



GOVERNMENT OF
GRENADA



QUARTER 4

2019

PUBLIC DEBT
BULLETIN

A PRODUCTION OF THE DEBT MANAGEMENT UNIT
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 |
| 1.1 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 Domestic Debt..... | 2 |
| 1.2.1 Domestic Debt by Instrument Type & Holder..... | 2 |
| 1.2.2 Domestic Debt by Interest Type | 2 |
| 2.0 Debt of State-Owned Enterprises | 2 |
| 3.0 Disbursements | 2 |
| 4.0 Debt Service | 3 |
| 5.0 Risk Assessment of the Portfolio | 3 |
| 5.1 Foreign Currency Risk..... | 3 |
| 5.2 Average Time to Maturity (ATM) & Average Time to Re-fixing (ATR) | 3 |
| 6.0 Regional Governments Securities Market (RGSM) Activities | 4 |
| 6.1 Treasury Bills Auction Yields | 4 |
| 7.0 Government Guarantees | 4 |
| Appendices..... | 5 |
| Debt Statistics Summary | 7 |

1.0 Total Public Debt

The sole state-owned enterprise with Government guaranteed debt obligations repaid this debt in full in October of 2019. Consequently, total public debt¹ comprised of Central Government's (CG) debt alone, in the final quarter (Q4) of 2019. Chart 1 compares total public debt in Q4 of 2019 with that of the previous quarter and Q4 2018. Both external and domestic debt continued a downward trajectory from Q4 2018 as Government of Grenada (GOG) continued to honor its debt obligations. Central Government debt was EC\$1,888.80 million (57.3% of GDP²) in Q4 2019. External and domestic CG debts were 74.7% and 25.3% respectively (Chart 2).

Chart 1: Movement in Public Debt

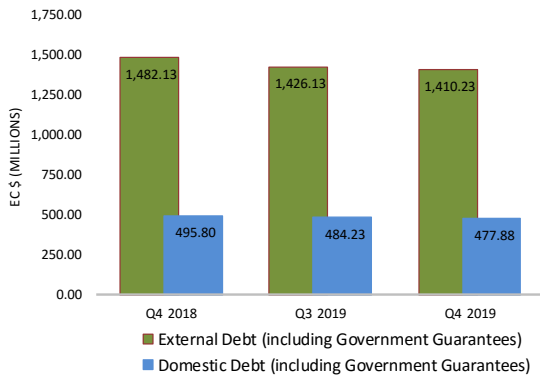
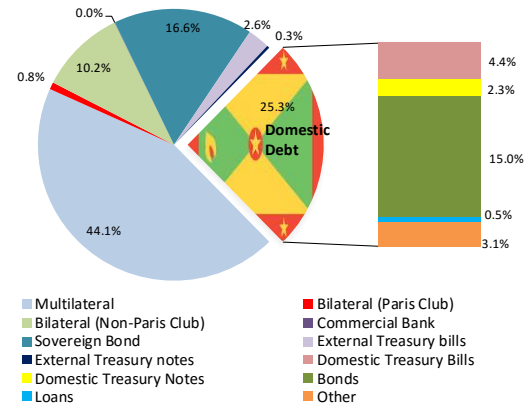


Chart 2: Central Government debt



1.1 External Debt

1.1.1 External Debt by Creditor Category

External debt was EC\$ 1,410.9 million (42.8% of GDP) at the end of Q4 2019. It comprised chiefly of debt contracted from multilateral creditors (Chart 3).

1.1.2 External Debt by Interest Type

Loans contracted at fixed interest rates dominated the external portfolio in Q4 2019 (83.3%) (Chart 4).

Chart 3: External debt by creditor

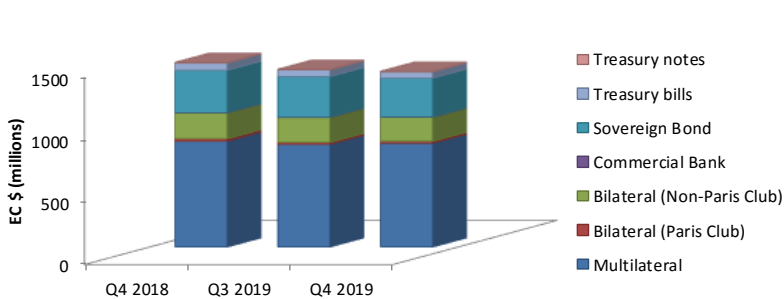
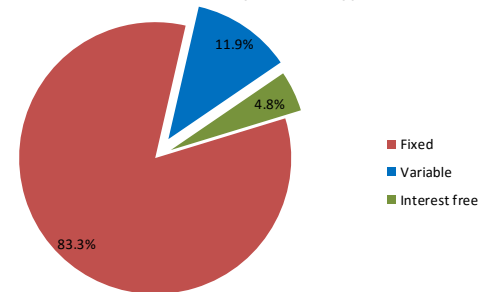


Chart 4: External Debt by Interest type



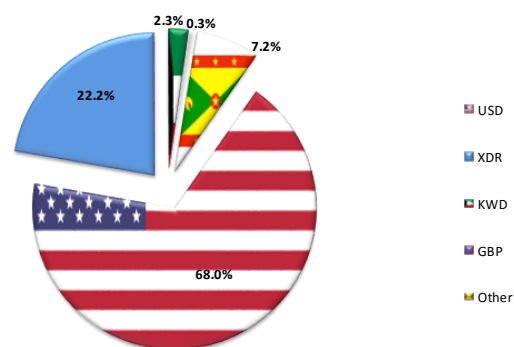
¹ Total public debt includes both the domestic and external debt of Central Government and the Government guaranteed debt of Grenada's state-owned enterprises.

² GDP: Ministry of Finance projected Gross Domestic Product as at November 30th, 2019.

1.1.3 Currency Composition of External Debt

In the final quarter of 2019, the external portfolio was dominated by instruments contracted in United States Dollars (USD) (68.0%). This was followed by instruments contracted in Special Drawing Rights (XDR) (22.2%) and other currencies (7.2%) which comprised mainly of the Eastern Caribbean Dollar (XCD) (Chart 5).

Chart 5: Currency Composition of External Debt



1.2 Domestic Debt³

At the end of Q4 2019, domestic debt stood at EC\$477.9 million (14.5% of GDP).

1.2.1 Domestic Debt by Instrument Type & Holder

The domestic portfolio was dominated by bonds at the end of 2019 (Chart 6). Non-bank financial institutions are the leading holders of domestic debt (Chart 7).

Chart 6: Domestic Debt by Instrument

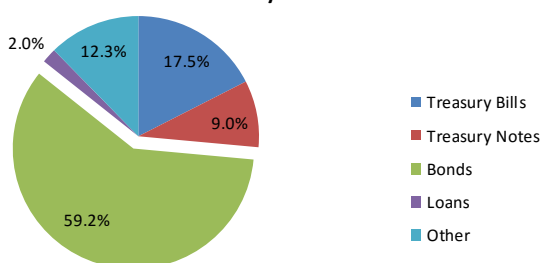
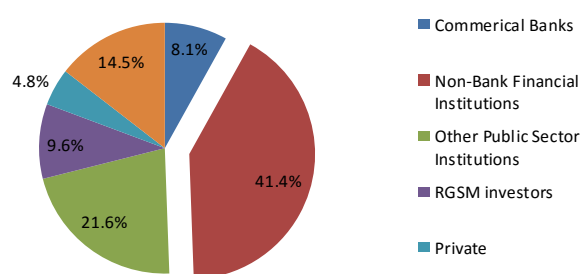


Chart 7: Domestic Debt by Holder



1.2.2 Domestic Debt by Interest Type

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

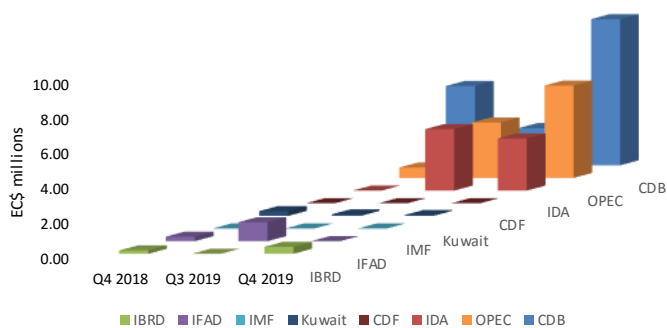
2.0 Debt of State-Owned Enterprises

At the end of 2019, the total debt stock of SOEs was EC\$467.4 million (14.2% of GDP). This includes the debt obligations of Petro Caribe which amounted to EC\$372.1 million (11.3% of GDP).

3.0 Disbursements

Total disbursements in Q4 of 2019 amounted to EC\$17.1 million, the majority of which came from multilateral creditors. In the preceding quarter, disbursements amounted to EC\$ 10.0 million and in Q4 of 2018 disbursements amounted to EC\$5.9 million (Chart 8).

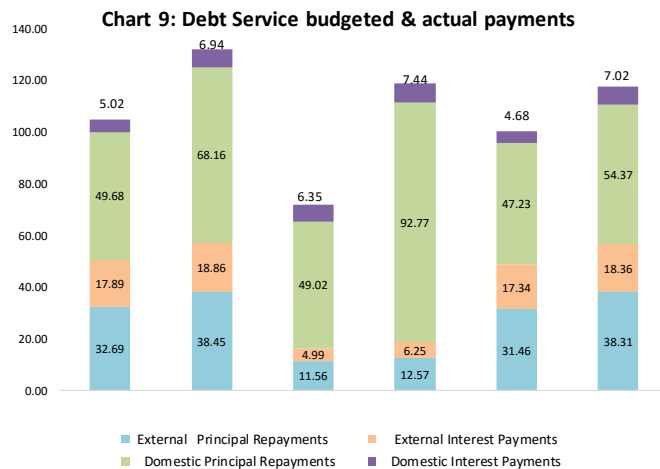
Chart 8: Disbursement by creditor



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

4.0 Debt Service

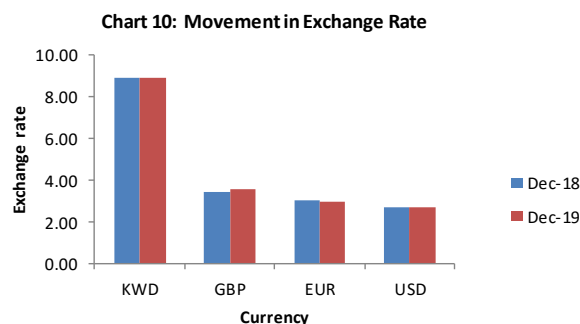
Debt service budgeted and actual payments in the period under review are compared to the preceding quarter and Q4 2018 in chart 9. In Q4 of 2019, total debt service payments amounted to EC\$100.7 million against a budgeted EC\$118.1 million and consisted primarily of domestic amortization. Differences in budgeted and actual payments can be attributed to interest rate fluctuations and late disbursements resulting in changes to forecasted payment schedules.



5.0 Risk Assessment of the Portfolio

5.1 Foreign Currency Risk

During the period Q4 2018 to Q4 2019, the Eastern Caribbean Dollar (XCD) appreciated against the Euro (EUR) by 2.3% but depreciated against the Kuwaiti Dinar (KWD) and Great Britain Pound (GBP) by 0.2% and 3.5% respectively. The EUR accounted for only 0.1 % of the external debt stock, the GBP 0.3% and the KWD 2.3% in Q4. This rendered the impact of the rates of appreciation and depreciation of the XCD against the EUR, KWD & GBP insignificant (Chart 10).



5.2 Average Time to Maturity (ATM⁴) & Average Time to Re-fixing (ATR⁵)

In table 1, the ATM and ATR for both the domestic and external portfolio in Q4 2019, are compared to that of the previous quarter and Q4 2018. 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, decreased when compared to the previous quarter and Q4 2018 by 0.7 and 0.6 years respectively. The ATR of the external portfolio decreased negligibly by 0.2 years when compared to the previous quarter but increased by 0.3 years when compared to Q4 2018. An increase in ATR indicates that a smaller number of instruments will have their interest rates reset in the near future. The ATR of the domestic portfolio decreased when compared to the previous quarter and Q4 2018 by 0.7 and 0.6 years respectively.

Table 1: Risk Indicators

| Risk Indicators (years) | Q4 2018 | Q3 2019 | Q4 2019 |
|---------------------------|---------|---------|---------|
| ATM of external portfolio | 9.80 | 9.61 | 10.1 |
| ATR of external portfolio | 9.20 | 9.68 | 9.5 |
| ATM of domestic portfolio | 7.10 | 7.16 | 6.5 |
| ATR of domestic portfolio | 7.10 | 7.16 | 6.5 |

⁴ ATM shows how long it takes on average to roll over or refinance the debt portfolio.

⁵ ATR indicates the average time required to reset the interest rate in the debt profile.

6.0 Regional Governments Securities Market (RGSM) Activities

In Q4 2019, three (3) treasury bills were re-issued. Table 2 shows details of these securities and the bid-to-cover ratio⁶ of each. There were two (2) 365-day treasury bills and one 91-day treasury bill. Each auction was oversubscribed.

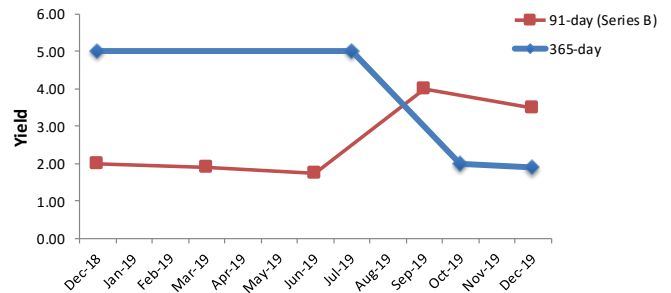
Table 2: RGSM Auction Results (Q4 2019)

| 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 | 10.00 | 29.28 | 9.80 | 0.20 | 2.00 | 2.93 |
| 365-day T-bill | 10.00 | 25.05 | 9.81 | 0.19 | 1.90 | 2.51 |
| 91-day T-bill | 15.00 | 15.08 | 14.87 | 0.13 | 3.50 | 1.01 |
| TOTAL | 35.00 | 69.41 | 34.48 | 0.52 | | |

6.1 Treasury Bills Auction Yields

Chart 11 shows interest rates on GOG's treasury bills for the period December 2018 to December 2019. Rates on 91-day treasury bills were relatively stable except for September 2019 when the interest rate spiked to 4%. This was due to technical difficulties that hindered the participation of several investors. The rate decreased thereafter. Rates on 365-day treasury bills remained the same until October 2019 when the rate fell significantly to 2.0% and even further in December 2019 to 1.9% based on the competitiveness of the bids during the auction.

Chart 11: Interest Rate fluctuations on Treasury Bills (Q4 2018-Q4 2019)



7.0 Government Guarantees

In Q4 2019, GOG became free of guaranteed debt obligations. The sole SOE with Government guaranteed debt repaid this debt in full and there were no new issues. Table 3 compares Government guaranteed debt figures in the period under review to the preceding period and Q4 2018.

Table 3: Guaranteed Debt by Creditor Type

| Creditor | Dec-18 | Sep-19 | Dec-19 |
|----------------------------|-------------|-------------|-------------|
| <i>In millions of EC\$</i> | | | |
| Multilateral | 0.19 | 0.04 | 0.00 |
| Commercial | 0.00 | 0.00 | 0.00 |
| Social Security | 0.00 | 0.00 | 0.00 |
| Statutory body | 0.00 | 0.00 | 0.00 |
| Total | 0.19 | 0.04 | 0.00 |

⁶ 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 | Q4 2018 | Q3 2019 | Q4 2019 |
|---|-----------------|-----------------|-----------------|
| <i>In millions of EC\$</i> | | | |
| External Debt (including Government Guarantees) | 1,482.13 | 1,426.13 | 1,410.92 |
| Domestic Debt (including Government Guarantees) | 495.80 | 484.23 | 477.88 |
| Total | 1,977.93 | 1,910.36 | 1,888.80 |

Appendix 2: External Debt by Creditor

| Creditor Category | Q4 2018 | Q3 2019 | Q4 2019 |
|----------------------------|----------------|----------------|----------------|
| <i>In millions of EC\$</i> | | | |
| Multilateral | 848.81 | 823.16 | 832.81 |
| Bilateral (Paris Club) | 19.41 | 15.76 | 16.02 |
| Bilateral (Non-Paris Club) | 207.75 | 200.32 | 192.95 |
| Commercial Bank | 0.91 | 0.91 | 0.91 |
| Sovereign Bond | 341.51 | 327.25 | 312.99 |
| Treasury bills | 57.67 | 52.82 | 49.37 |
| Treasury notes | 5.87 | 5.87 | 5.87 |
| Total | 1481.93 | 1426.09 | 1410.92 |

Appendix 3: External Debt by currency composition

| Currency Composition | Q4 2018 | Q3 2019 | Q4 2019 | % share of External Debt Q4 2019 |
|----------------------------|-----------------|-----------------|-----------------|----------------------------------|
| <i>In millions of EC\$</i> | | | | |
| United States Dollar | 1004.15 | 972.33 | 959.87 | 68.03 |
| Special Drawing Rights | 320.16 | 309.99 | 312.90 | 22.18 |
| Kuwaiti Dinar | 37.92 | 34.83 | 32.93 | 2.33 |
| Great Britain Pound | 4.37 | 3.39 | 3.61 | 0.26 |
| Other currencies | 115.33 | 105.55 | 101.61 | 7.20 |
| Total | 1,481.93 | 1,426.09 | 1,410.92 | 100.00 |

Appendix 4: Disbursement by Creditor

| Creditor | Q4 2018 | Q3 2019 | Q4 2019 |
|---|-------------|--------------|--------------|
| <i>In millions of EC\$</i> | | | |
| Caribbean Development Bank | 4.54 | 2.13 | 8.37 |
| International Development Association | 0.00 | 3.52 | 2.98 |
| International Bank for Reconstruction & Development | 0.19 | 0.00 | 0.40 |
| International Fund for Agricultural Development | 0.26 | 1.09 | 0.00 |
| International Monetary Fund | 0.00 | 0.00 | 0.00 |
| Organisation of Petroleum Exporting Countries | 0.60 | 3.18 | 5.29 |
| Kuwait Fund for Arab Economic Development | 0.27 | 0.09 | 0.05 |
| CARICOM Development Fund | 0.00 | 0.00 | 0.00 |
| Total | 5.87 | 10.00 | 17.09 |

Appendix 5: Domestic Debt by Instrument

| Domestic Debt by Instrument | Q4 2018 | Q3 2019 | Q4 2019 |
|-----------------------------|---------------|---------------|---------------|
| <i>In millions of EC\$</i> | | | |
| Treasury Bills | 103.39 | 81.95 | 83.54 |
| Treasury Notes | 22.61 | 42.90 | 42.90 |
| Bonds | 294.95 | 289.23 | 283.14 |
| Loans | 15.99 | 11.31 | 9.46 |
| Other | 58.85 | 58.85 | 58.85 |
| Total | 495.79 | 484.23 | 477.88 |

Appendix 6: Domestic Debt by Holder

| Domestic Debt by Holder | Q4 2018 | Q3 2019 | Q4 2019 |
|----------------------------------|---------------|---------------|---------------|
| <i>In millions of EC\$</i> | | | |
| Commerical Banks | 41.87 | 41.77 | 38.48 |
| Non-Bank Financial Institutions | 208.52 | 201.56 | 197.72 |
| Other Public Sector Institutions | 110.60 | 103.83 | 103.41 |
| RGSM investors | 41.57 | 44.47 | 46.06 |
| Private | 23.40 | 23.04 | 22.94 |
| Other | 69.83 | 69.55 | 69.27 |
| Total | 495.79 | 484.23 | 477.88 |

Appendix 7: Debt Service

| Debt service | Actual Q4 2018 | Budget Q4 2018 | Actual Q3, 2019 | Budget Q3, 2019 | Actual Q4 2019 | Budget Q4 2019 |
|--------------------------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|
| <i>In millions of EC\$</i> | | | | | | |
| Total Debt Service | 105.27 | 132.41 | 71.92 | 119.03 | 100.72 | 118.06 |
| External Debt Service | 50.58 | 57.31 | 16.55 | 18.82 | 48.80 | 56.68 |
| <i>External Principal Repayments</i> | 32.69 | 38.45 | 11.56 | 12.57 | 31.46 | 38.31 |
| <i>External Interest Payments</i> | 17.89 | 18.86 | 4.99 | 6.25 | 17.34 | 18.36 |
| Domestic Debt Service | 54.69 | 75.10 | 55.37 | 100.21 | 51.92 | 61.39 |
| <i>Domestic Principal Repayments</i> | 49.68 | 68.16 | 49.02 | 92.77 | 47.23 | 54.37 |
| <i>Domestic Interest Payments</i> | 5.02 | 6.94 | 6.35 | 7.44 | 4.68 | 7.02 |

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

| Particulars | Dec-18 | Sep-19 | Dec-19 | Qtrly change (%) | YTD change (%) |
|---|--------------|--------------|--------------|------------------|----------------|
| Total Public Debt (XCD) | | | | | |
| External Debt (including Government Guarantees) | 1,482.13 | 1,426.13 | 1,410.92 | -1.07 | -4.80 |
| Domestic Debt (including Government Guarantees) | 495.80 | 484.23 | 477.88 | -1.31 | -3.61 |
| Total Public Debt to GDP (%) | | | | | |
| External Debt to GDP | 45.89 | 44.11 | 42.79 | -3.00 | -6.75 |
| Domestic Debt to GDP | 15.35 | 14.98 | 14.49 | -3.24 | -5.58 |
| Central Government Debt (XCD) | | | | | |
| External Debt | 1,481.93 | 1,426.09 | 1,410.92 | -1.06 | -4.79 |
| Domestic Debt | 495.79 | 484.23 | 477.88 | -1.31 | -3.61 |
| Central Government Debt to GDP (%) | | | | | |
| External Debt | 45.88 | 44.11 | 42.79 | -3.00 | -6.74 |
| Domestic Debt | 15.35 | 14.98 | 14.49 | -3.24 | -5.58 |
| Other Debt* | 372.14 | 372.14 | 372.14 | 0.00 | 0.00 |
| Other Debt to GDP | 11.52 | 11.51 | 11.29 | -1.96 | -2.04 |
| Government Guarantees | | | | | |
| External | 0.19 | 0.04 | - | -100.00 | -100.00 |
| Domestic | - | - | - | 0.00 | 0.00 |
| External debt by Creditor | | | | | |
| Multilateral | 848.81 | 823.16 | 832.81 | 1.17 | -1.89 |
| Bilateral | 227.16 | 216.08 | 208.97 | -3.29 | -8.01 |
| Domestic instruments contracted from external creditors | 63.54 | 58.69 | 55.24 | -5.87 | -13.06 |
| Other | 342.42 | 328.16 | 313.90 | -4.34 | -8.33 |
| External Debt by Instrument | | | | | |
| T-bills/ T-notes | 63.54 | 58.69 | 55.24 | -5.87 | -13.06 |
| Loans | 1,076.25 | 1,040.15 | 1,042.69 | 0.24 | -3.12 |
| Bonds | 342.14 | 327.25 | 312.99 | -4.36 | -8.52 |
| Domestic Debt by instrument | | | | | |
| T-bills | 103.39 | 81.95 | 83.54 | 1.94 | -19.20 |
| T-Notes | 22.61 | 42.90 | 42.90 | 0.00 | 89.70 |
| Bonds | 294.95 | 289.23 | 283.14 | -2.10 | -4.00 |
| Loans | 15.99 | 11.31 | 9.46 | -16.37 | -40.82 |
| Other | 58.85 | 58.85 | 58.85 | 0.01 | 0.01 |
| Foreign Currency Risk (%) | | | | | |
| % of debt in USD | 67.79 | 68.18 | 68.02 | -0.24 | 0.34 |
| % of debt in XDR | 21.61 | 21.74 | 22.19 | 2.07 | 2.66 |
| % of debt in Kuwaiti Dinars | 2.56 | 2.44 | 2.34 | -4.39 | -8.78 |
| % of debt in GBP | 0.30 | 0.24 | 0.26 | 7.69 | -13.23 |
| % of debt in other currency | 7.74 | 7.40 | 7.21 | -2.65 | -6.95 |
| % of foreign debt | 74.93 | 74.65 | 74.70 | 0.06 | -0.31 |
| Total Debt Service | | | | | |
| External | 50.58 | 16.55 | 48.80 | 194.87 | -3.51 |
| Domestic | 54.69 | 55.37 | 51.92 | -6.24 | -5.08 |
| Principal | 82.36 | 60.58 | 78.69 | 29.90 | -4.45 |
| Interest | 22.91 | 11.34 | 22.03 | 94.23 | -3.86 |
| Disbursements | 5.87 | 10.00 | 17.09 | 70.84 | 191.34 |
| Fiscal indicators | | | | | |
| Total Debt Service to Revenue | 44.89 | 34.18 | 42.05 | 23.02 | -6.32 |
| Total Debt Service to GDP | 3.26 | 2.19 | 3.05 | 39.42 | -6.28 |
| Interest to Revenue | 9.77 | 4.95 | 9.20 | 85.94 | -5.85 |
| Interest to Expenditure | 12.16 | 5.63 | 11.58 | 105.55 | -4.75 |
| Total Public Sector Debt (% of GDP) | 61.24 | 59.09 | 57.28 | | |

* Includes the debt obligations of Petro Caribe

FIGURES ARE SUBJECT TO CHANGE

N.B.