

# THE NATIONAL TREASURY



## MONTHLY DEBT BULLETIN APRIL 2019

### 1.1 Introduction

As at end of April 2019, the nominal public and publicly guaranteed debt stood at Kshs 5.58 trillion or USD 55.08 billion which is 58.72 percent of GDP. Domestic debt stood at Kshs. 2.74 trillion or USD 27.04 billion while the External debt stock stood at Kshs 2.84 trillion or USD 28.04 billion. Domestic debt as a percentage of GDP stood at 28.83 percent whereas External debt stood at 29.89 percent. The structure of debt shows that domestic debt accounts for 49.1 percent of the total debt while external debt accounts for 50.9 percent.

### 1.2 Movement in Exchange Rates

The key currencies in which Kenya's public debt is denominated are USD, Euro, Yen, Yuan and Sterling Pound. Movements in exchange rates have implications on both the size of the external debt stock and the cost of external debt service. The USD moved from Ksh.100.75 in March 2019 to Ksh. 101.38 in April 2019 against the Kenya Shilling while the Euro moved from Ksh.113.04 to Ksh.113.11 during the same period. This was 0.62 percent and 0.06 percent Kenya shilling depreciation against the USD and the EURO respectively. The Sterling Pound moved from Ksh.131.85 to Ksh 130.98 while the Japanese Yen moved from Ksh. 90.94 to Kshs. 90.67(per 100 JPY) against the Kenya Shilling in the same period; translating to a 0.66

percent and 0.30 appreciations against the pound and the Yen, respectively.

### 1.3 Size of Public and Publicly Guaranteed External Debt

Overall public and publicly guaranteed external debt increased by Kshs 120.88 billion from Kshs 2,721.6 billion in March 2019 to Kshs 2,842.48 billion in April 2019. Between March and April 2019, debt owed to bilateral creditors increased by Kshs 59.36 billion from Kshs 843.10 to Kshs 902.46 billion while multilateral credit increased by Kshs 45.69 billion from Kshs 842.05 to Kshs 887.74 billion. Commercial debt also increased by Kshs 14.59 billion from Kshs 882.88 to Kshs 897.46.

### 1.4 Currency composition of external debt

The proportion of debt denominated in USD stood at 65.7 percent, followed by Euro which accounts for 19.8 percent. The Japanese Yen, Yuan, and Sterling Pound accounted for 6.5 percent, 5.4 percent and 2.4 per cent respectively. Other currencies accounted for 0.3 percent.

### 1.5 Actual Cumulative External Debt Service

Actual cumulative debt service as at end April 2019 stood at Kshs. 262.19 billion; comprising

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of principal payments of Kshs175.92 billion and interest payments of Kshs 86.27 billion. Commercial creditors accounted for Kshs. 191.02 billion (72.86 percent of the total debt service). Bilateral and Multilateral creditors stood at Kshs 51.01 billion and Kshs 20.15 billion accounting for 19.46 percent and 7.69 percent of the total debt service respectively. There was no guaranteed debt for the month of April 2109.

### **1.6 Government Domestic Borrowing**

During the month of April 2019, Government securities worth Kshs 146.0 billion were advertised. Bids worth Kshs 261.3 billion were received composed of Kshs 188.42 billion and Kshs 72.88 billion for the Treasury Bills and Treasury Bonds respectively. Successful bids from Treasury bills amounted to Kshs 145.93 billion against the month's redemptions of Kshs 94.35 billion, leaving a deficit of Kshs. 51.58 billion to the exchequer. The successful bids from the Treasury Bonds were Kshs. 60.35 billion against the month's redemptions of 26.76 giving a surplus of Ksh 33.59 billion to the Exchequer.

### **1.7 Domestic Debt by Instruments**

As at end April 2019, 61.75 percent of Government domestic debt was held in Treasury Bonds, 37.39 percent in Treasury Bills while the remainder of 0.86 percent was held as Government overdraft at the Central Bank of Kenya and advances from commercial loans.

### **1.8 Net Domestic Financing**

As at end April 2019 the net domestic financing stood at Kshs. 300.30 billion against an annual target of Ksh 310.16 billion for FY2018/19.

### **1.9 Cumulative Domestic Interest Payments**

The actual cumulative interest payment as at April 2019 stood at Kshs 220.09 billion. For the month of April, 2019 actual interest payments on Treasury Bonds and Treasury Bills were Kshs 19.19 billion and Kshs 7.41 billion, respectively.

### **1.10 Average Interest rates for Treasury Bills**

The average interest rate for 91-day bill increased from 7.08 in March to 7.40 percent in April. Similarly, the 182-day and 364-day dropped from 8.28 percent and 9.45 percent in March 2019, to 8.11 percent and 9.37 percent respectively in April 2019.

**ANNEX 1: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE (IN KSHS MILLIONS) as at end of March 2019**

Creditor	Stock at end March 2019	Stock at end April 2019	Change
<b>BILATERAL</b>			
AUSTRIA	941.34	1,281.19	339.85
BELGIUM	7,576.10	7,779.55	203.45
CANADA	153.26	154.22	0.96
DENMARK	844.99	804.76	-40.23
FINLAND	1,611.71	1,747.00	135.29
FRANCE	67,346.33	70,645.74	3,299.41
GERMANY	29,987.49	29,955.67	(31.82)
ITALY	34,834.25	35,190.50	356.25
JAPAN	61,091.40	61,121.19	29.79
NETHERLANDS	333.57	333.75	0.18
UK	85.0	84.44	(0.56)
USA	2,090.54	2,103.62	13.08
PARIS CLUB OTHERS	21,197.29	23,821.22	2,623.93
NON PARIS CLUB	9,737.55	10,442.09	704.54
o/w CHINA	605,121.27	656,991.17	51,869.90
<b>Sub total</b>	<b>843,099.51</b>	<b>902,456.11</b>	<b>59,356.60</b>
<b>MULTILATERAL</b>			
ADB/AFDB	224,993.98	226,078.43	1,084.45
EEC/EIB	1,879.34	1,696.22	(183.12)
IDA	523,151.18	568,977.67	45,826.49
IFAD	16,763.12	17,557.41	794.29
IMF	50,524.34	48,842.80	(1,681.54)
OTHERS	24,741.50	9,324.90	(15,416.60)
<b>Sub total</b>	<b>842,053.46</b>	<b>887,743.43</b>	<b>45,689.97</b>
<b>COMMERCIAL</b>			
Commercial Banks	387,637.62	399,127.07	11,489.45
International Sovereign Bond	478,562.50	481,556.43	2,993.93
Suppliers Credit	16,675.55	16,779.87	104.32
<b>Sub Total</b>	<b>882,875.67</b>	<b>897,463.37</b>	<b>14,587.70</b>
<b>Total Central Government</b>	<b>2,568,028.64</b>	<b>2,687,662.91</b>	<b>119,634.27</b>
<b>GUARANTEED</b>			
JAPAN	67,124.70	67,869.34	744.64
GERMANY	6,347.87	6,351.43	3.56
IDA (KR Concessionaire)	4,533.75	4,562.11	28.36
Kenya Airways(commercial debt)	75,562.50	76,035.23	472.73
<b>Sub Total</b>	<b>153,568.82</b>	<b>154,818.11</b>	<b>1,249.29</b>
<b>Central Government+ Guaranteed Total</b>	<b>2,721,597.46</b>	<b>2,842,481.02</b>	<b>120,882.56</b>

Source: National Treasury

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