

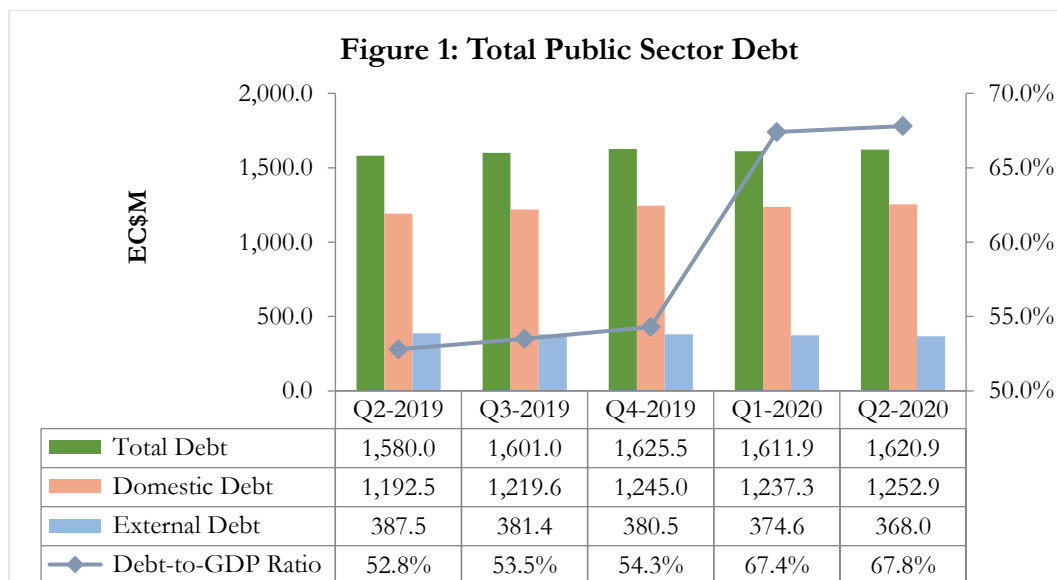


INTRODUCTION

This Quarterly Debt Bulletin summarises the Public Sector Debt position of St. Kitts and Nevis from 30 June 2019 to 30 June 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 \$1,620.9m (67.8 percent of GDP) at the end of June 2020 (See Figure 1). Over the review period, the debt stock increased by \$40.9m or 2.6 percent when compared to the comparative period of June 2019 (\$1,580.0m).



During the period under review, the debt stock increased on a quarterly basis for consecutive quarters September 2019 and December 2019 by an average of 2.8 percent. For the period March 2020, the debt decreased by 0.8 percent then increased by \$9.0 or 0.6 percent for the period June 2020.

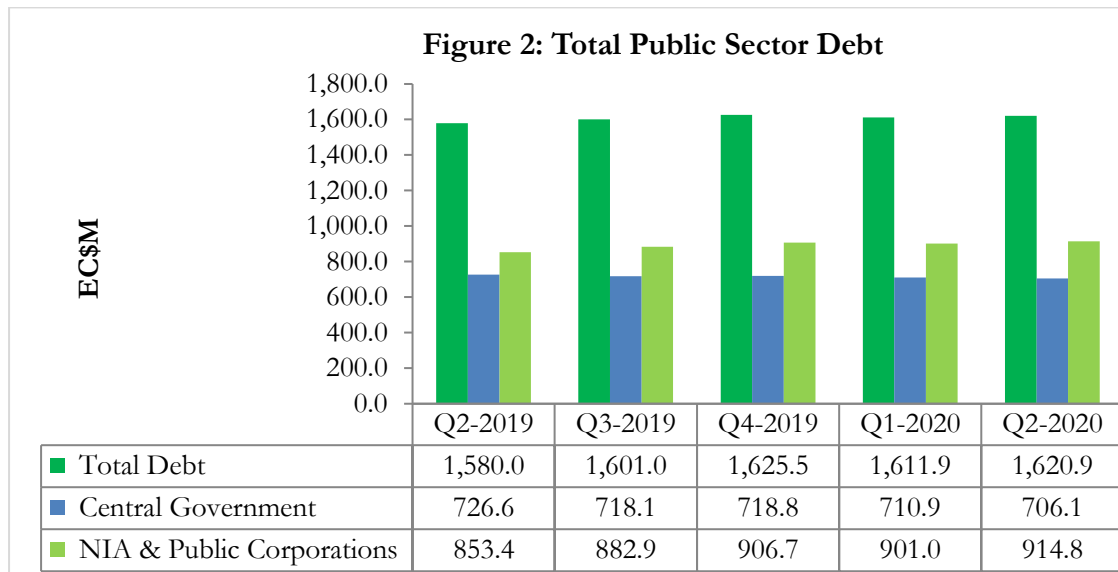


**Public Sector Debt
Government of Saint Kitts and Nevis
Ministry of Finance**

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Central Government’s share of the Total Public Sector Debt was 43.6 percent, a decrease of 2.4 percentage points compared to June 2019 (46.0 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 \$20.5m or 2.8 percent.

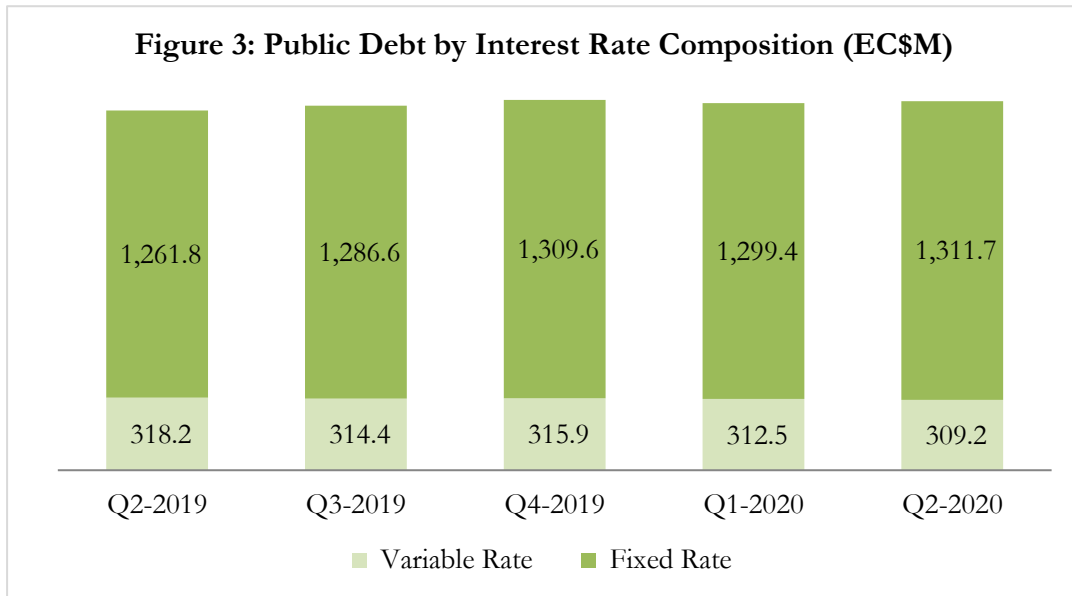


Conversely, Total Guaranteed Debt comprising debt of the Nevis Island Administration (NIA) and Public Corporations, increased by an average of 1.8 percent per quarter and an overall growth of 7.2 percent.

The interest rate composition of the Total Public Sector Debt showed an increase of \$49.9m in Fixed Rate debt from \$1,261.8m in June 2019 to \$1,311.7m by June 2020. On the other hand, Variable Rate debt declined by \$9.0m from \$318.2m in June 2019 to \$309.2m in June 2020 (See Figure 3).

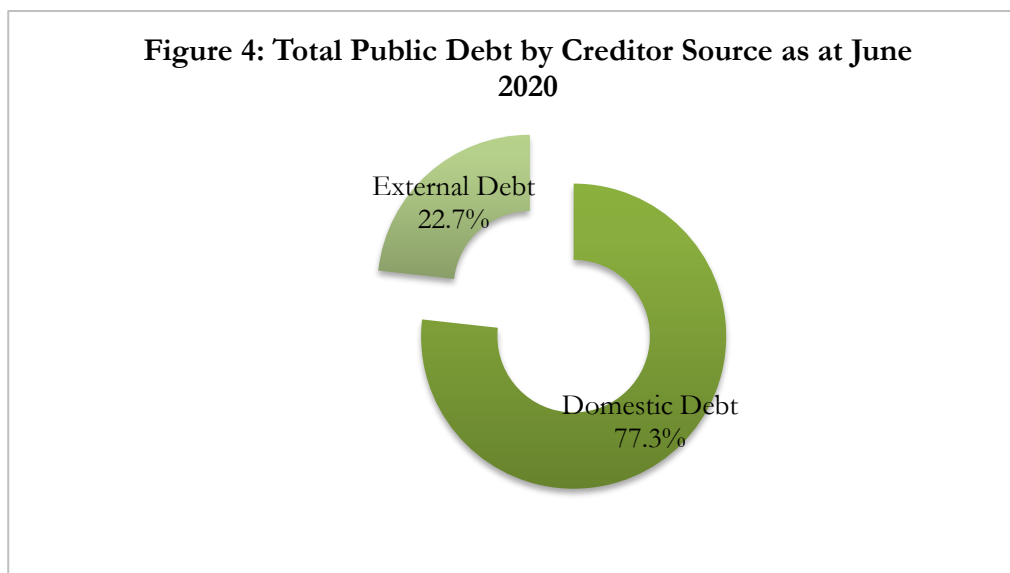


Figure 3: Public Debt by Interest Rate Composition (EC\$M)



As at June 2020, domestic debt accounted for 77.3 percent of Total Public Debt while external debt accounted for the remaining 22.7 percent (See Figure 4).

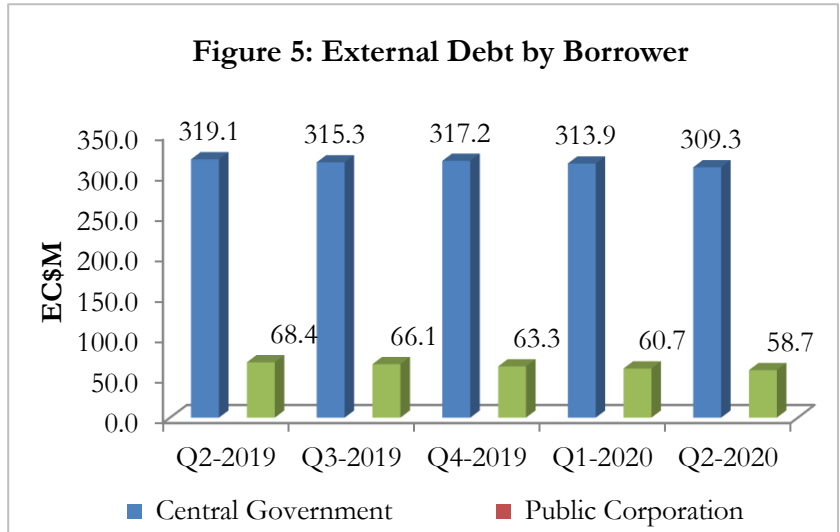
Figure 4: Total Public Debt by Creditor Source as at June 2020



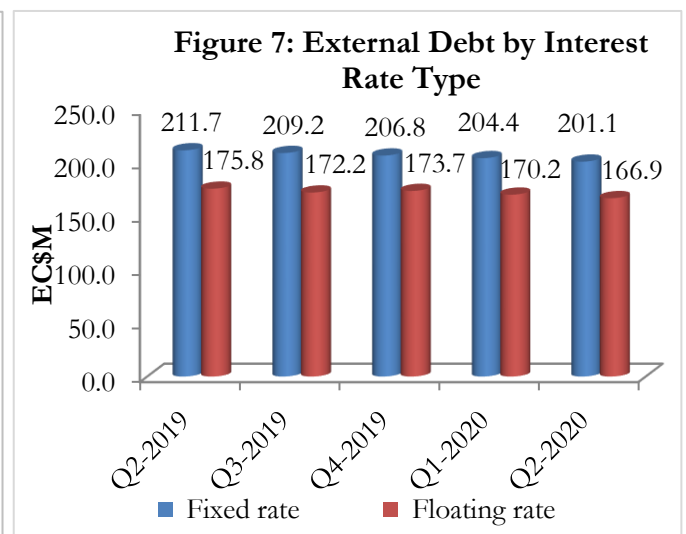
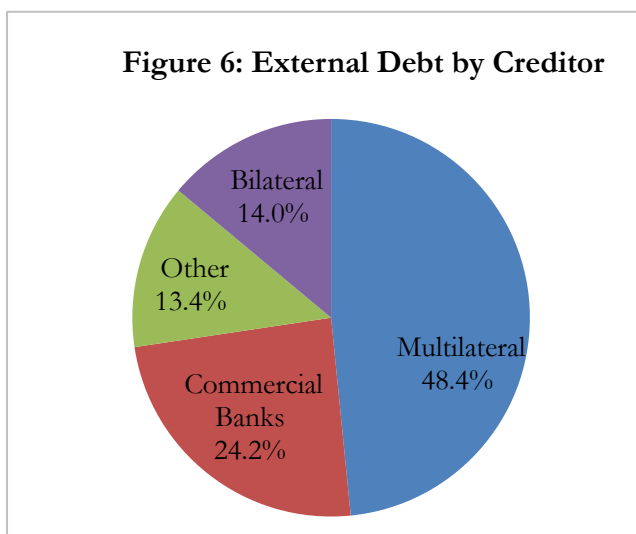


2.0 EXTERNAL PUBLIC SECTOR DEBT

Figure 5 shows that, as at 30 June 2020, total external debt stood at \$368.0m (15.4 percent of GDP). Over the review period, external debt declined by \$19.5m or 5.0 percent. Central Government’s external borrowing accounted for 84.0 percent of total external financing while external borrowing by the NIA and Public Corporations in St. Kitts and Nevis comprised the remaining 16.0 percent.



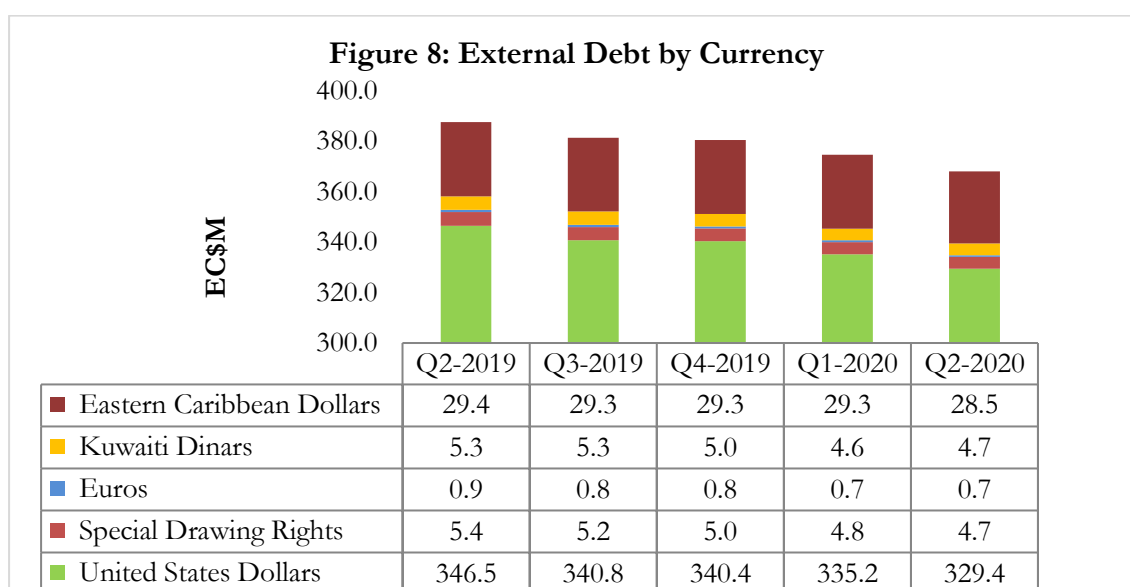
The main sources of external debt financing as at June 2020 were Multilateral Creditors (48.4 percent) followed by Commercial Banks (24.2 percent) with Bilateral Creditors and Other Creditors accounting for 14.0 percent and 13.4 percent respectively (See Figure 6).





Fixed rate debt represented \$201.1m or 54.6 percent of total external debt whereas variable rate debt accounted for the remaining \$166.9m or 45.4 percent (See Figure 7).

As at June 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 7.7 percent of external debt, Special Drawings Rights (SDR) and Kuwaiti Dinars both totalled 1.3 percent, and Euros 0.2 percent.

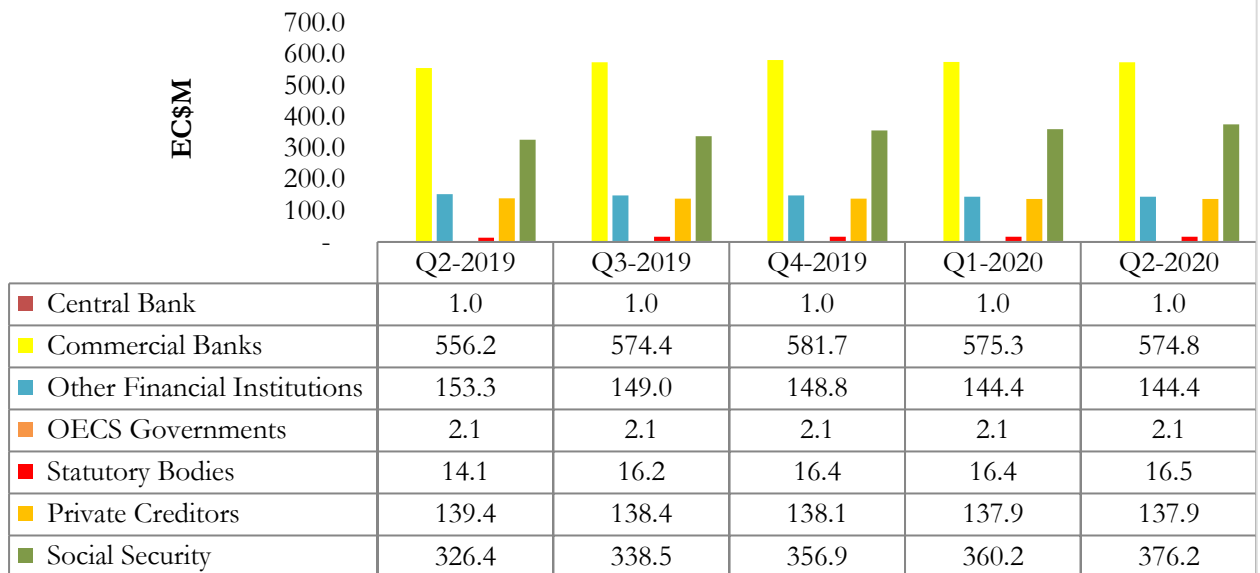


3.0 DOMESTIC PUBLIC SECTOR DEBT

At end of the review period, domestic debt was recorded at \$1,252.9m or 52.4 percent of GDP. This reflected a \$60.4m or 5.1 percent increase compared to the corresponding period in 2019 (\$1,192.5m). The growth in the domestic debt was mainly attributed to a \$49.8m surge in borrowing from the Social Security Board and a \$18.6m rise in new debt from Commercial Banks.



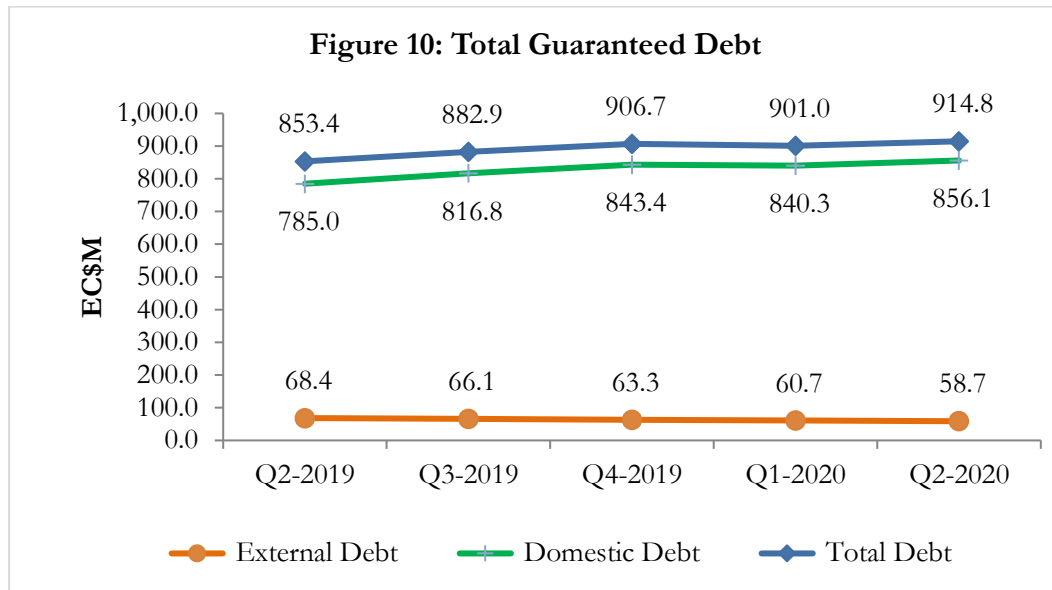
Figure 9: Domestic Debt by Creditor Category



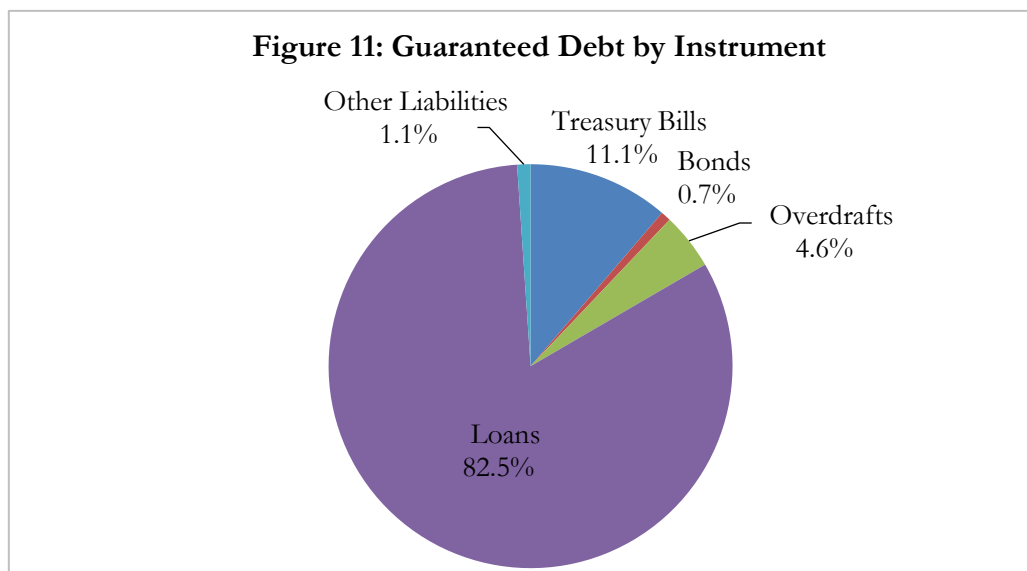
The main holders of domestic debt were Commercial Banks (45.9 percent), the Social Security Board (30.0 percent), Other Financial Institutions (11.5 percent), and Private Creditors (11.0 percent) (see Figure 9).

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 \$914.8m at the end of June 2020 with domestic debt accounting for \$856.1m (93.6 percent) and external debt representing the remaining \$58.7m (6.4 percent) (See Figure 10).

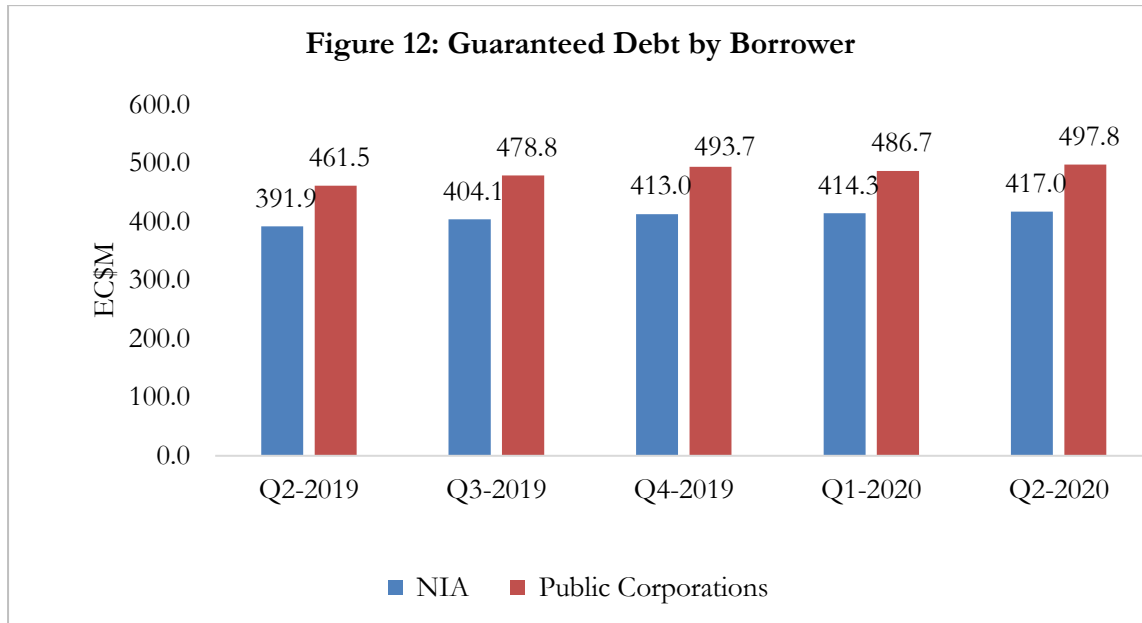


Loan instruments (82.5 percent) were the most dominant guaranteed type of debt for the period ending June 2020. Treasury Bills (11.1 percent), Overdrafts (4.6 percent), Other Liabilities (1.1 percent) and Bonds (0.7 percent) also contributed to the composition of guaranteed debt (see Figure 11).



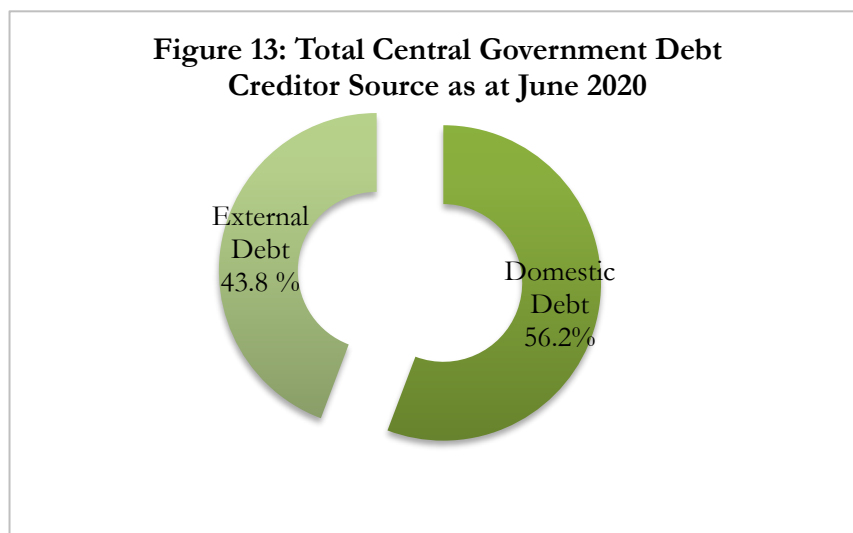


As at June 2020, the Public Corporations' debt accounted for \$497.8m or 54.4 percent of the Total Guaranteed Debt while the NIA's debt represented \$417.0m or 45.6 percent.



5.0 CENTRAL GOVERNMENT'S DEBT

Central Government's Debt was recorded at \$706.1m with domestic debt accounting for \$396.8m (56.2 percent) while external debt represented \$309.3m (43.8 percent).





6.0 TOTAL DEBT SERVICE

Debt Service Payments: Central Gov., NIA and Public Corps.					
(EC\$M)	Q2-2019	Q3-2019	Q4-2019	Q1-2020	Q2-2020
Total Debt Service	26.2	30.0	28.2	31.0	23.0
External Debt Service	10.0	9.0	10.0	10.0	9.6
<i>Principal Repayments</i>	7.0	6.0	7.0	7.0	7.1
<i>Interest Payments</i>	3.0	3.0	3.0	3.0	2.5
Domestic Debt Service	16.2	21.0	18.2	21.0	13.4
<i>Principal Repayments</i>	4.2	10.0	8.2	12.0	3.3
<i>Interest Payments</i>	12.0	11.0	10.0	9.0	10.1

7.0 DISBURSEMENTS

Total Public Sector New Financing (EC\$M)	Q2-2019	Q3-2019	Q4-2019	Q1-2020	Q2-2020
External	1.0	1.0	6.0	1.0	0.4
Multilateral	1.0	1.0	6.0	1.0	0.4
Domestic	22.0	27.0	28.0	5.0	17.9
Commercial	11.0	12.0	8.0	-	1.3
Statutory Bodies	9.0	8.0	16.0	2.0	12.6
Other Financial Institutions	2.0	7.0	4.0	3.0	4.0
Total	23.0	28.0	34.0	6.0	18.3



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8.0 DEBT RATIOS

Debt Sustainability Indicators	Q2-2019	Q3-2019	Q4-2019	Q1-2020	Q2-2020
Total Debt to GDP	52.8%	53.5%	54.3%	67.4%	67.8%
<i>External Debt to GDP</i>	13.0%	12.8%	12.7%	15.6%	15.4%
<i>Domestic Debt to GDP</i>	39.8%	40.7%	41.6%	51.8%	52.4%
Debt Service Ratio	8.1%	11.8%	10.6%	13.6%	15.1%
<i>External Debt Service Ratio</i>	3.1%	3.5%	3.7%	4.4%	6.3%
<i>Domestic Debt Service Ratio</i>	5.0%	8.3%	6.9%	9.2%	8.8%
External Debt Service to exports	19.4%	20.1%	25.4%	25.2%	37.2%
Share of Short-Term Debt to Total Debt	22.5%	22.8%	22.8%	23.0%	22.9%
Share of Foreign Currency Debt	32.9%	32.4%	32.0%	31.3%	30.8%
Share of Floating Rate Debt	20.1%	19.6%	19.4%	19.4%	19.1%

9.0 RISK INDICATORS

Risk Indicators	Q2-2019	Q3-2019	Q4-2019	Q1-2020	Q2-2020
Weighted Average Interest Rate	3.8%	3.8%	3.9%	3.9%	3.9%
<i>External</i>	2.6%	2.6%	2.6%	2.6%	2.6%
<i>Domestic</i>	4.2%	4.2%	4.3%	4.3%	4.3%
Average Time to Maturity (years)	10.3	10.3	10.3	9.8	9.9
<i>External</i>	8.6	8.7	8.7	8.1	8.3
<i>Domestic</i>	10.8	10.8	10.7	10.3	10.4
Average Time to Re-fixing (years)	7.7	7.8	7.8	7.4	7.6
<i>External</i>	5.5	5.6	5.6	5.3	5.4
<i>Domestic</i>	8.4	8.5	8.5	8.1	8.3
Share of debt to be re-fixed within one year	25.0%	25.0%	25.0%	28.0%	27.0%