

THE NATIONAL TREASURY



MONTHLY DEBT BULLETIN SEPTEMBER 2018

1.1 Introduction

As at end September 2018, the nominal public and publicly guaranteed debt stood at Kshs 5.10 trillion or USD 50.47 billion which is 51.05 percent of GDP. Domestic debt stood at Kshs 2.54 trillion or USD 25.14 billion while the External debt stock stood at Kshs 2.56 trillion or USD 25.33 billion. Domestic debt as a percentage of GDP stood at 25.43 percent whereas External debt stood at 25.63 percent.

1.2 Movement in Exchange Rates

The US Dollar, Euro, Yuan and Sterling Pound and Yuan are the five major currencies of Kenya's external public debt. Any fluctuations in exchange rates affect both the size and cost of external debt. In the month of September 2018, the Kenya shilling depreciated against USD, Sterling Pound and Japanese yen by 0.44 per cent, 0.91 per cent, and 1.48 per cent to stand at Ksh 101.05, Ksh. 132.09, and Ksh.91.64 respectively while it appreciated against the Euro by 0.55 per cent to stand at Ksh 116.85 in August 2018.

1.3 Size of Public and Publicly Guaranteed External Debt

As at end September, 2018, the external public and publicly guaranteed stood at Kshs 2,560 billion debt, decreased of Kshs 51.2 billion from Kshs 2,611.40 billion in August 2018. Debt owed to bilateral, multilateral and commercial creditors stood at 31.88 percent, 32.07 per cent and 35.40 percent of the total national government's external public and

publicly guaranteed debt. The 0.65 per cent relates to the suppliers creditors.

1.4 Currency composition of external debt

As at end September, 2018, out of the five major currencies of the total external debt, the USD dominated at 71.65 percent. The Euro, Yuan, Japanese Yen and Sterling Pound accounted for 14.93 percent, 6.17 percent, 4.3 per cent and 2.66 per cent respectively. Other currencies accounted 0.28 percent.

1.5 Actual Cumulative External Debt Service

In cumulative terms, the debt service as at end September 2018 stood at Kshs. 36.05 billion. The Actual amounts comprises of principal payments of Kshs 13.07 billion and interest payments of Kshs 22.98 billion. The actual debt service for the month of September stood at Ksh 14.19 billion. Bilateral creditors accounts for 45.0 percent, Multilateral 11.1 percent and commercial creditors' 43.9 per cent of the cumulative total debt service as at end September 2018.

On the guaranteed debt service, the government projected to pay Ksh 326.58 during the month under review out of which Ksh 310.96 million and Ksh 15.62 million relates to Principal and Interest payments, however, the actual payments were effected in the month of October.

1.6 Government Domestic Borrowing

Government securities worth Kshs 136 billion were advertised during the month of September 2018. Bids worth Kshs 183.63 billion were received with Kshs 151.16 billion and Kshs 26.55 billion bids received were for the Treasury Bills and Treasury Bonds respectively. Successful bids amounted to Kshs 141.33 billion against the month's redemptions of Kshs 97.54 billion, giving exchequer surplus of Kshs. 43.79 billion.

1.7 Domestic Debt by Instruments

As at end September 2018, 60.7 per cent of Government domestic debt was held in Treasury Bonds, 36.7 percent in Treasury Bills while the remainder of 1.8 percent was held as Government overdraft at the Central Bank of Kenya.

1.8 Net Domestic Financing

The, net domestic financing for end September 2018 stood at Kshs 69.21 billion against an annual target of Ksh 296.9 billion for FY2018/19. The net actual cumulative domestic borrowing was at Ksh 77.90 billion.

1.9 Cumulative Domestic Interest Payments

As at end September 2018, the projected cumulative interest payments for domestic debt stood at Kshs 80.25 billion against an actual cumulative interest payment of Kshs 61.12 billion. The actual interest payments on Treasury Bonds and Treasury Bills stood at Kshs 39.68 billion and Kshs 20.66 billion, respectively and the remainder relates to interest on Overdraft and Pre-1997 debt.

1.10 Average Interest rates for Treasury Bills

On average, the interest rate on government securities remains stable. The average interest

rates for 91 remained at 7.64 percent while that of 182 and 364 day dropped from, 9.02 percent and 9.98 percent in August 2018 to 8.82 percent, 9.79 percent respectively in September 2018.

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

Creditor	Stock at end August 2018	Stock at end September 2018	Change
BILATERAL			
AUSTRIA	499.05	578.15	79.10
BELGIUM	10,562.80	10,207.84	(354.96)
CANADA	284.56	409.13	124.57
DENMARK	1,004.72	1,175.09	170.37
FINLAND	1,678.17	1,642.15	(36.02)
FRANCE	61,215.69	61,785.63	569.94
GERMANY	27,460.18	27,175.24	(284.94)
ITALY	125.47	124.90	(0.57)
JAPAN	48,960.81	50,894.85	1,934.04
NETHERLANDS	987.49	1,078.69	91.20
UK	454.73	463.34	8.61
USA	2,661.78	2,947.37	285.59
PARIS CLUB OTHERS	35,351.75	34,265.36	(1,086.39)
NON PARIS CLUB	565,965.03	569,747.59	3,782.56
o/w CHINA	555,689.56	559,070.73	3,381.17
Sub total	757,212.21	762,495.32	5,283.09
ADB/AFDB	205,583.03	204,775.67	(807.36)
EEC/EIB	19,613.54	19,455.05	(158.49)
IDA	535,939.10	493,514.60	(42,424.50)
IFAD	15,717.57	14,165.54	(1,552.03)
IMF	68,850.01	71,588.41	2,738.40
OTHERS	9,878.47	8,072.00	(1,806.47)
Sub total	855,581.72	811,571.28	(44,010.44)
Commercial Banks	367,777.43	350,614.16	(17,163.27)
International Sovereign Bond	478,066.60	479,987.50	1,920.90
Suppliers Credit	16,658.27	16,725.20	66.93
Sub Total	862,502.30	847,326.86	(15,175.44)
Total Central Government	2,475,296.23	2,421,393.46	(53,902.77)
JAPAN	49,560.69	50,991.00	1,430.31
GERMANY	7,031.96	7,480.23	448.27
IDA (KR Concessionaire)	4,529.05	4,547.25	18.20
Kenya Airways(commercial debt)	75,484.20	75,787.50	303.30
Sub Total	136,605.91	138,805.97	2,200.06
Central Government+ Guaranteed Total	2,611,902.14	2,560,199.43	(51,702.71)

Source: National Treasury