



THE NATIONAL TREASURY MONTHLY DEBT BULLETIN FEBRUARY 2021

I.1 Introduction

The total nominal public and publicly guaranteed debt as at end of February 2021 was Kshs. 7,345.47 billion (65.1 per cent of GDP). Domestic debt stock was Kshs. 3,531.18 billion (31.3 per cent of GDP) equivalent to USD 32.16 billion while the External debt stock was Kshs. 3,814.29 billion (33.8 per cent of GDP) equivalent to USD 34.74 billion. Domestic debt accounted for 48.1 per cent of total debt while external debt accounted for 51.9 per cent.

I.2 Movement in Exchange Rates

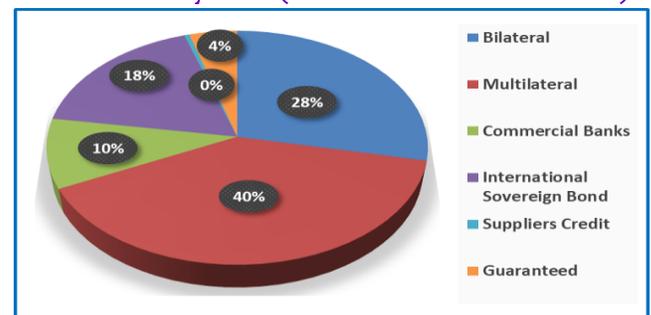
Kenya's public debt is denominated in five major currencies namely the USD, Euro, Yen, Yuan, and Sterling Pound. The Kenya Shilling remained relatively stable against the major world currencies. The Shilling depreciated marginally against Euro and GBP by 0.5 and 2.9 per cent respectively as at end February compared to end January 2021. However, against US Dollar, Japanese Yen and Yuan, the Shilling appreciated marginally by 0.3, 2.0 and 0.3 per cent respectively. The base¹ exchange rate for the afore-mentioned currencies notably the USD, Euro, Yen, Yuan and Sterling Pound was Kshs. 110.14, Kshs. 133.16, Kshs. 105.60, Kshs. 17.03 and Kshs. 150.55 respectively.

I.3 Size of Public and Publicly Guaranteed External Debt

Overall, the National Government external debt decreased by Kshs. 5.41 billion from Kshs. 3,819.70 billion in January 2021. Debt owed to bilateral creditors decreased by Kshs. 2.77 billion from Kshs. 1,080.36 billion while multilateral debt increased by Kshs. 5.01 billion from Kshs 1,506.66 billion.

Commercial debt decreased by Kshs. 5.86 billion from Kshs. 1,061.63 billion during the same period. Publicly guaranteed external debt marginally decreased from Kshs. 171.05 billion in January 2021 to Kshs. 169.21 billion in February 2021.

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

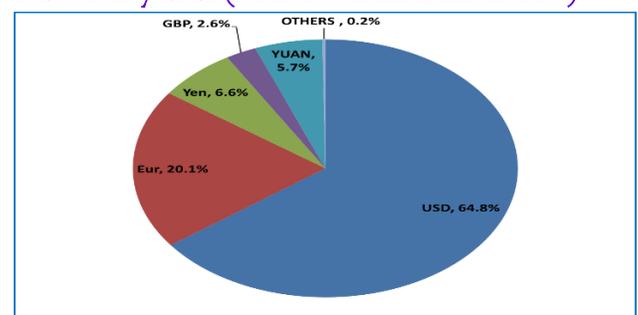


Source: National Treasury

I.4 Currency composition of external debt

The proportion of external debt denominated in USD, Euro, Yen, Yuan and Sterling Pound was 64.8 per cent, 20.1 per cent, 6.6 per cent, 5.7 per cent and 2.6 per cent respectively. Other currencies combined accounted for 0.2 per cent of external debt.

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



Source: National Treasury

¹ End January 2021 is the base month for all parameters

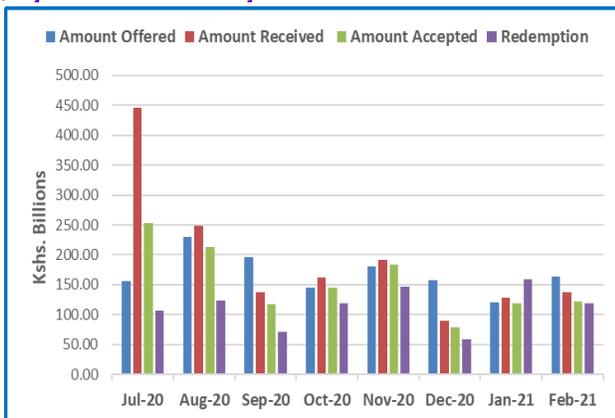
I.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end February 2021 was Kshs. 166.59 billion. External debt service during the month of February 2021 was Kshs. 22.71 billion comprising principal and interest payments of Kshs. 15.29 billion and Kshs. 7.42 billion respectively. Cumulatively, debt service to bilateral creditors accounted for 28.42 per cent of the total debt service while commercial and multilateral creditors accounted for 55.96 per cent and 15.63 per cent respectively.

I.6 Government Domestic Borrowing

During the month of February 2021, Government securities amounting to Kshs. 164.00 billion were advertised. Bids worth Kshs. 137.18 billion were received comprising of Kshs. 84.41 billion and Kshs. 52.77 billion Treasury Bills and Bonds respectively. Bids worth Kshs. 121.85 billion were successful; out of which Kshs. 78.82 billion and Kshs. 43.03 billion were Treasury Bills and Bonds respectively. The monthly redemptions amounted to Kshs. 119.68 billion; out of which Kshs. 113.32 billion and Kshs. 6.35 billion were Treasury Bills and Bonds respectively. In aggregate, the exchequer had a surplus of Kshs. 2.17 billion during the period under review.

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



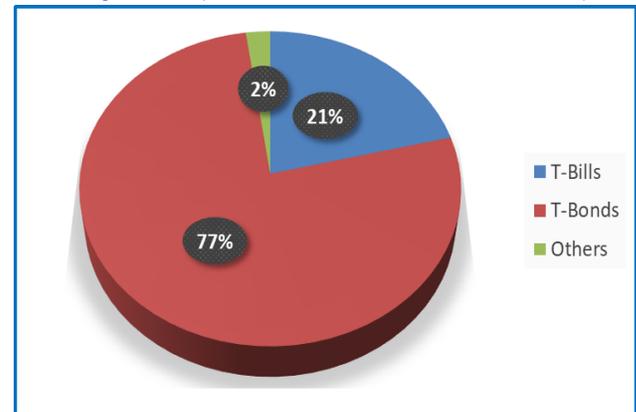
Source: National Treasury

I.7 Domestic Debt by Instruments

Total domestic debt stock was Kshs. 3,531.18 billion. The ratio of Bonds to Bills was 77:21 while the Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and bank advances accounted

for 2.6 per cent of domestic debt as at end of February 2021.

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



Source: National Treasury

I.8 Net Domestic Financing

The net domestic financing as at end February 2021 was Kshs. 425.70 billion against an annual target of Kshs. 493.40 billion for FY2020/21.

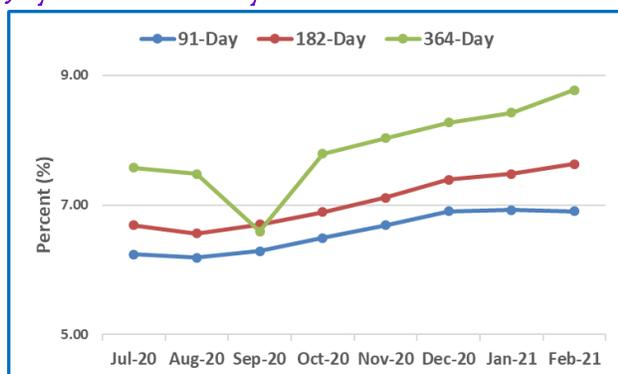
I.9 Cumulative Domestic Interest Payments

The actual cumulative domestic debt interest payment as at end of February 2021 stood at Kshs. 255.86 billion. For the Month of February 2021, interest payments for Treasury Bonds and Bills amounted to Kshs. 28.94 billion and Kshs. 8.35 billion respectively. The interest payment on overdraft was Kshs. 0.14 billion.

I.10 Average Interest rates for Treasury Bills

On average, interest rate for Treasury bills increased during the month. The 91-day, 182-day and 364-day Treasury bills increased to 6.9 per cent, 7.6 per cent and 8.8 per cent from 6.9 per cent, 7.5 per cent and 8.4 per cent in January 2021 respectively as shown in Chart 5.

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



Source: National Treasury

The average interest rates for the 91-day T-bills remained unchanged while the 182-day and 364-day T-bills increased marginally by 10 and 40 basis points respectively. The spreads between the 91-day T-bills and 182-day T-bills have been relatively stable since the beginning of the FY 2020/21. However, a much larger spread between the 364-day T-bills and the 182-day T-bills is observed with a structural break occurring in September 2020 (Chart 5).

I.II Average Time to Maturity for Treasury Bonds

The Average Time to Maturity (ATM) for Treasury Bonds in the month of February 2021 was 8.1 years.

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

CREDITOR	Stock at the End January 2021	Stock at the End February 2021	CHANGE
BILATERAL			
BELGIUM	13,563.97	13,869.89	305.92
AUSTRIA	1,539.20	1,546.97	7.77
DENMARK	502.38	492.33	(10.05)
FINLAND	1,423.89	1,431.08	7.19
FRANCE	90,601.38	91,023.81	422.43
GERMANY	31,474.04	31,632.97	158.93
ITALY	41,601.33	41,811.40	210.07
JAPAN	88,571.32	87,018.36	(1,552.96)
NETHERLANDS	-	-	-
USA	1,288.21	1,292.02	3.81
SPAIN	14,129.09	14,191.95	62.87
Other PARIS CLUB	3,531.25	3,520.21	(11.03)
Other NON -PARIS CLUB	17,865.37	17,926.03	60.66
CHINA	774,266.94	771,830.60	(2,436.34)
Sub Total	1,080,358.36	1,077,587.62	(2,770.74)
MULTILATERAL			
ADB/ADF	319,086.91	319,690.51	603.60
EEC/EIB	21,005.41	21,088.72	83.32
IDA	991,392.56	997,537.00	6,144.45
IFAD	21,503.27	21,417.26	-86.01
IMF	111,335.93	109,840.89	(1,495.04)
Others	42,333.26	42,138.70	(194.56)
Sub Total	1,506,657.33	1,511,713.09	5,055.76
COMMERCIAL			
Commercial Bank	371,521.27	367,821.83	(3,699.44)
International Sovereign Bond	671,879.01	669,780.00	(2,099.01)
Suppliers Credit	18,230.41	18,173.45	-56.95
Sub Total	1,061,630.68	1,055,775.28	(5,855.40)
Total Central Government	3,648,646.37	3,645,075.99	(3,570.38)
GUARANTEED			
JAPAN	78,261.24	76,667.91	(1,593.34)
GERMANY	5,227.48	5,253.87	26.40
IDA (KR Concessionaire)	4,956.48	4,941.00	(15.48)
Kenya Airways (Commercial Debt)	82,608.08	82,350.00	(258.07)
Sub Total	171,053.28	169,212.78	(1,840.50)
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	3,819,699.66	3,814,288.77	(5,410.88)

Source: National Treasury

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