



GOVERNMENT OF GRENADA

QUARTERLY PUBLIC DEBT BULLETIN

MARCH 2017

COMPILED BY THE DEBT MANAGEMENT UNIT
OF THE MINISTRY OF FINANCE

Acronyms & Abbreviations

GOG-Government of Grenada

GDP- Gross Domestic Product

CDB- Caribbean Development Bank

CDF- Caricom Development Fund

IMF- International Monetary Fund

OPEC- Organisation of Petroleum Exporting Countries

IFAD- International Fund for Agricultural Development

IDA – International Development Association

USD- United States Dollar

XDR- Special Drawing Rights

KWD- Kuwaiti Dinar

GBP- Great Britain Pound

EUR- Euro

MTDS-Medium Term Debt Strategy

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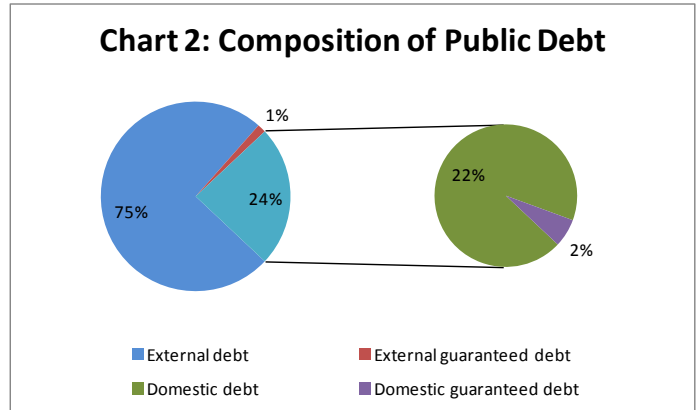
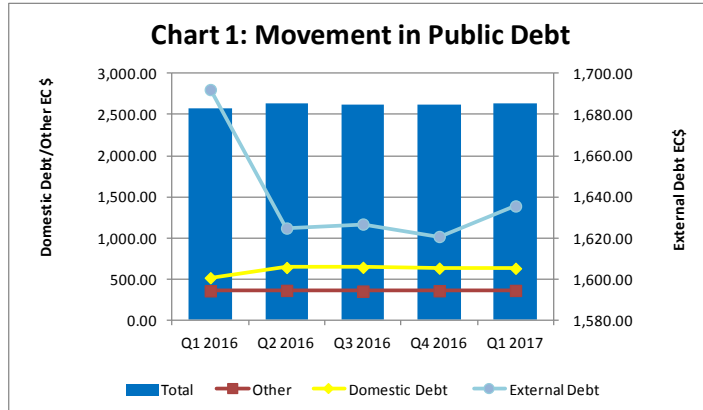
Introduction

This bulletin provides a framework for effective debt management in accordance with Government of Grenada's Public Debt Management Act, 2015. The Debt Management Unit (DMU) in the Ministry of Finance, Economic Management and Planning is the primary agent for managing the country's public debt. As such it is necessary, in accordance with the Act, to collect, analyse, and disseminate our public debt statistics in a comprehensive and timely manner. This allows government, stakeholders and other interest groups to monitor the movement of the public sector's debt liabilities and its debt-service obligations over time.

This is the third issue of the Quarterly Public Debt Bulletin which covers the first quarter of 2017. It provides statistical data on Grenada's public debt portfolio over the first quarter with comparisons to the preceding period (final quarter of 2016) and the corresponding period in 2016.

1.0 Total Public Debt

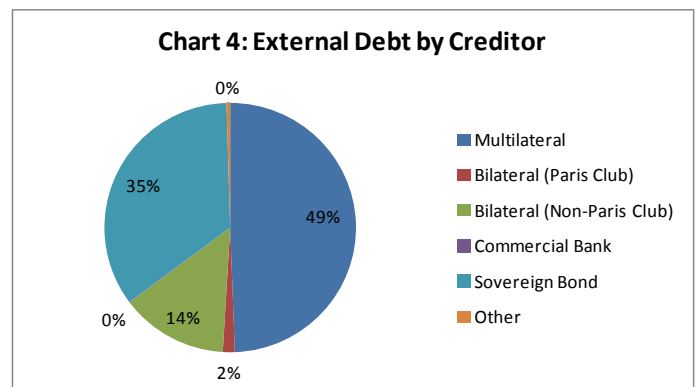
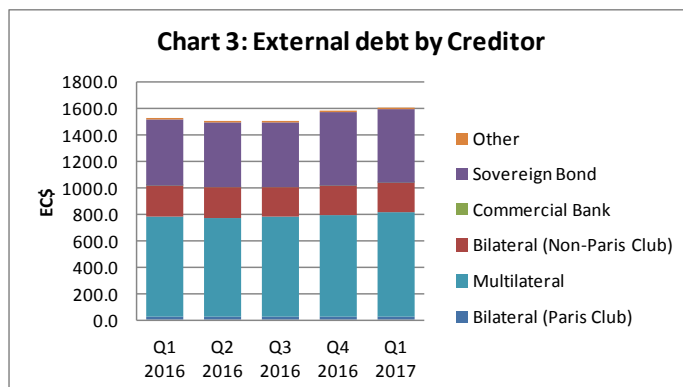
Total public debt, as at March 31st, 2017, stood at EC\$ 2,630.23 million or 89.8% of GDP. Total Public Debt included Central Government debt, public corporation debt and other debt obligations which may be contingent liabilities for government. This reflects an increase of EC\$ 62.36 million (2.4%) over the level of debt stock held in the corresponding period in 2016 when the Total Public Debt stood at EC\$ 2,567.87 million and an increase of EC\$16.86 million (0.6%) over the stock held at the end of the preceding period. Domestic debt levels during the first quarter remained relatively constant while external debt fluctuated, reflecting disbursements primarily from external creditors to complement Government of Grenada's ongoing fiscal adjustment program (Refer to chart 1). Total public debt comprised of 24% domestic debt and 76% external debt. Government guaranteed debt as a proportion of domestic and external debt was 2% & 1% respectively (see Chart 2).



2.0 External Debt

2.1 External Debt by creditor type

External Debt held by central government as at March 2017 amounted to EC\$ 1,597.21 million or 54.53% of GDP. Multilaterals accounted for the greater portion of External Debt. This was similar to the corresponding period in 2016 and the preceding period (see chart 3). In Quarter 1 2017, multilateral loans accounted for 49% (EC\$ 789.13m), bilateral loans from Paris Club member countries accounted for 2% (EC\$ 24.67m), bilateral Non-Paris Club loans accounted for 14% (EC\$ 221.12m), commercial debt accounted for 0.05 % (EC\$ 0.91m), International Sovereign bond accounted for 35% (EC\$ 553.82m) and other¹ creditors accounted for 0.4% (EC\$ 7.56m) of central government debt (Refer to chart 4).



¹ Other: Caricom Development Fund (CDF)

2.2 External Debt by Interest Type

The external portfolio is dominated by loans contracted at a fixed interest rate which accounted for 85% of the portfolio in Quarter 1, 2017. Loans contracted at variable interest rates accounted for 9% of the portfolio and the remaining 6% of the portfolio was interest free. (See chart 5)

2.3 Currency Composition

The currency composition remained well aligned with the MTDS target for loans in the external portfolio which is $\geq 75\%$ for USD loans and $\leq 25\%$ for loans denominated in other currencies. USD loans accounted for 70.25% of the external debt stock in the first quarter and the XDR accounted for 20.52% bringing the USD to 78.81% of the portfolio as 41.73% of the XDR consists of the USD. KWD accounted for 2.65%, GBP accounted for 0.37% and other currencies including XCD and EUR accounted for 6.21% of the external portfolio (Refer to Chart 6).

3.0 Disbursement by creditor

Total first quarter disbursements amounted to EC\$ 25.47million. In the preceding quarter disbursements amounted to EC\$45.57 million and in the corresponding quarter of 2016 they amounted to EC\$ 8.38 million.

4.0 Risk Assessment of the External Portfolio

4.1 Foreign Currency Risk

The XCD maintained its peg to the USD which was Government of Grenada's chief borrowing currency in the first quarter of 2017. When compared to the first quarter 2016 the XCD appreciated against the GBP, XDR and KWD by 13.40%, 1.57% and 0.55% respectively. GBP only accounted for 0.4% of the external debt stock in the first quarter which renders the high rate of appreciation against the GBP insignificant.

4.2 Average time to maturity (ATM²)

The ATM of the external portfolio as at March 31st, 2017 was 8 years, which is in line with GOGs target of 8 years and above. When compared to the corresponding quarter in 2016 and the previous quarter the ATM has declined. This is because the terms to maturity of GOG concessional loans have decreased over time as shown in chart 9.

Chart 5: External Debt by Interest Type

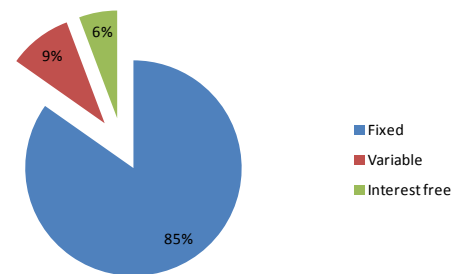


Chart 6: Currency Composition of External Debt

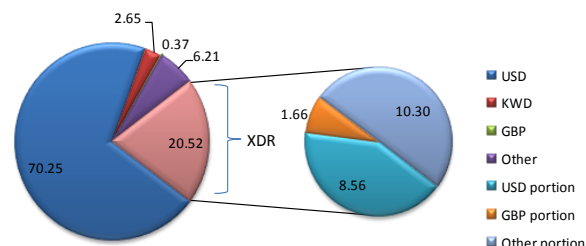


Chart 7: Disbursement by Creditor

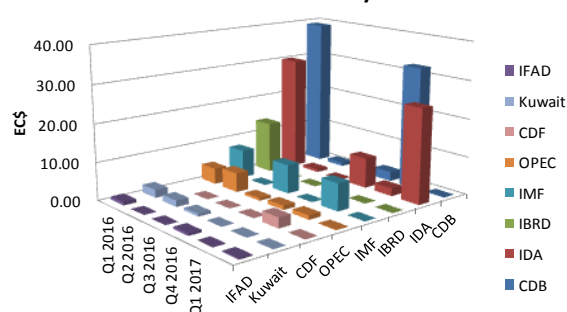


Chart 8: Movement in Exchange Rate

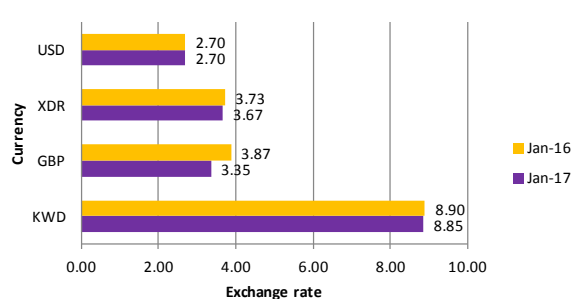
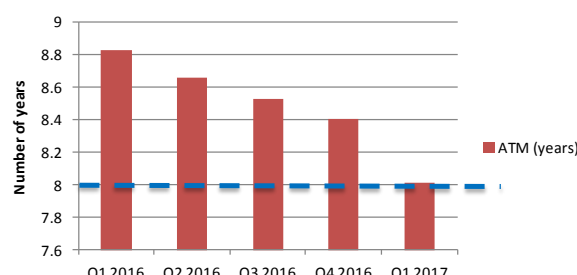


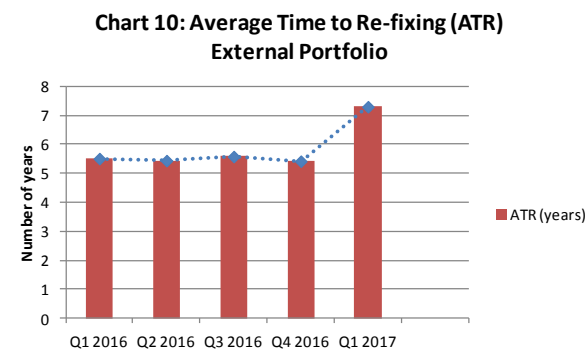
Chart 9: Average Time to Maturity (ATM) External Portfolio



² ATM shows how long it takes on average to rollover or refinance the debt portfolio.

4.3 Average time to re-fixing (ATR³)

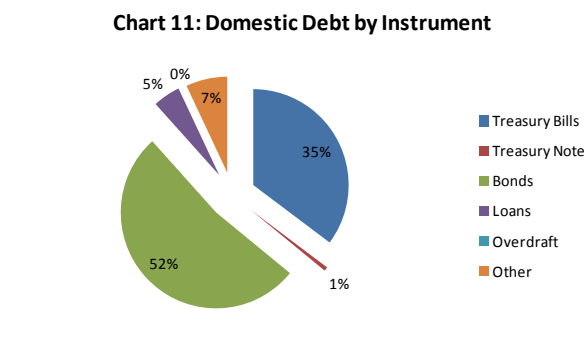
The ATR of the external portfolio as at March 31st, 2017 was 7.3 years. This reflects a 34.8% increase when compared to the previous quarter and a 32.7% increase when compared to the same quarter in 2016 (See chart 10). This indicates lower risk in quarter 1, 2017 as interest rates for a smaller number of loans will be reset.



5.0 Domestic Debt

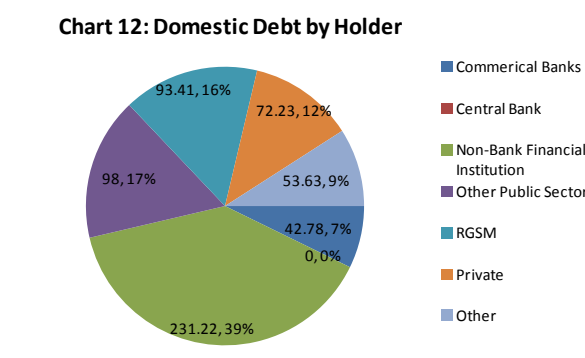
5.1 Domestic Debt by instrument

Domestic debt at the end of first quarter of 2017 was EC\$ 591.27 million which is 20.18% of GDP. Bonds dominated the domestic portfolio followed by Treasury bills (See chart 11). In the previous quarter and the corresponding quarter in 2016 Treasury bills dominated the portfolio followed by bonds. This has changed as some GOG Treasury bills have been restructured into bonds.



5.2 Domestic Debt by holder

Non-bank Financial Institutions remain the leading holders of domestic debt. They are followed by public sector institutions, investors in the Regional Government Securities Market (RGSM), Private individuals and companies and commercial banks (Refer to chart 12).



6.0 Regional Government Securities Market (RGSM) Activities

Table 1 shows new security issues in Quarter 1, 2017. There were two (2) 91-day Treasury bill issues, Series A which was EC\$ 15 million and Series B, EC\$20 million. The bid to cover ratio⁴ was oversubscribed for both instruments as seen below.

Table 1: RGSM Auction Results (Q1 2017)

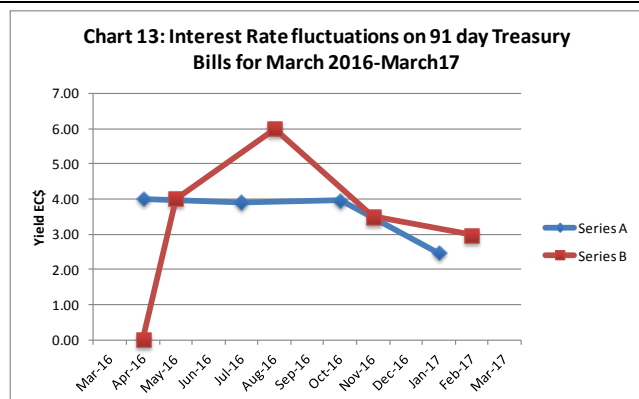
T- Bills	Total Units offering	Total Competitive Bids received	Allocated Amt.	Total Payment Due	Total Discount	Discount Rate (%)	Bid to Cover Ratio
<i>In millions of EC\$</i>							
91-day T-bill (series A)	15	26.63	15	14.91	0.09	2.48	1.78
91-day T-bill (series B)	20	26.21	20	19.85	0.15	2.98	1.31
TOTAL	35	52.84	35	34.76	0.24		

³ ATR indicates the average time required to reset the interest rate in the debt profile.

⁴ Bid to cover ratio: This measures the demand for securities at an auction. It is the ratio of the value of all bids received to the value of all bids accepted.

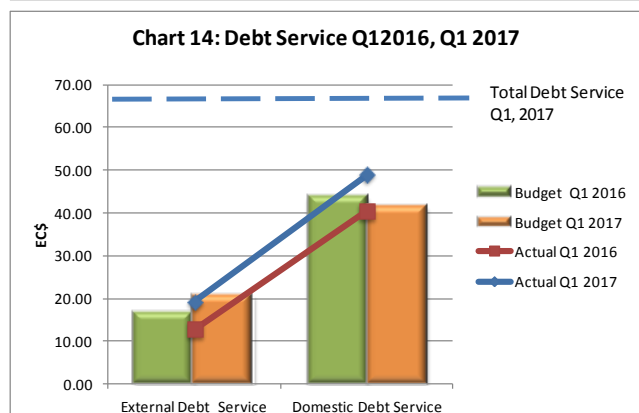
6.1 91- Day Treasury bills auction yields

Interest rates for GOG 91-day Treasury bills (Series A & B) from March 2016 to March 2017 can be found in Chart 13. Throughout 2016 Series A had a somewhat steady rate of interest that declined in 2017 while there were fluctuations in interest rates for Series B, ranging from 2.98% to 6%.



7.0 Debt Service

Total debt service for the first quarter of 2017 amounted to EC\$ 68.2 million against a budgeted EC\$ 61.97 million. Principal repayments amounted to EC\$59.69 million of which EC\$ 13.86 million was external debt service and EC\$ 45.84 million domestic. Interest payments totaled EC\$ 8.51 million of which external debt service accounted for EC\$5.31million and domestic debt service for EC\$3.2 million. Chart 14 compares debt service budgeted and actual payments for the first quarter of 2016 & 2017.



8.0 Government Guarantees

The total outstanding government guarantees as at first quarter 2017 was EC\$ 78.91 million. Compared to the previous quarter the guarantees stock increased by 0.24% and when compared to the same period in 2016 it decreased by 24.8%. These changes can be seen in the table below.

Table 2: Guaranteed Debt by Creditor Type as at Q1 2017

Creditor	Mar-16	Dec-16	Mar-17	% Qtrly change	% YTD change
Multilateral	3.54	2.53	2.24	-11.46	-36.72
Commercial	49.74	35.81	36.35	1.51	-26.92
Social Security	51.59	40.35	40.30	-0.12	-21.88
Statutory body	0.07	0.03	0.02	-33.33	-71.43
Total	104.94	78.72	78.91	0.24	-24.80

Appendix

Table 1: Size of Public Debt as at end **March 2017**, in millions

Debt Category	Q1 2016	Q4 2016	Q1 2017
<i>In millions of EC\$</i>			
External Debt	1,692.16	1620.74	1,635.57
Domestic Debt	517.17	633.37	631.82
Other	358.54	359.26	362.84
Total	2,567.87	2,613.37	2,630.23

Table 2: External Debt by Creditor

Creditor Category	Q1 2016	Q4 2016	Q1 2017
<i>In millions of EC\$</i>			
Multilateral	757.7	770.17	789.13
Bilateral (Paris Club)	26.6	24.87	24.67
Bilateral (Non-Paris Club)	229.0	225.39	221.12
Commercial Bank	0.9	0.90	0.91
Sovereign Bond	498.9	553.82	553.82
Other	5.2	7.56	7.56
Total	1518.3	1582.71	1597.21

Table 3: External Debt by currency composition

Currency Composition	Q1 2016	Q4 2016	Q1 2017	% share of External Debt Q1 2017	MTDS Target
<i>In millions of EC\$</i>					
USD	1183.65	1218.83	1122	70.25	≥75%
XDR	305.09	301.43	327.82	20.52	≤25%
KWD	47.18	43.62	42.38	2.65	
GBP	6.81	5.83	5.89	0.37	
Other	2.24	13	99.12	6.21	
Total	1,544.97	1,582.71	1,597.21	100.00	

Table 4: Disbursement by Creditor

Creditor	Q1 2016	Q4 2016	Q1 2017
<i>In millions of EC\$</i>			
CDB	0.92	32.3	0.13
IDA	0.72	2.14	24.95
IBRD	0	0	0
IFAD	0	0	0.23
IMF	0	7.26	0
OPEC	5.07	1.12	0.16
Kuwait	1.67	0	0
CDF	0	2.75	0
Total	8.38	45.57	25.47

Table 5: Domestic Debt by Instrument

Domestic Debt by Instrument	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
<i>In millions of EC\$</i>					
Treasury Bills	306.45	306.45	312.39	305.80	208.27
Treasury Notes	-	-	-	-	4.00
Bonds	206.26	206.26	207.13	206.85	310.00
Loans	41.73	43.69	41.25	38.51	27.48
Overdraft	-	-	-	-	-
Other	41.52	41.52	41.52	41.52	41.52
Total	595.96	597.92	602.29	592.68	591.27

Table 6: Domestic Debt by Holder

Domestic Debt by Holder	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
<i>In millions of EC\$</i>					
Commerical Banks	50.8	54.32	53.43	52.25	42.78
Central Bank	6.56	6.56	2.9	-	-
Non-Bank Financial Institution	238.27	236.71	236.03	233.17	231.22
Other Public Sector	94	94	94	94	98
RGSM	97	97	97	93.41	93.41
Private	56.73	56.73	66.33	66.23	72.23
Other	52.6	52.6	52.6	53.62	53.63
Total	595.96	597.92	602.29	592.68	591.27

Table 7: Debt Service

	Actual Q1 2016	Budget Q1 2016	Actual Q4 2016	Budget Q4 2016	Actual Q1 2017	Budget Q1 2017
Total Debt Service	53.23	60.48	135.50	168.70	68.20	61.97
External Debt Service	12.71	16.81	56.30	60.60	19.17	20.62
<i>Principal Repayments</i>	8.86	11.40	31.1	32.2	13.86	15.95
<i>Interest Payments</i>	3.85	5.41	25.2	28.4	5.31	4.67
Domestic Debt Service	40.52	43.66	79.20	108.10	49.03	41.35
<i>Principal Repayments</i>	36.96	38.54	68.7	96.9	45.84	37.98
<i>Interest Payments</i>	3.56	5.13	10.5	11.2	3.20	3.37

Table 8: Risk Indicators

Risk Indicators	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	MTDS Target
ATM (years)	8.83	8.66	8.53	8.4	8.01	>= 8 yrs
% Maturing in 12 months	7.7	7.8	8	8.1	20.20	-
ATR (years)	5.51	5.44	5.58	5.42	7.31	-
% Refixing in 12 months	55.57	55.16	55.03	55.35	32.17	-

Debt Statistics Summary (In millions \$)

Particulars	Mar-16	Dec-16	Mar-17	Qtrly change (%)	YTD change (%)
Total Public Debt (XCD)					
External Debt	1692.16	1620.74	1,635.57	0.92	-3.34
Domestic Debt	517.17	633.37	631.82	-0.24	22.17
Other Public Sector	358.54	359.26	362.84	1.00	1.20
Public Debt to GDP (%)					
External Debt to GDP	74.74	71.06	71.73	0.94	-4.03
Domestic Debt to GDP	18.85	23.00	22.67	-1.43	20.27
Central Government Debt					
External Debt	1518.31	1582.71	1597.21	0.92	5.20
Domestic Debt	595.96	592.68	591.27	-0.24	-0.79
Government Guarantees					
External	52.86	38.03	38.36	0.87	-27.43
Domestic	52.08	40.69	40.55	-0.34	-22.14
External debt by Creditor					
Multilateral	762.90	777.73	796.69	2.44	4.43
Bilateral	255.60	250.26	245.79	-1.79	-3.84
Other	499.80	554.72	554.73	0.00	10.99
External Debt by Instrument					
Loans	1019.41	1028.89	1043.39	1.41	2.35
Bonds	498.90	553.82	553.82	0.00	11.01
Domestic Debt by instrument					
T-bills	306.45	305.80	302.27	-1.15	-1.36
T-Notes	0.00	0.00	4.00	0.00	0.00
Bonds	206.26	206.85	216.00	4.42	4.72
Loans	41.73	38.51	27.48	-28.64	-34.15
Other	41.52	41.52	41.52	0.00	0.00
Foreign Currency Risk (%)					
% of debt in USD	76.61	77.54	70.25	-9.40	-8.30
% of debt in XDR	19.75	19.18	20.52	6.99	3.90
% of debt in Kuwaiti Dinars	3.05	2.78	2.65	-4.68	-13.11
% of debt in GBP	0.44	0.37	0.37	0.00	-15.91
% of debt in other currency	0.15	0.13	6.21	4676.92	4040.00
% of foreign debt	71.81	72.76	72.98	0.31	1.63
Total Debt Service					
External	12.71	56.30	20.62	-63.37	62.23
Domestic	40.52	79.20	41.35	-47.79	2.05
Principal	45.82	99.80	53.93	-45.96	17.70
Interest	7.41	35.70	8.04	-77.48	8.50
Fiscal indicators					
Total Debt Service to Revenue	30.59	68.10	34.46	-49.39	12.65
Total Debt Service to GDP	1.94	4.86	2.33	-52.13	20.01
Interest to Revenue	4.26	17.94	4.30	-76.03	0.98
Interest to Expenditure	4.77	17.71	5.47	-69.12	14.77
External Debt Service to Exports	67.39	361.83	122.88	-66.04	82.34
Total Public Sector Debt (% of GDP)	93.59	93.80	89.79	-4.28	-4.06