



First Quarter 2019 Public Debt Statistical Bulletin

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**SUSTAINABLE
DEVELOPMENT GOALS**

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First Quarter 2019 Public Debt Statistical Bulletin

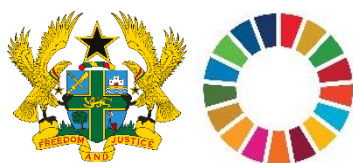


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Disclaimer

The figures used for this report are subject to change anytime new information becomes available. We, therefore, reiterate that the figures in this report are provisional.

Abbreviations

ABP	-	Annual Borrowing Plan
ATM	-	Average Time to Maturity
ATR	-	Average Time to Re-fixing
BoG	-	Bank of Ghana
BUA	-	Bank Unit of Account
CDB	-	China Development Bank
CBG	-	Consolidated Bank Ghana
CNY	-	Chinese Yuan Renminbi
ECF	-	Extended Credit Facility
EUR	-	Euro
FX	-	Foreign Exchange
GBP	-	Great Britain Pound
GDP	-	Gross Domestic Product
GHS	-	Ghana Cedi
ICM	-	International Capital Market
IMF	-	International Monetary Fund
JPY	-	Japanese Yen
MoF	-	Ministry of Finance
MTDS	-	Medium Term Debt Management Strategy
PFM	-	Public Financial Management
PHB	-	Premium Heritage Bond
SDR	-	Special Drawing Rights
SOE	-	State-Owned Enterprise
ST	-	Short-Term
TDMD	-	Treasury and Debt Management Division
USD	-	United States Dollar

1.0 Key Highlights

Macroeconomic Developments

Following a slowdown of global activity in the second half of 2018, the April 2019 update of the World Economic Outlook (WEO) projects a slowdown in global growth from 3.6 percent in 2018 to 3.3 percent in 2019, reflecting a confluence of factors affecting major economies. Although trade tensions had a negative impact on business confidence and worsened financial market sentiment in emerging markets in 2018, conditions have eased in 2019 following a more accommodative US Federal Reserve monetary policy stance and increased optimism about a US–China trade deal.

On the domestic front, growth remains relatively strong at a robust pace of economic activity, supported by improved sentiments from businesses following the recovery of the Ghana Cedi from continuous depreciation over the period. The increased pace of economic activity was mainly driven by growth in Domestic VAT, Industrial Consumption of Electricity, Port Activity and Imports. This resulted in the Central Bank's Composite Index of Economic Activity (CIEA) remaining strong, with an annual growth of 3.2 percent recorded in January 2019, up from 2.4 percent in December 2018.

Real Sector Performance

Preliminary estimates for the second quarter of 2019 show that overall GDP growth was an average of 6.7 percent, compared with 5.4 percent recorded for the first quarter of 2018. On the other hand, non-oil GDP grew by 6 percent compared to the annual target of 5.8 percent.

Inflation

Inflation rate declined to 9.0 percent in January 2019, from 9.4 percent recorded in December 2018, but inched up to 9.2 percent in February 2019 and further to 9.3 percent in March 2019, mainly driven by increases in non-food inflation. The inflation rate however continued to remain within the inflation target band of 8 ± 2 percent, reflective of a well-anchored disinflationary path consistent with the relatively tight stance of monetary policy.

Interest Rate Developments

The Monetary Policy Committee of the Central Bank reduced the Monetary Policy Rate (MPR) to 16.0 percent in January 2019 from 17.0 percent in December 2018 following the decline in inflation over the period, reflective of the gains of Government's disinflationary path.

Interest rates remained relatively stable, in line with the MPR. Rates on the 5-year, 7-year, 10-year and 15-year notes remained unchanged as there were no issuances recorded in these securities for the first quarter of 2019. The rates on the 91-day, 182-day and 364-day treasury bills, however, increased by 0.12, 0.13 and 2.69 percentage points respectively to 14.72 percent, 15.16 percent and 18.19 percent, respectively. Interest rates on the 2-year and 3-year notes also increased by 0.25 and 0.50 percent over the same period.

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The weighted average interbank lending rate declined to 15.6 percent in February 2019 from 18.3 percent same period last year, in line with the MPR. Similarly, average lending rates of Banks also declined to 27.8 percent from 29.3 percent over the same comparative periods.

External Sector Performance

The current account balance for the second quarter of 2019 registered a surplus of US\$294.5 million, equivalent to 0.4 percent of GDP, mainly due to the trade surplus of US\$794.4 million (1.2% of GDP) recorded over the period. The positive outturn in the current account balance, together with significant inflows into the capital and financial account, driven mainly by the March 2019 Eurobond issue, resulted in a balance of payments surplus of US\$3.0 billion (4.4% of GDP) for the first quarter of 2019.

Exchange Rates Developments

Despite these strong fundamentals, the Cedi came under pressure against the major international currencies in February and March 2019, reflecting spikes in cedi depreciation similar to what occurred in May-June 2018. The rate of depreciation of the Cedi peaked at 8.0 percent by March 19, 2019, compared to a marginal depreciation rate of 0.02 percent in the same period of 2018.

Fiscal Performance

Provisional fiscal data for March 2019 indicated an overall deficit (on cash basis) of 1.8 percent of GDP against the target of 1.4 percent for the quarter. Total revenue and grants amounted to GH¢10.3 billion compared with the programmed target of GH¢12.4 billion, mainly due to shortfalls in international trade taxes. On year-on-year basis, the revenue outturn was up by 9.5 percent. Total expenditure was GH¢15.6 billion, marginally below the target of GH¢17.3 billion, and signaling a 25.5 percent year-on-year growth.

Data on the implementation of the budget for the first quarter shows an elevated financing of the budget deficit relative to target. This suggests continued challenges with revenue mobilization.

2.0 Public Debt Highlights

The total debt stock increased from GH¢197.9 billion (US\$38.9 billion) in March 2019 to GH¢203.8 billion (US\$38.74 billion) at end-June 2019, representing 59.19 percent of rebased GDP. External debt accounted for GH¢107.63 billion (US\$20.4 billion), representing 31.25 percent of GDP, whereas domestic debt accounted for GH¢96.26 billion (US\$18.29 billion), representing 27.94 percent of GDP.

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3.0 Total Public Debt

Table 1. Public Debt by Source (USD millions, unless otherwise stated)

	2017				2018				2019		
	JAN-2017	FEB-2017	MAR-2017	DEC-2017	JAN-2018	FEB-2018	MAR-2018	DEC-2018	JAN-2019	FEB-2019	MAR-2019
GROSS DEBT											
A. External debt	16,913.74	16,897.69	16,812.28	17,160.41	17,292.08	17,284.52	17,261.10	17,868.48	17,908.37	17,686.33	20,678.69
Multilateral Institutions	5,763.85	5,766.74	5,645.47	6,436.84	6,505.33	6,549.88	6,581.39	6,390.46	6,454.67	6,318.89	6,580.13
IMF	887.83	886.04	737.21	958.26	954.34	951.81	955.95	1,015.05	993.63	967.95	1,171.45
IDA	3,479.94	3,475.74	3,499.41	3,921.68	3,968.74	4,017.89	4,043.35	3,880.28	3,960.60	3,861.50	3,933.86
AfDB	1,041.37	1,051.78	1,056.78	1,200.02	1,217.70	1,214.84	1,218.93	1,129.43	1,132.43	1,129.14	1,110.83
IFAD	140.88	140.63	141.07	144.01	153.40	152.99	153.66	146.20	150.47	146.49	149.09
Other	213.84	212.56	211.00	212.87	211.16	212.35	209.50	219.51	217.54	213.81	214.91
Official Bilateral	1,166.51	1,174.03	1,183.32	1,210.67	1,252.85	1,242.13	1,211.58	1,204.79	1,211.05	1,191.83	1,188.75
Paris Club	682.11	679.44	687.47	746.35	797.57	787.42	812.29	754.06	748.05	726.81	736.47
Non-Paris Club	484.40	494.59	495.85	464.32	455.28	454.72	399.29	450.74	463.00	465.02	452.28
Other Creditors ¹	9,983.38	9,956.92	9,983.49	9,512.90	9,533.89	9,492.51	9,468.13	10,273.23	10,242.66	10,175.61	12,909.81
B. Domestic Debt	12,851.34	12,318.66	12,724.11	15,118.39	15,610.93	15,916.84	16,292.48	18,020.02	17,756.19	17,349.83	18,257.28
Banking System	5,228.74	5,212.75	5,385.79	5,348.09	5,846.15	5,916.48	6,054.07	8,127.09	8,123.43	8,023.33	8,107.46
Non-Bank Sector	4,305.21	4,006.36	4,010.53	3,907.31	3,833.88	3,807.73	3,853.82	4,459.76	4,494.36	4,441.87	4,945.47
Non-Residents	3,203.18	2,990.18	3,215.37	5,811.43	5,882.83	6,144.50	6,346.15	5,407.30	5,113.21	4,860.45	5,179.82
Loans	114.21	109.37	112.42	51.56	48.06	48.12	38.44	25.86	25.19	24.18	24.53
Gross Public Debt (A+B)	29,765.08	29,216.35	29,536.39	32,278.80	32,903.01	33,201.35	33,553.59	35,888.50	35,664.57	35,036.16	38,935.97
Gross Public Debt-to-GDP, end-Dec (%)				55.54				57.58			57.48
MEMORANDUM ITEMS											
Nominal GDP ² (GHS millions)	203,405.65	203,405.65	203,405.65	256,671.37	300,596.10	300,596.10	300,596.10	300,596.10	344,455.34	344,455.34	344,455.34
End Period Exchange Rates (GHS/USD)	4.2727	4.4616	4.3406	4.4164	4.4262	4.4204	4.4066	4.8224	4.9509	5.1577	5.0850
Gross Public Debt (GHS millions)	127,177.24	130,351.68	128,205.65	142,556.08	145,635.29	146,763.27	147,857.23	173,068.70	176,571.71	180,705.99	197,989.38
External Debt (GHS millions)	72,267.33	75,390.74	72,975.37	75,787.22	76,538.20	76,404.49	76,062.77	86,168.97	88,662.56	91,220.76	105,151.13
Domestic Debt (GHS millions)	54,909.90	54,960.94	55,230.28	66,768.85	69,097.09	70,358.78	71,794.46	86,899.73	87,909.14	89,485.23	92,838.25
NET DEBT											
Financial Assets³ (USD millions)	121.99	121.86	122.03	414.51	312.43	361.61	279.44	482.43	475.63	465.40	468.90
DSRA (USD); Collateral Accounts	119.03	119.03	119.03	210.28	210.28	210.28	210.28	210.28	210.28	210.28	210.28
DSRA (USD)	-	-	-	-	59.75	59.75	45.75	10.23	10.23	10.23	10.23
DSRA (GHS); Converted to USD	-	-	-	201.28	28.85	79.15	10.94	251.56	245.03	235.20	238.56
DDR Account	-	-	-	-	1.84	0.71	0.71	0.03	0.03	0.03	0.03
Debt Recovery Account	0.89	0.85	0.88	0.86	11.39	11.41	11.44	10.04	9.78	9.39	9.52
SOE Escrow Accounts	2.06	1.97	2.12	2.08	0.32	0.32	0.32	0.29	0.28	0.27	0.28
Net Public Debt (USD millions)	29,643.09	29,094.49	29,414.36	31,864.29	32,590.58	32,839.74	33,274.14	35,406.07	35,188.94	34,570.76	38,467.06
Net Public Debt (GHS millions)	126,656.03	129,807.99	127,675.96	140,725.44	144,252.43	145,164.79	146,625.84	170,742.25	174,216.92	178,305.60	195,605.02

Source: Ministry of Finance and Bank of Ghana.

¹ Includes sovereign bonds, commercial credits, and other semi-concessional credits.

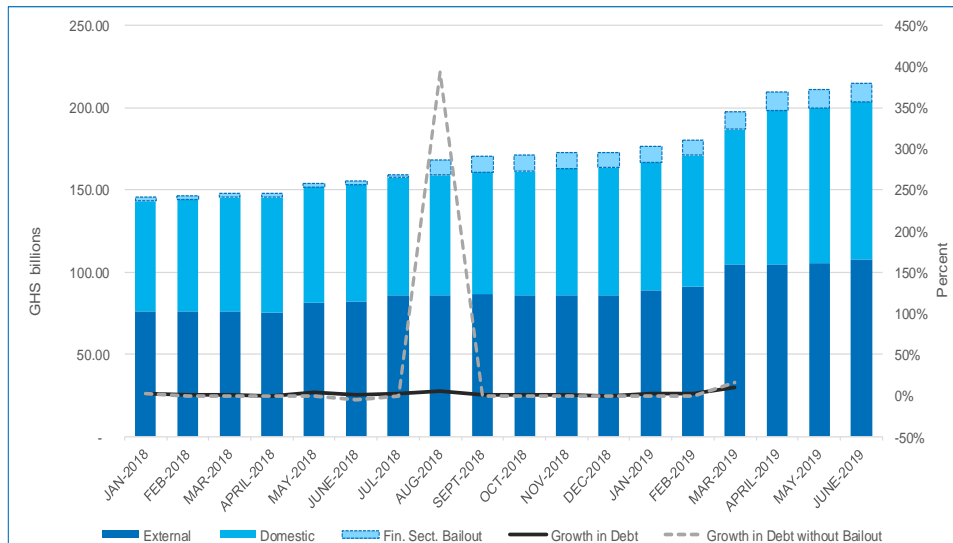
² Rebased GDP series, with 2013 as base year.

³ DSRA: Debt Service Reserve Account, DDR: Domestic Debt Restructuring, SOE: State-Owned Enterprises.

At the end of March, 2019, total gross public debt stood at GH¢198.0 billion (US\$39.9 billion), representing 57.5 percent of GDP. Government issued a US\$3.0 billion Eurobond on the ICM, which significantly impacted the stock of commercial debt as well as the external debt. A total of GH¢1,490.0 million (US\$293.0 million) was also issued to cover the costs incurred in the financial sector clean-up.

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Figure 1. Trends in Public Debt (January 2018 –June 2019)

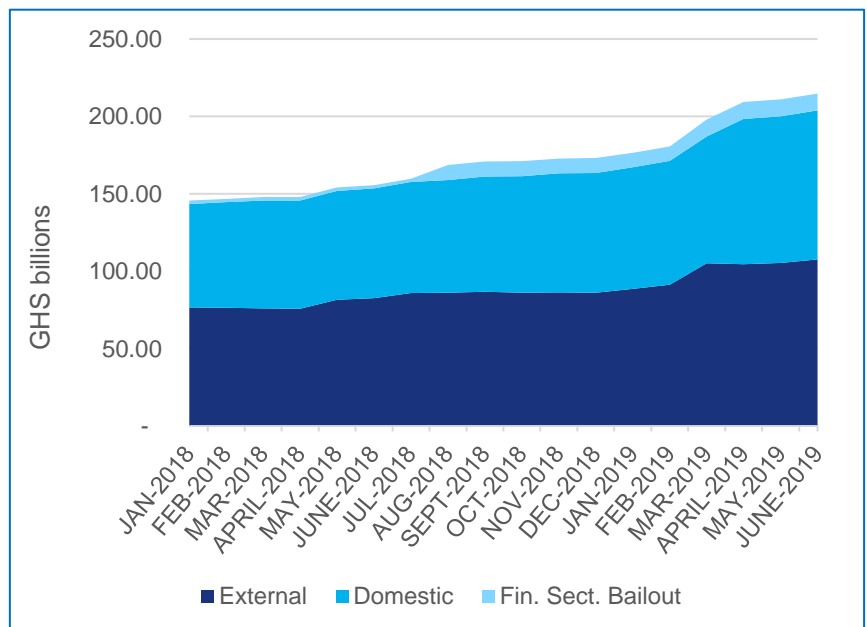


Debt accumulation in the second quarter increased by 2% in June mainly because of the New Commitments signed over the period under review.

Figure 2. Share of Public Debt (January 2017 – March 2019)

Since the end of 2018, the share of external debt has been on the increase surpassing the share of domestic debt in the public debt.

External debt increase in the second quarter of 2019, was mainly attributable to the New Commitments signed over the period under review.



4.0 External Debt

4.1 External Debt Stock by Creditor Category

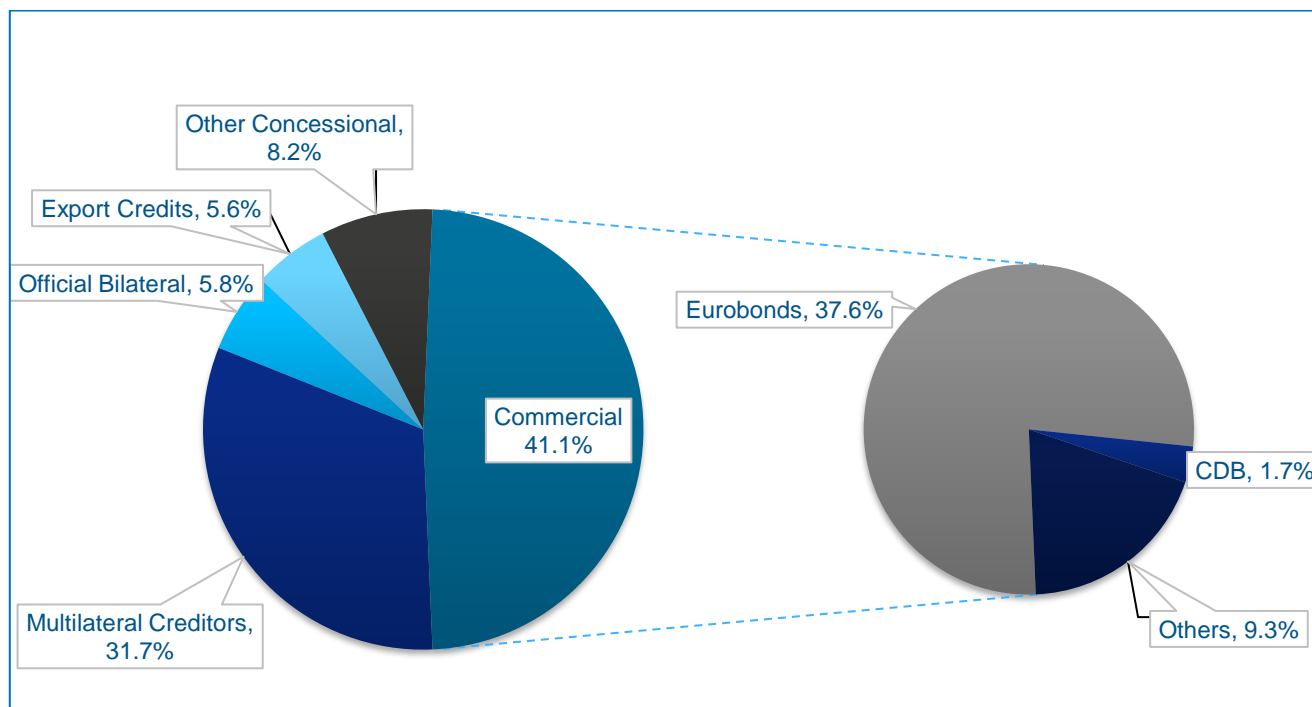
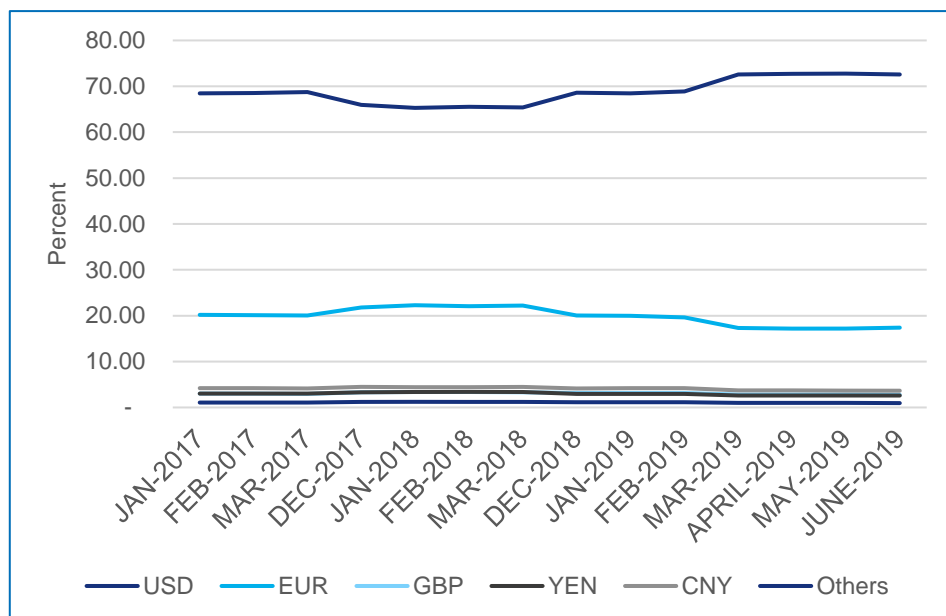


Figure 3. External debt stock composition by creditor category, end March 2019

The share of commercial debt is dominant in the external portfolio, which represents 41.1 percent share, which is followed, by multilateral creditors represents by 31.7 percent share. Other concessional debt stood at 8.2 percent share this is followed by Official Bilateral and Export Creditors, which represents 5.8% percent, and 5.6 percent share respectively. The dominance of the commercial debt in external debt portfolio is mainly attributable to the Eurobond.

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Figure 4. Trends in currency composition of external debt (January 2017 – June 2019)

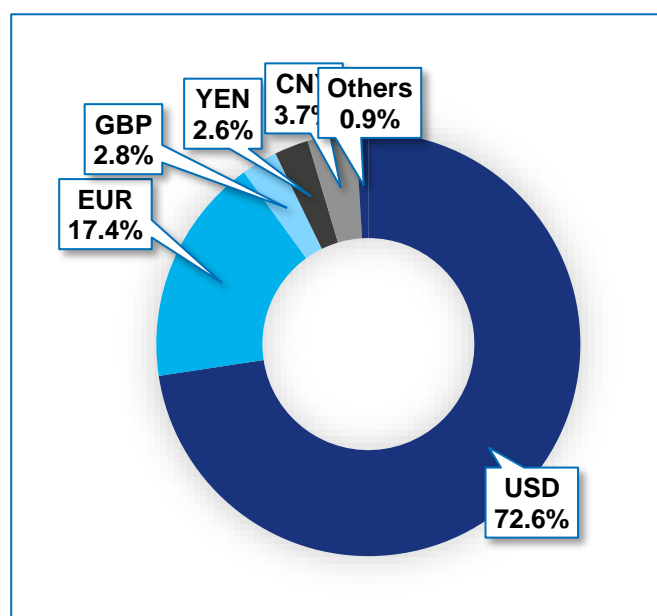


The share of USD-denominated debt remains dominant in the external debt portfolio. Its share remained steady in the second quarter of 2019. The EUR-denominated debt is the second largest also remained the same.

Figure 5. Currency composition of external debt stock, end June 2019

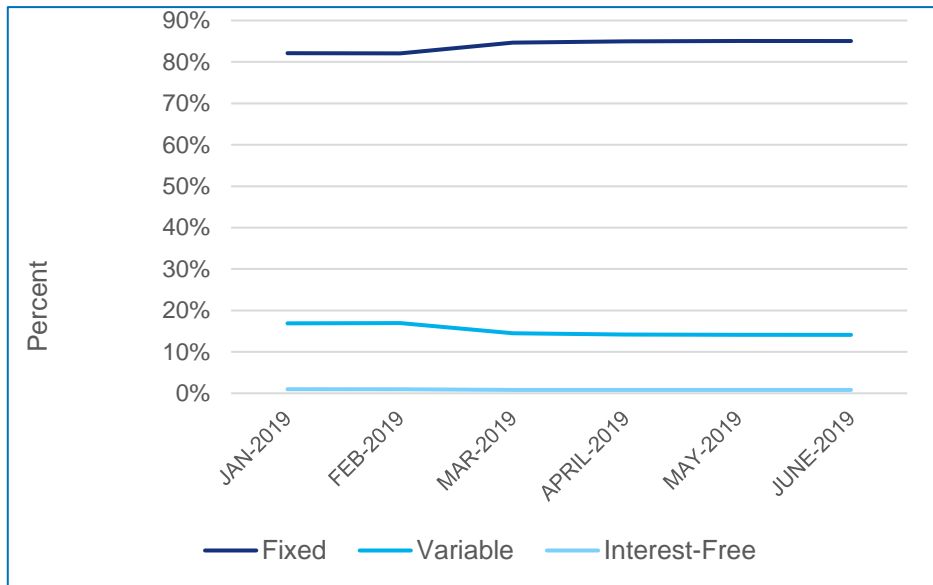
By end June 2019, USD-denominated loans constituted the largest share of external debt representing 72.6 percent of total external debt.

The large USD inflows from the Eurobond issuance coupled with the continued depreciation of the currency against the USD within the first quarter of 2019 will significantly increase the cost of debt service.



Note: SDR and BUA-denominated loans have been decomposed into their various component currencies.

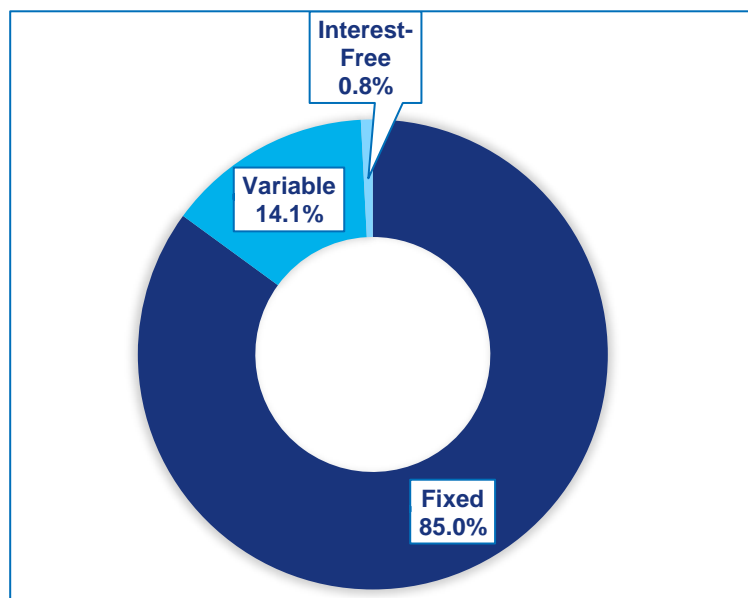
Figure 6. Trends in interest rate composition of external debt (Jan – June 2019)



The share of fixed rate debt has remained steady by end June, 2019. This does not however, mean that the stock of variable rate debt has reduced; they still pose a significant risk to debt service costs.

Figure 7. Interest rate composition of external debt stock, end June 2019

Interest-free debt largely consists of subsidized loans from a bilateral creditors and its share continues to dwindle in the external debt portfolio as fewer of such loans have been sourced in recent years. It accounts for approximately 1.0 percent of total external debt as at end-June 2019.



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4.2 New Commitments (New External Loan Financing Agreements) in 2019

Table 2. New commitments, end March 2019

S/N	Project/Financing Title	Sector	Creditor	Date Signed	Curr	Loan Amount	USD Equivalent
Non-Concessional Loans							3,062,985,872.7
1	Supply of 300 sets of Global Multipurpose Mini Tractors and 220 Compact (CABRIO I and II) Tractors	Multi-sector	Gov't of Czechoslovakia	14-Feb-19	XEU	10,000,000.0	11,297,536.0
2	Extension of University of Ghana Hospital-Phase II	Ministry of Health	Bank Hapoalim	7-Mar-19	XEU	45,623,656.0	51,688,336.7
3	Eurobond Issuance	Budget Support	Citi Group Bank	18-Mar-19	USD	3,000,000,000.0	3,000,000,000.0
TOTAL							3,062,985,872.7

Government signed two (2) new external loan agreements, amounting to US\$61.69 million, and also issued a sovereign bond of US\$3,000.0 million. All new commitments signed by end March 2019 amounted to US\$3,061.69 million. The external financing in the first quarter of 2019 were from non-concessional sources. Part of the Eurobond proceeds (US\$303.1 million) was used to buy back part of the maturing 2023 Eurobonds issued in 2016.

Table 3. Average terms of new commitments (2017 – March 2019)

	2017	2018	Mar-19
Interest (%)	1.1	6.6	8.2
Maturity (yrs)	21.5	28.1	16.9
Grace Period (yrs)	4.1	7.8	13.8
Grant Element (%)	20.4	-3.5	-31.5

By end March, 2019, the average term of interest, maturity period and grant element of new commitments worsened mainly on the account of the Eurobond of US\$3,000 million. The back-amortizing feature of the Eurobond issued, however, improved the average grace period of new commitments on account of the tenor of 31 years on the third tranche.

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4.3 Disbursements by Creditor Category (New Borrowing)

Table 4. Actual disbursements as at end-March, 2019

CREDITOR CATEGORY	Apr-17	May-17	Jun-17	Q2, 2017	Apr-18	May-18	Jun-18	Q2, 2018	Apr-19	May-19	Jun-19	Q2, 2019
MULTILATERAL	12.31	92.98	10.48	115.77	16.08	11.76	30.06	57.91	0.00	0.00	0.00	0.00
EXPORT CREDITS	1.70	2.05	1.96	5.72	-	-	1.45	1.45	1.12	9.55	0.55	11.22
COMMERCIAL	-	146.68	27.82	174.50	10.31	2,000.05	29.07	2,039.43	34.43	9.77	6.63	50.83
OTHER CONCESSIONAL	-	-	4.53	4.53	-	5.68	0.54	6.22	0.11	6.14	8.28	14.53
BILATERAL	1.93	14.15	4.31	20.40	13.01	6.70	4.53	24.24	0.00	4.86	0.15	5.01
Total	15.94	255.86	49.10	320.91	39.41	2,024.19	65.65	2,129.25	35.66	30.32	15.61	81.59

Disbursement on external debt in the second quarter of 2019 was primarily from non-concessional sources.

4.4 External Debt Service Payments

Table 5. External debt service payments

	JAN-2017	FEB-2017	MAR-2017	DEC-2017	JAN-2018	FEB-2018	MAR-2018	DEC-2018	JAN-2019	FEB-2019	MAR-2019	Q1-2019
	<i>(in millions of US\$)</i>											
Principal	90.75	20.98	64.66	175.11	62.84	38.47	46.25	133.55	89.14	85.34	49.10	223.58
Interest	74.04	46.79	15.77	43.52	68.91	49.72	44.33	81.78	64.01	63.64	14.76	142.41
Total	164.79	67.76	80.43	218.64	131.75	88.19	90.57	215.34	153.15	148.98	63.87	365.99
	<i>(in millions of GHS)</i>											
Principal	385.39	91.81	289.41	773.09	277.99	170.09	204.33	643.32	436.23	431.21	254.82	1,122.26
Interest	313.40	201.80	70.74	192.14	304.78	219.92	195.91	393.89	313.60	317.10	76.89	707.58
Total	698.79	293.61	360.15	965.23	582.77	390.01	400.24	1,037.21	749.83	748.30	331.71	1,829.84

Principal repayments increased in January and February 2019 when compared to March 2019. The increases in repayment in Jan. and Feb. was as a result of payments made on the VTB and CDB facilities.

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Table 6. Currency composition of debt service payments, end March 2019

	JAN-2019	FEB-2019	MAR-2019
USD	94.55%	82.28%	59.30%
EUR	4.89%	15.15%	15.57%
GBP	0.43%	2.19%	0.01%
JPY	0.09%	0.00%	0.01%
CNY	0.00%	0.19%	23.86%
OTHERS	0.04%	0.20%	1.26%

A breakdown of the currency composition of external debt service payments by end March, 2019 shows that USD-denominated payments, accounted for the largest portion of debt service payments. They consist of debt service payments due commercial creditors, including the Eurobonds.

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5.0 Domestic Debt

5.1 Domestic Debt Stock by Instruments

Table 7. Maturity structure of domestic debt (GHS millions)

	JAN-2017	FEB-2017	MAR-2017	DEC-2017	JAN-2018	FEB-2018	MAR-2018	DEC-2018	JAN-2019	FEB-2019	MAR-2019
A. Short-Term Instruments	20,143.95	19,764.68	19,142.82	11,996.82	11,642.12	11,123.81	10,824.29	11,031.93	11,232.67	11,656.55	12,832.39
91-Day Treasury Bill	9,940.93	9,735.34	9,644.63	5,444.68	5,400.96	5,100.35	4,986.34	5,576.65	5,758.46	6,095.63	6,010.14
182-Day Treasury Bill	7,233.35	6,628.63	5,862.97	2,866.95	2,845.00	2,865.71	2,907.44	3,049.80	3,025.30	3,055.42	3,095.52
364-Day Treasury Bill	-	-	-	-	-	-	-	-	43.42	350.29	1,651.02
1-Year Treasury Note	2,969.67	3,400.70	3,635.22	3,685.19	3,396.17	3,157.76	2,930.51	2,405.49	2,405.49	2,155.21	2,075.72
B. Medium-Term Instruments	21,167.04	21,597.35	22,488.55	36,697.84	37,194.46	38,974.46	40,810.21	48,429.82	49,345.16	50,497.37	51,241.75
2-Year Fixed Treasury Note	5,316.84	5,325.56	5,225.90	6,400.61	6,894.12	7,155.85	7,534.28	13,049.78	13,421.57	14,157.68	13,996.60
2-Year USD Domestic Bond	404.37	422.25	410.79	417.97	418.90	418.36	417.05	-	-	-	-
3-Year USD Domestic Bond	-	-	-	977.79	979.96	978.68	975.62	1,067.68	1,096.13	1,141.91	1,125.82
3-Year Fixed Rate Bond	6,658.62	6,256.62	7,267.22	7,255.54	7,255.54	6,785.46	8,361.43	10,930.29	10,944.39	10,944.39	11,579.50
3-Year Stock (SSNT)	1,136.98	1,136.98	1,022.69	881.85	881.85	881.85	767.55	502.85	502.85	502.85	388.56
5-Year GOG Bond	6,849.47	7,655.19	7,655.19	11,204.01	11,204.01	13,194.20	13,194.20	12,160.66	12,661.66	12,661.66	12,661.66
6-Year GOG Bond	-	-	-	-	-	-	-	-	-	370.31	370.31
7-Year GoG Bond	201.72	201.72	201.72	2,150.50	2,150.50	2,150.50	2,150.50	2,857.39	2,857.39	2,857.39	3,258.13
10-Year GOG Bond	599.04	599.04	705.04	7,409.57	7,409.57	7,409.57	7,409.57	7,861.17	7,861.17	7,861.17	7,861.17
C. Long-Term Instruments	13,110.93	13,110.93	13,110.93	17,846.51	20,047.80	20,047.80	19,990.60	27,313.27	27,206.60	27,206.60	28,639.40
15-Year GoG Bond	-	-	-	4,793.78	4,793.78	4,793.78	4,793.78	4,793.78	4,793.78	4,793.78	4,793.78
Long-Term Govt Stock	11,987.40	11,987.40	11,987.40	11,987.40	11,987.40	11,987.40	11,987.40	11,987.40	11,987.40	11,987.40	11,987.40
Long-Term Govt Stock (Bank Bailout)	-	-	-	-	2,201.28	2,201.28	2,201.28	9,581.15	9,474.49	9,474.49	9,474.49
GoG Petroleum Financed Bonds	80.02	80.02	80.02	80.02	80.02	80.02	80.02	80.02	80.02	80.02	80.02
TOR Bonds	572.00	572.00	572.00	514.80	514.80	514.80	457.60	400.40	400.40	400.40	343.20
Revaluation Stock	361.06	361.06	361.06	361.06	361.06	361.06	361.06	361.06	361.06	361.06	361.06
Other Government Stock	1.00	1.00	1.00	-	-	-	-	-	-	-	-
Telekom Malaysia Stocks	109.46	109.46	109.46	109.46	109.46	109.46	109.46	109.46	109.46	109.46	109.46
PHB Bond	-	-	-	-	-	-	-	-	-	-	1,490.00
D. Standard Loans	487.98	487.98	487.98	227.91	212.72	212.72	169.38	124.71	124.71	124.71	124.71
TOTAL (A+B+C)	54,909.90	54,960.94	55,230.28	66,769.08	69,097.09	70,358.79	71,794.47	86,899.73	87,909.14	89,485.23	92,838.25

The volume of medium-term debt to the total domestic debt stock increased by end-March, 2019, mainly as a result of the PHB bond issued by Government as recapitalization bond to support CBG for the financial sector clean up.

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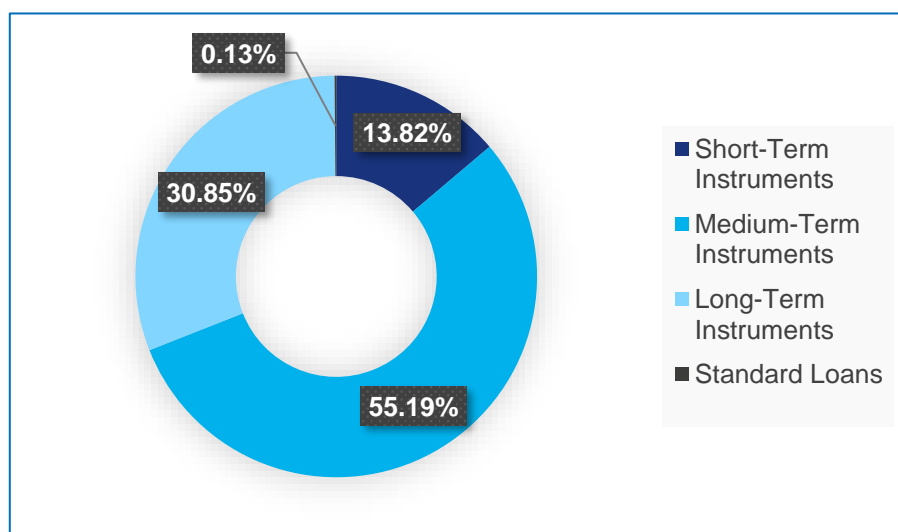
5.2 Domestic Debt Stock by Holders

Table 8. Holding structure of domestic debt (GHS millions)

	JAN-2017	FEB-2017	MAR-2017	DEC-2017	JAN-2018	FEB-2018	MAR-2018	DEC-2018	JAN-2019	FEB-2019	MAR-2019
A. Banking System	22,340.85	23,257.22	23,377.57	23,619.32	25,876.25	26,153.20	26,677.89	39,192.07	40,218.31	41,381.94	41,226.41
Bank of Ghana	13,056.52	12,998.90	13,003.76	13,002.64	13,003.47	13,002.18	13,002.58	13,933.31	16,326.64	16,313.49	14,579.15
Deposit Money Banks	9,284.33	10,258.32	10,373.81	10,616.68	12,872.78	13,151.02	13,675.32	25,258.75	23,891.66	25,068.45	26,647.26
B. Non-Bank Sector	18,394.86	17,874.76	17,408.09	17,256.23	16,969.54	16,831.70	16,982.24	21,506.77	22,251.11	22,909.85	25,147.73
SSNIT	1,500.08	1,458.24	1,315.12	1,402.56	1,210.01	1,282.64	1,183.35	795.56	666.73	618.73	511.19
Insurance Companies	279.93	298.45	305.33	340.48	324.61	332.48	347.05	462.37	470.04	466.79	477.43
Other Holders	16,614.85	16,118.08	15,787.63	15,513.19	15,434.91	15,216.58	15,451.85	20,248.84	21,114.34	21,824.33	24,159.10
C. Foreign Sector	13,686.21	13,340.98	13,956.64	25,665.61	26,038.58	27,161.17	27,964.95	26,076.18	25,315.01	25,068.73	26,339.40
D. Standard Loans	487.98	487.98	487.98	227.91	212.72	212.72	169.38	124.71	124.71	124.71	124.71
TOTAL (A+B+C+D)	54,909.90	54,960.94	55,230.28	66,769.08	69,097.09	70,358.79	71,794.47	86,899.73	87,909.14	89,485.23	92,838.25

The majority of new issuance of domestic debt is held by the non-bank sector, mainly individuals and firms & institutions. The issuance of the PHB Bond in March 2019 accounts mostly for the increase in the banking sector holdings.

Figure 8. Share of instruments in domestic debt, end June 2019



The proportion of medium-term debt remained dominant in the portfolio of domestic debt as at the end of June 2019. In January 2019, Government re-opened the 6-year bond which was issued in the first quarter which increased the stock of the medium-term debt.

Note: This classification of domestic debt by tenor includes the stock of non-marketable debt and domestic standard loans.

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5.3 Net Issuance of Domestic Debt

Table 9. Issuance and Redemption of Domestic Debt (GHS millions)

	JAN-2018	FEB-2018	MAR-2018	DEC-2018	JAN-2019	FEB-2019	MAR-2019	Q1-2019
Issuance								
91-Day	1,775.89	1,493.44	1,717.01	2,351.44	1,666.30	2,077.89	1,938.77	5,682.96
182-Day	679.16	297.36	277.78	903.40	580.57	340.95	285.16	1,206.67
364-Day	-	-	-	-	43.42	306.86	1,300.73	1,651.02
1-Yr	270.67	250.27	79.50	784.02	-	-	-	-
2-Yr Fixed	514.93	485.92	446.94	1,158.14	1,832.18	986.47	1,169.94	3,988.59
2-Yr Fixed (USD)	-	-	-	-	-	-	-	-
3-Yr Fixed	-	-	1,575.97	-	387.33	-	635.10	1,022.44
5-Yr Bond	-	1,990.19	-	-	501.00	-	-	501.00
6-Yr Bond	-	-	-	-	-	370.31	-	370.31
7-Yr Bond	-	-	-	-	-	-	400.74	400.74
10-Yr Bond	-	-	-	-	-	-	-	-
15-Yr Bond	-	-	-	-	-	-	-	-
Total Issuance	3,240.65	4,517.18	4,097.20	5,197.00	5,010.80	4,082.48	5,730.44	14,823.73
Maturities								
91-Day	1,819.61	1,794.05	1,831.02	2,199.32	1,484.48	1,740.72	2,024.26	5,249.46
182-Day	701.12	276.65	236.06	832.26	605.07	310.82	245.07	1,160.96
364-Day	-	-	-	-	-	-	-	-
1-Yr	559.69	488.68	306.74	569.49	-	250.27	79.50	329.77
2-Yr Fixed	21.41	224.19	68.51	1,040.72	1,460.39	250.36	1,331.02	3,041.76
2-Yr Fixed (USD)	-	-	-	-	-	-	-	-
3-Yr Fixed	-	470.08	-	-	373.23	-	-	373.23
5-Yr Bond	-	-	-	-	-	-	-	-
6-Yr Bond	-	-	-	-	-	-	-	-
7-Yr Bond	-	-	-	-	-	-	-	-
10-Yr Bond	-	-	-	-	-	-	-	-
15-Yr Bond	-	-	-	-	-	-	-	-
Total Maturities	3,101.83	3,253.65	2,442.32	4,641.79	3,923.17	2,552.18	3,679.84	10,155.19
Net issuance								
91-Day	(43.72)	(300.61)	(114.00)	152.12	181.82	337.16	(85.48)	433.50
182-Day	(21.95)	20.71	41.73	71.15	(24.50)	30.13	40.09	45.72
364-Day	-	-	-	-	43.42	306.86	1,300.73	1,651.02
1-Yr	(289.02)	(238.41)	(227.24)	214.53	-	(250.27)	(79.50)	(329.77)
2-Yr Fixed	493.51	261.73	378.43	117.42	371.79	736.11	(161.08)	946.83
2-Yr Fixed (USD)	-	-	-	-	-	-	-	-
3-Yr Fixed	-	(470.08)	1,575.97	-	14.10	-	635.10	649.20
5-Yr Bond	-	1,990.19	-	-	501.00	-	-	501.00
6-Yr Bond	-	-	-	-	-	370.31	-	370.31
7-Yr Bond	-	-	-	-	-	-	400.74	400.74
10-Yr Bond	-	-	-	-	-	-	-	-
15-Yr Bond	-	-	-	-	-	-	-	-
Total Net Issuance	138.82	1,263.53	1,654.87	555.22	1,087.63	1,530.30	2,050.61	4,668.54

Gross domestic issuance (face value) totaled GH¢14.82 billion in the first quarter, which was mainly from short-term issuances. The bulk of new issuance in the first quarter was in the 364-day treasury bill, 2-year bond and 3-year bond which accounts for 69.6 percent of new issuance. Much of the issuances in the 2-year and 3-year bonds were re-opens/tap-ins used to off-set uncovered primary auctions.

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5.4 Interest Rates on Domestic Debt

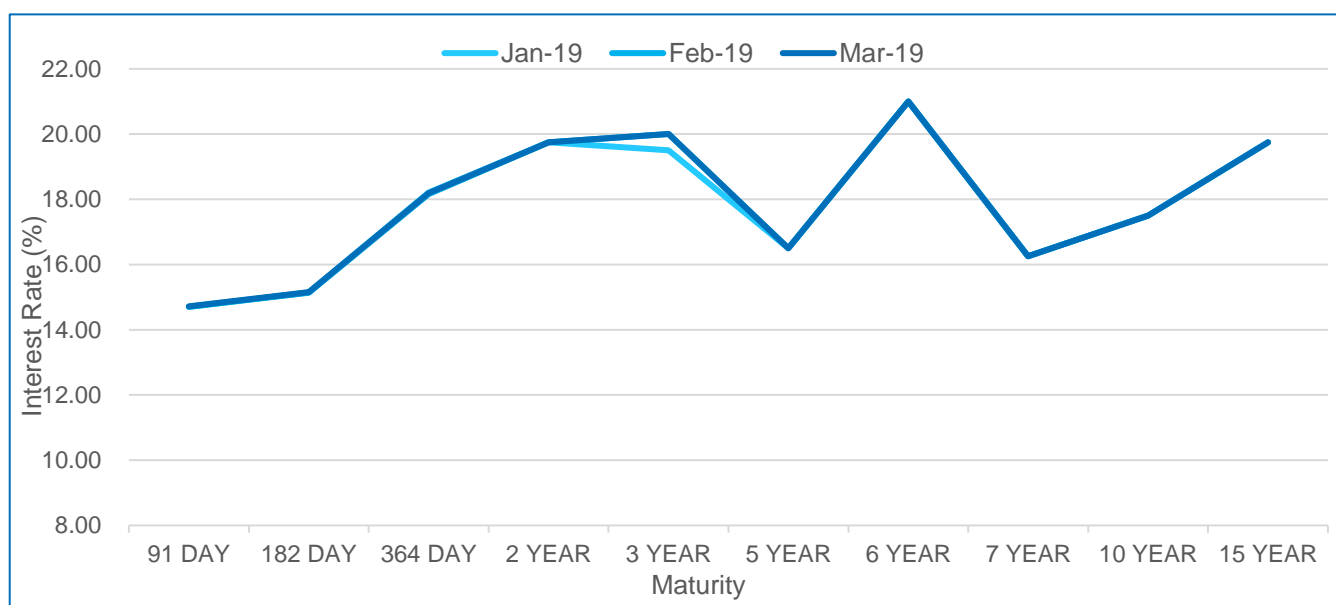
Table 10. Interest rates on Government of Ghana money market instruments

	Jan-17	Feb-17	Mar-17	Dec-17	Jan-18	Feb-18	Mar-18	Dec-18	Jan-19	Feb-19	Mar-19
91 DAY	15.94	15.94	17.51	13.35	13.35	13.35	13.36	14.59	14.70	14.71	14.72
182 DAY	17.10	16.99	17.19	13.88	13.91	13.90	13.90	15.03	15.15	15.13	15.16
364 DAY	19.50	19.00	19.00	15.00	15.00	15.00	15.00	15.50	18.21	18.16	18.19
2 YEAR	21.00	21.50	21.33	17.50	17.18	16.50	16.50	19.50	19.75	19.75	19.75
3 YEAR	24.00	24.00	21.50	18.50	18.50	18.50	16.50	19.50	19.50	20.00	20.00
5 YEAR	18.75	18.75	18.75	17.60	17.60	16.50	16.50	16.50	16.50	16.50	16.50
6 YEAR	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	21.00	21.00	21.00
7 YEAR	18.00	18.00	18.00	19.75	19.75	19.75	19.75	16.25	16.25	16.25	16.25
10 YEAR	19.00	19.00	19.00	19.00	19.00	19.00	19.00	17.50	17.50	17.50	17.50
15 YEAR	N/A	N/A	N/A	19.75	19.75	19.75	19.75	19.75	19.75	19.75	19.75

Source: Bank of Ghana and Ministry of Finance

Rates on most treasury securities inched up on both the short-term and medium-term segments of the market by March, 2019. Rates on the 91-day and 182-day and 364-day treasury bills rose to 14.72 percent, 15.16 percent and 18.19 percent, respectively, at the end of the first quarter. The rates on the, 2-year note and 3-year bond also increased by 25 and 50 basis points to 19.75 percent and 20.00 percent respectively. Government introduced a 6-year bond in January 2019, which was issued at a yield of 21 percent. Yields on the 5-year, 7-year, 10-year and 15-year bonds, however, remained unchanged at 16.50 percent, 16.25 percent, 17.50 percent and 19.75 percent respectively, during the same period.

Figure 9. Yield Curve (at constant maturity)



By end March 2019, yields of short-term and medium-term instruments increased marginally from January, whereas yields for the longer-dated instruments remained the same.

6.0 Liability Management Operations

In the 2019 Budget and Economic Policy and the Medium Term Debt Strategy (MTDS) of the Ministry, Government hope to continue its on-going liability management and debt re-profiling programme which has contributed to the improvement of the debt mix and lower interest payments to help manage the risks embedded in the debt portfolio. It is prudent to manage the roll-over and refinancing risk by reducing the large outstanding securities into more liquid maturities.

Government successfully issued US\$3.00 billion on the international capital market on 19th March, 2019. In line with the intended use of proceeds for the Eurobond, US\$2.00 billion was allocated for budget support and the remaining US\$1.00 billion for liability management operations.

A tender offer was conducted to buyback a portion of the 2023 outstanding Eurobond of an amount of **US\$303.10 million**. The remaining US\$700.00 million portion of the liability management is earmarked for buying back outstanding maturities on the domestic market. Currently, the Ministry has successfully repurchased a total of **GH¢209.77 million** of the outstanding July 2022 5-year bond on the domestic market. It is important to mitigate the forex risk associated with early bond redemptions which arises from high exposures to offshore investors, buyback auctions is being conducted in close coordination with the Bank of Ghana to avoid any associated forex risk from the repatriation of offshore flows.

Glossary

Amortisation	Schedule for payments of principal on an on-going basis on a loan
Average Time to Maturity	The average time to maturity measures the weighted average time to maturity of all the principal payments in the portfolio
Bonds	Debt securities that give holders an unconditional right to fixed income or contractually determined payments on a specified date or dates.
Buy-back	The repurchase by a debtor government of all or a portion of its external debt at a discount from face value
Bilateral Debt	Debt contracted from sovereign countries.
Commercial Debt	Short-term borrowing from banking institutions other than Official Development Assistance (ODA).
Concessional loans	These are loans that are extended on terms substantially generous than loans contracted from the market.
Contingent Liability	Obligations that do not arise unless a particular, discrete event(s) occurs in the future.
Coupon	The annual interest rate paid on a bond expressed as a percentage of the face value
Debt Service	Debt payments in respect of both principal and interest.
Debt-to-GDP Ratio	Ratio of a country's gross public debt to a country's Gross Domestic Product.
Debt Relief	Any form of debt reorganisation that relieves the overall burden of debt.
Disbursed Outstanding Debt	The amount, at any given time, of disbursed and outstanding contractual liabilities of a country denominated in hard currency.
Disbursement	The transfer of the committed loan amount from the lender to the borrower, once contractual conditions are fulfilled.
Domestic Debt	Debt liabilities owed by residents to residents of the same country.
Escrow Account	Accounts mobilised in which proceeds are paid into to pay off future debt service payments.
Eurobonds	Bond issued by a borrower in a foreign country, denominated in a Eurocurrency (e.g. US dollar, Canadian dollar, yen, euro), underwritten and sold by an international syndicate of financial institutions.
External Debt	Debt liabilities owed by residents to non-residents.
Gross Domestic Product	The market value of all final goods and services produced within a country in a given period. The GDP is determined using data for

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	production, expenditures, or income and is presented in current or constant prices.
HIPCs	Heavily Indebted Poor Countries (HIPCs) comprise a group of 41 developing countries classified as being heavily indebted and poor.
Interest Payment	The amount paid periodically over a period to a lender as compensation for the use of his capital.
Interest Rate	An interest rate is the cost or price of borrowing, or the gain from lending, normally expressed as an annual percentage.
Letter of Credit	A financial instrument that specifies a letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. If the buyer is unable to make the payment on the purchase, the bank will be required to cover the full or remaining amount of the purchase.
Maturity	The maturity of a bond refers to the date that the debt would cease to exist, at which time the issuer will redeem the bond by paying the principal.
MTDS	A Debt Management Strategy planned to be implemented over the medium-term (three to five years) in order to achieve a composition of a desired debt portfolio with regards to the cost-risk trade-off.
Multilateral Debt	Debt contracted from multilateral institutions such as World Bank, IMF and development banks such as the African Development Bank (AfDB).
Net Domestic Financing	New debt issuance required to partly fund the budget deficit from domestic sources.
On-Lending	Government borrowed funds which are lent to State-Owned Enterprises (SOEs) and small businesses. Government would generally do this as a measure to promote strategic policy objective.
Principal Repayment	The act of paying back money previously borrowed from a lender.
Promissory Note	An unconditional promise to pay a certain sum on demand on a specified due date.
Public Debt	The total public (external and domestic) debt obligations of a country.
Public-Guaranteed Debt	Debt liabilities of public and private sector units, the servicing of which is contractually guaranteed by public sector units.
Public-Private Partnership	Long-term contracts between two units (one in the public sector and the other in the private sector), whereby one unit acquires or builds an asset or set of assets, operate it for a period and then hands the asset over to a second unit.
Refinancing Risk	The risk associated with debt that is rolled over into new debt.
Rollover	The extension or transfer of debt from one period to the next.
Short-Term Debt	Outstanding debt with a maturity of one year or less.

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Sinking Fund	A fund created by a borrower for the purpose of redeeming bonds. The borrower is obliged to redeem specified amounts of the bond within specified periods.
State-Owned Enterprise	A legal entity partially or wholly owned by the government to conduct business on or on behalf of the government.
Yield	The return on an investment or interest received from holding a particular security. The yield is usually expressed as an annual percentage rate based on the investment's cost and current market value or face value.
Yield curve	A graph that shows the mathematical relationship, computed across all government securities (or other securities), between yield and maturity



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