



# THE NATIONAL TREASURY MONTHLY DEBT BULLETIN AUGUST 2022

## I.1 Introduction

The total nominal public and publicly guaranteed debt stock as at end of August 2022 was Kshs. 8,663.20 billion representing 61.7 percent of GDP<sup>1</sup>. Domestic debt stock was Kshs. 4,335.27 billion (30.9 percent of GDP), equivalent to USD<sup>2</sup> 36.12 billion, while the external debt stock was Kshs. 4,327.93 billion (30.8 percent of GDP), equivalent to USD 36.06 billion. Domestic and external debt stock each accounted for 50.0 percent of the total debt stock.

## I.2 Movement in Exchange Rates

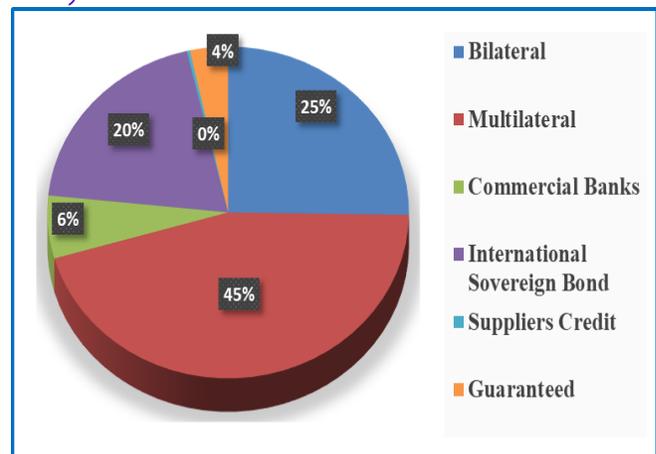
Kenya's public and publicly guaranteed debt is denominated in five major currencies, namely the USD, Euro, Yen, Yuan and Sterling Pound. During the month, the Kenya shilling depreciated marginally against the US dollar by 1.0 percent. However, against the Japanese Yen, Euro, Chinese Yuan and Sterling Pound the Shilling appreciated by 3.2 percent, 0.5 percent, 1.4 percent and 2.2 percent respectively. The base<sup>3</sup> exchange rate for the aforementioned five currencies, notably the USD, Euro, Yen, Yuan and Sterling Pound was Kshs. 118.80, Kshs. 120.67, Kshs. 89.38, Kshs. 17.62 and Kshs. 143.69 respectively.

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

Overall, the National Government's external debt stock increased by Kshs. 0.91 billion from Kshs. 4,327.02 billion in July 2022 to Kshs. 4,327.93 billion in August 2022. This was attributed to disbursements and exchange rate depreciation. Debt owed to bilateral creditors increased by Kshs. 3.14 billion from Kshs. 1,089.03 billion to Kshs. 1,092.17 while multilateral debt reduced by Kshs. 0.07 billion from Kshs. 1,959.88

billion to Kshs. 1,959.81. Commercial debt reduced by Kshs. 0.85 billion from Kshs. 1,129.69 billion to Kshs. 1,128.84 during the same period. Publicly guaranteed external debt marginally reduced from Kshs. 148.42 billion in July 2022 to Kshs. 147.11 billion in August 2022.

Chart I: External Debt Composition by Creditor Category as at end of August 2022 (Expressed 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, Yuan, Yen and Sterling Pound was 69.0 percent, 18.6 percent, 5.6 percent, 4.2 percent and 2.3 percent respectively. Other currencies<sup>4</sup> accounted for 0.2 percent of total external debt (Chart 2). The Government is currently exercising currency diversification with an aim of mitigating the exchange rate risk on external debt.

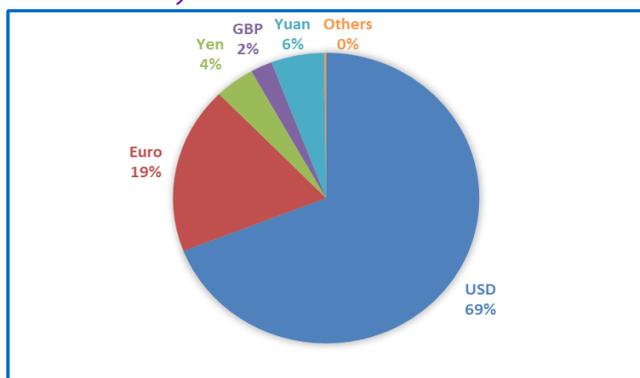
<sup>1</sup> Kshs. 14,038.43 billion

<sup>2</sup> Kshs to USD 120.01

<sup>3</sup> End July 2022 is the base month for all parameters

<sup>4</sup> Other currencies include Danish Kroner, African Unit of Account, Kuwait Dinar, Korean won and Emirati Dirham

**Chart 2: External Debt by Currency Composition as at end August 2022 (Expressed as a percentage of Total External Debt)**



Source: National Treasury

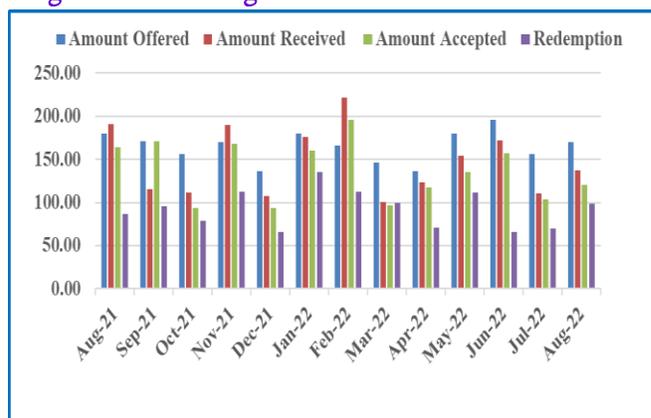
### I.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end August 2022 was Kshs. 86.64 billion. External debt service during the month of August 2022 was Kshs. 31.80 billion comprising of principal and interest payments of Kshs. 16.25 billion and Kshs. 15.55 billion respectively. Debt service to bilateral creditors accounted for 53.9 percent of the total debt service while that of the commercial and multilateral creditors accounted for 35.1 percent and 11.0 percent, respectively.

### I.6 Domestic Borrowing

During the month of July 2022, Government securities amounting to Kshs. 170.00 billion were advertised. Bids worth Kshs. 136.92 billion were received, comprising of Kshs. 87.79 billion and Kshs. 49.13 billion Treasury bills and bonds respectively. Bids worth Kshs. 120.28 billion were successful, out of which Kshs. 81.75 billion and Kshs. 38.53 billion were Treasury bills and bonds respectively. The monthly redemptions amounted to Kshs. 98.47, out of which Kshs. 68.87 billion and Kshs. 29.60 billion were from Treasury bills and Treasury bonds respectively (Chart 3). In aggregate, the exchequer had a surplus of Kshs. 21.81 billion during the month.

**Chart 3: Government Securities Performance from August 2021 to August 2022 in Kshs. Billions**

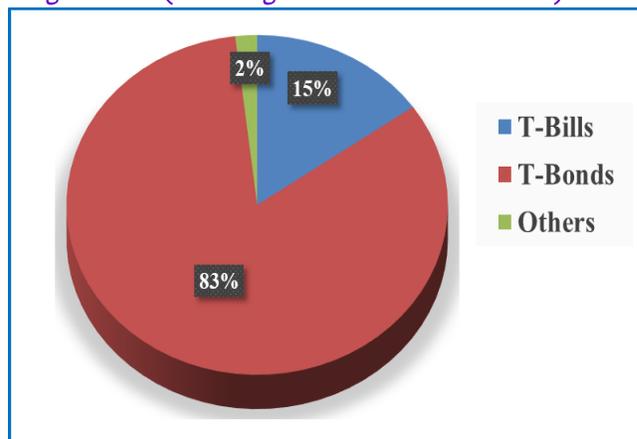


Source: National Treasury

### I.7 Domestic Debt by Instruments

As at the end of August 2022, the ratio of bonds to bills was 83:15. The Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and bank advances accounted for 1.8 percent of domestic debt during the same period. (Chart 4).

**Chart 4: Stock of Domestic debt instruments as at the end of August 2022 (Percentage of Total Domestic Debt)**



Source: National Treasury

### I.8 Net Domestic Financing

The net domestic financing as at end of August 2022 was Kshs. 104.59 billion against an annual target of Kshs. 581.73 billion for FY 2022/23.

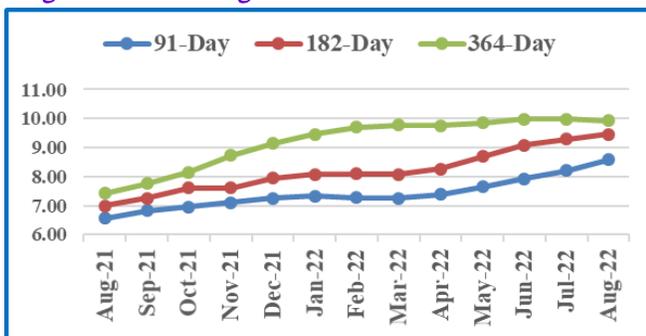
### I.9 Cumulative Domestic Interest Payments

The actual domestic debt interest payment as at end of August 2022 was Kshs. 48.77 billion. Interest payments for Treasury bonds and bills amounted to Kshs. 45.17 billion and Kshs. 3.55 billion, respectively. The interest payment on the overdraft was Kshs. 0.05 billion.

### I.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 and 182-day Treasury bills increased to 8.57 and 9.45 percent from 8.21 and 9.29 percent in July 2022, respectively. However, the rate for the 364-day Treasury bills reduced to 9.92 percent from 9.98 percent in July 2022 as shown in Chart 5.

**Chart 5: Average Interest rates for Treasury Bills from August 2021 to August 2022**



Source: National Treasury

The average interest rates for the 91-day and 182-day T-bills increased by 36.1 and 16.0 basis points while that for the 364-day T-bills reduced by 6.0 basis points respectively.

### I.11 Average Time to Maturity for Treasury Bonds

The Average Time to Maturity (ATM) for Treasury Bonds during the month of August 2022 was 9.01 years.

### ANNEX I: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE AS AT THE END OF AUGUST 2022 IN KSHS MILLIONS

CREDITOR	Stock at the End July 2022	Stock at the End August 2022	CHANGE
<b>BILATERAL</b>			
BELGIUM	13,434.05	13,856.37	422.32
AUSTRIA	1,609.91	1,591.64	(18.27)
DENMARK	397.67	393.64	(4.03)
FINLAND	860.20	856.10	(4.10)
FRANCE	86,958.65	86,795.45	(163.20)
GERMANY	33,954.50	35,483.19	1,528.69
ITALY	37,862.18	37,681.76	(180.42)
JAPAN	91,833.11	88,911.07	(2,922.04)
NETHERLANDS	0.00	0.00	
USA	1,235.07	1,182.11	(52.96)
SPAIN	13,230.60	13,194.97	(35.63)
Other PARIS CLUB	2,788.05	2,816.52	28.46
Other NON -PARIS CLUB	20,254.18	19,871.20	(382.97)
CHINA	784,612.39	789,538.58	4,926.19
<b>Sub Total</b>	<b>1,089,030.54</b>	<b>1,092,172.58</b>	<b>3,142.05</b>
<b>MULTILATERAL</b>			
ADB/ADF	389,347.06	391,932.12	2,585.06
EEC/EIB	19,975.31	19,859.50	(115.82)
IDA	1,213,565.83	1,209,611.47	(3,954.36)
IFAD	24,457.27	24,229.38	(227.89)
IMF	234,341.53	235,168.70	827.17
Others	78,192.55	79,008.25	815.70
<b>Sub Total</b>	<b>1,959,879.56</b>	<b>1,959,809.41</b>	<b>(70.14)</b>
<b>COMMERCIAL</b>			
Commercial Bank	274,264.12	264,801.96	(9,462.16)
International Sovereign Bond	843,480.00	852,091.59	8,611.59
Suppliers Credit	11,948.85	11,944.90	(3.95)
<b>Sub Total</b>	<b>1,129,692.97</b>	<b>1,128,838.45</b>	<b>(854.51)</b>
<b>Total Central Government</b>	<b>4,178,603.06</b>	<b>4,180,820.44</b>	<b>2,217.39</b>
<b>GUARANTEED</b>			
JAPAN	65,772.33	63,679.51	(2,092.81)
GERMANY	4,186.30	4,166.35	(19.95)
Kenya Airways (Commercial Debt)	78,463.26	79,264.34	(69,157.55)
<b>Sub Total</b>	<b>148,421.89</b>	<b>147,110.20</b>	<b>(1,311.68)</b>
<b>CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT</b>	<b>4,327,024.94</b>	<b>4,327,930.65</b>	<b>905.70</b>

Source: National Treasury

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