

# ECONOMIC AND FINANCIAL REVIEW - JUNE 2021

## ANGUILLA

Forecasts based on tourism expectations point to a marginal expansion in annual GDP in 2021.

# OVERVIEW



Anguilla's economy continued to be adversely impacted by the COVID-19 pandemic during the first six months of 2021.



The tourism industry suffered deeper losses when compared with the first six months of 2020.



The economy is expected to gradually recover from its recessionary state during the second half of the year, buoyed by stronger tourist arrivals and construction activity.



As a result, annual growth for 2021 is expected to be marginally positive, though subject to a number of unfavourable risks.

## THE ECONOMY (REAL SECTOR)

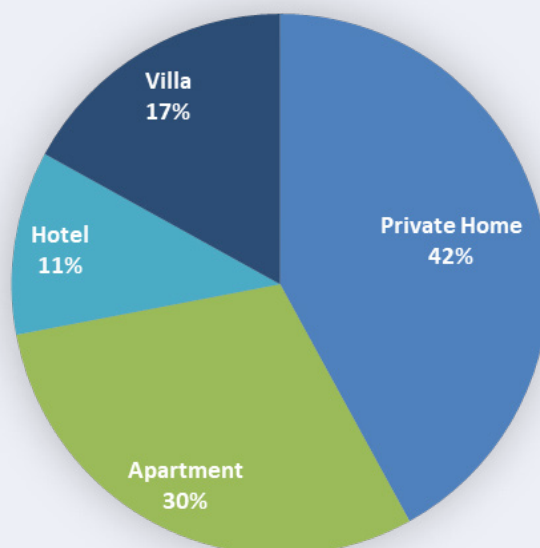
Tourism dominates the economic landscape of Anguilla. Its interlinkages with other major economic sectors means that a downturn in tourism will constrain activity in those sectors, which together contribute nearly 70.0 per cent of GDP. During the first half of 2021, Anguilla recorded 6,984 tourist visitors, of which 6,974 were stay-over arrivals. This performance was a stark decline from the 38,922 visitors reported in the first half of 2020 (see figure 1) and 91.0 per cent below the 5-year average. The US market was the strongest, accounting for 87.0 per cent of total visitor arrivals. The Canadian, United Kingdom and Caribbean markets each accounted for less than 2.0 per cent of stay over arrivals.

**Figure 1 - Anguilla Visitor Arrivals (Jan-June)**



Notably, in August 2020, Anguilla launched a Digital Nomad programme, which is a remote working programme where international travelers can work in Anguilla for three to twelve months. As of June 2021, the programme had attracted 285 applications with an average length of stay of 193 days at various accommodations (see figure 2). These Digital Nomads would have contributed to economic activity during the first half of 2021.

**Figure 2 - Type of Accommodation (Digital Nomads)**

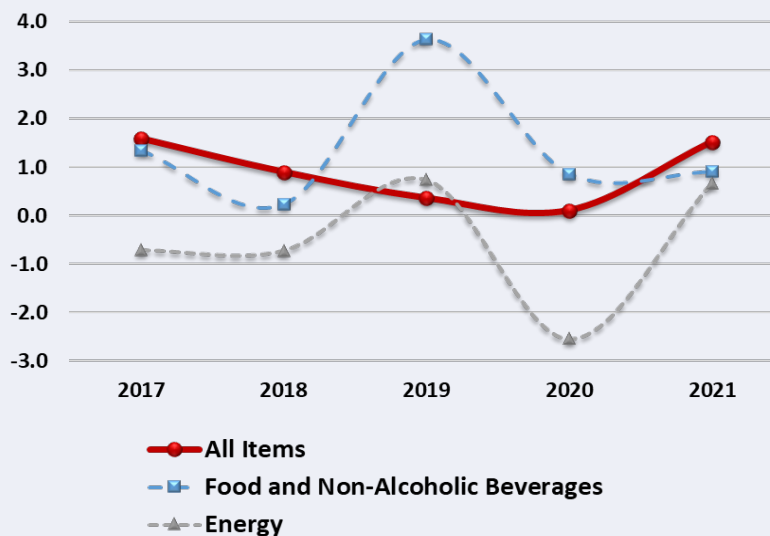


Construction activity is estimated to have slowed as many projects under the Anguilla Programme will soon be completed. Overall, the economy is estimated to have contracted in the first six months, driven by the fall in tourism activity and the concomitant decline in other major sectors including wholesale and retail trade, transport, storage and communications and real estate, renting and business activities.

## CONSUMER PRICES .

Consistent with the global increase in energy and food prices during the period under review, households in Anguilla spent more on goods and services. The Consumer Price index (period average) rose by 1.8 per cent in the period January to June 2021 (see figure 3). For the comparable period last year, the CPI declined by 0.3 per cent. Anguillans paid notably higher prices for food (meats, fruits, fish and seafood), fuel prices and household appliances, airline tickets to some destinations and outpatient health services.

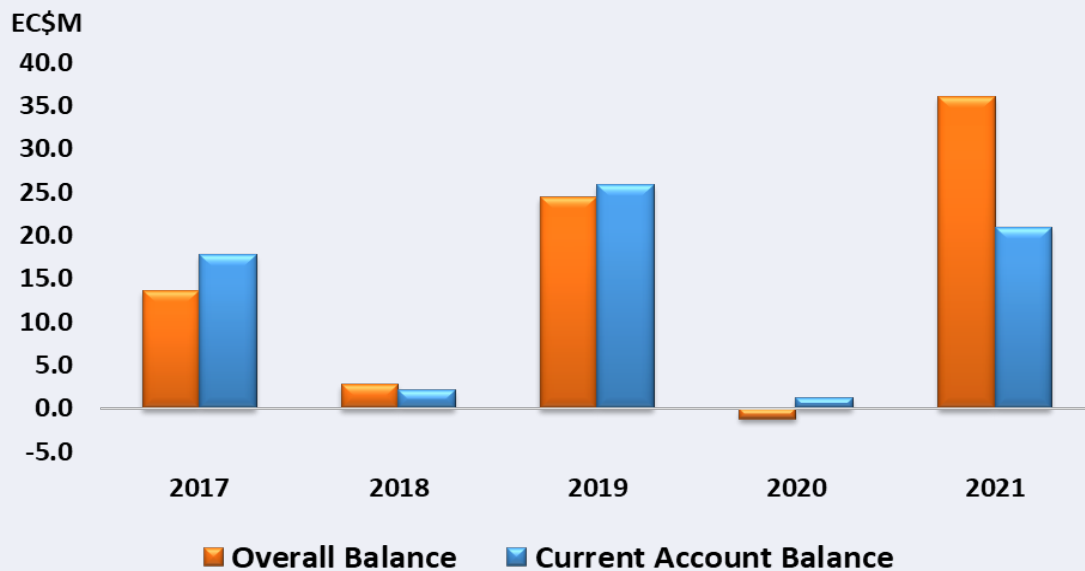
**Figure 3 - Anguilla Consumer Price Index Percentage Change (period average)**



## GOVERNMENT OPERATIONS (FISCAL AND DEBT)

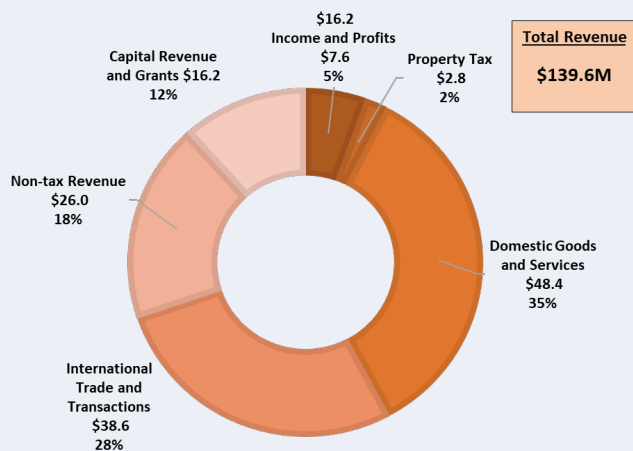
The fiscal balance of the central government improved in the first six months of 2021 mainly associated with stronger tax revenue. An overall surplus of \$36.1m was recorded, relative to a deficit of \$1.2m for the comparable six months of 2020 (see figure 4).

**Figure 4 - Anguilla Public Finance**

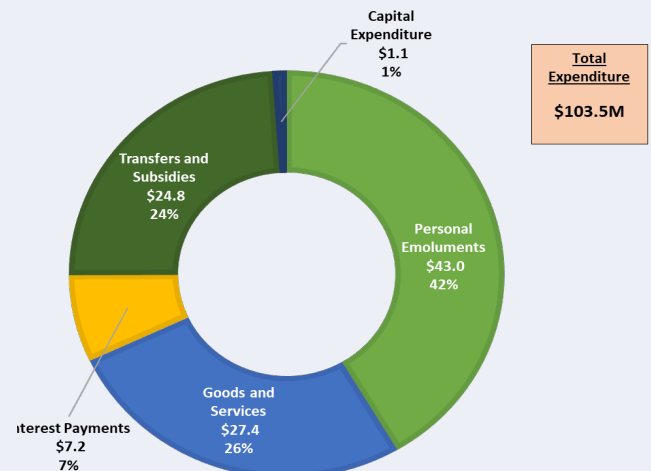


Intake from current revenue (see figure 5) rose by 23.5 per cent to \$123.4m, which was \$23.5m higher than the level reported one year ago and 14.6 per cent greater than the recent 5-year average. Tax revenue, which accounted for 79.0 per cent of current revenue, increased by 15.3 per cent (\$12.9m). This was largely due to an exceptional intake from stamp duties, representing a windfall from the sale of a leading resort and spa. Non-tax revenue grew by \$10.6m to \$26.0m. Current expenditure (see figure 6) expanded by 3.8 per cent to \$102.4m, reflecting higher outlays on personal emoluments, goods and services, and transfers and subsidies. This was 6.0 per cent higher than the recent 5-year average. Current grants amounted to \$16.3m which contributed to a current account surplus of \$37.2m, up from \$1.3m at the end of June 2020 and significantly above the average of the last 5 years. Capital expenditure remained marginal at \$1.1m.

**Figure 5 - Government Expenses, Jan-Jun 2021 (ECM\$M)**

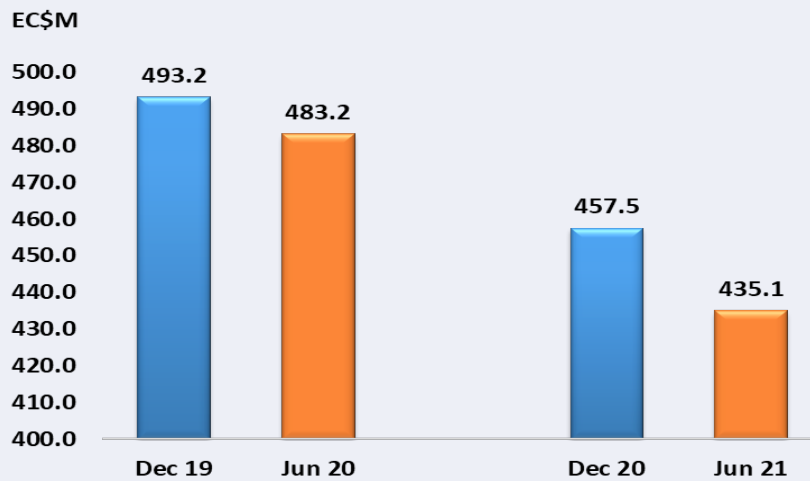


**Figure 6 - Government Expenditure, Jan -Jun 2021 (EC\$M)**



At the end of June 2021, the total public sector debt amounted to \$435.1m. This represented a decrease of 4.9 per cent (\$22.4m) from December 2020 (see figure 7) due to regular amortisation. The debt levels of both central government and public corporations fell by \$21.5m and \$0.9m, respectively.

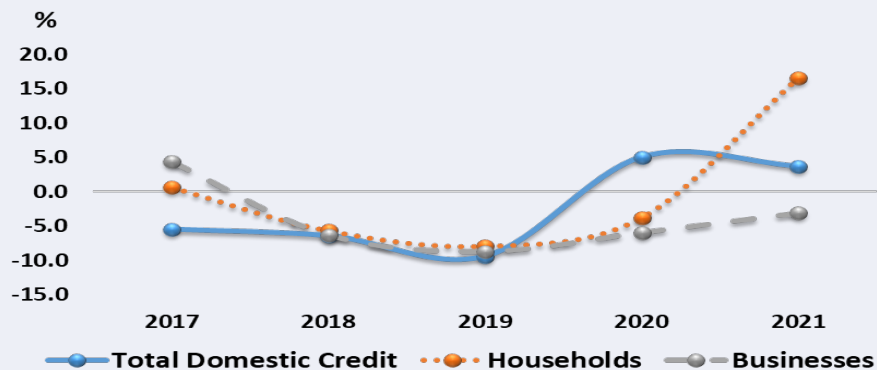
**Figure 7 - Total Public Sector Debt**



## BANKING DEVELOPMENTS (MONETARY)

At the end of June 2021, the net domestic assets of the banking sector stood at \$274.3m. This was 20.2 per cent above the level attained at the end of June 2020, reflecting an expansion in credit to the domestic economy. Overall claims on the private sector rose by 7.8 per cent, primarily associated with a 16.6 per cent increase in credit to households. In contrast, lending to businesses fell by 3.1 per cent (see figure 8). Banking sector credit to the government fell by \$18.0m while deposits rose by \$6.2m, yielding an increase in the net deposit position of the government to \$74.3m. Transferable deposits rose by \$5.6m as hotels resumed operations and the job market improved incrementally. Foreign currency deposits also rose by \$17.7m while other deposits declined by \$2.2m

**Figure 8 - Anguilla Domestic Credit Percentage Change (June)**



The asset quality of the banking sector improved as the ratio of non-performing loans to gross loans fell by 2.1 percentage points to 24.2 per cent. Most of these NPLs were inherited from the bank resolution process.

## EXTERNAL TRADE

Consistent with the gradual reopening of the economy, the merchandise trade deficit increased to \$216.5m from \$201.7m in the first half of 2020 (see figure 9). Over the 5-year period ended 2020, the merchandise trade deficit

averaged \$272.0m. This outturn reflected a 10.4 per cent (\$21.3m) rise in imports, while exports more than doubled to \$10.4m.

*Figure 9 - Anguilla Visible Trade EC\$m (June)*





# OUTLOOK

Like many ECCU economies, the economic outlook for Anguilla is fraught with uncertainty as the more contagious and highly fatal Delta variant of the coronavirus spreads through the region. Construction works will continue to wind down on a number of public sector projects during the second half of the year. However, forecasts based on tourism expectations point to a marginal expansion in annual GDP in 2021. The tourism industry is anticipated to benefit from:

- An increase in air access. American Airlines will begin direct flights from Miami to Anguilla in early December 2021. Negotiations are ongoing with Caribbean Airlines and Cape Air.
- The Digital Nomad programme, which should continue to add impetus to domestic economic activity.
- Strategic marketing by the Anguilla Tourist Board to tap into the global pent-up demand for travel.

Inflationary pressures are envisioned to persist for the rest of year as projections for global oil and food prices indicate end of year average prices significantly above those recorded for 2020. As a result, the CPI should approach 2.0 per cent by the end of the year. The fiscal surplus is likely to improve relative to the outcome of 2020, as a result of greater economic activity, grant inflows and the containment of expenditure.



# TABLES

**The five-year formatted tables for the Anguilla's main economic sectors**

- Table A1 - Central Government Fiscal Operations
- Table A2 - Monetary Survey
- Table A3 - Selected Trade Statistics
- Table A4 - Consumer Price Index
- Table A5 - Selected Tourism Statistics

**Table A1**  
**Anguilla- Central Government Fiscal Operations**  
*(In millions of Eastern Caribbean dollars)*

	January to June					Average 2015 to 2019	Average 2016 to 2020
	2017	2018	2019	2020	2021		
<b>Current Revenue</b>	112.10	98.77	126.70	99.93	123.39	108.41	107.65
Tax Revenue	98.04	79.70	108.70	84.50	97.41	92.51	91.49
Taxes on Income and Profits	7.59	6.99	8.52	7.80	7.63	7.61	7.71
Of which: Stabilisation Levy	7.59	6.99	8.32	7.80	7.63	7.57	7.67
Taxes on Property	3.11	1.59	5.71	2.88	2.84	2.90	2.89
Taxes on Domestic Goods and Services	48.60	25.40	44.02	35.99	48.37	38.24	37.87
Of which:							
Licenses	10.45	10.40	11.01	9.93	9.65	10.50	10.76
Accommodation Tax	16.09	3.14	20.59	17.69	10.56	13.61	14.32
Stamp Duties	13.53	6.60	3.52	2.33	18.02	6.70	5.75
Taxes on International Trade and Transa	38.74	45.72	50.46	37.83	38.58	43.77	43.02
Of which:							
Import Duty	30.12	35.44	39.43	16.70	17.72	33.88	30.88
Customs Surcharge	8.24	9.83	10.56	1.75	1.69	9.18	7.80
Embarkation Tax	0.12	0.01	0.01	0.00	-	0.33	0.15
Interim Goods Tax	-	-	-	13.75	14.33	-	2.75
Non-Tax Revenue	14.06	19.07	18.00	15.43	25.98	15.90	16.16
<b>Current Expenditure</b>	94.29	96.60	100.80	98.67	102.44	94.48	96.62
Personal Emoluments	41.87	42.63	40.97	41.32	42.99	41.75	41.81
Good and Services	21.71	21.56	25.70	24.95	27.44	21.94	23.03
Interest Payments	7.70	8.82	9.45	8.96	7.18	7.12	8.04
Domestic	4.92	5.19	4.44	4.33	3.84	3.73	4.34
External	2.78	3.63	5.01	4.64	3.35	3.39	3.70
Transfers and Subsidies	23.00	23.59	24.68	23.44	24.83	23.67	23.75
Of which: Pensions	4.42	4.27	4.29	4.20	4.21	4.40	4.29
<b>Current Account Balance</b>	17.82	2.17	25.90	1.26	20.95	13.93	11.03
<b>Capital Revenue</b>	-	-	0.03	0.81	-	-	-
<b>Grants</b>	0.80	3.93	-	-	16.25	1.22	0.97
Of which: Capital Grants	0.80	3.93	-	-	-	1.22	0.97
<b>Capital Expenditure and Net Lending</b>	4.94	3.27	1.42	3.29	1.09	2.76	3.01
Of which: Capital Expenditure	4.94	3.27	1.42	3.29	1.09	2.76	3.01
<b>Primary Balance before grants</b>	20.58	7.72	33.96	7.74	27.04	-	-
<b>Primary Balance after grants</b>	21.38	11.64	33.96	7.74	43.29	-	-
<b>Overall Balance before grants</b>	12.88	(1.10)	24.50	(1.22)	19.86	-	-
<b>Overall Balance after grants</b>	13.68	2.82	24.50	(1.22)	36.11	-	-
<b>Financing</b>	(13.68)	(2.82)	(24.50)	1.22	(36.11)	-	-
Domestic	(11.49)	(8.19)	(12.63)	16.56	(22.85)	-	-
ECCB (net)	0.80	(0.74)	(6.08)	5.16	(4.94)	-	-
Commercial Banks (net)	(3.66)	11.33	(20.19)	19.85	3.52	-	-
Other	(8.63)	(18.78)	13.65	(8.45)	(21.42)	-	-
External	(6.57)	(3.15)	(9.61)	(9.79)	(3.90)	-	-
Net Disbursements/(Amortisation)	(6.57)	(3.15)	(9.61)	(9.79)	(3.90)	-	-
Disbursements	0.01	0.14	0.08	1.41	0.45	-	-
Amortisation	6.58	3.29	9.69	11.20	4.35	-	-
Change in Government Foreign Assets	-	-	-	-	-	-	-
Arrears	4.39	8.52	(2.26)	(5.55)	(9.36)	-	-
Domestic	4.39	8.52	(2.26)	(5.55)	(9.36)	-	-
External	-	-	-	-	-	-	-
Other Financing	-	-	-	-	-	-	-

Source: Treasury Department, Anguilla and the Eastern Caribbean Central Bank  
**Data as at 21 August 2021**

**Table A2**  
**Anguilla - Monetary Survey**  
**(EC\$M at end of period)**

	2017	2018	2019	2020	2021 E	June Moving Averages	
	June	June	June	June	June	2015 - 2019	2016 - 2020
<b>Net Foreign Assets</b>	<b>451.28</b>	<b>534.34</b>	<b>629.21</b>	<b>644.98</b>	<b>619.26</b>	<b>467.89</b>	<b>528.73</b>
<b>Claims On Non-Residents</b>	<b>684.73</b>	<b>806.89</b>	<b>880.56</b>	<b>761.98</b>	<b>765.31</b>	<b>703.53</b>	<b>743.32</b>
Central Bank	196.38	223.27	132.96	142.81	161.67	168.11	167.86
Other Depository Corporations (Commercial Banks)	488.35	583.63	747.60	619.17	603.64	535.42	575.46
<b>Liabilities To Non-Residents</b>	<b>233.45</b>	<b>272.55</b>	<b>251.35</b>	<b>117.00</b>	<b>146.05</b>	<b>235.65</b>	<b>214.59</b>
Central Bank	14.89	14.24	5.45	12.65	8.10	11.49	12.30
Other Depository Corporations (Commercial Banks)	218.56	258.31	245.90	104.35	137.95	224.16	202.29
<b>Net Domestic Assets</b>	<b>587.23</b>	<b>541.56</b>	<b>419.73</b>	<b>228.20</b>	<b>274.28</b>	<b>594.46</b>	<b>485.49</b>
<b>Domestic Claims</b>	<b>572.66</b>	<b>535.78</b>	<b>485.23</b>	<b>509.61</b>	<b>528.42</b>	<b>630.12</b>	<b>541.84</b>
<b>Net Claims On General Government</b>	<b>(114.98)</b>	<b>(111.24)</b>	<b>(109.37)</b>	<b>(50.16)</b>	<b>(74.30)</b>	<b>(136.94)</b>	<b>(90.44)</b>
<b>Claims On General Government</b>	<b>26.32</b>	<b>30.08</b>	<b>7.56</b>	<b>27.24</b>	<b>9.27</b>	<b>19.73</b>	<b>23.40</b>
From Central Bank	14.85	14.21	5.40	12.59	8.04	11.44	12.25
From Other Depository Corporations	11.47	15.88	2.16	14.65	1.23	8.29	11.15
Liabilities To General Government	141.30	141.33	116.93	77.40	83.57	156.68	113.84
Claims On Other Sectors	687.64	647.02	594.61	559.77	602.72	767.06	632.28
Claims On Other Financial Corporations (Non-Bank Financial Institutions)	7.62	7.69	8.13	1.65	1.01	10.59	6.57
Claims On Public Non-Financial Corporations	0.24	0.18	0.37	-	-	0.28	0.22
Claims On Private Sector	679.78	639.15	586.11	558.13	601.71	756.18	625.50
Claims On Other Non-Financial Corporations (Business Credit)	309.61	290.00	264.65	248.82	241.08	368.09	281.91
Claims On Other Resident Sectors (Households and Non-profit institutions)	370.18	349.16	321.46	309.31	360.63	388.09	343.59
<b>Other Items (Net)</b>	<b>14.58</b>	<b>5.77</b>	<b>(65.51)</b>	<b>(281.41)</b>	<b>(254.14)</b>	<b>(35.66)</b>	<b>(56.35)</b>
<b>Broad Money Liabilities (M2)</b>	<b>1,038.51</b>	<b>1,075.90</b>	<b>1,048.94</b>	<b>873.18</b>	<b>893.54</b>	<b>1,062.34</b>	<b>1,014.22</b>
<b>Narrow Money (M1)</b>	<b>70.52</b>	<b>71.67</b>	<b>63.63</b>	<b>56.25</b>	<b>61.04</b>	<b>68.90</b>	<b>66.30</b>
Currency Outside Depository Corporations	20.63	24.12	29.31	29.35	28.53	21.41	24.44
Currency Issued By Central Bank (Currency In Circulation)	25.27	30.57	32.96	33.39	33.34	26.01	29.09
Less Holdings Of National Currency By Odc (Commercial Banks)	4.64	6.45	3.65	4.05	4.81	4.60	4.65
Transferable Deposits, In National Currency	49.89	47.55	34.32	26.90	32.52	47.49	41.85
<b>Quasi Money</b>	<b>967.99</b>	<b>1,004.23</b>	<b>985.31</b>	<b>816.93</b>	<b>832.49</b>	<b>993.45</b>	<b>947.92</b>
Other Deposits, In National Currency	240.85	237.01	242.70	237.50	235.35	244.65	238.83
Foreign Currency Deposits	727.14	767.21	742.60	579.44	597.14	748.80	709.09
<b>Memo Items</b>							
<b>Liquidity Ratios</b>							
Liquid assets to total assets	41.25	46.80	51.17	50.65	48.78	41.45	47.73
Liquid assets to short-term liabilities	45.87	51.90	61.57	58.06	54.10	49.50	54.30
Customer deposits to total (noninterbank) loans	167.86	179.17	197.94	159.62	155.98	167.26	172.12
<b>Weighted Average Interest Rate</b>							
Total Deposits Rate	2.28	2.20	2.44	2.54	2.45	2.44	2.38
Lending Rate	9.90	9.85	9.74	9.19	8.58	9.65	9.45
Spread between reference lending and deposit rates (basis points)	7.62	7.65	7.30	6.66	6.13	7.21	7.07
<b>Nonperforming loans to gross loans</b>	<b>14.25</b>	<b>23.65</b>	<b>21.80</b>	<b>26.31</b>	<b>24.17</b>	<b>23.87</b>	<b>22.04</b>

Source: Eastern Caribbean Central Bank

Data as at 06 August 2021

**Table A3**  
**Anguilla - Selected Trade Statistics**  
**(Value: EC\$M)**

	January to June					2021	Average 2015 to 2019	Average 2016 to 2020
	2017	2018	2019	2020	2021			
Total Exports	8.57	8.38	15.02	3.92	10.36	10.70	8.95	
Total Imports	234.72	370.87	341.50	205.57	226.86	303.03	280.98	
Trade Balance	(226.15)	(362.49)	(326.49)	(201.65)	(216.51)	(292.32)	(272.02)	

Source: Anguilla Customs Department and ECCB Estimates

**Data as at 21 August 2021**

**Table A4**  
**Anguilla- Consumer Price Index**  
**June 2010 = 100**

	Weight	Period Average		January to June					Percentage Change*	
		January to December		Period Average					Jun-20	Jun-21
		2019	2020	2017	2018	2019	2020	2021	Dec-19	Dec-20
<b>All Items</b>	<b>100.00</b>	<b>108.22</b>	<b>107.71</b>	<b>106.50</b>	<b>107.45</b>	<b>107.84</b>	<b>107.95</b>	<b>109.59</b>	<b>(0.25)</b>	<b>1.75</b>
Food & Non-Alcoholic Beverages	12.83	116.85	117.45	112.79	113.05	117.16	118.16	119.23	1.12	1.52
Alcoholic Beverages, Tobacco & Narcotics	2.34	127.45	129.31	122.53	123.31	126.74	130.14	126.79	2.11	(1.95)
Clothing & Footwear	3.25	110.07	107.62	104.01	105.50	110.07	109.06	105.59	(0.92)	(1.89)
Housing, Utilities, Gas & Fuels	25.55	95.00	92.64	95.30	94.61	95.30	92.87	93.49	(2.24)	0.91
Household Furnishings, Supplies & Maintenance	4.03	113.84	112.14	113.62	113.24	113.94	113.24	111.53	(0.53)	(0.54)
Health	2.34	116.01	115.26	115.73	115.24	115.99	115.72	123.70	(0.25)	7.32
Transport	15.96	113.00	111.57	106.58	113.99	109.55	112.61	116.72	(0.35)	4.61
Communication	13.42	119.96	120.26	117.91	116.32	120.07	119.15	123.52	(0.68)	2.70
Recreation & Culture	3.81	83.84	84.50	92.82	93.33	83.47	84.81	84.65	1.16	0.17
Education	5.91	122.86	122.87	121.84	121.84	122.86	122.88	122.86	0.02	(0.01)
Hotels & Restaurants	4.04	108.07	113.82	104.19	106.24	107.77	113.83	114.00	5.33	0.16
Miscellaneous	6.52	103.00	105.28	103.77	104.06	103.83	104.17	108.27	1.14	2.84

Sources: Central Statistical Offices, ECCU

\*January to June average index / January to December Average index of the previous year

Data as at 21 August 2021

**Table A5**  
**Anguilla - Selected Tourism Statistics**

	January to June					Average	Average
	2017	2018	2019	2020	2021	2015 to 2019	2016 to 2020
Total Visitors	105,928	37,100	93,203	38,922	6,984	87,528	74,400
Stay-Over Visitors	47,894	23,279	55,878	23,220	6,974	42,555	38,928
Of which:							
USA	32,890	13,986	39,432	16,066	6,044	29,075	26,531
Canada	2,313	820	2,706	1,399	135	2,025	1,875
UK	2,097	1,150	2,263	894	149	1,688	-
Caribbean	5,418	4,940	5,527	1,892	107	5,376	4,705
Other Countries	1,755	1,053	2,168	1,002	338	1,515	1,473
Excursionists	58,034	13,821	37,325	15,702	10	44,973	35,472
Total Visitor Expenditure (EC\$M)	225.45	130.02	245.02	107.07	40.59	196.96	179.98

Source: Anguilla Customs Department and ECCB Estimates

**Data as at 21 August 2021**



Eastern Caribbean Central Bank

P O Box 89

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