



## Quarterly Debt Bulletin | Q2 2021

### Overview of Current Debt Profile

As at the end of June 2021, the total Government and Government guaranteed debt amounted to SCR 18.0Bn, representing about 80.7% of GDP. As illustrated in Table 1 below, the total stock of domestic debt amounted to SCR 11.0Bn, or 61.1% of the total debt stock, whilst the external debt stock amounted to about SCR 7.0Bn, equivalent to 38.9% of the total debt stock. In comparison to the end of Q1 2021, domestic debt increased by SCR 349m whilst external debt decreased by SCR 2.3Bn.

**Table 1: Total Debt by residency of creditors**

Description	Q1 2021 (SCR' M)	Q2 2021 (SCR' M)	% Diff	Q2 2021 % of GDP
<b>Domestic</b>	<b>10,676</b>	<b>11,025</b>	<b>3.3</b>	<b>49.3</b>
o.w. Government	9,786	10,154	3.8	45.4
o.w. Guarantees	890	871	-2.1	3.9
<b>External</b>	<b>9,348</b>	<b>7,023</b>	<b>-24.9</b>	<b>31.4</b>
o.w. Government	9,146	6,871	-24.9	30.7
o.w. Guarantees	210	152	-27.6	0.7
<b>Total Debt</b>	<b>20,024</b>	<b>18,048</b>	<b>-9.9</b>	<b>80.7</b>

Source: Ministry of Finance, Economic Planning & Trade

Table 2 below provides the nature of public debt. The Central Government debt accounts for the majority of the total debt, about 94.3% of the total debt stock. By the end of the second quarter of 2021, Central Government and Government guaranteed debt decreased by 10.1% and 6.2% respectively compared to the first quarter.

**Table 2: Comparison of Total Debt by Guarantee Status**

Description	Q1 2021 (SCR' M)	Q2 2021 (SCR' M)	% Diff
Government	18,932	17,025	-10.1
Guarantees	1,091	1,023	-6.2
<b>Total Debt</b>	<b>20,024</b>	<b>18,048</b>	<b>-9.9</b>

Source: Ministry of Finance, Economic Planning & Trade

## External Debt Profile

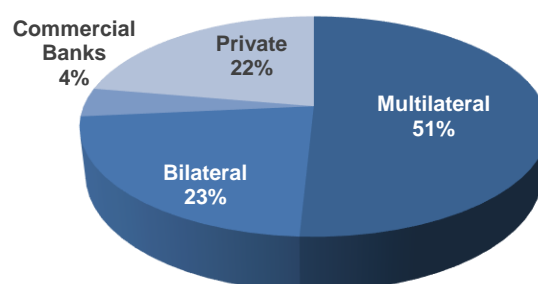
As at the end of June 2021, the total stock of external debt amounted to SCR 7.0Bn, equivalent to 31.4% of GDP. This represents a decrease of SCR 2.3Bn, or 24.9% in comparison to the first quarter of 2021. This is primarily attributed to the appreciation in the exchange rate over the quoted period. By the end of June 2021, the Seychelles Rupee had appreciated by almost 25 per cent vis-à-vis the US Dollar when compared to the rate as at the end of March 2021. In USD terms, the external debt stock shows a decrease of around USD 3.2m, equivalent to only 4.8 per cent, reflecting the ongoing repayments being made towards servicing the country's debt.

As depicted below, outstanding debt to multilateral creditors accounts for the largest share of the total external debt stock, representing about 51%. Private and Bilateral debt make up for 22% and 23% of the total external debt stock respectively. Debt owed to Commercial Banks accounts for the smallest share of the total external debt at only 4%.

**Table 3: Total debt by Creditor Category**

Description	Q1 2021 (SCR' M)	Q2 2021 (SCR' M)	% Diff
<b>Multilateral</b>	<b>4,750</b>	<b>3,569</b>	<b>-24.9</b>
<b>Bilateral o.w.</b>	<b>2,122</b>	<b>1,588</b>	<b>-25.2</b>
<i>Paris Club</i>	1,128	852	-24.5
<i>Non-Paris Club</i>	993	735	-26.0
<b>Commercial Banks</b>	<b>393</b>	<b>289</b>	<b>-26.5</b>
<b>Private</b>	<b>2,084</b>	<b>1,577</b>	<b>-24.3</b>
<b>Total</b>	<b>9,348</b>	<b>7,023</b>	<b>-24.9</b>

**Figure 1: Percentage distribution by Creditor Category**



Source: Ministry of Finance, Economic Planning & Trade

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

**Table 4: External Debt by Instrument Type**

Description	Q1 2021 (SCR' M)	Q2 2021 (SCR' M)	% Diff
Loans	7,168	5,373	-25.0
Securities	2,180	1,650	-24.3
<b>Total Debt</b>	<b>9,348</b>	<b>7,023</b>	<b>-24.9</b>

Source: Ministry of Finance, Economic Planning & Trade

## Domestic Debt Profile

As at end of the second quarter of 2021, the total domestic debt amounted to SCR 11.0Bn, representing a SCR 349m or 3.3% increase compared to the first quarter domestic debt stock. The increase is attributed to the continuous subscription to the T-Bonds issued in the first quarter that was spill over in the second quarter. A total of SCR 1.5bn was made available in Bonds, of which marginally above SCR 1.1bn had been subscribed by the end of March 2021. In the second quarter, an additional SCR 140m was subscribed before the sale was eventually closed. Additionally, there has been an increase of SCR 260m, or 4.5% in the stock of T-bills.

Securities and loans are the main components of domestic debt, accounting for about 86.2% and 11.4% of the domestic debt stock respectively. The securities category is mostly made up of T-Bills, which in itself accounts for almost 55% of the total domestic debt.

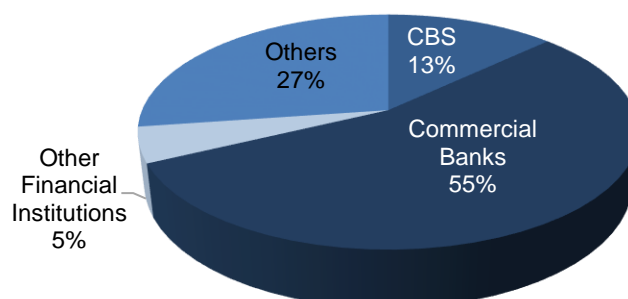
Figure 2 below shows the breakdown of the distribution of Government securities. As can be seen, commercial banks holds the majority, 55% of the total securities. The 'Others' category, which includes private individuals and others, holds 27% of the securities.

**Table 5: Domestic Debt by Instrument Type**

Description	Q1 2021 (SCR' M)	Q2 2021 (SCR' M)	% Diff
<b>Loans</b>	<b>1,397</b>	<b>1,259</b>	<b>-9.9</b>
<b>Securities of which;</b>	<b>8,943</b>	<b>9,502</b>	<b>6.3</b>
<i>Treasury Bills</i>	5,796	6,056	4.5
<i>Treasury Bonds</i>	3,101	3,241	4.5
<i>Deposits</i>	46	46	0.0
<i>Others</i>	208	158	-24.0
<b>Other Debt Liabilities</b>	<b>129</b>	<b>264</b>	<b>104.7</b>
<b>Total Debt</b>	<b>10,676</b>	<b>11,025</b>	<b>3.3</b>

Source: Ministry of Finance, Economic Planning & Trade

**Figure 2: Percentage distribution of Government Securities**



Source: Ministry of Finance, Economic Planning & Trade

The heavy reliance on T-Bills remains a major source of risk for the Government due to its short-term maturities and the high likelihood of roll-over risk. In an attempt to manage this, the Government in collaboration with the Central Bank of Seychelles undertook a Liability Management Operation in July this year, whereby a portion of its outstanding T-Bills was converted into T-Bonds. This will be reflected in the next publication.

**Interest Rates on Treasury Bills**

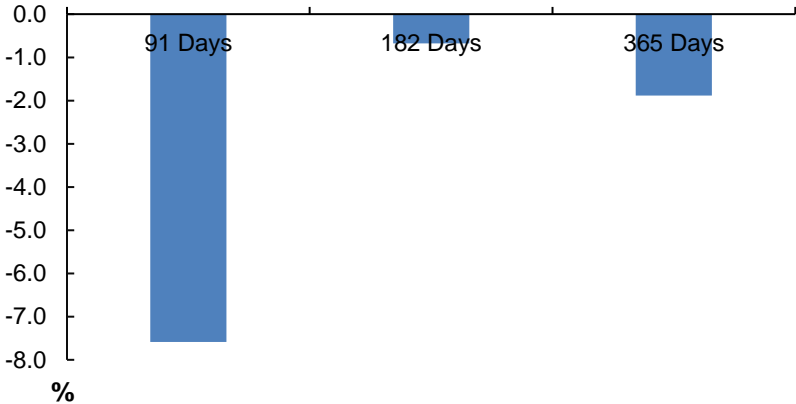
In the first quarter of 2021, the average interest rates for the 91, 182 and 365 Days T-Bills were higher in comparison to the second quarter of 2021. As depicted in Table 6 and Figure 2 below, the interest rates decreased by 34 basis points, or 7.6% on the 91 Days Bills, and by 4 basis points or 0.7% and 12 basis points or 1.9% on the 182 and 365 Days Bills respectively.

**Table 6: Interest Rates on Treasury Bills**

Treasury Bills	Interest Rates (%)		% Change
	Q1 2021	Q2 2021	
91 Days	4.48	4.14	-7.6
182 Days	5.92	5.88	-0.7
365 Days	6.36	6.24	-1.9

Source: Ministry of Finance, Economic Planning & Trade

**Figure 3: % change in average T-Bills Rate (Q1 2021 vs Q2 2021)**



Source: Ministry of Finance, Economic Planning & Trade