



Quarterly Debt Bulletin | Q3 2022

Overview of Current Debt Profile

As at the end of Q3 2022, total debt stock stood at SCR 17.6bn, representing about 63% of GDP. Domestic debt remains the major component of the total debt stock, accounting for about 55.8% of total stock. In comparison to the previous quarter, total debt stock increased by SCR 325m, or 1.9%, resulting in a 1-percentage point increase in the overall debt to GDP ratio. This is mainly attributed to the external portfolio, which increased by SCR 307m, or 4.1%, reflecting the continuous disbursement under the budget support loan from the IMF reform program and the undertaking of a new loan as detailed further below.

Table 1: Total Debt by residency of creditors

Description	Q2 2022 (SCR' M)	Q3 2022 (SCR' M)	% Diff	Q3 2022 % of GDP
Domestic	9,778	9,796	0.2	35.1
o.w. Government	8,901	9,017	1.3	32.4
o.w. Guarantees	877	779	-11.2	2.7
External	7,454	7,761	4.1	27.8
o.w. Government	7,329	7642	4.3	27.4
o.w. Guarantees	125	119	-4.8	0.4
Total Debt	17,232	17,557	1.9	62.9

Source: Ministry of Finance, National Planning & Trade

Table 2 below illustrates the difference in regards to the total Government and Government guaranteed debt for both Q2 and Q3 of 2022. It can be observed, the central Government debt is the main component of the total debt stock, representing almost 95% of the stock. No new guarantee was issued during Q3 thus explaining the decrease in guaranteed debt stock by SCR 104m or 10.4% from the previous quarter.

Table 2: Comparison of Total Debt by Guarantee Status

Description	Q2 2022 (SCR' M)	Q3 2022 (SCR' M)	% Diff
Government	16,230	16,659	2.6
Guarantees	1,002	898	-10.4
Total Debt	17,232	17,557	1.9

Source: Ministry of Finance, National Planning & Trade

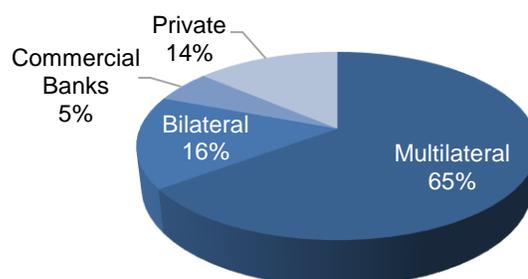
External Debt Profile

As aforementioned, compared to the previous quarter, the external debt increased by SCR 307m in Q3. This is attributed to the continuous disbursement of Budget support loans from the IMF under the EFF program whereby an additional USD 8.7m was disbursed in July, coupled with additional disbursements under ongoing project loans. Furthermore, in August this year, the Government took a USD 13m loan from Trade Development Bank (TDB) to repay the Etihad liabilities and release the security on the two twin otter airplanes. As per Table 3 below, the total external debt stock as at the end of September 2022 amounted to SCR 7.76bn, equivalent to 27.8% of GDP, with the main increase captured under multilateral and commercial creditors as explained above. In terms of creditor categories, loans from multilateral creditors represents the majority of the stock at 65%, whilst loans from Commercial Banks forms the least of the external stock at 5% only.

Table 3: Total debt by Creditor Category

Description	Q2 2022 (SCR' M)	Q3 2022 (SCR' M)	% Diff
Multilateral	4,821	5,035	4.4
Bilateral o.w.	1,248	1,229	-1.5
<i>Paris Club</i>	625	590	-5.6
<i>Non-Paris Club</i>	623	639	2.6
Commercial Banks	234	429	83.3
Private	1,150	1,068	-7.1
Total	7,454	7,761	4.1

Figure 1: Percentage distribution by Creditor Category



Source: Ministry of Finance, National Planning & Trade

Table 4 below shows the external debt by instrument type. The majority of the external debt stock remains in the form of loans.

Table 4: External Debt by Instrument Type

Description	Q2 2022 (SCR' M)	Q3 2022 (SCR' M)	% Diff
Loans	6,239	6,627	6.2
Securities	1,215	1,134	-6.7
Total Debt	7,454	7,761	4.1

Source: Ministry of Finance, National Planning & Trade

Domestic Debt Profile

As illustrated in Table 5, the total domestic debt stock increased to SCR 9.80bn as at the end of September 2022, signifying a 0.2% increase only compared to a 4.1% increase in the external debt stock. The increase is mainly attributed to an increase in the stock of T-bonds following the new issuance in August. On the other hand, there has been a reduction in the stocks of T-bills, loans and other debt liabilities as Government continues to service its debt. The majority of domestic debt are in the form of securities, of which T-bonds makes up for the bulk at 60.5% of the domestic stock.

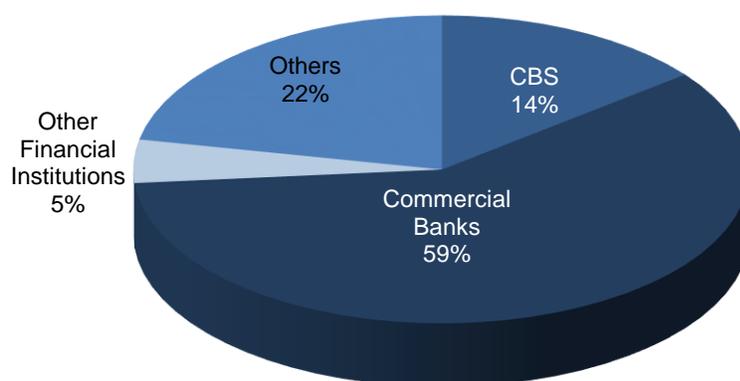
Table 5: Domestic Debt by Instrument Type

Description	Q2 2022 (SCR' M)	Q3 2022 (SCR' M)	% Diff
Loans	1,062	1,014	-4.5
Securities of which;	8,532	8,610	0.9
<i>T-bills</i>	2,382	2,339	-1.8
<i>T-bonds</i>	5,755	5,926	3.0
<i>Deposits</i>	45	45	0.0
<i>Others</i>	350	300	-14.3
Other Debt Liabilities	183	171	-6.6
Total Debt	9,778	9,796	0.2

Source: Ministry of Finance, National Planning & Trade

An in-depth view of the distribution of Government securities for Q3 is provided in Figure 2 below. The largest share is represented by 'Commercial Banks' at 59%, followed by 'Others', which includes private individuals and others at 22%. 'CBS' holds 14% of Government securities whilst 'Other Financial Institutions' holds the remaining 5%.

Figure 2: Percentage distribution of Government Securities



Source: Ministry of Finance, National Planning & Trade

Interest Rates on T-bills

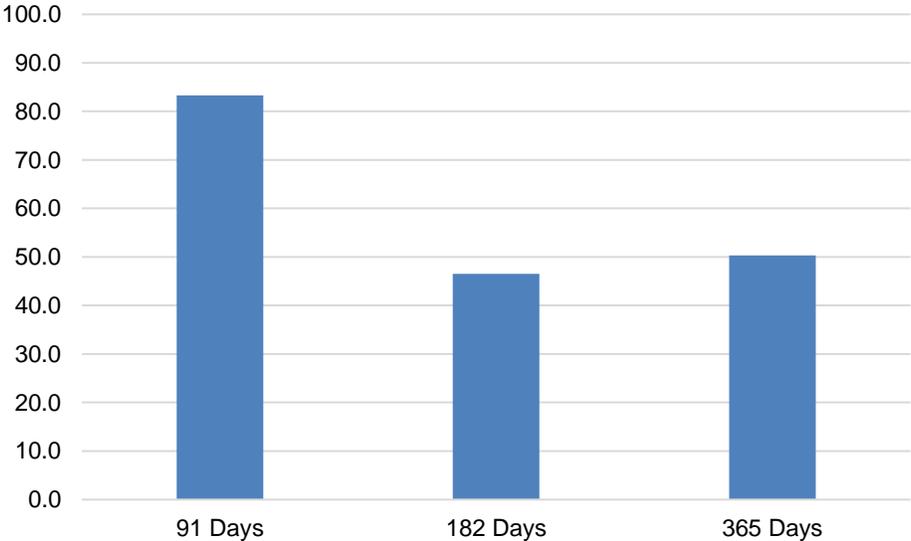
Since the second quarter, the interest rates on T-bills has been slowly increasing. The increase reflects the current market dynamics based on demand and appetite for Government securities. As per Table 6 and Figure 3 below, interest rate remains relatively low with less than 1 percentage point increase on all three T-bills tenors.

Table 6: Interest Rates on T-bills

T-bills	Interest Rates (%)		% Change
	Q2 2022	Q3 2022	
91 Days	0.48	0.88	83.33
182 Days	1.01	1.48	46.53
365 Days	1.45	2.18	50.34

Source: Ministry of Finance, National Planning & Trade

Figure 3: % change in average T-bills Rate (Q2 2022 vs Q3 2022)



Source: Ministry of Finance, National Planning & Trade

New Debt in Q3

As of 2022, Government adopted a strategy of quarterly issuances of bonds in order to lengthen the maturity of the domestic debt portfolio. Three T-bonds worth SCR 200m each were successfully issued during the month of August, 2022. As illustrated in Table 7 below, the bonds were oversubscribed whereby a total of SCR 294.2m was issued.

Table 7: New Debt accumulated in Q3

Description	Amount (SCR' M)	Coupon Rate (%)
3-yr T-bond	37.7	2.90
5-yr T-bond	137.5	4.40
7-yr T-bond	119.0	5.90
Total	294.2	

Source: Ministry of Finance, National Planning & Trade

On the external side, two major disbursements occurred during Q3 as aforementioned. This includes the Budget support loan from the IMF and a new loan from TDB. Additionally, there were new disbursements under some project loans as indicated below.

Table 8: New External borrowings as at September 2022

Description	Loan Amount (USD' M)	Amount Disbursed (USD' M)	% of GDP
IMF- Budget Support loan	107.0	8.67	0.4
TDB loan	13.0	13.0	0.7
Project Loans		3.22	1.2
Total		24.89	2.3

Source: Ministry of Finance, National Planning & Trade