



MONTHLY REPORT

Analysis of Public Debt
and General
Government Debt

May 2021

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Bloomberg Page <RSMF> <GO>
Belgrade, May 2021
#110

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.

According to the Statistical Office of Serbia, Serbia's GDP was 1.0 percent lower in real terms in 2020, which is one of the best results in Europe. Thanks to the undertaken economic measures, a larger decline in investments and aggregate demand was prevented, production capacities, labor force and a favorable macroeconomic perspective were preserved. According to the SBS, in the first quarter of 2021, year-on-year GDP growth of 1.7 percent was achieved. Growth was driven by construction and industry, which grew faster than expected. The service sector also made a positive contribution, despite the prolonged negative effect of the pandemic.

The share of central government public debt in GDP (ESA 2010 methodology) at the end of May 2021 was 55.6 percent, while the share of general government general government debt in GDP (ESA 2010 methodology) at the end of May 2021 was 56.3 percent. The public debt of the central government in May 2021, compared to April of the same year, increased by 35.3 billion dinars and amounts to 3,301.2 billion dinars (28.1 billion euros). Given that due to the increased fiscal deficit (as a function of expansionary fiscal policy), public debt will increase in nominal terms, the growth of domestic demand will have a twofold effect: it will contribute to GDP growth, but also to foreign trade deficit and - through it - balance of payments deficit. However, certain structural changes are encouraging, of which on the export side it should be especially pointed out that software producers are our largest exporters.

FDI inflows in the first four months of 2021 amounted to 1.1 billion euros. FDI is also geographically diversified, with a growing share of countries in the Asia-Pacific region and the Middle East, in addition to the EU. In the period 2018-2020. most FDI inflows continued to come from EU countries (78 percent), but with a growing share of Asian countries (18 percent), primarily China / Hong Kong and the UAE, as well as the United States and non-EU European countries such as Russia, Turkey and Switzerland.

In May 2021, two auctions of government securities in dinars and one auction in euros were held: sales at nominal value amounted to 22,860,900,000 dinars and 55,229,000 euros. The share of non-residents in the purchase of dinar government securities at the end of May 2021 amounts to 22.31 percent *, or 223.4 billion dinars.

Yields on Eurobonds of the Republic of Serbia recorded a decline compared to March 2020, when a global pandemic was declared. Prices and yields of bonds of the Republic of Serbia issued on the international market on May 31, 2021 are:

EUROBOND 2021: 102.137 / 0.597;

EUROBOND 2027: 110.964 / 1.204;

EUROBOND 2029: 99.835 / 1.522;

EUROBOND 2030: 93.313 / 2.937;

EUROBOND 2033: 96.703 / 1.967.

The percentage of public debt in foreign currency at the end of May 2021 is 69.3 percent, of which in EUR 51.3 percent, in USD 12.0 percent, in SDR 2.1 percent, in CHF 0.3 percent and 3.6 percent in other foreign currencies (GBP, JPY, DKK, SEK, NOK, AED, KWD, CNY), while the percentage of public debt in RSD is 30.7 percent.

The total turnover of government securities on the secondary market in the first five months of 2021 amounted to 255.1 billion dinars, of which 88.4 percent is the turnover of dinar securities. In May 2021, the total turnover on the secondary market of dinar securities amounted to 34.5 billion dinars, while the turnover of securities denominated in euros had the equivalent of 6.2 billion dinars. Compared to the previous month, in May 2021, there was a decline in the total turnover of dinar securities in the amount of 26.9 billion dinars.

The turnover of the seven-year benchmark bond maturing in 2026 and the twelve-year benchmark bond maturing in August 2032 accounted for 52.6 percent of the total turnover in May 2021.

The public debt of the central government in April 2021, compared to March of the same year, decreased by 43.1 billion dinars and amounted to 3,265.9 billion dinars (27.8 billion euros). The share of public debt of the central government in GDP (ESA 2010 methodology) at the end of April 2021 is 55.09 percent, while the share of general government debt in GDP (ESA 2010 methodology) at the end of April 2021 is 55.7 percent.

The total turnover of government securities on the secondary market in the first four months of 2021 amounted to 214.4 billion dinars, of which 89.1 percent is the turnover of dinar securities. In April 2021, the total turnover on the secondary market of dinar securities amounted to 61.5 billion dinars, while the turnover of securities denominated in euros had the equivalent of 5.2 billion dinars. Compared to the previous month, in April 2021, there was an increase in the total turnover of dinar securities in the amount of 15,2 billion dinars.

The turnover of the seven-year benchmark bond maturing in 2026 and the twelve-year benchmark bond maturing in August 2032 accounted for 41.1 percent of the total turnover in April 2021.

Thus, secondary trading in government securities, both denominated in euros and in dinars, has been preserved and slightly growing even in times of crisis, which leads to strengthening the liquidity of the secondary market of government securities and the attractiveness of public debt financial instruments.

**Including custody and omnibus accounts*

I. GENERAL GOVERNMENT DEBT AND PUBLIC DEBT STOCK AND STRUCTURE AS OF MAY 31, 2021

	EUR	USD	RSD	% GDP
Direct Liabilities (A)				
Internal Debt	11.433.211.903	13.950.806.975	1.344.211.870.021	22,6%
External Debt	15.254.872.348	18.613.997.655	1.793.527.545.856	30,2%
<i>Direct Liabilities in Total</i>	26.688.084.251	32.564.804.630	3.137.739.415.877	52,8%
Contingent Liabilities (B)				
Internal Debt	207.014.707	252.599.378	24.338.884.735	0,4%
External Debt	1.183.194.363	1.443.733.950	139.109.107.867	2,3%
<i>Contingent Liabilities in Total</i>	1.390.209.071	1.696.333.328	163.447.992.602	2,8%
Non-Guaranteed Local Government Debt (C)				
Internal Debt	202.443.860	247.022.030	23.801.486.619	0,4%
External Debt	83.904.462	102.380.237	9.864.714.667	0,2%
<i>Non-Guaranteed Local Government Debt in Total</i>	286.348.322	349.402.268	33.666.201.286	0,6%
Non-Guaranteed Debt of Public Enterprise Putevi Srbije and Koridori (D)				
	76.583.682	93.447.421	9.004.004.743	0,15%
Central Government Public Debt (A+B)	28.078.293.322	34.261.137.958	3.301.187.408.479	55,6%
General Government Public Debt (A+B+C+D)	28.441.225.326	34.703.987.647	3.343.857.614.507	56,3%

II. OVERVIEW OF CENTRAL GOVERNMENT DEBT OF THE REPUBLIC OF SERBIA AS OF MAY 31, 2021.

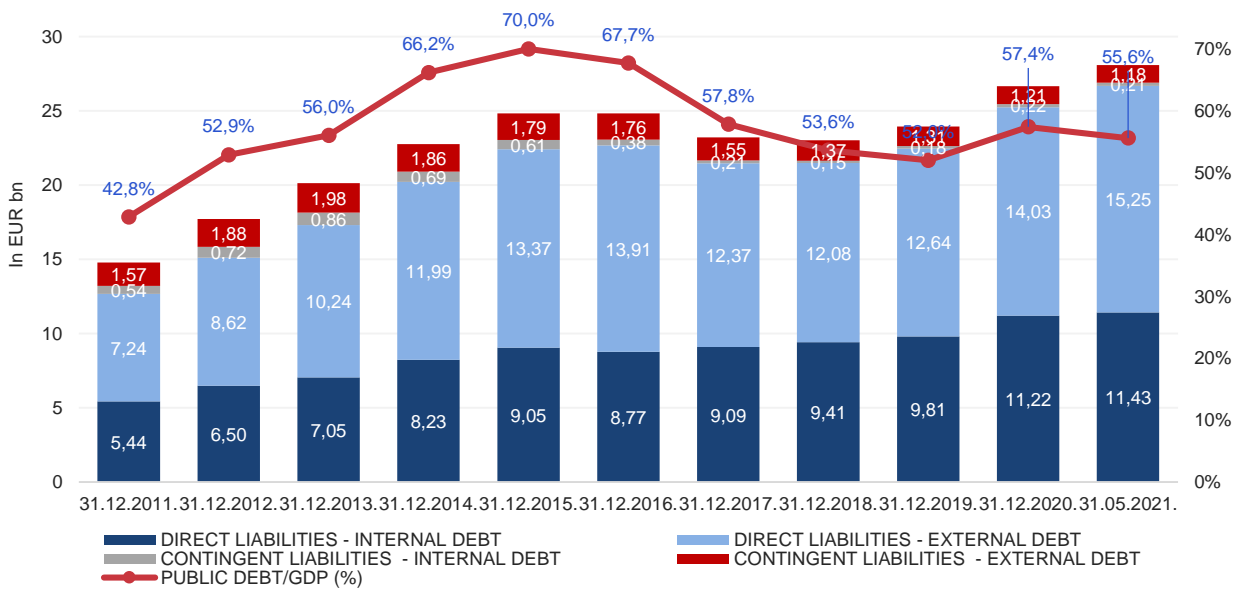
1. DIRECT LIABILITIES

1.1. INTERNAL DEBT			
Debt Description	Debt stock as of May 31, 2021 in EUR (in 000)	Debt stock as of May 31, 2021 in USD (in 000)	Debt stock as of May 31, 2021 in RSD (in 000)
GOVERNMENT SECURITIES ISSUED IN THE DOMESTIC MARKET	10.910.720	13.313.262	1.282.782.038
RETAIL BONDS	15.200	18.547	1.787.058
OTHER LIABILITIES	502.113	612.679	59.033.863
COMMERCIAL BANK LOANS	5.179	6.320	608.912
INTERNAL DEBT (direct liabilities 1.1.)	11.433.212	13.950.807	1.344.211.870
1.2. EXTERNAL DEBT			
Debt Description	Debt stock as of May 31, 2021 in EUR (in 000)	Debt stock as of May 31, 2021 in USD (in 000)	Debt stock as of May 31, 2021 in RSD (in 000)
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	2.181.603	2.661.993	256.492.838
INTERNATIONAL DEVELOPMENT ASSOCIATION	124.420	151.817	14.628.153
EUROPEAN INVESTMENT BANK	1.226.774	1.496.909	144.232.768
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	94.726	115.585	11.137.047
COUNCIL OF EUROPE DEVELOPMENT BANK	358.597	437.560	42.160.563
EXPORT - IMPORT BANK OF CHINA	1.151.100	1.404.572	135.335.719
EUROBONDS	6.140.109	7.492.162	721.897.491
KfW DEVELOPMENT BANK	68.870	84.035	8.097.079
PARIS CLUB CREDITORS	792.089	966.507	93.126.527
FOREIGN GOVERNMENT LOANS	2.579.740	3.147.800	303.302.133
INTERNATIONAL MONETARY FUND	459.419	560.583	54.014.205
OTHER LIABILITIES	77.426	94.475	9.103.022
EXTERNAL DEBT (direct liabilities 1.2.)	15.254.872	18.613.998	1.793.527.546
TOTAL DIRECT LIABILITIES (1.1. + 1.2.)	26.688.084	32.564.805	3.137.739.416

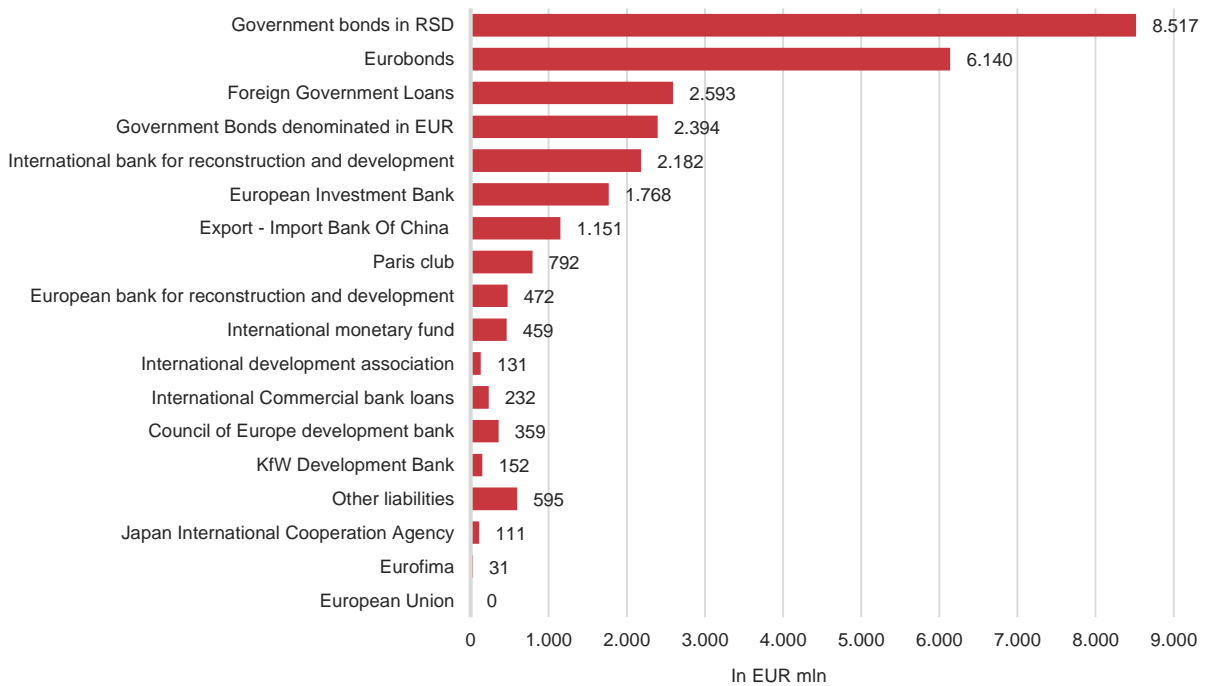
2. CONTINGENT LIABILITIES

2.1. INTERNAL DEBT			
Debt Description	Debt stock as of May 31, 2021 in EUR (in 000)	Debt stock as of May 31, 2021 in USD (in 000)	Debt stock as of May 31, 2021 in RSD (in 000)
COMMERCIAL BANK LOANS	207.015	252.599	24.338.885
INTERNAL DEBT (indirect liabilities 2.1.)	207.015	252.599	24.338.885
2.2. EXTERNAL DEBT			
Debt Description	Debt stock as of May 31, 2021 in EUR (in 000)	Debt stock as of May 31, 2021 in USD (in 000)	Debt stock as of May 31, 2021 in RSD (in 000)
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	376.964	459.972	44.319.960
EUROPEAN INVESTMENT BANK	541.606	660.867	63.677.004
KfW DEVELOPMENT BANK	83.029	101.312	9.761.780
TOTAL EUROPEAN COMPANY FOR THE FINANCING OF RAILROAD ROLLING STOCK - EUROFIMA	31.411	38.328	3.693.000
INTERNATIONAL DEVELOPMENT ASSOCIATION	6.282	7.665	738.526
JAPAN INTERNATIONAL COOPERATION AGENCY - JICA	110.820	135.222	13.029.153
FOREIGN GOVERNMENT LOANS	12.854	15.685	1.511.266
INTERNATIONAL COMMERCIAL BANK LOANS	20.230	24.684	2.378.418
EXTERNAL DEBT (indirect liabilities 2.2.)	1.183.194	1.443.734	139.109.108
TOTAL CONTINGENT LIABILITIES (2.1. + 2.2.)	1.390.209	1.696.333	163.447.993
TOTAL INTERNAL DEBT (1.1.+ 2.1.)	11.640.227	14.203.406	1.368.550.755
TOTAL EXTERNAL DEBT (1.2.+ 2.2.)	16.438.067	20.057.732	1.932.636.654
TOTAL CENTRAL GOVERNMENT DEBT (1 + 2)	28.078.293	34.261.138	3.301.187.408

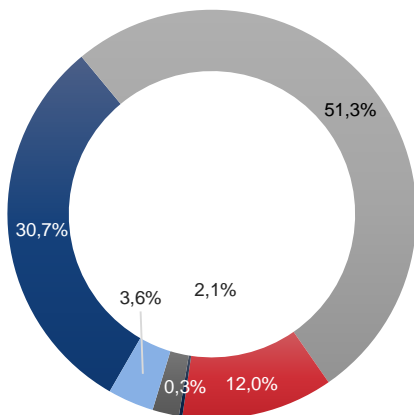
CENTRAL GOVERNMENT PUBLIC DEBT STOCK, STRUCTURE AND PUBLIC DEBT TO GDP RATIO, 31.12. 2011. - 31.05.2021.



CREDITORS OVERVIEW AS OF MAY 31, 2021

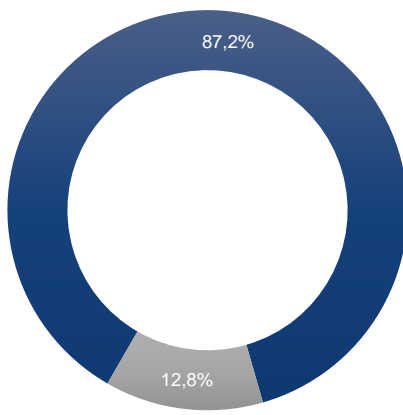


CENTRAL GOVERNMENT
PUBLIC DEBT CURRENCY
STRUCTURE AS OF MAY 31,
2021



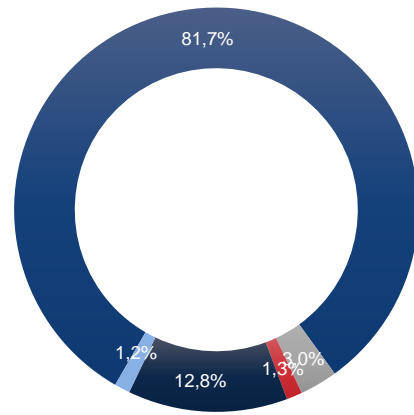
■ RSD ■ EUR ■ USD ■ CHF ■ SDR ■ Other

INTEREST RATE STRUCTURE
AS OF MAY 31, 2021



■ Fixed Rates ■ Variable Rates

VARIABLE INTEREST RATES
STRUCTURE
AS OF MAY 31, 2021



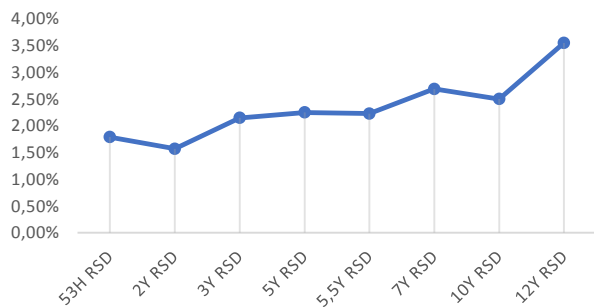
■ EURIBOR and LIBOR on EUR
■ LIBOR USD
■ LIBOR CHF
■ SDR Interest rate
■ Other

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

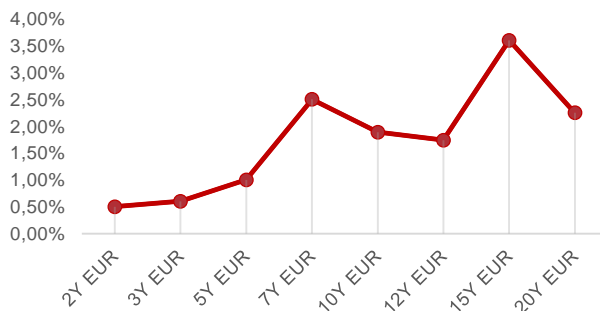
GOVERNMENT SECURITIES STOCK AS OF MAY 31, 2021

Maturity	Nominal value of debt stock	Last coupon rate	Last accepted rate
Government Bonds Denominated in RSD			
53W Government Bills	0,00	-	1,79%
2Y Government Bond with fixed coupon rate	79.233.670.000,00	1,70%	1,57%
3Y Government Bond with fixed coupon rate	145.947.580.000,00	2,00%	2,15%
5Y Government Bond with fixed coupon rate	123.813.688.250,00	4,00%	2,25%
5.5Y Government Bond with fixed coupon rate	80.047.880.000,00	3,00%	2,23%
7Y Government Bond with fixed coupon rate	326.833.810.000,00	4,50%	2,69%
10Y Government Bond with fixed coupon rate	120.882.410.000,00	5,88%	2,50%
12,5Y Government Bond with fixed coupon rate	124.559.680.000,00	4,50%	3,55%
Total in RSD	1.001.318.718.250 RSD		
Government Bonds Denominated in EUR			
2Y Government Bond with fixed coupon rate	100.000.000,00	0,50%	0,50%
3Y Government Bond with fixed coupon rate	200.000.000,00	1,25%	0,60%
5Y Government Bond with fixed coupon rate	714.766.000,00	1,00%	1,00%
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	124.246.000,00	1,50%	1,74%
15Y Government Bond with fixed coupon rate	321.882.000,00	3,50%	3,60%
20Y Government Bond with fixed coupon rate	235.596.000,00	3,50%	2,25%
Total in EUR	2.393.990.000 EUR		

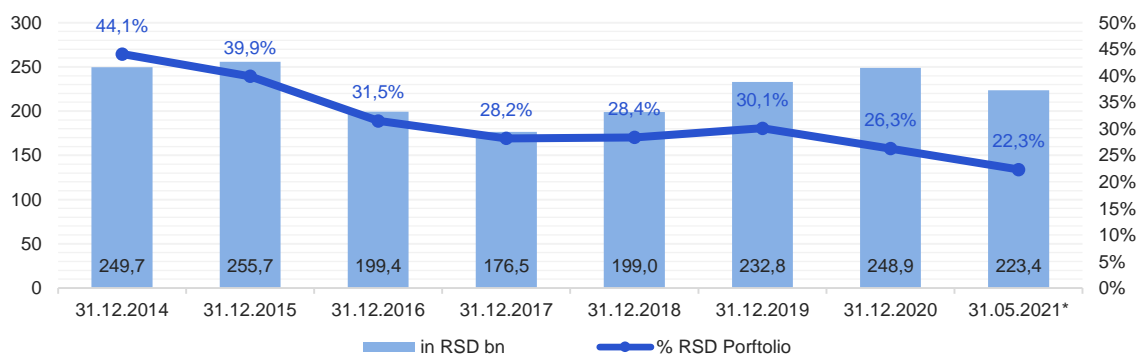
ACCEPTED RATES ON GOVERNMENT SECURITIES ISSUED IN RSD AS OF MAY 31, 2021



ACCEPTED RATES ON GOVERNMENT SECURITIES ISSUED IN EUR AS OF MAY 31, 2021

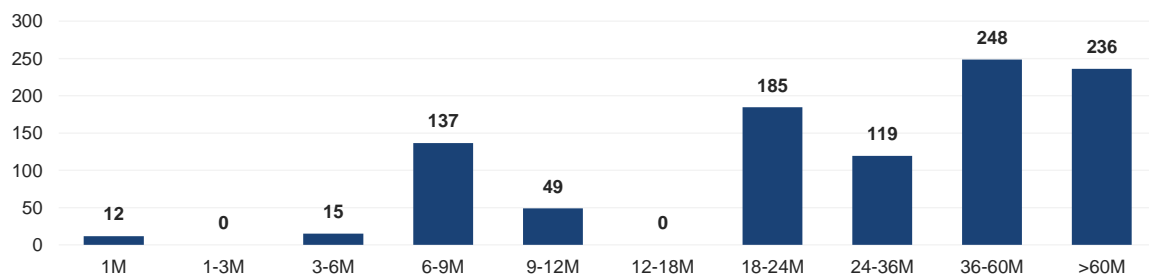


THE SHARE OF FOREIGN LEGAL ENTITIES IN RSD GOVERNMENT SECURITIES PORTFOLIO AS OF MAY 31, 2021

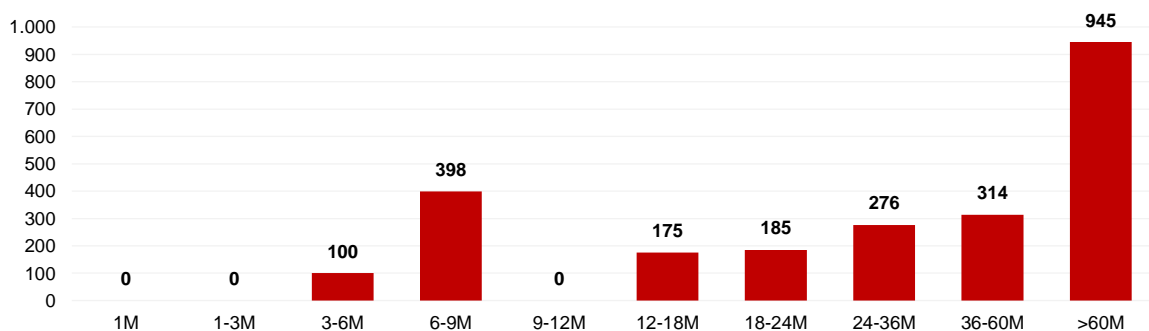


*Including custody and omnibus accounts

RESIDUAL MATURITY OF GOVERNMENT SECURITIES DENOMINATED IN RSD AS OF MAY 31, 2021



RESIDUAL MATURITY OF GOVERNMENT SECURITIES DENOMINATED IN EUR AS OF MAY 31, 2021



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	700.000.000	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
SERBIA 1 1/8 12/01/30	2020	USD	1.200.000.000	1.200.000.000	01.12.2020	01.12.2030	2,125	2,350	98,005
SERBIA 1,65 03/03/33	2021	EUR	1.000.000.000	1.000.000.000	03.03.2021	03.03.2033	1,650	1,920	97,131

*The data presented includes primary issue data and data from the reopening for the Eurobond 2021 (reopened on September 27, 2012)

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

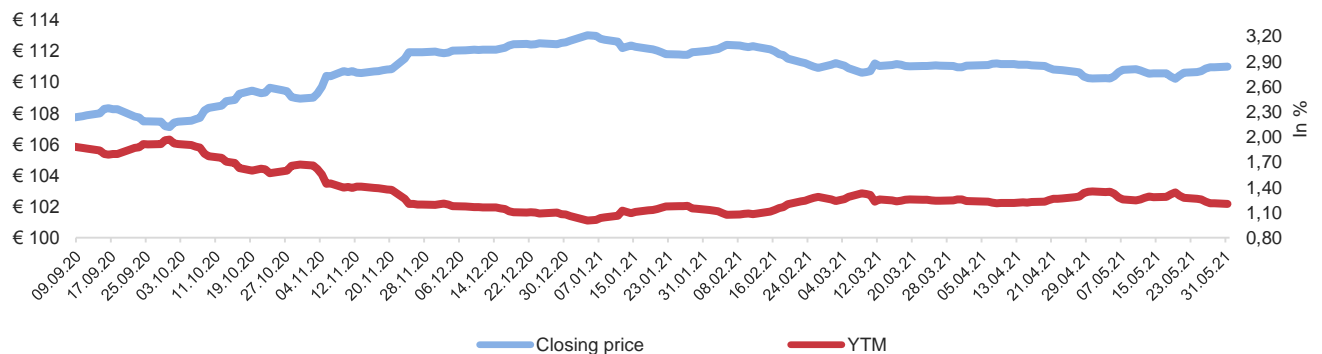
YIELD/PRICE CURVE – EUROBOND 2033



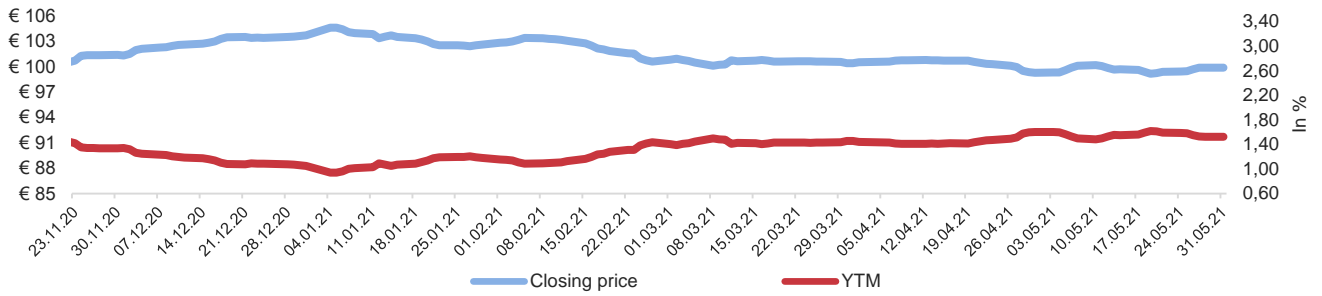
YIELD/PRICE CURVE – EUROBOND 2030



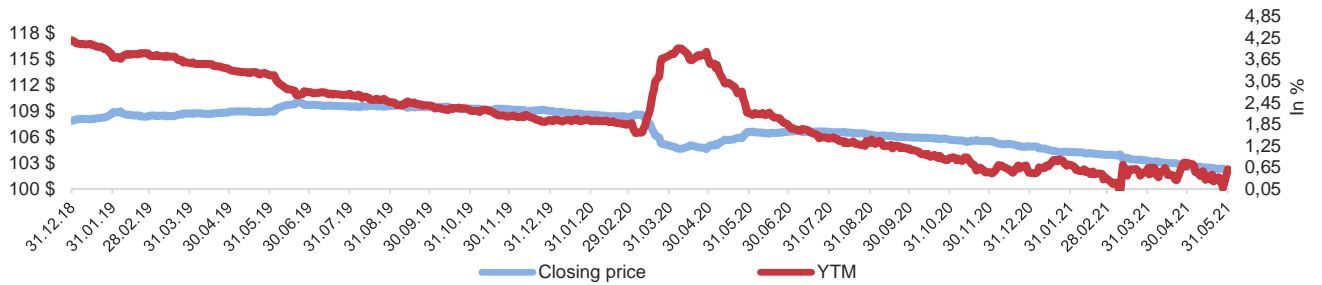
YIELD/PRICE CURVE – EUROBOND 2027



YIELD/PRICE CURVE – EUROBOND 2029

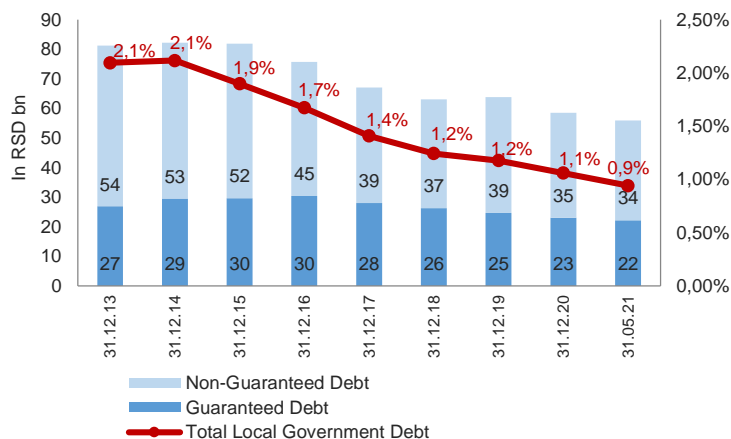


YIELD/PRICE CURVE – EUROBOND 2021

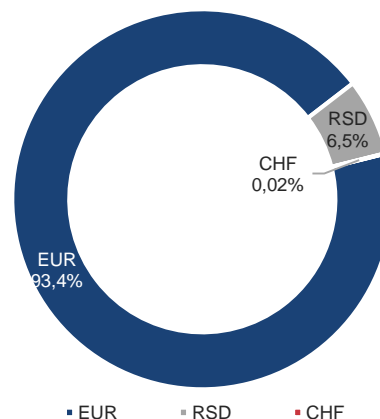


IV. LOCAL GOVERNMENT DEBT ANALYSIS

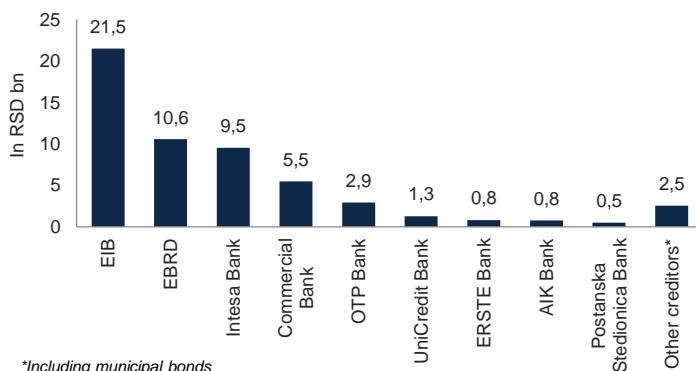
LOCAL GOVERNMENT DEBT DYNAMICS AS OF MAY 31, 2021



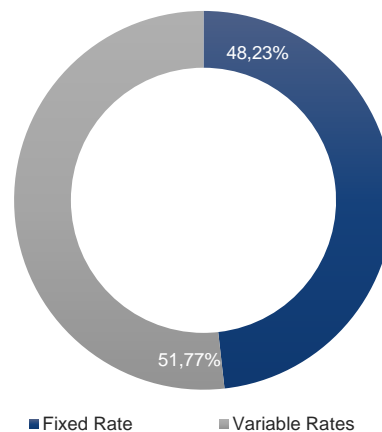
CURRENCY COMPOSITION AS OF MAY 31, 2021



CREDITORS OVERVIEW AS OF MAY 31, 2021



INTEREST RATE STRUCTURE AS OF MAY 31, 2021



Share of the top 5 Local Governments in total debt	79,9%
O/W Belgrade	60,3%
Debt maturing till the end of 2020	6.569.494.610
Debt maturing in 2021	8.978.108.645
Debt maturing in 2022	7.851.030.729
Maximum level of debt based on contracted amount	64.021.427.146
Interest Rate Risk	51,8%
FX Risk	93,5%
Local Government Debt to GDP	0,9%
O/W Non-Guaranteed Debt	0,6%
Maximum Debt Level to GDP	1,1%
Share of the top 10 Creditors in total Local Government Debt	95,5%
Share of Foreign Creditors in Total Local Government Debt	57,4%
Total Available Credit Potential	82.691.475.835
Share of the top 10 Local Governments with the highest available credit potential	46,3%
Share of Investment Project Loans in total Local Government Debt	99,4%

Local Government	Debt Stock as of May 31, 2021
Beograd	33.686.747.000
AP Vojvodina	5.353.246.027
Novi Sad	2.510.767.420
Kragujevac	2.231.776.133
Sabac	853.632.999
Nis	779.826.601
Subotica	693.532.263
Vranje	675.774.538
Jagodina	534.658.912
Indijja	455.896.236
% of total	85,5%

