

# THE NATIONAL TREASURY



## MONTHLY DEBT BULLETIN SEPTEMBER 2020

### 1.1 Introduction

The total nominal public and publicly guaranteed debt as at end of September 2020 was Kshs. 7,120.29 billion (equivalent to 63.2 per cent of GDP). Domestic debt was Kshs. 3,456.80 billion or USD 31.86 billion while the External debt stock was Kshs. 3,663.49 billion or USD 33.77 billion. Domestic debt as a percentage of GDP was 30.7 per cent whereas external debt was 32.5 per cent. As a share of total debt, domestic and external debt accounted for 48.6 per cent, and 51.4 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 strengthened against Sterling Pound and Euro while it weakened against the USD, Chinese Yuan and Japanese Yen. As at end September 2020, Kenya shilling appreciated against Sterling Pound and Euro by 2.8 and 1.3 per cent respectively, moving from Kshs. 143.50 and Kshs.128.55 in August to Kshs. 139.51 and 126.89 in September 2020. Kenya shilling depreciated against US Dollar, Chinese Yuan and Japanese Yen during the month by 0.3 per cent, 0.8 per cent and 0.2 per cent to stand at Kshs. 108.50, Kshs. 15.92 and Kshs.102.70 from Kshs. 108.21, Kshs. 15.79 and Kshs. 102.50 in August 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. 272.41 billion to up from Kshs. 3,391.08 billion in August 2020. Debt owed to bilateral creditors increased by Kshs. 0.98 billion from Kshs. 1,018.32 billion while multilateral debt decreased by Kshs. 1.37 billion from Kshs. 1,418.33 billion as at end August 2020. Commercial debt decreased by Kshs. 2.75 billion from Kshs. 1,060.14 billion during the same period. Publicly guaranteed external debt marginally increased from Kshs. 169.53 billion in August 2020 to Kshs. 169.85 billion in September 2020

### 1.4 Currency composition of external debt

As at end September 2020, the proportion of external debt denominated in US Dollar stood at 66.1 per cent, followed by the Euro at 19.0 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 0.2 per cent of external debt.

### 1.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end September 2020 amounted to Kshs. 81.55 billion. For the month of September 2020, external debt service was at Kshs.16.34. billion comprising of principal payments of Kshs.12.54 billion and interest payments of Kshs. 3.80 billion. Cumulatively, bilateral creditors accounted for 34.3 per cent, commercial creditors 41.1per cent while multilateral creditors accounted for 24.6 per cent of the total debt service.

### **1.6 Government Domestic Borrowing**

During the month of September 2020 amounts worth Kshs.196.00 billion were advertised for Government securities. Bids worth Kshs. 137.77 billion were received comprising of Kshs. 56.09 billion and Kshs. 81.68 billion Treasury Bills and Treasury Bonds respectively. Successful bids amounted to Kshs. 117.27 billion; of which Kshs. 53.09 billion and Kshs. 64.18 billion were Treasury Bills and Bonds respectively. The monthly redemptions amounted to Kshs. 71.88 billion for Treasury bills. In aggregate, the exchequer received new money amounting to Kshs. 45.39 billion during the period under review.

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

Total domestic debt stock was Kshs. 3,456.80 billion. The ratio of Bonds to Bills was 72:25 while the Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and bank advances accounted for 3.0 per cent of domestic debt as at end of September 2020.

### **1.8 Net Domestic Financing**

The net domestic financing as at end September 2020 was Kshs. 114.67 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 September 2020 stood at Kshs. 81.17 billion. For the Month of September 2020, interest payments for treasury bonds and bills amounted to Kshs. 19.19 billion and Kshs. 5.11 billion respectively. The interest payment on overdrafts was Kshs. 0.04 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 6.3 per cent, 6.7 per cent and 7.6 percent respectively in September 2020 from 6.2 per cent, 6.6 per cent and 7.5 percent in August 2020. This represents 10 basis point increase in interest rates for 91-day, 182-day and 364-day Treasury Bills.

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

<b>CREDITOR</b>	<b>Stock at the End August 2020</b>	<b>Stock at the End September 2020</b>	<b>Change</b>
<b>BILATERAL</b>			
BELGIUM	12,640.61	12,268.07	(372.54)
AUSTRIA	1,485.88	1,466.77	(19.11)
DENMARK	596.08	587.10	(8.98)
FINLAND	1,527.29	1,356.89	(170.40)
FRANCE	83,314.39	82,733.90	(580.49)
GERMANY	32,349.07	31,921.67	(427.40)
ITALY	40,171.55	39,654.98	(516.57)
JAPAN	81,493.95	83,611.70	2,117.75
NETHERLANDS	58.51	57.75	(0.76)
USA	1,336.36	1,336.16	(0.20)
SPAIN	13,525.21	13,375.10	(150.11)
Other PARIS CLUB	3,791.16	3,796.72	5.56
Other NON -PARIS CLUB	16,674.01	16,818.54	144.53
CHINA	729,355.75	730,312.84	957.09
<b>Sub Total</b>	<b>1,018,319.82</b>	<b>1,019,298.18</b>	<b>978.36</b>
<b>MULTILATERAL</b>			
ADB/ADF	295,486.10	295,842.99	356.89
EEC/EIB	21,118.14	20,287.94	(830.20)
IDA	930,414.83	930,378.37	(36.46)
IFAD	20,517.91	20,385.65	(132.26)
IMF	114,218.46	113,607.50	(610.96)
Others	36,570.93	36,455.34	(115.59)
<b>Sub Total</b>	<b>1,418,326.37</b>	<b>1,416,957.79</b>	<b>(1,368.58)</b>
<b>COMMERCIAL</b>			
Commercial Bank	382,156.57	377,597.94	(4,558.63)
International Sovereign Bond	660,073.68	661,832.31	1,758.63
Suppliers Credit	17,910.09	17,957.80	47.71
<b>Sub Total</b>	<b>1,060,140.34</b>	<b>1,057,388.05</b>	<b>(2,752.29)</b>
<b>Total Central Government</b>	<b>3,496,786.53</b>	<b>3,493,644.02</b>	<b>(3,142.51)</b>
<b>GUARANTEED</b>			
JAPAN	77,875.70	78,031.38	155.68
GERMANY	5,633.06	5,560.63	(72.43)
IDA (KR Concessionaire)	4,869.40	4,882.37	12.97
Kenya Airways (Commercial Debt)	81,156.60	81,372.83	216.22
<b>Sub Total</b>	<b>169,534.76</b>	<b>169,847.20</b>	<b>312.44</b>
<b>CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT</b>	<b>3,666,321.29</b>	<b>3,663,491.22</b>	<b>(2,830.07)</b>

**Source: National Treasury**

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