



EASTERN CARIBBEAN CENTRAL BANK

ECONOMIC AND FINANCIAL REVIEW

2025 UPDATE

Saint Christopher (St Kitts) and Nevis

Finalised 2025 actuals and revised medium-term projections



EASTERN CARIBBEAN CENTRAL BANK

Economic and Financial Review

June 2026 · Saint Christopher (St. Kitts) and Nevis

© Eastern Caribbean Central Bank, 2026

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the Eastern Caribbean Central Bank.

The views expressed in this publication are those of the Eastern Caribbean Central Bank staff and do not necessarily represent the views of the Monetary Council or Board of Directors.

AUTHORS AND CONTRIBUTORS

Author(s) Yusuf Stafford

Country Team Contributor(s) Jonishel Hutchinson, Verne Cazaubon, Sharon Tisson-Bennett, Shamari Francis.

CONTACT

Address

P. O. Box 89
Basseterre
St Kitts and Nevis, West Indies

Telephone

(869) 465-2537

Fax

(869) 465-5615

Website

www.eccb-centralbank.org

Email

rsdad@eccb-centralbank.org



— Saint Christopher (St. Kitts) and Nevis

Table of Contents

01	Important Note	04
02	Economic Snapshot	05
1	Overview	06
2	Recent Economic Developments	07
	2.1 Real Sector Developments	
	2.2 Fiscal Developments	
	2.3 External Developments	
	2.4 Banking and Monetary Developments	
3	Medium-Term Macroeconomic Outlook	16
	3.1 Outlook	
	3.2 Risks	
4	Policy Recommendations	21
A1	Appendix: Selected Economic Indicators	23

SPECIAL FEATURES

Box	Special Issues Box: Economic Implications of the US-Israel-Iran War on Saint Christopher (St Kitts) and Nevis	24
------------	--	-----------

FIGURES AND TABLES

Figure 1. Real GDP Growth, 2010 - 2025 (%)	Table 1. Fiscal Summary and Debt Indicators
Figure 2. Sector Contribution to GDP (2025)	Table 2. External Accounts - Selected Indicators
Figure 3. Percentage Growth in Arrivals by Visitor Category	Table 3. Financial Stability Indicators - Selected Indicators
Figure 4. Annual Inflation Trends	Table 4. World Economic Outlook: Growth Projections
Figure 5. Composition of Current Revenue	Table 5. Medium Term Outlook - Selected Indicators
Figure 6. Baseline Debt Projections	Table 6. Risk Assessment Matrix
Figure 7. Goods and Services Trade, 2024 and 2025, EC\$M	Table 7. Selected Economic Indicators
Figure 8. Monetary Aggregate (EC\$M)	
Figure 9. Trends in Private Sector Credit (EC\$M)	
Figure 10. Global Economic Outlook: 2026 - 2027	



ABOUT THIS REVIEW

Important Note

This publication updates the December 2025 Annual Economic and Financial Review (AEFR) by reflecting revised 2025 data and updated short- and medium-term macroeconomic projections. By substituting preliminary estimates with revised data, the report outlines the outturn of core economic indicators for 2025, establishing an updated baseline for comparative analysis against the previous estimates.

Based on newly available Q1-2026 data and changing economic conditions, our growth outlook for 2026 and 2027 has been revised. These short- and medium-term projections also integrate recent surveillance conducted by our technical staff. By accounting for these factors, this review ensures

that our policy recommendations remain closely aligned with domestic economic developments and broader international trends.

While these updated projections outline the most likely path forward, actual economic results may diverge from current estimates. Significant variables, including shifting geopolitical dynamics and the execution timelines of national infrastructure projects, introduce baseline uncertainties that could result in either upward or downward deviations from these forecasts. These forecasts should therefore be viewed as flexible guidelines that will be updated as new monthly data and official statistics become available.

DISCLAIMER

The Eastern Caribbean Central Bank (ECCB) takes reasonable measures to ensure that the data and other information in this publication are accurate and current, however, the ECCB reserves the right to make corrections and makes no warranty, expressed or implied as to the accuracy, timeliness or completeness of any of the information provided herein.



Saint Christopher (St Kitts) and Nevis. Photo: Planet of Hotels.



2025 AT A GLANCE

Economic Snapshot

Economic activity in 2025 was boosted by tourism activity and capital investment, but global risks alongside fiscal and external imbalances threaten the medium-term outlook.

Real GDP growth

2.1%

2025, year on year



2025 real growth improved, though below earlier forecasts

Inflation

0.9%

end of period (EOP)



Headline inflation eased, but food inflation was 4.6 per cent.

Debt-to-GDP

54.5%

public sector debt



Debt remained low, but risks exceeding 60 per cent.

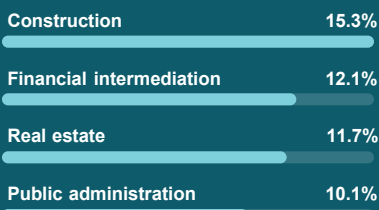
Total (stayover) arrivals

1,068,382 total, 2025

133,750 stayover

Tourism activity strengthened, with total arrivals surpassing one million.

Top 4 GDP Contributors



GDP remained concentrated in construction and services.

Trade balance

-34.2%

goods, % of GDP



Rising import demand widened trade deficits.

NPL ratio

15.8% ↓ down from 17.7% in 2024

5.0% regulatory threshold

Asset quality improved, but NPL ratio still above regulatory threshold.

Tax Revenue

17.1%

of GDP; declined by 4.0%



Tax revenue underperformed despite overall economic growth.

Overall fiscal balance

-12.8%

% of GDP



Fiscal deficits widened as CBI receipts fell.



1 Overview

Headline assessment of the Saint Christopher (St Kitts) and Nevis in 2025

- 01 Economic activity in Saint Christopher (St Kitts) and Nevis expanded in 2025, albeit at a slower pace than previously estimated.** The downward revision reflected slower growth in several sub-sectors and weaker-than-anticipated product tax performance. Notwithstanding this revision, economic growth strengthened relative to the growth recorded in 2024 sustained by robust tourism activity and ongoing capital projects.
- 02 Fiscal pressures intensified in 2025 as declining revenue and higher capital expenditure widened the fiscal deficits.** Revenue underperformed earlier estimates, due to a structural decline in CBI receipts and weak tax collections, while capital expenditure exceeded both budgeted and previously estimated levels. Consequently, the overall and primary deficits widened underscoring the urgent need for comprehensive revenue mobilisation, and medium-term fiscal consolidation.
- 03 Significant downside risks cloud the medium-term macroeconomic outlook.** Real GDP growth is expected to remain modest with downside risks, centred around fiscal sustainability and potential geopolitical shocks from the ongoing Middle East conflict. Navigating these challenges requires urgent fiscal realignment, timely implementation of key capital projects and regional and domestic development plans to anchor debt sustainability.



Photo Credit: Wikimedia Commons



2 Recent Economic Developments

Real sector, prices, fiscal, external and monetary outturns

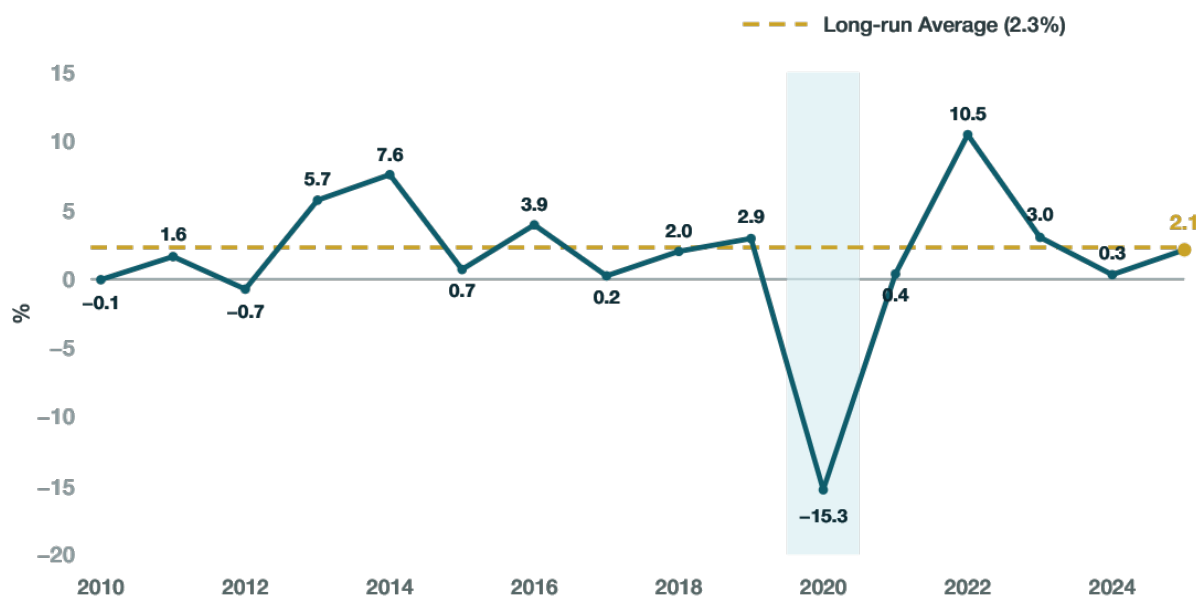
2.1 Real Sector Developments

The economy of Saint Christopher (St Kitts) and Nevis expanded at a slower pace than initially estimated. Real GDP growth for 2025 is estimated at 2.1 per cent, a downward revision from the 2.7 per cent reported in the December 2025 Annual Economic and Financial Review (Figure 1). This downward

revision was driven by a 4.2 per cent decline in product taxes which underperformed relative to the 2.4 per cent improvement in tax collections previously predicted. Notwithstanding the slower than anticipated growth in 2025, the outturn represents a marked acceleration from the 0.3 per cent growth recorded in 2024.

Figure 1: Real GDP Growth, 2010 - 2025 (%)

Real GDP growth remains marginally below the long-run average growth rate of 2.3 per cent.



Source: Central Statistics Office and ECCB.

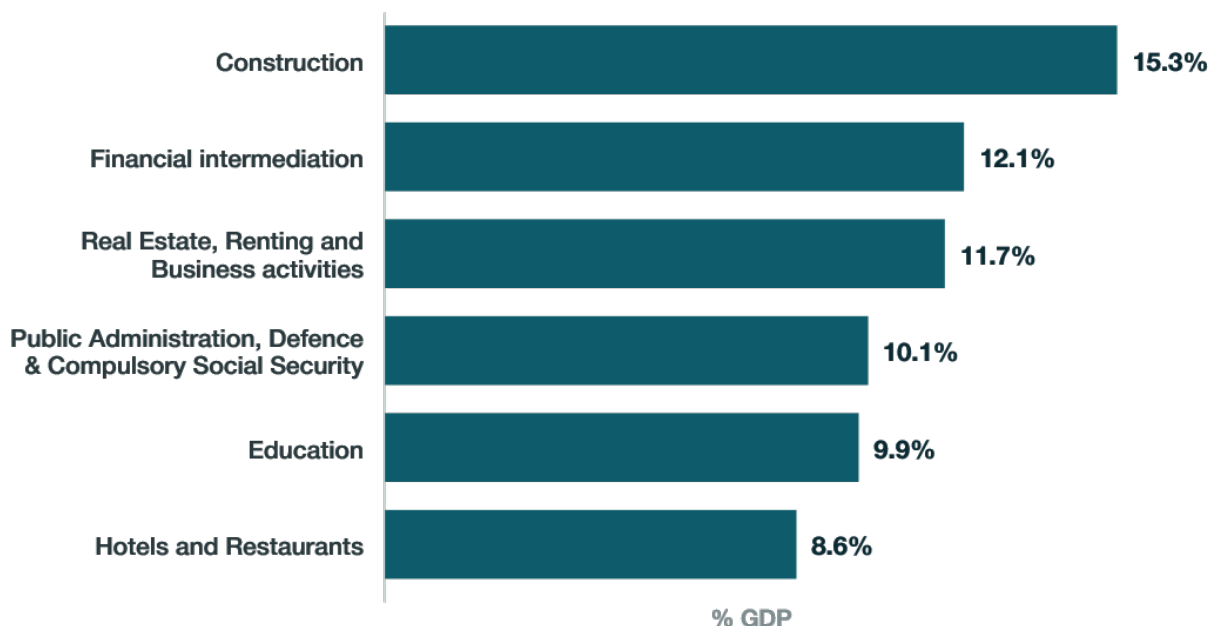
Real sector performance continued to be anchored by six major sectors which collectively account for over 60.0 per cent of GDP (Figure 2). Modest growth was observed across these sectors as follows, public administration (3.3 per cent), education (2.4 per cent), construction (2.0 per cent), hotels and restaurants (1.9 per cent), real estate, renting and business activity (1.2 per cent) and financial

intermediation (0.9 per cent). Concurrently, the agriculture sector experienced robust growth of 10.3 per cent for 2025, a significant upward revision from the 4.9 per cent growth previously estimated. While this sector accounts for only 0.6 per cent of GDP, this sustained expansion reflects ongoing investment and policy interventions aimed at strengthening domestic food production and advancing national food security objectives.



Figure 2: Sector Contribution to GDP (2025)

Construction-related activity remains the largest contributor to economic activity.



Source: Central Statistics Office and ECCB.

Public investment acted as a key driver of economic activity in 2025 as central government made substantial progress on several critical capital projects. These projects included the reconstruction of Joshua Obadiah Williams Primary School and construction of the Basseterre Desalination Plant. Progress was further supported by extensive road infrastructure projects such as the Road Improvement Project, the rehabilitation of St. Peter's Main Road and FT Williams Highway, rehabilitation of Old Road Bay and upgrade of Island Main Road. Despite gains in the construction sector, activity in selected secondary sectors moderated with downward revisions to growth recorded in the wholesale and retail trade sector and the communications sectors.

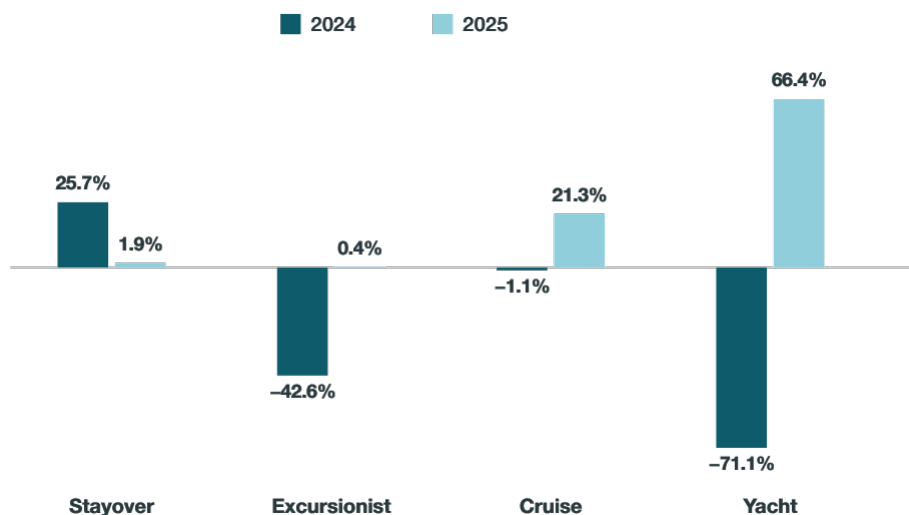
Tourism activity strengthened in 2025, providing additional support to real sector performance.

Consistent with previous projections, official statistics indicate that Saint Christopher (St Kitts) and Nevis surpassed 1.0 million arrivals for the first time since the onset of the COVID-19 pandemic. Total arrivals increased by 18.5 per cent in 2025, an upward revision from the 10.7 per cent growth previously reported for 2025 and an improvement from the 1.5 per cent growth recorded in 2024. The continued improvement in tourism performance remains driven by destination marketing, improved tourism facilitation, and the enhanced profile of national festivals such as the St Kitts Music Festival, Nevis Mango Festival, Nevis Culturama and Sugar Mas.



Figure 3: Percentage Growth in Arrivals by Visitor Category

Yacht arrivals experienced the strongest growth in 2025 when compared to 2024.



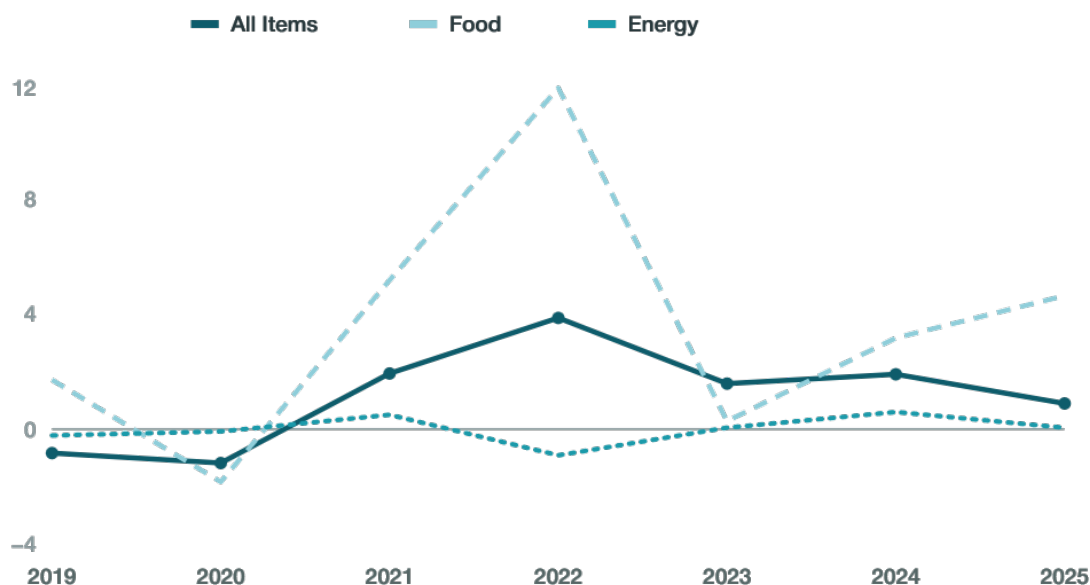
Source: ECCB.

Stayover arrivals from the Caribbean outperformed earlier estimates for 2025 in the Annual Economic and Financial Review. Regional arrivals increased by 9.0 per cent year-on-year and stood 12.4 per cent above its 2019 pre-pandemic level. This outturn was a significant improvement from the 29.6 per cent shortfall previously estimated. Growth in stayover arrivals slowed to 1.9 per cent in 2025 vis-à-vis the 25.7 per cent growth attained in

2024 (Figure 3). Additionally, the cruise sub-sector recorded growth of 21.3 per cent in 2025, reversing the 1.1 per cent decline recorded in 2024. Despite broad improvements in tourism performance, economic surveillance hints to persistent constraints related to the affordability and reliability of regional airlift as well as the absence of alternative modes of intra-regional transportation.

Figure 4: Annual Inflation Trends

Actual inflation trended lower than the previous estimate of 1.4 per cent for 2025.



Source: ECCB.



Inflation Developments

Inflation in Saint Christopher (St Kitts) and Nevis for 2025 was 0.9 per cent, a downward revision from the 1.4 per cent inflation previously reported (Figure 4). Headwinds from the United States' "Liberation Day" reciprocal tariffs were subsequently mitigated by a number of trade agreements brokered

between countries during the latter stages of 2025. The benefits from these trade agreements were reflected by softer global commodity and oil prices. Nonetheless, affordability of food remains a notable concern for residents of Saint Christopher (St Kitts) and Nevis as food inflation accelerated to 4.6 per cent at the end of 2025.

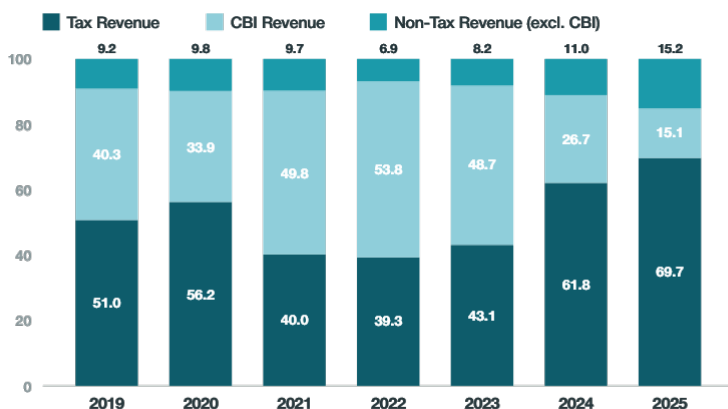
2.2 Fiscal Developments

In 2025, the central government's fiscal position weakened due to falling revenues and higher than anticipated expenditure (Table 1). Total revenue in 2025 was 28.6 per cent of GDP (\$906.6m), slightly below the initial estimate of 29.9 per cent of GDP (\$959.5m). Current revenue stood at 24.6 per cent of GDP, a decrease from the 25.6 per cent of GDP previously estimated in the AEFR. The largest contributor to non-tax revenue, CBI receipts, declined

by \$126.4m to 3.7 per cent of GDP in 2025, compared to the 8.1 per cent of GDP collected in 2024. This trend is also reflected in the relative contribution of CBI receipts to current revenue (Figure 5). The decline in CBI inflows may be attributed to the effects of heightened international regulatory scrutiny, domestic programme reforms, reputational considerations and intensifying competition from regional and global investment migration programmes.

Figure 5: Composition of Current Revenue

The contribution of CBI receipts to current revenue declined in 2025.



Source: Ministry of Finance and ECCB.

Tax revenue declined by 1.5 per cent of GDP (\$22.5m) in 2025, compared to the decline of 0.5 per cent of GDP previously estimated. This adverse tax performance was driven by lower-than-anticipated collections for taxes on income, profit and capital gain (9.5 per cent), taxes on goods and services (2.3 per cent) and taxes on international trade and transactions (1.1 per cent). The foregoing tax revenue performance

also reflects a worsening from the 18.6 per cent of GDP collected during 2024 and signals the continued challenges of a narrow tax base and broad fiscal incentives by the Federal Government. This underscores the ongoing importance of moving toward more targeted support mechanisms and expenditure rationalization.

**Table 1: Fiscal Summary and Debt Indicators***In per cent of GDP unless stated otherwise*

INDICATOR	2019	2020	2021	2022	2023	2024	2025R
Total Revenue	39.1	37.4	50.9	50.9	48.4	33.5	28.6
Current Revenue	36.7	33.4	47.0	46.9	44.7	30.2	24.6
of which: CBI	14.8	11.3	23.4	25.3	21.8	8.1	3.7
Tax Revenue	18.5	18.8	19.0	18.4	19.3	18.6	17.1
Total Grants	2.1	3.5	3.1	3.5	3.4	3.1	3.8
Total Expenditure	38.5	39.9	44.9	54.3	48.1	43.2	41.4
Current Expenditure	27.4	32.4	36.6	39.8	36.4	35.8	33.8
of which: Transfers and Subsidies	8.2	9.7	11.4	13.4	10.6	12.1	11.6
Interest Payments	1.2	1.4	1.2	1.2	1.2	1.2	1.3
Capital Expenditure	11.1	7.5	8.3	14.6	11.7	7.4	7.5
Current Balance	10.6	3.8	12.9	10.1	11.3	-3.0	-6.6
Overall Balance	0.6	-2.6	6.0	-3.5	0.2	-9.7	-12.8
Primary Balance	1.8	-1.2	7.3	-2.2	1.4	-8.5	-11.5
Financing	-0.6	2.6	-6.0	3.5	-0.2	9.7	12.8
Domestic	-0.1	3.2	-5.3	3.7	0.6	9.3	12.3
External	-0.4	-0.7	-0.8	-0.3	-0.8	0.4	0.5
MEMO							
Total Public Sector Debt (EC\$m)	1,678.8	1,679.4	1,662.6	1,676.6	1,676.2	1,648.3	1,728.0
Debt-GDP Ratio	56.1	70.4	71.7	63.3	58.8	54.4	54.5
Tax Buoyancy	1.0	0.9	0.6	0.7	1.7	0.4	-0.9
Primary Expenditure	26.2	31.1	35.4	38.5	35.2	34.7	32.5
Primary Balance (ex. CBI)	-13.0	-12.5	-16.1	-27.5	-20.3	-16.6	-15.2
Overall Balance (ex. CBI)	-14.2	-13.9	-17.4	-28.7	-21.5	-17.8	-16.5

Note: Data for 2025 are revised.

Source: Ministry of Finance and ECCB.

Higher-than-anticipated capital spending was the principal driver of the upward revision to total expenditure in 2025. Total expenditure at the end of 2025 was 41.4 per cent of GDP (\$1.3B), significantly higher than the previous estimate of 38.7 per cent of GDP (\$1.2B). This variance of approximately \$100m was driven by increased capital expenditure which rose to 7.5 per cent of GDP (\$239.1m) compared to the initial estimate of 5.3 per cent of GDP (\$167.7m) and the budget allocation of \$209.6m. The 2025 outlay on capital expenditure also represents a marginal increase from the 7.4 per cent of GDP spent in 2024.

Expenditure pressures persisted in 2025,

counteracting minor gains from moderation in a key expenditure category. The outlay on transfers and subsidies in 2025 amounted to 11.6 per cent of GDP (\$368.6m) compared to the previous estimate of 12.3 per cent of GDP (\$395.8m). However, this reduction was offset by higher-than-anticipated expenditure on goods and services and compensation of employees, which exceeded earlier estimates by \$23.8m and 7.5m respectively. These developments suggest that expenditure rigidities remain elevated, with recurrent spending pressures continuing to constrain the pace of fiscal adjustment despite the initial containment of transfers and subsidies.

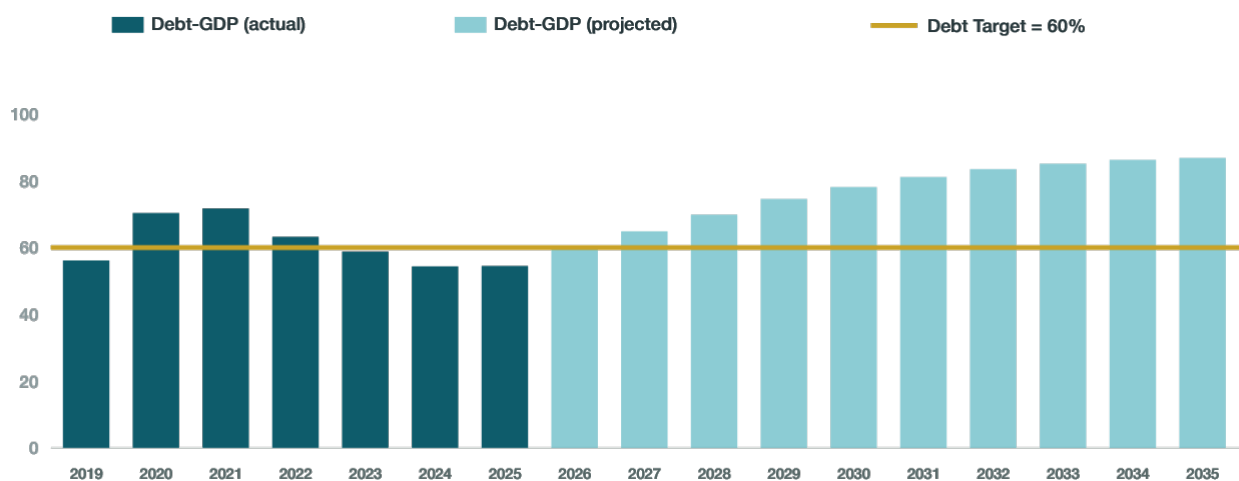


Fiscal balances deteriorated more significantly when compared to initial estimates in the previous report. The primary deficit for 2025 was revised upward to 11.5 per cent of GDP compared to the 7.4 per cent of GDP previously estimated in the 2025 report (nominal difference of \$128.5m). The overall deficit for 2025 was 12.8 per cent of GDP (\$404.9m), a worsening from the 8.8 per cent of GDP (\$271.7m) initially estimated and a significant deterioration from

the 9.7 per cent deficit recorded for 2024. Debt sustainability analysis indicates that, under baseline assumptions, the debt ratio may not converge to the regional debt target of 60.0 per cent of GDP by 2035 (Figure 6). In the absence of a rebound in CBI receipts, sustained primary deficits could place the public debt trajectory on a more vulnerable path. These findings reinforce the need to rationalise current expenditure while preserving growth-enhancing capital investment.

Figure 6: Baseline Debt Projections

Analysis suggests that the government will not meet its long-target of 60.0 per cent debt-GDP by 2035.



Solid bars denote actuals (2019–2025); lighter bars denote projections. Source: Ministry of Finance and ECCB.

54.5%

Debt-to-GDP at end-2025

86.9%

Baseline debt-to-GDP projection for 2035 in the absence of adjustment

60.0%

Regional debt target of GDP by 2035

2.3 External Developments

The external position of Saint Christopher (St Kitts) and Nevis weakened in 2025 as import demand outpaced external receipts (Table 2). The current account deficit widened to 14.2 per cent of GDP in 2025. This compares with initial estimate of 15.1 per cent of GDP, and the deficit of 12.2 per cent

of GDP realised in 2024. While the revised outturn is a marginal improvement from earlier estimates, it signals the continued pressure of import reliance on the country's external account position and the consequent need for higher levels of tourism receipts.

**Table 2: External Accounts - Selected Indicators***(In per cent of GDP unless stated otherwise)*

INDICATOR	2020	2021	2022	2023	2024	2025E
Current Account	(10.8)	(3.4)	(10.6)	(13.4)	(12.2)	(14.2)
Trade Balance	(28.0)	(24.8)	(34.7)	(34.7)	(33.3)	(34.2)
Exports	3.1	4.9	3.6	2.7	4.2	4.0
Imports	31.1	29.7	38.2	37.5	37.5	38.2
Services	19.4	24.1	27.1	24.3	26.2	24.1
Travel receipts	12.1	17.7	29.9	33.7	35.4	35.3
Primary income	(2.6)	(3.2)	(1.3)	(1.5)	(3.3)	(2.4)
Secondary income	0.4	0.6	(1.8)	(1.5)	(1.8)	(1.7)
Capital Account	5.2	9.2	9.5	8.0	2.3	1.3
Financial Account	(5.4)	5.8	(2.0)	(9.3)	(17.3)	(14.9)
of which direct investment	0.1	(4.0)	(5.0)	(2.9)	(3.0)	(1.6)
of which other investments	(10.0)	16.0	(2.9)	(4.6)	(14.8)	4.3
MEMO ITEMS						
Current Account (EC\$m)	(258.7)	(77.7)	(281.4)	(383.2)	(369.4)	(451.5)
Trade Balance (EC\$m)	(668.5)	(575.2)	(918.3)	(990.1)	(1,008.7)	(1,084.4)

Note: Data for 2025 are revised.

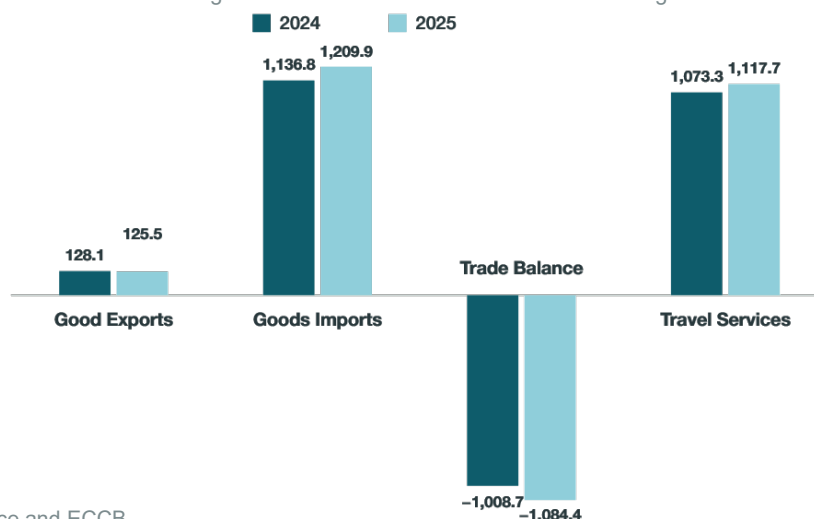
Source: Central Statistics Office and ECCB.

Reflecting increased economic activity and higher demand for investment-related goods, the goods trade deficit widened to 34.2 per cent of GDP in 2025. This deficit exceeded the 31.6 per cent of GDP reported in the previous review and continued to be driven by domestic demand for food, machinery, transport equipment and miscellaneous manufactured articles. Additionally, merchandise exports contracted by 2.0 per cent (\$2.6m) in 2025 to 4.0 per cent of GDP (Figure 7), a reversal from previous growth estimate.

Tourism receipts improved but were insufficient to offset wider goods trade imbalances. Inflows to the travel account increased by 4.1 per cent (\$44.0m) in 2025. This outcome was consistent with stronger real sector activity and stronger tourist arrivals. When expressed as a per cent of GDP, the impact of travel receipts was significantly tapered, thus muting the impact on the current account.

Figure 7: Goods and Services Trade, 2024 and 2025, EC\$m

Revised goods trade balance reflects a further widening.



Source: Central Statistics Office and ECCB.



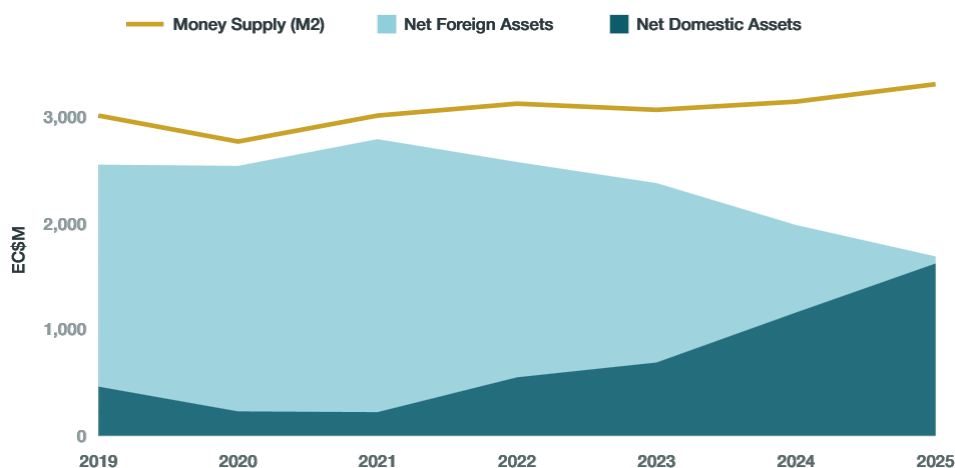
2.4 Banking and Monetary Developments

Financial sector flows mirrored real sector developments, as money supply continued an upward trend in line with GDP growth (Figure 8). Money supply at the end of 2025 was \$3,313.4m, marginally below previous estimates. Continued convergence of net foreign assets (NFA) and net

domestic assets (NDA) materialized, albeit at a more rapid pace than initially estimated. At the end of 2025, the actual stock of NFA was \$1,690.3m compared to the estimate of \$1,964.9m and the actual stock of NDA totalled \$1,623.1m compared to the previous estimate of \$1,355m.

Figure 8: Monetary Aggregate (EC\$M)

NFA and NDA converged more rapidly in their contribution to money supply at the end of 2025.



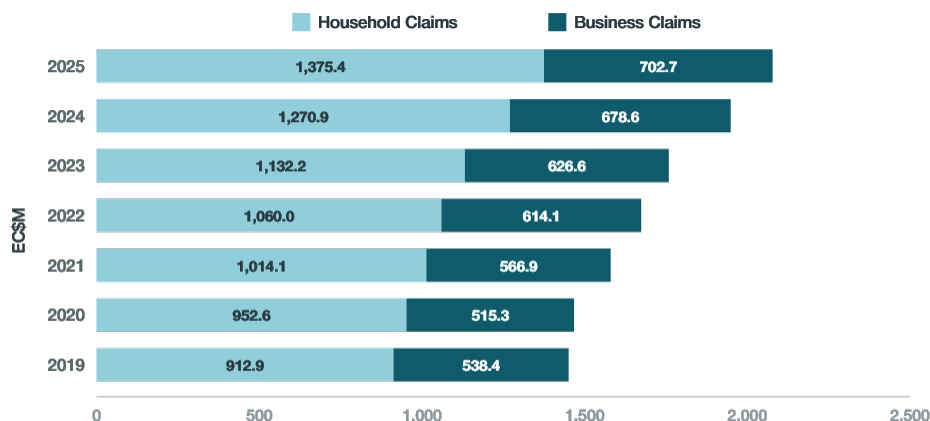
Source: ECCB.

Fiscal financing pressures were the main factor driving the accelerated convergence between net foreign assets and net domestic assets in 2025. As gross financing needs increased amid tighter financing conditions, the Federal Government drew more heavily on domestic liquidity and short-term central bank credit. Accordingly, commercial banks' liabilities to central government fell by \$143.0m in 2025 to \$170.0m, a sizeable drawdown of government deposits within the domestic banking system. The additional use of \$85.4m in short-term credit from the ECCB further raised net domestic assets while reducing net foreign assets by an equivalent amount, reinforcing the shift in the monetary balance sheet away from external asset accumulation and toward domestic fiscal financing.

Private sector credit growth remained uneven as household credit outpaced business credit. Household claims totalled \$1,375.4m at the end of 2025, slightly above the \$1,340.2m estimated in the previous report. In contrast, business claims were marginally below previous estimates by \$12.9m, totalling \$702.7m at the end of 2025. Real estate activities account for 28.9 per cent (\$769.0m) of total outstanding credit to customers. This outturn is \$23.0m higher than the \$746.0m referenced in the 2025 AEFR. New loans in 2025 were also attributed mainly to real estate activities, construction and consumer loans to households.


Figure 9: Trends in Private Sector Credit (EC\$M)

The increase in private sector credit was higher than anticipated and was driven by household credit origination.



Source: ECCB.

Banking sector conditions remained stable and was supported by adequate liquidity, but the persistently high level of non-performing loans (NPLs) pose risks to financial stability. The ratio of non-performing loan to total loans was 15.8 per cent in 2025, an improvement from the 16.5 per cent estimated in the previous report. Despite this improvement, the ratio remains above the 5.0 per cent

regulatory threshold and non-performing loans are concentrated within legacy construction and land development loans. The elevated NPL ratio underscores the need for continued balance sheet repair, stronger credit risk management, and close monitoring of concentration risks.

Table 3: Financial Stability Indicators - Selected Indicators

INDICATOR	2019	2020	2021	2022	2023	2024	2025R	UPDATE
Non-Performing Loans	24.0	23.5	20.9	21.8	19.4	17.7	15.8	↓
LIQUIDITY RATIOS								
Liquid Assets to Total Assets	55.9	58.4	51.6	51.9	47.8	46.4	39.5	↓
Customer Deposits to Total Loans	225.0	190.5	196.7	188.5	182.0	159.8	147.7	↓

Note: Data for 2025 are revised.

Sources: ECCB.

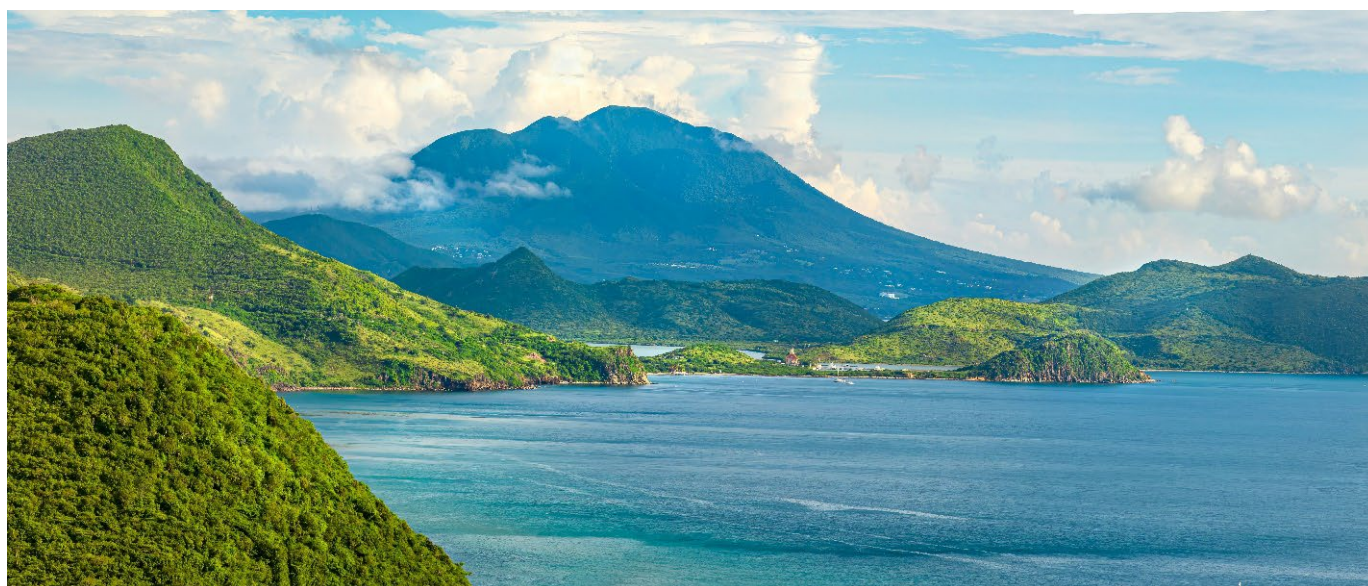


Photo Credit: Wikimedia Commons



3 Medium-Term Outlook

Global context, domestic projections and risks to 2027

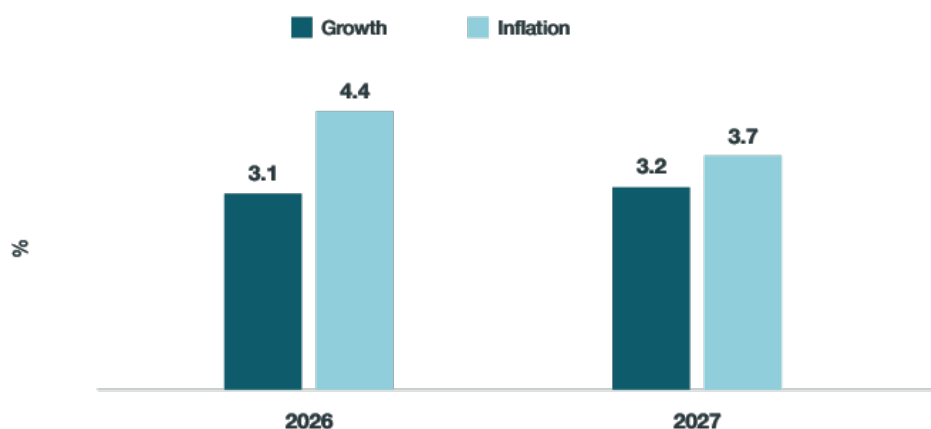
3.1 Outlook

According to the April 2026 World Economic Outlook (WEO), the global outlook has weakened as the Middle East conflict interrupted an otherwise resilient expansion. Slower global growth is projected at 3.1 per cent in 2026 and 3.2 per cent in 2027 (Figure 10). This outcome is lower than the 3.4 per cent growth recorded over the period 2024 - 2025

and is markedly below the historical average of 3.7 per cent. Higher energy prices, lower consumer and business confidence, and tighter financial conditions are weighing on economic activity. Consequently, the global outlook remains fragile, despite continued momentum in major economies and technology-related investment.

Figure 10: Global Economic Outlook: 2026 - 2027

Global growth will remain below its historical average of 3.7 per cent.



Source: IMF, WEO April 2026.

Inflation pressures have re-emerged because the conflict has disrupted energy markets and slowed disinflation. Global headline inflation has been revised upward to 4.4 per cent in 2026 and 3.7 per cent in 2027 under the baseline scenario. In a more adverse scenario, global inflation could rise toward 5.4 per cent. Oil prices remain about 30.0 per cent above pre-war levels, feeding transportation and food costs. These pressures complicate monetary easing and risk weakening household purchasing power.

According to the IMF's Regional Economic Outlook for the Western Hemisphere, the region

entered 2026 on a sound footing but the geopolitical crisis in the Middle East has weakened the outlook. Regional growth is expected to remain moderate, broadly around 2.3 per cent in 2026. Inflation has been near target in many economies but increasing energy and food prices will amplify inflationary pressures over the medium-term. Regional oil producers may benefit from higher prices, while energy importers face weaker real incomes and limited fiscal space. Tourism-dependent Caribbean economies are especially exposed through airlift costs, imported inflation, and softer external demand.



Medium-Term Outlook

Table 4: World Economic Outlook: Growth Projections

As a per cent of GDP, unless stated otherwise

COUNTRY/GROUP	2025	2026	2027
World Output	3.4	3.1	3.2
Advanced Economies	1.9	1.8	1.7
United States	2.1	2.3	2.1
Euro Area	1.4	1.1	1.2
United Kingdom	1.3	0.8	1.3
Canada	1.7	1.5	1.9
Emerging Markets and Developing Economies	4.4	3.9	4.2
China	5.4	4.4	4.0
Latin America and the Caribbean	2.4	2.3	2.7

Source: IMF, WEO April 2026.

The medium-term outlook for Saint Christopher (St Kitts) and Nevis is modest with real growth expected to remain positive albeit below earlier expectations. Real GDP growth is projected at 2.3 per cent in both 2026 and 2027, below the previous projection of 3.0 per cent for both years (Table 5). Economic activity is expected to be supported by improved tourism sector performance, increased private sector credit, and ongoing public investment. Capital projects such as the Smart Hospital, the Geothermal Project, and the cruise homeporting initiative could strengthen growth prospects¹. However, these gains will depend on timely implementation and stronger domestic productive capacity. Inflation is projected to accelerate to 2.9 per cent in 2026 before moderating to 1.6 per cent in 2027. This expected moderation is contingent upon resolution of the US-Israel-Iran war and assumes no further shocks to global supply chains.

Fiscal deficits are expected to persist over the

near term complicating the path towards the 60.0 per cent long-term debt target by 2035. The primary deficit is expected to improve from 7.0 per cent of GDP in 2026 to 5.6 per cent in 2027. Over the medium term, weaker CBI receipts, high capital spending, and election-related expenditure pressures could further delay fiscal consolidation. Fiscal discipline is required in the presence of financing constraints.

Debt sustainability remains a key medium-term concern and will require decisive policy action. Public sector debt-GDP is projected to rise from 54.5 per cent of GDP in 2025 to 60.6 per cent in 2026 and 64.9 per cent in 2027. This continued increase is driven by persistent primary deficits and moderated economic growth. A gradual primary balance adjustment of about 0.9 per cent of GDP from 2027 onward would help preserve credibility and support the government's attainment of the 2035 regional debt ceiling. In the absence of fiscal adjustment, the long-target of 60.0 per cent debt-GDP will not be attained.

2.3%

Projected real GDP growth in both 2026 and 2027

2.9%

Projected inflation in 2026, moderating to 1.6 per cent in 2027

64.9%

Projected public sector debt-to-GDP by 2027



The external position of Saint Christopher (St Kitts) and Nevis is expected to face continued vulnerabilities despite partial mitigating effects from tourism receipts. The current account deficit is projected to widen to 16.2 per cent of GDP in 2026, before improving to 14.8 per cent in 2027. The trade deficit is expected to remain significant at 34.2 per cent of GDP in 2026 and 33.3 per cent in 2027. Higher import prices linked to the US-Israel-Iran conflict could add further pressure through fuel, food, and transport costs. Travel receipts may help offset some of this external pressure, as inflows to the travel account

rises from 33.9 per cent of GDP in 2026 to 34.1 per cent in 2027.

Monetary conditions are expected to remain stable and conducive to economic growth. Money supply is projected to rise from \$3.3B in 2025 to \$3.7B in 2027. At the same time, net foreign assets are expected to fall from \$1.7B to \$1.3B, while net domestic assets rise from \$1.6B to \$2.4B, as levels of NDA surpasses NFA for the first time in over a decade. The financial sector's liabilities to central government will remain subdued in the face of tighter financing conditions and elevated gross financing needs.

Table 5: Medium Term Outlook - Selected Indicators

Per cent of GDP unless otherwise stated

INDICATOR	2025R	2026E	2027F
REAL SECTOR			
Nominal GDP (EC\$M)	3,168.5	3,375.8	3,533.6
Nominal GDP (per cent growth)	4.6	6.5	4.7
Real GDP (EC\$M)	2,355.7	2,409.4	2,465.2
Real GDP Growth	2.1	2.3	2.3
Inflation (end of period; per cent)	0.9	2.9	1.6
GOVERNMENT SECTOR			
Current Revenue	24.6	26.8	25.9
Current Expenditure	33.8	30.6	29.2
Capital Expenditure	7.5	6.6	6.3
Primary Balance	(11.5)	(7.0)	(5.6)
Overall Balance	(12.8)	(8.2)	(6.8)
Debt Servicing (% Current Revenue)			
Financing	12.8	8.2	6.8
EXTERNAL SECTOR			
Balance of Trade	(34.2)	(34.2)	(33.3)
Travel Receipts	35.3	33.9	34.1
Current Account	(14.2)	(16.2)	(14.8)
Foreign Direct Investment	(1.6)	(0.7)	(0.7)
MONETARY SECTOR (EC\$M)			
Money Supply	3,313.4	3,513.9	3,666.5
Net Foreign Assets	1,690.3	1,493.0	1,270.5
Net Domestic Assets	1,623.1	2,020.9	2,396.0
Domestic Credit	1,914.6	1,630.7	1,749.3
of which credit to the private sector	2,078.1	2,214.1	2,317.6
of which credit to businesses	702.7	748.6	783.6
of which credit to households	1,375.4	1,465.4	1,533.9
MEMO ITEMS			
Total public sector debt (EC\$M)			
Total public sector debt to GDP			

Note: Data for 2025 are revised; data for 2026 are estimates and data for 2027 are forecasts.

Source: Ministry of Finance and ECCB.

¹ P&O Cruises is scheduled to begin homeporting operations in St. Kitts from November 2027. The New Cruise Terminal Development Project has begun to modernise port infrastructure and facilitate increased traffic.



3.2 Risks

Risks in the medium term are heavily tilted to the downside. A protracted continuation of the conflict could drive up fuel and energy prices, negatively impacting global growth including in major tourism source markets and increasing global transportation

costs (see Table 6). The likelihood of identified upside risks are low and thus, Country Authorities should consider alternative policy measures to stabilise the domestic economic environment in the event these upside risks do not materialise.

Table 6: Risk Assessment Matrix

IDENTIFIED RISK FACTOR	LIKELIHOOD	MACROECONOMIC IMPACT
DOWNSIDE RISKS		
Escalating Middle East conflict threatens global growth.	High	Likely to result in significant macroeconomic consequences including weaker global growth, with rising energy prices resulting in higher inflation including for transportation combining to potentially negatively impact major tourism source markets. Rising inflation in key import source markets resulting in imported inflation increasing domestic prices likely in Q3 and Q4.
Rising geopolitical tensions and subsequent retaliatory tariffs stifle global trade.	High	Rising geopolitical tensions resulting in higher tariffs impacting global trade resulting in increased uncertainty, weaker growth and potentially additional inflationary stimulus.
Elevated global inflationary expectations trigger prolonged restrictive monetary policy.	Medium	Higher inflationary expectations prompting higher global interest rates increasing servicing costs for variable interest rate loans.
Tightening fiscal space in advanced economies constrains foreign aid budgets.	Medium	Tightening fiscal space in advanced economies significantly reducing development assistance, particularly support for climate resilience investment.
Climatic events and natural disasters.	High	Frequent weather shocks disrupt agriculture, tourism, and infrastructure, create unplanned fiscal demands and exacerbate debt dynamics.
UPSIDE RISKS		
An end to military hostilities in the Middle East.	Low	Immediate cessation of military conflict in the Middle East and resumption of global oil supplies: Resulting in stronger growth and easing of inflationary pressures positively impacting tourism arrivals and easing domestic price pressures.
An easing of conflict-related trade disputes and shipping bottlenecks.	Low	Easing of trade frictions resulting in a rebound in global trade supporting improved growth and easing inflationary pressures in major import source markets.
The stabilisation of the global economic environment.	Low	Fiscal policy efforts increase fiscal space and positively debt ratios.

¹ P&O Cruises is scheduled to begin homeporting operations in St. Kitts from November 2027. The New Cruise Terminal Development Project has begun to modernise port infrastructure and facilitate increased traffic.



Downside Risks (Local)

Fiscal and debt sustainability remains a key vulnerability to the medium-term outlook for Saint Christopher (St Kitts) and Nevis. Continued fiscal imbalances stemming from CBI revenue underperformance may necessitate more strategic liquidity management. A sustained narrowing of fiscal

space could present challenges in optimising cash flows, potentially influencing the execution of essential recurrent and capital expenditures. The authorities should consider aligning the medium-term primary balance target with achieving the long-term debt anchor of 60.0 per cent of GDP by 2035.

Upside Risks (Local)

- Accelerated implementation of public sector investment projects could provide stronger-than-anticipated support to medium-term growth.** Key projects such as the Smart Hospital, geothermal project and the Homeporting project could provide near-term stimulus through construction activity while strengthening long-term productive capacity. The geothermal plant also has the potential to enhance energy security, reduce dependence on imported fossil fuels, and improve the economy's resilience to external price shocks. If implementation proceeds faster than currently assumed, these projects could lift growth above baseline projections over the medium term.
- Progress under the Sustainable Island State Agenda presents a significant upside to the outlook².** Successful implementation of SISA-related initiatives could catalyse public and private investment, support structural transformation, and strengthen climate resilience. By advancing reforms and projects linked to sustainability, energy transition, food security, and social development, the agenda could help reduce structural vulnerabilities while improving competitiveness. Over the medium term, stronger execution of these initiatives could generate more durable growth outcomes.



Photo Credit: Ko Hon Chiu Vincent

² Refer to Box 1 within the 2025 Annual Economic and Financial Review for Saint Christopher (St Kitts) and Nevis which highlights the aim and scope of the Sustainable Island State Agenda (SISA).



4

Policy Recommendations

Priorities to address imbalances and anchor resilient growth

In light of these medium-term risks, the ECCB restates the policy recommendations conveyed in the 2025 Annual Economic and Financial Review and other supplementary reports for Saint Christopher and Nevis. These include:

1 Reform the Citizenship by Investment (CBI) programme to reverse the decline in receipts and provide support to the Government's Sustainable Island State Agenda. While the ECCB acknowledges the recent regulatory and supply-oriented reforms being undertaken, there is a need to engage in demand-related interventions to boost access to, and visibility in targeted markets.

2 Review and justify the magnitude of discretionary social transfers, tax holidays and other subsidies. The efficacy and sustainability of the current social transfer mechanism require scrutiny to better align expenditures with medium-term fiscal targets.

The Government should consider strengthening its medium-term fiscal framework to ensure fiscal sustainability and continued economic growth. The following policy options may be considered:

3 Seek to align the medium-term primary balance target with a path that is consistent with achieving the long-term debt anchor of 60.0 per cent of GDP by 2035. Such targeting can be supported by the following policy actions: (i) Develop and legislate fiscal rules that include guidelines for the prudent treatment of CBI receipts; (ii) Avoid programming expenditures based on the expectation of CBI receipts; (iii) Continue strengthening tax administration and duly consider structuring the Housing and Development levy in a more progressive manner and; (iv) Limit tax leakages especially as it relates to the easy access of duty-free demerit goods such as alcohol.

4 Prioritise the enhancement of human capital through targeted skills development. These include in digital technologies such as information and communications technology (ICT), artificial intelligence (AI); as well as emerging green and blue economy skills, to better align the labour force with the evolving structure of the economy. While there has been some progress with the establishment of the National Productivity Council in 2025, further strengthening technical, digital and analytical competencies will support innovation, facilitate technology adoption, improve labour market matching and enhance productivity. As part of this thrust, funding is required for the operationalisation of the National Productivity Council.

³ Refer to the ECCB Strategic Plan 2026 – 2031 website for an explanation of the Big Push and the theatres of transformation.



4 Policy Recommendations

Priorities to address imbalances and anchor resilient growth

- 5 **Consider establishing a tourism enhancement fund and a centre for tourism innovation, drawing on the successful approaches adopted in destinations such as Jamaica and Singapore, to provide targeted financing, technical support and incubation services for high-potential tourism projects.** This initiative would help entrepreneurs and existing tourism operators develop innovative attractions, experiences, and digital solutions that can strengthen the destination's competitiveness. The Fund could prioritize projects that deepen local value-added, expand linkages with agriculture, culture, and the creative industries, and encourage greater participation by small and medium-sized enterprises. By fostering innovation and investment in higher-value tourism offerings, the initiative could increase stayover arrivals and tourist expenditure in the domestic economy, lengthen average visitor stay, and enhance the overall economic impact of the tourism sector.
- 6 **Accelerate the implementation of initiatives under the Sustainable Island State Agenda (SISA) and ECCB's "Big Push" Plan, with particular emphasis on energy transition, food and nutrition security, digital transformation, and export competitiveness³.** Decisive execution of targeted reforms can enhance economic resilience, reduce structural vulnerabilities, and create new opportunities for sustainable growth and job creation. Strengthened coordination, clear accountability mechanisms, and timely delivery of projects will be critical to translating strategic ambitions into measurable development outcomes.

BIG PUSH

To achieve a doubling of real GDP within a decade, requiring sustained annual growth of approximately 7.0 per cent, ECCU member governments should execute on coordinated **"Big Push"**^[1] strategies across seven key transformational areas. Transitioning from incremental reform to simultaneous, high-impact intervention, priority policies should focus on reducing structural import leakages via food security and renewable energy transitions, while modernising infrastructure through digital integration. Furthermore, targeted investments must align human capital with future sector demands, boost tourism benefits, and strengthen institutional frameworks for financial inclusion and savings mobilization to insulate long-term growth from external shocks.

¹ For more information on the "Big Push" Agenda, refer to the ECCB website at <https://www.eccb-centralbank.org>.

³ Refer to the ECCB Strategic Plan 2026 – 2031 website for an explanation of the Big Push and the theatres of transformation.



A1 Appendix: Selected Economic Indicators

Saint Christopher (St Kitts) and Nevis, 2019 to 2027

Table 7. Selected Economic Indicators

EC\$M, unless otherwise stated. E = estimate, P = preliminary, R = revised forecast.

INDICATOR	2022	2023	2024	2025R	2026E	2027F
REAL SECTOR						
Nominal GDP (EC\$M)	2,649.86	2,850.26	3,030.45	3,168.50	3,375.83	3,533.64
Nominal GDP (per cent growth)	14.30	7.56	6.32	4.56	6.54	4.67
Real GDP (EC\$M)	2,232.17	2,299.61	2,306.79	2,355.74	2,409.43	2,465.21
Real GDP Growth	10.48	3.02	0.31	2.12	2.28	2.31
Inflation (end of period; per cent)	3.86	1.58	1.90	0.90	2.90	1.60
GOVERNMENT SECTOR						
Current Revenue	1,243.53	1,274.68	915.12	778.46	850.12	874.78
Current Expenditure	1,053.81	1,038.10	1,086.30	1,072.40	970.64	986.17
Capital Expenditure	386.13	333.95	224.15	239.13	209.23	212.58
Primary Balance	(59.24)	41.13	(258.59)	(363.30)	(221.39)	(189.32)
Overall Balance	(92.11)	6.97	(294.13)	(404.93)	(259.50)	(228.04)
Financing	92.11	(6.97)	294.13	404.93	259.50	228.04
EXTERNAL SECTOR						
Balance of Trade	(918.28)	(990.06)	(1,008.68)	(1,084.39)	(1,155.35)	(1,175.63)
Travel Receipts	793.29	960.86	1,073.33	1,117.74	1,144.33	1,204.61
Current Account	(281.40)	(383.16)	(369.38)	(451.49)	(546.38)	(522.53)
Foreign Direct Investment	(131.39)	(83.84)	(89.42)	(49.38)	(23.30)	(24.39)
MONETARY SECTOR						
Money Supply	3,129.94	3,071.91	3,148.40	3,313.36	3,513.87	3,666.47
Net Foreign Assets	2,580.24	2,381.49	1,986.92	1,690.28	1,493.00	1,270.50
Net Domestic Assets	549.70	690.42	1,161.48	1,623.08	2,020.87	2,395.97
Domestic Credit	857.13	952.72	1,410.76	1,914.63	1,630.75	1,749.27
of which credit to the private sector	1,674.19	1,758.83	1,949.57	2,078.09	2,214.07	2,317.57
of which credit to businesses	614.14	626.64	678.63	702.66	748.63	783.63
of which credit to households	1,060.05	1,132.19	1,270.94	1,375.43	1,465.43	1,533.94
MEMO ITEMS						
Total public sector debt (EC\$M)	1,676.60	1,676.20	1,648.28	1,727.99	1,920.11	2,190.92
Total public sector debt-GDP (%)	63.27	58.81	54.39	54.54	60.60	64.90

Note: Data for 2025 are revised; data for 2026 are estimates and data for 2027 are forecasts.

Source: Central Statistics Office and ECCB.



SPECIAL ISSUES BOX

Box 1: Economic Implications of the US-Israel-Iran War on Saint Christopher (St Kitts) and Nevis

The escalation of the US-Israel-Iran conflict, which commenced on 28 February 2026, has emerged as a significant downside risk to the global economic outlook. Military action in the Middle East disrupted energy infrastructure and shipping through the Strait of Hormuz, through which approximately 20.0 per cent of global oil production is transported, causing crude oil prices to surge by approximately 35.0 per cent within one month of the conflict. Higher energy prices, coupled with elevated freight and insurance costs, have renewed inflationary pressures globally and increased downside risks to economic growth, particularly for small, import-dependent economies such as Saint Christopher (St Kitts) and Nevis.

As the Federation imports all its petroleum products and a substantial share of its consumer goods, higher international oil prices increase the landed cost of gasoline, diesel, liquefied petroleum gas (LPG), electricity generation and freight services. These effects subsequently transmit to higher retail prices for food, transportation, construction materials and other imported consumer goods. In addition, rising fertilizer prices and shipping costs increase agricultural production costs, placing further upward pressure on domestic food prices. The resulting erosion of real disposable income reduces household purchasing power and increases operating costs for businesses. ECCB simulations indicate that inflationary pressures could intensify considerably should elevated oil prices persist. Under the baseline scenario, where crude oil averages approximately US\$113 per barrel, regional inflation is projected to increase to 3.0 per cent in 2026. Under a more severe

shock scenario, where oil prices average US\$150 per barrel, end-of-period inflation across the ECCU could reach 6.0 per cent.

To mitigate the impact of these external pressures, the Government announced several temporary fiscal support measures. These include VAT Rate Days throughout 2026, a 50.0 per cent reduction in the gasoline excise tax, a reduction in the customs service charge on gasoline from 6.0 per cent to 3.0 per cent, the exemption of shipping surcharges from customs duties calculation, and the removal of taxes and duties on renewable energy equipment. These measures are intended to cushion households and businesses from rising import costs and moderate the pass-through of higher international fuel prices to domestic inflation. However, they also reduce government revenue and temporarily constrain fiscal space, illustrating the trade-off between providing short-term cost-of-living relief and preserving fiscal sustainability.

Overall, while the direct trade linkages between Saint Christopher (St Kitts) and Nevis and the Middle East remain limited, the conflict reinforces the economy's vulnerability to global commodity price shocks. Inflation remains the most immediate macroeconomic risk, while slower tourism growth, weaker external demand and reduced fiscal flexibility represent key downside risks to the medium-term outlook. Continued investment in renewable energy, food security and the rebuilding of fiscal buffers will therefore remain important to strengthening the country's resilience to future geopolitical and commodity price shocks.

Source: Economic Impact of the US-Israel-Iran Conflict on the ECCU (Parke et al., 2026) and ECCB Economic Surveillance.



Saint Christopher (St. Kitts) and Nevis

Economic and Financial Review

JUNE 2026 UPDATE

Research, Statistics and Data Analytics Department

P. O. Box 89, Basseterre

St Kitts and Nevis, West Indies

Tel: (869) 465-2537 Fax: (869) 465-5615

rsdad@eccb-centralbank.org

www.eccb-centralbank.org

© ECCB, 2026