



Quarterly Debt Bulletin | Q1 2023

Overview of Current Debt Profile

As at the end of the first quarter 2023, the country's debt to GDP stood at 64.2% compared to 69.0% at the end of the fourth quarter of 2022¹. The decline of almost 5 percentage point is mainly associated with a more favorable exchange rate as well as a higher nominal GDP forecasted for 2023. By the end of Q1, the rupee was trading at SCR 13.68 to a dollar in comparison to SCR 14.12 as at the end of December 2022. Additionally, ongoing repayments on government and government guaranteed loans also contributed towards the decline in debt stock. As can be seen in the table below, domestic debt makes up for the majority of the stock, at 54.7%, whilst the external debt accounts for the remaining 45.3%.

Table 1: Total Debt by residency of creditors

Description	Q4 2022 (SCR' M)	Q1 2023 (SCR' M)	% Diff	Q1 2023 % of GDP
Domestic	9,864	9,708	-1.6	35.1
o.w. Government	9,130	9,022	-1.2	32.6
o.w. Guarantees	734	686	-6.5	2.5
External	8,157	8,044	-1.4	29.1
o.w. Government	8,035	7,926	-1.4	28.6
o.w. Guarantees	122	118	-3.3	0.5
Total Debt	18,021	17,752	-1.5	64.2

Source: Ministry of Finance, National Planning & Trade

Table 2 below shows a summary of the total government and government guaranteed debt. Government debt remains the main component of debt stock at 95.5% whilst guaranteed debt accounts for only 4.5% of the stock.

Table 2: Comparison of Total Debt by Guarantee Status

Description	Q4 2022 (SCR' M)	Q1 2023 (SCR' M)	% Diff
Government	17,165	16,948	-1.3
Guarantees	856	804	-6.1
Total Debt	18,021	17,752	-1.5

Source: Ministry of Finance, National Planning & Trade

¹ Note that the Q4 figures have been adjusted to reflect post-audit confirmation.

External Debt Profile

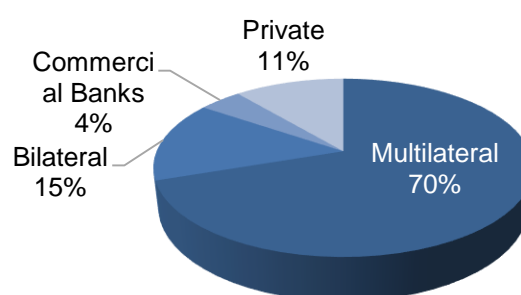
As at the end of the first quarter, the total external debt amounted to SCR 8.0bn in comparison to SCR 8.2bn in the last quarter of the previous year, reflecting a 1.4% decrease in stock. As depicted in Table 3 below, all the main categories experienced a decline, with the main decrease in the Private debt and Commercial banks. Despite the USD 25m loan from ADB and additional disbursements under ongoing projects loans, the total external debt decreased by SCR 113m as a result of a more favorable exchange rate coupled with ongoing debt repayments.

Figure 1 illustrates how the external debt stock are distributed by creditor categories. Multilateral loans represent the largest share at 70%, followed by bilateral loans at 15%, private at 11% and lastly, Commercial Banks retains the smallest share at 4%.

Table 3: Total debt by Creditor Category

Description	Q4 2022 (SCR' M)	Q1 2023 (SCR' M)	% Diff
Multilateral	5,470	5,615	2.6
Bilateral o.w.	1,234	1,181	-4.3
<i>Paris Club</i>	601	584	-2.8
<i>Non-Paris Club</i>	633	598	-5.6
Commercial Banks	407	349	-14.1
Private	1,047	898	-14.2
Total	8,157	8,044	-1.4

Figure 1: Percentage distribution by Creditor Category



Source: Ministry of Finance, National Planning & Trade

Below is a summary of the total external debt as at Q4 2022 against Q1 2023 categorized by instrument type. A similar pattern can be observed in 2023 whereby loans remain the main component of debt stock. There has been a decline of SCR 151m, or 13.6% in external securities which is associated with the Euro Bond repayment in January as well as the more favorable exchange rate. On the other hand, the overall external loans increased slightly by SCR 38m due to the disbursements mentioned above.

Table 4: External Debt by Instrument Type

Description	Q4 2022 (SCR' M)	Q1 2023 (SCR' M)	% Diff
Loans	7,045	7,083	0.5
Securities	1,112	961	-13.6
Total Debt	8,157	8,044	-1.4

Source: Ministry of Finance, National Planning & Trade

Domestic Debt Profile

An overview of the domestic debt is shown in Table 5 below, whereby from the end of December 2022 to March 2023, domestic debt decreased by SCR 107m, or 1.6%. This is mainly attributed to SCR 240m T-bills maturing over the period. Additionally, ongoing payments on Loans and Other debt liabilities has contributed towards the decline in domestic debt. Part of the decrease has been offset by the issuance of new T-bonds in March, totaling to SCR 113m.

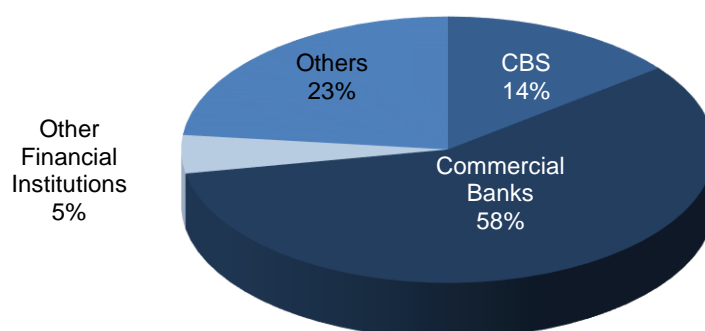
Table 5: Domestic Debt by Instrument Type

Description	Q4 2022 (SCR' M)	Q1 2023 (SCR' M)	% Diff
Loans	978	964	-1.4
Securities of which;	8,739	8,613	-1.4
<i>T-bills</i>	2,292	2,052	-10.5
<i>T-bonds</i>	6,102	6,216	1.9
<i>Deposits</i>	44.9	44.9	0.0
<i>Others</i>	300	300	0.0
Other Debt Liabilities	147	131	-10.9
Total Debt	9,864	9,708	-1.6

Source: Ministry of Finance, National Planning & Trade

Government securities remain the main component of domestic debt, 88.6% of the stock. Figure 2 below shows a more detailed view of the distribution of government securities by investors. Commercial banks remain as the main holders of government securities with 58% of the stock. The 'Others' category holds the second largest share at 23%. This category includes private individuals as well as others. The remaining portion of the domestic debt portfolio is represented by CBS in terms of marketable securities at 14% while Other Financial Institutions accounts for only 5%.

Figure 2: Percentage distribution of Government Securities



Source: Ministry of Finance, National Planning & Trade

Interest Rates on T-bills

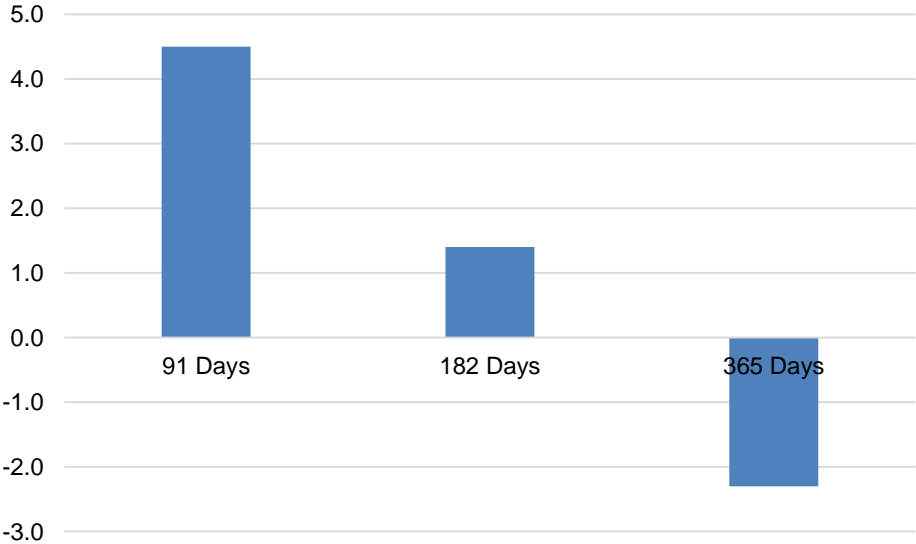
Table 6 below summarizes the changes in interest rates from the last quarter of the year 2022 to the first quarter of 2023. As it can be observed, the interest rate has been more or less stable over the aforementioned period. In regards to the 91 and 182 T-bills, the interest rates increased by four and two basis points respectively, whereas on 365 day T-bills the rate decreased by five basis points. This generally resulted from a shortfall in the average tender prices associated with a higher competitive bidding during the auction.

Table 6: Interest Rates on T-bills

T-bills	Interest Rates (%)		% Change
	Q4 2022	Q1 2023	
91 Days	0.88	0.92	4.5
182 Days	1.41	1.43	1.4
365 Days	2.20	2.15	-2.3

Source: Ministry of Finance, National Planning & Trade

Figure 3: % change in average T-bills Rate (Q4 2022 vs Q1 2023)



Source: Ministry of Finance, National Planning & Trade

New Debt in Q1

Similarly to the previous quarters, the government proceeded with the issuances of T-bonds in order to lengthen the maturity of the domestic portfolio. As illustrated in Table 7 below, three T-bonds were issued at the end of the first quarter of 2023, with the usual 3, 5 and 7 years' tenor. As shown below, the three T-bonds were oversubscribed and a total SCR 113m was allotted, given the favorable tender price, instead of SCR 75m that was originally auctioned.

Table 7: New Debt accumulated in Q1

Description	Amount (SCR' M)	Coupon Rate (%)
3-yr T-bond	7.6	3.2
5-yr T-bond	11.8	4.6
7-yr T-bond	94.0	6.0
Total	113.4	

Source: Ministry of Finance, National Planning & Trade

In Q1 2023, a new budget support of USD 25m from ADB under the second phase of the Governance and Economic Reforms Support Program (GERSP-II) was disbursed. Additionally, a total of USD 0.52m was disbursed under three ongoing project loans as highlighted in Table 8 below.

Table 8: New External borrowings as at March 2023

Description	Loan Amount (USD' M)	Amount Disbursed (USD' M)	% of GDP
Exim Bank of India-Line of Credit 10 m (SPTC)	2.84	0.284	0.001
ADF-Governance and Economic Reforms Support Program (GERSP-II)	25.0	25.0	0.09
IBRD-SWIOFish 3	5.0	0.12	0.00
Saudi Fund-Electrification of South Mahe	20.0	0.12	0.00042
Total		25.52	0.09

Source: Ministry of Finance, National Planning & Trade