



## MONTHLY DEBT BULLETIN JULY 2019

### 1.1 Introduction

The nominal public and publicly guaranteed debt as at end of July 2019 stood at Kshs 6.04 trillion or USD 57.62 billion which is 55.77 percent of GDP. Domestic debt stood at Kshs. 2.84 trillion or USD 27.29 billion while the External debt stock stood at Kshs 3.16 trillion or USD 30.32 billion. Domestic debt as a percentage of GDP stood at 26.73 percent whereas External debt stood at 29.35 percent. The structure of debt remained the same where domestic debt accounts for 47.11 percent while external debt accounts for 52.88 percent of the total debt.

### 1.2 Movement in Exchange Rates

The key currencies in which Kenya's public debt is denominated are USD, Euro, Yen, Yuan and Sterling Pound. The USD moved from Kshs. 102.30 in June 2019 to Kshs. 104.21 in July 2019 against the Kenya Shilling while the Euro moved from Kshs. 116.31 to Kshs. 115.94 during the same period. The Sterling Pound moved from Kshs. 129.96 to Kshs. 126.87 while the Japanese Yen moved from Kshs. 94.87 (per 100 JPY) to Kshs. 95.93 against the Kenya Shilling in the same period. Movements in exchange rates have 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 136.92 billion from Kshs 3,023.14 billion in June 2019 to Kshs 3,160.06 billion in July 2019. Between June and July 2019, debt owed to bilateral creditors increased by Kshs 124.14 billion from Kshs 917.98 billion to Kshs. 1,042.12 billion while multilateral credit increased by Kshs. 112.57 billion from Kshs. 909.79 billion to Kshs 1,022.36 billion. Commercial debt increased by Kshs 42.36 billion from Kshs 1,035.96 billion to Ksh 1,078.32 billion.

### 1.4 Currency composition of external debt

The proportion of debt denominated in USD stood at 68.2 percent, followed by Euro which accounts for 17.2 percent. The Japanese Yen, Yuan, and Sterling Pound accounted for 6.6 percent, 2.4 percent and 5.3 per cent respectively. Other currencies accounted for 0.3 percent

### 1.5 Actual Cumulative External Debt Service

As at end July 2019 actual debt service stood at Kshs. 17.80 billion; comprising of principal payments of Kshs. 2.68 billion and interest payments of Kshs. 15.12 billion. Bilateral creditors accounted for Kshs 15.87 billion which is 89.16 percent of the total debt service.

Multilateral and Commercial creditors stood at Kshs 1.30 billion and Kshs. 0.63 billion accounting for 7.29 percent and 3.53 percent of the total debt service respectively.

At the end of July 2019, the government as a guarantor did not have any guaranteed debt to service during the month. Mostly the national Government services loans on behalf of: KBC modernization, TARDA, and East African Portland Company.

### **1.6 Government Domestic Borrowing**

During the month of July 2019, Government securities worth Kshs. 160.0 billion were advertised. Bids worth Kshs. 275.88 billion were received composed of Kshs. 189.20 billion and Kshs. 86.67 billion for the Treasury Bills and Treasury Bonds respectively. Successful bids from Treasury bills and bonds amounted to Kshs. 205.30 billion against redemptions of Kshs. 153.97 billion leaving a surplus of Kshs. 51.33 billion to the exchequer.

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

As at end July 2019, the Treasury Bonds still continue to dominate at 63 percent of Government domestic debt, Treasury Bills at 34 percent while the remainder of 3 percent was held as Government overdraft at the Central Bank of Kenya and advances from commercial loans.

### **1.8 Net Domestic Financing**

As at end July 2019 the net domestic financing stood at Kshs. 1.67 billion against an annual target of Ksh 300.3 billion for FY2019/20.

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

The actual overall domestic interest payment as at July 2019 stood at Kshs.28.75 billion. The Treasury bonds and Treasury bills accounted for Kshs.14.22 billion and Kshs. 14.07 billion, respectively.

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

The average interest rate for 91-day Treasury bill decreased by 28 basis points to 6.62 percent in July. Similarly, the 182-day and 364-day Treasury bills dropped by 22 basis points and 47 basis points to stand at 7.42 percent and 8.76 percent respectively in July 2019.

**ANNEX 1: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY  
SOURCE (IN KSHS MILLIONS) AS AT END OF JULY 2019**

<b>Creditor</b>	<b>Stock at end June 2019</b>	<b>Stock at end July 2019</b>	<b>Change</b>
<b>BILATERAL</b>			
AUSTRIA	1,803.02	869.59	(933.43)
BELGIUM	11,590.96	11,671.66	80.70
CANADA	110.6	112.67	2.07
DENMARK	874.88	790.61	(84.27)
FINLAND	1,796.41	1,653.08	(143.33)
FRANCE	72,567.94	72,741.56	173.62
GERMANY	30,745.63	61,454.37	30,708.74
ITALY	36,292.98	36,505.08	212.10
JAPAN	63,681.49	66,582.52	2,901.03
NETHERLANDS	343.19	306.07	(37.12)
UK	59.56	58.15	(1.41)
USA	2,089.28	1,933.77	(155.51)
Other PARIS CLUB	24,472.90	23,293.87	(1,179.03)
Other NON-PARIS CLUB	10,493.07	11,306.39	813.32
CHINA	661,058.54	673,317.76	12,259.22
<b>Sub Total</b>	<b>917,980.46</b>	<b>962,597.16</b>	<b>44,616.70</b>
<b>MULTILATERAL</b>			
ADB/AFDB	229,638.40	235,938.64	6,300.24
EEC/EIB	1,724.06	17,680.96	15,956.90
IDA	586,649.73	692,870.62	106,220.89
IFAD	17,735.85	18,127.65	391.80
IMF	49,208.15	43,762.92	(5,445.23)
<b>OTHERS</b>	<b>9,318.64</b>	<b>9,293.96</b>	<b>(24.68)</b>
<b>Sub Total</b>	<b>909,791.39</b>	<b>1,017,674.74</b>	<b>107,883.35</b>
<b>COMMERCIAL</b>			
<b>Commercial Banks</b>	<b>395,010.25</b>	<b>364,487.09</b>	<b>(30,523.16)</b>
<b>International Sovereign Bond</b>	<b>624,019.63</b>	<b>635,679.78</b>	<b>11,660.15</b>
<b>Suppliers Credit</b>	<b>16,931.81</b>	<b>17,248.20</b>	<b>316.39</b>
<b>Sub Total</b>	<b>1,035,961.70</b>	<b>1,017,415.07</b>	<b>(18,546.63)</b>
<b>Total Central Government</b>	<b>2,863,733.54</b>	<b>2,997,686.96</b>	<b>133,953.42</b>
<b>GUARANTEED</b>			
JAPAN	71,547.72	73,012.90	1,465.18
GERMANY	6,531.06	6,510.81	(20.25)
IDA (KR Concessionaire)	4,603.42	4,689.44	86.02
Kenya Airways (commercial debt)	76,723.73	78,157.35	1,433.62
<b>Sub Total</b>	<b>159,405.93</b>	<b>162,370.50</b>	<b>2,964.57</b>
<b>Central Government+ Guaranteed Total Debt</b>	<b>3,023,139.47</b>	<b>3,160,057.46</b>	<b>136,917.99</b>
<b>Source: National Treasury</b>			.

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