



Third Quarter 2019 Public Debt Statistical Bulletin

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**SUSTAINABLE
DEVELOPMENT GOALS**

Transforming Ghana Beyond Aid





REPUBLIC OF GHANA

Third 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

The global economy is in a synchronized slowdown, the World Economic Outlook (WEO) projected a downgraded growth for 2019 to 3 percent, its slowest pace since the global financial crisis. This is a serious climb-down from 3.8 percent in 2017, when the world was in a corresponding upswing. This subdued growth is a consequence of rising trade barriers; elevated uncertainty surrounding trade and geopolitics; peculiar factors causing macroeconomic strain in several emerging market economies; and structural factors, such as low productivity growth and aging demographics in advanced economies.

On the domestic front, the strong growth momentum has been sustained since last year as indicated by the latest GDP growth estimates. On inflation, the Ghana Statistical Service has revised the Consumer Price Index to reflect new weights, increased items in the CPI basket and a base year change in the computation of inflation.

In summary, the Monetary Policy Committee observed some emerging inflation pressures, mainly from the recent upward adjustment of utility tariffs, ex-pump prices and transport fares. Notwithstanding these, headline inflation has consistently remained within the target band of 8 ± 2 percent, with the latest number below the central path and the September 2019 forecast shows that the current inflation trends will persist over the medium-term. Also, the dovish policy stance adopted by central banks in advanced economies, favourable financing conditions, alongside the relatively subdued global inflation are expected to positively impact the domestic economy through the trade and finance channels. Considering these favourable developments, it was observed that there was some scope for monetary policy easing, but for the fiscal situation and therefore decided to maintain the Monetary Policy Rate at 16.0 percent with the commitment to monitor developments going forward.

Inflation

Inflation rate increased to 9.20 percent in February 2019, from 9.0 percent recorded in January 2019. It remained unchanged by 9.20 percent in March 2019, further to 9.50 percent in April 2019, and declined to 9.40 percent in May 2019. It further declined to 9.10 percent in June 2019 and increased to 9.40 percent in July 2019.

The inflation rate eased to 7.6 percent in September 2019, its lowest level since August 2013, from 7.8 percent in August. Prices continued to slow for non-food products while rose further for food. The resulting new measure of headline inflation for September 2019 of 7.6 percent fell below the central path of the Bank of Ghana's medium term inflation target of 8 ± 2 percent.

Interest Rate Developments

The Monetary Policy Committee of the Central Bank maintained the Monetary Policy Rate (MPR) of 16.0 percent since January 2019, 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 rates on the 2-year, 3-year, 6-year, 7-year and 10-year bond remained unchanged. The rates on the 91-day, 182-days, 364-days treasury bills and 5-year bond, however, declined by 0.09, 0.08, 0.01 and 0.25 basis points respectively to 14.68 percent, 15.14 percent, 19.91 and 19.50 percent, respectively over the same period. The rate for 15-year bond increased to 20.0 percent by 0.25 basis points. Government issued a 20-year bond in August 2019 at a rate of 20 percent.

The weighted average interbank lending rate declined to 15.2 percent in September, 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

On the external front, the current account balance for the third quarter of 2019 registered a deficit of US\$54 million, equivalent to 0.1 percent of GDP. The trade deficit was recorded on the back of a higher import bill and marginal decrease in export earnings

Exchange Rates Developments

Despite these strong fundamentals, the Cedi has been on the steady rise the third quarter against the major international currencies after it came under pressure in March 2019. The rate of depreciation of the Cedi peaked at 9.3 percent by September 30, 2019, compared to a marginal depreciation rate of 7.22 percent in the same period of 2018.

2.0 Public Debt Highlights

The public debt stock increased from GH¢203.8 billion (US\$39.2 billion) in June 2019 to GH¢208.6 billion (US\$38.74 billion) at end-September 2019, which is 60.55 percent of rebased GDP. External debt accounted for GH¢107.04 billion (US\$20.1 billion); 31.11 percent of GDP, whereas domestic debt accounted for GH¢101.3 billion (US\$19.06 billion); 29.44 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				END SEPTEMBER 2019		
	JUL	AUG	SEP	DEC-2017	JUL	AUG	SEP	DEC-2018	JUL-2019	AUG-2019	SEPT-2019
GROSS DEBT											
A. External debt	17,047.60	17,022.77	17,255.10	17,160.41	18,282.45	18,232.19	18,146.54	17,868.48	20,378.56	20,258.88	20,148.68
Multilateral Institutions	5,972.62	6,007.30	6,196.26	6,436.84	6,613.53	6,604.51	6,533.90	6,390.46	6,461.51	6,388.91	6,422.24
IMF	875.78	871.11	980.54	958.26	1,052.31	1,051.58	1,051.41	1,015.05	1,133.24	1,102.98	1,098.54
IDA	3,568.44	3,608.53	3,674.71	3,921.68	3,923.45	3,918.28	3,911.52	3,880.28	3,883.56	3,841.38	3,898.22
AfDB	1,170.34	1,169.28	1,180.33	1,200.02	1,203.10	1,201.93	1,201.12	1,129.43	1,094.19	1,093.73	1,088.55
IFAD	144.81	146.18	146.32	144.01	147.25	147.15	147.13	146.20	145.51	144.91	141.95
Other	213.24	212.20	214.35	212.87	287.41	285.57	222.72	219.51	205.00	205.91	194.98
Official Bilateral	1,175.71	1,181.30	1,213.02	1,210.67	1,225.75	1,224.27	1,212.59	1,204.79	1,189.12	1,193.57	1,209.81
Paris Club	723.92	725.15	751.24	746.35	759.29	760.06	762.77	754.06	748.83	743.42	759.66
Non-Paris Club	451.79	456.15	461.78	464.32	466.46	464.21	449.82	450.74	440.29	450.15	450.15
Other Creditors ¹	9,899.26	9,834.17	9,845.83	9,512.90	10,443.16	10,403.42	10,400.05	10,273.23	12,727.93	12,676.41	12,516.63
B. Domestic Debt	14,564.35	14,368.15	14,382.99	15,118.39	15,721.60	17,460.58	17,631.82	18,020.02	18,693.08	19,126.71	19,064.15
Banking System	5,642.26	5,083.09	5,124.78	5,348.09	5,754.78	7,556.69	7,888.99	8,127.09	8,349.63	8,700.19	8,685.66
Non-Bank Sector	3,898.25	4,073.69	3,919.19	3,907.31	3,983.56	3,993.94	4,012.10	4,459.76	5,400.22	5,548.60	5,528.18
Non-Residents	4,953.59	5,150.29	5,284.68	5,811.43	5,947.78	5,874.69	5,695.83	5,407.30	4,917.05	4,851.86	4,824.43
Loans	70.26	61.08	54.34	51.56	35.48	35.27	34.90	25.86	26.18	26.06	25.89
Gross Public Debt (A+B)	31,611.95	31,390.93	31,638.09	32,278.80	34,004.05	35,692.77	35,778.36	35,888.50	39,071.64	39,385.59	39,212.83
Gross Public Debt-to-GDP, end-Sept (%)	53.74	53.65	54.29	55.54	53.13	56.11	56.83	57.58	59.66	60.42	60.55
MEMORANDUM ITEMS											
Nominal GDP ² (GHS millions)	256,671.37	256,671.37	256,671.37	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)	4.3636	4.387	4.4040	4.4164	4.6969	4.7253	4.7750	4.8224	5.2596	5.2840	5.3188
Gross Public Debt (GHS millions)	137,941.89	137,712.00	139,334.16	142,556.08	159,713.62	168,659.07	170,841.67	173,068.70	205,501.20	208,113.47	208,565.18
External Debt (GHS millions)	74,388.89	74,678.91	75,991.47	75,787.22	85,870.82	86,152.59	86,649.74	86,168.97	107,183.07	107,047.93	107,166.78
Domestic Debt (GHS millions)	63,553.01	63,033.09	63,342.69	66,768.85	73,842.80	82,506.48	84,191.93	86,899.73	98,318.13	101,065.54	101,398.40
NET DEBT											
Financial Assets³ (USD millions)	1,738.14	1,729.51	1,723.29	414.51	627.42	645.61	948.00	482.43	346.64	351.68	350.76
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)	-	-	-	-	406.46	424.71	569.49	10.23	9.39	31.14	30.94
DSRA (GHS); Converted to USD	1,616.13	1,607.51	1,601.30	201.28	0.04	0.04	157.77	251.56	117.47	100.81	100.15
DDR Account	-	-	-	-	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Debt Recovery Account	0.87	0.87	0.87	0.86	10.31	10.24	10.14	10.04	9.20	9.16	9.10
SOE Escrow Accounts	2.11	2.10	2.09	2.08	0.30	0.30	0.29	0.29	0.27	0.26	0.26
Net Public Debt (USD millions)	29,873.80	29,661.42	29,914.80	31,864.29	33,376.63	35,047.17	34,830.36	35,406.07	38,725.00	39,033.91	38,862.07
Net Public Debt (GHS millions)	130,357.34	130,124.65	131,744.79	140,725.44	156,766.70	165,608.38	166,314.95	170,742.25	203,678.02	206,255.18	206,699.56

Source: Ministry of Finance and Bank of Ghana.

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

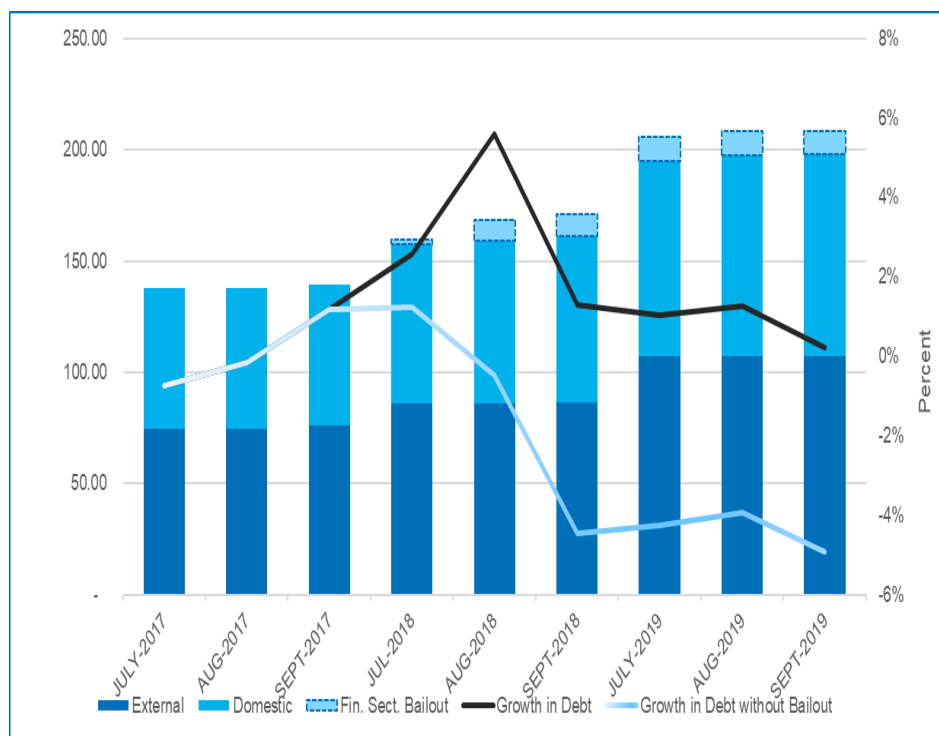
² Rebased GDP series, with 2013 as base year.

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

At the end of September 2019, gross public debt stood at GH¢208,565.18 billion (US\$39,212.68 billion), representing 60.55 percent of GDP. The total debt comprises external and domestic debt of GH¢107,166.78 (US\$ 20,148.68 million) and GH¢101,398.4 (US\$19,064.15million). Government issued a 20-year bond of US\$30.48 million in the domestic market, which was the major impact on the stock of domestic debt in the third quarter.

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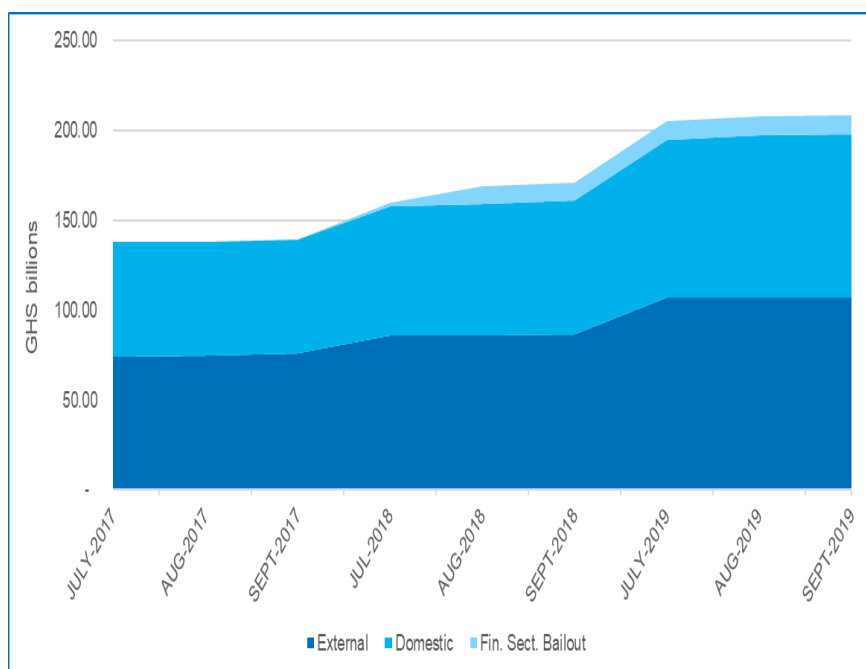
Figure 1. Trends in Public Debt (July, 2017 – September, 2019)



Growth in Public Debt declined from 1.02 percent in July to 0.22 percent in September 2019. However, The rate of debt accumulation from the beginning of the year up to end September 2019 was 20.51 percent mainly driven by the Microfinance institutions and Savings and Loans institutions bailout and the US\$3,000.00 million sovereign bond issuance depreciation of the Ghanaian currency against major trading currencies and new disbursement on committed loans. Without the financial sector bailouts, the rate of debt accumulation since the end of 2018 would have been 14.33 percent.

Figure 2. Share of Public Debt (July, 2017 – September, 2019)

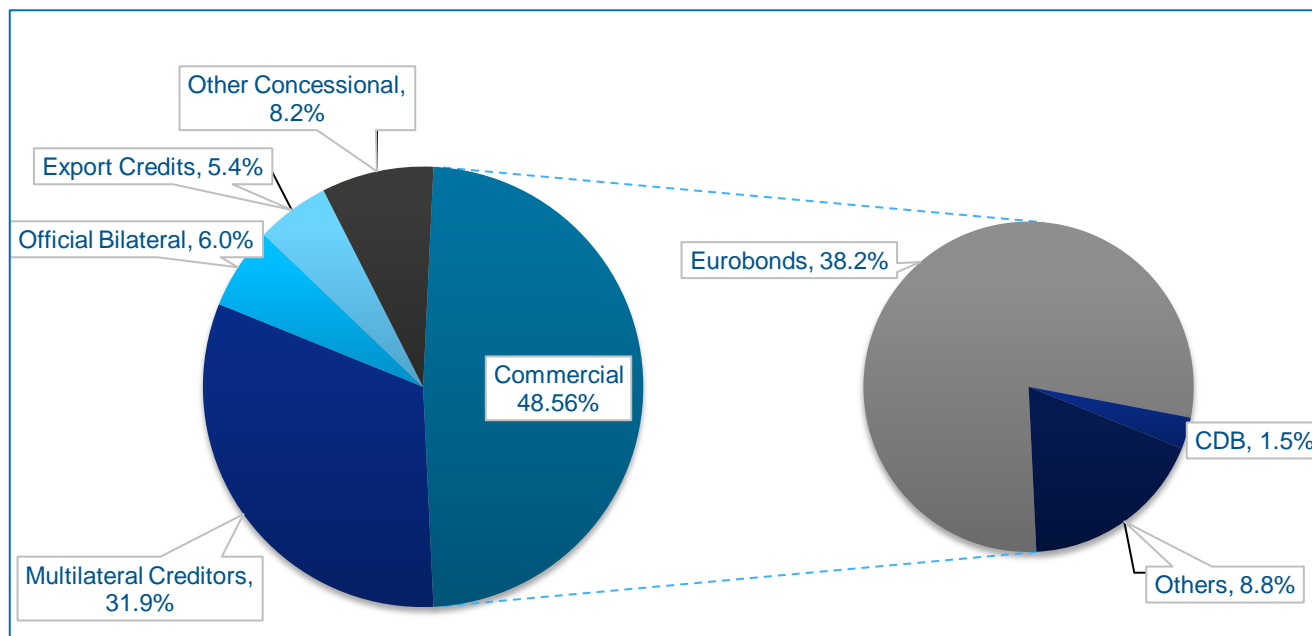
By end of September, 2019, the external debt was Gh¢107.17 million which constitutes the largest share of public debt representing 51.38 percent, with domestic debt of Gh¢90.70 million representing 48.62 percent of public debt. Domestic debt includes financial sector bailout which accounted for 5.13 percent of total debt. The stock of bailout of Gh¢10.69 million is 11.79% of domestic debt.



4.0 External Debt

4.1 External Debt Stock by Creditor Category

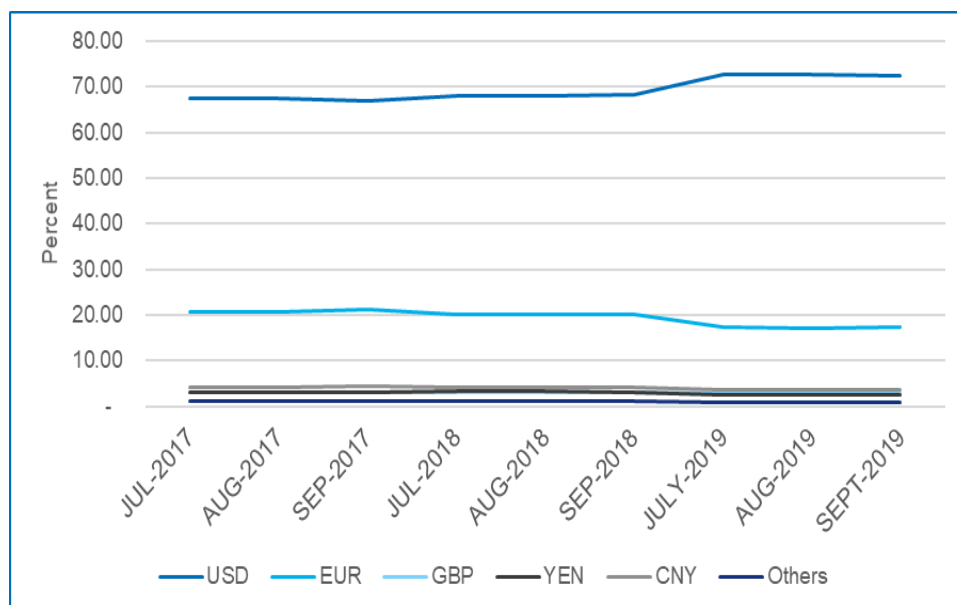
Figure 3. External debt stock composition by creditor category end September, 2019



The share of commercial debt is dominant in the external portfolio, which represents 48.56 percent share, which is followed, by multilateral creditors represents by 31.9 percent share. Other concessional debt stood at 8.2 percent share this is followed by Official Bilateral and Export Creditors, which represents 6.0% percent, and 5.4 percent share respectively. The dominance of the commercial debt in external debt portfolio is mainly attributable to the stock of Eurobonds. The stock of multilateral debt has been dominated by, and continues to be dominated by World Bank loans.

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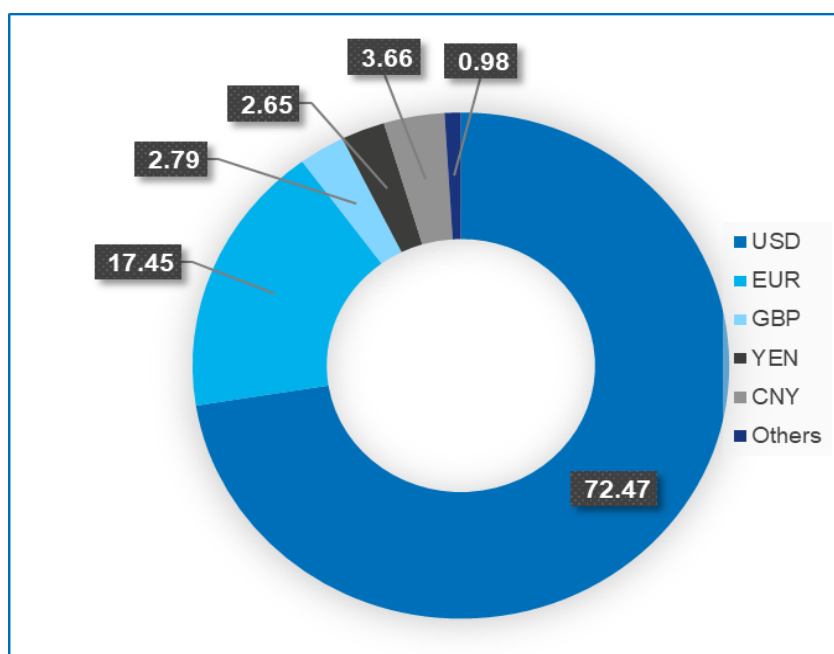
Figure 4. Trends in currency composition of external debt (July, 2017 – September, 2019)



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

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

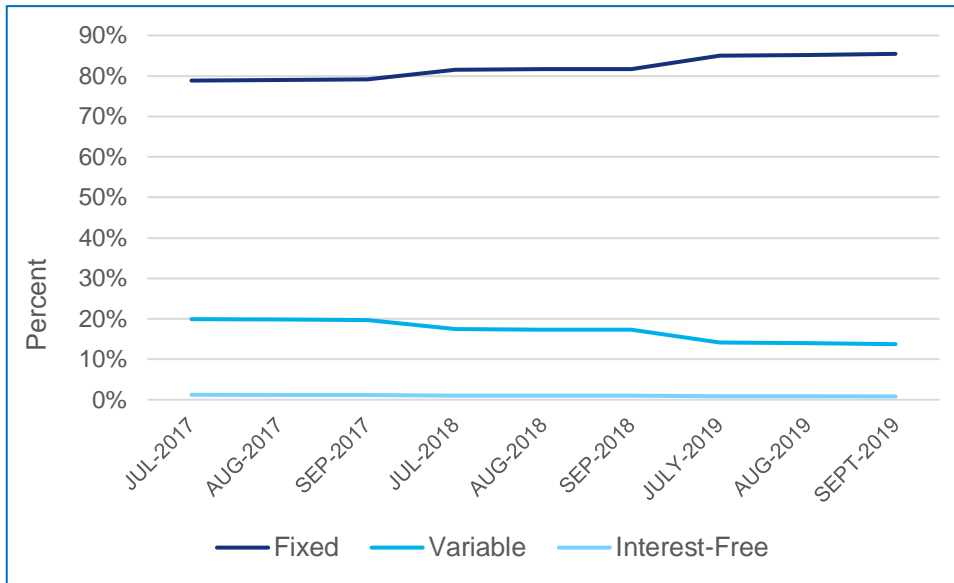
As at end September 2019, USD-denominated loans constituted the largest share of external debt representing 72.47 percent of total external debt, followed by the EUR, which constituted 17.45 percent.



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

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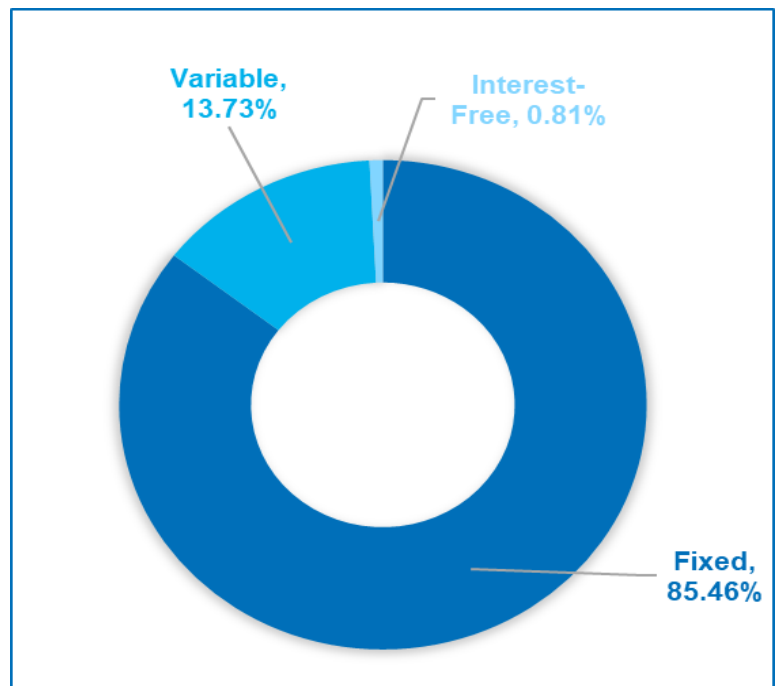
Figure 6. Trends in interest rate composition of external debt (July, 2017 – September, 2019)



The share of fixed rate debt has increased marginally over the period. This meant that the share of variable rate debt also declined marginally. However, the stock of variable rate debt still poses a significant risk to debt service costs.

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

The fixed rate debt and variable rate debt constitute 85.46 percent and 13.73 percent of external debt respectively. Interest-free debt largely consists of subsidized loans from some bilateral creditors and its share continues to dwindle in the external debt portfolio as fewer of such loans have been sourced in recent years. Interest free loans account for approximately 0.81 percent of total external debt as at end-September, 2019.



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

Table 2. New commitments, January, 2019 – September, 2019

S/N	Project/Financing Title	Sector	Creditor	Date Signed	Curr	Loan Amount	USD Equivalent
Concessional Loan							238,600,000.00
1	Ghana Incentive Based Risk Sharing System for Agricultural Lending (GIRSAL) Project	Food and Agriculture	African Development Fund	12/Mar/19	USD	14,600,000.0	14,600,000.00
2	Rehabilitaion and Upgrading of Potable System in Yendi	Water Supply	Export-Import Bank of India	5/Apr/19	USD	30,000,000.0	30,000,000.00
3	Strengthening Agricultural Mechanization Service Centers	Food and Agriculture	Export-Import Bank of India	5/Apr/19	USD	150,000,000.0	150,000,000.00
4	Additional Funding for Bolgantanga Regional Hospital - Phase III	Health	Saudi Fund for Development	4/Sep/19	USD	20,000,000.0	20,000,000.00
5	Dome-Kwabanya-Kitaase Trunk Road	Roads and Highways	Kuwait Fund for African Economic Development	13/Sep/19	USD	24,000,000.0	24,000,000.00
World Bank Loan							30,000,000.00
6	Financial Sector Development Project	Finance	World Bank	27/Jun/19	XDR	21,450,000.0	30,000,000.00
Non-Concessional Loans							956,492,524.90
7	Supply of 300 sets of Global Multipurpose Mini Tractors and 220 Compact (CABRIO I and II) Tractors	Food and Agriculture	Gov't of Czech Republic	14/Feb/19	XEU	10,000,000.0	11,025,222.10
8	Expansion of University of Ghana Hospital-Phase II	Health	Bank Hapoalim	7/Mar/19	XEU	45,623,656.0	50,301,093.90
9	Design, Fabrication, Supply and Installation of 50 No. Composite Bridges and Related Civil Works	Roads Highways	Gov't of Czech Republic	2/Apr/19	XEU	47,500,000.0	52,369,804.90
10	Strengthening of Agricultural and Mechanisation Services Centre (AMSECs)	Food and Agriculture	Export-Import Bank of India	5/Apr/19	USD	150,000,000.0	150,000,000.00
11	Accra Intelligent Traffic Management System Project	Transport	China Development Bank	17/Apr/19	USD	210,660,000.0	210,660,000.00
12	Construction of Eleven Coastal Fishing Landing Sites Project	Food and Agriculture	China Development Bank	17/Apr/19	USD	185,570,000.0	185,570,000.00
13	Execution and Completion of the Military Housing Units for the Ghana	Housing and Urban Development	Poly Changda Overseas Eng.	24/May/19	USD	100,000,000.0	100,000,000.00
14	Overall Upgradation and Modinization of the Vocational Education System in Ghana	Education	ING Bank/ Government of Netherlands	1/Jul/19	XEU	123,287,931.7	135,927,682.60
15	Rehabilitaion and Auxiliary Infrastructure of Kumasi Inner Ring Road and Adjacent Streets	Roads Highways	Deutche Bank, Frankfurt	12/Jul/19	XEU	55,000,000.0	60,638,721.40
International Capital Market Issuance							3,000,000,000.00
16	Eurobond Issuance	Budget Support	Citi Group Bank	18/Mar/19	USD	3,000,000,000.0	3,000,000,000.00
TOTAL							4,225,092,524.90

Since the beginning of 2019, Government has signed sixteen (16) new external loan agreements, amounting to US\$4,255.09 million, and issued Eurobonds amounting to US\$3 billion. Government signed four (4) new loans in the third quarter of 2019 which were from concessional and non-concessional sources.

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Table 3. Average terms of new commitments (end ,2017 – September, 2019)

	2017Q3	2018 Q3	Mar-19	Jun-19	Sep-19
Interest (%)	1.1	6.6	8.2	7.4	7.5
Maturity (yrs)	21.5	28.1	16.9	12.4	12.3
Grace Period (yrs)	4.1	7.8	13.8	15.2	16.3
Grant Element (%)	20.4	-3.5	-31.5	-28.4	-25.5

In the third quarter of 2019, the weighted average interest rate of new commitments went up by 0.1 percent as compared to the second quarter of 2019. The maturity on new commitments also decreased by 0.1 percent. The grace period increased to 16.3 percent from 15.2 percent in the previous quarter while the grant element on the decreased marginally to -25.5 percent from -28.4 percent in the last quarter.

4.3 Disbursements by Creditor Category (New Borrowing)

Table 4. Actual disbursements in US\$ millions (July, 2019 - September, 2019)

CREDITOR CATEGORY	Jul-17	Aug-17	Sep-17	Q3, 2017	Jul-18	Aug-18	Sep-18	Q3, 2018	Jun-19	Jul-19	Aug-19	Sep-19	Q3, 2019
MULTILATERAL	6.59	5.84	9.29	21.72	1.45	197.58	2.23	201.26	22.18	3.38	10.59	4.95	18.92
EXPORT CREDITS	2.62	0.77	1.50	4.89	2.32	-	2.34	4.66	0.55	16.08	0.00	0.00	16.08
COMMERCIAL	14.37	2.12	7.04	23.53	24.03	5.58	8.21	37.82	7.18	6.63	11.84	0.00	18.47
OTHER CONCESSIONAL	-	-	0.04	0.04	22.79	2.45	10.82	36.07	8.28	10.67	16.89	0.00	27.56
BILATERAL	0.48	0.11	3.34	3.93	-	2.98	0.54	3.52	0.15	34.88	0.04	0.00	34.92
Total	24.06	8.84	21.21	54.10	50.59	208.59	24.15	283.33	38.34	71.65	39.36	4.95	115.96

Disbursement on external debt in the third quarter of 2019 was primarily from bilateral and other concessional sources.

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4.4 External Debt Service Payments

Table 5. External debt service payments

	JUL-2017	AUG-2017	SEP-2017	DEC-2017	JUL-2018	AUG-2018	SEP-2018	DEC-2018	JUL-2019	AUG-2019	SEP-2019	Q3-2019
	<i>(in millions of US\$)</i>											
Principal	86.47	59.71	34.51	175.11	89.45	44.93	66.31	133.55	346.23	23.47	109.92	479.61
Interest	76.72	54.08	46.87	43.52	69.34	51.54	21.29	81.78	197.86	36.85	74.39	309.10
Total	163.19	113.79	81.39	218.64	158.79	96.47	87.60	215.34	544.09	60.32	184.30	788.71

	JUL-2017	AUG-2017	SEP-2017	DEC-2017	JUL-2018	AUG-2018	SEP-2018	DEC-2018	JUL-2019	AUG-2019	SEP-2019	Q3-2019
	<i>(in millions of GHS)</i>											
Principal	377.45	262.13	152.08	773.09	412.75	211.85	314.88	643.32	765.34	123.64	442.32	1,331.30
Interest	334.91	236.87	206.66	192.14	304.41	242.30	101.07	393.89	416.49	193.91	365.23	975.63
Total	712.36	499.00	358.73	965.23	717.16	454.16	415.95	1,037.21	1,181.83	317.55	807.55	2,306.92

Principal repayments increased in September 2019 as compared to September, 2018. This was on the account of payments made on new disbursing facilities from the Deutsche Bank and BNP. Interest payments on existing Eurobonds were made in the last quarter.

Table 6. Currency composition of debt service payments, July, 2019 – September, 2019

	JUL-2019	AUG-2019	SEP-2019
USD	82.89%	91.11%	88.25%
EUR	16.84%	8.79%	9.54%
GBP	0.11%	0.00%	1.66%
JPY	0.03%	0.00%	0.00%
CNY	0.00%	0.00%	0.00%
OTHERS	0.13%	0.11%	0.54%

A breakdown of the currency composition of external debt service payments in the third quarter of 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 Deutsche Bank, CDB, BNP and Citi Bank facilities. This skewedness towards the US Dollar highlights the huge exposure to fluctuations in the USD-GHS exchange rate and the pressure debt service payments put on our USD reserves.

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5.0 Domestic Debt

5.1 Domestic Debt Stock by Instruments

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

	JUL-2017	AUG-2017	SEP-2017	JUL-2018	AUG-2018	SEP-2018	JUL-2019	AUG-2019	SEP-2019
A. Short-Term Instruments	16,958.57	16,623.43	15,999.74	10,642.90	10,566.07	10,639.22	15,247.33	16,079.11	16,205.34
91-Day Treasury Bill	8,920.32	8,798.58	8,530.30	4,955.40	4,889.66	5,037.03	6,184.82	6,269.27	6,516.54
182-Day Treasury Bill	3,476.00	3,223.75	2,969.77	3,126.94	3,140.39	3,107.68	3,559.46	3,565.20	3,387.47
364-Day Treasury Bill	-	-	-	-	-	-	4,413.58	5,188.23	5,402.90
1-Year Treasury Note	4,562.26	4,601.10	4,499.67	2,560.56	2,536.01	2,494.51	1,089.47	1,056.40	898.42
B. Medium-Term Instruments	29,755.78	29,609.60	30,628.77	43,152.73	44,293.24	45,962.74	54,136.36	55,792.75	56,056.58
2-Year Fixed Treasury Note	6,018.62	6,037.26	6,072.70	7,730.96	7,802.50	8,999.93	12,540.16	12,513.25	12,939.10
2-Year USD Domestic Bond	412.97	415.19	416.79	444.50	447.18	451.89	-	-	-
3-Year USD Domestic Bond	-	-	-	1,039.89	1,046.18	1,057.19	1,164.48	1,962.48	1,975.40
3-Year Fixed Rate Bond	6,362.72	6,362.72	7,255.54	9,203.27	10,263.27	11,996.46	11,865.38	11,865.38	11,444.42
3-Year Stock (SSNIT)	1,022.69	1,022.69	908.40	692.35	692.35	578.06	313.36	313.36	199.07
5-Year GOG Bond	9,995.31	9,393.73	9,597.32	13,194.20	13,194.20	12,160.66	14,849.00	14,849.00	14,909.30
6-Year GOG Bond	-	-	-	-	-	-	1,780.73	1,780.73	1,780.73
7-Year GoG Bond	1,653.80	1,653.80	1,653.80	2,960.39	2,960.39	2,857.39	3,258.13	4,143.43	4,143.43
10-Year GOG Bond	4,289.68	4,724.22	4,724.22	7,887.17	7,887.17	7,861.17	8,365.12	8,365.12	8,665.12
C. Long-Term Instruments	16,532.08	16,532.08	16,474.88	19,880.53	27,480.53	27,423.33	28,796.76	28,924.56	28,867.16
15-Year GoG Bond	3,422.15	3,422.15	3,422.15	4,793.78	4,793.78	4,793.78	5,217.54	5,314.65	5,314.65
20-Year GoG Bond	-	-	-	-	-	-	-	30.68	30.48
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
Long-Term Govt Stock (Bank Bailout)	-	-	-	2,091.22	9,691.22	9,691.22	10,698.09	10,698.09	10,698.09
GoG Petroleum Financed Bonds	80.02	80.02	80.02	80.02	80.02	80.02	80.02	80.02	80.02
TOR Bonds	572.00	572.00	514.80	457.60	457.60	400.40	343.20	343.20	286.00
Revaluation Stock	361.06	361.06	361.06	361.06	361.06	361.06	361.06	361.06	361.06
Other Government Stock	-	-	-	-	-	-	-	-	-
Telekom Malaysia Stocks	109.46	109.46	109.46	109.46	109.46	109.46	109.46	109.46	109.46
D. Standard Loans	306.57	267.98	239.30	166.64	166.64	166.64	137.68	137.68	137.68
TOTAL (A+B+C)	63,553.01	63,033.09	63,342.69	73,842.80	82,506.48	84,191.93	98,318.13	100,934.10	101,266.75

The share of medium-term debt to the total domestic debt stock increased by end-September, 2019, partly on account of the introduction of the 6-year bond. The trend in the long-term debt to the total domestic debt stock also increased, with the issuance of the 15-year and 20-year bonds in July and August, 2019 respectively. This was to lengthen the maturity profile of domestic debt as indicated in the 2019 MTDS.

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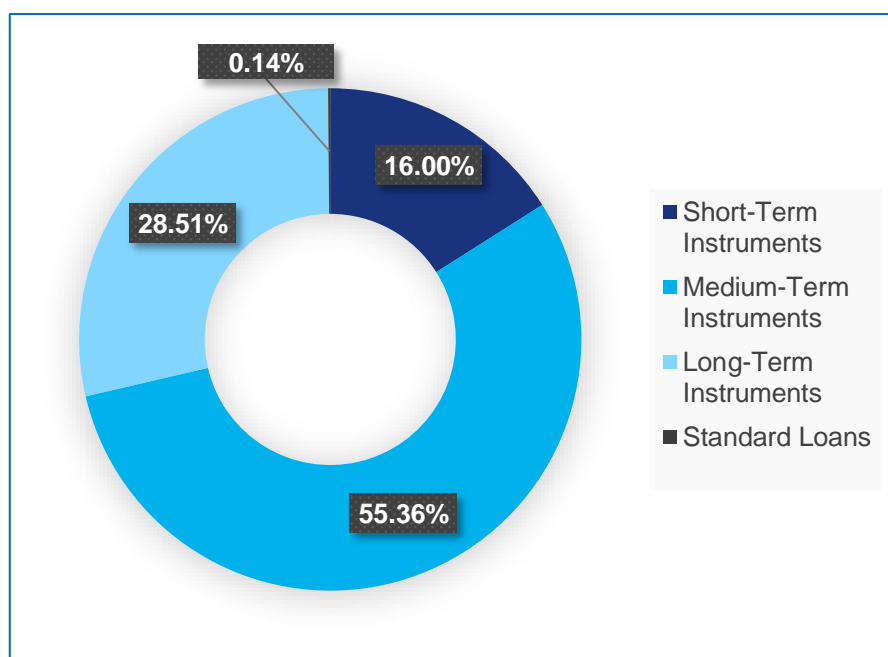
5.2 Domestic Debt Stock by Holders

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

	JUL-2017	AUG-2017	SEP-2017	JUL-2018	AUG-2018	SEP-2018	JUL-2019	AUG-2019	SEP-2019
A. Banking System	24,620.55	22,299.50	22,569.53	27,029.61	35,707.61	37,669.92	43,915.72	45,971.82	46,197.27
Bank of Ghana	13,002.40	13,001.75	13,003.09	13,785.67	21,538.49	13,826.59	15,595.27	15,575.93	15,478.70
Deposit Money Banks	11,618.16	9,297.75	9,566.44	13,243.94	14,169.12	23,843.33	28,320.45	30,395.89	30,718.57
B. Non-Bank Sector	17,010.39	17,871.28	17,260.12	18,710.41	18,872.58	19,157.77	28,403.00	29,318.81	29,403.26
SSNIT	1,278.45	1,357.98	1,176.94	1,178.73	1,046.31	891.12	484.95	504.17	402.57
Insurance Companies	293.76	329.41	331.76	394.37	398.85	415.80	523.50	539.01	538.56
Other Holders	15,438.18	16,183.90	15,751.43	17,137.30	17,427.42	17,850.85	27,394.55	28,275.63	28,462.14
C. Foreign Sector	21,615.50	22,594.33	23,273.74	27,936.14	27,759.65	27,197.60	25,861.72	25,637.23	25,660.19
D. Standard Loans	306.57	267.98	239.30	166.64	166.64	166.64	137.68	137.68	137.68
TOTAL (A+B+C+D)	63,553.01	63,033.09	63,342.69	73,842.80	82,506.48	84,191.93	98,318.13	101,065.54	101,398.40

The majority of new issuance of domestic debt is held by the Banking sector, followed by Non-banking sector mainly from individuals and firms & institutions. The trend in the issuance of the Bailout Bonds accounts mostly for the increase in the banking sector holdings.

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



The proportion of medium-term debt remained dominant in the portfolio of the domestic debt at the end of September 2019. Government introduced the 6-year bond issued in the third quarter, which increased the stock of the medium-term debt in September, 2019. The issuance of the 15-year and 20-year bonds in July and August, 2019 also increased the stock of the long-term instruments as part of efforts to gradually move to longer dated issuances.

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)

	JUL-2018	AUG-2018	SEP-2018	Q3-2018	JUL-2019	AUG-2019	SEP-2019	Q3-2019
Issuance								
91-Day	1,679.60	1,459.18	1,898.24	5,037.03	2,130.25	1,872.01	2,879.24	6,881.50
182-Day	642.76	310.82	245.07	1,198.64	649.81	346.69	494.43	1,490.93
364-Day	-	-	-	-	619.87	774.64	214.68	1,609.19
1-Yr	299.22	33.07	41.41	373.70	-	-	-	-
2-Yr Fixed	-	176.22	1,302.02	1,478.25	-	-	540.98	540.98
2-Yr Fixed (USD)	-	-	-	-	-	-	-	-
3-Yr Fixed	766.01	1,060.00	1,733.19	3,559.21	459.82	-	1,626.41	2,086.23
5-Yr Bond	-	-	-	-	1,326.26	-	160.30	1,486.56
6-Yr Bond	-	-	-	-	532.00	-	-	532.00
7-Yr Bond	-	-	-	-	-	885.31	-	885.31
10-Yr Bond	-	-	-	-	-	-	300.00	300.00
15-Yr Bond	-	-	-	-	423.76	97.12	-	520.87
20-Yr Bond	-	-	-	-	-	162.13	-	162.13
Total Issuance	3,387.59	3,039.30	5,219.93	11,646.82	6,141.77	4,137.89	6,216.04	16,495.71
Maturities								
91-Day	1,683.60	1,524.92	1,750.88	4,959.41	2,936.01	1,787.55	2,631.98	7,355.54
182-Day	679.16	297.36	277.78	1,254.31	630.61	340.95	672.16	1,643.72
364-Day	-	-	-	-	-	-	-	-
1-Yr	306.65	57.62	82.90	447.18	299.22	33.07	157.98	490.27
2-Yr Fixed	24.72	104.69	104.59	233.99	70.56	26.91	115.13	212.60
2-Yr Fixed (USD)	-	-	-	-	-	-	-	-
3-Yr Fixed	-	-	-	-	-	-	2,047.37	2,047.37
5-Yr Bond	-	-	1,033.54	1,033.54	-	-	100.00	100.00
6-Yr Bond	-	-	-	-	-	-	-	-
7-Yr Bond	-	-	103.00	103.00	-	-	-	-
10-Yr Bond	-	-	26.00	26.00	-	-	-	-
15-Yr Bond	-	-	-	-	-	-	-	-
Non-Mrkt	-	-	-	-	-	-	-	-
20-Yr Bond	-	-	-	-	-	-	-	-
Total Maturities	2,694.14	1,984.59	3,378.70	8,057.43	3,936.40	2,188.48	5,724.62	11,849.50
Net issuance								
91-Day	(4.00)	(65.74)	147.36	77.62	(805.76)	84.46	247.27	(474.04)
182-Day	(36.41)	13.46	(32.72)	(55.67)	19.20	5.75	(177.73)	(152.78)
364-Day	-	-	-	-	619.87	774.64	214.68	1,609.19
1-Yr	(7.44)	(24.55)	(41.49)	(73.48)	(299.22)	(33.07)	(157.98)	(490.27)
2-Yr Fixed	(24.72)	71.54	1,197.43	1,244.25	(70.56)	(26.91)	425.86	328.38
3-Yr Fixed	766.01	1,060.00	1,733.19	3,559.21	459.82	-	(420.96)	38.86
5-Yr Bond	-	-	(1,033.54)	(1,033.54)	1,326.26	-	60.30	1,386.56
6-Yr Bond	-	-	-	-	532.00	-	-	532.00
7-Yr Bond	-	-	(103.00)	(103.00)	-	885.31	-	885.31
10-Yr Bond	-	-	(26.00)	(26.00)	-	-	300.00	300.00
15-Yr Bond	-	-	-	-	423.76	97.12	-	520.87
20-Yr Bond	-	-	-	-	-	162.13	-	162.13
Non-Mrkt	-	-	-	-	-	-	-	-
Total Net Issuance	693.45	1,054.71	1,841.23	3,589.39	2,205.37	1,949.41	491.42	4,646.21

Gross domestic issuance (face value) totaled GH¢16.49 billion in the third quarter, which was mainly from short-term issuances. The bulk of new issuance in the third quarter was in the 91-day treasury bill and 3-year bond which accounts for 54.3 percent of new issuances. 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

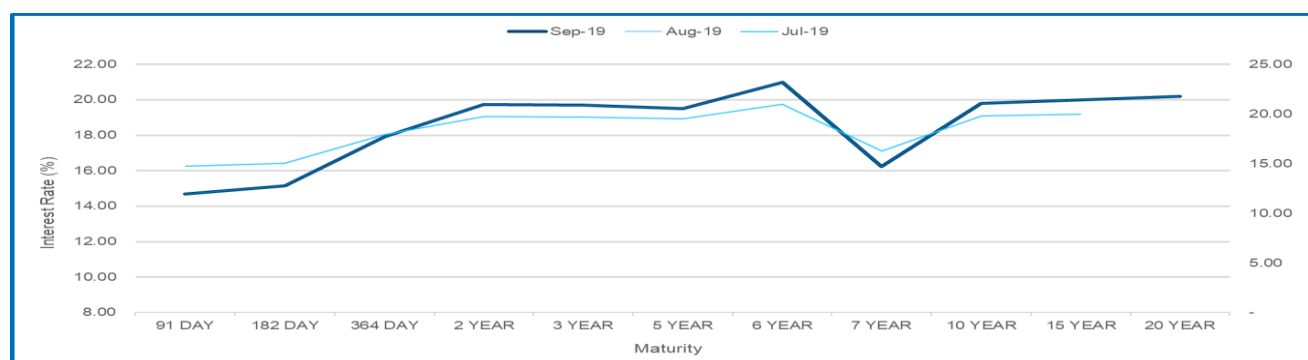
Table 10. Interest rates on Government of Ghana money market instruments

	Jul-17	Aug-17	Sep-17	Jul-18	Aug-18	Sep-18	Jun-19	Jul-19	Aug-19	Sep-19
91 DAY	12.54	13.19	13.24	13.31	13.33	13.39	14.77	14.72	14.68	14.68
182 DAY	12.97	13.93	13.97	13.83	13.87	14.18	15.23	15.05	15.14	15.14
364 DAY	15.00	15.00	15.00	14.50	14.50	15.00	17.92	17.90	17.92	17.91
2 YEAR	17.00	17.00	17.00	16.00	18.00	18.00	19.75	19.75	19.75	19.75
3 YEAR	18.50	18.50	18.50	18.00	18.00	18.00	19.70	19.70	19.70	19.70
5 YEAR	18.25	18.25	18.25	16.50	16.50	16.50	19.75	19.50	19.50	19.50
6 YEAR							21.00	21.00	21.00	21.00
7 YEAR	19.75	19.75	19.75	16.25	16.25	16.25	16.25	16.25	16.25	16.25
10 YEAR	19.00	19.00	19.00	17.50	17.50	17.50	19.80	19.80	19.80	19.80
15 YEAR	19.75	19.75	19.75	19.75	19.75	19.75	19.75	20.00	20.00	20.00
20 YEAR	19.75	19.75	19.75	19.75	19.75	19.75	-	-	20.20	20.20

Source: Bank of Ghana and Ministry of Finance

Rates on most treasury securities declined on the short-term segment of the market by September, 2019 as compared to the end of the second quarter of 2019. Rates on the 91-day and 182-day and 364-day treasury bills declined to 14.68 percent, 15.14 percent and 17.91 percent, respectively, at the end of the third quarter. The rates on the, 5-year bond also declined by 25 basis points to 19.50 percent. Government introduced a 20-year bond in August 2019, which was issued at a coupon rate of 20.2 percent. Yields on the 2-year, 3-year, 6-year, 7-year and 10-year bonds, however, remained unchanged at 19.75 percent, 19.70 percent, 21.0 percent 16.25 percent and 19.80 percent respectively, during the same period.

Figure 9. Yield Curve (at constant maturity)



Investors' appetite was still high toward the short end of the yield curve, though Government introduced medium to long term bonds into the market as at end September, 2019. The strong appetite for the shorter term instruments is the main driver behind the lower rates as compared to the longer dated instruments.

6.0 Liability Management Operations

In the 2019 Budget and Economic Policy and the Medium-Term Debt Strategy (MTDS) of the Ministry, Government hopes 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 are being conducted in close coordination with the Bank of Ghana to avoid any associated forex risk from the repatriation of offshore flows.

Glossary

Amortization	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 reorganization 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 mobilized 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 production, expenditures, or income and is presented in current or constant prices.

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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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