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The ECCB welcomes your questions and comments on this publication.

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The Eastern Caribbean Central Bank prepares a quarterly Economic and Financial Review for the entire OECS sub-region 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

During the first quarter of 2015, global economic growth remained moderate and uneven across countries and regions. Activity is estimated to have increased driven by generally favourable growth prospects for most advanced economies while the performance of emerging markets appeared to have slowed. The mixed performance of advanced economies largely reflected the estimated expansion in economic output in the USA in the first quarter of 2015 relative to the corresponding quarter in 2014, tempered somewhat by weak recoveries of the UK and the Euro Area economies. The performances of major emerging economies continued to be constrained by a number of factors including; geopolitical tensions, declining confidence in the prospects for some large emerging market economies and falling export prices, particularly petroleum. In China, the slowdown in economic growth was partly associated with policy shifts in that country to more domestic oriented long-term growth enhancing measures. Labour market conditions improved overall, concomitant on positive economic growth while inflationary pressures were subdued. Notwithstanding the general absence of inflationary pressures and continued evidence of financial sector repair, Central Banks remain cautious about the fragility of the global economic recovery and continued accommodative monetary policies, with interest rates remaining near historic lows.

For the remainder of 2015, global output is estimated to expand buoyed largely by some improvements in the prospects for advanced economies, partly moderated by a deceleration in the performance of emerging market economies. Growth in advanced economies will be led by the performance of the USA, while a protracted deceleration in emerging economies will be moderated somewhat by an expansion in the Indian economy. The performance for the remainder of 2015 faces some risks to the downside which include geopolitical tensions in Eastern Europe and the Middle East, which continue to cast uncertainty on economic prospects and investment possibilities. Other risks of a global nature include the potential for disruptive asset price shifts in financial markets, prolonged economic stagnation in Europe and a number of advanced economies and prolonged low inflation, which is a disincentive to economic producers.

Macro-economic Developments in the Major Economies

Real GDP and Labour Market Developments

The economy of the **USA** is estimated to have contracted by 2.9 per cent in the first three months of 2015 compared with a 1.9 per cent expansion in the first quarter of 2014. However, the performance represented a contraction of 0.2 per cent when compared with the fourth quarter of 2014. The major contributing factor to the lower GDP was a negative contribution from net exports as imports rose by 5.6 per cent from an initial increase of 1.8 per cent. The revision in the imports estimate reflected the effects of the port strike on the West Coast in February and the subsequent sudden unloading of imports in March. A decline in the performance of exports also contributed to the lower net exports position largely attributable to the appreciation of the US dollar to other major currencies. A lower estimate for inventory growth also negatively impacted the GDP performance partly influenced by the effects of winter storms in the months of January and February.

Consistent with the general improvement in the real sector in the USA, the rate of unemployment fell to 5.5 per cent in March 2015, compared with 6.7 per cent in March 2014 the lowest in seven years. The number of unemployed persons however, was largely unchanged at 8.6m and the civilian labour force participation rate was also relatively unchanged at 62.7 per cent in March 2015. Meanwhile, wages advanced by 4.8 per cent in March 2015.

The **UK** economy expanded by 0.3 per cent in the first three months of 2015 matching preliminary estimates but slowing from a 0.9 per cent increase in the corresponding period of 2014. The outturn reflected a decline in exports and higher imports which constrained the growth performance. Meanwhile, the UK unemployment rate fell to 5.5 per cent in the three months to March 2015 from 6.8 per cent in the first three months of 2014.

The **Eurozone** economy advanced by 0.4 per cent in the first three months of 2015, up from 0.1 per cent in the corresponding three months of 2014 and a 0.3 per cent expansion in the previous three months period. The increase represented the largest gain in seven quarters, preliminary estimates showed. The growth received a boost from the strong performance of Italy and France which recorded growth of 0.3 per cent and 0.6 per cent respectively, while Germany recorded a 0.3 per cent expansion in economic activity. The Euro Area seasonally-adjusted unemployment rate was 11.3 per cent at the end of March 2015, compared with an 11.0 per cent unemployment rate in corresponding period of 2014 and relatively unchanged when compared with the previous month. Among the Member States, the lowest unemployment rate in March 2015 was recorded in Germany (4.7 per cent), and the highest in Greece (25.7 per cent in January 2015) and Spain (23.0 per cent).

The **Canadian** economy expanded by 2.1 per cent in the first quarter of 2015 compared with a similar rate of growth in the corresponding quarter of 2014. The expansion was fuelled by increases in final consumption expenditure and gross fixed capital formation of 1.8 per cent and a lower net import position. The Canadian unemployment rate was recorded at 6.8 per cent in March of 2015, compared with a 7.0 per cent jobless rate at the end of March 2014.

The **Chinese** economy expanded by 7.0 per cent in the first quarter of 2015, down from 7.6 per cent in the corresponding period of 2014 and a 7.3 per cent increase in the previous three-month period. This represents the lowest growth rate since the March quarter of 2009, due to a slowdown in manufacturing and property investment. The unemployment rate in China remained unchanged at 4.10 per cent in the first quarter of 2015 from 4.10 per cent in the first quarter of 2014.

Commodity and Consumer Prices

During the first quarter of 2015 commodity prices declined, attributable to a surplus in the supply of primary fuels, excess supplies of metals and alloys coupled with slowing demand from China and abundant supplies of agricultural commodities. Lower oil prices are a combination of increasing supplies, weak demand and the continued strengthening of the US dollar. The price of West Texas Intermediate (WTI) fell to an average of US$48.5 per barrel during the first quarter of 2015 compared with an average price of US$98.7 per barrel during the first three months of 2014. WTI prices ranged from a low of US$43.4 per barrel in March 2015 to a high of US$105.3 per barrel in March 2014. The average price of UK Brent averaged US$54.0 per barrel in the first three months of

2015, significantly below the US$108.1 per barrel average in the corresponding period of 2014. Price variations for UK Brent ranged from a low of US$45.1 per barrel in January 2015, to a high of US$111.3 per barrel in March 2014.

In the case of non-energy commodities price declines were also observed. The average price of gold per ounce fell to US$1,250.8 in the first quarter of 2015 from US$1,293.3 in the corresponding period of 2014. The price of silver averaged US$16.7 per ounce in the first quarter of 2015 from US$20.5 in the comparable period of 2014. The FAO Food Price Index (FFPI) averaged 175.7 during the period under review compared with one of 208.5 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 90.3 per cent decline in average prices for the dairy index to a 6.2 per cent reduction in average prices in the meat index.

Consistent with the decline in commodity prices relative to the first quarter of 2014, inflationary pressures generally subsided in the major economies with a few notable exceptions. The Consumer Price Index (CPI) in the **USA** fell by 0.6 per cent in the quarter ended March 2015, directly attributable to falling energy prices. Consumer prices in the **UK** remained unchanged in March for the second consecutive month driven by a fall in prices of transport, leisure and food. It is the lowest rate since records began in 1989. Lower gasoline prices continued to be the largest downward contributor to the CPI in the 12 months to March, registering a 19.2 per cent decline. In **Canada** the CPI index increased by 1.2 per cent year-on-year in March of 2015, up from 1.0 per cent reported in the previous month, as prices increased in seven of the eight major components of the CPI. Excluding gasoline, the CPI increased 2.2 per cent on a year-over-year basis in March, matching the rise the previous month. **Euro Area** consumer prices fell by 0.1 per cent year-on-year in March, slowing from a 0.3 per cent decline in February and matching preliminary estimates. In March 2015, negative annual rates were observed in twelve Member States. The annual core inflation rate which excludes prices of energy, food, alcohol and tobacco slowed to 0.6 per cent in March 2015, from 0.7 per cent in the previous month. **China's** annual inflation rate was 1.4 per cent in March of 2015, the same as in the previous month and above market expectations. Food prices increased by

2.3 per cent while non-food costs rose at a slower rate of 0.9 per cent.

Monetary Policy Developments

Global financial conditions remained accommodative for the first three 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 91.8 at the end of March 2015 from a reading of 76.7 at the end of March 2014.

In the **USA**, no major policy changes were made following the winding down of asset purchases in the latter part of 2014, in response to the strength of the recovery in that country relative to other advanced economies, as well as an increase in the demand for US assets as evidenced by an appreciation in the currency relative to other major currencies. Overall, these developments combined with tepid inflationary pressures have exerted downward pressure on US long-term bond yields. Therefore, policy changes at the Federal Reserve Bank remain on hold as the Fed Funds rate remained within the target range of 0 to 0.25 per cent, during the first quarter of 2015.

On 4 March 2015 **the Bank of Canada** announced that it was maintaining its target for the overnight rate at 0.75 per cent. The Bank Rate was 1.0 per cent and the deposit rate was 0.5 per cent. The position of the Bank was based on its assessment of the Canadian economy's performance in the fourth quarter of 2014 which was consistent with the Bank's expectations. Expectations were that most of the negative impact on exports of lower oil prices would appear in the first half of 2015, although data for all of 2014 suggested that stronger growth in non-energy exports and investment was well underway. Financial conditions in Canada have eased since January, in response to the Bank's previous monetary policy action, therefore, in light of these developments, the inflation risks were assessed as more balanced coupled with increased financial stability. Therefore, policy makers assessed that the current degree of monetary policy stimulus was still appropriate and the target for the overnight rate was retained at 0.75 per cent.

In the **Euro Area**, the European Central Bank (ECB) announced on 22 January 2015 a larger-than expected programme of asset purchases, consisting of a combined monthly asset purchase. The initiative is aimed at fulfilling the ECB's price stability mandate, which will see the ECB add the purchase of sovereign bonds to its existing private sector asset purchase programmes in order to address the risks of an excessive period of low inflation. The policy actions were deemed necessary as the Economic Union slowly exits a protracted and deep economic downturn, further hampered by low inflation rates and subdued inflationary expectations which further threaten to stall the recovery.

Following historically low rates and a policy stance that has been accommodative the **Bank of England's** Monetary Policy Committee left unchanged the official Bank Rate at 0.5 per cent and the stock of purchased assets financed by the issuance of central bank reserves (US$584.5billion) at their 18 March 2015 Monetary Policy Committee Meeting.

The most significant policy change implemented by the **People's Bank of China** was the lowering of the reserve ratio by an additional 50 basis points for some urban and rural commercial banks and by an additional 400 basis points to China Agricultural Development Bank. The last time the central bank made a broad-based cut in the amount of cash banks must hold at the central bank was in May of 2012, when it lowered it by 50 basis points.

Prospects

The global economic outlook appears optimistic, with economic growth projected to increase to 3.5 per cent in 2015, from an estimated 3.4 per cent expansion in 2014. This positive outlook is projected to strengthen further to a 3.8 per cent increase in 2016 according to the April 2015 IMF World Economic Outlook. Performance will be led by a rebound in advanced economies primarily that of the **USA**, which is estimated to grow by 3.1 per cent compared with a 2.4 per cent increase in 2014. Major contributors to accelerated growth in the USA include the recent episode of lower commodity prices, largely energy; lower inflationary pressures; the gradual resolution of fiscal issues; recovery in the financial system and an improvement in the housing market. However, a mitigating factor to the upbeat economic performance includes a declining net exports position reflective of lower competitiveness as the US dollar strengthens against most major currencies.

The **UK** economy is projected to expand further in 2015 by 2.7 per cent compared with a 2.6 per cent expansion in 2014, supported by lower commodity prices, primarily fuel and some improvement in financial markets. These improvements in the outlook for the UK economy will provide the impetus for the normalization of monetary policy perhaps in the latter part of 2015 in lockstep with initiatives in the USA. The advance in the performance of the UK economy is projected to moderate somewhat in 2016 to a 2.3 per cent rate of expansion.

The **Bank of Canada** estimates real GDP growth of 1.9 per cent in 2015 and 2.5 per cent in 2016, as the effects of the lower price shock to oil exports recedes and non-energy exports strengthen. Additionally, increasing investment and improving labour markets in response to easing financial conditions, coupled with an improvement in US demand for Canadian exports may buoy economic activity into 2016.

The short to medium-term prospects for the **Euro Area** are improving, however underlying growth factors, specifically private investment, remain weak. Growth prospects will also be constrained by the legacy impacts of the crisis on a number of the member countries. On the upside, economic activity will be buoyed by low energy costs and interest rates, increasing competitiveness associated with a depreciation in the Euro and the gradual elimination of fiscal austerity measures. The European Central Bank estimates GDP growth of 1.5 per cent in the Euro area in 2015 and an improved performance of 1.9 per cent in 2016. The improved outlook is based on the positive impacts on real disposable incomes of households from lower fuel prices. It is anticipated that a significant amount of the increase in disposable income will be spent by consumers. Other factors positively impacting output include, increasing external demand for Euro Area exports attributable to the depreciation of the euro; increased domestic demand and fixed capital formation associated accommodative monetary policy primarily the ECB’s expanded asset purchase (APP) and an easing of credit supply constraints. Economic growth in the Euro Area will be led by the performance of the German economy which is estimated to expand by 1.6 per cent in 2015, with France and Spain expanding at 1.2 per cent and 2.5 per cent respectively.

Economic growth is **China** is estimated to decelerate to a 6.8 per cent pace in 2015, and a slower 6.3 per cent rate of increase in 2016, reflective of deliberate attempts by policy makers to transition the country toward a more sustainable growth path, one that is less reliant on investment and skewed more to increasing domestic demand and consumption. These developments will be counterbalanced by ongoing efforts by the authorities to reduce vulnerabilities associated with rapid credit expansion in the recent past and place the economy on a more sustainable growth path.

The prospects for global economic growth appears to be more balanced, distribution of risks more equitable than in the recent past, however significant downside risks to the projections remain. Geopolitical tensions which could intensify, adversely impacting major economies persist. Other risks include disruptions to major financial markets precipitated by the withdrawal of accommodative monetary policies by Central Banks in advanced economies which could be disrupt investor expectations and induce unplanned portfolio shifts. Further strengthening in the US dollar could raise financial tensions especially in emerging markets. A persistent disinflationary environment and the risk of economic stagnation represent other factors that add caution to the global outlook.

DOMESTIC ECONOMIC DEVELOPMENTS

Overview

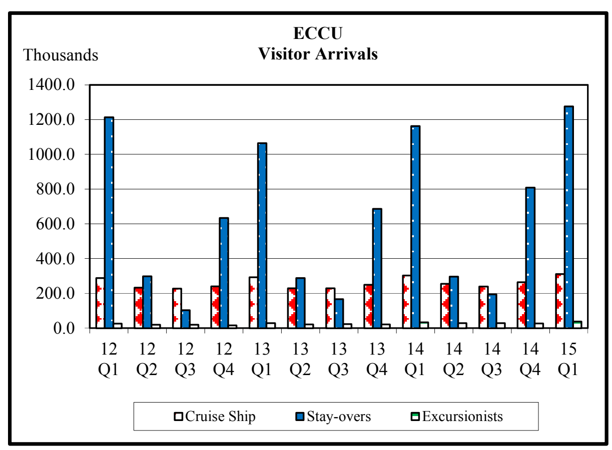
The economic recovery in the ECCU is estimated to have proceeded apace in the first quarter of 2015 relative to the corresponding period of 2014. The tourism industry and the agricultural sector provided the key impetus for growth with positive spill over effects on other sectors of the economy. The overall expansion was moderated somewhat by subdued activity in the construction and manufacturing sectors. Four member countries registered growth; the general performance was flat in one; while economic activity contracted in the remaining three countries. Amid the economic recovery, the fiscal operations of the Central Governments resulted in an overall surplus in contrast to an overall deficit in the first three months of 2014, largely attributed to developments on the current account. Consequently, the stock of total public sector debt decreased. The merchandise trade deficit narrowed, primarily on account of a reduction in import payments. In the banking sector, monetary liabilities (M2) and net foreign assets rose, while domestic credit decreased. The liquidity position of commercial banks in the currency union increased and the spread between the weighted average interest rate on loans and deposits widened.

On current policies, the economic recovery is likely to be sustained throughout the remainder of 2015. The outlook, on the upside, mirrors improvements in external conditions and robust growth in key domestic sectors including tourism and agriculture. Price pressures are expected to be contained during the rest of the year. The financial sector is anticipated to remain stable, supported by the implementation of a bank resolution strategy for the ECCU. Fiscal imbalances are projected to narrow over the near-term and in the external sector, the merchandise trade deficit is expected to widen marginally. Present circumstances remain challenging for the ECCU and while the ECCB has taken a monetary policy stance to support the recovery, the difficulties confronting the private sector and central governments can constrain growth more than anticipated. Other downside risks to the outlook include a reversal in the declining trend of global energy prices and adverse weather.

Output

Activity in the tourism industry increased during the first three months of 2015, relative to the outturn in the corresponding period of 2014. Total visitor arrivals rose by 7.8 per cent to 1.7m, compared with an 8.1 per cent rate of growth recorded in the first three months of 2014. There were improvements in the sub-categories of all visitors, with the exception of yacht passenger arrivals, which declined by 5.2 per cent to 56,844. All ECCU member states witnessed a fall in the number of yacht passengers, particularly St Kitts and Nevis and Antigua and Barbuda which experienced rates of contraction of 33.6 per cent and 13.5 per cent respectively. The number of cruise passengers, the largest sub-category, rose by 9.7 per cent to 1.3m, relatively on par with the rate of growth observed in the first three months of 2014. This outturn was influenced by an increase to 880 from 832 in the number of cruise ship calls.

Stay-over visitor arrivals, the second largest sub-category, grew by 2.7 per cent to 312,985, just below the rate of growth of 3.2 per cent in the comparable period of 2014. The increase was primarily led by higher arrivals of 6.6 per cent in both the USA and the Caribbean markets. Arrivals from the largest source market, the USA, were boosted by additional airlift and intensified marketing efforts. Arrivals from the UK and Canada fell by 2.7 per cent and 1.6 per cent respectively, reversing the gains observed in these source markets in the first quarter of 2014. Among the member countries, there were increases in stay-over arrivals in St Kitts and Nevis (11.4 per cent), Saint Lucia (6.4 per cent), Anguilla (6.0 per cent), St Vincent and the Grenadines (5.9 per cent) and Grenada (4.7 per cent). By contrast, reductions were observed in Montserrat (16.5 per cent), Antigua and Barbuda (6.4 per cent), and Dominica (0.3 per cent). In the rest of the tourism industry, there was a 13.7 per cent rise in the number of excursionists stemming from developments in Anguilla, St Kitts and Nevis and Dominica.



Output in the agricultural sector is estimated to have increased, partly on account of a rebound in banana output. Banana production rose by 8.5 per cent to 4,507.2 tonnes, recovering from a decline of 20.8 per cent in the first quarter of 2014, when the crop was more severely affected by the Black Sigatoka disease and inclement weather. The total output of non-banana crops such as cocoa, pumpkin, watermelon, and peanuts is also estimated to have risen.

The developments in the tourism industry and agricultural sector are estimated to have impacted positively on wholesale and retail trade; transport, storage and communications; and the real estate, renting and business activities sectors.

Construction activity is estimated to have remained relatively flat in the quarter under review, compared with the first three months in 2014. Increased activity in Anguilla, St Kitts and Nevis, Saint Lucia, and St Vincent and the Grenadines tempered declines in Antigua and Barbuda, Dominica and Montserrat. Construction activity in Grenada is estimated to have remained flat. Private sector construction is estimated to have increased and was concentrated on hotel and villa establishments predominantly in Anguilla and St Kitts and Nevis. This increase was counteracted by a contraction of 3.9 per cent in the public sector capital investment spending, largely on account of developments in Saint Lucia and Montserrat. Public sector activity focused on road development, an international airport, water projects, and an athletic stadium.

Activity in the manufacturing sector is estimated to have remained weak in the period under review. A decline was registered for this sector in Dominica, partly associated with lower production of beverages. While St Vincent and the Grenadines and Saint Lucia experienced greater production of beer and beverages respectively, the overall performance of the sector in these countries was not robust. The outturn in St Vincent and the Grenadines, which was less favourable than that of Saint Lucia, was constrained by lower production of rice and flour. By contrast, manufacturing activity rebounded in Grenada, largely stemming from increases in the output of most beverages, animal feed, macaroni, toilet paper and flour. An improvement was also observed in St Kitts and Nevis as evidenced by higher levels of exports of electronic components.

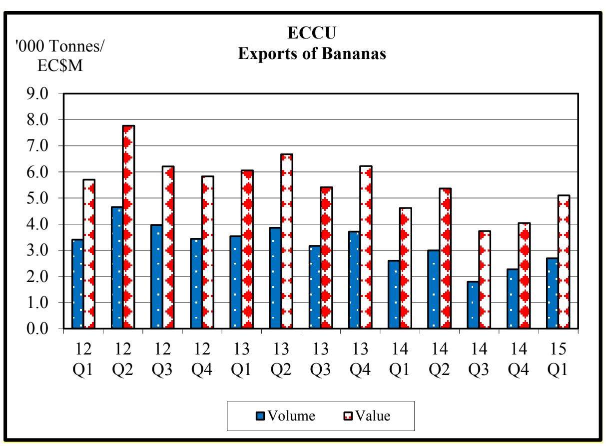
Prices

Consumer prices fell by 1.2 per cent on average during the first quarter of 2015, a reversal from the 1.0 per cent increase observed during the first three months of 2014. This outturn reflected the impact of lower international oil prices on domestic price levels. The average price of gasoline in the ECCU member countries during the first three months of 2015 was estimated at $12.10 per gallon, lower than the average price of $15.51 recorded during the corresponding period of 2014. Consequently, the fuel related sub-indices in the consumer price index recorded the largest declines, namely transport and communication (4.7 per cent) and fuel and light (1.2 per cent). Both the alcoholic drink and tobacco and the household and furniture equipment sub-indices fell by 0.5 per cent, while the medical care and expenses sub-index decreased by 0.4 per cent. These declines were muted by increases in the sub-indices for clothing and footwear (3.8 per cent), food (1.3 per cent), personal services (1.5 per cent), housing and utilities (1.0 per cent), and education (0.1 per cent). In those territories where consumer prices were lower, the most significant declines were recorded in St Vincent and the Grenadines (1.7 per cent) and Dominica (1.7 per cent). The only member country which did not experience deflation was Antigua and Barbuda, whereby the increased cost of items such as food, levelled off the decline in the fuel-related sub-indices leading to overall prices remaining flat during the review period.

Trade and Payments

Preliminary estimates indicate that the merchandise trade deficit narrowed to $1,383.2m from $1,467.7m largely on account of a reduction in import payments. Import payments contracted by 4.9 per cent, to $1,605.4m, reflecting the impact of lower international oil prices. Import payments for mineral fuels and related materials registered the largest decline of $77.5m (19.1 per cent). The value of imports fell in Antigua and Barbuda, Saint Lucia and St Vincent and the Grenadines. At the same time, the value of exports rose by 1.2 per cent to $222.2m, attributed to higher earnings from re-exports. Domestic exports fell by 0.8 per cent to $150.6m. There were lower export earnings of flour, rice and feeds in St Vincent and the Grenadines. Likewise, there were less domestic receipts from fish and total agricultural exports, including nutmeg, in Grenada. Earnings from export of bananas rose by 10.4 per cent ($0.5m) to $5.1m, mirroring the recovery in production.

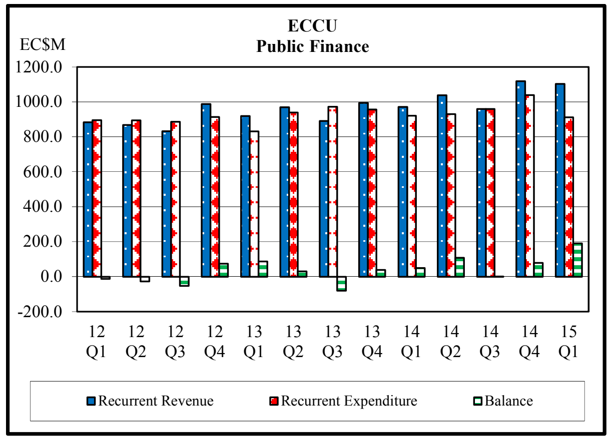
Gross travel receipts rose by 4.4 per cent to $1,121.2m, in line with growth in visitor arrivals. Commercial bank transactions resulted in a net outflow of $582.3m in short-term capital compared with a net outflow of $443.4m in the corresponding period of 2014. Disbursements of foreign loans to central governments stood at $115.0m, compared with $70.8m during the comparable period in 2014. Loan amortisation amounted to $139.8m, up from $70.0m during the first quarter of 2014. Consequently, these transactions resulted in an external net amortisation position for central government of $24.7m, in contrast to a net disbursement position of $0.8m in the first three months of 2014.



Central Government Fiscal Operations

The consolidated fiscal operations of the central governments resulted in an overall surplus of $83.2m, in contrast to a deficit of $38.1m in the first quarter of 2014. All member countries incurred either a reduction in their overall deficits or an expansion of their overall surpluses, with the exception of Dominica, which experienced a widening of its deficit. Notably, the overall surplus of St Kitts and Nevis more than doubled to $104.9m in the review period. The turnaround in the overall balance position of the ECCU was largely associated with developments on the current account. All member countries, with the exception of Montserrat, registered current account surpluses. These surpluses ranged from $3.2m in St Vincent and the Grenadines to $125.6m in St Kitts and Nevis.

The current operations of the central governments generated a surplus of $190.7m, compared with one totalling $49.3m in the first quarter of 2014. The expansion in the surplus was mainly due to an increase in the largest component of current revenue, tax revenue, consistent with the improvement in macroeconomic conditions. Current revenue grew by 13.6 per cent to $1,102.7m, largely reflecting a 9.6 per cent ($79.9m) rise in tax revenue. There was an improvement in the yield from all major tax categories. Collections from taxes on domestic goods and services rose by 7.7 per cent ($30.7m), mostly attributed to growth of 9.2 per cent ($21.0m) to $248.8m in Value Added Tax (VAT) receipts. There were higher intakes of the VAT across member countries, chiefly in Saint Lucia and Grenada. Revenue from taxes on income and profits rose by 14.4 per cent ($26.5m), driven by higher receipts of both company tax (33.6 per cent) and personal income tax (2.3 per cent). Higher receipts of 7.9 per cent ($18.2m) from international trade and transactions stemmed partly from growth in the consumption tax and customs service charge. The property tax yield strengthened by 27.1 per cent ($4.6m), reflecting increases in this tax category in most member countries with the exception of Montserrat and St Vincent and the Grenadines. Overall, increases in tax revenue ranged from 2.3 per cent in Dominica to 19.9 per cent in St Kitts and Nevis. Non-tax revenue rose by 37.2 per cent ($52.1m) primarily buoyed by higher inflows from the Citizenship by Investment Programmes in St Kitts and Nevis and Antigua and Barbuda.



Current expenditure fell by 1.0 per cent to $912.1m reflective of fiscal adjustment efforts to contain this kind of expenditure. Outlays on personal emoluments, the largest sub-component, were down by 2.2 per cent ($9.2m). There were lower outlays for personal emoluments in Grenada (15.4 per cent), Montserrat (11.6 per cent) and Saint Lucia (3.6 per cent). Payment for goods and services declined by 1.6 per cent ($2.9m), largely on account of developments in Saint Lucia, which had the largest decline ($2.4m), followed by Dominica ($2.5m) and then both St Kitts and Nevis ($2.4m), and St Vincent and the Grenadines ($2.4m). There was a 0.5 per cent ($0.9m) contraction in transfers and subsidies, as lower transfer payments, chiefly in Antigua and Barbuda and Montserrat, were moderated by higher pension payments in some of the member territories. The decline in current expenditure was tempered by an increase of 3.3 per cent

($3.6m) in interest payments, as external interest obligations rose in most ECCU member states.

On the capital account, expenditure fell by 3.9 per cent to $200.4m, as there were delays in the implementation of some projects while others neared completion. The largest reductions in capital outlays were recorded in Saint Lucia ($15.3m) and Montserrat ($8.5m). Capital grants totalled $67.4m, representing a reduction of 33.4 per cent from the amount received in the first quarter of 2014, chiefly resulting from developments in Dominica and Saint Lucia.

Public Sector Debt

Amid the improvement in the fiscal performance, the total outstanding debt of the public sector fell by 2.1 per cent to $13,087.3m during the period under review. The reduction stemmed mainly from a contraction of 11.5 per cent to $1,588.3m in the debt of public corporations. Central governments' outstanding debt also fell, but at a slower pace of 0.6 per cent to $11,499.0m. The stock of outstanding domestic debt of central government fell by 4.6 per cent to $4,900.0m, while its external debt rose by 2.5 per cent to $6,599.1m. Of the member countries, declines were recorded in the total public sector debt in all of the countries except Saint Lucia and Dominica which recorded increases of 0.5 per cent and 0.9 per cent respectively.

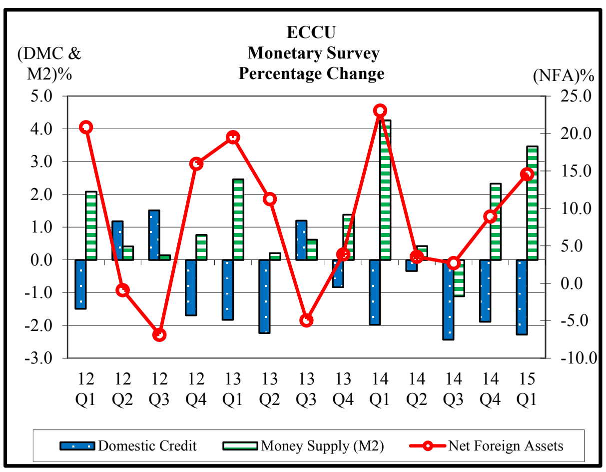
Monetary and Financial Developments

Money and Credit

Monetary liabilities (M2) grew by 3.5 per cent to $15,325.7m, reflecting growth in both quasi money and narrow money (M1). Quasi money rose by 3.2 per cent ($367.9m) to $11,990.9m, mainly resulting from expansions in foreign currency deposits (8.3 per cent) and private sector savings deposits (1.8 per cent). M1 rose by 4.6 per cent ($146.1m), stemming from increases in private sector demand deposits (7.0 per cent) and EC dollar Cheques and Drafts Issued (6.7 per cent).

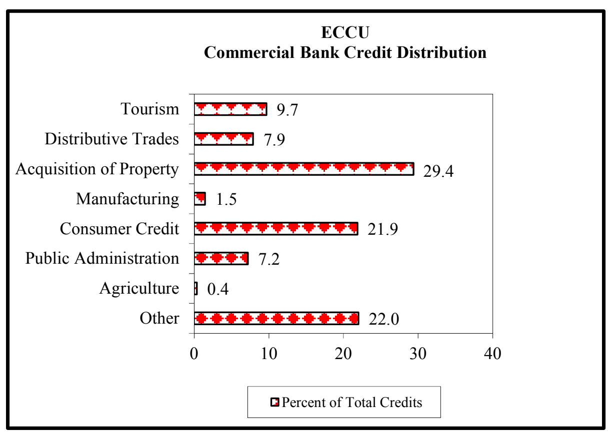
The net foreign assets of the ECCU banking system grew by 14.6 per cent to $5,683.1m during the quarter under review. The higher net external position reflected increases in the net foreign assets of both the commercial banks (50.4 per cent) and the Central Bank (3.7 per cent). The Central Bank's net foreign assets amounted to $3,945.0m.

Domestic credit fell by 2.3 per cent to $11,134.5m during the review period, partly associated with reduced credit to the private sector. Credit to the private sector declined by 0.9 per cent, influenced by lower credit to businesses (1.0 per cent) and households (0.9 per cent). Net credit to the general government fell by 19.2 per cent, reflecting the combined effect of an increase of 1.7 per cent in deposits and a contraction of 3.1 per cent in credit from the banking system. The net deposits position of non-financial public enterprises rose by 3.3 per cent as their deposits rose by 2.8 per cent.



An analysis of the distribution of credit by economic activity indicated that outstanding credit declined to most sectors with the exception of construction, for which credit grew by 1.5 per cent. There were declines in credit for tourism (3.5 per cent), distributive trades (2.5 per cent), manufacturing, mining and quarrying (2.0 per cent) and agriculture and fisheries (0.2 per cent). Lending for personal use, the largest category, fell by 0.6 per cent partly reflecting declines in credit for the acquisition of property and for durable consumer goods.

Commercial bank liquidity rose during the period under review, underscored by a 2.7 percentage points increase to 40.7 per cent in the ratio of liquid assets to total deposits plus liquid liabilities in addition to a 0.5 percentage point rise to 14.8 per cent in the ratio of cash reserves to deposits. The loans and advances to deposits ratio fell to 66.0 per cent from 69.1 per cent at the end of December 2014, resulting from a contraction in total loans and advances coupled with larger deposits.



With regard to interest rate developments, on 24 February 2015, the Monetary Council of the Eastern Caribbean Central Bank (ECCB) announced its decision to reduce the minimum savings deposit rate from 3.0 per cent to 2.0 per cent. This adjustment would be effective from 1 May 2015. The previous adjustment was in September 2002 when the rate was reduced from 4.0 per cent to 3.0 per cent. The spread between the average weighted interest rate on deposits and loans widened to 6.42 per cent at the end of March 2015, from 6.22 per cent at the end of December 2014. The weighted average lending rate rose to 8.90 per cent from 8.80 per cent, while the weighted average interest rate on deposits fell to 2.48 per cent from 2.58 per cent at the end of December 2014.

Developments on the RGSM

Activity on the primary market for government securities fell during the first quarter of 2015, in line with the improved fiscal performance and the reduced financing needs of member governments. Gross funds issuance amounted to $182.0m, below that of $200.5m during the first quarter of 2014. This total represented the issuance of ten (10) instruments, down from eleven (11) in the corresponding quarter of last year. The contraction was associated with a reduction in issuance by the governments of St Vincent and the Grenadines and Antigua and Barbuda. There were seven (7) 91-day Treasury bills, one (1) of each in the 180-day and 365-day Treasury bills, and one (1) 5-year bond auctioned during the review period. Dominica, the only country experiencing deterioration in its overall fiscal deficit, was the also the only country which increased its auctions and issued the 5-year bond at $25.0m. This outturn compares with the corresponding period of 2014 when Antigua and Barbuda was the only country that issued a bond - 7-year at $13.5m. While the securities were concentrated in the short end of the market, the value of Treasury bill issues, which totalled $157.0m, was below the value of $187.0m registered for the same instruments during the first quarter of 2014. The government of Saint Lucia, which continued to be the primary issuer, maintained its January to March 2014 investment portfolio on the market – three (3) auctions totalling $52.0m and split between the issuance of 180-day and 91-day Treasury bills. St Vincent and the Grenadines followed with two (2) auctions of 91-day Treasury bills totalling $50.0m compared with three (3) auctions of 91-days Treasury bills totalling $75.0m during the first quarter of 2014.

The data indicated increased investor sentiment in the market, particularly from businesses and private individuals. The bid-to-cover ratio, which represents the value of bids received in an auction divided by the value of bids accepted, rose to 1.48 from 1.21 during the comparable period of 2014, reflecting an increase of 6.8 per cent to $272.1m in the value of bids. The higher the demand by investors at the auction, the higher the ratio would be. There was one under-subscription during the first three months of 2015, as the 365-day Treasury bill valued at $10.0m and issued by the Government of Antigua and Barbuda only raised $6.4m. This is similar to the outturn in the corresponding period of 2014 when there was one under-subscription experienced by the same country which raised $4.1m for the same type of instrument and issue amount.

The weighted average interest rate on a 91-day Treasury bill declined to 3.58 per cent at the end of March 2015 from 4.24 per cent at the end of March 2014. Yields for 180-day Treasury bills fell to 3.75 per cent, from 6.0 per cent at the end of March 2014. The yield for the longer-term, 5-year bond was 7.0 per cent at the end of March 2015, lower than the rate of 7.25 per cent for the 7-year bond issued during the first quarter of 2014.

Secondary market trading activity declined during the first quarter of 2015. The value of secondary trading fell to $0.4m, from $5.5m during the corresponding period of 2014.

Prospects

The ECCU seems poised for growth in 2015, premised on anticipated developments locally and internationally. The major growth drivers are anticipated to be the tourism industry, agricultural and construction sectors. The near term outlook for the tourism industry hinges on additional airlift, strengthened marketing campaigns, special events, and increased economic activity in the main source market, the USA and other developed countries. The April 2015 World Economic Outlook of the International Monetary Fund provides some of the basis for the optimistic tourism outlook, whereby it predicted that, in 2015, growth in the global economy and in the USA would be 3.5 per cent and 3.1 per cent respectively. Furthermore, continued low oil prices are expected to provide a boost to demand for the region’s tourism services. The growth projection for the agricultural sector is contingent on progress with diversification efforts, increased involvement of the youth in farming, the receipt of additional external funding to support the banana industry, and the commissioning of new farm infrastructure. The pace of construction activity is likely to strengthen as a number of public and private sector projects come on stream. Public sector construction activity is likely to be concentrated in road works, government buildings, housing projects, airport development, health and geothermal energy infrastructure. In the private sector, work will focus on residential properties, tourism related projects such as those in Anguilla, Antigua and Barbuda, Grenada and St Kitts and Nevis.

The forecasted developments in the tourism industry, agricultural and construction sectors are likely to impact positively on wholesale and retail trade; transport, storage and communications; and the real estate, renting and business activities sectors. Additionally, a slight uptick in manufacturing activity is anticipated in the remainder of the year, but the sector is likely to provide a smaller impetus to overall growth this year relative to the other sectors. These forecasts were corroborated by the results of the recent Eastern Caribbean Central Bank's Business Outlook Survey which indicated that business owners in the ECCU have a positive outlook for construction, manufacturing and tourism for the first six months of 2015.

Inflationary pressures are likely to remain subdued for the rest of the 2015 as inflation and its expectations in most advanced economies are below target and in some cases still falling. Lower international oil prices will help to reduce inflationary pressures and external vulnerabilities. The fuel pass-through mechanism varies across member countries; therefore those with more limited mechanisms would experience a delayed impact of any continued fall in global oil prices.

Fiscal imbalances for most member countries are estimated to narrow over the near-term, linked in part to the anticipated strengthening of the economic recovery and the positive fiscal effect of the Citizenship by Investment Programmes. The reduction in the aggregate ECCU overall fiscal deficit is primarily contingent on the fiscal outturn in St Kitts and Nevis.

In the external sector, merchandise trade deficit is expected to widen marginally, given the projected growth in domestic income and the structurally high ECCU import content. Import payments, albeit tempered by lower international oil prices, are likely to be higher to support the construction sector and greater domestic demand. Export receipts are likely to improve, in line with strengthened demand from major trading partners, but may not be sufficient to offset import payments. Gross travel receipts are projected to rise, consistent with forecasted growth in stay over arrivals, while foreign direct investment flows are anticipated to increase as work intensifies on tourism related projects.

The banking system is anticipated to remain stable, in tandem with increased real sector activity and the ECCB's continued implementation of its comprehensive bank resolution strategy. This strategy will focus on, inter alia, protecting depositors; strengthening the regulatory and supervisory framework through the introduction of a new Banking Bill; drafting regional foreclosure legislation to allow for more efficient management of collateral by financial institutions; establishing a Deposit Insurance Fund; and developing the Eastern Caribbean Asset Management Corporation to assist with the management of non-performing loans.

The recent easing of the monetary policy stance by the ECCB, through the reduction of the minimum savings rate, may trigger a commensurate fall in lending rates which can possibly foster more private sector credit and support economic growth. Furthermore, if deposits rates in the banking system decline, ceteris paribus, private individuals and businesses may further increase their investment activity on the RGSM as they continue to move to higher yielding investment opportunities.

There are persistent challenges in the ECCU that can weaken these prospects. The February 2015 extension of the timeline for achieving the debt to GDP target (60.0 per cent) by 2030, instead of 2020, is testimony to the difficulties that member countries face in the current environment. These constraints are predominant in the private sector whereby a number of factors impede business operations and ultimately economic growth. The ECCB's Business Outlook Survey indicated that these factors include high utility rates/ fuel prices, cash flow/receivables, lack of skilled employees, low sales, high freight costs and the total tax burden. The robust and sustained growth that is most likely to yield the highest dividends and aggressively tackle issues such as high youth unemployment, remains elusive. Near term growth for the ECCU, is likely to remain below the target growth rate of 3.0 to 5.0 per cent, established by the Monetary Council, and is not likely to be associated with major economic transformation.

Challenges in the financial sector pose a threat to growth as well as fiscal and debt sustainability. The fiscal impact of the financial sector resolution may be substantial in some member countries and increase the debt overhang.

The ECCB's monetary policy stance may not be transmitted to interest rates as anticipated. Commercial banks may not adjust their lending rates as immediately and broad-based as expected, and the expansion in credit for growth enhancing and other activities may not come to fruition. As long as the banking system remains in its traditional mode of lending for distributive trades and consumption and does not mobilize excess liquidity to long-term investment and export activities, the monetary policy effect will be nil.

Other downside risks to the positive outlook include a drastic reversal in the trend of global energy prices; slower than anticipated recovery in advanced economies; and adverse weather.

A N G U I L L A

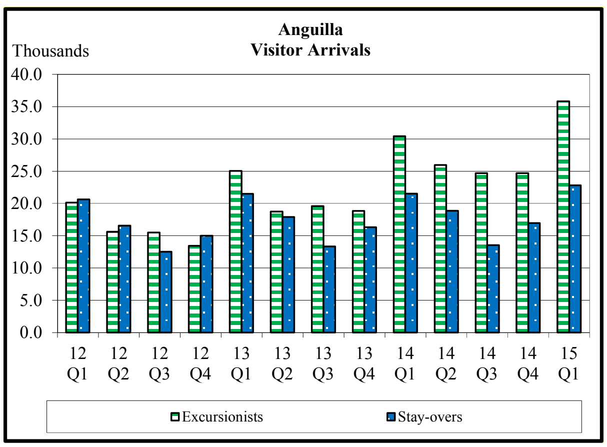
Overview

Provisional estimates indicate that economic activity in Anguilla expanded in the first quarter of 2015, compared with the outturn in the comparable 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 0.4 per cent, on an end-of-period basis. In the external sector, the merchandise trade deficit widened on account of a reduction in imports and an increase in exports. Influenced by higher revenue collections which outpaced an increase in expenditure, the fiscal operations of the central government resulted in a larger overall surplus. Total outstanding public sector debt fell during the quarter under review. 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.

The forecast for the remainder of 2015 is for moderate growth in the level of economic activity, driven by increased activity in the construction and hotels and restaurants sectors. The improved outlook for the construction sector is predicated on accelerated work on a number of on-going projects. Improvement in the performance of the tourism industry compared to that in 2014 is anticipated, largely on the strength of excursionists. The fiscal operations of the central government are projected to benefit from increased levels of revenues associated with the growth in visitor arrivals and buoyant construction activity and the containment of expenditure outlays. Notwithstanding the more favourable prospects in the domestic economy, key downside risks exist in terms of the potential fiscal costs associated with the banking sector resolution and possible hurricane damage to the tourism plant.

Output

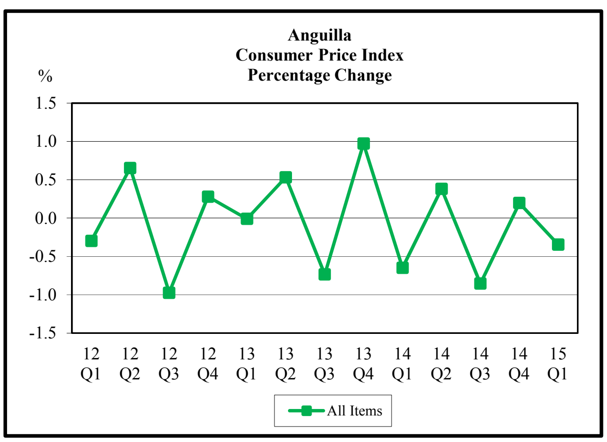
Construction work is estimated to have expanded in the first quarter of 2015 relative to the outturn in the first quarter of 2014, reflective of an increase in private sector activity. On-going construction developments in the private sector included, work on Zemi Beach Resort, Manoah hotel, the Reef at Cuisinart Golf Course and Spa and the Solaire hotel and villas project. In the public sector, government outlays on capital projects fell, constrained by limited fiscal space and restrictions on borrowing. 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 is estimated to have improved in the first quarter of 2015, compared with the corresponding period in 2014. Total visitor arrivals rose by 12.9 per cent to 58,702 buoyed by increases in all categories of visitors, in particular excursionists. The number of excursionists rose by 17.8 per cent to 35,866 compared with an increase of 21.5 per cent in the first three months of 2014. The number of stay-over visitors rose by 6.0 per cent, driven by stronger growth in visitor arrivals from the USA, UK, Italy and Caribbean markets. Stay-over visitor arrivals from USA, which accounted for 70.7 per cent of all stay-over arrivals, increased by 8.6 per cent, in contrast to a 2.2 per cent decline in the corresponding period of 2014. This turnaround in performance was underpinned by intensified marketing initiatives through several media outlets and a US-based representative. Stay-over visitor arrivals from the UK market grew by 20.7 per cent in contrast to a 7.7 per cent decrease in the corresponding period of 2014. In addition, there were increases in stay-over visitor arrivals from Italy (16.1 per cent) and the Caribbean (9.2 per cent) respectively. All of the other major markets recorded declines including Canada (1.7 per cent), Germany (77.1 per cent) and the Rest of Europe (1.1 per cent), which together accounted for 11.6 per cent of the stay-over visitor category.

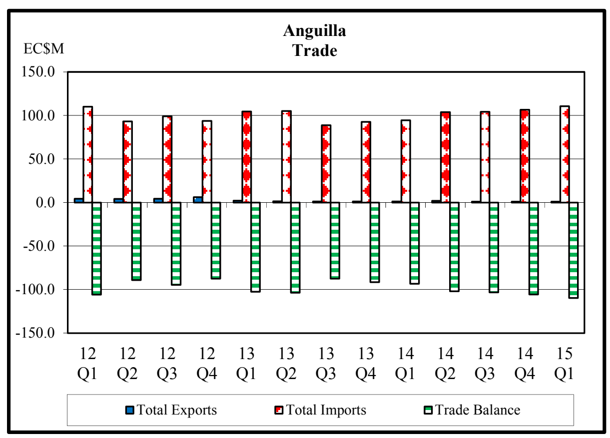
Prices

The consumer price index declined by 0.4 per cent during the quarter under review. This outturn was attributable to reductions in the sub-indices of; food and non-alcoholic beverages (1.6 per cent), recreation and culture (1.5 per cent), housing water electricity gas and other fuels (1.2 per cent) and alcoholic beverages, tobacco and narcotics (0.9 per cent). The contraction in the food and non-alcoholic beverages sub-index was largely influenced by declines in the prices of bread, cereal, poultry, cheese and vegetables. The fall in the sub-index for recreation and culture reflected price declines for laptop computers, televisions and radio stereos. The lower sub-index for alcoholic beverages, tobacco and narcotics was largely influenced by decline in the average price of spirits. The overall reduction in the CPI was partly constrained by growth in the sub-indices for communication (1.3 per cent) and transport (0.5 per cent). The rise in the communication and transport sub-indices was attributable to higher average cell phone rates and cost of travel.



Trade and Payments

A merchandise trade deficit of $109.7m was estimated in the first quarter of 2015 compared with an estimated deficit of $93.4m in the corresponding period of 2014. The widened deficit was attributed to a 17.0 per cent increase in import payments and a 16.8 per cent decline in value of exports. Gross travel receipts are estimated to have increased by 4.4 per cent to $111.0m, in line with a higher level of visitor arrivals. The transactions of commercial banks resulted in a net outflow of $56.1m in short-term capital compared with an outflow of $24.4m during the first quarter of 2014.



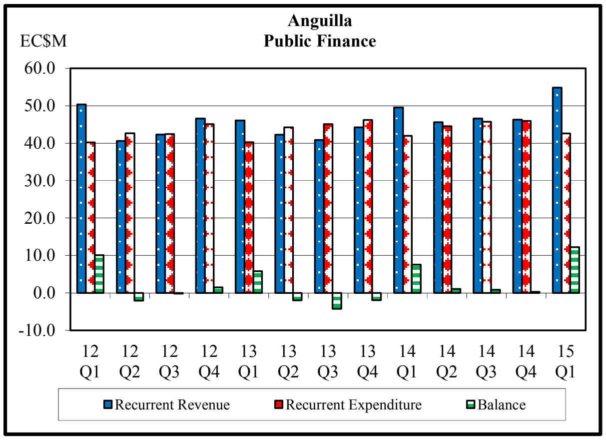
Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall surplus of $12.0m in the first three months of 2015, compared with one of $7.1m recorded in the corresponding period of 2014. The fiscal outturn largely reflected developments on the current account as revenues grew proportionately more than expenditure outlays. A primary surplus (after grants) of $14.2m was recorded, compared with one of $9.4m that was realised in the first quarter of 2014.

The central government recorded a current account surplus of $12.3m, compared with one of $7.6m in the first three months of 2014. The larger surplus reflected an increase in revenue intake. Current revenue rose by 10.7 per cent to $54.9m, attributable to higher tax receipts. Tax revenue totalled $47.6m, which was 12.5 per cent higher than the amounted collected in the comparable period of 2014. Receipts from taxes on domestic goods and services rose by 23.1 per cent ($4.0m), reflective of larger receipts of accommodation tax ($1.6m); consistent with the increase in stay-over visitor arrivals and higher stamp duty ($0.6m) collections. 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 ($0.4m) mainly due to improved tax administration. The increase of 1.8 per cent in collections from taxes on international trade and transactions was partly moderated by lower embarkation tax receipts which fell by 27.1 per cent ($0.2m). Non-tax revenue stabilised at $7.3m similar to what was recorded in the corresponding period of 2014.

Current expenditure increased by 1.4 per cent to $42.6m, compared with a 4.3 per cent rise in the corresponding period of 2014. Of the categories, outlays on goods and services rose by 1.9 per cent ($0.2m), spending on personal emoluments increased 1.9 per cent ($0.4m) and transfers and subsidies grew by 0.8 per cent ($0.1m). Higher outlays on personal emoluments reflected an increase in payment obligations during the quarter. By contrast, interest payments fell by 1.3 per cent, driven by lower domestic obligations.

Capital expenditure amounted to $0.3m in the first quarter of 2015. Lower capital expenditure by historical standards partly reflected 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

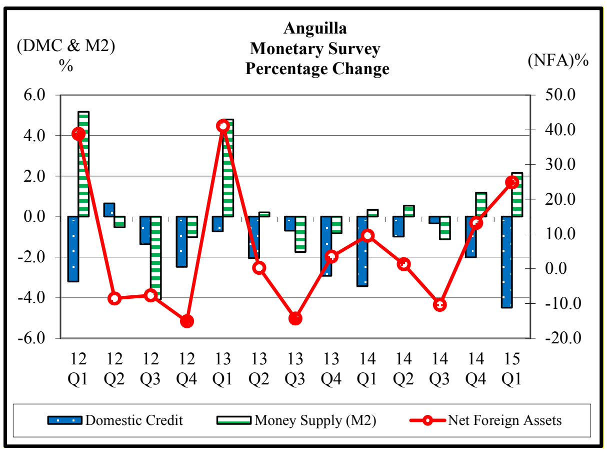
Total disbursed outstanding debt of the public sector was estimated at $212.4m at the end of March 2015, a decrease of 4.3 per cent on the amount at the end of December 2014. This outturn mainly mirrored a 4.4 per cent reduction in the debt of the central government to $200.0m, which accounts for 94.2 per cent of the total public sector debt. The outstanding debt of public corporations fell by 3.0 per cent to $12.4m.

Money and Credit

Monetary liabilities (M2) were estimated to have expanded by 2.1 per cent to $1,062.7m during the first three months of 2015, compared with an increase of 0.3 per cent in the corresponding period of 2014. The expansion in M2 was influenced by a 2.3 per cent ($22.9m) increase in quasi money, as most of the components of narrow money (M1) declined. The increase in quasi money was attributable to increases in savings and foreign currency deposits of 0.8 per cent and 3.0 per cent respectively.

Domestic credit declined by 4.5 per cent to $939.1m, largely as a result of a decrease in credit extended to the private sector coupled with an increase in the net deposits position of non-financial public enterprises. Outstanding loans to the private sector fell by 1.8 per cent ($22.6m), reflecting reductions to businesses and households of 1.5 per cent and 2.2 per cent respectively. The central government's net deposits position with the banking system rose by 16.7 per cent ($12.4m), mainly on account of a $7.4m reduction in outstanding commercial bank credit. In the rest of the public sector, the net deposits of non-financial public enterprises rose by 4.3 per cent, influenced by a reduction in outstanding credit relative to an increase in their deposits.

The distribution of credit by economic sector indicates that credit extended to the various sectors of the economy fell by 2.5 per cent ($30.6m) compared with a 3.3 per cent decline recorded during the first quarter of 2014. Decreases were observed in credit extended for most of the major categories including, construction ($9.5m), and personal use ($9.1m) which was mainly caused by a fall in lending for the acquisition of property, home construction and renovation and for durable consumer goods. Declines were also recorded in credit for distributive trades of $1.4m. The reduction in outstanding credit was slowed by a 0.3 per cent ($0.8m) increase in credit for tourism.



The net foreign assets of the banking system increased by 24.9 per cent to $329.1m, compared with growth of 9.6 per cent during the first three months of 2014. The increase was primarily influenced by a 41.3 per cent rise to $191.9m in commercial banks' net foreign assets position. Anguilla's imputed share of the ECCB reserves increased by 7.4 per cent to $137.2m.

Liquidity in the commercial banking system rose during the first quarter of 2015. The ratio of liquid assets to total deposits plus liquid liabilities increased by 5.0 percentage points to 31.9 per cent, while the loans and advances to deposits ratio fell by 4.5 percentage points to 82.8 per cent.

The weighted average interest rate spread between deposits and loans stabilised at 6.28 percentage points similar to interest rate spread as at December 2014. The Monetary Council at its 81st Meeting on 24 February 2015, took a decision to lower the minimum savings rate by 100 basis points to 2.0 per cent, effective from 01 May 2015. It is anticipated that this policy decision may contribute to declines in lending rates with subsequent positive implications for growth in private sector credit and overall economic activity.

Prospects

Global economic growth remains moderate and is projected to be 3.5 per cent in 2015 based on the April 2015 World Economic Outlook (WEO) report of the International Monetary Fund (IMF). In particular growth in the USA and UK, two vital international partners, are projected to be 3.1 per cent and 2.7 percent respectively.

In this context, growth is projected in the domestic economy in 2015 through an acceleration of activity in the tourism industry and the construction sector. Output in the tourism industry is projected to expand, sustained by increases in the number of stay-over visitors, increased air access to and from Puerto Rico via Seaborne Airlines planned operations from April 2015 and intensified marketing of the Malliouhana Hotel and Spa. 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. Inflation and inflationary pressures are anticipated to decline amid lower international commodity prices.

In light of the anticipated improvement in the economy, the fiscal operations of the central government is expected to record an overall surplus due to marginal increases in tax revenue and continued restraint in current expenditure. However, these developments are likely to be partially offset by an increase in capital expenditure based on 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 scenario of recapitalising the domestic banks and adverse weather.

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

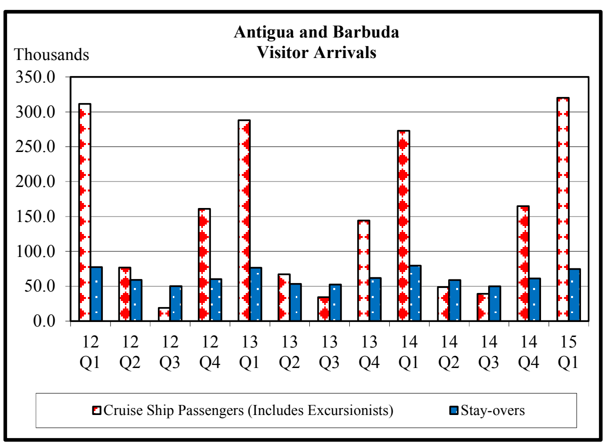
Overview

Preliminary data suggest that economic activity in Antigua and Barbuda contracted in the first quarter of 2015, relative to the performance in the corresponding period of 2014. The decrease in economic activity stemmed from contractions in some major sectors such as hotels and restaurants, wholesale and retail trade and construction. The consumer price index was unchanged from December 2014. The operations of the central government led to an increase in the overall surplus and a contraction in the total outstanding public sector debt. The merchandise trade deficit is estimated to have narrowed largely due to a fall in import payments. In the banking system, net foreign assets, monetary liabilities and commercial bank liquidity increased while domestic credit decreased. Commercial bank weighted average interest rate spread on loans and deposits widened during the period under review.

Economic activity for the remainder of 2015 is projected to improve as construction activity accelerates. This is anticipated to strengthen activity in the wholesale and retail trade and the transport, storage and communications sectors, which are major contributors to GDP. Meanwhile, activity in the tourism industry is likely to be subdued based on the downturn in the first quarter, notwithstanding the possible uptick in the second quarter due to the Cricket Test Match and Antigua Sailing Week. Despite greater inflows from the Citizenship by Investment Programme (CIP) and efforts to contain current expenditure, the fiscal position of the central government is likely to deteriorate due to the fiscal costs associated with the resolution of the banking sector fragilities. Inflationary pressures are likely to inch up as global oil prices rise incrementally. Downside risks to the outlook include slower than anticipated economic growth in the USA, difficulty in accessing finance to support the public sector construction programme, larger than expected fiscal costs associated with the banking sector resolution strategy and adverse weather.

Output

Provisional data for the first quarter of 2015 point to an overall decline in economic activity. Based on available proxy indicators, value added in the construction sector is estimated to have decreased in the first quarter of 2015, compared with the corresponding period last year. The volume of cement imports fell by 5.9 per cent, in contrast to growth of 17.0 per cent in the comparable period in 2014. Moreover, commercial bank outstanding credit for construction purposes contracted by 3.2 per cent, albeit at a slower rate than the 9.7 per cent decline recorded for the corresponding period in 2014. This was partly tempered by a minimal rate of increase of 0.1 per cent in outstanding credit for private sector residential construction and renovation. The pace of public sector construction activity is estimated to have slowed evidenced by a reduction in capital expenditure.

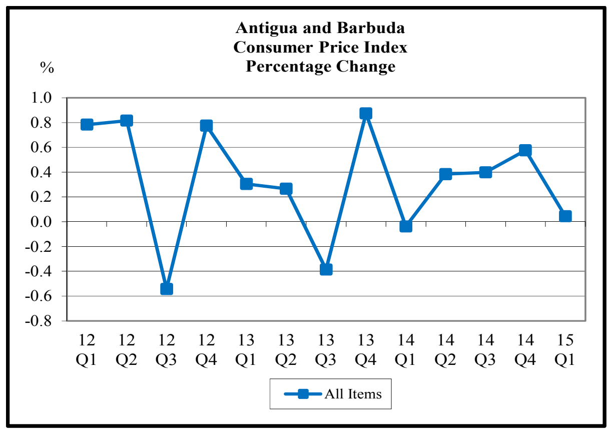


Value added in the hotels and restaurants sector, a proxy for tourism activity, is estimated to have decreased in the first three months of 2015, largely due to a fall in stay-over arrivals. The number of stay-over visitors fell by 6.4 per cent to 74,493, in contrast to an increase of 4.3 per cent in the first quarter of 2014. Stay-over visitors from all major source markets declined with the exception of the Caribbean. Reflective of softer demand, partly due to increasing competition from other tourist destinations, stay over arrivals from the USA and the UK, the largest source markets, declined by 2.9 per cent and 5.9 per cent, respectively. A reduction in airlift from Canada contributed to a 21.1 per cent decline in stay over arrivals from that country. Meanwhile, the number of stay over visitors from the Caribbean increased by 3.7 per cent. Yacht passenger arrivals are also estimated to have decreased at a sharper rate of 13.5 per cent to 11,196 compared with a decline of 11.6 per cent in the first quarter of 2014, despite a 6.0 per cent increase in yacht calls. In the cruise industry the performance was buoyant, as the number of cruise passengers rose by 17.2 per cent to 319,981 consistent with an increase in cruise ship calls to 181 from 160 in the first quarter of 2014. Those mixed developments in the tourism sub-sectors gave rise to an overall increase in the total number of visitors by 11.0 per cent to 405,670.

The adverse outturn in the tourism industry and the slowdown in the construction sector negatively affected developments in the wholesale and retail trade and the transport, storage and communication sectors. As a result, value added in these two sectors is estimated to have contracted. Meanwhile, activity in the financial intermediation and public administration and defence; compulsory social security sector is estimated to have increased driven largely by a rise in deposits and pensions, respectively.

Prices

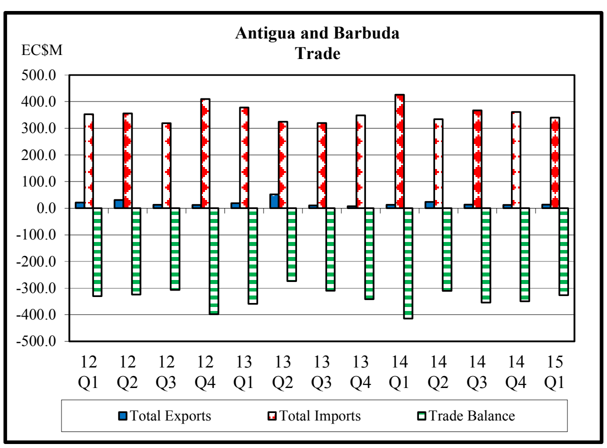
Influenced by lower global oil prices and subdued economic activity, the economy registered zero inflation during the period under review. The Consumer Price Index at the end of March 2015 remained relatively unchanged relative to the end of December 2014, as increases in some sub-indices were tempered by decreases in others. The housing sub-index which has the highest weight in the consumer basket declined by 0.5 per cent due to a reduction in costs associated with accommodation. A reduction in the fuel variation rate was the main contributor to the 4.4 per cent fall in the fuel and light sub index. Decreases were also recorded for the sub-indices of transport and communications (1.2 per cent) and medical care and expenses (1.4 per cent). Those decreases were offset by increases in other major indices such as food (0.7 per cent), clothing and footwear (1.0 per cent) and household furnishings and supplies (1.6 per cent). The increase in the food sub-index, the second largest weighted, reflected higher prices for fruits and vegetables and various meats.



Trade and Payments

Preliminary trade data indicated that the merchandise trade deficit narrowed by 21.1 per cent to $326.2m in the first quarter of 2015, relative to the corresponding period last year. The contraction in the deficit was largely the result of a 20.3 per cent decline in import payments to $339.7m, primarily associated with a reduction in the value of imports of mineral fuels and related materials and machinery and transport equipment. The reduced value of mineral fuels and related materials reflected the impact of falling global oil prices and a delayed shipment. The contraction in the merchandise trade deficit was also influenced by a 5.4 per cent increase in the value of exports to $13.5m due to a rise in the re-exports of manufactured goods and miscellaneous manufactured articles.

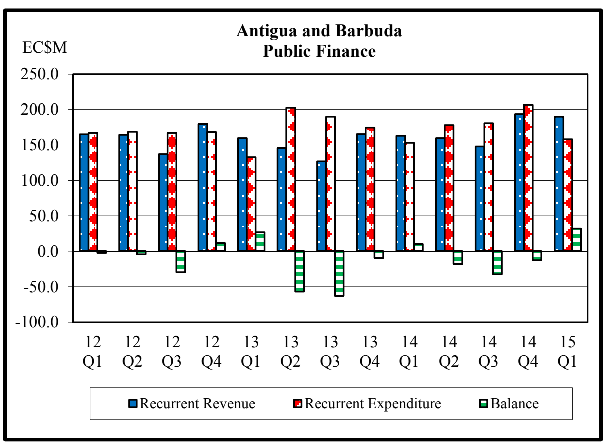
Gross travel receipts were estimated to have fallen by 5.1 per cent to $274.5m, consistent with the decline in stay-over arrivals. Commercial banks' transactions resulted in a net outflow of $187.9m in short-term capital, significantly above the level of $2.8m recorded in the comparable period of 2014. Inflows from external loan disbursements were negligible at $0.1m while external principal payments increased by 16.5 per cent to $32.1m.



Central Government Fiscal Operations

Preliminary data on the fiscal operations of the central government indicated an improvement in the overall surplus to $28.4m in the first quarter of 2015 from $3.7m in the corresponding period of 2014. The improvement in the overall balance largely reflected an increase in current revenue, namely non-tax revenue. Consequently, a larger surplus was recorded on the current account and the primary surplus more than doubled to $55.0m. The overall surplus was used to service government debt. Meanwhile, domestic and external arrears continued to accumulate.

The current account surplus increased to $32.1m in the first three months of 2015, from one of $10.0m for the comparable period in 2014. Current revenue rose by 16.7 per cent to $190.2m as both tax and non-tax revenue showed robust growth. Non-tax revenue more than tripled to $30.2m largely due to higher inflows from the CIP Programme. Tax revenue grew at 3.5 per cent to total $159.9m, reflecting increases in revenue intake from taxes on international trade and transactions and property. Tax receipts from international trade and transactions rose by 12.6 per cent ($6.6m) largely due to growth in revenue from the consumption tax and other miscellaneous transactions. Income from property taxes grew to $5.7m from $3.6m in the corresponding period of 2014. In contrast, tax receipts from domestic goods and services contracted by 3.1 per cent to $71.8m, largely reflecting lower intake from the Antigua and Barbuda Sales Tax (ABST). Revenue from the ABST fell by 3.1 per cent to $63.6m consistent with the decline in economic activity. Tax revenue on income and profits fell by 3.8 per cent ($1.0m) primarily due to lower gains from personal income.



Current expenditure increased by 3.3 per cent to $158.1m on account of higher outlays for all spending sub-categories, with the exception of transfers and subsidies. Outlays on personal emoluments and wages, which amounted to 45.7 per cent of current expenditure, grew by 0.5 per cent to $72.3m, partly associated with the recruitment of teachers and police. Expenditure on goods and services increased by 4.8 per cent ($1.1m) and interest payments rose by 28.7 per cent ($5.9m) largely due to domestic debt servicing. Meanwhile, expenditure on transfers and subsidies declined by 6.6 per cent ($2.4m) mainly associated with a reduction in subventions to a statutory body. Capital spending contracted by 31.9 per cent to $4.3m, mirroring historical first quarter trends and was consistent with lower public sector construction activity.

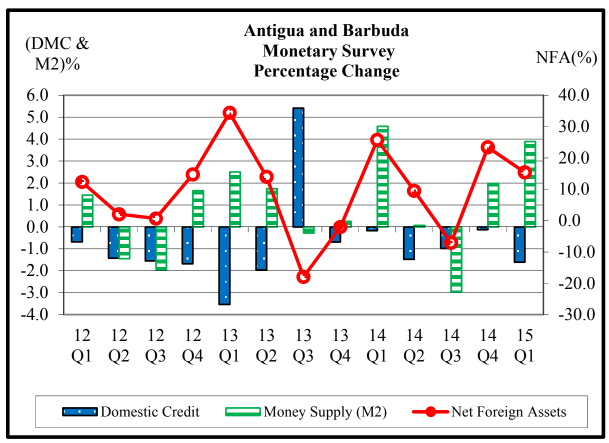
Public Sector Debt

The total outstanding debt of the public sector is estimated to have declined by 4.8 per cent to $3,277.6m at the end of March 2015. The reduction in the total debt stock reflected decreases in both domestic and external debt. Domestic debt which accounted for 54.2 per cent of the total debt, decreased by 7.5 per cent to $ 1,775.0m largely associated with a debt for physical assets swap with a State Owned Enterprise. The external debt stock fell by 1.3 per cent to $1,502.6m due to scheduled amortization payments. While central government debt stock increased by 1.1 per cent to $2,734.5m, that of public corporations decreased by 26.4 per cent to $543.0m largely due to the transfer of an external debt obligation from a public corporation to the central government.

Money and Credit

Notwithstanding the contraction in economic activity, monetary liabilities (M2) of the banking system grew by 3.9 per cent to $3,128.7m during the first quarter of 2015, compared with growth of 4.6 per cent during the corresponding period in 2014. The rise in M2 was attributable to increases in both narrow money (M1) and quasi money. Quasi money rose by 3.4 per cent to $2,459.7m owing to growth in private sector savings deposits (3.5 per cent), the largest share, and private sector foreign currency deposits (15.4 per cent). M1 grew by 5.8 per cent to $669.0m mainly due to a 10.9 per cent rise in private sector demand deposits while a contraction in currency in circulation led to a 1.7 per cent fall in currency with the public.

Continued deleveraging by the private sector as well as more stringent lending conditions, contributed to a further decline in the stock of outstanding domestic credit. Domestic credit fell at a sharper rate of 1.6 per cent during the first quarter of 2015, relative to a contraction of 0.2 per cent in the corresponding period during 2014. Credit to the private sector, which constituted 82.4 per cent of total credit fell by 1.6 per cent to $2,116.3m reflecting reductions in both household ($19.5m) and business ($15.4m) credit. Net credit to general government decreased by 2.1 per cent to $504.8m, largely associated with a 2.1 per cent reduction in loans and advances from commercial banks. In the rest of the public sector, the net deposit position of non-financial public enterprises declined by 7.1 per cent to $52.4m on account of a 3.0 per cent fall in deposits at commercial banks.



An analysis of credit allocation by economic activity indicated that outstanding loans and advances contracted for all sectors. Credit for personal use which accounted for 48.1 per cent of total credit declined by 1.3 per cent reflecting a fall in all of its sub-categories: acquisition of property (0.5 per cent), durable consumer goods (1.5 per cent) and other personal loans (3.0 per cent). Declines in outstanding credit were also recorded for other major sectors such as utilities, electricity and water (7.6 per cent); construction (3.2 per cent), tourism (3.2 per cent), public administration (2.5 per cent), distributive trades (1.4 per cent), and professional and other services (0.1 per cent).

The net foreign assets of the banking system rose by 15.4 per cent to $1,018.9m during the period under review. The expansion was primarily driven by an increase in commercial banks net foreign assets, which more than tripled to $269.5m. This was largely associated with higher investments in time deposits and current account balances of foreign branch banks with institutions outside the Currency Union, as liquidity levels within the domestic banking system remained markedly elevated. Meanwhile, Antigua and Barbuda's imputed share of the Central Bank's reserves fell by 6.5 per cent to $749.4m associated with a reduction in banker's reserves.

Commercial bank liquidity increased during the first quarter of 2015, relative to December 2014. The ratio of liquid assets to total deposits plus liquid liabilities increased to 53.4 per cent at the end of March 2015 from 50.5 per cent at the end of December 2014. The loans and advances to deposits ratio fell by 3.8 percentage points to 69.5 per cent, which is below the ECCB prudential benchmark of 75.0 - 85.0 per cent.

During the period under review, the Monetary Council announced a decision to reduce the minimum savings rate to 2.0 per cent from 3.0 per cent effective 1 May 2015. This policy decision did not appear to influence the movements in interest rates during the first quarter. The weighted average interest rate spread between loans and deposits increased by 5 basis points to 6.70 percentage points at the end of March 2015. The increase in the interest rate spread reflected a steeper reduction in deposit rates relative to a decline in lending rates. The weighted average deposit rate fell by 8 basis points to 2.73 per cent outpacing the decline in the weighted average lending rate which fell by 2 basis points to 9.43 per cent.

Prospects

Economic activity is expected to improve during the rest of the year contingent on domestic policies and international developments, especially the pace of economic growth in the USA and the UK. The anticipated uptick will be driven by the construction sector as a number of public and private sector projects commence and intensify. Public sector projects will include construction of a Learning Resource Center, upgrades and retrofitting of government buildings, maintenance and upgrades of roads and bridges, and the Government's Affordable Homes Project. These efforts will be supported by activity in the private sector including works on a number of CIP real estate projects, Tamarind Hills Development, Jumby Bay Resort Ltd and other tourism related projects. Activity in the construction sector is expected to boost growth in the transport, storage and communications and wholesale and retail sectors. On the downside, activity in the tourism industry is expected to be weak in 2015. This is predicated on the decline in stay–over arrivals in the first quarter which may offset any gains in the rest of the year. It is however, likely that increased marketing efforts could yield higher returns in the last quarter which is the start of the peak tourism season. In the financial sector, the reduction in the minimum savings rate, a Monetary Council decision taken in February which becomes effective in May 2015, is likely to improve the profitability of commercial banks and concomitantly contribute to a widening of the interest rate spread between loans and deposits given the stickiness of lending rates, in the near term. A possible knock on effect is an expansion in domestic credit if commercial banks opt to reduce lending rates, thereby adding some impetus to economic activity.

The fiscal operations of the central government are expected to result in an increase in the overall deficit mainly associated with higher levels of debt servicing and fiscal costs related to the banking sector resolution. Current revenue is anticipated to exceed the amount collected in 2014 on account of greater inflows from the CIP. Although there are efforts to improve tax administration and contain current expenditure, especially on goods and services and transfers and subsidies, rising interest payments may reverse those gains. Moreover, given the Government's commitment to resolve the banking sector issues during the year, it is anticipated that this will require the injection of fiscal resources. The additional cost to the government is expected to worsen the overall deficit and will likely impact the already high debt burden.

In the external sector, the merchandise trade deficit is expected to widen, despite the contraction observed in the first quarter, as imports increase to support construction sector activity. The level of foreign inflows is expected to increase to finance tourism and CIP related projects.

There are a number of risks that could impact the projected growth path. Economic activity in the US economy is being weakened by tepid consumer spending, and the lackluster performance of the housing and manufacturing sectors. Meanwhile, the strong US dollar is placing a damper on exports and by extension the profitability of firms which could impact the labour market dynamics. A negative shock to the US labour market could affect the demand for tourism services in Antigua and Barbuda. On the domestic front, the possibility of incurring additional fiscal costs related to the implementation of the Banking Sector Resolution Strategy could likely place a further strain on fiscal resources and hinder the implementation of capital projects which act as growth stimulants. Other downside risks include, adverse weather which could damage the stock of physical infrastructure and place further pressures on fiscal resources. On the upside, despite the fiscal costs that could be associated with the banking sector, its' resolution would restore confidence in the financial sector. The authorities should continue to pursue prudent fiscal and debt management, and growth strategies to mitigate against these downside risks.

DOMINICA

Overview

Preliminary indicators for Dominica suggest that economic activity declined in the first quarter of 2015, relative to the corresponding period of 2014. This assessment reflected weak performances in the construction and manufacturing sectors, as well as the tourism industry. The consumer price index (CPI) declined by 1.7 per cent on an end of period basis. The merchandise trade deficit is estimated to have widened as a result of growth in imports and a contraction in exports. Central government's fiscal operations deteriorated from an overall surplus to an overall deficit position in the quarter under review. The total disbursed outstanding debt is estimated to have risen, reflecting an increase in borrowing by the central government. Monetary liabilities and the net foreign assets in the banking system expanded while domestic credit fell. Commercial bank liquidity improved and the weighted average interest rate spread between loans and deposits narrowed marginally.

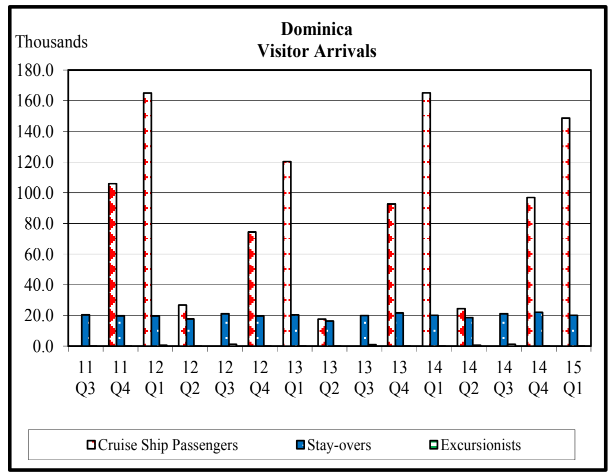
Economic activity is projected to pick up in the remainder of 2015 based on the accelerated activity expected in the construction and agricultural sectors. The combined growth in these sectors is however estimated to be partially offset by an anticipated slowdown in tourist arrivals. The overall fiscal deficit is likely to widen in the remainder of 2015, reflecting an easing of fiscal policy. Risks to this outlook are skewed downwards and include deterioration in grant funding as a consequence of a slowdown in the economies of major donors, a falloff of proceeds from the Economic Citizenship Programme, adverse weather and further exposure of the agricultural sector to plant diseases.

Output

Construction activity is estimated to have decelerated in the quarter under review in contrast to an increase in the same quarter of 2014. This was mainly reflected in developments in the private sector. Private sector construction is projected to have contracted on the basis of a reduction in the value of residential starts by \$6.4m to \$6.8m and a decrease in credit for home construction and renovation (\$4.5m). In addition, total credit extended for construction fell by 1.1

per cent to $117.3m. In the public sector, capital spending rose by $2.5m to $19.2m, reflecting continued work on road rehabilitation, water supply enhancement and ongoing projects under the Housing Revolution Programme.

On the basis of overall tourist arrivals, performance of the tourism industry is estimated to have weakened in the first three months of 2015, relative to the corresponding period of 2014. The total number of tourist arrivals declined by 8.7 per cent to 175,086, mainly a consequence of reductions in the number of cruise ship passengers. The number of cruise ship passengers decreased by 10.0 per cent to 148,635, consistent with a 2.5 per cent reduction in the number of cruise ship calls to 117. Stay-over visitors' category performance was also weak, as the visitor arrivals fell by 0.3 per cent to 20,073, reflective of declines in arrivals from major source markets such as the USA (6.8 per cent) and Europe (7.0 per cent). Declines in those source markets more than offset growth in the number of stay-overs visitors from the the Caribbean (6.0 per cent) which is the country's largest source market, Canada (3.3 per cent), and South America (27.3 per cent). There was a 23.1 per cent rise in the number of excursionists to 192, in contrast to a contraction of 54.7 per cent in the first three months of 2014, largely associated with an increase in the number of in-transit passengers. There was a 0.8 per cent reduction in the number of yacht passengers to 6,186 consistent with a 5.2 per cent decline in yachts to 1,432.



Output in the manufacturing sector is estimated to have contracted, associated with lower production and export demand. The production of beverages fell by 15.8 per cent, in contrast to growth of 20.2 per cent, in the first quarter of 2014. Declines were also recorded in the production of soap (23.6 per cent) and paints and varnishes (26.9 per cent). Consequently, the value of the exports of soap, paints and varnishes fell.

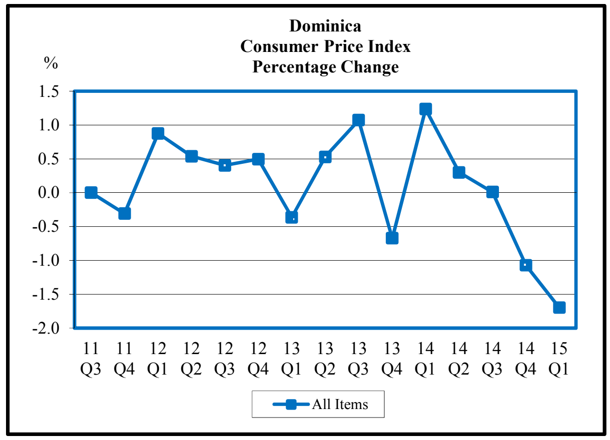
The performance of the agricultural sector was mixed. Total banana production amounted to

281.0 tonnes in the first quarter of 2015, 39.0 tonnes less than the corresponding quarter of 2014, as the industry continued to recover from the Black Sigatoka disease. The output of non-banana crops including root crops is estimated to have expanded as a result of the implementation of crop diversification projects such as the horticultural programme, efforts by the Dominica Export Import Agency (DEXIA) to increase acreage of local produce and export promotion of crops.

On the basis of weak performance in the tourism industry and construction sector, it is likely that the largest sector in the economy, transport, storage and communications, registered a contraction in economic activity.

Prices

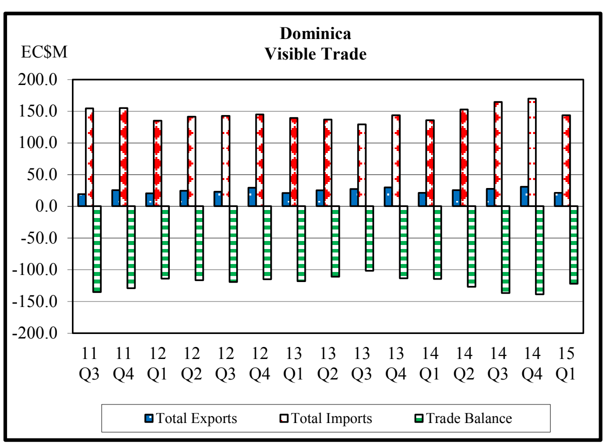
The consumer price index declined by 1.7 per cent during the first quarter of 2015 in contrast to an increase of 1.2 per cent during the corresponding period of 2014. The deflation was largely attributed to a decrease of 4.1 per cent in the housing, utilities, gas and fuels sub-index, the highest weighted in the basket of consumer goods. This outturn was largely due to lower costs of electricity and gas, reflecting the downward trajectory of world oil prices. Declines in the sub-indices transport of (1.7 per cent), household furnishings, supplies and maintenance (0.9 per cent) food and non-alcoholic beverages (0.4 per cent) and clothing and footwear (0.2 per cent) also contributed to the deflation. Increases were recorded in the alcoholic beverages, tobacco and narcotics (1.3 per cent) and the recreation and culture (0.4 per cent) sub-indices.



Trade and Payments

Preliminary estimates indicated that the merchandise trade deficit widened by 6.8 per cent ($7.8m) to $122.4m in the first three months of 2015. This outturn reflected a 5.7 per cent ($7.7m) increase in the value of imports and a marginal decline of 0.6 per cent in the value of exports ($0.1m). Growth in import payments was largely attributed to an increase in the importation of animal and vegetable oil, fats and waxes. The reduction in export receipts was mainly due to a 9.3 per cent ($0.5m) decline in re-exports of commodities and transactions. This decline was partially offset by an increase of 2.3 per cent ($0.4m) in domestic exports, a reflection of an increase in the value of exported bananas.

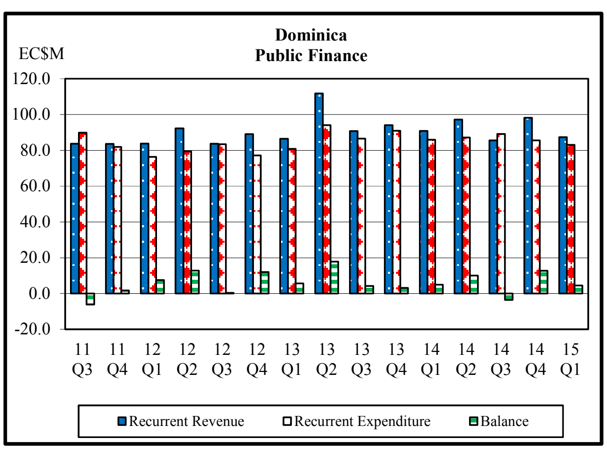
Gross travel receipts declined by 0.6 per cent ($0.4m) to $66.6m, reflecting the reductions in stay-over arrivals and cruise ship passengers. Commercial bank activities led to a net inflow of $1.6m in short term capital, in contrast to an outflow of $63.1m in the first three months of 2014. While external principal repayments were $6.4m, external loan disbursements to the central government were $10.1m compared with $24.8m in the first quarter of 2014. These transactions resulted in a net inflow of $3.8m compared with one of $18.9m in the corresponding period of 2014.



Central Government Fiscal Operations

The fiscal operations of the central government in the quarter under review were estimated to have resulted in an overall deficit of $14.8m, in contrast to a surplus of $8.7m in the first three months of 2014. The overall deficit was mainly financed by commercial bank borrowing. A primary deficit of $9.9m was realized in contrast to a surplus of $16.0m in the corresponding period of 2014. The deficits were mainly due to developments on the capital account, associated with a lack of capital grants during the quarter under review. Amid the non-receipt of capital grant receipts, capital expenditure rose by 15.1 per cent to $19.2m.

In the period under review, the current account surplus narrowed by $0.5m to $4.4m, an outcome mainly driven by a decline in current revenue. Current revenue amounted to $87.4m, 3.7 per cent lower than the total for the corresponding period of 2014 as non-tax receipts waned. Non-tax revenue fell by 46.5 per cent to $6.0m, largely reflective of a contraction in revenues from the Economic Citizenship Programme. On the other hand, tax revenue rose by 2.3 per cent to $81.4m. This outturn was mainly influenced by an increase in receipts from taxes on domestic goods and services (3.0 per cent or $1.4m). Receipts from value added taxes, the largest source of tax revenue from domestic goods and services, rose by 0.5 per cent to $31.6m. Receipts from excise taxes, the second largest subcategory, grew by 16.1 per cent to $10.1m. The improvement in tax revenue was also driven by an upsurge in collections from taxes on income, profit and capital gains (1.8 per cent). This rise was however partially offset by a fall in receipts from the Personal Income Tax (PIT) of 4.5 per cent, associated with an increase in the PIT threshold by $5000 to $25,000 effective January 2015. Receipts from taxes on property also rose (11.6 per cent or $0.2m). These increases in tax revenue were however tempered by a decrease in revenue intake from taxes on international trade transactions (0.7 per cent or $0.1m), largely a reflection of a reduction in cruise passenger tax collections ($0.5m).



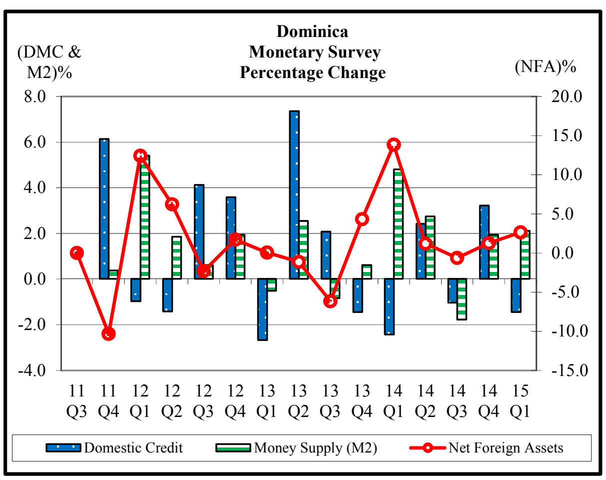
Current expenditure decreased by 3.3 per cent to $83.0m primarily owing to lower outlays for goods and services. Spending on goods and services declined by $2.5m to $22.7m reflecting deflationary pressure on prices. Interest payments also decreased by 33.1 per cent influenced by a reduction in domestic interest payments, representing the cost savings from low interest rates for debt issued on the Regional Government Securities Market (RGSM). The reduction in current expenditure was partially offset by a rise in spending on personal emoluments, the largest sub-category ($0.4m) and transfers and subsidies ($1.7m).

Public Sector Debt

Total disbursed outstanding debt is estimated to have risen by 0.9 per cent to $1,089.9m at the end of March 2015. This outturn resulted from a 1.3 per cent increase in outstanding central government debt. The domestic stock of central government debt rose by 6.8 per cent and more than offset the reduction of 1.7 per cent in the external debt stock. On the other hand, there was a 1.3 per cent reduction in the stock of public corporations debt, attributed to declines in both domestic and external public corporations debt.

Money and Credit

Monetary liabilities (M2) expanded by 2.1 per cent to $1,275.3m in the first quarter of 2015, compared with an increase of 4.8 per cent in the corresponding period of 2014. Growth in M2 reflected increases in both narrow money (M1) and quasi money. Narrow money rose by 4.5 per cent, largely attributable to an increase in EC$ cheques and drafts issued and in private sector demand deposits, which partly was offset by a decline in currency with the public. An increase of 1.6 per cent in quasi money resulted from growth in private sector savings deposits (2.4 per cent), which more than offset the contraction in private sector time deposits (0.5 per cent) and private sector currency deposits (4.0 per cent).



Domestic credit fell by 1.5 per cent to $726.6m compared with a 2.4 per cent decline in the first quarter of 2014. The contraction in domestic credit is partially attributable to a 0.6 per cent decrease in private sector credit, which constitutes the largest proportion of credit in the economy. This contraction reflects a reduction in both household and business borrowings, mirroring the weak pace of economic activity. In the public sector, the central government recorded a larger net credit position of $61.4m, from one of $59.0m at the end of December 2014, largely associated with an expansion of loans and advances from commercial banks due to the government's growing financing needs as a consequence of deteriorating grant funding. In the rest of the public sector, the net deposits of non-financial public enterprises and statutory bodies rose by 9.1 per cent, largely associated with growth in deposits.

An analysis of the distribution of credit by economic activity indicates that outstanding loans and advances increased. Growth in loans and advances was mainly associated with a rise of 9.5 per cent in credit for public administration. Credit for personal use, the largest sub-category, also rose by 0.2 per cent. Notably, declines in credit were recorded for agriculture and fisheries (5.0 per cent), manufacturing (2.1 per cent), distributive trades (1.8 per cent), construction (1.1 per cent) and tourism (0.8 per cent).

The net foreign assets position of the banking system stood at $628.1m at the end of March 2015, 2.6 per cent above the level at the end of December 2014. A 6.6 per cent increase in Dominica's imputed share of Central Bank reserves more than offset the 0.5 per cent fall in the net foreign assets of commercial banks. The latter outturn was largely reflective of growth in liabilities with institutions outside the Eastern Caribbean Currency Union.

Liquidity in the commercial banking system improved during the first quarter of 2015. The ratio of liquid assets to total deposits plus liquid liabilities was 44.8 per cent, about 0.9 percentage points above the level at the end of 2014. Accordingly, the ratio of loans and advances to total deposits fell by 0.7 percentage points to 58.5 per cent which is considerably below the ECCB's benchmark of 75.0 to 85.0 per cent.

During the period under review, the Monetary Council announced a decision to reduce the minimum savings rate to 2.0 per cent from 3.0 per cent effective 1 May 2015. The interest rate spread narrowed by 1.0 basis point to 5.95 per cent in the quarter under review. This marginal reduction was the result of a decrease in the weighted average lending rate of 5.0 basis points to 8.71 per cent and a smaller reduction in the weighted average deposits rate of 4.0 basis points to 2.76 per cent.

Prospects

Economic activity is expected to gain momentum in the remainder of 2015 based on an expected overall improvement in the performance of major trading partners and supported by predicted growth in the agricultural and construction sectors. Output in the agricultural sector is expected to expand as the efforts to control the Black Sigatoka disease are likely to increase banana production. Growth in the sector will also be supported by investments in non-banana production including the revitalization of several crops; an expansion in onion, dasheen, plantain and pepper acreage, along with the commissioning of a new abattoir and coffee plant, in tandem with the continuing support of European Union under the Banana Accompanying Measures (BAM). Construction activity in the public sector is expected to improve as capital projects such as the on-going rehabilitation of roads, the commissioning of the geothermal energy plant and the construction of the new Princess Margaret Hospital are advanced. Activity is also expected to accelerate in private sector construction as the Range Developments project commences. Weak tourism performance in the first quarter poses a challenge for recovery in the rest of the year given that the first quarter performance is typically strongest. However, growth in the industry is expected to rebound in the near to medium term, reflective of the advancement of the tourism master plan and increased airlift into Dominica. Performance in the manufacturing industry is likely to remain weak for the remainder of the year.

The fiscal deficit is anticipated to widen in 2015 to reflect the lowering of the corporate tax rate by 2.0 percentage points to 28.0 per cent, although the impact was not captured in the period under review. The projected fiscal deficit will also mirror the raising of the personal income tax threshold by $5,000 to $2,500 effective January 2015. In addition, growth in revenue may be constrained as funds from the Economic Citizenship Programme, the largest source of non-tax revenue, are expected to remain flat, amidst intensifying competition among other countries and grant receipts are anticipated to fall off as economic activity in major donor countries is forecasted to decelerate. Expenditure is estimated to remain flat.

In the external sector, the merchandise trade deficit is expected to widen slightly as a result of the forecasted pickup in growth, particularly in construction, which is expected to boost demand for imports, and the relatively flat manufacturing sector which is anticipated to negatively impact exports. Gross receipts from travel are expected to fall in 2015 as a result of the forecasted decline in visitor arrivals.

Downside risks to this outlook include a disruption in financing due to decreased grant receipts, which could result in delays in the implementation of the PSIP, inhibiting construction activity in the near term and decelerating economic development in the medium term. More specifically, the projected slowdown in the economy of China and the financial challenges being faced by Venezuela could have negative implications for grant funding. Additionally, amid increasing competition, proceeds from the Economic Citizenship Programme could deteriorate further. Another major risk includes the impact of adverse weather conditions which have had detrimental effects on living standards and infrastructure in the past.

Moreover, further exposure to plant diseases pose a threat to projected growth in the agricultural sector. If one or more of these events materialize, the growth prospects for Dominica could be severely dampened.

G R E N A D A

Overview

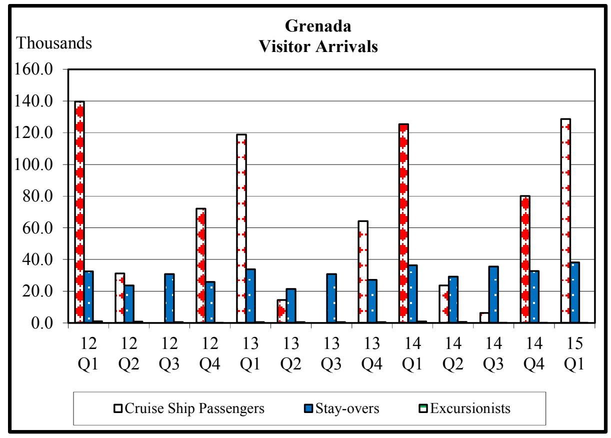
Grenada's economy continued to recover under the implementation of its home-grown economic programme. The programme is being supported by the IMF's Extended Credit Facility (ECF) and other development partners from June 2014. Economic growth in the first quarter of 2015 was fuelled by increased output in the agricultural and manufacturing sectors, supported by the tourism industry. Consumer prices fell by 0.8 per cent on an end of period basis. Measures under the home-grown programme continued to yield positive results as the overall fiscal deficit of the central government narrowed. The disbursed outstanding public sector debt declined, compared with the level at the end of December 2014. The banking sector was characterised by growth in monetary liabilities and net foreign assets, in addition to a reduction in domestic credit. Commercial banks liquidity rose while the spread between the weighted average deposit and lending interest rates fell marginally.

Sustained increases in the tourism industry and agricultural sector are expected to drive the growth momentum over the next three quarters. The economic recovery is also likely to be supported by ongoing structural reforms. Against this backdrop, the fiscal operations of the central government are likely to result in a smaller overall deficit. While local and global conditions seem favourable for a continued recovery in 2015, there are significant downside risks including an upsurge in international oil prices; a protracted slowdown in growth in emerging market economies; and adverse weather.

Output

Agricultural output is estimated to have increased, primarily attributed to higher yield from most crops. Output of the non-traditional crops was estimated to have risen by 37.0 per cent, influenced in part by increased cultivation of vegetables and higher demand from the local market. Among the traditional crops, the yield from cocoa rose by 56.0 per cent supported by favourable weather conditions in January of this year and rehabilitation of older cocoa trees. Banana production recovered with an increase of 16.6 per cent to 1,822 tonnes, as this crop benefitted from relatively favourable weather conditions, increased plant distribution to farmers and improved control of the Black Sigatoka disease which plagued the crop in previous periods. Meanwhile, declines were recorded in the production of nutmeg (33.7 per cent) and mace (54.8 per cent). Despite improvements in fishing equipment and techniques there was a reduction in the quantity of fish landings, therefore, fish production is estimated to have contracted by 18.2 per cent to 1,349 tonnes.

Overall visitor arrivals were estimated to have risen by 2.7 per cent to 168,332 in the quarter under review. The number of cruise ship calls rose to 97 from 84, leading to an increase of 2.6 per cent to 128,658 in the number of cruise passengers. The stay–over visitor category also contributed positively to the performance of the tourism industry during the first quarter. There were approximately 38,000 stay-over visitors in Grenada during the quarter under review, reflecting growth of 4.7 per cent. The uptick was driven by an increase of 9.6 per cent in arrivals from the largest source market, the USA, associated with strong marketing efforts and additional airlift. Growth in stay-over arrivals was tempered by reductions in arrivals particularly from Canada (16.0 per cent), UK (2.4 per cent) and the Caribbean (0.6 per cent). The number of excursionists fell by 70.9 per cent to 223 and yacht passenger arrivals are estimated to have declined by 0.8 per cent to 1,451.

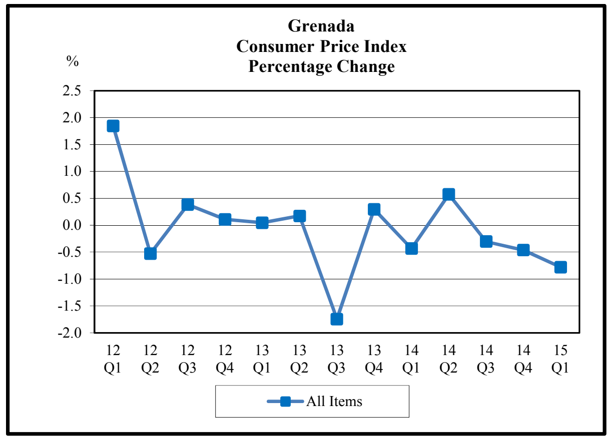


The manufacturing sector rebounded relative to the first quarter of 2014, buoyed by stronger export demand. There was a recovery in rum production as it more than doubled to 36,625 gallons, relative to the corresponding period of 2014 when there was no production from a major plant. Increases were also registered in the output of other beverages such as malt (16.5 per cent), beer (3.4 per cent) and stout (2.2 per cent). Similarly, growth was registered in the output of animal feed (28.2 per cent), macaroni (9.2 per cent), toilet paper (8.7 per cent) and flour (6.1 per cent). By contrast, the production of soft drinks fell by 11.0 per cent, relatively on par with the rate of decline observed in the comparable period of 2014.

Construction activity is estimated to have remained flat during the quarter under review. The volume of construction material rose by 2.4 per cent but its value contracted by 5.2 per cent. In the public sector, construction work focused mainly on the Athletic Stadium, school rehabilitation and road development. Private sector projects included tourism related establishments, a call center, private homes and marina development.

Prices

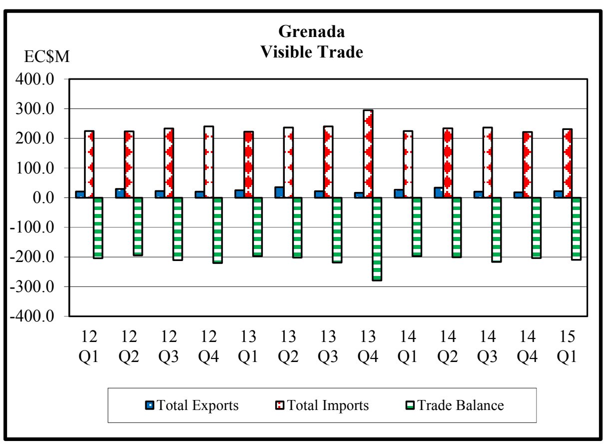
The consumer price index (CPI) fell by 0.8 per cent during the first quarter of 2015, relative to a rate of contraction of 0.4 per cent in the comparable period of 2014. Lower international oil prices contributed to reductions in the sub-indices for housing, utilities, gas and fuels (1.5 per cent) and transport (1.3 per cent). Other sub-indices which fell included those for household furnishings, supplies and maintenance (1.9 per cent), recreation and culture (0.7 per cent) and alcoholic beverages, tobacco and narcotics (0.6 per cent). Those declines were tempered by growth in the sub-indices for education (1.1 per cent), health (0.6 per cent), clothing and footwear (0.2 per cent) and food and non-alcoholic beverages (0.1 per cent).



Trade and Payments

The merchandise trade deficit widened by 6.0 per cent to $208.9m in the first quarter of 2015 compared with the outturn for the corresponding period of 2014. The larger deficit reflected the combined effect of a reduction in exports and an increase in imports. The value of total exports contracted by 19.5 per cent to $21.8m, largely on account of lower re-exports of machinery and transport equipment. The receipts from domestic exports declined by 8.3 per cent ($1.9m), primarily as a result of lower earnings from fish and total agricultural exports including nutmeg. Import payments were up by 2.9 per cent ($6.5m) largely due to imports of machinery and transport equipment.

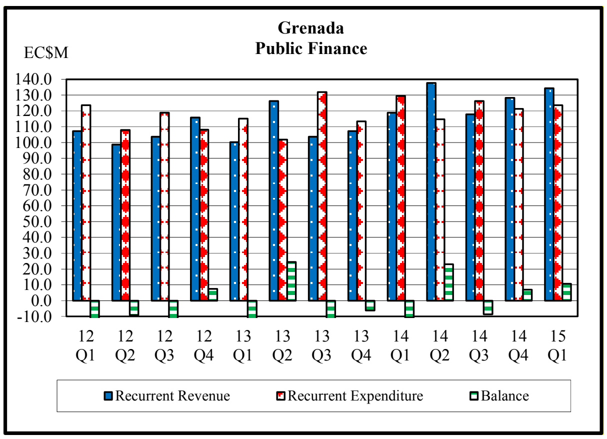
Gross travel receipts rose by 8.9 per cent to $118.3m, a marked improvement from the marginal decline of 0.4 per cent observed in the first quarter of 2014. This is in keeping with the increase in the total number of visitors, particularly stay-over visitors whose average daily expenditure and length of stay are estimated to have risen. Commercial bank transactions resulted in a net outflow of \$79.8m in short-term capital, more than double the outflow of \$32.8m recorded during the first quarter of 2014. External loan disbursements from bilateral and multilateral creditors nearly doubled to \$14.5m, while external principal repayments fell marginally to \$9.8m. Consequently, the central government was in a net disbursement position of \$4.7m in the first three months of 2015, in contrast to a net amortization position of \$2.5m in the corresponding period of 2014.



Central Government Fiscal Operations

Fiscal consolidation efforts, which commenced in January 2014, enabled the central government to achieve further success in the correction of fiscal imbalances. Tax revenues rose, anchored by the strengthened collection efforts and the economic recovery, while current expenditure was kept under control. The overall fiscal deficit was halved to \$19.5m in the quarter under review. This deficit was mainly financed by external loan disbursements and a drawdown on deposits held at the Central Bank. A primary surplus of \$10.7m was registered, a reversal from the deficit of \$10.6m in the first quarter of 2014. Likewise, the current account reached a surplus of \$10.8m, in contrast to a deficit of \$10.5m in the corresponding period of 2014.

The pace of growth in current revenue, which reached \$134.3m, slowed to 13.0 per cent from 18.7 per cent in the corresponding period of 2014. The deceleration was influenced by a decline of \$1.4m in non-tax revenue, partly associated with lower collections from administrative fees and service charges. Tax revenue rose by 15.1 per cent (\$16.8m) to \$128.0m, the consequence of greater inflows from all major tax categories. Collections from taxes on domestic goods and services grew by 15.4 per cent (\$8.0m), largely on account of an increase of \$5.9m in the revenue from the Value Added Tax (VAT) to \$48.4m. Receipts from taxes on income and profit rose by 19.3 per cent ($4.4m) stemming from a combined increase in the collection of personal and company taxes. Revenue from taxes on international trade and transactions was up by 13.3 per cent ($4.2m), primarily on account of larger receipts from the import duty and customs service charge. There was a marginal increase of $0.2m in the yield from property tax.



Current expenditure fell by 4.5 per cent to $123.5m. Expenditure on personal emoluments, the largest sub-category, fell by 15.4 per cent ($9.9m), compared to the corresponding period of 2014 when retroactive payments were made to public officers. This outturn also reflected the impact of the attrition policy implemented across the Public Service from August 2014. All other sub-categories registered increases. Expenditure on transfers and subsidies grew by 13.3 per cent ($2.4m), partly reflecting larger payments for external transfers, gratuities and pensions. Interest payments grew by 4.0 per cent ($1.2m), attributable to higher domestic and external interest obligations. The outlays on goods and services rose slightly by 2.7 per cent ($0.5m).

The doubling of capital grants to $20.7m, linked in part to the receipt of funds from Petro Caribe, provided a boost to capital spending. Capital expenditure amounted to $51.0m, up from $39.5m in the first quarter of 2014. This spending was concentrated on the Athletic Stadium, road development, school rehabilitation, among other community projects.

Public Sector Debt

The Government of Grenada made progress with restructuring its debt. On 5 January 2015, the Government announced that it had concluded a comprehensive agreement to restructure its US$36.6m indebtedness to the Export-Import Bank (EXIM) of the Republic of China (Taiwan). According to the announcement, this landmark agreement, which reduced the principal outstanding on the loan by 50.0 per cent, resolved Grenada's decade-long dispute with EXIM and ended EXIM's legal proceedings in the New York

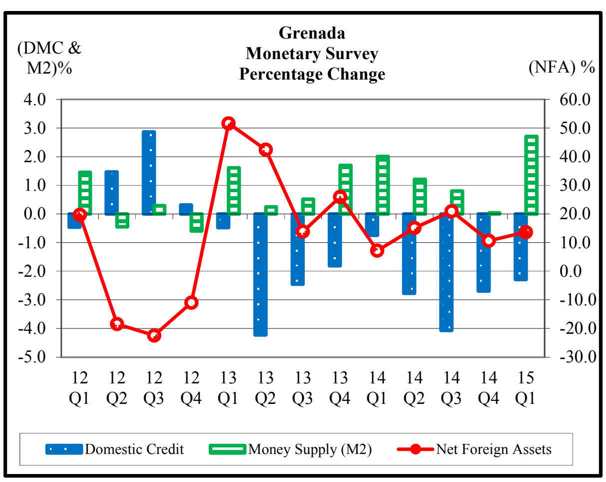
Courts. Under the terms of the agreement, the post-haircut balance on the loan will be repayable over 15 years – including a grace period of three and a half years – at an interest rate of 7.0 per cent. Amid those developments, the total disbursed outstanding debt of the public sector fell by 1.2 per cent ($28.6m) to $2,331.2m at the end of March 2015 relative to the level at the end of December 2014. The disbursed outstanding debt of the central government, which accounted for 92.4 per cent of total public sector debt, contracted by 1.3 per cent to $2,153.8m. Declines were recorded in the central government's stock of domestic debt (2.8 per cent) largely reflecting the impact of scheduled principal repayments and the reduction in arrears. The external component of central government's debt fell by 0.7 per cent, mainly associated with the downward movement in the exchange rates of the major borrowing currencies and with scheduled principal repayments. The disbursed outstanding debt of public corporations rose marginally by 0.2 per cent to $177.4m.

Money and Credit

Monetary liabilities (M2) expanded by 2.7 per cent to $2,072.6m during the first quarter of 2015, above the pace of growth of 2.0 per cent observed during the corresponding period of 2014. The increase in M2 was largely driven by a 9.0 per cent expansion in narrow money supply (M1), resulting from growth of 13.5 per cent ($44.9m) in the largest sub-component, private sector demand deposits. Declines were recorded in the other sub-categories of M1, namely issuances of cheques and drafts (9.6 per cent) and currency with the public (1.5 per cent). Quasi money, which rose by 0.8 per cent, also contributed positively to M2, led by growth in private sector foreign currency deposits (9.0 per cent) and private sector savings deposits (0.4 per cent). These increases were tempered by a 0.2 per cent contraction in private sector time deposits.

There was a concurrent expansion of 13.7 per cent in the net foreign assets of the banking system which stood at $661.8m at the end of March 2015. The transactions of commercial banks contributed to this outturn as they incurred a reduction in their net liability position with financial institutions outside the Currency Union (42.7 per cent) and an increase in their net foreign asset position in other ECCU territories (6.0 per cent). Grenada's imputed share of ECCB's reserves fell slightly to $427.2m.

Meanwhile, domestic credit decreased by 2.3 per cent to $1,491.9m during the quarter under review, largely on account of the transactions of non-financial public enterprises in the commercial banking sector. The net deposit position of non-financial public enterprises expanded by 20.0 per cent, reflecting growth in their deposits. Commercial bank credit to the private sector fell marginally by 0.8 per cent ($13.5m), due primarily to contractions in lending to households ($18.0m) and to non-bank financial institutions ($0.3m). The decline in private sector credit was partially offset by an increase of 1.0 per cent ($4.8m) in credit to businesses. Net credit to the central government was down by 3.4 per cent ($0.6m), as the contraction in credit outpaced the reduction of deposits in the entire banking system.



The majority of sectors registered decreased borrowings including distributive trades (5.1 per cent), transportation and storage (3.1 per cent), tourism (3.0 per cent), and manufacturing, mining and quarry (2.8 per cent). Lending for personal use, the largest category, fell by 0.7 per cent, attributable to a contraction in loans for the acquisition of property. There was also a decline of 12.0 per cent in loans for public administration. These declines were tempered by increases in credit to other sectors such as construction (15.7 per cent), agriculture and fisheries (11.8 per cent) and professional and other services (2.1 per cent).

Liquidity in the commercial banking system continued to rise. This was evidenced by a 2.6 percentage points increase to 38.1 per cent in the ratio of liquid assets to total deposits plus liquid liabilities. In addition, the loans and advances to total deposits ratio contracted to 65.7 per cent at the end of March 2015, from 68.6 per cent at the end of December 2014, mirroring the fall in total credit and increase in deposits.

With regard to interest rate developments, on 24 February 2015, the Monetary Council of the Eastern Caribbean Central Bank (ECCB) agreed to reduce the minimum savings deposit rate from 3.0 per cent to 2.0 per cent. This adjustment would be effective from 1 May 2015. The previous adjustment was in September 2002 when the rate was reduced from 4.0 per cent to 3.0 per cent. The weighted average interest rate spread between loans and deposits fell marginally to 6.76 percentage points at the end of March 2015, from 6.78 percentage points at the end of December 2014. The weighted average interest rate on loans was cut by 0.10 percentage point to 8.90 per cent while that on deposits decreased by 0.09 percentage point to 2.14 per cent.

Prospects

The economic recovery has been sustained to date and moderate growth is projected for the remainder of the year. Growth in certain sectors, namely, agriculture, tourism and manufacturing, is forecasted to remain robust. Additionally, construction activity is expected to pick up in the remainder of the year, largely associated with additional hotel development. These forecasts are premised on continued progress with the structural reform agenda. Amid those developments, inflation is projected to remain muted in 2015, reflecting primarily the impact of low international oil prices. The positive outlook is premised on positive developments in the advanced economies, namely for the USA, a major trading partner for which growth is anticipated in 2015.

In light of the ongoing reforms that the authorities are undertaking to contain spending and lock in the gains of revenue measures, the fiscal operations of the central government are likely to result in a smaller overall deficit. Some of these reforms are the introduction of the fiscal responsibility and public debt management legislation; and the execution of the strategy to strengthen statutory bodies and state-owned enterprises. The continued implementation of the public financial management legislation will also help to ensure near and medium term fiscal sustainability. These efforts are likely to be complemented by the completion of the debt restructuring exercise. Furthermore, receipts from the 2014 launch of the Citizenship-by-Investment programme are anticipated to serve as a fiscal buffer.

In the external sector, growth in domestic export receipts is forecasted based on the likely expansion in the volume of manufacturing and agricultural exports. The impact of this, however, may be muted since the higher level of economic activity could lead to a concurrent increase in imports, leading to a widening of the merchandise trade balance. Gross inflows from travel are projected to expand consistent with the expected increase in the number of stay-over visitors.

While these forecasts are encouraging, significant challenges remain in the economy including high youth unemployment and contracting private sector credit. The risks to the economy are tilted to the downside. Oil poses a downside risk, because its price could rise faster than anticipated on the global market, creating fiscal costs and causing sizable real income losses that would impact domestic demand. Weaker than anticipated economic developments in large emerging market economies can potentially impact bilateral trade and capital flows. If future fiscal policy consolidation efforts are not attuned to economic conditions, they can stall growth and erase any renewed sense of confidence that exist in the local economy. The country also remains vulnerable to adverse weather conditions.

MONTSERRAT

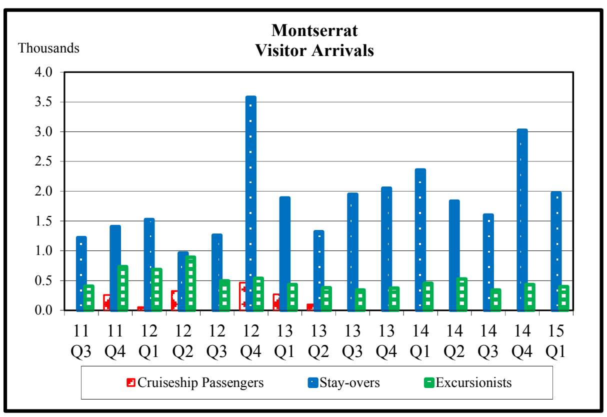
Introduction

The economic performance of Montserrat weakened in the first three months of 2015 relative to the corresponding period of 2014. Among the main sectors contributing to the decline in performance were public administration, construction and hotels and restaurants, moderated by an expansion in financial intermediation activities. The consumer price index declined by 0.4 per cent, on an end of period basis. The merchandise trade deficit widened as the value of imports increased. The overall balance on the fiscal accounts (after grants) improved due principally to increased current grant flows. In the banking system, total monetary liabilities and net foreign assets increased, while domestic credit contracted marginally. Overall, liquidity conditions remained relatively stable and high, while the weighted average interest rate spread between loans and deposits widened.

Montserrat's economy faces some headwinds for the remainder of 2015, with minimal growth projected based on a lower than expected first quarter performance and a less favourable outlook for key drivers of economic activity for the rest of the year. Improvements in value added by government services and construction may not be realized until the latter part of the year, as it remains contingent upon the resumption of a number of public sector infrastructure projects. The outturn on the fiscal balance depends largely on sustained levels of budgetary support particularly in light of prospects of lower intakes from tax collections and expansionary policy initiatives proposed in the recent 2015/2016 budget address. Additionally, the finalization of funding priorities with key development partners may not be sufficient to cause the economy to rebound within 2015. These factors may be slightly mitigated by an upturn in stay-over visitor arrivals which will enhance flows from tourism and other auxiliary sectors such as transport and communications, wholesale and retail and distributive trades. However, downside risks brought on by adverse weather conditions, disruptions to access and the slow mobilisation of budgetary support remain a concern.

Output

Preliminary data indicate an overall downturn in economic activity. Value added by public sector administration, defence and compulsory social security, the largest contributor to economic output, declined in the first quarter of 2015. The proxy indicator, the value of expenditure on personal emoluments and pensions, recorded a decline of 14.2 per cent in the period under review compared with that in the corresponding period last year. This outturn resulted from a deceleration in expenditure associated with one-off bonus payments made to civil servants and the departure of several senior and contract workers in 2014.

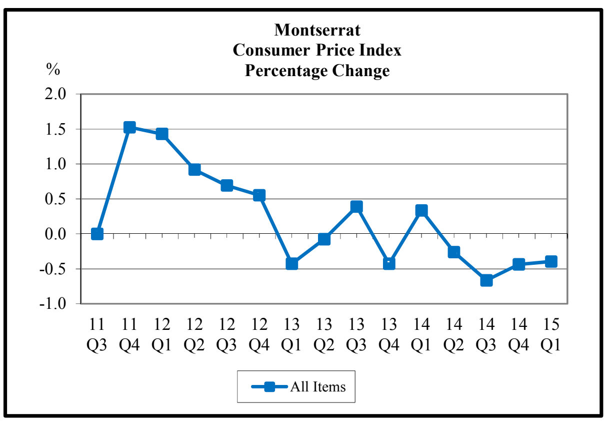


Performance in the tourism industry weakened as visitor arrivals fell by 13.2 per cent during the first quarter of 2015 in contrast to a 36.2 per cent increase in the corresponding period last year. Total visitor arrivals were lower from all main categories, in contrast to upturns recorded in the comparable period of 2014. Stay-over tourists fell by 16.5 per cent to 1,967 reflecting fewer tourists from the Caribbean (29.1 per cent), Canada (20.6 per cent) and the USA (3.6 per cent). Excursionists declined by 12.8 per cent to 396, in contrast to an increase of 5.1 per cent in the first quarter of the prior year. During the first three months of 2015 passengers arriving by yacht waned by 2.7 per cent to 689 notwithstanding the additional 46 yachts which visited the island.

Value added in the construction sector is provisionally estimated to have declined in the first quarter of 2015 compared with that in the corresponding period of 2014. This outturn is evidenced by 3.5 per cent fall in a key proxy indicator, namely credit for construction activities. The decrease in the sector’s performance was also driven by a 46.1 per cent fall in government capital expenditure for the review period. This development was primarily associated with the completion of a number of public sector investment projects in 2014, while major road works were also nearing completion.

Prices

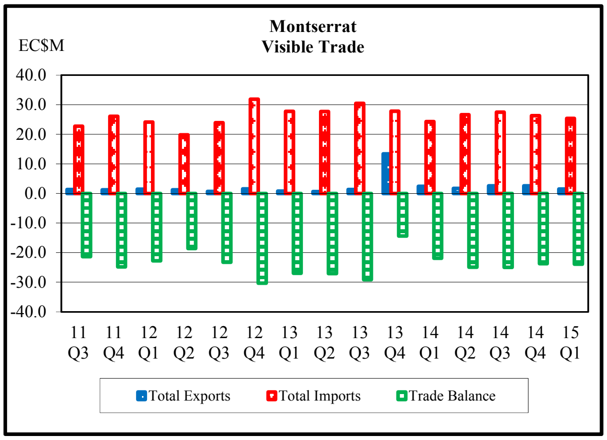
The consumer price index declined by 0.4 per cent, on an end of period basis, in contrast to an increase of 0.3 per cent in the first three months of 2014. The fall in prices was mainly attributed to declines in the sub-indices for services (2.7 per cent) and gas, electricity and water (12.5 per cent), partly associated with lower oil price effects. Meanwhile, price increases were recorded in the sub-indices for food (0.2 per cent), alcohol and tobacco (2.3 per cent) and household goods (.05 per cent). The rent index and clothing and footwear index remained unchanged.



Trade and Payments

Preliminary data revealed a widening of the trade deficit on the merchandise account in the first quarter of 2015 compared with the same period last year. The trade balance deteriorated by approximately 9.0 per cent giving rise to a larger deficit of $23.9m. This outturn was partly attributable to an estimated 37.0 per cent ($0.9m) contraction in export earnings, as revenue from all but one category declined. Domestic exports contracted by 5.7 per cent to almost $1.0m reflecting a fall in the export category of crude materials and inedible, except fuels. Goods re-exported fell by more than half to $0.6m in 2015 from $1.4m in the first quarter of 2014, as trade revenue from the re-export of machinery and transport equipment declined by $0.8m to an estimated $0.5m. Imports totalled $25.4m compared with $24.3m in the comparable period for the previous year on account of higher total spending on mineral fuels and related materials ($10.5m), machinery and transport equipment ($4.4m) and chemicals and related products ($1.7m). These increases were partially tempered by reduced expenditure on imports of crude materials and inedible except fuels (24.8 per cent), food and live animals (4.0 per cent) and manufactured goods (3.1 per cent).

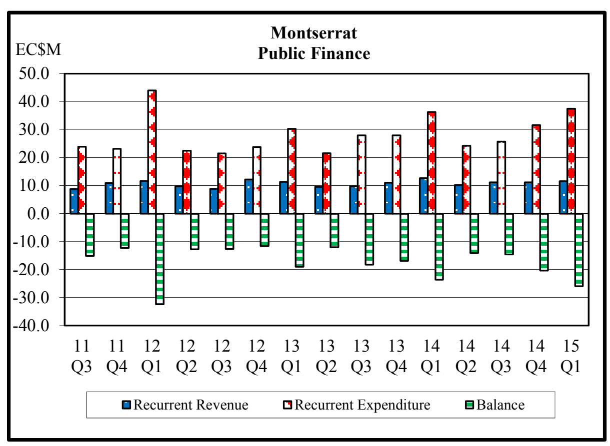
Developments on the services account were indicative of the downturn in visitor arrivals, as gross travel receipts were estimated to have declined to $6.2m from $7.1m in the first quarter of 2014. Alternatively, financial intermediation services expanded as commercial bank net external outflows accelerated by 13.8 per cent ($11.6m), compared with an increase of 11.7 per cent ($10.0) in 2014. This development was largely associated with an 8.9 per cent upturn in assets held abroad, tempered by a 2.0 per cent fall in that held within other ECCU territories.



Central Government Fiscal Operations

The central government recorded a larger surplus in the first quarter of 2015 compared with the corresponding period of 2014, representing the third consecutive quarterly surplus year-on-year. The overall and primary surplus (after grants) increased by $7.7m to $11.8m, compared with a surplus of $4.1m in the corresponding period of 2014. The overall fiscal position improved as the current account deficit shrank due to an improved flow of grants and lower capital expenditure. Current grants increased by 31.7 per cent ($5.7m) to $23.1m compared with $17.5m in 2014. The upturn in grants led to a 53.2 per cent reduction in the current account deficit to $2.9m from $6.1m in corresponding quarter of 2014. Budgetary aid totalled $47.6m in the first quarter of 2015, compared with $46.2m for the corresponding period of 2014.

Current revenue declined by 8.9 per cent to $11.6m in contrast to an increase of 11.8 per cent for the corresponding period of 2014. This outturn resulted from a 12.0 per cent decrease in tax revenue to $10.2m, driven by declines in revenue collections from corporations ($0.8m) and licenses and stamp duties (0.5m). Non- tax revenue registered an increase of 26.2 per cent ($0.8m) to $1.3m, softening the overall impact of lower tax intakes.



Current expenditure accelerated by 3.3 per cent to $37.5m as expenditure on goods and services more than doubled to $15.6m compared with $6.9m in the comparable period of 2014. The larger spending on goods and services was primarily associated with the payment of legal obligations. Meanwhile, outlays for transfers and subsidies and personal emoluments were reduced by 35.0 per cent ($6.1m) and 11.6 per cent ($1.4m), respectively. Expenditure on transfers and subsidies was lower in 2015 as a result of a 20.1 per cent ($1.0m) reduction in pension costs. Additionally, in 2014 there were larger outlays for transfers and subsidies owing to the settlement of arrears. Expenditure on personal emoluments reverted to 2013 levels following one-off bonus payments in March 2014. Meanwhile, interest payments on external debt remained unchanged.

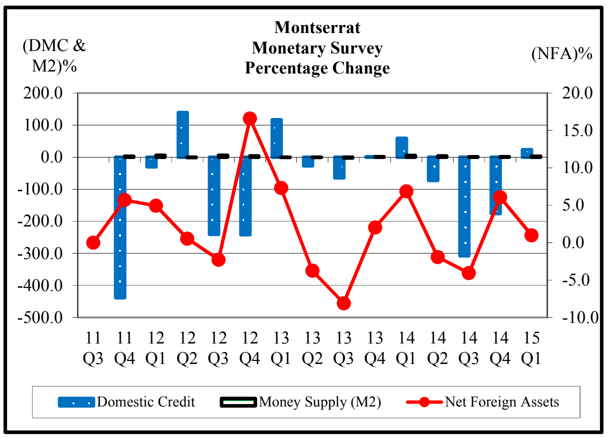
First quarter capital expenditure declined, in the absence of large investments for major public infrastructure projects, most of which neared completion in 2014. Investment outlays totalled $9.9m, 46.1 per cent ($8.5m) less than the amount spent in the corresponding three months of 2014. This outturn was also reflective of a slowdown in construction activity owing to the suspension of all programmes undertaken by the Montserrat Development Corporation from October 2014 and on-going budget negotiations for several new public infrastructure projects.

Public Sector Debt

The stock of public sector debt stood at $6.2m at the end of the first quarter of 2015 compared with a balance of $6.3m at the end of 2014. The fall in debt resulted from the amortization of the debt held with the Caribbean Development Bank. The proportion of total debt held by the central government stood at 23.3 per cent ($1.4m), while 76.7 per cent ($4.7m) was held by public corporations. Of the stock of debt, 99.7 per cent ($6.14m) was externally contracted.

Money and Credit

The stock of monetary liabilities in the banking sector (M2) increased by 2.9 per cent to $246.1m during the first three months of 2015, compared with an increase of 5.4 per cent during the corresponding period of 2014. This upturn was associated with a 1.0 per cent increase in quasi money to $196.1m, which represented 79.7 per cent of the stock of money. The expansion in quasi money was driven by 16.2 per cent rise in private sector foreign currency deposits, in contrast to an 18.4 per cent decline during the comparable period of 2014. Private sector saving deposits and time deposits also contributed to this development as they both registered increases of 0.4 per cent. Narrow Money (M1) increased by 11.0 per cent to approximately $50.0m as growth in private sector demand deposits (26.2 per cent) outpaced a decline in currency with the public (10.8 per cent).



The net deposit position of commercial banks increased by 23.4 per cent to 8.4m during the period under review, primarily on account of a 16.2 per cent increase in deposits of non-financial public sector enterprises. The net deposit position of the central government contracted by 3.8 per cent to $50.7m associated with a drawdown of deposits to meet current obligations. Credit to the private sector fell by 0.3 per cent to $67.0m due to a contraction in household sector credit (0.5 per cent), moderated by 1.8 per cent increase in business sector borrowing.

A sectorial analysis of credit extended during the review period revealed a 0.2 per cent contraction in personal credit to $61.4m, representing a proportion of 83.7 per cent of total commercial bank credit. A contraction in private borrowing for house and land purchase (1.2 per cent) and expenditure on durable goods (31.7 per cent) dampened the effects of the 1.0 per cent growth in credit for home construction and renovations. There were declines in borrowing by the construction sector (3.5 per cent), manufacturing (5.1 per cent), and tourism (0.5 per cent), while credit for distributive trades increased (3.0 per cent).

Net foreign assets in the banking system grew by 1.0 per cent to $291.0m. The net foreign assets of commercial banks increased by 5.7 per cent to $175.7m, as assets held with institutions outside the currency union rose by 8.9 per cent. Montserrat's share of the imputed reserves held with the Central Bank contracted by 5.4 per cent to $115.2m.

The level of liquidity in the commercial banking system remained high during the first quarter of 2015. The proportion of total liquid assets to total deposits plus liquid liabilities was 86.8 per cent, trending consistently above the minimum prudential requirement of 25.0 per cent. The ratio of loans and advances to total deposits declined to 21.5 per cent from 23.2 per cent at the end of December 2014, consistent with the contraction in domestic credit.

The interest rate spread between deposits and loans widened by 17 basis points to 6.28 per cent during the review period. The weighted average lending rate increased by 3 basis points to 8.09 per cent while the weighted average interest rate on total deposits fell from 1.95 per cent at the end of December 2014 to 1.81 per cent as at March 2015. During the quarter a new minimum average savings rate of 2.0 per cent, effective 1 May 2015, was announced following a decision taken at the 81st meeting of the ECCB Monetary Council held in February 2015. This represents the second downward adjustment of 100 basis points in the interest rate floor on savings deposits, since it was set at 4.0 per cent in 1985. This change may lessen the downward stickiness of loan rates.

Prospects

Montserrat's economy faces some headwinds for the remainder of 2015, with minimal growth projected based on a lower than expected first quarter performance and a less favourable outlook for key drivers of economic activity for the rest of the year. The scale of activity generated by the construction sector is expected to decline as the roll-out of key transformational projects are currently delayed. These include the third phase of the geothermal exploration, the new ferry terminal, the re-instatement of fibre-optic connectivity, the new hospital and secondary school projects.

The slowdown in construction activity may be slightly moderated if maintenance and other infrastructure projects addressing road works, social housing, water supply, and drainage and sanitation works are implemented within the second half of 2015. Additionally, a number of proposed fiscal incentives and social intervention initiatives geared at creating an enabling environment for private sector investments have the potential to boost economic activity. As such, affordable housing incentives for local residents, including members of the diaspora, may boost the performance of the financial, transport and communications, and construction sectors if implemented on a timely basis.

Tourism activity is likely to improve, underpinned by an increase in visitor arrivals and gross travel receipts, fuelled by activities to commemorate the twentieth anniversary of the volcanic eruptions and enhanced marketing. These developments will positively contribute to improvements in the distributive trades and services and primary sectors.

The economy continues to show some strong signs of resiliency buttressed by British institutional and budgetary support to the government. This bodes well for sustained levels of government services which are primarily financed through grants, and accounts for approximately 75.0 per cent of GDP. However, failure to mobilize funds and increase the pace of implementation of key public infrastructure projects will continue to dampen growth prospects.

On the fiscal side the government is expected to maintain a relatively balanced budget, underpinned by a continuous flow of grants from development partners, although domestic revenue prospects may weaken owing to a number of proposed duty and tax concessionary measures. Inflationary pressures are likely to remain subdued for the remainder of the year owing to a positive outlook for international commodity prices effects. Accordingly, it is anticipated that the merchandise trade balance may show some improvement with consumption supported by lower oil prices. Additionally, external outflows may decelerate if prospective private sector flows for residential investments materialize.

While growth prospects for 2015 currently appear less optimistic, it is expected that the new administration’s on-going reshuffling of development priorities across sectors, administrative reforms and ongoing budget negotiations with international aid partners will, hopefully, eventually hasten the pace of redevelopment efforts. The effective implementation of these changes, an improved rate of project implementation and efficiency in procurement procedures will improve the economic climate. The downside risks to growth include adverse weather conditions, lower global growth, and insufficient access which may hinder developments in the tourism industry and have negative price effects on related sectors, such as wholesale and retail, transport and communications and construction.

S T K I T T S A N D N E V I S

Overview

Economic activity in St Kitts and Nevis is estimated to have risen in the first quarter of 2015. This assessment is based on positive value added contributions by the construction, hotels and restaurants, agricultural and manufacturing sectors. Consumer prices fell by 1.3 per cent, on an end of period basis. The fiscal operations of the Federal Government resulted in a larger overall surplus, and the total outstanding public sector debt fell. In the banking system, monetary liabilities and net foreign assets increased while domestic credit fell. Meanwhile, commercial bank liquidity expanded and the weighted average interest rate spread between loans and deposits widened.

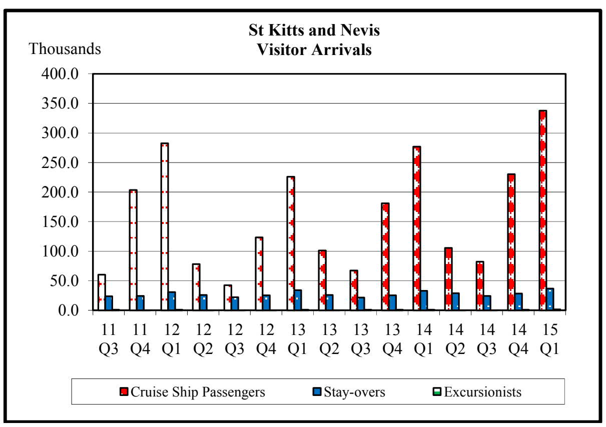
Expectations are that economic activity for the remainder of 2015 will continue to expand, reflecting robustness in construction supplemented by positive developments in the tourism industry. Construction activity will largely be influenced by private sector-led hotel development projects combined with public sector initiated infrastructural enhancements. Likewise, the positive outlook for value added in the tourism industry is predicated on a sustained increase in stay-over visitor arrivals and realisation of a record number of cruise passengers for 2015. Estimated increases in manufacturing and agricultural output, albeit small in their contributions to overall GDP, will further sustain the optimistic outlook.

The fiscal operations of the Federal Government are projected to record a smaller overall surplus based on reductions in revenue from taxes on domestic goods and services, consistent with low Value Added Tax (VAT) collections. Non-tax receipts particularly from the Citizenship by Investment programme are estimated to increase, however this will be mitigated somewhat by a moderation in tax receipts associated with the removal of VAT from food, medicine and funeral expenses. The overall surplus of the central government may also be constrained by higher outlays on personal emoluments and goods and services. The possibility of a sharp decline in the Citizenship by Investment Programme and the sustainability of on-going construction activity in the Federation could pose a further threat to fiscal outturns. Other downside risks include; a deceleration in the performance of the economy of the USA and possible damage to the infrastructure by inclement weather.

Output

Value added in the construction sector, is estimated to have risen in the first quarter of 2015, attributable to higher capital outlays in both the private and public sectors. Private sector activity was robust, as evidenced by ongoing construction work on a number of hospitality projects including; the Park Hyatt Resort, the Imperial Bay Resort, the Pelican Bay Resort and the Pirate's Nest hotel/condominium resort. The completion work on the Kittitian Hill Resort, Phase I continues, as work on Phase II accelerates. Additionally, work advances on the Koi Resort and a number of mid-level hospitality accommodations. In Nevis, construction activity related to the Four Seasons Estates, Tamarind Bay Marina development and the expansion of the Mount Nevis Hotel represented the major private sector projects. Further evidence of the elevated pace of construction activity was provided by a proxy indicator, the volume of cement imported, which rose by 26.4 per cent compared with a 60.0 per cent rise in the first three months of 2014. In the public sector, capital outlays rose to $27.2m in the first three months of 2015 compared with $20.0m in the corresponding period in 2014, as infrastructural work continued on the road network in St Kitts and Nevis and 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 quarter of 2015, reflective of the estimated impact of higher number of stay-over visitors and cruise passenger arrivals. These developments contributed to a 20.2 per cent increase to 377,726 in total visitors, compared with a 19.9 per cent increase in the previous year. The number of stay-over visitors is estimated to have risen by 11.4 per cent to 36,739 in the first quarter of 2015 in contrast to a decline of 2.9 per cent in the corresponding period of 2014. The performance was driven by increases in all of the major source markets, including the United States of America (10.3 per cent), the Caribbean (16.4 per cent) and Canada (11.7 per cent), respectively. The improved performance of those markets was consistent with generally buoyant economic activity in the USA and Canadian markets and economic recovery in Caribbean markets. Increased stay-over visitor arrivals were also recorded from the United Kingdom, which rose by 12.9 per cent and reflected gradual economic strengthening in that source market. Cruise passenger arrivals rose by 21.9 per cent (60,671) to 337,686, in the first quarter of 2015 compared with a 22.5 per cent (50,898) increase in the corresponding period of 2014. This outturn was consistent with more cruise ship calls to the Federation (214), compared with 171 in the first three months of 2014. Meanwhile, the number of excursionists rose by 10.5 per cent to 1,256, while the number of passengers visiting by yacht fell by 33.6 per cent to 2,045, in contrast to a more than trebling in the number of this visitor category in the first quarter of 2014.



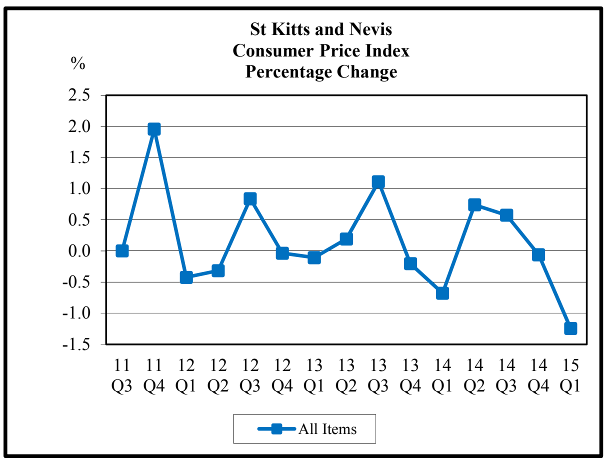
Positive developments in the construction and hotels and restaurants sectors were further supplemented by an estimated increase in output in the manufacturing sector. Value added in the manufacturing sector is also estimated to have risen, in the period under review as evidenced by higher levels of exports of electronic components (9.5 per cent), partly tempered by a 66.8 per cent decline in the export of alcoholic beverages.

Developments in the agriculture, livestock and forestry sector were largely positive, as output of crops and several livestock components expanded. Total crop production rose by 8.6 per cent, attributable to a more than doubling in the output of pumpkin, coupled with increases for watermelon (44.5 per cent), peanuts (42.9 per cent), sweet potato (12.9 per cent) and tomato (10.8 per cent). Livestock production rose as pork, mutton and beef production increased by 36.6 per cent, 26.5 per cent and 6.9 per cent respectively. Other livestock production, namely chicken, more than quadrupled associated with the establishment of a new broiler cooperative and egg production rose by 2.7 per cent.

Prices

The price level, as measured by the Consumer Price Index (CPI), fell during the first quarter of 2015 by 1.3 per cent compared with a fall of 0.7 per cent in the corresponding period of 2014. The major contributing factors to this decline were decreases in the transportation

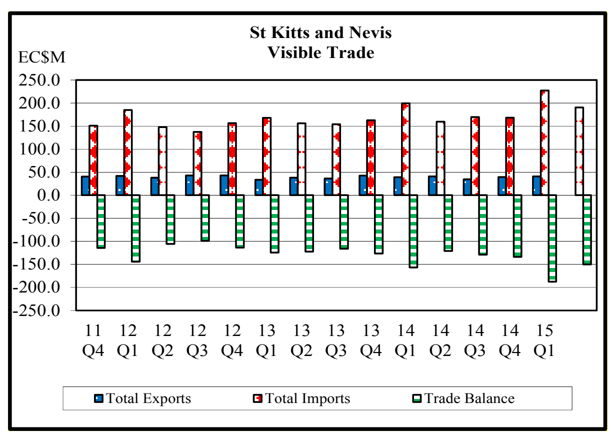
(5.8 per cent) and food and non-alcoholic beverages (1.3 per cent) sub-indices. Other notable contributors to the decline in the index included decreases for the education, health, and alcoholic beverages, tobacco and narcotics sub-indices. However, inflationary pressures were recorded for the sub-indices, communication (1.8 per cent), household furnishings, supply and maintenance (1.6 per cent) and clothing and footwear (1.1 per cent) respectively.



Trade and Payments

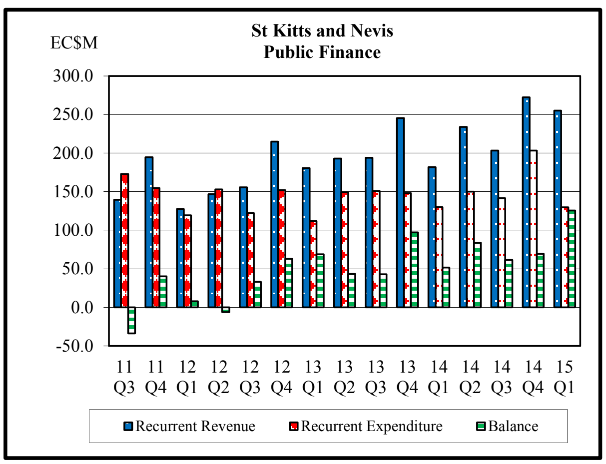
A merchandise trade deficit of $150.0m was estimated in the first quarter of the year compared with one of $120.8m in the corresponding 2014 period. This development was reflective of an increase in the level of imports (19.3 per cent), which was driven primarily by higher importation of mineral fuels and related materials and machinery and transport equipment. The widening in the trade deficit was constrained somewhat by an increase in exports which rose by 5.9 per cent to $37.2m, largely fuelled by the re-export of machinery and transport equipment.

Gross travel receipts are estimated to have risen by 7.0 per cent to $97.5m in the first quarter of 2015, consistent with developments in stay-overs and cruise passenger arrivals. The transactions of commercial banks resulted in a net outflow of $124.3m in short term capital during the review period, compared with an outflow of $133.9m in the corresponding period of 2014. There were no external disbursements received in the first quarter of 2015 in contrast to disbursements of $1.8m in the corresponding period of 2014, while external principal repayments totalled $17.4m compared with $7.6m in the first quarter of 2014.



Federal Government Operations

The fiscal operations of the Federal Government is estimated to have resulted in an overall surplus of $104.9m in the first quarter of 2015, compared with one of $45.2m in the corresponding period of 2014. The outturn in the overall balance was influenced mainly by developments on the current account, associated with higher tax and non-tax receipts. Consequently, the proceeds were reflected largely in an accumulation of bank deposits. Likewise, a primary surplus of $114.0m was recorded compared to one of $54.6m in the first three months of 2014.



Current revenue is estimated to have risen by 40.4 per cent to $255.3m in the first quarter of 2015, compared with an increase of 0.7 per cent in the first quarter of 2014. Increased current revenue receipts were fuelled by higher collections of tax and non-tax revenues. Improvement in the collection of tax receipts by 19.9 per cent to $132.2m was attributable to higher yields from most of the major tax categories; taxes on income and profits (58.2 per cent), taxes on international trade and transactions (32.1 per cent) and taxes on property (44.9 per cent). Collections of taxes on income and profits rose, largely due to a more than doubling in corporation tax receipts and a 9.6 per cent rise in personal tax receipts associated with buoyant real sector activity. Higher receipts of taxes on international trade and transactions reflected a more than four-fold increase in the collections of excise taxes and a 23.3 per cent improvement in customs service charge collections. However, the increase in tax revenue was tempered by lower receipts for taxes on domestic goods and services, attributable to declines in inflows of stamp duty (30.5 per cent). Notwithstanding the lower collection of taxes on domestic goods and services, value added tax (VAT) receipts rose by 4.7 per cent to $40.2m compared with a 10.0 per cent increase in the first three months of 2014.

Non-tax revenue collections rose by 72.1 per cent to $123.2m, largely due to higher receipts from the Citizenship by Investment (CBI) programme. Non-tax revenue increases were also buoyed by increased collections of fees, fines and sales (9.8 per cent).

Current expenditure fell by 0.3 per cent to $129.7m in the review period, in contrast to an increase of 16.3 per cent in the first quarter of 2014. A decrease in outlays of most of the major expenditure sub-components was the major contributing factor to this development. Expenditure on goods and services, fell by 6.4 per cent ($2.4m) associated with expenditure delays. Declines were also recorded for interest payments (3.3 per cent), consistent with the fall in outstanding debt and for outlays on transfers and subsidies (2.6 per cent). Mitigating the decrease in current expenditures was a 4.9 per cent rise in personal emoluments largely associated with a 3.0 per cent salary increase, part of a 4.0 per cent, 3.0 per cent and 3.0 per cent general wage increase over the period 2014 to 2016.

Capital expenditure outlays increased by 36.8 per cent to $27.2m in the first quarter of 2015, after increasing more than three-fold in the first quarter of 2014. Higher outlays were largely attributed to road rehabilitation and infrastructural works in St Kitts and upgrades to the water delivery system in Nevis.

On a disaggregated basis, the overall surplus of the central government of St Kitts widened to $98.4m from a balance of $44.2m in the first quarter of 2014. Recurrent revenue rose by 47.9 per cent to $220.8m, mainly due to higher collections of proceeds from tax and non-tax revenue. Tax revenues were higher by 23.3 per cent amounting to $106.2m, on account of the improved performances of the majority of the major tax categories. Revenues from taxes on international trade and transactions rose by 55.8 per cent ($11.2m), mainly reflecting increases in collections from excise duties ($7.5m), and customs service charge ($3.6m). Receipts from taxes on income and profits rose by 58.0 per cent to $28.7m, due to higher collections of corporate and witholding taxes (social service levy). Property tax receipts also advanced by 62.6 per cent, fuelled by an 86.0 per cent rise in collections from the condominium tax. The increase in tax revenue collections was tempered by lower receipts of taxes on domestic goods and services which fell by 7.0 per cent ($3.2m), mainly on account of declines in receipts from stamp duties (43.6 per cent) and the VAT which decreased by 1.4 per cent ($0.4m) to $29.8m. Non-tax revenue receipts were higher by 81.6 per cent to $114.6m, influenced substantially by a doubling in the proceeds from the CBI programme.

Current expenditure in St Kitts increased by 0.7 per cent to $101.5m, compared with an 11.9 per cent rate of growth in expenditure in the corresponding period of 2014. This development was largely influenced by a 5.4 per cent ($2.4m) rise in outlays on personal emoluments. The increase in current expenditure, however, was moderated by lower outlays on other goods and services (4.4 per cent) and interest payments (6.5 per cent), as well as, transfers and subsidies (0.4 per cent). Capital expenditure increased to $23.5m, compared with outlays of $17.6m in the first quarter of 2014, as work continued on major road works.

The fiscal operations of the Nevis Island Administration (NIA) recorded an overall surplus of $6.5m in the period under review, compared with a surplus of $1.0m recorded in the first three months of 2014. This fiscal outturn was the result of an increase in current and capital revenue, coupled with a decrease in current expenditure.

Current revenue receipts amounted to $34.5m in the period under review, representing a 6.1 per cent increase when compared with total receipts in the corresponding period last year. Higher current revenue collections reflected favourable developments in both tax and non-tax revenue receipts. Tax revenues were 7.8 per cent higher, sustained by increased collections from taxes on domestic goods and services (20.9 per cent) and taxes on income and profits (59.6 per cent). The increase in tax revenues was tempered somewhat by lower collections from taxes on international trade and transactions and taxes on property of 31.4 per cent and 49.0 per cent respectively. The sub-component, non-tax revenue rose by 1.1 per cent ($0.1m) to $8.6m. There were no grant receipts during the period under review, which corresponded with developments in the first three months of 2014.

Current expenditure fell by 3.6 per cent to $28.2m, in contrast to a 34.4 per cent increase in the corresponding three months of 2014. The decrease in current expenditure was attributable to reduced outlays for goods and services (13.9 per cent) and transfers and subsidies (17.1 per cent) respectively. Lower current expenditure outlays were moderated by increases in personal emoluments (3.2 per cent) and on interest payments (1.4 per cent). Capital expenditure rose by 61.5 per cent to $3.7m, compared with $2.3m spent in the corresponding period of 2014, attributable to higher outlays associated with the CDB funded water drilling project.

Public Sector Debt

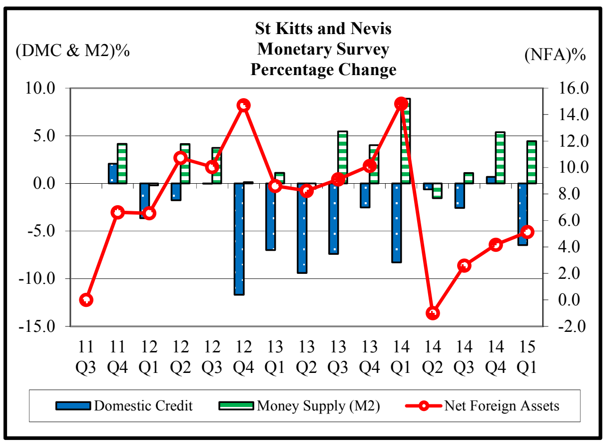
The total disbursed outstanding debt of the public sector fell by 2.3 per cent to $1,735.4m in the first quarter of 2015, compared with $1,777.0m at end December 2014. The outstanding debt of the central government, which accounted for 83.2 per cent of total debt, fell by 2.6 per cent to $1,444.4m, while that of public sector corporations also declined, falling by 1.2 per cent to $291.1m. External debt which represents 42.6 per cent of public sector debt fell by 3.5 per cent to $739.4m. The decline in the Federal Government's debt is reflective of the impact of the debt restructuring exercise, and the debt for landswap.

Money and Credit

Monetary liabilities (M2) expanded by 4.4 per cent to $3,085.9m in the first quarter of 2015, compared with an increase of 8.9 per cent in the corresponding period in 2014. The outturn for the most part reflected increases in quasi money of 4.8 per cent to $2,486.9m, while narrow money (M1) also rose by 2.9 per cent to $599.0m. The rise in quasi money was driven by increases in private sector foreign currency deposits (8.4 per cent) and private sector time deposits (7.8 per cent). The expansion in M1 was influenced primarily by higher levels of EC dollar cheques and drafts issued and private sector demand deposits of 87.9 per cent and 1.6 per cent respectively.

Domestic credit declined by 6.5 per cent to $946.7m in the period under review, compared with a decrease of 8.3 per cent in the first quarter of 2014. The outturn was largely attributable to an increase in the net deposit position of both the non-financial public enterprises (NFPE's) and the Federal Government, combined with lower credit extended to the private sector. The net deposit position of NFPEs rose by 2.3 per cent to $874.0m, fuelled largely by a 2.2 per cent ($19.7m) increase in deposits held at commercial banks. The decline in domestic credit was also reflective of an 11.4 per cent ($38.2m) rise in the net deposit position of the Federal Government to $372.0m, largely driven by a 5.9 per cent ($39.2m) increase in deposits in the banking system. This outturn was largely influenced by developments at the central government level, as its net deposit position rose by 7.9 per cent to $548.1m, attributable to an 8.9 per cent ($39.1m) rise in deposits at commercial banks. By contrast, the Nevis Island Administration (NIA) registered a higher net credit position (1.0

per cent) as the authorities contracted additional borrowing, while reducing deposits. The decline in domestic credit was also influenced by a 0.4 per cent ($7.8m) reduction in outstanding credit to the private sector during the first three months of 2015. This development was largely the result of lower credit to households (1.8 per cent) and a reduction in net investments in subsidiaries and affiliates (0.3 per cent). Credit to businesses, however, increased by 2.2 per cent.



An analysis of the distribution of credit by economic activity indicates a general decline in lending for personal uses (1.6 per cent), distributive trades (6.3 per cent), manufacturing, mining and quarrying (3.6 per cent) and agriculture and fisheries (0.2 per cent). Among the personal loans extended, reductions were recorded in credit for the acquisition of property and durable consumer goods of 0.7 per cent and 0.3 per cent, respectively. These declines were partially slowed by increased lending to the tourism sector (3.8 per cent), consistent with higher investment in the industry and to and the construction sector (0.1 per cent).

Net foreign assets of the banking system, grew by 5.1 per cent ($121.2m) to $ 2,485.1m in the first quarter of 2015, compared with growth of 14.8 per cent ($288.3m) in the corresponding period of 2014. The increase was largely due to an 8.3 per cent expansion in commercial banks' net foreign asset position to $1,628.5m, attributable to an accumulation of assets held by financial institutions outside of the Currency Union. The increase in the net external position of commercial banks was moderated somewhat by an increase (8.0 per cent) in the net foreign liabilities in banks within the ECCU. St Kitts and Nevis's imputed share of the Central Bank's reserves fell by 0.4 per cent to $856.6m.

Liquidity in the commercial banking system expanded in the period under review. The ratio of loans and advances to total deposits fell by 1.6 percentage points to 34.2 per cent, while the ratio of liquid assets to total deposits rose by 3.4 percentage points to 79.2 per cent. Further evidence of the improvement in liquidity conditions included an increase in the ratio of liquid assets to total deposits plus liquid liabilities which rose by 2.1 percentage point to 64.6 per cent.

At the 81st meeting of the ECCB Monetary Council held on 27 February, the members agreed to reduce the minimum savings deposit rate from 3.0 per cent to 2.0 per cent. This policy measure is with effect from 1 May, 2015. The previous adjustment to the minimum savings deposits rate was in September, 2002 when the rate was reduced from 4.0 per cent to 3.0 per cent. The weighted average interest rate spread between loans and deposits widened to 6.35 percentage points during the first quarter of 2015, from 5.13 percentage points at the end of 2014. This outturn resulted from the weighted average lending rate widening by 0.05 percentage points to 8.67 per cent, while the weighted average deposit rate fell by 0.16 percentage points to 2.32 per cent.

Prospects

The economic outlook for the Federation of St Kitts and Nevis appears to be positive for the rest of 2015, influenced by buoyant economic activity in the USA and moderate energy prices. The April 2015 World Economic Outlook of the International Monetary Fund (IMF) estimates that the global economic expansion to accelerate to a 3.5 per cent rate largely on account of a 3.1 per cent increase in GDP for the economy of the USA.

In particular, the performance of the domestic economy will be buoyed by the strength of the economic recovery in the USA - the major tourism source market, which will underscore the prospects for the tourism industry going forward. Activity in the tourism industry is projected to increase based on a number of marketing initiatives undertaken by the Tourism Authority which include the hosting of travel writers, greater use of digital media and the securing of additional airlift from Delta Airlines and Air Canada for the winter season. The implementation of the new tourism strategy and operationalisation of the yachting policy are also anticipated to favourably impact visitor arrivals. Other developments include sustained vibrancy in the construction sector associated with a number of private and public sector projects. These developments are estimated to favourably impact wholesale and retail trade, transport, storage and communications and the real estate, renting and business activities sectors. Higher inflationary pressures are anticipated associated with buoyant real sector activity, moderated somewhat by downward pressures exerted by low energy prices.

An overall surplus on the fiscal accounts is estimated based on continued buoyancy in total revenues, particularly non-tax. This is premised on the continued performance of the CBI program. Notwithstanding the favourable fiscal position, the operations of the Federal Government are expected to generate a lower overall surplus in 2015 based on an anticipated increase in current and capital expenditure, combined with lower grants receipts. Tax revenue is estimated to be marginally lower, associated with the removal of the VAT from food, medicine and funeral expenses; however this may be partially offset by more robust economic activity. Higher current expenditure is estimated attributable to the effects of the public servants salary increase and higher outlays on transfers and subsidies and goods and services. Capital expenditure is also estimated to be higher, fuelled by on-going infrastructure related projects throughout both islands.

The merchandise trade deficit is anticipated to record a wider deficit consistent with growth in imports associated with building materials for the construction sector and 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 the comparatively lower cost of energy and the attempts by the authorities to explore more renewable energy sources.

Notwithstanding the positive indicators, possible major downside risks to the projections include a decline in receipts from the Citizenship by Investment programme attributable to intensified regional competition; and lower activity in the construction sector, a direct knock on effect of a possible decline in inflows associated with the CBI programme. Second order downside risks include; possible damage to critical infrastructure associated with adverse weather, higher energy prices and a deceleration of growth in the USA economy which could adversely impact the tourism performance of the Federation's most lucrative market.

SAINT LUCIA

Overview

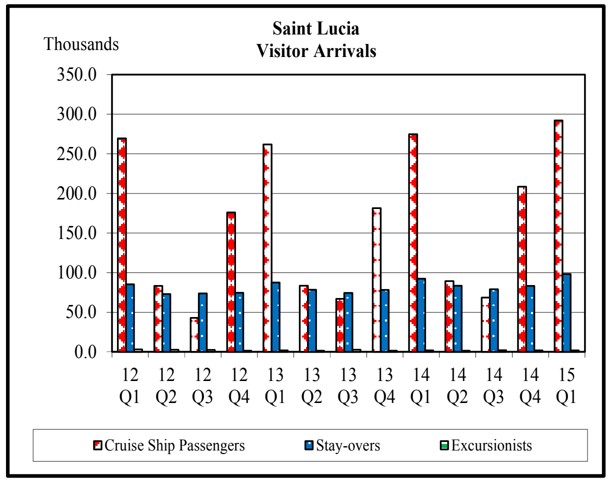
Based on developments in the first quarter of 2015, it is estimated that economic activity in Saint Lucia expanded marginally compared with the outturn in the first three months of 2014. The overall assessment reflected positive developments in a number of the key economic sectors, including hotels and restaurants and construction. Inflationary pressures eased, as indicated by a 1.1 per cent decline in consumer prices, on an end of period basis. The merchandise trade deficit narrowed, influenced by a fall in import payments, as well as an increase in the value of exports. The central government incurred a smaller overall deficit, compared with that in the first quarter of 2014. Total disbursed outstanding debt of the public sector rose marginally during the period under review, reflecting an increase in central government borrowing. The money supply (M2) increased, while domestic credit and net foreign liabilities of the banking system fell, contributing to an overall net foreign assets position. Liquidity in the commercial banking system improved, while the interest rate spread between loans and deposits widened during the review period.

Economic prospects for the remainder of 2015 are favourable, with risks tilted towards the downside. The pace of construction activity is projected to pick up, as public sector infrastructural development progresses, including work on a number of roads and the completion of the St Jude Hospital. Also, a number of new infrastructural projects are expected to get off the ground this year. Support from the private sector is anticipated as, inter alia, work on a number of hotel plants continues. Improvement in the agricultural sector is expected, contingent on the recovery from the Black Sigatoka disease, the success of the new investment initiatives in livestock and non-banana crops and favourable weather. An increase in the number of stay-over visitors is anticipated as the recovery in the economies of the major source markets strengthens and airlift increases. A smaller overall deficit is projected on the fiscal accounts, as current spending is contained and revenue enhanced. Inflationary pressures are expected to remain subdued, especially if commodity prices, oil in particular, continues to fall. Downside risks to the outlook for growth include external shocks capable of retarding growth, adverse weather and local labour market issues.

Output

In the tourism industry, activity is estimated to have improved in the first quarter of 2015, as evidenced by an increase in the total number of visitors, particularly stay-over visitors. Stay-over arrivals increased by 6.4 per cent to 98,219, compared with growth of 5.4 per cent in the first three months of 2014. Consistent with the improvement in US economic activity, visitor arrivals from the USA, the major source market, grew by 12.6 per cent, also reflective of increased airlift from that market. Visitor arrivals from Canada increased by 13.6 per cent, compared with growth of 10.5 per cent in the corresponding period of the prior year. The number of stay-over visitors from the Caribbean increased by 14.3 per cent in contrast to a decline of 25.5 per cent recorded in the first quarter of 2014. These increases were tempered by a decline of 7.7 per cent in visitor arrivals from Europe, associated with weakened activity in the sub-markets within that region, particularly the UK.

In the cruise-visitors category, passenger arrivals increased by 6.3 per cent to 292,218, compared with growth of 4.9 per cent in the first three months of 2014. The improvement in the cruise category is attributable to an increase in the number of cruise ship calls to 196 from 192 in the first quarter of the previous year. Of the other categories, the number of yacht visitors and excursionists fell by 1.4 per cent (205) and 1.7 per cent (33) respectively. The overall effect of those developments was a 6.0 per cent increase in total visitor arrivals to 407,274.



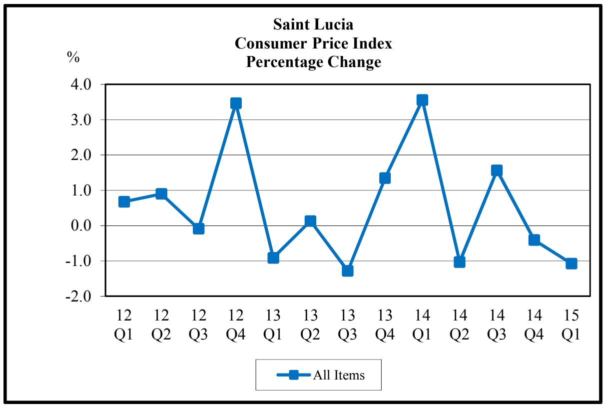
Construction activity is estimated to have improved in the period under review compared with the first quarter of 2014. This assessment is evidenced by an 8.9 per cent increase in the proxy indicators, credit for construction, growth in lending for home construction and renovation and an estimated improvement in the value of imported construction materials. Work in the private sector continued on a few hotel plants, including the Tides Sugar Beach Resort and the Harbour Club. In the public sector, work progressed on infrastructural development including roads and bridges.

Agricultural output is provisionally estimated to have risen, influenced in part by developments in the banana industry and a number of ongoing investment initiatives in the sector. Banana production rose by 5.9 per cent to 2,404 tonnes, in contrast to a decline of 23.6 per cent in the comparable period of 2014, as the industry struggled to recover from the adverse impacts of the Black Sigatoka disease and inclement weather. Growth in banana output was supported by improved performance in non-banana crops. By contrast, the production of chicken and pork declined by approximately 8.1 per cent and 2.2 per cent, respectively in the first quarter of 2015.

In the manufacturing sector, output is estimated to have increased slightly compared with the total in the first quarter of 2014. This outturn was influenced by an estimated increase in the value of the output of a number of manufactured items, including beverages, which contributed to an 8.6 per cent expansion in the total value of production. Notwithstanding, a marginal decline (1.3 per cent) was recorded in commercial banks' lending to the manufacturing plus mining and quarrying sector.

Prices

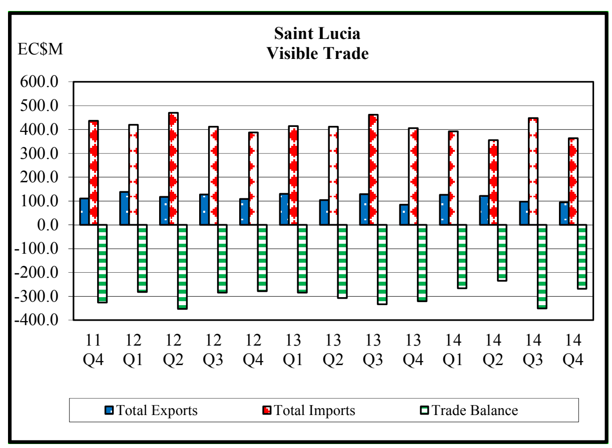
The consumer price index fell by 1.1 per cent during the first quarter of 2015, in contrast to a 3.6 per cent increase during the corresponding quarter of 2014. The fall in prices during the review period was underpinned by declines in the cost of transport (8.8 per cent), influenced by falling prices for fuel and airfares; household furnishings supplies and maintenance (2.1 per cent) and alcoholic beverages, tobacco and narcotics (0.6 per cent). The reduction in the overall index was tempered by increases in all the other sub-indices, including communication (8.8 per cent), which resulted directly from higher charges for cellular calls; clothing and footwear (8.7 per cent); housing, utilities, gas and fuels (6.6 per cent); education (7.8 per cent) and recreation and culture (3.0 per cent).



Trade and Payments

A merchandise trade deficit of $268.9m was estimated for the first three months of 2015, compared with one of $321.0m in the comparable period of 2014. The narrowing of the deficit was attributable to a fall in import payments, combined with an increase in the value of exports. Import payments were estimated to have fallen by 10.4 per cent in contrast to growth of 4.7 per cent in the first quarter of 2014. Receipts from total exports increased by 11.6 per cent to $94.5m, fuelled by an improvement in re-exports, which grew by 26.6 per cent in the period under review. Higher earnings from re-exports largely reflected a $6.9m increase in the re-export of miscellaneous manufactured articles. Domestic export earnings remained relatively unchanged despite a marginal increase in receipts from the export of bananas.

Gross travel receipts are estimated to have risen by 12.3 per cent to $359.6m, consistent with the increase in the number of stay-over visitors. The increase in travel receipts was also influenced by growth in the average daily expenditure of visitors from most of the source markets. Transactions of commercial banks resulted in a net outflow of $150.1m in short-term capital during the first quarter of 2015, compared with an outflow of $146.9m recorded during the corresponding period of 2014. In the review period, both external loan disbursements to the central government and debt repayment more than doubled to $88.3m and $60.2m, respectively. As a result, the central government was in a net disbursement position of $28.1m in the first quarter of 2015, compared with one of $1.9m in the comparable period of 2014.



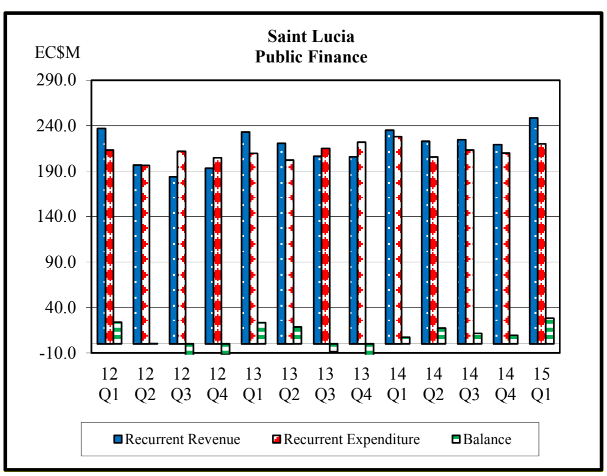
Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall deficit of $28.6m, compared with one of $50.7m recorded in the first quarter of 2014. The narrowing of the overall deficit was associated with developments on both the current and capital accounts. The capital account registered a deficit (after grants) of $56.8m, compared with one of $57.7m in the first quarter of 2014. A primary surplus of $3.8m was recorded in contrast to a primary deficit of $16.8m realised in the first three months of last year. The overall deficit was financed largely through external borrowing, with support from the domestic market.

A current account surplus of $28.2m was recorded compared with one of $7.1m in the first three months of 2014. The larger surplus was mainly the result of growth in current revenue, supported by a decline in current expenditure. Current revenue grew by 5.7 per cent to $248.3m, reflecting an increase in receipts from taxes, which more than offset a fall in non-tax revenue. Non-tax revenue fell by 16.0 per cent ($1.9m) primarily on account of marginal declines in receipts from fees, fines and sales and interest and rents.

Tax revenue rose by 6.8 per cent ($15.2m) to $238.4m, as increases in receipts from taxes on domestic goods and services, income and profits and property, more than offset a decline in the yield from taxes on international trade and transactions. Revenue from taxes on domestic goods and services grew by 11.9 per cent ($11.3m) to $106.1m, mirroring larger collections from the VAT, while the yields of most of the other major taxes in that sub-category declined. Yields from the VAT grew by 15.4 per cent ($12.2m) to $91.4m in the period under review. The improvement in VAT collections was largely attributable to the change in the rate on hotels and related services, which took effect in April 2014 and the removal of a number of items on the VAT exempt list. Yields from taxes on income and profits grew by 8.3 per cent ($5.3m), largely reflecting growth of 47.2 per cent ($8.0m) in intake from the corporation tax. Receipts from the property tax almost doubled as the new valuation system became more entrenched. Meanwhile, proceeds from taxes on international trade and transactions fell by 4.3 per cent, largely associated with lower yields from the airport tax.

Current expenditure fell by 3.4 per cent to $220.1m, influenced by declines in outlays on goods and services (11.8 per cent), interest payments (4.3 per cent) and personal emoluments (3.6 per cent). By contrast, expenditure on transfers and subsidies, which account for the second largest share of current expenditure, grew by 7.4 per cent ($3.3m), due in part to larger contributions to transfers, including social programmes. Contributing to the overall decline in expenditure was a fall of 17.4 per cent ($15.3m) to $72.9m in capital expenditure compared with one of 22.1 per cent ($25.0m) in first quarter of 2014. Delays in the implementation of a major infrastructural project, associated with the disbursement of loan funds from the People's Republic of China on Taiwan, was one of the main impediments to capital spending. Notwithstanding, work continued on the reconstruction and rehabilitation of roads, bridges and other infrastructure.



Public Sector Debt

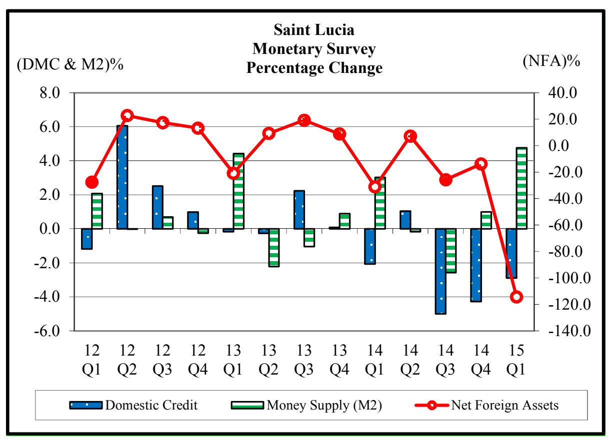
The total disbursed outstanding debt of the public sector was estimated at $2,904.8m at the end of March 2015, an increase of $13.5m (0.5 per cent) on the total at the end of December 2014. This outturn largely reflected an increase in central government's borrowing, as its stock of external debt grew by $41.5m (3.0 per cent), while its domestic borrowing declined by $27.6 (2.0 per cent). Total debt incurred by the public corporations fell marginally (0.2 per cent) to $162.5m, influenced by a decline of 3.9 per cent in their stock of external debt.

Money and Credit

Monetary liabilities (M2) are provisionally estimated to have risen by 4.8 per cent to $3,025.6m during the quarter ended March 2015, at a faster pace compared with growth of 3.0 per cent during the corresponding period of 2014. Growth in M2 mirrored increases in both quasi money and the narrow money supply (M1). Quasi money grew by 4.5 per cent ($95.7m), associated with growth in all subcategories. Private sector foreign currency deposits rose by 17.7 per cent ($43.0m), while savings deposits and time deposits increased by 2.4 per cent ($37.3m) and 4.2 per cent ($15.5m), respectively. M1 rose by 5.6 per cent to $790.5m, primarily on account of an expansion of 9.3 per cent in private sector demand deposits, which more than offset declines of 7.4 per cent ($11.5m) in currency with the public and 8.7 per cent ($0.9m) in EC$ cheques and drafts issued.

Domestic credit fell by 2.9 per cent to $3,475.9m during the first quarter of 2015, compared with a decline of 2.1 per cent during the corresponding period of 2014. This development was partly influenced by a 0.9 per cent contraction in lending to the private sector; mainly businesses, whereas credit to households increased marginally ($1.3m). The transactions of the central government resulted in a net credit position of $199.0m, compared with one of $257.2m at the end of December 2014. Net credit to central government fell by 21.4 per cent ($56.6m), owing largely to a decline of $41.1m in credit from the Central Bank. The decreasing use of the government's operating account was supported by growth of 17.0 per cent in its deposits at commercial banks. In the rest of the public sector, the net deposits of non–financial public enterprises/statutory bodies rose by 2.4 per cent, largely influenced by an increase of 2.7 per cent ($14.0m) in their deposits.

An analysis of the distribution of credit by economic activity indicates that outstanding loans decreased marginally (0.9 per cent), influenced by a contraction in lending for most categories. Outstanding credit for tourism fell by 7.2 per cent ($41.7m), while credit for other uses declined by 1.2 per cent ($12.0m), driven by a decrease in credit for professional and other services. Credit for distributive trades, agriculture and fisheries, and manufacturing fell by 2.0 per cent ($5.7m), 12.8 per cent ($3.3m) and 1.3 per cent ($1.2m) respectively. Those declines were partly offset by an increase of 8.9 per cent ($28.1m) in credit for construction and marginal growth (0.1 per cent) in outstanding loans for personal use.



At the end of March 2015 the banking system stood in a net foreign assets position of $43.7m in contrast to a net foreign liabilities position of $305.2m at the end of December

2014. The turnaround was mainly associated with an increase in Saint Lucia's share of the imputed reserves of the Central Bank, which grew by 31.3 per cent to $834.1m, driven largely by growth of 22.9 per cent ($157.7m) in its imputed assets held at the ECCB. Another contributor to the improvement in Saint Lucia's position was a 16.0 per cent reduction in commercial banks' net liabilities position, which largely reflected increases of 27.3 per cent ($64.7m) in assets held within the ECCU and 6.7 per cent in assets outside the region.

Liquidity in the commercial banking system improved, during the review period. At the end of March 2015, the ratio of liquid assets to total deposits plus liquid liabilities stood at 31.6 per cent, which was above the recommended minimum of 25.0 per cent and roughly 2.8 percentage points higher than the level at the end of December 2014. The loans and advances to total deposits ratio fell by 6.6 percentage points to 102.4 per cent, but remained higher than the ECCB's recommended ceiling of 85.0 per cent.

The ECCB's Monetary Council took a decision on 24 February 2015, that effective 01 May 2015 the minimum savings rate on deposits would be reduced to 2.0 per cent, from its position of 3.0 per cent since September 2002. It is not likely that interest rates in the first quarter of the year were impacted by the Monetary Council's announcement. Notwithstanding, the weighted average interest rate on deposits decreased to 2.45 per cent from 2.58 per cent at the end of December 2014, while the weighted average lending rate rose by approximately 1 basis point to 8.52 per cent. The combined effects of those changes resulted in an increase of 14 basis points in the weighted average interest rate spread during the first quarter of 2015.

Prospects

In its April 2015 update of the World Economic Outlook, the International Monetary Fund maintained projections for global growth in 2015 at 3.5 per cent and upwardly revised forecasts for 2016 to 3.8 per cent. Despite moderate global growth and uneven prospects, the outlook for advanced economies remains positive, as they continue to benefit from reduced petroleum prices and remain the drivers of economic growth. The US economy continues on a path of recovery with growth projected at 3.1 per cent over the next two years. Average growth of 2.5 per cent is projected for the UK and above 2.0 per cent for Canada. Positive prospects for these economies, particularly the USA, augur well for economic recovery in Saint Lucia and by extension, the ECCU. Albeit at a slow pace, economic activity in Saint Lucia is projected to pick up in 2015, driven primarily by developments in the tourism industry, supported by prospects for construction, agriculture and manufacturing.

Activity in the tourism industry is projected to be brisk as marketing initiatives and other efforts to increase airlift contribute to an expansion in the number of stay-over visitors. As lower oil prices help drive domestic demand in major tourism markets such as the USA and Canada, increased arrivals from these source markets are anticipated. Also, increased capacity from British airways, Virgin Atlantic and the return of the Sun Wing are expected to boost arrivals in the stay-over category. Support is anticipated from the Caribbean market, which is expected to benefit from stronger marketing efforts and the upcoming Caribbean Premier League cricket matches to be held in Saint Lucia later this year. Improved performance is also likely in the cruise sub-sector, as the recovery in the main source markets becomes entrenched and the employment figures in the advanced economies improve. As performance in the tourism industry improves, other ancillary sectors like wholesale and retail, transport and distributive trades are projected to benefit.

Public sector activity is likely to drive growth in construction, as the government continues work on the maintenance of bridges and culverts, on infrastructural rehabilitation and reconstruction, particularly of roads, including the Gros-Islet highway, the Laborie main road and the Banse-La Haur road. In addition, activity on the Financial Administrative Complex by the National Insurance Corporation is likely to lend support to the construction sector as it nears completion. In the private sector, ongoing work is expected to continue on hotel plants including the Harbour Club and the Tides Sugar Beach Resort and on other private projects such as the Unicomer and Dayana buildings. Hopefully work will begin on the Smugglers hotel and resume on the Freedom Bay Hotel project and the I-hotel in Cas en Bas.

Production in the agricultural sector is likely to increase, based on expected improvement in the sub-sectors like livestock, poultry and other crops. Recovery in the banana industry is likely to continue as the industry benefits from the EU's Banana Accompanying Measures (BAM) and production increases. Also, the Ministry of Agriculture continues to strengthen its diversification efforts and to get the youth more involved in agriculture – a positive impetus for the sector.

Central Government's fiscal operations are likely to result in a smaller overall deficit, influenced by deliberate efforts on the part of the policy makers to contain expenditure and boost revenue. Capital expenditure is expected to increase as a number of on-going projects continue and a few new ones get started. Although the authorities have expressed concern over the increasing debt, close to $100m of the estimated spending for the 2015/16 financial year is expected to be funded through borrowing, coupled with the rolling over of a substantial portion of existing bonds and Treasury bills. These borrowing pressures are likely to result in an increase in the debt level of the central government, hence adversely impacting interest payments and overall debt servicing costs.

In the external sector, the merchandise trade deficit may widen to facilitate the forecasted expansion in construction activity. Although the continued recovery in the banana industry and an anticipated pick up in manufacturing is expected to boost export earnings, the projected increase in imports of commodities and construction materials is likely to outpace the gains from exports. Inflows from travel, however, are projected to increase in line with the projections for an expansion in the number of stay-over visitors. Inflationary pressures are likely to continue to ease as the impact of the VAT has settled, and more so if global commodity prices, especially petroleum remain subdued.

The pace of the global economic recovery exhibits signs of improvement and the US economy appears to be on a moderate growth path. While these developments may portend optimism for the economy of Saint Lucia, downside risks persist. These include the uncertainty associated with major commodity prices, oil in particular, intensified geopolitical tensions, financial market volatility and deflation dynamics. These risks to the global economic output pose further threats to the economy of Saint Lucia, since a number of projects in the private sector are expected to be financed through external sources and the potential adverse effects of reduced foreign investments and remittance inflows remain. Also, the tourism industry may be impacted by any setback in the advanced economies, especially the main markets. Additionally, adverse weather, current domestic labour market issues and the inability to effectively manage and control agricultural pests and diseases pose risks to economic prospects.

ST VINCENT AND THE GRENADINES

Overview

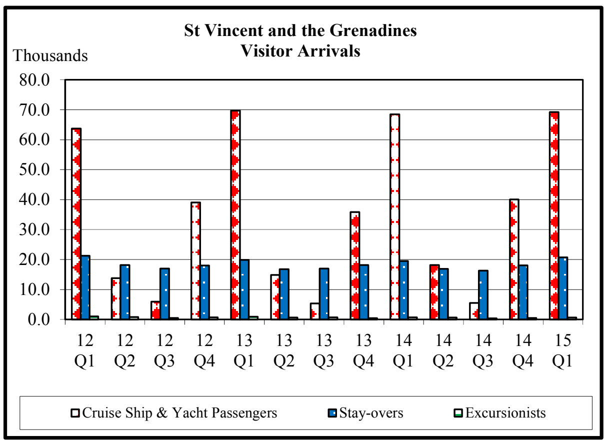
Preliminary data for St Vincent and the Grenadines suggest that economic activity remained flat in the first quarter of 2015, relative to the performance in the corresponding period of 2014. This assessment reflected the mixed results of key performance indicators, as some sectors experienced rather robust activity while developments in other sectors remained soft. Positive developments in the hotels and restaurants sector were offset by a slowdown in construction, subdued output in manufacturing and weak private sector credit. Inflationary pressures were contained as the consumer price index declined by 1.7 per cent on an end of period basis, conditioned mainly by lower energy prices. Fiscal operations over the review period resulted in a narrowing of the overall deficit while the outstanding stock of public sector debt fell relative to the stock at the end of December 2014. In the external sector, the merchandise trade deficit was preliminarily estimated to have narrowed as a decline in the value of imports outpaced that of exports. A widening of the weighted average interest rate spread, a moderate expansion in monetary liabilities and declines in private sector credit, characterized monetary and credit conditions during the review period.

The growth outlook for St Vincent and the Grenadines for the remainder of 2015 is projected to improve, albeit at a moderate pace, supported by favourable international trends and positive developments in public sector construction activity and the tourism industry, with spillover effects in some key ancillary sectors. The overall level of economic activity is expected to be positively impacted by a moderate global growth estimated at 3.5 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. On the domestic front, construction activity is expected to improve as progress continues on the Argyle International Airport and the Government has attached high priority to its completion by the end of 2015. Accordingly, the airport's completion is expected to create new opportunities and attract greater domestic and foreign investments. However, the optimism from this outlook is contained, in light of a number of downside risks. These are inter alia, weaker than projected growth of key trading partners, possible delays in the airport's completion, as well as, the country's vulnerability to natural disasters in light of the impending hurricane season.

Output

While data on the construction sector are incomplete, preliminary proxy indicators point to a slowdown in the sector for the first three months of 2015 relative to the previous year. The deceleration in the construction sector was influenced by a decline in capital expenditure which fell by a 15.6 per cent in the review period relative to the corresponding period of 2014. In the private sector, the period was also characterized by a 6.9 per cent decline in outstanding credit extended to the construction sector. These weaknesses were mitigated by a 3.2 per cent increase in the value of imports of building materials while commercial bank lending for home construction, a proxy for residential construction remained weak, as it rose by a marginal rate of 0.8 per cent during the review period.

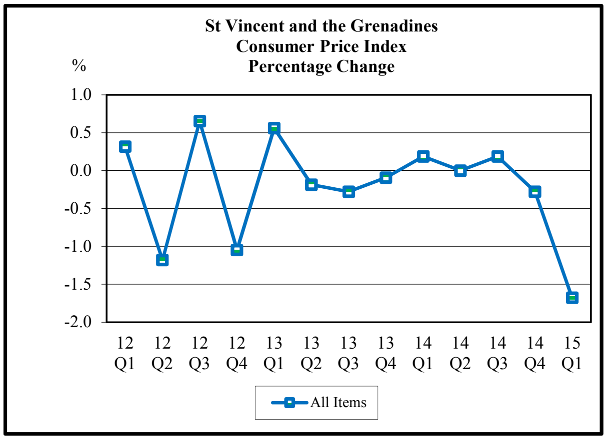
Value added in the hotels and restaurants sector, proxied by visitor arrivals and expenditure, is estimated to have expanded in the first quarter of 2015 relative to the performance in the comparable period in 2014. Total visitor arrivals are estimated to have increased by 2.1 per cent to 90,493, in contrast to the 2.0 per cent contraction in the corresponding period of 2014. The expansion in total visitor arrivals was primarily influenced by a 5.9 per cent (1,155) increase in stay-over visitor arrivals, reflecting an uptick from all major source markets with the exception of the Caribbean. Increases were recorded for stay-over arrivals from the USA (3.5 per cent), the United Kingdom (17.4 per cent), and Canada (10.3 per cent). By contrast, there was a further contraction in arrivals from the Caribbean of 0.3 per cent, following 0.4 per cent decline in 2014. The continued contraction from the regional market has been partly associated with the relatively high cost of regional travel. Following an expansion of 3.0 per cent in the first three months of 2014, arrivals from the miscellaneous subgroup (Other countries) fell by 3.3 per cent. The increase in stay-over visitor arrivals was reflected in a 5.5 per cent growth in occupancy levels at paid accommodation, particularly villas and apartments. In the yachting category, there was a 0.1 per cent decline in passengers compared with growth of 0.2 per cent in the corresponding period of 2014, while excursionists registered a further decline of 7.6 per cent following a 25.0 per cent decline in the first quarter one year prior. Despite a decline in the number of cruise ship calls in the period, cruise ship passenger arrivals rose by 1.6 per cent to 48,816. These developments collectively resulted in 3.7 per cent growth in estimated earnings from the sector for the period.



While complete data on the manufacturing sector are not available for the first quarter of 2015, some preliminary data suggest that output was subdued relative to the corresponding period of 2014. In particular, expansions were recorded in the production of beer (31.7 per cent) and feeds (14.7 per cent), which were offset by respective contractions in the production of rice and flour of 7.9 per cent 5.4 per cent.

Prices

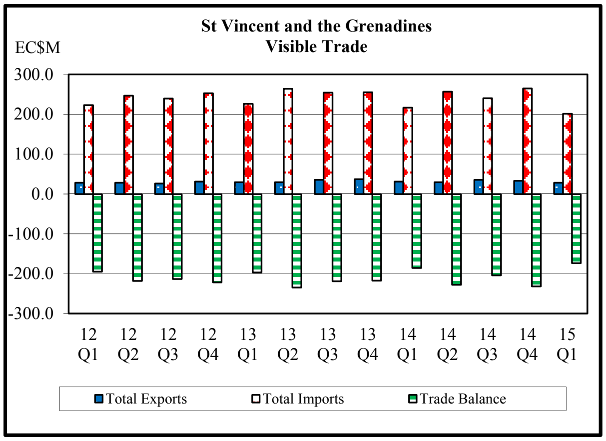
With respect to price developments, consumer price inflation fell to 1.7 per cent during the first quarter of 2015 on an end-of-period basis, compared with an increase of 0.2 per cent during the comparable period of 2014. The decline primarily reflected global developments in energy prices as oil prices have been lower relative to one year prior. The largest decline (4.6 per cent) was recorded in the transport sub-index, mainly reflecting lower prices for petrol and diesel as well as lower airfares to selected international destinations. The housing, water, electricity, gas and other fuels sub-index, the most heavily-weighted item in the consumer basket, registered the second largest decline of 3.7 per cent on account of a fall in the price of cooking gas and fuel surcharge rates for electricity. Conversely, food prices were higher in March 2015 than a year earlier. The food and non-alcoholic beverages sub-index, the second highest weighted, rose by 6.4 per cent, reflecting increases in the price of selected fruits and vegetables.



Trade and Payments

Estimated data on merchandise trade for the first quarter of 2015 suggest that the merchandise trade deficit narrowed by 6.6 per cent to $173.2m, relative to the corresponding period in the previous year. The narrowing of the deficit was largely the result of a 7.0 per cent decline in import payments to $201.5m, primarily associated with a reduction in the value of imports of manufactured goods and mineral fuels and related materials, reflecting lower international prices of fuel. There was also a reduction in machinery and transport equipment (6.0 per cent), which may be reflective of the slowdown in capital expenditure and public sector construction activity. Export receipts are also estimated to have declined by 9.4 per cent to $28.3m due to a 3.2 per cent decline in the domestic exports to $26.3m and a 50.8 per cent fall re-exports of machinery and transport equipment, respectively. The lower value of domestic exports was influenced by a fall in earnings from the exports of flour (5.7 per cent), rice (2.1 per cent) and feeds (16.4 per cent), while earnings from beer rose (42.6 per cent). On the services account, gross travel receipts were estimated to have risen by 3.7 per cent to $87.6m, consistent with the increase in visitor arrivals.

The transactions of commercial banks resulted in an estimated net inflow of $23.8m in short-term capital in the first quarter of 2015 in contrast to a net outflow of $6.2m in the comparable period in 2014. Consistent with the estimated contraction in capital expenditure in the review period, external loan disbursements to the central government declined sharply and amounted to $2.1m from a total of $26.3m for the comparable period of 2014. External principal payments rose by $2.9m to $13.7m. This resulted in a net outflow of $11.6m in the first quarter of 2015, in contrast to a net inflow of $15.6m recorded in the comparable period of 2014.

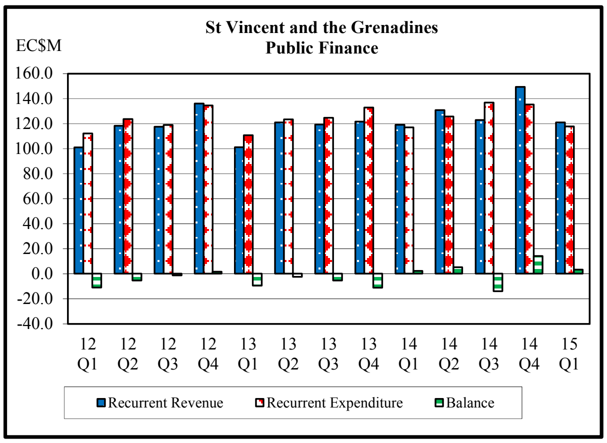


Central Government Fiscal Operations

Preliminary fiscal estimates of the central government resulted in a narrowing of the overall deficit to $11.0m in the first quarter of 2014, compared with one of $16.6m realised in the corresponding period of 2014. This outturn was driven by developments in both the current and capital accounts. The current account balance registered a surplus of $3.2m higher than the surplus of $2.2m in the first three months of 2014. The primary deficit narrowed to $0.9m from one of $7.4m. The deficit was primarily financed from non-bank domestic sources.

The improved current account balance was associated with a 1.5 per cent increase in current revenue to $120.8m, largely due to an uptick in tax revenue. Tax revenue grew by 15.2 per cent ($14.8m) to $112.8m reflecting increases in the intake from all major tax categories with the exception of property taxes. Collections from taxes on domestic goods and services was 16.6 per cent ($9.2m) higher than the level in 2014, indicative of the estimated expansion in economic activity. The revenue intake from the value-added tax continued its moderate expansion, with a 2.4 per cent ($0.9m) increase to $37.3m. Relative to the yield in the corresponding quarter of the previous year, collections from stamp duty more than doubled to $8.9m from $3.9m. The yield from taxes on income and profits rose by 23.4 per cent ($5.6m) reflecting increases in all three sub-categories, in particular, collections from withholding tax which rose by $3.7m to $5.4m during the review period. Revenue from international trade and transactions amounted to $18.6m, higher by 4.9 per cent ($0.9m) from its comparable period one year earlier. Non-tax revenue fell sharply by 61.8 per cent ($13.1m) to $8.1m, largely reflecting an $8.7m decline in income from interest and rents following a large pre-payment in the comparative period in 2014.

Current expenditure grew by 0.7 per cent to $117.7m on account of higher outlays for all major spending sub-categories, with the exception of goods and services. Outlays on personal emoluments and wages, which accounts for the largest share of current expenditure, grew by 2.7 per cent to $63.2m. Despite a contraction in pension payments, expenditure on transfers and subsidies rose by 2.1 per cent ($0.7m) while that on goods and services fell by 16.4 per cent ($2.4m). Interest payments rose by 8.3 per cent ($0.8m) reflecting increases in both domestic and external obligations.



Capital expenditure stood at $15.6m in the first quarter, a decline of 18.1 per cent ($3.4m) from the comparable period in 2014. This was in contrast to an expansion of $11.0m in 2014. Developments in the capital programme in recent years have been largely driven by the construction of the Argyle International Airport which is scheduled to be completed later this year. Capital revenue and grants amounted to $1.4m, which exceeded the intake of $0.2m recorded in the corresponding period last year.

Public Sector Debt

The total outstanding debt of the public sector is estimated to have declined by 3.7 per cent to $1,529.8m at the end of March 2015, relative to the stock at the end of December 2014. This outturn was due to increased amortisation on both domestic and external debt. Domestic debt, which accounts for 31.3 per cent total debt, declined by 9.9 per cent to $479.2m, and the external debt stock fell by 0.7 per cent to $1,050.6m. Debt incurred by statutory corporations fell by 1.7 per cent to $239.6m while central government debt declined more sharply (4.1 per cent) to $1,290.8m.

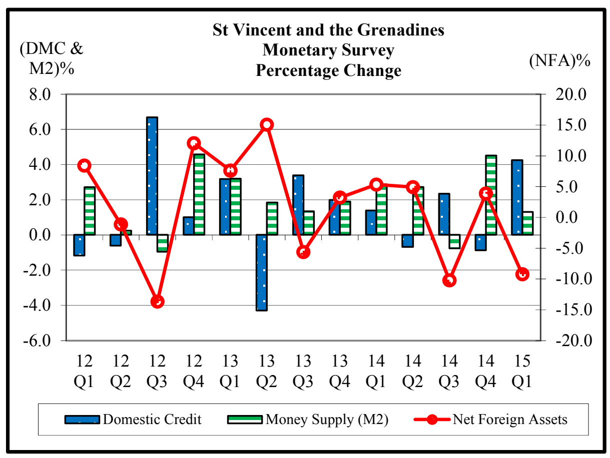
Money and Credit

Monetary liabilities (M2) of the banking system expanded by 1.3 per cent to $1,427.0m during the quarter ending March 2015, albeit at a slower pace than the corresponding period in 2014. The increase was influenced by growth of 2.5 per cent in quasi money to $1,007.28m as narrow money fell by 1.6 per cent to $419.7m. The growth in quasi money reflected growth in savings deposits (2.6 per cent), and foreign currency deposits (8.6 per cent). Conversely, narrow money (M1) declined mainly due to contractions of

1.4 per cent and 3.3 per cent in private sector demand deposits and currency with the public respectively.

Domestic credit grew by 4.3 per cent to $1,063.7m during the quarter under review. Net credit to the central government grew by 42.9 per cent to $126.6m, largely influenced by a substantial cut back in central government deposits. Central government drew down a total of $41.6m from its deposits, at both the ECCB and commercial banks. Loans and Advances extended by the Central Bank rose by 7.7 per cent ($1.6m), while credit from the commercial banking sector declined by 3.2 per cent ($5.2m), largely from a reduction in banks' holdings of Treasury bills. Meanwhile, the net deposit position of non-financial public enterprises declined by 5.2 per cent to $107.7m largely on account of a 4.4 per cent drawdown of deposits coupled with an increase in credit. Outstanding loans to the private sector credit fell by 0.1 per cent to $1,044.7m a reduction in credit to businesses (1.1 per cent) while outstanding loans rose marginally (0.3 per cent).

Preliminary data for the review period indicated that credit extended to key economic sectors was mixed. Outstanding loans rose by 0.2 per cent to $1,184.0m. In particular, expansions were recorded in outstanding credit for agriculture and fisheries (24.3 per cent), miscellaneous sectors (1.2 per cent) and personal use (0.3 per cent). Notably, the sluggish growth in outstanding loans extended for personal use during the period reflected a 0.8 per cent increase in credit extended for home construction and renovation, allied with a 2.5 per cent decline in outstanding credit for the purchase of durable goods. Conversely, declines were observed in credit for construction (6.5 per cent) tourism (1.9 per cent), distributive trades (0.9 per cent) and manufacturing (0.5 per cent).



The net foreign assets of the banking system contracted by 9.2 per cent to $461.3m during the first three months of 2015, driven by declines in St Vincent and the Grenadines imputed share of the Central Bank's reserves and commercial banks' net foreign assets. St Vincent and the Grenadines' imputed share of the ECCB reserves fell by 4.8 per cent to $398.3m, while commercial banks net foreign assets fell by 27.4 per cent to $63.0m attributed largely to a decline in assets held with institutions outside the ECCB.

Commercial bank liquidity remained at a fairly high level during the first quarter of 2015. The ratio of liquid assets to total deposits plus liquid liabilities declined to 42.7 per cent at the end of March 2015 from 43.4 per cent at the end of December 2014. The loans and advances to deposits ratio fell to 68.2 per cent approximately 0.08 of a percentage point below the rate at the end of December 2014.

The weighted average interest rate on loans increased by 1.4 percentage points to 9.3 per cent and that on deposits rose by 0.03 of a percentage point to 2.5 per cent. This resulted in the widening of the weighted average interest rate spread by 1.4 percentage points to 6.8 per cent relative to December 2014. In light of the continuing weaknesses in investment and credit, the Monetary Council, at its 81st Meeting on 24 February 2015, took a decision to lower the minimum savings rate by 100 basis points to 2.0 per cent. The decision, which is expected to take effect on 01 May 2015, is aimed at increasing credit and ultimately spurring economic activity in the eight Member States.

Prospects

The growth outlook for St Vincent and the Grenadines for the remainder of 2015 is projected to improve, albeit at a still moderate pace, supported by favourable international trends and positive developments in public sector construction activity and tourism industry, with spillover effects in some key ancillary sectors. The overall level of economic activity is expected to be positively impacted by a moderate global growth estimated at 3.5 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. On the domestic front, construction activity is expected to improve as progress continues to be made on the Argyle International Airport and the Government has attached high priority to its completion in 2015. Accordingly, the airport's completion is expected to create new opportunities and attract 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 sharp decline in 2014, residential building approvals in the first quarter of 2015 rose marginally by 1.2 per cent year-on-year, a positive indication for new residential construction activity for the remainder of the year.

Following a relatively healthy first quarter for the tourism sector and with the expected intensification of marketing, the performance in this sector is expected to improve in 2015 relative to that of 2014. This outlook is also conditioned on a general improvement in global economic activity, particularly improved prospects for the USA and UK economies. An expected decline in the arrivals from the Caribbean market, which has historically been an important segment for St Vincent and the Grenadines, is likely to temper this expansion in light of the relatively high cost of inter-island travel.

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 crops and livestock production are expected to support an expansion in agricultural activity.

The banking sector remains sound with relatively high levels of liquidity. The recent easing of the policy stance by the Monetary Council through the lowering of the minimum savings rate, which will take effect on 01 May 2015, may trigger a decline in lending rates which may help enhance private sector credit and support growth for the remainder of the year.

The fiscal operations of the central government are expected to result in an overall deficit, mainly driven by rising capital expenditure. Increases in capital expenditure will be driven by the airport's completion, a continuation in the rehabilitation of roads and other infrastructural projects. The central government's current account operations are likely to be muted, the net effect of positive and negative developments. From a positive perspective, the Government introduced three new revenue measures in its 2015 Budget,[1] which are expected to take effect this year. In addition, efforts are ongoing in enhancing taxpayer compliance and the collection of substantial arrears. Concurrently, current expenditure is likely to expand due in part to the administration of elections,

[1] *A one percentage point increase in the customs service charge to 5.0 per cent, additional tariffs on selected products under Article 164 of the Revised Treaty of Chaguaramas as well as an increase in the rate of excise duty on cigarettes were among the tax measures introduced in the 2015 budget address*

constitutionally due no later than March 2016, as well as larger outlays on personal emoluments emanating from ongoing negotiations with trade unions. Interest payments are also likely to increase, on account of a larger stock of central government debt.

Despite the first quarter contraction, the merchandise trade deficit is expected to widen, as imports are forecasted to increase to support the construction sector and greater domestic demand. 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 projected growth in stay over arrivals, while foreign direct investment and remittance flows are anticipated to increase with the expected completion of the airport and the projected expansion in economic activity abroad.

The optimism outlook is restrained, in light of a number of downside risks. These include weaker than projected growth of St Vincent and the Grenadines' key trading partners, higher energy prices, possible delays in the airport's completion as well as the vulnerability to natural disasters as the region moves into the hurricane season. If any of these risks materialise, a lower growth outcome may be equally likely.

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.

STATISTICAL TABLES INDEX

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GRENADA

MONTSERRAT

ST KITTS AND NEVIS

SAINT LUCIA

ST VINCENT AND THE GRENADINES

Table 1
ECCU - Selected Tourism Statistics

	2014 1st Qr	2014R 2nd Qr	2014R 3rd Qr	2014 4th Qr	2015P 1st Qr
Total Visitors	1,563,673	615,903	484,448	1,138,361	1,686,335
Stay-Over Visitors	304,647	256,371	241,032	265,708	312,985
Of which:					
USA	123,071	114,209	92,781	101,821	131,131
Canada	45,962	18,361	14,767	26,971	45,211
UK	61,560	46,240	41,491	54,315	59,874
Caribbean	37,368	50,034	65,163	50,517	39,823
Other Countries	36,686	27,527	26,830	32,084	36,946
Excursionists \1	35,625	30,467	29,719	28,991	40,512
Cruise Ship Passengers \2	1,163,467	298,972	196,047	809,879	1,275,994
Yacht Passengers \4	59,934	30,093	17,650	33,783	56,844
Number of Cruise Ship Calls \3	832	184	79	554	880
Total Visitor Expenditure (EC$M)	**1,073.85**	**779.72**	**705.49**	**879.44**	**1,121.17**

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 May 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
Net Foreign Assets	**3,481.20**	**4,283.95**	**4,435.71**	**4,554.29**	**4,960.27**	**5,683.08**
Central Bank (net)	**3,149.94**	**3,509.25**	**3,624.93**	**3,719.34**	**3,804.49**	**3,945.03**
External Assets	3,156.59	3,515.32	3,627.77	3,722.46	3,810.30	3,947.00
External Liabilities	6.64	6.07	2.84	3.12	5.81	1.97
Commercial Banks (net)	**331.26**	**774.70**	**810.79**	**834.95**	**1,155.78**	**1,738.05**
External Assets	4,205.66	4,562.45	4,615.39	4,710.59	4,940.18	5,612.89
External Liabilities	3,874.41	3,787.75	3,804.60	3,875.65	3,784.40	3,874.83
Net Domestic Assets	**10,499.40**	**10,292.89**	**10,201.91**	**9,919.97**	**9,851.46**	**9,642.57**
Domestic Credit	**12,187.30**	**11,945.55**	**11,904.94**	**11,614.61**	**11,394.47**	**11,134.55**
Central Government (net)	**618.50**	**560.50**	**619.42**	**555.43**	**407.11**	**329.15**
Other Public Sector (net)	(1,637.26)	(1,681.02)	(1,768.29)	(1,990.41)	(1,910.90)	(1,974.05)
Private Sector	13,206.06	13,066.07	13,053.82	13,049.60	12,898.26	12,779.45
Households	6,680.89	6,666.16	6,700.22	6,692.31	6,840.02	6,776.70
Business	5,676.75	5,563.61	5,523.74	5,362.49	5,039.66	4,988.19
Non-Bank Financial Institutions	149.49	141.20	140.61	102.82	96.34	97.50
Subsidiaries & Affiliates	698.93	695.11	689.25	891.98	922.24	917.06
Other Items (Net)	**(1,687.90)**	**(1,652.67)**	**(1,703.03)**	**(1,694.64)**	**(1,543.01)**	**(1,491.98)**
Monetary Liabilities (M2)	**13,980.60**	**14,576.84**	**14,637.63**	**14,474.26**	**14,811.73**	**15,325.65**
Money Supply (M1)	**2,880.45**	**3,167.17**	**3,100.53**	**3,002.99**	**3,188.71**	**3,334.78**
Currency with the Public	667.57	653.69	644.67	640.77	715.80	689.14
Demand Deposits	2,142.53	2,441.42	2,390.59	2,285.74	2,392.33	2,559.69
EC$ Cheques and Drafts Issued	70.34	72.05	65.27	76.47	80.59	85.95
Quasi Money	**11,100.15**	**11,409.67**	**11,537.10**	**11,471.27**	**11,623.01**	**11,990.87**
Savings Deposits	6,327.07	6,478.25	6,608.15	6,635.28	6,716.19	6,838.12
Time Deposits	2,802.93	2,775.14	2,655.01	2,601.59	2,594.63	2,649.21
Foreign Currency Deposits	1,970.15	2,156.29	2,273.93	2,234.40	2,312.20	2,503.55

Source: Eastern Caribbean Central Bank
Data available as at 19 May 2015

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

	2014R 1st Qr	2014R 2nd Qr	2014R 3rd Qr	2014 4th Qr	2015P 1st Qr
Current Revenue	970.71	1,037.74	959.55	1,118.28	1,102.72
Tax Revenue	830.57	835.52	822.56	869.20	910.51
Taxes on Income and Profits \1	183.45	169.31	167.82	179.54	209.94
Of which:					
Personal /1	94.98	85.67	81.89	81.02	97.17
Company/Corporation /2	64.04	60.12	68.04	64.73	85.58
Taxes on Property	16.99	29.66	20.68	16.87	21.59
Taxes on Domestic Goods and Services	400.66	404.80	394.08	403.73	431.34
Of which:					
Accommodation Tax	6.84	5.01	3.98	3.15	8.42
Licences	34.40	42.41	18.98	29.72	35.51
Sales Tax \3	65.86	60.20	50.88	52.26	63.63
Value Added Tax \5	227.85	227.44	230.50	240.17	248.81
Consumption Tax \4	0.05	0.01	0.01	0.30	0.00
Stamp Duties	32.16	35.83	32.27	38.50	32.45
Taxes on International Trade and Transactions	229.47	231.75	239.98	269.06	247.63
Of which:					
Import Duties	102.40	107.45	104.57	131.50	104.22
Consumption Tax \6	13.73	13.61	11.99	12.74	15.72
Customs Service Charge	46.69	50.68	54.10	58.21	50.39
Non-Tax Revenue	140.14	202.22	136.99	249.08	192.21
Current Expenditure	921.43	929.80	958.98	1,038.93	912.08
Personal Emoluments	422.82	427.13	407.10	444.90	413.67
Goods and Services	186.06	178.39	185.81	220.19	183.14
Interest Payments	111.87	104.86	148.57	112.99	115.51
Domestic	57.25	62.94	86.58	72.24	56.64
External	54.62	41.92	61.99	40.75	58.86
Transfers and Subsidies	200.68	219.41	217.50	260.86	199.76
Of which: Pensions	70.14	68.34	71.62	85.72	73.48
Current Account Balance	49.28	107.95	0.57	79.35	190.65
Capital Revenue	2.18	2.10	4.26	28.49	7.69
Grants	118.95	76.62	93.92	145.96	90.63
Of which: Capital Grants	101.13	55.62	76.71	90.00	67.35
Capital Expenditure and Net Lending	208.54	186.82	252.61	263.69	205.82
Of which: Capital Expenditure	208.47	186.56	252.03	263.60	200.44
Primary Balance after grants	73.75	104.70	(5.30)	103.11	198.65
Overall Balance after grants	(38.12)	(0.16)	(153.87)	(9.88)	83.15
Financing	38.12	0.16	153.87	9.88	(83.15)
Domestic	(8.52)	(9.73)	12.86	6.88	(74.52)
ECCB (net)	35.81	2.04	(56.36)	(45.16)	33.28
Commercial Banks (net)	(93.81)	56.88	(7.63)	(103.16)	(111.23)
Other	49.47	(68.65)	76.85	155.20	3.44
External	(1.64)	21.06	89.47	(14.29)	(22.81)
Net Disbursements/(Amortisation)	0.82	23.96	82.85	(4.49)	(24.73)
Disbursements	70.80	95.19	219.02	123.50	115.03
Amortisation	69.97	71.22	136.16	127.99	139.77
Change in Government Foreign Assets	(2.47)	(2.91)	6.62	(9.81)	1.92
Arrears \7	48.29	(11.17)	51.53	17.30	14.18
Domestic	3.78	(25.75)	21.53	18.42	(33.33)
External	44.50	14.58	30.01	(1.12)	47.51
Other Financing	-	-	-	-	-

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 15 May 2015

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

	2014[R] 1st Qr	2014[R] 2nd Qr	2014[R] 3rd Qr	2014[R] 4th Qr	2015[P] 1st Qr
Anguilla	226.11	224.81	227.18	221.90	212.41
Antigua and Barbuda	3,138.00	3,264.77	3,261.15	3,441.64	3,277.56
Dominica	1,066.07	1,068.06	1,075.40	1,080.11	1,089.92
Grenada	2,302.34	2,330.58	2,364.52	2,359.76	2,331.20
Montserrat	6.70	6.51	6.39	6.26	6.16
St Kitts and Nevis	2,119.55	2,066.17	1,833.59	1,777.03	1,735.45
Saint Lucia	2,755.67	2,821.57	2,824.61	2,891.38	2,904.84
St Vincent and the Grenadines	1,515.67	1,504.36	1,567.90	1,589.12	1,529.82
TOTAL ECCU	**13,130.12**	**13,286.83**	**13,160.72**	**13,367.21**	**13,087.34**

Source: ECCB
* Includes arrears of principal
Data available at February 2015

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

	2014[R] 1st Qr	2014[R] 2nd Qr	2014[R] 3rd Qr	2014[R] 4th Qr	2015[P] 1st Qr
Anguilla	211.71	211.02	213.90	209.15	200.04
Antigua and Barbuda	2,532.22	2,667.19	2,660.75	2,703.58	2,734.51
Dominica	896.31	900.72	910.15	919.90	931.74
Grenada	2,107.35	2,136.77	2,186.89	2,182.66	2,153.80
Montserrat	1.59	1.50	1.47	1.44	1.43
St Kitts and Nevis	1,634.53	1,587.38	1,529.92	1,482.43	1,444.36
Saint Lucia	2,559.31	2,645.89	2,656.54	2,728.52	2,742.37
St Vincent and the Grenadines	1,280.57	1,276.61	1,334.38	1,345.84	1,290.77
TOTAL ECCU	**11,223.59**	**11,427.09**	**11,494.01**	**11,573.53**	**11,499.02**

Source: ECCB
Data available at February 2015

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

	2014[R] 1st Qr	2014[R] 2nd Qr	2014[R] 3rd Qr	2014[R] 4th Qr	2015[P] 1st Qr
Anguilla	3.90	4.00	3.99	4.18	3.85
Antigua and Barbuda	59.14	41.24	81.67	46.70	100.03
Dominica	14.23	17.07	14.57	11.10	12.48
Grenada	44.88	25.24	88.72	38.37	29.28
Montserrat	0.04	0.04	0.04	0.04	0.00
St Kitts and Nevis	18.24	33.70	81.52	94.99	41.40
Saint Lucia	43.18	58.88	192.28	83.70	125.97
St Vincent and the Grenadines	27.19	39.36	32.68	33.06	32.11
TOTAL ECCU	**210.80**	**219.51**	**495.47**	**312.14**	**345.11**

Source: ECCB
Data available at February 2015

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

	2014 1st Qr	2014R 2nd Qr	2014R 3rd Qr	2014 4th Qr	2015P 1st Qr
Total Bid Amount	254.9	290.8	472.2	400.1	272.1
Total Offer Amount	200.5	220.0	354.0	301.0	182.0

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

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

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015P 1st Qr
91-day Treasury Bills	4.24	4.05	2.88	4.28	3.58
180-day Treasury Bills	6.00	6.00	4.95	5.80	3.75
365-day Treasury Bills	6.50	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	7.50	**	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 May 2015

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

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015P 1st Qr
Volume	5.50	6.00	7.60	2.00	0.40
Value	5.50	6.00	7.80	2.00	0.40

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

Table 10
Anguilla - Selected Tourism Statistics

	2014R 1st Qr	2014R 2nd Qr	2014R 3rd Qr	2014R 4th Qr	2015P 1st Qr
Total Visitors	51,984	44,847	38,264	41,685	58,702
Stay-Over Visitors	21,538	18,888	13,543	16,958	22,836
Of which:					
USA	14,872	12,693	6,674	11,207	16,144
Canada	1,573	834	530	772	1,546
UK	691	681	611	767	834
Italy	304	229	338	248	353
Germany	550	92	40	114	126
Rest of Europe	977	854	674	798	966
Caribbean	2,020	2,805	4,096	2,524	2,205
Other Countries	551	700	580	528	662
Excursionists	30,446	25,959	24,721	24,727	35,866
Total Visitor Expenditure (EC$M)	**106.40**	**84.30**	**71.10**	**84.03**	**111.04**

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism
Data as at 14 May 2015

Table 11
Anguilla - Consumer Price Index
March 2010 = 100

			Percentage Change*				
	Weights	Index Mar 2015	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015P 1st Qr
All Items	100.0	106.60	(0.65)	0.38	(0.85)	0.20	(0.35)
Food and Non-Alcoholic Beverages	12.83	111.98	(0.28)	0.98	(1.78)	2.03	(1.62)
Alcoholic Beverages, Tobacco and Narcotics	2.34	118.23	0.43	(0.11)	0.00	(0.28)	(0.88)
Clothing and Footwear	3.25	106.05	(2.60)	1.97	(6.36)	0.29	(0.03)
Housing, Water, Electricity, Gas and Other Fuels	25.55	97.74	(0.01)	0.13	(0.97)	0.84	(1.24)
Furnishing, Household Equipment and Routine Household Maintenance	4.03	108.54	(1.48)	(1.96)	(0.26)	(0.05)	(0.17)
Health	2.34	117.01	0.26	(2.37)	6.46	1.31	(0.22)
Transport	15.96	117.09	(3.37)	1.82	(0.93)	(1.65)	0.50
Communications	13.42	104.19	0.00	(0.28)	(1.33)	0.57	1.31
Recreation and Culture	3.81	92.46	(0.48)	1.38	0.31	(2.75)	(1.50)
Education	5.91	121.84	0.00	0.00	0.00	0.00	0.00
Restaurants and Hotels	4.04	105.21	0.96	(0.87)	(0.53)	1.36	0.74
Miscellaneous Goods and Services	6.52	101.51	0.22	0.71	0.50	(0.60)	(0.28)

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism
*at end of period
Data as at 14 May 2015

Table 12
Anguilla - External Trade
(EC$M)

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015P 1st Qr
Total Exports	1.19	1.94	1.00	0.96	0.99
Total Imports	94.63	104.01	104.25	106.55	110.73
Trade Balance	(93.43)	(102.07)	(103.25)	(105.59)	(109.74)

Source: ECCB Estimates

Data as at 14 May 2015

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

	2014 1^{st} Qr	2014 2^{nd}Qr	2014^{R} 3^{rd}Qr	2014 4^{th}Qr	2015^{P} 1^{st} Qr
Current Revenue	49.55	45.64	46.57	46.28	54.85
Tax Revenue	42.28	38.37	39.95	35.72	47.59
Taxes on Income and Profits	3.28	3.42	3.18	3.33	3.82
Of which: Stabilisation Levy	3.28	3.42	3.18	3.33	3.82
Taxes on Property	1.35	1.43	0.56	1.12	1.76
Taxes on Domestic Goods and Services	17.28	13.38	18.77	8.78	21.26
Of which:					
Licenses	5.46	2.79	2.54	1.53	5.70
Accommodation Tax	6.42	4.52	3.19	1.97	8.03
Stamp Duties	3.87	4.71	1.55	2.85	4.46
Taxes on International Trade and Transactions	20.38	20.14	17.43	22.48	20.74
Of which:					
Import Duty	15.51	15.24	13.87	17.19	15.76
Customs Surcharge	3.81	4.12	3.65	4.90	4.25
Embarkation Tax	0.80	0.52	- 0.24	0.11	0.58
Non-Tax Revenue	7.27	7.27	6.62	10.56	7.26
Current Expenditure	41.99	44.52	45.71	45.95	42.59
Personal Emoluments	19.76	20.28	20.53	20.58	20.13
Good and Services	9.16	10.68	11.01	11.35	9.34
Interest Payments	2.26	2.37	2.33	2.44	2.23
Domestic	0.72	0.77	0.73	0.87	0.68
External	1.54	1.59	1.60	1.57	1.55
Transfers & Subsidies	10.80	11.19	11.85	11.58	10.89
Of which: Pensions	1.60	2.21	2.06	2.09	2.19
Current Account Balance	7.56	1.12	0.86	0.32	12.26
Capital Revenue	-	-	-	-	-
Grants	-	-	0.09	14.73	0.02
Of which: Capital Grants	-	-	0.09	14.73	0.02
Capital Expenditure and Net Lending	0.46	0.89	0.51	1.58	0.32
Of which: Capital Expenditure	0.46	0.89	0.51	1.58	0.32
Primary Balance after grants	9.36	2.60	2.77	15.91	14.19
Overall Balance after grants	7.10	0.24	0.44	13.48	11.96
Financing	(7.10)	(0.24)	(0.44)	(13.48)	(11.96)
Domestic	(9.16)	0.24	0.21	(11.55)	(12.04)
ECCB (net)	0.17	(0.81)	2.96	(2.36)	2.61
Commercial Banks (net)	(0.59)	0.18	(3.33)	(4.79)	(15.04)
Other	(8.74)	0.87	0.59	(4.41)	0.38
External	(0.25)	(0.25)	(0.28)	(0.35)	(0.23)
Net Disbursements/(Amortisation)	(0.25)	(0.25)	(0.28)	(0.35)	(0.23)
Disbursements	0.00	0.00	0.00	0.00	0.00
Amortisation	0.25	0.25	0.28	0.35	0.23
Change in Government Foreign Assets	0.00	0.00	0.00	0.00	0.00
Arrears	2.30	(0.24)	(0.38)	(1.57)	0.31
Domestic	2.30	(0.24)	(0.38)	(1.57)	0.31
External	0.00	0.00	0.00	0.00	0.00
Other Financing	0.00	0.00	0.00	0.00	0.00

Source: Treasury Department, Anguilla
Data as at 15 May 2015

Table 14
Anguilla - 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
Net Foreign Assets	**233.83**	**256.21**	**259.60**	**232.73**	**263.46**	**329.06**
Central Bank (Net)	**110.82**	**108.81**	**108.41**	**113.38**	**127.66**	**137.15**
Commercial Banks (Net)	**123.01**	**147.41**	**151.19**	**119.35**	**135.80**	**191.91**
External (Net)	77.39	82.30	76.29	53.56	31.26	84.34
Assets	203.04	224.11	214.85	219.14	182.71	251.21
Liabilities	125.65	141.81	138.56	165.57	151.45	166.87
Other ECCB Territories (Net)	45.62	65.10	74.90	65.79	104.54	107.57
Assets	135.07	166.15	157.38	157.95	157.56	169.97
Liabilities	89.45	101.05	82.47	92.16	53.02	62.40
Net Domestic Assets	**797.07**	**778.17**	**780.42**	**795.51**	**776.88**	**733.59**
Domestic Credit	**1,053.11**	**1,016.90**	**1,006.88**	**1,003.47**	**983.29**	**939.12**
Central Government (Net)	(65.95)	(66.37)	(66.99)	(67.37)	(74.52)	(86.94)
Other Public Sector (Net)	(198.64)	(207.99)	(213.96)	(216.79)	(210.23)	(219.36)
Private Sector	1,317.70	1,291.26	1,287.83	1,287.63	1,268.04	1,245.42
Household	539.74	533.61	540.53	536.98	521.37	510.05
Business	751.46	731.18	724.30	727.84	724.74	713.63
Non-Bank Financial Institutions	5.30	5.28	5.20	5.01	4.13	3.95
Subsidiaries & Affiliates	21.20	21.20	17.80	17.80	17.80	17.80
Other Items (Net)	**(256.04)**	**(238.74)**	**(226.46)**	**(207.96)**	**(206.42)**	**(205.53)**
Monetary Liabilities (M2)	**1,030.90**	**1,034.38**	**1,040.02**	**1,028.24**	**1,040.34**	**1,062.65**
Money Supply (M1)	**43.06**	**40.97**	**43.85**	**48.56**	**51.51**	**50.95**
Currency with the Public	12.21	13.19	12.20	11.91	12.31	12.59
Demand Deposits	30.13	27.53	31.05	35.97	38.35	37.79
EC$ Cheques and Drafts Issued	0.73	0.25	0.60	0.69	0.85	0.57
Quasi Money	**987.83**	**993.41**	**996.17**	**979.68**	**988.84**	**1,011.70**
Savings Deposits	107.84	111.64	112.32	114.08	121.66	122.62
Time Deposits	130.09	128.83	129.84	130.68	134.50	134.15
Foreign Currency Deposits	749.90	752.93	754.02	734.92	732.68	754.92

Source: Eastern Caribbean Central Bank
Data available as at 19 May 2015

Table 15

Antigua and Barbuda - Selected Tourism Statistics

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015P 1st Qr
Total Visitors	365,407	111,520	89,666	233,068	405,670
Stay-Over Visitors	79,550	58,767	49,810	61,189	74,493
Of which:					
USA	29,247	24,997	19,365	21,723	28,398
Canada	13,788	4,640	3,171	6,102	10,879
Europe	27,969	19,242	16,263	23,829	26,532
UK	23,307	15,599	12,625	19,662	21,925
Germany	965	640	156	904	1,180
Switzerland	366	263	116	389	418
Italy	1,542	1,860	2,866	1,708	1,535
France	931	416	290	529	668
Other Europe	858	464	210	637	806
Caribbean	5,148	7,202	8,732	6,555	5,340
South America	320	257	238	341	345
Other Countries	3,078	2,429	2,041	2,639	2,999
Cruise Ship Passengers	272,920	48,547	39,051	164,831	319,981
Number of Cruise Ship Calls	160	29	19	107	181
Yacht Passengers	12,937	4,206	805	7,048	11,196
Number of Yacht Calls	1,762	1,009	185	789	1,868
Total Visitor Expenditure (EC$M)	**289.14**	**195.36**	**161.99**	**215.38**	**274.48**

Source: Ministry of Tourism, Antigua and Barbuda

Data as at 14 May 2015

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

	Weights	Index Mar-15	Percentage Change* 2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015P 1st Qr
All Items	100.00	134.47	(0.04)	0.38	0.40	(0.04)	0.04
Food	21.42	157.00	(0.75)	0.16	(0.35)	(0.75)	0.74
Alcoholic Beverages and Tobacco	0.16	140.55	2.80	0.38	(2.16)	2.80	0.66
Housing	21.83	109.12	-	-	-	-	(0.51)
Fuel and Light	6.39	143.50	(0.84)	3.40	(3.29)	(0.84)	(4.36)
Clothing and Footwear	11.06	102.88	0.16	0.81	3.24	0.16	1.02
Household Furnishings and Supplies	12.60	140.42	0.04	(0.64)	0.73	0.04	1.58
Transport and Communications	15.35	137.66	0.26	0.14	1.48	0.26	(1.20)
Medical Care and Expenses	2.76	138.65	(0.39)	(0.60)	1.11	(0.39)	(1.43)
Education	2.34	201.71	-	-	4.57	-	-
Personal Services	4.30	154.82	3.34	2.14	(0.75)	3.34	4.28
Miscellaneous	1.79	123.77	0.49	(0.43)	(0.02)	0.49	(0.25)

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda
*at end of period
Data as at 14 May 2015

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

	2014R 1st Qr	2014R 2nd Qr	2014R 3rd Qr	2014 4th Qr	2015P 1st Qr
Visible Trade Balance	(413.57)	(310.64)	(353.75)	(349.44)	(326.24)
Total Exports	12.76	23.66	13.68	12.22	13.45
Total Imports	426.33	334.30	367.44	361.66	339.69

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda
Data as at 14 May 2015

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

	2014R 1st Qr	2014R 2nd Qr	2014R 3rd Qr	2014 4th Qr	2015P 1st Qr
Current Revenue	163.01	159.67	148.07	193.66	190.17
Tax Revenue	154.51	144.35	131.81	140.45	159.93
Taxes on Income and Profits	24.79	15.83	15.91	16.03	23.83
Of which:					
Personal Income	11.89	9.08	8.53	7.49	11.13
Corporation	12.89	6.75	7.37	8.54	12.70
Taxes on Property	3.64	9.03	7.18	2.01	5.73
Taxes on Domestic Goods and Services	74.09	67.40	61.49	65.27	71.81
Of which:					
Stamp Duties	5.94	5.38	8.67	10.61	5.87
Antigua and Barbuda Sales Tax	65.65	60.18	50.86	52.25	63.60
Taxes on International Trade and Transactions	52.00	52.09	47.24	57.14	58.56
Of which:					
Import Duty	19.74	18.49	17.63	23.21	20.26
Consumption Tax	10.79	11.00	9.17	9.03	13.20
Revenue Recovery Charge	18.72	18.70	16.88	21.66	18.21
Non-Tax Revenue	8.50	15.32	16.26	53.21	30.24
Current Expenditure	153.06	177.98	180.67	206.61	158.08
Personal Emoluments	71.97	77.62	71.03	87.00	72.32
Goods and Services	23.74	37.33	29.84	33.84	24.88
Interest Payments	20.69	17.42	32.00	18.77	26.62
Domestic	12.14	12.61	21.38	11.62	17.20
External	8.55	4.81	10.63	7.15	9.42
Transfers and Subsidies	36.67	45.62	47.80	67.00	34.26
Of which: Pensions	12.11	14.54	15.61	18.33	15.12
Current Account Balance	9.95	(18.31)	(32.60)	(12.95)	32.10
Capital Revenue	0.04	0.40	0.69	0.26	0.58
Grants	-	-	13.79	-	-
Of which:					
Capital Grants	-	-	13.79	-	-
Debt Forgiveness	-	-	-	-	-
Capital Expenditure and Net Lending	6.26	11.20	24.46	13.18	4.26
Of which: Capital Expenditure	6.26	11.20	24.46	13.18	4.26
Primary Balance after grants	24.41	(11.70)	(10.58)	(7.10)	55.03
Overall Balance after grants	3.73	(29.11)	(42.58)	(25.87)	28.41
Financing	(3.73)	29.11	42.58	25.87	(28.41)
Domestic	5.36	32.60	43.81	47.06	(35.15)
ECCB (net)	10.19	(7.05)	(2.27)	(0.13)	(1.22)
Commercial Banks (net)	(9.75)	(0.85)	(8.29)	10.00	(9.59)
Other	4.91	40.50	54.37	37.20	(24.34)
External	(29.41)	(17.86)	(13.35)	(19.55)	(32.19)
Net Disbursements/(Amortisation)	(26.96)	(15.72)	(19.99)	(17.93)	(32.02)
Disbursements	0.60	1.64	13.93	0.79	0.09
Amortisation	27.56	17.35	33.91	18.71	32.11
Change in Government Foreign Assets	(2.45)	(2.15)	6.64	(1.62)	(0.17)
Other	-	-	-	-	-
Arrears	20.32	14.38	12.12	(1.65)	38.93
Domestic	-	0.40	5.88	0.08	14.73
External	20.32	13.98	6.24	(1.73)	24.20
Other Financing	-	-	-	-	-

Source: Ministry of Finance, Antigua and Barbuda
Data as at 15 May 2015

Table 19
Antigua and Barbuda - 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
Net Foreign Assets	**559.09**	**703.14**	**770.05**	**715.67**	**883.06**	**1,018.92**
Central Bank (Net)	**546.72**	**687.95**	**733.23**	**718.62**	**801.47**	**749.41**
Commercial Banks (Net)	**12.37**	**15.19**	**36.82**	**(2.95)**	**81.59**	**269.51**
External (Net)	(359.60)	(310.30)	(220.72)	(285.87)	(265.85)	(40.60)
Assets	594.52	545.22	638.00	602.10	540.00	726.27
Liabilities	954.11	855.53	858.72	887.97	805.84	766.86
Other ECCB Territories (Net)	371.97	325.50	257.54	282.91	347.44	310.10
Assets	1,393.47	1,420.07	1,378.52	1,409.69	1,418.89	1,445.59
Liabilities	1,021.50	1,094.58	1,120.98	1,126.77	1,071.45	1,135.49
Net Domestic Assets	**2,349.35**	**2,338.68**	**2,273.79**	**2,237.83**	**2,128.72**	**2,109.78**
Domestic Credit	**2,684.34**	**2,679.65**	**2,640.03**	**2,614.20**	**2,610.89**	**2,568.75**
Central Government (Net)	523.80	524.25	516.35	505.78	515.65	504.84
Other Public Sector (Net)	(109.00)	(92.02)	(93.77)	(75.71)	(56.38)	(52.40)
Private Sector	2,269.54	2,247.42	2,217.46	2,184.13	2,151.63	2,116.31
Household	1,250.66	1,255.61	1,238.10	1,239.33	1,238.91	1,219.45
Business	942.39	919.14	906.98	878.61	846.94	831.57
Non-Bank Financial Institutions	30.64	27.45	27.41	21.69	21.78	22.22
Subsidiaries & Affiliates	45.85	45.23	44.97	44.49	44.01	43.07
Other Items (Net)	**(334.99)**	**(340.97)**	**(366.24)**	**(376.37)**	**(482.17)**	**(458.98)**
Monetary Liabilities (M2)	**2,908.44**	**3,041.83**	**3,043.84**	**2,953.49**	**3,011.78**	**3,128.70**
Money Supply (M1)	**597.23**	**688.32**	**646.63**	**634.27**	**632.21**	**669.02**
Currency with the Public	136.59	135.96	135.19	133.78	149.23	146.76
Demand Deposits	431.63	518.56	487.52	471.27	450.67	499.60
EC$ Cheques and Drafts Issued	29.02	33.80	23.92	29.22	32.32	22.66
Quasi Money	**2,311.21**	**2,353.51**	**2,397.22**	**2,319.22**	**2,379.57**	**2,459.67**
Savings Deposits	1,181.61	1,246.30	1,285.24	1,291.97	1,310.85	1,356.24
Time Deposits	898.51	857.58	829.49	820.13	824.34	821.54
Foreign Currency Deposits	231.09	249.63	282.49	207.12	244.38	281.89

Source: Eastern Caribbean Central Bank
Data available as at 19 May 2015

Table 20
Dominica - Selected Tourism Statistics

	2014^R 1st Qr	2014^R 2nd Qr	2014^R 3rd Qr	2014 4th Qr	2015^P 1st Qr
Total Visitors	191,746	46,418	23,061	121,337	175,086
Stay-Over Visitors	20,128	18,562	21,085	22,110	20,073
Of which:					
USA	4,406	3,820	3,695	3,932	4,105
Canada	939	419	474	750	970
UK	1,299	921	1,293	1,353	1,446
Caribbean	8,050	9,449	12,425	11,966	8,534
Other Countries	5,434	3,953	3,198	4,109	5,018
Excursionists	156	582	1,210	247	192
Yacht Passengers	6,238	2,792	766	2,113	6,186
Cruise Ship Passengers	165,224	24,482	-	96,867	148,635
Number of Cruise Ship Calls	120	17	-	62	117
Total Visitor Expenditure (EC$M)	**66.95**	**50.79**	**53.55**	**57.25**	**66.56**

Source: Discover Dominica Authority and ECCB Estimates
Data as at 14 May 2015

Table 21
Dominica - Consumer Price Index
June 2010 = 100

			Percentage Change*				
		Index	2014	2014R	2014R	2014	2015P
	Weights	Mar 2015	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr
All Items	100.00	100.66	1.24	0.30	0.01	(1.07)	(1.70)
Food and Non-Alcoholic Beverages	18.08	110.73	0.13	0.02	0.00	1.17	(0.41)
Alcoholic Beverages, Tobacco and Narcotics	0.77	106.51	0.58	(0.26)	0.55	(0.08)	1.29
Clothing and Footwear	5.08	105.63	(0.84)	1.26	2.55	(0.15)	(0.15)
Housing, Utilities, Gas and Fuels	30.62	90.81	3.02	1.27	(0.77)	(4.49)	(4.05)
Household Furnishings, Supplies and Maintenance	5.23	106.43	1.12	(0.07)	1.36	0.28	(0.85)
Health	3.36	102.07	(1.39)	1.41	0.00	0.65	0.00
Transport	20.11	101.99	1.29	(0.49)	(0.13)	(0.04)	(1.72)
Communication	3.95	100.00	0.00	0.00	0.00	0.00	0.00
Recreation and Culture	3.74	104.14	(0.71)	0.00	1.94	0.32	0.42
Education	1.33	102.58	0.00	0.00	0.00	0.00	0.00
Hotels and Restaurants	2.88	106.14	0.00	(0.56)	0.00	1.64	0.00
Miscellaneous	4.85	103.77	1.15	(0.37)	0.06	0.00	(0.28)

Source: Central Statistical Office, Dominica and ECCB Estimates
*at end of period
Data as at 14 May 2015

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

	2014R 1st Qr	2014R 2nd Qr	2014R 3rd Qr	2014 4th Qr	2015P 1st Qr
Visible Trade Balance	(114.53)	(126.86)	(137.09)	(139.10)	(122.37)
Total Imports	135.61	152.23	164.32	169.60	143.32
Total Exports	21.08	25.37	27.23	30.50	20.95
Re-Exports	5.26	5.68	4.02	9.04	4.77
Domestic Exports	15.82	19.69	23.21	21.47	16.18
Of which:					
Bananas					
Value	0.48	0.37	0.27	0.39	0.50
Volume	321	250	177	231	281

Source: Central Statistical Office, WINFRESH and ECCB Estimates
Data as at 14 May 2015

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

	2014R 1st Qr	2014R 2nd Qr	2014R 3rd Qr	2014 4th Qr	2015P 1st Qr
Current Revenue	90.80	97.11	85.58	98.17	87.41
Tax Revenue	79.63	78.13	74.51	80.12	81.43
Taxes on Income and Profits	17.99	13.59	13.14	12.33	18.31
Of which:					
Personal	9.64	8.66	6.93	7.56	9.21
Company/Corporation	8.72	5.69	6.82	5.23	9.66
Taxes on Property	1.78	1.86	1.58	1.60	1.99
Taxes on Domestic Goods and Services	45.81	47.66	44.98	48.15	47.19
Of which:					
Licences	4.94	6.50	2.97	3.22	5.02
Value Added Tax	31.41	31.91	31.75	34.01	31.58
Excise Tax	8.74	8.70	9.80	10.21	10.14
Taxes on International Trade and Transactions	14.05	15.02	14.82	18.05	13.95
Of which:					
Import Duty	7.48	8.52	8.26	10.48	7.61
Customs Service Charge	3.19	3.50	3.62	4.16	3.16
Environmental Levy	1.80	2.03	2.07	2.50	2.09
Non-Tax Revenue	11.17	18.98	11.07	18.05	5.97
Current Expenditure	85.89	87.10	89.15	85.57	83.02
Personal Emoluments	36.19	36.04	35.98	36.25	36.57
Goods and Services	25.27	27.12	28.67	26.79	22.73
Interest Payments	7.35	6.27	7.85	4.11	4.92
Domestic	3.94	1.77	3.66	1.28	1.51
External	3.41	4.50	4.19	2.84	3.41
Transfers and Subsidies	17.08	17.67	16.64	18.41	18.79
Of which: Pensions	4.48	4.51	4.52	4.62	4.68
Current Account Balance	4.91	10.00	(3.57)	12.60	4.39
Capital Revenue	0.05	0.14	0.12	0.03	0.02
Grants	20.49	21.59	1.21	-	-
Of which: Capital Grants	20.49	21.59	1.21	-	-
Capital Expenditure and Net Lending	16.78	62.90	12.35	30.03	19.17
Of which: Capital Expenditure	16.71	62.78	12.24	30.00	19.23
Primary Balance after grants	16.03	(24.90)	(6.74)	(13.29)	(9.85)
Overall Balance after grants	8.67	(31.17)	(14.59)	(17.41)	(14.77)
Financing	(8.67)	31.17	14.59	17.41	14.77
Domestic	(26.01)	28.68	8.76	28.47	11.65
ECCB (net)	(24.83)	16.89	4.05	(5.02)	(14.90)
Commercial Banks (net)	9.86	16.19	(16.25)	4.56	17.34
Other	(11.05)	(4.39)	20.95	28.93	9.20
External	18.87	7.59	3.85	(9.42)	5.84
Net Disbursements (Amortisation)	18.88	8.35	3.87	(1.24)	3.75
Disbursements	24.83	17.55	9.04	2.62	10.12
Amortisation	5.94	9.20	5.17	3.86	6.37
Change in Government Foreign Assets	(0.02)	(0.76)	(0.02)	(8.19)	2.09
Arrears	(1.53)	(5.10)	1.98	(1.64)	(2.72)
Domestic	(1.53)	(5.10)	1.98	(1.64)	(2.72)
External	-	-	-	-	-
Other Financing	-	-	-	-	-

Source: Ministry of Finance, Dominica and Eastern Caribbean Central Bank
Data as at 15 May 2015

Table 24
Dominica - 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
Net Foreign Assets	**527.87**	**600.88**	**608.14**	**604.30**	**611.91**	**628.06**
Central Bank (Net)	**230.48**	**240.40**	**265.44**	**255.55**	**269.79**	**287.49**
Commercial Banks (Net)	**297.39**	**360.48**	**342.70**	**348.74**	**342.13**	**340.58**
External (Net)	36.13	85.31	70.61	69.96	66.81	61.91
Assets	280.67	334.59	323.21	331.75	331.65	334.36
Liabilities	244.54	249.29	252.60	261.79	264.84	272.45
Other ECCB Territories (Net)	261.26	275.18	272.08	278.78	275.32	278.67
Assets	305.82	321.67	322.72	332.97	333.88	329.35
Liabilities	44.56	46.49	50.63	54.19	58.57	50.68
Net Domestic Assets	**630.67**	**613.33**	**639.37**	**620.92**	**637.02**	**647.22**
Domestic Credit	**722.45**	**704.84**	**721.87**	**714.38**	**737.36**	**726.64**
Central Government (Net)	53.50	38.54	71.61	59.42	58.96	61.41
Other Public Sector (Net)	(121.98)	(122.35)	(129.44)	(125.33)	(94.80)	(103.44)
Private Sector	790.93	788.66	779.71	780.29	773.20	768.67
Household	456.59	454.11	453.82	457.03	456.38	453.65
Business	318.64	320.28	311.66	303.81	297.83	295.77
Non-Bank Financial Institutior	11.13	7.69	7.66	12.89	12.41	12.69
Subsidiaries & Affiliates	4.57	6.57	6.57	6.57	6.57	6.57
Other Items (Net)	**(91.79)**	**(91.51)**	**(82.50)**	**(93.46)**	**(100.34)**	**(79.42)**
Monetary Liabilities (M2)	**1,158.54**	**1,214.21**	**1,247.51**	**1,225.22**	**1,248.94**	**1,275.28**
Money Supply (M1)	**212.86**	**229.61**	**226.75**	**217.06**	**234.69**	**245.16**
Currency with the Public	41.59	40.15	40.47	38.71	46.89	43.63
Demand Deposits	169.03	185.63	184.19	176.25	185.55	196.68
EC$ Cheques and Drafts Issued	2.24	3.83	2.09	2.10	2.25	4.84
Quasi Money	**945.68**	**984.60**	**1,020.76**	**1,008.16**	**1,014.25**	**1,030.13**
Savings Deposits	686.38	721.42	755.90	759.52	760.39	778.85
Time Deposits	235.76	231.22	230.15	219.34	217.49	216.36
Foreign Currency Deposits	23.54	31.97	34.72	29.29	36.36	34.92

Source: Eastern Caribbean Central Bank

Data available as at 19 May 2015

[R]Revisions included changes to Imputed Reserves calculation

Table 25
Grenada - Selected Tourism Statistics

	2014R 1st Qr	2014R 2nd Qr	2014R 3rd Qr	2014 4th Qr	2015P 1st Qr
Total Visitors	163,970	54,035	42,307	113,695	168,332
Stay-Over Visitors	36,280	29,050	35,454	32,737	38,000
Of which:					
USA	11,445	8,488	11,764	9,770	12,545
Canada	5,525	2,500	2,621	3,333	4,641
United Kingdom	7,189	5,352	5,170	5,768	7,015
Caribbean	4,877	5,796	7,142	4,789	4,846
Other Countries	7,244	6,914	8,757	9,077	8,953
Excursionists	766	556	212	126	223
Cruise Ship Passengers	125,461	23,612	6,126	79,941	128,658
Yacht Passengers	1,463	817	515	891	1,451
Number of Cruise Ship Calls	84	14	2	56	97
Total Visitor Expenditure (EC$M)	**108.65**	**76.31**	**91.56**	**97.88**	**118.31**

Source: Grenada Board of Tourism
Data as at 15 May 2015

Table 26
Grenada - Selected Agricultural Production

	Unit	2014 1st Qr	2014R 2nd Qr	2014 3rd Qr	2014 4th Qr	2015P 1st Qr
Bananas	(Tons)	1,563	1,270	1,138	1,674	1,822
Cocoa	(Tons)	363	282	13	23	566
Nutmeg	(Tons)	174	194	104	61	116
Mace	(Tons)	18	29	8	4	8

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada
Data as at 15 May 2015

Table 27
Grenada - Consumer Price Index
January 2010 = 100

	Weights	Index Mar 2015	Percentage Change* 2014 1st Qr	2014 2nd Qr	2014R 3rd Qr	2014 4th Qr	2015P 1st Qr
All Items	100.0	106.83	(0.43)	0.57	(0.30)	(0.43)	(0.78)
Food & Non-Alcoholic Beverages	20.4	117.19	(0.62)	0.67	0.57	(0.62)	0.05
Alcoholic Beverages, Tobacco and Narcotics	1.8	122.88	0.45	0.55	1.99	0.45	(0.58)
Clothing and Footwear	3.7	100.47	(1.54)	(0.22)	(0.21)	(1.54)	0.16
Housing, Utilities, Gas and Fuels	29.1	103.34	0.22	0.24	(0.37)	0.22	(1.52)
Household Furnishings, Supplies and Maintenance	4.5	108.62	(1.06)	0.33	0.19	(1.06)	(1.87)
Health	1.9	129.86	0.32	0.42	0.88	0.32	0.62
Transport	18.7	108.10	(0.49)	1.85	(2.21)	(0.49)	(1.33)
Communication	10.0	90.96	(1.90)	-	-	(1.90)	-
Recreation and Culture	2.7	106.65	0.35	-	0.96	0.35	(0.69)
Education	0.8	122.33	0.53	-	2.14	0.53	1.13
Hotels and Restaurants	1.8	107.25	-	-	-	-	-
Miscellaneous	4.6	104.20	(0.18)	(0.02)	0.10	(0.18)	(0.09)

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada
*at end of period
Data as at 15 May 2015

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

	2014 1st Qr	2014 2nd Qr	2014R 3rd Qr	2014R 4th Qr	2015E 1st Qr
Visible Trade Balance	(197.06)	(200.33)	(216.02)	(203.63)	(208.90)
Total Imports	224.20	234.00	236.63	221.96	230.74
Total Exports	27.14	33.67	20.61	18.33	21.84
Re-Exports	4.77	4.20	1.13	1.01	1.32
Domestic Exports	22.37	29.47	19.48	17.33	20.52
Of Which:					
Bananas					
Volume	0.98	1.73	-	-	-
Value	0.00	0.00	-	-	-
Nutmeg					
Volume	105.31	118.48	134.04	150.57	48.84
Value	3.57	3.84	4.13	4.89	1.49
Mace					
Volume	11.33	7.93	3.72	19.24	14.78
Value	0.42	0.29	0.16	0.59	0.45
Cocoa					
Volume	344.26	233.36	159.61	0.61	443.28
Value	3.76	2.41	1.78	0.01	4.89
Manufactured Exports					
Value	8.38	9.79	8.79	8.93	9.54

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada
Data as at 15 May 2015

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

	2014^R 1st Qr	2014^R 2nd Qr	2014^R 3rd Qr	2014 4th Qr	2015^P 1st Qr
Current Revenue	118.84	137.65	117.68	128.16	134.27
Tax Revenue	111.25	131.03	112.85	123.03	128.04
Taxes on Income and Profits	23.00	22.39	22.71	21.80	27.43
Of which:					
Personal	11.73	11.06	11.26	11.84	14.36
Company/Corporation	11.27	11.34	11.45	9.96	13.07
Taxes on Property	4.79	9.38	3.55	3.63	4.97
Taxes on Domestic Goods and Services	51.91	63.70	51.20	56.58	59.89
Of which:					
Value-added Tax	42.46	43.31	43.11	47.78	48.37
Stamp Duties	0.92	0.84	3.11	0.90	1.00
Licences	4.97	16.93	2.50	5.64	5.64
Taxes on International Trade and Transactions	31.54	35.54	35.39	41.02	35.74
Of which:					
Import Duty	12.04	13.27	13.94	17.31	13.70
Customs Service Charge	9.50	11.42	11.26	13.05	10.52
Non-Tax Revenue	7.59	6.62	4.82	5.13	6.24
Current Expenditure	129.35	114.62	126.18	121.22	123.49
Personal Emoluments	64.50	68.21	54.94	54.79	54.60
Goods and Services	17.69	16.50	16.72	21.28	18.16
Interest Payments	29.07	8.87	35.48	13.36	30.24
Domestic	4.23	4.38	8.95	9.41	4.80
External	24.85	4.49	26.53	3.96	25.44
Transfers and Subsidies	18.08	21.04	19.04	31.79	20.49
Of which: Pensions	7.33	7.32	7.58	11.20	7.49
Current Account Balance	(10.51)	23.03	(8.50)	6.93	10.79
Capital Revenue	0.02	0.06	0.01	0.00	0.08
Grants	10.35	15.87	26.44	47.79	20.66
Of which: Capital Grants	10.35	15.87	26.44	37.89	20.66
Capital Expenditure and Net Lending	39.54	41.54	79.98	65.64	51.04
Of which: Capital Expenditure	39.54	41.54	79.98	65.64	51.04
Primary Balance after grants	(10.60)	6.28	(26.54)	2.45	10.73
Overall Balance after grants	(39.68)	(2.58)	(62.02)	(10.91)	(19.51)
Financing	39.68	2.58	62.02	10.91	19.51
Domestic	16.81	5.37	(55.39)	7.30	(10.11)
ECCB (net)	1.08	0.16	(20.28)	(8.44)	11.76
Commercial Banks (net)	9.78	2.24	(9.33)	(10.12)	(12.34)
Other	5.94	2.97	(25.78)	25.86	(9.52)
External	(2.53)	(3.76)	81.33	1.74	4.67
Net Amortisation	(2.53)	(3.76)	81.33	1.74	4.67
Disbursements	7.59	7.25	90.60	14.85	14.49
Amortisation	10.12	11.01	9.27	13.11	9.82
Change in Government Foreign Assets	-	-	-	-	-
Arrears	25.40	0.97	36.08	1.87	24.95
Domestic	1.23	0.37	12.31	1.26	1.64
External	24.18	0.60	23.77	0.61	23.31
Other Financing	-	-	-	-	-

Source: Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and the ECCB
Data as at 15 May 2015

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

	2013 4th Qr	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015P 1st Qr
Net Foreign Assets	**352.39**	**377.80**	**434.87**	**526.15**	**582.15**	**661.81**
Central Bank (Net)	**365.60**	**358.21**	**363.97**	**418.20**	**427.31**	**427.19**
Commercial Banks (Net)	**(13.21)**	**19.59**	**70.90**	**107.96**	**154.85**	**234.62**
External (Net)	(187.69)	(180.35)	(167.11)	(137.30)	(144.40)	(82.69)
Assets	285.24	300.42	314.29	335.53	339.54	400.02
Liabilities	472.93	480.76	481.40	472.83	483.93	482.71
Other ECCB Territories (Net)	174.48	199.94	238.01	245.25	299.24	317.31
Assets	260.99	263.16	278.81	285.90	333.20	350.73
Liabilities	86.51	63.23	40.81	40.64	33.96	33.42
Net Domestic Assets	**1,586.33**	**1,599.72**	**1,566.57**	**1,491.18**	**1,435.83**	**1,410.81**
Domestic Credit	**1,695.39**	**1,682.72**	**1,635.96**	**1,569.25**	**1,526.92**	**1,491.94**
Central Government (Net)	52.25	63.12	65.52	35.91	17.34	16.76
Other Public Sector (Net)	(57.26)	(65.51)	(91.68)	(95.07)	(104.29)	(125.15)
Private Sector	1,700.40	1,685.11	1,662.12	1,628.41	1,613.87	1,600.33
Household	1,147.75	1,134.89	1,123.79	1,117.78	1,119.40	1,101.37
Business	541.65	538.89	528.52	501.14	485.36	490.16
Non-Bank Financial Institutior	11.01	11.32	9.81	9.49	9.11	8.79
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(109.06)**	**(83.00)**	**(69.39)**	**(78.07)**	**(91.10)**	**(81.13)**
Monetary Liabilities (M2)	**1,938.72**	**1,977.52**	**2,001.44**	**2,017.33**	**2,017.98**	**2,072.62**
Money Supply (M1)	**381.04**	**399.22**	**429.56**	**448.72**	**466.47**	**508.56**
Currency with the Public	115.69	113.70	113.02	116.06	124.09	122.29
Demand Deposits	253.71	275.41	308.77	324.27	332.27	377.14
EC$ Cheques and Drafts Issued	11.64	10.11	7.77	8.39	10.11	9.14
Quasi Money	**1,557.68**	**1,578.31**	**1,571.88**	**1,568.60**	**1,551.51**	**1,564.06**
Savings Deposits	1,143.12	1,162.99	1,161.10	1,167.51	1,167.94	1,172.28
Time Deposits	318.24	310.46	304.83	291.25	287.13	286.68
Foreign Currency Deposits	96.33	104.85	105.96	109.85	96.44	105.09

Source: Eastern Caribbean Central Bank
Data available as at 19 May 2015
R Revisions included changes to Imputed Reserves calculation

Table 31
Montserrat - Selected Tourism Statistics

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014P 4rd Qr	2015P 1st Qr
Total Visitors	3,517	2,882	2,094	3,657	3,052
Stay-Over Visitors	2,355	1,831	1,597	3,021	1,967
Of which:					
USA	612	433	328	668	590
Canada	316	88	57	217	251
UK	558	343	378	885	504
Caribbean	705	876	788	1,159	500
Other Countries	164	91	46	92	122
Excursionists	454	525	339	431	396
Cruise Ship Passengers	-	-	-	-	-
Number of Cruise Ship Calls	-	-	-	-	-
Yacht Passengers	708	526	158	205	689
Number of Yachts	151	151	34	32	197
Total Visitor Expenditure (EC$M)	**7.10**	**4.37**	**3.54**	**7.20**	**6.16**

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and ECCB Estimates
Data available as at 13 May 2015

Table 32
Montserrat - Consumer Price Index
April 1982 = 100

	Weights	Index Mar-15	Percentage Change* 2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4rd Qr	2015 1st Qr
All Items	100.00	263.80	0.34	(0.26)	(0.66)	(0.44)	(0.40)
Food	49.50	279.35	0.25	(0.95)	(0.59)	(0.48)	0.16
Alcohol and Tobacco	4.60	273.61	-	1.99	(0.77)	2.32	2.33
Household Goods	10.20	195.67	0.33	(0.83)	(0.73)	0.94	0.45
Gas, Electricity and Water	1.80	201.43	6.53	(2.38)	(2.84)	(3.61)	(12.49)
Rent	0.70	955.73	-	-	0.00	-	-
Clothing and Footwear	17.90	224.72	0.35	-	0.69	(0.01)	-
Services	15.30	276.99	0.17	1.57	(1.93)	(1.86)	(2.67)

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and ECCB Estimates
*at end of period
Data available as at 13 May 2015

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

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014P 4rd Qr	2015P 1st Qr
Visible Trade Balance	(21.91)	(24.87)	(24.95)	(23.71)	(23.88)
Total Imports	24.32	26.61	27.49	26.27	25.40
Total Exports	2.41	1.73	2.54	2.56	1.52
Total Domestic Exports	1.01	1.52	1.96	1.56	0.95
Total Re-Exports	1.40	0.21	0.58	1.00	0.57

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and ECCB Estim
Data available as at 13 May 2015

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

	2014 1st Qr	2014R 2nd Qr	2014R 3rd Qr	2014 4th Qr	2015 1st Qr
Current Revenue	12.67	10.24	11.19	11.21	11.55
Tax Revenue	11.63	9.21	9.60	10.02	10.23
Taxes on Income and Profits	5.22	4.16	4.27	3.05	4.27
Of which:					
Personal	3.54	2.82	3.16	2.82	3.30
Corporation	1.46	1.02	1.04	0.07	0.66
Taxes on Property	0.16	0.03	0.03	0.59	0.06
Taxes on Domestic Goods and Services	2.21	0.82	0.97	0.92	1.69
Of which:					
Hotel Occupancy	0.01	0.01	0.01	0.01	0.01
Insurance Company Levy	0.04	0.06	0.06	0.06	0.04
Licences and Stamp Duties	1.54	0.55	0.65	0.66	1.00
Taxes on International Trade and Transactions	4.04	4.21	4.33	5.46	4.21
Of which:					
Import Duty	1.17	1.52	1.33	1.79	1.41
Consumption Tax	2.59	2.42	2.73	3.37	2.47
Customs Service Charge	-	-	-	-	-
Non-Tax Revenue	1.04	1.03	1.59	1.19	1.31
Current Expenditure	36.29	24.25	25.77	31.55	37.47
Personal Emoluments	11.99	10.24	10.19	10.30	10.60
Goods and Services	6.91	5.78	7.73	8.95	15.58
Interest Payments	0.01	0.01	0.01	0.01	0.01
Domestic	-	-	-	-	-
External	0.01	0.01	0.01	0.01	0.01
Transfers and Subsidies	17.38	8.23	7.84	12.29	11.29
Of which: Pensions	4.64	2.84	3.63	4.00	3.67
Current Account Balance (before grants)	(23.61)	(14.01)	(14.58)	(20.34)	(25.92)
Current Account Balance (after grants)	(6.10)	6.79	1.63	(5.07)	(2.85)
Capital Revenue	-	-	-	-	-
Grants	46.18	26.32	16.21	16.24	47.63
Of which: Capital Grants	28.66	5.52	-	0.97	24.56
Capital Expenditure and Net Lending	18.45	6.25	10.88	6.62	9.94
Of which: Capital Expenditure	18.45	6.25	10.88	6.62	9.94
Primary Balance (before grants)	(42.05)	(20.26)	(25.45)	(26.95)	(35.86)
Primary Balance (after grants)	4.12	6.06	(9.24)	(10.72)	11.77
Overall Balance (before grants)	(42.06)	(20.27)	(25.46)	(26.96)	(35.87)
Overall Balance (after grants)	4.12	6.06	(9.25)	(10.73)	11.76
Financing	(4.12)	(6.06)	9.25	10.73	(11.76)
Domestic	(4.09)	(6.03)	9.28	10.76	(11.73)
ECCB (net)	0.23	(0.22)	0.10	(14.02)	14.30
Commercial Banks (net)	(4.19)	8.18	16.67	(2.89)	(12.28)
Other	(0.13)	(14.00)	(7.49)	27.67	(13.74)
External	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Net Disbursements/(Amortisation)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Disbursements	-	-	-	-	-
Amortisation	0.03	0.03	0.03	0.03	0.03
Change in Government Foreign Assets	-	-	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-
Other Financing	-	-	-	-	-

Source: Ministry of Finance, Montserrat
*Goods and Services include Miscellaneous Payments
Data available as at 27 May 2015

Table 35
Montserrat - 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
Net Foreign Assets	**270.08**	**288.64**	**283.14**	**271.61**	**288.10**	**290.95**
Central Bank (Net)	**109.38**	**121.16**	**117.70**	**104.35**	**121.77**	**115.21**
Commercial Banks (Net)	**160.70**	**167.49**	**165.43**	**167.26**	**166.33**	**175.74**
External (Net)	85.61	95.60	88.65	82.25	84.06	95.65
Assets	140.84	154.67	148.29	143.23	147.33	160.51
Liabilities	55.23	59.07	59.64	60.98	63.27	64.85
Other ECCB Territories (Net)	75.09	71.89	76.79	85.01	82.27	80.09
Assets	82.09	80.03	83.70	92.36	90.45	88.68
Liabilities	7.00	8.14	6.91	7.35	8.18	8.59
Net Domestic Assets	**(54.75)**	**(61.60)**	**(47.66)**	**(34.93)**	**(48.89)**	**(44.86)**
Domestic Credit	**(9.71)**	**(15.39)**	**(4.28)**	**8.90**	**(6.77)**	**(8.36)**
Central Government (Net)	(56.63)	(60.59)	(52.62)	(35.85)	(52.76)	(50.75)
Other Public Sector (Net)	(19.94)	(21.05)	(16.63)	(22.29)	(21.14)	(24.56)
Private Sector	66.86	66.25	64.96	67.04	67.13	66.96
Household	58.36	57.88	58.04	59.70	59.70	59.39
Business	8.51	8.37	6.93	7.33	7.43	7.57
Non-Bank Financial Institutior	-	-	-	-	-	-
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(45.04)**	**(46.21)**	**(43.38)**	**(43.82)**	**(42.12)**	**(36.50)**
Monetary Liabilities (M2)	**215.33**	**227.05**	**235.48**	**236.69**	**239.20**	**246.09**
Money Supply (M1)	**53.62**	**56.51**	**58.40**	**43.56**	**45.07**	**49.99**
Currency with the Public	18.39	18.95	16.61	16.50	18.36	16.37
Demand Deposits	35.10	37.48	41.66	26.89	26.57	33.53
EC$ Cheques and Drafts Issued	0.13	0.08	0.13	0.17	0.15	0.10
Quasi Money	**161.71**	**170.54**	**177.08**	**193.12**	**194.13**	**196.11**
Savings Deposits	119.65	129.90	137.05	139.69	140.47	141.03
Time Deposits	33.71	33.82	33.45	46.14	46.00	46.18
Foreign Currency Deposits	8.36	6.82	6.58	7.29	7.66	8.90

Source: Eastern Caribbean Central Bank

Data available as at 20 May 2015

Table 36
St Kitts and Nevis - Selected Tourism Statistics

	2014^{R} 1^{st} Qr	2014^{R} 2^{st}Qr	2014^{R} 3^{nd}Qr	2014 4^{th}Qr	2015^{P} 1^{st} Qr
Total Visitors	314,208	135,564	107,676	260,775	377,726
Stay-Over Visitors	32,977	28,707	24,245	28,505	36,739
Of which:					
USA	21,110	18,250	13,190	16,773	23,285
Canada	3,773	1,570	1,319	2,045	4,213
UK	2,666	1,974	2,023	2,571	3,011
Caribbean	3,743	5,131	6,141	5,561	4,358
Other Countries	1,685	1,782	1,572	1,555	1,872
Excursionists	1,137	716	727	1,087	1,256
Cruise Ship Passengers	277,015	105,259	82,157	230,250	337,686
Yacht Passengers	3,079	882	547	933	2,045
Number of Cruise Ship Calls	171	47	27	126	214
Total Visitor Expenditure (EC$M)	**91.05**	**71.58**	**60.28**	**77.01**	**97.45**

Source: Statistics Department, Sustainable Development, St Kitts and Central Statistics Office, Nevis and ECCB Estimates
Data as at 14 May 2015

Table 37

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

			Percentage Change*				
	Weights	Index Mar 2015	2014R 1st Qr	2014R 2stQr	2014R 3ndQr	2014 4thQr	2015P 1st Qr
All items	100.00	110.93	(0.68)	0.74	0.57	(0.06)	(1.25)
Food and Non-Alcoholic Beverages	15.98	113.07	(0.32)	1.33	(0.05)	(5.06)	(1.27)
Alcoholic Beverages, Tobacco & Narcotics	2.71	123.32	(1.05)	2.91	1.99	0.87	(1.59)
Clothing and Footwear	4.20	112.17	0.16	1.82	1.17	(0.31)	1.05
Housing, Utilities, Gas and Fuels	27.56	103.24	0.09	0.00	(0.05)	0.01	0.00
Household Furnishings, Supplies and Maintenance	6.10	110.60	(0.18)	0.62	0.77	(0.95)	1.62
Health	2.38	107.30	0.00	0.00	4.38	0.00	(2.61)
Transport	16.14	124.46	(2.59)	1.95	0.84	6.09	(5.84)
Communication	8.47	106.46	0.00	0.00	0.00	0.06	1.84
Recreation and Culture	2.92	103.47	(0.39)	0.79	0.28	(2.09)	0.00
Education	2.41	131.31	(4.95)	0.00	8.43	0.00	(4.08)
Hotels and Restaurants	5.60	112.75	(0.79)	0.00	0.17	(0.06)	0.00
Miscellaneous Goods and Services	5.54	106.15	(0.59)	0.66	0.33	(3.13)	(3.84)

Source: Statistics Department, Sustainable Development, St Kitts
*at end of period
Data as at 14 May 2015

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

	2014 1st Qr	2014 2st Qr	2014 3nd Qr	2014 4th Qr	2015^{P} 1st Qr
Visible Trade Balance	(120.79)	(129.08)	(133.74)	(187.72)	(149.99)
Total Imports	159.81	169.76	168.12	227.12	190.67
Total Exports	39.02	40.68	34.38	39.40	40.68
Total Domestic Exports	35.14	35.65	31.25	33.54	37.22
Total Re-Exports	3.87	5.03	3.13	5.87	3.46

Source: Statistics Department, Sustainable Development, St Kitts
Data as at 14 May 2015

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

	2014R 1st Qr	2014R 2stQr	2014R 3ndQr	2014 4thQr	2015P 1st Qr
Current Revenue	181.78	233.91	203.20	272.54	255.30
Tax Revenue	110.21	107.34	127.99	131.17	132.15
Taxes on Income and Profits	20.96	24.69	26.36	22.76	33.17
Of which:					
Personal (Social Services Levy)	10.58	10.73	10.90	11.28	11.60
Corporation	9.25	11.13	13.95	9.91	19.21
Taxes on Property	2.95	5.29	4.76	3.67	4.27
Taxes on Domestic Goods and Services	58.87	52.17	58.34	68.85	58.48
Of which:					
Stamp Duties	13.04	8.71	10.67	15.72	9.07
Value Added Tax	38.40	36.81	40.79	44.20	40.20
Licences	2.35	1.10	1.14	4.17	3.24
Unincorporated Business Levy	1.40	1.20	1.44	1.76	1.53
Island Enhancement Levy	1.08	1.72	1.12	0.76	1.45
Taxes on International Trade and Transactions	27.42	25.19	38.52	35.90	36.23
Of which:					
Import Duty	12.94	12.78	13.47	18.04	11.38
Customs Service Charge	9.33	9.01	11.96	11.24	11.51
Excise Tax	2.08	1.29	10.71	2.36	9.29
Non-Refundable Duty Free Store Levy	1.67	0.46	0.39	1.89	2.02
Non-Tax Revenue	71.57	126.57	75.22	141.37	123.15
Current Expenditure	130.05	150.19	141.61	203.16	129.66
Personal Emoluments	59.84	58.51	60.38	79.61	62.73
Goods and Services	36.95	32.48	34.76	57.49	34.59
Interest Payments	9.41	21.08	19.24	28.16	9.09
Domestic	6.50	16.31	15.51	23.68	5.63
External	2.90	4.77	3.72	4.48	3.46
Transfers and Subsidies	23.86	38.12	27.23	37.89	23.24
Of which: Pensions	7.06	7.17	7.31	9.89	8.02
Current Account Balance	51.73	83.72	61.59	69.39	125.64
Capital Revenue	1.89	1.23	3.11	28.09	6.86
Grants	11.49	7.65	16.43	33.65	5.04
Of which: Capital Grants	11.19	7.45	15.44	2.85	4.83
Capital Expenditure and Net Lending	19.89	29.65	31.20	48.90	32.66
Of which: Capital Expenditure	19.90	29.51	30.73	48.84	27.22
Primary Balance after grants	54.64	84.02	69.17	110.38	113.97
Overall Balance after grants	45.23	62.95	49.93	82.22	104.88
Financing	(45.23)	(62.95)	(49.93)	(82.22)	(104.88)
Domestic	(39.39)	(56.96)	(44.74)	(17.35)	(87.52)
ECCB (net)	55.45	(4.93)	0.27	(30.97)	7.01
Commercial Banks (net)	(83.53)	(5.54)	1.48	(73.03)	(45.19)
Other	(11.32)	(46.49)	(46.48)	86.66	(49.34)
External	(5.84)	(5.99)	(5.20)	(64.87)	(17.36)
Net Disbursements/(Amortisation)	(5.84)	(5.99)	(5.20)	(64.87)	(17.36)
Disbursements	1.80	3.58	1.85	1.44	0.00
Amortisation	7.64	9.57	7.05	66.31	17.36
Change in Government Foreign Assets	-	-	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-
Other Financing	-	-	-	-	-

Source: Ministry of Finance, St Kitts and Nevis and ECCB Estimates
Data as at 15 May 2015

Table 40
St Kitts and Nevis - 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
Net Foreign Assets	**1945.91**	**2234.26**	**2211.91**	**2269.31**	**2363.88**	**2485.09**
Central Bank (Net)	**786.57**	**941.01**	**955.12**	**932.76**	**859.71**	**856.61**
Commercial Banks (Net)	**1159.34**	**1293.25**	**1256.78**	**1336.55**	**1504.17**	**1628.48**
External (Net)	1100.22	1321.55	1308.06	1384.57	1578.86	1769.45
Assets	1920.89	2150.41	2122.12	2215.71	2434.82	2743.80
Liabilities	820.67	828.86	814.06	831.14	855.96	974.35
Other ECCB Territories (Net)	59.11	(28.31)	(51.28)	(48.02)	(74.69)	(140.97)
Assets	690.12	722.80	662.53	734.34	735.16	733.28
Liabilities	631.00	751.11	713.81	782.36	809.85	874.26
Net Domestic Assets	**642.63**	**583.95**	**562.47**	**535.00**	**591.25**	**600.81**
Domestic Credit	**1133.02**	**1039.04**	**1032.34**	**1005.63**	**1012.58**	**946.74**
Central Government (Net)	(193.02)	(221.09)	(231.56)	(229.82)	(333.83)	(372.00)
Other Public Sector (Net)	(635.31)	(676.77)	(692.24)	(901.48)	(854.14)	(874.01)
Private Sector	1961.35	1936.91	1956.14	2136.93	2200.55	2192.76
Household	878.65	866.86	867.71	865.46	866.64	851.29
Business	428.51	416.52	431.43	443.00	479.42	490.17
Non-Bank Financial Institutions	46.88	49.30	50.80	18.82	16.20	15.33
Subsidiaries & Affiliates	607.31	604.22	606.21	809.64	838.30	835.96
Other Items (Net)	**(490.39)**	**(455.09)**	**(469.87)**	**(470.62)**	**(421.33)**	**(345.93)**
Monetary Liabilities (M2)	**2588.54**	**2818.21**	**2774.38**	**2804.31**	**2955.13**	**3085.90**
Money Supply (M1)	**521.09**	**585.57**	**558.78**	**520.71**	**582.11**	**599.01**
Currency with the Public	133.10	132.60	134.73	136.21	154.64	150.44
Demand Deposits	375.25	443.37	412.79	371.28	411.05	417.72
EC$ Cheques and Drafts Issued	12.74	9.61	11.26	13.22	16.42	30.85
Quasi Money	**2067.45**	**2232.64**	**2215.60**	**2283.60**	**2373.02**	**2486.89**
Savings Deposits	827.89	841.38	866.57	869.85	908.94	903.38
Time Deposits	606.56	632.55	617.93	587.08	585.53	630.99
Foreign Currency Deposits	633.01	758.71	731.10	826.67	878.55	952.52

Source: Eastern Caribbean Central Bank

Data available as at 19 May 2015

Table 41
Saint Lucia - Selected Tourism Statistics

	2014[R] 1st Qr	2014[R] 2nd Qr	2014[R] 3rd Qr	2014[R] 4th Qr	2015[P] 1st Qr
Total Visitors	384,178	185,049	159,266	305,575	407,274
Stay-Over Visitors	92,316	83,701	78,993	83,148	98,219
USA	35,768	40,553	33,402	32,859	40,258
Canada	17,926	6,666	5,178	11,732	20,371
UK	20,997	17,952	16,127	18,884	19,443
Caribbean	8,571	13,541	19,901	13,503	9,799
Other Countries	9,054	4,989	4,385	6,170	8,348
Excursionists	1,959	1,507	2,177	1,883	1,926
Cruise Ship Passengers	274,787	89,441	68,588	208,636	292,218
Number of Cruise Ship Calls	192	50	24	120	196
Yacht Passengers	15,116	10,400	9,508	11,908	14,911
Total Visitor Expenditure (EC$M)	**320.09**	**240.12**	**217.08**	**276.84**	**359.59**

Source: Saint Lucia Tourist Board
Data as at 14 May 2015

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

			Percentage Change*				
	Weights	Index Mar 2015	2014R 1st Qr	2014R 2nd Qr	2014R 3rd Qr	2014 4th Qr	2015P 1st Qr
All items	99.87	118.23	3.56	(1.03)	1.57	(0.41)	(1.08)
Food and Non-Alcoholic Beverages	25.02	130.65	2.19	(0.75)	4.44	0.39	0.58
Alcoholic Beverages, Tobacco & Narcotics	6.53	128.30	(0.29)	(2.92)	2.32	0.48	(0.62)
Clothing and Footwear	1.66	142.63	15.36	5.53	(9.20)	(1.66)	8.70
Housing, Utilities, Gas and Fuels	17.36	116.08	3.28	(3.14)	4.55	(1.12)	6.58
Household Furnishings, Supplies and Maintenance	3.31	108.31	(0.91)	(2.33)	(4.47)	0.55	(2.05)
Health	3.96	118.62	2.16	0.57	0.66	(5.97)	0.50
Transport	16.40	109.47	2.69	(1.57)	1.53	1.26	(8.83)
Communication	12.54	114.50	(4.05)	-	-	-	8.78
Recreation & Culture	1.37	107.83	23.52	(1.26)	(0.69)	3.71	2.99
Education	3.70	154.65	4.99	-	-	-	7.75
Hotels & Restaurants	1.10	106.89	(14.76)	0.74	(0.09)	0.09	0.42
Miscellaneous Goods and Services	6.92	96.92	9.81	(0.54)	1.59	(1.62)	(20.76)

*at end of period
Source: Central Statistical Office, Saint Lucia
Data as at 14 May 2015

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

	2014^{R} 1st Qr	2014^{R} 2ndQr	2014^{R} 3rdQr	2014^{R} 4thQr	2015^{P} 1st Qr
Current Revenue	235.01	222.85	224.51	219.01	248.33
Tax Revenue	223.15	210.70	212.27	209.39	238.37
Taxes on Income and Profits	64.34	56.63	54.13	43.68	69.65
Of which:					
Personal	28.83	24.09	24.31	23.32	28.75
Corporation	16.99	18.66	19.03	8.21	25.01
Taxes on Property	1.64	2.20	1.33	2.93	2.98
Taxes on Domestic Goods and Services	94.82	93.85	95.93	98.61	106.10
Of which:					
Consumption Duty	0.04	0.01	0.00	0.00	-
Licences	6.15	4.14	3.83	9.41	4.21
Excise Tax	0.97	0.62	0.93	0.97	0.94
Hotel Occupancy Tax	0.38	0.40	0.78	1.11	0.29
Value Added Tax	79.16	81.07	82.16	79.63	91.37
Taxes on International Trade and Transactions	62.34	58.02	60.88	64.17	59.64
Of which:					
Consumption Tax (Imports)	0.14	0.06	0.04	0.01	0.00
Import Duties	23.71	25.16	24.20	28.47	23.39
Customs Service Charge (Imports)	13.79	14.54	15.64	16.09	13.93
Excise Tax	15.42	16.47	16.96	16.87	16.33
Non-Tax Revenue	11.86	12.16	12.24	9.62	9.96
Current Expenditure	227.92	205.56	213.16	209.80	220.13
Personal Emoluments	97.02	94.36	93.37	92.71	93.49
Goods and Services	52.02	31.78	36.97	38.07	45.89
Interest Payments	33.84	36.68	39.76	33.66	32.38
Domestic	25.04	19.20	30.08	16.82	21.92
External	8.80	17.48	9.68	16.84	10.46
Transfers and Subsidies	45.04	42.74	43.05	45.35	48.36
Of which: Pensions	17.66	15.52	16.80	20.73	17.39
Current Account Balance	7.09	17.30	11.35	9.21	28.20
Capital Revenue	-	0.11	0.07	0.00	-
Grants	30.44	1.41	10.78	16.86	16.04
Of which: Capital Grants	30.44	1.41	10.78	16.86	16.04
Capital Expenditure and Net Lending	88.18	28.28	53.32	48.36	72.87
Of which: Capital Expenditure	88.18	28.28	53.32	48.36	72.87
Primary Balance after grants	(16.81)	27.22	8.63	11.37	3.75
Overall Balance after grants	(50.65)	(9.46)	(31.13)	(22.29)	(28.63)
Financing	50.65	9.46	31.13	22.29	28.63
Domestic	48.71	6.30	59.33	(63.78)	0.58
ECCB (net)	(6.21)	6.36	(44.02)	9.77	(14.80)
Commercial Banks (net)	(28.62)	42.24	(10.62)	(19.73)	(43.38)
Other	83.53	(42.31)	113.97	(53.82)	58.75
External	1.94	3.17	(28.20)	86.07	28.06
Net Disbursements (Amortisation)	1.94	3.17	(28.20)	86.07	28.06
Disbursements	9.65	16.91	40.78	101.49	88.27
Amortisation	7.71	13.74	68.98	15.41	60.21
Change in Government Foreign Assets	-	-	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-
Other Financing	-	-	-	-	-

Source: Ministry of Finance, Saint Lucia and Eastern Caribbean Central Bank
Data as at 14 May 2015

Table 44
Saint Lucia - Banana Production

	2014^{R} 1st Qr	2014^{R} 2nd Qr	2014^{R} 3rd Qr	2014 4th Qr	2015^{P} 1st Qr
Volume (tonnes)	2,271	2,738	1,609	2,035	2,404
Value (EC$M)	4.13	4.99	3.46	3.65	4.59
Unit Price (EC$/ tonnes)	1,821.17	1,822.50	2,150.40	1,793.61	1,911.22

Source: Winfresh Ltd and ECCB Estimates
Data as at 14 May 2015

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

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015^{P} 1st Qr
Total Exports	84.67	125.89	121.17	97.29	94.46
Total Domestic Exports	47.75	53.27	60.72	54.82	47.73
Total Re-Exports	36.92	72.62	60.45	42.48	46.72
Total Imports	405.64	392.19	355.70	448.05	363.34
Visible Trade Balance	(320.97)	(266.30)	(234.54)	(350.76)	(268.88)

Source: Central Statistical Office, Saint Lucia and ECCB Estimates
Data as at 14 May 2015

Table 46
Saint Lucia - 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[P]
Net Foreign Assets	**(646.15)**	**(445.40)**	**(477.30)**	**(354.25)**	**(305.18)**	**43.70**
Central Bank (Net)	**454.85**	**508.71**	**524.51**	**645.01**	**635.38**	**834.14**
Commercial Banks (Net)	**(1,101.00)**	**(954.11)**	**(1,001.80)**	**(999.26)**	**(940.56)**	**(790.43)**
External (Net)	(390.10)	(294.29)	(337.57)	(303.30)	(200.75)	(138.66)
Assets	605.91	677.63	659.25	687.70	748.36	797.36
Liabilities	996.01	971.92	996.82	991.00	949.12	936.03
Other ECCB Territories (Net)	(710.90)	(659.82)	(664.23)	(695.96)	(739.81)	(651.77)
Assets	300.91	304.86	325.32	300.29	236.83	301.48
Liabilities	1,011.82	964.68	989.55	996.25	976.64	953.25
Net Domestic Assets	**3,499.35**	**3,385.12**	**3,412.26**	**3,213.63**	**3,193.12**	**2,981.86**
Domestic Credit	**3,977.32**	**3,894.96**	**3,935.62**	**3,739.18**	**3,579.47**	**3,475.85**
Central Government (Net)	307.99	273.17	321.77	267.12	257.17	198.99
Other Public Sector (Net)	(382.10)	(382.80)	(423.84)	(438.82)	(456.29)	(467.45)
Private Sector	4,051.43	4,004.60	4,037.70	3,910.87	3,778.60	3,744.31
Household	1,572.07	1,586.31	1,638.40	1,630.12	1,788.05	1,789.31
Business	2,435.26	2,380.21	2,365.62	2,251.96	1,962.33	1,926.38
Non-Bank Financial Institutions	28.10	24.19	23.98	19.32	16.66	18.96
Subsidiaries & Affiliates	16.01	13.88	9.70	9.48	11.56	9.66
Other Items (Net)	**(477.97)**	**(509.84)**	**(523.37)**	**(525.55)**	**(386.35)**	**(493.99)**
Monetary Liabilities (M2)	**2,853.20**	**2,939.72**	**2,934.96**	**2,859.38**	**2,887.94**	**3,025.57**
Money Supply (M1)	**695.44**	**777.95**	**749.29**	**705.11**	**748.57**	**790.52**
Currency with the Public	159.97	151.65	142.70	138.03	154.89	143.39
Demand Deposits	527.61	620.04	594.86	555.32	583.57	637.91
EC$ Cheques and Drafts Issued	7.86	6.26	11.73	11.77	10.10	9.22
Quasi Money	**2,157.76**	**2,161.77**	**2,185.67**	**2,154.27**	**2,139.37**	**2,235.05**
Savings Deposits	1,543.19	1,518.50	1,529.27	1,514.96	1,526.49	1,563.75
Time Deposits	443.79	447.40	372.81	376.04	369.54	385.01
Foreign Currency Deposits	170.78	195.87	283.59	263.27	243.34	286.30

Source: Eastern Caribbean Central Bank
Data available as at 20 May 2015
[R]Revisions included changes to Imputed Reserves calculation

Table 47
St Vincent and the Grenadines - Selected Tourism Statistics

	2014^{R} 1st Qr	2014^{R} 2nd Qr	2014^{R} 3rd Qr	2014 4th Qr	2015^{P} 1st Qr
Total Visitors	88,663	35,588	22,114	58,569	90,493
Stay-Over Visitors	19,503	16,865	16,305	18,040	20,658
Of which:					
USA	5,611	4,975	4,363	4,889	5,806
Canada	2,122	1,644	1,417	2,020	2,340
UK	4,853	3,418	3,264	4,425	5,696
Caribbean	4,254	5,234	5,938	4,460	4,241
Other Countries	2,663	1,594	1,323	2,246	2,575
Excursionists	707	622	333	490	653
Yacht Passengers	20,393	10,470	5,351	10,685	20,366
Cruise Ship Passengers	48,060	7,631	125	29,354	48,816
Number of Cruise Ship Calls	105	27	7	83	75
Total Visitor Expenditure (EC$M)	**84.48**	**56.89**	**46.39**	**63.85**	**87.58**

Source: St Vincent and the Grenadines Tourism Authority
Data as at 14 May 2015

Table 48
St Vincent and the Grenadines - Consumer Price Index
January 2001 = 100

			Percentage Change*				
		Index	2014	2014	2014	2014	2015P
	Weights	Mar 2015	1st Qr	2nd Qr	3rd Qr	4th Qr	1st Qr
All Items	**100.00**	**105.50**	**0.19**	**0.00**	**0.19**	**(0.28)**	**(1.68)**
Food and Non-Alcoholic Beverages	21.91	119.90	0.36	0.44	0.44	(0.97)	6.39
Alcoholic Beverages, Tobacco and Narcotics	3.87	109.60	0.74	(0.27)	0.74	0.18	(0.18)
Clothing and Footwear	3.22	102.80	(0.09)	0.09	(1.80)	(0.87)	0.00
Housing, Water, Electricity, Gas and Other Fuels	30.06	98.80	0.58	0.19	(0.29)	(2.10)	(3.70)
Furnishing, Household Equipment and Routine Household Maintenance	6.59	101.30	0.20	(0.10)	0.30	0.10	(0.10)
Health	1.79	104.00	(0.29)	(0.58)	0.00	(0.10)	1.07
Transport	11.84	119.90	(0.57)	0.25	0.49	2.03	(4.61)
Communications	9.41	102.00	0.00	0.00	0.00	3.94	1.69
Recreation and Culture	3.81	102.60	(0.48)	(1.46)	0.99	0.20	0.00
Education	1.32	109.00	0.00	0.00	(0.27)	0.00	0.00
Restaurants and Hotels	1.87	103.30	(0.29)	0.00	0.19	0.29	(0.19)
Miscellaneous Goods and Services	4.31	101.10	0.00	(0.10)	0.20	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 14 May 2015

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

	2014 1st Qr	2014 2nd Qr	2014 3rd Qr	2014 4th Qr	2015P 1st Qr
Visible Trade Balance	(185.43)	(227.00)	(203.75)	(231.19)	(173.23)
Total Imports	216.66	256.40	239.86	264.46	201.52
Total Exports	31.23	29.40	36.11	33.27	28.29
Re-Exports	4.09	4.84	9.69	1.32	2.01
Domestic Exports	27.13	24.56	26.42	31.95	26.27

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning , St Vincent and the Grenadines
Data as at 14 May 2015

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

	2014[R] 1st Qr	2014 2nd Qr	2014[R] 3rd Qr	2014 4th Qr	2015[P] 1st Qr
Current Revenue	119.06	130.67	122.76	149.26	120.84
Tax Revenue	97.92	116.40	113.58	139.30	112.77
Taxes on Income and Profits	23.88	28.60	28.12	56.56	29.45
Of which:					
Personal	18.77	19.24	16.79	16.72	18.83
Company/Corporation	3.45	5.53	8.39	22.81	5.26
Taxes on Property	0.68	0.44	1.69	1.32	(0.17)
Taxes on Domestic Goods and Services	55.67	65.82	62.40	56.57	64.92
Of which:					
Stamp Duties	3.86	12.40	4.96	4.91	8.90
Excise Tax	5.89	7.79	7.98	11.36	6.87
Value Added Tax	36.41	34.35	32.69	34.54	37.28
Licences	8.63	10.04	5.01	4.65	10.34
Taxes on International Trade and Transactions	17.69	21.54	21.37	24.85	18.56
Of which:					
Import Duties	9.87	12.49	11.89	15.02	10.71
Customs Service Charge	7.06	8.09	7.98	8.79	7.02
Non-Tax Revenue	21.13	14.27	9.18	9.95	8.08
Current Expenditure	116.89	125.58	136.75	135.07	117.65
Personal Emoluments	61.55	61.88	60.67	63.65	63.22
Goods and Services	14.32	16.72	20.11	22.42	11.97
Interest Payments	9.24	12.17	11.90	12.47	10.01
Domestic	4.69	7.90	6.26	8.56	4.90
External	4.56	4.27	5.64	3.91	5.11
Transfers and Subsidies	31.77	34.81	44.06	36.53	32.44
Of which: Pensions	15.28	14.24	14.12	14.86	14.91
Current Account Balance	2.17	5.09	(13.99)	14.19	3.20
Capital Revenue	0.18	0.17	0.26	0.12	0.16
Grants	0.00	3.78	8.97	16.70	1.25
Of which: Capital Grants	0.00	3.78	8.97	16.70	1.25
Capital Expenditure and Net Lending	18.99	6.11	39.92	49.38	15.55
Of which: Capital Expenditure	18.99	6.11	39.92	49.38	15.55
Primary Balance after grants	(7.40)	15.11	(32.77)	(5.91)	(0.94)
Overall Balance after grants	(16.64)	2.93	(44.68)	(18.38)	(10.95)
Financing	16.64	(2.93)	44.68	18.38	10.95
Domestic	(0.74)	(19.94)	(8.39)	5.97	69.81
ECCB (net)	2.14	(9.04)	3.23	5.85	28.78
Commercial Banks (net)	13.21	(5.76)	22.05	(7.16)	9.23
Other	(16.10)	(5.14)	(33.67)	7.28	31.80
External	15.60	38.19	51.35	(7.88)	(11.58)
Net Disbursements/(Amortisation)	15.60	38.19	51.35	(7.88)	(11.58)
Disbursements	26.32	48.26	62.81	2.32	2.06
Amortisation	10.72	10.07	11.47	10.20	13.65
Change in Government Foreign Assets	0.00	0.00	0.00	0.00	0.00
Arrears	1.78	(21.18)	1.72	20.28	(47.28)
Domestic	1.78	(21.18)	1.72	20.28	(47.28)
External	0.00	0.00	0.00	0.00	0.00
Other Financing	0.00	0.00	0.00	0.00	0.00

Source: Ministry of Finance and Economic Planning, St Vincent and the Grenadines and the Eastern Caribbean Central Bank
Data as at 15 May 2015

Table 51
St Vincent and the Grenadines - 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[P]
Net Foreign Assets	**493.08**	**519.40**	**544.97**	**489.25**	**508.23**	**461.32**
Central Bank (Net)	**359.42**	**379.57**	**392.02**	**387.94**	**421.43**	**398.34**
Commercial Banks (Net)	**133.66**	**139.83**	**152.95**	**101.30**	**86.80**	**62.98**
External (Net)	(30.71)	(25.12)	(7.42)	(28.93)	5.79	(11.35)
Assets	174.55	175.40	195.39	175.45	215.78	199.36
Liabilities	205.26	200.52	202.81	204.38	209.99	210.71
Other ECCB Territories (Net)	164.37	164.95	160.38	130.23	81.01	74.33
Assets	276.13	267.04	277.10	257.03	200.15	200.85
Liabilities	111.77	102.08	116.72	126.80	119.13	126.52
Net Domestic Assets	**791.95**	**802.61**	**813.12**	**858.47**	**900.40**	**965.64**
Domestic Credit	**998.91**	**1012.77**	**1005.80**	**1029.30**	**1020.24**	**1063.65**
Central Government (Net)	64.09	79.44	64.64	89.92	88.61	126.62
Other Public Sector (Net)	(113.02)	(112.54)	(106.74)	(114.93)	(113.63)	(107.67)
Private Sector	1047.84	1045.87	1047.90	1054.31	1045.26	1044.70
Household	777.08	776.88	779.83	785.90	789.59	792.20
Business	250.34	249.02	248.32	248.81	235.61	232.94
Non-Bank Financial Institutior	16.43	15.96	15.75	15.60	16.06	15.56
Subsidiaries & Affiliates	4.00	4.00	4.00	4.00	4.00	4.00
Other Items (Net)	**(206.96)**	**(210.16)**	**(192.68)**	**(170.84)**	**(119.84)**	**(98.01)**
Monetary Liabilities (M2)	**1285.03**	**1322.01**	**1358.09**	**1347.71**	**1408.62**	**1426.96**
Money Supply (M1)	**374.21**	**387.11**	**385.37**	**383.10**	**426.30**	**419.68**
Currency with the Public	48.14	45.59	47.85	47.69	53.61	51.82
Demand Deposits	320.08	333.40	329.75	324.50	364.30	359.31
EC$ Cheques and Drafts Issued	5.99	8.12	7.77	10.92	8.39	8.55
Quasi Money	**910.82**	**934.91**	**972.72**	**964.62**	**982.33**	**1007.28**
Savings Deposits	717.40	746.11	760.71	777.69	779.44	799.97
Time Deposits	136.28	133.29	136.53	130.93	130.09	128.29
Foreign Currency Deposits	57.15	55.51	75.49	56.00	72.79	79.01

Source: Eastern Caribbean Central Bank

Data available as at 20 May 2015

[R]Revisions included changes to Imputed Reserves calculation

ENERGY DEVELOPMENTS – A COMPARATIVE ANALYSIS OF ELECTRICITY MARKETS IN THE ECCU

RESEARCH DEPARTMENT

EASTERN CARIBBEAN CENTRAL BANK
ST KITTS AND NEVIS

1.0 INTRODUCTION

The electricity markets of the Eastern Caribbean Currency Union (ECCU) are fragmented and small, with no interconnection of grids and very limited cooperation with respect to policy, technical and operational issues. These are some of the leading factors which contribute to high energy costs with implications for business competitiveness and economic growth. In fact, in the ECCB's "*Business Outlook Survey*", the high cost of electricity is regularly cited as one of the main factors behind the increase in the cost of doing business in the region. Further motivation for this report is provided by the direct and indirect implications, which a less than efficient electricity market, could have on the ability of the ECCB to fulfill its key mandate of maintaining currency stability. The overdependence on the use of imported fossil fuels means that inefficiencies in the functioning of the electricity markets could lead to unnecessary charges on the foreign reserves of the system, to meet the demand for payments of the imported fuel.

Therefore, given that electricity is not only a major consumption good, but also a significant input into the production process, policy makers in the region should have an interest in developing and promoting an efficient and sustainable energy market that would produce benefits for all citizens of the single economic and financial space. In addition, the move towards a single economic and financial space, as stipulated in the New OECS Economic Union Treaty, necessitates the development of both regional and country specific energy solutions for power generation and distribution.

The main purposes of the report are to provide some preliminary information on the electricity markets in the ECCU and highlight some key issues that may be considered for further investigation and policy action.

2.0 PROFILE OF THE MARKET

2.1 Industry Structure and Current Regulatory Framework in the ECCU

The structure of the electricity market in the ECCU is characterised by the existence of vertical monopolies with exclusive licenses. Electricity companies across the ECCU are government licensed monopolies, responsible for generating, transmitting, distributing and selling electricity. In terms of ownership, the majority of the utilities are either public-private partnerships or government corporations (See Table 1). Meanwhile, energy regulation in the ECCU has been applied from as early as 1954.

Table 1: Profile of Utility Companies in the ECCU

Country	Utility	Ownership	Legal Authority
Anguilla	ANGLEC	Public-private corporation	Act (1991)
Antigua and Barbuda	APUA	Government statutory	Act (1973)
	APCL	Private company	
Dominica	DOMLEC	Public-private corporation	License (1996)
Grenada	GRENLEC	Public-private corporation	License (1961)
Montserrat	MUL	Statutory body	Act (1970)
St Kitts and Nevis	SKELEC	Government corporation	Act (1954)
	NEVLEC	Government corporation	Act (1954 & 2008)
Saint Lucia	LUCELEC	Public--private corporation	Act (1964)
St Vincent and the Grenadines	VINLEC	Government corporation	Act (1973)

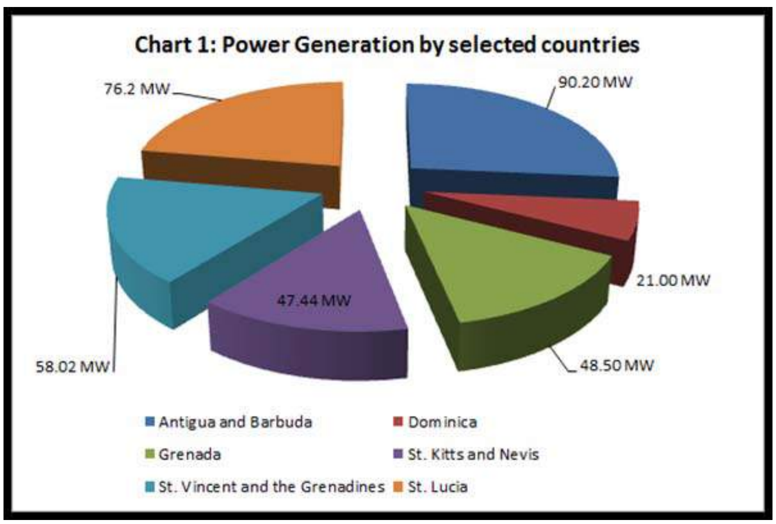
Sources: Energy Policy and Sector Analysis in the Caribbean (2010-2011); Websites for utility companies.

2.2 Plant Capacity: Existing and Planned

An examination of the six independent countries in the ECCU, for which data were available, shows that medium speed diesel (MSD) plants are most prevalent in the ECCU.[2] MSDs are midsized diesel engines whose capacity extends up to approximately 20 megawatts (MW) of energy and operate on diesel fuel oil or heavy fuels. This is followed by slow speed diesel (LSD), hydro-electric plants (HY) and solar photovoltaic (PV). Slow speed diesel (LSD) engines extend as much as 85 MW and make use of No.4 Fuel[3].

[2] Source: Caribbean Regional Electricity Generation, Interconnection and Fuels Supply Strategy (2010)
[3] http://www.britannica.com/EBchecked/topic/162716/diesel-engine/45706/Two-stroke-and-four-stroke-engines

In terms of generation of electricity, 56.97 per cent of the electricity generated is via MSDs plants, with the remaining 40.8 per cent of electricity generated via slow speed diesel plants. Further analysis of the data indicates a structure that is heavily dependent on fossil fuel consumption, specifically the consumption of diesel (D). Of the 341.36 MW of electricity capable of being generated for the selected countries, only 2.23 per cent of it is generated via renewable resources such as solar, wind and water. Although, capacity is centered on fossil fuel plants, exploratory work in geothermal energy are being performed by countries such as Dominica, Montserrat and Nevis[4], while countries such as Saint Lucia, St Vincent and the Grenadines and Grenada are evaluating the implementation of geothermal energy. These geothermal units are expected to contribute up to 100 MW of energy in total. Additional capacity is also planned through the use of wind and photovoltaic energy.



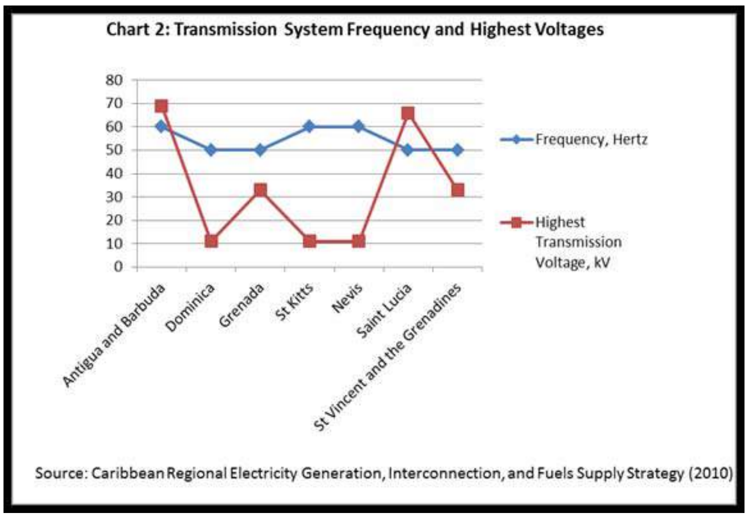
Within the selected ECCU member states (See Chart 1), Antigua and Barbuda has the largest share of the total net capacity[5]. This is primarily due to the existence of a slow speed diesel generator in combination with a number of medium diesel generators. Dominica has the smallest net capacity of the selected countries, and contributes, from a mix of medium diesel generators and hydroelectric systems, approximately 21 MW of energy.

[4] Caribbean Regional Electricity Generation, Interconnection and Fuels Supply Strategy, World Bank, pp 5-9

[5] Source: Caribbean Regional Electricity Generation, Interconnection, and Fuels Supply Strategy (2010)

2.3 Existing Transmission Systems

The basic function of an electricity transmission involves the bulk transfer of electrical energy, from generating power plants to electrical substations located near consumption centers - homes, businesses, factories and communities. The issues of safety and resilience are critical for electricity transmission networks, as they must be able to meet the test of periodic severe weather and peak demand loads. In the case of ECCU, where many of the countries are prone to periodic hurricane damages, maintaining the resilience of the network is a key challenge. In addition, ensuring that the system is operating at optimum level requires minimizing losses and controlling energy consumption.



Electricity is transmitted at high voltages (120 kilovolts/kV or above) to reduce the energy losses in long-distance transmission. The information available, as at 2010, indicates that the independent ECCU member states do not transmit electricity at this optimal level (120 kV or above). Within the independent ECCU member states, Antigua and Barbuda (69 kV) and Saint Lucia (66 kV) have the highest transmission voltage, whereas, St Kitts (11 kV) and Nevis (11 kV) and Dominica (11 kV) have the lowest voltage (See Chart 2). The small size of individual ECCU member states, both in terms of geographic space and population, will result in diseconomies of scale in electric power transmission. The transmission voltages are more optimal in other Caribbean countries such as Barbados (132 kV), Jamaica (138 kV), and Trinidad and Tobago (220 kV). The transmission voltage levels are measured in hertz and are utilized for bulk transmission systems. The frequency of the transmission systems varies from 50-60 hertz across the independent countries of the ECCU (See Chart 2). This is comparable to other Caribbean countries such as Barbados (50 hertz), Jamaica (50 hertz), and Trinidad and Tobago (60 hertz).

2.4 Issues for Consideration

i. **Overdependence on Imported Fossil Fuel**: A major challenge is the high level of dependency on imported fossil fuel for electricity generation. The present generation of electricity from renewable energy sources represents only a small percentage of the total mix. Strategies must be developed to increase the percentage contribution of renewables.

ii. **Lack of Interconnection of Grids**: Among ECCU member countries, there are no existing interconnections for power generation and therefore no trade. These interconnections should be explored especially for the planned generation of renewable energy.

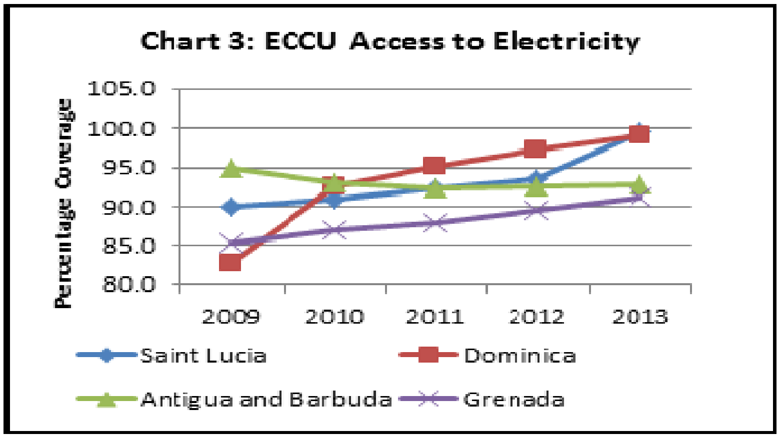
iii. **Skewness of Ownership Structure:** Electricity is a public good and there is an issue about whether its generation and distribution should be more privately owned and controlled. What is the best practice with respect to the ownership of an electricity company? A further area of research would be to assess the performance of a public-privately owned electricity company relative to a corporation that is owned and controlled by government.

iv. **Reliability of Transmission Networks**: Anecdotal information suggests that some customers in the ECCU have been faced with blackouts, some of which is due to damaged plant equipment. In the past, some customers have experienced rolling blackouts (also called load shedding) which are intentionally engineered electrical power outages to ensure more sufficient distribution of power. In order to reduce the risk of such a failure, apart from ensuring proper equipment, it is important that electric transmission networks nationwide are strongly interconnected. Further investigations should be done to assess the feasibility of interconnectedness across region wide networks since, in addition to strengthening nationwide networks; this would provide multiple redundant alternative routes for power to flow should equipment failures occur. In light of the economic benefits of load sharing between regions, wide area transmission grids now span countries and even continents. The ECCU should further explore a wide area transmission grid across the region.

3.0 SUPPLY AND DEMAND SIDE ANALYSIS

3.1 Access to Electricity Services

The aim of most electricity companies in the ECCU is to ensure that every household has access to electricity. Over the last five years there has been an upward trend in the electricity coverage in the territories. Coverage ranges from about 88.1 per cent in Grenada to 93.3 per cent in Saint Lucia and Dominica. It is anticipated that this trend will continue until 100 per cent coverage has been achieved (See Chart 3).

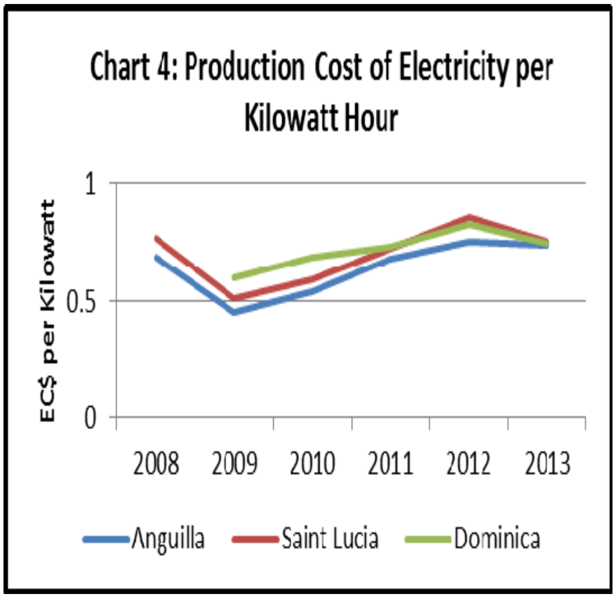


3.2 Electricity Consumption and Energy Loss

Consumption of electricity varies based on population size and economic activity within the territories. Countries like Saint Lucia and Antigua and Barbuda lead the way in the total consumption, which on average exceeds 200m kilowatt hours, while Anguilla and Montserrat are on the lower end of the scale – below 100m kilowatt hours. Although the countries strive to minimize wastage, it is inevitable that a proportion of energy produced will be lost in transmission. The territories, over the last five years, have been able to keep their loss on average close to 10 per cent of production and continue to strive to reduce that rate. Antigua and Barbuda and Grenada on average experience about 11.0 per cent loss of energy produced, while Saint Lucia and Anguilla, approximately 9.0 per cent. These losses compare with Barbados, which on average registered about 6.0 per cent in energy loss per annum in the recent past.

3.3 The Production Cost of Generating Electricity

Many of the same factors impact the different jurisdictions as it relates to the cost of producing electricity. Such factors include the cost of vital inputs including the price of petroleum, physical infrastructure, selling and distribution costs and personnel costs. Preliminary data show that the production cost for electricity in three ECCU member states ranges from an average of $0.64 per kilowatt hour in Anguilla to $0.71 per kilowatt hour in Dominica for the period 2008 to 2013, with Saint Lucia falling within the two outer limits (see Chart 4).



In spite of the paucity of data across the ECCU, one issue becomes evident. Of the three countries for which production cost is available, the production cost of electricity has steadily risen over the period (2009 to 2012) in all three jurisdictions, after which receding somewhat in 2013. This may suggest that some of the issues impacting electricity producers in the individual countries may be addressed on a regional level to effect greater cost savings through economies of scale.

3.4 Key Issues for Consideration

i. **Striving for Universal Access as a Key Target:** A number of governments have started programmes to guarantee that the poor and vulnerable get on the electricity grid and these programmes have supported total coverage.

ii. **Efficiency in Transmission:** The ECCU as a region should strive to be more efficient in the electricity transmission process and minimize the amount of energy loss for more cost-savings.

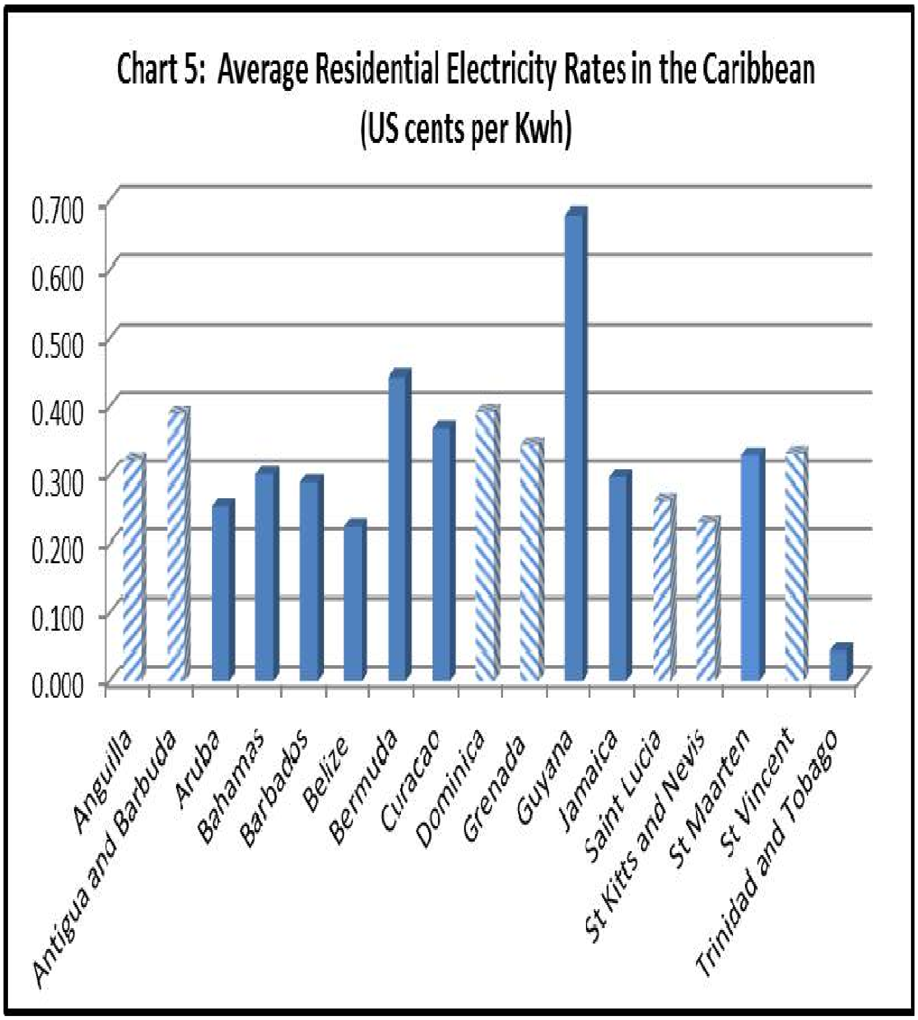
iii. **Bulk Purchasing of Fuel -** The relative similarity of the cost structure of electricity companies in the ECCU creates a case for joint procurement of bulk fuel.

iv. **Reduction of Fuel Price Variability -** Given the volatility in petroleum prices, through purchase coordination, the region's electricity companies could hedge fuel purchase costs through the issuing of forward contracts to procure fuel at a stipulated price for a contracted period of time.

4.0 PRICING STRUCTURE

4.1 Domestic Electricity Rates[6]

In the ECCU, electricity prices/tariffs are based on the "*block rate pricing*" method[7]. According to this method of pricing, consumers are charged based on their usage of electricity. In Chart 5, domestic consumer electricity rates of selected ECCU member territories are plotted against those of some selected Caribbean countries[8]. The electricity rates for domestic consumers in Dominica and Antigua and Barbuda are the highest in the ECCU. Furthermore, the average rate across the selected ECCU member countries is above the average rate across the selected Caribbean countries. These relatively high rates when compared to the rest of the region have implications for the cost of living as they reduce disposable income to consumers. The high rates, however, may encourage greater energy conservation in these countries but this does not seem to be the case since the demand for electricity increased.



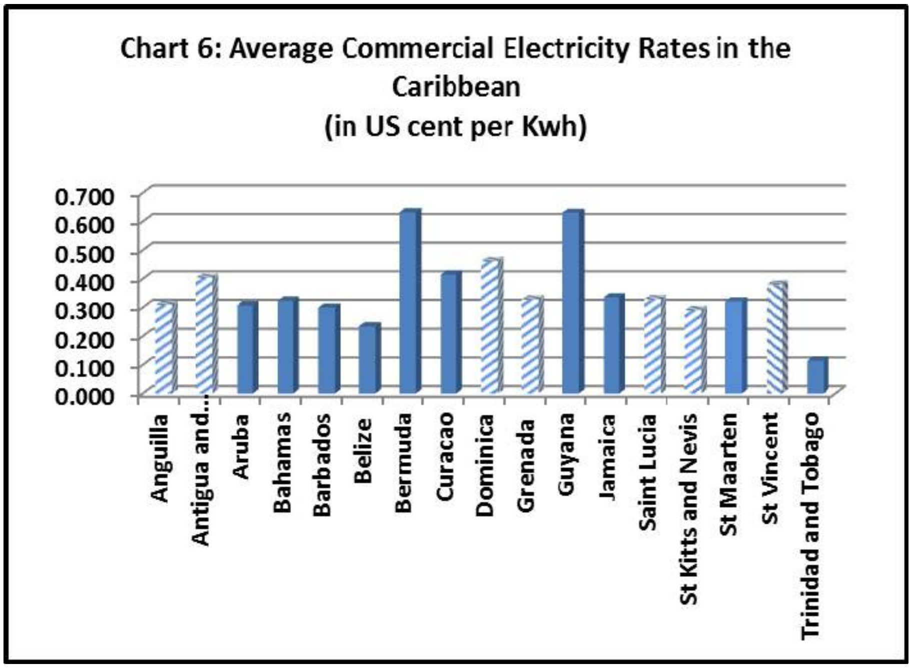
[6] The rates used in the analyses that follow represent the base tariff rate for electricity, as the figures do not include cost of the fuel variation charge (fuel surcharge), which varies from month to month depending on the price of fuel. The rates were calculated from company data sourced in September 2014.

[7] That is usage rate are calculated based on blocks of usage of electricity.

[8] The average cost of electricity Caribbean wide according to the IDB is estimated at US$0.33 per KwH.

4.2 Commercial Rates

Commercial rates charged for electricity is a better gauge of the cost associated with conducting business within the region. Based on the available data, Dominica and Antigua and Barbuda had the highest cost per kilowatt hour for commercial users in the ECCU as shown in Chart 6. The selected ECCU member countries, on average, have higher electricity rates than most of the other individual Caribbean countries. High energy costs are translated into higher prices which would affect the country's competiveness.



4.3 Calculation of Fuel Variation Charge

Electricity prices in the Caribbean *(including the ECCU)* are among the highest in the world, and they fluctuate greatly with the global price of oil.[9] The primary cause of the high cost of electricity is that most Caribbean countries use diesel and heavy fuel oil for electricity generation. These fuels are expensive and their prices fluctuate greatly based on the global price of oil giving rise to the inclusion of fuel variation charges. Several jurisdictions within the region including Jamaica and Barbados have a fuel charge also referred to as "*fuel cost recovery clause, fuel adjustment charge or fuel surcharge.*" Not all jurisdictions have a separate fuel charge but several regulators around the world allow costs pass-through, where the regulated company faces significant costs that are both uncertain and outside of its control. The fuel variation charge is essentially a pricing mechanism that compensates for the fluctuations

[9] *Christopher Barton, Lumas Kendrick, and Malte Humpert. The Caribbean has some of the world's highest energy costs – now is the time to transform the region's energy market. IDB*

in fuel costs outside of the amount allotted in the base rate. When the price of the fuel used exceeds the price accounted for in the base rate, that amount is added to the base rate charges; likewise, when the price of fuel falls below that which is accounted for in the base rate, that amount is deducted from the base rate charges. Fuel is a significant input so fluctuations in prices impose a significant risk on electricity companies. Efficiency targets may also be set which constrain the level of fuel costs that may be recovered from consumers. Some jurisdictions have a fixed fuel charge which is reset on an annual basis. In other jurisdictions where there isn't a separate fuel charge, the cost of fuel tends to be included in the general energy charge. Significant fluctuations in fuel cost may then lead to more frequent rate proceedings.

For countries in the ECCU where data were available, it was found that calculation of this charge varies by country (See Appendix). This means that there is not a consistent formula for the calculation of the charge. Based on the calculation of the fuel variation charge for the countries (see Appendix for methodologies) it was found that there were considerable variations in the calculation of the fuel variation charge however the methodologies were transparent. While this can be seen as full pass through, a possible drawback with this methodology is its adverse impact on consumers' bills since the fuel variation charge will always be positive especially in the case of St Vincent and the Grenadines where the base year is set at 1976 prices. The difference in the fuel variation charge is quite revealing given the fact that many of the countries import fuel under the Petro Caribe arrangement and therefore face the same fuel prices. Therefore, there may be some opportunity for harmonisation of the fuel variation charge across the region.

Anecdotally, it has been suggested that tariff rates in some ECCU countries are outdated since some countries have not had a recent adjustment to their tariff rates with changes in oil prices. Electricity companies have resorted to the use of fuel variation charges to compensate for the fluctuating prices of inputs. Moreover some of the plants in the region are outdated and not able to achieve technical efficiencies, part of which may be due to the fact that tariffs rates are too low to cover the cost of updating the plant. This problem is further compounded by small market size and the absence of economies of scale in the generation of electricity; with many of the generation facilities gradually approaching the end of their useful lives. As a result, these facilities do not benefit from the efficiencies inherent in the new technologies built into generators of more recent vintage. If the region is to transform its competitiveness landscape, there must be a frontal attack on energy costs and improvements to the state of the existing electricity infrastructure.

4.4 Key Issues for Consideration

i. **Standardisation of Fuel Surcharge Methodology**: The methodology for calculating fuel variation charges across the region is not consistent and is outdated in some instances giving rise to considerable differences in the application of the charges. Furthermore, base years for calculating the charges also vary widely among the states. Moreover, based on the information it appears that the role of the fuel variation charge is not solely for cost recovery of fuel expenditure but has a profit element therein which creates a distortion to consumers.

ii. **Development of more Equitable and Efficient Pricing Framework**: There is an urgent need to implement updated conventional pricing structures which can accommodate the optimal use of energy; properly account for wastages and allows for the producers to recoup cost to cover operations and make investments in the upkeep of the plant.

iii. **Upgrading and Constructing Energy Networks and Infrastructure that meets International Standards**: Attention has to be paid to the electricity infrastructure to bring them in line with more modern standards so as to increase efficiency. Electricity prices in the ECCU member countries are among the highest in the world, due in part to structural deficiencies of the region's electrical systems (including small size, and dependence on diesel in electricity generation) as well as weak regulatory enforcement.

iv. **Review and Enhance Effectiveness of Eastern Caribbean Energy Regulatory Authority (ECERA)**: A Stronger and more efficient regulation through an entity such as the Eastern Caribbean Energy Regulatory Authority (ECERA) could improve the oversight of utilities, to increase the capacity to design and implement mechanisms to reduce the cost of electricity, to reduce cost volatility by diversifying energy supply away from fossil fuels, and to ensure least cost investment in electricity supply.

v. **Development of Regional Strategy for Diversification of Energy Generation Sources**: A diversification away from fossil fuel and investments in alternative sources in electricity production, such as wind, solar, hydro and geothermal, may improve the overall performance of the electricity supply industry. A clear investment framework, along with incentives and penalties for existing utilities and new market participants to invest in renewable energy could be employed to enhance electricity supply industries of the ECCU and contain costs.

5.0 CONCLUSION

The electricity market in the ECCU is characterised by fragmentation, no interconnection of grids and very limited cooperation in terms of the development of policies and strategies for the sector. In addition, the market is dominated by vertical monopolies with exclusive licenses. The production technology is such that it is primarily dependent on oil-based products, such as diesel and heavy fuel oil for the generation of electrical power. These characteristics have contributed to the region having some of the highest tariff rates for electricity services.

Given the importance of an efficient electricity market for competiveness and growth of businesses, it is critical that policy makers place high on the development agenda, the issue of reforming and strengthening of the market. The main issues are related to finding solutions for high electricity tariffs in the region and improving the general efficiency of the market. Reforms will have to focus on regional solutions as well as country specific solutions, with the aim of reducing dependence of member states on high price imported fossil fuels, reduce production cost as well as tariff rates, lessening the carbon footprint from the generation activities, and improving the coordination among countries in key policy and operational areas. Key solutions may involve: new energy resources for power generation (primarily solar, wind and geothermal), implementation of regional storage arrangements that would allow for supply of fuel by maximum sized ships which may lead to a reduction in per unit cost to individual countries;

new electrical interconnections among islands, none of which are presently interconnected.

The issues highlighted are not superfluous since they have implications for the competiveness or non-competiveness of these economies. Relatively high electricity tariffs could deter potential investors and ultimately stifle economic growth. The ability of the region to achieve a relatively high and sustainable growth rate, so as to meet critical national, regional and international socio-economic targets will depend, to a large extent, on member countries ability to supply electrical services at a competitive cost. This requires focused, committed and strategic planning at the regional and national levels.

6.0 REFERENCES

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APPENDIX

Methodologies for Calculating Fuel Variation Charges in the ECCU and Barbados

Anguilla

As per the Electricity Ordinance, ANGLEC's electricity tariff is subject to a surcharge of 1c per kWh for every 10c per gallon increase in the price of fuel oil over $3.64 per gallon. Or as a formula;

FCAF = (PD 3.64) / 10 where;

FS = Fuel Surcharge

PD = Anglec's diesel cost (EC Dollars per Imperial Gallon greater than 3.64). This is based on a 4-6 week weighted average.

Antigua and Barbuda

The fuel charge calculated based on the price of fuel. For every ten cent increase or decrease in the cost per imperial gallon of fuel purchased, the fuel charge increases or decreases by one cent per kilowatt hour.

Barbados

FCA= Projected Fuel Cost (including over and under recovery)/ projected billing sales

Montserrat

A= Current Average price of Fuel

B= Previous month consumption of fuel in the lead up to the calculation

C= Previous month electricity unit sales

FCAF =A*B/C

St Kitts and Nevis

FCAF = C x (A – B)/D

A = Current Month's Average Fuel Price (EC$/IG)

B = Average Fuel Price at Base Tariff (EC$/IG) (Base year 2011) C =

Current Month's Fuel Usage

D = Current Month's Electricity Production (kWh)

Saint Lucia

FCAF = (A – B)/C

A prior Year average cost of Fuel

B Current Year Average cost of Fuel

C Total Value of Kilowatts sold

St Vincent and the Grenadines

FCAF = C x (A – B)/D

A = Current Month's Average Fuel Price (EC$/IG)

B = Average Fuel Price at Base Tariff (EC$/IG) (Base year 1976) C =

Current Month's Fuel Usage

D = Current Month's Electricity Production (kWh)