REPÚBLICA DE PANAMÁ
GOBIERNO NACIONAL
MINISTERIO DE ECONOMÍA Y FINANZAS

Directorate of Public Financing

NFPS(1) Public Debt Monthly Report — As of October 31st, 2022

(In Million of US$)				Debt service October 2022					
Creditor	Balance 10/31/2021	Balance 09/30/2022	Disbursements and Capitalization	Amortization	Interest and Fees	Total	Exchange Variation	Adjustments and Discount Price	Balance 10/31/yyyy
Total Debt	**40,126.6**	**43,519.3**	**155.2**	**55.6**	**135.7**	**191.3**	**-3.4**	**1.1**	**43,616.6**
External Public Debt	**32,524.7**	35,606.6	125.1	33.1	110.1	143.2	-3.4	0.0	**35,695.2**
Internal Public Debt	**7,601.9**	7,912.7	30.1	22.5	25.6	48.1	0.0	1.1	**7,921.4**

General Situation

The total public debt balance increased by US$97.3 million (0.2%) compared to the balance recorded at the end of September 2022.

In the month of October, US$31.2 million were disbursed corresponding to the Treasury Bill auction with a term of 9 months and a weighted average yield of 4.68%.
During October, Bilateral Organizations disbursed US$103.9 million, for the Panama Metropolitan Area Urban Transportation Line 3 Development Project. Also, the Multilateral Organizations disbursed US$21.1 million of which US$19.0 million correspond to the various loans signed with the Inter-American Development Bank (IADB), among which are the Program to Improve the Efficiency and Quality of the Education Sector and the Program to Support the Development of Territorial Connectivity in the Central and Western Region of Panama; US$1.1 million correspond to the various loans signed with the International Bank for Reconstruction and Development (IBRD), among which are the Support Program to the National Development Plan for Indigenous Peoples Project; US$1.0 million correspond to the various loans signed with the Development Bank of Latin America (CAF), among which are the Development Policy Program in Response to the Pandemic and Recovery of Panama's Growth.
Additionally, within the external debt service, US$26.2 million were allocated to principal payments, for Multilateral Organizations. Also, US$100.9 million were earmarked for interest payments, of Global Bonds 2034-8.125%, 2050-4.50% and 2053-4.30%.

Regarding domestic debt, US$22.5 million was allocated to the maturity of one (1) Treasury Bill. On the other hand, there was a payment of US$24.8 million in interest on the Treasury Note 2026 with a coupon of 3.75% and US$0.74 million corresponding to the Credit Line of Banco Nacional de Panamá, as support for the General State Budget.
At the end of the month, the dollar appreciated 2.8% against the Japanese Yen and depreciated 0.7% against the Special Drawing Rights (SDR)(2). This was due to: i) Geopolitical tensions that unsettled investors boosting the dollar as a safe haven asset; ii) Intervention by Japanese authorities in order to shore up its currency; and iii) Strong U.S. labor market data. The foregoing had a positive effect on the balance of the Republic's public debt, reducing it by US$3.4 million.

Performance of debt securities in the capital markets and relevant economic events

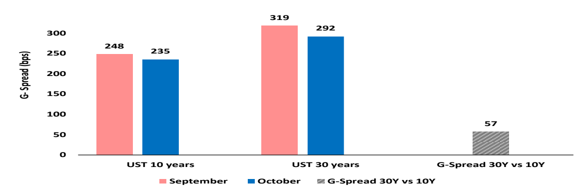
At the end of October, the yields of the most liquid international debt securities of the Republic of Panama reflected an increase of 14 basis points on average, compared to the previous month, likewise, local instruments increased by 55 basis points on average.

During the month of October, The yields of the Treasury Bonds of the United States registered an increase of 34 basis points on average compared to the previous month, mainly in the 10, 20 and 30 year maturities, which increased by 33, 40 and 46 basis points, respectively. The 10-year (2032) Republic bond G-Spread decreased 13 bps, and the 30-year (2050) decreased 27 bps. All of the above is due to: i) a higher than expected increase in consumer prices, ii) the FED's aggressive stance on rate hikes, iii) weak Chinese economic data, iv) Russia's withdrawal from Ukraine's grain export agreement, following the massive attack on its ships in Crimea, and v) the strong performance of Panama's economic indicators.

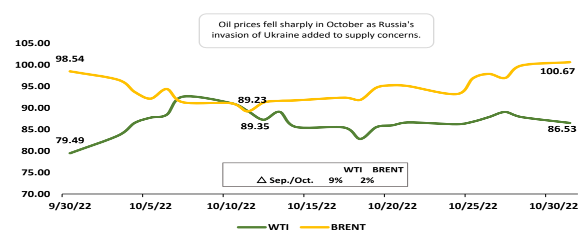
In October, OPEC+ agreed to adjust global crude oil supply with the goal of reducing oil production by 2 million barrels per day (bpd), the largest reduction since 2020. Additionally, a flare-up of COVID-19 cases in China increased concerns about global oil demand. On the other hand, the International Monetary Fund (IMF), forecast global growth to slow by 3.2% in 2022 and 2.7% in 2023, the weakest growth profile since 2001. In addition, global inflation is forecast to rise to 8.8% in 2022, before falling to 6.5% in 2023 and 4.1% in 2024.

Finally, the 5 year Credit Default Swap (CDS)(4) of the Republic of Panama, as of October 31, was located at 164 basis points (bps), positioning itself better than its Latin American peers, such as Colombia (352 bps) and Brazil (277 bps), though slightly above Mexico by 2 bps (162 bps), Peru by 9 bps (155 bps) and Chile by 11 bps (153 bps).

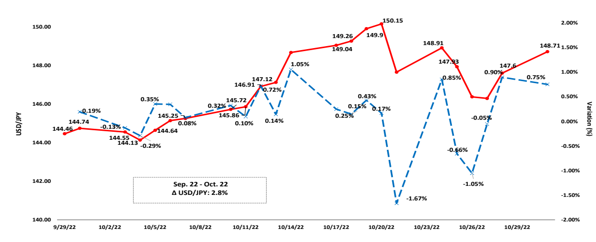
G-Spread of Panama Global Bonds vs UST Reference – September-October 2022



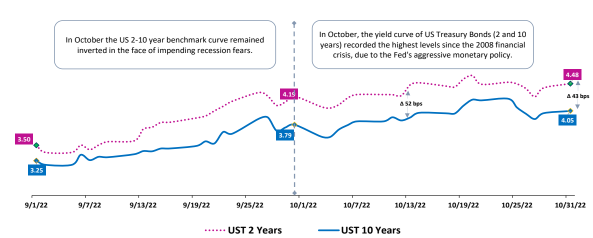
Oil Barrel Price – October 2022



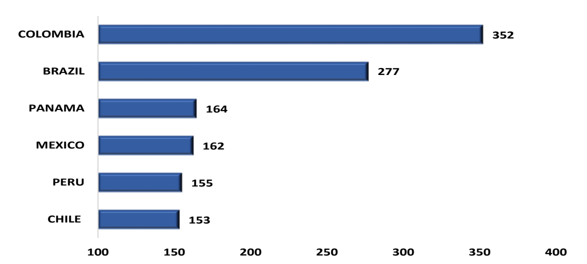
USD/JPY Evolution - October 2022



Yield of US Treasury Bonds at 2 and 10 Years – September-October 2022



Credit Default Swap (CDS)(4) - October 2022



Source: Bloomberg

(1) NFPS: Non-Financial Public Sector.
(2) Special Drawing Rights (SDR): It is the international reserve asset created by the IMF. The value of the SDR is made up of a basket of five currencies: the US dollar, the euro, the Chinese renminbi (RMB), the Japanese yen, and the British pound.
(3) El índice del dólar (DXY) es un índice que mide el valor del dólar en relación a las divisas de sus principales socios comerciales. La ponderación es la siguiente: Euro (EUR) 57.6%, Yen (JPY) 13.6%, Libra Esterlina (GBP) 11.9%, Dólar canadiense (CAD) 9.1%, Corona Sueca (SEK) 4.2% y Franco suizo (CHF) 3.6%.
(4) Credit Default Swaps (CDS) are derivative instruments that provide a hedge against the issuer's default risk and imply a premium paid by the investor, thus reflecting the market's perception of the solvency of the debt instruments.