



# THE NATIONAL TREASURY

## MONTHLY DEBT BULLETIN

### JANUARY 2021

#### I.1 Introduction

The total public and publicly guaranteed debt in nominal terms as at end January 2021 was Kshs. 7,352.26 billion (65.2 % of GDP). Domestic debt stock was Kshs. 3,532.56 billion (31.3 % of GDP) equivalent to USD 32.07 billion while the External debt stock was Kshs. 3,819.70 billion (33.9 % of GDP) equivalent to USD 34.68 billion. Domestic and external debt accounted for 48.1 per cent and 51.9 per cent of total debt respectively.

#### I.2 Movement in Exchange Rates

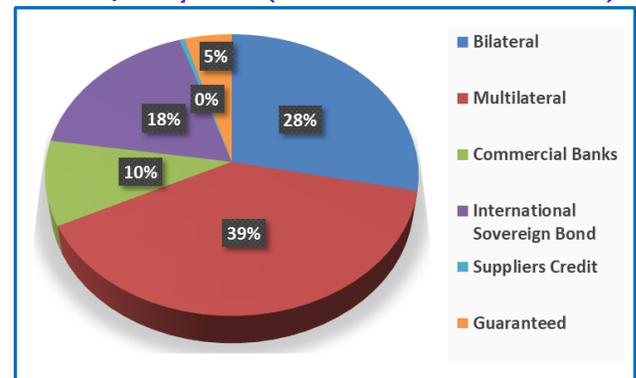
Kenya's public debt is denominated in five major currencies namely the USD, Euro, Yen, Yuan, and Sterling Pound. The Kenya Shilling remained relatively stable against the major world currencies. The Shilling depreciated marginally against the US Dollar, Yuan and GBP by 0.9, 1.8 and 1.5 per cent respectively as at end January 2021 compared to end December 2020. However, against the Japanese Yen and the Euro, the Shilling appreciated marginally by 0.3 and 0.6 per cent respectively. The base<sup>1</sup> exchange rate for the aforementioned currencies notably the USD, Euro, Yen, Yuan and Sterling Pound was Kshs. 109.17, Kshs. 133.90, Kshs. 105.93, Kshs. 16.73 and Kshs. 148.36 respectively.

#### I.3 Size of Public and Publicly Guaranteed External Debt

Overall, the National Government external debt increased by Kshs. 26.41 billion from Kshs. 3,793.29 billion as at end December 2020. Debt owed to bilateral creditors increased by Kshs. 7.64 billion from Kshs. 1,072.72 billion while multilateral debt increased by Kshs. 12.73 billion from Kshs 1,493.92 billion. Commercial debt increased by Kshs. 6.71 billion from Kshs. 1,054.92 billion during the same

period. Publicly guaranteed external debt remained relatively unchanged at Kshs. 171.05 billion.

**Chart 1: External Debt Composition by Creditor Category as at end January 2021 (Percent of Total External Debt)**

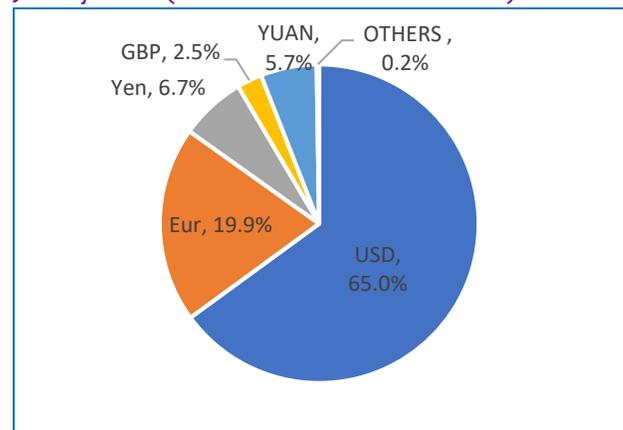


*Source: National Treasury*

#### I.4 Currency composition of external debt

The proportion of external debt denominated in USD, Euro, Yen, Yuan and Sterling Pound was 65.0 per cent, 19.9 per cent, 6.7 per cent, 5.7 per cent and 2.5 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 January 2021 (Percent of Total External Debt)**



*Source: National Treasury*

<sup>1</sup> End December 2020 is the base month for all parameters

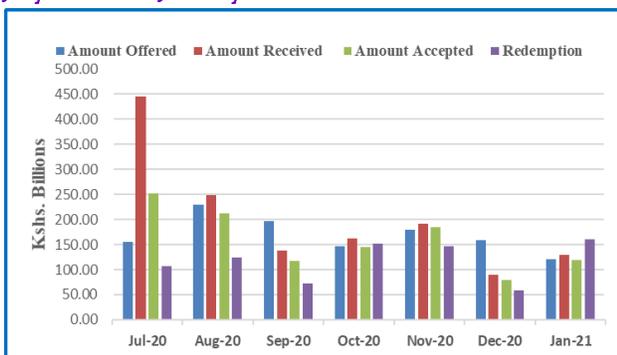
### I.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end January 2021 was Kshs. 143.88 billion. External debt service during the month of January 2021 was Kshs. 4.62 billion comprising principal and interest payments of Kshs. 2.85 billion and Kshs. 1.78 billion respectively. Cumulatively, debt service to bilateral creditors accounted for 32.44 per cent of the total debt service while commercial and multilateral creditors accounted for 53.80 per cent and 13.75 per cent respectively.

### I.6 Government Domestic Borrowing

During the month of January 2021, Government securities worth Kshs. 121.00 billion were advertised. Bids amounting to Kshs. 128.82 billion were received comprising Kshs. 67.67 billion and Kshs. 61.15 billion Treasury Bills and Bonds respectively. Bids worth Kshs. 118.84 billion were successful; out of which Kshs. 62.98 billion and Kshs. 55.86 billion were Treasury Bills and Bonds respectively. The monthly redemptions amounted to Kshs. 159.68 billion; out of which Kshs. 128.51 billion and Kshs. 31.17 billion were Treasury Bills and Bonds respectively. In aggregate, the exchequer incurred a deficit of Kshs. 40.84 billion during the period under review.

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



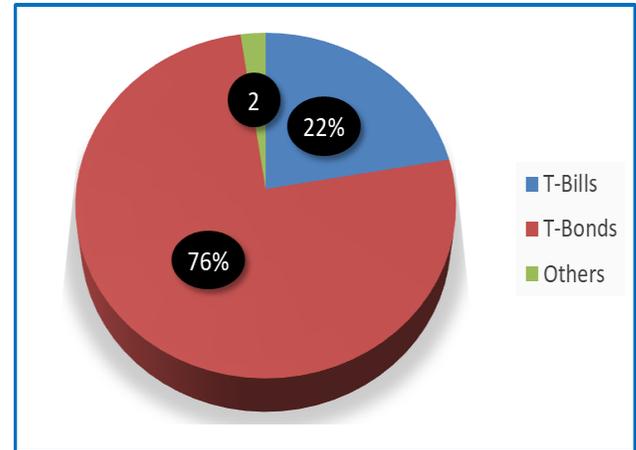
Source: National Treasury

### I.7 Domestic Debt by Instruments

Total domestic debt stock was Kshs. 3,532.56 billion. The ratio of Bonds to Bills was 76:22 while the Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and bank advances accounted

for 2.3 per cent of domestic debt as at end of January 2021.

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



Source: National Treasury

### I.8 Net Domestic Financing

The net domestic financing as at end January 2021 was Kshs. 374.63 billion against an annual target of Kshs. 493.40 billion for FY2020/21.

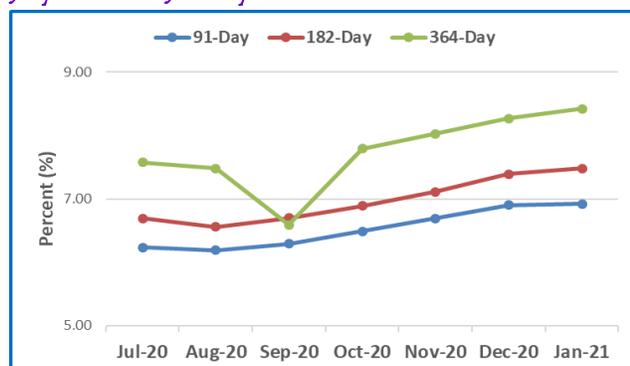
### I.9 Cumulative Domestic Interest Payments

The actual cumulative domestic debt interest payment as at January 2021 was Kshs. 218.19 billion. For the Month of January 2021, interest payments for Treasury Bonds and Bills amounted to Kshs. 22.62 billion and Kshs. 8.75 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, 7.5 per cent and 8.4 per cent from 6.9 per cent, 7.4 per cent and 8.3 per cent in December 2020 respectively as shown in Chart 5.

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



Source: National Treasury

Chart 5 shows that 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 basis points each. 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.

### I.II Average Time to Maturity for Treasury Bonds

The Average Time to Maturity (ATM) for Treasury Bonds in the month of January 2021 was 8.3 years.

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

CREDITOR	Stock at the End December 2020	Stock at the End January 2021	CHANGE
<b>BILATERAL</b>			
BELGIUM	13,461.62	13,563.97	102.35
AUSTRIA	1,547.70	1,539.20	(8.50)
DENMARK	549.16	502.38	(46.78)
FINLAND	1,431.75	1,423.89	(7.86)
FRANCE	91,229.09	90,601.38	(627.71)
GERMANY	31,647.77	31,474.04	(173.73)
ITALY	41,830.96	41,601.33	(229.63)
JAPAN	88,061.42	88,571.32	509.89
NETHERLANDS	-	-	-
USA	1,307.95	1,288.21	(19.74)
SPAIN	14,396.59	14,129.09	(267.50)
Other PARIS CLUB	3,500.07	3,531.25	31.17
Other NON -PARIS CLUB	17,711.56	17,865.37	153.81
CHINA	766,042.62	774,266.94	8,224.32
<b>Sub Total</b>	<b>1,072,718.25</b>	<b>1,080,358.36</b>	<b>7,640.11</b>
<b>MULTILATERAL</b>			
ADB/ADF	317,760.90	319,086.91	1,326.01
EEC/EIB	21,359.79	21,005.41	(354.38)
IDA	980,317.92	991,392.56	11,074.63
IFAD	21,314.37	21,503.27	188.90
IMF	110,995.30	111,335.93	340.63
Others	42,176.06	42,333.26	157.20
<b>Sub Total</b>	<b>1,493,924.34</b>	<b>1,506,657.33</b>	<b>12,732.99</b>
<b>COMMERCIAL</b>			
Commercial Bank	370,899.58	371,521.27	621.69
International Sovereign Bond	665,947.98	671,879.01	5,931.03
Suppliers Credit	18,069.48	18,230.41	160.93
<b>Sub Total</b>	<b>1,054,917.03</b>	<b>1,061,630.68</b>	<b>6,713.65</b>
<b>Total Central Government</b>	<b>3,621,559.62</b>	<b>3,648,646.37</b>	<b>27,086.75</b>
<b>GUARANTEED</b>			
JAPAN	78,524.33	78,261.24	(263.09)
GERMANY	5,748.43	5,227.48	(520.95)
IDA (KR Concessionaire)	4,912.73	4,956.48	43.75
Kenya Airways (Commercial Debt)	82,540.13	82,608.08	67.95
<b>Sub Total</b>	<b>171,725.61</b>	<b>171,053.28</b>	<b>(672.33)</b>
<b>CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT</b>	<b>3,793,285.24</b>	<b>3,819,699.66</b>	<b>26,414.42</b>

Source: National Treasury

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