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EASTERN CARIBBEAN CENTRAL BANK

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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

The global economic recovery continued in the second quarter of 2015, but at a slower rate than expected, with increasing risks to growth especially in emerging markets. The mixed performance of advanced economies largely reflected the estimated expansion in economic output in the United States of America (USA) in the first six months of 2015 tempered by weak recoveries in the UK and the Euro Area economies, and shrinking growth in Japan and Canada. In China the slowdown in economic growth was partly associated with policy shifts from an export-oriented economy to more domestic-oriented policy measures. Generally, labour market conditions improved coinciding with subdued inflationary pressures and positive economic growth. However, the major Central Banks continued their accommodative monetary policy stance with interest rates at near historic lows, to support continued improvements in the labour market and global economic recovery.

Global economic growth for 2015 is estimated at 3.3 per cent, attributed largely to some improvements in the prospects for advanced economies and partly moderated by a deceleration in the performance of the emerging market economies. With expectations of strengthening output growth in a number of advanced economies in the short term, projections for 2016 remain optimistic at 3.8 per cent. The risks to global growth remain on the downside which includes geopolitical tensions and economic distress in the Middle East, the rebalancing of China and the prolonged economic stagnation in Europe.

Macro-Economic Developments in the Major Economies

Real Sector and Labour Market Developments

The final estimates of real GDP growth in the **USA** for the second quarter showed that output grew by 3.9 per cent (annualised) compared with a 4.2 per cent expansion in the corresponding quarter of 2014. However, the performance represented an expansion of 3.3 per cent when compared to the first quarter 2015. The expansion in real GDP was largely attributed to increased personal consumption expenditure, private inventory investment, exports, non-residential fixed investment, government spending (state and local) and residential fixed investment. Consistent with the general improvement in the real sector in the USA, the rate of unemployment fell to 5.3 per cent in June 2015 compared with 6.1 per cent in June 2014, the lowest in seven years. The number of unemployed fell by 1.4m persons on an annualised basis, with a labour force participation rate of 62.9 in June 2015. Meanwhile, average hourly earnings grew by 2.0 per cent (annualised) to $24.95 in June 2015.

The economy of the **United Kingdom** (UK) continued to recover, as real GDP grew by 0.7 per cent in the second quarter of 2015, a marginally slower pace when compared with the 0.8 per cent expansion in the corresponding period of 2014. However, second quarter real GDP growth was an improvement over the 0.3 per cent growth in the first quarter. Growth in the second quarter was driven largely by the services sector, which grew by 0.7 per cent and contributed 0.6 percentage points to the overall increase in economic activity. The expansion in the services sector was broad-based, with increases in each of the four major sub-categories – distribution, hotels and restaurants, transport, storage and communication, business services and finance. The UK's unemployment rate fell to 5.6 per cent in June 2015 from 6.4 per cent in June 2014. For the April to June 2015 period, 31.0m persons were employed, which was 63,000 less than the first three months of the year and 354,000 above the corresponding period of 2014. The number of unemployed persons (1.9m) was 25,000 above that of the first quarter of 2015 and 221,000 less than a year ago.

The **Euro Area** economy advanced by 0.4 per cent in the second quarter of 2015 up from 0.1 per cent in the corresponding period of 2014, but a slowing from a 0.5 per cent in the first quarter. The strengthening of the recovery in Spain and Germany were insufficient to offset contractions recorded in France, Italy and Netherlands. Spain's economy continued to recover with growth of 1.0 per cent and the economy of Germany, the largest in the Eurozone, expanded by 0.4 per cent. Economic activity in Europe's second largest economy, France, virtually stalled in the second quarter compared with growth of 0.7 per cent in the first quarter of 2015. The stagnation was attributed to a deceleration in total domestic demand which include consumption expenditure and total investment.

Italy economic growth slowed to 0.3 per cent in the second quarter while the economy of the Netherlands decelerated to 0.1 per cent. The Euro Area seasonally-adjusted unemployment rate was 11.1 per cent in June 2015 compared with an 11.5 per cent in the corresponding period of 2014. Among the member states the lowest unemployment rate in June 2015 was recorded in Germany (4.7 per cent) and the highest, in Greece (25.6 per cent) and Spain (22.5 per cent).

The **Chinese** economy expanded by 7.0 per cent on an annualized basis in June 2015, compared with 7.5 per cent in the corresponding period in 2014. On a quarterly basis, the economy grew by 1.7 per cent from 1.4 per cent in the previous quarter. The growth was attributed to performances in three major sectors, manufacturing (7.7 per cent), mining and quarrying (2.7 per cent) and, utilities and energy supply (2.1 per cent). The unemployment rate decreased to 4.0 per cent in June 2015 compared with a 4.1 per cent at the end of June 2014.

Japan, the world's third-largest economy declined by 1.2 per cent (annualised) in the second quarter of 2015 compared with a deeper contraction of 6.8 per cent in the second quarter of 2014. On a quarterly basis, the economy contracted by 0.3 per cent in the April to June period, after expanding by 1.1 per cent in the first quarter. Private consumption, which accounts for close to 60.0 per cent of the economy, fell by 0.7 per cent due to rising food prices and increases in the cost of imports. Also contributing to the decline in economic activity were contractions of 4.4 per cent in exports and 0.9 per cent in capital expenditure (private non-residential investment).

The Canadian economic recovery weakened in the second quarter of 2015, as real GDP contracted at an annualized pace of 0.5 per cent in contrast to an expansion of 3.1 per cent in the second quarter of 2014. On a quarterly basis, the economy contracted by 0.1 per cent in the April to June period, following a 0.2 percent contraction in the first quarter, as lower oil prices triggered declines in both business spending and inventory accumulation. The Canadian unemployment rate fell to 5.8 per cent in June 2015 compared to 6.1 per cent in June 2014. In the 12 months to June 2015, employment increased by 176,000 (1.0 per cent) attributed to more full-time work. Relatedly, average weekly earnings grew by 1.9 per cent on an annualised basis to $955 in June 2015 reflecting wage growth and an increase in the number of hours worked.

Commodity and Consumer Prices

A reading of the *IMF's Commodity Price Index* for the first six months of 2015, indicates that commodity prices declined by 5.8 per cent due to ample supplies and weak demand, one main exception was the price of crude oil which rebounded early in the second quarter on stronger demand but has since weakened owing to a still large global surplus. Energy prices rose 12.0 per cent in the second quarter of 2015, reflecting a 17 per cent increase in oil prices on stronger demand and some expected supply tightening. West Texas Intermediate (WTI) a barometer for conditions in the middle part of the USA, averaged US$59.8 per barrel in quarter two, compared with US$48.6 per barrel in the first quarter. Brent crude, which broadly reflects global market conditions, averaged US$62.3 per barrel, an increase of 15.6 per cent from the first quarter. A number of factors contributed to growth in the price of crude oil, including slowdown in non-OPEC oil production and drilling activity and stronger gasoline demand in the USA following the drop in oil prices in the second half of last year.

Non-energy commodity prices fell by 2.0 per cent in the second quarter of 2015, down almost one-third from their early 2011 high, due to abundant supply and large inventories. Agricultural prices fell by 2.6 per cent due to large declines in food commodities. The FAO Food Price Index (FFPI) averaged 164.9 during the period under review compared with one of 208.9 in the corresponding period of 2014, influenced by declines in major group indices of meat, diary, cereals, vegetable oils and sugar. Lower readings for the FFPI ranged from a 32.1 per cent decline in average prices for the dairy index to a 16.4 per cent reduction in average prices in the meat index. Meanwhile, the average price of gold per ounce fell to US$1,182.0 in the second quarter of 2015 from US$1,289.0 in the corresponding period of 2014. The price of silver averaged US$16.1 per ounce in the second quarter of 2015 from US$19.7 in the comparable period of 2014.

Price Inflation

Inflationary pressures in the major economies remained subdued with few notable exceptions. The Consumer Price Index (CPI) in the **USA** rose by 0.3 per cent in June 2015 to mark the biggest increase since December 2014, as the cost of gasoline, shelter and food all rose. In **Canada,** the CPI rose by 1.0 per cent in the 12 months to June, following a 0.9 per cent increase in May. The 0.1 percentage point gain in the CPI was led by higher food prices which rose by 3.4 per cent on a year-on-year basis in June and the shelter index by 1.0 per cent. In the **United Kingdom**, the CPI was unchanged at 0.0 per cent in the 12 months to June 2015, attributed to declines in clothing and food prices. The **Euro Area** annual inflation rate was 0.2 per cent in June 2015, while **Japan's** core CPI, which excludes the prices of fresh fruit, rose by 0.1 per cent in June, following no movement in May. **China's** June CPI levels remained stable at 1.4 per cent compared with the outturn for the first quarter. Increases in food items continued to be the biggest inflationary factor.

Monetary Policy Developments

Global financial conditions remained accommodative for the first six months of 2015 as evidenced by declining long-term government bond yields, partly a reflection of lower inflation expectations, associated with protracted weakness in inflationary pressures and weak domestic demand in some advanced economies. International monetary and financial developments have also been underscored by a steady appreciation in the US dollar. The trade weighted US dollar index which is a measure of the value of the United States dollar relative to other world currencies appreciated to 94.1 at the end of June 2015 from a reading of 85.0 at the end of June 2014.

The **US Federal Reserve Open Market Committee (FOMC)** at their June meeting indicated that economic activity in the USA was rebounding, supported by improvement in the labour market indicators. The consensus view was that the economy had adequate underlying strength to support continued improvements in the labour market and a return of inflation towards the long-run 2.0 per cent target. The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities and rolling over maturing Treasury securities at auctions. Taken together, these actions should maintain downward pressure on longer-term interest rates, support mortgage markets, and help to make broader financial conditions more accommodative. To support continued progress towards maximum employment and price stability, the Committee decided to keep the target range for the federal funds rate at 0 to 0.25 per cent.

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 throughout the second quarter of the year. The **European Central Bank** policy makers at their 3 June 2015 meeting indicated that they will maintain a loose monetary stance for as long as needed. The Governing Council of the ECB decided that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.05 per cent, 0.30 per cent and -0.20 per cent respectively.

At other central banks, the **Bank of Canada** lowered its target for the overnight rate to 0.5 per cent. The **Bank of Japan** decided at its June meeting that the policy of conducting money market operations will be maintained so that the monetary base will increase at an annual pace of about 80 trillion yen. The intention is to persist as long as necessary until the price stability target of 2.0 per cent is achieved. The **People's Bank of China,** in the second quarter of 2015, decided to cut its one-year benchmark lending rate by a 0.25 percentage point to 4.85 per cent and its one-year deposit rate by the same scale to 2.0 per cent, in addition to cutting its reserve requirement ratio by 0.50 percentage points for banks with sizable lending to farmers and small businesses, in a continued effort to stimulate growth in sections of the economy.

Prospects

Growth in global output advanced slowly in first half of the year and is projected to end 2015 at a rate of 3.3 per cent, up from 3.4 per cent in 2014. Leading indicators point to a further strengthening of the global recovery, supported by easy financial conditions, more neutral fiscal policy in the Euro Area, lower fuel prices, and improving confidence and labour market conditions in the advanced economies. It is expected that the momentum will be carried into 2016, with global growth projected at 3.8 per cent.

Growth rebound is underway in the **USA** driven predominantly by private consumption. Real GDP growth should strengthen modestly to 2.5 per cent in 2015 and further to 3.0 per cent in 2016. The underlying drivers for acceleration in consumption and investment are wage growth, improved labour market conditions, easy financial conditions, lower fuel prices, and a strengthening housing market.

Economic growth in **Canada** weakened in the second quarter to an annualized -0.5 per cent, market expectations. Leading indicators suggest that growth will resume in the third quarter led by the non-resource sectors of the Canadian economy, supported by improvements in the labour market, high consumer confidence and soft financial conditions for households and businesses. The Bank of Canada projects real GDP growth to average about 1.0 per cent in 2015 to a modest recovery of 2.5 per cent in 2016. Growth in the **Euro Area** economies is forecasted to strengthen to 1.5 per cent in 2015 and 1.7 per cent in 2016. The recovery in the Euro Area is supported by a weakening euro, declining oil prices, record low interest rates, and an improvement in bank credit supply conditions. As anticipated, output in **Japan** contracted in the second quarter, but the economy is expected to gain some momentum in the latter half of 2015. The World Bank projects that real GDP growth will be modest at 1.1 per cent in 2015 before accelerating to 1.7 per cent in 2016.

In the emerging market and developing economies, growth was revised downwards to 4.2 per cent in 2015, but is expected to strengthen to 4.7 per cent in 2016. The IMF projects that real GDP growth in **China** is expected to continue to edge down to 6.8 percent in 2015 and 6.3 percent by 2016 as the authorities undertake structural adjustments and policy measures aimed at attaining a sustainable growth path.

Downside risks to global projections remain significant. Global financial market risks remain relevant, particularly regarding increasing long-term interest rates. In the main advanced economies, risks of medium term stagnation coupled with persistently low inflation, especially in the Euro area, are of concern. The rebalancing of China towards a new growth model, as illustrated by the recent financial market turbulence also poses a risk to projections, in addition to the geopolitical tensions and economic distress in the Middle East. In most economies, the need to implement structural reforms aimed at raising the actual and potential output is even more critical.

DOMESTIC ECONOMIC DEVELOPMENTS

Overview

Based on preliminary assessments, economic activity at the ECCU level continued on a path of recovery in the first half of 2015, relative to the performance in the comparable period of 2014. This assessment was based on improved performance in the major sectors of the economy including construction, hotels and restaurants and agriculture. The economic expansion was reflective of growth in six member countries, as Dominica and Montserrat registered weakened economic activity. Deflation was recorded across the Currency Union as all the member countries recorded declines in the price level. The consolidated accounts of the central governments resulted in an overall fiscal surplus in contrast to an overall deficit in the corresponding period of 2014, mainly a result of an improved current account position. Consistent with the turnaround in the fiscal outturn, the outstanding debt stock of the public sector contracted. The merchandise trade deficit is estimated to have narrowed, on account of a decline in import payments, coupled with a higher level of export receipts.

In the banking sector, monetary liabilities (M2) and net foreign assets rose, while domestic credit decreased. Meanwhile, commercial bank liquidity improved and the spread between the weighted average interest rates on loans and deposits widened.

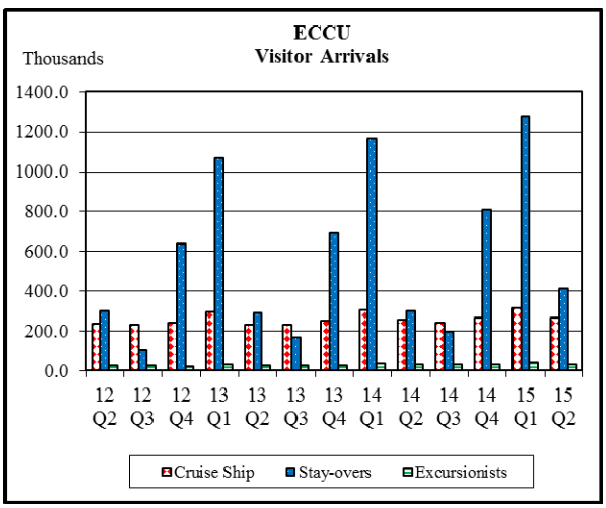
Premised on global developments and the Currency Union's performance in the first half of the year, the ECCU is poised for growth in 2015. On the domestic front, the outlook reflects growth in the key economic segments including the construction and agricultural sectors, as well as, the tourism industry. Inflationary pressures are expected to be contained during the rest of the year. The stability of the financial sector is expected to persist, supported by the implementation of the bank resolution strategy. The fiscal position is likely to continue to improve in all territories, with the exception of Dominica, where government will need to increase expenditure in support of the recovery efforts. In the external sector, the merchandise trade deficit is expected to widen marginally, to accommodate the anticipated increase in the imports of construction materials, in line with expansion in that sector. In spite of the positive outlook, the ECCU continues to be challenged. While the Monetary Council has taken a policy stance to support the recovery, the structural impediments that constrain growth and competitiveness persist. Other downside risks include the negative effects of global warming and climate change, setbacks in the global economic recovery and commodity price developments, which can reverse gains made in infrastructural development.

Output

Activity in the construction sector, one of the main drivers of economic growth in the Currency Union, is estimated to have increased in the first six months of 2015, compared with the corresponding period of 2014. The up-tick in construction activity was led mainly by developments in the private sector as public construction was somewhat constrained in a number of the territories. Strengthened activity in Anguilla, Grenada, St Kitts and Nevis, Saint Lucia, and St Vincent and the Grenadines mitigated declines in Antigua and Barbuda, Dominica and Montserrat. Private sector construction largely concentrated on hotel and related establishments, mainly in Anguilla, Grenada and St Kitts and Nevis. Contrary to the increase in private construction activity, public sector capital investment spending contracted by 8.6 per cent, largely on account of developments in Antigua and Barbuda, Dominica, Montserrat and Saint Lucia. Public sector activity focused on road and infrastructural development, including an international airport. In line with improved construction activity, output in the mining and quarrying sector is also estimated to have increased.

Developments in the tourism industry remained favourable in the first six months of 2015, relative to the first half of 2014. Total visitor arrivals rose by 10.9 per cent to 2.4m, compared with growth of 8.0 per cent in the corresponding period last year. The increase in total visitor arrivals was influenced by improvements in all the sub-categories of visitors, except yacht passenger arrivals. The number of stay-over visitors increased by 2.6 per cent to 575,463, a slower pace than growth of 6.6 per cent in the first half of 2014. Stay-over visitor arrivals from the USA, the largest source market (43.4 per cent), grew by 5.2 per cent, compared with an increase of 8.0 per cent in the corresponding period of 2014. Meanwhile, arrivals from the UK, the region’s second largest market, grew marginally by 0.4 per cent, compared with an increase of 7.3

per cent in the first half of the prior year. The number of stay-over visitors from the Caribbean, the third largest source, increased by 5.7 per cent in contrast to a decline of 4.7 per cent recorded in the comparable period of the prior year. Arrivals from Canada fell by 3.0 per cent, reversing the gains recorded in that source market in the first half of 2014. Five of the ECCU member countries recorded an increase in stay-over arrivals, ranging from 1.9 per cent in St Vincent and the Grenadines to 7.3 per cent in St Kitts and Nevis. By contrast, reductions were observed in Antigua and Barbuda (3.6 per cent), Montserrat (3.8 per cent) and Dominica (0.1 per cent).



The cruise ship visitor category, which accounted for 69.8 per cent of total visitor arrivals in the review period, rose by 15.3 per cent to 1.7m, compared with an increase of 7.9 per cent a year ago. This outcome reflected an 8.3 per cent increase in the number of cruise ship calls to 1102. The main contributors to the improved performance in cruise passenger arrivals were St Kitts and Nevis, where that category recorded an increase of 32.6 per cent, Antigua and Barbuda, 23.6 per cent and Saint Lucia, 9.8 per cent. In the rest of the tourism industry, there was an 8.8 per cent rise in the number of excursionists, while yacht passenger arrivals declined by 7.4 per cent to 83,355.

Based on preliminary data, the overall performance of the manufacturing sector in the Currency Union remained relatively flat. A decline was recorded in St Kitts and Nevis, one of the key manufacturing territories, largely reflected by a contraction in the export of manufactured items. Manufacturing activity in Dominica also fell, as evidenced by a decline in the production of all major commodities, including soap and beverages. The prognosis was mixed in Grenada, where although the production of a number of manufactured items increased, the output of flour, the most heavily weighted product in the production basket declined. Meanwhile, Saint Lucia and St Vincent and the Grenadines registered improvements, as production of a number of items increased, including paper and paperboard products, plastic products and beer.

Output in the agricultural sector is estimated to have grown in the first half of 2015, reflected in part by developments in the banana industry. Banana production rose by 7.5 per cent to 9,131.6 tonnes, a stark recovery from a decline of 22.1 per cent in the first six months of 2014, when the crop was adversely impacted by the Moko and Black Sigatoka diseases, pests and flooding. In the non-banana sub-category, output is estimated to have increased in all the Windward Islands, but declined in Montserrat and St Kitts and Nevis. Growth was recorded in the production of cocoa, ground provisions, fruits and vegetables.

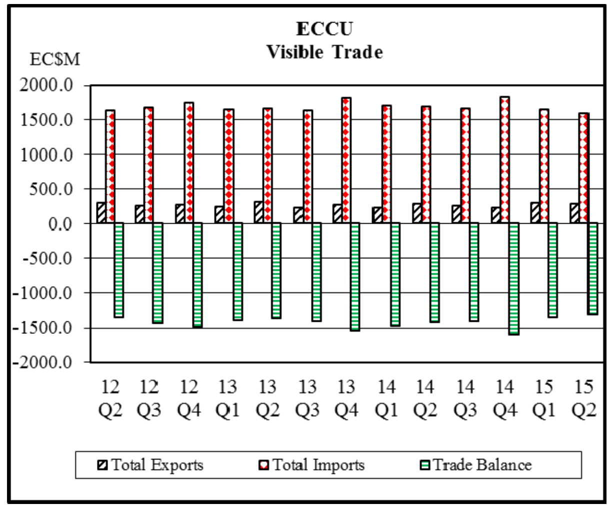
The strengthened pace of activity in the tourism industry and the agricultural and manufacturing sectors positively impacted the wholesale and retail trade; transport, storage and communications; and the real estate, renting and business activities sectors.

Prices

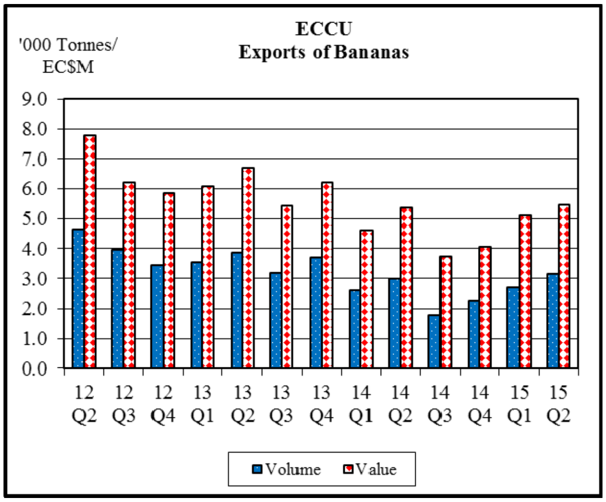
Overall, consumer prices in the Currency Union fell by 1.3 per cent during the first six months of 2015, in contrast to an increase of 1.1 per cent during the corresponding period of the prior year. The fall in the consumer price index (CPI) was influenced in part by a decline in oil prices on the domestic market. The average price of gasoline in the ECCU member territories was calculated at $13.20 per gallon, $2.71 below the average price recorded during the corresponding period of 2014. As a consequence, the fuel related sub-indices in the CPI - transport and communication and fuel and light, each recorded declines of 2.2 per cent. The food sub-index, the largest weighted in the CPI basket, fell by 1.9 per cent. Other notable declines were in the sub-indices for personal services (4.1 per cent), alcoholic drink and tobacco (0.8 per cent), household and furniture equipment (0.3 per cent) and medical care and expenses (0.1 per cent). These declines were partly offset by increases in the sub-indices for clothing and footwear (6.8 per cent), housing and utilities (2.5 per cent) and education (0.5 per cent). Prices fell in all eight territories with the most significant declines recorded in St Kitts and Nevis (2.1 per cent) and St Vincent and the Grenadines (1.7 per cent).

Trade and Payments

Preliminary estimates point to a smaller merchandise trade deficit relative to the first half of 2014. The merchandise trade deficit narrowed to $2,652.7m from $2,894.2m largely on account of a reduction in import payments, supported by an increase in export receipts. Import payments contracted by 4.6 per cent ($156.4m), to $3,243.9m, primarily reflecting the impact of lower international oil prices. Import payments for mineral fuels and related materials recorded the largest decline of $195.2m (24.6 per cent). On a country level, the value of imports fell in Antigua and Barbuda, Dominica, Montserrat, Saint Lucia and St Vincent and the Grenadines. Simultaneously, export receipts increased by 16.8 per cent to $591.3m, in contrast to an 8.5 per cent decline in the first six months of 2014. The outturn was influenced firstly by an increase in re-exports, supported by growth in domestic exports, mainly in Saint Lucia and St Vincent and the Grenadines. The increases were indicative of growth in the production of banana and improvement in the performance of the manufacturing sector, particularly in Saint Lucia. Earnings from export of bananas rose by 5.7 per cent ($0.6m) to $10.6m, as the recovery continued.



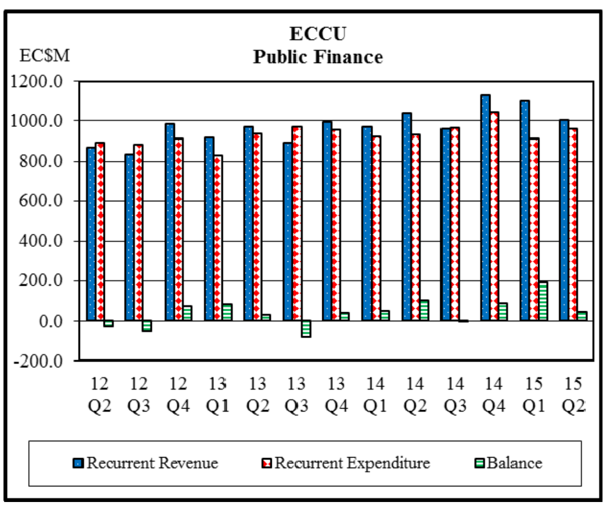
Gross travel receipts rose by 4.8 per cent to $1,996.0m, commensurate with growth in visitor arrivals. The external transactions of commercial banks resulted in a net outflow of $686.3m in short-term capital compared with a net outflow of $479.5m during the corresponding period of 2014. Disbursements of foreign loans to central governments stood at $176.0m, compared with $166.0m at the end of June 2014; while loan amortisation amounted to $298.9m from $141.2m. As a result, the Currency Union recorded a net outflow position for central government of $122.9m, in contrast to a net inflow position of $24.8m in the first six months of 2014. Of the other major flows, gross inflows of official grants decreased by 2.9 per cent to $189.9m, reflecting lower inflows to Dominica, Saint Lucia and St Vincent and the Grenadines, to a lesser extent.



Central Government Fiscal Operations

The fiscal operations of the central governments resulted in an improved fiscal position in the first half of 2015, compared with that of the corresponding period in 2014. An overall surplus of $57.6m was recorded on the consolidated fiscal accounts, a turnaround from a deficit of $45.4m in the first six months of 2014. The overall improvement in the fiscal position was attributed to a larger current account surplus, coupled with lower capital spending. On a country level, five territories recorded improved fiscal performances – Anguilla, Antigua and Barbuda, Grenada, Montserrat and Saint Lucia. Two of these countries reported larger surpluses, two recorded smaller deficits, while Antigua and Barbuda transitioned from a deficit to a surplus, due in part to an increase in its revenue intake. By contrast, the fiscal position worsened in Dominica and St Vincent and the Grenadines, where larger deficits were recorded. In St Kitts and Nevis, the operations of the central government resulted in a smaller overall surplus. All member countries, with the exception of Dominica and St Vincent and the Grenadines, registered current account surpluses, which ranged from $15.8m in Anguilla to $123.1m in St Kitts and Nevis.

The central governments generated a surplus of $239.1m on their current operations compared with one of $155.6m in the corresponding period of 2014. The expansion in the current account surplus was mainly influenced by a higher intake in current revenue, which more than offset a rise in current expenditure. Current revenue rose by 5.1 per cent to $2,110.9m, largely reflecting an 8.0 per cent ($133.4m) rise in tax revenue, as the yield increased from all major taxes. Revenue from taxes on income and profits rose by 15.7 per cent influenced by larger receipts from both the company tax ($37.5m) and the personal income tax ($6.5m). Revenues from taxes on international trade and transactions were 9.9 per cent above the amount collected in the first half of 2014. These higher receipts from international trade and transactions emanated from growth in the consumption tax, import duties and customs service charge. Collections for taxes on domestic goods and services rose by 3.0 per cent largely attributable to a 6.3 per cent ($28.8m) increase to $484.0m in the receipts from the Value Added Tax (VAT), due mainly to higher intakes in Saint Lucia ($14.1m) and Grenada ($11.2m). The property tax yielded $7.9m above the amount collected in the first half of last year. On a county basis, increases in tax revenue ranged from 0.9 per cent in Dominica to 18.0 per cent in St Kitts and Nevis, however a decline of 4.7 per cent was recorded in Montserrat. Non-tax revenue fell by 9.1 per cent ($31.0m), as collections from fees and fines declined in Anguilla, Dominica, Grenada, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines.



Current expenditure increased by 1.0 per cent to $1,871.8m compared with growth of 4.7 per cent in the corresponding period of 2014. An increase of 11.6 per cent ($25.2m) was reported for interest payments, as external interest obligations rose in a few member territories, particularly Antigua and Barbuda and Saint Lucia. Outlays on transfers and subsidies rose at relatively the same pace as the first six months of last year - 5.8 per cent ($24.3m). The increase in spending on transfers and subsidies occurred in all the territories with the exception of Montserrat and Saint Lucia. Payment for goods and services declined by 4.7 per cent ($17.3m), largely on account of developments in Antigua and Barbuda, which had the largest decline ($14.7m), followed by Saint Lucia ($6.3m), Dominica ($4.3m) and Grenada ($3.9m). Outlays on personal emoluments, the largest sub-component, fell by 1.6 per cent ($13.3m), in contrast to growth of 6.2 per cent ($49.9m) in the corresponding period of 2014. Expenditure on personal emoluments was lower in four of the territories, with the most significant declines recorded in Grenada ($24.6m), and Saint Lucia ($12.2m).

Capital expenditure totaled $366.2m representing an 8.6 per cent decline when compared with the first half of 2014. The contraction in capital expenditure was largely influenced by reductions in four of the member territories. The largest declines in capital outlays were recorded in Saint Lucia ($31.3m) and Dominica ($23.3m). Other countries registering declines in capital expenditure were Montserrat and Antigua and Barbuda. By contrast, higher capital expenditure was recorded for St Kitts and Nevis ($16.8m), Grenada ($14.3m), St Vincent and the Grenadines ($7.9m) and Anguilla ($0.7m). Commensurate with the decline in capital expenditure was a contraction of 23.3 per cent to $120.3m in receipts from capital grants. This outturn contrasts growth of 8.0 per cent ($11.6m) in the corresponding period of 2014. Developments in Dominica, Saint Lucia and Saint Kitts and Nevis, mainly influenced the outturn in capital grants receipts.

Public Sector Debt

Consistent with the improved fiscal position of the ECCU in the first half of 2015, there was a noted decline in the total debt stock. The total disbursed outstanding public sector debt fell by 3.0 per cent to $12,854.6m. The reduction was attributed mainly to a fall in indebtedness of the central governments as both domestic and external debt declined. Central governments' outstanding debt fell by 3.2 per cent to $11,349.6m, as their domestic debt contracted by 4.8 per cent ($246.2m) and their external debt by 1.9 per cent ($128.2m). On a country basis, declines were recorded in the total public debt of all of the countries, except Dominica, which recorded an increase of 2.0 per cent ($21.1m). In the rest of the public sector, public corporations' indebtedness fell by 1.9 per cent ($28.7m) to $1,505.0m, attributable to declines of $15.7m and $13.0m in domestic debt and external debt, respectively.

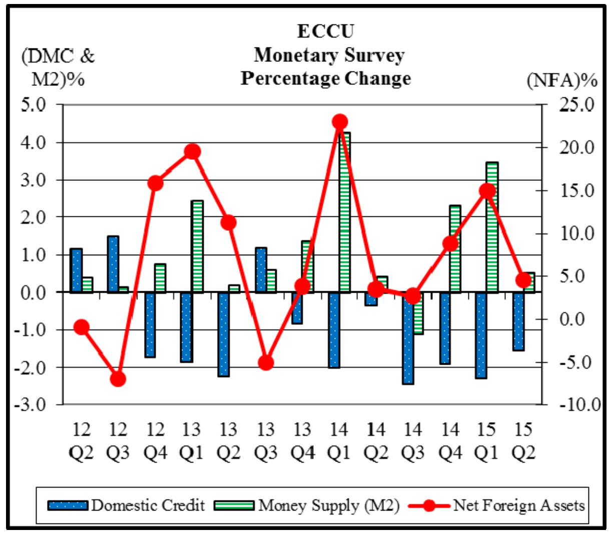
Debt service payments amounted to $720.9m in the first six months of 2015, an increase of 67.5 per cent over the total recorded for the first half of 2014. The bulk of the increase stemmed from elevated principal payments, which more than doubled in the review period. Principal repayments represented 66.4 per cent of total debt servicing, while interest payments accounted for the remaining 33.6 per cent. Higher debt service payments were recorded for Antigua and Barbuda, Grenada, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines, while payments lowered in Anguilla and Dominica. The level of debt servicing in Montserrat remained virtually unchanged from the first half of the prior year.

Monetary and Financial Developments

Money and Credit

Monetary liabilities (M2) grew by 4.0 per cent to $15,406.5m during the first six months of 2015, attributable to growth in both quasi money and narrow money (M1). Quasi money rose by 3.6 per cent ($413.2m) to $12,036.2m, reflecting expansions in all of its sub-components. Private sector foreign currency deposits increased by 8.1 per cent (186.1m), and their savings deposits and time deposits grew by 2.7 per cent and 1.9 per cent, respectively. The expansion in quasi money was supplemented by growth of 5.7 per cent ($180.5m) in M1, stemming largely from an 8.6 per cent increase in private sector demand deposits.

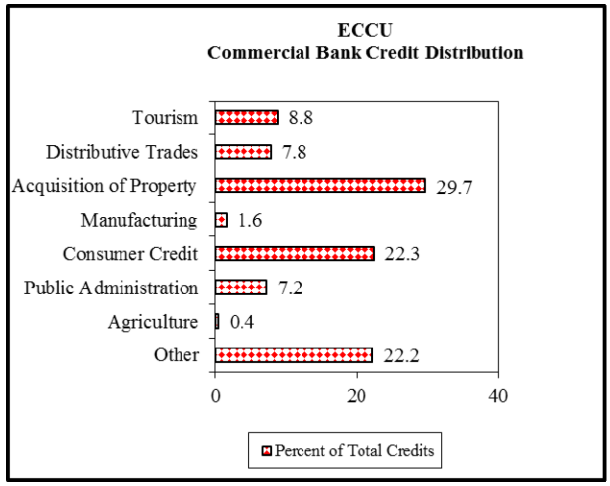
Net foreign assets of the ECCU banking system rose by 20.2 per cent to $5,961.9m during the review period. The improved net foreign assets position was attributed to increases in the net foreign assets of both the commercial banks and the Central Bank. Commercial banks' net foreign assets position grew by $686.3m to $1,842.1m, largely associated with an increase of 13.5 per cent in assets held abroad. Likewise, the net foreign assets of the ECCB grew by 8.3 per cent to $4,119.8m, compared with an increase of 15.1 per cent during the first half of 2014.



Domestic credit fell by 4.0 per cent to $10,960.6m during the first six months of 2015, influenced in part by a reduction in credit to the private sector. Credit to the private sector declined by 8.0 per cent mainly associated with decreases in credit to subsidiaries and affiliates and businesses. Net credit to the general government more than doubled, largely attributable to an increase of 43.8 per cent in commercial banks' credit to central governments, as these banks invested more in government securities, other than Treasury bills. The net deposits position of non-financial public enterprises rose by 7.6 per cent, stemming largely from a 6.1 per cent increase in their deposits.

An analysis of the distribution of credit by economic activity indicated that outstanding credit to the economies of the ECCU fell by 2.2 per cent during the period under review, largely reflecting declines in credit to all sectors, except construction and manufacturing, mining and quarrying. Outstanding credit to the tourism industry contracted by 13.6 per cent ($183.5m), credit for other uses (including utilities and public administration) declined by 2.7 per cent ($75.0m), credit to distributive trades fell by 4.6 per cent ($49.9m) and personal credit fell by 0.4 per cent ($28.9m). The decline in outstanding credit was tempered somewhat by increases of 2.8 per cent ($30.3m) and 1.7 per cent ($4.3m) in lending to construction and manufacturing, respectively.

Liquidity in the commercial banking system improved during the review period. This assessment is supported by an increase of 3.6 percentage points to 41.5 per cent in the ratio of liquid assets to total deposits plus liquid liabilities at the end of June 2015. That ratio remained above the stipulated minimum of 25.0 per cent. The loans and advances to total deposits ratio fell to 64.8 per cent from 69.1 per cent at the end of December 2014, as a result of a contraction in total loans and advances and a simultaneous increase in total deposits. The loans to deposits ratio was also within the ECCB's outer limit of 85.0 per cent.



The Monetary Council of the ECCU took a decision in February 2015 to lower minimum savings rate on deposits to 2.0 per cent effective 01 May 2015. That decision appeared to have immediately affected the deposit rates without a commensurate impact on the lending rates. The weighted average interest rate on deposits decreased to 2.05 per cent from 2.58 at the end of December 2014, while the weighted average interest rate on loans fell to 8.60 per cent from 8.92 at the end of last year. As a consequence, the weighted average interest rate spread between loans and deposits widened by 21 basis points to 6.54 per cent at the end of June 2015, from its position at the end of December 2014.

Developments on the Regional Government Securities Market (RGSM)

Activity on the primary market for government securities declined during the first half of 2015, consistent with the turnaround in the consolidated fiscal position. Gross funds issuance amounted to $384.0m, a decrease of 8.7 per cent relative to the comparable period of the previous year. This total represented the issuance of twenty-one (21) securities compared with 23 during the first six months of 2014. The contraction was attributable to a reduction in issuance by the governments of Antigua and Barbuda and St Vincent and the Grenadines. The securities comprised of one five (5) year bond and twenty (20) Treasury bills - fifteen (15) of which were 91 days, four (4) were 180 days and one (1) was 365 days. The 5-year bond, valued $25.0m was issued by Dominica – the only territory with a higher number of auctions during the review period and also one of the two countries with a fiscal deficit. In comparison, there were two bonds issued during the first six months of 2014, valued at $13.5m for seven (7) years and $28.0m for 10 years, auctioned by Antigua and Barbuda and Saint Lucia respectively.

The value of Treasury bills fell by 5.3 per cent to $359.0m during the first half of 2015. A decline was noted in the total value of investments of the governments of St Vincent and the Grenadines ($25.0m), Antigua and Barbuda ($18.5m), Grenada ($10.0m) and Saint Lucia ($8.0m). Although the value of Saint Lucia's Treasury bills increased, its non-issuance of bonds during the review period, more than offset the gains from T-bills.

The data available for analysis suggest an increase in investor sentiment in the market, as evidenced by growth in subscriptions during the period. The bid-to-cover ratio, which represents the proportion of the value of bids received in an auction to the value of bids accepted, rose to 1.53 from 1.17 during the comparable period of 2014, as the value of bids increased to $628.9m. A high bid-to-cover ratio reflects increased demand by investors at an auction. There was one under-subscription during the first six 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. Similarly, one under-subscription was recorded during the comparable period one year ago, by the same government.

The weighted average interest rate on 91-day Treasury bills fell by 106.0 basis points to 3.09 per cent during the six months ending

June 2015. The average yield for 180-day Treasury bills was 4.50 per cent, compared with 6.0 per cent during the corresponding period of last year. The yield for 365-day Treasury bills remained relatively unchanged at 6.5 per cent. The yield for a longer term 5-year bond was 7.0 per cent in contrast to the prior year when no instrument of that type was issued.

Trading activity on the secondary market for government securities declined during the first half of 2015. The value of secondary trading fell to $0.6m from $11.5m during the first half of the previous year.

Prospects

Premised on recent developments in the global economy, the International Monetary Fund's World Economic Outlook revised estimates for the global economic expansion for 2015 to 3.3 per cent, compared with preliminary forecasts of 3.5 per cent earlier in the year. Although the influence of severe winter weather on the economy of the USA and a slowdown in emerging economies have somewhat tempered the estimates for the global growth for 2015, favourable conditions for the advanced economies remain intact. Consequently, prospects for global economic activity in the near-term remain positive with growth forecasts for 2016 at 3.8 per cent.

Against the backdrop of positive prospects for the global economy, particularly the advanced economies, and developments in the domestic economy for the first six months of the year, economic conditions in the ECCU are expected to improve in the latter half of 2015. It is anticipated that growth will be driven by the major sectors including construction and its auxiliary sectors, agriculture and hotels and restaurants, as activity in the tourism industry continues to strengthen. The short term outlook for the tourism industry hinges on anticipated boosts in airlift, marketing initiatives and positive economic developments in the main source markets, especially the USA. Developments in the advanced economies are expected to strengthen the demand for the region's exports of goods and services and add further impetus to growth. As the macro-economy improves, it is likely to positively impact the domestic labour market and social conditions. The pace of construction activity is expected to strengthen as governments concentrate on infrastructural development, particularly the Argyle International Airport in St Vincent and the Grenadines and in Dominica where roads and bridges were totally annihilated by flooding, due to the passage of tropical storm Erika. Ongoing work in the private sector, mainly on tourism-related plants in Anguilla, Antigua and Barbuda, Grenada and St Kitts and Nevis, is likely to contribute further to robust construction activity. Projections for growth in the agricultural sector are contingent on continued diversification efforts within the sector, larger investments in the banana industry and other crops, increased nutmeg production in Grenada and linkages with other critical sectors of the economy.

It is anticipated that the forecasted developments in the tourism industry, agricultural and construction sectors will positively impact wholesale and retail trade; transport, storage and communications; and the real estate, renting and business activities sectors. Also, manufacturing activity is expected to pick up in the latter half of the year, although the sector‘s contribution to overall growth is small. These forecasts corroborate the findings of the latest Eastern Caribbean Central Bank’s Business Outlook Survey which indicated that business owners in the Currency Union have a positive outlook for construction, manufacturing and tourism.

Inflationary pressures are likely to remain subdued for the rest of 2015 and into the near-term, as inflation and its expectations in most advanced economies remain below target and the ECCU’s deflationary developments for the first half of 2015 are expected to hold for the rest of the year. Noteworthy is that while lower international oil prices keep inflationary pressures contained, it is likely that global energy and food prices may rise in the short to medium term.

The aggregate fiscal position is expected to generate smaller fiscal imbalances for 2015, buoyed by expectations for continued economic recovery in most territories. The fiscal performance will be underscored by higher intakes of taxes on the current revenue side, coupled with anticipated improvements in non-tax revenues, as the CBI programmes gain traction. Capital expenditure is expected to be above the level recorded in 2014 as infrastructural development continues in most territories and strengthens in Dominica as the reconstruction and rehabilitation works progress to get the country back on track following the devastation by tropical storm Erika. Current expenditure is expected to increase albeit at a slower pace than the rise in current revenue, as member governments service their debt. Consequently, the overall deficit is expected to contract, largely on the strength of an improved current account balance. Debt levels are projected to decline, consistent with improved fiscal positions and economic expansion.

It is expected that the banking system will remain stable, reflective of the ongoing bank resolution strategy and supported by improvement in economic activity. The passing of the revised banking bill in most of territories sets the tone for a successful resolution process and enhanced banking system. Monetary liabilities are projected to increase as private sector savings deposits grow, consistent with increased economic activity. The recent easing of the monetary policy stance by the ECCB, through the reduction of the minimum savings rate from 3.0 per cent to 2.0 per cent, has not been transmitted to lending rates, although the expectations were that a commensurate fall in lending rates would be triggered to facilitate more private sector credit and support economic growth. In this light, domestic credit is likely to remain subdued as the demand for credit remains low and commercial banks maintain higher lending standards, in spite of a very liquid environment. However, declining deposits rates in the banking system are likely to foster greater investment activity on the RGSM as businesses continue to move to higher interest yielding opportunities. Developments regarding the net foreign assets of the banking system will be positively influenced by an anticipated increase in official flows, travel receipts and inflows of foreign direct investments, as investor sentiments improve internationally.

The major downside risks to the economic outlook for the ECCU have been somewhat mitigated by the positive prospects for the global economy. Notwithstanding the optimism, inherent challenges persist. The high cost of doing business in the region and the mismatch between skills needed and those acquired by school leavers remain a challenge to the region’s competitiveness. The average growth forecast (2.7 per cent) for the ECCU in the short-term is still below target growth of close to 5.0 per cent needed to build momentum in the economy. There are a number of structural issues that need to be addressed to catapult the region into the required growth threshold. Challenges in the financial sector have the potential to derail the favourable outlook for the economy. Other downside risks include setbacks in the global economic recovery, commodity price developments, the adverse impact of global warming and climate change and inclement weather, which can reverse gains made in infrastructural development.

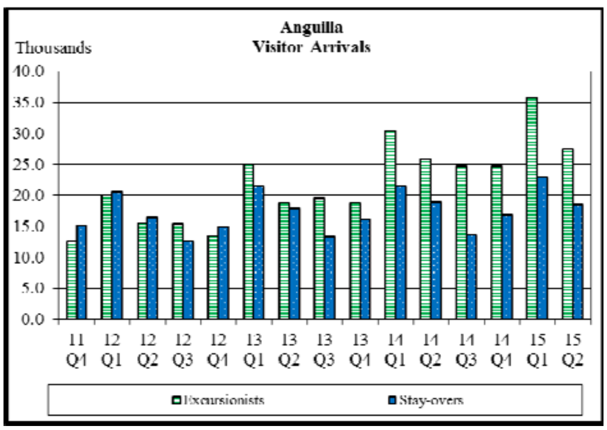
A N G U I L L A

Overview

Provisional estimates indicate that economic activity in Anguilla expanded in the first half of 2015, compared with the outturn in the corresponding period of 2014. This assessment reflected increased activity in the construction, hotels and restaurants, wholesale and retail trade and real estate, renting and business activity sectors, which was partially tempered by a reduction in value added for the financial intermediation sector. Consumer prices decreased by 0.6 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 recorded a larger surplus influenced by higher revenue collections which outpaced the increase in expenditure. 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 stabilised. Economic activity is expected to accelerate for the remainder of 2015 premised on further strengthening in the tourism industry and an uptick in construction activity. An increase in the number of excursionists combined with an improvement in stay-over visitor arrivals will sustain economic activity in the latter half of 2015. Likewise, construction activity is expected to increase and to positively impact the transportation storage and communications and wholesale and retail trade sectors. The improved outlook for the construction sector is predicated on accelerated work on a number of on-going projects. 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 more favourable prospects in the domestic economy, key downside risks exist in terms of the potential real and fiscal costs associated with resolving the fragile banking sector, and possible hurricane damage to the tourism plant.

Output

Construction work is estimated to have expanded in the first half of 2015 relative to the outturn in the comparative of 2014, reflective of an increase in private sector activity. On-going construction developments in the private sector included, work on Zemi Beach Resort, 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. Higher construction activity would have positively impacted allied sectors including; transport, storage and communications; and real estate, renting and business activities.



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 8.0 per cent to 104,560 compared with a 16.4 per cent increase in the corresponding period of 2014. The performance was fuelled primarily by a 12.1 per cent rise in the number of excursionists to 63,205. Stay-over visitor arrivals are also estimated to have risen by 2.3 per cent to 41,355 led by improvements in the number of visitors from the Caribbean 8.8 per cent, coupled with growth of 4.4 per cent and 2.0 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 (62.9 per cent) and Canada (10.7 per cent) markets, in contrast to increases of 187.9 per cent and 11.1 per cent respectively in the corresponding period of 2014.

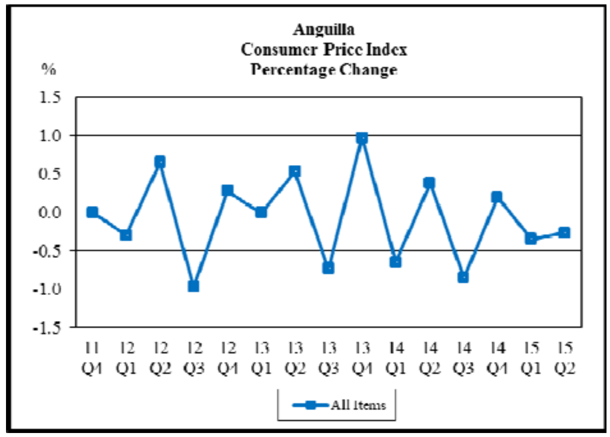
Value added is also estimated to have risen in the real estate, renting and business activities sector associated with an uptick in economic activity in the major source markets in the USA and the UK. Increased value added was recorded in public administration, defence and compulsory social security associated with larger outlays for wages and salaries.

In contrast, value added by the financial intermediation sector is estimated to have declined in the first half 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 0.6 per cent on an end-of-period basis during the first half of 2015, following a decline 0.3 per cent in the corresponding period of 2014. The main sub-indices contributing to the decline in prices were communication (1.8 per cent), food and non-alcoholic beverages (1.3 per cent), housing, utilities, gas and fuels (1.2 per cent) and clothing and footwear (1.0 per cent). The downward price pressure on the communications sub-index was largely due to a fall in cell phone rates per minute. The lower sub-index for food and non-alcoholic beverages reflected decreases in the price of bread and cereal, poultry, vegetables and non-alcoholic beverages. 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.

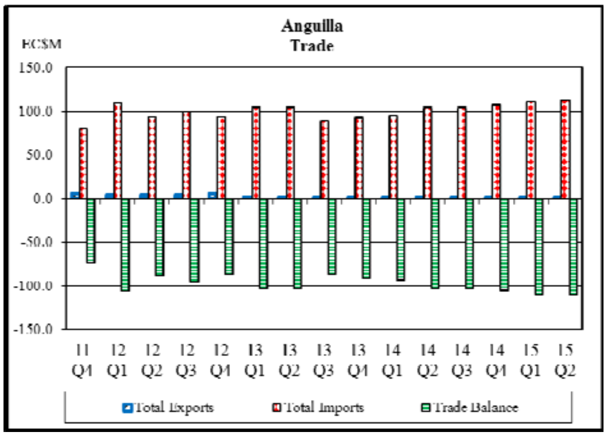
The decline in those sub-indices was tempered by increases in the alcoholic beverages, tobacco and narcotics (1.4 per cent); transport (0.6 per cent and) and; household furnishings, supplies and maintenance (0.3 per cent) sub-indices respectively. The upward movement in alcoholic beverages, tobacco and narcotics was largely a result of higher prices for spirits, whereas the overall increase in the transport sub-index was due to a rise in fuel prices and the cost of passenger sea transport.



Trade and Payments

A merchandise trade deficit of $221.1m was estimated in the first half of the year compared with one of $195.5m in the corresponding period of 2014. The wider deficit was due to an estimated increase in import payments (12.3 per cent), supplemented by a 35.6 per cent decrease in export receipts, largely from domestic exports.

Gross travel receipts are estimated to have increased by 0.6 per cent to $191.9m in the first six months of the year, in line with growth in stay-over arrivals. The transactions of commercial banks resulted in a net outflow of $69.5m in short term capital during the review period, compared with an outflow of $28.2m in the corresponding period of 2014. There were no external disbursements received in the first half of the year and external principal repayments totalled $0.5m.



Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall surplus of $15.0m in the first half of 2015, compared with one of $7.3m in the corresponding period of 2014. The outturn was largely influenced by an increase in the current account surplus to $15.8m, compared with one of $8.7m in the first six months of 2014. This outturn reflected faster growth in tax revenue collections relative to a rise in current expenditure. A primary surplus (after grants) of $19.3m was recorded in the review period, compared with one of $12.0m in the corresponding period of the previous year.

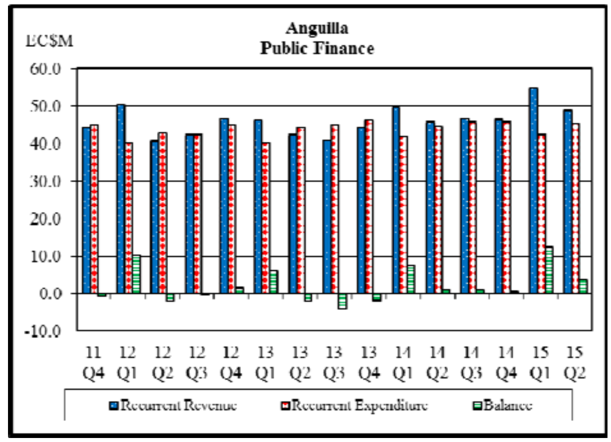
Current revenue rose by 9.0 per cent ($8.5 m) to $103.7m, due in large part to an 11.1 per cent increase in the collection of tax revenues. The larger intake of tax revenue collections reflected growth in receipts from taxes on domestic goods and services, which grew by 23.3 per cent ($7.2m) on account of higher receipts from accommodation tax and bank deposit levy.

Collections from accommodation tax grew by 29.1 per cent ($3.2m) as result of an expansion in stay-over visitor arrivals and the collection of outstanding accommodation tax receipts from some tourist accommodation establishments. The increase in receipts from bank deposit levy reflected the timing in the payment of the fee by commercial banks. The growth in revenue from taxes on domestic goods and services was partly moderated by lower stamp duty receipts which fell by 17.7 per cent ($1.5m) reflecting a decline in the value of land sales.

Increased collections from taxes on international trade and transactions primarily reflected larger receipts of import duties ($1.0m) and customs surcharge ($0.7m). The growth in collections from taxes on international trade and transactions was partly moderated by lower embarkation tax receipts which fell by 33.6 per cent ($0.4m). Increased collections from taxes on income and profits ($0.6m) mirrored higher receipts from the interim stabilisation levy. The yield from property taxes was higher ($0.2m) mainly due to improved tax administration. Non-tax revenue fell by 3.0 per cent ($0.4m) to $14.1m.

Current expenditure grew by 1.7 per cent to $87.9m, compared with a 2.4 per cent rise in the corresponding period of 2014. Outlays on transfers and subsidies grew by 5.0 per cent ($1.1m) associated with a pick-up 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 2.5 per cent ($1.0m), partly tempered by a decline in outlays on goods and services of 1.7 per cent ($0.4m) and a reduction in interest payments by 6.7 per cent ($0.3m).

Capital expenditure rose to $2.1m in the review period from $1.3m in the corresponding period of 2014, reflecting the inability of the government to increase expenditure in line with fiscal restraint measures and delays in the receipt of capital grants.



Public Sector Debt

The total disbursed outstanding debt of the public sector was estimated at $206.2m at the end of June 2015, approximately 7.1 per cent lower than that recorded at the end of 2014. Central government debt accounted for 94.3 per cent of total disbursed outstanding debt and its external debt accounted for 80.1 per cent. The outstanding debt of statutory bodies fell by 7.1 per cent to $11.8m. The continued reduction in the outstanding debt represents the restricted ability of the Government of Anguilla to incur additional debt.

Money and Credit

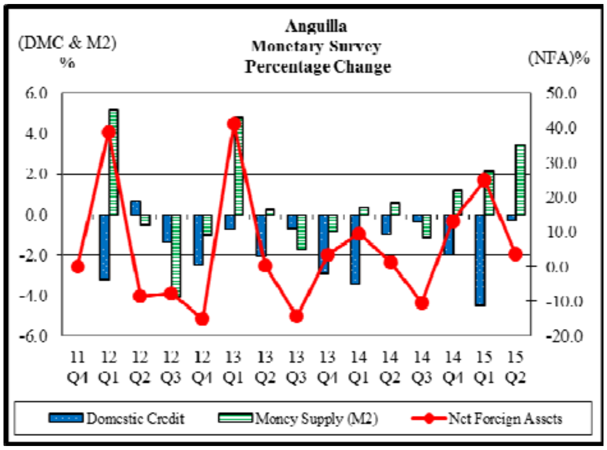
Monetary liabilities (M2) expanded by 5.7 per cent to $1,099.2m in the first half of the year, compared with one of 0.9 per cent in the corresponding period of 2014. The rise in M2 can be attributed mainly to an increase in quasi money, which grew by 5.1 per cent ($50.8m) on account of growth in foreign currency deposits (5.6 per cent) and private sector savings (4.3 per cent). The other main component of M2, narrow money (M1), rose by 15.5 per cent compared with a 1.8 per cent increase recorded in the same period of 2014. The growth in M1 is mainly attributable to the upward movement in currency in circulation (9.4 per cent) and private sector demand deposits (5.0 per cent).

Domestic credit contracted by 4.8 per cent to $936.4m, compared with a decline of 4.4 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 and the central government.

Private sector credit declined by 2.7 per cent ($34.7m) to $1,233.3m during the review period largely due to a 6.2 per cent ($45.0m) fall in credit extended to businesses, moderated by a 2.0 per cent rise in credit to households. The net deposit position of the Central Government rose by 15.1 per cent ($11.2m) at the end of June 2015, largely influenced by a $9.7m decrease in outstanding commercial bank credit. In the rest of the public sector, the net deposit position of non-financial public enterprises increased by 0.5 per cent reflecting growth in their deposits at commercial banks.

An analysis of changes in the distribution of credit across the sectors indicated that an 11.9 per cent decline in credit for other uses was the largest contributing factor to the overall contraction in credit extension. Lower credit for construction (8.3 per cent), manufacturing mining and quarrying (7.5 per cent) and distributive trades (3.7 per cent) were also observed.

These declines were tempered by increases for tourism (0.3 per cent), the personal sector particularly the sub-categories of house and land purchase (1.1 per cent) and other personal use (4.8 per cent).



The net foreign assets of the banking system rose by 29.3 per cent to $340.8m in the first six months of the year compared to an increase of 11.0 per cent in the corresponding 2014 period. The growth was primarily influenced by a 51.2 per cent rise to $205.3m in commercial banks' net foreign assets position. Anguilla's imputed share of the ECCB reserves increased by 6.1 per cent to $135.5m.

Liquidity in the commercial banking system improved during the review period, as evidenced by a 5.8 percentage points increase in the ratio of liquid assets to total deposits plus liquid liabilities to 32.7 and a decrease of 5.3 percentage points in the loans and advances to total deposits ratio to 82.1.

During the first half of the year at the 81st meeting of the ECCB Monetary Council held on 27 February, Council members agreed to reduce the minimum savings deposit rate from 3.0 per cent to 2.0 per cent. This policy decision came into effect on 1 May, 2015. Consequently, the weighted average interest rate spread between loans and deposits stabilised around 6.28 per cent at the end of the first half of the year to that of December 2014. The weighted average interest rate on loans fell to 9.13 per cent from 9.25 per cent while that on deposits fell to 2.85 per cent from 2.97 per cent.

Prospects

Global economic growth has been adjusted downwards to 3.3 per cent in 2015, relative to the April 2015 World Economic Outlook (WEO) report of the International Monetary Fund (IMF). The expansion in global economic growth will be gradual and led largely by accelerations in the performance of advanced economies, lower fuel prices and improved confidence and labour market conditions. The global expansion is 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 economy of Anguilla is expected to expand further in 2015, following on from the recovery in 2014. An anticipated uptick in economic activity in the latter half of the year is expected to be fuelled mainly by on-going private sector construction activity and improved performance of the tourism industry. In the construction sector, tourism-related construction is projected to increase based on a number of ongoing projects including the Reef, Solaire Hotel and Villa project, Zemi Beach and the Manoah Boutique Resorts. This trend 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 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 a larger overall surplus associated with sustained revenue growth and constrained capital expenditure. Capital expenditure is expected to increase above outlays in the corresponding period of 2014, commensurate with an increase in grant funding and the planned construction of the Anguilla Community College in 2015. 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, an increase in their fiscal cost associated with a plan for recapitalising the domestic banks and adverse weather.

ANTIGUA AND BARBUDA

Overview

Economic activity in Antigua and Barbuda is provisionally estimated to have expanded during the first six months of 2015 when compared with the corresponding period of 2014. The expansion was driven by activity in key sectors such as wholesale and retail trade; transport, storage and communications; public administration and defence, compulsory social security; and real estate, renting and business activities. Consumer prices fell by 0.3 per cent on an end of period basis. The fiscal operations of the central government resulted in an overall surplus due to a boost in revenue intake. The total disbursed outstanding public sector debt decreased compared with the level at the end of December 2014. Monetary liabilities and the net foreign assets of the banking system increased as domestic credit fell. Commercial bank liquidity improved and the weighted average interest rate spread narrowed during the review period.

Economic activity in the second half of the year is expected to expand, contributing to positive growth in 2015, premised on stable global growth and positive developments in the service sectors except tourism. Greater local demand is expected to fuel growth in the wholesale and retail trade; and real estate, renting and business activities sectors. The gains in cruise tourism are expected to be maintained in the last quarter of the year contributing to positive value added in the transport, storage and communications sector. Inflationary pressures will likely remain subdued as oil prices are not expected to rise significantly during 2015. Despite rising debt service obligations, the fiscal deficit is projected to narrow due to greater revenue inflows and containment of expenditure. A number of downside risks to this forecast exist. Fragilities in the Eurozone and emerging economies could put a damper on global growth which could adversely affect tourism demand and foreign direct investments. Other major threats to growth include adverse weather and financing constraints that could hinder the implementation of public sector programmes.

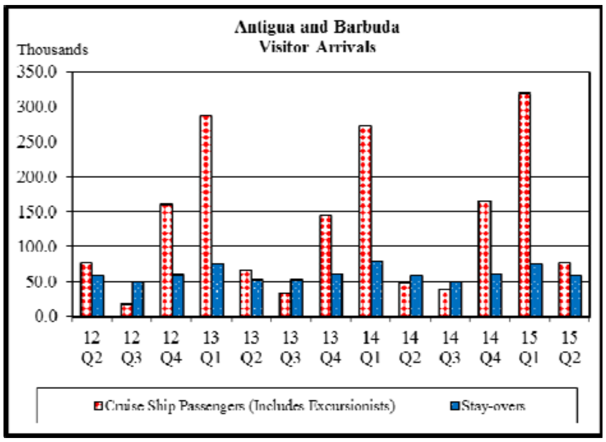
Output

Available indicators during the period under review suggest that economic output expanded in some key service sectors. Value added in the wholesale and retail trade sector is estimated to have increased consistent with growth in imports throughput. Import cargo rose by 27.7 per cent in the first half of 2015, relative to an increase of 0.9 per cent 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. Activity in air transport was weak due to a reduction in stay-over arrivals, while the significant increase in cruise passenger arrivals contributed to positive outturns in road and sea transport and auxiliary transport activities.

An increase in owner occupied dwellings and higher local demand for real estate activities, rental of machinery and equipment and computer and related services engendered an increase in the real estate, renting and business activities sector. Activity in the public administration and defence; compulsory social security sector is estimated to have increased fuelled by higher pension payments as spending on personal emoluments fell.

Meanwhile developments in the tourism industry were mixed. Total visitor arrivals increased by 14.4 per cent to 545,597 when compared with the corresponding period in 2014. Notwithstanding the increase in total visitors, it is estimated that value added in the industry contracted due to a fall in stay-over arrivals, the highest weighted segment of visitors. The number of stay-over visitors fell by 3.6 per cent to 133,353, in contrast to growth of 6.9 per cent in the first six months of 2014. Visitor arrivals from the largest source market, the USA, fell by 3.6 per cent, compared with a 10.4 per cent increase in the first six months of 2014. This below par performance partly reflected supply challenges in the low to mid-market range and increasing competition from other tourist destinations. Visitor arrivals from Canada declined at a steeper rate of 17.1 per cent from a rate of 4.7 per cent in the comparable period in 2014, partly due to reduced airlift. High regional airfares continue to challenge regional demand and contributed to a 1.6 per cent decline in visitor arrivals from the Caribbean. In contrast, stay over visitors from the UK market, the second largest source market, rose by 2.6 per cent, with the cricket test match between the West Indies and England being a main contributor to the increase. This was supported by a 15.9 per cent increase in stay-over visitors from South America. The performance of the cruise industry improved, as evidenced by an increase in the number of cruise passengers by

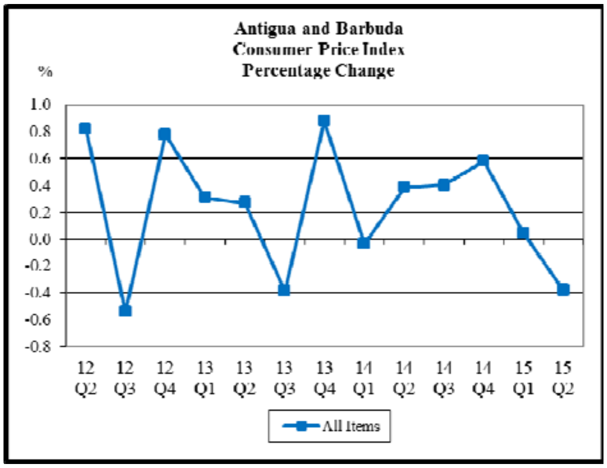
23.6 per cent to 397,453 compared with a decline of 9.5 per cent in the comparable period of 2014. The outturn in cruise visitors was consistent with an increase in the number of cruise ship calls by 24 to 213. Despite the increase in yacht calls, the number of yacht passengers declined by 13.7 per cent similar to the magnitude recorded in the first six months of 2014.



Activity in the construction sector is estimated to have declined in the first half 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 4.0 per cent and 0.1 per cent, respectively. Moreover, the volume of cement imports, a major indicator of construction activity, is estimated to have fallen by 6.4 per cent, in contrast to growth of 16.8 per cent in the comparable period in 2014. In the public sector, construction activity is estimated to have declined marked by a reduction in capital expenditure by 47.7 per cent to $9.1m, reversing the increase of similar magnitude in the comparable period of 2014. While a number of Memoranda of Understanding has been signed for tourism developments, progress has been slow and the pace of work on ongoing projects has been lacklustre.

Prices

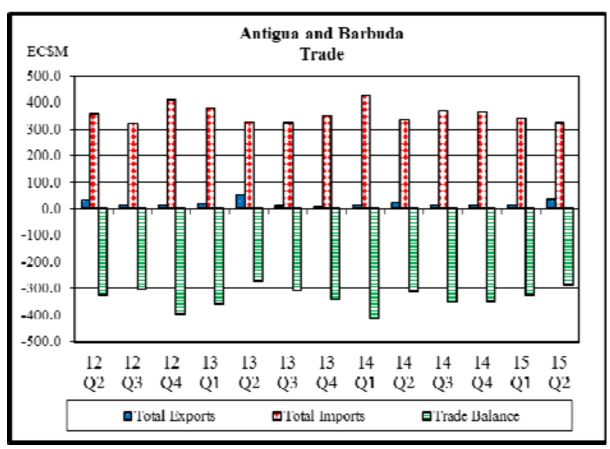
The Consumer Price Index declined by 0.3 per cent at the end of June 2015, in contrast to an increase of 0.4 per cent in the corresponding period of 2014. The fall in consumer prices was driven by a 12.2 per cent reduction in the fuel and light sub index as the cost of electricity generation fell due to lower global oil prices. Other notable declines were recorded in the housing sub-index (0.5 per cent), the largest weighted, and the transport and communications sub-index (0.9 per cent). Those decreases were partly tempered by increases in the sub-indices of food (0.4 per cent), clothing and footwear (0.7 per cent) and household furnishings and supplies (1.7 per cent). The increase in the food sub index reflected higher prices for fruits, vegetables and some meats. Advances in prices for all categories of clothing drove the increase in the clothing and footwear sub-index while an escalation in prices for furniture, fixtures and floor coverings fueled growth in the household furnishings and supplies sub-index.



Trade and Payments

Preliminary trade statistics indicate that the merchandise trade deficit narrowed by 15.3 per cent to $613.3m in the first half of 2015, relative to the corresponding period of 2014. The contraction in the deficit was largely on account of a fall in import payments tempered somewhat by a rise in export earnings. Import payments declined by 13.0 per cent to $661.7m, largely associated with lower payments on the imports of mineral fuels and related materials as a result of lower international oil prices. Meanwhile, export earnings rose by 32.9 per cent to $48.4m largely associated with the re-export of manufactured goods, and machinery and transport equipment.

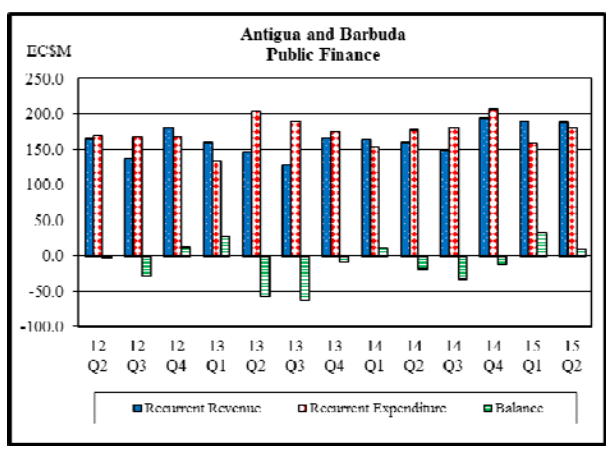
Gross travel receipts are estimated to have declined by 2.7 per cent to $471.6m during the period under review, consistent with the drop in the number of stay-over visitors. Commercial banks' transactions resulted in a net outflow of $139.2m in short-term capital compared with one of $24.4m during the first half of 2014. Receipts from external creditors increased to $28.4m from $2.2m in the comparable period of 2014, primarily reflecting new debt from a private placement. External amortization rose by 20.6 per cent to $54.2m mainly associated with repayments to the International Monetary Fund (IMF) and the Exim Bank of China.



Central Government Fiscal Operations

The fiscal operations of the central government at the end of second quarter of 2015 generated an overall surplus in contrast to an overall deficit recorded in the corresponding period of 2014. The fiscal outturn was largely attributed to an increase in revenue intake along with the non-payment of some debt obligations. Preliminary data indicate an overall surplus of $31.9m, in contrast to a deficit of $25.4m at the end of June 2014. The current account balance moved to a surplus of $40.4m from a deficit of $8.4m and the primary surplus increased significantly to $95.6m from $12.7m at the end of June 2014. The overall surplus was allocated towards debt repayment, while at the same time arrears accumulated.

Current revenue rose by 17.5 per cent to $379.2m, relative to the corresponding period in 2014, largely due to increases in both tax and non-tax revenue. Tax revenue grew by 8.4 per cent to $323.9m associated with growth in all tax categories except that of domestic goods and services. Revenue from taxes on international trade and transactions increased by 13.6 per cent ($14.1m) mainly due to greater inflows from the consumption tax on fuel. The yield from property tax rose by 21.4 per cent ($2.7m) largely influenced by the government's property tax waiver initiative which waived outstanding property tax owed by private property owners if the current year's payment was paid by June 2015. Revenue from taxes on income and profits grew by 21.4 per cent ($8.7m) mainly as a result of an increase in receipts from corporate tax due to improved tax collection efforts. Meanwhile, tax receipts on domestic goods and services fell by a marginal $0.5m to $141.0m on account of lower collections from the Antigua and Barbuda Sales Tax (ABST). Revenue from the ABST fell by 1.7 per cent ($2.1m) partly due to compliance challenges. The decline in the ABST was tempered by an 18.3 per cent ($2.1m) increase in stamp duty as the authorities try to rein in concessions. Non-tax revenue more than doubled to $55.3m primarily on account of greater inflows from the Citizenship by Investment Programme (CIP).



Current expenditure increased by 2.4 per cent to $338.8m, influenced mainly by higher interest payments. Interest payments rose by 67.0 per cent ($25.5m) due to increases in both domestic and external payments and a rise in external arrears. This increase was partly tempered by lower outlays on personal emoluments and goods and services. Spending on personal emoluments fell by 2.7 per cent ($4.0m), relative to the amount recorded in 2014, when retroactive payments were made to teachers. Outlays on goods and services declined by 24.1 per cent ($14.7m) associated with efforts to contain expenditure. Meanwhile, expenditure on transfers and subsidies showed minimal change, increasing slightly by 1.2 per cent ($1.0m), as the increase in pension payments was offset by a reduction in transfers to State Owned Enterprises. Capital expenditure declined by 47.7 per cent to $9.1m in the first half of 2015, relative to the same period in 2014.

Public Sector Debt

The total disbursed outstanding debt of the public sector was estimated at $3,279.9m at the end of June 2015, down from $3,401.3m at the end of December 2014. The decline 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 54.6 per cent of total debt fell by 6.8 per cent to $1,789.2m 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 $1,490.7m largely due to the issuance of a treasury note via private placement. Both central government and public corporations debt stock fell by 3.6 per cent to $2,753.9m and $525.9m, respectively.

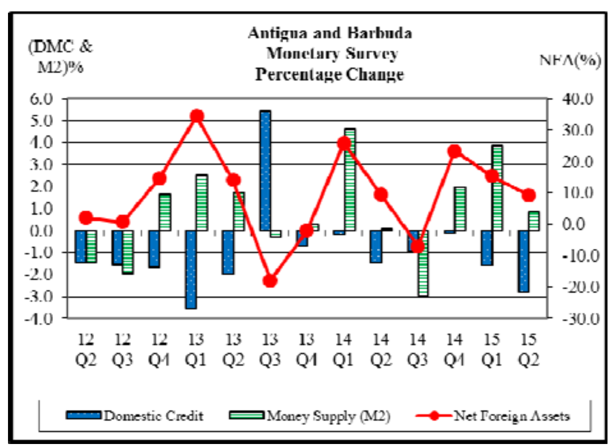
Money and Credit

In the banking sector the performance was mixed as the money supply increased while domestic credit fell. Monetary liabilities (M2) increased by 4.8 per cent to $3,155.1m during the first six months of 2015, virtually the same rate of growth as in the corresponding period of 2014. The expansion in M2 was attributable to increases in both narrow money (M1) and quasi money. Quasi money which constituted 78.1 per cent of M2, grew by 3.6 per cent to $2,464.1m, reflecting increases in private sector savings deposits (5.0 per cent) and private sector foreign currency deposits (20.5 per cent). Meanwhile, private sector time deposits, the second largest component of quasi money, fell by 3.8 per cent. M1 rose by

9.3 per cent to $691.1m marked by a 12.5 per cent expansion in in private sector demand deposits while currency with the public contracted by 4.0 per cent.

Domestic credit fell at a rate of 4.4 per cent during the first half of 2015, compared with a contraction of 1.7 per cent during the corresponding period of 2014. Credit to the private sector, which constitutes the bulk of credit to the economy, recorded a 2.7 per cent decline to $2,094.1m. This reduction partly mirrored deleveraging by both households (1.8 per cent) and businesses (4.1 per cent), along with tighter terms and conditions for credit according to the Eastern Caribbean Central Bank (ECCB) Business Outlook Survey (June 2015). Net credit to the government decreased by 7.6 per cent to $476.4m due to the dual impact of a reduction of loans and advances and higher deposits within the banking system. Commercial banks' net credit to the government fell by 4.2 per cent and that of the Central Bank declined by 6.0 per cent. In the rest of the public sector, the net deposit position of non-financial public enterprises rose by 31.7 per cent to $74.3m largely on account of a 5.6 per cent increase in deposits.

The stock of credit extended to the various sectors of the economy fell by 3.4 per cent to $2,528.3m, compared with a 2.3 per cent decline recorded during the first half of 2014. Outstanding credit for personal use, which constitutes the majority of credit, fell by 2.0 per cent attributable largely to a reduction in credit for the acquisition of property (1.6 per cent) and other personal use (3.0 per cent). Other notable declines were recorded in outstanding credit for utilities, electricity and water (13.4 per cent); tourism (11.8 per cent); public administration (5.0 per cent); professional and other services (4.2 per cent) and construction (4.0 per cent). Those declines were offset by increases in credit outstanding for transportation and storage (4.0 per cent) and manufacturing plus mining and quarry (1.6 per cent).



The net foreign assets of the banking system rose by 26.1 per cent to $1,113.2m during the period under review, largely driven by an increase in commercial banks net foreign assets. Commercial banks net foreign assets nearly tripled to $220.8m at the end of June 2015 from $81.6m at the end of December 2014, mainly on account of greater investments by foreign branch banks with institutions outside the Currency Union. This was supported by an increase in Antigua and Barbuda's imputed share of the reserves at the Central Bank which rose by 11.4 per cent to $892.4m.

Liquidity in the commercial banking system increased as the ratio of liquid assets to total deposits plus liquid liabilities rose by 5.0 percentage points to 55.5 per cent. The loans and advances to total deposits ratio fell to 67.9 per cent at the end of June 2015 from 73.3 per cent at the end of December 2014.

The interest rate spread between loans and deposits narrowed to 5.96 percentage points at the end of June 2015 from 6.65 percentage points at the end of December 2014, partly influenced by the reduction in the minimum savings rate to 2.0 per cent from 3.0 per cent in May 2015. The reduction in the interest rate spread was also attributable to a fall in lending rates on foreign currency denominated loans. The weighted average lending rate fell by 147 basis points to 7.98 per cent outpacing the decline in the weighted average deposit rate which fell by 79 basis points to 2.02 per cent.

Prospects

Economic activity in Antigua and Barbuda is expected to remain fairly robust for the rest of the year, based on the performance in the first six months of 2015 and the forecast for stable, though uneven, global growth. Growth in the advanced economies, namely the USA and UK - main trading partners of Antigua and Barbuda, is projected at 2.5 per cent and 2.4 per cent, respectively (IMF World Economic Outlook, July 2015). Moreover, the general improvement in labour market conditions in these advanced economies could potentially stimulate 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 foreign goods, thus strengthening activity in the wholesale and retail sector. Although the rate of growth in public administration is likely to be below the level obtained in 2014 due to a forecasted decline in personal emoluments, the sector is expected to contribute positively to value added in 2015. Value added in the construction sector is expected to remain weak as the authorities prioritize spending in light of limited fiscal resources even as private sector construction activity stagnates. Consequently, expenditure on the Public Sector Investment Programme (PSIP) will likely be significantly less than the budget estimates and focus on road rehabilitation and maintenance. However, on the upside a boost to construction activity could come from the government Housing Program if financing is secured. In the private sector, work will continue on the Tamarind Hills Development, albeit at a slow pace and commence on some approved projects under the CIP. Value added in the hotels and restaurants sector is expected to be constrained, based on developments in the first quarter of the year, which is historically the best performing quarter. Nevertheless, increased airlift by British Airways and Jet Blue and enhanced marketing efforts could lead to a rebound in the last quarter of the year and the opening of the new airport terminal in the third quarter will improve the visitor experience.

The fiscal balance of the government in 2015 is to a large extent dependent on the timeframe in which the banking sector resolution strategy is implemented. The fiscal costs associated with this strategy are expected to widen the overall fiscal deficit, if implemented during the course of the year. Efforts to improve tax administration and compliance and reduce tax concessions are expected to continue for the rest of year and yield some gains. As a result, tax revenue is projected to be above the levels reported in 2014. Non- tax revenue will likely remain buoyant as the CIP continues to perform well. On the expenditure side, efforts to reduce outlays on goods and services and contain growth in the wage bill are expected to only lead to a marginal increase in current expenditure, notwithstanding increasing debt service obligations. Due to financing constraints, capital expenditure will likely be a residual and remain subdued in the rest of the year.

In the external sector, 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 decline congruent with the expected fall in the number of stay-over visitors. However, inflows for equity investment in the CIP and greater tourism related foreign direct investment will likely yield a higher surplus on the capital and financial account.

Most of the risks to the economy are tilted towards the downside. Existing fragilities in the Eurozone and emerging markets especially China could affect the pace of global growth and thereby adversely influence the growth prospects for Antigua and Barbuda. Challenges in obtaining finance to support the PSIP could put a further damper on the construction sector and by extension affect the unemployment situation. The country also remains vulnerable to adverse weather which could destroy capital stock and adversely affect the main economic sectors in the short term. On the upside, low oil prices could strengthen travel demand due to its positive impact on disposable income.

D O M I N I C A

Overview

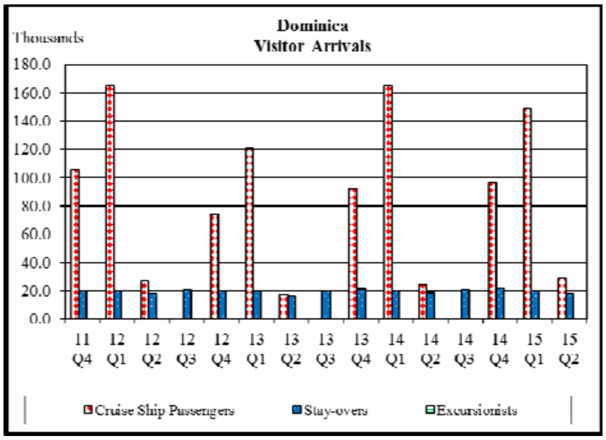
Preliminary indicators point to weak economic activity in Dominica during the first half of 2015, relative to the performance in the corresponding period of the previous year. This outturn was largely attributed to subdued performances in the construction and manufacturing sectors, as well as the tourism industry. The consumer price index (CPI) declined by 0.7 per cent on an end of period basis. In the external sector, the merchandise trade deficit is estimated to have narrowed mainly as a result of reduced import payments. The central government realized a larger overall deficit from its fiscal operations compared to that in the corresponding period of 2014. Accordingly, the total disbursed outstanding debt is estimated to have risen, reflecting increased borrowing by the central government. In the banking system, monetary liabilities and net foreign assets rose while domestic credit fell. Commercial bank liquidity continued to improve and the weighted average interest rate spread widened during the period under review.

Economic activity is expected to weaken for the remainder of 2015 based on the damage to productive sectors and supporting infrastructure by Tropical Storm Erika in August.

Output

Construction activity is estimated to have declined in the first six months of 2015. This outturn was reflected in developments in both the public and private sectors. Private sector construction indicators point to a contraction in the sub-sector, on the basis of reductions in the number and value of residential starts of 43.8 per cent and 28.0 per cent respectively, and a decrease in credit for home construction and renovation (3.2 per cent). In addition, total credit extended for construction fell by 0.9 per cent. In the public sector, capital spending was down by 29.4 per cent to \$56.2m, partially influenced by delays in disbursements. The majority of capital spending was on road construction and rehabilitation, water supply projects, the implementation of the Housing Revolution Programme and investments in education. The decline in the overall level of construction activity was further evidenced by a 2.4

per cent decline in the value of imported construction materials.



On the basis of overall tourist arrivals, performance in the tourism industry is estimated to have weakened in the first six months of 2015 relative to the same period of the previous year. Total visitor arrivals decreased by 5.1 per cent to 226,001 in contrast to a rise of 29.3 per cent in the corresponding period of 2014. This outturn was largely as result of a decline of 6.5 per cent to 177,479 in the number of cruise ship passengers, consistent with a reduction of 7.0 in the number cruise calls to the island. The total number of stay-over visitors also registered a marginal decrease of 0.1 per cent to 38,643 reflecting a fall visitor in arrivals from Europe (8.2 per cent) and the USA (5.2 per cent), the two major source markets. Growth was however recorded in all other major source markets. Most notably, an increase of 2.0 per cent was observed for the Caribbean, the largest source market, as arrivals from the French West Indies increased. In addition, growth of 11.0 per cent was recorded in the arrivals from Canada. The number of excursionists fell by 15.7 per cent to 622, associated with a decline in the number of intransit passengers. In contrast, the number of yacht passengers increased by 2.5 per cent to 9,257.

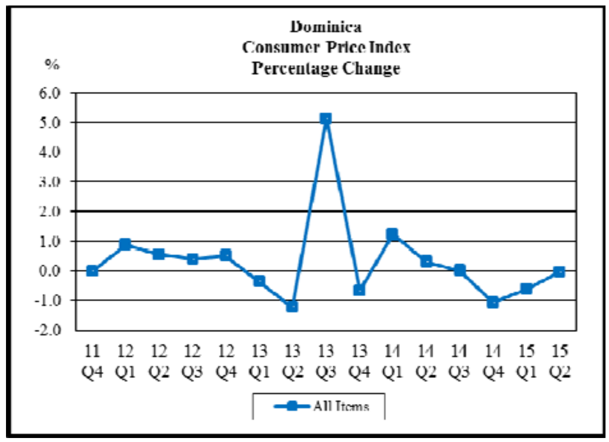
Output in the manufacturing sector is estimated to have contracted in the first half of 2015, as a result of lower production of all major commodities. Output of soap fell by 22.9 per cent as its export demand waned. Declines were also recorded in the volume of production of beverages (15.8 per cent) and paints and varnishes (6.2 per cent).

The performance of the agricultural sector was mixed. Total banana production amounted to 617.0 tonnes in the first six months of 2015, compared with 654.0 tonnes recorded in the corresponding period of 2014. This outturn represented a deceleration in the rate of contraction in banana production to 5.8 per cent from 22.5 per cent over the comparable period of 2014, as efforts to stymie the Black Sigatoka disease and other invasive species such as the Scale insect and the Red Palm Weevil continued with some success. Meanwhile, crop diversification efforts, including the horticultural programme, are estimated to have supported growth in the production of non-banana crops including root crops.

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

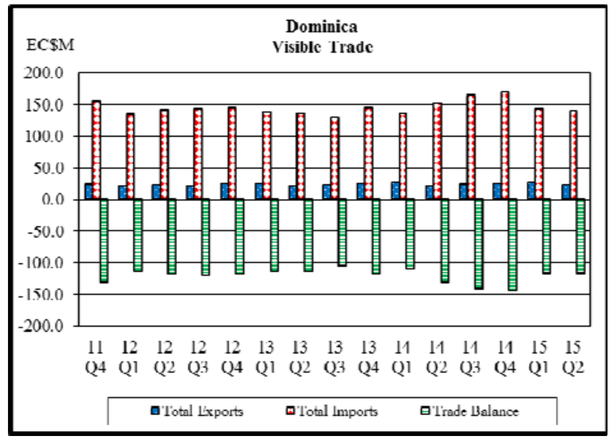
Prices

The consumer price index is estimated to have decreased by 0.7 per cent during the first half of 2015, in contrast to an expansion of 1.5 per cent during the corresponding period of 2014. The deflation was largely the result of a contraction of 1.2 per cent in the housing, utilities, gas and fuels sub-index, the highest weighted in the basket of consumer goods. This outturn was largely due to lower costs of electricity, gas and other fuels reflecting relatively low world oil prices during the period under review. Declines in the sub-indices of household furnishings, supplies and maintenance (1.0 per cent), miscellaneous goods and services (0.3 per cent), transport (0.2 per cent), food and non-alcoholic beverages (0.2 per cent) and clothing and footwear (0.2 per cent) also contributed to the drop in the general price level. The fall in price level was partially tempered by increases in the alcoholic beverages, tobacco and narcotics (1.2 per cent) and the recreation and culture (0.4 per cent) sub-indices, while there was no change in the sub-indices for health, communication, education, and hotels and restaurants.



Trade and Payments

The merchandise trade deficit is estimated to have narrowed by 2.3 per cent ($5.6m) to $234.3m in the first half of 2015. This outturn largely reflected a 1.6 per cent ($4.7m) decrease in the value of imports, coupled with an increase of 1.9 per cent ($0.9m) in the value of exports. The reduction in import payments was largely a consequence of a decline in the value of imported mineral fuels and related materials. The value of total exports is estimated to have risen by 1.9 per cent to $48.9m, on account of higher domestic exports which were largely associated with an increase in export revenue from bananas (2.9 per cent). Reductions were however recorded in export receipts from soap (23.5 per cent) and paints and varnishes (4.2 per cent). Gross travel receipts expanded by 14.2 per cent to $193.5m, reflecting an estimated increase in average daily visitor expenditure. Commercial bank activities led to a net inflow of $25.6m in short term capital relative to an outflow of $45.3m in the first six months of 2014. In terms of public sector transactions, external principal repayments were reduced to $11.3m down from $15.2m at the end of June 2014, while external loan disbursements to the central government totalled $12.1m, compared with $42.4m registered in the first half of 2014. These transactions resulted in a net inflow of $0.8m compared to one of $27.2m in the corresponding period of 2014.

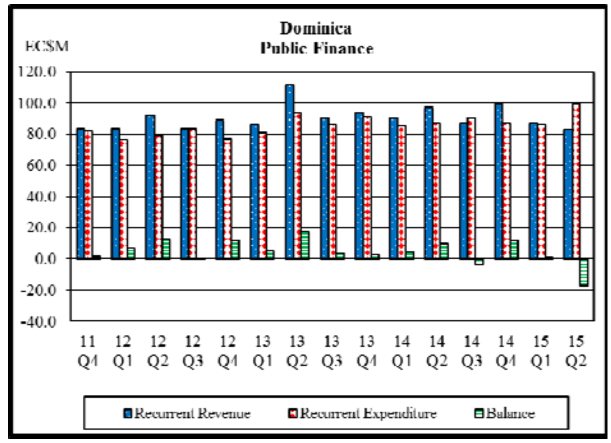


Central Government Fiscal Operations

Preliminary data indicate that the fiscal operations of the central government resulted in an overall deficit of $61.0m in the period under review, compared with one of $22.5m in the corresponding period of 2014. The deficit was mainly funded by domestic sources. A primary deficit of $49.5m was realized, compared with one of $8.9m in the first six months of 2014. The deficits were primarily a consequence of reductions in current revenue and capital grants.

A current account deficit of $15.1m was recorded in the period under review, a reversal of the $14.9m surplus observed in the first half of 2014. Current revenue amounted to $170.5m, which was 9.3 per cent ($17.4m) lower than the total earned in the first half of 2014, as non-tax receipts continued to wane. Non-tax revenue fell by 62.4 per cent to

$11.3m, predominantly reflective of a delay in the recording of inflows from the Citizenship by Investment Programme. Meanwhile, tax revenue rose by 0.9 per cent to $159.2m. This outturn was mainly influenced by a 5.0 per cent ($1.5m) increase in receipts from taxes on international trade and transactions, (as receipts from import duty, the largest subcategory of taxes on international trade and transactions, grew by 7.0 per cent to $17.1m. The improvement in tax revenue was also driven by a 24.1 per cent ($0.9m) uptick in collections from taxes on property. The general increases in tax revenue were however tempered by a 0.6 per cent ($0.5m) decrease in collection from taxes on domestic goods and services, largely a reflection of a reduction in collections from licenses and travel tax, associated with the decline in visitor arrivals. The decline in receipts from taxes on domestic goods and services was however partially offset by an increase in receipts from the excise tax (8.2 per cent) while collections from the VAT totalled $63.3m, remaining unchanged from the corresponding period of 2014. The revenue intake from taxes on income, profit and capital gains also contracted, by 1.2 per cent ($0.4m), influenced largely by a 4.8 per cent reduction in corporation tax collections.



Current expenditure rose by 7.3 per cent to $185.6m in the review period, primarily owing to increased spending on personal emoluments ($17.9m), the largest sub-category. This outturn was a reflection of a rise in salaries and the granting of retroactive payments to public officers in February and April 2015 respectively. Spending on transfers and subsidies also increased by 3.2 per cent ($1.1m). The expansion in current expenditure was however moderated by contractions in outlays for goods and services ($4.3m) and interest payments ($2.1m).

Amid a reduction of 76.1 per cent to $10.0m in capital grant receipts, capital expenditure and net lending continued on the downward trend observed in the corresponding periods for the last two years, falling by 29.8 per cent to $55.9m in the first six months of 2015.

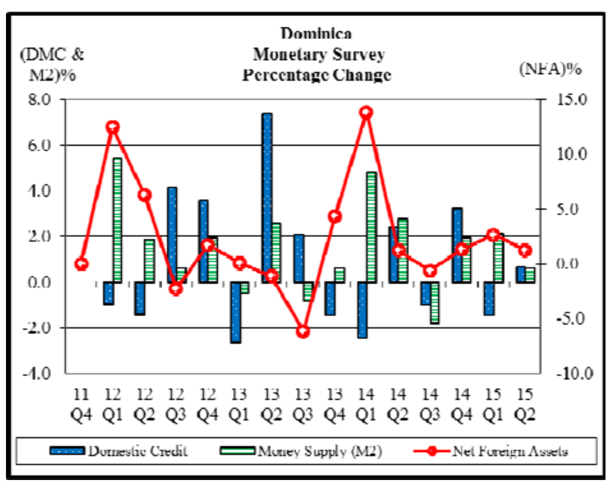
Public Sector Debt

The total disbursed outstanding debt of the public sector is estimated to have risen by 2.0 per cent to $1,101.4m at the end of June 2015. This outturn resulted from a 1.1 per cent increase in outstanding central government debt to $927.2m. The domestic stock of central government debt rose by 8.9 per cent and more than offset the reduction of 2.2 per cent in the external debt stock. The stock of public corporations debt also grew, by 6.8 per cent to $174.2m reflecting an increase in the external debt of public corporations. An overall expansion of 6.8 per cent was recorded in domestic debt, partially associated with greater commercial bank financing, while a contraction of 0.2 per cent was observed in external debt during the period under review.

Money and Credit

Broad money (M2) rose by 2.7 per cent to $1,283.2m during the first six months of 2015, compared with growth of 7.7 per cent during the corresponding period of 2014. This outturn was mainly influenced by a 2.9 per cent increase in quasi money as private sector savings deposits rose by 5.4 per cent. Narrow money (M1) also grew, by 2.2 per cent, on account of higher private sector demand deposits (4.7 per cent) and EC$ cheques and drafts (63.1 per cent).

Domestic credit decreased by 0.8 per cent to $731.3m during the period under review, attributable mainly to a 1.4 per cent reduction in private sector credit which constitutes the largest proportion of credit in the economy. This contraction in private sector credit was primarily a consequence of reduced credit to businesses. The overall contraction in domestic credit was also attributable to a 6.6 per cent increase in the net deposits of non-financial public enterprises, mainly as a result of an expansion in deposits. In the public sector, the central government recorded a larger net credit position of $69.7m from one of $59.0m at the end December 2014, largely associated with an increase in commercial bank loans and advances due to the government's growing financing needs.



Decreases in credit were observed in all sectors except public administration; personal use; and entertainment and catering which rose by 22.4 per cent, 1.9 per cent and 1.2 per cent respectively. Most notably, there were declines in credit allocated for manufacturing, mining and quarrying (9.1 per cent), agriculture and fisheries (7.9 per cent), professional and other services (6.6 per cent), distributive trades (6.1 per cent), financial institutions (5.9 per cent) and transportation and storage (4.7 per cent).

The net foreign assets position of the banking system stood at $635.7m at the end of June 2015, registering an increase of 3.9 per cent relative to the corresponding period of 2014. This was mainly influenced by an 18.3 per cent rise in Dominica's imputed share of the Central Bank's reserves, which more than offset a 7.5 per cent contraction in the net foreign asset position of commercial banks. The development with commercial banks was largely associated with growth in their liabilities with institutions abroad.

Liquidity in the commercial banking system improved during the period under review. The ratio of liquid assets to total deposits plus liquid liabilities rose by 2.1 percentage points to 45.9 per cent at the end of June 2015. Accordingly, the loans and advances to total deposits ratio was 58.6 per cent, 0.7 percentage points below the level recorded at the end of December 2014.

The interest rate spread widened by 24.9 basis points to 6.2 per cent during the period under review, largely as a result of a fall in the weighted average total deposits rate of 35.7 basis points to 2.4 per cent. The reduction in the weighted average total deposits rate was partially a reflection of the Monetary Council's decision to reduce the minimum savings rate from 3.0 to 2.0 per cent effective 1 May 2015. The increase in the interest rate spread was however moderated by a 10.8 basis point reduction in the weighted average lending rate to 8.7 per cent.

Prospects

The overall level of economic activity is expected to decline in the remainder of 2015. This assessment is based on the devastation of the productive sectors by Tropical Storm Erika in August, evidenced by the destruction of livestock and crops in the agricultural sector; the impairment of infrastructure and hotel plants in the tourism industry and; the tremendous damage to the transportation and communication networks that support them.

Accordingly, the government's fiscal operations are likely to result in a deficit as a result of increased expenditure on the recovery and relief effort and lower revenue.

In the external sector the trade balance is expected to widen, reflecting increased imports of construction materials and relief supplies coupled with depressed exports.

GRENADA

Overview

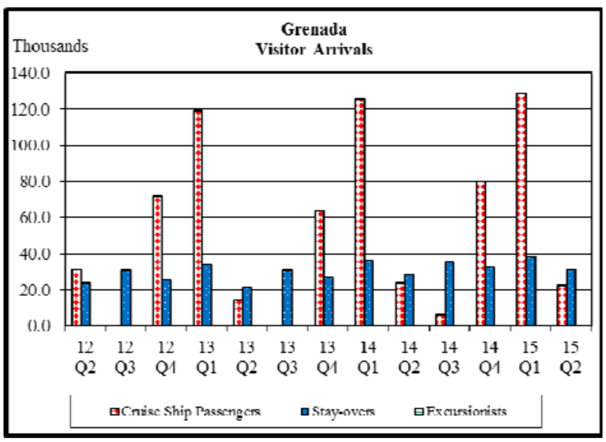
Indicators for the first half of 2015 suggest that the economic recovery in Grenada is maintaining its momentum. The agricultural sector and tourism industry were the main impetus for growth. There was deflation in the economy as consumer prices fell by 0.2 per cent, on an end-of-period basis. Amid the continued implementation of the IMF supported home-grown programme of fiscal adjustment and structural reforms, the central government's fiscal operations resulted in a smaller overall deficit. The total public sector debt declined, in line with the objectives of the Programme. In the commercial banking system, monetary liabilities and net foreign assets expanded, while domestic credit declined. Commercial bank liquidity rose during the period under review, while the weighted average interest rate spread between loans and deposits widened.

Near term economic prospects for Grenada are positive. The economic recovery is expected to be sustained in 2015, alongside the implementation of growth enhancing reforms. Major reforms of the fiscal policy framework will help anchor fiscal and debt sustainability, enabling a projected fiscal primary surplus in 2015. Prices are expected to remain relatively flat in the remainder of 2015 in comparison to the prior year. Risks to the economic outlook include further appreciation of the US dollar and adverse weather.

Output

Agricultural production expanded in the first half of 2015 relative to the outturn in the corresponding period of 2014. The volume of output of other crops including ground provisions, fruits and vegetables, expanded by 55.0 per cent. This development was buoyed by initiatives particularly those by the Marketing and National Importing Board which sought to: safeguard the contractual arrangements between farmers and buyers; create an additional local market outlet; increase acreage; and equip and support small scale farmers with skills and technology. Among the traditional crops, banana production rebounded from the previous year's supply side challenges (including disease and adverse weather), registering an increase of 17.1 per cent to 3,317 tonnes.

Additionally, the volume of cocoa production was up by 4.7 per cent to 675 tonnes, influenced by favourable weather conditions; more maturing trees which have a better yield; higher international prices; and firm local demand. The yield from other traditional crops did not fare that well in the prevailing conditions. Declines were recorded in the production volumes of nutmeg (18.5 per cent) and mace (33.2 per cent). Meanwhile, the volume of fish production is estimated to have declined by 15.6 per cent, affected by factors such as the presence of seaweed which curtailed fishing activity.



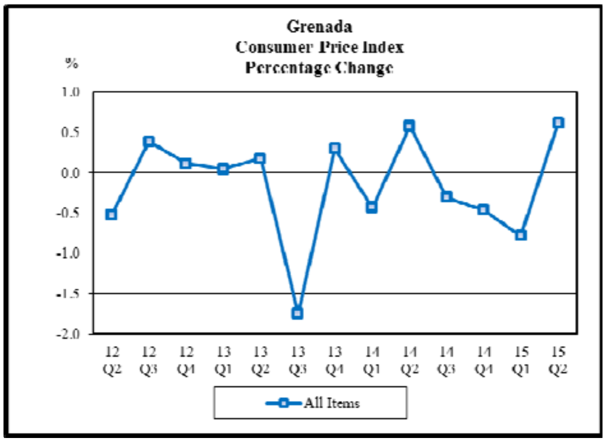
The performance of the tourism industry improved. Total visitor arrivals rose by 2.5 per cent to 223,366, relative to an increase of 13.9 per cent in the first half of 2014 when there were more sizable additions of cruise and stay-over visitors. A total of 108 cruise ships visited the country during the period under review, ten (10) more than the number recorded in the first half of 2014. They brought 151,249 passengers to Grenada's shores, an uptick of 1.5 per cent from the level registered in the corresponding period of 2014. The number of stay-over visitors increased by 6.2 per cent to 69,378, relative to growth of 18.6 per cent in the comparable period of 2014. An analysis of visitors by market sources indicates an expansion in arrivals from the majority of the main traditional visitor markets, namely the USA (13.2 per cent) and the United Kingdom (9.2 per cent). These gains partly resulted from targeted promotional activities, an international cricket match involving the English team in April 2015, and additional airlift from the USA. Meanwhile, arrivals from Canada fell by 13.7 per cent amid appreciation of the US dollar relative to the Canadian dollar and limited direct airlift. The Caribbean market registered a marginal decline (0.7 per cent), largely resulting from reduced travel demand from ECCU member countries. The number of excursionists more than halved to 455, while the number of yacht passengers edged slightly upwards by 0.2 per cent to 2,284.

Activity in the manufacturing sector was mixed in the review period. The level of output of all beverages grew, with the exception of soft drinks which realised a decline of 8.3 per cent. There were gains in the volume of production of rum (18.1 per cent), malt (15.6 per cent), beer (3.3 per cent) and stout (1.7 per cent). Similarly, there were increases in the volume of output of prepared animal feed (13.3 per cent), paint (2.8 per cent) and toilet paper (2.8 per cent). At the same time, growth in the production of grain mill and bakery products reflected increases of 13.3 per cent and 0.2 per cent in the volume of output of macaroni and flour, respectively.

The available indicators for the first six months of 2015 showed some signs of strengthening in construction activity. The volume of imports of construction materials is estimated to have risen by 7.6 per cent but its value is estimated to have contracted by 10.3 per cent. Credit for construction rose by 13.3 per cent, while that for home construction and renovation fell by 6.1 per cent. In the public sector, capital spending increased by 17.7 per cent to $95.4m, and focused mainly on road development and school rehabilitation and the Athletic Stadium. Private sector construction was concentrated in resort and villa projects; a commercial complex; private homes; and marina development.

Prices

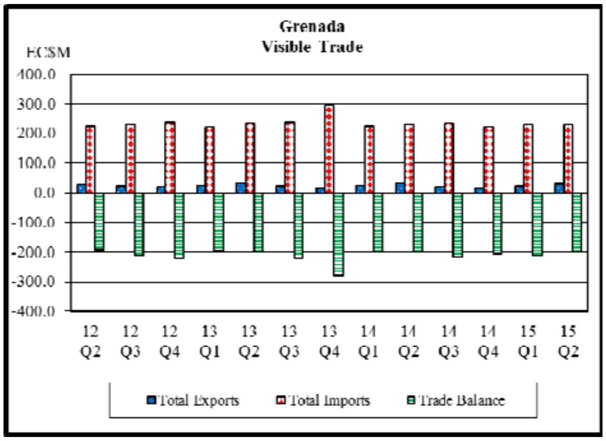
The consumer price index (CPI) is estimated to have fallen by 0.2 per cent during the first six months of 2015, in contrast to an increase of 0.1 per cent in the comparable period of 2014. The largest sub-index, housing, utilities, gas and other fuels, fell by 1.6 per cent, mainly attributed to lower prices for electricity and cooking gas. Other sub-indices which fell included those for household furnishings, supplies and maintenance (2.0 per cent), recreation and culture (0.7 per cent), clothing and footwear (0.6 per cent) and alcoholic beverages, tobacco and narcotics (0.1 per cent). These declines were moderated by growth of 0.3 per cent in the second largest sub-index, food and non-alcoholic beverages partly on account of higher prices for pork, jams, marmalades and honey. The sub-index of transport rose by 0.8 per cent, partly associated with an increase in the prices of fuels and lubricants for personal transport equipment. Other increases were observed in the sub-indices for education (1.1 per cent) and health (0.7 per cent).



Trade and Payments

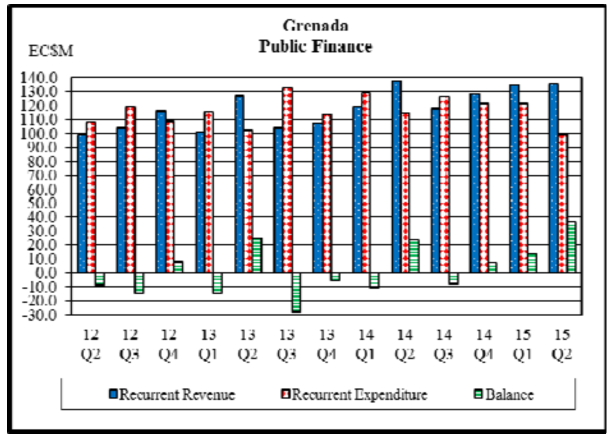
The merchandise trade deficit widened to $406.6m from $397.4m in the comparable period of 2014. This outturn reflected the dual effect of a reduction in export receipts and higher import payments. The total value of exports contracted by 10.6 per cent to $54.4m, reflecting declines in the revenue from both re-exports (39.4 per cent) and domestic exports (5.6 per cent). In relation to domestic exports, total value of agricultural exports fell by 19.4 per cent ($6.5m), which offset an increase of 19.9 per cent ($3.6m) in the total value of manufactured exports. Among the agricultural goods, export receipts decreased for nutmeg ($2.2m), fruits and vegetables ($0.1m), while they grew for cocoa ($0.4m) and remained relatively flat for bananas. Among the manufactured items, export earnings grew for flour ($2.5m), animal feed ($1.6m), paints and varnishes ($0.1m), while it fell for clothing ($0.1m) and remained relatively unchanged for paper products. Notably, export earnings for fish decreased by $6.4m, partly influenced by the appreciation of the USA dollar impacting price competitiveness of local fishermen on the global market. Developments in re-exports category was largely influenced by a 38.5 per cent reduction in the value of re-exports of machinery and transport equipment. Imports payments were up by 0.6 per cent, largely due to the higher value of imports of machinery and transport equipment.

Gross travel receipts rose by 13.3 per cent to $209.6m. This is in keeping with the increase in total number of visitors, particularly stay-over visitors whose expenditure increased by 14.8 per cent. Commercial bank transactions resulted in a net outflow of $112.7m in short-term capital, relative to one of $84.1m during the first half of 2014. External loan disbursements almost doubled to $27.7m, while external principal repayments fell by 9.1 per cent to $19.2m. As a result, the central government incurred a net disbursement position of $8.5m in the first half of 2015, in contrast to a net amortization position of $6.3m in the corresponding period of 2014.



Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall fiscal deficit of $6.7m, down from one of $42.3m in the first six months of 2014. This deficit was mainly financed by external loan disbursements. A primary surplus of $31.5m was registered, a marked improvement from the deficit position of $4.3m in the corresponding period of 2014. Likewise, the current account surplus nearly quadrupled to $49.8m. The turnaround in the central government's fiscal operations reflected solid progress with the home-grown Programme. The authorities advanced with the implementation of legislative reforms to strengthen the fiscal policy framework. The Fiscal Responsibility Legislation (FRL), which will support a rule-based fiscal framework and strengthen fiscal discipline, was approved by Parliament in June 2015. Also during the month of June, Parliament approved revised legislation on the tax incentive regime which would ultimately restrict the discretionary nature of such incentives in the future.



Current revenue rose by 5.2 per cent to $269.8m, a deceleration from the rate of growth of 13.2 per cent observed in the first half of 2014. The slower pace resulted from a decline in non-tax receipts and the levelling off of gains from tax adjustment measures which would have been implemented from January 2014. The yield from non-tax revenue was reduced by 14.6 per cent to $12.1m, influenced by lower collections from administrative fees and service charges. Tax revenue rose by 6.4 per cent to $257.7m, relative to the rate of increase of 10.8 per cent ($23.6) observed in the corresponding period of 2014. All of the major tax heads recorded improvements. Revenue from taxes on international trade and transactions was up by 12.0 per cent ($8.0m), primarily on account of larger receipts from the import duty, which is consistent with higher import payments, and from the petrol tax which was increased by $1.00 to $4.00 in April 2015. The intake from taxes on income and profit rose by 14.1 per cent ($6.4m) stemming mainly from a rise in the collection of personal income tax. The yield from taxes on domestic goods and services grew by 0.6 per cent ($0.7m), as an increase in the revenue from the Value Added Tax (VAT) was moderated by a reduction in revenue from licenses. VAT receipts rose by 13.0 per cent to $97.0m, supported by the economic recovery. There was a marginal increase of $0.3m in the yield from property tax.

Budget controls contributed to a decline in current expenditure by 9.8 per cent to $220.1m. Expenditure on personal emoluments, which accounts for the largest proportion of current outlays, decreased by 18.5 per cent ($24.6m), a reversal of the 18.6 per cent increase recorded in the first six months of 2014 when retroactive payments were made to public officers. In addition, the public sector wage freeze and the attrition policy from 2014 helped to contain expenditure on personal emoluments. The outlays on goods and services fell by 11.3 per cent ($3.9m) partly reflecting savings on utility costs. By contrast, expenditure on transfers and subsidies grew by 11.3 per cent ($4.4m), influenced by larger payments for transfers abroad, gratuities and pensions. Interest payments rose marginally by 0.4 per cent ($0.2m), on account of higher external interest obligations.

Capital grants rose by 48.3 per cent to $38.9m, sourced partly from the Republic of China on Taiwan, Petro Caribe, and the Citizenship by Investment Programme (CBI). Capital expenditure amounted to $95.4m, above the $81.1m registered in the corresponding period of 2014. The capital investment was largely on, road works, school rehabilitation, the Athletic Stadium, in addition to educational, health and skills development projects.

Public Sector Debt

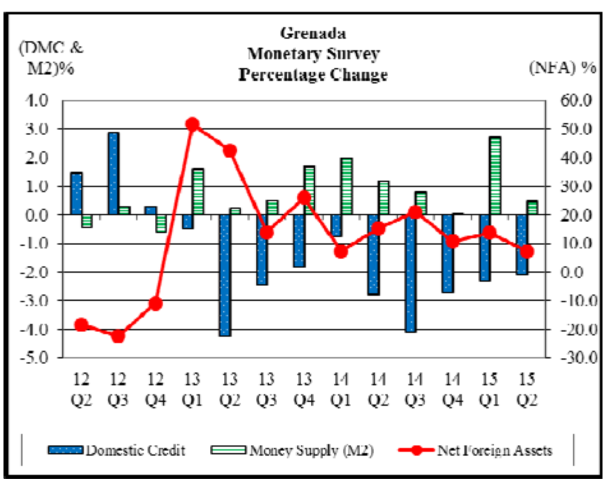
The Programme's fiscal consolidation has been accompanied by an improved debt trajectory. The total disbursed outstanding debt of the public sector fell by 2.1 per cent ($48.8m) to $2,304.9m at the end of June 2015 relative to the level at the end of December 2014. This outturn was partly influenced by downward movement in the exchange rates of the major borrowing currencies. Central government debt, the largest proportion of the total, fell by 2.2 per cent to $2,131.1m. The disbursed outstanding debt of public corporations declined marginally by 0.5 per cent to $173.8m. There were reductions in the totals for domestic debt (6.0 per cent) and external debt (0.1 per cent). In order to secure further progress with debt sustainability, Parliament approved a Public Debt Management law in June 2015. During the period under review, the government also continued to make progress in restructuring public debt. In April 2015, the Government of Grenada announced that it had reached an in principle agreement with the Steering Committee of Grenada bondholders on the key financial terms that will apply to the forthcoming restructuring of its US and EC dollar bonds due in 2025. The key financial terms that have been agreed in principle include an overall principal reduction of 50.0 per cent, to be done in two stages.

Money and Credit

Monetary liabilities (M2) grew by 3.2 per cent to $2,082.5m during the first half of 2015, on par with the rate of growth during the corresponding period of 2014. This outturn was largely associated with a 9.6 per cent expansion in narrow money supply (M1), mainly due to growth of 13.9 per cent ($46.1m) in private sector demand deposits. Among the other sub-categories of M1, issuances of cheques and drafts rose by 8.9 per cent, while currency with the public fell by 1.9 per cent. Quasi money, the larger component of M2, rose by 1.3 per cent, on account of growth of 23.6 per cent in private sector foreign currency deposits which was tempered by declines in private sector time deposits (0.8 per cent) and private sector savings deposits (0.1 per cent).

Net foreign assets expanded by 22.0 per cent to $710.0m at the end of June 2015. This development mainly resulted from the transactions of commercial banks whose net foreign assets grew by 72.8 per cent to $267.6m. A 69.7 per cent reduction in the net liabilities position with institutions outside the ECCU, coupled with growth of 4.1 per in the net asset position with institutions in other ECCU territories, led to the outturn with commercial banks. With respect to transactions at the Central Bank, Grenada's imputed share of ECCB's reserves rose by 3.5 per cent to $442.4m.

Domestic credit remained weak, declining by 4.3 per cent to $1,460.9m, above the pace of contraction of 3.5 per cent registered during the first six months of 2014. Private sector credit fell by 1.2 per cent, as an increase of 1.3 per cent in business credit was offset by declines in credit to households (2.2 per cent) and to non-bank financial institutions (0.3 per cent). Net credit to the central government was up by 3.8 per cent $18.0m reflecting a reduction of 12.4 per cent in deposits in the banking system. Meanwhile, total credit to the central government fell by 9.8 per cent. The net deposit position of non-financial public enterprises expanded by 46.1 per cent, reflecting growth in their deposits.



Credit declined for most economic sectors, notably, distributive trades (5.6 per cent), tourism (4.1 per cent), and manufacturing, mining and quarry (3.0 per cent). Lending for personal use, which accounts for the majority of credit, fell by 1.6 per cent, mainly associated with a contraction in loans for the acquisition of property. There was also a decline of 16.9 per cent in loans for public administration. These declines were tempered by increases in credit to sectors such as construction (13.3 per cent), agriculture and fisheries (11.7 per cent), professional and other services (6.3 per cent), and transportation and storage (2.3 per cent).

Amid weak credit conditions, liquidity in the commercial banking system rose. The ratio of liquid assets to total deposits plus liquid liabilities rose by 4.3 percentage points to 39.8 per cent. Furthermore, the loans and advances to total deposits ratio contracted to 64.4 per cent at the end of June 2015, from 68.6 per cent at the end of December 2014, mirroring the contraction in total credit and growth in deposits.

Alongside the reduction of the minimum savings deposit rate from 3.0 per cent to 2.0 per cent effective 01 May 2015, the weighted average interest rate on deposits fell to 1.62 per cent from 2.23 per cent at the end of December 2014. Meanwhile, the weighted average interest rate on loans fell by 0.15 percentage point to 8.86 per cent. Consequently, the weighted average interest rate spread between loans and deposits widened to 7.23 percentage points at the end of June 2015, from 6.78 percentage points at the end of December 2014.

Prospects

The economic progress that has been achieved during the first six months of 2015, will lay the foundation for near and medium term growth. Real GDP is expected to increase in 2015, driven by growth in key sectors such as agriculture and tourism. Manufacturing activity is anticipated to be relatively flat, while construction activity is expected to further strengthen in the remainder of the year, largely attributed to marina development and resort projects including the Silver Sands Resort Project and the Fiji Resort. There is also likely to be continued implementation of structural reforms including those to transform the agricultural sector; improve the regulatory environment for energy; develop the business environment; and strengthen the labour market. Inflation is projected to remain muted in 2015 premised largely on low world oil prices.

The strong fiscal performance in the first half of 2015, combined with measures to strengthen the fiscal policy framework, are likely to enable the achievement of a primary surplus in 2015. Tax revenues will rise with the sustained economic recovery while expenditure is likely to be contained under the Programme. Grant inflows are forecasted to be higher in 2015, relative to 2014, as the central government is likely to remain successful in seeking such funding from traditional sources to partly finance its capital programme. Debt restructuring negotiations are expected to be finalized by end-2015, supporting a projected decline in total public sector debt.

The merchandise trade deficit is forecasted to widen, as the economic recovery is likely to be accompanied by an increase in imports which will outweigh any growth in export receipts. Gross inflows from travel are projected to expand consistent with an expected rise in the number of stay-over visitors.

The risks to the economic outlook are becoming more balanced. Upside risks are more prevalent, particularly with respect to the potential for further revenue from the CBI programme; increased tourism demand due to the real income effect from low world oil prices; and continued stability in the financial system. While there is a view that Grenada may lose some of its tourism market share to Cuba with the opening of the latter destination to U.S.A travelers, on the upside, it may also be possible that higher U.S.A arrivals to Cuba will outbid and displace some traditional Cuban tourists who may switch to other Caribbean destinations like Grenada. Downside risks include a stronger than anticipated impact of the US dollar appreciation, which will put continued pressure on Grenada's export competitiveness; ongoing fiscal consolidation which could adversely affect consumer and investor confidence and spending more than expected; and natural disasters.

MONTSERRAT

Overview

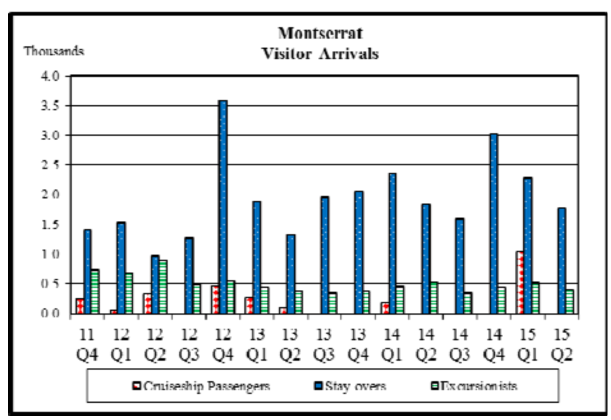
Economic activity in Montserrat is provisionally estimated to have contracted in the first half of 2015 compared with economic activity in the corresponding period of 2014. Montserrat's economic performance was negatively impacted by downturns in several key sectors, namely construction, government services, hotels and restaurants and tourism related services. Meanwhile, positive contributions from the financial services and agricultural sectors partly offset softening economic conditions. The consumer price index fell by 0.3 per cent, on an end of period basis. The merchandise trade deficit contracted, predicated on lower imports, notwithstanding a decline in exports. The fiscal operations of the central government resulted in a larger surplus, mainly as a result of increases in grant flows and current revenue. Total outstanding public sector external debt continued on its gradual downward path. Financial sector developments reflected upturns in total monetary liabilities, net foreign assets, the net deposit position of commercial banks and domestic credit. Liquidity conditions in the banking system improved while the weighted average interest rate spread between loans and deposits widened.

The economy of Montserrat is expected to contract in 2015, largely owing to a weaker-than-expected economic performance in the first half of the year. In addition, the possibility of a rebound in activity over the remainder of the year remains limited on the assumption that future contributions from strategically important sectors, such as government services and construction, may not sufficiently offset the falloff in growth thus far. It is anticipated that continued delays in the implementation of approved public infrastructure projects for 2015 will continue to impose a drag on the economy. Likewise, household consumption and developments in the private economy will be somewhat constrained in the second half of the year due to lower income levels. However, the projected decline in consumer prices for the remainder of 2015 should ease consumption constraints. Improved prospects for the global economy, particularly in the United Kingdom, augurs well for fiscal developments in Montserrat. In particular, sustained growth in the United Kingdom increases the potential for higher grant receipts which will ensure the funding of both current and capital activities. The positive outturn in fiscal operations is expected to be moderated by lower tax yields, resulting from the anticipated slowdown in economic activity. Downside risks to the growth forecast include limited air and sea access, adverse weather conditions and threats of volcanic activity.

Output

Output in the construction sector is provisionally estimated to have declined over the period January to June 2015 relative to that in the corresponding period of 2014. The below par performance is mainly associated with a downturn in public sector construction activity, largely reflected by a 45.0 per cent reduction in capital expenditure. This outturn is further evidenced by a fall in credit extended for construction activity during the review period. However, these developments were moderated by developments in the private sector, as construction starts and permits in the residential sector more than doubled to 14.0 in 2015 compared with a total of 6.0 recorded in the first half of 2014. Additionally, construction work undertaken on three new commercial buildings in the retail and distributive trade and food and beverage services sectors also mitigated the overall downturn in activity.

Government services is estimated to have contracted as the value added in public administration, defence and compulsory social security sector fell in the first half of 2015 relative to the corresponding period in 2014. The primary indicators, namely expenditure on personal emoluments and pensions, contracted by 6.4 and 16.0 per cent respectively in 2015 in contrast to increases in the corresponding period of 2014. The deceleration in expenditure was transmitted to several allied sectors namely, transport, storage and communications and wholesale and retail trade, which are heavily dependent on government services.

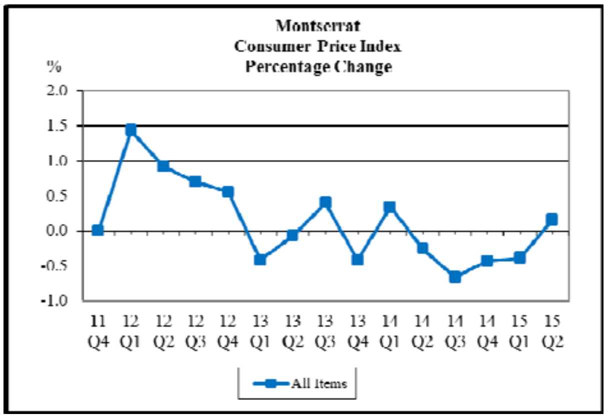


The pace of activity in the tourism industry is estimated to have slowed in the first six months of 2015 relative to the corresponding period in 2014. Although total visitor arrivals increased to 7,320 from 6,583 in the comparable period of 2014, it represented a lower rate of growth of 11.2 per cent in 2015, compared with 50.4 per cent recorded in 2014. The weaker performance was driven by declines in the main visitor categories for stay–over arrivals (3.8 per cent) and excursionists (7.9 per cent), which both recorded increases in the corresponding period of the prior year. The number of stay-over visitors from major source markets like the Caribbean and Canada contracted by 16.4 per cent and 21.0 per cent, respectively. The downturn in stay-over visitors was moderated by increases in arrivals from the United Kingdom (10.7 per cent) and the USA (9.5 per cent). Developments in the niche markets of cruise and yacht tourism tempered the negative impact of the fall in the stay-over arrivals category. The re-introduction of cruise tourism in 2015 led to a surge in passenger arrivals to 1,032 from 184 in 2014, consistent with the increase in the number of cruise ship calls from two to five. Passengers who arrived by yacht recorded an upturn of 10.1 per cent to 1,358, reflective of the 22.9 per cent increase in the number of yachts visiting the island to 371.0 over the review period.

Output in the agricultural sector, particularly livestock production, is provisionally estimated to have expanded. The production of beef, pork and poultry products increased over the review period, as farmers diversified away from crop production due to the persistence of drought conditions and failing adequate irrigation systems. This development led to lower crop yields across the board, predominantly in the cases of key staples and fresh vegetables such as banana, plantain, sweet potatoes, cassava, cabbage and lettuce.

Prices

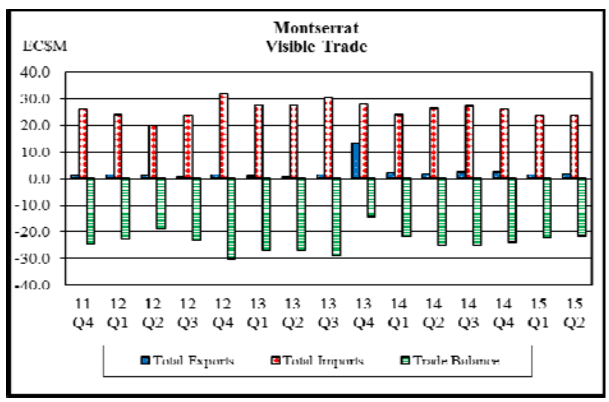
The consumer price index declined by 0.3 per cent, on an end of period basis, during the first half of 2015 in contrast to a 0.1 per cent rise in the overall price level during the corresponding period of 2014. The fall in the overall price level was primarily attributable to a 0.7 per cent decline in food prices, the most heavily weighted sub-index. Additionally, the sub-index for gas, electricity and water registered a 13.0 per cent fall, partly owing to the global reduction in the price of oil. The overall decline in prices was moderated by upward movements in the sub-indices for household goods (2.6 per cent), services (0.2 per cent) and alcohol and tobacco (2.3 per cent); while the sub-index for rent remained unchanged.



Trade and Payments

The trade balance improved in the first six months of 2015 compared with the corresponding period last year as the merchandise trade deficit contracted by 6.1 per cent to $43.9m. The narrowing of the trade deficit was mainly due to a decline of 6.4 per cent in the total value of spent on imports to $47.7m. A 35.8 per cent fall of $6.7m in the value of mineral fuels and related materials imported was the most influential factor contributing to lower imports. Further analysis of the accounts demonstrate that total exports fell by a 10.2 per cent ($0.4m) to $3.7m, driven by a downturn in the re-exports of machinery and transport equipment ($1.2m) consistent with the decline in construction activity. However, this downturn was mitigated by improvements in the re-export of crude materials and inedible fuels as well as increased exportation of aggregates.

Developments on the services account reflected a marginal decline of $0.1m in gross travel receipts to $11.4m, as visitor arrivals from higher expenditure categories from major source markets fell. Meanwhile, flows on the financial and capital account resulted in a net outflow of funds from commercial banks totalling $5.8m compared with an amount of $4.7m in the comparable period of 2014. Additionally, the central government's net amortization of external loans remained unchanged at $0.1m.

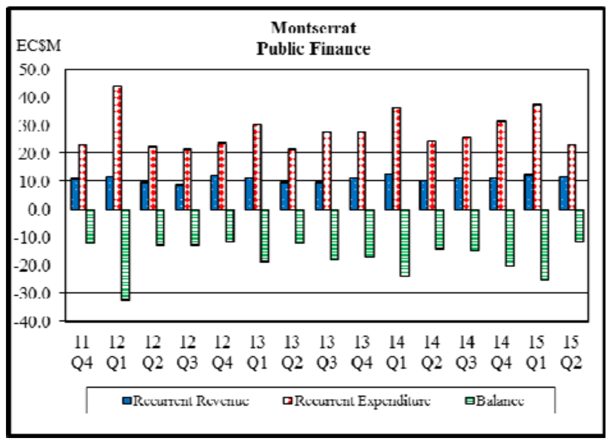


Central Government Fiscal Operations

The fiscal operations of the central

government improved in the first six months of 2015 compared with the corresponding period last year. The overall and primary surpluses (after grants) both rose by $50.5m to $60.7m. The improved fiscal outturn was based on 53.2 per cent ($38.6m) acceleration in grant flows, coupled with a 45.0 per cent fall in capital expenditure to $13.6m, resulting from delayed disbursements for approved public infrastructural projects. The reduction in capital expenditure combined with the increased capital grant flows led to a capital account surplus (after grants) of $44.2m in comparison to a surplus of $9.5m in 2014.

Developments of the current account were also positive as a surplus of $16.5m was realised, compared with one of $0.7m in the first six months of 2014. This performance was strongly influenced by a 39.2 per cent ($15.0m) increase in current grants to $53.3m. Further support for the improved performance on the current account was provided by a 4.3 per cent increase in current revenue to $23.9m. This development was owing to collections from non-tax-revenue which almost doubled from $2.1m to $4.0m, partly as a result the new motor vehicle licensing system which allows for the bulk of payments during the earlier part of the year. This outturn was moderated by a 4.7 per cent ($1.0m) fall in tax revenue, primarily on account of lower collections of revenues from taxes on income and profits ($0.5m), property ($0.1m) and domestic goods and services ($0.5m). However, increased receipts from taxes on international trade and transactions (2.1 per cent) tempered the overall fall in tax revenue. Higher inflows from import duty (3.7 per cent) and steady flows from consumption tax contributed to the improvement, notwithstanding the marginal decline in imports.



Over the first six months of 2015, current expenditure totalled $60.7m relative to outlays of $60.5m in the comparable period of 2014. Government expenditure on the goods and services increased by $9.0m to $21.6m largely due to the settlement of legal obligations, moderated by declines in spending on transfers and subsidies ($7.4m) and personal emoluments ($1.4m). Total current expenditure was constrained close to the amount spent in 2014 despite the 70.6 per cent upturn in expenditure of goods and services as outlays in personal emoluments and transfers and subsidies reverted to 2013 levels. These categories excluded extraordinary expenditure items related to the settlement of arrears and one-off bonus payments made during the comparable period in 2014.

Public Sector Debt

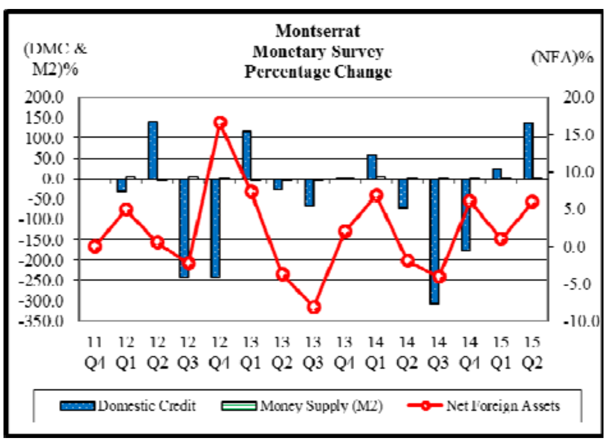
The stock of public sector external debt stood at $6.0m at the end of the first six months of 2015, down by 4.0 per cent from a balance of $6.3m at the end of 2014. Central government debt accounted for 23.0 per cent ($1.4m) of total public external debt, while public corporation debt represented 77.0 per cent ($4.6m).

Money and Credit

The stock of monetary liabilities in the banking system (M2) increased by 3.3 per cent to $247.1m during the first half of 2015, compared with an increase of 9.4 per cent during the comparable period in 2014. The expansion in the money supply was largely driven by 3.1 per cent ($6.0m) increase in quasi money to $200.1m resulting primarily from increases in private sector savings deposits (2.8 per cent) and foreign currency deposits (18.8 per cent). The overall expansion in the money supply was further supported by 4.2 per cent acceleration in narrow money (M1) which totalled $47.0m. Increased inflows of private sector demand deposits (14.7 per cent) in the banking system mitigated the impact of the contraction (11.9 per cent) in currency with the public during the review period.

The net deposit position of commercial banks more than doubled to $19.8m as at June 2015, compared with a position of $6.7m at the end of 2014. The $13.1m net expansion in loanable funds was driven by an increase ($12.5m) in central government net deposits to $65.2m. This development was further supported by a 7.5 per cent increase in the net deposit position of non-financial public enterprises to $22.7m. Meanwhile, private sector borrowing grew by approximately $1.0m to $68.2m, reflective of marginal growth in household credit (1.5 per cent) and business credit (1.4 per cent) over the review period.

Total commercial bank credit increased by 1.2 per cent to $74.5m, influenced by increased borrowing for personal use which on average accounts for 82.0 per cent to 84.0 per cent of total credit. An analysis of the distribution of credit by economic activity indicated increases in personal borrowing ($1.2) and credit extended for distributive trades ($0.3m). The improvement in personal credit was driven by an acceleration of funds borrowed for acquisitions for home construction and renovation (4.9 per cent) and house and land (4.8 per cent). However, credit extended on a sectorial level was constrained by a downturn in funds borrowed for construction activities (8.8 per cent), manufacturing (3.2 per cent), consumption of durable goods (7.3 per cent) and tourism activities (1.7 per cent).



The net foreign assets of the banking system rose by 7.0 per cent to $308.3m at the end of June 2015, compared with an increase of 4.8 per cent during the corresponding period last year. The expansion was attributable to an increase in commercial banks' net assets of 3.5 per cent to $172.1m as assets held outside the ECCU grew by 18.9 per cent to $175.2m. This upturn was partly tempered by a 23.7 per cent ($19.5m) fall in net assets held within the ECCU. Additionally, Montserrat's imputed share of reserves held with the Central Bank expanded by 11.9 per cent to $136.2m, compared with an increase of 4.8 per cent during the first half of 2014.

The banking system continues to reflect surplus liquidity conditions as the ratio of liquid assets to total deposits and liquid liabilities increased to 87.1 per cent, consistently exceeding the prudential benchmark of 25.0 per cent. Meanwhile, the ratio of loans and advances to total deposits slid further below the minimum prudential requirement of 75.0 per cent to 21.0 per cent, as the inflow of new deposits in the banking system ($38.5m) offset the marginal growth in overall commercial bank lending.

The weighted average interest rates on total deposits fell from 1.95 per cent to 1.17 per cent, widening the interest rate spread between loans and deposits by 76 basis points to 6.87 per cent at the end of June 2015. The increased spread was tempered by 1 basis point fall in the weighted average lending rate from 8.05 per cent to 8.04 per cent. These developments were, in part, attributed to the reduction in the saving rate floor from 3.0 per cent to 2.0 per cent during the review period and other policy measures geared at boosting lending.

Prospects

Economic activity is expected to contract in 2015, as a result of subdued growth prospects and weakened economic conditions during the first half of the year. The slowdown in economic activity in the first half of the year places downward pressure on growth forecasts for key sectors, such as public administration, defence and compulsory social security; construction; and transport, storage and communications. Preliminary economic indicators reflect continued slowdowns (quarter-on-quarter) in several strategically important sectors due to structural and administrative bottlenecks, which face a low probability of being alleviated in the near term. Additionally, the current projection magnifies constraints arising from the low level of economic diversity away from the government services sector.

The level of activity in the construction sector is expected to decline, particularly in the public sector, which has been a key indicator of economic momentum owing to large investments in re-construction efforts following the volcanic eruptions during 1995 and 1998. As such, continued lags in the implementation of key infrastructure projects during the first half of the year have had a rippling effect on the economy. The falloff in the sector's contribution to economic activity will continue to be manifested through a reduction in construction-related employment and consumption opportunities for the remainder of 2015. Moreover, it is anticipated that the projects under the recently approved three-year multi-million dollar ($21.0m) maintenance and infrastructural development programme may not be rolled out until the last quarter of 2015, as a result of administrative delays. However during the months ahead, these developments are likely to be marginally offset by improvements in private sector construction, underpinned by the implementation of the government's new Material Grant Scheme which will facilitate renovations and completions. The year-to-date relative increase (8.0) in the number of construction starts and permits point to a strengthening of value added by activity in the residential and commercial sub-sectors. As well, developments in on-going capital projects, including the geothermal exploration, school and road rehabilitation projects all signal a positive start for the third quarter.

Notwithstanding the outturn of the tourism industry for the first half of 2015, its performance is expected to improve as a result of several development initiatives and upcoming annual festivals. Visitor arrivals are projected to remain moderately buoyant underpinned by developments in cruise tourism and the implementation of travel facilitation arrangements with Antigua and Barbuda. Additionally, the recent implementation of a tourism development initiative with the neighbouring island of Guadeloupe is likely to bolster excursionist activities and revenue opportunities for service providers throughout the industry. It is also anticipated that the 50.0 per cent reduction in the sea departure tax approved in May 2015 by authorities in Antigua and Barbuda should boost arrivals by sea upon implementation. These developments will heighten tourism related activities and positively contribute to improvements in allied sectors such as distributive trade and services, transport, storage and communications and financial intermediation. However, capturing the full potential of these development initiatives depends largely on enhanced accommodative capacity and marketing strategies to promote visitor attractions and spending.

According to the July 2015 update of the International Monetary Fund World Economic Outlook, solid growth of 2.4 per cent is projected for the U K economy in 2015 predicated on lower oil prices and improved financial market conditions. Fiscal consolidation measures undertaken alongside demand-supporting structural reforms by the British government pose no immediate threat to the positive outlook on growth. The forecast for continued inflows of grants from the Department for International Development and the EU remains stable. The slowing rate of project implementation may continue to result in an accumulation of grant flows giving rise to overall and primary balance surpluses.

The projected contraction in economic activity is likely to weaken local demand for goods and services, giving rise to further slack in the economy and increased unemployment. Personal consumption expenditure is likely to fall notwithstanding the probability of lower import prices associated with falling energy prices and record low inflation in advanced economies. This forecast points to further narrowing of the merchandise trade deficit, although export potential may weaken marginally.

The prospects for economic activity in Montserrat remain subdued due to a mix of factors. Structural and administrative bottlenecks continue to impose considerable lags in the implementation of key transformational projects, imposing a drag on economic activity. Recovery in the second half is largely contingent upon an improvement in the project implementation rates. Other major downside risks to economic prospects include continued threats of adverse weather and volcano related risks.

ST KITTS AND NEVIS

Overview

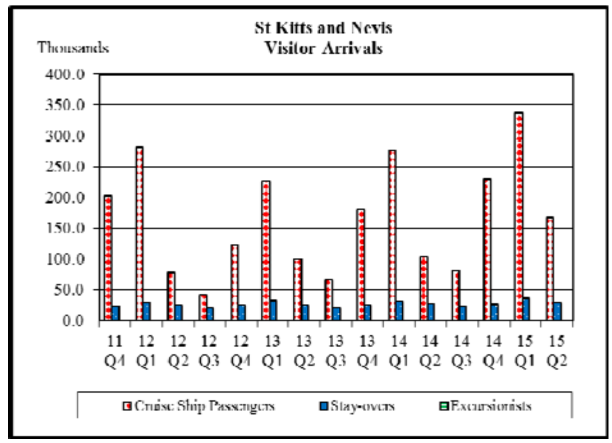
Preliminary data point to an expansion in economic activity in St Kitts and Nevis in the first half of 2015 relative to the outturn of the corresponding period of 2014. The increase was led by developments in construction, hotels and restaurants, transport, storage and communications and real estate, renting and business activities sectors. Consumer prices fell by 2.1 per cent on an end of period basis. The fiscal operations of the Federal Government resulted in an overall surplus, albeit smaller than the surplus of the comparable period in 2014. The total outstanding debt of the public sector declined. In the banking system, monetary liabilities and the net foreign assets rose while domestic credit fell. Commercial bank liquidity increased, and the weighted average interest rate spread between loans and deposits widened.

The economic forecast for 2015 is for continued expansion fuelled by ongoing activities in construction, hotels and restaurants, wholesale and retail trade, and transport, storage and communications. The performance however, may be partly constrained by the tepid performance of the manufacturing sector as well as a decline in agricultural output partly associated with prolonged drought conditions. Inflationary pressures are likely to be contained influenced primarily by low commodity prices, especially for fuel. Total revenue is projected to be lower than that in 2014 associated with the removal of Value Added Tax (VAT) on a number of retail items and lower receipts from the Citizenship by Investment (CBI) programme. The decrease in revenue may be tempered by buoyant economic activity which may counteract the effects of the adjustments to the VAT. Furthermore, a smaller surplus on the fiscal accounts is expected attributable to higher current and capital expenditure.

Downside risks include possible deceleration in CBI receipts associated with intensified regional competition from other programmes and the adverse knock-on effects on the constructions sector from lower activity in the CBI programme. Additionally, the possibility that economic activity in the USA may slow, partly attributable to an appreciating currency, coupled with the impact of unfavourable weather related developments including; drought and hurricanes, represent notable second order risks.

Output

Value added in the construction sector, is provisionally estimated to have risen in the first half of 2015, on the strength of higher capital outlays in both the private and public sectors. Private sector activity was buoyed by ongoing construction work on a number of hotel developments including; the Park Hyatt Resort, the Imperial Bay Resort, the Pelican Bay Resort and the Koi Resort. Completion work continued on phase I of the Kittitian Hill Resort, while work accelerated on the second phase. In Nevis, construction work in the private sector continued on the Four Seasons Estates, Tamarind Bay Marina development and the Mount Nevis Hotel expansion project. The increase in construction activity was substantiated by a 10.0 per cent increase in credit to the construction sector, compared with a 4.1 per cent rise in the first six months of 2014 and a more than doubling in the volume of imports of building materials compared with a 33.6 per cent increase in 2014. In the public sector, outlays on capital expenditure rose to \$66.2m in the first six months of 2015 compared with \$49.4m in the corresponding period in 2014, as infrastructural work continued on the resurfacing of the Dr Kennedy Simmonds Highway, and a pre-school building in St Kitts, as well as, a Caribbean Development Bank (CDB) funded water project in Nevis.



Value added in the hotels and restaurants sector, a proxy measure of tourism activity, is estimated to have risen in the first half of 2015, reflective of the positive impact of an increase in the number of stay-over visitors and cruise passenger arrivals. The number of stay-over visitors is estimated to have risen by 7.3 per cent to 66,210 in the first half of 2015 compared with an increase of 2.7 per cent in the corresponding period of 2014. The outturn reflected increases in all of the major source markets, including the United States of America (6.9 per cent), the Caribbean (7.7 per cent) Canada (9.6 per cent) and the UK (9.1 per cent). The improved performance of those markets was consistent with generally favourable economic conditions combined with efforts at marketing to more upscale clientele. Cruise passenger arrivals rose by 32.6 per cent (124,494) to 506,768, in the first half of 2015 compared with a 17.5 per cent (57,618) increase in the corresponding period of 2014. This outturn was consistent with an increase of 55 in the number of cruise ship calls to the Federation to 273. Meanwhile, the number of excursionists rose by 38.9 per cent to 2,573, in contrast to a 0.6 per cent reduction in the first half of 2014. The number of passengers visiting by yacht fell by 27.4 per cent to 2,877, in contrast to a more than trebling in the number of this visitor category in the first half of 2014. The combined impact of these developments contributed to a 28.6 per cent increase to 578,428 in total visitors, compared with a 15.2 per cent increase in the first six months of the previous year.

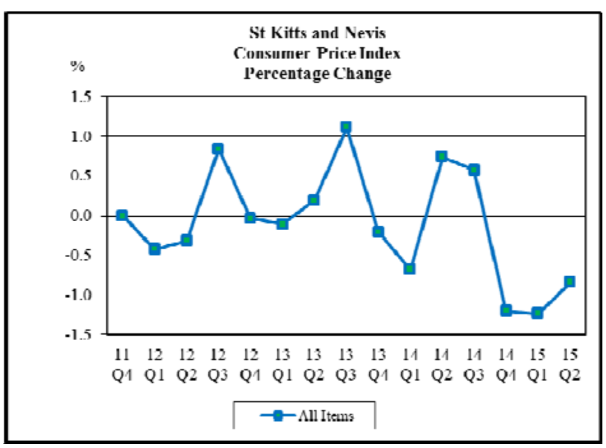
It is estimated that there was expansion in other key sectors such as transport, storage, and communications, real estate, renting and business activities, on account of growth in visitor arrivals, construction and imports.

Positive developments in the construction and hotels and restaurants sectors were moderated somewhat by an estimated decrease in output in the agriculture, livestock and forestry sector, as the output of crops declined and that of livestock was mixed. Total crop production fell by 28.0 per cent, attributable largely to non production of white potato in contrast to output of 164,000 kilograms in the first half of 2014. Lower output was also recorded for pineapples and yams of 83.6 per cent and 20.0 per cent respectively. With regards to livestock, increases recorded were for pork and mutton of 17.9 per cent and 91.3 per cent respectively. Other livestock production, namely chicken, rose five-fold, impacted by the establishment of a new broiler cooperative and egg production rose by 1.5 per cent. However, those increases were offset by declines in the production of beef (10.8 per cent), mutton (12.8 per cent) and fish (22.7 per cent).

Prices

Prices, as measured by the Consumer Price Index (CPI), declined by 2.1 per cent in the first half of 2015, in contrast to an increase of 0.1 per cent in the corresponding six months of 2014. The sub-indices that recorded the steepest declines were food and non-alcoholic beverages (6.2 per cent), transport (5.7 per cent), education (4.1 per cent) and miscellaneous goods and services (5.6

per cent). The decline in the food sub-index was attributable to lower prices for food across the board with the exception of dairy products, while the decrease in the transport sub-index mainly reflected reductions in the price of gasoline and lubricants. The decrease in food prices generally reflected the effects of the removal of a 17 per cent value added tax on food. A decline in the cost of tertiary education influenced the decrease in the education sub-index and the price of appliances and other articles associated with personal care largely reduced the miscellaneous goods and services sub-index. The lower reading for the CPI was partially offset by higher prices for the communication (1.8 per cent), household furnishings, supplies and maintenance (2.0 per cent), and clothing and footwear (1.4 per cent) sub-indices.

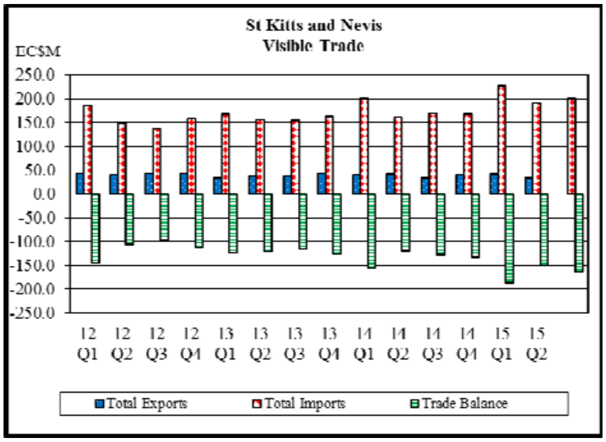


Trade and Payments

The visible trade balance recorded a deficit of $315.3m in the first half of the year, higher than the $249.9m deficit in the January to June period in 2014. Imports increased by 18.4 per cent to $390.3m, mainly driven by increases in the value of mineral fuels and related materials and machinery and transport equipment imported. The value of total exports was $75.0m compared with $80.0m recorded in the same period of 2014. Domestic exports contracted by 4.8 per cent to $67.4m and re-exports by 14.8 per cent to $7.6m. The volume of trade in goods (both exports and imports) expanded by 13.1 per cent to 170,984 tonnes.

Gross travel receipts are estimated to have risen by 0.7 per cent to $163.8m in the period under review. The transactions of commercial banks resulted in a net outflow of $124.8m in short term capital, compared with an outflow of $97.4m in the corresponding period in 2014. Likewise, government transactions resulted in an increase in the net outflow of funds as a consequence of higher external principle repayments ($42.0m), compared with $17.2m in the first six months of 2014, partially offset by a reduction in the receipt of external disbursements which amounted to

$0.9m, compared with $5.4m in the first six months of 2014.



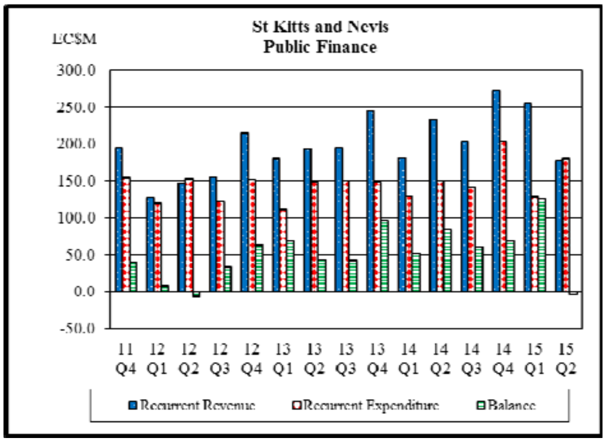
Federal Government Operations

The fiscal operations of the Federal Government resulted in an overall surplus (after grants) of $64.3m in the first half of 2015, lower than the surplus of $108.2m in the corresponding period in 2014. Similarly, the primary balance (after grants) declined to $88.7m compared with $138.7m in the first six months of 2014. The overall performance was attributable to more rapid increases in expenditure, relative to revenue and the surplus was use to accumulate deposits in the commercial banking system.

Current revenue totalled $432.7m in the review period compared with $415.7m in the first half of 2014. Tax revenue grew by 18.0 per cent to $256.8m, with all the broad categories of taxation recording increases; international trade (32.5 per cent), income and profits (37.3 per cent), property (35.8 per cent) and domestic goods and services (1.9 per cent). Higher inflows from taxes on international trade and transactions reflected a more than four-fold increase in the collections of excise taxes, attributable to a lump sum payment received in January 2015 combined with a new policy of collecting excise taxes from fuel on a monthly basis. A rise in the collection of customs service charge by 19.4 per cent also buttressed inflows of taxes on international trade and transactions. Receipts of taxes on income and profits rose, largely due to a 55.8 per cent rise in the collection of corporation taxes and a 20.3 per cent increase in personal tax collections, consistent with buoyant real sector activity. Higher inflows of receipts for taxes on domestic goods and services were mainly driven by an increased intake from the Value Added Tax (VAT), which contributed 29.9 per cent of total tax revenue and rose by 2.0 per cent ($1.5m) to $76.8m. However, the performance of the domestic goods and services tax category was constrained by declines in inflows of stamp duty (7.9 per cent).

In contrast to the increase in tax revenues, non-tax revenue collections amounted to

$175.9m compared with $198.1m in the same period in 2014, representing an 11.2 per cent decline. Lower inflows of non-tax revenue largely reflected a 14.0 per cent ($22.1m) reduction in the collection of fees from the Citizenship by Investment Programme.



Current expenditure rose by 10.5 per cent to $309.7m, driven primarily by a 36.0 per cent rise ($22.3m) in transfers and subsidies, which predominantly reflected transfers to local and international institutions. Other contributors to the increase in current expenditure were personal emoluments which rose by 6.7 per cent to $126.2m, mainly as a result of the payment of a 3.0 per cent increase in salaries, in keeping with the triennium wage agreement (2014-2016). Expenditure outlays on goods and services, also rose by 7.7 per cent ($5.3m), compared with a 1.4 per cent increase in the first half of 2014. Those increases were partly tempered by a 20.0 per cent decline in interest payments, largely reflecting a decline in domestic interest payments to $24.4m, on account of the restructuring of the Federation's public sector debt.

Inflows of official assistance (grants) rose by 26.4 per cent to $24.3m, in contrast to a 52.6 per cent decline in the first half of 2014, attributable to an increase in budgetary grants to $16.3m from $0.5m in the corresponding period of January to June 2014. In contrast, capital grants fell by 57.3 per cent to $8.0m compared with a 53.0 per cent reduction in the first half of 2014. Capital expenditure increased by 34.1 per cent to $66.2m. Major projects included the resurfacing of the Dr Kennedy Simmonds Highway, the construction of a pre-school in St Kitts and ongoing upgrades to the water delivery system in Nevis.

The overall surplus of the central government of St Kitts narrowed to $61.4m from a balance of $107.4m in the first half of 2014. Recurrent revenue rose by 1.2 per cent to $362.7m, mainly due to higher receipts from tax revenue. Tax revenues were higher by 15.6 per cent amounting to $203.3m, on account of the improved performances of the majority of the major tax categories.

Revenues from taxes on international trade and transactions rose by 43.9 per cent ($17.8m), mainly reflecting increases in collections from excise duties ($10.6m), and customs service charge ($4.6m). Receipts from taxes on income and profits rose by 28.8 per cent to $52.3m, largely due to higher collections from corporate taxes ($9.2m). The intake from property taxes also rose by 34.0 per cent, fuelled by increases in the collections from condominium and house taxes of 53.9 per cent and 20.8 per cent respectively. The increase in tax revenue was tempered by lower receipts from taxes on domestic goods and services which fell by 5.3 per cent ($4.6m), mainly on account of declines in collections from stamp duties (17.7 per cent) and the VAT which fell by 5.4 per cent ($3.3m) to $57.3m. Non-tax revenue fell by 12.7 per cent to $159.4m, influenced substantially by a 14.0 per cent ($22.1m) reduction in receipts from the CBI programme. Grant receipts were 45.8 per cent higher and amounted to $24.3m, in contrast to a 54.9 per cent decline in the corresponding six months of 2014. This development reflected greater ($15.8m) budgetary inflows to $16.3m, partly moderated by a 50.7 per cent decrease in capital grants to $8.0m.

Current expenditure in St Kitts increased by 11.1 per cent to $251.3m, compared with a 7.5 per cent rate of growth in the corresponding period of 2014. This development was largely influenced by a 40.6 per cent ($22.8m) increase in transfers and subsidies and a 6.5 per cent ($5.8m) rise in outlays on personal emoluments. Increases were also recorded for goods and services (4.7 per cent). The increase in current expenditure, however, was constrained by a 27.6 per cent ($6.3m) decline in interest payments. Capital expenditure increased to $57.4m, compared with outlays of $44.3m in the first half of 2014, attributable to ongoing road and infrastructural work.

The fiscal operations of the Nevis Island Administration (NIA) recorded an overall surplus of $2.9m in the period under review, compared with one of $0.8m recorded in the first six months of 2014. This fiscal outturn was attributable to higher current revenue which outpaced an increase in current expenditure.

Current revenue receipts amounted to $70.0m in the period under review, representing a 22.1 per cent increase in contrast to a 4.0 per cent contraction in the corresponding period of 2014. Higher current revenue collections reflected generally favourable developments in both tax and non-tax revenue receipts. Tax revenues were 28.3 per cent higher, buoyed by increased collections from taxes on domestic goods and services (28.4 per cent) and a more than doubling in receipts from taxes on income and profits. Increases in collections were also recorded for property taxes (51.8 per cent), while the overall tax outturn was moderated by lower collections from taxes on international trade and transactions (6.0 per cent). Non-tax revenue rose by 5.6 per cent ($0.9m) to $16.6m. There were no grant receipts during the period under review, which contrasted with developments in the first six months of 2014, when capital grant receipts totalled $2.5m.

Current expenditure rose by 8.1 per cent to $58.3m, compared with a 5.8 per cent increase in the corresponding six months of 2014. The increase in current expenditure was attributable to higher outlays for most of the expenditure categories including; personal emoluments (7.0 per cent), goods and services (23.4 per cent) and interest payments (3.0 per cent). Higher current expenditure outlays were constrained by a 9.3 per cent decrease in expenditure on transfers and subsidies. Capital expenditure rose by 72.3 per cent to $8.8m, compared with $5.1m spent in the corresponding period of 2014, largely driven by outlays associated with the CDB funded water drilling project.

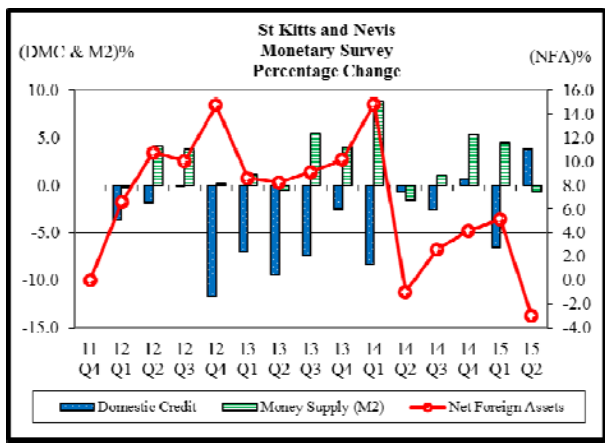
Public Sector Debt

The total disbursed outstanding debt of the public sector of the Federal Government fell by 3.4 per cent to $1,668.4m in the first half of 2015 compared with $1,727.0m at end December 2014. The outstanding debt of the central government, which accounted for 86.0 per cent of total debt, fell by 3.2 per cent to $1,435.1m. The debt of the public sector corporations also declined, falling by 4.6 per cent to $233.3m. External debt which represents 43.4 per cent of public sector debt fell by 5.4 per cent to $724.7m. The decline in the total indebtedness of the Federal Government principally reflected the effects of debt relief through the restructuring exercise undertaken from 2011 as well as the debt-for-land swap initiative.

Money and Credit

Monetary liabilities (M2) increased by 3.8 per cent to $3,067.5m in the first six months of 2015, compared with a rate of growth of 7.2 per cent in the corresponding 2014 period. The outturn reflected increases in quasi money of 3.6 per cent to $2,458.7m and narrow money (M1) of 4.6 per cent to $608.8m. The rise in quasi money was driven by increases in all of the sub-components including; private sector time deposits (7.2 per cent), private sector foreign currency deposits (4.0 per cent) and private sector savings deposits (0.9 per cent). The expansion in M1 was influenced by higher levels of private sector demand deposits which advanced by 8.3 per cent. All other components of M1 declined.

Domestic credit declined by 3.0 per cent to $982.6m in the period under review, compared with a decrease of 8.9 per cent in the first half of 2014. This decline was largely attributable to an increase in the net deposit position of non-financial public enterprises (NFPE's) and lower credit extended to the private sector. The net deposit position of NFPEs rose by 4.7 per cent to $894.3m, fuelled largely by a 4.5 per cent ($39.7m) increase in deposits. Credit extended to the private sector fell by 35.6 per cent ($784.3m) to $1,416.3m, during the review period as a result of lower levels of credit to households (0.9 per cent) and a reduction in net investments in subsidiaries and affiliated financial institutions (95.2 per cent) due to a reclassification of the investment associated with the debt for land swap to government investments. The decline in credit to the private sector, however, was moderated by a 4.6 per cent ($22.1m) rise in credit to businesses. The net deposit position of the Federal Government changed to a net credit position, influenced by the reclassification of the investment formerly held under subsidiaries and affiliates, now classified as debentures held by commercial banks for the central government. The Nevis Island Administration (NIA) registered a lower net credit position (2.3 per cent) as the authorities increased their deposits at commercial banks at a faster rate than that of borrowing.



In terms of the distribution of credit by economic sectors, there were increases in lending for construction (10.0 per cent), other services (4.7 per cent), tourism (5.6 per cent) and agriculture and fisheries (6.5 per cent). Those increases were tempered by a decrease in financial support for distributive trades (15.4 per cent), other personal loans (3.3 per cent), the acquisition of property (0.5 per cent), durable consumer goods (2.7 per cent), and manufacturing, mining and quarrying (3.4 per cent).

The net foreign assets of the banking system grew by 2.0 per cent to $2,410.1m in the first six months of 2015, compared with an increase of 13.7 per cent ($266.1m) in the corresponding period of 2014. Growth in the net foreign assets position reflected an 8.3 per cent rise in commercial banks' net foreign asset position to $1,629.0m, attributable to an increase in assets held in financial institutions outside of the Currency Union. In contrast, St Kitts and Nevis's imputed share of the Central Bank's reserves fell by 9.1 per cent to $781.2m.

Liquidity in the commercial banking system expanded in the review period. The ratio of loans and advances to total deposits fell to 34.4 per cent at the end of June 2015 from 35.8 per cent at the end of 2014, while the ratio of liquid assets to total deposits increased by 1.2 percentage points to 76.9 per cent. Further supporting evidence of a general improvement in liquidity conditions included an increase in the ratio of liquid assets to total deposits plus liquid liabilities which rose by 0.6 percentage point to 63.1 per cent.

During the first half of the year at the 81st meeting of the ECCB Monetary Council held on 27 February, Council members agreed to reduce the minimum savings deposit rate from 3.0 per cent to 2.0 per cent. This policy decision came into effect on 1 May, 2015. Consequently, the weighted average interest rate spread between loans and deposits widened to 6.44 percentage points from 6.13 percentage points at the end of 2014. The weighted average deposit rate fell by 0.42 percentage point to 2.07 per cent, while the weighted average interest rate on loans which decreased, albeit more slowly, by 0.11 percentage point to 8.51 per cent.

Prospects

Notwithstanding some moderation in global growth, the economic outlook for St Kitts and Nevis for 2015 remains largely positive. Recent forecasts for global economic prospects as outlined in the July 2015 update of the World Economic Outlook (WEO) of the International Monetary Fund (IMF), point to a continued expansion in global output, estimated at 3.3 per cent.

In the domestic economy growth will be broad-based, led by developments in construction, tourism, wholesale and retail trade, transport, storage and communications, and supported by real estate, renting and business activities. Construction sector activity is anticipated to be sustained by ongoing work on a number of private and public sector projects. In the private sector work is projected to continue on various resort and villa developments as well as residential construction. In the public sector activity will be concentrated on continued road rehabilitation and enhancements to the capital stock.

The prospects for the tourism industry will be buttressed by the forecasted expansion of 2.5 per cent in economic activity for the USA. The positive growth forecast for the USA, the major tourism source market for the Federation, underscores the optimistic prospects for the tourism industry. Additionally, increased activity in the tourism industry is projected based on a number of intensified marketing initiatives undertaken by the Tourism Authority, in particular the hosting of travel writers, promotion of the destination in Canada, and greater use of digital media. Further boost is expected to come from the securing of additional airlift from Delta Airlines and Air Canada for the winter season. More long-term strategies include; the implementation of the new tourism strategy and the implementation of the yachting policy which are anticipated to positively impact visitor arrivals. Developments in the construction and hotels and restaurants sectors are estimated to favourably impact wholesale and retail trade, transport, storage and communications and the real estate, renting and business activities sectors. Inflationary pressures are anticipated to remain subdued owing to the deflationary impact of lower energy prices.

A smaller overall surplus on the fiscal accounts is estimated based on an anticipated decline in non-tax revenue, increases in current and capital expenditure and lower grant receipts. The performance of non-tax is largely attributable to the performance of the CBI program, which is projected to decline relative to the performance in 2014. In view of developments in non-tax, total revenue is projected to decrease in 2015 compared with 2014; however the decline will be mitigated somewhat by the strength of tax revenue receipts. Tax revenue is estimated to be buoyant, tempered by recent developments associated with the removal of the VAT from food, medicine and funeral expenses.

However, sustained real sector activity buoyed by performances of the construction sector and tourism industry could generate trade and hospitality related inflows that may offset revenue shortfalls in other revenue categories. Higher current expenditure is estimated, attributable to salary increases granted to public servants and higher outlays on transfers and subsidies and goods and services. Capital expenditure is also estimated to be higher, driven by continued investment in public infrastructure on both islands.

On the balance of payments, a larger deficit is anticipated on the current account as a larger merchandise trade deficit is anticipated, fuelled by the import of building materials for the construction sector and other intermediary and finished goods for the hotels and restaurants sector. The anticipated widening in the current account deficit may be tempered by a reduction in fuel imports influenced by historically low energy prices and increased investment by the authorities in more sustainable alternative energy sources.

Major downside risks to the projections include a further decline in receipts from the Citizenship by Investment programme attributable to intensified regional competition. The prospect of lower inflows from the CBI could adversely affect activity in the construction sector, as most of the ongoing private sector construction is tourism-related and driven by developments in the CBI. A marked deceleration in the performance of the USA economy could disrupt the performance of the tourism industry, depending on the extent to which incomes in that major market are impacted. Second order downside risks include; the possibility of damage to infrastructure associated with adverse weather systems; hurricane and flood damage, as well as the negative impacts on the various productive sectors especially agriculture, due to persistent drought conditions. Higher energy prices, though unlikely in the short term, remains a looming second order risk.

SAINT LUCIA

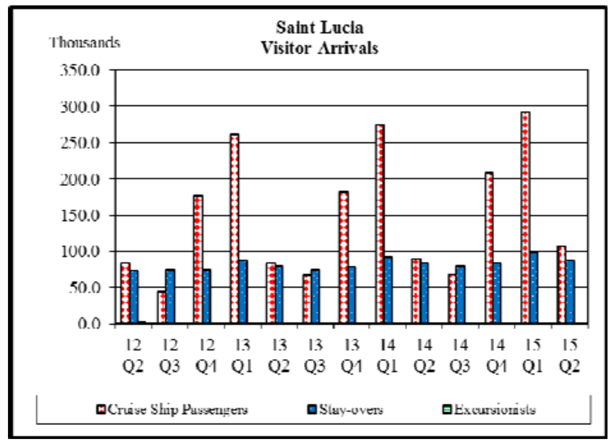
Overview

Based on preliminary indicators for the first half of 2015, the economy of Saint Lucia is estimated to have expanded marginally. This assessment is reflective of increased value added in a number of economic sectors including hotels and restaurants, construction and manufacturing. Consumer prices fell by 1.0 per cent, on an end of period basis, as Saint Lucians paid less for basic food items. A smaller merchandise trade deficit was recorded due to a combination of increased exports and reduced imports. The central government's fiscal operations resulted in a smaller overall deficit, primarily associated with positive developments on the current account. The total public sector debt decreased, driven largely by a contraction in the level of indebtedness of the central government. In the banking system, monetary liabilities (M2) increased, while domestic credit and net foreign liabilities declined, resulting in an overall net assets position. The commercial banking system remained relatively liquid, while the interest rate spread between loans and deposits widened during the period under review.

Despite inherent downside risks, developments to date suggest that economic activity in Saint Lucia is poised for expansion in 2015, supported by a positive outlook for the second half of the year. The improvement is premised on positive expectations for construction, tourism, manufacturing and agriculture, among others. It is forecasted that the pace of construction activity will pick up, as public sector infrastructural development continues, including work on a number of roads, bridges, schools and the completion of the St Jude Hospital. The private sector is likely to lend support to construction output through the expansion and development of tourism accommodation. It is anticipated that the improved performance in the tourism industry will persist, hence a boost to value added in the hotels and restaurants sector. Initiatives in the agricultural sector are expected to provide an impetus for further strengthening of that sector in 2015. The manufacturing sector is positioned to sustain a positive contribution to overall economic activity. Government's fiscal operations are projected to yield a smaller deficit, as spending, particularly on the current side is contained and revenue enhancement efforts continue. Inflationary pressures are expected to remain subdued, particularly if commodity prices (mainly food and fuel) continue to decline. Risks remain tilted to the downside, partly due to the unexpected external shocks, which have the ability to negatively impact growth. Other risks include domestic labour market pressure and vulnerability to climate change and adverse weather.

Output

It is estimated that activity in the tourism industry improved in the first six months of 2015, as evidenced by an increase in the total number of visitors. Total visitor arrivals grew by 7.3 per cent to 610,903, reflecting growth in the stay-over and cruise categories. Stay-over arrivals increased by 5.3 per cent to 185,424, compared with growth of 6.0 per cent in the first half of 2014. Growth in stay-over arrivals mainly reflected strong performances in the USA, the Caribbean and Canadian markets. The number of stay-over visitors from the USA, the main source market, grew by 9.7 per cent, largely on account of increased airlift from that market. Stay-over visitor arrivals from the Caribbean increased by 19.2 per cent, in contrast to a decline of 16.4 per cent in the corresponding period of the previous year. The number of stay-over visitors from Canada rose by 7.6 per cent compared with growth of 9.4 per cent in the corresponding period of the prior year. These increases were tempered by a decline of 8.8 per cent in the number of stay-over visitors from Europe, largely driven by a fall of 8.2 per cent in arrivals from the United Kingdom.



In the cruise-visitors category, the number of passengers rose by 9.8 per cent to 399,746, compared with growth of 5.4 per cent in the first half of 2014. The expansion in the number of cruise ship passengers was partly associated with an increase in the number of cruise ship calls to 244 and larger vessels visiting the island. Of the other categories, yacht visitor arrivals and the number of excursionists fell by 11.5 per cent and 9.4 per cent respectively.

Construction activity is estimated to have expanded in the first half of 2015, in contrast to a contraction in the corresponding period of

2014. This assessment is supported in part by an increase of 4.8 per cent in the value of imported construction materials and growth of 8.8 per cent in commercial banks' credit towards the construction sector. In the private sector, construction activity was mainly centred on a number of residential properties and hotel plants, whereas public sector activity concentrated largely on infrastructural development including reconstruction and rehabilitation of a number of bridges and roads.

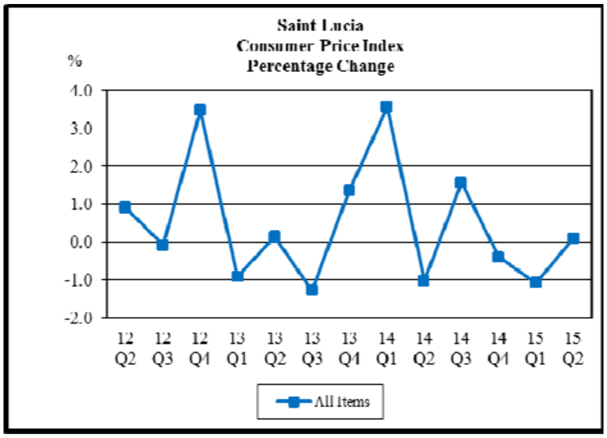
In the manufacturing sector, output is estimated to have expanded in the review period compared with the level in the first six months of the prior year. The outturn was influenced by estimated growth in the production of a number of manufactured items, including paper and paperboard products, electrical products, soap and soap-related products and plastic products. The assessment was also supported by increases of 24.4 per cent in earnings from domestic exports and 8.9 per cent in commercial banks' lending to the manufacturing sector.

Output in the agricultural sector is provisionally estimated to have increased, partly associated with developments in the banana industry and the production of other crops. Production of bananas rose by 3.8 per cent to 5,198 tonnes, supported by efforts to boost the industry, including initiatives under the EU Banana Accompanying Measures. The industry's performance in the review period contrasts a decline of 18.9 per cent in the comparable period of 2014. The production of other crops improved, reflected somewhat by an increase in agricultural produce sold to local supermarkets. On the contrary, the production of chicken, eggs and pork declined in the first half of 2015.

Prices

The consumer price index fell by 1.0 per cent during the first six months of 2015, in contrast to a hike of 2.5 per cent during the corresponding period of 2014. The declining prices during the review period were influenced largely by downward movements in the price of food and non-alcoholic beverages (3.8 per cent), alcoholic beverages, tobacco and narcotics (3.3 per cent) and transport (2.1 per cent). The overall decrease in the consumer price index was tempered somewhat by increases in the sub-indices for communication (8.8 per cent), related to higher cell phone charges; education (7.8 per cent), as tuition fees for UWI increased;

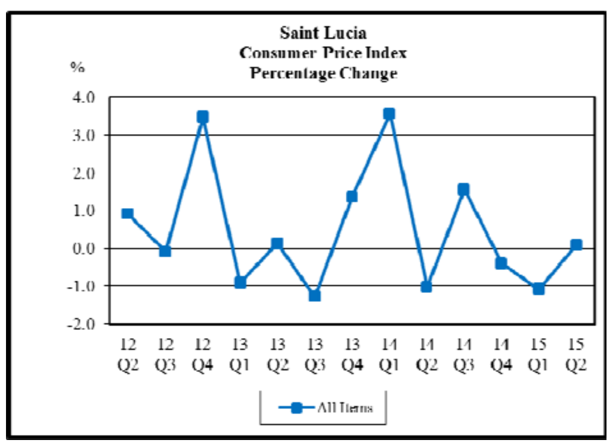
and housing, utilities, gas and fuels (7.5 per cent), reflecting an upward revision of the fuel surcharge rate in the latter half of 2014.



Trade and Payments

A merchandise trade deficit of $460.9m was estimated for the first six months of 2015, compared with one of $628.1m recorded in the corresponding period of 2014. This narrowing of the deficit was associated with an increase in the value of exports combined with a decline in import payments. Receipts from total exports were estimated to have risen by 39.3 per cent to $297.2m, driven primarily by growth of 53.1 per cent in re-exports, supported by an increase in the value of domestic exports. Earnings from domestic exports grew by 24.4 per cent, led by higher exports of manufactured goods ($11.8m), machinery and transport equipment ($6.5m) and beverages and tobacco ($4.5m. Import payments were estimated to have declined by 9.9 per cent, largely influenced by lower outlays for minerals, fuels, lubricants and related materials ($67.3m).

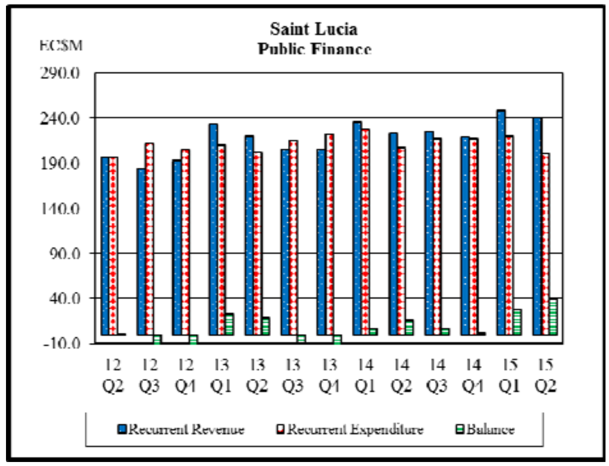
Gross receipts from travel are estimated to have increased by 9.7 per cent to $614.8m, reflective of growth in the number of stay-over visitors, coupled with an increase in average daily expenditure. Transactions of commercial banks resulted in a net outflow of $278.3m in short-term capital during the first half of 2015, compared with an outflow of $99.2m recorded during the corresponding period of 2014. In the period under review, both principal repayments and external loan disbursements to the central government more than doubled to $147.8m and $101.2m, respectively. Consequently, the central government recorded a net outflow position of $46.6m, in contrast to a net inflow position of $5.1m in the first six months of 2014.



Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall deficit of $22.6m, way below one of $67.2m recorded in the first six months of 2014. The fiscal outturn largely reflected developments on the current account, while the outcome on the capital account remained relatively unchanged from the first half of last year. Capital account operations resulted in a deficit of $89.7m, a marginal decline from one of $90.0m in the comparable period of 2014. Notwithstanding, capital expenditure declined commensurate with a fall in capital grants. A primary surplus of $53.9m was recorded, compared with one of $3.3m realised in the January to June period of the prior year. The overall deficit was financed primarily through external sources, with support from the domestic market.

A surplus of $67.1m was recorded on the current account operations in the first six months of 2015, compared with one of $22.8m in the corresponding period of 2014. The surplus more than doubled underpinned by an expansion in current revenue, which was supported by a contraction in current spending. Current revenue grew by 6.7 per cent to $488.7m, buoyed by an increase in income from taxes, which was partly offset by a marginal decline in non-tax revenue. Non-tax revenue fell by 1.1 per cent, led by a decline in receipts from fees, fines and sales.



Revenue from taxes rose by 7.2 per cent ($31.1m) to $464.9m, occasioned by increases in receipts from all sub-categories of taxes. Yields from taxes on income and profits grew by 13.1 per cent, largely reflecting growth of 22.3 per cent ($7.9m) in intake from the corporation tax and 25.0 per cent ($5.2m) from arrears. This outcome reflects increased efforts by the Inland Revenue Department in the collection of arrears and working with the large companies in filing their taxes in a timely manner. Receipts from taxes on domestic goods and services were 7.1 per cent ($5.0m) more than the amount collected in the corresponding period of 2014, attributable to increases in collections from the value added tax ($14.1m) and fuel surcharge ($3.3m). The improvement in VAT collections to $174.3m, reflected a policy decision to increase the rate on hotels and tourism related services and shorten the list of exempted items. At the same time, the fuel surcharge rate was revised from $0.2 to $0.5 per imperial gallon in July 2014. Receipts from the property tax continued to increase ($1.4m), supported by the new market-based valuation system. Revenue from taxes on international trade and transactions grew marginally ($0.4m), as larger collections from the excise tax on imports, the import duty and throughput charges more than offset the decline in the airport service charge.

Current expenditure contracted by 3.1 per cent to $421.6m, influenced by declines in spending on personal emoluments ($12.2m), goods and services ($6.3m) and transfers and subsidies ($1.0m). Personal emoluments, which account for the largest proportion of current expenditure, fell by 6.4 per cent, reflecting a fall in salaries and wages, commensurate with a decline in central government employment. By contrast, outlays on interest payments rose by 8.4 per cent ($6.0m), reflecting higher external obligations.

Public Sector Debt

Preliminary data indicate that the total disbursed outstanding debt of the public sector stood at $2,792.9m at the end of June 2015, a decline of 3.4 per cent from the total at the end of December 2014. This outturn reflected a fall of 3.4 per cent in central government's borrowing, as its stock of external and domestic debt contracted by 4.0 per cent and 2.8 per cent respectively. The total outstanding debt of the public corporations is estimated to have contracted by 3.0 per cent to $158.0m, influenced by declines in their stock of both domestic ($2.9m) and external ($2.0m) debt.

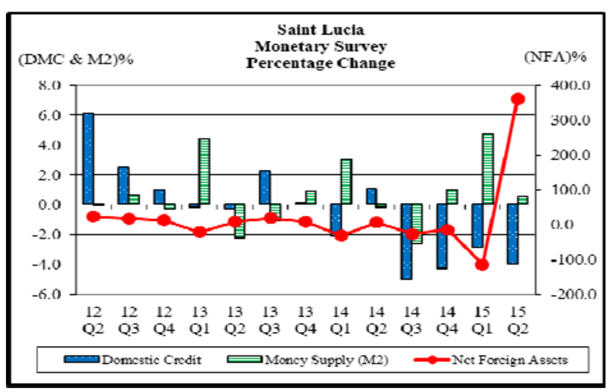
Money and Credit

Monetary liabilities (M2) are estimated to have expanded by 5.3 per cent to $3,041.6m during the first six months of 2015, compared with growth of 2.9 per cent during the comparable period of 2014. The expansion in M2 reflected developments in both of its components. Quasi money grew by 5.5 per cent to $2,257.6m, influenced by growth in all its sub-components. Private sector foreign currency deposits rose by 21.6 per cent

($52.6m), while time deposits and savings deposits increased by 10.5 per cent ($38.8m) and 1.8 per cent ($26.8m), respectively. Narrow money grew by 4.7 per cent to $784.0m, mainly attributable to growth of 9.0 per cent in private sector demand deposits, which more than offset declines of 10.1 per cent ($15.7m) in currency held with the public and 12.8 per cent ($1.3m) in EC$ cheques and drafts issued.

Domestic credit fell by 6.7 per cent to $3,338.7m compared with a decline of 1.1 per cent during the corresponding period of 2014. The contraction in credit was largely influenced by a 4.1 per cent decline in borrowing by the private sector, reflecting a fall of $161.7m in business loans. A marginal decline (0.8 per cent) was recorded in household borrowing. The transactions of the central government resulted in a net credit position of $213.5m, compared with one of $257.2m at the end of December 2014. Net credit to central government fell by 17.0 per cent ($43.7m), mainly attributable to a decline of $52.2m in credit from the Central Bank buttressed in part by 11.0 per cent growth in government's deposits at the commercial banks. In the rest of the public sector, net deposits of non-financial public enterprises rose by 9.6 per cent, influenced by an increase of 8.2 per cent in their deposits.

An analysis of the distribution of credit by economic activity suggests that outstanding loans and advances decreased by 4.8 per cent, associated with declines in lending for most categories, particularly tourism. Outstanding credit for tourism contracted by 28.1 per cent ($161.8m), while lending to other uses fell by 4.6 per cent ($46.5m), driven by declines in credit to professionals and public administration. Lending to distributive trades, personal uses and agriculture fell by 4.7 per cent ($13.8m), 0.3 per cent ($5.7m) and 13.2 per cent ($3.4m), respectively. Those declines were partially offset by increases of 8.8 per cent ($27.6m) in credit for construction, consistent with growth in the import of construction materials; and 8.9 per cent ($8.8m) in lending to the manufacturing sector.



The banking system was in a net foreign assets position of $201.9m at the end of June 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 29.6 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 within the ECCU grew by 34.2 per cent ($81.0m), while those outside the region increased by 6.6 per cent ($49.6m). Foreign liabilities held outside and within the ECCU contracted by 14.6 per cent ($139.0m) and 0.9 per cent ($8.8m), respectively. Also contributing to the overall improvement in the country's position was an increase of 36.0 per cent ($228.8m) in Saint Lucia's imputed share of the reserves of the Central Bank.

Commercial banks' liquidity improved during the review period. At the end of June 2015, the ratio of liquid assets to total deposits plus liquid liabilities was at 34.0 per cent, which was 5.2 percentage points more than the level at the end of 2014 and also above the prudential minimum of 25.0 per cent. The loans and advances to total deposits ratio was 97.8 per cent or 11.2 percentage points below the ratio at end December 2014. That ratio exceeded the ECCB's outer band of 85.0 per cent.

The decision by the ECCU's Monetary Council to lower the minimum savings rate on deposits to 2.0 per cent effective 01 May 2015, seem to have had an immediate impact on deposit rates, with no corresponding spill-over effect on lending rates. Weighted average interest rate on deposits fell to 2.03 per cent from 2.58 per cent at the end of December 2014, while the weighted average lending rate increased marginally to 8.54 per cent. Consequently, the weighted average interest rate spread increased by 58 basis points during the first half of the year.

Prospects

According to the International Monetary Fund's World Economic Outlook (WEO) July 2015 revision, global growth projection for 2015 was revised downwards to 3.3 per cent from 3.5 per cent in April. The marginal downward revision was based largely on a weaker than anticipated performance in the first quarter, especially in the USA, which filtered down to Canada and Mexico, and a less optimistic outlook for growth in emerging markets and developing economies. Overall growth in the US economy was adversely impacted by severe winter weather and suppressed capital spending in oil infrastructure, hence a downward revision of growth projections for 2015. Notwithstanding these developments the outlook for advanced economies remains positive, hence above last's year's outturn, as favourable conditions to spur growth in these economies remain intact. Growth for the USA is forecasted at 2.5 per cent for 2015 and 3.0 per cent for 2016. Average growth of 2.3 per cent is projected for the UK and close to 2.0 per cent for Canada. Positive prospects for these economies, particularly the USA, bode well for economic recovery in Saint Lucia and also the ECCU region. Economic activity in Saint Lucia is projected to pick up in the latter half of 2015 and remain apace in 2016, driven primarily by anticipated strengthening in the major economic sectors.

Activity in the hotels and restaurants sector is projected to improve, associated with a larger number of stay-over visitors, driven by improvements in airlift as well as intensified marketing initiatives. Expansion from the USA, the major market, is expected, associated with increased airlift by Delta Airlines, United Airlines and JetBlue. Additionally, increased capacity from British Airways, Virgin Atlantic and the Sun Wing is likely to bolster the tourism numbers. The Canadian market is also expected to contribute to the overall improvement in stay-over visitor arrivals as marketing efforts there have intensified. The number of regional visitors is likely to continue to increase due to greater collaboration between the French West Indies and local communities in Saint Lucia. Improvements are anticipated in the other categories of visitors as the number of cruise ship calls and yacht arrivals grow. As performance in the tourism industry improves, spill-over effects to the other ancillary sectors, like wholesale and retail, transport and distributive trades are highly probable.

Activity in the public sector, which is expected to contribute to output in construction, will focus on roads, including the Gros Islet road improvement, maintenance of culverts and bridges and the completion of the St Jude Hospital. Additionally, activity on the Financial Administrative Complex by the National Insurance Corporation is likely to lend support to the construction sector as the construction of external parking and other amenities continue apace towards completion of the project. In the private sector, activity is expected to be driven by renovations and expansions in tourism related plants (including the Harbour Club and the Tides Sugar Beach Resort), the commencement of a $20.0m megastore by the Unicomer Group in Gros Islet and a few residential projects. Also, the possibility of a contract being awarded in the last quarter of the year for a PPP arrangement for the Saint Lucia's Airport Redevelopment Project augurs well for the construction sector in the near to medium term.

Agricultural production is expected to increase, based on continued investments in livestock, poultry and other crops. Continued recovery in the banana industry is anticipated, as the industry benefits from the on-going initiatives under the EU Banana Accompanying Measures. The Ministry of Agriculture's continued efforts to strengthen diversification within the sector, linkages with other sectors and its drive towards youth involvement in agriculture augur well for increased value added in agriculture.

Central Government's fiscal operations are projected to result in a smaller overall deficit, underpinned by deliberate efforts to reduce expenditure and enhance revenue. Capital expenditure is expected to increase as on-going projects continue and a few new ones get on the way as funds were received for infrastructural upgrade under the Basic Enhancement Project and from the OPEC International Development. Although the outstanding debt declined in the first half of 2015, mainly as a result of a bullet payment (bond), the rolling over of a substantial portion 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 level of the central government, hence the repercussions of higher interest payments and overall debt servicing costs.

In the external sector, the merchandise trade deficit is forecasted to continue to narrow, concomitant with the projected expansion in exports, emanating from an uptick in manufacturing and larger banana production. The increase in exports is likely to outpace anticipated growth in imports of construction materials. Travel inflows are projected to grow in line with the forecasted expansion in the number of stay-over visitors. Inflationary pressures are likely to be contained, contingent on global commodity price fluctuations.

Despite the small setback at the beginning of the year, prospects for global growth for 2015 remain positive, with forecasts for strengthening in the near term. Notwithstanding the optimism, the distribution of risks to global activity remains tilted to the downside as financial sector volatility persists, hence the potential for lower than expected output growth. Given the openness of the economies of the ECCU and more particularly, that of Saint Lucia, risks to global growth pose imminent threat to domestic economic recovery. Additionally, the performance of the tourism industry depends on developments in the advanced economies, especially the main source markets. Other risks to economic prospects for Saint Lucia include domestic labour market issues, the effects of global warming and climate change and inclement weather.

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ST VINCENT AND THE GRENADINES

Overview

An analysis of selected indicators indicated an estimated expansion in economic activity in St Vincent and the Grenadines during the first half of 2015, although at a slightly slower pace relative to the corresponding period of 2014. This assessment reflected robust growth in construction activity and a moderate expansion in segments of the manufacturing and services sectors as well as agricultural output. Inflationary pressures receded in the period as the consumer price index fell by 1.7 per cent on an end-of-period basis. The merchandise trade deficit is estimated to have narrowed, attributed mainly to declining import payments. The operations of the central government resulted in a widening of the overall fiscal deficit, while the outstanding stock of public sector debt fell relative to that at the end of December 2014. Developments in the banking sector were characterised by a decline in net foreign assets, stronger credit growth largely influenced by an expansion in household lending, a moderate expansion in monetary liabilities and widening interest rate spreads.

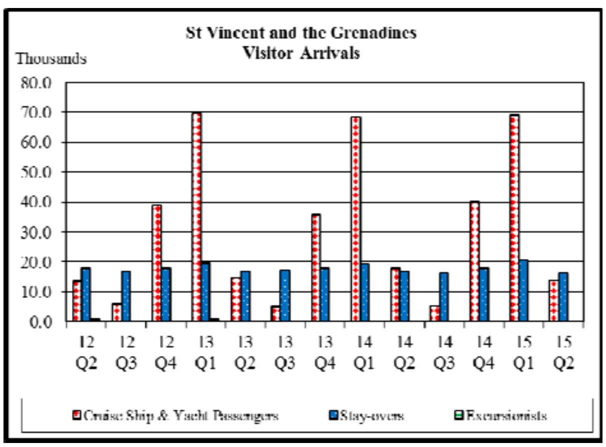
The growth outlook for St Vincent and the Grenadines for the remainder of 2015 is projected to improve, albeit at a still modest pace, supported by favourable international trends and positive developments in public sector construction activity. The overall level of economic activity is expected to be positively impacted by a moderate global growth, estimated at 3.3 per cent in 2015. In addition, the continued projection of lower oil prices is expected to support key sectors such as manufacturing, transport and utilities. Domestically, construction activity is expected to improve as progress continues to be made on the Argyle International Airport. Moreover, steady progress on the airport's construction is expected to attract greater domestic and foreign investments 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 largely on the downside. These include possible weaknesses in global growth, renewed appreciation of the US dollar, low implementation rates on infrastructural projects, and natural disasters.

If any of the above risks materialise, then growth over the remainder of the year could be lower than expected.

Output

Preliminary data for the first half of 2015 indicate that the pace of activity in the construction sector was relatively robust, compared to that in the corresponding period in 2014. Growth was driven by developments in both government-led infrastructure projects and residential construction. The performance in public sector infrastructure was largely driven by ongoing work on the Argyle International Airport project, as well as other infrastructural road projects such as the South Leeward Highway. This expansion was evidenced by a 31.4 per cent increase in capital expenditure to $33.0m. In the residential sub-sector, construction of private dwellings accelerated, reflected in an expansion in commercial bank lending to residential construction and renovation of 5.9 per cent relative to the rate of 2.7 per cent observed in the corresponding period of 2014. The enhanced level of construction activity was further manifested in an estimated increase in the value of imported construction materials and supplies which increased by 3.2 per cent during the period.

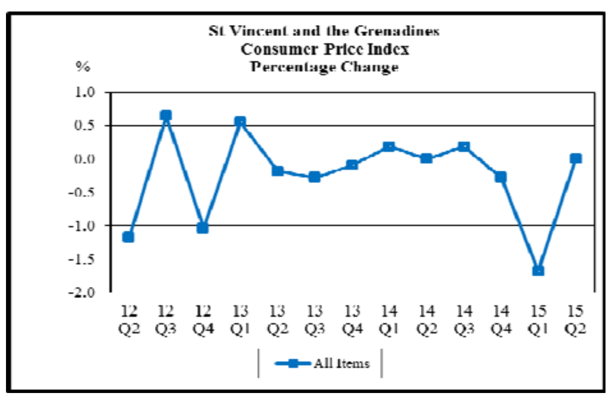
Activity in tourism industry is estimated to have been restrained in the first half 2015, despite a positive contribution in stay-over visitor related activities. Preliminary data show that total visitor arrivals fell by 2.5 per cent to 121,161, in contrast to the 1.3 per cent expansion in the corresponding period of the preceding year. This overall decrease reflected declines in all but one of the major categories of arrivals. Specifically, the number of yacht passengers fell by 2.2 per cent to 30,195 compared with an increase of 6.8 per cent in the first six months of 2014. The number of visitors arriving on cruise liners was 5.1 per cent lower relative to the same period of 2014, while the frequency of port calls by cruise ships fell to 129 from 132. The number of excursionists decreased further during the period, at a rate of 23.1 per cent, following a 14.4 per cent decline in the corresponding period of the previous year. These declines were partly tempered by an increase in the number of stay-over visitors, which rose by 1.9 per cent to 37,072, in contrast to a decline of 0.6 per cent in the corresponding period last year. The growth was attributed to increases in arrivals from most source markets. The number of visitors from the United Kingdom, which accounted for approximately a quarter of total arrivals, advanced by 7.5 per cent relative to arrivals in the previous year. Visitor arrivals from USA, the largest source market, rose by 4.9 per cent while visitors from Canada were up by 3.7 per cent. These improvements were partly mitigated by reductions in the number of visitors from the Caribbean (2.2 per cent) and an aggregate of the other smaller, less-established markets (8.5 per cent). Consistent with the modest growth in stay-over category, total visitors in paid accommodation was 1.6 per cent higher, mainly attributable to increased occupancy levels at villas and guest houses.



Buoyed by positive developments in construction and stay-over visitor-related activities, the wholesale and retail trade sector is estimated to have expanded. Similarly, growth in utilities is estimated to have advanced with increased usage in the two major sub-sectors.

Output in the manufacturing sector is estimated to have moderated in the first six months of 2015 relative to the same period in the previous year, underpinned by the contribution of the beverage sub-sector. Lower demand, due to lower competitiveness of local products, resulted in contractions in feeds (18.5 per cent), rice (86.2 per cent) and flour (0.4 per cent). By contrast, the production of beer grew by 2.3 per cent, partially offsetting some of the decline in the grains segment of the sector.

Following the devastating effects of natural disasters and plant disease in the last five years, the agricultural sector has shown some signs of recovery. Output in the sector is estimated to record a modest expansion in the first six months of the year, associated with the increased production of bananas and plantains for the regional market and an expansion in the production of non-traditional crops.



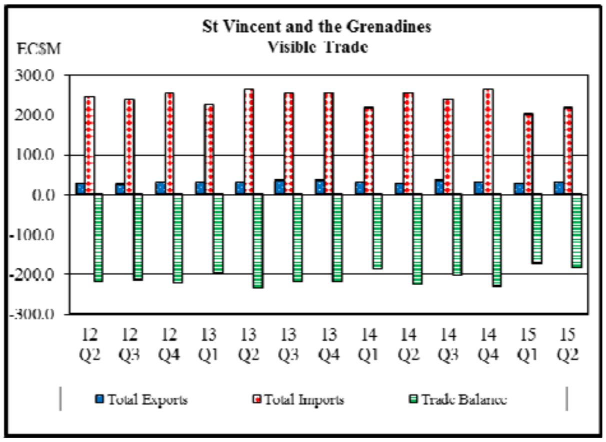
Prices

Consumer price inflation fell to 1.7 per cent during the first half of 2015 on an end-of-period basis, compared with an increase of 0.2 per cent during the comparable period of 2014. The downward movement in the CPI was driven by the decline in the three largest sub-components of the Index, and primarily due to global developments in energy prices. The transport sub-index fell by 4.7 per cent while the housing, water, electricity, gas and other fuels and the food and non-alcoholic beverages sub-indices decreased by 2.7 per cent and 2.0 per cent respectively. Other sub-indices that registered declines were restaurants and hotels (0.3 per cent) and furnishing, household equipment, and routine household maintenance (0.1 per cent). The sub-indices that recorded increases included alcoholic beverages, tobacco and narcotics (0.3 per cent), health (2.0 per cent), and communications (0.5 per cent).

Trade and Payments

Provisional trade data indicate that the merchandise trade deficit narrowed by 13.4 per cent to $357.2m in the first half of 2015 relative to the deficit in the corresponding period of 2014. The reduction in the deficit was the result of an 11.5 per cent fall in import payments to $418.9m coupled with a 1.8 per cent increase in total exports to $61.7m. The growth in exports receipts reflected a rise in the export earnings from domestic goods, which was largely associated with an 18.7 per cent increase in the receipts from beer. The most notable decline in import payments was recorded in mineral fuels and related materials, machinery & transport equipment and manufactured goods.

Consistent with the decline in total visitor arrivals, gross travel receipts are estimated to have declined by 0.6 per cent to $139.5m. Transactions of commercial banks resulted in a net inflow of $27.8m in short-term capital during the first half of 2015, in contrast to an outflow of $19.3m recorded during the corresponding period of 2014. According to current estimates, disbursements from external loans to the central government fell sharply to $5.7m from $74.6m in the first half of the preceding year. Meanwhile, external principal repayments rose by 15.0 per cent to $23.9m. Consequently, central government financial activities resulted in a net outflow of $18.3m in the first half of 2015, in contrast to a net inflow of $53.8m in the comparable period of 2014.

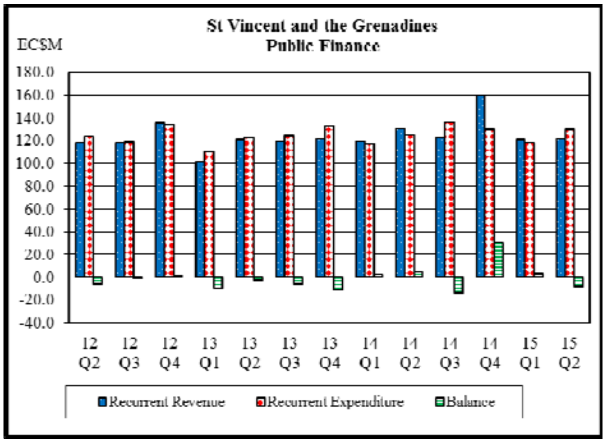


Central Government Fiscal Operations

Provisional fiscal data for the first half of 2015 indicated a widening in the overall deficit to $24.2.0m from $13.7m in the corresponding period of 2014 as expenditure outpaced revenue. This deterioration was driven by the shift on the current account balance from a surplus to a deficit, coupled with an expansion in capital spending. A primary deficit of $0.8m was similarly recorded, in contrast to a surplus of $7.7m in the first six months of 2014. The deficit was primarily financed from domestic sources.

The current account balance shifted to a deficit of $5.1m in the review period, from a surplus of $7.3m in the first half of 2014. This outturn was associated with a 2.9 per cent decline in current revenue to $242.4m. Tax receipts, which accounted for 94.0 per cent of current revenue as at end June 2015, increased by 6.2 per cent to $227.6m, primarily on account of increases in inflows from all tax segments except property tax. Increases were recorded in receipts from taxes on income and profits ($7.6m), international trade and transactions ($3.4m) and domestic goods and services ($2.6m). Meanwhile, inflows from the Value Added Tax (VAT), which is the highest contributor to revenues from taxes on domestic goods and services, rose by 2.7 per cent (1.9m), reflecting ongoing improvements in tax administration. Non-tax revenue fell by more than half of the previous year's outturn to $14.8m, largely influenced by a sharp contraction in interest and rents, partially reversing the impact of a large pre-payment made by the Mustique Company in the previous year.

Current expenditure increased by 2.1 per cent ($5.0m) to $247.5m reflecting higher outlays in most of the sub-categories. Personal emoluments and wages, which comprised 51.0 per cent of current expenditure, rose by 1.8 per cent ($2.2m), while spending on transfers and other social benefit payments grew by 4.3 per cent ($2.9m). Interest payments rose by 9.3 per cent ($2.0m) on account of a rise in external payments. Conversely, spending on goods and services declined by 6.5 per cent ($2.0m) largely due to a decline in outlays on office supplies, materials and maintenance services.



Moreover, outlays on the Government's capital programme rose by 31.4 per cent ($7.9m) to $33.0m, in contrast to a decline of 38.4 per cent ($15.7m) in the corresponding period in the previous year. The expanded capital expenditure programme was largely a result of the steady progress on the Argyle airport project as well as ongoing road rehabilitation and health modernisation initiatives. The capital programme was partially funded by capital revenue and grants totaling $13.9m, an increase from the amount of $4.1m recorded in the same period last year. Of this total, capital revenue increased to $10.5m, far exceeding the $0.4m recorded in the first half of 2014, and was mainly associated with the sale of lands in the Grenadines. Meanwhile, the total value of grants, which was related to assistance from the European Union for rehabilitation from the 2013 Christmas trough, declined by $0.4m to $3.4m.

Public Sector Debt

The total outstanding debt of the public sector is estimated to have declined by 5.1 per cent ($ 81.0m) to $1,495.0m at the end of June 2015, relative to the stock at the end of December 2014. Central government outstanding debt, which at the end of June 2015 accounted for 85.0 per cent of total debt, contracted by 5.9 per cent reflecting declines in both external (4.6 per cent) and domestic (9.0 per cent) debt. The significant decline in central government debt reflected a fall in accounts payable as well as scheduled amortization payments. Debt incurred by statutory corporations fell by 0.8 per cent ($1.8m) to $223.4m.

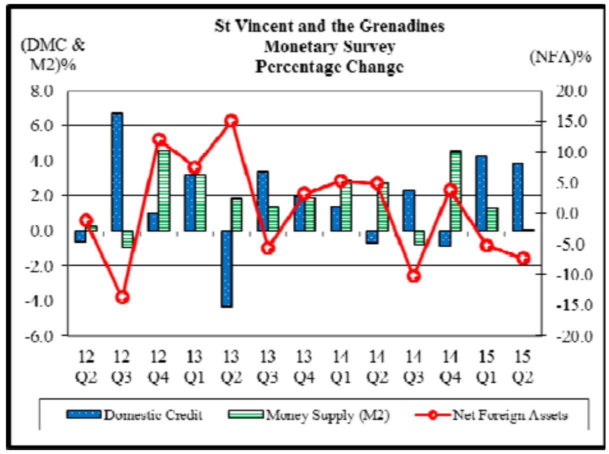
Money and Credit

There was a deceleration in the monetary liabilities of the banking sector during the first six months of 2015, relative to the comparative period in 2014. Broad monetary aggregate (M2) grew by 1.4 per cent to $1,428.4m, below the growth rate of 5.7 per cent recorded during the corresponding period in 2014. The deceleration in M2 was largely attributable to the measured pace of growth in quasi money, which rose by 1.9 per cent to $1,001.4m. In an environment characterised by a lower minimum savings rate, private sector savings deposits, which accounted for 80.7 per cent of quasi money, grew at 3.6 per cent, a slower pace relative to the rate of 6.0 per cent in the corresponding period in the previous year. Of the other two components of quasi-money, private sector time deposits remained largely unchanged while private sector deposit accounts denominated in foreign currency declined by 12.8 per cent, in contrast to a 32.1 per cent increase in the comparative period of 2014. Growth in narrow money (M1) was relatively weak at 0.2 per cent to $427.1m, mainly due to movement in private sector demand deposits, which grew by 0.9 per cent. Currency with the public contracted by 5.6 per cent, mainly due to a fall in currency in circulation.

Domestic credit expanded by 8.3 per cent to $1,104.5m during the period under review, largely associated with the activities of the central government. Net claims on the central government rose by 50.8 per cent ($45.0m) to $133.7m, and mostly stemmed from a drawdown on the government's deposits at commercial banks and the Central Bank. The net deposit position of non-financial public enterprises fell by 11.3 per cent to $100.8m due to a reduction in deposits. Credit to the private sector rose by $26.4m at the end of June 2015, after it had remained virtually unchanged in the comparable period of 2014. This outturn was largely attributed to an increase in outstanding loans to households (3.7 per cent), which accounted for 76.4 per cent of total lending granted to the private sector. This expansion was partially offset by a contraction in outstanding loans extended to the business sector (1.1 per cent), despite a marginal decline in lending rates. The overall contraction in business sector credit may therefore reflect continued caution in the investment decisions of the private sector, in light of the still subdued 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 2.4 per cent during the period to $1,210.3m. Notable increases were recorded in outstanding credit extended to agriculture and fisheries (14.2 per cent), public administration (7.1 per cent) and personal (3.3 per cent) among other sectors. Of the estimated expansion in personal credit, acquisition of property, which constitutes more than half of the loans to households, expanded at a rate of 5.4 per cent during the review period, faster than the comparable period in the preceding year (1.0 per cent). The remainder of personal lending, consisting of durable consumer credit registered a decline of 0.7, and other lending to households rose by 0.9 per cent. Meanwhile, outstanding credit is estimated to have contracted for other categories such as professional and other services (12.4 per cent), utilities, electricity and water (11.3 per cent), transportation and storage (10.8 per cent) and tourism (4.7 per cent).

During the first half of 2015, the net foreign assets of the banking system is estimated to have contracted by 12.2 per cent to $446.3m. The contraction was mainly fueled by a decline of 8.1 per cent to $387.2m in St Vincent and the Grenadines' imputed share of the Central Bank's reserves, attributable in part to a decline in bankers' reserves. In addition, commercial banks' net foreign assets fell by 32.0 per cent, which was heavily influenced by a lower asset position with institutions within the currency union.



Liquidity of the commercial banking sector declined during the first six months of 2015 but remained at a comfortable level. The ratio of liquid assets to total deposits plus liquid liabilities fell to 41.6 per cent at the end of June 2014 from 43.4 per cent at the end of December 2014, comfortably above the prudential ratio of 25.0 per cent. Meanwhile, the loans and advances to deposits ratio increased by 2.2 percentage points to 70.3 per cent, which was below the prudential threshold of 75.0 to 85.0 per cent.

The weighted average interest rate spread between loans and deposits widened to 7.35 per cent at the end of June 2015, relative to a spread of 6.84 per cent at the end of December 2014. This reflected adjustments in the weighted average rates on both deposits and loans. There was a 0.53 percentage point reduction in the weighted average deposit rate, as commercial banks initiated the implementation of the decision by the Monetary Council to lower the minimum savings rate to 2.0 per cent, which became effective on 01 May 2015. Concurrently, the weighted average rate charged on outstanding loans is estimated to have declined marginally to 9.28 from 9.30.

Prospects

The growth outlook for St Vincent and the Grenadines for 2015 is projected to improve, albeit at a still moderate pace, supported by favourable international trends and positive developments in public sector construction activity. The overall level of economic activity is expected to be positively impacted by a moderate global growth estimated at 3.3 per cent in 2015 according to the July update of the World Economic Outlook. In addition, the continued projection of lower oil prices is expected to support key sectors such as manufacturing, transport and utilities. Domestically, construction activity is expected to improve as progress continues on the Argyle International Airport. Accordingly, steady progress in the airport's construction is expected to encourage greater domestic and foreign investments. With respect to the private sector, a gradual recovery is expected in residential construction in 2015, based on most recent data for residential building approvals.

Following a rather modest first half, activity in the tourism sector is expected to improve in second half of 2015 given recent trends in increasing room stock and expected intensification of marketing with the imminent completion of the airport. This outlook is also conditioned on a general improvement in global economic activity, particularly improved prospects for the USA and UK economies. The relatively high cost of intra-regional travel may limit arrivals from the Caribbean, a market which has historically been an important segment for St Vincent and the Grenadines.

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 ongoing projects aimed at enhancing non-banana crop and livestock production are expected to support an expansion in agricultural activity.

The fiscal operations of the central government are expected to result in an overall deficit, mainly driven by the advancement of the capital programme. Increases in capital expenditure will be driven by the airport's completion, a continuation in the rehabilitation of roads and other infrastructural projects. Interest payments are also likely to increase, on account of a larger stock of central government debt. However, efforts are ongoing in enhancing taxpayer compliance and the collection of substantial arrears.

Despite a narrowing in the merchandise trade deficit during the first half of the year, the projected growth in the construction sector and domestic demand will contribute to increased imports in the latter half of the year which is expected to lead to a widening in the trade deficit. This is likely to be partially offset by the decline in import payments associated with lower international oil prices. Exports are however not likely to improve substantially, reflective of low competitiveness in some of St Vincent and the Grenadines' key export products. Gross travel receipts are projected to grow, consistent with the expected growth in stay over arrivals, while foreign direct investment and remittance flows are anticipated to increase with the imminent completion of the airport and the forecasted expansion in economic activity abroad.

The risks surrounding the 2015 economic growth projection are largely on the downside. These include possible weaknesses in global growth, the continued appreciation of the US dollar, low implementation rates on infrastructural projects and natural disasters. With respect to global growth, although US economic data have been relatively strong in the second quarter, the recent volatility of global equity markets and concerns over weaker Chinese growth, have clouded the international outlook for the remainder of the year. Renewed strengthening of the US dollar may also adversely affect tourism demand by non-US visitors, who may be more sensitive to currency effects. With respect to infrastructural projects, the under-management of potential risks may lead to cost overruns and delays, which may ultimately impact project implementation, execution and delivery. Similarly, given the country's vulnerability to disasters, adverse weather remains one the major risks to the current projections in light of the ongoing hurricane season. 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

GRENADA

MONTSERRAT

ST KITTS AND NEVIS

SAINT LUCIA

ST VINCENT AND THE GRENADINES

Table 1
ECCU - Selected Tourism Statistics

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015P 2nd Qr	2014 Jan - Jun	2015 Jan - Jun
Total Visitors	615,903	484,448	1,136,659	1,688,665	728,671	2,179,760	2,417,336
Stay-Over Visitors	256,371	241,032	264,210	313,388	262,075	561,018	575,463
Of which:							
USA	114,209	92,781	101,005	131,157	118,350	237,280	249,507
Canada	18,361	14,767	26,871	45,222	17,171	64,323	62,393
UK	46,240	41,491	54,217	59,917	48,258	107,800	108,175
Caribbean	50,034	65,163	50,068	40,094	52,270	87,402	92,364
Other Countries	27,527	26,830	32,049	36,998	26,026	64,213	63,024
Excursionists \1	30,467	29,719	28,787	41,280	30,639	66,092	71,919
Cruise Ship Passengers \2	298,972	196,047	809,879	1,277,026	409,573	1,462,623	1,686,599
Yacht Passengers \4	30,093	17,650	33,783	56,971	26,384	90,027	83,355
Number of Cruise Ship Calls \3	184	79	554	917	185	1,018	1,102
Total Visitor Expenditure (EC$M)	**805.61**	**732.13**	**910.66**	**1,161.22**	**834.79**	**1,904.25**	**1,996.01**

Sources: ECCU Central Statistics Offices and Eastern Caribbean Central Bank

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

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

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

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

Data as at 14 October 2015

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

	2013 4th Qr	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr
Net Foreign Assets	3,481.20	4,283.95	4,435.71	4,554.29	4,960.27	5,703.33	5,961.89
Central Bank (net)	3,149.94	3,509.25	3,624.93	3,719.34	3,804.49	3,945.03	4,119.79
External Assets	3,156.59	3,515.32	3,627.77	3,722.46	3,810.30	3,947.00	4,123.32
External Liabilities	6.64	6.07	2.84	3.12	5.81	1.97	3.53
Commercial Banks (net)	331.26	774.70	810.79	834.95	1,155.78	1,758.30	1,842.10
External Assets	3,942.40	4,000.83	4,045.46	4,364.10	4,638.91	4,217.99	4,205.66
External Liabilities	3,874.41	3,787.75	3,804.60	3,875.65	3,784.40	3,874.83	3,763.92
Net Domestic Assets	10,499.40	10,292.89	10,201.91	9,919.97	9,851.46	9,622.32	9,444.61
Domestic Credit	12,187.30	11,945.55	11,904.94	11,614.61	11,419.02	11,134.55	10,960.63
Central Government (net)	618.50	560.50	1,184.49	1,322.43	407.11	329.15	1,150.80
Other Public Sector (net)	(1,637.26)	(1,681.02)	(1,768.29)	(1,990.41)	(1,910.90)	(1,974.05)	(2,056.62)
Private Sector	12,640.99	12,501.00	12,488.75	12,282.59	12,898.26	12,779.45	11,866.45
Households	6,680.89	6,666.16	6,700.22	6,692.31	6,840.02	6,776.70	6,817.24
Business	5,676.75	5,563.61	5,523.74	5,362.49	5,039.66	4,988.19	4,812.09
Non-Bank Financial Institutions	149.49	141.20	140.61	102.82	96.34	96.94	111.30
Subsidiaries & Affiliates	133.86	130.04	124.18	124.98	922.24	917.62	125.83
Other Items (Net)	(1,687.90)	(1,652.67)	(1,703.03)	(1,694.64)	(1,543.01)	(1,512.23)	(1,516.03)
Monetary Liabilities (M2)	13,980.60	14,576.84	14,637.63	14,474.26	14,811.73	15,325.65	15,406.50
Money Supply (M1)	2,880.45	3,167.17	3,100.53	3,002.99	3,189.76	3,334.78	3,370.28
Currency with the Public	667.57	653.69	644.67	640.77	714.96	689.14	681.25
Demand Deposits	2,142.53	2,441.42	2,390.59	2,285.74	2,392.33	2,559.69	2,598.96
EC$ Cheques and Drafts Issued	70.34	72.05	65.27	76.47	80.59	85.95	90.07
Quasi Money	11,100.15	11,409.67	11,537.10	11,471.27	11,623.01	11,990.87	12,036.22
Savings Deposits	6,327.07	6,478.25	6,608.15	6,635.28	6,716.19	6,838.12	6,895.10
Time Deposits	2,802.93	2,775.14	2,655.01	2,601.59	2,594.63	2,649.21	2,642.70
Foreign Currency Deposits	1,970.15	2,156.29	2,273.93	2,234.40	2,312.20	2,503.55	2,498.41

Source: Eastern Caribbean Central Bank
21-Aug-15

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015^p 2nd Qr	2014 Jan - Jun	2015 Jan - Jun
Current Revenue	1,037.74	961.35	1,130.65	1,103.47	1,007.41	2,008.46	2,110.89
Tax Revenue	835.52	824.35	871.03	910.59	888.94	1,666.10	1,799.53
Taxes on Income and Profits \1	169.31	168.75	179.71	209.94	198.12	352.76	408.06
Of which:							
Personal /1	85.67	82.72	81.19	97.17	90.01	180.65	187.18
Company/Corporation /2	60.12	68.14	64.74	85.58	76.05	124.16	161.63
Taxes on Property	29.66	20.67	16.74	21.60	32.93	46.65	54.53
Taxes on Domestic Goods and Services	404.80	394.21	404.10	431.42	398.55	805.47	829.97
Of which:							
Accommodation Tax	5.01	3.98	3.15	8.42	6.43	11.86	14.85
Licences	42.41	19.07	29.98	35.51	23.27	76.80	58.78
Sales Tax \3	60.20	50.88	52.26	63.63	60.15	126.06	123.78
Value Added Tax \5	227.44	230.50	240.24	248.81	235.23	455.30	484.04
Consumption Tax \4	0.01	0.01	0.30	0.00	0.01	0.06	0.01
Stamp Duties	35.83	32.27	38.52	32.45	29.93	67.99	62.38
Taxes on International Trade and Transactions	231.75	240.72	270.47	247.63	259.34	461.21	506.97
Of which:							
Import Duties	107.45	105.05	131.79	104.16	113.76	209.85	217.92
Consumption Tax \6	13.61	11.99	12.74	15.72	22.03	27.33	37.76
Customs Service Charge	50.68	54.26	59.28	50.39	53.97	97.37	104.36
Non-Tax Revenue	202.22	137.00	259.62	192.88	118.48	342.36	311.36
Current Expenditure	931.43	964.10	1,043.31	911.96	959.86	1,852.86	1,871.82
Personal Emoluments	427.58	409.84	448.68	415.85	421.30	850.40	837.15
Goods and Services	179.68	188.84	225.76	180.76	167.73	365.74	348.49
Interest Payments	104.86	147.84	112.86	116.03	125.85	216.73	241.88
Domestic	62.94	86.58	72.12	61.02	60.76	120.19	121.78
External	41.92	61.26	40.74	55.01	65.09	96.54	120.10
Transfers and Subsidies	219.30	217.57	256.02	199.32	244.98	419.99	444.30
Of which: Pensions	68.35	71.62	85.88	73.18	70.55	138.49	143.72
Current Account Balance	106.32	(2.74)	87.33	191.51	47.56	155.60	239.07
Capital Revenue	2.10	4.26	28.49	3.85	11.90	4.29	15.75
Grants	76.62	98.82	149.75	80.85	109.06	195.57	189.91
Of which: Capital Grants	55.62	81.61	93.79	57.57	62.70	156.75	120.27
Capital Expenditure and Net Lending	192.29	242.71	276.41	202.59	184.59	400.83	387.18
Of which: Capital Expenditure	192.03	242.37	276.39	197.21	169.02	400.50	366.23
Primary Balance after grants	97.61	5.46	102.02	189.64	109.78	171.36	299.43
Overall Balance after grants	(7.25)	(142.37)	(10.83)	73.62	(16.07)	(45.37)	57.55
Financing	7.25	142.37	10.83	(73.62)	16.07	45.37	(57.55)
Domestic	(2.64)	(55.36)	27.14	(74.83)	44.58	(11.16)	(30.24)
ECCB (net)	2.04	(56.36)	(45.16)	33.28	3.99	37.85	37.27
Commercial Banks (net)	56.88	194.30	(74.15)	(111.23)	21.64	(36.93)	(89.59)
Other	(61.55)	(193.30)	146.45	3.13	18.95	(12.08)	22.08
External	21.06	146.20	(33.61)	(10.53)	(37.80)	19.41	(48.32)
Net Disbursements/(Amortisation)	23.96	139.58	(23.80)	(12.45)	(110.44)	24.79	(122.89)
Disbursements	95.19	219.02	123.50	120.22	55.77	165.98	175.99
Amortisation	71.22	79.44	147.30	132.67	166.21	141.20	298.88
Change in Government Foreign Assets	(2.91)	6.62	(9.81)	1.92	72.64	(5.37)	74.56
Arrears \7	(11.17)	51.53	17.30	11.74	9.28	37.12	21.02
Domestic	(25.75)	21.53	18.42	(23.67)	(2.73)	(21.96)	(26.40)
External	14.58	30.01	(1.12)	35.40	12.02	59.08	47.42

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 25 September 2015

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

	2014^R 2nd Qr	2014^R 3rd Qr	2014^R 4th Qr	2015^R 1st Qr	2015^P 2nd Qr
Anguilla	224.81	227.18	221.90	212.41	206.19
Antigua and Barbuda	3,376.60	3,361.82	3,401.30	3,270.46	3,279.87
Dominica	1,068.06	1,075.40	1,080.30	1,093.10	1,101.44
Grenada	2,330.58	2,364.52	2,353.71	2,326.59	2,304.87
Montserrat	6.51	6.39	6.26	6.16	6.01
St Kitts and Nevis	2,066.17	1,833.59	1,726.95	1,685.01	1,668.40
Saint Lucia	2,821.57	2,824.61	2,891.38	2,904.84	2,792.89
St Vincent and the Grenadines	1,504.45	1,569.13	1,576.00	1,509.43	1,494.97
TOTAL ECCU	**13,398.75**	**13,262.62**	**13,257.79**	**13,007.99**	**12,854.64**

Source: Eastern Caribbean Central Bank
* Includes arrears of principal
Data as at 14 October 2015

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

	2014^R 2nd Qr	2014^R 3rd Qr	2014^R 4th Qr	2015^R 1st Qr	2015^P 2nd Qr
Anguilla	211.02	213.90	209.15	200.04	194.35
Antigua and Barbuda	2,823.37	2,811.72	2,855.46	2,730.56	2,753.94
Dominica	900.72	910.15	917.22	914.77	927.22
Grenada	2,136.77	2,186.89	2,179.03	2,153.06	2,131.09
Montserrat	1.50	1.47	1.44	1.43	1.38
St Kitts and Nevis	1,587.38	1,529.92	1,482.43	1,449.84	1,435.11
Saint Lucia	2,645.89	2,656.54	2,728.52	2,742.37	2,634.93
St Vincent and the Grenadines	1,276.80	1,335.60	1,350.81	1,286.34	1,271.60
TOTAL ECCU	**11,583.46**	**11,646.20**	**11,724.06**	**11,478.41**	**11,349.62**

Source: Eastern Caribbean Central Bank
Data as at 14 October 2015

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

	2014^R 2nd Qr	2014^R 3rd Qr	2014^R 4th Qr	2015^R 1st Qr	2015^P 2nd Qr
Anguilla	4.00	3.99	4.18	3.85	3.70
Antigua and Barbuda	41.24	81.67	46.70	93.35	78.94
Dominica	17.07	13.84	11.28	13.90	11.48
Grenada	25.24	88.72	38.37	50.53	26.46
Montserrat	0.04	0.04	0.04	0.04	0.04
St Kitts and Nevis	33.70	81.52	94.99	41.43	40.62
Saint Lucia	58.88	54.78	80.52	125.97	160.80
St Vincent and the Grenadines	39.36	32.68	32.94	32.11	37.72
TOTAL ECCU	**219.51**	**357.24**	**309.03**	**361.17**	**359.75**

Source: Eastern Caribbean Central Bank
Data as at 14 October 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015^{P} 2nd Qr
Total Bid Amount	276.8	472.2	400.1	272.1	356.7
Total Offer Amount	220.0	354.0	301.0	182.0	202.0

Source: Eastern Caribbean Central Bank
Data as at 14 October 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015^{P} 2nd Qr
91-day Treasury Bills	4.05	2.88	4.28	3.58	2.67
180-day Treasury Bills	6.00	4.95	5.80	3.75	4.68
365-day Treasury Bills	6.50	6.00	6.23	6.50	*
2-year Bond	*	4.50	*	*	*
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	*	7.50	*	*
15-year Bond	*	7.95	*	*	*
	*	*	*	*	*

Source: Eastern Caribbean Central Bank
Data as at 14 October 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015^{P} 2nd Qr
Volume	5.98	7.57	2.00	0.39	0.18
Value	6.00	7.80	2.00	0.38	0.19

Source: Eastern Caribbean Securities Exchange
Data as at 14 October 2015

Table 10
Anguilla - Selected Tourism Statistics

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015P 2nd Qr	2014 Jan - Jun	2015P Jan - Jun
Total Visitors	44,847	38,264	41,685	58,702	45,858	96,831	104,560
Stay-Over Visitors	18,888	13,543	16,958	22,836	18,519	40,426	41,355
Of which:							
USA	12,693	6,674	11,207	16,144	12,641	27,565	28,785
Canada	834	530	772	1,546	604	2,407	2,150
UK	681	611	767	834	565	1,372	1,399
Caribbean	2,805	4,096	2,524	2,205	3,042	4,825	5,247
Other Countries	1,875	1,632	1,688	2,107	1,667	4,257	3,774
Excursionists	25,959	24,721	24,727	35,866	27,339	56,405	63,205
Total Visitor Expenditure (EC$M)	**84.30**	**71.10**	**84.03**	**112.44**	**79.45**	**190.69**	**191.88**

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism
Data as at 06 October 2015

Table 11
Anguilla - Consumer Price Index
March 2010 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
		Index	2013	2013	2013	2014	2015P	Jun-14	Jun-15
	Weight	Jun 2015	2ndQr	3rdQr	4thQr	1st Qr	2ndQr	Dec-13	Dec-14
All Items	100.00	159.62	0.38	(0.86)	0.20	(0.35)	(0.26)	(0.27)	(0.61)
Food & Non-Alchoholic Beverages	12.83	112.36	0.98	(1.78)	2.03	(1.62)	0.34	0.69	(1.28)
Alchoholic Beverages, Tobacco & Narco	2.34	120.92	(0.11)	0.00	(0.28)	(0.88)	2.28	0.32	1.37
Clothing & Footwear	3.25	105.02	1.97	(6.36)	0.29	(0.03)	(0.97)	(0.69)	(1.00)
Housing, Utilities, Gas & Fuels	25.55	97.79	0.13	(0.97)	0.84	(1.24)	0.05	0.12	(1.19)
Household Furnishings, Supplies & Maint	4.03	109.09	(1.96)	(0.26)	(0.05)	(0.17)	0.51	(3.41)	0.34
Health	2.34	117.14	(2.37)	6.46	1.31	(0.22)	0.11	(2.12)	(0.11)
Transport	15.96	117.20	1.82	(0.93)	(1.65)	0.50	0.09	(1.61)	0.59
Communication	13.42	100.97	(0.28)	(1.33)	0.57	1.31	(3.09)	(0.28)	(1.82)
Recreation & Culture	3.81	93.96	1.38	0.31	(2.75)	(1.50)	1.62	0.89	0.10
Education	5.91	121.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hotels & Restaurants	4.04	67.32	(0.86)	(0.54)	1.36	0.74	(0.71)	0.09	0.03
Miscellaneous	6.52	101.80	0.71	0.50	(0.60)	(0.28)	0.29	0.93	0.00

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism
*at end of period
Data as at 06 October 2015

Table 12
Anguilla - External Trade
(EC$M)

	2014 2ndQr	2014 3rdQr	2014 4thQr	2015 1st Qr	2015P 2ndQr	2014 Jan - Jun	2015P Jan - Jun
Total Exports	1.94	1.00	0.96	0.99	1.03	3.13	2.02
Total Imports	104.01	104.25	106.55	110.73	112.36	198.63	223.09
Trade Balance	(102.07)	(103.25)	(105.59)	(109.74)	(111.33)	(195.50)	(221.07)

Source: ECCB Estimates
Data as at 06 October 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015P 2nd Qr	2014 Jan - Jun	2015P Jan - Jun
Current Revenue	45.64	46.57	46.28	54.85	48.88	95.19	103.72
Tax Revenue	38.37	39.95	35.72	47.59	42.03	80.65	89.62
Taxes on Income and Profits	3.42	3.18	3.33	3.82	3.48	6.70	7.30
Of which: Stabilisation Levy	3.42	3.18	3.33	3.82	3.48	6.70	7.30
Taxes on Property	1.43	0.56	1.12	1.76	1.18	2.78	2.94
Taxes on Domestic Goods and Services	13.38	18.77	8.78	21.26	16.55	30.66	37.81
Of which:							
Licenses	2.79	2.54	1.53	5.70	2.91	8.26	8.62
Accommodation Tax	4.52	3.19	1.97	8.03	6.10	10.94	14.12
Stamp Duties	4.71	1.55	2.85	4.46	2.60	8.57	7.06
Taxes on International Trade and Transactions	20.14	17.43	22.48	20.74	20.82	40.52	41.56
Of which:							
Import Duty	15.24	13.87	17.19	15.76	15.95	30.74	31.71
Customs Surcharge	4.12	3.65	4.90	4.25	4.36	7.93	8.62
Embarkation Tax	0.52	(0.24)	0.11	0.58	0.29	1.32	0.88
Non-Tax Revenue	7.27	6.62	10.56	7.26	6.85	14.54	14.10
Current Expenditure	44.52	45.71	45.95	42.59	45.35	86.51	87.94
Personal Emoluments	20.28	20.53	20.58	20.13	20.90	40.04	41.04
Good and Services	10.68	11.01	11.35	9.34	10.16	19.84	19.50
Interest Payments	2.37	2.33	2.44	2.23	2.09	4.63	4.32
Domestic	0.77	0.73	0.87	0.68	0.55	1.49	1.24
External	1.59	1.60	1.57	1.55	1.53	3.13	3.08
Transfers and Subsidies	11.19	11.85	11.58	10.89	12.20	22.00	23.09
Of which: Pensions	2.21	2.06	2.09	2.19	2.54	3.81	4.73
Current Account Balance	1.12	0.86	0.32	12.26	3.53	8.68	15.79
Capital Revenue	-	-	-	-	-	-	-
Grants	-	0.09	14.73	0.02	1.25	-	-
Of which: Capital Grants	-	0.09	14.73	0.02	1.25	-	1.27
Capital Expenditure and Net Lending	0.89	0.51	1.58	0.32	1.74	1.34	2.06
Of which: Capital Expenditure	0.89	0.51	1.58	0.32	1.74	1.34	2.06
Primary Balance before grants	2.60	2.68	1.18	14.17	3.88	11.97	18.05
Primary Balance after grants	2.60	2.77	15.91	14.19	5.13	11.97	19.32
Overall Balance before grants	0.24	0.35	(1.25)	11.94	1.79	7.34	13.73
Overall Balance after grants	0.24	0.44	13.48	11.96	3.04	7.34	15.00
Financing	(0.24)	(0.44)	(13.48)	(11.96)	(3.04)	(7.34)	(15.00)
Domestic	0.24	0.21	(11.55)	(12.04)	(2.70)	(8.92)	(14.74)
ECCB (net)	(0.81)	2.96	(2.36)	2.61	(3.69)	(0.64)	(1.07)
Commercial Banks (net)	0.18	(3.33)	(4.79)	(15.04)	4.88	(0.41)	(10.16)
Other	0.87	0.59	(4.41)	0.38	(3.90)	(7.87)	(3.51)
External	(0.25)	(0.28)	(0.35)	(0.23)	(0.22)	(0.49)	(0.45)
Net Disbursements/(Amortisation)	(0.25)	(0.28)	(0.35)	(0.23)	(0.22)	(0.49)	(0.45)
Disbursements	-	-	-	-	-	-	-
Amortisation	0.25	0.28	0.35	0.23	0.22	0.49	0.45
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	(0.24)	(0.38)	(1.57)	0.31	(0.11)	2.07	0.19
Domestic	(0.24)	(0.38)	(1.57)	0.31	(0.11)	2.07	0.19
External	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Financing	-	-	-	-	-	-	-

Source: Treasury Department, Anguilla and the Eastern Caribbean Central Bank
Data as at 06 October 2015

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

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr
Net Foreign Assets	**256.21**	**259.60**	**232.73**	**263.46**	**329.06**	**340.77**
Central Bank (Net)	**108.81**	**108.41**	**113.38**	**127.66**	**137.15**	**135.50**
Commercial Banks (Net)	**147.41**	**151.19**	**119.35**	**135.80**	**191.91**	**205.27**
External (Net)	82.30	76.29	53.56	31.26	84.34	70.81
Assets	224.11	214.85	219.14	182.71	251.21	231.05
Liabilities	141.81	138.56	165.57	151.45	166.87	160.24
Other ECCB Territories (Net)	65.10	74.90	65.79	104.54	107.57	134.46
Assets	166.15	157.38	157.95	157.56	169.97	187.92
Liabilities	101.05	82.47	92.16	53.02	62.40	53.46
Net Domestic Assets	**778.17**	**780.42**	**795.51**	**776.88**	**733.59**	**758.41**
Domestic Credit	**1,016.90**	**1,006.88**	**1,003.47**	**983.29**	**939.12**	**936.36**
Central Government (Net)	(66.37)	(66.99)	(67.37)	(74.52)	(86.94)	(85.75)
Other Public Sector (Net)	(207.99)	(213.96)	(216.79)	(210.23)	(219.36)	(211.20)
Private Sector	1,291.26	1,287.83	1,287.63	1,268.04	1,245.42	1,233.31
Household	533.61	540.53	536.98	521.37	510.05	531.81
Business	731.18	724.30	727.84	724.74	713.63	679.73
Non-Bank Financial Institutions	5.28	5.20	5.01	4.13	3.95	3.97
Subsidiaries & Affiliates	21.20	17.80	17.80	17.80	17.80	17.80
Other Items (Net)	**(238.74)**	**(226.46)**	**(207.96)**	**(206.42)**	**(205.53)**	**(177.95)**
Monetary Liabilities (M2)	**1,034.38**	**1,040.02**	**1,028.24**	**1,040.34**	**1,062.65**	**1,099.18**
Money Supply (M1)	**40.97**	**43.85**	**48.56**	**51.51**	**50.95**	**59.51**
Currency with the Public	13.19	12.20	11.91	12.31	12.59	14.17
Demand Deposits	27.53	31.05	35.97	38.35	37.79	40.27
EC$ Cheques and Drafts Issued	0.25	0.60	0.69	0.85	0.57	5.07
Quasi Money	**993.41**	**996.17**	**979.68**	**988.84**	**1,011.70**	**1,039.67**
Savings Deposits	111.64	112.32	114.08	121.66	122.62	126.84
Time Deposits	128.83	129.84	130.68	134.50	134.15	139.46
Foreign Currency Deposits	752.93	754.02	734.92	732.68	754.92	773.37

Source: Eastern Caribbean Central Bank
Data as at 18 August 2015

Table 15

Antigua and Barbuda - Selected Tourism Statistics

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015P 2nd Qr	2014 Jan - Jun	2015 Jan - Jun
Total Visitors	111,520	89,666	233,068	405,670	139,927	476,927	545,597
Stay-Over Visitors	58,767	49,810	61,189	74,493	58,860	138,317	133,353
Of which:							
USA	24,997	19,365	21,723	28,398	23,906	54,244	52,304
Canada	4,640	3,171	6,102	10,879	4,397	18,428	15,276
Europe	19,242	16,263	23,829	26,532	21,147	47,211	47,679
UK	15,599	12,625	19,662	21,925	18,002	38,906	39,927
Germany	640	156	904	1,180	480	1,605	1,660
Switzerland	263	116	389	418	253	629	671
Italy	1,860	2,866	1,708	1,535	1,565	3,402	3,100
France	416	290	529	668	362	1,347	1,030
Other Europe	464	210	637	806	485	1,322	1,291
Caribbean	7,202	8,732	6,555	5,340	6,812	12,350	12,152
South America	257	238	341	345	324	577	669
Other Countries	2,429	2,041	2,639	2,999	2,274	5,507	5,273
Cruise Ship Passengers	48,547	39,051	164,831	319,981	77,472	321,467	397,453
Number of Cruise Ship Calls	29	19	107	181	32	189	213
Yacht Passengers	4,206	805	7,048	11,196	3,595	17,143	14,791
Number of Yacht Calls	1,009	185	789	1,868	948	2,771	2,816
Total Visitor Expenditure (EC$M)	**195.36**	**161.99**	**215.38**	**274.48**	**197.08**	**484.50**	**471.56**

Source: Ministry of Tourism, Antigua and Barbuda

Data as at 18 August 2015

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

			Percentage Change*						
		Index	2014	2014	2014	2015	2015P	Jun-14	Jun-15
	Weight	Jun-15	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	Dec-13	Dec-14
All Items	100.00	133.96	0.38	0.40	0.58	0.04	(0.38)	0.35	(0.33)
Food	21.42	156.52	0.16	(0.35)	2.13	0.74	(0.31)	(0.58)	0.43
Alcoholic Beverages and Tobacco	0.16	140.88	0.38	(2.16)	0.75	0.66	0.23	3.20	0.90
Housing	21.83	109.12	-	-	-	(0.51)	-	-	(0.51)
Fuel and Light	6.39	131.73	3.40	(3.29)	(2.55)	(4.36)	(8.20)	2.52	(12.20)
Clothing and Footwear	11.06	102.58	0.81	3.24	0.54	1.02	(0.29)	0.98	0.73
Household Furnishings and Supplies	12.60	140.52	(0.64)	0.73	0.01	1.58	0.07	(0.60)	1.65
Transport and Communications	15.35	138.02	0.14	1.48	1.05	(1.20)	0.26	0.40	(0.94)
Medical Care and Expenses	2.76	143.19	(0.60)	1.11	4.61	(1.43)	3.27	(0.98)	1.80
Education	2.34	201.71	-	4.57	-	-	-	-	-
Personal Services	4.30	159.31	2.14	(0.75)	(1.91)	4.28	2.90	5.56	7.30
Miscellaneous	1.79	123.70	(0.43)	(0.02)	(0.08)	(0.25)	(0.06)	0.06	(0.31)

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda
*at end of period
Data as at 18 August 2015

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

	2014	2014	2014	2015	2015P	2014	2015
	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	Jan - Jun	Jan - Jun
Visible Trade Balance	(310.64)	(353.75)	(349.44)	(326.24)	(287.05)	(724.21)	(613.29)
Total Exports	23.66	13.68	12.22	13.45	34.97	36.42	48.42
Total Imports	334.30	367.44	361.66	339.69	322.02	760.63	661.71

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda
Data as at 18 August 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015P 2nd Qr	2014 Jan - Jun	2015 Jan - Jun
Current Revenue	159.67	148.07	193.66	190.17	189.03	322.68	379.20
Tax Revenue	144.35	131.81	140.45	159.93	163.98	298.86	323.91
	-	-	-	-	-	-	-
Taxes on Income and Profits	15.83	15.91	16.03	23.83	25.46	40.62	49.30
Of which:							
Personal Income	9.08	8.53	7.49	11.13	9.01	20.97	20.14
Corporation	6.75	7.37	8.54	12.70	16.45	19.64	29.16
Taxes on Property	9.03	7.18	2.01	5.73	9.65	12.66	15.37
Taxes on Domestic Goods and Services	67.40	61.49	65.27	71.81	69.22	141.49	141.03
Of which:							
Stamp Duties	5.38	8.67	10.61	5.87	7.51	11.31	13.38
Antigua and Barbuda Sales Tax	60.18	50.86	52.25	63.60	60.14	125.83	123.74
Taxes on International Trade and Transactions	52.09	47.24	57.14	58.56	59.64	104.09	118.20
Of which:							
Import Duty	18.49	17.63	23.21	20.26	19.60	38.23	39.86
Consumption Tax	11.00	9.17	9.03	13.20	19.17	21.79	32.37
Passenger Facility Charge	-	-	-	-	-	-	-
Revenue Recovery Charge	18.70	16.88	21.66	18.21	17.57	37.42	35.78
Embarkation Tax							
Non-Tax Revenue	15.32	16.26	53.21	30.24	25.05	23.82	55.30
Current Expenditure	177.98	180.67	206.61	158.41	180.40	331.04	338.81
Personal Emoluments	77.62	71.03	87.00	72.32	73.24	149.58	145.55
Other Goods and Services	37.33	29.84	33.84	24.88	21.47	61.07	46.34
Interest Payments	17.42	32.00	18.77	26.96	36.69	38.10	63.65
Domestic	12.61	21.38	11.62	21.54	14.13	24.74	35.68
External	4.81	10.63	7.15	5.42	22.55	13.36	27.97
Transfers and Subsidies	45.62	47.80	67.00	34.26	49.01	82.29	83.27
Of which: Pensions	14.54	15.61	18.33	15.12	17.39	26.65	32.51
Current Account Balance	(18.31)	(32.60)	(12.95)	31.76	8.63	(8.36)	40.39
Capital Revenue	0.40	0.69	0.26	0.58	0.11	0.44	0.69
Grants	-	13.79	-	-	-	-	-
Of which:							
Capital Grants	-	13.79	-	-	-	-	-
Debt Forgiveness	-	-	-	-	-	-	-
Capital Expenditure and Net Lending	11.20	24.46	13.18	4.26	4.87	17.46	9.13
Of which: Capital Expenditure	11.20	24.46	13.18	4.26	4.87	17.46	9.13
Primary Balance after grants	(11.70)	(10.58)	(7.10)	55.03	40.56	12.71	95.59
Overall Balance after grants	(29.11)	(42.58)	(25.87)	28.07	3.87	(25.39)	31.94
Financing	29.11	42.58	25.87	(28.07)	(3.87)	25.39	(31.94)
Domestic	32.60	43.81	47.06	(34.26)	(10.21)	37.96	(44.47)
ECCB (net)	(7.05)	(2.27)	(0.13)	(1.22)	(10.84)	3.14	(12.06)
Commercial Banks (net)	(0.85)	(8.29)	10.00	(9.59)	(17.64)	(10.60)	(27.22)
Other	40.50	54.37	37.20	(23.45)	18.26	45.41	(5.19)
External	(17.86)	(13.35)	(19.55)	(25.08)	(0.91)	(47.27)	(25.98)
Net Disbursements/(Amortisation)	(15.72)	(19.99)	(17.93)	(24.91)	(0.89)	(42.68)	(25.79)
Disbursements	1.64	13.93	0.79	0.11	28.27	2.24	28.38
Amortisation	17.35	33.91	18.71	25.01	29.16	44.92	54.17
Change in Government Foreign Assets	(2.15)	6.64	(1.62)	(0.17)	(0.02)	(4.60)	(0.19)
Other	-	-	-	-	-	-	-
Arrears	14.38	12.12	(1.65)	31.26	7.25	34.70	38.51
Domestic	0.40	5.88	0.08	19.16	(4.77)	0.40	14.39
External	13.98	6.24	(1.73)	12.10	12.02	34.30	24.11
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Antigua and Barbuda and Eastern Caribbean Central Bank
Data as at 18 August 2015

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

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr
Net Foreign Assets	**703.14**	**770.05**	**715.67**	**883.06**	**1,018.92**	**1,113.25**
Central Bank (Net)	**687.95**	**733.23**	**718.62**	**801.47**	**749.42**	**892.42**
Commercial Banks (Net)	**15.19**	**36.82**	**(2.95)**	**81.59**	**269.51**	**220.83**
External (Net)	(310.30)	(220.72)	(285.87)	(265.85)	(40.60)	(15.41)
Assets	545.22	638.00	602.10	540.00	726.27	768.17
Liabilities	855.53	858.72	887.97	805.84	766.86	783.57
Other ECCB Territories (Net)	325.50	257.54	282.91	347.44	310.10	236.23
Assets	1,420.07	1,378.52	1,409.69	1,418.89	1,445.59	1,411.92
Liabilities	1,094.58	1,120.98	1,126.77	1,071.45	1,135.49	1,175.69
Net Domestic Assets	**2,338.68**	**2,273.79**	**2,237.83**	**2,128.72**	**2,109.78**	**2,041.90**
Domestic Credit	**2,679.65**	**2,640.03**	**2,614.20**	**2,610.89**	**2,568.75**	**2,496.25**
Central Government (Net)	524.25	516.35	505.78	515.65	504.84	476.37
Other Public Sector (Net)	(92.02)	(93.77)	(75.71)	(56.38)	(52.40)	(74.25)
Private Sector	2,247.42	2,217.46	2,184.13	2,151.63	2,116.31	2,094.13
Household	1,255.61	1,238.10	1,239.33	1,238.91	1,219.45	1,217.22
Business	919.14	906.98	878.61	846.94	831.57	812.10
Non-Bank Financial Institutions	27.45	27.41	21.69	21.78	21.66	21.66
Subsidiaries & Affiliates	45.23	44.97	44.49	44.01	43.63	43.15
Other Items (Net)	**(340.97)**	**(366.24)**	**(376.37)**	**(482.17)**	**(458.98)**	**(454.35)**
Monetary Liabilities (M2)	**3,041.83**	**3,043.84**	**2,953.49**	**3,011.78**	**3,128.70**	**3,155.15**
Money Supply (M1)	**688.32**	**646.63**	**634.27**	**632.21**	**669.02**	**691.08**
Currency with the Public	135.96	135.19	133.78	149.23	146.76	143.24
Demand Deposits	518.56	487.52	471.27	450.67	499.60	506.99
EC$ Cheques and Drafts Issued	33.80	23.92	29.22	32.32	22.66	40.85
Quasi Money	**2,353.51**	**2,397.22**	**2,319.22**	**2,379.57**	**2,459.67**	**2,464.07**
Savings Deposits	1,246.30	1,285.24	1,291.97	1,310.85	1,356.24	1,376.74
Time Deposits	857.58	829.49	820.13	824.34	821.54	792.79
Foreign Currency Deposits	249.63	282.49	207.12	244.38	281.89	294.54

Source: Eastern Caribbean Central Bank
Data available as at 18 August 2015

Table 20

Dominica - Selected Tourism Statistics

	2014R 2ndQr	2014R 3rdQr	2014R 4thQr	2015R 1st Qr	2015P 2ndQr	2014 Jan - Jun	2015 Jan - Jun
Total Visitors	46,418	23,061	121,337	175,634	50,367	238,164	226,001
Stay-Over Visitors	18,562	21,085	22,110	20,501	18,142	38,690	38,643
USA	3,820	3,695	3,932	4,162	3,638	8,226	7,800
Canada	419	474	750	976	531	1,358	1,507
UK	921	1,293	1,353	1,452	985	2,220	2,437
Caribbean	9,449	12,425	11,966	8,823	9,026	17,499	17,849
Other Countries	3,953	3,198	4,109	5,088	3,962	9,387	9,050
Excursionists	582	1,210	247	312	310	738	622
Yacht Passengers	2,792	766	2,113	6,186	3,071	9,030	9,257
Cruise Ship Passengers	24,482	-	96,867	148,635	28,844	189,706	177,479
Number of Cruise Ship Calls	17	-	62	117	13	137	130
Total Visitor Expenditure (EC$M)	**77.09**	**80.60**	**93.46**	**101.54**	**91.98**	**169.40**	**193.53**

Sources: Discover Dominica Authority and ECCB Estimates

Data as at 18 August 2015

Table 21
Dominica - Consumer Price Index
June 2010 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
	Weight	Index Jun 2015	2014R 2ndQr	2014R 3rdQr	2014R 4thQr	2015R 1st Qr	2015P 2ndQr	Jun-14 Dec-13	Jun-15 Dec-14
All Items	100.00	101.73	0.30	0.01	(1.07)	(0.62)	(0.03)	1.54	(0.65)
Food and Non-Alcoholic Beverages	18.08	111.01	0.02	0.00	1.17	(0.53)	0.37	0.14	(0.16)
Alcoholic Beverages, Tobacco and Narcotics	0.77	106.44	(0.26)	0.55	(0.08)	1.21	0.02	0.32	1.23
Clothing and Footwear	5.08	105.63	1.26	2.55	(0.15)	(0.15)	-	0.41	(0.15)
Housing, Utilities, Gas and Fuels	30.62	93.50	1.27	(0.77)	(4.49)	(1.11)	(0.10)	4.33	(1.20)
Household Furnishings, Supplies and Maintenance	5.23	106.25	(0.07)	1.36	0.28	(1.02)	-	1.05	(1.02)
Health	3.36	102.07	1.41	(0.00)	0.65	-	-	0.00	-
Transport	20.11	103.54	(0.49)	(0.13)	(0.04)	(0.73)	0.51	0.80	(0.22)
Communication	3.95	100.00	-	-	-	-	-	-	-
Recreation and Culture	3.74	104.16	(0.00)	1.94	0.32	0.44	-	(0.71)	0.44
Education	1.33	102.58	(0.00)	0.00	-	-	-	(0.00)	-
Hotels and Restaurants	2.88	106.14	(0.56)	0.00	1.64	-	-	(0.56)	-
Miscellaneous	4.85	103.77	(0.37)	0.06	-	(0.28)	-	0.77	(0.28)

Sources: Central Statistical Office, Dominica and ECCB Estimates
*at end of period
Data as at 18 August 2015

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

	2014R 2ndQr	2014R 3rdQr	2014R 4thQr	2015R 1st Qr	2015P 2ndQr	2014 Jan - Jun	2015 Jan - Jun
Visible Trade Balance	(130.28)	(140.84)	(143.83)	(116.87)	(117.46)	(239.88)	(234.32)
Total Imports	152.23	164.31	169.60	143.33	139.86	287.84	283.19
Total Exports	21.96	23.47	25.77	26.46	22.40	47.97	48.87
Re-Exports	1.75	1.43	3.57	6.37	1.75	8.10	8.12
Domestic Exports	20.21	22.04	22.20	20.09	20.65	39.86	40.75
Of which:							
Bananas							
Value	0.37	0.27	0.39	0.50	0.37	0.85	0.88
Volume	250	177	231	281	335	571	617

Source: Central Statistical Office, WINFRESH and ECCB Estimates
Data as at 18 August 2015

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

	2014R 2ndQr	2014R 3rdQr	2014R 4thQr	2015R 1st Qr	2015P 2ndQr	2014 Jan - Jun	2015 Jan - Jun
Current Revenue	97.11	87.38	99.97	87.39	83.10	187.91	170.49
Tax Revenue	78.13	76.31	80.88	81.43	77.72	157.76	159.15
Taxes on Income and Profits	13.59	14.07	12.50	18.31	12.89	31.58	31.20
Of which:							
Personal	8.66	7.76	7.72	9.21	9.25	18.30	18.46
Company/Corporation	5.69	6.91	5.24	9.66	4.07	14.41	13.72
Taxes on Property	1.86	1.58	1.59	1.99	2.53	3.64	4.52
Taxes on Domestic Goods and Services	47.66	45.10	48.40	47.19	45.70	93.46	92.89
Of which:							
Licences	6.50	3.06	3.46	5.02	4.66	11.44	9.68
Value Added Tax	31.91	31.75	34.01	31.58	31.76	63.33	63.34
Excise Tax	8.70	9.80	10.21	10.14	8.72	17.44	18.86
Taxes on International Trade and Transactions	15.02	15.55	18.39	13.95	16.59	29.07	30.53
Of which:							
Import Duty	8.52	8.74	10.69	7.61	9.52	16.00	17.12
Customs Service Charge	3.50	3.77	4.23	3.16	3.78	6.70	6.93
Environmental Levy	2.03	2.17	2.55	2.09	2.36	3.83	4.45
Non-Tax Revenue	18.98	11.08	19.09	5.96	5.38	30.15	11.34
Current Expenditure	87.10	90.41	87.58	86.02	99.59	172.99	185.61
Personal Emoluments	36.04	37.93	38.27	38.76	51.42	72.23	90.17
Goods and Services [1/]	27.12	28.72	26.80	22.99	25.07	52.38	48.07
Interest Payments	6.27	7.12	4.10	5.48	6.04	13.62	11.51
Domestic	1.77	3.66	1.28	1.51	2.06	5.71	3.57
External	4.50	3.46	2.83	3.97	3.97	7.92	7.95
Transfers and Subsidies	17.67	16.64	18.41	18.79	17.07	34.75	35.86
Of which: Pensions	4.51	4.52	4.62	4.68	4.66	8.98	9.34
Current Account Balance	10.00	(3.03)	12.39	1.37	(16.49)	14.92	(15.12)
Capital Revenue	0.14	0.12	0.03	0.02	0.01	0.19	0.03
Grants	21.59	6.11	12.56	3.84	6.20	42.08	10.04
Of which: Capital Grants	21.59	6.11	12.56	3.84	6.20	42.08	10.04
Capital Expenditure and Net Lending	62.90	12.14	29.97	14.98	40.95	79.68	55.93
Of which: Capital Expenditure	62.78	12.26	30.00	15.04	41.12	79.48	56.16
Primary Balance after grants	(24.90)	(1.83)	(0.89)	(4.27)	(45.19)	(8.88)	(49.46)
Overall Balance after grants	(31.17)	(8.95)	(4.99)	(9.75)	(51.23)	(22.50)	(60.98)
Financing	31.17	8.95	4.99	9.75	51.23	22.50	60.98
Domestic	28.68	3.11	16.25	1.40	48.20	2.67	49.60
ECCB (net)	16.89	4.05	(5.02)	(14.90)	8.98	(7.94)	(5.92)
Commercial Banks (net)	16.19	(16.25)	4.56	17.34	(0.67)	26.04	16.68
Other	(4.39)	15.30	16.71	(1.05)	39.89	(15.44)	38.84
External	7.59	3.85	(9.62)	5.84	6.24	26.46	12.09
Net Disbursements (Amortisation)	8.35	3.87	(1.43)	3.75	(2.92)	27.23	0.84
Disbursements	17.55	9.04	2.62	10.12	1.99	42.38	12.11
Amortisation	9.20	5.17	4.05	6.37	4.91	15.15	11.28
Change in Government Foreign Assets	(0.76)	(0.02)	(8.19)	2.09	9.16	(0.78)	11.25
Arrears	(5.10)	1.98	(1.64)	2.50	(3.22)	(6.63)	(0.71)
Domestic	(5.10)	1.98	(1.64)	2.50	(3.22)	(6.63)	(0.71)
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 19 August 2015

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

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr
Net Foreign Assets	**600.88**	**608.14**	**604.30**	**611.91**	**628.06**	**635.74**
Central Bank (Net)	**240.40**	**265.44**	**255.55**	**269.79**	**287.49**	**319.24**
Commercial Banks (Net)	**360.48**	**342.70**	**348.74**	**342.13**	**340.58**	**316.50**
External (Net)	85.31	70.61	69.96	66.81	61.91	63.10
Assets	334.59	323.21	331.75	331.65	334.36	338.91
Liabilities	249.29	252.60	261.79	264.84	272.45	275.82
Other ECCB Territories (Net)	275.18	272.08	278.78	275.32	278.67	253.41
Assets	321.67	322.72	332.97	333.88	329.35	328.13
Liabilities	46.49	50.63	54.19	58.57	50.68	74.72
Net Domestic Assets	**613.33**	**639.37**	**620.92**	**637.02**	**647.22**	**647.48**
Domestic Credit	**704.84**	**721.87**	**714.38**	**737.36**	**726.64**	**731.32**
Central Government (Net)	38.54	71.61	59.42	58.96	61.41	69.72
Other Public Sector (Net)	(122.35)	(129.44)	(125.33)	(94.80)	(103.45)	(101.05)
Private Sector	788.66	779.71	780.29	773.20	768.67	762.65
Household	454.11	453.82	457.03	456.38	453.65	460.41
Business	320.28	311.66	303.81	297.83	295.77	283.14
Non-Bank Financial Institutions	7.69	7.66	12.89	12.41	12.69	12.53
Subsidiaries & Affiliates	6.57	6.57	6.57	6.57	6.57	6.57
Other Items (Net)	**(91.51)**	**(82.50)**	**(93.46)**	**(100.34)**	**(79.42)**	**(83.84)**
Monetary Liabilities (M2)	**1,214.21**	**1,247.51**	**1,225.22**	**1,248.94**	**1,275.28**	**1,283.22**
Money Supply (M1)	**229.61**	**226.75**	**217.06**	**234.69**	**245.16**	**239.93**
Currency with the Public	40.15	40.47	38.71	46.89	43.63	42.07
Demand Deposits	185.63	184.19	176.25	185.55	196.68	194.20
EC$ Cheques and Drafts Issued	3.83	2.09	2.10	2.25	4.84	3.66
Quasi Money	**984.60**	**1,020.76**	**1,008.16**	**1,014.25**	**1,030.13**	**1,043.28**
Savings Deposits	721.42	755.90	759.52	760.39	778.85	801.32
Time Deposits	231.22	230.15	219.34	217.49	216.36	212.68
Foreign Currency Deposits	31.97	34.72	29.29	36.36	34.92	29.29

Source: Eastern Caribbean Central Bank
Data available as at 18 August 2015

Table 25
Grenada - Selected Tourism Statistics

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2014 1st Qr	2015P 2nd Qr	2014 Jan - Jun	2013P Jan - Jun
Total Visitors	54,035	42,307	113,695	168,332	55,034	218,005	223,366
Stay-Over Visitors	29,050	35,454	32,737	38,000	31,378	65,330	69,378
Of which:							
USA	8,488	11,764	9,770	12,545	10,010	19,933	22,555
Canada	2,500	2,621	3,333	4,641	2,282	8,025	6,923
United Kingdom	5,352	5,170	5,768	7,015	6,678	12,541	13,693
Caribbean	5,796	7,142	4,789	4,846	5,757	10,673	10,603
Other Countries	6,914	8,757	9,077	8,953	6,651	14,158	15,604
Excursionists	556	212	126	223	232	1,322	455
Cruise Ship Passengers	23,612	6,126	79,941	128,658	22,591	149,073	151,249
Yacht Passengers	817	515	891	1,451	833	2,280	2,284
Number of Cruise Ship Calls	14	2	56	97	11	98	108
Total Visitor Expenditure (EC$M)	**76.31**	**91.56**	**97.88**	**124.89**	**84.71**	**184.96**	**209.60**

Source: Grenada Board of Tourism and ECCB Estimates
Data as at 18 August 2015

Table 26
Grenada - Consumer Price Index
January 2010 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
	Weight	Index Jun 2015	2014R 2ndQr	2014R 3rdQr	2014R 4thQr	2015R 1st Qr	2015P 2ndQr	Jun-14 Dec-13	Jun-15 Dec-14
All Items	100.0	107.49	0.57	(0.30)	(0.46)	(0.78)	0.62	0.14	(0.17)
Food & Non-Alcoholic Beverages	20.4	117.44	0.67	0.57	0.87	0.05	0.21	0.04	0.26
Alcoholic Beverages, Tobacco and Narcotics	1.8	123.46	0.55	1.99	(0.43)	(0.58)	0.47	1.00	(0.11)
Clothing and Footwear	3.7	99.70	(0.22)	(0.21)	(0.89)	0.16	(0.77)	(1.75)	(0.61)
Housing, Utilities, Gas and Fuels	29.1	103.31	0.24	(0.37)	(1.01)	(1.52)	(0.03)	0.45	(1.55)
Household Furnishings, Supplies and Maintenance	4.5	108.48	0.33	0.19	0.13	(1.87)	(0.13)	(0.74)	(2.00)
Health	1.9	130.02	0.42	0.88	0.99	0.62	0.12	0.74	0.74
Transport	18.7	110.40	1.85	(2.21)	(1.68)	(1.33)	2.13	1.35	0.77
Communication	10.0	90.96	-	-	-	-	-	(1.90)	-
Recreation and Culture	2.7	106.65	-	0.96	-	(0.69)	-	0.35	(0.69)
Education	0.8	122.33	-	2.14	-	1.13	-	0.53	1.13
Hotels and Restaurants	1.8	107.25	-	-	-	-	-	-	-
Miscellaneous	4.6	107.24	(0.02)	0.10	(0.12)	(0.09)	2.92	(0.20)	2.83

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and ECCB Estimates
*at end of period
Data as at 18 August 2015

Table 27
Grenada - Selected Agricultural Production

	Unit	2014 2ndQr	2014 3rdQr	2014 4thQr	2014 1st Qr	2015P 2ndQr	2014 Jan - Jun	2015P Jan - Jun
Bananas	(tonnes)	1,270	1,138	1,674	1,822	1,496	2,833	3,317
Cocoa	(tonnes)	282	13	23	566	109	645	675
Nutmeg	(tonnes)	194	104	61	116	184	368	300
Mace	(tonnes)	29	8	4	8	23	47	31

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada
Data as at 18 August 2015

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

	2014R 2ndQr	2014R 3rdQr	2014R 4thQr	2015R 1st Qr	2015P 2ndQr	2014 Jan - Jun	2015P Jan - Jun
Current Revenue	137.65	117.68	128.16	134.54	135.28	256.49	269.82
Tax Revenue	131.03	112.85	123.03	128.04	129.64	242.27	257.68
Taxes on Income and Profits	22.39	22.71	21.80	27.43	24.37	45.40	51.80
Of which:							
Personal	11.06	11.26	11.84	14.36	12.23	22.79	26.59
Company/Corporation	11.34	11.45	9.96	13.07	12.14	22.61	25.22
Taxes on Property	9.38	3.55	3.63	4.97	9.48	14.17	14.45
Taxes on Domestic Goods and Services	63.70	51.20	56.58	59.89	56.41	115.62	116.30
Of which:							
Value-added Tax	43.31	43.11	47.78	48.37	48.57	85.77	96.95
Stamp Duties	0.84	3.11	0.90	1.00	1.04	1.77	2.04
Licences	16.93	2.50	5.64	5.64	3.63	21.90	9.27
Taxes on International Trade and Transactions	35.54	35.39	41.02	35.74	39.38	67.08	75.12
Of which:							
Import Duty	13.27	13.94	17.31	13.70	14.26	25.30	27.96
Customs Service Charge	11.42	11.26	13.05	10.52	11.19	20.92	21.71
Non-Tax Revenue	6.62	4.82	5.13	6.50	5.64	14.21	12.14
Current Expenditure	114.62	126.18	121.22	121.01	99.04	243.97	220.05
Personal Emoluments	68.21	54.94	54.79	54.60	53.51	132.72	108.10
Goods and Services	16.50	16.72	21.28	15.52	14.80	34.19	30.32
Interest Payments	8.87	35.48	13.36	29.83	8.28	37.94	38.11
Domestic	4.38	8.95	9.41	4.80	2.66	8.61	7.46
External	4.49	26.53	3.96	25.03	5.62	29.34	30.65
Transfers and Subsidies	21.04	19.04	31.79	21.06	22.45	39.12	43.52
Of which: Pensions	7.32	7.58	11.20	7.49	7.89	14.65	15.39
Current Account Balance	23.03	(8.50)	6.93	13.52	36.24	12.52	49.77
Capital Revenue	0.06	0.01	0.00	0.08	0.05	0.08	0.12
Grants	15.87	26.44	47.79	20.62	18.27	26.22	38.89
Of which: Capital Grants	15.87	26.44	37.89	20.62	18.27	26.22	38.89
Capital Expenditure	41.54	79.98	65.64	50.98	44.44	81.08	95.42
Of which: Capital Expenditure	41.54	79.98	65.64	50.98	44.44	81.08	95.42
Primary Balance after grants	6.28	(26.54)	2.45	13.06	18.40	(4.32)	31.46
Overall Balance after grants	(2.58)	(62.02)	(10.91)	(16.77)	10.12	(42.26)	(6.65)
Financing	2.58	62.02	10.91	16.77	(10.12)	42.26	6.65
Domestic	5.37	(55.39)	7.30	(17.72)	(9.07)	22.18	(26.80)
ECCB (net)	0.16	(20.28)	(8.44)	11.76	(7.70)	1.24	4.06
Commercial Banks (net)	2.24	(9.33)	(10.12)	(12.34)	8.94	12.03	(3.41)
Other	2.97	(25.78)	25.86	(17.14)	(10.30)	8.91	(27.45)
External	(3.76)	81.33	1.74	9.55	(1.05)	(6.29)	8.49
Net Disbursements/(Amortisation)	(3.76)	81.33	1.74	9.55	(1.05)	(6.29)	8.49
Disbursements	7.25	90.60	14.85	19.37	8.34	14.84	27.71
Amortisation	11.01	9.27	13.11	9.82	9.39	21.13	19.21
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	0.97	36.08	1.87	24.95	-	26.38	24.95
Domestic	0.37	12.31	1.26	1.64	-	1.60	1.64
External	0.60	23.77	0.61	23.31	-	24.78	23.31
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and the ECCB
Data as at 18 August 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2014 1st Qr	2015P 2nd Qr	2014 Jan - Jun	2015P Jan - Jun
Visible Trade Balance	(200.33)	(216.02)	(203.63)	(208.90)	(197.71)	(397.40)	(406.61)
Total Imports	234.00	236.63	221.96	230.74	230.24	458.20	460.98
Total Exports	33.67	20.61	18.33	21.84	32.53	60.81	54.37
Re-Exports	4.20	1.13	1.01	1.32	4.12	8.97	5.44
Domestic Exports	29.47	19.48	17.33	20.52	28.41	51.84	48.93
Of Which:							
Bananas							
Volume	1.73	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	118.48	134.04	150.57	48.84	139.91	223.80	188.75
Value	3.84	4.13	4.89	1.49	3.70	7.41	5.18
Mace							
Volume	7.93	3.72	19.24	14.78	16.85	19.26	31.63
Value	0.29	0.16	0.59	0.45	0.43	0.71	0.88
Cocoa							
Volume	233.36	159.61	0.61	443.28	144.88	577.63	588.16
Value	2.41	1.78	0.01	4.89	1.71	6.17	6.59
Manufactured Exports							
Value	9.79	8.79	8.93	9.54	12.24	18.17	21.78

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and ECCB Esti
Data as at 18 August 2015

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

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr
Net Foreign Assets	**377.80**	**434.87**	**526.15**	**582.15**	**661.81**	**710.00**
Central Bank (Net)	**358.21**	**363.97**	**418.20**	**427.31**	**427.19**	**442.43**
Commercial Banks (Net)	**19.59**	**70.90**	**107.96**	**154.85**	**234.62**	**267.58**
External (Net)	(180.35)	(167.11)	(137.30)	(144.40)	(82.69)	(43.83)
Assets	300.42	314.29	335.53	339.54	400.02	458.53
Liabilities	480.76	481.40	472.83	483.93	482.71	502.36
Other ECCB Territories (Net)	199.94	238.01	245.25	299.24	317.31	311.40
Assets	263.16	278.81	285.90	333.20	350.73	341.23
Liabilities	63.23	40.81	40.64	33.96	33.42	29.83
Net Domestic Assets	**1,599.72**	**1,566.57**	**1,491.18**	**1,435.83**	**1,410.81**	**1,372.49**
Domestic Credit	**1,682.72**	**1,635.96**	**1,569.25**	**1,526.92**	**1,491.94**	**1,460.88**
Central Government (Net)	63.12	65.52	35.91	17.34	16.76	18.00
Other Public Sector (Net)	(65.51)	(91.68)	(95.07)	(104.29)	(125.15)	(152.32)
Private Sector	1,685.11	1,662.12	1,628.41	1,613.87	1,600.33	1,595.21
Household	1,134.89	1,123.79	1,117.78	1,119.40	1,101.37	1,094.63
Business	538.89	528.52	501.14	485.36	490.16	491.50
Non-Bank Financial Institutions	11.32	9.81	9.49	9.11	8.79	9.09
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(83.00)**	**(69.39)**	**(78.07)**	**(91.10)**	**(81.13)**	**(88.39)**
Monetary Liabilities (M2)	**1,977.52**	**2,001.44**	**2,017.33**	**2,017.98**	**2,072.62**	**2,082.49**
Money Supply (M1)	**399.22**	**429.56**	**448.72**	**466.47**	**508.56**	**511.06**
Currency with the Public	113.70	113.02	116.06	124.09	122.29	121.72
Demand Deposits	275.41	308.77	324.27	332.27	377.14	378.33
EC$ Cheques and Drafts Issued	10.11	7.77	8.39	10.11	9.14	11.01
Quasi Money	**1,578.31**	**1,571.88**	**1,568.60**	**1,551.51**	**1,564.06**	**1,571.43**
Savings Deposits	1,162.99	1,161.10	1,167.51	1,167.94	1,172.28	1,167.25
Time Deposits	310.46	304.83	291.25	287.13	286.68	284.96
Foreign Currency Deposits	104.85	105.96	109.85	96.44	105.09	119.23

Source: Eastern Caribbean Central Bank
Data available as at 18 August 2015

Table 31
Montserrat - Selected Tourism Statistics

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015[R] 1st Qr	2015 2nd Qr	2014 Jan-Jun	2015 Jan-Jun
Total Visitors	2,882	2,094	3,657	4,622	2,698	6,583	7,320
Stay-Over Visitors	1,831	1,597	3,021	2,272	1,756	4,186	4,028
Of which:							
USA	433	328	668	712	432	1,045	1,144
Canada	88	57	217	252	67	404	319
UK	343	378	885	572	425	901	997
Caribbean	876	788	1,159	594	728	1,581	1,322
Other Countries	91	46	92	142	104	255	246
Excursionists	525	339	431	502	400	979	902
Cruise Ship Passengers	-	-	-	1,032	-	184	1,032
Number of Cruise Ship Calls	-	-	-	5	-	2	5
Yacht Passengers	526	158	205	816	542	1,234	1,358
Number of Yachts	151	34	32	212	159	302	371
Total Visitor Expenditure (EC$M)	**4.37**	**3.54**	**7.20**	**7.10**	**4.32**	**11.46**	**11.41**

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat
Data as at 18 August 2015

Table 32
Montserrat - Consumer Price Index
January 2001 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
		Index	2014	2014	2014	2015[R]	2015	Jun-14	Jun-15
	Weight	Jun-15	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	Dec-13	Dec-14
All Items	100.00	264.20	(0.26)	(0.66)	(0.44)	(0.40)	0.15	0.07	(0.25)
Food	49.50	276.93	(0.95)	(0.59)	(0.48)	0.16	(0.87)	(0.70)	(0.71)
Alcohol and Tobacco	4.60	273.43	1.99	(0.77)	2.32	2.33	(0.07)	1.99	2.26
Household Goods	10.20	199.81	(0.83)	(0.73)	0.94	0.45	2.12	(0.50)	2.58
Gas, Electricity and Water	1.80	200.34	(2.38)	(2.84)	(3.61)	(12.49)	(0.54)	3.99	(12.97)
Rent	0.70	955.73	-	-	0.00	-	-	-	-
Clothing and Footwear	17.90	224.77	-	0.69	(0.01)	-	0.02	0.35	0.02
Services	15.30	285.01	1.57	(1.93)	(1.86)	(2.67)	2.90	1.74	0.15

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat
*at end of period
Data as at 18 August 2015

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

	2014	2014	2014	2015[R]	2015	2014	2015
	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	Jan-Jun	Jan-Jun
Visible Trade Balance	(24.87)	(24.95)	(23.71)	(22.34)	(21.60)	(46.78)	(43.94)
Total Imports	26.61	27.49	26.27	23.89	23.77	50.93	47.66
Total Exports	1.73	2.54	2.56	1.55	2.17	4.15	3.72
Total Domestic Exports	1.52	1.96	1.56	1.41	1.95	2.53	3.36
Total Re-Exports	0.21	0.58	1.00	0.15	0.22	1.62	0.36

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat
Data as at 18 August 2015

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

	2014 2nd Qr	2014 3rd Qr	2014 4thQr	2015R 1st Qr	2015 2nd Qr	2014 Jan-Jun	2015 Jan-Jun
Current Revenue	10.24	11.19	11.21	12.29	11.60	22.92	23.89
Tax Revenue	9.21	9.60	10.02	10.32	9.56	20.85	19.88
Taxes on Income and Profits	4.16	4.27	3.05	4.27	4.57	9.38	8.84
Of which:							
Personal	2.82	3.16	2.82	3.30	2.77	6.36	6.06
Company/Corporation	1.02	1.04	0.07	0.66	1.62	2.48	2.28
Taxes on Property	0.03	0.03	0.59	0.06	0.02	0.19	0.08
Taxes on Domestic Goods and Services	0.82	0.97	0.92	1.77	0.76	3.03	2.54
Of which:							
Licences and Stamp Duties	0.55	0.65	0.66	1.00	0.52	2.09	1.52
Hotel Occupancy	0.01	0.01	0.01	0.01	0.02	0.02	0.03
Insurance Company Levy	0.06	0.06	0.06	0.04	0.04	0.10	0.09
Taxes on International Trade and Transactions	4.21	4.33	5.46	4.21	4.21	8.25	8.43
Of which:							
Import Duty	1.52	1.33	1.79	1.41	1.37	2.69	2.79
Consumption Tax	2.42	2.73	3.37	2.47	2.54	5.02	5.01
Customs Service Charge	-	-	-	-	-	-	-
Non-Tax Revenue	1.03	1.59	1.19	1.98	2.04	2.07	4.02
Current Expenditure	24.25	25.77	31.55	37.47	23.22	60.54	60.69
Personal Emoluments	10.24	10.19	10.30	10.60	10.22	22.23	20.82
Goods and Services*	5.78	7.73	8.95	15.58	6.06	12.69	21.64
Interest Payments	0.01	0.01	0.01	0.01	0.01	0.02	0.01
Domestic	-	-	-	-	-	-	-
External	0.01	0.01	0.01	0.01	0.01	0.02	0.01
Transfers and Subsidies	8.23	7.84	12.29	11.29	6.93	25.61	18.22
Of which: Pensions	2.84	3.63	4.00	3.67	2.61	7.48	6.28
Current Account Balance before grants	(14.01)	(14.58)	(20.34)	(25.18)	(11.62)	(37.63)	(36.80)
Current Account Balance after grants	6.79	1.63	(5.07)	(2.11)	18.65	0.69	16.53
Capital Revenue	-	-	-	-	-	-	-
Grants	26.32	16.21	16.24	47.63	63.46	72.50	111.08
Of which: Capital Grants	5.52	-	0.97	24.56	33.19	34.19	57.75
Capital Expenditure and Net Lending	6.25	10.88	6.62	9.94	3.64	24.70	13.59
Of which: Capital Expenditure	6.25	10.88	6.62	9.94	3.64	24.70	13.59
Primary Balance before grants	(20.26)	(25.45)	(26.95)	(35.12)	(15.26)	(62.31)	(50.38)
Primary Balance after grants	6.06	(9.24)	(10.72)	12.51	48.20	10.19	60.71
Overall Balance before grants	(20.27)	(25.46)	(26.96)	(35.13)	(15.26)	(62.33)	(50.39)
Overall Balance after grants	6.06	(9.25)	(10.73)	12.50	48.19	10.17	60.69
Financing	(6.06)	9.25	10.73	(12.50)	(48.19)	(10.17)	(60.69)
Domestic	(6.03)	9.28	10.76	(12.47)	(48.16)	(10.11)	(60.63)
ECCB (net)	(0.22)	0.10	(14.02)	14.30	(0.35)	0.01	13.95
Commercial Banks (net)	8.18	16.67	(2.89)	(12.28)	(14.15)	4.00	(26.43)
Other	(14.00)	(7.49)	27.67	(14.48)	(33.67)	(14.12)	(48.15)
External	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.06)	(0.06)
Net Disbursements/(Amortisation)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.06)	(0.06)
Disbursements	-	-	-	-	-	-	-
Amortisation	0.03	0.03	0.03	0.03	0.03	0.06	0.06
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Montserrat and Eastern Caribbean Central Bank
*Goods and Services include Miscellaneous Payments
Data as at 18 August 2015

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

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr
Net Foreign Assets	**288.64**	**283.14**	**271.61**	**288.10**	**290.95**	**308.34**
Central Bank (Net)	**121.16**	**117.70**	**104.35**	**121.77**	**115.21**	**136.24**
Commercial Banks (Net)	**167.49**	**165.43**	**167.26**	**166.33**	**175.74**	**172.10**
External (Net)	95.60	88.65	82.25	84.06	95.65	109.35
Assets	154.67	148.29	143.23	147.33	160.51	175.20
Liabilities	59.07	59.64	60.98	63.27	64.85	65.85
Other ECCB Territories (Net)	71.89	76.79	85.01	82.27	80.09	62.74
Assets	80.03	83.70	92.36	90.45	88.68	73.72
Liabilities	8.14	6.91	7.35	8.18	8.59	10.97
Net Domestic Assets	**(61.60)**	**(47.66)**	**(34.93)**	**(48.89)**	**(44.86)**	**(61.29)**
Domestic Credit	**(15.39)**	**(4.28)**	**8.90**	**(6.77)**	**(8.36)**	**(19.83)**
Central Government (Net)	(60.59)	(52.62)	(35.85)	(52.76)	(50.75)	(65.24)
Other Public Sector (Net)	(21.05)	(16.63)	(22.29)	(21.14)	(24.56)	(22.73)
Private Sector	66.25	64.96	67.04	67.13	66.96	68.15
Household	57.88	58.04	59.70	59.70	59.39	60.61
Business	8.37	6.93	7.33	7.43	7.57	7.53
Non-Bank Financial Institutions	-	-	0.00	-	-	-
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(46.21)**	**(43.38)**	**(43.82)**	**(42.12)**	**(36.50)**	**(41.46)**
Monetary Liabilities (M2)	**227.05**	**235.48**	**236.69**	**239.20**	**246.09**	**247.05**
Money Supply (M1)	**56.51**	**58.40**	**43.56**	**45.07**	**49.99**	**46.95**
Currency with the Public	18.95	16.61	16.50	18.36	16.37	16.17
Demand Deposits	37.48	41.66	26.89	26.57	33.53	30.48
EC$ Cheques and Drafts Issued	0.08	0.13	0.17	0.15	0.10	0.30
Quasi Money	**170.54**	**177.08**	**193.12**	**194.13**	**196.11**	**200.10**
Savings Deposits	129.90	137.05	139.69	140.47	141.03	144.47
Time Deposits	33.82	33.45	46.14	46.00	46.18	46.54
Foreign Currency Deposits	6.82	6.58	7.29	7.66	8.90	9.09

Source: Eastern Caribbean Central Bank
Data available as at 18 August 2015

Table 36
St Kitts and Nevis - Selected Tourism Statistics

	2014 2nd Qr	2014 3rd Qr	2014R 4th Qr	2015R 1st Qr	2015P 2nd Qr	2014 Jan - Jun	2015P Jan - Jun
Total Visitors	135,564	107,676	259,073	377,938	200,490	449,772	578,428
Stay-Over Visitors	28,707	24,245	27,007	36,409	29,801	61,684	66,210
Of which:							
USA	18,250	13,190	15,957	23,132	18,940	39,360	42,072
Canada	1,570	1,319	1,945	4,217	1,640	5,343	5,857
UK	1,974	2,023	2,473	2,980	2,083	4,640	5,063
Caribbean	5,131	6,141	5,112	4,246	5,310	8,874	9,556
Other Countries	1,782	1,572	1,520	1,834	1,828	3,467	3,662
Excursionists	716	727	883	1,798	775	1,853	2,573
Cruise Ship Passengers	105,259	82,157	230,250	337,686	169,082	382,274	506,768
Yacht Passengers	882	547	933	2,045	832	3,961	2,877
Number of Cruise Ship Calls	47	27	126	214	59	218	273
Total Visitor Expenditure (EC$M)	**71.58**	**60.28**	**72.80**	**95.58**	**68.17**	**162.63**	**163.76**

Source: Statistics Department, Sustainable Development, St Kitts and Central Statistics Office, Nevis and ECCB Estimates
Data as at 18 August 2015

Table 37

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

			Percentage Change*						
			Quarter over Previous Quarter						
		Index	2014	2014	2014R	2015R	2015P	Jun-14	Jun-15
	Weight	June 2015	2ndQr	3rdQr	4thQr	1st Qr	2ndQr	Dec-13	Dec-14
All items	100.00	108.76	0.74	0.57	(1.20)	(1.23)	(0.84)	0.05	(2.06)
Food and Non-Alcoholic Beverages	15.98	104.51	1.33	(0.05)	(7.67)	0.22	(6.38)	1.00	(6.18)
Alcoholic Beverages, Tobacco & Narcotics	2.71	122.31	2.91	1.99	(2.11)	1.39	(0.80)	1.83	0.58
Clothing and Footwear	4.20	112.59	1.82	1.17	(0.31)	1.05	0.37	1.98	1.43
Housing, Utilities, Gas and Fuels	27.56	103.27	-	(0.05)	0.01	-	0.03	0.09	0.03
Household Furnishings, Supplies and Maintenance	6.10	110.40	0.62	0.77	(1.46)	2.06	(0.10)	0.43	1.96
Health	2.38	106.25	-	4.38	-	(2.61)	(0.98)	-	(3.57)
Transport	16.14	120.34	1.95	0.84	2.40	(7.57)	2.05	(0.69)	(5.67)
Communication	8.47	106.46	-	-	0.06	1.84	-	-	1.84
Recreation and Culture	2.92	105.38	0.79	0.28	(2.09)	-	1.85	0.40	1.85
Education	2.41	131.31	-	8.43	-	(4.08)	-	(4.95)	(4.08)
Hotels and Restaurants	5.60	111.42	-	0.17	(0.06)	-	(1.18)	(0.79)	(1.18)
Miscellaneous Goods and Services	5.54	103.46	0.66	0.33	(3.86)	(3.60)	(2.05)	0.07	(5.57)

Source: Statistics Department, Sustainable Development, St Kitts
* at end of period
Data as at 18 August 2015

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

	2014 2ndQr	2014 3rdQr	2014 4thQr	2015 1st Qr	2015P 2ndQr	2014 Jan - Jun	2015P Jan - Jun
Visible Trade Balance	(129.08)	(133.74)	(187.72)	(149.99)	(165.33)	(249.87)	(315.32)
Total Imports	169.76	168.12	227.12	190.67	199.62	329.56	390.29
Total Exports	40.68	34.38	39.40	40.68	34.28	79.69	74.96
Total Domestic Exports	35.65	31.25	33.54	37.22	30.16	70.79	67.38
Total Re-Exports	5.03	3.13	5.87	3.46	4.12	8.90	7.58

Source: Statistics Department, Sustainable Development, St Kitts
Data as at 18 August 2015

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

	2014 2ndQr	2014R 3rdQr	2014R 4thQr	2015R 1st Qr	2015 2ndQr	2014 Jan - Jun	2015 Jan - Jun
Current Revenue	233.91	203.20	272.54	255.06	177.65	415.68	432.71
Tax Revenue	107.34	127.99	131.17	132.15	124.63	217.54	256.78
Taxes on Income and Profits	24.69	26.36	22.76	33.17	29.50	45.65	62.67
Of Which:							
Personal	10.73	10.90	11.28	11.60	14.04	21.31	25.63
Company/Corporation	11.13	13.95	9.91	19.21	12.55	20.38	31.76
Taxes on Property	5.29	4.76	3.67	4.27	6.92	8.24	11.20
Taxes on Domestic Goods and Services	52.17	58.34	68.85	58.48	54.70	111.04	113.18
Of Which:							
Licences	1.10	1.14	4.17	3.24	1.03	3.45	4.26
Value Added Tax	36.81	40.79	44.20	40.20	36.55	75.21	76.75
Stamp Duties	8.71	10.67	15.72	9.07	10.96	21.75	20.03
Unincorporated Business Levy	1.20	1.44	1.76	1.53	1.59	2.61	3.12
Island Enhancement Levy	1.72	1.12	0.76	1.45	1.43	2.80	2.89
Taxes on International Trade and Transactions	25.19	38.52	35.90	36.23	33.50	52.61	69.73
Of Which:							
Import Duty	12.78	13.47	18.04	11.38	14.59	25.72	25.97
Customs Service Charge	9.01	11.96	11.24	11.51	10.38	18.34	21.89
Excise Tax	1.29	10.71	2.36	9.29	4.56	3.37	13.85
Non-Refundable Duty Free Store Levy	0.46	0.39	1.89	2.02	0.70	2.14	2.72
Non-Tax Revenue	126.57	75.22	141.37	122.91	53.02	198.14	175.93
Current Expenditure	150.19	141.61	203.16	128.68	180.97	280.24	309.65
Personal Emoluments	58.51	60.38	79.61	62.74	63.48	118.34	126.21
Goods and Services	32.48	34.76	57.49	34.60	40.17	69.43	74.77
Interest Payments	21.08	19.24	28.16	9.12	15.28	30.48	24.40
Domestic	16.31	15.51	23.68	5.66	11.78	22.82	17.44
External	4.77	3.72	4.48	3.46	3.50	7.67	6.96
Transfers and Subsidies	38.12	27.23	37.89	22.22	62.05	61.98	84.27
Of Which: Pensions	7.17	7.31	9.89	7.72	7.80	14.23	15.52
Current Account Balance	83.72	61.59	69.39	126.38	(3.32)	135.45	123.06
Capital Revenue	1.23	3.11	28.09	3.02	1.33	3.12	4.34
Grants	7.65	16.43	33.65	7.50	16.76	19.14	24.26
Of which: Capital Grants	7.45	15.44	2.85	7.30	0.66	18.64	7.96
Capital Expenditure and Net Lending	29.65	31.20	48.90	33.68	53.72	49.54	87.40
Of which: Capital Expenditure	29.51	30.73	48.84	28.24	37.99	49.41	66.23
Primary Balance after grants	84.02	69.17	110.38	112.34	(23.69)	138.66	88.66
Overall Balance after grants	62.95	49.93	82.22	103.22	(38.96)	108.18	64.26
Financing	(62.95)	(49.93)	(82.22)	(103.22)	38.96	(108.18)	(64.26)
Domestic	(56.96)	(44.74)	(17.35)	(86.16)	62.96	(96.35)	(23.20)
ECCB (net)	(4.93)	0.27	(30.97)	7.01	28.74	50.53	35.75
Commercial Banks (net)	(5.54)	203.41	(44.02)	(45.19)	7.91	(89.07)	(37.28)
Other	(46.49)	(248.41)	57.64	(47.98)	26.31	(57.80)	(21.67)
External	(5.99)	(5.20)	(64.87)	(17.06)	(23.99)	(11.83)	(41.06)
Net Disbursements/(Amortisation)	(5.99)	(5.20)	(64.87)	(17.06)	(23.99)	(11.83)	(41.06)
Disbursements	3.58	1.85	1.44	0.29	0.63	5.38	0.92
Amortisation	9.57	7.05	66.31	17.36	24.63	17.21	41.98
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, St Kitts and Nevis
Data as at 18 August 2015

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

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr
Net Foreign Assets	**2,234.26**	**2,211.91**	**2,269.31**	**2,363.88**	**2,485.09**	**2,410.12**
Central Bank (Net)	**941.01**	**955.12**	**932.76**	**859.71**	**856.61**	**781.16**
Commercial Banks (Net)	**1,293.25**	**1,256.78**	**1,336.55**	**1,504.17**	**1,628.48**	**1,628.96**
External (Net)	1,321.55	1,308.06	1,384.57	1,578.86	1,769.45	1,676.01
Assets	2,150.41	2,122.12	2,215.71	2,434.82	2,743.80	2,624.53
Liabilities	828.86	814.06	831.14	855.96	974.35	948.52
Other ECCB Territories (Net)	(28.31)	(51.28)	(48.02)	(74.69)	(140.97)	(47.05)
Assets	722.80	662.53	734.34	735.16	733.28	839.41
Liabilities	751.11	713.81	782.36	809.85	874.26	886.46
Net Domestic Assets	**583.95**	**562.47**	**535.00**	**591.25**	**600.81**	**657.40**
Domestic Credit	**1,039.04**	**1,032.34**	**1,005.63**	**1,012.58**	**946.74**	**982.61**
Central Government (Net)	343.98	333.51	537.18	(333.83)	(372.00)	460.67
Other Public Sector (Net)	(676.77)	(692.24)	(901.48)	(854.14)	(874.01)	(894.33)
Private Sector	1,371.84	1,391.07	1,369.92	2,200.55	2,192.76	1,416.27
Household	866.86	867.71	865.46	866.64	851.29	859.30
Business	416.52	431.43	443.00	479.42	490.17	501.56
Non-Bank Financial Institutions	49.30	50.80	18.82	16.20	15.33	15.32
Subsidiaries & Affiliates	39.15	41.14	42.63	838.30	835.96	40.10
Other Items (Net)	**(455.09)**	**(469.87)**	**(470.62)**	**(421.33)**	**(345.93)**	**(325.21)**
Monetary Liabilities (M2)	**2,818.21**	**2,774.38**	**2,804.31**	**2,955.13**	**3,085.90**	**3,067.52**
Money Supply (M1)	**585.57**	**558.78**	**520.71**	**582.11**	**599.01**	**608.81**
Currency with the Public	132.60	134.73	136.21	154.64	150.44	152.16
Demand Deposits	443.37	412.79	371.28	411.05	417.72	445.01
EC$ Cheques and Drafts Issued	9.61	11.26	13.22	16.42	30.85	11.64
Quasi Money	**2,232.64**	**2,215.60**	**2,283.60**	**2,373.02**	**2,486.89**	**2,458.71**
Savings Deposits	841.38	866.57	869.85	908.94	903.38	917.44
Time Deposits	632.55	617.93	587.08	585.53	630.99	627.83
Foreign Currency Deposits	758.71	731.10	826.67	878.55	952.52	913.45

Source: Eastern Caribbean Central Bank
Data available as at 18 August 2015

Table 41
Saint Lucia - Selected Tourism Statistics

	2014R 2ndQr	2014R 3rdQr	2014R 4thQr	2015R 1st Qr	2015P 2ndQr	2014 Jan - Jun	2015 Jan - Jun
Total Visitor Arrivals	185,049	159,266	305,575	407,274	203,629	569,227	610,903
Stay Over Arrivals	83,701	78,993	83,148	98,219	87,205	176,017	185,424
USA	40,553	33,402	32,859	40,258	43,484	76,321	83,742
Canada	6,666	5,178	11,732	20,371	6,086	24,592	26,457
UK	17,952	16,127	18,884	19,443	16,326	38,949	35,769
Caribbean	13,541	19,901	13,503	9,799	16,557	22,112	26,356
Other Countries	4,989	4,385	6,170	8,348	4,752	14,043	13,100
Excursionists	1,507	2,177	1,883	1,926	1,214	3,466	3,140
Cruise Ship Passenger	89,441	68,588	208,636	292,218	107,528	364,228	399,746
Number of Cruise Ships	50	24	120	196	48	242	244
Yacht Passengers	10,400	9,508	11,908	14,911	7,682	25,516	22,593
Total Visitor Expenditure (EC$M)	**240.12**	**217.08**	**276.84**	**358.69**	**256.07**	**560.22**	**614.76**

Source: Saint Lucia Tourist Board and ECCB Estimates
Data as at 18 August 2015

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

			Percentage Change*						
			Quarter over Previous Quarter						
		Index	2014R	2014R	2014R	2015R	2015P	Jun-14	Jun-15
	Weight	Jun 2015	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	Dec-13	Dec-14
All items	99.87	118.33	(1.03)	1.57	(0.41)	(1.08)	0.09	2.49	(0.99)
Food and Non-Alcoholic Beverages	25.02	124.98	(0.75)	4.44	0.39	0.59	(4.34)	1.42	(3.78)
Alcoholic Beverages, Tobacco & Narcotics	6.53	124.91	(2.92)	2.32	0.48	(0.63)	(2.64)	(3.20)	(3.25)
Clothing and Footwear	1.66	151.96	5.53	(9.20)	(1.66)	8.70	6.54	21.74	15.82
Housing, Utilities, Gas and Fuels	17.36	117.12	(3.14)	4.55	(1.12)	6.58	0.89	0.04	7.53
Household Furnishings, Supplies and Maintenance	3.31	109.29	(2.33)	(4.47)	0.55	(2.05)	0.91	(3.22)	(1.16)
Health	3.96	119.30	0.57	0.66	(5.97)	0.50	0.57	2.74	1.08
Transport	16.40	117.49	(1.57)	1.53	1.26	(8.83)	7.33	1.08	(2.14)
Communication	12.54	114.50	-	-	-	8.78	0.00	(4.05)	8.78
Recreation & Culture	1.37	92.93	(1.26)	(0.69)	3.71	2.99	(13.82)	21.96	(11.24)
Education	3.70	154.65	-	-	-	7.75	0.00	4.99	7.75
Hotels & Restaurants	1.10	117.63	0.74	(0.09)	0.09	0.42	10.05	(14.13)	10.52
Miscellaneous Goods and Services	6.92	97.59	(0.54)	1.59	(1.62)	(20.76)	0.69	9.22	(20.21)

*at end of period
Source: Central Statistical Office, Saint Lucia
Data as at 18 August 2015

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

	2014R 2ndQr	2014R 3rdQr	2014R 4thQr	2015R 1st Qr	2015P 2ndQr	2014 Jan - Jun	2015 Jan - Jun
Current Revenue	222.85	224.51	219.01	248.33	240.33	457.86	488.66
Tax Revenue	210.70	212.27	209.39	238.37	226.54	433.84	464.91
Taxes on Income and Profits	56.63	54.13	43.68	69.65	67.18	120.97	136.83
Of which:							
Personal	24.09	24.31	23.32	28.75	25.79	52.92	54.54
Company/Corporation	18.66	19.03	8.21	25.01	18.59	35.66	43.60
Taxes on Property	2.20	1.33	2.93	2.98	2.26	3.84	5.24
Taxes on Domestic Goods and Services	93.85	95.93	98.61	106.10	95.99	188.67	202.08
Of which:							
Consumption Duty	0.01	0.00	0.00	-	-	0.04	-
Licences	4.14	3.83	9.41	4.21	4.25	10.29	8.46
Excise Tax	0.62	0.93	0.97	0.94	1.12	1.59	2.06
Hotel Occupancy Tax	0.40	0.78	1.11	0.29	0.24	0.78	0.53
Value Added Tax	81.07	82.16	79.63	91.37	82.94	160.23	174.32
Taxes on International Trade and Transactions	58.02	60.88	64.17	59.64	61.12	120.36	120.76
Of which:							
Consumption Tax	0.06	0.04	0.01	0.00	-	0.20	0.00
Import Duties	25.16	24.20	28.47	23.39	26.11	48.87	49.50
Customs Service Charge	14.54	15.64	16.09	13.93	14.40	28.33	28.33
Excise Tax	16.47	16.96	16.87	16.33	18.68	31.89	35.01
Non-Tax Revenue	12.16	12.24	9.62	9.96	13.79	24.02	23.75
Current Expenditure	207.18	217.01	217.54	220.13	201.42	435.10	421.55
Personal Emoluments	94.81	94.17	94.35	93.49	86.12	191.83	179.62
Goods and Services	33.06	39.95	42.67	45.89	32.94	85.09	78.83
Interest Payments	36.68	39.76	33.66	32.38	44.10	70.52	76.48
Domestic	19.20	30.08	16.82	21.92	21.76	44.24	43.68
External	17.48	9.68	16.84	10.46	22.33	26.28	32.79
Transfers and Subsidies	42.63	43.12	46.85	48.36	38.26	87.66	86.63
Of which: Pensions	15.52	16.80	20.75	17.39	12.47	33.18	29.86
Current Account Balance	15.67	7.50	1.47	28.20	38.90	22.76	67.11
Capital Revenue	0.11	0.07	0.00	-	0.05	0.11	0.05
Grants	1.41	10.78	16.86	-	0.95	31.85	0.95
Of which: Capital Grants	1.41	10.78	16.86	-	0.95	31.85	0.95
Capital Expenditure and Net Lending	33.75	43.62	50.33	72.87	17.80	121.93	90.67
Of which: Capital Expenditure	33.75	43.62	50.33	72.87	17.80	121.93	90.67
Primary Balance after grants	20.13	14.47	1.65	(12.29)	66.21	3.32	53.92
Overall Balance after grants	(16.56)	(25.28)	(32.01)	(44.67)	22.11	(67.21)	(22.56)
Financing	16.56	25.28	32.01	44.67	(22.11)	67.21	22.56
Domestic	13.39	(3.24)	(34.94)	16.61	(10.94)	62.10	5.66
ECCB (net)	6.36	(44.02)	9.77	(14.80)	1.35	0.15	(13.45)
Commercial Banks (net)	42.24	(10.62)	(19.73)	(43.38)	13.16	13.62	(30.22)
Other	(35.21)	51.40	(24.98)	74.78	(25.45)	48.32	49.33
External	3.17	28.52	66.95	28.06	(11.17)	5.11	16.90
Net Disbursements (Amortisation)	3.17	28.52	66.95	28.06	(74.67)	5.11	(46.60)
Disbursements	16.91	40.78	101.49	88.27	12.93	26.56	101.20
Amortisation	13.74	12.26	34.53	60.21	87.60	21.45	147.81
Change in Government Foreign Assets	-	-	-	-	63.50	-	63.50
Arrears	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-
Other financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Saint Lucia and ECCB
Data as at 18 August 2015

Table 44
Saint Lucia - Banana Production

	2014R 2nd Qr	2014R 3rd Qr	2014R 4th Qr	2015R 1st Qr	2015P 2nd Qr	2014 Jan - Jun	2015 Jan - Jun
Volume (tonnes)	2,738	1,609	2,035	2,405	2,793	5,009	5,198
Value (EC$M)	4.99	3.46	3.65	4.59	5.09	9.12	9.68
Unit Price (EC$/ tonnes)	1,822.50	2,150.40	1,793.61	1,908.52	1,822.50	1,821.90	1,862.30

Source: Winfresh Ltd and ECCB Estimates
Data as at 18 August 2015

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

	2014R 2nd Qr	2014R 3rd Qr	2014R 4th Qr	2015R 1st Qr	2015P 2nd Qr	2014 Jan - Jun	2015 Jan - Jun
Total Exports	127.47	121.17	97.29	168.25	128.95	213.35	297.20
Total Domestic Exports	54.36	60.72	54.82	55.80	71.96	102.72	127.77
Total Re-Exports	73.11	60.45	42.48	112.45	56.99	110.64	169.43
Total Imports	418.34	355.70	448.05	408.11	349.99	841.43	758.10
Visible Trade Balance	(290.87)	(234.54)	(350.76)	(239.86)	(221.04)	(628.08)	(460.90)

Source: Central Statistical Office, Saint Lucia
Data as at 18 August 2015

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

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015[P] 2nd Qr
Net Foreign Assets	**(445.40)**	**(477.30)**	**(354.25)**	**(305.18)**	**43.70**	**201.93**
Central Bank (Net)	**508.71**	**524.51**	**645.01**	**635.38**	**834.14**	**864.15**
Commercial Banks (Net)	**(954.11)**	**(1,001.80)**	**(999.26)**	**(940.56)**	**(790.43)**	**(662.22)**
External (Net)	(294.29)	(337.57)	(303.30)	(200.75)	(138.66)	(12.19)
Assets	677.63	659.25	687.70	748.36	797.36	797.93
Liabilities	971.92	996.82	991.00	949.12	936.03	810.12
Other ECCB Territories (Net)	(659.82)	(664.23)	(695.96)	(739.81)	(651.77)	(650.04)
Assets	304.86	325.32	300.29	236.83	301.48	317.84
Liabilities	964.68	989.55	996.25	976.64	953.25	967.88
Net Domestic Assets	**3,385.12**	**3,412.26**	**3,213.63**	**3,193.12**	**2,981.87**	**2,839.63**
Domestic Credit	**3,894.96**	**3,935.62**	**3,739.18**	**3,579.47**	**3,475.85**	**3,338.67**
Central Government (Net)	273.17	321.77	267.12	257.17	198.99	213.50
Other Public Sector (Net)	(382.80)	(423.84)	(438.82)	(456.29)	(467.45)	(499.89)
Private Sector	4,004.60	4,037.70	3,910.87	3,778.60	3,744.31	3,625.07
Household	1,586.31	1,638.40	1,630.12	1,788.05	1,789.31	1,774.66
Business	2,380.21	2,365.62	2,251.96	1,962.33	1,926.38	1,803.51
Non-Bank Financial Institutions	24.19	23.98	19.32	16.66	18.96	32.69
Subsidiaries & Affiliates	13.88	9.70	9.48	11.56	9.66	14.20
Other Items (Net)	**(509.84)**	**(523.37)**	**(525.55)**	**(386.35)**	**(493.99)**	**(499.04)**
Monetary Liabilities (M2)	**2,939.72**	**2,934.96**	**2,859.38**	**2,887.94**	**3,025.57**	**3,041.56**
Money Supply (M1)	**777.95**	**749.29**	**705.11**	**748.57**	**790.52**	**783.98**
Currency with the Public	151.65	142.70	138.03	154.89	143.39	139.21
Demand Deposits	620.04	594.86	555.32	583.57	637.91	635.96
EC$ Cheques and Drafts Issued	6.26	11.73	11.77	10.10	9.22	8.81
Quasi Money	**2,161.77**	**2,185.67**	**2,154.27**	**2,139.37**	**2,235.05**	**2,257.58**
Savings Deposits	1,518.50	1,529.27	1,514.96	1,526.49	1,563.75	1,553.31
Time Deposits	447.40	372.81	376.04	369.54	385.01	408.30
Foreign Currency Deposits	195.87	283.59	263.27	243.34	286.30	295.97

Source: Eastern Caribbean Central Bank
Data available as at 18 August 2015

Table 47
St Vincent and the Grenadines - Selected Tourism Statistics

	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015R 1st Qr	2015P 2nd Qr	2014 Jan - Jun	2015P Jan - Jun
Total Visitors	35,588	22,114	58,569	90,493	30,668	124,251	121,161
Stay-Over Visitors	16,865	16,305	18,040	20,658	16,414	36,368	37,072
Of which:							
USA	4,975	4,363	4,889	5,806	5,299	10,586	11,105
Canada	1,644	1,417	2,020	2,340	1,564	3,766	3,904
UK	3,418	3,264	4,425	5,696	3,194	8,271	8,890
Caribbean	5,234	5,938	4,460	4,241	5,038	9,488	9,279
Other Countries	1,594	1,323	2,246	2,575	1,319	4,257	3,894
Excursionists	622	333	490	653	369	1,329	1,022
Yacht Passengers	10,470	5,351	10,685	20,366	9,829	30,863	30,195
Cruise Ship Passengers	7,631	125	29,354	48,816	4,056	55,691	52,872
Number of Cruise Ship Calls	27	7	83	107	22	132	129
Total Visitor Expenditure (EC$M)	56.48	45.98	63.07	86.50	53.00	140.39	139.50

Source: St Vincent and the Grenadines Tourism Authority
Data as at 18 August 2015

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

			Percentage Change*						
			Quarter over Previous Quarter						
		Index	2014	2014	2014	2015	2015P	Jun-14	Jun-15
	Weight	Jun 2015	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	Dec-13	Dec-14
All Items	100.0	105.50	-	0.19	-0.28	-1.68	-	0.19	-1.68
Food and Non-Alcoholic Beverages	21.91	110.50	0.44	0.44	-0.97	6.39	-7.84	0.80	-1.95
Alcoholic Beverages, Tobacco and Narcotics	3.87	110.10	-0.27	0.74	0.18	-0.18	0.46	0.46	0.27
Clothing and Footwear	3.22	102.80	0.09	-1.80	-0.87	-	-	-	-
Housing, Water, Electricity, Gas and Other Fu	30.06	99.80	0.19	-0.29	-2.10	-3.70	1.01	0.77	-2.73
Furnishing, Household Equipment and Routine	6.59	101.30	-0.10	0.30	0.10	-0.10	-	0.10	-0.10
Health	1.79	105.00	-0.58	-	-0.10	1.07	0.96	-0.87	2.04
Transport	11.84	119.80	0.25	0.49	2.03	-4.61	-0.08	-0.33	-4.69
Communications	9.41	100.80	-	-	3.94	1.69	-1.18	-	0.50
Recreation and Culture	3.81	102.80	-1.46	0.99	0.20	-	0.19	-1.93	0.19
Education	1.32	109.00	-	-0.27	-	-	-	-	-
Restaurants and Hotels	1.87	103.20	-	0.19	0.29	-0.19	-0.10	-0.29	-0.29
Miscellaneous Goods and Services	4.31	101.10	-0.10	0.20	0.10	0.10	-	-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 18 August 2015

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

	2014	2014	2014	2015	2015P	2014	2015P
	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	Jan - Jun	Jan - Jun
Visible Trade Balance	(227.00)	(203.75)	(231.19)	(173.23)	(183.96)	(412.43)	(357.20)
Total Imports	256.40	239.86	264.46	201.52	217.37	473.05	418.90
Total Exports	29.40	36.11	33.27	28.29	33.41	60.62	61.70
Re-Exports	4.84	9.69	1.32	2.01	4.21	8.93	6.23
Domestic Exports	24.56	26.42	31.95	26.27	29.20	51.69	55.48

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning, St Vincent and the Grenadines
Data as at 18 August 2015

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

	2014 2nd Qr	2014 3rd Qr	2014R 4th Qr	2015 1st Qr	2015P 2nd Qr	2014 Jan - Jun	2015P Jan - Jun
Current Revenue	130.67	122.76	159.83	120.84	121.55	249.73	242.39
Tax Revenue	116.40	113.58	140.37	112.77	114.85	214.32	227.62
Taxes on Income and Profits	28.60	28.12	56.56	29.45	30.67	52.48	60.12
Of which:							
Personal	19.24	16.79	16.72	18.83	16.93	38.00	35.76
Company/Corporation	5.53	8.39	22.81	5.26	10.63	8.98	15.89
Taxes on Property	0.44	1.69	1.20	(0.17)	0.90	1.12	0.73
Taxes on Domestic Goods and Services	65.82	62.40	56.69	64.92	59.21	121.50	124.13
Of which:							
Stamp Duties	12.40	4.96	4.92	8.90	4.84	16.26	13.73
Excise Tax	7.79	7.98	11.38	6.87	8.41	13.68	15.28
Value Added Tax	34.35	32.69	34.61	37.28	35.41	70.76	72.69
Licences	10.04	5.01	4.68	10.34	5.89	14.60	16.23
Taxes on International Trade and Transactions	21.54	21.37	25.92	18.56	24.07	39.23	42.64
Of which:							
Import Duty	12.49	11.89	15.10	10.71	12.79	22.37	23.50
Customs Service Charge	8.09	7.98	9.78	7.02	9.86	15.15	16.87
Non-Tax Revenue	14.27	9.18	19.45	8.08	6.70	35.40	14.78
Current Expenditure	125.58	136.75	129.70	117.65	129.86	242.47	247.51
Personal Emoluments	61.88	60.67	63.78	63.22	62.42	123.43	125.63
Goods and Services	16.72	20.11	23.38	11.97	17.05	31.05	29.03
Interest Payments	12.17	11.90	12.35	10.01	13.38	21.42	23.40
Domestic	7.90	6.26	8.44	4.90	7.81	12.59	12.72
External	4.27	5.64	3.91	5.11	5.57	8.83	10.68
Transfers and Subsidies	34.81	44.06	30.18	32.44	37.01	66.58	69.45
Of which: Pensions	14.24	14.12	15.00	14.91	15.19	29.51	30.10
Current Account Balance	5.09	(13.99)	30.13	3.20	(8.31)	7.26	(5.12)
Capital Revenue	0.17	0.26	0.12	0.16	10.36	0.35	10.52
Grants	3.78	8.97	7.94	1.25	2.16	3.78	3.41
Of which: Capital Grants	3.78	8.97	7.94	1.25	2.16	3.78	3.41
Capital Expenditure and Net Lending	6.11	39.92	60.20	15.55	17.42	25.09	32.98
Of which: Capital Expenditure	6.11	39.92	60.20	15.55	17.42	25.09	32.98
Primary Balance after grants	15.11	(32.77)	(9.67)	(0.94)	0.17	7.71	(0.77)
Overall Balance after grants	2.93	(44.68)	(22.02)	(10.95)	(13.22)	(13.71)	(24.16)
Financing	(2.93)	44.68	22.02	10.95	13.22	13.71	24.16
Domestic	(19.94)	(8.39)	9.62	69.81	14.52	(20.69)	84.33
ECCB (net)	(9.04)	3.23	5.85	28.78	(12.18)	(6.90)	16.60
Commercial Banks (net)	(5.76)	22.05	(7.16)	9.23	19.21	7.45	28.45
Other	(5.14)	(33.67)	10.93	31.80	7.49	(21.24)	39.29
External	38.19	51.35	(7.88)	(11.58)	(6.67)	53.79	(18.25)
Net Disbursements/(Amortisation)	38.19	51.35	(7.88)	(11.58)	(6.67)	53.79	(18.25)
Disbursements	48.26	62.81	2.32	2.06	3.60	74.59	5.67
Amortisation	10.07	11.47	10.20	13.65	10.27	20.79	23.92
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	(21.18)	1.72	20.28	(47.28)	5.37	(19.40)	(41.92)
Domestic	(21.18)	1.72	20.28	(47.28)	5.37	(19.40)	(41.92)
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance and Economic Planning, St Vincent and the Grenadines and the Eastern Caribbean Central Bank
Data as at 18 August 2015

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

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015 1st Qr	2015 2nd Qr
Net Foreign Assets	**519.40**	**544.97**	**489.25**	**508.23**	**481.57**	**446.25**
Central Bank (Net)	**379.57**	**392.02**	**387.94**	**421.43**	**398.34**	**387.22**
Commercial Banks (Net)	**139.83**	**152.95**	**101.30**	**86.80**	**83.23**	**59.03**
External (Net)	(25.12)	(7.42)	(28.93)	5.79	8.90	(5.75)
Assets	175.40	195.39	175.45	215.78	219.61	211.71
Liabilities	200.52	202.81	204.38	209.99	210.71	217.45
Other ECCB Territories (Net)	164.95	160.38	130.23	81.01	74.33	64.78
Assets	267.04	277.10	257.03	200.15	200.85	190.88
Liabilities	102.08	116.72	126.80	119.13	126.52	126.10
Net Domestic Assets	**802.61**	**813.12**	**858.47**	**900.40**	**945.39**	**982.20**
Domestic Credit	**1,012.77**	**1,005.80**	**1,029.30**	**1,020.24**	**1,063.65**	**1,104.49**
Central Government (Net)	79.44	64.64	89.92	88.61	126.62	133.66
Other Public Sector (Net)	(112.54)	(106.74)	(114.93)	(113.63)	(107.67)	(100.84)
Private Sector	1,045.87	1,047.90	1,054.31	1,045.26	1,044.70	1,071.67
Household	776.88	779.83	785.90	789.59	792.20	818.60
Business	249.02	248.32	248.81	235.61	232.94	233.04
Non-Bank Financial Institutions	15.96	15.75	15.60	16.06	15.56	16.04
Subsidiaries & Affiliates	4.00	4.00	4.00	4.00	4.00	4.00
Other Items (Net)	**(210.16)**	**(192.68)**	**(170.84)**	**(119.84)**	**(118.26)**	**(122.30)**
Monetary Liabilities (M2)	**1,322.01**	**1,358.09**	**1,347.71**	**1,408.62**	**1,426.96**	**1,428.45**
Money Supply (M1)	**387.11**	**385.37**	**383.10**	**426.30**	**419.68**	**427.09**
Currency with the Public	45.59	47.85	47.69	53.61	51.82	50.63
Demand Deposits	333.40	329.75	324.50	364.30	359.31	367.73
EC$ Cheques and Drafts Issued	8.12	7.77	10.92	8.39	8.55	8.73
Quasi Money	**934.91**	**972.72**	**964.62**	**982.33**	**1,007.28**	**1,001.36**
Savings Deposits	746.11	760.71	777.69	779.44	799.97	807.73
Time Deposits	133.29	136.53	130.93	130.09	128.29	130.14
Foreign Currency Deposits	55.51	75.49	56.00	72.79	79.01	63.49

Source: Eastern Caribbean Central Bank
Data available as at 18 August 2015

FISCAL CONSOLIDATION IN THE ECCU

RESEARCH DEPARTMENT

EASTERN CARIBBEAN CENTRAL BANK
ST KITTS AND NEVIS

1.0 INTRODUCTION

At the 81st meeting of the Monetary Council held on 24 February 2015, the Council agreed to the implementation of fiscal consolidation measures to facilitate the successful resolution of the challenges in the financial sector. In order to resolve the banking sector weaknesses, member governments may have to inject significant financial resources. However, based on their fiscal positions injecting funds from normal fiscal operations is a major challenge, and hence governments may resort to borrowing from domestic or external sources to support the financial sector resolution. In addition, there are a number of existing realities which warrant consideration for fiscal consolidation including the high debt burden, low and negative real sector growth and historically persistent fiscal deficits. In 2009, in response to the global economic crisis and the consequent unsustainable trajectory of fiscal and debt balances, the ECCU formulated the Eight Point Stabilization and Growth Programme, of which the first five points were aimed at restoring fiscal and debt sustainability and generating high levels of growth. Moreover, post the crisis, three member countries entered IMF Adjustment Programmes, of which only St Kitts and Nevis has seen significant improvement in the fiscal balances to date, partly due to the high levels of income from the Citizenship by Investment Programme. Despite these programmes, the ECCU economies are still laden with high levels of debt and on an annual basis incur fiscal deficits. Many of the economies are also falling short of the fiscal targets proposed by the Tax Reform and Administration Commission.

According to the literature fiscal consolidation, sometimes referred to as austerity, is a policy aimed at reducing the **underlying** fiscal deficit and the accumulation of debt. The success of the policy is largely influenced by how it is designed, implemented and monitored and is also heavily dependent on the economic and institutional fundamentals. Some schools of thought posit that the most effective fiscal consolidation strategy entails a combination of spending cuts and growth-enhancing reforms, as increasing taxes were more damaging to the economy and less effective in reducing deficits. It is also possible that fiscal consolidation and economic growth could co-exist especially if the adjustments are made on the expenditure side, as opposed to tax based adjustments which are more costly in output. Reducing the deficit by raising taxes is likely to result in deep and pronounced downturns with the likely effect of counterproductive fiscal adjustments. This policy note provides guidance on a possible fiscal consolidation strategy that may be best suited to the economies of the ECCU given their vulnerability to external shocks and natural disasters and the significant role of government as the main engine of growth and employment. A number of growth and revenue enhancing measures and expenditure adjustments are presented for consideration, highlighting the need for a strong institutional framework in support of a credible fiscal consolidation strategy.

2.0 MOTIVATION AND CONTEXT

The 2008 global economic and financial crisis exposed some of the underlying vulnerabilities of the ECCU economies. Due to the crisis, the fiscal and debt positions deteriorated and economic growth contracted as the main productive sectors, namely tourism and tourism related construction were adversely affected. Growth was further impeded by the negative effects on the banking system and business confidence. For the five-year period prior to the crisis, real GDP growth across the ECCU countries averaged 5.0 per cent but has since contracted, averaging negative 1.0 per cent from 2009 to 2014.

The negative growth outturn post the economic crisis, adversely affected the fiscal position of many member governments. On a consolidated ECCU basis, the fiscal deficit of the central government expanded to an average of 2.8 per cent of GDP over the period 2009-2014 from an average of 2.4 per cent of GDP over the period 2003-2007. Consequently, the ECCU's consolidated debt as a percentage of GDP reversed from a downward trajectory prior to the crisis of 74.7 per cent in 2008 from 95.0 per cent in 2004, to reach 82.0 per cent in 2014. On an individual basis many member governments have been diverging from the 60.0 per cent debt to GDP ratio target and have been unable to achieve the fiscal targets of tax revenue of 25.0 per cent of GDP, recurrent expenditure of 22-26 per cent of GDP and capital expenditure of 5-7 per cent of GDP, as established by the Commission on Tax and Tax Administration Reform.

These conditions along with commercial banks low return on investments and risky credit decisions contributed to the high levels of non-performing loans in the banking sector and reduced bank profitability and return on assets. Moreover, due to high levels of provisioning for loan loss, the capital adequacy ratios of some indigenous banks were severely impaired leading to the intervention of the Central Bank in two banks in Anguilla and one in Antigua and Barbuda. Resolving the financial stability issues in the aforementioned two countries and addressing the vulnerabilities of the national banks in the rest of the ECCU come with significant fiscal costs. In order to create some fiscal space to allow the governments to meet these fiscal costs and put the fiscal and debt positions on a sustainable trajectory, fiscal consolidation appears to be the most appropriate policy prescription.

3.0 SMALL HIGHLY INDEBTED AND VULNERABLE ECONOMIES (SHIVE)

Notwithstanding the revised debt to GDP target date to 2030, the level of adjustment required by many of the member states to bring down the debt indicators to the appropriate benchmarks is still significant that there is likely to be collateral damage to the productive and social sectors of the economy. As the CDB President said[1]:

"First of all, very large debt overhangs represent a drag on economic growth. Failure to tackle this problem in a substantive way, fairly early in the process, is likely to heighten the risk of premature abandonment of the adjustment programme. In short, the slow-burn approach to whittling down large debt overhangs is fraught with danger, and cries out for an urgent solution. This is especially so for countries which have demonstrated great resolve in adopting most the appropriate adjustment measures".

Thus innovative measures would be required to address the debt in the intervening years. In addition, given the structural issues these Small Island Development States face, it appears that member states would require a great percentage of concessional debt in their portfolios. An example of this is Dominica that received debt relief in 2004 but despite efforts to contain expenditure and commercial borrowing, the debt indicators are steadily moving into an area of concern. The realization of a regional strategy to address the debt overhang is vital to reduce the high debt service to revenue ratios at a time when the region is striving to meet its Millennium Development Goals (MDGs) as well as build up buffers to protect against the

[1] Remarks by the President of the CDB at the IMF 2014 High Level Caribbean Forum, Jamaica

natural disasters that impact the region on an annual basis. In this regard, member governments are endeavouring to complete their national debt strategies in relation to the SHIVE initiative in collaboration with the ECCB and CEMLA.

4.0 ELEMENTS OF FISCAL CONSOLIDATION

With the constraints of monetary policy due to the quasi currency board arrangement, fiscal policy is the main macroeconomic management tool. To formulate a fiscal consolidation strategy, member governments should utilize the Financial Programming Framework, the Debt Sustainability Analysis Framework, the Medium Term Debt Strategy (MTDS) and Medium to Long Term Development Strategies. Necessary reform policies should be consistent with the three-prong growth strategy and the Eight-point Growth and Stabilisation Programme, which consist of measures to enhance growth and competitiveness, fiscal and debt sustainability and financial stability. The appropriate speed of adjustment and the consolidation measures depend on a number of country specific factors such as the existing economic and institutional fundamentals. Suggested elements of a fiscal consolidation strategy for ECCU member economies are as follows:

4.1 Growth enhancing measures aimed at achieving growth rates of 5.0 - 7.0 per cent:

1. Diversification of the productive sectors (tourism, agriculture and manufacturing) to make them more resilient to external shocks and improve their competitiveness;
2. Increase the resilience and the capacity to respond to natural disasters by enforcing building codes, establishing a contingency fund and better fiscal planning;
3. Improve the competitiveness of exports by product enhancements, diversifying export markets and reducing the production costs by use of alternative sources of energy;
4. Encourage and support the development of alternative sources of energy;
5. Create an enabling environment to spur private sector activity and attract foreign direct investments through: infrastructural development; improving public sector efficiency in the delivery of services through public sector modernization; and reform of the education sector to meet the desired skills of the labour market;
6. Develop and maintain public-private sector partnerships (PPP);

7. Ensure a stable financial sector through enhanced supervision and regulation through the implementation of the necessary legislative reforms;
8. Revive and maintain the public sector investment programme (PSIP) to support growth and generate employment.

4.2 Fiscal Measures aimed at restoring fiscal and debt sustainability and meeting fiscal targets

4.2.1 Revenue enhancing measures:

1. Improve tax administration and compliance through the use of ICTs and the enforcement of tax laws – e.g. those related to garnishing of accounts and use of the judiciary;
2. Reduce and efficiently manage concessions which should increase revenue yields;
3. Conduct an audit of State Owned Enterprises (SOEs) to determine their viability, profitability and the fiscal risks they pose;
4. Efficiently and prudently manage Citizenship by Investment Programmes;
5. Continue to support public sector reform and modernization aimed at improving efficiency in the delivery of public services.

4.2.2 Expenditure reducing measures

1. Reduce or contain the growth in the wage bill;
2. Reduce outlays on goods and services by containing wastage and leakages and improving efficiency;
3. Contain subventions to SOEs and give consideration to privatization;
4. Efficiently manage social safety net programmes to avoid duplication of benefits and ensure effective targeting;
5. Implement proper debt management strategies to achieve debt and fiscal sustainability and solvency.

4.3 Quantitative Performance Criteria and Structural Benchmarks

Based on the measures proposed and in line with the targets proposed by the Tax and Administration Reform Commission, the following Quantitative Performance Criteria and Structural Benchmarks are suggested:

- Quantitative Performance Criteria
    1. Establish a target on central government revenue;
    2. Establishment of fiscal targets on the primary and overall balance;
    3. Establish a limit on capital expenditure to support growth;
    4. Establish a target on collection of arrears;
    5. A specific limit on the central government's wage bill
    6. Place a limit on the accumulation of domestic and external arrears;
    7. Establish and enforce a limit on commercial bank exposure to central government.
    8. A specific limit on disbursement of non-concessional short term external central government or central government guaranteed debt;
    9. Set a limit on contracting and guaranteeing debt of the non-financial public sector

- Structural Benchmarks
    1. Strengthen the Inland Revenue Department (IRD) and the Customs and Excise Department (CED) through the use of appropriate technology and public sector modernization, and deepen the relationship with the judiciary;
    2. Provide adequate training for staff of critical departments such as IRD, CED, Statistics, and Policy Units in the Ministry of Finance and Central Planning Division;
    3. Strengthen the supervision and regulation of the financial sector through the enactment of required legislation and implementation of effective monitoring

tools; and improve collaboration between the ECCB and the financial sector regulatory services.

4. Conduct a review of concessions and tax exemptions to streamline possible leakages and revenue loss.
5. Improve procurement systems and conduct a review of procurement laws and procedures;
6. Conduct audits of SOEs and set up an oversight committee and a reporting framework for SOEs.
7. Enhancement of the medium-term fiscal policy framework to promote fiscal and debt sustainability.
8. Development of an effective cash flow management system.
9. Strengthening the framework and institutional arrangements for public debt management.

4.4 Areas for Regional Cooperation

Developing the fiscal consolidation strategy provides an opportunity for strengthening collaboration among ECCU member states. Areas for regional cooperation include:

1. Engagement with the IFIs to provide technical assistance and financial resources;
2. The development of quantitative performance criteria and structural benchmarks;
3. The formulation of joint policies in the areas of public administration such as the budget process and tax administration;
4. Staff training and statistical development.

5.0 MAKING FISCAL CONSOLIDATION CREDIBLE

There are two factors that help to determine the credibility of a policy. These factors are the announcement of a policy and its' implementation. After an announcement of fiscal consolidation is made, the upfront implementation of the deficit-cutting measures is useful in gaining credibility and showing resolve. The intent must be known; concrete legislative steps to ensure future cuts should be accompanied with some immediate cuts. However, excessive front-loading can be problematic if the economy has not shown sufficient gains. The institutional mechanisms for strengthening fiscal governance such as increasing credibility, transparency, accountability and monitoring include the following:

- Development of a robust and reliable Public Finance Management (PFM) system and Medium Term Expenditure Framework (MTEF)[2] or multi-year budgeting. These are crucial pre-conditions for effective implementation and administration of rules based fiscal frameworks. Countries should ensure that their budgetary processes are in keeping with international best practices, and parliamentary provisions, and statistical systems are working efficiently. The development of MTEF adds credibility to the budgetary process by ensuring a transparent budgetary process in which government ministries establish contracts for the allocation of public resources towards agreed strategic priorities or fiscal goals over an average of three years. These should be supported by a robust monitoring and evaluation framework.

- Enhancing the policy making framework by ensuring that the necessary institutional arrangements and technical capacity are in place in the Policy Units, Planning Units and Debt Management Units. This would allow for robust financial monitoring via quarterly financial programing, setting of fiscal targets, the undertaking of corrective action where deviations from target occur and timely reporting to Cabinet. At the regional level, the Technical Committee of Financial Secretaries from the member countries would share the experiences of the financial programming exercise in each country and the status of the fiscal targets prior to their submission to the Monetary Council. This would also serve as the forum for the discussion of the main policy issues and would facilitate the coordination of fiscal policy at the Currency Union level.

2 http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/EXTPUBLICFINANCE/0,,contentMDK:20235448~pagePK:148956~piPK:216618~theSitePK:1339564,00.html

- Fiscal rules[3] including balance budget rules have become increasingly popular in developing economies. These rules or fiscal responsibility legislation impose long-term numerical constraints on budgetary aggregates such as debt, overall balance, expenditures or revenues. The rules should allow for flexibility in meeting budget targets by taking into account temporary deviations such as large output gap or structural changes. Fiscal rules are best when simply defined and supported by surveillance arrangements and when respected by the government and operated by a non-government agency. Chile provides a successful example of the implementation of fiscal rules. In the ECCU, Anguilla passed a Fiscal Responsibility Act in 2013 and Grenada is currently formulating the same.

- The establishment of stabilization funds which are important institutional mechanisms for improving fiscal space and mitigating fiscal shocks. Many stabilization funds are integrated with the budget with clear rules to guide the accumulation and withdrawal of fund resources. Although a stabilization fund can be a powerful fiscal tool to manage fiscal resources, its success is largely dependent on the government's commitment to fiscal discipline and macroeconomic management rather than on just the existence of the instrument itself. Proper designs and strong institutional environments that support their operations are critical factors for the success of stabilization funds.

- Member countries could also request support from the International Financial Institutions (IFIs) in formulating their fiscal consolidation strategy. This could include the Policy Support Instrument[4] from the IMF or bilateral arrangements.

[3] Establishment of a Conceptual Framework for Fiscal Rules: A Case for the OECS Economic Union by Zanna Barnard and Beverley Labadie #RD 504222

[4] The Policy Support Instrument (PSI) offers low-income countries that do not want—or need—Fund financial assistance a flexible tool that enables them to secure Fund advice and support without a borrowing arrangement.

6.0 CONCLUSION

The ECCU economies are confronted with a myriad of issues including low and negative growth, distress in the financial system and fiscal and debt challenges. Given these issues, fiscal consolidation seems inescapable. Developing an appropriate fiscal consolidation based on country specific realities is paramount to its success. Nevertheless, sharp corrections are needed in countries that already face high debt along with significant fiscal risks. Failure to consolidate will likely raise the cost of borrowing for some member governments and would undermine macroeconomic soundness and the stability of the Currency Union. Immediate cuts in spending upon the announcement of fiscal consolidation are likely to signal the authorities' commitment and improve credibility while concurrently enhancing transparency and accountability. An appropriate monitoring framework along with the publication of fiscal outcomes is critical in ensuring the success of the policy.