



GOVERNMENT OF GRENADA

QUARTERLY PUBLIC DEBT BULLETIN DECEMBER 2016

COMPILED BY THE DEBT MANAGEMENT UNIT
OF THE MINISTRY OF FINANCE

Acronyms & Abbreviations

GDP- Gross Domestic Product

CDB- Caribbean Development Bank

CDF- Caricom Development Fund

IMF- International Monetary Fund

OPEC- Organisation of Petroleum Exporting Countries

IFAD- International Fund for Agricultural Development

IDA – International Development Association

USD- United States Dollar

XDR- Special Drawing Rights

KWD- Kuwaiti Dinar

GBP- Great British Pound

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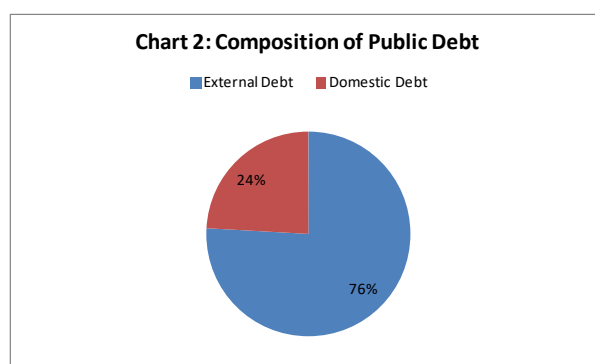
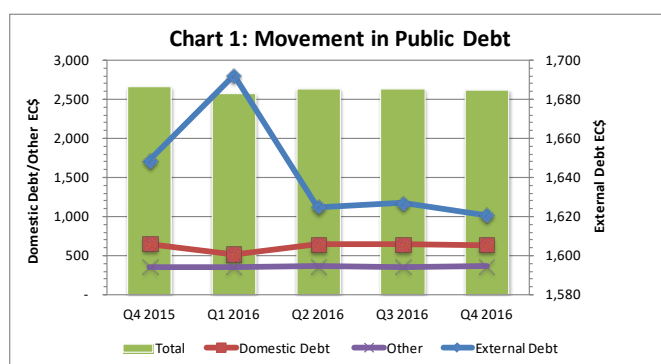
Introduction

The Debt Management Unit (DMU) in the Ministry of Finance, Economic Management and Planning is the primary agent of the Government of Grenada responsible for managing the country's public debt. The Public Debt Management (PDM) Act enacted in June 2015 provides the framework for effective debt management. In accordance with the Act, one of the functions of the DMU relates to the collection, analysis and dissemination of public debt statistics. Comprehensive and timely public sector debt statistics allow government, stakeholders and other interest groups to monitor the movement of the public sector's debt liabilities and its debt-service obligations over time.

This is the second issue of the Quarterly Public Debt Bulletin which covers the fourth quarter of 2016. It provides statistical data on Grenada's public debt portfolio over the quarter with comparisons to third quarter of 2016 and the corresponding period in 2015.

1.0 Total Public Debt

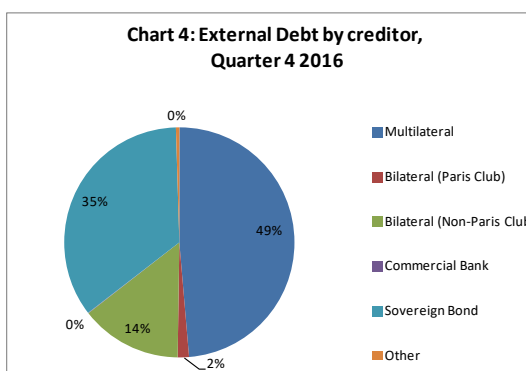
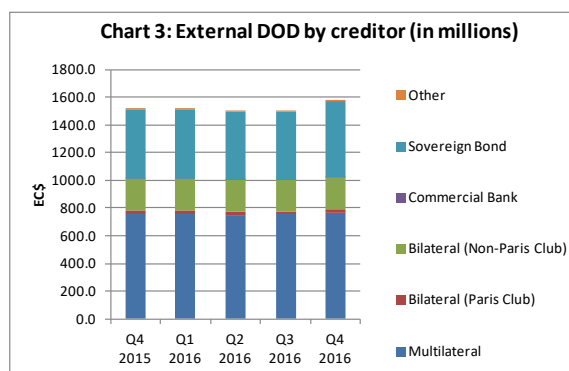
Total Public Debt as at December 2016 stood at EC\$ 2,613.37million, 93.80% of GDP. This comprised Central Government debt, public corporation debt and other debt obligations. During the analogous period in 2015 total public debt stood at EC\$ 2,652.95million. This indicates a decrease in total public debt after one year by EC\$ 39.58million. When compared to the total debt figure from the preceding period (third quarter 2016) a reduction of EC\$ 11.24million was noted. Since domestic debt was relatively constant, fluctuations in total public debt throughout 2016, as shown in chart 1, can be attributed to external debt. This is primarily due to disbursements from external multilateral creditors to fund existing capital projects and from development policy loans which complemented Government of Grenada's ongoing fiscal adjustment program. Of the total debt, 24% comprised domestic debt while 76% was external debt (see Chart 2).



2.0 External Debt

2.1 External Debt by creditor type

At end December 2016, external debt held by Central Government amounted to EC\$1582.71 million or 56.81% of GDP. Multilaterals accounted for the greater portion of external debt for the year. This was also the case in the same period in 2015 and the preceding period in 2016 (see Chart 3). In the 4th quarter of 2016, multilateral loans accounted for 49% (EC\$ 770.17m), Paris Club bilateral loans for 2% (EC\$ 24.87m), Non-Paris Club bilateral loans for 14% (EC\$ 225.39m), international sovereign bond for 35% (EC\$ 554.72m) and other¹ creditors almost 0.1% (EC\$ 7.56m). (Refer to chart 4)



¹ Other: Caricom Development Fund (CDF)

2.2 External Debt by Interest Type

The principal interest rate on Government of Grenada external debt remains fixed and accounts for EC\$ 1,338.21million(84%) of the portfolio in the final quarter of 2016. Only 10% of the portfolio(EC\$ 151.21m) was contracted at a variable rate with the remaining 6%(EC\$ 93.29m)being interest free.(See Chart 5)

2.3 Currency Composition

USD loans accounted for 77.5% of the external debt stock contracted in the USD in the fourth quarter of 2016. The XDR accounted for 19.2%, KWD accounted for 2.8%, GBP 0.4% and other currencies 0.8%. (Refer to Chart 6)

3.0 Disbursement by creditor

Total fourth quarter disbursements amounted to EC\$ 45.57million compared to EC\$ 12.21million in the previous quarter. Multilateral creditors dominated the fourth quarter disbursements (Refer to Chart 7).

4.0 Risk Assessment of the External Portfolio

4.1 Foreign Currency risk

The EC Dollar maintained its peg to the USD which was Government of Grenada's main borrowing currency in the final quarter of 2016. When compared to the same period in 2015 the EC Dollar appreciated against the GBP, XDR and KWD by 16.93%, 2.99% & 0.71% respectively.. The potentially adverse effect of the high rate of appreciation against the GBP was rendered insignificant by the very small share (0.36%)the external debt stock denominated in that currency.(Refer to Chart 8)

4.2 Average time to Maturity (ATM)²

The ATM of the external portfolio as at Quarter 4, 2016 was 8.4 years in keeping with Government of Grenada's target ATM of minimum 8 years. This is primarily due to the significant volume of concessional loans in the portfolio. (Refer to Chart 9)

Chart 5: Interest type of External Debt (December 2016)

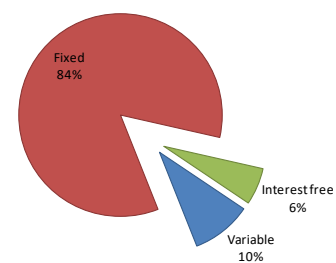


Chart 6: Currency Composition of External Debt

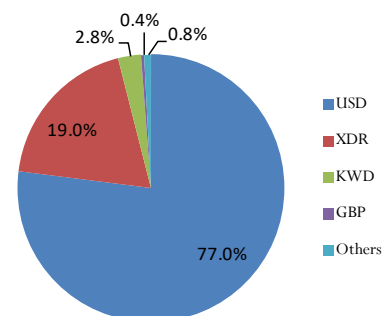


Chart 7: Disbursement by Creditor

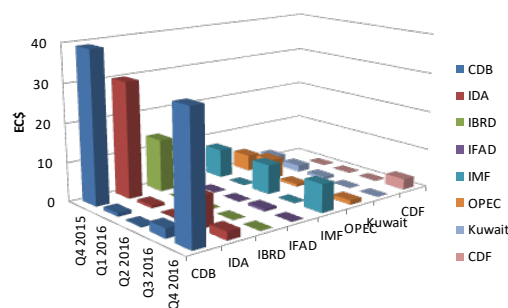


Chart 8: Movement in Exchange Rate

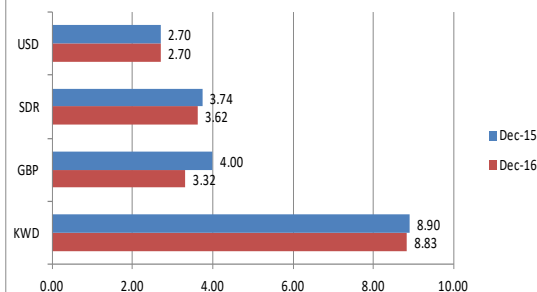
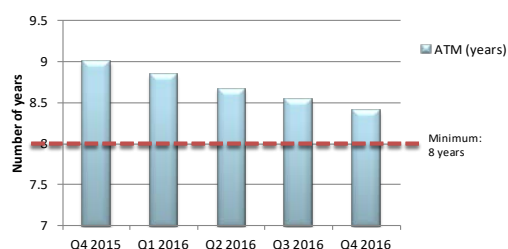


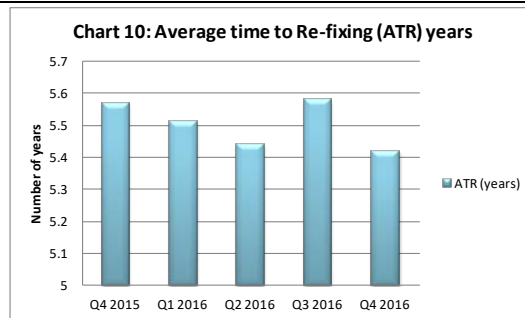
Chart 9: Average time to maturity (ATM) External Portfolio



² ATM shows how long it takes on average to rollover or refinance the debt portfolio.

4.3 Average Time to Re-fixing (ATR)³

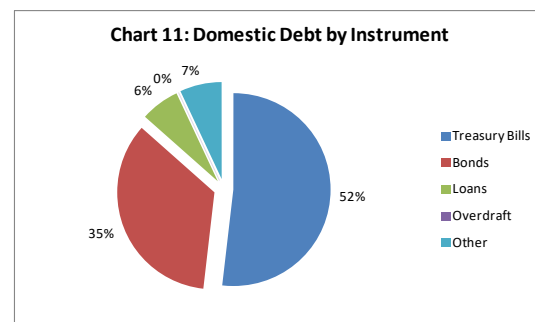
The ATR of the external portfolio as at the end of fourth quarter was 5.4 years, reflecting a 2.9% decrease when compared to the previous quarter. This was partly due to repayment on maturing variable debt and increased fixed rate debt contracted in recent times (See Chart 10).



5.0 Domestic Debt

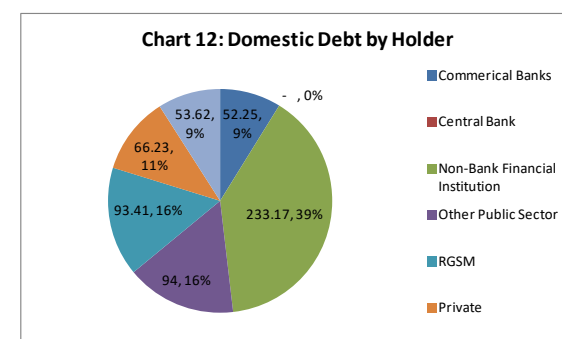
5.1 Domestic Debt by instrument

Domestic debt as at the end of the fourth quarter 2016 was EC\$ 592.68million which is 21.27% of GDP. Treasury bills amounted to 52% or EC\$305.8million, bonds 35% or EC\$206.85million, loans 6% or EC\$38.51million and other domestic liabilities amounted to 7% or EC\$41.52million, of the portfolio (See Chart 11).



5.2 Domestic Debt by holder

Non-bank financial institutions are the leading holders of domestic debt. They are followed by public sector institutions; investors in the Regional Government Securities Market (RGSM), private individuals and companies and finally commercial banks (Refer to Chart 12).



6.0 Regional Government Securities Market (RGSM) Activities

Table 1 shows new security issues in Quarter 4, 2016. There were two (2) 91-day Treasury bill issues, Series A which was EC\$ 15million and Series B, EC\$20million. There were also two (2) 365-day issues of EC\$12million and EC\$20million. Their yields ranged from 3.5% to 6% and the bid to cover ratio⁴ was oversubscribed for each of the new issues as seen below.

Table 1: RGSM Auction Results (Q4 2016)

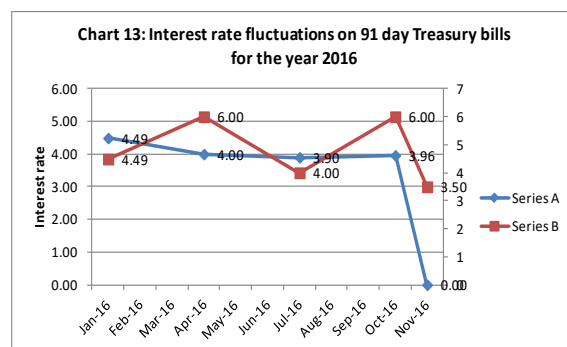
T- Bills	Total Units offering	Competitive Bids received	Allocated Amt.	Total Payment Due	Total Discount	Discount Rate (%)	Bid to Cover Ratio
<i>In millions of EC\$</i>							
91-day T-bill (series A)	15	21.07	15	14.9	0.148	4.00	1.40
91-day T-bill (series B)	20	28.1	20	19.8	0.173	3.50	1.405
365-day T-bill	12	8.41	8.41	7.9	0.476	6.00	1
365-day T-bill	20	32.04	20	19.3	0.732	3.80	1.602
TOTAL	67	89.62	63.41	61.89	0.15		

³ ATR indicates the average time required to reset the interest rate in the debt profile.

⁴ Bid to cover ratio: Measures the demand for securities at an auction. It is the ratio of the value of all bids received to the value of all bids accepted.

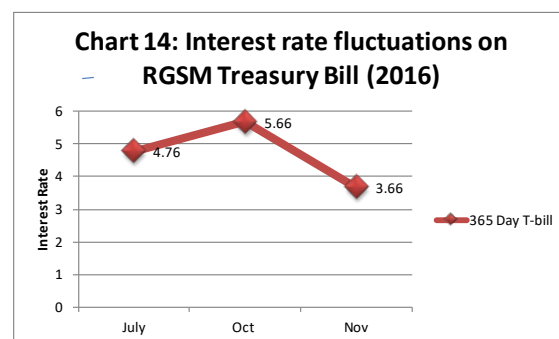
6.191- Day Treasury bill auction yields

Interest rates for Government of Grenada 91-day Treasury bills (Series A& B) throughout the year 2016 can be found in Chart 13. Throughout 2016 Series A had a steady rate of interest while there were fluctuations in interest rates for Series B, ranging from 3.9% to 6%.



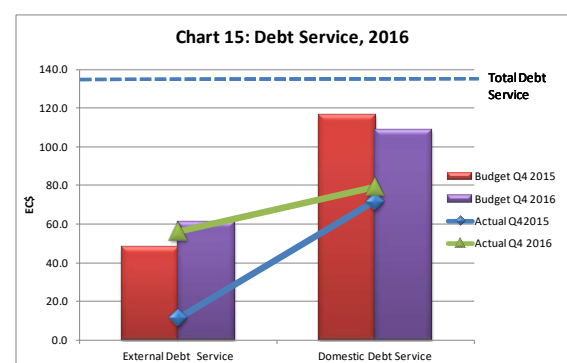
6.2365-Day Treasury bill auction yields

Interest rates for Government of Grenada 365-day Treasury bills throughout the year 2016 are shown in Chart 14. Interest rates were highest in October and lowest in November.



7.0 Debt Service

Total debt service for the final quarter of 2016 amounted to EC\$ 135.5million against a budgeted EC\$ 168.7million. Principal repayment amounted to EC\$99.8million of which EC\$ 31.1million was external debt service and EC\$ 68.7million domestic. Interest payments totaled EC\$ 35.7m of with external debt service accounting for EC\$ 25.2million and domestic debt service for EC\$ 10.5million. Chart 15 compares debt service budgeted and actual payments for the final quarter of 2016.



8.0 Government Guarantees- Public Corporation Debt

The total government guarantees outstanding as at quarter 4, 2016 was EC\$ 78.72million. Compared to the previous quarter, the guarantees stock decreased by 18.79% and when compared to the final quarter of 2015, it decreased by 26.98%.

Table 2: Guaranteed Debt by Creditor as at Q4 2016

Creditor	Dec-15	Sep-16	Dec-16	% Qtrly change	% YTD change
Multilateral	4.01	8.20	2.53	-69.15	-36.91
Commercial	50.031	46.53	35.81	-23.04	-28.42
Social Security	52.95	42.15	40.35	-4.27	-23.80
Statutory body	0.82	0.05	0.03	-37.50	-96.34
Total	107.81	96.93	78.72	-18.79	-26.98

Appendix

Table 1: Size of Public Debt as at end December 2016, in millions

Debt Category	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
<i>In millions of EC\$</i>						
External Debt	1,701.21	1,648.73	1,692.16	1,624.83	1,626.77	1620.74
Domestic Debt	526.22	647.88	517.17	641.50	643.27	633.37
Other	351.24	356.34	358.54	363.14	354.57	359.26
Total	2,578.67	2,652.96	2,567.87	2,629.47	2,624.61	2,613.37

Table 2: Central Government External Debt by Creditor

Creditor Category	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
<i>In millions of EC\$</i>						
Multilateral	676.0	754.6	757.7	751.1	754.4	770.17
Bilateral (Paris Club)	22.3	26.8	26.6	24.9	23.6	24.87
Bilateral (Non-Paris Club)	228.4	227.7	229.0	228.1	227.5	225.39
Commercial Bank	0.9	0.9	0.9	0.9	0.9	0.90
Sovereign Bond	537.7	498.9	498.9	486.8	486.8	553.82
Other	5.3	5.3	5.2	5.1	5.1	7.56
Total	1470.6	1514.2	1518.3	1496.9	1498.3	1582.71

Table 3: Central Government External Debt by currency composition

Currency Composition	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	% share Q4 2016
<i>In millions of EC\$</i>							
USD	1134.1	1184.34	1183.65	1177.27	1174.07	1218.83	77.01
XDR	273.13	301.5	305.09	303.4	309.78	301.43	19.05
KWD	46.7	45.96	47.18	46.36	45.75	43.62	2.76
GBP	7.2	7.02	6.81	6.37	6.14	5.83	0.37
Other	2.4	2.16	2.24	2.19	2.2	13	0.82
Total	1,463.53	1,540.98	1,544.97	1,535.59	1,537.94	1,582.71	100.00

Table 4: Disbursement by Creditor

Creditor	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
<i>In millions of EC\$</i>						
CDB	0.798	39.13	0.92	0.28	2.5	32.3
IDA	1.75	29.93	0.72	0	8	2.14
IBRD	0.00	13.50	0	0	0	0
IFAD	0.00	0.88	0	0	0.61	0
IMF	7.57	7.42	0	7.59	0	7.26
OPEC	6.71	4.17	5.07	0.69	1.1	1.12
Kuwait	2.17	2.13	1.67	0.69	0	0
CDF	0.00		0	0	0	2.75
Total	18.998	97.157	8.38	9.25	12.21	45.57

Table 5: Domestic Debt by Instrument

Domestic Debt by Instrument	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
<i>In millions of EC\$</i>					
Treasury Bills	318.25	306.45	306.45	312.39	305.80
Bonds	184.51	206.26	206.26	207.13	206.85
Loans	50.09	41.73	43.69	41.25	38.51
Overdraft	-	-	-	-	-
Other	41.52	41.52	41.52	41.52	41.52
Total	594.37	595.96	597.92	602.29	592.68

Table 6: Domestic Debt by Holder

Domestic Debt by Holder	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
<i>In millions of EC\$</i>					
Commerical Banks	54.0	50.8	54.32	53.43	52.25
Central Bank	6.56	6.56	6.56	2.9	-
Non-Bank Financial Institution	233.38	238.27	236.71	236.03	233.17
Other Public Sector	94	94	94	94	94
RGSM	97	97	97	97	93.41
Private	56.73	56.73	56.73	66.33	66.23
Other	52.7	52.6	52.6	52.6	53.62
Total	594.37	595.96	597.92	602.29	592.68

Table 7: Debt Service

	Q42015	Budget	Q3 2016	Budget	Q4 2016	Budget
Total Debt Service	93.3	103.2	90.1	125.3	135.50	168.70
External Debt Service	21.0	22.5	14.5	17.8	56.30	60.60
<i>Principal Repayments</i>	15.4	16.0	10.3	12.4	31.1	32.2
<i>Interest Payments</i>	5.7	6.6	4.2	5.4	25.2	28.4
Domestic Debt Service	72.3	80.6	75.6	107.5	79.20	108.10
<i>Principal Repayments</i>	63.5	70.3	69.1	96.8	68.7	96.9
<i>Interest Payments</i>	8.8	10.4	6.5	10.8	10.5	11.2

Table 8: Risk Indicators

Risk Indicators	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Target
ATM (years)	9	8.83	8.66	8.53	8.4	>= 8 yrs
% Maturing in 12 months	7.4	7.7	7.8	8	8.1	-
ATR (years)	5.57	5.51	5.44	5.58	5.42	-
% Refixing in 12 months	55.71	55.57	55.16	55.03	55.35	-

Summary Debt

Particulars	Dec-15	Sep-16	Dec-16	Qtrly change (%)	YTD change (%)
Total Public Debt (XCD)					
External Debt	1648.73	1628.50	1620.74	0.18	-4.27
Domestic Debt	647.88	646.05	633.37	0.71	22.77
Other Public Sector	356.34	354.57	359.26	-2.42	0.95
Public Debt to GDP (%)					
External Debt to GDP	75.46	70.85	71.06	-0.28	-8.28
Domestic Debt to GDP	24.38	23.08	23.00	0.71	16.54
Central Government Debt					
External Debt	1595.17	1578.51	1582.71	0.20	-4.07
Domestic Debt	594.37	602.28	592.68	0.73	27.84
Government Guarantees					
External	53.56	49.99	38.03	-0.56	-10.22
Domestic	53.51	43.77	40.69	0.44	-20.56
External debt by Creditor					
Multilateral	755.92	759.50	777.73	0.44	11.48
Bilateral	254.45	251.10	250.26	-0.75	0.16
Other	584.78	487.70	554.72	0.00	-9.45
External Debt by Instrument					
Loans	1010.37	1011.50	1028.89	0.14	8.43
Bonds	584.78	486.80	553.82	0.00	-9.47
Domestic Debt by instrument					
T-bills	318.30	312.39	305.80	1.94	-6.94
Bonds	184.51	207.13	206.85	0.42	241.65
Loans	50.09	41.25	38.51	-5.60	108.11
Other	41.52	41.52	41.52	0.01	-24.52
Foreign Currency Risk (%)					
% of debt in USD	76.86	76.32	77.54	-0.45	-1.52
% of debt in XDR	19.57	20.13	19.18	1.91	7.88
% of debt in Kuwaiti Dinars	2.98	3.00	2.78	-0.52	-5.78
% of debt in GBP	0.46	0.40	0.37	-3.73	-18.75
% of debt in other currency	0.14	0.14	0.13	0.04	-11.60
% of foreign debt	72.85	72.38	72.76	-0.14	-6.89
Total Debt Service					
External	21.00	14.49	56.30	-74.60	-53.22
Domestic	72.30	75.58	79.20	79.17	-58.94
Principal	78.80	79.43	99.80	15.77	-57.63
Interest	14.50	10.64	35.70	-65.97	-54.81
Fiscal indicators					
Total Debt Service to Revenue	54.09	48.31	68.10	-4.49	-64.30
Total Debt Service to GDP	3.52	3.22	4.86	-9.24	-60.24
Interest to Revenue	8.41	5.71	17.94	-64.19	-61.48
Interest to Expenditure	7.67	6.64	17.71	-64.22	-49.69
External Debt Service to Exports	115.07	0.00	361.83		
Total Public Sector Debt (% of GDP)	86.44	81.26	80.91	0.33	-3.07