

PUBLIC DEBT BULLETIN QUARTER 3 2023

A PRODUCT OF THE
DEBT MANAGEMENT UNIT
MINISTRY OF FINANCE

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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

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1.0 Central Government and Government-guaranteed Debt

At the end of September 2023, the total of Central Government (CG) and Government Guaranteed (GG) debt was EC\$2,140.7 million (59.2% of Gross Domestic Product (GDP)¹). Total CG and GG debt increased above the previous quarter and the same period the previous year by 3.9% and 2.8% respectively. The increase was due to disbursements on existing facilities and the full disbursement of a new loan in September of 2023. The loan of EC\$81.0 million was contracted from International Development Association (IDA) in July of 2023. Chart 1 compares CG and GG debt in the periods under comparison (quarter 3 (Q3) 2022, Q2 2023 and Q3 2023). There was no change in GG debt. Domestic CG debt decreased over the 1-year period Q3 2022 to Q3 2023, whereas external CG debt increased. As a percentage of the total of CG and GG debt stock, domestic and external debts accounted for 19.2% and 80.8% respectively at end-September 2023 (Chart 2). GG debt remained at 0.2% of domestic debt.

Chart 1: Movement in Public Debt

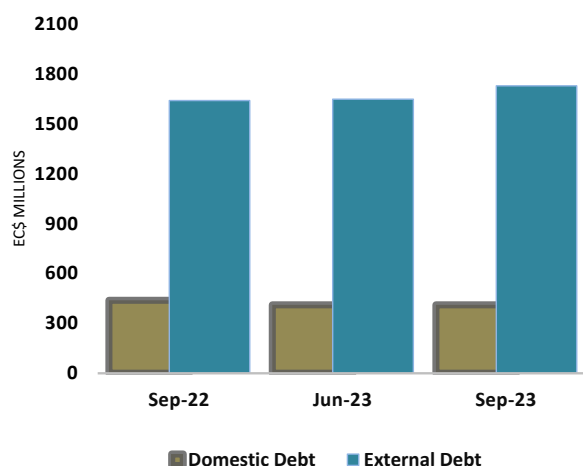
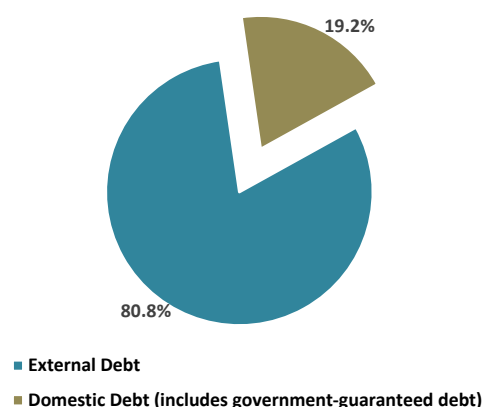


Chart 2: Central Government Debt



1.1 Central Government's External Debt

External CG debt was EC\$1,728.8 million (47.8% of GDP), at the end of September 2023. Loans hold the highest share of Government of Grenada's (GoG's) external portfolio.

1.1.1 External Debt by Creditor Category

GoG's main sources of external funding are multilateral creditors followed by bilateral non-Paris Club creditors (Appendix 2). Its chief multilateral creditors are Caribbean Development Bank (CDB) and IDA and its chief bilateral creditor is The People's Republic of China. At the end of Q3 2023, the highest share of the external portfolio (67.4%) comprised multilateral loans. These were followed by loans from bilateral non-Paris Club creditors which accounted for 15.0% of the portfolio (Chart 3).

1.1.2 External Debt by Interest Type

Instruments contracted at fixed interest rates dominate the external portfolio and stood at 86.0% at the end of Q3 2023. Loans at variable interest rates and interest-free loans comprised 8.5% and 5.5% respectively (Chart 4).

¹ GDP: Ministry of Finance Staff estimated Gross Domestic Product (nominal, at Market Prices) for 2023 (EC\$3,616.43 million).

Chart 3: External Debt by Creditor

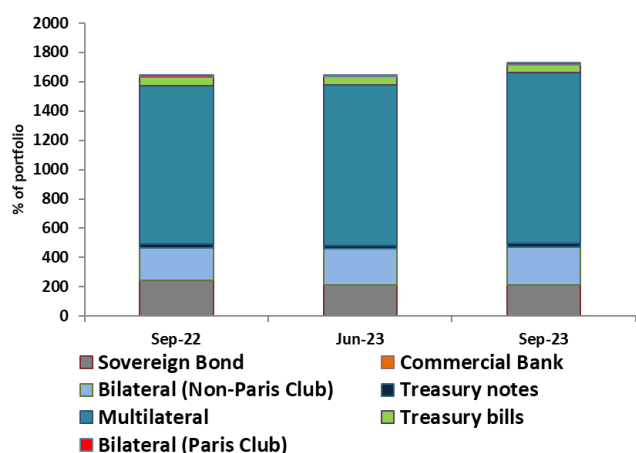
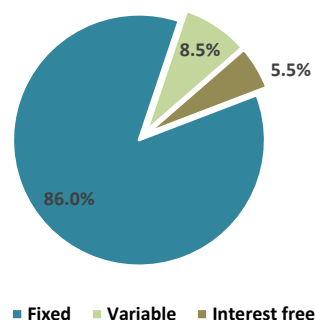


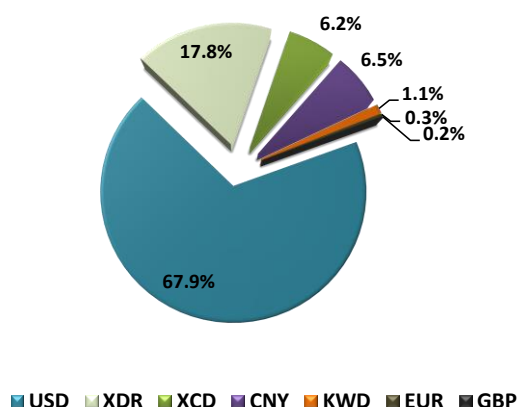
Chart 4: External Debt by Interest Type



1.1.3 Currency Composition of External Debt²

The external portfolio consists primarily of instruments denominated in United States Dollars (USD). At the end-September 2023 they held 67.9%. Instruments contracted in Special Drawing Rights (XDR) held the second highest share of 17.8%.

Chart 5: Currency Composition of External Debt



1.2 Central Government's Domestic Debt³

At the end of Q3 2023, CG's domestic debt was EC\$411.2 million (11.4% of GDP).

1.2.1 Domestic Debt by Instrument Type

The instrument type holding the largest share of the domestic portfolio is bonds (56.5%). The second highest share consists of Treasury Bills (22.3%).

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.

1.2.2 Domestic Debt by Holder

Non-bank financial institutions were the leading holders of domestic debt, they held 41.3% of the domestic portfolio at end-September 2023 (Chart 7).

Chart 6: Domestic Debt by Instrument

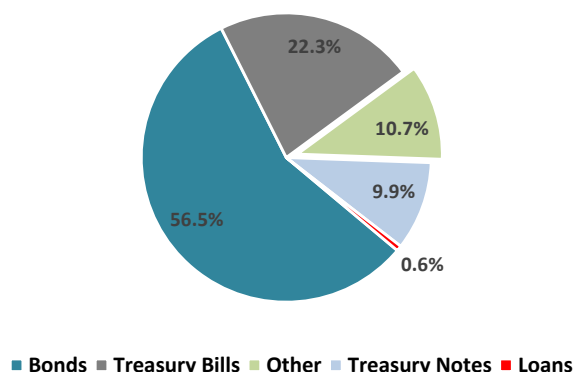
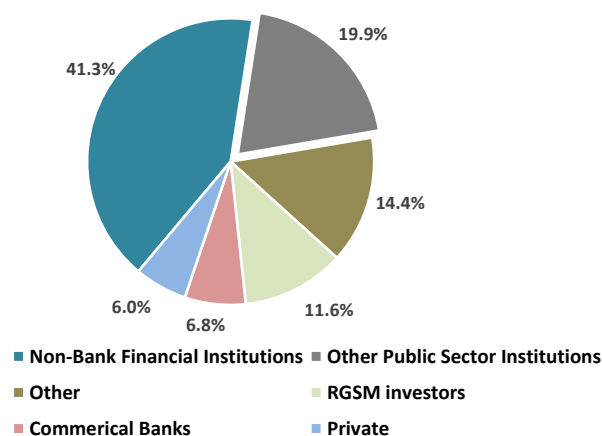


Chart 7: Domestic Debt by Holder



1.2.3 Domestic Debt by Interest Type

All domestic instruments were contracted at fixed interest rates.

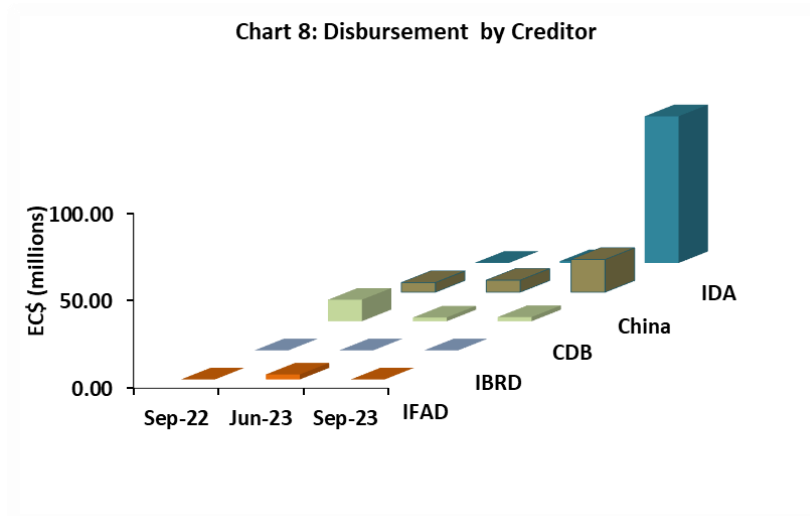
2.0 Debt of State-Owned Enterprises (SOEs)

At the end of June 2023⁴, the total SOE debt stock (unaudited), with the exclusion of three (3) SOEs, was EC\$526.4 million (14.6% of GDP). This is inclusive of the debt obligations of Petro Caribe, which was EC\$372.1 million (10.3% 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 76.4% and 23.6% respectively at end-June 2023.

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

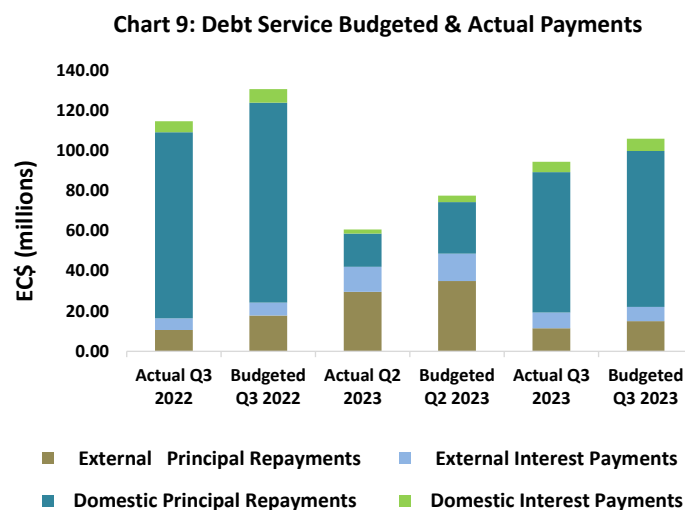
3.0 Disbursements & New Borrowing

During Q3 2023, total loan disbursements amounted to EC\$104.8 million. Of total disbursements, 82.2% was contracted from multilateral creditors and 17.8% was received from a bilateral creditor (Chart 8). EC\$81.0 million was received from a new loan contracted in Q3 and the remaining EC\$23.8 million was received from existing facilities. In Q3 2023, disbursements were higher than they were in the previous quarter and the corresponding quarter in 2022. Economic sectors for which funds were disbursed include agriculture, education and training, technology, healthcare and infrastructure. Funds were also received for budget support.



4.0 Debt Service

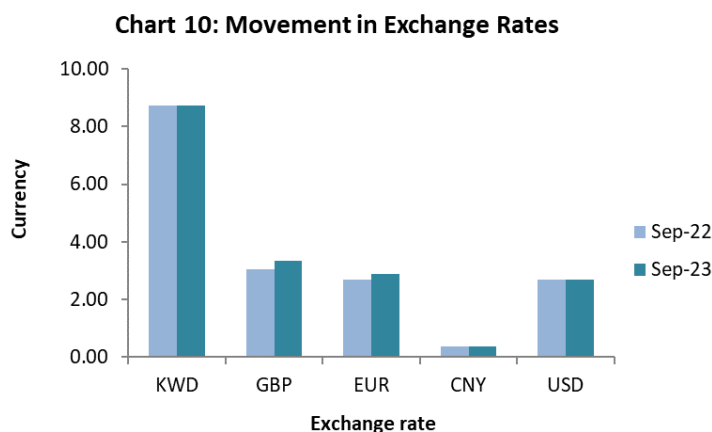
Actual debt service payments in Q3 2023 totaled EC\$94.4 million of which interest payments were EC\$13.0 million and amortisation was EC\$81.4 million. During Q3 and the other periods under comparison, actual debt service payments were lower than the budgeted amounts. This is due to interest rate fluctuations and because a portion of GoG's outstanding bonds budgeted for was not claimed. External and domestic debt service were 20.4% and 79.6 % respectively during Q3 2023. Chart 9 compares budgeted and actual debt service payments in the periods under comparison.



5.0 Risk Assessment of the Portfolio

5.1 Foreign Currency Risk

Chart 10 shows movement in exchange rates. The Eastern Caribbean Dollar (XCD) appreciated against the Chinese Yuan Renminbi (CNY) by 3.8% but depreciated against the Kuwaiti Dinar (KWD), Great Britain Pound (GBP) and Euro (EUR) by 0.1%, 9.3% and 7.8% respectively. The rates of depreciation did not severely impact GoG's portfolio and are seen as insignificant since altogether these currencies held 1.6% of the external portfolio at end-September 2023.



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

The ATM of the external portfolio is the same as it was in Q3 2022 but slightly higher than what was recorded the previous quarter by 0.1 years. The Medium-term Debt Management Strategy (MTDS) benchmark of 8.0 years and above was achieved. The ATR of the external portfolio increased marginally by 0.1 years when compared to Q3 2022 and by 0.3 years when compared to the previous quarter. Both the ATM and ATR of the domestic portfolio fell by 1.1 years below the previous quarter and the same period in 2022.

Chart 11: ATM of Domestic & External Portfolios

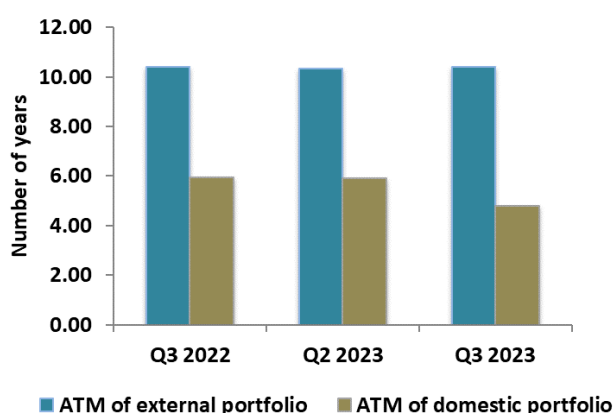
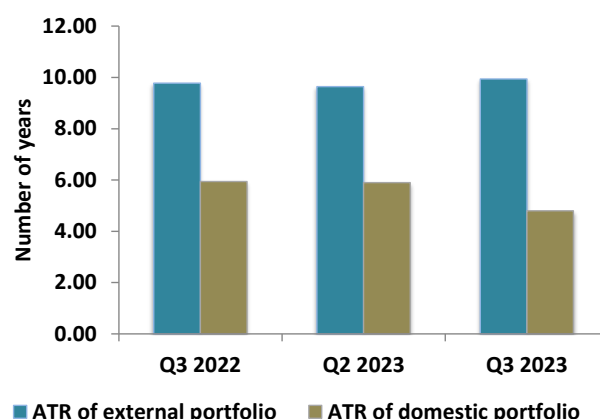


Chart 12: ATR of Domestic & External Portfolios



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

Two (2) RGSM Treasury bills were reissued in Q3 2023. One (1) 91-day of EC\$15.0 million and one (1) 365-day Treasury bill of EC\$25.0 million. Both auctions were oversubscribed (Table 1).

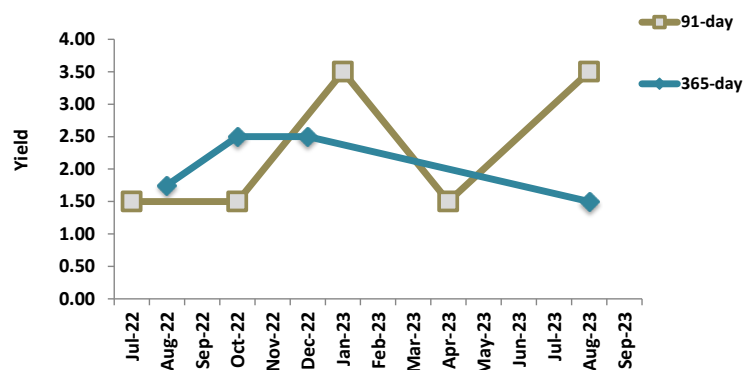
Table 1: RGSM Auction Results (Q3 2023)

Instrument type	Total units offered	Competitive Bids received	Total Payment Due	Total Discount	Discount Rate (%)	Bid to Cover Ratio
<i>In millions of EC\$ unless otherwise stated</i>						
91-day T-bill	15.00	17.29	14.87	0.13	3.50	1.15
365-day T-bill	25.00	58.92	24.63	0.37	1.50	2.36
TOTAL	40.00	76.21	39.50	0.50		

6.1 Treasury Bills' Auction Yields

Chart 13 shows movements in the discount rates of GoG's RGSM Treasury bills during the 1-year period Q3 2022 to Q3 2023. These rates fluctuated throughout the period based on the competitiveness of investors. The lowest rate received on both 91-day and 365-day Treasury bills during the 1-year period was 1.5%. Only one (1) 365-day Treasury bill was reissued as at end-September 2023 and GoG's sole 91-day Treasury bill was reissued three (3) times.

Chart 13: Interest Rate Fluctuations on Treasury Bills (Q3 2022-Q3 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 end-September was the same as it was in the previous quarter which was EC\$ 0.8 million.

Appendices

Appendix 1: Central Government & Government-guaranteed Debt

Debt Category	Sep-22	Jun-23	Sep-23
<i>In millions of EC\$</i>			
External Debt	1,643.46	1,647.46	1,728.79
Domestic Debt (includes government-guaranteed debt)	439.98	412.12	411.97
Total	2,083.44	2,059.58	2,140.76

Appendix 2: External Debt by Creditor

Creditor Category	Sep-22	Jun-23	Sep-23
<i>In millions of EC\$</i>			
Multilateral	1,083.05	1,095.41	1,164.99
Sovereign Bond	241.70	213.19	213.19
Bilateral (Non-Paris Club)	224.95	243.60	259.19
Treasury bills	55.19	57.99	54.28
Treasury notes	22.60	22.60	22.60
Bilateral (Paris Club)	15.06	13.75	13.63
Commercial Bank	0.91	0.91	0.91
Total	1,643.46	1,647.46	1,728.79

Appendix 3: External Debt by Currency Composition

Currency Composition	Sep-22	Jun-23	Sep-23
<i>In millions of EC\$</i>			
United States Dollar	1,120.01	1,096.73	1,173.80
Special Drawing Rights	315.81	316.73	308.45
Kuwaiti Dinar	22.01	20.41	19.00
Great Britain Pound	2.98	3.09	3.00
Chinese Yuan	65.85	94.78	112.64
Euro	4.93	5.31	5.20
Eastern Caribbean Dollar	111.87	110.42	106.70
Total	1,643.46	1,647.46	1,728.79

Appendix 4: Disbursement by Creditor

Creditor	Sep-22	Jun-23	Sep-23
<i>In millions of EC\$</i>			
Caribbean Development Bank	12.27	2.12	2.38
International Development Association	0.16	1.04	83.77
International Bank for Reconstruction & Development	0.00	0.00	0.00
International Fund for Agricultural Development	0.00	2.86	0.00
Exim Bank of the Republic of China	5.45	6.82	18.65
Total	17.88	12.84	104.80

APPENDICES 2 TO 7 DO NOT REFLECT GOVERNMENT-GUARANTEED DEBT

Appendix 5: Domestic Debt by Instrument Type

Domestic Debt by Instrument	Sep-22	Jun-23	Sep-23
<i>In millions of EC\$</i>			
Bonds	245.19	235.01	232.26
Treasury Bills	101.66	87.99	91.71
Other	48.55	44.94	43.85
Treasury Notes	40.90	40.90	40.90
Loans	2.83	2.47	2.45
Total	439.14	411.31	411.16

Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Sep-22	Jun-23	Sep-23
<i>In millions of EC\$</i>			
Non-Bank Financial Institutions	180.05	176.89	169.97
Other Public Sector Institutions	87.71	84.02	81.67
Other	57.58	53.53	59.24
RGSM investors	56.75	43.96	47.67
Commerical Banks	31.78	28.30	28.20
Private	25.26	24.61	24.41
Total	439.14	411.31	411.16

Appendix 7: Debt Service

Debt service	Actual Q3 2022	Budgeted Q3 2022	Actual Q2 2023	Budgeted Q2 2023	Actual Q3 2023	Budgeted Q3 2023
<i>In millions of EC\$</i>						
Total Debt Service	114.68	130.67	60.71	77.54	94.44	105.98
External Debt Service	16.45	24.26	42.11	48.68	19.29	22.06
<i>External Principal Repayments</i>	10.59	17.85	29.64	35.02	11.50	15.01
<i>External Interest Payments</i>	5.85	6.41	12.47	13.66	7.80	7.05
Domestic Debt Service	98.24	106.41	18.60	28.86	75.15	83.92
<i>Domestic Principal Repayments</i>	92.74	99.69	16.49	25.68	69.96	77.74
<i>Domestic Interest Payments</i>	5.49	6.72	2.10	3.19	5.18	6.18

APPENDICES 2 TO 7 DO NOT REFLECT GOVERNMENT-GUARANTEED DEBT

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

Particulars	Sep-22	Jun-23	Sep-23	Qtrly change (%)	YTD change (%)
Central Government & Government-Guaranteed Debt (XCD)					
External Debt	1,643.46	1,647.46	1,728.79	4.94	5.19
Domestic Debt (including Government Guarantees)	439.98	412.12	411.97	-0.04	-6.37
SOE non-guaranteed debt	174.90	150.56	154.20	2.42	-11.84
Other Debt*	372.14	372.14	372.14	0.00	0.00
Central Government's Debt (XCD)					
External Debt	1,643.46	1,647.46	1,728.79	4.94	5.19
Domestic Debt	439.14	411.31	411.16	-0.04	-6.37
Central Government's Debt to GDP (%)					
External Debt	50.53	45.15	47.80	5.87	-5.39
Domestic Debt	13.50	11.27	11.37	0.86	-15.79
Other Debt to GDP (%)	11.44	10.20	10.29	0.89	-10.06
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	1,083.05	1,095.41	1,164.99	6.35	7.57
Bilateral	240.01	257.36	272.82	6.01	13.67
Regional investors	15.97	80.59	76.88	-4.60	381.42
Commercial creditors	242.61	214.10	214.10	0.00	-11.75
External Debt by Instrument (XCD)					
T-bills/ T-notes	77.79	80.59	76.88	-4.60	-1.16
Loans	1,318.72	1,353.68	1,438.72	6.28	9.10
Bonds	242.61	213.19	213.19	0.00	-12.13
Domestic Debt by instrument (XCD)					
T-bills	101.66	87.99	91.71	4.22	-9.80
T-Notes	40.90	40.90	40.90	0.00	0.00
Bonds	244.69	235.01	232.26	-1.17	-5.08
Loans	2.83	2.47	2.45	-0.82	-13.43
Other	48.55	44.94	43.85	-2.43	-9.68
Foreign Currency Risk (%)					
% of debt in USD	68.04	66.57	67.90	1.99	-0.21
% of debt in XDR	19.28	19.23	17.84	-7.20	-7.47
% of debt in Kuwaiti Dinars	1.34	1.24	1.10	-11.27	-18.22
% of debt in GBP	0.18	0.19	0.17	-7.36	-4.62
% of debt in Chinese Yuan	4.02	5.75	6.52	13.25	62.06
% of debt in EUR	0.30	0.32	0.30	-6.68	-0.07
% of debt in XCD	6.83	6.70	6.17	-7.94	-9.67
% of foreign debt	78.91	80.02	80.79	0.96	2.37
Total Debt Service (XCD)					
External	16.45	42.11	19.29	-54.19	17.30
Domestic	98.24	18.60	75.15	304.11	-23.50
Principal	103.34	46.13	81.46	76.58	-21.17
Interest	11.35	14.57	12.98	-10.93	14.39
Disbursements	17.88	12.84	104.80	716.17	486.24
Fiscal indicators (%)					
Total Debt Service to Revenue	45.08	18.06	28.47	57.63	-36.84
Total Debt Service to GDP	3.53	1.66	2.61	56.96	-25.94
Interest to Revenue	4.46	4.34	3.91	-9.75	-12.27
Interest to Expenditure	4.88	6.52	5.50	-15.65	12.74
Total Public Sector Debt (% of GDP)	80.88	70.77	73.75	4.21	-8.81

* Includes the debt obligations of Petro Caribe

NB. FIGURES ARE SUBJECT TO CHANGE