



THE NATIONAL TREASURY & ECONOMIC PLANNING

MONTHLY DEBT BULLETIN

MAY 2024

I.1 Introduction

The total nominal public and publicly guaranteed debt stock as at end of May 2024 was Ksh. 10,438.19 billion (64.7 percent of GDP¹) equivalent to USD 80.15 billion. Domestic debt stock was Ksh. 5,319.89 billion (33 percent of GDP), equivalent to USD² 40.85 billion, while the external debt stock equivalent to USD was 39.30 billion. Domestic and external debt stock accounted for 51 percent and 49 percent of total debt stock, respectively.

I.2 Movement in Exchange Rates

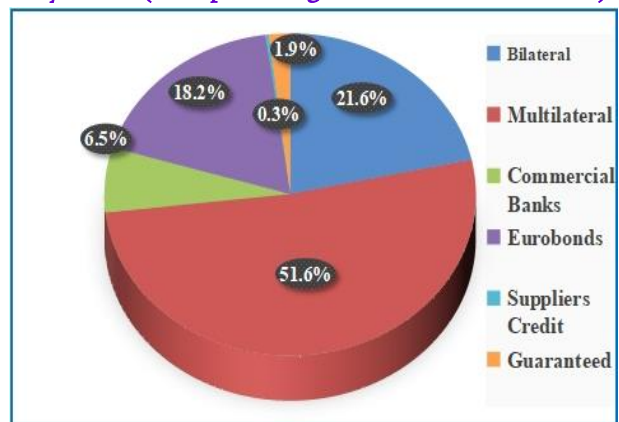
Kenya's public and publicly guaranteed debt is denominated in five major currencies, namely the US Dollar, Japanese Yen, Euro, Chinese Yuan and Sterling Pound. During the month under review, the Kenya shilling appreciated against the mentioned currencies by 2.3%, 2.3%, 1.2%, 2.3% and 0.8% respectively. The base³ exchange rates for the aforementioned five currencies, notably the USD, Yen, Euro, Yuan and Sterling Pound were Ksh. 133.28, Ksh.84.99, Ksh. 142.58, Ksh. 18.40 and Ksh. 167.05 respectively.

I.3 Size of Public and Publicly Guaranteed External Debt

Overall, the National Government's external debt stock decreased by Ksh. 80.51 billion from Ksh. 5,198.81 billion as at end April, 2024 to Ksh. 5,188.31 billion as at end May, 2024. This was attributed to the appreciation of the Kenya shilling against major currencies during the month. Debt owed to bilateral creditors reduced by Ksh. 12.89

billion from Ksh. 1,117.54 billion to Ksh. 1,104.65 billion while multilateral debt reduced by Ksh. 37.07 billion from Ksh. 2,677.66 billion to Ksh. 2,640.59 billion. Commercial debt reduced by Ksh. 28.37 billion from Ksh. 1,306.72 billion to Ksh. 1,278.35 billion during the same period. Publicly guaranteed external debt decreased by Ksh 2.17 billion from Ksh. 96.90 billion in April, 2024 to Ksh. 94.73 billion in May, 2024 (Chart 1).

Chart I: External Debt Composition as at end of May 2024 (As a percentage of total External Debt)



Source: National Treasury

I.4 Currency Composition of External Debt

The proportion of external debt denominated in USD, Euro, Yen, Yuan and Sterling Pound was at 67.4 percent, 21.9 percent, 3.6 percent, 4.8 percent and 2.1 percent respectively. Other currencies⁴ accounted for 0.2 percent of total external debt (Chart 2).

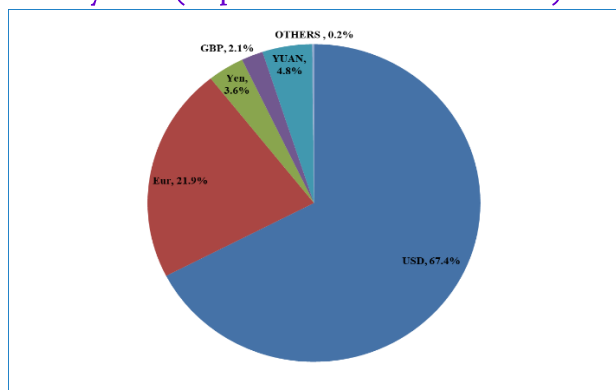
¹ Kshs. 16,131.50 billion

² Kshs. to USD 130.23

³ End April, 2024 is the base month for all parameters

⁴ Other currencies include Danish Kroner, Kuwait Dinar, Korean won, Indian Rupee, Canadian Dollar, Saudi Riyal, Swedish Kroner and Emirati Dirham

Chart 2: External Debt by Currency Composition as at end May 2024 (As percent of Total External Debt)



Source: National Treasury

1.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end May 2024 was Ksh. 680.40 billion against the financial year target of Ksh. 780.79 billion. External debt service during the month of May, 2024 was Ksh 24.36 billion, comprising principal repayments and interest payments of Ksh. 7.20 billion and Ksh. 17.16 billion respectively. Debt service to bilateral creditors accounted for 29.2 percent of the total cumulative debt service while commercial, multilateral creditors and guarantees accounted for 53.2 percent, 15.0 percent and 2.6 percent, respectively for the period ending May, 2024.

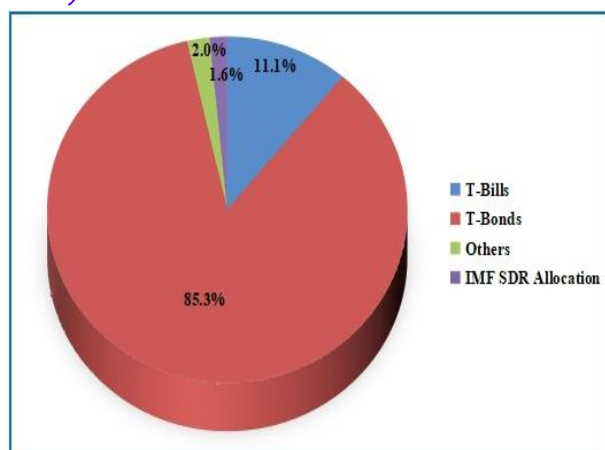
1.6 Size of Domestic Debt

The domestic debt stock reduced by Ksh. 3.82 billion from Ksh. 5,323.71 billion as at end April, 2024 to Ksh. 5,319.89 billion as at end May, 2024. The stock of Treasury bills increased by Ksh. 22.27 billion from Ksh. 566.65 billion to Ksh. 588.92 billion and the stock of Treasury bonds reduced by Ksh. 21.26 billion from Ksh. 4,561.02 billion to Ksh. 4,539.76 billion during the same period. Others including pre-1997 Government debt, Government overdraft at the Central Bank of Kenya, advances from commercial banks and IMF SDR Allocation decreased by Ksh 4.83 billion from Ksh 196.04 billion to Ksh 191.21 billion during the same period.

1.7 Domestic Debt by Instruments

As at the end of May, 2024, the ratio of bonds to bills was 85:11. The Government overdraft at the Central Bank of Kenya and historical bank advances from commercial accounted for 2.0 percent while IMF SDR Allocation accounted for 1.6 percent of domestic debt stock during the same period (**Chart 3**).

Chart 3: Stock of Domestic debt instruments as at the end of May 2024 (Percentage of Total Domestic Debt)

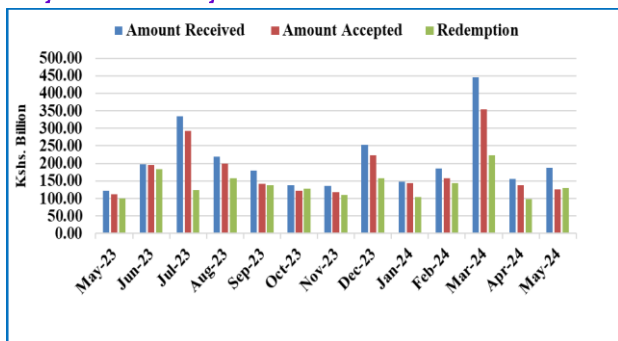


Source: National Treasury

1.8 Domestic Borrowing

During the month of May 2024, Government securities amounting to Ksh. 121.00 billion were advertised. Bids worth Ksh. 165.38 billion were received, comprising of Ksh. 150.40 billion and Ksh. 14.98 billion Treasury bills and bonds respectively. Bids worth Ksh. 156.16 billion were successful, out of which Ksh. 145.16 billion and Ksh. 11 billion were Treasury bills and bonds respectively. The monthly redemption amounted to Ksh. 167.02 billion. Treasury bills accounted for Ksh. 127.82 billion and Ksh. 39.20 billion from Treasury bonds (**Chart 4**). In aggregate, the exchequer had a deficit of Ksh. 10.86 billion during the month.

Chart 4: Government Securities Performance from May 2023 to May 2024 in Ksh. Billions



Source: National Treasury

1.9 Net Domestic Financing

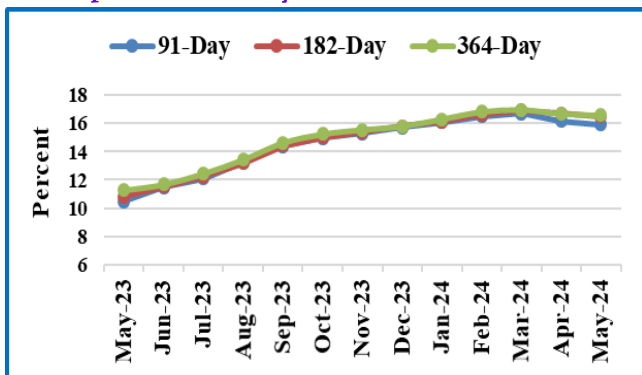
The net domestic financing as at end of May, 2024 was Ksh. 533.07 billion against an annual target of Ksh. 605.74 billion for FY 2023/24.

1.10 Average Interest rates for Treasury Bills

On average, there was a marginal change in interest rate for Treasury bills during the month. The average interest rates for 91-day, 182-day, and 364-day Treasury bills reduced to 15.91 percent, 16.52 percent and 16.58 percent in May 2024 from 16.16 percent, 16.71 percent and 16.69 percent in April 2024, respectively as shown in **Chart 5**.

The average interest rates for the 91-day, 182-day and 364-day Treasury bills decreased by 25, 19 and 11 basis points, respectively.

Chart 5: Average Interest rates for Treasury Bills from April 2023 to May 2024



Source: National Treasury

1.11 Cumulative Domestic Interest Payments

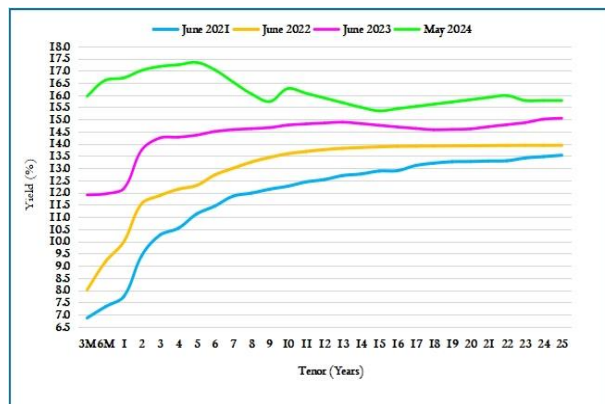
As at end of May, 2024, the actual cumulative domestic interest payment amounted to Ksh. 571.53 billion against a cumulative target of Ksh. 629.37 billion for FY 2023/24. Interest payments for Treasury bonds and bills in the month of May, 2024 amounted to Ksh. 72.43 billion and Ksh. 8.53 billion, respectively. Total interest payment on the overdraft and interest on Pre-1997 Government Overdraft was Ksh. 1.01.

1.12 Government Securities Yields

The interest rates have been on the rise both in the international capital markets and domestic market following monetary policy tightening by the Central Banks both in the advanced and developing economies to contain inflationary pressures.

The average 91 Day Treasury bill interest rates increased from 6.90 percent at end June 2021 to 15.95 percent as at end May 2024 (909 basis points increase) as shown in **Chart 6**.

Chart 6: Government Securities Yield Curve



Source: Nairobi Stock Exchange

1.13 Average Time to Maturity for Treasury Bonds

The Average Time to Maturity (ATM) for Treasury Bonds during the month of May, 2024 was 7.56 years.

I.14 Sovereign Credit Rating

Kenya was assigned a B3 sovereign credit rating by Standard & Poor's (S&P) and Fitch in 2006, and 2007, respectively. It was assigned a B+, equivalent of BI rating by Moody's in 2012, which was the only rating agency to upgrade Kenya's sovereign rating to B2 in 2018. S&P did cut Kenya's ratings outlook from stable to negative. While Fitch credited Kenya at B with a negative outlook and B3 with a negative outlook by Moody's (**Annex I**). The variations in the credit rating scores of the three agencies shows the influence of subjectivity and the perceptions generated in the qualitative analysis.

In order for Kenya to graduate to investment grade (BBB) and attract cheaper debt from global markets, there is need for: actualizing the long planned fiscal consolidation; improvement of export sector performance and expand foreign reserves accumulation; promotion of economic growth to boost GDP per Capita; and improve on food production, access and affordability in order to lower and stabilize the Consumer Price Index (CPI) and Real Effective Exchange Rate (REER), among others.

ANNEX I: KENYA'S CREDIT RATING

Agency	Rating	Outlook	Date
Moody's	B3	Negative	July 28 2023
Fitch	B	Negative	July 20 2023
Standard and Poors	B	Negative	Feb 28 2023
Fitch	B	Stable	Dec 14 2022
Standard and Poors	B	Stable	Aug 25 2022
Standard and Poors	B	Stable	Mar 05 2021
Standard and Poors	B+	Negative	Jul 14 2020
Fitch	B+	Negative	Jun 19 2020
Moody's	B2	Negative	May 07 2020
Moody's	B2	Stable	Feb 13 2018
Fitch Rating	B+	Stable	Feb 09 2018
Moody's	B1	Under Review	Oct 02 2017
Standard and Poors	B+	Stable	Oct 14 2016
Standard and Poors	B+	Negative	Oct 16 2015
Fitch Rating	B+	Negative	Jul 17 2015
Moody's	B1	Stable	Nov 08 2012
Standard and Poors	B+	Stable	Nov 19 2010
Fitch Rating	B+	Stable	Jan 16 2009
Standard and Poors	B	Positive	Aug 04 2008
Standard and Poors	B	Stable	Mar 10 2008
Standard and Poors	B	Negative	Feb 04 2008
Fitch Rating	B+	Negative	Jan 30 2008
Fitch Rating	B+	Stable	Dec 12 2007
Standard and Poors	B+	Stable	Sept 08 2006

Source: National Treasury

ANNEX II: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE AS AT THE END OF MAY 2024 IN KSH (MILLIONS)

CREDITOR	Stock at the End April 2024	Stock at the End May 2024	CHANGE
BILATERAL			
BELGIUM	23,865.78	\$23,414.61	(451.17)
AUSTRIA	1,737.16	1,716.50	(20.66)
DENMARK	262.22	259.07	(3.15)
FINLAND	338.81	334.78	(4.03)
FRANCE	99,049.68	98,415.87	(633.81)
GERMANY	44,994.79	44,468.92	(525.87)
ITALY	25,764.22	32,484.63	6,720.41
JAPAN	86,848.36	84,885.18	(1,963.18)
USA	41,403.73	40,456.07	(947.66)
SPAIN	13,141.65	12,975.47	(166.18)
Other PARIS CLUB	1,563.92	1,528.19	(35.73)
Other NON PARIS CLUB	22,655.57	21,841.17	(814.40)
CHINA	755,913.95	741,867.85	(14,046.10)
Sub Total	1,117,539.83	1,104,648.31	(12,891.52)
MULTILATERAL			0.00
ADB/ADF	505,883.52	511,288.62	5,405.10
EEC/EIB	25,355.59	25,052.90	(302.69)
IDA	1,519,738.84	1,490,985.52	(28,753.32)
IFAD	34,693.08	34,078.90	(614.18)
IMF	433,573.27	424,062.13	(9,511.14)
Others	158,413.27	155,118.69	(3,294.58)
Sub Total	2,677,657.57	2,640,586.76	(37,070.81)
COMMERCIAL			
Commercial Bank	338,224.53	331,866.55	(6,357.98)
International Sovereign Bond	953,873.09	932,075.82	(21,797.27)
Suppliers Credit	14,620.49	14,403.13	(217.36)
Sub Total	1,306,718.11	1,278,345.50	(28,372.61)
Total Central Government	5,101,915.52	5,023,580.57	(78,334.95)
GUARANTEED			
JAPAN	65,220.32	63,387.73	(1,832.59)
GERMANY	1,692.89	2,040.19	347.30
Kenya Airways (Commercial Debt)	29,983.26	29,298.10	(685.16)
Sub Total	96,896.47	94,726.02	(2,170.45)
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	5,198,811.99	5,118,306.59	(80,505.40)

Source: National Treasury

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