



GOVERNMENT OF
GRENADA

PUBLIC DEBT QUARTERLY BULLETIN

QUARTER 4
2018



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

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.....	2
2.1.1 External Debt by Creditor Category.....	2
2.1.2 External Debt by Interest Type.....	2
2.1.3 Currency Composition of External debt.....	2
2.2 Domestic Debt.....	3
2.2.1 Domestic Debt by Instrument.....	3
2.2.2 Domestic Debt by Holder.....	3
2.2.3 Domestic Debt by Interest type.....	3
3.0 Other debt.....	3
4.0 Disbursements.....	3
5.0 Debt Service.....	4
6.0 Risk Assessment of the Portfolio.....	4
6.1 Foreign Currency Risk.....	4
6.2 Average Time to Maturity (ATM).....	4
6.3 Average Time to Re-fixing (ATR).....	4
7.0 Regional Government Securities Market (RGSM) Activities.....	5
7.1 Treasury Bills Auction Yields.....	5
8.0 Government Guarantees.....	6
8.1 Guaranteed debt by Creditor type.....	6
Appendix.....	7
Debt Statistics Summary.....	9

1.0 Total Public Debt

Total public debt stood at EC\$ 1,977.9 million or 61.2% of Gross Domestic Product (GDP¹) at the end of 2018. Total public debt comprises Central Government's debt and Public Corporations' Government guaranteed debt. When compared to the preceding quarter and the final quarter of 2017, total public debt decreased by EC\$ 81.0 million (3.9%) and EC\$ 91.4 million (4.4%) respectively. Domestic debt decreased during the period December 2017 to December 2018, while external debt fluctuated (Chart 1). Total public debt comprised of 25.1% domestic debt and 74.9% external debt. Government guaranteed debt totaled EC\$ 0.2 million (Chart 2).

Chart 1: Movement in Public Debt

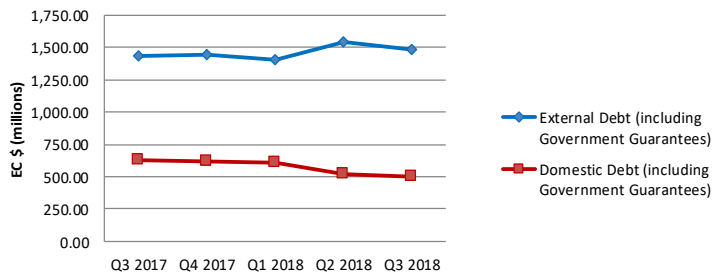
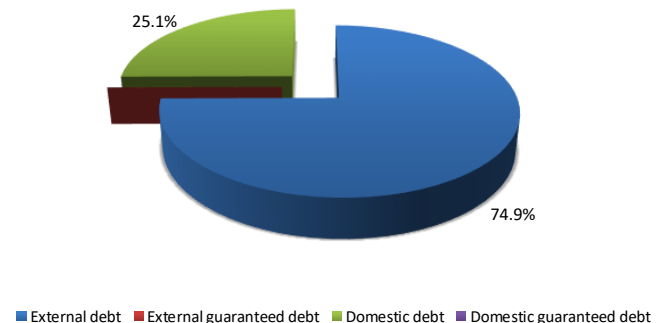


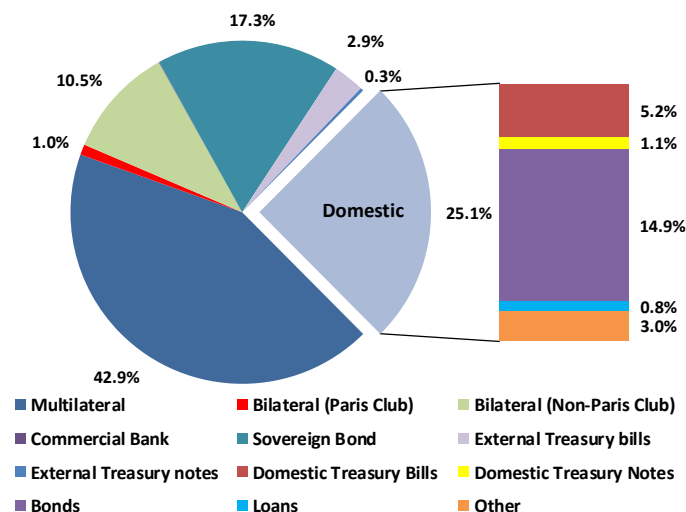
Chart 2: Composition of Public Debt



2.0 Central Government Debt

Central Government debt totaled EC\$ 1,977.7 million (61.2% of GDP) at the end of 2018. It comprised 25.1% domestic debt and 74.9% external debt (Chart 3).

Chart 3: Central Government debt

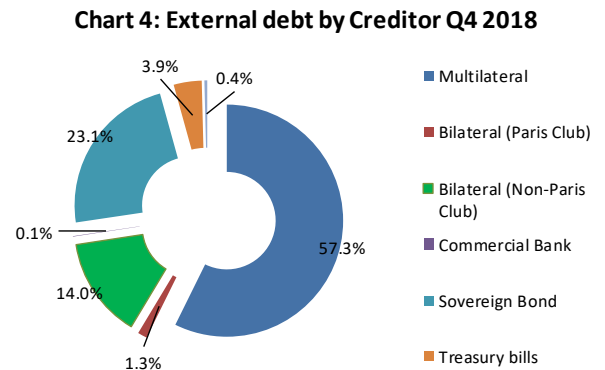


¹ GDP: Ministry of Finance projected Gross Domestic Product as at October 31st, 2018.

2.1 External Debt

2.1.1 External Debt by Creditor Category

In the final quarter of 2018, external debt held by the Central Government amounted to EC\$ 1,481.3 million (45.9% of GDP). Multilaterals accounted for the largest portion. This was also the case in the preceding quarter, as well as in quarter 4 of 2017. In quarter 4 of 2018, the composition of external Central Government debt was as follows: multilateral loans 57.3% (EC\$ 848.8m); International Sovereign Bond 23.1% (EC\$ 341.5m); bilateral Non-Paris Club loans 14.0% (EC\$ 207.1m), bilateral loans from Paris Club member countries 1.3% (EC\$ 19.4m); Treasury bills and Treasury notes 4.3% (EC\$ 63.5m) and commercial debt 0.1% (EC\$ 0.9m) (Chart 4).



2.1.2 External Debt by Interest Type

Loans contracted at fixed interest rates dominated the external portfolio in the final quarter of 2018, accounting for 83.0%. Loans contracted at variable interest rates and those contracted interest free, from the International Monetary Fund (IMF) and Libya, accounted for 11.9% and 5.1% of the portfolio respectively (Chart 5).

2.1.3 Currency Composition of External Debt

In the final quarter of 2018, USD loans accounted for 67.8% (US\$ 371.9m) of the external debt stock, the Special Drawing Rights (XDR) accounted for 21.6%, loans denominated in the Kuwaiti Dinars (KWD), Great Britain Pound (GBP) and other currencies², accounted for 2.6%, 0.3% and 7.7% of the external portfolio respectively (Chart 6).

Chart 5: External Debt by Interest type

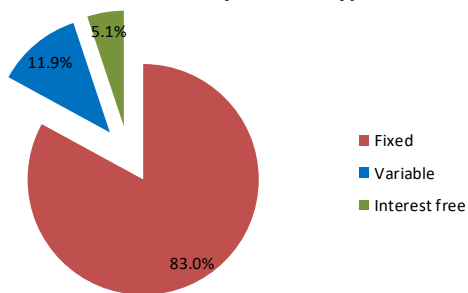
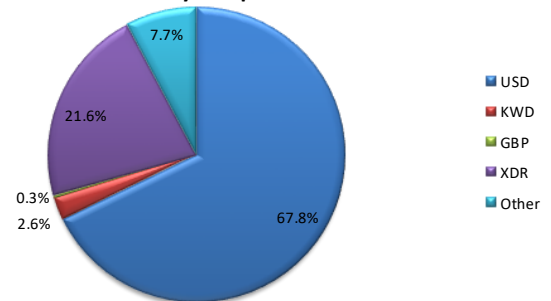


Chart 6: Currency Composition of External Debt



² Other currencies include the Eastern Caribbean dollar (XCD) & the Euro (EUR).

2.2 Domestic Debt³

2.2.1 Domestic Debt by Instrument

Domestic debt stood at EC\$ 496.4 million (15.4% of GDP) in quarter 4, 2018. Bonds dominated the domestic portfolio, followed by treasury bills (Chart 7). This was also the case in the corresponding quarter in 2017 and quarter 3 of 2018.

2.2.2 Domestic Debt by Holder

In quarter 4 of 2018, non-bank financial Institutions remained the leading holders of domestic debt. They were followed by public sector institutions, other creditors⁴, investors in the Regional Governments Securities Market (RGSM), commercial banks and private individuals and companies (Chart 8).

Chart 7: Domestic debt by instrument (Q4 2017-Q4 2018)

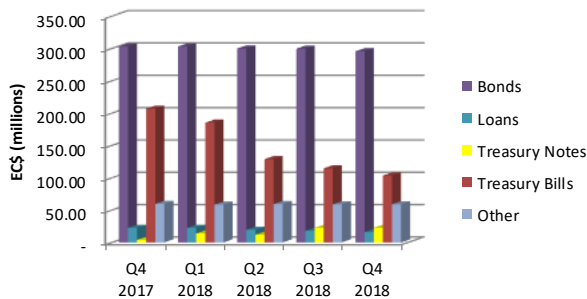
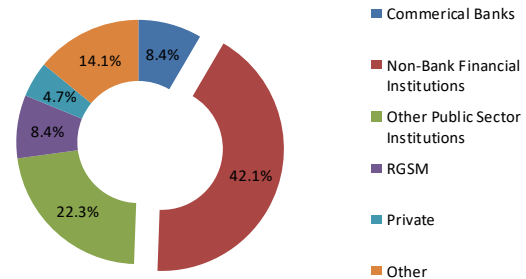


Chart 8: Domestic Debt by Holder



2.2.3 Domestic Debt by Interest type

All Government of Grenada (GOG) domestic instruments have been contracted at fixed interest rates.

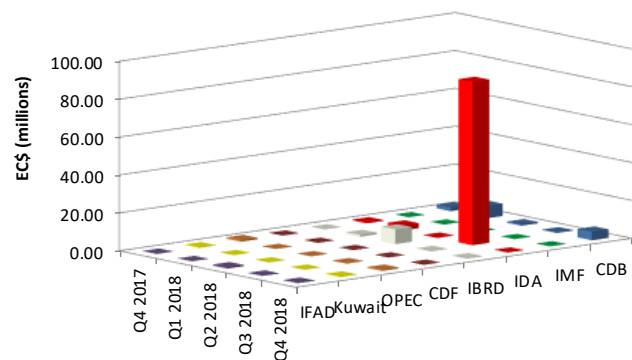
3.0 Other Debt

Other debt consists of the debt obligations of Petro Caribe. The decision was made to capture other debt as it is an implicit contingent liability to Government. As at the end of quarter 4 of 2018, other debt totaled EC\$ 372.1 million (11.5% of GDP). If included in public debt, the total debt stock figure would be EC\$ 2,350.1 million.

4.0 Disbursements

In the final quarter of 2018, total loan disbursements amounting to EC\$ 5.9 million were received, 95.3% of which was received from multilateral creditors and 4.7% from a bilateral (non-Paris club) creditor. In the preceding quarter, disbursements amounted to EC\$87.0 million and in the final quarter of 2017 disbursements amounted to EC\$ 3.7 million (Chart 9).

Chart 9: Disbursement by Creditor



³ Domestic debt refers to all debt contracted in XCD from domestic creditors.

⁴ Other creditors includes outstanding liabilities and compensation claims.

5.0 Debt Service

Total debt service payments amounted to EC\$ 105.3 million against a budgeted EC\$ 132.4 million in the final quarter of 2018. Principal repayments amounted to EC\$ 82.4 million, of which EC\$ 32.7 million was external amortisation and EC\$ 49.7 million domestic. Interest payments totaled EC\$ 22.9 million, of which external interest payments accounted for EC\$ 17.9 million and domestic payments EC\$ 5.0 million. Chart 10 compares debt service budgeted and actual payments in quarter 4 of 2018 with the preceding quarter and the corresponding period in 2017. Differences in budgeted and actual figures are due to exchange rate fluctuations.

Chart 10: Debt Service Q4 2017, Q3 2018 & Q4 2018

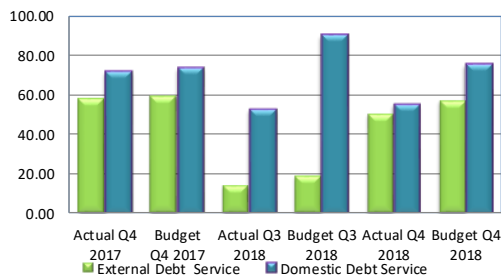
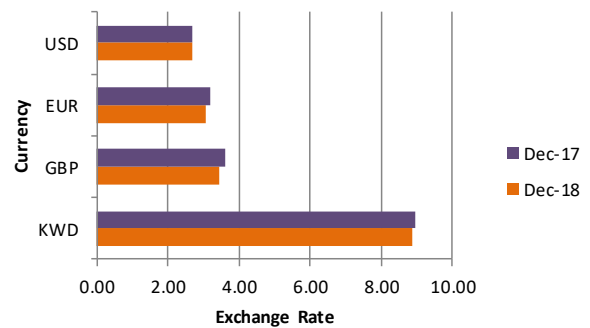


Chart 11: Movement in Exchange Rate



6.0 Risk Assessment of the Portfolio

6.1 Foreign Currency Risk

The XCD appreciated against the GBP by 5.6%, EUR by 3.9% and the KWD by 0.7%. GBP accounted for only 0.3 % of the external debt stock at the end of the third quarter, which rendered insignificant, the impact of the rate of appreciation of the XCD against the GBP (Chart 11).

6.2 Average Time to Maturity (ATM⁵)

The ATM of the external portfolio as at end-December 2018 was 9.8 years, which is in line with GOG's target ATM of 8 years and above. The ATM remained the same as the previous quarter but increased by 1.4 years when compared to the final quarter of 2017 (Chart 12). The ATM of the domestic portfolio was 7.1 years in the third quarter. When compared to the previous quarter the ATM remained the same but when compared to the third quarter of 2017 the ATM of the domestic portfolio increased by 0.3 years.

6.3 Average Time to Re-fixing (ATR⁶)

The ATR of the external portfolio as at December 31st, 2018 was 9.2 years. When compared to the corresponding quarter in 2017 the ATR increased by 1.5 years but when compared to the preceding quarter it remained the same (Chart 13). This increase indicates that a smaller number of instruments will have their interest rates reset in the near future. It comes as a result of new borrowing with longer terms to maturity. The ATR of the domestic portfolio was 7.1 years. There was no change in ATR of the domestic portfolio between quarters 3 and 4 of 2018 but when compared to quarter 4 of 2017 the ATR of the domestic portfolio increased by 0.3 years.

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.

Chart 12: Average Time to Maturity ATM (years) of Domestic & External Portfolio

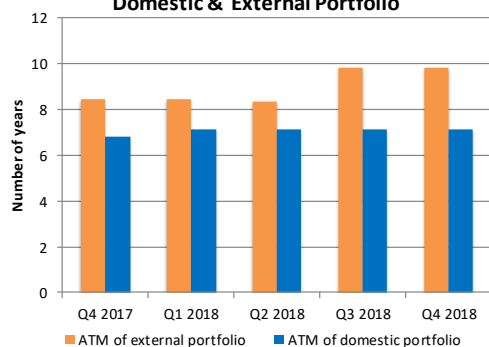
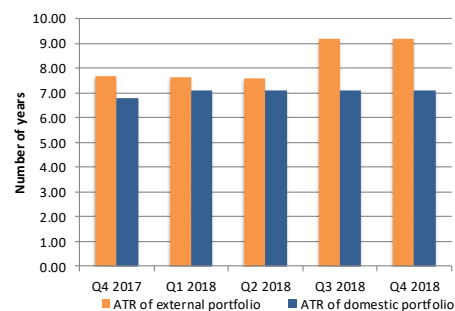


Chart 13: Average Time to Re-fixing ATR (years) of Domestic & External Portfolio



7.0 Regional Governments Securities Market (RGSM) Activities

Three (3) Treasury bills were re-issued in the final quarter of 2018 amounting to EC\$ 45.0 million. Table 1 shows details on these Treasury bills and the bid-to-cover ratio⁷ of each.

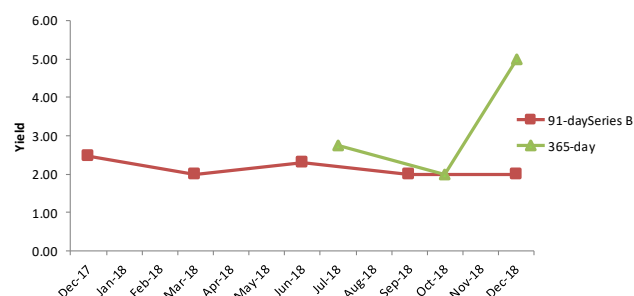
Table 1: RGSM Auction Results (Q4 2018)

Instrument	Total Units offered	Total Competitive Bids received	Total Payment Due	Total Discount	Discount Rate (%)	Bid to Cover Ratio
<i>Instrument</i>						
365-day T-bill	10.00	17.49	9.80	0.20	2.00	1.75
365-day T-bill	20.00	13.81	13.15	0.66	5.00	0.69
91-day T-bill (series B)	15.00	22.51	14.93	0.07	2.00	1.50
TOTAL	45.00	53.81	37.88	0.93		

7.1 Treasury Bills Auction Yields

Chart 14 shows interest rates on GOG's Treasury bills from December 2017 to December 2018. Rates on 91-day Treasury bills were relatively constant throughout the period, whereas rates on 365-day Treasury bills fluctuated.

Chart 14: Interest Rate fluctuations on Treasury Bills (Q4 2017-Q4 2018)



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.

8.0 Government Guarantees

In Quarter 4 of 2018, total outstanding Government guarantees was EC\$ 0.2 million. The guaranteed debt stock decreased by an immense 99.7% when compared to the previous year. It comes as a result of the decision made by a state-owned enterprise (SOE), which held the majority of the Government guaranteed debt stock, to consolidate and refinance its debt. As a result, this debt is no longer Government guaranteed. There were no new issues of Government guaranteed debt in the final quarter of 2018.

8.1 Guaranteed Debt by Creditor Type

In quarter 4 of 2018, multilateral creditors were the only source of Government guaranteed debt (Table 2).

Table 2: Guaranteed Debt by Creditor Type as at Q4 2018

Creditor	Dec-17	Sep-18	Dec-18	% Qtrly change	% YTD change
<i>In millions of EC\$</i>					
Multilateral	1.36	0.49	0.19	-99.81	-99.81
Commercial	34.70	33.74	0.00	-100.00	-100.00
Social Security	36.10	6.98	0.00	-100.00	-100.00
Statutory body	0.00	0.00	0.00	0.00	0.00
Total	72.16	41.21	0.19	-99.53	-99.73

Appendix

Appendix 1: Size of Public Debt

Debt Category	Q4 2017	Q3 2018	Q4 2018
<i>In millions of EC\$</i>			
External Debt (including Government Guarantees)	1,437.30	1,538.51	1,481.49
Domestic Debt (including Government Guarantees)	631.99	520.37	496.44
Total	2,069.30	2,058.89	1,977.93

Appendix 2: External Debt by Creditor

Creditor Category	Q4 2017	Q3 2018	Q4 2018
<i>In millions of EC\$</i>			
Multilateral	793.40	857.98	848.81
Bilateral (Paris Club)	22.07	19.53	19.41
Bilateral (Non-Paris Club)	214.88	211.37	207.12
Commercial Bank	0.91	0.91	0.91
Sovereign Bond	370.03	355.76	341.51
Treasury bills	0.00	52.85	57.67
Treasury notes	0.00	5.87	5.87
Total	1401.29	1504.28	1481.30

Appendix 3: External Debt by currency composition

Currency Composition	Q4 2017	Q3 2018	Q4 2018	% share of External Debt Q4 2018
<i>In millions of EC\$</i>				
USD	958.37	1022.62	1004.15	67.79
XDR	337.35	326.66	320.16	21.61
KWD	42.23	38.50	37.92	2.56
GBP	5.04	4.46	4.37	0.30
Other	58.30	112.04	114.70	7.74
Total	1,401.29	1,504.28	1,481.30	

Appendix 4: Disbursement by Creditor

Creditor	Q4 2017	Q3 2018	Q4 2018
<i>In millions of EC\$</i>			
CDB	1.94	0.32	4.54
IDA	0.54	86.21	0.00
IBRD	0.01	0.16	0.19
IFAD	0.11	0.17	0.26
IMF	0.00	0.00	0.00
OPEC	0.85	0.17	0.60
Kuwait	0.25	0.00	0.27
CDF	0.00	0.00	0.00
Total	3.71	87.03	5.87

Appendix 5: Domestic Debt by Instrument

Domestic Debt by Instrument	Q4 2017	Q3 2018	Q4 2018
<i>In millions of EC\$</i>			
Treasury Bills	206.79	114.40	103.39
Treasury Notes	4.00	22.61	22.61
Bonds	302.89	299.70	295.60
Loans	22.51	17.84	15.99
Other	59.65	58.85	58.85
Total	595.85	513.40	496.44

Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Q4 2017	Q3 2018	Q4 2018
<i>In millions of EC\$</i>			
Commerical Banks	43.16	43.16	41.87
Non-Bank Financial Institutions	222.33	213.45	209.16
Other Public Sector Institutions	110.60	110.60	110.60
RGSM	90.34	52.58	41.57
Private	58.23	23.50	23.40
Other	71.19	70.11	69.83
Total	595.85	513.40	496.44

Appendix 7: Debt Service

	Actual Q4 2017	Budget Q4 2017	Actual Q3 2018	Budget Q3 2018	Actual Q4 2018	Budget Q4 2018
<i>In millions of EC\$</i>						
Total Debt Service	130.01	133.36	66.76	108.68	105.27	132.41
External Debt Service	58.46	59.71	14.30	18.72	50.58	57.31
<i>Principal Repayments</i>	33.79	34.18	9.88	13.79	32.69	38.45
<i>Interest Payments</i>	24.67	25.53	4.41	4.94	17.89	18.86
Domestic Debt Service	71.55	73.65	52.46	89.95	54.69	75.10
<i>Principal Repayments</i>	63.63	65.07	44.33	82.02	49.68	68.16
<i>Interest Payments</i>	7.92	8.58	8.13	7.93	5.02	6.94

Appendix 8: Risk Indicators

Risk Indicators (years)	Q4 2017	Q3 2018	Q4 2018	MTDS Target
ATM of external portfolio	8.44	9.80	9.80	>= 8 yrs
ATR of external portfolio	7.67	9.20	9.20	-
ATM of domestic portfolio	6.80	7.10	7.10	-
ATR of domestic portfolio	6.80	7.10	7.10	-

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

Particulars	Dec-17	Sep-18	Dec-18	Qtrly change (%)	YTD change (%)
Total Public Debt (XCD)					
External Debt (including Government Guarantees)	1,437.30	1,538.51	1,481.49	-3.71	3.07
Domestic Debt (including Government Guarantees)	631.99	520.37	496.44	-4.60	-21.45
Total Public Debt to GDP (%)					
External Debt to GDP	47.57	47.63	45.87	-3.71	-3.57
Domestic Debt to GDP	20.92	16.11	15.37	-4.60	-26.52
Central Government Debt (XCD)					
External Debt	1,401.29	1,504.28	1,481.30	-1.53	5.71
Domestic Debt	595.85	513.40	496.44	-3.30	-16.68
Central Government Debt to GDP (%)					
External Debt	46.38	46.57	45.86	-1.53	-1.11
Domestic Debt	19.72	15.89	15.37	-3.30	-22.06
Other Debt	372.14	372.14	372.14	0.00	0.00
Other Debt to GDP	12.32	11.52	11.52	0.00	-6.45
Government Guarantees					
External	36.02	34.23	0.19	-99.43	-99.46
Domestic	36.15	6.98	0.00	-100.00	-100.00
External debt by Creditor					
Multilateral	793.41	857.98	848.81	-1.07	6.98
Bilateral	236.95	230.90	226.53	-1.89	-4.40
Domestic instruments contracted from external creditors	0.00	58.72	63.54	8.20	0.00
Other	370.94	356.67	342.42	-4.00	-7.69
External Debt by Instrument					
T-bills/ T-notes	0.00	58.72	63.54	8.20	0.00
Loans	1031.26	1,089.79	1,076.25	-1.24	4.36
Bonds	370.03	355.76	341.51	-4.01	-7.71
Domestic Debt by instrument					
T-bills	206.79	114.40	103.39	-9.62	-50.00
T-Notes	4.00	22.61	22.61	0.01	465.31
Bonds	302.89	299.70	295.60	-1.37	-2.41
Loans	22.51	19.36	15.99	-17.43	-28.99
Other	59.65	57.33	58.85	2.65	-1.35
Foreign Currency Risk (%)					
% of debt in USD	68.39	67.98	67.79	-0.28	-0.88
% of debt in XDR	24.07	21.72	21.61	-0.47	-10.22
% of debt in Kuwaiti Dinars	3.01	2.56	2.56	0.02	-15.06
% of debt in GBP	0.36	0.30	0.30	-0.50	-17.98
% of debt in other currency	4.16	7.45	7.74	3.96	86.11
% of foreign debt	70.16	74.56	74.90	0.46	6.75
Total Debt Service					
External	58.46	14.30	50.58	253.78	-13.49
Domestic	71.55	52.46	54.69	4.25	-23.56
Principal	97.42	54.21	82.36	51.92	-15.46
Interest	32.59	12.55	22.91	82.63	-29.70
Disbursements	3.71	87.03	5.87	-93.26	58.21
Fiscal indicators					
Total Debt Service to Revenue	62.93	32.02	44.89	40.20	-28.66
Total Debt Service to GDP	4.30	2.07	3.26	57.69	-24.25
Interest to Revenue	15.77	6.02	9.77	62.37	-38.07
Interest to Expenditure	17.68	7.58	12.16	60.33	-31.23
Total Public Sector Debt (% of GDP)	68.48	63.74	61.24		

N.B. FIGURES ARE SUBJECT TO CHANGE