

# THE NATIONAL TREASURY



## MONTHLY DEBT BULLETIN DECEMBER 2019

### 1.1 Introduction

The total nominal public and publicly guaranteed debt as at end of December 2019 stood at Kshs 6,048.93 billion equivalent to 59.32 percent of GDP. Domestic debt stood at Kshs. 2,942.10 billion or USD 29.03 billion while the External debt stock stood at Kshs 3,106.82 billion or USD 30.66 billion. Domestic debt as a percentage of GDP stood at 28.85 percent whereas external debt stood at 30.47 percent. As a share of total debt, domestic and external debt accounted for 48.64 percent, and 51.36 percent of total debt respectively.

### 1.2 Movement in Exchange Rates

Kenya's public debt is denominated in five major currencies namely the USD, Euro, Yen, Yuan, and Sterling Pound. The USD moved from Kshs. 102.80 in November to Kshs 101.34 in December 2019 against the Kenya Shilling an appreciation of 1.42 percent while during the same period the Euro moved from Kshs 113.18 to Kshs.113.37, a depreciation of 0.22 percent. The Sterling Pound moved from Kshs. 132.82 to Kshs.132.94 while the Japanese Yen moved from Kshs. 93.88 (per 100 JPY) to Kshs 92.80 (per 100 JPY) against the Kenya Shilling in the same period; translating to 0.09 percent depreciation to the Pound and 1.15 percent appreciation to the Yen respectively. The Yuan exchanged at 14.50 against the Kenya Shilling.

Movements in exchange rates have implications on both the size of the external debt stock and the cost of external debt service.

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

Overall public and publicly guaranteed external debt reduced by Kshs 8.13 billion to stand at Kshs 3,106.82 billion in December 2019 down from Kshs 3,114.95 billion in November 2019. Debt owed to bilateral creditors increased by Kshs 5.61 billion to stand at Kshs. 1,023.82 billion from Kshs 1,018.21 billion while multilateral credit rose by Kshs 1.20 billion to Kshs 1,037.54 billion from Kshs. 1,036.34 billion. Commercial debt decreased by Kshs 14.71 billion from Kshs. 1,043.40 billion to Kshs 1,028.69 billion during the end of the same period.

### 1.4 Currency composition of external debt

In December 2019, the proportion of external debt denominated in USD stood at 68.1 percent, followed by the Euro at 17.5 percent. Other currencies which include among others; the Japanese Yen, Yuan, and Sterling Pound stood at 6.5 percent, 5.1 percent, and 2.4 percent respectively. Other currencies accounted for 0.3 percent of external debt.

### 1.5 Actual Cumulative External Debt Service

The cumulative actual external debt service as at end December 2019 stood at Kshs 105.38 billion; comprising of principal payments of Kshs. 43.87 billion and interest payments of Kshs. 61.51 billion. Cumulatively, bilateral creditors accounted for 29.1 percent while Commercial creditors accounts for 57.3 percent of the total debt service.

Multilateral creditors accounted for 13.6 percent of the total debt service.

As at the end of December 2019, the guaranteed loans to TARDA and East African Portland Company were not due.

### **1.6 Government Domestic Borrowing**

During the month of December 2019, amounts worth Kshs. 154.72 billion were advertised for Government securities in Treasury Bills and bonds. Bids worth Kshs. 100.24 billion were received composed of Kshs. 53.91 billion and Kshs. 46.33 billion for the Treasury Bills and Treasury Bonds respectively. Successful bids from Treasury bills and bonds amounted to Kshs. 79.63 billion; of which Kshs. 43.03 billion were for bills and Kshs. 36.60 billion for bonds. The redemptions for bills amounted to Kshs. 59.59 billion leaving a deficit of Kshs. 16.56 billion from Treasury Bills. Notably, there were no bond redemptions for the period leaving a total surplus of Kshs. 36.60 billion to the exchequer from bonds. In aggregate, the exchequer received a surplus amounting to Kshs. 20.04 billion in the month of December, 2019.

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

Total domestic debt stock was Kshs. 2,942.10. The Treasury Bonds stood at 66.4 per cent of Government domestic debt, against 30.7 percent for Treasury Bills. The Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and advances from commercial loans accounted for 2.85 percent of domestic debt as at end of December 2019.

### **1.8 Net Domestic Financing**

The net domestic financing as at end December 2019 stood at Kshs. 170.89 billion against an annual target of Ksh 300.3 billion for FY2019/20.

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

The actual cumulative domestic debt interest payment as at end of December 2019 stood at Kshs 147.29 billion. For the Month of December, 2019, the payments for treasury bonds and bills amounted to Kshs.17.08 billion and Kshs. 3.48 billion respectively while Kshs. 0.19 billion was paid to interest on overdrafts. Ksh. 0.06 was paid towards servicing the Pre-1997 overdraft.

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

On average, interest rate for Treasury bills increased in the month of December 2019. The 91-day, 182 day and 364-day Treasury bills increased from 6.65, 7.61 and 9.79 percent in November 2019 to 7.17, 8.16 and 9.80 percent respectively in December 2019. This represents 52, 55 and 1 basis points rise in interest rate respectively.

**ANNEX 1: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE (IN KSHS MILLIONS) AS AT END OF DECEMBER 2019**

<b>CREDITOR</b>	<b>Stock at End Nov 2019</b>	<b>Stock at End Dec 2019</b>	<b>Change</b>
<b>BILATERAL</b>			
BELGIUM	11,346.59	11,126.74	(219.85)
CANADA	111.15	58.41	(52.74)
AUSTRIA	1,884.10	1,887.27	3.17
DENMARK	683.03	649.81	(33.22)
FINLAND	1,613.62	1,616.34	2.72
FRANCE	73,857.00	73,863.53	6.53
GERMANY	29,045.70	28,430.27	(615.43)
ITALY	35,600.46	35,660.32	59.86
JAPAN	67,080.93	65,571.30	(1,509.63)
NETHERLANDS	226.65	181.76	(44.89)
UK	60.88	32.50	(28.38)
USA	1,827.69	1,768.21	(59.48)
SPAIN	13,156.28	13,147.61	(8.67)
Other PARIS CLUB	5,725.39	5,643.52	(81.87)
Other NON-PARIS CLUB	14,398.04	14,205.79	(192.25)
CHINA	683,434.71	693,165.26	9,730.55
<b>Sub Total</b>	<b>940,052.21</b>	<b>947,008.64</b>	<b>6,956.43</b>
<b>MULTILATERAL</b>			
ADB/AFDB	243,554.60	242,558.86	(995.74)
EEC/EIB	16,604.90	16,434.36	(170.54)
IDA	704,232.05	709,929.61	5,697.56
IFAD	18,971.92	18,621.29	(350.63)
IMF	39,314.78	36,548.36	(2,766.42)
Others	9,032.89	8,885.20	(147.69)
<b>Sub Total</b>	<b>1,031,711.14</b>	<b>1,032,977.69</b>	<b>1,266.55</b>
<b>COMMERCIAL</b>			
Commercial Banks	339,176.62	334,536.46	(4,640.16)
International Sovereign Bond	627,119.65	618,152.65	(8,967.00)
Suppliers Credit	17,015.93	16,772.62	(243.31)
<b>Sub Total</b>	<b>983,312.20</b>	<b>969,461.73</b>	<b>(13,850.47)</b>
<b>Total Central Government</b>	<b>2,955,075.55</b>	<b>2,949,448.07</b>	<b>(5,627.48)</b>
<b>GUARANTEED</b>			
JAPAN	72,417.10	71,584.27	(832.83)
GERMANY	5,735.88	5,228.11	(507.77)
IDA (KR Concessionaire)	4,626.29	4,560.14	(66.15)
Kenya Airways (commercial debt)	77,104.88	76,002.38	(1,102.51)
<b>Sub Total</b>	<b>159,884.14</b>	<b>157,374.89</b>	<b>(2,509.25)</b>
<b>CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT</b>	<b>3,114,959.69</b>	<b>3,106,822.96</b>	<b>(8,136.73)</b>

Source: National Treasury

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