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Economic and Financial Review

June 2018

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

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C O N T E N T S

LIST OF ACRONYMS AND ABBREVIATIONS

ABST	-	Antigua and Barbuda Sales Tax
BAM	-	Banana Accompanying Measures
CBI/CIP	-	Citizenship by Investment
CPI	-	Consumer Price Index
ECCB	-	Eastern Caribbean Central Bank
ECCU	-	Eastern Caribbean Currency Union
EDF	-	European Development Fund
EU	-	European Union
FDI	-	Foreign Direct Investment
FFSD	-	Framework for Fiscal Sustainability and Development
GDP	-	Gross Domestic Product
IDA	-	International Development Association
IMF	-	International Monetary Fund
M1	-	Narrow Money
M2	-	Total Monetary Liabilities (Currency with the Public plus Deposits)
NFA	-	Net Foreign Assets
NFPE	-	Non-Financial Public Enterprises
NIA	-	Nevis Island Administration
NIS	-	National Insurance Services
NOAA	-	National Oceanic and Atmospheric Administration
NPL	-	Non-performing Loans
OPEC	-	Organisation of Petroleum Exporting Countries
PSIP	-	Public Sector Investment Programme
RGSM	-	Regional Government Securities Market

T-bill	-	Treasury Bills
UK	-	United Kingdom
US/USA	-	United States of America
VAT	-	Value Added Tax
WEO	-	World Economic Outlook
WTI	-	West Texas Intermediate

EXECUTIVE SUMMARY

Developments in the first half of 2018 indicated that the global economy is on track to achieve the projected growth rate of 3.9 per cent (World Economic Outlook, IMF July 2018). Notably, the pace of expansion in the USA, one of the main trading of partners of the Eastern Caribbean Currency Union (ECCU), has been fairly robust. The US economy was boosted by higher consumer spending, growth in exports and a surge in business investment partly due to tax cuts, which took effect in the first quarter of the year. Other key economic indicators, such as unemployment and the core personal consumption expenditure price index were favourable in June. Accordingly, monetary policy tightened as the Federal Reserve increased the range of its interest rate to 1.75 – 2.0 per cent during the first half of the year.

Concomitant with positive developments in the global economy, economic activity strengthened in most member territories of the ECCU in the first six months of 2018. Notwithstanding the ravages of two hurricanes in September 2017, the tourism industry remained resilient and was the main catalyst for growth throughout the region. Inflationary pressures increased at a moderate pace partly influenced by a rise in the average price of gasoline as global oil prices inched up. The trade deficit for the region widened influenced mainly by higher imports of construction materials. On a consolidated basis, the overall fiscal balance deteriorated, moving to a deficit position from a surplus position. This outcome was the result of an expansion in capital expenditure, coupled with lower capital grants, which outstripped the gains in tax administration and collections and stronger inflows from the Citizenship by Investment Programmes. Concerns persist over the debt overhang of these small open economies and the ability to achieve the 60.0 per cent debt to GDP ratio target by 2030, especially given their vulnerability to natural disasters and external shocks. Although faced with the challenges of de-risking and the implementation of the International Financial Reporting Standards 9, the banking sector was characterized as being stable with an overall improvement in asset quality and a stronger reserves position.

Growth for the region in 2018 is projected around 2.0 per cent. Prospects for the near term remain positive, although uneven across member territories. Compared with the outcome in 2017, six member countries are expected to register expansions in economic activity, while activity in the remaining two countries are anticipated to contract. Some countries are likely to adopt a contractionary fiscal stance, as it has become imperative for the region to establish buffers to guard against adverse growth shocks and strengthen resilience to natural disasters. With the imminent closure of The Petroleum Company of Trinidad and Tobago's (PETROTRIN) Point-A-Pierre refinery, prices for petroleum products in the ECCU are likely to rise in the short term and therefore exacerbate inflationary pressures.

The economic outlook for the rest of 2018 is largely favourable. However, there are several risks, most of which are on the downside. These downside risks include an unexpected slowdown in global growth stemming from the implementation of protectionist trade policies. Other external threats include geopolitical tensions, terrorism and natural disasters; all of which could slow down the rate of growth of the economies of the ECCU. Risks within the ECCU consist of the inability to close fiscal financing gaps and raise funds to support growth and other government programmes. Escalating crime rates in the region are potentially damaging to the thriving tourism industry and overall economic advancement. On the upside, further strengthening of the US economy in the second half of the year could further boost tourism activity in the upcoming peak season.

DOMESTIC ECONOMIC DEVELOPMENTS

Overview

Preliminary data for the first half of 2018, point to an improvement in economic activity at the ECCU level, relative to the outturn in the comparable period of 2017. The outcome was largely the result of enhanced performances in some of the major economic sectors, including hotels and restaurants, construction, manufacturing and agriculture. Economic activity was supported by improvements in the global economy, especially the performance of the ECCU's main trading partners. The economic expansion was reflective of stronger activity in the member territories with the exception of Anguilla and Dominica, which were both devastated by hurricanes in September 2017. An increase in overall consumer prices was noted in the Currency Union, as mild inflationary pressures were reported in five countries. **The consolidated balances of the central governments deteriorated to an overall fiscal deficit, in contrast to a surplus reported in the corresponding period of the previous year.** There was a slight decrease in the outstanding debt stock of the public sector during the period under review. The merchandise trade deficit is estimated to have widened, predominantly due to higher import payments. In the banking sector, monetary liabilities, liquidity and net foreign assets (NFAs) rose, while domestic credit fell.

Against the backdrop of positive global economic prospects and expectations for the

domestic economy in the latter half of the year, **economic activity in the ECCU is forecasted to grow by approximately 2.0 per cent in 2018**. Growth is projected to be relatively uneven across member states, but the positive developments in six territories are likely to over compensate for the shortfall in the remaining two. Apart from anticipated robustness in a number of key economic sectors, expected inflows from the Citizenship by Investment Programmes and policy initiatives to spur growth are likely to support economic activity.

Inflationary pressures are expected to be contained for the remainder of the year. Despite forecasted improvement in the economy, the consolidated fiscal balance of the central governments is likely to deteriorate in the latter part of 2018, based largely on expectations for higher spending. Consistent with the anticipated fiscal position and economic activity, total indebtedness is likely to inch upwards as governments may borrow for budget financing.

In the external sector, the merchandise trade deficit is expected to widen, mainly to accommodate the anticipated increase in imports. Despite the positive outlook, the ECCU continues to be challenged by structural impediments that restrain growth and competitiveness. Other risks include the negative effects of global warming and climate change and the associated devastation by major hurricanes, geo-political tension, commodity price developments and a slow-down in Citizenship by Investment flows. There are also social challenges related to high rates of crime, unemployment, poverty and debt, which all impact business activity and competitiveness.

Real Sector Developments

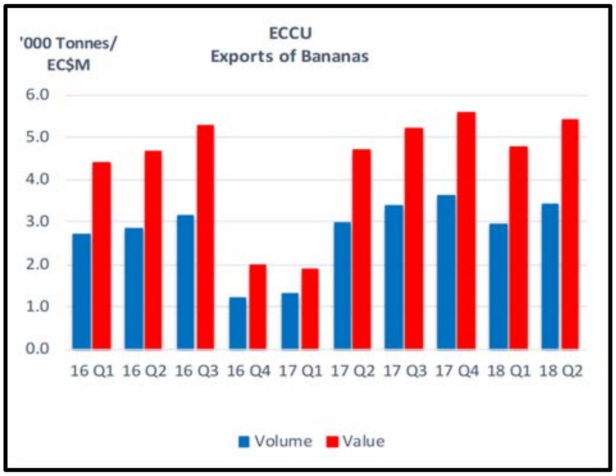
Preliminary indicators for the real sector point to the tourism industry as a main driver of economic growth, supported by a number of key sectors, including construction. Tourism-related activity expanded in the first six months of 2018, relative to the first half of 2017. Total visitor arrivals rose by 4.4 per cent to 2.7m, compared with growth of 9.1 per cent in the corresponding period last year. The increase in total visitor arrivals was the result of an improvement in the cruise sub-category of visitors, supported by yacht passenger arrivals. The cruise-ship visitor category, which accounted for 73.5 per cent of total visitor arrivals in the review period, rose by 8.3 per cent to 2.0m, a slower pace than growth of 12.2 per cent recorded one year earlier. The main contributors to the improved performance in cruise passenger arrivals were St Vincent and the Grenadines, where arrivals almost doubled, St Kitts and Nevis, where that category recorded an increase of 9.3 per cent (57,159), Saint Lucia, 11.9 per cent (48,272) and Grenada, 26.5 per cent (46,136). In addition, the number of yacht passengers increased by 8.4 per cent to 110,416, in contrast to a marginal decline (0.1 per cent) recorded for the corresponding period of the prior year. The improvement in yacht passenger arrivals was a consequence of more robust activity in Saint Lucia (35.5 per cent), Montserrat (32.7 per cent), St Vincent and the Grenadines (22.0 per cent) and Grenada (8.4 per cent).

Stay-over visitor arrivals, meanwhile, declined slightly (0.6 per cent) to 595,024, which contrasts growth of 2.5 per cent recorded in the first half of 2017. The number of stay-over visitors from the Caribbean, the third largest source, decreased by 2.3 per cent, in contrast to growth of 3.1 per cent recorded in the comparable period of the prior year. Stay-over visitor arrivals from the USA, the largest source market, fell marginally (0.1 per cent), preceded by a slight improvement (0.7 per cent) in the corresponding period of 2017. These declines were supported by a fall of 14.3 per cent from the other combined markets. On the contrary, the number of passengers from Canada, the smallest market, increased by 14.5 per cent, following growth of 7.7 per cent recorded in the first half of 2017. The UK, the region's second largest market, remained relatively unchanged from its position in the corresponding period of the prior year. Three of the ECCU member countries recorded declines in stay-over arrivals, ranging from 0.2 per cent in Montserrat to 51.4 per cent in Anguilla. By contrast, expansions in stay-over arrivals were observed in the other five territories - Antigua and Barbuda (7.6 per cent), Grenada (10.7 per cent), St Kitts and Nevis (11.1 per cent), Saint Lucia (4.3 per cent), and St Vincent and the Grenadines (6.3 per cent). In the rest of the tourism industry, a decline of 64.9 per cent was also noted in the number of excursionists, a stark contrast to growth of 4.0 per cent recorded in the first half of 2017.

Activity in the construction sector, one of the main drivers of economic growth in the Currency Union, is estimated to have increased in the first six months of 2018, in comparison with the corresponding period of the prior year. The up-tick in construction activity was driven largely by private sector developments in most of the territories, complemented by an increase of 15.5 per cent in capital expenditure. Strengthened construction activity was noted for Anguilla, Antigua and Barbuda, Dominica and Grenada, while Montserrat, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines recorded moderate performances. Private sector construction in the ECCU concentrated mainly on hotels and other tourism-related plants, while public sector activity focused on rehabilitation and reconstruction of vital infrastructure, some of which were damaged by the hurricanes Irma and Maria in 2017. Concomitant with the positive outcome in the construction sector was an increase in output in mining and quarrying.

Available indicators point to a marginally improved performance in the manufacturing sector of the Currency Union in the period under review. Manufacturing activity strengthened in St Kitts and Nevis, one of the major manufacturing hubs, largely attributed to buoyancy in beverage production. Output of manufacturing was also favourable in Grenada, Saint Lucia and St Vincent and the Grenadines. The prognosis was mixed in Dominica, where although the production of beverages fell, the output of paints grew to facilitate refurbishment of properties following the passage of hurricane Maria.

Output in the agricultural sector is estimated to have edged up in the first half of 2018, compared with developments in that sector in the first six months of last year. Banana production grew by 22.2 per cent to 9,836.8 tonnes, following a decline of 13.9 per cent in the first six months of 2017. There was higher banana output in Saint Lucia and St Vincent and the Grenadines, largely to support increased demand from these countries, to compensate for the fall out in Dominica, as hurricane Maria demolished the country's banana industry. In the non-banana sub-category, output is estimated to have increased in St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines, but declined in Dominica and Grenada. The strengthened pace of activity in the tourism industry and developments in construction, agriculture and manufacturing, augured well for the wholesale and retail trade; transport, storage and communications; and the real estate, renting and business activities sectors.



The overall impact of consumer prices in the Currency Union during the first six months of 2018 is estimated to be inflationary, as evidenced by higher prices in most of the member territories. The rise in the consumer price index (CPI) was partially influenced by an increase in oil prices on the domestic market. The average price of gasoline in the ECCU member territories at the end of June 2018 was estimated at $13.98 per gallon, $1.46 above the average price recorded twelve months prior. In general, prices rose in five of the eight territories with the most pronounced increases recorded in Antigua and Barbuda (1.3 per cent), St Vincent and the Grenadines (1.2 per cent) and Saint Lucia (1.1 per cent). By contrast, St Kitts and Nevis, Anguilla and Montserrat recorded deflation rates of 1.3 per cent, 1.1 per cent and 0.5 per cent, respectively.

Fiscal and Debt Developments

The aggregated fiscal operations of the central governments resulted in an overall deficit of $0.1m in the first half of 2018, in contrast to an overall surplus of $10.7m in the first six months of 2017. This deterioration in the consolidated fiscal position was predominantly on account of developments on the capital account. The combined result of an increase in capital expenditure and a fall in capital grants, more than offset an improvement on the current account. The fiscal position of three territories worsened in the review period – Anguilla, Antigua and Barbuda and Dominica. Anguilla recorded a smaller surplus, while the other two registered larger deficits. On the contrary, the fiscal situation improved in the remaining five territories, where Grenada, St Kitts and Nevis and Saint Lucia recorded larger overall surpluses, while Montserrat and St Vincent and the Grenadines reported smaller deficits.

The central governments' operations yielded a current account surplus of $342.6m in the first six months of 2018, compared with one of $268.2m in the corresponding period of the prior year. The expansion in the current account surplus was largely influenced by an increase in current revenue, which more than offset rising current expenditure. Five member countries recorded current account surpluses, with three of these - Grenada, St Kitts and Nevis and Saint Lucia, posting an improvement in their surplus positions from last year. Notably, the current account surplus generated by St Kitts and Nevis more than doubled the amount recorded in the first six months of 2017, largely influencing the overall enhancement of the current account balance of the ECCU. Declines were observed in the current account surpluses of Dominica ($37.7m) and Anguilla ($15.7m), while Antigua and Barbuda was the only country, which moved to a current account deficit from a surplus position twelve months ago.

Current revenue grew by 5.4 per cent to $2,551.1m, reflecting increases in both tax and non-tax revenue categories. Yields from taxes, the largest component of current revenue, increased by 2.1 per cent ($41.9m), influenced by larger intakes from five territories, especially Grenada and Saint Lucia. On aggregate, yields from taxes on international trade and transactions advanced by 10.1 per cent ($57.2m) buoyed by growth in revenue from import duties ($21.4m) and the custom service charge ($13.3m). Collections from taxes on domestic goods and services grew by 1.2 per cent ($11.0m), driven primarily by increases in receipts from the value added tax (VAT) ($35.1m) and the sales tax ($14.6m). Non-tax revenue increased by 20.7 per cent ($88.1m), largely the result of growth in intake from the Citizenship by Investment Programmes. The improved performance from non-tax revenue was most notable in St Kitts and Nevis and Saint Lucia, where collections from the Citizenship by Investment Programmes more than doubled in the review period.

Current expenditure was up by 2.6 per cent to $2,208.5m, decelerating from growth of 5.0 per cent in the corresponding period of 2017. That category of expenditure escalated in all territories, with increases ranging from $1.5m in Montserrat to $24.4m in St Kitts and Nevis. Payment for goods and services grew by 12.3 per cent ($54.0m), largely on account of developments in St Kitts and Nevis, which had the largest increase ($17.6m), followed by Antigua and Barbuda ($13.7m) and Saint Lucia ($13.3m). St Vincent and the Grenadines and Anguilla recorded marginal decreases in spending for goods and services of $0.5m and $0.2m, respectively.

Outlays on personal emoluments, the principal sub-component of current spending, grew by

2.9 per cent ($25.9m), a deceleration from growth of 6.3 per cent ($53.6m) recorded in the corresponding period of 2017. Expenditure on personal emoluments was higher in all of the territories, with the exception of Saint Lucia, which registered a 3.1 per cent ($5.9m) decline. The most significant increase was recorded in Antigua and Barbuda ($19.1m), as public servants there received a 5.0 per cent salary increase. Growth of 1.6 per cent ($3.9m) was observed in outlays for interest payments, as obligations grew in five member territories, particularly Saint Lucia ($6.9m) and St Vincent and the Grenadines ($2.9m). The amount expended for transfers and subsidies fell by 4.9 per cent ($27.1m), contrasting growth of 3.3 per cent ($18.1m) observed in the first six months of last year. The decline in spending on transfers and subsidies occurred in five territories, with Antigua and Barbuda being the most noteworthy ($29.8m).

Current grants more than doubled to $63.0m, in contrast to a reduction of $29.5m in the first half of 2017. Growth was noted in all the three countries receiving current grant financing -Grenada ($0.2m), St Kitts and Nevis ($9.9m) and Montserrat ($25.7m).

Capital expenditure totaled $485.1m, representing an increase of 15.0 per cent ($63.1m), a deceleration when compared with growth of 29.9 per cent ($97.2m) in the first six months of the prior year. The expansion in capital expenditure was largely influenced by growth in four member territories. The largest increases in capital outlays were recorded in Dominica, where expenditure was $65.4m more than the previous year and in Antigua and Barbuda, where capital expenditure grew by $18.9m. Respectively, St Vincent and the Grenadines and St Kitts and Nevis recorded declines of $9.3m and $8.1m in capital expenditure. Capital grant receipts fell by 48.9 per cent to $63.2m, in stark contrast to growth of 43.9 per cent in the corresponding period of 2017. Developments in Saint Lucia, St Kitts and Nevis and Dominica, largely influenced the outturn in capital grants receipts.

In spite of the deteriorated fiscal position of the ECCU in the first half of 2018, a marginal decline in the total debt stock was noted. The total disbursed outstanding public sector debt fell by 0.9 per cent to $13,394.7m. The contraction was attributed to lower indebtedness of the central governments, while the borrowing of public corporations increased. Central governments' outstanding debt decreased by 1.1 per cent to $11,701.3m, reflecting a fall of 3.4 per cent ($180.9m) in their domestic debt, which more than offset growth of 0.8 per cent ($52.9m) in their external borrowing. On a country basis, decreases were recorded in the total public debt of five of the countries, Antigua and Barbuda and Grenada in particular. In the rest of the public sector, public corporations' indebtedness grew slightly ($8.9m) to $1,693.4m, as growth of 4.6 per cent ($44.7m) in their domestic obligations outweighed a decline of 5.1 per cent ($35.8m) in their external debt.

Notwithstanding the lower debt obligations, debt service payments grew by 10.1 per cent to $748.8m during the former six months of 2018. This outturn contrasts a decline of 8.3 per cent recorded during the first half of the previous year. The increase was largely attributable to higher principal repayments, which represented 68.2 per cent of total debt servicing and grew by 14.5 per cent ($64.8m) during the review period. An increase of 1.6 per cent was recorded for interest repayments, which accounted for the remaining 31.8 per cent of debt service payments. Higher debt service payments were recorded for all countries, except St Kitts and Nevis, which recorded lower payments and Montserrat, where debt servicing remained virtually unchanged from the first half of the prior year.

Financial Sector Developments

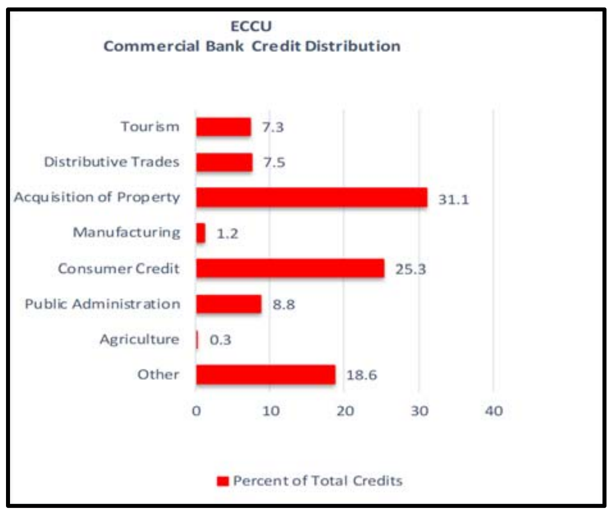
Banking Sector

Monetary liabilities (M2) grew by 3.2 per cent to $16,927.6m during the first half of 2018, compared with growth of 2.4 per cent during the comparable period of 2017. The outturn stemmed from growth in both quasi money and narrow money (M1). Quasi money rose by 3.0 per cent ($369.8m) to $12,581.1m, resulting from growth of 3.1 per cent in private sector savings deposits and 6.5 per cent in private sector foreign currency deposits. Growth in these components of quasi money more than offset a decline of 1.6 per cent in private sector time deposits. M1 was up by 3.6 per cent ($152.6m), reflecting growth of 5.5 per cent ($176.7m) in private sector demand deposits, which outweighed contractions of 2.2 per cent ($19.4m) in currency with the public and

5.5 per cent ($4.7m) in EC dollar Cheques and Drafts Issued.

The net foreign assets of the ECCU banking system rose by 9.7 per cent to $9,380.7m during the review period, compared with an increase of 10.3 per cent during the corresponding period of the previous year. The improved net foreign assets position was primarily attributed to growth in the net foreign assets of the commercial banks, supported by an improvement in the foreign assets position of the Central Bank. Growth in the net foreign asset position of the commercial banks was the consequence of a 10.5 per cent rise in their assets, supported by a marginal decrease in their external liabilities. In addition, the Central Bank's net foreign assets amounted to $4,750.9m, reflective of an accumulation of foreign assets, which more than offset growth in its foreign liabilities.

Domestic credit declined by 10.0 per cent to $8,857.7m during the first half of the year, accelerating from the pace of contraction of 0.7 per cent during the first six months of 2017. This outcome was largely the result of a turn-around by the general government to a net deposit position from a net credit position at the end of December 2017. Credit to the government was down by $817.9m, while its deposits grew by $38.2m. Developments with non-financial public enterprises also contributed to the reduction in domestic credit as their net deposit position grew by 5.3 per cent to $2118.3m. Credit to the private sector declined marginally (0.2 per cent), relatively the same pace as the previous year. Among the constituents of private sector credit, there were decreases in credit to households (0.5 per cent), businesses (0.1 per cent) and subsidiaries and affiliates (1.3 per cent), which more than offset growth of 2.3 per cent in credit to non-bank financial institutions.



A sectoral analysis of credit indicated that outstanding credit to the entire ECCU remained relatively unchanged during the period under review. Reductions were observed in outstanding loans for agriculture and fisheries (8.2 per cent), construction (5.6 per cent), manufacturing, mining and quarrying (5.4 per cent) and personal use (0.6 per cent). By contrast, increases in credit were noted for other uses (2.5 per cent), distributive trades (1.9 per cent) and tourism (1.8 per cent).

Liquidity in the commercial banking system improved during the review period. The ratio of liquid assets to total deposits plus liquid liabilities advanced by 1.7 percentage points to 49.5 per cent at the end of June 2018 and remained above the stipulated floor of 25.0 per cent. The loans and advances to total deposits ratio fell by 1.9 percentage points to 56.8 per cent, well within the ECCB's outer limit of 85.0 per cent. The asset quality of commercial banks improved marginally during the period under review, reflected by a decline of 0.7 percentage point to 11.3 per cent, in the non-performing loans (NPLs) to gross loans ratio.

The weighted average interest rate on deposits continued its downward trajectory since the reduction of the minimum savings rate on deposits to 2.0 per cent. This rate fell to 1.57 per cent at the end of June 2018 from 1.63 per cent at the end of December 2017. The weighted average lending rate fell marginally to 8.36 per cent from 8.41 per cent. As a result, the spread between the average weighted interest rate on deposits and loans inched up to 6.79 per cent during the review period, just one basis point above the level at end of December last year.

Regional Governments Securities Market (RGSM)

Activity on the primary market for government securities improved during the first half of 2018. Gross funds issuance amounted to $541.2m, above the level ($535.8m) recorded during the comparable period one year ago. This total represented the issuance of twenty-five (25) securities, the same number of auctions held during the first six months of 2017. Although the governments of Saint Lucia and Antigua and Barbuda increased their activity on the RGSM, there was a commensurate decrease by the governments of Grenada and St Vincent and the Grenadines. The securities comprised of two (2) ten-year bonds, one (1) seven-year bond, one (1) two-year bond and twenty-one (21) Treasury bills (T-bills) -

fourteen (14) of which were 91 days, five (5) were 180 days and two (2) were 365 days. The ten-year bonds were valued at $10m and $8m and were issued by the governments of Antigua and Barbuda and Saint Lucia respectively. The seven-year bond, valued at $15m, was issued by St Vincent and the Grenadines, while the Government of Grenada issued the two-year bond, valued at $10m. By comparison, there was one bond ($25m) in the first half of the prior year, issued by the Government of St Vincent and the Grenadines. Two of the issuing countries recorded increases in the total value of securities issued during the review period –Antigua and Barbuda ($25m) and Saint Lucia ($48m). Total value of securities issued by St Vincent and the Grenadines and Grenada fell by $53m and $20m respectively. The total value of Treasury bills issued fell by 3.9 per cent to $439.0m during the first half of 2018.

The data available indicate that the bid-to-cover ratio, which represents the proportion of the value of bids received in an auction to the value of bids accepted, declined marginally to 1.42 from 1.46 during the comparable period of 2017. The value of bids received fell by 1.3 per cent to $770.3m, while the value of bids accepted rose slightly (1.0 per cent) to $541.2m. There was one under-subscription during the period under review, as a 180-day T-bill, valued at $20.0m, issued by the Government of Saint Lucia only produced $19.2m. By comparison, during the first six months of 2017, there were two under-subscriptions.

The weighted average interest rate on 91-day Treasury bills fell by 18 basis points to 2.67 per cent during the six months ending June 2018. The average yield for 180-day Treasury bills was 3.48 per cent, compared with 2.32 per cent during the corresponding period of last year. Additionally, the yield for 365-day Treasury bills grew by 20 basis points to 4.83 per cent, during the review period. The yield for the longer term, 7-year bond was 6.25 per cent compared with 7.5 per cent during the corresponding period of the prior year. For the 10-year bond, the yield was 7.38 per cent, in contrast to the previous year when no instrument of that type was issued.

Trading activity on the secondary market for government securities increased in volume and value during the first half of 2018. The value of secondary trading moved up to $10.4m from $8.6m during the first six months of last year, as the volume more than tripled.

External Sector Developments

Preliminary estimates point to further deterioration of the merchandise trade balance. The merchandise trade deficit widened to $3,409.0m from $3,069.1m largely the result of an increase in import payments, which more than offset growth in export receipts. Import payments grew by 16.3 per cent ($587.9m) to $4,193.7m, compared with growth of 3.9 per cent ($134.1m) recorded in the comparable period of last year. Import payments for mineral fuels and related materials, machinery and transport equipment and manufactured goods recorded the largest increases of $185.7m, $129.3m and $92.9m, respectively. On a country level, the value of imports grew in seven of the eight territories, ranging from 5.4 per cent ($2.3m) in Montserrat to 28.2 per cent ($211.7m) in Antigua and Barbuda. On the contrary, import payments declined by $28.7m (3.1 per cent) in Saint Lucia.

Export receipts increased by 46.2 per cent ($247.9m) to $784.7m, driven by growth in re-exports, despite a decline in domestic exports. Re-exports almost doubled to $524.4m, which more than offset a contraction of 3.1 per cent ($8.3m) in domestic exports. On a disaggregated basis, export earnings expanded in four territories, namely Anguilla, Antigua and Barbuda, Grenada and St Kitts and Nevis. Banana exports increased by 48.8 per cent, the consequence of 22.2 per cent growth in production. Contrastingly, earnings from exports contracted in Dominica, Montserrat, Saint Lucia and St Vincent and the Grenadines.

Gross travel receipts rose by 4.6 per cent to $2,882.7m, in line with growth in total visitor arrivals. The external transactions of commercial banks resulted in a net outflow of $785.6m in short-term capital compared with a net outflow of $695.4m during the corresponding period of 2017. Disbursements of foreign loans to central governments stood at $321.6m, compared with $299.9m at the end of June 2017. Meanwhile, loan amortisation amounted to $302.9m from $258.4m. Consequently, the Currency Union was in an external net disbursement position of $18.7m, below that of $41.5m in the first six months of the previous year. Of the other major flows, gross inflows of official grants decreased by 16.4 per cent to $126.2m, primarily reflecting lower inflows to St Vincent and the Grenadines, Dominica and St Kitts and Nevis.

Outlook

Short to medium term forecasts for macroeconomic conditions in the ECCU remain generally favourable, supported by positive developments in the global economy. According to the July 2018 update of the World Economic Outlook (WEO), the International Monetary Fund (IMF) projected world output for both 2018 and 2019 at 3.9 per cent. Growth in advanced economies, particularly the USA and Canada, is projected to strengthen in the near-term. Favourable global developments and the positive performance in the first half of the year augur well for the economy of the ECCU, which is poised for improvement in the latter part of the year.

Preliminary forecast for the short run indicate uneven growth for the member territories, with positive expectations for Antigua and Barbuda, Grenada, Montserrat, St Kitts and Nevis, Saint Lucia and St Vincent and the Grenadines. The exceptions are Anguilla and Dominica, which are likely to continue recovery efforts, following the adverse impacts of hurricanes Irma and Maria. The improvement in the economic union is expected to be driven by anticipated robustness in a number of the key constituents of the economy, including hotels and restaurants, construction, agriculture and other ancillary sectors. Growth is likely to be supported by inflows of foreign direct investment (FDI), influenced by the Citizenship by Investment Programmes.

The overall outlook is also reliant on the successful implementation of a number of policy initiatives, meant to spur inclusive growth and development in the region. These include continued reforms led by the ECCB to foster financial sector stability and facilitate an enabling environment to bolster private sector development as an engine for growth.

The up-tick in the global economy is likely to be transmitted by means of investment and tourism flows. In the tourism industry, augmented demand for the region's products from major source markets is expected, supported by increased airlift from major markets and new initiatives to augment room stock. Activity in the cruise sub-sector is expected to remain robust, barring rough seas and disturbances to pre-determined schedules. Spin-offs into other auxiliary sectors are anticipated based on positive developments in the hotels and restaurants sector.

The pace of construction activity is projected to strengthen as work on tourism-related plants and other real estate developments progress. Private sector led activity is likely to remain buoyant as reconstruction works continue in Anguilla, Barbuda, and Dominica, following the devastation of hurricanes Irma and Maria. The public sector is likely to contribute towards the uptick in the construction sector, largely through road and other infrastructural developments in most territories. Airport and seaport development will be undertaken in Barbuda, St Kitts and Nevis and Saint Lucia, while road works will persist in most territories. In addition, the forecasted developments in the construction sector may positively impact wholesale and retail trade; transport, storage and communications; and the real estate, renting and business activities sectors.

Notwithstanding positive economic developments, the consolidated fiscal balance of the central governments is likely to deteriorate in 2018, relative to the performance of the prior year. The forecast is premised on expectations for continued increase in expenditure, coupled with no immediate policy change to further augment revenue. Furthermore, capital expenditure is projected to rise as pertinent infrastructural rehabilitation progresses in a number of countries. Concomitant with the forecasted fiscal position and overall economic activity, the total indebtedness of the currency union is likely to increase as some member governments borrow to finance their budget shortfalls.

In the external sector, the merchandise trade deficit is projected to widen, as import payments, particularly construction-related are expected to rise. Gross travel receipts are likely to increase, consistent with an anticipated boost in the tourism industry. Since commodity prices may increase modestly into the near-term, inflationary pressures are likely.

Vulnerabilities to the global economic outlook have the potential to derail growth forecasts for the economies of the ECCU, given their size and openness. On the domestic level, however, the region faces a plethora of challenges, which include business competitiveness, labour market and other structural rigidities, unemployment and underemployment (particularly among the youth), poverty and increased criminal activity. Other significant risks are those related to climate change, global warming and natural disasters - including an active hurricane season, a slow-down in inflows from the Citizenship by Investment

Programmes and continued challenges with de-risking and correspondent banking relationships.

On the upside, initiatives to improve efficiencies in the banking service infrastructure to facilitate doing business bode well for competitiveness. Any improvement in global conditions could stimulate further activity and in turn bolster growth in the region. In addition, positive developments regarding commodity prices could lead to improvements on the balance of payments.

A N G U I L L A

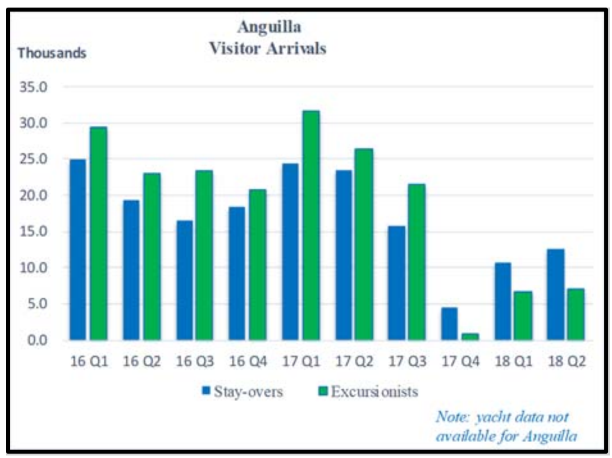
Overview

Economic activity in Anguilla is estimated to have contracted in the first half of 2018 compared with the performance in the corresponding period of 2017. The outturn was mainly influenced by a decline in key sectors including hotels and restaurants, transport, storage and communications, and electricity and water. Consumer prices fell by 1.1 per cent on an end-of-period basis. In the external sector, the merchandise trade deficit is estimated to have widened on account of an increase in imports payments. **The fiscal operations of the central government resulted in a smaller overall surplus and the total outstanding public sector debt declined during the review period**. In the banking system, net foreign assets and monetary liabilities increased, while domestic credit contracted. Commercial bank liquidity improved and the weighted average interest rate spread between loans and deposits narrowed.

Anguilla is projected to record a small contraction in economic activity in 2018, largely attributable to the anticipated decline in the tourism industry, which contributes over 20.0 per cent of the country's GDP. Data for the first half of 2018 support this projection, reflecting a steep reduction in visitor arrivals. However, the contraction in the tourism industry is expected to be mitigated somewhat by robust construction activity as hotels ready themselves for the 2018/2019 tourism season and the government accelerates its capital investment programme. Some of the key downside risks to growth include the threat of another storm impacting the island, the inability of the government to divest its shares in the Anguilla Electricity Company (ANGLEC) and the protracted air access issues stemming from St Maarten, the key gateway for visitors to Anguilla.

Real Sector Developments

Activity in the hotels and restaurants sector, a proxy for the tourism industry, is estimated to have contracted in the first half of 2018, compared with the corresponding period of 2017. This outturn was driven by a 65.0 per cent (68,828) decline in total visitor arrivals. In particular, the number of excursionists plummeted by 76.2 per cent (44,213), while that for stayover arrivals fell by 51.4 per cent (24,615). The downward movement in the number of excursionists was directly related to the fall-off in cruise ship calls into St Maarten, the primary gateway for Anguilla. The decline in stayover visitor arrivals was led by the key source markets of Canada, the USA and the UK, which saw contractions of 64.6 per cent, 57.5 per cent, and 45.2 per cent, respectively. Together, these three markets accounted for 68.5 per cent of total stayover visitors. Additionally, Anguilla's second largest source market, the Caribbean, saw a decline of 8.8 per cent in stay-over visitor arrivals over the review period. Contractions were also observed in the number of visitors from Italy (76.8 per cent) and Germany (59.6 per cent).

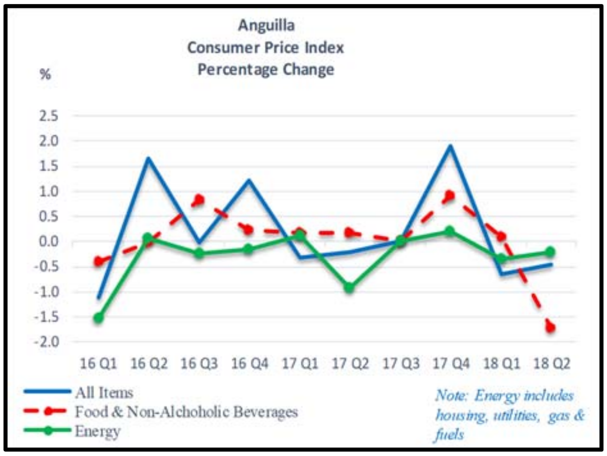


The level of construction activity in the first half of 2018 is estimated to have increased compared with the outturn in the corresponding period of 2017. This activity was primarily driven by the private sector as most hotels continued with their refurbishment, following the destruction of hurricane Irma. In fact, two of the top five hotels, Zemi Beach House and the Four

Seasons Resort, reopened for business in February and March respectively. Additionally, the Reef by Cuisinart reopened its doors in April. Moreover, many households took advantage of concessions on building materials to renovate their homes, while private businesses, including restaurants and bars, made the necessary refurbishments in preparation for the tourism season. While there were visible signs of increased construction activity on the ground, credit extended to the sector did not reflect these developments. A plausible explanation may be that most of the financing was accessed externally. Accordingly, credit for construction and land development declined by 24.4 per cent ($17.7m) in the review period relative to the 19.3 per cent increase over the corresponding period of 2017. In a similar vein, credit outlays for home construction and renovation, and house and land purchases also fell by 3.4 per cent and 6.6 per cent, respectively.

Activity in the financial intermediation sector is estimated to have contracted in the first half of 2018, as the value of loans and advances extended by commercial banks fell by 3.3 per cent ($21.3m). This is consistent with the risk averse stance of the commercial banks, given an environment of greater uncertainty and higher levels of unemployment and underemployment.

The consumer price index fell by 1.1 per cent on an end-of-period basis during the first six months of 2018, compared with a decline of 0.5 per cent during the corresponding period of 2017. The main sub-indices contributing to the contraction in prices were hotels and restaurants (3.7 per cent), transport (3.3 per cent), food and non-alcoholic beverages (1.6 per cent), household furnishings, supplies and maintenance (1.1 per cent), alcoholic beverages, tobacco and narcotics (0.8 per cent) and communication (0.8 per cent). The decline in the hotels and restaurants sub-index was influenced by a reduction in food prices in the first quarter, coupled with a fall-off in the average price for accommodation services in St Maarten. Similarly, for transport, reduced prices were recorded for airline tickets to New York, St Thomas and the Dominican Republic. A decline in the average price of fruits, fish and seafood, vegetables and mineral water, among others, drove the reduction in the food and non-alcoholic beverages sub-index, while lower prices for furniture led to a decline in the sub-index for household furnishings, supplies and maintenance.

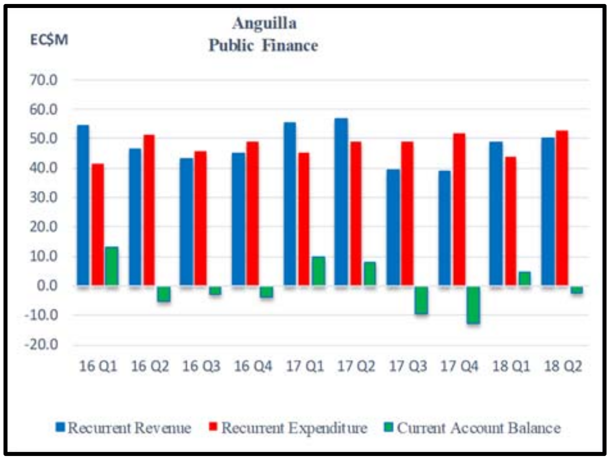


The contraction in the aforementioned sub-indices was tempered primarily by an increase in the clothing and footwear sub-index, which rose by 2.9 per cent due to higher prices for men's garments. In addition, the sub-indices for health and recreation and culture remained virtually unchanged during the review period.

Fiscal and Debt Developments

The fiscal operations of the central government resulted in an overall surplus of \$2.8m in the first half of 2018, compared with one of \$13.7m in the corresponding period of 2017. The current account surplus position narrowed as current revenue receipts declined while current expenditure outlays increased. A primary surplus (after grants) of \$11.6m was recorded, compared with one of \$21.4m realised over the comparable period in 2017.

Current revenue fell by 11.9 per cent (\$13.3m) to \$98.8m, in contrast to growth of 11.3 per cent (\$11.4m) in the comparable period of 2017. This outturn was primarily attributable to a 47.7 per cent (\$23.2m) reduction in tax receipts on domestic goods and services. Specifically, revenue declines were recorded for accommodation tax (\$13.0m), stamp duties (\$6.9m) and the tourism-marketing levy (\$1.8m). Property tax receipts also fell by 49.0 per cent (\$1.5m) over the review period. The reduction in the aforementioned taxes was directly related to the lower number of stayover visitors as well as reduced activity in respect of land and property sales. Additionally, the market value of many properties was negatively impacted by the passage of hurricane Irma, thus affecting property tax receipts over the first six months of 2018. Tempering the reduction in current revenue were increases of 18.0 per cent (\$7.0m) in tax receipts on international trade and 35.6 per cent (\$5.0m) in non-tax revenue. Greater import duty and customs surcharge receipts impacted taxes on international trade, while interest payments on government deposits drove non-tax revenues.



Current expenditure increased by 2.5 per cent ($2.3m) to $96.6m, compared with growth of 1.6 per cent ($1.5m) in the corresponding period of 2017. The expansion in current expenditure was primarily driven by a 14.5 per cent ($1.1m) rise in interest payments. Larger outlays were also recorded for personal emoluments ($0.8m) and transfers and subsidies ($0.6m). By contrast, expenditure on goods and services declined marginally by $0.2m over the review period.

Capital expenditure declined by $1.7m to $3.3m in contrast to growth of $2.8m one year earlier, given the generally tight fiscal position of government in the review period. However, grant inflows rose by $3.1m to $3.9m.

The total disbursed outstanding public sector debt was estimated at $524.7m at the end of June 2018, approximately 2.1 per cent ($11.1m) lower than that recorded at the end of 2017. The reduction in the total debt stock is attributed to ongoing debt amortisation coupled with a virtual freeze on new debt by the central government, in keeping with the Framework for Fiscal Sustainability and Development (FFSD). Central government debt accounted for 98.2 per cent of total disbursed outstanding debt, with domestic debt making up 64.5 per cent of the total, while external debt accounted for the remaining 35.5 per cent. The outstanding debt of statutory bodies fell by 9.1 per cent to $9.4m.

Banking Sector Developments

Monetary liabilities (M2) increased by 2.2 per cent to $1,059.2m during the first half of 2018, compared with growth of 1.0 per cent during the corresponding period of 2017. The expansion in M2 was mainly influenced by a 3.6 per cent ($34.7m) increase in quasi money to $995.3m, on account of growth in private sector foreign currency deposits (4.9 per cent) and private sector savings deposits (0.5 per cent).

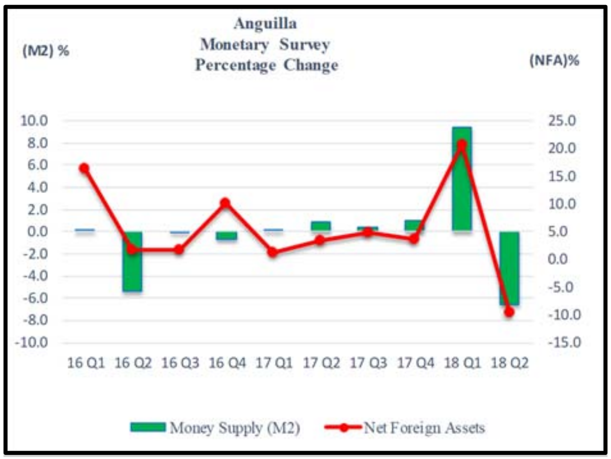
Moderating growth in quasi money was a 15.3 per cent ($11.5m) contraction in narrow money (M1), following a decline of 2.7 per cent during the comparable period of 2017. The reduction in M1 was primarily driven by a 23.1 per cent ($11.7m) contraction in private sector demand deposits. However, currency with the public increased by 7.7 per cent ($1.7m).

Domestic credit contracted by 4.2 per cent ($22.5m) to $519.0m, in contrast to growth of 4.4 per cent ($23.5m) during the comparable period of 2017. The decline in credit was largely attributable to reduced credit flows to the private sector, combined with an increase in the net deposit position of the non-financial public enterprises. **Private sector credit fell by 3.4 per cent ($23.0m) to $646.8m during the review period, as credit flows to businesses and households declined by 4.0 per cent and 2.7 per cent, respectively.** Additionally, the net deposit position of the central government contracted by 14.4 per cent ($10.6m), largely influenced by a $6.2m reduction in central government deposits held at commercial banks, coupled with a $5.1m increase in commercial bank credit to the government. In the rest of the public sector, the net deposit position of non-financial public enterprises increased by 18.3 per cent ($10.0m) reflecting an expansion in their deposits at commercial banks.

An analysis of changes in the distribution of credit across the sectors indicates that credit flows declined most notably for construction and land development (24.4 per cent or $17.7m), personal use (2.7 per cent or $9.8m), public utilities (81.7 per cent or $2.3m) and distributive trade (2.6 per cent or $1.5m). Within the personal use category, a 4.3 per cent ($7.7m) reduction was observed for the acquisition of property, further broken down between home construction and renovation ($4.4m) and house and land purchases ($3.3m). By contrast, credit flows increased to tourism ($5.4m), government and statutory bodies ($5.3m) and professional and other services ($2.3m).

The net foreign assets of the banking system grew by 9.1 per cent ($44.9m) to $537.3m, compared with growth of 4.8 per cent during the first half of 2017. The increase was primarily influenced by a 14.7 per cent ($42.1m) expansion in commercial banks' net foreign assets, coupled with a 1.4 per cent ($2.8m) rise in Anguilla's imputed share of ECCB reserves.

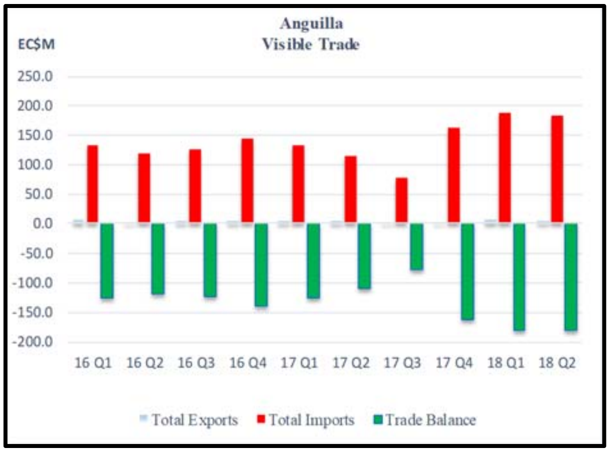
The liquidity situation in the commercial banking system improved during the review period, as banks continued to adopt a more risk averse stance, owing to the depressed level of economic activity. Accordingly, the ratio of liquid assets to total assets rose by 2.2 percentage points to 46.7 per cent, while that for liquid assets to short term liabilities rose by the same magnitude to 51.9 per cent.



The weighted average interest rate spread between loans and deposits declined marginally by 0.05 of a percentage point to 7.65 per cent, compared with a spread of 7.7 per cent as at December 2017. The reduction in the interest rate spread was mainly attributable to a larger decline in the weighted average lending rate (0.06 of a percentage point) than that of the weighted average deposit rate (0.01 of a percentage point). Commercial banks' asset quality deteriorated marginally over the first half of the year, with the ratio of nonperforming loans to gross loans increasing by 0.2 of a percentage point to 23.7 per cent compared with a ratio of 23.5 per cent as at December 2017.

External Sector Developments

A merchandise trade deficit of $361.2m was estimated for the first half of 2018, representing a 52.6 per cent deterioration over the $236.8m deficit recorded in the corresponding period of 2017. The higher provisional trade deficit was driven by a 51.2 per cent ($125.6m) increase in import payments, which greatly overshadowed the 12.4 per cent ($1.1m) rise in export receipts. Gross travel receipts are estimated to have contracted by 41.7 per cent to $131.4m over the review period, consistent with the decline in total visitor arrivals.



The transactions of commercial banks resulted in a net outflow of $42.1m in short term capital during the review period, in contrast to an inflow of $10.8m during the corresponding period of 2017. There were no external disbursements received in the first half of the year and external principal repayments amounted of $7.1m.

Outlook

Based on the July 2018 update of the World Economic Outlook (WEO), the world economy is projected to grow by 3.9 per cent in both 2018 and 2019, unchanged from the April 2018 forecast. Importantly, economic growth projections for the United States of America (USA) and Canada, two of Anguilla's key trading partners, remain buoyant over the short term. This forecast bodes well for the demand for tourism services in Anguilla as disposable income rises in its key trading partners. However, some softening in demand may be likely for the UK and EU markets as growth projections have been revised downward on account of weaker activity in the earlier part of the year.

After contracting by 7.7 per cent in 2017, real economic output is projected to decline further in 2018, albeit by a smaller magnitude. This is largely attributable to the anticipated fall-off in the tourism industry, which accounts for over 20.0 per cent of GDP. Data for the first half of 2018 show that total visitor arrivals declined by 65.0 per cent compared with the outturn in the corresponding period of 2017. Given the anticipated rebound in tourism activity in the fourth quarter of 2018, as most of the major hotels come back on stream and air access improves further, the decline recorded during the first half of the year is expected to moderate somewhat. The forecasted negative performance in the tourism industry is anticipated to have a knock-on effect on affiliated sectors such as wholesale and retail trade, transport, storage and communications, and electricity and water. Notwithstanding the contraction in the tourism industry, construction is expected to be the main economic driver in 2018 as hotels undertake major refurbishment and the government replaces and improves critical infrastructure. The bump in construction activity is also anticipated to provide a positive boost for related sectors, such as wholesale and retail, as well as transport, storage and communication.

Inflationary pressures are expected to be broadly contained as oil prices are not projected to increase appreciably for the remainder of 2018. This projection is primarily due to the agreed increase (1 million barrels per day) in output production by both members of the Organisation of Petroleum Exporting Countries (OPEC) and non-OPEC producers in June 2018. In addition, continued ramping up of production by US shale oil producers is expected to keep a lid on rising prices. As at June 2018, the price for the West Texas Intermediate (WTI) crude benchmark averaged US$67.87 per barrel, approximately 50.0 per cent above the levels one year earlier. Based on futures prices as at August 2018, WTI crude oil is expected to trade between US$64.00 and US$69 for the remainder of 2018 and 2019. In addition, prices for agricultural commodities are anticipated to increase only marginally as excess supply diminishes.

The fiscal operations of the Central Government are expected to generate an overall surplus in 2018. While a current account deficit is projected due to the reduction in current revenues as tourism activity contracts in 2018, the Government of Anguilla is expected to receive substantial grant funding from the UK government as well as the European Development Fund (EDF), totalling approximately $84.6m, in support of its reconstruction efforts. The grant support, coupled with the anticipated sale of ANGLEC shares ($24.0m) by the government, is expected to result in a surplus on both the primary and overall fiscal balances for 2018.

On the external front, the merchandise trade deficit is expected to widen further, consistent with the projected increase in imports of constructed-related and other materials as the reconstruction efforts continue apace. Additionally, grant inflows are anticipated to increase, associated with reconstruction efforts, however, gross inflows from travel are projected to decline in 2018, largely attributable to the significant reduction in visitor arrivals.

Given the catastrophic impact of Hurricane Irma on the Anguillan economy in 2017, it is encouraging that most of the major hotels and villas will be back in operation for the 2018/2019 tourism season. In addition, public sector investment is expected to accelerate upon release of the UK and EDF grants, all of which bode well for the future growth and development of Anguilla. However, some key downside risks are notable. Firstly, should the sale of the government's stake in ANGLEC not proceed as planned, an overall fiscal deficit is likely to result, putting further pressure on the government to bridge financing gaps in the face of rising amortisation payments. Secondly, while a less active hurricane season is forecast for 2018, should Anguilla be hit by another major storm in 2018, the consequences for the economy would be devastating, from both a real sector and fiscal standpoint. Thirdly, the rehabilitation of St Maarten's key ports, both air and sea, are critical to improving access to Anguilla. Should these ports continue to be limited by their ability to accommodate large volumes of visitors, the rebound in Anguilla's tourism industry is likely to be further delayed. On the upside, however, a faster than expected recovery in St Maarten, coupled with establishing additional gateways to Anguilla, would be a boon to economic activity on the island. Additionally, continued strong growth in the US and Canadian economies bode well for tourism demand.

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

Overview

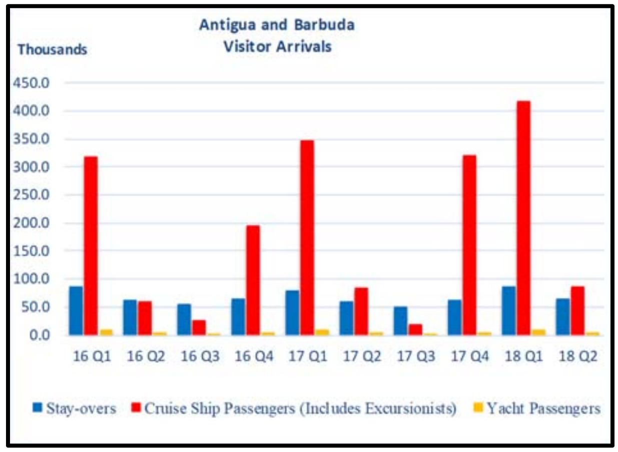
Real sector developments in the first half of 2018 in the Antigua and Barbuda economy were broadly positive. Available indicators suggest that economic activity expanded at an accelerated pace, when compared with the outturn in the corresponding period of 2017. The principal factor behind this economic acceleration was greater buoyancy in the construction sector and the tourism industry. Despite the increase in economic activity, inflationary pressures were contained with the Consumer Price Index increasing at a lower rate of 1.3 per cent, on an end of period basis. Higher levels of capital expenditure coupled with a decline in current revenue gave rise to an increase in the Central government's overall deficit. However, the outstanding disbursed public sector debt trended downwards. Developments in the banking sector were characterised by increases in net foreign assets and liquidity and a contraction in domestic credit.

Economic activity is expected to further strengthen in the second half of the year, boosted by encouraging developments in the tourism industry along with favourable prospects in the construction sector. Consequently, prospects are also optimistic for the auxiliary sectors such as wholesale and retail trade; transport, storage and communications; and real estate, renting and business activities. The rate of inflation is anticipated to trend upwards, in line with global commodity prices, but it should not be a cause for concern in the near term. The fiscal deficit of the central government is expected to be larger than what was obtained in 2017, as a change in the fiscal policy stance is not envisioned during the rest of the year.

Antigua and Barbuda, like the rest of the ECCU economies, is faced with a peculiar set of challenges. The economy remains highly vulnerable to global economic volatility as well as adverse weather. Of particular concern, as highlighted in the July update of the World Economic Outlook, is the recently announced and anticipated tariff hikes by the United States of America (USA) and retaliatory measures by its trading partners such as Canada, China, Mexico and the European Union (EU), which could adversely impact trade and subsequently, medium-term global growth prospects. These developments have implications for tourism demand as well as import prices for Antigua and Barbuda. In addition, uncertainty regarding Brexit has continued to depress tourist arrivals from the United Kingdom (UK). Although the most recent forecast from the National Oceanic and Atmospheric Administration (NOAA) point to a less active hurricane season, relative to 2017, just one storm can cause havoc to the economy and its physical infrastructure reversing years of progress. On the domestic front, the worsening fiscal position could put a damper on the ability of the authorities to support growth and employment and access reasonable cost financing. These risks can be diminished by building an economy that is resilient to adverse shocks through the diversification of tourism markets, and strengthening the agricultural and financial sectors. Adaptation and enforcement of building codes along with public education can help to mitigate the disastrous effects of natural disasters. On the fiscal front, continuous improvements in tax administration and medium term fiscal planning along with efficient debt management can better position the authorities to manage the fiscal challenges.

Real Sector Developments

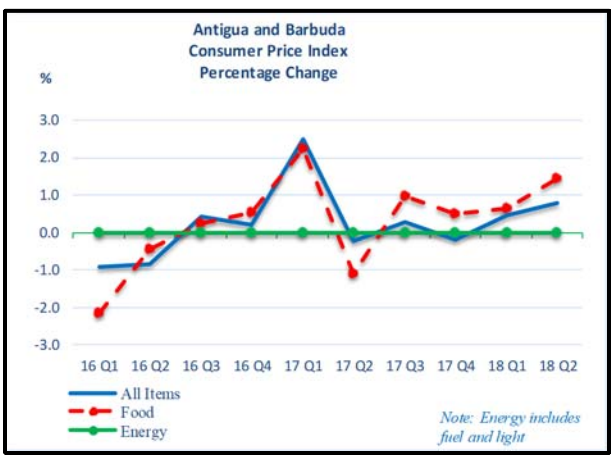
Economic activity in Antigua and Barbuda is assessed to have expanded during the period under review. The level of activity in the tourism industry, one of the main drivers of the economy, is estimated to have increased in the first six months of 2018, evidenced by growth of 14.4 per cent to 665,268 in total visitor arrivals. Cruise ship passengers, which accounted for the largest number of visitors rose by 17.3 per cent to 504,235. The major contributors to the growth in the cruise tourism category were investments in port infrastructure, which allowed for the accommodation of larger capacity ships and changes in cruise ships itineraries associated with port closures in the Northern Caribbean due to hurricanes Irma and Maria. Stay-over arrivals, which is the largest contributor to GDP, rose by 7.6 per cent to 148,139 reversing the 5.4 per cent contraction recorded in the first six months of 2017. There were increases in the major source markets of the USA (3.6 per cent), Canada (81.5 per cent), and the Caribbean (7.7 per cent). These markets benefited from increased airlift, in particular Sunwing out of Canada, and aggressive marketing strategies both regionally and internationally. Stay-over arrivals from Germany, a budding market, rose by 14.1 per cent. Meanwhile, stay over arrivals from the UK continued to decline at an accelerated rate of 4.6 per cent, associated with uncertainty regarding BREXIT and the volatility of the British Pound. Declines were also reported in other small source markets such as Italy (25.9 per cent), South America (14.7 per cent), Switzerland (9.0 per cent) and France (8.5 per cent). Also on the downside, yacht passenger arrivals fell by 8.2 per cent to 12,894.



Activity in the construction sector is estimated to have increased in the first half of 2018 relative to the corresponding period in 2017. The volume of cement imports, a major indicator of construction activity, is estimated to have increased by 38.9 per cent, much higher than the rate of growth of 9.0 per cent in the corresponding period in 2017. Furthermore, import data for other construction materials up to April 2018, indicated an increase of 25.9 per cent, over the same period last year. Activity in the construction sector comprised of public sector projects including reconstruction efforts in Barbuda, the Government Affordable Housing Programme and major road rehabilitation and expansion works. In the private sector, construction activity was centered predominantly around hotel developments.

Economic activity is also estimated to have expanded in other sectors to support tourism and construction activity namely wholesale and retail trade; real estate, renting and business activities; and transport, storage and communications. Financial intermediation and public administration defence and compulsory social security also recorded growth.

The Consumer Price Index rose by 1.3 per cent during the first half of 2018, slightly lower than the 2.3 per cent recorded for the same period in 2017.



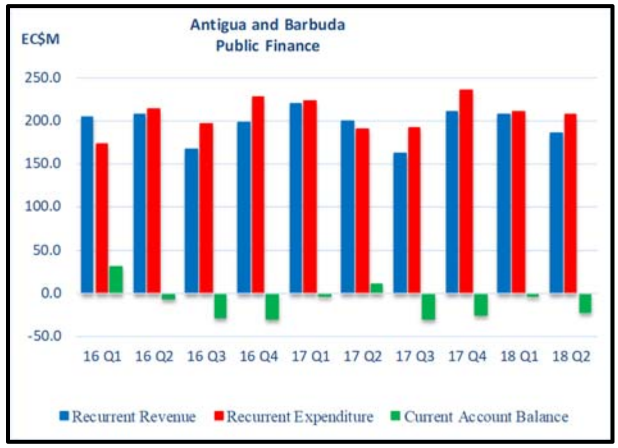
The rise in the CPI mirrored increases in the sub-indices of housing (2.2 per cent), food (2.1 per cent), clothing and footwear (1.7 per cent), personal services (1.8 per cent) and household furnishings and supplies (0.9 per cent). The increase in the food sub-index, which is the second highest, weighted was largely on account of higher prices for bakery and cereal products, meats, fish and sugar, jams and confectionery. Meanwhile, there was no change in the fuel and light sub-index since the first quarter of 2017.

Fiscal and Debt Developments

Provisional fiscal data for the first half of 2018 indicated that the overall deficit of the Central government increased to $61.8m from a marginal one of $4.1m at the end of June 2017. The primary balance, which excludes debt interest payments, moved to a deficit of $3.8m from a surplus of $52.8m at the end of June 2017. These fiscal outturns mirrored a significant fall-off in non-tax revenue coupled with an escalation in capital spending.

The current account balance moved to a deficit position of $25.1m from a surplus position of $6.5m in the corresponding period in 2017. Current revenue fell by 6.6 per cent ($27.5m) to $392.9m reflective of lower non-tax revenue. Non-tax revenue declined by

50.9 per cent ($34.9m) to $33.6m because of a reduction in receipts from the Citizenship by Investment Programme (CIP). Meanwhile, tax receipts grew by 2.1 per cent ($7.3m) to $359.3m primarily associated with higher turnover from taxes on international trade and transactions and domestic goods and services. Revenue collections from taxes on international trade and transactions rose by 4.7 per cent ($5.6m) to $126.8m mirroring higher inflows from import duty ($3.5m) and the Revenue Recovery Charge ($4.2m) consistent with the increment in imports. In contrast, the consumption tax, which is a major component of this tax category declined by $3.8m as global oil prices, trended upwards. Tax revenue on domestic goods and services rose moderately by 1.1 per cent ($1.9m) to $172.2m on account of higher collections from the Antigua and Barbuda Sales Tax (ABST). Receipts from the ABST rose by 10.6 per cent ($14.6m) depicting improvements in tax administration, new registrants and bumper tourist activity. However, a slowdown in the real estate market coupled with revenue forgone in concessions brought about a 41.7 per cent ($10.7m) decline in income from stamp duties. Tax revenue on income and profits and property tax remained virtually unchanged at $45.7m and $14.7m, respectively.



Current expenditure increased at a gradual pace of 1.0 per cent ($4.1m) to $418.0m during the period of review. Personal emoluments, the largest expense item at 43.0 per cent of current expenditure, rose by 11.9 per cent as a result of a 5.0 per cent salary increase granted to public officers as well as a few new hirings. Outlays on goods and services grew by 22.9 per cent ($13.7m) to $73.6m partly in conjunction with recurrent costs of the road rehabilitation and expansion programme. Interest payments rose moderately by 1.9 per cent ($1.1m) to $58.0m driven by rising external debt service. The amount expensed on transfers and subsidies fell by 21.9 per cent ($29.8m) to $106.5m on account of a decline in subventions to statutory corporations.

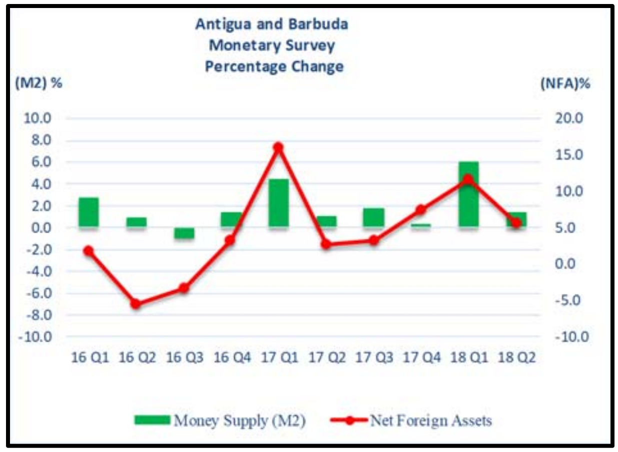
On the capital account, capital expenditure rose to $38.0m from $19.1m in the corresponding period of 2017, correlated with some government projects. Meanwhile, the intake from capital revenue was marginal at $1.3m, compared with $8.4m, a year earlier.

The total disbursed outstanding debt of the public sector was estimated at $3,080.4m at the end of June 2018, down from $3,256.9m at the end of December 2017. This downward movement in the debt levels reflected declines in both domestic and external debt, whereby domestic debt fell by 8.6 per cent to $1,528.5m and external debt declined by 2.0 per cent to $1551.9m. The contraction in domestic debt was a result of scheduled amortized payments while exchange rate movements favoured the external debt portfolio. Of the total debt level, 84.1 per cent ($2,589.5m) represented central government debt and the remaining 15.9 per cent ($490.8m) was that of public corporations.

Banking Sector Developments

In the banking sector, monetary liabilities (M2) which comprises of currency with the public, both short term and long term deposits along with cheques and drafts issued, amounted to $3,728.8m during the first six months of 2018. This represented an increase of 7.5 per cent over the same period in 2017. This expansion is in line with the level of economic activity. Total money supply (M1) rose by 1.1 per cent ($10.5m) as currency with the public and private sector demand deposits expanded by 0.8 per cent ($1.4m) and 1.8 per cent ($12.7m), respectively. However, this was tempered by a reduction in EC$ cheques and drafts issued by 10.8 per cent ($3.6m). Quasi money, which is the largest component of M2, grew by 9.8 per cent to $2,793.0m, due to greater accumulation of private sector savings deposits (5.3 per cent or $84.8m) and private sector foreign currency deposits (39.2 per cent or $163.3m).

The stock of domestic credit in the banking system fell by 2.3 per cent to $2,272.1m during the first six months of 2018, reversing the marginal gains (0.2 per cent growth) recorded in the same period of the prior year. This downward movement in domestic credit was principally the result of transactions of Non-Financial Public Enterprises. More specifically, these enterprises grew their deposits by 39.2 per cent ($57.2m), which led to a net deposit position from a net credit position. To a lesser extent, credit extended to general government fell by 1.1 per cent ($5.6m). The general government also drew down on its deposits by 1.7 per cent ($2.2m), resulting in an overall net credit position of $372.7m.



The outstanding stock of credit disaggregated by economic sectors indicated that of the main sectors credit expanded for transportation and storage (7.5 per cent); professional and other services (5.3 per cent); tourism (4.4 per cent); and personal loans (0.4 per cent). These increases were tempered by declines in construction (4.4 per cent); distributive trades (2.3 per cent) and public administration (0.8 per cent). Of the personal credit category, which accounted for 50.5 per cent of total outstanding loans, there was a decline of 0.3 per cent in loans for acquisition of property while loans for durable goods and other personal uses rose by 5.1 per cent and 0.7 per cent, respectively.

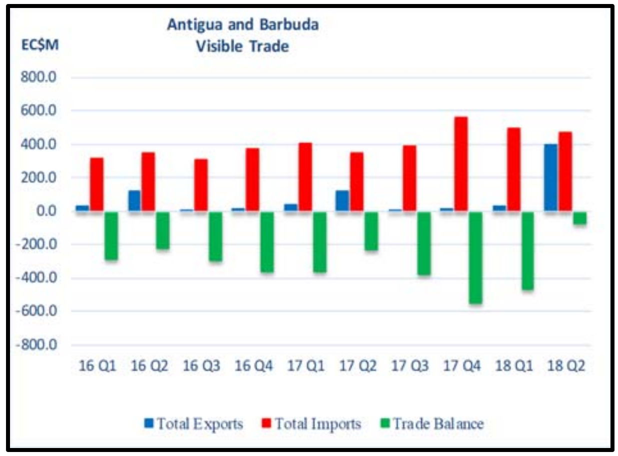
The net foreign assets of the banking system rose by 18.0 per cent to $2,279.2m during the first half of 2018, slightly lower rate than the rate of growth of 19.1 per cent recorded during the corresponding period of 2017. This increase was largely the result of an expansion in commercial banks net foreign assets, which rose by 25.7 per cent ($279.4m) to $1,364.7m, as banks increased their holdings with head offices and other branches. The growth in NFA also illustrated an increase in Antigua and Barbuda’s share of the imputed reserves at the Central Bank, which expanded by 8.0 per cent to $914.4m by virtue of an augmentation in banker’s reserves.

Commercial banks remained highly liquid during the period under review, with the total loans and advances to deposit ratio at 60.4 per cent, significantly below the prudential benchmark of 85.0 per cent.

Although, two percentage points above the 5.0 per cent prudential limit, the non-performing loans ratio trended downwards to 7.3 per cent from 7.9 per cent at the end of December 2017.

External Sector Developments

Preliminary trade statistics indicated that the merchandise trade deficit narrowed by 10.0 per cent to $540.5m in the first six months of 2018, relative to the corresponding period of 2017. The decline in the deficit was largely on account of a significant increase in the re-exports of machinery and transport equipment, namely sailboats associated with yachting activities in the first half of the year. Re-exports, which accounted for 99.0 per cent of total exports almost tripled, to $416.6m. Meanwhile, the value of imports rose by 28.2 per cent to $961.8m owing to greater imports of food and live animals; mineral fuels and related materials; manufactured goods; and machinery and transport equipment, some of which were related to relief supplies in the aftermath of hurricane Irma.



Gross travel receipts are estimated to have risen by 28.1 per cent to $1,080.5m in the first six months of the year, consistent with the uptick in stay-over visitors. Commercial banks' transactions resulted in a net outflow of $279.4m, albeit at a lower level than in 2017 ($311.9m), mainly representing an increase in assets with external branches of foreign branch banks. Fiscal operations led to an increase in external loan disbursements to $69.4m, approximately $20.0m more than the amount recorded in the corresponding period last year. Meanwhile, external amortization contracted by 4.9 per cent to $97.6m, which gave rise to a net amortization position of $28.1m.

Outlook

Economic growth in Antigua and Barbuda is forecasted to further strengthen in the

second half of 2018, benefiting from stable global growth and in particular the economic expansion in the USA. The economy is forecasted to grow at an annualized rate of 3.9 per cent in 2018[1], according to preliminary projections. Robust activity in the tourism industry and the construction sector will continue to drive growth and will also boost the performance of the main supporting sectors of wholesale and retail trade; and transport, storage and communications; and real estate, renting and business activities. The stay-over market segment will be bolstered by additional airlift from major US airports in the fall season; the hosting of the International Cricket Council Women's World T20 Tournament in November and marketing and promotion initiatives. Moreover, the opening of Hodges Bay Resort and Spa and rehabilitation and upgrades to the existing hotel stock will add more enthusiasm for the destination. Meanwhile, the growth in cruise tourism observed in the first half of the year, is likely to taper off as ports in the Northern Caribbean re-open. The construction sector will benefit from projects undertaken by both the private and public sectors. In the public sector, capital works will include the road rehabilitation and expansion project, the Government Affordable Housing Project, and reconstruction of public infrastructure and private homes on Barbuda. Private sector construction activity will include CIP funded real estate and tourism developments, upgrades to the hotel stock and residential construction. The Consumer Price Index will continue to inch up in 2018, driven by prices of locally produced goods and global oil prices.

Based on the fiscal outturn in the first half of the year and the unlikely change in the fiscal policy stance during the rest of the year, the Central government will report a larger deficit than what was announced in the 2018 Budget Address of 2.0 per cent of GDP. The overall deficit is anticipated to widen as a result of an expansion in capital expenditure along with lower revenue intake. Capital expenditure will escalate as government undertakes the rehabilitation of infrastructure in Barbuda as well as new projects including airport and seaport developments. On Antigua, capital works will continue apace on the Affordable Housing Project and other public infrastructure. Meanwhile current revenue is expected to be lower than that of last year as

[1]Real GDP Growth at Market Prices

receipts from the CIP dwindle. These fiscal developments will be partly mitigated by gains from improvements in tax administration and the implementation of initiatives to improve tax compliance such as the enactment of the Tax Administration and Procedures Act.

In the external sector, the merchandise trade deficit is projected to widen in line with rising global energy prices and higher import payments to support construction activity and the wholesale and retail trade. Gross travel receipts are forecasted to be stronger than that of 2017, as tourism activity remains robust.

While the prognosis for the economy of Antigua and Barbuda is broadly positive, there are a number of downside risks that could overturn these expectations. Featuring highly is global economic volatility, which could stem from the implementation of trade protectionist policies led by the USA. This could have severe implications for global growth and price movements that can adversely impact growth prospects in Antigua and Barbuda. In addition, the continued uncertainty of Brexit, geopolitical tensions, and terrorist attacks are constant near term threats to the outlook. Despite the most recent prediction for a less active hurricane season, the country is highly vulnerable to natural disasters, which has the potential of causing extensive damage to infrastructure and unfavourably affect growth. Other downside risks include the widening fiscal deficit and high debt levels, which constrain the ability of the government to support growth and employment, fight crime and create an enabling environment for the private sector. However, there are a number of opportunities that the authorities could tap into such as accessing finance allocated to small island states for climate change mitigation and adaptation. Strengthening the linkages among sectors such as tourism, agriculture, education and other services could allow for growth that is more broad-based while simultaneously employing efficient public finance management practices.

D O M I N I C A

Overview

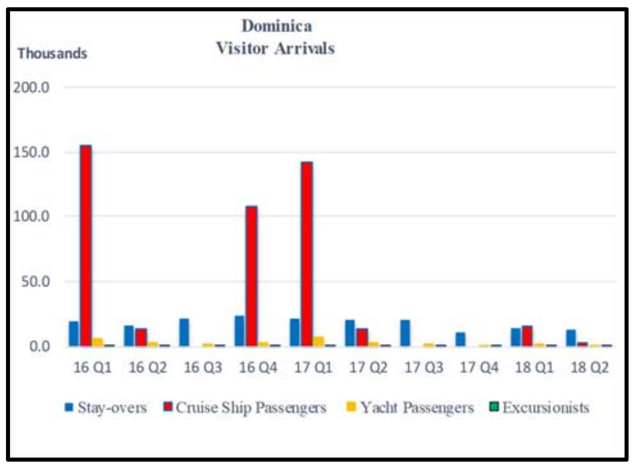
Preliminary estimates indicate that economic activity in Dominica for the first half of 2018 contracted, following the passage of hurricane Maria in September 2017. Consumer prices rose by 0.9 per cent on an end of period basis. While the central government's fiscal operations resulted in an overall deficit, the total disbursed outstanding debt is estimated to have decreased. In the banking system, monetary liabilities and domestic credit expanded, whereas net foreign assets declined. The commercial banking system remained highly liquid, but non-performing loans exceeded the prudential benchmark during the period under review.

A protracted recovery is expected, leading to a further decline in the overall level of economic activity in the remainder of 2018. Furthermore, the overall fiscal balance is anticipated to deteriorate, mainly owing to an increase in expenditure for the recovery effort. The merchandise trade deficit is likely to widen, reflecting increased imports of construction materials and a reduction in export receipts. Downside risks to this outlook include a deceleration in the Citizenship by Investment programme inflows; the receipt of fewer grants than expected, which can slow down the pace of recovery efforts; and adverse weather.

Real Sector Developments

Following the passage of hurricane Maria on 18 September 2017, economic activity was significantly impaired. Due partially to the magnitude of destruction[2], while the recovery of economic activity and the reconstruction of infrastructure were chiefly on the nation's agenda, preliminary estimates indicate that economic activity remained below pre-Maria levels in the first half of 2018, relative to the corresponding period of 2017.

Activity in the tourism industry is estimated to have decreased in the six months of 2018, evidenced by a lower level of total arrivals. This outcome was largely influenced by significant damage to the tourism infrastructure, particularly in the accommodation sector. Preliminary estimates for the period January to June 2018 indicate that total arrivals decreased by 77.3 per cent to 47,024 compared with a slighter decline of 3.0 per cent in corresponding period of 2017. This outturn was attributed to a reduction in both stay-over and cruise passenger arrivals. The number of stay-over visitors fell by 36.2 per cent to 26,458, influenced by a fall in visitor arrivals from all major source markets, namely, the Caribbean (35.0 per cent); the United Kingdom (35.0 per cent); Canada (26.2 per cent) and the USA (20.7 per cent). Likewise, the number of cruise passengers fell by 88.4 per cent to 18,059, consistent with the decline in the number of cruise calls by 75 to 27. Further supporting the contraction in total arrivals, the number of yacht passengers and excursionists decreased by 75.0 per cent and 65.5 per cent respectively.



Output in the agricultural sector is estimated to have decreased in the period January to June 2018, relative to the same period last year. The production of bananas was severely

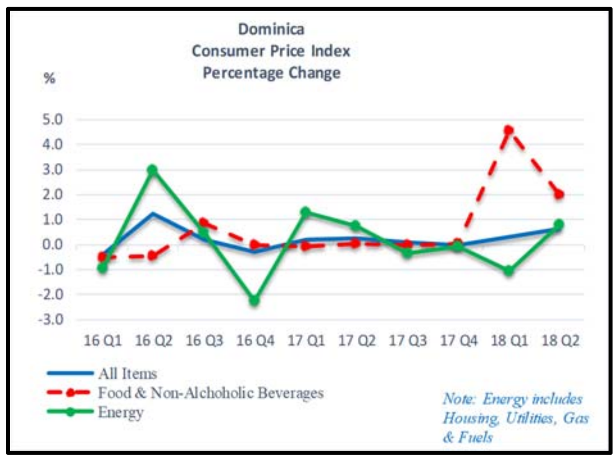
[2] The World Bank has estimated total damage and losses from hurricane Maria to be 226.0 per cent of Dominica's 2016 gross domestic product (GDP) or $3,539.0m

affected due to damage to farming infrastructure and crops. The output of non-banana crops and livestock was also provisionally estimated to have declined.

The performance of the manufacturing sector was mixed during the period under review. A 58.3 per cent increase in the production of paints to 108,840 gallons was observed. However, the production of beverages decreased by 74.3 per cent to 59,760 cases, reflecting a substantial reduction in productive capacity following hurricane Maria.

Construction activity is preliminarily estimated to have accelerated in the first half of 2018, partially offsetting the falloff in activity in most sectors. This expansion reflects developments in both the public and private sectors. Capital spending by the government increased by $65.4m to $232.4m associated with reconstruction and rehabilitation activities following hurricane Maria in September 2017; and other infrastructural improvements. Public sector construction was complemented by ongoing private sector projects, most notably the construction of Range Developments' Cabrits Resort Kempinski and Jungle Bay Villas. Additionally, initial estimates suggest that private sector construction was further supported by an upsurge in residential construction as residents continue to rebuild and repair homes that were damaged during the passage of hurricane Maria.

The consumer price index is estimated to have risen by 0.9 per cent during the first half of 2018, compared with a 0.5 per cent increase during the corresponding period of 2017. The inflationary pressures were largely attributable to a 6.7 per cent upturn in the price of food and non-alcoholic beverages.



Fiscal and Debt Developments

The fiscal operations of the central government resulted in an overall deficit of $146.7m in the first six months of 2018, relative to a smaller deficit of $29.9m

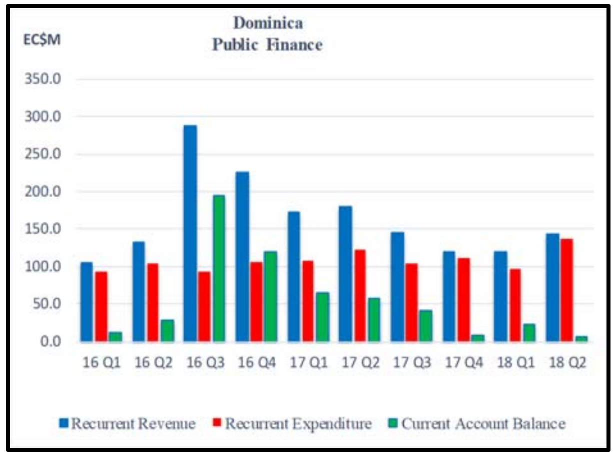
recorded in the corresponding period of 2017. Likewise, a primary deficit of $133.7m was realised, a deterioration from the deficit of $17.5m recorded in the first half of the previous year. The deficit was driven by developments on both the current and capital accounts and mainly financed by domestic sources.

The current account surplus narrowed to $85.7m from one of $123.4m in the first half of 2017, largely reflecting a decrease in current revenue. Current revenue declined by $34.1m to $318.7m, mainly influenced by a $31.4m contraction in non-tax revenue to $133.4m, reflecting lower inflows from the Citizenship by Investment Programme. To a lesser extent, the falloff in current revenue was also influenced by a modest drop in tax revenue ($2.7m) to $185.3m, predominantly because of lower inflows of taxes on income, profit and capital gains, and taxes on property. Taxes on income, profit and capital gains yielded $22.5m in revenue, $13.1m less than that of the comparable period of the previous year. This contraction was mainly influenced by a $12.3m decline in corporation tax, a reflection of the negative impact of hurricane Maria on businesses. Receipts from taxes on property amounted to $3.2m, $2.9m below the sum collected in the first six months of 2017. The decrease in current revenue was however, partially offset by increased intakes from taxes on domestic goods and services and taxes on international trade and transactions. Revenue from taxes on domestic goods and services amounted to $116.6m, an uptick of $10.4m from the corresponding period of the last year. This improvement was mainly influenced by increases in value added tax ($8.9m) and excise tax ($2.8m). Taxes on international trade and transactions yielded $43.1m, $3.0m above that collected in the first six months of 2017 and in line with the observed expansion in imports. This increase was associated with a rise in revenue collected from customs service charge ($6.9m) and environmental surcharge ($2.3m).

Current expenditure grew by $3.6m to $233.1m in the period under review, reflecting greater spending on all sub-categories with the exception of transfers and subsidies, which fell by $4.1m to $54.9m. Payments for goods and services rose by $5.0m to $85.5m, partially associated with the maintenance of buildings, and the purchase of supplies. Also contributing to the expansion in current expenditure, outlays for personal emoluments increased by $2.2m to $79.6m and interest payments rose modestly by $0.6m to $13.0m.

Capital grants amounted to $0.1m, a decline from the $13.4m recorded in the same period of the previous year. Concurrently, capital expenditure rose by $65.4m to $232.4m, partially associated with relief and rehabilitation activities and the purchase of building materials following the passage of hurricane Maria. Other infrastructural improvements such as works at the Douglas-Charles Airport; the dredging of rivers; the construction of the new West Bridge in the capital city and investments in human capital and housing; which were mostly funded by the Government of Dominica, also contributed to the rise in capital expenditure.

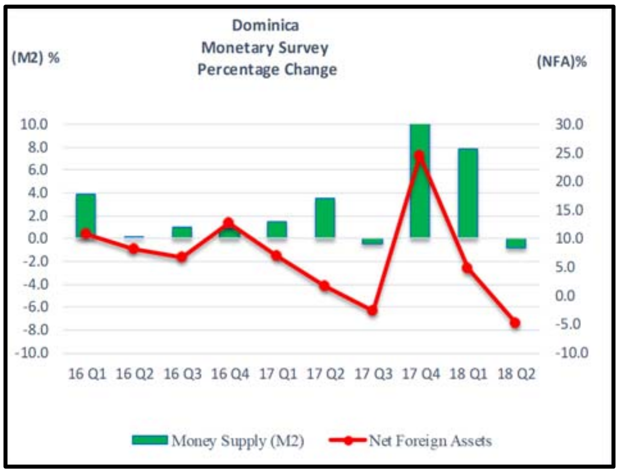
Total disbursed outstanding debt of the public sector is estimated to have decreased by 1.7 per cent to $1,020.0m at the end of June 2018. This outturn resulted from a reduction in both central government and public corporation debt. The debt of public corporations declined by 4.7 per cent to $161.1m, reflecting a fall in debt owed to external (6.7 per cent) and domestic (1.7 per cent) creditors. Similarly, a 1.1 per cent decrease to $859.0m was recorded in central government's debt, associated with lower external debt (3.0 per cent) but partially offset by a 3.9 per cent increase in domestic debt.



Banking Sector Developments

Monetary liabilities (M2) grew by 7.0 per cent to $1,742.4m during the first six months of 2018, compared with growth of 5.1 per cent during the corresponding period of 2017. The expansion in M2 was driven by increases in both quasi money, the larger component of M2, and narrow money. Quasi money rose by 5.0 per cent to $1,249.9m, reflecting growth in private sector foreign currency deposits (10.9 per cent) and private sector savings deposits (6.4 per cent). This increase was however, tempered by a reduction in private sector time deposits (1.9

per cent). Growth in monetary liabilities was also supported by a 12.4 per cent expansion in narrow money to $492.5m. This outturn was associated with increases in currency with the public (17.1 per cent), private sector demand deposits (11.5 per cent) and EC$ Cheques and Drafts (8.4 per cent).



Domestic credit rose by 38.3 per cent to $497.9m, largely driven by a decrease in the net deposit position of the central government. The net deposit position of the central government was reduced by 45.5 per cent to $175.7m, as the government drew down on its deposits and was extended more credit, partially to support public sector reconstruction and recovery efforts. Growth in domestic credit was however, moderated by a contraction in credit extended to the private sector and an increase in the net deposit position of non-financial public enterprises. Private sector credit decreased by 0.4 per cent to $781.7m, reflecting a 3.0 per cent decline in credit to households, but tempered by increases in credit to businesses (3.2 per cent) and non-bank financial institutions (0.8 per cent). A 5.3 per cent upturn in the net deposit position of non-financial public enterprises to $108.0m was observed in the period under review, as a result of growth in deposits and a decrease in credit extended.

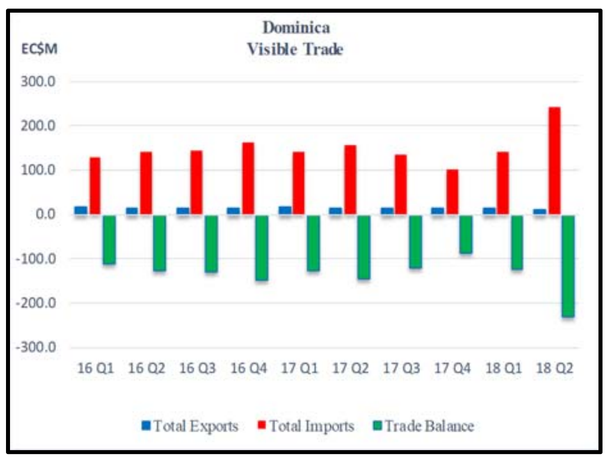
The total amount for loans and advances declined marginally, by 0.1 per cent to $926.5m at the end of June 2018, compared with a larger decrease of 3.5 per cent in the same period of the previous year. Consistent with the deterioration in economic conditions, most economic sectors registered contractions in credit, the only exceptions being utilities, electricity and water; and financial institutions, for which credit grew by 61.8 per cent and 5.8 per cent respectively. Notable reductions were observed in credit for transportation and storage (42.4 per cent); tourism (11.2 per cent); distributive trades (5.6 per cent); agriculture and fisheries (4.4 per cent); manufacturing and mining and quarrying (3.9 per cent); personal use (3.4 per cent); and construction (3.3 per cent).

The net foreign assets position of the banking system stood at $1,434.2m at the end of June 2018, registering a decrease of 0.2 per cent from the end of December 2017. This development was mainly the result of a 4.9 per cent contraction in the net foreign assets position of commercial banks, associated with a decline in their net assets position with institutions both within and external to the ECCU. The overall decrease in net foreign assets was however, moderated by a 7.0 per cent expansion in Dominica's imputed share of the Central Bank's reserves.

The commercial banking system remained liquid in the first half of 2018. The ratio of net liquid assets to total deposits fell by 0.5 percentage points to 63.4 per cent at the end of June 2017, above the ECCB's minimum benchmark of 20.0 per cent. The loans and advances to total deposits ratio decreased by 0.9 percentage points to 40.4 per cent, still considerably below the ECCB's maximum benchmark of 75.0 to 85.0 per cent. The ratio of non-performing loans to gross loans was 18.5 per cent, 13.5 percentage points above the ECCB's tolerable limit.

External Sector Developments

Preliminary estimates indicate that the trade deficit widened by 31.6 per cent to $354.8m in the first half of 2018. This development was attributable to an increase in import payments and a concurrent decline in export receipts. The value of imports rose by 27.6 per cent to $380.4m, mainly influenced by upticks in the import of machinery and transport equipment; and manufactured goods, partially associated with the reconstruction following hurricane Maria. Export receipts decreased by $2.9m to $25.6m, partly reflecting a 46.0 per cent reduction in the export receipts from paints.



Gross travel receipts are estimated to have decreased by 63.3 per cent to $71.9m, consistent with the decline in tourist arrivals.

Commercial banks' transactions resulted in a net inflow of $42.6m in short term capital, in contrast to a net outflow of $142.8m in the first six months of 2017. In the public sector, external loan disbursements to the central government totalled $9.6m compared with $4.2m in the corresponding period of the previous year. On the other hand, external principal repayments amounted to $25.4m, up from $21.6m at the end of June 2017. These transactions led to a net outflow of $15.8m compared with one of $17.4m in the first two quarters of 2017.

Outlook

Given the colossal impact of the passage of hurricane Maria on the productive and supporting sectors of the economy, a protracted recovery is anticipated, leading to a further decline in the overall level of economic activity in the remainder of 2018.

Although the process of replanting has begun, the agricultural sector is expected to contract, owing to significant damage to farming infrastructure, crop and livestock production. Similarly, activity in the tourism industry is also likely to deteriorate. The number of visitors is predicted to remain below pre-Maria levels, largely because of significant damage to the tourism infrastructure. Growth in the construction sector is expected to continue, supported by ongoing reconstruction and rehabilitation activities in the public sector. Private sector projects such as the continuation of the Range Developments and Jungle Bay resorts, in addition to the repair and reconstruction of residential homes, is likely to contribute to the acceleration in construction activity. Manufacturing output is projected to contract as the productive capacity of facilities in the sector was considerably reduced following the hurricane. Notably, the closure of Ross University School of Medicine campus will considerably affect the education sector, further delaying the economic recovery. This development will also have additional implications for complementary sectors including real estate, renting and business activities; and for employment.

The overall fiscal balance is anticipated to worsen, mainly because of increased expenditure on the recovery and reconstruction effort. This outturn is likely to be compounded by lower tax revenue as a result of reduced economic activity; and concessions granted to tax compliant businesses in the productive and distributive sectors. In the external sector, the merchandise trade deficit is likely to deteriorate partially reflecting increased imports of construction materials in addition to depressed exports.

Partially due to the loss in employment and income following the passage of hurricane Maria and the departure of Ross University School of Medicine, non-performing loans in the banking system may increase.

Risks to this outlook are skewed to the downside. A deceleration in inflows from the Citizenship by Investment Programme; the receipt of fewer grants than expected and/or delays in the disbursement of loan or grant funds, could slow down the implementation of the recovery and reconstruction effort. The recovery process could be additionally affected by administrative and implementation capacity constraints. In addition, Dominica remains vulnerable to external shocks such as adverse weather and a weakening of growth prospects of trading partners and friendly governments, which would compound the unfavourable economic outlook. On the upside, businesses in the productive sectors can benefit from concessions and financing opportunities currently provided by the government. These initiatives can support the recovery of the private sector following hurricane Maria. Finally, the advancement of public sector projects such as the geothermal energy plant, the sustainable housing solution project and private sector tourism projects would contribute positively to the economy.

G R E N A D A

Overview

Provisional data on real sector developments in Grenada indicated that the economy expanded in the first half of 2018, driven primarily by strong activity in construction and tourism. The rate of inflation trended downwards to 0.4 per cent, on an end of period basis. Anchored by the Fiscal Responsibility Act (FRA), the fiscal balance improved further as the central government recorded a higher overall surplus. Accordingly, the total outstanding public sector debt fell at the end of June 2018, relative to the level at the end of December 2017. In the banking sector, net foreign assets, liquidity and monetary liabilities rose while domestic credit continued to contract.

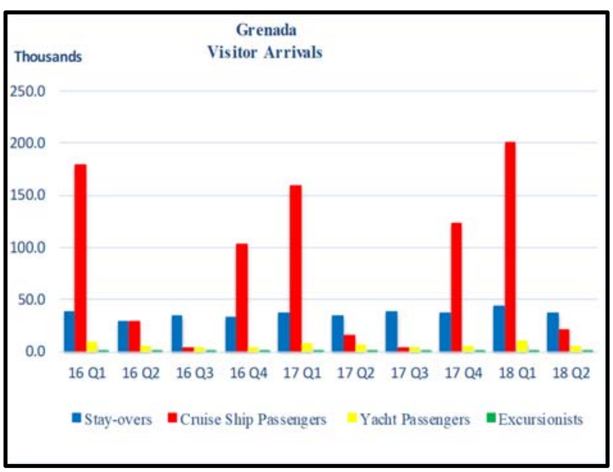
In the second half of the year, the economy is expected to maintain the growth momentum observed in the first half of the year, which implies that overall growth in 2018 is likely to be fairly robust. The economy will benefit from a supportive global economic environment along with further strengthening of construction and tourism activities on the domestic front. Inflationary pressures are likely to rise as global energy price increases, but will not be worrisome in the near term. The central government is expected to realize a larger overall fiscal surplus. This has positive implications for debt reduction, and hence the attainment of the debt to GDP target embedded in the FRA. Despite the broadly positive economic outlook, there are both downside and upside risks. On the downside, Grenada remains vulnerable to adverse weather patterns such as floods and storms, which could constrain output in the agricultural sector, tourism and other forms of economic activity. In addition, the persistent uncertainty surrounding Brexit, protectionist trade policies led by the USA and any unforeseen adverse global economic shocks, could put a damper on global economic growth. The announced implementation of a National Health Insurance Scheme and the settling of outstanding pension payments from three decades ago could increase fiscal costs and inhibit adherence to the FRA. These potential fiscal costs could constrain the role of the government in supporting economic growth and generating employment. Slow implementation of the public sector investment programme (PSIP) due to capacity constraints could also negatively impact the construction sector and the overall growth level. On the upside, the discovery of oil and natural gas, and the continued implementation of initiatives to attract foreign investments and enhance the business environment could boost the outlook.

Real Sector Developments

Real sector preliminary indicators reveal that growth in the economy was fueled predominantly by construction activity and the tourism industry. Construction activity was buoyant in the first six months of 2018 evidenced by increases in both the volume (17.1 per cent) and value (25.9 per cent) of imports of construction materials. The robust performance of the sector was chiefly associated with private sector led work on tourism accommodation plants, and construction works related to the St Georges University expansion. Construction activity in the public sector, focused on the completion of the Parliament building and upgrades to roads and schools.

Value added in the tourism industry is estimated to have increased in the first half of 2018. The performance of the stay–over visitors' segment was strong, evidenced by a doubling of the growth rate to 10.7 per cent, yielding a total in this category of 79,367. This upswing was associated with additional airlift, intensified marketing and the hosting of various international and regional events, conferences and meetings. Stay-over arrivals increased from the source markets of the USA

(21.3 per cent), Canada (11.2 per cent), the Caribbean (5.4 per cent) and Europe (1.1 per cent). This development was further supported by a significant boost in cruise tourism due to the diversion of cruise ship calls from the Northern Caribbean to Grenada, as a result of the damage to port infrastructure caused by hurricanes Irma and Maria. Accordingly, the number of cruise arrivals spiked by 26.5 per cent to 220,125. Of the remaining categories of visitors, a decline was recorded in the number of excursionists (52.4 per cent) while yacht passengers grew by 8.4 per cent. As a result of the aforesaid developments, total visitor arrivals are estimated to have increased by 21.0 per cent to 314,574, in contrast to a decline of 11.1 per cent in the comparable period of 2017.



Positive spill-over effects from the construction sector and tourism activity are likely to have underpinned growth in sectors such as wholesale and retail trade; and transport, storage and communications.

Performance in the manufacturing sector is estimated to have strengthened during the period under review. Production grew for most beverages, with the exception of rum and stout, which posted declines of 25.1 per cent and 23.2 per cent, respectively. Higher levels of production were reported for soft drinks (23.9 per cent); beer (24.8 per cent); and malt (11.8 per cent). Of chemicals and paints, production increased for oxygen (3.4 per cent); paint (13.5 per cent) and acetylene (57.4 per cent). Regarding animal feed, production of poultry feed expanded by 55.5 per cent while that of wheat bran contracted by 14.7 per cent. Of the other manufactured goods output of toilet paper expanded by 17.1 per cent while that of flour declined by 11.7 per cent.

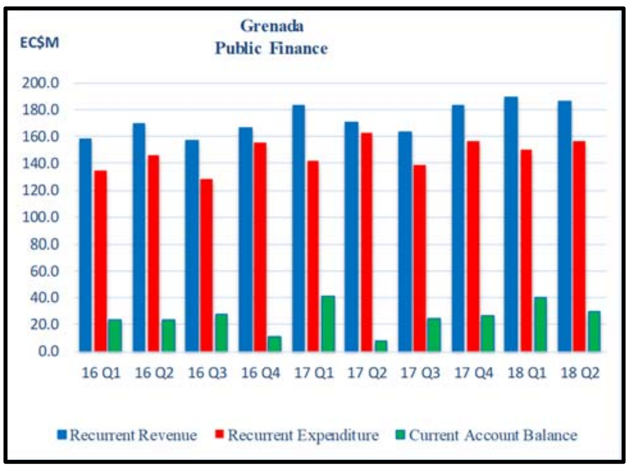
The agricultural sector continued to underperform, constrained by factors such as adverse weather and pests. The sector was weakened by declines in the output of mace (45.2 per cent), nutmeg (26.9 per cent) and bananas (7.6 per cent). Furthermore, the overall output of other crops, including fruits, vegetables, and ground provisions, is estimated to have contracted by 13.5 per cent to 1,069,769 pounds, albeit a lower rate of decline than the 22.1 per cent reported in the first half of 2017. On the positive side, output of cocoa rose by 2.0 per cent.

Inflationary pressures decelerated during the first half of 2018. The rate of inflation declined to 0.4 per cent from 0.6 per cent in the first half of 2017. This deceleration was on account of a reduction in the rate of growth of the transport sub-index, which slowed to 0.5 per cent from 2.9 per cent in the comparable period of the prior year. Meanwhile, the largest weighted index of housing, utilities, gas and fuels posted the strongest gain of 0.8 per cent consistent with the uptick in global oil prices. Other notable increases were recorded for the sub-indices of food and non-alcoholic beverages (0.3 per cent); and education (1.1 per cent). The other sub-indices recorded little and no change during the period under review.

Fiscal and Debt Developments

Fiscal policy in Grenada is guided by the Fiscal Responsibility Legislation enacted in 2015 during the Home Grown Structural Adjustment Program. Against this backdrop, the fiscal policy stance remained cautious, leading to an increase in the central government overall surplus. **The overall surplus expanded to $67.8m in the first six months of 2018 from $51.7m in the corresponding period of 2017.** Similarly, the primary surplus improved by 9.3 per cent to $96.1m. These improvements in the fiscal balances represented the simultaneous effects of vibrant economic activity and enhancements in tax administration.

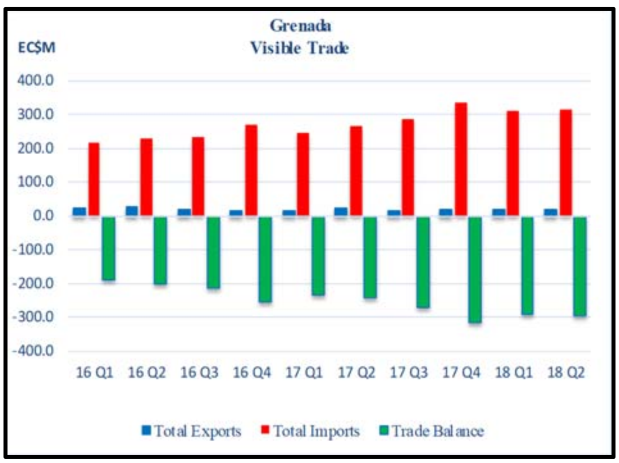
For the six-month period ended June 2018, a current account surplus of $69.1m was reported, up from $49.1m in the corresponding period of 2017. The better outturn on the current account signified stronger revenue performance while expenditure growth was contained. Current revenue increased by 6.1 per cent ($21.7m) to $375.7m, driven largely by tax receipts, which accelerated by 6.1 per cent ($20.5m) to $358.7m. Receipts from taxes on domestic goods and services advanced by 5.3 per cent ($7.5m), primarily associated with an increase in revenue of $9.4m from the Value Added Tax aligned with robust economic activity. The yield from taxes on international trade and transactions rose by 11.8 per cent ($12.2m) boosted mainly by improved revenue performances for import duty, customs service charge and the petrol tax. Receipts from taxes on property climbed by 11.0 per cent ($1.9m). These tax gains were supported by growth of 7.3 per cent ($1.2m) in non-tax revenue. In contrast, revenue from taxes on income and profit fell marginally by 1.5 per cent ($1.1m), led by lower receipts of $2.8m from the company tax while personal income tax collections rose by $1.7m.



Current expenditure rose at a marginal rate of 0.6 per cent ($1.7m) to $306.7m, on account of growth in most categories of spending, with the exception of interest payments. Expenditure on personal emoluments, a major sub-item, grew by 2.2 per cent ($3.0m), as a consequence of a 3.0 per cent salary increase along with other payments to public officers. Transfers and subsidies rose by 5.3 per cent ($3.7m), mainly influenced by higher payments for transfers made abroad and to a lesser extent pensions. Spending on goods and services grew by 4.9 per cent ($3.0m). Interest payments, which was of exception, declined by 22.0 per cent ($8.0m) attributable principally to lower payments upon the conclusion of debt restructuring with some major external creditors. In terms of other developments on the current account, grant resources in support of current expenditure totaled $6.9m, slightly above the amount of $6.6m in the first half of 2017.

On the capital account, capital grants trended downwards to $22.1m from $23.1m in the first six months of 2017. Despite lower grant financing, capital expenditure surpassed the level of 2017 by $3.1m to $30.2m.

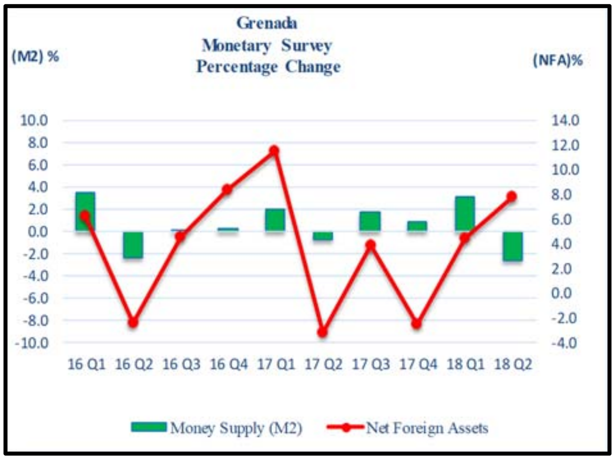
The disbursed outstanding debt of the public sector totalled $2,057.8m at the end of June 2018, compared with $2,119.2m at the end of December 2017. This downward movement represented reductions in the debt stock of the central government by 2.9 per cent to $1940.8m, and that of public corporations by 2.8 per cent to $117.0m. The decline in central government debt largely reflected a 13.8 per cent ($82.1m) reduction in domestic debt due to scheduled amortization payments and to a lesser extent, the reclassification of debt issued on the RGSM based on investor residence. Meanwhile, central government external debt increased by 1.7 per cent ($24.1m) representing external loans received on concessional terms from the Caribbean Development Bank (CDB), the World Bank and the Organisation of the Petroleum Exporting Countries (OPEC).



Banking Sector Developments

Monetary liabilities (M2) expanded at a decelerated rate of 0.5 per cent to $2,247.8m during the first six months of 2018, compared with growth of 1.2 per cent observed in the first half of 2017. The expansion in M2 was driven by a 2.6 per cent ($16.3m) growth in narrow money (M1) to $641.4m. Of the components of (M1), private sector demand deposits rose by 7.6 per cent, offsetting the declines in both Currency with the Public (11.3 per cent) and EC$ Cheques and Drafts Issued (14.5 per cent). Meanwhile, quasi money which is the bulk of M2, contracted by 0.3 per cent ($4.8m) to $1,606.4m. The evolution in quasi money represented downward movements in private sector time deposits (12.3 per cent) and private sector foreign currency deposits (5.7 per cent), which surpassed the growth in private sector savings deposits (2.6 per cent).

The net foreign assets of the banking system grew by 12.6 per cent ($138.5m) to $1,236.5m, representing an acceleration from the rate of growth of 8.0 per cent during the first half of 2017. This development stemmed largely from an expansion of 25.3 per cent ($144.4m) in the net foreign assets of commercial banks. More specifically, this reflected an increase in commercial banks asset position with head offices and branches outside the Currency Union as well as their foreign investment portfolio. The growth in commercial banks net assets was tempered by a contraction in Grenada's imputed share of the Central Bank's reserves by 1.1 per cent ($5.9m) to $520.3m.



Domestic credit continued on a downward trajectory, registering a steeper decline of 4.8 per cent during the period of review, compared with one of 3.2 per cent in the corresponding period of 2017. This acceleration in the pace of decline was on account of the transactions of Non-Financial Public Enterprises (NFPEs) which led to an increase in their net deposit position. The net deposit balance of NFPEs rose by 13.0 per cent ($30.1m) due to a 10.6 per cent increase in deposits while their credit balance contracted by 1.2 per cent. On the upside, private sector credit rose by 1.3 per cent ($19.7m), reflecting an uptick in outstanding credit to businesses (3.8 per cent) and households (0.1 per cent). The central government's total credit from the banking system was down by 14.0 per cent, while its deposits rose by 21.1 per cent. Consequently, the net deposit position of the central government climbed by 39.6 per cent ($47.8m) to $168.4m.

An analysis of outstanding credit by economic activity indicates that credit for personal use, the highest category, remained virtually unchanged from the same period last year. This occurred because the increase in loans for durable consumer goods ($3.3m), was offset by contractions in other personal loans ($2.3m) and loans outstanding for the acquisition of property ($1.1m). Outstanding credit increased for the major economic sectors of tourism ($21.9m); distributive trades ($5.3m); entertainment and catering ($4.2m); and agriculture and fisheries ($0.9m). Meanwhile, credit outstanding declined for professional and other services ($7.9m); utilities, electricity and water ($5.1m); construction ($4.2m); and manufacturing plus mining and quarry ($0.7m).

Commercial bank liquidity rose during the first half of 2018, evidenced by a 1.0 percentage point decline in the ratio of loans and advances to total deposits to 55.3 per cent. The ratio of non-performing loans to gross loans continued on a downward trajectory, reaching 3.1 per cent at the end of June 2018 from 3.9 per cent at the end of December 2017.

External Sector Developments

A merchandise trade deficit of $586.3m was estimated in the first six months of 2018 above that of $477.1m recorded in the comparable period of 2017. The larger deficit mainly resulted from an increase in the value of imports, which recorded growth of 22.2 per cent to $626.2m. There were marked increases in the importation of food and live animals; mineral fuels and related materials; manufactured goods; and machinery and transport equipment, partly in support of construction activity and tourism related services. Bolstered by growth of both re-exports and domestic exports, the value of exports is estimated to have increased by 12.5 per cent to $39.9m. The value of re-exports rose by 42.1 per cent to $3.3m on account of the repatriation of machinery and transport equipment. Domestic export earnings expanded by 10.5 per cent to $36.6m, in accordance with higher export receipts from agricultural exports ($5.7m), in particular nutmeg and other crops. In addition, earnings from manufactured goods, such as paper products and animal feed, rose by $1.5m.

Gross travel receipts rose by 10.8 per cent to $209.5m in keeping with robust activity in the tourism industry. Commercial banks transactions resulted in a net outflow of $144.4m, relative to one of $66.8m during the first half of 2017. External loan disbursements tapered to $12.7m from $37.6m in the first six months of 2017, while external amortization amounted to $48.9m, approximately $3.1m above the amount recorded in the prior year. Accordingly, the central government was in a net amortization position of $36.2m in the first half of 2018 up from one of $8.2m in the comparable period of 2017.

Outlook

Preliminary projection points to GDP growth of 3.3 per cent in 2018, fuelled by construction activity and the tourism industry along with the auxiliary sectors of wholesale and retail trade; and transport, storage and communications. Construction activity will be buoyed by both public and private sector projects. In the public sector, construction works will include the rehabilitation of road networks, climate adaptation projects as well as the airport expansion project, which is expected to begin in the last quarter of the year. Private sector construction activity will focus primarily on the construction and refurbishing of hotels and student accommodation. The tourism industry will benefit from improvements and additions to the hotel stock and intensified marketing of the destination, both regionally and internationally. These developments will be supported by marginal improvements in the agricultural and manufacturing sectors as well as education services. Against the backdrop of rising international global energy prices, the rate of inflation will inch upwards, reversing the downward trend observed in the first half of the year.

In the external sector, the merchandise trade deficit is projected to widen predicated on a higher level of imports of construction materials, rising energy prices and in keeping with the general uptick in economic activity. The rise in import payments is likely to be partly tempered by greater export receipts from some agricultural and manufactured goods including nutmeg, cocoa, animal feed and paper products.

The central government is expected to realise a larger overall surplus in 2018 based on the fiscal outturn to date and ongoing efforts to enhance tax administration. Current revenue is expected to grow in line with the continued uptick in economic activity and efforts to improve tax administration and collections. Meanwhile, growth in primary expenditure is not expected to exceed 2.0 per cent consistent with the FRA. Consequently, it is likely that a primary surplus in excess of 5.0 per cent of GDP will be obtained for the year, and hence contribute to further debt reduction.

While the outlook for the economy is broadly optimistic, there are several risks and challenges that could impact these expectations. Risks on the downside include an unforeseen slowdown in the global economy due to developments in the USA economy along with continued Brexit uncertainty and adverse weather. In particular, the introduction of import tariffs led by the USA and retaliatory actions by its trading partners could interrupt global trade and by extension global output. Although the Grenadian economy is considered one of the most diversified in the ECCU, these global risks can be mitigated in the short to medium term by diversification of tourism source markets; expanding agro-processing; and the application of technology and other scientific enhancements to agricultural production. The authorities should also reinforce efforts to combat the adverse effects of climate change through the implementation of global best practices geared towards adaptation and mitigation.

On the fiscal side, the commitment by the authorities to honour pension payments and implement a National Health Insurance Scheme, could increase primary expenditure and inhibit compliance with the FRA. These added fiscal costs can limit the ability of the government to support economic growth amidst the challenges of high unemployment levels and skills mismatches; and the slow implementation of the public sector investment programme due to capacity constraints. Nevertheless, it is envisaged that any additional fiscal costs will be managed within the confines of the FRA. On the upside, the discovery of oil and natural gas, and the continued implementation of initiatives to strengthen growth and improve the business environment could boost the outlook. Furthermore, reforms to the education system to better meet the needs of the labour market along with efficient fiscal and debt management could better position the country to overcome some of those challenges and risks, and protect the gains from the recently concluded Home Grown Structural Adjustment Programme.

M O N T S E R R A T

Overview

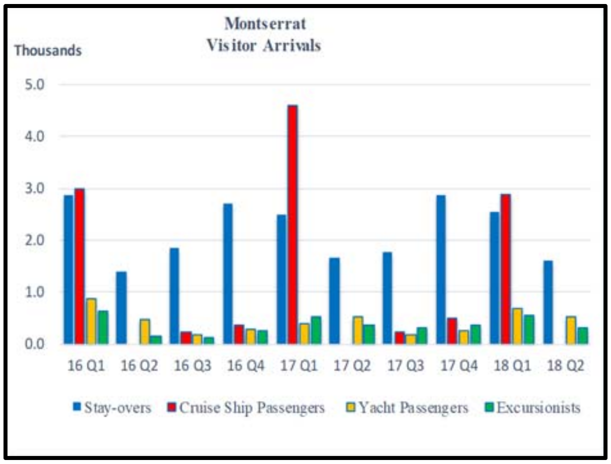
Economic activity in Montserrat is provisionally estimated to have expanded in the first six months of 2018 relative to the corresponding period of 2017. The main sector contributing to the performance was public administration. The consumer price index fell by 0.5 per cent, on an end of period basis while the merchandise trade deficit worsened as the value of imports increased. The fiscal operations of the central government resulted in an overall deficit, however, the overall deficit was much smaller as grant flows during the period increased. In the banking system, total monetary liabilities grew, while, net foreign assets remained relatively unchanged and commercial banks' net deposit position was reduced. Overall, liquidity conditions remained relatively stable and high, while non-performing loans stood at 5.9 per cent at the end of June 2018.

The outlook for the economy in 2018 is positive, as economic growth is expected to continue. This projection is premised on developments in the major contributors to economic activity, namely government services, construction, financial intermediation and tourism, which are likely to pick up in the second half of 2018 and have spill over effects on the performance of allied sectors. Improvements in the central government's fiscal balances in 2018 will depend on increases in current revenue, the containment of expenditure on transfers and subsidies, and goods and services. An improvement in the level of budgetary aid from the United Kingdom; which, on average, has financed over two-thirds of total expenditure will also help to improve the government's fiscal balance. However, the uncertainty around the Brexit negotiations, limited air access, possible disruptions in the implementation of development projects to restore the island's infrastructure and untimely access to budgetary aid pose significant risks to the economic growth prospects. Additionally, there remains the threat of volcanic eruption and adverse weather conditions during the 2018 hurricane season.

Real Sector Developments

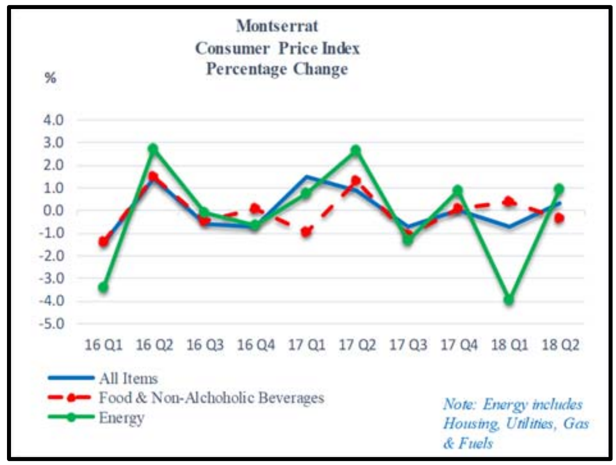
Value added in public sector administration, defence and compulsory social security, the largest contributor to economic output, is estimated to have risen in the first six months of 2018. This is evident by increased remuneration to public servants (central government employees) as personal emoluments increased by 3.7 per cent to $22.2m.

Value added in the tourism industry, as proxied by the hotels and restaurants sector, was estimated to decline during the first six months of 2018 relative to the output in the corresponding period in 2017. Total visitor arrivals decreased by 13.9 per cent to 9,100, in contrast to an increase of 31.3 per cent in the comparable period of the previous year. This reduction was because of a decline in three of the major categories of visitors. Cruise passengers decline by 37.6 per cent (1,734) in contrast to a 54.4 per cent (1,624) increase in the same period last year. The number of stay-over visitors declined by 0.2 per cent to 4,155, indicative of a decrease in the number of tourists from, Canada (6.5 per cent), other countries (4.7 per cent) and the Caribbean (2.7 per cent). These declines were however, tempered by increases in visitors from the UK (3.2 per cent) and USA (2.7 per cent). In addition, the number of excursionists decreased by 3.1 per cent (28) in contrast with a 12.2 per cent increase in the corresponding period of the prior year. However, although the number of yacht calls to Montserrat declined in the review period, yacht passenger arrivals rose by 32.7 per cent to 1,205.



In the construction sector, data were mixed, as credit to the sector declined by 8.4 per cent in the January to June period of 2018; however, there was a 10.4 per cent increase in capital spending in the review period. Some of the projects currently ongoing are the repairs to the roof and external canopies of the Montserrat Port Authority ferry terminal, refurbishment of the Brades Primary school and repairs to roads and bridges.

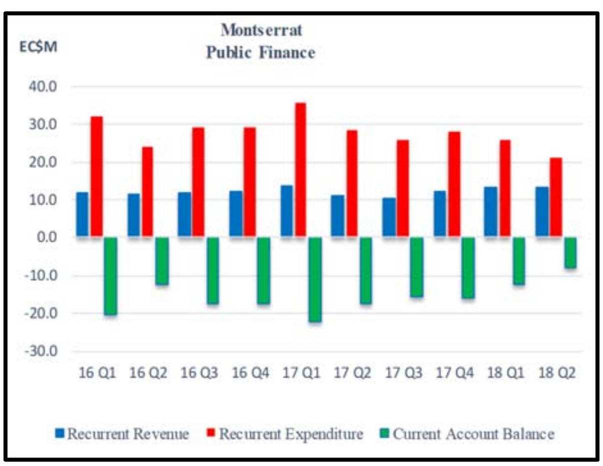
The consumer price index decreased by 0.5 per cent, on an end of period basis. This outturn was largely associated with a 3.0 per cent decline in the housing, water, electricity, gas and other fuels sub-index. The overall decline in prices was also reflective of downward movements in the recreation and culture (2.7 per cent), education (0.9 per cent) and health (0.7 per cent) sub-indices. However, the decrease in the general price level was tempered by increases in the sub-indices for clothing and footwear (1.4 per cent), furnishings, household equipment and routine household maintenance (1.3 per cent), and communication (0.6 per cent).



Fiscal and Debt Developments

The fiscal operations of the central government resulted in a smaller deficit in the first six months of 2018 in comparison to the corresponding period of 2017. An overall deficit (after grants) of $0.7m was recorded, in comparison to a deficit of $23.6m in the corresponding period of 2017. This development mainly reflected the improvements in disbursement of grant aid. Current grants grew by 167.5 per cent in the first half of the year to $41.1m in contrast to a decline of 45.4 per cent in the previous year. Overall grant aid increased in the first six months of the year by 85.9 per cent in contrast to a decline of 40.4 per cent in the corresponding period of the previous year.

Current revenue improved by 7.9 per cent to $26.7m in comparison to an increase of 6.1 per cent in the corresponding period of 2017. This outturn resulted primarily from a 7.8 per cent increase in tax revenue to $23.8m in comparison to an increase of 5.2 per cent in the first half of the previous year. The increase in taxes was driven by growth in collections in all categories: taxes on income and profits ($0.8m), taxes on domestic goods and services ($0.8m), taxes on international trade and transactions ($0.1m) and taxes on property ($0.1m). An increase in non-tax revenue ($0.2m) also contributed to the overall increase of current revenue.



Current expenditure increased by 2.3 per cent to $65.8m, largely due to expenditure on goods and services which increased by 8.8 per cent ($2.0m) to $24.9m. Spending on personal emoluments increased by 3.7 per cent ($0.8m) to $22.2m, and was due largely to the increase in salaries for civil servants. Outlays on transfer and subsidies declined during the period under review by 6.7 per cent ($1.3m). Meanwhile, interest payments primarily on external debt remained relatively unchanged.

Capital expenditure grew by 10.4 per cent to $6.7m in the review period in contrast to a decline of 41.4 per cent in the corresponding six months of 2017. The increase in capital expenditure was due largely to road works and bridge repairs.

The stock of public sector external debt stood at $10.3m at the end of June 2018, compared with a balance of $10.5m recorded at the end of December 2017. The decrease in debt stock is attributable to the Montserrat Utilities Limited starting to pay the interest on the Caribbean Development Bank (CDB) loan to for the new power plant. Of the $10.3m total debt, the central government held $6.8m, while public corporations accounted for $3.5m.

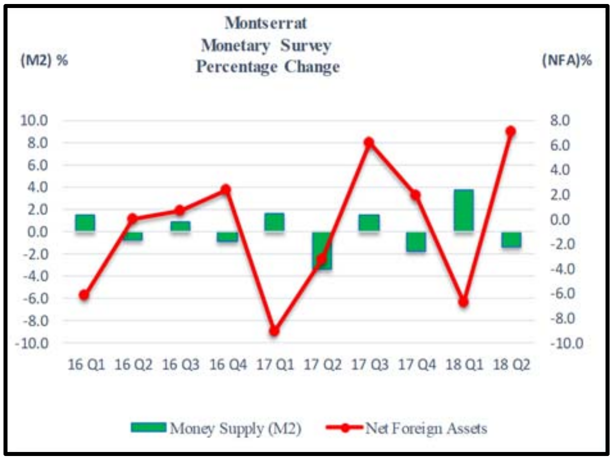
Banking Sector Developments

In the banking system, monetary liabilities (M2) increased by 2.5 per cent to $248.8m during the first six months of 2018, in contrast to a decrease of 1.7 per cent to $243.2m during the first six months of 2017. This outturn was largely due to growth of 8.5 per cent in narrow money supply (M1) to $65.9m. Within this category, private sector demand deposits increased by 10.3 per cent ($4.0m) and currency with the public grew by 3.8 per cent ($0.8m). Another contributing factor to the higher level of M2 was a 0.4 per cent expansion in quasi money to $182.8m, which was mainly attributable to a 2.2 per cent ($3.1m) increase in private sector savings deposits.

The net deposit position of the Government of Montserrat declined to $8.5m after the first six months of 2018. This outcome resulted from the central government holding fewer deposits at commercial banks, as it decreased by 5.6 per cent. The net deposit position of non-financial public enterprises declined by 29.6 per cent to $10.2m. Private sector borrowing increased by 1.3 per cent, largely associated with 2.8 per cent growth in credit to households.

Personal loans, which accounted for an estimated 85.6 per cent of credit outstanding, rose by $2.0m to $86.8m. This upturn was reflected primarily in lending of $2.4m for acquisition of property to $71.2m and $0.1m for durable consumer goods to $4.7m. However, there were declines in lending for tourism ($0.2m) manufacturing and mining and quarry ($0.04), construction ($0.4m) and distributive trades ($0.5).

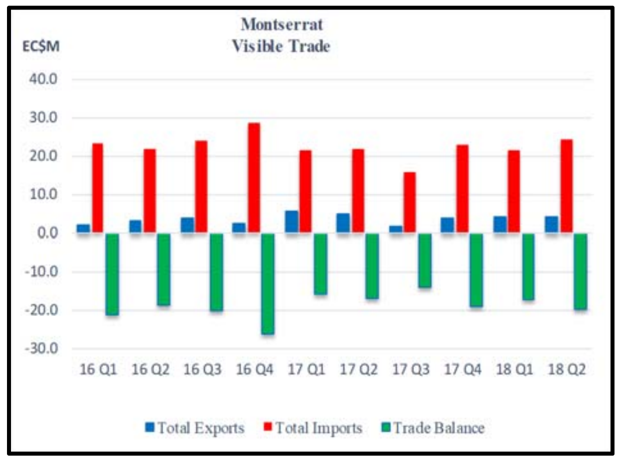
The net foreign assets (NFA) in the banking system declined by 0.1 per cent to $295.7m. This decline was largely attributable to a 4.1 per cent reduction in the net foreign assets of commercial banks that totalled $160.5m. The fall in net external assets of commercial banks was fuelled by a decrease of 22.2 per cent in net assets held with institutions within the Currency Union. At the same time, Montserrat's imputed share of reserves held with the Central Bank grew by 5.2 per cent to $135.2m.



Liquidity in the banking system remained high and stable in first half of 2018. The ratio of liquid assets to total deposits and liquid liabilities was 85.1 per cent well above the minimum prudential benchmark of 25.0 per cent indicative of a lack of bankable projects. The surplus liquidity condition is further evidenced by a ratio of loans and advances to total deposits of 29.6 per cent at the end of the review period, below the prudential guidelines of 75.0 per cent to 85.0 per cent. The ratio of non-performing loans to gross loans was 5.9 per cent, slightly above the ECCB's recommended limit of 5 per cent.

External Sector Developments

There was a deterioration in the trade balance for the first six months of 2018 compared with the corresponding period in 2017. The trade deficit expanded by 13.5 per cent to $37.2m in the first half of the year. This outturn was captured in an increase in import payments of 5.4 per cent to $45.6m. The expansion was fueled by an increase in the importation of mineral fuels and related materials of 29.3 per cent ($2.1m). In addition, driving the increase in the value of imports was food and live animals as it grew by 12.6 per cent ($0.8m).



The deterioration of the trade balance was also attributed to a 19.8 per cent decrease in the value of exports to $8.4m in the first half of the year. This decrease was due to a decline in domestic exports 31.5 per cent ($2.8m) in contrast to an increase of 134.0 per cent in the first 6 months of 2017. However, the overall decline in exports was tempered by an increase of 46.4 per cent ($0.7m) in the value of re-exports.

Outlook

The economy of Montserrat is projected to expand in the second half of 2018 as the performance of key economic sectors is expected to pick up. The increase in salary for civil servants along with the hiring of new civil servants will fuel growth in 2018. In addition, growth will be fuelled by the USD$20m of first phase of the Little Bay project. Phase one of the development consists of the construction of safe docking and mooring facility to cater for cruise and cargo vessels. However, Montserrat, a British Overseas territory, depends heavily on grant financing from the Government of the UK and this could be affected by the uncertainty around Brexit. In addition, any depreciation of the Sterling would adversely impact the level of budgetary support received by the Government.

The slowdown in construction activity in the first half of 2018 may be reversed, if maintenance and other infrastructural projects addressing road works, social housing, water supply and drainage and sanitation works are implemented in the second half of 2018. Improvement is also expected in the construction sector, in light of the announcements made by Government regarding a number of public sector projects namely; repairs to the roof and external canopies of the Montserrat Port Authority's (MPA) ferry terminal and refurbishment of the Brades and Salem Primary Schools.

The tourism industry is likely to improve in 2018 as a number of cruise ships calls in the second half of the year will increase. Coupled with enhanced access and marketing, there should be a recovery in the number of stay-over visitors, excursionists and yacht passengers to the country. These developments are likely to positively contribute to improvements in the ancillary sectors such as wholesale and retail trade and transport, storage and communications.

Improvements in tax collection and compliance as well as enforcement of tax laws should provide for gains in revenues collected for the remainder of 2018. Expenditure is expected to increase in 2018 as the government is expected to implement several capital projects.

The economic performance of Montserrat in 2018 is largely dependent on the availability and timeliness of budgetary aid, positive developments in the global macro-economic environment, access to the country and a lower incidence of threats from natural disasters. **The downside risks are the Brexit negotiations, limited air access, possible disruptions in the implementation of development projects to restore the island's infrastructure and untimely access to budgetary aid.**

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

Overview

Data for the first half of 2018 indicate that the economy of St Kitts and Nevis expanded, at an accelerated rate relative to the performance of the corresponding period of 2017. The increase in economic activity was sustained by buoyancy in the hotels and restaurants; transport, storage and communications and real estate, renting and business activities sectors. Increases in value added were also recorded for the manufacturing and agricultural sectors. Consumer prices fell by 1.3 per cent on an end of period basis. **The fiscal position of the Federal Government increased to a larger overall fiscal surplus during the period under review, compared with the corresponding period in 2017. Notwithstanding the improvement, however, there was a marginal increase in total outstanding debt for the public sector.** Developments in the banking system reflected an increase in the net foreign assets and lower domestic credit, while monetary liabilities remained largely unchanged. Commercial bank liquidity increased, and the weighted average interest rate spread between loans and deposits widened.

The economy of St Kitts and Nevis is forecasted to expand further in 2018, on the strength of ongoing developments in the real sector; mainly construction, hotels and restaurants, manufacturing and the recovery in agriculture. Positive developments in the major productive sectors will likely impact activity in wholesale and retail trade; transport, storage and communications; and the real estate, renting and business activities sectors. External pressures associated with higher global demand and heightened geopolitical tensions are anticipated to intensify inflationary pressures particularly on the price of petroleum. The ongoing trade war between the USA and China will also intensify price pressures impacting not only core inflation (fuel and food), but headline inflation rates as well. Buoyancy in the domestic economy will further strengthen the fiscal performance of the Federal Government. Consequently, total revenue is estimated to increase, relative to the outturn in 2017. The fiscal performance will be further supplemented by the recent outperformance of receipts from the Citizenship by Investment (CBI) programme, in particular, the attractiveness of the recently established Growth and Resilience Fund. An improved fiscal outturn may be mitigated somewhat by an expansive capital investment programme currently being undertaken aimed at enhancing public infrastructure. Consequently, a forecasted increase in total revenue, may not translate to an increase in the overall surplus.

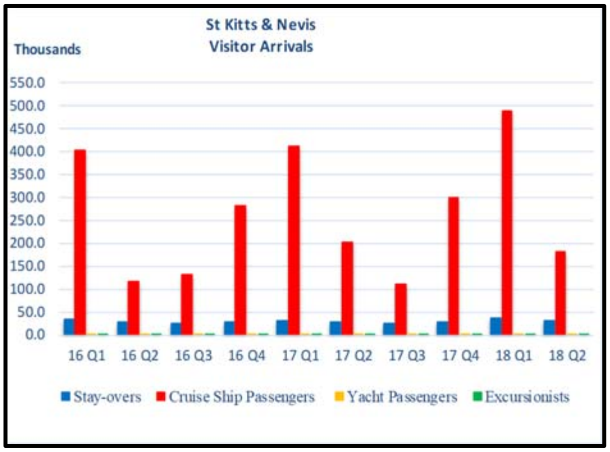
Risks to the outlook are largely associated with global trade related uncertainties between the USA and the rest of the world, predominantly China. The rhetoric between the USA and China continues to escalate as retaliatory tariffs have been applied to the exports of both countries. The outcome of planned trade talks between the two countries appears uncertain, while punitive actions on the part of both countries may likely have adverse impacts on global trade and prices. Other risks include, geo-political tensions between Iran and the USA in regards to Iran's nuclear programme and the uncertainties about the relationship between the USA and North Korea. Second order risks to the outlook for 2018 include the continuous threat of damage to the economic and social infrastructure caused by issues related to global warming including; hurricanes, floods and drought. Additionally, the ongoing challenge of criminal activity could pose a disincentive to private investment.

Upside risks include the resilience of the Citizenship by Investment programme, largely augmented by the Growth and

Resilience Fund sub-component of the CBI programme, which was preceded by the successfully introduced Hurricane Relief Fund. Reforms to the CBI programme which apart from refinements to the delivery of services under the CBI programme, included the establishment of a lower entry price point for investors which was well received. Additionally, the buzz associated with the destination as it continues its foray into luxury tourism will likely increase the attractiveness of the destination to foreign investment and holiday makers.

Real Sector Developments

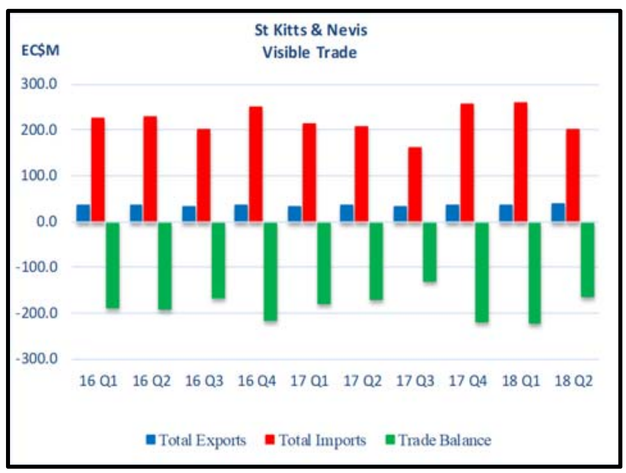
Value added in the hotels and restaurants sector, a proxy of developments in the tourism industry, is estimated to have also expanded in the first half of 2018, influenced by increases in both the number of stay-over visitors and cruise passenger arrivals. The number of stay-over visitors is estimated to have risen by 11.1 per cent to 67,128 from January to June 2018, in contrast to a 3.5 per cent decrease in the corresponding period of 2017. Higher stay-over visitors reflected estimated increases in all of the major source markets, including the USA (11.5 per cent), the Caribbean (12.6 per cent), UK (10.9 per cent) and Canada (8.3 per cent). The higher performance of the USA market, was partly influenced by buoyancy in that market and the opening of the Park Hyatt Resort. The recovery in visitors from the Caribbean source market reversed a decline in the first half of 2017. Likewise, the improved performance of the UK market may reflect a more optimistic economic outlook in Europe. The increase in the number of stay-over visitors was buttressed by an expansion in the performance of the cruise sub-sector. Cruise passenger arrivals are estimated to have risen by 9.3 per cent (57,159) to 669,844, in the first six months of 2018, compared with a 17.5 per cent (91,067) increase in the corresponding period of 2017. The improved performance was partly attributable to an increase in the number of cruise ship calls to 360 from 262. The number of excursionists rose by 15.1 per cent to 2, 272, reversing a 13.2 per cent rise in the first half of 2017. In contrast, the number of passengers visiting by yacht fell by 58.4 per cent to 1,335, in contrast to a 35.4 per cent increase in the corresponding period in 2017. The foregoing developments in the various visitor sub-categories resulted in an estimated 9.2 per cent increase to 740,579 in total visitor arrivals, compared with a 15.2 per cent increase in the corresponding first half of 2017.



In contrast, value added in the construction sector, fell slightly in the first half of 2018, compared with the performance in the comparable period of 2017, on account of reduced activity in the private and public sectors. The Park Hyatt, St Kitts Resort which headlined construction in 2017 contributed significantly to activity in the sector, consequently upon its completion in October 2017 construction activity diminished. Activity in the sector was also constrained by completion work on the Koi Resort and Residences and the Customs House at Christophe Harbour. The decline in private sector construction activity was mitigated by increased activity at the T-Loft Pirates' Nest development in Frigate Bay and the Heldens Estate Condominium Resort and Residences in the north of St Kitts. Other construction work related to the hospitality industry included; intensified work on the Sea View Gardens hotel project, which commenced in March 2018 and the King's Pavillion Hotel in Basseterre, while other private fixed capital investment included both commercial and residential construction. In Nevis, work continued on the construction of a number of villa developments. Public sector investment also registered lower output, as indicated by a 13.4 per cent decrease in capital outlays over the review period influenced by lower capital expenditure in Nevis.

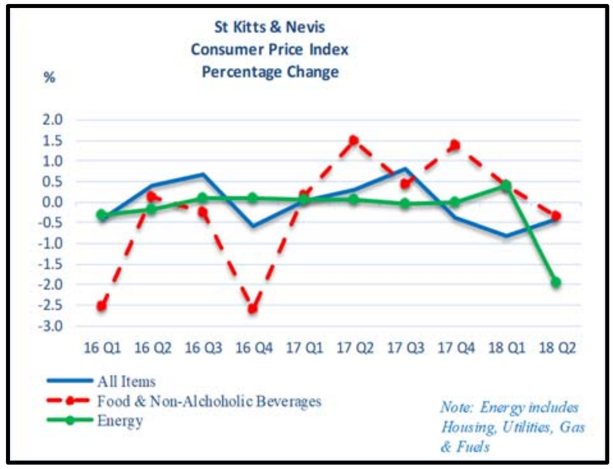
Public investment in Nevis fell (37.5 per cent) consistent with the completion of work on the Mondo athletics track, and slower activity on the Caribbean Development Bank funded water distribution project. Activity, however, was buoyed by developments related to the construction of the new Treasury Building, the resurfacing of the Brown Hill road and the renovation of a school. In St Kitts, public investment rose (18.3 per cent) as work commenced on major public infrastructural projects including; the second cruise pier ($47.0m), the resurfacing of the island main road and the East Line Bus Terminal. Work also continued on the Coast Guard Headquarters at Bird Rock, a police training facility at Lime Kiln, and the National Heroes Park (US$2.0m). The assessment of decreased construction activity was supported by a further 29.0 per cent decrease in the volume of imports of construction related materials, compared with a 22.1 per cent drop in the volume of similar imports in 2017. Notwithstanding the lower level of private and public investment, there was an estimated 5.0 per cent increase in the volume of sand mined from the government quarry to 30,315 cubic yards, compared with a 5.7 per cent increase in the first six months of 2017. Likewise, an estimated 5.0 per cent increase to 24,685 cubic yards, in the volume of stones mined, stood in contrasted to a 0.3 per cent decline in the corresponding period of 2017.

Value added in the manufacturing sector, strengthened, buoyed by an increase in the production of beverages. The output of alcoholic beverages is estimated to have increased as the volume of exports of alcoholic beverages rose by 36.7 per cent compared with an increase of 30.7 per cent in the first half of 2017. However, the increase in manufacturing output was moderated by a decrease in the production of electronic components as proxied by a 49.0 per cent decline in the export of 'other commodities.' **Increases in value added were estimated for the agriculture, livestock and forestry sector, driven by across the board increases for all of the subsectors; crops, livestock and chicken.** Higher crop production largely reflected increases of 8.0 per cent in the output of pumpkins, sweet potatoes and tomatoes. Other major contributors to the outturn include; increases in the production of watermelons, carrots and sweet peppers of 8.0 per cent respectively. In the livestock subsector, output is estimated to have expanded, largely influenced by a 2.5 per cent rise in the production of beef and pork respectively. The estimated higher performance of the agricultural sector was further supported by a 2.6 per cent rise in the production of mutton and goat meat, while the output of eggs rose by 2.5 per cent.



The positive externalities generated by the expansionary results in the hotels and restaurants, manufacturing and agricultural sectors, would have favourably impacted the transport, storage, and communications; real estate, renting and business activities and wholesale and retail trade sectors, providing further impetus to economic output.

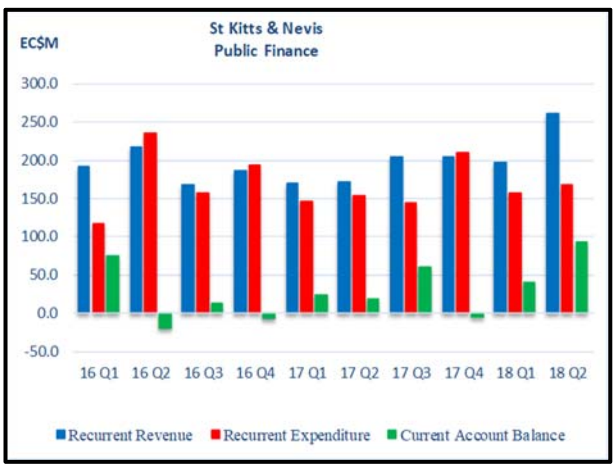
The consumer price index fell by 1.3 per cent on an end of period basis during the first six months of 2018 in contrast to a 0.3 per cent increase during the corresponding period of 2017. The decrease in the index was attributable to lower prices for the transport; housing utilities, gas and fuels sub-indices, which accounted for 45.1 per cent of the total weight of the goods and services basket. The transport sub index declined by 4.2 per cent, and that for housing utilities, gas and fuels fell by 1.6 per cent. The other sub-indices that recorded significant decreases included; education (2.7 per cent), health (1.4 per cent) and alcoholic beverages, tobacco and narcotics (1.5 per cent). The decrease in the CPI was moderated by increases in a number of individual sub-indices including; food and non-alcoholic beverages and miscellaneous goods and services of less than 0.1 per cent and 1.9 per cent respectively.



On an individual territory basis, there was on average a 1.3 per cent decrease in prices in St Kitts coupled with a 1.2 per cent reduction in prices in Nevis during the period under review. The lower CPI in St Kitts reflected reduced prices on average for the sub-indices; transport (7.8 per cent); food and non-alcoholic beverages (0.4 per cent) and alcoholic beverages, tobacco and narcotics (2.2 per cent). In Nevis, the major contributors to the downward movement in the CPI were reductions in the sub-indices; housing utilities gas and fuels (4.7 per cent); household furnishings, supplies and maintenance (4.9 per cent); education (2.4 per cent) and recreation and culture (1.4 per cent).

Fiscal and Debt Developments

The fiscal operations of the Federal Government resulted in an overall surplus (after grants) of $110.7m in the first six months of 2018, compared with a smaller surplus of $19.0m in the corresponding period of 2017. A primary surplus (after grants) of $131.9m was recorded compared with one of $41.0m in 2017. The widening of the overall fiscal surplus reflected an increase in the current account balance coupled with a decrease in capital expenditure.



Current revenue rose by 34.2 per cent to $458.3m in the first half of 2018, in contrast to a 16.5 per cent decline in the corresponding period of 2017. The increase in current revenue was influenced by non-tax receipts supplemented by higher tax receipts. Tax revenue rose by 4.1 per cent to $253.8m, fuelled by a broad based increase in all of the major revenue categories particularly; collections for taxes on international trade and transactions and domestic goods and services. Receipts of taxes on international trade rose by 6.0 per cent, attributable to an increase in inflows of import duty (8.4 per cent) and a doubling of travel tax collections. Higher tax receipts on international trade were also influenced by increased collections of the non-refundable duty free store levy of 35.5 per cent. Taxes collected on domestic goods and services rose by 3.1 per cent to $104.2m, the major contributor was the continued strengthening in the collection of value added tax by 6.3 per cent, compared with a 4.4 per cent rise in the first half of 2017. Receipts of VAT, the largest revenue category under taxes on domestic goods and services, remained buoyant totalling $77.1m compared to $72.5m and contributed 30.4 per cent of tax revenue, in the first half of 2018. The rate of increase in receipts from taxes on domestic goods and services was moderated by lower stamp duty collections (26.3 per cent). Higher collections from other major tax categories; included income and profits (2.2 per cent), and property of 2.2 per cent and 16.4 per cent respectively. The increased outturn for income and profits reflected greater inflows of company

(5.4 per cent) and withholding (17.0 per cent) taxes, while higher property tax receipts reflected improved collections of house (13.6 per cent) and condominium (40.1 per cent) taxes. The rise in the taxes on income and profits was moderated by lower receipts from the Social Service Levy (5.3 per cent). Non-tax revenue receipts more than doubled to $204.4m, largely due to an increase in inflows associated with the Hurricane Relief Fund of the Citizenship by Investment (CBI) Programme.

Current expenditure rose by 8.1 per cent to $324.3m, in contrast to a decrease of 14.9 per cent in the first six months of 2017. This development reflected higher outlays in all of the major expenditure categories except interest payments. Increases were recorded for outlays on goods and services (25.7 per cent), transfers and subsidies (8.1 per cent) and personal emoluments (1.4 per cent). Increased expenditure on goods and services was attributable to higher outlays for professional and consultancy fees, claims against the government, insurance premiums and telecommunications. Meanwhile, increased expenditure on transfers and subsidies reflected, a rise in grants and contributions, and retirement benefits partly due to an increase in number of retirees. The rise in current expenditure was moderated by lower interest outlays, attributable to lower domestic payments.

Capital expenditure outlays fell by 13.4 per cent to $52.0m, attributable to the substantial completion of work on the Mondo athletics track and a decline in activity on the water distribution project in Nevis. However, the decline in capital expenditure was offset by ongoing outlays on several capital projects including; road improvement works in St Kitts and Nevis. Work continued on the resurfacing of the island main road, the East Line Bus Terminal, upgrades to the Coast Guard Base and the National Heroes Park in St Kitts. Work on the construction of the new Treasury Building in Nevis, road resurfacing and the water distribution project buoyed activities in Nevis.

Inflows of official assistance (grants) fell to $23.2m, from $32.8m in the corresponding half of 2017. This outcome was in contrast to a 47.7 per cent increase in the first six months of the previous year and was influenced mainly by a 70.4 per cent reduction in capital grants to $8.2m, compared with grant receipts of $27.6m in the same period last year. This development was associated with a decrease in grant funding to the Nevis Island Administration (NIA).

The fiscal operations of the Central Government improved for the period January to June 2018 when compared to the corresponding period in 2017. An overall surplus of $100.1m was recorded, compared with one of $25.4m in the first six months of 2017. This outturn was largely attributable to an increase in tax and non-tax revenue. Recurrent revenues rose by 41.7 per cent to $389.8m, attributable to higher tax receipts of 4.5 per cent. Tax revenues trended higher on account of higher collections of taxes on international trade, property, income and profits and domestic goods and services. The performance of taxes on international trade and transactions was buoyed by increased collections of import duty (10.5 per cent) and a doubling in the receipts of travel tax. Likewise, a 6.6 per cent increase in customs service charge combined with a 35.5 per cent increase in the collection of non-refundable duty free store levy also contributed to the improved performance of taxes on international trade. Meanwhile, higher receipts of taxes on property were attributable to higher collections of house tax (32.1 per cent) while, domestic goods and services was sustained largely by increases in the collections of the Value Added Tax (6.0 per cent). The improved performance of taxes on income and profits was motivated by increases in corporate tax receipts and withholding tax of 7.3 per cent and 14.3 per cent respectively.

Non-tax revenues advanced to $186.4m from $80.6m in the first half of 2017, largely influenced by a trebling in revenue inflows to $153.8m from the CBI programme.

Recurrent expenditure rose by 14.2 per cent to $266.7m in the first six months of 2018, in contrast to a 19.6 per cent decline in the corresponding period of last year. The performance, for the most part reflected higher spending on most of the expenditure categories including; goods and services (49.7 per cent); transfers and subsidies (8.6 per cent) and personal emoluments (2.1 per cent). In contrast, interest payments fell by 6.1 per cent to $12.6m, attributed to lower domestic payments (10.0 per cent), in line with developments in the central government domestic debt portfolio.

Outlays on capital expenditure increased by 18.3 per cent to $30.6m, in contrast to a decrease of 5.2 per cent in the corresponding period of 2017.

The fiscal operations of the Nevis Island Administration (NIA) resulted in an overall surplus of $10.5m in the first six months of 2018, reversing a deficit of $6.4m recorded in the corresponding period of the previous year.

Current revenue increased by 3.4 per cent to $68.5m, in contrast to a 1.1 per cent decline to $66.2m in the corresponding six months of 2017. Higher current revenue collections were attributable to increased tax and non-tax receipts. Tax revenues rose by 2.4 per cent ($1.2m) compared with collections in the corresponding six months of 2017, attributable to higher receipts from taxes on domestic goods and services and income and profits of 9.0 per cent and 2.3 per cent respectively. The performance of these major tax categories was moderated by lower inflows of taxes on international trade and transactions, and property of 4.4 per cent and 31.7 per cent respectively. Non-tax revenue rose by 6.4 per cent ($1.1m) to $18.1m, largely attributable to increases in other non-tax revenue sources. Increases in non-tax revenue collections were moderated by declines in receipts from financial services (7.1 per cent), the largest component of non-tax revenue to $6.4m.

Official assistance amounted to $21.0m in total grants, of which $15.0m was budgetary assistance from the Federal Government, in the period under review, compared with $28.0m in grants in the corresponding six months of 2017.

Current expenditure declined by 13.2 per cent to $57.6m, in contrast to a 7.3 per cent increase to $66.3m in the corresponding period of 2017. Lower current expenditure was attributable to reduced outlays on goods and services, personal emoluments and interest payments of 57.7 per cent, 1.0 per cent and 0.8 per cent respectively. The decrease in current expenditure was tempered by a 3.0 per cent increase in transfers and subsidies. Capital expenditure contracted by 37.5 per cent to $21.4m, compared with $34.2m spent in the corresponding period of 2017.

Public Sector Debt

The total disbursed outstanding debt of the Federal Government rose marginally to

$1,741.9m during the first six months of 2018, compared with $1,687.8m at the end of December 2017. The major influence in the outturn was a 20.8 per cent increase in the outstanding debt of public corporations to $383.2m. The increase in the outstanding debt of statutory bodies was moderated by a reduction in central government outstanding debt to $1,358.7m, driven by a decrease ($33.7m) in the domestic debt portfolio. Central government debt accounted for 78.0 per cent of total debt while statutory bodies accounted for the remaining 22.0 per cent.

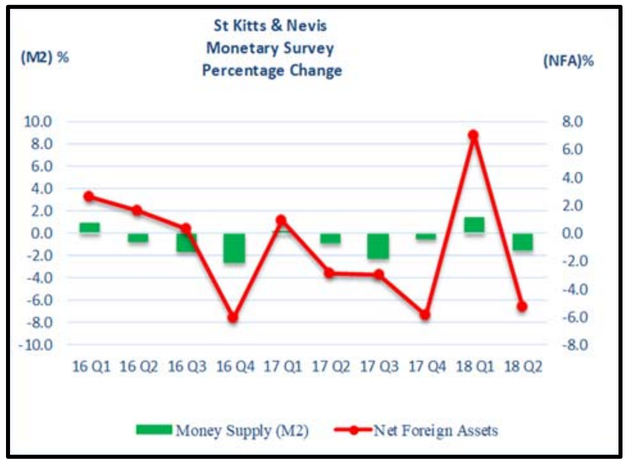
Banking Sector Developments

Monetary liabilities (M2) remained virtually unchanged at $2,808.0m, in contrast to a decrease of 0.7 per cent during the corresponding period of 2017. This development was attributable to a 2.5 per cent reduction in narrow money to $550.6m, combined with a 0.6 per cent contraction in quasi money to $2,257.4m. Narrow money fell, associated with declines in all of the major components including; demand deposits (1.6 per cent), currency with the public (2.3 per cent) and a decrease in in the issuance of EC dollar cheques and drafts (27.1 per cent). Meanwhile, the decrease in quasi money was directly related to a 7.1 per cent ($36.4m) reduction in time deposit balances.

Domestic credit declined by 35.8 per cent to $90.0m, compared with a decrease of 22.0 per cent in the first six months of 2017, for the most part attributable to an increase in the net deposit position of the general government. The net deposit position of the general government rose by 29.4 per cent ($98.2m) to $432.0m on account of higher net deposits ($103.6m) for the central government. An increase of 10.8 per cent ($75.3m) in deposits coupled with a 19.4 per cent ($28.3m) reduction in credit, contributed to the increase in central government's net deposit position. However, the growth in the net deposit position was moderated by a decrease in the net deposit position of non-financial public enterprises (NFPE) by 3.3 per cent to $977.5m, fuelled largely by an 83.8 per cent ($33.3m) increase in outstanding loans. Credit to the private sector rose by 1.0 per cent ($15.2m) to $1,499.4m, attributable to higher lending to businesses and households of 2.1 per cent ($10.8m) and 0.4 per cent ($3.6m) respectively.

An analysis of the distribution of credit by economic activity registered an increase in the extension of credit by 3.0 per cent, associated with developments in a number of key economic sectors. The outturn contrasts with a 0.6 per cent contraction in credit by economic activity extended in the first half of 2017. Lending for other purposes rose by 14.1 per cent to $401.7m largely influenced by a more than twelve-fold increase in credit for utilities, electricity and water; and distributive trades (18.5 per cent). By contrast, there were decreases in credit to other sectors including; construction, tourism and for personal uses of 3.6 per cent, 0.8 per cent and 0.1 per cent respectively. The reduction in credit extended for personal uses, was primarily influenced by a 2.4 per cent decline in lending for other services. This development was however, tempered by a 1.9 per cent increase in the extension of credit for the acquisition of property.

The net foreign assets of the banking system rose by 2.2 per cent to $1,981.6m during the first half of 2018, in contrast to decrease of 2.0 per cent ($41.7m) to $1,940.0m during the same period of 2017. The increase in the net foreign assets position reflected a 4.5 per cent ($43.8m) rise in commercial bank's net foreign assets to $1,020.0m, on account of an increase in the net assets position of financial institutions outside of the Currency Union. St Kitts and Nevis' imputed share of the Central Bank's reserves, declined by 0.2 per cent ($2.2m).



Liquidity in the commercial banking system increased during the review period as evidenced by a rise in the ratio of liquid assets to total deposits by 2.0 percentage points to 80.7 per cent. Further supporting evidence of a general increase in liquidity included the ratio of liquid assets to total deposits plus liquid liabilities which rose by 0.4 percentage points to 55.6 per cent. The increase in liquidity, however, was moderated by an increase in the ratio of loans and advances to total deposits by 0.1 per cent to 39.8 per cent at end of June 2018.

The weighted average interest rate spread between loans and deposits, widened by 2 basis points to 6.66 percentage points at the end of June 2018, compared with 6.64 percentage points at the end of December 2017. This development was the result of a 12 basis points decline in the weighted average deposit rate to 1.66 per cent, which exceeded a 9 basis points reduction in the weighted average lending rate to 8.33 per cent. Meanwhile, the level of non-performing loans in the banking system fell marginally to 19.95 per cent at the end of June 2018 from 20.46 per cent at the end of December 2017.

External Sector Developments

A merchandise trade deficit of $383.7m was recorded on the visible trade account in the first half of 2018, which exceed a deficit of $349.5m in the corresponding period of 2017. The expansion in the trade imbalance was attributable to faster growth in import payments relative to the increase in exports receipts. The value of imports rose by 9.4 per cent to $456.9m, driven by increases in the value of machinery and transport equipment; food and live animals and manufactured goods; and machinery and transport equipment. Total exports were valued at $73.2m compared with $68.3m recorded in the same period of 2017, attributable to an increase in the value of electronic components and alcoholic beverages exported. Domestic exports rose by 4.3 per cent to $55.2m, supplemented by higher re-exports ($18.0m). The volume of trade in goods (both exports and imports) is estimated to have risen by 0.1 per cent to 207,444 tonnes.

Gross travel receipts are estimated to have risen by 10.7 per cent to $247.0m in the first six months of 2018, attributable to expansions in both stay-overs and cruise visitors. Commercial banks' transactions resulted in a net outflow of $43.8m in short-term capital, in contrast to an inflow of $111.5m in the corresponding period in 2017. Government transactions contributed to a reduction in the net outflow of funds as the decline in external principal repayments ($1.4m), exceeded the growth ($0.9m) in loan disbursements. Net inflows of funds amounted to approximately $18.7m in the first half of 2018, less than the $41.5m recorded in the corresponding period in 2017.

Outlook

Global macroeconomic prospects remain broadly optimistic as reaffirmed by robust growth forecasts for 2018 and 2019 in the July 2018 update to the International Monetary Fund's World Economic Outlook. Optimism is tempered, however, by increasing unevenness in the global economic expansion and mounting risks associated with international trade tensions and rising commodity prices. The global economy is estimated to expand by 3.9 per cent in 2018 and to accelerate further by 3.9 per cent in 2019. Concurrently, the USA, the major trading partner of St Kitts and Nevis, is estimated to expand by 2.9 per cent in 2018 and projected to grow by an additional 2.7 per cent in 2019.

Real sector prospects will be fuelled by developments in the construction sector, particularly in public sector activity, supported by ongoing investments in resort development in the private sector. Major infrastructural projects in St Kitts include intensified work on the second cruise pier (US$47.0m), the resurfacing of the island main road, the construction of the East Line Bus Terminal, the resurfacing of the airport runway and taxiway ($35.0m) and the completion of the National Heroes Park (US$2.0m). In Nevis, work will advance on the new Treasury building, the new water taxi pier ($6.0m), the expansion of the Alexander Hospital, the resurfacing of roadways and the CDB Funded Water Development project. In the private sector, construction activity in St Kitts will be headlined by intensified work on several hospitality projects including; the Sea View Gardens hotel, and the King's Pavillion Hotel in Basseterre. Construction activity also continues on the Koi Resort and Residences, which is nearing completion; the T-Loft, Pirates' Nest Resort to be managed by Radisson and the Ramada branded Heldens Condominium Resort and Residences. The commencement of work on at least one other high-end luxury resort in the latter half of 2018 could further boost construction activity. In Nevis, work continues on the construction of various villa developments, and private residences.

The performance of the tourism industry is estimated to improve during the remainder of 2018, primarily based on the anticipated commencement of operations of a new high-end property, supplementing the recent contribution of the Park Hyatt, combined

with existing properties and further gains in the cruise industry. The completion of Phase I of the Koi Resort and Residences in November 2018 will augment pre-existing luxury options and sustained marketing efforts to strengthen arrivals from traditional source markets. Additionally, the continued promotion of sports tourism particularly golf, in the Canadian and UK markets, could boost visitor arrivals from those markets. The recent refurbishment of the St Kitts Marriot Resort and the planned refurbishment of the Four Seasons Resort on Nevis, represent further enhancements to the destination's hospitality offerings. These developments should complement previously announced investments in securing additional airlift into the Federation from United Airlines and American Airlines along with pre-existing seasonal airlift arrangements from Delta Airlines and winter service from Air Canada Rouge. United Airlines more recently committed to an additional flight, increasing the weekly service to two flights, commencing 19 January 2019. The hosting of events such as the annual St Kitts Music Festival and matches for the Hero Caribbean Premier League T20 Cricket tournament in the months of July and August respectively will help to boost visitor arrivals during the traditional "offseason". The favourable outlook for stay-over visitors is also supplemented by positive prospects for the cruise sub-sector, especially considering the anticipated completion of the second cruise pier in time for the commencement of the cruise season in 2019. The recovery of a number of regional destinations previously affected by the passage of hurricanes in 2018, could temper the rate of expansion in the cruise industry. On balance, the number of total visitors is projected to increase, driven by higher stay-over and cruise ship passenger arrivals. Additionally, the combination of developments in both the construction and the hotels and restaurants sectors will generate positive spin-offs for wholesale and retail trade; transport, storage and communications and the real estate, renting and business activities sectors. Prospects for the manufacturing sector, particularly in the area of electronics, are positive consistent with the buoyant global growth forecast. Inflationary pressures are anticipated to move in line with higher economic activity domestically and recent increases in international energy prices.

Notwithstanding a projected increase in tax and non-tax revenue receipts consistent with vibrant real sector activity, the overall

fiscal surplus for the two remaining quarters of 2018 is estimated to decrease based on higher capital and current expenditure. The rate of increase in capital and current expenditure is estimated to exceed that of the estimated increase in current revenue. Pressures are likely to emanate from capital expenditure and outlays on goods and services as work on several major capital projects accelerates. Revenues from the CBI programme are estimated to remain buoyant, however some deceleration is likely, as the demand associated with the Hurricane Relief Fund now rebranded the Sustainable Growth Fund, moderates.

The deficit on the current account of the balance of payments is projected to widen, consistent with increases in value added for construction and tourism services with concomitant increases in the demand for related imports.

The major downside risk remains the possibility of declining receipts from the Citizenship by Investment programme after the resurgence recorded in the first half of 2018. The CBI programme represents the major catalyst for tourism-related foreign investment, therefore, any diminution in the attractiveness of the programme relative to similar programmes elsewhere could adversely impact the sustainability of on-going and planned FDI construction projects. An increase in global uncertainty associated with escalating trade tensions between the USA and China could dampen global trade and reduce consumer optimism as higher import prices reduce disposable incomes. Higher import prices could also derail consumer sentiments and dampen traditional tourist source markets. Another downside risk, relates to the possibility of damage to the physical infrastructure, by hurricanes and the adverse effect of drought conditions on agricultural output. Additional downside risks include; a decline in the implementation rates of on-going capital projects and an increase in criminal activity both of which could impair the current economic expansion. Higher commodity prices fuelled by increases in the price of petroleum could pose a significant economic headwind as well. The planned closure of the Four Seasons Resort, Nevis for refurbishment could pose a significant disruption to the labour market depending on the duration of the closure.

On the upside, the Federation is poised for expansive economic growth, based on existing projects and programmes. Growth will advance further if a number of announced private sector projects commence in September 2018 as planned. Positive developments will likely raise the profile of the destination and attract further investment. This optimism is augmented by the positive economic performance of the global economy, particularly the Federation's major trading partner and visitor source market, the USA. The Federation has also benefitted from the positive fiscal impact of the CBI, which puts it in the enviable position to finance the requisite policy reforms needed to secure recent gains and position the country for higher rates of economic growth and development.

S A I N T   L U C I A

Overview

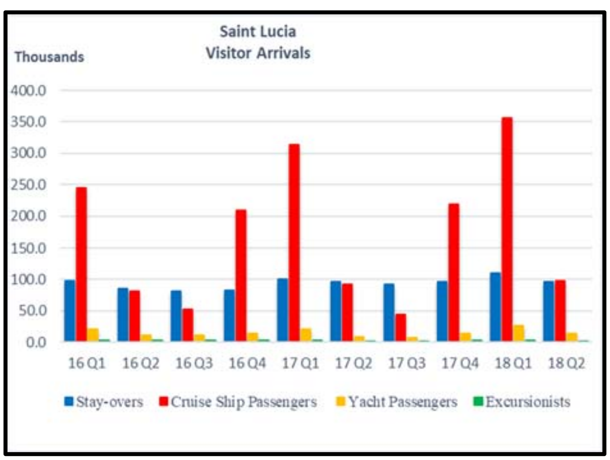
Preliminary data indicate that economic activity in Saint Lucia expanded in the first half of 2018, compared with the performance in the corresponding period of 2017. The expansion in activity was largely driven by increased value added in a number of economic sectors, including hotels and restaurants and agriculture. Consumer prices grew by 1.1 per cent, on an end of period basis, largely influenced by the index for housing, utilities, gas and fuels. The merchandise trade deficit declined marginally as reductions were noted in both import and export payments. **The central government's fiscal operations resulted in a larger overall surplus, primarily associated with developments on the current account.** The total public sector debt increased, driven largely by an expansion of the central government's domestic indebtedness. In the banking sector, monetary liabilities (M2) and net foreign assets grew, while domestic credit persisted downwards. The commercial banking system remained relatively liquid and the spread between the weighted average interest rates on loans and deposits widened during the period under review.

Notwithstanding downside risks, developments for the first half of the year suggest that the prospects for the Saint Lucia's economy are largely positive, supported by forecasts for the main economic sectors. The improved performance in the tourism industry is expected to be maintained as airlift increases and the tourism product of Saint Lucia is continuously augmented. The positive spin-offs from the tourism industry will affect ancillary sectors and ultimately boost economic activity. Additionally, stronger linkages with agriculture and manufacturing are anticipated. A rebound in construction is likely, contingent on the start of a number of projects and work accelerates on some existing ones. It is forecasted that the private sector will fuel acceleration in the pace of construction activity for the remainder of the year, supported by some key infrastructural developments in the public sector. Ongoing investments and new initiatives in the agricultural sector should provide the impetus for its further strengthening in the rest of the year. The central government's fiscal operations are projected to yield a larger deficit, which may be mitigated by the success of the Citizenship by Investment Programme. Inflationary pressures are anticipated, largely dependent on global commodity prices, particular as the price of crude oil increases. Risks remain tilted to the downside, partly due to unexpected external shocks and vulnerabilities to climate change. Structural impediments in the economy must be tackled to foster growth and improve the country's competiveness.

Real Sector Developments

Activity in the tourism industry is estimated to have risen in the first six months of 2018, as indicated by an increase in the total number of visitors. Total arrivals grew by 10.7 per cent to 706,036, reflecting growth in all visitor categories. The number of cruise ship passengers rose by 11.9 per cent to 454,298, compared with growth of 24.5 per cent in the first half of 2017. The improvement in the cruise ship category was largely associated with an increase in the size of vessels visiting the island, since the number of cruise ship calls fell to 237, from 279 in the first six months of the previous year.

Stay-over arrivals increased by 4.3 per cent to 206,079, compared with growth of 7.9 per cent in the corresponding period of 2017. The outcome for stay-over arrivals mainly reflected strong performances in all sub-categories of visitors, with the exception of Canada. The number of stay-over visitors from the USA, the main source market, grew by 7.7 per cent to 96,440, a faster pace than the 4.4 per cent recorded in the first six months of 2017. The number of stay-over visitors from Europe, the second largest source market, increased by 4.8 per cent to 48,650, largely attributable to growth in arrivals from the UK and France. Stay-over arrivals from the Caribbean rose by 3.4 per cent to 32,021, compared with an 8.2 per cent rise in that market in the corresponding period of the previous year. On the contrary, a 5.5 per cent decline in arrivals from the Canadian market partly mitigated the overall improvement recorded in the stay-over category. Of the other categories, both the yacht visitors and excursionists experienced a turn-around and recorded growth of 35.5 per cent (10,565) and 22.6 per cent (986) respectively, which contrast declines of 6.2 per cent and 26.4 per cent respectively in the comparable period last year.

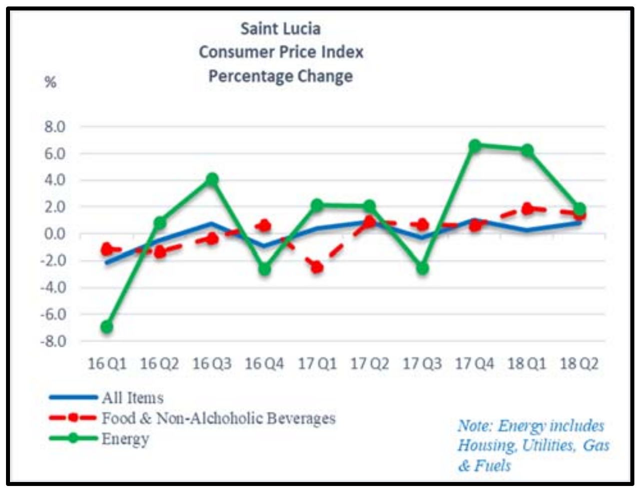


Spurred by a turn-around in the banana industry, output in the agricultural sector is provisionally estimated to have increased in the first half of 2018 when compared with the outcome at the end of June last year. Banana production grew by 64.6 per cent to 5,077 tonnes, in contrast to a decline of 22.4 per cent in the corresponding period of 2017. The enhanced performance of the banana industry was supported by an increase in acreage under cultivation and in the number of active banana farmers. Consequently, revenue from banana exports increased by 63.9 per cent when compared with the outturn of the previous year. Improvements were also noted in non-banana crop production, largely due to continuous efforts by the Ministry of Agriculture to implement its National Adaptation Strategy and Action Plan for the sector.

In the manufacturing sector, output is estimated to have expanded marginally in the review period compared with the level in the first six months of the prior year. This assessment was supported by an estimated 26.3 per cent increase in the domestic exports of manufactured goods. Notwithstanding the slight improvement in the performance of that sector, commercial banks' credit to manufacturing fell by 7.9 per cent, driven largely by decreased lending for the production of building materials, metal and food and non-alcoholic beverages.

Construction activity is estimated to have declined in the first half of 2018, when compared with the corresponding period of 2017. This assessment is supported in part by estimated declines both in the value of imported construction materials over the period under review and commercial banks' credit towards the construction sector. In the private sector, where the majority of activity was expected, implementation of major tourism projects has been slow, while work progressed on a few others, including the Harbour Club, Royalton and Sandals. Activity in the public sector was tepid, as reflected by lower capital outlays in the review period, and focused largely on infrastructural development including road reconstruction and rehabilitation.

The rate of inflation as measured by the consumer price index increased by 1.1 per cent during the first six months of 2018, compared with growth of 1.2 per cent during the corresponding period of 2017. The inflationary pressure during the review period was influenced largely by upward movements in the prices of housing, utility, gas and fuels (8.3 per cent), alcoholic beverages, tobacco and narcotics (4.9 per cent), health (3.9 per cent) and food and non-alcoholic beverages (3.5 per cent). The expansion in overall prices was tempered somewhat by decreases in the sub-indices for clothing and footwear (7.9 per cent), hotels and restaurants (4.5 per cent), recreation and culture (2.3 per cent) and transport (0.4 per cent).



Fiscal and Debt Developments

The fiscal operations of the central government resulted in an overall surplus of $49.1m, which more than doubled when compared to the $16.1m surplus recorded

in the first six months of 2017. The fiscal outturn largely reflected developments on the current account, which outweighed a deterioration on the capital side. Notwithstanding a decline of 4.1 per in capital expenditure, the capital account operations returned a deficit of $73.8m, compared with one of $56.4m recorded in the first half of the prior year. Capital grant receipts were half the amount recorded twelve months ago, contributing largely to the wider deficit. A primary surplus of $132.7m was recorded, compared with one of $92.7m realised in the corresponding period of the previous year.

A surplus of $122.9m was recorded on the current account in the opening half of 2018, compared with one of $72.5m in the corresponding period of the prior year. The more favourable surplus was a consequence of an increase in current revenue, which more than offset growth in current expenditure. Current revenue grew by 11.6 per cent, supported by increases in both tax collections and non-tax revenue. Non-tax revenue more than doubled, reflecting growth in fees, fines and sales, associated largely with receipts from the Citizenship by Investment Programme (CIP).

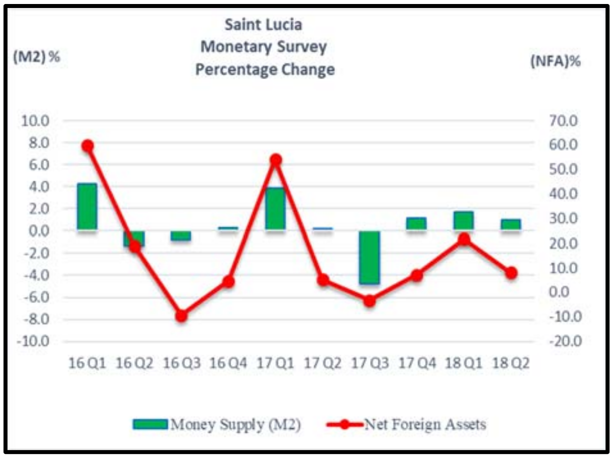
Revenue from taxes grew by 5.3 per cent, as improvements were recorded in all tax categories, except the property tax. Revenue from taxes on international trade and transactions grew by 11.2 per cent ($17.5m), influenced predominantly by larger collections from the airport tax ($15.3m), concomitant with a higher number of stay-over visitors and an increase in the tax rate. Marginal increases were recorded in the import duty ($1.7m), the service charge ($0.7m), the travel tax ($0.6m) and throughput charges ($0.3m). Proceeds from taxes on domestic goods and services were 3.0 per cent ($6.2m) more than the amount collected in the initial half of 2017, largely attributed to higher yields from the VAT and to a lesser extent, the stamp duty. Yields from taxes on income and profits grew by 3.1 per cent ($4.7m), largely reflecting growth of 32.4 per cent ($3.7m) in withholding tax, supported by 11.6 per cent ($2.7m) in collection of arrears and 3.6 per cent ($2.0m) in intake from the personal income tax. On the contrary, receipts from the property tax recorded a decline of 14.8 per cent ($1.0m), a stark contrast to growth of 12.9 per cent ($0.8m) one year earlier.

Current expenditure grew by 2.8 per cent to $487.7m, as higher outlays for goods and services and interest payments, more than offset declines in spending for personal emoluments and transfers and subsidies. Expenditure for goods and services was 14.3 per cent ($13.3m) higher than the first half of the previous year, concomitant with a general increase in prices. For interest payment, spending was up by 9.1 per cent ($6.9m), reflecting higher external debt commitments. Personal emoluments, which account for the largest share of current expenditure, fell by 3.1 per cent ($5.9m), as outlays for wages and salaries decreased. Spending for transfers and subsidies declined marginally ($1.3m), owing to lower pension payments.

Preliminary data for the period ended June 2018 indicate that the total disbursed outstanding debt of the public sector stood at $3,218.1m, an increase of 1.1 per cent from the total at the end of December 2017. This outturn reflected growth of 1.2 per cent in central government's borrowing, as its stock of domestic debt expanded by 3.2 per cent. A marginal decline was recorded in its stock of external debt (0.5 per cent). The total outstanding debt of the public corporations is estimated to have contracted by 0.5 per cent to $199.3m, influenced by a decline ($2.4m) in their stock of external debt.

Banking Sector Developments

Monetary liabilities (M2) are estimated to have expanded by 2.7 per cent to $3,217.6m during the first six months of 2018, compared with growth of 4.0 per cent during the corresponding period of 2017. The expansion in M2 reflected developments in both of its components. Narrow money (M1) grew by 4.2 per cent to $948.1m, due mainly to growth of 6.0 per cent in private sector demand deposits, supported by the issuance of EC$ cheques and drafts, which grew marginally ($0.4m) during the review period. Quasi money rose by 2.1 per cent to $2,269.5m, reflecting growth in private sector savings deposits (3.1 per cent) and foreign currency deposits (6.0 per cent), which more than offset a decline of 8.1 per cent in private sector time deposits.

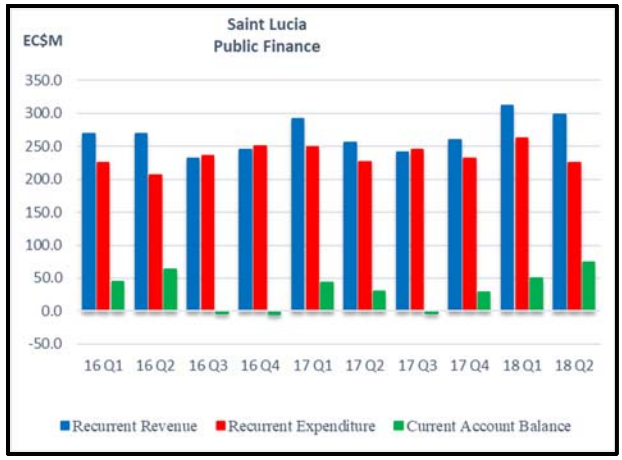


Domestic credit fell by 5.8 per cent to $2,662.6m compared with a decline of 2.7 per cent during the corresponding period of 2017. The contraction in credit was largely influenced by lower transaction levels by the private sector and the government. A decline of 2.2 per cent in private sector borrowing was recorded, reflecting a fall of 3.4 per cent ($44.8m) in business loans and one of 1.3 per cent in lending to households. The transactions of the central government resulted in a net credit position of $143.0m, which was 25.4 per cent below the amount recorded at the end of December 2017. Credit to the central government fell by 10.2 per cent, largely attributable to declines in its borrowing from both the central bank and commercial banks. Government's deposits in the banking system grew by 4.4 per cent during the period in contrast to a decline of 10.3 per cent during the comparable period of the prior year. Additionally, the net credit position of non-bank financial institutions decreased by 1.4 per cent, driven by falling investments. Outstanding loans to non-financial public enterprises increased by 11.8 per cent to $42.4m, while their deposits rose by 8.6 per cent to $642.0m.

An analysis of the distribution of credit by economic activity suggests that outstanding loans and advances decreased by 2.1 per cent, associated with declines in lending for all categories. Outstanding credit for personal uses fell by 1.1 per cent ($19.8m), largely reflective of a 7.9 per cent ($29.3m) decline in lending for house and land purchase. Credit to construction contracted by 5.0 per cent ($10.9m), consistent with the developments in that sector. Additionally, lending to tourism, manufacturing and agriculture fell by 2.8 per cent ($8.5m), 7.9 per cent ($5.2m) and 27.2 per cent ($3.4m), respectively.

The banking system was in a net foreign assets position of $1,080.2m at the end of June 2018, in comparison with one of $820.0m at the end of December 2017. This outturn was largely the result of a turnaround by the commercial banks to a net asset position of $284.3m, from a net liabilities position of $9.9m at the end of last year. Assets held with institutions outside the region grew by 14.9 per cent ($153.9m) and those within the ECCU increased by 21.9 per cent ($103.0m). Foreign liabilities held outside and within the ECCU contracted by 4.8 per cent ($32.9m) and 0.5 per cent ($4.4m), respectively. Saint Lucia's imputed share of Central Bank's reserves decreased by 4.1 per cent ($34.0m) to $795.9m.

Liquidity in the commercial banking system improved during the review period. At the end of June 2018, the ratio of liquid assets to total deposits plus liquid liabilities was at 44.5 per cent, which was 2.5 percentage points more than the level at the end of 2017 and above the prudential minimum of 25.0 per cent. The loans and advances to total deposits ratio was 78.7 per cent or 4.8 percentage points below the ratio at end December 2017. In addition, that ratio was below the ECCB's outer band of 85.0 per cent.

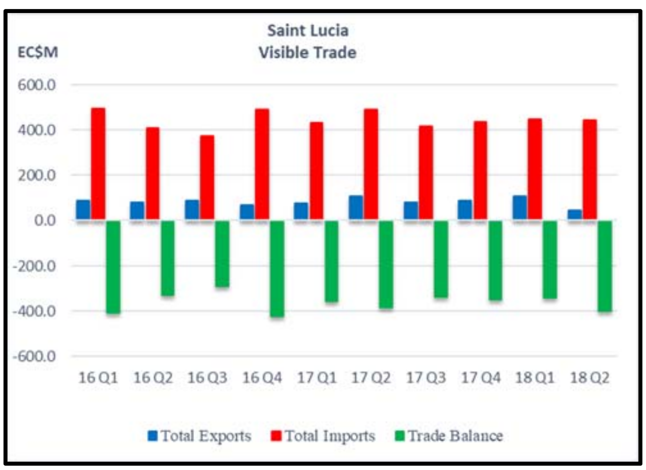


The weighted average interest rate on deposits continued its declining trend since the reduction of the minimum savings rate on deposits to 2.0 per cent. That rate fell to 1.46 per cent, from 1.48 per cent at the end of December last year, while the weighted average lending rate increased marginally to 8.09 per cent from 7.99 per cent. Consequently, the weighted average interest rate spread widened by 13 basis points to 6.64 during the first half of the year. There was a slight improvement in the asset quality of commercial banks during the period under review, reflected by a decline of 1.26 percentage points, to 11.24 per cent, in the non-performing loans to gross loans ratio.

External Sector Developments

A merchandise trade deficit of $738.1m was estimated for the first six months of 2018,

marginally below one of $738.7m recorded in the corresponding period of the previous year. This outturn was associated with decreases in the value of both imports and exports. The value of total imports was estimated to have fallen by 3.1 per cent, largely influenced by decreased spending for machinery and transport equipment ($40.8m) and manufactured goods ($34.9m). Receipts from total exports fell by 15.6 per cent to $152.1m, driven by a decline in the value of domestic exports, supported by a contraction in re-exports. Earnings from domestic exports fell by 14.6 per cent ($15.3m), largely due to a contraction of $17.9m in the export of beverages and tobacco.



Gross receipts from travel are estimated to have increased by 5.3 per cent to $977.3m, reflective of growth in the number of stay-over visitors. Transactions of commercial banks resulted in a net outflow of $294.2m in short-term capital during the first half of 2018, compared with an outflow of $321.1m recorded during the corresponding period of 2017. In the period under review, external loan disbursements to the government stood at $139.3m, 11.9 per cent below the amount of the comparable period one year ago, while principal repayments on debt more than doubled to $85.4m. Consequently, the central government was in a net disbursement position of $53.9m, below that of $119.8m in the first six months of 2017.

Outlook

While the balance of global risks has advanced more towards the downside, growth projections for 2018 remain favourable. In line with global developments, and in particular the USA and Canada, the economic environment in Saint Lucia is expected to remain conducive for fostering short-term growth. The positive performance in the first half of the year bodes well for the overall outturn for 2018. Tourism activity is expected to be a major contributor to growth, with support from other productive sectors.

Activity is the hotels and restaurants sector is projected to remain on its current positive trajectory, largely due to expected improvements in airlift and room stock, supported by positive reviews received by the destination. The thrust of tourism officials is to maintain the island's effective marketing strategy. The expectations are for stay-over arrivals to continue to boost activity, as international carriers like JetBlue, Delta Airlines, British Airways, Sun Wing, Virgin Atlantic and United Airlines increase their presence at the Hewanorra International Airport. The anticipated number of visitors from the region is likely to bolster tourism performance, as Saint Lucia continues to collaborate with the neighbouring French islands on important community activities. Positive developments in the tourism industry are anticipated to spill over into auxiliary sectors, which will further boost overall economic growth.

In the context of a robust tourism industry, along with efforts to strengthen linkages with other sectors, agricultural output is projected to expand in 2018. The banana industry is likely to continue on a path of expansion, barring natural disasters. Investment in young farmers and other initiatives by the authorities, including aquaculture, resilience in the farming sub-sector and the full implementation of the strategy and action plan are all geared towards further augmenting output in the short to medium term.

Construction growth is expected to rebound as planned projects get off the ground and the development of essential infrastructure by the public sector continues. It is anticipated that ongoing projects like the Harbour Club, Coconut Bay Resort, Sandals Resort and pipeline projects under the Citizenship by Investment Programme will drive the rebound. Support is anticipated from the construction of a few residential and commercial buildings. The public sector's contribution will focus on the rehabilitation and maintenance of the road networks, the re-development of the Hewanorra International Airport and other physical infrastructure planned for the latter half of the year.

Saint Lucia's policies on fiscal and debt consolidation are vital for its overall growth prospects. Recent policy shifts have positively influenced the revenue base, but have not been successful in containing current expenditure. Therefore, additional measures may be necessary to keep the fiscal operations on a sustainable path. The success of the Citizenship by Investment Programme is significant in the discussion on fiscal consolidation. On the capital side, expenditure could increase if major pipelined projects come on stream. In addition, debt-financing remains of primary concern as the cost of servicing debt continues to grow and baseline expectations surpass the 60.0 per cent debt to GDP target by 2030. Against this backdrop, the 2018/19 budget estimates a deficit for the financial year and financing requirement of $233.1m from T-bills and Bonds. While the medium term debt strategy seeks to address Saint Lucia's projected borrowing needs, significant gaps remain.

In the external sector, it is likely that the merchandise trade deficit may narrow in the short to medium term, as export earnings increase. It is anticipated that the improvement in export earnings will compensate for the projected increase in import payments, which accompany construction activity. Inflows from travel are projected to grow, contingent on the performance of the stay-over visitor sub-category. Foreign investment flows are likely to improve and prospects for the CIP remain positive. Inflationary pressures may persist, largely dependent on developments in global commodity prices, particularly fuel, as crude oil prices are inching higher.

Major downside risks to the economy include the inability to implement policies to address structural impediments, which can suppress growth and competitiveness and simultaneously support safeguarding financial, fiscal and debt sustainability. Apart from the external shocks, which include the possibility of a stall in the recovery process, associated with trade tensions and geopolitical issues, domestic challenges remain potent. These include a sudden stop in foreign investments financing the major tourism-related projects, the adverse impact of global warming and climate change and the high rate of unemployment, poverty and crime. By contrast, commodity price developments could produce gains on the external side and the Citizenship by Investment Programme presents a number of opportunities that could be leveraged to the country's benefit.

S T V I N C E N T A N D T H E G R E N A D I N E S

Overview

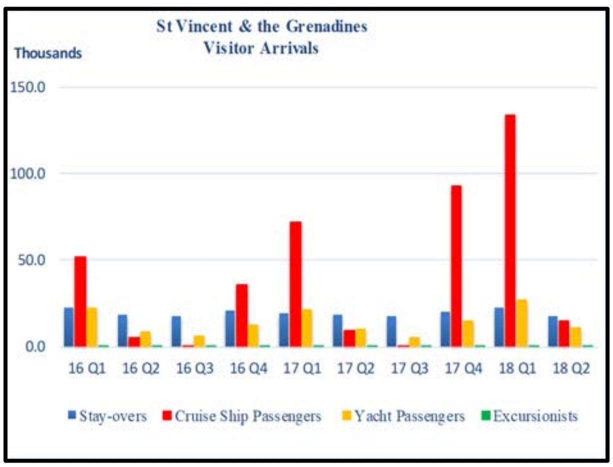
An analysis of selected indicators suggests that economic activity in St Vincent and the Grenadines improved in the first half of 2018, relative to the corresponding period of 2017. Economic activity was fuelled by healthy expansions in the manufacturing and hotels and restaurants sectors, coupled with modest gains in the agricultural sector. The inflation rate stood at 1.2 per cent at the end of June 2018, driven in part by higher cost for electricity and cooking gas. Despite an increase in domestic export receipts, the merchandise trade deficit is estimated to have widened, attributed to higher import payments. **The central government's fiscal deficit narrowed, while the outstanding stock of public sector debt was higher relative to that at the end of December 2017.** Despite slower credit growth and tightening liquidity, the banking sector remained stable and continued to facilitate economic activity, supported by an improvement in asset quality.

The growth momentum of the economy of St Vincent and the Grenadines is expected to continue for the remainder of 2018. The favourable outlook would be underpinned by improvements in key sectors such as tourism, manufacturing and agriculture. On the domestic front, the country is expected to benefit from a full year of operations of the Argyle International Airport, with the introduction of year-round flights from Miami in the second half of 2018. Furthermore, growth in manufacturing output is expected to be sustained from strong external demand for building materials. With respect to external developments, the IMF has projected that the global economy would grow by 3.9 per cent in 2018, but has cautioned that rising trade tensions and other global risks could adversely affect this projection. **These potential risks to the global projection, as well as risks of natural disasters, may weigh on the 2018 economic outlook for St Vincent and the Grenadines.**

Real Sector Developments

Economic activity in St Vincent and the Grenadines is estimated to have expanded in the first half of 2018, relative to activity in the prior year, supported by favourable trends in the manufacturing and hotels and restaurants sectors. The manufacturing sector, which comprises the grains, beverages and building materials sub-sectors, maintained a healthy growth trend during the review period, relative to the corresponding period in the preceding year. Activity in the sector was boosted by significant gains in the production of building materials such as galvanise sheets, nails, fencing wire and PVC pipes, which benefitted from external demand. The expansion in the output of building materials was sustained by an increase in the production of galvanize sheets, which more than doubled in volume and value, attributed to additional demand from Dominica and the British Virgin Islands, as a result of post-disaster and reconstruction activity. Meanwhile, output in beverages is estimated to have advanced, evidenced by a 70.5 per cent increase in beer production. These gains were partly dampened by contractions in the production of flour (17.8 per cent) and feeds (14.4 per cent), which continued to be weighed by competitive pressures from similar products.

Preliminary data suggest that activity in the hotels and restaurants sector advanced in the first half of 2018 amid improvements in the trend for visitor arrivals. Total visitor arrivals rose by 51.3 per cent to 227,619, a more robust pace from the 16.4 per cent expansion in the corresponding period of the preceding year. Buoyed by the opening of the Argyle International Airport in 2017, stay-over arrivals are estimated to have increased by 6.3 per cent to 40,419, after having contracted by 6.1 per cent in the first six months of 2017. The expansion in stay-over arrivals was attributed to gains in arrivals from the main source markets. The number of visitors from the United States of America, which accounted for the largest proportion of stay-over arrivals, rose by 14.1 per cent following a smaller increase in the previous year. This expansion was followed by a 13.4 per cent growth in arrivals from Canada. The favourable outturn was partly attributable to the introduction of international flights by Air Canada Rouge for its winter service, as well as a weekly flight from New York by Caribbean Airlines Ltd (CAL). After registering a decline in the first six months 2017 attributable to the closure of the



Buccament Bay Resort, the number of visitors from the United Kingdom recovered to growth of 3.4 per cent. Despite the recovery in 2018, the number of UK arrivals was almost 30.0 per cent below the number of arrivals registered in 2016, during the operations of the Buccament Bay Resort. Conversely, visitor arrivals from the Caribbean, the second largest source market, fell by 1.5 per cent while the number of visitors from less-established markets was 0.1 per cent lower, partly mitigating the expansions from the other source markets. The strong performance in this stay-over segment was also influenced by an improvement in the number of visitors in paid accommodation, which registered growth of 4.7 per cent in the period reviewed, relative to the corresponding period one year earlier.

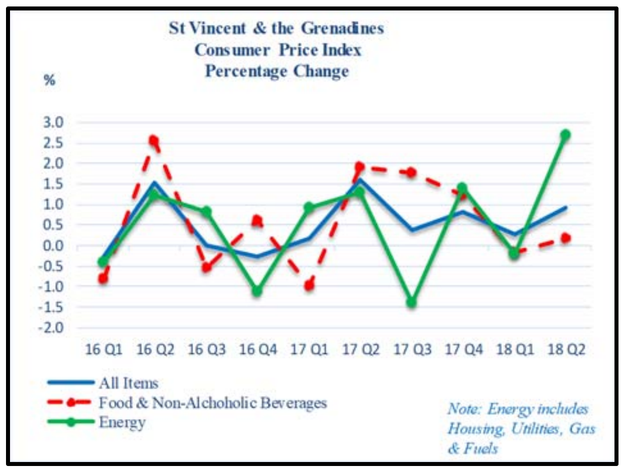
Meanwhile, the number of cruise passengers continued to expand, with growth of 84.2 per cent in the first two quarters of 2018, a more robust pace than the 40.5 per cent increase in the corresponding period of 2017. This expansion was supported by the greater frequency of port calls, which grew by 29 to 173 for the six-month period. Additionally, the number of visitors arriving by yachts was up significantly (22.0 per cent) to 37,518 in the first two quarters of 2018 following an expansion of 1.3 per cent one year prior. The downward trend in same-day visitors continued in the period - as the number of excursionists slid by 7.4 per cent in the first half of 2018, following a fall of 0.3 per cent registered twelve months earlier.

Based on preliminary data, activity in the agricultural sector is assessed to have strengthened in the first half of 2018, underpinned by strong output of selected crops. In 2017, output in the sector suffered a number of setbacks, including challenges faced by farmers in obtaining foreign currency for the sale of produce in the Trinidad and Tobago market. While these challenges have not been eliminated, production in the sector expanded in the first six months of 2018, reflecting favourable weather conditions, the identification of alternative regional markets and targeted planting strategies for dasheen and other root crops. This improvement was evident by expansions in the estimated production of fruits (6.8 per cent) and root crops (1.5 per cent), but moderated by contractions in vegetables (5.9 per cent) and spices (2.2 per cent). Notable gains were recorded in the estimated yield of plantain (26.5 per cent) and dasheen (19.1 per cent), while declines were registered in ginger (18.0 per cent), eddoes (2.0 per cent) and sweet potatoes (7.3 per cent). Moreover, fish landing is estimated to have expanded by 53.4 per cent in the first half of 2018, relative to the similar period in 2017.

Construction activity moderated relative to that in the corresponding period in 2017, on account of the low implementation rate for major infrastructural projects and the relatively slow growth in residential construction. Public sector construction, proxied by capital expenditure, fell by 25.6 per cent to $27.1m. Meanwhile, activity in the residential sub-sector eased during the period, evidenced by a slowdown in commercial bank lending for residential construction and renovation, which grew fractionally, relative to a rate of 1.3 per cent observed in the corresponding period of 2017. Mitigating this slowdown, was an expansion in the total value of construction-related materials and supplies, which grew by 7.9 per cent in the first two quarters of 2018 when compared to the corresponding period one year prior.

Consistent with the observed expansions in the volume and value of imports and growth in stay-over visitors, the wholesale and retail trade sector was assessed to have improved modestly in the first two quarters of 2018. The assessment was supported by expansions in wholesale and retail segments such as mineral fuels, manufactured goods and manufactured articles. Indicators for the Utilities sector reflected mixed developments for the first half of 2018. Electricity consumed rose by 4.5 per cent over the corresponding period, which could be explained by higher demand from the manufacturing and tourism sectors. In contrast, water production fell by 4.7 per cent in the period relative to the first half of 2017. During the period reviewed, the financial sector was estimated to have recorded marginal growth, evidenced by sluggish growth in credit.

Inflation in St Vincent and the Grenadines slowed in the six months to June 2018 relative to the end of year level. The consumer price index rose by 1.2 per cent in the six-month period in comparison to growth of 1.8 per cent in the corresponding period of 2017. The rise in the index reflected a pickup in the price level of all but three of the sub-categories. The largest advance was recorded in the alcoholic beverages, tobacco and narcotics sub-index which grew by 2.6 per cent, on account of higher prices of vodka and cigarettes. This was followed by the housing, water, electricity, gas and other fuels sub-index, which posted a 2.5 per cent gain attributable to upward movements in LPG and the fuel surcharge rate for electricity, which moved to 42.7 cent per kilowatt-hour in June 2018 from 36.8 cents in May 2018. Other notable gains were registered in the transport (1.8 per cent) and recreation and culture (1.3 per cent) sub-indices. On the other hand, declines were observed in the clothing and footwear and health sub-indices of 0.4 per cent and 0.1 per cent respectively. Meanwhile, the price level for the food and non-alcoholic beverages sub-index remained unchanged from the level in December 2017.



Fiscal and Debt Developments

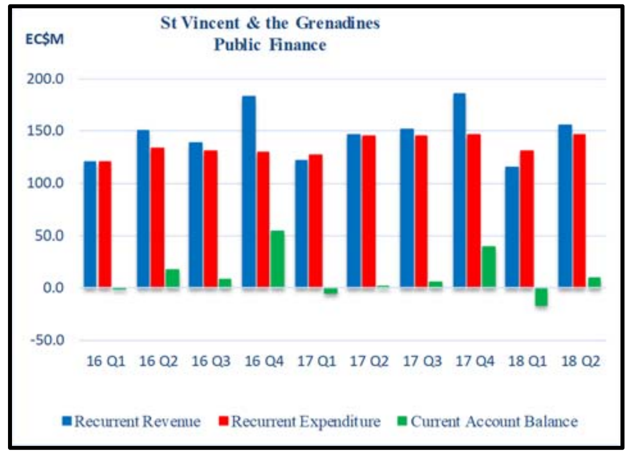
Provisional fiscal data for the first half of 2018 indicated that the fiscal deficit narrowed to $21.4m from one of $32.0m in the corresponding period of 2017.[3] This

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

outturn was largely driven by an improvement in the capital account. The primary balance also registered an improvement, as it shifted to a surplus of $4.2m, following a deficit of $9.3m in the first six months of 2017.

The current account deficit is estimated to have widened to $7.1m in the review period from one of $3.1m in the first half of 2017. The weaker outturn was partly associated with an expansion in current expenditure by 1.8 per cent ($5.0m) to $276.5m, reflecting the impact of higher outlays for employees' compensation and interest payments. Compensation to employees, which comprised approximately half of current expenditure, rose by 2.9 per cent ($4.0m) on account of growth in both wages and salaries and National Insurance Services (NIS) contribution. Concurrently, higher levels of both external and domestic debt obligations resulted in an increase of 12.8 per cent ($2.9m) in interest payments.

The expansions in these expenditure segments were partly mitigated by a 1.8 per cent ($0.5m) fall in spending on goods and services, largely due to additional outlays on miscellaneous office supplies, materials and maintenance services relative to expenses in the first half of 2017. Additionally, spending on transfers and other social benefit payments receded by 0.7 per cent ($0.5m), generated by declines in social assistance benefits and employment-related benefits.



Partly reflecting improvements in tax administration, higher import-related tax collections and the estimated improvement in economic activity, current revenue registered growth of 0.4 per cent to $269.3m during the period. The increase was influenced by expansions in all but two of the major tax categories. The additional yield from the Value Added Tax (6.1 per cent) and excise duties on imports (7.5 per cent), resulted in an expansion in the collections from taxes on goods and services, which was 3.8 per cent higher than the level recorded in the first half of 2017. The advance in VAT collections was partly driven by the estimated improvement in economic activity as well as the one percentage point increase in the standard rate of VAT to 16.0 per cent effective May 2017. An increase of 27.9 per cent was recorded in the receipts from taxes on international trade and transactions. This outturn was boosted by higher inflows from import duties and vehicle surtax in the first six months of the year, which was partly associated with a rise in imports of used vehicles. Concurrently, there was a 14.1 per cent expansion in the inflows from the sale of goods and services attributable to higher receipts from customs service charge. The yield from the two smaller revenue categories comprising Property Income and the miscellaneous revenue – Other current revenue - rose by 34.4 per cent (0.6m) and 8.2 per cent ($0.3m) respectively, when compared to the intake in the corresponding period of 2017. These gains were partly offset by contractions in the receipts from taxes on income and profits (10.7 per cent) and taxes on property (46.8 per cent). The contraction in property tax receipts stemmed from sharp declines in the proceeds from aliens landholding licenses and stamp duty on property, reflecting lower property sales to foreigners.

Investment in the government's capital programme was $27.1m in the first half of 2018, a 25.6 per cent contraction ($9.3m) from the comparable period in 2017. Public investments in the period were mainly channeled to the rehabilitation of the South Leeward Highway, the operationalisation of the Modern Medical Complex and marine safety. In the 2018 budget address, the Government stated its commitment to improving the rate of implementation of its capital programme, which focused on enhancing safety and security as well as improving the road network and health services. Accordingly, the realized capital expenditure for the first half of 2018 was approximately 40.0 per cent of the half-year budgeted amount. The capital programme was partially funded by capital revenue and grants totaling $12.8m, $5.4m higher than the intake in the first half of the prior year.

The total outstanding debt of the public sector amounted to $1,741.6m at the end of June 2018, 3.4 per cent ($57.2m) higher than the stock at the end of December 2017. Domestic debt increased by 0.4 per cent while external debt rose by 4.8 per cent. Central government outstanding debt, which at the end of June 2018 accounted for approximately 80.0 per cent of total debt, advanced by 4.6 per cent to $1,412.4m reflecting expansions in both external (6.6 per cent) and domestic (0.7 per cent) debt. The increase in central government debt largely reflected domestic bond issuance and the disbursement from multilateral and bilateral creditors. Meanwhile, debt incurred by statutory corporations declined by 1.4 per cent ($4.7m) to $329.2m.

Banking Sector Developments

Banking sector data signaled a contraction in the monetary liabilities during the first six months of 2018, relative to the comparative period in 2017. **Specifically, broad money (M2) dipped by 0.1 per cent to $1,537.2m, in contrast to growth of 1.0 per cent recorded during the corresponding period in 2017.** The contraction in M2 was largely attributable to a falloff in quasi money, which rose at a marginal rate of 0.5 per cent to $1,058.6m, following a 0.2 per cent expansion in the corresponding period of 2017. The marginal fall in quasi money was influenced by a 13.4 per cent reduction in private sector foreign currency deposits, but was tempered by increases in time and savings deposits of 2.8 per cent and 0.3 per cent respectively.

Meanwhile, narrow money grew at a marginal rate of 0.6 per cent $478.6m following a 2.7 per cent expansion during the first half of 2017. The slowdown in the growth of narrow money (M1) was partly due to a 1.3 per cent expansion in private sector demand deposits, which was partly overshadowed by a 7.3 per cent fall in currency with the public, which in turn was associated with a 13.7 per cent reduction in currency in circulation.

During the review period, domestic credit grew by 0.7 per cent and stood at $1,098.5m at the end of June 2018 just marginally above the rate of 0.6 per cent during the first half of 2017. The subdued expansion was due to an increase in private sector credit, which was tempered by a decline in the central government's net indebtedness. The net indebtedness of the central government continued to fall during the review period at a rate of 3.8 per cent to $91.5m, following a 5.4 per cent decrease in the similar period of the previous year. The contraction was largely associated with growth in government deposits in the banking sector. Meanwhile, the net deposit position of non-financial public enterprises (NFPE's) fell by 2.9 per cent to

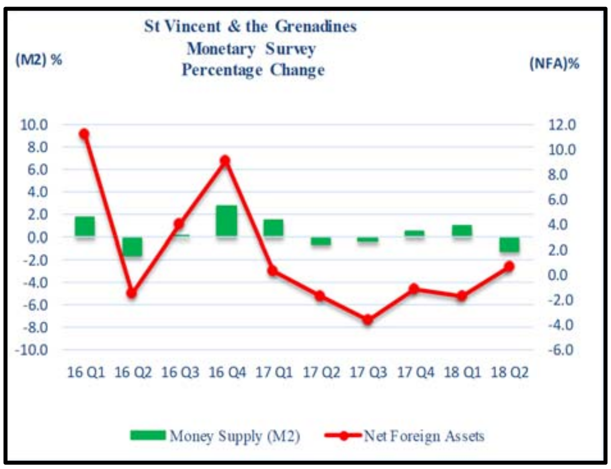
$102.1m, partly reflecting a drawdown in their deposits.

Influenced by the deceleration in credit to households, private sector credit grew at a slower pace of 0.7 per cent relative to a rate of 1.5 per cent in the comparative period in the preceding year. Lending to households continued to dominate this category, and accounted for approximately 80.0 per cent of private sector credit during the review period. Following growth of 2.3 per cent during the first six months of 2017, credit extended to that sector slowed to 0.4 per cent. Conversely, banking sector data indicated that outstanding credit to the corporate sector rebounded during the period. Following a 1.4 per cent contraction in the first half of the previous year, outstanding credit to that sector registered a healthy growth rate of 3.5 per cent, which may signal improving business expectations.

An analysis of the allocation of bank credit by economic activity revealed that credit extended to personal and the business sectors grew by 1.9 per cent to $1,254.1m during the review period, following a 2.0 per cent expansion recorded in the corresponding period in the preceding year. The moderate expansion was largely attributable to an increase in loans to the personal sector, the larger of the two components. Outstanding credit to that sector grew at a marginal rate of 0.1 per cent, a much slower pace than the previous year (2.0 per cent) suggestive of weaker sentiment by households during the period relative to one year earlier. Credit extended to this category was mainly allocated to the acquisition of property, which grew by 0.6 per cent during the first six months of 2018 compared to expansion of 1.3 per cent during the comparative period in 2017. Of the other categories of personal lending, credit extended for consumer durables grew by 4.0 per cent, while outstanding credit to the miscellaneous category fell by 1.1 per cent.

During the first two quarters of the year, credit extended to most of the productive sectors fell, with a few exceptions. Declines were registered in gross credit extended to agriculture and fishing (35.7 per cent), tourism (10.5 per cent) and manufacturing (9.3 per cent). These contractions were moderated by expansions in credit extended to the distributive trades (7.7 per cent) and the miscellaneous category (8.9 per cent) which comprises, inter alia, professional and other services, financial services and public administration.

Net foreign assets of the banking system fell by 1.0 per cent to $616.3m during the six months ending June 2018, following a 1.3 per cent decline one year earlier. This contraction mainly stemmed from a reduction in St Vincent and the Grenadines' imputed share of the Central Bank's reserves of 3.5 per cent to $469.8m. This contraction in net foreign assets was partially mitigated by an 8.1 per cent increase in the net foreign assets of commercial banks to $146.4m, and was largely associated with a higher (30.5 per cent) asset position with banks outside the currency union.

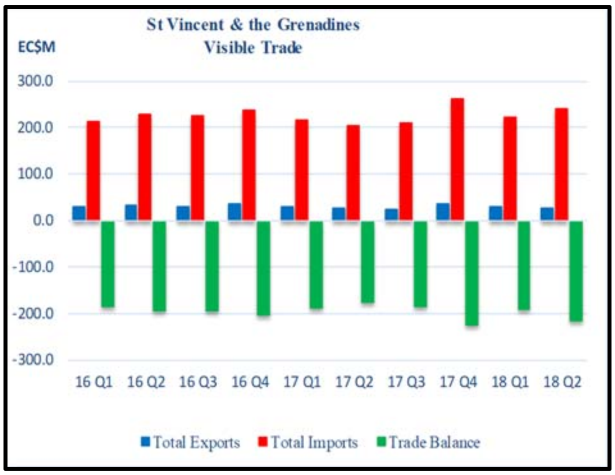


Liquidity of the commercial banking sector tightened marginally during the first six months of 2018 but remained at a comfortable level. Of the ratios tracked during the period, the ratio of liquid assets to short-term liabilities fell to 39.86 from 41.70 as at end December 2017. The ratio of liquid assets to total deposits plus liquid liabilities stood at a rate of 41.6 per cent at the end of June 2018, a 1.8 percentage point lower than the rate at the end of December 2017. Meanwhile, the loans and advances to deposits ratio rose by 1.6 percentage points to 70.4 per cent, below the prudential threshold of 75.0 to 85.0 per cent.

Overall asset quality in the banking sector continued to improve during the review period. The ratio of non-performing loans to total loans fell to 6.8 per cent at the end of June 2018 from 8.2 per cent six months earlier. The improvement in this ratio was largely due to proactive collections strategies by a number of commercial banks and an improvement in their underwriting practices.

External Sector Developments

The trade data signaled that the visible trade deficit widened to $407.2m in the first half of 2018 from one of $364.5m in the corresponding period of 2017. The larger deficit was the result of a 10.0 per cent rise in import payments to $461.8m, coupled with a 1.5 per cent dip in the value of exports to $54.6m. The contraction is exports was mainly attributable to an almost 50.0 per cent fall in the re-export of vehicles, machinery and transport equipment. Nevertheless, domestic export performance showed some improvement, and helped to temper the overall decline. Sustained by higher levels of agricultural and manufactured goods, earnings from domestic exports recorded growth of 7.8 per cent.



In keeping with the higher level of stay over visitors, total visitor expenditure rose by 9.9 per cent to $153.4m. Additionally, the transactions of commercial banks resulted in net outflows of $10.9m in short-term capital during the first half of 2018, in contrast to inflows of $27.5m in the corresponding period of 2017. External loan disbursements to the central government rose by $41.7m to $89.0m during the period, while external principal payments fell by $3.6m to $26.6m. Disbursements during the period included payouts by creditors such as the Caribbean Development Bank and the International Development Association (IDA). The overall impact was an increase in net disbursements of $45.3m to $62.4m relative to $17.1m in the comparable period of 2017.

Outlook

The economic outlook for St Vincent and the Grenadines remains favourable for the second half of 2018, driven by the first full year of operations of the Argyle International Airport, a favourable international environment and developments from the 2018 budget. Accordingly, the ECCB expects the economy to expand by 1.2 per cent in 2018. Regarding developments related to Argyle International Airport, American Airlines has announced the introduction of weekly year-round flights from Miami to St Vincent and the Grenadines beginning in December 2018. This would supplement the current weekly service by Caribbean Airlines (CAL) between New York and St Vincent and the Grenadines. The weekly services are expected to boost the hotels and restaurants sector, which is estimated to grow by 2.2 per cent in 2018. Consistent with this development, activity in the transport, storage and communications and agricultural sectors are projected to improve. The favourable outlook for the sector is however contingent on productivity improvements as well as enhanced marketing in both traditional and non-traditional source markets. The upgrade of a number of local tourism plants and the expected re-opening of the Buccament Bay Resort would also contribute positively to this outlook.

Growth in the agricultural sector is also expected to help drive economic activity. This expansion will be supported by a range of ongoing donor-funded initiatives related to the Banana Accompanying Measures (BAM) Programme, such as the recently launched Montreal Greenhouse Park. Such ongoing initiatives are expected to revive the sector for both the domestic and export markets. Although the sector continued to be adversely impacted by the difficulties faced by hucksters in remitting their funds to St Vincent and the Grenadines from selected regional markets, some recovery in the agricultural sector is expected in 2018, predicated on the greater production of cocoa, coffee, fruits and vegetables as well as the identification of new regional markets. Activity in the fishing sector is also likely to improve in light of a proposed seafood packaging facility in Calliaqua, to facilitate export of fish, lobster and other shellfish to regional and international markets.

Output in the selected sub-sectors in manufacturing is projected to strengthen because of the expected reconstruction activity in a number of the islands, which were severely impacted by hurricanes Irma and Maria. Demand for building material such as galvanize sheet is projected to expand and contribute positively to activity in this sector, while the beverage sub-sector is expected to benefit from an active carnival season. These developments are likely to be tempered by the continued contraction in the grains component of the sector.

Construction activity is projected to recover during the second half of the year, following its subdued performance in the first six months of 2018. Private sector construction activity would include new investments in tourism properties, including the Black Sands project at Mt Wynne/St Peter's Hope. Such investments are likely to boost greater airlift in the medium term. Public sector investment is also anticipated to contribute to construction activity with the rehabilitation of roads and bridges, as announced in the 2018 budget. However, to fully capitalize on these benefits, the rate of implementation for infrastructural projects must be accelerated in the second half of the year.

Government balances are expected to deteriorate in light of a number of the fiscal measures announced in the 2018 budget. An appreciable increase in expenditure is projected for 2018, associated with higher allocations for health and hospital services; as well as police and security-related services as the government enhances crime prevention. These developments are likely to result in greater employment in the health sector and public administration. The rise in government spending may however be compounded by a number of fiscal incentives announced in 2018, which include reductions in the rates of corporate and income tax. Measures to improve the efficiency in tax administration and higher economic growth may help to mitigate this adverse impact.

As far as external developments, the IMF has projected that global economic growth will be favourable in 2018. In its July 2018 update of the World Economic Outlook, the IMF forecasted global economic activity for 2018 to be 3.9 per cent, but warned that this may be clouded by ongoing trade tensions, geopolitical tensions and diminishing support for economic integration. These tensions could adversely affect business and financial market sentiment and hinder investment. While growth in the United States of America is projected to be favourable at 2.9 per cent, the forecasts for the euro area and the United Kingdom have been revised downwards. Assuming that these risks materialise, it may undermine global economic growth and mute the projected economic benefits for the economies of the ECCU, including St Vincent and the Grenadines.

This optimistic outlook for economic growth should however be tempered by a few downside risks. Although initial projections suggest an increase in stayover arrivals from the ongoing operations of the international airport, this expansion may not result in the envisaged improvements in tourism sector. The sector may be further enhanced by more targeted efforts to improve tourism receipts in important components such as sightseeing, entertainment, shopping for local goods, as well as food and beverage. Other downside risks relate to the continued low implementation rate of infrastructural projects and the uncertainty in the global environment from recent trade tariffs, both of which may force investors to defer their investment projects. Concerted efforts should therefore be made to accelerate the implementation rate in second half of 2018.

In addition, one of the most notable risks for small island states such as St Vincent and the Grenadines is the threat of extreme climatic events. While the outlook was updated for a less active hurricane season in 2018, there is still a possibility for the occurrence of natural disasters, which could pose social and economic costs for the island.

NOTES FOR STATISTICAL TABLES AND MONETARY SURVEY

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

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

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

MONETARY SURVEY

1. Central government represents central and local government.
   1.1 Domestic Credit to Central Government (net)
   Central Bank and commercial banks' total holdings of Treasury Bills and Debentures
   plus Central Bank and commercial banks' loans and advances to central government
   plus Central Bank interest due on Securities
   minus Total central government deposits held with the Central Bank and commercial banks
   minus Sinking Fund Call Account and Government Operating Account held with the Central Bank
2. Other Public Sector represents national insurance (social security scheme) and non-financial public enterprises.
3. Private Sector represents households, private businesses, non-bank financial institutions, and subsidiaries and affiliates.
4. Money Supply (M1) = currency plus total private sector demand deposits plus EC cheques and drafts issued.
5. Currency = total currency liabilities of the Central Bank less commercial banks' holdings of local currency cash.
6. Demand Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents' demand deposits.
7. Savings Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents' savings deposits.
8. Time Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents' time deposits.
9. Foreign Currency Deposits = total private businesses, households, non-bank financial institutions, and subsidiaries and affiliates residents' foreign currency deposits.

STATISTICAL TABLES INDEX

PAGE

ECCU

ANGUILLA

ANTIGUA AND BARBUDA

DOMINICA

GRENADA

MONTSERRAT

ST KITTS AND NEVIS

SAINT LUCIA

ST VINCENT AND THE GRENADINES

Table 1
ECCU - Selected Tourism Statistics

	2017 R 2nd Qr	2017 R 3rd Qr	2017 4th Qr	2018 1st Qr	2018P 2nd Qr	2017 Jan - Jun	2018 Jan - Jun
Total Visitors	759,557	477,373	1,363,103	2,025,242	722,058	2,631,772	2,747,300
Stay-Over Visitors	282,048	258,071	262,029	323,540	271,484	598,824	595,024
Of which:							
USA	129,336	102,596	101,872	138,193	125,706	264,229	263,899
Canada	18,971	13,041	25,698	46,814	21,328	59,494	68,142
UK	45,976	41,671	51,975	58,909	45,543	104,448	104,452
Caribbean	58,404	72,849	54,990	45,611	54,282	102,255	99,893
Other Countries	29,361	27,914	27,494	34,013	24,625	68,398	58,638
Excursionists \1	29,871	25,219	5,914	12,751	10,811	67,150	23,562
Cruise Ship Passengers \2	413,998	176,072	1,055,441	1,613,441	404,857	1,863,939	2,018,298
Yacht Passengers \4	33,640	18,011	39,719	75,510	34,906	101,859	110,416
Number of Cruise Ship Calls \3	244	109	701	1,021	223	1,201	1,244
Total Visitor Expenditure (EC$M)	**1,237.52**	**1,228.63**	**1,334.19**	**1,675.96**	**1,206.72**	**2,756.12**	**2,882.68**

Sources: ECCU Central Statistics Offices and Eastern Caribbean Central Bank

1 Excursionists include Sea Arrivals for Saint Lucia

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

3 Cruise ship calls exclude Anguilla

4 Yacht passengers exclude Anguilla

Data as at 06 September 2018

Table 2
ECCU - Consumer Price Index

	Index	Percentage Change*						
		Quarter over Previous Quarter						
	Index	2017 R	2017 R	2017 R	2018	2018P	Jun-17	Jun-18
	Jun 2018	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	Dec-16	Dec-17
All Items	167.93	0.51	0.07	0.54	0.20	0.46	1.69	0.66
Food	188.65	0.39	0.81	0.64	1.18	0.60	0.35	1.78
Alcoholic Drink and Tobacco	177.47	(1.01)	0.48	(0.66)	0.88	0.69	(0.06)	1.58
Housing and Utilities	134.38	0.83	(0.70)	1.88	2.12	0.47	1.81	2.59
Fuel and light	159.99	0.78	(1.06)	2.54	0.81	0.93	3.52	1.75
Clothing and footwear	158.57	0.15	1.63	(1.48)	(0.90)	(2.70)	(0.96)	(3.57)
Household and Furniture Equipment	148.34	0.37	(1.88)	0.72	0.07	0.18	0.51	0.25
Transportation and Communication	180.65	1.42	1.35	(0.09)	0.12	0.61	2.95	0.73
Medical Care and Expenses	202.45	(0.03)	0.17	(0.85)	0.99	(0.14)	1.10	0.85
Education	134.02	0.90	0.52	0.08	0.13	0.32	0.29	0.46
Personal Services	150.48	(1.82)	3.87	(3.52)	(1.39)	0.33	(1.78)	(1.07)
Miscellaneous	132.73	0.22	0.10	0.16	(0.91)	(0.08)	0.58	(0.99)

Sources: Central Statistical Offices, ECCU and ECCB Estimates
*at end of period
At present CPI for the ECCU countries have different base years. The CPI for the ECCU is therefore compiled using GDP as a weighted index coupled with the rate of change using the 2001 base year.
Data as at 06 September 2018

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

	2017 R 2nd Qr	2017 R 3rd Qr	2017 R 4th Qr	2018 1st Qr	2018P 2nd Qr	2017 Jan - Jun	2018 Jan - Jun
Current Revenue	1,192.83	1,118.06	1,212.88	1,202.22	1,348.83	2,420.99	2,551.05
Tax Revenue	981.03	884.48	953.85	1,008.00	1,029.21	1,995.26	2,037.21
Taxes on Income and Profits \1	209.53	192.54	193.00	222.08	225.53	463.06	447.61
Of which:							
Personal /1	84.72	83.67	88.45	90.81	88.17	178.49	178.97
Company/Corporation /2	99.18	90.88	82.98	103.20	110.95	231.79	214.15
Taxes on Property	47.67	45.08	25.47	25.37	37.90	74.02	63.27
Taxes on Domestic Goods and Services	436.24	389.15	384.75	454.26	448.36	891.67	902.63
Of which:							
Accommodation Tax	6.95	3.30	0.49	1.42	2.40	16.78	3.82
Licences	23.24	17.01	25.61	27.26	20.81	53.01	48.07
Sales Tax \3	64.29	49.44	49.79	79.28	73.00	137.69	152.28
Value Added Tax \5	249.53	230.17	229.72	268.61	269.22	502.74	537.83
Consumption Tax \4	0.00	0.00	0.00	-	-	0.00	-
Stamp Duties	36.23	25.86	23.76	21.14	18.56	60.46	39.70
Taxes on International Trade and Transactions	287.59	257.71	350.63	306.28	317.42	566.52	623.70
Of which:							
Import Duties	124.50	111.79	146.54	126.93	139.47	244.98	266.40
Consumption Tax \6	17.71	17.37	20.65	21.05	13.03	37.72	34.08
Customs Service Charge	60.57	54.42	71.36	63.55	67.31	117.54	130.86
Non-Tax Revenue	211.81	233.58	259.04	194.22	319.62	425.73	513.84
of which: Citizenship by Investment	113.96	142.90	136.50	100.51	232.55	113.96	333.05
Current Expenditure	1,077.08	1,045.45	1,169.84	1,087.37	1,121.08	2,152.79	2,208.45
Personal Emoluments	453.17	450.80	496.54	464.69	470.95	909.74	935.64
Goods and Services	224.38	209.64	252.97	244.48	247.89	438.38	492.37
Interest Payments	120.17	107.35	119.13	117.79	120.68	234.61	238.47
Domestic	57.73	60.14	56.63	64.62	61.71	128.96	126.33
External	62.44	47.21	62.50	53.17	58.97	105.65	112.14
Transfers and Subsidies	270.19	270.64	296.90	255.67	275.96	558.76	531.63
Of which: Pensions	78.69	84.07	81.80	80.28	80.90	166.28	161.17
Current Account Balance	115.76	72.61	43.04	114.85	227.75	268.20	342.60
Capital Revenue	2.02	8.03	3.41	2.68	13.51	13.62	16.19
Grants	74.76	129.10	122.15	55.85	70.32	150.85	126.17
Of which: Capital Grants	49.68	79.12	78.15	45.78	17.41	123.69	63.19
Capital Expenditure and Net Lending	247.19	179.01	283.29	225.71	259.34	421.93	485.05
Of which: Capital Expenditure	245.10	179.19	283.21	225.71	259.31	420.10	485.02
Primary Balance after grants	65.52	138.08	4.43	65.46	172.92	245.35	238.38
Overall Balance after grants	(54.65)	30.73	(114.69)	(52.33)	52.25	10.74	(0.08)
Financing	54.65	(30.73)	114.69	52.33	(52.25)	(10.74)	0.08
Domestic	8.94	(74.90)	96.14	38.35	(105.09)	(47.40)	(66.74)
ECCB (net)	35.30	(55.32)	32.70	7.15	(37.36)	20.01	(30.21)
Commercial Banks (net)	(200.11)	(57.83)	(5.95)	(786.11)	(19.35)	1.21	(805.45)
Other	173.74	38.25	69.40	817.30	(48.38)	(68.62)	768.92
External	37.01	(41.12)	31.25	(18.36)	31.47	36.95	13.11
Net Disbursements/(Amortisation)	39.60	(45.10)	30.25	(12.56)	31.26	41.54	18.70
Disbursements	185.49	64.12	194.07	128.33	193.24	299.89	321.57
Amortisation	145.89	109.23	163.82	140.89	161.99	258.35	302.87
Change in Government Foreign Assets	(2.58)	3.98	1.00	(5.80)	0.21	(4.59)	(5.59)
Arrears \7	8.70	85.29	(12.70)	32.35	21.37	(0.29)	53.72
Domestic	8.02	64.49	(20.45)	2.90	19.66	(9.27)	22.56
External	0.68	20.80	7.75	29.44	1.71	8.98	31.16

Source: ECCU Ministries of Finance and Eastern Caribbean Central Bank
/1 Taxes on Income & Profits include stabilization levy collected in Anguilla and Social Services Levy in St Kitts and Nevis
/2 Excludes Anguilla
/3 Includes Antigua and Barbuda and Dominica
/4 Excludes Montserrat
/5 Excludes Anguilla, Antigua and Barbuda, Montserrat
/6 Excludes St Vincent and the Grenadines
/7 Excludes Grenada, Montserrat, St Kitts and Nevis and Saint Luci

Data as at 14 September 2018

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

	2017P 1st Qr	2017P 2nd Qr	2017P 3rdQr	2017P 4thQr	2018P 1st Qr	2018P 2nd Qr
Anguilla	548.34	535.89	530.04	535.80	533.12	524.66
Antigua and Barbuda	3,169.38	3,152.44	3,185.76	3,256.92	3,118.51	3,080.37
Dominica	1,047.44	1,041.22	1,035.10	1,037.35	1,069.88	1,020.02
Grenada/1	2,315.64	2,299.32	2,286.81	2,119.16	2,098.66	2,057.78
Montserrat	8.51	10.68	10.59	10.50	10.41	10.30
St Kitts and Nevis	1,671.92	1,666.53	1,682.65	1,687.76	1,757.38	1,741.88
Saint Lucia	3,204.01	3,055.89	3,134.66	3,181.86	3,223.90	3,218.12
St Vincent and the Grenadines	1,712.89	1,765.65	1,687.65	1,684.45	1,647.37	1,741.61
TOTAL ECCU	**13,678.13**	**13,527.62**	**13,553.26**	**13,513.79**	**13,459.23**	**13,394.74**

Source: Eastern Caribbean Central Bank
* Includes arrears of principal
/1 Treasury Bills in Grenada revalued in 2018 at market value on acquisition

Data as at 06 September 2018

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

	2017P 1st Qr	2017P 2nd Qr	2017P 3rdQr	2017P 4thQr	2018P 1st Qr	2018P 2nd Qr
Anguilla	536.57	524.60	519.24	525.46	523.27	515.26
Antigua and Barbuda	2,654.39	2,627.51	2,643.08	2,727.20	2,609.16	2,589.53
Dominica	876.82	868.75	865.28	868.35	904.13	858.97
Grenada/1	2,189.37	2,176.08	2,165.73	1,998.76	1,980.28	1,940.79
Montserrat	4.55	6.82	6.83	6.83	6.83	6.82
St Kitts and Nevis	1,374.20	1,365.33	1,374.90	1,370.53	1,405.18	1,358.69
Saint Lucia	3,097.82	2,888.55	2,974.49	2,981.63	3,025.83	3,018.83
St Vincent and the Grenadines	1,377.33	1,433.12	1,358.49	1,350.52	1,317.52	1,412.41
TOTAL ECCU	**12,111.06**	**11,890.75**	**11,908.05**	**11,829.27**	**11,772.19**	**11,701.30**

Source: Eastern Caribbean Central Bank
/1 Treasury Bills in Grenada revalued in 2018 at market value on acquisition

Data as at 06 September 2018

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

	2017P 1st Qr	2017P 2nd Qr	2017P 3rdQr	2017P 4thQr	2018P 1st Qr	2018P 2nd Qr
Anguilla	8.24	9.22	10.00	9.87	11.54	11.47
Antigua and Barbuda	106.93	131.38	144.21	122.90	123.41	142.31
Dominica	17.42	17.54	18.66	14.09	18.67	20.55
Grenada	33.20	72.58	28.75	96.00	42.47	77.50
Montserrat	0.04	0.03	0.04	0.03	0.03	0.03
St Kitts and Nevis	27.48	33.42	15.73	18.76	15.69	19.66
Saint Lucia	74.42	71.02	65.87	69.68	85.25	101.67
St Vincent and the Grenadines	35.95	41.32	36.97	50.77	31.76	46.80
TOTAL ECCU	**303.68**	**376.52**	**320.23**	**382.09**	**328.82**	**419.99**

Source: Eastern Caribbean Central Bank
Data as at 06 September 2018

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

	2017^R 2^{nd} Qr	2017^R 3^{rd} Qr	2017^R 4^{th} Qr	2018^R 1^{st} Qr	2018^P 2^{nd} Qr	2017 Jan to Jun	2018 Jan to Jun
Total Bid Amount	438.69	355.56	520.04	349.86	420.47	780.15	770.33
Total Offer Amount	336.00	306.65	451.80	231.00	253.00	552.00	484.00
Total Raised	319.76	296.91	398.92	231.00	310.21	535.76	541.21

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

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

	2017^R 2^nd Qr	2017^R 3^rd Qr	2017^R 4^th Qr	2018^R 1^st Qr	2018^P 2^nd Qr	2017 Jan to Jun	2018 Jan to Jun
91-day Treasury Bills	3.07	3.91	3.27	2.83	2.60	2.85	2.67
180-day Treasury Bills	2.40	5.00	4.46	3.27	3.65	2.32	3.48
365-day Treasury Bills	5.00	4.58	4.29	4.17	5.50	4.63	4.83
2-year Bond	*	*	6.50	5.50	*	*	*
3-year Bond	*	*	*	*	*	*	*
4-year Bond	*	*	*	*	*	*	*
5-year Bond	*	*	*	*	*	*	*
6-year Bond	*	*	*	*	*	*	*
7-year Bond	7.50	*	6.33	*	6.25	7.50	6.25
8-year Bond	*	*	*	*	*	*	*
10-year Bond	*	*	7.25	7.25	7.50	*	7.38
15-year Bond	*	*	*	*	*	*	*

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

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

	2017^R 2^nd Qr	2017^R 3^rd Qr	2017^R 4^th Qr	2018^R 1^st Qr	2018^P 2^nd Qr	2017 Jan to Jun	2018 Jan to Jun
Volume	1.05	0.08	14.02	7.96	2.079	5.618	18.57
Value	0.88	0.08	13.78	8.14	2.22	8.567	10.364

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

Table 10
ECCU - Monetary Survey
(EC$M at end of period)

	2017 1st Qr	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018 2nd Qr[P]
Net Foreign Assets	**8,031.40**	**8,162.16**	**8,129.09**	**8,551.13**	**9,389.94**	**9,380.72**
Central Bank (Net)	**4,612.23**	**4,624.29**	**4,557.84**	**4,706.94**	**4,730.42**	**4,750.90**
External Assets	4,624.35	4,639.37	4,573.51	4,725.76	4,742.01	4,782.87
External Liabilities	(12.12)	(15.07)	(15.67)	(18.82)	(11.59)	(31.97)
Commercial Banks (Net)	**3,419.17**	**3,537.86**	**3,571.26**	**3,844.19**	**4,659.52**	**4,629.82**
External Assets	6,745.31	6,865.85	6,996.30	7,227.98	8,017.21	7,985.86
External Liabilities	(3,326.14)	(3,327.99)	(3,425.04)	(3,383.79)	(3,357.69)	(3,356.05)
Net Domestic Assets	8,187.80	8,080.47	7,993.16	7,854.08	7,688.96	7,546.88
Domestic Credit	**10,139.75**	**9,944.53**	**9,880.39**	**9,840.38**	**8,955.28**	**8,857.73**
Central Government (Net)	1,109.58	931.23	800.85	802.64	23.54	(46.48)
Other Public Sector (Net)	(1,993.22)	(2,029.22)	(1,991.44)	(2,011.52)	(2,050.36)	(2,118.28)
Private Sector	11,023.39	11,042.52	11,070.98	11,049.26	10,982.11	11,022.48
Household	6,694.90	6,726.40	6,736.73	6,774.31	6,752.69	6,744.14
Business	3,912.41	3,904.15	3,892.87	3,834.98	3,799.21	3,831.66
Non-Bank Financial Institutions	319.06	314.96	344.15	345.35	337.51	353.31
Subsidiaries & Affiliates	97.02	97.01	97.25	94.62	92.70	93.38
Other Items (Net)	**(1,951.95)**	**(1,864.06)**	**(1,887.23)**	**(1,986.30)**	**(1,266.33)**	**(1,310.85)**
Monetary Liabilities (M2)	**16,219.20**	**16,242.63**	**16,122.26**	**16,405.22**	**17,078.90**	**16,927.59**
Money Supply (M1)	**3,918.26**	**3,920.93**	**3,864.43**	**4,193.86**	**4,411.63**	**4,346.45**
Currency with the Public	810.25	806.25	805.31	898.38	898.71	878.93
Demand Deposits	3,030.19	3,028.10	2,976.79	3,211.09	3,413.37	3,387.79
EC$ Cheques and Drafts Issued	77.83	86.58	82.33	84.39	99.55	79.73
Quasi Money	**12,300.94**	**12,321.70**	**12,257.82**	**12,211.36**	**12,667.27**	**12,581.14**
Savings Deposits	7,354.66	7,449.67	7,527.67	7,628.79	7,838.89	7,866.24
Time Deposits	2,278.15	2,205.48	2,134.63	2,035.64	2,007.70	2,003.47
Foreign Currency Deposits	2,668.13	2,666.56	2,595.52	2,546.92	2,820.68	2,711.43
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	35.81	35.80	35.72	36.33	37.55	37.34
Liquid assets to short-term liabilities	38.78	38.84	38.98	39.74	41.11	40.82
Customer deposits to total (noninterbank) loans	156.19	157.49	156.11	157.70	162.41	162.18
Weighted Average Interest Rates						
Total Deposits Rate	1.68	1.65	1.65	1.63	1.57	1.57
Lending Rate	8.56	8.51	8.46	8.41	8.37	8.36
Spread between reference lending and deposit rates (basis points)	6.88	6.86	6.81	6.78	6.80	6.79
Nonperforming loans to gross loans	10.87	11.26	11.50	12.05	11.99	11.32

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

Table 11
Anguilla - Selected Tourism Statistics

	2017 2nd Qr	2017R 3rd Qr	2017R 4th Qr	2018R 1st Qr	2018P 2nd Qr	2017 Jan - Jun	2018P Jan - Jun
Total Visitors	49,802	37,333	5,389	17,335	19,765	105,928	37,100
Stay-Over Visitors	23,449	15,863	4,497	10,625	12,654	47,894	23,279
Of which:							
USA	15,673	8,385	2,052	6,257	7,729	32,890	13,986
Canada	795	312	194	431	389	2,313	820
UK	1,092	843	363	555	595	2,097	1,150
Caribbean	3,283	4,129	1,385	2,312	2,628	5,418	4,940
Other Countries	2,606	2,194	503	1,070	1,313	5,176	2,383
Excursionists	26,353	21,470	892	6,710	7,111	58,034	13,821
Total Visitor Expenditure (EC$M)	106.30	102.23	44.03	68.17	63.22	225.45	131.39

Source: Anguilla Customs Department and ECCB Estimates
Data as at 16 August 2018

Table 12
Anguilla - Consumer Price Index
March 2010 = 100

			Percentage Change*						
			Quarter Over Previous Quarter						
	Weight	Index Jun 2018	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018P 2nd Qr	Jun-17 Dec-16	Jun-18 Dec-17
All Items	100.00	107.21	(0.22)	-	1.89	(0.65)	(0.45)	(0.53)	(1.09)
Food & Non-Alchoholic Beverages	12.83	112.07	0.18	-	0.92	0.08	(1.71)	0.36	(1.63)
Alcoholic Beverages, Tobacco & Narcotics	2.34	122.78	0.25	-	0.93	0.01	(0.85)	1.48	(0.84)
Clothing & Footwear	3.25	106.10	0.12	-	(0.88)	1.70	1.14	(2.42)	2.86
Housing, Utilities, Gas & Fuels	25.55	94.50	(0.93)	-	0.21	(0.36)	(0.22)	(0.82)	(0.58)
Household Furnishings, Supplies & Maintenance	4.03	112.33	0.55	-	(0.26)	0.46	(1.59)	0.15	(1.14)
Health	2.34	115.25	(0.30)	-	(0.28)	-	0.02	(0.30)	0.02
Transport	15.96	113.25	1.08	-	9.33	(2.07)	(1.29)	(3.18)	(3.33)
Communication	13.42	116.48	(1.10)	-	0.13	(1.06)	0.28	1.23	(0.78)
Recreation & Culture	3.81	94.27	(0.22)	-	1.66	(1.98)	2.03	1.40	0.01
Education	5.91	121.84	-	-	-	-	-	-	-
Hotels & Restaurants	4.04	105.67	(0.84)	-	5.73	(2.63)	(1.07)	(1.15)	(3.66)
Miscellaneous	6.52	104.05	(0.02)	-	(0.09)	0.39	(0.02)	0.23	0.37

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism
*at end of period
Data as at 16 August 2018

Table 13
Anguilla - Selected Trade Statistics
(EC$M)

	2017R 2nd Qr	2017R 3rd Qr	2017R 4th Qr	2018R 1st Qr	2018P 2nd Qr	2017R Jan - Jun	2018P Jan - Jun
Total Exports	3.20	1.60	1.96	6.26	3.37	8.57	9.63
Total Imports	113.52	78.82	163.84	186.91	183.95	245.31	370.87
Trade Balance	(110.32)	(77.22)	(161.88)	(180.66)	(180.58)	(236.75)	(361.24)

Source: Anguilla Customs Department and ECCB Estimates

Data as at 16 August 2018

Table 14
Anguilla - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018[R] 1st Qr	2018[P] 2nd Qr	2017 Jan - Jun	2018[P] Jan - Jun
Current Revenue	56.65	39.50	39.05	48.79	49.98	112.10	98.77
Tax Revenue	50.27	33.61	31.91	38.41	41.29	98.04	79.70
Taxes on Income and Profits	3.69	3.13	3.42	2.97	4.02	7.59	6.99
Of which: Stabilisation Levy	3.69	3.13	3.42	2.97	4.02	7.59	6.99
Taxes on Property	2.17	2.79	1.00	1.00	0.59	3.11	1.59
Taxes on Domestic Goods and Services	26.31	13.58	5.12	13.31	12.09	48.60	25.40
Of which:							
Licenses	3.31	2.52	1.62	5.80	4.59	10.45	10.40
Accommodation Tax	6.67	3.11	0.47	1.09	2.06	16.09	3.14
Stamp Duties	12.38	1.02	1.31	4.24	2.36	13.53	6.60
Taxes on International Trade and Transactions	18.10	14.12	22.37	21.14	24.59	38.74	45.72
Of which:							
Import Duty	14.09	11.08	17.65	16.45	18.99	30.12	35.44
Customs Surcharge	3.89	2.93	4.50	4.50	5.33	8.24	9.83
Embarkation Tax	(0.01)	(0.00)	(0.00)	-	0.01	0.12	0.01
Non-Tax Revenue	6.38	5.89	7.14	10.38	8.69	14.06	19.07
Current Expenditure	48.80	49.08	51.98	44.02	52.58	94.29	96.60
Personal Emoluments	21.11	20.83	21.14	21.02	21.61	41.87	42.63
Good and Services	11.90	10.45	16.60	7.97	13.60	21.71	21.56
Interest Payments	4.14	4.26	4.46	4.40	4.42	7.70	8.82
Domestic	2.51	2.65	2.54	2.57	2.62	4.92	5.19
External	1.63	1.61	1.91	1.83	1.80	2.78	3.63
Transfers and Subsidies	11.65	13.55	9.79	10.63	12.96	23.00	23.59
Of which: Pensions	2.30	2.12	2.18	2.17	2.10	4.42	4.27
Current Account Balance	7.84	(9.59)	(12.93)	4.77	(2.60)	17.82	2.17
Capital Revenue	-	-	-	-	-	-	-
Grants	0.19	29.67	0.08	3.67	0.20	0.80	3.86
Of which: Capital Grants	0.19	29.67	0.08	3.67	0.20	0.80	3.86
Capital Expenditure and Net Lending	3.20	2.18	14.40	2.37	0.90	4.94	3.27
Of which: Capital Expenditure	3.20	2.18	14.40	2.37	0.90	4.94	3.27
Primary Balance before grants	8.79	(7.51)	(22.88)	6.80	0.92	20.58	7.72
Primary Balance after grants	8.98	22.16	(22.80)	10.47	1.11	21.38	11.58
Overall Balance before grants	4.64	(11.76)	(27.34)	2.40	(3.50)	12.88	(1.10)
Overall Balance after grants	4.83	17.91	(27.26)	6.06	(3.30)	13.68	2.76
Financing	(4.83)	(17.91)	27.26	(6.06)	3.30	(13.68)	(2.76)
Domestic	(3.13)	(20.19)	40.56	(7.69)	3.52	(11.50)	(4.16)
ECCB (net)	0.57	(0.06)	0.27	(0.15)	(0.59)	0.80	(0.74)
Commercial Banks (net)	(6.69)	(17.10)	22.74	6.21	5.11	(3.66)	11.33
Other	2.99	(3.03)	17.55	(13.75)	(1.00)	(8.63)	(14.75)
External	(3.29)	(3.31)	(3.31)	(3.60)	(3.52)	(6.57)	(7.12)
Net Disbursements/(Amortisation)	(3.29)	(3.31)	(3.31)	(3.60)	(3.52)	(6.57)	(7.12)
Disbursements	-	-	-	0.00	0.01	0.00	0.01
Amortisation	3.29	3.31	3.31	3.60	3.53	6.57	7.13
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	1.58	5.60	(9.99)	5.22	3.30	4.39	8.52
Domestic	1.58	5.60	(9.99)	5.22	3.30	4.39	8.52
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Treasury Department, Anguilla and the Eastern Caribbean Central Bank
Data as at 16 August 2018

Table 15
Anguilla - Monetary Survey
(EC$M at end of period)

	2017 1st Qr	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018 2nd Qr[p]
Net Foreign Assets	**437.64**	**452.90**	**475.17**	**492.38**	**594.45**	**537.25**
Central Bank (Net)	**146.77**	**181.49**	**221.66**	**206.21**	**209.93**	**209.02**
Commercial Banks (Net)	290.88	271.41	253.52	286.17	384.52	328.23
External (Net)	212.07	216.98	203.61	231.16	320.43	279.92
Assets	298.49	307.63	441.44	324.67	404.93	384.74
Liabilities	86.42	90.65	237.83	93.51	84.50	104.81
Other ECCB Territories (Net)	78.81	54.43	49.91	55.01	64.09	48.31
Assets	194.79	182.34	180.48	198.77	213.03	202.15
Liabilities	115.98	127.91	130.58	143.76	148.94	153.84
Net Domestic Assets	**574.51**	**568.48**	**550.71**	**543.65**	**539.63**	**521.90**
Domestic Credit	**517.74**	**555.53**	**529.43**	**541.51**	**529.21**	**519.04**
Central Government (Net)	(73.35)	(79.47)	(96.63)	(73.62)	(67.56)	(63.04)
Other Public Sector (Net)	(49.66)	(52.40)	(52.37)	(54.74)	(62.61)	(64.77)
Private Sector	640.74	687.40	678.43	669.87	659.37	646.84
Household	351.44	370.18	361.65	358.94	356.79	349.16
Business	281.61	309.61	309.32	302.09	294.40	290.00
Non-Bank Financial Institutions	0.98	0.90	0.74	2.12	1.46	0.97
Subsidiaries & Affiliates	6.72	6.72	6.72	6.72	6.72	6.72
Other Items (Net)	**56.78**	**12.95**	**21.27**	**2.14**	**10.43**	**2.86**
Monetary Liabilities (M2)	**1,012.15**	**1,021.39**	**1,025.88**	**1,036.03**	**1,134.09**	**1,059.16**
Money Supply (M1)	**61.67**	**62.36**	**70.96**	**75.35**	**62.95**	**63.81**
Currency with the Public	21.02	20.63	22.22	22.39	22.13	24.12
Demand Deposits	40.20	40.07	47.35	50.43	40.59	38.76
EC$ Cheques and Drafts Issued	0.45	1.66	1.39	2.52	0.23	0.93
Quasi Money	**950.48**	**959.02**	**954.92**	**960.69**	**1,071.14**	**995.35**
Savings Deposits	138.66	140.04	141.67	146.30	146.19	146.97
Time Deposits	102.15	100.76	101.38	91.23	91.42	90.03
Foreign Currency Deposits	709.67	718.23	711.87	723.16	833.53	758.36
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	40.47	41.26	47.76	44.53	47.83	46.71
Liquid assets to short-term liabilities	44.37	45.88	53.99	49.76	52.94	51.94
Customer deposits to total (noninterbank) loans	178.25	167.86	172.84	173.11	175.63	179.17
Weighted Average Interest Rates						
Total Deposits Rate	2.36	2.28	2.36	2.21	2.10	2.20
Lending Rate	10.04	9.90	9.87	9.91	9.88	9.85
Spread between reference lending and deposit rates (basis points)	7.68	7.62	7.50	7.70	7.78	7.65
Nonperforming loans to gross loans	6.93	14.25	19.30	23.48	23.03	23.65

Source: Eastern Caribbean Central Bank
Data as at 21 August 2018

Table 16

Antigua and Barbuda - Selected Tourism Statistics

	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018P 2nd Qr	2017 Jan - Jun	2018 Jan - Jun
Total Visitors	145,750	67,872	386,308	512,179	153,089	581,512	665,268
Stay-Over Visitors	58,673	48,354	61,302	85,271	62,868	137,655	148,139
Of which:							
USA	26,409	18,454	21,012	31,824	27,115	56,881	58,939
Canada	3,900	2,570	7,555	15,625	7,618	12,807	23,243
Europe	19,749	16,609	22,598	29,203	19,042	51,201	48,245
UK	15,692	13,117	17,925	22,454	15,379	39,659	37,833
Germany	447	158	578	1,157	422	1,384	1,579
Switzerland	306	147	341	426	193	680	619
Italy	1,750	2,236	1,616	2,043	1,422	4,675	3,465
France	314	240	456	443	393	914	836
Other Europe	1,240	711	1,682	2,680	1,233	3,889	3,913
Caribbean	7,122	9,649	8,616	7,000	7,770	13,713	14,770
South America	381	255	344	387	300	805	687
Other Countries	1,112	817	1,177	1,232	1,023	2,248	2,255
Cruise Ship Passengers \1	82,422	18,499	320,534	417,517	86,718	429,805	504,235
Number of Cruise Ship Calls	42	8	182	234	46	234	280
Yacht Passengers	4,655	1,019	4,472	9,391	3,503	14,052	12,894
Number of Yacht Calls	1,199	229	872	1,805	938	3,310	2,743
Visitor Expenditure (EC$M) \2	358.69	288.58	370.59	661.30	419.19	843.39	1,080.48

Source: Ministry of Tourism, Antigua and Barbuda and Eastern Caribbean Central Bank estimates

\1 **Includes Excursionists**

\2 **Includes the expenditure of Stay Over visitors only.**

Data as at 22 August 2018

Table 17
Antigua and Barbuda - Consumer Price Index
January 2001 = 100

			Percentage Change*						
	Weight	Index Jun-18	2017 2^{nd} Qr	2017 3^{rd} Qr	2017 4^{th}Qr	2018 1^{st} Qr	2018^{P} 2^{nd} Qr	Jun-17 Dec-16	Jun-18 Dec-17
All Items	100.00	138.97	(0.21)	0.27	(0.19)	0.47	0.78	2.27	1.25
Food	21.42	164.55	(1.11)	0.96	0.48	0.65	1.44	1.09	2.10
Alcoholic Beverages and Tobacco	0.16	137.51	1.57	0.59	(2.33)	0.18	(1.53)	2.86	(1.36)
Housing	21.83	114.88	-	-	-	2.17	0.00	7.44	2.17
Fuel and Light	6.39	131.73	0.00	-	-	-	-	0.00	-
Clothing and Footwear	11.06	106.12	0.71	(0.07)	(0.66)	(1.23)	3.01	0.73	1.74
Household Furnishings and Supplies	12.60	145.49	0.16	(0.41)	(0.22)	0.06	0.81	0.39	0.87
Transport and Communications	15.35	140.98	0.15	(0.07)	(0.15)	(0.04)	0.17	2.46	0.13
Medical Care and Expenses	2.76	137.86	0.81 -	0.35	2.25	0.89	(1.56)	0.88	(0.68)
Education	2.34	213.08	-	0.30	-	-	0.00	-	0.00
Personal Services	4.30	167.75	(1.08)	1.93	(4.92)	0.00	1.79	3.69	1.79
Miscellaneous	1.79	128.19	(0.08)	0.00	0.32	(0.42)	(0.85)	0.28	(1.26)

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda and Eastern Caribbean Central Bank estimates
*at end of period
Since April 2016, the Geometic Mean is used to calculate the index. The Arithmetic Mean was used prior to April 2016.
Data for Jun-18 estimated
Data as at 22 August 2018

Table 18
Antigua and Barbuda - Selected Trade Statistics
(EC$M)

	2017 2^{nd} Qr	2017 3^{rd} Qr	2017 4^{th}Qr	2018 1^{st} Qr	2018^{P} 2^{nd} Qr	2017 Jan - Jun	2018 Jan - Jun
Visible Trade Balance	(234.80)	(381.07)	(550.82)	(466.68)	(73.82)	(600.22)	(540.50)
Total Exports	114.96	6.13	12.44	25.59	395.69	149.89	421.28
Total Imports	349.76	387.19	563.26	492.27	469.50	750.11	961.77

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda
Data as at 22 August 2018

Table 19
Antigua and Barbuda - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018P 2nd Qr	2017 Jan - Jun	2018 Jan - Jun
Current Revenue	200.27	161.73	210.08	207.07	185.82	420.42	392.89
Tax Revenue	165.09	134.49	155.39	187.97	171.29	351.92	359.26
Taxes on Income and Profits	14.48	10.87	17.71	26.02	19.64	45.51	45.66
Of which:							
Personal Income	0.34	0.16	1.00	0.15	0.23	0.76	0.38
Company/Corporation	14.14	10.70	16.71	25.86	19.41	44.75	45.28
Taxes on Property	8.90	3.95	1.18	5.71	8.98	14.98	14.69
Taxes on Domestic Goods and Services	81.57	66.63	61.49	89.45	82.70	170.30	172.15
Of which:							
Stamp Duties	14.72	15.07	9.23	7.73	7.27	25.72	15.00
Antigua and Barbuda Sales Tax	64.27	49.44	49.79	79.28	72.99	137.67	152.28
Taxes on International Trade and Transactions	60.14	53.04	75.01	66.79	59.97	121.13	126.76
Of which:							
Import Duty	22.19	18.67	26.20	23.99	24.18	44.65	48.17
Consumption Tax	14.84	15.20	17.10	18.37	9.72	31.94	28.10
Passenger Facility Charge	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue Recovery Charge	18.80	16.18	22.79	20.03	21.36	37.21	41.39
Embarkation Tax							
Non-Tax Revenue	35.18	27.24	54.69	19.10	14.53	68.49	33.63
Of which: Citizenship by Investment[1]	7.96	11.61	22.59	7.32	11.88	20.14	19.20
Current Expenditure	190.25	192.17	235.13	210.20	207.77	413.89	417.97
Personal Emoluments	81.52	80.36	86.06	86.22	93.61	160.76	179.83
Other Goods and Services	33.96	32.02	39.81	37.35	36.27	59.89	73.62
Interest Payments	19.59	26.01	18.33	36.00	21.98	56.88	57.98
Domestic	15.47	16.68	13.78	21.78	17.29	41.99	39.07
External	4.11	9.33	4.55	14.21	4.70	14.89	18.91
Transfers and Subsidies	55.18	53.79	90.94	50.64	55.90	136.37	106.54
Of which: Pensions	16.09	17.05	19.54	15.05	19.56	39.25	34.61
Current Account Balance	10.03	(30.44)	(25.05)	(3.13)	(21.95)	6.52	(25.08)
Capital Revenue	0.29	1.76	0.58	0.62	0.68	8.43	1.30
Grants	0.00	1.14	0.95	0.00	0.00	0.00	0.00
Of which:							
Capital Grants	0.00	1.14	0.95	0.00	0.00	0.00	0.00
Capital Expenditure and Net Lending	18.63	15.77	25.85	20.13	17.83	19.05	37.97
Of which: Capital Expenditure	18.63	15.77	25.85	20.13	17.83	19.05	37.97
Primary Balance after grants	11.28	(17.30)	(31.05)	13.36	(17.12)	52.79	(3.77)
Overall Balance after grants	(8.31)	(43.31)	(49.37)	(22.64)	(39.11)	(4.10)	(61.75)
Financing	8.31	43.31	49.37	22.64	39.11	4.10	61.75
Domestic	27.49	13.65	(28.37)	42.50	(5.00)	57.82	37.50
ECCB (net)	16.93	(14.39)	(27.95)	16.64	(8.01)	14.71	8.63
Commercial Banks (net)	3.57	(2.91)	5.56	(12.19)	0.13	7.38	(12.05)
Other	6.99	30.95	(5.98)	38.05	2.87	35.74	40.92
External	(20.92)	(27.41)	70.12	(46.69)	16.71	(56.83)	(29.98)
Net Disbursements/(Amortisation)	(18.92)	(33.70)	72.11	(44.02)	15.89	(52.84)	(28.14)
Disbursements	39.76	10.98	140.13	18.29	51.15	49.76	69.44
Amortisation	58.68	44.68	68.02	62.32	35.27	102.60	97.58
Change in Government Foreign Assets	(2.00)	6.29	(1.98)	(2.66)	0.83	(3.99)	(1.84)
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arrears	1.74	57.08	7.62	26.83	27.40	3.10	54.23
Domestic	1.06	36.28	(0.13)	(2.62)	25.69	(5.87)	23.07
External	0.68	20.80	7.75	29.44	1.71	8.98	31.16
Other Financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: Ministry of Finance, Antigua and Barbuda and Eastern Caribbean Central Bank
\1 **Represents data from the National Development Fund only.**
Data as at 22 August 2018

Table 20
Antigua and Barbuda - Monetary Survey
(EC$M at end of period)

	2017 1st Qr	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018 2nd Qr[P]
Net Foreign Assets	**1,694.17**	**1,739.63**	**1,796.92**	**1,931.88**	**2,157.81**	**2,279.19**
Central Bank (Net)	**800.98**	**857.04**	**849.35**	**846.49**	**861.60**	**914.45**
Commercial Banks (Net)	893.19	882.59	947.57	1,085.39	1,296.21	1,364.75
External (Net)	365.20	354.65	462.32	639.53	829.25	860.83
Assets	1,071.32	1,088.83	1,174.36	1,362.38	1,548.46	1,573.07
Liabilities	706.13	734.17	712.04	722.85	719.21	712.24
Other ECCB Territories (Net)	527.99	527.93	485.25	445.86	466.96	503.92
Assets	1,653.40	1,660.43	1,620.31	1,589.67	1,631.15	1,649.20
Liabilities	1,125.41	1,132.50	1,135.06	1,143.81	1,164.19	1,145.29
Net Domestic Assets	**1,672.33**	**1,660.94**	**1,661.45**	**1,538.23**	**1,520.12**	**1,449.56**
Domestic Credit	**2,335.40**	**2,341.96**	**2,353.75**	**2,324.54**	**2,267.85**	**2,272.14**
Central Government (Net)	395.34	415.85	398.55	376.16	380.61	372.73
Other Public Sector (Net)	27.82	22.82	57.17	50.70	5.01	(9.84)
Private Sector	1,912.23	1,903.29	1,898.03	1,897.68	1,882.23	1,909.25
Household	1,191.98	1,190.51	1,195.27	1,207.21	1,207.96	1,215.14
Business	654.02	647.24	637.72	625.59	610.18	630.69
Non-Bank Financial Institutions	48.57	47.88	47.39	47.22	46.42	45.76
Subsidiaries & Affiliates	17.66	17.66	17.66	17.66	17.66	17.66
Other Items (Net)	**(663.06)**	**(681.02)**	**(692.30)**	**(786.31)**	**(747.72)**	**(822.58)**
Monetary Liabilities (M2)	**3,366.50**	**3,400.57**	**3,458.37**	**3,470.11**	**3,677.93**	**3,728.75**
Money Supply (M1)	**852.31**	**854.40**	**847.33**	**925.19**	**930.71**	**935.73**
Currency with the Public	163.17	163.11	163.68	176.33	183.06	177.77
Demand Deposits	658.66	668.97	650.32	715.25	702.36	727.96
EC$ Cheques and Drafts Issued	30.48	22.32	33.33	33.61	45.28	30.00
Quasi Money	**2,514.19**	**2,546.18**	**2,611.04**	**2,544.92**	**2,747.22**	**2,793.02**
Savings Deposits	1,528.76	1,565.45	1,580.28	1,604.93	1,664.22	1,689.71
Time Deposits	598.52	576.22	570.50	523.21	523.89	523.21
Foreign Currency Deposits	386.91	404.51	460.26	416.79	559.12	580.09
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	56.47	56.34	56.49	57.00	58.90	59.23
Liquid assets to short-term liabilities	60.86	60.57	61.02	61.74	63.79	64.78
Customer deposits to total (noninterbank) loans	139.82	142.18	141.12	143.37	154.00	155.42
Weighted Average Interest Rates						
Total Deposits Rate	1.63	1.62	1.61	1.63	1.61	1.55
Lending Rate	9.04	9.01	8.95	9.02	9.02	9.08
Spread between reference lending and deposit rates (basis points)	7.41	7.39	7.34	7.39	7.41	7.53
Nonperforming loans to gross loans	8.41	7.98	7.74	7.94	7.72	7.30

Source: Eastern Caribbean Central Bank
Data as at 20 August 2018

Table 21
Dominica - Selected Tourism Statistics

	2017R 2ndQr	2017R 3rdQr	2017R 4thQr	2018R 1st Qr	2018P 2ndQr	2017 Jan - Jun	2018 Jan - Jun
Total Visitors	36,796	21,897	11,173	30,968	16,056	207,365	47,024
Stay-Over Visitors	19,964	20,449	10,479	13,705	12,753	41,445	26,458
USA	4,071	2,941	2,235	3,700	3,287	8,811	6,987
Canada	614	436	430	746	479	1,660	1,225
UK	1,055	1,286	734	1,110	686	2,764	1,796
Caribbean	9,160	11,404	5,475	4,919	5,956	16,728	10,875
Other Countries	5,064	4,382	1,605	3,230	2,345	11,482	5,575
Excursionists	119	199	87	74	41	333	115
Yacht Passengers	2,839	1,249	607	1,681	711	9,561	2,392
Cruise Ship Passengers	13,874	-	-	15,508	2,551	156,026	18,059
Number of Cruise Ship Calls	6	-	-	24	3	102	27
Total Visitor Expenditure (EC$M)	**88.74**	**84.99**	**27.69**	**37.67**	**34.19**	**196.04**	**71.86**

Sources: Discover Dominica Authority and ECCB Estimates
Data as at 20 August 2018

Table 22
Dominica - Consumer Price Index
June 2010 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
		Index	2017	2017	2017	2018	2018P	Jun-17	Jun-18
	Weight	Jun 2018	2ndQr	3rdQr	4thQr	1st Qr	2ndQr	Dec-16	Dec-17
All Items	100.00	104.00	0.25	0.11	0.01	0.29	0.63	0.46	0.92
Food and Non-Alcoholic Beverages	18.08	118.54	0.03	(0.03)	0.02	4.56	2.00	(0.05)	6.65
Alcoholic Beverages, Tobacco and Narco	0.77	111.78	(0.39)	-	-	-	-	(0.49)	-
Clothing and Footwear	5.08	109.59	-	-	-	-	-	-	-
Housing, Utilities, Gas and Fuels	30.62	94.39	0.75	(0.35)	(0.04)	(1.03)	0.81	2.07	(0.22)
Household Furnishings, Supplies and Main	5.23	105.96	-	-	-	-	-	0.29	-
Health	3.36	106.43	-	-	-	-	-	0.51	-
Transport	20.11	102.92	0.12	0.15	0.11	(1.49)	(0.01)	0.56	(1.50)
Communication	3.95	101.20	-	-	-	-	-	0.53	-
Recreation and Culture	3.74	101.45	-	-	-	-	-	(0.09)	-
Education	1.33	103.74	-	-	-	-	-	(0.09)	-
Hotels and Restaurants	2.88	110.42	-	-	-	-	-	-	-
Miscellaneous	4.85	104.64	-	-	-	-	-	(0.63)	-

Sources: Central Statistical Office, Dominica and ECCB Estimates
*at end of period
Data as at 20 August 2018

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

	2017R	2017R	2017R	2018R	2018P	2017	2018P
	2ndQr	3rdQr	4thQr	1st Qr	2ndQr	Jan - Jun	Jan - Jun
Visible Trade Balance	(143.90)	(121.66)	(86.67)	(124.99)	(229.76)	(269.62)	(354.76)
Total Imports	156.18	134.81	100.50	139.57	240.81	298.10	380.38
Total Exports	12.28	13.15	13.82	14.58	11.05	28.48	25.63
Re-Exports	1.83	1.37	3.77	5.99	1.64	8.48	7.64
Domestic Exports	10.45	11.78	10.05	8.59	9.41	19.99	17.99
Of which:							
Bananas							
Value	0.16	0.09	-	-	-	0.33	-
Volume	141	98	-	-	-	259.01	-

Source: Central Statistical Office, WINFRESH and ECCB Estimates
Data as at 21 August 2018

Table 24
Dominica - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2017[R] 2nd Qr	2017[R] 3rd Qr	2017[R] 4th Qr	2018[R] 1st Qr	2018[P] 2nd Qr	2017[R] Jan - Jun	2018[P] Jan - Jun
Current Revenue	179.39	145.84	119.30	119.02	199.72	352.83	318.74
Tax Revenue	95.98	76.93	60.18	82.49	102.81	188.02	185.30
Taxes on Income and Profits	16.88	15.71	11.27	11.51	10.97	35.61	22.48
Of which:							
Personal	8.02	8.65	9.94	8.71	6.74	15.65	15.45
Company/Corporation	9.68	6.67	1.65	3.68	5.39	21.41	9.07
Taxes on Property	3.38	2.28	0.27	1.33	1.86	6.13	3.19
Taxes on Domestic Goods and Services	55.29	43.85	36.90	52.04	64.51	106.18	116.55
Of which:							
Licences	7.16	4.92	2.50	5.26	5.67	13.50	10.93
Value Added Tax	36.78	29.06	24.87	35.43	41.97	68.52	77.39
Excise Tax	10.90	9.48	9.30	11.01	15.12	23.32	26.12
Taxes on International Trade and Transactions	20.43	15.09	11.74	17.61	25.47	40.09	43.07
Of which:							
Import Duty	9.91	8.81	4.45	7.10	10.99	19.40	18.09
Customs Service Charge	5.32	3.52	4.74	7.14	9.83	10.09	16.97
Environmental Levy	2.73	2.33	1.84	3.06	4.27	5.08	7.33
Non-Tax Revenue	83.41	68.91	59.12	36.54	96.91	164.81	133.44
of which: Economic Citizenship Programme	80.65	65.81	55.46	31.09	92.01	157.94	123.09
Current Expenditure	121.58	104.12	111.05	96.49	136.56	229.46	233.05
Personal Emoluments	39.47	38.41	63.72	39.74	39.90	77.49	79.64
Goods and Services [1/]	48.55	35.85	20.42	30.76	54.73	80.50	85.49
Interest Payments	6.31	6.15	3.59	5.48	7.54	12.47	13.02
Domestic	1.18	2.13	0.74	3.26	3.20	4.06	6.46
External	5.13	4.02	2.84	2.21	4.34	8.41	6.56
Transfers and Subsidies	27.25	23.71	23.32	20.52	34.38	59.00	54.90
Of which: Pensions	5.10	5.26	5.24	5.47	5.25	10.16	10.72
Current Account Balance	57.81	41.72	8.26	22.53	63.16	123.37	85.69
Capital Revenue	0.05	0.13	0.00	-	-	0.05	-
Grants	12.01	-	-	0.00	0.05	13.37	0.05
Of which: Capital Grants	12.01	-	-	0.00	0.05	13.37	0.05
Capital Expenditure and Net Lending	110.51	29.95	62.90	93.47	138.94	166.74	232.41
Of which: Capital Expenditure	110.68	30.04	62.90	93.47	138.96	167.03	232.43
Primary Balance after grants	(34.33)	18.06	(51.05)	(65.47)	(68.20)	(17.47)	(133.66)
Overall Balance after grants	(40.64)	11.91	(54.64)	(70.94)	(75.74)	(29.94)	(146.68)
Financing	40.64	(11.91)	54.64	70.94	75.74	29.94	146.68
Domestic	50.50	(1.63)	41.87	81.80	85.93	46.85	167.72
ECCB (net)	0.26	(3.16)	(16.06)	(0.29)	(6.37)	(13.77)	(6.67)
Commercial Banks (net)	(208.21)	(2.20)	(26.72)	75.53	77.97	38.92	153.50
Other	258.44	3.73	84.64	6.56	14.33	21.70	20.89
External	(8.64)	(14.80)	14.51	(8.04)	(11.54)	(18.01)	(19.58)
Net Disbursements (Amortisation)	(8.05)	(12.49)	11.52	(4.90)	(10.92)	(17.42)	(15.83)
Disbursements	2.38	0.02	21.95	8.29	1.28	4.17	9.57
Amortisation	10.43	12.51	10.43	13.20	12.20	21.58	25.40
Change in Government Foreign Assets	(0.59)	(2.31)	2.98	(3.14)	(0.61)	(0.60)	(3.75)
Arrears	(1.22)	4.52	(1.73)	(2.81)	1.35	1.10	(1.46)
Domestic	(1.22)	4.52	(1.73)	(2.81)	1.35	1.10	(1.46)
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Dominica and ECCB

[1/] ***Adjustments to goods and services made by the ECCB to account for unprocessed and pending claims. Corresponding adjustments are also made to domestic arrears***

Data as at 14 September 2018

Table 25
Dominica - Monetary Survey
(EC$M at end of period)

	2017 1st Qr	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018 2nd Qr[P]
Net Foreign Assets	**1,165.90**	**1,185.72**	**1,155.04**	**1,437.19**	**1,506.70**	**1,434.24**
Central Bank (Net)	**648.27**	**549.06**	**494.27**	**569.50**	**663.21**	**609.19**
Commercial Banks (Net)	517.64	636.66	660.78	867.69	843.49	825.05
External (Net)	301.75	420.17	453.12	597.47	601.52	580.84
Assets	560.42	669.19	692.96	862.17	865.20	828.71
Liabilities	258.66	249.03	239.84	264.70	263.68	247.87
Other ECCB Territories (Net)	215.88	216.50	207.66	270.22	241.97	244.21
Assets	327.03	324.31	318.33	349.34	378.42	362.58
Liabilities	111.15	107.81	110.67	79.12	136.45	118.37
Net Domestic Assets	**231.12**	**260.10**	**283.80**	**191.54**	**249.16**	**308.16**
Domestic Credit	**630.12**	**403.04**	**395.59**	**359.98**	**421.75**	**497.95**
Central Government (Net)	(66.49)	(274.43)	(279.79)	(322.56)	(247.33)	(175.73)
Other Public Sector (Net)	(97.48)	(103.41)	(105.66)	(102.54)	(111.18)	(107.98)
Private Sector	794.08	780.88	781.04	785.09	780.26	781.65
Household	449.59	446.26	446.15	440.36	432.89	427.39
Business	277.67	268.75	268.03	277.95	281.24	286.96
Non-Bank Financial Institutions	66.82	65.87	66.86	66.78	66.13	67.30
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(399.00)**	**(142.93)**	**(111.79)**	**(168.45)**	**(172.59)**	**(189.78)**
Monetary Liabilities (M2)	**1,397.02**	**1,445.82**	**1,438.84**	**1,628.73**	**1,755.86**	**1,742.40**
Money Supply (M1)	**300.44**	**327.46**	**314.91**	**438.12**	**497.74**	**492.55**
Currency with the Public	53.86	56.05	53.54	73.10	81.29	85.63
Demand Deposits	242.90	266.03	256.95	357.95	411.53	399.26
EC$ Cheques and Drafts Issued	3.68	5.38	4.43	7.07	4.92	7.66
Quasi Money	**1,096.58**	**1,118.37**	**1,123.93**	**1,190.60**	**1,258.12**	**1,249.85**
Savings Deposits	849.81	866.47	881.34	950.31	1,019.05	1,010.84
Time Deposits	222.11	219.52	216.79	215.54	212.30	211.55
Foreign Currency Deposits	24.65	32.38	25.81	24.76	26.77	27.46
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	54.30	55.54	54.84	59.67	60.92	58.42
Liquid assets to short-term liabilities	61.89	63.71	63.04	68.87	69.68	67.27
Customer deposits to total (noninterbank) loans	164.86	197.00	195.30	206.36	207.36	208.37
Weighted Average Interest Rates						
Total Deposits Rate	1.91	1.67	1.68	1.60	1.57	1.58
Lending Rate	8.09	8.06	8.02	7.97	7.90	7.75
Spread between reference lending and deposit rates (basis points)	6.18	6.39	6.34	6.37	6.34	6.17
Nonperforming loans to gross loans	14.58	13.89	13.76	17.43	17.40	18.51

Source: Eastern Caribbean Central Bank
Data as at 16 August 2018

Table 26
Grenada - Selected Tourism Statistics

	2017 R 2ndQr	2017 3rdQr	2017 4thQr	2018 1st Qr	2018P 2ndQr	2017 Jan - Jun	2018P Jan - Jun
Total Visitors	55,933	43,766	165,096	252,877	61,697	259,962	314,574
Stay-Over Visitors	34,287	37,607	37,051	42,951	36,416	71,682	79,367
Of which:							
USA	12,504	14,347	14,556	16,755	14,647	25,898	31,402
Canada	2,124	2,252	2,623	4,581	2,653	6,508	7,234
United Kingdom	4,908	5,158	5,566	6,878	4,886	11,774	11,764
Caribbean	7,327	7,797	5,616	5,714	6,759	11,834	12,473
Other Countries	7,424	8,053	8,690	9,023	7,471	15,668	16,494
Excursionists	108	165	235	138	177	662	315
Cruise Ship Passengers	15,380	2,745	122,695	199,962	20,163	173,989	220,125
Yacht Passengers	6,158	3,249	5,115	9,826	4,941	13,629	14,767
Number of Cruise Ship Calls	33	33	102	139	16	156	155
Total Visitor Expenditure (EC$M) [1/]	80.30	103.67	95.42	123.47	86.05	189.11	209.52

Source: Grenada Tourism Authorities

[1/] Expenditure of stay over visitors and cruiseship passengers only

Data as at 03 September 2018

Table 27
Grenada - Consumer Price Index
January 2010 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
	Weight	Index Jun 2018	2017 R 2ndQr	2017 R 3rdQr	2017 4thQr	2018 1st Qr	2018P 2ndQr	Jun-17 Dec-16	Jun-18 Dec-17
All Items	100.00	110.92	0.32	-	(0.05)	0.09	0.33	0.59	0.42
Food & Non-Alcoholic Beverages	20.35	115.90	(0.50)	1.29	0.22	0.22	0.03	(0.30)	0.25
Alcoholic Beverages, Tobacco and Narcotics	1.83	125.78	(0.19)	0.27	0.04	0.26	0.09	(0.15)	0.35
Clothing and Footwear	3.66	102.64	(0.11)	(0.16)	0.16	(0.14)	-	(0.11)	(0.14)
Housing, Utilities, Gas and Fuels	29.05	103.86	(0.39)	0.26	0.55	0.48	0.37	(0.17)	0.84
Household Furnishings, Supplies and Maintenance	4.50	111.14	(0.36)	0.14	(0.43)	0.20	(0.02)	(0.36)	0.18
Health	1.94	133.93	0.07	0.05	0.07	0.01	(0.04)	(0.17)	(0.04)
Transport	18.72	109.05	2.06	(2.90)	(1.31)	(0.58)	1.13	2.90	0.54
Communication	10.03	124.72	0.79	2.36	-	-	-	0.79	-
Recreation and Culture	2.71	112.07	-	0.96	(0.04)	0.04	-	0.17	0.04
Education	0.83	141.92	5.69	0.59	-	1.08	-	5.69	1.08
Hotels and Restaurants	1.81	99.32	-	-	-	-	-	-	-
Miscellaneous	4.59	106.83	1.07	(1.34)	0.03	0.07	0.06	1.34	0.12

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and ECCB Estimates
*at end of period
Data as at 03 September 2018

Table 28
Grenada - Selected Agricultural Production

	Unit	2017 R 2ndQr	2017 R 3rdQr	2017 4thQr	2018 1st Qr	2018 P 2ndQr	2017 Jan - Jun	2018P Jan - Jun
Bananas	(tonnes)	1,772	2,140	2,230	1,902	1,595	3,786	3,497
Cocoa	(tonnes)	185	49	147	314	148	453	462
Nutmeg	(tonnes)	219	108	80	166	107	374	274
Mace	(tonnes)	23	6	8	8	10	33	18

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and ECCB Estimates
Data as at 03 September 2018

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

	2017 R 2nd Qr	2017 R 3rd Qr	2017 4th Qr	2018 1st Qr	2018 P 2nd Qr	2017 Jan - Jun	2018P Jan - Jun
Visible Trade Balance	(244.13)	(269.81)	(316.47)	(292.00)	(294.28)	(477.06)	(586.27)
Total Imports	265.94	286.06	336.18	311.86	314.33	512.53	626.19
Total Exports	21.81	16.25	19.71	19.87	20.05	35.47	39.92
Re-Exports	1.62	1.78	1.89	1.76	1.55	2.33	3.31
Domestic Exports	20.19	14.48	17.82	18.11	18.50	33.15	36.61
Of Which:							
Nutmeg							
Volume	106.27	127.72	141.14	124.62	143.80	200.00	268.43
Value	2.30	2.63	3.25	2.62	3.18	4.32	5.80
Mace							
Volume	33.52	2.49	7.90	18.24	20.64	35.98	38.88
Value	0.89	0.07	0.19	0.56	0.49	0.96	1.04
Cocoa							
Volume	135.79	13.01	69.01	225.96	155.82	431.31	381.79
Value	1.47	0.19	0.71	2.47	2.47	4.69	4.94
Manufactured Exports							
Value	7.75	7.08	10.46	8.84	7.88	15.20	16.72

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and ECCB Estimates
Data as at 03 September 2018

Table 30
Grenada - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2017 R 2ndQr	2017 R 3rdQr	2017 4thQr	2018 1st Qr	2018P 2ndQr	2017 Jan - Jun	2018P Jan - Jun
Current Revenue	170.71	163.46	183.11	189.85	185.86	354.04	375.71
Tax Revenue	162.69	155.61	176.23	180.91	177.80	338.20	358.71
Taxes on Income and Profits	29.55	32.34	32.72	39.40	35.03	75.54	74.43
Of which:							
Personal	13.94	14.46	14.63	17.58	15.62	31.52	33.20
Company/Corporation	15.61	17.89	18.09	21.82	19.41	44.01	41.23
Taxes on Property	11.37	3.57	3.04	7.89	11.71	17.67	19.60
Taxes on Domestic Goods and Services	68.27	64.53	75.45	76.54	73.05	142.10	149.60
Of which:							
Value-added Tax	56.47	55.77	65.44	62.35	61.49	114.41	123.84
Stamp Duties	0.83	0.81	0.74	0.75	0.80	3.52	1.56
Licences	5.04	3.18	4.55	6.63	4.75	10.49	11.38
Taxes on International Trade and Transactions	53.51	55.16	65.02	57.07	58.01	102.90	115.08
Of which:							
Import Duty	17.79	18.65	23.91	19.35	19.56	33.95	38.91
Customs Service Charge	12.48	13.52	17.03	14.82	14.19	24.48	29.01
Non-Tax Revenue	8.01	7.85	6.88	8.94	8.06	15.84	16.99
of which: Citizenship by Investment	1.76	1.62	1.35	0.61	0.41	1.76	1.01
Current Expenditure[1/]	162.86	139.21	156.56	150.04	156.61	304.91	306.65
Personal Emoluments	66.58	63.83	64.38	71.79	68.23	137.02	140.02
Goods and Services	31.20	31.61	33.43	32.64	31.82	61.48	64.46
Interest Payments	27.74	11.43	30.29	7.19	21.07	36.25	28.26
Domestic	2.68	7.04	5.64	2.70	2.62	5.87	5.32
External	25.07	4.39	24.65	4.49	18.45	30.38	22.95
Transfers and Subsidies	37.34	32.33	28.46	38.42	35.49	70.17	73.91
Of which: Pensions	9.05	8.62	9.18	9.31	9.68	17.47	18.99
Current Account Balance	7.84	24.25	26.55	39.81	29.24	49.13	69.05
Capital Revenue	-	-	-	-	-	-	-
Grants	15.22	24.37	24.02	16.15	12.86	29.68	29.01
Of which: Capital Grants	10.64	20.72	20.42	13.60	8.55	23.06	22.14
Capital Expenditure	12.73	27.95	25.54	17.91	12.33	27.13	30.24
Of which: Capital Expenditure	12.73	27.95	25.54	17.91	12.33	27.13	30.24
Primary Balance after grants	38.08	32.11	55.32	45.24	50.85	87.93	96.08
Overall Balance after grants	10.34	20.68	25.03	38.05	29.78	51.68	67.82
Financing	(10.34)	(20.68)	(25.03)	(38.05)	(29.78)	(51.68)	(67.82)
Domestic	9.70	(14.09)	7.80	(36.30)	4.69	(43.50)	(31.61)
ECCB (net)	18.38	6.07	2.67	10.72	(4.28)	5.76	6.44
Commercial Banks (net)	(3.59)	(16.83)	(0.81)	(37.70)	(16.51)	(58.68)	(54.21)
Other	(5.09)	(3.33)	5.94	(9.32)	25.48	9.42	16.16
External	(20.04)	(6.59)	(32.83)	(1.75)	(34.46)	(8.18)	(36.21)
Net Disbursements/(Amortisation)	(20.04)	(6.59)	(32.83)	(1.75)	(34.46)	(8.18)	(36.21)
Disbursements	11.88	4.15	0.95	10.17	2.48	37.59	12.65
Amortisation	31.92	10.74	33.79	11.92	36.94	45.77	48.86
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and the ECCB
[1/] Some reclassifcaitions were made from January 2016 to reflect the New Chart of Accounts, where necessary
Data as at 03 September 2018

Table 31
Grenada - Monetary Survey
(EC$M at end of period)

	2017 1st Qr	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018 2nd Qr[P]
Net Foreign Assets	**1,119.20**	**1,083.28**	**1,125.39**	**1,097.94**	**1,146.61**	**1,236.46**
Central Bank (Net)	**558.69**	**556.99**	**526.50**	**526.12**	**511.32**	**520.27**
Commercial Banks (Net)	560.52	526.29	598.89	571.81	635.29	716.19
External (Net)	205.45	188.95	251.00	264.66	318.66	417.42
Assets	653.26	645.34	702.63	712.55	767.19	839.95
Liabilities	447.81	456.38	451.63	447.90	448.53	422.53
Other ECCB Territories (Net)	355.06	337.34	347.88	307.16	316.63	298.77
Assets	400.95	392.93	394.85	380.06	386.54	359.66
Liabilities	45.88	55.60	46.96	72.90	69.91	60.89
Net Domestic Assets	**1,074.46**	**1,094.15**	**1,091.76**	**1,138.30**	**1,160.30**	**1,011.30**
Domestic Credit	**1,178.84**	**1,201.18**	**1,189.02**	**1,206.78**	**1,192.36**	**1,148.60**
Central Government (Net)	(126.53)	(111.73)	(122.49)	(120.63)	(147.61)	(168.40)
Other Public Sector (Net)	(235.12)	(228.81)	(241.42)	(231.14)	(226.14)	(261.23)
Private Sector	1,540.49	1,541.73	1,552.93	1,558.55	1,566.11	1,578.24
Household	1,039.51	1,038.39	1,034.14	1,037.97	1,036.79	1,038.91
Business	493.00	497.16	512.31	514.13	523.23	533.48
Non-Bank Financial Institutions	7.98	6.18	6.48	6.44	6.08	5.85
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(104.38)**	**(107.03)**	**(97.26)**	**(68.48)**	**(32.06)**	**(137.30)**
Monetary Liabilities (M2)	**2,193.66**	**2,177.43**	**2,217.15**	**2,236.23**	**2,306.90**	**2,247.76**
Money Supply (M1)	**592.78**	**563.27**	**599.48**	**625.05**	**681.61**	**641.36**
Currency with the Public	133.41	129.78	132.47	151.38	145.36	134.29
Demand Deposits	451.54	419.90	454.48	460.96	523.38	496.19
EC$ Cheques and Drafts Issued	7.83	13.59	12.53	12.72	12.88	10.88
Quasi Money	**1,600.88**	**1,614.16**	**1,617.67**	**1,611.18**	**1,625.29**	**1,606.40**
Savings Deposits	1,187.25	1,197.77	1,203.44	1,216.30	1,243.89	1,248.13
Time Deposits	239.09	233.45	221.31	215.58	205.83	189.13
Foreign Currency Deposits	174.54	182.94	192.92	179.30	175.57	169.14
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	42.11	41.77	41.78	40.99	42.17	43.39
Liquid assets to short-term liabilities	45.36	45.41	45.31	44.67	45.75	47.25
Customer deposits to total (noninterbank) loans	164.63	164.66	168.50	167.78	172.40	169.70
Weighted Average Interest Rates						
Total Deposits Rate	1.40	1.38	1.32	1.33	1.30	1.32
Lending Rate	8.36	8.19	8.12	7.99	7.90	7.68
Spread between reference lending and deposit rates (basis points)	6.96	6.80	6.79	6.66	6.60	6.36
Nonperforming loans to gross loans	6.11	5.25	4.68	3.91	3.51	3.06

Source: Eastern Caribbean Central Bank
Data as at 24 August 2018

Table 32
Montserrat - Selected Tourism Statistics

	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018 2nd Qr	2017 Jan-Jun	2018 Jan-Jun
Total Visitors	2,536	2,491	3,990	6,679	2,421	10,574	9,100
Stay-Over Visitors	1,661	1,784	2,880	2,551	1,604	4,164	4,155
Of which:							
USA	425	409	719	746	423	1,138	1,169
Canada	73	52	184	247	68	337	315
UK	360	463	831	661	365	994	1,026
Caribbean	712	782	1,035	765	657	1,461	1,422
Other Countries	91	78	111	132	91	234	223
Excursionists	361	317	363	556	307	891	863
Cruise Ship Passengers	-	227	485	2,877	-	4,611	2,877
Number of Cruise Ship Calls	-	2	2	12	-	24	12
Yacht Passengers	514	163	262	695	510	908	1,205
Number of Yachts	146	38	56	252	144	477	396
Total Visitor Expenditure (EC$M)	**4.06**	**4.07**	**6.90**	**7.77**	**3.95**	**11.66**	**11.72**

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and ECCB estimates.
Data as at 21 August 2018
Data for January 2017 to June 2018 Estimated

Table 33
Montserrat - Consumer Price Index
January 2014 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
		Index	2017	2017	2017	2018	2018	Jun-17	Jun-18
	Weight	Jun-18	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	Dec-16	Dec-17
All Items	99.91	98.77	0.89	(0.75)	0.03	(0.75)	0.29	2.39	(0.45)
Food & Non-Alchoholic Beverages	16.32	98.25	1.31	(1.08)	0.08	0.38	(0.33)	0.30	0.04
Alchoholic Beverages, Tobacco & Narcotics	0.43	99.79	0.30	(0.44)	0.23	0.04	(0.07)	0.39	(0.03)
Clothing & Footwear	4.76	95.75	(1.91)	2.18	(0.17)	2.79	(1.39)	(0.14)	1.37
Housing, Water, Electrcity, Gas and Other Fuels	33.05	98.51	2.64	(1.35)	0.89	(3.95)	0.95	3.41	(3.03)
Furnishing, household equipment and Routine Household Maintenance	3.48	99.38	(0.23)	(0.14)	0.13	2.33	(1.02)	(1.43)	1.29
Health	1.89	104.28	0.00	0.87	0.00	(0.43)	(0.22)	(0.35)	(0.65)
Transport	18.08	98.09	(0.81)	(0.85)	0.36	(0.42)	0.87	7.62	0.45
Communication	8.33	100.53	0.58	(0.98)	(0.09)	0.76	(0.13)	0.33	0.63
Recreation & Culture	2.44	97.56	1.49	0.76	1.72	(1.48)	(1.21)	(1.37)	(2.67)
Education	2.85	103.12	0.00	0.99	0.00	(0.65)	(0.16)	0.00	(0.82)
Restaurants and Hotels	2.11	100.98	(0.95)	0.42	0.00	(0.07)	0.30	(0.72)	0.23
Miscellaneous goods and services	6.17	99.90	(0.20)	(0.86)	(0.10)	1.27	(0.05)	(0.74)	1.22

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and ECCB estimates.
*at end of period
Data as at 21 August 2018

Table 34
Montserrat - Selected Trade Statistics
(Value: EC$M)

	2017R	2017R	2017R	2018	2018	2017R	2018
	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	Jan-Jun	Jan-Jun
Visible Trade Balance	(16.88)	(14.05)	(19.15)	(17.21)	(19.96)	(32.76)	(37.17)
Total Imports	21.86	15.71	22.96	21.37	24.21	43.25	45.59
Total Exports	4.97	1.66	3.80	4.16	4.25	10.49	8.41
Total Domestic Exports	4.29	1.52	3.62	2.54	3.57	8.92	6.11
Total Re-Exports	0.68	0.14	0.18	1.62	0.68	1.57	2.30

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and ECCB Estimates
Data as at 21 August 2018

Table 35
Montserrat - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2017^R 2nd Qr	2017^R 3rd Qr	2017^R 4th Qr	2018 1st Qr	2018 2nd Qr	2017^R Jan-Jun	2018 Jan-Jun
Current Revenue	11.13	10.22	12.07	13.43	13.30	24.77	26.73
Tax Revenue	9.86	8.65	10.73	11.89	11.94	22.11	23.83
Taxes on Income and Profits	4.16	3.85	3.90	5.29	5.70	10.18	11.00
Of which:							
Personal	3.48	3.26	3.36	3.57	3.60	6.95	7.17
Company/Corporation	0.51	0.54	0.37	1.34	1.89	2.82	3.23
Taxes on Property	0.02	0.03	0.57	0.07	0.03	0.05	0.10
Taxes on Domestic Goods and Services	1.12	1.48	0.76	2.34	1.07	2.66	3.40
Of which:							
Licences and Stamp Duties	0.86	0.56	0.40	0.94	0.80	1.54	1.75
Hotel Occupancy	0.01	0.00	0.01	0.00	0.01	0.03	0.01
Insurance Company Levy	0.06	0.03	0.08	0.05	0.05	0.10	0.09
Taxes on International Trade and Transactions	4.56	3.29	5.50	4.19	5.15	9.22	9.33
Of which:							
Import Duty	1.66	1.13	1.88	1.46	1.71	3.34	3.17
Consumption Tax	2.73	1.97	3.42	2.57	3.17	5.50	5.74
Non-Tax Revenue	1.26	1.57	1.34	1.54	1.36	2.66	2.89
Current Expenditure	28.58	25.83	27.98	25.89	21.20	64.30	47.09
Personal Emoluments	10.57	11.22	10.95	11.15	11.03	21.38	22.18
Goods and Services*	9.07	9.31	12.18	14.74	10.17	22.89	24.90
Interest Payments	0.01	0.01	0.00	0.01	0.01	0.01	0.01
Domestic	-	-	-	-	-	-	-
External	0.01	0.01	0.00	0.01	0.01	0.01	0.01
Transfers and Subsidies	8.94	5.30	4.85	0.00	0.00	20.01	0.00
Of which: Pensions	2.73	2.92	2.94	2.93	2.85	6.57	5.78
Current Account Balance before grants	(17.45)	(15.61)	(15.91)	(12.47)	(7.90)	(39.53)	(20.36)
Current Account Balance after grants	(2.11)	20.27	9.34	(12.47)	33.16	(24.18)	20.69
Capital Revenue	-	-	-	-	-	-	-
Grants	16.02	35.90	31.30	4.09	41.05	24.28	45.14
Of which: Capital Grants	0.67	0.02	6.04	4.09	-	8.94	4.09
Capital Expenditure and Net Lending	2.82	4.97	5.16	4.61	2.16	8.40	6.77
Of which: Capital Expenditure	0.53	4.93	5.13	4.57	2.15	6.08	6.72
Primary Balance before grants	(20.27)	(20.58)	(21.07)	(17.07)	(10.06)	(47.91)	(27.12)
Primary Balance after grants	(4.25)	15.32	10.23	(12.98)	31.00	(23.63)	18.02
Overall Balance before grants	(20.28)	(20.58)	(21.07)	(17.07)	(10.06)	(47.93)	(27.13)
Overall Balance after grants	(4.26)	15.32	10.23	(12.98)	30.99	(23.64)	18.01
Financing	4.26	(15.32)	(10.23)	12.98	(30.99)	23.64	(18.01)
Domestic	1.99	(15.32)	(10.23)	12.97	(30.98)	21.39	(18.01)
ECCB (net)	(0.12)	0.53	1.03	(0.07)	(0.06)	(0.60)	(0.13)
Commercial Banks (net)	1.52	(16.28)	(7.93)	24.32	(20.28)	29.86	4.03
Other	0.60	0.42	(3.33)	(11.27)	(10.63)	(7.88)	(21.90)
External	2.27	0.01	0.00	0.01	(0.01)	2.26	(0.01)
Net Disbursements/(Amortisation)	2.27	0.01	0.00	0.01	(0.01)	2.26	(0.01)
Disbursements	2.29	0.04	0.03	0.04	0.02	2.32	0.05
Amortisation	0.03	0.03	0.03	0.03	0.03	0.06	0.06
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Montserrat and Eastern Caribbean Central Bank
*Goods and Services include Miscellaneous Payments
Data as at 21 August 2018

Table 36
Montserrat - Monetary Survey
(EC$M at end of period)

	2017 1st Qr	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018 2nd Qr[p]
Net Foreign Assets	**282.16**	**273.23**	**290.34**	**295.92**	**276.00**	**295.68**
Central Bank (Net)	**126.57**	**121.42**	**120.81**	**128.47**	**117.14**	**135.15**
Commercial Banks (Net)	155.60	151.81	169.53	167.46	158.86	160.53
External (Net)	92.86	94.22	108.71	114.87	99.62	119.62
Assets	164.04	167.71	182.27	189.27	174.21	195.53
Liabilities	71.18	73.49	73.56	74.40	74.59	75.91
Other ECCB Territories (Net)	62.74	57.59	60.82	52.58	59.24	40.91
Assets	76.41	71.56	75.25	71.74	70.33	52.39
Liabilities	13.67	13.97	14.43	19.16	11.09	11.48
Net Domestic Assets	**(30.71)**	**(30.01)**	**(43.27)**	**(53.10)**	**(23.90)**	**(46.93)**
Domestic Credit	**14.81**	**20.80**	**5.46**	**(0.74)**	**25.67**	**8.52**
Central Government (Net)	(48.60)	(47.20)	(62.94)	(69.84)	(45.60)	(65.94)
Other Public Sector (Net)	(17.86)	(15.72)	(15.61)	(14.53)	(11.49)	(10.23)
Private Sector	81.27	83.72	84.02	83.64	82.76	84.69
Household	71.58	73.86	74.54	73.84	74.19	75.88
Business	9.70	9.85	9.48	9.80	8.57	8.81
Non-Bank Financial Institutions	-	-	-	-	-	-
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(45.52)**	**(50.81)**	**(48.73)**	**(52.37)**	**(49.57)**	**(55.44)**
Monetary Liabilities (M2)	**251.45**	**243.22**	**247.07**	**242.82**	**252.10**	**248.76**
Money Supply (M1)	**65.57**	**60.98**	**61.44**	**60.76**	**68.57**	**65.94**
Currency with the Public	21.16	19.34	20.22	21.38	21.70	22.19
Demand Deposits	44.27	41.37	41.08	39.06	44.79	43.09
EC$ Cheques and Drafts Issued	0.14	0.27	0.15	0.32	2.09	0.65
Quasi Money	**185.89**	**182.24**	**185.63**	**182.06**	**183.53**	**182.82**
Savings Deposits	145.26	143.21	144.89	142.39	144.64	145.47
Time Deposits	30.78	30.69	30.57	30.71	29.00	27.82
Foreign Currency Deposits	9.85	8.34	10.17	8.96	9.89	9.53
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	73.53	72.59	74.04	74.09	72.67	73.84
Liquid assets to short-term liabilities	84.01	83.42	84.28	84.10	83.74	84.90
Customer deposits to total (noninterbank) loans	318.98	304.77	324.15	313.57	297.88	309.17
Weighted Average Interest Rates						
Total Deposits Rate	1.18	1.20	1.14	1.13	0.75	0.70
Lending Rate	7.03	6.96	6.90	6.89	6.77	6.77
Spread between reference lending and deposit rates (basis p	5.85	5.75	5.76	5.76	6.03	6.07
Nonperforming loans to gross loans	5.22	5.66	5.52	5.66	5.64	5.94

Source: Eastern Caribbean Central Bank
Data as at 16 August 2018

Table 37
St Kitts and Nevis - Selected Tourism Statistics

	2017 2nd Qr	2017 R 3rd Qr	2017 4th Qr	2018 1st Qr	2018 2nd Qr	2017 Jan - Jun	2018 Jan - Jun
Total Visitors	231,281	135,436	331,262	525,554	215,025	678,271	740,579
Stay-Over Visitors	28,616	24,353	28,964	35,640	31,488	60,402	67,128
Of which:							
USA	17,071	13,494	16,212	22,221	18,713	36,720	40,934
Canada	1,250	1,070	1,575	3,113	1,314	4,087	4,427
UK	2,401	2,133	2,862	2,970	2,658	5,075	5,628
Caribbean	6,293	5,885	6,674	5,537	7,094	11,220	12,631
Other Countries	1,601	1,771	1,641	1,799	1,709	3,300	3,508
Excursionists	676	758	1,203	1,503	769	1,974	2,272
Cruise Ship Passengers	200,858	110,006	300,903	487,397	182,447	612,685	669,844
Yacht Passengers	1,131	319	192	1,014	321	3,210	1,335
Number of Cruise Ship Calls	67	31	170	288	72	262	360
Total Visitor Expenditure (EC$M)	101.35	84.52	116.09	138.06	108.93	223.08	246.98

Source: Central Statistics Department, St Kitts; and Central Statistics Office, Nevis and ECCB Estimates
Data available as at 20 August 2018

Table 38

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

			Percentage Change*						
			Quarter over Previous Quarter						
	Weight	Index Jun 2018	2017 2ndQr	2017 R 3rdQr	2017 4thQr	2018 1st Qr	2018 2ndQr	Jun-17 Dec-16	Jun-18 Dec-17
All items	100.00	106.20	0.31	0.82	(0.39)	(0.83)	(0.43)	0.33	(1.26)
Food and Non-Alcoholic Beverages	16.15	100.14	1.50	0.44	1.40	0.41	(0.36)	1.67	0.05
Alcoholic Beverages, Tobacco & Narcotics	2.23	119.95	(0.20)	(0.55)	(0.66)	(2.05)	0.59	0.80	(1.47)
Clothing and Footwear	4.38	119.30	1.34	0.95	(0.18)	(0.23)	0.31	1.31	0.08
Housing, Utilities, Gas and Fuels	27.33	99.36	0.05	(0.06)	(0.02)	0.41	(1.94)	0.12	(1.55)
Household Furnishings, Supplies and Maintenance	6.34	108.70	0.27	0.44	(0.94)	0.14	(0.38)	1.81	(0.25)
Health	2.40	107.38	(0.26)	0.00	0.00	(1.39)	0.00	0.06	(1.39)
Transport	17.78	110.67	0.59	3.23	(2.48)	(4.82)	0.65	(0.74)	(4.20)
Communication	7.84	106.90	0.00	0.37	(0.10)	0.00	0.00	0.00	0.00
Recreation and Culture	2.87	105.73	(2.84)	(0.17)	(0.93)	0.43	(0.30)	(0.21)	0.12
Education	2.38	127.04	0.00	1.33	(0.50)	(2.73)	0.00	0.00	(2.73)
Hotels and Restaurants	4.72	117.01	0.00	0.93	0.00	(0.50)	0.00	0.00	(0.50)
Miscellaneous Goods and Services	5.57	108.77	(0.58)	0.82	(0.74)	0.66	1.20	(0.48)	1.87

Source: Central Statistics Department, Sustainable Development, St Kitts
* at end of period
Data available as at 20 August 2018

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

	2017 2ndQr	2017 R 3rdQr	2017 4thQr	2018 1st Qr	2018 2ndQr	2017 Jan - Jun	2018 Jan - Jun
Visible Trade Balance	(170.19)	(129.83)	(219.05)	(221.25)	(162.48)	(349.45)	(383.73)
Total Imports /1	206.48	161.54	254.86	257.35	199.57	417.71	456.92
Total Exports	36.29	31.70	35.80	36.10	37.10	68.26	73.20
Total Domestic Exports	24.57	26.77	26.70	28.01	27.21	52.96	55.21
Total Re-Exports	11.72	4.93	9.10	8.09	9.89	15.30	17.98

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

Table 40
St Kitts and Nevis - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2017 R 2ndQr	2017 R 3rdQr	2017 4thQr	2018 1st Qr	2018 2ndQr	2017 Jan - Jun	2018 Jan - Jun
Current Revenue	172.01	205.09	204.04	197.44	260.82	341.40	458.25
Tax Revenue	122.22	115.61	137.49	126.97	126.86	243.83	253.83
Taxes on Income and Profits	33.93	33.18	36.36	31.47	34.58	64.60	66.05
Of Which:							
Personal	13.57	13.27	15.14	12.80	11.98	26.17	24.78
Company/Corporation	17.10	17.60	18.78	14.34	19.07	31.71	33.41
Taxes on Property	5.79	5.13	2.40	1.62	7.17	7.55	8.79
Taxes on Domestic Goods and Services	46.88	46.66	55.57	55.54	48.65	101.09	104.18
Of Which:							
Licences	1.12	0.98	4.60	3.95	0.93	4.60	4.88
Value Added Tax	34.90	33.59	36.33	40.01	37.05	72.52	77.06
Stamp Duties	4.45	5.21	9.35	4.13	4.12	11.18	8.24
Unincorporated Business Levy	1.20	2.21	2.00	2.12	1.78	3.04	3.89
Island Enhancement Levy	1.25	1.04	0.86	1.51	1.07	2.52	2.58
Taxes on International Trade and Transactions	35.62	30.64	43.15	38.34	36.47	70.58	74.81
Of Which:							
Import Duty	15.74	13.87	21.05	17.35	15.93	30.69	33.28
Customs Service Charge	11.38	9.02	13.05	9.52	8.77	21.21	18.30
Excise Tax	3.61	3.30	3.11	3.43	3.19	7.03	6.62
Non-Refundable Duty Free Store Levy	0.66	0.58	2.06	2.31	0.95	2.41	3.27
Non-Tax Revenue	49.80	89.48	66.56	70.47	133.95	97.57	204.42
Of which: Citizenship by Investment	22.53	63.86	45.61	46.20	107.55	47.40	153.76
Current Expenditure	153.76	144.81	209.57	156.79	167.46	299.86	324.25
Personal Emoluments	69.42	70.86	81.81	70.96	71.55	140.52	142.51
Goods and Services	31.87	30.22	50.47	40.24	45.97	68.60	86.21
Interest Payments	14.49	9.00	9.83	8.59	12.65	21.99	21.24
Domestic	12.39	7.14	7.71	6.26	10.11	17.77	16.37
External	2.09	1.86	2.12	2.33	2.54	4.23	4.87
Transfers and Subsidies	37.98	34.73	67.46	36.99	37.29	68.74	74.28
Of Which: Pensions	9.74	9.76	9.22	10.06	9.46	18.23	19.52
Current Account Balance	18.25	60.27	(5.53)	40.65	93.35	41.54	134.01
Capital Revenue	1.40	1.62	1.91	1.91	3.55	4.60	5.46
Grants	13.70	21.86	30.60	12.57	10.64	32.76	23.21
Of which: Capital Grants	8.54	11.41	15.47	5.06	3.09	27.57	8.15
Capital Expenditure and Net Lending	29.99	26.08	52.45	21.65	30.37	59.89	52.01
Of which: Capital Expenditure	30.01	26.21	52.40	21.68	30.34	60.09	52.02
Primary Balance after grants	17.86	66.67	(15.63)	42.08	89.83	41.01	131.91
Overall Balance after grants	3.37	57.67	(25.46)	33.49	77.18	19.02	110.67
Financing	(3.37)	(57.67)	25.46	(33.49)	(77.18)	(19.02)	(110.67)
Domestic	3.52	(51.78)	31.28	(29.23)	(71.17)	(6.40)	(100.40)
ECCB (net)	(1.23)	(11.77)	8.19	5.62	(0.24)	(0.31)	5.39
Commercial Banks (net)	14.09	(21.71)	31.19	(840.10)	(54.46)	14.98	(894.56)
Other	(9.34)	(18.30)	(8.10)	805.24	(16.47)	(21.07)	788.77
External	(6.89)	(5.89)	(5.83)	(4.26)	(6.01)	(12.62)	(10.27)
Net Disbursements/(Amortisation)	(6.89)	(5.89)	(5.83)	(4.26)	(6.01)	(12.62)	(10.27)
Disbursements	0.47	0.13	0.17	1.50	0.01	0.61	1.51
Amortisation	7.37	6.02	5.99	5.76	6.03	13.23	11.79
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance, St Kitts and Nevis and ECCB Estimates
Data as at 20 August 2018

Table 41
St Kitts and Nevis - Monetary Survey
(EC$M at end of period)

	2017 1st Qr	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018 2nd Qr[P]
Net Foreign Assets	**2,187.02**	**2,124.03**	**2,060.15**	**1,939.98**	**2,075.49**	**1,981.63**
Central Bank (Net)	**883.93**	**913.13**	**975.60**	**963.84**	**863.90**	**961.65**
Commercial Banks (Net)	1,303.09	1,210.90	1,084.55	976.14	1,211.59	1,019.98
External (Net)	1,855.34	1,896.42	1,820.51	1,605.88	2,002.03	1,795.69
Assets	2,695.00	2,683.82	2,626.24	2,515.64	2,935.05	2,737.21
Liabilities	839.66	787.40	805.73	909.76	933.02	941.53
Other ECCB Territories (Net)	(552.26)	(685.52)	(735.96)	(629.74)	(790.44)	(775.70)
Assets	632.12	609.61	595.81	637.19	600.73	619.54
Liabilities	1,184.37	1,295.13	1,331.77	1,266.93	1,391.17	1,395.25
Net Domestic Assets	**722.55**	**762.14**	**761.75**	**868.05**	**773.28**	**826.37**
Domestic Credit	**869.83**	**72.31**	**79.90**	**140.17**	**132.30**	**89.96**
Central Government (Net)	438.45	(342.97)	(375.15)	(333.77)	(377.27)	(431.97)
Other Public Sector (Net)	(1,036.75)	(1,040.84)	(1,022.36)	(1,010.35)	(977.53)	(977.52)
Private Sector	1,468.14	1,456.12	1,477.41	1,484.29	1,487.10	1,499.45
Household	869.26	866.27	866.02	882.37	880.66	886.01
Business	519.98	516.60	532.01	523.85	533.35	534.67
Non-Bank Financial Institutions	38.45	33.01	38.92	39.71	34.62	39.63
Subsidiaries & Affiliates	40.45	40.25	40.46	38.36	38.47	39.15
Other Items (Net)	**(147.28)**	**689.82**	**681.85**	**727.88**	**640.98**	**736.41**
Monetary Liabilities (M2)	**2,909.56**	**2,886.17**	**2,821.89**	**2,808.03**	**2,848.77**	**2,808.00**
Money Supply (M1)	**567.57**	**549.84**	**548.27**	**564.68**	**550.27**	**550.56**
Currency with the Public	174.36	175.68	179.76	196.36	193.03	191.82
Demand Deposits	372.94	359.48	352.86	353.92	342.63	348.26
EC$ Cheques and Drafts Issued	20.27	14.68	15.65	14.40	14.61	10.49
Quasi Money	**2,342.00**	**2,336.33**	**2,273.63**	**2,243.34**	**2,298.50**	**2,257.44**
Savings Deposits	968.38	975.46	997.26	1,002.92	1,011.10	1,006.46
Time Deposits	525.92	527.54	517.50	514.84	529.63	551.29
Foreign Currency Deposits	847.69	833.34	758.87	725.58	757.77	699.69
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	50.13	49.62	49.38	47.92	48.26	47.59
Liquid assets to short-term liabilities	54.69	53.85	54.30	52.83	53.43	52.10
Customer deposits to total (noninterbank) loans	260.61	254.76	245.20	241.31	244.64	238.70
Weighted Average Interest Rates						
Total Deposits Rate	1.76	1.75	1.75	1.78	1.64	1.66
Lending Rate	8.49	8.48	8.46	8.42	8.37	8.33
Spread between reference lending and deposit rates (basis points)	6.74	6.73	6.71	6.64	6.72	6.66
Nonperforming loans to gross loans	14.83	16.42	16.46	20.46	20.85	19.95

Source: Eastern Caribbean Central Bank
Data as at 31 August 2018

Table 42
Saint Lucia - Selected Tourism Statistics

	2017 2ndQr	2017 3rdQr	2017 4thQr	2018 1st Qr	2018P 2ndQr	2017 Jan - Jun	2018 Jan - Jun
Total Visitor Arrivals	200,057	144,061	331,836	495,410	210,626	637,682	706,036
Stay Over Arrivals [1/]	97,070	91,740	96,839	110,032	96,047	197,548	206,079
USA	47,078	39,425	39,209	48,967	47,473	89,589	96,440
Canada	8,318	4,762	10,444	19,036	6,843	27,372	25,879
UK	17,882	16,516	20,439	20,026	18,549	35,625	38,575
Caribbean	18,226	25,385	20,006	14,172	17,849	30,958	32,021
Other Countries	5,566	5,652	6,741	7,831	5,333	14,004	13,164
Excursionists	1,846	1,989	2,858	3,257	2,097	4,368	5,354
Cruise Ship Passenger	92,474	43,858	218,122	355,821	98,477	406,026	454,298
Number of Cruise Ships	68	19	125	185	52	279	237
Yacht Passengers [1/]	8,667	6,474	14,017	26,300	14,005	29,740	40,305
Total Visitor Expenditure (EC$M)	441.61	515.16	601.69	537.38	439.95	927.78	977.32

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

Source: Saint Lucia Tourist Board and ECCB Estimates

Data as at 15 August 2018

Table 43
Saint Lucia - Consumer Price Index
January 2018 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
		Index	2017	2017	2017	2018	2018P	Jun-17	Jun-18
	Weight	Jun 2018	2ndQr	3rdQr	4thQr	1st Qr	2ndQr	Dec-16	Dec-17
All items	99.87	101.45	0.86	(0.30)	1.04	0.28	0.82	1.23	1.11
Food and Non-Alcoholic Beverages	25.02	102.07	0.89	0.69	0.61	1.92	1.51	(1.59)	3.46
Alcoholic Beverages, Tobacco & Narcotics	6.53	102.21	(3.70)	1.04	(0.50)	2.34	2.48	(3.86)	4.88
Clothing and Footwear	1.66	91.93	(1.26)	3.12	(3.26)	(1.12)	(6.89)	(6.41)	(7.94)
Housing, Utilities, Gas and Fuels	17.36	103.84	2.07	(2.48)	6.65	6.29	1.86	4.27	8.27
Household Furnishings, Supplies and Maintenance	3.31	98.93	0.98	(5.24)	2.25	1.54	0.31	(2.66)	1.85
Health	3.96	101.32	(0.54)	(1.08)	(1.56)	3.65	0.21	(2.72)	3.87
Transport	16.40	101.54	2.75	2.59	0.06	(1.91)	1.54	5.99	(0.40)
Communication	12.54	99.84	-	-	(0.00)	0.63	(0.15)	8.08	0.48
Recreation & Culture	1.37	97.88	(4.07)	10.91	(7.04)	(2.08)	(0.24)	(12.85)	(2.31)
Education	3.70	100.00	-	-	(0.00)	1.27	-	(1.12)	1.27
Hotels & Restaurants	1.10	97.13	-	-	(0.95)	(1.60)	(2.90)	1.66	(4.45)
Miscellaneous Goods and Services	6.92	99.67	0.29	(0.13)	(0.20)	1.04	(0.17)	(4.91)	0.87

*at end of period
Source: Central Statistical Office, Saint Lucia and ECCB Estimates
Note: In the first Qtr of 2018, Saint Lucia rebased its CPI to January 2018
Data as at 15 August 2018

Table 44
Saint Lucia - Selected Trade Statistics
(Value: EC$M)

	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018P 2nd Qr	2017 Jan - Jun	2018 Jan - Jun
Total Exports	104.78	77.01	85.68	108.17	43.90	180.22	152.08
Total Domestic Exports	56.37	54.46	49.95	62.44	27.21	104.98	89.65
Total Re-Exports	48.41	22.55	35.73	45.73	16.69	75.24	62.42
Total Imports	488.96	415.31	434.31	448.22	441.99	918.90	890.21
Visible Trade Balance	(384.18)	(338.30)	(348.64)	(340.05)	(398.08)	(738.69)	(738.13)

Source: Central Statistical Office, Saint Lucia and ECCB Estimates
Data as at 15 August 2018

Table 45
Saint Lucia - Banana Production

	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018P 2nd Qr	2017 Jan - Jun	2018 Jan - Jun
Volume (tonnes)	2,433	2,894	2,920	2,299	2,778	3,084	5,077
Value (EC$M)	3.99	4.61	4.81	3.85	4.54	5.12	8.39
Unit Price (EC$/ tonnes)	1,640.52	1,594.65	1,646.42	1,676.16	1,634.23	1,660.32	1,653.22

Source: Winfresh Ltd
Data as at 15 August 2018

Table 46
Saint Lucia - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2017 2ndQr	2017 3rdQr	2017 4thQr	2018 1st Qr	2018P 2ndQr	2017 Jan - Jun	2018 Jan - Jun
Current Revenue	255.87	240.95	259.24	312.09	298.53	547.06	610.62
Tax Revenue	245.98	226.78	238.03	282.41	263.56	518.62	545.97
Taxes on Income and Profits	63.27	59.79	42.75	81.64	74.68	151.61	156.32
Of which:							
Personal	25.26	25.32	23.49	29.82	27.98	55.82	57.80
Company/Corporation	25.36	23.95	6.10	33.61	30.01	65.80	63.62
Taxes on Property	2.26	2.96	2.72	4.08	1.92	7.04	6.00
Taxes on Domestic Goods and Services	99.57	91.64	94.93	108.93	100.41	203.16	209.34
Of which:							
Consumption Duty	-	-	-	-	-	-	-
Licences	5.31	4.61	11.38	4.21	3.55	11.56	7.76
Excise Tax	0.97	0.97	1.28	1.39	1.01	2.00	2.40
Hotel Occupancy Tax	0.02	0.02	0.02	0.11	0.10	0.10	0.21
Value Added Tax	81.75	73.91	71.48	90.75	84.09	167.44	174.84
Taxes on International Trade and Transactions	80.88	72.39	97.62	87.77	86.55	156.80	174.32
Of which:							
Consumption Tax	-	-	-	-	-	-	-
Import Duties	30.47	27.37	33.68	29.28	31.04	58.63	60.32
Customs Service Charge	19.10	16.83	20.39	18.51	19.44	37.23	37.94
Excise Tax	26.11	20.74	30.59	25.23	23.07	48.81	48.31
Non-Tax Revenue	9.89	14.17	21.21	29.68	34.97	28.44	64.65
of which: Citienship By Investment	1.05	-	11.48	15.29	25.25	6.99	40.54
Current Expenditure	226.04	244.73	230.94	262.58	225.10	474.61	487.68
Personal Emoluments	95.06	95.45	96.24	92.75	93.34	191.97	186.09
Goods and Services	39.40	42.59	49.61	69.64	36.90	93.21	106.54
Interest Payments	34.93	40.14	35.98	46.21	37.31	76.58	83.52
Domestic	19.86	19.88	20.50	23.71	20.92	46.05	44.63
External	15.07	20.26	15.48	22.50	16.39	30.53	38.89
Transfers and Subsidies	56.65	66.55	49.11	53.98	57.55	112.85	111.53
Of which: Pensions	20.36	22.79	18.34	20.37	18.42	41.49	38.79
Current Account Balance	29.83	(3.78)	28.30	49.51	73.43	72.45	122.94
Capital Revenue	0.04	0.09	0.00	-	-	0.06	-
Grants	11.33	9.32	20.33	17.68	3.83	43.00	21.51
Of which: Capital Grants	11.33	9.32	20.33	17.68	3.83	43.00	21.51
Capital Expenditure and Net Lending	34.63	49.49	67.33	63.47	31.84	99.42	95.31
Of which: Capital Expenditure	34.63	49.49	67.33	63.47	31.84	99.42	95.31
Primary Balance after grants	41.50	(3.73)	17.27	49.93	82.73	92.66	132.66
Overall Balance after grants	6.56	(43.87)	(18.71)	3.72	45.42	16.08	49.14
Financing	(6.56)	43.87	18.71	(3.72)	(45.42)	(16.08)	(49.14)
Domestic	(68.80)	13.98	17.20	(56.26)	(46.74)	(135.88)	(103.00)
ECCB (net)	10.07	(21.92)	43.93	(45.20)	16.14	37.15	(29.06)
Commercial Banks (net)	13.30	(11.90)	(21.63)	(11.47)	(8.21)	(38.84)	(19.68)
Other	(92.16)	47.79	(5.10)	0.41	(54.66)	(134.19)	(54.26)
External	62.23	29.89	1.51	52.54	1.32	119.79	53.86
Net Disbursements (Amortisation)	62.23	29.89	1.51	52.54	1.32	119.79	53.86
Disbursements	83.06	46.16	24.97	83.93	55.37	158.13	139.30
Amortisation	20.83	16.26	23.46	31.39	54.05	38.34	85.44
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	-	-	-	-	-	-	-
Domestic	-	-	-	-	-	-	-
External	-	-	-	-	-	-	-
Other financing	-	-	-	-	-	-	-

Source: Ministry of Finance, Saint Lucia
Data as at 15 August 2018

Table 47
Saint Lucia - Monetary Survey
(EC$M at end of period)

	2017 1st Qr	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018 2nd Qr[p]
Net Foreign Assets	**749.31**	**789.15**	**764.02**	**820.00**	**999.19**	**1,080.18**
Central Bank (Net)	**840.52**	**762.13**	**720.93**	**829.92**	**831.50**	**795.92**
Commercial Banks (Net)	(91.21)	27.02	43.10	(9.93)	167.69	284.26
External (Net)	296.91	309.45	245.18	347.93	457.25	534.68
Assets	1,019.15	1,052.76	953.23	1,029.72	1,097.07	1,183.60
Liabilities	722.23	743.31	708.05	681.79	639.82	648.91
Other ECCB Territories (Net)	(388.12)	(282.43)	(202.08)	(357.86)	(289.56)	(250.43)
Assets	499.40	553.18	602.67	469.58	525.54	572.62
Liabilities	887.52	835.61	804.75	827.44	815.10	823.05
Net Domestic Assets	**2,496.30**	**2,461.53**	**2,333.04**	**2,312.45**	**2,186.48**	**2,137.39**
Domestic Credit	**2,899.40**	**2,897.14**	**2,859.35**	**2,827.51**	**2,715.15**	**2,662.56**
Central Government (Net)	179.93	203.30	169.49	191.78	135.12	143.04
Other Public Sector (Net)	(508.26)	(525.61)	(526.87)	(553.05)	(570.51)	(599.54)
Private Sector	3,227.72	3,219.45	3,216.74	3,188.77	3,150.55	3,119.06
Household	1,843.52	1,851.18	1,858.82	1,871.39	1,864.32	1,846.70
Business	1,370.95	1,355.53	1,344.83	1,305.42	1,274.61	1,260.58
Non-Bank Financial Institutions	12.63	12.13	12.47	11.36	11.04	11.20
Subsidiaries & Affiliates	0.62	0.62	0.61	0.61	0.58	0.59
Other Items (Net)	**(403.10)**	**(435.61)**	**(526.31)**	**(515.06)**	**(528.67)**	**(525.17)**
Monetary Liabilities (M2)	**3,245.60**	**3,250.68**	**3,097.07**	**3,132.44**	**3,185.67**	**3,217.57**
Money Supply (M1)	**892.20**	**916.88**	**862.46**	**909.96**	**945.04**	**948.06**
Currency with the Public	154.67	153.75	148.78	159.62	156.50	152.28
Demand Deposits	731.23	747.42	708.25	745.36	781.16	790.41
EC$ Cheques and Drafts Issued	6.30	15.72	5.42	4.98	7.39	5.38
Quasi Money	**2,353.40**	**2,333.80**	**2,234.61**	**2,222.48**	**2,240.63**	**2,269.51**
Savings Deposits	1,599.83	1,611.89	1,626.71	1,624.34	1,660.16	1,674.61
Time Deposits	366.70	346.70	308.24	277.32	261.53	254.91
Foreign Currency Deposits	386.87	375.21	299.66	320.82	318.94	339.99
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	36.56	36.61	35.52	36.40	37.60	38.30
Liquid assets to short-term liabilities	38.16	38.52	37.48	38.51	40.01	40.44
Customer deposits to total (noninterbank) loans	109.65	108.72	106.82	109.52	113.10	115.42
Weighted Average Interest Rates						
Total Deposits Rate	1.54	1.54	1.53	1.48	1.47	1.46
Lending Rate	8.14	8.13	8.08	7.99	7.96	8.09
Spread between reference lending and deposit rates (basis points)	6.60	6.59	6.55	6.51	6.49	6.64
Nonperforming loans to gross loans	13.20	13.29	14.08	12.50	12.58	11.24

Source: Eastern Caribbean Central Bank
Data as at 15 August 2018

Table 48
St Vincent and the Grenadines - Selected Tourism Statistics

	2017^R 2nd Qr	2017^R 3rd Qr	2017^R 4th Qr	2018^R 1st Qr	2018^P 2nd Qr	2017^R Jan - Jun	2018^P Jan - Jun
Total Visitors	37,402	24,517	128,049	184,240	43,379	150,478	227,619
Stay-Over Visitors	18,328	17,921	20,017	22,765	17,654	38,034	40,419
Of which:							
USA	6,105	5,141	5,877	7,723	6,319	12,302	14,042
Canada	1,897	1,587	2,693	3,035	1,964	4,410	4,999
UK	2,586	2,155	3,255	4,255	2,425	6,460	6,680
Caribbean	6,281	7,818	6,183	5,192	5,569	10,923	10,761
Other Countries	1,459	1,220	2,009	2,560	1,377	3,939	3,937
Excursionists	408	321	276	513	309	888	822
Yacht Passengers	9,676	5,538	15,054	26,603	10,915	30,759	37,518
Cruise Ship Passengers	8,990	737	92,702	134,359	14,501	80,797	148,860
Number of Cruise Ship Calls	28	16	120	139	34	144	173
Total Visitor Expenditure (EC$M)	56.47	45.40	71.77	102.14	51.24	139.61	153.38

Source: St Vincent and the Grenadines Tourism Authority
Data for May-18 and June-18 estimated
Data as at 28 August 2018

Table 49
St Vincent and the Grenadines - Consumer Price Index
January 2010 = 100

			Percentage Change*						
			Quarter over Previous Quarter						
		Index	2017R	2017R	2017R	2018R	2018P	Jun-17	Jun-18
	Weight	Jun 2018	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	Dec-16	Dec-17
All Items	100.00	110.60	1.60	0.37	0.83	0.27	0.91	1.79	1.19
Food and Non-Alcoholic Beverages	21.91	116.50	1.89	1.77	1.22	(0.17)	0.17	0.89	-
Alcoholic Beverages, Tobacco and Narcotics	3.87	121.10	1.38	0.60	(0.25)	2.29	0.33	1.20	2.63
Clothing and Footwear	3.22	104.70	-	0.29	(0.10)	(0.19)	(0.19)	0.10	(0.38)
Housing, Water, Electricity, Gas and Other Fu	30.06	102.90	1.31	(1.39)	1.41	(0.20)	2.69	2.24	2.49
Furnishing, Household Equipment and Routine	6.59	111.30	5.66	0.92	1.56	0.18	0.09	5.04	0.27
Health	1.79	109.10	0.47	(1.11)	2.44	0.27	(0.37)	0.28	(0.09)
Transport	11.84	121.80	1.85	(0.08)	(0.91)	2.01	(0.16)	2.55	1.84
Communications	9.41	112.10	4.02	7.82	(6.67)	0.09	0.09	4.12	0.18
Recreation and Culture	3.81	106.40	(0.38)	0.38	0.48	(0.10)	1.43	-	1.33
Education	1.32	110.10	-	0.73	-	-	-	-	-
Restaurants and Hotels	1.87	108.30	0.88	2.71	1.60	0.56	-	0.29	0.56
Miscellaneous Goods and Services	4.31	103.60	(2.09)	(0.48)	0.10	0.68	-	1.87	0.68

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning, St Vincent and the Grenadines
*at end of period
Data as at 28 August 2018

Table 50
St Vincent and the Grenadines - Selected Trade Statistics
(Value: EC$M; Volume: 000 tonnes)

	2017R	2017R	2017R	2018R	2018P	2017R	2018P
	2nd Qr	3rd Qr	4th Qr	1st Qr	2nd Qr	Jan - Jun	Jan - Jun
Visible Trade Balance	(177.54)	(186.52)	(225.15)	(192.19)	(215.01)	(364.50)	(407.20)
Total Imports	203.12	209.24	261.70	221.22	240.59	419.93	461.81
Total Exports	25.58	22.71	36.56	29.02	25.58	55.43	54.60
Re-Exports	3.24	1.45	3.74	1.68	3.24	9.33	4.92
Domestic Exports	22.34	21.26	32.82	27.34	22.34	46.10	49.68

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning, St Vincent and the Grenadines
Data as at 28 August 2018

Table 51
St Vincent and the Grenadines - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2017[R] 2nd Qr	2017[R] 3rd Qr	2017[R] 4th Qr	2018[R] 1st Qr	2018[P] 2nd Qr	2017[R] Jan - Jun	2018[P] Jan - Jun
Current Revenue	146.81	151.28	185.98	114.53	154.81	268.37	269.34
Taxes on Income and Profits	43.56	33.68	44.85	23.79	40.89	72.41	64.68
Individuals	20.10	18.55	20.89	18.17	22.01	41.62	40.19
Corporate	16.77	13.54	21.27	2.55	15.76	21.27	18.30
Non Resident	6.69	1.59	2.70	3.06	3.12	9.51	6.19
Taxes on Property[1]	13.78	24.37	14.27	3.66	5.64	17.49	9.31
Of which:							
Propert Tax	0.62	1.84	1.08	0.64	0.93	1.08	1.56
Taxes on Domestic Goods and Services	57.23	60.78	54.54	56.12	65.89	117.58	122.01
Of which:							
Telecomm Broadcast licence	0.00	0.04	0.04	0.00	0.90	2.99	0.90
Excise Tax	10.29	8.82	12.32	9.17	11.57	20.28	20.74
Value Added Tax	39.62	37.84	31.60	40.08	44.62	79.85	84.70
Motor Vehicle Licence	3.62	3.84	3.15	2.89	4.49	6.67	7.38
Taxes on International Trade and Transactions	14.35	13.97	30.23	13.38	21.22	27.06	34.61
Of which:							
Import Duty	12.64	12.20	17.72	11.97	17.06	24.18	29.02
Other Revenue	17.88	18.48	42.09	17.58	21.16	33.85	38.74
Current Expenditure	145.20	145.50	146.63	130.75	145.73	271.48	276.47
Compensation of Employee	69.44	69.84	72.24	71.07	71.67	138.72	142.75
Use of Goods and Services	18.44	17.58	30.46	11.15	18.42	30.09	29.57
Interest Payments	12.96	10.36	16.66	9.91	15.71	22.72	25.62
Domestic	3.63	4.61	5.71	4.33	4.96	8.30	9.29
External	9.33	5.75	10.94	5.58	10.74	14.42	16.33
Transfers	35.20	40.68	22.97	33.87	34.32	68.64	68.19
Of which:							
Other Grants and Contributions	16.43	19.64	1.64	14.32	15.37	29.50	29.69
Employment Related Social Benefit	13.32	15.55	15.16	14.91	13.58	28.68	28.49
Current Account Balance	1.61	5.78	39.35	(16.22)	9.08	(3.11)	(7.13)
Capital Revenue and Grants	6.53	11.28	15.78	1.84	10.97	7.43	12.81
Capital Expenditure	34.68	22.63	29.65	2.10	24.97	36.36	27.07
Primary Balance	(13.58)	4.79	42.14	(6.57)	10.79	(9.31)	4.23
Overall Balance	(26.54)	(5.58)	25.48	(16.48)	(4.91)	(32.03)	(21.39)
Financing	26.54	5.58	(25.48)	16.48	4.91	32.03	21.39
Domestic	(12.34)	0.49	(3.97)	19.94	(53.40)	23.81	(33.46)
ECCB (net)	(5.27)	(7.77)	23.06	21.65	(31.49)	(14.52)	(9.84)
Commercial Banks (net)	(14.10)	31.10	(8.36)	9.30	(3.10)	11.24	6.19
Other	7.03	(22.83)	(18.67)	(11.01)	(18.80)	27.09	(29.81)
External	32.29	(13.01)	(12.92)	(6.57)	68.99	17.12	62.42
Net Disbursements/(Amortisation)	32.29	(13.01)	(12.92)	(6.57)	68.99	17.12	62.42
Disbursements	45.63	2.65	5.86	6.10	82.93	47.32	89.03
Amortisation	13.35	15.67	18.78	12.67	13.95	30.20	26.61
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	6.59	18.10	(8.59)	3.11	(10.68)	(8.89)	(7.56)
Domestic	6.59	18.10	(8.59)	3.11	(10.68)	(8.89)	(7.56)
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Ministry of Finance and Economic Planning, St Vincent and the Grenadines and the Eastern Caribbean Central Bank
Note: The classification of Government Finance Statistics was changed in the first quarter of 2016
1/ For St Vincent and the Grenadines, this item includes property tax, alien land holding license and stamp duty on property
**Based on international best practice of economic classification, VAT is a tax on goods and services;*
Data as at 28 August 2018

Table 52
St Vincent and the Grenadines - Monetary Survey
(EC$M at end of period)

	2017 1st Qr	2017 2nd Qr	2017 3rd Qr	2017 4th Qr	2018 1st Qr	2018 2nd Qr[P]
Net Foreign Assets	**664.03**	**653.07**	**629.31**	**622.50**	**612.03**	**616.26**
Central Bank (Net)	**486.67**	**534.98**	**500.50**	**487.00**	**484.60**	**469.83**
Commercial Banks (Net)	177.37	118.09	128.82	135.50	127.42	146.44
External (Net)	89.58	57.02	26.80	42.70	30.76	55.74
Assets	283.64	250.59	223.18	231.58	225.10	243.06
Liabilities	194.06	193.56	196.38	188.88	194.34	187.32
Other ECCB Territories (Net)	87.78	61.07	102.02	92.80	96.66	90.70
Assets	195.86	192.57	200.47	200.43	187.40	188.81
Liabilities	108.08	131.50	98.46	107.63	90.74	98.11
Net Domestic Assets	**880.35**	**882.53**	**901.90**	**916.72**	**943.34**	**920.96**
Domestic Credit	**1,075.36**	**1,051.97**	**1,083.60**	**1,091.00**	**1,125.61**	**1,098.54**
Central Government (Net)	76.51	57.14	80.47	95.17	126.11	91.52
Other Public Sector (Net)	(91.89)	(105.31)	(100.24)	(105.13)	(93.75)	(102.13)
Private Sector	1,090.74	1,100.14	1,103.38	1,100.96	1,093.25	1,109.16
Household	854.19	866.14	874.89	877.96	875.95	881.72
Business	210.01	207.04	188.91	186.45	183.23	193.01
Non-Bank Financial Institutions	22.55	22.96	35.57	32.55	32.07	32.44
Subsidiaries & Affiliates	4.00	4.00	4.00	4.00	2.00	2.00
Other Items (Net)	**(195.01)**	**(169.44)**	**(181.70)**	**(174.28)**	**(182.26)**	**(177.59)**
Monetary Liabilities (M2)	**1,544.39**	**1,535.60**	**1,531.22**	**1,539.22**	**1,555.37**	**1,537.22**
Money Supply (M1)	**494.22**	**492.75**	**463.51**	**475.84**	**494.14**	**478.61**
Currency with the Public	86.70	86.00	82.69	95.87	93.70	88.90
Demand Deposits	398.85	393.78	371.37	371.21	388.28	375.97
EC$ Cheques and Drafts Issued	8.67	12.97	9.45	8.75	12.16	13.74
Quasi Money	**1,050.17**	**1,042.85**	**1,067.71**	**1,063.38**	**1,061.23**	**1,058.61**
Savings Deposits	867.06	878.33	882.47	875.79	882.88	878.30
Time Deposits	110.68	109.28	108.66	110.10	108.85	113.22
Foreign Currency Deposits	72.43	55.25	76.59	77.48	69.50	67.09
Memo Items						
Liquidity Ratios						
Liquid assets to total assets	39.00	38.94	36.68	37.46	36.55	36.06
Liquid assets to short-term liabilities	43.32	43.22	40.81	41.70	40.65	39.86
Customer deposits to total (noninterbank) loans	127.68	128.92	126.27	128.57	128.45	127.14
Weighted Average Interest Rates						
Total Deposits Rate	1.81	1.82	1.83	1.82	1.74	1.74
Lending Rate	8.88	8.79	8.71	8.58	8.54	8.41
Spread between reference lending and deposit rates (basis points)	7.07	6.98	6.89	6.76	6.80	6.67
Nonperforming loans to gross loans	9.57	9.71	8.49	8.17	7.69	6.80

Source: Eastern Caribbean Central Bank
Data as at 20 August 2018