

QUARTER
02



PUBLIC DEBT **BULLETIN** **2024** | 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

CNY - 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

Central Government's (CG's) debt consisted of 81.1% external debt¹ and 18.9% domestic debt² at the end of quarter 2 (Q2) 2024 (Chart 1). It totaled EC\$ 2,126.6³ million, which was 56.0% of Gross Domestic Product (GDP)⁴. There was a 0.9% decrease in total CG debt when compared to the previous quarter, but a 3.3% increase when compared to the same period of the previous year. The increase was due to disbursements on new and existing loans. Chart 2 shows the movement in domestic and external CG debt. Domestic CG debt decreased between Q2 2023 and Q1 2024 but increased marginally in Q2 2024 above Q1 2024. External CG debt increased in Q1 2024 above Q2 2023 but decreased thereafter. At the end of Q2 2023, government-guaranteed (GG) debt was EC\$0.8 million but in Q1 and Q2 2024 there was no GG debt.

Chart 1: Central Government Debt (Q2 2024)

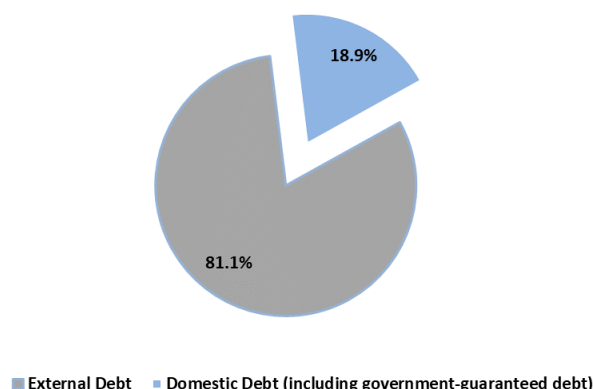
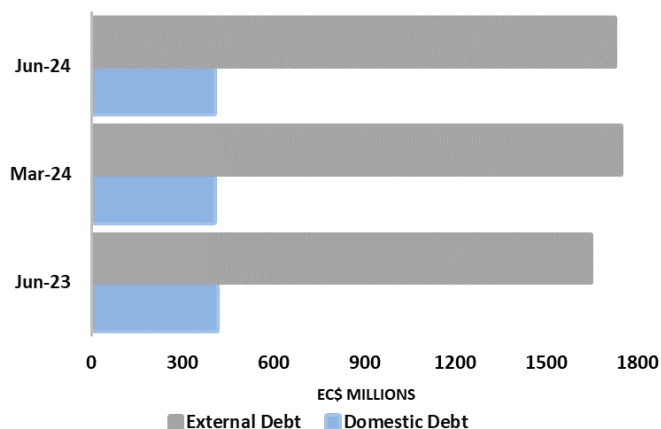


Chart 2: Movement in Central Government Debt



1.1 Central Government's External Debt

At the end of Q2 2024, CG's external debt was EC\$1,725.0 million (45.4% of GDP). It mainly consisted of concessional loans.

1.1.1 External Debt by Creditor Category

Multilateral creditors remain the primary holders of external debt. At the end of Q2 2024, CG's external portfolio comprised 67.7% of debt contracted from multilateral creditors. Debt contracted from bilateral non-Paris Club creditors held the second highest share (16.6%) of the external portfolio (Appendix 2) (Chart 3). The chief multilateral creditor in the Government of Grenada's (GoG's) portfolio as at Q2 2024 was the International Development Association (IDA) and the chief bilateral creditor was the People's Republic of China.

1.1.2 External Debt by Interest Type

At the end of Q2 2024, loans contracted at fixed interest rates dominated the external portfolio (86.7%). Loans at variable interest rates and interest-free loans held 8.2% and 5.1% of the external portfolio respectively (Chart 4).

¹ 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).

² Domestic debt includes all debt contracted by creditors who reside in Grenada.

³ There are minor variances with other published materials due to the timing of the publications and data collection.

⁴ GDP: Ministry of Finance Staff estimated Gross Domestic Product (nominal, at Market Prices) for 2024 (EC\$3,799.7 million).

Chart 3: External debt by Creditor

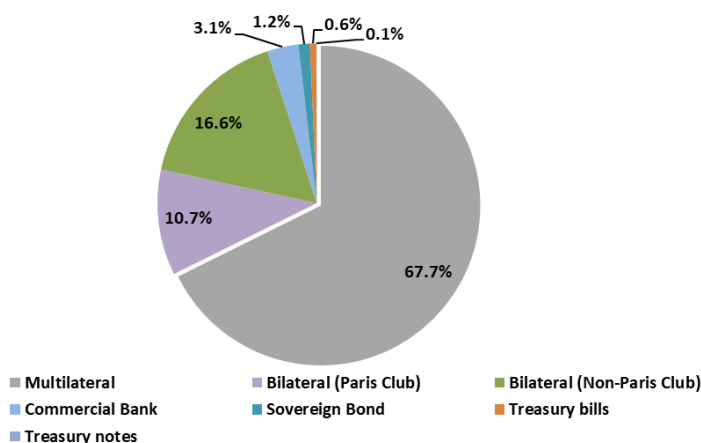
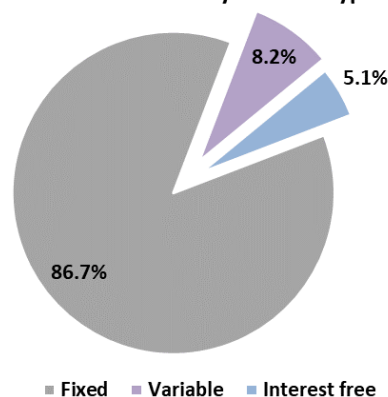


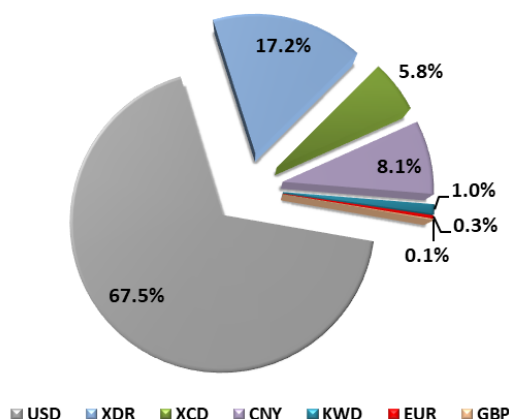
Chart 4: External Debt by Interest Type



1.1.3 Currency Composition of External Debt

Chart 5 shows external debt by currency composition at the end of Q2 2024. Instruments denominated in United States Dollars (USD) held the highest share (67.5%) of GoG's external portfolio. Instruments contracted in Special Drawing Rights (XDR) held the second highest share of 17.2%. This was also the case in the periods under comparison.

Chart 5: Currency Composition of External Debt



1.2 Central Government's Domestic Debt

At the end of Q2 2024, CG's domestic debt was EC\$401.6 million (10.6% of GDP).

1.2.1 Domestic Debt by Instrument Type

Chart 6 shows domestic debt by instrument type. Bonds are the most common instruments in GoG's domestic portfolio. In Q2 2024, bonds held 56.2% of the domestic portfolio. The instrument type holding the second highest share was Treasury Bills (22.9%).

1.2.2 Domestic Debt by Holder

Non-bank financial institutions held the highest share of GoG's domestic portfolio (42.3%) at the end of Q2 2024 (Chart 7).

Chart 6: Domestic Debt by Instrument Type

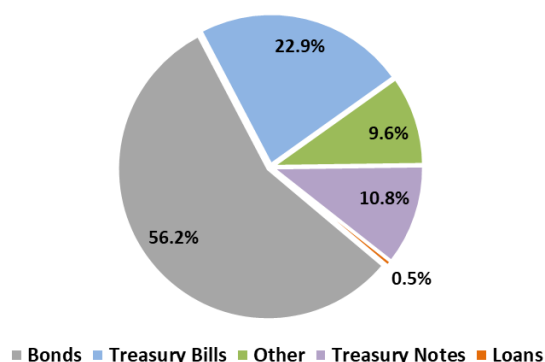
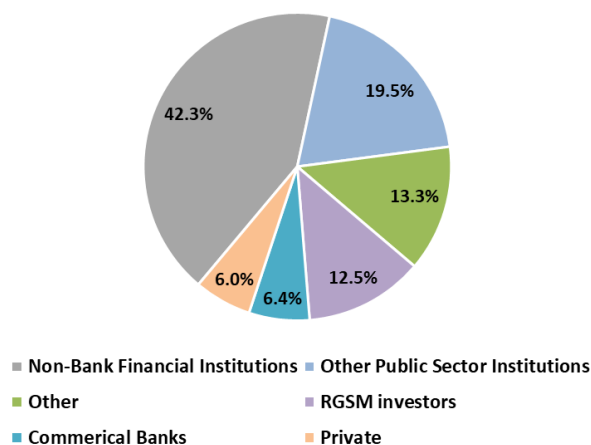


Chart 7: Domestic Debt by Holder



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 2023⁵, the total SOE debt stock (unaudited), with the exclusion of three (3) SOEs, was EC\$535.1 million (14.1% of GDP). It consisted chiefly of the debt obligations of Petro Caribe, which was EC\$372.1 million (9.8% of GDP) and all other debt reported by SOEs which amounted to EC\$163.0 million, 23.0% of which was external debt and 77.0% domestic debt. All non-guaranteed instruments contracted by SOEs are long-term loans and the major creditor is a local commercial bank.

3.0 Disbursements & New Borrowing

In Q2 2024, total disbursements received amounting to EC\$11.8 million, was contracted from multilateral creditors only. No new loans were contracted in Q2 2024, but one (1) in the amount of USD\$15.0 million was contracted in Q1 2024, for which there have been no disbursements to date. Economic sectors for which funds were disbursed in Q2 2024 include agriculture, education and training, research and development, healthcare, tourism, construction and infrastructure. Funds were also disbursed for budget support. Chart 8 shows disbursements by creditor in the periods under comparison.

4.0 Debt Service

Total actual debt service payments during Q2 2024 was EC\$60.5 million. Amortization was EC\$46.7 million and interest payments amounted to EC\$13.8 million. Actual debt service was lower than the budgeted amount because a portion of GoG's outstanding bonds that was budgeted for was not claimed and there were also exchange rate fluctuations. External and domestic debt service were 68.5% and 31.5% respectively. Chart 9 compares budgeted and actual debt service payments in the periods under comparison.

⁵ SOE debt data as at end 2023 is the latest data available.

Chart 8: Disbursements by Creditor

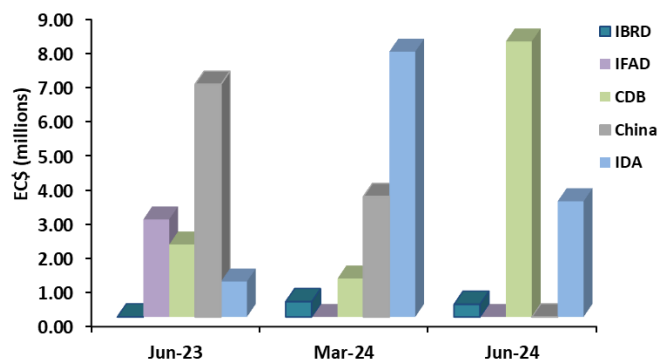
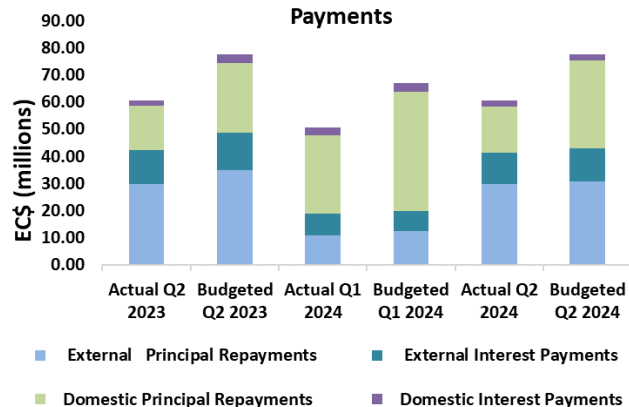


Chart 9: Debt Service Budgeted & Actual Payments

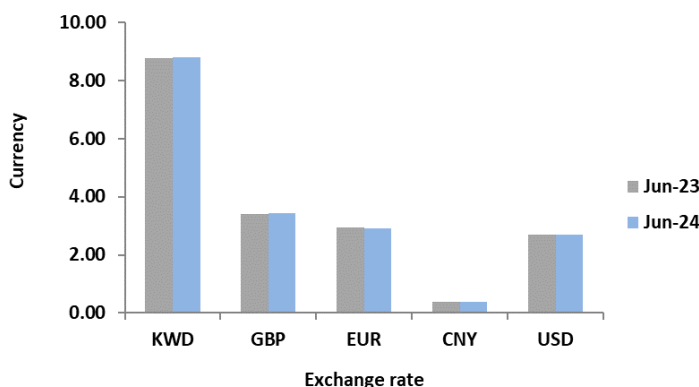


5.0 Risk Assessment of the Portfolio

5.1 Foreign Currency Risk

The Eastern Caribbean Dollar (XCD) appreciated against the Chinese Yuan Renminbi (CNY) and the Euro (EUR) by 1.3% and 0.8% respectively during the 1-year period June 2023 to June 2024. However, it depreciated against the Great Britain Pound (GBP) by 0.7% and the Kuwaiti Dinar (KWD) by 0.3%. Rates of depreciation were negligible as the GBP and KWD collectively held approximately 1.2% of the external portfolio at the end of Q2 2024. Chart 10 shows movements in exchange rates.

Chart 10: Movement in Exchange Rates



5.2 Average Time to Maturity (ATM⁶) & Average Time to Re-fixing (ATR⁷)

The ATM of the external portfolio was 10.9 years in Q2 2024 which was the same as the previous quarter. It increased over Q2 2023 by 0.6 years and remained in line with the Medium-term Debt Management Strategy (MTDS) benchmark of 8.0 years and above. The ATR of the external portfolio was 10.3 years which was also the same as the previous quarter but increased when compared to Q2 2023 by 0.7 years. The ATM and ATR of the domestic portfolio were both 5.4 years in Q2 2024. They both decreased by 0.3 years when compared to the previous quarter and by 0.5 years when compared to Q2 2023 (Charts 11 and 12).

⁶ ATM shows how long it takes on average to roll over or refinance the debt portfolio.

⁷ ATR indicates the average time required to reset the interest rate in the debt portfolio.

Chart 11: ATM of Domestic & External Portfolios

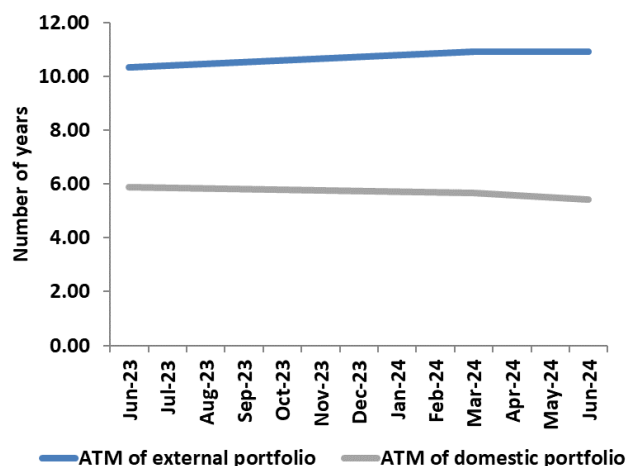
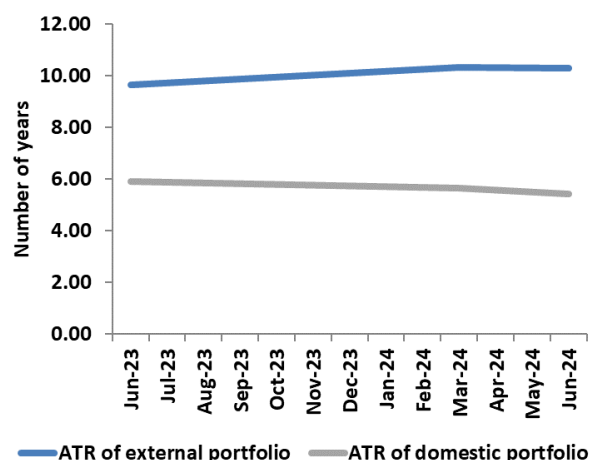


Chart 12: ATR of Domestic & External Portfolios



6.0 Regional Governments' Securities Market (RGSM) Activities

There was only one (1) reissuance of a 91-day Treasury bill on the RGSM in Q2 2024. It was valued at EC\$15.0 million and was highly oversubscribed. Details are in Table 1 below.

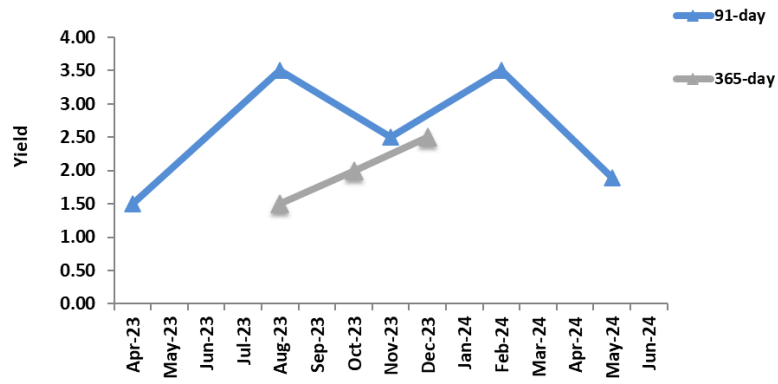
Table 1: RGSM Auction Results (Q2 2024)

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>						
91-day T-bill	15.00	30.14	14.93	0.70	1.89	2.01
TOTAL	15.00	30.14	14.93	0.70		

6.1 Yields on RGSM Treasury bills

Yields on RGSM Treasury bills from Q2 2023 to Q2 2024 can be found in chart 13. Rates on 91-day Treasury bills fluctuated throughout the period, whereas rates on 365-day Treasury bills showed an upward trend. These rates are based on the competitiveness of investors during the auctions. The lowest rate received on both 91-day and 365-day Treasury bills during the 1-year period was 1.5%.

**Chart 13: Interest Rate Fluctuations on Treasury Bills
(Q2 2023-Q2 2024)**



7.0 Government Guarantees

As of Q4 2023, there are no Government-guaranteed instruments in GoG's portfolio.

Appendices

Appendix 1: Central Government & Government-guaranteed Debt

Debt Category	Jun-23	Mar-24	Jun-24
<i>In millions of EC\$</i>			
External Debt	1,647.46	1,744.52	1,725.02
Domestic Debt (including government-guaranteed debt)	412.12	401.08	401.59
Total	2,059.58	2,145.60	2,126.61

Appendix 2: External Debt by Creditor

Creditor Category	Jun-23	Mar-24	Jun-24
<i>In millions of EC\$</i>			
Multilateral	1,095.41	1,173.84	1,167.55
Sovereign Bond	213.19	198.93	184.67
Bilateral (Non-Paris Club)	243.60	280.82	286.26
Treasury bills	57.99	56.81	54.42
Treasury notes	22.60	20.13	20.13
Bilateral (Paris Club)	13.75	13.08	11.07
Commercial Bank	0.91	0.91	0.91
Total	1,647.46	1,744.52	1,725.02

Appendix 3: External Debt by Currency Composition

Currency Composition	Jun-23	Mar-24	Jun-24
<i>In millions of EC\$</i>			
United States Dollar	1,096.73	1,169.08	1,164.20
Special Drawing Rights	316.73	304.47	295.81
Kuwaiti Dinar	20.41	17.75	17.80
Great Britain Pound	3.09	2.95	2.43
Chinese Yuan	94.78	140.34	139.53
Euro	5.31	5.30	5.14
Eastern Caribbean Dollar	110.42	104.63	100.11
Total	1,647.46	1,744.52	1,725.02

Appendix 4: Disbursement by Creditor

Creditor	Jun-23	Mar-24	Jun-24
<i>In millions of EC\$</i>			
Caribbean Development Bank	2.12	1.13	8.08
International Development Association	2.13	7.77	3.39
International Bank for Reconstruction & Development	0.00	0.45	0.37
International Fund for Agricultural Development	0.93	0.00	0.00
CARICOM Development Fund	0.00	0.00	0.00
Exim Bank of the Republic of China	6.83	3.53	0.00
Total	12.01	12.88	11.84

APPENDICES 2 TO 7 DO NOT REFLECT GOVERNMENT-GUARANTEED DEBT

Appendix 5: Domestic Debt by Instrument Type

Domestic Debt by Instrument	Jun-23	Mar-24	Jun-24
<i>In millions of EC\$</i>			
Bonds	235.01	226.48	225.68
Treasury Bills	87.99	89.39	91.78
Other	44.94	39.73	38.67
Treasury Notes	40.90	43.37	43.37
Loans	2.47	2.12	2.10
Total	411.31	401.08	401.59

Appendix 6: Domestic Debt by Holder

Domestic Debt by Holder	Jun-23	Mar-24	Jun-24
<i>In millions of EC\$</i>			
Non-Bank Financial Institutions	176.89	169.77	169.77
Other Public Sector Institutions	84.02	78.90	78.48
Other	53.53	54.70	53.34
RGSM investors	43.96	47.82	50.21
Commerical Banks	28.30	25.58	25.58
Private	24.61	24.31	24.21
Total	411.31	401.08	401.59

Appendix 7: Debt Service

	Actual Q2 2023	Budgeted Q2 2023	Actual Q1 2024	Budgeted Q1 2024	Actual Q2 2024	Budgeted Q2 2024
<i>In millions of EC\$</i>						
Debt service						
Total Debt Service	60.71	77.54	50.74	67.07	60.49	77.60
External Debt Service	42.11	48.68	18.74	19.83	41.43	42.78
<i>External Principal Repayments</i>	29.64	35.02	10.81	12.27	29.69	30.82
<i>External Interest Payments</i>	12.47	13.66	7.93	7.57	11.74	11.96
Domestic Debt Service	18.60	28.86	32.00	47.24	19.06	34.82
<i>Domestic Principal Repayments</i>	16.49	25.68	28.94	43.95	16.97	32.39
<i>Domestic Interest Payments</i>	2.10	3.19	3.06	3.29	2.09	2.44

APPENDICES 2 TO 7 DO NOT REFLECT GOVERNMENT-GUARANTEED DEBT

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

Particulars	Jun-23	Mar-24	Jun-24	Qtrly change (%)	YTD change (%)
Central Government & Government-Guaranteed Debt (XCD)					
External Debt	1,647.46	1,744.52	1,725.02	-1.12	4.71
Domestic Debt (including Government Guarantees (June 2023))	412.12	401.08	401.59	0.13	-2.55
SOE non-guaranteed debt	150.56	153.20	163.00	6.40	8.26
Other Debt*	372.14	372.14	372.14	0.00	0.00
Central Government's Debt (XCD)					
External Debt	1,647.46	1,744.52	1,725.02	-1.12	4.71
Domestic Debt	411.31	401.08	401.59	0.13	-2.36
Central Government's Debt to GDP (%)					
External Debt	45.15	46.04	45.40	-1.40	0.55
Domestic Debt	11.27	10.59	10.57	-0.15	-6.24
Other Debt to GDP (%)	10.20	9.82	9.79	-0.28	-3.97
Government Guarantees					
External	0.00	0.00	0.00	0.00	0.00
Domestic	0.80	0.00	0.00	0.00	-100.00
External debt by Creditor (XCD)					
Multilateral	1,095.41	1,173.84	1,167.55	-0.54	6.59
Bilateral	257.36	293.90	297.34	1.17	15.53
Regional investors	80.59	76.94	74.55	-3.11	-7.50
Commercial creditors	214.10	199.84	185.58	-7.13	-13.32
External Debt by Instrument (XCD)					
T-bills/ T-notes	80.59	76.94	74.55	-3.11	-7.50
Loans	1,353.68	1,468.65	1,465.80	-0.19	8.28
Bonds	213.19	198.93	184.67	-7.17	-13.38
Domestic Debt by instrument (XCD)					
T-bills	87.99	89.39	91.78	2.67	4.30
T-Notes	40.90	43.37	43.37	0.00	6.03
Bonds	235.01	226.48	225.68	-0.35	-3.97
Loans	2.47	2.12	2.10	-0.97	-14.90
Other	44.94	39.73	38.67	-2.67	-13.96
Foreign Currency Risk (%)					
% of debt in USD	66.57	67.01	67.49	0.71	1.38
% of debt in XDR	19.23	17.45	17.15	-1.75	-10.80
% of debt in Kuwaiti Dinars	1.24	1.02	1.03	1.42	-16.70
% of debt in GBP	0.19	0.17	0.14	-16.70	-24.80
% of debt in Chinese Yuan	5.75	8.04	8.09	0.55	40.60
% of debt in EUR	0.32	0.30	0.30	-1.92	-7.55
% of debt in XCD	6.70	6.00	5.80	-3.24	-13.41
% of foreign debt	80.02	81.31	81.12	-0.23	1.37
Total Debt Service (XCD)					
External	42.11	18.74	41.43	121.08	-1.62
Domestic	18.60	32.00	19.06	-40.43	2.51
Principal	46.13	39.75	46.66	17.40	1.15
Interest	14.57	10.99	13.83	25.83	-5.09
Disbursements	12.01	10.99	11.84	7.69	-1.46
Fiscal indicators (%)					
Total Debt Service to Revenue	18.06	13.66	16.39	20.03	-9.24
Total Debt Service to GDP	1.66	1.34	1.59	18.89	-4.31
Interest to Revenue	4.34	2.96	3.75	26.68	-13.56
Interest to Expenditure	6.52	4.11	4.95	20.38	-24.09
Total Public Sector Debt (% of GDP)	70.77	70.49	70.05	-0.62	-1.02

* Includes the debt obligations of Petro Caribe

NB. FIGURES ARE SUBJECT TO CHANGE