

# ECONOMIC AND FINANCIAL REVIEW - JUNE 2021

## ANTIGUA AND BARBUDA

A modest recovery is expected in Antigua and Barbuda's economy in 2021, supported by the global rollout of vaccines and resumption of global travel.

# OVERVIEW



Despite a modest recovery in the second quarter and the ongoing COVID-19 vaccination rollout, economic activity in Antigua and Barbuda is estimated to have declined in the first half of 2021, relative to activity in 2020 and to historical trends.



Activity in key services sectors, including the hotels and restaurants sector, continued to be negatively affected from the continuing challenges of the COVID-19 pandemic.

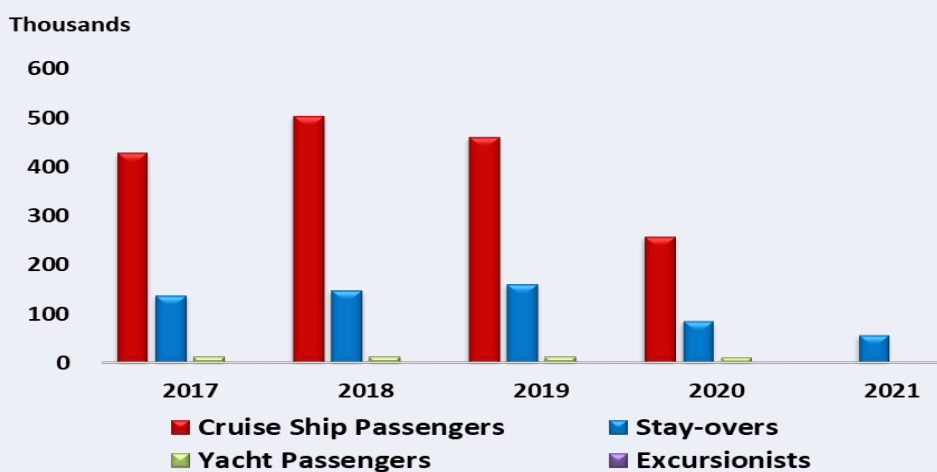


Although a modest economic recovery is anticipated in 2021, the outlook will depend critically on the evolution of the COVID-19 pandemic and the success of vaccination programmes in Antigua and Barbuda and worldwide.

## THE ECONOMY (REAL SECTOR)

The COVID-19 pandemic continued to constrain economic activity in Antigua and Barbuda in the first half of the year, with declines reflected in key sectors. Tourism activity contracted, evidenced by an 83.3 per cent decline in total visitor arrivals to 59,584. The overall decline was underpinned by contractions in the stay-over (33.6 per cent) and yachting (77.4 per cent) segments, while cruise calls were suspended since the outbreak of the pandemic (see figure 1).

*Figure 1 - Antigua and Barbuda Visitor Arrivals (Jan-June)*



The outturn of all three segments remained firmly below the averages of the past five years and pre-COVID-19 period, indicative of the unprecedented impact of the pandemic on the sector. The fall in stay-over arrivals reflected declines from all source markets, including Canada (93.9 per cent)<sup>1</sup>, Europe (72.6 per cent), the Caribbean (59.3 per cent) and the United States of America (23.6 per cent). Activity in ancillary service sectors, including transport, storage and communication, wholesale and retail trade and real estate, renting and business remained subdued.

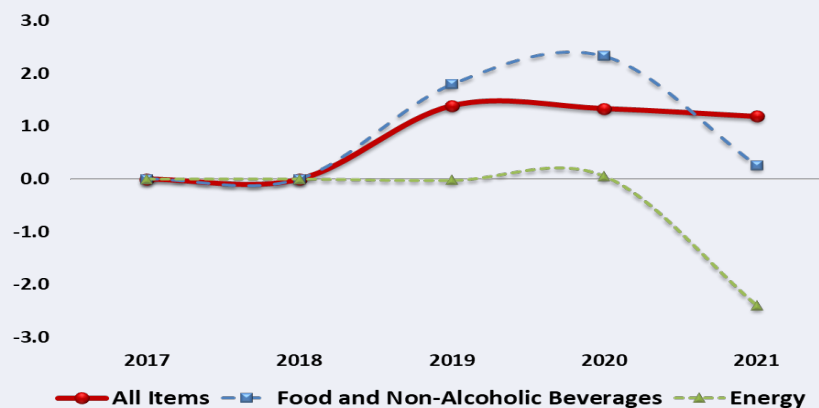
The construction sector saw a modest rise in activity, partly due to the resumption of private sector construction, relative to the extensive lockdowns in the second quarter of 2020. The volume of cement imports, a proxy of construction activity expanded by 41.9 per cent, well above the half-yearly average volume of the pre-pandemic period (2015 – 2019). The estimated expansion in private sector construction was however moderated by lower spending (18.0 per cent) on the government's capital programme.

<sup>1</sup>The sharp declines in Canada and Europe reflected the introduction of a range of travel and restrictions in Canada and the United Kingdom during the period in an effort to help contain virus transmission.

## CONSUMER PRICES

As the global economy continued to recover from the impact of the pandemic, Antigua and Barbuda saw a modest pick-up in inflation during the first half of 2021. The consumer price index rose by 1.1 per cent on a period average basis, a slower pace from the 1.3 per cent increase one year prior (see figure 2), and below the period average of 1.4 per cent over the past two years<sup>2</sup>. Higher prices in communication (7.9 per cent), transport (6.4 per cent), and household furnishings, supplies and maintenance (6.9 per cent) and food (0.3 per cent) all contributed to the upward trend in the index. These prices were driven in part by higher global and local demand and the rise in global shipping costs.

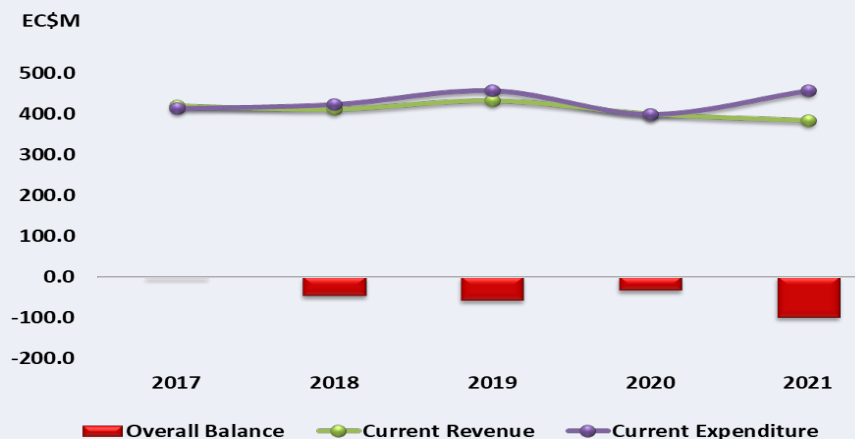
**Figure 2 - Antigua and Barbuda Consumer Price Index Percentage Change (Period Average)**



## GOVERNMENT OPERATIONS (FISCAL AND DEBT)

The fiscal operations of the government yielded an overall deficit of \$72.1m, higher than the shortfall of \$34.4m recorded in the comparative period in the previous year, and represented the largest deficit in the first half year in recent history. This outturn was due mainly to a deterioration in the current account balance, which moved to a deficit of \$72.8m, from a marginal surplus of \$0.1m (see figure 3). This deficit was significantly wider than the half-yearly average balance of the last five years (\$0.9m), as government's finances continued to be negatively affected by a protracted recovery from the pandemic.

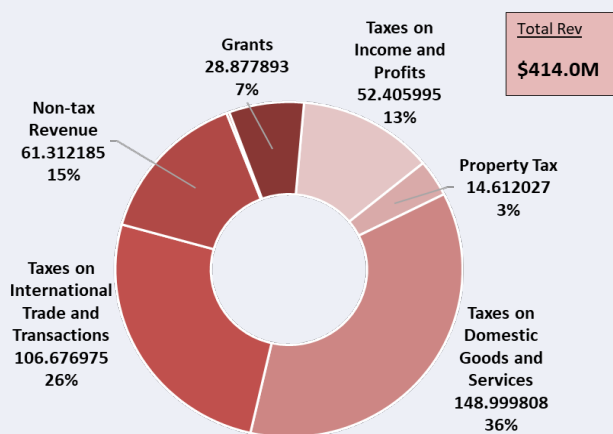
**Figure 3 - Antigua and Barbuda Public Finance (June)**



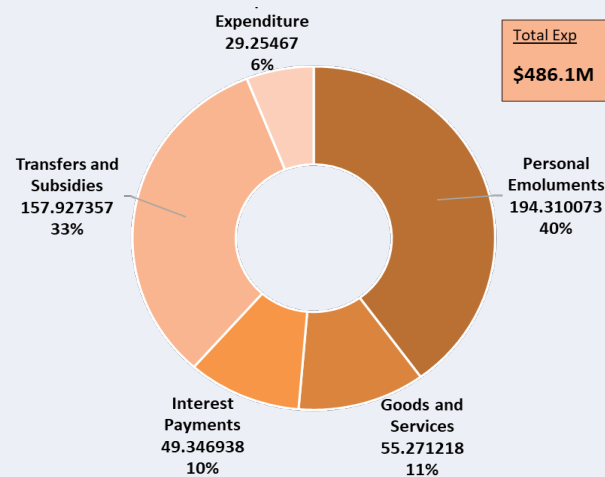
<sup>2</sup> The Consumer Price Index has been rebased to 2019 as base year

Current revenue declined by 4.0 per cent (\$16.0m) to \$384.0m, driven by contractions in the yield from selected tax categories and non-tax revenue (see figure 4). Taxes on income and profits and taxes on international trade and transactions declined by 4.2 per cent and 5.8 per cent respectively. These declines were compounded by a 22.0 per cent falloff in non-tax revenue, which was driven by lower receipts from the Citizenship-by-Investment (CBI) programme. Current expenditure rose by 14.2 per cent (\$56.9m) to \$456.9m, as additional efforts were made to address COVID-19 health and other auxiliary needs. Expansions were recorded in the spending of all major categories, including goods and services (\$10.8m), transfers and subsidies (\$42.8m), and personal emoluments (\$3.0m) (see figure 5). Capital revenue fell negligibly (\$0.1m) while investment in the government’s capital programme declined by \$6.4m and stood at \$29.3m, slightly below its average over the last five years (2016 – 2020) of \$38.9m.

**Figure 4 - Government Revenue, Jan -Jun 2021 (EC\$M)**

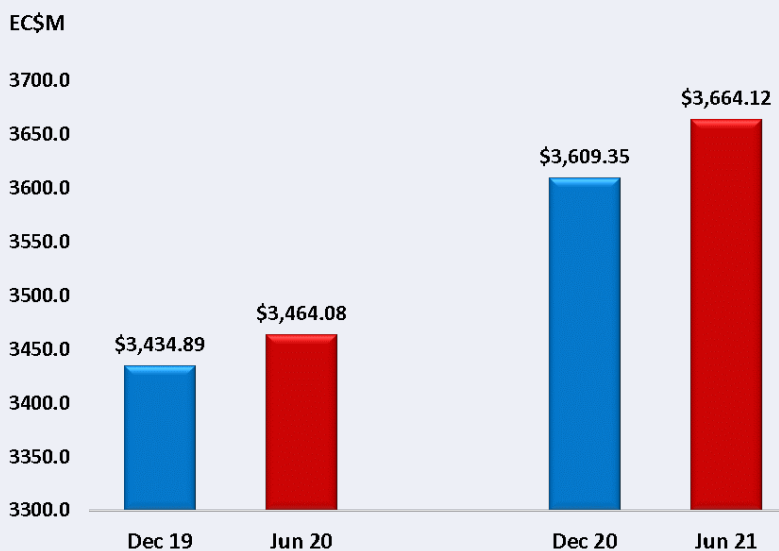


**Figure 5 - Government Expenditure, Jan -Jun 2021 (EC\$M)**



Government’s fiscal operations contributed to a 5.8 per cent (\$200.0m) year-on-year increase in Antigua and Barbuda’s total public sector debt to \$3.7b as at June 2021 (see figure 6).

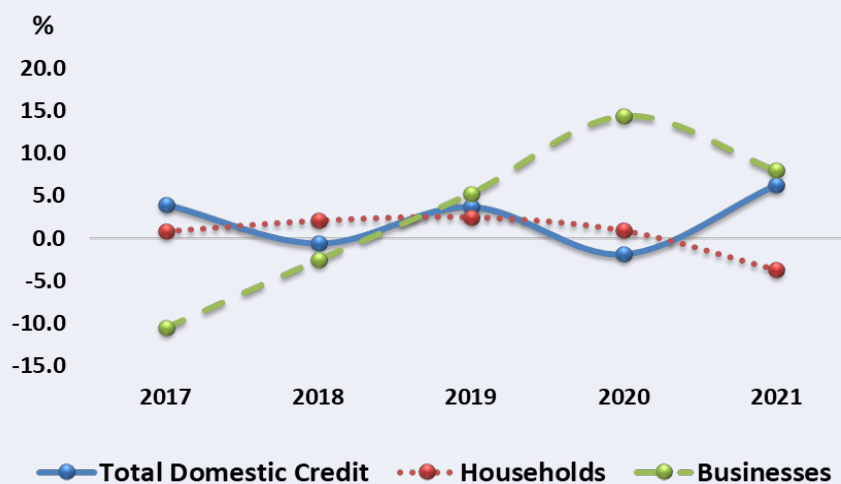
**Figure 6 - Total Public Sector Debt**



## BANKING DEVELOPMENTS (MONETARY)

The banking system in Antigua and Barbuda exhibited modest growth in deposits and credit despite the estimated contraction in economic activity. Domestic claims<sup>3</sup> (credit) recovered over the first half of 2021, with growth of 6.3 per cent, following the 1.9 per cent contraction one year earlier. This strong recovery in 2021 resulted in domestic claims slightly above its pre-pandemic (2015 – 2019) average level (see figure 7). This increase was driven by outstanding claims (credit) to government and the businesses, which grew by 8.1 per cent and 0.7 respectively. The expansion in outstanding business credit was supported by the extension of loan moratoria offered to borrowers as a result of the pandemic. Despite a notable year-on-year reduction in outstanding household credit of 3.7 per cent, it remained well within its five-year pre-pandemic average level.

**Figure 7 - Antigua and Barbuda Domestic Credit Percentage Change (June)**



Banking system deposits exhibited mixed trends during the review period. Transferable (demand) EC-currency deposits fell by 6.8 per cent year-on-year, partly reflecting the resumption of spending following the COVID-19 lockdowns from the previous year. The two other categories of deposits, foreign currency and other EC-currency deposits, recorded year-on-year expansions of 32.6 per cent and 3.0 per cent respectively, well above their pre-pandemic norms, and may be indicative of increasing uncertainty by depositors regarding the outlook from the pandemic. The asset quality of the banking system deteriorated over the period, as the ratio of commercial banks' non-performing loans to total loans (NPL) stood at 6.7 per cent, from 5.2 per cent in 2020, above ECCB's prudential benchmark of 5.0 per cent.

<sup>3</sup> Due to a change in methodology in compiling monetary data in the ECCU, the nomenclature changed to 'claims' from 'credit'

## EXTERNAL TRADE

The merchandise trade deficit is estimated to have widened by 4.1 per cent to \$678.9m over the first half of 2021, after narrowing significantly over the previous year's comparative period (see figure 8). Export receipts fell by 40.5 per cent (\$17.6m) driven mainly by re-exports, while the value of imports registered an increase of 4.1 per cent (\$9.4m). The modest growth in the value of imports stemmed from an above-average increase (9.4 per cent) for machinery and transport equipment, and was consistent with the estimated pick-up in construction activity.

*Figure 8 - Antigua and Barbuda Visible Trade (June)*



# OUTLOOK

A modest recovery is expected in Antigua and Barbuda's economy in 2021, supported by the global rollout of vaccines and resumption of global travel. Given the vaccination programmes and significant fiscal support in advanced economies, the IMF projects that the global output will expand by 6.0 per cent in 2021, with similarly strong performances for Antigua and Barbuda's major source markets, including the USA (7.0 per cent) and United Kingdom (7.0 per cent). The outlook is however mired in uncertainty with elevated downside risks, given the emergence of the Delta and other COVID-19 variants and the uneven distribution of vaccines among advanced and emerging countries.

The following are some of the factors which could affect the economic outlook for Antigua and Barbuda for the remainder of the year:

- Recent outbreaks of the delta variant in Antigua and Barbuda and globally could slow the anticipated economic recovery.
- Inflationary pressures, driven by global supply chain challenges and the resumption in spending, will place additional pressure on households, businesses and governments.
- The government's financing needs may be exacerbated if the economic recovery is protracted or if there is a resurgence in COVID-19 infections.
- A resurgence in infections could result in frequent disruptions and would prolong the recovery in the labour market, particularly in the services sectors.
- On the upside, rising vaccination rates in Antigua and Barbuda during the first half of the year should augur well for its economic recovery.
- Similarly, Antigua and Barbuda's tourism and ancillary sectors have seen a gradual recovery in the second quarter of 2021, which is expected to continue in the second half of the year driven by pent-up demand from key source markets.

Overall, the outlook for the economy will depend critically on the evolution of the pandemic, the availability and acceptance of vaccines and the quality of health systems both in Antigua and Barbuda and globally.



# TABLES

**The five-year formatted tables for Antigua and Barbuda's main economic sectors**

- Table B1 - Central Government Fiscal Operations
- Table B2 - Monetary Survey
- Table B3 - External Trade
- Table B4 - Consumer Price Index
- Table B5 - Selected Tourism Statistics

**Table B1**  
**Antigua and Barbuda - Central Government Fiscal Operations**  
**(In millions of Eastern Caribbean dollars)**

	January to June					Moving Average 2015 to 2019	Moving Average 2016 to 2020
	2017	2018	2019	2020	2021		
<b>Current Revenue</b>	420.42	411.83	433.57	400.05	384.01	412.39	415.33
Tax Revenue	351.92	359.26	353.38	321.46	322.69	348.16	347.66
Taxes on Income and Profits	45.51	45.66	45.97	54.68	52.41	47.18	48.26
Of which:							
Personal Income	0.76	0.38	0.32	0.26	0.19	8.29	4.31
Corporation	44.75	45.28	45.66	54.43	52.22	38.89	43.95
Taxes on Property	14.98	14.69	22.42	12.60	14.61	16.10	15.55
Taxes on Domestic Goods and Services	170.30	172.15	159.38	140.89	149.00	161.08	161.03
Of which:							
Stamp Duties	25.72	15.00	22.06	12.10	28.97	19.63	19.37
Antigua and Barbuda Sales Tax	137.67	152.28	132.23	119.75	110.82	136.60	135.80
Taxes on International Trade and Transactions	121.13	126.76	125.61	113.29	106.68	123.80	122.82
Of which:							
Import Duty	44.65	48.17	47.77	41.01	41.98	44.38	44.61
Consumption Tax	31.94	28.10	30.51	32.22	25.80	32.75	32.72
Revenue Recovery Charge	37.21	41.39	39.55	33.45	32.71	38.15	37.69
Non-Tax Revenue	68.49	52.57	80.19	78.59	61.31	64.23	67.67
<i>of which: Citizenship by Investment</i>	20.14	19.20	49.38	43.55	34.47	34.29	33.22
<b>Current Expenditure</b>	413.89	423.64	457.06	400.00	456.86	404.34	416.22
Personal Emoluments	160.76	182.64	194.61	191.27	194.31	169.33	177.87
Goods and Services	59.89	71.81	77.30	44.43	55.27	62.00	62.65
Interest Payments	56.88	53.82	58.87	49.14	49.35	53.27	54.33
Domestic	41.99	36.68	33.69	26.89	26.81	34.91	33.64
External	14.89	17.14	25.18	22.25	22.53	18.36	20.69
Transfers and Subsidies	136.37	115.38	126.29	115.15	157.93	119.74	121.36
Of which: Pensions	39.25	35.35	37.31	30.85	32.02	35.55	35.28
<b>Current Account Balance</b>	6.52	(11.81)	(23.49)	0.05	(72.85)	8.05	(0.88)
<b>Capital Revenue</b>	8.43	1.30	1.97	1.25	1.10	10.71	10.79
<b>Grants</b>	0.00	0.00	0.00	0.00	28.88	0.08	0.00
Of which:							
Capital Grants	0.00	0.00	0.00	0.00	28.88	0.08	0.00
Debt Forgiveness	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Capital Expenditure and Net Lending</b>	19.05	37.97	37.10	35.68	29.25	35.16	38.51
Of which: Capital Expenditure	19.05	37.97	37.10	35.68	29.25	35.16	38.51
<b>Primary Balance after grants</b>	52.79	5.34	0.25	14.76	(22.78)		
<b>Overall Balance after grants</b>	(4.10)	(48.48)	(58.61)	(34.38)	(72.13)		
<b>Financing</b>	4.10	48.48	58.61	34.38	72.13		
Domestic	57.82	4.02	11.59	47.21	0.09		
ECCB (net)	14.71	8.63	4.98	28.99	4.32		
Commercial Banks (net)	7.38	(12.05)	(11.97)	(3.45)	21.02		
Other	35.74	7.44	18.58	21.67	(25.24)		
External	(56.83)	(2.55)	(0.32)	(63.33)	4.71		
Net Disbursements/(Amortisation)	(52.84)	(6.04)	4.17	(57.38)	8.19		
Disbursements	49.76	90.56	127.33	132.02	144.43		
Amortisation	(102.60)	(96.60)	(123.16)	(189.39)	(136.24)		
Change in Government Foreign Assets	(3.99)	3.49	(4.49)	(5.95)	(3.48)		
Other	0.00	0.00	0.00	0.00	0.00		
Arrears	3.10	47.01	47.35	50.50	67.33		
Domestic	(5.87)	20.87	19.60	5.39	(6.34)		
External	8.98	26.14	27.74	45.10	73.67		
Other Financing	0.00	0.00	0.00	0.00	0.00		

Source: Ministry of Finance, Antigua and Barbuda  
Data as at 06 September 2021

**Table B2**  
**Antigua and Barbuda - Monetary Survey**  
**(EC\$M at end of period)**

	2017	2018	2019	2020	2021 E	June Moving Averages	
	June	June	June	June	June	2015 - 2019	2016 - 2020
<b>Net Foreign Assets</b>	<b>1,429.43</b>	<b>1,863.57</b>	<b>1,761.86</b>	<b>1,768.45</b>	<b>1,883.44</b>	<b>1,488.90</b>	<b>1,619.90</b>
<b>Claims On Non-Residents</b>	<b>3,674.58</b>	<b>4,189.35</b>	<b>4,274.74</b>	<b>2,880.42</b>	<b>2,528.09</b>	<b>3,762.78</b>	<b>3,704.14</b>
Central Bank	947.17	997.97	817.41	893.72	776.47	990.18	970.22
Other Depository Corporations (Commercial Banks)	2,727.41	3,191.37	3,457.33	1,986.70	1,751.62	2,772.60	2,733.92
<b>Liabilities To Non-Residents</b>	<b>2,245.15</b>	<b>2,325.78</b>	<b>2,512.88</b>	<b>1,111.92</b>	<b>644.60</b>	<b>2,273.88</b>	<b>2,084.23</b>
Central Bank	89.93	83.30	79.88	108.86	145.92	88.54	90.14
Other Depository Corporations (Commercial Banks)	2,155.22	2,242.48	2,433.00	1,003.06	498.68	2,185.34	1,994.10
<b>Net Domestic Assets</b>	<b>2,109.70</b>	<b>2,058.62</b>	<b>2,199.93</b>	<b>1,851.27</b>	<b>1,864.72</b>	<b>2,177.86</b>	<b>2,056.87</b>
<b>Domestic Claims</b>	<b>2,480.52</b>	<b>2,465.58</b>	<b>2,556.86</b>	<b>2,508.96</b>	<b>2,666.46</b>	<b>2,516.02</b>	<b>2,479.44</b>
<b>Net Claims On General Government</b>	<b>403.45</b>	<b>363.11</b>	<b>371.89</b>	<b>405.62</b>	<b>490.55</b>	<b>381.46</b>	<b>369.47</b>
<b>Claims On General Government</b>	<b>509.41</b>	<b>498.17</b>	<b>484.61</b>	<b>608.73</b>	<b>657.97</b>	<b>514.26</b>	<b>521.76</b>
From Central Bank	89.85	83.20	79.77	108.75	145.82	86.54	90.04
From Other Depository Corporations	419.57	414.97	404.83	499.98	512.14	427.72	431.72
Liabilities To General Government	105.96	135.07	112.72	203.11	167.41	132.80	152.29
Claims On Other Sectors	2,077.07	2,102.47	2,184.97	2,103.34	2,175.91	2,134.56	2,109.97
Claims On Other Financial Corporations (Non-Bank Financial Institutions)	65.54	63.42	57.48	9.47	6.78	52.81	47.04
Claims On Public Non-Financial Corporations	173.78	193.22	218.27	77.75	138.83	176.34	160.17
Claims On Private Sector	1,837.75	1,845.83	1,909.21	2,016.11	2,030.29	1,905.41	1,902.77
Claims On Other Non-Financial Corporations (Business Credit)	647.24	630.69	664.01	759.83	820.60	695.60	685.15
Claims On Other Resident Sectors (Households and Non-profit institution)	1,190.51	1,215.14	1,245.21	1,256.28	1,209.69	1,209.81	1,217.62
<b>Other Items (Net)</b>	<b>(370.82)</b>	<b>(406.96)</b>	<b>(356.93)</b>	<b>(657.68)</b>	<b>(801.74)</b>	<b>(338.15)</b>	<b>(422.57)</b>
<b>Broad Money Liabilities (M2)</b>	<b>3,539.17</b>	<b>3,922.22</b>	<b>3,961.79</b>	<b>3,619.73</b>	<b>3,748.16</b>	<b>3,666.79</b>	<b>3,676.79</b>
<b>Narrow Money (M1)</b>	<b>922.01</b>	<b>1,028.20</b>	<b>1,150.34</b>	<b>1,154.22</b>	<b>1,104.32</b>	<b>938.56</b>	<b>1,018.87</b>
Currency Outside Depository Corporations	163.11	177.77	192.76	203.03	217.94	165.98	177.94
Currency Issued By Central Bank (Currency In Circulation)	199.07	219.41	233.46	249.81	262.91	206.87	220.01
Less Holdings Of National Currency By Odc (Commercial Banks)	35.96	41.63	40.69	46.79	44.97	40.89	42.07
Transferable Deposits, In National Currency	758.90	850.42	957.58	951.20	886.38	772.57	840.93
<b>Quasi Money</b>	<b>2,617.15</b>	<b>2,894.03</b>	<b>2,811.45</b>	<b>2,465.51</b>	<b>2,643.84</b>	<b>2,728.23</b>	<b>2,657.91</b>
Other Deposits, In National Currency	2,182.02	2,260.27	2,195.20	2,113.38	2,177.06	2,204.51	2,178.29
Foreign Currency Deposits	435.13	633.76	616.25	352.13	466.78	523.72	479.63
<b>Memo Items</b>							
<b>Liquidity Ratios</b>							
Liquid assets to total assets	56.55	59.53	55.76	44.42	37.40	55.73	50.73
Liquid assets to short-term liabilities	60.69	64.93	60.19	51.60	n.a.	59.68	59.35
Customer deposits to total (noninterbank) loans	142.18	155.42	140.07	132.19	132.60	142.80	140.49
<b>Weighted Average Interest Rate</b>							
Total Deposits Rate	1.62	1.55	1.60	1.46	1.50	1.82	1.55
Lending Rate	9.01	9.08	8.65	7.66	7.57	9.06	8.39
Spread between reference lending and deposit rates (basis points)	7.39	7.53	7.05	6.20	6.06	7.24	6.85
<b>Nonperforming loans to gross loans</b>	<b>7.98</b>	<b>7.30</b>	<b>5.61</b>	<b>5.24</b>	<b>6.74</b>	<b>8.91</b>	<b>6.57</b>

Source: Eastern Caribbean Central Bank  
Data as at 06 August 2021

**Table B3**  
**Antigua and Barbuda - External Trade**  
**(EC\$M)**

	January to June					Average	Average
	2017	2018	2019	2020	2021	2015 to 2019	2016 to 2020
Visible Trade Balance	(676.25)	(857.76)	(897.60)	(651.97)	(678.94)	(717.80)	(734.43)
Total Exports	43.01	26.79	43.82	43.32	25.74	42.18	41.70
Total Imports	719.26	884.55	941.42	695.29	704.68	759.97	776.13

Source: Statistics Division, Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda  
**Data as at 06 September 2021**

**Table B4**  
**Antigua and Barbuda - Consumer Price Index**  
**January 2019 = 100**

	Period Average		January to June						
			Period Average					Percentage Change*	
	January to December 2019	2020	2017	2018	2019	2020	2021	Jun-20 Dec-19	Jun-21 Dec-20
<b>All Items</b>	<b>101.04</b>	<b>102.11</b>	n.a.	99.27	100.65	102.00	103.21	0.95	1.07
Food & Non-Alcoholic Beverages	101.05	103.01	n.a.	98.33	100.10	102.43	102.69	1.37	(0.31)
Alcoholic Beverages, Tobacco & Narcotics	103.07	106.68	n.a.	101.36	101.74	105.72	107.45	2.56	0.72
Clothing & Footwear	104.91	105.10	n.a.	98.29	103.42	109.28	106.71	4.16	1.53
Housing, Utilities, Gas & Fuels	99.98	99.35	n.a.	100.00	99.98	100.03	97.62	0.05	(1.74)
Household Furnishings, Supplies & Maintenance	102.54	109.24	n.a.	97.86	101.63	104.40	111.58	1.82	2.14
Health	97.44	91.68	n.a.	98.74	99.73	89.94	92.48	(7.70)	0.86
Transport	103.62	105.89	n.a.	99.49	102.45	105.88	112.69	2.18	6.42
Communication	100.00	100.00	n.a.	100.00	100.00	100.00	107.90	0.00	7.89
Recreation & Culture	98.13	93.34	n.a.	98.19	100.20	94.37	85.30	(3.84)	(8.62)
Education	100.00	99.92	n.a.	99.45	100.00	100.00	99.77	0.00	(0.15)
Hotels & Restaurants	100.06	99.33	n.a.	94.45	100.00	99.99	98.04	(0.07)	(1.30)
Miscellaneous	100.08	104.08	n.a.	103.73	100.12	103.49	104.50	3.41	0.40

Source: Statistics Division, Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda

\*Average Index for January to June /Average Index for January to December

Data as at 13 August 2020

**Table B5**  
**Antigua and Barbuda - Selected Tourism Statistics**

	January to June					Average	Average
	2017	2018	2019	2020	2021	2015 to 2019	2016 to 2020
Total Visitors	581,512	665,268	636,496	356,441	59,584	595,053	557,472
Stay-Over Visitors	137,655	148,139	161,420	86,047	57,104	145,239	135,765
Of which:							
USA	56,881	58,939	68,095	36,997	45,731	59,870	56,783
Canada	12,807	23,243	22,511	14,887	466	17,499	17,437
Europe	51,201	48,245	52,049	26,317	7,207	50,446	45,747
UK	39,659	37,833	39,715	20,569	5,785	39,586	35,672
Germany	1,384	1,579	1,401	590	121	1,487	1,277
Switzerland	680	619	680	363	107	659	599
Italy	4,675	3,465	5,469	2,092	158	4,078	3,913
France	914	836	908	602	202	907	825
Other Europe	3,889	3,913	3,876	2,101	834	3,730	3,462
Caribbean	13,713	14,770	15,066	6,168	2,510	14,315	12,924
South America	805	687	872	403	310	825	-
Other Countries	2,248	2,255	2,827	1,275	880	2,282	2,113
Cruise Ship Passengers	429,805	504,235	461,573	259,426	-	436,480	408,875
Number of Cruise Ship Calls	234	283	241	144	4	233	219
Yacht Passengers	14,052	12,894	13,503	10,968	2,480	8,550	12,832
Number of Yacht Calls	3,310	2,743	2,883	1,939	466	1,935	2,774
Total Visitor Expenditure (EC\$M)	928.82	962.34	1,121.38	586.20	486.02	644	909

Source: Ministry of Tourism, Antigua and Barbuda  
Data as at 06 September 2021



Eastern Caribbean Central Bank  
P O Box 89  
Bird Rock  
Saint Christopher (St Kitts) and Nevis  
**Tel No:** 1 869 465 2537  
**Email:** [info@eccb-centralbank.org](mailto:info@eccb-centralbank.org)  
**Website:** <https://www.eccb-centralbank.org>  
Visit us on social media: ECCB Connects

