

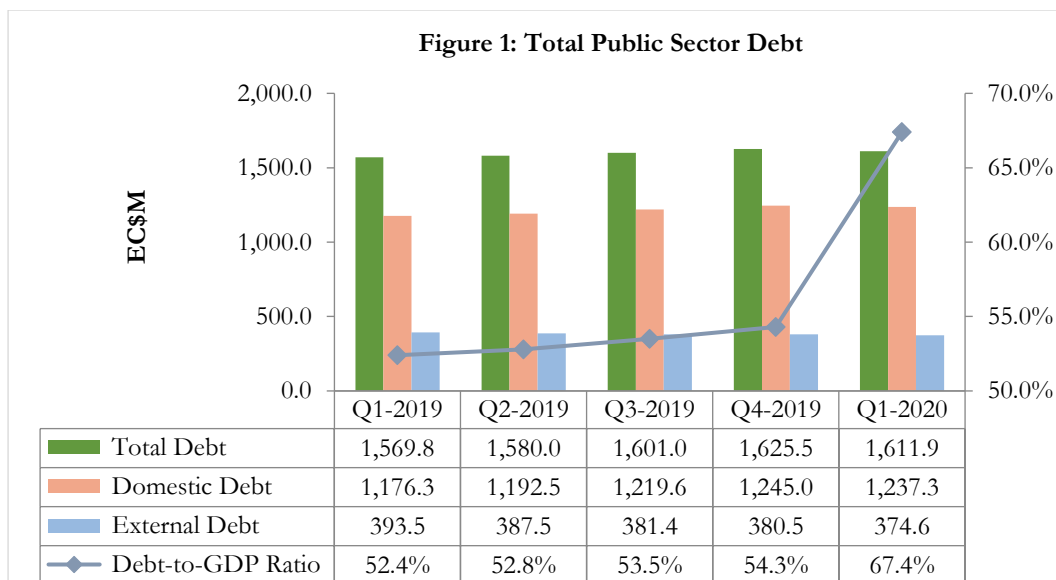


INTRODUCTION

This Quarterly Debt Bulletin summarises the Public Sector Debt position of St. Kitts and Nevis from 31 March 2019 to 31 March 2020 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 \$1,611.9m (67.4 percent of GDP) at the end of March 2020 (See Figure 1). Over the review period, the debt stock increased by \$42.1m or 2.7 percent when compared to the comparative period of March 2019 (\$1,569.8m).



During the period under review, the stock of debt increased on a quarterly basis for the first three quarters (Q2-2019 – Q4 2019) on an average of 1.2 percent then decreased in the fourth quarter (Q1-2020) by \$13.6m or 0.8 percent.

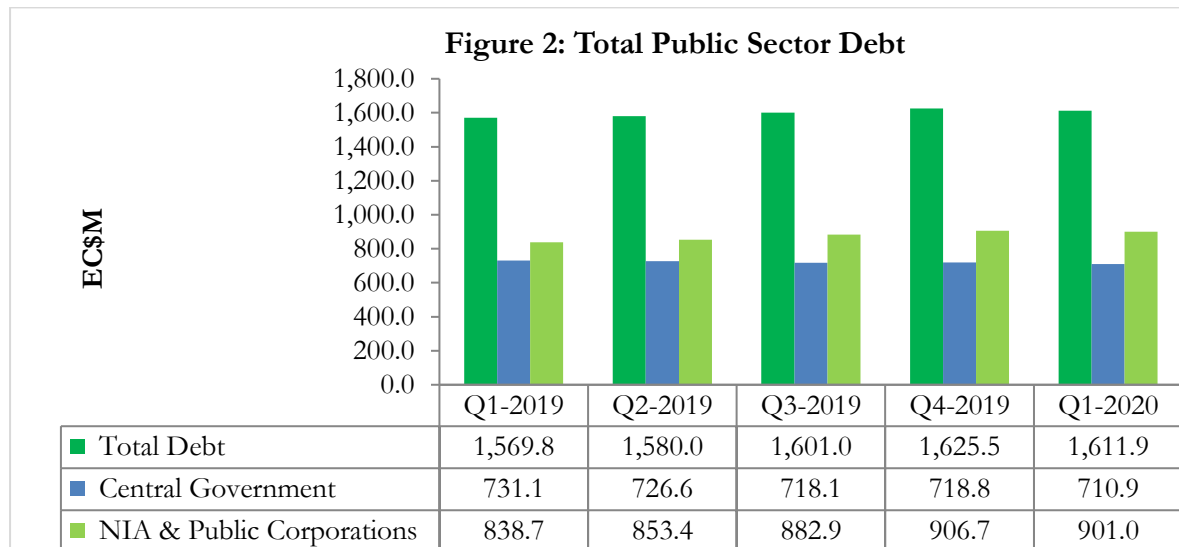


Public Sector Debt
Government of Saint Kitts and Nevis
Ministry of Finance

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Central Government’s share of the Total Public Sector Debt was 44.1 percent, a decrease of 2.5 percentage points compared to March 2019 (46.6 percent) (See Figure 2). Over the review period, Central Government’s Debt decreased by an average of 0.7 percent per quarter for a total decline of \$20.2m or 2.8 percent.

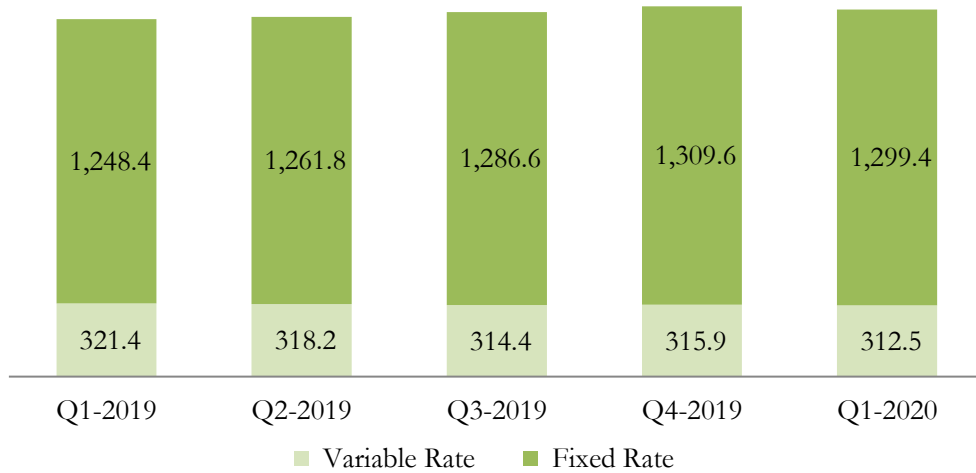


Conversely, Total Guaranteed Debt comprising debt of the Nevis Island Administration (NIA) and Public Corporations, increased by an average of 1.8 percent per quarter and an overall growth of 7.3 percent.

The interest rate composition of the Total Public Sector Debt showed an increase of \$50.6m in Fixed Rate debt from \$1,248.4m in March 2019 to \$1,299.4m by March 2020. On the other hand, Variable Rate debt declined by \$8.9m from \$321.4m in March 2019 to \$312.5m in March 2020 (See Figure 3).



Figure 3: Public Debt by Interest Rate Composition (EC\$M)



As at March 2020, domestic debt accounted for 76.8 percent of Total Public Debt while external debt accounted for the remaining 23.2 percent (See Figure 4).

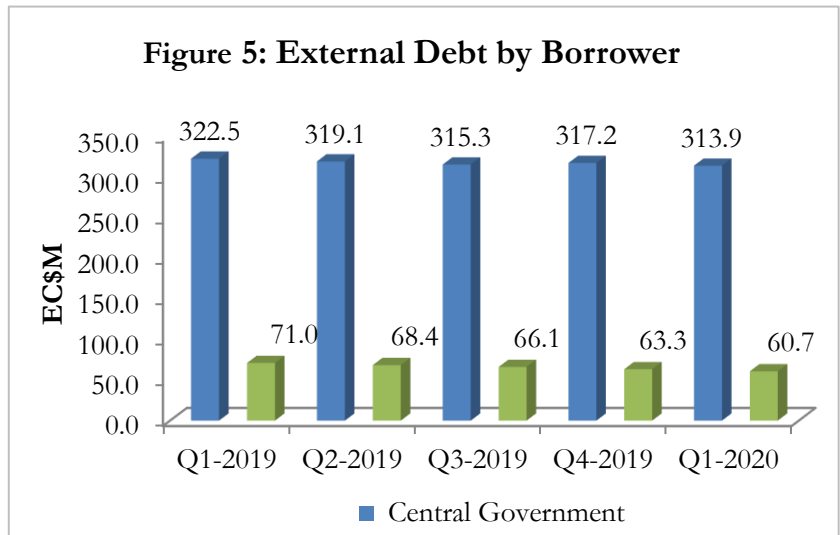
Figure 4: Total Public Debt by Creditor Source as at March 2020



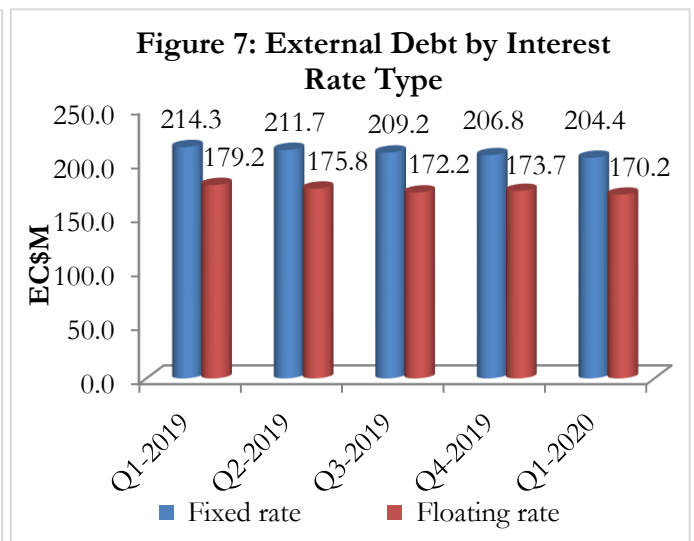
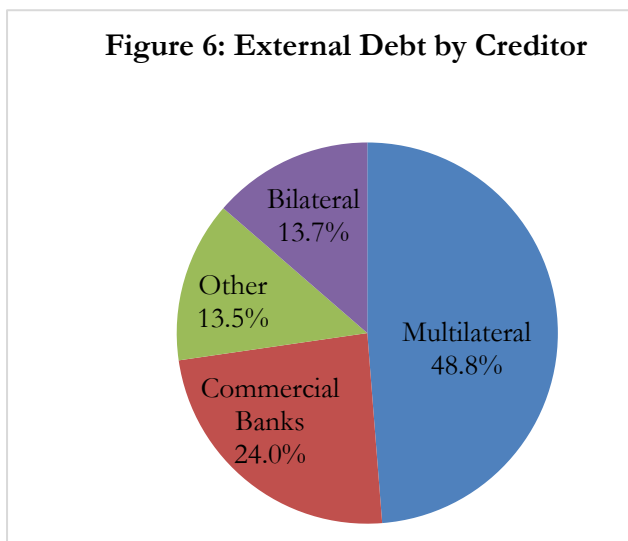


2.0 EXTERNAL PUBLIC SECTOR DEBT

Figure 5 shows that, as at 31 March 2020, total external debt stood at \$374.6m (15.6 percent of GDP). Over the review period, external debt declined by \$18.9m or 4.8 percent. Central Government’s external borrowing accounted for 83.8 percent of total external financing while external borrowing by the NIA and Public Corporations in St. Kitts and Nevis comprised the remaining 16.2 percent.



The main sources of external debt financing as at March 2020 were Multilateral Creditors (48.8 percent) followed by Commercial Banks (24.0 percent) with Bilateral Creditors and Other Creditors accounting for 13.7 percent and 13.5 percent respectively (See Figure 6).





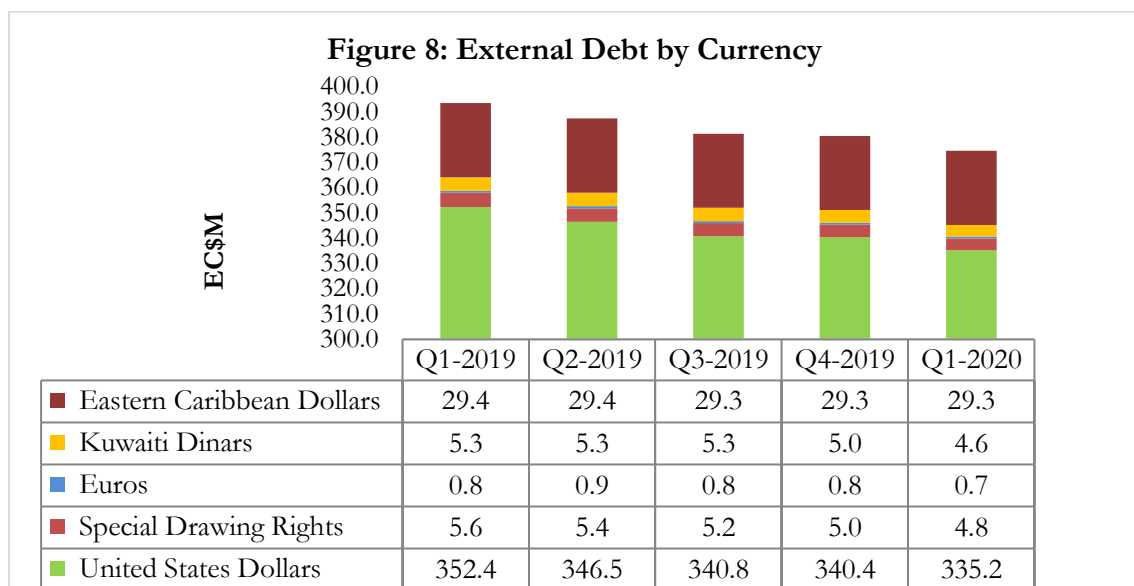
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Fixed rate debt represented \$204.4m or 54.6 percent of total external debt whereas variable rate debt accounted for the remaining \$170.2m or 45.4 percent (See Figure 7).

As at March 2020, the United States Dollar remained the most dominant currency in the external debt portfolio. It accounted for 89.5 percent of total external debt (See Figure 8). The EC Dollar comprised 7.8 percent of external debt, Special Drawings Rights (SDR) and Kuwaiti Dinars totalled 1.3 percent and 1.2 percent respectively, and Euros 0.2 percent.

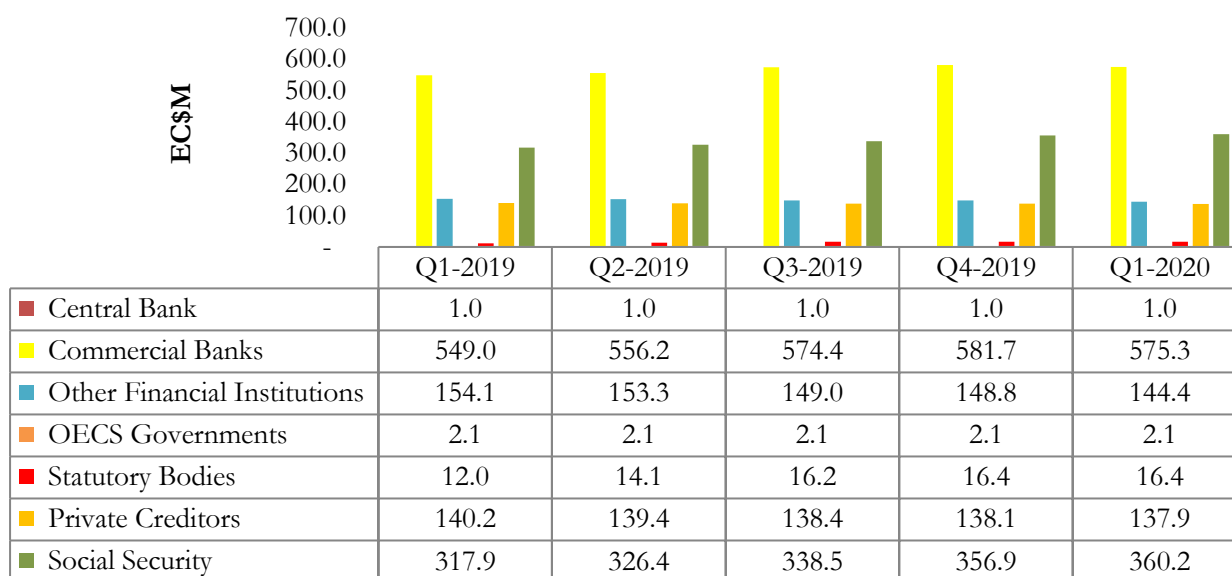


3.0 DOMESTIC PUBLIC SECTOR DEBT

At end of the review period, domestic debt was recorded at \$1,237.3m or 51.8 percent of GDP. This reflected a \$61.0m or 5.2 percent increase compared to the corresponding period in 2019 (\$1,176.3m). The growth in the domestic debt was mainly attributed to a \$42.3m surge in borrowing from the Social Security Board and a \$26.3m rise in new debt from Commercial Banks.



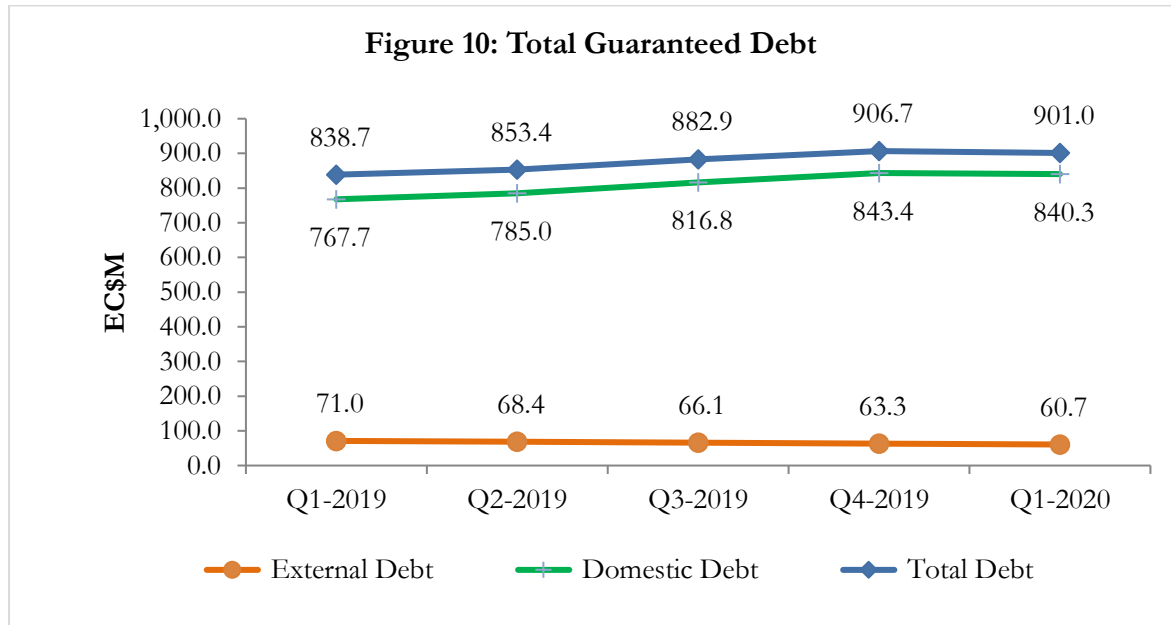
Figure 9: Domestic Debt by Creditor Category



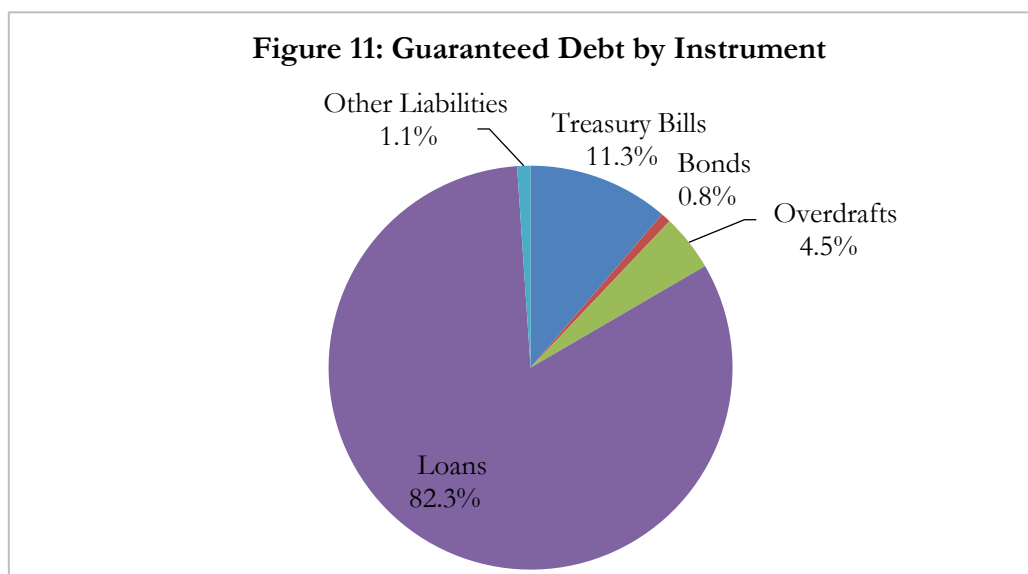
The main holders of domestic debt were Commercial Banks (46.5 percent), the Social Security Board (29.1 percent), Other Financial Institutions (11.7 percent), and Private Creditors (11.1 percent) (see Figure 9).

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 \$901.0m at the end of March 2020 with domestic debt accounting for \$840.3m (93.3 percent) and external debt representing the remaining \$60.7m (6.7 percent) (See Figure 10).

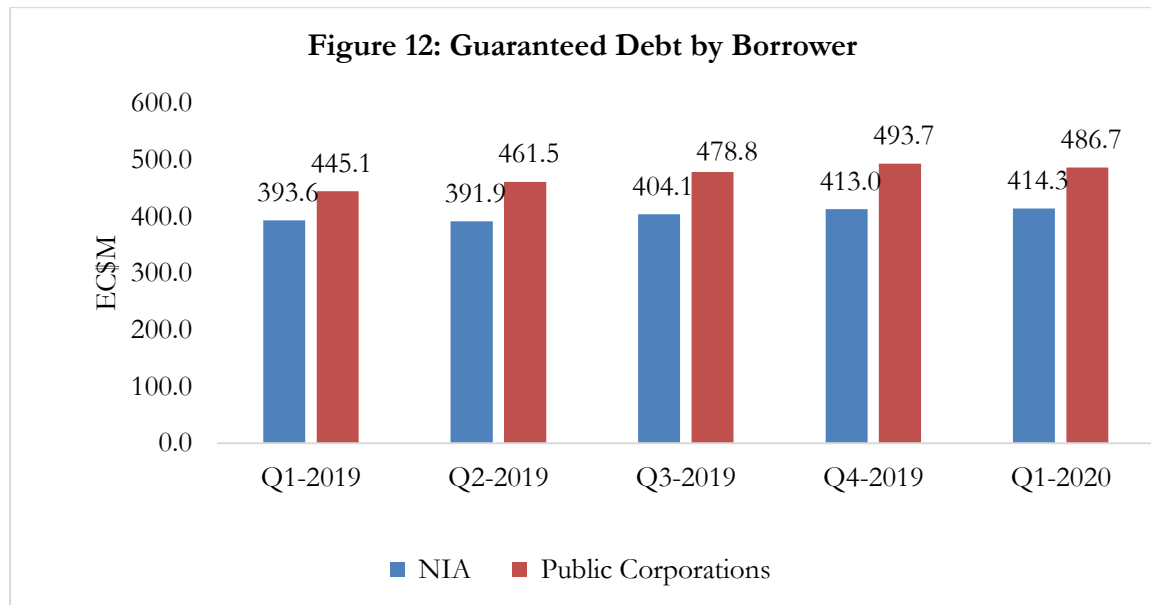


Loan instruments (82.3 percent) were the most dominant guaranteed type of debt for the period ending March 2020. Treasury Bills (11.3 percent), Overdrafts (4.5 percent), Other Liabilities (1.1 percent) and Bonds (0.8 percent) also contributed to the composition of guaranteed debt (see Figure 11).



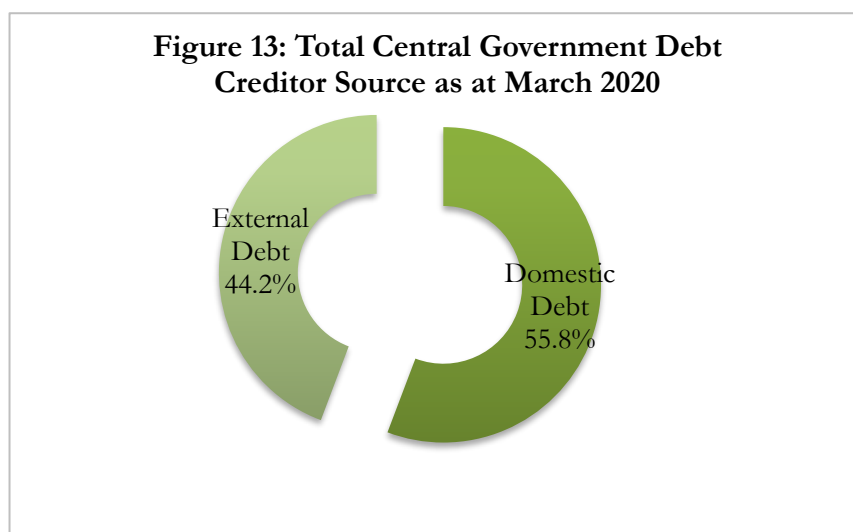


As at March 2020, the Public Corporations' debt accounted for \$486.7m or 54.0 percent of the Total Guaranteed Debt while the NIA's debt represented \$414.3m or 46.0 percent.



5.0 CENTRAL GOVERNMENT'S DEBT

Central Government's Debt was recorded at \$710.9m with domestic debt accounting for \$397.0m (55.8 percent) while external debt represented \$313.9m (44.2 percent).





6.0 TOTAL DEBT SERVICE

Debt Service Payments: Central Gov., NIA and Public Corps.					
(EC\$M)	Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020
Total Debt Service	29.0	26.2	30.0	28.2	31.0
External Debt Service	10.0	10.0	9.0	10.0	10.0
<i>Principal Repayments</i>	7.0	7.0	6.0	7.0	7.0
<i>Interest Payments</i>	3.0	3.0	3.0	3.0	3.0
Domestic Debt Service	19.0	16.2	21.0	18.2	21.0
<i>Principal Repayments</i>	9.0	4.2	10.0	8.2	12.0
<i>Interest Payments</i>	10.0	12.0	11.0	10.0	9.0

7.0 DISBURSEMENTS

Total Public Sector					
New Financing (EC\$M)	Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020
External	1.0	1.0	1.0	6.0	1.0
Multilateral	1.0	1.0	1.0	6.0	1.0
Domestic	17.0	22.0	27.0	28.0	5.0
Commercial	11.0	11.0	12.0	8.0	-
Statutory Bodies	6.0	9.0	8.0	16.0	2.0
Other Financial Institutions	-	2.0	7.0	4.0	3.0
Total	18.0	23.0	28.0	34.0	6.0



8.0 DEBT RATIOS

Debt Sustainability Indicators	Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020
Total Debt to GDP	52.4%	52.8%	53.5%	54.3%	67.4%
<i>External Debt to GDP</i>	13.1%	13.0%	12.8%	12.7%	15.6%
<i>Domestic Debt to GDP</i>	39.3%	39.8%	40.7%	41.6%	51.8%
Debt Service Ratio	11.4%	8.1%	11.8%	10.6%	13.6%
<i>External Debt Service Ratio</i>	3.9%	3.1%	3.5%	3.7%	4.4%
<i>Domestic Debt Service Ratio</i>	7.5%	5.0%	8.3%	6.9%	9.2%
External Debt Service to exports	29.2%	19.4%	20.1%	25.4%	25.2%
Share of Short-Term Debt to Total Debt	22.7%	22.5%	22.8%	22.8%	23.0%
Share of Foreign Currency Debt	32.9%	32.9%	32.4%	32.0%	31.3%
Share of Floating Rate Debt	20.5%	20.1%	19.6%	19.4%	19.4%

9.0 RISK INDICATORS

Risk Indicators	Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020
Weighted Average Interest Rate	3.8%	3.8%	3.8%	3.9%	3.9%
<i>External</i>	2.6%	2.6%	2.6%	2.6%	2.6%
<i>Domestic</i>	4.2%	4.2%	4.2%	4.3%	4.3%
Average Time to Maturity (years)	10.3	10.3	10.3	10.3	9.8
<i>External</i>	8.6	8.6	8.7	8.7	8.1
<i>Domestic</i>	10.8	10.8	10.8	10.7	10.3
Average Time to Re-fixing (years)	7.7	7.7	7.8	7.8	7.4
<i>External</i>	5.6	5.5	5.6	5.6	5.3
<i>Domestic</i>	8.4	8.4	8.5	8.5	8.1
Share of debt to be re-fixed within one year	26.0%	25.0%	25.0%	25.0%	28.0%