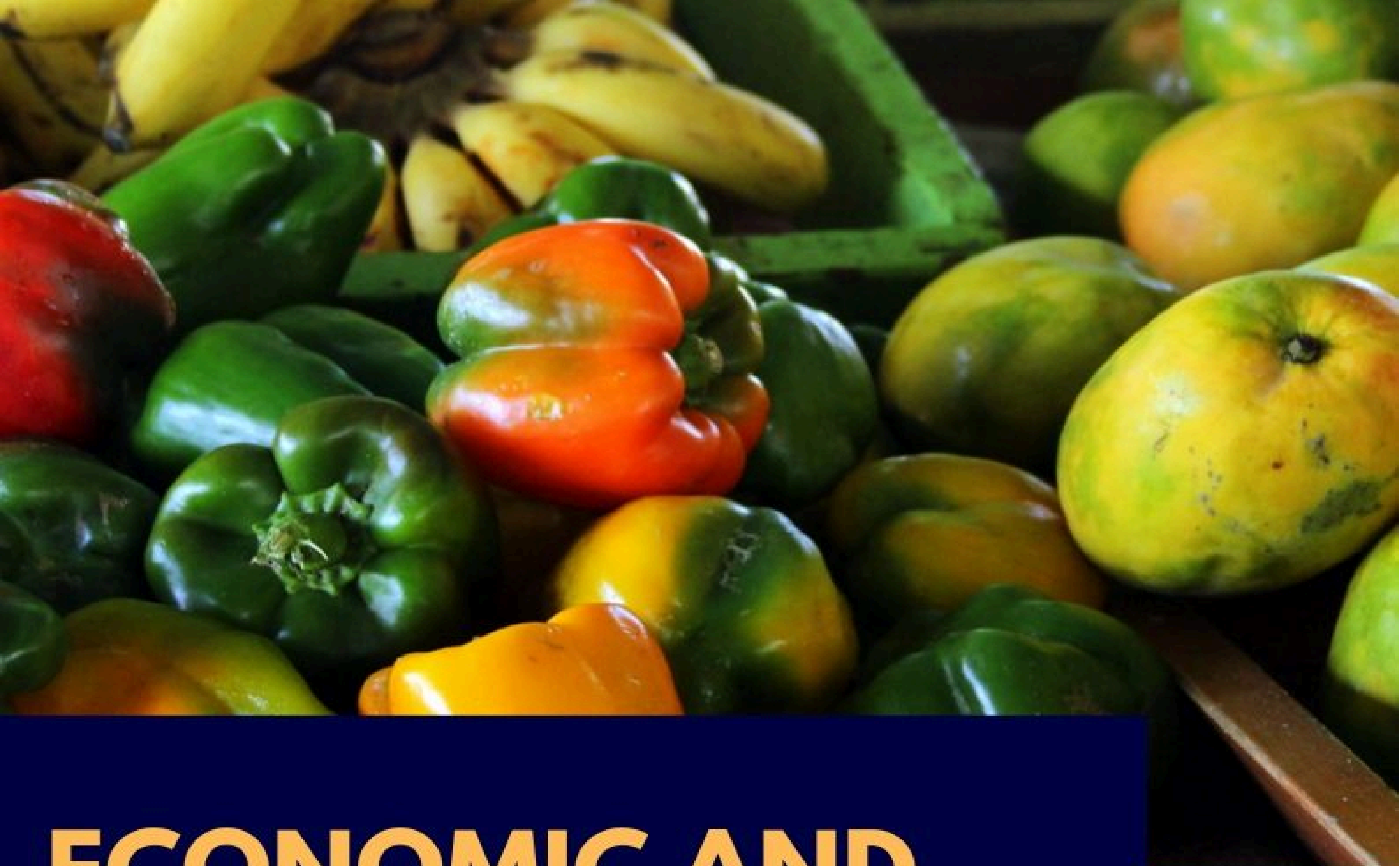

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June 2019 Economic and Financial Review

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

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The ECCB welcomes your questions and comments on this publication.

CONTENTS

LIST OF ACRONYMS AND ABBREVIATIONS

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

EXECUTIVE SUMMARY

Developments in the global economy during the review period were characterised by persistent weaknesses in global trade and lower manufacturing activity, combined with higher tariffs from lingering trade tensions, all contributed to a deceleration in global growth in the first half of 2019.

The International Monetary Fund (IMF) in its World Economic Outlook report released in October 2019, noted that the volume of global trade in the first half of 2019 grew by a mere 1.0 per cent above its value in the prior year, and marked the slowest pace of growth for any six-month period since 2012. The review period was also marked by lingering trade tensions between the United States of America (USA) and China, as both parties retaliated with additional tariff measures. These developments were exacerbated by uncertainties related to the United Kingdom's imminent withdrawal from the European Union. Amid these concerns and the resulting policy uncertainty, a number of major central banks responded by switching to more accommodative monetary policy to support short-term growth.

The deceleration in global growth was influenced by weaker growth in the US economy, which fell to 2.0 per cent in the second quarter of 2019, a marked slowdown from the 3.1 per cent growth recorded in the first quarter. The expansion in the second quarter was due mainly to robust household consumption, which was driven by strong labour market conditions. Labour market conditions remained buoyant, as there were strong growth in new jobs created and an increase in wages. The buoyant labour market in the USA, the largest market for stay-over arrivals in the ECCU, helped to boost demand for tourism services in the ECCU. Average headline inflation in the USA increased marginally to 1.8 per cent in the second quarter from 1.7 per cent in the previous quarter from higher gas and electricity costs.

Activity in the United Kingdom, the region's third largest source market for tourist arrivals, contracted in the second quarter as uncertainty over the country's planned withdrawal from the European Union on 31 October took its toll. The economy contracted by 0.2 per cent on a quarterly basis in the second quarter, its first contraction since 2012. Despite this contraction, the number of stay-over visitors from the UK expanded by 10.6 per cent. The increase in stay-over arrivals from the UK was partially buoyed by healthy labour market conditions, as the UK unemployment rate stood at 3.9 per cent in the second quarter compared with the 44-year low of 3.8 per cent registered in the previous quarter. During the period, wages also rose at the fastest pace in 11 years, and may have contributed to the increase in stay-over arrivals.

Despite the slowing global economy, provisional estimates of selected indicators for the first half of 2019 indicate that economic activity at the ECCU level improved, relative to the outturn in the corresponding period of 2018. Growth was geographically broad-based, with expansions in all member countries. The improvement was driven by higher levels of activity in the tourism industry and construction sector, supported by ancillary sectors. With respect to price developments, inflationary pressures remained muted at the ECCU level in spite of a marginal increase in consumer prices in a number of member countries. The consolidated balances of the central governments deteriorated to an overall fiscal deficit, in contrast to a surplus recorded in the corresponding period of the prior year. The outstanding debt stock of the public sector expanded during the period under review. The merchandise trade deficit is estimated to have narrowed, primarily due to lower import payments. The banking system remained adequately capitalized, with improved asset quality, despite a relatively tight liquidity environment.

Near-term forecasts for economic activity at the ECCU level remain generally favourable. The regional economy is projected to expand in 2019 and remain on a positive growth trajectory into 2020, albeit with uneven growth across countries. The improvement in economic performance of the currency union is likely to be driven by anticipated expansion and renovation of a number of major hotels, construction and other ancillary sectors. The construction sector is also likely to be boosted by public sector infrastructural initiatives in several member territories. Inflows from the Citizenship by Investment Programmes are expected to persist and help to sustain the growth momentum.

The regional growth outlook is subject to some downside risks, given the subdued prospects for the global economy. Increasing trade tensions, uncertainties related to a decision on Brexit and on-going geopolitical pressures have the potential to adversely influence growth forecasts for the economies of the ECCU. An escalation of the trade conflict between the USA and China may result in greater uncertainty in the global environment, which may increase the possibility of investors deferring their investment plans. Additionally, the subdued rate of expansion in the USA, one of the main trading of partners of the Eastern Caribbean Currency Union (ECCU), may not augur well for the region.

On the domestic side, the ECCU grapples with some critical long-term growth challenges, which have socio-economic implications. Some of the more salient medium to long-term issues include; business competitiveness, labour market inflexibility, unemployment, poverty and crime. Other significant risks are those related to climate change, global warming and natural disasters, which could potentially erase some of the gains from recent infrastructural rehabilitation. In addition, a slow-down in inflows from the Citizenship by Investment Programmes and further challenges with de-risking and correspondent banking relationships could affect business continuity.

Member countries have already instituted a number of corrective measures to address the more pressing short –term macroeconomic imbalances and are working with regional and international partners to address the structural impediments related to improving growth and competitiveness in the currency union. The effective implementation of these corrective measures will require more public sector operational and investment spending. On the upside, the success of initiatives to improve the closer integration of the financial sector in the currency union to facilitate better movement of capital, improve resilience and doing business environment, bode well for competitiveness in the region.

DOMESTIC ECONOMIC DE ELOPMENT

Overview

Provisional estimates of selected indicators for the first half of 2019 indicate an improvement in economic activity at the ECCU level, relative to the outturn in the corresponding period of 2018. The impetus stemmed largely from a relatively higher level of activity in the tourism industry and construction sector, with support from some other major economic drivers. The economic expansion over the review period was a consequence of enhanced activity in all member territories. In the ECCU, inflationary pressures were muted in spite of a marginal increase in consumer prices in five countries. **The consolidated fiscal balances of the central governments deteriorated to an overall deficit, in contrast to a surplus recorded in the corresponding period of the prior year.** The outstanding debt stock of the public sector expanded during the period under review. The merchandise trade deficit is estimated to have narrowed, primarily due to lower import payments. The banking system remained adequately capitalized, with improved asset quality, in a relatively tight liquidity environment. Additionally, monetary liabilities and net foreign assets rose, while domestic credit fell.

Given the performance of the first six months of the year and expectations for the domestic economy in the latter half, economic activity in the ECCU is forecasted

to strengthen in 2019. Although uneven across member countries, the expected positive developments in all eight territories will redound to an acceleration in the pace of growth in the ECCU. Aside from the anticipated impetus from a number of key economic sectors, support for the economy is likely through augmented inflows from the Citizenship by Investment Programmes, coupled with policy initiatives to boost activity in order to achieve the 5.0 per cent growth target.

Inflationary pressures may be contained for the remainder of the year, on the assumption that global demand remains soft and geopolitical tensions in the Middle East do not escalate. The consolidated fiscal balance of the central governments is likely to deteriorate in the latter part of 2019, attributable to expectations for increased spending. Concomitant with a slight deterioration in the fiscal situation, total indebtedness is likely to increase as governments may borrow for financing capital projects. The merchandise trade deficit may expand, owing to the anticipated increase in imports, which is likely to offset any gains on the export side.

The ECCU continues to be challenged by structural and other constraints to growth and competitiveness. Although efforts are on-going to address these challenges, the social costs continue to rise. Other risks include the adverse effects of global warming and climate change, which brings with it more powerful storms that cause substantial damage to agricultural crops, the housing stock and vital infrastructure in the ECCU. The region must closely monitor the on-going geo-political tension and the tariff war between the USA and China. Social ills like increasing rates of crime, unemployment and poverty can also affect business activity and competitiveness.

Real Sector Developments

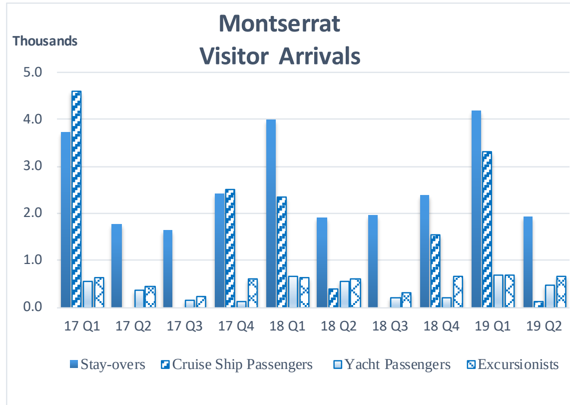
An assessment of preliminary selected real sector data, point to the tourism industry as one of the main drivers of economic activity in the review period, supported by other key sectors, including construction. Tourism-related activity expanded in the first half of 2019, relative to the comparable period of 2018. Total visitor arrivals rose by 8.2 per cent to approximately 3.0m, compared with growth of 4.2 per cent in the corresponding period last year.

The increase in total visitor arrivals was the result of an improvement in all sub-categories of visitors, particularly cruise and stay-overs. The number of cruise-ship visitors, which accounted for 71.1 per cent of total visitor arrivals, rose by 5.1 per cent to 2.1m, a deceleration compared with growth of 7.8 per cent recorded one year ago. The countries which contributed to the improved performance in the cruise category were The Commonwealth of Dominica, which experienced more than seven fold growth; Saint Vincent and the Grenadines (6.5 per cent), Saint Lucia (1.0 per cent), Grenada (0.4 per cent) and Montserrat (25.8 per cent).

Additionally, stay-over visitor arrivals grew by 16.1 per cent to 692,126, in contrast to a 0.7 per cent decline recorded in the first half of 2018. Stay-over arrivals from the USA, the largest source market, increased by 18.5 per cent to 310,951, in contrast to a decrease of 0.9 per cent in the corresponding period of 2018. The number of stay-over visitors from the Caribbean, the second largest source, grew by 16.4 per cent to 122,223, following growth of 2.1 per cent recorded in the comparable period of the prior year. The UK, the region's third largest market, recorded growth in stay-over arrivals of 10.6 per cent and in Canada, the smallest market, the number of passengers increased by 9.5 per cent, following growth of 13.8 per cent in the first half of 2018.

All of the ECCU member countries recorded growth in stay-over arrivals, ranging from 3.8 per cent in Grenada to more than doubling in Anguilla, as that country recovered from the devastating effect of hurricane Irma two years ago. Also noteworthy is growth of 68.5 per cent in stay-over arrivals to The Commonwealth of Dominica, as that country is recovering from the impact of hurricane Maria.

In the rest of the tourism industry, the number of excursionists more than doubled to 48,665 in contrast to a 64.2 per cent decline recorded for the corresponding period of the prior year. The improvement in the number of excursionists was a consequence of a more than two fold rebound in this category in Anguilla (24,911), as cruise ships resumed their calls to neighbouring St Maarten. An increase of 3.1 per cent to 117,194 in yacht passenger arrivals also contributed to the overall improvement in visitor arrivals in the first half of 2019.



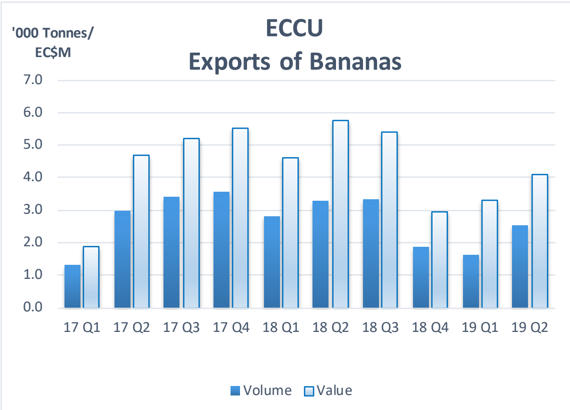
Activity in the construction sector, one of the main drivers of economic growth in the Currency Union, is estimated to have increased in the first six months of 2019, in comparison with the corresponding period of the previous year. This uptick in construction activity related primarily to public sector developments in six of the member territories, reflective of an increase of 17.3 per cent in capital expenditure. Construction activity intensified in Antigua and Barbuda, The Commonwealth of Dominica, Montserrat, Saint Christopher (St. Kitts) and Nevis, Saint Lucia and Saint Vincent and the Grenadines, while Anguilla and Grenada recorded moderate performances.

Public sector construction in the ECCU concentrated on reconstruction and rehabilitation of essential infrastructure, including a state of the art port development project, other seaport development and major island road networks. In the private sector, activity focused largely on hotels and other tourism-related plants. Consistent with robust construction activity, was the knock-on effect on ancillary sectors such as mining and quarrying, wholesale and retail trade, and transport, storage and communications.

Preliminary estimates point to a marginal improvement in the performance of the manufacturing sector of the Currency Union in the first half of 2019. Manufacturing activity strengthened in The Commonwealth of Dominica, Saint Christopher (St. Kitts) and Nevis, Saint Lucia and Saint Vincent and the Grenadines. However, manufacturing output weakened in Grenada, where production of beverages and animal feed declined.

In the agricultural sector, performance was mixed in the first half of 2019, compared with developments in that sector in the first six months of 2018.

Only three territories recorded overall improvements in agricultural activity. Regarding the non-banana sub-category, preliminary data indicate that output increased in The Commonwealth of Dominica, Grenada, Saint Christopher (St Kitts) and Nevis and Saint Vincent and the Grenadines, but declined in Saint Lucia. Banana production fell by 32.7 per cent to 6,514.4 tonnes, in contrast to an expansion of 20.2 per cent in the first six months of 2018. There were declines in banana output in three of the four producing countries, namely Grenada, Saint Lucia and Saint Vincent and the Grenadines, while The Commonwealth of Dominica experienced an increase in production, as the industry rebounded following replanting activity in 2018. The strengthened pace of activity in the tourism industry and developments in construction, and to a lesser extent, manufacturing, had a knock-on effect on the ancillary sectors like wholesale and retail trade; transport, storage and communications; and the real estate, renting and business activities sectors, which all performed creditably in the review period.



Concomitant with muted inflationary conditions on the global scene, consumer prices remained subdued in the ECCU, notwithstanding a marginal increase in the overall price condition in five countries. The consumer price index (CPI) was partially influenced by a decline in the indices for housing and utilities; and fuel and light in most member territories. In general, the consumer price index declined in three countries, namely Anguilla (0.2 per cent), Grenada (0.3 per cent) and Saint Christopher (St. Kitts) and Nevis (0.9 per cent). Contrastingly, the increases in prices varied from 1.2 per cent in Saint Lucia to 1.7 per cent in Montserrat.

Fiscal and Debt Developments

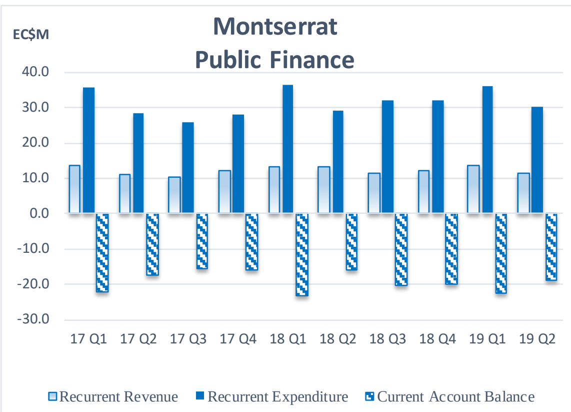
The aggregated fiscal operations of the central governments resulted in an overall deficit of $35.5m in the first half of 2019, in contrast to an overall surplus of $67.5m in the comparable period of 2018. This deterioration in the consolidated fiscal position was largely related to developments on the capital account. A combination of increasing capital expenditure and reducing capital revenue and grants, more than offset an improved performance on the current account. On a country basis, the fiscal position of the following five member territories worsened: Antigua and Barbuda, The Commonwealth of Dominica, Montserrat, Saint Lucia and Saint Vincent and the Grenadines. Four of these countries recorded larger deficits, while Saint Lucia's overall position deteriorated to a deficit from a surplus in the first half of the prior year. By contrast, the fiscal situation improved in the remaining three territories, which all recorded larger overall surpluses.

The operations of the central governments yielded a current account surplus of $383.0m in the first six months of 2019, slightly above one of $373.8m in the corresponding period of the prior year. The expansion in the current account surplus was largely influenced by an increase in current revenue, which more than offset the rise in current expenditure. Five member territories realized current account surpluses, three of which recorded improvements in their surplus positions from the previous year – Anguilla, Grenada and Saint Christopher (St. Kitts) and Nevis. Notably, the current account surplus generated by Saint Christopher (St. Kitts) and Nevis more than doubled the amount recorded in the comparable period of 2018, driving the enhancement of the overall current account balance of the ECCU. Declines were observed in the current account surpluses of The Commonwealth of Dominica ($56.7m) and Saint Lucia ($39.3m).

Current revenue grew by 5.2 per cent to $2,795.4m, mirroring increases in both the tax and non-tax revenue categories. Yields from taxes, the largest share of current revenue, increased by 4.6 per cent ($95.2m) to $2,145.8m, influenced by larger intakes from six member territories, particularly Anguilla and The Commonwealth of Dominica. At the ECCU level, proceeds from all categories of taxes were up. Yields from income and profits advanced by 8.6 per cent ($38.9m) buoyed by growth in revenue from the corporation tax ($32.8m) and personal income tax ($10.0m). Collections from taxes on domestic goods and services grew by 2.6 per cent ($23.7m), driven primarily by increases in receipts from the accommodation tax ($18.0m) and the value added tax ($12.2m). Respectively, the international trade and transactions and the property tax sub-categories yielded 2.8 per cent ($17.8m) and 23.2 per cent ($14.7m) more than last year. Non-tax revenue increased by 7.2 per cent ($43.6m) to $649.6m, largely driven by growth in receipts from the Citizenship by Investment Programmes. The improved performance from non-tax revenue was most notable in Saint Christopher (St. Kitts) and Nevis, where collections from the Citizenship by Investment Programme increased by 54.2 per cent ($111.0m) in the review period.

Current expenditure grew by 5.7 per cent to $2,412.3m, compared with growth of 6.2 per cent in the corresponding period of 2018. There was an increase in that category of expenditure in all territories, except Grenada, with increases ranging from $0.9m (1.4 per cent) in Montserrat to $52.9m (21.8 per cent) in The Commonwealth of Dominica. On an aggregate level, higher outlays were recorded for all sub-categories of current spending, except for interest payments on the total debt stock. The amount expended for transfers and subsidies increased by

12.9 per cent ($71.8m) to $627.8m, in contrast to a decline of 0.5 per cent ($2.8m) noted in the first six months of last year. The higher level of outlays on transfers and subsidies was prevalent in seven territories.



Outlays on personal emoluments, the largest sub-component of current spending, grew by 5.1 per cent ($47.8m) to $994.1m, compared with growth of 4.0 per cent ($36.5m) recorded in the corresponding period of 2018. Expenditure on personal emoluments was higher in five territories – Antigua and Barbuda, Montserrat, Saint Christopher (St. Kitts) and Nevis, Saint Lucia and Saint Vincent and the Grenadines. The most significant growth was noted in Saint Lucia ($31.8m), related to an increase in the number of consultancies, followed by Antigua and Barbuda ($11.7m), as public servants there received a double payment of salaries over the review period.

Payment for goods and services rose by 2.2 per cent ($11.5m) to $547.0m, largely on account of developments in The Commonwealth of Dominica, which recorded the largest increase ($16.2m), followed by Antigua and Barbuda ($7.7m). Other countries recording growth in outlays of goods and services were Anguilla ($4.0m), Saint Vincent and the Grenadines ($3.0m) and Montserrat ($1.1m). Contrastingly, Grenada, Saint Christopher (St. Kitts) and Nevis and Saint Lucia recorded declines in spending for goods and services of $1.5m, $11.7m and $7.3m, respectively. The increases in outlays for personal emoluments and goods and services more than offset a contraction of 1.6 per cent ($3.7m) in expenditure on interest payments. Interest payment obligations fell in three member territories – Antigua and Barbuda ($4.1m), Grenada ($1.2m) and Saint Christopher (St. Kitts) and Nevis ($3.5m).

Capital expenditure amounted to $531.5m in the review period, representing growth of 17.3 per cent ($78.3m) in comparison with an increase of 7.9 per cent ($33.1m) in the first six months of the previous year. The expansion in capital expenditure was driven by growth in five member territories. The largest increases in capital outlays were recorded in Saint Lucia, where expenditure was $33.0m more than the prior year, Saint Christopher (St. Kitts) and Nevis, where capital spending grew by $26.5m and Saint Vincent and the Grenadines, with an increase of $24.6m. Respectively, Anguilla, Antigua and Barbuda and Grenada recorded declines of $1.8m, $4.6m and $6.6m in capital expenditure.

Total grant flows fell by 19.0 per cent to $105.8m, compared with a reduction of 5.1 per cent ($7.0m) in the first half of 2018. Declines were noted in capital grant receipts in five territories – Anguilla ($3.9m), Grenada ($4.0m), Montserrat ($4.1m), Saint Christopher (St. Kitts) and Nevis ($4.7m) and Saint Lucia ($7.3m) and also in current grant flows for Montserrat ($7.8m).

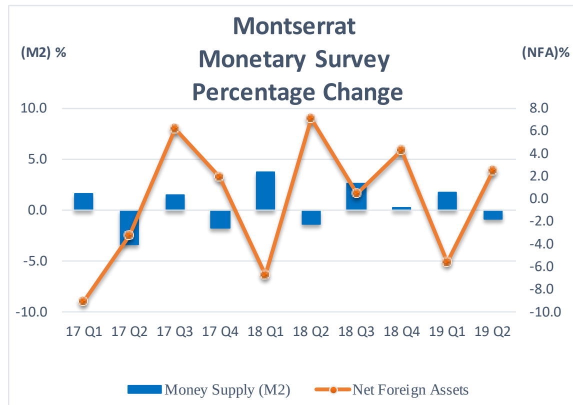
Consistent with the deteriorated fiscal position, the ECCU recorded an expansion in its total debt stock in the first half of 2019. The total disbursed outstanding public sector debt grew by 0.1 per cent to $13,721.0m. The expansion was attributed to higher indebtedness by the central governments, which more than offset a decline in the borrowing of public corporations. Central governments' outstanding debt increased by 0.5 per cent ($61.5m) to $12,107.3m, primarily reflecting growth of 2.0 per cent ($110.3m) in their domestic debt to $5,527.4m, while their external borrowing declined by 0.7 per cent ($48.9m) to $6,579.9. On a country basis, increases were recorded in the total public debt of four member territories - Antigua and Barbuda ($30.9m), The Commonwealth of Dominica ($82.0m), Saint Christopher (St. Kitts) and Nevis ($5.1m) and Saint Vincent and the Grenadines ($42.4m). Public corporations' indebtedness fell by 3.1 per cent ($52.2m) to $1,613.7m, as a 12.4 per cent ($66.1m) decline in their external debt heavily outweighed growth of 1.2 per cent ($13.9m) in their domestic obligations.

Despite the higher debt obligations, central governments' total debt service payments declined by 3.3 per cent to $809.7m, in contrasts to an increase of 17.3 per cent recorded during the first half of the previous year. The decrease was largely attributable to a 4.0 per cent ($24.0m) decline in principal repayments, which represented 71.5 per cent of total debt servicing. A decline of 1.6 per cent was recorded for interest repayments, which accounted for the remaining 28.5 per cent of debt service payments. Lower debt service payments were noted for five territories, mainly Saint Lucia ($47.1m) and Grenada ($33.0m). Three countries recorded higher debt service payments, particularly Antigua and Barbuda, where debt servicing grew by 44.9 per cent ($46.0m) during the period under review.

Financial Sector Developments

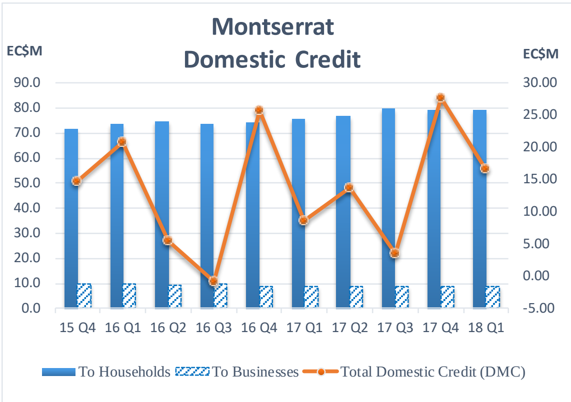
Banking Sector

Monetary liabilities (M2) grew by 2.2 per cent to $17,243.1m during the first half of 2019, compared with growth of 3.2 per cent during the comparable period of 2018. The outturn stemmed from growth in both quasi money and narrow money (M1). Quasi money rose by 2.0 per cent ($250.4m) to $12,643.7m, attributable to growth of 2.4 per cent ($188.1m) in private sector savings deposits and 7.2 per cent ($187.3m) in private sector foreign currency deposits. Growth in these components of quasi money more than offset a decline of 6.3 per cent ($125.0m) in private sector time deposits. Narrow money (M1) was up by 2.7 per cent ($119.9m) to $4,599.3m reflecting an increase of 3.7 per cent ($125.9m) in private sector demand deposits and 17.0 per cent ($13.9m) in EC dollar cheques and drafts issued, which outweighed a contraction of 2.1 per cent ($20.0m) in currency with the public.



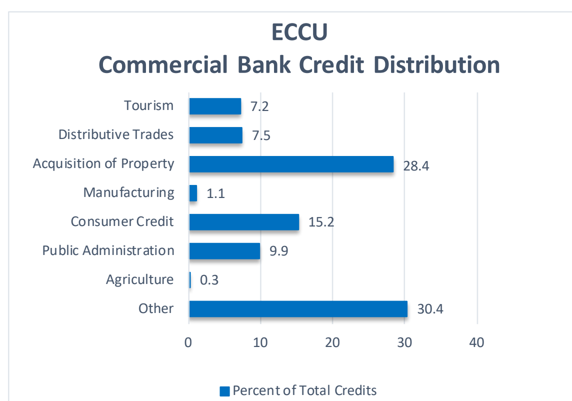
The net foreign assets of the ECCU banking system rose by 8.3 per cent to $9,460.0m, following an increase of 8.7 per cent during the corresponding period of 2018. The improved net foreign assets position was primarily attributed to growth in the net foreign assets of the commercial banks, notwithstanding a decline in the foreign assets position of the Central Bank. Commercial banks' net foreign asset position improved due to a simultaneous rise of 5.4 per cent in their external assets and a decrease of 14.7 per cent in their external liabilities. In contrast, the Central Bank's net foreign assets position stood at $4,454.9m, which was 4.3 per cent

($200.7m) below its position at December 2018. This outturn mirrored a 4.5 per cent decline in the Central Bank's foreign assets.



Domestic credit fell marginally (0.5 per cent) to $9,086.6m during the first half of the year, a deceleration from the pace of contraction of 2.3 per cent during the first six months of 2018. The decline was largely the result of developments in the private sector. Credit to the private sector declined by 0.4 per cent, compared with a 0.2 per cent contraction recorded during the previous year. Among the constituents of private sector credit, there was a decline in credit to businesses (1.7 per cent), which more than offset a marginal increase (0.1 per cent) in credit to households. Meanwhile, credit to non-bank financial institutions grew by 2.1 per cent. Credit to the governments was up by 7.1 per cent ($127.7m), as growth in their borrowings from commercial banks ($113.3m) outweighed a 3.3 per cent increase in their deposits. In the rest of the public sector, credit to subsidiaries and affiliates was up by 10.4 per cent, while credit to non-financial public enterprises fell by 3.2 per cent.

An analysis of credit by economic sectors shows that outstanding credit to the entire ECCU expanded marginally during the period under review. Increases in credit were noted for other uses (5.1 per cent), and distributive trades (2.4 per cent). The increases more than offset reductions observed in outstanding loans for construction (6.5 per cent), manufacturing, mining and quarrying (2.4 per cent), agriculture and fisheries (8.2 per cent), tourism (0.8 per cent) and personal use (0.1 per cent).



Liquidity in the commercial banking system remained relatively unchanged during the review period. The ratio of liquid assets to total deposits plus liquid liabilities was unchanged at 48.4 per cent at the end of June 2019 and remained above the stipulated floor of 25.0 per cent. The loans and advances to total deposits ratio fell by 0.7 percentage points to 58.1 per cent, well below the ECCB's range of 75.0 to 85.0 per cent. The asset quality of commercial banks improved marginally during the review period. The ratio of non- performing loans to total loans declined by 1.1 per cent to 10.2 per cent, higher than the tolerable limit of 5.0 per cent. The banking system remained adequately capitalized as reflected in an increase to 19.67 in the total regulatory capital to risk weighted assets ratio as at June 2019 from 18.45 per cent at the end of December 2018, far above the prudential benchmark of 8.0 per cent.

The weighted average interest rate on deposits grew to 1.59 per cent at the end of June 2019 from 1.57 per cent at the end of December 2018. The weighted average lending rate fell marginally to 8.01 per cent from 8.11 per cent at the end of last year. Consequently, the spread between the average weighted interest rate on deposits and loans narrowed to 6.41 per cent during the period in question, about 12 basis points below the level at end of December 2018.

Regional Governments Securities Market

Activity on the primary market for government securities slowed during the first half of 2019. Gross funds issuance amounted to $513.7m, which was 5.1 per cent below the level recorded during the comparable period of the prior year. This total represented the issuance of twenty-five (25) securities, the same number of auctions held during the first six months of the last two years. Only the government of Saint Vincent and the Grenadines increased its activity on the RGSM. The governments of Antigua and Barbuda and The Commonwealth of Dominica maintained the same level of activity as the corresponding period last year. Meanwhile, the governments of Grenada and Saint Lucia slightly reduced their presence on the market. The securities comprised of one (1) six-year bond, one (1) five-year bond, one (1) three-year bond, one (1) two-year bond and twenty-one (22) Treasury bills - thirteen (13) of which were 91 days, five (5) were 180 days and three (3) were 365 days. The six-year and three-year bonds were valued at $20.0m and $10.0m, respectively and issued by the government of Saint Lucia. The government of Saint Vincent and the

Grenadines issued the five-year bond, valued at $17.7m, while the government of Antigua and Barbuda raised the two-year bond, valued at $10.0m.

Three of the issuing countries recorded declines in the total value of securities issued during the review period as follows: Antigua and Barbuda ($25.0m), Grenada ($10.0m) and Saint Lucia ($38.2m). The total value of securities issued by The Commonwealth of Dominica remained unchanged at $40.0m, while Saint Vincent and the Grenadines recorded an increase of $45.7m in the total value issued. The value of treasury bills offered fell by 3.7 per cent to $471.0m during the first half of 2019, compared to a reduction of 7.2 per cent during the comparable period of 2018.

The available data indicate that the bid-to-cover ratio, which represents the proportion of the value of bids received in an auction to the value of bids accepted, inched upwards to 1.51, from 1.43 during the comparable one year prior. The value of bids received rose marginally (0.3 per cent) to $773.6m. All issues, except one, were over-subscribed during the period under review. The exception was a three-year bond issued by the Government of Saint Lucia, which produced the issue amount of $10.0m.

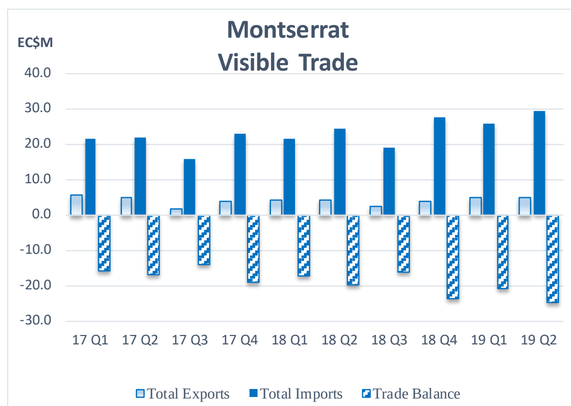
The weighted average interest rate on the 91-day Treasury bills fell by 24 basis points to 2.40 per cent during the six months ending June 2019. The average yield for the 180-day Treasury bills was 2.45 per cent, compared with 3.4 per cent during the corresponding period of last year. Additionally, the yield for the 365-day Treasury bills decreased by 79 basis points to 4.04 per cent, during the time of review. The yields for the new short-term bonds of two and three years, introduced during the review period, were 6.0 and 5.0 per cent, respectively. The longer-term instruments offered were the 5-year and 7-year bonds, which both yielded 6.25 per cent, in contrast to the previous year when there was no instrument of these types.

Trading activity on the secondary market for government securities decreased in both volume and value during the first half of 2019. The value of secondary trading fell to $5.1m from $10.4m during the first six months of last year, as the volume suffered a similar fate, moving to 5.0m from 10.0m during the January to June period of 2018.

External Sector Developments

Provisional data indicated an improvement in the merchandise trade balance. The merchandise trade deficit narrowed by 4.5 per cent to $3,635.6m, primarily based on a reduction in import payments, supported by growth in export receipts. Import payments fell by 3.7 per cent ($153.9m) to $3,975.6m, in contrast to growth of 15.8 per cent ($564.3m) recorded in the comparable period of last year. The largest declines in import payments were noted for mineral fuels and related materials ($149.3m), miscellaneous manufactured articles and beverages ($34.0m) and tobacco ($11.5m). On a country level, the value of imports fell in four of the eight territories (Anguilla, Saint Christopher (St Kitts) and Nevis, Saint Lucia and St Vincent and the Grenadines) ranging from 17.5 per cent ($157.0m) in Saint Lucia to 4.5 per cent ($20.6m) in Saint Christopher (St Kitts) and Nevis. By contrast, import payments grew in the remaining four countries, driven largely by growth of 10.0 per cent ($38.2m) in The Commonwealth of Dominica and 3.7 per cent ($32.5m) in Antigua and Barbuda.

Export receipts increased by 5.5 per cent ($17.7m) to $340.0m, driven by growth in re-exports, despite a decline in domestic exports. Re-exports grew by 21.9 per cent to $117.5m, while domestic exports declined by 1.5 per cent to $222.5m. When disaggregated by country, export earnings expanded in six member territories, namely Anguilla, Antigua and Barbuda, The Commonwealth of Dominica, Grenada, Montserrat and Saint Christopher (St. Kitts) and Nevis. Earnings from exports contracted in Saint Lucia and Saint Vincent and the Grenadines. Total banana export revenue declined by 28.7 per cent, the consequence of 32.7 per cent fall in production.



Gross travel receipts rose by 15.1 per cent to $3,630.9m, consistent with growth in total visitor arrivals. The external transactions of commercial banks resulted in a net outflow of $924.1m in short-term capital compared with a net outflow of $751.0m during the corresponding period of

2018. Disbursements of foreign loans to central governments stood at $299.0m, compared with $222.1m at the end of June 2018. Meanwhile, loan amortisation amounted to $277.3m from $305.6m. Consequently, the aggregated impact of central governments' fiscal operations resulted in a net inflow of $21.6m, in contrast to a net outflow of $83.7m in the first six months of 2 018. Of the other major flows, gross inflows of official grants decreased by 19.0 per cent to $106.8m, primarily reflecting lower inflows to Grenada, Montserrat, Saint Christopher (St Kitts) and Nevis and Saint Lucia.

Outlook

Near-term forecasts for the economy of the ECCU remain generally favourable, despite developments in the global economy. The International Monetary Fund, in the July 2019 update of the World Economic Outlook, forecast global output for 2019 at 3.2 per cent. The revised projection reflected a downgrade of 0.1 percentage point from the update in April 2019, an indication that global growth remains subdued as, inter alia, trade tensions between the USA and China escalate and Brexit-related uncertainties persist. Growth in advanced economies, particularly the USA, the UK and Canada, is projected to hold firm in the short-term. The prognosis for the foregoing major trading partners, coupled with the positive performance of the domestic economy thus far, sets the momentum for a relatively optimistic outlook for the latter half and a promising outcome for the year 2019.

While initial short-run forecasts indicate uneven growth across countries, the economies of all member territories are projected to expand in 2019 and remain on a positive growth trajectory into 2020. Consequently, on an aggregate level, economic activity in the ECCU is expected to accelerate in 2019 and register growth of approximately 4.0 per cent. The improvement in economic performance of the currency union is likely to be driven by anticipated robustness in a number of the major economic constituents, including, but not limited to, hotels and restaurants, construction and other ancillary sectors. Support from the inflows emanating from the Citizenship by Investment Programmes is expected to persist and sustain the growth momentum.

In addition, the overall outlook for the region is partly premised on some major financial stability policy transformation initiatives aimed at making the financial sector more resilient and boost inclusive growth and development for a thriving currency union. These include the establishment of the Eastern Caribbean Partial Guarantee Scheme to facilitate financing and foster an enabling environment for small and micro businesses, the launch of the ECCB's historic Digital EC (DXCD) pilot project, which if successful should support greater financial inclusion, economic growth, resilience and competitiveness in the currency union.

Any gains in the economies of the region's major trading partners are likely to further boost investment and tourism flows. In the tourism industry, a boost in demand for the region's products from major source markets is expected, supported by an anticipated increased in airlift from major markets and the augmentation of tourism room stock, through the expansion and construction of additional capacity. Persistent robustness in the cruise sub-sector is expected on the assumption that sea conditions remain favourable for docking of cruise ships. Spill over effects into other auxiliary sectors are anticipated premised on positive developments in the hotels and restaurants sector, a proxy for the tourism industry.

The pace of construction activity is projected to accelerate as work on tourism-related plants and other real estate developments progress. Private sector led activity is likely to remain buoyant through ongoing construction work on hotels and other tourism development projects in Antigua, The Commonwealth of Dominica, Saint Lucia and Saint Vincent and the Grenadines. In the public sector, road rehabilitation and other related infrastructural developments should continue in most territories. Airport and seaport development will continue apace in Barbuda, Saint Christopher (St Kitts) and Nevis and Saint Lucia and, inter alia, hospital renovations in Nevis and Saint Lucia. The forecasted developments in the construction sector may positively affect wholesale and retail trade; transport, storage and communications; and the real estate, renting and business activities sectors.

Despite an expansion in economic activity, the consolidated fiscal balance of the central governments is likely to yield an overall deficit, although of a smaller magnitude than the prior year. While an expansion in expenditure is anticipated, a substantial increase in revenue is not expected; hence, a slight deterioration in the overall balance is anticipated. Furthermore, capital expenditure could potentially rise as pertinent infrastructural rehabilitation projects progress in most member countries. Concomitant with the forecasted fiscal position and overall economic activity, the total indebtedness of the currency union is likely to edge up as some member governments borrow to finance their budget shortfalls. However, a better than anticipated performance in non-tax revenue and an increase in inflows of grants, may have a positive impact on the fiscal situation.

In the external sector, the merchandise trade deficit is projected to widen, accommodating higher import payments, particularly that of construction and other related materials. On the other hand, barring damage from adverse weather, agricultural production may continue to recover, encouraging exports of banana and other crops. Gross travel receipts may increase, consistent with a forecasted boost in the tourism industry. Pressures on commodity prices may be likely in the near-term as geopolitical tension persists in oil-exporting countries, inflationary pressures could build up; nonetheless real exchange rate pressures are not anticipated.

The increasing trade tensions between the USA and China, the uncertainties related to a decision on Brexit and on-going geopolitical pressures to the global economic outlook have the potential to adversely influence growth forecasts for the economies of the ECCU, given their openness. Moreover, the ECCU grapples with domestic challenges, with socio-economic implications, which can drain fiscal resources. These include business competitiveness, labour market impediments, unemployment, poverty and crime. Other significant risks are those related to climate change, global warming and natural disasters - including an active hurricane season, which could potentially erase some of the gains on infrastructural rehabilitation. In addition, a slow-down in inflows from the Citizenship by Investment Programmes and further challenges with de-risking and correspondent banking relationships could affect business continuity. On the upside, the success of initiatives to improve effectiveness and efficiencies in the banking service infrastructure to facilitate business activity bode well for competitiveness in the region.

A N G U I L L A

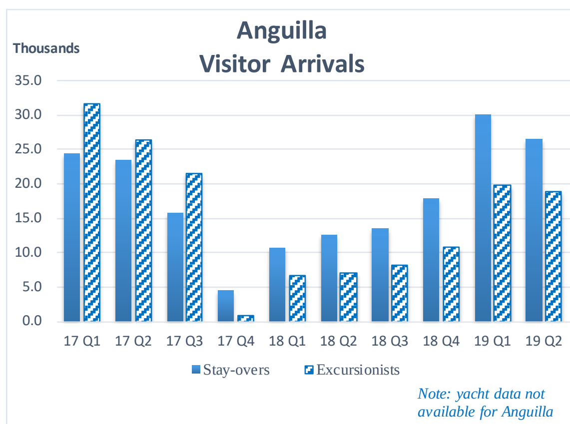
Overview

Economic activity in Anguilla is estimated to have expanded in the first half of 2019 compared with the performance in the corresponding period of 2018. This positive performance was mainly influenced by growth in the hotels and restaurants sector, which impacted ancillary sectors such as wholesale and retail, transport, storage and communications, and electricity and water. Consumer prices fell by 0.2 per cent on an end-of-period basis. In the external sector, the merchandise trade deficit is estimated to have narrowed, largely on account of a decrease in import payments. **The fiscal operations of the central government resulted in a larger overall surplus and the total outstanding public sector debt declined during the review period**. In the banking system, net foreign assets increased, while domestic credit and monetary liabilities contracted. Commercial bank liquidity improved and the weighted average interest rate spread between loans and deposits narrowed. Additionally, the asset quality of the banking system improved over the review period.

The economy of Anguilla is projected to record relatively strong growth in 2019, largely attributable to the continued robust performance of the tourism industry, which contributes over 20.0 per cent of the country's GDP. Some support is also anticipated from public sector investment projects, including work on seven schools and the Princess Alexandra Hospital. Data for the first half of 2019 indicate that Anguilla recorded the largest number of stayover visitors over the comparable six-month period in its history and is on track to record its best year yet in 2019. One of the key downside risks to growth is the further escalation of trade tensions between the USA and China. In addition, uncertainty associated with Brexit continue to weigh on the global economy and could potentially dampen demand for Anguilla's tourism services from this source market. Moreover, geopolitical tensions in the Middle East could escalate and threaten to exert upward pressure on global oil prices, thus increasing the country's rate of inflation.

Real Sector Developments

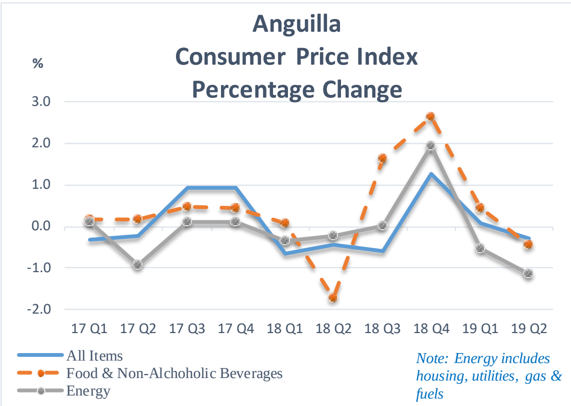
Activity in the hotels and restaurants sector, a proxy for the tourism industry, is estimated to have expanded in the first half of 2019, compared with the corresponding period of 2018. The improved performance was driven by a more than doubling of total visitor arrivals to 95,371, following the depressed tourism season in the first half of 2018, owing to the effects of hurricane Irma. Expansions were recorded in the two key categories of visitors, with the number of stayover visitors more than doubling to 56,639, accompanied by an increase of 24,911 in the number of excursionists to 38,732 from a year ago. Leading the increase in stayover visitor arrivals were the key source markets of the USA, Canada, and the UK. Together, these three markets accounted for 79.2 per cent of total visitors. Additionally, there was an increase of 14.8 per cent (733) from the Caribbean source market. Arrivals from the rest of Europe also more than doubled to 2,795. Similar to stayover arrivals, the number of excursionists more than doubled (24,911), directly attributable to the resumption of cruise ship calls to St Maarten, the primary gateway for Anguilla.



The level of construction activity in the first half of 2019 is estimated to have moderated compared with the outturn in the corresponding period of 2018. Despite some initial public sector investments aimed at refurbishing seven primary schools as well as the Princess Alexandra Hospital, the level of activity is estimated to have fallen short of the significant investment by the private sector done over the comparable period one year earlier to refurbish hotels, restaurants and affiliated establishments in preparation of the 2018/2019 tourist season. Domestic credit disbursed for home construction and renovation declined by 3.0 per cent ($6.1m). However, these flows were partially offset by a 2.1 per cent ($1.1m) increase in credit issued for construction and land development.

Activity in the financial intermediation sector is estimated to have contracted in the first half of 2019, as the value of loans and advances extended by commercial banks fell by 9.1 per cent ($55.8m). This decline is consistent with the risk averse stance of the commercial banks, as well as the fact that most of the public sector investment projects are being financed through the Anguilla Programme, funded by the UK government. **The consumer price index fell by 0.2 per cent on an end-of-period basis during the first six months of 2019, compared with a decline of 1.1 per cent during the corresponding period of 2018.** The main sub-indices contributing to the deflationary pressures were household furnishings, supplies and maintenance (4.4 per cent), miscellaneous (3.8 per cent), housing, utilities, gas and fuels (1.7 per cent), clothing and footwear (1.0 per cent) and hotels and restaurants (0.9 per cent). The decline in the sub-index for household furnishings, supplies and maintenance was influenced by a reduction in the price of furniture, while lower prices for personal care, jewellery and health insurances drove the downward movement in the miscellaneous sub-index. Similarly, for housing, utilities, gas and fuels, reduced prices for dwelling maintenance and repair, coupled with lower fuel surcharge costs led the decline in this sub-index. Additionally, reduced prices for both male and female footwear contributed to the fall in the clothing and footwear sub-index.

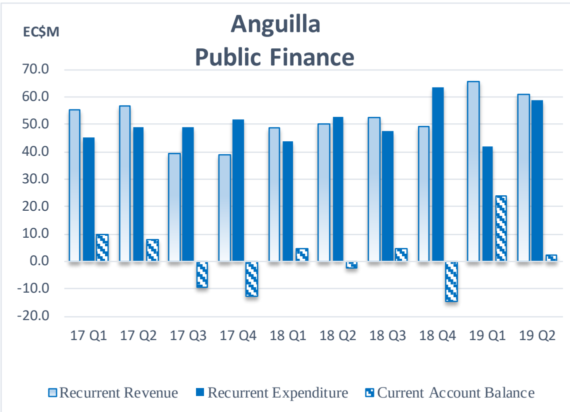
The contraction in the aforementioned sub-indices was tempered primarily by a 4.0 per cent increase in the communication sub-index, along with a 2.1 per cent rise in the sub-index for recreation and culture. Quality adjustments for communication devices as well as upgrades to services offered influenced the increase in the communication sub-index, while the higher average cost of personal computers and other recreational items drove the recreational and culture sub-index.



Fiscal and Debt Developments

The fiscal operations of the central government resulted in an overall surplus of $24.6m in the first half of 2019, compared with one of $2.8m in the corresponding period of 2018. This result was primarily driven by developments in the current account, which registered a surplus of $26.0m, compared with one of $2.2m in the comparable period one year earlier. Consequently, a primary surplus (after grants) of $34.1m was recorded, relative to the $11.6m surplus realised over the corresponding period of 2018.

Current revenue increased by 28.1 per cent ($27.8m) to $126.5m, in contrast to a contraction of 11.9 per cent ($13.3m) in the comparable period of 2018. This development was primarily attributable to a 36.1 per cent ($28.8m) growth in tax revenue to $108.5m, tempered by a 5.5 per cent ($1.0m) decline in non-tax receipts. Accounting for the bulk of the increase in tax revenue were collections from taxes on domestic goods and services, which rose by 72.5 per cent ($18.4m) in contrast to a 47.7 per cent ($23.2m) decline in the previous year. Specifically, accommodation tax receipts improved the most over the review period, and rose by more than six-fold to $20.6m. This performance was consistent with the strong growth in visitor arrivals in the first six months of the year, with the number of stayover visitors reaching a record level in Anguilla over that period. Further supporting current revenue growth were increases in property tax receipts, import duties, and taxes on income and profits, all consistent with a growing economy. Moderating current revenue growth, however, were stamp duty receipts, which declined by 46.7 per cent ($3.1m) as the sales of villas slowed.



Current expenditure increased by 4.0 per cent ($3.9m) to $100.5m, compared with growth of 2.5 per cent ($2.3m) in the corresponding period of 2018. The expansion in current expenditure was primarily driven by an 18.7 per cent ($4.0m) increase in outlays for goods and services. Additionally, interest payments as well as transfers and subsidies rose by 7.2 per cent and 4.6 per cent, respectively. Tempering the increase in current expenditure was a 4.4 per cent ($1.9m) decline in outlays for personal emoluments.

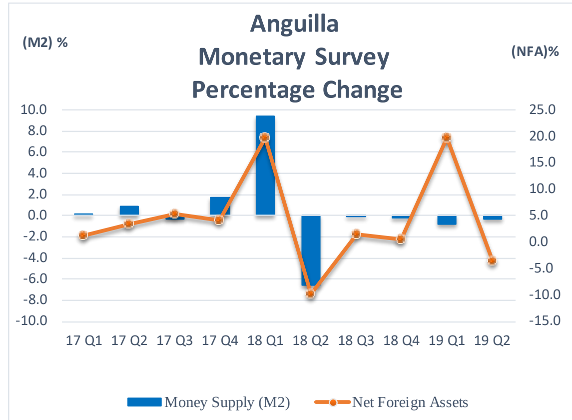
In respect of capital expenditure, outlays contracted by 56.5 per cent ($1.9m) to $1.4m, after posting $3.3m in the comparable period of 2018. This contraction was consistent with the fiscal tightening by the Government of Anguilla, in conjunction with the fact that the bulk of the capital expenditure is being coordinated through the Governor's office as part of the administration of the Anguilla Programme.

As a result of the overall fiscal surplus, the Government of Anguilla was able to reduce some of its obligations, with outstanding credit from commercial banks and the Central Bank declining by 84.1 per cent (11.4m) and 53.0 per cent (6.1m), respectively. In addition, the government made external loan payments totalling $6.4m over the review period, almost doubling the $3.3m in payments made over the corresponding period in 2018.

Consequently, the total disbursed outstanding public sector debt stood at $496.5m at the end of June 2019, approximately 5.5 per cent ($28.7m) lower than that recorded at the end of 2018. The reduction in the total debt stock is attributed to ongoing debt amortisation, coupled with a virtual freeze on new debt by the central government, in keeping with the Framework for Fiscal Sustainability and Development (FFSD). Central government debt accounted for 98.5 per cent of total disbursed outstanding debt, with domestic debt making up 57.2 per cent of the total, while external debt accounted for the remaining 42.8 per cent. The outstanding debt of statutory bodies accounted for 1.5 per cent of total debt and declined by 9.7 per cent to $7.7m.

Banking Sector Developments

Monetary liabilities (M2) fell by 1.0 per cent to $1,045.6m during the first half of 2019, in contrast to growth of 2.2 per cent during the corresponding period of 2018. The contraction in M2 was mainly influenced by a 19.8 per cent ($15.4m) decrease in narrow money (M1) to $62.5m, following a 15.3 per cent decline during the comparable period of 2018. Dominating the fall in M1 was a 34.8 per cent ($18.2m) contraction in private sector demand deposits. EC$ cheques and drafts also contributed to the overall decline in M1, falling by $1.3m during the review period to a negative balance of $1.0m. The apparent discrepancy was due to a timing issue between issuance and redemption of cheques. The decline in M1 was moderated by a 0.5 per cent ($4.5m) growth in quasi money to $983.1m, mainly influenced by expansions in private sector savings and foreign currency deposits of 2.5 per cent and 0.4 per cent, respectively. However, private sector time deposits fell by 2.6 per cent during the review period.



Domestic credit fell by 9.6 per cent ($51.4m) to $481.9m, following a 4.2 per cent ($22.5m) contraction during the comparable period of 2018. The decline in credit was largely attributable to reduced credit flows to the private sector, combined with an increase in the net deposit position of the central government. **Private sector credit fell by 6.9 per cent ($44.0m) to $594.2m during the review period, as credit flows to both businesses and households declined by 7.7 per cent and 6.1 per cent, respectively.** Additionally, the net deposit position of the central government increased by 72.6 per cent ($25.8m) to $61.4m, largely influenced by a $17.5m reduction in credit flows to the government, coupled with an $8.4m increase in government deposits held at commercial banks. In the rest of the public sector, the net deposit position of non-financial public enterprises fell by 27.2 per cent ($18.8m), primarily reflecting a contraction in their deposits at commercial banks.

An analysis of changes in the distribution of credit indicates that credit flows declined across most sectors. Most notably, credit to the personal sector contracted by 6.8 per cent ($23.0m), due to decreases in the stock of debt for house and land purchases (18.1 per cent), home construction and renovation (3.0 per cent) and other personal (10.1 per cent). Other notable declines in credit were recorded for government and statutory bodies (81.9 per cent), professional and other services (19.3 per cent), distributive trade (12.1 per cent) and transport (9.4 per cent). By contrast, credit flows increased for construction and land development (2.1 per cent) and manufacturing (1.8 per cent).

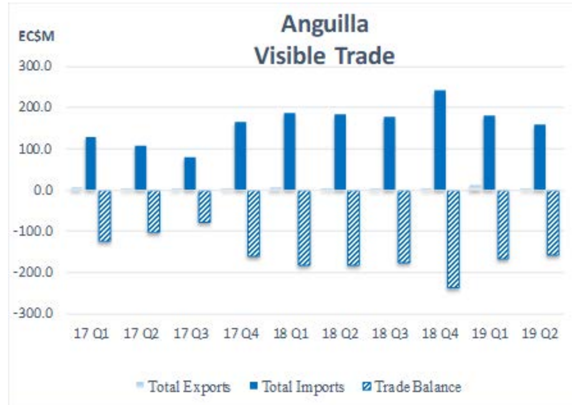
The net foreign assets of the banking system grew by 15.5 per cent ($84.4m) to $629.2m, compared with growth of 8.2 per cent during the first half of 2018. The increase was primarily influenced by a 36.4 per cent ($133.8m) expansion in commercial banks' net foreign assets, tempered by a 27.9 per cent ($49.4m) decline in Anguilla's imputed share of the ECCB's reserves.

The liquidity situation in the commercial banking system improved during the review period, as banks continued to adopt a broadly risk averse stance as the economy recovered. Accordingly, the ratio of liquid assets to total deposits plus liquid liabilities rose by 1.4 percentage points to 56.5 per cent, while that for loans and advances to total deposits fell by 3.4 percentage points to 47.0 per cent, both falling within the stipulated ECCB guidelines. Additionally, banks remained well capitalised as indicated by the capital adequacy ratio of 15.7 per cent as at June 2019, well above the prudential benchmark of 8.0 per cent. However, the ratio declined by 2.8 percentage points from the 18.5 per cent mark recorded as at December 2018.

The weighted average interest rate spread between loans and deposits declined marginally by 0.2 of a percentage point to 7.3 per cent, compared with a spread of 7.4 per cent as at December 2018. The reduction in the interest rate spread was mainly attributable to a larger increase in the weighted average deposit rate (0.2 of a percentage point) than that of the weighted average lending rate (0.01 of a percentage point). Commercial banks' asset quality improved over the first half of the year, with the ratio of nonperforming loans to gross loans declining by 2.5 percentage points to 21.8 per cent compared with a ratio of 24.3 per cent as at December 2018.

External Sector Developments

A merchandise trade deficit of $326.5m was estimated for the first half of 2019, representing a 9.9 per cent improvement over the $362.5m deficit recorded in the corresponding period of 2018. The smaller provisional trade deficit was driven by a 7.9 per cent ($29.4m) decrease in import payments, coupled with a 79.3 per cent ($6.6m) increase in exports receipts. Gross travel receipts are estimated to have almost doubled over the review period to $245.0m, compared with $130.0m in receipts in the comparable period of 2018. This development was consistent with the record-breaking number of stayover visitors to Anguilla over the review period.



The transactions of commercial banks resulted in a net outflow of $133.8m in short term capital during the review period, compared with an outflow of $37.5m during the corresponding period of 2018. External loan disbursements to the central government totalled $0.08m in the first half of the year, while external principal repayments amounted to $6.4m. As a result, the central government recorded a net external outflow of $6.4m as at end June 2019.

Outlook

Based on the July 2019 update of the World Economic Outlook (WEO), global economic output is expected to rise by 3.2 per cent, down from 3.6 per cent in 2018. The subdued performance is reflective of the continued downward pressure being exerted by trade tensions between the USA and China, ongoing uncertainty surrounding the United Kingdom's withdrawal from the European Union and broad geopolitical tensions in the Middle East. While the balance of global risks tilt towards the downside, growth projections remain broadly favourable for Anguilla in 2019. This observation is premised on growth being supported by increased public sector investment, coupled with continued strong demand for tourism services, consistent with the record-breaking numbers in the first half of the year. Accordingly, the ECCB projects that the Anguillian economy will grow by 8.8 per cent in 2019, following an expansion of 10.9 per cent one year earlier.

Activity in the hotels and restaurants sector is projected to be strong for the remainder of the year, especially in the fourth quarter. This is consistent with the anticipated demand for leisure services from the key source markets of the USA, Canada, the United Kingdom and the Caribbean. Some additional support is also expected to come from improvements in airlift and room stock, as well as the continued marketing efforts of the Anguilla Tourist Board. The forecasted positive performance in the tourism industry is anticipated to have a knock-on effect on affiliated sectors such as wholesale and retail trade, transport, storage and communications, and electricity and water.

The construction sector in Anguilla is expected to decline somewhat in 2019. This outlook is based on the slow, but improving pace of public sector investments, especially to primary and secondary schools, as part of the Anguilla Programme, funded by the UK government. Most of the major hotels and restaurants have already completed refurbishment work to their respective establishments and as such, private sector construction activity is projected to be below where it was one year ago.

Inflationary pressures are expected to be broadly contained as oil prices are not projected to increase appreciably for the remainder of 2019. Despite the recent attacks on Saudi Arabian oil infrastructure, global markets continue to be adequately supplied, amidst a deceleration in demand growth, attributable to slowing world economic output growth.

The fiscal operations of the Central Government are expected to generate an overall surplus in 2019. This projection is based on the continued strong growth in economic activity, powered by the tourism industry, which is having its strongest year on record. As a result, revenue collections are anticipated to mirror that shown in the first half of the year, especially in the fourth quarter. In addition, support is expected from the Anguilla Programme, funded by the UK government, as schools and other critical infrastructure undergo restoration. Given the continued prudent use of resources, the government of Anguilla is projected to generate surpluses on both the primary and overall balances in 2019.

On the external front, the merchandise trade deficit is expected to widen, as activity in the tourism industry solidifies and the pace of public sector construction activity quickens. As a result, the import of essential inputs and supplies is anticipated to increase commensurately. Additionally, gross inflows from travel are projected to increase in 2019, largely attributable to the significant growth in visitor arrivals.

Major downside risks to the economy include the further escalation of trade tensions between the two largest economies in the world, the USA and China. Such an eventuality threatens to derail global growth through the disruption of trade and technology supply chains, leading to higher prices for consumers and greater uncertainty among investors. In addition, uncertainty associated with Brexit continue to weigh on the global economy and could potentially dampen demand for Anguilla's tourism services from this source market. Moreover, geopolitical tensions in the Middle East could escalate and threaten to exert upward pressure on global oil prices. On the domestic front, a reduction in funds allocated to the Anguilla Programme by the UK government, in support of the reconstruction of vital infrastructure, could slow the pace of recovery and the provision of vital services to the broader economy. The prospect of higher oil prices could also result in rising inflationary pressure on the domestic economy, further increasing the cost of doing business in Anguilla.

Despite these downside risks, possible upside surprises may emerge from stronger global growth, should a resolution be reached in the trade dispute between the USA and China. Additionally, given the global crude oil market is currently adequately supplied, a stabilisation of geopolitical tensions in the Middle East could exert downward pressure on oil prices, thereby reducing the cost of travel and lending support to the demand for tourism services.

ANTIGUA AND BARBUDA

Overview

Following robust growth in 2018, provisional data for the first half 2019 suggest that economic activity eased, when compared with the outturn in the corresponding period of 2018. The moderation in growth was associated with delays in construction projects and an easing in tourism-related activity. Inflationary pressures subsided, as the Consumer Price Index (CPI) rose by 1.0 per cent on an end of period basis, relative to a rise of 1.4 per cent in the corresponding period in 2018. The government's fiscal operations yielded a wider overall deficit, attributed to a higher level of current expenditure. Consequently, total outstanding disbursed public sector debt trended upwards. The banking sector remained sound, as observed by an expansion in total outstanding credit, an improvement in asset quality, strong capitalisation and healthy liquidity ratios. A wider deficit was recorded in merchandise trade, which was influenced by an expansion in the value of imports.

Economic activity in Antigua and Barbuda is expected to further strengthen for the remainder of 2019, boosted by improved performance in the tourism industry, along with the recommencement of infrastructural work in the construction sector. Prospects are also favourable from the opening of the University of the West Indies' Five Islands campus, which is expected to provide greater impetus for growth through consumption and investment.

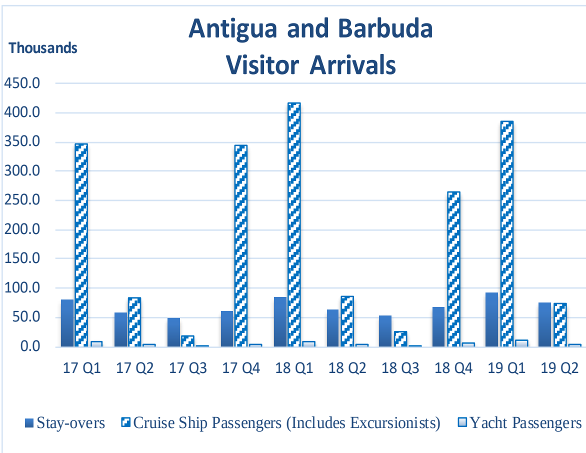
The outlook for 2019 is however subject to some uncertainties, reflecting risks from both the external and domestic environment. Specifically, headwinds from the global environment, associated with continued tensions between the USA and China and the inability for the United Kingdom to reach an agreement with the European Union (EU) may derail global growth and by extension growth in the local economy. Moreover, inflationary pressures are likely to intensify from greater global trade and geopolitical tensions. Domestically, one of the most significant threats to growth and development remains the impact of natural disasters. This threat is likely to continue for the remainder of the season given the recently-updated forecast for an active hurricane season. The fiscal operations of the central government are likely to deteriorate, associated with the financing of the operations of the UWI campus. In the financial sector, while negotiations between Bank of Nova Scotia and the government are expected to be finalised in the near term; any challenges in reaching an arrangement may disrupt the economic momentum through domestic credit conditions. Notwithstanding these downside risks, there may be a few upside surprises, including the possibility of a near-term agreement between the United States of America and China which could positively impact global growth. The outlook may also be further boosted by possible improvements in government's fiscal operations emanating from reforms in tax administration from recent legislative developments as well as enhanced receipts from the Citizenship by Investment Programme (CIP). The opening of the Five Islands campus may also generate sizeable positive spillovers on growth, in light of the increasing regional demand for higher education.

Real Sector Developments

Available data suggest that the economy of Antigua and Barbuda expanded at a favourable pace, albeit lower than the growth level observed in the corresponding period of the previous year. This assessment was supported by the mixed performance of the tourism industry and a deceleration in the construction activity, reflecting a slowdown in both private and public sector investment spending.

The level of activity in the tourism industry, one of the main drivers of the economy, is estimated to have moderated in the first six months of 2019, evidenced by a 4.1 per cent contraction in total visitor arrivals to 637,761. The weaker performance in total arrivals was driven by a decline in the number of cruise ship visitors. Cruise ship passengers, which accounted for the largest share of visitors to Antigua and Barbuda, declined by 8.8 per cent to 459,810. The contraction in this market segment partly reflected a reversion to normal levels, following the historically strong performance recorded in the previous two years. The robust performance of the previous two years was associated with port closures in the Northern Caribbean from the impact of hurricanes Irma and Maria. This development resulted in a fall in the number of cruise calls, which moved to 240 in the first half of the year from 283 in the similar period of the prior year. Conversely, the stay-over arrival segment, which is the largest contributor to GDP, further strengthened in the period under review. Buoyed by a number of notable events, stay-over arrivals grew by 11.4 per cent to 165,072, extending the 7.6 per cent expansion recorded in the first six months of the preceding year. The expansions were boosted by the country's hosting of international cricket, regional conferences such as the Meeting of the OECS Authority, as well as the opening of Royalton Antigua and Hodges Bay Resort and Spa. The notable performance was also attributed to innovative marketing strategies both regionally and internationally, including the launch of the global summer campaign, dubbed "*#WhatCoolLooksLike*" by the Antigua and Barbuda Tourism Authority. The momentum was underpinned by increases in stay-over arrivals from both traditional and non-traditional source markets. Expansions were recorded in stay-over arrivals from the USA (17.7 per cent), Europe (9.7 per cent) and the Caribbean (9.5 per cent). Notably, stay-over arrivals from the United Kingdom rebounded to increase by 6.7 per cent, following a decline of 4.6 per cent in the first half of the previous year. Stay-over arrivals from South America, a burgeoning source market, posted a solid expansion of 47.0 per cent, although it only accounts for less than one per cent share of total stay-over visitors to Antigua and Barbuda. These expansions were partly offset by a decline of 3.1 per cent in stay-over arrivals from Canada, although the number of Canadian visitors remained near its historical level. Stay-over arrivals from other less-established markets continued to record growth, with an expansion of 35.9 per cent

(810) in the first half of 2019 compared to its level one year earlier. Partially offsetting the expansion in the stay-over arrival segment, was the fall in the number of yacht passengers by 0.1 per cent to 12,879.

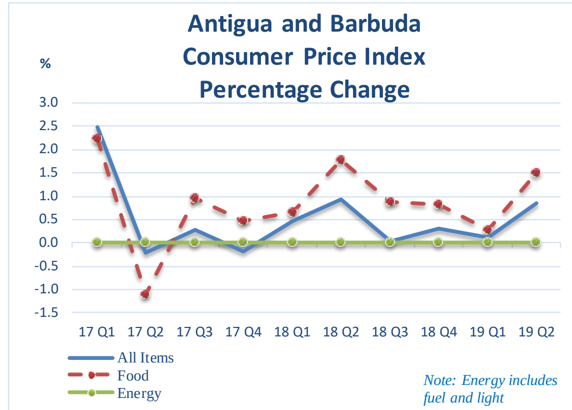


Preliminary data and anecdotal evidence suggest that activity in the construction sector is estimated to have moderated, but remained robust in the first half of 2019 relative to the corresponding period in 2018. Activity in the sector comprised public sector and private sector projects. Public sector initiatives included the state-of-the-art port redevelopment project, reconstruction efforts in Barbuda, a number of government housing projects, including those in Denfield's, Dredge Bay and Paynter's and major road rehabilitation works, including the upgrade of the Friar's Hill Road. In the private sector, construction activity, mainly included hotel and business construction.

The volume of cement imports, a proxy of construction activity, is estimated to have increased by 14.3 per cent, a much slower growth rate than the brisk pace of 44.4 per cent in the corresponding period of 2018. Another proxy for construction activity is spending on the government's capital programme. After almost doubling in the first half of 2018, capital expenditure fell by 12.1 per cent in the first half of 2019. This outturn was partly attributed to the delays encountered in the UK-funded Friars Hill Road rehabilitation project. During the review period, work on the project was unavoidably delayed by the installation of underground cables, which would improve the island's resilience to natural disasters. Activity was estimated to have also decelerated from its momentum in the previous year, as a result of limited construction work on the government's residential housing projects. Most of the work comprised installation of interior and exterior finishes, while a number of delays were reported from the completion of infrastructural work. In the private sector, construction activity was further eased, following the completion of construction work related to the Hodges Bay Resort and Spa and the Royalton Antigua Hotel.

Based on the preliminary data, economic activity is also provisionally estimated to have decelerated in the ancillary sectors that support tourism and construction activity namely wholesale and retail trade; real estate, and transport, storage and communications, evidenced by declines in the value of imports for food and beverages, fuels and miscellaneous manufactured articles. Conversely, financial intermediation was estimated to have recorded positive growth, partially influenced by the expansion in banking sector credit and deposits.

Inflationary pressures subsided in the first half of 2019, as measured by the change in the Consumer Price Index (CPI) on an end-of-period basis. The index rose by 1.0 per cent over the six-month period ending June 2019, compared with a 1.4 per cent increase during same period of 2018. The rise in the index was fairly broad-based, including expansions in the three most heavily-weighted sub-indices comprising food (1.8 per cent), transport and communication (0.5 per cent) and housing (0.1 per cent). These advances were mitigated by declines in medical care and expenses (1.7 per cent) and miscellaneous (1.4 per cent).



Fiscal and Debt Developments

Provisional fiscal data for the first half of 2019 indicated that the overall deficit of the central government widened to $62.1m, following one of $48.5m at the end of June 2018. The primary balance, which excludes debt interest payments, moved to a deficit of $12.5m from a surplus of $5.3m at the end of June 2018. These fiscal outturns were mainly due to an expansion in current expenditure, which was only partly mitigated by a rebound in non-tax revenue, specifically receipts from the Citizenship by Investment Programme.

The current account maintained a deficit position in the first half of 2019, widening to $31.0m from $11.8m in the corresponding period of the previous year. This outcome was largely influenced by growth in current expenditure, which outpaced the negligible expansion in current revenue. Current revenue rose by a marginal 0.1 per cent ($0.4m) to $412.2m, reflective of lower tax receipts. Notwithstanding the estimated expansion in economic activity in the review period, tax revenue fell by 1.6 per cent ($5.9m) to $353.4m, primarily associated with lower inflows from taxes on domestic goods and services and international trade and transactions. The reductions in the latter may be reflective of continued tax waivers with respect to import duty and the revenue recovery charge.

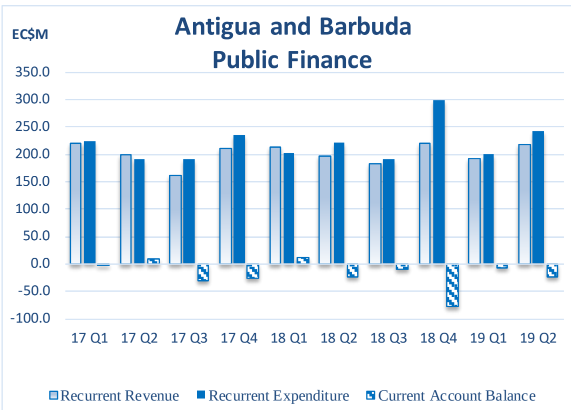
Specifically, tax receipts on domestic goods and services declined by 7.4 per cent ($12.8m) to $159.4m on account of lower collections from the Antigua and Barbuda Sales Tax (ABST). Receipts from the ABST fell by 13.2 per cent ($20.1m), underscoring some of the continued challenges in tax collection and administration. An advance of 47.1 per cent ($7.1m) in the proceeds from stamp duties partially tempered the decline in this sub-category. Concurrently, collections from taxes on international trade and transactions fell by 0.9 per cent ($1.2m) to $125.6m, reflecting lower inflows from the Revenue Recovery Charge ($1.8m), import duty ($0.4m) and environmental tax ($0.3m). In contrast, the yield from consumption tax, which is a major component of this tax category, expanded by 8.6 per cent ($2.4m), which was more consistent with the estimated buoyancy in economic activity. The overall decline was further mitigated by a 52.6 per cent ($7.7m) expansion in the yield from taxes on property. This improvement may be attributed to the recent enactment of the updated Tax Administration Procedures Act (TAPA), which involves decisive legal action against non-compliant tax payers. Receipts from taxes on income and profits remained virtually unchanged at $46.0m, relative to the $45.7m recorded in the first six months of the previous year. Meanwhile, non-tax revenue accelerated by 12.0 per cent ($6.3m) to $58.9m, influenced in large part by higher Citizenship by Investment Programme (CIP) receipts, which more than doubled in the review period, relative to the corresponding period in 2018.

Current expenditure increased by 4.6 per cent ($19.6m) to $443.3m during the period of review, reflecting higher outlays in three of the major expenditure categories. Personal emoluments, the largest spending category, which accounted for 43.9 per cent of current expenditure, rose by 6.4 per cent ($11.7m) to $194.4m, partly associated with double pay in lieu of a salary increase, overtime payment as well as new hirings. Spending on goods and services grew by 10.7 per cent ($7.7m) to $79.5m, partly associated with costs related to office relocations, miscellaneous activities and office supplies. Simultaneously, higher levels of subventions to statutory corporations contributed significantly to the 3.7 per cent ($4.3m) expansion in spending on transfers and subsidies to $119.7m. Despite a higher level of total outstanding debt, interest payments contracted by 7.7 per cent ($4.1m) to $49.7m, possibly reflecting an increase in accounts payables.

Investment in the government's capital programme contracted by 12.1 per cent ($4.6m) to $33.4m, following robust expansion in the comparable period of the previous year. This contraction was associated with delays in a few of the major government projects, including the Friars Hill Road rehabilitation project. Meanwhile, the intake from capital revenue almost doubled, but remained low at $2.3m, compared with $1.3m, a year earlier.

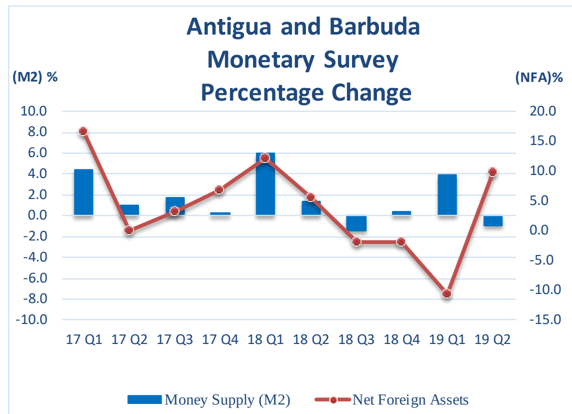
The deficit recorded over the first six months of 2019 was largely facilitated through an accumulation of arrears, and to a lesser extent, domestic and external borrowing. Total arrears for the review period stood at $55.2m compared to a total of $47.0m in the comparable period in the prior year. The continued build-up of arrears suggest the need for prudent fiscal policies in the near term to contain further accumulation of arrears and limit high debt service costs.

The total disbursed outstanding debt of the public sector was provisionally estimated at $3,445.8m at the end of June 2019, up from the $3,414.9m recorded at the end of December 2018. The expansion in the debt stock was attributable to an increase in both the domestic and external debt of the central government. Central government outstanding debt, which accounted for 82.2 per cent of total outstanding debt, advanced by 1.5 per cent to $2,831.7m. The external debt portfolio was 2.0 per cent higher than the previous year, on account of disbursements by the Caribbean Development Bank. Concurrently, the domestic debt stock rose by 1.0 per cent, and was associated with the receipt of a temporary advance and an increase in accounts payables to domestic creditors. In contrast, the total outstanding debt stock of public corporations declined by 1.7 per cent to $614.1m, reflecting contractions in both their domestic and external debt portfolios.



Banking Sector Developments

Broad money (M2) rose by 3.0 per cent to $3,799.3m during the first six months of 2019, which was lower than the pace of growth of 7.5 per cent over the corresponding period in 2018. The expansion in broad money was sustained by gains in both quasi money and narrow money. Quasi money, which represents the larger of the two major components of M2, grew by 1.3 per cent to $2,755.5m during the first half of the year, supported by greater accumulation of private sector foreign currency deposits (18.0 per cent) and private sector savings deposits (3.3 per cent). Meanwhile, the narrow money supply (M1), rose by 7.8 per cent ($75.2m), reflecting expansions in its three major sub-categories, namely EC$ cheques and drafts issued (60.9 per cent), private sector demand deposits (6.9 per cent) and currency with the public (2.4 per cent).



During the first six months of 2019, domestic credit in the banking system rose by 1.4 per cent to $2,394.4m, in contrast to the 2.3 per cent decline recorded during the corresponding period of the prior year. This expansion was due in large part to the 1.4 per cent growth in private sector credit to $1,966.7m, due to a rise in the stock of credit extended to business (2.8 per cent) and households (1.8 per cent). Growth in domestic credit was also partly associated with the transactions of Non-Financial Public Institutions. Notably, these enterprises drew down on deposits

(7.2 per cent), resulting in an overall net credit position by the end of the review period. Conversely, government financial transactions resulted in a decline of 1.8 per cent in its overall net credit positon to $386.3m, associated with a 2.2 per cent accumulation of deposits and a 1.0 per cent decline in credit.

An analysis of the distribution of credit by economic activity indicates that outstanding loans and advances grew by 4.2 per cent, fuelled by an increase in outstanding credit to the tourism industry and the personal sector. Comparatively, during the corresponding six months of the preceding year, total outstanding credit recorded a fractional expansion of 0.1 per cent. The largest contributions of outstanding credit included the personal sector, public administration, distributive trades, construction, tourism and professional services. Of these major economic sectors, outstanding stock of credit expanded for tourism (16.2 per cent); professional and other services (9.9 per cent); personal sector (1.4 per cent) and distributive trades (0.7 per cent). These increases were tempered by declines in construction (3.0 per cent); and public administration (1.2 per cent). Of the personal credit category, which accounted for 46.4 per cent of total outstanding loans, expansions of 2.0 per cent and 1.4 per cent were recorded in loans for other personal uses and acquisition of property, while loans for the purchase of durable consumer goods contracted by 0.5 per cent.

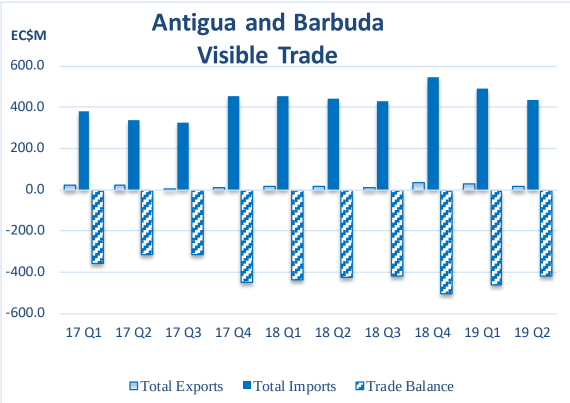
The net foreign assets of the banking system fell by 1.8 per cent to $1,761.6m during the first half of 2019, in contrast to the expansion of 18.2 per cent recorded over the corresponding period of 2018. This contraction was largely associated with a decline in Antigua and Barbuda’s imputed share of the Central Bank’s reserves, which fell by 16.9 per cent to $737.3m, driven largely by a contraction in banker’s reserves. The decline was mitigated in part by an advance of 13.1 per cent to $1,024.3m in commercial banks’ net foreign assets, as banks in Antigua and Barbuda increased their assets with institutions outside the ECCU.

The performance of the banking sector remained strong during the review period as reflected in improved asset quality, ample liquidity and strong capitalisation levels. Despite the marginal tightening, the liquidity position of commercial banks in Antigua and

Barbuda remained healthy. The growth in credit outpaced the expansion in deposits, which resulted in an increase in the ratio of loans and advances to deposits. The ratio stood at 67.3 per cent at the end of June 2019, up from 65.7 per cent in December 2018, well below the prudential threshold of 75.0 to 85.0 per cent. Concurrently, overall asset quality in the banking sector continued to improve during the review period, but remained slightly above the prudential level of 5.0 per cent. The ratio of non-performing loans to total loans continued to trend downwards to a rate of 5.6 per cent at the end of June 2019, from 6.4 per cent six months earlier. This improvement was due in part to the increase in outstanding credit coupled with improved underwriting practices by commercial banks. Meanwhile, the capital adequacy ratio (CAR) of the banking system continued to strengthen to 37.3 per cent, which remained comfortably above the prudential threshold of 8.0 per cent.

External Sector Developments

Preliminary trade data indicated that the merchandise trade deficit increased by 1.8 per cent to $878.8m in the first six months of 2019, relative to the previous half year's level. The higher deficit was primarily associated with growth in the value of imports, which rose by 3.7 per cent to $922.5m. This outturn was on account of the higher volume and value in the imports of manufactured goods (32.0 per cent); machinery and transport equipment (14.5 per cent) and other commodities and transactions which was valued at $19.7m from a low of $0.4m in the first half of the previous year. These expansions were driven by higher e-commerce activity as well as cargo related to the port redevelopment project. The increases were partially tempered by contractions in the value of beverages (19.5 per cent), mineral fuels and related materials (12.4 per cent) and food and live animals (3.1 per cent). The advance in import payments were partly mitigated by a $16.9m pickup in the value of exports, largely driven by growth in the value of re-exports of machinery and transport equipment, namely sailboats associated with yachting activities in the first half of the year.



Gross travel receipts are estimated to have risen by 12.9 per cent to $1,138.4m in the first six months of the year, consistent with the robust growth in stay-over visitor arrivals. Commercial banks' transactions resulted in a net outflow of $118.2m, compared with an outflow of $219.1m in the first half of 2018. The movement was largely linked to an accumulation in assets by commercial banks outside of the region. In the public sector, external loan disbursements to the central government rose by $23.1m to $113.7m during the period, while external principal payments grew by $15.8m to $112.4m. The overall impact was a net disbursements position of $1.3m in contrast to a net amortisation position of $6.0m in the comparable period of 2018.

Outlook

Economic growth in the Antigua and Barbuda economy is forecasted to gain greater momentum in the second half of 2019. This outlook is based on a projected expansion in the tourism and related services and the construction sector, as well as the much-anticipated opening of the UWI Five Islands campus. These sectors are expected to continue to drive growth and boost the performance of the other auxiliary service sectors.

Within the tourism sector, the stay-over market segment will remain buoyant, fuelled by the recent opening of major hotel plants, a number of sporting activities as well as innovative marketing and promotion initiatives by the Tourism Authority. Meanwhile, activity in cruise tourism is likely to remain at a respectable level, in light of increased marketing and investments by Global Ports. The construction sector is expected to benefit from projects undertaken by both the private and public sectors. In the public sector, capital projects are expected to accelerate, driven by the recommencement of works on the Friars Hill road rehabilitation and expansion project, government's housing projects, including Booby Alley redevelopment, Denfield's and Paynter's. The sector is also expected to be bolstered by continued reconstruction of public infrastructure and private homes on Barbuda, as well as the port redevelopment project. Private sector construction activity for the remainder of the year will include CIP-funded real estate and tourism developments. Inflationary pressures may intensify, as geopolitical tensions escalate, which could stoke global crude oil prices. However, no significant movement is expected in the real exchange rate of the EC dollar as inflationary outcomes in the ECCU are not projected to deviate significantly from that of its major trading partners.

Developments in the burgeoning education sector are also likely to further sustain this growth momentum. The anticipated opening of the University of the West Indies' fourth landed campus in Five Islands in September 2019 is also expected to enhance overall economic activity, through increased demand for housing, transport and other consumer-related spending.

The fiscal position of the government is likely to further deteriorate in light of a number of announced initiatives. In particular, the overall deficit is projected to widen, driven by increased outlays for the operations of the Five Islands campus,[1] the anticipated expansion in capital expenditure along with lower revenue intake from continued concessions to facilitate the opening of the new campus. These fiscal developments are likely to be partly mitigated by the anticipated gains from the improvements in tax administration and the implementation of initiatives to improve tax compliance such as the enactment of the updated Tax Administration and Procedures Act. This improvement is likely to be further boosted by an increase in receipts from the CIP, in keeping with the trends observed in the first half of the year.

In the external sector, the merchandise trade deficit is projected to widen in line with the higher volume of imports to support the enhanced construction activity and increased domestic demand associated with the operations of the UWI campus.

Despite the buoyant projection, the outlook for 2019 is subject to some notable downside risks, which may require monitoring. With respect to external developments, the International Monetary Fund (IMF) has projected that global economic growth may weaken in 2019. In its July 2019 update of the World Economic Outlook, the Fund

[11] While the government has introduced the Income Tax (Amendment) Bill 2019 to help fund the operations of the campus, the tax is unlikely to yield the required revenue in the initial period.

lowered global growth forecast to 3.2 per cent, 0.1 percentage point below its projections in April 2019. The most significant risks to global economic growth emanate from ongoing trade tensions between the United States of America and China, as well as challenges with reaching a Brexit agreement. If these risks materialise, it may undermine global economic growth and adversely impact the economic performance of the ECCU member states, including Antigua and Barbuda.

Given the widening fiscal deficit observed in the review period and high debt levels recorded in recent years, a major downside risk is related to government's limited fiscal space. The deteriorating fiscal performance is likely to further constrain the ability of the government to support growth and to create an enabling environment for the private sector. Government has a key role to play in this regard by remaining committed to fiscal reform and fiscal consolidation. In this regard, there are a number of opportunities that the authorities could explore, including the establishment of a resilience fund to assist the government in the event of natural disasters, identifying opportunities to access finance for climate change mitigation and devising policies aimed at improving public financial management.

On the upside, the opening of the UWI Five Islands campus may result in a better-than-expected boost in economic growth, in light of the increasing regional demand for higher education. Other potential upside risks include higher levels of tax revenue from improved tax collection and tax administration as a result of recent reforms in tax legislation.

THE COMMONWEALTH OF DOMINICA

Overview

Preliminary estimates indicate that economic activity in the Commonwealth of The Commonwealth of Dominica for the first half of 2019 expanded. Consumer prices rose by 0.6 per cent on an end of period basis. The central government's fiscal operations resulted in an overall deficit and total disbursed outstanding debt is estimated to have increased. In the banking system, monetary liabilities and net foreign assets fell, while domestic credit expanded. The commercial banking system remained highly liquid; however, non-performing loans improved, although the prudential benchmark was still exceeded.

The pace of the recovery is expected to increase, leading to a further expansion in the overall level of economic activity in the remainder of 2019. However, the overall fiscal balance is anticipated to deteriorate, mainly owing to an increase in expenditure for the on-going recovery effort. The merchandise trade deficit is likely to widen, reflecting increased imports of construction materials and a reduction in export receipts. Downside risks to this outlook include a deceleration in the Citizenship by Investment programme inflows; the receipt of fewer grants than expected, which can slow down the pace of the recovery efforts; Brexit negotiations; the trade war between the USA and China and adverse weather.

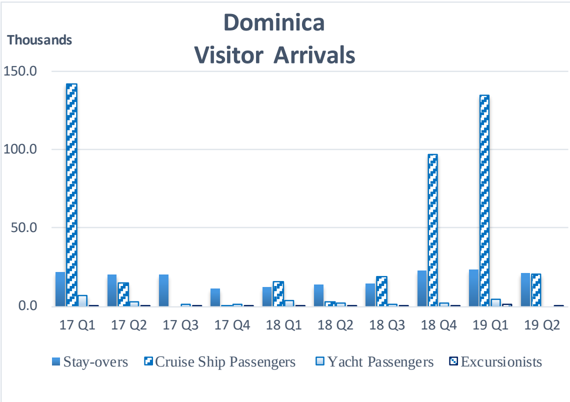
Real Sector Developments

The Commonwealth of Dominica has been in a rebuilding and recovery phase since the

passage of hurricane Maria in September 2017. Preliminary data for the first half of 2019 indicate that economic activity has rebounded and that the economy's performance improved, relative to the corresponding period of 2018.

Construction activity is preliminarily estimated to have accelerated in the first half of 2019, reflecting developments in both the public and private sectors. Capital spending by the government increased by 2.5 per cent ($5.9m) to $238.4m associated with ongoing reconstruction and rehabilitation activities following hurricane Maria in September 2017, as well as other infrastructural improvements. Public sector construction was complemented by ongoing private sector projects including the continued construction of Tranquillity Bay Beach Hotel and Jungle Bay Villas and the expansion of the Secret Bay Resort. Initial estimates suggest that private sector construction was further supported by an upsurge in residential construction as residents continue to rebuild and repair homes that were damaged during the passage of hurricane Maria. Accordingly, the number of residential starts increased to 82.0 from 20.0 in the corresponding period last year.

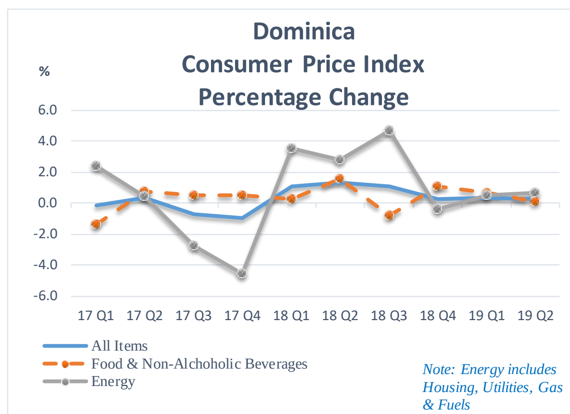
Activity in the tourism industry is estimated to have increased in the first six months of 2019, evidenced by a higher number of total tourist arrivals. This outcome was partially influenced by significant spending on tourism infrastructure, particularly in the accommodation sector to make more rooms available on the island. Preliminary estimates for the period January to June 2019 indicate that total visitor arrivals grew threefold to 205,193, in contrast to a decline of 76.1 per cent in corresponding period of 2018. This outturn was attributed to an expansion in both stay-over and cruise passenger arrivals. The number of stay-over visitors increased by 68.5 per cent to 44,372, influenced by a rise in visitor arrivals from all major source markets, namely, the Caribbean (78.1 per cent); the United Kingdom (59.2 per cent); the USA (27.0 per cent) and Canada (25.8 per cent). Likewise, the number of cruise passengers increased by over eightfold to 155,232, consistent with the growth in the number of cruise calls from 27 to 117. However, yacht passengers declined by 13.0 per cent (661) to 4,415 during the period under review.



Output in the agricultural sector is estimated to have increased in the period January to June 2019, relative to the same period last year. The production of bananas was estimated to have rebounded due to the major replanting effort, which took place in 2018 following hurricane Maria in September 2017. The output of non-banana crops and livestock were also estimated to have increased during the period.

The performance of the manufacturing sector in the first half of 2019 improved in comparison to the same period in 2018. A 6.0 per cent increase in the production of paints to 117,473 gallons was observed. In addition, the production of beverages grew by 47.7 per cent to 88,255 cases, reflecting a substantial expansion in productive capacity following hurricane Maria.

The consumer price index is estimated to have risen by 0.6 per cent during the first half of 2019, compared with a 2.5 per cent increase during the corresponding period of 2018. The deceleration in the inflation rate was largely attributable to the easing of supply issues in the post hurricane Maria period. One of the major categories that contributed to the slower rate of inflation is housing, utilities, gas and fuels, which grew by 1.2 per cent in the review period compared with a growth rate of 6.5 per cent last year. The food and non-alcoholic beverages, as well as the transport sub-indices also recorded lower growth rates of 0.9 per cent and 0.3 per cent, respectively.



Fiscal and Debt Developments

The fiscal operations of the central government resulted in an overall deficit of $169.9m in the first six months of 2019, compared with a deficit of $74.7m recorded in the corresponding period of 2018.

Likewise, a primary deficit of $152.3m was realised, a deterioration from the deficit of $57.8m recorded in the first half of the previous year. The larger deficits were driven by developments on both the current and capital accounts and were mainly financed through funding from domestic sources.

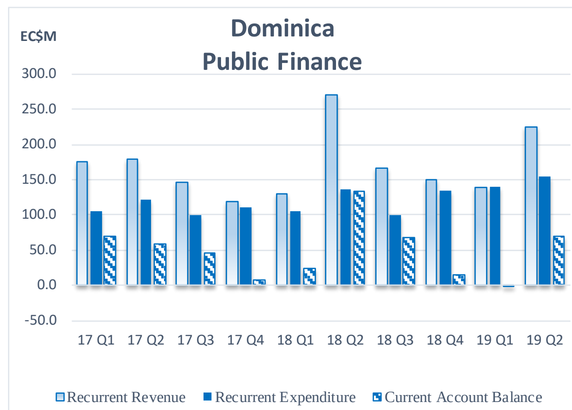
The current account surplus narrowed to $68.2m from one of $157.7m in the first half of 2018, largely reflecting a decrease in current revenue. Current revenue declined by 9.1 per cent ($36.6m) to $363.4m, mainly influenced by a 33.0 per cent ($67.5m) contraction in non-tax revenue to $136.8m, as a result of lower inflows from the Citizenship by Investment Programme. However, the falloff in current revenue was tapered by a 15.8 per cent ($30.9m) increase in tax revenue to $226.6m, predominantly because of higher inflows of taxes on income, profit and capital gains, as well as taxes on international trade and transactions. Taxes on income, profit and capital gains yielded $44.5m in revenue, which was $20.9m more than the total collected in the comparable period of the previous year. This higher amount collected was mainly influenced by a $31.5m increase in corporation tax revenue, a reflection of an increase in business activity after the destruction caused by hurricane Maria. Receipts from taxes on international trade and transactions amounted to $52.3m, representing $8.7m more than the sum collected in the first six months of 2018. This increase was associated with a rise in revenue collected from import duty ($6.5m) and cruise ship passengers' tax ($2.8m). Furthermore, there was an increase in revenue from taxes on property by $1.6m to $4.9m. The increase in tax revenue was however, partially offset by a 0.2 per cent ($0.3m) decline in the intake from taxes on domestic goods and services to $124.9m.

Current expenditure grew by 21.8 per cent ($52.9m) to $295.2m in the period under review, reflecting greater spending on all sub-categories with the exception of personal emoluments, which fell by 2.1 per cent ($1.7m) to $77.9m. Payments for goods and services rose by 17.4 per cent ($16.2m) to $109.3m, partially associated with the rebuilding and maintenance of buildings, and the purchase of supplies. Also contributing to the expansion in current expenditure, were a 71.4 per cent upsurge in outlays for transfers and subsidies to $90.4m and a 4.3 per cent increase in interest payments to $17.6m.

Capital expenditure rose by $5.9m to $238.4m, associated with reconstruction activity following the passage of hurricane Maria. Other infrastructural improvements such as road works, the dredging of rivers and the construction of housing, which were mostly funded by the Government of The Commonwealth of Dominica, also contributed to the rise in capital expenditure. Concurrently, capital grants amounted to $0.1m, largely unchanged from that recorded in the same period of the previous year.

The deficit ($169.9m) was driven by developments on both the current and capital accounts and were mainly financed through funding from domestic sources ($159.2m), as the government drew down on its deposits and contracted loans. Domestic funding mainly came from commercial bank ($87.2m), the Eastern Caribbean Central Bank ($12.2m) and other financing institutions ($59.8m).

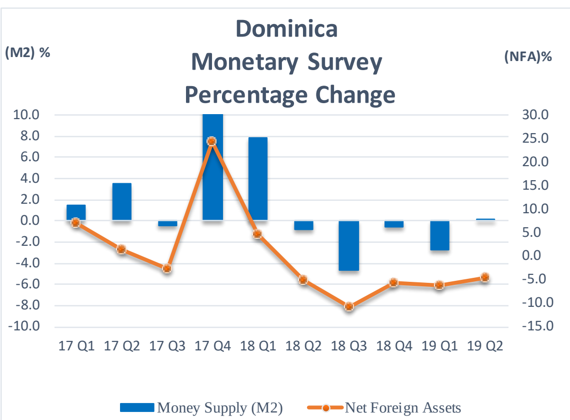
Total disbursed outstanding debt of the public sector is estimated to have increased by 7.4 per cent to $1,189.5m at the end of June 2019. This outturn resulted from an increase in both central government and public corporations debt. The debt of central government grew by 8.5 per cent to $1,032.6m, reflecting a 27.3 per cent increase in domestic debt and a 2.4 per cent increase in external debt. The debt of public corporations also expanded by 1.0 per cent to $157.0m, associated with a rise in debt owed to their domestic creditors (6.4 per cent) but partly offset by a decline in their obligations to external creditors (3.0 per cent).



Banking Sector Developments

Monetary liabilities (M2) fell by 2.7 per cent to $1,607.4m during the first six months of 2019, in contrast with growth of 7.0 per cent during the corresponding period of 2018. The reduction in M2 was driven by decreases in both quasi money, the larger component of M2, and narrow money. Quasi money fell by 1.3 per cent to $1,188.9m, reflecting decline in private sector private sector savings deposits (2.1

per cent). This decline was however, tempered by an expansion in private sector foreign currency deposits (13.7 per cent) and private sector time deposits (0.5 per cent). The reduction in monetary liabilities was also influenced by a 6.4 per cent fall in narrow money to $418.4m. This outturn was associated with decreases in private sector demand deposits (8.3 per cent) and EC$ Cheques and Drafts (10.1 per cent) but moderated by an increase in currency with the public (1.3 per cent).



Domestic credit rose by 11.5 per cent to $688.5m, largely driven by an increase in the net credit position of the central government. The central government moved from a net deposit position of $48.1m to a net credit position of $51.3m at the end of June 2019, as the government drew down on its deposits and contracted loans, in an effort to continue its public sector reconstruction and recovery effort. Likewise, there was an 8.9 per cent decline in the net deposit position of non-financial public enterprises to $97.9m, as the drop in deposits outpaced the decrease in credit extended. Growth in domestic credit was however, moderated by a 4.9 per cent contraction in credit extended to the private sector $735.1m, reflecting a decline in credit to businesses (9.4 per cent), non-bank financial institutions (3.0 per cent) and households (2.1 per cent).

An analysis of the distribution of credit showed an expansion of credit to key economic sectors, which is consistent with the improvement in economic conditions. Notable expansions were observed in credit for public administration (36.0 per cent); other non-productive sectors (20.7 per cent); agriculture and fisheries (18.1 per cent) and distributive trades (6.8 per cent). However, there was also decline in credit to key sectors, namely construction (30.7 per cent); tourism (15.8 per cent); manufacturing and mining and quarrying (5.9 per cent); and personal use (2.6 per cent).

The net foreign assets position of the banking system stood at $1,056.7m at the end of June 2019, registering a decrease of 10.6 per cent from the end of

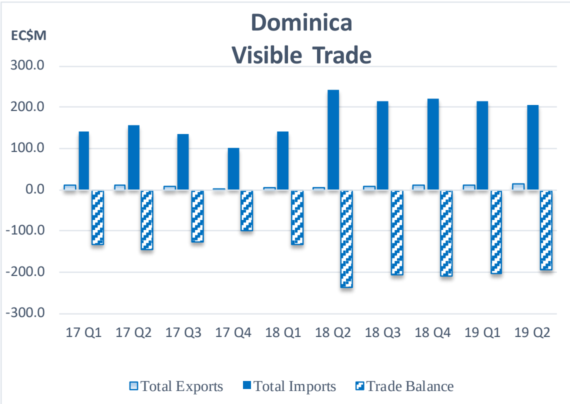
December 2018. This development was mainly the result of an 11.8 per cent contraction in the net foreign assets position of commercial banks, associated with a decline in their net assets position with institutions external to the ECCU. A reduction of 9.1 per cent in The Commonwealth of Dominica's imputed share of the Central Bank's reserves also contributed to the overall decrease in net foreign assets.

The commercial banking system remained liquid in the first half of 2018. The ratio of net liquid assets to total deposits fell by 2.9 percentage points to 53.0 per cent at the end of June 2019, but remained above the ECCB's minimum benchmark of 20.0 per cent. The loans and advances to total deposits ratio increased by 2.6 percentage points to 49.4 per cent, still considerably below the ECCB's maximum benchmark of 75.0 to 85.0 per cent. The ratio of non-performing loans to gross loans improved over the period, from 17.0 per cent to 11.8 per cent, which is 6.8 percentage points above the ECCB's tolerable limit.

The weighted average interest rate on deposits fell by 0.05 percentage points to 1.75 per cent at the end of June 2019. Meanwhile, the weighted average interest rate on loans declined by 0.07 percentage points to 7.54 per cent. Accordingly, the interest rate spread narrowed to 5.79 per cent from 5.91 per cent at the end of December 2018.

External Sector Developments

Preliminary estimates indicate that the trade deficit widened by 7.0 per cent to $397.1m in the first half of 2019. This development was attributable to an increase in import payments. The value of imports rose by 10.0 per cent to $419.5m, mainly influenced by higher import of food and live animals; machinery and transport equipment and manufactured goods. However, the increase in import payments were partially offset by a more than doubling in export receipts from $10.2m to $22.4m, partially associated with a post-Maria resumption in the export of soap and paints.



Gross travel receipts are estimated to have increased by 96.2 per cent to $103.3m, consistent with the notable rise in visitor arrivals. Commercial banks' transactions resulted in a net inflow of $78.9m in short term capital, compared with one of $47.2m in the first six months of 2018. In the public sector, external loan disbursements to the central government totalled $12.8m compared with $9.6m in the corresponding period of the previous year. On the other hand, external principal repayments amounted to $27.8m, up from $25.4m at the end of June 2018. These transactions led to a net outflow of $15.0m compared with one of $15.8m in the first two quarters of 2018.

Outlook

The The Commonwealth of Dominican economy is expected to continue to grow for the remainder of 2019. In the agricultural sector, replanting following hurricane Maria is expected to continue yielding an increase in agricultural output. Similarly, activity in the tourism industry is also likely to improve in the latter half of the year, supported by the hosting of the World Creole Music Festival in October. Growth in the construction sector is expected to continue, supported by ongoing reconstruction and rehabilitation activities in the public sector. Private sector projects such as the continuation of the construction of the Tranquillity Bay Beach Hotel and Jungle Bay Villas, in addition to the ongoing repair and reconstruction of residential homes, is likely to contribute to the acceleration in construction activity. Manufacturing output is projected to also expand as the productive capacity of facilities in the sector has improved considerably following the hurricane.

The overall fiscal balance is anticipated to worsen, mainly because of continued expenditure on the recovery and reconstruction effort. This outturn is likely to be compounded if the decline in inflows from the Citizenship by Investment Programme observed in the first half of the year continues throughout the remainder of 2019. However, tax revenue is expected to continue to increase in line with the expanding economy. In the external sector, the merchandise trade deficit is likely to deteriorate partially reflecting the continued imports of construction materials but moderated by an anticipated expansion in exports. Additionally, the real exchange rate of the EC dollar is forecasted to remain stable, as inflationary outcomes in the ECCU are projected to move in line with that of its major trading partners. Thus, The Commonwealth of Dominica is not expected to be adversely affected by fluctuations in the real exchange rate, which bodes for the island's competitiveness.

The risks to the outlook are skewed to the downside. One of the major risks that could negatively impact fiscal operations and by extension overall economic activity, is a possible deceleration in inflows from the Citizenship by Investment Programme. Likewise, the receipt of fewer grants than expected and/or delays in the disbursement of loan or grant funds, could slow down the implementation of the recovery and reconstruction effort. Rising trade tensions between the USA and China and stalled Brexit negotiations could dampen global growth, which can weaken the growth prospects for The Commonwealth of Dominica. In addition, The Commonwealth of Dominica remains vulnerable to external shocks such as adverse weather and a weakening of growth prospects of trading partners and friendly donor governments.

On the upside, businesses in the productive sectors should continue to benefit from concessional and financing opportunities currently provided by the government. These initiatives are expected to continue to support the recovery of the private sector in the post-Maria era. Additionally, the advancement of public sector projects such as the geothermal energy plant, the sustainable housing solution project and private sector tourism projects would contribute positively to the economy.

G R E N A D A

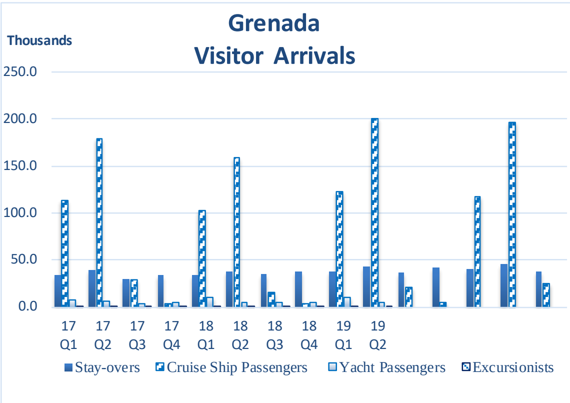
Overview

The pace of economic growth slowed in Grenada in the first half of 2019, relative to the corresponding period of 2018. Gains in the tourism industry provided the major impetus for overall growth, albeit moderated by declines in activity in the construction, manufacturing and agriculture sectors. The consumer price index fell by 0.3 per cent, on an end of period basis. Anchored by the continued implementation of the Fiscal Responsibility Act (FRA), the central government recorded a higher overall fiscal surplus. The total outstanding public sector debt fell at the end of June 2019, relative to the level at the end of December 2018. Banking sector developments included increases in net foreign assets, liquidity and monetary liabilities, while domestic credit declined further.

In the latter six months of 2019, the economy is expected to maintain the growth momentum observed in the first half of the year albeit at a decelerated pace. On the upside, a sustained global economic expansion provides the backdrop for positive domestic developments in relation to further strengthening of activities in the tourism industry and some recovery in construction activities. Inflationary pressures are likely to emerge, reversing the deflationary pressures registered in the first half of the year. Global energy and commodity prices could increase slightly based on recent heightening of geopolitical tensions in the major oil producing region. Risks in this regard maybe mitigated based on a weakening global growth outlook, which could have a dampening effect on oil prices. A larger overall fiscal surplus is projected on the central government's accounts, which is likely to support the convergence of the country's debt to GDP ratio towards the 55.0 per cent target stipulated in the FRA. Notwithstanding the cautiously optimistic economic outlook for Grenada, there are internal vulnerabilities as well as external downside risks. Despite progress to date with economic reforms, the country remains vulnerable to the vagaries of economic, financial and environmental shocks. An inherent challenge for the domestic economy remains securing balanced and robust growth.

Real Sector Developments

Preliminary real sector indicators suggested that growth in the economy was fuelled predominantly by activity in the tourism industry. Value added in the tourism industry is estimated to have increased in the first half of 2019, driven mainly by the relatively strong performance of the stay-over segment. Stay–over visitors increased by 3.8 per cent to 82,385, attributable to additional airlift, intensified marketing and the hosting of various international and regional events, conferences and meetings. The largest expansion in stay-overs arrivals were from the source markets of Canada (23.1 per cent); Europe (6.0 per cent) and the Caribbean (4.4 per cent). Of stay-over visitors from Europe, the UK market which constituted 72.0 per cent of all visitors from that source, grew by 5.8 per cent in contrast to a 0.1 per cent contraction in the corresponding half of 2018. The USA, the largest source market, registered the smallest upward movement among the major source markets, as arrivals rose by 0.3 per cent to 31,488. The positive developments in stay-overs segment were supported by marginal growth in cruise ship passenger sub-category, as the rate of increase normalized owing to the full restoration of operations of a number of northern Caribbean cruise ports that were damaged by hurricanes Irma and Maria in September 2017. Consequently, the number of cruise passenger arrivals grew by 0.4 per cent to 220,960, a deceleration from the 26.5 per cent increase in the first half of 2018. Among the remaining categories of visitors, increases were also recorded in the number of yacht passengers (3.7 per cent) and excursionists (27.0 per cent) respectively. Consequently, total visitor arrivals rose by 1.4 per cent to 319,063, compared with an increase of 21.0 per cent in the comparable period of 2018.



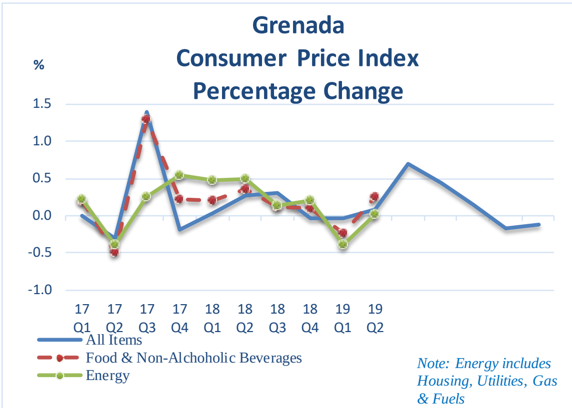
Positive spill-over effects, especially from growth in the tourism industry partly underpinned the performance of sectors such as wholesale and retail trade; and transport, storage and communications.

The overall performance of the real sector was moderated by lackluster developments in some of the remaining sectors. The rate of construction activity is estimated to have declined in the first half of 2019, as evidenced by reductions in both the volume (7.4 per cent) and value (14.2 per cent) of imports of construction materials, a proxy indicator. This assessment was also supported by a 61.1 per cent reduction in the volume of stones produced at the quarry, in contrast to a 3.3 per cent rise in the first six months of 2018. The decline in the sector was partially mitigated by a sharp increase in the volume of sand, which more than doubled to 125,219 cubic yards. The slower rate of expansion of the sector was primarily influenced by a decline in private sector construction activity, due to the completion of the Silversands Grenada resort in the first half of 2019 and another luxury tourism property, in 2018. In the public sector, the completion of a major project, the Gouyave extreme rainfall project, also contributed to lower construction activity.

Performance in the manufacturing sector is estimated to have declined during the period under review. This assessment is based on declines in output for the majority of the sub-categories of industrial production. Of industrial production, declines were observed in the beverages and tobacco component where production fell for most beverages. A reduction in output was reported for malt (24.1 per cent); stout (15.4 per cent); and beer (6.9 per cent), partly offset by increases in the production of soft drinks (9.9 per cent) and rum (2.0 per cent) respectively. Another sub-category, chemicals and paints, recorded a fall in production of two product types; acetylene and oxygen, respectively. Production of poultry feed was down by 6.5 per cent while that of wheat bran contracted by 5.6 per cent. Grain and bakery products, represented by the output of flour decreased by 0.8 per cent. Among the other manufactured goods, output of toilet paper fell by 68.7 per cent attributable to the loss of some regional markets.

The agriculture sector recorded lower activity, as farmers continued to grapple with the effects of pest infestation and weather related impediments. The reduction in activity was underscored by declines in the output of bananas (34.4 per cent) which offset higher production of nutmeg (54.7 per cent); cocoa (11.8 per cent); and mace which more than doubled to 39 tonnes. Further, the overall output of other crops, including fruits, vegetables, and ground provisions, is estimated to have contracted by 13.3 per cent to 988,481 pounds, and represented a steeper rate of decline than the 7.1 per cent reported in the first half of 2018. The fishing subsector registered a 6.9 per cent reduction to 2,072.6 tonnes in the volume of fish landed, in contrast to a 0.3 per cent rise in the first half of 2018.

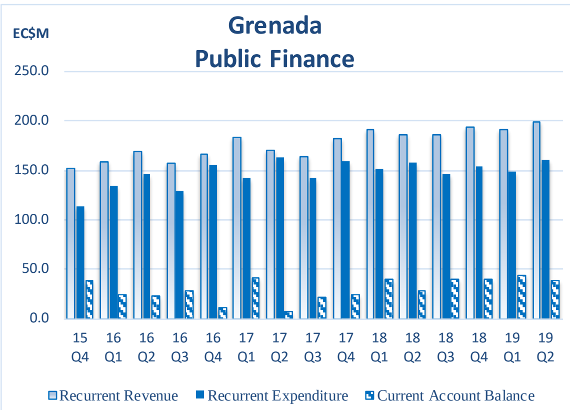
Inflationary pressures abated during the first half of 2019, as indicated by a decline in the consumer prices index. The index fell by 0.3 per cent, in contrast to a 0.8 per cent increase in the first half of 2018. The major contributors to the decrease in commodity prices included; downward movements in the sub-indices for transport (1.4 per cent), and for the largest weighted sub-index, housing, utilities, gas and fuels (0.4 per cent). The drop in the CPI was also influenced by a 0.2 per cent decline in prices for household furnishings, supplies and maintenance. Meanwhile, the fall in the CPI was partially offset by advances mainly in the sub-indices for communication (0.5 per cent); clothing and footwear (0.9 per cent); and recreation and culture (0.4 per cent), respectively. Other notable increases were recorded for the sub-indices of health (0.2 per cent) and alcoholic beverages, tobacco and narcotics (0.2 per cent). A number of sub-indices remained unchanged over the period, headlined by the one for food and non-alcoholic beverages, which is the second largest weighted sub-index as it accounts for 20.0 per cent of the CPI basket.



Fiscal and Debt Developments

Fiscal responsibility legislation enacted in 2015 during the Home Grown Structural Adjustment Programme forms the backdrop to fiscal policy in Grenada. In the context of fiscal rules, the fiscal policy stance in Grenada remained conservative, and contributed to a larger central government overall surplus. **The overall surplus expanded to $89.1m in the first six months of 2019 from $68.0m in the corresponding period of 2018.** Likewise, the primary surplus improved by 20.7 per cent to $116.2m. Both the overall and primary balance outcomes reflected the combined effects of buoyant real sector activity on revenue collections and prudence on the expenditure side of the accounts.

For the six-month period ended June 2019, a current account surplus of $81.6m was reported, up from one of $68.1m in the corresponding period of 2018. The rise in the current account surplus reflected stronger revenue performance while containing expenditure outlays. Current revenue rose by 3.5 per cent ($13.0m) to $389.9m, driven by tax receipts which grew by 4.2 per cent ($14.9m) to $373.6m. Receipts from taxes on domestic goods and services advanced by 3.5 per cent ($5.3m), primarily associated with an uptick in revenue of $1.7m from the Value Added Tax, consistent with growth in economic activity. A 10.6 per cent ($1.0m) increase in the collection of licences also contributed to the performance of taxes on domestic goods and services. The yield from taxes on international trade and transactions grew by 4.4 per cent ($5.0m) boosted mainly by improved revenue performances for import duty and customs service charge of 4.6 per cent and 3.6 per cent respectively. Revenue from taxes on income and profit grew by 5.1 per cent ($3.8m), attributable to higher receipts from personal income tax. The boost in income tax collections reflected the effect of legislative changes to tax rates in 2019. For the tax period 2019, there were 2.0 percentage points reductions to 28.0 per cent for both the personal income tax for income in excess of $5,000 per month and the corporate tax. The gains in the tax revenue category were partially mitigated by a contraction of 10.4 per cent ($1.9m) in non-tax revenue to $16.3m. Of non-tax revenue, receipts from the Citizen by Investment programme rose more than four-fold to $3.8m.

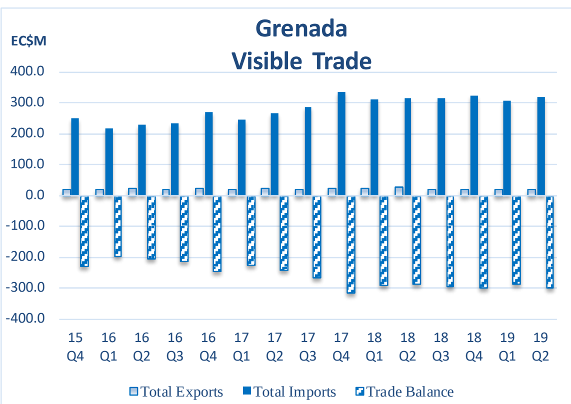


Current expenditure fell by 0.1 per cent ($0.4m) to $308.3m, on account of contractions in most of the spending categories, with the exception of transfers and subsidies. Expenditure on personal emoluments, which accounts for 43.2 per cent of current revenue, decreased by 5.0 per cent($7.0m) to $133.1m, as a consequence of a decline in public sector employment through attrition. Spending on goods and services was down by 2.3 per cent ($1.5m) while, interest payments declined by 4.2 per cent ($1.2m), reflecting lower external and domestic payments. In contrast, transfers and subsidies rose by 12.4 per cent ($9.2m), partly offsetting the declines in the other expenditure categories. Higher transfers were largely influenced by a rise in pension payments and an increase in ex-gratia payments to public servants to a minimum of $350 which commenced in January 2019.

In terms of other developments on the current account, grant resources in support of current expenditure totalled $12.0m, higher than the amount of $6.9m received in the first half of 2018.

On the capital account, capital grants trended downwards to $19.2m from $23.2m in the first six months of 2018. Capital grants were for the most part were sourced from the National Transformation Fund. Capital expenditure in the period under review undershot outlays made in 2018 by $6.6m to $23.7m, as implementation of the PSIP continued to be negatively impacted by capacity and institutional factors.

The overall surplus generated enable the central government to increase its deposits held at commercial banks and to retire debt held by both domestic and external creditors. Consequently, the disbursed outstanding debt of the public sector totalled $1,994.4m at the end of June 2019, 4.6 per cent lower than the total of $2,091.3m at the end of December 2018. The downward trajectory in the outstanding debt represented reductions in the debt stock of the central government by 2.6 per cent to $1,925.8m, and that of public corporations by 39.5 per cent to $68.6m. The decline in central government debt reflected a 3.2 per cent ($47.3m) reduction in external debt coupled with a 1.0 per cent ($4.8m) contraction in domestic debt. Meanwhile, the lower outstanding debt of public corporations was driven by the elimination of external indebtedness and a 13.6 per cent decrease ($10.8m) in debt held with domestic creditors.

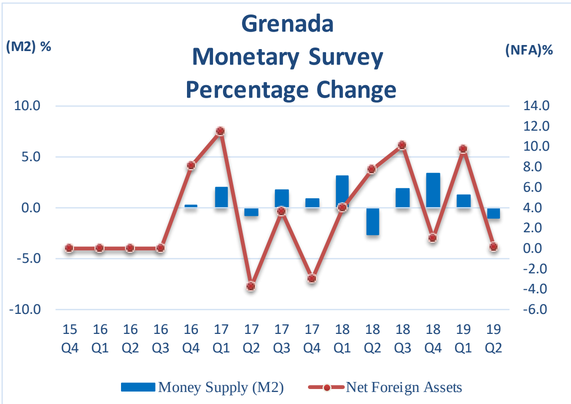


Banking Sector Developments

Monetary liabilities (M2) expanded more slowly at 0.4 per cent to $2,378.3m during the first six months of 2019, compared with growth of 0.5 per cent observed in the first half of 2018. The expansion was fuelled by a 1.7 per cent ($27.9m) increase to $1,694.4m in quasi money which represents 71.2 per cent of M2. The evolution of quasi money represented upward movements in private sector savings deposits (1.9 per cent) and private sector foreign currency deposits (6.5 per cent). The increase in quasi money was moderated by a 3.5 per cent reduction in private sector time deposits. Meanwhile, narrow money (M1) fell by 2.6 per cent to $683.9m. Of the components of (M1), currency with the public declined by 11.0 per cent and private sector demand deposits contracted by 0.7 per cent, offsetting a 9.9 per cent upturn in EC$ cheques and drafts issued.

The net foreign assets of the banking system grew by 9.9 per cent ($130.7m) to $1,445.7m, representing a slight deceleration from the rate of growth of 12.1 per cent during the first half of 2018. Growth stemmed largely from an expansion of 18.4 per cent ($127.6m) in the net foreign assets of commercial banks. Principally, this reflected increases in commercial banks net asset position with financial institutions within the Currency Union as well as their foreign investment portfolio. The increase in banking system net foreign assets was also further augmented by an increase in

Grenada's imputed share of the Central Bank's reserves by 0.5 per cent ($3.1m) to $626.3m.



Domestic credit declined further, by 5.7 per cent during the period of review, compared with one of 4.8 per cent in the corresponding period of 2018. This acceleration in the pace of decline was on account of transactions of the central government and Non-Financial Public Enterprises (NFPEs), as there was a further strengthening in their net deposit positions. The central government's total credit from the banking system rose by 19.3 per cent ($8.6m), however this was eclipsed by deposit growth which trended higher by 20.6 per cent ($50.6m). Consequently, the net deposit position of the central government climbed by 20.9 per cent ($42.1m) to $243.4m. The net deposit balance of NFPEs rose by 12.1 per cent ($36.0m) to $334.9m due to a 6.7 per cent increase in deposits while their credit balance contracted by 13.4 per cent. On the upside, private sector credit rose by 1.0 per cent ($15.1m), reflecting a 5.6 per cent uptick in outstanding credit to businesses.

An analysis of outstanding credit by economic activity indicates that credit for personal use, the largest category, contracted by 1.0 per cent to $1,074.5m in contrast to a 0.1 per cent increase during the comparable period last year. This occurred on account of a decline of $14.7m in loans for the acquisition of property. The data also showed lower outstanding credit for public administration ($19.2 per cent); utilities, electricity and water ($2.0m) and financial institutions ($1.1m). Growth in outstanding credit was registered for the major economic sectors of tourism (6.4 per cent); distributive trades 5.3 per cent); manufacturing plus mining and quarry 5.6 per cent); construction 3.5 per cent); and agriculture and fisheries (4.7 per cent). Credit extended for entertainment and catering purposes was also higher ($4.4m). Commercial bank liquidity rose during the first half of 2019, evidenced by a 1.2 percentage point decline in the ratio of loans and advances to total deposits to 53.8 per cent. The ratio of non-performing loans to gross loans continued on a downward trajectory, reaching 2.37 per cent at the end of June 2019 from 2.40 per cent at the end of December 2018. This performance is above the ECCB Monetary Council stipulated benchmark of 5.0 per cent. Banks in Grenada are well capitalized as indicated by an increase in the Total Regulatory Capital to Adjusted Risk Weighted Assets ratio to 13.81 as at June 2019, up from 13.04 per cent at the end of December 2018, and above the 8.0 per cent prudential benchmark. The weighted average interest rate spread between loans and deposits narrowed by 0.2 of a percentage point to 6.1 per cent, compared with a spread of 6.3 per cent as at

December 2018.

External Sector Developments

A merchandise trade deficit of $588.7m was estimated in the first six months of 2019, compared with that of $578.8m recorded in the comparable period of 2018. The larger deficit was directly attributable to a decrease in the value of total exports, which fell by 23.7 per cent to $38.1m. Receipts from total exports were constrained by a 25.8 per cent decrease to $34.7m in the value of domestic exports, influenced by declines in receipts from agricultural exports; in particular nutmeg and fish. The decline in exports earnings was tempered by a marginal increase in earnings from manufactured goods, such as animal feed. In contrast, the value of re-exports rose by 8.0 per cent to $3.4m, primarily on account of the repatriation of machinery and transport equipment. The value of total imports fell by 0.3 per cent to $626.7m, largely attributable to marked decreases in the importation of miscellaneous manufactured articles; manufactured goods and crude materials.

Gross travel receipts rose by 3.0 per cent to $215.8m, consistent with higher activity in the tourism industry, principally the influx of stay-overs. Commercial banks transactions resulted in a net outflow of $127.6m, relative to one of $133.6m during the first half of 2018. External loan disbursements tapered to $3.4m from $19.8m in the first six months of 2018, while external amortization amounted to $46.1m, approximately $2.8m below the amount recorded in the prior year. Consequently, the central government recorded net outflows of $42.7m in the first half of 2019 up from net outflows of $29.1m in the comparable period of 2018.

Outlook

The economic performance is forecasted to remain buoyant over the near-term, preliminary projections point to a 3.4 per cent expansion in GDP in 2019, from 3.5per cent in 2018. Growth is expected to be anchored largely by an improved performance of the tourism industry, with positive spill-over effects on the auxiliary sectors of wholesale and retail trade; transport, storage and communications and real estate renting and other business activities. The tourism industry will benefit from new and improved accommodation properties, along with intensified marketing of the destination, both regionally and internationally.

These developments could be stymied by underperformance in the construction, agricultural and manufacturing sectors. In the public sector, construction work will include ongoing rehabilitation of roads, repairs to schools, work on climate adaptation projects as government sponsored housing projects. Private sector construction activity will focus primarily on the construction and refurbishing of hotels, including ongoing work on the Kimpton Kawana Bay Resort and residential construction. The outlook for agriculture and manufacturing is not promising amid constraints to boosting production and exports.

Inflationary pressures are likely rise towards the end of 2019, relative to the developments in the first half of the year, associated with recent geopolitical developments.

In the external sector, the merchandise trade deficit is projected to widen in 2019, relative to the previous year, predicated largely on a downturn in exports coupled with an uptick in the level of imports. A possible temporary rise in global commodity prices, based on geo-political developments, could contribute to higher import payments

Central government finances are expected to strengthen and register a larger overall surplus in 2019 relative to the previous year. Current revenue is expected to expand in line with projected economic growth and ongoing efforts to improve tax administration and collections. Prudent expenditure controls, as stipulated by the FRA are expected to maintain outlays within prescribed limits, resulting in healthy primary, current and overall surpluses.

There are a number of risks that could materialize and further dampen economic growth. Key external risks include a more protracted deceleration in the global economy due to developments in the USA economy along with continued Brexit uncertainty. The imposition of import tariffs led by the USA and retaliatory actions by China and other major trading partners could interrupt global trade and further slow the global expansion. Disruptions to global trade could reduce aggregate demand worldwide and ultimately curtail foreign exchange for Grenada. These global risks can be mitigated in the short to medium term by further economic diversification. This includes intensified marketing and breakthroughs into non-traditional tourism source markets; expanding the scope for agricultural diversification through agro-processing; and the greater application of technology and other scientific enhancements to business processes and production.

Vulnerability to adverse weather and natural disasters, another key source of risk, can potentially derail economic progress and disrupt the financial sector. In response, the authorities should also reinforce efforts to combat the adverse effects of climate change through the implementation of global best practices geared towards adaptation and mitigation.

Downside risks on the fiscal front can be avoided or mitigated by the central government through its continued adherence to the FRA. Alongside binding fiscal rules and the debt target, efficiency and prioritization in public spending must be maintained. While the fiscal and debt outlook for Grenada was assessed as being stable, it is still tenuous because economic growth can begin to soften in 2019. Further, uncertainties abound on the contingent liabilities government can eventually assume from the ongoing oil and natural gas exploration; debt arrangements involving the public sector; the outstanding court matter between the government and GRENLEC; the establishment of national health insurance; and restoration and reform of pensions.

On the upside, financial inflows from the CBI and other foreign direct investment are expected to remain strong in 2019. Additionally, intensified policy efforts during the latter half of 2019 aimed at building resilience to climate change; developing the digital economy; modernizing public sector operations including procedures for the PSIP; and improving the business climate should ultimately bode well for the economy.

Finally, the anticipated launch of the country's national development plan in the last quarter of 2019, is an important first step in solidifying the country's long term growth path.

M O N T S E R R A T

Overview

Preliminary data indicate that economic activity in Montserrat expanded in the first six months of 2019, compared with the corresponding period of 2018. The expansion in activity was led by the improved performance in a number of key economic drivers including public administration and tourism. The consumer price index increased by 1.7 per cent, on an end of period basis. The merchandise trade deficit widened as the value of imports increased. The fiscal operations of the central government resulted in a larger overall deficit, primarily associated with lower grant flows in the period. The total public sector debt declined, driven largely by a contraction of the indebtedness of public corporations. In the banking system, total monetary liabilities and domestic credit grew, while, net foreign assets declined. The commercial banking system remained relatively liquid and stable, while the spread between the weighted average interest rates on loans and deposits narrowed during the period under review.

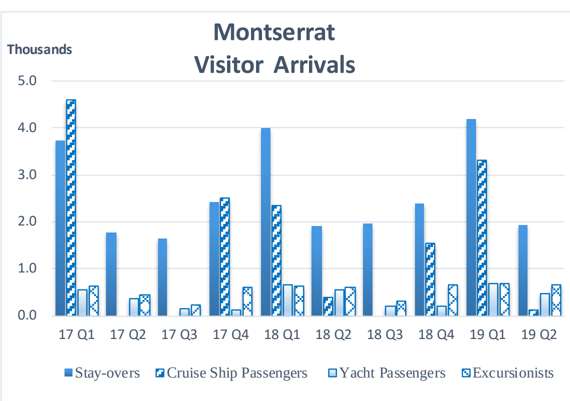
Despite downside risks, developments for the first six months of the year suggest a positive outlook for the economy of Montserrat in 2019. The prospects are premised on anticipated developments in the major contributors to economic activity, including the public administration and construction sectors and tourism industry.

As these sectors expand, they are likely to have positive spill over effects on the performance of auxiliary sectors such as transport, storage and communications and real estate, renting and business. Improvements in the central government's fiscal balances in 2019 will depend on the timely disbursement of grant aid and a likely turn-around in revenue collection. Budgetary aid from the United Kingdom usually finances close to 70.0 per cent of expenditure, therefore uncertainties regarding Brexit may impede the efficiency of grant inflows and overall economic activity. On the other hand, if global developments are as favourable as anticipated, grant inflows may increase. For Montserrat, air access remains a challenge. Resolving this issue is critical for effective implementation of its population expansion policy and improving the doing business environment. Other significant risks to the growth prospects include ongoing geopolitical tensions, the perennial threat of volcanic eruptions and adverse weather, particularly associated with an active 2019 hurricane season.

Real Sector Developments

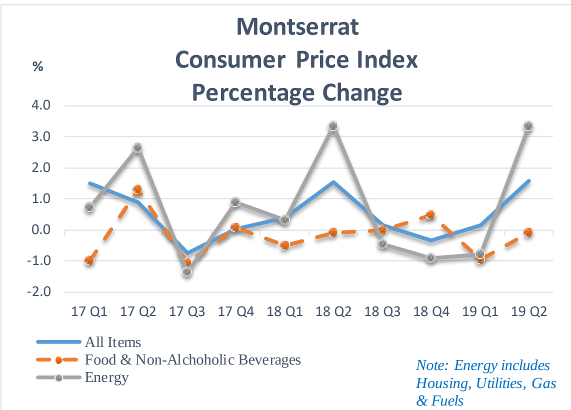
Activity in public administration, defence and compulsory social security, which contribute on aggregate approximately one third of overall economic output in Montserrat, is estimated to have grown in the review period, evidenced in part by higher public sector remuneration. Wages and salaries paid to public officers by the central government increased by 5.0 per cent in the first half of 2019, following growth of 3.7 per cent in the comparable six months of the previous year. **Value added in the tourism industry is estimated to have risen in the first six months of 2019, as indicated by an increase in the total number of visitors.** Total arrivals grew by 9.1 per cent to 12,078, reflecting growth in all visitor categories, except yacht arrivals. The number of cruise ship passengers rose by 25.8 per cent to 3,445, in contrast to a decline of 40.6 per cent in the corresponding half of 2018. The improvement in the cruise ship category was partly associated with an increase of 9.1 per cent in the number of cruise ship calls to the Emerald Isle, when compared with the first six months of the previous year.

The number of stay-over visitors increased by 4.2 per cent to 6,140, compared with growth of 7.2 per cent in the comparable period of 2018. The outturn for stay-over arrivals mainly reflected strong performances in all its sub-categories. Stay-over arrivals from the Caribbean, the main source market, grew by 3.9 per cent (82) to 2,171, a slower pace than the 8.1 per cent recorded in the first six months of 2018. The number of stay-over visitors from the UK, the second largest source market, increased by 4.4 per cent (74) to 1,742, compared with growth of 16.6 per cent in the corresponding period of the prior year. Of the remaining sub-categories, stay-over arrivals from the USA and Canada increased by 4.2 per cent (63) and 4.8 per cent (20), respectively. Likewise, the number of excursionists increased by 8.2 per cent (101) to 1,339, a deceleration from growth of 17.2 per cent recorded in the first half of 2018. By contrast, a decline of 3.7 per cent in yacht passenger arrivals to 1,154, a consequence of a reduced number of yacht calls, somewhat mitigated the overall improvement in total visitor arrivals.



Activity in the construction sector improved, reflective of a 19.9 per cent increase in capital expenditure, a faster pace than growth of 10.3 per cent recorded in the first half of 2018. Public sector construction focused largely on the maintenance of roads, bridges and other vital infrastructure. The value of construction starts in the review period grew by 84.0 per cent compared with growth of 27.7 per cent in the corresponding period of the prior year. An increase of 1.4 per cent in commercial bank lending to the sector, also gave credence to the estimated improvement in overall construction activity.

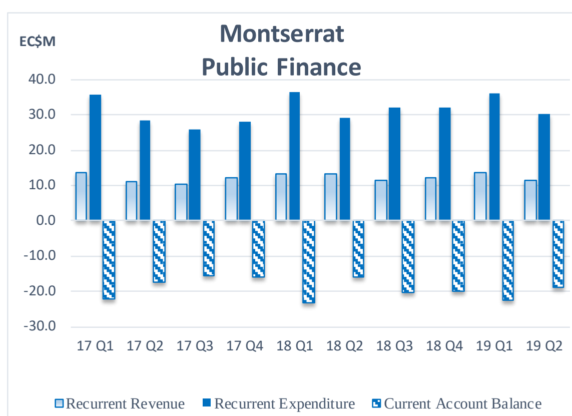
The consumer price index increased by 1.7 per cent, on an end of period basis, compared with growth of 1.9 per cent during the first half of 2018. The increase was largely associated with growth of 5.1 per cent in the transport sub-index and 2.5 per cent in prices for housing, water, electricity, gas and other fuels. In addition, upward movements in the prices of miscellaneous goods and services (1.1 per cent) and alcoholic beverages, tobacco and narcotics (0.8 per cent) contributed to overall inflationary. Meanwhile, the increase in the general price level was tempered somewhat by declines in the sub-indices for furnishings, household equipment and routine household maintenance (2.7 per cent), recreation and culture (1.7 per cent) and food and non-alcoholic beverages (1.0 per cent).



Fiscal and Debt Developments

The fiscal operations of the central government resulted in a larger deficit in the first six months of 2019 compared with the corresponding period of 2018. An overall deficit (after grants) of $16.3m was recorded, in comparison with a deficit of $0.7m realized in the first half of 2018. The fiscal outturn mainly reflected a decline in the disbursement of grant aid, supported by subdued revenue inflows and a higher level of expenditure. Grant inflows, which largely finance fiscal activities, fell by 26.2 per cent to $33.3m in the first half of the year in contrast to growth of 85.9 per cent in the prior year. This development was largely due to delayed receipt of aid financing, given the late presentation of this year's budget.

Revenue performance waned, as reflected by a decline of 5.8 per cent to $25.2m in current revenue, in contrast to growth of 7.9 per cent ($2.0m) registered in the first six months of 2018. This weakened performance was primarily attributable to a 6.6 per cent decline to $22.3m in tax revenue, in contrast to an increase of 7.8 per cent in the first half of the prior year. Lower intakes from all categories of taxes, except property tax, accounted for the fall in tax revenue. Declines were noted in taxes on income and profits ($1.2m), international trade and transactions ($0.3m) and domestic goods and services ($0.1m). In contrast, taxes on property and non-tax revenue recorded marginal increases.



Current expenditure increased by 1.4 per cent to $66.7m, as growth in personal emoluments and goods and services more than offset a decline in transfers and subsidies. Spending on personal emoluments grew by 5.0 per cent ($1.1m) to $23.3m, predominantly driven by higher salaries paid to public officers. Expenditure on goods and services increased by 4.3 per cent ($1.1m) to $26.0m compared with growth of 8.8 per cent in the first half of the previous year. The interest payments sub-category recorded a marginal increase ($0.1m), as external debt rose. By contrast, outlays on transfers and subsidies declined by 7.2 per cent ($1.4m) in the review period.

Capital expenditure grew by 19.9 per cent ($1.3m) to $8.1m in the review period compared with growth of 10.3 per cent in the corresponding half of 2018. The increase in capital expenditure was primarily due to repairs to infrastructure, mainly roads and bridges.

Preliminary data for the period ended June 2019 indicate that the total disbursed outstanding debt of the public sector stood at $12.0m, a decline of 2.6 per cent from the total at the end of December 2018. This outturn largely reflected declines of 5.8 per cent and 1.4 per cent in the borrowing of public corporations and central government, respectively. The stock of public sector external debt stood at $6.8m at 30 June 2019, compared with a balance of $9.0m recorded at the end of December last year, as repayment on the loan facility for the power plant continued. The decline in the total outstanding debt of the central government was mainly due to a fall of 7.1 per cent ($0.2m) in their stock of domestic debt.

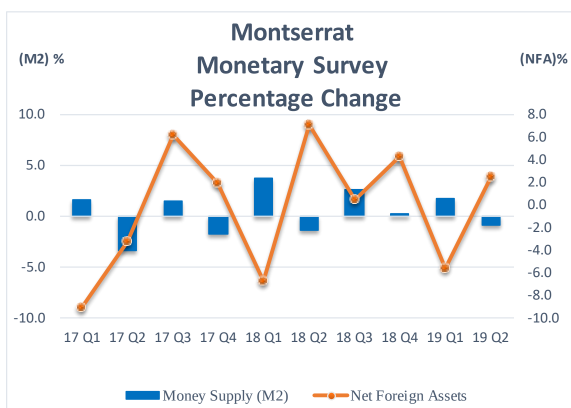
Banking Sector Developments

In the banking system, monetary liabilities (M2) are estimated to have expanded by 1.0 per cent to $258.4m during the first six months of 2019, in comparison with growth of 2.5 per cent during the corresponding period of 2018. The expansion in M2 largely reflected developments in Money Supply (M1). M1 grew by 18.2 per cent to $80.5m, driven mainly by growth in private sector demand deposits (21.5 per cent) and currency with the public (13.1 per cent). The expansion in M1 was tempered by a 5.3 per cent fall in quasi money to $177.9m, attributable to declines in private sector time deposits (38.2 per cent) and private sector savings deposits (1.1 per cent). These declines outweighed growth of 24.4 per cent in private sector foreign currency deposits.

The stock of domestic credit position stood at $16.8m at the end of review period, compared with a total of $3.6 at the end of December 2018. This outturn mainly reflected central government's transaction activities, as private sector credit inched downward. The transactions of the central government resulted in a smaller net deposit position, influenced primarily by a 19.4 per cent ($13.5m) fall in deposits held at commercial banks. Private sector borrowing fell by 0.2 per cent ($0.2m) as a result of a decline in lending to households while loans to businesses increased by 1.1 per cent ($0.1m). The net deposit position of non-financial public enterprises increased by 7.4 per cent to $9.9m.

An analysis of the distribution of credit by economic activity suggests that outstanding loans and advances grew by 0.7 per cent, largely associated with an increase in lending for personal uses. Personal loans, which accounted for an estimated 86.2 per cent of outstanding credit, rose by 1.0 per cent to $90.2m. This upturn was reflected primarily in a 1.7 per cent increase to $75.0m in lending for acquisition of property, mainly for house and land purchase. There were marginal declines in lending for tourism ($0.1m) and manufacturing and mining and quarry ($0.1m).

The net foreign assets (NFA) in the banking system declined by 3.2 per cent to $299.9m. This outturn was largely attributable to a reduction of 4.3 per cent to $167.0m in the net foreign assets of commercial banks. The decline in net external assets of commercial banks was driven by a 20.1 per cent ($8.6m) decrease in net assets held with institutions within the Currency Union. Foreign liabilities held outside and within the ECCU both contracted by 2.3 per cent. The decline in NFA was also influenced by a 1.7 per cent ($2.3m) fall to $132.9m in Montserrat's imputed share of the Central Bank's reserves.



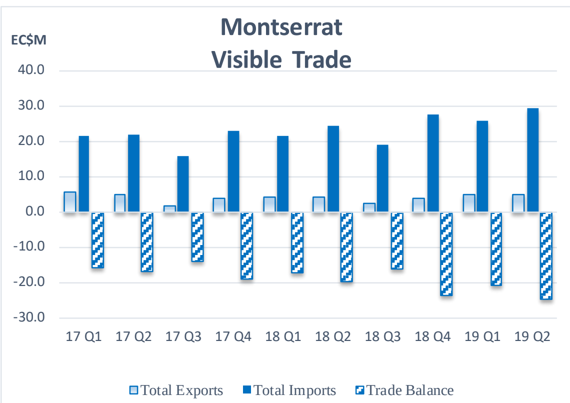
Liquidity in the banking system remained relatively high and stable during the review period. As at June 2019, the ratio of liquid assets to total deposits and liquid liabilities was 84.2 per cent, well above the minimum prudential benchmark of 25.0 per cent. Further evidence of elevated liquidity conditions was apparent in the ratio of loans and advances to total deposits, which was 30.2 per cent at the end of the review period. That ratio was slightly above the December 2018 level and above the prudential range of 75.0 per cent to 85.0 per cent.

The weighted average interest rate on deposits increased to 1.13 per cent, from 1.10 per cent at the end of December last year, while the weighted average lending rate fell marginally to 6.62 per cent from 6.68 per cent. Consequently, the weighted average interest rate spread narrowed by 9.0 basis points to 5.49 during the first half of the year. There was a slight improvement in the asset quality of commercial banks during the period under review. The non-performing loans to gross loans ratio was 5.92 per cent at the end of June 2019 compared with 5.94 at the end of December 2018. That ratio was also marginally above the ECCB's recommended threshold of 5.0 per cent.

External Sector Developments

There was a deterioration in the trade balance in the first six months of 2019 when compared with the corresponding period in 2018. The trade deficit widened by 22.8 per cent to $45.7m in the review period, as an increase in import payments more than offset an improvement in the performance of exports. Outflows for imports rose by 21.2 per cent to $55.3m, in comparison with growth of 5.5 per cent ($2.4m) recorded in the corresponding period of the previous year. This expansion was largely influenced by increases of 32.9 per cent ($4.0m) in the importation of machinery and transport equipment and 30.8 per cent ($2.8m) for mineral fuels and related materials. The value of total exports rose by 14.0 per cent to $9.6m in the first six months of the year, in contrast to a fall of 19.8 per cent in the comparable period one year earlier. This outturn was due primarily to growth of 39.2 per cent ($0.9m) in re-exports, associated with an increase of 51.4 per cent in the re-export of machinery and transport equipment. Additionally, the overall growth in exports was supported by an increase of 4.5 per cent ($0.3m) in the value of domestic exports.

Gross receipts from travel are estimated to have increased by 4.3 per cent to $17.4m, reflective of growth in the number of stay-over visitors. Transactions of commercial banks resulted in a net outflow of $7.4m in short-term capital during the first half of 2019, compared with an outflow of $6.9m recorded during the corresponding period of 2018.



Outlook

Although risks to the forecasts have been tilted to the downside, the economy of Montserrat is projected to expand in the second half of 2019, as the performance of key economic sectors is expected to pick up. The positive outturn in the first six months augurs well for the overall outturn for the year. It is anticipated that the drawdown of budgetary aid in the latter half of the year will help spur economic activity. However, Montserrat, an overseas territory, depends primarily on grant financing from the UK Government and so plans for major projects may be hampered by the indecision of the UK Parliament regarding Brexit. Additionally, any depreciation of the Sterling has the potential to adversely impact anticipated budgetary support.

An uptick in construction activity is expected, a continuation from the first half of the year. In the public sector, infrastructural development and maintenance works on roads and bridges will persist throughout the year, supported by a school project and activities related to the implementation of phase one of the Little Bay Development. In addition, tourism related projects geared towards further development of Montserrat's unique tourism product will complement the ongoing construction activities.

Activity is the hotels and restaurants sector is projected to remain on its current positive trajectory, largely due to expected improvements in the cruise segment. The thrust of tourism officials is to enhance access and be more aggressive in their marketing strategy. Meanwhile, policies to encourage cruise ships to dock on the island remain a priority. Improvements in the number of stay-over visitors, excursionists and yacht passengers are also anticipated. Positive developments in the tourism industry are expected to spill over into auxiliary sectors, such as wholesale and retail trade and transport, storage and communications, which will further boost overall economic growth.

The fiscal situation is likely to improve, supported by efficiencies in grant aid flows for the remainder of the year. Revenue collection in the latter half of 2019 should be augmented by the anticipated improvements in tax collection and compliance as well as continued enforcement of tax laws. Notwithstanding the improvement on the revenue side, the implementation of several capital projects is expected to drive up expenditure, but not sufficient to offset revenue gains.

Montserrat's economic performance is contingent, inter alia, on the availability and timeliness of grant funding, developments in the global macro-economic environment and access to the island. Major downside risks to this forecast include the outcome of the Brexit negotiations, on-going geopolitical tensions, limited air access, disruptions in grant flows, heightened threat of volcanic eruptions and the adverse impact of global warming and climate change, particularly an active hurricane season.

SAINT CHRISTOPHER (ST KITTS) AND NEVIS

Overview

Preliminary data suggest that economic activity in the Federation of Saint Christopher (St. Kitts) and Nevis in the first six months of 2019 has expanded, driven mainly by increased activity in the construction sector and tourism industry. On an end of period basis, consumer prices fell by 0.9 per cent. In the external sector, the merchandise trade deficit is estimated to have narrowed, mainly on account of a decrease in imports payments. The federal government's fiscal operations resulted in a larger overall surplus during the period. Notwithstanding this improvement in the government's fiscal balance, total outstanding debt for the public sector increased marginally. In the banking system, monetary liabilities, domestic credit and net foreign assets expanded. While the commercial banking system remained highly liquid, nonperforming loans exceeded the prudential benchmark.

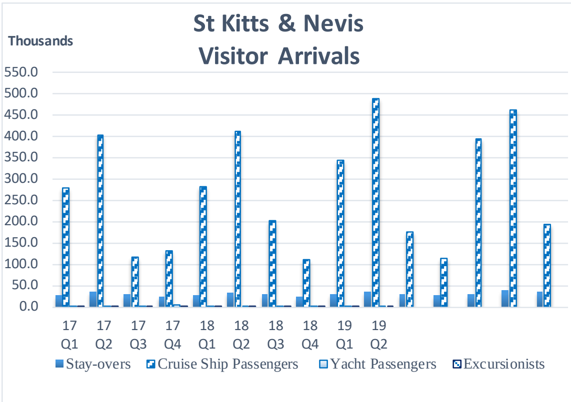
The economy of Saint Christopher (St. Kitts) and Nevis is forecasted to expand further in the remainder of 2019, based on robust in activity in the construction sector and tourism industry. Despite the expected advancement in capital projects, the overall fiscal surplus is likely to be maintained as the government continues to receive inflows from the Citizenship by Investment programme. In the external sector, the narrowing of the merchandise trade deficit is anticipated to slow. Downside risks to this outlook include a deceleration in the

Citizenship by Investment receipts, a slowdown in global growth, and adverse weather.

Real Sector Developments

Real sector preliminary indicators reveal that growth in the Saint Christopher (St. Kitts) and Nevis economy, in the first six months of 2019, was fuelled largely by activity in the construction sector and the tourism industry. Construction activity remained buoyant in the first half of 2019 primarily due to high public sector investment spending. In the public sector, capital spending by the government increased by $26.5m to $78.8m, mainly associated with the upgrade of the island main road project, the road improvement project, the rehabilitation of the Old Road Fisheries Complex project, the construction of residences led by the National Housing Corporation (NHC) and other infrastructural improvements in Saint St Kitts; the hospital expansion, the construction of the new water taxi pier and road works in Nevis, among other capital projects. The construction of the second cruise pier and airport rehabilitation works by the St. Christopher Air and Sea Ports Authority, also contributed to robust public sector construction activity. The advancement of private sector projects such as the ongoing construction of the Ramada Hotel and renovation works at the Four Seasons Resort in Nevis also boosted construction activity.

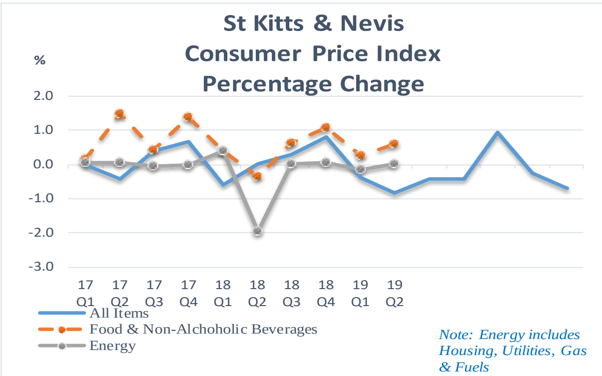
Value added in the tourism industry is estimated to have increased in the period January to June 2019, relative to the same period last year, chiefly on account of higher stay-over arrivals. The number of stay-over arrivals grew by 11.9 per cent to 74,380, reflecting higher demand in all major source markets. In particular, upticks were registered in arrivals from the USA (6.8 per cent), which remains the largest source market, Canada (79.7 per cent), the Caribbean (6.2 per cent) and the UK (3.3 per cent). Notably, arrivals from the USA and Canada were boosted by increased airlift while the hosting of the annual St Kitts Music Festival brought additional visitors, particularly from the Caribbean market. Continued marketing efforts also contributed to the improvement in stayover visitor arrivals. The number of yacht passengers also increased, by 52.0 per cent to 2,881. Meanwhile, there was a 1.0 per cent dip in the number of cruise passenger arrivals to 655,001 and a 13.5 per cent decrease in the number of excursionists was recorded. Consequently, total visitor arrivals are estimated to have increased by 0.3 per cent to 734,183 during the period under review.



Activity in the manufacturing sector, proxied by exports, is estimated to have expanded during the first two quarters of 2019. More specifically, the export of manufactured goods increased by 26.7 per cent to $85.3m. A decline of 27.4 per cent in the export of alcoholic beverages is however likely to have weighed on the estimated increase in manufacturing activity.

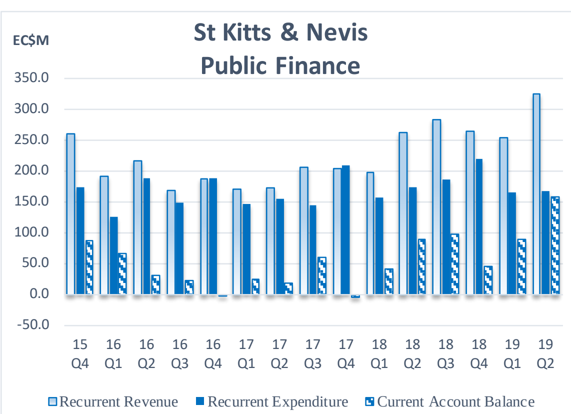
Output in the agricultural sector is provisionally estimated to have increased during the period under review. Total crops produced rose by 59.0 per cent, relative to the same period last year, as production returned to normal levels following the passage of hurricanes Irma and Maria in the latter half of 2017. The increase in production reflected an upsurge in the yield of crops such as sweet potatoes, carrots, watermelon and squash. Livestock and chicken production however decreased, moderating the estimated growth in agricultural output. The observed decline in livestock productivity was partially associated with disease outbreaks, which mainly afflicted cattle, sheep and goats, during the period under review.

The consumer price index fell by 0.9 per cent in the first two quarters of 2019, compared with a 1.3 per cent decrease in the corresponding period of the previous year. The deflationary pressures were largely attributed to a decline in the prices of transport (6.0 per cent); household furnishings, supplies and maintenance (1.5 per cent); alcoholic beverages, tobacco and narcotics (0.8 per cent) and clothing and footwear (0.3 per cent). The fall in the general price level was however moderated by an increase in the price of recreation and culture (4.9 per cent) and food and non-alcoholic beverages (0.9 per cent).



Fiscal and Debt Developments

The fiscal operations of the federal government, which were largely driven by the central government, resulted in an overall surplus of $191.5m in the first half of 2019, relative to a smaller surplus of $105.9m recorded in the corresponding period of 2018. Similarly, a primary surplus of $209.2m was realised, an improvement from one of $127.1m in the previous year. The surpluses were mainly influenced by an expansion on the current account, owing to an increase in current revenue and were partly used to service external debt and augment savings with commercial banks.



A current account surplus of $246.7m was registered, compared with one of $129.3m in the comparable period of the prior year. Current revenue grew by 26.2 per cent ($120.2m) to $578.9m, with increases in non-tax revenue accounting for the major share of the growth. Non-tax revenue rose by 54.2 per cent ($111.0m) to $315.7m, primarily driven by an increase in Citizenship by Investment receipts. An improvement in tax revenue which grew by 3.6 per cent ($9.2m) to $263.2m due to a larger intake of direct taxes, also contributed to the overall growth in current revenue. Receipts from taxes on income and profits, which accounts for most of the direct taxes collections, rose by 11.6 per cent ($8.1m) to $78.1m and in large part was due to an increase in collections from corporation tax ($7.2m). The intake from taxes on property also improved marginally ($0.2m). The uptick in tax revenue was also supported by higher inflows from indirect tax revenues which is based on the consumers and businesses consumption and investment activities. Tax receipts on domestic goods and services improved by 1.5 per cent ($1.5m) to $102.0m, attributed to an increase in receipts from stamp duties ($2.4m), and unincorporated business levy ($1.3m) but tempered by a decline in revenue collected from value added tax ($0.9m) and insurance fees ($0.5m). Slightly lower receipts from taxes on international trade and transactions (0.8 per cent or $0.6m) had a moderating effect on the overall increase in tax revenue, as proceeds from environmental levy and customs service charge declined by 18.3 per cent (0.7m) and 4.2 per cent ($1.0m) respectively. Current revenue was supplemented by budgetary grants of $15.8m, 4.8 per cent ($0.7m) higher than the corresponding period of the previous year.

On the spending side of the accounts, current expenditure rose by 0.8 per cent ($2.8m) to $332.2m during the period under review, reflecting growth in outlays for transfers and subsidies and personal emoluments which was almost offset by declines in spending on goods and services and interest payments. Expenditure on transfers and subsidies increased by 16.9 per cent ($12.6m) to $86.9m, partially reflecting higher outlays for public assistance. Spending on personal emoluments and wages also increased by 3.8 per cent ($5.4m) to $147.9m. In contrast, payments for goods and services decreased by 12.8 per cent ($11.7m) to $79.7m due to a reduction in legal claims against the government, while outlays for interest payments, which were primarily domestic, fell by 16.5 per cent ($3.5m) to $17.7m.

Capital expenditure increased by $26.5m to $78.8m, largely associated with the continued implementation of key capital projects such as; the upgrade of the island main road project, the road improvement project and other infrastructural improvements in St Kitts. In Nevis, construction activity included the hospital expansion, the construction of the new water taxi pier and road works. Concurrently, capital grants declined by 56.4 per cent ($4.7m) to $3.6m during the period.

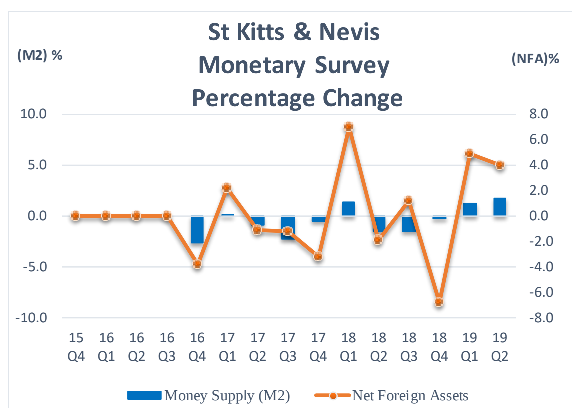
The fiscal operations of the Nevis Island Administration (NIA) resulted in a deficit of $3.6m in the first six months of 2019, in contrast to a surplus of $5.5m in the comparable period of the previous year. Current expenditure rose by 7.1 per cent ($4.4m) as spending on goods and services ($4.1m), personal emoluments ($1.0m), and transfers and subsidies ($0.5m) increased while interest payments declined by $1.6m. Capital expenditure was essentially unchanged from the previous year at

$21.5m. Meanwhile, current revenue grew by 2.1 per cent ($1.5m) to $70.1m, reflecting an improvement in tax revenue (4.1 per cent or $2.1m) but partially offset by a decline of 3.5 per cent ($0.6m) in non-tax revenue. Current revenue was complemented by budgetary assistance of $15.0m from the federal government, the same amount as in the comparable period of 2018.

The total disbursed outstanding public sector debt increased marginally by 0.3 per cent to $1,570.0m at the end of June 2019. This outturn was largely associated with a 4.5 per cent expansion in the debt of public corporations, reflecting an increase in debt owed to domestic creditors (5.7 per cent) but partially offset by a contraction in obligations to external creditors (11.1 per cent). Mitigating the uptick in public sector debt, the debt of the central government declined by 1.3 per cent, owing to a decline in both its external (1.7 per cent) and domestic (1.1 per cent) obligations.

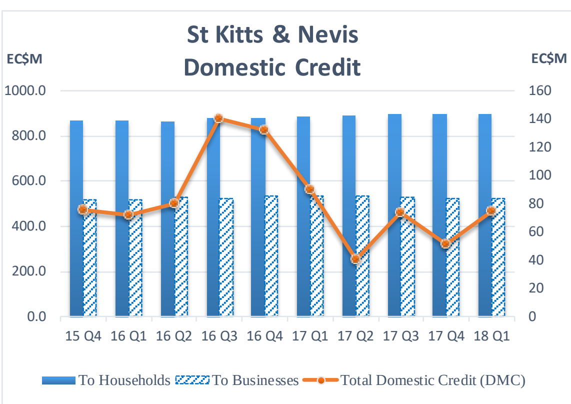
Banking Sector Developments

Monetary Liabilities (M2) grew by 3.0 per cent to $2,842.3m in the first half of 2019. The expansion in M2 was driven by an increase in both quasi money, the larger component of M2, and narrow money. Quasi money rose by 2.0 per cent to $2,251.4m, reflecting growth in private sector savings deposits (3.8 per cent) and private sector foreign currency deposits (1.2 per cent), but slightly moderated by a decrease in private sector time deposits (0.5 per cent). Growth in monetary liabilities was also augmented by a 6.9 per cent uptick in narrow money to $590.9m, attributable to a 13.3 per cent increase in private sector demand deposit balances. However, declines in currency with the public (3.0 per cent) and EC$ Cheques and Drafts (2.7 per cent) tempered this increase.



Domestic credit increased by 0.6 per cent during the period under review. This outturn was driven by a decline in the net deposit position of non-financial public

enterprises, as credit extended to them rose while their deposit balances declined. The overall expansion in domestic credit was partially offset by a contraction in private sector credit and an increase in the net deposit position of the general government. Private sector credit decreased by 0.4 per cent, reflecting a decline in credit to businesses (1.3 per cent) and households (0.3 per cent) but moderated by a 2.5 per cent increase in credit to non-bank financial institutions. The general government's net deposit position grew by 0.9 per cent, mainly attributable to a 4.2 per cent increase in the deposits of the central government.



An analysis of the distribution of commercial bank credit by economic activity revealed that total loans and advances increased by 0.6 per cent at the end of June 2019, compared with an expansion of 2.2 per cent in the same period of the prior year. Most notably, growth in loans extended was observed in the transport (42.4 per cent); public utilities (20.1 per cent); financial institutions (2.7 per cent); construction and land development (2.6 per cent); and distributive trade (0.3 per cent) sectors. This increase in credit was partly offset by a decrease in a group of sectors, which accounted for the largest share of credit extended. These include agriculture and fisheries (8.4 per cent); manufacturing and mining and quarrying (7.8 per cent); professional and other services (3.6 per cent); government and statutory bodies (1.1 per cent); tourism (0.7 per cent); and personal uses (0.3 per cent).

The net foreign assets of the banking system stood at $2,591.0m at the end of June 2019, representing an expansion of 9.1 per cent over the stock recorded at the end of December 2018. This development was associated with a 22.0 per cent increase in the net foreign assets position of commercial banks, largely reflecting growth in their net asset position with institutions within the ECCU. The overall increase in net foreign assets was however moderated by a 9.9 per cent decline in Saint Christopher

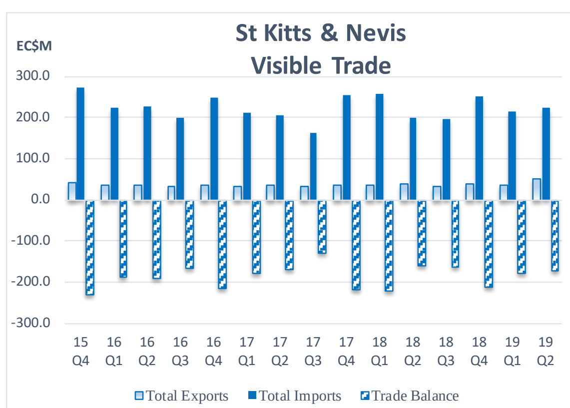
(St Kitts) and Nevis' imputed share of the Central Bank's reserves.

Measured against ECCB benchmarks, the banking system remained liquid at the end of June 2019. During the period under review, the ratio of net liquid assets to total deposits rose by 3.3 percentage points to 52.9 per cent, considerably above the ECCB minimum benchmark of 20.0 per cent. In addition, the loans and advances to total deposits ratio fell slightly by 0.8 percentage points to 40.3 per cent, but still well below the ECCB's maximum benchmark of 75.0 to 85.0 per cent. Notwithstanding the high level of liquidity in the banking system, asset quality among financial institutions was an area of concern. The ratio of non-performing loans to gross loans stood at 25.1 per cent, 20.1 percentage points above the ECCB's tolerable limit. When compared to the regulatory minimum of 8.0 per cent, financial institutions however remained well capitalized, with a capital adequacy ratio of 20.0 per cent.

The weighted average interest rate on deposits fell by 0.03 percentage points to 1.68 per cent at the end of June 2019. Meanwhile, the weighted average interest rate on loans declined by 0.08 percentage points to 7.98 per cent. Accordingly, the interest rate spread narrowed to 6.30 per cent from 6.35 per cent at the end of December 2018.

External Sector Developments

The merchandise trade deficit narrowed by \$30.9m to \$350.5m during the first half of 2019. This development was associated with a contraction in import payments but tempered by growth in export receipts. The value of imports decreased by 4.5 per cent to \$436.3m, driven by contractions in payments for food and live animals, machinery and transport equipment, and manufactured goods. In contrast, the value of total exports went up by 13.6 per cent from the same period of the previous year to \$85.8m. This outturn reflected a rise in domestic exports and re-exports by 16.6 per cent and 4.1 per cent respectively.



Gross travel receipts are estimated to have risen by 23.6 per cent to $340.4m in the first six months of 2019, attributable to an expansion in stay-over visitors. Commercial banks' transactions resulted in a net outflow of $311.4m in short-term capital, in comparison to an outflow of $123.3m in the corresponding period in 2018. In the public sector, external loan disbursements to the central government in the first half of 2019 totalled $3.6m compared with $0.1m in the corresponding period of the previous year. On the other hand, external principal repayments amounted to $10.2m, down from $11.8m in 2018. These transactions led to a net outflow of $6.6m compared with one of $11.7m in the same period of 2018.

Outlook

Economic activity in Saint Christopher (St. Kitts) and Nevis is expected to continue on its expansionary path for the remainder of 2019, as activity in the tourism industry and construction sector remain buoyant. Activity in the construction sector is expected to remain robust as capital projects in the public sector advance. These projects include the continuation of the upgrade of the island main road, the old road bay rehabilitation project and airport rehabilitation works in St Kitts and ongoing road works and the continued expansion of the hospital in Nevis.

The increase in economic activity is also anticipated to be supported by a strong performance in the tourism industry, partially driven by ongoing marketing efforts and increased airlift from additional flights from New York and Toronto to St Kitts in the upcoming peak season. Additionally, the enhancement of the destinations' tourism product through the anticipated opening of the new Koi Resort and Residences and the reopening of the Four Seasons Resort in the second half of 2019 could also provide an additional boost to the industry. The hosting of Hero Caribbean Premier League T20 Cricket games in September should also enhance stayover arrivals in that month, particularly from the Caribbean market. The scheduled completion and commissioning of the second cruise pier, in time for the commencement of the cruise season in 2019, is also expected to enhance the cruise subsector.

Performance in the agricultural sector is also expected to boost overall economic activity as crop production continues to recover from destruction caused by hurricanes Irma and Maria in the latter part of 2017. Crop production however continues to be affected by water shortages and pests. Disease in the livestock subsector is however anticipated to temper the sector's performance.

The fiscal surplus on the government's account is likely to be sustained, owing to continued inflows of citizenship by investment receipts and the overall buoyant economic activity. The surplus is however anticipated to be moderated by some increase in capital spending, as work on major capital projects continue. In the external sector, the narrowing of the merchandise trade deficit is expected to decelerate, as imports climb, particularly as the holiday season approaches. Additionally, the real exchange rate of the EC dollar is expected to remain stable, as inflationary outcomes in the ECCU are projected to move in line with that of its major trading partners. Thus the Federation is not expected to be adversely affected by fluctuations in the real exchange rate, which bodes well for competitiveness.

Risks to this outlook are skewed to the downside. Domestically, a deceleration in inflows from the Citizenship by Investment Programme, could result in the stymie of tourism-related foreign investment and a decline in the rate of implementation of the government's capital programme. Additionally, Saint Christopher (St. Kitts) and Nevis remains vulnerable to both exogenous macroeconomic and natural disaster shocks. Escalating trade tensions between the USA and China and stalled Brexit negotiations, remain a source of global uncertainty. These developments could weigh negatively on consumers' and investors sentiment' and consequently global growth. Subdued global growth will have negative spill over effects, albeit with a lag, on the economy of Saint Christopher (St. Kitts) and Nevis, especially through reduced demand for tourism services, the main foreign exchange earner. Furthermore, adverse weather also remains a significant threat to economic activity in the federation. On the upside, the advancement of capital projects should result in infrastructural improvements across the federation. Moreover, persistent fiscal surpluses are likely to maintain debt at sustainable levels and create some space for counter cyclical spending if required. Finally, if the ongoing efforts to address crime in the federation continue to be successful, it could further enhance social conditions and the doing business environment.

S A I N T L U C I A

Overview

Preliminary data indicate that economic activity in Saint Lucia expanded in the first half of 2019, compared with the performance in the corresponding period of 2018. The expansion in activity was largely driven by increased value added in the hotels and restaurants, construction and manufacturing sectors. Consumer prices grew by 0.2 per cent, on an end of period basis, primarily influenced by the sub-index for food and non-alcoholic beverages as well as that for alcoholic beverages, tobacco and narcotics. The merchandise trade deficit declined as reductions were observed for both import and export payments. **The central government's fiscal operations shifted to an overall deficit, primarily associated with developments on the capital account.** The total public sector debt declined, driven largely by a reduction of the central government's domestic indebtedness. In the banking sector, monetary liabilities (M2) and net foreign assets grew, while domestic credit fell. The commercial banking system remained relatively liquid, capital adequacy improved and the spread between the weighted average interest rates on loans and deposits narrowed during the period under review.

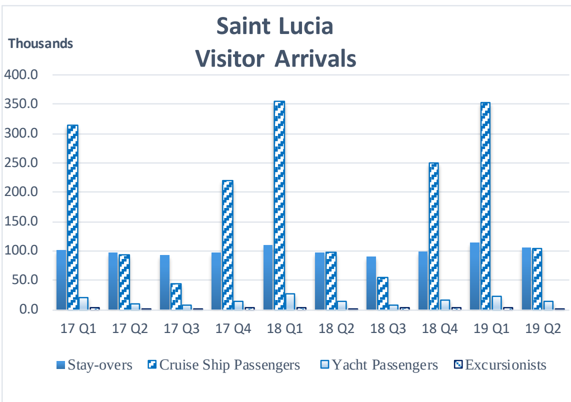
Notwithstanding downside risks, developments for the first half of the year suggest that the prospects for Saint Lucia's economy are largely positive, supported by developments in both the public and private sectors. Planned capital spending on the

Hewanorra International Airport as well as investments in other critical infrastructure are expected to complement the expansion and upgrade of the tourism plant, further boosting the construction and ancillary sectors. In addition, the record-breaking performance of the tourism industry is anticipated to continue apace in the second half of the year, as the demand for the Saint Lucia product continues to grow. This development will be supported by additional airlift capacity, coupled with increased marketing of the destination. The central government's fiscal operations are projected to yield a larger deficit, which may be mitigated by higher-than-expected growth. Some inflationary pressures are anticipated, largely dependent on global commodity prices, particular the price of crude oil. Risks remain tilted to the downside, primarily due to ongoing trade and geopolitical tensions as well as growing uncertainty surrounding the exit of the United Kingdom from the European Union.

Real Sector Developments

Activity in the tourism industry is estimated to have risen in the first six months of 2019, compared with the corresponding period of 2018. This outturn was reflected by a 2.0 per cent (13,864) increase in total visitor arrivals to 720,003. In particular, stay over arrivals rose by 6.5 per cent to 219,608, representing the largest number of visitors in this category in the country's history over the comparable period. Some support was also provided by the number of cruise ship passengers which increased by 1.0 per cent to 458,635. The improvement in this category was largely associated with an increase in the size of vessels visiting the island, since the number of cruise ship calls fell to 218 from 237 in the first six months of the previous year. Mitigating the overall growth in arrivals were downward movements in the number of excursionists and yacht passengers, which declined by 19.2 per cent and 7.1 per cent respectively.

In respect of stay over arrivals, the number of visitors from the USA, the main source market, grew by 6.2 per cent to 102,430, slightly below the 7.7 per cent growth recorded in the first six months of 2018. Similarly, the number of stay-over visitors from Europe, the second largest source market, increased by 11.0 per cent to 54,025, largely attributable to growth in arrivals from the UK. Also positively impacting stay-over arrivals were visitors from the Caribbean, whose numbers increased by 9.3 per cent to 35,108 compared with a 3.7 per cent rise in the corresponding period of the previous year. By contrast, the Canadian market saw a 3.5 per cent decline in arrivals to 24,965, following a 5.5 per cent decrease one year earlier.

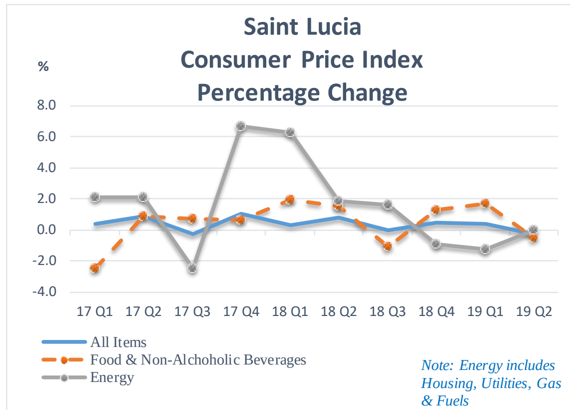


Output in the agricultural sector is provisionally estimated to have declined in the first half of 2019 compared with that at the end of June last year. This is primarily reflected in banana production which fell by 37.0 per cent to 3,200 tonnes, in contrast to an increase of 64.6 per cent in the corresponding period of 2018. The subdued performance of the banana industry was largely attributable to the devastation caused by Tropical Storm Kirk in September 2018, resulting in an estimated 80.0 per cent damage to the nation's banana crops. Additionally, more stringent quality standards imposed by UK buyers have negatively impacted the demand for the crop. Consequently, revenue from banana exports fell by 38.5 per cent ($3.2m) when compared with the outturn of the previous year.

In the manufacturing sector, output is estimated to have risen marginally as early indicators point to an increase in the production of food, beverages and tobacco over the first six months of 2019 relative to comparable period of 2018. Adding support to this output is an estimated increase in the value of chemicals and printed materials. However, the increase was tempered by estimated contractions in the value of furniture, electrical, plastic and metal products. In addition, commercial bank credit to manufacturing fell by 2.7 per cent, driven largely by decreased lending for the production of alcoholic beverages, furniture and other manufactured products.

Construction activity is estimated to have rebounded in the first half of 2019, when compared with the corresponding period of 2018. This assessment is premised primarily on the activities of the public sector, which recorded a 42.1 per cent increase to $111.2m in capital expenditure over the review period. Additionally, private sector projects, including the first phase of the Pearl of the Caribbean, featuring the construction of a horse racetrack, as well as ongoing upgrades to Serenity at Coconut Bay and Coconut Bay Beach Resort and Spa, added support to construction activity. Furthermore, an uptick in commercial bank credit (0.5 per cent) for home construction and renovation positively influenced activity in the sector.

Saint Lucia experienced disinflation during the first six months of 2019, compared with the corresponding period of 2018. This development is reflected in the consumer price index, which increased by 0.2 per cent during the first half of the year, compared with growth of 1.1 per cent one year earlier. The slowdown in the inflation rate during the review period was influenced largely by decreases in the sub-indices for recreation and culture (3.9 per cent), household furnishings, supplies and maintenance (1.5 per cent), housing, utilities, gas and fuels (1.3 per cent) and hotels and restaurants (1.0 per cent). However, these developments were marginally offset by upward movements in the cost of miscellaneous goods and services (2.0 per cent), alcoholic beverages, tobacco and narcotics (1.8 per cent), clothing and footwear (1.6 per cent), health (1.3 per cent), food and non-alcoholic beverages (1.2 per cent) and transport (1.0 per cent).



Fiscal and Debt Developments

The fiscal operations of the central government are estimated to have resulted in an overall deficit of $51.1m, in contrast to the $18.3m surplus recorded in the first six months of 2018. The fiscal outturn largely reflected developments on both the capital and current accounts, which deteriorated relative to their balances in 2018. In particular, growth in current expenditure outpaced that of current revenue, resulting in a smaller surplus, while on the capital side, the combination of rising expenditure and declining grant flows led to a larger deficit. Consequently, a primary surplus of $32.6m was recorded, compared with one of

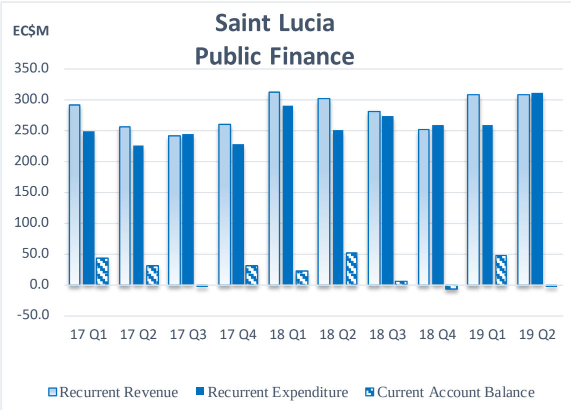
$98.5m realised in the corresponding period of the previous year.

A surplus of $45.2m was recorded on the current account in the first half of 2019, compared with one of $74.5m in the corresponding period of the prior year. The smaller surplus was primarily attributable to the slower growth in current revenue relative to current expenditure. Current revenue increased by 0.3 per cent to $616.2m, compared with growth of 12.3 per cent to $614.4m one year earlier. The half-year outturn for 2019 was driven by an increase in tax collections, which offset the decline in non-tax receipts.

Revenue from taxes grew by 1.7 per cent, as improvements were recorded in all the major tax categories, except property tax. Tax receipts on international trade and transactions grew by 3.0 per cent ($5.2m), largely influenced by the increase in excise tax collections ($12.9m). However, this improvement was partly offset by a decline in receipts associated with the airport tax ($6.0m) and import duty ($1.1m). Marginal declines in flows were also recorded for the service charge, throughput charges and the travel tax. Proceeds from taxes on income and profits grew by 3.0 per cent ($4.8m), reflecting increases in collection of arrears ($6.5m) and revenue intake from personal income taxes ($4.4m). A decline of $4.1m in receipts from withholdings taxes mitigated the overall increase in this tax category. Revenues from taxes on domestic goods and services marginally increased by 0.5 per cent ($1.0m) over the review period, with gains in the value added tax ($3.1m) being somewhat offset by a decline in license fees ($2.4m). In contrast to the other major revenue line items, receipts from property taxes declined by 29.7 per cent ($1.8m) over the first six months of 2019.

Current expenditure grew by 5.7 per cent to $570.9m, primarily driven by larger outlays for personal emoluments, with smaller increases recorded for interest payments and transfers and subsidies. Personal emoluments rose by 16.4 per cent to $225.6m, with salary payments increasing by 20.0 per cent, tempered by a 9.6 per cent decline in wages. Interest payments also grew by 4.3 per cent to $83.7m, mainly attributable to an 11.5 per cent increase in domestic interest payments, which were partially offset by a 4.1 per cent decline in external flows. Current expenditure was also positively influenced by larger outlays for transfers and subsidies which rose by

2.4 per cent to $132.0m. However, higher transfer payments were partially tempered by lower pension and NIS payments.

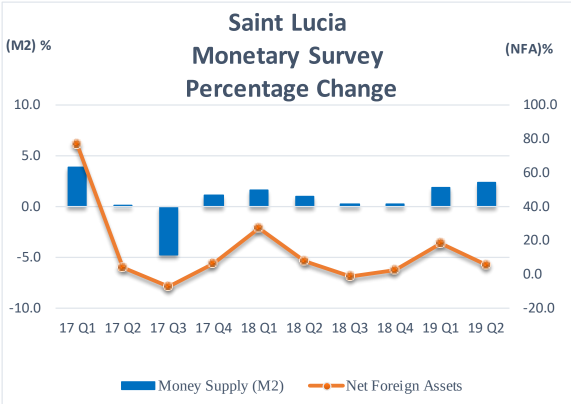


The larger deficit recorded over the first six months of 2019 was funded primarily from external sources, with new external disbursements totalling $136.9m, while external loan payments amounted to $46.4m, for a net disbursement of $90.5m. On the domestic front, the central government drew down deposits of $23.0m in part to fund the amortisation of outstanding obligations. A net domestic amortisation of $39.4m was recorded in the review period.

Preliminary data for the period ended June 2019 indicate that the total disbursed outstanding debt of the public sector stood at $3,317.4m, a decrease of 0.8 per cent from the total at the end of December 2018. This development reflected a contraction of 0.8 per cent in central government's borrowing, as its stock of domestic debt fell by 1.8 per cent, tempered by a 0.2 per cent increase in its external debt. The total outstanding debt of the public corporations is estimated to have declined by 0.6 per cent to $192.6m, influenced by a 1.0 per cent decrease ($1.5m) in their stock of domestic debt.

Banking Sector Developments

Monetary liabilities (M2) are estimated to have expanded by 4.4 per cent to $3,381.0m during the first six months of 2019, compared with growth of 2.7 per cent during the corresponding period of 2018. The expansion in M2 reflected developments in both of its components. Narrow money (M1) grew by 6.4 per cent to $1,080.6m, due mainly to growth in private sector demand deposits (9.3 per cent), and was tempered by contractions in currency with the public (7.5 per cent) and EC$ cheques and drafts issued (13.4 per cent). Similarly, quasi money rose by 3.5 per cent to $2,300.4m, reflecting growth in private sector foreign currency deposits (8.7 per cent), time deposits (3.3 per cent) and savings deposits (2.5 per cent).



Domestic credit fell by 2.1 per cent to $2,677.1m, following a decline of 5.8 per cent during the corresponding period of 2018. The contraction in credit was attributable to reduced borrowing by both the private and public sectors. The private sector recorded a 1.5 per cent ($47.5m) decline in credit, largely influenced by a 4.3 per cent reduction in business loans, which was partially offset by a 0.4 per cent increase in lending to households. Additionally, the net credit position of non-bank financial institutions decreased by 1.3 per cent, driven by marginally lower lending. The transactions of the central government resulted in a net credit position of $232.3m, which was 8.7 per cent above the amount recorded at the end of December 2018. This outturn was primarily due to a 13.5 per cent ($23.0m) decline in government deposits, coupled with a 1.2 per cent contraction in commercial bank credit to the central government. The lower domestic credit level was also influenced by the activities of non-financial public enterprises, which saw a marginal decline in their borrowing from commercial banks, while increasing their deposits at these institutions. Consequently, the net deposit position of non-financial public enterprises increased by 4.4 per cent to $660.9m over the review period.

An analysis of the distribution of credit by economic activity suggests that outstanding loans and advances decreased by 0.7 per cent ($24.4m). The tourism sector saw the largest contraction in credit of 11.2 per cent ($34.1m) as the majority of new projects were financed externally. Consistent with the developments in the tourism sector, credit for construction and land development also contracted by 13.9 per cent ($27.8m). Other notable declines in credit were observed for government and statutory bodies ($12.0m), professional and other services ($9.5m), manufacturing ($1.9m) and agriculture ($1.8m). By contrast, credit to public utilities increased by 50.9 per cent ($21.7m), and loans to the distributive trade sector rose by 6.9 per cent ($17.4m). Additionally, outstanding loans to the personal sector increased by 1.2 per cent

($22.5m), mainly influenced by flows for house and land purchases ($19.4m), home construction and renovation ($5.2m) and durable consumer goods ($3.3m).

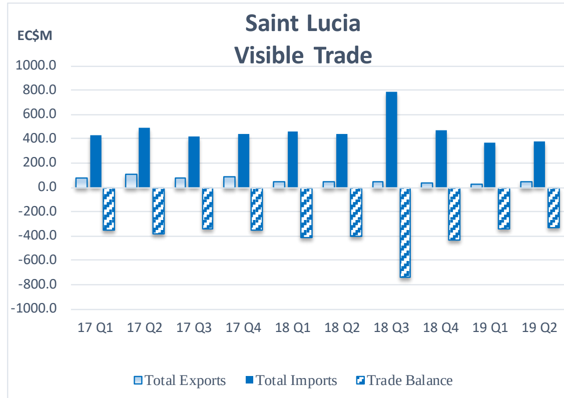
The net foreign assets of the banking system rose by 25.8 per cent to $1,048.5m over the first half of 2019, following an increase of 37.8 per cent to $833.3m over the comparable period of 2018. This change was largely influenced by the 30.4 per cent ($188.5m) reduction in commercial banks' external liabilities, coupled with a 1.6 per cent ($20.3m) increase in external assets. In respect of developments within the ECCU, commercial banks' net liabilities position increased marginally by 0.2 per cent ($1.1m) as both assets and liabilities recorded contractions of similar magnitudes. Saint Lucia's imputed share of Central Bank's reserves increased by 1.0 per cent ($7.5m) to $749.6m.

Liquidity in the commercial banking system declined marginally during the review period. At the end of June 2019, the ratio of liquid assets to total deposits plus liquid liabilities stood at 42.8 per cent, 1.4 percentage points below the level recorded in December 2018, but above the prudential minimum of 25.0 per cent. Furthermore, the loans and advances to total deposits ratio fell by 3.5 percentage points to 77.2 per cent, also below the ECCB's outer band of 85.0 per cent. In addition to maintaining satisfactory levels of liquidity, the asset quality of commercial banks improved over the review period, with the nonperforming loans (NPL) ratio declining to 8.8 per cent from 10.0 per cent in December 2018. This development was further supported by the capital positions of commercial banks, with the capital adequacy ratio improving to 20.3 per cent as at June 2019, from 19.1 per cent in December 2018.

The weighted average interest rate spread between loans and deposits declined marginally by 0.3 of a percentage point to 6.2 per cent, compared with a spread of 6.5 per cent as at December 2018. The reduction in the spread was mainly attributable to a larger decline in the weighted average lending rate (0.3 of a percentage point) than that of the weighted average deposit rate (0.04 of a percentage point).

External Sector Developments

The merchandise trade deficit narrowed by 17.4 per cent to $670.0m in the first six months of 2019 compared with the 9.8 per cent expansion to $811.0m recorded in the corresponding period of the previous year. This development was primarily associated with a 17.5 per cent ($157.0m) decline in the value of imports to $739.8m, influenced by decreased spending for minerals, fuel, lubricants and related materials ($100.1m) as well as machinery and transport equipment ($17.7m). In fact, all sub-categories of imports declined, except food and live animals, which rose marginally. Receipts from total exports fell by 18.5 per cent to $69.8m, driven by a decline in the value of both re-exports and domestic exports. Earnings from re-exports decreased by 27.9 per cent ($9.0m), while domestic exports fell by 12.9 per cent ($6.9m), largely due to contractions in manufactured goods ($4.0m) and food and live animals ($2.6m).



Gross receipts from travel are estimated to have increased by 6.6 per cent to $1,386.4m, reflective of growth in the number of stay-over visitors. Transactions of commercial banks resulted in a net outflow of $207.7m in short-term capital during the first half of 2019, compared with an outflow of $258.6m recorded during the corresponding period of 2018. In the period under review, external loan disbursements to the government stood at $136.9m, which was more than double the $58.2m disbursed over the comparable period in 2018. In addition, principal repayments decreased by 50.2 per cent to $46.4m, relative to the $93.2m recorded one year earlier. Consequently, the central government financing decisions led to a net inflow of $90.5m, in contrast to the net outflow of $35.0m in the first six months of 2018.

Outlook

According to the July 2019 update of the World Economic Outlook (WEO), global economic output is expected to rise by 3.2 per cent, down from 3.6 per cent in 2018. The subdued performance is reflective of the continued downward pressure being exerted by trade tensions between the USA and China, ongoing uncertainty surrounding the United Kingdom's withdrawal from the European Union and broad geopolitical tensions in the Middle East. While the balance of global risks tilt towards the downside, growth projections for Saint Lucia in 2019 remain broadly favourable. This observation is premised on growth being supported by increased investment in both the public and private sectors, as well as continued strong demand for tourism services, following record breaking numbers in the first half of the year. Accordingly, the ECCB projects that the Saint Lucian economy will grow by 2.0 per cent in 2019, up from 1.5 per cent one year earlier.

Activity in the hotels and restaurants sector is projected to be consistent with the performance in the first half of the year as demand for leisure services from the key source markets of the USA, Europe and the Caribbean solidifies over the short term. Some additional support is also expected to come from improvements in airlift and room stock as well as the continued marketing efforts of the Saint Lucia Tourism Authority.

The construction sector in Saint Lucia is expected to rebound in 2019 on the heels of increased private and public sector investments. In the private sector, planned upgrades and expansions to Serenity at Coconut Bay and the Coconut Bay Beach Resort and Spa are expected to boost the island's room stock. In addition, following the favourable court judgement in the Sandals case, work on the Sandals LaSource Saint Lucia is expected to recommence in the second half of 2019, positively contributing to jobs and overall construction activity. The project is expected to cost US$275.0m over two years. Moreover, work on phase I of the Pearl of the Caribbean, which is centred on building a horse racetrack, continues apace with more than 200 Saint Lucians and 15 local contractors being employed. In the public sector, capital investments will focus on the commencement of the redevelopment and expansion of the Hewanorra International

Airport, the renovation of St Jude Hospital and road rehabilitation projects.

Agricultural output is projected to decline in 2019. This development is premised on the reduced demand from Fair Trade Bananas and other importers in the UK which have imposed higher standards on the quality of the product. In addition, the sector is still recovering from the impacts of tropical storm Kirk which damaged approximately 80.0 per cent of the nation's banana crops in September 2018.

The Government of Saint Lucia's expansionary fiscal stance over the first half of 2019 is expected to continue throughout the rest of the year, largely influenced by major capital investments in the nation's infrastructure. While this policy stance is expected to boost construction and output over the short to medium term, there are implications for debt and debt servicing going forward. Against this backdrop, the 2019/20 budget estimates an overall deficit of $189.4m, with a net financing requirement of $332.4m. Additionally, baseline projections for debt surpass the 60.0 per cent debt to GDP target by 2030. Consequently, the announcement made by the government to initiate stakeholder consultations on establishing fiscal responsibility legislation is a key step to reversing the current debt trajectory and restoring fiscal and debt sustainability.

In the external sector, the merchandise trade deficit is likely to widen in the short to medium term, as construction-related and other imports increase, in line with greater economic activity. Inflows from travel are projected to grow, consistent with the record-breaking number of tourists visiting the island in the first half of 2019 in both the cruise and stay-over categories. Also, foreign investment flows are likely to improve as prospects for the Citizenship by Investment Programme (CIP) remain positive. Additionally, inflationary pressures may intensify, as global trade and geopolitical tensions escalate, nudging oil prices higher. However, no significant movement is expected in the real exchange rate of the EC dollar as inflationary outcomes in the ECCU are not projected to deviate much from that of its major trading partners. Thus from a competitiveness standpoint, Saint Lucia is not expected to be adversely impacted by movements in the real exchange rate.

Major downside risks to the economy include the further escalation of trade

tensions between the two largest economies in the world, the USA and China. Such an eventuality threatens to derail global growth through the disruption of trade and technology supply chains, leading to higher prices for consumers and greater uncertainty among investors. In addition, uncertainty associated with Brexit continue to weigh on the global economy and could potentially dampen demand for Saint Lucia's tourism services from this critical source market. Moreover, geopolitical tensions in the Middle East could escalate and threaten to exert upward pressure on global oil prices. On the domestic front, a sudden stop to foreign investments in planned tourism-related and CIP projects is possible, given the aforementioned trade and geopolitical tensions. The prospect of higher oil prices could also result in rising inflationary pressure on the domestic economy, further increasing the cost of doing business in Saint Lucia. Further, an above-normal hurricane season could potentially lead to the destruction of critical infrastructure in key sectors, including tourism, agriculture and the public sector, which could erase the gains of past years. Despite these downside risks, possible upside surprises may emerge from stronger global growth, should a resolution be reached in the trade dispute between the USA and China. Additionally, given that the global crude oil market is currently adequately supplied, a stabilisation of geopolitical tensions in the Middle East could exert downward pressure on oil prices, thereby reducing the cost of travel and lending support to the demand for tourism services.

SAINT VINCENT AND THE GRENADINES

Overview

Indicators point to an expansion in economic activity in Saint Vincent and the Grenadines in the first half of 2018, albeit at a more moderate pace relative to the corresponding period of 2018. Economic activity was fuelled by expansions in the manufacturing, hotels and restaurants and agricultural sectors. The inflation rate stood at 0.7 per cent at the end of June 2019, driven in part by higher costs for electricity. The merchandise trade deficit is estimated to have widened, attributed to higher import payments coupled with a decrease in domestic export receipts. **The central government's fiscal deficit widened, while the outstanding stock of public sector debt was higher relative to that at the end of December 2018.** In the banking system, the stock of credit contracted while monetary aggregates and net foreign assets expanded. Overall, the banking sector was assessed as stable reflecting liquidity and capital ratios within regulatory limits coupled with efforts on the part of commercial banks to improve asset quality.

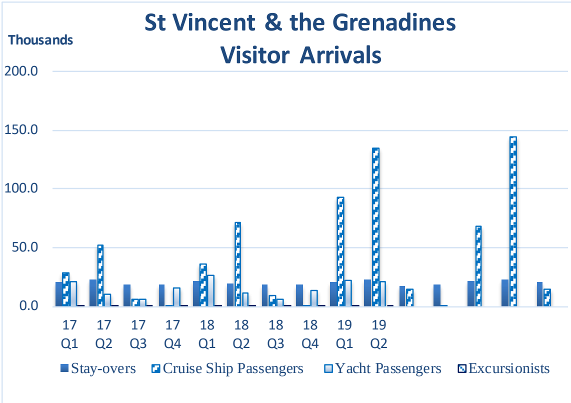
The conditions that contributed to the economic performance in Saint Vincent and the Grenadines in the first half of 2019, are forecasted to continue for the remainder of the year in the absence of any unanticipated exogenous shocks. This positive economic outlook is framed in the context of an accommodating external environment with global economic activity projected to expand by 3.2 per cent in 2019, based on the International Monetary Fund's (IMF) July 2019 World Economic Outlook. The positive outlook for the economic expansion is underpinned by increased value added in key sectors such as tourism, manufacturing and agriculture. Arrangements to secure additional airlift paired with intensified marketing initiatives are expected to positively impact the hotel and restaurants sector, while sustained external demand, albeit at a reduced pace, should support increased manufacturing activity. Increased value added in the agriculture sector will reflect higher output in the other crops including; cocoa, coffee and the fisheries subsectors. A widening of the fiscal deficit is projected, consistent with the expansionary fiscal policy stance of the 2019 Budget. Notwithstanding the positive outlook there are number of risks, both on the downside and upside that could change the forecast. **The potential for lower economic growth in the global economy, as well as threats of natural disasters, represent significant downside risks to the 2019 economic outlook for Saint Vincent and the Grenadines.** On the upside, Saint Vincent and the Grenadines is more favourably poised to benefit from the decriminalization of Cannabis than its regional counterparts. Therefore, the prompt implementation of policies and the establishment of an institutional framework to legislate for and govern the cultivation of medical cannabis holds promise of new export markets and foreign exchange earnings. The late foray into the establishment of a tourism industry on the mainland also represents an opportunity for policy makers to avoid the missteps of other jurisdictions in crafting a sustainable and inclusive tourism masterplan. Additionally, ongoing efforts in the agricultural sector to revitalize formerly dormant crops, including arrowroot and coffee could further strengthen the economic base and the country's resiliency to adverse economic shocks.

Real Sector Developments

Economic activity in Saint Vincent and the Grenadines is estimated to have expanded at a decelerated pace in the first half of 2019, relative to activity in the first six months of the previous year, attributable to favorable trends in the manufacturing, hotels and restaurants and agriculture sectors. The manufacturing sector, which comprises the grains, beverages and building materials sub-sectors, is estimated to have expanded. The production of flour rose by 1.0 per cent, coupled with increases in feeds and rice of 39.8 per cent and 53.0 per cent respectively. The output of building materials was also estimated to have expanded. These gains were partly dampened by contractions in the production of beer which was evidenced by a 6.3 per cent decline in beer production.

Activity in the hotels and restaurants sector advanced in the first half of 2019 on the strength of improvements in the number of visitor arrivals. Total visitor arrivals rose by 8.1 per cent to 245,983, a marked deceleration from the 51.3 per cent pace of expansion in the corresponding period of 2018. The lower rate of expansion partly reflected a normalization in the increase in total visitors after a surge in cruise passengers in 2018. Stay-over arrivals advanced by 7.7 per cent to 43,530, facilitated by the ongoing impact of the new Argyle International Airport which was commissioned in 2017.

The performance of the stay-over visitors' category represented an improvement over the 6.3 per cent increase in the first six months of 2018. The expansion in stay-over arrivals was attributed to gains in arrivals from the all of the main source markets except the Caribbean. The number of stay-over visitors from the United States of America, which accounted for 36.7 per cent of total stay-over arrivals, rose by 13.9 per cent, slightly slower than the rate of increase in the previous year. Expansions were also recorded for the Canadian and United Kingdom markets of 17.9 per cent and 7.6 per cent respectively. Higher stay-over visitors from source markets in the USA and Canada were fuelled by the introduction of a weekly flight from New York by Caribbean Airlines Ltd (CAL) and a winter service from Toronto by Air Canada Rouge. The performance of the UK market was hamstrung by ongoing uncertainty in the UK associated with Brexit, and the protracted closure of the Buccament Bay Resort since 2016. Conversely, visitor arrivals from the Caribbean, the second largest market, fell by 6.7 per cent, representing a second consecutive year of decline.

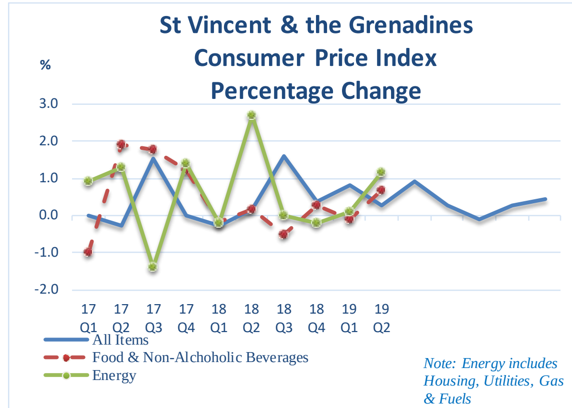


Meanwhile, the number of cruise passengers continued to expand, with growth of 6.5 per cent in the first half of 2019 to 158,567, a slower pace than the 84.2 per cent increase in the corresponding period of 2018. Notwithstanding a decline in cruise ship calls to 163 from 173 in the previous year, the increase in cruise passengers was driven by larger cruise ships making port calls. Additionally, the number of visitors arriving by yachts was up by 14.9 per cent to 43,115 in the first half of 2019 following an expansion of 22.0 per cent one year prior. The downward trend in same-day visitors continued in the review period, as the number of excursionists fell by 6.2 per cent in the first half of 2019, following a decrease of 7.4 per cent in comparable period of 2018.

Activity in the agriculture sector is estimated to have increased in the first half of 2019, reflective of higher output for selected crops. Preliminary indicators point to an estimated broad increase in the other crops category, particularly coffee, cocoa and the fishing subsectors. The performance of other crops was moderated by a 68.8 per cent decrease in the output of bananas constrained by limited export markets.

Construction activity intensified relative to that in the corresponding period in 2018, on account of an increase in the implementation rate for major infrastructural projects and growth in residential construction. Public sector construction, proxied by capital expenditure, trebled to $36.6m from $12.0m in the previous year. Capital outlays were mainly related to the geothermal project, and the Banana Accompanying Measures (BAM) project. In the private sector, activity was dominated by developments in the residential housing sub sector, where there were moderation in activities, as reflected in a 0.1 per cent decline in commercial bank lending for residential construction and renovation, relative to growth of 0.6 per cent in the corresponding period of 2018.

Inflation in Saint Vincent and the Grenadines slowed in the six months ending June 2019, as the Consumer Price Index (CPI) rose by 0.7 per cent in comparison to growth of 1.2 per cent in the corresponding period of 2018. The rise in the index reflected a pickup in the price level of all but three of the sub-categories. The largest weighted sub-index, housing water, electricity and gas and other fuels, recorded an increase of 1.3 per cent due primarily to higher prices paid for electricity and galvanize nails. Other significant contributors to the upward movement in the index were food and non-alcoholic beverages (0.6 per cent), furnishings household equipment and routine household maintenance (1.8 per cent) and alcoholic beverages, tobacco and narcotics (1.7 per cent). The rise in the alcoholic beverages, tobacco and narcotics sub-index was attributable to increases in the price of vodka, red wine, whiskey, local beers and stout. The overall increase was moderated by declines observed in the transport (0.3 per cent), health (0.4 per cent), and recreation and culture (0.2 per cent) sub-indices, respectively.



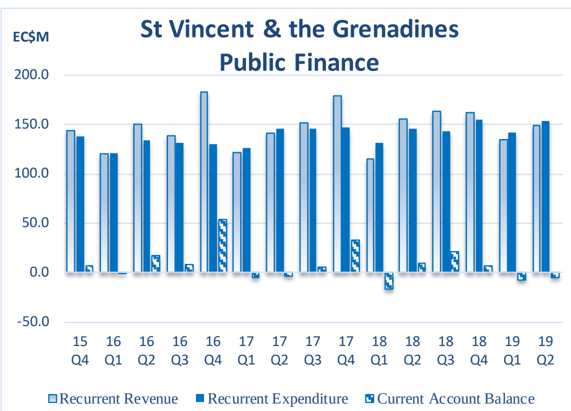
Fiscal and Debt Developments

Fiscal data for the first half of 2019 indicated a widening of the overall deficit to \$41.0m from \$3.70m in the corresponding period of 2018.[2] This outturn was primarily driven by a larger current account deficit and higher capital spending. Likewise, the primary balance shifted to a deficit of \$15.1m from a surplus of \$21.9m in the first six months of 2018.

The current account deficit is estimated to have widened to \$12.0m in the review period from one of \$7.1m in the first half of 2018. The weaker outturn was partly associated with a 6.8 per cent (\$18.7m) expansion in current expenditure to \$295.2m, reflecting the impact of higher

[22] Data submitted by the Ministry of Finance, Saintt Vincent and the Grenadines are now classified according to the Government Finance Statistics Manual 2014 (GFSM 2014). As such, both the presentation of the data and analysis in this report may vary slightly from the reports of other ECCU member governments.

outlays for employees' compensation, transfer payments and goods and services. Compensation to employees, which comprised approximately half of current expenditure, rose by 5.8 per cent ($8.3m) on account of growth in both wages and salaries and NIS contributions influenced by salary increases granted to teachers. Concurrently, higher outlays on transfers and goods and services resulted in increases of 7.4 per cent ($5.1m) and 10.2 per cent ($3.0m) respectively. Interest payments registered a more modest increase of 1.0 per cent ($0.3m).



Partly attributable to improvements in tax administration, and the estimated improvement in economic activity, current revenue registered growth of 5.1 per cent to $283.2m during the first half of 2019. Collections of taxes on goods and services were higher by 8.8 per cent, buoyed primarily by higher yield from the Value Added Tax (9.4 per cent), telecomm broadcast licence; which rose by more than six- fold and interest levy; which rose nearly ten-fold. Higher receipts for telecomm broadcast licence was attributable to a lump sum payment, while the increases in interest levy receipts reflected intensified efforts on the part of authorities to recoup outstanding arrears. An increase of 23.1 per cent was recorded in the revenue from taxes on property, fuelled by higher inflows from stamp duty and alien land holding licence of 27.1 per cent and 73.0 per cent, respectively. Concurrently, there was a 0.9 per cent increase in inflows from taxes on income and profits driven by collections of withholding tax from non-residents. In contrast, the growth in current revenue was partially mitigated by a 10.9 per cent reduction in collections from taxes on international trade and transactions and a 3.8 per cent decline in taxes on sales of goods and services. Lower receipts of taxes on international trade and transactions for the most part reflected lower receipts from import duty (6.6 per cent) and vehicle surtax (36.3 per cent); associated with declines in vehicle imports. Reductions in the receipts from sales of goods and services was broad based and mainly influenced by decreases in the fees from international financial services and customs service charge, which together accounted for over 60.0 per cent of total amount.

Investment in the government's capital programme amounted to $36.6m in the first half of 2019, compared with $12.0m in the comparable period in 2018. Public investments in the period were concentrated on the geo-thermal energy project, the Disaster Rehabilitation and Mitigation project, funded by the World Bank, the operationalisation of the Modern Medical Complex and an Agriculture Modernisation project. Other projects included the Banana Accompanying Measures (BAM) project to further strengthen the banana sub-sector as well as the establishment of the Cannabis Authority. The capital programme was partially funded by capital revenue and grants totalling $7.6m, representing a $7.8m reduction in the intake recorded for the first half of the year.

The overall deficit of the central government was financed largely through domestic borrowing attributable to the issuance of securities on the Regional Government Securities Market and the domestic banking system. As a result, the total outstanding debt of the public sector amounted to $1,695.3m at the end of June 2019, 2.6 per cent ($42.4m) higher than the stock at the end of December 2018. Central government outstanding debt, which at the end of June 2019 accounted for approximately 93.1 per cent of total debt, advanced by 3.8 per cent to $1,578.0m reflecting an expansion (11.7 per cent) in the domestic debt portfolio and disbursements from multilateral and bilateral creditors. Meanwhile, debt incurred by statutory corporations declined by 11.8 per cent ($15.7m) to $117.3m. In terms of developments with respect to categorization based on residency, domestic debt increased by 10.2 per cent to $658.6m while external debt fell by 1.8 per cent to $1,036.7m.

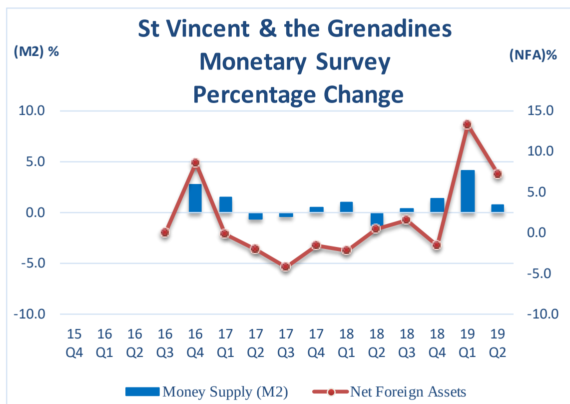
Banking Sector Developments

Positive developments in the real sector were supported and reflected in the developments in the banking sector, as monetary liabilities and net foreign assets expanded during the first six months of 2019, relative to the comparative period in 2018. Broad money (M2) rose by 4.9 per cent to $1,642.1m, in contrast to a contraction of 0.1 per cent recorded during the corresponding period in 2018. The expansion in M2 was largely attributable to a turnaround in the growth of quasi money which rose by 7.2 per cent to $1,124.5m, following a 0.5 per cent decrease in the same period last year. The increase in quasi money was influenced by a 4.9 per cent advance in private sector savings; the largest sub-component, combined with expansions in private sector foreign currency deposits (44.8 per cent) and time deposits (1.9 per cent). Meanwhile, narrow money (M1) increased by 0.3 per cent to $517.7m, following a 0.6 per cent expansion during the first half of 2018. The slowdown in the growth rate was largely due to a 27.8 per cent fall in EC$ Cheques and drafts issued, combined with a deceleration in the growth rate of private sector demand deposits to 0.7 per cent. Meanwhile currency with the public advanced by 1.3 per cent to $108.5m.

During the review period, domestic credit contracted by 2.4 per cent and totalled $1,081.3m at the end of June 2019, in contrast to a 0.7 per cent rate of decline during the first half of 2018. The decrease was due to a reduction in the net indebtedness of the public sector coupled with a decline in private sector credit. Developments in the public sector reflected a decline in net credit to the central government, as well as an increase in the net deposit position of non-financial public enterprises. The net indebtedness of the central government declined during the review period at a rate of 12.3 per cent to $93.3m, following a 3.9 per cent decrease in the corresponding period of the previous year. The central government's lower net debt position reflected 41.1 per cent ($35.1m) growth in government deposits, compared with a more moderate 11.5 per cent ($22.1m) rise in borrowing. Lower private sector credit was influenced by a 1.7 per cent reduction in business credit to $160.1m, in contrast to a 3.5 per cent increase in 2018. A mitigating factor was an increase in lending to households of 0.1 per cent. Meanwhile, the net deposit position of non-financial public enterprises (NFPE's) rose by 8.2 per cent to $110.1m, attributable to an accumulation of deposits.

An analysis of the allocation of bank credit by economic activity revealed that total loans and advances increased by 1.7 per cent to $1,242.8m. The major contributors to this outcome included expansions in credit extended for other purposes (14.3 per cent) and to the manufacturing sector (8.3 per cent). Credit extended for other purposes largely reflected a 22.6 per cent increase in credit for public administration. These gains were tempered by lower credit to a number of lending categories. Credit extended for personal use, the category with the largest allocation, decreased by 0.1 per cent reversing a gain of similar magnitude (0.1 per cent) in the first six months of the prior year. Lending for personal reasons was constrained by reductions in credit for miscellaneous personal reasons (3.7 per cent) which offset an increase in credit for the acquisition of property (0.8 per cent). During the first half of the year, credit extended to most of the productive sectors and some key services industries fell. Declines were registered in credit extended to tourism (12.1 per cent), construction (3.4 per cent) and agriculture and fisheries (27.2 per cent). Additionally, lending to the distributive trades sector fell by 1.1 per cent.

Net foreign assets of the banking system rose by 21.4 per cent to $727.5m during the six months ending June 2019, in contrast to a 1.6 per cent decline one year earlier. The increase mainly stemmed from net foreign assets of commercial banks which rose by 47.8 per cent to $213.1m, combined with an expansion in Saint Vincent and the Grenadines' imputed share of the Central Bank's reserves by 13.1 per cent to $514.4m. Higher commercial banks net foreign assets was largely driven by a 32.8 per cent increase in assets held in financial institutions outside of the Currency Union and a 4.4 per cent rise in assets held in similar institutions within ECCB territories. Meanwhile, the expansion in Saint Vincent and the Grenadines' imputed share of the Central Bank's reserves was fuelled by a 9.3 per cent increase in imputed assets and a 38.2 reduction in imputed liabilities.



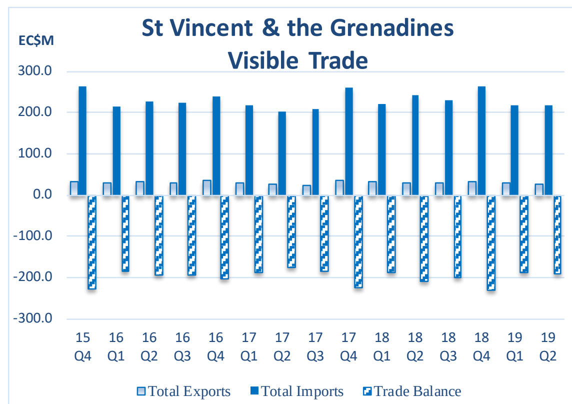
Liquidity of the commercial banking sector improved marginally during the first six months of 2018, accordingly the system remain very liquid. The ratio of liquid assets to total deposits plus liquid liabilities stood at a rate of 46.0 per cent at the end of June 2018, 2.9 percentage points higher than the rate at the end of December 2018, this far exceeded the prudential range of 20.0 to

25.0 per cent. Meanwhile, the loans and advances to total deposits ratio fell by 3.0 percentage points to 66.2 per cent, below the prudential threshold of 75.0 to 85.0 per cent.

Overall asset quality in the banking sector continued to improve during the review period. The ratio of non-performing loans to total loans fell to 6.2 per cent at the end of June 2018 from 6.5 per cent in the comparable six months of the previous year. The improvement in this ratio was largely due to proactive collections strategies by a number of commercial banks and an improvement in their risk management underwriting practices. Additionally, the banking system remains well capitalized. The total regulatory capital to adjusted risk weighted assets ratio decreased to 21.57 as at June 2019, from 21.79 per cent at the end of December 2018, however, the ratio remained well above the prudential benchmark of 8.0 per cent.

External Sector Developments

The visible trade deficit narrowed to $378.5m in the first half of 2019, from one of $400.8m in the corresponding period of 2018, attributable to a 6.0 per cent reduction in import payments to $434.0m. Lower imports was largely attributable to decreases in the value of mineral fuels and related materials, and manufactured goods purchased from abroad. Meanwhile, the value of exports dipped by 0.1 per cent to $55.6m, due to lower domestic exports which fell by 0.2 per cent ($9.6m). The overall impact on exports however, was moderated by higher re-exports which advanced by 0.7 per cent ($4.0m).



Consistent with the higher level of stay over visitors, total visitor expenditure rose by 15.0 per cent to $184.3m. Additionally, the transactions of commercial banks resulted in a net outflow of $68.9m in short-term capital during the first half of 2019, compared with an outflow of $7.5m in the corresponding period of 2018. The financing activities of central government registered a net inflow of funds during the period under review, a significant decline from total inflows recorded in the corresponding period in the previous year. External loan disbursements to the central government fell by 28.4 per cent to $28.4m during the period, while external principal payments rose by 4.9 per cent to $27.9m. Disbursements during the period came from creditors such as; the Caribbean Development Bank, the Kuwait Fund for Arab Economic Development and the Organization for Petroleum Exporting Countries. Consequently, net disbursements fell by $16.6m to $0.5m relative to $17.1m in the comparable period of 2018.

Outlook

The economic outlook for Saint Vincent and the Grenadines remains positive for the second half of 2019, driven by a favourable external environment and encouraging economic prospects on the domestic front. In the context of external developments, the International Monetary Fund (IMF) has projected a global expansion of 3.2 per cent in its July 2019 update of the World Economic Outlook. Meanwhile, growth in the major trading partners; the United States of America and the UK is forecasted to improve at a rate of 2.6 per cent and 1.3 per cent respectively, moderated by the dimmed outlook of a slower expansion of 1.3 per cent for the Euro Area.

Given the positive global prospect, the ECCB estimates that the economy of Saint Vincent and the Grenadines should expand by 2.5 per cent in 2019. This assessment is buttressed by positive developments in the hotels and restaurants sector associated with increased airlift into the recently commissioned Argyle International Airport, stepped up marketing and brand awareness building coupled with initiatives to increase the room stock. The weekly year-round American Airlines flight from Miami to Saint Vincent and the Grenadines which commenced in December 2018 will be increased to two flights per week beginning in December 2019. This would supplement the current weekly service by Caribbean Airlines (CAL) between New York and Saint Vincent and the Grenadines and the weekly high-season service from Toronto Canada by Air Canada Rouge. The planned increase in airlift is expected to further boost the hotels and restaurants sector, which is estimated to register positive value added in 2019. Likewise, greater promotion of the destination will target the Caribbean market (Trinidad and Tobago and Barbados), while the increase in accommodations will reflect the construction of additional tourist accommodations. Concomitant with these developments, activity in the transport, storage and communications and agricultural sectors are projected to improve.

Developments in the agricultural sector will also serve to drive economic activity consistent with planned initiatives to further strengthen the sector. The loss of the UK market in 2001 adversely impacted the banana subsector, however, ongoing donor-funded initiatives related to the Banana Accompanying Measures (BAM) Programme, are expected to revive the sector for both the domestic and export markets. Further recovery in the agricultural sector is expected in 2019, predicated on the greater production of cocoa, coffee, fruits and vegetables as well as the identification of new regional markets. Activity in the fishing sector is also likely to remain above the pace recorded in 2018 and should be augmented by a proposed seafood packaging facility in Calliaqua, to facilitate export of fish, lobster and other shellfish to regional and international markets. Further support to agriculture could be provided by the encouraging prospects for medicinal cannabis as evidenced by the increase in the issuance of cultivation licences.

Output in the manufacturing sector is projected to grow at a moderate pace due to increase demand for building material such as galvanize sheets. Output in the beverage sub-sector is expected to benefit from seasonal increases associated with annual carnival celebrations.

Construction activity is projected to remain buoyant during the second half of the year, mirroring the pace in the first half of 2019. Private sector construction activity would include a number of new investments in tourism properties anchored by the Black Sands project at Mt Wynne/St Peter's Hope. Such investments are likely to provide a business case for additional airlift into the destination in the medium term. Public sector investment is also projected to drive construction activity associated with the construction and rehabilitation of roads and bridges, as announced in the 2019 budget and continuing work on the geothermal project in North Windward.

The fiscal operations of the Central Government is estimated to deteriorate further based on expenditure outlays

observed in the first half of 2019. These developments however, may be tempered by institutional and constraints which will limit the level of capital investment. Notwithstanding the expenditure constraints, total outlays is projected to increase in 2019, driven by higher allocations for health and hospital services associated with the commissioning of three new health facilities; as well increased police and security-related services. A salary increase granted to teachers in the first half of 2019 and the recruitment of more qualified teachers are all anticipated to contribute to higher expenditure and a widening of the overall deficit.

This generally optimistic outlook for economic growth should however be tempered by a few downside risks. In the international context, the global economic expansion continues to decelerate as a number of advanced economies approach the end of the expansionary phase of the business cycle. These developments are further compounded by an uptick in geopolitical tensions stoked by the escalating trade war between the USA and China. The ongoing dispute between these major economies has curtailed global trade and created further uncertainty about the sustainability of the current rate of global growth. More recent geopolitical events, particularly the attack on the Saudi Arabian oil facilities, may trigger protracted increases in oil prices if the tensions persist. These developments could further dampen global growth. Consequently on the domestic front, the optimistic outlook for stayover arrivals from the ongoing operations of the international airport, may fail to be realized if global growth continues on its slower growth trajectory. Growing uncertainty about global trade and trade tensions between the USA and China, compounded with Brexit concerns in the UK and its trade partners threaten to derail the recent successes in developing these major source markets. The high cost of interregional travel continues to be a major impediment to the development of a regional tourism market, a major contributor to stayovers in Saint Vincent and the Grenadines. Other downside risks relate to the continued low implementation rate of infrastructural projects and the adverse impact on growth. This is compounded further by the constraints placed on the budget associated with the widening overall fiscal deficit and the less favourable external lending environment. The authorities will be hard pressed to increase capital investment in the existing environment. Notably, one of the most significant risks for small island states such as Saint Vincent and the Grenadines is the effect of climate change and the impact of extreme climatic events. The initial outlook was for a less active hurricane season in 2019, however, more recent developments indicate that the country remains susceptible to natural disasters, in the form of hurricanes, floods and earthquakes which could pose social and economic costs for the island.

Upside risks for Saint Vincent and the Grenadines include an expanding global economy and buoyancy in the major trading partners. Additionally, no significant movement is expected in the real exchange rate of the EC dollar as inflationary outcomes in the ECCU are not projected to deviate much from that of its major trading partners. Therefore, from a price competitiveness standpoint, exchange rates movements are not forecasted to materially impact Saint Vincent and the Grenadines. On the domestic front, the passing of legislation aimed at the establishment of a medical Cannabis industry could further diversify the agricultural sector and boost the country's foreign exchange earning capacity. The prospects of greater investment in the Cannabis industry could generate a host of spin-off industries, which will likely have positive implications for the labour market and growth. The development of new economic sectors increases the country's resilience to economic shocks and creates synergies with other more established sectors such as the tourism industry and manufacturing.

NOTES FOR STATISTICAL TABLES AND MONETARY SURVEY

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

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

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

MONETARY SURVEY

1. Central government represents central and local government.

   1.1 Domestic Credit to Central Government (net)

   Central Bank and commercial banks' total holdings of Treasury Bills and Debentures
   plus Central Bank and commercial banks' loans and advances to central government
   plus Central Bank interest due on Securities
   minus Total central government deposits held with the Central Bank and commercial banks
   minus Sinking Fund Call Account and Government Operating Account held with the Central Bank

2. Other Public Sector represents national insurance (social security scheme) and non-financial public enterprises.
3. Private Sector represents households, private businesses, non-bank financial institutions, and subsidiaries and affiliates.
4. Money Supply (M1) = currency plus total private sector demand deposits plus EC cheques and drafts issued.
5. Currency = total currency liabilities of the Central Bank less commercial banks' holdings of local currency cash.

6. Demand Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents' demand deposits.
7. Savings Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents' savings deposits.
8. Time Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents' time deposits.
9. Foreign Currency Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents' foreign currency deposits.

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ECCU

ANGUILLA

ANTIGUA AND BARBUDA

THE COMMONWEALTH OF DOMINICA

GRENADA

MONTSERRAT

SAINT CHRISTOPHER (ST. KITTS) AND NEVIS

SAINT LUCIA

SAINT VINCENT AND THE GRENADINES

Table 1
ECCU - Selected Tourism Statistics

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019[P] 2nd Qr	2018 Jan - Jun	2019 Jan - Jun
Total Visitors	716,726	507,392	1,548,237	2,148,419	821,216	2,743,720	2,969,635
Stay-Over Visitors	271,799	257,068	296,513	370,397	321,729	596,083	692,126
Of which:							
USA	124,574	102,453	115,184	159,819	151,132	262,356	310,951
Canada	21,318	15,612	29,746	49,814	24,314	67,714	74,128
UK	45,024	40,193	56,604	66,925	47,864	103,795	114,789
Caribbean	56,430	72,891	61,460	54,059	68,164	104,983	122,223
Other Countries	24,453	25,919	33,519	39,780	30,255	57,235	70,035
Excursionists \1	11,696	12,003	16,094	25,799	22,866	24,118	48,665
Cruise Ship Passengers \2	396,958	218,182	1,193,975	1,679,919	431,731	2,009,865	2,111,650
Yacht Passengers \4	36,273	20,139	41,655	72,304	44,890	113,654	117,194
Number of Cruise Ship Calls \3	221	101	598	982	216	1,242	1,198
Total Visitor Expenditure (EC$M)	**1,367.12**	**1,262.68**	**1,646.67**	**1,999.53**	**1,631.41**	**3,153.85**	**3,630.94**

Sources: ECCU Central Statistics Offices and Eastern Caribbean Central Bank

1 Excursionists includes Sea Arrivals for Saint Lucia

2 Cruiseship passengers excludes Anguilla but includes Excursionists for Antigua and Barbuda

3 Cruise ship calls excludes Anguilla

4 Yacht passengers excludes Anguilla

Data as at 15 October 2019

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

	2018 Qtr I	2018 Qtr II	2018 Qtr III	2018 Qtr IV	2019 Qtr I	2019 Qtr II P
Net Foreign Assets	**9,061.83**	**8,968.41**	**8,880.65**	**8,736.66**	**9,280.75**	**9,460.02**
Central Bank (Net)	**4,730.42**	**4,670.42**	**4,635.14**	**4,655.69**	**4,805.57**	**4,454.95**
External Assets	4,742.01	4,782.87	4,728.30	4,716.50	4,847.49	4,502.71
External Liabilities	11.59	112.45	93.16	60.81	41.92	47.77
Commercial Banks (Net)	**4,331.41**	**4,297.98**	**4,245.51**	**4,080.97**	**4,475.18**	**5,005.07**
External Assets	7,539.62	7,488.67	7,477.88	7,563.01	7,948.45	7,973.83
External Liabilities	3,208.21	3,190.69	3,232.37	3,482.04	3,473.27	2,968.75
Net Domestic Assets	**8,017.07**	**7,959.19**	**7,910.82**	**8,136.18**	**7,896.72**	**7,783.07**
Domestic Credit	**8,955.28**	**8,842.81**	**8,986.74**	**9,129.46**	**9,100.71**	**9,086.56**
Central Government (Net)	23.54	(46.48)	(17.86)	131.51	168.34	193.52
Other Public Sector (Net)	(2,050.36)	(2,133.08)	(2,069.18)	(2,054.28)	(2,123.41)	(2,120.93)
Private Sector	10,982.11	11,022.37	11,073.78	11,052.24	11,055.78	11,013.97
Household	6,752.69	6,744.14	6,746.37	6,780.78	6,782.75	6,789.54
Business	3,799.21	3,831.54	3,886.14	3,822.00	3,807.82	3,757.41
Non-Bank Financial Institutions	337.51	353.31	344.41	353.56	361.27	361.11
Subsidiaries & Affiliates	92.70	93.38	96.86	95.90	103.94	105.91
Other Items (Net)	**(938.22)**	**(883.62)**	**(1,075.92)**	**(993.29)**	**(1,203.99)**	**(1,303.49)**
Monetary Liabilities (M2)	**17,078.90**	**16,927.59**	**16,791.46**	**16,872.83**	**17,177.47**	**17,243.09**
Money Supply (M1)	**4,411.63**	**4,346.45**	**4,319.88**	**4,479.47**	**4,595.34**	**4,599.34**
Currency with the Public	898.71	878.93	865.56	948.40	929.27	928.43
Demand Deposits	3,413.37	3,387.79	3,343.38	3,449.00	3,574.20	3,574.92
EC$ Cheques and Drafts Issued	99.55	79.73	110.94	82.07	91.87	96.00
Quasi Money	**12,667.27**	**12,581.14**	**12,471.58**	**12,393.36**	**12,582.14**	**12,643.74**
Savings Deposits	7,838.89	7,866.24	7,890.70	7,817.21	7,942.56	8,005.33
Time Deposits	2,007.70	2,003.47	1,983.03	1,974.41	1,877.02	1,849.38
Foreign Currency Deposits	2,820.68	2,711.43	2,597.86	2,601.75	2,762.56	2,789.04
Memo Items						
Liquidity Ratio						
Liquid assets to total assets	37.68	37.36	36.56	36.39	36.69	36.18
Liquid assets to short-term liabilities	40.70	40.41	40.04	39.66	39.97	39.54
Customer deposits to total (noninterbank) loans	162.41	162.38	159.27	157.37	159.56	158.45
Weighted Average Interest Rates						
Total Deposits Rate	1.57	1.57	1.56	1.57	1.56	1.59
Lending Rate	8.37	8.36	8.18	8.11	8.09	8.01
Spread between reference lending and deposit rates (basis points)	6.80	6.79	6.62	6.53	6.52	6.41
Nonperforming loans to gross loans	11.99	11.34	11.41	11.29	11.06	10.20

Source: Eastern Caribbean Central Bank
Date as at 20 August 2019

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

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019P 2nd Qr	2018 Jan - Jun	2019 Jan - Jun
Current Revenue	1,436.35	1,326.33	1,301.23	1,298.16	1,497.19	2,656.61	2,795.35
Tax Revenue	1,041.85	1,005.70	1,035.10	1,042.98	1,102.79	2,050.62	2,145.77
Taxes on Income and Profits \1	229.50	220.58	213.36	237.43	255.08	453.64	492.51
Of which:							
Personal /1	88.57	81.73	86.40	96.88	92.49	179.40	189.37
Company/Corporation /2	111.72	111.56	97.60	107.55	140.17	214.93	247.72
Taxes on Property	37.90	35.94	32.11	27.98	50.16	63.41	78.14
Taxes on Domestic Goods and Services	456.94	442.05	436.35	464.23	468.78	909.26	933.00
Of which:							
Accommodation Tax	2.49	1.62	1.02	11.78	10.15	3.91	21.93
Licences	23.27	18.38	18.67	30.41	18.55	50.64	48.96
Sales Tax \3	73.00	57.44	68.64	59.61	72.71	152.28	132.32
Value Added Tax \5	276.91	260.04	269.50	276.34	281.37	545.49	557.71
Consumption Tax \4	-	-	-	-	-	-	-
Stamp Duties	18.56	32.48	25.40	22.55	23.48	39.70	46.03
Taxes on International Trade and Transactions	317.50	307.13	353.28	313.34	328.78	624.31	642.12
Of which:							
Import Duties	139.52	132.23	163.68	135.76	139.51	266.69	275.27
Consumption Tax \6	13.03	14.17	17.18	17.47	19.17	34.08	36.64
Customs Service Charge	69.76	70.45	76.84	66.17	67.64	135.62	133.81
Non-Tax Revenue	394.50	320.63	266.13	255.18	394.40	606.00	649.58
of which: Citizenship by Investment	299.47	213.68	153.83	157.26	293.49	299.47	450.74
Current Expenditure	1,167.07	1,119.44	1,315.58	1,132.32	1,280.02	2,282.86	2,412.34
Personal Emoluments	476.59	466.37	549.02	474.78	519.27	946.29	994.05
Goods and Services	277.07	227.85	318.86	237.79	309.18	535.44	546.97
Interest Payments	122.89	114.19	120.69	112.76	118.40	234.83	231.16
Domestic	61.07	64.46	60.85	62.26	58.76	122.79	121.03
External	61.83	49.73	59.85	50.50	59.63	112.03	110.13
Transfers and Subsidies	284.91	305.15	320.71	301.28	326.49	555.96	627.76
Of which: Pensions	81.72	81.35	91.66	86.49	89.52	166.61	176.01
Current Account Balance	269.28	206.89	(14.35)	165.84	217.17	373.75	383.01
Capital Revenue	13.57	(5.99)	28.35	2.93	3.80	16.25	6.73
Grants	74.43	88.69	161.57	37.94	67.89	130.66	105.83
Of which: Capital Grants	21.51	60.60	112.11	24.70	20.10	67.68	44.81
Capital Expenditure and Net Lending	243.95	186.68	351.87	199.20	331.86	453.18	531.06
Of which: Capital Expenditure	243.92	186.66	351.61	199.38	332.09	453.15	531.47
Primary Balance after grants	236.23	217.10	(55.61)	120.26	75.40	302.30	195.66
Overall Balance after grants	113.33	102.91	(176.30)	7.50	(43.00)	67.48	(35.50)
Financing	(113.33)	(102.91)	176.30	(7.50)	43.00	(67.48)	35.50
Domestic	(110.73)	(142.35)	84.98	(109.30)	23.90	(45.43)	(85.39)
ECCB (net)	(37.36)	(16.92)	9.32	(16.06)	24.15	(30.21)	8.10
Commercial Banks (net)	(32.66)	45.54	140.05	52.88	1.03	(27.94)	53.91
Other	(40.71)	(170.97)	(64.39)	(146.12)	(1.28)	12.71	(147.40)
External	(42.07)	18.54	82.02	65.70	(40.24)	(83.92)	25.46
Net Disbursements/(Amortisation)	(42.28)	23.73	80.16	63.79	(42.16)	(83.66)	21.63
Disbursements	123.83	224.83	247.41	163.29	135.65	222.11	298.95
Amortisation	(166.11)	(201.10)	(167.24)	(99.51)	(177.81)	(305.77)	(277.32)
Change in Government Foreign Assets	0.21	(5.19)	1.85	1.91	1.92	(0.26)	3.83
Arrears \7	39.46	20.90	9.30	36.09	59.34	61.87	95.43
Domestic	34.11	(8.18)	5.99	9.40	51.58	35.73	60.98
External	5.35	29.08	3.31	26.70	7.76	26.14	34.45

Source: ECCU Ministries of Finance and Eastern Caribbean Central Bank

/1 Taxes on Income & Profits include stabilization levy collected in Anguilla and Social Services Levy in St Kitts and Nevis

/2 Excludes Anguilla

/3 Includes Antigua and Barbuda and Dominica

/4 Excludes Montserrat

/5 Excludes Anguilla, Antigua and Barbuda, Montserrat

/6 Excludes St Vincent and the Grenadines

/7 Excludes Grenada, Montserrat, St Kitts and Nevis and Saint Luci

Data as at 16 October 2019

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

	2018^R 2nd Qr	2018^R 3rd Qr	2018^R 4th Qr	2019^R 1st Qr	2019^P 2nd Qr
Anguilla	504.52	501.59	525.17	508.50	496.52
Antigua and Barbuda	3,316.94	3,338.63	3,414.88	3,446.61	3,445.77
Dominica	1,077.02	1,070.29	1,107.51	1,147.21	1,189.53
Grenada	2,057.45	2,144.08	2,091.29	2,032.91	1,994.44
Montserrat	12.78	12.52	12.32	11.81	11.99
St Kitts and Nevis	1,612.42	1,650.97	1,564.90	1,563.87	1,570.00
Saint Lucia	3,228.30	3,260.67	3,342.73	3,391.87	3,317.42
St Vincent and the Grenadines	1,629.15	1,621.22	1,652.91	1,641.96	1,695.32
TOTAL ECCU	**13,438.58**	**13,599.97**	**13,711.71**	**13,744.74**	**13,721.00**

Source: Eastern Caribbean Central Bank
* Includes arrears of principal
Data as at 15 October 2019

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

	2018^R 2nd Qr	2018^R 3rd Qr	2018^R 4th Qr	2019^R 1st Qr	2019^P 2nd Qr
Anguilla	499.83	495.12	492.65	500.43	488.86
Antigua and Barbuda	2,681.99	2,707.82	2,732.70	2,821.95	2,831.67
Dominica	906.60	915.97	912.02	988.71	1,032.55
Grenada	1,978.21	1,943.73	2,020.62	1,960.56	1,925.81
Montserrat	9.35	9.30	9.14	8.62	8.90
St Kitts and Nevis	1,280.13	1,229.26	1,232.52	1,120.97	1,116.76
Saint Lucia	3,031.56	3,028.90	3,066.33	3,203.50	3,124.78
St Vincent and the Grenadines	1,427.32	1,489.67	1,483.03	1,510.81	1,578.00
TOTAL ECCU	**11,815.00**	**11,819.78**	**11,949.02**	**12,115.55**	**12,107.33**

Source: Eastern Caribbean Central Bank
Data as at 15 October 2019

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

	2018^{R} 2nd Qr	2018^{R} 3rd Qr	2018^{R} 4th Qr	2019^{R} 1st Qr	2019^{P} 2nd Qr
Anguilla	7.94	6.11	22.98	9.01	13.95
Antigua and Barbuda	144.06	116.81	115.19	102.42	161.17
Dominica	20.50	18.18	13.51	23.57	22.84
Grenada	62.53	26.26	105.27	39.69	72.26
Montserrat	0.03	0.03	0.04	0.07	0.07
St Kitts and Nevis	19.66	17.10	17.79	18.05	17.63
Saint Lucia	182.33	374.71	174.33	115.77	127.26
St Vincent and the Grenadines	46.80	49.11	51.96	36.69	49.30
TOTAL ECCU	**483.86**	**608.30**	**501.07**	**345.26**	**464.48**

Source: Eastern Caribbean Central Bank
Data as at 15 October 2019

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

	2018^{R} 2nd Qr	2018^{R} 3rd Qr	2018^{R} 4th Qr	2019^{R} 1st Qr	2019^{P} 2nd Qr	2018 Jan to Jun	2019 Jan to Jun
Total Bid Amount	421.46	510.38	435.71	343.79	429.80	771.32	773.58
Total Offer Amount	316.00	400.00	356.00	236.00	280.00	547.00	516.00
Total Raised	310.21	395.00	349.68	236.00	277.66	541.21	513.66

Source: Eastern Caribbean Central Bank
Data as at 14 August 2018

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

	2018[R] 2nd Qr	2018[R] 3rd Qr	2018[R] 4th Qr	2019[R] 1st Qr	2019[P] 2nd Qr	2018 Jan to Jun	2019 Jan to Jun
91-day Treasury Bills	2.48	2.00	3.59	2.25	2.58	2.64	2.40
180-day Treasury Bills	3.47	3.96	3.32	3.00	2.00	3.40	2.45
365-day Treasury Bills	5.50	3.46	3.97	5.00	3.75	4.83	4.04
2-year Bond	*	*	*	*	6.00	5.50	6.00
3-year Bond	*	*	*	*	5.00	*	5.00
4-year Bond	*	*	*	*	*	*	*
5-year Bond	*	*	*	*	6.25	*	6.25
6-year Bond	*	*	*	6.25	*	*	6.25
7-year Bond	6.25	*	*	*	*	6.25	*
8-year Bond	*	6.95	7.25	*	*	*	*
10-year Bond	7.50	7.25	7.50	*	*	7.38	*
15-year Bond	*	*	*	*	*	*	*

Source: Eastern Caribbean Central Bank
Data as at 14 August 2018

Table 9
Regional Government Securities Market (RGSM)
Secondary Market Activity on the RGSM (EC$M)

	2018[R] 2nd Qr	2018[R] 3rd Qr	2018[R] 4th Qr	2019[R] 1st Qr	2019[P] 2nd Qr	2018 Jan to Jun	2019 Jan to Jun
Volume	2.08	10.61	8.20	4.04	1.00	10.04	5.04
Value	2.22	10.50	8.35	4.06	1.02	10.36	5.08

Source: Eastern Caribbean Securities Exchange
Data as at 14 August 2018

Table 10
Anguilla - Selected Tourism Statistics

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019P 2nd Qr	2018 Jan - Jun	2019P Jan - Jun
Total Visitors	19,765	21,567	28,678	49,952	45,419	37,100	95,371
Stay-Over Visitors	12,654	13,457	17,797	30,135	26,504	23,279	56,639
Of which:							
USA	7,729	5,856	10,792	21,451	18,533	13,986	39,984
Canada	389	320	907	1,807	852	820	2,659
UK	595	677	948	1,184	1,035	1,150	2,219
Caribbean	2,628	5,214	2,918	2,444	3,229	4,940	5,673
Other Countries	1,313	1,390	2,232	3,249	2,855	2,383	6,104
Excursionists	7,111	8,110	10,881	19,817	18,915	13,821	38,732
Total Visitor Expenditure (EC$M)	63.15	68.96	92.38	134.91	110.11	130.02	245.02

Source: Anguilla Customs Department and ECCB Estimates
Data as at 11 September 2019

Table 11
Anguilla - Consumer Price Index
March 2010 = 100

			Percentage Change*						
			Quarter Over Previous Quarter						
	Weight	Index Jun 2019	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019P 2nd Qr	Jun-18 Dec-17	Jun-19 Dec-18
All Items	100.00	107.68	(0.45)	(0.61)	1.27	0.07	(0.29)	(1.09)	(0.21)
Food & Non-Alchoholic Beverages	12.83	116.90	(1.71)	1.62	2.64	0.44	(0.43)	(1.63)	0.00
Alcoholic Beverages, Tobacco & Narcotics	2.34	126.21	(0.85)	(0.46)	2.77	1.32	(0.83)	(0.84)	0.48
Clothing & Footwear	3.25	109.41	1.14	0.30	3.87	0.16	(1.18)	2.86	(1.02)
Housing, Utilities, Gas & Fuels	25.55	94.75	(0.22)	0.01	1.94	(0.52)	(1.14)	(0.58)	(1.65)
Household Furnishings, Supplies & Maintenance	4.03	114.91	(1.59)	1.15	5.76	(6.00)	1.73	(1.14)	(4.38)
Health	2.34	116.02	0.02	-	0.65	(0.04)	0.06	0.02	0.02
Transport	15.96	110.30	(1.29)	(2.88)	(0.03)	(1.06)	1.39	(3.33)	0.31
Communication	13.42	120.07	0.28	(0.11)	(0.76)	3.98	-	(0.78)	3.98
Recreation & Culture	3.81	84.09	2.03	(9.76)	(3.16)	0.57	1.50	0.01	2.08
Education	5.91	122.86	-	-	-	0.84	-	-	0.84
Hotels & Restaurants	4.04	107.09	(1.07)	-	2.23	0.39	(1.25)	(3.66)	(0.87)
Miscellaneous	6.52	102.38	(0.02)	0.09	2.24	(1.12)	(2.75)	0.37	(3.84)

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism
*at end of period
Data as at 11 September 2019

Table 12
Anguilla - Selected Trade Statistics
(EC$M)

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019P 2nd Qr	2018 Jan - Jun	2019P Jan - Jun
Total Exports	2.12	1.95	3.68	12.81	2.21	8.38	15.02
Total Imports	183.95	176.63	241.95	180.90	160.60	370.87	341.50
Trade Balance	(181.83)	(174.69)	(238.27)	(168.10)	(158.39)	(362.49)	(326.49)

Source: Anguilla Customs Department and ECCB Estimates

Data as at 11 September 2019

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

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019P 2nd Qr	2017 Jan - Jun	2019P Jan - Jun
Current Revenue	49.98	52.44	49.03	65.60	60.93	98.77	126.53
Tax Revenue	41.29	43.86	39.40	55.81	52.69	79.70	108.50
Taxes on Income and Profits	4.02	4.04	3.99	4.07	4.45	6.99	8.51
Of which: Stabilisation Levy	4.02	4.04	3.99	3.99	4.32	6.99	8.32
Taxes on Property	0.59	3.80	1.03	0.62	5.08	1.59	5.71
Taxes on Domestic Goods and Services	12.09	13.62	5.95	25.77	18.05	25.40	43.82
Of which:							
Licenses	4.59	2.95	2.08	7.38	3.63	10.40	11.01
Accommodation Tax	2.06	1.40	1.00	11.48	9.12	3.14	20.59
Stamp Duties	2.36	2.08	0.48	2.06	1.46	6.60	3.52
Taxes on International Trade and Transactions	24.59	22.40	28.42	25.35	25.12	45.72	50.46
Of which:							
Import Duty	18.99	17.49	22.71	19.83	19.61	35.44	39.44
Customs Surcharge	5.33	4.70	5.55	5.30	5.26	9.83	10.56
Embarkation Tax	0.01	(0.01)	0.02	0.01	0.00	0.01	0.01
Non-Tax Revenue	8.69	8.57	9.63	9.79	8.24	19.07	18.03
Current Expenditure	52.58	47.55	63.49	41.79	58.71	96.60	100.50
Personal Emoluments	21.61	20.78	24.49	20.09	20.68	42.63	40.77
Good and Services	13.60	12.72	15.96	8.53	17.07	21.56	25.60
Interest Payments	4.42	2.55	9.77	2.26	7.20	8.82	9.45
Domestic	2.62	2.38	4.34	2.25	2.19	5.19	4.44
External	1.80	0.17	5.43	0.01	5.00	3.63	5.01
Transfers and Subsidies	12.96	11.50	13.27	10.91	13.76	23.59	24.68
Of which: Pensions	2.10	2.16	2.18	2.14	2.14	4.27	4.29
Current Account Balance	(2.60)	4.89	(14.47)	23.81	2.22	2.17	26.03
Capital Revenue	-	-	-	-	-	-	-
Grants	0.26	21.24	9.05	-	-	3.93	-
Of which: Capital Grants	0.26	21.24	9.05	-	-	3.93	-
Capital Expenditure and Net Lending	0.90	8.88	13.48	0.73	0.69	3.27	1.42
Of which: Capital Expenditure	0.90	8.88	13.48	0.73	0.69	3.27	1.42
Primary Balance before grants	0.92	(1.45)	(18.18)	25.34	8.72	7.72	34.06
Primary Balance after grants	1.18	19.79	(9.13)	25.34	8.72	11.64	34.06
Overall Balance before grants	(3.50)	(4.00)	(27.95)	23.08	1.53	(1.10)	24.61
Overall Balance after grants	(3.24)	17.24	(18.90)	23.08	1.53	2.82	24.61
Financing	3.24	(17.24)	18.90	(23.08)	(1.53)	(2.82)	(24.61)
Domestic	(0.20)	(13.92)	(6.47)	(18.43)	2.43	(8.19)	(16.00)
ECCB (net)	(0.59)	59.09	(2.42)	(5.46)	(0.62)	(0.74)	(6.08)
Commercial Banks (net)	5.11	(22.10)	(7.26)	(20.86)	0.66	11.33	(20.19)
Other	(4.72)	(50.92)	3.20	7.89	2.39	(18.78)	10.28
External	0.14	0.03	30.54	(3.15)	(3.20)	(3.15)	(6.35)
Net Disbursements/(Amortisation)	0.14	0.03	30.54	(3.15)	(3.20)	(3.15)	(6.35)
Disbursements	0.14	0.05	40.22	0.06	0.02	0.14	0.08
Amortisation	-	0.03	9.67	3.22	3.22	3.29	6.43
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	3.30	(3.35)	(5.17)	(1.50)	(0.76)	8.52	(2.26)
Domestic	3.30	(3.35)	(5.17)	(1.50)	(0.76)	8.52	(2.26)
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Treasury Department, Anguilla and the Eastern Caribbean Central Bank
Data as at 11 September 2019

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

	2018 Qtr I	2018 Qtr II	2018 Qtr III	2018 Qtr IV	2019 Qtr I	2019 Qtr II P
Net Foreign Assets	**591.98**	**534.34**	**542.18**	**544.80**	**652.61**	**629.21**
Central Bank (Net)	**209.93**	**209.02**	**169.60**	**176.88**	**129.58**	**127.51**
Commercial Banks (Net)	382.05	325.32	372.59	367.92	523.03	501.70
External (Net)	317.60	276.37	325.87	343.62	481.13	497.87
Assets	401.75	380.82	403.72	461.68	544.01	554.12
Liabilities	84.15	104.45	77.85	118.06	62.88	56.26
Other ECCB Territories (Net)	64.45	48.94	46.72	24.30	41.90	3.84
Assets	213.74	202.80	206.36	192.27	219.86	193.48
Liabilities	149.29	153.86	159.64	167.97	177.96	189.64
Net Domestic Assets	**542.10**	**524.82**	**516.14**	**511.70**	**395.78**	**416.35**
Domestic Credit	**529.21**	**519.04**	**553.76**	**533.29**	**492.10**	**481.86**
Central Government (Net)	(67.56)	(63.04)	(26.04)	(35.71)	(62.03)	(61.99)
Other Public Sector (Net)	(62.61)	(64.77)	(66.04)	(69.20)	(49.12)	(50.40)
Private Sector	659.37	646.84	645.83	638.20	603.25	594.24
Household	356.79	349.16	347.06	342.30	325.42	321.46
Business	294.40	290.00	289.58	286.81	269.84	264.65
Non-Bank Financial Institutions	1.46	0.97	2.47	2.37	1.27	1.41
Subsidiaries & Affiliates	6.72	6.72	6.72	6.72	6.72	6.72
Other Items (Net)	**12.90**	**5.77**	**(37.62)**	**(21.59)**	**(96.33)**	**(65.51)**
Monetary Liabilities (M2)	**1,134.09**	**1,059.16**	**1,058.32**	**1,056.50**	**1,048.39**	**1,045.56**
Money Supply (M1)	**62.95**	**63.81**	**65.34**	**77.93**	**59.02**	**62.50**
Currency with the Public	22.13	24.12	25.90	25.27	27.60	29.32
Demand Deposits	40.59	38.76	38.91	52.37	31.22	34.15
EC$ Cheques and Drafts Issued	0.23	0.93	0.53	0.30	0.20	(0.96)
Quasi Money	**1,071.14**	**995.35**	**992.98**	**978.57**	**989.37**	**983.06**
Savings Deposits	146.19	146.97	146.64	151.47	156.62	155.27
Time Deposits	91.42	90.03	89.75	89.74	88.22	87.43
Foreign Currency Deposits	833.53	758.36	756.59	737.35	744.53	740.36
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	47.78	46.80	48.68	50.92	52.63	51.17
Liquid assets to short-term liabilities	52.84	51.90	55.35	57.54	62.95	61.57
Customer deposits to total (noninterbank) loans	175.63	179.17	180.72	182.38	193.96	197.94
Weighted Average Interest Rate						
Total Deposits Rate	2.10	2.20	2.24	2.29	2.46	2.44
Lending Rate	9.88	9.85	9.86	9.73	9.73	9.74
Spread between reference lending and deposit rates (basis points)	7.78	7.65	7.62	7.44	7.27	7.30
Nonperforming loans to gross loans	23.03	23.65	21.03	24.31	24.73	21.80

Source: Eastern Caribbean Central Bank
Date as at 20 August 2019

Table 15
Antigua and Barbuda - Selected Tourism Statistics

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019P 2nd Qr	2018 Jan - Jun	2019 Jan - Jun
Total Visitors	153,089	79,122	338,018	486,766	150,995	665,268	637,761
Stay-Over Visitors	62,868	52,491	68,319	90,619	74,453	148,139	165,072
Of which:							
USA	27,115	20,667	24,497	35,916	33,469	58,939	69,385
Canada	7,618	5,443	9,401	14,956	7,573	23,243	22,529
Europe	19,042	15,627	24,818	30,819	22,096	48,245	52,915
UK	15,379	12,822	19,952	23,463	16,906	37,833	40,369
Germany	422	156	481	912	462	1,579	1,374
Switzerland	193	131	269	403	271	619	674
Italy	1,422	1,570	1,797	2,898	2,429	3,465	5,327
France	393	222	452	569	456	836	1,025
Other Europe	1,233	726	1,867	2,574	1,572	3,913	4,146
Caribbean	7,770	9,632	7,852	7,072	9,096	14,770	16,168
South America	300	213	305	417	593	687	1,010
Other Countries	1,023	909	1,446	1,439	1,626	2,255	3,065
Cruise Ship Passengers	86,718	26,020	264,349	386,025	73,785	504,235	459,810
Number of Cruise Ship Calls	46	10	123	200	40	283	240
Yacht Passengers	3,503	611	5,350	10,122	2,757	12,894	12,879
Number of Yacht Calls	938	160	872	1,934	854	2,743	2,788
Total Visitor Expenditure (EC$M)	437.75	358.45	471.00	612.90	525.48	1,008.52	1,138.38

Source: Ministry of Tourism, Antigua and Barbuda
\2 Includes the expenditure of Stay Over visitors only.
Data as at 29 August 2019

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

	Weight	Index Jun-19	Percentage Change* 2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019^{P} 2nd Qr	Jun-18 Dec-17	Jun-19 Dec-18
All Items	100.00	141.00	0.93	0.04	0.30	0.11	0.85	1.40	0.97
Food	21.42	170.93	1.78	0.88	0.82	0.27	1.51	2.44	1.79
Alcoholic Beverages and Tobacco	0.16	140.43	(1.47)	(2.06)	1.94	0.71	1.51	(1.29)	2.23
Housing	21.83	114.88	-	- -	0.11	0.11	0.00	2.17	0.11
Fuel and Light	6.39	131.73	0.00	-	-	-	-	0.00	-
Clothing and Footwear	11.06	109.31	2.17	0.00	0.86	(0.05)	3.01	0.92	2.96
Household Furnishings and Supplies	12.60	149.37	1.09	0.52	0.25	0.50	1.09	1.14	1.60
Transport and Communications	15.35	141.85	0.22	0.09	(0.05)	0.30	0.22	0.18	0.52
Medical Care and Expenses	2.76	138.49	(1.56)	2.06	0.08	(0.09)	(1.56)	(0.68)	(1.65)
Education	2.34	213.97	-	0.42	-	-	0.00	-	0.00
Personal Services	4.30	158.24	1.79	(5.81)	0.00	(1.61)	1.79	1.79	0.15
Miscellaneous	1.79	131.06	(0.39)	(0.46)	3.70	(0.56)	(0.85)	(0.81)	(1.41)

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda
*at end of period
Since April 2016, the Geometic Mean is used to calculate the index. The Arithmetic Mean was used prior to April 2016.
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Data as at 29 August 2019

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

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019^{P} 2nd Qr	2018 Jan - Jun	2019 Jan - Jun
Visible Trade Balance	(424.74)	(420.44)	(507.78)	(461.73)	(417.07)	(863.20)	(878.80)
Total Exports	13.89	8.01	35.40	26.21	17.53	26.82	43.74
Total Imports	438.63	428.45	543.17	487.94	434.60	890.02	922.54

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda
Data as at 29 August 2019

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

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019P 2nd Qr	2018 Jan - Jun	2019 Jan - Jun
Current Revenue	197.51	182.16	221.28	193.28	218.95	411.83	412.24
Tax Revenue	171.29	149.76	170.63	160.10	193.28	359.26	353.38
Taxes on Income and Profits	19.64	13.70	19.01	20.76	25.21	45.66	45.97
Of which:							
Personal Income	0.23	0.03	0.04	0.25	0.07	0.38	0.32
Company/Corporation	19.41	13.67	18.97	20.51	25.14	45.28	45.66
Taxes on Property	8.98	3.93	2.55	6.07	16.35	14.69	22.42
Taxes on Domestic Goods and Services	82.70	76.41	80.96	72.28	87.09	172.15	159.38
Of which:							
Stamp Duties	7.27	16.26	9.97	10.35	11.70	15.00	22.06
Antigua and Barbuda Sales Tax	72.99	57.44	68.63	59.55	72.68	152.28	132.23
Taxes on International Trade and Transactions	59.97	55.73	68.11	60.99	64.63	126.76	125.61
Of which:							
Import Duty	24.18	21.13	27.32	23.53	24.23	48.17	47.77
Consumption Tax	9.72	11.10	13.38	14.26	16.25	28.10	30.51
Passenger Facility Charge	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue Recovery Charge	21.36	19.12	23.07	19.56	19.99	41.39	39.55
Embarkation Tax							
Non-Tax Revenue	26.23	32.39	50.65	33.19	25.67	52.57	58.85
Of which: Citizenship by Investment	11.89	16.44	24.11	21.60	19.08	19.20	40.68
Current Expenditure	221.78	190.96	299.53	200.22	243.05	423.64	443.27
Personal Emoluments	96.42	95.80	143.55	96.28	98.09	182.64	194.37
Other Goods and Services	34.45	12.60	44.86	25.58	53.93	71.81	79.51
Interest Payments	25.17	32.82	20.33	28.69	21.00	53.82	49.69
Domestic	16.77	19.68	14.87	17.90	14.81	36.68	32.71
External	8.40	13.15	5.45	10.78	6.19	17.14	16.98
Transfers and Subsidies	65.73	49.73	90.78	49.66	70.03	115.38	119.69
Of which: Pensions	20.30	15.97	20.02	15.91	21.61	35.35	37.52
Current Account Balance	(24.26)	(8.80)	(78.25)	(6.93)	(24.10)	(11.81)	(31.03)
Capital Revenue	0.68	0.87	26.06	0.98	1.28	1.30	2.26
Grants	0.00	0.00	15.70	0.00	0.00	0.00	0.00
Of which:							
Capital Grants	0.00	0.00	15.70	0.00	0.00	0.00	0.00
Capital Expenditure and Net Lending	17.83	6.16	39.52	13.32	20.04	37.97	33.37
Of which: Capital Expenditure	17.83	6.16	39.52	13.32	20.04	37.97	33.37
Primary Balance after grants	(16.25)	18.73	(55.67)	9.41	(21.86)	5.34	(12.45)
Overall Balance after grants	(41.42)	(14.09)	(76.00)	(19.28)	(42.86)	(48.48)	(62.14)
Financing	41.42	14.09	76.00	19.28	42.86	48.48	62.14
Domestic	(26.60)	(12.56)	20.17	(5.81)	7.00	4.02	1.19
ECCB (net)	(8.01)	8.02	6.12	(5.00)	9.99	8.63	4.98
Commercial Banks (net)	0.13	1.96	4.50	4.72	(16.69)	(12.05)	(11.97)
Other	(18.72)	(22.54)	9.54	(5.52)	13.71	7.44	8.18
External	37.89	3.91	48.81	(15.85)	21.63	(2.55)	5.78
Net Disbursements/(Amortisation)	37.07	9.06	46.83	(17.85)	19.13	(6.04)	1.29
Disbursements	72.27	51.11	95.88	34.08	79.61	90.56	113.69
Amortisation	(35.20)	(42.05)	(49.05)	(51.92)	(60.48)	(96.60)	(112.40)
Change in Government Foreign Assets	0.83	(5.15)	1.98	1.99	2.50	3.49	4.49
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arrears	30.12	22.74	7.02	40.94	14.23	47.01	55.17
Domestic	24.77	(6.34)	3.72	17.24	12.47	20.87	29.71
External	5.35	29.08	3.31	23.70	1.76	26.14	25.45
Other Financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: Ministry of Finance, Antigua and Barbuda and Eastern Caribbean Central Bank
Data as at 29 August 2019

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

	2018 Qtr I	2018 Qtr II	2018 Qtr III	2018 Qtr IV	2019 Qtr I	2019 Qtr II P
Net Foreign Assets	**1,767.02**	**1,863.33**	**1,829.66**	**1,792.97**	**1,603.36**	**1,761.63**
Central Bank (Net)	**861.60**	**914.44**	**893.10**	**886.88**	**862.91**	**737.30**
Commercial Banks (Net)	905.42	948.89	936.56	906.09	740.45	1,024.33
External (Net)	788.73	820.11	811.46	695.74	880.43	1,212.36
Assets	1,507.93	1,532.35	1,488.87	1,480.44	1,715.19	1,830.54
Liabilities	719.21	712.24	677.41	784.70	834.76	618.18
Other ECCB Territories (Net)	116.70	128.78	125.09	210.35	(139.98)	(188.03)
Assets	1,640.57	1,659.03	1,676.93	1,777.59	1,756.13	1,626.79
Liabilities	1,523.87	1,530.24	1,551.84	1,567.24	1,896.11	1,814.82
Net Domestic Assets	**1,910.91**	**1,865.42**	**1,846.16**	**1,895.96**	**2,230.46**	**2,037.65**
Domestic Credit	**2,267.85**	**2,272.14**	**2,335.33**	**2,360.58**	**2,395.56**	**2,394.35**
Central Government (Net)	380.61	372.73	382.72	393.34	393.05	386.34
Other Public Sector (Net)	5.01	(9.84)	12.68	36.17	52.92	41.31
Private Sector	1,882.23	1,909.25	1,939.94	1,931.08	1,949.59	1,966.69
Household	1,207.96	1,215.14	1,224.73	1,223.02	1,236.00	1,245.21
Business	610.18	630.69	652.46	645.64	655.72	664.01
Non-Bank Financial Institutions	46.42	45.76	45.09	44.76	32.21	31.82
Subsidiaries & Affiliates	17.66	17.66	17.66	17.66	25.66	25.66
Other Items (Net)	**(356.94)**	**(406.72)**	**(489.17)**	**(464.62)**	**(165.10)**	**(356.70)**
Monetary Liabilities (M2)	**3,677.93**	**3,728.75**	**3,675.82**	**3,688.93**	**3,833.81**	**3,799.28**
Money Supply (M1)	**930.71**	**935.73**	**923.38**	**968.59**	**1,041.38**	**1,043.75**
Currency with the Public	183.06	177.77	172.39	188.26	190.66	192.76
Demand Deposits	702.36	727.96	715.74	748.72	808.88	800.14
EC$ Cheques and Drafts Issued	45.28	30.00	35.26	31.61	41.84	50.85
Quasi Money	**2,747.22**	**2,793.02**	**2,752.44**	**2,720.34**	**2,792.44**	**2,755.53**
Savings Deposits	1,664.22	1,689.71	1,697.60	1,650.61	1,686.91	1,705.13
Time Deposits	523.89	523.21	523.34	567.97	470.23	458.10
Foreign Currency Deposits	559.12	580.09	531.51	501.76	635.30	592.31
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	59.10	59.53	57.94	57.65	56.33	55.76
Liquid assets to short-term liabilities	63.93	64.93	63.44	62.83	60.71	60.19
Customer deposits to total (noninterbank) loans	154.00	155.42	149.17	144.41	145.11	140.07
Weighted Average Interest Rate						
Total Deposits Rate	1.61	1.55	1.45	1.44	1.43	1.60
Lending Rate	9.02	9.08	8.53	8.44	8.79	8.65
Spread between reference lending and deposit rates (basis points)	7.41	7.53	7.08	7.00	7.36	7.05
Nonperforming loans to gross loans	7.72	7.30	7.01	6.35	6.20	5.61

Source: Eastern Caribbean Central Bank
Date as at 20 August 2019

Table 20
Dominica - Selected Tourism Statistics

	2018R 2ndQr	2018R 3rdQr	2018R 4thQr	2019R 1st Qr	2019P 2ndQr	2018 Jan - Jun	2019 Jan - Jun
Total Visitors	18,352	34,734	122,642	163,846	41,347	49,818	205,193
Stay-Over Visitors	13,868	14,737	22,733	23,705	20,667	26,335	44,372
USA	2,582	2,053	3,689	3,582	2,396	4,707	5,978
Canada	398	346	596	751	341	868	1,092
UK	824	810	1,265	1,500	1,102	1,634	2,602
Caribbean	7,687	9,061	13,234	12,620	13,355	14,588	25,975
Other Countries	2,377	2,467	3,949	5,252	3,473	4,538	8,725
Excursionists	191	175	616	975	199	348	1,174
Yacht Passengers	1,742	810	1,895	4,415	-	5,076	4,415
Cruise Ship Passengers	2,551	19,012	97,398	134,751	20,481	18,059	155,232
Number of Cruise Ship Calls	3	8	58	103	14	27	117
Total Visitor Expenditure (EC$M)	27.90	31.11	53.36	60.50	42.79	52.63	103.29

Sources: Discover Dominica Authority and ECCB Estimates
Data as at 26 August 2019

Table 21
Dominica - Consumer Price Index
June 2010 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
	Weight	Index Jun 2019	2018R 2ndQr	2018R 3rdQr	2018R 4thQr	2019R 1st Qr	2019P 2ndQr	Jun-18 Dec-17	Jun-19 Dec-18
All Items	100.00	105.59	1.36	1.13	0.32	0.33	0.27	2.50	0.60
Food and Non-Alcoholic Beverages	18.08	114.95	1.57	(0.79)	1.05	0.69	0.09	1.87	0.78
Alcoholic Beverages, Tobacco and Narcotics	0.77	116.86	1.08	0.34	1.49	0.34	(0.63)	0.93	(0.29)
Clothing and Footwear	5.08	110.25	-	-	-	0.20	-	0.36	0.20
Housing, Utilities, Gas and Fuels	30.62	99.86	2.85	4.66	(0.41)	0.51	0.72	6.48	1.23
Household Furnishings, Supplies and Maintenance	5.23	108.51	0.88	0.15	0.45	(0.18)	0.53	0.70	0.35
Health	3.36	111.31	-	-	-	-	-	-	-
Transport	20.11	103.37	0.83	(0.51)	0.08	0.12	0.19	0.79	0.31
Communication	3.95	100.71	-	-	-	-	-	-	-
Recreation and Culture	3.74	98.45	-	0.84	-	(0.11)	-	0.01	(0.11)
Education	1.33	103.83	-	-	-	-	-	-	-
Hotels and Restaurants	2.88	120.93	(0.42)	-	7.25	0.86	(0.57)	(0.42)	0.29
Miscellaneous	4.85	105.43	0.23	-	(0.16)	(0.07)	0.23	0.65	0.16

Sources: Central Statistical Office, Dominica and ECCB Estimates
*at end of period
Data as at 26 August 2019

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

	2018R 2ndQr	2018R 3rdQr	2018R 4thQr	2019R 1st Qr	2019P 2ndQr	2018 Jan - Jun	2019 Jan - Jun
Current Revenue	270.69	166.71	149.76	138.14	225.26	399.96	363.40
Tax Revenue	112.40	105.68	102.75	104.61	121.95	195.65	226.55
Taxes on Income and Profits	12.09	11.87	12.17	16.26	28.20	23.54	44.46
Of which:							
Personal	7.15	6.22	6.74	8.19	7.28	15.88	15.46
Company/Corporation	6.17	6.41	5.81	9.01	32.33	9.85	41.34
Taxes on Property	1.86	1.60	2.07	1.82	3.09	3.33	4.91
Taxes on Domestic Goods and Services	72.89	64.39	62.60	59.79	65.07	125.10	124.85
Of which:							
Licences	6.26	4.22	4.64	5.73	4.86	11.67	10.59
Value Added Tax	49.66	46.50	42.95	40.06	45.41	85.08	85.47
Excise Tax	15.22	11.79	13.94	12.89	13.51	26.24	26.39
Taxes on International Trade and Transactions	25.55	27.82	25.91	26.74	25.60	43.68	52.33
Of which:							
Import Duty	11.04	13.55	14.10	12.67	12.17	18.38	24.84
Customs Service Charge	9.85	10.02	7.80	7.61	7.67	17.21	15.29
Environmental Levy	4.27	4.08	3.66	4.00	3.83	7.34	7.82
Non-Tax Revenue	158.29	61.03	47.00	33.53	103.31	204.31	136.84
of which: Economic Citizenship Programme	153.41	44.00	38.93	25.92	92.70	194.06	118.62
Current Expenditure	136.85	99.68	134.27	140.41	154.76	242.27	295.17
Personal Emoluments	39.99	39.57	40.26	39.21	38.71	79.60	77.92
Goods and Services [1/]	57.15	28.36	50.40	43.72	65.58	93.11	109.30
Interest Payments	7.50	5.45	7.42	7.85	9.71	16.83	17.56
Domestic	3.20	1.04	3.89	3.37	5.15	6.69	8.52
External	4.30	4.41	3.53	4.48	4.55	10.13	9.03
Transfers and Subsidies	32.21	26.30	36.19	49.63	40.76	52.73	90.40
Of which: Pensions	5.18	5.33	6.13	5.52	5.61	10.65	11.13
Current Account Balance	133.83	67.03	15.49	(2.27)	70.50	157.69	68.23
Capital Revenue	-	-	-	-	0.00	-	0.00
Grants	0.05	0.15	0.08	0.03	0.04	0.05	0.07
Of which: Capital Grants	0.05	0.15	0.08	0.03	0.04	0.05	0.07
Capital Expenditure and Net Lending	138.94	53.85	97.16	88.43	149.73	232.41	238.16
Of which: Capital Expenditure	138.96	53.86	97.19	88.43	149.93	232.43	238.35
Primary Balance after grants	2.44	18.78	(74.17)	(82.82)	(69.49)	(57.84)	(152.31)
Overall Balance after grants	(5.06)	13.33	(81.59)	(90.67)	(79.19)	(74.67)	(169.86)
Financing	5.06	(13.33)	81.59	90.67	79.19	74.67	169.86
Domestic	15.25	0.29	81.22	102.46	56.70	95.72	159.16
ECCB (net)	(6.37)	(0.91)	(14.62)	10.56	1.63	(6.67)	12.19
Commercial Banks (net)	77.97	56.09	87.04	55.37	31.83	153.50	87.20
Other	(56.35)	(54.88)	8.80	36.53	23.24	(51.12)	59.77
External	(11.54)	(11.40)	0.96	(15.21)	(0.46)	(19.58)	(15.67)
Net Disbursements (Amortisation)	(10.92)	(11.36)	1.08	(15.13)	0.12	(15.83)	(15.01)
Disbursements	1.28	1.37	7.10	0.51	12.28	9.57	12.79
Amortisation	(12.20)	(12.73)	(6.02)	(15.64)	(12.16)	(25.40)	(27.80)
Change in Government Foreign Assets	(0.61)	(0.04)	(0.12)	(0.08)	(0.58)	(3.75)	(0.66)
Arrears	1.35	(2.22)	(0.59)	3.42	22.95	(1.46)	26.37
Domestic	1.35	(2.22)	(0.59)	0.42	16.95	(1.46)	17.37
External	-	-	-	3.00	6.00	-	9.00
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Dominica and ECCB
[1/] ***Adjustments to goods and services made by the ECCB to account for unprocessed and pending claims. Corresponding adjustments are also made to domestic arrears***
Data as at 26 August 2019

Table 23
Dominica - Selected Trade Statistics
(Value: EC$M; Volume: tonnes)

	2018^R 2nd Qr	2018^R 3rd Qr	2018^R 4th Qr	2019^R 1st Qr	2019^P 2nd Qr	2018 Jan - Jun	2019 Jan - Jun
Visible Trade Balance	(236.43)	(207.65)	(209.97)	(204.17)	(192.89)	(371.07)	(397.06)
Total Imports	241.72	215.08	219.74	213.84	205.62	381.29	419.46
Total Exports	5.29	7.43	9.77	9.67	12.73	10.22	22.40
Re-Exports	2.35	2.74	3.54	1.94	3.33	4.68	5.27
Domestic Exports	2.94	4.69	6.24	7.73	9.40	5.55	17.13
Of which:							
Bananas							
Value	-	0.03	0.07	0.44	0.39	-	0.83
Volume	-	29	37	295	352	-	647.52

Source: Central Statistical Office, WINFRESH and ECCB Estimates
Data as at 26 August 2019

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

	2018 Qtr I	2018 Qtr II	2018 Qtr III	2018 Qtr IV	2019 Qtr I	2019 Qtr II P
Net Foreign Assets	**1,479.04**	**1,404.62**	**1,251.34**	**1,182.04**	**1,107.96**	**1,056.73**
Central Bank (Net)	**663.21**	**609.19**	**515.31**	**510.84**	**480.30**	**464.43**
Commercial Banks (Net)	815.83	795.43	736.03	671.20	627.66	592.30
External (Net)	572.21	551.58	502.30	430.39	370.32	360.01
Assets	835.89	799.46	743.01	690.48	643.29	607.93
Liabilities	263.68	247.87	240.71	260.09	272.97	247.93
Other ECCB Territories (Net)	243.62	243.85	233.74	240.81	257.34	232.30
Assets	416.93	401.66	368.71	377.14	411.58	387.52
Liabilities	173.31	157.80	134.97	136.33	154.25	155.22
Net Domestic Assets	**276.82**	**337.78**	**410.08**	**469.08**	**497.39**	**550.62**
Domestic Credit	**421.75**	**497.95**	**557.01**	**617.49**	**675.75**	**688.50**
Central Government (Net)	(247.33)	(175.73)	(120.55)	(48.13)	17.80	51.26
Other Public Sector (Net)	(111.18)	(107.98)	(108.00)	(107.43)	(106.31)	(97.85)
Private Sector	780.26	781.65	785.56	773.05	764.26	735.09
Household	432.89	427.39	426.38	419.37	416.74	410.44
Business	281.24	286.96	293.31	287.19	282.23	260.12
Non-Bank Financial Institutions	66.13	67.30	65.87	66.50	65.28	64.53
Subsidiaries & Affiliates	0.00	0.00	0.00	0.00	0.00	0.00
Other Items (Net)	**(144.93)**	**(160.17)**	**(146.93)**	**(148.41)**	**(178.36)**	**(137.87)**
Monetary Liabilities (M2)	**1,755.86**	**1,742.40**	**1,661.42**	**1,651.12**	**1,605.35**	**1,607.36**
Money Supply (M1)	**497.74**	**492.55**	**436.93**	**446.79**	**414.47**	**418.44**
Currency with the Public	81.29	85.63	84.67	91.23	90.18	92.39
Demand Deposits	411.53	399.26	348.23	349.50	317.78	320.59
EC$ Cheques and Drafts Issued	4.92	7.66	4.04	6.07	6.51	5.46
Quasi Money	**1,258.12**	**1,249.85**	**1,224.49**	**1,204.33**	**1,190.88**	**1,188.92**
Savings Deposits	1,019.05	1,010.84	992.44	970.85	961.76	950.27
Time Deposits	212.30	211.55	204.04	202.89	202.81	203.88
Foreign Currency Deposits	26.77	27.46	28.02	30.59	26.31	34.77
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	61.93	59.53	56.27	54.42	52.91	51.39
Liquid assets to short-term liabilities	71.20	68.86	64.44	61.69	60.18	58.87
Customer deposits to total (noninterbank) loans	207.36	208.37	193.86	183.33	173.38	175.00
Weighted Average Interest Rate						
Total Deposits Rate	1.57	1.58	1.67	1.70	1.73	1.75
Lending Rate	7.90	7.75	7.64	7.60	7.53	7.54
Spread between reference lending and deposit rates (basis points)	6.34	6.17	5.98	5.91	5.80	5.79
Nonperforming loans to gross loans	17.40	18.51	16.51	17.02	15.79	11.81

Source: Eastern Caribbean Central Bank
Date as at 20 August 2019

Table 25
Grenada - Selected Tourism Statistics

	2018 2nd Qr	2018 3rd Qr	2018R 4th Qr	2019R 1st Qr	2019P 2nd Qr	2018 Jan - Jun	2019P Jan - Jun
Total Visitors	61,698	50,321	163,736	251,382	67,681	314,580	319,063
Stay-Over Visitors	36,417	41,125	40,477	45,157	37,228	79,373	82,385
Of which:							
USA	14,647	15,218	14,798	16,356	15,132	31,406	31,488
Canada	2,653	2,755	3,795	6,420	2,488	7,234	8,908
United Kingdom	4,886	5,606	5,383	7,660	4,785	11,764	12,445
Caribbean	6,759	8,599	5,928	5,386	7,636	12,473	13,022
Other Countries	7,472	8,947	10,573	9,335	7,187	16,496	16,522
Excursionists	177	138	102	112	288	315	400
Cruise Ship Passengers	20,163	4,634	118,067	196,078	24,882	220,125	220,960
Yacht Passengers	4,941	4,424	5,090	10,035	5,283	14,767	15,318
Number of Cruise Ship Calls	16	16	75	133	26	155	159
Total Visitor Expenditure (EC$M) [1/]	86.06	114.81	113.54	125.32	90.51	209.53	215.83

Source: Grenada Tourism Authorities
[1/] Expenditure of stay over visitors and cruiseship passengers only
Data as at 13 September 2019

Table 26
Grenada - Consumer Price Index
January 2010 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
	Weight	Index Jun 2019	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019P 2nd Qr	Jun-18 Dec-17	Jun-19 Dec-18
All Items	100.00	111.69	0.71	0.45	0.15	(0.17)	(0.12)	0.80	(0.29)
Food & Non-Alcoholic Beverages	20.00	116.54	0.35	0.11	0.10	(0.23)	0.25	0.57	0.02
Alcoholic Beverages, Tobacco and Narcotics	2.00	124.13	(0.11)	(0.57)	(0.73)	0.04	0.15	0.15	0.19
Clothing and Footwear	4.00	103.85	(0.04)	0.14	0.14	2.47	(1.49)	(0.18)	0.94
Housing, Utilities, Gas and Fuels	29.00	103.97	0.50	0.13	0.21	(0.39)	0.02	0.98	(0.37)
Household Furnishings, Supplies and Maintenance	5.00	111.58	0.26	0.10	0.18	(0.14)	(0.02)	0.46	(0.16)
Health	2.00	138.52	(0.01)	0.23	2.96	0.05	0.14	(0.00)	0.20
Transport	19.00	111.02	2.47	1.80	0.12	(0.54)	(0.88)	1.87	(1.42)
Communication	10.00	125.29	-	-	-	-	0.46	11.34	0.46
Recreation and Culture	3.00	112.12	(0.35)	-	-	0.29	0.11	(0.30)	0.39
Education	1.00	148.82	0.09	4.77	-	-	-	1.17	-
Hotels and Restaurants	2.00	99.32	-	-	-	-	-	(0.00)	-
Miscellaneous	5.00	107.42	0.62	0.13	(0.14)	0.02	(0.02)	0.69	-

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada
*at end of period
Data as at 13 September 2019

Table 27
Grenada - Selected Agricultural Production

	Unit	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019R 1st Qr	2019P 2nd Qr	2018 Jan - Jun	2019P Jan - Jun
Bananas	(tonnes)	1,678	1,464	1,138	1,118	1,232	3,580	2,350
Cocoa	(tonnes)	148	32	97	376	140	462	517
Nutmeg	(tonnes)	107	137	104	204	219	274	423
Mace	(tonnes)	10	8	4	18	21	18	39

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and ECCB Es
Data as at 13 September 2019

Table 28
Grenada - Selected Trade Statistics
(Value: EC$M; Volume: 000 tonnes)

	2018 2nd Qr	2018 3rd Qr	2018R 4th Qr	2019R 1st Qr	2019P 2nd Qr	2018 Jan - Jun	2019P Jan - Jun
Visible Trade Balance	(289.38)	(294.37)	(301.82)	(288.71)	(299.95)	(578.77)	(588.66)
Total Imports	314.33	313.33	321.20	307.98	318.76	628.65	626.73
Total Exports	24.94	18.96	19.38	19.27	18.81	49.89	38.08
Re-Exports	1.55	1.69	1.74	1.38	1.97	3.11	3.35
Domestic Exports	23.39	17.28	17.64	17.89	16.84	46.78	34.72
Of Which:							
Nutmeg							
Volume	143.80	78.43	126.16	72.48	10.58	287.60	83.06
Value	3.18	1.53	2.82	1.41	0.60	6.36	2.00
Mace							
Volume	20.64	2.98	11.55	5.34	3.43	41.27	8.77
Value	0.61	0.08	0.26	0.18	0.75	1.21	0.93
Cocoa							
Volume	155.82	289.72	10.85	171.48	61.84	311.65	233.32
Value	1.72	2.30	0.12	1.88	0.68	3.44	2.56
Manufactured Exports							
Value	7.88	8.36	8.42	8.98	7.37	15.75	16.35

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and ECCB Estimates
Data as at 13 September 2019

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

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019p 2nd Qr	2018 Jan - Jun	2019p Jan - Jun
Current Revenue	186.45	185.64	193.33	191.41	198.50	376.91	389.91
Tax Revenue	177.80	177.50	186.86	183.85	189.75	358.71	373.60
Taxes on Income and Profits	35.03	40.61	38.88	39.85	38.40	74.43	78.25
Of which:							
Personal	15.62	15.71	15.60	20.31	17.75	33.20	38.06
Company/Corporation	19.41	24.90	23.29	18.77	20.65	41.23	39.42
Taxes on Property	11.71	4.68	4.99	7.67	12.67	19.60	20.33
Taxes on Domestic Goods and Services	73.05	71.57	75.29	77.87	77.02	149.60	154.89
Of which:							
Value-added Tax	61.49	59.87	65.77	62.73	62.81	123.84	125.54
Stamp Duties	0.80	3.34	0.87	0.88	1.23	1.56	2.11
Licences	4.75	3.51	4.09	6.96	5.62	11.38	12.58
Taxes on International Trade and Transactions	58.01	60.64	67.69	58.46	61.66	115.08	120.12
Of which:							
Import Duty	19.56	20.58	24.72	19.43	21.26	38.91	40.69
Customs Service Charge	14.19	15.25	17.24	14.86	15.19	29.01	30.05
Non-Tax Revenue	8.65	8.13	6.47	7.56	8.75	18.20	16.31
of which: Citizenship by Investment	0.81	1.01	0.28	1.62	2.16	0.81	3.78
Current Expenditure[1/]	157.97	145.98	153.73	148.08	160.26	308.77	308.34
Personal Emoluments	68.29	59.73	64.47	66.60	66.54	140.10	133.14
Goods and Services	32.76	32.87	31.66	33.31	31.32	66.14	64.63
Interest Payments	21.10	12.04	22.91	7.93	19.18	28.29	27.10
Domestic	2.64	7.63	5.02	2.82	1.99	5.34	4.81
External	18.45	4.41	17.89	5.11	17.18	22.95	22.29
Transfers and Subsidies	35.83	41.33	34.69	40.24	43.22	74.25	83.47
Of which: Pensions	9.81	9.50	10.34	11.18	11.11	19.12	22.29
Current Account Balance	28.48	39.66	39.60	43.33	38.24	68.14	81.57
Capital Revenue	-	-	-	-	-	-	-
Grants	13.55	23.05	41.16	13.77	17.39	30.08	31.17
Of which: Capital Grants	9.23	19.00	32.72	8.55	10.67	23.21	19.22
Capital Expenditure	12.33	21.90	34.70	9.77	13.90	30.24	23.67
Of which: Capital Expenditure	12.33	21.90	34.70	9.77	13.90	30.24	23.67
Primary Balance after grants	50.80	52.85	68.98	55.26	60.91	96.27	116.17
Overall Balance after grants	29.70	40.80	46.06	47.33	41.73	67.98	89.07
Financing	(29.70)	(40.80)	(46.06)	(47.33)	(41.73)	(67.98)	(89.07)
Domestic	(2.32)	(117.95)	(19.24)	(37.57)	(8.80)	(38.92)	(46.38)
ECCB (net)	(4.25)	(74.65)	0.49	(8.36)	(4.29)	6.48	(12.65)
Commercial Banks (net)	(16.51)	(9.23)	50.43	(33.03)	3.58	(54.21)	(29.45)
Other	18.43	(34.07)	(70.17)	3.81	(8.09)	8.81	(4.28)
External	(27.38)	77.15	(26.82)	(9.76)	(32.93)	(29.06)	(42.69)
Net Disbursements/(Amortisation)	(27.38)	77.15	(26.82)	(9.76)	(32.93)	(29.06)	(42.69)
Disbursements	9.56	87.03	5.87	1.43	1.96	19.80	3.38
Amortisation	36.94	9.88	32.69	11.19	34.89	48.86	46.07
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and the ECCB
[1/] Some reclassifcaitions were made from January 2016 to reflect the New Chart of Accounts, where necessary
Data as at 13 September 2019

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

	2018 Qtr I	2018 Qtr II	2018 Qtr III	2018 Qtr IV	2019 Qtr I	2019 Qtr II P
Net Foreign Assets	**1,096.59**	**1,181.28**	**1,300.82**	**1,314.99**	**1,442.85**	**1,445.68**
Central Bank (Net)	**511.32**	**520.24**	**610.02**	**623.24**	**654.07**	**626.35**
Commercial Banks (Net)	585.27	661.04	690.80	691.75	788.78	819.34
External (Net)	286.43	382.86	392.49	444.85	491.55	500.42
Assets	734.96	805.39	797.11	837.92	902.01	920.63
Liabilities	448.53	422.53	404.63	393.07	410.46	420.21
Other ECCB Territories (Net)	298.84	278.18	298.32	246.90	297.23	318.92
Assets	439.30	415.64	443.36	408.81	487.02	524.51
Liabilities	140.46	137.46	145.05	161.91	189.79	205.59
Net Domestic Assets	**1,210.32**	**1,066.49**	**989.64**	**1,053.86**	**957.50**	**932.60**
Domestic Credit	**1,192.36**	**1,148.64**	**1,073.42**	**1,101.79**	**1,036.74**	**1,038.82**
Central Government (Net)	(147.61)	(168.37)	(252.25)	(201.33)	(242.71)	(243.43)
Other Public Sector (Net)	(226.14)	(261.23)	(260.10)	(298.89)	(334.02)	(334.90)
Private Sector	1,566.11	1,578.24	1,585.77	1,602.01	1,613.48	1,617.15
Household	1,036.79	1,038.91	1,046.37	1,055.94	1,050.89	1,046.63
Business	523.23	533.48	533.38	539.19	561.45	569.37
Non-Bank Financial Institutions	6.08	5.85	6.02	6.88	1.13	1.16
Subsidiaries & Affiliates	0.00	0.00	0.00	0.00	0.00	0.00
Other Items (Net)	**17.96**	**(82.15)**	**(83.78)**	**(47.93)**	**(79.24)**	**(106.23)**
Monetary Liabilities (M2)	**2,306.90**	**2,247.76**	**2,290.46**	**2,368.85**	**2,400.35**	**2,378.28**
Money Supply (M1)	**681.61**	**641.36**	**651.53**	**702.30**	**724.00**	**683.86**
Currency with the Public	145.36	134.29	134.13	143.85	137.66	128.09
Demand Deposits	523.38	496.19	504.75	547.34	574.54	543.56
EC$ Cheques and Drafts Issued	12.88	10.88	12.65	11.11	11.81	12.21
Quasi Money	**1,625.29**	**1,606.40**	**1,638.92**	**1,666.55**	**1,676.35**	**1,694.42**
Savings Deposits	1,243.89	1,248.13	1,254.56	1,265.26	1,277.70	1,289.59
Time Deposits	205.83	189.13	190.53	190.96	184.98	180.93
Foreign Currency Deposits	175.57	169.14	193.84	210.33	213.66	223.90
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	43.41	44.72	45.00	44.89	46.78	47.45
Liquid assets to short-term liabilities	47.38	49.01	48.76	48.19	50.33	51.56
Customer deposits to total (noninterbank) loans	172.40	169.70	169.27	170.54	175.88	175.08
Weighted Average Interest Rate						
Total Deposits Rate	1.30	1.32	1.30	1.31	1.27	1.27
Lending Rate	7.90	7.68	7.61	7.56	7.37	7.35
Spread between reference lending and deposit rates (basis points)	6.60	6.36	6.31	6.25	6.11	6.08
Nonperforming loans to gross loans	3.51	3.06	2.56	2.40	2.33	2.37

Source: Eastern Caribbean Central Bank
Date as at 20 August 2019

Table 31
Montserrat - Selected Tourism Statistics

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019 2nd Qr	2018 Jan-Jun	2019 Jan-Jun
Total Visitors	3,431	2,470	4,799	8,897	3,181	11,069	12,078
Stay-Over Visitors	1,899	1,961	2,376	4,196	1,944	5,895	6,140
Of which:							
USA	440	358	557	1,108	451	1,496	1,559
Canada	86	62	174	352	89	421	441
UK	377	560	643	1,356	386	1,668	1,742
Caribbean	915	849	912	1,233	938	2,089	2,171
Other Countries	81	132	90	147	80	221	227
Excursionists	600	299	660	691	648	1,238	1,339
Cruise Ship Passengers	395	-	1,556	3,313	132	2,738	3,445
Number of Cruise Ship Calls	2	-	4	11	1	11	12
Yacht Passengers	537	210	207	697	457	1,198	1,154
Number of Yachts	137	49	45	187	115	313	302
Total Visitor Expenditure (EC$M)	4.47	7.59	9.21	12.78	4.57	16.64	17.35

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and ECCB estimates.
Data as at 23 August 2019

Table 32
Montserrat - Consumer Price Index
January 2014 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
	Weight	Index Jun-19	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019 2nd Qr	Jun-18 Dec-17	Jun-19 Dec-18
All Items	99.91	102.72	1.54	0.15	(0.32)	0.14	1.60	1.93	1.74
Food & Non-Alchoholic Beverages	16.32	97.13	(0.07)	0.01	0.47	(0.95)	(0.07)	(0.56)	(1.02)
Alchoholic Beverages, Tobacco & Narcotics	0.43	103.08	0.36	0.61	0.62	0.39	0.36	1.25	0.75
Clothing & Footwear	4.76	85.06	(0.86)	(1.58)	(8.21)	0.72	(0.86)	(0.17)	(0.15)
Housing, Water, Electrcity, Gas and Other Fuels	33.05	106.47	3.33	(0.47)	(0.89)	(0.80)	3.33	3.65	2.50
Furnishing, household equipment and Routine Household Maintenance	3.48	93.89	(1.37)	2.88	(0.37)	(1.33)	(1.38)	(4.06)	(2.68)
Health	1.89	106.78	0.00	0.00	2.21	(0.47)	0.00	0.00	(0.47)
Transport	18.08	106.53	(1.53)	1.31	1.01	3.33	1.76	1.39	5.14
Communication	8.33	103.02	10.15	0.00	1.10	(1.59)	0.95	2.67	(0.66)
Recreation & Culture	2.44	94.25	(0.04)	(0.93)	(1.10)	(1.70)	(0.04)	(2.32)	(1.74)
Education	2.85	103.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Restaurants and Hotels	2.11	101.27	(0.99)	0.00	0.60	0.88	(0.99)	0.05	(0.12)
Miscellaneous goods and services	6.17	103.96	0.47	1.17	0.31	0.62	0.46	2.68	1.09

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and ECCB estimates.
*at end of period
Data as at 23 August 2019

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

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019 2nd Qr	2018 Jan-Jun	2019 Jan-Jun
Visible Trade Balance	(19.96)	(16.41)	(23.70)	(20.95)	(24.73)	(37.20)	(45.68)
Total Imports	24.21	18.81	27.58	25.87	29.40	45.62	55.27
Total Exports	4.25	2.40	3.88	4.92	4.67	8.41	9.59
Total Domestic Exports	3.57	2.22	3.71	2.55	3.83	6.11	6.39
Total Re-Exports	0.68	0.18	0.17	2.37	0.83	2.30	3.20

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and ECCB Estimates
Data as at 23 August 2019

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

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019 2nd Qr	2018 Jan-Jun	2019 Jan-Jun
Current Revenue	13.30	11.57	12.00	13.71	11.47	26.73	25.17
Tax Revenue	11.94	9.78	10.81	12.36	9.90	23.83	22.26
Taxes on Income and Profits	5.70	3.92	4.38	4.96	4.86	11.00	9.82
Of which:							
Personal	3.60	3.33	3.46	3.75	3.60	7.17	7.35
Company/Corporation	1.89	0.46	0.41	0.70	1.17	3.23	1.86
Taxes on Property	0.03	0.01	0.50	0.12	0.01	0.10	0.13
Taxes on Domestic Goods and Services	1.07	1.28	0.81	2.36	0.91	3.40	3.27
Of which:							
Licences and Stamp Duties	0.80	1.02	0.56	0.89	0.65	1.75	1.54
Hotel Occupancy	0.01	0.00	0.00	0.01	0.00	0.01	0.02
Insurance Company Levy	0.05	0.09	0.07	0.06	0.06	0.09	0.12
Taxes on International Trade and Transactions	5.15	4.57	5.12	4.92	4.11	9.33	9.03
Of which:							
Import Duty	1.71	1.42	1.55	1.62	1.26	3.17	2.88
Consumption Tax	3.17	2.89	3.36	3.05	2.68	5.74	5.74
Non-Tax Revenue	1.36	1.80	1.19	1.35	1.56	2.89	2.91
Current Expenditure	29.27	32.07	32.00	36.28	30.39	65.78	66.66
Personal Emoluments	11.03	11.07	11.35	11.59	11.69	22.18	23.27
Goods and Services*	10.18	12.44	12.78	14.52	11.46	24.91	25.99
Interest Payments	0.01	0.01	0.01	0.04	0.04	0.01	0.08
Domestic	-	-	-	-	-	-	-
External	0.01	0.01	0.01	0.04	0.04	0.01	0.08
Transfers and Subsidies	8.07	8.55	7.86	10.13	7.19	18.68	17.33
Of which: Pensions	2.85	2.98	2.87	3.18	3.47	5.78	6.65
Current Account Balance before grants	(15.97)	(20.49)	(19.99)	(22.57)	(18.92)	(39.05)	(41.49)
Current Account Balance after grants	25.08	(4.08)	0.54	(22.57)	(18.61)	2.01	(41.18)
Capital Revenue	-	-	-	-	-	-	-
Grants	41.06	16.42	20.55	0.00	0.33	45.15	0.33
Of which: Capital Grants	0.00	0.01	0.01	0.00	0.02	4.09	0.02
Capital Expenditure and Net Lending	2.16	1.15	5.57	5.84	2.30	6.76	8.14
Of which: Capital Expenditure	2.14	1.15	5.57	5.84	2.21	6.71	8.05
Primary Balance before grants	(18.12)	(21.63)	(25.56)	(28.37)	(21.18)	(45.80)	(49.55)
Primary Balance after grants	22.93	(5.22)	(5.01)	(28.37)	(20.86)	(0.66)	(49.23)
Overall Balance before grants	(18.13)	(21.64)	(25.57)	(28.41)	(21.22)	(45.81)	(49.63)
Overall Balance after grants	22.93	(5.22)	(5.02)	(28.41)	(20.90)	(0.67)	(49.30)
Financing	(22.93)	5.22	5.02	28.41	20.90	0.67	49.30
Domestic	(22.91)	5.25	5.05	28.44	20.84	0.67	49.27
ECCB (net)	(0.01)	0.03	(0.39)	0.01	0.59	(0.08)	0.60
Commercial Banks (net)	(20.28)	4.98	(14.08)	27.16	(13.67)	4.03	13.49
Other	(2.62)	0.25	19.52	1.26	33.92	(3.28)	35.18
External	(0.01)	(0.03)	(0.03)	(0.03)	0.06	(0.01)	0.03
Net Disbursements/(Amortisation)	(0.01)	(0.03)	(0.03)	(0.03)	0.06	(0.01)	0.03
Disbursements	0.02	0.00	0.00	0.00	0.09	0.05	0.09
Amortisation	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.06)	(0.06)
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Montserrat and Eastern Caribbean Central Bank
*Goods and Services include Miscellaneous Payments
Data as at 23 August 2019

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

	2018 Qtr I	2018 Qtr II	2018 Qtr III	2018 Qtr IV	2019 Qtr I	2019 Qtr II P
Net Foreign Assets	**276.00**	**295.63**	**296.97**	**309.64**	**292.50**	**299.85**
Central Bank (Net)	**117.14**	**135.10**	**135.06**	**135.25**	**140.81**	**132.90**
Commercial Banks (Net)	158.86	160.53	161.91	174.39	151.69	166.95
External (Net)	99.62	119.62	125.04	131.60	113.44	132.75
Assets	174.21	195.53	202.66	209.52	193.76	212.43
Liabilities	74.59	75.91	77.62	77.92	80.32	79.68
Other ECCB Territories (Net)	59.24	40.91	36.87	42.79	38.25	34.21
Assets	70.33	52.39	47.62	52.91	49.19	44.56
Liabilities	11.09	11.48	10.76	10.12	10.93	10.35
Net Domestic Assets	**(23.90)**	**(46.88)**	**(41.65)**	**(53.69)**	**(32.03)**	**(41.44)**
Domestic Credit	**25.67**	**8.57**	**13.67**	**3.57**	**27.64**	**16.77**
Central Government (Net)	(45.60)	(65.89)	(60.89)	(75.35)	(48.18)	(61.26)
Other Public Sector (Net)	(11.49)	(10.23)	(11.12)	(9.25)	(12.10)	(9.94)
Private Sector	82.76	84.69	85.69	88.17	87.92	87.97
Household	74.19	75.88	76.74	79.50	79.25	79.21
Business	8.57	8.81	8.95	8.67	8.66	8.76
Non-Bank Financial Institutions	0.00	0.00	0.00	0.00	0.00	0.00
Subsidiaries & Affiliates	0.00	0.00	0.00	0.00	0.00	0.00
Other Items (Net)	**(49.57)**	**(55.44)**	**(55.32)**	**(57.26)**	**(59.67)**	**(58.21)**
Monetary Liabilities (M2)	**252.10**	**248.76**	**255.32**	**255.94**	**260.47**	**258.41**
Money Supply (M1)	**68.57**	**65.94**	**67.38**	**68.10**	**81.24**	**80.50**
Currency with the Public	21.70	22.19	23.35	21.81	22.38	24.67
Demand Deposits	44.79	43.09	43.28	45.71	58.58	55.52
EC$ Cheques and Drafts Issued	2.09	0.65	0.75	0.58	0.29	0.32
Quasi Money	**183.53**	**182.82**	**187.95**	**187.84**	**179.23**	**177.91**
Savings Deposits	144.64	145.47	144.90	145.83	144.98	144.21
Time Deposits	29.00	27.82	29.74	29.63	18.20	18.31
Foreign Currency Deposits	9.89	9.53	13.31	12.38	16.05	15.39
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	72.67	73.84	73.58	73.32	72.17	72.62
Liquid assets to short-term liabilities	83.74	84.90	84.66	84.39	83.54	84.11
Customer deposits to total (noninterbank) loans	297.88	309.17	311.50	318.70	299.22	306.10
Weighted Average Interest Rate						
Total Deposits Rate	0.74	0.70	0.71	1.10	1.16	1.13
Lending Rate	6.77	6.77	6.75	6.68	6.65	6.62
Spread between reference lending and deposit rates (basis points)	6.03	6.07	6.04	5.58	5.49	5.49
Nonperforming loans to gross loans	5.64	5.94	5.16	4.91	5.18	5.92

Source: Eastern Caribbean Central Bank
Date as at 20 August 2019

Table 36
St Kitts and Nevis - Selected Tourism Statistics

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019 2nd Qr	2018 Jan - Jun	2019 Jan - Jun
Total Visitors	206,283	138,500	420,013	504,040	230,143	732,127	734,183
Stay-Over Visitors	30,289	24,301	25,548	39,268	35,112	66,461	74,380
Of which:							
USA	18,269	13,777	14,433	23,447	20,683	41,340	44,130
Canada	1,367	963	1,439	3,937	3,702	4,250	7,639
UK	1,989	1,767	2,518	2,333	2,306	4,491	4,639
Caribbean	7,161	5,979	5,692	7,512	6,556	13,249	14,068
Other Countries	1,503	1,815	1,466	2,039	1,865	3,131	3,904
Excursionists	1,211	890	1,079	871	1,050	2,220	1,921
Cruise Ship Passengers	174,153	113,000	393,097	462,025	192,976	661,550	655,001
Yacht Passengers	630	309	289	1,876	1,005	1,896	2,881
Number of Cruise Ship Calls	68	32	152	224	65	356	289
Total Visitor Expenditure (EC$M)	118.16	95.35	125.69	187.03	153.36	275.49	340.39

Source: Central Statistics Department, St Kitts; and Central Statistics Office, Nevis and ECCB Estimates
Data available as at 23 August 2019

Table 37
St Kitts and Nevis - Consumer Price Index
January 2010 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
	Weight	Index Jan 1900	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019 2nd Qr	Jun-18 / Dec-17	Jun-19 / Dec-18
All items	100.00	105.74	(0.43)	(0.41)	0.93	(0.23)	(0.70)	(1.26)	(0.94)
Food and Non-Alcoholic Beverages	16.15	102.77	(0.36)	0.65	1.09	0.26	0.60	0.05	0.86
Alcoholic Beverages, Tobacco & Narcotics	2.23	122.96	0.59	1.30	2.05	0.11	(0.95)	(1.47)	(0.84)
Clothing and Footwear	4.38	119.97	0.31	0.00	0.85	0.62	(0.90)	0.08	(0.29)
Housing, Utilities, Gas and Fuels	27.33	99.36	(1.94)	0.02	0.07	(0.13)	0.04	(1.55)	(0.09)
Household Furnishings, Supplies and Maintenance	6.34	108.77	(0.38)	0.01	1.55	(0.94)	(0.54)	(0.25)	(1.48)
Health	2.40	107.50	0.00	0.00	0.11	0.00	0.00	(1.39)	0.00
Transport	17.78	105.64	0.65	(1.93)	3.56	(1.81)	(4.28)	(4.20)	(6.01)
Communication	7.84	106.91	0.00	0.00	(0.40)	0.41	0.00	0.00	0.41
Recreation and Culture	2.87	108.78	(0.30)	(2.37)	0.49	2.91	1.90	0.12	4.87
Education	2.38	121.13	0.00	(2.87)	(1.84)	0.00	0.00	(2.73)	0.00
Hotels and Restaurants	4.72	116.24	0.00	(0.68)	0.00	0.01	0.02	(0.50)	0.03
Miscellaneous Goods and Services	5.57	108.02	1.20	(0.46)	(0.27)	0.02	0.02	1.87	0.04

Source: Central Statistics Department, Sustainable Development, St Kitts
* at end of period
Data available as at 23 August 2019

Table 38
St Kitts and Nevis - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019 2nd Qr	2018 Jan - Jun	2019 Jan - Jun
Current Revenue	261.31	283.55	263.51	254.40	324.49	458.69	578.89
Tax Revenue	127.03	128.70	156.40	133.07	130.17	254.00	263.24
Taxes on Income and Profits	36.36	41.35	49.03	39.28	38.81	69.95	78.09
Of Which:							
Personal	11.98	12.79	14.92	12.43	13.18	24.78	25.61
Company/Corporation	19.07	23.97	26.81	20.72	19.86	33.41	40.58
Taxes on Property	7.17	6.37	3.54	2.69	6.28	8.79	8.97
Taxes on Domestic Goods and Services	47.03	46.55	56.47	53.90	48.07	100.45	101.96
Of Which:							
Licences	1.08	1.18	4.79	3.97	1.19	4.97	5.16
Value Added Tax	37.05	34.73	38.57	39.10	37.07	77.03	76.17
Stamp Duties	4.12	5.41	9.71	5.61	5.03	8.24	10.63
Unincorporated Business Levy	1.78	2.43	2.08	2.16	3.02	3.89	5.18
Island Enhancement Levy	1.01	1.04	0.70	1.47	1.09	2.52	2.56
Taxes on International Trade and Transactions	36.47	34.42	47.36	37.21	37.01	74.81	74.22
Of Which:							
Import Duty	15.93	14.93	22.29	16.91	16.40	33.28	33.31
Customs Service Charge	11.20	10.51	13.35	11.17	10.68	22.82	21.86
Excise Tax	3.19	3.40	3.59	3.94	4.02	6.62	7.96
Non-Refundable Duty Free Store Levy	0.95	0.83	2.13	1.66	1.32	3.27	2.99
Non-Tax Revenue	134.29	154.85	107.11	121.33	194.32	204.69	315.65
Of which: Citizenship by Investment	108.12	132.57	79.47	97.06	173.52	154.32	270.58
Current Expenditure	172.64	186.13	219.14	164.59	167.57	329.40	332.16
Personal Emoluments	71.56	71.98	92.47	73.40	74.47	142.52	147.87
Goods and Services	51.13	47.79	78.05	43.04	36.63	91.34	79.67
Interest Payments	12.65	8.84	8.77	7.21	10.53	21.24	17.74
Domestic	10.11	6.65	5.43	4.78	8.50	16.37	13.28
External	2.54	2.19	3.35	2.43	2.04	4.87	4.46
Transfers and Subsidies	37.30	57.51	39.84	40.95	45.93	74.30	86.88
Of Which: Pensions	9.46	10.24	11.39	9.74	10.38	19.52	20.12
Current Account Balance	88.67	97.42	44.37	89.81	156.92	129.29	246.73
Capital Revenue	3.55	1.76	1.99	1.58	2.18	5.46	3.75
Grants	10.85	11.04	60.51	11.58	7.85	23.42	19.43
Of which: Capital Grants	3.30	3.40	40.03	3.56	0.08	8.36	3.64
Capital Expenditure and Net Lending	30.64	58.19	76.60	28.23	50.24	52.28	78.47
Of which: Capital Expenditure	30.61	58.16	76.31	28.41	50.36	52.29	78.77
Primary Balance after grants	85.08	60.86	39.05	81.95	127.24	127.13	209.19
Overall Balance after grants	72.44	52.02	30.27	74.74	116.71	105.89	191.45
Financing	(72.44)	(52.02)	(30.27)	(74.74)	(116.71)	(105.89)	(191.45)
Domestic	(66.49)	(47.73)	(22.49)	(70.13)	(114.73)	(94.25)	(184.86)
ECCB (net)	(0.24)	(1.86)	(15.39)	10.16	30.80	5.39	40.97
Commercial Banks (net)	(54.46)	(63.49)	(5.51)	(13.12)	(32.49)	(103.59)	(45.62)
Other	(11.79)	17.62	(1.59)	(67.17)	(113.04)	3.95	(180.21)
External	(5.95)	(4.29)	(7.78)	(4.61)	(1.98)	(11.65)	(6.59)
Net Disbursements/(Amortisation)	(5.95)	(4.29)	(7.78)	(4.61)	(1.98)	(11.65)	(6.59)
Disbursements	0.08	1.61	0.00	0.87	2.75	0.14	3.62
Amortisation	6.03	5.90	7.78	5.48	4.73	11.79	10.20
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, St Kitts and Nevis and ECCB Estimates
Data as at 23 August 2019

Table 39
St Kitts and Nevis - Selected Trade Statistics
(Value: EC$M)

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019 2nd Qr	2018 Jan - Jun	2019 Jan - Jun
Visible Trade Balance	(160.14)	(162.82)	(212.53)	(178.93)	(171.58)	(381.39)	(350.51)
Total Imports [/1]	199.57	194.39	251.90	213.18	223.16	456.92	436.34
Total Exports	39.43	31.57	39.37	34.25	51.58	75.53	85.83
Total Domestic Exports	29.54	27.28	31.64	27.10	40.01	57.55	67.10
Total Re-Exports	9.89	4.29	7.73	7.15	11.57	17.98	18.73

Source: Statistics Department, Sustainable Development, St Kitts
[/1] Excludes some fuel imports

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

	2018 Qtr I	2018 Qtr II	2018 Qtr III	2018 Qtr IV	2019 Qtr I	2019 Qtr II [P]
Net Foreign Assets	**2,565.10**	**2,517.21**	**2,547.53**	**2,374.40**	**2,491.24**	**2,590.96**
Central Bank (Net)	**863.90**	**961.65**	**999.59**	**959.38**	**979.88**	**864.52**
Commercial Banks (Net)	1,701.20	1,555.56	1,547.94	1,415.02	1,511.36	1,726.44
External (Net)	1,795.88	1,578.52	1,488.52	1,338.93	1,320.02	1,340.85
Assets	2,579.77	2,369.97	2,401.43	2,382.26	2,393.66	2,261.29
Liabilities	783.89	791.46	912.91	1,043.33	1,073.64	920.44
Other ECCB Territories (Net)	(94.69)	(22.95)	59.42	76.08	191.34	385.60
Assets	1,414.24	1,495.00	1,546.86	1,615.68	1,737.12	1,815.15
Liabilities	1,508.93	1,517.95	1,487.44	1,539.59	1,545.78	1,429.56
Net Domestic Assets	**283.67**	**290.79**	**218.10**	**385.39**	**302.59**	**251.35**
Domestic Credit	**132.30**	**89.96**	**40.41**	**74.42**	**51.52**	**74.87**
Central Government (Net)	-377.27	(431.97)	(497.31)	(518.21)	(521.17)	(522.86)
Other Public Sector (Net)	(977.53)	(977.52)	(967.03)	(912.76)	(925.63)	(901.24)
Private Sector	1,487.10	1,499.45	1,504.75	1,505.39	1,498.32	1,498.98
Household	880.66	886.01	890.04	897.72	898.30	895.04
Business	533.35	534.67	536.01	531.49	523.84	524.87
Non-Bank Financial Institutions	34.62	39.63	38.97	37.36	37.26	38.30
Subsidiaries & Affiliates	38.47	39.15	39.73	38.81	38.92	40.77
Other Items (Net)	**151.37**	**200.83**	**177.69**	**310.97**	**251.07**	**176.48**
Monetary Liabilities (M2)	**2,848.77**	**2,808.00**	**2,765.63**	**2,759.79**	**2,793.83**	**2,842.31**
Money Supply (M1)	**550.27**	**550.56**	**577.04**	**552.91**	**580.72**	**590.90**
Currency with the Public	193.03	191.82	194.01	205.60	199.18	199.52
Demand Deposits	342.63	348.26	347.45	335.16	367.77	379.56
EC$ Cheques and Drafts Issued	14.61	10.49	35.58	12.15	13.77	11.82
Quasi Money	**2,298.50**	**2,257.44**	**2,188.60**	**2,206.88**	**2,213.11**	**2,251.41**
Savings Deposits	1,011.10	1,006.46	1,021.74	1,017.62	1,038.52	1,056.64
Time Deposits	529.63	551.29	542.98	510.64	504.40	507.87
Foreign Currency Deposits	757.77	699.69	623.88	678.62	670.18	686.89
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	60.82	60.17	58.63	60.21	61.55	61.00
Liquid assets to short-term liabilities	63.26	62.87	64.65	65.62	66.58	66.52
Customer deposits to total (noninterbank) loans	244.63	238.70	234.04	231.30	234.28	234.62
Weighted Average Interest Rate						
Total Deposits Rate	1.64	1.66	1.69	1.71	1.70	1.68
Lending Rate	8.37	8.35	8.10	8.06	8.00	7.98
Spread between reference lending and deposit rates (basis points)	6.72	6.69	6.41	6.35	6.30	6.30
Nonperforming loans to gross loans	20.85	19.95	24.87	24.69	24.59	25.13

Source: Eastern Caribbean Central Bank
Date as at 20 August 2019

Table 41
Saint Lucia - Selected Tourism Statistics

	2018R 2ndQr	2018R 3rdQr	2018R 4thQr	2019R 1st Qr	2019P 2ndQr	2018 Jan - Jun	2019 Jan - Jun
Total Visitor Arrivals	210,729	156,007	366,572	494,152	225,851	706,139	720,003
Stay Over Arrivals [1/]	96,150	90,757	97,841	114,386	105,222	206,182	219,608
USA	47,473	38,922	39,711	50,042	52,388	96,440	102,430
Canada	6,843	3,962	10,372	18,169	6,796	25,879	24,965
UK	18,549	15,366	22,201	24,988	18,598	38,575	43,586
Caribbean	17,941	26,454	18,981	13,313	21,795	32,113	35,108
Other Countries	5,344	6,053	6,576	7,874	5,645	13,175	13,519
Excursionists	2,097	2,209	2,473	2,847	1,481	5,354	4,328
Cruise Ship Passenger	98,477	55,102	250,906	353,559	105,076	454,298	458,635
Number of Cruise Ships	52	20	113	170	48	237	218
Yacht Passengers [1/]	14,005	7,939	15,352	23,360	14,072	40,305	37,432
Total Visitor Expenditure (EC$M)	571.43	539.15	707.25	765.11	621.27	1,300.68	1,386.37

[1/] *From January 2016, yacht passengers staying in paid accomodation was recorded as part of stay-over arrivals*

Source: Saint Lucia Tourist Board and ECCB Estimates

Data as at 29 August 2019

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

			Percentage Change*						
			Quarter over Previous Quarter						
		Index	2018R	2018R	2018R	2019R	2019P	Jun-18	Jun-19
	Weight	Jun 2019	2ndQr	3rdQr	4thQr	1st Qr	2ndQr	Dec-17	Dec-18
All items	99.87	102.08	0.82	(0.04)	0.48	0.43	(0.25)	1.10	**0.18**
Food and Non-Alcoholic Beverages	25.02	103.53	1.51	(1.05)	1.33	1.70	(0.54)	3.46	1.15
Alcoholic Beverages, Tobacco & Narcotics	6.53	104.42	2.48	0.77	(0.43)	2.17	(0.34)	4.88	1.82
Clothing and Footwear	1.66	91.85	(6.89)	1.73	(3.28)	2.53	(0.96)	(7.94)	1.55
Housing, Utilities, Gas and Fuels	17.36	103.26	1.86	1.62	(0.88)	(1.24)	(0.04)	8.27	(1.28)
Household Furnishings, Supplies and Maintenance	3.31	97.13	0.31	(0.49)	0.13	(1.17)	(0.31)	1.86	(1.48)
Health	3.96	102.76	0.21	(0.25)	0.37	1.17	0.12	3.87	1.29
Transport	16.40	103.98	1.54	(0.92)	2.38	0.44	0.51	(0.39)	0.95
Communication	12.54	99.88	(0.15)	0.05	(0.02)	(0.12)	0.13	0.48	0.01
Recreation & Culture	1.37	92.74	(0.24)	1.02	(2.47)	(2.09)	(1.80)	(2.31)	(3.85)
Education	3.70	100.01	-	-	-	-	0.01	1.27	0.01
Hotels & Restaurants	1.10	96.24	(2.90)	0.01	0.04	0.20	(1.16)	(4.45)	(0.96)
Miscellaneous Goods and Services	6.92	101.07	(0.17)	(0.62)	0.06	1.84	0.12	0.87	1.97

*at end of period

Source: Central Statistical Office, Saint Lucia and ECCB Estimates

Data as at 29 August 2019

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

	2018^R 2^nd Qr	2018^R 3^rd Qr	2018^R 4^th Qr	2019^R 1^st Qr	2019^P 2^nd Qr	2018 Jan - Jun	2019 Jan - Jun
Current Revenue	302.30	280.42	250.94	307.56	308.60	614.39	616.16
Tax Revenue	266.46	249.18	230.33	280.23	277.76	548.87	557.98
Taxes on Income and Profits	75.76	63.28	44.72	85.05	77.09	157.40	162.14
Of which:							
Personal	27.98	26.27	25.42	33.06	29.13	57.80	62.19
Company/Corporation	30.01	23.73	4.73	33.34	28.23	63.62	61.58
Taxes on Property	1.92	2.17	2.67	2.93	1.29	6.00	4.22
Taxes on Domestic Goods and Services	102.22	97.68	91.94	107.41	104.71	211.15	212.12
Of which:							
Consumption Duty	-	-	-	-	-	-	-
Licences	5.27	4.99	1.89	4.93	2.11	9.48	7.05
Excise Tax	1.01	0.78	0.99	1.45	1.10	2.40	2.55
Hotel Occupancy Tax	0.19	0.01	0.02	0.02	0.81	0.30	0.82
Value Added Tax	84.09	78.39	77.16	89.61	88.29	174.84	177.90
Taxes on International Trade and Transactions	86.55	86.06	91.00	84.83	94.67	174.32	179.50
Of which:							
Consumption Tax	-	-	-	-	-	-	-
Import Duties	31.04	29.50	33.42	28.78	30.44	60.32	59.22
Customs Service Charge	19.44	20.33	21.05	18.18	19.45	37.94	37.63
Excise Tax	23.07	28.54	27.11	30.56	30.65	48.31	61.21
Non-Tax Revenue	35.84	31.24	20.61	27.34	30.84	65.52	58.18
of which: Citienship By Investment	25.25	19.67	11.04	11.05	6.03	40.54	17.08
Current Expenditure	250.25	274.37	259.08	259.65	311.29	539.93	570.94
Personal Emoluments	96.02	96.18	98.39	92.01	133.62	193.88	225.63
Goods and Services	59.38	60.93	60.89	55.76	73.92	137.02	129.68
Interest Payments	36.35	42.04	37.64	46.63	37.03	80.19	83.66
Domestic	20.76	21.92	22.89	25.91	22.27	43.21	48.18
External	15.59	20.13	14.75	20.72	14.76	36.98	35.48
Transfers and Subsidies	58.50	75.22	62.16	65.25	66.72	128.85	131.97
Of which: Pensions	18.45	21.51	23.39	22.44	20.65	43.42	43.09
Current Account Balance	52.05	6.05	(8.14)	47.91	(2.69)	74.45	45.22
Capital Revenue	0.06	0.13	0.03	0.06	0.06	0.06	0.12
Grants	4.42	3.51	10.26	10.42	4.42	22.10	14.84
Of which: Capital Grants	4.42	3.51	10.26	10.42	4.42	22.10	14.84
Capital Expenditure and Net Lending	30.68	15.18	49.79	49.56	61.68	78.28	111.24
Of which: Capital Expenditure	30.68	15.18	49.79	49.56	61.68	78.28	111.24
Primary Balance after grants	62.20	36.55	(10.01)	55.46	(22.86)	98.53	32.60
Overall Balance after grants	25.85	(5.49)	(47.65)	8.83	(59.88)	18.34	(51.05)
Financing	(25.85)	5.49	47.65	(8.83)	59.88	(18.34)	51.05
Domestic	32.29	56.14	13.96	(131.74)	92.34	16.64	(39.40)
ECCB (net)	16.10	(8.65)	12.76	(5.35)	6.27	(29.09)	0.92
Commercial Banks (net)	(8.21)	44.05	19.46	(14.85)	32.05	(19.68)	17.20
Other	24.40	20.75	(18.27)	(111.55)	54.02	65.42	(57.52)
External	(58.14)	(50.65)	33.70	122.91	(32.45)	(34.98)	90.45
Net Disbursements (Amortisation)	(58.14)	(50.65)	33.70	122.91	(32.45)	(34.98)	90.45
Disbursements	3.63	63.07	75.48	122.91	13.97	58.18	136.88
Amortisation	(61.77)	(113.72)	(41.78)	-	(46.43)	(93.16)	(46.43)
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-
Other financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Saint Lucia
Data as at 29 August 2019

Table 44
Saint Lucia - Banana Production

	2018^R 2^nd Qr	2018^R 3^rd Qr	2018^R 4^th Qr	2019^R 1^st Qr	2019^P 2^nd Qr	2018 Jan - Jun	2019 Jan - Jun
Volume (tonnes)	2,778	2,902	1,433	1,006	2,194	5,077	3,200
Value (EC$M)	4.54	4.85	2.42	1.74	3.42	8.39	5.16
Unit Price (EC$/ tonnes)	1,634.23	1,671.60	1,686.17	1,729.62	1,559.06	1,653.22	1,612.69

Source: Winfresh Ltd
Data as at 29 August 2019

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

	2018^R 2^nd Qr	2018^R 3^rd Qr	2018^R 4^th Qr	2019^R 1^st Qr	2019^P 2^nd Qr	2018 Jan - Jun	2019 Jan - Jun
Total Exports	43.90	43.05	39.20	27.28	42.52	85.69	69.80
Total Domestic Exports	27.21	28.08	27.92	19.25	27.38	53.55	46.62
Total Re-Exports	16.69	14.98	11.28	8.03	15.15	32.14	23.18
Total Imports	442.11	781.94	471.06	365.51	374.25	896.72	739.76
Visible Trade Balance	(398.20)	(738.88)	(431.86)	(338.23)	(331.73)	(811.03)	(669.95)

Source: Central Statistical Office, Saint Lucia and ECCB Estimates
Data as at 29 August 2019

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

	2018 Qtr I	2018 Qtr II	2018 Qtr III	2018 Qtr IV	2019 Qtr I	2019 Qtr II P
Net Foreign Assets	**759.33**	**818.90**	**810.96**	**833.31**	**989.60**	**1,048.52**
Central Bank (Net)	**831.50**	**795.95**	**757.16**	**742.05**	**800.74**	**749.58**
Commercial Banks (Net)	(72.18)	22.95	53.80	91.26	188.87	298.94
External (Net)	454.15	528.40	594.57	678.93	807.81	887.70
Assets	1,093.97	1,177.31	1,249.15	1,299.80	1,356.54	1,320.07
Liabilities	639.82	648.91	654.58	620.86	548.73	432.36
Other ECCB Territories (Net)	(526.32)	(505.45)	(540.77)	(587.68)	(618.94)	(588.77)
Assets	561.29	609.18	590.55	592.46	586.27	483.53
Liabilities	1,087.61	1,114.63	1,131.32	1,180.14	1,205.21	1,072.29
Net Domestic Assets	**2,426.35**	**2,398.67**	**2,417.68**	**2,405.59**	**2,311.64**	**2,332.52**
Domestic Credit	**2,715.15**	**2,662.53**	**2,707.28**	**2,734.09**	**2,631.55**	**2,677.10**
Central Government (Net)	135.12	143.01	178.40	210.63	190.43	228.75
Other Public Sector (Net)	(570.51)	(599.42)	(606.90)	(633.26)	(690.00)	(660.91)
Private Sector	3,150.55	3,118.95	3,135.78	3,156.72	3,131.12	3,109.27
Household	1,864.32	1,846.70	1,826.38	1,841.90	1,843.38	1,849.28
Business	1,274.61	1,260.46	1,293.68	1,268.87	1,242.66	1,214.50
Non-Bank Financial Institutions	11.04	11.20	12.24	42.40	41.59	41.84
Subsidiaries & Affiliates	0.58	0.59	3.48	3.54	3.50	3.64
Other Items (Net)	**(288.80)**	**(263.86)**	**(289.61)**	**(328.50)**	**(319.91)**	**(344.59)**
Monetary Liabilities (M2)	**3,185.67**	**3,217.57**	**3,228.64**	**3,238.90**	**3,301.25**	**3,381.03**
Money Supply (M1)	**945.04**	**948.06**	**975.01**	**1,016.06**	**1,024.70**	**1,080.60**
Currency with the Public	156.50	152.28	143.30	163.37	152.47	151.20
Demand Deposits	781.16	790.41	821.76	840.99	863.17	919.27
EC$ Cheques and Drafts Issued	7.39	5.38	9.95	11.70	9.06	10.13
Quasi Money	**2,240.63**	**2,269.51**	**2,253.62**	**2,222.84**	**2,276.54**	**2,300.43**
Savings Deposits	1,660.16	1,674.61	1,674.58	1,674.18	1,696.48	1,716.74
Time Deposits	261.53	254.91	256.90	238.19	259.82	246.12
Foreign Currency Deposits	318.94	339.99	322.14	310.47	320.24	337.56
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	37.97	38.82	38.61	39.44	40.05	38.10
Liquid assets to short-term liabilities	40.58	41.01	40.82	42.01	42.76	40.47
Customer deposits to total (noninterbank) loans	113.10	115.42	114.43	113.88	118.26	116.40
Weighted Average Interest Rate						
Total Deposits Rate	1.47	1.46	1.43	1.44	1.38	1.39
Lending Rate	7.96	8.09	8.05	7.95	7.78	7.61
Spread between reference lending and deposit rates (basis points)	6.49	6.64	6.62	6.51	6.40	6.22
Nonperforming loans to gross loans	12.58	11.24	10.28	10.03	9.89	8.75

Source: Eastern Caribbean Central Bank

Date as at 20 August 2019

Table 47
St Vincent and the Grenadines - Selected Tourism Statistics

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019P 2nd Qr	2018 Jan - Jun	2019P Jan - Jun
Total Visitors	43,379	24,671	103,779	189,384	56,599	227,619	245,983
Stay-Over Visitors	17,654	18,239	21,422	22,931	20,599	40,419	43,530
Of which:							
USA	6,319	5,602	6,707	7,917	8,080	14,042	15,997
Canada	1,964	1,761	3,062	3,422	2,473	4,999	5,895
UK	2,425	2,585	3,694	4,441	2,746	6,680	7,187
Caribbean	5,569	7,103	5,943	4,479	5,559	10,761	10,038
Other Countries	1,377	1,188	2,016	2,672	1,741	3,937	4,413
Excursionists	309	182	283	486	285	822	771
Yacht Passengers	10,915	5,836	13,472	21,799	21,316	37,518	43,115
Cruise Ship Passengers	14,501	414	68,602	144,168	14,399	148,860	158,567
Number of Cruise Ship Calls	34	15	73	141	22	173	163
Total Visitor Expenditure (EC$M)	58.19	47.27	74.24	100.98	83.33	160.33	184.31

Source: St Vincent and the Grenadines Tourism Authority
Data for May-18 and June-18 estimated
Data as at 26 August 2019

Table 48
St Vincent and the Grenadines - Consumer Price Index
January 2010 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
	Weight	Index Jun 2019	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019P 2nd Qr	Jun-18 Dec-17	Jun-19 Dec-18
All Items	100.00	111.60	0.91	0.27	(0.09)	0.27	0.45	1.19	0.72
Food and Non-Alcoholic Beverages	12.83	116.90	0.17	(0.52)	0.26	(0.09)	0.69	-	0.60
Alcoholic Beverages, Tobacco and Narcotics	2.34	124.20	0.33	0.74	0.08	0.49	1.22	2.63	1.72
Clothing and Footwear	3.25	105.00	(0.19)	0.19	-	0.10	-	(0.38)	0.10
Housing, Water, Electricity, Gas and Other Fu	25.55	104.00	2.69	-	(0.19)	0.10	1.17	2.49	1.27
Furnishing, Household Equipment and Routine	4.03	113.40	0.09	0.45	(0.36)	1.71	0.09	0.27	1.80
Health	2.34	109.90	(0.37)	(0.18)	1.29	0.18	(0.54)	(0.09)	(0.36)
Transport	15.96	123.20	(0.16)	1.89	(0.40)	0.08	(0.40)	1.84	(0.32)
Communications	13.42	113.30	0.09	1.07	-	-	-	0.18	-
Recreation and Culture	3.81	107.20	1.43	0.28	0.66	0.09	(0.28)	1.33	(0.19)
Education	5.91	110.30	-	0.18	-	-	-	-	-
Restaurants and Hotels	4.04	108.60	-	-	-	0.28	-	0.56	0.28
Miscellaneous Goods and Services	6.52	104.00	-	-	-	0.29	0.10	0.68	0.39

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning, St Vincent and the Grenadines
*at end of period
Data as at 26 August 2019

Table 49
St Vincent and the Grenadines - Selected Trade Statistics
(Value: EC$M; Volume: 000 tonnes)

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019P 2nd Qr	2018 Jan - Jun	2019P Jan - Jun
Visible Trade Balance	(211.17)	(201.26)	(231.56)	(187.13)	(191.34)	(400.76)	(378.47)
Total Imports	240.57	230.72	262.18	217.19	216.83	461.90	434.02
Total Exports	29.40	29.46	30.62	30.06	25.49	61.14	55.55
Re-Exports	2.82	2.03	3.91	6.09	3.60	5.72	9.69
Domestic Exports	26.58	27.43	26.71	23.97	21.89	55.42	45.86

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning, St Vincent and the Grenadines
Data as at 26 August 2019

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

	2018 2nd Qr	2018 3rd Qr	2018 4th Qr	2019 1st Qr	2019P 2nd Qr	2018 Jan - Jun	2019P Jan - Jun
Current Revenue	154.81	163.85	161.38	134.05	149.14	269.34	283.20
Taxes on Income and Profits	40.89	41.81	41.16	27.19	38.06	64.68	65.25
Individuals	22.01	17.39	20.22	18.88	21.49	40.19	40.37
Corporate	15.76	18.40	17.59	4.51	12.78	18.30	17.29
Non Resident	3.12	6.02	3.35	3.80	3.79	6.19	7.58
Taxes on Property[1]	5.64	13.37	14.76	6.07	5.39	9.31	11.46
Of which:							
Propert Tax	0.93	1.99	1.02	0.60	0.64	1.56	1.23
Taxes on Domestic Goods and Services	65.89	70.57	62.34	64.85	67.86	122.01	132.71
Of which:							
Telecomm Broadcast licence	0.90	2.73	0.04	4.85	0.95	0.90	5.80
Excise Tax	11.57	9.13	11.39	8.27	7.43	20.74	15.70
Value Added Tax	44.62	40.55	45.04	44.85	47.77	84.70	92.62
Motor Vehicle Licence	4.49	3.73	3.03	3.18	4.11	7.38	7.29
Taxes on International Trade and Transactions	21.22	15.49	19.65	14.85	15.99	34.61	30.84
Of which:							
Import Duty	17.06	13.63	17.58	12.99	14.12	29.02	27.11
Other Revenue	21.16	22.62	23.46	21.10	21.85	38.74	42.95
Current Expenditure	145.73	142.71	154.35	141.30	153.90	276.47	295.20
Compensation of Employee	71.67	71.25	74.02	75.60	75.47	142.75	151.07
Use of Goods and Services	18.42	20.13	24.25	13.32	19.27	29.57	32.58
Interest Payments	15.71	10.43	13.84	12.17	13.72	25.62	25.89
Domestic	4.96	5.17	4.41	5.23	3.85	9.29	9.08
External	10.74	5.26	9.43	6.94	9.86	16.33	16.80
Transfers	34.32	35.02	35.92	34.49	38.77	68.19	73.26
Of which:							
Other Grants and Contributions	15.37	15.93	15.11	13.05	18.82	29.69	31.87
Employment Related Social Benefit	13.58	13.67	15.35	16.37	14.55	28.49	30.92
Current Account Balance	9.08	21.14	7.03	(7.25)	(4.76)	(7.13)	(12.01)
Capital Revenue and Grants	13.53	4.55	4.54	2.44	5.16	15.36	7.60
Capital Expenditure	10.47	21.37	35.05	3.32	33.27	11.97	36.59
Primary Balance	27.85	14.75	(9.63)	4.05	(19.16)	21.88	(15.11)
Overall Balance	12.14	4.32	(23.47)	(8.12)	(32.87)	(3.74)	(41.00)
Financing	(12.14)	(4.32)	23.47	8.12	32.87	3.74	41.00
Domestic	(39.75)	(11.87)	12.79	NA()	NA()	(21.12)	24.35
ECCB (net)	(31.55)	(10.22)	23.96	NA()	NA()	(9.90)	(30.62)
Commercial Banks (net)	(3.10)	7.98	(6.91)	NA()	NA()	6.19	17.60
Other	(5.10)	(9.62)	(4.26)	NA()	NA()	(17.42)	37.37
External	22.92	3.82	2.64	(8.60)	9.09	17.05	0.49
Net Disbursements/(Amortisation)	22.92	3.82	2.64	(8.60)	9.09	17.05	0.49
Disbursements	36.86	20.58	22.86	3.44	24.98	43.67	28.41
Amortisation	13.95	16.76	20.22	12.04	15.89	26.61	27.92
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	4.69	3.73	8.03	(6.76)	22.91	7.81	16.16
Domestic	4.69	3.73	8.03	(6.76)	22.91	7.81	16.16
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance and Economic Planning, St Vincent and the Grenadines and the Eastern Caribbean Central Bank
Note: The classification of Government Finance Statistics was changed in the first quarter of 2016
1/ For St Vincent and the Grenadines, this item includes property tax, alien land holding license and stamp duty on property
**Based on international best practice of economic classification, VAT is a tax on goods and services;*
Data as at 26 August 2019

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

	2018 Qtr I	2018 Qtr II	2018 Qtr III	2018 Qtr IV	2019 Qtr I	2019 Qtr II P
Net Foreign Assets	**595.33**	**598.28**	**607.95**	**599.13**	**678.93**	**727.45**
Central Bank (Net)	**484.60**	**469.88**	**477.23**	**454.94**	**535.79**	**514.40**
Commercial Banks (Net)	110.73	128.40	130.73	144.19	143.14	213.05
External (Net)	16.80	40.53	5.27	16.91	10.48	73.13
Assets	211.14	227.84	191.93	200.92	199.99	266.83
Liabilities	194.34	187.32	186.66	184.01	189.51	193.70
Other ECCB Territories (Net)	93.93	87.87	125.45	127.28	132.66	139.93
Assets	226.50	230.38	258.28	275.49	278.77	263.26
Liabilities	132.57	142.51	132.83	148.21	146.11	123.33
Net Domestic Assets	**960.04**	**938.94**	**936.15**	**966.00**	**950.95**	**914.68**
Domestic Credit	**1,125.61**	**1,098.49**	**1,095.11**	**1,107.31**	**1,119.60**	**1,081.27**
Central Government (Net)	126.11	91.46	89.22	106.28	119.93	93.26
Other Public Sector (Net)	(93.75)	(102.13)	(99.71)	(101.78)	(97.07)	(110.11)
Private Sector	1,093.25	1,109.16	1,105.60	1,102.81	1,096.74	1,098.13
Household	875.95	881.72	885.38	897.97	898.30	899.17
Business	183.23	193.01	186.26	162.91	158.38	160.09
Non-Bank Financial Institutions	32.07	32.44	31.96	39.93	38.09	36.89
Subsidiaries & Affiliates	2.00	2.00	2.00	2.00	1.98	1.98
Other Items (Net)	**(165.57)**	**(159.55)**	**(158.96)**	**(141.31)**	**(168.65)**	**(166.60)**
Monetary Liabilities (M2)	**1,555.37**	**1,537.22**	**1,544.10**	**1,565.13**	**1,629.88**	**1,642.13**
Money Supply (M1)	**494.14**	**478.61**	**476.53**	**515.97**	**537.30**	**517.67**
Currency with the Public	93.70	88.90	85.88	107.07	107.19	108.51
Demand Deposits	388.28	375.97	378.47	400.34	421.71	402.98
EC$ Cheques and Drafts Issued	12.16	13.74	12.19	8.56	8.40	6.18
Quasi Money	**1,061.23**	**1,058.61**	**1,067.57**	**1,049.16**	**1,092.58**	**1,124.47**
Savings Deposits	882.88	878.30	891.80	876.29	908.94	919.18
Time Deposits	108.85	113.22	104.94	104.87	109.02	106.81
Foreign Currency Deposits	69.50	67.09	70.84	68.00	74.63	98.48
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	38.00	37.55	36.51	37.66	39.01	40.55
Liquid assets to short-term liabilities	42.63	41.94	40.37	41.60	43.29	44.80
Customer deposits to total (noninterbank) loans	128.45	127.14	127.59	128.78	130.03	132.22
Weighted Average Interest Rate						
Total Deposits Rate	1.74	1.74	1.80	1.78	1.76	1.73
Lending Rate	8.54	8.41	8.43	8.41	8.39	8.36
Spread between reference lending and deposit rates (basis points)	6.80	6.67	6.63	6.63	6.63	6.63
Nonperforming loans to gross loans	7.69	6.80	7.04	6.48	6.25	6.22

Source: Eastern Caribbean Central Bank

Date as at 20 August 2019

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