

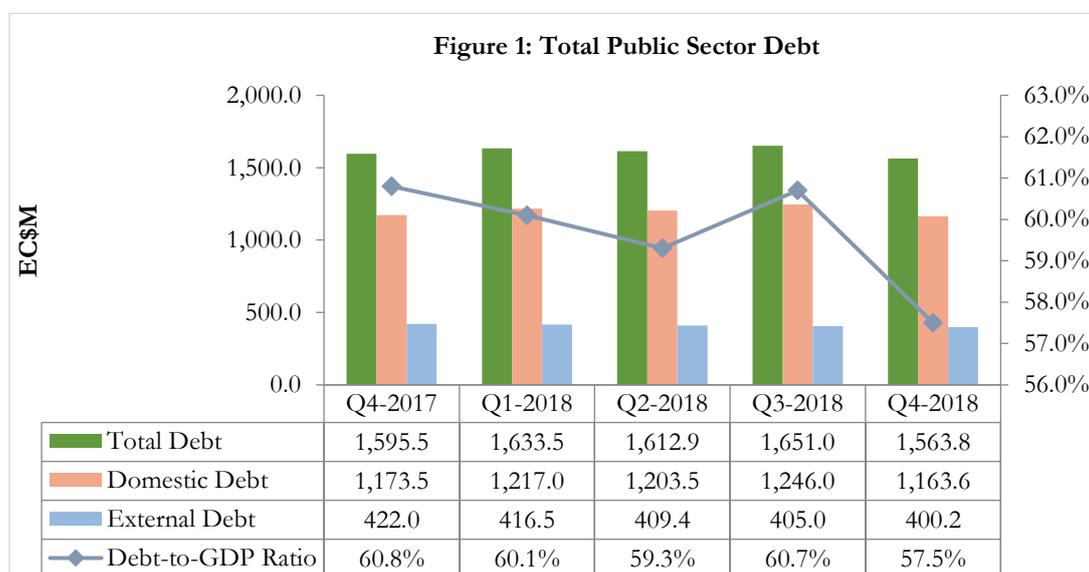


**INTRODUCTION**

The Quarterly Debt Bulletin summarises the Public Sector Debt position of St. Kitts and Nevis from 31 December 2017 to 31 December 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 \$1,563.8m (57.5 percent of GDP) at the end of December 2018 (See Figure 1). Over the review period, the debt stock decreased by \$31.7m or 2.0 percent when compared to the comparative period in 2017 (\$1,595.5m).



Over the review period, the most notable increases in the debt stock occurred during the quarters ending March 2018 and September 2018 where the total amount of outstanding debt increased by 2.4 percent in each quarter. Additionally, quarter ending June 2018 experienced a marginal decline in the debt stock of 1.3 percent. For the current quarter (December 2018) total public debt significantly decreased by 5.3 percent.

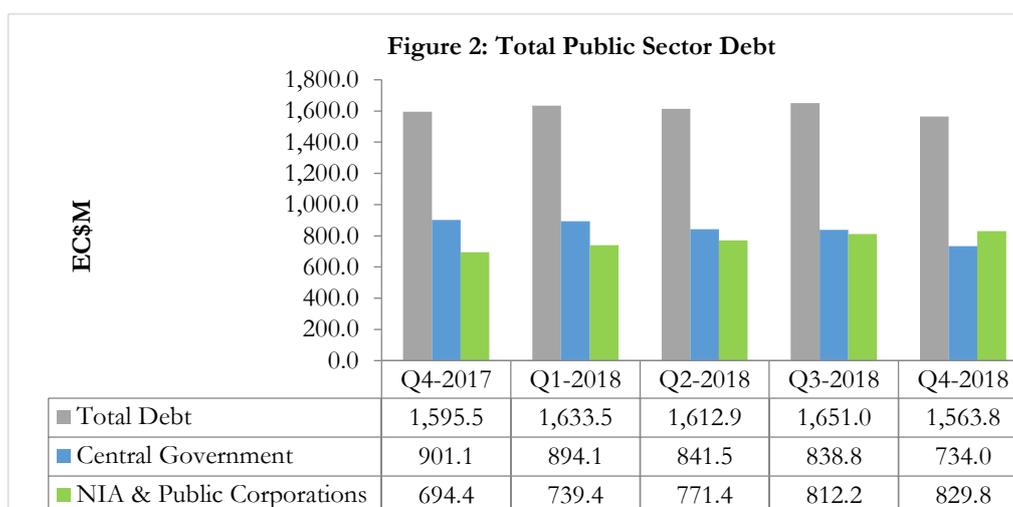


**Public Sector Debt  
Government of Saint Kitts and Nevis  
Ministry of Finance**

**QUARTERLY DEBT BULLETIN AS AT 31 December 2018**

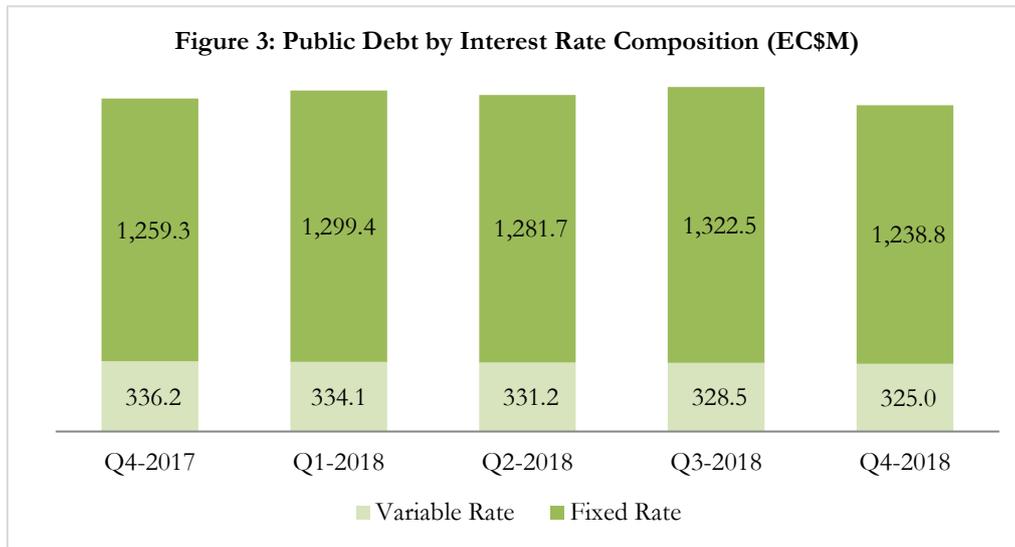
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Central Government’s share of the Total Debt was 46.9 percent, a decline of 9.6 percentage points compared to December 2017 (56.5 percent) (See Figure 2). Over the review period, Central Government’s Debt decreased by an average of 4.9 percent per quarter for a total decline of 18.5 percent. The most notable reduction in the debt stock was observed in December 2018 with a decline of \$104.8m.

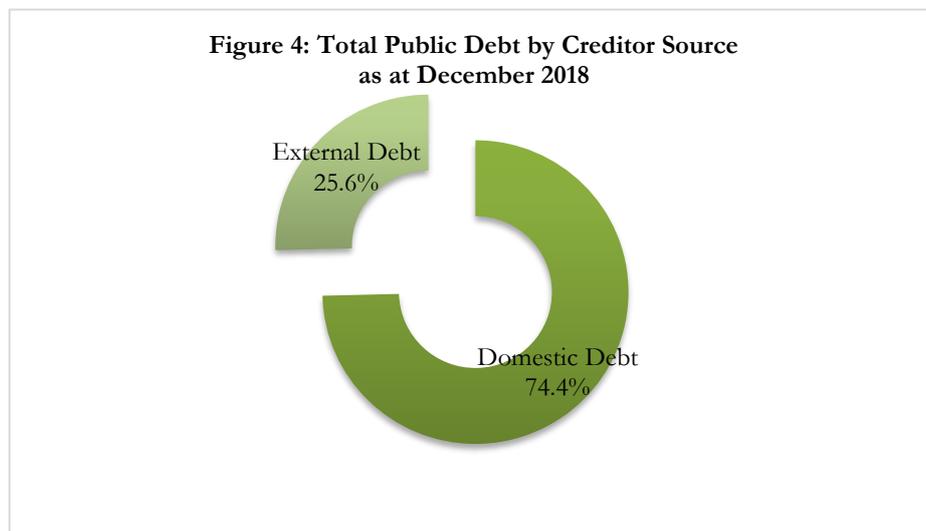


Conversely, total guaranteed debt comprising the Nevis Island Administration (NIA) and Public Corporations increased by an average of 4.6 percent per quarter and an overall growth of 19.5 percent.

The interest rate composition of the total public sector debt showed a decrease in Fixed Rate debt of \$20.5m from \$1,259.3m in December 2017 to \$1,238.8m by December 2018. Similarly, Variable Rate debt declined by \$11.2m from \$336.2m in December 2017 to \$325.0m in December 2018 (See Figure 3).



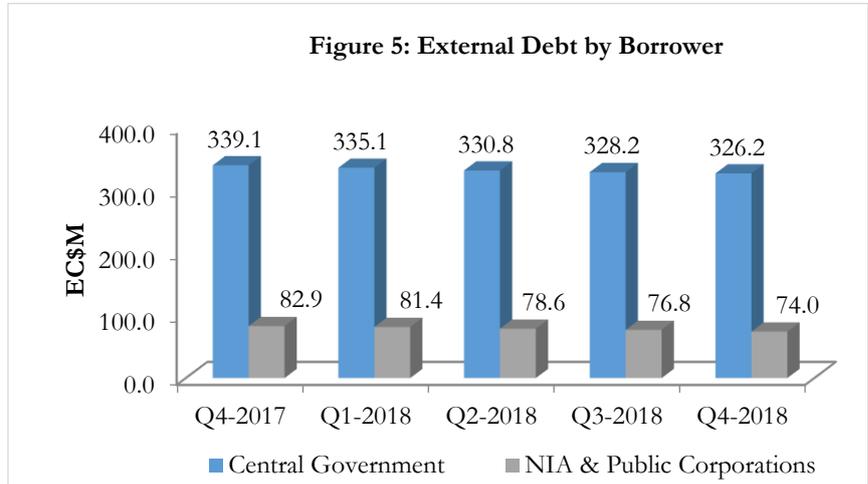
As at September 2018, domestic debt accounted for 74.4 percent of total public debt while external debt accounted for the remaining 25.6 percent (See Figure 4).





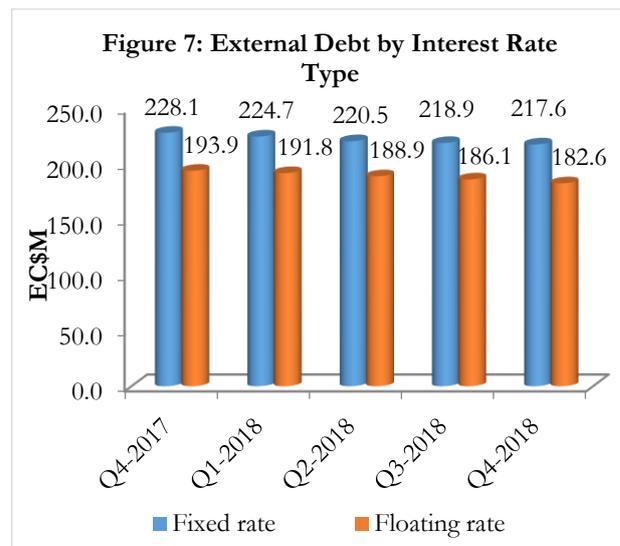
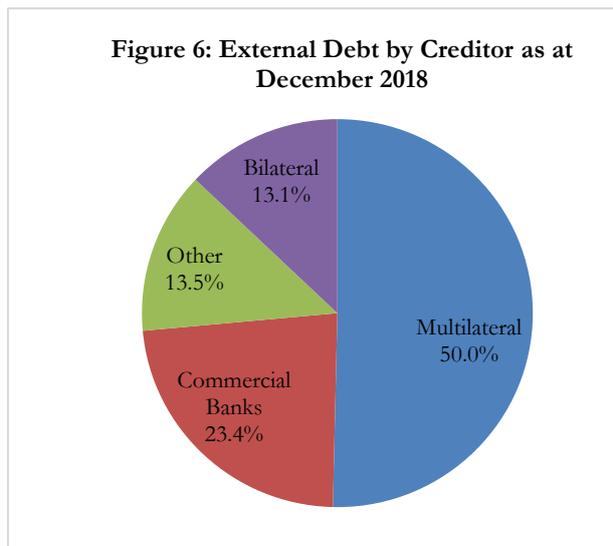
**2.0 EXTERNAL PUBLIC SECTOR DEBT**

For the quarter ending 31 December 2018, total external debt stood at \$400.2m (14.7 percent of GDP). Over the review period, external debt declined by \$21.8m or 5.2 percent. Central Government's external



borrowing accounted for (81.6 percent) of total external financing while external borrowing by the NIA and Public Corporations in St. Kitts and Nevis comprised the remaining 18.4 percent (see Figure 5).

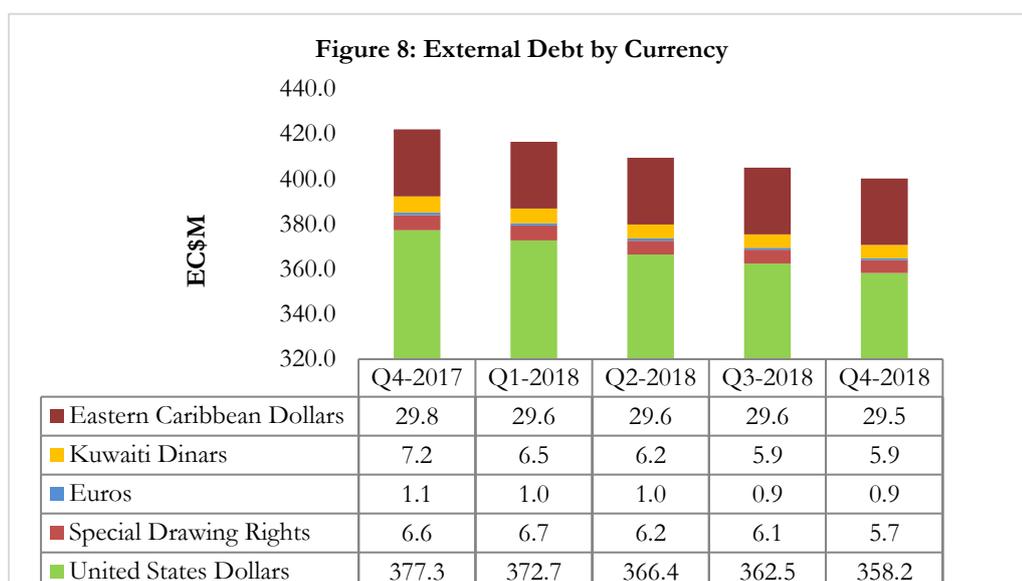
At the end of December 2018, the main sources of external debt financing were Multilateral Creditors (50.0 percent) followed by Commercial Banks (23.4 percent) with Other Creditors and Bilateral Creditors accounting for 13.5 percent and 13.1 percent respectively (See Figure 6).





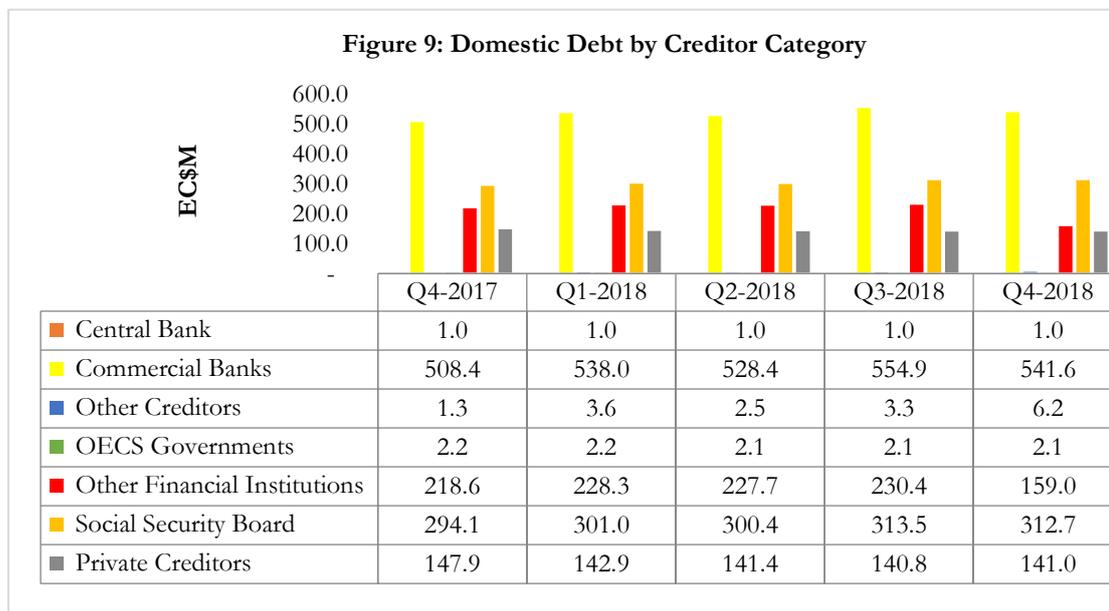
Fixed rate debt represented for 54.4 percent of total external debt whereas variable rate debt accounted for the remaining 45.6 percent (See Figure 7).

External debt was predominantly (89.5 percent) denominated in US Dollars (See Figure 8). The EC Dollar comprised 7.4 percent of external debt, Kuwaiti Dinars and Special Drawings Rights (SDR) totalled 1.5 percent and 1.4 percent respectively, and Euros 0.2 percent.



### 3.0 DOMESTIC PUBLIC SECTOR DEBT

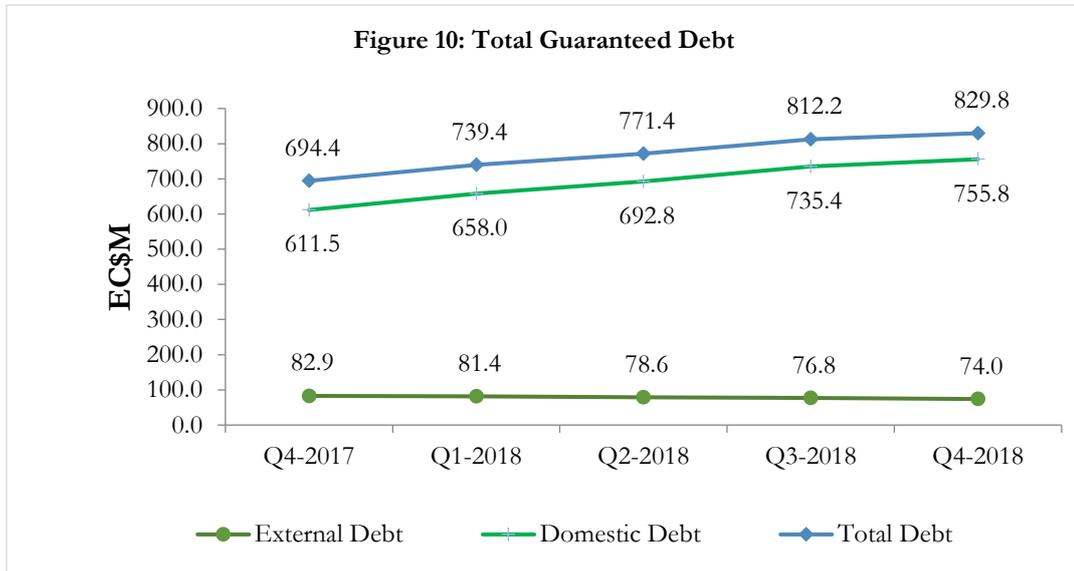
As at December 2018, domestic debt was recorded at \$1,163.6m or 42.8 percent of GDP, a \$9.9m or 0.8 percent decrease compared to the corresponding period in 2017 (\$1,173.5m). The decline in the domestic debt was mainly attributed to a \$59.6m decrease in debt held by Other Financial Institutions and a \$6.9m reduction in outstanding obligations to Private Creditors.



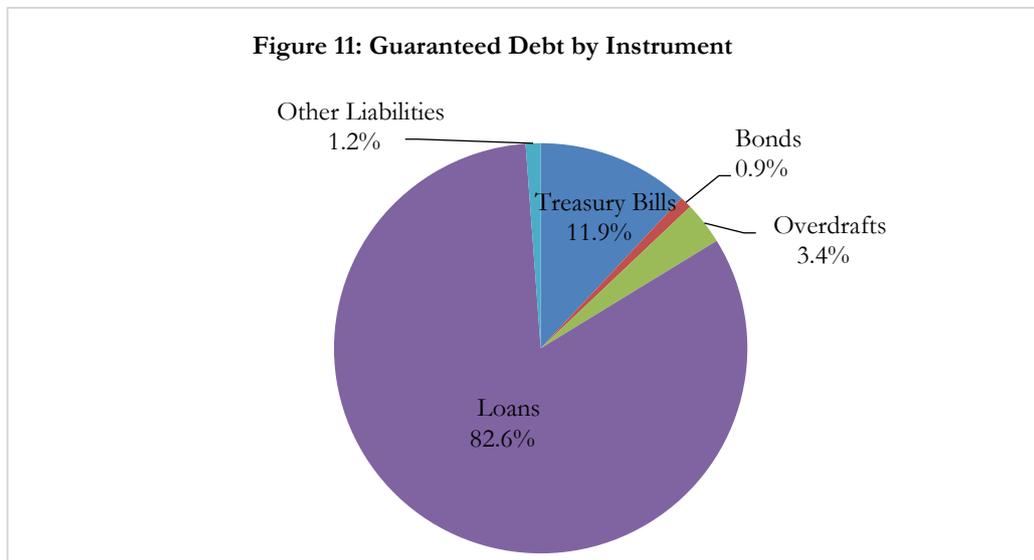
The main holders of domestic debt were Commercial Banks (46.5 percent), Social Security Board (26.9 percent), Other Financial Institutions (13.7 percent), and Private Creditors (12.1 percent) (see Figure 9). Commercial Banks (\$33.2m) and the Social Security Board (\$18.6m) were the main contributors towards the increase in domestic debt.

#### 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 \$829.8m at the end of December 2018 with external debt accounting for \$74.0m (8.9 percent) and domestic debt representing \$755.8m (91.1 percent) (See Figure 10).



The main instruments comprising the guaranteed debt were Loans (82.6 percent), Treasury Bills (11.9 percent), Overdrafts (3.4 percent), Other Liabilities (1.2 percent) and Bonds (0.9 percent) (see Figure 11).



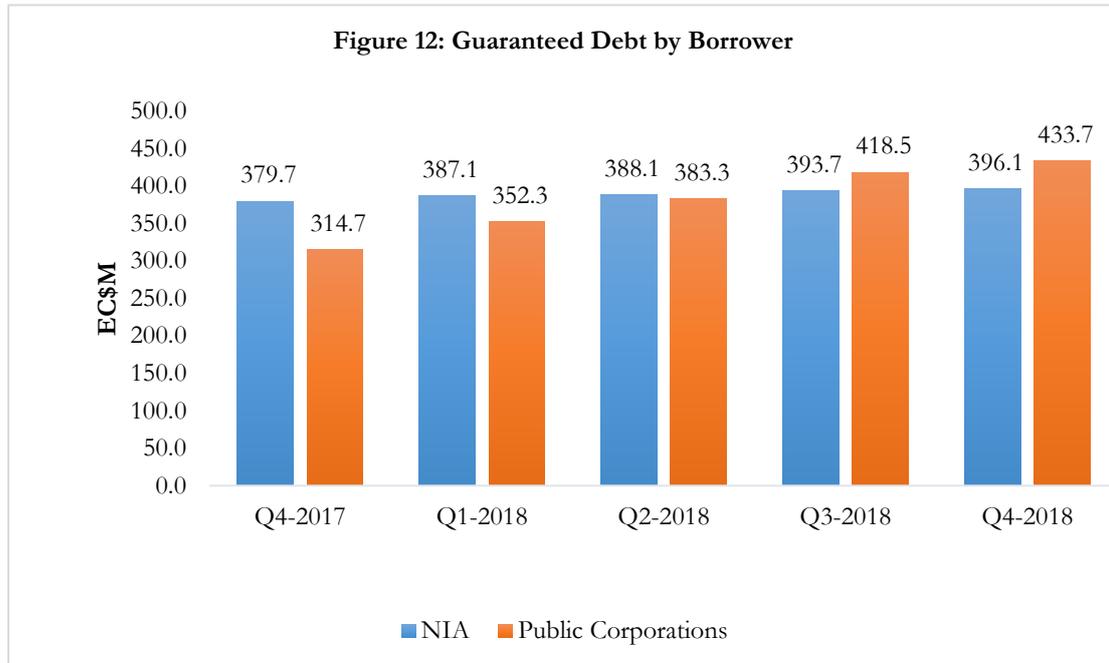


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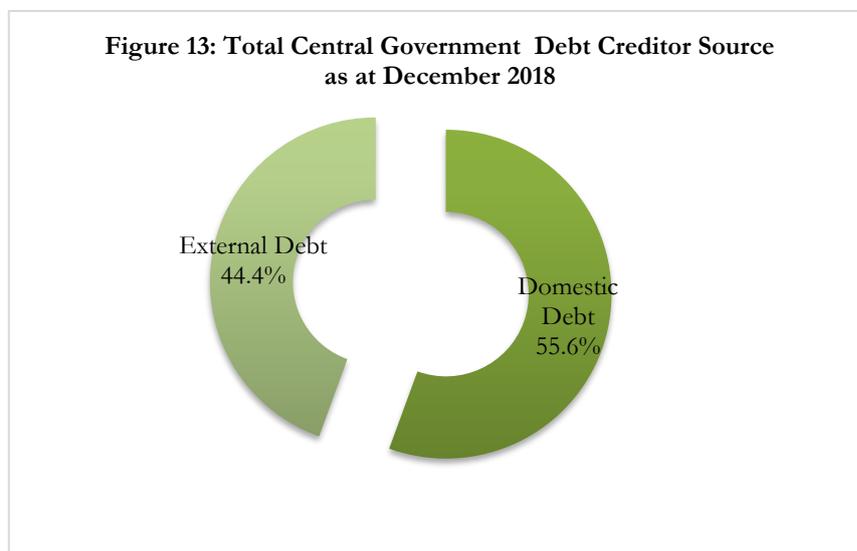
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As at December 2018, the Public Corporation's debt accounted for \$433.7m or 52.3 percent of the Total Guaranteed Debt while the NIA debt represented \$396.1m or 47.7percent.



### 5.0 CENTRAL GOVERNMENT'S DEBT

Central Government's Debt was recorded at \$734.0m with domestic debt accounting for \$407.8m (55.6 percent) while external debt represented \$326.2m (44.4 percent).





**6.0 TOTAL DEBT SERVICE**

<b>Debt Service Payments: Central Gov., NIA and Public Corps.</b>					
<b>(EC\$M)</b>	<b>Q4-2017</b>	<b>Q1-2018</b>	<b>Q2-2018</b>	<b>Q3-2018</b>	<b>Q4-2018</b>
<b>Total Debt Service</b>	<b>21.5</b>	<b>20.2</b>	<b>26.4</b>	<b>23.9</b>	<b>42.7</b>
<b>External Debt Service</b>	<b>10.1</b>	<b>10.0</b>	<b>10.5</b>	<b>9.5</b>	<b>9.7</b>
<i>Principal Repayments</i>	7.4	7.3	7.6	7.0	7.0
<i>Interest Payments</i>	2.7	2.7	2.9	2.5	2.7
<b>Domestic Debt Service</b>	<b>11.4</b>	<b>10.2</b>	<b>15.9</b>	<b>14.4</b>	<b>33.0</b>
<i>Principal Repayments</i>	2.9	3.4	2.7	4.5	25.0
<i>Interest Payments</i>	8.5	6.8	13.2	9.9	8.0

**7.0 DISBURSEMENTS**

<b>Total Public Sector</b>					
<b>New Financing (EC\$M)</b>	<b>Q4-2017</b>	<b>Q1-2018</b>	<b>Q2-2018</b>	<b>Q3-2018</b>	<b>Q4-2018</b>
<b>External</b>	<b>0.2</b>	<b>1.5</b>	<b>0.7</b>	<b>2.6</b>	<b>2.2</b>
Multilateral	0.2	1.5	0.7	2.6	2.2
Commercial	-	-	-	-	-
<b>Domestic</b>	<b>6.0</b>	<b>46.6</b>	<b>34.7</b>	<b>181.0</b>	<b>19.1</b>
Commercial	-	27.8	34.7	163.0	19.1
Statutory Bodies	6.0	8.1	-	13.9	-
Other Financial Institutions	-	10.7	-	4.1	-



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**8.0 DEBT RATIOS**

<b>Debt Sustainability Indicators</b>	<b>Q4-2017</b>	<b>Q1-2018</b>	<b>Q2-2018</b>	<b>Q3-2018</b>	<b>Q4-2018</b>
<b>Total Debt to GDP</b>	<b>60.8%</b>	<b>60.1%</b>	<b>59.3%</b>	<b>60.7%</b>	<b>57.5%</b>
<i>External Debt to GDP</i>	16.1%	15.3%	15.1%	14.9%	14.7%
<i>Domestic Debt to GDP</i>	44.7%	44.7%	44.2%	45.8%	42.8%
<b>Debt Service Ratio</b>	<b>10.8%</b>	<b>10.2%</b>	<b>10.1%</b>	<b>8.4%</b>	<b>13.5%</b>
<i>External Debt Service Ratio</i>	5.1%	5.1%	4.0%	3.4%	3.1%
<i>Domestic Debt Service Ratio</i>	5.7%	5.2%	6.1%	5.1%	10.4%
External Debt Service to exports	28.2%	31.9%	23.8%	29.5%	26.7%
Share of Short Term Debt to Long Term Debt	49.3%	47.1%	42.9%	31.2%	29.9%
Share of Foreign Currency to Domestic Currency	11.5%	10.2%	10.1%	10.1%	10.1%
Share of Fixed Rate Debt to Floating Rate Debt	3.8%	3.8%	3.8%	4.0%	3.8%

**9.0 RISK INDICATORS**

<b>Risk Indicators</b>	<b>Q4-2017</b>	<b>Q1-2018</b>	<b>Q2-2018</b>	<b>Q3-2018</b>	<b>Q4-2018</b>
<b>Weighted Average Interest Rate</b>	<b>4.5%</b>	<b>4.6%</b>	<b>4.5%</b>	<b>4.2%</b>	<b>4.3%</b>
<i>External</i>	2.6%	2.6%	2.6%	2.6%	2.6%
<i>Domestic</i>	5.2%	5.2%	5.2%	4.7%	4.8%
<b>Average Time to Maturity (years)</b>		<b>8.9</b>	<b>9.1</b>	<b>10.2</b>	<b>10.3</b>
<i>External</i>		8.8	8.9	9.0	8.5
<i>Domestic</i>		8.9	9.2	10.7	10.9
<b>Average Time to Re-fixing (years)</b>		<b>6.3</b>	<b>6.4</b>	<b>7.6</b>	<b>7.6</b>
<i>External</i>		5.6	5.6	5.7	5.5
<i>Domestic</i>		6.5	6.7	8.3	8.4
<b>Share of debt to be re-fixed within one year</b>		<b>36.0%</b>	<b>34.0%</b>	<b>27.0%</b>	<b>27.0%</b>