

THE NATIONAL TREASURY



MONTHLY DEBT BULLETIN MARCH 2019

1.1 Introduction

As at end of March 2019, the nominal public and publicly guaranteed debt stood at Kshs 5.43 trillion or USD 53.55 billion which is 54.09 percent of GDP. Domestic debt stood at Kshs. 2.70 trillion or USD 26.84 billion while the External debt stock stood at Kshs 2.72 trillion or USD 27.01 billion. Domestic debt as a percentage of GDP stood at 26.96 percent whereas External debt stood at 27.13 percent. The structure of debt shows that domestic debt accounts for 49.84 percent of the total debt while external debt accounts for 50.14 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 and the cost of external debt service. The USD moved from Ksh. 100.09 in February 2019 to Ksh. 100.75 in March 2019 against the Kenya Shilling while the Euro moved from Ksh. 113.89 to Ksh. 113.04 during the same period. This was 0.66 percent depreciation against the USD and a 0.74 percent appreciation against the EURO respectively. The Sterling Pound moved from Ksh. 133.24 to Ksh. 131.85 while the Japanese Yen moved from Ksh. 90.29 to Ksh. 90.94 against the Kenya Shilling in the same period; translating

to a 1.04 appreciation and 0.72 per cent and depreciation against the pound and the Yen, respectively. Similarly, the Chinese Yuan moved from Kshs 14.98 in February 2019 to Kshs 14.95 in March 2019 translating to a 0.21 percent appreciation against the Yuan.

1.3 Size of Public and Publicly Guaranteed External Debt

Overall public and publicly guaranteed external debt decreased by Kshs 14.3 billion from Kshs 2,707.3 billion in February 2019 to Kshs 2,721.6 billion in March 2019. Between February and March 2019, debt owed to bilateral creditors decreased by Kshs 25.4 billion from 868.5 to Kshs 843.1 billion while multilateral credit decreased by Kshs 7.2 billion from Kshs 849.2 to Kshs 842.1 billion. Commercial debt also decreased by Kshs 22.75 billion from Kshs 860.1 to Kshs 882.9

1.4 Currency composition of external debt

The proportion of debt denominated in USD stood at 67.24 percent, followed by Euro which accounts for 17.6 percent. The Japanese Yen, Yuan, and Sterling Pound accounted for 6.88 percent, 5.72 percent and 2.44 per cent respectively. Other currencies accounted for 0.27 percent.

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1.5 Actual Cumulative External Debt Service

Actual cumulative debt service as at end March 2019 stood at Kshs. 228.97 billion; comprising of principal payments of Kshs148.92 billion and interest payments of Kshs 80.05 billion. Commercial creditors accounted for Kshs. 161.74 billion (70.64 percent of the total debt service). Bilateral and Multilateral creditors stood at Kshs 48.49 billion and Kshs18.73 billion accounting for 21.18 percent and 8.18 percent of the total debt service respectively.

The government acts as a guarantor to state enterprises and has an obligation to service debt in the event such a guarantee is called. Cumulatively, for the month of March 2019 the guaranteed debt service was KShs 318.45 Billion. This comprised of loans serviced on behalf of: TARDA Project (Kshs 141.97 Million), and East African Portland Co. (KSHs 176.48 Million).

1.6 Government Domestic Borrowing

During the month of March 2019, Government securities worth Kshs 146.0 billion were advertised. Bids worth Kshs 155.34 billion were received. Kshs 125.96 billion and Kshs 29.38 billion worth were bids received for the Treasury Bills and Treasury Bonds respectively. Successful bids from Treasury bills amounted to Kshs 95.31 billion against the month's redemptions of Kshs 115.12 billion, leaving a deficit of Kshs. 19.81 billion to the exchequer. The successful bids from the Treasury Bonds was Kshs 16.3 billion

against no redemptions giving a surplus of Ksh 16.50 billion to the Exchequer.

1.7 Domestic Debt by Instruments

As at end March 2019, 62.45 percent of Government domestic debt was held in Treasury Bonds, 35.18 percent in Treasury Bills while the remainder of 2.36 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 March 2019 the net domestic financing stood at Kshs 316.17 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 March 2019 stood at Kshs 193.34 billion. For the month of March, 2019 actual interest payments on Treasury Bonds and Treasury Bills were Kshs 18.90 billion and Kshs 8.51 billion, respectively.

1.10 Average Interest rates for Treasury Bills

The average interest rates for 91 and 182 Treasury bills came down in March 2019 as compared to February 2019. The 91-day, 182-day and 364-day dropped from 7.02 percent, 8.55 percent and 9.64 percent in February to 7.08 percent, 8.28 percent and 9.45 percent respectively in March 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 Feb 2019	Stock at end March 2019	Change
BILATERAL			
AUSTRIA	948.36	941.34	(7.02)
BELGIUM	11,315.13	7,576.10	(3739.03)
CANADA	152.25	153.26	1.01
DENMARK	851.75	844.99	(6.76)
FINLAND	1759.03	1,611.71	(147.32)
FRANCE	67,668.18	67,346.33	(321.85)
GERMANY	29,284.70	29,987.49	702.79
ITALY	230.15	34,834.25	34604.1
JAPAN	60,083.72	61,091.40	1007.68
NETHERLANDS	414.32	333.57	(80.75)
UK	85.90	85.00	(0.9)
USA	2,094.42	2,090.54	(3.88)
PARIS CLUB OTHERS	56,711.46	21,197.29	(35514.17)
NON PARIS CLUB	9,664.71	9,737.55	72.84
o/w CHINA	622,933.45	605,121.27	(17812.18)
Sub total	864,197.55	843,099.51	(21098.04)
MULTILATERAL			
ADB/AFDB	224,696.87	224,993.98	297.11
EEC/EIB	1,923.64	1,879.34	(44.30)
IDA	523,045.28	523,151.18	105.90
IFAD	16,731.61	16,763.12	31.51
IMF	50,283.24	50,524.34	241.10
OTHERS	25,625.42	24,741.50	(883.92)
Sub total	842,306.06	842,053.46	(252.60)
COMMERCIAL			
Commercial Banks	362,441.43	387,637.62	25,196.19
International Sovereign Bond	475,408.96	478,562.50	3,153.53
Suppliers Credit	16,565.66	16,675.55	109.88
Sub Total	854,416.06	882,875.67	28,459.61
Total Central Government	2,560,919.67	2,568,028.64	7,108.97
GUARANTEED			
JAPAN	60,403.85	67,124.70	6,720.85
GERMANY	6,395.20	6,347.87	(47.33)
IDA (KR Concessionaire)	4,503.87	4,533.75	29.88
Kenya Airways(commercial debt)	75,064.58	75,562.50	497.93
Sub Total	146,367.50	153,568.82	7,201.32
Central Government+ Guaranteed Total	2,707,287.17	2,721,597.46	14,310.30

Source: National Treasury

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