

# THE NATIONAL TREASURY



## MONTHLY DEBT BULLETIN OCTOBER 2018

### 1.1 Introduction

The nominal public and publicly guaranteed debt stood at Kshs 5.19 trillion or USD 51.78 billion which is 51.96 percent of GDP. The domestic debt stood at Kshs 2.53 trillion or USD 25.30 billion while the external debt stock stood at Kshs 2.65 trillion or USD 25.48 billion. As a percentage of GDP, the domestic debt account for 25.83 percent while external debt account for 26.57 percent.

### 1.2 Movement in Exchange Rates

The size and cost of external debt is affected by movements in exchange rates as the external debt is in different currencies. A large portion of external debt is in the five major currencies namely; US Dollar, Euro, Yuan and Sterling Pound and Yuan. In October 2018, the Kenya shilling strengthened against all the major currencies with US Dollar, Sterling Pound, Euro and Japanese at Ksh 100.24, Ksh. 128.46, 113.33 and 90.51 against Ksh 101.05, Ksh. 132.09, Ksh 116.85 and Ksh.91.64 respectively in September 2018.

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

October, 2018, national government's external public and publicly guaranteed debt stock increase by Ksh 94.49 billion to stand at Kshs 2,654.69 billion from Kshs 2,560 billion in September 2018. Bilateral, multilateral and commercial creditors accounts for 31.5 percent, 33.7 cent and 34.1 percent of the total national government's external public and

publicly guaranteed debt while suppliers creditors holds 0.6 per cent.

### 1.4 Currency composition of external debt

As at end October, 2018, the USD accounts for 71.17 percent of the total external debt followed by Euro at 15.57 per cent, Yuan at 6.03 per cent, and Japanese Yen at 4.25 per cent and Sterling Pound 2.71 per cent. Other currencies accounted for 0.26 percent.

### 1.5 Cumulative External Debt Service

In cumulative terms, the debt service as at end October 2018 stood at Kshs. 51.95 billion against a projection of Ksh 51.38 billion. The Actual debt service comprises of principal payments of Kshs 18.57 billion and interest payments of Kshs 32.38 billion. Multilateral, bilateral and commercial creditors accounts for 15.6 percent, 37.7 percent, 46.6 per cent of the cumulative actual total debt service as at end October 2018.

### 1.6 Government Domestic Borrowing

Government securities worth Kshs 160 billion were advertised during the month of October 2018. Bids worth Kshs 120.36 billion were received with Kshs 93.32 billion and Kshs 27.04 billion bids received were for the Treasury Bills and Treasury Bonds respectively. Successful bids amounted to Kshs 94.11 billion against the month's redemptions of Kshs 91.02 billion, giving exchequer surplus of Kshs. 3.08 billion.

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

60.8 per cent of Government domestic was held in Treasury Bonds, 37.9 percent in Treasury Bills and 2.2 percent in other instruments like Government overdraft as at end October 2018.

### **1.8 Net Domestic Financing**

The net domestic financing for end October 2018 stood at Kshs 132.42 billion against an annual target of Ksh 296.9 billion for FY2018/19. The net actual cumulative domestic borrowing was at Ksh 80.98 billion.

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

The projected cumulative interest payments for domestic debt stood at Kshs 116.33 billion as at end October 2018, against an actual cumulative interest payment of Kshs 82.99 billion. The actual interest payments on Treasury Bonds and Treasury Bills stood at Kshs 56.43 billion and Kshs 25.63 billion, respectively with the rest relates to other charges.

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

Interest rate on government securities continue to remains stable. The average interest rates for 91 day, 182day and 364 days Treasury bills dropped from 7.64 percent, 8.82 percent and 9.79 percent in September 2018 to 7.55 percent, 8.48 percent, and 9.59 percent respectively in October 2018.

**ANNEX 1: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE (IN KSHS MILLIONS)**

<b>Creditor</b>	<b>Stock at end September 2018</b>	<b>Stock at end October 2018</b>	<b>Change</b>
<b>BILATERAL</b>			
AUSTRIA	578.15	1021.64	443.49
BELGIUM	10,207.84	10296.01	88.17
CANADA	409.13	287.95	(121.18)
DENMARK	1,175.09	991.29	(183.80)
FINLAND	1,642.15	1946.55	304.40
FRANCE	61,785.63	60924.42	(861.21)
GERMANY	27,175.24	27636.03	460.79
ITALY	124.90	233.63	108.73
JAPAN	50,894.85	49199.72	(1,695.13)
NETHERLANDS	1,078.69	592.92	(485.77)
UK	463.34	451.23	(12.11)
USA	2,947.37	2633.76	(313.61)
PARIS CLUB OTHERS	34,265.36	34710.16	444.80
NON PARIS CLUB	569,747.59	587129.59	17,382.00
o/w CHINA	559,070.73	576,749.25	17,678.52
<b>Sub total</b>	<b>762,495.32</b>	<b>778,054.90</b>	<b>15,559.58</b>
ADB/AFDB	204,775.67	218,047.77	13,272.10
EEC/EIB	19,455.05	18,819.64	(635.41)
IDA	493,514.60	555,086.01	61,571.41
IFAD	14,165.54	16,954.70	2,789.16
IMF	71,588.41	71,231.80	(356.61)
OTHERS	8,072.00	10,150.17	2,078.17
<b>Sub total</b>	<b>811,571.28</b>	<b>890,290.09</b>	<b>78,718.81</b>
Commercial Banks	350,614.16	345,624.56	(4,989.60)
International Sovereign Bond	479,987.50	483,774.20	3,786.70
Suppliers Credit	16,725.20	16,857.15	131.95
<b>Sub Total</b>	<b>847,326.86</b>	<b>846,255.91</b>	<b>(1,070.95)</b>
<b>Total Central Government</b>	<b>2,421,393.46</b>	<b>2,514,600.90</b>	<b>93,207.44</b>
JAPAN	50,991.00	52,058.40	1,067.40
GERMANY	7,480.23	7,061.61	(418.62)
IDA (KR Concessionaire)	4,547.25	4,583.12	35.87
Kenya Airways(commercial debt)	75,787.50	76,385.40	597.90
<b>Sub Total</b>	<b>138,805.97</b>	<b>140,088.54</b>	<b>1,282.57</b>
<b>Central Government+ Guaranteed Total</b>	<b>2,560,199.43</b>	<b>2,654,689.44</b>	<b>94,490.01</b>

**Source: National Treasury**