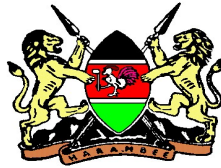


# THE NATIONAL TREASURY



## MONTHLY DEBT BULLETIN NOVEMBER 2019

### 1.1 Introduction

The total nominal public and publicly guaranteed debt as at end of November 2019 stood at Kshs 6,032 billion or USD 58.68 billion equivalent to 59.2 percent of GDP. Domestic debt stood at Kshs. 2,917.2 billion or USD 28.38 billion while the External debt stock stood at Kshs 3,114 billion or USD 30.29 billion. Domestic debt as a percentage of GDP stood at 28.61 percent whereas external debt stood at 30.55 percent. As a share of total debt, in November 2019, domestic and external debt accounted for 48.36 percent, and 51.64 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 USD moved from Kshs. 103.21 in October to Kshs 102.8 in November 2019 against the Kenya Shilling while the Euro moved from Kshs 114.71 to Kshs. 113.18 during the same period. This was 0.40 percent and 1.35 percent appreciation respectively. The Sterling Pound moved from Kshs. 132.98 to Kshs. 132.82 while the Japanese Yen moved from Kshs. 94.79 (per 100 JPY) to Kshs 93.88 against the Kenya Shilling in the same period; translating to 0.2 and 0.96 percent appreciation in the pound and the Yen respectively. The Yuan exchanged at 14.61 against the Kenya Shilling.

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 reduced by Kshs 12.65 billion to stand at Kshs 3,114.95 billion in November 2019 down from 3,127.60 billion in October 2019. Debt owed to bilateral creditors reduced by Kshs 2.35 billion to stand at Kshs. 1,018.21 billion from Kshs 1,020.56 billion while multilateral credit rose by Kshs 2.59 billion to Kshs 1,036.34 billion from Kshs. 1,033.75 billion. Commercial debt decreased by Kshs 12.80 billion from Kshs. 1,056.20 billion to Kshs 1,043.40 billion at the end of the same period.

### 1.4 Currency composition of external debt

In November 2019, the proportion of external debt denominated in USD stood at 68.2 percent, followed by the Euro at 17.3 percent. Other currencies which include among others; the Japanese Yen, Yuan, and Sterling Pound stood at 6.6 percent, 5.2 percent, and 2.5 percent respectively. Other currencies accounted for 0.3 percent of external debt.

### 1.5 Actual Cumulative External Debt Service

The cumulative actual debt service as at end November 2019 stood at Kshs 90.77 billion; comprising of principal payments of Kshs. 38.37 billion and interest payments of Kshs. 52.40 billion. Cumulatively, bilateral creditors accounted for 28.7 percent while Commercial creditors accounts for 56.9 percent of the total debt service.

Multilateral creditors accounted for 14.4 percent of the total debt service.

As at the end of November 2019, the government did not pay any amount towards the guaranteed loans towards TARDA and East African Portland Company.

### **1.6 Government Domestic Borrowing**

During the month of November 2019, amounts worth Kshs. 146.00 billion were advertised for Government securities in Treasury Bills and bonds. Bids worth Kshs. 124.94 billion were received composed of Kshs. 86.57 billion and Kshs. 38.37 billion for the Treasury Bills and Treasury Bonds respectively. Successful bids from Treasury bills and bonds amounted to Kshs. 104.39 billion; of which Kshs. 76.04 billion were for bills and Kshs. 28.35 billion for bonds billion. The redemptions for bills amounted to Kshs. 77.08 billion leaving a deficit of Kshs. 1.03 billion from Treasury Bills. Notably, there were no bond redemptions for the period leaving a total surplus of Kshs. 28.35 billion to the exchequer from bonds. In aggregate, the exchequer received a surplus amounting to Kshs. 27.32 billion in the month of November, 2019.

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

The Treasury Bonds stood at 66.4 per cent of Government domestic debt, against 30.7 percent for Treasury Bills. The Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and advances from commercial loans accounted for 2.85 percent of domestic debt as at end of November 2019

### **1.8 Net Domestic Financing**

The net domestic financing as at end November 2019 stood at Kshs. 106.46 billion against an annual target of Ksh 300.3 billion for FY2019/20.

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

The actual cumulative domestic debt interest payment as at end of November 2019 stood at Kshs 126.49 billion. For the Month of November, 2019, the payments for treasury bonds and bills amounted to Kshs.23.14 billion and Kshs. 5.19 billion respectively while Kshs. 0.27 billion was paid to interest on overdrafts. Ksh. 0.06 billion was paid towards servicing the Pre-1997 overdraft.

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

On average, interest rate for Treasury bills increased in the month of November 2019. The 91-day and the 182-day Treasury bills increased from 6.38 and 7.23 percent in October 2019 to 6.65 percent and 7.61 percent respectively in November 2019. This represents 27 basis points and 38 basis points rise in interest rate respectively. Further, the 364- days Treasury bill remained constant at 9.79 in November 2019.

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

| <b>CREDITOR</b>                                  | <b>Stock at End Oct 2019</b> | <b>Stock at End Nov 2019</b> | <b>Change</b>      |
|--|------------------------------|------------------------------|--------------------|
| <b>BILATERAL</b>                                 |                              |                              |                    |
| BELGIUM  | 11,583.52                    | 11,346.59                    | (236.93)           |
| CANADA   | 111.59                       | 111.15                       | (0.44)             |
| AUSTRIA  | 1,852.23                     | 1,884.10                     | 31.87              |
| DENMARK  | 739.14                       | 683.03                       | (56.11)            |
| FINLAND  | 1,635.45                     | 1,613.62                     | (21.83)            |
| FRANCE   | 72,694.76                    | 73,857.00                    | 1,162.24           |
| GERMANY  | 30,427.74                    | 29,045.70                    | (1,382.04)         |
| ITALY  | 36,093.31                    | 35,600.46                    | (492.85)           |
| JAPAN  | 86,369.38                    | 67,080.93                    | (19,288.45)        |
| NETHERLANDS                                      | 229.72                       | 226.65                       | (3.07)             |
| UK   | 60.95                        | 60.88                        | (0.07)             |
| USA  | 1,857.94                     | 1,827.69                     | (30.25)            |
| SPAIN  | 13,290.60                    | 13,156.28                    | (134.32)           |
| Other PARIS CLUB                                 | 7,093.12                     | 5,725.39                     | (1,367.74)         |
| Other NON-PARIS CLUB                             | 13,559.33                    | 14,398.04                    | 838.71             |
| CHINA  | 663,491.63                   | 683,434.71                   | 19,943.08          |
| <b>Sub Total</b>                                 | <b>941,090.39</b>            | <b>940,052.21</b>            | <b>(1,038.18)</b>  |
| <b>MULTILATERAL</b>                              |                              |                              |                    |
| ADB/AFDB   | 238,358.36                   | 243,554.60                   | 5,196.24           |
| EEC/EIB  | 16,535.41                    | 16,604.90                    | 69.49              |
| IDA  | 706,215.15                   | 704,232.05                   | (1,983.10)         |
| IFAD   | 18,408.89                    | 18,971.92                    | 563.03             |
| IMF  | 40,491.39                    | 39,314.78                    | (1,176.61)         |
| Others   | 9,100.03                     | 9,032.89                     | (67.14)            |
| <b>Sub Total</b>                                 | <b>1,029,109.24</b>          | <b>1,031,711.14</b>          | <b>2,601.90</b>    |
| <b>COMMERCIAL</b>                                |                              |                              |                    |
| Commercial Banks                                 | 349,241.03                   | 339,176.62                   | (10,064.41)        |
| International Sovereign Bond                     | 629,555.99                   | 627,119.65                   | (2,436.34)         |
| Suppliers Credit                                 | 17,082.04                    | 17,015.93                    | (66.11)            |
| <b>Sub Total</b>                                 | <b>995,879.05</b>            | <b>983,312.20</b>            | <b>(12,566.85)</b> |
| <b>Total Central Government</b>                  | <b>2,966,078.69</b>          | <b>2,955,075.55</b>          | <b>(11,003.14)</b> |
| <b>GUARANTEED</b>                                |                              |                              |                    |
| JAPAN  | 73,361.13                    | 72,417.10                    | (944.03)           |
| GERMANY  | 6,112.75                     | 5,735.88                     | (376.87)           |
| IDA (KR Concessionaire)                          | 4,644.27                     | 4,626.29                     | (17.98)            |
| Kenya Airways (commercial debt)                  | 77,404.43                    | 77,104.88                    | (299.55)           |
| <b>Sub Total</b>                                 | <b>161,522.57</b>            | <b>159,884.14</b>            | <b>(1,638.43)</b>  |
| <b>CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT</b> | <b>3,127,601.25</b>          | <b>3,114,959.69</b>          | <b>(12,641.56)</b> |

Source: National Treasury

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