



GOVERNMENT OF
GRENADA

2020
QUARTER 1

PUBLIC DEBT
QUARTERLY
BULLETIN

A PRODUCTION OF THE DEBT MANAGEMENT UNIT
MINISTRY OF FINANCE

Acronyms & Abbreviations

ATM- Average Time to Maturity

ATR- Average Time to Re-fixing

EUR- Euro

GBP- Great Britain Pound

GDP- Gross Domestic Product

GOG-Government of Grenada

KWD- Kuwaiti Dinar

MTDS- Medium-Term Debt Strategy

RGSM- Regional Governments Securities Market

SOE- State-owned Enterprise

USD- United States Dollar

XCD- Eastern Caribbean Dollar

XDR- Special Drawing Rights

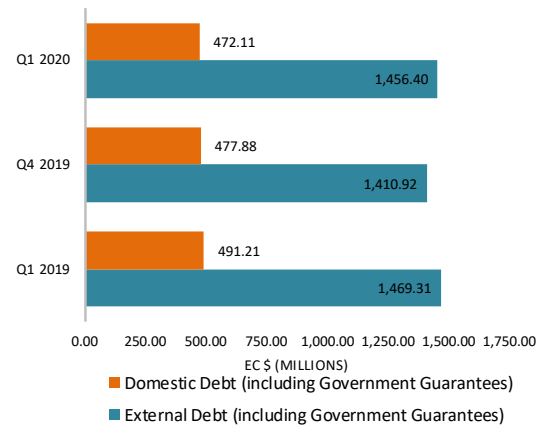
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1.0 Total Public Debt

In the first quarter (Q1) of 2020, total public debt¹ comprised solely of Central Government's (CG) external and domestic debt which totaled EC\$1,928.5 million (66.2% of GDP²). In chart 1 there's a comparison of total public debt in Q1 of 2020 with that of the previous quarter and Q1 2019. External debt decreased between Q1 2019 and Q4 2019 but increased in the quarter under review due to a disbursement received from a multilateral creditor. Domestic debt however, continued a downward trajectory from Q1 2019 to Q1 2020. External and domestic CG debts were 75.5% and 24.5% respectively of total public debt (Chart 2).

Chart 1: Movement in Public Debt

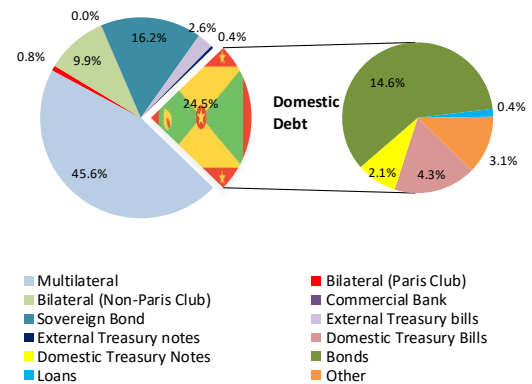


1.1 External Debt

1.1.1 External Debt by Creditor Category

At the end of Q1 2020, external debt was EC\$ 1,456.4 million (50.0% of GDP). It comprised chiefly of debt contracted from multilateral creditors. Chart 3 compares external debt at the end of Q1 2020 with that of the previous quarter and Q1 2019.

Chart 2: Central Government Debt



1.1.2 External Debt by Interest Type

In Q1 2020, loans contracted at fixed interest rates dominated the external portfolio (84.0%) (Chart 4).

Chart 3: External Debt by creditor

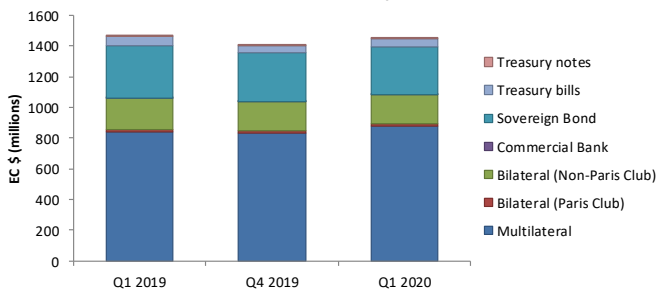
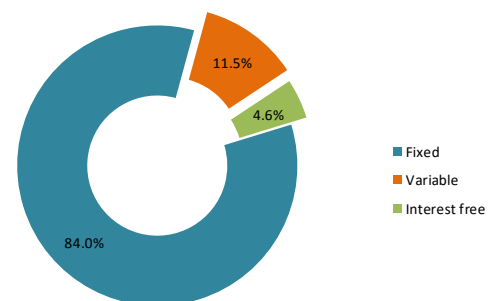


Chart 4: External Debt by Interest type



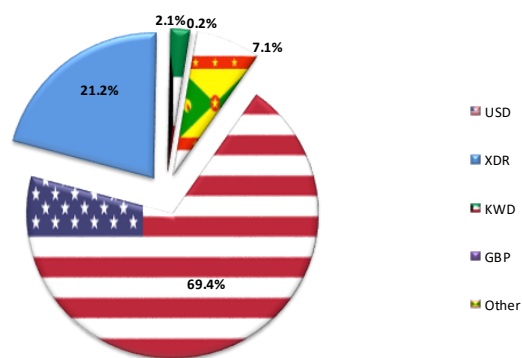
¹ Total public debt includes both the domestic and external debt of Central Government and the Government guaranteed debt of Grenada's state-owned enterprises.

² GDP: Ministry of Finance (MOF) projected Gross Domestic Product as at April 16, 2020. GDP declined based on the impact of the Covid-19 crisis. Shocks were applied to various sectors of the economy as many businesses had to temporarily close their doors.

1.1.3 Currency Composition of External Debt

The external portfolio comprised primarily of instruments contracted in United States Dollars (USD) (69.4%) in Q1 2020. This was followed by instruments contracted in Special Drawing Rights (XDR) (21.2%) and other currencies³ (7.1%). (Chart 5).

Chart 5: Currency Composition of External Debt



1.2 Domestic Debt⁴

Domestic debt stood at EC\$472.1 million (16.2% of GDP) at the end of Q1 2020.

1.2.1 Domestic Debt by Instrument Type & Holder

In the first quarter of 2020, the domestic portfolio was dominated by bonds (Chart 6). Non-bank financial institutions are the chief holders of domestic debt (Chart 7).

Chart 6: Domestic Debt by Instrument

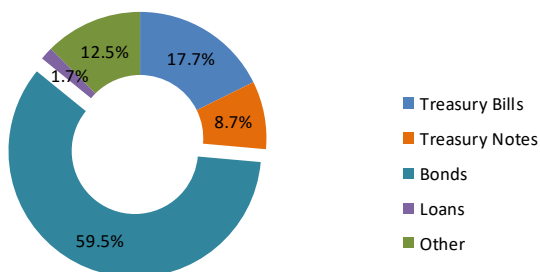
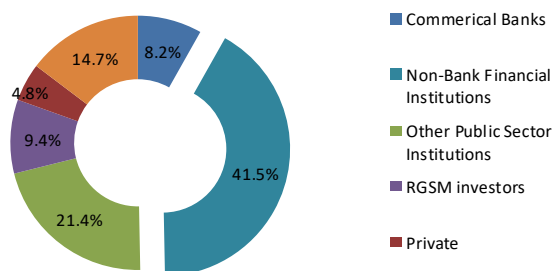


Chart 7: Domestic Debt by Holder



1.2.2 Domestic Debt by Interest Type

GOG's domestic instruments have all been contracted at fixed interest rates.

2.0 Debt of State-Owned Enterprises

At the end of 2019⁵, the total debt stock of SOEs was EC\$467.4 million (14.2% of GDP⁶). This is inclusive of the debt obligations of Petro Caribe which amounted to EC\$372.1 million (11.3% of GDP).

³ "Other currencies" includes the Eastern Caribbean Dollar and the Euro.

⁴ Domestic debt includes all debt contracted by creditors whose residency is Grenada.

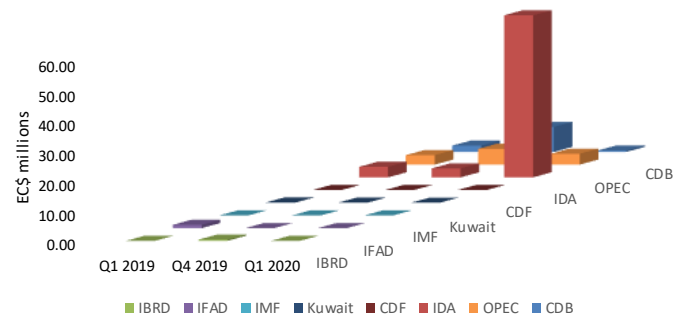
⁵ December 2019 is the latest period for which total SOE debt stock is available.

⁶ MOF projected GDP as at end 2019.

3.0 Disbursements

At the end of the first quarter of 2020, total disbursements amounted to EC\$58.3 million, all of which were received from multilateral creditors. In the preceding quarter, disbursements amounted to EC\$ 17.1 million and in Q1 2019 disbursements amounted to EC\$1.4 million (Chart 8).

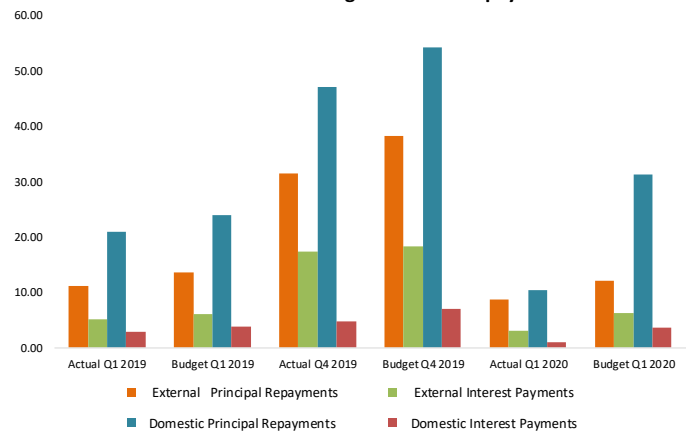
Chart 8: Disbursement by creditor



4.0 Debt Service

Chart 9 compares budgeted and actual debt service in the period under review to the preceding quarter and Q1 2019. In the first quarter of 2020, total debt service payments amounted to EC\$23.3 million against a budgeted EC\$53.3 million, 50.8% was external debt service and 49.1% domestic debt service. Differences in budgeted and actual payments can be attributed principally to late disbursements resulting in changes to forecasted payment schedules and to a lesser extent interest rate and exchange rate fluctuations.

Chart 9: Debt Service budgeted & actual payments

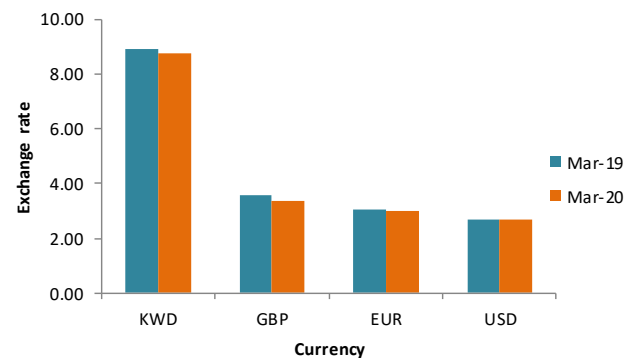


5.0 Risk Assessment of the Portfolio

5.1 Foreign Currency Risk

During the period Q1 2019 to Q1 2020, the Eastern Caribbean Dollar (XCD) appreciated against the Euro (EUR), Kuwaiti Dinar (KWD) and Great Britain Pound (GBP) by 2.0%, 6.0% and 1.8% respectively. This is primarily due to depreciations in exchange rates in the context of decreased economic activity as a result of the Covid-19 crisis (Chart 10).

Chart 10: Movement in Exchange Rate



5.2 Average Time to Maturity (ATM⁷) & Average Time to Re-fixing (ATR⁸)

In Table 1, the ATM and ATR for both the domestic and external portfolio in Q1 2020, are compared to that of Q1 and Q4 2019.

The ATM of the external portfolio remained in line with Government's target of 8 years and above. The ATM of the domestic portfolio however, increased when compared to Q1 and Q4 2019, by 0.4 and 1.1 years respectively. The ATR of the external portfolio decreased by 0.9 and 0.7 years respectively when compared to Q1 and Q4 2019 and the ATR of the domestic portfolio increased when compared to the same periods by 0.4 and 1.1 years respectively. An increase in ATR indicates that the interest rates of a smaller number of instruments will be reset in the near future.

⁷ ATM shows how long it takes on average to roll over or refinance the debt portfolio.

⁸ ATR indicates the average time required to reset the interest rate in the debt profile.

Table 1: Risk Indicators

Risk Indicators (years)	Q1 2019	Q4 2019	Q1 2020
ATM of external portfolio	9.61	10.1	9.44
ATR of external portfolio	9.68	9.5	8.81
ATM of domestic portfolio	7.16	6.5	7.59
ATR of domestic portfolio	7.16	6.5	7.59

6.0 Regional Governments Securities Market (RGSM) Activities

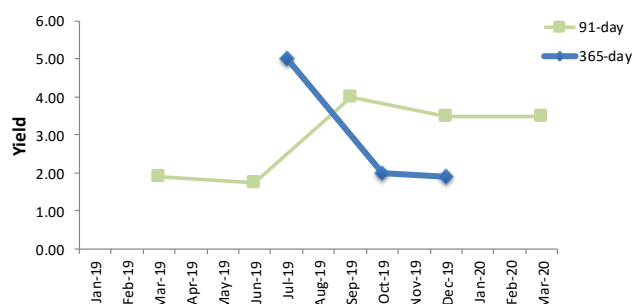
In the first quarter of 2020, two instruments were re-issued on the RGSM, one 91-day (1) treasury bill and one (1) 2-year note. Table 2 shows details of these securities and the bid-to-cover ratio⁹ of each.

Table 2: RGSM Auction Results (Q1 2020)

Instrument type	Total Units offered	Total Competitive Bids received	Total Payment Due	Total Discount	Discount Rate (%)	Interest rate (%)	Bid to Cover Ratio
<i>In millions of EC\$ unless otherwise stated</i>							
91-day T-bill	15.00	15.00	14.87	0.13	3.50	0.00	1.00
2-year note	10.00	20.61	10.00	0.00	0.00	3.85	2.06
TOTAL	25.00	35.61	24.87	0.13			

6.1 Treasury Bills Auction Yields

Chart 11 shows interest rates on GOG's treasury bills for the period March 2019 to March 2020. Rates on 91-day treasury bills fluctuated whereas rates on 365-day treasury bills decreased during the period. The volatility of the interest rates is based on the competitiveness of the bids during the auction.

Chart 11: Interest Rate fluctuations on Treasury Bills (Q1 2019-Q1 2020)

7.0 Government Guarantees

GOG is free of guaranteed debt obligations. The sole SOE with Government guaranteed debt repaid this debt in full in Q4 2019 and there has been no new issues of Government guaranteed debt to date. In the same period in 2019 Government guaranteed debt was EC\$0.1 million.

⁹ Bid-to-cover ratio is the ratio of the number of bids received in a Treasury security auction, to the number of bids accepted.

Appendices

Appendix 1: Size of Public Debt

Debt Category	Q1 2019	Q4 2019	Q1 2020
<i>In millions of EC\$</i>			
External Debt (including Government Guarantees)	1,469.31	1,410.92	1,456.40
Domestic Debt (including Government Guarantees)	491.21	477.88	472.11
Total	1,960.53	1,888.80	1,928.52

Appendix 2: External Debt by Creditor

Creditor Category	Q1 2019	Q4 2019	Q1 2020
<i>In millions of EC\$</i>			
Multilateral	840.18	832.81	879.19
Bilateral (Paris Club)	17.77	16.02	15.77
Bilateral (Non-Paris Club)	205.79	192.95	190.54
Commercial Bank	0.91	0.91	0.91
Sovereign Bond	341.51	312.99	312.99
Treasury bills	57.17	49.37	49.38
Treasury notes	5.87	5.87	7.62
Total	1,469.20	1,410.92	1,456.40

Appendix 3: External Debt by currency composition

Currency Composition	Q1 2019	Q4 2019	Q1 2020	% share of External Debt Q1 2020
<i>In millions of EC\$</i>				
United States Dollar	997.55	959.87	1010.93	69.41
Special Drawing Rights	319.00	312.90	308.23	21.16
Kuwaiti Dinar	36.59	32.93	30.52	2.10
Great Britain Pound	4.03	3.61	3.39	0.23
Other currencies	112.03	101.61	103.33	7.09
Total	1,469.20	1,410.92	1,456.40	100.00

Appendix 4: Disbursement by Creditor

Creditor	Q1 2019	Q4 2019	Q1 2020
<i>In millions of EC\$</i>			
Caribbean Development Bank	0.23	8.37	0.44
International Development Association	0.67	2.98	54.25
International Bank for Reconstruction & Development	0.00	0.40	0.00
International Fund for Agricultural Development	0.00	0.00	0.00
International Monetary Fund	0.00	0.00	0.00
Organisation of Petroleum Exporting Countries	0.43	5.29	3.64
Kuwait Fund for Arab Economic Development	0.09	0.05	0.00
CARICOM Development Fund	0.00	0.00	0.00
Total	1.43	17.09	58.33

Appendix 5: Domestic Debt by Instrument

Domestic Debt by Instrument	Q1 2019	Q4 2019	Q1 2020
<i>In millions of EC\$</i>			
Treasury Bills	101.77	83.54	83.53
Treasury Notes	20.67	42.90	41.15
Bonds	295.50	283.14	280.69
Loans	14.43	9.46	7.90
Other	58.85	58.85	58.85
Total	491.21	477.88	472.11

Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Q1 2019	Q4 2019	Q1 2020
<i>In millions of EC\$</i>			
Commerical Banks	41.87	38.48	38.48
Non-Bank Financial Institutions	207.61	197.72	196.16
Other Public Sector Institutions	106.60	103.41	101.06
RGSM investors	42.07	46.06	44.30
Private	23.24	22.94	22.84
Other	69.83	69.27	69.27
Total	491.21	477.88	472.11

Appendix 7: Debt Service

Debt service	Actual Q1 2019	Budget Q1 2019	Actual Q4 2019	Budget Q4 2019	Actual Q1 2020	Budget Q1 2020
<i>In millions of EC\$</i>						
Total Debt Service	40.15	47.47	100.72	118.06	23.31	53.34
External Debt Service	16.29	19.76	48.80	56.68	11.86	18.28
<i>External Principal Repayment</i>	11.19	13.67	31.46	38.31	8.75	12.05
<i>External Interest Payments</i>	5.11	6.10	17.34	18.36	3.11	6.24
Domestic Debt Service	23.86	27.71	51.92	61.39	11.45	35.06
<i>Domestic Principal Repayments</i>	20.99	23.94	47.23	54.37	10.50	31.35
<i>Domestic Interest Payments</i>	2.87	3.77	4.68	7.02	0.95	3.71

APPENDICES 2 TO 7 REFLECT CENTRAL GOVERNMENT DEBT FIGURES ONLY

Debt Statistics Summary (In millions \$ unless otherwise stated)

Particulars	Mar-19	Dec-19	Mar-20	Qtrly change (%)	YTD change (%)
Total Public Debt (XCD)					
External Debt (including Government Guarantees)	1,469.31	1,410.92	1,456.40	3.22	-0.88
Domestic Debt (including Government Guarantees)	491.21	477.88	472.11	-1.21	-3.89
Total Public Debt to GDP (%)					
External Debt to GDP	45.49	42.79	50.03	16.91	9.97
Domestic Debt to GDP	15.21	14.49	16.22	11.89	6.63
Central Government Debt (XCD)					
External Debt	1,469.20	1,410.92	1,456.40	3.22	-0.87
Domestic Debt	491.21	477.88	472.11	-1.21	-3.89
Central Government Debt to GDP (%)					
External Debt	45.49	42.79	50.03	16.91	9.98
Domestic Debt	15.21	14.49	16.22	11.89	6.63
Other Debt*	372.14	372.14	372.14	0.00	0.00
Other Debt to GDP	11.52	11.29	12.78	13.26	10.95
Government Guarantees					
External	0.12	-	-	0.00	-100.00
Domestic	-	-	-	0.00	0.00
External debt by Creditor					
Multilateral	840.18	832.81	879.19	5.57	4.64
Bilateral	223.55	208.97	206.31	-1.27	-7.71
Domestic instruments contracted from external creditors	63.04	55.24	57.00	3.18	-9.59
Other	342.42	313.90	313.90	0.00	-8.33
External Debt by Instrument					
T-bills/ T-notes	63.04	55.24	57.00	3.18	-9.59
Loans	1,064.65	1,042.69	1,086.41	4.19	2.04
Bonds	341.51	312.99	312.99	0.00	-8.35
Domestic Debt by instrument					
T-bills	101.77	83.54	83.53	-0.01	-17.92
T-Notes	20.67	42.90	41.15	-4.08	99.07
Bonds	295.50	283.14	280.69	-0.87	-5.01
Loans	14.43	9.46	7.90	-16.46	-45.23
Other	58.85	58.85	58.85	-0.01	0.00
Foreign Currency Risk (%)					
% of debt in USD	67.90	68.02	69.41	2.05	2.23
% of debt in XDR	21.71	22.19	21.16	-4.62	-2.52
% of debt in Kuwaiti Dinars	2.49	2.34	2.10	-10.26	-15.84
% of debt in GBP	0.27	0.26	0.23	-9.12	-13.83
% of debt in other currency	7.63	7.21	7.09	-1.53	-7.01
% of foreign debt	74.94	74.70	75.52	1.10	0.77
Total Debt Service					
External	16.29	48.80	11.86	-75.70	-27.21
Domestic	23.86	51.92	11.45	-77.95	-52.01
Principal	32.17	78.69	19.25	-75.54	-40.16
Interest	7.98	22.03	4.06	-81.58	-49.15
Disbursements	1.43	17.09	58.33	241.36	3989.92
Fiscal indicators					
Total Debt Service to Revenue	19.60	42.05	10.27	-75.58	-47.62
Total Debt Service to GDP	1.24	3.05	0.80	-73.79	-35.59
Interest to Revenue	3.90	9.20	1.79	-80.56	-54.09
Interest to Expenditure	5.21	11.58	2.38	-79.45	-54.30
Total Public Sector Debt (% of GDP)	60.70	57.28	66.24		

* Includes the debt obligations of Petro Caribe

N.B. FIGURES ARE SUBJECT TO CHANGE