



MONTHLY REPORT

Analysis of Public Debt
and General
Government Debt

June 2020

—

www.ujd.gov.rs
Bloomberg Page <RSMF> <GO>
Belgrade, June 2020
#99

INTRODUCTION

The monthly report of the PDA is the report presenting a comprehensive analysis of the status, structure and dynamics of the public debt of the Republic of Serbia, as well as the risk analysis related to the process of public debt management, aimed at raising the level of transparency and accurate and timely awareness of investors, state institutions and other entities interested in the public debt of the Republic of Serbia. The PDA Monthly Report is published aiming at the improvement of the activities of the Republic of Serbia in the field of public debt through its informative contents, in accordance with internationally acknowledged standards and good business practice, as well as enabling stakeholders to grasp public debt, being the field of the public finance, in an easy and accurate manner, i.e. the activities and goals of the PDA.

On June 12, 2020, the rating agency Standard and Poor's reaffirmed Serbia's credit rating at BB+, with stable prospects for its further increase.

In its report, the agency pointed out that the credit rating level at the BB+ level is the result of long-term macroeconomic stability, a high level of foreign exchange reserves and regulated public finances. Thanks to the measures of fiscal discipline of the Government of the Republic of Serbia in the previous period, Serbia entered this crisis much more prepared and with better balanced finances compared to the crisis ten years ago.

Also, the reduction of public debt in previous years created enough fiscal space for the Republic of Serbia to be able to borrow in the conditions of the crisis to recover the economy from the negative impact of the pandemic and to slow down the economic decline of the Serbian economy. The agency stated that successful monetary policy measures implemented in the previous six years have resulted in stable and low inflation. In addition, the agency estimates that the high level of foreign direct investment in the previous period will be sufficient to fully cover the current account deficit.

According to preliminary data, the public debt of the central government in June 2020 when compared to May 2020 increased by 4.0 billion RSD (36 million EUR) and amounts to 3,154.2 billion RSD (26.8 billion EUR). The share of central government public debt in GDP (ESA 2010 methodology) at the end of June 2020 was 57.3%. The percentage of public debt in foreign currency at the end of June was 71.6%, of which in EUR 47.2%, USD 17.3%, SDR 2.5%, CHF 0.4% and other foreign currencies 4.2% (GBP, JPY, DKK, SEK, NOK, AED, KWD, CNY), while the percentage of public debt in RSD was 28.4%.

In June 2020, the total number of auctions amounted to 4, out of which all four were issued in RSD. Total receivings in June amount to 22,827,930,000 RSD, at par value. The share of non-residents in dinar government securities at the end of June 2020 amounted to 26.64%, i.e. 238,0 billion RSD.

In the first six months, the total number of auctions amounted to 21 (out of which 15 auctions in RSD and 6 auctions in EUR). Total receivings in this period amount to RSD 211,790,710,000 and EUR 353,773,000, at par value. In the same period, two Buy-Back auctions (auctions of early redemption of previously issued securities) were realized, with a total nominal value of RSD 10,194,520,000 (RSD 11,118,617,092 market value). Securities with original maturities of 3 years in the amount of RSD 5,194,520,000 (maturity January 2022) and 7 years in the amount of RSD 5,000,000,000 (maturity July 2023) were redeemed.

The total receivings of government securities in secondary trading, in the first six months of 2020, amounted to 278.6 billion dinars, of which 235.9 billion is the receivings of dinar securities.

In June 2020, the total receivings from dinar securities amounted to 30.9 billion dinars, while the receivings from euro-denominated securities in June amounted to 1.6 billion dinars. Compared to May, in June there was a decrease in the total receivings from dinar securities in the amount of 12.9 billion dinars and a decrease in the total receivings from euro-denominated securities in the amount of 2.0 billion dinars due to the COVID 19 pandemic. of seven-year benchmark bonds maturing in July 2023 and January 2026, accounted for 56.6% of total receivings in June 2020.

Despite the crisis caused by the COVID-19 pandemic, and thanks to the measures that the Republic of Serbia is successfully implementing, the yields on Eurobonds of the Republic of Serbia are declining when compared to March 2020, when a global pandemic was officially declared. On June 30, 2020, prices / yields are:

EUROBOND 2021: 106.647 / 1.797

EUROBOND 2027: 104.837 / 2.353

EUROBOND 2029: 94.006 / 2.244

I. GENERAL GOVERNMENT DEBT AND PUBLIC DEBT STOCK AND STRUCTURE AS OF JUNE 30, 2020

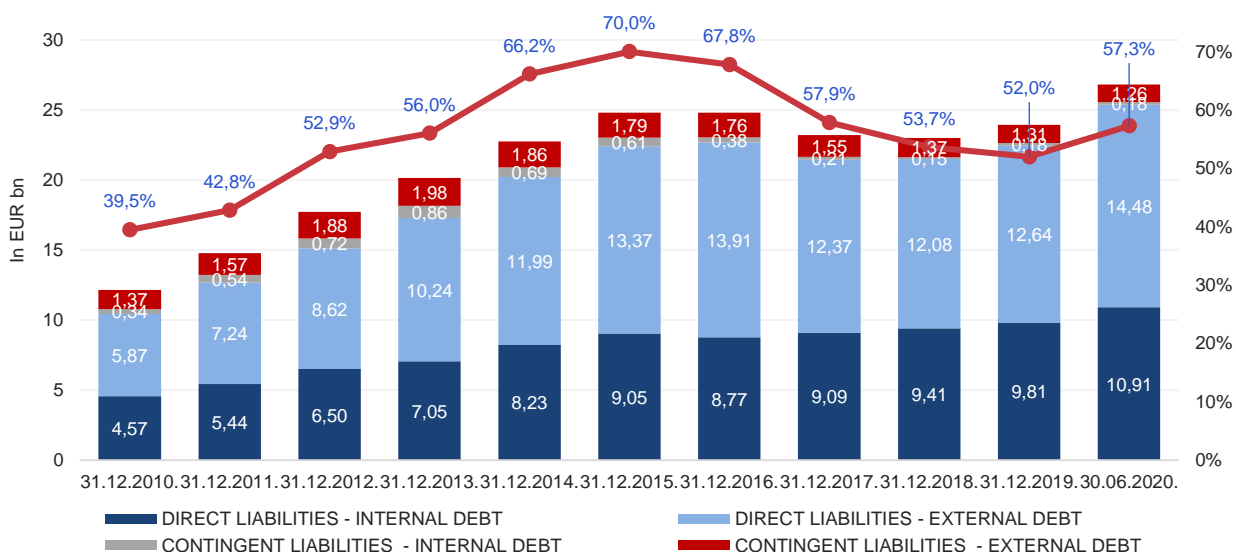
	EUR	USD	RSD	% GDP
Direct Liabilities (A)				
Internal Debt	10.909.123.734	12.258.583.410	1.282.651.132.108	23,3%
External Debt	14.479.762.166	16.270.910.167	1.702.472.516.408	30,9%
<i>Direct Liabilities in Total</i>	25.388.885.899	28.529.493.577	2.985.123.648.516	54,2%
Contingent Liabilities (B)				
Internal Debt	176.183.312	197.977.205	20.714.929.129	0,4%
External Debt	1.261.925.182	1.418.025.451	148.372.115.214	2,7%
<i>Contingent Liabilities in Total</i>	1.438.108.494	1.616.002.656	169.087.044.344	3,1%
Non-Guaranteed Local Government Debt (C)				
Internal Debt	224.738.990	252.539.225	26.423.911.484	0,5%
External Debt	91.473.127	102.788.362	10.755.044.386	0,2%
<i>Non-Guaranteed Local Government Debt in Total</i>	316.212.117	355.327.587	37.178.955.870	0,7%
Non-Guaranteed Debt of Public Enterprise Putevi Srbije and Koridori (D)				
	85.052.793	95.573.832	10.000.167.195	0,18%
Central Government Public Debt (A+B)	26.826.994.394	30.145.496.234	3.154.210.692.860	57,3%
General Government Public Debt (A+B+C+D)	27.228.259.304	30.596.397.652	3.201.389.815.926	58,1%

II. OVERVIEW OF CENTRAL GOVERNMENT DEBT OF THE REPUBLIC OF SERBIA AS OF JUNE 30, 2020.

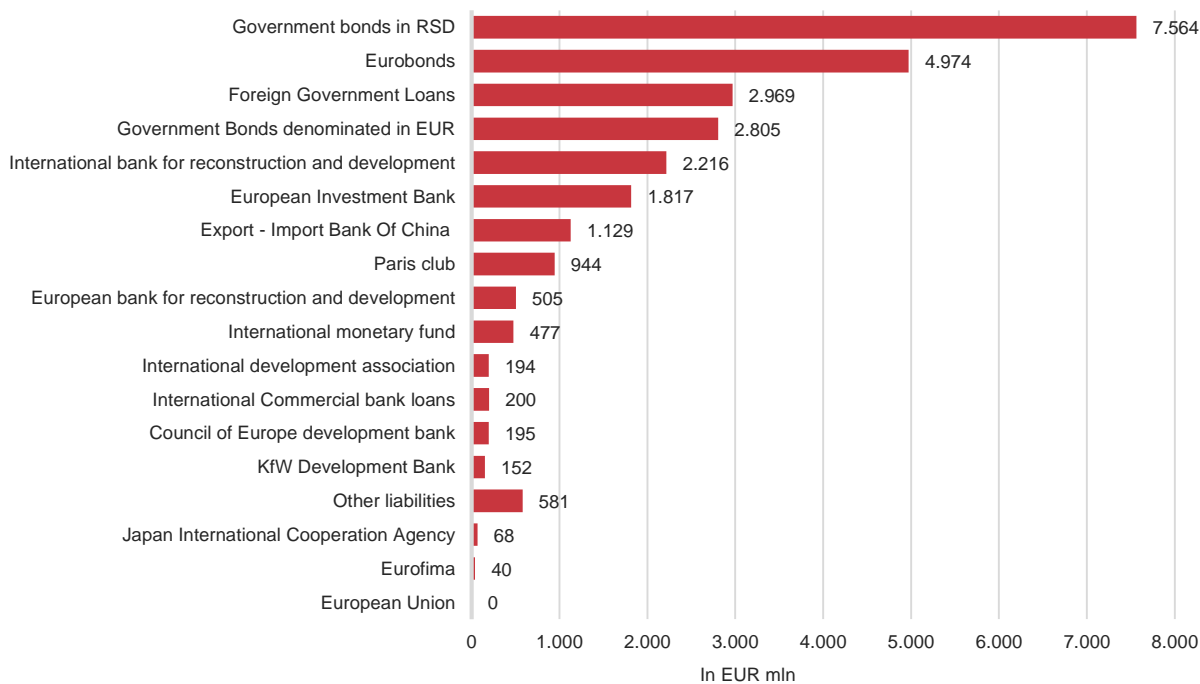
1. DIRECT LIABILITIES

1.1. INTERNAL DEBT			
Debt Description	Debt stock as of June 30, 2020 in EUR (in 000)	Debt stock as of June 30, 2020 in USD (in 000)	Debt stock as of June 30, 2020 in RSD (in 000)
GOVERNMENT SECURITIES ISSUED IN THE DOMESTIC MARKET	10.368.623	11.651.223	1.219.101.229
RETAIL BONDS	17.928	20.146	2.107.932
OTHER LIABILITIES	522.572	587.215	61.441.971
INTERNAL DEBT (direct liabilities 1.1.)	10.909.124	12.258.583	1.282.651.132
1.2. EXTERNAL DEBT			
Debt Description	Debt stock as of June 30, 2020 in EUR (in 000)	Debt stock as of June 30, 2020 in USD (in 000)	Debt stock as of June 30, 2020 in RSD (in 000)
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	2.215.546	2.489.609	260.494.991
INTERNATIONAL DEVELOPMENT ASSOCIATION	186.068	209.085	21.877.124
EUROPEAN INVESTMENT BANK	1.225.155	1.376.707	144.048.812
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	78.509	88.220	9.230.732
COUNCIL OF EUROPE DEVELOPMENT BANK	195.024	219.149	22.930.146
EXPORT - IMPORT BANK OF CHINA	1.128.707	1.268.328	132.708.836
EUROBONDS	4.973.867	5.589.135	584.807.440
KfW DEVELOPMENT BANK	62.427	70.150	7.339.970
PARIS CLUB CREDITORS	943.575	1.060.295	110.941.739
FOREIGN GOVERNMENT LOANS	2.954.011	3.319.423	347.320.843
EUROPEAN UNION	00	00	00
INTERNATIONAL MONETARY FUND	476.873	535.862	56.068.842
Other liabilities	40.000	44.948	4.703.040
EXTERNAL DEBT (direct liabilities 1.2.)	14.479.762	16.270.910	1.702.472.516
TOTAL DIRECT LIABILITIES (1.1. + 1.2.)	25.388.890	28.529.498	2.985.124.149
2. CONTINGENT LIABILITIES			
2.1. INTERNAL DEBT			
Debt Description	Debt stock as of June 30, 2020 in EUR (in 000)	Debt stock as of June 30, 2020 in USD (in 000)	Debt stock as of June 30, 2020 in RSD (in 000)
COMMERCIAL BANK LOANS	176.183	197.977	20.714.929
INTERNAL DEBT (direct liabilities 2.1.)	176.183	197.977	20.714.929
2.2. EXTERNAL DEBT			
Debt Description	Debt stock as of June 30, 2020 in EUR (in 000)	Debt stock as of June 30, 2020 in USD (in 000)	Debt stock as of June 30, 2020 in RSD (in 000)
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	426.357	479.098	50.129.397
EUROPEAN INVESTMENT BANK	591.621	664.804	69.560.405
KfW DEVELOPMENT BANK	89.285	100.330	10.497.782
TOTAL EUROPEAN COMPANY FOR THE FINANCING OF RAILROAD ROLLING STOCK - EUROFIMA	40.202	45.175	4.726.784
INTERNATIONAL DEVELOPMENT ASSOCIATION	8.150	9.158	958.274
JAPAN INTERNATIONAL COOPERATION AGENCY - JICA	68.011	76.424	7.996.452
FOREIGN GOVERNMENT LOANS	14.765	16.592	1.736.021
INTERNATIONAL COMMERCIAL BANK LOANS	23.534	26.445	2.767.000
EXTERNAL DEBT (direct liabilities 2.2.)	1.261.925	1.418.025	148.372.115
TOTAL CONTINGENT LIABILITIES (2.1. + 2.2.)	1.438.108	1.616.003	169.087.044
TOTAL INTERNAL DEBT (1.1.+ 2.1.)	11.085.307	12.456.561	1.303.366.061
TOTAL EXTERNAL DEBT (1.2.+ 2.2.)	15.741.687	17.688.936	1.850.844.632
TOTAL CENTRAL GOVERNMENT DEBT (1 + 2)	26.826.994	30.145.496	3.154.210.693

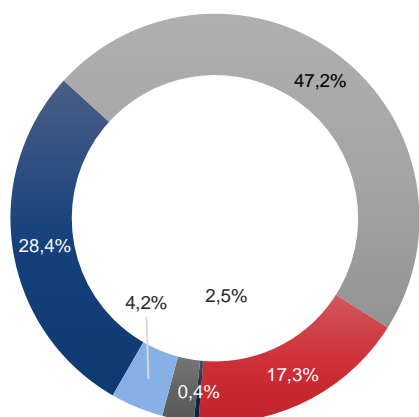
CENTRAL GOVERNMENT PUBLIC DEBT STOCK, STRUCTURE AND PUBLIC DEBT TO GDP RATIO, 31.12. 2010. - 30.06.2020.



CREDITORS OVERVIEW AS OF JUNE 30, 2020

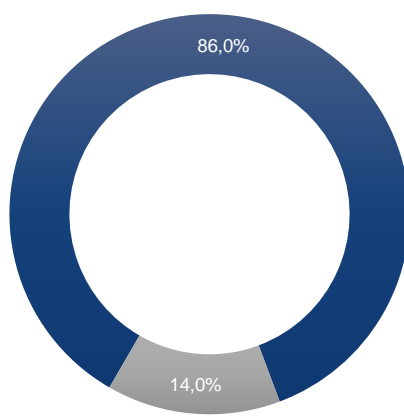


CENTRAL GOVERNMENT
PUBLIC DEBT CURRENCY
STRUCTURE AS OF JUNE 30,
2020



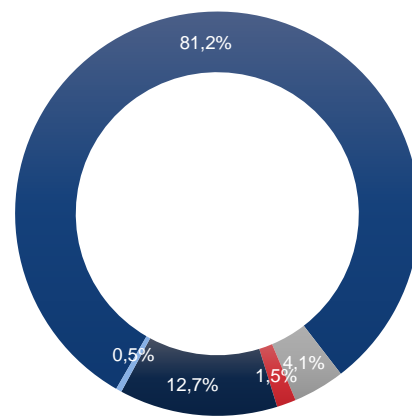
■ RSD ■ EUR ■ USD ■ CHF ■ SDR ■ Other

INTEREST RATE STRUCTURE
AS OF JUNE 30, 2020



■ Fixed Rates ■ Variable Rates

VARIABLE INTEREST RATES
STRUCTURE
AS OF JUNE 30, 2020



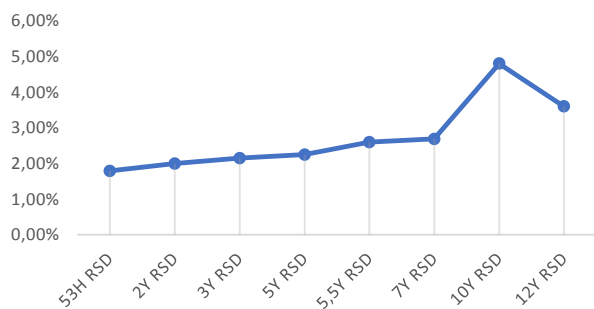
■ EURIBOR and LIBOR on EUR
■ LIBOR USD
■ LIBOR CHF
■ SDR Interest rate
■ Other

III. OVERVIEW OF NON-MATURED GOVERNMENT SECURITIES ISSUED ON DOMESTIC MARKET

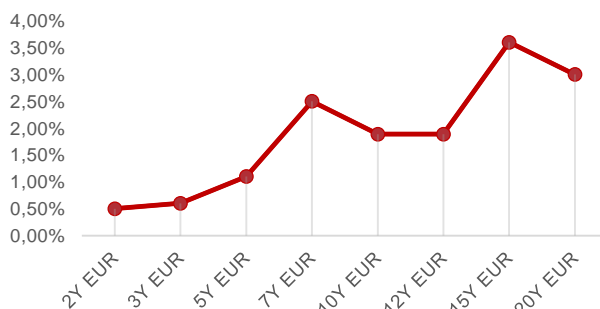
GOVERNMENT SECURITIES STOCK AS OF JUNE 30, 2020

Maturity	Nominal value of debt stock	Last coupon rate	Last accepted rate
Government Bonds Denominated in RSD			
53W Government Bills	35.000.000.000,00	-	1,79%
2Y Government Bond with fixed coupon rate	39.082.340.000,00	1,70%	2,00%
3Y Government Bond with fixed coupon rate	145.947.580.000,00	2,00%	2,15%
5Y Government Bond with fixed coupon rate	137.801.088.250,00	4,00%	2,25%
5.5Y Government Bond with fixed coupon rate	45.446.230.000,00	3,00%	2,60%
7Y Government Bond with fixed coupon rate	337.083.600.000,00	4,50%	2,69%
10Y Government Bond with fixed coupon rate	110.882.410.000,00	5,88%	4,80%
12,5Y Government Bond with fixed coupon rate	38.059.770.000,00	4,50%	3,60%
Total in RSD	889.303.018.250 RSD		
Government Bonds Denominated in EUR			
2Y Government Bond with fixed coupon rate	245.200.000,00	0,50%	0,50%
3Y Government Bond with fixed coupon rate	451.464.000,00	1,25%	0,60%
5Y Government Bond with fixed coupon rate	839.566.000,00	1,00%	1,10%
7Y Government Bond with fixed coupon rate	65.129.000,00	2,50%	2,50%
10Y Government Bond with fixed coupon rate	632.371.000,00	3,25%	1,89%
12Y Government Bond with fixed coupon rate	99.367.000,00	2,00%	1,89%
15Y Government Bond with fixed coupon rate	321.882.000,00	3,50%	3,60%
20Y Government Bond with fixed coupon rate	150.000.000,00	3,50%	3,00%
Total in EUR	2.804.979.000 EUR		

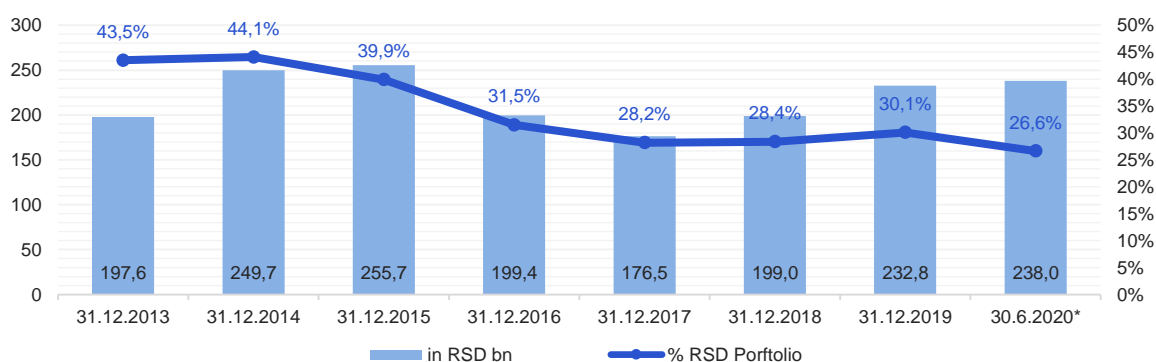
ACCEPTED RATES ON GOVERNMENT SECURITIES ISSUED IN RSD AS OF JUNE 30, 2020



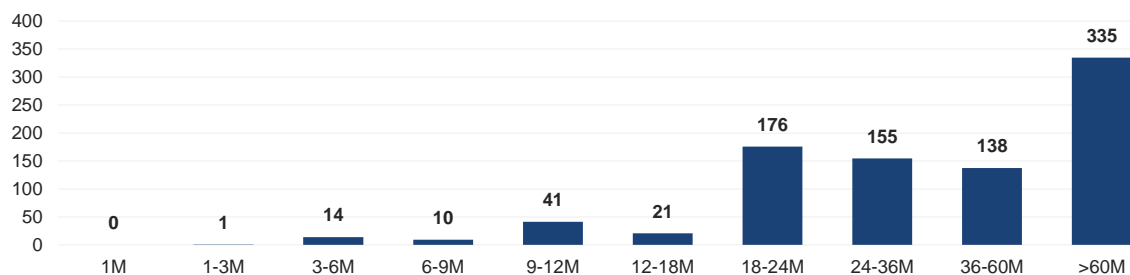
ACCEPTED RATES ON GOVERNMENT SECURITIES ISSUED IN EUR AS OF JUNE 30, 2020



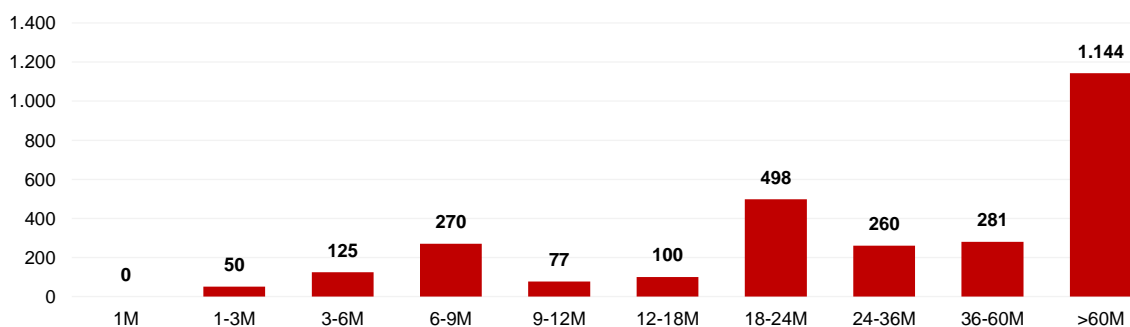
THE SHARE OF FOREIGN LEGAL ENTITIES IN RSD GOVERNMENT SECURITIES PORTFOLIO AS OF JUNE 30, 2020



RESIDUAL MATURITY OF GOVERNMENT SECURITIES DENOMINATED IN RSD AS OF JUNE 30, 2020



RESIDUAL MATURITY OF GOVERNMENT SECURITIES DENOMINATED IN EUR AS OF JUNE 30, 2020



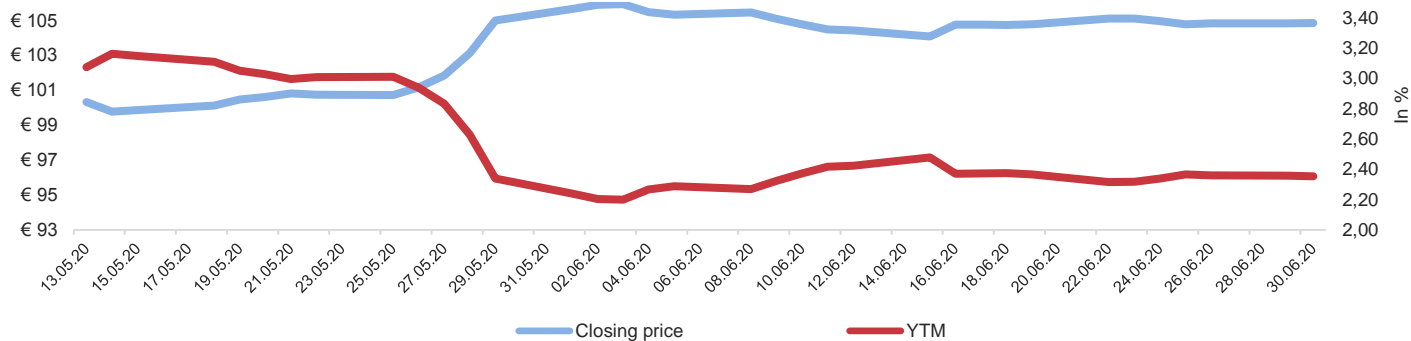
OVERVIEW OF THE ISSUED EUROBONDS OF THE REPUBLIC OF SERBIA

Security name	Year	Currency	Issued Amount	Amount Outstanding	Issue Date	Maturity Date	Coupon (%)	Re-Offer Yield (%)	Issuance Price
SERBIA 7 1/4 09/28/21*	2011	USD	2.000.000.000	1.600.000.000 **	28.09.2011	28.09.2021	7,250	7,500/6,625	98,263/104,179
SERBIA 1 1/2 06/26/29**	2019	EUR	1.550.000.000	1.550.000.000	26.06.2019	26.06.2029	1,500	1,619/1,250	98,909/102,251
SERBIA 3 1/8 05/15/27	2020	EUR	2.000.000.000	2.000.000.000	15.05.2020	15.05.2027	3,125	3,375	98,464

*Table includes date for the Tap issuance of the Serbia 2021, from September 27, 2012 and the Serbia 2029, from 12 November 2019.

** The data presented includes primary issue data and data from the reopening for the Eurobond 2029 (reopened on November 12, 2019)

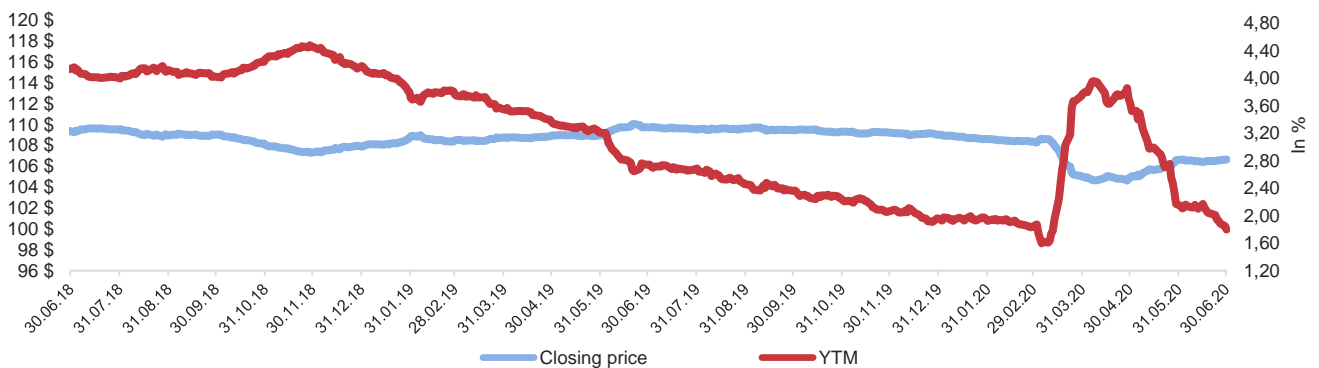
YIELD/PRICE CURVE – EUROBOND 2027



YIELD/PRICE CURVE – EUROBOND 2029

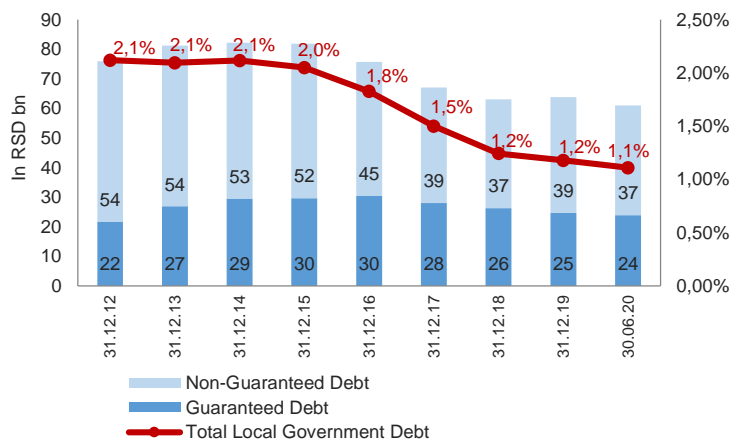


YIELD/PRICE CURVE – EUROBOND 2021

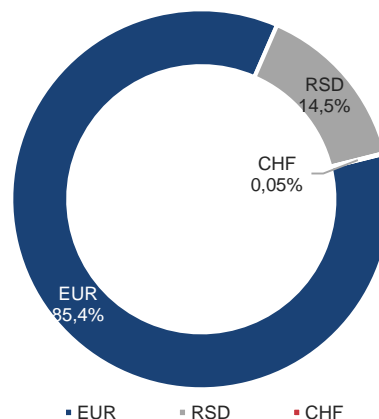


IV. LOCAL GOVERNMENT DEBT ANALYSIS

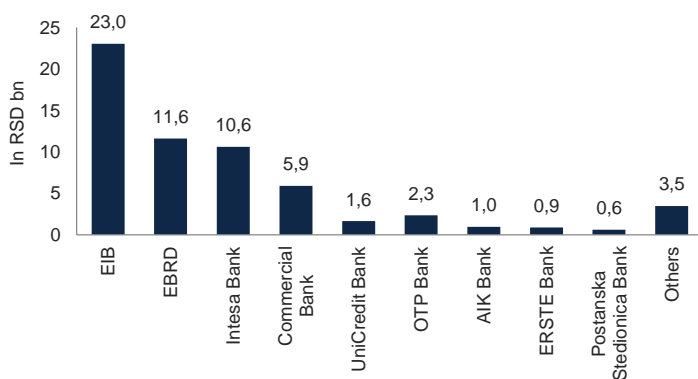
LOCAL GOVERNMENT DEBT DYNAMICS AS OF JUNE 30, 2020



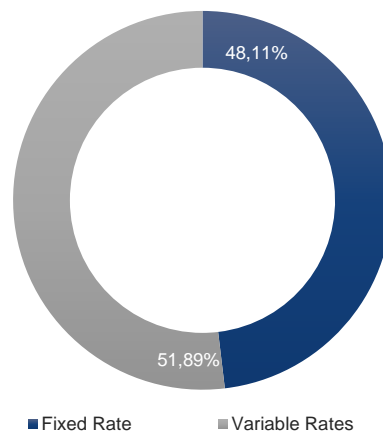
CURRENCY COMPOSITION AS OF JUNE 30, 2020



CREDITORS OVERVIEW AS OF JUNE 30, 2020



INTEREST RATE STRUCTURE AS OF JUNE 30, 2020



Share of the top 5 Local Governments in total debt	78,8%
O/W Belgrade	59,4%
Debt maturing till the end of 2020	5.138.227.901
Debt maturing in 2021	9.227.431.807
Debt maturing in 2022	8.480.730.579
Maximum level of debt based on contracted amount	66.442.047.393
Interest Rate Risk	51,9%
FX Risk	85,5%
Local Government Debt to GDP	1,1%
O/W Non-Guaranteed Debt	0,7%
Maximum Debt Level to GDP	1,2%
Share of the top 10 Creditors in total Local Government Debt	94,3%
Share of Foreign Creditors in Total Local Government Debt	56,7%
Total Available Credit Potential	85.841.717.162
Share of the top 10 Local Governments with the highest available credit potential	41,2%
Share of Investment Project Loans in total Local Government Debt	98,9%

Local Government	Debt Stock as of June 30, 2020
Beograd	36.272.628.776
AP Vojvodina	5.532.775.177
Novi Sad	2.683.883.971
Kragujevac	2.538.605.190
Sabac	1.084.463.316
Nis	1.026.260.098
Subotica	838.149.632
Vranje	660.171.537
Sremska Mitrovica	516.689.597
Novi Pazar	485.515.177
% of total	84,6%

