Economic Alert iQ

First Citizens Research & Analytics

Monday 22nd June 2015 - 2:30pm
Regional
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Highlights of the IMF's Article IV and Post Monitoring Discussions with St. Kitts & Nevis

- The economy of St. Kitts & Nevis expanded by an average of 6.0% in 2013 and 2014.
- This activity reflects primarily a construction boom fueled by:
  - inflows under the Citizenship-By-Investment (CBI) Program,
  - government and Sugar Industry Diversification Foundation (SIDF) investment and spending
  - continued recovery in tourist arrivals.
- The outlook is "positive" with growth expected to moderate to 4.5% in 2015. Downside risks to this outlook include the imposition of travel restrictions by Canada and increased competition from Citizenship-by-Investment programs in neighboring countries.
- It was noted that the country's strong fiscal performance was supported by a robust outturn in tax revenues, more than compensating for higher-than-planned expenditures. The government surplus after grants was 9.5% of GDP, "somewhat smaller than in 2013, but only on account of considerably less SIDF support."
- According to the IMF, the strong fiscal outcome, combined with additional progress with the debt/land swaps, and some advance debt repayment, led to a further decline in the share of public debt in GDP to 80% at end-2014, compared to over 100% at end-2013, and about 160% in 2010. St. Kitts and Nevis' debt-to-GDP ratio is now below the ECCU average.
- "Banks have remained stable following the debt restructuring, although the NPL ratio significantly increased notably due to removing public sector loans from the total loan portfolio following the debt-for-land swap. Credit to the private sector is still sluggish, expanding by 0.5% in 2014."