01
Education	0.59	10.70	11.53	2.51	1.17
Health and Social Work	2.81	6.02	1.07	4.54	0.31
Other Services	6.07	12.51	9.50	(0.88)	(6.36)
FISIM	1.37	(5.00)	(5.84)	(6.75)	1.00
Import Cover Ratio	1.88	1.92	2.06	3.84	6.42
	(In percent of GDP)				
External Sector					
Current Account Balance	(10.39)	(14.90)	(14.99)	(13.04)	(5.46)
Overall Balance	0.93	0.93	3.53	7.71	4.44
Merchandise Trade Balance	(34.12)	(37.21)	(38.01)	(38.45)	(31.10)
Public Sector External Debt (end-of-period)	41.29	36.94	48.03	45.84	43.92
Central Government					
Current Account Balance	(3.88)	(0.76)	(3.17)	(1.64)	0.85
Current Revenue	19.55	19.88	18.44	20.15	22.35
Current Expenditure	23.43	20.64	21.61	21.79	21.51
Capital Expenditure and Net Lending	2.21	0.64	1.33	1.67	1.47
Overall Fiscal Balance	(5.25)	(1.34)	(4.46)	(2.85)	0.10
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	3.08	3.01	2.93	2.81	2.04
Weighted Lending Interest Rates	10.16	9.48	9.47	9.45	9.30
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Basic Prices	2,613.14	2,775.11	2,817.88	2,848.88	3,016.78
Real GDP at Basic Prices	2,307.51	2,390.79	2,427.54	2,529.63	2,613.53
Nominal GDP at Market Prices	3,050.78	3,252.73	3,241.59	3,296.64	3,502.67
Merchandise Imports (f.o.b)	1,119.33	1,288.70	1,321.06	1,358.96	1,160.37
Merchandise Exports (f.o.b)	78.38	78.32	88.89	91.27	70.90
Gross Visitor Expenditure	841.77	861.30	848.17	861.86	871.06
GDP per capita (EC$)	35,654	37,477	36,807	36,879	38,595

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda
and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 17
Antigua and Barbuda - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2011	2012	2013	2014R	2015P
Current Revenue	596.32	646.64	597.82	664.41	782.96
Tax Revenue	551.36	604.21	555.24	571.12	622.65
Taxes on Income and Profit	69.67	77.32	84.69	72.56	89.48
of which:					
Personal Income	34.39	41.89	40.34	37.00	37.28
Corporation	34.32	35.42	44.17	35.55	52.20
Taxes on Property	16.04	20.15	18.30	21.85	18.34
Taxes on Domestic Goods and Services	234.64	275.42	244.69	268.25	274.39
of which:					
Antigua and Barbuda Sales Tax	196.98	227.49	209.34	228.94	231.62
Stamp Duties	29.02	39.07	27.02	30.59	33.95
Taxes on International Trade and Transactions	231.00	231.33	207.56	208.46	240.43
of which:					
Import Duty	78.37	81.02	79.13	79.07	82.19
Consumption Tax	33.19	30.94	29.05	39.99	63.61
Embarkation Tax	15.62	13.46	-	0.23	0.33
Passenger Facility Charge	16.54	15.64	-	-	-
Revenue Recovery Charge	68.26	70.47	69.91	75.96	75.28
Non-Tax Revenue	44.96	42.43	42.58	93.29	160.31
Current Expenditure	714.67	671.49	700.66	718.32	753.27
Personal Emoluments	263.89	273.81	276.88	307.61	307.22
Goods and Services	125.74	113.75	147.65	124.74	106.65
Interest Payments	77.26	80.02	66.27	88.88	101.98
Domestic	44.76	64.40	48.64	57.74	73.51
External	32.50	15.63	17.63	31.14	28.47
Transfers and Subsidies	247.78	203.90	209.85	197.09	237.42
of Which: Pensions	64.82	70.66	75.63	60.58	63.37
Current Account Balance	(118.36)	(24.85)	(102.84)	(53.91)	29.69
Capital Revenue	2.98	2.21	1.30	1.38	4.03
Grants	22.86	-	-	13.79	21.13
of which: Capital Grants	22.86	-	-	13.79	21.13
Debt Forgiveness	-	-	-	-	-
Capital Expenditure	67.55	20.89	43.08	55.10	51.37
Primary Balance	(82.80)	36.49	(78.34)	(4.96)	105.46
Overall Balance (before grants)	(182.92)	(43.53)	(144.62)	(107.62)	(17.65)
Overall Balance (after grants)	(160.06)	(43.53)	(144.62)	(93.83)	3.48
Financing	160.06	43.53	144.62	93.83	(3.48)
Domestic	163.68	(96.78)	84.23	128.83	(284.48)
ECCB (net)	40.27	(1.45)	(17.79)	0.74	(88.05)
Commercial Banks (net)	38.01	9.74	(10.41)	(8.89)	(92.29)
Other	85.40	(105.08)	112.43	136.98	(104.14)
External	38.48	35.39	79.61	(80.17)	71.48
Net Disbursements/(Amortisation)	38.83	26.51	82.85	(80.59)	68.66
Disbursements	98.74	72.48	138.88	16.95	161.73
Amortisation	(59.91)	(45.97)	(56.03)	(97.54)	(93.07)
Change in Govt. Foreign Assets	(0.35)	8.88	(3.24)	0.42	2.82
Arrears	(42.10)	4.24	(19.22)	45.17	(33.47)
Domestic	(41.32)	97.05	(27.46)	6.36	15.87
External	(0.78)	(92.80)	8.24	38.81	(49.34)
Other Financing	-	100.69	-	-	243.00

Source: Ministry of Finance, Treasury Department and ECCB Estimates
Data as at 13 February 2016

Table 18
Antigua and Barbuda - Monetary Survey
(EC$M at end of period)

	2010^R	2011^R	2012^R	2013	2014	2015^P
Net Foreign Assets	**418.81**	**342.91**	**453.95**	**559.09**	**883.06**	**1,524.68**
Central Bank (Net)	**368.29**	**396.29**	**435.38**	**546.72**	**801.47**	**959.86**
Commercial Banks (Net)	50.52	(53.38)	18.57	12.37	81.59	564.82
External (Net)	(132.03)	(222.01)	(299.26)	(359.60)	(265.85)	319.59
Assets	502.29	1,331.69	966.07	594.52	540.00	1,090.41
Liabilities	634.31	1,553.70	1,265.33	954.11	805.84	770.82
Other ECCB Territories (Net)	182.55	168.63	317.83	371.97	347.44	245.24
Assets	969.69	1,180.13	1,298.86	1,393.47	1,418.89	1,422.97
Liabilities	787.15	1,011.50	981.04	1,021.50	1,071.45	1,177.73
Net Domestic Assets	**2,395.49**	**2,457.24**	**2,336.16**	**2,349.35**	**2,128.72**	**1,575.83**
Domestic Credit	**2,948.00**	**2,861.77**	**2,711.70**	**2,684.34**	**2,610.89**	**2,250.46**
Central Government (Net)	465.42	543.70	552.00	523.80	515.65	335.31
Other Public Sector (Net)	(61.68)	(124.27)	(216.53)	(109.00)	(56.38)	6.32
Private Sector	2,544.26	2,442.34	2,376.23	2,269.54	2,151.63	1,908.83
Household	1,324.22	1,234.30	1,277.24	1,250.66	1,238.91	1,173.93
Business	1,128.51	1,128.52	1,014.33	942.39	846.94	712.94
Non-Bank Financial Institutions	19.24	20.55	29.58	30.64	21.78	14.95
Subsidiaries & Affiliates	72.30	58.98	55.09	45.85	44.01	7.02
Other Items (Net)	**(552.51)**	**(404.53)**	**(375.54)**	**(334.99)**	**(482.17)**	**(674.63)**
Monetary Liabilities (M2)	**2,814.30**	**2,800.15**	**2,790.11**	**2,908.44**	**3,011.78**	**3,100.51**
Money Supply (M1)	**618.89**	**603.09**	**554.01**	**597.23**	**632.21**	**694.15**
Currency with the Public	137.74	130.06	121.73	136.59	149.23	159.59
Demand Deposits	448.15	447.29	413.33	431.63	450.67	510.67
EC$ Cheques and Drafts Issued	33.00	25.74	18.95	29.02	32.32	23.89
Quasi Money	**2,195.41**	**2,197.06**	**2,236.10**	**2,311.21**	**2,379.57**	**2,406.36**
Savings Deposits	964.93	995.61	1,082.44	1,181.61	1,310.85	1,375.93
Time Deposits	989.33	995.61	978.83	898.51	824.34	664.57
Foreign Currency Deposits	241.15	205.84	174.83	231.09	244.38	365.86

Source: Eastern Caribbean Central Bank
Data as at 22 February 2016

Table 19
Antigua and Barbuda - Selected Tourism Statistics

	2011	2012	2013	2014	2015[P]
Total Visitor Arrivals	**870,240**	**842,693**	**805,552**	**799,661**	**909,660**
Stay-Over Arrivals	241,331	246,926	243,219	249,316	250,450
of which:					
USA	84,832	93,214	88,619	95,332	94,617
Canada	22,403	24,185	30,235	27,701	23,270
UK	69,184	68,677	68,854	71,193	77,890
Caribbean	37,887	32,680	29,034	27,637	28,052
Other Countries	3,030	9,843	9,610	10,187	10,010
Cruise Ship Passengers\1	604,506	567,707	533,280	525,349	636,458
Cruise Calls\2	328	333	321	315	339
Yacht Passengers	24,403	28,060	29,053	24,996	22,752
Yacht Calls	3,180	3,803	3,825	3,745	3,838
Total Visitor Expenditure (EC$M)	**841.77**	**861.30**	**848.17**	**861.86**	**871.06**

Source: Ministry of Tourism, Antigua and Barbuda and ECCB Estimates

\1 includes Excursionists

\2 Includes Windjammer Calls

Data as at 13 February 2016

Table 20
Antigua and Barbuda - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2011	2012^R	2013^R	2014^R	2015^P
CURRENT ACCOUNT	**(317.02)**	**(484.51)**	**(485.91)**	**(429.96)**	**(191.31)**
Goods and Services	(279.75)	(428.51)	(473.09)	(409.22)	(184.20)
Goods	(1,010.59)	(1,169.92)	(1,186.84)	(1,210.73)	(1,039.03)
Merchandise	(1,040.95)	(1,210.38)	(1,232.17)	(1,267.69)	(1,089.47)
Repair on goods	0.00	0.00	0.00	0.00	0.00
Goods procured in ports by carriers	30.36	40.46	45.32	56.96	50.44
Services	730.84	741.42	713.75	801.52	854.83
Transportation	114.81	102.14	112.89	115.58	137.50
Travel	709.38	729.31	708.77	713.01	715.26
Insurance Services	(53.89)	(47.46)	(58.35)	(51.73)	(52.90)
Other Business Services	(51.28)	(57.57)	(58.18)	(43.64)	(45.32)
Government Services	11.82	15.00	8.63	68.29	100.29
Income	(106.57)	(137.94)	(83.47)	(97.51)	(84.39)
Compensation of Employees	20.58	21.69	20.95	21.41	21.90
Investment Income	(127.15)	(159.63)	(104.42)	(118.93)	(106.30)
Current Transfers	69.30	81.93	70.65	76.77	77.28
General Government	18.40	16.95	14.59	21.62	22.03
Other Sectors	50.90	64.99	56.06	55.16	55.24
CAPITAL & FINANCIAL ACCOUNT	**345.38**	**514.72**	**600.48**	**684.29**	**346.89**
Capital Account	**32.86**	**15.86**	**36.46**	**84.65**	**109.60**
Capital Transfers	32.86	15.86	36.46	84.65	109.60
General Government	22.86	6.06	27.00	13.79	26.13
Other Sectors	10.00	9.80	9.46	70.86	83.48
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
Financial Account	312.51	498.87	564.02	599.64	237.28
Direct Investment	175.93	359.29	255.59	401.53	400.42
Portfolio Investment	27.39	18.00	(42.35)	5.59	13.47
Other Investments	109.19	121.57	350.78	192.52	(176.60)
Public Sector Long Term	80.50	72.38	420.91	(37.44)	106.54
Other Public Sector Capital	0.00	0.00	0.00	0.00	0.00
Commercial Banks	103.90	(71.95)	6.19	(69.22)	(483.23)
Other Assets	(1.07)	(44.72)	(26.08)	92.43	24.46
Other Liabilities *	(74.14)	165.86	(50.24)	206.75	175.62
Overall Balance	**28.35**	**30.21**	**114.57**	**254.33**	**155.58**
Financing	**(28.35)**	**(30.21)**	**(114.57)**	**(254.33)**	**(155.58)**
Change in SDR holdings	0.00	0.00	0.00	0.00	0.00
Change in Reserve Position with the Fund	0.00	0.00	0.00	0.00	0.00
Change in Government Foreign Assets	(0.35)	8.88	(3.24)	0.42	2.82
Change in Imputed Reserves	(28.00)	(39.09)	(111.34)	(254.75)	(158.39)

Source: Statistics Division, Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda and Eastern Caribbean Central Bank
* includes errors & omissions
Data as at 22 February 2016

Table 21
Dominica - Selected Economic Indicators

	2011^{R}	2012^{R}	2013^{R}	2014	2015
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	2.64	(3.08)	5.59	3.02	(2.61)
Real GDP at Basic Prices	1.03	(1.08)	1.70	3.42	(3.68)
GDP Deflator	1.60	(2.03)	3.82	(0.39)	1.11
Consumer Prices (end of period)	1.94	1.27	(0.44)	0.46	0.55
Consumer Prices (period average)	1.06	1.36	(0.05)	0.80	(0.75)
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	7.15	8.65	4.85	(1.36)	(11.02)
Fishing	11.78	(14.61)	(4.92)	38.73	(5.00)
Manufacturing	(5.87)	5.62	3.26	1.92	(27.20)
Mining and Quarrying	10.00	(3.00)	6.00	(5.00)	(0.50)
Electricity and Water	0.44	1.22	(1.41)	3.22	1.78
Construction	1.39	(10.88)	(7.96)	9.24	(15.00)
Wholesale and Retail Trade	4.42	(5.00)	3.83	4.32	(7.50)
Hotels and Restaurants	5.53	3.11	3.79	12.67	(11.50)
Transport, Storage and Communications	0.73	(1.27)	1.98	(0.80)	(4.08)
Transport and Storage	2.30	(0.72)	3.39	(2.14)	(7.60)
Communications	(1.29)	(2.00)	0.06	1.09	0.70
Financial Intermediation	1.44	(4.80)	1.58	4.65	1.72
Real Estate, Renting and Business Activities	0.38	0.38	0.51	0.45	(3.19)
Public Administration, Defence & Compulsory Social Security	6.06	(0.24)	2.20	10.67	10.50
Education	(10.61)	(2.23)	1.01	6.11	3.21
Health and Social Work	0.87	3.43	2.48	2.84	2.58
Other Services	0.77	(0.18)	(4.37)	0.64	1.00
FISIM	3.49	19.26	0.57	1.00	1.80
Import Cover Ratio	4.52	6.01	6.41	6.80	9.31
	(In percent of GDP)				
External Sector					
Current Account Balance	(14.08)	(17.37)	(9.75)	(10.94)	(8.41)
Overall Balance	1.30	1.21	(1.28)	3.41	4.14
Merchandise Trade Balance	(33.55)	(30.81)	(28.26)	(31.76)	(31.38)
Public Sector External Debt (end-of-period)	47.39	54.16	53.92	52.92	54.66
Central Government					
Current Account Balance	2.16	2.48	2.24	1.88	2.61
Current Revenue	26.40	26.63	27.99	26.66	28.91
Current Expenditure	24.24	24.15	25.76	24.78	26.30
Capital Expenditure and Net Lending	13.01	12.79	11.76	8.60	5.92
Overall Fiscal Balance	(8.40)	(9.21)	(9.47)	(1.32)	(1.17)
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	3.15	3.02	3.02	2.80	2.09
Weighted Lending Interest Rates	8.77	9.03	8.96	8.76	8.43
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Basic Prices	1,128.27	1,093.48	1,154.55	1,189.38	1,158.37
Real GDP at Basic Prices	994.78	984.07	1,000.78	1,035.03	996.98
Nominal GDP at Market Prices	1,353.78	1,309.68	1,367.81	1,416.43	1,388.92
Merchandise Imports (f.o.b)	537.13	494.95	482.32	547.14	517.41
Merchandise Exports (f.o.b)	82.91	91.40	95.83	97.21	81.57
Gross Visitor Expenditure	285.95	205.54	277.00	343.46	344.55
GDP per capita (EC$)	19,389.79	18,989.90	19,804.62	20,479.64	19,688.16

Source: Central Statistical Office, Dominica and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 22
Dominica - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2011	2012	2013	2014[R]	2015
Current Revenue	357.38	348.74	382.91	377.58	401.51
Tax Revenue	311.92	302.17	303.29	314.94	327.91
Taxes on Income and Profits	55.88	57.12	58.60	58.15	64.36
Of which:					
Personal	33.58	31.97	34.31	33.78	32.47
Company/Corporation	24.53	27.51	26.30	26.57	34.02
Taxes on Property	8.03	6.29	7.80	6.82	7.82
Taxes on Domestic Goods and Services	177.93	178.10	180.22	186.96	189.85
Of which:					
Value Added Tax (VAT)	118.38	125.25	123.31	129.09	127.59
Licenses	17.69	17.71	18.73	17.96	20.18
Excise Tax	39.14	32.76	36.56	37.44	40.12
Taxes on International Trade and Transactions	70.08	60.67	56.67	63.01	65.88
Of which:					
Import Duty	38.40	34.09	32.82	35.44	37.23
Customs Service Charge	15.39	13.63	13.27	14.70	14.96
Environmental Levy	9.57	7.47	7.93	8.56	9.56
Non-Tax Revenue	45.46	46.57	79.61	62.64	73.59
Current Expenditure	328.15	316.26	352.29	350.98	365.24
Personal Emoluments	138.86	135.19	149.80	148.42	163.67
Goods and Services	97.29	93.63	107.30	107.90	103.85
Interest Payments	24.61	20.43	28.06	24.85	21.85
Domestic	7.04	11.18	10.48	10.65	6.68
External	17.57	9.25	17.58	14.20	15.18
Transfers and Subsidies	67.39	67.00	67.13	69.81	75.86
Of which: Pensions	16.58	15.42	17.42	18.13	18.94
Current Account Balance	29.23	32.48	30.61	26.60	36.27
Capital Revenue	1.47	2.73	0.25	0.34	0.07
Grants	31.65	11.78	0.49	76.14	29.66
Of which: Capital Grants	31.65	11.78	0.49	76.14	29.66
Capital Expenditure and Net Lending	176.13	167.56	160.87	121.79	82.27
Of which: Capital Expenditure	176.62	168.48	160.45	121.75	82.57
Primary Balance after grants	(89.17)	(100.15)	(101.45)	6.13	5.58
Overall Balance after grants	(113.78)	(120.57)	(129.52)	(18.72)	(16.28)
Financing	113.78	120.57	129.52	18.72	16.28
Domestic	79.11	20.91	87.50	4.31	(22.10)
ECCB (net)	2.23	(19.01)	25.32	(8.90)	(5.77)
Commercial Banks (net)	16.71	44.93	34.80	14.36	(104.81)
Other	60.17	(5.01)	27.38	(1.15)	88.48
External	31.25	107.29	36.14	20.69	31.33
Net Disbursements (Amortisation)	27.13	78.65	36.17	29.67	19.95
Disbursements	40.03	98.96	49.12	54.04	43.04
Amortisation	12.90	20.31	12.95	24.36	23.08
Change in Government Foreign Assets	4.12	28.63	(0.03)	(8.98)	11.38
Arrears	3.42	(7.63)	5.88	(6.28)	7.05
Domestic	3.40	(7.28)	5.88	(6.28)	7.05
External	0.02	(0.35)	0.00	0.00	0.00
Other Financing	0.00	0.00	0.00	0.00	0.00

Source: Ministry of Finance, Dominica and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 23
Dominica - Monetary Survey
(EC$M at end of period)

	2010[R]	2011[R]	2012[R]	2013	2014	2015[P]
Net Foreign Assets	**538.17**	**459.12**	**544.98**	**527.87**	**611.91**	**755.48**
Central Bank (Net)	**181.33**	**203.43**	**247.96**	**230.48**	**269.79**	**338.65**
Commercial Banks (Net)	356.85	255.69	297.02	297.39	342.13	416.83
External (Net)	19.12	(17.76)	8.99	36.13	66.81	147.03
Assets	182.73	166.40	252.95	280.67	331.65	423.54
Liabilities	163.60	184.16	243.97	244.54	264.84	276.51
Other ECCB Territories (Net)	337.73	273.45	288.03	261.26	275.32	269.80
Assets	430.88	393.05	333.42	305.82	333.88	353.82
Liabilities	93.16	119.60	45.38	44.56	58.57	84.02
Net Domestic Assets	**472.05**	**574.84**	**593.37**	**630.67**	**637.02**	**542.99**
Domestic Credit	**577.14**	**652.90**	**687.43**	**722.45**	**737.36**	**631.72**
Central Government (Net)	(51.48)	(32.54)	(6.62)	53.50	58.96	(51.62)
Other Public Sector (Net)	(87.57)	(77.92)	(102.44)	(121.98)	(94.80)	(92.26)
Private Sector	716.19	763.35	796.48	790.93	773.20	775.60
Household	409.39	422.83	443.08	456.59	456.38	464.38
Business	298.64	329.52	332.64	318.64	297.83	284.68
Non-Bank Financial Institutions	1.58	4.44	14.20	11.13	12.41	26.53
Subsidiaries & Affiliates	6.57	6.57	6.57	4.57	6.57	-
Other Items (Net)	**(105.08)**	**(78.07)**	**(94.06)**	**(91.79)**	**(100.34)**	**(88.73)**
Monetary Liabilities (M2)	**1,010.23**	**1,033.96**	**1,138.35**	**1,158.54**	**1,248.94**	**1,298.47**
Money Supply (M1)	**192.20**	**189.77**	**227.84**	**212.86**	**234.69**	**260.78**
Currency with the Public	46.46	47.00	45.61	41.59	46.89	46.59
Demand Deposits	140.85	140.17	175.67	169.03	185.55	212.31
EC$ Cheques and Drafts Issued	4.89	2.60	6.56	2.24	2.25	1.88
Quasi Money	**818.02**	**844.19**	**910.52**	**945.68**	**1,014.25**	**1,037.69**
Savings Deposits	533.91	564.18	628.20	686.38	760.39	802.30
Time Deposits	254.06	256.21	248.77	235.76	217.49	208.18
Foreign Currency Deposits	30.06	23.80	33.55	23.54	36.36	27.21

Source: Eastern Caribbean Central Bank
Date as at 22 March 2016

Table 24
Dominica - Selected Tourism Statistics

	2011	2012	2013	2014[R]	2015
Total Visitors	424,372	355,175	320,362	378,812	358,820
Stay-Over Visitors	71,769	75,130	75,096	78,135	75,832
USA	13,804	14,959	14,521	15,853	14,805
Canada	2,502	2,553	2,636	2,582	2,637
UK	4,611	4,657	4,619	4,866	4,932
Caribbean	41,105	41,850	41,437	41,890	40,881
Other Countries	9,747	11,111	11,883	12,944	12,577
Excursionists	764	2,104	1,904	2,195	1,422
Yachts Passengers	10,338	11,763	12,775	11,909	16,906
Cruise Ship Passengers	341,501	266,178	230,587	286,573	264,660
Number of Cruise Ship Calls	196	183	162	199	186
Total Visitor Expenditure (EC$M)	**286.0**	**205.5**	**277.0**	**343.5**	**344.5**

Sources: Discover Dominica Authority, Central Statistical Office and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 25
Dominica - Balance of Payments[1]
(In millions of Eastern Caribbean dollars)

	2011	2012	2013	2014	2015
Current Account	**(190.59)**	**(227.44)**	**(133.38)**	**(155.02)**	**(116.87)**
Goods and Services	**(206.64)**	**(247.09)**	**(135.53)**	**(164.55)**	**(144.35)**
Goods	(446.71)	(395.89)	(378.75)	(443.15)	(430.15)
Merchandise	(454.22)	(403.56)	(386.48)	(449.93)	(435.84)
Repair on goods	0.00	0.00	0.00	0.00	0.00
Goods procured in ports by carriers	7.51	7.67	7.73	6.78	5.69
Services	240.07	148.79	243.22	278.59	285.80
Transportation	(74.47)	(71.03)	(73.78)	(85.90)	(79.33)
Travel	252.92	172.00	244.71	309.88	309.63
Insurance Services	(10.58)	(10.53)	(9.91)	(11.36)	(9.90)
Other Business Services	43.81	26.59	33.55	16.85	15.68
Government Services	28.38	31.77	48.65	49.13	49.72
Income	**(28.48)**	**(25.73)**	**(52.67)**	**(46.30)**	**(47.06)**
Compensation of Employees	2.19	2.50	3.17	3.23	3.29
Investment Income	(30.67)	(28.24)	(55.84)	(49.53)	(50.35)
Current Transfers	**44.53**	**45.39**	**54.82**	**55.84**	**74.54**
General Government	(5.54)	1.11	14.61	14.88	15.30
Other Sectors	50.07	44.27	40.21	40.96	59.24
Capital and Financial Account	**208.14**	**243.34**	**115.93**	**203.30**	**174.36**
Capital Account	**51.27**	**43.65**	**21.07**	**85.45**	**79.81**
Capital Transfers	51.27	43.65	21.07	85.45	79.81
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
Financial Account	**156.86**	**199.70**	**94.86**	**117.85**	**94.55**
Direct Investment	93.32	158.01	63.04	90.09	91.68
Portfolio Investment	(5.43)	12.16	(40.08)	(58.62)	2.35
Other Investments	68.97	29.53	71.90	86.38	0.52
Public Sector Long Term	26.88	84.87	44.67	99.09	14.25
Other Public Sector Capital	0.00	0.00	0.00	0.00	0.00
Commercial Banks	101.15	(41.33)	(0.37)	(44.74)	(74.70)
Other Assets	(10.86)	(32.53)	27.81	46.26	(14.04)
Other Liabilities [2]	(48.20)	18.51	(0.21)	(14.24)	75.01
Overall Balance	**17.55**	**15.90**	**(17.45)**	**48.28**	**57.49**
Financing	**(17.55)**	**(15.90)**	**17.45**	**(48.28)**	**(57.49)**
Change in SDR holdings	0.43	0.00	0.00	0.00	0.00
Change in Reserve Position with the Fund	0.00	0.00	0.00	0.00	0.00
Change in Government Foreign Assets	4.12	28.63	(0.03)	(8.98)	11.38
Change in Imputed Reserves	(22.10)	(44.54)	17.48	(39.30)	(68.87)

Source: Central Statistical Office, Dominica and Eastern Caribbean Central Bank

[1] Based on IMF BPM5 [2] Includes errors & omissions

Data as at 26 February 2016

Table 26
Grenada - Selected Economic Indicators

	2011	2012	2013	2014	2015^p
	(annual percentage change unless otherwise stated)				
National Income and Prices					
Nominal GDP at Basic Prices	0.37	3.33	6.19	7.36	6.06
Real GDP at Basic Prices	0.14	(0.58)	3.18	4.85	3.93
GDP Deflator	0.22	3.93	2.92	2.40	2.05
Consumer Prices (end of period)	3.52	1.81	(1.24)	(0.63)	(1.21)
Consumer Prices (period average)	3.03	2.41	(0.04)	(0.98)	(1.35)
Real GDP at Basic Prices by Selected Sectors					
Agriculture , Livestock and Forestry	2.61	3.34	3.56	53.81	22.39
Fishing	(11.42)	6.33	21.27	4.25	(7.50)
Mining and Quarrying	(25.40)	(14.13)	27.02	(19.84)	7.00
Manufacturing	(0.14)	(0.22)	(2.26)	1.56	3.00
Electricity and Water	1.09	(1.48)	0.06	0.53	1.39
Construction	(11.82)	(17.61)	26.90	(11.72)	12.00
Wholesale and Retail Trade	0.84	0.86	3.62	3.99	7.00
Hotels and Restaurants	13.93	7.02	(2.93)	30.36	4.99
Transport, Storage and Communications	(3.18)	(3.92)	4.94	6.08	3.70
Transport	(3.13)	(7.34)	4.79	8.08	5.59
Communications	(3.26)	1.21	5.16	3.35	1.00
Financial Intermediation	0.26	1.72	(4.35)	(2.32)	3.97
Real Estate, Renting and Business Activities	2.04	(0.06)	1.47	1.75	0.99
Public Administration, Defence & Compulsory Social Security	4.31	4.77	(3.18)	0.07	(1.38)
Education	1.52	0.06	3.94	4.54	1.59
Health and Social Work	4.17	(1.26)	(2.87)	(0.12)	0.62
Other Services	(0.92)	6.81	0.01	2.33	0.50
FISIM	(4.90)	(5.95)	(6.14)	0.39	8.50
Import Cover Ratio	3.70	3.50	4.95	6.59	4.93
	(in per cent of GDP)				
External Sector					
Current Account Balance	(26.59)	(24.15)	(26.27)	(19.88)	(20.21)
Overall Balance	0.26	(0.24)	3.73	2.51	3.09
Merchandise Trade Balance	(33.90)	(33.22)	(34.02)	(28.72)	(28.19)
Public Sector External Debt (end-of-period)	68.69	66.93	66.70	63.38	60.60
Central Government					
Current Account Balance	0.24	(1.52)	(1.08)	0.45	3.95
Current Revenue	20.25	19.69	19.23	20.40	21.64
Current Expenditure	20.01	21.21	20.31	19.96	17.69
Capital Expenditure and Net Lending	6.26	5.02	6.78	9.21	8.47
Overall Fiscal Balance	(3.16)	(5.54)	(6.49)	(4.68)	(1.21)
	(in per cent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	2.86	2.68	2.46	2.23	1.57
Weighted Lending Interest Rates	10.33	9.19	9.10	9.01	8.70
	(in millions of EC Dollars, unless otherwise stated)				
Memo					
Nominal GDP at Basic Prices	1,803.88	1,863.92	1,979.36	2,125.01	2,253.73
Real GDP at Basic Prices	1,623.43	1,614.07	1,665.47	1,746.19	1,814.82
Nominal GDP at Market Prices	2,102.35	2,159.68	2,274.94	2,461.87	2,639.77
Merchandise Imports (f.o.b)	797.30	810.85	875.41	806.78	829.93
Merchandise Exports (f.o.b)	84.58	93.43	101.52	99.75	85.57
Gross Visitor Expenditure	315.79	328.24	327.53	375.52	397.83
GDP per capita (EC$)	19,709.48	20,071.58	20,951.76	22,508.73	23,875.05

Source: Statistics Department and ECCB
Data as at 13 February 2016

Table 27
Grenada - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2011	2012	2013	2014	2015[p]
Current Revenue	425.71	425.27	437.57	502.32	571.26
Tax Revenue	403.03	403.18	419.34	478.15	530.24
Taxes on Income and Profit	73.89	75.49	66.11	89.90	101.74
Of which:					
Personal[1]	25.27	27.95	29.67	45.88	52.86
Company/Corporation	48.62	47.54	36.44	44.02	48.89
Taxes on Property	14.92	16.42	15.08	21.35	23.32
Taxes on Domestic Goods and Services	189.79	189.48	213.05	223.40	232.41
Of which:					
Value Added Tax	159.94	152.63	157.50	176.66	197.01
Consumption Duty	1.46	0.31	0.03	0.30	0.25
Stamp Duties	3.83	12.81	3.52	5.78	4.24
Licenses	15.75	15.51	42.56	30.04	18.40
Taxes on International Trade and Transactions	124.43	121.79	125.10	143.50	172.76
Of which:					
Import Duty	49.51	48.04	50.38	56.56	62.99
Consumption Tax	0.27	0.27	0.01	-	0.00
Customs Service Charge	37.55	35.66	35.61	45.22	46.88
Non-Tax Revenue	22.67	22.09	18.24	24.17	41.03
Current Expenditure	420.76	458.13	462.13	491.36	466.98
Personal Emoluments	221.59	227.22	243.49	242.45	215.25
Goods and Services	75.09	86.40	75.89	72.19	75.86
Interest Payments	51.60	73.64	70.58	86.78	89.91
Domestic	18.02	23.09	15.17	26.96	28.74
External	33.59	50.55	55.41	59.82	61.17
Transfers and Subsidies	72.48	70.87	72.17	89.95	85.95
Of which: Pensions	25.34	26.62	29.18	33.43	30.96
Current Account Balance	4.94	(32.86)	(24.55)	10.96	104.28
Capital Revenue	0.11	0.09	0.05	0.09	0.13
Grants	60.08	21.54	31.26	100.46	87.18
of which: Capital Grants	60.07	20.81	31.26	90.56	87.18
Capital Expenditure and Net lending	131.53	108.36	154.32	226.69	223.64
of which: Capital Expenditure	131.53	108.36	154.32	226.69	223.64
Primary Balance after grants	(14.80)	(45.95)	(76.98)	(28.40)	57.86
Overall Balance after grants	(66.40)	(119.59)	(147.56)	(115.19)	(32.05)
Financing	66.40	119.59	147.56	115.19	32.05
Domestic	71.07	105.13	37.22	(25.92)	(101.90)
ECCB (net)	35.60	2.26	(12.43)	(27.48)	(46.04)
Commercial Banks (net)	4.79	(45.14)	(42.83)	(7.43)	(37.18)
Other	30.68	148.01	92.48	8.99	(18.68)
External	(4.66)	(19.78)	51.45	76.77	87.82
Net Disbursements/(Amortisation)	(4.66)	(19.78)	51.45	76.77	87.82
Disbursements	25.08	33.10	106.06	120.29	134.88
Amortisation	29.74	52.88	54.61	43.51	47.06
Change in Government Foreign Assets	-	-	-	-	-
Arrears	-	-	-	-	46.13
Domestic	-	34.24	58.89	64.33	(0.05)
External	-	(10.30)	-	15.18	46.19
Other Financing	-	44.54	58.89	49.16	-

Source: Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and Eastern Caribbean Central Bank
[1] Includes Debt Service Levy
Data as at 13 February 2016

Table 28
Grenada - Monetary Survey
(EC$M at end of period)

	2011R	2012R	2013	2014	2015P
Net Foreign Assets	**168.90**	**113.78**	**352.39**	**582.15**	**852.48**
Central Bank (Net)	**285.93**	**280.81**	**365.60**	**427.31**	**508.98**
Commercial Banks (Net)	(117.04)	(167.03)	(13.21)	154.85	343.50
External (Net)	(245.57)	(263.29)	(187.69)	(144.40)	(68.79)
Assets	255.14	244.30	285.24	339.54	412.91
Liabilities	500.71	507.59	472.93	483.93	481.70
Other ECCB Territories (Net)	128.54	96.26	174.48	299.24	412.29
Assets	256.73	233.69	260.99	333.20	443.00
Liabilities	128.19	137.43	86.51	33.96	30.71
Net Domestic Assets	**1,680.78**	**1,748.47**	**1,586.33**	**1,435.83**	**1,269.88**
Domestic Credit	**1,782.55**	**1,857.44**	**1,695.39**	**1,526.92**	**1,320.07**
Central Government (Net)	150.40	107.51	52.25	17.34	(65.88)
Other Public Sector (Net)	(168.17)	(53.29)	(57.26)	(104.29)	(166.44)
Private Sector	1,800.32	1,803.22	1,700.40	1,613.87	1,552.39
Household	1,176.17	1,162.76	1,147.75	1,119.40	1,073.59
Business	608.24	625.56	541.65	485.36	469.46
Non-Bank Financial Institutions	15.91	14.90	11.01	9.11	9.34
Subsidiaries & Affiliates	-	-	-	-	-
Other Items (Net)	**(101.77)**	**(108.97)**	**(109.06)**	**(91.10)**	**(50.19)**
Monetary Liabilities (M2)	**1,849.67**	**1,862.25**	**1,938.72**	**2,017.98**	**2,122.37**
Money Supply (M1)	**324.53**	**333.00**	**381.04**	**466.47**	**543.00**
Currency with the Public	108.66	112.88	115.69	124.09	131.55
Demand Deposits	204.06	211.12	253.71	332.27	402.11
EC$ Cheques and Drafts Issued	11.81	9.01	11.64	10.11	9.34
Quasi Money	**1,525.14**	**1,529.25**	**1,557.68**	**1,551.51**	**1,579.37**
Savings Deposits	1,023.07	1,095.90	1,143.12	1,167.94	1,160.49
Time Deposits	381.44	339.92	318.24	287.13	271.43
Foreign Currency Deposits	120.63	93.42	96.33	96.44	147.45

Source: Eastern Caribbean Central Bank
Data available as at 6 February 2016

Table 29
Grenada - Selected Tourism Statistics

	2011	2012	2013	2014	2015P
Total Visitor Arrivals	445,063	378,495	333,894	394,971	406,090
Stay-Over Arrivals	113,947	112,335	112,811	133,521	139,393
Of Which:					
USA	27,356	30,205	34,561	41,467	45,861
Canada	7,237	7,822	9,648	13,979	10,426
UK	27,236	24,489	20,588	23,479	25,151
Caribbean	26,476	24,849	24,455	22,604	23,528
Other Countries	25,642	24,970	23,559	31,992	34,427
Excursionists	1,972	3,343	1,611	1,660	1,023
Yacht Passengers	19,580	20,060	22,163	24,650	22,118
Cruise Ship Passengers	309,564	242,757	197,309	235,140	243,556
Number of Cruise Ship Calls	198	135	144	156	175
Total Visitor Expenditure (EC$M)	**315.34**	**329.11**	**327.53**	**375.52**	**397.83**

Source: Grenada Board of Tourism and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 30
Grenada - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2011	2012	2013	2014	2015[P]
Current Account	(558.92)	(521.65)	(597.58)	(489.51)	(533.62)
Goods and Services	(538.15)	(510.82)	(567.10)	(458.78)	(486.40)
Goods	(696.98)	(695.25)	(752.69)	(687.95)	(727.99)
Merchandise	(712.72)	(717.43)	(773.89)	(707.03)	(744.35)
Repair on goods	-	-	-	-	-
Goods procured in ports by carriers	15.73	22.17	21.20	19.08	16.37
Services	158.84	184.43	185.59	229.17	241.59
Transportation	(95.05)	(86.90)	(96.58)	(94.89)	(100.01)
Travel	287.54	299.25	297.81	345.12	365.23
Insurance Services	(27.42)	(30.78)	(29.94)	(37.23)	(39.16)
Other Business Services	12.36	12.33	20.46	17.48	17.20
Government Services	(18.60)	(9.47)	(6.16)	(1.31)	(1.66)
Income	(85.79)	(92.56)	(79.92)	(89.39)	(91.15)
Compensation of Employees	0.44	0.44	0.56	0.57	0.58
Investment Income	(86.23)	(93.00)	(80.47)	(89.96)	(91.73)
Current Transfers	65.01	81.74	49.44	58.66	43.92
General Government	18.71	29.89	4.88	16.13	2.83
Other Sectors	46.30	51.85	44.55	42.53	41.10
Capital and Financial Account	564.44	516.53	682.37	551.22	615.30
Capital Account	140.49	158.31	118.57	255.75	321.17
Capital Transfers	140.49	158.31	118.57	255.75	321.17
Acquisition and Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	423.95	358.22	563.80	295.46	294.13
Direct Investment	115.15	85.02	305.35	101.81	162.33
Portfolio Investment	27.16	(8.34)	46.77	32.26	(2.42)
Other Investments	281.64	281.53	211.69	161.39	134.22
Public Sector Long Term	(15.50)	(28.80)	48.95	74.99	96.78
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	81.88	50.00	(153.82)	(168.06)	(188.65)
Other Assets	69.99	18.30	43.36	(18.44)	(25.48)
Other Liabilities*	145.26	242.03	273.19	272.90	251.57
Overall Balance	5.52	(5.12)	84.79	61.71	81.67
Financing	(5.52)	5.12	(84.79)	(61.71)	(81.67)
Change in SDR Holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	-	-	-	-	-
Change in Imputed Reserves	(5.52)	5.12	(84.79)	(61.71)	(81.67)

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and Eastern Caribbean Central Bank

* includes errors and omissions

Data as at 07 March 2016

Table 31
Montserrat - Selected Economic Indicators

	2011	2012	2013	2014	2015
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	15.50	(2.26)	(4.49)	1.87	(0.59)
Real GDP at Basic Prices	6.15	1.57	2.79	1.29	(1.40)
GDP Deflator	15.50	(2.26)	(4.49)	1.87	(0.59)
Consumer Prices (end of period)	n.a.	n.a.	n.a.	n.a.	(0.08)
Consumer Prices (period average)	n.a.	n.a.	n.a.	n.a.	(1.15)
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	28.31	43.21	(6.66)	17.79	(7.60)
Fishing	36.19	11.31	(0.82)	1.18	(15.00)
Manufacturing	(1.44)	17.57	(2.54)	0.88	(2.50)
Mining and Quarrying	296.49	(34.16)	34.01	66.66	51.00
Electricity and Water	3.34	(1.57)	1.15	(11.32)	9.14
Construction	(2.59)	6.30	8.98	5.25	(37.00)
Wholesale and Retail Trade	(0.48)	8.86	4.97	(1.67)	3.00
Hotels and Restaurants	(8.15)	12.02	4.25	19.47	5.01
Transport, Storage and Communications	13.60	(2.33)	4.67	7.26	6.48
Transport and Storage	35.30	(5.30)	12.79	16.01	13.74
Communications	0.46	0.09	(1.60)	(0.47)	(1.00)
Financial Intermediation	3.72	3.41	5.49	(1.15)	4.38
Real Estate, Renting and Business Activities	(0.25)	1.18	1.51	0.61	1.27
Public Administration, Defence & Compulsory Social Security	10.26	(0.74)	2.81	(1.04)	(3.00)
Education	(2.42)	15.69	(8.57)	(0.84)	1.11
Health and Social Work	7.69	(1.20)	(2.19)	3.34	(0.27)
Other Services	1.74	0.37	(0.91)	1.38	3.00
FISIM	13.49	11.57	(2.07)	3.68	3.00
Import Cover Ratio	11.92	15.21	14.23	18.69	23.81
	(as a percentage of GDP)				
External Sector					
Current Account Balance	(15.80)	(21.43)	(48.00)	(19.21)	(2.71)
Overall Balance	12.59	10.01	13.95	7.37	10.27
Merchandise Trade Balance	(42.36)	(48.41)	(51.44)	(52.85)	(50.02)
Public Sector External Debt (end-of-period)	4.48	4.24	4.14	3.72	5.45
Central Government					
Current Account Balance	(30.20)	(40.44)	(40.46)	(43.16)	(44.90)
Current Revenue	23.97	24.80	25.58	26.96	27.20
Current Expenditure	54.17	65.24	66.04	70.12	72.10
Capital Expenditure and Net Lending	16.17	23.12	45.06	25.11	15.73
Overall Fiscal Balance	7.66	(6.91)	(16.75)	(5.83)	20.59
	(per cent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	2.19	2.19	1.83	1.95	1.10
Weighted Lending Interest Rates	8.45	7.98	8.02	8.05	7.49
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Basic Prices	157.21	153.65	146.75	149.50	148.62
Real GDP at Basic Prices	140.12	142.32	146.29	148.17	146.09
Nominal GDP at Market Prices	171.99	171.29	163.15	168.08	167.44
Merchandise Imports (f.o.b)	79.42	87.78	100.02	97.94	91.79
Merchandise Exports (f.o.b)	6.57	4.86	16.10	9.12	8.04
Gross Visitor Expenditure	14.01	18.97	18.33	22.20	22.88
GDP per capita (EC$)	31,927	31,129	29,593	30,045	29,652

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and Eastern Caribbean Central Bank
Rebased CPI for Montserrat only available for 2014 and 2015
Data as at 13 February 2016

Table 32
Montserrat - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2011	2012	2013	2014	2015
Current Revenue	41.23	42.49	41.73	45.31	45.55
Tax Revenue	36.64	37.18	35.70	40.46	39.03
Taxes on Income and Profit	18.14	15.55	14.98	16.70	15.82
of which:					
Personal	13.74	12.16	11.90	12.35	11.85
Corporation	3.06	2.78	2.43	3.59	3.01
Taxes on Property	0.78	0.85	1.02	0.81	0.66
Taxes on Domestic Goods and Services	3.17	3.49	3.69	4.92	4.25
of which:					
Insurance Company Levy	0.20	0.36	0.16	0.22	0.21
Stamp Duty and Licenses	1.96	2.15	2.33	3.40	2.74
Taxes on International Trade and Transactions	14.54	17.28	16.02	18.04	18.30
of which:					
Import Duty	4.24	5.67	5.11	5.80	6.16
Consumption Tax	6.48	9.78	10.00	11.11	10.91
Customs Service Charge	3.61	1.27	0.00	0.00	0.00
Non-Tax Revenue	4.59	5.31	6.03	4.85	6.51
Current Expenditure	93.17	111.76	107.74	117.86	120.72
Personal Emoluments	42.72	42.32	41.77	42.72	41.75
Goods and Services	19.78	22.14	26.23	29.37	40.45
Interest Payments	0.04	0.03	0.03	0.03	0.03
Domestic	0.00	0.00	0.00	0.00	0.00
External	0.04	0.03	0.03	0.03	0.03
Transfers and Subsidies	30.63	47.27	39.70	45.74	38.49
of which: Pensions	11.10	29.77	11.51	15.11	12.41
Current Account Balance (before grants)	(51.94)	(69.27)	(66.01)	(72.55)	(75.18)
Current Grants	76.28	54.76	31.16	69.79	99.00
Current Account Balance (after grants)	24.34	(14.51)	(34.85)	(2.76)	23.82
Capital Grants	16.65	42.27	81.03	35.15	36.98
Capital Expenditure and Net Lending	27.81	39.60	73.51	42.20	26.33
Primary Balance (after grants)	13.22	(11.81)	(27.30)	(9.77)	34.50
Overall Balance (before grants)	(79.75)	(108.87)	(139.52)	(114.75)	(101.51)
Overall Balance (after grants)	13.18	(11.84)	(27.33)	(9.80)	34.47
Financing	(13.18)	11.84	27.33	9.80	(34.47)
Domestic	(13.06)	11.96	27.45	9.92	(37.63)
ECCB (net)	(0.02)	0.01	(0.10)	(13.90)	14.03
Commercial Banks (net)	(27.02)	(9.70)	7.78	17.77	(44.02)
Other	13.98	21.65	19.77	6.05	(7.64)
External	(0.12)	(0.12)	(0.12)	(0.12)	3.16
Net Disbursements/(Amortisation)	(0.12)	(0.12)	(0.12)	(0.12)	3.16
Disbursements	0.00	0.00	0.00	0.00	3.28
Amortisation	(0.12)	(0.12)	(0.12)	(0.12)	(0.12)
Change in Govt. Foreign Assets	-	-	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-

Source: Ministry of Finance, Montserrat and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 33
Montserrat - Monetary Survey
(EC$M at end of period)

	2010[R]	2011[R]	2012[R]	2013	2014	2015[P]
Net Foreign Assets	**186.74**	**231.97**	**278.87**	**270.08**	**288.10**	**320.51**
Central Bank (Net)	**47.82**	**69.48**	**86.63**	**109.38**	**121.77**	**138.96**
Commercial Banks (Net)	138.92	162.50	192.24	160.70	166.33	181.55
External (Net)	37.24	34.99	69.94	85.61	84.06	117.04
Assets	70.04	73.13	121.48	140.84	147.33	186.35
Liabilities	32.80	38.15	51.53	55.23	63.27	69.31
Other ECCB Territories (Net)	101.68	127.51	122.30	75.09	82.27	64.51
Assets	208.15	242.92	128.24	82.09	90.45	77.92
Liabilities	106.47	115.41	5.95	7.00	8.18	13.41
Net Domestic Assets	**(16.19)**	**(39.41)**	**(58.03)**	**(54.75)**	**(48.89)**	**(75.65)**
Domestic Credit	**15.02**	**(5.10)**	**(17.04)**	**(9.71)**	**(6.78)**	**(30.88)**
Central Government (Net)	(27.58)	(54.62)	(64.31)	(56.63)	(52.76)	(82.75)
Other Public Sector (Net)	(19.16)	(18.84)	(27.87)	(19.94)	(21.14)	(18.89)
Private Sector	61.76	68.36	75.14	66.86	67.13	70.76
Household	51.81	57.93	65.29	58.36	59.70	63.67
Business	9.96	10.43	9.85	8.51	7.43	7.10
Non-Bank Financial Institutions	-	-	-	-	-	-
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(31.21)**	**(34.31)**	**(40.99)**	**(45.04)**	**(42.12)**	**(44.77)**
Monetary Liabilities (M2)	**170.55**	**192.56**	**220.84**	**215.33**	**239.20**	**244.86**
Money Supply (M1)	**35.43**	**41.17**	**47.37**	**53.62**	**45.07**	**47.64**
Currency with the Public	15.97	21.63	25.69	18.39	18.36	20.20
Demand Deposits	19.15	19.41	21.55	35.10	26.57	27.31
EC$ Cheques and Drafts Issued	0.31	0.13	0.13	0.13	0.15	0.14
Quasi Money	**135.11**	**151.39**	**173.47**	**161.71**	**194.13**	**197.22**
Savings Deposits	118.00	129.84	148.63	119.65	140.47	143.39
Time Deposits	10.44	13.23	15.94	33.71	46.00	45.40
Foreign Currency Deposits	6.68	8.32	8.91	8.36	7.66	8.44

Source: Eastern Caribbean Central Bank
Data as at 6 February 2016

Table 34
Montserrat - Selected Tourism Statistics

	2011	2012	2013	2014	2015
Total Visitor Arrivals	10,472	12,127	10,461	12,334	15,090
Stay-Over Arrivals	5,395	7,310	7,201	8,804	8,944
Of Which:					
USA	1,526	1,950	1,775	2,041	2,326
Canada	320	505	516	678	540
UK	1,329	2,148	1,821	2,164	2,339
Caribbean	1,881	2,390	2,591	3,528	3,321
Other Countries	339	317	498	393	418
Excursionists	1,997	2,606	1,519	1,749	1,740
Cruise Ship Passengers	1,114	840	364	184	2,591
Yacht Passengers	1966	1371	1377	1597	1815
Number of Yacht	352	327	346	368	474
Number of Cruise Ship Calls	3	5	4	2	12
Total Visitor Expenditure (EC$M)	**14.01**	**18.97**	**18.33**	**22.20**	**22.88**

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 35
Montserrat - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2011	2012	2013	2014	2015
Current Account	**(27.18)**	**(36.71)**	**(78.30)**	**(32.28)**	**(4.54)**
Goods and Services	**(89.72)**	**(96.77)**	**(127.13)**	**(96.72)**	**(90.31)**
Goods	(73.58)	(83.57)	(84.51)	(89.46)	(84.35)
Merchandise	(72.85)	(82.93)	(83.92)	(88.83)	(83.75)
Repair on goods	0.00	0.00	0.00	0.00	0.00
Goods procured in ports by carriers	(0.73)	(0.65)	(0.59)	(0.64)	(0.60)
Services	(16.13)	(13.20)	(42.62)	(7.26)	(5.97)
Transportation	(10.16)	(5.79)	(11.71)	(8.38)	(7.70)
Travel	5.51	10.82	9.95	12.72	13.43
Insurance Services	(1.55)	(1.82)	(2.03)	(2.29)	(2.15)
Other Business Services	(6.54)	(7.02)	(38.63)	(9.22)	(9.46)
Government Services	(3.39)	(9.39)	(0.19)	(0.09)	(0.09)
Income	**(9.58)**	**(7.94)**	**(5.48)**	**(1.76)**	**(2.63)**
Compensation of Employees	(1.27)	(1.06)	(1.24)	(0.44)	(0.44)
Investment Income	(8.31)	(6.88)	(4.24)	(1.31)	(2.18)
Current Transfers	**72.11**	**68.01**	**54.31**	**66.19**	**88.40**
General Government	77.31	74.58	60.48	68.57	90.58
Other Sectors	(5.20)	(6.58)	(6.18)	(2.38)	(2.18)
Capital and Financial Account	**48.84**	**53.86**	**101.06**	**44.67**	**21.73**
Capital Account	**19.07**	**51.68**	**60.21**	**33.22**	**35.10**
Capital Transfers	19.07	51.68	60.21	33.22	35.10
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
Financial Account	**29.77**	**2.18**	**40.85**	**11.45**	**(13.36)**
Direct Investment	6.65	7.05	10.08	16.68	11.11
Portfolio Investment	0.50	0.31	1.22	1.23	1.25
Other Investments	22.62	(5.17)	29.55	(6.46)	(25.72)
Public Sector Long Term	(0.50)	(0.50)	(0.50)	(0.50)	2.78
Other Public Sector Capital	0.00	0.00	0.00	0.00	0.00
Commercial Banks	(23.57)	(29.74)	31.54	(5.63)	(15.22)
Other Assets	40.35	24.47	1.05	1.08	1.08
Other Liabilities *	6.34	0.61	(2.54)	(1.41)	(14.35)
Overall Balance	**21.66**	**17.15**	**22.75**	**12.38**	**17.19**
Financing	**(21.66)**	**(17.15)**	**(22.75)**	**(12.38)**	**(17.19)**
Change in SDR holdings	0.00	0.00	0.00	0.00	0.00
Change in Reserve Position with the Fund	0.00	0.00	0.00	0.00	0.00
Change in Government Foreign Assets	0.00	0.00	0.00	0.00	0.00
Change in Imputed Reserves	(21.66)	(17.15)	(22.75)	(12.38)	(17.19)

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

* includes errors & omissions

Data as at 19 February 2016

Table 36
St Kitts and Nevis - Selected Economic Indicators

	2011R	2012R	2013R	2014R	2015P
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	1.44	0.90	7.95	9.38	8.27
Real GDP at Basic Prices	(1.88)	(0.86)	6.20	6.07	6.64
GDP Deflator	3.39	1.78	1.65	3.12	1.53
Consumer Prices (end of period)	2.04	0.51	0.61	(0.55)	(2.40)
Consumer Prices (period average)	5.84	0.82	1.11	0.25	(2.30)
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	0.81	(4.97)	12.23	(4.47)	(8.18)
Fishing	32.34	(16.06)	(3.53)	(0.94)	3.78
Manufacturing	(3.08)	10.17	(10.73)	1.85	(3.50)
Mining and Quarrying	(35.47)	1.72	61.88	27.55	2.28
Electricity and Water	4.19	(6.18)	(1.99)	1.50	(0.74)
Construction	(8.94)	(10.26)	24.31	15.02	15.21
Wholesale and Retail Trade	(8.74)	3.77	5.03	7.16	13.23
Hotels and Restaurants	3.31	2.43	3.63	5.14	4.60
Transport, Storage and Communications	1.43	(2.06)	4.62	8.66	9.25
Transport and Storage	1.60	(3.16)	9.21	13.67	14.31
Communications	(1.34)	(0.92)	(0.04)	3.09	3.05
Financial Intermediation	(2.87)	(0.33)	2.11	4.61	6.96
Real Estate, Renting and Business Activities	6.57	(0.75)	3.13	2.18	3.50
Public Administration, Defence & Compulso	(1.32)	1.88	7.57	4.05	3.92
Education	6.14	(0.41)	8.94	3.72	3.50
Health and Social Work	2.12	1.34	9.88	3.83	3.56
Other Services	(1.32)	1.22	7.40	9.03	2.63
FISIM	6.14	3.51	(2.66)	7.55	8.28
Import Cover Ratio	18.51	23.11	27.40	30.91	20.76
	(In percent of GDP)				
External Sector					
Current Account Balance	(12.62)	(6.76)	(4.15)	(4.05)	(14.85)
Overall Balance	8.60	3.31	5.04	3.13	(4.12)
Merchandise Trade Balance	(26.99)	(23.76)	(24.97)	(26.43)	(33.77)
Public Sector External Debt (end-of-period)	43.92	43.30	40.65	32.82	23.10
Central Government					
Current Account Balance	2.80	4.97	11.86	11.45	8.79
Current Revenue	33.07	32.62	38.23	38.08	35.42
Current Expenditure	30.27	27.65	26.37	26.64	26.63
Capital Expenditure and Net Lending	4.28	3.65	6.63	5.53	5.70
Overall Fiscal Balance	2.49	11.25	13.25	10.32	4.46
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	3.37	3.40	3.01	2.49	2.05
Weighted Lending Interest Rates	9.10	8.36	8.81	8.62	8.54
	(in millions of EC dollars, unlesss otherwise stated)				
Memo					
Nominal GDP at Basic Prices	1,662.01	1,677.02	1,810.40	1,980.15	2,144.00
Real GDP at Basic Prices	1,444.48	1,432.05	1,520.87	1,613.11	1,720.26
Nominal GDP at Market Prices	1,965.74	1,976.18	2,125.68	2,334.87	2,489.10
Merchandise Imports (f.o.b)	693.91	635.80	681.23	770.67	998.50
Merchandise Exports (f.o.b)	163.42	166.16	150.34	153.48	157.90
Gross Visitor Expenditure	291.43	295.05	314.72	339.09	364.08
GDP per capita (EC$)	41,664	42,592	45,586	49,823	52,073

SOURCE: Central Statistics Office, St Kitts and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 37
St Kitts and Nevis - Federal Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2011	2012[R]	2013	2014[R]	2015
Current Revenue	649.98	644.61	812.74	889.19	881.59
Tax Revenue	408.04	399.01	421.26	474.88	508.94
Taxes on Income and Profits	86.64	81.36	81.99	94.44	132.24
of which:					
Personal	37.85	38.24	37.68	42.92	50.70
Company/Corporation	38.36	35.61	34.45	44.49	68.26
Taxes on Property	8.75	12.90	15.20	16.63	21.32
Taxes on Domestic Goods and Services	208.27	203.30	215.93	238.08	216.57
of which:					
Licences	8.91	5.58	8.78	9.10	10.28
Value Added Tax	-	-	148.25	161.52	141.89
Stamp Duties	29.06	34.35	38.23	46.88	40.76
Unincorporated Business Levy					
Island Enhancement Duty Free Store Levy					
Taxes on International Trade and Transactions	104.37	101.45	108.14	125.74	138.81
of which:					
Import Duty	48.39	46.29	49.78	57.07	57.31
Consumption Tax	1.86	1.06	0.92	0.67	1.22
Customs Service Charge	32.01	30.13	37.61	41.13	42.99
Export/Excise Duty	10.20	10.60	10.24	15.72	20.53
Non Refundable Duty Free Levy	3.79	2.94	3.85	4.41	5.53
Non-Tax Revenue	241.94	245.61	391.49	414.30	372.65
Current Expenditure	594.93	546.47	560.58	621.92	662.85
Personal Emoluments	222.01	222.26	236.91	257.82	271.40
Goods and Services	176.08	129.21	158.67	159.63	171.18
Interest Payments	125.75	116.66	81.05	77.94	46.90
Domestic	91.92	77.84	69.42	62.11	31.12
External	33.83	38.81	11.63	15.83	15.78
Transfers and Subsidies	71.08	78.34	83.95	126.53	173.37
of which: Pensions	24.13	25.90	29.29	31.49	33.74
Current Account Balance	55.05	98.15	252.16	267.26	218.74
Capital Revenue	9.27	10.10	24.12	34.32	7.56
Grants	68.31	186.30	147.29	69.22	53.22
Of which: Capital Grants	7.05	132.48	102.62	36.92	36.73
Capital Expenditure and Net Lending	83.61	72.26	141.94	129.82	168.54
of which: Capital Expenditure	84.18	72.20	141.01	129.17	141.85
Primary Balance after grants	174.78	338.94	362.68	318.92	157.88
Overall Balance after grants	49.02	222.29	281.63	240.98	110.98
Financing	(49.02)	(222.29)	(281.63)	(240.98)	(110.98)
Domestic	(120.18)	(225.43)	(296.58)	(159.10)	4.42
ECCB (net)	(47.01)	(73.98)	(8.00)	19.82	75.43
Commercial Banks (net)	324.42	(163.47)	(202.33)	70.33	(28.59)
Other	(397.60)	12.02	(86.25)	(249.24)	(42.42)
External	71.16	3.14	14.95	(81.88)	(115.40)
Net Amortisation	34.66	3.14	14.95	(81.88)	(115.40)
Disbursements	133.30	94.57	46.18	8.67	2.02
Amortisation	(98.63)	(91.43)	(31.23)	(90.55)	(117.41)
Change in Govt. Foreign Assets	36.50	0.00	0.00	0.00	0.00
Arrears	0.00	0.00	0.00	0.00	0.00
Domestic	0.00	0.00	0.00	0.00	0.00
External	0.00	0.00	0.00	0.00	0.00

Source: Ministry of Finance - St Kitts, Nevis and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 38
St Kitts and Nevis - Monetary Survey
(EC$M at end of period)

	2010	2011	2012	2013	2014	2015[P]
Net Foreign Assets	**644.76**	**925.14**	**1,377.56**	**1,945.84**	**2,363.88**	**2,206.09**
Central Bank (Net)	**424.06**	**629.40**	**679.43**	**786.50**	**859.71**	**757.19**
Commercial Banks (Net)	**220.71**	**295.73**	**698.13**	**1,159.34**	**1,504.17**	**1,448.91**
External (Net)	393.14	470.38	667.01	1,100.22	1,578.86	1,600.48
Assets	1,304.82	1,317.90	1,558.09	1,920.89	2,434.82	2,388.23
Liabilities	911.68	847.52	891.07	820.67	855.96	787.75
Other ECCB Territories (Net)	(172.43)	(174.65)	31.12	59.11	(74.69)	(151.57)
Assets	500.21	587.61	644.34	690.12	735.16	809.89
Liabilities	672.64	762.26	613.22	631.00	809.85	961.47
Net Domestic Assets	**1,303.48**	**1,249.87**	**969.40**	**642.71**	**591.25**	**821.93**
Domestic Credit	**1,870.36**	**1,784.10**	**1,490.31**	**1,133.02**	**1,012.58**	**1,031.99**
Central Government (Net)	542.90	819.80	582.38	372.05	462.19	509.03
Other Public Sector (Net)	(29.17)	(442.08)	(500.61)	(635.31)	(854.14)	(926.04)
Private Sector	1,356.63	1,406.38	1,408.54	1,396.28	1,404.53	1,448.99
Household	855.68	891.60	883.81	878.65	866.64	865.43
Business	410.40	427.50	433.84	428.51	479.42	527.07
Non-Bank Financial Institutions	47.35	48.33	49.18	46.88	16.20	15.22
Subsidiaries & Affiliates	43.21	38.95	41.71	42.24	42.28	41.28
Other Items (Net)	**(566.87)**	**(534.23)**	**(520.91)**	**(490.31)**	**(421.33)**	**(210.06)**
Monetary Liabilities (M2)	**1,948.24**	**2,175.01**	**2,346.96**	**2,588.54**	**2,955.13**	**3,028.02**
Money Supply (M1)	**361.02**	**485.48**	**541.33**	**521.09**	**582.11**	**624.28**
Currency with the Public	101.05	101.99	107.60	133.10	154.64	168.26
Demand Deposits	252.67	373.53	419.37	375.25	411.05	441.59
EC$ Cheques and Drafts Issued	7.30	9.96	14.36	12.74	16.42	14.43
Quasi Money	**1,587.22**	**1,689.53**	**1,805.63**	**2,067.45**	**2,373.02**	**2,403.75**
Savings Deposits	638.52	684.88	753.36	827.89	908.94	936.64
Time Deposits	576.73	607.01	555.00	606.56	585.53	620.45
Foreign Currency Deposits	371.96	397.65	497.27	633.01	878.55	846.65

Source: Eastern Caribbean Central Bank
Data as at 29 February 2016

Table 39
St Kitts and Nevis - Selected Tourism Statistics

	2011[R]	2012[R]	2013[R]	2014[R]	2015
Total Visitors	715,250	635,426	690,650	816,521	1,035,065
Stay- Over Visitors	101,701	104,240	106,904	112,936	117,924
of which:					
USA	64,245	66,988	68,385	68,507	70,820
Canada	5,961	7,073	7,202	8,607	7,643
UK	8,047	7,975	8,451	9,136	10,010
Caribbean	18,893	17,317	17,732	20,127	23,024
Other Countries	2,753	3,043	3,132	4,188	4,044
Excursionists	3,682	3,230	3,961	3,463	3,764
Yacht Passengers	4,460	1,651	4,069	5,441	4,009
Cruise Ship Passengers	605,407	526,305	575,716	694,681	909,368
Number of Cruise Ship Calls	337	298	301	371	444
Total Visitor Expenditure (EC$M)	**291.4**	**295.1**	**314.7**	**339.1**	**364.1**

SOURCE: Central Statistics Office, St Kitts, Nevis and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 40
St Kitts and Nevis - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2011	2012	2013	2014	2015
CURRENT ACCOUNT	**(248.04)**	**(133.55)**	**(88.27)**	**(94.56)**	**(369.57)**
GOODS AND SERVICES	**(304.91)**	**(197.69)**	**(148.77)**	**(138.52)**	**(406.72)**
Goods	(510.82)	(465.98)	(528.40)	(614.04)	(837.36)
Merchandise	(530.49)	(469.64)	(530.89)	(617.19)	(840.60)
Repair on goods	0.26	0.22	0.31	0.46	0.47
Goods procured in ports by carriers	19.41	3.44	2.18	2.69	2.77
Services	205.90	268.28	379.63	475.52	430.64
Transportation	(85.27)	(77.74)	(86.46)	(53.26)	(83.45)
Travel	253.08	254.80	274.44	293.61	315.59
Insurance Services	(31.42)	(30.65)	(27.46)	(31.19)	(37.34)
Other Business Services	(25.11)	(16.04)	(41.71)	(51.12)	(58.69)
Government Services	94.62	137.91	260.82	317.49	294.53
INCOME	**(68.93)**	**(58.55)**	**(61.20)**	**(69.30)**	**(68.12)**
Compensation of Employees	(0.13)	0.13	0.24	0.16	0.12
Investment Income	(68.80)	(58.68)	(61.44)	(69.45)	(68.24)
CURRENT TRANSFERS	**125.81**	**122.69**	**121.70**	**113.26**	**105.28**
General Government	44.60	35.06	23.51	20.96	19.70
Other Sectors	81.21	87.63	98.20	92.29	85.58
CAPITAL AND FINANCIAL ACCOUNT	**417.00**	**198.91**	**195.44**	**167.70**	**267.05**
CAPITAL ACCOUNT	**232.80**	**399.74**	**332.45**	**328.55**	**263.51**
Capital Transfers	232.80	399.74	332.45	328.55	263.51
General Government	46.98	183.43	65.03	48.36	36.73
Other Sectors	185.82	216.31	267.42	280.18	226.78
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
FINANCIAL ACCOUNT	**184.20**	**(200.83)**	**(137.01)**	**(160.85)**	**3.54**
Direct Investment	296.01	292.61	367.69	317.73	204.32
Portfolio Investment	(54.16)	(126.33)	(0.71)	(11.70)	(43.39)
Other Investments	(57.65)	(367.11)	(503.99)	(466.88)	(157.39)
Public Sector Long Term	65.43	39.51	23.15	(76.01)	(123.93)
Commercial Banks	(75.03)	(402.40)	(461.21)	(344.83)	55.27
Other Assets	5.66	(5.34)	(28.49)	(20.67)	(31.24)
Other Liabilities *	(53.71)	1.12	(37.44)	(25.37)	(57.49)
OVERALL BALANCE	**168.96**	**65.36**	**107.18**	**73.13**	**(102.52)**
FINANCING	**(168.96)**	**(65.36)**	**(107.18)**	**(73.13)**	**102.52**
Change in SDR holdings	36.60	(15.34)	0.00	0.00	0.00
Change in Reserve Position with the Fund	0.00	0.00	0.00	0.00	0.00
Change in Government Foreign Assets	(0.21)	0.00	(0.03)	0.00	0.00
Change in Imputed Reserves	(205.35)	(50.03)	(107.14)	(73.13)	102.52

Source: Central Statistics Office, St Kitts and Nevis and Eastern Caribbean Central Bank
*** Includes Errors & Omissions**
Data as at 26 February 2016

Table 41
Saint Lucia - Selected Economic Indicators

	2011 R	2012 R	2013 R	2014 R	2015 P
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	3.69	1.91	(0.33)	4.27	0.30
Real GDP at Basic Prices	1.14	(0.79)	(1.93)	(0.70)	2.37
GDP Deflator	2.52	2.72	1.63	5.00	(2.02)
Consumer Prices (end of period)	4.78	5.01	(0.74)	3.67	(2.61)
Consumer Prices (period average)	2.77	4.18	1.47	3.52	(0.98)
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	(16.66)	16.03	9.31	(14.87)	8.06
Fishing	2.06	0.38	(5.92)	(0.62)	1.98
Manufacturing	(1.70)	(3.04)	(3.94)	(0.80)	1.75
Mining and Quarrying	(3.83)	77.20	(44.11)	(54.65)	11.92
Electricity and Water	1.15	0.68	(1.39)	0.99	1.84
Construction	2.08	(3.60)	(13.24)	(14.06)	11.92
Wholesale and Retail Trade	20.21	(7.96)	(11.08)	(1.10)	0.70
Hotels and Restaurants	(5.26)	1.20	6.14	2.85	0.39
Transport, Storage and Communications	(3.77)	(2.74)	(3.96)	2.60	1.92
Transport and Storage	(5.26)	(1.78)	(1.11)	9.99	5.61
Communications	(1.28)	(4.27)	(8.65)	(10.54)	(6.16)
Financial Intermediation	2.25	2.22	2.06	(1.98)	(4.13)
Real Estate, Renting and Business Activities	1.54	0.79	4.16	0.91	3.48
Public Administration, Defence & Compulsory Social Security	2.51	1.55	2.19	0.01	(0.59)
Education	2.35	1.63	2.06	0.05	(0.97)
Health and Social Work	2.69	2.18	2.00	(0.06)	(2.50)
Other Services	8.94	(3.84)	(10.50)	(3.39)	8.43
FISIM	2.45	0.25	(3.67)	(18.54)	(6.03)
Import Cover Ratio	0.89	1.91	1.91	3.83	6.71
	(In percent of GDP)				
External Sector					
Current Account Balance	(18.82)	(13.35)	(10.98)	(8.74)	(2.56)
Overall Balance	0.61	1.25	(2.98)	4.75	2.73
Merchandise Trade Balance	(35.13)	(29.28)	(27.85)	(27.82)	(22.37)
Public Sector External Debt (end-of-period)	32.28	33.16	36.57	37.42	32.09
Central Government					
Current Account Balance	2.05	(0.44)	0.48	0.47	1.90
Current Revenue	23.44	22.89	24.02	23.73	24.79
Current Expenditure	21.40	23.33	23.54	23.26	22.89
Capital Expenditure and Net Lending	7.71	6.84	7.67	5.66	5.65
Overall Fiscal Balance	(4.65)	(6.47)	(6.69)	(3.62)	(2.41)
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	3.07	2.93	2.79	2.58	1.94
Weighted Lending Interest Rates	9.05	8.52	8.41	8.50	8.35
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Basic Prices	3,020.17	3,077.92	3,067.68	3,198.57	3,208.30
Real GDP at Basic Prices	2,564.02	2,543.82	2,494.63	2,477.18	2,535.84
Nominal GDP at Market Prices	3,483.07	3,540.06	3,602.84	3,798.97	3,878.25
Merchandise Imports (f.o.b)	1,655.73	1,529.19	1,474.12	1,490.52	1,354.39
Merchandise Exports (f.o.b)	432.24	492.57	470.87	433.55	486.84
Gross Visitor Expenditure	865.51	910.65	955.58	1,054.14	1,071.74
GDP per capita (EC$)	20,811.09	20,926.05	21,084.66	22,007.32	22,026.02

Source: Central Statistical Office, Saint Lucia and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 42
Saint Lucia - Central Government Fiscal Operations
(In Million of Eastern Caribbean Dollars)

	2011	2012	2013	2014	2015P
Current Revenue	816.52	810.38	865.41	901.38	961.33
Tax Revenue	764.29	740.24	814.25	855.50	912.61
Taxes on Income & Profits	245.16	226.11	223.05	218.79	230.20
Of which:					
Personal	89.58	92.88	93.96	100.55	102.35
Company/Corporation	101.26	80.46	62.07	62.89	69.13
Taxes on Property	3.97	4.56	8.30	8.10	9.41
Taxes on Domestic Goods and Services	125.73	182.58	362.87	383.21	412.31
Of which:					
Stamp Duty	16.04	18.86	12.94	14.19	11.60
Hotel Occupancy Tax	33.28	36.24	3.04	2.67	0.66
Licenses	23.26	23.06	26.68	23.53	24.82
Value Added Tax	0.00	56.50	298.14	322.02	345.36
Taxes on International Trade and Transactions	389.43	327.00	220.03	245.41	260.69
Of which:					
Consumption Tax	112.35	73.72	0.50	0.24	0.03
Import Duty	105.66	101.41	93.92	101.54	104.50
Service Charge	69.06	69.22	61.31	60.06	66.77
Excise Tax	68.86	53.94	54.75	65.72	73.06
Non-Tax Revenue	52.23	70.14	51.16	45.88	48.72
Current Expenditure	745.24	825.85	847.94	883.56	887.71
Personal Emoluments	345.42	359.12	372.92	379.52	375.44
Goods and Services	141.82	159.81	168.13	169.71	168.80
Interest Payments	100.18	123.18	134.81	146.61	148.54
Domestic	58.36	73.39	81.66	93.94	97.43
External	41.83	49.79	53.15	52.68	51.11
Transfers and Subsidies	157.82	183.73	172.09	187.72	194.94
Of which: Pensions	58.21	62.30	64.07	70.78	73.13
Current Account Balance	71.28	(15.47)	17.46	17.82	73.61
Capital Revenue	0.53	5.52	0.42	0.18	0.06
Grants	34.73	23.09	17.33	59.48	51.85
Of which: Capital Grants	34.73	23.09	17.33	59.48	51.85
Capital Expenditure and Net Lending	268.37	242.02	276.24	215.07	219.10
Of which: Capital Expenditure	268.37	242.02	276.24	215.07	219.10
Primary Balance after grants	(61.64)	(105.70)	(106.21)	9.02	54.97
Overall Balance after grants	(161.82)	(228.88)	(241.02)	(137.59)	(93.57)
Financing	161.82	228.88	241.02	137.59	93.57
Domestic	46.20	186.24	274.25	37.00	136.80
ECCB (net)	(2.69)	21.70	65.74	(34.10)	(26.69)
Commercial Banks (net)	53.75	141.64	79.88	(16.72)	(3.76)
Other	(4.85)	22.90	128.63	87.83	167.25
External	115.62	42.64	(33.22)	100.59	(43.23)
Net Disbursement (Amortisation)	115.62	42.64	(33.22)	100.59	(106.73)
Disbursements	187.58	112.24	100.02	168.83	119.90
Amortisation	71.96	69.61	133.24	68.24	226.63
Change in Govt. Foreign Assets	-	-	-	-	63.50
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-
Other financing	-	-	-	-	-

Source: Ministry of Finance, Saint Lucia and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 43
Saint Lucia - Monetary Survey
(EC$M at end of period)

	2010[R]	2011[R]	2012[R]	2013	2014	2015[P]
Net Foreign Assets	**(299.90)**	**(489.25)**	**(576.84)**	**(646.15)**	**(305.18)**	**268.38**
Central Bank (Net)	**496.24**	**517.81**	**562.22**	**454.85**	**635.38**	**804.87**
Commercial Banks (Net)	(796.14)	(1,007.06)	(1,139.07)	(1,101.00)	(940.56)	(536.49)
External (Net)	(410.15)	(591.97)	(485.18)	(390.10)	(200.75)	91.17
Assets	420.98	368.37	558.28	605.91	748.36	892.87
Liabilities	831.13	960.34	1,043.46	996.01	949.12	801.69
Other ECCB Territories (Net)	(385.99)	(415.09)	(653.88)	(710.90)	(739.81)	(627.66)
Assets	416.07	454.50	314.40	300.91	236.83	333.34
Liabilities	802.06	869.59	968.29	1,011.82	976.64	961.00
Net Domestic Assets	**2,859.09**	**3,219.01**	**3,375.34**	**3,499.35**	**3,193.12**	**2,723.48**
Domestic Credit	**3,395.22**	**3,597.63**	**3,903.51**	**3,977.32**	**3,579.47**	**3,269.23**
Central Government (Net)	(52.01)	(0.96)	162.38	307.99	257.17	226.72
Other Public Sector (Net)	(340.35)	(288.91)	(343.46)	(382.10)	(456.29)	(480.38)
Private Sector	3,787.58	3,887.49	4,084.59	4,051.43	3,778.60	3,522.89
Household	1,307.75	1,349.27	1,568.14	1,572.07	1,785.54	1,771.13
Business	2,329.69	2,384.41	2,438.25	2,435.26	1,962.33	1,689.50
Non-Bank Financial Institutions	30.45	22.48	37.01	28.10	19.17	14.93
Subsidiaries & Affiliates	119.69	131.34	41.19	16.01	11.56	47.34
Other Items (Net)	**(536.13)**	**(378.62)**	**(528.17)**	**(477.97)**	**(386.35)**	**(545.75)**
Monetary Liabilities (M2)	**2,559.19**	**2,729.77**	**2,798.49**	**2,853.20**	**2,887.94**	**2,991.86**
Money Supply (M1)	**643.62**	**675.03**	**701.03**	**695.44**	**748.57**	**769.09**
Currency with the Public	151.53	165.24	163.01	159.97	154.89	153.85
Demand Deposits	481.77	496.55	528.78	527.61	583.57	610.27
EC$ Cheques and Drafts Issued	10.32	13.24	9.24	7.86	10.10	4.97
Quasi Money	**1,915.57**	**2,054.73**	**2,097.46**	**2,157.76**	**2,139.37**	**2,222.77**
Savings Deposits	1,319.01	1,393.50	1,448.31	1,543.19	1,526.49	1,556.01
Time Deposits	443.67	490.99	486.90	443.79	369.54	387.72
Foreign Currency Deposits	152.90	170.25	162.25	170.78	243.34	279.04

Source: Eastern Caribbean Central Bank
Data as at 13 February 2015

Table 44
Saint Lucia - Selected Tourism Statistics

	2011	2012	2013	2014	2015
Total Visitor Arrivals	994,961	931,222	960,617	1,034,068	1,073,019
Stay Over Arrivals	312,404	306,801	318,626	338,158	344,908
USA	122,356	115,065	128,331	142,582	152,738
Canada	35,393	37,709	35,985	41,502	38,677
UK	73,059	75,674	70,868	73,960	68,175
Caribbean	58,876	56,066	60,521	55,516	62,745
Other Countries	22,720	22,287	22,921	24,598	22,573
Excursionists	10,523	10,354	8,227	7,526	9,080
Cruise Ship Passenger	630,304	571,894	594,118	641,452	677,394
Yacht Passengers	41,730	42,173	39,646	46,932	41,637
Number of Cruise Ships	351	336	341	386	387
Total Visitor Expenditure (EC$M)	**865.51**	**910.65**	**955.58**	**1,054.14**	**1,071.74**

Source: Saint Lucia Tourist Board and Eastern Caribbean Central Bank

Data as at 13 February 2016

Table 45
Saint Lucia - Balance of Payments[1]
(In millions of Eastern Caribbean Dollars)

	2011 R	2012 R	2013 R	2014 R	2015 P
CURRENT ACCOUNT	**(655.55)**	**(472.69)**	**(395.69)**	**(332.18)**	**(99.24)**
Goods and Services	(657.13)	(399.15)	(346.67)	(299.73)	(69.65)
Goods	(1,136.61)	(955.61)	(933.41)	(992.66)	(796.79)
Merchandise	(1,223.50)	(1,036.62)	(1,003.25)	(1,056.97)	(867.55)
Repair on goods	0.00	0.00	0.00	0.00	0.00
Goods procured in ports by carriers	86.89	81.01	69.84	64.31	70.77
Services	479.48	556.46	586.74	692.93	727.13
Transportation	(191.66)	(172.04)	(187.79)	(188.66)	(172.29)
Travel	736.09	798.06	839.09	934.76	949.86
Insurance Services	(27.36)	(21.38)	(25.34)	(24.39)	(21.09)
Legal and Accountancy Services	(28.74)	(37.94)	(32.05)	(21.05)	(21.49)
Government Services	(8.86)	(10.23)	(7.18)	(7.73)	(7.86)
Income	(53.89)	(90.69)	(61.78)	(61.28)	(59.28)
Compensation of Employees	0.96	0.95	0.49	0.50	0.52
Investment Income	(54.86)	(91.64)	(62.27)	(61.78)	(59.79)
Current Transfers	55.48	17.14	12.76	28.83	29.69
General Government	1.53	(3.42)	(2.59)	(7.88)	(8.04)
Other Sectors	53.95	20.56	15.35	36.70	37.73
CAPITAL AND FINANCIAL ACCOUNT	**676.69**	**517.10**	**288.32**	**512.71**	**205.22**
Capital Account	91.73	88.88	55.87	62.30	56.15
Capital Transfers	91.73	88.88	55.87	62.30	56.15
General Government	87.83	84.72	51.65	58.12	51.85
Other Sectors	3.90	4.16	4.22	4.19	4.30
Acquisition & Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	**584.97**	**428.22**	**232.45**	**450.41**	**149.07**
Direct Investment	218.32	198.61	248.51	244.72	249.75
Portfolio Investment	91.38	138.45	304.94	100.09	(28.97)
Other Investments	275.26	91.16	(321.00)	105.61	(71.71)
Public Sector Long Term	3.86	(39.42)	(7.72)	51.53	(9.62)
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	210.92	132.01	(38.06)	(160.44)	(404.07)
Other Assets	(3.93)	(40.85)	(292.30)	85.96	160.11
Other Liabilities [2]	64.41	39.43	17.08	128.56	181.88
Overall Balance	**21.15**	**44.41**	**(107.37)**	**180.53**	**105.99**
Financing	**(21.15)**	**(44.41)**	**107.37**	**(180.53)**	**(105.99)**
Change in SDR holdings	0.43	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	-	-	-	-	63.50
Change in Imputed Reserves	(21.58)	(44.41)	107.37	(180.53)	(169.49)

Source: Central Statistical Office, Saint Lucia and Eastern Caribbean Central Bank

[1] Based on IMF BPM5 [2] Includes Errors & Omissions

Data as at 13 February 2016

Table 46
St Vincent and the Grenadines - Selected Economic Indicators

	2011 R	2012 R	2013 R	2014 R	2015P
	(annual percentage change unless otherwise stated)				
National Income and Prices					
Nominal GDP at basic prices	(0.08)	2.40	4.66	0.36	2.30
Real GDP at basic prices	0.24	1.30	2.31	(0.24)	0.79
GDP Deflator	(0.33)	1.09	2.29	0.60	1.49
Consumer Prices (end of period)	4.74	1.04	-	0.09	(2.05)
Consumer Prices (period average)	3.95	2.27	0.81	0.19	(1.73)
Real GDP at Factor Cost by Selected Sectors					
Agriculture, Livestock and Forestry	0.06	2.21	5.80	2.92	4.67
Fishing	(3.01)	(14.93)	6.60	2.31	8.00
Mining and Quarrying	(24.73)	(24.44)	(10.87)	(2.97)	4.00
Manufacturing	4.92	(4.32)	(3.46)	6.31	3.00
Electricity and Water	(2.19)	4.86	(0.45)	(1.13)	3.96
Construction	(3.37)	(3.53)	6.60	(11.83)	4.00
Wholesale and Retail Trade	(5.01)	3.29	2.89	(0.12)	(8.00)
Hotels and Restaurants	4.10	0.16	(0.08)	(2.39)	7.29
Transport , Storage and Communications	0.27	(0.23)	(0.67)	(0.23)	1.62
Transport and Storage	(0.14)	(0.21)	(0.30)	(0.25)	1.66
Communications	1.45	(0.30)	(1.72)	(0.18)	1.50
Financial Intermediation	3.63	0.13	2.76	2.10	2.41
Real Estate, Renting and Business Activities	0.30	0.59	1.60	1.27	0.72
Public Administration, Defence & Compulsory Social Security	4.82	5.29	5.75	3.47	1.75
Education	2.38	4.97	2.69	(3.42)	2.54
Health and Social Work	6.38	4.77	(1.48)	(3.15)	2.80
Other Services	0.38	4.35	(6.47)	1.27	1.50
FISIM	(4.96)	3.03	(16.18)	4.03	2.75
Import Cover Ratio	2.85	3.33	4.33	5.45	6.16
	(in per cent of GDP)				
External Sector					
Current Account Balance	(29.41)	(27.56)	(30.92)	(25.00)	(20.77)
Overall Balance	(3.39)	3.02	3.59	3.15	2.04
Merchandise Trade Balance	(37.51)	(39.07)	(38.36)	(37.01)	(32.99)
Public Sector External Debt (end-of-period)	48.53	47.54	49.17	52.73	50.61
Central Government					
Current Account Balance	(1.79)	(0.87)	(1.47)	1.19	0.31
Current Revenue	25.33	25.26	23.77	27.02	25.55
Current Expenditure	27.12	26.13	25.25	25.83	25.24
Capital Expenditure and Net Lending	3.45	2.89	7.80	6.36	4.93
Overall Fiscal Balance	(2.69)	(2.06)	(6.17)	(4.08)	(2.84)
	(in per cent per annum)				
Monetary Sector					
Weighted Average Deposit Interest Rate	2.90	2.79	2.63	2.51	1.92
Weighted Average Lending Interest Rate	9.08	9.42	9.41	9.30	9.22
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at basic prices	1,555.16	1,592.53	1,666.68	1,672.62	1,711.02
Real GDP at basic prices	1,389.70	1,407.75	1,440.32	1,436.80	1,448.19
Nominal GDP at market prices	1,825.55	1,870.92	1,945.72	1,970.29	2,028.71
Merchandise Imports (f.o.b)	788.18	845.97	879.21	858.91	792.91
Merchandise Exports (f.o.b)	103.51	115.02	132.81	129.73	123.58
Gross Visitor Expenditure	247.55	254.20	249.33	249.44	258.51
GDP per capita (EC$)	16,604	17,003	17,669	17,877	18,393

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 47
St Vincent and the Grenadines - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2011	2012	2013	2014 [R]	2015 [P]
Current Revenue	462.48	472.62	462.58	532.32	518.31
Tax Revenue	412.14	430.58	420.63	468.28	482.32
Taxes on Income and Profits	114.40	122.41	111.44	137.16	129.58
of which:					
Personal	67.38	71.81	69.38	71.52	70.33
Corporation	37.86	40.90	30.49	40.18	46.29
Taxes on Property	2.81	2.70	3.90	4.01	4.37
Taxes on Domestic Goods and Services	213.73	224.35	223.30	240.59	254.08
of which:					
Stamp Duties	15.71	17.41	26.15	26.13	22.63
Excise Tax	24.29	27.55	25.57	33.04	35.27
Value Added Tax	132.31	134.06	130.74	138.06	143.80
Licences	23.44	26.13	25.18	28.36	29.58
Taxes on International Trade and Transactions	81.20	81.12	82.00	86.52	94.28
of which:					
Import Duties	47.12	47.60	48.33	49.35	52.36
Excise Tax	-	-	-	-	-
Customs Service Charge	30.68	30.23	30.37	32.91	37.45
Non-Tax Revenue	50.34	42.05	41.95	64.04	35.99
Current Expenditure	495.16	488.92	491.26	508.92	512.11
Personal Emoluments	231.15	242.90	250.95	247.89	257.16
Goods and Services	74.34	70.46	66.10	74.55	72.61
Interest Payments	46.04	44.39	47.91	45.67	44.63
Domestic	23.42	23.29	29.45	27.29	26.66
External	22.62	21.10	18.46	18.37	17.97
Transfers and Subsidies	143.63	131.17	126.30	140.82	137.71
of which: Pensions	45.01	49.61	54.40	58.63	60.64
Current Account Balance	(32.69)	(16.29)	(28.68)	23.40	6.20
Capital Revenue	10.35	5.38	34.33	0.73	11.31
Grants	36.21	26.59	26.02	20.68	24.82
of which: Capital Grants	36.21	26.59	26.02	20.68	24.82
Capital Expenditure and Net Lending	63.01	54.16	151.80	125.21	99.94
of which: Capital Expenditure	63.01	54.16	151.80	125.21	99.94
Primary Balance after grants	(3.10)	5.91	(72.21)	(34.74)	(12.98)
Overall Balance after grants	(49.14)	(38.47)	(120.12)	(80.40)	(57.61)
Financing	49.14	38.47	120.12	80.40	57.61
Domestic	(0.27)	0.79	14.35	(19.46)	77.88
Central Banks (net)	21.71	(22.26)	6.81	2.18	6.73
Commercial Banks (net)	0.45	27.29	7.75	22.35	15.82
Other	(22.44)	(4.24)	(0.21)	(43.98)	55.33
External	31.76	1.10	96.34	97.26	5.03
Net Disbursements/(Amortisation)	31.76	1.10	96.34	97.26	5.03
Disbursements	83.75	52.73	146.05	139.72	49.93
Amortisation	51.99	51.63	49.71	42.47	44.90
Change in Govt. Foreign Assets	-	-	-	-	-
Arrears	17.65	36.58	9.42	2.61	(25.30)
Domestic	17.65	36.58	9.42	2.61	(25.30)
External	-	-	-	-	-
Other Financing	-	-	-	-	-

Source: Ministry of Finance and Economic Planning, St Vincent and the Grenadines and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 48
St Vincent and the Grenadines - Monetary Survey
(EC$M at end of period)

	2010	2011	2012	2013	2014	2015[P]
Net Foreign Assets	**475.30**	**394.30**	**408.78**	**493.08**	**508.23**	**531.94**
Central Bank (Net)	**299.97**	**238.11**	**294.66**	**359.42**	**421.43**	**444.81**
Commercial Banks (Net)	**175.33**	**156.19**	**114.12**	**133.66**	**86.80**	**87.13**
External (Net)	(94.02)	(100.81)	(88.05)	(30.71)	5.79	4.38
Assets	139.76	126.02	119.86	174.55	215.78	231.39
Liabilities	233.78	226.83	207.91	205.26	209.99	227.01
Other ECCB Territories (Net)	269.35	257.00	202.17	164.37	81.01	82.75
Assets	390.72	366.69	300.24	276.13	200.15	200.27
Liabilities	121.37	109.69	98.07	111.77	119.13	117.52
Net Domestic Assets	**638.70**	**715.84**	**775.17**	**791.95**	**900.40**	**943.84**
Domestic Credit	**891.98**	**906.67**	**959.54**	**998.91**	**1,020.24**	**1,069.38**
Central Government (Net)	22.33	44.49	49.53	64.09	88.61	111.16
Other Public Sector (Net)	(90.35)	(137.07)	(124.31)	(113.02)	(113.63)	(111.66)
Private Sector	960.00	999.25	1,034.32	1,047.84	1,045.26	1,069.89
Household	597.42	637.33	670.32	777.08	789.59	817.52
Business	355.92	330.06	343.40	250.34	235.61	232.88
Non-Bank Financial Institutions	6.66	27.86	16.60	16.43	16.06	15.49
Subsidiaries & Affiliates	0.00	4.00	4.00	4.00	4.00	4.00
Other Items (Net)	**(253.28)**	**(190.83)**	**(184.37)**	**(206.96)**	**(119.84)**	**(125.54)**
Monetary Liabilities (M2)	**1,114.00**	**1,110.14**	**1,183.95**	**1,285.03**	**1,408.62**	**1,475.78**
Money Supply (M1)	**345.48**	**331.45**	**360.94**	**374.21**	**426.30**	**437.83**
Currency with the Public	50.61	46.51	43.87	48.14	53.61	64.62
Demand Deposits	289.12	276.31	310.58	320.08	364.30	364.05
EC$ Cheques and Drafts Issued	5.75	8.62	6.50	5.99	8.39	9.16
Quasi Money	**768.52**	**778.70**	**823.01**	**910.82**	**982.33**	**1,037.95**
Savings Deposits	594.02	594.18	632.95	717.40	779.44	820.61
Time Deposits	129.16	139.70	153.73	136.28	130.09	126.90
Foreign Currency Deposits	45.34	44.82	36.32	57.15	72.79	90.44

Source: Eastern Caribbean Central Bank
Data available as at 29 February 2016

Table 49
St Vincent and the Grenadines - Selected Tourism Statistics

	2011	2012	2013	2014 [R]	2015 [P]
Total Visitor Arrivals	207,997	199,840	200,121	204,934	206,662
Stay-Over Arrivals	73,866	74,364	71,725	70,713	75,381
Of Which:					
USA	21,164	21,454	20,106	19,838	22,063
Canada	6,719	7,424	7,146	7,203	7,515
UK	14,895	15,023	15,183	15,960	17,045
Caribbean	23,272	22,768	21,745	19,886	21,566
Other Countries	7,816	7,695	7,545	7,826	7,192
Excursionists	3,941	3,051	2,663	2,152	1,732
Yacht Passengers	41,266	45,246	45,548	46,899	47,470
Cruise Ship Passengers	88,924	77,179	80,185	85,170	82,079
Number of Cruise Ship Calls	124	172	212	222	231
Total Visitor Expenditure (EC$M)	**247.55**	**254.20**	**249.33**	**249.44**	**258.51**

Source: St Vincent and the Grenadines Tourism Authority and Eastern Caribbean Central Bank
Data as at 13 February 2016

Table 50

St Vincent and the Grenadines - Balance of Payments[/1]

(In millions of Eastern Caribbean dollars)

	2011	2012	2013 R	2014 R	2015P
Current Account	(536.97)	(515.53)	(601.44)	(492.50)	(421.34)
Goods and Services	(523.33)	(568.96)	(638.43)	(610.13)	(532.51)
Goods	(671.91)	(718.90)	(734.55)	(717.11)	(656.95)
Merchandise	(684.68)	(730.95)	(746.33)	(729.18)	(669.32)
Repair on goods	0.02	0.02	0.02	0.02	0.02
Goods procured in ports by carriers	12.75	12.04	11.76	12.05	12.35
Services	148.58	149.94	96.12	106.98	124.44
Transport	(93.06)	(98.67)	(101.88)	(98.98)	(91.00)
Travel	212.12	217.17	211.16	214.64	222.37
Insurance Services	(18.17)	(21.14)	(22.64)	(23.20)	(21.83)
Other Business Services	53.68	59.66	22.35	27.58	28.21
Government Services	(5.99)	(7.10)	(12.87)	(13.07)	(13.30)
Income	(34.94)	(10.31)	0.14	(1.33)	(8.66)
Compensation of Employees	16.14	19.69	22.43	23.13	23.84
Investment Income	(51.09)	(30.00)	(22.29)	(24.46)	(32.51)
Current Transfers	21.30	63.74	36.85	118.96	119.83
General Government	(5.60)	29.98	11.34	76.61	77.35
Other Sectors	26.90	33.76	25.51	42.35	42.48
Capital and Financial Account	478.93	570.77	728.73	563.30	457.96
Capital Account	104.31	91.72	52.97	79.85	66.90
Capital Transfers	104.31	91.72	52.97	79.85	66.90
Acquisition and Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	374.62	479.05	675.76	483.44	391.06
Direct Investment	231.18	310.80	430.84	295.47	324.97
Portfolio Investment	(8.57)	14.85	40.92	0.48	(40.86)
Other Investments	152.00	153.40	204.01	187.49	106.95
Public Sector Long Term	31.87	(34.58)	137.32	72.22	(9.24)
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	19.14	42.07	(19.54)	46.86	(0.33)
Other Assets	77.99	107.45	50.12	31.95	59.39
Other Liabilities[/2]	23.00	38.45	36.11	36.46	57.14
Overall Balance	(61.86)	56.55	64.76	62.01	41.42
Financing	61.86	(56.55)	(64.76)	(62.01)	(41.42)
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	-	-	-	-	-
Change in Imputed Reserves	61.86	(56.55)	(64.76)	(62.01)	(41.42)

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning and Eastern Caribbean Central Bank

[/1] Based on IMF BPM5 [/2] Includes Errors and Omissions

Data as at 06 April 2016

BENEFITS OF THE EASTERN CARIBBEAN CURRENCY UNION (ECCU) EXCHANGE ARRANGEMENTS

By

Mr Garfield Riley [1]
Senior Economist

RESEARCH DEPARTMENT

EASTERN CARIBBEAN CENTRAL BANK
ST KITTS AND NEVIS

---

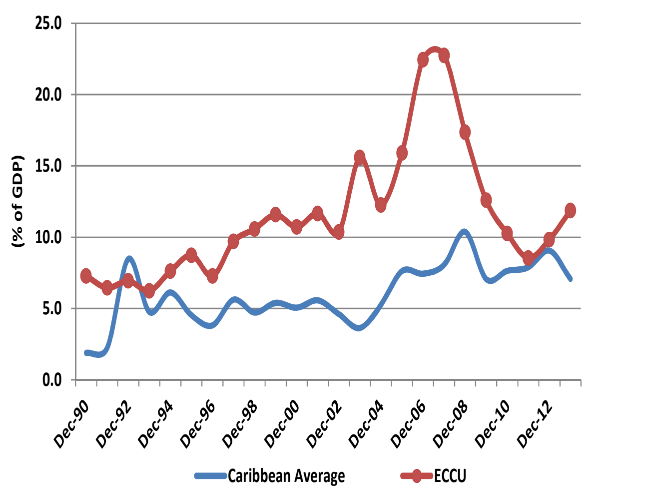
[1] *"The author,* ***Garfield Theodore Riley*** *prior to his death on 22 July 2015, worked at the Eastern Caribbean Central Bank where he gave unstinting and dedicated service. The Eastern Caribbean region lost a promising and consummate young Economist. Mr Riley, who hailed from the island of Montserrat, was deeply passionate about the development of the OECS sub-region and its people and this is reflected in the number of papers which he wrote on the issues that affected the region. In honour of his dedicated work and service to the Bank and by extension the Eastern Caribbean Currency Union, the Bank's weekly seminar series will be named "The Garfield Theodore Riley Seminar Series".*

Benefits of the ECCU Exchange Arrangements

1.0 Introduction

The Eastern Caribbean Currency Union (ECCU) exchange rate and exchange arrangements possess several institutional features that have benefited the citizens of the region. Within these arrangements, the Eastern Caribbean Central Bank (ECCB) is responsible for monetary and exchange rate stability, and safeguarding of the banking system. The unique feature of the ECCB is that it operates within a quasi-currency board and a Currency Union, which sets it apart from other multi-state central banks. The ECCB, by maintaining the convertibility and stability of the currency, has provided the foundation for price and macroeconomic stability. The quasi-currency board serves as an anchor for price expectations, and the stability of the exchange rate has encouraged significant inflows of foreign direct investment which has contributed to economic development. Foreign direct investment (FDI) inflows to the ECCU averaged 11.4 per cent over the period 1990 – 2014, materially above the Caribbean[2] average of 6.0 per cent (Figure 1).

Figure 1: Foreign Direct Investment Inflows (1990 - 2014)



The structural constraints of small size, geography, openness, and the inherent vulnerability of the ECCU economies place a premium on union-wide, collective action for the solution of common and individual challenges. The ECCB provides the archetypical example of such a collective, regional, pooling approach to policy-making. By eliminating currency fluctuations among member countries, pooling of reserves, and providing international payments and banking

[2] For the purposes of this note, the Caribbean comprises Bahamas, Barbados, Belize, Guyana, Jamaica, and Trinidad.

stability, the ECCB has features of a regional public good, providing services that may be infeasible for individual countries to undertake.

In short, the absence of the ECCU arrangements makes increasing fractionalization, fragmentation, and macroeconomic volatility of individual member countries highly likely.

Delineating the benefits of the ECCU exchange rate and exchange arrangements serves as the motivation for this note. The following section discusses the role and benefits provided by a stable currency, while section 3.0 highlights the importance of deposits within the socio-economic fabric of the ECCU. A typology of the contribution and role of the monetary authority to the economic and social development of the region is provided in section 4.0. The note concludes in section 5.0 with a recapitulation of the main ideas highlighted.

2.0 The Role and Benefits of a Stable Currency

The stability of the EC dollar serves as an anchor for domestic prices, resulting in low inflation rates and a stable macroeconomic environment that is conducive to broad-based sustainable growth. The currency board arrangement has been highly effective, as inflation rates have been approximately at the same rate as the United States, the anchor country (Table 1).

Table 1: Average Inflation Rates: Selected Countries (1990 – 2014)

	1990 – 1999	2000 – 2009	2010 - 2014
Bahamas	2.83	2.28	1.66
Barbados	2.95	3.60	4.65
Belize	2.00	2.51	1.23
Guyana	24.99	6.16	3.17
Jamaica	28.09	11.02	6.98
Trinidad and Tobago	5.95	6.34	6.95
ECCU	3.02	2.38	2.56
United States	3.01	2.57	1.99

ECCU inflation rates compare favourably with other countries in the region, with either fixed or floating exchange rate regimes. The predictability of the exchange rate is of value to economic agents, and the ability to maintain an unchanged exchange rate over an extended period of time lends credibility to economic policy-making. In contrast, a history of exchange rate fluctuations may induce welfare-reducing macroeconomic volatility, as attested by the experiences of several Caribbean countries including Jamaica and Guyana. Currency stability also acts as an incentive for investment, by reducing uncertainty and providing a highly visible signal that returns on investment will not be arbitrary reduced by excessive currency fluctuations.

3.0 The Central Role of Deposits in Financial, Economic and Social Systems

The value of deposits as at December 2014 stood at $19.7 billion or approximately 122.6 per cent of GDP for the ECCU. Savings deposits account for the largest share (40.0 per cent) of total deposits, followed by time (25.6 per cent), foreign currency (17.6 per cent) and demand deposits (16.9 per cent) respectively. Household deposits comprise 49.0 per cent of deposits, Government and statutory bodies accounts for 16.0 per cent, private businesses 17.0 per cent, while non-resident deposits constitutes 11.0 per cent. The importance of deposits in the socio-economic fabric of the ECCU cannot be understated: deposits are a store of wealth, saving and means of payment, and can be used to smooth consumption over time, performing the role of personal insurance against economic shocks, such as a loss of employment. Deposits also fund educational and healthcare costs, old age income, provide collateral for loans, overdrafts, credit cards and line of credit, among many other uses. Additionally, deposits comprise the major stable funding source for commercial banks. The above reasoning underlines the absolute fundamental importance of full protection of deposits in the context of resolving the ECCU commercial banking sector. It is anticipated that less than full protection of deposits is likely to have a deleterious impact on the economies, through lower investment and consumption, increased firm bankruptcy and bank insolvencies, possible bank runs and a currency crisis.

Financial sector resolution is likely to have a material fiscal cost, which is expected to exacerbate the current fiscal and debt challenges of ECCU member countries. Full protection of deposits may result in an immediate and predictable increase in debt to GDP ratios and associated debt servicing costs. Under all scenarios considered, convergence to the 60 per cent debt to GDP ratio by 2030 is likely to require increased fiscal effort on the part of member governments, thus necessitating carefully crafted and implemented fiscal adjustment and growth strategies. The broad tenets of such a fiscal adjustment framework can be derived from the Reports of the Commissions for Tax and Tax Administration Reform and Public Expenditure Review, which identified target ranges for current revenue (28 to 32 per cent of GDP) and current expenditure (22 to 26 per cent of GDP). At end 2014, all member states except St. Kitts and Nevis registered current revenue to GDP ratios well below the lower end of the recommended range. As such, determined actions to increase the revenue intake are likely to contribute significantly to improving the fiscal position and outlook. Additionally, while most member states appear to be within current expenditure limits, the magnitude of the adjustment requires resolute and focused efforts to reduce costs and improve efficiencies.

The enduring stability of the EC dollar imparts substantial credibility to the ECCU exchange arrangement, reduces uncertainty in international transactions, and empowers citizens and international investors to consume, produce, save and invest with confidence. The stability of the currency also contributes to the preservation of deposits, the predominant form of wealth and saving for ECCU citizens. In effect, the permanence of the EC dollar and the safety of deposits provide an essential anchor for the macroeconomic and social development of the region.

The preference ordering of currency stability and deposit protection is connected to financial sector resolution in the ECCU. Breaching the sanctity of deposits may set in train an uncertain dynamic that may ultimately threaten the stability of the currency. A reduction in deposits can herald bank runs, capital flight, reserve losses and a full blown currency crisis.

A currency crisis in turn may further exacerbate banking sector losses through devaluation of domestic assets, reductions in capital and possible negative returns to equity. Additionally, currency instability can induce prolonged negative macroeconomic effects, including but not limited to increased inflation, lower economic growth, higher unemployment and declines in socio-economic indicators. The policy assignment therefore respects the anchor role of the EC dollar and the safety of deposits as essential elements in financial sector stability, particularly during periods of increased uncertainty and vulnerability.

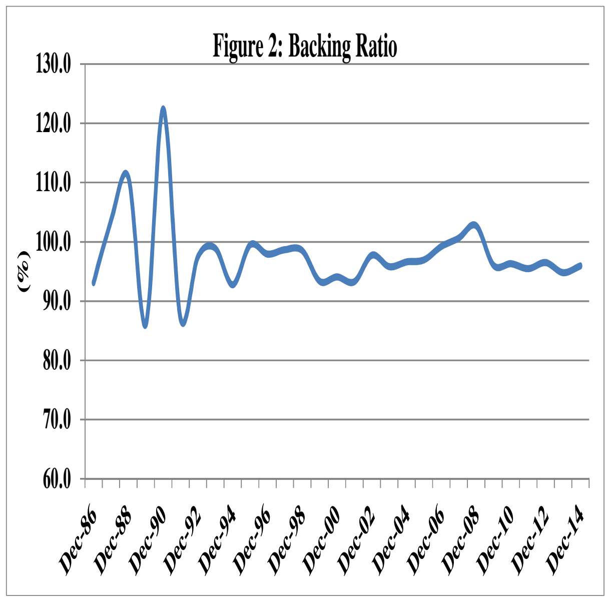
4.0 The Role of the Monetary Authority

The ECCB plays a central role in the ECCU exchange rate and exchange arrangement. The Central Bank manages the common pool of foreign reserves, yielding economies of scale by lowering the overhead costs of holding reserves at the national level. The pooling arrangement acts as a buffer by smoothing seasonal and cyclical variations in individual countries foreign exchange receipts. Importantly, the pooling of reserves effectively reduces the costs to each individual ECCU member state, diversifying risks and thus reducing the variability of reserves.

From inception, the ECCB was not considered a traditional central bank. The ECCB performs the requisite activities typical of other central banks – currency and monetary stability, monetary policy, liquidity management, maintenance of the payments system and banking sector regulation and supervision – but there is also an important developmental role. Article 4(3) of the Central Bank Agreement Act specifies that the bank "promote credit and exchange conditions and a sound financial structure conducive to the balanced growth and development of member states". Article 4(4) mandates the ECCB "to actively promote through means consistent with its other objectives, the economic development of the participating governments". The expression of this developmental role finds form in the sub-sections below.

4.1 Credibility

The ECCU region has maintained the fixed exchange rate arrangement through a variety of external, domestic, and climatic shocks. The resilience of the fixed exchange rate derives in part from the nature of the quasi-currency board arrangement. A quasi-currency board represents one of the purest forms of a 'hard' peg, primarily as a result of the considerable institutional obstacles to changing the exchange rate. A feature of the ECCU's quasi-currency board arrangement is the 60.0 per cent reserve backing of the currency. This limits the amount of domestic currency that can be created, and represents a highly credible mechanism for defending a fixed exchange rate. A complementary factor for the resilience of the exchange rate peg is the prohibition against excessive financing of fiscal deficits of member governments. The conditions are specified under Article 40 (1), sub-paragraphs (a), (b) and (c) of the ECCB Agreement. What this does, in essence, is to prevent the types of dis-orderly adjustments typical of conventional fixed exchange rate regimes. Conventional fixed exchange rate pegs are prone to collapse as a result of central bank financing of fiscal deficits, leading to a rapid loss of foreign reserves. Eventually, the decline in foreign reserves undermines the sustainability and credibility of the fixed exchange rate. The ECCB arrangement, with the restrictions on domestic financing, effectively prevents this type of adjustment.



The credibility of the quasi-currency board arrangement is further enhanced by the backing of domestic currency with reserves. Over the period for which detailed data is available, the backing ratio averaged 97.3 per cent (figure 2), materially above both the operational (80.0 per cent) and statutory benchmarks (60.0 per cent). This represents a highly credible commitment by the ECCB to maintaining the exchange rate. More importantly, the credibility of the arrangement reduces uncertainty in international transactions, empowering consumers, firms, investors and governments to consume, produce, save and invest with confidence.

4.2 Profits

The distribution of the profits accruing to the Central Bank from performing its statutory role is another benefit of a regional, common pool arrangement. Profits are distributed approximately in proportion to domestic currency in circulation in individual member states. The profits distributed to ECCU member countries is substantial, totaling $493.2m over the period March 1980 to March 2014 (table 2). This is the amount actually distributed, and thus excludes reserves held in Fiscal Tranches I and II. Primarily as a result of their economic size, Saint Lucia and Antigua and Barbuda have gained a relatively larger share of the profits *actually* distributed to member governments.

Table 2: ECCB Profit Distribution (1980 – 2014)

EC$000	1980 - 1989	1990 - 1999	2000 - 2009	2010 - 2014	1980 - 2014
Anguilla	508,304.00	4,538,351.00	2,544,772.03	475,122.95	8,066,549.98
Antigua and Barbuda	25,148,534.24	42,988,220.00	27,680,689.37	5,555,080.84	101,372,524.45
Dominica	17,874,464.86	21,611,636.00	10,706,472.74	2,083,042.29	52,275,615.89
Grenada	24,286,886.17	33,857,297.00	21,278,340.10	4,392,156.35	83,814,679.62
Montserrat	4,327,981.61	5,550,665.00	2,491,449.39	446,473.16	12,816,569.16
St Kitts and Nevis	20,351,256.88	19,466,575.00	11,820,650.05	3,616,200.51	55,254,682.44
Saint Lucia	32,672,718.18	48,468,835.00	26,051,140.64	6,204,179.13	113,396,872.95
St Vincent and the Grenadines	22,557,644.79	24,493,142.00	16,455,722.68	2,648,445.30	66,154,954.77
Total	147,727,790.73	200,974,721.00	119,029,237.00	25,420,700.53	493,152,449.26

The Monetary Council decided in 2002 to retain a portion of the distributable profits as a buffer (Fiscal Tranche II) to lend to countries facing severe economic difficulties (Rose and

Samuel, 2013)[3]. Moreover, member states themselves also retain a portion of their profits at the ECCB in the form of Fiscal Tranche I, as self-insurance against economic fluctuations or fiscal difficulties. The profits of the ECCB thus contribute to the smoothing and risk-pooling arrangements that have been the hallmark of the ECCU.

4.3 Access to Credit

The ECCU institutional arrangement allow for lending to member governments, up to the fiduciary limit of 40.0 per cent. These facilities are intended to be short-term in nature, designed to assist member governments with temporary payments imbalances. In practice, the amounts typically available to member governments are relatively small compared with their usual financing requirements (Table 3). Member governments have also not fully utilized – in aggregate – the available credit in a given year, but the utility of the facilities has risen over time: the percentage of credit utilized increased from 38.0 per cent in 2009/2010, to 70.0 per cent in 2013 / 2014.

Table 3: ECCB Credit Allocation and Distribution (2008 – 2015)

Country	2008 - 2009		2009 - 2010		2010 - 2011		2011 - 2012		2012 - 2013		2013 - 2014		2014 - 2015	
	Available	Utilized	Available	Utilized	Available	Utilized	Available	Utilized	Available	Utilized	Available	Utilized	Available	Utilized
Anguilla	11.78	7.00	14.69	20.72	9.72	4.77	9.58	0.00	11.86	7.93	14.83	9.74	20.66	6.76
Antigua and Barbuda	49.60	119.65	50.90	21.91	122.61	116.86	123.53	123.68	127.85	121.67	66.05	111.54	68.19	106.72
Dominica	19.63	3.76	22.65	1.60	19.29	1.60	22.82	0.00	20.05	0.00	37.13	0.00	40.31	1.08
Grenada	32.77	17.97	31.53	19.31	20.67	15.93	23.50	31.85	41.63	40.55	44.39	21.82	47.42	28.15
Montserrat	3.01	0.00	2.72	0.00	1.91	0.02	2.27	0.00	2.81	0.00	4.31	0.00	4.66	0.00
St Kitts and Nevis	31.00	9.93	38.03	26.64	31.27	24.38	35.19	3.74	44.02	3.74	61.74	3.74	77.07	3.74
Saint Lucia	49.00	0.00	52.05	0.00	33.46	11.90	41.70	0.00	52.92	39.53	82.25	29.11	92.17	12.11
St Vincent and the Grenadines	31.22	5.01	32.24	4.15	19.06	8.28	23.42	7.77	22.85	14.47	49.75	20.35	51.53	25.28
Total	228.00	163.32	244.80	94.28	258.00	173.04	282.00	167.03	324.00	227.89	364.56	196.31	402.00	183.84

Source: ECCB

The importance of the credit facilities lies in the opportunities for cooperation and coordination on which the success of the regional arrangement partly relies. ECCU member governments

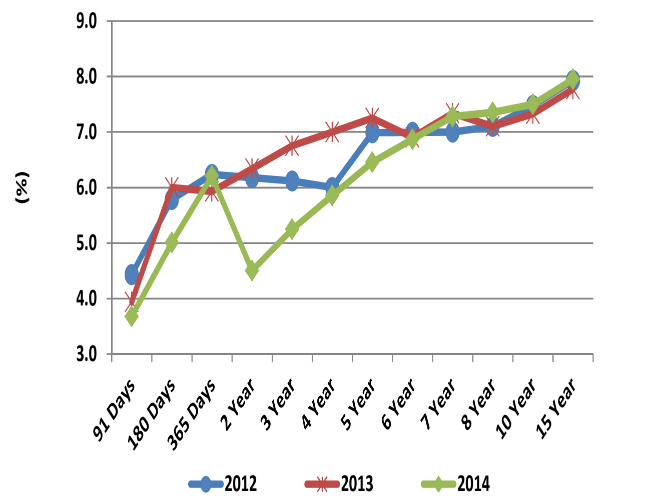
[3] Rose, R., and W. Samuel (2013) "The Role of the Eastern Caribbean Central Bank". In The Eastern Caribbean Economic and Currency Union: Macroeconomics and Financial Systems, ed A, Schipke, A. Cebotari, and N. Thacker: International Monetary Fund.

can access more credit than the prescribed country allocations in Table 3 imply, with the concurrence of the Monetary Council, and if other member governments are willing to forgo an equivalent amount of their allocation. This has occurred on six occasions using recent data: Antigua and Barbuda 2008 / 2009; 2011 / 2012; 2013 / 2014; and 2014 / 2015; Grenada 2011 /2012, and Anguilla 2009 / 2010. This is important, as it allows the Central Bank to perform a traditional lender of last resort role to the banking system and to member states facing severe payments difficulties.

4.4 Vital Role of RGSM

The formation of the Regional Government Securities Market (RGSM) in November 2002 has provided substantial benefits to the ECCU. The RGSM was established to provide a facility for cost-effective financing for the eight member governments of the ECCU; provide investment opportunities to private businesses and the general public, and to aid in the development of regional money and capital markets. The RGSM integrated the fragmented debt markets of the individual member states, creating economies of scale through a single regional financial space with a larger investor base, lower transactions costs and higher trading volumes. Prior to the formation of the RGSM, the financing needs of ECCU member governments were met by a combination of direct loans and overdrafts from domestic financial institutions, and foreign borrowing. Over reliance on these financing sources is risky: foreign borrowing exposes governments to currency risk, and can be volatile, while reliance on domestic borrowing may heighten systemic risks. There is some evidence that the RGSM has lowered the cost of short-term financing for ECCU member governments.

Figure 3: RGSM Yield Curve



Interest rates on the RGSM are typically lower than alternative financing sources such as borrowing from commercial banks (table 4). The differential between RGSM rates and interest rates on alternative sources have widened over the years, resulting in cost savings for member governments. In 2014 for example, gross savings for governments participating on the RGSM amounted to $32.6m (table 4).

Table 4: Estimated Annual Savings on 91 Day Treasury Bills (2014)

Country	Offer Amt (EC$M)	RGSM Rate (%)	Overdraft Rate (%)	Gross Savings(EC$M)
Dominica	80.00	2.05	7.75	4.56
Grenada	155.00	5.88	8.50	4.06
Saint Lucia	97.00	3.69	11.00	7.09
St Vincent and the Grenadines	300.00	3.37	9.00	16.89
ECCU	632.00			32.60

The RGSM has increased investment opportunities for ECCU citizens, households and firms, and have deepened capital markets in the region. Economic agents can benefit from a diversity of markets – domestic and regional – and instruments. Figure 3 shows the ECCU aggregate yield curve, with the different tenors available to investors. Importantly, the RGSM 3- month Treasury bill rate has become a benchmark for pricing financial contracts. The development of money and capital markets – which the ECCB has spear-headed - has provided significant benefits to the citizens of the region.

4.5 Regulation

The regulation and supervision of the financial sector is conducted by both the ECCB and national authorities. The domestic banking system is regulated and supervised under the Uniform Banking Act, which confers supervision to the ECCB; licensing is the responsibility of individual ministers of finance. The ECCB has strengthened regulatory and supervisory procedures since the global economic and financial crisis of 2008, including initiatives for strengthening risk-based supervision, increasing provisioning and consolidated supervision. Consolidated cross-border supervision has been facilitated by the Regional Oversight Committee (ROC) which comprises the ECCB as the regulator for banks, the ESRC, and national regulatory organisations, and acts as a conduit for information sharing on financial conglomerates.

Supervision and regulation of the non-bank financial sector, such as credit unions and insurance companies remains a challenge. Traditionally, oversight of credit unions came under the jurisdiction of the registrar or commissioner of cooperatives in each ECCU member state. Registrars are often understaffed and under-trained, a regulatory weakness that was exposed by the collapse of the Trinidad and Tobago based CL Financial Group and subsidiaries in 2009. The collapse of CL Financial suggests that country based supervision of credit unions and insurance companies may not be the most effective for overseeing regional and potentially systemic financial institutions with significant cross border risks. The challenges faced by individual country regulation of credit unions and insurance companies highlight the importance of region-wide regulation and supervision of banks by the ECCB, and suggest the need for a similar currency-union wide regulator for these non-bank financial institutions.

4.6 Technical Assistance

In pursuit of its developmental role, the ECCB has conducted considerable technical assistance to ECCU member states in variety of areas. The ECCB has supported and sponsored initiatives on regional integration, human resource and skills training, institutional building, public education and economic policy advice. Improving the framework for liquidity management and the single financial space, as well as creating markets – the RGSM, ECSE and ECHMB – and filling institutional gaps have provided opportunities for savers, firms and governments, mobilizing additional financial resources that can contribute to economic and social development. The provision of economic policy advice and dissemination of analytical research work and data contributes to an understanding of ECCU economies, which can improve policy formation and implementation.

4.7 Data Assembly

The provision of timely, accurate, reliable and comprehensive data informs and supports the development of evidence based policy-making. The Economic Union and the Single Financial Space underscores the importance of a harmonized and integrated statistical framework that enables cross-country comparison, analysis, and policy formation. The structural characteristics of the ECCU – small, open, and vulnerable economies – present formidable challenges for the production and dissemination of macroeconomic and social data. The resources available for producing and compiling data are thus below that of larger countries and economic areas, as it may not be a major priority for stretched and overburdened governments. Economies of scale can be leveraged from a regional approach to the production of statistical information and data that will support policy making in the OECS Economic Union.

Considerable progress has been made by ECCU member states in the upgrading and regional harmonization of statistical systems, under the aegis of the Eastern Caribbean Central Bank (ECCB). These initiatives span four broad areas: (i) National Accounts rebasing, which has improved the coverage, data sources, methodology and classification of Gross Domestic product (GDP) by economic activity; (ii) the revision of the Consumer Price Index (CPI) which more accurately represents changing consumption patterns; (iii) compilation of region wide balance of payments by the ECCB, and improved balance of payments survey forms which among other things, allows the net international investment position of member countries to be calculated, and (iv) the production, dissemination and improvement of the Monetary and Financial Statistics (MFS) by the ECCB for member countries to include other depository corporations including non-banks, insurance companies, mutual funds, money services and offshore banks. The considerable effort and resources required in producing, compiling, harmonizing and dissemination of data and information suggests that it may be unlikely that a member state may have achieved these gains acting on an individual basis. Moreover, the compilation and publication of data provides an external benefit for ECCU member states, whereby data limitations can retard the emergence of effective, evidenced based policy-making.

4.8 Project Management

Given its union wide remit and focus, the ECCB has gained considerable expertise in regional project management. These projects have deepened and engendered regional integration through supporting common initiatives in building institutions, education and skills training, management information systems, data collation and dissemination, fiscal and debt management, tax harmonization. Moreover, the ECCB functions as the interface with international financial institutions, non-governmental organisations and foreign governments, that utilize the ECCB's expertise and apparatus as a coordinating and supporting device for projects throughout the region. Examples of the supporting and advisory role performed by the ECCB include, inter alia, the Debt Management and Advisory Services (DMAS) project; the Strengthening the Accountability of Non-Bank Financial Institutions (NBFI Project); and the Institute of Chartered Accountants of the Eastern Caribbean (ICAEC). The CIDA funded DMAS project (housed at the ECCB) is a comprehensive development programme which provides technical assistance on debt management to the member states of the Eastern Caribbean Currency Union (ECCU). The purpose of the project is to improve the effectiveness of ECCU Governments to manage debt portfolios to sustainable levels. The NBFI project – which concluded September 2013 – focussed on improving regulatory oversight and providing technical assistance to local NBFI's. The project was funded by the World Bank and was launched in December 2010, with the ECCB responsible for implementation, coordination and management. The Institute of Chartered Accountants of the Eastern Caribbean (ICAEC) serves as the professional body for accountants in the Eastern Caribbean, through which regular meetings and workshops are organized and facilitated by the ECCB.

5.0 Conclusion

The ECCU exchange rate and exchange arrangements have served the region well, highlighting the successes of a common, union wide approach to policy formation and implementation. Arguably, the gains achieved thus far may not have been possible with each member state replicating the wide variety of functions and roles performed by the ECCB. The stable currency have induced price and macroeconomic stability, and imparts credibility to macroeconomic policy-making; stable and well regulated banking, financial and payments systems have mobilized savings and wealth, contributing to economic growth and development; new institutions and markets have widened access to savings and alternative financial instruments; advocacy and support of regional initiatives lends substantial credibility to the successful completion of projects, and reserve pooling lowers the cost of holding reserves and smoothes international payments imbalances.

The deepening of the integration project with the OECS Economic Union enshrines the logic of common, shared arrangements. The structural characteristics of the ECCU economies, of small size, openness, finite natural resources, and geographic vulnerability dictates that the pooling of natural, human, and financial resources can materially relax the constraints that prevent a sustained takeoff in societal and economic development.