



COUNTRY		CREDIT RATING	REGION
Antigua & Barbuda		Not Rated	Caribbean
Real GDP growth (%) [2016]	3.23%		Major Trade Partners U.S, U.K, France
Next General Election	Jul-19		Major Exports (%) Bedding, Handicrafts, Electronic components
Exchange Rate (XCD/USD)	2.7		GDP Composition Agriculture 1.8%, Industry 23.1%, Services 75.1%

**RECENT ECONOMIC DEVELOPMENTS**

**ECONOMIC OUTLOOK** **STABLE**

GDP growth was estimated at 3.32% in 2015, following growth of 4.21% in the year before by the ECCB. The agricultural sector grew by 2.9% while the manufacturing, utilities, wholesale & retail trade and transport & storage sectors registered growth of 7.7%, 6.9%, 9.4% and 7.1% respectively. There were contractions in the mining and other community, social & personal services sectors of 10% and 6.4% respectively. Data for 2015 showed a 13.8% increase (909,660 visitors) in total visitors compared to 3Q14. There was minor increase in stay-over visitors by air of 0.5% with increases from the U.K (9.4%) and the Caribbean (1.5%) while the largest decrease coming from Canada (16%) followed by the largest source market, the United States which fell by 0.8%. There was strong growth in cruise passenger arrivals which increased 21.1%. Total visitor expenditure increased by 1.1% to XCD871.06 million. The economy is projected to expand by 3.23% in 2016 by the ECCB.

**INFLATION** **STABLE**

Inflation averaged 0.97% in 2015 (1.33% in 2014). The major price declines were in the housing & utilities (0.5%), fuel and light (12.2%) and miscellaneous (0.3%). The major increases were in the education (7.9%) and personal services (9.7%) sectors. The IMF estimates Antigua & Barbuda's inflation at 1.2% for 2016.

**TRADE BALANCE/ BOP** **STABLE**

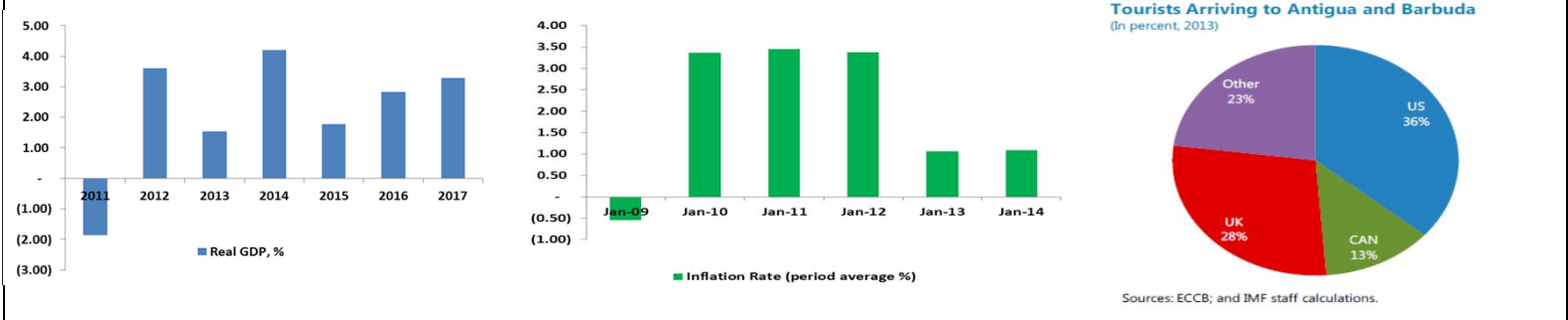
Data for 2015 indicates that Antigua & Barbuda operated a trade deficit of XCD1,247.70 million, representing a 12.6% narrowing from 2014. Exports increased by 13.8% while imports decreased by 11.5%. Exports increased mainly due to increases in manufactured goods (42.2%) and misc. manufactured goods (76.6%). The major decline in imports was mineral fuels & related materials (38.9%).

**FISCAL ACCOUNTS** **NEGATIVE**

According to the IMF the underlying primary balance (excluding citizens-by-investment program revenues and bank resolution costs) registered a deficit of 0.2% of GDP in 2015 falling from 2.0% of GDP in 2014. This was due to higher corporate income tax collections, higher consumption taxes on fuel (owing to the limited pass through of the decline in international oil prices) and reduced capital spending. Due to limited sources of available financing on account of Antigua and Barbuda's elevated debt levels, the central government continues to cover financing shortfalls through the accumulation of arrears, which are projected to rise by 2% of GDP in 2015. Debt to GDP was estimated at 103% of GDP for 2015 by the CDB.

In 2009, Antigua's economy was severely hit by the global economic crisis and suffered from the collapse of its largest private sector employer. A steep decline in tourism, rise in debt and a sharp economic contraction followed between 2009 and 2011. Antigua & Barbuda posted surprising economic growth of 4.2% in 2014. This was due to strong growth in the public sector, construction, wholesale and retail trade activities. However credit to the private sector which fell by 5.6% for the year ending June 2015 (marking four consecutive years of decline), continues to be a drag on growth. Economic activity moderated in 2015 to 3.32% due to a slowdown in tourism and construction activity. Growth in 2016 is expected to be stronger due to tailwinds from the U.S which will boost the tourism sector. Also, strong inflows from the Citizenship by Investment Program (CIP) are expected in the short term which could represent 25% of GDP by the end of 2015 according to Prime Minister Gaston Browne. Tourism continues to dominate Antigua and Barbuda's economy, accounting for nearly 60% of GDP and 40% of investment. The IMF has forecasted growth at a more conservative 2.0% for 2016.

*First Citizens Research & Analytics maintains a cautious outlook on Antigua & Barbuda due to the nation's dependency on the tourism sector, high debt levels and susceptibility to natural disasters.*



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