

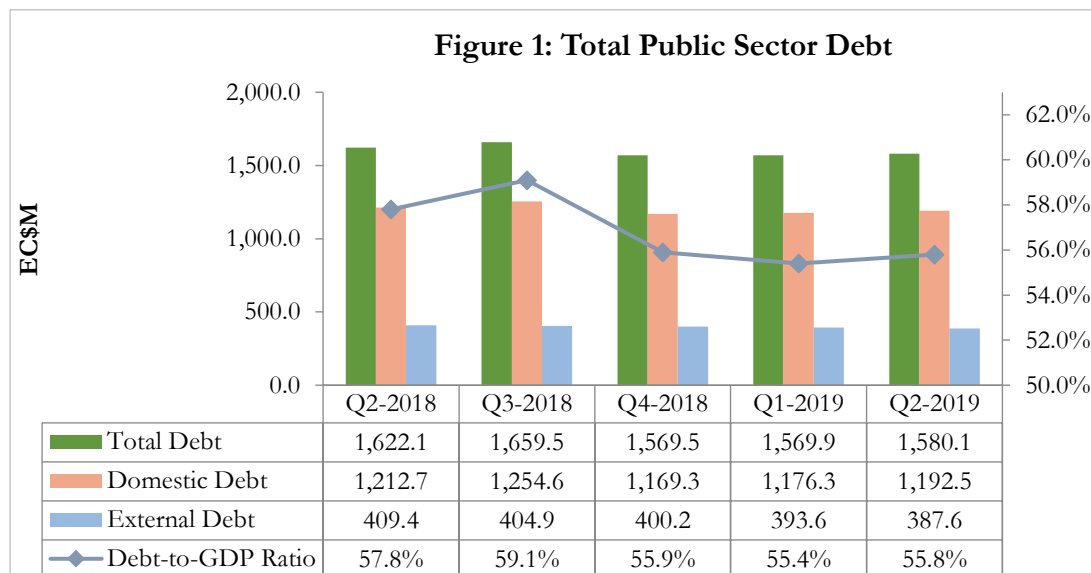


INTRODUCTION

This Quarterly Debt Bulletin summarises the Public Sector Debt position of St. Kitts and Nevis from 30 June 2018 to 30 June 2019 in millions of EC currency. The data presented in the Bulletin covers the trend in the debt stock with a focus on External and Domestic Debt, Central Government’s Debt and Government Guaranteed Debt. The Bulletin also highlights Total Debt Service payments, Debt Disbursements and Debt Sustainability and Risk Indicators.

1.0 TOTAL PUBLIC SECTOR DEBT

Total Public Sector debt stood at \$1,580.1m (55.8 percent of GDP) at the end of June 2019 (See Figure 1). Over the review period, the debt stock declined by \$42.0m or 2.6 percent when compared to the comparative period of June 2018 (\$1,622.1m).



During the period under review, the largest decline was recorded in the quarter ending December 2018 which contracted by 5.4 percent. Conversely, the quarter ending September 2018 recorded an increase in the Total Public Sector Debt of 2.3 percent. For the quarter ending March 2019, the Total Public Sector Debt remained relatively constant while for the quarter ending June 2019 the debt stock increased marginally by 0.6 percent.

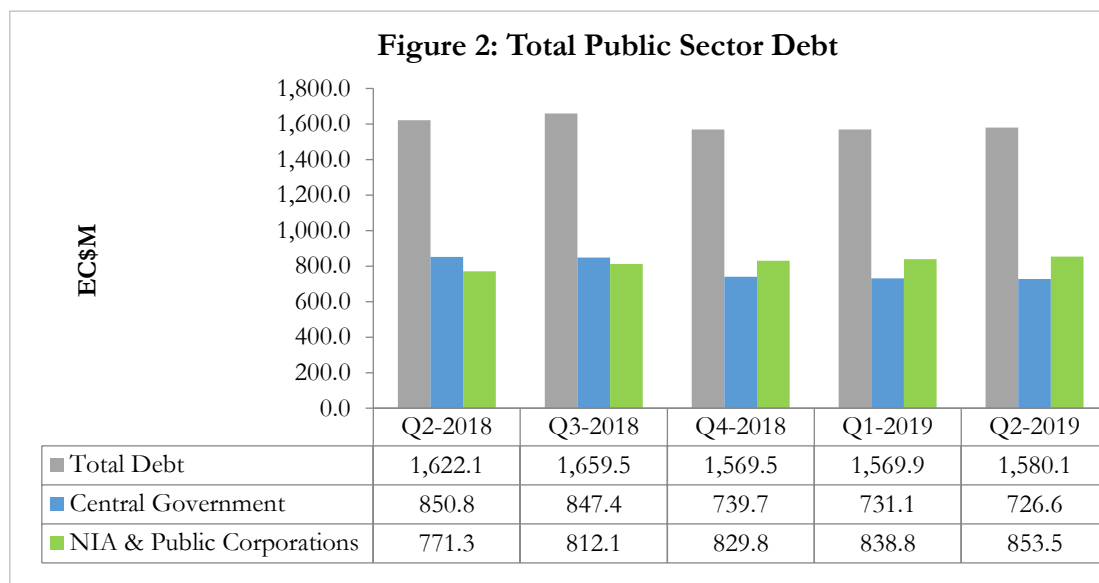


Public Sector Debt
Government of Saint Kitts and Nevis
Ministry of Finance

QUARTERLY DEBT BULLETIN AS AT 30 June 2019

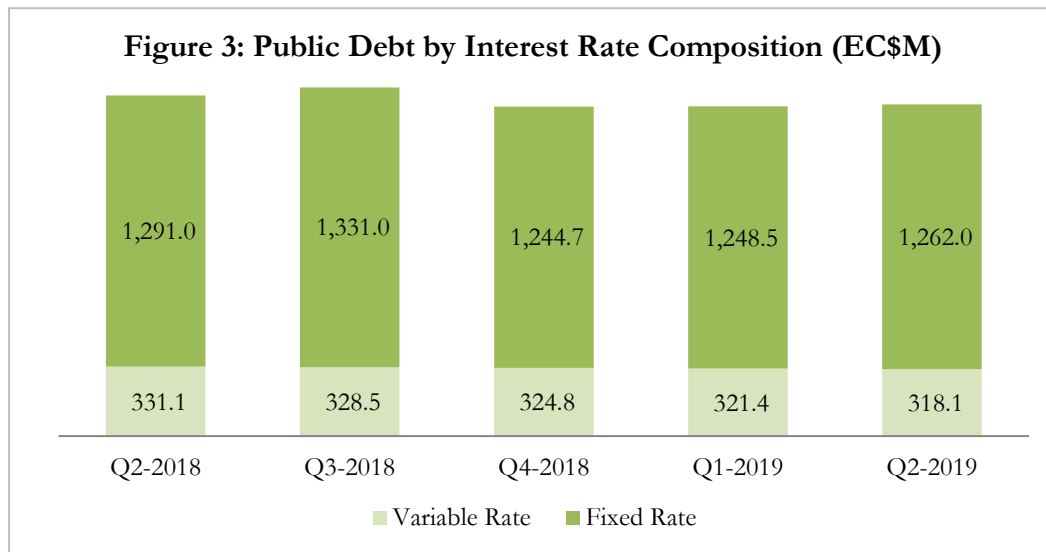
ISSUE NO: 2 | June 2019

Central Government’s share of the Total Public Sector Debt was 46.0 percent, a decline of 6.5 percentage points compared to June 2018 (52.5 percent) (See Figure 2). Over the review period, Central Government’s Debt decreased by an average of 3.7 percent per quarter for a total decline of 14.6 percent. The most notable quarterly reduction in the debt stock was observed in December 2018 with a decline of \$107.7m.

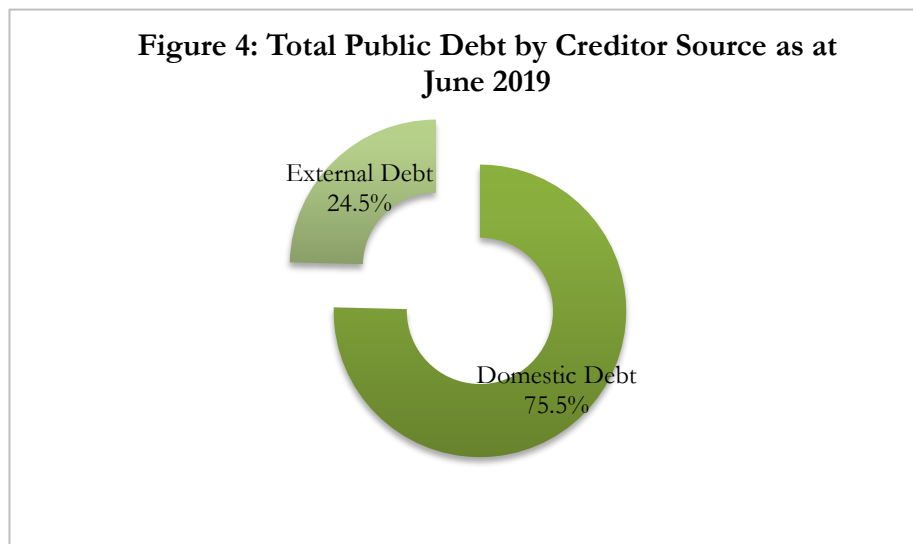


Conversely, total guaranteed debt, comprising debt of the Nevis Island Administration (NIA) and Public Corporations, increased by an average of 2.6 percent per quarter and an overall growth of 10.7 percent.

The interest rate composition of the Total Public Sector Debt showed a decrease of \$29.0m in Fixed Rate debt from \$1,291.0m in June 2018 to \$1,262.0m by June 2019. Similarly, Variable Rate debt declined by \$13.0m from \$331.1m in June 2018 to \$318.1m in June 2019 (See Figure 3).



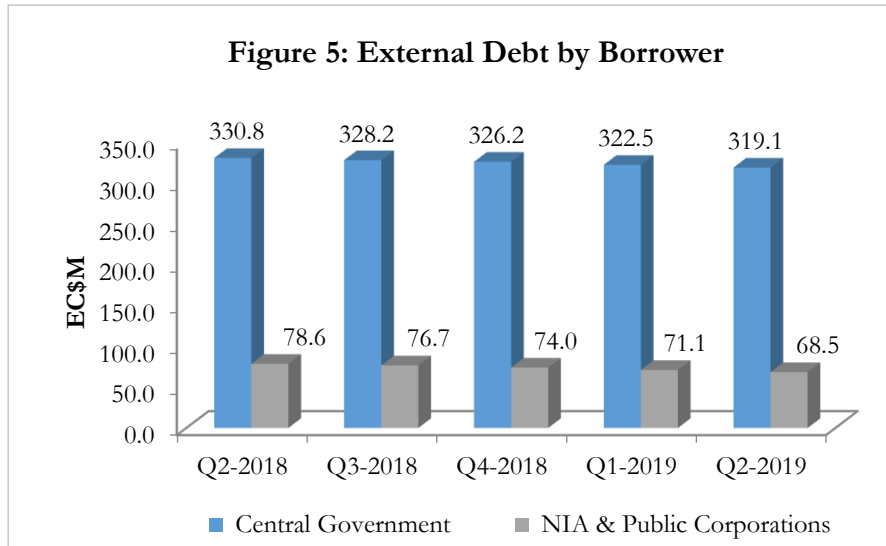
As at June 2019, domestic debt accounted for 75.5 percent of Total Public Debt while external debt accounted for the remaining 24.5 percent (See Figure 4).





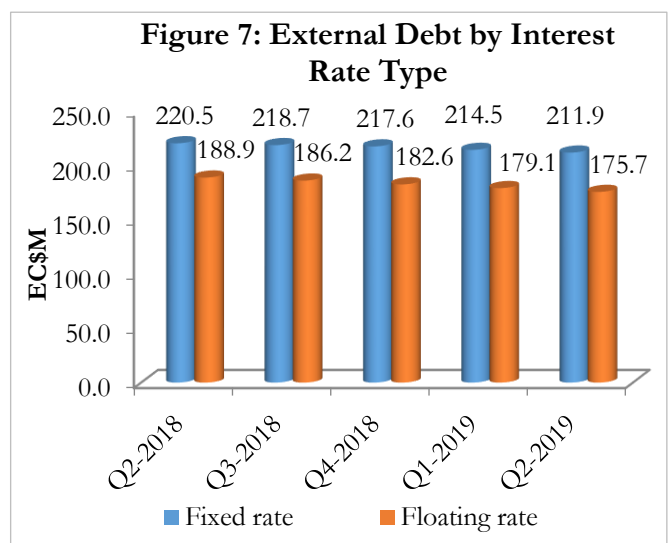
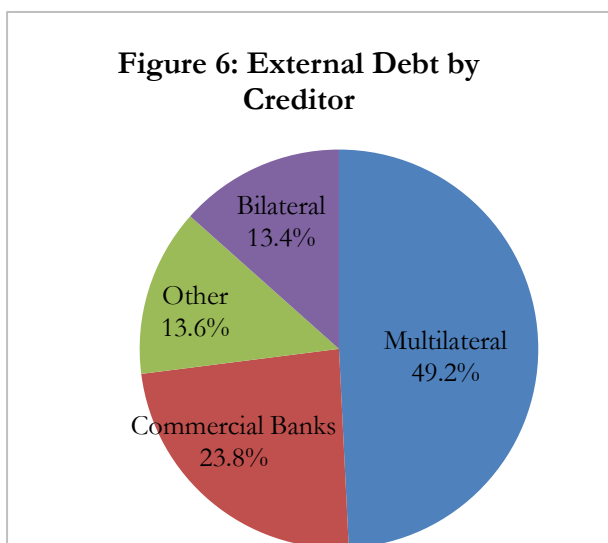
2.0 EXTERNAL PUBLIC SECTOR DEBT

Figure 5 indicates that as at 30 June 2019, total external debt stood at \$387.6m (13.7 percent of GDP). Over the review period, external debt declined by \$21.8m or 5.3 percent. Central Government’s external borrowing accounted for 82.3 percent of total



external financing while external borrowing by the NIA and Public Corporations in St. Kitts and Nevis comprised the remaining 17.7 percent.

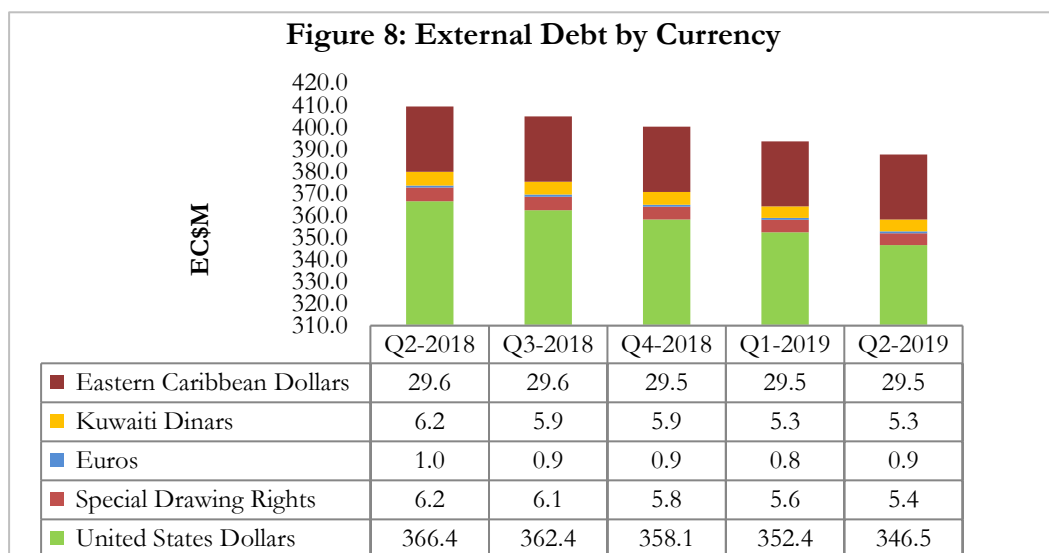
The sources of external debt financing as at June 2019 were Multilateral Creditors (49.2 percent) followed by Commercial Banks (23.8 percent) with Other Creditors and Bilateral Creditors accounting for 13.6 percent and 13.4 percent respectively (See Figure 6).





As at June 2019, fixed rate debt represented \$211.9m or 54.7 percent of total external debt whereas variable rate debt accounted for \$175.7m or 45.3 percent (See Figure 7).

Over the review period, the United States Dollar remained the most dominant currency in the external debt portfolio. It accounted for 89.4 percent of total external debt at end June 2019 (See Figure 8). The EC Dollar comprised 7.6 percent of external debt, Kuwaiti Dinars and Special Drawings Rights (SDR) both totalled 1.4 percent each, and Euros 0.2 percent.

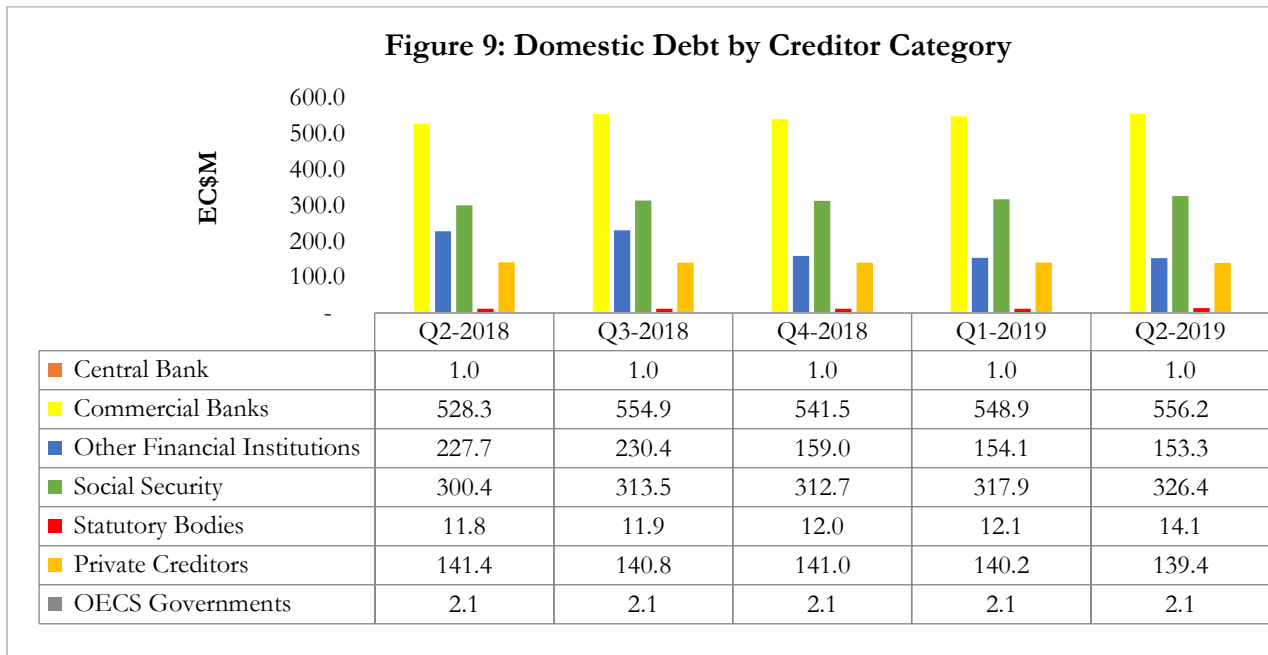


3.0 DOMESTIC PUBLIC SECTOR DEBT

At the end of the review period, domestic debt was recorded at \$1,192.5m or 42.5 percent of GDP. This reflected a \$20.2m or 1.7 percent decrease compared to the corresponding period in 2018 (\$1,212.7m). The decline in the domestic debt was mainly attributed to a \$74.4m decrease in debt held by Other Financial Institutions and a \$2.0m reduction in outstanding obligations to Private Creditors. The reduction in the domestic debt was moderated by a rise in borrowings from Commercial Banks and the Social Security Board in the amount of \$27.9m and \$26.0m respectively.



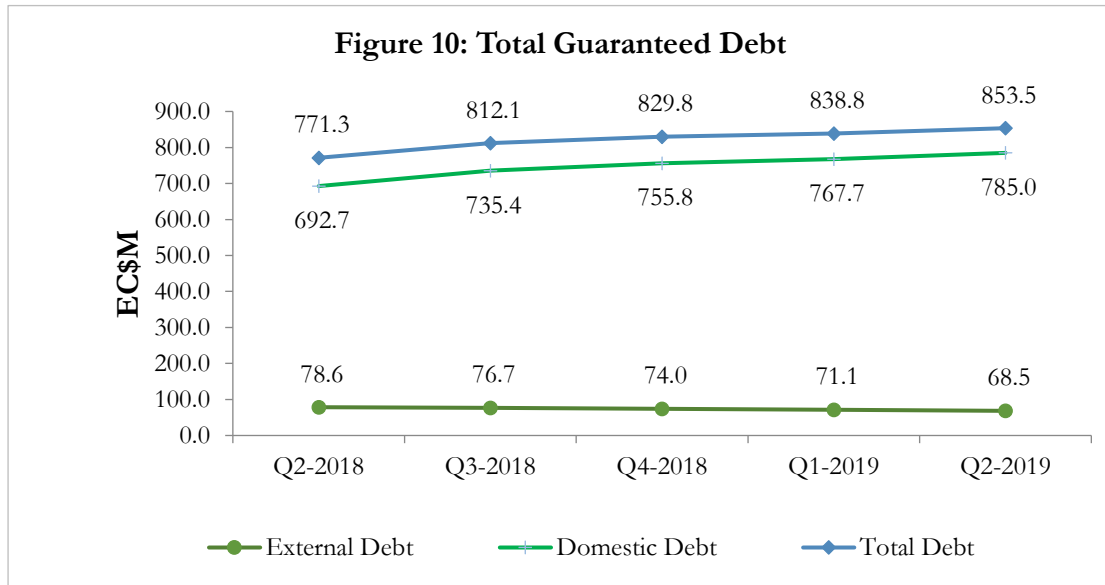
Figure 9: Domestic Debt by Creditor Category



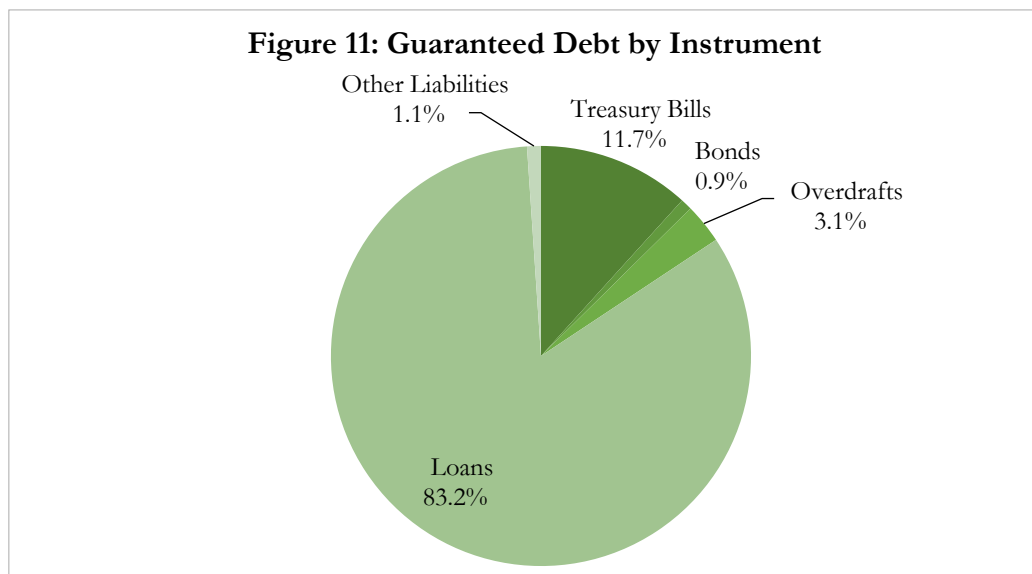
The main holders of domestic debt were Commercial Banks (35.2 percent), the Social Security Board (20.7 percent), Other Financial Institutions (9.7 percent), and Private Creditors (8.8 percent) (see Figure 9).

4.0 TOTAL GUARANTEED DEBT

Total Guaranteed Debt outstanding was comprised of debt contracted by the NIA and the Public Corporations in both St. Kitts and Nevis. Total Guaranteed Debt stood at \$853.5m at the end of June 2019 with external debt accounting for \$68.5m (8.0 percent) and domestic debt with \$785.0m (92.0 percent) (See Figure 10).

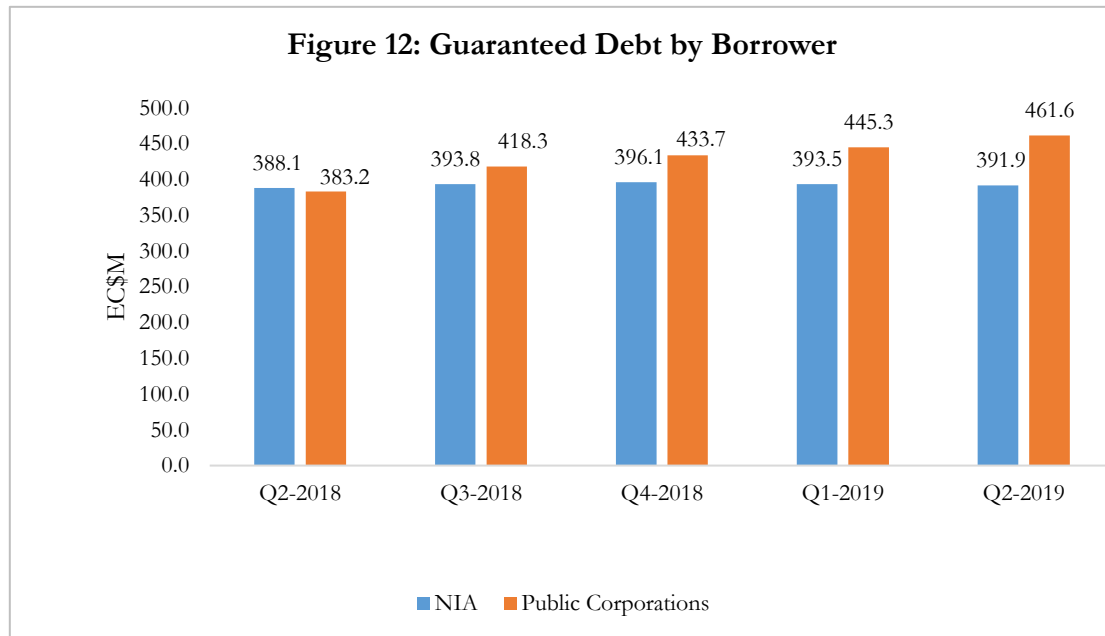


The majority of Total Guaranteed Debt for the period ending June 2019 was comprised of Loans (83.2 percent). Treasury Bills (11.7 percent), Overdrafts (3.1 percent), Other Liabilities (1.1 percent) and Bonds (0.9 percent) also contributed to the composition of guaranteed debt (see Figure 11).



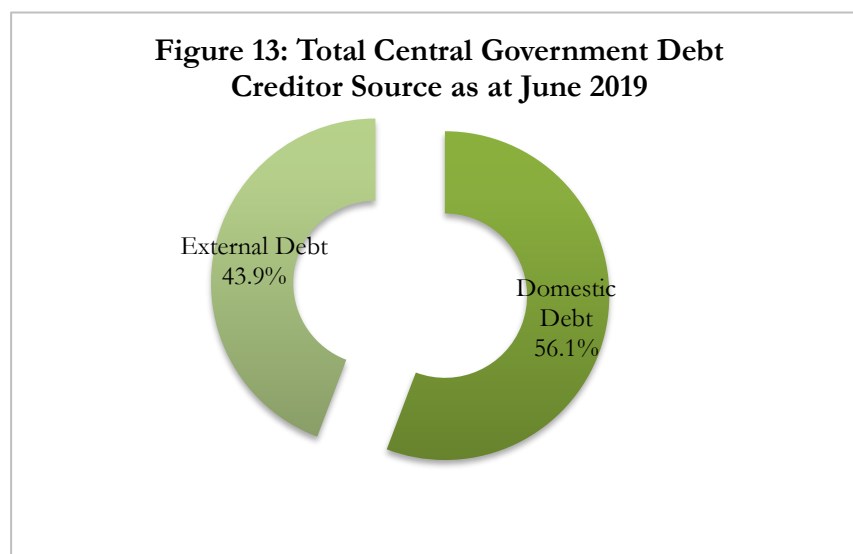


As at June 2019, the Public Corporations' debt accounted for \$461.6m or 54.1 percent of the Total Guaranteed Debt while the NIA's debt represented \$391.9m or 45.9 percent.



5.0 CENTRAL GOVERNMENT'S DEBT

Central Government's Debt was recorded at \$726.6m with domestic debt accounting for \$407.5m (56.1 percent) while external debt represented \$319.1m (43.9 percent).





6.0 TOTAL DEBT SERVICE

Debt Service Payments: Central Gov., NIA and Public Corps. (EC\$M)					
	Q2-2018	Q3-2018	Q4-2018	Q1-2019	Q2-2019
Total Debt Service	72.7	24.0	78.0	28.0	25.5
External Debt Service	10.5	9.5	9.7	10.2	9.7
<i>Principal Repayments</i>	7.6	7.0	7.0	7.4	7.0
<i>Interest Payments</i>	2.9	2.5	2.7	2.8	2.7
Domestic Debt Service	62.2	14.5	68.3	17.8	15.8
<i>Principal Repayments</i>	49.0	4.6	60.3	8.8	4.0
<i>Interest Payments</i>	13.2	9.9	8.0	9.0	11.8

7.0 DISBURSEMENTS

Total Public Sector New Financing (EC\$M)					
	Q2-2018	Q3-2018	Q4-2018	Q1-2019	Q2-2019
External	0.8	2.6	2.2	0.8	1.0
Multilateral	0.8	2.6	2.2	0.8	1.0
Domestic	34.7	181.0	19.1	16.9	21.9
Commercial	34.7	163.0	19.1	10.9	10.7
Statutory Bodies	-	13.9	-	6.0	9.2
Other Financial Institutions	-	4.1	-	-	2.0
Total	35.5	183.6	21.3	17.7	22.9



8.0 DEBT RATIOS

Debt Sustainability Indicators	Q2-2018	Q3-2018	Q4-2018	Q1-2019	Q2-2019
Total Debt to GDP	57.8%	59.1%	55.9%	55.4%	55.8%
<i>External Debt to GDP</i>	14.6%	14.4%	14.3%	13.5%	13.3%
<i>Domestic Debt to GDP</i>	43.2%	44.7%	41.6%	41.9%	42.5%
Debt Service Ratio	27.8%	8.5%	24.6%	11.0%	7.9%
<i>External Debt Service Ratio</i>	4.0%	3.4%	3.1%	4.0%	3.0%
<i>Domestic Debt Service Ratio</i>	23.8%	5.1%	21.5%	7.0%	4.9%
External Debt Service to exports	26.7%	30.1%	24.6%	29.7%	18.8%
Share of Short-Term Debt to Total Debt	29.6%	23.4%	22.8%	22.7%	22.5%
Share of Foreign Currency Debt	34.5%	34.6%	33.0%	32.9%	32.9%
Share of Floating Rate Debt	20.4%	19.8%	20.7%	20.5%	20.1%

9.0 RISK INDICATORS

Risk Indicators	Q2-2018	Q3-2018	Q4-2018	Q1-2019	Q2-2019
Weighted Average Interest Rate	4.5%	4.2%	4.3%	4.3%	4.3%
<i>External</i>	2.6%	2.6%	2.6%	2.6%	2.6%
<i>Domestic</i>	5.2%	4.7%	4.8%	4.8%	4.8%
Average Time to Maturity (years)	9.1	10.2	10.3	10.3	10.3
<i>External</i>	8.9	9.0	8.5	8.6	8.6
<i>Domestic</i>	9.2	10.7	10.9	10.8	10.8
Average Time to Re-fixing (years)	6.4	7.6	7.6	7.7	7.7
<i>External</i>	5.6	5.7	5.5	5.6	5.5
<i>Domestic</i>	6.7	8.3	8.4	8.4	8.4
Share of debt to be re-fixed within one year	34.0%	27.0%	27.0%	26.0%	25.0%