

# THE NATIONAL TREASURY



## MONTHLY DEBT BULLETIN JUNE 2020

### 1.1 Introduction

The total nominal public and publicly guaranteed debt as at end of June 2020 was Kshs. 6,693.34 billion an equivalent of 65.6 per cent in GDP terms. Domestic debt was Kshs. 3,177.53 billion or USD 29.83 billion while the External debt stock was Kshs. 3,515.81 billion or USD 33.00 billion. Domestic debt as a percentage of GDP stood at 31.2 percent whereas external debt stood at 34.4 percent. As a share of total debt, domestic and external debt accounted for 47.5 percent, and 52.5 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 Kenya shilling strengthened against USD and Japanese yen while it weakened against the Euro, GBP and Chinese Yuan. As at end June 2020, the USD and Japanese Yen appreciated by 0.4 per cent and 0.1 per cent, moving from Kshs. 106.94 and Kshs. 99.27 in May to Kshs. 106.52 and Kshs. 99.14 in June 2020 respectively. The Euro, GBP, and Chinese Yuan depreciated during the month by 2.0 per cent, 0.2 per cent and 0.7 percent to Kshs. 120.14, Kshs. 131.17 and Kshs. 15.05 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 public and publicly guaranteed external debt increased by Kshs 19.38 billion to stand at Kshs. 3,515.81 billion in June 2020 up from Kshs. 3,496.43 billion in May 2020. Debt owed to bilateral creditors decreased by Kshs. 15.98 billion to stand at Kshs. 1,074.26 billion from Kshs. 1,090.24 billion while multilateral debt rose by Kshs 49.23 billion to Kshs 1,321.63 billion from Kshs. 1,272.40 billion. Commercial debt decreased by Kshs 31.5 billion from Kshs. 1,133.79 billion to Kshs 1,102.29 billion during the end of the same period.

### 1.4 Currency composition of external debt

As at end June 2020, the proportion of external debt denominated in USD stood at 67.3 percent, followed by the Euro at 18.0 percent. The Japanese Yen, Yuan and Sterling Pound stood at 6.6 percent, 5.4 percent and 2.5 per cent respectively. Other currencies accounted for 0.2 percent of external debt.

### 1.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end June 2020 amounted to Kshs. 223.44 billion. For the month of June 2020, external debt service was at Kshs. 12.75 billion comprising of principal payments of Kshs. 4.40 billion and interest payments of Kshs. 8.35 billion. Cumulatively, bilateral creditors accounted for 33.3 percent while Commercial creditors accounts for 53.9 percent of the total debt service.

Multilateral creditors accounted for 12.8 percent of the total debt service.

As at the end of June 2020, the Government paid an amount of Kshs 0.66 billion to the guaranteed loans of TARDA and East African Portland Company.

### **1.6 Government Domestic Borrowing**

During the month of June 2020 amounts worth Kshs. 185.0 billion were advertised for Government securities. Bids worth Kshs. 374.96 billion were received composed of Kshs. 248.66 billion and Kshs. 126.30 billion for the Treasury Bills and Treasury Bonds respectively. Successful bids amounted to Kshs. 141.23 billion; of which Kshs. 84.28 billion were for bills and Kshs. 56.95 billion for bonds. The monthly redemptions amounted Kshs. 123.15 billion out of which, Kshs. 92.98 billion were for bills and Kshs. 30.17 billion for bonds. In aggregate, the exchequer received a surplus amounting to Kshs. 18.08 billion during the period under review.

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

Total domestic debt stock was Kshs. 3,177.53 billion. The Treasury Bonds accounted for 69.8 per cent of Government domestic debt, against 27.9 percent for Treasury Bills. The Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and bank advances accounted for 2.3 percent of domestic debt as at end of June 2020.

### **1.8 Net Domestic Financing**

The net domestic financing as at end June 2020 stood at Kshs. 456.64 billion against an annual target of Kshs. 409.7 billion for FY2019/20.

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

The actual cumulative domestic debt interest payment as at end of June 2020 stood at Kshs. 315.45 billion. For the Month of June 2020, the payments for treasury bonds and bills amounted to Kshs. 21.39 billion and Kshs. 7.34 billion respectively. The interest payment on overdrafts was Kshs. 0.23 billion during the month.

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

On average, interest rate for Treasury bills declined during the month. The 91-day, 182-day and 364-day Treasury bills decreased from 7.3 8.2 and 9.2 percent in May 2020 to 7.1 per cent, 7.9 per cent and 8.9 percent respectively in June 2020. This represents 13 basis point, 25 basis point and 34 basis point decline in interest rate respectively.

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

<b>CREDITOR</b>	<b>Stock at the End May 2020</b>	<b>Stock at the End June 2020</b>	<b>Change</b>
<b>BILATERAL</b>			
BELGIUM	11,756	11,975	219
CANADA	62	-	(62)
AUSTRIA	1,372	1,399	27
DENMARK	655	604	(51)
FINLAND	1,540	1,427	(112)
FRANCE	77,053	79,719	2,666
GERMANY	30,132	30,487	355
ITALY	36,521	37,244	723
JAPAN	77,793	76,115	(1,677)
NETHERLANDS	107	55	(53)
UK	35	-	(35)
USA	1,621	1,580	(42)
SPAIN	12,671	12,896	225
Other PARIS CLUB	3,747	3,732	(15)
Other NON-PARIS CLUB	41,364	17,103	(24,262)
CHINA	712,281	719,359	7,078
<b>Sub Total</b>	<b>1,008,710</b>	<b>993,696</b>	<b>(15,014)</b>
<b>MULTILATERAL</b>			
ADB/AFDB	260,259	263,749	3,490
EEC/EIB	16,492	16,796	304
IDA	849,592	870,344	20,752
IFAD	19,478	19,572	94
IMF	112,691	110,605	(2,086)
Others	9,074	35,769	26,695
<b>Sub Total</b>	<b>1,267,587</b>	<b>1,316,835</b>	<b>49,248</b>
<b>COMMERCIAL</b>			
Commercial Banks	383,524	372,615	(10,909)
International Sovereign Bond	652,355	649,787	(2,569)
Suppliers Credit	17,701	17,631	(70)
<b>Sub Total</b>	<b>1,053,580</b>	<b>1,040,033</b>	<b>(13,547)</b>
<b>Total Central Government</b>	<b>3,329,877</b>	<b>3,350,564</b>	<b>20,687</b>
<b>GUARANTEED</b>			
JAPAN	76,099	75,569	(530)
GERMANY	5,433	4,992	(441)
IDA (KR Concessionaire)	4,812	4,794	(19)
Kenya Airways (commercial debt)	80,208	79,892	(316)
<b>Sub Total</b>	<b>166,552</b>	<b>165,247</b>	<b>(1,305)</b>
<b>CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT</b>	<b>3,496,429</b>	<b>3,515,811</b>	<b>19,382</b>

Source: National Treasury

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