

THE NATIONAL TREASURY



MONTHLY DEBT BULLETIN AUGUST 2020

1.1 Introduction

The total nominal public and publicly guaranteed debt as at end of August 2020 was Kshs. 7,057.40 billion an equivalent of 62.6 per cent of GDP. Domestic debt was Kshs. 3,391.08 billion (USD 31.34 billion) while the External debt stock was Kshs. 3,666.32 billion (USD 33.88 billion). Domestic debt as a percentage of GDP stood at 30.1 per cent whereas external debt stood at 32.5 per cent. As a share of total debt, domestic and external debt accounted for 48.1 per cent, and 51.9 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. The Kenya shilling weakened against the five main currencies. As at end August, the USD, Japanese Yen, Euro, GBP and Chinese Yuan depreciated by 0.5 per cent, 0.2 per cent, 1.7 per cent, 2.8 per cent and 2.7 per cent respectively. The currencies moved from Kshs. 107.71, Kshs. 102.32, Kshs. 126.39, Kshs. 139.63 and Kshs. 15.38 in July 2020 to Kshs 108.21, Kshs. 102.49, Kshs. 128.55, Kshs. 143.50 and Kshs. 15.79 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. 27.81 billion to stand at Kshs. 3,666.32 billion in August 2020 up from Kshs. 3,638.51 billion in July 2020. Debt owed to bilateral creditors increased by Kshs. 15.36 billion to stand at Kshs. 1,018.32 billion from Kshs. 1,002.96 billion while multilateral debt rose by Kshs. 12.52 billion to Kshs. 1,418.33 billion from Kshs. 1,405.81 billion. Commercial debt also increased by Kshs. 0.51 billion from Kshs. 1,060.65 billion to Kshs. 1,060.14 billion during the end of the same period. Publicly guaranteed external debt increased by Kshs. 0.44 billion to stand at Kshs. 169.53 billion in August 2020 from Kshs. 169.09 billion in July 2020.

1.4 Currency composition of external debt

As at end August 2020, the proportion of external debt denominated in USD stood at 65.9 per cent, followed by the Euro at 19.2 per cent. The Japanese Yen, Yuan, and Sterling Pound stood at 6.6 per cent, 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 August 2020 amounted to Kshs. 65.21 billion. For the month of August 2020, external debt service amounted to Kshs. 30.14 billion, comprising of principal and interest payments of Kshs. 14.83 billion and Kshs.15.31 billion respectively. Cumulatively, bilateral creditors accounted for 6.1 per cent while Commercial creditors accounts for 79.7 per cent of the total debt service.

Multilateral creditors accounted for 14.2 per cent of the total debt service.

As at the end of August 2020, the Government did not pay any guaranteed loans of TARDA and East African Portland Company.

1.6 Government Domestic Borrowing

During the month of August 2020 amounts worth Kshs. 230.00 billion were advertised for Government securities. Bids worth Kshs. 247.86 billion were received comprising of Kshs. 105.38 billion and Kshs. 142.48 billion for the Treasury Bills and Treasury Bonds respectively. Successful bids amounted to Kshs. 212.77 billion; of which Kshs. 93.12 billion were for bills and Kshs. 119.65 billion for bonds. The monthly redemptions amounted to Kshs. 123.67 billion from bills as there were no redemptions for bonds. In aggregate, the exchequer received a surplus amounting to Kshs. 89.10 billion during the period under review.

1.7 Domestic Debt by Instruments

Total domestic debt stock was Kshs. 3,391.08 billion. The Treasury Bonds accounted for 71.1 per cent of Government domestic debt, against 26.3 percent for Treasury Bills. The Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and bank advances accounted for 1.6 percent of domestic debt as at end of August 2020.

1.8 Net Domestic Financing

The net domestic financing as at end August 2020 stood at Kshs. 121.62 billion against an annual target of Kshs. 493.40 billion for FY2020/21.

1.9 Cumulative Domestic Interest Payments

The actual domestic debt interest payment as at end of August 2020 stood at Kshs. 56.78 billion. For the Month of August 2020, the payments for treasury bonds and bills amounted to Kshs. 21.35 billion and Kshs. 7.68 billion respectively. There was no interest payment on overdrafts 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 6.2 per cent, 6.7 per cent and 7.6 per cent in July 2020 to 6.2 per cent, 6.6 per cent and 7.5 per cent respectively in August 2020. This represents 0 basis point, 10 basis point and 10 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 AUGUST 2020

CREDITOR	Stock at the End July 2020	Stock at the End August 2020	Change
BILATERAL			
BELGIUM	12,562.00	12,640.61	78.61
AUSTRIA	1,472.00	1,485.88	13.88
DENMARK	586.00	596.08	10.08
FINLAND	1,502.00	1,527.29	25.29
FRANCE	81,967.00	83,314.39	1,347.39
GERMANY	32,167.00	32,349.07	182.07
ITALY	39,497.00	40,171.55	674.55
JAPAN	81,484.00	81,493.95	9.95
NETHERLANDS	58.00	58.51	0.51
USA	1,586.00	1,336.36	(249.64)
SPAIN	13,324.00	13,525.21	201.21
Other PARIS CLUB	3,774.00	3,791.16	17.16
Other NON -PARIS CLUB	16,939.00	16,674.01	(264.99)
CHINA	716,041.00	729,355.75	13,314.75
Sub Total	1,002,958.00	1,018,319.82	15,361.82
MULTILATERAL			
ADB/ADF	292,936.00	295,486.10	2,550.10
EEC/EIB	20,785.00	21,118.14	333.14
IDA	921,235.00	930,414.83	9,179.83
IFAD	20,368.00	20,517.91	149.91
IMF	114,213.00	114,218.46	5.46
Others	36,272.00	36,570.93	298.93
Sub Total	1,405,809.00	1,418,326.37	12,517.37
COMMERCIAL			
Commercial Bank	385,811.00	382,156.57	(3,654.43)
International Sovereign Bond	657,015.00	660,073.68	3,058.68
Suppliers Credit	17,827.00	17,910.09	83.09
Sub Total	1,060,653.00	1,060,140.34	(512.66)
Total Central Government	3,469,421.00	3,496,786.53	27,365.53
GUARANTEED			
JAPAN	77,920.00	77,875.70	(44.30)
GERMANY	5,539.00	5,633.06	94.06
IDA (KR Concessionaire)	4847.00	4,869.40	22.40
Kenya Airways (Commercial Debt)	80781.00	81,156.60	375.60
Sub Total	169,086.00	169,534.76	448.76
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	3,638,506.00	3,666,321.29	27,815.29

Source: National Treasury

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