



GOVERNMENT OF
GRENADA



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MINISTRY OF FINANCE GRENADA



Acronyms & Abbreviations

ATM- Average Time to Maturity

ATR- Average Time to Re-fixing

CDB- Caribbean Development Bank

CDF- CARICOM Development Fund

EUR- Euro

GBP- Great Britain Pound

GDP- Gross Domestic Product

GOG-Government of Grenada

IBRD- International Bank for Reconstruction & Development

IDA- International Development Association

IFAD- International Fund for Agricultural Development

IMF- International Monetary Fund

KWD- Kuwaiti Dinar

MTDS- Medium-Term Debt Strategy

OPEC- Organisation of Petroleum Exporting Countries

RGSM- Regional Governments Securities Market

SOE- State-owned Enterprise

USD- United States Dollar

XCD- Eastern Caribbean Dollar

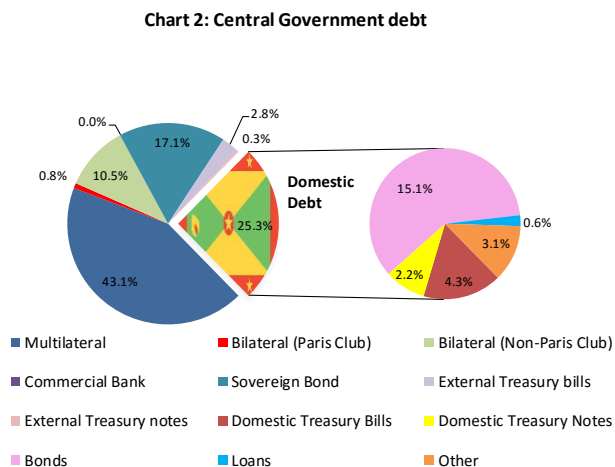
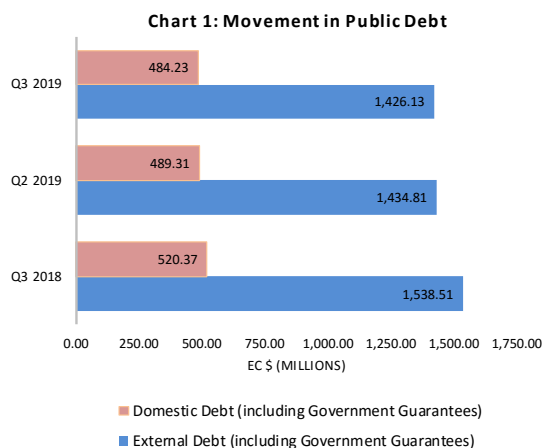
XDR- Special Drawing Rights

Table of Contents

1.0 Total Public Debt.....	1
2.0 Central Government Debt.....	1
2.1 External Debt	1
2.1.1 External Debt by Creditor Category	1
2.1.2 External Debt by Interest Type	1
2.1.3 Currency Composition of External Debt	2
2.2 Domestic Debt.....	2
2.2.1 Domestic Debt by Instrument type & Holder	2
2.2.2 Domestic Debt by Interest type	2
3.0 Debt of State-owned Enterprises.....	2
4.0 Disbursements	2
5.0 Debt Service.....	2
6.0 Risk Assessment of the Portfolio.....	3
6.1 Foreign Currency Risk.....	3
6.2 Average Time to Maturity (ATM).....	3
6.3 Average Time to Re-fixing (ATR)	3
7.0 Regional Governments Securities Market (RGSM) Activities	4
8.0 Government Guarantees	4
8.1 Guaranteed Debt by Creditor Type.....	4
8.2 Guaranteed Debt by Exchange Rate & Interest Type.....	4
Appendices.....	5
Debt Statistics Summary	7

1.0 Total Public Debt

Total public debt,¹ in the third quarter of 2019, comprised primarily of Central Government debt because Government guaranteed debt was a negligible 0.01% of external debt. Chart 1 compares total public debt at the end of quarter 3 (Q3) 2019 with that of the previous quarter and Q3 2018. Both external and domestic debt declined during the period as the Government of Grenada (GOG) continued to honor its debt obligations. At the end of Q3 2019, the stock of total public debt was EC\$1,910.4 million (59.1% of GDP²).



2.0 Central Government Debt

The stock of Central Government (CG) debt totaled EC\$1,910.3 million (59.1% of GDP) at the end of Q3 2019. External and domestic CG debts were 74.7% and 25.3% respectively (Chart 2).

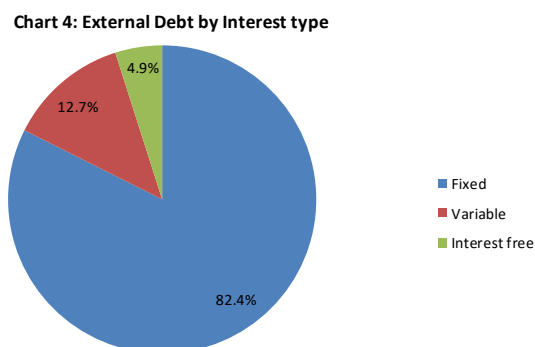
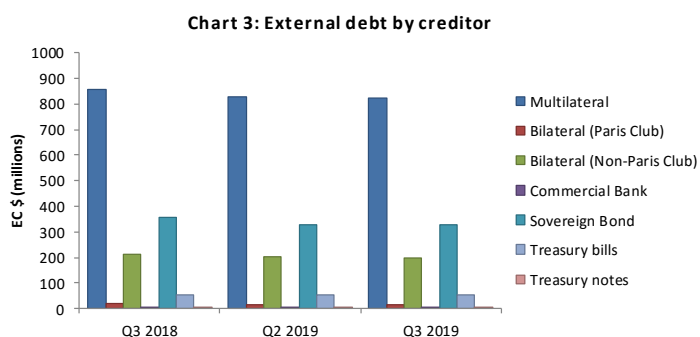
2.1 External Debt

2.1.1 External Debt by Creditor Category

External debt was EC\$ 1,426.1 million (44.1% of GDP) at the end of Q3 2019. Multilateral creditors were the chief source of external debt (Chart 3).

2.1.2 External Debt by Interest Type

The external portfolio is dominated (82.4%) by loans contracted at fixed interest rates (Chart 4).



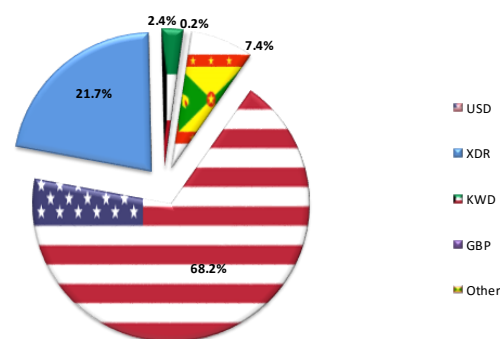
¹ Total public debt includes both the domestic and external debt of Central Government and the Government guaranteed debt of Grenada's state-owned enterprises.

² GDP: Ministry of Finance projected Gross Domestic Product as at July 31st, 2019.

2.1.3 Currency Composition of External Debt

The external portfolio was dominated (68.2%) by instruments contracted in United States Dollars (USD) in Q3 2019. This was followed by instruments contracted in Special Drawing Rights (XDR) (21.7%) and other currencies (7.4%) which comprised mainly of the Eastern Caribbean Dollar (XCD) (Chart 5).

Chart 5: Currency Composition of External Debt



2.2 Domestic Debt³

At the end of Q3 2019, the domestic debt stood at EC\$484.2 million (15.0% of GDP).

2.2.1 Domestic Debt by Instrument Type & Holder

In Q3 2019, the domestic portfolio was dominated by bonds. Non-bank financial institutions are the leading holders of domestic debt.

Table 1: Domestic Debt Q3 2019

Instrument type	%	Holder	%
Treasury Bills	16.92	Commerical Banks	8.63
Treasury Notes	8.86	Non-Bank Financial Institutions	41.63
Bonds	59.73	Other Public Sector Institutions	21.44
Loans	2.34	RGSM	9.18
Other	12.15	Private	4.76
		Other	14.36

2.2.2 Domestic Debt by Interest Type

All GOG domestic instruments have been contracted at fixed interest rates.

3.0 Debt of State-Owned Enterprises

As at the end of June 2019,⁴ with the exception of one SOE, the total debt stock of SOEs was EC\$489.3 million (15.1% of GDP). This includes the debt obligations of Petro Caribe which amounted to EC\$372.1 million (11.5% of GDP) and on-lent amounts of EC\$45.1 million (1.4% of GDP).

4.0 Disbursements

In Q3 of 2019, disbursements amounting to EC\$8.9 million were received, 98.9% of which came from multilateral creditors. In the preceding quarter, disbursements amounted to EC\$ 4.5 million and in Q3 of 2018 disbursements amounted to EC\$87.0 million of which EC\$81.0 million was a disbursement from a concessional International Development Association (IDA) policy-based loan contracted from the World Bank in June of 2018 (Chart 6).

5.0 Debt Service

Chart 7 compares budgeted and actual debt service payments in the period under review to that of the preceding quarter and Q3 2018. In Q3 of 2019, total debt service payments amounted to EC\$70.8 million against a budgeted EC\$119.0 million and consisted primarily of domestic amortization. This budgetary shortfall was on account of provisions made for the redemption of three (3) domestic securities whose investors chose to reinvest upon maturity in Q3.

³ Domestic debt includes all debt contracted by creditors whose residency is Grenada.

⁴ June 2019 is the latest period for which data on total SOE debt is available.

Chart 6: Disbursement by creditor

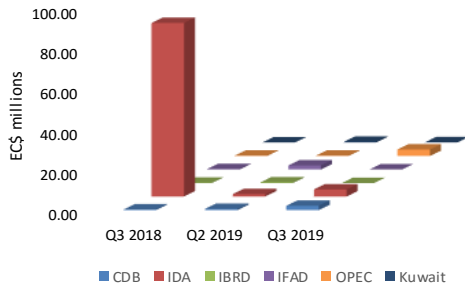
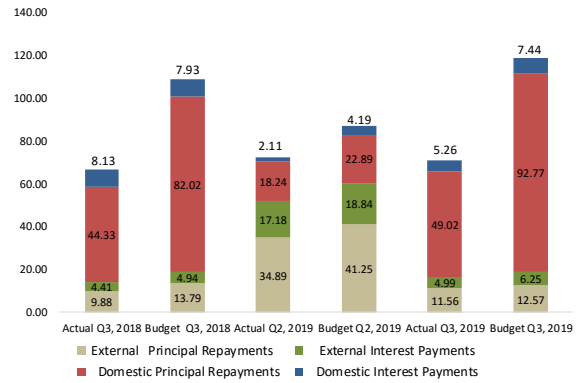


Chart 7: Debt Service budgeted & actual payments

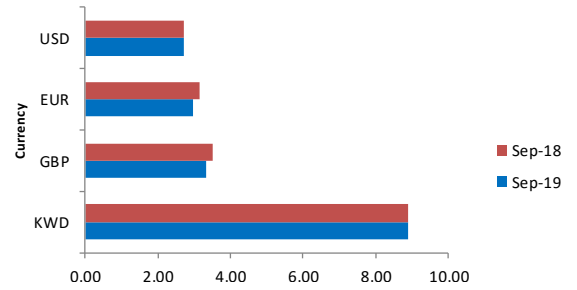


6.0 Risk Assessment of the Portfolio

6.1 Foreign Currency Risk

During the period Q3 2018 to Q3 2019, the Eastern Caribbean Dollar (XCD) appreciated against the Euro (EUR), Great Britain Pound (GBP) and Kuwaiti Dinar (KWD) by 5.6%, 5.4% and 0.4% respectively. The EUR accounted for only 0.1 % of the external debt stock and the GBP 0.2% in Q3 2019. This rendered the impact of the rates of appreciation of the XCD against the EUR & GBP insignificant (Chart 8). Since the XCD is pegged to the USD it posed no risk to the external portfolio.

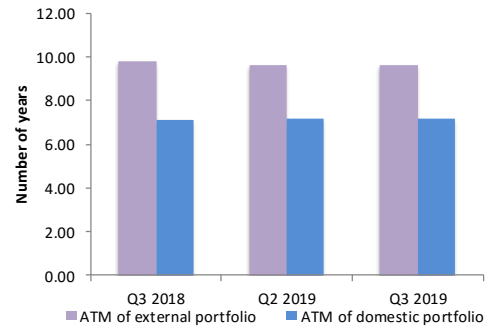
Chart 8: Movement in Exchange Rate



6.2 Average Time to Maturity (ATM⁵)

The ATM of the external portfolio in Q3 2019 was 9.6 years, which is in line with GOG’s target ATM of 8 years and above. It decreased slightly by 0.2 years when compared to Q3 2018 but remained the same as the previous quarter. The ATM of the domestic portfolio in Q3 2019 was 7.2 years. It increased by a negligible 0.1 years when compared to Q3 2018 and also remained the same as the previous quarter (Chart 9).

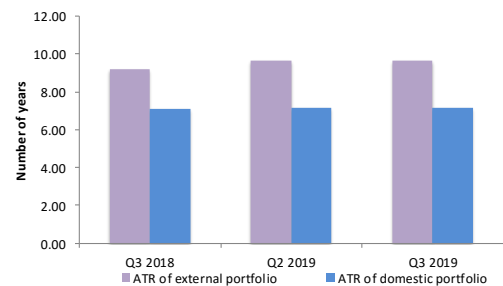
Chart 9: Average Time to Maturity (ATM) of Domestic & External Portfolio



6.3 Average Time to Re-fixing (ATR⁶)

The ATR of the external portfolio was 9.7 years in Q3 2019. When compared to the corresponding quarter in 2018 it increased by 0.5 years but remained the same as the previous quarter (Chart 10). The increase indicates that a smaller number of instruments will have their interest rates reset in the same period in 2019 as opposed to 2018. The ATR of the domestic portfolio was 7.2 years. It increased by 0.1 years when compared to the same quarter in 2018 but remained the same as the previous quarter.

Chart 10: Average Time to Re-fixing (ATR) of Domestic & External Portfolios



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

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

7.0 Regional Governments Securities Market (RGSM) Activities

Table 2 shows details of treasury bills re-issued in Q3 of 2019 and the bid-to-cover ratio⁷ of each. There were two (2) auctions on the RGSM, one 91-day valued at EC\$15.0 million and one 365-day valued at EC\$25.0 million.

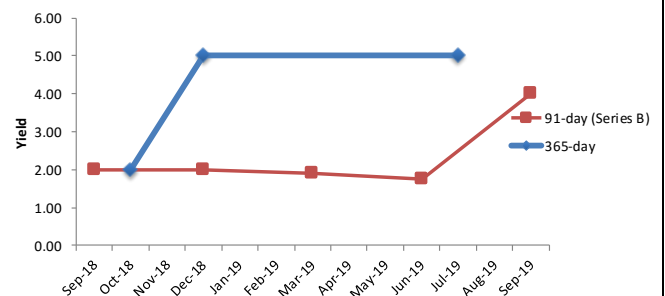
Table 2: RGSM Auction Results (Q3 2019)

Instrument type	Total Units offered	Total Competitive Bids received	Total Payment Due	Total Discount	Discount Rate (%)	Bid to Cover Ratio
<i>In millions of EC\$ unless otherwise stated</i>						
365-day T-bill	25.00	25.00	23.81	1.19	5.00	1.00
91-day T-bill	15.00	13.05	12.92	0.13	4.00	0.87
TOTAL	40.00	38.05	36.73	1.32		

7.1 Treasury Bills Auction Yields

Chart 11 shows interest rates on GOG's treasury bills for the period September 2018 to September 2019. Rates on 91-day treasury bills were trending downwards, reaching record lows for Grenada, when in September 2019, the rate spiked to 4%. Investigations revealed that a number of investors were unable to participate in the auction due to technical difficulties and so affected the price discovery mechanisms of the RGSM. The 365-day treasury bills moved at higher rates during the period. The volatility of the interest rates on treasury bills is based on the competitiveness of the bids during the auction.

Chart 11: Interest Rate fluctuations on Treasury Bills (Q3 2018-Q3 2019)



8.0 Government Guarantees

At the end of Q3 2019, total outstanding Government guarantees amounted to less than EC\$0.1 million. There were no new issues of Government guaranteed debt.

8.1 Guaranteed Debt by Creditor type

In Q3 2019, multilateral creditors were the only source of Government guaranteed debt (Table 3).

8.2 Guaranteed Debt by Exchange Rate & Interest Type

All debt currently guaranteed by GOG has been contracted in USD at fixed interest rates. As such, the Government guaranteed debt is not exposed to any foreign currency risk.

Table 3: Guaranteed Debt by Creditor Type as at Q3 2019

Creditor	Sep-18	Jun-19	Sep-19	% Qtrly change	% YTD change
<i>In millions of EC\$</i>					
Multilateral	0.49	0.08	0.04	-50.00	-91.91
Commercial	33.74	0.00	0.00	0.00	-100.00
Social Security	6.98	0.00	0.00	0.00	-100.00
Statutory body	0.00	0.00	0.00	0.00	0.00
Total	41.21	0.08	0.04	-50.00	-99.90

⁷ 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	Q3 2018	Q2 2019	Q3 2019
<i>In millions of EC\$</i>			
External Debt (including Government Guarantees)	1,538.51	1,434.81	1,426.13
Domestic Debt (including Government Guarantees)	520.37	489.31	484.23
Total	2,058.89	1,924.12	1,910.36

Appendix 2: External Debt by Creditor

Creditor Category	Q3 2018	Q2 2019	Q3 2019
<i>In millions of EC\$</i>			
Multilateral	857.98	827.84	823.16
Bilateral (Paris Club)	19.53	16.61	15.76
Bilateral (Non-Paris Club)	211.37	202.10	200.32
Commercial Bank	0.91	0.91	0.91
Sovereign Bond	355.76	327.25	327.25
Treasury bills	52.85	54.14	52.82
Treasury notes	5.87	5.87	5.87
Total	1504.28	1434.73	1426.09

Appendix 3: External Debt by currency composition

Currency Composition	Q3 2018	Q2 2019	Q3 2019	% share of External Debt Q3 2019
<i>In millions of EC\$</i>				
United States Dollar	1022.62	971.73	972.33	68.18
Special Drawing Rights	326.66	313.49	309.99	21.74
Kuwaiti Dinar	38.50	36.61	34.83	2.44
Great Britain Pound	4.46	3.48	3.39	0.24
Other currencies	112.04	109.42	105.55	7.40
Total	1,504.28	1,434.73	1,426.09	100.00

Appendix 4: Disbursement by Creditor

Creditor	Q3 2018	Q2 2019	Q3 2019
<i>In millions of EC\$</i>			
CDB	0.32	0.53	2.13
IDA	86.21	1.18	3.52
IBRD	0.16	0.31	0.00
IFAD	0.17	2.03	0.00
IMF	0.00	0.00	0.00
OPEC	0.17	0.17	3.18
Kuwait	0.00	0.32	0.09
CDF	0.00	0.00	0.00
Total	87.03	4.54	8.91

Appendix 5: Domestic Debt by Instrument

Domestic Debt by Instrument	Q3 2018	Q2 2019	Q3 2019
<i>In millions of EC\$</i>			
Treasury Bills	114.40	104.80	81.95
Treasury Notes	22.61	20.67	42.90
Bonds	299.70	292.12	289.23
Loans	17.84	12.87	11.31
Other	58.85	58.85	58.85
Total	513.40	489.31	484.23

Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Q3 2018	Q2 2019	Q3 2019
<i>In millions of EC\$</i>			
Commerical Banks	43.16	41.80	41.77
Non-Bank Financial Institutions	213.45	203.12	201.56
Other Public Sector Institutions	110.60	106.60	103.83
RGSM investors	52.58	45.09	44.47
Private	23.50	24.69	23.04
Other	70.11	68.01	69.55
Total	513.40	489.31	484.23

Appendix 7: Debt Service

	Actual Q3, 2018	Budget Q3, 2018	Actual Q2, 2019	Budget Q2, 2019	Actual Q3, 2019	Budget Q3, 2019
<i>In millions of EC\$</i>						
Total Debt Service	66.76	108.68	72.42	87.17	70.83	119.03
External Debt Service	14.30	18.72	52.07	60.09	16.55	18.82
<i>External Principal Repayments</i>	9.88	13.79	34.89	41.25	11.56	12.57
<i>External Interest Payments</i>	4.41	4.94	17.18	18.84	4.99	6.25
Domestic Debt Service	52.46	89.95	20.35	27.08	54.28	100.21
<i>Domestic Principal Repayments</i>	44.33	82.02	18.24	22.89	49.02	92.77
<i>Domestic Interest Payments</i>	8.13	7.93	2.11	4.19	5.26	7.44

Appendix 8: Risk Indicators

Risk Indicators (years)	Q3 2018	Q2 2019	Q3 2019	MTDS Target
ATM of external portfolio	9.80	9.61	9.61	>= 8 yrs
ATR of external portfolio	9.20	9.68	9.68	-
ATM of domestic portfolio	7.10	7.16	7.16	-
ATR of domestic portfolio	7.10	7.16	7.16	-

APPENDICES 2 TO 7 REFLECT CENTRAL GOVERNMENT DEBT FIGURES ONLY

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

Particulars	Sep-18	Jun-19	Sep-19	Qtrly change (%)	YTD change (%)
Total Public Debt (XCD)					
External Debt (including Government Guarantees)	1,538.51	1,434.81	1,426.13	-0.61	-7.30
Domestic Debt (including Government Guarantees)	520.37	489.31	484.23	-1.04	-6.95
Total Public Debt to GDP (%)					
External Debt to GDP	47.63	44.42	44.11	-0.69	-7.39
Domestic Debt to GDP	16.11	15.15	14.98	-1.13	-7.03
Central Government Debt (XCD)					
External Debt	1,504.28	1,434.72	1,426.09	-0.60	-5.20
Domestic Debt	513.40	489.31	484.23	-1.04	-5.68
Central Government Debt to GDP (%)					
External Debt	46.57	44.42	44.11	-0.69	-5.28
Domestic Debt	15.89	15.15	14.98	-1.13	-5.77
Other Debt*	372.14	372.14	372.14	0.00	0.00
Other Debt to GDP	11.52	11.52	11.51	-0.09	-0.09
Government Guarantees					
External	34.23	0.08	0.04	-50.00	-99.89
Domestic	6.98	-	-	0.00	-100.00
External debt by Creditor					
Multilateral	857.98	827.84	823.16	-0.57	-4.06
Bilateral	230.90	218.71	216.08	-1.20	-6.42
Domestic instruments contracted from external creditors	58.72	60.01	58.69	-2.21	-0.06
Other	356.67	328.16	328.16	0.00	-7.99
External Debt by Instrument					
T-bills/ T-notes	58.72	60.01	58.69	-2.21	-0.06
Loans	1,089.79	1,047.46	1,040.15	-0.70	-4.55
Bonds	355.76	327.25	327.25	0.00	-8.01
Domestic Debt by instrument					
T-bills	114.40	104.80	81.95	-21.80	-28.37
T-Notes	22.61	20.67	42.90	107.53	89.72
Bonds	299.70	292.12	289.23	-0.99	-3.50
Loans	19.36	12.87	11.31	-12.10	-41.57
Other	57.33	58.85	58.85	-0.01	2.65
Foreign Currency Risk (%)					
% of debt in USD	67.98	67.73	68.18	0.67	0.30
% of debt in XDR	21.72	21.85	21.74	-0.52	0.10
% of debt in Kuwaiti Dinars	2.56	2.55	2.44	-4.29	-4.57
% of debt in GBP	0.30	0.24	0.24	-2.00	-19.82
% of debt in other currency	7.45	7.63	7.40	-2.95	-0.63
% of foreign debt	74.56	74.57	74.65	0.11	0.13
Total Debt Service					
External	14.30	52.07	16.55	-68.22	15.77
Domestic	52.46	20.35	54.28	166.71	3.46
Principal	54.21	53.12	60.58	14.04	11.74
Interest	12.55	19.30	10.25	-46.90	-18.31
Disbursements	87.03	4.54	8.91	96.26	-89.76
Fiscal indicators					
Total Debt Service to Revenue	32.02	33.57	34.18	1.82	6.76
Total Debt Service to GDP	2.07	2.24	2.19	-2.28	6.00
Interest to Revenue	6.02	8.95	4.95	-44.71	-17.78
Interest to Expenditure	7.58	11.08	5.63	-49.14	-25.71
Total Public Sector Debt (% of GDP)	63.74	59.57	59.09		

* Includes the debt obligations of Petro Caribe

N.B. FIGURES ARE SUBJECT TO CHANGE