

THE NATIONAL TREASURY



MONTHLY DEBT BULLETIN OCTOBER 2020

1.1 Introduction

The total nominal public and publicly guaranteed debt as at end of October 2020 was Kshs. 7,163.29 billion (equivalent to 63.5 per cent of GDP). Domestic debt was Kshs. 3,457.65 billion (USD 31.77 billion) while the External debt stock was Kshs. 3,705.64 billion (USD 34.05 billion). Domestic debt as a percentage of GDP was 30.7 per cent whereas external debt was 32.9 per cent. As a share of total debt, domestic and external debt accounted for 48.3 per cent, and 51.7 per cent 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. Kenya shilling weakened against the five major currencies. As at end October 2020, Kenya shilling depreciated against the US Dollar, Japanese Yen, Euro, GBP and Chinese Yuan by 0.3, 1.6, 0.3, 1.2 and 2.3 per cent respectively. The Kenya Shilling against the afore-mentioned currencies moved from Kshs. 108.50, Kshs. 102.70, Kshs. 126.90, Kshs. 139.51 and Kshs. 15.91 in September 2020 to Kshs 108.82, Kshs. 104.30, Kshs. 127.27, Kshs. 141.16 and Kshs. 16.28 in October 2020 respectively.

Movements in exchange rates had 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 Kshs. 42.14 billion from Kshs. 3,663.50 billion in September 2020. Debt owed to bilateral creditors increased by Kshs. 23.10 billion from Kshs. 1,019.30 billion while multilateral debt rose by Kshs. 21.80 billion from Kshs. 1,416.96 billion. Commercial debt decreased by Kshs. 2.74 billion from Kshs. 1,057.39 billion during the same period (September-October 2020). Publicly guaranteed external debt marginally declined from Kshs. 169.85 billion in September 2020 to Kshs. 169.83 billion in October 2020

1.4 Currency composition of external debt

As at end October 2020, the proportion of external debt denominated in US Dollar stood at 65.9 per cent, followed by the Euro at 19.1 per cent. The Japanese Yen, Yuan, and Sterling Pound were 6.7 percent, 5.5 per cent, and 2.5 per cent respectively. Other currencies accounted for 0.3 per cent of external debt.

1.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end October 2020 amounted to Kshs. 98.61 billion. For the month of October 2020, external debt service amounted to Kshs. 17.06 billion, comprising of principal and interest payments of Kshs. 13.06 billion and Kshs. 4.00 billion respectively. Cumulatively, Bilateral creditors accounted for 41.0 per cent, Commercial creditors 46.2 per cent while Multilateral creditors accounted for 12.8 per cent of the total debt service.

1.6 Government Domestic Borrowing

During the month of October 2020, Government securities amounting to Kshs. 146.00 billion were advertised. Bids worth Kshs. 162.24 billion were received comprising of Kshs. 93.10 billion and Kshs. 69.14 billion Treasury Bills and Bonds respectively. Successful bids amounted to Kshs. 144.52 billion; out of which Kshs. 84.49 billion and Kshs. 60.03 billion were Treasury Bills and Bonds respectively. The monthly redemptions amounted to Kshs. 119.26 billion from Treasury Bills as there were no redemptions from Treasury Bonds. In aggregate, the exchequer received new money amounting to Kshs. 25.26 billion during the period under review.

1.7 Domestic Debt by Instruments

Total domestic debt stock was Kshs. 3,457.65 billion. The ratio of Bonds to Bills was 73:24 while the Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and bank advances accounted for 3.0 percent of domestic debt as at end of October 2020.

1.8 Net Domestic Financing

The net domestic financing as at end October 2020 was Kshs. 239.28 billion against an annual target of Kshs. 493.40 billion for FY2020/21.

1.9 Cumulative Domestic Interest Payments

The actual cumulative domestic debt interest payment as at end of October 2020 stood at Kshs. 115.68 billion. For the Month of October 2020, interest payments for Treasury Bonds and Bills amounted to Kshs. 29.07 billion and Kshs. 5.36 billion respectively. The interest payment on the Central Bank of Kenya overdraft was Kshs. 0.07 billion.

1.10 Average Interest rates for Treasury Bills

On average, interest rates for Treasury bills increased during the month. The 91-day, 182-day and 364-day Treasury Bills increased to 6.5 per cent, 6.9 per cent and 7.8 per cent in October 2020 from 6.3 per cent, 6.7 per cent and 7.6 per cent in September 2020 respectively. This represents 20 basis point decline in interest rates for 91-day, 182-day and 364-day Treasury Bills. The Treasury Bonds interest rate averaged at 12.7 per cent during the month from 11.6 per cent in September 2020.

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

CREDITOR	Stock at the End September 2020	Stock at the End October 2020	Change
BILATERAL			
BELGIUM	12,268.07	13,141.42	873.35
AUSTRIA	1,466.77	1,471.08	4.31
DENMARK	587.10	588.03	0.93
FINLAND	1,356.89	1,360.88	3.99
FRANCE	82,733.90	82,859.70	125.80
GERMANY	31,921.67	30,803.30	(1,118.37)
ITALY	39,654.98	39,760.29	105.31
JAPAN	83,611.70	86,621.77	3,010.07
NETHERLANDS	57.75	57.92	0.17
USA	1,336.16	1,340.12	3.96
SPAIN	13,375.10	13,772.46	397.36
Other PARIS CLUB	3,796.72	3,488.76	(307.96)
Other NON -PARIS CLUB	16,818.54	17,474.36	655.82
CHINA	730,312.84	749,661.40	19,348.56
Sub Total	1,019,298.19	1,042,401.50	23,103.31
MULTILATERAL			
ADB/ADF	295,842.99	304,243.04	8,400.05
EEC/EIB	20,287.94	20,327.75	39.81
IDA	930,378.37	939,791.94	9,413.57
IFAD	20,385.65	20,795.16	409.51
IMF	113,607.50	112,064.23	(1,543.27)
Others	36,455.34	41,534.94	5,079.60
Sub Total	1,416,957.79	1,438,757.06	21,799.27
COMMERCIAL			
Commercial Bank	377,597.94	372,848.36	(4,749.58)
International Sovereign Bond	661,832.31	663,794.68	1,962.37
Suppliers Credit	17,957.80	18,011.05	53.25
Sub Total	1,057,388.05	1,054,654.09	(2,733.96)
Total Central Government	3,493,644.02	3,535,812.65	42,168.63
GUARANTEED			
JAPAN	78,031.38	77,743.66	(287.72)
GERMANY	5,560.63	5,576.99	16.36
IDA (KR Concessionaire)	4,882.37	4,896.85	14.48
Kenya Airways (Commercial Debt)	81,372.83	81,614.10	241.27
Sub Total	169,847.20	169,831.60	(15.60)
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	3,663,491.22	3,705,644.24	42,153.02

Source: National Treasury

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