

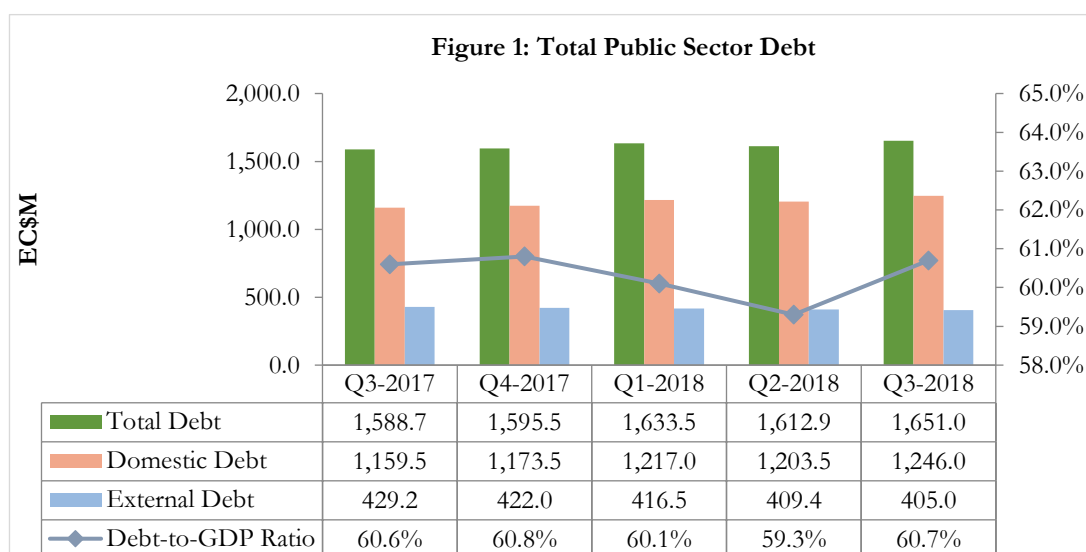


INTRODUCTION

The Quarterly Debt Bulletin summarises the Public Sector Debt position of St. Kitts and Nevis from 30 September 2017 to 30 September 2018 in millions of EC currency. The Bulletin highlights 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 \$1,651.0m (60.7 percent of GDP) at the end of September 2018 (See Figure 1). Over the review period, the debt stock increased by \$62.3m or 3.9 percent when compared to the comparative period in 2017 (\$1,588.7m).



The total amount of outstanding debt increased marginally by 0.4 percent for the quarter ending December 2017. However, for quarter ending March 2018 the debt stock grew significantly by 2.4 percent and declined 1.3 percent the following quarter (June 2018). For the current quarter (September 2018), the total public sector debt increased by 2.4 percent. On average, over the review period, the total public sector debt increased by 1.0 percent per quarter.

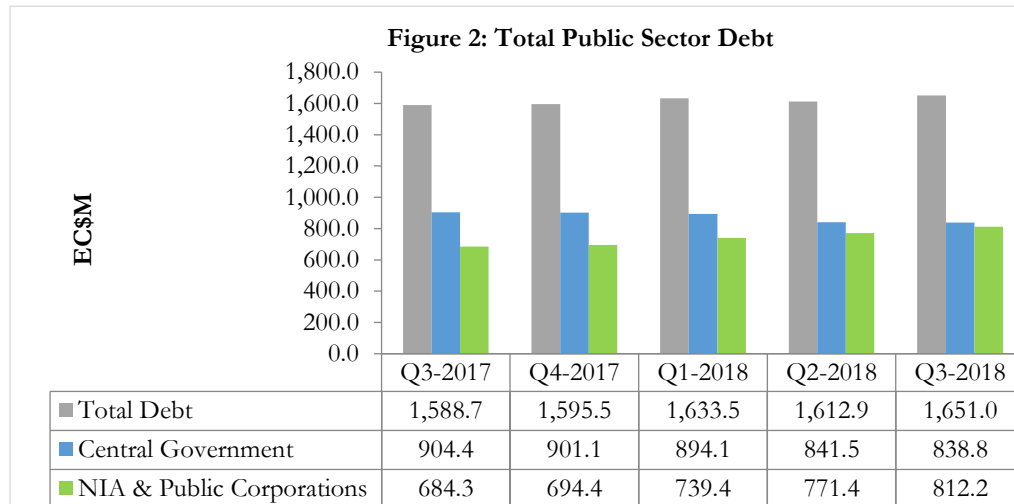


**Public Sector Debt
Government of Saint Kitts and Nevis
Ministry of Finance**

QUARTERLY DEBT BULLETIN AS AT 30 September 2018

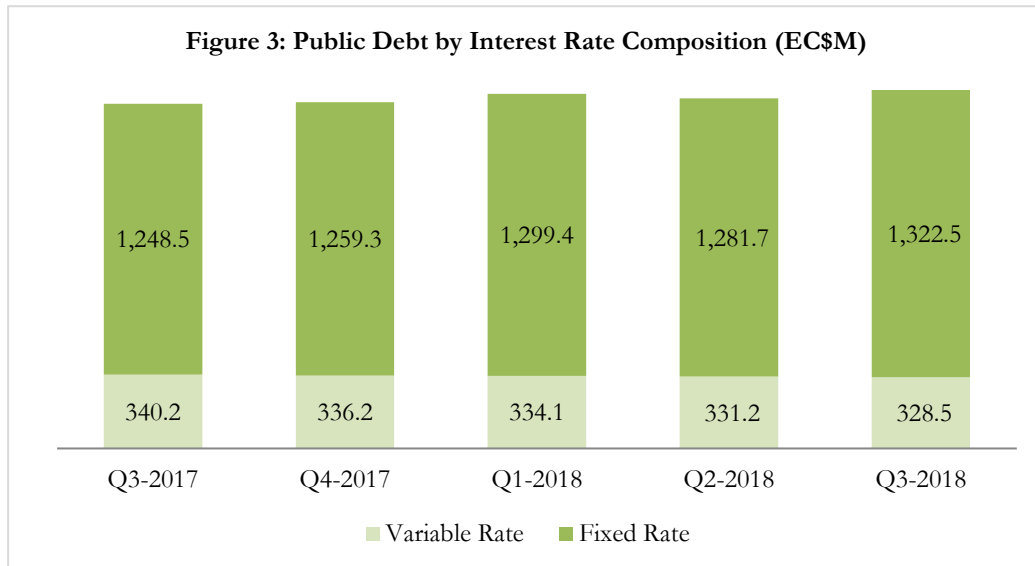
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Total Public Sector Debt is comprised of Central Government Debt and Total Guaranteed Debt which encompasses the Nevis Island Administration (NIA) debt and the Public Corporations in St. Kitts and Nevis. Central Government’s share of the Total Debt was 50.8 percent, a decline of 6.1 percentage points compared to September 2017 (56.9 percent) (See Figure 2).

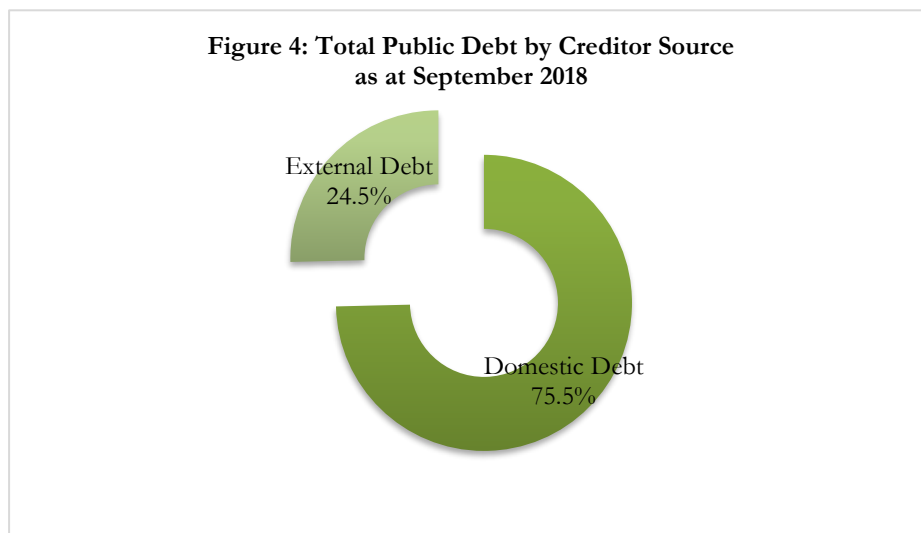


Over the review period, Central Government’s Debt decreased by an average of 1.9 percent per quarter for a total decline of 7.3 percent. Conversely, total guaranteed increased by an average of 4.4 percent per quarter and an overall growth of 18.7 percent.

The interest rate composition of the total public sector debt showed an increase in Fixed Rate debt of \$74.0m from \$1,248.5m in September 2017 to \$1,322.5m by September 2018. On the other hand, Variable Rate debt declined by \$11.7m from \$340.2m in September 2017 to \$328.5m in September 2018 (See Figure 3).



As at September 2018, domestic debt accounted for 75.5 percent of total public debt while external debt accounted for the remaining 24.5 percent (See Figure 4).

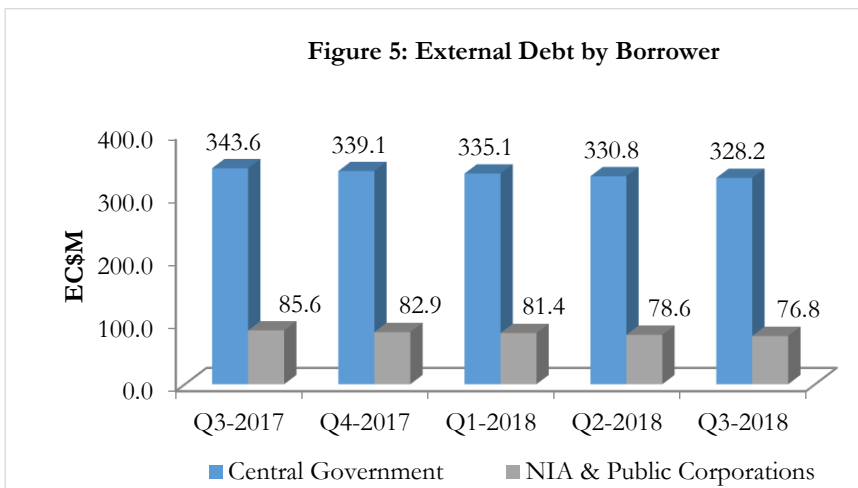




2.0 EXTERNAL PUBLIC SECTOR DEBT

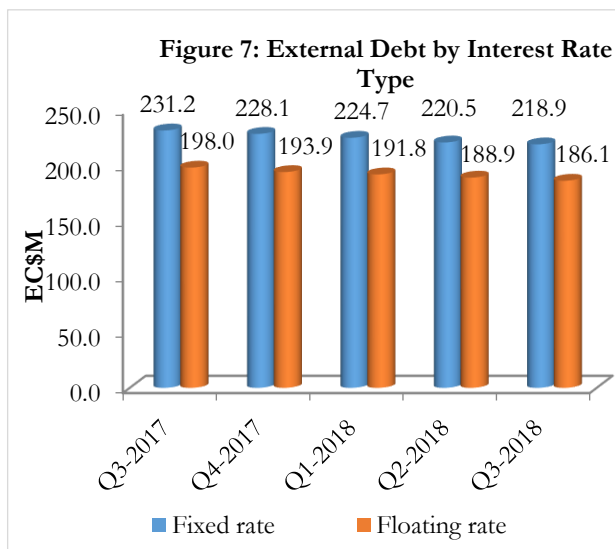
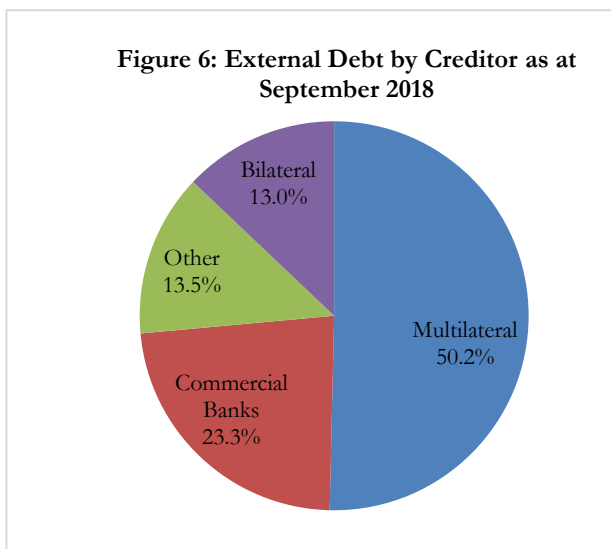
For the quarter ending 30 September 2018, total external debt stood at \$405.0m (14.9 percent of GDP). Over the review period, external debt declined by \$24.2m or 5.6 percent.

Central Government's external borrowing accounted for (81.0 percent) of total external financing while external borrowing by the



NIA and Public Corporations in St. Kitts and Nevis comprised the remaining 19.0 percent (see Figure 5).

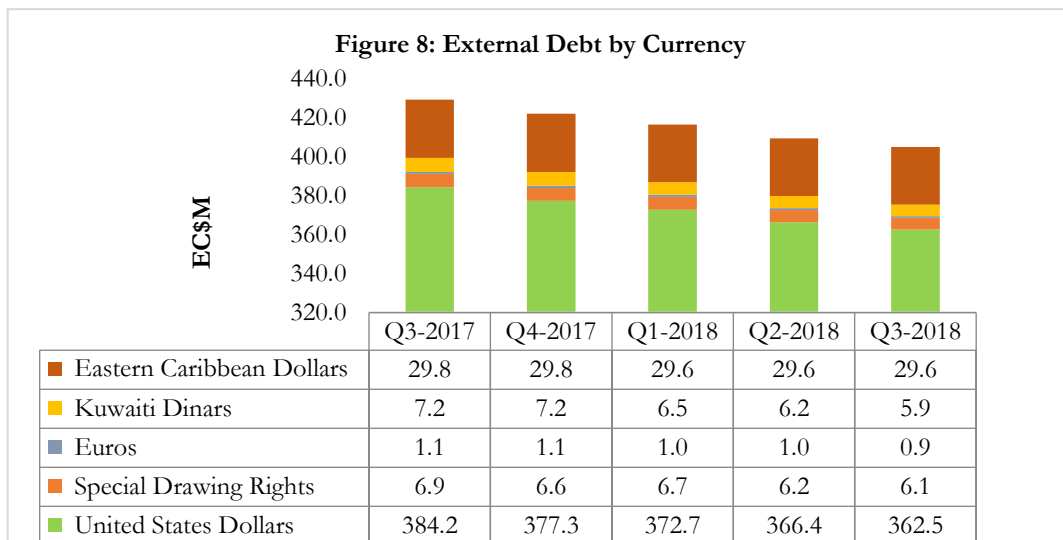
At the end of September 2018, the main sources of external debt financing were Multilateral Creditors (50.2 percent) followed by Commercial Banks (23.3 percent) with Other Creditors and Bilateral Creditors accounting for 13.5 percent and 13.0 percent respectively (See Figure 6).





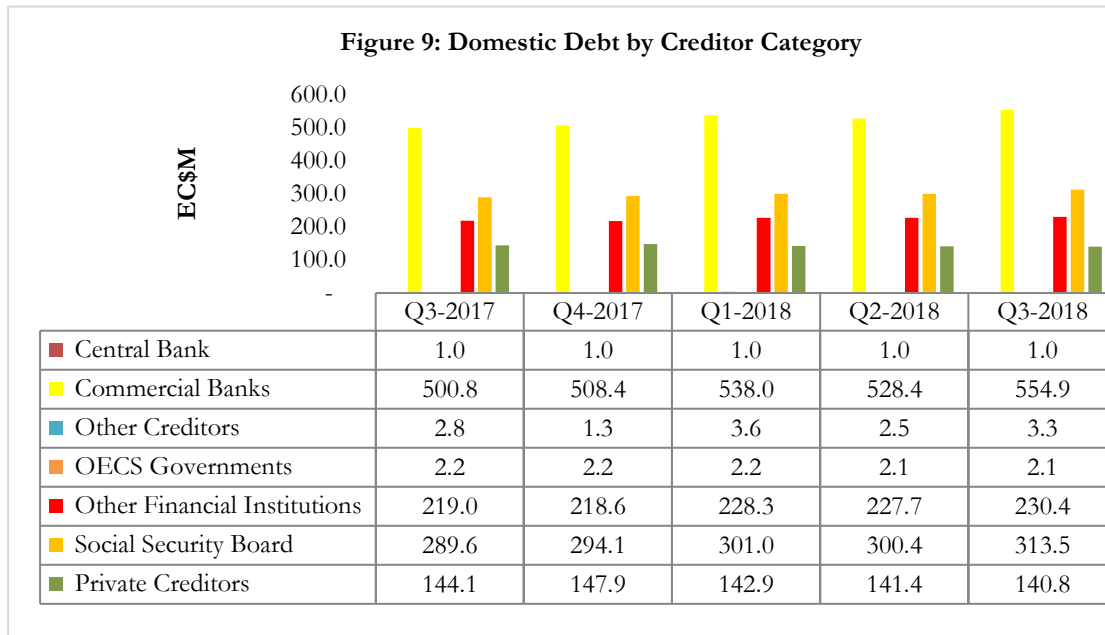
For the current quarter, fixed rate debt represented for 54.0 percent of total external debt whereas variable rate debt accounted for the remaining 46.0 percent (See Figure 7). Compared to the corresponding period in 2017, the fixed rate debt and variable rate debt declined by \$12.4m and \$11.8m respectively.

External debt was predominantly (89.5 percent) denominated in US Dollars (See Figure 8). The EC Dollar comprised 7.3 percent of external debt whereas, Kuwaiti Dinars and Special Drawings Rights (SDR) totalled 1.5 percent each and Euros 0.2 percent.



3.0 DOMESTIC PUBLIC SECTOR DEBT

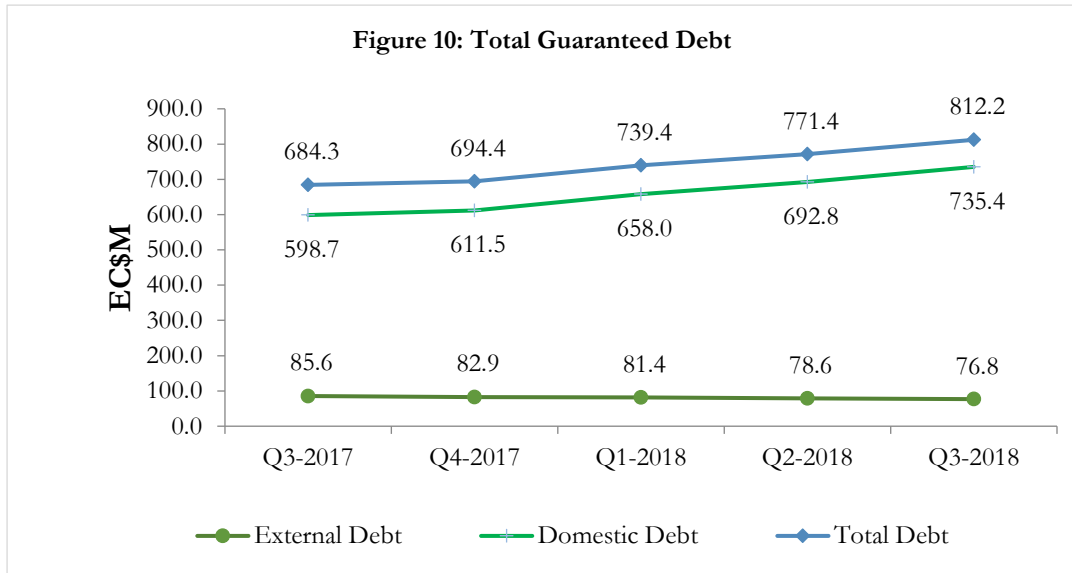
As at September 2018, domestic debt was recorded at \$1,246.0m or 45.8 percent of GDP, a \$86.5m or 7.5 percent increase compared to the corresponding period in 2017 (\$1,159.5m). The growth in the domestic debt was mainly attributed to disbursements totalling \$46.6m in March, \$34.7m in June 2018 and \$181.0m in September 2018.



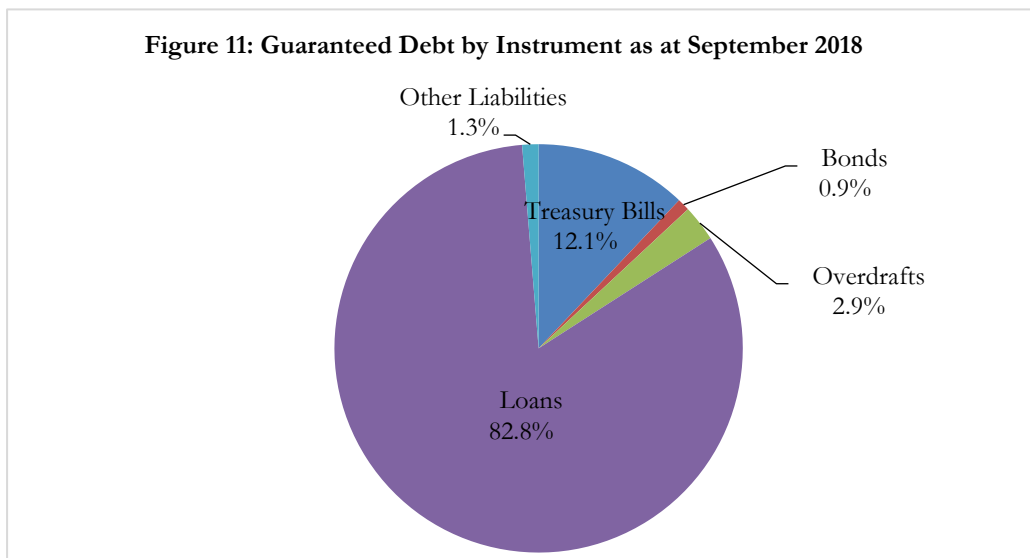
The main holders of domestic debt were Commercial Banks (44.5 percent), Social Security Board (25.2 percent), Other Financial Institutions (18.5 percent), and Private Creditors (11.3 percent) (see Figure 9). The main contributors towards the increase in domestic debt were Commercial Banks (\$54.1m), the Social Security Board (\$23.9m) and Other Financial Institutions (\$11.4m).

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 \$812.2m at the end of September 2018 with external debt accounting for \$76.8m (9.5 percent) and domestic debt representing \$735.4m (90.5 percent) (See Figure 10).



The main instruments comprising the guaranteed debt were Loans (82.8 percent), Treasury Bills (12.1 percent), Overdrafts (2.9 percent), Other Liabilities (1.3 percent) and Bonds (0.9 percent) (see Figure 11).



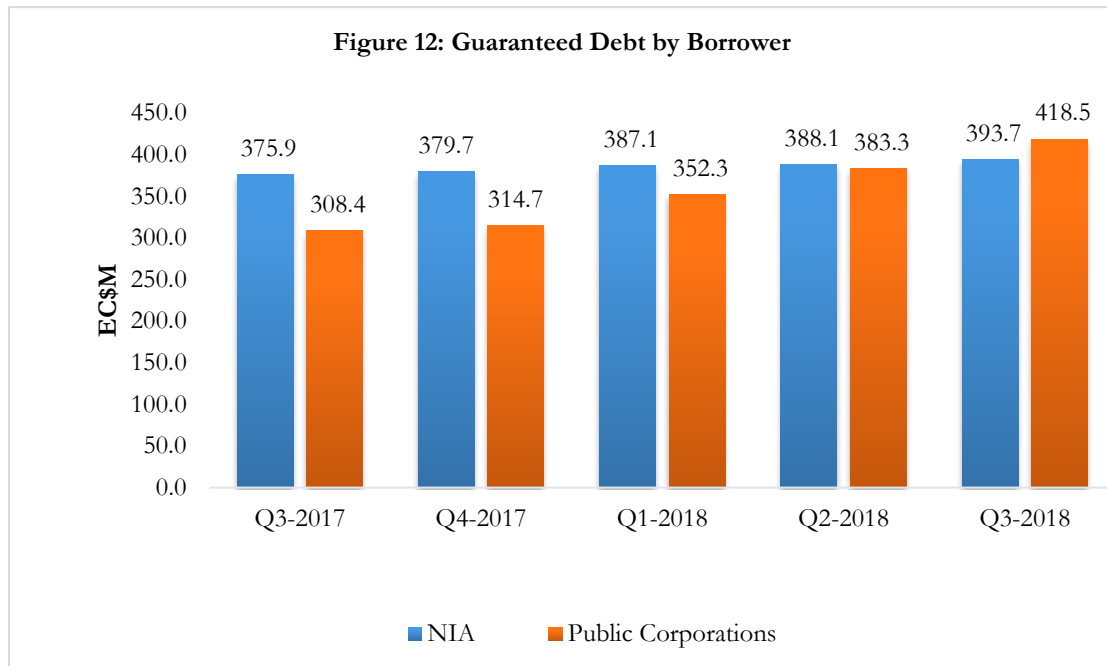


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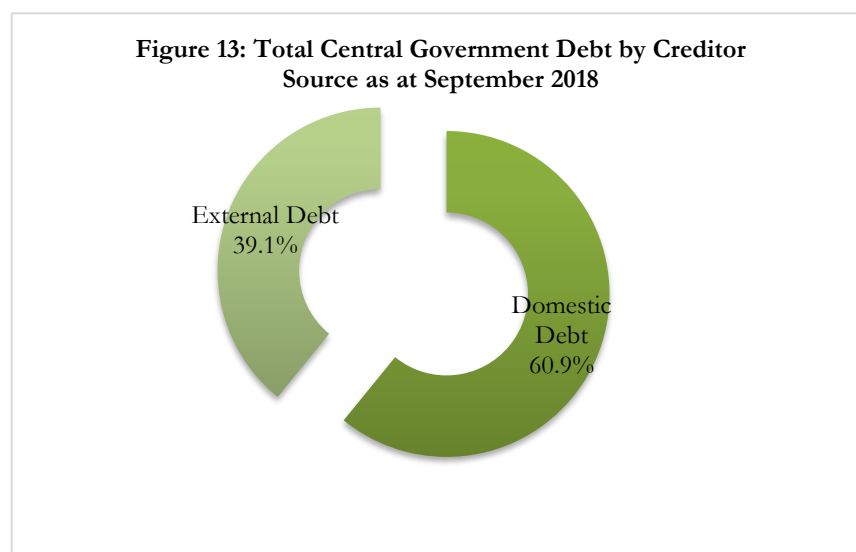
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As at September 2018, the Public Corporation's debt accounted for \$418.5m or 51.5 percent of the Total Guaranteed Debt while the NIA debt for the represented \$393.7m or 48.5 percent.



5.0 CENTRAL GOVERNMENT'S DEBT

Central Government's Debt was recorded at \$838.8m with domestic debt accounting for \$510.6m (60.9 percent) while external debt represented \$328.2m (39.1 percent).





6.0 TOTAL DEBT SERVICE

Debt Service Payments: Central Gov., NIA and Public Corps.					
(EC\$M)	Q3-2017	Q4-2017	Q1-2018	Q2-2018	Q3-2018
Total Debt Service	21.2	21.5	20.2	26.4	23.9
External Debt Service	9.6	10.1	10.0	10.5	9.5
<i>Principal Repayments</i>	7.1	7.4	7.3	7.6	7.0
<i>Interest Payments</i>	2.5	2.7	2.7	2.9	2.5
Domestic Debt Service	11.6	11.4	10.2	15.9	14.4
<i>Principal Repayments</i>	1.9	2.9	3.4	2.7	4.5
<i>Interest Payments</i>	9.7	8.5	6.8	13.2	9.9

7.0 DISBURSEMENTS

Total Public Sector					
New Financing (EC\$M)	Q3-2017	Q4-2017	Q1-2018	Q2-2018	Q3-2018
External	0.1	0.2	1.5	0.7	2.6
Multilateral	0.1	0.2	1.5	0.7	2.6
Commercial	-	-	-	-	-
Domestic	13.4	6.0	46.6	34.7	181.0
Commercial	4.0	-	27.8	34.7	163.0
Statutory Bodies	9.4	6.0	8.1	-	13.9
Other Financial Institutions	-	-	10.7	-	4.1



8.0 DEBT RATIOS

Debt Sustainability Indicators	Q3-2017	Q4-2017	Q1-2018	Q2-2018	Q3-2018
Total Debt to GDP	60.6%	60.8%	60.1%	59.3%	60.7%
<i>External Debt to GDP</i>	16.4%	16.1%	15.3%	15.1%	14.9%
<i>Domestic Debt to GDP</i>	44.2%	44.7%	44.8%	44.2%	45.8%
Debt Service Ratio	10.3%	10.8%	10.2%	10.1%	8.4%
<i>External Debt Service Ratio</i>	4.7%	5.1%	5.1%	4.0%	3.4%
<i>Domestic Debt Service Ratio</i>	5.7%	5.7%	5.2%	6.1%	5.1%
External Debt Service to exports	30.3%	28.2%	31.9%	23.8%	29.5%
Share of Short Term Debt to Long Term Debt	47.1%	49.3%	47.1%	42.9%	31.2%
Share of Foreign Currency to Domestic Currency	11.5%	11.5%	10.2%	10.1%	10.1%
Share of Fixed Rate Debt to Floating Rate debt	3.8%	3.8%	3.8%	3.8%	4.0%

9.0 RISK INDICATORS

Risk Indicators	Q3-2017	Q4-2017	Q1-2018	Q2-2018	Q3-2018
Weighted Average Interest Rate	4.5%	4.5%	4.6%	4.5%	4.2%
<i>External</i>	2.6%	2.6%	2.6%	2.6%	2.6%
<i>Domestic</i>	5.2%	5.2%	5.2%	5.2%	4.7%
Average Time to Maturity (years)			8.9	9.1	10.2
<i>External</i>			8.8	8.9	9.0
<i>Domestic</i>			8.9	9.2	10.7
Average Time to Re-fixing (years)			6.3	6.4	7.6
<i>External</i>			5.6	5.6	5.7
<i>Domestic</i>			6.5	6.7	8.3
Share of debt to be re-fixed within one year			36.0%	34.0%	27.0%