

THE NATIONAL TREASURY



MONTHLY DEBT BULLETIN AUGUST 2018

1.1 Introduction

As at end August 2018, the nominal public and publicly guaranteed debt stood at Kshs 5.12 trillion or USD 50.78 billion which is 51.1 percent of GDP. Domestic debt stood at Kshs 2.49 trillion or USD 24.78 billion while the External debt stock stood at Kshs 2.61 trillion or USD 25.95 billion. Domestic debt as a percentage of GDP stood at 24.96 percent whereas External debt stood at 26.14 percent. The structure of debt remained unchanged from July 2018 with domestic debt accounting for 49.16 percent of the total debt and external debt 50.84 percent.

1.2 Movement in Exchange Rates

Kenya's external public debt is denominated in the five major currencies namely; USD, Euro, Yuan and Sterling Pound and Yuan. A change in exchange rates affects both the size of the external debt and the cost of external debt service. During the period under review, the Kenya shilling continued to strengthen against the major currencies with USD, Sterling Pound, Japanese yen and Euro moving from Ksh. 100.4, 131.8, 117.5 and 90.4 in July 2018 to Ksh 100.6, Ksh. 130.9, Ksh. 90.3 and Ksh. 117.4 in August 2018 respectively.

1.3 Size of Public and Publicly Guaranteed External Debt

Overall external public and publicly guaranteed debt decreased by Kshs 0.61 billion from Kshs 2,612.01 billion in July 2018 to Kshs 2,611.40 billion in August 2018. Debt

owed to bilateral and multilateral creditors decreased to Kshs 813.3 billion and Kshs 860.11 from Ksh 814.31 billion and 865.33 billion in July 2018 respectively. Debt owed to commercial creditors increased to Kshs 921.33 billion from 915.75 billion in July 2018.

1.4 Currency composition of external debt

The proportion of major currencies in the total external debt was denominated in USD stood at 71.17 percent, then Euro at 15.63 percent. The Yuan, Japanese Yen and Sterling Pound accounted for 6.02 percent, 4.22 percent and 2.70 per cent respectively with other currencies accounted for a paltry 0.27 percent.

1.5 Actual Cumulative External Debt Service

The actual cumulative debt service as at end August 2018 stood at Kshs. 21.92 billion; comprising of principal payments of Kshs 2.84 billion and interest payments of Kshs 19.08 billion. The actual debt service for the month stood as Ksh 9.97 billion. Bilateral creditors accounted for 50.6 percent, Multilateral at 10.7 percent while commercial creditors' accounted for 38.7 per cent of the cumulative total debt service as at August 2018.

No amount was paid on the guaranteed debt serviced by government during the month under review.

1.6 Government Domestic Borrowing

During the month of August 2018, Government securities worth Kshs 136 billion were advertised. Bids worth Kshs 111.5 billion

were received with Kshs 81.68 billion and Kshs 29.82 billion bids received were for the Treasury Bills and Treasury Bonds respectively. Successful bids from Treasury bills amounted to Kshs 93.13 billion against the month's redemptions of Kshs 92.51 billion, giving exchequer surplus of Kshs. 0.62 billion.

to 7.64 percent, 9.02 percent and 9.98 percent respectively in August 2018.

1.7 Domestic Debt by Instruments

As at end August 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 end August 2018, net domestic financing stood at Kshs 64.05 billion against an annual target of Ksh 296.9 billion for FY2018/19. The net actual domestic borrowing was at Ksh 52.0 billion.

1.9 Cumulative Domestic Interest Payments

The projected cumulative interest payments for domestic debt as at end August 2018 stood at Kshs 43.19 billion against an actual cumulative interest payment of Kshs 51.37 billion. Of which, actual interest payments on Treasury Bonds and Treasury Bills were Kshs 19.19 billion and Kshs 14.38 billion, respectively and the rest relates to interest on Overdraft and Pre-1997 debt.

1.10 Average Interest rates for Treasury Bills

The average interest rates for 91,182 and 364 Treasury bills continue to be stable. The 91-day, 182-day and 364-day dropped from 7.68 percent, 9.35 percent and 10.33 percent in July

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

Creditor	Stock at end July 2018	Stock at end August 2018	Change
BILATERAL			
AUSTRIA	499.45	499.05	(0.40)
BELGIUM	10,620.37	10,562.80	(57.57)
CANADA	283.87	284.56	0.69
DENMARK	1,006.75	1,004.72	(2.03)
FINLAND	2,117.29	1,678.17	(439.12)
FRANCE	61,795.08	61,215.69	(579.39)
GERMANY	27,481.93	27,460.18	(21.75)
ITALY	125.57	125.47	(0.10)
JAPAN	48,504.34	48,960.81	456.47
NETHERLANDS	675.01	987.49	312.48
UK	457.89	454.73	(3.16)
USA	2,623.18	2,661.78	38.60
PARIS CLUB OTHERS	34,703.98	35,351.75	647.77
NON PARIS CLUB	567,141.03	565,965.03	(1,176.00)
o/w CHINA	556,338.19	555,689.56	(648.63)
Sub total	758,035.74	757,212.21	(823.53)
ADB/AFDB	212,334.73	205,583.03	(6,751.70)
EEC/EIB	19,427.85	19,613.54	185.69
IDA	533,760.37	535,939.10	2,178.73
IFAD	16,167.71	15,717.57	(450.14)
IMF	68,604.66	68,850.01	245.35
OTHERS	10,520.29	9,878.47	(641.82)
Sub total	860,815.61	855,581.72	(5,233.89)
Commercial Banks	363,503.56	367,777.43	4,273.87
International Sovereign Bond	476,939.43	478,066.60	1,127.17
Suppliers Credit	16,618.93	16,658.27	39.34
Sub Total	857,061.92	862,502.30	5,440.38
Total Central Government	2,475,913.27	2,475,296.23	(617.04)
JAPAN	49,239.91	49,560.69	320.78
GERMANY	7,037.67	7,031.96	(5.71)
IDA (KR Concessionaire)	4,518.37	4,529.05	10.68
Kenya Airways(commercial debt)	75,306.23	75,484.20	177.97
Sub Total	136,102.18	136,605.91	503.73
Central Government+ Guaranteed Total	2,612,015.45	2,611,902.14	(113.31)

Source: National Treasury