Eastern Caribbean Central Bank

Economic and Financial Review

Volume 35 Number 3 September 2015

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The ECCB welcomes your questions and comments on this publication.

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

Economic and Financial Review

September 2015 Quarterly Economic and Financial Review

Volume 35, Number 3

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

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INTERNATIONAL ECONOMIC DEVELOPMENTS

Overview

Global growth expanded in the third quarter of 2015, albeit at a slower pace, relative to the second quarter. The expansion largely reflected developments in the advanced economies such as the United States of America (USA), United Kingdom (UK) and Canada, where private consumption rose due to lower oil prices and positive labour market developments. Meanwhile, growth in major emerging economies including commodity exporters slowed on account of ongoing adjustments following the crisis. In China, the largest emerging economy, the slowdown in growth was partly associated with policy shifts from an export-oriented economy to one driven by domestic consumption and investment. Labour market conditions improved during the quarter under review, evidenced by lower unemployment rates and wage growth. Inflationary pressures were subdued as oil prices were below the levels recorded in the corresponding period last year. Monetary policy continued to be accommodative as low policy interest rates were maintained during the quarter to stimulate growth.

Global growth for 2015 was revised downwards to 3.1 per cent from an earlier projection of 3.3 per cent, largely due to the slowdown in activity in emerging markets. The risks to global growth are mainly on the downside, emanating from geopolitical tensions in the Middle East and Eastern Europe, and terrorism which could adversely affect global trade and consumption. The slowdown in the Chinese economy due to a structural shift from export orientation to private consumption and investment could damper the speed of global growth; and changing financial conditions which could lead to increased volatility in financial markets.

Macro-Economic Developments in the Major Economies

Real Sector and Labour Market Developments

The second estimate of real GDP growth in the **USA** for the third quarter showed that output grew by 2.1 per cent (annualised) compared with a 4.3 per cent expansion in the corresponding quarter of 2014.

However, the performance represented a slowdown from the 3.9 per cent growth obtained in the second quarter of 2015. The increase in real GDP in the third quarter primarily reflected positive contributions from personal consumption expenditures, nonresidential fixed investment, state and local government spending, residential fixed investment and exports. Those increases were partly offset by negative contributions from private inventory investment and imports. Labour market conditions continued to improve with the rate of unemployment falling to 5.0 per cent in September 2015, the lowest rate recorded in seven years. The labour force participation rate declined to 62.4 per cent at the end of the third quarter from 62.7 per cent at the end of September 2014, as 350,000 persons dropped out of the labour force. This was the lowest participation rate recorded since October 1977. Meanwhile, average hourly earnings grew by 2.2 per cent (annualised) to $25.1 in September 2015, still below the pace expected to drive higher levels of inflation.

The **United Kingdom** (UK) economy grew by 0.5 per cent in the third quarter of 2015, down from 0.7 per cent in both the second quarter of 2015 and the corresponding period of 2014. Growth in the third quarter was driven primarily by the services sector – business services and finance, which grew by 0.7 per cent and constitutes the largest part of the economy. However, gains in the services sector was partly eroded by declines in construction activity and manufacturing output, which led to the slowdown recorded in the third quarter. The unemployment rate fell to 5.3 per cent in September 2015 from 6.0 per cent in September 2014. During the third quarter of 2015, the number of people employed increased by 177,000, relative to the previous quarter.

The **Euro Area** economy expanded by 0.3 per cent in the third quarter of 2015, up from 0.1 per cent in the corresponding period of 2014, but a slowing from the 0.4 per cent recorded in the second quarter of 2015. Developments were mixed in the major economies. GDP growth slowed in Germany, the largest economy to 0.3 per cent from 0.4 per cent in the previous quarter due to weaker foreign trade while growth strengthen in France to 0.3 per cent from zero per cent in the second quarter. In Italy, the economy grew by 0.2 per cent, down from 0.3 per cent in the second quarter largely due to falling exports. The Euro Area seasonally-adjusted unemployment rate was 10.8 per cent in September 2015 down from 10.9 per cent in August 2015, and from 11.5 per cent in September 2014. This was the lowest rate recorded in the Euro Area since January 2012. Among the member states, the lowest unemployment rates were recorded in Germany (4.5 per cent), the Czech Republic (4.8 per cent) and Malta (5.1 per cent) and the highest rates were recorded in Greece (24.6 per cent) and Spain (21.6 per cent).

The **Chinese** economy grew by 6.9 per cent (annualized) in the third quarter of 2015, as resilient growth in the emerging services sector helped compensate for weaknesses in the manufacturing and property sectors. However, this represented a slowdown from growth of 7.0 per cent in the second quarter and was the slowest quarterly growth rate since the first quarter of 2009. China's unemployment rate stood at 4.1 per cent at the end of September 2015, the same level as in the corresponding period of 2014, but slightly up from June's rate of 4.0 per cent, as college graduates entered the job market.

The Canadian economy picked up in the third quarter of 2015, reversing the mild recession experienced in the previous two quarters of the year. The economy expanded at an annual pace of 2.3 per cent in the three months that ended in September, fuelled by higher exports and household spending. The Canadian unemployment rate fell to 5.1 per cent in September 2015 compared to 6.9 per cent in corresponding period in 2014. In the 12 months to September, employment increased by 161,000 with all of the gains in full-time work.

Commodity and Consumer Prices

Commodity prices continued on a downward trend in the third quarter of 2015 amid excess supply and weaker global demand. Brent crude, the leading global oil benchmark, averaged US$53.6 per barrel during the period July to August 2015, down from US$67.0 per barrel in the second quarter and US$102.7 in the corresponding third quarter of 2014. The average price of the West Texas Intermediate (WTI), a US oil benchmark, fell to US$48.7 per barrel in the third quarter, from US$61.3 in the second quarter and US$91.4 in the comparable period of 2014. The drop in oil prices continue to reflect lower demand particularly from China and the decision by the Organization of the Petroleum Exporting Countries (OPEC) to maintain its current production levels despite increasing production from non OPEC members, notably the USA. A similar trend was observed for metal prices. The average spot price of gold per ounce fell to US$1,125.3 in the third quarter of 2015 from US$1,282.1 in the corresponding period of 2014. The spot price of silver averaged US$14.9 per ounce in the third quarter of 2015 from US$19.7 in the comparable period of 2014.

Food prices, measured by the Food and Agricultural Organization (FAO) Food Price Index declined during the third quarter of 2015 largely associated with abundant supplies and a rising US dollar. The Food Price Index averaged 158.2 in the third quarter from 166.8 in the previous quarter and 198.4 in the third quarter of 2014. The decline in the index was largely associated with lower price indices for dairy, vegetables oils, and sugar. Reduced import demand from China, parts of Eastern Europe and North Africa contributed to the fall in the dairy price index, while a six and a half year low in international palm oil prices on account of softer demand from India and China led to a reduction in the oils price index. The fall in the sugar price index partly reflected the continued depreciation of the Brazilian Real against the US dollar.

Prices Inflation

Associated with lower commodity prices, inflationary pressures were subdued during the quarter under review in the major economies. Consumer prices in the USA declined by 0.2 per cent in September 2015, the biggest drop since January, as lower gas prices outpaced higher food prices. Year on year to September 2015, the CPI in the **USA** was unchanged reflecting zero inflation. In **Canada** the CPI rose by 1.0 per cent in the 12 months to September, after increasing by 2.0 per cent in the corresponding period of 2014. The smaller year-over-year increase in the CPI was mostly attributable to an 18.8 per cent decline in gasoline prices. In the **United Kingdom**, the CPI fell by 0.1 per cent in the year to September 2015, compared with a 1.2 per cent decline in the comparable period in September 2014. A smaller than usual rise in clothing prices and falling motor fuel prices were the main contributors to the fall in the inflation rate.

The **Euro Area's** inflation rate unexpectedly turned negative in September for the first time in six months, adding pressure on the European Central Bank (ECB) to bolster stimulus. Annual inflation in the **Euro Area** was -0.1 per cent in September 2015, down from 0.3 per cent in the corresponding period in 2014, largely due to cheaper energy prices. **China's** CPI rose by 1.6 per cent in September compared with 1.8 per cent in September 2014 primarily due to a reduction in food prices, notably pork.

Monetary Policy Developments

Monetary policy continued to be expansionary and accommodative of global growth in the third quarter of 2015. In the **USA,** the Federal Reserve Open Market Committee (FOMC) at the September meeting decided to maintain the target range for the federal funds rate at 0 to 0.25 per cent in order to support continued progress toward maximum employment and price stability. The Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when there is further improvement in the labour market and reasonable confidence that the inflation target of 2.0 per cent will be reached over the medium term.

Throughout the third quarter of the year, the **Bank of England** maintained its current stance of monetary policy which is to stimulate economic recovery and expansion. The Bank of England's Monetary Policy Committee voted to maintain its benchmark rate at 0.5 per cent and the stock of purchased assets financed by the issuance of central bank reserves at £375b. The **European Central Bank (ECB)** Governing Council kept the policy interest rates unchanged during the third quarter of 2015 as it sought to stimulate the economy and raise inflation. The Governing Council kept the interest rate on the main refinancing operations unchanged at 0.05 per cent. The rates on bank overnight deposits and the marginal lending facility were also unchanged at -0.2 per cent and 0.3 per cent, respectively. The ECB continued to purchase €60.0b worth of assets, mostly government bonds, each month since March 2015 and plans to continue doing so at least until September 2016 in a bid to bring inflation back to its target of near 2.0 per cent. However, it raised the amount of any one issue it could buy to 33.0 per cent from 25.0 per cent.

In September 2015, the **Bank of Canada** maintained its target for the overnight rate at 0.5 per cent as inflation which was at the lower end of the Bank target of 1.0 to 3.0 per cent was consistent with the July Monetary Policy Report. The Bank Rate was 0.75 per cent and the deposit rate was 0.25 per cent. In a move to stimulate the slowing economy and stem a slide in share prices that has rattled global investors, the **People's Bank of China** in August 2015 cut its one-year benchmark lending rate by 25 basis points to 4.6 per cent and its one-year deposit rate by the same scale to 1.75 per cent. In addition, the reserve requirement ratio was reduced by 50 basis points to 18.0 per cent for banks with sizable lending to farmers and small businesses, in a continued effort to stimulate growth in those sectors of the economy.

Prospects

Global growth is anticipated to further strengthen in 2016, driven by low oil prices, accommodative monetary policy and to a lesser extent currency depreciation. Real output is projected to expand by 3.1 per cent in 2015 and 3.6 per cent in 2016 according to the IMF World Economic Outlook October 2015. Growth prospects among major countries and regions are uneven as the pace of activity accelerates in advanced economies led by the USA, but slows down in commodity exporters and emerging markets in particular China.

The **US** economy is expected to grow by 2.6 per cent in 2015 and 2.8 per cent in 2016, driven largely by private consumption. Growth in consumption will stem from wage growth, improved labour market conditions, lower fuel prices, and a strengthening housing market. The Office for Budget Responsibility projected growth for the **UK** economy at 2.4 per cent in both 2015 and 2016. Growth will be driven by increased consumer spending and reduced business costs, which are likely to boost activity in the services sector.

The **Canadian** economy is expected to maintain momentum in the fourth quarter of the year supported by the stimulative effects of monetary policy and the depreciation of the Canadian dollar. The Bank of Canada projects GDP growth of 1.0 per cent in 2015 and 2.0 per cent in 2016. Growth in the **Euro Area** economies is forecasted to strengthen to 1.3 per cent in 2015 and 1.9 per cent in 2016 according to European Economic Forecast. Growth will be bolstered by lower oil prices, a depreciating euro and the ECB's monetary policy stance to maintain low interest rates and expand the size and composition of its asset purchases programme. The IMF projects that real GDP growth in **China** is expected to expand by 6.8 per cent in 2015 slightly below the authorities' target of 7.0 per cent. As the economy rebalances away from growth driven by secondary sector production towards consumption and the services sector, growth is projected to slow to 6.3 per cent in 2016.

A number of risks to these projections exist. On the downside, growth in emerging market commodity exporters and China is expected to slow further and put a damper on global growth prospects. In advanced economies financial market volatility stemming from tighter financial conditions could adversely affect global financial stability. Geo-political tensions in the Middle East and Eastern Europe and terrorist activity could potentially disrupt trade flows and hamper growth. On the upside, commodity importers will continue to benefit from lower oil prices and reap an improvement in their current account balances.

DOMESTIC ECONOMIC DEVELOPMENTS

Overview

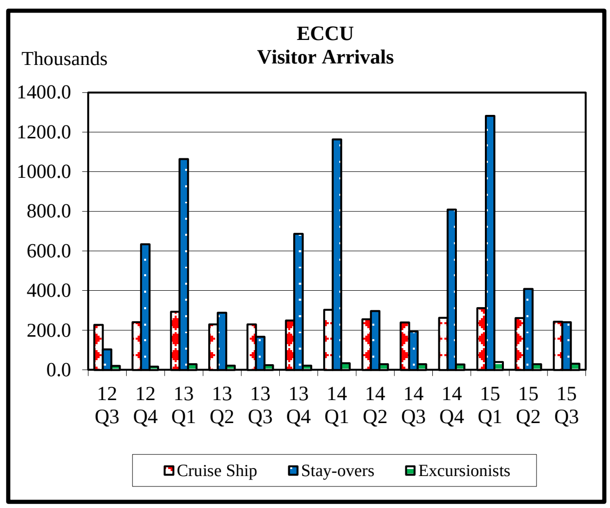
Economic activity in the Eastern Caribbean Currency Union (ECCU) is estimated to have increased in the first nine months of 2015, relative to the performance in the corresponding period of 2014. This outturn was largely attributed to growth in output in a number of sectors including hotels and restaurants, transport, storage and communications, construction and agriculture. The expansion in output was tempered somewhat by a weak performance in manufacturing. At the country level, economic activity is estimated to have risen in Anguilla, Antigua and Barbuda, Grenada, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines; but contracted in Dominica and Montserrat. Consumer prices declined on average during the review period, partly reflecting lower prices for energy and food. The merchandize trade account of the ECCU recorded a smaller deficit, principally the result of reduced import payments. The overall consolidated fiscal deficit of the central governments contracted, enabling a reduction in the total outstanding debt of the public sector. In the banking system, monetary liabilities and net foreign assets expanded while domestic credit declined. Liquidity in the commercial banking system rose and the weighted average interest rate spread between loans and deposits widened.

The short term growth outlook for the Currency Union is positive, based primarily on anticipated robust activity in the tourism industry and the construction and agricultural sectors. Imported inflation is likely to remain low, causing domestic prices to fall by the end of the year. The improved economic performance, coupled with policy actions by member government, is likely to help the region attain a strengthened fiscal position in 2015. There are fiscal and debt challenges however, including those related to the cost of the bank resolution and storm reconstruction for a few member states. Uncertainties in the global economic recovery, increased global terrorism and adverse weather are among the downside risks to these forecasts.

Output

Activity in the tourism industry is estimated to have increased in the first three quarters of 2015. Total visitor arrivals increased by 11.1 per cent to 3.0m, accelerating from the 8.3 per cent pace of growth recorded in the period January to September 2014. The increase in total visitor arrivals was predominantly influenced by developments within the cruise ship and stay-over categories. The number of cruise ship passengers, which constituted 93.2 per cent of growth in total arrivals, grew by 16.6 per cent to 1.9m, largely driven by an 11.0 per cent increase in cruise ship calls to the region. The increase in cruise passenger arrivals was most pronounced in St Kitts and Nevis (35.6 per cent), Antigua and Barbuda (22.4 per cent) and Saint Lucia (8.9 per cent). By contrast, declines were recorded for Dominica (6.5 per cent) and St Vincent and the Grenadines (4.0 per cent). The number of excursionists rose by 8.7 per cent to 104,105, while yacht passenger arrivals were estimated to have contracted by 6.8 per cent to 100,392.

Stay-over visitor arrivals increased by 2.4 per cent to 820,946, compared with growth of 5.9 per cent in the first nine months of 2014. The performance in the stay-over sub-category was primarily attributed to growth in the number of visitors from the largest source markets, the USA (5.2 per cent) and the Caribbean (4.5 per cent). Arrivals from Canada and the UK did not fare as well, registering declines of 5.2 per cent and 0.3 per cent respectively. All of the ECCU territories experienced increases in stay-over arrivals, excluding Antigua and Barbuda and Dominica which recorded declines of 3.0 per cent and 0.5 per cent respectively. The largest additional intake of stay-over visitors was in Saint Lucia (3.2 per cent) while the minimum additional intake was registered in Montserrat (2.0 per cent).



Activity in the construction sector is estimated to have risen in the first nine months of 2015, premised on positive developments across the majority of ECCU member states. The improvement stemmed mainly from robust construction activity in the private sectors of Grenada, Montserrat, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines. Private sector projects across these member countries comprised residential properties; hotel, condominium, villa and resort establishments; as well as marina development. Meanwhile, public sector construction seemed to have been lackluster across most countries, with the exception of Anguilla and St Kitts and Nevis where there were higher levels of capital spending. Across the member states, public sector construction work focused on road networks, bridges, water distribution facilities, schools, and an international airport.

Output of agriculture, livestock and forestry is estimated to have increased in the review period, relative to the comparable period of the prior year. This outturn was partly anchored by improvements in the non-banana sub-sector in Grenada, Saint Lucia and St Vincent and the Grenadines. In Grenada, increases were reported in the output of cocoa, fruits and vegetables. A number of investment initiatives and an increase in local demand boosted non-banana agricultural production in Saint Lucia. In St Vincent and the Grenadines, output recovered from adverse weather and plant disease. By contrast, crop production fell in St Kitts and Nevis and particularly in Dominica where farms suffered destruction from the passage of tropical storm Erika in August 2015. Banana production rose by 4.9 per cent to 12,355.3 tonnes with mixed performances across the Windward Islands. Output of bananas rose by 24.6 per cent in Grenada and exports grew by 5.3 per cent in St Vincent and the Grenadines, while declines were recorded in storm ravaged Dominica (5.7 per cent) and in Saint Lucia (5.1 per cent). Available data on the livestock sub-sector showed that chicken and pork production fell in Saint Lucia, while the performance in St Kitts and Nevis was mixed. The Federation experienced a contraction in the production of beef, which was moderated by growth in the output of mutton, broiler chickens, pork, goat meat and eggs.

Manufacturing output is estimated to have contracted in the review period, constrained by factors including weakened demand and competitiveness. Three of the member countries are estimated to have recorded decreases in manufacturing activity, while two others estimated increases. Manufacturing performance seemed to have been best in Grenada with leading growth in products such as rum (41.4 per cent), macaroni (16.8 per cent), oxygen (11.1 per cent), beer (8.0 per cent), and animal feed (7.5 per cent). Saint Lucia is estimated to have experienced a lower degree of success, registering a marginal increase in this sector's overall output. In St Kitts and Nevis, manufacturing output is estimated to have declined based on a 79.9 per cent decrease in the export of alcoholic beverages. In St Vincent and the Grenadines, the sector continued to show signs of deceleration, underpinned by a decline in the output of grains, a key product. There were reductions in the production of rice (89.5 per cent), flour (0.9 per cent), and feeds (13.6 per cent), which offset an increase of 17.4 per cent in the production of beer. Dominica's manufacturing output was further constrained by the damage caused by tropical storm Erika to manufacturing facilities. Declines were recorded in the production of soap (31.8 per cent), beverages (10.4 per cent), and paints and varnishes (4.7 per cent).

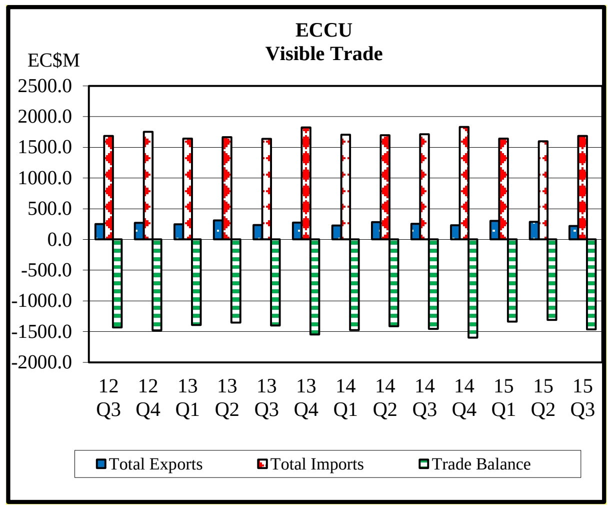
Some of the other services and ancillary sectors are estimated to have performed favourably. Positive spillover effects from the improved outturn in tourism, agriculture and construction contributed to increased value added in the transport, storage and communications sector. Inter alia, growth is also estimated in value added from real estate, renting and business activities and financial intermediation.

Prices

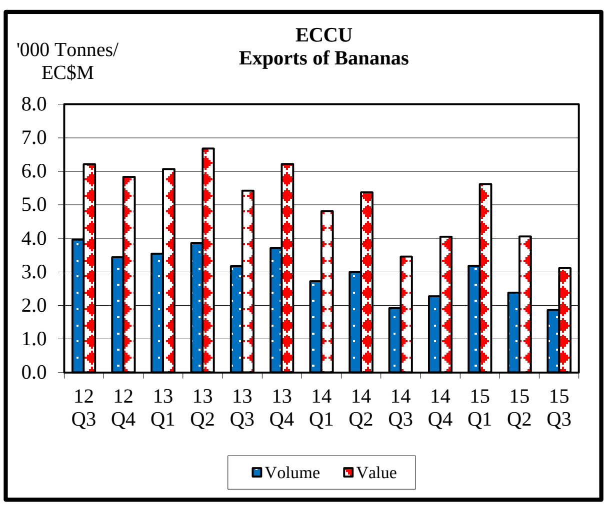
Reflecting price declines in sub-indices such as transport and food and non-alcoholic beverages, consumer prices fell in the majority of the member states during the first three quarters of 2015. The declines ranged from a slight fall (0.03 per cent) in Montserrat to its largest decline of 2.7 per cent in St Kitts and Nevis. The fall in the CPI in St Kitts and Nevis was relatively broad-based as the price levels of most of the sub-indices receded. Antigua and Barbuda was the only exception, which witnessed a marginal increase of 0.3 per cent in the general price level. In the case of Antigua and Barbuda, the main inflationary pressures came from price increases in the sub-indices of food, clothing and footwear and household furnishings and supplies.

Trade and Payments

Preliminary estimates indicated that the merchandise trade deficit narrowed by 5.3 per cent to $4,122.5m in the period under review, in contrast to an increase of 4.8 per cent in the comparable period of the prior year. This outturn was largely driven by a reduction in import payments, supported by a rebound in export revenue. The value of imports fell by 3.7 per cent ($190.6m) to $4,923.2m, largely influenced by lower outlays for minerals, fuels and related materials (24.1 per cent). This was reflective of the positive terms of trade effect of lower international oil prices. Lower import payments were recorded in Antigua and Barbuda, Dominica, Montserrat, Saint Lucia, and St Vincent and the Grenadines. Export receipts were up by 5.2 per cent to $800.7m largely reflecting an increase of 10.8 per cent in re-exports, supported by growth in domestic exports. Domestic exports grew by 2.2 per cent, associated in part with higher exports earnings from certain manufactured goods in Saint Lucia and St Vincent and the Grenadines. Driven largely by declines in output in Dominica and Saint Lucia, the volume of bananas exported fell by 2.7 per cent, leading to a contraction of 6.2 per cent ($0.9m) in export receipts, relative to the outturn in the prior year.



Gross travel receipts were estimated to have risen by 2.4 per cent to $2,699.4m, consistent with improvement in tourism activity. All member countries, with the exception of Antigua and Barbuda and St Kitts and Nevis, witnessed growth in gross travel receipts, which averaged 4.1 per cent. Gross external disbursements to the central governments amounted to $217.9m, registering a decline of 43.4 per cent, while external debt repayment totalled $465.4m, a little more than twofold the amount recorded in the corresponding period last year. Consequently, the central governments were in a net amortization position of $247.5m in contrast to a net disbursement position of $164.4m in the first nine months of 2014. Commercial banks' transactions resulted in a net outflow of $690.6m in short term capital compared with one of $503.7m during the corresponding period of 2014. Total grant inflows were down by 21.2 per cent, a reversal from the increase of 26.5 per cent in the first nine months of 2014. The decline reflected lower grant receipts by most countries, excluding Anguilla and Grenada.

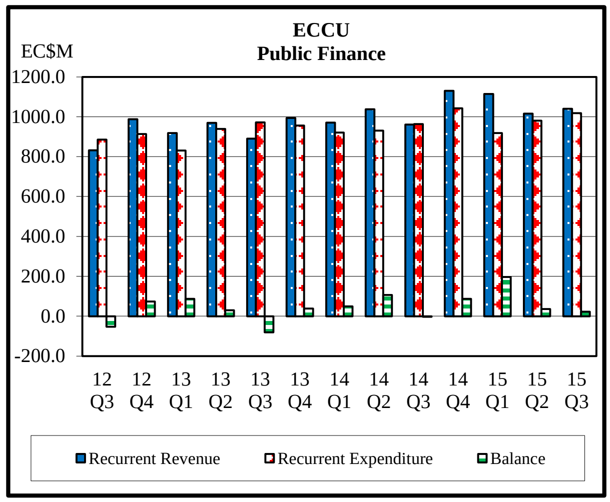


Central Government Fiscal Operations

The consolidated fiscal operations of the central governments recorded an improved performance in the first three quarters of 2015, relative to the comparable period in the prior year. The overall deficit narrowed by 44.6 per cent to $104.1m. A primary surplus of $258.0m was incurred, up from one of $176.8m in the first nine months of 2014. Of the member countries performances, Montserrat's overall surplus position expanded fivefold; Antigua and Barbuda, Grenada, Saint Lucia and St Vincent and the Grenadines registered smaller overall deficits; Anguilla and St Kitts and Nevis incurred smaller overall surpluses; and Dominica's overall deficit position widened.

The central governments realised a current account surplus of $254.6m, up from one of $152.9m in the January to September period last year, as growth in current revenue outpaced that of current expenditure. Current revenue rose by 6.8 per cent to $3,171.9m, relatively on par with the rate of increase in the comparable period of 2014 and attributable to higher receipts of both tax and non-tax revenues.

Growth of 6.2 per cent in receipts from tax revenue was buoyed by the improvement in overall economic activity. There were higher collections from all categories of taxes. Revenue from taxes on income and profits grew by 12.5 per cent ($65.0m), largely the consequence of increased collections from the corporation tax. Receipts from taxes on international trade and transactions were up by 8.5 per cent ($59.9m) mainly resulting from higher yields from consumption tax, import duties, and customs service charge. The intake from taxes on domestic goods and services rose by 2.0 per cent ($23.4m), largely attributable to an increase in the collections of the value added tax (VAT), supported by growth of $1.7m in receipts from the accommodation tax. VAT inflows were up by 3.8 per cent to $711.9m occasioned by better performances in all the territories where this tax was instituted, excluding St Kitts and Nevis. The fall-off in the Federation was directly linked to the exemption of food, medicine and funeral services from the Value Added Tax (VAT) effective April 2015. Also contributing to the upturn in tax revenue for the region was an increase of 10.1 per cent ($6.8m) in receipts from the property tax. On a country basis, most territories, with the exception of Montserrat recorded growth in tax revenue ranging from 4.3 per cent in Anguilla to 6.5 per cent in Saint Lucia. Non-tax revenue collections rose by 9.8 per cent to $526.5m, mainly as a result of increased collections in Antigua and Barbuda, where collections from the Citizenship by Investment Programme remained elevated.



Current expenditure rose by 3.6 per cent to $2,917.3m, registering acceleration from the rate of growth of 2.7 per cent in the corresponding period of 2014. The upward movement was largely associated with higher outlays on transfers and subsidies and personal emoluments. Expenditure on transfers and subsidies grew by 16.6 per cent ($105.8m), largely the consequence of developments in Antigua and Barbuda and

St Kitts and Nevis. Outlays on personal emoluments increased by 0.5 per cent ($6.7m) compared with growth of 2.9 per cent ($35.2m) in the first nine months of the previous year. While personal emoluments increased in five territories, the slower pace of overall growth resulted from a fall in outlays in Grenada, Montserrat and Saint Lucia, reflective of efforts by the governments of these countries to streamline spending. Payments for goods and services contracted by 1.7 per cent ($9.5m), stemming from declines in six territories, ranging from 1.8 per cent in Anguilla to 17.9 per cent in Antigua and Barbuda. Interest payments fell by 0.7 per cent ($2.6m) in contrast to an increase of 8.6 per cent one year earlier, as a number of governments incurred less debt to finance their operations. The decline in interest payments, which was more pronounced in St Kitts and Nevis, occurred in all territories except Antigua and Barbuda.

Capital expenditure declined by 12.3 per cent to $563.7m, registering a deeper contraction than the rate of 6.0 per cent in the corresponding period of 2014. The outturn was largely influenced by lower spending in six of the territories, particularly Antigua and Barbuda as well as Dominica where these outlays fell by 41.8 per cent and 34.7 per cent respectively. By contrast, growth in this spending was observed in Anguilla and St Kitts and Nevis. Total grant receipts amounted to $232.1m, a 21.2 per cent decrease over the total in the corresponding period of 2014. Of the total grants received, 69.9 per cent ($162.3m) represented capital grants compared with 81.0 per cent ($238.4m) in the first nine months of 2014.

Public Sector Debt

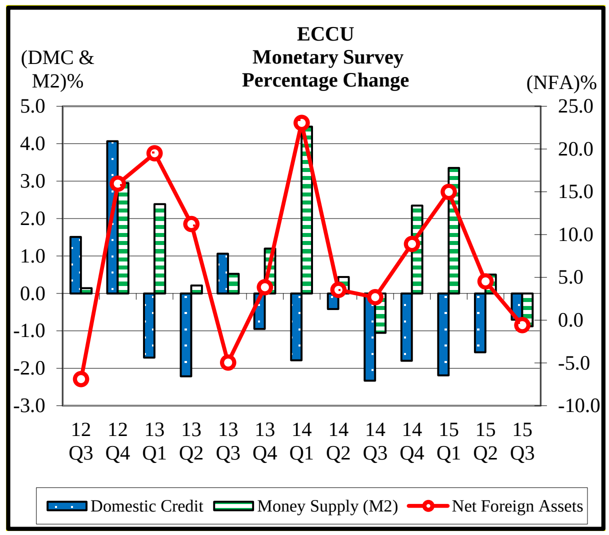
Based on preliminary data, the total disbursed outstanding public sector debt of the ECCU stood at $12,872.4m at the end of September 2015, representing a decline of 2.6 per cent compared with the outstanding debt at the end of December 2014. This outturn was mainly driven by a contraction of 2.6 per cent to $11,378.4m in the debt of central governments, which constitutes approximately 88.4 per cent of the entire debt portfolio. Central governments' domestic debt and external debt fell by 1.6 per cent and 3.4 per cent respectively. Likewise, the outstanding debt of public corporations fell by 2.6 per cent, reflecting reductions in both their stock of domestic debt (2.7 per cent) and external debt (2.4 per cent). Of the individual countries, decreases in public sector debt were recorded in all member states excluding Dominica where there was an increase of 0.8 per cent. The reduction in total public sector debt was most pronounced in Antigua and Barbuda where there was a decline of 3.6 per cent ($121.6m) largely associated with a debt swap in the first quarter of the year.

Debt service payments for the first nine months of 2015 amounted to $1,201.6m, an increase of 52.6 per cent over the total recorded during the comparable period of 2014. Principal repayments represented 69.9 per cent of total debt servicing, while interest payments accounted for the remaining 30.1 per cent. Among ECCU member states, higher debt service payments were recorded for Saint Lucia, Antigua and Barbuda and St Kitts and Nevis.

Monetary and Financial Developments

Money and Credit

Monetary liabilities (M2) expanded by 3.0 per cent to $15,573.7m, attributable to an expansion in both quasi money and narrow money (M1). Quasi money rose by 3.2 per cent, influenced largely by growth in foreign currency deposits and savings deposits of 9.4 per cent and 2.3 per cent respectively. M1 grew by 2.2 per cent, stemming from an increase of 4.9 per cent in demand deposits.



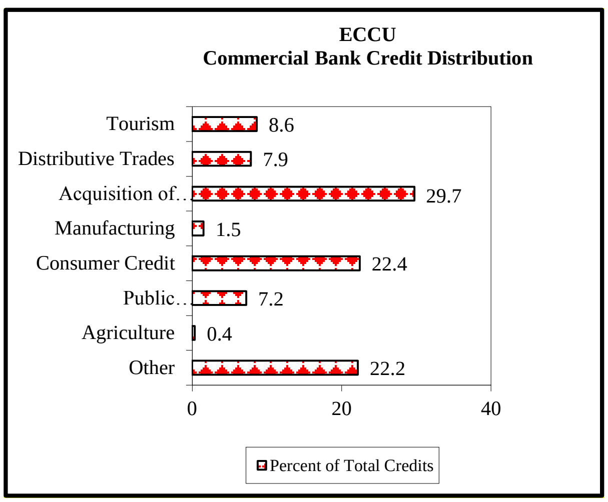
Domestic credit fell by 4.4 per cent to $11,555.6m. The contraction in credit was influenced by reductions in credit to the private sector and the central government. Outstanding credit to the private sector fell by 2.6 per cent reflecting decreases in loans extended to businesses and households of 5.2 per cent and 0.7 per cent respectively. It is likely that tighter lending terms and conditions during the first nine months of the year contributed to this outturn. In fact, the Commercial Bank Senior Loan Officers'

Opinion Survey on Credit Market Conditions in the ECCU reported that for the first six months of 2015, at the ECCU level, overall lending terms and conditions tightened for all types of loans to businesses and for mortgages and other consumer loans due to risks related to general economic conditions coupled with increases in the percentage of non-performing loans. In the rest of the private sector, credit also fell to subsidiaries and affiliates by 1.4 per cent but rose by 0.4 per cent to non-bank financial institutions.

With respect to the central governments, their credit from commercial banks' remained flat and that from the Central Bank fell by 34.2 per cent, reflective of their fiscal consolidation efforts during the review period. The deposits of the central governments grew by 7.2 per cent at the commercial banks whereas those at the Central Bank fell by 33.3 per cent. Consequently, the net credit position of the central governments fell by 2.0 per cent, in contrast to growth of 15.0 per cent in the first nine months of 2014. Overall, the net credit position of the general government fell by 1.8 per cent to $1,576.2m in the entire banking system. In the rest of the public sector, the net deposits of non-financial public enterprises rose by 9.7 per cent reflecting the dual effect of a reduction in credit and growth in deposits.

The distribution of commercial bank credit by economic activity indicated that outstanding loans and advances decreased by 2.6 per cent. Declines were recorded in credit allocated for all the sectors except financial institutions, where an expansion of 74.3 per cent was realised. Double-digit declines were observed in lending to tourism (15.3 per cent) and utilities, electricity and water (12.5 per cent). Among the other sectors, lending fell to agriculture and fisheries by 6.4 per cent, distributive trades by 4.4 per cent, transportation and storage by 3.9 per cent and entertainment and catering by 2.6 per cent. Credit for personal use, which represented the largest allocation of credit, fell by 0.5 per cent on account of less loans for home construction and renovation and for durable consumer goods. Outstanding credit fell in four of the territories but grew in Dominica, Montserrat, St Kitts and Nevis, and St Vincent and the Grenadines.

The net foreign assets of the banking system grew by 19.5 per cent to $5,927.3m during the review period, reflecting increases in the net foreign assets of both the commercial banks and the ECCB. Commercial banks net foreign assets expanded by 59.8 per cent, largely associated with an increase in their externally held assets. The Central Bank's net foreign assets rose by 7.3 per cent to $4,080.9m, influenced primarily by an increase in its assets position.



Commercial banks' liquidity rose during the period under review. The ratio of liquid assets to total deposits plus liquid liabilities rose by 3.3 percentage points to 41.3 per cent and the ratio of loans and advances to total deposits decreased by 4.3 percentage points to 64.8 per cent.

Alongside the Central Bank's decision to reduce the minimum savings deposit rate to 2.0 per cent from 3.0 per cent effective 01 May 2015, the weighted average interest rate on deposits fell by 50 basis points to 2.08 per cent at the end of September 2015. According to the results of the Commercial Bank Senior Loan Officers' Opinion Survey on Credit Market Conditions in the ECCU, most banks did not consider the one percentage point reduction in the minimum savings rate sufficient to initiate adjustments to lending terms and conditions. Based on the survey responses, in most banks the interest rates on loans were adjusted prior to the reduction in the minimum saving rate. Against this backdrop, the weighted average lending rate fell by 9 basis points to 8.83 per cent. As a result, the weighted average interest rate spread widened by 41 basis points to 6.75 percentage points.

Developments on the Regional Government Securities Market

Amid the strides with improving the consolidated fiscal performance, there was less activity on the Regional Government Securities Market (RGSM) during the first nine months of 2015, compared with the corresponding period of the prior year. Gross issuance on the RGSM fell by 17.9 per cent to $636.0m, in contrast to an increase of 3.1 per cent during the first three quarters of 2014. This outturn resulted from the issuance of thirty-four (34) securities on the market, constituting thirty-two (32) Treasury bills and two (2) bonds. In the corresponding period of 2014 a total of forty (40) securities were issued. There was a decline in the total number of securities issued by the Governments of Saint Lucia and St Vincent and the Grenadines due to a fall in bond issuance, while the number remained unchanged for Antigua and Barbuda, Dominica and Grenada.

The securities continued to be predominantly on the short end of the maturity spectrum. The value of the Treasury bills issued remained the same at $601.0m. Increases were recorded in Treasury bill issuance by the governments of Antigua and Barbuda ($10.0m) and Saint Lucia ($30.0m), which were offset by declines in the issuance by the governments of Grenada ($15.0m) and St Vincent and the Grenadines ($25.0m). Meanwhile, Treasury bill issuance by the government of Dominica's issuance remained flat at $60.0m. The value of bonds issued during the review period fell to $35.0m from $173.5m. This outturn primarily reflected no issuances by the governments of Saint Lucia and St Vincent and the Grenadines, which had issued $120.0m and $25.0m respectively in the comparable period of 2014. There was a reduction of $3.5m to $10m in the value of bonds issued by the government of Antigua and Barbuda. By contrast, there was an increase of $10.0m to $25.0m in the value of bonds issued by the Government of Dominica.

The commercial banks held the highest proportion of the value of bids, with the share increasing to 54.7 per cent from 48.7 per cent during the comparable period of 2014. The total value of bids was up slightly by 0.1 per cent over last year, as market sentiment remained relatively stable. The bid-to-cover ratio, a ratio of the value of bids received to that accepted, rose to 1.45 at the end of September 2015, from 1.20 one year earlier, largely reflecting a 17.1 per cent cut in the value of bids accepted. This was largely indicative of the reduced financing needs of member governments. There was one undersubscription during the first nine months of 2015, as a 365-day T-bill, valued at $10.0m, issued by the Government of

Antigua and Barbuda only produced $6.38m. This outturn compares with two under-subscriptions recorded during the comparable period one year ago, by the governments of Antigua and Barbuda and St Vincent and the Grenadines.

The weighted average interest rate on 91-day Treasury bills for the first nine months of 2015 decreased to 2.88 per cent from 3.72 per cent during the corresponding period last year. The yield on the 180-day Treasury bill was 4.29 per cent, 124 basis points lower than the rate recorded during the first nine months of 2014. The 365-day Treasury bill attracted a rate of 5.34 per cent, 85 basis points below the rate in the comparable period of the prior year.

In the secondary market, the value of trading activity fell to $0.7m from $19.3m in the first three quarters of 2014.

Prospects

The IMF's October 2015 World Economic Outlook report highlighted that the global economy would expand by 3.1 per cent in 2015. The expansion will be driven by the recovery in advanced economies, led by growth in the USA and in the UK, but tempered by a slowdown in activity in emerging markets and developing economies. In the context of the global outlook and based on the outturn in the domestic economies of the ECCU thus far, the ECCU seems on track to achieve growth in 2015 and into the medium term. The improvement is expected to be largely on account of the continued buoyancy in the tourism industry, agricultural and construction sectors, with associated spill-over effects on wholesale and retail trade and transport and communication. Growth is also likely to be positively impacted by increased FDI flows as more ECCU countries continue to position themselves for the citizenship by investment market amid global growth.

The tourism industry seems poised to perform above the level of 2014, as the recovery in the USA, the region's largest source market, becomes entrenched and the outlook for the UK and Canadian markets remains positive. Value added in the hotels and restaurants sector is also expected to be supported by greater room stock, additional airlift and enhanced marketing efforts. Robust growth in tourism is projected for most member states during the last quarter of the year, with the exception of Dominica whose challenges were compounded by damage inflicted by the storm to tourism facilities and supporting air transport infrastructure.

Production in the agricultural sector is expected to strengthen, largely based on anticipated developments in non-banana production especially in Grenada, Saint Lucia, and St Vincent and the Grenadines. Ongoing public sector initiatives in these countries to diversify the sector and promote the production of livestock, other crops and poultry, should auger well for the sector. Dominica's near term prospects in this sector are not equally positive since both banana and non-banana crops were considerably destroyed in addition to farm access being limited following tropical storm Erika.

Activity in the construction sector will remain robust for the rest of the year as work is expected to continue apace on a number of projects. In the private sector, in addition to residential development, work will progress on a number of tourism-related properties in some of the member states, particularly Grenada, St Kitts and Nevis and Saint Lucia. Public sector construction work in the Union will focus mainly on roads, bridges, and other infrastructural developments, including the completion of the international airport in St Vincent and the Grenadines as well as a hospital in Saint Lucia. Meanwhile, construction activity in Antigua and Barbuda is likely to remain lacklustre, underscored by fiscal constraints which will hinder the implementation of the PSIP. Project delays are expected to be even more pronounced in Dominica, as a result of the impact of the storm. Rebuilding efforts are likely to begin in the remainder of the year, but are anticipated to be minimal in light of financing challenges and perhaps the greater priority to focus on clean-up and relief efforts.

Output in the manufacturing sector is expected to remain constrained, while activity in transport, storage and communications is likely to be positively impacted by developments in the tourism industry. Also in the real sector, consumer prices are forecasted to decline as lower world oil prices transmit to the domestic price level. Alongside the record low global oil prices, import payments may decline, leading to an expected narrowing of the merchandise trade deficit in the region.

Growth, coupled with fiscal prudence, is likely to contribute to an improved consolidated fiscal position of the Currency Union. In fact, overall fiscal deficits are forecasted to narrow for some of the member countries over the near term. Dominica is of exception as revenue growth may remain constrained and expenditure stepped up, leading to a widening of the overall deficit. The British Overseas Territories and St Kitts and Nevis are forecasted to record surpluses, underpinned by sustained revenue gains and expenditure controls. Notably, the fiscal outturn in Antigua and Barbuda is contingent on the costs associated with a plan for resolving a domestic bank. The combination of improving fiscal positions; stronger economic growth; and debt restructuring efforts therefore, bode well for the debt outlook of member governments.

Monetary aggregates are expected to expand in 2015 driven by increases in private sector savings and demand deposits. Based on the current environment, domestic credit is estimated to continue to fall amid the macroeconomic environment, low bank profitability and a stringent lending environment. In line with the results of the Survey, the reduction in the minimum savings rate is not likely to translate to any reduction in lending rates that is significant to fuel a credit expansion during the last quarter of the year.

Downside risks to these forecasts arise primarily from external sources including the occurrence of natural disasters, a weaker than anticipated global recovery, continued appreciation of the US dollar, global terrorism, and the potential effects from an opening of USA-Cuba tourism.

A N G U I L L A

Overview

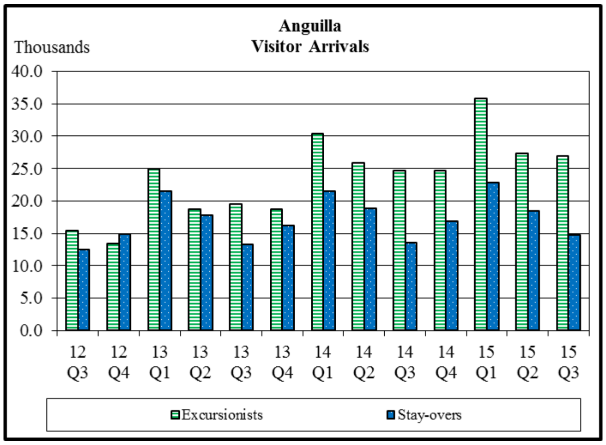
Provisional estimates indicate that economic activity in Anguilla expanded in the first nine months of 2015, compared with the outturn in the corresponding period of 2014. This assessment reflected increased activity in the hotels and restaurants, wholesale and retail trade and real estate, renting and business activity sectors, which was partially tempered by decelerated construction activity and a reduction in value added for the financial intermediation sector. Consumer prices decreased by 0.5 per cent, on an end-of-period basis. In the external sector, the merchandise trade deficit widened on account of an increase in imports and a reduction in exports. The fiscal operations of the government resulted in an overall surplus compared with a slightly higher surplus in the corresponding period of 2014. Total outstanding public sector debt fell during the review period. In the banking system, monetary liabilities and net foreign assets increased, while domestic credit decreased. Commercial bank liquidity improved and the weighted average interest rate spread between loans and deposits widened.

Economic activity is expected to moderate for the remainder of 2015 premised on further strengthening in the tourism industry and subdued construction activity. An increase in the number of excursionists combined with an improvement in stay-over visitor arrivals will sustain economic activity for the remainder of 2015. On the other hand, construction activity is expected to grow, albeit at a slower pace with potential impact on the transportation, storage and communications and wholesale and retail trade sectors. The outlook for the construction sector is predicated on the tapering of a number of on-going hotel projects with less than one year to completion. In the public sector, enhancement to public infrastructure will be limited to grant funded projects from donor partners; the UK government and the European Development Fund (EDF). Notwithstanding the modest prospects in the domestic economy, key downside risks exist related to the potential real and fiscal costs associated with resolving the fragile banking sector.

Output

Construction work is estimated to have moderated in the first nine months of 2015 relative to the outturn in the comparative period of 2014, reflective of modest activity in the private sector. Coincident indicators such as credit for private residential construction, the level of cement imports and active employment in construction also weakened over the period. Relatedly, building permits, a leading indicator for the construction sector, declined during the first nine months of 2015, an indication that the outlook for the construction sector remains on the downside. Construction developments in the private sector included the completion of phase 1 and 2 at Zemi Beach Resort which is on schedule for a January 2016 opening, ongoing work on Manoah hotel, the Reef at Cuisinart Golf Course and Spa and the Solaire hotel and villas project. In the public sector, government outlays on capital projects increased attributed to inflows of capital grants.

The performance of the tourism industry, as proxied by the hotels and restaurants sector, improved based on increases in excursionists and stay-over visitor arrivals. Total visitor arrivals are estimated to have increased by 8.3 per cent to 146,348 in the first nine months of the year compared with a 16.3 per cent increase in the corresponding period of 2014. The performance was fuelled primarily by an 11.2 per cent rise in the number of excursionists to 90,234. Stay-over visitor arrivals are also estimated to have risen by 4.0 per cent to 56,114 led by improvements in the number of visitors from Italy 26.5 per cent, the Caribbean 8.6 per cent, as well as growth of 5.6 per cent and 4.1 in the USA and UK markets cent respectively. Economic expansion in the USA and the UK contributed in part to the improved performances from these source markets. Those improvements were partially mitigated by lower arrivals from Germany (56.3 per cent) and Canada (11.9 per cent), in contrast to increases of 151.7 per cent and 11.5 per cent respectively in the corresponding period of 2014.



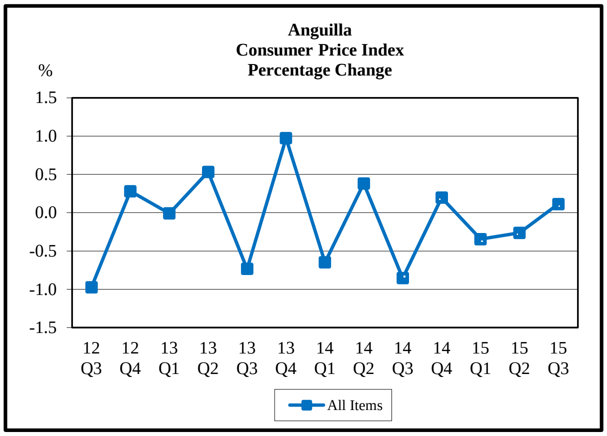
Activity in the wholesale and retail trade sector is estimated to have increased as the value of imports rose due to a buoyant tourism sector and a recovering economy. Activity in the transport, storage and communications sector rose when compared with the performance in 2014. The increase was attributed to higher outturn in air and sea transport, tempered slightly by a decline in road transport.

Value added is also estimated to have risen in the real estate, renting and business activities sector associated with the positive spill over effects from activity in the tourism industry and an increase in active employment in professional and household services. Increased value added was recorded in public administration, defence and compulsory social security associated with larger outlays for pensions, wages and salaries.

In contrast, value added in the financial intermediation sector is estimated to have declined in the first nine months of the year on account of estimated reductions in the value of loans and advances extended by commercial banks.

Prices

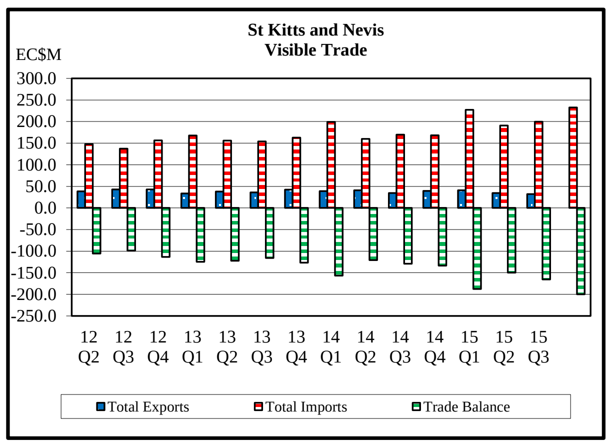
The consumer price index decreased by 0.5 per cent on an end-of-period basis during the first nine months of 2015, following a decline 1.1 per cent in the corresponding period of 2014. The main sub-indices contributing to the decline in prices were clothing and footwear (2.6 per cent) housing, utilities, gas and fuels (1.7 per cent), food and non-alcoholic beverages (1.2 per cent), household furnishings, supplies and maintenance (1.1 per cent) and health (1.1 per cent). The reduction in the housing, utilities, gas and fuels sub-index was associated with a fall in the price of cooking gas and electricity as a result of a decline in the fuel surcharge. The lower sub-index for food and non-alcoholic beverages reflected decreases in the price of dairy and vegetables.



The decline in those sub-indices was tempered by increases in communication (1.4 per cent) and transport (0.5 per cent and) sub-indices respectively. The upward movement in the communications sub-index was due to a rise in the cost of internet service and the average cost per minute, whereas the overall increase in the transport sub-index was due to a rise in the cost of passenger sea transport.

Trade and Payments

A merchandise trade deficit of $303.6m was estimated in the first nine months of the year compared with one of $298.8m in the corresponding period of 2014. The wider deficit was due to an estimated increase in import payments (1.3 per cent), supplemented by a 25.7 per cent decrease in export receipts, largely from domestic exports. Gross travel receipts are estimated to have increased by 1.6 per cent to $265.9m in the first nine months of the year, in line with growth in stay-over arrivals. The transactions of commercial banks resulted in a net outflow of $51.0m in short term capital during the review period, in contrast to an inflow of $3.7m in the corresponding period of 2014. There were no external disbursements received in the first nine months of the year and external principal repayments totalled $0.7m.



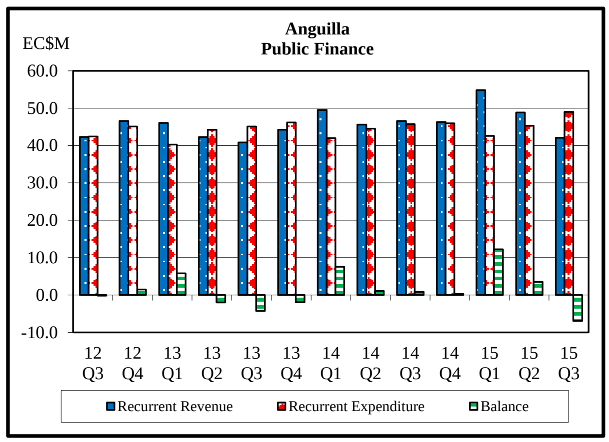
Central Government Fiscal Operations

The fiscal operations of the central government resulted in a smaller overall surplus of $7.1m the first nine months of 2015, compared with one of $7.8m in the corresponding period of 2014. The outturn was largely influenced by a narrowing in the current account surplus to $8.9m, compared with one of $9.6m in the first nine months of 2014. This outturn reflected faster growth in current expenditure relative to a modest increase in tax revenue collections. A primary surplus (after grants) of $13.5m was recorded in the review period, compared with one of $14.7m in the corresponding period of the previous year.

Current revenue rose by 2.9 per cent ($4.1m) to $145.8m, due in large part to a 4.3 per cent increase in the collection of tax revenues. The larger intake of tax revenue collections reflected growth (6.1 per cent) in receipts from international trade and transactions on account of larger receipts of import duties ($2.1m) and customs surcharge ($1.2m).

Receipts from taxes on domestic goods and services rose by 1.4 per cent ($0.7m) on account of higher receipts from accommodation tax. Accommodation tax collection increased by 16.3 per cent ($2.3m) as result of an expansion in stay-over visitor arrivals and the collection of outstanding accommodation tax receipts from some tourist accommodation establishments. The growth in revenue from taxes on domestic goods and services was partly moderated by lower stamp duty receipts which fell by 10.1 per cent ($1.0m) reflecting a decline in the value of land sales.

Increased collections from taxes on income and profits ($0.5m) mirrored higher receipts from the interim stabilisation levy. The yield from property taxes was higher ($0.5m) mainly due to improved tax administration. Non-tax revenue fell by 5.3 per cent ($1.1m) to $20.0m.



Current expenditure grew by 3.6 per cent to $136.9m, compared with a 2.0 per cent rise in the corresponding period of 2014. Outlays on transfers and subsidies grew by 13.6 per cent ($4.6m) associated with an increase in subventions to the tourist board and the community college. Higher current expenditure was also supported by an increase in spending on personal emoluments of 2.1 per cent ($1.3m), partly tempered by a decline in outlays on goods and services of 1.8 per cent ($0.6m) and a reduction in interest payments by 8.1 per cent ($0.6m).

Capital expenditure rose to $4.6m in the review period from $1.9m in the corresponding period of 2014, attributed in part to an increase in capital grants.

Public Sector Debt

The total disbursed outstanding debt of the public sector was estimated at $213.64m at the end of September 2015, approximately 6.0 per cent lower than that recorded at the end of 2014. Central government debt accounted for 94.6 per cent of total disbursed outstanding debt and its external debt accounted for 76.9 per cent. The outstanding debt of statutory bodies fell by 12.7 per cent to $11.6m. The continued reduction in the outstanding debt represents the restricted ability of the Government of Anguilla to incur additional debt.

Money and Credit

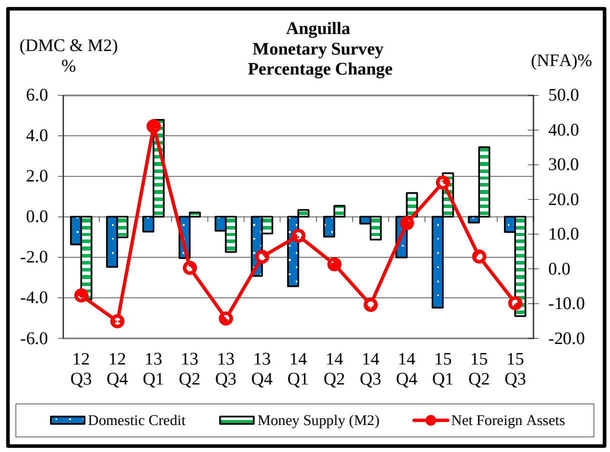
Monetary liabilities (M2) expanded by 0.8 per cent to $1,048.4m in the first nine months of the year, in contrast to a 0.3 per cent decrease in the corresponding period of 2014. The rise in M2 can be attributed mainly to an increase in quasi money, which grew by 0.9 per cent ($8.4m) on account of growth in private sector savings (8.7 per cent) and foreign currency deposits (0.6 per cent). The other main component of M2, narrow money (M1), fell by 0.7 per cent in contrast to a 12.8 per cent increase recorded in the same period of 2014. The contraction in M1 is mainly attributable to the downward movement in private sector demand deposits (10.2 per cent).

Domestic credit contracted by 5.5 per cent to $929.3m, compared with a decline of 4.7 per cent in the comparable 2014 period. This development was largely attributable to reductions in outstanding credit to the private sector, combined with increases in the net deposit positions of the non-financial public enterprises.

Private sector credit declined by 2.9 per cent ($37.1m) to $1,231.0m during the review period largely due to a 4.7 per cent ($33.9m) fall in credit extended to businesses and a decline of 0.6 per cent in credit to households. The net deposit position of the Central Government rose by 2.0 per cent ($1.5m) at the end of September 2015, largely influenced by a $1.8m decrease in outstanding commercial bank credit. In the rest of the public sector, the net deposit position of non-financial public enterprises increased by 7.4 per cent reflecting growth in their deposits at commercial banks.

An analysis of changes in the distribution of credit across the sectors indicated that a 5.2 per cent ($10.6m) decline in credit for construction was the largest contributing factor to the overall contraction in credit extension. Lower credit for other (5.6 per cent) and personal (1.3 per cent) categories particularly the sub-categories of acquisition of property (4.7 per cent) and home construction and renovation (7.0 per cent) were also observed. These declines were tempered by increases for transportation and storage (6.7 per cent), the personal sector particularly the sub-categories of house and land purchase (2.3 per cent) and other personal use (6.1 per cent).

The net foreign assets of the banking system rose by 16.6 per cent to $307.2m in the first nine months of the year in contrast to a decrease of 0.5 per cent in the corresponding 2014 period. The growth was primarily influenced by a 37.6 per cent rise to $186.8m in commercial banks' net foreign assets position. Anguilla's imputed share of the ECCB reserves fell by 5.7 per cent to $120.4m.



Liquidity in the commercial banking system improved during the review period, as evidenced by a 2.7 percentage points increase in the ratio of liquid assets to total deposits plus liquid liabilities to 29.7 and a decrease of 3.2 percentage points in the loans and advances to total deposits ratio to 84.1.

At its 81st meeting on 27 February 2015, the ECCB Monetary Council agreed to reduce the minimum savings deposit rate from 3.0 per cent to 2.0 per cent, effective 01 May 2015. The weighted average interest rate spread between loans and deposits subsequently increased by 11 basis points to 6.39 per cent at the end of the first nine months of the year compared to that of December 2014. The weighted average interest rate on loans fell to 9.12 per cent from 9.25 per cent while that on deposits fell to 2.73 per cent from 2.97 per cent.

Prospects

Global economic growth has been adjusted downwards to 3.3 per cent in 2015, according to the October 2015 update of the World Economic Outlook (WEO) report of the International Monetary Fund (IMF). According to the IMF, the expansion in global economic growth will be gradual and led largely by accelerations in the performance of advanced economies, lower fuel prices and improved confidence and labour market conditions. The global expansion is however expected to be tempered by slowing growth in emerging markets reflected in the dampening impact of lower commodity prices and the rebalancing in China.

In the context of both global and domestic developments, the real economy of Anguilla is expected to expand slightly above its growth potential of 3.0 per cent in 2015, following on from the recovery of 6.4 per cent real GDP in 2014. Continued economic activity in the remainder of 2015 is expected to be fuelled mainly by improved performance of the tourism industry and on-going private sector construction activity. In the construction sector, tourism-related construction projects are in their final phase of completion with anticipated tapering in the level of activity. Zemi Beach hotel is targeted to open in January 2016, while the Reef, Solaire Hotel and Villa project, and the Manoah Boutique Resorts all slated for the end of 2016.

The expansion in tourism activity is expected to continue, in the absence of mitigating factors and is projected to positively impact the wholesale and retail trade and real estate, renting and business activities sectors. Further, the prospects for the tourism industry is supported by increased airlift via Seaborne Airlines from San Juan, Puerto Rico since April 2015, forecasted expansion (2.5 per cent) in the USA economy for 2015 and improved marketing initiatives by the Anguillan Tourism Board. Inflation and inflationary pressures are anticipated to decline amid lower international commodity prices.

The fiscal operations of the Central Government are expected to record an overall surplus associated with sustained revenue growth and constrained current expenditure. Capital expenditure is expected to increase in 2015, above outlays in the corresponding period of 2014, commensurate with an increase in grant funding. On the external account the merchandise trade deficit is expected to widen reflecting higher imports consistent with increases in construction and tourism-related activities. Gross inflows from travel are projected to be higher in 2015 consistent with the projected increase in visitor arrivals.

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

ANTIGUA AND BARBUDA

Overview

Economic activity in Antigua and Barbuda is provisionally estimated to have expanded, albeit at a slower pace, in the first nine months of 2015 relative to the corresponding period in 2014. The rate of activity was influenced by developments in key sectors such as construction, wholesale and retail trade, hotels and restaurants and public administration, defence and compulsory social security. The Consumer Price Index rose by 0.3 per cent, on an end of period basis. The fiscal operations of the central government resulted in a narrowing of the overall fiscal deficit, largely on account of greater revenue inflows. Consequently, the total disbursed outstanding public sector debt declined, compared with the level at the end of December 2014. Monetary liabilities and the net foreign assets of the banking system increased while domestic credit fell. Commercial bank liquidity rose and the weighted average interest rate spread between loans and deposits widened during the period under review.

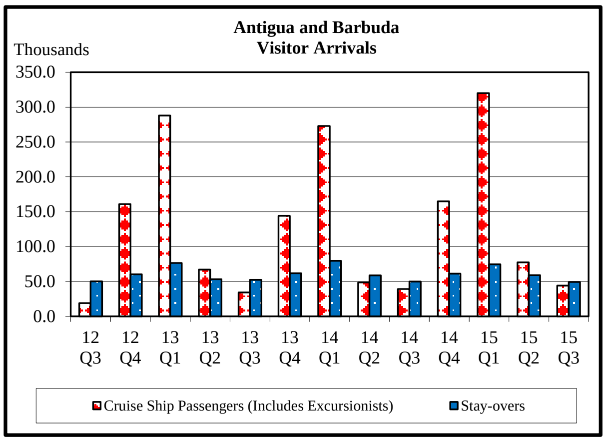
The economic forecast for the remainder of the year is cautiously optimistic and highly dependent on global economic growth and domestic developments. Although positive growth is anticipated in 2015, the rate of annual growth will likely be lower than that of 2014 based on developments to date. Positive but lower growth is expected in the hotels and restaurants; wholesale and retail trade; real estate, renting and business activities; and public administration, defence and compulsory social security sectors. Activity in the transport, storage and communications sector is likely to accelerate due to the robust performance of cruise tourism. Meanwhile, activity in the construction sector is anticipated to decline due to financing constraints in support of the Public Sector Investment Programme (PSIP) and the slow pace of implementation of private sector projects. The overall fiscal deficit is likely to narrow on account of higher revenue inflows from the Citizenship by Investment Programme (CIP) and other revenue gains. Downside risks to this forecast include adverse travel advisory due to increased terrorist activity; natural disaster events; and other fiscal shocks.

Output

Preliminary economic indicators for the first nine months of 2015 point to an expansion in economic activity. Value added in the wholesale and retail trade sector is estimated to have increased consistent with growth in imports throughput. Non-oil import cargo rose by 4.7 per cent in the first nine months of 2015, though slower than the rate of 12.4 per cent recorded in the corresponding period of 2014. Value added in the transport, storage and communications sector is estimated to have increased buoyed by activity in cruise tourism.

Value added in the real estate, renting and business activities sector is estimated to have increased due to higher demand for real estate activities, rental of machinery and equipment and computer and related services. Activity in the public administration and defence; compulsory social security sector is estimated to have risen fuelled by higher pension payments and increased spending on personal emoluments.

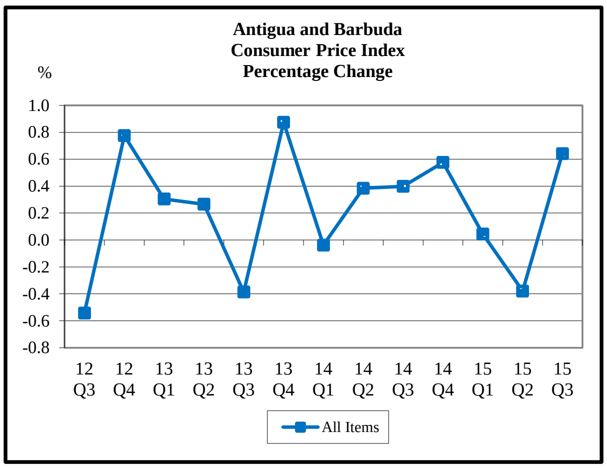
Meanwhile developments in the tourism industry were mixed. Total visitor arrivals increased by 12.9 per cent to 639,607 when compared with the corresponding period in 2014. However, the number of stay-over visitors fell by 3.0 per cent to 182,561, in contrast to growth of 3.6 per cent in the first nine months of 2014. Visitor arrivals from the largest source market, the USA, fell by 2.2 per cent, as opposed to a 9.4 per cent increase in the first nine months of 2014. Visitor arrivals from Canada declined at a steeper rate of 18.3 per cent from a rate of 6.8 per cent in the comparable period in 2014, partly due to reduced airlift and accommodation challenges. High regional airfares continue to challenge regional demand and contributed to a 4.7 per cent decline in visitor arrivals from the Caribbean. In contrast, stay over visitors from the UK market, the second largest source market, rose at a rate of 3.8 per cent partly on account of the cricket test match between the West Indies and England. There was also a 50.3 per cent increase in stay-over visitors from South America, one of the smallest source markets. The performance of the cruise industry improved, as evidenced by an increase in the number of cruise passengers by 22.4 per cent to 441,320 in contrast to a decline of 7.4 per cent in the corresponding period of 2014. The outturn in cruise visitors was consistent with an increase in the number of cruise ship calls by 22 to 230. Despite an increase in yacht calls to 2,998 from 2,956, the number of yacht passengers declined by 12.4 per cent, similar to the magnitude recorded in the first nine months of 2014.



Activity in the construction sector is estimated to have declined in the first nine months of 2015 relative to the corresponding period in 2014. The estimation is supported by banking sector indicators which revealed declines in outstanding credit for commercial construction purposes, and residential construction and renovation of 10.6 per cent and 0.7 per cent, respectively. Moreover, the volume of cement imports, a major indicator of construction activity, is estimated to have fallen by 7.3 per cent, in contrast to growth of 4.8 per cent in the comparable period in 2014. In the public sector, construction activity is estimated to have declined marked by a 41.8 per cent reduction in capital expenditure while the growth in private sector construction activity has been sluggish.

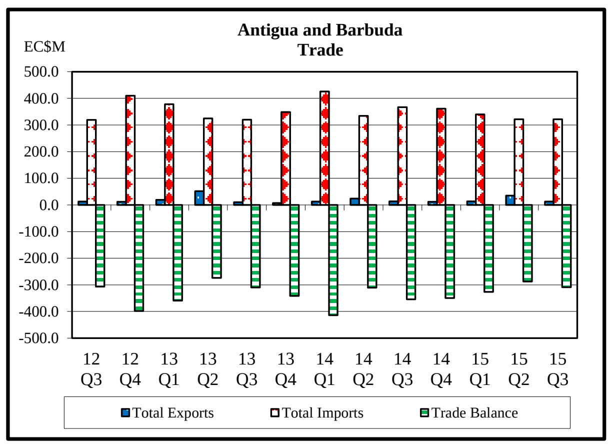
Prices

The consumer price index (CPI) rose by 0.3 per cent in the first nine months of 2015 compared with 0.8 per cent increase during the corresponding period of 2014. The lower growth in prices mainly reflected a steep decline in the fuel and light sub index (12.2 per cent) owing to a reduction in the fuel variation rate which fluctuates with global oil prices. The housing sub-index, the largest weighted sub-index fell by 0.5 per cent associated with lower costs of accommodation related expenditures. Reduced costs associated with the operation of personal transportation contributed to a 1.0 per cent decline in the transport and communications sub-index. Offsetting the decline in those sub-indices were increases in other notable sub-indices of food (0.7 per cent), clothing and footwear (1.1 per cent) and household furnishings and supplies (3.3 per cent). Rising prices for fruits, vegetables and preserved meats were the main contributors to the increase in the food sub-index, while higher prices for all items of clothing led to the rise in the clothing and footwear sub-index. Advances in the costs of household appliances and furniture, fixtures and floor coverings led to an increase in the household furnishings and supplies index. Other increases were recorded in the education, health and personal services sub-indices.



Trade and Payments

Preliminary trade statistics for the first three quarters of 2015 indicate that the trade deficit narrowed by 14.5 per cent to $922.2m, largely due to a reduction in import payments. Import payments fell by 12.8 per cent to $983.5m mainly influenced by lower value of mineral fuels and related materials consistent with lower global oil prices. In addition, the winding down of the airport project contributed to a reduction in the imports of machinery and transport equipment. The narrowing of the trade deficit was also influenced by an increase in export receipts by 22.5 per cent to $61.4m mainly due to growth in re-exports. Cargo throughput data indicated that the volume of imports rose by 14.0 per cent, reflecting increases in general cargo, fuel and petrol and motor vehicles while cement imports fell. The volume of exports rose by 95.7 per cent, attributable largely to the re-exports of fuel and petrol.

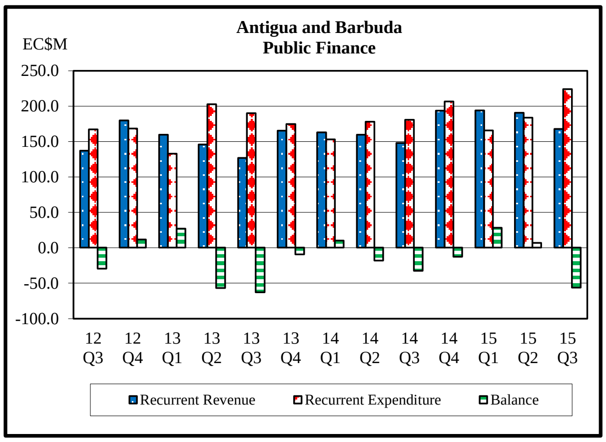


Gross travel receipts are estimated to have declined by 2.2 per cent to $632.2m, consistent with the reduction in stay-over visitor arrivals. Commercial banks' transactions resulted in a net outflow of $87.9m in short-term capital in contrast to a net inflow of $15.3m during the first three quarters of 2014. Receipts from external creditors increased to $29.6m from $16.2m at the end of September 2014, primarily on account of a new instrument by private placement. Meanwhile, external principal payments fell by 10.7 per cent to $70.4m as arrears mounted.

Central Government Fiscal Operations

Influenced largely by higher revenue inflows, the fiscal position of the government improved in the first nine months of 2015, relative to the corresponding period in 2014. Preliminary data suggest that the overall deficit narrowed to $41.3m from $68.0m at the end of September 2014. A primary surplus of $49.7m was realised compared with one of $2.1m in the three quarters of 2014. These improvements were largely driven by significant increases in both tax and non-tax revenue despite a notable increase in total expenditure. However, the improvement is masked by a significant increase in both domestic and external arrears ($66.0m), which along with new borrowings financed the overall deficit.

The current account balance recorded a smaller deficit of $21.6m compared with one of $41.0m in the corresponding period of 2014. The narrowing of the current account deficit primarily reflected an increase in current revenue collections, which rose by 17.3 per cent to $552.3m. Tax revenue which amounted to 83.1 per cent of current revenue rose by 6.5 per cent to $458.7m reflecting increases in all its sub-components except property tax. Receipts from taxes on domestic goods and services rose at a marginal rate of 0.2 per cent to $203.3m as the growth in inflows from stamp duties was offset by a reduction in inflows from the Antigua and Barbuda Sales Tax (ABST). Tax receipts from the ABST fell by 1.0 per cent to $175.0m largely attributed to collection leakages. Meanwhile, revenue from stamp duties rose by 17.6 per cent ($3.5m). Tax collections on international trade and transactions rose by 12.7 per cent to $170.6m largely on account of greater inflows on the consumption tax due to limited pass through of the reduction in global oil prices. In contrast, receipts from property taxes fell by 14.1 per cent ($2.8m) as the increase in 2014 mainly reflected collection of arrears. Revenue from taxes on income and profits grew by 19.7 per cent ($11.2m) primarily on account of increased receipts from corporate tax due to improved tax collection efforts. Non-tax revenue more than doubled to $93.6m primarily on account of greater inflows from the Citizenship by Investment Programme (CIP).



Current expenditure rose by 12.1 per cent to $573.8m as all categories of expenditure with the exception of goods and services grew. Outlays on personal emoluments which constituted 39.6 per cent of current expenditure rose by 3.1 per cent to $227.5m largely due to the work experience program and an increase in the number of public sector employees, namely doctors, teachers and nurses. The amount expended on transfers and subsidies rose by 38.9 per cent to $180.7m as government increased its contributions to statutory corporations and the allocation towards the Prime Ministers Scholarship Programme. Interest payments rose by 29.9 per cent ($20.9m) largely due to increases in domestic payments and a rise in external arrears. Meanwhile, cash flow constraints contributed to a 17.9 per cent ($16.3m) reduction in expenditure on goods and services. Capital expenditure declined by 41.8 per cent to $24.4m in contrast to an increase of 74.5 per cent ($17.9m) in corresponding period in 2014.

During the period under review, outstanding arrears grew by $66.0m compared with growth of $46.8m at the end of September 2014. The overall deficit was financed by arrears and borrowing from the domestic banking system, the Regional Government Securities Market (RGSM) and external loans.

Public Sector Debt

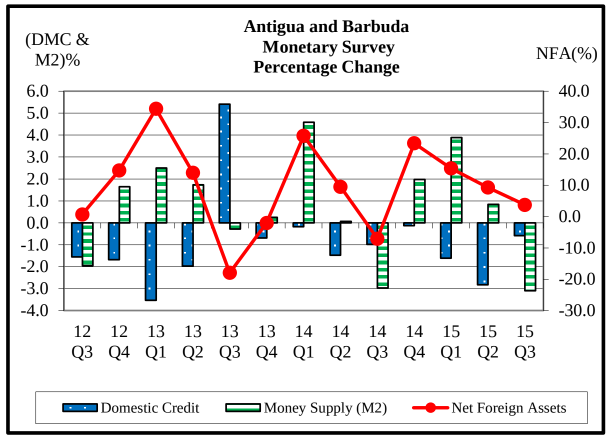
The total disbursed outstanding debt of the public sector declined to $3,237.9m at the end of September 2015, from $3,359.5m at the end of December 2014. The contraction in the debt stock was largely attributable to a fall in domestic debt as external debt inched up slightly. Total domestic debt which accounted for 54.0 per cent of total debt fell by 6.9 per cent to $1,748.0m mainly due to a debt for asset swap with a public corporation and scheduled amortization payments. Meanwhile, the external debt stock rose by 0.5 per cent to $1,489.9m largely due to the issuance of a treasury note via private placement. Central government debt which constituted 83.7 per cent of total debt fell by 3.7 per cent to $2,710.7m and that of public corporations fell by 3.4 per cent to $527.2m.

Money and Credit

Developments in the banking system during the period of review were characterized by an increase in monetary liabilities (M2) and a reduction in domestic credit. (M2) increased by 3.5 per cent to $3,115.8m during the first three quarters of 2015, relative to the corresponding period of 2014. Quasi money, the largest component of M2 rose by 3.4 per cent to $2,460.2m largely on account of increases in private sector savings deposits (5.1 per cent) and private sector foreign currency deposits (21.3 per cent). Those increases were tempered by a 4.7 per cent reduction in private sector time deposits. Money supply (M1) increased by 3.7 per cent to $655.6m largely due a 7.8 per cent growth in private sector demand deposits as currency with the public and EC dollar cheques and drafts issued fell by 5.5 per cent and 11.5 per cent, respectively.

Tighter lending terms and conditions continued to adversely affect credit growth. Domestic credit fell at a faster rate of 5.0 per cent to $2,481.7m during the first nine months of 2015, compared with a rate of decline of 2.6 per cent during the corresponding period of 2014. Credit to the private sector, which constitutes 83.6 per cent of total credit fell by 3.6 per cent to $2,074.0m largely on account of reductions in credit to households (1.7 per cent) and businesses (5.8 per cent). Net credit to the government decreased by 8.3 per cent to $473.0m due to a combination of lower loans and advances and deposit growth in the banking system. Commercial banks' net credit to the government fell by 4.8 per cent ($24.0m) and that of the Central Bank fell by 1.2 per cent ($1.2m). The net deposits of non-financial public enterprises rose by 15.9 per cent to $65.4m due a 3.2 per cent ($5.3m) reduction in outstanding credit and a 1.7 per cent ($3.7m) increase in deposits.

The stock of outstanding credit to economic sectors fell by 4.0 per cent to $2,514.4m, mirroring declines in all major sectors except distributive trades. Credit for personal use, which constituted 48.9 per cent of total credit, fell by 1.6 per cent, a similar level to the contraction recorded in the comparable period of 2014 as lending conditions remained tight and consumers continued to deleverage. The fall in personal loans was largely due to declines in loans for the acquisition of property (1.5 per cent) and other personal loans (1.8 per cent). Declines were also recorded in outstanding credit for tourism (14.3 per cent) construction (10.6 per cent), utilities, electricity and water (17.2 per cent), professional and other services (6.4 per cent) and public administration (4.6 per cent). Meanwhile, outstanding credit to the distributive trades sector increased by 1.3 per cent consistent with activity in the wholesale and retail trade sector.



The net foreign assets of the banking system rose by 30.8 per cent to $1,154.7m at the end of September 2015 largely associated with an increase in Antigua and Barbuda's imputed share of reserves at the Central Bank. Antigua and Barbuda's imputed share of ECCB's reserves rose by 22.9 per cent to $985.3m due to growth in bankers reserve as credit growth contracted. The transactions of the commercial banks resulted in a doubling of the asset position to $169.4m, relative to the position at the end of December 2014. This was the result of an increase in assets with financial institutions outside the Currency Union coupled with an increase in liabilities with institutions within the Union.

Liquidity in the commercial banking system increased as the ratio of liquid assets to total deposits plus liquid liabilities rose by 5.6 percentage points to 56.1 per cent. The loans and advances to total deposits ratio fell to 68.1 per cent at the end of September 2015, from 69.5 per cent at the end of December 2014.

The interest rate spread between loans and deposits widened to 6.90 percentage points at the end of September 2015 from 6.65 percentage points at the end of December 2014, largely due to the reduction in the minimum savings rate to 2.0 per cent from 3.0 per cent in May 2015. Declines were recorded in the weighted average lending rate by three (3) basis points to 9.42 per cent and the weighted average deposit rate by 29 basis points to 2.52 per cent.

Prospects

Economic activity in Antigua and Barbuda is expected to expand in 2015 based on the performance in the first nine months of 2015 and the forecast for stable, though uneven, global growth. Growth in the advanced economies, namely the USA and the UK - main trading partners of Antigua and Barbuda, is projected at 2.6 per cent and 2.5 per cent, respectively (IMF World Economic Outlook, October 2015). Moreover, the general improvement in labour market conditions in these advanced economies could potentially increase demand for goods and services produced by Antigua and Barbuda. Growth in the domestic economy is expected to be driven by activity in some of the main service sectors. Cruise tourism is forecasted to remain strong for the rest of year, maintaining the momentum in the transport, storage and communications sector. The general improvement in the economy is expected to increase the consumption of imports, thus strengthening activity in the wholesale and retail trade sector. Although the rate of growth in public administration is likely to be below the level obtained in 2014, the sector is expected to contribute positively to value added in 2015. Value added in the construction sector is expected to remain weak due to fiscal constraints which will hinder the implementation of the PSIP. Moreover, the pace of private sector construction activity is not expected to accelerate significantly in the last quarter. Value added in the hotels and restaurants sector is expected to be constrained, based on developments in the first nine months of the year. Nevertheless, new airlift by Jet Blue Airways and Pan Am World Airways (Pawa) Dominicana among others, along with enhanced marketing efforts could lead to a rebound in stay-over visitors in the last quarter of the year.

The fiscal balance of the government in 2015 is largely dependent on the timeframe in which the banking sector resolution strategy is implemented. The fiscal costs associated with the resolution are expected to impact the overall fiscal deficit if implemented during the last quarter of the year. Some of these costs will be cushioned by greater inflows from the CIP and improved tax revenue due to enhanced collection efforts. As a result, both non-tax and tax revenue are projected to exceed the levels reported in 2014. On the expenditure side, despite cash flow difficulties which limit the demand for goods and services, the increase in spending on personal emoluments, transfers and subsidies and interest payments will likely contribute to an increase in current expenditure.

The merchandise trade deficit is projected to decrease based on a reduction in import payments consistent with oil prices trending below the levels of 2014. Gross travel receipts are forecasted to be flat due to the performance of the hotels and restaurants sector in the first nine months of the year and a possible uptick in the last quarter. Foreign inflows for equity investment in the CIP and greater tourism related inflows will likely contribute to an increase in the surplus on the capital and financial account.

The risks to the economy are mainly tilted to the downside. Recent terrorists' attacks have caused the United States of America to issue travel advisories to its citizens which may impact travel demand to Antigua and Barbuda. Other geo-political tensions in Eastern Europe and the Middle East could also affect global growth prospects and thereby adversely influence the growth prospects for Antigua and Barbuda. Challenges in obtaining finance to support the PSIP along with the slow pace of construction starts on hotel developments for which agreements have been signed could hinder growth in the construction sector. The country remains vulnerable to natural disasters such as storms, droughts and hurricanes which could devastate capital stock and negatively impact the main economic sectors. On the upside, low oil prices could improve travel demand due to higher disposable incomes and resolving the ABI Bank could strengthen confidence in the financial sector.

DOMINICA

Overview

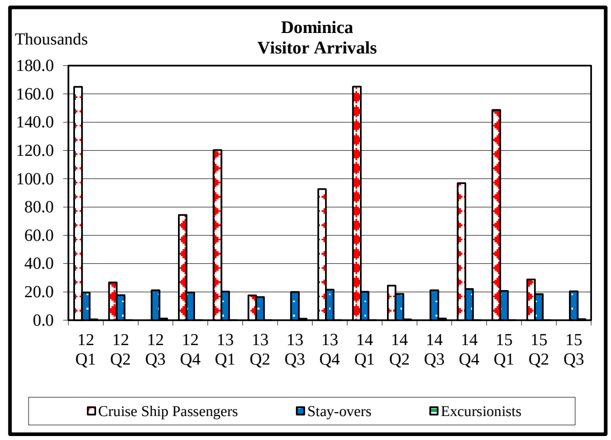
Preliminary indicators point to a contraction in economic activity in Dominica during the first nine months of 2015, relative to the performance in the corresponding period of 2014. This assessment is primarily based on subdued performances in the construction, agricultural and manufacturing sectors and the tourism industry, partially influenced by the passage of Tropical Storm Erika in August 2015. The consumer price index (CPI) is estimated to have remained flat on an end of period basis. The merchandise trade deficit is estimated to have narrowed as a result of a contraction in imports coupled with growth in exports. In the public sector, the central government's fiscal operations resulted in a larger overall deficit compared to that recorded in the corresponding period of the previous year. Consequently, the total disbursed outstanding debt is estimated to have risen, influenced by increased borrowing by public corporations and the central government. Monetary liabilities and net foreign assets in the banking system expanded while reduction in domestic credit was observed. Commercial bank liquidity continued to improve and the weighted average interest rate spread widened during the review period.

Economic activity is expected to deteriorate further in the remainder of 2015 premised on a decline in the output in the agricultural, construction and manufacturing sectors and the tourism industry. The overall fiscal deficit is likely to widen reflecting an easing of fiscal policy. Downside risks to this outlook include a delay in the disbursement of funding relating to the recovery effort and adverse weather.

Output

Construction activity is estimated to have declined in the period under review in contrast to a marginal increase in the corresponding period of 2014. This outturn was reflected in developments in both the public and private sectors. Private sector construction is projected to have contracted, influenced by a reduction in the value of residential starts by $6.9m to $19.1m and a decrease in credit for home construction and renovation by 2.9 per cent. In the public sector, capital spending declined by 34.7 per cent to $59.9m reflecting delays in disbursements and further postponements in the implementation of the public sector investment programme as a consequence of the passage of Tropical Storm Erika in August 2015.

Performance in the tourism industry is estimated to have weakened moderately in the first nine months of 2015 relative to the corresponding period in the previous year, on the basis of a reduction in overall tourist arrivals. The total number of tourists fell by 4.8 per cent to 248,790 in contrast with a 26.7 per cent uptick in the first nine months of 2014. This outturn was largely associated with a 6.5 per cent reduction in cruise ship passengers to 177,479, consistent with a 5.1 per cent decline in cruise calls to the island. A decrease of 0.5 per cent was also observed in the number of stay-over visitors, primarily associated with reductions in visitors from the USA (6.7 per cent), Europe (5.5 per cent) and the Caribbean (0.5 per cent), the largest source market. These declines were however tempered by growth in stay-over visitors from Canada (5.6 per cent). The number of excursionists fell by 33.2 per cent, influenced by a decrease in the number of in transit passengers. On the other hand, there was a 7.3 per cent increase in the number of yacht passengers, consistent with a 5.0 per cent increase in the number of yachts to 2,534.



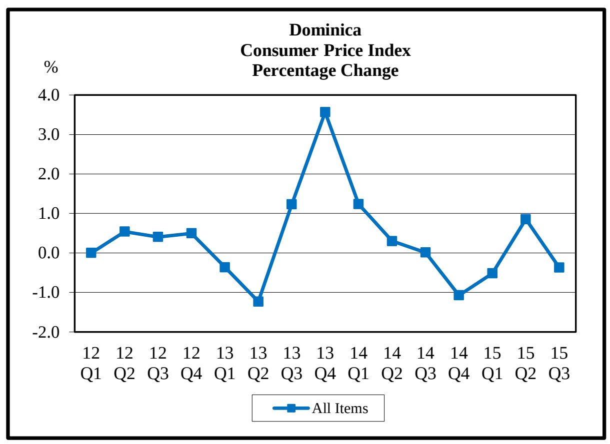
In the manufacturing sector, output is estimated to have contracted in the first three quarters of 2015 as a consequence of a decline in the production of all major commodities. This development was partially associated with damage to manufacturing facilities inflicted by the passage of Tropical Storm Erika. Most notably, output of soap fell by 31.8 per cent during the period under review. Declines were also recorded in the volumes of production of beverages (10.4 per cent) and paints and varnishes (4.7 per cent).

Output in the agricultural sector is also estimated to have declined. Total banana production amounted to 895.0 tonnes in the first nine months of 2015, 54.0 tonnes less than the corresponding period of 2014. This outturn was influenced by limited access to farms and the destruction of some of the banana crops, both as a consequence of the storm. Similarly, the output of non-banana crops such as fresh fruit is estimated to have declined, also impacted by the storm.

Value added for the transport, storage and communications sector, was estimated to have declined, largely attributed to the weak pace of activity in the construction sector and lower tourist arrivals.

Prices

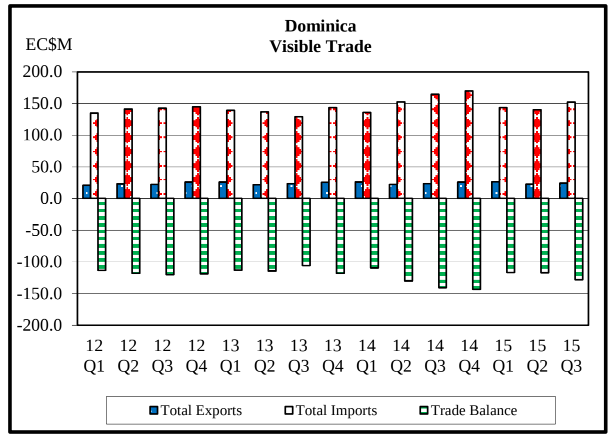
The consumer price index is estimated to have remained flat during the first three quarters of 2015 in contrast to an increase of 1.6 per cent in the corresponding period of the previous year. Declines were recorded in the transport (1.4 per cent) and food and non-alcoholic beverages (0.5 per cent) sub-indices. Lower costs were also observed for alcoholic beverages, tobacco and narcotics (5.7 per cent), health (1.5 per cent), household furnishings, supplies and maintenance (0.8 per cent), hotels and restaurants (0.6 per cent) and clothing and footwear (0.2 per cent) during the period under review. This decline in prices was tempered by a 1.7 per cent expansion in the sub-index for housing, utilities, gas and fuels, the highest weighted in the basket of consumer goods, reflecting higher costs for water supply and miscellaneous services related to the dwelling. The prices of recreation and culture (1.5 per cent), communication (0.7 per cent) and education (0.1 per cent) also rose.



Trade and Payments

Preliminary estimates indicated that the merchandise trade deficit narrowed by 4.8 per cent ($18.1m) to $362.6m in the first three quarters of 2015. This outturn resulted from a 3.7 per cent reduction in the value of imports ($16.8m) coupled with an increase in the value of exports ($1.3m). The decline in import payments was largely associated with a decrease in payments for mineral fuels and related material and miscellaneous manufactured articles. On the other hand, the expansion in export receipts was mainly due to an increase in the export of food and live animals and chemicals and related products, but partially offset by a marginal reduction in re-exports.

Gross travel receipts expanded by 1.5 per cent to $253.8m reflecting an estimated increase in average daily visitor expenditure. Commercial bank activities led to a net outflow of $12.7m in short term capital relative to an outflow of $51.4m in the first nine months of 2014. In the public sector, while external loan disbursements to the central government were $15.3m, down from $51.4m at the end of September 2014; external principal repayments totalled $17.5m compared with $20.3m recorded in the first nine months of 2014. These transactions led to a net outflow of $2.3m compared to an inflow of $31.1m in the corresponding period of 2014.

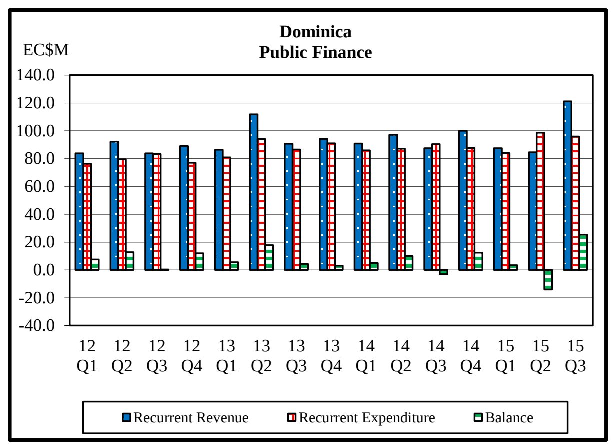


Central Government Fiscal Operations

Preliminary data indicate that the fiscal operations of the central government resulted in an overall deficit of $34.2m in the first nine months of 2015, compared with one of $31.4m in the corresponding period of 2014. The deficit was primarily funded by domestic sources. A primary deficit of $14.6m was realised, above that of $10.7m from the comparable period last year. The deficits were largely influenced by a reduction in capital grants.

On the current account, a surplus of $14.7m was recorded compared with one of $11.9m observed in the first three quarters of 2015. Current revenue amounted to $293.1m, registering an increase of 6.5 per cent from the total collected in the corresponding period of last year. This development was mainly associated with an upsurge in non-tax revenue receipts by 23.5 per cent to $50.9m, largely associated with the inflow of funds from the Citizenship by Investment Programme. The improvement in current revenue was also influenced by an expansion in tax revenue of 3.5 per cent to $242.2m, associated with an increase in the revenue yield from all categories of taxes. A 2.7 per cent ($3.7m) expansion in receipts from taxes on domestic goods and services was recorded, as upturns in Value Added Tax ($1.1m) and Excise Tax ($1.1m), the two largest subcategories, were observed. The improvement in tax revenue was also the result of a rise in the intake from taxes on international trade and transactions by $3.0m to $47.6m, driven by an increase in import duty ($1.9m). Smaller enhancements in collections were also observed for taxes on property ($1.0m) and; taxes on income, profit and capital gains ($0.4m) primarily attributed to an increase in revenue from the corporation tax.

Current expenditure rose by 5.7 per cent to $278.4m during the review period, largely as a result of increased spending on personal emoluments ($15.3m), the largest sub-category. This development was a reflection of an increase in salaries and the granting of retroactive payments to public officers in the first and second quarters of 2015 respectively. Spending on transfers and subsidies also increased, by 5.0 per cent ($2.6m), partly on account of an increase in spending on gratuities. The expansion in current revenue was however tempered by contractions in outlays for interest payments (6.0 per cent) and goods and services (1.9 per cent).



Amid a 77.7 per cent reduction in capital grants, capital expenditure and net lending fell by 35.1 per cent, consistent with the downward trend observed in the last two corresponding periods.

Public Sector Debt

The total disbursed outstanding debt of the public sector is estimated to have risen by 0.5 per cent to $1,088.6m at the end of September 2015. This outturn was as consequence of an expansion in both central government, the largest component of public debt, and public corporation debt. Outstanding central government debt increased by 0.6 per cent to $922.6m during the review period as a 10.2 per cent increase in domestic central government debt was partially offset by a 3.4 per cent reduction in the external portion of this debt. The debt stock of public corporations rose by 1.8 per cent to $166.0m. This expansion was largely driven by a 9.8 per cent increase in external public corporation debt which was moderated by a 12.0 per cent reduction in the domestic debt component. An upsurge of 6.1 per cent was recorded in domestic debt mainly on account of an increase in commercial bank loans and advances. On the other hand, a contraction of 1.6 per cent in external debt was observed, predominantly driven by principal repayments to bilateral creditors.

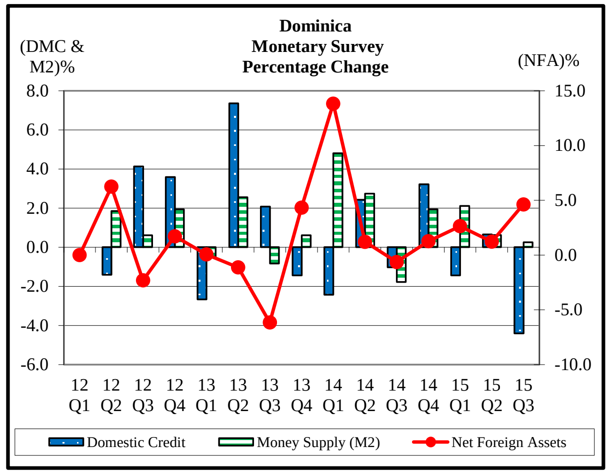
Money and Credit

Monetary liabilities (M2) expanded by 3.0 per cent to $1,286.4m during the first three quarters of 2015, compared with growth of 5.8 per cent in the corresponding period of 2014. Growth in M2 reflected increases in both quasi money and narrow money (M1). Quasi money, the larger component of M2 rose by 2.6 per cent to $1,040.3m as private sector savings deposits grew by 4.8 per cent but was partially offset by contractions in private sector foreign currency deposits (17.4 per cent) and private sector time deposits (2.1 per cent). An increase of 4.9 per cent in narrow money (M1) resulted from growth in private sector demand deposits (7.3 per cent) and EC$ cheques and drafts issued (88.0 per cent); this was tempered by a decline in currency with the public (8.9 per cent).

Domestic credit fell by 5.2 per cent to $699.0m during the review period, mainly attributable to a 54.7 per cent reduction in net credit to the government as its deposits grew by 29.8 per cent. Credit to the government however fell by 10.4 per cent as central bank loans and advances and commercial bank treasury holdings declined.

The overall contraction in domestic credit was also driven by a 0.4 per cent reduction in private sector credit which constitutes the largest share of credit in the economy. This contraction was largely associated with a reduction in business credit (3.9 per cent) which was moderated by an increase in credit to non-bank financial institutions (13.1 per cent) and households (1.5 per cent). The reduction in domestic credit was further supported by a 3.2 per cent increase in the net deposit position of non-financial public enterprises as their deposits increased by a larger amount than credit.

Consistent with the deceleration of economic activity observed for the review period, credit declined to the major productive sectors. Decreases were recorded in outstanding credit to agriculture and fisheries (20.6 per cent), manufacturing and mining and quarrying (9.0 per cent) and tourism (1.3 per cent). Contractions in credit extended to distributive trades (7.7 per cent), transport and storage (3.1 per cent) and construction (0.3 per cent) were also observed. However, credit for personal use, the largest sub-category, improved by 2.9 per cent. Loans and advances to public administration also expanded by 6.6 per cent during the review period.



Amid relatively weak credit conditions, liquidity in the commercial banking system improved in the first three quarters of 2015. The ratio of liquid assets to total deposits plus liquid liabilities rose by 3.6 percentage points to 47.4 per cent at the end of September 2015. Accordingly, the ratio of loans and advances to total deposits fell by 2.0 percentage points to 57.2 per cent which is considerably below the ECCB's benchmark of 75.0 to 85.0 per cent.

At the end of September 2015, the net foreign assets position of the banking system stood at $665.2m, registering an increase of 8.7 per cent relative to the corresponding period of 2014. This expansion was mainly the result of a 15.0 per cent rise in Dominica's imputed share of the Central Bank's reserves coupled with a 3.7 per cent increase in the net foreign assets position of commercial banks. The latter development was attributable to growth in the net foreign assets position with institutions outside of the ECCU territories.

During the review period, the interest rate spread widened by 30.8 basis points to 6.3 per cent largely driven by a 54.4 basis points fall in the weighted average total deposits rate to 2.3 per cent. The reduction in the weighted average total deposits rate was partially a reflection of the Monetary Council's decision to decrease the minimum savings rate from 3.0 to 2.0 per cent effective 1 May 2015. The increase in the interest rate spread was also influenced by a 23.6 basis points reduction in the weighted average lending rate to 8.5 per cent.

Prospects

Real GDP is anticipated to contract in 2015, based on the weak performance observed in the first nine months and the outlook for the last quarter following the devastation of the economy by Tropical Storm Erika in August. Output in the agricultural sector is expected to decline as a considerable proportion of both banana and non-banana crops were destroyed in addition to there being limited access to some farms following the storm. Construction activity in the public sector is also anticipated to decelerate relative to last year as the government focuses on the clean-up and relief efforts and awaits the disbursement of funds to begin the reconstruction process. A similar outturn is expected for construction activity in the private sector as major projects are likely to be rescheduled to begin next year. In the tourism industry, the number of stay-over visitors is projected to decline as weak tourism performance in the first three quarters of the year is compounded by damage inflicted by the storm to some tourism facilities, supporting infrastructure and the resulting decline in air transport capacity. Manufacturing output will be reduced due to disruptions in plant operations and the complete closure of Dominica Coconut Products, one of the major manufacturing plants in Dominica, in November.

The fiscal deficit is anticipated to widen in 2015 as revenue will fall, mirroring the expected decline in economic activity and exemptions granted to facilitate the recovery effort after the storm. An increase in grant receipts is however expected to curtail the impact of the forecasted reduction in revenue. Also driving the widening of the deficit, expenditure is likely to expand as the government increases transfers to affected groups.

In the external sector, the merchandise trade deficit is expected to widen as a result of a forecasted pickup in the import of recovery and relief items and a reduction in exports as a consequence of a decrease in production. Gross receipts from travel are expected to remain flat for the remainder of 2015.

Downside risks to this outlook include a delay in the disbursement of funds and lower than forecasted grant receipts which will slow down the recovery process. In addition, Dominica remains vulnerable to external shocks such as downturns in the economies of development partners and tourism source markets as well as adverse weather conditions.

G R E N A D A

Overview

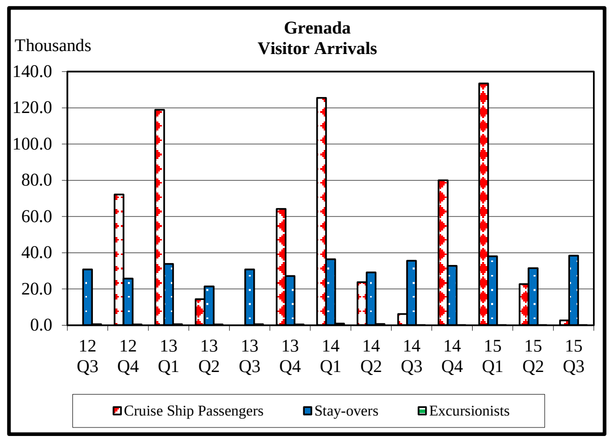
Grenada's economic performance remained strong under its Home Grown Structural Adjustment Programme. Macroeconomic indicators for the first nine months of 2015 continued to be encouraging relative to those in the corresponding period of 2014. Activity in the major economic sectors, including agriculture, tourism, manufacturing and construction increased. Growth occurred within an environment of lower prices, as the consumer price index fell by 0.4 per cent, on an end of period basis. The merchandise trade deficit widened, mainly stemming from higher import payments. The central government incurred a smaller overall deficit while the outstanding debt of the public sector fell. Monetary developments were characterised by growth in monetary liabilities and net foreign assets, and a contraction in domestic credit. Liquidity in the commercial banking system rose and the spread between weighted average interest rates of commercial banks on loans and deposits widened.

The fiscal and growth prospects are positive for the country which is at the mid stage of its Programme. The economic outlook for the remainder of 2015 point to increased economic activity, as a result of projected growth in key sectors such as agriculture, tourism, manufacturing and construction. Robust performances in these sectors are likely to have positive spin off effects on other service sectors of the economy. The country seems on track to achieve its targets for 2015 under the Programme. Threats to the projections include those related to adverse weather and terrorist attacks which can affect the demand for travel.

Output

Agricultural output continued to strengthen in the first nine months of 2015, benefiting from the recovery in banana production and the increased output of cocoa and other crops. Banana production expanded by 24.6 per cent to 4,947 tonnes. Output from cocoa production rose by 7.5 per cent to 708 tonnes. The yield of other crops, such as fruits and vegetables, expanded by 58.6 per cent, supported by strong local demand. In contrast, declines were observed in the output of nutmeg (2.5 per cent) and mace (20.3 per cent) as weather conditions, among other factors, were unfavourable. Meanwhile, the volume of fish production is estimated to have declined by 10.2 per cent, partly influenced by lower external demand.

The performance of the tourism industry improved in the period under review, albeit at a decelerating pace. Total visitor arrivals grew by 3.6 per cent to 269,685 relative to a rate of expansion of 16.8 per cent in the corresponding period of 2014. Stay-over visitors, which accounted for the majority of the improvement, grew by 6.9 per cent to 107,694. The two largest source markets, the USA and Europe, registered growth of 16.0 per cent and 6.9 per cent respectively, reflecting the positive impact of intensified marketing and increased airlift and room capacity. These increases were partly tempered by reduced visitor arrivals from Canada (12.6 per cent) and the Caribbean (1.0 per cent), two source markets impacted by the availability and cost of airlift respectively. Cruise ship activity also strengthened, as cruise passenger arrivals rose by 2.2 per cent to 158,537. There were 119 cruise ship calls made to Grenada, nineteen (19) more than the total recorded in the first three quarters of 2014. An uptick of 0.5 per cent to 2,809 was observed in the number of yacht passengers. The overall increase in total visitor arrivals was moderated by a contraction of 58.0 per cent to 645 in the number of excursionists, largely associated with a lower demand for this type of travel from business travellers and a reduction of in transit passengers.



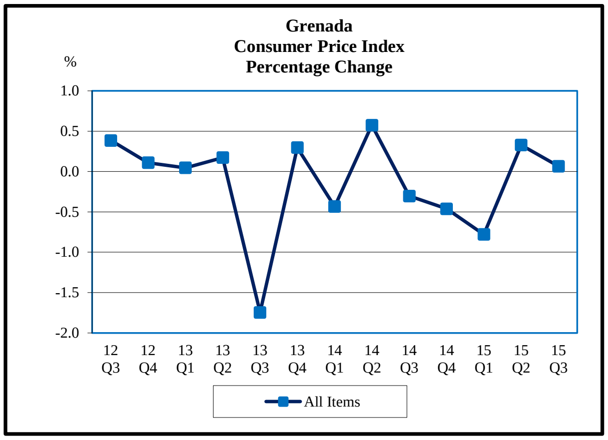
Key indicators showed that construction activity gained momentum in the period under review. There was double digit growth in both the volume and value of imports of construction materials of 21.5 per cent and 10.6 per cent respectively. Credit extended for this sector grew by 4.7 per cent, a marked turnaround from the decline of 19.2 per cent in the comparable period of 2014. Activity in the private sector was robust as work progressed on a number of projects including tourism accommodation properties and marina development. Public sector activity was lacklustre, as capital spending declined by 8.1 per cent since a major project, the athletic stadium, neared completion. Other public sector activity focused on school rehabilitation and the construction of road networks including agricultural feeder roads.

Activity in the manufacturing sector is estimated to have risen, underscored by success in the expansion of beverage production. The volume of output rose for most beverages, namely rum (41.4 per cent), beer (8.0 per cent), malt (6.1 per cent), and stout (5.3 per cent). The only exception was soft drinks which incurred a drop of 13.6 per cent in production. Among the manufacturers of grain mill and bakery products, the volume of production of macaroni and flour increased by 16.8 per cent, and 0.7 per cent, respectively. Firms producing animal feed registered an increase of 7.5 per cent in the overall volume of their total output. Manufacturers of chemicals and paints also experienced some measure of success, as growth was observed in volume of production of oxygen (11.1 per cent) and paint (4.2 per cent). Likewise, the output of toilet paper was up by 5.7 per cent. The performance of manufacturing sector was supported by a rise demand for some of the commodities, especially animal feed and flour, on the international market.

The improved performance of these sectors are likely to have had positive spill-over effects on the wholesale and retail trade and other domestic services sectors such as transport, storage and communications.

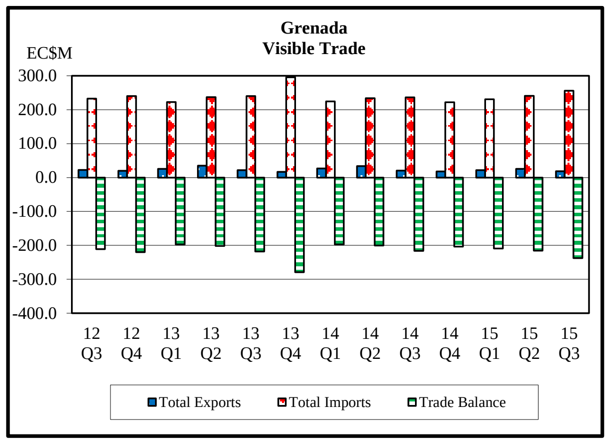
Prices

Consumer prices fell by 0.4 per cent during the first nine months of 2015, reflecting lower prices in most sub-indices. The largest sub-index, housing, utilities, gas and other fuels, contracted by 1.5 per cent, primarily because of lower prices for electricity and cooking gas. Other sub-indices which declined included those for household furnishings, supplies and maintenance (1.8 per cent), clothing and footwear (0.9 per cent), recreation and culture (0.7 per cent), and transport (0.4 per cent). This outturn was partially offset by an increase of 0.1 per cent in the second largest sub-index, food and non-alcoholic beverages partly influenced by higher prices for pork, jams, marmalades and honey. Other increases were observed in the sub-indices for health (1.8 per cent), education (1.1 per cent) and alcoholic beverages, tobacco and narcotics (0.3 per cent).



Trade and Payments

A merchandise trade deficit of $661.5m was recorded in the first nine months of 2015, roughly 7.8 per cent ($48.1m) above the deficit in the corresponding period of the prior year. The widening of the deficit stemmed largely from an increase of 4.8 per cent to $727.9m in import payments. Growth in the import bill for chemicals and related products ($12.4m) and manufactured goods ($9.3m) were the key contributing factors to this outturn. The overall trade position was compounded by a contraction of 18.4 per cent ($15.0m) in the value of total exports to $66.4m. Domestic export receipts were down by 12.9 per cent, mirroring declines in revenue particularly for agricultural products ($9.0m) and fish ($6.9m). Manufacturing exports fared better, whereby their total value rose by $1.4m. The value of re-exports declined by 57.2 per cent ($5.8m), mainly attributable to lower re-exports of machinery and transport equipment.



Gross receipts from travel are estimated to have risen by 10.6 per cent to $307.0m, on par with the rate of growth observed in the comparable period of 2014. Transactions of commercial banks resulted in a net outflow of $118.3m in short-term capital, relatively close to the outflow of $121.2m realised during the first nine months of 2014. External loan disbursements to the central government a little more than halved to $42.1m; concurrently, external amortisation rose by 7.9 per cent to $32.8m. As a result, the central government was in an external net disbursement position of $9.3m, relative to one of $75.0m in the first three quarters of 2014.

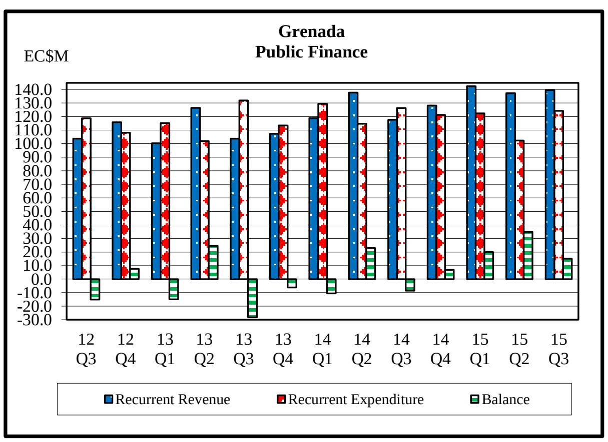
Central Government Fiscal Operations

The results of the fiscal adjustments undertaken continued to be positive in the period under review. The fiscal operations of the central government resulted in an overall fiscal deficit of $14.0m, significantly below one of $104.3m in the first nine months of 2014. This deficit was mainly financed by external loan disbursements. A primary surplus of $58.1m was registered, which was a drastic improvement from the deficit position of $30.9m in the corresponding period of 2014. Likewise, the current account surplus expanded by seventeen fold to $70.1m.

Current revenue rose by 12.0 per cent to $418.9m, relatively on par with the rate of growth of 13.3 per cent observed in the first nine months of 2014. Tax revenue rose by 9.6 per cent to $389.3m, mirroring stronger performances across all categories. Revenue from taxes on international trade and transactions was up by 16.0 per cent ($16.4m), primarily because of larger receipts from the import duty, which is consistent with higher import payments, and from the petrol tax, for which an increase of $2.50 to $5.50 per gallon was phased in over the period April to October 2015. The intake from taxes on income and profit rose by 11.0 per cent ($7.5m) largely as a consequence of higher collections of personal income tax. The yield from taxes on domestic goods and services grew by 4.8 per cent ($8.0m), as an increase in the revenue from the Value Added Tax (VAT) was tempered by reduced revenue from licenses. VAT receipts rose by 12.1 per cent to $144.5m, in line with increased economic activity. There was an increase of $2.2m in the yield from property tax. These developments were accompanied by an expansion of 55.3 per cent to $29.6m in the yield from non-tax revenue, which was fuelled by higher inflows from the Citizenship by Investment Programme (CBI).

Tight controls on expenditure to meet the Programme's targets led to a decline in current expenditure by 5.8 per cent to

$348.8m. Expenditure on personal emoluments, the single largest current outlay, decreased by 13.7 per cent ($25.7m), a turnaround from the 6.4 per cent increase recorded in the first nine months of 2014 when retroactive payments were made to public officers. The public sector wage freeze and the attrition policy from 2014 contributed to the containment of this type of expenditure. The outlays on goods and services fell by 3.0 per cent ($1.6m) reflecting lower spending on supplies. Interest payments contracted by 1.8 per cent ($1.3m), on account of lower domestic interest obligations. By contrast, expenditure on transfers and subsidies grew by 12.4 per cent ($7.2m), primarily on account of transfers to institutions abroad.



Capital spending which fell by 8.1 per cent to $148.1m, focused on road works, school rehabilitation, the Athletic Stadium, as well as educational, health and skills development projects. This spending was partly financed by capital grants which amounted to $63.9m, above the $52.7m registered in the corresponding period of 2014. Sources of grants included Petro Caribe and the National Transformation Fund which is associated with the CBI programme.

Public Sector Debt

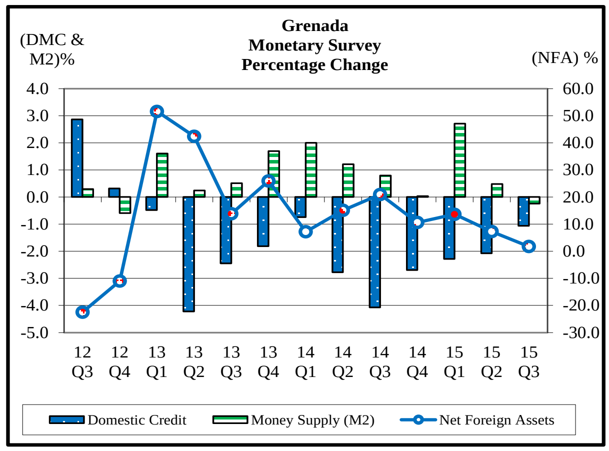
Debt reduction was achieved during the period under review amid an improved fiscal performance and continued progress with debt restructuring negotiations. The total disbursed outstanding debt of the public sector fell by 2.9 per cent ($68.3m) to $2,285.4m at the end of September 2015 relative to the level at the end of December 2014. Central government debt, the largest share of total debt, decreased by 2.3 per cent to $2,128.2m partly influenced by the repayment of principal and arrears. The disbursed outstanding debt of public corporations also fell, by 10.0 per cent to $157.2m, reflecting scheduled amortization payments. This outturn was favorable in light of the ongoing efforts by the authorities to strengthen the oversight of statutory bodies.

There were reductions in both domestic debt (7.9 per cent) and external debt (0.3 per cent).

Money and Credit

Monetary liabilities (M2) grew by 3.0 per cent to $2,077.4m during the first nine months of 2015, compared with the rate of growth of 4.1 per cent registered during the corresponding period of 2014. This development was partly on account of a 9.9 per cent expansion in narrow money supply (M1), resulting from growth of 15.4 per cent in private sector demand deposits. There were reductions in the other components of M1, namely issuances of cheques and drafts (12.0 per cent) and currency with the public (2.9 per cent). Quasi money, which constituted the largest share of M2, rose by 0.9 per cent, as an expansion of 32.9 per cent in private sector foreign currency deposits was tempered by declines in private sector time deposits (3.4 per cent) and private sector savings deposits (0.8 per cent).

Net foreign assets grew by 24.1 per cent to $722.5m at the end of September 2015. This outturn mainly resulted from the transactions of commercial banks whose net foreign assets increased by 76.4 per cent to $273.2m. A 72.5 per cent reduction in the net liabilities position with institutions outside the ECCU, combined with growth of 4.6 per in the net asset position with institutions in other ECCU territories, resulted in the outturn of commercial banks. Grenada's imputed share of ECCB's reserves increased by 5.2 per cent to $449.3m.



Domestic credit fell by 5.4 per cent to $1,445.3m. Private sector credit declined by 1.9 per cent, resulting from a contraction of 3.4 per cent in credit to households. Business credit rebounded, growing by 1.6 per cent, in contrast to a decline of 7.5 per cent in the corresponding period of 2014, perhaps indicative of improved business sentiments amid the growing economy. Meanwhile, in the private sector, there was an uptick of

0.6 per cent in credit to non-bank financial institutions. Net credit to the government trended downwards by 30.4 per cent to $12.1m reflecting reductions in both credit from the Central Bank (34.8 per cent) and the commercial banks (3.3 per cent). There was a concurrent decline of 6.7 per cent in the deposits of the government in the entire banking system. By way of other developments, the net deposit position of non-financial public enterprises expanded by 44.3 per cent, on account of growth in their deposits and, to a lesser extent, lower credit.

Credit declined for most economic sectors. There were notable declines in credit for distributive trades (12.4 per cent), manufacturing, mining and quarry (3.2 per cent), and tourism (3.1 per cent). Lending for personal use, which constitutes the largest credit allocation, fell by 2.4 per cent, mainly associated with a contraction in loans for the acquisition of property. By contrast, there was growth in credit for public administration (7.6 per cent), agriculture and fisheries (4.7 per cent), construction (4.7 per cent), professional and other services (1.4 per cent) and transportation and storage (0.1 per cent). In light of the weak credit conditions, liquidity in the commercial banking system increased. The ratio of liquid assets to total deposits plus liquid liabilities rose by 3.8 percentage points to 39.3 per cent. Furthermore, the loans and advances to total deposits ratio contracted to 63.8 per cent at the end of September 2015, from 68.6 per cent at the end of December 2014, stemming from the contraction in total credit and growth in deposits.

The weighted average interest rate on deposits fell to 1.61 per cent from 2.23 per cent at the end of December 2014, amid the reduction of the minimum savings deposit rate from 3.0 per cent to 2.0 per cent from 01 May 2015. The weighted average interest rate on loans fell by 0.26 percentage point to 8.75 per cent. As a result, the weighted average interest rate spread between loans and deposits widened to 7.14 percentage points at the end of September 2015, from 6.78 percentage points at the end of December 2014.

Prospects

The economy is expected to maintain its momentum for the last quarter of 2015 and real economic growth is projected for

Grenada for that year. The projection is based on ongoing private investments in resort and marina development; and continued expansion in local agricultural output. Furthermore, tourism should benefit from the continued recovery of the labour market in the USA; increased cruise ship arrivals; and greater room stock and airlift. The strengthening of activity in the construction sector is expected to continue with ongoing private sector developments. Growth in the manufacturing sector should be supported by low fuel costs, additional export penetration and increases in domestic demand. As confidence in the economy improves, domestic demand is expected to strengthen. These developments are likely to be accompanied by positive spillover effects on transport, storage and communications and other service sectors. Inflation is projected to remain muted in 2015 premised largely on low world oil prices.

The positive outlook for the real sector should aid the achievement of the targeted primary surplus in 2015, which will further help to maintain the thrust towards debt sustainability. For 2015, revenues are forecasted to rise, while expenditure is likely to be contained under the Programme. Debt restructuring negotiations are expected to be finalized by the last quarter of 2015, supporting a projected downward path in the debt trajectory.

In the external sector, the merchandise trade deficit is forecasted to widen, as increased economic activity is expected to be import driven, propelling an increase in the value of imports that is likely to outweigh any rise in exports. Gross inflows from travel are forecasted to increase in line with anticipated growth in the number of stay-over visitors.

Apart from the risks associated with adverse weather, the economic outlook could be negatively impacted by a number of shocks. There is the possibility of a fall-off in tourism in the last quarter of the year owing to any terrorist attacks in source markets. The inability to mobilise financing for the current ongoing private sector projects is another threat. In the agricultural sector, the progress of tapping into export markets may be undermined with a lack of disease and weather related risk mitigation measures and with supply chain disruptions. Finally, more drastic reductions in international oil prices can not only reduce costs for consumers, producers and the central government, but an also reduce the inflows from Petro Caribe financing.

M O N T S E R R A T

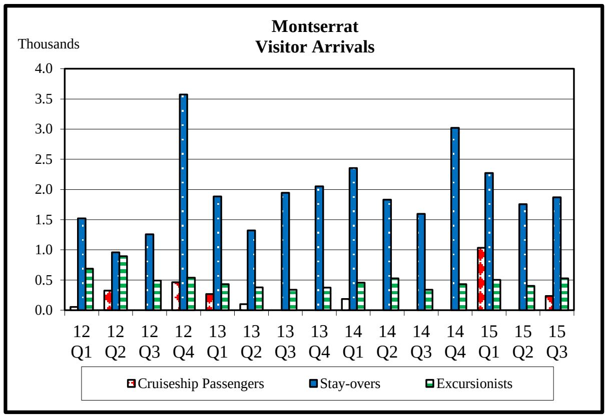
Overview

Economic activity in Montserrat is provisionally estimated to have contracted in the first nine months of 2015 compared with the corresponding period in 2014. The main sector contributing to the deteriorating performance was public administration, defence and compulsory social security. The consumer price index declined by 0.03 per cent, on an end of period basis. The merchandise trade deficit contracted as the value of imports decreased. The overall surplus on the fiscal accounts (after grants) increased due principally to a reduction in capital expenditure. In the banking system, total monetary liabilities increased, while net foreign assets and the net deposit position decreased. Overall liquidity improved, while the weighted average interest rate spread between loans and deposits widened.

Economic activity in Montserrat is expected to continue on a downward trend for the remainder of 2015. This projection is based on the performance in the key sector, public administration, defence and compulsory social security and expectations for a fall off in activity in the construction sector, as a number of public sector projects will be placed on hold during the fourth quarter. However, the latest IMF World Economic Outlook forecasts indicate an improvement in the economic recovery for the United Kingdom and this augurs well for fiscal developments in Montserrat. In particular, the forecasted improvement in the United Kingdom's economy increases the potential for higher grant receipts for Montserrat to support its fiscal operations.

Output

Government services are estimated to have contracted as value added in the public administration, defence and compulsory social security sector, the largest contributor to economic activity, fell in the first nine months of 2015 relative to the corresponding period in 2014. The proxy measure for this sector is the value of expenditure on personal emoluments and pensions, which contracted by 4.1 per cent and 16.7 per cent respectively in contrast to increases of 1.2 per cent and 29.8 per cent in the corresponding period of 2014.



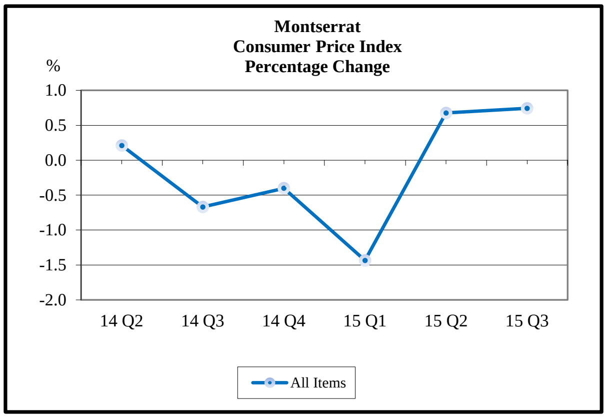
Montserrat continues to record growth in its tourism industry largely due to increased access to the island which facilitates better connectivity and links to the regional and international markets. Total visitor arrivals rose by 16.7 per cent to 10,129 influenced mainly by an increase in the number of cruise ship passengers to 1,267 a more than doubling in the period under review. Also stay-over arrivals increased by 2.0 per cent and this performance reflected growth in arrivals from two of the island's major source markets, namely the UK (16.2 per cent) and the USA (13.4 per cent). Growth in the number of excursionists (8.5 per cent) and yacht passengers (10.3 per cent) also contributed to the rise in total visitor arrivals.

The level of output in the construction sector is provisionally estimated to have increased over the period January to September 2015 relative to the comparable period in 2014. This outturn was influenced by an 83.4 per cent rise in the number of residential starts, supported by a 12.2 per cent expansion in credit extended for home construction and renovation, amid a marginal decrease of $0.6m in credit extended to the construction sector. The increase in private sector construction activity was however tempered by a 16.7 per cent decline in the number of starts in the commercial sector.

Prices

The consumer price index declined by 0.03 per cent during the first nine months of 2015. A fall in the sub-indices of transport (4.7 per cent) and recreation and culture (1.1 per cent) contributed to the overall decline in prices. The fall in the sub-index for transport was as a result of lower price of petroleum products. The magnitude of the decline in the overall consumer price index was tempered by increases in the sub-indices for health (5.5 per cent), education

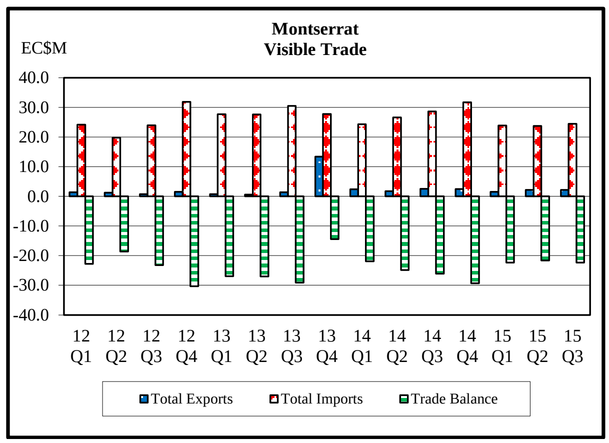
(1.9 per cent), and housing, water, electricity, gas and other fuels (1.5 per cent).



Trade and Payments

The merchandize trade deficit totalled $66.3m in the first nine months of 2015, compared with one of $72.9m in the comparable period of 2014. This narrowing of the trade deficit resulted from a 9.4 per cent reduction in the import bill. The magnitude of the narrowing of the trade deficit was tempered by a decrease of 12.2 per cent in export earnings. The reduced import bill resulted in savings of $7.5m, generated mainly by a fall in the value of expenditure for mineral fuels and related material ($6.5m), miscellaneous manufactured articles ($3.8m) and beverages and tobacco ($1.2m). Export earnings decreased by $0.8m to $5.9m due to a decline of 78.9 per cent ($1.7m) in re-exports.

Developments on the services account were influenced by the growth in visitor arrivals which translated into a 4.4 per cent rise in gross travel receipts to $15.7m. Commercial bank activity resulted in a net inflow of $14.9m during the first nine months of 2015, in contrast to a net outflow of $6.6m during the corresponding period of 2014. Total grant inflows fell by 8.9 per cent to $80.8m.

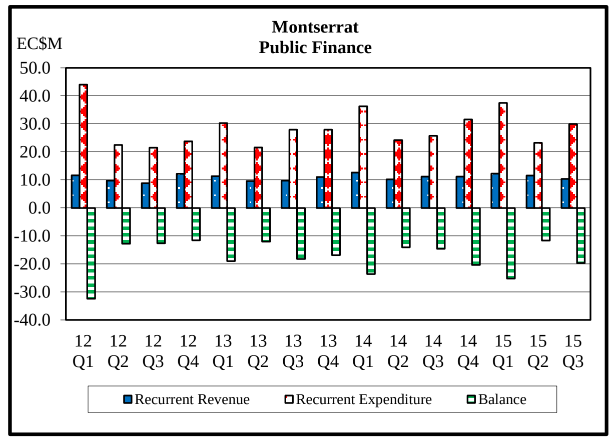


Central Government Fiscal Operations

The overall fiscal performance of the central government improved in the period under review compared with the corresponding period in 2014. The overall surplus (after grants) totalled $4.9m compared with $0.9m in corresponding period in 2014. A reduction in capital expenditure was the main reason for the increase in the overall balance. The primary (after grants) surplus increased to $4.9m, from $1.0m recorded for the corresponding period in 2014. Approximately 73.4 per cent of total government expenditure was financed by foreign aid in the form of grants totalling $80.8m.

Higher levels of recurrent spending relative to revenues collected resulted in a current account deficit (before grants) of $56.5m compared with one of $52.2m registered in the corresponding period in 2014. Current account operations are primarily financed by grant flows, however in the period under review current grants flows declined by 2.2 per cent ($1.2m). As a result, this led to a current account deficit (after grant) of $3.2m in contrast to a surplus of $2.3m in the corresponding period of the prior year.

Current expenditure increased by 5.1 per cent to $90.7m, primarily due to higher spending on a key expenditure item, namely goods and services (52.3 per cent) as there was an increase in maintenance and supplies. The increase in current expenditure was partly offset by decreases in spending on personal emoluments (4.1 per cent), interest payments (7.7 per cent) and transfers and subsidies (14.8 per cent). The decline in personal emoluments was due to the fact that government workers received a bonus payment in 2014 which was not paid during the first nine months of 2015.



Current revenue grew by 0.4 per cent to $34.2m reflecting an increase in non-tax revenue, which was partially offset by a decrease in tax revenue. In the first nine months of 2015 non-tax revenue increased by $1.6m to $5.3m in comparison with an increase of $0.2m in corresponding period last year. Tax revenue, declined by $1.5m to $28.9m, attributable to reductions from the intake of taxes on income and profits, domestic goods and services and property. Revenue from taxes on income and profits decreased by 8.7 per cent ($1.2m) in contrast to an increase of 3.0 per cent ($0.4m) collected in the first three quarters of 2014.

Collections from taxes on domestic goods and services fell by $0.5m, attributable to an 18.6 per cent ($0.5m) decrease in revenue from licences and stamp duties. Revenue from taxes on property declined by 52.5 per cent ($0.1m) in comparison to a 59.6 per cent declined in the corresponding last year. By contrast, revenue from taxes on international trade and transaction increased by $0.3m, largely due to an increase in the collection of import duty.

Capital expenditure totalled $19.5m for the first nine months of 2015 compared with $35.6m for the comparable period in 2014, as various infrastructural projects came to an end or were placed on hold due to the slow inflow of grants. The capital funds were primarily allocated towards the financing of the port development, power generation, government accommodation and town centre development projects which are currently on pause. Geothermal resource exploration resumed and works on the sports centre and education infrastructure were completed.

Public Sector Debt

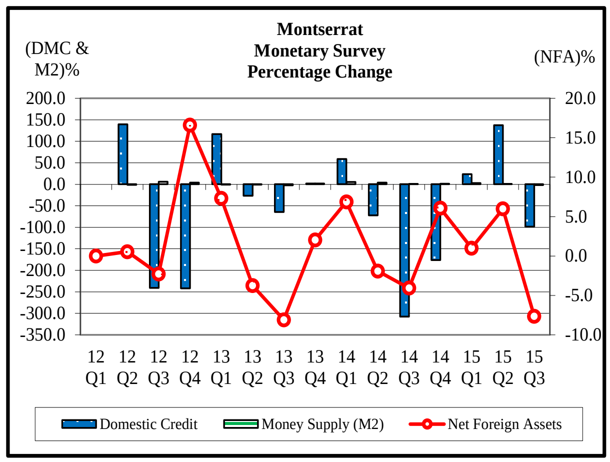
The stock of public sector outstanding debt represented external debt valued at $5.9m at the end of September 2015. The overall of stock debt declined by 5.9 per cent from the amount held at the end of December 2014 ($6.3m). Debt held by the central government declined by 6.1 per cent to $1.4m. Debt held by public corporations, which accounts for approximately 77.0 per cent of the total debt stock, declined by 6.0 per cent to $4.5m.

Money and Credit

The stock of monetary liabilities in the banking sector (M2) grew by 1.3 per cent to $242.2m during the first nine months of 2015, in comparison with an increase of 9.9 per cent during the corresponding period in 2014. The outturn was attributed to a 2.2 per cent increase in quasi money to $198.4m, which accounted for 81.9 per cent of the stock of money. The expansion in quasi money was driven by a 2.0 per cent ($2.8m) growth in private sector savings deposits, coupled with a 20.7 per cent ($1.6m) increase in private sector foreign currency deposits. However, a decline in narrow money (M1), of 2.7 per cent to $43.9m partially mitigated the expansion in quasi money. Of the major components of narrow money, currency with the public contracted by 7.3 per cent to $17.0m while private sector demand deposits grew by 0.6 per cent to $26.7m.

The net deposit position of commercial banks fell by 96.9 per cent to $0.2m in the first nine months of 2015. This reduction was mainly due to the activities in the government sector. In the period under review the central government's net deposit position contracted by $8.5m (16.2 per cent) to $44.2m associated with a drawdown in deposits to meet current obligations. The net deposit position of the non-financial public enterprises increased by $4.4m (20.8 per cent) to $25.5m over the first nine months of 2015. Credit to the private sector expanded by 3.6 per cent to $69.6m, driven largely by 3.9 per cent increase ($2.3m) in household borrowing which was aided by a marginal increase of 1.2 per cent ($0.1m) in borrowing by the business sector.

A sectorial analysis indicated that credit extended to the personal sector, which represented 84.9 per cent of commercial bank credit, rose by 5.5 per cent to $64.9m, in comparison with an increase of 2.7 per cent recorded during the comparable period of 2014. Increased demand for personal loans was driven by increases in spending on acquisition of property ($4.7m) and home construction and renovation ($4.2m). Credit to the distributive trades sector rose by 21.7 per cent ($0.5m). The increase was partly offset by declines in borrowing for construction 19.0 per cent ($0.6m), tourism 1.4 per cent ($0.1m), and manufacturing 12.3 per cent ($0.2m).



The net foreign assets held by the banking sector decreased by 1.2 per cent to $284.8m during the period under review, in contrast to a 0.6 per cent increase during the comparable period in 2014. This development was associated with a decrease of 9.0 per cent to $151.4m in the net foreign assets of commercial banks as they decreased assets held within the Eastern Caribbean Currency Union. Montserrat's imputed share of the

Central Bank's reserves increased by 9.5 per cent to $133.4m.

The level of liquidity in the commercial banking system remained high during the first nine months of 2015. The proportion of total liquid assets to total deposits plus liquid liabilities was 86.2 per cent, significantly above the prudential minimum of 25.0 per cent. The ratio of loans and advances to total deposits declined marginally to 23.1 per cent from 23.2 per cent at the end of December 2014, as the marginal increase in loans was tapered by the positive change in deposits; the minimum prudential requirement of the ratio is 75.0 per cent.

The interest rate spread between deposits and loans rose by 31 basis points to 6.42 per cent at the end of the review period. The weighted average lending rate decreased to 7.67 per cent while the weighted average interest rate on total deposits fell to 1.24 per cent from 1.95 per cent at the end of December 2014. These developments were, in part, attributed to the reduction in the saving rate floor from 3.0 per cent to 2.0 per cent in the previous quarter that was geared towards boosting lending.

Prospects

The economy of Montserrat faces an uncertain outlook for growth in the last quarter of 2015, as the performance of key drivers of economic activity is expected to continue on a downward trend. Preliminary economic indicators in the sectors of public administration, defence and compulsory social security; construction; transport, storage and communications reflect continued slowdowns. Hence the likelihood of growth for the last quarter of 2015 remains uncertain.

The upward trend in visitor arrivals and gross travel receipts is expected to persist, as economic activity from the major international source markets continues to gain momentum and the tourism board continues marketing to attract more cruise ship to the island. However, improvement in stay-over arrivals is contingent on the authorities' ability to maintain air access to Montserrat. The level of activity in the construction sector, one of the major drivers of GDP growth, has slowed down as a result of delays and stoppages of infrastructural projects, partly due to bottlenecks in the disbursement of capital grants. The slowdown in activity, alongside the existing challenge of mobilizing alternative sources of finance, will have an adverse impact on job creation and the potential for increased current revenue. Notwithstanding these challenges, it is expected that in the short to medium term the infrastructural projects will resume, which will in turn increase overall economic activity within the country.

Improvement in the co-ordination in tax collection, compliance and enforcement of tax legislative requirements should provide for gains in revenues collected. Expenditure is expected remain at the same rate recorded over the first nine months of year. Therefore, the overall fiscal position will likely remain in surplus for the rest of the year. Also, with improved prospects for the global economy, the October 2015 issue of the IMF World Economic Outlook revised its economic growth forecast for the United Kingdom from 2.4 to 2.5 per cent. The level of budgetary aid provided to Montserrat is therefore expected to remain fairly stable. The decline in the overall price level may persist throughout 2015, as inflationary pressures from the global market are likely to remain broadly stable. Accordingly, it is anticipated that the merchandise trade deficit will continue to contract as the import bill continues to fall.

The outlook for economic growth for Montserrat remains uncertain for the rest of 2015. The falloff in grants continues to impose lags in the implementation or the resumption of key public sector projects. However, the improvements in the United Kingdom's economy should in turn lead to more stable and constant flow of grants to Montserrat. Therefore, it is expected that the implementation and resumption of key projects, such as the government's housing and power generation would be realised in early part of 2016. The downside risks to economic prospects include continued threats of adverse weather and volcano related risks.

ST KITTS AND NEVIS

Overview

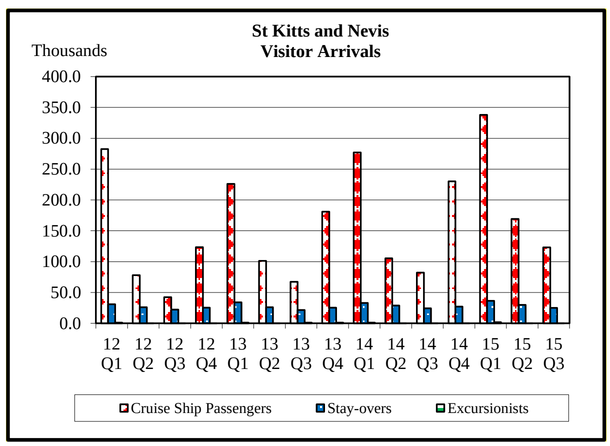
Available data suggest that the pace of economic activity in St Kitts and Nevis rose in the first nine months of 2015. This assessment reflects positive growth estimates for the construction and transport, storage and communications and manufacturing sectors, partly moderated by an estimated decline in value added in the hotels and restaurants sector. Consumer prices declined by 2.7 per cent, on an end of period basis. The fiscal operations of the Federal Government resulted in a smaller overall surplus and the total outstanding public sector debt fell. In the banking system, monetary liabilities and domestic credit increased while net foreign assets contracted. Commercial bank liquidity rose and the weighted average interest rate spread between loans and deposits widened.

Economic activity is expected to improve over the remainder of 2015 relative to the corresponding period of 2014, buoyed by on-going construction sector activity and expansion in the tourism industry. These developments are estimated to favourably impact the wholesale and retail trade and transport, storage, communications and real estate sectors. Positive developments in these sectors may be moderated somewhat by declines in agricultural output and sluggishness in the manufacturing sector. In the public sector capital outlays are expected to concentrate mainly on the rehabilitation of the road network in St Kitts and continued work on the CDB funded water project, while in the private sector, construction work is expected to continue largely on hospitality related projects on both islands.

The fiscal operations of the Federal Government are projected to be buttressed by higher tax revenues. Notwithstanding the improvement in revenue collection, the overall fiscal position is estimated to decline based on lower receipts from the Citizenship by Investment programme and higher expenditure outlays associated with a number of capital investments. The balance of risks is tilted to the upside, sustained by buoyancy in the major export market, the USA and favourable energy prices. Possible downside risks to the outlook, however, include inter alia, a decline in construction activity associated with generally lower CBI activity, premised on increased competition from regional jurisdictions and possible decelerations in global economic growth. The possibility of a slower global expansion is predicated on economic deceleration in the Chinese economy and the slow recovery from the sovereign debt crisis in Europe. The latter developments could adversely impact real sector activity in the Federation via the tourism and Foreign Direct Investment (FDI) channels. The possibility of setbacks to the major productive sectors associated with storm damage remains a perennial second order risk.

Output

Value added in the construction sector, is estimated to have increased in the first nine months of 2015 relative to the comparable 2014 period. This increase was attributed to higher levels of construction activity in both the public and private sectors. In the public sector, capital outlays rose by $15.0m with activity concentrated on enhancements to the road network in St Kitts and water distribution in Nevis. In the private sector, accelerated work continued on the Park Hyatt Hotel, the Hilton Embassy Suites, Pelican Bay Resort and the Koi Resort and Residences. Construction work also continued on Phase II of the Kittitian Hill Resort as well as on the T-Loft, Pirate's Nest hotel/condominium resort in St Kitts. On Nevis, hospitality related developments in the private sector included on-going construction work at the Four Seasons Estate, expansion work at the Mount Nevis Hotel and work on the Cades Bay Villas and Marina project. A more than doubling in the quantity of imported construction materials further underscores the level of expansion in construction.



Value added in the tourism industry, as proxied by the hotels and restaurants sector, is estimated to have contracted slightly in the first nine months of 2015. Notwithstanding an increase in the number of total visitors by 30.6 per cent to 727,808, attributable to increases for both stay-over visitors and cruise passengers, declines in the average visitor expenditure accounted for the contraction in value added. Stay-over visitor arrivals rose by 6.2 per cent to 91,227, compared with a 5.2 per cent increase in the first nine months of 2014. All of the major source markets recorded increases, primarily the United States of America, the Caribbean and Canada with increases of 5.7 per cent (2,993), 6.3 per cent (941) and 8.7 per cent (576) respectively. The number of cruise passengers rose by 35.6 per cent to 629,965 consistent with a 26.5 per cent (65) rise in the number of cruise ship calls at ports in St Kitts and Nevis. The number of passengers visiting by yacht fell to 3,431 and there was a 23.5 per cent decrease in the number of excursionists.

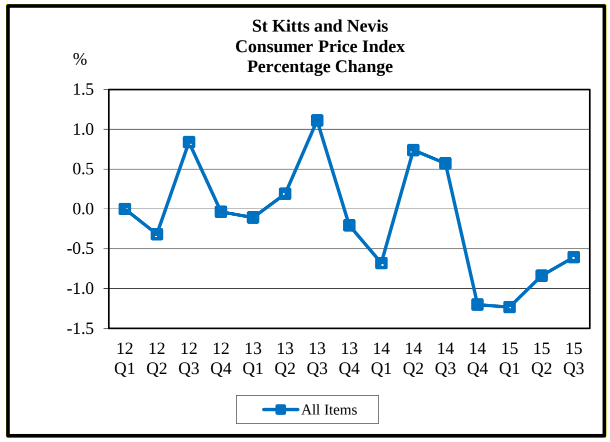
Other sectors positively impacted by economic developments include; transport, storage and communications and real estate, renting and business activities, consistent with positive developments in construction and visitor arrivals. Spill-over effects from activities in the major productive sectors are also likely to have impacted the wholesale and retail and financial intermediation sectors.

Developments in the real sector may have been also partially offset by an estimated decline in value added for manufacturing, as evidenced by a 79.9 per cent decrease in the export of alcoholic beverages.

Likewise, the value added by the agriculture, livestock and forestry sector is estimated to have contracted, influenced by a decline in crop production. The output of crops fell by 16.9 per cent to 776,920 kilograms, reflecting declines in the output of white potato, to the extent that no output was recorded for the period under review relative to the corresponding period in 2014. Other major contributors to lower crop production were declines in the production of pineapples and yams of 86.3 per cent and 23.4 per cent respectively. The decline in crop production was partly mitigated by increases in the output of pumpkin (60.8 per cent), tomato (25.5 per cent) and sweet pepper (39.5 per cent). Output in the livestock subsector was mixed with declines registered for the production of fish (31.9 per cent) and beef (2.9 per cent). These declines were moderated by increases in the output of mutton which more than doubled and chicken broiler which rose more than five-fold. Increases were recorded for the production of pork and goat meat of 23.8 per cent and 1.4 per cent respectively and eggs (1.4 per cent).

Prices

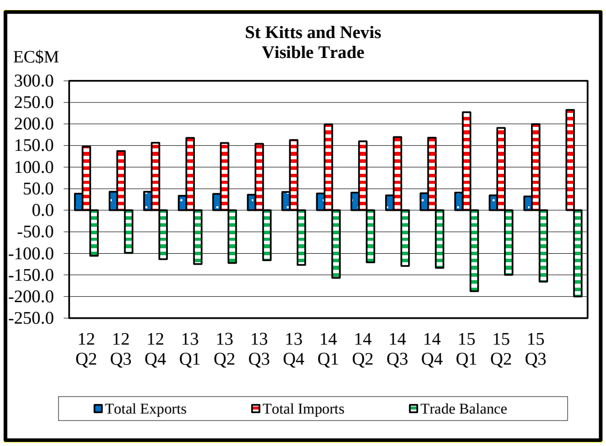
The consumer price index fell by 2.7 per cent during the first nine months of 2015, in contrast to a 0.6 per cent increase in the corresponding period of 2014. The decline in the CPI was broad based with most of the sub-indices recording decreases. Major contributors to this outturn included lower prices for the food (8.2 per cent), transport (6.1 per cent) and education (7.3 per cent) sub-indices. Other contributors included lower prices for the health, and clothing and footwear sub-indices of 3.6 per cent and 0.9 per cent respectively. The decrease in the overall CPI was tempered by higher prices in the communication, housing, utilities, gas and fuels and recreation and culture sub-indices of 1.8 per cent, 0.2 per cent and 2.1 per cent respectively.



Trade and Payments

The merchandise trade deficit is preliminarily estimated at $515.5m in the first nine months of 2015 compared with one of $383.6m in the corresponding period of the previous year. This outturn was the result of an increase in the level of imports by 25.1 per cent to $622.8m, coupled with a fall in the level of exports by 6.0 per cent to $107.3m. The rise in the level of imports was driven primarily by the increased importation of miscellaneous manufactured articles and minerals, fuels and related materials, while the decline in exports can be attributed largely to the fall in the export of alcoholic beverages. Domestic exports contracted by 5.4 per cent to $96.5m and re-exports fell by 10.6 per cent to $10.8m.

Gross travel receipts are estimated to have declined by 8.1 per cent to $219.1m in the first nine months of 2015, notwithstanding an increase in the number of stay-over visitors. Commercial banks' transactions resulted in a net outflow of $94.0m in short term capital during the review period, compared with an outflow of $177.2m in the corresponding 2014 period. External disbursements received in the first nine months of the year amounted to $1.6m, compared with $7.2m in the corresponding period of 2014; while external principal repayments rose to $108.1m compared with $24.3m in the first nine months of 2014.

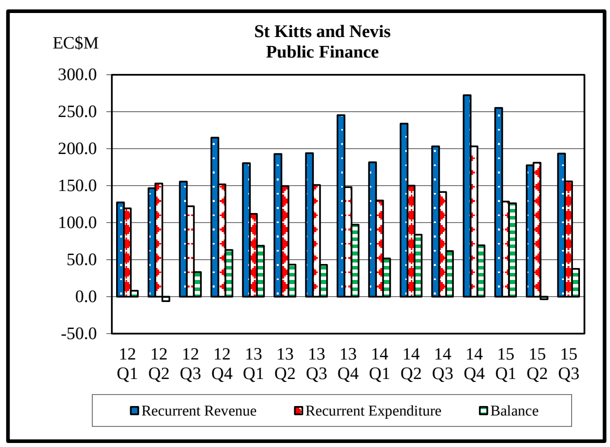


Federal Government Fiscal Operations

The fiscal operations of the Federal Government resulted in an overall surplus (after grants) of $46.6m in the first nine months of 2015, compared with one of $158.1m in the corresponding period of 2014. Likewise, the primary surplus contracted by 60.1 per cent to $82.9m, compared with one of $207.8m in 2014. The lower overall fiscal surplus was mainly attributable to higher levels of expenditure coupled with a decrease in non-tax revenue and grant receipts.

Current revenue rose by 1.2 per cent to $626.1m in the first nine months of 2015, influenced by increased tax collections. Tax revenue rose by 5.7 per cent to $365.1m, associated with higher receipts from most of the major tax categories: taxes on income and profits (27.5 per cent), international trade and transactions (6.2 per cent), and taxes on property (25.3 per cent). The improvement in collections of taxes on income and profits is reflective of buoyant economic activity as supported by higher receipts for company tax (30.4 per cent) and social services levy (17.1 per cent). Higher receipts of taxes on international trade reflected a near doubling in the collections of environmental levy and higher receipts of excise duty (17.6 per cent). Increases in the collection of taxes on property reflected improvements in receipts associated with condominium and house tax of 61.6 per cent and 13.4 per cent respectively. However, the rate of increase in tax revenue was moderated by a reduction in the collections for taxes on domestic goods and services. This development was largely influenced by declines in value added tax (VAT) and stamp duty receipts. Tax receipts for the VAT which contributed 29.1 per cent of tax revenue, totalled $106.1m, representing a decrease of 8.5 per cent over the amount collected in the corresponding period of 2014. The fall-off is directly related to the removal of VAT on food, medical supplies and funeral expenses in April 2015. Declines in the collection of stamp duty partly reflect a reduction in the value of land sales. Non-tax revenue collections fell by 12.4 per cent to $261.0m, primarily attributable to decreases in revenues associated with the Citizenship by Investment (CBI) Program.

Current expenditure rose by 10.4 per cent to $465.5m compared with an increase of 2.3 per cent in the first nine months of 2014. The major contributing factor to this development was a 41.8 per cent ($37.3m) increase in transfers and subsidies to local and international institutions. The increase in current expenditure was also supplemented by higher outlays on personal emoluments of 6.7 per cent in contrast to a 1.0 per cent decrease in the comparable period of 2014, as a result of the payment of a 3.0 per cent increase in salaries, in conformance with the triennium wage agreement for 2014 to 2016. An increase in outlays on goods and services by 7.6 per cent also contributed to higher recurrent expenditure. The increase in current expenditure was moderated by decreases in interest payments which fell by 27.0 per cent to $36.3m, attributable to lower domestic interest payments a legacy effect of the reduction in the Federation's domestic debt through restructuring.



Capital expenditure outlays rose by 18.7 per cent to $95.1m with spending oriented towards improvements to roads and highways and the construction of a day-care facility in St Kitts coupled with upgrades to the water distribution infrastructure in Nevis.

Inflows of official assistance (grants) fell by 28.3 per cent to $25.5m, compared with a 53.2 per cent decline in the first three quarters of 2014, attributable mainly to a decrease in capital grants by 73.4 per cent to $9.1m, compared with a decrease of 38.2 per cent in the first nine months of 2014. In contrast, budgetary grants rose nearly ten-fold to $16.4m from $1.5m in the corresponding period of January to September 2014.

The overall surplus of the central government amounted to $55.5m compared with a balance of $160.9m recorded in the first nine months of 2014. Recurrent revenues rose by 0.1 per cent to $529.3m, mainly due to higher collections of tax revenues. Tax revenues were higher on account of the improved performances of all the major tax categories except taxes on domestic goods and services. An increase in collections of taxes on income and profits was driven by higher receipts for company tax, social services levy and withholding tax of 31.0 per cent, 79.5 per cent and 7.8 per cent respectively. Consistent with positive growth in imports, receipts of taxes on international trade and transactions rose by 8.9 per cent ($6.6m), largely reflecting a 28.3 per cent rise in the collection of excise duties, as well as increased collections of environmental levy ($1.7m) and customs service charge ($1.7m). The performance of tax revenue was constrained by the declines in the collections of receipts from taxes on domestic goods and services, which fell by 8.7 per cent ($11.4m) largely due to lower receipts from the VAT ($11.2m) and stamp duties ($2.8m).

In contrast to the performance of tax revenues, non-tax revenues declined to $270.0m, compared with $273.4m in the first nine months of 2014, for the most part attributable to a 6.2 per cent decrease to $204.0m in receipts from the CBI programme.

Recurrent expenditure rose by 11.8 per cent to $376.1m in the first nine months of 2015, primarily reflecting a 45.4 per cent ($36.6m) rise in spending on transfers and subsidies associated with higher payments to overseas missions as well as the People Employment Programme (PEP). Another contributor to the rise in current expenditure was an increase in expenditure on personal emoluments by 6.4 per cent in contrast to a 0.6 per cent decline in the first nine months of 2014. Outlays on goods and services also rose by 8.8 per cent in contrast to a 2.8 per cent decline in the corresponding period of 2014. The increase in current expenditure, however, was moderated by a 34.9 per cent decline in interest payments, particularly domestic interest payments by 49.3 per cent to $13.6m, associated with the effects of restructured public debt. Capital expenditure rose to $78.8m, compared with outlays of $70.3m in the corresponding period of 2013, associated with infrastructural works.

The fiscal operations of the Nevis Island Administration (NIA) recorded an overall deficit of $8.9m in the first nine months of 2015, compared with a lower deficit of $2.8m recorded in the corresponding period of 2014. The higher deficit was the result of increased outlays on capital expenditure combined with a decline in grant receipts. Current revenue amounted to $96.8m, a 7.5 per cent increase when compared with total collections at the end of September 2014. The improvement in current revenue collections reflected favourable developments in the receipt of tax and non-tax revenues. Tax revenues were 8.4 per cent higher, buoyed by increases in the collection of taxes on, income and profits (40.6 per cent), domestic goods and services (5.6 per cent), and property (20.4 per cent). These developments were moderated by a 5.2 per cent decline in the collection of taxes on international trade. The other component of current revenue, non-tax revenue, rose by 4.7 per cent ($1.1m) to $23.6m. There were no grant receipts during the period under review, which contrasted with developments in the first nine months of 2014, when capital grant receipts totalled $2.5m.

Current expenditure rose by 4.82 per cent to $89.5m compared with a 2.2 per cent reduction in the corresponding period of 2014. The upward movement in current expenditure was attributable to higher outlays on personal emoluments and wages, goods and services and transfers and subsidies of 7.5 per cent, 2.3 per cent and 8.1 per cent respectively. The increase in current expenditure was moderated by reductions in interest payments (3.5 per cent). Capital expenditure increased by 64.6 per cent to $7.4m compared with $5.1m spent in the first nine months of 2014.

Public Sector Debt

The total disbursed outstanding debt of the public sector declined by 2.9 per cent to $1,677.3m, compared with a decline of 13.3 per cent in the comparable period of 2014. The outstanding debt of the central government, which accounted for 85.7 per cent of total debt, fell by 3.0 per cent to $1,437.9m, while that of the public sector corporations also declined, falling by 2.1 per cent to $239.3m. A contraction of 45.1 per cent in total domestic debt, which represents 56.5 per cent of total public sector debt, was the major contributor to the overall decline in total debt outstanding. Lower domestic debt reflected the legacy effects of debt restructuring, which resulted in a reduction in the face value of existing debt, the extension of the maturity on some loans and a debt-for-land swap. The decline in the total debt outstanding was also influenced by a decline of 22.3 per cent to $729.5m in the total external debt portfolio.

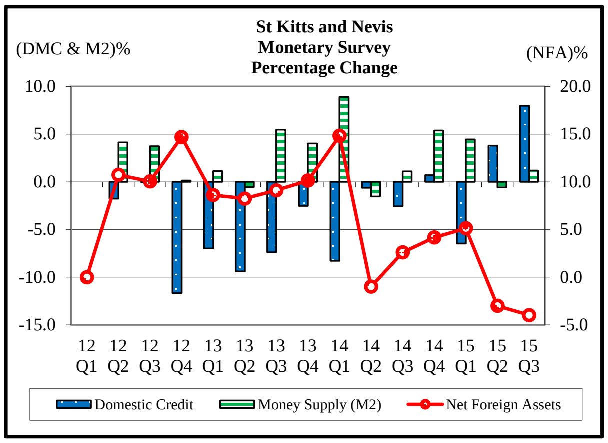
Money and Credit

Monetary liabilities (M2) rose by 5.1 per cent to $3,106.7m, compared with an increase of 80.3 per cent in the corresponding period of 2014. The rise in the monetary base reflects increases of 4.6 per cent ($109.3m) in quasi money and 7.3 per cent ($42.3m) in the narrow money supply (M1). Quasi money rose largely on account of higher private sector foreign currency deposits and private sector time deposits of 6.6 per cent and 7.3 per cent respectively. The expansion in M1 was influenced by higher levels of private sector demand deposits (10.7 per cent).

Domestic credit increased by 4.8 per cent to $1,060.8m, in contrast to a decrease of 11.2 per cent in the first nine months of 2014, reflective of a higher net credit position of the Federal Government combined with an increase in lending to the private sector. Net credit to the Federal Government rose 15.2 per cent ($70.1m) to $532.1m, largely driven by a 22.5 per cent ($64.7m) rise in net lending to the central government. This outturn was attributable to a reduction in Central government deposits held at the Central Bank by 69.0 per cent ($78.5m) and commercial banks by 2.9 per cent ($15.8m) during the period. Meanwhile, commercial bank lending to the Central government advanced by

0.2 per cent ($2.0m). These developments in outstanding net credit and deposit positions mainly reflected the re-categorizing of accounts following the land for debt swap. Higher outstanding credit was also influenced by a 3.1 per cent ($5.4m) increase in the net credit position of the Nevis Island Administration (NIA). The increase in domestic credit was also influenced by a 2.3 per cent ($31.8m) rise in lending to the private sector during the first nine months of 2015. In contrast, credit to households fell by 0.6 per cent. Growth in domestic credit was tempered by an increase in the net deposit position of the non-financial public enterprises (NFPEs). The net deposit position of NFPEs rose by 6.3 per cent to $907.8m, fuelled largely by a 6.0 per cent ($53.3m) increase in deposits held at commercial banks.

Analysis of the distribution of credit by economic activity indicates that increases were recorded in lending to various economic sectors including; construction (20.8 per cent), tourism (9.6 per cent), manufacturing, mining and quarrying (3.3 per cent), agriculture and fisheries (8.0 per cent) and other services (11.0 per cent), which largely reflected higher credit to professional and other services. The increases in credit to those segments of the loan portfolio were tempered by declines in lending to the distributive trades (16.0 per cent) and for personal uses (2.6 per cent). Among the personal loans extended, contraction was recorded in all of the major categories including the acquisition of property and durable consumer goods of 0.5 per cent and 7.1 per cent, respectively.



Net foreign assets of the banking system fell by 2.1 per cent ($49.7m) to $ 2,314.2m in the first nine months of 2015, in contrast to growth of 16.6 per cent ($323.5m) in the corresponding period of 2014. The decrease was largely due to a 16.7 per cent ($143.7m) contraction in in St. Kitts and Nevis's imputed share of the Central Bank's reserves to $716.0m. This development was partially offset by an increase in the net foreign asset position of commercial banks to $1,598.2m, attributable to a higher level of assets held with institutions both outside of and within the Currency Union.

Liquidity in the commercial banking system expanded in the period under review. This assessment was supported by a decline in the ratio of loans and advances to total deposits, which fell by 1.0 percentage point to 35.8 per cent, while the ratio of liquid assets to total deposits rose by 0.4 percentage point to 76.1 per cent.

An adjustment of the minimum savings deposit rate from 3.0 per cent to 2.0 per cent at the 81st meeting of the ECCB Monetary Council held on 27 February, 2015, came into effect from 1 May, 2015. The previous adjustment to the minimum savings deposits rate was in September, 2002 when the rate was reduced from 4.0 per cent to 3.0 per cent. The weighted average interest rate spread between loans and deposits widened to 6.51 percentage points during the first nine months of 2015, from 6.13 percentage points at the end of 2014. This outturn was the result of a decline in the weighted average deposit rate by 0.53 percentage points to 1.96 per cent, outpacing the 0.15 percentage point decrease in the weighted average lending rates to 8.47 per cent.

Prospects

The global economic outlook remains positive according to the October estimates from the International Monetary Fund World Economic Outlook. Global growth is estimated to expand by 3.1 per cent driven by an estimated 4.0 per cent expansion in emerging economies. Furthermore, the USA, the major trading partner of St Kitts and Nevis is estimated to expand by 2.6 per cent. It is in this context that the economy of St Kitts and Nevis is expected to record growth in 2015. This performance will be fuelled largely by sustained developments in the construction sector associated with tourism related construction, investment in public infrastructure and growth in value added from the tourism industry. Developments in tourism point to higher stay-over and cruise passenger arrivals with attendant positive knock-on effects on the wholesale and retail trade, transport, storage and communications and financial intermediation sectors.

The fiscal operations of the Federal Government are expected to generate an overall surplus, albeit lower than that recorded in 2014. This development will be primarily influenced by higher capital and current expenditure, combined with lower grant receipts. Higher tax revenue is estimated, consistent with robust economic growth and reflected in buoyant receipts from taxes on income and profits, international trade and transactions and property. However, growth in tax revenue receipts will be constrained by the effect of the elimination of VAT on selected consumer items earlier in the year. In contrast, non-tax revenues are estimated to decline, influenced by reduced inflows from the Citizenship by Investment Program. Total current expenditure is estimated to increase, attributable mainly to higher transfers and the effect of programmed salary increases. Notwithstanding the increase in current expenditure, the major influence on total public expenditure, capital expenditure, is expected to increase, which when coupled with lower capital grant receipts will adversely impact the overall surplus.

The merchandise trade deficit is anticipated to widen as imports grow in line with improved economic activity associated with a number of major on-going tourism developments. The deficit on the merchandise trade account will be further exacerbated by a decrease in export earnings associated with lower activity in the manufacturing sector.

The major downside risk to these projections is associated with further deceleration in CBI inflows due to increased regional competition from emerging jurisdictions. Receipts from the CBI programme, though marginally below the performance in 2014, represent a major source of government revenue, therefore, further declines to these inflows could pose increased fiscal pressures and disrupt planned expenditure programmes. Other risks include a disruption to the global economic expansion, with negative impacts on inflows from tourism and FDI with knock-on effects on the construction sector. The risk of damage due to inclement weather related systems represents another latent threat.

SAINT LUCIA

Overview

Preliminary assessment of available data points to an expansion in economic activity in Saint Lucia in the first three quarters of 2015 compared with the outturn in the corresponding period of 2014. The improvement emanated primarily from a rebound in construction activity and increased performances in a few other major economic sectors, including hotels and restaurants. The consumer price index (CPI) fell by 1.4 per cent, on an end of period basis. Central government's operations yielded a smaller overall deficit, associated largely with developments on the current account. In the external sector, the merchandise trade deficit narrowed on account of a reduction in the value of imports, coupled with increased export earnings. The total disbursed outstanding public sector debt stock declined during the period in question. In the banking system, monetary liabilities (M2) expanded, while domestic credit and net foreign liabilities fell. Though commercial banks remained liquid, lending conditions tightened. The weighted average interest rate spread between loans and deposits widened during the review period.

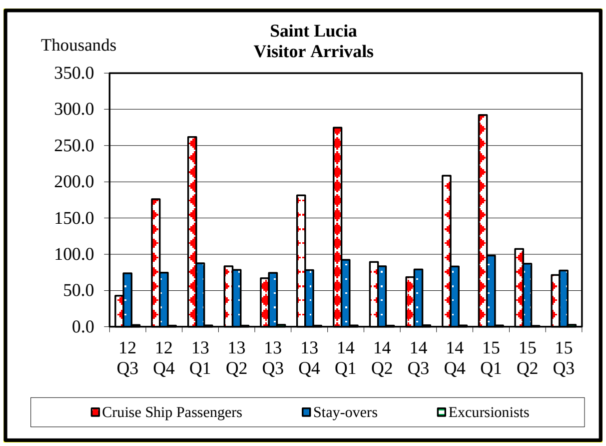
Economic prospects for the last quarter of 2015 though challenged are positive, hence forecasts for economic recovery for the year. Based on developments thus far and expectations for the final quarter, the pace of construction activity in the public sector is likely to pick up, as work progresses on a number of road reconstruction and rehabilitation projects. An anticipated upswing in private sector activity, mostly through the upgrade and development of tourism-related accommodation is likely to add momentum to construction. Agricultural output is expected to increase, contingent on the continued success of diversification initiatives and the appeal to local consumers to continue their support for the sector. The encouraging performance in the tourism industry, associated in part to improved airlift from the major source markets, is projected to persist, hence a boost to value added in the hotels and restaurants sector. The fiscal deficit is expected to narrow further, as revenue intake continues to improve and government rationalizes expenditure, particularly on the current side. On balance, risks remain tilted to the downside, reflecting a weaker than anticipated global recovery, the inability to contain the public debt, adjusting to fluctuating commodity and energy prices, domestic labour market pressures and vulnerability to climate change.

Output

Construction activity is estimated to have rebounded in the first nine months of 2015, a sharp contrast to the performance recorded in the comparable period of 2014. This assessment is mainly supported by growth of 13.5 per cent in the value of imported construction materials; notwithstanding a decline in commercial bank lending to the construction sector. The turnaround was largely the result of developments in the private sector, as progress was made on a number of projects, including tourism related developments, such as the Royalton Property, the Harbour Club Hotel and the Coconut Bay Resort. Private construction activity also received a boost from the Dayana Centre, commencement of the Unicomer building, and a few residential projects. In the public sector, work continued on road rehabilitation, reconstruction of damaged bridges and other community projects under, inter alia, the Basic Needs Trust Fund and the Constituency Development Programme.

Tourism activity in the first nine months of 2015 is estimated to have improved relative to the performance in the January to September period of last year. Total visitor arrivals increased by 5.7 per cent to 770,287, largely attributable to growth in the number of cruise passengers and stay-over visitors. The number of cruise passengers increased by 8.9 per cent to 471,221 compared with growth of 4.9 per cent in the corresponding nine months of 2014. The expansion in the number of cruise ship passengers mainly reflected an increase in the size of cruise ships calling at the island’s ports.

Stay-over arrivals increased by 3.2 per cent to 263,195, mainly influenced by growth in visitor arrivals from the USA and the Caribbean markets. Arrivals from the USA, the major source market, grew by 7.7 per cent to 118,160, reflecting increased airlift, supported by a more entrenched recovery in that economy. The number of stay-over visitors from the Caribbean increased by 13.6 per cent, in contrast to a decline of 10.8 per cent in the corresponding period of the previous year. Stay-over visitor arrivals from Canada rose by 2.7 per cent compared with growth of 9.2 per cent in the first three quarters of the prior year. These increases were tempered by a decline of 10.2 per cent in visitor arrivals from Europe. Of the other categories of visitors, the number of excursionists rose by 5.9 per cent, while yacht visitor arrivals declined by 14.6 per cent.



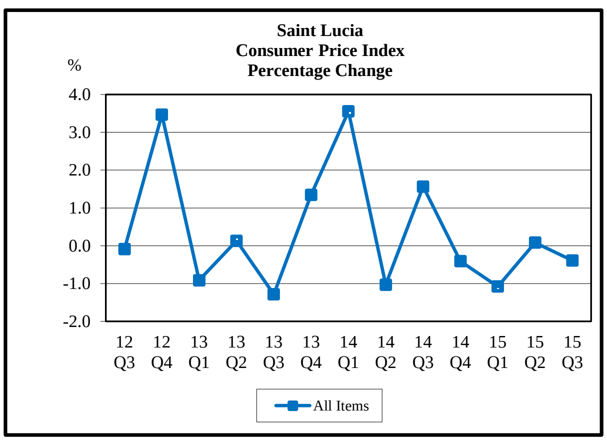
There was a turnaround in the agricultural sector, largely associated with developments in the non-banana agricultural produce, supported by a number of investment initiatives in the other crops sub-sector. The production of other crops improved, reflected somewhat by an increase in agricultural produce sold to hotels and local supermarkets. By contrast, the output of chicken and pork declined in the review period. The output of banana fell by 5.1 per cent to 6,514 tonnes, following a 22.0 per cent decline in the corresponding period of the prior year. The industry continued its recovery from damage by inclement weather and the Black Sigatoka disease.

Manufacturing output is estimated to have increased marginally in the period under review, compared with the level in the first three quarters of 2014. This outturn was primarily a result of an increase in the production of a number of manufactured goods, which was partially offset by a fall in output of miscellaneous manufactured articles. The assessment was also supported by growth in domestic exports, while commercial bank credit to the manufacturing sector contracted.

Prices

Prices of goods and services in the economy are estimated to have decreased by

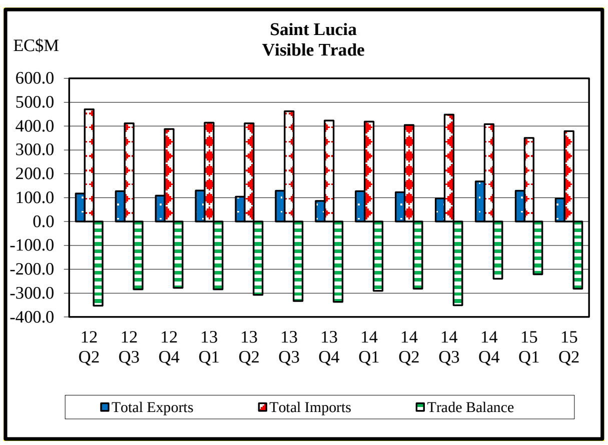
1.4 per cent, as indicated by movements in the consumer price index during the first nine months of 2015. This outturn contrasts a 4.1 per cent rate of increase recorded during the corresponding period of the prior year. The fall in prices was largely influenced by declines in the sub-indices of food and non-alcoholic beverages (3.2 per cent), transport (2.0 per cent), miscellaneous goods and services (20.0 per cent), alcoholic beverages, tobacco and narcotics (3.9 per cent), household furnishings, supplies and maintenance (1.8 per cent) and recreation and culture (8.4 per cent). The overall reduction in the consumer price index however, was tempered by increases in the sub-indices housing, utilities gas and fuels (7.4 per cent), communication (8.8 per cent), health (0.7 per cent), education (7.8 per cent), clothing and footwear (10.4 per cent), and hotels and restaurants (10.9 per cent).



Trade and Payments

A merchandise trade deficit of $742.9m was recorded for the first nine months of 2015, lower than that of $909.5m recorded in the corresponding period of 2014. The lower deficit was largely attributable to an 18.3 per cent fall in the value of imports to $1,136.5m, which was supported by an increase of 17.1 per cent in the value of exports to $393.7m. The decline in import payments was largely influenced by lower outlays for minerals, fuels, lubricants and related materials ($79.8m), machinery and transport equipment ($31.5m) and food and live animals ($10.7m). Marginal declines were recorded in the value of imports of commodities and transactions and beverages and tobacco. Growth in total export receipts largely reflected an increase of 20.6 per cent in the value of re-exports, supported by an up-tick in the value of domestic exports. Earnings from domestic exports rose by 13.4 per cent, led by higher exports of machinery and transport equipment ($11.5m), manufactured goods ($9.5m), and food and live animals ($5.3m).

Gross travel receipts were estimated to have risen by 5.1 per cent to $816.7m consistent with growth in the number of stay-over visitors. This outturn also reflected a positive change in the visitors' average daily expenditure. Commercial banks' transactions resulted in a net outflow of $348.8m in short-term capital during the first nine months of 2015, compared with an outflow of $101.7m recorded during the corresponding period of 2014. External loan disbursements to the central government totalled $109.5m in the period under review, up from $67.3m in the corresponding period of 2014; while principal repayment on debt more than quadrupled to $200.9m.

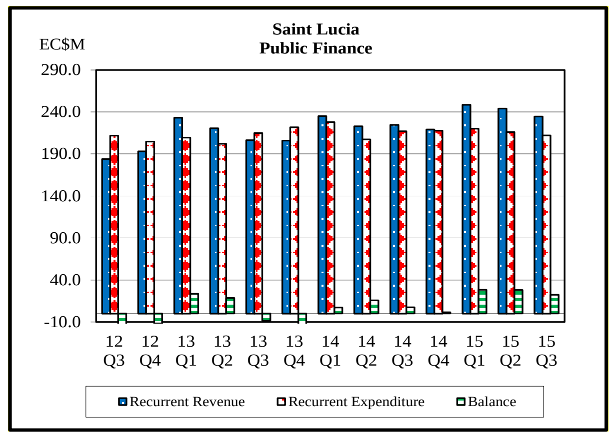


Central Government Fiscal Operations

The central government recorded an overall fiscal deficit of $46.1m compared with one of $92.5m recorded in the first nine months of 2014. This improvement in the fiscal performance was principally attributed to developments on the current account, while little changed on the outcome on the capital account from the first three quarters of last year. Capital account operations resulted in a deficit of $124.6m, marginally worse than one of $122.8m in the comparable period of 2014. However, capital expenditure declined by 4.7 per cent, reflecting a fall in capital grants. A primary surplus of $58.7m was recorded, compared with one of $17.8m in first nine months of 2014. The overall deficit was financed primarily through the domestic market, with support from external sources.

A current account surplus of $78.5m was recorded in the first three quarters of 2015, compared with one of $30.3m in the corresponding period of 2014. The improved performance was attributed to an expansion in current revenue collection, supported by a marginal decline in current spending. Current revenue rose by 6.5 per cent to $726.7m, reflecting increases in both tax and non-tax revenue collections. Non-tax revenue grew by 5.9 per cent ($2.1m), mainly on account of increases in fees, fines and sales ($1.5m) and interest and rents ($1.1m).

Growth of 6.5 per cent ($42.2m) in tax revenue reflected increases in collection from all sub-categories of taxes. Yields from taxes on domestic goods and services grew by 6.3 per cent ($17.9m), attributable to increases in collections from the value added tax ($17.0m) and the fuel surcharge ($5.3m). VAT collections improved to a total of $259.4m, a reflection of the policy decision to increase the rate on hotels and tourism related services from 8.0 per cent to 10.0 per cent and to remove a number of items from the exempted list. Also, the fuel surcharge rate was revised from $0.2 to $0.5 per imperial gallon in July 2014. Yields from taxes on income and profits grew by 9.6 per cent ($16.8m), largely reflecting growth of 20.1 per cent ($11.0m) in intake from the company tax and 14.6 per cent ($4.2m) from arrears. The improvement from that category of taxes is a consequence of increased efforts by the Inland Revenue Department to collect outstanding taxes and collaboration with the large companies in ensuring that their filing was done in a timely manner. Revenue from taxes on international trade and transactions grew by 2.9 per cent ($5.3m), as larger collections from the excise tax on imports, the service charge, import duty and throughput charges more than offset a decline in the airport tax. The new market-based valuation system continued to boost the performance of the property tax, which registered an increase of $2.1m over last year.



A marginal contraction (0.6 per cent) in current expenditure was noted, as a total of $648.1m was recorded. This outturn contrasts growth of 4.1 per cent in current spending for the first nine months of 2014. Interest expense was contained as wherever possible, lower interest borrowing replaced higher interest debt, resulting in an overall decline of 5.1 per cent ($5.6m) in interest payments. Outlays on personal emoluments, which account for the largest share of current expenditure, fell by 1.7 per cent ($4.9m), a reflection of declining salaries and wages, commensurate with a fall in central government employment. Spending on goods and services continued its declining trend as government implemented a number of measures to streamline that category of expenditure. On the contrary, outlays on transfers and subsidies grew by 8.5 per cent ($11.1m) as efforts to address the country's socio-economic challenges were stepped up.

Public Sector Debt

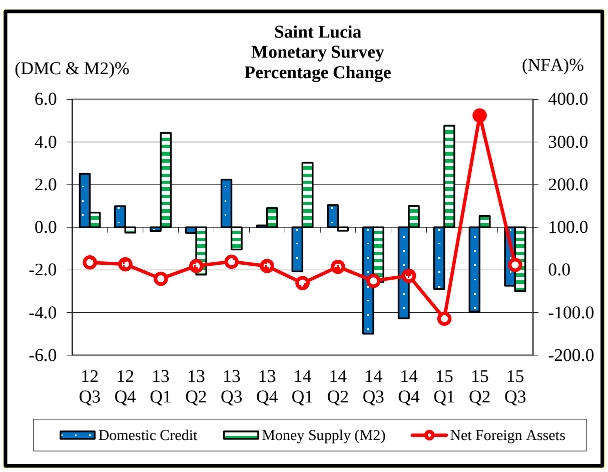
The disbursed outstanding debt of the public sector is estimated to have contracted by 1.7 per cent to $2,841.6m during the first nine months of 2015, reflecting declines in the debt stock of both central government and public corporations. Central government's borrowing fell by 1.5 per cent, as a decline of 11.1 per cent in its stock of external debt more than offset an increase of 8.2 per cent in its domestic borrowing. Preliminary numbers indicate that the total outstanding debt of the public corporations contracted by 5.7 per cent to $153.6m influenced by declines in both their domestic ($7.4m) and external ($2.0m) debt stocks.

Money and Credit

Broad money supply (M2) is estimated to have expanded by 2.2 per cent to $2,950.6m during the first three quarters of 2015, compared with marginal growth (0.2 per cent) during the corresponding period of 2014. The major contributor to the expansion of M2 was growth of 4.5 per cent ($96.4m) in quasi money, led by an increase of 28.9 per cent ($70.3m) in private sector foreign currency deposits and one of 5.4 per cent ($19.9m) in private sector savings deposits. The narrow money supply (M1), by contrast, contracted by 4.5 per cent to $714.9m, influenced by declines of 12.7 per cent ($19.7m) in currency with the public, 1.4 per cent ($8.2m) in private sector demand deposits and 58.1 per cent ($5.9m) in EC$ cheques and drafts issued.

Domestic credit fell by 9.3 per cent to $3,247.2m during the first nine months of 2015 compared with a contraction of 6.0 per cent during the corresponding period of the previous year.

This outturn was largely influenced by a 6.1 per cent decline in borrowing by the private sector, reflecting a fall of $219.3m in business loans. A marginal decline (0.6 per cent) was recorded in household credit. The transactions of the central government resulted in a net credit position of $207.0m at the end of September 2015, from one of $257.2m at the end of December 2014. This development was attributable to a decline of $52.2m in credit from the Central Bank, supported by an increase of $33.5m in government's deposits at the commercial banks. In the rest of the public sector, net deposits of non-financial public enterprises rose by 11.5 per cent, influenced by an increase of 9.3 per cent in their deposits.



The distribution of commercial bank credit by economic activity indicates that outstanding loans and advances fell by 6.2 per cent, associated with declines in lending for all categories, except to financial institutions, which more than tripled to $55.7m. Lending to the tourism industry experienced the largest contraction of 32.6 per cent ($188.0m), as banks tightened underwriting policies for tourism-based investments, given the high level of non-performing assets in that category. Outstanding credit to professional and other services, other uses and public administration declined by 6.6 per cent ($40.7m), 3.0 per cent ($30.6m) and 9.5 per cent ($21.0m), respectively. Other sectors which recorded declines in borrowing were personal ($17.9m), construction ($8.1m), distributive trades ($7.4m), transportation and storage ($7.2m), agriculture and fisheries ($4.2m), utilities, electricity and water ($2.8m), entertainment and catering ($1.8m) and manufacturing ($0.1m). Lending for personal uses fell by 1.0 per cent driven largely by declines of $14.9m for durable consumer goods and $10.7m for acquisition of property.

The banking system was in a net foreign assets position of $224.7m at the end of September 2015, in contrast to a net foreign liabilities position of $305.2m at the end of December 2014. The positive outturn was largely associated with a 37.1 per cent decrease in the net liabilities position of commercial banks as they simultaneously increased their assets and lowered their liabilities. Assets held with institutions outside the region grew by 14.6 per cent ($109.6m), and those held within the ECCU increased by 40.6 per cent ($96.2m). Foreign liabilities held outside and within the ECCU contracted by 13.6 per cent ($129.0m) and 1.4 per cent ($14.0m), respectively. Also contributing to the overall improvement in the country's position was an increase of 28.5 per cent ($181.1m) in Saint Lucia's imputed share of the reserves at the Central Bank.

Liquidity in the commercial banking system improved during the review period. At the end of September 2015, the ratio of liquid assets to total deposits plus liquid liabilities was at 34.6 per cent, about 5.9 percentage points higher than the level at the end of December 2014 and also above the prudential minimum of 25.0 per cent. The loans and advances to total deposits ratio fell by 11.5 percentage points to 97.5 per cent, which exceeded the ECCB's outer limit of 85.0 per cent.

The Monetary Council's decision to lower the minimum savings rate on deposits to 2.0 per cent effective 01 May 2015, immediately impacted deposit rates but has not yet translated into lower lending rates. Weighted average interest rate on deposits fell to 1.98 per cent from 2.58 per cent at the end of December 2014, while the weighted average lending rate grew marginally to 8.51 per cent. Consequently, the weighted average interest rate spread increased by 61 basis points during the first three quarters of the year.

Prospects

The International Monetary Fund in its October 2015 update of the World Economic Outlook, further revised global growth for 2015 slightly downwards to 3.1 per cent from 3.3 per cent in its July update. This marginally lower forecast stemmed from relatively weaker than expected global economic growth thus far this year and uneven prospects for major countries and regions. While growth projections for emerging markets and developing economies have been inhibited by weaker prospects for emerging economies and oil-rich nations, the recovery of advanced economies is expected to accelerate. China's adjustment to a slower pace of growth has contributed to the decline in commodity prices, which affects growth, mainly in emerging market economies. However, the dynamics indicating a pick-up in global economic activity in the near-term remain mostly intact and the positive impact of lower energy costs and largely accommodative monetary policies is likely to be more evident going forward.

The economy of the USA is expected to remain on a solid path of growth as private demand strengthens. Growth for that economy is forecasted at 2.6 per cent for 2015 and 2.8 per cent for 2016. For these two years, average growth of 2.4 per cent is projected for the UK and about 1.4 per cent for Canada. Optimistic prospects for the aforementioned economies, particularly the USA – a major trading partner and tourism source market, augur well for the economic recovery in Saint Lucia and the ECCU region, by extension. After three consecutive years of contraction, economic activity in Saint Lucia is rebounding and is expected to gain further momentum in the short term, driven primarily by anticipated strengthening in the major economic sectors, mainly construction, hotels and restaurants, transportation, and agriculture.

The turnaround in the construction sector is likely to be sustained largely by robust private sector activity, supported by developments in the public sector. In the private sector, activity is expected to be driven by ongoing work on tourism related plants, including the Harbour Club Hotel, the Coconut Bay Resort, the Royalton Property, the Tides Sugar Beach Resort and the expansion of the marina in Vieux-Fort to include a yacht repair facility. Other private sector projects include the Unicomer building, Dayana Centre, a few residential projects and a proposed private public partnership (PPP) for the Hewanorra International Airport (HIA) Redevelopment Project. Activity in the public sector, which is expected to contribute to construction output, will concentrate on roads, including the Gros Islet road improvement, maintenance of culverts and bridges, laundry and cafeteria for the New National Hospital, and the completion of the St Jude Hospital.

Another principal factor affecting the short-term outlook is the prospect for tourism. Following the improvement in airlift as well as intensified marketing initiatives, it is anticipated that long-stay arrivals will boost activity in the hotels and restaurants sector. Expansion from the USA, the main source market, is projected, as Delta Airlines, United Airlines and JetBlue increase their presence at HIA. Also, a turnaround is expected in the Canadian market as the Bank of Canada projects near-term strengthening in that economy towards full capacity by mid-2017. Increased capacity from British Airways, Virgin Atlantic and the Sun Wing is likely to bolster the numbers arriving from the UK. Regional visitors are likely to continue to visit the island as collaboration between the French West Indies and local communities in Saint Lucia strengthens. The cruise sub-sector is expected to get a significant boost from anticipated home-porting services at Port Castries by P & O Cruises (Britannia). As performance in the tourism industry improves, spill-over effects to the other ancillary sectors, like wholesale and retail, transport and distributive trades are extremely plausible.

In the agricultural sector, increased production is anticipated, based on further improvement in the output of livestock, poultry and other crops and possible recovery in bananas as the industry benefits from on-going initiatives under the EU Banana Accompanying Measures. On-going efforts by the Ministry of Agriculture to strengthen diversification within the sector, linkages with other sectors and its drive towards greater youth involvement in agriculture augur well for increased agricultural output.

The prospects for growth are contingent on the Government's ability to successfully implement its fiscal adjustment agenda and medium-term debt strategy. The overall fiscal deficit is projected to continue to narrow underpinned by deliberate efforts to reduce expenditure in the near-term and expected flows from the Citizenship by Investment Programme to begin in January 2016. Capital expenditure is expected to increase as on-going projects progress and new ones get off the ground following receipt of funds for infrastructural upgrade under the Basic Enhancement Project and community development under the Constituency Development Programme. Notwithstanding a decline in outstanding debt in the first nine months of 2015, the rolling over of a substantial proportion of other existing bonds and Treasury bills are expected to put upward pressure on debt for the remainder of the year. These borrowing pressures are likely to result in an increase in the debt burden, resulting in elevated interest payments and overall debt servicing costs.

In the external sector, the merchandise trade deficit is projected to narrow in the short to medium term, on account of a likely improvement in export earnings, despite an anticipated increase in imports to facilitate the forecasted improvement in construction activity. Pressures on the balance of payments from a trade deficit may be partly offset by higher external loan disbursements, an increase in net inflows from travel, consistent with forecasts of a larger number of visitors and the likelihood of an improvement in foreign investment flows. Deflationary pressures are likely to persist, largely on account of declining commodity prices.

While global dynamics point to a pickup in activity in the near to medium term, the balance of risks is still tilted to the downside. The weakened commodity prices, though on one hand can boost demand, may pose challenges for commodity exporters. The openness of the economies of the ECCU and Saint Lucia in particular, predisposes these countries to global risks, in addition to their own domestic challenges. Majority of the private sector projects are funded by external sources and therefore potential adverse effects of reduced foreign investments and remittance inflows persist. Also, the tourism industry depends on developments in the advanced economies, especially the main source markets. Other risks to economic prospects for Saint Lucia include social conditions, domestic labour market issues and the debilitating effects of global warming and climate change.

ST VINCENT AND THE GRENADINES

Overview

An analysis of the available data from the first three quarters of 2015 signal a modest expansion in economic activity in St Vincent and the Grenadines, with uneven progress across the key sectors. This development reflected improvements in the construction, financial, agricultural and utilities sectors during the first nine months of the year while activity related to manufacturing and tourism was mixed. The modest expansion was accompanied by a further easing in inflation, which decreased by 1.4 per cent in the review period, due largely to the fall in oil prices. The merchandise trade deficit is estimated to have narrowed, attributed mainly to declining import payments. The operations of the central government yielded a lower overall deficit, while the outstanding stock of public sector debt fell relative to that at the end of December 2014. Meanwhile, domestic financial conditions remained favourable, driven by an expansion in credit extended to the private sector. Liquidity in the commercial banking system was slightly lower, but remained above prudential benchmarks, while the spread between the weighted average interest rate on loans and deposits widened.

The growth outlook for St Vincent and the Grenadines for 2015 is projected to improve, with a return to positive growth this year. This expected expansion is predicated on favourable economic trends in key trading partners as well as the domestic economy. The construction sector is projected to grow at a healthy level as progress continues to be made on the Argyle International Airport, which is currently estimated to be completed in 2016. Moreover, steady progress on the airport's construction is expected to attract greater domestic and foreign investment over the medium to long-term. With respect to the private sector, a gradual recovery is expected in residential construction in 2015, based on the most recent data for residential building approvals. The risks surrounding the 2015 economic growth projection are however on the downside. These risks include possible weaknesses in global growth, renewed appreciation of the US dollar, low implementation rates of infrastructural projects and on-going concerns regarding global terrorism, which may affect travel and tourism activity worldwide.

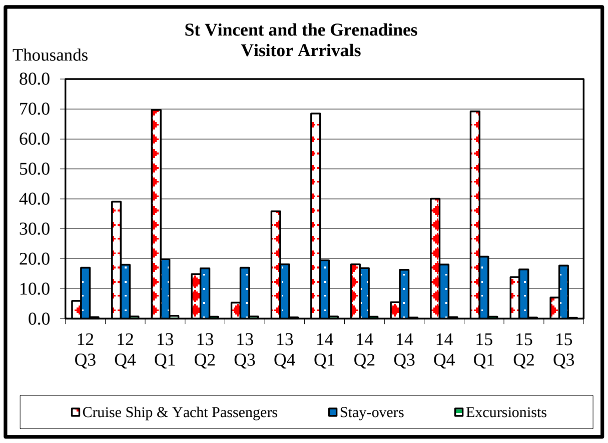
Output

Preliminary data for the first nine months of 2015 suggest that the pace of activity in the construction sector moderated but remained positive, compared to that in the corresponding period in 2014. The growth was largely driven by developments in private sector construction. The main indicator of growth in this sector, the sales of building material, grew by 0.8 per cent during the first nine months of 2015. Activity in this sub- sector was also evident in credit granted by commercial banks for residential construction and renovation, which grew by 6.3 per cent relative to the rate of 4.0 per cent observed in the corresponding period of 2014. The performance in public sector infrastructure, which has been largely driven by on-going work on the Argyle International Airport project, was lower, evidenced by a 16.3 per cent contraction in capital expenditure to $54.4m.

The agricultural sector showed signs of revitalisation. Cumulative agricultural production improved in the first three quarters of 2015 following a few years of contraction due to adverse weather conditions and plant disease. Output in the sector is estimated to have registered a modest expansion in the first nine months of the year, associated with a 5.3 per cent expansion in banana export and an increase of 13.2 in fish production.

There was an estimated modest expansion in a number of other services and ancillary sectors. Positive developments in residential construction, household lending and stay-over visitor-related activities, are estimated to have resulted in an expansion in the wholesale and retail trade sector. Similarly, growth in the utilities sector is estimated to have advanced, supported by a 2.7 per cent increase in electricity consumed, and 5.3 per cent rise in the volume of water produced. Meanwhile, the value added in the financial sector is estimated to have improved during the first nine months of the year compared to the corresponding period of

2014 from a number of recent developments. These developments include the decision to reduce the minimum savings rate by the Monetary Council which became effective in May this year and an expansion in private sector credit, both of which are likely to have contributed to the enhanced the profitability in the banking sector during the nine months of 2015.



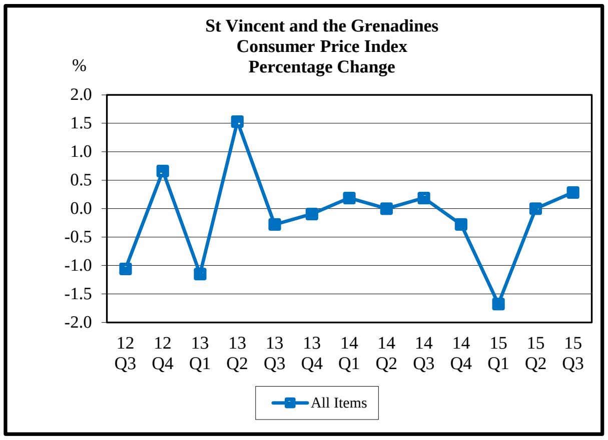
Cumulative activity in the tourism industry for the review period is estimated to have been subdued, despite the continued positive contribution in stay-over visitor related activities. Preliminary data show that total visitor arrivals dipped by 0.1 per cent to 146,188, in contrast to the 0.5 per cent rise in the corresponding period of the preceding year. This overall decrease reflected declines in the number of cruise ship passengers and excursionists, two of the smallest segments of visitor arrivals. Specifically, the number of excursionists retreated by a further 19.7 per cent during the period, following a 25.5 per cent decline in the corresponding period of the previous year. Despite an increase in the frequency of port calls by cruise ships to 157 from 139 in the previous year, the number of visitors arriving on cruise liners was 4.0 per cent lower relative to the corresponding period of 2014. Partly mitigating these declines, were increases in yacht passengers and stay-over arrivals. The number of yacht passengers grew by a modest 0.7 per cent to 36,485 compared with an increase of 6.1 per cent in the first nine months of 2014. Stay-over visitor arrivals rebounded and rose by 4.0 per cent to 54,759, in contrast to a decline of 1.7 per cent in the corresponding period last year. The growth was attributed to increases in arrivals from most source markets. The Caribbean source market recovered from its recent contractions to reclaim its leading position, as visitors from the regional market grew by 3.7 per cent, following a decline of 7.0 per cent in the previous year. Visitor arrivals from the USA, the second largest source market, rose by 7.6 per cent while visitors from the United Kingdom advanced by 6.7 per cent relative to arrivals in the previous year. Following a 1.9 per cent decline in the previous year, visitors from Canada were up by 3.1 per cent. These gains in stay-over arrivals were partly mitigated by a reduction in arrivals from the aggregate of the other smaller, less-established markets, which retreated by 9.8 per cent. Consistent with the modest growth in the stay-over category, total visitors in paid accommodation was 2.0 per cent higher, mainly attributable to increased occupancy at villas and guest houses. Overall, the gains achieved in this sector during the first three quarters of 2015 are estimated to have resulted in growth in total visitor expenditure of 1.5 per cent to $189.1m.

The manufacturing sector, which consists of the grains, beverages and building material sub-sectors, continued to show signs of deceleration, compared to activity recorded in the comparative period of 2014. Output in the grains sub-sector, which has historically been a key driver in the manufacturing sector, contracted in the last year, as a result of lower consumer demand and weak competitiveness in the regional market. This slowdown was reflected in contractions in the production of rice (89.5 per cent), flour (0.9 per cent) and feeds (13.6 per cent). Meanwhile, the beverages sub-sector performed strongly, largely supported by a 17.4 per cent increase in the production of beer over the period.

Prices

Deflationary pressures characterized consumer prices during the review period. Consumer prices fell by 1.4 per cent an end-of-period basis, compared with an increase of 0.4 per cent during the comparable period of 2014. The downward movement in the CPI was driven by a decline in the three largest sub-components of the index, primarily reflecting global developments in energy prices. The transport sub-index fell by 3.8 per cent while the housing, water, electricity, gas and other fuels and the food and non-alcoholic beverages sub-indices decreased by 3.7 per cent and 2.0 per cent respectively. Minor declines were also registered in the clothing (0.3 per cent) and recreation and culture (0.1 per cent) sub-indices.

Conversely, driven by increases in mobile and data rates, the largest gains were recorded in the communication sub-index (5.9 per cent), followed by health (4.0 per cent), and education (1.1 per cent).

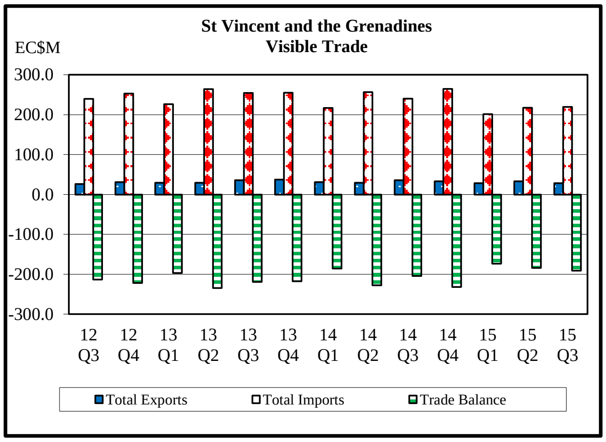


Trade

Provisional trade data indicate that the merchandise trade deficit narrowed by 11.1 per cent to $548.1m in the first three quarters of 2015 relative to the deficit of $616.2m in the corresponding period of 2014. The narrowing of the deficit was the result of a 10.5 per cent fall in import payments to $638.4m, which more than offset a 6.6 per cent decline in total export receipts to $90.3m. The fall in export receipts reflected a large decline of 54.3 per cent in the value of re-exports. Conversely, earnings from the export of domestic goods rose by 5.2 per cent to $82.2m, associated in part with a 42.4 per cent increase in receipts from beer. Notable declines were recorded in the payments of three of the largest segments of imports, including mineral fuels and related materials (46.2 per cent), machinery and transport equipment (4.6 per cent) and manufactured goods (4.9 per cent). The decline in the payments of mineral fuels and related materials reflect both the impact of lower oil prices as well as issues related to the cash basis method of accounting.

Consistent with the growth in stay-over arrivals, gross travel receipts are estimated to have advanced by 1.5 per cent to $189.1m. Transactions of commercial banks resulted in a net inflow of $12.5m in short-term capital during the nine months ended September of 2015, which was lower than the net inflow of $32.4m recorded during the corresponding period of 2014. According to the most recent estimates, disbursements from external loans to the central government fell sharply to $19.8m from $137.4m in the first nine months of the preceding year. Meanwhile, external principal repayments rose by 8.2 per cent to $34.9m.

Consequently, central government financial activities resulted in a net outflow of $15.1m in the first nine months of 2015, in contrast to a net inflow of $105.1m in the comparable period of 2014.

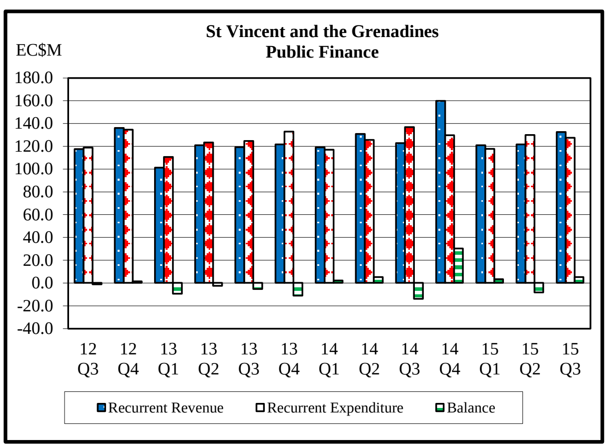


Central Government Fiscal Operations

The operations of the central government are estimated to have yielded a narrower overall deficit of $27.1m from one of $58.4m in the corresponding period of 2014, following a fall in overall expenditure which was supported by an increase in revenue. This outturn was driven by an improvement in the current account balance, coupled with a contraction in capital spending. A primary surplus of $4.8m was recorded, in contrast to a deficit of $25.1m in the first nine months of the preceding year.

The current account balance recorded a narrower deficit of $0.1m in the review period, from one of $6.7m in the comparative period of 2014. This outturn was associated with a 0.7 per cent ($2.4m) increase in current revenue to $374.9m. Tax receipts, which accounted for 92.6 per cent of current revenue as at end September 2015, increased by 5.9 per cent to $347.2m, on account of advances in inflows from all tax segments. Gains were recorded in receipts from taxes on income and profits ($10.0m), international trade and transactions ($6.3m) and domestic goods and services ($2.4m). Inflows from the Value Added Tax (VAT), which is the highest contributor to revenues from taxes on domestic goods and services, rose by 2.2 per cent (2.3m), reflecting on-going improvements in tax administration and the estimated modest expansion in economic activity. With respect to the international trade and transactions tax category, a significant advance (16.3 per cent) was registered in the receipts from customs service charges, on account of the one percentage point increase in this charge, which was instituted this year. Non-tax revenue fell by more than a third of the previous year's outturn to $27.7m, largely influenced by a sharp contraction in interest and rents, on account of the large prepayment made by the Mustique Company in the previous year.

Current expenditure shrank by 1.1 per cent ($4.3m) to $375.0m, reflecting lower outlays in all of its sub-categories, with the exception of personal emoluments and wages. Personal emoluments and wages, which comprised nearly half of current expenditure, rose by 1.7 per cent ($3.2m), reflecting increasing wage pressures on fiscal balances. Conversely, spending on all other categories contracted, including expenditure on transfers and subsidies (2.4 per cent or $2.6m), interest payments (4.2 per cent or $1.4m) goods and services (6.8 per cent or $3.5m).



Outlays on the government's capital programme also recorded a decline of 16.3 per cent ($10.6m) to $54.4m, in contrast to an increase of 3.9 per cent ($2.4m) in the corresponding period in the previous year. The reduced capital expenditure programme was a result of a deceleration in activity on the Argyle airport project, road rehabilitation and health modernization initiatives during the third quarter of the year, especially when compared to the accelerated activity observed one year earlier. The capital programme was partially funded by capital revenue and grants totalling $27.4m, more than doubled the amount of $13.4m recorded in the corresponding period of 2014. Of this total, capital revenue jumped to $15.5m, far exceeding the $0.6m recorded in the first three quarters of 2014, and was mainly associated with the sale of land in the Grenadines. Meanwhile, the total value of grants fell by $0.9m to total $11.8m.

Public Sector Debt

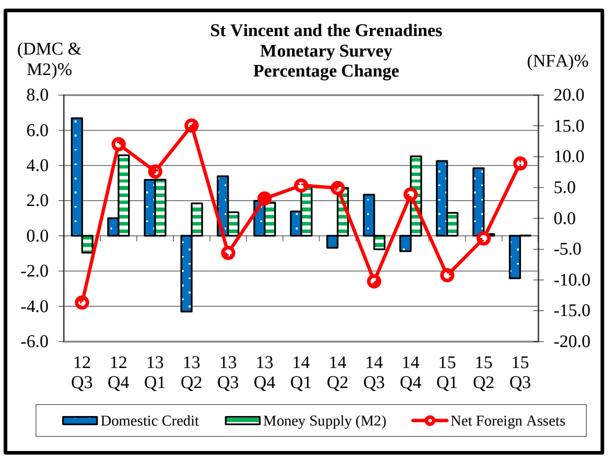
The total outstanding debt of the public sector is estimated to have declined by 3.4 per cent ($53.8m) to $1,522.2m at the end of September 2015, relative to the stock at the end of December 2014. Central government outstanding debt, which at the end of September 2015 accounted for approximately 85.0 per cent of total debt, contracted by 4.7 per cent, reflecting declines in both external (3.7 per cent) and domestic (7.1 per cent) debt. The significant decline in central government debt reflected a fall in accounts payable as well as scheduled amortization payments. Conversely, debt incurred by public corporations grew by 4.2 per cent ($9.5m) during the period to $234.7m.

Money and Credit

Relative to the comparative period in 2014, the pace of growth of monetary liabilities of the banking sector during the first three quarters of 2015 showed signs of deceleration. Broad monetary aggregate (M2) grew by 1.4 per cent to $1,428.7m, below a growth rate of 4.9 per cent recorded during the corresponding period one year prior. The deceleration in M2 was largely attributable to the slower pace in quasi-money growth, which rose by 3.8 per cent to $1,019.7m. Perhaps attributable to the one percentage point reduction in the minimum savings rate, private sector savings deposits, which accounted for approximately 80.0 per cent of quasi money, grew at 3.7 per cent, a slower pace relative to the rate of 8.4 per cent in the corresponding period in the previous year. Of the other two components of quasi-money, private sector time deposits fell by 1.2 per cent while private sector deposit accounts denominated in foreign currency reversed its 2.0 per cent decline of the previous year to increase by 14.4 per cent in the comparative period this year. Narrow money (M1) was 4.1 per cent lower to total $409.0m, associated with declines in private sector demand deposits (3.9 per cent) and currency with the public (9.1 per cent), of which the latter was the result of a 16.8 per cent fall in currency in circulation.

Domestic credit expanded by 5.6 per cent to $1,077.8m during the period under review, largely associated with the activities of the central government and private sector credit. Net claims on the government rose by 34.0 per cent ($30.1m) to $118.7m, and mostly stemmed from the Government's drawdown on its deposits and commercial bank credit. Credit to government by commercial banks grew by 8.3 per cent while deposits fell by 26.0 per cent over the period. The net deposit position of non-financial public enterprises fell by

1.2 per cent to $112.3m due to a reduction in deposits. Credit to the private sector rose by 2.5 per cent at the end of September 2015, after marginal growth of 0.6 per cent in the comparable period of 2014. This outturn was largely reflected in an increase in outstanding loans to households (3.2 per cent), as corporate lending, although positive, remained rather muted (0.7 per cent). Following several contractions in the recent past, the marginal growth in corporate lending may signal changing risk perceptions in the investment decisions of the private sector, in light of the modest pace of economic activity.



Consistent with a moderate expansion estimated in the level of economic activity in the review period, total outstanding credit extended to major sectors grew by 3.4 per cent during the period to $1,221.5m. Of the key productive sectors, notable increases were recorded in outstanding credit extended to manufacturing (9.0 per cent); construction (7.8 per cent) tourism (1.8 per cent). Meanwhile, outstanding credit is estimated to have risen in the other miscellaneous category, the majority of which comprised public administration which grew by 5.0 per cent. Personal credit, which accounted for 70.0 per cent of credit, grew by 4.2 per cent. The acquisition of property, which constitutes more than half of the loans to households, expanded at a rate of 6.0 per cent during the review period, faster than its pace of 1.6 per cent in the comparable period in the preceding year. The remainder of personal lending, comprising durable consumer credit and other lending to households registered growth of 0.2 and 2.1 per cent respectively.

During the first nine months of 2015, the net foreign assets of the banking system is estimated to have contracted by 4.4 per cent to $486.0m. The contraction was mainly fuelled by a decline of 2.3 per cent to $411.7m in St Vincent and the Grenadines' imputed share of the Central Bank's reserves. In addition, commercial banks' net foreign assets fell by 14.4 per cent, which was influenced by a higher liability position with institutions outside the Currency Union.

Liquidity of the commercial banking sector declined during the first three quarters of 2015 but remained at a comfortable level. The ratio of liquid assets to total deposits plus liquid liabilities fell slightly to 42.4 per cent at the end of September 2015 from 43.4 per cent at the end of December 2014, well above the prudential ratio of 25.0 per cent. Meanwhile, the loans and advances to deposits ratio increased by 2.0 percentage points to 70.1 per cent, which was below the maximum prudential threshold of 75.0 to 85.0 per cent.

The weighted average interest rate spread between loans and deposits widened to 7.33 per cent at the end of September 2015, relative to a spread of 6.79 per cent at the end of December 2014. This reflected adjustments in the weighted average rates on both deposits and loans. There was a 0.59 percentage point reduction in the weighted average deposit rate to 1.92 per cent, as commercial banks instituted adjustments following the decision by the Monetary Council to lower the minimum savings rate to 2.0 per cent from May 2015. Concurrently, the weighted average rate charged on outstanding loans is estimated to have declined marginally to 9.25 from 9.30 in year-end 2014.

Prospects

The growth outlook for St Vincent and the Grenadines for 2015 is projected to improve, with a return to positive growth this year. This expected expansion is predicated on favourable economic trends in key trading partners as well as the domestic economy. Following collective bargaining with key stakeholders, the government has agreed to several packages, including a retroactive 2.5 per cent salary increase to public servants for 2015, to be allotted in mid-December as well as an agreement to repair some of the most-severely affected roads. These initiatives are likely to boost public and private sector activity more than was previously anticipated. These positive forces are likely to be offset by increased fiscal costs related to the unexpected salary increase to public servants, growth in capital expenditure from the repairs to infrastructure as well as general spending related to the administration of elections.

The construction sector is projected to grow at a healthy level with continued progress during the last quarter on the Argyle International Airport project. Moreover, steady progress on the airport's construction is expected to attract greater domestic and foreign investment over the short to medium-term. With respect to the private sector, a gradual recovery is expected in residential construction in 2015, based on the significant expansion in residential building approvals in the third quarter.

Following rather modest activity, the tourism sector is expected to improve in the last quarter of 2015 given recent trends with respect to enhancing the room stock as well as the imminent start of the winter travel tourist season. This outlook would be conditioned on a general improvement in global economic activity, particularly key trading partners. Supported by lower global oil prices, inflation is expected to remain contained, but with a small uptick from higher food prices. Lower oil prices are also expected to support key sectors such as manufacturing, transport and utilities. In addition, a number of on-going projects aimed at enhancing non-banana crop and livestock production are expected to support an expansion in agricultural activity.

The risks surrounding the 2015 economic growth projection are however tilted on the downside. These include possible weaknesses in global growth, renewed appreciation of the US dollar, low implementation rates of infrastructural projects. With respect to global growth, in its October 2015 update of the World Economic Outlook, the IMF lowered its global growth forecast for 2015 to 3.1 per cent from 3.3 per cent in July, underscoring that weaker emerging market growth may cloud the international outlook for the remainder of the year. Any further strengthening of the US dollar may also adversely affect tourism demand by non-US visitors, who may be sensitive to currency effects. With respect to infrastructural projects, the under-management of potential risks may impact project implementation, execution and delivery.

In addition, concerns regarding global terrorism following the most recent attacks in France are also likely to heighten global uncertainty and may negatively affect travel and tourism sector worldwide. If any of the above risks materialise, then growth over the remainder of the year could be lower than expected.

NOTES FOR STATISTICAL TABLES AND MONETARY SURVEY

STATISTICAL TABLES

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

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

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

MONETARY SURVEY

1. Central government represents central and local government.

    1.1 Domestic Credit to Central Government (net)

    Central Bank and commercial banks’ total holdings of Treasury Bills and Debentures

    plus Central Bank and commercial banks’ loans and advances to central government

    plus Central Bank interest due on Securities

    minus Total central government deposits held with the Central Bank and commercial banks

    minus Sinking Fund Call Account and Government Operating Account held with the Central Bank

2. Other Public Sector represents national insurance (social security scheme) and non-financial public enterprises.
3. Private Sector represents households, private businesses, non-bank financial institutions, and subsidiaries and affiliates.
4. Money Supply (M1) = currency plus total private sector demand deposits plus EC cheques and drafts issued.
5. Currency = total currency liabilities of the Central Bank less commercial banks’ holdings of local currency cash.
6. Demand Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents’ demand deposits.
7. Savings Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents’ savings deposits.
8. Time Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents’ time deposits.
9. Foreign Currency Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents’ foreign currency deposits.

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

PAGE

ECCU

ANGUILLA

ANTIGUA AND BARBUDA

DOMINICA

GRENADA

MONTSERRAT

ST KITTS AND NEVIS

SAINT LUCIA

ST VINCENT AND THE GRENADINES

Table 1

ECCU - Selected Tourism Statistics

	2014 3rd Qr	2014 4th Qr	2015[R] 1st Qr	2015[R] 2nd Qr	2015[P] 3rd Qr	2014 Jan - Sept	2015 Jan - Sept
Total Visitors	484,448	1,136,659	1,693,999	729,005	535,838	2,664,208	2,958,842
Stay-Over Visitors	241,032	264,210	313,663	262,400	244,883	802,050	820,946
Of which:							
USA	92,781	101,005	131,163	118,481	97,710	330,061	347,354
Canada	14,767	26,871	45,227	17,096	12,672	79,090	74,995
UK	41,491	54,217	59,920	48,471	40,471	149,291	148,862
Caribbean	65,163	50,068	40,102	52,194	67,091	152,565	159,387
Other Countries	26,830	32,049	37,251	26,158	26,939	91,043	90,348
Excursionists \1	29,719	28,787	41,280	30,639	32,186	95,811	104,105
Cruise Ship Passengers \2	196,047	809,879	1,282,059	409,573	241,767	1,658,670	1,933,399
Yacht Passengers \4	17,650	33,783	56,997	26,393	17,002	107,677	100,392
Number of Cruise Ship Calls \3	79	554	922	190	106	1,097	1,218
Total Visitor Expenditure (EC$M)	**740.93**	**910.67**	**1,150.78**	**813.99**	**734.62**	**2,637.49**	**2,699.39**

Sources: ECCU Central Statistics Offices and Eastern Caribbean Central Bank

1 Excursionists include Sea Arrivals for Saint Lucia and excludes Antigua and Barbuda.

2 Cruise ship passengers exclude Anguilla but includes Antigua and Barbuda.

3 Cruise ship calls exclude Anguilla and St Vincent and the Grenadines.

4 Yacht passengers include St Kitts and Nevis and St Vincent and the Grenadines.

Data as at 12 November 2015

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

	2,014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015 3rd Qr
Net Foreign Assets	4,283.95	4,435.71	4,554.29	4,960.27	5,703.33	5,961.89	5,927.28
Central Bank (net)	3,509.25	3,624.93	3,719.34	3,804.49	3,945.03	4,119.79	4,080.91
External Assets	3,515.32	3,627.77	3,722.46	3,810.30	3,947.00	4,123.32	4,082.94
External Liabilities	(6.07)	(2.84)	(3.12)	(5.81)	(1.97)	(3.53)	(2.02)
Commercial Banks (net)	774.70	810.79	834.95	1,155.78	1,758.30	1,842.10	1,846.37
External Assets	4,562.45	4,615.39	4,710.59	4,940.18	5,633.14	5,606.02	5,616.72
External Liabilities	(3,787.75)	(3,804.60)	(3,875.65)	(3,784.40)	(3,874.83)	(3,763.92)	(3,770.35)
Net Domestic Assets	10,587.88	10,501.24	10,224.63	10,165.47	9,930.01	9,750.34	9,646.45
Domestic Credit	12,657.22	12,603.86	12,309.83	12,088.16	11,823.14	11,637.22	11,555.58
Central Government (net)	1,490.42	1,557.51	1,724.02	1,605.30	1,525.86	1,551.20	1,576.18
Other Public Sector (net)	(1,660.33)	(1,746.48)	(1,973.39)	(1,893.77)	(1,956.93)	(2,048.62)	(2,077.42)
Private Sector	12,827.14	12,792.83	12,559.19	12,376.63	12,254.20	12,134.65	12,056.81
Households	6,701.02	6,729.09	6,725.05	6,874.74	6,812.84	6,851.80	6,827.05
Business	5,704.12	5,651.70	5,489.62	5,166.43	5,111.54	4,937.70	4,895.79
Non-Bank Financial Institutions	261.00	256.76	188.48	178.16	177.29	191.55	178.94
Subsidiaries & Affiliates	161.00	155.28	156.06	157.30	152.54	153.60	155.03
Other Items (Net)	(2,069.34)	(2,102.62)	(2,085.20)	(1,922.68)	(1,893.13)	(1,886.88)	(1,909.13)
Monetary Liabilities (M2)	14,871.83	14,936.96	14,778.91	15,125.74	15,633.34	15,712.24	15,573.73
Money Supply (M1)	3,229.88	3,149.68	3,057.09	3,253.35	3,400.32	3,434.19	3,325.75
Currency with the Public	653.69	644.67	640.77	715.80	689.14	681.25	679.15
Demand Deposits	2,504.14	2,439.74	2,339.85	2,456.96	2,625.23	2,662.87	2,576.16
EC$ Cheques and Drafts Issued	72.05	65.27	76.47	80.59	85.95	90.07	70.44
Quasi Money	11,641.95	11,787.28	11,721.82	11,872.39	12,233.02	12,278.05	12,247.98
Savings Deposits	6,551.44	6,681.18	6,705.66	6,787.27	6,908.68	6,963.93	6,943.72
Time Deposits	2,896.74	2,786.65	2,738.01	2,731.55	2,778.35	2,773.71	2,730.49
Foreign Currency Deposits	2,193.77	2,319.45	2,278.15	2,353.57	2,545.98	2,540.41	2,573.77

Source: Eastern Caribbean Central Bank

Data as at 16 November 2015

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

	2014 3rd Qr	2014 4th Qr	2015R 1st Qr	2015R 2nd Qr	2015P 3rd Qr	2014 Jan - Sept	2015 Jan - Sept
Current Revenue	961.35	1,130.65	1,114.99	1,015.85	1,041.09	2,969.81	3,171.93
Tax Revenue	824.35	871.03	910.36	890.54	844.53	2,490.45	2,645.42
Taxes on Income and Profits \1	168.75	179.71	209.94	199.68	176.87	521.51	586.50
Of which:							
Personal /1	82.72	81.19	97.17	90.52	84.85	263.38	272.54
Company/Corporation /2	68.14	64.74	85.58	77.10	74.99	192.30	237.67
Taxes on Property	20.67	16.74	21.60	32.93	19.57	67.32	74.10
Taxes on Domestic Goods and Services	394.21	404.10	431.28	398.42	393.34	1,199.68	1,223.05
Of which:							
Accommodation Tax	3.98	3.15	8.42	6.43	2.69	15.83	17.54
Licences	19.07	29.98	35.37	23.14	27.95	95.87	86.47
Sales Tax \3	50.88	52.26	63.63	60.15	51.21	176.94	174.99
Value Added Tax \5	230.50	240.24	248.82	235.23	227.80	685.80	711.85
Consumption Tax \4	0.01	0.30	0.00	0.01	0.04	0.07	0.05
Stamp Duties	32.27	38.52	32.45	29.93	30.52	100.25	92.90
Taxes on International Trade and Transactions	240.72	270.47	247.53	259.50	254.74	701.93	761.77
Of which:							
Import Duties	105.05	131.79	104.16	113.83	110.71	314.90	328.69
Consumption Tax \6	11.99	12.74	15.72	22.03	15.94	39.32	53.69
Customs Service Charge	54.26	59.28	50.39	54.01	57.64	151.63	162.03
Non-Tax Revenue	137.00	259.62	204.64	125.31	196.56	479.36	526.51
Current Expenditure	964.10	1,043.31	918.58	980.28	1,018.47	2,816.95	2,917.34
Personal Emoluments	409.84	448.68	414.92	430.32	421.65	1,260.24	1,266.90
Goods and Services	188.84	225.76	176.15	171.09	197.86	554.58	545.09
Interest Payments	147.84	112.86	116.38	115.83	129.81	364.57	362.02
Domestic	86.58	72.12	61.19	60.49	70.61	206.77	192.29
External	61.26	40.74	55.19	55.34	59.20	157.80	169.73
Transfers and Subsidies	217.57	256.02	211.13	263.05	269.15	637.56	743.33
Of which: Pensions	71.62	85.88	73.16	74.40	75.29	210.10	222.86
Current Account Balance	(2.74)	87.33	196.41	35.57	22.62	152.85	254.59
Capital Revenue	4.26	28.49	3.96	11.96	7.37	8.55	23.28
Grants	98.82	149.75	97.95	78.71	55.44	294.39	232.10
Of which: Capital Grants	81.61	93.79	74.67	32.35	55.31	56.03	69.77
Capital Expenditure and Net Lending	242.71	276.41	203.97	202.29	207.79	643.54	614.04
Of which: Capital Expenditure	242.37	276.39	198.58	186.73	178.42	642.87	563.73
Primary Balance after grants	5.46	102.02	210.74	39.77	7.44	176.82	257.95
Overall Balance after grants	(142.37)	(10.83)	94.36	(76.06)	(122.37)	(187.75)	(104.07)
Financing	142.37	10.83	(94.36)	76.06	122.37	187.75	104.07
Domestic	(55.36)	27.14	(99.80)	116.32	174.27	(66.52)	190.79
ECCB (net)	(56.36)	(45.16)	33.28	3.99	5.37	(18.51)	42.63
Commercial Banks (net)	194.30	(74.15)	(111.23)	21.64	23.23	157.38	(66.36)
Other	(193.30)	146.45	(21.85)	90.69	145.67	(205.38)	214.52
External	146.20	(33.61)	(7.11)	(41.30)	(121.53)	165.61	(169.94)
Net Disbursements/(Amortisation)	139.58	(23.80)	(9.03)	(113.94)	(124.55)	164.36	(247.52)
Disbursements	219.02	123.50	124.27	55.87	37.72	385.00	217.87
Amortisation	79.44	147.30	133.31	169.82	162.27	220.63	465.39
Change in Government Foreign Assets	6.62	(9.81)	1.92	72.64	3.02	1.25	77.58
Arrears \7	-	-	-	-	-	-	-
Domestic	51.53	17.30	12.56	1.04	69.62	88.65	83.21
External	21.53	18.42	(23.67)	1.40	34.82	(0.44)	12.54

Source: ECCU Ministries of Finance and Eastern Caribbean Central Bank

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

/2 Excludes Anguilla

/3 Includes Antigua and Barbuda and Dominica

/4 Excludes Montserrat

/5 Excludes Anguilla, Antigua and Barbuda, Montserrat

/6 Excludes St Vincent and the Grenadines

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

Data as at 13 November 2015

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

	2014^{R} 3rd Qr	2014^{R} 4th Qr	2015^{R} 1st Qr	2015^{R} 2nd Qr	2015^{P} 3rd Qr
Anguilla	227.18	221.90	212.41	206.19	213.64
Antigua and Barbuda	3,361.82	3,359.46	3,234.19	3,212.56	3,237.87
Dominica	1,075.40	1,080.30	1,082.95	1,092.69	1,088.56
Grenada	2,364.52	2,353.71	2,326.59	2,291.58	2,285.41
Montserrat	6.39	6.26	6.16	6.01	5.89
St Kitts and Nevis	1,833.59	1,726.95	1,691.37	1,674.86	1,677.25
Saint Lucia	2,824.61	2,891.38	2,904.84	2,785.94	2,841.61
St Vincent and the Grenadines	1,569.13	1,576.00	1,505.05	1,503.56	1,522.22
TOTAL ECCU	**13,262.62**	**13,215.95**	**12,963.56**	**12,773.39**	**12,872.44**

Source: Eastern Caribbean Central Bank
* Includes arrears of principal
Data as at 28 December 2015

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

	2014^{R} 3rd Qr	2014^{R} 4th Qr	2015^{R} 1st Qr	2015^{R} 2nd Qr	2015^{P} 3rd Qr
Anguilla	213.90	209.15	200.04	194.35	202.05
Antigua and Barbuda	2,811.72	2,813.62	2,693.32	2,685.66	2,710.69
Dominica	910.15	917.22	904.61	918.39	922.59
Grenada	2,186.89	2,179.03	2,153.06	2,131.09	2,128.17
Montserrat	1.47	1.44	1.43	1.38	1.35
St Kitts and Nevis	1,529.92	1,482.43	1,449.84	1,435.11	1,437.93
Saint Lucia	2,656.54	2,728.52	2,742.37	2,627.97	2,688.07
St Vincent and the Grenadines	1,335.60	1,350.81	1,281.96	1,280.19	1,287.54
TOTAL ECCU	**11,646.20**	**11,682.22**	**11,426.64**	**11,274.14**	**11,378.39**

Source: Eastern Caribbean Central Bank
Data as at 28 December 2015

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

	2014^{R} 3rd Qr	2014^{R} 4th Qr	2015^{R} 1st Qr	2015^{R} 2nd Qr	2015^{P} 3rd Qr
Anguilla	3.99	4.18	3.85	3.70	3.71
Antigua and Barbuda	81.67	46.70	93.35	148.69	103.77
Dominica	13.84	11.28	13.90	11.48	14.67
Grenada	88.72	38.37	56.52	29.59	50.27
Montserrat	0.04	0.04	0.04	0.04	0.04
St Kitts and Nevis	81.52	94.99	41.43	40.62	78.22
Saint Lucia	54.78	80.52	125.97	160.80	121.91
St Vincent and the Grenadines	32.68	32.94	32.11	37.72	29.18
TOTAL ECCU	**357.24**	**309.03**	**367.16**	**432.63**	**401.76**

Source: Eastern Caribbean Central Bank
Data as at 28 December 2015

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

	2014^{R} 3rd Qr	2014^{R} 4th Qr	2015^{R} 1st Qr	2015^{R} 2nd Qr	2015^{P} 3rd Qr
Total Bid Amount	472.20	400.10	272.10	356.70	375.80
Total Offer Amount	354.00	301.00	182.00	202.00	252.00

Source: Eastern Caribbean Central Bank
Data as at 12 November 2015

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

	2014^{R} 3rd Qr	2014^{R} 4th Qr	2015^{R} 1st Qr	2015^{R} 2nd Qr	2015^{P} 3rd Qr
91-day Treasury Bills	2.88	4.28	3.58	2.67	2.47
180-day Treasury Bills	4.95	5.80	3.75	4.68	2.62
365-day Treasury Bills	6.00	6.23	6.50	*	5.19
2-year Bond	4.50	*	*	*	4.95
3-year Bond	5.25	*	*	*	*
4-year Bond	*	*	*	*	*
5-year Bond	6.46	*	7.00	*	*
6-year Bond	*	*	*	*	*
7-year Bond	7.00	*	*	*	*
8-year Bond	*	*	*	*	*
10-year Bond	*	7.50	*	*	*
15-year Bond	7.95	*	*	*	*

Source: Eastern Caribbean Central Bank
Data as at 12 November 2015

Table 9

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

	2014^{R} 3rd Qr	2014^{R} 4tn Qr	2015^{R} 1st Qr	2015^{R} 2nd Qr	2015^{P} 3rd Qr
Volume	7.57	2.04	0.39	0.18	0.11
Value	7.80	2.04	0.38	0.19	0.11

Source: Eastern Caribbean Securities Exchange
Data as at 12 November 2015

Table 10
Anguilla - Selected Tourism Statistics

	2014 3Qr	2014 4Qr	2015 1 Qr	2015 2Qr	2015 3Qr	2014 Jan - Sept	2015 Jan - Sept
Total Visitors	38,264	41,685	58,702	45,858	41,788	135,095	146,348
Stay-Over Visitors	13,543	16,958	22,836	18,519	14,759	53,969	56,114
Of which:							
USA	6,674	11,207	16,144	12,641	7,371	34,239	36,156
Canada	530	772	1,546	604	437	2,937	2,587
UK	611	767	834	565	666	1,983	2,065
Caribbean	4,096	2,524	2,205	3,042	4,443	8,921	9,690
Other Countries	1,632	1,688	2,107	1,667	1,842	5,889	5,616
Excursionists	24,721	24,727	35,866	27,339	27,029	81,126	90,234
Total Visitor Expenditure (EC$M)	**71.10**	**84.03**	**112.44**	**79.45**	**74.05**	**261.79**	**265.93**

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism
Data as at 12 November 2015

Table 11
Anguilla - Consumer Price Index
March 2010 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
		Index	2014	2014	2015	2015	2015	Sep-14	Sep-15
	Weight	Sep 2015	3Qr	4Qr	1 Qr	2Qr	3Qr	Dec-13	Dec-14
All Items	100.0	159.80	(0.86)	0.20	(0.35)	(0.26)	0.11	(1.12)	(0.50)
Food & Non-Alchoholic Beverages	12.8	112.47	(1.78)	2.03	(1.62)	0.34	0.10	(1.10)	(1.19)
Alchoholic Beverages, Tobacco & Narcotics	2.3	119.23	-	(0.28)	(0.88)	2.28	(1.40)	0.32	(0.04)
Clothing & Footwear	3.3	103.32	(6.36)	0.29	(0.03)	(0.97)	(1.62)	(7.00)	(2.60)
Housing, Utilities, Gas & Fuels	25.6	97.28	(0.97)	0.84	(1.24)	0.05	(0.52)	(0.85)	(1.71)
Household Furnishings, Supplies & Maintenance	4.0	107.49	(0.26)	(0.05)	(0.17)	0.51	(1.47)	(3.66)	(1.13)
Health	2.3	115.95	6.46	1.31	(0.22)	0.11	(1.02)	4.20	(1.13)
Transport	16.0	117.09	(0.93)	(1.65)	0.50	0.09	(0.09)	(2.53)	0.50
Communication	13.4	104.27	(1.33)	0.57	1.31	(3.09)	3.27	(1.61)	1.39
Recreation & Culture	3.8	93.82	0.31	(2.75)	(1.50)	1.62	(0.15)	1.21	(0.05)
Education	5.9	121.84	-	-	-	-	-	0.00	0.00
Hotels & Restaurants	4.0	103.94	54.34	1.36	0.74	(0.71)	(0.50)	54.48	(0.48)
Miscellaneous	6.5	101.93	0.50	(0.60)	(0.28)	0.29	0.13	1.44	0.13

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism
*at end of period
Data as at 12 November 2015

Table 12
Anguilla - External Trade
(EC$M)

	2014 3Qr	2014 4Qr	2015 1 Qr	2015 2Qr	2015 3Qr	2015 Jan - Sept	2015 Jan - Sept
Total Exports	1.00	0.96	0.99	1.03	1.05	4.13	3.07
Total Imports	104.25	106.55	103.99	102.77	99.93	302.88	306.69
Trade Balance	(103.25)	(105.59)	(103.00)	(101.74)	(98.88)	(298.75)	(303.62)

Source: ECCB Estimates
Data as at 12 November 2015

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

	2014 3Qr	2014 4Qr	2015 1 Qr	2015 2Qr	2015 3Qr	2014 Jan - Sept	2015 Jan - Sept
Current Revenue	46.57	46.28	54.85	48.88	42.11	141.76	145.83
Tax Revenue	39.95	35.72	47.59	42.03	36.18	120.60	125.80
Taxes on Income and Profits	3.18	3.33	3.82	3.48	3.07	9.88	10.37
Of which: Stabilisation Levy	3.18	3.33	3.82	3.48	3.07	9.88	10.37
Taxes on Property	0.56	1.12	1.76	1.18	0.87	3.34	3.81
Taxes on Domestic Goods and Services	18.77	8.78	21.26	16.55	12.32	49.42	50.14
Of which:							
Licenses	2.54	1.53	5.70	2.91	2.54	10.79	11.16
Accommodation Tax	3.19	1.97	8.03	6.10	2.31	14.14	16.44
Stamp Duties	1.55	2.85	4.46	2.60	2.05	10.13	9.10
Taxes on International Trade and Transactions	17.43	22.48	20.74	20.82	19.92	57.95	61.48
Of which:							
Import Duty	13.87	17.19	15.76	15.95	15.04	44.61	46.75
Customs Surcharge	3.65	4.90	4.25	4.36	4.16	11.58	12.77
Embarkation Tax	(0.24)	0.11	0.58	0.29	0.44	1.08	1.32
Non-Tax Revenue	6.62	10.56	7.26	6.85	5.93	21.16	20.03
Current Expenditure	45.71	45.95	42.59	45.35	49.01	132.22	136.94
Personal Emoluments	20.53	20.58	20.13	20.90	20.79	60.57	61.83
Good and Services	11.01	11.35	9.34	10.16	10.79	30.85	30.29
Interest Payments	2.33	2.44	2.23	2.09	2.08	6.95	6.39
Domestic	0.73	0.87	0.68	0.55	0.54	2.22	1.78
External	1.60	1.57	1.55	1.53	1.53	4.73	4.61
Transfers and Subsidies	11.85	11.58	10.89	12.20	15.35	33.84	38.44
Of which: Pensions	2.06	2.09	2.19	2.54	2.35	5.86	7.08
Current Account Balance	0.86	0.32	12.26	3.53	(6.90)	9.55	8.89
Capital Revenue	-	-	-	-	-	-	-
Grants	0.09	14.73	0.02	1.25	1.49	-	-
Of which: Capital Grants	0.09	14.73	0.02	1.25	1.49	0.09	2.76
Capital Expenditure and Net Lending	0.51	1.58	0.32	1.74	2.49	1.85	4.55
Of which: Capital Expenditure	0.51	1.58	0.32	1.74	2.49	1.85	4.55
Primary Balance before grants	2.68	1.18	14.17	3.88	(7.31)	14.65	10.74
Primary Balance after grants	2.77	15.91	14.19	5.13	(5.82)	14.74	13.50
Overall Balance before grants	0.35	(1.25)	11.94	1.79	(9.39)	7.69	4.34
Overall Balance after grants	0.44	13.48	11.96	3.04	(7.90)	7.78	7.10
Financing	(0.44)	(13.48)	(11.96)	(3.04)	7.90	(7.78)	(7.10)
Domestic	0.21	(11.55)	(12.04)	(2.70)	8.14	(8.70)	(6.61)
ECCB (net)	2.96	(2.36)	2.61	(3.69)	0.75	2.32	(0.32)
Commercial Banks (net)	(3.33)	(4.79)	(15.04)	4.88	9.02	(3.74)	(1.14)
Other	0.59	(4.41)	0.38	(3.90)	(1.64)	(7.28)	(5.15)
External	(0.28)	(0.35)	(0.23)	(0.22)	(0.25)	(0.77)	(0.70)
Net Disbursements/(Amortisation)	(0.28)	(0.35)	(0.23)	(0.22)	(0.25)	(0.77)	(0.70)
Disbursements	-	-	-	-	-	-	-
Amortisation	0.28	0.35	0.23	0.22	0.25	0.77	0.70
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	(0.38)	(1.57)	0.31	(0.11)	0.01	1.69	0.20
Domestic	(0.38)	(1.57)	0.31	(0.11)	0.01	1.69	0.20
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Treasury Department, Anguilla and the Eastern Caribbean Central Bank
Data as at 12 November 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015 3rd Qr
Net Foreign Assets	**259.60**	**232.73**	**263.46**	**329.06**	**340.77**	**307.22**
Central Bank (Net)	**108.41**	**113.38**	**127.66**	**137.15**	**135.50**	**120.40**
Commercial Banks (Net)	**151.19**	**119.35**	**135.80**	**191.91**	**205.27**	**186.82**
External (Net)	76.29	53.56	31.26	84.34	70.81	40.10
Assets	214.85	219.14	182.71	251.21	231.05	205.07
Liabilities	138.56	165.57	151.45	166.87	160.24	164.97
Other ECCB Territories (Net)	74.90	65.79	104.54	107.57	134.46	146.72
Assets	157.38	157.95	157.56	169.97	187.92	187.59
Liabilities	82.47	92.16	53.02	62.40	53.46	40.87
Net Domestic Assets	**780.42**	**795.51**	**776.88**	**733.59**	**758.41**	**741.18**
Domestic Credit	**1,006.88**	**1,003.47**	**983.29**	**939.12**	**936.36**	**929.26**
Central Government (Net)	(66.99)	(67.37)	(74.52)	(86.94)	(85.75)	(75.97)
Other Public Sector (Net)	(213.96)	(216.79)	(210.23)	(219.36)	(211.20)	(225.76)
Private Sector	1,287.83	1,287.63	1,268.04	1,245.42	1,233.31	1,230.99
Household	540.53	536.98	521.37	510.05	531.81	518.39
Business	724.30	727.84	724.74	713.63	679.73	690.86
Non-Bank Financial Institutions	5.20	5.01	4.13	3.95	3.97	3.94
Subsidiaries & Affiliates	17.80	17.80	17.80	17.80	17.80	17.80
Other Items (Net)	**(226.46)**	**(207.96)**	**(206.42)**	**(205.53)**	**(177.95)**	**(188.08)**
Monetary Liabilities (M2)	**1,040.02**	**1,028.24**	**1,040.34**	**1,062.65**	**1,099.18**	**1,048.40**
Money Supply (M1)	**43.85**	**48.56**	**51.51**	**50.95**	**59.51**	**51.15**
Currency with the Public	12.20	11.91	12.31	12.59	14.17	16.22
Demand Deposits	31.05	35.97	38.35	37.79	40.27	34.46
EC$ Cheques and Drafts Issued	0.60	0.69	0.85	0.57	5.07	0.47
Quasi Money	**996.17**	**979.68**	**988.84**	**1,011.70**	**1,039.67**	**997.25**
Savings Deposits	112.32	114.08	121.66	122.62	126.84	132.25
Time Deposits	129.84	130.68	134.50	134.15	139.46	128.14
Foreign Currency Deposits	754.02	734.92	732.68	754.92	773.37	736.86

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

Table 15

Antigua and Barbuda - Selected Tourism Statistics

	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015P 3rd Qr	2014 Jan - Sept	2015 Jan - Sept
Total Visitors	89,666	233,068	405,670	139,989	93,948	566,593	639,607
Stay-Over Visitors	49,810	61,189	74,493	58,922	49,146	188,127	182,561
Of which:							
USA	19,365	21,723	28,398	24,037	19,531	73,609	71,966
Canada	3,171	6,102	10,879	4,322	2,457	21,599	17,658
Europe	16,263	23,829	26,532	21,122	16,817	63,474	64,471
UK	12,625	19,662	21,925	18,215	13,350	51,531	53,490
Germany	156	904	1,180	458	164	1,761	1,802
Switzerland	116	389	418	248	117	745	783
Italy	2,866	1,708	1,535	1,381	2,575	6,268	5,491
France	290	529	668	343	376	1,637	1,387
Other Europe	210	637	806	477	235	1,532	1,518
Caribbean	8,732	6,555	5,340	6,726	8,026	21,082	20,092
South America	238	341	345	381	499	815	1,225
Other Countries	2,041	2,639	2,999	2,334	1,816	7,548	7,149
Cruise Ship Passengers	39,051	164,831	319,981	77,472	43,867	360,518	441,320
Number of Cruise Ship Calls	19	107	181	32	17	208	230
Yacht Passengers	805	7,048	11,196	3,595	935	17,948	15,726
Number of Yacht Calls	185	789	1,868	948	182	2,956	2,998
Total Visitor Expenditure (EC$M)	**161.99**	**215.38**	**274.48**	**197.28**	**160.41**	**646.49**	**632.16**

Source: Ministry of Tourism, Antigua and Barbuda

Data as at 12 November 2015

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

			Percentage Change*						
	Weight	Index Sep-15	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015P 3rd Qr	Sep-14 Dec-13	Sep-15 Dec-14
All Items	100.00	134.82	0.40	0.58	0.04	(0.38)	0.64	0.75	0.31
Food	21.42	156.87	(0.35)	2.13	0.74	(0.31)	0.22	(0.93)	0.65
Alcoholic Beverages and Tobacco	0.16	141.03	(2.16)	0.75	0.66	0.23	0.11	0.97	1.00
Housing	21.83	109.12	0.00	0.00	(0.51)	0.00	0.00	0.00	(0.51)
Fuel and Light	6.39	131.73	(3.29)	(2.55)	(4.36)	(8.20)	0.00	(0.84)	(12.20)
Clothing and Footwear	11.06	102.98	3.24	0.54	1.02	(0.29)	0.39	4.25	1.12
Household Furnishings and Supplies	12.60	142.80	0.73	0.01	1.58	0.07	1.62	0.12	3.30
Transport and Communications	15.35	137.96	1.48	1.05	(1.20)	0.26	(0.04)	1.88	(0.98)
Medical Care and Expenses	2.76	143.19	1.11	4.61	(1.43)	3.27	0.00	0.11	1.80
Education	2.34	217.57	4.57	0.00	0.00	0.00	7.86	4.57	7.86
Personal Services	4.30	160.65	(0.75)	(1.91)	4.28	2.90	0.84	4.77	8.20
Miscellaneous	1.79	125.13	(0.02)	(0.08)	(0.25)	(0.06)	1.16	0.03	0.85

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda
*at end of period
Data as at 12 November 2015

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

	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015P 3rd Qr	2014 Jan - Sept	2015 Jan - Sept
Visible Trade Balance	(353.75)	(349.44)	(326.24)	(287.05)	(308.87)	(1077.97)	(922.16)
Total Exports	13.68	12.22	13.45	34.97	12.95	50.10	61.37
Total Imports	367.44	361.66	339.69	322.02	321.82	1128.07	983.53

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda
Data as at 12 November 2015

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

	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015P 3rd Qr	2014 Jan - Sept	2015 Jan - Sept
Current Revenue	148.07	193.66	193.92	190.61	167.73	470.75	552.26
Tax Revenue	131.81	140.45	159.57	163.59	135.50	430.67	458.67
Taxes on Income and Profits	15.91	16.03	23.83	25.46	18.38	56.52	67.68
Of which:							
Personal Income	8.53	7.49	11.13	9.01	8.71	29.51	28.85
Corporation	7.37	8.54	12.70	16.45	9.67	27.01	38.82
Taxes on Property	7.18	2.01	5.73	9.65	1.67	19.84	17.04
Taxes on Domestic Goods and Services	61.49	65.27	71.46	68.84	63.05	202.98	203.34
Of which:							
Stamp Duties	8.67	10.61	5.87	7.51	10.11	19.99	23.50
Antigua and Barbuda Sales Tax	50.86	52.25	63.60	60.14	51.20	176.69	174.95
Taxes on International Trade and Transactions	47.24	57.14	58.56	59.64	52.40	151.32	170.61
Of which:							
Import Duty	17.63	23.21	20.26	19.60	18.09	55.86	57.95
Consumption Tax	9.17	9.03	13.20	19.17	13.04	30.96	45.41
Passenger Facility Charge	-	-	-	-	-	-	-
Revenue Recovery Charge	16.88	21.66	18.21	17.57	17.41	54.30	53.19
Embarkation Tax							
Non-Tax Revenue	16.26	53.21	34.35	27.01	32.23	40.08	93.59
Current Expenditure	180.67	206.61	165.79	183.89	224.14	511.71	573.82
Personal Emoluments	71.03	87.00	73.18	75.36	78.94	220.61	227.48
Other Goods and Services	29.84	33.84	20.10	21.07	33.45	90.91	74.63
Interest Payments	32.00	18.77	26.96	25.96	38.12	70.11	91.03
Domestic	21.38	11.62	21.54	13.58	30.37	46.12	65.49
External	10.63	7.15	5.42	12.37	7.75	23.99	25.54
Transfers and Subsidies	47.80	67.00	45.55	61.50	73.63	130.09	180.68
Of which: Pensions	15.61	18.33	15.11	17.13	16.04	42.25	48.27
Current Account Balance	(32.60)	(12.95)	28.13	6.72	(56.41)	(40.97)	(21.56)
Capital Revenue	0.69	0.26	0.69	0.17	0.38	1.13	1.23
Grants	13.79	0.00	0.38	0.00	3.05	13.79	3.43
Of which:							
Capital Grants	13.79	0.00	0.38	0.00	3.05	13.79	3.43
Debt Forgiveness	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Expenditure and Net Lending	24.46	13.18	3.20	15.71	5.51	41.92	24.42
Of which: Capital Expenditure	24.46	13.18	3.20	15.71	5.51	41.92	24.42
Primary Balance after grants	(10.58)	(7.10)	52.96	17.13	(20.37)	2.14	49.72
Overall Balance after grants	(42.58)	(25.87)	26.00	(8.83)	(58.49)	(67.97)	(41.32)
Financing	42.58	25.87	(26.00)	8.83	58.49	67.97	41.32
Domestic	43.81	47.06	(32.19)	14.48	31.00	81.77	13.30
ECCB (net)	(2.27)	(0.13)	(1.22)	(10.84)	(5.54)	0.88	(17.60)
Commercial Banks (net)	(8.29)	10.00	(9.59)	(17.64)	2.20	(18.89)	(25.03)
Other	54.37	37.20	(21.38)	42.96	34.34	99.78	55.92
External	(13.35)	(19.55)	(25.07)	0.34	(13.19)	(60.62)	(37.92)
Net Disbursements/(Amortisation)	(19.99)	(17.93)	(24.90)	0.36	(16.20)	(62.66)	(40.74)
Disbursements	13.93	0.79	0.11	28.27	1.25	16.17	29.63
Amortisation	33.91	18.71	25.01	27.91	17.45	78.83	70.37
Change in Government Foreign Assets	6.64	(1.62)	(0.17)	(0.02)	3.01	2.04	2.82
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arrears	12.12	(1.65)	31.26	(6.00)	40.69	46.82	65.95
Domestic	5.88	0.08	19.16	(4.77)	27.08	6.28	41.47
External	6.24	(1.73)	12.10	(1.23)	13.61	40.54	24.48
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 12 November 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015 3rd Qr
Net Foreign Assets	**770.05**	**715.67**	**883.06**	**1,018.92**	**1,113.25**	**1,154.71**
Central Bank (Net)	**733.23**	**718.62**	**801.47**	**749.42**	**892.42**	**985.27**
Commercial Banks (Net)	**36.82**	**(2.95)**	**81.59**	**269.51**	**220.83**	**169.44**
External (Net)	(220.72)	(285.87)	(265.85)	(40.60)	(15.41)	20.79
Assets	638.00	602.10	540.00	726.27	768.17	751.60
Liabilities	858.72	887.97	805.84	766.86	783.57	730.81
Other ECCB Territories (Net)	257.54	282.91	347.44	310.10	236.23	148.65
Assets	1,378.52	1,409.69	1,418.89	1,445.59	1,411.92	1,368.87
Liabilities	1,120.98	1,126.77	1,071.45	1,135.49	1,175.69	1,220.22
Net Domestic Assets	**2,273.79**	**2,237.83**	**2,128.72**	**2,109.78**	**2,041.90**	**1,961.11**
Domestic Credit	**2,640.03**	**2,614.20**	**2,610.89**	**2,568.75**	**2,496.25**	**2,481.68**
Central Government (Net)	516.35	505.78	515.65	504.84	476.37	473.02
Other Public Sector (Net)	(93.77)	(75.71)	(56.38)	(52.40)	(74.25)	(65.36)
Private Sector	2,217.46	2,184.13	2,151.63	2,116.31	2,094.13	2,074.01
Household	1,238.10	1,239.33	1,238.91	1,219.45	1,217.22	1,218.12
Business	906.98	878.61	846.94	831.57	812.10	798.10
Non-Bank Financial Institutions	27.41	21.69	21.78	21.66	21.66	14.95
Subsidiaries & Affiliates	44.97	44.49	44.01	43.63	43.15	42.85
Other Items (Net)	**(366.24)**	**(376.37)**	**(482.17)**	**(458.98)**	**(454.35)**	**(520.57)**
Monetary Liabilities (M2)	**3,043.84**	**2,953.49**	**3,011.78**	**3,128.70**	**3,155.15**	**3,115.83**
Money Supply (M1)	**646.63**	**634.27**	**632.21**	**669.02**	**691.08**	**655.63**
Currency with the Public	135.19	133.78	149.23	146.76	143.24	141.04
Demand Deposits	487.52	471.27	450.67	499.60	506.99	485.98
EC$ Cheques and Drafts Issued	23.92	29.22	32.32	22.66	40.85	28.62
Quasi Money	**2,397.22**	**2,319.22**	**2,379.57**	**2,459.67**	**2,464.07**	**2,460.20**
Savings Deposits	1,285.24	1,291.97	1,310.85	1,356.24	1,376.74	1,378.07
Time Deposits	829.49	820.13	824.34	821.54	792.79	785.70
Foreign Currency Deposits	282.49	207.12	244.38	281.89	294.54	296.43

Source: Eastern Caribbean Central Bank
Data Available as at 13 November 2015

Table 20
Dominica - Selected Tourism Statistics

	2014 3rd Qr	2014 4th Qr	2015R 1st Qr	2015R 2nd Qr	2015P 3rd Qr	2014 Jan - Sep	2015 Jan - Sep
Total Visitors	23,061	121,337	175,886	50,618	22,286	261,225	248,790
Stay-Over Visitors	21,085	22,110	20,753	18,393	20,353	59,775	59,499
USA	3,695	3,932	4,162	3,638	3,320	11,921	11,120
Canada	474	750	976	531	428	1,832	1,935
UK	1,293	1,353	1,452	985	1,244	3,513	3,681
Caribbean	12,425	11,966	8,829	9,029	11,923	29,924	29,781
Other Countries	3,198	4,109	5,334	4,210	3,438	12,585	12,982
Excursionists	1,210	247	312	310	679	1,948	1,301
Yacht Passengers	766	2,113	6,186	3,071	1,254	9,796	10,511
Cruise Ship Passengers	-	96,867	148,635	28,844	-	189,706	177,479
Number of Cruise Ship Calls	-	62	117	13	-	137	130
Total Visitor Expenditure (EC$M)	**80.60**	**93.46**	**96.11**	**77.94**	**79.71**	**250.00**	**253.76**

Sources: Discover Dominica Authority and ECCB Estimates
Data as at 12 November 2015

Table 21
Dominica - Consumer Price Index
June 2010 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
	Weight	Index Sep 2015	2014 3rdQr	2014 4thQr	2015R 1st Qr	2015R 2ndQr	2015P 3rdQr	Sep-14 Dec-13	Sep-15 Dec-14
All Items	100.00	102.36	0.01	(1.07)	(0.52)	0.85	(0.37)	1.55	(0.04)
Food and Non-Alcoholic Beverages	18.08	110.66	0.00	1.17	(0.65)	(0.27)	0.44	0.15	(0.48)
Alcoholic Beverages, Tobacco and Narcotics	0.77	99.14	0.55	(0.08)	1.21	0.54	(7.34)	0.87	(5.72)
Clothing and Footwear	5.08	105.63	2.55	(0.15)	(0.15)	-	-	2.97	(0.15)
Housing, Utilities, Gas and Fuels	30.62	96.27	(0.77)	(4.49)	(0.68)	3.05	(0.62)	3.52	1.72
Household Furnishings, Supplies and Maintenance	5.23	106.52	1.36	0.28	(1.02)	0.26	(0.01)	2.43	(0.76)
Health	3.36	100.58	(0.00)	0.65	-	-	(1.46)	-	(1.46)
Transport	20.11	102.30	(0.13)	(0.04)	(0.73)	0.26	(0.95)	0.67	(1.42)
Communication	3.95	100.67	-	-	-	-	0.67	-	0.67
Recreation and Culture	3.74	105.22	1.94	0.32	0.44	0.51	0.51	1.22	1.47
Education	1.33	102.66	0.00	-	-	0.08	-	-	0.08
Hotels and Restaurants	2.88	105.54	0.00	1.64	-	(0.57)	-	(0.56)	(0.57)
Miscellaneous	4.85	102.03	0.06	-	(0.28)	0.23	(1.90)	0.83	(1.95)

Sources: Central Statistical Office, Dominica and ECCB Estimates
*at end of period
Data as at 12 November 2015

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

	2014 3rdQr	2014 4thQr	2015R 1st Qr	2015 2ndQr	2015P 3rdQr	2014 Jan - Sep	2015 Jan - Sep
Visible Trade Balance	(140.84)	(143.83)	(116.87)	(117.46)	(128.30)	(380.71)	(362.62)
Total Imports	164.31	169.60	143.33	139.86	152.13	452.15	435.32
Total Exports	23.47	25.77	26.46	22.40	23.83	71.44	72.70
Re-Exports	1.43	3.57	6.37	1.75	1.31	9.53	9.43
Domestic Exports	22.04	22.20	20.09	20.65	22.53	61.91	63.27
Of which:							
Bananas							
Value	0.27	0.39	0.42	0.37	0.24	1.12	1.03
Volume	177	231	281	335	278	747	895

Source: Central Statistical Office, WINFRESH and ECCB Estimates
Data as at 12 November 2015

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

	2014 3rdQr	2014 4thQr	2015R 1st Qr	2015R 2ndQr	2015P 3rdQr	2014 Jan - Sep	2015 Jan - Sep
Current Revenue	87.38	99.97	87.41	84.58	121.12	275.29	293.10
Tax Revenue	76.31	80.88	81.43	79.09	81.68	234.06	242.20
Taxes on Income and Profits	14.07	12.50	18.31	13.99	13.77	45.65	46.08
Of which:							
Personal	7.76	7.72	9.21	9.30	6.89	26.06	25.40
Company/Corporation	6.91	5.24	9.66	5.12	7.22	21.33	22.00
Taxes on Property	1.58	1.59	1.99	2.53	1.71	5.22	6.23
Taxes on Domestic Goods and Services	45.10	48.40	47.19	45.81	49.29	138.57	142.29
Of which:							
Licences	3.06	3.46	5.02	4.77	6.61	14.50	16.40
Value Added Tax	31.75	34.01	31.58	31.76	32.79	95.08	96.13
Excise Tax	9.80	10.21	10.14	8.72	9.45	27.23	28.32
Taxes on International Trade and Transactions	15.55	18.39	13.95	16.75	16.91	44.62	47.60
Of which:							
Import Duty	8.74	10.69	7.61	9.59	9.47	24.74	26.66
Customs Service Charge	3.77	4.23	3.16	3.81	3.99	10.47	10.96
Environmental Levy	2.17	2.55	2.09	2.41	2.47	6.00	6.97
Non-Tax Revenue	11.08	19.09	5.97	5.49	39.44	41.23	50.91
Current Expenditure	90.41	87.58	83.99	98.63	95.83	263.40	278.44
Personal Emoluments	37.93	38.27	36.73	50.42	38.28	110.16	125.43
Goods and Services [1/]	28.72	26.80	22.99	25.10	31.45	81.11	79.54
Interest Payments	7.12	4.10	5.48	6.04	7.99	20.74	19.51
Domestic	3.66	1.28	1.51	2.06	1.47	9.37	5.04
External	3.46	2.83	3.97	3.97	6.52	11.37	14.46
Transfers and Subsidies	16.64	18.41	18.79	17.07	18.11	51.39	53.97
Of which: Pensions	4.52	4.62	4.68	4.66	4.83	13.50	14.17
Current Account Balance	(3.03)	12.39	3.42	(14.05)	25.29	11.89	14.66
Capital Revenue	0.12	0.03	0.02	0.01	0.04	0.31	0.06
Grants	6.11	12.56	3.84	6.20	0.72	48.19	10.76
Of which: Capital Grants	6.11	12.56	3.84	6.20	0.72	48.19	10.76
Capital Expenditure and Net Lending	12.14	29.97	14.98	40.95	3.70	91.83	59.63
Of which: Capital Expenditure	12.26	30.00	15.04	41.12	3.76	91.75	59.92
Primary Balance after grants	(1.83)	(0.89)	(2.22)	(42.75)	30.33	(10.70)	(14.64)
Overall Balance after grants	(8.95)	(4.99)	(7.70)	(48.78)	22.34	(31.44)	(34.15)
Financing	8.95	4.99	7.70	48.78	(22.34)	31.44	34.15
Domestic	3.11	16.25	(0.64)	41.62	(21.33)	5.78	19.65
ECCB (net)	4.05	(5.02)	(14.90)	8.98	12.78	(3.88)	6.86
Commercial Banks (net)	(16.25)	4.56	17.34	(0.67)	(55.76)	9.80	(39.08)
Other	15.30	16.71	(3.09)	33.31	21.65	(0.14)	51.87
External	3.85	(9.62)	5.84	6.24	(3.07)	30.31	9.02
Net Disbursements (Amortisation)	3.87	(1.43)	3.75	(2.92)	(3.09)	31.10	(2.25)
Disbursements	9.04	2.62	10.12	1.99	3.15	51.42	15.26
Amortisation	5.17	4.05	6.37	4.91	6.24	20.31	17.51
Change in Government Foreign Assets	(0.02)	(8.19)	2.09	9.16	0.01	(0.79)	11.27
Arrears	1.98	(1.64)	2.50	0.92	2.06	(4.65)	5.48
Domestic	1.98	(1.64)	2.50	0.92	2.06	(4.65)	5.48
External	-	-	-	-	-	-	-
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 12 November 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015 3rd Qr
Net Foreign Assets	**608.14**	**604.30**	**611.91**	**628.06**	**635.74**	**665.17**
Central Bank (Net)	**265.44**	**255.55**	**269.79**	**287.49**	**319.24**	**310.33**
Commercial Banks (Net)	**342.70**	**348.74**	**342.13**	**340.58**	**316.50**	**354.85**
External (Net)	70.61	69.96	66.81	61.91	63.10	101.03
Assets	323.21	331.75	331.65	334.36	338.91	375.26
Liabilities	252.60	261.79	264.84	272.45	275.82	274.24
Other ECCB Territories (Net)	272.08	278.78	275.32	278.67	253.41	253.82
Assets	322.72	332.97	333.88	329.35	328.13	337.37
Liabilities	50.63	54.19	58.57	50.68	74.72	83.55
Net Domestic Assets	**639.37**	**620.92**	**637.02**	**647.22**	**647.48**	**621.20**
Domestic Credit	**721.87**	**714.38**	**737.36**	**726.64**	**731.32**	**699.05**
Central Government (Net)	71.61	59.42	58.96	61.41	69.72	26.74
Other Public Sector (Net)	(129.44)	(125.33)	(94.80)	(103.45)	(101.05)	(97.81)
Private Sector	779.71	780.29	773.20	768.67	762.65	770.12
Household	453.82	457.03	456.38	453.65	460.41	463.22
Business	311.66	303.81	297.83	295.77	283.14	286.30
Non-Bank Financial Institutions	7.66	12.89	12.41	12.69	12.53	14.03
Subsidiaries & Affiliates	6.57	6.57	6.57	6.57	6.57	6.57
Other Items (Net)	**(82.50)**	**(93.46)**	**(100.34)**	**(79.42)**	**(83.84)**	**(77.85)**
Monetary Liabilities (M2)	**1,247.51**	**1,225.22**	**1,248.94**	**1,275.28**	**1,283.22**	**1,286.37**
Money Supply (M1)	**226.75**	**217.06**	**234.69**	**245.16**	**239.93**	**246.10**
Currency with the Public	40.47	38.71	46.89	43.63	42.07	42.71
Demand Deposits	184.19	176.25	185.55	196.68	194.20	199.16
EC$ Cheques and Drafts Issued	2.09	2.10	2.25	4.84	3.66	4.22
Quasi Money	**1,020.76**	**1,008.16**	**1,014.25**	**1,030.13**	**1,043.28**	**1,040.27**
Savings Deposits	755.90	759.52	760.39	778.85	801.32	797.21
Time Deposits	230.15	219.34	217.49	216.36	212.68	213.02
Foreign Currency Deposits	34.72	29.29	36.36	34.92	29.29	30.05

Source: Eastern Caribbean Central Bank
Date: 13 November 2015

Table 25

Grenada - Selected Tourism Statistics

	2014 3rd Qr	2014 4th Qr	2015R 1st Qr	2015R 2nd Qr	2015P 3rd Qr	2014 Jan - Sept	2013P Jan - Sept
Total Visitors	42,307	113,695	173,127	55,046	41,512	260,312	269,685
Stay-Over Visitors	35,454	32,737	38,023	31,390	38,281	100,784	107,694
Of which:							
USA	11,764	9,770	12,551	10,010	14,207	31,697	36,768
Canada	2,621	3,333	4,646	2,282	2,379	10,646	9,307
United Kingdom	5,170	5,768	7,018	6,678	5,247	17,711	18,943
Caribbean	7,142	4,789	4,848	5,764	7,387	17,815	17,999
Other Countries	8,757	9,077	8,960	6,656	9,061	22,915	24,677
Excursionists	212	126	223	232	190	1,534	645
Cruise Ship Passengers	6,126	79,941	133,430	22,591	2,516	155,199	158,537
Yacht Passengers	515	891	1,451	833	525	2,795	2,809
Number of Cruise Ship Calls	2	56	98	16	5	100	119
Total Visitor Expenditure (EC$M)	**100.36**	**97.89**	**119.87**	**81.20**	**105.95**	**277.63**	**307.02**

Source: Grenada Board of Tourism

Data as at 12 November 2015

Table 26
Grenada - Consumer Price Index
January 2010 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
	Weight	Index Sep 2015	2014 3rd Qr	2014 4th Qr	2015R 1st Qr	2015R 2nd Qr	2015P 3rd Qr	Sep-14 / Dec-13	Sep-15 / Dec-14
All Items	100.0	107.25	(0.30)	(0.46)	(0.78)	0.33	0.07	(0.17)	(0.39)
Food & Non-Alcoholic Beverages	20.4	117.19	0.57	0.87	0.05	(0.10)	0.10	0.62	0.05
Alcoholic Beverages, Tobacco and Narcotics	1.8	123.99	1.99	(0.43)	(0.58)	0.74	0.16	3.01	0.32
Clothing and Footwear	3.7	99.38	(0.21)	(0.89)	0.16	(1.08)	-	(1.96)	(0.93)
Housing, Utilities, Gas and Fuels	29.1	103.37	(0.37)	(1.01)	(1.52)	0.11	(0.08)	0.08	(1.50)
Household Furnishings, Supplies and Maintenance	4.5	108.69	0.19	0.13	(1.87)	0.07	(0.01)	(0.55)	(1.81)
Health	1.9	131.44	0.88	0.99	0.62	0.67	0.54	1.62	1.84
Transport	18.7	109.10	(2.21)	(1.68)	(1.33)	0.66	0.27	(0.89)	(0.42)
Communication	10.0	90.96	-	-	-	-	-	(1.90)	-
Recreation and Culture	2.7	106.65	0.96	-	(0.69)	-	-	1.31	(0.69)
Education	0.8	122.33	2.14	-	1.13	-	-	2.67	1.13
Hotels and Restaurants	1.8	107.25	-	-	-	-	-	-	-
Miscellaneous	4.6	107.10	0.10	(0.12)	(0.09)	2.78	-	(0.11)	2.69

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada
*at end of period
Data as at 12 November 2015

Table 27
Grenada - Selected Agricultural Production

	Unit	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015P 3rd Qr	2014 Jan - Sept	2015P Jan - Sept
Bananas	(tonnes)	1,138	1,674	1,822	1,496	1,630	3,971	4,947
Cocoa	(tonnes)	13	23	566	109	32	658	708
Nutmeg	(tonnes)	104	61	116	184	161	472	460
Mace	(tonnes)	8	4	8	23	12	55	44

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada
Data as at 12 November 2015

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

	2014 3rdQr	2014 4thQr	2015R 1st Qr	2015R 2ndQr	2015P 3rdQr	2014 Jan - Sept	2015P Jan - Sept
Current Revenue	117.68	128.16	142.30	137.11	139.48	374.16	418.89
Tax Revenue	112.85	123.03	128.16	130.25	130.91	355.13	389.32
Taxes on Income and Profits	22.71	21.80	27.43	24.84	23.35	68.11	75.62
Of which:							
Personal	11.26	11.84	14.36	12.69	12.55	34.04	39.60
Company/Corporation	11.45	9.96	13.07	12.14	10.80	34.06	36.02
Taxes on Property	3.55	3.63	4.97	9.48	5.51	17.72	19.96
Taxes on Domestic Goods and Services	51.20	56.58	60.11	56.56	58.15	166.82	174.83
Of which:							
Value-added Tax	43.11	47.78	48.38	48.57	47.57	128.88	144.52
Stamp Duties	3.11	0.90	1.00	1.04	1.13	4.88	3.17
Licences	2.50	5.64	5.86	3.78	7.02	24.40	16.66
Taxes on International Trade and Transactions	35.39	41.02	35.64	39.38	43.90	102.48	118.92
Of which:							
Import Duty	13.94	17.31	13.70	14.26	15.70	39.25	43.66
Customs Service Charge	11.26	13.05	10.52	11.19	11.82	32.18	33.53
Non-Tax Revenue	4.82	5.13	14.14	6.86	8.57	19.04	29.56
Current Expenditure	126.18	121.22	122.29	102.28	124.25	370.14	348.82
Personal Emoluments	54.94	54.79	54.84	54.20	52.96	187.66	161.99
Goods and Services	16.72	21.28	15.68	16.11	17.58	50.91	49.36
Interest Payments	35.48	13.36	30.19	8.98	32.96	73.42	72.13
Domestic	8.95	9.41	4.97	2.93	7.40	17.55	15.31
External	26.53	3.96	25.21	6.05	25.56	55.87	56.82
Transfers and Subsidies	19.04	31.79	21.59	22.99	20.76	58.15	65.34
Of which: Pensions	7.58	11.20	7.50	7.92	7.65	22.23	23.06
Current Account Balance	(8.50)	6.93	20.01	34.83	15.23	4.02	70.07
Capital Revenue	0.01	0.00	0.08	0.05	0.00	0.09	0.13
Grants	26.44	47.79	20.52	18.00	25.37	52.67	63.89
Of which: Capital Grants	26.44	37.89	20.52	18.00	25.37	52.67	63.89
Capital Expenditure	79.98	65.64	51.22	44.68	52.19	161.05	148.09
Of which: Capital Expenditure	79.98	65.64	51.22	44.68	52.19	161.05	148.09
Primary Balance after grants	(26.54)	2.45	19.56	17.18	21.37	(30.86)	58.12
Overall Balance after grants	(62.02)	(10.91)	(10.62)	8.20	(11.59)	(104.28)	(14.01)
Financing	62.02	10.91	10.62	(8.20)	11.59	104.28	14.01
Domestic	(55.39)	7.30	(24.05)	(3.81)	(15.23)	(33.22)	(43.09)
ECCB (net)	(20.28)	(8.44)	11.76	(7.70)	2.38	(19.04)	6.44
Commercial Banks (net)	(9.33)	(10.12)	(12.34)	8.94	(8.31)	2.70	(11.72)
Other	(25.78)	25.86	(23.47)	(5.05)	(9.30)	(16.87)	(37.82)
External	81.33	1.74	8.91	(5.25)	5.62	75.03	9.27
Net Disbursements/(Amortisation)	81.33	1.74	8.91	(5.25)	5.62	75.03	9.27
Disbursements	90.60	14.85	19.37	9.00	13.72	105.44	42.09
Amortisation	9.27	13.11	10.46	14.25	8.11	30.41	32.82
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	36.08	1.87	25.77	0.87	21.20	62.46	47.83
Domestic	12.31	1.26	1.64	-	-	13.91	1.64
External	23.77	0.61	24.13	0.87	21.20	48.55	46.19
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and the ECCB
Data as at 12 November 2015

Table 29
Grenada - Selected Trade Statistics
(Value: EC$M; Volume: 000 tonnes)

	2014 3rdQr	2014 4thQr	2015R 1st Qr	2015R 2ndQr	2015P 3rdQr	2014 Jan - Sept	2015P Jan - Sept
Visible Trade Balance	(216.02)	(203.63)	(208.90)	(215.36)	(237.20)	(613.41)	(661.46)
Total Imports	236.63	221.96	230.74	241.10	256.03	694.83	727.87
Total Exports	20.61	18.33	21.84	25.74	18.83	81.42	66.42
Re-Exports	1.13	1.01	1.32	2.05	0.95	10.10	4.32
Domestic Exports	19.48	17.33	20.52	23.70	17.88	71.32	62.10
Of Which:							
Bananas							
Volume	0.00	0.00	0.00	0.00	0.00	2.72	0.00
Value	0.00	0.00	0.00	0.00	0.00	0.01	0.00
Nutmeg							
Volume	134.04	150.57	48.84	139.91	163.82	357.83	352.56
Value	4.13	4.89	1.49	3.70	4.29	11.54	9.47
Mace							
Volume	3.72	19.24	14.78	16.85	11.83	22.98	43.46
Value	0.16	0.59	0.45	0.43	0.35	0.86	1.23
Cocoa							
Volume	159.61	0.61	443.28	144.88	73.88	737.23	662.03
Value	1.78	0.01	4.89	1.71	0.87	7.95	7.46
Manufactured Exports							
Value	8.79	8.93	9.54	9.17	9.62	26.96	28.33

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

Data as at 12 November 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015 3rd Qr
Net Foreign Assets	**434.87**	**526.15**	**582.15**	**661.81**	**710.00**	**722.48**
Central Bank (Net)	**363.97**	**418.20**	**427.31**	**427.19**	**442.43**	**449.29**
Commercial Banks (Net)	**70.90**	**107.96**	**154.85**	**234.62**	**267.58**	**273.18**
External (Net)	(167.11)	(137.30)	(144.40)	(82.69)	(43.83)	(39.77)
Assets	314.29	335.53	339.54	400.02	458.53	468.53
Liabilities	481.40	472.83	483.93	482.71	502.36	508.30
Other ECCB Territories (Net)	238.01	245.25	299.24	317.31	311.40	312.96
Assets	278.81	285.90	333.20	350.73	341.23	353.33
Liabilities	40.81	40.64	33.96	33.42	29.83	40.37
Net Domestic Assets	**1,566.57**	**1,491.18**	**1,435.83**	**1,410.81**	**1,372.49**	**1,354.97**
Domestic Credit	**1,635.96**	**1,569.25**	**1,526.92**	**1,491.94**	**1,460.88**	**1,445.28**
Central Government (Net)	65.52	35.91	17.34	16.76	18.00	12.07
Other Public Sector (Net)	(91.68)	(95.07)	(104.29)	(125.15)	(152.32)	(150.53)
Private Sector	1,662.12	1,628.41	1,613.87	1,600.33	1,595.21	1,583.74
Household	1,123.79	1,117.78	1,119.40	1,101.37	1,094.63	1,081.26
Business	528.52	501.14	485.36	490.16	491.50	493.31
Non-Bank Financial Institutions	9.81	9.49	9.11	8.79	9.09	9.17
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(69.39)**	**(78.07)**	**(91.10)**	**(81.13)**	**(88.39)**	**(90.31)**
Monetary Liabilities (M2)	**2,001.44**	**2,017.33**	**2,017.98**	**2,072.62**	**2,082.49**	**2,077.45**
Money Supply (M1)	**429.56**	**448.72**	**466.47**	**508.56**	**511.06**	**512.69**
Currency with the Public	113.02	116.06	124.09	122.29	121.72	120.52
Demand Deposits	308.77	324.27	332.27	377.14	378.33	383.27
EC$ Cheques and Drafts Issued	7.77	8.39	10.11	9.14	11.01	8.89
Quasi Money	**1,571.88**	**1,568.60**	**1,551.51**	**1,564.06**	**1,571.43**	**1,564.76**
Savings Deposits	1,161.10	1,167.51	1,167.94	1,172.28	1,167.25	1,159.22
Time Deposits	304.83	291.25	287.13	286.68	284.96	277.35
Foreign Currency Deposits	105.96	109.85	96.44	105.09	119.23	128.20

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

Table 31
Montserrat - Selected Tourism Statistics

	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015 3rd Qr	2014 Jan-Sep	2015 Jan-Sep
Total Visitors	2,094	3,657	4,622	2,698	2,809	8,677	10,129
Stay-Over Visitors	1,597	3,021	2,272	1,756	1,869	5,783	5,897
Of which:							
USA	328	668	712	432	413	1,373	1,557
Canada	57	217	252	67	44	461	363
UK	378	885	572	425	489	1,279	1,486
Caribbean	788	1,159	594	728	850	2,369	2,172
Other Countries	46	92	142	104	73	301	319
Excursionists	339	431	502	400	528	1,318	1,430
Cruise Ship Passengers	-	-	1,032	-	235	184	1,267
Number of Cruise Ship Calls	-	-	5	-	1	2	6
Yacht Passengers	158	205	816	542	177	1,392	1,535
Number of Yachts	34	32	212	159	38	336	409
Total Visitor Expenditure (EC$M)	**3.54**	**7.20**	**7.10**	**4.32**	**4.25**	**15.00**	**15.66**

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat

Data as at 12 November 2015

Table 32
Montserrat - Consumer Price Index
January 2014 = 100

			Percentage Change*					
			Quarter over Previous Quarter					
	Weight	Index Sep-15	2014 3rd Qr	2014 4thQr	2015 1st Qr	2015 2nd Qr	2015 3rd Qr	Sep-15 Dec-14
All Items	99.91	98.95	(0.62)	(1.02)	(2.44)	(1.78)	(1.05)	(0.03)
Food & Non-Alchoholic Beverages	16.32	98.84	(1.45)	(1.30)	(1.18)	(0.97)	(1.16)	0.14
Alchoholic Beverages, Tobacco & Nar	0.43	99.77	0.38	(0.21)	0.13	0.16	(0.23)	(0.02)
Clothing & Footwear	4.76	97.28	(2.84)	(3.14)	(3.13)	(3.09)	(2.72)	0.43
Housing, Water, Electrcity, Gas and Ot	33.05	100.24	(0.55)	(1.23)	(5.32)	(3.89)	0.24	1.49
Furnishing, household equipment and R	3.48	101.28	0.45	0.89	(0.10)	0.20	1.28	0.39
Health	1.89	105.51	0.00	0.00	3.08	3.58	5.51	5.51
Transport	18.08	93.52	(0.87)	(1.87)	(1.76)	(1.23)	(6.48)	(4.70)
Communication	8.33	100.60	0.47	0.47	(1.11)	(1.11)	0.60	0.13
Recreation & Culture	2.44	98.71	(1.49)	(0.17)	(0.25)	(1.05)	(1.29)	(1.12)
Education	2.85	102.66	0.80	0.80	0.80	0.80	2.66	1.85
Restaurants and Hotels	2.11	100.37	0.00	(0.22)	0.00	0.00	0.37	0.59
Miscellaneous goods and services	6.17	102.57	0.79	0.11	0.44	1.23	2.57	2.46

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat
*at end of period
Data as at 12 November 2015

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

	2014 3rd Qr	2014 4thQr	2015 1st Qr	2015 2nd Qr	2015 3rd Qr	2014 Jan-Sep	2015 Jan-Sep
Visible Trade Balance	(26.11)	(29.29)	(22.34)	(21.60)	(22.31)	(72.89)	(66.25)
Total Imports	28.65	31.72	23.89	23.77	24.46	79.58	72.12
Total Exports	2.54	2.43	1.55	2.17	2.14	6.68	5.87
Total Domestic Exports	1.96	1.53	1.41	1.95	2.04	4.49	5.40
Total Re-Exports	0.58	0.91	0.15	0.22	0.10	2.20	0.46

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and ECCB Estimates
Data as at 12 November 2015

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

	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015 3rd Qr	2014 Jan-Sep	2015 Jan-Sep
Current Revenue	11.19	11.21	12.29	11.60	10.34	34.10	34.23
Tax Revenue	9.60	10.02	10.32	9.56	9.06	30.44	28.94
Taxes on Income and Profits	4.27	3.05	4.27	4.57	3.62	13.65	12.46
Of which:							
Personal	3.16	2.82	3.30	2.77	2.96	9.53	9.02
Company/Corporation	1.04	0.07	0.66	1.62	0.57	3.52	2.85
Taxes on Property	0.03	0.59	0.06	0.02	0.03	0.22	0.10
Taxes on Domestic Goods and Services	0.97	0.92	1.77	0.76	0.96	4.00	3.49
Of which:							
Licences and Stamp Duties	0.65	0.66	1.00	0.52	0.71	2.74	2.23
Hotel Occupancy	0.01	0.01	0.01	0.02	0.00	0.03	0.03
Insurance Company Levy	0.06	0.06	0.04	0.04	0.07	0.16	0.15
Taxes on International Trade and Transactions	4.33	5.46	4.21	4.21	4.46	12.58	12.89
Of which:							
Import Duty	1.33	1.79	1.41	1.37	1.47	4.02	4.26
Consumption Tax	2.73	3.37	2.47	2.54	2.72	7.74	7.73
Customs Service Charge	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-Tax Revenue	1.59	1.19	1.98	2.04	1.28	3.66	5.30
Current Expenditure	25.77	31.55	37.47	23.22	30.02	86.31	90.72
Personal Emoluments	10.19	10.30	10.60	10.22	10.29	32.42	31.11
Goods and Services*	7.73	8.95	15.58	6.07	9.45	20.41	31.10
Interest Payments	0.01	0.01	0.01	0.01	0.01	0.02	0.02
Domestic	0.00	0.00	0.00	0.00	0.00	0.00	0.00
External	0.01	0.01	0.01	0.01	0.01	0.02	0.02
Transfers and Subsidies	7.84	12.29	11.29	6.93	10.27	33.45	28.49
Of which: Pensions	3.63	4.00	3.67	2.61	2.97	11.10	9.25
Current Account Balance before grants	(14.58)	(20.34)	(25.18)	(11.62)	(19.68)	(52.21)	(56.49)
Current Account Balance after grants	1.63	(5.07)	(2.11)	18.65	(19.68)	2.32	(3.15)
Capital Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants	16.21	16.24	47.63	33.19	0.00	88.71	80.82
Of which: Capital Grants	0.00	0.97	24.56	2.92	0.00	34.19	27.48
Capital Expenditure and Net Lending	10.88	6.62	9.94	3.64	5.88	35.58	19.46
Of which: Capital Expenditure	10.88	6.62	9.94	3.64	5.88	35.58	19.46
Primary Balance before grants	(25.45)	(26.95)	(35.12)	(15.26)	(25.55)	(87.76)	(75.93)
Primary Balance after grants	(9.24)	(10.72)	12.51	17.93	(25.55)	0.95	4.89
Overall Balance before grants	(25.46)	(26.96)	(35.13)	(15.27)	(25.56)	(87.79)	(75.95)
Overall Balance after grants	(9.25)	(10.73)	12.50	17.93	(25.56)	0.93	4.87
Financing	9.25	10.73	(12.50)	(17.93)	25.56	(0.93)	(4.87)
Domestic	9.28	10.76	(12.47)	(17.90)	25.59	(0.84)	(4.78)
ECCB (net)	0.10	(14.02)	14.30	(0.35)	(0.04)	0.12	13.90
Commercial Banks (net)	16.67	(2.89)	(12.28)	(14.15)	21.06	20.66	(5.37)
Other	(7.49)	27.67	(14.48)	(3.40)	4.58	(21.62)	(13.31)
External	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.09)	(0.09)
Net Disbursements/(Amortisation)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.09)	(0.09)
Disbursements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation	0.03	0.03	0.03	0.03	0.03	0.09	0.09
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 12 November 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015 3rd Qr
Net Foreign Assets	**283.14**	**271.61**	**288.10**	**290.95**	**308.34**	**284.77**
Central Bank (Net)	**117.70**	**104.35**	**121.77**	**115.21**	**136.24**	**133.35**
Commercial Banks (Net)	**165.43**	**167.26**	**166.33**	**175.74**	**172.10**	**151.42**
External (Net)	88.65	82.25	84.06	95.65	109.35	91.32
Assets	148.29	143.23	147.33	160.51	175.20	158.45
Liabilities	59.64	60.98	63.27	64.85	65.85	67.14
Other ECCB Territories (Net)	76.79	85.01	82.27	80.09	62.74	60.10
Assets	83.70	92.36	90.45	88.68	73.72	74.71
Liabilities	6.91	7.35	8.18	8.59	10.97	14.61
Net Domestic Assets	**(47.66)**	**(34.93)**	**(48.89)**	**(44.86)**	**(61.29)**	**(42.55)**
Domestic Credit	**(4.28)**	**8.90**	**(6.77)**	**(8.36)**	**(19.83)**	**(0.21)**
Central Government (Net)	(52.62)	(35.85)	(52.76)	(50.75)	(65.24)	(44.23)
Other Public Sector (Net)	(16.63)	(22.29)	(21.14)	(24.56)	(22.73)	(25.54)
Private Sector	64.96	67.04	67.13	66.96	68.15	69.56
Household	58.04	59.70	59.70	59.39	60.61	62.04
Business	6.93	7.33	7.43	7.57	7.53	7.52
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)	**(43.38)**	**(43.82)**	**(42.12)**	**(36.50)**	**(41.46)**	**(42.34)**
Monetary Liabilities (M2)	**235.48**	**236.69**	**239.20**	**246.09**	**247.05**	**242.22**
Money Supply (M1)	**58.40**	**43.56**	**45.07**	**49.99**	**46.95**	**43.86**
Currency with the Public	16.61	16.50	18.36	16.37	16.17	17.02
Demand Deposits	41.66	26.89	26.57	33.53	30.48	26.74
EC$ Cheques and Drafts Issued	0.13	0.17	0.15	0.10	0.30	0.11
Quasi Money	**177.08**	**193.12**	**194.13**	**196.11**	**200.10**	**198.36**
Savings Deposits	137.05	139.69	140.47	141.03	144.47	143.28
Time Deposits	33.45	46.14	46.00	46.18	46.54	45.84
Foreign Currency Deposits	6.58	7.29	7.66	8.90	9.09	9.24

Source: Eastern Caribbean Central Bank
Data available as at 13 November 2015

Table 36
St Kitts and Nevis - Selected Tourism Statistics

	2014R 3rd Qr	2014R 4th Qr	2015R 1st Qr	2015R 2nd Qr	2015P 3rd Qr	2014R Jan - Sept	2015P Jan - Sept
Total Visitors	107,676	259,073	378,225	200,499	149,084	557,448	727,808
Stay-Over Visitors	24,245	27,007	36,409	29,801	25,017	85,929	91,227
Of which:							
USA	13,190	15,957	23,132	18,940	13,471	52,550	55,543
Canada	1,319	1,945	4,217	1,640	1,381	6,662	7,238
UK	2,023	2,473	2,980	2,083	2,148	6,663	7,211
Caribbean	6,141	5,112	4,246	5,310	6,400	15,015	15,956
Other Countries	1,572	1,520	1,834	1,828	1,617	5,039	5,279
Excursionists	727	883	1,798	775	612	2,580	3,185
Cruise Ship Passengers	82,157	230,250	337,947	169,082	122,936	464,431	629,965
Yacht Passengers	547	933	2,071	841	519	4,508	3,431
Number of Cruise Ship Calls	27	126	218	59	33	245	310
Total Visitor Expenditure (EC$M)	**60.28**	**72.80**	**95.60**	**68.17**	**55.31**	**222.91**	**219.08**

Source: Statistics Department, Sustainable Development, St Kitts and Central Statistics Office, Nevis and ECCB Estimates
Data as at 12 November 2015

Table 37

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

			Percentage Change*						
			Quarter over Previous Quarter						
	Weight	Index Sept 2014	2014^{R} 3^{rd}Qr	2014^{R} 4^{th}Qr	2015^{R} 1^{st} Qr	2015^{R} 2^{nd}Qr	2015^{P} 3^{rd}Qr	Sep-14 Dec-13	Sep-15 Dec-14
All items	100.00	108.10	0.57	(1.20)	(1.23)	(0.84)	(0.61)	0.63	(2.66)
Food and Non-Alcoholic Beverages	15.98	102.26	(0.05)	(7.67)	0.22	(6.38)	(2.15)	0.95	(8.20)
Alcoholic Beverages, Tobacco & Narcotics	2.71	121.65	1.99	(2.11)	1.39	(0.80)	(0.54)	3.85	0.03
Clothing and Footwear	4.20	109.98	1.17	(0.31)	1.05	0.37	(2.32)	3.18	(0.92)
Housing, Utilities, Gas and Fuels	27.56	103.49	(0.05)	0.01	-	0.03	0.21	0.04	0.24
Household Furnishings, Supplies and Maintenance	6.10	108.50	0.77	(1.46)	2.06	(0.10)	(1.72)	1.21	0.20
Health	2.38	106.25	4.38	-	(2.61)	(0.98)	-	4.38	(3.57)
Transport	16.14	119.75	0.84	2.40	(7.57)	2.05	(0.49)	0.14	(6.14)
Communication	8.47	106.44	-	0.06	1.84	-	(0.02)	-	1.82
Recreation and Culture	2.92	105.60	0.28	(2.09)	-	1.85	0.21	0.68	2.06
Education	2.41	126.97	8.43	-	(4.08)	-	(3.31)	3.06	(7.25)
Hotels and Restaurants	5.60	112.04	0.17	(0.06)	-	(1.18)	0.56	(0.63)	(0.63)
Miscellaneous Goods and Services	5.54	103.47	0.33	(3.86)	(3.60)	(2.05)	0.01	0.40	(5.56)

Source: Statistics Department, Sustainable Development, St Kitts
* at end of period
Data as at 12 November 2015

Table 38
St Kitts and Nevis - Selected Trade Statistics
(Value: EC$M)

	2013 3^{rd}Qr	2013 4^{th}Qr	2013 1^{st} Qr	2014 2^{nd}Qr	2015^{P} 3^{rd}Qr	2013 Jan - Sept	2015^{P} Jan - Sept
Visible Trade Balance	(133.74)	(187.72)	(149.99)	(165.33)	(200.18)	(383.61)	(515.51)
Total Imports	168.12	227.12	190.67	199.62	232.49	497.68	622.78
Total Exports	34.38	39.40	40.68	34.28	32.31	114.08	107.27
Total Domestic Exports	31.25	33.54	37.22	30.16	29.13	102.04	96.51
Total Re-Exports	3.13	5.87	3.46	4.12	3.18	12.03	10.76

Source: Statistics Department, Sustainable Development, St Kitts
Data as at 12 November 2015

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

	2014R 3rdQr	2014R 4thQr	2015R 1st Qr	2015R 2ndQr	2015P 3rdQr	2014R Jan - Sept	2015P Jan - Sept
Current Revenue	203.20	272.54	255.06	177.65	193.34	618.89	626.05
Tax Revenue	127.99	131.17	132.15	124.63	108.29	345.53	365.06
Taxes on Income and Profits	26.36	22.76	33.17	29.50	29.12	72.01	91.79
Of Which:							
Personal	10.90	11.28	11.60	14.04	12.09	32.21	37.73
Company/Corporation	13.95	9.91	19.21	12.55	13.01	34.33	44.77
Taxes on Property	4.76	3.67	4.27	6.92	5.10	13.01	16.29
Taxes on Domestic Goods and Services	58.34	68.85	58.48	54.70	47.01	169.38	160.19
Of Which:							
Licences	1.14	4.17	3.24	1.03	1.44	4.60	5.70
Value Added Tax	40.79	44.20	40.20	36.55	29.35	116.00	106.10
Stamp Duties	10.67	15.72	9.07	10.96	9.88	32.42	29.91
Unincorporated Business Levy	1.44	1.76	1.53	1.59	1.76	4.04	4.88
Island Enhancement Levy	1.12	0.76	1.45	1.43	0.89	3.92	3.78
Taxes on International Trade and Transactions	38.52	35.90	36.23	33.50	27.06	91.13	96.80
Of Which:							
Import Duty	13.47	18.04	11.38	14.59	12.18	39.19	38.15
Customs Service Charge	11.96	11.24	11.51	10.38	8.71	30.30	30.60
Excise Tax	10.71	2.36	9.29	4.56	2.71	14.08	16.56
Non-Refundable Duty Free Store Levy	0.39	1.89	2.02	0.70	0.52	2.52	3.24
Non-Tax Revenue	75.22	141.37	122.91	53.02	85.05	273.36	260.98
Current Expenditure	141.61	203.16	128.68	181.08	155.75	421.84	465.51
Personal Emoluments	60.38	79.61	62.74	63.48	64.42	178.72	190.64
Goods and Services	34.76	57.49	34.60	40.28	37.20	104.19	112.07
Interest Payments	19.24	28.16	9.12	15.28	11.88	49.72	36.28
Domestic	15.51	23.68	5.66	11.78	7.42	38.33	24.86
External	3.72	4.48	3.46	3.50	4.46	11.39	11.42
Transfers and Subsidies	27.23	37.89	22.22	62.05	42.25	89.21	126.51
Of Which: Pensions	7.31	9.89	7.72	7.80	7.95	21.54	23.47
Current Account Balance	61.59	69.39	126.38	(3.43)	37.59	197.04	160.54
Capital Revenue	3.11	28.09	3.02	1.33	1.92	6.23	6.26
Grants	16.43	33.65	7.50	16.76	1.24	35.57	25.50
Of which: Capital Grants	15.44	2.85	7.30	0.66	1.11	34.07	9.07
Capital Expenditure and Net Lending	31.20	48.90	33.66	53.62	58.42	80.74	145.70
Of which: Capital Expenditure	30.73	48.84	28.22	37.88	28.99	80.14	95.09
Primary Balance after grants	69.17	110.38	112.36	(23.69)	(5.80)	207.83	82.88
Overall Balance after grants	49.93	82.22	103.24	(38.96)	(17.68)	158.11	46.60
Financing	(49.93)	(82.22)	(103.24)	38.96	17.68	(158.11)	(46.60)
Domestic	(44.74)	(17.35)	(86.17)	62.96	83.09	(141.08)	59.88
ECCB (net)	0.27	(30.97)	7.01	28.74	42.73	50.79	78.48
Commercial Banks (net)	203.41	(44.02)	(45.19)	7.91	28.92	114.34	(8.36)
Other	(248.41)	57.64	(48.00)	26.31	11.44	(306.22)	(10.25)
External	(5.20)	(64.87)	(17.06)	(23.99)	(65.41)	(17.03)	(106.47)
Net Disbursements/(Amortisation)	(5.20)	(64.87)	(17.06)	(23.99)	(65.41)	(17.03)	(106.47)
Disbursements	1.85	1.44	0.29	0.63	0.72	7.23	1.64
Amortisation	7.05	66.31	17.36	24.63	66.13	24.26	108.11
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, St Kitts and Nevis
Data as at 12 November 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015 3rd Qr
Net Foreign Assets	**2,211.91**	**2,269.31**	**2,363.88**	**2,485.09**	**2,410.12**	**2,314.16**
Central Bank (Net)	**955.12**	**932.76**	**859.71**	**856.61**	**781.16**	**715.99**
Commercial Banks (Net)	**1,256.78**	**1,336.55**	**1,504.17**	**1,628.48**	**1,628.96**	**1,598.17**
External (Net)	1,308.06	1,384.57	1,578.86	1,769.45	1,676.01	1,597.60
Assets	2,122.12	2,215.71	2,434.82	2,743.80	2,624.53	2,570.51
Liabilities	814.06	831.14	855.96	974.35	948.52	972.91
Other ECCB Territories (Net)	(51.28)	(48.02)	(74.69)	(140.97)	(47.05)	0.57
Assets	662.53	734.34	735.16	733.28	839.41	893.23
Liabilities	713.81	782.36	809.85	874.26	886.46	892.66
Net Domestic Assets	**562.47**	**535.00**	**591.25**	**600.81**	**657.40**	**792.55**
Domestic Credit	**1,032.34**	**1,005.63**	**1,012.58**	**946.74**	**982.61**	**1,060.82**
Central Government (Net)	333.51	537.18	462.19	424.02	460.67	532.32
Other Public Sector (Net)	(692.24)	(901.48)	(854.14)	(874.01)	(894.33)	(907.84)
Private Sector	1,391.07	1,369.92	1,404.53	1,396.74	1,416.27	1,436.34
Household	867.71	865.46	866.64	851.29	859.30	861.59
Business	431.43	443.00	479.42	490.17	501.56	517.43
Non-Bank Financial Institutions	50.80	18.82	16.20	15.33	15.32	15.28
Subsidiaries & Affiliates	41.14	42.63	42.28	39.94	40.10	42.05
Other Items (Net)	**(469.87)**	**(470.62)**	**(421.33)**	**(345.93)**	**(325.21)**	**(268.27)**
Monetary Liabilities (M2)	**2,774.38**	**2,804.31**	**2,955.13**	**3,085.90**	**3,067.52**	**3,106.71**
Money Supply (M1)	**558.78**	**520.71**	**582.11**	**599.01**	**608.81**	**624.36**
Currency with the Public	134.73	136.21	154.64	150.44	152.16	155.79
Demand Deposits	412.79	371.28	411.05	417.72	445.01	454.98
EC$ Cheques and Drafts Issued	11.26	13.22	16.42	30.85	11.64	13.60
Quasi Money	**2,215.60**	**2,283.60**	**2,373.02**	**2,486.89**	**2,458.71**	**2,482.35**
Savings Deposits	866.57	869.85	908.94	903.38	917.44	917.13
Time Deposits	617.93	587.08	585.53	630.99	627.83	628.51
Foreign Currency Deposits	731.10	826.67	878.55	952.52	913.45	936.71

Source: Eastern Caribbean Central Bank
Date: 13 November 2015

Table 41
Saint Lucia - Selected Tourism Statistics

	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015P 3rd Qr	2014 Jan - Sep	2015 Jan - Sep
Total Visitor Arrivals	159,266	305,575	407,274	203,629	159,384	728,493	770,287
Stay Over Arrivals	78,993	83,148	98,219	87,205	77,771	255,010	263,195
USA	33,402	32,859	40,258	43,484	34,418	109,723	118,160
Canada	5,178	11,732	20,371	6,086	4,104	29,770	30,561
UK	16,127	18,884	19,443	16,326	13,914	55,076	49,683
Caribbean	19,901	13,503	9,799	16,557	21,351	42,013	47,707
Other Countries	4,385	6,170	8,348	4,752	3,984	18,428	17,084
Excursionists	2,177	1,883	1,926	1,214	2,836	5,643	5,976
Cruise Ship Passenger	68,588	208,636	292,218	107,528	71,475	432,816	471,221
Number of Cruise Ships	24	120	196	48	22	266	266
Yacht Passengers	9,508	11,908	14,911	7,682	7,302	35,024	29,895
Total Visitor Expenditure (EC$M)	**217.08**	**276.84**	**358.69**	**252.62**	**205.35**	**777.30**	**816.67**

Source: Saint Lucia Tourist Board
Data as at 12 November 2015

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

	Weight	Index Sep 2015	Percentage Change* Quarter over Previous Quarter 2014 3rdQr	2014 4thQr	2015 1st Qr	2015 2ndQr	2015P 3rdQr	Sep-14 Dec-13	Sep-15 Dec-14
All items	99.87	117.87	1.57	(0.41)	(1.08)	0.08	(0.39)	4.09	(1.38)
Food and Non-Alcoholic Beverages	25.02	125.76	4.44	0.39	0.58	(4.34)	0.63	5.92	(3.18)
Alcoholic Beverages, Tobacco & Narcotics	6.53	124.04	2.32	0.48	(0.62)	(2.64)	(0.70)	(0.96)	(3.93)
Clothing and Footwear	1.66	144.86	(9.20)	(1.66)	8.70	6.55	(4.67)	10.54	10.41
Housing, Utilities, Gas and Fuels	17.36	116.93	4.55	(1.12)	6.58	0.90	(0.16)	4.59	7.36
Household Furnishings, Supplies and Maintenance	3.31	108.58	(4.47)	0.55	(2.05)	0.91	(0.65)	(7.55)	(1.81)
Health	3.96	118.84	0.66	(5.97)	0.50	0.57	(0.38)	3.42	0.69
Transport	16.40	117.62	1.53	1.26	(8.83)	7.33	0.11	2.63	(2.04)
Communication	12.54	114.50	-	-	8.78	-	-	(4.05)	8.78
Recreation & Culture	1.37	95.92	(0.69)	3.71	2.99	(13.82)	3.21	21.12	(8.39)
Education	3.70	154.65	-	-	7.75	-	-	4.99	7.75
Hotels & Restaurants	1.10	117.99	(0.09)	0.09	0.42	10.05	0.31	(14.21)	10.86
Miscellaneous Goods and Services	6.92	97.91	1.59	(1.62)	(20.76)	0.69	0.33	10.95	(19.95)

*at end of period

Source: Central Statistical Office, Saint Lucia

Data as at 12 November 2015

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

	2014 3rd Qr	2014 4th Qr	2015R 1st Qr	2015R 2nd Qr	2015P 3rd Qr	2014 Jan - Sep	2015 Jan - Sep
Current Revenue	224.51	219.01	248.33	243.87	234.46	682.37	726.67
Tax Revenue	212.27	209.39	238.37	226.54	223.37	646.12	688.28
Taxes on Income and Profits	54.13	43.68	69.65	67.18	55.11	175.10	191.94
Of which:							
Personal	24.31	23.32	28.75	25.79	25.07	77.23	79.62
Company/Corporation	19.03	8.21	25.01	18.59	22.10	54.68	65.70
Taxes on Property	1.33	2.93	2.98	2.26	2.05	5.17	7.29
Taxes on Domestic Goods and Services	95.93	98.61	106.10	95.99	100.40	284.60	302.48
Of which:							
Consumption Duty	0.00	0.00	-	-	0.02	0.04	0.02
Licences	3.83	9.41	4.21	4.25	4.43	14.12	12.89
Excise Tax	0.93	0.97	0.94	1.12	0.90	2.52	2.96
Hotel Occupancy Tax	0.78	1.11	0.29	0.24	0.20	1.56	0.73
Value Added Tax	82.16	79.63	91.37	82.94	85.06	242.39	259.37
Taxes on International Trade and Transactions	60.88	64.17	59.64	61.12	65.81	181.24	186.57
Of which:							
Consumption Tax	0.04	0.01	0.00	-	0.03	0.24	0.03
Import Duties	24.20	28.47	23.39	26.11	25.68	73.07	75.19
Customs Service Charge	15.64	16.09	13.93	14.40	18.92	43.97	47.26
Excise Tax	16.96	16.87	16.33	18.68	17.56	48.85	52.57
Non-Tax Revenue	12.24	9.62	9.96	17.33	11.09	36.25	38.39
Current Expenditure	217.01	217.54	220.13	215.97	212.03	652.11	648.13
Personal Emoluments	94.17	94.35	93.49	93.33	94.32	286.00	281.14
Goods and Services	39.95	42.67	45.89	35.24	39.27	125.04	120.41
Interest Payments	39.76	33.66	32.38	44.10	28.23	110.28	104.71
Domestic	30.08	16.82	21.92	21.76	18.69	74.32	62.37
External	9.68	16.84	10.46	22.33	9.54	35.96	42.34
Transfers and Subsidies	43.12	46.85	48.36	43.31	50.21	130.79	141.87
Of which: Pensions	16.80	20.75	17.39	16.56	18.94	49.97	52.88
Current Account Balance	7.50	1.47	28.20	27.90	22.43	30.26	78.54
Capital Revenue	0.07	0.00	0.00	0.05	0.00	0.18	0.06
Grants	10.78	16.86	16.82	1.14	15.16	42.62	33.12
Of which: Capital Grants	10.78	16.86	16.82	1.14	15.16	42.62	33.12
Capital Expenditure and Net Lending	43.62	50.33	75.09	24.53	58.15	165.55	157.77
Of which: Capital Expenditure	43.62	50.33	75.09	24.53	58.15	165.55	157.77
Primary Balance after grants	14.47	1.65	2.31	48.66	7.67	17.79	58.65
Overall Balance after grants	(25.28)	(32.01)	(30.07)	4.56	(20.56)	(92.49)	(46.06)
Financing	25.28	32.01	30.07	(4.56)	20.56	92.49	46.06
Domestic	(3.24)	(34.94)	2.01	6.60	65.38	58.86	73.98
ECCB (net)	(44.02)	9.77	(14.80)	1.35	(27.93)	(43.87)	(41.37)
Commercial Banks (net)	(10.62)	(19.73)	(43.38)	13.16	21.48	3.00	(8.74)
Other	51.40	(24.98)	60.18	(7.90)	71.83	99.73	124.10
External	28.52	66.95	28.06	(11.17)	(44.82)	33.64	(27.92)
Net Disbursements (Amortisation)	28.52	66.95	28.06	(74.67)	(44.82)	33.64	(91.42)
Disbursements	40.78	101.49	88.27	12.93	8.26	67.34	109.46
Amortisation	12.26	34.53	60.21	87.60	53.08	33.71	200.88
Change in Government Foreign Assets	-	-	-	63.50	-	-	63.50
Arrears	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-
Other financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Saint Lucia
Data as at 12 November 2015

Table 44
Saint Lucia - Banana Production

	2014R 3rd Qr	2014R 4th Qr	2015R 1st Qr	2015R 2nd Qr	2015P 3rd Qr	2014 Jan - Sep	2015 Jan - Sep
Volume (tonnes)	1,732	2,035	2,897	2,041	1,576	6,861	6,514
Value (EC$M)	3.19	3.66	5.19	3.68	2.87	12.50	11.74
Unit Price (EC$/ tonnes)	1,839.02	1,798.44	1,791.57	1,803.47	1,818.65	1,821.57	1,801.85

Source: Winfresh Ltd
Data as at 12 November 2015

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

	2014 3rd Qr	2014 4th Qr	2015R 1st Qr	2015R 2nd Qr	2015P 3rd Qr	2014 Jan - Sep	2015 Jan - Sep
Total Exports	122.91	97.29	168.25	128.95	96.45	336.26	393.65
Total Domestic Exports	62.35	54.82	55.80	71.96	59.42	165.07	187.18
Total Re-Exports	60.56	42.48	112.45	56.99	37.04	171.19	206.47
Total Imports	404.28	448.05	408.11	350.00	378.40	1,245.72	1,136.51
Visible Trade Balance	(281.38)	(350.76)	(239.86)	(221.05)	(281.95)	(909.46)	(742.86)

Source: Central Statistical Office, Saint Lucia and ECCB Estimates
Data as at 12 November 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015 3rd Qr
Net Foreign Assets	**(477.30)**	**(354.25)**	**(305.18)**	**43.70**	**201.93**	**224.74**
Central Bank (Net)	**524.51**	**645.01**	**635.38**	**834.14**	**864.15**	**816.52**
Commercial Banks (Net)	**(1,001.80)**	**(999.26)**	**(940.56)**	**(790.43)**	**(662.22)**	**(591.79)**
External (Net)	(337.57)	(303.30)	(200.75)	(138.66)	(12.19)	37.84
Assets	659.25	687.70	748.36	797.36	797.93	857.95
Liabilities	996.82	991.00	949.12	936.03	810.12	820.11
Other ECCB Territories (Net)	(664.23)	(695.96)	(739.81)	(651.77)	(650.04)	(629.62)
Assets	325.32	300.29	236.83	301.48	317.84	332.99
Liabilities	989.55	996.25	976.64	953.25	967.88	962.61
Net Domestic Assets	**3,412.26**	**3,213.63**	**3,193.12**	**2,981.87**	**2,839.63**	**2,725.90**
Domestic Credit	**3,935.62**	**3,739.18**	**3,579.47**	**3,475.85**	**3,338.67**	**3,247.17**
Central Government (Net)	321.77	267.12	257.17	198.99	213.50	207.05
Other Public Sector (Net)	(423.84)	(438.82)	(456.29)	(467.45)	(499.89)	(508.90)
Private Sector	4,037.70	3,910.87	3,778.60	3,744.31	3,625.07	3,549.02
Household	1,638.40	1,630.12	1,788.05	1,789.31	1,774.66	1,776.88
Business	2,365.62	2,251.96	1,962.33	1,926.38	1,803.51	1,742.56
Non-Bank Financial Institutions	23.98	19.32	16.66	18.96	32.69	18.71
Subsidiaries & Affiliates	9.70	9.48	11.56	9.66	14.20	10.87
Other Items (Net)	**(523.37)**	**(525.55)**	**(386.35)**	**(493.99)**	**(499.04)**	**(521.27)**
Monetary Liabilities (M2)	**2,934.96**	**2,859.38**	**2,887.94**	**3,025.57**	**3,041.56**	**2,950.63**
Money Supply (M1)	**749.29**	**705.11**	**748.57**	**790.52**	**783.98**	**714.88**
Currency with the Public	142.70	138.03	154.89	143.39	139.21	135.24
Demand Deposits	594.86	555.32	583.57	637.91	635.96	575.40
EC$ Cheques and Drafts Issued	11.73	11.77	10.10	9.22	8.81	4.24
Quasi Money	**2,185.67**	**2,154.27**	**2,139.37**	**2,235.05**	**2,257.58**	**2,235.75**
Savings Deposits	1,529.27	1,514.96	1,526.49	1,563.75	1,553.31	1,532.59
Time Deposits	372.81	376.04	369.54	385.01	408.30	389.49
Foreign Currency Deposits	283.59	263.27	243.34	286.30	295.97	313.67

Source: Eastern Caribbean Central Bank
Date: 13 November 2015

Table 47
St Vincent and the Grenadines - Selected Tourism Statistics

	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015P 3rd Qr	2014 Jan - Sept	2015P Jan - Sept
Total Visitors	22,114	58,569	90,493	30,668	25,027	146,365	146,188
Stay-Over Visitors	16,305	18,040	20,658	16,414	17,687	52,673	54,759
Of which:							
USA	4,363	4,889	5,806	5,299	4,979	14,949	16,084
Canada	1,417	2,020	2,340	1,564	1,442	5,183	5,346
UK	3,264	4,425	5,696	3,194	3,413	11,535	12,303
Caribbean	5,938	4,460	4,241	5,038	6,711	15,426	15,990
Other Countries	1,323	2,246	2,575	1,319	1,142	5,580	5,036
Excursionists	333	490	653	369	312	1,662	1,334
Yacht Passengers	5,351	10,685	20,366	9,829	6,290	36,214	36,485
Cruise Ship Passengers	125	29,354	48,816	4,056	738	55,816	53,610
Number of Cruise Ship Calls	7	83	107	22	28	139	157
Total Visitor Expenditure (EC$M)	**45.98**	**63.07**	**86.50**	**53.01**	**49.59**	**186.37**	**189.10**

Source: St Vincent and the Grenadines Tourism Authority
Data as at 12 November 2015

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

			Percentage Change*						
			Quarter over Previous Quarter						
		Index	2014	2014	2015	2015	2015P	Sep-14	Sep-15
	Weight	Sep 2015	3rd Qr	4th Qr	1st Qr	2nd Qr	3rd Qr	Dec-13	Dec-14
All Items	100.00	105.80	0.19	(0.28)	(1.68)	0.00	0.28	0.37	(1.40)
Food and Non-Alcoholic Beverages	21.91	110.40	0.44	(0.97)	6.39	(7.84)	(0.09)	1.25	(2.04)
Alcoholic Beverages, Tobacco and Narcotics	3.87	110.50	0.74	0.18	(0.18)	0.46	0.36	1.20	0.64
Clothing and Footwear	3.22	102.50	(1.80)	(0.87)	0.00	0.00	(0.29)	(1.80)	(0.29)
Housing, Water, Electricity, Gas and Other Fu	30.06	98.80	(0.29)	(2.10)	(3.70)	1.01	(1.00)	0.48	(3.70)
Furnishing, Household Equipment and Routine	6.59	101.40	0.30	0.10	(0.10)	0.00	0.10	0.40	0.00
Health	1.79	107.00	0.00	(0.10)	1.07	0.96	1.90	(0.87)	3.98
Transport	11.84	120.90	0.49	2.03	(4.61)	(0.08)	0.92	0.16	(3.82)
Communications	9.41	106.20	0.00	3.94	1.69	(1.18)	5.36	0.00	5.88
Recreation and Culture	3.81	102.50	0.99	0.20	0.00	0.19	(0.29)	(0.97)	(0.10)
Education	1.32	110.20	(0.27)	0.00	0.00	0.00	1.10	(0.27)	1.10
Restaurants and Hotels	1.87	103.50	0.19	0.29	(0.19)	(0.10)	0.29	(0.10)	0.00
Miscellaneous Goods and Services	4.31	101.10	0.20	0.10	0.10	0.00	0.00	0.10	0.10

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning, St Vincent and the Grenadines
*at end of period
Data as at 12 November 2015

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

	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015P 3rd Qr	2014 Jan - Sept	2015P Jan - Sept
Visible Trade Balance	- 203.75	- 231.19	- 173.23	- 183.96	- 190.85	- 616.18	- 548.05
Total Imports	239.86	264.46	201.52	217.37	219.49	712.91	638.39
Total Exports	36.11	33.27	28.29	33.41	28.64	96.73	90.34
Re-Exports	9.69	1.32	2.01	4.21	1.92	18.62	8.14
Domestic Exports	26.42	31.95	26.27	29.20	26.73	78.11	82.20

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning, St Vincent and the Grenadines
Data as at 12 November 2015

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

	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015P 3rd Qr	2014 Jan - Sept	2015P Jan - Sept
Current Revenue	122.76	159.83	120.84	121.55	132.51	372.49	374.90
Tax Revenue	113.58	140.37	112.77	114.85	119.54	327.91	347.16
Taxes on Income and Profits	28.12	56.56	29.45	30.67	30.45	80.60	90.58
Of which:							
Personal	16.79	16.72	18.83	16.93	16.57	54.80	52.33
Company/Corporation	8.39	22.81	5.26	10.63	11.62	17.37	27.51
Taxes on Property	1.69	1.20	(0.17)	0.90	2.64	2.81	3.37
Taxes on Domestic Goods and Services	62.40	56.69	64.92	59.21	62.17	183.90	186.30
Of which:							
Stamp Duties	4.96	4.92	8.90	4.84	4.60	21.22	18.34
Excise Tax	7.98	11.38	6.87	8.41	9.69	21.66	24.97
Value Added Tax	32.69	34.61	37.28	35.41	33.04	103.45	105.73
Licences	5.01	4.68	10.34	5.89	5.20	18.20	21.43
Taxes on International Trade and Transactions	21.37	25.92	18.56	24.07	24.28	60.60	66.92
Of which:							
Import Duty	11.89	15.10	10.71	12.79	13.10	34.25	36.60
Customs Service Charge	7.98	9.78	7.02	9.86	10.03	23.13	26.91
Non-Tax Revenue	9.18	19.45	8.08	6.70	12.97	44.58	27.74
Current Expenditure	136.75	129.70	117.65	129.86	127.44	379.22	374.95
Personal Emoluments	60.67	63.78	63.22	62.42	61.65	184.10	187.28
Goods and Services	20.11	23.38	11.97	17.05	18.66	51.16	47.69
Interest Payments	11.90	12.35	10.01	13.38	8.54	33.32	31.94
Domestic	6.26	8.44	4.90	7.81	4.72	18.85	17.43
External	5.64	3.91	5.11	5.57	3.82	14.47	14.51
Transfers and Subsidies	44.06	30.18	32.44	37.01	38.59	110.63	108.04
Of which: Pensions	14.12	15.00	14.91	15.19	14.57	43.63	44.67
Current Account Balance	(13.99)	30.13	3.20	(8.31)	5.07	(6.73)	(0.05)
Capital Revenue	0.26	0.12	0.16	10.36	5.03	0.61	15.54
Grants	8.97	7.94	1.25	2.16	8.41	12.75	11.82
Of which: Capital Grants	8.97	7.94	1.25	2.16	8.41	12.75	11.82
Capital Expenditure and Net Lending	39.92	60.20	15.55	17.42	21.44	65.01	54.42
Of which: Capital Expenditure	39.92	60.20	15.55	17.42	21.44	65.01	54.42
Primary Balance after grants	(32.77)	(9.67)	(0.94)	0.17	5.60	(25.07)	4.83
Overall Balance after grants	(44.68)	(22.02)	(10.95)	(13.22)	(2.94)	(58.38)	(27.10)
Financing	44.68	22.02	10.95	13.22	2.94	58.38	27.10
Domestic	(8.39)	9.62	65.76	15.07	(2.37)	(29.08)	78.47
ECCB (net)	3.23	5.85	28.78	(12.18)	(19.58)	(3.67)	(2.98)
Commercial Banks (net)	22.05	(7.16)	9.23	19.21	4.63	29.50	33.08
Other	(33.67)	10.93	27.75	8.04	12.58	(54.91)	48.37
External	51.35	(7.88)	(7.53)	(7.22)	(0.37)	105.14	(15.12)
Net Disbursements/(Amortisation)	51.35	(7.88)	(7.53)	(7.22)	(0.37)	105.14	(15.12)
Disbursements	62.81	2.32	6.12	3.05	10.62	137.40	19.79
Amortisation	11.47	10.20	13.65	10.27	10.99	32.26	34.91
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	1.72	20.28	(47.28)	5.37	5.67	(17.68)	(36.24)
Domestic	1.72	20.28	(47.28)	5.37	5.67	(17.68)	(36.24)
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance and Economic Planning, St Vincent and the Grenadines and the Eastern Caribbean Central Bank
Data as at 28 December 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr	2015 3rd Qr
Net Foreign Assets	**544.97**	**489.25**	**508.23**	**481.57**	**446.25**	**486.00**
Central Bank (Net)	**392.02**	**387.94**	**421.43**	**398.34**	**387.22**	**411.68**
Commercial Banks (Net)	**152.95**	**101.30**	**86.80**	**83.23**	**59.03**	**74.32**
External (Net)	(7.42)	(28.93)	5.79	8.90	(5.75)	(2.53)
Assets	195.39	175.45	215.78	219.61	211.71	229.35
Liabilities	202.81	204.38	209.99	210.71	217.45	231.88
Other ECCB Territories (Net)	160.38	130.23	81.01	74.33	64.78	76.86
Assets	277.10	257.03	200.15	200.85	190.88	203.72
Liabilities	116.72	126.80	119.13	126.52	126.10	126.86
Net Domestic Assets	**813.12**	**858.47**	**900.40**	**945.39**	**982.20**	**942.70**
Domestic Credit	**1005.80**	**1029.30**	**1020.24**	**1063.65**	**1104.49**	**1077.80**
Central Government (Net)	64.64	89.92	88.61	126.62	133.66	118.71
Other Public Sector (Net)	(106.74)	(114.93)	(113.63)	(107.67)	(100.84)	(112.30)
Private Sector	1047.90	1054.31	1045.26	1044.70	1071.67	1071.39
Household	779.83	785.90	789.59	792.20	818.60	814.42
Business	248.32	248.81	235.61	232.94	233.04	237.26
Non-Bank Financial Institutions	15.75	15.60	16.06	15.56	16.04	15.71
Subsidiaries & Affiliates	4.00	4.00	4.00	4.00	4.00	4.00
Other Items (Net)	**(192.68)**	**(170.84)**	**(119.84)**	**(118.26)**	**(122.30)**	**(135.10)**
Monetary Liabilities (M2)	**1358.09**	**1347.71**	**1408.62**	**1426.96**	**1428.45**	**1428.70**
Money Supply (M1)	**385.37**	**383.10**	**426.30**	**419.68**	**427.09**	**408.98**
Currency with the Public	47.85	47.69	53.61	51.82	50.63	48.73
Demand Deposits	329.75	324.50	364.30	359.31	367.73	349.95
EC$ Cheques and Drafts Issued	7.77	10.92	8.39	8.55	8.73	10.30
Quasi Money	**972.72**	**964.62**	**982.33**	**1007.28**	**1001.36**	**1019.73**
Savings Deposits	760.71	777.69	779.44	799.97	807.73	807.88
Time Deposits	136.53	130.93	130.09	128.29	130.14	128.55
Foreign Currency Deposits	75.49	56.00	72.79	79.01	63.49	83.30

Source: Eastern Caribbean Central Bank
Data available as at 13 Novmeber 2015

IMPLICATIONS OF RECENT MERGERS

AND

ACQUISITIONS FOR THE ECCU TELECOMMUNICATIONS SECTOR

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1.0 BACKGROUND

The dynamics of the telecommunications sector can be categorized into three generations of telecommunications (Eli M Noama, 2010), each one defined by its technologies, scale of dissemination and use, market structure and regulatory models. In the case of the Eastern Caribbean Currency Union (ECCU), a shift in regulatory models and growing digitization continue to have strong implications for the sector's market structure and level of competitiveness. The market structure of the telecoms sector, once reformed from public or private monopoly to monopolistic markets, has reverted to duopoly and monopoly structures. The most influential contributors include a wave of business consolidations within the last decade and an inadequate legislative and regulatory framework.

The transitions within ECCU telecoms sector may be more aptly assessed on a pre and post-merger basis for the purposes of this report. The pre-merger era, which dates back in the 1970's, was characterized by traditional state-owned and or tightly regulated private monopoly systems that suffered from fundamental deficiencies resulting from both government failure and market failure. These deficiencies mounted pressure for liberalization in 2001, as more open structures with liberalized entry, privatizations and competition were seen as a solution. The liberalization process transformed the competitive environment by initially giving rise to vibrant and competitive product markets for fixed voice (landline) telephony, fixed data (broadband internet) services, mobile voice services, mobile data services and subscription television services. However, the lifespan of the most market entrants[1] has been shortened as a result of several horizontal business combinations, predominantly undertaken by incumbent service providers over the period 2005 to 2015. Diagram 1 in the appendix presents a timeline of mergers and acquisitions. A synopsis of the growth and competitiveness strategies employed by the most influential firms and how this has impacted the competitive environment is provided within Box 1 in the appendix. The post-merger era in 2015 is now defined by anti-competitive structures; the most extreme imperfect cases of which currently exist in at least

[1] Regionally, the market has seen a large number of new service providers in fixed public telecommunications (14), public mobile telecommunications (16), internet network services (22) and submarine cable landing (3) *(source: ECTEL and authors estimated calculation).*

40.0 percent of the ECCU member states. These developments conflict with the expectations of the ongoing liberalization agenda.

2.0 INTRODUCTION

The spate of mergers and acquisitions within the ECCU telecoms sector has brought about involuntary market reform by reversing some of the key benefits of the liberalization process. Quintessentially, it has highlighted the consequences of reduced competition amid other structural challenges which intensify the need for intervention by policy makers and regulators. Inherent factors such as the industry's small size and capacity constraints have motivated firms to aggressively increase their size in order to increase their profitability and better compete, regionally and globally, at the cost of consumer welfare and the sectors overall development.

The most recent business combination transaction which concluded in May 2015 at an enterprise value of US$3,025.0 million is of utmost social and economic significance. Cable and Wireless Communications' (CWC) full acquisition of Columbus International Inc (Columbus) marks the tenth merger and acquisition to occur since liberalization. Although the merger process is not fully implemented, the acquisition has given rise to anti-competitive market structures owing to increased monopolization of various product and service markets, whose development remain essential to the region's increased uptake of technology and participation in the digital revolution.

This report provides an assessment of the telecoms sector in the post-merger era amid on-going rapid technological convergence and innovation. It focuses on the case of CWC and Columbus, which some have regarded as a 'merger of equals', and evaluates the changes to the competitive environment for various product markets in the impacted member states. The brief also evaluates the limitations of the existing regulatory environment and the need for a comprehensive legislative framework that makes provision for anti-trust laws and a competition Commission. The paper goes on to highlight other key policy implications and concludes with proposed recommendations on the way forward.

3.0 ECONOMIC IMPLICATIONS

A. Micro-economic Assessment – Anticompetitive Consequences

1) Market Dominance, Price Discipline and Substitutability of Products and Services

Dominance is defined as the ability of a firm to set prices and make other market decisions without being constrained by competitive pressures (Korah, 2000:81[2]). An acquiring firm's full equity interest in its rival empowers that entity to unilaterally raise its price more than it would have otherwise or invest less in service quality than it would have otherwise, independently of its competitors, customers and ultimately its consumers (EU, 2002). By virtue of CWC merger and acquisition of Columbus it has become the dominant, and in some instances the only, provider in relation to fixed broadband, fixed voice and cable television subscriber service in several ECCU member states. At present, Digicel is currently the merging entities only competitive operator within the three principal telecoms sub-sectors indicated directly above.

Regional assessments conducted by various regulatory agencies, including the Eastern Caribbean Telecommunications Authority (ECTEL), the CARICOM Competition Commission and the Fair Trading Commission of Barbados sought to evaluate the merging entity's dominance within the Caribbean. The potential adverse price effects arising from the business consolidation appear to be greater within the ECCU context owing to the fewer operators and the industry's small size. Furthermore, the services offered by Columbus, the acquired firm, is a particularly close substitute to the services offered by CWC, the acquirer. Therefore, customers who would turn to a competitor in response to price increases (or decline in service quality) may be left with the option of switching to the acquired firm or switching exclusively to mobile services or cancelling their fixed network services. As such, price discipline is

[2] Korah V. (2000); An Introductory Guide to EC Competition Law and Practice; 7th ed; Hart Publishing, USA

expected to be eliminated by the merger. For instance, CWC which began operating under the FLOW brand in Grenada issued recent notification to customers of an upward price adjustment in broadband services effective 1 November 2015. The regulatory authority in Grenada subsequently issued a public warning to FLOW who failed to acquire its approval prior to undertaking such an action.

The substitutability between fixed and mobile services may not be very feasible, as they are generally mainly regarded as complements rather than direct substitutes. A survey on consumer preferences was conducted and completed in 2015 as part of a larger study on the telecommunications sector in Barbados. The Fair Trading Commission of Barbados employed the Small but Significant Non-transitory Increase in Price (SSNIP) Test[3] to determine whether consumers will switch to available substitutes for fixed voice telephone services, mobile services, internet services and subscription television services. Overall the results, presented within Table 2 of the appendix, suggested strongly that these services are generally non-substitutable and this may very well hold for the ECCU.

2) Assessment of Impacted Product and Service Markets

The market for subscriber TV is unregulated and the market share of the merging entities, based on revenue or volume, is close to 100.0 per cent in the impacted states although competitive alternatives[4] exist in some states. Within the ECCU, the market for fixed voice services has no direct substitutes, competitor inroads remain very limited, barriers to entry are high and barriers to switching may be a concern due to the unavailability of number portability. A duopoly continues to exist in the mobile service market as both Digicel and the merging entities have consistently maintained significant market share[5] for mobile services in most member States, primarily Dominica, Saint Lucia and St Vincent and the Grenadines.

[3] A hypothetical monopolist test which records demand-side substitutability based on consumers' reactions to a hypothetical increase in the relative prices of the relevant product.

[4] There are other Subscriber TV service providers who operate as indirect substitutes who offer the service via IPTV, Digital wireless cable TV or satellite.

[5] ECTECL, with the assistance of a consultant, performed a calculation using the Herfindhal-Hirshman Index (HHI) as a measure of market concentration in order to assess the level of competition for mobile service in the combined ECTEL Member States in 2010. The HHI is calculated by summing the squares of the market share of every firm. A market with an HHI level greater than 1800 is considered highly concentrated. The results for the HHIs revealed that Digicel and LIME (now referred to as the merging entity) are a mobile service duopoly for the combined states. The individual HHIs for each firm exceeded a value of 1800 representing a highly concentrated market.

The mobile market is one of the most innovative product markets, however it remains largely unregulated compared to fixed voice telephony. Additionally, the existing firms may not have adequate incentive to compete aggressively due to the high level of concentration. A monopoly has arisen in the market for broadband internet access at a fixed location as mobile broadband is unlikely to provide competitive pressure on its pricing in the near term for the relevant states.

3) Market Access and Infrastructure

The merging entities, along with the only other major competitive operator Digicel[6], also own and control much of the essential facilities and network infrastructure within the market. Although the region is served by several fiber-optic submarine cables and in many places overcapacity exists, there is no effective competition in the provision of international services. In most countries, many of the cables are not subject to open access regulatory regimes (World Bank, 2015). The consequences of which are relatively high prices, limited access and slow growth of broadband services and uptake, all of which must improve significantly if the region is to partake in the creation of cyber physical production systems.

B. Macro-economic Assessment - Consequences for the Sector's Development

A review of selected telecommunication indicators for the ECCU reflect that the sectors performance and contribution to economic development have been on a general decline since 2009, contrary to the steady upward trend in the sub-region's gross domestic product. This can be assessed in Table 4 in the appendix which presents two (figure 1 and 2) graphical illustrations on trends in the sectors employment (figure 1), provider revenue and investment (figure 2). Over the last seven years employment fell by 42.0 per cent from 1,612 in 2007 to 938 persons in 2014. There has also been a downward trend in provider revenue and sector investment relative to GDP. Over 2009 to 2014 provider revenue as a proportion of GDP fell by 2.0 per cent to 6.0 per cent and amounted to $696.0m in 2014 compared with a total of

[6] Digicel has made significant infrastructure investments so as to acquire its own facilities partly in response to issues relating to reasonable and non-discriminatory access to infrastructure associated with the conduct of the incumbent provider.

$825.0m in 2007. Sector investment as a proportion of GDP was about 5.0 per cent less than the proportion of provider revenue as at 2014. Sector investment, which increased to $118.0m in 2014 topping 2010 levels, has consistently remained below 2.0 per cent of GDP over the period 2007 to 2014.

Proponents for the wave of business consolidations, more so that between CWC and Columbus, advance that several benefits may be derived within the new market structures, namely economies of scale and scope, acceleration in the deployment of LTE (4G) services and greater incentives to invest. The prospects for increased investment and employment opportunities are greater for regional territories like Jamaica and Barbados[7], where the providers have larger markets and still need to outdo the competition. During a recent media briefing, CWC's Chief Executive Officer disclosed that approximately US$160.0m will be invested in Barbados over the next few years, adding that the country would also benefit from a share of the five hundred jobs to be created over the next two years.

Other anticipated economic impacts from the spate of business consolidations, which were intensified by the CWC and Columbus merger include, but are not limited to:

- Increased dominance in the buying power possessed by some operators for the procurement of services from domestic and regional suppliers, which will likely reduce the number of firms that offer specialist support and ancillary services;
- Increased unemployment within the sector, as merged entities seek to generate cost synergies. The level of unused capacity and resources will increase as future job opportunities for persons with highly specialised skills may become more depressed;
- Incentives to innovate, improve service quality or reduce prices will diminish in the intermediate term, overshadowed by the need to increase shareholder value;
- Continued low broadband penetration as a result of access and affordability challenges, despite some expected improvements in access speed and latency. The estimated

[7] Various regional media releases in July 2015 indicated that those two countries were the only ones in the running for the location of CWC's new regional call centre.

bandwidths necessary for various innovative economic activities which are necessary for improved competitiveness and productivity, may not become wildly accessible; and

- Operational inefficiencies will exist where geographical overlap may exist. For instance, the merging entities each own and control separate fibre networks with similar coverage and capabilities of providing better quality and higher speed data services.

4.0 CURRENT LEGISLATIVE AND REGULATORY FRAMEWORK

Globally, the predominant approach towards liberalized service markets with natural monopoly characteristics has shifted towards pro-competitive regulation and policy with a view of inhibiting anticompetitive structures. Sector-specific law was enacted during the region's liberalization process with pro-competitive provisions and regulations, but the regulatory instrument has been weak in dealing with anti-competitive practices related to market conduct and structure. Although firms require licences to operate within the various product/service markets in the ECCU telecommunications sector, business combinations such as mergers and acquisitions are not subject to regulatory clearances or approvals.

The sectors' independent regulator, ECTEL, along with the National Telecommunication Regulatory Commissions (NTRC) for the various member states, had no decision making power in relation to the approval of the mergers as a result of existing deficiencies in the regulatory framework. Fortunately, regulatory approval had to be sought in other jurisdictions within the Caribbean like Barbados, Trinidad and Tobago and Jamaica. The regulators intervened by pre-emptively instituting remedies to safeguard competition. These included several structural and behavioural conditions to be satisfied within specified timeframes pre and post-merger. Some structural remedies included divestiture of networks, enabling number (fixed and mobile) portability, and guaranteed access and protection for third parties. In a statement released on 18 June 2015, ECTEL announced that the Council of Ministers were broadly in agreement with the post-merger measures outlined by the regulators in those countries. The regulator indicated the most of the measures may be imposed as conditions to the merging entities existing licences following negotiations with all relevant stakeholders.

Within the current regulatory framework and given the monopoly/duopoly status of provider(s) post-merger, regulators and policy makers have lost some much needed leverage. Imposing conditions to licences so as to ensure effective competition may take a longer time period at the detriment of consumer welfare. Currently, the existence of price caps that were previously imposed on CWC/LIME's services offers some consumer protection within the ECCU. However, such control mechanisms pale in comparison to the price-reducing-effect of intensive competition, whereby powerful competitors may employ price war strategies to gain market share. The absence of competition and potential competition enables operators with Significant Market Power, similar to that harnessed by CWC, Columbus and Digicel within the various product markets, to act independently of consumers. The pervasiveness of such market conduct can strongly diminish positive economic, social and welfare effects.

Moreover, the emergence and use of Internet-enabled over-the-top (OTT) services, such as WhatsApp, Viber and skype, has faced much resistance from service providers and carriers who argue that it has had a negative impact on revenue, profit and network performance. Recent media reports emphasize that various service providers have blocked the use of some OTT services over their networks as a result. This act also follows numerous appeals by service providers to telecoms ministers, who remain adamant about not blocking or introducing charges for OTT services. Blocking these free services would contravene the principle of net neutrality and an open internet. Conceding to such a request would also eliminate enormous benefits accruing to: 1) small scale entrepreneurs who can now enter international trade through e-commerce activities; 2) consumers; 3) society and the economy through increased opportunities for income, employment, export and innovative capacity. In a public statement issued on 14 September 2015, ECTEL made an appeal to all service providers to immediately refrain from such practices, noting that in the absence of a receiving party's content such an action breaches the provisions of the operator's licence and national laws. It may be reasonably argued that the non-compliance of service providers continues to highlight weaknesses in the existing regulatory framework, once again at the detriment of society and the economy.

The region's relatively lax regulatory environment has been the main contributor to the wave of mergers and acquisitions post liberalization. Regulatory bodies within the Eastern Caribbean, namely ECTEL[8] in collaboration with the regional governments, are currently devising some form of intervention to ensure that consumers continue to benefit from a choice of service provider and services. These stakeholders are now assessing an appropriate regulatory response so as to continue facilitating the promotion and maintenance of competition, enhancements to economic efficiency, the prohibition of anti-competitive behaviour and the promotion of consumer welfare and protection. While price caps, arrangements for customer portability and conditions for network technology and infrastructure access are being explored post-merger, these may not be sufficient to mitigate the competitive harms associated with the high level of concentration in the relevant markets. Pending legislation, such as the 2009 Draft Electronic and Communications Bill and the Retail Tariff Regulations[9], which will empower regulators need to be urgently enacted.

The prevailing market structures, level of competitiveness and new technology dynamics requires a mix of regulatory approaches. On one hand, the existence of private monopolies in various ICT sub-sectors and partial competition in others demand increased regulation to ensure the fulfilment of the operator's obligation and to help sustain a competitive market[10]. Alternatively, the growing demand for broadband services, coupled with greater convergence, innovation and interaction between telecommunication services and products require a review of regulatory approaches and levels of intervention, together with greater institutional coordination and flexibility (ECLAC, 2015).

8 ECTEL is made up of five of the eight member states of the ECCU. Dominica, Grenada, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines are collectively regarded as the OECS Contracting States, while Anguilla, Antigua and Barbuda and Montserrat have not joined this regional grouping.

9 The Retail Tariff Regulations have only been enacted in Grenada.

10 Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of International Telecommunication Union (ITU), Telecommunications Regulation Handbook, 2011.

5.0 POLICY RECCOMMENDATIONS

Merger activity is apt to be concentrated in a relatively small number of industries usually going through dramatic changes, such as deregulation or rapid technological advancement. This phenomenon defines the events occurring within the ECCU telecommunications sector over the last decade. Globally, relatively lax regulatory environments have been known to contribute to such situations owing to several horizontal combinations which tend to give rise to anti-competitive market conditions. The growing body of literature on the economics of regulation recommends the enactment of laws or policies limiting horizontal mergers among large competitors under such market conditions.

Market power is already concentrated, basically between Digicel and CWC/Columbus and that may make further horizontal integration difficult in the region. However, the possibility of a merger between the surviving firms is not impossible and should not be discounted. Additionally, companies may still seek to integrate backward into supply and forward into distribution through vertical mergers, giving rise to oligopolistic structures and further decline in the number of service providers. Thoughts on a regulatory environment that may strongly discourage any merger that would reduce competition within an industry must be explored. Policies should be geared at redirecting companies to look outside their industries for growth opportunities. Moreover, regulation can generate incentives geared towards opportunities provided by the green economy, that which would enable digital technologies to play a bigger role in sustainable development.

Additionally, the prevailing market structures urge the need to establish a comprehensive competition law regime, incorporating antitrust laws. The draft Electronic and Communications Bill may hopefully provide for those as the existing Telecommunications Act fails to do so. The regulatory framework should be enhanced to buffer existing regulatory watchdogs. First and foremost, an independent regulator should be empowered with the requisite authority to review antitrust implications of transactions among companies that may generate significant revenues within the ECCU. The laws should provide for the opportunity to review and approve mergers in advance. Fox example, in the US a key benefit of the Hart-

Scott-Rodino Antitrust Improvements Act of 1976 is that it gives regulators an opportunity to halt a merger prior to its completion rather than to disassemble a company after a merger is later deemed to be anticompetitive. Secondly, adequate resources must be set aside to ensure that antitrust laws are enforced and administered effectively. Although the idea of ECCU/OECS Competition Commission has been in the planning for quite some time, the exact nature of its establishment appears to have been derailed due to financial constraints. The current plan to assign this task under ECTEL by introducing the requisite provisions in the draft bill will necessitate additional resources for efficient and effective implementation.

Consideration may be given to instituting a pre-merger notification requirement. Additionally, member states within the ECCU should have jurisdiction on mergers within their respective national borders; and mergers with significant cross-border effects should be subject to review by the regional commission or regulator. As such, all relevant regulatory agencies may weigh in on approval where the company's business is of strategic national or regional interest. This framework provides for additional governmental approvals as may be necessary. For instance, the CWC and Columbus merger has given rise to antitrust implications in several countries as the merging entities now operate in at least 32 countries within the Caribbean and Latin America. The transaction is complicated because the companies have a global and regional presence that falls within multiple jurisdictions of regulatory controls; it required approval in some and exploited regulatory loopholes in others, primarily the ECCU.

ECCU regulators and policy makers must be adequately empowered by the legislative framework and competition policies to actively and jointly employ control mechanisms, namely ex ante and ex post regulation, to correct market failures and safeguard competition. It must be noted that the shift from voice-to-data-centred markets have caused regulatory authorities to review their actions in markets, like that of the ECCU, whose structural characteristics prevent them from becoming effectively competitive without intervention. Ex ante regulation in no longer applied to retail markets but at the wholesale level, so that the numbers of regulated markets have decreased and the main focus is now on physical access to the network (ECLAC, 2015).

6.0 CONCLUSION

Anticompetitive market structures and the small size of the region's market amid growing digitization, pose several challenges for the development of the ECCU telecommunications industry and effective regulation. The preceding analysis demonstrates the inadequacy of appropriate policies and legislation to efficiently govern both the structural, operational and behavioural components of the sector, which can further retard the economic and social development of the sector and the region. The continuous development of high-speed access networks, ubiquity in access with multiple devices, cloud computing; and the explosion of data generated by individuals, machines and objects are expected to provide the platform for the global economy by 2020. The deployment of fifth generation (5G) technology is already envisaged by 2020. The region is largely ill prepared to compete in the global economy due to major gaps in ICT infrastructure, anticompetitive market structures, high prices and inadequate access to affordable and reliable services.

In conclusion, the region's regulatory approach and framework must focus on ensuring access. Regulators must take an aggressive approach and work with all stakeholders to reduce or eliminate practical barriers to broadband deployment and new market participants. Continued consultations with multiple stakeholders in regulatory policy and affairs are encouraged. Shared use of network and facilities through 'soft' measures, coupled with competitive provisions that ensure a healthy relationship between all authorized agents in the market may help to alleviate some barriers in lessening the digital divide on a domestic and regional level.

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APPENDIX

Table 1: Percentage Change in Number of Operators in Key ICT Markets

ECCU Territory	Fixed public Network	Public Mobile Telecoms	Internet Network and Services	Submarine Cable	Subscriber TV
Dominica	0%	0%	0%	0%	0%
Grenada	**-50.0%**	**-33.3%**	**-50.0%**	0%	0%
Saint Lucia	**-50.0%**	0%	**-50.0%**	**-33.3%**	**-33.3%**
St Kitts and Nevis	0%	0%	0%	0%	0%
St Vincent and the Grenadines	**-50.0%**	0%	**-50.0%**	0%	0%

Source ECTEL

Table 2 Summarized Results of SSNIP Tests - Degree of Substitutability of Telecoms Services

Degree of Substitutability	Telephone Services		Data Services	Television Services
	Fixed Voice	Mobile	Fixed Internet for mobile	MMDS, Satellite and internet platform
Non -Substitutable	68.4	92.2	96.4	64.8
Substitutable	31.6	7.8	3.6	35.2

Source: Fair Trading Commission Barbados(FCD20150326)

Table 3

Bandwidth required by application type
(Megabits per second)

US Ignite and Mozilla Ignite projects	Predicted bandwidth required
Advanced manufacturing	Between 38 and 74
Emergency preparedness and public safety	Between 6 and 18
Education and workforce technologies	Between 38 and 74
Healthcare technologies	Between 38 and 74
Clean energy and transportation	Between 2 and 3
Radar networks for weather and aircraft surveillance	Between 38 and 74
Interactive 3D video	Between 77 and 148

Source: Yanyan Zhuang and others, "Future internet bandwidth trends: an investigation on current and future disruptive technologies", Technical Report, No. TR-CSE-2013-04, Department of Computer Science and Engineering, Polytechnic School of Engineering, New York University, 2013.

Table 4 Trends in Key ECCU Telecommunications Indicators

Figure 1 ECCU trends in Sector Employment relative to GDP

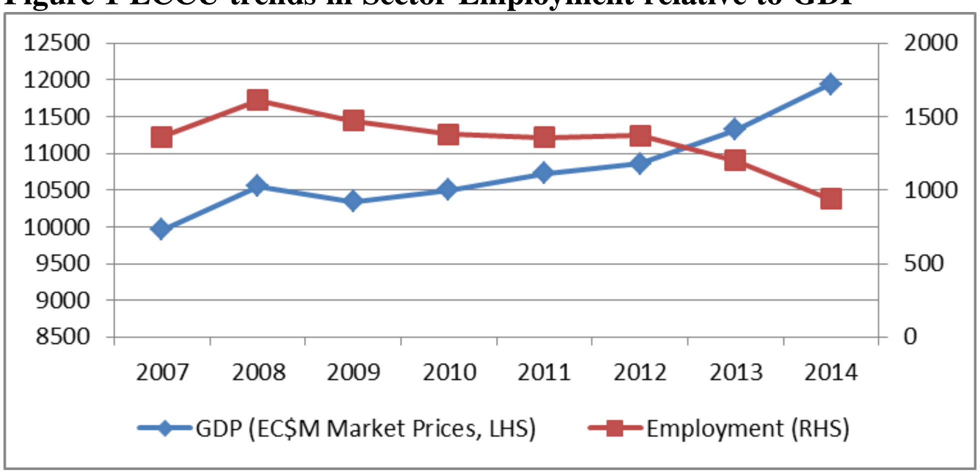
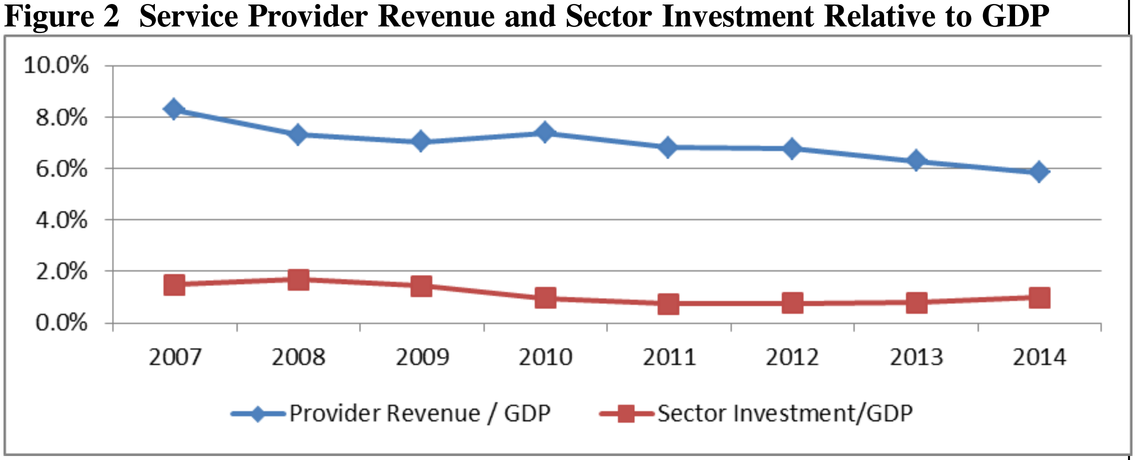


Figure 2 Service Provider Revenue and Sector Investment Relative to GDP



Source: ECCB, ECTEL

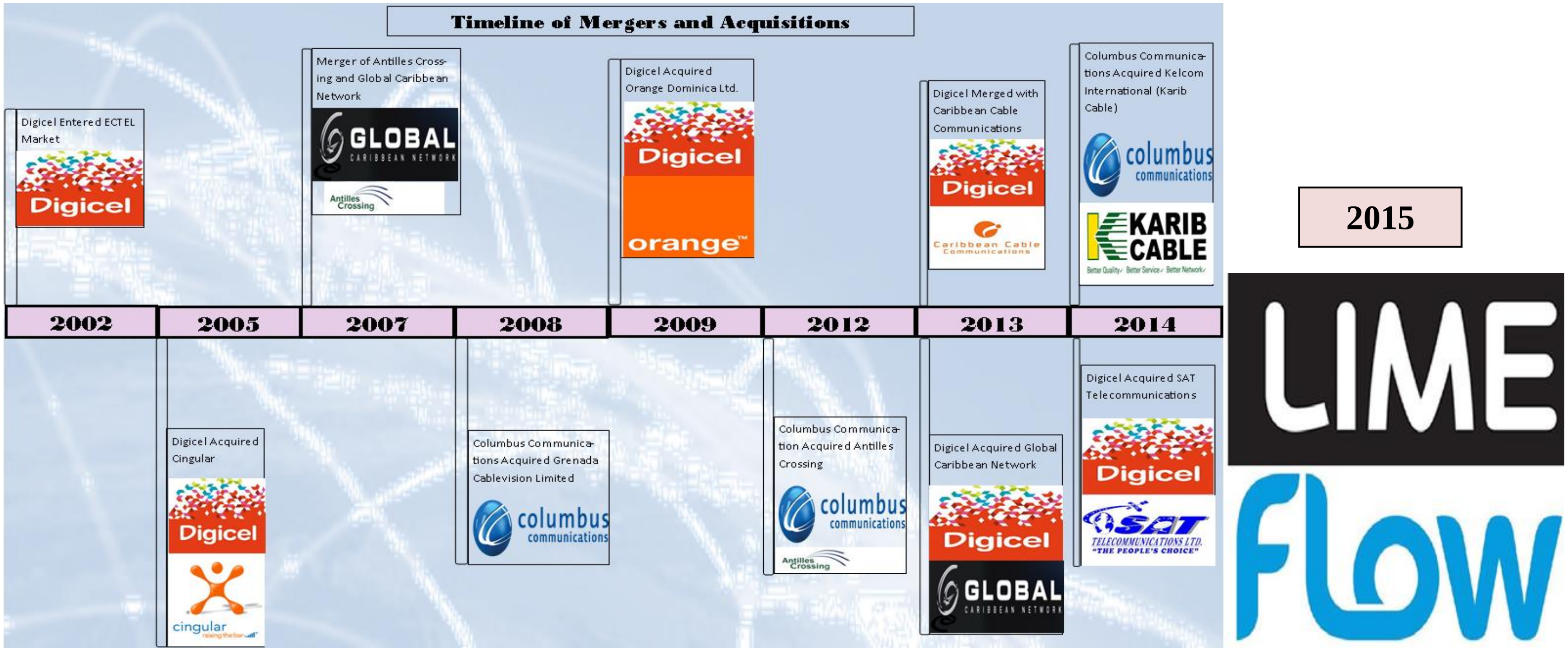
Box 1.0

Assessment of Most Impactful Mergers and Acquisitions on the ECCU Telecommunications Industry (*2002 to 2015*)

Mergers and acquisitions among ECCU competitors have been predominantly in the form of vertical and horizontal business combinations. For instance, Digicel has expanded market share by acquiring at least six entrants since it began operations within the ECCU in 2002. The firm, which was initially licensed to provide only public mobile telecommunication services, has established footholds within regional markets for fixed public network and internet network services allowing for triple-player capabilities. Digicel's Southern Cable Fibre Network is the latest in the region which spans 3,000 km connecting 13 islands. In so doing, Digicel has sufficiently reduced competition and grown into one of the most dominant firms within those relevant markets.

Most importantly, other major market players such as Columbus Inc penetrated the ECCU telecoms market seven years ago by embarking upon a series of acquisitions in various markets. The firm also undertook regional consolidations outside of the ECCU which enabled it to become the first telecommunications company to offer the triple play service of fixed voice, internet, and subscriber TV in the Caribbean. Columbus, which operated under the brand FLOW, became a diversified telecommunications company and a major player in Internet Protocol (IP) telephony, high-speed internet and Internet Protocol Television (IPTV) and corporate Information Technology (IT) solutions and data hosting services. The firm recently extended its sub-sea cable network, which spans over 42000 km in 42 countries in the Caribbean and Latin America. As such, Columbus provides a major buffer to CWC's strong competitive position in the broadband market, underpinned by the surge in CWC's regional investments over the last two years. The acquirer, CWC, who trades as LIME within the ECCU, has been the incumbent provider of a full range of telecommunications services via its extensive subsea network. The merger between the firms, who were once competitors and providers of services which appear to be close substitutes, has now made them dominant in the supply of fixed voice telephony and fixed broadband services among some of the largest ECTEL / ECCU member states.

Although the latest acquisition represents CWC only merger transaction within the ECCU telecoms sector since liberalization, it may be deemed an extreme case of a horizontal combination as it has resulted in monopolies within several markets. CWC's full equity interest in its competitor allows it to leverage on LIME's dominance in the mobile market and FLOW's strength in television and video content delivery. CWC has increased its market power by extending its market reach through the acquisition of unique capabilities and cross-border resources, such as infrastructure, technology and various intangibles such as FLOW's good reputation. Its extensive cellular and fixed connectivity footprint, along with Columbus relatively new fiber network and IT solutions capability, allows for triple play and market leading quad-play services.



Source: ECTEL