

PUBLIC DEBT BULLETIN QUARTER 2 2023

A PRODUCT OF THE
DEBT MANAGEMENT UNIT
MINISTRY OF FINANCE

FOR MORE CONTENT LINK THIS VISIT:
FINANCE.GD



Acronyms & Abbreviations

ATM- Average Time to Maturity

ATR- Average Time to Re-fixing

CG – Central Government

CYN - Chinese Yuan Renminbi

EUR- Euro

GBP- Great Britain Pound

GDP- Gross Domestic Product

GG- Government-guaranteed

GoG- Government of Grenada

KWD- Kuwaiti Dinar

MTDS- Medium-Term Debt Management Strategy

RGSM- Regional Governments' Securities Market

SOE- State-owned Enterprise

USD- United States Dollar

XCD- Eastern Caribbean Dollar

XDR- Special Drawing Rights

Table of Contents

1.0 Central Government and Government-guaranteed Debt.....	1
1.1 Central Government’s External Debt.....	1
1.1.1 External Debt by Creditor Category	1
1.1.2 External Debt by Interest Type	1
1.1.3 Currency Composition of External Debt.....	2
1.2 Central Government’s Domestic Debt.....	2
1.2.1 Domestic Debt by Instrument Type	3
1.2.2 Domestic Debt by Holder	3
1.2.3 Domestic Debt by Interest Type	3
2.0 Debt of State-Owned Enterprises (SOEs).....	3
3.0 Disbursements & New Borrowing.....	4
4.0 Debt Service.....	4
5.0 Risk Assessment of the Portfolio	5
5.1 Foreign Currency Risk.....	5
5.2 Average Time to Maturity (ATM) & Average Time to Re-fixing (ATR)	5
6.0 Regional Governments’ Securities Market (RGSM) Activities.....	6
6.1 Treasury Bills Auction Yields.....	6
7.0 Government Guarantees.....	6
Appendices.....	7
Debt Statistics Summary.....	9

1.0 Central Government and Government-guaranteed Debt

The total of Central Government (CG) and Government Guaranteed (GG) debt at the end of June 2023 was EC\$2,059.6 million. It was 56.5% of Gross Domestic Product (GDP)¹. Total CG and GG debt fell by 1.5% when compared to end-March 2023 and 2.0% when compared to end-June 2022. Chart 1 compares CG and GG debt in the periods under comparison. Both domestic and external debts were lower at end-June 2023 than their relative stocks at end-March 2023. As a percentage of the total of CG and GG debt stock, domestic and external debts accounted for 20.0% and 80.0% respectively at end-June 2023 (Chart 2). GG debt remained at 0.2% of domestic debt.

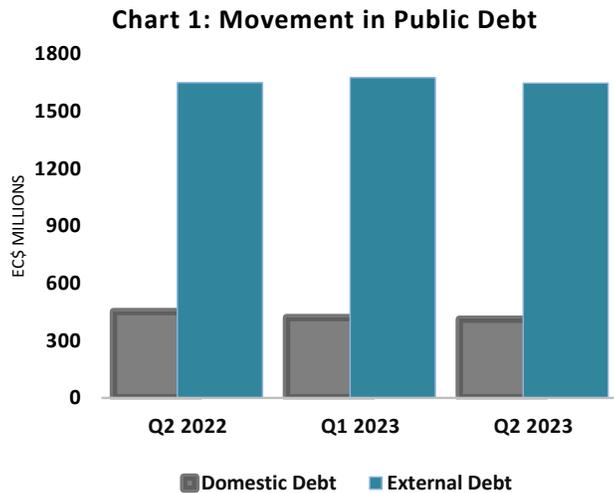
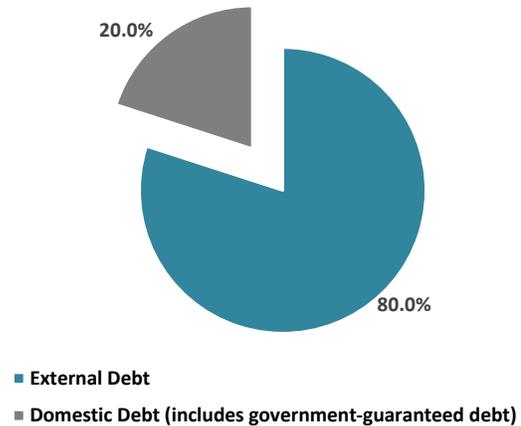


Chart 2: Central Government Debt



1.1 Central Government's External Debt

External CG debt was EC\$1,647.5 million (45.2% of GDP), at the end of June 2023. The instrument type most dominant in Government of Grenada's (GoG's) external portfolio was loans.

1.1.1 External Debt by Creditor Category

Multilateral creditors remained the chief source of external funding. At the end of June 2023, 66.5% of the external portfolio comprised multilateral loans (Appendix 2). Bilateral Non-Paris Club creditors held the second highest share of 14.8% (Chart 3).

1.1.2 External Debt by Interest Type

At the end of June 2023, GoG's external portfolio consisted primarily of instruments contracted at fixed interest rates (84.9%). Loans at variable interest rates and interest-free loans comprised 9.1% and 6.0% respectively (Chart 4).

¹ GDP: Ministry of Finance Staff estimated Gross Domestic Product (nominal, at Market Prices) for 2023 (EC\$3,648.7 million).

Chart 3: External Debt by Creditor

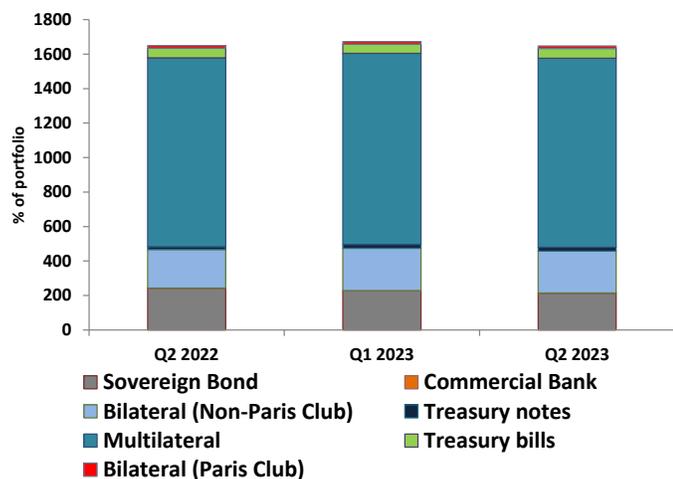
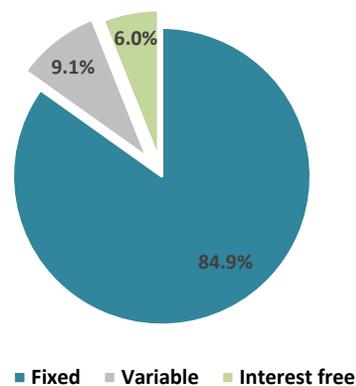


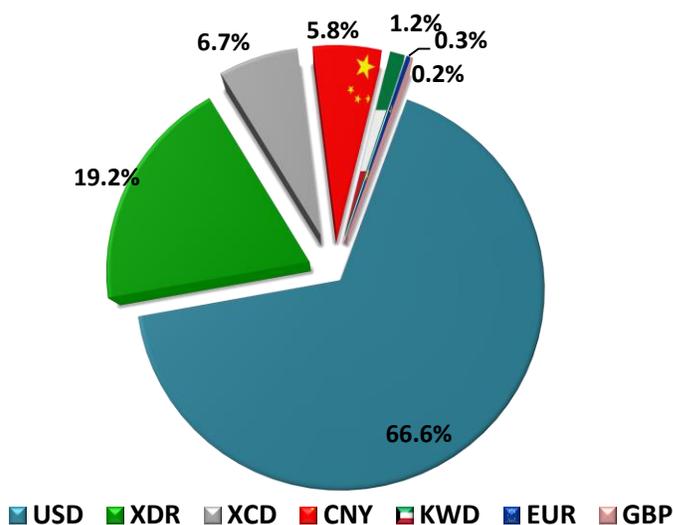
Chart 4: External Debt by Interest Type



1.1.3 Currency Composition of External Debt²

Chart 5 shows the currency composition of GoG’s external debt instruments as at end-June 2023. Instruments denominated in United States Dollars (USD) held the highest share of GoG’s external portfolio (66.6%). These were followed by instruments contracted in Special Drawing Rights (XDR) (19.2%).

Chart 5: Currency Composition of External Debt



1.2 Central Government’s Domestic Debt³

At the end of June 2023, CG’s domestic debt was EC\$411.3 million (11.3% of GDP).

² External debt includes all debt contracted by creditors who do not reside in Grenada, a portion of which is denominated in the Eastern Caribbean Dollar (XCD)

³ Domestic debt includes all debt contracted by creditors who reside in Grenada.

1.2.1 Domestic Debt by Instrument Type

Bonds and Treasury bills dominated GoG’s domestic portfolio, accounting for 57.2% and 21.4% respectively at end-June 2023 (Chart 6).

Chart 6: Domestic Debt by Instrument

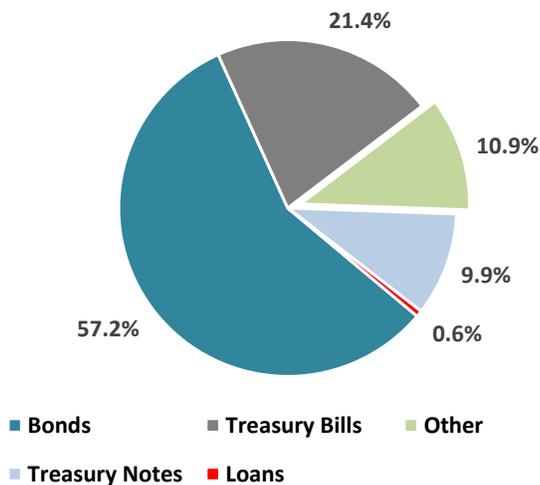
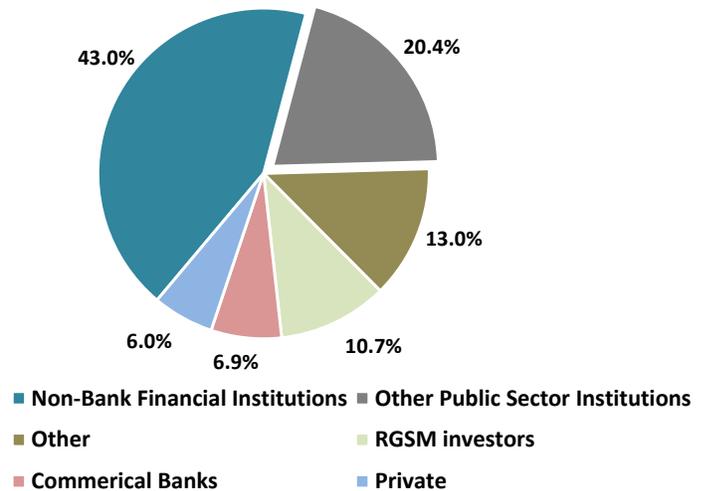


Chart 7: Domestic Debt by Holder



1.2.2 Domestic Debt by Holder

Non-bank financial institutions were the leading holders of domestic debt, they held 43.0% of the domestic portfolio at end-June 2023 (Chart 7).

1.2.3 Domestic Debt by Interest Type

In GoG’s portfolio, all domestic instruments have been contracted at fixed interest rates.

2.0 Debt of State-Owned Enterprises (SOEs)

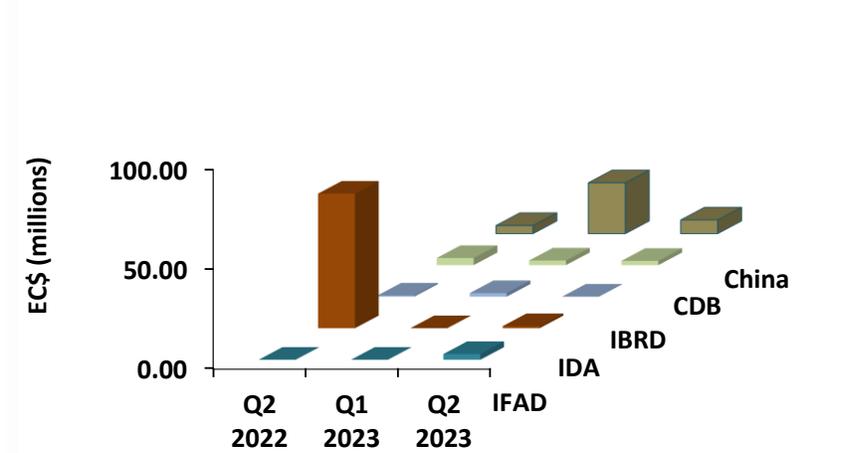
At the end of March 2023⁴, the total SOE debt stock (unaudited), with the exclusion of three (3) SOEs, was EC\$522.7 million (14.3% of GDP). This is inclusive of the debt obligations of Petro Caribe, which was EC\$372.1 million (10.2% of GDP). All non-guaranteed instruments contracted by SOEs are long-term loans and the major creditor is a local commercial bank. Domestic and external SOE debts were 75.2% and 24.8% respectively at end-March 2023.

⁴ SOE debt data as at March 2023 is the latest available.

3.0 Disbursements & New Borrowing

Total loan disbursements in quarter 2 (Q2) 2023 amounted to EC\$12.8 million. EC\$ 6.8 million was from the Republic of China accounting for 53.1% of total disbursements. The remaining 46.9% was from three (3) multilateral creditors (Chart 8). In Q2 2023, disbursements were lower than they were in the previous quarter and the corresponding quarter in 2022. Economic sectors for which funds were disbursed included agriculture, education and training, construction and infrastructure. There was no new borrowing in Q2 2023.

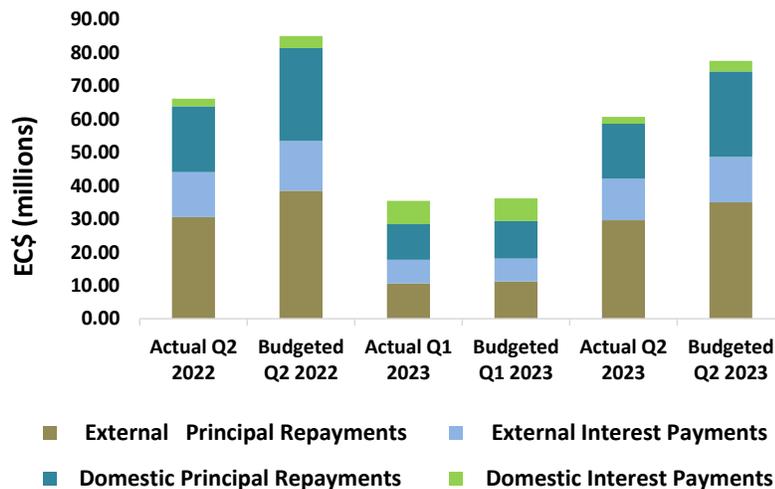
Chart 8: Disbursement by Creditor



4.0 Debt Service

Actual debt service payments in Q2 2023 totaled EC\$60.7 million, which was a combination of interest payments (EC\$14.6 million) and amortisation (EC\$46.1 million). During Q2 and the other periods under comparison, actual debt service payments were lower than what was budgeted. This is due to exchange rate depreciation, interest rate fluctuations, and because a portion of GoG's outstanding bonds budgeted for was not claimed. External and domestic debt service were 69.4% and 30.6 % respectively during Q2 2023. Chart 9 compares budgeted and actual debt service.

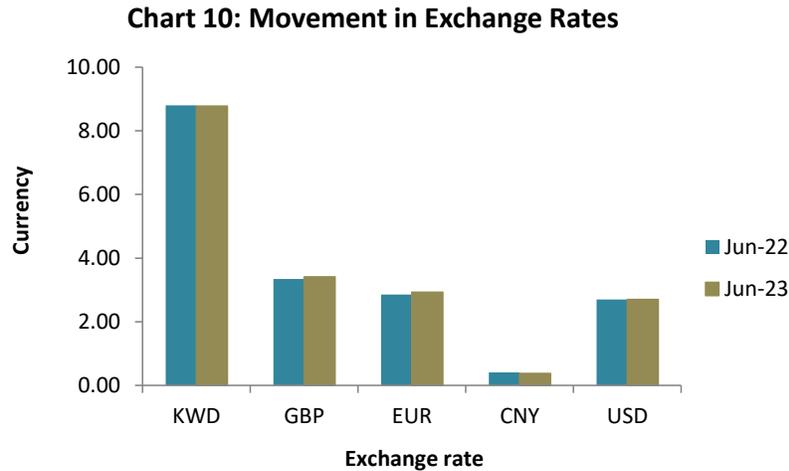
Chart 9: Debt Service Budgeted & Actual Payments



5.0 Risk Assessment of the Portfolio

5.1 Foreign Currency Risk

The Eastern Caribbean Dollar (XCD) appreciated against the Kuwaiti Dinar (KWD) and Chinese Yuan Renminbi (CNY) by 0.2% and 6.5% respectively which is the desired movement. However, it depreciated against the Great Britain Pound (GBP) and Euro (EUR) by 2.1% and 2.8% respectively (Chart 10). The rates of depreciation did not severely impact GoG’s portfolio and are seen as insignificant since the GBP only holds 0.2% of the external portfolio and the EUR only holds 0.3%.



5.2 Average Time to Maturity (ATM⁵) & Average Time to Re-fixing (ATR⁶)

As shown in charts 11 and 12, there were no significant changes in ATM and ATR during the periods under comparison. The ATM of the external portfolio remained above the Medium-term Debt Management Strategy (MTDS) target of 8.0 years while its ATR showed a negligible decrease below the previous quarter of 0.1 years and a decrease of 0.3 years when compared to Q2 2022. On the domestic side, ATM and ATR decreased when compared to Q2 2022 and the previous quarter by 0.6 years and 0.2 years respectively.

Chart 11: ATM of Domestic & External Portfolios

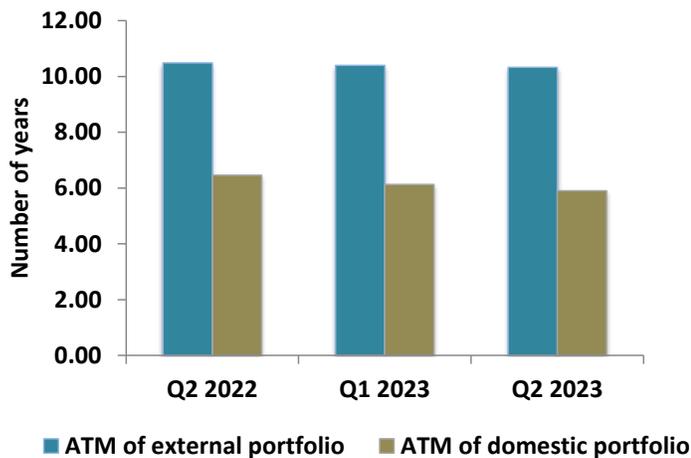
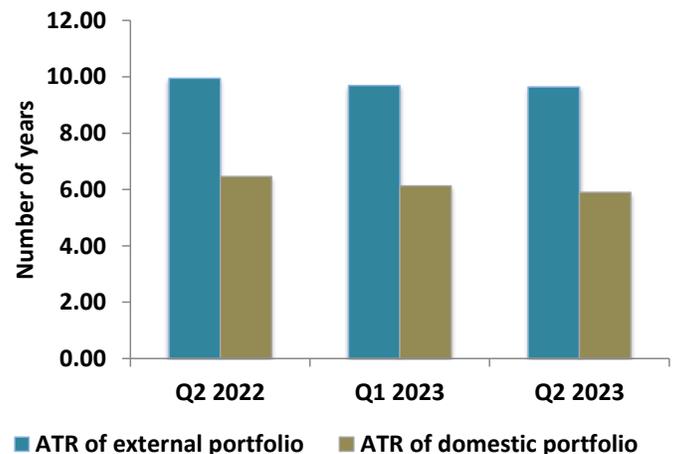


Chart 12: ATR of Domestic & External Portfolios



⁵ ATM shows how long it takes on average to roll over or refinance the debt portfolio.

⁶ ATR indicates the average time required to reset the interest rate in the debt portfolio.

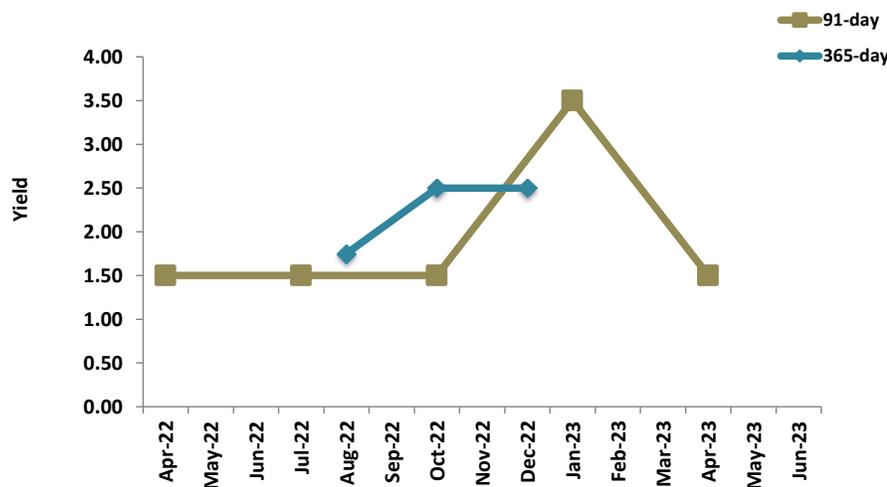
6.0 Regional Governments' Securities Market (RGSM) Activities

In Q2 2023, one (1) 91-day RGSM Treasury bill in the amount of EC\$15.0 million was reissued. It was reissued at a discount rate was 1.5%. The auction was oversubscribed by EC\$20.9 million and its bid to cover ratio was 2.4.

6.1 Treasury Bills' Auction Yields

Treasury bills' auction yields are based on the competitiveness of bidders during the auctions. Chart 13 shows the movement in discount rates on the RGSM during the 1-year period Q2 2022 to Q2 2023. Throughout 2022, GoG's sole 91-day Treasury bill was reissued at 1.5%. In Q1 2023 however, it was reissued at a rate of 3.5%, but returned to 1.5% in Q2 2023. Discount rates on 365-day Treasury bills fluctuated during 2022. There were no reissuances of 365-day Treasury bills during the first half of 2023.

**Chart 13: Interest Rate Fluctuations on Treasury Bills
(Q2 2022-Q2 2023)**



7.0 Government Guarantees

There is only one (1) GG loan in GoG's portfolio. It was contracted from a local commercial bank by an SOE. Its balance at the end of June 2023 was EC\$ 0.8 million.

Appendices

Appendix 1: Central Government & Government-guaranteed Debt

Debt Category	Jun-22	Mar-23	Jun-23
<i>In millions of EC\$</i>			
External Debt	1,649.86	1,672.45	1,647.46
Domestic Debt (includes government-guaranteed debt)	452.28	419.41	412.12
Total	2,102.14	2,091.86	2,059.58

Appendix 2: External Debt by Creditor

Creditor Category	Jun-22	Mar-23	Jun-23
<i>In millions of EC\$</i>			
Multilateral	1,095.69	1,107.74	1,095.41
Sovereign Bond	241.70	227.44	213.19
Bilateral (Non-Paris Club)	224.58	245.95	243.60
Treasury bills	55.66	52.97	57.99
Treasury notes	15.91	22.60	22.60
Bilateral (Paris Club)	15.40	14.84	13.75
Commercial Bank	0.91	0.91	0.91
Total	1,649.86	1,672.45	1,647.46

Appendix 3: External Debt by Currency Composition

Currency Composition	Jun-22	Mar-23	Jun-23
<i>In millions of EC\$</i>			
United States Dollar	1,113.32	1,117.89	1,096.73
Special Drawing Rights	334.95	324.81	316.73
Kuwaiti Dinar	23.55	20.47	20.41
Great Britain Pound	3.24	3.16	3.09
Chinese Yuan	63.93	93.15	94.78
Euro	5.22	5.45	5.31
Eastern Caribbean Dollar	105.65	107.52	110.42
Total	1,649.86	1,672.45	1,647.46

Appendix 4: Disbursement by Creditor

Creditor	Jun-22	Mar-23	Jun-23
<i>In millions of EC\$</i>			
Caribbean Development Bank	3.55	2.30	2.12
International Development Association	67.52	0.00	1.04
International Bank for Reconstruction & Development	0.55	1.78	0.00
International Fund for Agricultural Development	0.00	0.00	2.86
Exim Bank of the Republic of China	4.03	25.48	6.82
Total	75.66	29.55	12.84

APPENDICES 2 TO 7 DO NOT REFLECT GOVERNMENT-GUARANTEED DEBT

Appendix 5: Domestic Debt by Instrument Type

Domestic Debt by Instrument	Jun-22	Mar-23	Jun-23
<i>In millions of EC\$</i>			
Bonds	251.64	236.15	235.01
Treasury Bills	106.39	93.02	87.99
Other	49.66	46.20	44.94
Treasury Notes	40.90	40.90	40.90
Loans	2.85	2.35	2.47
Total	451.44	418.61	411.31

Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Jun-22	Mar-23	Jun-23
<i>In millions of EC\$</i>			
Non-Bank Financial Institutions	184.29	174.54	176.89
Other Public Sector Institutions	89.56	86.79	84.02
Other	58.89	53.28	53.53
RGSM investors	61.48	48.98	43.96
Commerical Banks	31.59	28.30	28.30
Private	25.62	26.72	24.61
Total	451.44	418.61	411.31

Appendix 7: Debt Service

	Actual Q2 2022	Budgeted Q2 2022	Actual Q1 2023	Budgeted Q1 2023	Actual Q2 2023	Budgeted Q2 2023
<i>In millions of EC\$</i>						
Debt service						
Total Debt Service	66.15	84.93	35.46	36.21	60.71	77.54
External Debt Service	44.10	53.42	17.73	18.11	42.11	48.68
<i>External Principal Repayments</i>	30.61	38.47	10.68	11.28	29.64	35.02
<i>External Interest Payments</i>	13.49	14.95	7.06	6.83	12.47	13.66
Domestic Debt Service	22.05	31.51	17.73	18.11	18.60	28.86
<i>Domestic Principal Repayments</i>	19.76	27.93	10.68	11.28	16.49	25.68
<i>Domestic Interest Payments</i>	2.28	3.58	7.06	6.83	2.10	3.19

APPENDICES 2 TO 7 DO NOT REFLECT GOVERNMENT-GUARANTEED DEBT

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

Particulars	Jun-22	Mar-23	Jun-23	Qtrly change (%)	YTD change (%)
Central Government & Government-Guaranteed Debt (XCD)					
External Debt	1,649.86	1,672.45	1,647.46	-1.49	-0.15
Domestic Debt (including Government Guarantees)	452.28	419.41	412.12	-1.74	-8.88
SOE non-guaranteed debt	154.20	150.56	150.56	0.00	-2.36
Other Debt*	372.14	372.14	372.14	0.00	0.00
Central Government's Debt (XCD)					
External Debt	1,649.86	1,672.45	1,647.46	-1.49	-0.15
Domestic Debt	451.44	418.61	411.31	-1.74	-8.89
Central Government's Debt to GDP (%)					
External Debt	50.79	45.84	45.15	-1.49	-11.09
Domestic Debt	13.90	11.47	11.27	-1.74	-18.88
Other Debt to GDP (%)	11.46	10.20	10.20	0.00	-10.96
Government Guarantees					
External	0.00	0.00	0.00	0.00	0.00
Domestic	0.84	0.80	0.80	0.00	-4.76
External debt by Creditor (XCD)					
Multilateral	1,095.69	1,107.74	1,095.41	-1.11	-0.03
Bilateral	239.98	260.79	257.36	-1.31	7.24
Regional investors	71.57	75.57	80.59	6.65	12.61
Commercial creditors	242.61	228.36	214.10	-6.24	-11.75
External Debt by Instrument (XCD)					
T-bills/ T-notes	71.57	75.57	80.59	6.65	12.61
Loans	1,336.58	1,369.44	1,353.68	-1.15	1.28
Bonds	241.70	227.44	213.19	-6.27	-11.80
Domestic Debt by instrument (XCD)					
T-bills	106.39	93.02	87.99	-5.40	-17.29
T-Notes	40.90	40.90	40.90	0.00	0.00
Bonds	251.64	236.15	235.01	-0.48	-6.61
Loans	2.85	2.35	2.47	5.28	-13.12
Other	49.66	46.20	44.94	-2.71	-9.51
Foreign Currency Risk (%)					
% of debt in USD	67.48	66.84	66.57	-0.40	-1.35
% of debt in XDR	20.30	19.42	19.23	-1.01	-5.30
% of debt in Kuwaiti Dinars	1.43	1.22	1.24	1.20	-13.22
% of debt in GBP	0.20	0.19	0.19	-0.86	-4.61
% of debt in Chinese Yuan	3.87	5.57	5.75	3.29	48.47
% of debt in EUR	0.32	0.33	0.32	-1.09	1.87
% of debt in XCD	6.40	6.43	6.70	4.25	4.66
% of foreign debt	78.52	79.98	80.02	0.05	1.92
Total Debt Service (XCD)					
External	44.10	17.73	42.11	137.48	-4.51
Domestic	22.05	24.63	18.60	-24.48	-15.65
Principal	50.36	32.12	46.13	43.62	-8.39
Interest	15.79	10.24	14.57	42.36	-7.69
Disbursements	75.66	29.55	12.84	-56.55	-83.03
Fiscal indicators (%)					
Total Debt Service to Revenue	27.78	14.24	18.06	26.86	-34.99
Total Debt Service to GDP	2.04	1.16	1.66	43.32	-18.29
Interest to Revenue	6.63	3.44	4.34	26.01	-34.62
Interest to Expenditure	6.35	4.47	6.52	45.86	2.75
Total Public Sector Debt (% of GDP)	80.91	71.66	70.77	-1.23	-12.53

* Includes the debt obligations of Petro Caribe

NB. FIGURES ARE SUBJECT TO CHANGE