

THE NATIONAL TREASURY



MONTHLY DEBT BULLETIN MAY 2020

1.1 Introduction

The total nominal public and publicly guaranteed debt as at end of May 2020 stood at Ksh 6,649.57 billion equivalent to 65.21 percent of GDP. Domestic debt stood at Kshs. 3,153.14 billion or USD 29.48 billion while the External debt stock stood at Kshs 3,496.43 billion or USD 32.67 billion. Domestic debt as a percentage of GDP stood at 30.92 percent whereas external debt stood at 34.29 percent. As a share of total debt, domestic and external debt accounted for 47.42 percent, and 52.58 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. 107.29 in April to Kshs 106.94 in May 2020 against the Kenya Shilling an appreciation of 0.33 percent while during the same period the Euro moved from Kshs. 116.41 to Kshs. 117.81, a depreciation of 1.19 percent.

The Sterling Pound moved from Kshs. 133.09 to Kshs.131.14 while the Japanese Yen moved from Kshs. 100.71 (per 100 JPY) to Kshs 99.27 against the Kenya Shilling in the same period; translating to 1.47 percent and 1.43 percent appreciation to the Pound and Yen respectively. The Yuan exchanged at 14.95 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 increased by Kshs 179.10 billion to stand at Kshs 3,496.43 billion in May 2020 up from Kshs 3,317.33 billion in April 2020. Debt owed to bilateral creditors increased by Kshs 21.16 billion to stand at Kshs. 1,090.24 billion from Kshs 1,070.08 billion while multilateral debt rose by Kshs 158.04 billion to Kshs 1,272.40 billion from Kshs. 1,114.36 billion. Commercial debt increased by Kshs 0.09 billion from Kshs. 1,132.89 billion to Kshs 1,133.79 billion during the end of the same period.

1.4 Currency composition of external debt

In May 2020, the proportion of external debt denominated in USD stood at 67.0 percent, followed by the Euro at 17.5 percent. The other currencies which include among others; the Japanese Yen, Yuan, and Sterling Pound stood at 6.7 percent, 5.4 percent, and 2.5 per cent respectively. Other currencies accounted for 0.9 percent of external debt.

1.5 Actual Cumulative External Debt Service

The actual external debt service for the month of May 2020 stood at Kshs 21.70 billion; comprising of principal payments of Kshs. 9.85 billion and interest payments of Kshs. 11.85 billion. Cumulatively, bilateral creditors accounted for 1.75 percent while Commercial creditors accounts for 86.01 percent of the total debt service.

Multilateral creditors accounted for 12.23 percent of the total debt service.

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

1.6 Government Domestic Borrowing

During the month of May 2020 amounts worth Kshs. 176.00 billion were advertised for Government securities in Treasury Bills and bonds. Bids worth Kshs. 148.86 billion were received composed of Kshs. 92.82 billion and Kshs. 56.04 billion for the Treasury Bills and Treasury Bonds respectively. Successful bids from Treasury bills and bonds amounted to Kshs. 109.93 billion; of which Kshs. 80.20 billion were for bills and Kshs. 29.73 billion for bonds. The redemptions for bills amounted to Kshs. 71.29 billion leaving a surplus of Kshs. 8.91 billion from Treasury Bills. Notably, there were no bond redemptions for the period leaving a total surplus of Kshs. 29.73 billion to the exchequer from bonds. In aggregate, the exchequer received a surplus amounting to Kshs. 38.64 billion in the month of May, 2020.

1.7 Domestic Debt by Instruments

Total domestic debt stock was Kshs. 3,153.14. The Treasury Bonds stood at 69.12 per cent of Government domestic debt, against 28.49 percent for Treasury Bills. The Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and advances from commercial loans accounted for 2.39 percent of domestic debt as at end of May 2020

1.8 Net Domestic Financing

The net domestic financing as at end May 2020 stood at Kshs. 337.31 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 May 2020 stood at Kshs 286.35 billion. For the Month of May 2020, the payments for treasury bonds and bills amounted to Kshs. 25.40 billion and Kshs. 5.09 billion respectively. The interest payment on overdrafts was Kshs 0.06 billion.

1.10 Average Interest rates for Treasury Bills

On average, interest rate for Treasury bills increased in the month of February 2020. The 91-day, 182-day and 364-day Treasury bills increased from 7.21, 8.12 and 9.07 percent in April 2020 to 7.27, 8.18 and 9.19 percent respectively in May 2020. This represents 6, 6 and 12 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 MAY 2020

CREDITOR	Stock at the End April 2020	Stock at the End May 2020	Change
BILATERAL			
BELGIUM	11,718.56	11,755.59	37.03
CANADA	61.84	61.64	(0.20)
AUSTRIA	1,355.93	1,372.12	16.19
DENMARK	647.59	655.44	7.85
FINLAND	1,521.48	1,539.65	18.17
FRANCE	76,206.37	77,053.00	846.63
GERMANY	29,776.58	30,132.19	355.61
ITALY	36,089.79	36,520.79	431.00
JAPAN	78,917.44	77,792.57	(1,124.87)
NETHERLANDS	105.97	107.24	1.27
UK	35.87	35.34	(0.52)
USA	1,626.55	1,621.28	(5.27)
SPAIN	12,537.65	12,670.99	133.34
Other PARIS CLUB	3,759.02	3,746.83	(12.19)
Other NON-PARIS CLUB	17,159.25	41,364.30	24,205.05
CHINA	715,991.29	712,280.94	(3,710.35)
Sub Total	987,511.18	1,008,709.89	21,198.72
MULTILATERAL			
ADB/AFDB	260,838.82	260,259.09	(579.73)
EEC/EIB	16,298.26	16,491.95	193.69
IDA	769,157.30	849,592.20	80,434.90
IFAD	19,523.82	19,478.24	(45.58)
IMF	34,536.06	112,691.13	78,155.07
Others	9,180.38	9,073.96	(106.42)
Sub Total	1,109,534.64	1,267,586.58	158,051.94
COMMERCIAL			
Commercial Banks	380,183.52	383,524.07	3,340.55
International Sovereign Bond	654,478.15	652,355.35	(2,122.80)
Suppliers Credit	17,758.26	17,700.66	(57.60)
Sub Total	1,052,419.93	1,053,580.08	1,160.15
Total Central Government	3,149,465.75	3,329,876.55	180,410.80
GUARANTEED			
JAPAN	77,199.79	76,099.40	(1,100.39)
GERMANY	5,368.69	5,432.80	64.11
IDA (KR Concessionaire)	4,828.12	4,812.46	(15.66)
Kenya Airways (commercial debt)	80,468.63	80,207.63	(261.01)
Sub Total	167,865.23	166,552.28	(1,312.95)
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	3,317,330.98	3,496,428.84	179,097.86

Source: National Treasury

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