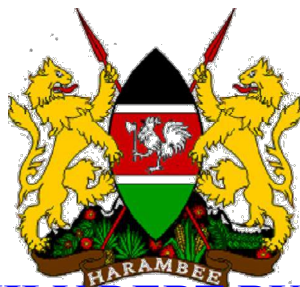


THE NATIONAL TREASURY



MONTHLY DEBT BULLETIN FEBRUARY 2018

1.1 Introduction

As at end February 2018 Public and Publicly guaranteed debt stood at Kshs 4.9 trillion (USD 48.23 billion) or 56.63 percent of GDP. Domestic debt stood at Kshs 2.3 trillion (USD 23.23 billion) while the External debt stock stood at Kshs 2.56 trillion (USD 25.9 billion). Domestic debt as a percentage of GDP stood at 26.74 percent whereas External debt stood at 29.8 percent. The structure of debt shows that domestic debt accounts for 46.94 percent of the total debt while external debt accounts for 52.24 percent.

1.2 Movement in Exchange Rates

The key currencies in which debt is denominated are USD, Euro, Yen, Yuan and Sterling Pound. Movements in exchange rates have implications on both the size of the external debt and the cost of debt service. The USD moved from 102.35 in January 2018 to 101.60 in February 2018 against the Kenya Shilling, while the Euro moved from 127.24 to 125.02, Sterling Pound moved from 144.66 to 141.58, Japanese Yen moved from 94.24 to 94.92 against the Kenya Shilling in the same period.

1.3 Size of Public and Publicly Guaranteed External Debt

Overall public and publicly guaranteed external debt increased by Kshs 186 billion from Kshs 2.4 trillion in January 2017 to Kshs 2.56 trillion in February 2018. Between January and February, debt owed to bilateral creditors decreased from Kshs 748.6 billion to Kshs 747.6 billion (excluding guaranteed debt) while multilateral credit also decreased from Kshs 848.9 billion to Kshs 837.2 billion. Commercial debt increased from Kshs 625.2 billion to Kshs 823.8 billion during the same period.

1.4 Currency composition of external debt

The proportion of debt denominated in USD stood at 69.72 percent, followed by Euro which accounts for 15.36 percent. The Japanese Yen, Sterling Pound and Yuan accounted for 5.44 percent, 2.75 percent and 6.46 per cent respectively. Other currencies accounted for a 0.28 percent.

1.5 Actual Cumulative External Debt Service

Actual cumulative debt service as at end February 2018 stood at Kshs. 81.46 billion; comprising of principal payments of Kshs 31.7 billion and interest payments of Kshs 49.8 billion. Commercial debt service

accounted for 43.6 percent, multilateral and bilateral creditors accounted for 15.1 percent and 41.3 percent of the total debt service respectively.

Cumulatively from June 2017 to February 2018, the guaranteed debt service was Kshs. 0.7 billion. These comprised debt serviced on behalf of TARDA (20.9 percent), KBC (52.4 percent) and EAPC (26.6 percent).

1.6 Government Domestic Borrowing

During the month of February 2018, Government securities worth Kshs 136.0 billion were advertised. Bids worth Kshs 147.95 billion were received. Out of which Kshs 123.8 billion and Kshs 24.14 billion worth were Treasury Bills and Treasury Bonds respectively. Successful bids from Treasury bills amounted to Kshs 124.59 billion against the month’s redemptions of Kshs 86.77 billion, giving the exchequer a surplus of Kshs. 37.82 billion.

1.7 Domestic Debt by Instruments

As at end February 2018, 63.8 percent of Government domestic debt was held in Treasury Bonds, 32.9 percent in Treasury Bills while the remainder (3.3 percent) was held as Government overdraft at Central Bank of Kenya.

1.8 Net Domestic Financing

As at end February 2018, the Net Domestic Financing stood at Kshs 252.1 billion against a target of Ksh 293.77 billion for FY2017/18.

1.9 Cumulative Domestic Interest Payments

During the financial year 2017/18, the Government is projected to pay Kshs 215.0 billion as interest on domestic debt. The actual interest payment as at end February 2018 stood

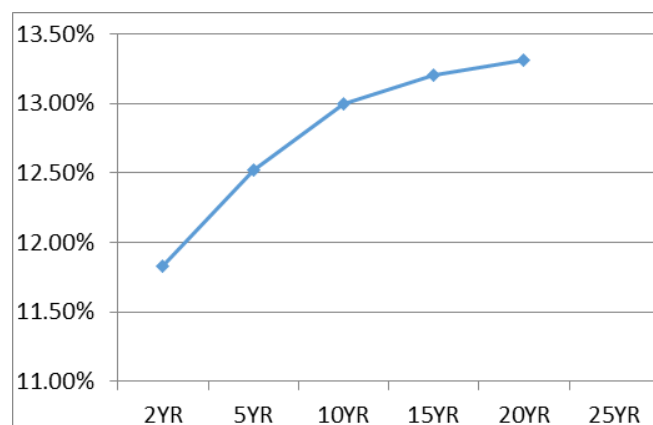
at Kshs 139.5 billion. Of which actual interest payments on Treasury Bonds and Treasury Bills were Kshs 96.7 billion and Kshs 41.3 billion respectively.

1.10 Average Interest rates for Treasury Bills

The February average interest rates for both the 91-day and 182-day Treasury Bills were 8.03 percent and 10.42 percent per annum respectively. This was an increase by 2 bps for the 91-day and a decline by 10 bps for 182-day Treasury Bills from the previous month. The 364-day Treasury bills stood at an average of 11.15 percent per annum in February 2017 being an increase by 7 bps.

The secondary market yields for Government bonds are shown in the chart below.

Chart 1: Secondary Market yields on selected Treasury Bonds as at end February, 2018



Source: Nairobi Securities Exchange (NSE)

ANNEX 1: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE (IN KSHS MILLIONS) AS AT 28TH FEBRUARY 2018

| CREDITOR-NAME | Kes | | Change |
|---------------------------------|-----------------------------|-----------------------------|----------------------------|
| | Jan-18 | Feb-18 | |
| Multilateral | | | |
| IDA | 521,025,869,086.65 | 512,493,333,292.40 | (8,532,535,794.25) |
| EEC | 2,468,595,288.74 | 2,425,561,450.03 | (43,033,838.71) |
| IFAD | 14,958,216,234.90 | 14,720,372,836.26 | (237,843,398.64) |
| ADB | 208,609,457,795.92 | 207,296,586,849.80 | (1,312,870,946.12) |
| EIB | 18,341,326,235.70 | 18,021,590,684.68 | (319,735,551.02) |
| BADEA | 3,019,100,813.50 | 2,997,910,693.44 | (21,190,120.07) |
| OPEC | 2,208,114,656.47 | 2,192,140,119.24 | (15,974,537.24) |
| NDF | 3,105,973,155.59 | 3,051,828,213.96 | (54,144,941.62) |
| IMF | 75,120,551,130.31 | 74,002,329,382.85 | (1,118,221,747.46) |
| Sub Total | 848,857,204,397.78 | 837,201,653,522.64 | (11,655,550,875.13) |
| Bilateral | | | |
| USA | 2,993,316,418.09 | 2,976,426,753.16 | (16,889,664.93) |
| Saudi Arabia | 2,451,908,222.52 | 2,434,172,834.28 | (17,735,388.24) |
| Denmark | 1,280,988,536.10 | 1,257,788,003.36 | (23,200,532.74) |
| Japan | 48,655,780,360.02 | 50,869,689,834.58 | 2,213,909,474.55 |
| Kuwait | 702,071,096.17 | 697,240,675.28 | (4,830,420.89) |
| Spain | 31,656,715,967.47 | 31,117,887,384.93 | (538,828,582.54) |
| France | 66,738,769,813.20 | 65,575,344,820.57 | (1,163,424,992.63) |
| Germany | 26,628,763,557.22 | 26,164,557,082.75 | (464,206,474.47) |
| Belgium | 10,499,326,207.94 | 10,393,290,152.32 | (106,036,055.62) |
| Switzerland | 79,027,899.82 | 77,967,048.22 | (1,060,851.60) |
| Austria | 466,643,559.27 | 458,508,785.72 | (8,134,773.55) |
| Netherlands | 1,131,042,876.02 | 1,111,325,947.57 | (19,716,928.46) |
| Finland | 1,720,430,150.98 | 1,690,566,378.15 | (29,863,772.83) |
| China | 540,640,297,706.81 | 539,969,964,487.86 | (670,333,218.95) |
| UK | 485,677,465.34 | 475,326,529.94 | (10,350,935.41) |
| Sweden | 51,258,599.92 | 49,608,821.82 | (1,649,778.10) |
| Italy | 127,409,669.29 | 125,188,597.58 | (2,221,071.71) |
| Canada | 416,335,969.56 | 413,323,999.86 | (3,011,969.70) |
| Korea | 2,704,627,023.65 | 2,680,494,236.11 | (24,132,787.53) |
| India | 4,319,425,087.27 | 4,288,176,339.63 | (31,248,747.64) |
| Israel | 4,014,257,058.92 | 3,985,216,040.29 | (29,041,018.63) |
| Poland | 834,978,859.00 | 828,938,230.25 | (6,040,628.75) |
| Sub Total | 748,599,052,104.60 | 747,641,002,984.23 | (958,049,120.37) |
| Suppliers Credit | 16,941,563,648.31 | 16,819,000,429.68 | (122,563,218.63) |
| Commercial Banks | 343,689,542,082.16 | 341,158,635,172.14 | (2,530,906,910.02) |
| International Sovereign Bond | 281,482,300,000.00 | 482,679,325,000.00 | 201,197,025,000.00 |
| Sub Total | 625,171,842,082.16 | 823,837,960,172.14 | 198,666,118,089.98 |
| Sub Total | 2,239,569,662,232.83 | 2,425,499,617,108.69 | 185,929,954,875.85 |
| Guaranteed | | | |
| Japan | 48,614,574,873.01 | 48,963,736,090.09 | 349,161,217.08 |
| Germany | 7,964,259,155.42 | 7,825,422,042.07 | (138,837,113.35) |
| IDA | 4,606,074,000.00 | 4,572,751,500.00 | (33,322,500.00) |
| Kenya Airways (Commercial Debt) | 76,767,900,000.00 | 76,212,525,000.00 | (555,375,000.00) |
| Sub Total | 137,952,808,028.43 | 137,574,434,632.17 | (378,373,396.26) |
| Grand Total | 2,377,522,470,261.27 | 2,563,074,051,740.85 | 185,551,581,479.59 |

Source: National Treasury

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