



THE NATIONAL TREASURY MONTHLY DEBT BULLETIN SEPTEMBER 2021

I.1 Introduction

The nominal public and publicly guaranteed debt stock as at end September 2021 was Kshs. 8,000.28 billion (64.6 per cent of GDP). Domestic debt stock was Kshs. 3,937.78 billion (31.8 per cent of GDP) equivalent to USD 35.64 billion while the external debt stock was Kshs. 4,062.50 billion (32.8 per cent of GDP) equivalent to USD 36.77 billion. Domestic and external debt stock accounted for 49.2 and 50.8 per cent of total debt stock respectively.

I.2 Movement in Exchange Rates

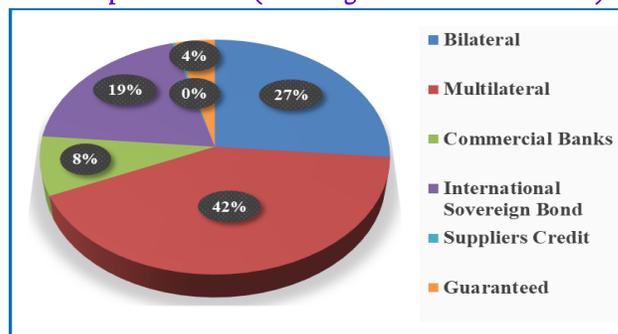
Kenya's public and publicly guaranteed debt is denominated in five major currencies namely the USD, Euro, Yen, Yuan and Sterling Pound. During the month, the shilling depreciated against the US dollar and Chinese Yuan by 0.6 per cent in both cases. However, against the sterling pound, Japanese Yen and Euro the shilling appreciated marginally by 1.0 per cent, 0.8 per cent and 0.5 per cent respectively. The base¹ exchange rate for the aforementioned currencies notably the USD, Euro, Yen, Yuan and Sterling Pound was Kshs. 109.87, Kshs. 129.59, Kshs. 99.99, Kshs. 16.99 and Kshs. 151.13 respectively.

I.3 Size of Public and Publicly Guaranteed External Debt

Overall, the National Government external debt stock increased by Kshs. 7.64 billion from Kshs. 4,054.86 billion in August 2021. Debt owed to bilateral creditors increased by Kshs. 1.95 billion from Kshs. 1,070.63 billion while multilateral debt increased by Kshs. 5.45 billion from Kshs 1,697.22 billion.

Commercial debt increased by Kshs. 0.41 billion from Kshs. 1,126.51 billion during the same period. Publicly guaranteed external debt decreased marginally from Kshs. 160.50 billion in August 2021 to Kshs. 160.32 billion as at end September 2021.

Chart 1: External Debt Composition by Creditor Category as at end of September 2021 (Percentage of Total External Debt)

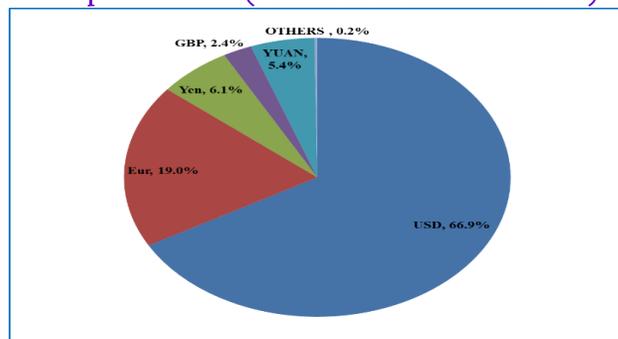


Source: National Treasury

I.4 Currency composition of external debt

The proportion of external debt denominated in USD, Euro, Yen, Yuan and Sterling Pound was 66.9 per cent, 19.0 per cent, 6.1 per cent, 5.4 per cent and 2.4 per cent respectively. Other currencies accounted for 0.2 per cent of total external debt (Chart 2).

Chart 2: External Debt by Currency Composition as at end September 2021 (Percent of Total External Debt)



Source: National Treasury

¹ End August 2021 is the base month for all parameters

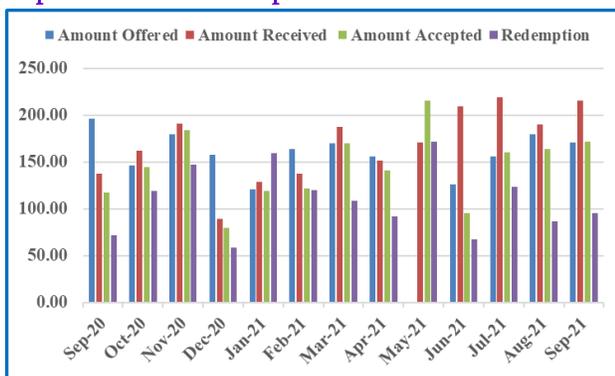
I.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end September 2021 was Kshs. 77.28 billion. External debt service during the month of September 2021 was Kshs. 16.84 billion comprising principal and interest payments of Kshs. 13.68 billion and Kshs. 3.16 billion respectively. Cumulatively, debt service to bilateral creditors accounted for 42.1 per cent of the total debt service while commercial and multilateral creditors accounted for 42.4 per cent and 15.5 per cent respectively.

I.6 Government Domestic Borrowing

During the month of September 2021, Government securities amounting to Kshs. 171.00 billion were advertised. Bids worth Kshs. 215.82 billion were received comprising of Kshs. 64.56 billion and Kshs. 151.26 billion Treasury bills and bonds respectively. Bids worth Kshs. 171.30 billion were successful; out of which Kshs. 64.55 billion and Kshs. 106.75 billion were Treasury bills and bonds respectively. The monthly redemptions amounted to Kshs. 95.30 billion from Treasury bills and bonds (Chart 3). The net exchange receipts were Kshs. 76.01 billion during the month.

Chart 3: Government Securities Performance from September 2020 to September 2021 in Kshs. Billions

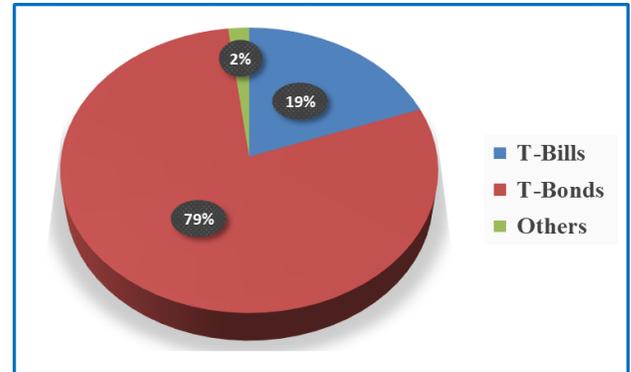


Source: National Treasury

I.7 Domestic Debt by Instruments

The distribution of domestic debt by instrument type shows that the ratio of bonds to bills was 79:19 while the Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and bank advances accounted for 2.0 per cent of domestic debt as at end of September 2021 (Chart 4).

Chart 4: Stock of Domestic debt instruments as at end September 2021 (Percentage of Total Domestic Debt)



Source: National Treasury

I.8 Net Domestic Financing

The net domestic financing as at end September 2021 was Kshs. 268.99 billion against an annual target of Kshs. 661.29 billion for FY 2021/22.

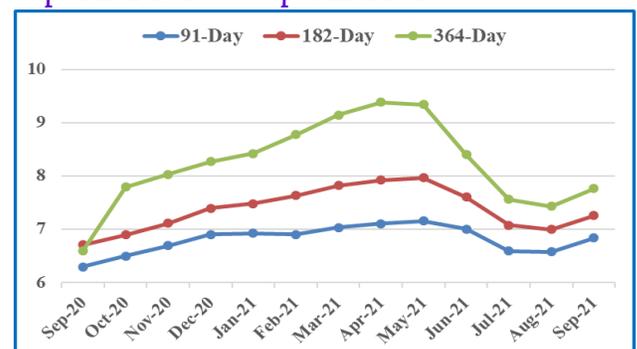
I.9 Cumulative Domestic Interest Payments

The actual cumulative domestic debt interest payment as at end of September 2021 stood at Kshs. 101.14 billion. For the month of September 2021, interest payments for Treasury bonds and bills amounted to Kshs. 24.15 billion and Kshs. 2.87 billion respectively. The interest payment on overdraft was Kshs. 0.06 billion.

I.10 Average Interest rates for Treasury Bills

On average, interest rate for Treasury bills decreased during the month. The 91-day, 182-day and 364-day Treasury bills increased from 6.5 per cent, 6.9 per cent and 7.4 per cent in August 2021 to 6.8 per cent, 7.3 per cent and 7.8 per cent respectively as shown in Chart 5.

Chart 5: Average Interest rates for Treasury Bills from September 2020 to September 2021



Source: National Treasury

The average interest rates for the 91-day, 182-day and 364-day T-bills decreased marginally by 30, 40 and 40 basis points respectively.

I. II Average Time to Maturity for Treasury Bonds

The Average Time to Maturity (ATM) for Treasury Bonds during the month of September 2021 was 8.90 years.

ANNEX I: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE AS AT END SEPTEMBER 2021 IN KSHS MILLIONS

CREDITOR	Stock at the End August 2021	Stock at the End September 2021	CHANGE
BILATERAL			
BELGIUM	13,481.99	13,161.94	(320.05)
AUSTRIA	1,440.33	1,433.82	(6.51)
DENMARK	479,116,339.2	474.65	(4.46)
FINLAND	1,231.79	1,072.94	(158.85)
FRANCE	92,785.99	92,366.21	(419.78)
GERMANY	32,263.00	32,143.04	(119.97)
ITALY	40,487.63	40,304.59	(183.05)
JAPAN	89,423.64	88,676.60	(747.05)
NETHERLANDS			
USA	1,374.36	1,374.21	(0.15)
SPAIN	15,230.10	15,171.74	(58.36)
Other PARIS CLUB	3,223.15	2,917.05	(306.10)
Other NON -PARIS CLUB	19,104.37	19,194.08	89.71
CHINA	760,104.79	764,287.42	4,182.62
Sub Total	1,070,630.27	1,072,578.29	1,948.02
MULTILATERAL			
ADB/ADF	336,135.61	339,071.61	2,936.00
EEC/EIB	23,198.30	22,525.39	(672.91)
IDA	1,092,198.85	1,095,241.96	3,043.11
IFAD	22,534.46	22,683.61	149.15
IMF	180,702.72	180,643.95	(58.77)
Others	42,454.53	42,512.22	57.69
Sub Total	1,697,224.47	1,702,678.74	5,454.27
COMMERCIAL			
Commercial Bank	334,115.64	330,192.29	(3,923.35)
International Sovereign Bond	780,089.78	784,449.89	4,360.11
Suppliers Credit	12,305.17	12,282.62	(22.54)
Sub Total	1,126,510.58	1,126,924.80	414.22
Total Central Government	3,894,365.32	3,902,181.82	7,816.51
GUARANTEED			
JAPAN	73,597.65	72,982.81	(614.83)
GERMANY	4,496.03	4,475.71	(20.33)
IDA (KR Concessionaire)			
Kenya Airways (Commercial Debt)	82,403.85	82,864.43	460.57
Sub Total	160,497.53	160,322.95	(174.59)
CENTRAL GOVERNMENT+ GUARANTEED TOTALDEBT	4,054,862.85	4,062,504.77	7,641.92

Source: National Treasury

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