



Ministry of Economy

Quarterly Debt Bulletin – January 2020

1.0 CENTRAL GOVERNMENT DEBT

Government debt stock for period ending 31 January 2020 was recorded at \$5.8 billion equivalent to 50.5 per cent of GDP. This represented an increase of \$31.9 million (0.6 per cent) when compared to the last quarter and of \$472.1 million (8.9 per cent) year-on-year.

Domestic debt accounted for \$4.3 billion (74.7 per cent) and \$1.5 billion (25.3 per cent) in external debt. The composition is within the 5 per cent deviation from the targeted mix of 70 per cent domestic to 30 per cent external financing.

Total debt servicing amounted to \$135 million for the quarter which comprises Principal repayments of \$48.2 million (domestic debts \$48 million and external debts of \$0.2million) and interest payments of \$86.44 million (domestic debts at \$80.84 million and external \$5.6 million). Government continues to service all debt obligations consistently.

1.1 DOMESTIC DEBT

Total domestic debt for the period stood at \$4.3 billion, a slight increase by 0.2 per cent from the last quarter and a significant increase by 11.6 per cent on a year-on-year basis.

A total sum of \$82.8 million was raised within the quarter which comprised \$80.0 million FIBs and \$2.8 million Viti Bonds. On the other hand, treasury bills issuances for the quarter amounted to \$65.5 million.

Government as an active contributor to the development of Fiji's financial markets has maintained consistent issuances and elevated levels of treasury bills. T-bills provide an avenue for liquidity risk management for commercial banks whilst financing government's temporary shortfalls and actively developing the market yield curve.

The high liquidity level in the market is anticipated to further reduce interest rates. The Government anticipates to drawdown external financing in the next six months which will further add to the current market liquidity level. In the quarter, the short end of the yield curve dropped with the 3 months, 6 months and 12 months yields reducing by 10 basis points, 9 basis points and 145 basis points respectively as compared to the last quarter.

1.2 EXTERNAL DEBT

Total external debt stood at \$1.5 billion at the end of January 2020, with an increase of \$22.0 million (1.5 per cent) when compared to the last quarter.

On 23 January 2020, the Fijian Government and the World Bank Group signed a loan agreement

amounting to USD 64 million as part of a policy-based budget support program.

In terms of external debt distribution by currency, the USD denominated loans dominates with 68.9 per cent trailed by CNY at 30.3 per cent and by JPY and EURO at 0.6 per cent and 0.2 per cent respectively.

For loan funded capital projects, a cumulative total of \$25.1 million as at January was directly disbursed to facilitate capital works for the Transport Infrastructure and Investment Sector Project and the Urban Water Supply and Wastewater Management Program.

2.0 COST AND RISK INDICATORS

Over the past six months from the last cost and risk indicators recorded, there were slight movements in the ratios with a notable change in the average term to maturity due to the issuance of long term bonds.

Average time to maturity (ATM) increased from 7.5 years in July 2019 to 8.1 years as at end of January which is a result of new concessional external borrowings. Average time to refixing (ATR) on the other hand increased from 6.6 years in July 2019 to 6.9 years; a slight increase due to concessional rates offered by external lenders as well as a decline in the shorter end of the domestic yield curve.

Prudent management and appropriate market engagement modalities continue to be the key focus of Government to ensure risks related to foreign currency loans are actively managed and at the same time building a smoother redemption profile.

3.0 GOVERNMENT GUARANTEES

The total guaranteed debt recorded at the end of January 2020 was \$690.3 million, a decline by 0.3 per cent over the quarter and is equivalent to 6.0 per cent of GDP.

Over the quarter, Fiji Sugar Corporation, Housing Authority and Fiji Development Bank accessed loans amounting to \$5.9 million, \$10.0 million and \$10.5 million respectively.

Debt Management Unit May 2020.

Appendix

Central Government Debt Statistics							
Particulars (\$M)	19-Jan	19-Apr	19-Jul	19-Oct	20-Jan	qtr-to-qtr %chge	yr-to-yr %chge
Debt Stock							
TOTAL GOVERNMENT DEBT	5,326.3	5,498.8	5,735.2	5,766.5	5,798.4	0.6%	8.9%
DOMESTIC DEBT	3,879.3	4,050.6	4,278.5	4,320.5	4,330.3	0.2%	11.6%
BONDS:	3,737.8	3,952.6	3,971.0	4,020.5	4,055.3	0.9%	8.5%
<i>FNPF</i>	2,398.1	2,624.1	2,647.8	2,688.4	2,710.6	0.8%	13.0%
<i>FNPF Retirement Income Fund</i>	309.5	309.5	312.6	315.4	318.4	1.0%	2.9%
<i>FNPF Special Death Benefit Fund</i>	48.4	48.4	48.4	53.4	53.4	0.0%	10.3%
<i>Insurance companies</i>	680.8	683.7	688.9	701.1	716.1	2.1%	5.2%
<i>Commercial Banks</i>	110.1	110.1	103.0	101.8	89.7	-11.9%	-18.5%
<i>RBF</i>	72.3	61.2	59.4	59.8	60.1	0.5%	-17.0%
<i>Trust Fund</i>	24.1	23.7	23.7	22.3	22.1	-0.9%	-8.4%
<i>Unit Trust of Fiji</i>	26.0	26.0	26.0	19.3	19.5	1.0%	-25.0%
<i>Merchant Finance</i>	5.6	5.6	5.6	5.6	5.6	0.0%	0.0%
<i>Credit Corporation</i>	0.9	0.8	0.8	0.8	0.8	0.0%	-11.1%
<i>Others</i>	62.0	59.5	54.7	52.6	59.1	12.4%	-4.6%
T-BILLS	141.5	98.0	307.5	300.0	275.0	-8.3%	94.3%
EXTERNAL DEBT	1,447.0	1,448.2	1,456.8	1,446.0	1,468.1	1.5%	1.5%
BONDS (Global Bond)	421.9	429.6	433.0	436.1	438.0	0.4%	3.8%
LOANS	1,025.1	1,018.5	1,023.8	1,009.9	1,030.0	2.0%	0.5%
<i>ADB</i>	378.0	380.3	389.3	397.2	406.8	2.4%	7.6%
<i>EXIM China</i>	480.0	468.7	462.0	435.8	445.2	2.2%	-7.2%
<i>JICA</i>	10.6	9.3	9.7	8.5	8.5	0.5%	-19.2%
<i>IBRD</i>	154.2	157.9	160.3	165.8	166.9	0.6%	8.2%
<i>IFAD</i>	2.3	2.3	2.5	2.6	2.5	-0.6%	11.4%
Debt Servicing							
	19-Jan	19-Apr	19-Jul	19-Oct	20-Jan	qtr-to-qtr %chge	yr-to-yr %chge
TOTAL DEBT SERVICING	145.9	249.3	186.4	165.4	134.7	-18.6%	-7.7%
Domestic Bonds & Loans	140.6	199.1	180.5	114.8	128.8	12.2%	-8.3%
<i>Principal</i>	64.8	41.6	55.5	53.0	48.0	-9.3%	-25.9%
<i>Interest</i>	75.8	157.5	125.0	61.9	80.8	30.7%	6.7%
External Loans	5.3	50.3	6.0	50.6	5.8	-88.5%	9.7%
<i>Principal</i>	0.2	27.5	0.2	27.7	0.2	-99.1%	13.0%
<i>Interest*</i>	5.1	22.7	5.7	22.9	5.6	-75.6%	9.5%
<i>*includes capitalized interest and other fees</i>							
BORROWING	162.5	260.2	81.5	120.5	91.0	-24.5%	-44.0%
FIB Bonds/Viti Bonds	161.8	256.3	73.9	102.5	82.8	-19.2%	-48.8%
External loans*	0.65	3.87	7.64	18.01	8.11	-54.9%	1139.0%
<i>*includes non-cash borrowing</i>							
Debt Ratios							
	19-Jan	19-Apr	19-Jul	19-Oct	20-Jan	qtr-to-qtr %chge	yr-to-yr %chge
% of Domestic Debt to Total Debt	72.8%	73.7%	74.6%	74.9%	74.7%	-0.3%	2.5%
% of External Debt to Total Debt	27.2%	26.3%	25.4%	25.1%	25.3%	1.0%	-6.8%
% Domestic Debt to GDP	33.1%	34.6%	36.5%	37.6%	37.7%	0.2%	12.4%
% External Debt to GDP	12.3%	12.4%	12.4%	12.6%	12.8%	1.5%	2.2%
Total Government Debt to GDP	45.5%	46.9%	48.9%	50.2%	50.5%	0.6%	9.6%
Government Guarantee							
Total Government Guarantee	662.9	628.7	673.3	692.2	690.3	-0.3%	4.1%
<i>Fiji Development Bank</i>	259.8	272.1	291.9	303.2	290.2	-4.3%	11.7%
<i>Energy Fiji Limited</i>	92.1	54.7	53.9	53	52.1	-1.7%	-43.5%
<i>Fiji Hardwood Corporation Limited</i>	4.6	3.9	3.6	3.6	2	-44.7%	-57.0%
<i>Fiji Sugar Corporation</i>	225.9	217.1	241.3	239.9	243.8	1.6%	7.9%
<i>Housing Authority</i>	68	68	68	80.2	90.2	12.5%	32.5%
<i>Fiji Broadcasting Corporation</i>	11.6	11	10.5	9.9	9.4	-5.6%	-19.0%
<i>Pacific Fishing Company Limited</i>	0.9	1.9	4.1	2.5	2.7	6.2%	183.0%

Cost and Risk Indicators

<u>Risk Indicators</u>		Jan-20			Jul-19		
		<u>External debt</u>	<u>Domestic debt</u>	<u>Total debt</u>	<u>External debt</u>	<u>Domestic debt</u>	<u>Total debt</u>
Cost of Debt	Weighted Av. IR (percent)	4.7	6.7	6.2	3.3	6.9	6.0
Refinancing risk	Average Time to Maturity (years)	6.4	8.7	8.1	5.7	8.1	7.5
Interest rate risk	Average Time to Re-fixing (years)	2.4	8.7	6.9	2.4	8.1	6.6
FX risk	FX debt (percent of total debt)	25.3			25.4		

Source: Ministry of Economy.

Yields on Government Securities

Period	1mth	2mth	3mth	6mth	9mth	12mth	10yr	15yr	20yr
31-Jan-20	1.06	1.63	2.25	2.98	3.26	3.55	6.00	6.50	7.00
31-Oct-19	1.06	1.63	2.35	3.07	4.33	5.00	6.00	6.50	7.00
30-Jan-19	0.99	1.15	1.45	3.00	3.34	3.63	6.00	6.50	7.00

Source: Ministry of Economy and Reserve Bank of Fiji.