



## Government of Antigua and Barbuda

### Government of Antigua and Barbuda

#### Prospectus

##### 2019 RGSM Issuance Programme

for the Period January through December

180-day and 365-day EC\$ Treasury Bills

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#### **PROSPECTUS: January 2019**

*The Prospectus has been drawn up in accordance with the rules of the Regional Government Securities Market (RGSM). The Regional Debt Coordinating Committee and Eastern Caribbean Central Bank accept no responsibility for the content of this Prospectus, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus.*

*This prospectus is issued for the purpose of giving information to the public interested in investing in Government of Antigua and Barbuda Bills and Bonds. The Government of Antigua and Barbuda accepts full responsibility for the accuracy of the information given and confirms, having made all reasonable inquiries, that to the best of its knowledge and belief there are no other facts, the omission of which would make any statement in the Prospectus misleading. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of government instruments or other securities.*



## Antigua and Barbuda Prospectus

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## **NOTICE TO INVESTORS**

This Prospectus is issued for the purpose of giving information to the public and investors interested in purchasing Treasury bills, notes and bonds issued by the Government of Antigua and Barbuda through the RGSM. The Government of Antigua and Barbuda accepts full responsibility for the accuracy of the information given and confirms, having made all reasonable inquiries, that to the best of its knowledge and belief there are no other facts, the omission of which would make any statement in this Prospectus misleading.

Statements contained in this Prospectus describing documents are provided in summary form only, and such documents are qualified in their entirety by reference to such documents. The ultimate decision and responsibility to proceed with any transaction or investment with respect to this offering rests solely with you as an investor. Therefore, prior to entering into the proposed investment, you should determine the economic risks and merits, as well as the legal, tax and accounting characteristics and consequences of this Securities offering, and that you are able to assume those risks.

This Prospectus and its content are issued for the specific Securities issues described herein. Investors are strongly encouraged to seek consultation from a person qualified and licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of government securities.

## ABSTRACT

The Government of Antigua and Barbuda (hereafter referred to as GoAB) is offering to raise financing through a series of issues on the RGSM between January and December of 2019. The GoAB's 2019 RGSM Issuance Programme is detailed in this Prospectus for consideration of investors and market participants in general. The securities will be issued on the Regional Government Securities Market (RGSM) between the months of January and December 2019, and will be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE) under the following trading symbols:

| <b>ECSE Symbol</b> | <b>Instrument</b> | <b>Amount</b>  | <b>Tenor</b> | <b>Auction Date</b> |
|--------------------|-------------------|----------------|--------------|---------------------|
| <b>AGB110320</b>   | T-Bill            | EC\$10 million | 365-day      | 11-Mar-19           |
| <b>AGB020520</b>   | T-Bill            | EC\$20 million | 365-day      | 2-May-19            |
| <b>AGB190120</b>   | T-Bill            | EC\$15 million | 180-day      | 22-Jul-19           |
| <b>AGB260820</b>   | T-Bill            | EC\$20 million | 365-day      | 26-Aug-19           |
| <b>AGB281020</b>   | T-Bill            | EC\$20 million | 365-day      | 28-Oct-19           |
| <b>AGB141120</b>   | T-Bill            | EC\$15 million | 365-day      | 14-Nov-19           |
| <b>AGB190520</b>   | T-Bill            | EC\$20 million | 180-day      | 20-Nov-19           |
| <b>AGB310520</b>   | T-Bill            | EC\$20 million | 180-day      | 2-Dec-19            |

In the event there is an oversubscription, the GoAB is willing to accept up to an additional five million Eastern Caribbean Dollars (EC\$5m) of the oversubscription amount issued in each of the issues.

The securities are being offered to refinance maturing RGSM securities, assist with the Government's short-term cash flow management requirements and facilitate ongoing liability management operations to lower the public sector's interest burden. The proceeds will also be used to finance government infrastructure programme.

The securities will be issued under the authority of the Treasury Bills Act (2005) and the Finance Administration Act (2006). The securities will be governed under the laws of Antigua and Barbuda.

Bidding for the securities will open at 9:00 a.m. and will close at 12:00 noon. Settlement for successful bids will take place on the following business day of each auction.

## **ISSUER INFORMATION**

|                            |   |
|----------------------------|---|
| Issuer.....                | The Government of Antigua and Barbuda (GoAB)  |
| Address.....               | Ministry of Finance and Corporate Governance<br>Government Office Complex<br>Parliament Drive<br>St. John's<br>Antigua and Barbuda  |
| Email.....                 | <a href="mailto:atgdebt@ab.gov.ag">atgdebt@ab.gov.ag</a>  |
| Telephone No.....          | 1 (268) 462-2469 or 1 (268) 462-5002  |
| Facsimile No.....          | 1 (268) 462-5093/1622   |
|                            | <b>Contact Officials:</b>   |
|                            | Mr. Whitfield Harris, Financial Secretary –<br>whitfield.harris@ab.gov.ag   |
|                            | Mrs. Rasona Davis-Crump, Deputy Financial<br>Secretary – rasona.davis@ab.gov.ag   |
|                            | Mrs. Nadia Spencer-Henry, Debt Manager –<br>nadia.spencer_henry@ab.gov.ag   |
|                            | Dr. Cleopatra Gittens, Accountant General –<br>cleopatra.gittens@ab.gov.ag  |
| Arrangers\.....            | First Citizens Investment Services Ltd.   |
| Address.....               | First Citizens Investment Services Ltd.<br>John Compton Highway<br>Sans Souci<br>Castries<br>St Lucia   |
| Telephone No.....          | 1(758) 450-2662   |
| Facsimile No.....          | 1(758) 451-7894   |
| Date of Publication.....   | January 2019  |
| Purpose of the Issues..... | GoAB intends to use the net cash proceeds of the offerings to refinance maturing RGSM securities, assist in the management of the Government's short-term cash flow requirements and facilitate ongoing proactive liability management operations to lower the Government's interest burden. The proceeds will also be used to finance government's infrastructure programme. |
| Legislative Authority..... | Finance Administration Act (2006) and the Treasury Bills Act (2005), copies of which are  |

|                                     |   |
|-------------------------------------|---|
|                                     | available on the Government of Antigua and Barbuda’s official website (www.ab.gov.ag)   |
| Intermediaries.....                 | A complete list of Licensed Intermediaries who are members of the Eastern Caribbean Securities Exchange (ECSE) is available in <a href="#">Appendix I</a>   |
| Taxation.....                       | Yields will not be subject to any tax, duty or levy by the Participating Governments of the Eastern Caribbean Currency Union (ECCU). The countries are Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Lucia, St Kitts and Nevis and St Vincent and the Grenadines. |
| Reference Currency.....             | Eastern Caribbean Dollars (EC\$) for the T-bills  |
| Listing and Admission to Trading... | The securities will be listed on the ECSE and will be available for trading on the secondary market using the platform of the ECSE.   |
| Fiscal Agent.....                   | Eastern Caribbean Central Bank (ECCB)   |
| Paying Agent.....                   | Eastern Caribbean Central Securities Registry (ECCSR)   |
| Governing Law.....                  | The Securities will be governed by the laws of Antigua and Barbuda  |

## INFORMATION ABOUT THE SECURITIES

1. GoAB proposes to auction the securities on the RGSM to be traded on the ECSE.
2. The auction dates are listed in the table below
3. The instruments will settle as listed in the table below
4. The instruments' maturity dates are listed in the table below
5. The securities will be identified by the trading symbols listed below

| ECSE Symbol      | Issue  | Amount         | Ceiling Rate | Tenor   | Auction Date | Settlement Date | Maturity Date |
|------------------|--------|----------------|--------------|---------|--------------|-----------------|---------------|
| <b>AGB110320</b> | T-Bill | EC\$10 million | 5.5per cent  | 365-day | 11-Mar-19    | 12-Mar-19       | 11-Mar-20     |
| <b>AGB020520</b> | T-Bill | EC\$20 million | 5.5per cent  | 365-day | 2-May-19     | 3-May-19        | 2-May-20      |
| <b>AGB190120</b> | T-Bill | EC\$15 million | 5.5per cent  | 180 day | 22-Jul-19    | 23-Jul-19       | 19-Jan-20     |
| <b>AGB260820</b> | T-Bill | EC\$20 million | 5.5per cent  | 365-day | 26-Aug-19    | 27-Aug-19       | 26-Aug-20     |
| <b>AGB281020</b> | T-Bill | EC\$20 million | 5.5per cent  | 365-day | 28-Oct-19    | 29-Oct-19       | 28-Oct-20     |
| <b>AGB141120</b> | T-Bill | EC\$15 million | 5.5per cent  | 365-day | 14-Nov-19    | 15-Nov-19       | 14-Nov-20     |
| <b>AGB190520</b> | T-Bill | EC\$20 million | 5.0per cent  | 180-day | 20-Nov-19    | 21-Nov-19       | 19-May-20     |
| <b>AGB310520</b> | T-Bill | EC\$20 million | 5.0per cent  | 180-day | 2-Dec-19     | 3-Dec-19        | 31-May-20     |

6. The interest payment for each T-bill will be made at maturity.
7. Principal repayments for each T-bill will be made at maturity.
8. Each investor is allowed one (1) bid in each respective series with the option of increasing the amount being tendered until the close of the bidding period.
9. The minimum bid amount is EC\$5,000 for EC\$ T-bills.
10. The Bid Multiplier will be set at EC\$1,000 for EC\$T-Bills.
11. The bidding period will be opened from 9 a.m. to 12 noon for EC\$ instruments on auction dates.
12. The price of the issue will be determined by Competitive Uniform Price Auction.
13. The Investors may participate in the auction through the services of a licensed intermediary. The current list of licensed intermediaries that are members of the ECSE, is as follows:

St. Kitts Nevis Anguilla National Bank Limited

The Bank of Nevis Limited

Bank of St. Vincent and the Grenadines Limited

First Citizens Investment Services Limited – St. Lucia

Bank of St Lucia Limited

Grenada Co-operative Bank Limited



## **FINANCIAL ADMINISTRATION AND MANAGEMENT**

### **1. Debt Management Objectives**

The debt management objectives of GoAB are to ensure that the government's financing needs and its payment obligations are met at the lowest possible cost over the medium to long term, consistent with a prudent degree of risk.

### **2. Debt Management Strategy**

The debt management strategy of the GoAB is an integral part of its fiscal consolidation and reform programme. The key elements of the GoAB's debt management strategy include:

- i. Maintaining a satisfactory and prudent debt structure consistent with the Government's payment capacity;
- ii. Lengthening the maturity structure of Government's Debt Profile.
- iii. Sourcing financing for development projects and other general government administrative activities.
- iv. Expanding the investor base through market development and outreach programmes

### **3. Transparency and Accountability**

The GoAB is continuously seeking ways of improving its systems of accountability and transparency. With a view to adopting more prudent and transparent fiscal management practices, while enhancing the functioning of the Regional Government Securities Market (RGSM). As a consequence, disclosure of information on the cash flow and debt stock will be made available periodically to all investors, consistent with the rules of the Regional Debt Coordinating Committee (RDCC).

### **4. Institutional Framework**

The Debt Management Unit of the Ministry of Finance and Corporate Governance administers the Government's debt portfolio on a day-to-day basis and is responsible for implementing the Government's borrowing strategy. The unit is directly accountable to the Financial Secretary and the Minister of Finance and Corporate Governance.

### **5. Risk Management Framework**

An effective and efficient debt management system as a major element of economic management is of paramount importance to the GoAB. This effort is important for identifying and mitigating risk. The mandates of the Debt Management Unit include:

- Formulating debt management policies and strategies;
- Managing the debt portfolio to minimize cost with an acceptable risk profile;
- Conducting risk analysis and developing risk management policies; and
- Conducting debt sustainability analyses to assess optimal borrowing levels.

## **Macroeconomic Performance**

### **Global and Regional Outlook**

#### Global Outlook<sup>1</sup>

The July 2018 issue of IMF's World Economic Outlook has publicised that global growth continues at an uneven pace between advanced economies. While global growth is projected to be 3.9 per cent for 2018 through to 2019, this level of growth is expected to be uneven going forward due to the uncertainty in oil prices, rising trade tensions and political uncertainty that may likely give rise to higher financing costs, exchange rate pressures and other factors that affect economic growth in different contexts.

For policymakers, there is an urgency to develop and advance policies and reforms in order to strengthen resilience in the economy while guarding against unsustainable practices that thwart the economic recovery in each country's context. Because of that fact many advanced economies differ in their fiscal policies requirements to buffer climbing debt levels. In order to continue to strengthen medium term prospects, the governments and private sectors may prioritize investment into physical and digital infrastructure in order to enhance labour force contribution while raising the potential output and productivity.

#### Regional Outlook<sup>2</sup>

The region faces many challenges that can affect the economic growth both as individual countries as well as the whole. These challenges emanate from the noneconomic factors that currently plague the region, such as exposure to natural disasters, upcoming elections and that geopolitical tensions; external factors such as global financial conditions and tax reforms and North American Free Trade Agreement (NAFTA) renegotiations. Many countries in the region depend on activity in advanced economies to drive growth. Factors such as the growth performance of important trading partners and commodity price trends have a significant impact on Caribbean economic performance.

In this regard, the continued strength in the US economy is expected to benefit service-based economies in 2018 and 2019. The average growth for the region is, expected to improve to 2.0 per cent in 2018, strengthening further to 2.8 per cent in 2019 (See table 1 below).

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<sup>1</sup> IMF's World Economic Outlook

<sup>2</sup> IMF's Latin America and the Caribbean: Economic Recovery Gaining Strength

Table 1: IMF, Latin America and the Caribbean: Economic Recovery Gaining Strength

| Country                         | 2016 | 2017 | 2018      | 2019 |
|---------------------------------|------|------|-----------|------|
|                                 |      | Est. | Projected |      |
| Antigua and Barbuda             | 5.3  | 2.7  | 3.5       | 3.0  |
| Bahamas, The                    | 0.2  | 1.3  | 2.5       | 2.2  |
| Barbados                        | 1.6  | 0.9  | 0.5       | 0.1  |
| Belize                          | -0.5 | 0.8  | 1.8       | 2.0  |
| Dominica                        | 2.6  | -4.2 | -16.3     | 12.2 |
| Dominican Republic              | 6.6  | 4.6  | 5.5       | 5.0  |
| Grenada                         | 3.7  | 2.5  | 3.6       | 3.6  |
| Guyana                          | 3.3  | 2.1  | 3.5       | 3.7  |
| Haiti                           | 1.5  | 1.2  | 2.0       | 3.0  |
| Jamaica                         | 1.5  | 1.0  | 1.5       | 1.8  |
| St. Kitts and Nevis             | 3.1  | 2.6  | 3.5       | 3.2  |
| St. Lucia                       | 3.4  | 3.0  | 2.5       | 2.3  |
| St. Vincent and the Grenadines  | 0.8  | 1.0  | 2.1       | 2.5  |
| Suriname                        | -5.1 | 0.0  | 1.4       | 2.0  |
| Trinidad & Tobago               | -6.0 | -2.6 | 0.2       | 0.2  |
| Latin America and the Caribbean | 0.6  | 1.3  | 2.0       | 2.8  |

Source: IMF News, Latin America and the Caribbean: Seizing the Momentum, May 2018

Effective debt and fiscal management continues to be a concern for the region as well as the implementation of prudent public expenditure frame works which would create buffers against economic shock. There has been discussion on utilising and implementing fiscal rules and fiscal resilience legislation and strengthening the mobilization domestic revenues across the region.

For the year 2017, all countries in the ECCU experienced economic expansion with the exception of Anguilla and Dominica, which were both devastated by hurricanes in September 2017. Economic activity in the ECCU is forecasted to grow by approximately 2.9 per cent in 2018, bolstered by inflows from the Citizenship by Investment Programmes (CIP) and a positive uptick in tourism and construction.

### Economic Overview

Antigua and Barbuda is characterised as a service-based economy, with tourism and government services representing the largest sources of employment and income. Tourism and tourism-related economic activities, including sectors such as construction, financial services, transportation and real estate, account for over two-thirds of gross domestic product (GDP)

### Economic Outlook

According to the Caribbean Development Bank (CDB) 2017 Country Economic Review for Antigua and Barbuda, the GDP growth rate for Antigua and Barbuda in 2017 was 2.7 per cent. Initial projections for 2017 had indicated that real GDP growth was expected in the region of 3.1 per cent. The passage of Hurricane Irma contributed to some cancellations in Antigua and Barbuda's hotel bookings thus resulting in a less than buoyant outcome in the tourism sector. Additionally, the passage of the storm hampered ongoing work in the construction sector.

However, the pace of economic activity during 2018 is likely to strengthen premised on global developments, and an acceleration of construction activity leading to a real growth rate of 3.8 per cent. Activity in the construction sector is being buoyed by developments in both the public and private sectors. This is being supported by activity in the wholesale and retail trade; transport, storage and communications sectors on the basis of a likely improvement in cruise tourism.

Downside risks to the outlook include slower than anticipated global economic growth especially the uneven growth rates in the USA and the UK; a slow pace of implementation of the public sector investment programme; lower than expected CIP inflows, and threatening adverse weather conditions. On the upside, increased investment in the tourism stock is likely to boost stay-over arrivals and by extension GDP growth.

Over 2018-2019, the Government will spend approximately 90 million United States dollars to construct a new port facility which started in August of 2018. Also adding to the boom in the construction industry, is the rehabilitation and upgrade of two major highways in the Antiguan road network at a cost of US \$45.8M and £13.7M respectively.

*Table 2: Selected Economic Indicators*

| Real Economy                              | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>GDP (Market Prices)</b>                | 3,456.32      | 3,685.16      | 3,942.43      | 4,120.52      | 4,385.42      | 4,673.24      |
| Real GDP Growth                           | 5.34          | 3.79          | 5.36          | 3.78          | 4.24          | 4.16          |
| GDP per Capita (EC\$)                     | 38,665        | 40,606        | 42,779        | 44,032        | 46,156        | 48,451        |
| Annualised Inflation Rate                 | 1.33per cent  | 0.90per cent  | -1.12per cent | 2.36per cent  | n/a           | n/a           |
| <b>Balance of Payments (EC\$ million)</b> |               |               |               |               |               |               |
| Exports                                   | 2,773.67      | 2,741.93      | 2,798.92      | 3,074.98      | 2,856.21      | 2,984.65      |
| Gross Tourist Receipts                    | 1,622.29      | 1,624.02      | 1,609.68      | 1,502.57      | 1,080.48      | n/a           |
| Imports                                   | 2,499.75      | 2,275.76      | 2,461.44      | 2,675.21      | 2,583.86      | 2,676.83      |
| Current Account (per cent of GDP)         | 0.63per cent  | 3.80per cent  | -2.67per cent | 2.26per cent  | -1.22per cent | -0.93per cent |
| Capital Account (net)                     | 60.75         | 126.76        | 74.87         | 106.84        | 299.10        | 63.37         |
| Financial Account (net)                   | 176.33        | 246.07        | (148.96)      | 277.89        | 173.05        | 106.30        |
| ECCB Net Foreign Assets                   | 3,804.49      | 4,205.97      | 4,557.25      | 4,706.94      | n/a           | n/a           |
| <b>Public Finance (EC\$ million)</b>      |               |               |               |               |               |               |
| Overall Fiscal Balance (per cent of GDP)  | -2.71per cent | 2.17per cent  | -0.38per cent | -2.35per cent | -1.95per cent | n/a           |
| Primary Balance (per cent of GDP)         | -0.14per cent | 4.54per cent  | 2.25per cent  | 0.11per cent  | 0.45per cent  | n/a           |
| Interest / Revenues (as per cent Fiscal)  | 13.08per cent | 10.05per cent | 10.91per cent | 12.57per cent | 9.95per cent  | n/a           |
| <b>Public Debt (EC\$ million)</b>         |               |               |               |               |               |               |
| Gross Domestic Debt                       | 3,243.17      | 3,185.41      | 3,047.58      | 3,141.07      | 3,116.36      | n/a           |
| Gross Domestic Debt                       | 1,347.32      | 1,415.37      | 1,371.47      | 1,435.05      | 1,678.94      | n/a           |
| Gross External Debt                       | 1,895.85      | 1,770.04      | 1,676.11      | 1,706.02      | 1,437.42      | n/a           |
| <b>Public Debt (per cent of GDP)</b>      |               |               |               |               |               |               |
| Gross Public Debt                         | 93.83per cent | 86.44per cent | 77.30per cent | 76.23per cent | 71.06per cent | n/a           |
| Gross Domestic Debt                       | 38.98per cent | 38.41per cent | 34.79per cent | 34.83per cent | 38.28per cent | n/a           |
| Gross External Debt                       | 54.85per cent | 48.03per cent | 42.51per cent | 41.40per cent | 32.78per cent | n/a           |

Source: Ministry of Finance and Corporate Governance

## **Major Private Sector Investments**

The economy of Antigua and Barbuda continues to display evidence of continuous economic expansion due to the boom in the construction sector caused by the increase of investments in numerous infrastructural development projects, both in the private and public sectors. In the Private Sector infrastructural development continues to feature prominently in the economy with projects such as the Yida Development Project at Crabbe's Peninsula and Guiana Island, Best Western Premier Hotel, The Royalton, the Hodges Bay Club Resort and Spa, Pearns Point and the Tamarind Hills Project. Antigua and Barbuda is expected to increase its hotel room stock by over 1,500 rooms through these new hotel projects. Other hotel projects include the Callaloo Cay, Marriott, Valley Church Beach Hotel, Paradise Found, Palenca Group Luxury Hotel and the new Half Moon Bay Hotel.

## **Government Infrastructure Projects**

Public sector projects include road works taking place on Friars Hill Road and the Sir Sydney Walwyn Highway in two (2) phases where 18 miles of roads are being reconstructed. The projects are being constructed with consideration for climate impacts in the future these projects began in 2016 and are expected to be completed over the next two years.

The Port Modernization Project, has commenced and is expected to be completed over the next two years with a planned opening in late 2020 or early 2021. This will revolutionize the way the harbour operates and expand its carrying capacity for imports and exports and improve overall logistical capabilities for the smooth running of the facility.

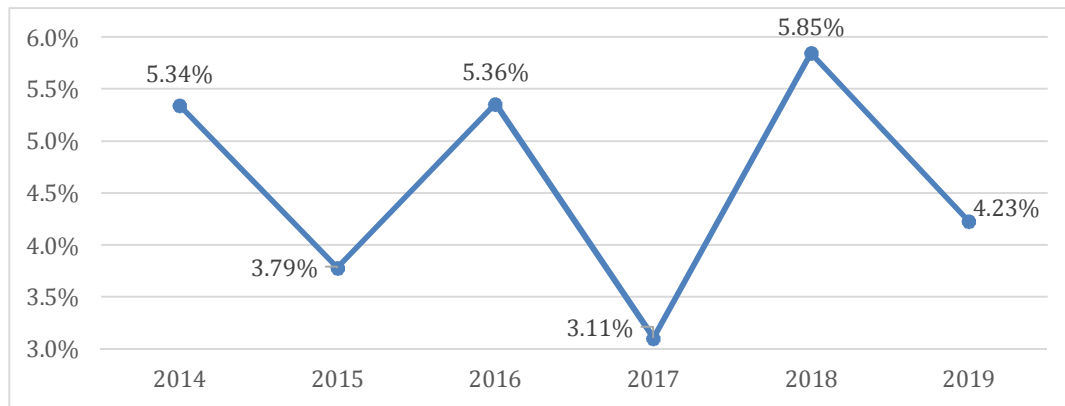
The street relighting project aims to replace approximately 14,365 (high pressure sodium) lamps with LED lamps to reduce the overall energy consumption and associated greenhouse emissions. This project started in 2016 and will continue through 2019.

Other grant funded projects include the grid interactive solar photovoltaic and a renewable energy system. The photovoltaic project will provide backup battery banks for 13 school and clinics which provide emergency shelter and make rescue and medical care possible in the event of the disaster. This is a priority for Antigua and Barbuda as the country endeavours to become more resilient to natural disasters.

Recovery efforts from Hurricanes Irma and Maria are still underway in Barbuda. Through grant financing as well as some external borrowing the activities such as road works, reconstruction of buildings (homes, schools, etc.), and utility services are underway as efforts are being put in place to restore the sister island. The National Office of Disaster Services continues to work along closely with the relevant authorities in Barbuda as they serve as the intermediary for agencies who have provided assistance for the reconstruction of the island. The Caribbean Development Bank has been a significant financial partner with the government providing resources in the form of loans, grants and technical assistance to rebuild Barbuda.

Meanwhile, the National Housing Project continues to construct two-, three- and four- bedroom homes in key areas for the individuals in the society. To date, over 300 homes have been built with approximately 50 homes sold to homeowners in the Dredge Bay Area. Other sites such as Denfields and Paynters are still under construction with varying levels of completion; construction of these homes will continue and there are plans for expansion in other areas.

Chart 1: Real GDP Growth

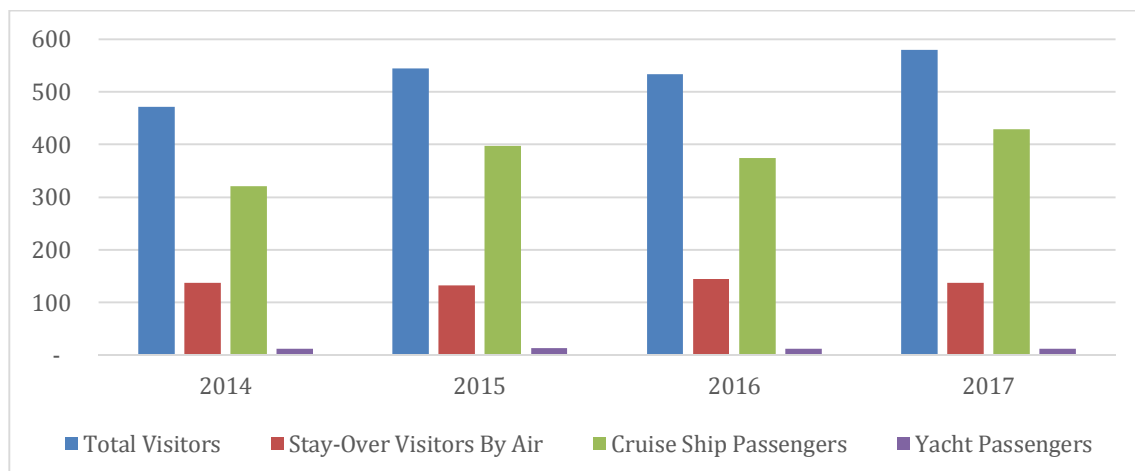


Source: Statistics Division, Ministry of Finance and Eastern Caribbean Central Bank

## Tourism

Visitor arrivals of the first half of 2018 (January to June), have seen some of the strongest overall visitor arrivals over the last 15 years. This indicates that the sector is set for more growth in the future, as facilities or accommodation are expanded. Data from the tourism department indicate that there was growth of 7.0 per cent for tourists arriving by air while tourists arriving by sea grew by 11.6 per cent. Hotel stayover rates increased by 8.6 per cent over the same period. The improvement in tourism activity was primarily driven by the increase in the number of cruise ship calls to the country which ultimately had a positive effect on the number of cruise passengers. The airlift options out of the United States has also contributed to the number of stayover visitors from that market. Based on the number of cruise ship calls 504,235 visitors were recorded during the 2017 tourism season, up from 429,805 in 2016. The increase in cruise passengers was 17.3 per cent.

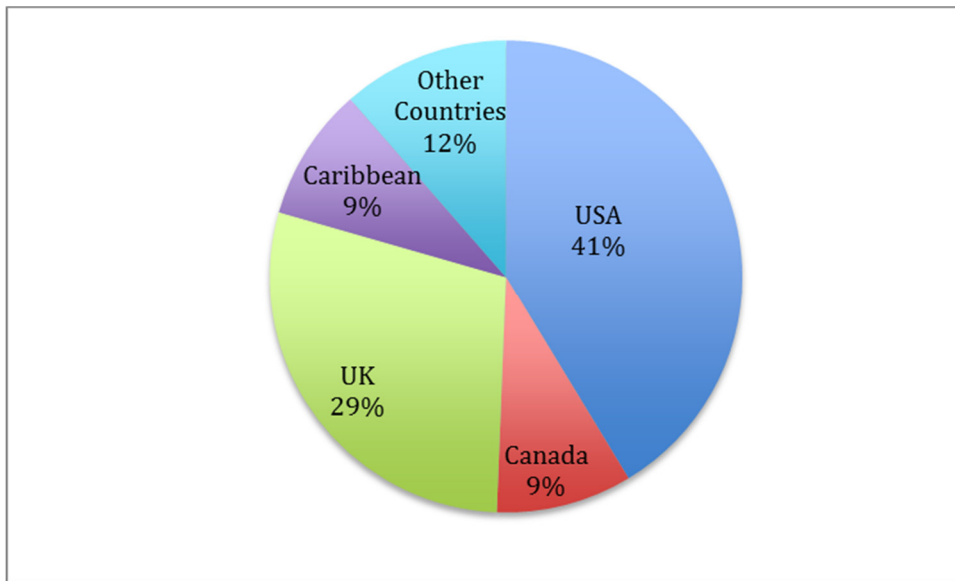
Chart 2: Visitor arrivals for the period January to June 2014 to 2017 (thousands)



Source: Statistics Division, Antigua and Barbuda and Eastern Caribbean Central Bank

The number of stay over visitors for the same period rose by 7.6 per cent or 148,139 persons. The increase in the stay over visitors was due to the expansion in the number of visitors from the major source markets, USA, Canada, and the Caribbean. Relative to the corresponding period, visitor arrivals from the USA, Canada and the Caribbean rose by 3.6 per cent, 81.4 per cent and 7.7 per cent respectively. Conversely, there was a fall in the number of tourists from the UK and other countries by 4.6 per cent and 8.5 per cent respectively.

Chart 3: Stay Over Visitors by Source Country (Jan to June 2017)



Source: Statistics Division, Antigua and Barbuda and Eastern Caribbean Central Bank

In September 2017, some of the northern islands of the Eastern Caribbean islands were devastated by at least one of the two major Category 5 hurricanes, Irma and Maria. Islands such as St. Martin, Puerto Rico and St. Thomas's seaports, amongst other infrastructure were severely damaged and were unable to accommodate visitors – sea and air. Antigua and Barbuda immediately benefitted from the change in cruise itineraries following the devastation to the neighbouring countries. During quarters 2 and 3 of 2017, the government through infrastructure development lengthened the Heritage Quay pier, completed the dredging of the harbour and turning basin to safely accommodate the visiting ships. Data available in relation to the projected cruise calls, shows that there will be 251 calls between January and April 2017.

### Construction

The construction industry is more than likely to see an uptick in 2018-2019 because of the current uptick in the industry seen by the recent inception of several projects for the infrastructural development of roads, hotels, housing for nationals and the development and rehabilitation of Barbuda. The major projects contributing in a major way to the Construction sector are Road Infrastructure Rehabilitation Project, Rehabilitation and Upgrade of Sir George Walter Highway (3.9km) and Friars Hill Road (4.8 km), the cost of this project will be £13.7 M. There is a Second Road Rehabilitation and upgrade of approximately 28 km of the road network in Antigua. This includes four major road corridors - Anchorage Road (1.44 km), Sir Sydney Walling Highway (14 km), Valley Road North (9.45 km) and Old Parham Road (2.9 km). The cost of this project will be US \$45.8M and will also be commencing in the third quarter of 2018. The development and modernization of the St. John's Deep Water Port at a cost of US\$90.0M is also contributing to the growth in construction.

Preliminary data for the period, January to June 2017, revealed growth of 29.0 per cent in the construction sector relative to a 10.3 per cent growth in 2016. As work progresses on several projects toward the end of 2017 into 2018, the construction sector will maintain its 11.5 per cent contribution to GDP. Data for 2017 indicate that value added in the construction sector is projected to expand by 16.0 per cent, a slower rate of growth compared to 18.4 per cent in 2016. In the medium term, growth in construction is expected to remain strong with an average of 15.3 per cent.

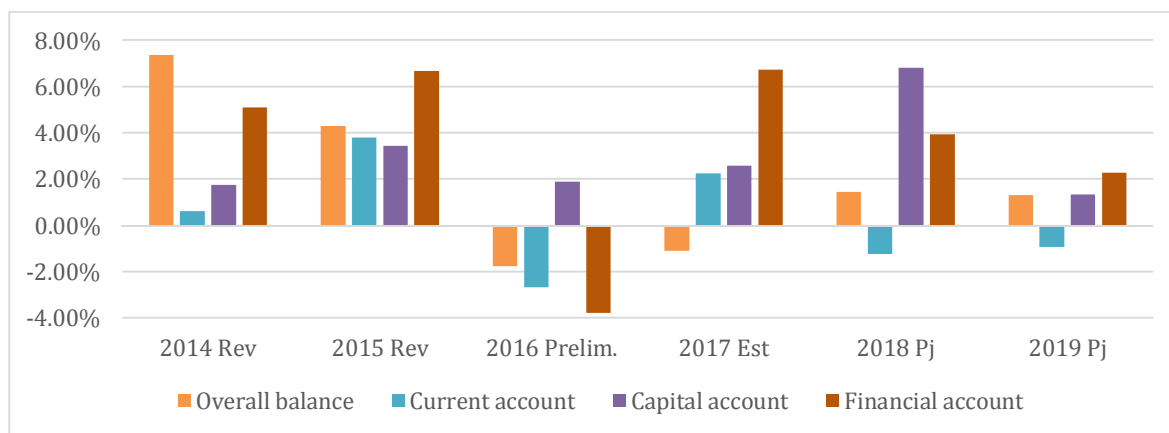
The advancement in the construction activity will be based on public sector investments in road works and maintenance, reconstruction activities in Barbuda (airport and seaport infrastructure development, upgrade to schools and government buildings) following the devastation caused by Hurricane Irma. Additionally, the continuation of private sector projects linked with tourism and Citizenship by Investment Programme (CIP) such as Tamarind Heights, Pearn's Point, Harbour Island, Hodges Bay Club will contribute to the growth rate of approximately 20 per cent in the construction sector in 2018.,

### Balance of Payments (BOP)<sup>3</sup>

Preliminary estimates for the year 2018, indicate an overall surplus (reserve assets) of \$64.4M (1.5 per cent of GDP) relative to an overall deficit of \$44.45M (1.08 per cent of GDP) in 2017. The BOP 2018 estimates as projected by the ECCB in collaboration with the Statistics Department indicate a current account deficit of \$53.46m and surplus in the Capital and Financial accounts of \$299.1M and 173.1M respectively. The Primary and Secondary Income Components continue to drive the current account balance.

Over the period 2014 to 2017, the Government of Antigua and Barbuda recorded an overall surplus for the first two years until 2016 when an overall deficit of \$69.2M was realized. In 2017 the deficit was reduced to \$44.5M. Throughout the same period, the current account balance varied from a surplus of \$139.9M to a deficit of \$105.2M. The Capital Account has also fluctuated with consistent level of surpluses recorded during the period. Relative to the Current Account, the Financial Account has also recorded a deficit of \$149.0M in 2016 whilst surpluses were achieved in the other periods; see Chart 4 below:

Chart 4: Trend in Balances (per cent of GDP) for the period 2014 to 2019



Source: Statistics Division, Antigua and Barbuda and Eastern Caribbean Central Bank

For 2019, an overall surplus of \$62.1M (13.8 per cent of GDP) is projected. This projected surplus will be generated in the Capital and Financial Accounts where surpluses will amount to \$63.4M and 106.3M respectively. Conversely, the Primary and Secondary Income component of the Current account continue is expected to record high levels of deficit ultimately leading to a current account deficit of \$43.7M.

<sup>3</sup> In 2017, the methodology for the compilation of the Balance of Payments was changed from BPM5 to BPM6.



## **Inflation**

The Consumer Price Index data at the end of June 2018 reflected a 1.5 per cent increase over the twelve-month period. Increases were recorded in the following categories; accommodation (2.2 per cent), Food (3.9 per cent) and Medical Expenses (1.2 per cent). Over the 12-month period of June 2017 to June 2018, the Index for Food increased 3.9 per cent. Bakery and Cereal Products increased by 4.2 per cent. The Energy Index remained unchanged. All other categories other than Food and Energy reflected a slight increase of 0.7 per cent.

## **Monetary Policy**

Antigua and Barbuda is a member of the Eastern Caribbean Central Bank (ECCB), which manages monetary policy and the exchange rate system for its eight members. The common currency, the Eastern Caribbean dollar, has been pegged to the U.S. dollar at the rate of EC\$2.70 to US\$1.00 since July 1976.

## **Commercial Bank Liquidity and Interest Rate**

Liquidity in the commercial banking system increased relative to June 2017 over the one year period up to June 2018. As at June 2018, the ratio of liquid assets to total deposits plus liquid liabilities rose by 4.42 percentage points to 70.3 per cent. Further, the total loans to total deposits ratio fell to 60.4 per cent, which remains below the ECCB stipulated benchmark of 75.0 – 85.0 per cent.

At the end of June 2017, the interest rate spread between loans and deposits widened to 7.39 per cent from 7.3 per cent at the end of June 2016. The weighted average interest rate on deposits and that on loans fell by 0.06 percentage points to 1.6 per cent and Weighted Average Lending Rate rose by 0.1 percentage points to 9.1 per cent, respectively.

## **Financial Sector**

The financial sector has been relatively stable following the recent Government and ECCB interventions in 2017/2018<sup>4</sup>. The government continues to honour its obligations to the former ABI depositors whose funds were placed in the Depositor Protection Trust (DPT), in the form of a Depositors Protection Bond. The balance on this bond is now, EC\$109.9M and annual principal repayments continue until maturity, 30 April 2025.

With the recent investment by the Government in the Caribbean Union Bank (CUB), the government now holds a significant share in the institution and the Bank is currently reviewing its goals as it seeks to maintain and improve its financial viability. As at September 2018, the government remained a shareholder in CUB and the Eastern Caribbean Amalgamated Bank (ECAB).

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<sup>4</sup> The liquidation of ABI Bank Ltd in November 2015 and the injection of capital in the Caribbean Union Bank to ensure financial sector stability.

## Demographics

Preliminary data as at July 2018 indicates that the population of Antigua and Barbuda grew by 12 per cent when compared to the 2011 population census. Furthermore the population is projected to grow by a steady rate of 1.5 per cent annually commencing 2019. The official language is English, and Anglicanism and the Seventh Day Adventist are the primary religious denominations. The country has a relatively large immigrant population which represents 18.0 per cent of the total population.

Table 3: Selected Demographic Statistics

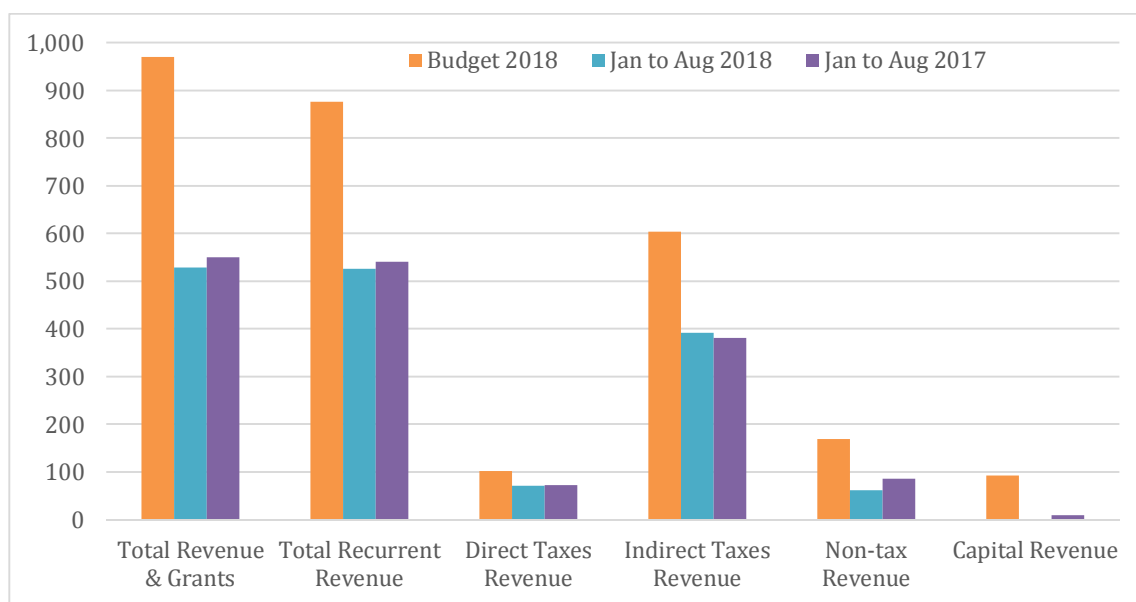
| Key Indicators       | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    |
|----------------------|---------|---------|---------|---------|---------|---------|---------|
| Population Estimates | 88,069e | 89,391e | 90,755e | 92,157e | 93,581e | 95,014e | 96,453p |
| No. of Live births   | 1,093   | 1,100   | 1,159   | 1063    | 1108    | n/a     | n/a     |
| No. of Deaths        | 463     | 588     | 526     | 526     | 542     | n/a     | n/a     |

Source: Statistics Division, Antigua and Barbuda

## Fiscal Performance

Budget Estimates for the year 2018, projected an overall deficit of \$85.44m (2.0 per cent of GDP) and a primary surplus of \$19.8M. The estimates outlined \$970.0M in Revenue and Grants based on a projected increase in importation of goods and increased efficiency at the port. Meanwhile, Central Government expenditure was projected to amount to \$1,056.1M.

Chart 5: Revenue Performance (EC\$ million)



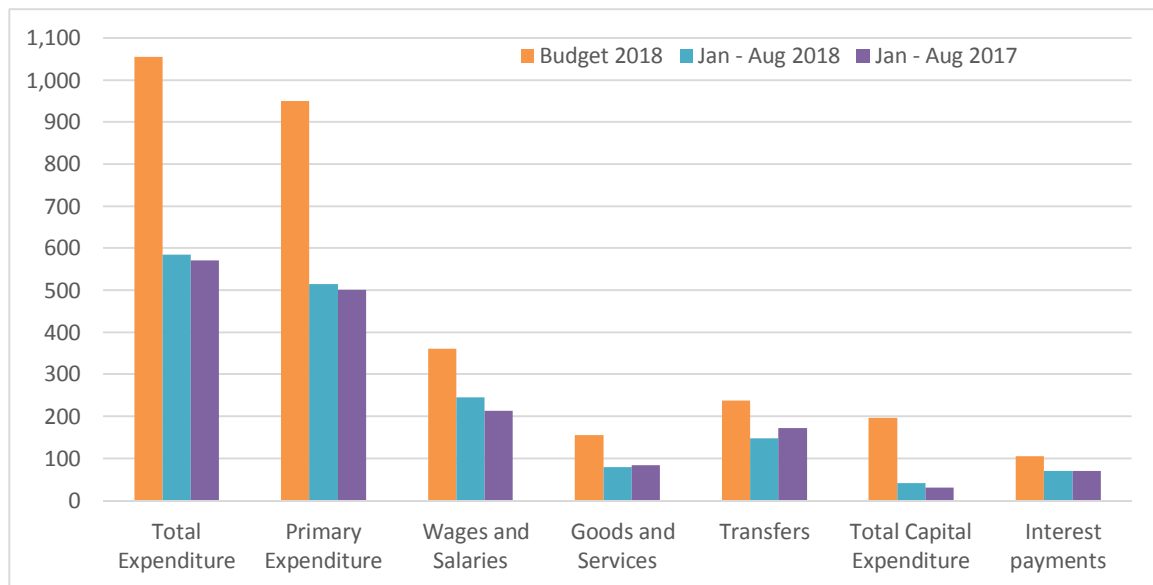
Source: Ministry of Finance and Corporate Governance

For the period January to August 2018, the fiscal operations of the central government resulted in an overall deficit of \$57.0M compared to a deficit of \$22.2M in the corresponding period of 2017. Central Government recorded a current account deficit of \$17.4M and a primary surplus of \$13.0M. The above chart outlines the levels of revenue collection over the period. Current revenue fell to

\$526.6M (2.6 per cent). However, revenue collection improved in taxes such as the Unincorporated Business Tax (29.3 per cent), Antigua and Barbuda Sales Tax (11.9 per cent), Import Duty (7.2 per cent) and the Revenue Recovery Charge (11.3 per cent). There were some areas of decreased levels of collection, namely Property Tax (9.4 per cent), Stamp Duties (36.5 per cent), Consumption Duties (15.6 per cent), and CIP Receipts (19.2 per cent).

The growth in government expenditure continues to outpace the growth in revenues as evidenced by the data presented in the chart below displaying the categories of expenditure for the two comparable periods January to August 2017, January to August 2018 and Budget 2018. Total Expenditure increased from \$501.11m over the period January to August 2017 to \$515.67m over the period January to August 2018. There were notable increases in Salaries and Wages (\$32.14m) and Capital Expenditure (\$11.19m). During the period, the amount spent on Transfers and Grants fell by 13.82 per cent to \$149.11m. There were also slight reductions in the amounts spent on Goods and Services and Interest Payments.

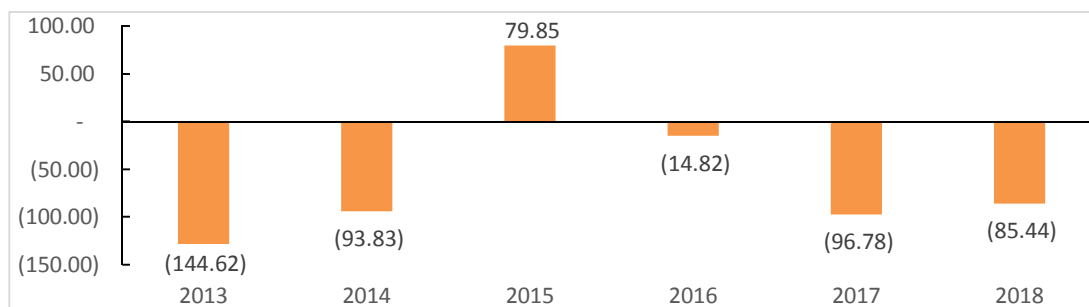
Chart 6: Expenditure Performance (EC\$ million)



Source: Ministry of Finance and Corporate Governance

As the Government continues to spearhead the recovery activities on the sister island, Capital Expenditure has increased to \$197.0M.

Chart 7: Overall Fiscal Balance (EC\$ million)

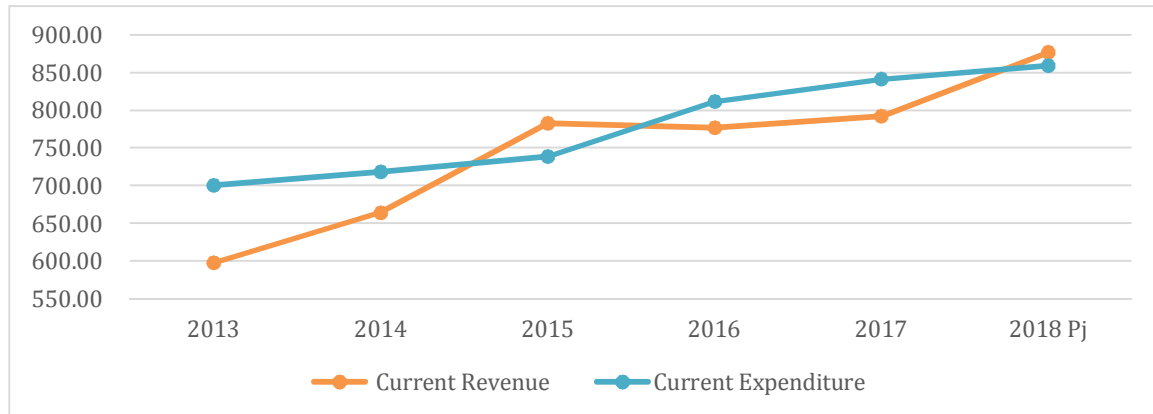


Source: Ministry of Finance and Corporate Governance

The Government of Antigua and Barbuda recorded an overall deficit over the period January to August 2018. The Chart below outlines the overall deficit over the last five years. As at August 2018, the overall deficit was \$57.02M.

In 2015, the government recorded \$782.96M in current revenue which was sufficient to cover the current expenditure. At the beginning of 2018, the government projected that current revenue would exceed the current expenditure leading to a current account surplus. However over the period January to August a current account deficit of \$17.37M was recorded. Chart 9 below shows the trend in the current balances over the period 2013 to 2018.

*Chart 8: Current Balances for the period 2013 to 2018 (EC\$M)*



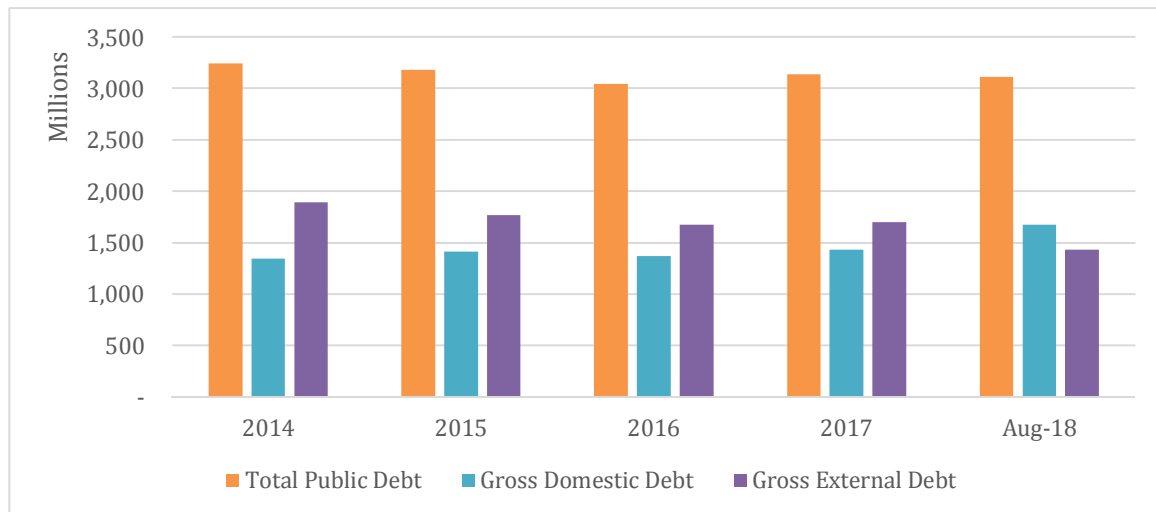
Source: Ministry of Finance and Corporate Governance

During 2019, the level of capital expenditure will be driven by reconstruction in Barbuda, and the Road Rehabilitation Project (Antigua). This level of capital expenditure is likely to have an effect on the fiscal outturn for 2019. Furthermore some of these projects will be financed by loans, grant funding and proceeds of auctions offered on the Regional Government Securities Market (RGSM), see the Debt Dynamics for further details.

### **Debt Dynamics**

The Public Sector public debt including all central government and government guaranteed loans totalled EC\$3,116.4M at August 31, 2018. This figure represents a 0.8 per cent reduction in the level of debt compared to the level of debt at the end of 2016. Data as at August 2018 indicates that total external debt has been on a downward trend since 2014 except for an increase of 1.8 per cent in 2017. Meanwhile the domestic debt continued to fluctuate between \$1,347.3M and \$1,435.4M for the period 2014 to 2017. The chart below details the levels of public sector debt from 2014 to August 2018.

Chart 9: Total Public Debt (August 2018)

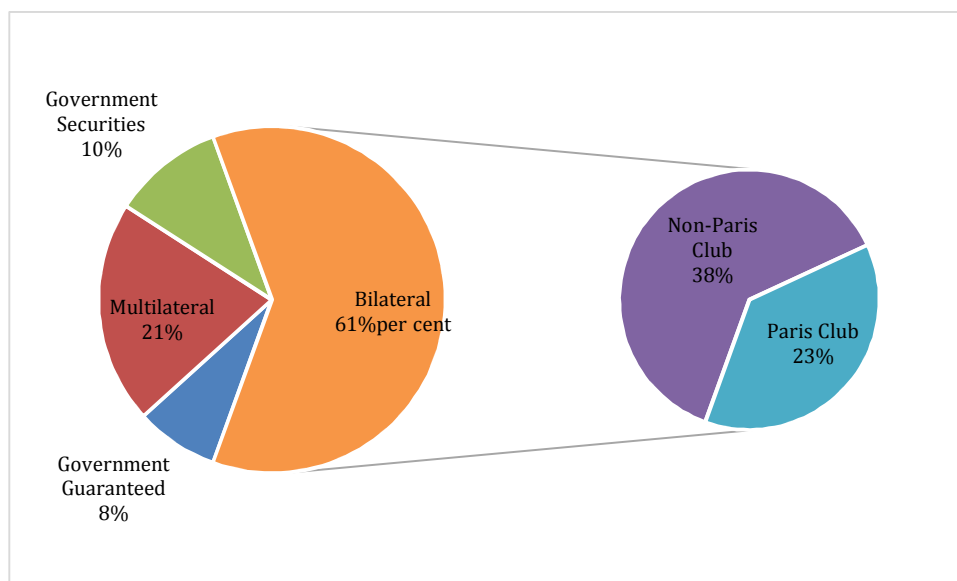


Source: Debt Management Unit, Ministry of Finance and Corporate Governance

During the reporting period, the government received \$179.5M in disbursements from domestic and external sources. The disbursements were used to fund various projects and investments such as the Street Lighting Retrofitting project, the Basic Education II project, the Road Rehabilitation project as well as general expenditure related to disaster recovery after the 2017 Hurricanes. As at August 2018, the external debt fell by 15.7 per cent to \$1,437.27m (32.8 per cent of GDP). A total of \$85.8M was received in disbursements mainly for project funding and \$82.6M was applied to external debt payments including the IMF loan of US\$101.5M.

The external debt portfolio is made up of various creditor categories including Multilateral, Bilateral (Paris Club and Non-Paris Club) and Government Securities. Chart 10 below shows the composition of the external debt portfolio.

Chart 10: External Creditor Category Composition (August 2018)

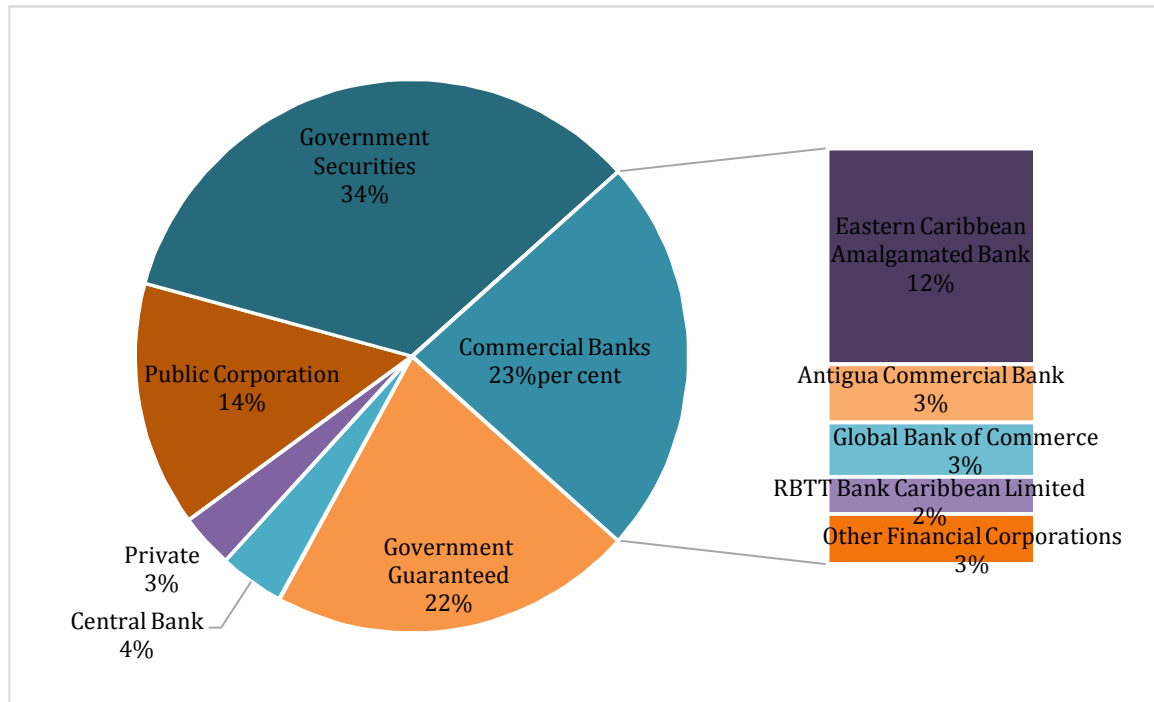


Source: Debt Management Unit, Ministry of Finance and Corporate Governance

Meanwhile, the domestic portfolio accounted for \$1,678.9M (53.9 per cent) of the total debt stock as at August 2018. This represents a 17.0 per cent increase in the stock of domestic debt from

December 2017. In 2018, the Government of Antigua and Barbuda recorded a total of \$95.9M in disbursements from domestic sources and made a total of \$191.2M in debt service payments. Domestic debt is comprised of various creditor categories mainly, Government securities, Public Corporations, Commercial Banks (indigenous and foreign branch), Central Bank and guaranteed debt; this is evident in chart 11 below.

*Chart 11: Domestic Creditor Category Composition (August 2018)*



Source: Debt Management Unit, Ministry of Finance and Corporate Governance

For 2019 it is expected that funds will be disbursed from the United Kingdom Capital Investment Fund (UK-CIF) and the Caribbean Development Bank (CDB) for the road development project, as the Road projects continue as well as the Street Light Retrofitting Project and the Basic Education Project. Additionally, activities related to the Renovation of the St. John's Port are likely to accelerate increasing the level of external disbursements. Other sources of disbursement include the World Bank and the Abu Dhabi Development fund for ongoing projects in Antigua and Barbuda.

### **Medium Term Debt Strategy (2016-2020)**

The Medium-term Debt Management Strategy (MTDS) 2016-2020 aims to fulfil some specific debt management objectives to include:

1. To maintain a satisfactory and prudent debt structure consistent with the Government's payment capacity;
2. To refinance high cost loans and credit facilities;
3. To reduce debt servicing and to adjust the maturity profile of Central Government Debt in a way that balances lower financing cost and risk;
4. To support the development of a well-functioning domestic and regional market;

5. To improve transparency.

The Strategy was originally presented to parliament as part of the budget estimates for 2016 and will be updated in 2019.

The current operational targets set for the risk indicators are as follows:

- Non – USD denominated loans should less than 20% of the debt portfolio
- Debt maturing in less than a year should be less than 15% and
- Average time to Maturity (ATM) would be less than or equal to 8.2 years

The Government intends to continue prioritizing external financing on concessional terms from multilateral and bilateral creditors, while at the same time developing the domestic capital markets. The Regional Government Securities Market will continue to be a viable source of funds for debt financing and cash flow management throughout the period.

*Table 4: Strategy Debt Composition*

| <b>% Borrowing by Creditor Type</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>External</b>                     | <b>25%</b>  | <b>30%</b>  | <b>40%</b>  | <b>50%</b>  | <b>55%</b>  | <b>60%</b>  |
| Bilateral                           | 3%          | 11%         | 32%         | 40%         | 44%         | 48%         |
| Multilateral                        | 15%         | 17%         | 8%          | 10%         | 11%         | 12%         |
| Commercial                          | 7%          | 2%          | 0%          | 0%          | 0%          | 0%          |
| <b>Domestic</b>                     | <b>75%</b>  | <b>70%</b>  | <b>60%</b>  | <b>50%</b>  | <b>45%</b>  | <b>40%</b>  |
| <b>RGSM</b>                         |             |             |             |             |             |             |
| Bonds                               | 2%          | 21%         | 18%         | 20%         | 18%         | 16%         |
| T-Bills                             | 17%         | 49%         | 42%         | 30%         | 27%         | 24%         |
| Bank Recapitalisation               | 47%         | 0%          | 0%          | 0%          | 0%          | 0%          |
| Commercial                          | 10%         | 0%          | 0%          | 0%          | 0%          | 0%          |

The Debt Strategy as represented in Table 4 shows that the government intends to reduce its share of T-bills by 2020 in the RGSM and increase its share in Bonds. The table also shows that the Government intends to increase its share of bilateral borrowing of the medium term as a share of its External debt. The bilateral debt is expected to rise from 3 per cent of the external debt in 2015 to 48% of external debt in 2020 driven mainly by financing for projects from bilateral partners.

At August 2018 the government had achieved its ATM targets however other targets remain outstanding. In light of this, the strategy is being monitored and plans are progressing for the update of the strategy in 2019.

**CURRENT ISSUES OF GOVERNMENT SECURITIES**

| <b>Trading Symbol</b>              | <b>Issue Date</b> | <b>Original Amount Issued</b>    | <b>Outstanding Amount</b>        | <b>Coupon (p.a)</b> | <b>Tenor</b> | <b>Maturity Date</b> |
|------------------------------------|-------------------|----------------------------------|----------------------------------|---------------------|--------------|----------------------|
| <b>EC\$ RGSMTreasury Bonds</b>     |                   |                                  |                                  |                     |              |                      |
| <b>AGG100721</b>                   | 29-Jul-11         | EC\$5,530,000                    | EC\$3,318,000                    | 7.75per cent        | 10-year      | 29-Jul-21            |
| <b>AGG051218</b>                   | 17-Dec-13         | EC\$15,040,000 <sup>5</sup>      | EC\$1,830,000                    | 7.25per cent        | 5-year       | 17-Dec-18            |
| <b>AGN140919</b>                   | 14-Sep-16         | EC\$20,000,000                   | EC\$20,000,000                   | 5.50per cent        | 3-year       | 14-Sep-19            |
| <b>AGN031019</b>                   | 3-Oct-17          | EC\$11,186,000                   | EC\$5,593,000                    | 6.50per cent        | 2-year       | 3-Oct-19             |
| <b>AGG100428</b>                   | 23-Apr-18         | EC\$15,000,000                   | EC\$15,000,000                   | 7.50per cent        | 10-year      | 23-Apr-28            |
| <b>US\$ RGSMTreasury Bonds</b>     |                   |                                  |                                  |                     |              |                      |
| <b>FAG070720</b>                   | 31-Jul-13         | US\$13,100,000<br>EC\$35,370,000 | US\$5,240,000<br>EC\$14,148,000  | 7.50per cent        | 7-year       | 31-Jul-20            |
| <b>FAG100923</b>                   | 26-Sep-13         | US\$5,050,000<br>EC\$13,635,000  | US\$5,050,000<br>EC\$13,635,000  | 7.75per cent        | 10-year      | 26-Sep-23            |
| <b>FAG070121</b>                   | 23-Jan-14         | US\$7,500,000<br>EC\$20,250,000  | US\$3,750,000<br>EC\$10,125,000  | 7.50per cent        | 7-year       | 23-Jan-21            |
| <b>FAN030822</b>                   | 3-Aug-17          | US\$7,885,000<br>EC\$21,289,500  | US\$7,885,000<br>EC\$21,289,500  | 7.00per cent        | 5-year       | 3-Aug-22             |
| <b>EC\$ RGSMTreasury Bills</b>     |                   |                                  |                                  |                     |              |                      |
| <b>AGB090319</b>                   | 9-Mar-18          | EC\$25,000,000                   | EC\$25,000,000                   | 4.17per cent        | 365-day      | 9-Mar-19             |
| <b>AGB030519</b>                   | 1-May-18          | EC\$25,000,000                   | EC\$25,000,000                   | 5.00per cent        | 365-day      | 1-May-19             |
| <b>AGB021218</b>                   | 5-Jun-18          | EC\$25,000,000                   | EC\$25,000,000                   | 2.00per cent        | 180-day      | 2-Dec-18             |
| <b>AGB190719</b>                   | 19-Jul-18         | EC\$20,000,000                   | EC\$20,000,000                   | 4.00per cent        | 365-day      | 19-Jul-19            |
| <b>AGB240819</b>                   | 24-Aug-18         | EC\$25,000,000                   | EC\$25,000,000                   | 5.50per cent        | 365-day      | 24-Aug-19            |
| <b>AGB261019</b>                   | 26-Oct-18         | EC\$25,000,000                   | EC\$25,000,000                   | 4.17per cent        | 365-day      | 26-Oct-19            |
| <b>AGB141119</b>                   | 14-Nov-18         | EC\$20,000,000                   | EC\$20,000,000                   | 4.00per cent        | 365-day      | 14-Nov-19            |
| <b>AGB191118</b>                   | 23-May-18         | EC\$25,000,000                   | EC\$25,000,000                   | 5.00per cent        | 180-day      | 19-Nov-18            |
| <b>US\$ Non-RGSMTreasury Bonds</b> |                   |                                  |                                  |                     |              |                      |
| <b>FAG150626</b>                   | 30-Jun-11         | US\$13,729,680<br>EC\$37,070,136 | US\$10,983,744<br>EC\$29,656,108 | 8.00per cent        | 15-year      | 30-Jun-26            |
| <b>FAG100724</b>                   | 29-Jul-14         | US\$5,000,000<br>EC\$13,500,000  | US\$5,000,000<br>EC\$13,500,000  | 8.00per cent        | 10-year      | 29-Jul-24            |

<sup>5</sup> The value of the bond has been reduced to \$14,640,000.



| Trading Symbol                      | Issue Date | Original Amount Issued           | Outstanding Amount               | Coupon (p.a)                       | Tenor   | Maturity Date |
|-------------------------------------|------------|----------------------------------|----------------------------------|------------------------------------|---------|---------------|
| <b>FAG071221</b>                    | 1-Dec-14   | US\$2,500,000<br>EC\$6,750,000   | US\$2,500,000<br>EC\$6,750,000   | 7.25per cent                       | 7-year  | 1-Dec-21      |
| <b>FAG100325</b>                    | 11-Mar-15  | US\$5,000,000<br>EC\$13,500,000  | US\$5,000,000<br>EC\$13,500,000  | 5.00per cent                       | 10-year | 11-Mar-25     |
| <b>Private Placement</b>            | 16-Apr-15  | US\$10,000,000<br>EC\$27,000,000 | US\$10,000,000<br>EC\$27,000,000 | 5.00per cent                       | 5-year  | 16-Apr-20     |
| <b>FAG100926</b>                    | 5-Sep-16   | US\$7,574,000<br>EC\$20,449,800  | US\$6,732,444<br>EC\$18,177,600  | 6.50per cent                       | 10-year | 5-Sep-26      |
| <b>FAG071023</b>                    | 31-Oct-16  | US\$9,000,000<br>EC\$24,300,000  | US\$8,333,333<br>EC\$22,500,000  | 6.00per cent                       | 7-year  | 31-Oct-23     |
| <b>EC\$ Non-RGSM Treasury Bonds</b> |            |                                  |                                  |                                    |         |               |
| <b>AGG300740</b>                    | 1-Jul-10   | EC\$330,000,000                  | EC\$223,530,000                  | 1.0per cent (Step up) <sup>6</sup> | 15-year | 31-Dec-28     |
| <b>AGG151228</b>                    | 1-Jan-14   | EC\$8,500,000                    | EC\$9,432,371 <sup>7</sup>       | 7.00per cent                       | 15-year | 31-Dec-28     |
| <b>AGG050319</b>                    | 21-Mar-14  | EC\$13,000,000                   | EC\$2,166,666                    | 7.50per cent                       | 5-year  | 21-Mar-19     |
| <b>AGG050619</b>                    | 25-Jun-14  | EC\$25,000,000                   | EC\$25,000,000                   | 7.00per cent                       | 5-year  | 25-Jun-19     |
| <b>AGG151029</b>                    | 29-Oct-14  | EC\$5,000,000                    | EC\$5,000,000                    | 8.00per cent                       | 15-year | 29-Oct-29     |
| <b>AGN271119</b>                    | 27-Nov-14  | EC\$10,000,000                   | EC\$10,000,000                   | 7.00per cent                       | 5-year  | 27-Nov-19     |
| <b>AGG151229</b>                    | 17-Dec-14  | EC\$10,000,000                   | EC\$10,000,000                   | 8.00per cent                       | 15-year | 17-Dec-29     |
| <b>AGN220320</b>                    | 22-Mar-15  | EC\$10,000,000                   | EC\$10,000,000                   | 7.00per cent                       | 5-year  | 21-Mar-20     |
| <b>AGG100525</b>                    | 26-May-15  | EC\$10,000,000                   | EC\$10,000,000                   | 8.00per cent                       | 10-year | 26-May-25     |
| <b>AGG101225</b>                    | 11-Dec-15  | EC\$10,000,000                   | EC\$10,000,000                   | 3.0per cent (Step up) <sup>8</sup> | 10-year | 11-Dec-25     |
| <b>Private Placement</b>            | 16-Apr-16  | EC\$157,000,000                  | EC\$109,900,000                  | 2.00per cent                       | 10-year | 30-Apr-25     |
| <b>AGG0327AA</b>                    | 13-Mar-17  | EC\$20,000,000                   | EC\$17,894,736                   | 6.50per cent                       | 10-year | 13-Mar-27     |
| <b>Private Placement</b>            | 15-Mar-17  | EC\$650,000                      | EC\$650,000                      | 3.00per cent                       | 5-year  | 15-Mar-22     |
| <b>AGG100927</b>                    | 20-Sep-17  | EC\$4,000,000                    | EC\$4,000,000                    | 3.00per cent                       | 10-year | 20-Sep-27     |

Source: Debt Management Unit, Ministry of Finance and Corporate Governance

<sup>6</sup> Step up Interest Rate: July 2010 – June 2013 @ 1per cent; July 2013 – June 2016 @ 2per cent; July 2016 – June 2017 @ 3per cent; July 2017 – June 2019 @ 4per cent; July 2019 – June 2021 @ 5per cent; July 2021 – June 2040.

<sup>7</sup> Interest of \$617,071 for year 1 has been capitalized.

<sup>8</sup> Step up Interest Rate: 2016 – 2018 @ 3per cent; 2019 – 2021 @ 6per cent; 2022 – 2025 @ 8per cent

## Managing Payments of Securities

In order to ensure that the government has adequate cash to cover the payment of securities the government makes provision through the use of sinking funds as well as cash flow buffers. Additionally in the event of natural disasters the government is a member of the Caribbean Catastrophe Risk Insurance Facility (CCRIF). CCRIF makes financing available to its members' parametric insurance products for tropical hurricanes, earthquakes and excess rainfall. The government has been a member of the facility since its inception in 2007. Based on the CCRIF 2016/2017 report their claims paying capacity remains within the financial security guidelines of the facility. Further the facility is comfortably able to pay losses for a 1-in 1,000-year series of catastrophe events. With respect to sinking fund performance, the Government of Antigua and Barbuda maintains a sinking fund account at the Central Bank which is used to service major securities as they become due. As at September 2018, the balance on these accounts totalled over EC\$5 million.

## GOAB Primary Market Performance

During 2018 the Government of Antigua and Barbuda has maintained a consistent presence on the RGSM mostly listing short term securities. At the time of issuing this prospectus the government would have issued a total of EC\$180 million in Treasury Bills and Bonds and received bids totalling over EC\$294 million.

*Table 5: GOAB Primary Market Performance, 2018*

| <b>Auction Date</b> | <b>Tenor</b> | <b>Amount</b> | <b>Cut Off Yield</b> | <b>Over-subscription</b> |
|---------------------|--------------|---------------|----------------------|--------------------------|
| March 8, 2018       | 365 day      | 20 (5) M      | 4.17 per cent        | 8.656M                   |
| April 20, 2018      | 10 Year      | 10 (5) M      | 7.50 per cent        | 7.667M                   |
| May 2, 2018         | 365 Days     | 20 (5)M       | 5.50 per cent        | 5.907M                   |
| June 4, 2018        | 180 Day      | 20 (5)M       | 3.25 per cent        | 18.974M                  |
| July 18, 2018       | 365 Day      | 15 (5)M       | 3.50 per cent        | 25.09M                   |
| August 23, 2018     | 365 Day      | 20 (5)M       | 4.15 per cent        | 15.758M                  |
| October 25, 2018    | 365 Day      | 20 (5)M       | 4.17 per cent        | 23.641M                  |
| November 13, 2018   | 365 Day      | 15 (5)M       | 4.00 per cent        | 8.418M                   |

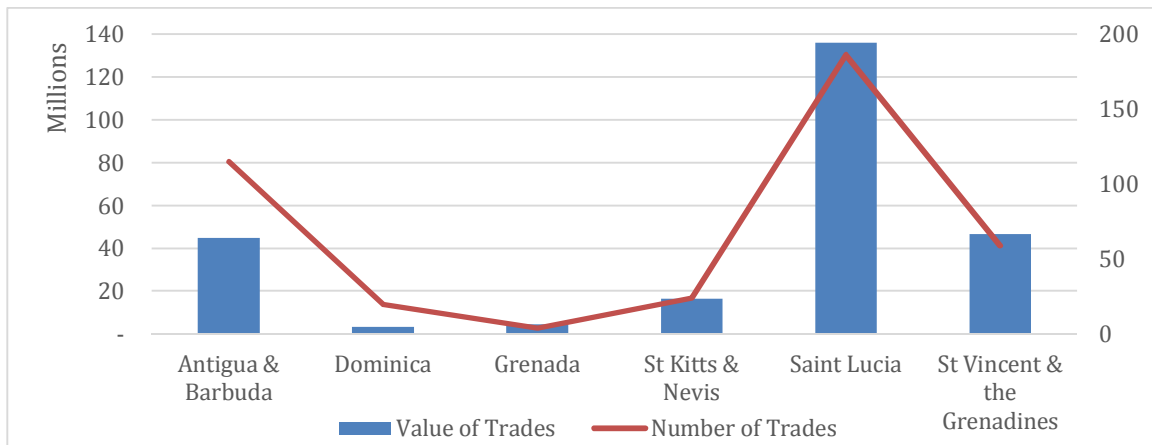
*Source: Debt Management Unit, Ministry of Finance and Corporate Governance*

## Secondary Market Activities

Secondary Market trades for RGSM Securities began in 2003 with a total of EC\$2.7M of Government of St. Vincent and the Grenadines securities being traded. Over the 15-year period, a total of EC\$252.2M securities have been traded on the Secondary Market. The chart below shows the total value and number of trades since 2003. Over the 16 year period, a total of EC\$136.0M of

Government of St. Lucia securities were traded in 186 trades. Other trades included securities from Government of St. Vincent and the Grenadines (EC\$46.7M) and GOAB (EC\$44.9M).

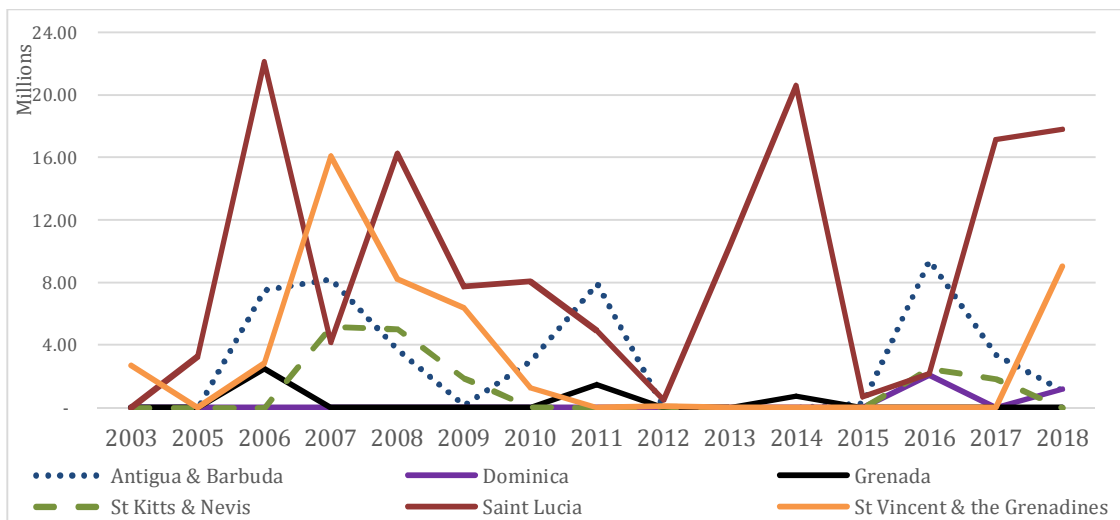
Chart 12: Secondary Market Performance by Country



Source: Debt Management Unit, Ministry of Finance and Corporate Governance

Activities on the secondary market remains vibrant with Government of Saint Lucia, Government of St. Vincent and the Grenadines and GOAB securities being more actively traded over the period, see Chart 13. Within the last five (5) years, a total of EC\$14.3M GOAB securities have been traded, of which EC\$1.1M was traded in 2018.

Chart 13: Secondary Market Performance, 2003 to October 2018



Source: Debt Management Unit, Ministry of Finance and Corporate Governance

## **SECURITY ISSUANCE PROCEDURES, CLEARANCE AND SETTLEMENT**

The series of Treasury Securities will be issued on the RGSM and listed on the ECSE. This market operates on the ECSE trading platform for both primary issuance and secondary trading. The pricing methodology to be used for the initial sale of the securities will be a Competitive Uniform Price Auction. The ECSE is responsible for disseminating market information, providing intermediaries with market access, administering the auction process and monitoring the auctions.

The ECSE, through the Eastern Caribbean Central Securities Depository (ECCSD), will be responsible for facilitating clearance and settlement for the securities allotted. The ECCSD will ensure that funds are deposited to the account of the GoAB. The ECSE, through the Eastern Caribbean Central Securities Registry (ECCSR), will record and maintain ownership of the government securities in electronic book-entry form. The ECCSR will mail confirmation of proof of ownership letters to all investors who were successful in the auction.

The ECCSR will also process corporate action on behalf of issuing governments. Intermediaries will be responsible for interfacing with prospective investors, collecting applications for subscription and processing the same for bidding on the ECSE platform. Investors must provide the intermediaries with funds to cover the cost of the transaction. For this particular offering, investors will pay the applicable brokerage fees to the intermediaries. A list of licensed intermediaries who are members of the ECSE is provided (see Appendix I). Successful clients will be informed of their payment obligations and funds will be deducted from their respective accounts with the intermediary.

As an issuer in the RGSM, the GoAB will be subject to the rules, guidelines and procedures developed by the Regional Debt Coordinating Committee (RDCC) for the operation of the market, including ongoing reporting and disclosure requirements.

## APPENDIX I

### LIST OF LICENSED ECSE MEMBER BROKER DEALERS

| <b>INSTITUTION</b>  | <b>CONTACT INFORMATION</b>  | <b>ASSOCIATED PERSONS</b>   |
|---|---|---|
| <b>Grenada</b><br>Grenada Co-operative Bank Limited                               | No. 8 Church Street<br>St. George's<br><b>Tel: 473 440 2111</b><br>Fax: 473 440 6600<br>Email:<br>brokerage@grenadaco-opbank.com  | <b>Principal</b><br>Aaron Logie<br>Allana Joseph<br><br><b>Representatives</b><br>Carla Sylvester<br>Kishel Francis   |
| <b>St Kitts and Nevis</b><br>St Kitts Nevis Anguilla National Bank Ltd            | P O Box 343<br>Central Street<br>Basseterre<br><b>Tel: 869 465 2204</b><br>Fax: 869 465 1050<br>Email:<br>national_bank@sknab.com   | <b>Principals</b><br>Anthony Galloway<br><br><b>Representatives</b><br>Petronella Edmeade-Crooke<br>Angelica Lewis<br>Marlene Nisbett                                     |
| The Bank of Nevis Ltd   | P O Box 450<br>Main Street<br>Charlestown<br><b>Tel: 869 469 5564 / 5796</b><br>Fax: 869 469 5798<br>E mail:<br>info@thebankofnevis.com   | <b>Principals</b><br>Brian Carey<br>Monique Williams<br><br><b>Representatives</b><br>Judy Claxton<br>Denicia Small   |
| <b>St Lucia</b><br>Bank of Saint Lucia  | 5th Floor, Financial Centre Building<br>1 Bridge Street<br>Castries<br><b>Tel: 758 456 6826 / 457 7233</b><br>Fax: 758 456 6733   | <b>Principals</b><br>Medford Francis<br>Lawrence Jean<br><br><b>Representatives</b><br>Deesha Lewis<br>Cedric Charles<br>Mervin Simeon                                    |
| First Citizens Investment Services Limited  | P.O. Box 1294<br>John Compton Highway<br>Sans Souci<br>Castries<br><b>Tel: 758 450 2662</b><br>Fax: 758 451 7984<br>Website:<br>www.firstcitizenstt.com/fcis<br>E-mail :<br>invest@firstcitizensslu.com | <b>Principals</b><br>Carol Eleuthere-Jn Marie<br>Omar Burch-Smith<br>Norlann Gabriel<br>Temelia Providence<br><br><b>Representative</b><br>Samuel Agiste<br>Shaka St Ange |
| <b>St Vincent and the Grenadines</b><br>Bank of St Vincent and the Grenadines Ltd | P O Box 880<br>Cnr. Bedford and Grenville Streets<br>Kingstown<br><b>Tel: 784 457 1844</b><br>Fax: 784 456 2612/ 451 2589<br>Email: info@bosvg.com  | <b>Principal</b><br>Laurent Hadley<br>Monifa Latham<br><br><b>Representatives</b><br>Chez Quow<br>Patricia John   |

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## APPENDIX II

### ISSUER INFORMATION

#### **History**

The Nation of Antigua and Barbuda is located in the Eastern Caribbean. It is comprised of the islands of Antigua (108 sq. ml. /280 sq. km), Barbuda (67 sq. ml. /161 sq. km.) and Redonda (1/2 sq. ml. /1.3 sq. km). The written history of the country can be traced back to 1493 when Christopher Columbus first visited the island of Antigua during his second voyage to the new continent. History records that Christopher Columbus first met the Arawak Indians living on Antigua and that before Columbus' arrival the island was known as Wadadli. Columbus renamed the island Santa Maria de la Antigua after a church in the city of Seville, Spain. The island of Antigua was colonized by the British in 1632 and fast became a part of the chain of sugar colonies. Barbuda was colonized from Antigua in 1661 and was used mainly to raise livestock, provide wood, charcoal and other provisions to the sugar plantations operating in Antigua.

Antigua was administered as a part of the British Leeward Islands Administration until 1967 when it gained associated statehood status with internal self-government. Barbuda was leased by the British Government to the Codrington Family from 1685 through 1870. On becoming a Crown Colony, Barbuda's affairs were administered from Antigua with the exception of land ownership. The British Government granted Antigua and Barbuda full independence within the Commonwealth on 1 November 1981.

#### **Political Environment**

The *Constitutional Order of 1981* prescribes Antigua and Barbuda's form of government and guarantees fundamental rights and individual freedoms. Enshrined in the Constitution is the establishment of the Barbuda Council, which is vested with the authority to administer the affairs of Barbuda. Constitutional amendments require the affirmative vote of a two-thirds majority of each house of Parliament and the approval of a majority of the voters in Antigua and Barbuda by referendum. Legislation requires passage by both Houses of Parliament and assent by the Governor General. The constitutional functions of the Governor General are largely of a formal or ceremonial nature.

The Parliament is a bicameral legislature, consisting of an elected House of Representatives and an appointed Senate. The House of Representatives has 17 members elected in accordance with the provisions of the Constitution. The Governor General appoints the Senate's 17 members, eleven on the advice of the Prime Minister, one on advice of the Barbuda Council, one from the business community, and four on the advice of the Leader of the Opposition. The Parliament, unless dissolved earlier, continues to serve for five years from the date of the most recent general election. Shortly after the dissolution of Parliament, General Elections must be held to elect the members of the House of Representatives and to facilitate the appointment of a Government to administer the affairs of the country for the next five years.

After obtaining independence, Antigua and Barbuda adopted a modified Westminster parliamentary system based on the British model. A Governor General is appointed by, and represents, the British Monarch (the country's head of state), and a Prime Minister is both leader of the majority party and the head of Government. The Right Hon. Sir Vere Cornwall Bird, now deceased, was the Nation's first Prime Minister and led the country until 1994, when he retired from active politics. His party, the Antigua Labour Party (ALP) remained in Government led by the Hon. Lester Bird until March 23, 2004 when the United Progressive Party (UPP), under the

leadership of Hon. Baldwin Spencer, was elected. Since the elections of 2004, the UPP has pursued anti-corruption measures through a trio of government legislation: the *Prevention of Corruption Act*, the *Freedom of Information Act* and the *Integrity in Public Life Act*.

Antigua and Barbuda has a history of political stability. In March 2009 the country held general elections where the United Progressive Party, under the leadership of Prime Minister, Honourable Baldwin Spencer, retained leadership of the Government. Following the 2009 elections, the opposition party, ALP, challenged three of the seats won by the UPP on the grounds of breach of electoral law. However, all three seats were eventually upheld by the Eastern Caribbean Supreme Court in October 2010.

On June 12, 2014 the Antigua and Barbuda Labour Party was victorious at the polls of the general elections held in Antigua and Barbuda and won 14 of the 17 seats which form the Government of Antigua and Barbuda. The new government has continued the thrust of the previous administration in the area of fiscal and debt management and will continue to honour its obligations to investors in Government of Antigua and Barbuda Securities.

The government is focused on bringing new investments to Antigua and Barbuda in order to increase growth and provide jobs for the citizens and residents of Antigua and Barbuda. It is expected that with the new push on Foreign Direct Investment there will be increased economic activity in the areas of Construction and Tourism. Further, the country has recently completed the requirements of the Financial Action Task Force (FATF) and now has an improved jurisdiction for financial services, which will augur well for the International Financial Services Sector.

### **Judicial and Legislative Environment**

Antigua and Barbuda's judicial system is based on the English system, including the principles and practice of English common law. The member states of the Organization of Eastern Caribbean States (OECS) share a single supreme court, the Eastern Caribbean Supreme Court. The Supreme Court is headed by the Chief Justice, and administers the laws of each OECS member state. It has two divisions, the High Court of Justice and the Court of Appeal. The High Court of Justice meets in Antigua bi-annually and the Court of Appeal is headquartered in St. Lucia. Appeals from the Court of Appeal go to the Judicial Committee of the Privy Council in London, England, which is currently the country's court of last resort.

Antigua and Barbuda is a signatory to the Caribbean Court of Justice, which is currently the court of original jurisdiction in respect of matters pertaining to the interpretation and application of the CARICOM Treaty.

**APPENDIX IIIA****GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY IN CURRENT PRICES  
(EC\$M)**

|   | 2014            | 2015            | 2016            | 2017            | 2018            | 2019            | 2020            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Agriculture, Livestock and Forestry                   | 30.13           | 30.28           | 31.75           | 33.07           | 34.16           | 35.75           | 37.60           |
| Crops   | 19.89           | 20.88           | 21.93           | 22.92           | 23.73           | 24.93           | 26.32           |
| Livestock   | 9.32            | 8.48            | 8.90            | 9.21            | 9.49            | 9.88            | 10.33           |
| Forestry  | 0.92            | 0.92            | 0.92            | 0.93            | 0.94            | 0.95            | 0.96            |
| Fishing   | 24.16           | 31.43           | 33.00           | 34.67           | 36.43           | 38.08           | 40.40           |
| Mining & Quarrying                                    | 31.71           | 28.25           | 31.48           | 29.47           | 32.74           | 36.70           | 39.29           |
| Manufacturing   | 92.96           | 96.83           | 95.57           | 100.63          | 105.19          | 109.97          | 114.95          |
| Electricity & Water                                   | 118.31          | 152.08          | 182.64          | 161.53          | 168.59          | 179.36          | 189.94          |
| Electricity   | 105.02          | 144.11          | 176.34          | 152.41          | 158.55          | 168.20          | 178.45          |
| Water   | 13.29           | 7.98            | 6.30            | 9.12            | 10.04           | 11.15           | 11.49           |
| Construction  | 303.27          | 316.82          | 380.72          | 438.69          | 522.15          | 621.49          | 694.70          |
| Wholesale & Retail Trade                              | 436.87          | 449.11          | 454.96          | 507.33          | 530.39          | 549.00          | 579.60          |
| Hotels & Restaurants                                  | 374.52          | 383.64          | 420.19          | 413.10          | 441.81          | 460.09          | 483.63          |
| Hotels  | 270.57          | 274.31          | 299.85          | 288.58          | 304.58          | 315.32          | 329.62          |
| Restaurants   | 103.95          | 109.33          | 120.35          | 124.51          | 137.23          | 144.76          | 154.01          |
| Transport, Storage and Communications                 | 335.10          | 367.48          | 387.85          | 412.78          | 450.34          | 490.36          | 512.59          |
| Transport and Storage                                 | 222.54          | 244.37          | 252.49          | 280.80          | 314.38          | 350.30          | 368.29          |
| Road Transport  | 134.24          | 126.93          | 131.70          | 152.65          | 171.28          | 198.29          | 208.32          |
| Sea Transport   | 2.54            | 2.82            | 2.99            | 4.43            | 4.92            | 5.22            | 5.53            |
| Air Transport   | 42.44           | 71.64           | 75.02           | 72.61           | 79.28           | 83.70           | 88.80           |
| Supporting and Auxiliary Transport Activities         | 43.32           | 42.98           | 42.79           | 51.11           | 58.91           | 63.09           | 65.64           |
| Communications  | 112.56          | 123.11          | 135.36          | 131.97          | 135.96          | 140.06          | 144.29          |
| Financial Intermediation                              | 237.51          | 265.25          | 282.91          | 297.23          | 308.38          | 324.21          | 341.33          |
| Banks   | 170.18          | 185.00          | 200.52          | 210.86          | 219.38          | 231.60          | 244.50          |
| Insurance   | 64.17           | 74.40           | 78.53           | 82.37           | 84.86           | 88.29           | 92.31           |
| Activities Auxiliary to Financial Intermediation      | 3.17            | 5.86            | 3.86            | 4.00            | 4.14            | 4.32            | 4.52            |
| Real Estate, Renting and Business Activities          | 419.81          | 468.01          | 481.09          | 507.48          | 526.47          | 547.57          | 570.60          |
| Owner Occupied Dwellings                              | 244.32          | 249.83          | 253.08          | 258.90          | 268.12          | 278.95          | 290.22          |
| Real Estate Activities                                | 29.85           | 44.00           | 46.75           | 49.13           | 51.62           | 54.23           | 56.97           |
| Renting of Machinery and Equipment                    | 8.23            | 7.54            | 6.37            | 6.55            | 7.02            | 7.63            | 8.28            |
| Computer and Related Activities                       | 1.09            | 1.17            | 1.17            | 1.29            | 1.35            | 1.40            | 1.46            |
| Business Services                                     | 136.32          | 165.46          | 173.73          | 191.60          | 198.37          | 205.37          | 213.67          |
| Public Administration, Defence & Compulsory Social Se | 289.73          | 300.83          | 324.89          | 334.35          | 344.45          | 354.85          | 365.57          |
| Education   | 178.63          | 168.69          | 177.91          | 183.27          | 191.68          | 200.93          | 210.62          |
| Public  | 73.76           | 76.40           | 82.45           | 84.85           | 88.28           | 92.30           | 96.50           |
| Private   | 104.87          | 92.29           | 95.46           | 98.42           | 103.40          | 108.63          | 114.13          |
| Health and Social Work                                | 94.96           | 101.46          | 107.46          | 111.37          | 115.16          | 119.57          | 124.14          |
| Public  | 80.10           | 82.39           | 87.65           | 90.20           | 92.92           | 96.20           | 99.60           |
| Private   | 14.86           | 19.07           | 19.81           | 21.17           | 22.24           | 23.36           | 24.55           |
| Other Community, Social & Personal Services           | 79.65           | 81.41           | 76.43           | 78.42           | 80.78           | 83.69           | 86.64           |
| Activities of Private Households as Employers         | 15.31           | 12.54           | 10.94           | 11.24           | 11.61           | 11.85           | 12.08           |
| Less: FISIM   | 54.06           | 54.85           | 56.69           | 53.04           | 53.56           | 55.45           | 57.40           |
| <b>GVA in Basic Prices</b>                            | <b>3,008.56</b> | <b>3,199.27</b> | <b>3,423.11</b> | <b>3,601.58</b> | <b>3,846.78</b> | <b>4,108.01</b> | <b>4,346.30</b> |
| <b>Growth Rate</b>                                    | <b>7.56</b>     | <b>6.34</b>     | <b>7.00</b>     | <b>5.21</b>     | <b>6.81</b>     | <b>6.79</b>     | <b>5.80</b>     |
| Plus: Product Taxes                                   | 473.76          | 511.89          | 545.32          | 544.93          | 564.64          | 591.23          | 603.06          |
| Less: Subsidies                                       | 26.00           | 26.00           | 26.00           | 26.00           | 26.00           | 26.00           | 26.00           |
| <b>GDP in Market Prices</b>                           | <b>3,456.32</b> | <b>3,685.16</b> | <b>3,942.43</b> | <b>4,120.52</b> | <b>4,385.42</b> | <b>4,673.24</b> | <b>4,923.36</b> |
| <b>Growth Rate</b>                                    | <b>7.31</b>     | <b>6.62</b>     | <b>6.98</b>     | <b>4.52</b>     | <b>6.43</b>     | <b>6.56</b>     | <b>5.35</b>     |

Source: Statistics Division, Ministry of Finance and Eastern Caribbean Central Bank  
Estimates as at June 29, 2018



**APPENDIX IIIB****GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY AT CONSTANT PRICES  
(EC\$M)**

|   | 2014            | 2015            | 2016            | 2017            | 2018            | 2019            | 2020            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Agriculture, Livestock and Forestry                   | 22.54           | 22.03           | 22.69           | 23.02           | 23.16           | 23.60           | 24.17           |
| Crops   | 15.09           | 15.05           | 15.41           | 15.64           | 15.72           | 16.03           | 16.44           |
| Livestock   | 6.53            | 6.06            | 6.36            | 6.45            | 6.52            | 6.65            | 6.82            |
| Forestry  | 0.92            | 0.92            | 0.92            | 0.92            | 0.92            | 0.92            | 0.92            |
| Fishing   | 20.39           | 26.34           | 27.65           | 28.21           | 28.77           | 29.20           | 30.08           |
| Mining & Quarrying                                    | 30.11           | 26.76           | 29.82           | 27.64           | 30.40           | 33.75           | 35.77           |
| Manufacturing   | 60.48           | 61.40           | 61.53           | 61.65           | 62.27           | 62.89           | 63.52           |
| Electricity & Water                                   | 100.82          | 107.80          | 108.18          | 113.33          | 116.75          | 122.43          | 125.76          |
| Electricity   | 78.79           | 82.59           | 84.89           | 84.80           | 85.65           | 88.22           | 90.86           |
| Water   | 22.03           | 25.22           | 23.30           | 28.54           | 31.11           | 34.22           | 34.90           |
| Construction  | 235.07          | 244.33          | 289.26          | 326.87          | 375.90          | 432.28          | 466.87          |
| Wholesale & Retail Trade                              | 364.09          | 371.62          | 377.38          | 407.57          | 413.68          | 415.72          | 426.11          |
| Hotels & Restaurants                                  | 373.96          | 382.28          | 404.45          | 404.18          | 424.96          | 435.49          | 450.50          |
| Hotels  | 283.63          | 288.70          | 303.00          | 300.71          | 314.24          | 322.10          | 333.37          |
| Restaurants   | 90.33           | 93.58           | 101.45          | 103.47          | 110.72          | 113.40          | 117.13          |
| Transport, Storage and Communications                 | 274.70          | 279.19          | 284.71          | 309.04          | 329.57          | 352.15          | 361.13          |
| Transport and Storage                                 | 165.06          | 162.36          | 162.54          | 185.04          | 203.09          | 223.14          | 229.54          |
| Road Transport  | 106.03          | 98.09           | 99.77           | 115.66          | 127.22          | 144.40          | 148.73          |
| Sea Transport   | 2.03            | 2.24            | 2.38            | 3.49            | 3.84            | 4.03            | 4.24            |
| Air Transport   | 34.51           | 35.31           | 37.52           | 34.75           | 36.83           | 37.75           | 38.89           |
| Supporting and Auxiliary Transport Activities         | 22.50           | 26.72           | 22.88           | 31.14           | 35.19           | 36.95           | 37.69           |
| Communications  | 109.64          | 116.83          | 122.17          | 124.00          | 126.48          | 129.01          | 131.59          |
| Financial Intermediation                              | 242.90          | 253.02          | 262.97          | 263.95          | 268.44          | 276.62          | 285.46          |
| Banks   | 174.46          | 176.81          | 181.15          | 182.49          | 186.14          | 192.65          | 199.39          |
| Insurance   | 64.63           | 71.54           | 78.05           | 77.66           | 78.44           | 80.01           | 82.01           |
| Activities Auxiliary to Financial Intermediation      | 3.81            | 4.66            | 3.77            | 3.81            | 3.86            | 3.96            | 4.06            |
| Real Estate, Renting and Business Activities          | 340.69          | 381.87          | 403.74          | 405.17          | 412.24          | 420.53          | 429.74          |
| Owner Occupied Dwellings                              | 203.41          | 206.51          | 209.70          | 209.81          | 213.02          | 217.28          | 221.62          |
| Real Estate Activities                                | 29.87           | 44.25           | 48.68           | 48.44           | 49.89           | 51.39           | 52.93           |
| Renting of Machinery and Equipment                    | 7.19            | 6.61            | 5.47            | 5.63            | 5.92            | 6.30            | 6.71            |
| Computer and Related Activities                       | 1.22            | 1.01            | 1.08            | 1.10            | 1.12            | 1.14            | 1.16            |
| Business Services                                     | 99.00           | 123.48          | 138.80          | 140.19          | 142.29          | 144.43          | 147.31          |
| Public Administration, Defence & Compulsory Social Se | 242.80          | 253.41          | 273.68          | 276.13          | 278.89          | 281.68          | 284.49          |
| Education   | 155.72          | 146.39          | 153.43          | 155.28          | 158.38          | 161.94          | 165.57          |
| Public  | 67.05           | 69.45           | 74.95           | 75.62           | 77.13           | 79.06           | 81.04           |
| Private   | 88.67           | 76.94           | 78.48           | 79.66           | 81.25           | 82.87           | 84.53           |
| Health and Social Work                                | 85.02           | 89.92           | 95.62           | 96.57           | 97.70           | 99.25           | 100.82          |
| Public  | 72.82           | 74.90           | 79.67           | 80.39           | 81.19           | 82.41           | 83.64           |
| Private   | 12.20           | 15.02           | 15.95           | 16.19           | 16.51           | 16.84           | 17.18           |
| Other Community, Social & Personal Services           | 71.59           | 72.18           | 65.49           | 68.18           | 68.86           | 69.94           | 70.99           |
| Activities of Private Households as Employers         | 12.76           | 10.38           | 9.07            | 9.21            | 9.42            | 9.51            | 9.61            |
| Less: FISIM   | 55.69           | 53.37           | 50.80           | 50.59           | 50.08           | 50.83           | 51.60           |
| <b>GVA in Basic Prices</b>                            | <b>2,577.95</b> | <b>2,675.53</b> | <b>2,818.88</b> | <b>2,925.41</b> | <b>3,049.30</b> | <b>3,176.15</b> | <b>3,279.00</b> |
| <b>Growth Rate</b>                                    | <b>5.34</b>     | <b>3.79</b>     | <b>5.36</b>     | <b>3.78</b>     | <b>4.24</b>     | <b>4.16</b>     | <b>3.24</b>     |
| Plus: Product Taxes less Subsidies                    | 383.67          | 406.35          | 427.65          | 421.51          | 426.97          | 437.01          | 435.35          |
| <b>GDP in Market Prices</b>                           | <b>2,961.62</b> | <b>3,081.88</b> | <b>3,246.53</b> | <b>3,346.91</b> | <b>3,476.28</b> | <b>3,613.16</b> | <b>3,714.35</b> |
| <b>Growth Rate</b>                                    | <b>5.10</b>     | <b>4.06</b>     | <b>5.34</b>     | <b>3.09</b>     | <b>3.87</b>     | <b>3.94</b>     | <b>2.80</b>     |

Source: Statistics Division, Ministry of Finance and Eastern Caribbean Central Bank  
Estimates as at June 29, 2018

**APPENDIX IV:****BALANCE OF PAYMENTS TRANSACTIONS BPM6 (F16) IN EC\$M**

| Description  | 2014 Rev        | 2015 Rev        | 2016 Prelim.    | 2017 Est        | 2018 Pj         |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>1. Current account</b>  | <b>21.91</b>    | <b>139.92</b>   | <b>(105.16)</b> | <b>93.02</b>    | <b>(53.46)</b>  |
| <b>1.A Goods and services</b>  | <b>273.91</b>   | <b>466.17</b>   | <b>337.49</b>   | <b>399.77</b>   | <b>272.36</b>   |
| <b>1.A.a Goods</b>   | (1,170.84)      | (1,032.72)      | (965.79)        | (933.99)        | (1,118.46)      |
| <i>1.A.a.1 Of which General merchandise on a balance of payments basis</i>               | (1,170.84)      | (1,032.72)      | (965.79)        | (933.99)        | (1,118.46)      |
| <b>1.A.b Services</b>  | 1,444.75        | 1,498.89        | 1,303.27        | 1,333.76        | 1,390.82        |
| <i>1.A.b.1 Manufacturing services on physical inputs owned by others</i>                 | -               | -               | -               | -               | -               |
| <i>1.A.b.2 Maintenance and repair services n.i.e.</i>                                    | (59.34)         | (51.75)         | (38.45)         | (40.18)         | (42.77)         |
| <i>1.A.b.3 Transport</i>   | 95.85           | 105.52          | 114.38          | 105.91          | 134.92          |
| <i>1.A.b.4 Travel</i>  | 1,734.43        | 1,735.61        | 1,716.42        | 1,607.36        | 1,682.55        |
| <i>1.A.b.5 Construction</i>  | (18.77)         | (9.70)          | (28.39)         | (10.18)         | (12.12)         |
| <i>1.A.b.6 Insurance and pension services</i>  | 12.79           | 17.24           | 22.81           | 18.30           | 21.08           |
| <i>1.A.b.7 Financial services</i>  | (9.91)          | (10.91)         | (18.95)         | (19.80)         | (21.10)         |
| <i>1.A.b.8 Charges for the use of intellectual property n.i.e.</i>                       | (8.03)          | (8.30)          | (10.87)         | (11.36)         | (12.09)         |
| <i>1.A.b.9 Telecommunications, computer, and information services</i>                    | 5.98            | 2.65            | (17.26)         | 1.45            | 0.78            |
| <i>1.A.b.10 Other business services</i>  | (257.86)        | (230.75)        | (385.36)        | (264.37)        | (303.65)        |
| <i>1.A.b.11 Personal, cultural, and recreational services</i>                            | (52.51)         | (53.69)         | (55.05)         | (57.54)         | (61.23)         |
| <i>1.A.b.12 Government goods and services n.i.e.</i>                                     | 2.13            | 2.96            | 4.00            | 4.18            | 4.45            |
| <b>1.B Primary income</b>  | <b>(172.17)</b> | <b>(196.58)</b> | <b>(293.14)</b> | <b>(183.28)</b> | <b>(195.07)</b> |
| <b>1.B.1 Compensation of employees</b>   | (20.24)         | (15.94)         | (8.17)          | (8.54)          | (9.09)          |
| <b>1.B.2 Investment income</b>   | (151.94)        | (180.64)        | (284.97)        | (174.74)        | (185.98)        |
| <i>1.B.2.1 Direct investment</i>   | (102.30)        | (173.16)        | (276.57)        | (165.96)        | (176.63)        |
| <i>1.B.2.2 Portfolio investment</i>  | (0.75)          | 3.37            | 9.92            | 10.37           | 11.03           |
| <i>1.B.2.3 Other investment</i>  | (48.89)         | (10.85)         | (18.33)         | (19.15)         | (20.38)         |
| <i>1.B.2.4 Reserve assets (Credit)</i>   | -               | -               | -               | -               | -               |
| <b>1.B.3 Other primary income</b>  | -               | -               | -               | -               | -               |
| <b>1.C Secondary income</b>  | <b>(79.83)</b>  | <b>(129.66)</b> | <b>(149.50)</b> | <b>(123.47)</b> | <b>(130.75)</b> |
| <b>1.C.1 General government</b>  | 1.03            | (0.27)          | (4.50)          | (4.70)          | (5.01)          |
| <b>1.C.2 Financial corporations, nonfinancial corporations, households, and NPISHs</b>   | (80.87)         | (129.40)        | (145.00)        | (118.76)        | (125.74)        |
| <b>2. Capital account</b>  | <b>60.75</b>    | <b>126.76</b>   | <b>74.87</b>    | <b>106.84</b>   | <b>299.10</b>   |
| <b>2.1 Gross acquisitions (DR.) / disposals (CR.) of nonproduced nonfinancial assets</b> | -               | -               | -               | -               | -               |
| <b>2.2 Capital transfers</b>   | <b>60.75</b>    | <b>126.76</b>   | <b>74.87</b>    | <b>106.84</b>   | <b>299.10</b>   |
| <b>Net lending (+) / net borrowing (-) (balance from current and capital account)</b>    | <b>82.66</b>    | <b>266.68</b>   | <b>(30.28)</b>  | <b>199.86</b>   | <b>245.64</b>   |
| <b>3. Financial account</b>  |                 |                 |                 |                 |                 |
| <b>Net lending (+) / net borrowing (-) (balance from financial account)</b>              | <b>176.33</b>   | <b>246.07</b>   | <b>(148.96)</b> | <b>277.89</b>   | <b>173.05</b>   |
| <b>3.1 Direct investment</b>   | <b>(112.43)</b> | <b>(253.98)</b> | <b>(181.69)</b> | <b>(265.30)</b> | <b>(287.35)</b> |
| <b>3.2 Portfolio investment options</b>  | <b>14.02</b>    | <b>82.03</b>    | <b>41.39</b>    | <b>78.88</b>    | <b>272.29</b>   |
| <b>3.4 Other investment</b>  | <b>19.67</b>    | <b>259.54</b>   | <b>60.55</b>    | <b>508.77</b>   | <b>123.70</b>   |
| <b>3.5 Reserve assets</b>  | <b>255.07</b>   | <b>158.48</b>   | <b>(69.21)</b>  | <b>(44.45)</b>  | <b>64.41</b>    |
| <b>Net errors and omissions</b>  | <b>93.67</b>    | <b>(20.62)</b>  | <b>(118.67)</b> | <b>78.03</b>    | <b>(72.59)</b>  |

Source: Statistics Division, Ministry of Finance and Eastern Caribbean Central Bank

Note: All Data are Preliminary  
Estimates as at September 2018

**APPENDIX V****SUMMARY OF CENTRAL GOVERNMENT FISCAL OPERATIONS (EC\$M)**

|                                     | 2014             | 2015            | 2016             | 2017             | Jan - Aug<br>2018 |
|-------------------------------------|------------------|-----------------|------------------|------------------|-------------------|
| Total revenue and grants            | 679.58           | 869.95          | 950.79           | 805.08           | 528.66            |
| <b>Current revenue</b>              | <b>664.41</b>    | <b>782.96</b>   | <b>776.71</b>    | <b>792.23</b>    | <b>526.60</b>     |
| Of which: tax revenue               | 571.12           | 622.65          | 641.21           | 641.79           | 71.12             |
| Capital Revenue                     | 1.38             | 65.86           | 174.07           | 10.76            | 2.06              |
| Total Grants                        | 13.79            | 21.13           | -                | 2.09             | -                 |
| <b>Total Expenditure</b>            | <b>773.42</b>    | <b>790.10</b>   | <b>965.61</b>    | <b>901.86</b>    | <b>585.68</b>     |
| <b>Current Expenditure</b>          | <b>718.32</b>    | <b>738.73</b>   | <b>811.75</b>    | <b>841.19</b>    | <b>543.98</b>     |
| Personal Emoluments                 | 307.61           | 307.22          | 328.53           | 327.17           | 245.77            |
| Goods and Services                  | 124.74           | 106.65          | 128.24           | 131.72           | 79.09             |
| Interest Payments                   | 88.88            | 87.44           | 103.72           | 101.22           | 70.01             |
| Transfers and Subsidies             | 197.09           | 237.42          | 251.27           | 281.09           | 149.11            |
| Capital Expenditure and Net Lending | 55.10            | 51.37           | 153.86           | 60.67            | 41.70             |
| <b>Current Account Balance</b>      | <b>(53.91)</b>   | <b>44.23</b>    | <b>(35.04)</b>   | <b>(48.96)</b>   | <b>(17.37)</b>    |
| Per cent of GDP                     | -1.56per<br>cent | 1.20per<br>cent | -0.89per<br>cent | -1.19per<br>cent | -0.37per<br>cent  |
| <b>Primary Balance after grants</b> | <b>(4.96)</b>    | <b>167.29</b>   | <b>88.90</b>     | <b>4.44</b>      | <b>12.99</b>      |
| Per cent of GDP                     | -0.14per<br>cent | 4.54per<br>cent | 2.25per<br>cent  | 0.11per<br>cent  | 0.28per<br>cent   |
| <b>Overall Balance</b>              | <b>(93.83)</b>   | <b>79.85</b>    | <b>(14.82)</b>   | <b>(96.78)</b>   | <b>(57.02)</b>    |
| Per cent of GDP                     | -2.71per<br>cent | 2.17per<br>cent | -0.38per<br>cent | -2.35per<br>cent | -1.22per<br>cent  |

Source: Ministry of Finance and Corporate Governance  
Data as at August 31, 2018