



THE NATIONAL TREASURY MONTHLY DEBT BULLETIN JULY 2021

I.1 Introduction

The total nominal public and publicly guaranteed debt stock as at end of July 2021 was Kshs. 7,812.78 billion (63.0 per cent of GDP). Domestic debt stock was Kshs. 3,792.15 billion (30.6 per cent of GDP) equivalent to USD 34.92 billion while the External debt stock was Kshs. 4,020.63 billion (32.4 per cent of GDP) equivalent to USD 37.02 billion. Domestic and external debt stock accounted for 48.5 and 51.5 per cent of total debt stock respectively.

I.2 Movement in Exchange Rates

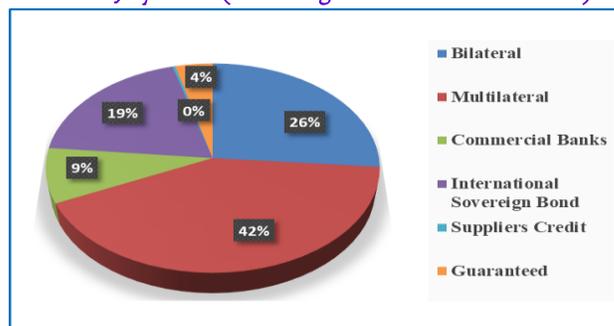
Kenya's public and publicly guaranteed debt is denominated in five major currencies namely the USD, Euro, Yen, Yuan and Sterling Pound. During the month, the Kenya shilling depreciated against the major currencies by 0.7 per cent, 0.4 per cent, 1.5 per cent, 0.8 per cent and 1.3 per cent respectively. The base¹ exchange rate for the afore-mentioned currencies notably the USD, Euro, Yen, Yuan and Sterling Pound was Kshs. 107.85, Kshs. 128.23, Kshs. 97.46, Kshs. 16.67 and Kshs. 149.20 respectively.

I.3 Size of Public and Publicly Guaranteed External Debt

Overall, the National Government external debt stock increased by Kshs. 21.09 billion from Kshs. 3,999.54 billion in June 2021. Debt owed to bilateral creditors decreased by Kshs. 5.08 billion from Kshs. 1,064.27 billion while multilateral debt increased by Kshs. 19.11 billion from Kshs. 1,659.41 billion. Commercial debt increased by Kshs. 5.56 billion from Kshs. 1,118.64 billion during the same period. Publicly guaranteed external debt marginally increased from Kshs. 157.22 billion in June 2021 to Kshs. 158.71 billion in July 2021.

Multilateral, bilateral, commercial banks, International Sovereign Bond, supplier credit and the Guarantees account for 42 per cent, 26 per cent, 9 per cent, 19 per cent, 0.3 per cent and 4 per cent respectively (Chart I).

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

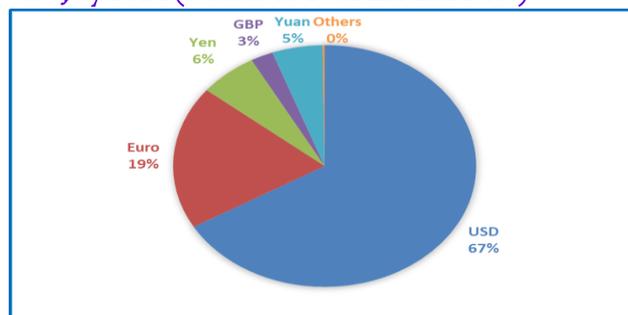


Source: National Treasury

I.4 Currency composition of external debt

The proportion of external debt denominated in USD, Euro, Yen, Yuan and Sterling Pound was 67 per cent, 19 per cent, 6 per cent, 5 per cent and 3 per cent respectively. Other currencies combined accounted for 0.2 per cent of total external debt (Chart 2).

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



Source: National Treasury

¹ End June 2021 is the base month for all parameters

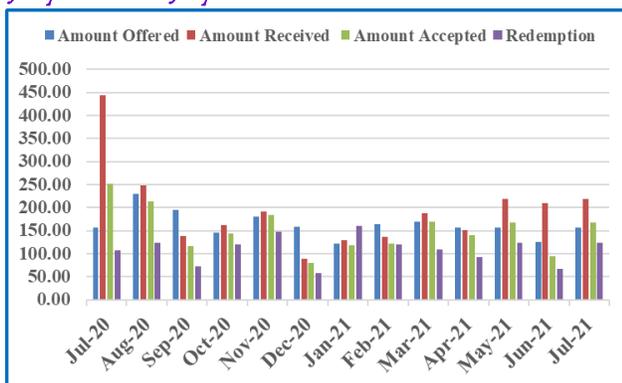
I.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end July 2021 was Kshs. 29.50 billion. External debt service during the month of July 2021 was Kshs. 29.50 billion comprising principal and interest payments of Kshs. 17.72 billion and Kshs. 11.78 billion respectively. Cumulatively, debt service to bilateral creditors accounted for 82.5 per cent of the total debt service while commercial and multilateral creditors accounted for 9.7 per cent and 7.8 per cent respectively.

I.6 Government Domestic Borrowing

During the month of July 2021, Government securities amounting to Kshs. 156.00 billion were advertised. Bids worth Kshs. 219.29 billion were received comprising of Kshs. 102.36 billion and Kshs. 116.93 billion Treasury Bills and Bonds respectively. Bids worth Kshs. 168.51 billion were successful; out of which Kshs. 88.58 billion and Kshs. 79.93 billion were Treasury Bills and Bonds respectively. The monthly redemptions amounted to Kshs. 123.60 billion comprising of Kshs. 99.21 billion and Kshs. 24.39 billion Treasury Bills and Treasury Bonds respectively (Chart 3). In aggregate, the exchequer received Kshs. 44.91 billion during the month.

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



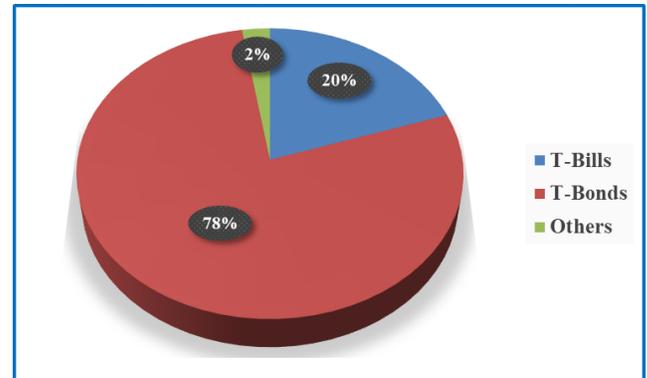
Source: National Treasury

I.7 Domestic Debt by Instruments

The distribution of domestic debt by instrument type shows that the ratio of Bonds to Bills was 78:20 while the Government overdraft at the Central Bank of Kenya, Pre-1997 debt and bank advances accounted

for 2.0 per cent of domestic debt as at end of July 2021 (Chart 4).

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



Source: National Treasury

I.8 Net Domestic Financing

The net domestic financing as at end July 2021 was Kshs. 120.95 billion against an annual target of Kshs. 661.29 billion for FY 2021/22.

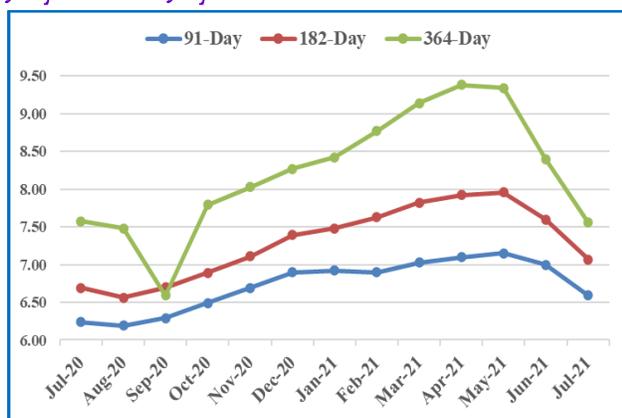
I.9 Cumulative Domestic Interest Payments

The actual cumulative domestic debt interest payment as at end of July 2021 stood at Kshs. 38.98 billion. For the Month of July 2021, interest payments for Treasury Bonds and Bills amounted to Kshs. 31.09 billion and Kshs. 7.61 billion respectively. The interest payment on overdraft was Kshs. 0.28 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 decreased to 6.6 per cent, 7.1 per cent and 7.6 per cent from 7.0 per cent, 7.6 per cent and 8.4 per cent in June 2021 respectively as shown in Chart 5.

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



Source: National Treasury

The average interest rates for the 91-day T-bills, 182-day and 364-day T-bills decreased by 41, 53 and 84 basis points respectively.

I. II Average Time to Maturity for Treasury Bonds

The Average Time to Maturity (ATM) for Treasury Bonds in the month of July 2021 was 8.8 years.

ANNEX I: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE AS AT END JULY 2021 IN KSHSMILLIONS

| CREDITOR | Stock at the End June 2021 | Stock at the End July 2021 | CHANGE |
|--|----------------------------|----------------------------|-------------------|
| BILATERAL | | | |
| BELGIUM | 12,684.02 | 13,605.22 | 921.20 |
| AUSTRIA | 1,437.97 | 1,441.65 | 3.68 |
| DENMARK | 473.1855408 | 475.74 | 2.56 |
| FINLAND | 1,220.08 | 1,223.21 | 3.13 |
| FRANCE | 91,869.79 | 92,120.20 | 250.41 |
| GERMANY | 32,033.68 | 32,421.20 | 387.52 |
| ITALY | 40,104.16 | 40,205.64 | 101.49 |
| JAPAN | 87,244.22 | 88,443.98 | 1,199.76 |
| NETHERLANDS | - | - | - |
| USA | 1,417.57 | 1,415.78 | (1.79) |
| SPAIN | 13,775.13 | 15,315.48 | 1,540.35 |
| Other PARIS CLUB | 3,166.77 | 3,186.10 | 19.33 |
| Other NON -PARIS CLUB | 17,756.45 | 17,841.53 | 85.08 |
| CHINA | 761,089.12 | 751,497.97 | (9,591.15) |
| Sub Total | 1,064,272.16 | 1,059,193.71 | (5,078.45) |
| MULTILATERAL | | | |
| ADB/ADF | 322,293.12 | 330,706.59 | 8,413.47 |
| EEC/EIB | 23,228.55 | 23,058.72 | (169.82) |
| IDA | 1,072,415.22 | 1,081,414.26 | 8,999.04 |
| IFAD | 21,901.04 | 22,265.74 | 364.70 |
| IMF | 178,215.20 | 179,008.87 | 793.67 |
| Others | 41,358.18 | 42,071.76 | 713.59 |
| Sub Total | 1,659,411.30 | 1,678,525.95 | 19,114.65 |
| COMMERCIAL | | | |
| Commercial Bank | 340,031.27 | 340,869.84 | 838.57 |
| International Sovereign Bond | 766,445.00 | 771,122.48 | 4,677.48 |
| Suppliers Credit | 12,162.09 | 12,204.64 | 42.55 |
| Sub Total | 1,118,638.36 | 1,124,196.96 | 5,558.60 |
| Total Central Government | 3,842,321.81 | 3,861,916.62 | 19,594.80 |
| GUARANTEED | | | |
| JAPAN | 71,803.93 | 72,791.36 | 987.43 |
| GERMANY | 4,453.31 | 4,464.72 | 11.41 |
| IDA (KR Concessionaire) | 0.00 | 0.00 | 0.00 |
| Kenya Airways (Commercial Debt) | 80,962.50 | 81,456.60 | 494.10 |
| Sub Total | 157,219.74 | 158,712.68 | 1,492.94 |
| CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT | 3,999,541.56 | 4,020,629.30 | 21,087.74 |

Source: National Treasury

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