

THE NATIONAL TREASURY



MONTHLY DEBT BULLETIN JANUARY 2020

1.1 Introduction

The total nominal public and publicly guaranteed debt as at end of January 2020 stood at Kshs 6,116.60 billion equivalent to 59.99 percent of GDP. Domestic debt stood at Kshs. 3,003.70 billion or USD 29.86 billion while the External debt stock stood at Kshs 3,112.90 billion or USD 30.95 billion. Domestic debt as a percentage of GDP stood at 29.46 percent whereas external debt stood at 30.53 percent. As a share of total debt, domestic and external debt accounted for 49.11 percent, and 50.89 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. 101.34 in December 2019 to Kshs 100.59 in January 2020 against the Kenya Shilling an appreciation of 0.74 percent. During the same period the Euro moved from Kshs. 113.37 to Kshs.110.90 while Sterling Pound moved from Kshs. 132.94 to Kshs.131.69 an appreciation of 2.23 and 0.94 percent respectively. The Japanese Yen moved from Kshs. 92.80 (per 100 JPY) to Kshs 92.21 (per 100 JPY) against the Kenya Shilling in the same period, translating to 0.64 percent appreciation. 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 National Government external debt increased by 6.36 billion to stand at Kshs 2,955.80 billion in January 2020 from Kshs 2,949.45 billion in December 2019. Debt owed to bilateral creditors decreased by Kshs 7.61 billion to stand at Kshs. 939.40 billion from Kshs 947.01 billion while multilateral credit dropped by Kshs 10.26 billion to Kshs 1,022.72 billion from Kshs. 1,032.98 billion. Commercial debt increased by Kshs 24.23 billion from Kshs. 969.46 billion to Kshs 993.69 billion during the end of the same period. Publicly guaranteed external debt decreased by Kshs 0.28 billion to stand at Kshs 157.09 billion in January 2020 from Kshs 157.37 billion in December 2019.

1.4 Currency composition of external debt

In January 2020, the proportion of external debt denominated in USD stood at 67.7 percent, followed by the Euro at 17.4 percent. Other currencies which include among others; the Japanese Yen, Yuan, and Sterling Pound stood at 6.6 percent, 5.6 percent, and 2.5 per cent 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 January 2020 stood at Kshs 30.32 billion; comprising of principal payments of Kshs. 15.22 billion and interest payments of Kshs. 15.10 billion. Cumulatively, bilateral creditors accounted for 42.61 percent while Commercial creditors accounts for 45.46 percent of the total debt service.

Multilateral creditors accounted for 11.92 percent of the total debt service.

As at the end of January 2020, the guaranteed loans to TARDA and East African Portland Company were not due.

1.6 Government Domestic Borrowing

During the month of January 2020, amounts worth Kshs. 146.00 billion were advertised for Government securities in Treasury Bills and bonds. Bids worth Kshs. 194.84 billion were received composed of Kshs. 124.90 billion and Kshs. 69.94 billion for the Treasury Bills and Treasury Bonds respectively. Successful bids from Treasury bills and bonds amounted to Kshs. 165.36 billion; of which Kshs. 101.61 billion were for bills and Kshs. 63.75 billion for bonds. The redemptions at cost for bills amounted to Kshs. 101.67 billion leaving a deficit of Kshs. 0.06 billion from Treasury Bills. Notably, there were no bond redemptions for the period leaving a total surplus of Kshs. 63.75 billion to the exchequer from bonds. In aggregate, the exchequer received a surplus amounting to Kshs. 63.69 billion in the month of January, 2020.

1.7 Domestic Debt by Instruments

Total domestic debt stock was Kshs. 3,003.15 billion. The Treasury Bonds stood at 67.89 per cent of Government domestic debt, against 29.28 percent for Treasury Bills. The Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and advances from commercial loans accounted for 2.83 percent of domestic debt as at end of January 2020.

1.8 Net Domestic Financing

The net domestic financing as at end January 2020 stood at Kshs. 231.12 billion against an annual target of Ksh 409.7 billion for FY2019/20.

1.9 Cumulative Domestic Interest Payments

The actual cumulative domestic debt interest payment as at end of January 2020 stood at Kshs 171.81 billion. For the Month of January, 2020, the payments for treasury bonds and bills amounted to Kshs.16.69 billion and Kshs. 7.44 billion respectively while Kshs. 0.32 billion was paid to interest on overdrafts. Ksh. 0.06 billion 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 January 2020. The 91-day, 182 day and 364-day Treasury bills increased from 7.17, 8.16 and 9.80 percent in December 2019 to 7.23, 8.17 and 9.84 percent respectively in January 2020. This represents 6, 1 and 4 basis points rise in interest rate respectively.

ANNEX 1: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY STOCK (IN KSHS MILLIONS) AS AT END OF JANUARY 2020

CREDITOR	Stock at End Dec 2019	Stock at End Jan 2020	Change
BILATERAL			
BELGIUM	11,126.74	10,832.81	(293.93)
CANADA	58.41	-	(58.41)
AUSTRIA	1,887.27	1,846.14	(41.13)
DENMARK	649.81	590.22	(59.59)
FINLAND	1,616.34	1,449.36	(166.98)
FRANCE	73,863.53	75,186.67	1323.14
GERMANY	28,430.27	28,031.93	(398.34)
ITALY	35,600.32	34,883.28	(717.04)
JAPAN	65,571.30	66,580.72	1,009.42
NETHERLANDS	181.76	171.61	(10.15)
UK	32.50	90.17	57.67
USA	1,768.21	1,573.00	(195.21)
SPAIN	13,147.61	12,189.51	(958.10)
Other PARIS CLUB	5,643.52	6,686.42	1042.90
Other NON-PARIS CLUB	14,205.79	13,586.39	(619.40)
CHINA	693,165.26	685,697.89	(7,467.37)
Sub Total	947,008.64	939,396.12	(7,612.52)
MULTILATERAL			
ADB/AFDB	242,558.86	240,119.57	(2,439.29)
EEC/EIB	16,434.36	15,866.83	(567.53)
IDA	709,929.61	703,904.62	(6,024.99)
IFAD	18,621.29	18,505.03	(116.26)
IMF	36,548.36	35,584.59	(963.77)
Others	8,885.20	8,735.98	(149.22)
Sub Total	1,032,977.69	1,022,716.62	(10,261.09)
COMMERCIAL			
Commercial Banks	334,536.46	363,474.58	28,938.12
International Sovereign Bond	618,152.65	613,568.50	(4,584.15)
Suppliers Credit	16,772.62	16,648.24	(124.38)
Sub Total	969,461.73	993,691.32	24,229.59
Total National Government	2,949,448.07	2,955,804.07	6,356.00
GUARANTEED			
JAPAN	71,584.27	72,014.62	430.35
GERMANY	5,228.11	5,114.19	(113.92)
IDA (KR Concessionaire)	4,560.14	4,526.33	(33.81)
Kenya Airways (commercial debt)	76,002.38	75,438.75	(56.63)
Sub Total	157,374.89	157,093.88	(281.01)
NATIONAL GOVERNMENT+ GUARANTEED TOTAL DEBT	3,106,822.96	3,112,897.95	6,074.99

Source: National Treasury

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