



THE NATIONAL TREASURY MONTHLY DEBT BULLETIN FEBRUARY 2022

I.1 Introduction

The total nominal public and publicly guaranteed debt stock as at end February 2022 was Kshs. 8,339.18 billion (67.3 per cent of GDP¹). Domestic debt stock was Kshs. 4,181.42 billion (33.7 per cent of GDP) equivalent to USD² 36.73 billion while the external debt stock was Kshs. 4,157.76 billion (33.6 per cent of GDP) equivalent to USD 36.52 billion. Domestic and external debt stock accounted for 50.1 and 49.9 per cent of total debt stock respectively.

I.2 Movement in Exchange Rates

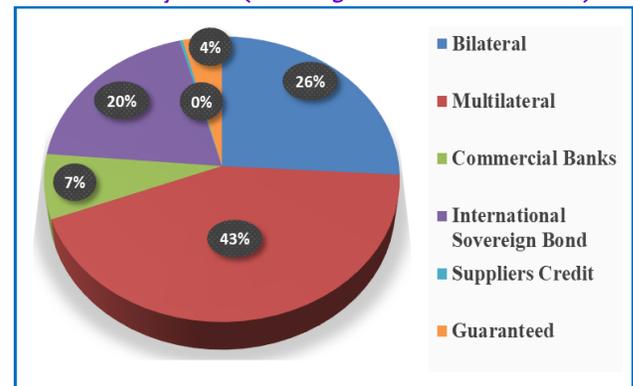
Kenya's public and publicly guaranteed debt is denominated in five major currencies namely the USD, Euro, Yen, Yuan and Sterling Pound. During the month, the Kenya shilling depreciated marginally against the US dollar, Yen and Euro by 0.2 per cent, 0.1 per cent and 0.3 per cent respectively. However, against the Yuan and Sterling Pound the Shilling appreciated marginally by 1.3 per cent and 1.6 per cent. The base³ exchange rate for the afore-mentioned currencies notably the USD, Euro, Yen, Yuan and Sterling Pound was Kshs. 113.57, Kshs. 127.22, Kshs. 98.40, Kshs. 17.85 and Kshs. 152.58 respectively.

I.3 Size of Public and Publicly Guaranteed External Debt

Overall, the National Government external debt stock increased by Kshs. 1.97 billion from Kshs. 4, 155.79 billion in January 2022. This was attributed to disbursements and foreign exchange rates movement. Debt owed to bilateral creditors increased by Kshs. 1.81 billion from Kshs. 1,077.85 billion while multilateral debt increased by Kshs. 8.51 billion from Kshs 1,783.02 billion.

Commercial debt decreased by Kshs. 8.29 billion from Kshs. 1,132.89 billion during the same period. Publicly guaranteed external debt marginally decreased from Kshs. Billion 162.03 in January 2022 to Kshs. 161.97 billion in February 2022.

Chart I: External Debt Composition by Creditor Category as at end of February 2022 (Percentage of Total External Debt)



Source: National Treasury

I.4 Currency composition of external debt

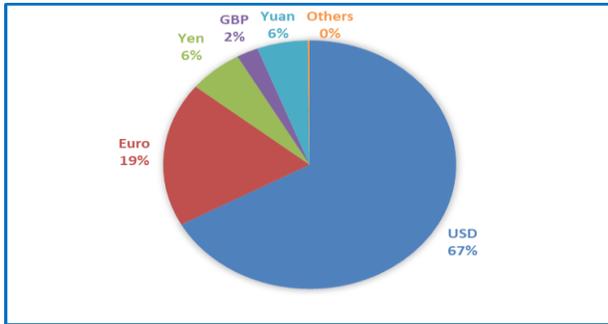
The proportion of external debt denominated in USD, Euro, Yen, Yuan and Sterling Pound was 67 per cent, 19 per cent, 6 per cent, 6 per cent and 2 per cent respectively. Other currencies accounted for 0.2 per cent of total external debt (Chart 2). A currency diversification is ongoing in order to mitigate against exchange rate risk on external debt.

¹ Kshs. 12,393.06 billion

² Kshs to USD 113.84

³ End January 2022 is the base month for all parameters

Chart 2: External Debt by Currency Composition as at end February 2022 (Percent of Total External Debt)



Source: National Treasury

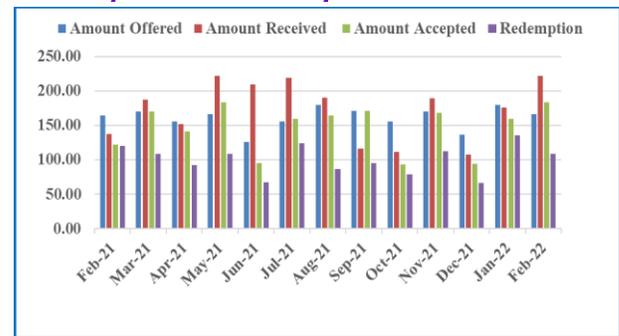
1.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end February 2022 was Kshs. 219.22 billion. External debt service during the month of February 2022 was Kshs. 32.41 billion comprising principal and interest payments of Kshs. 16.16 billion and Kshs. 16.25 billion respectively. Cumulatively, debt service to bilateral creditors accounted for 37.9 per cent of the total debt service while commercial and multilateral creditors accounted for 47.2 per cent and 14.9 per cent respectively.

1.6 Government Domestic Borrowing

During the month of February 2022, Government securities amounting to Kshs. 166.00 billion were advertised. Bids worth Kshs. 222.14 billion were received comprising of Kshs. 132.26 billion and Kshs. 89.88 billion Treasury bills and bonds respectively. Bids worth Kshs. 183.13 billion were successful; out of which Kshs. 84.50 billion and Kshs. 98.64 billion were Treasury bills and bonds respectively. The monthly redemptions amounted to Kshs. 108.48 billion from Treasury bills (Chart 3). In aggregate, the exchequer received Kshs. 74.66 billion during the month.

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

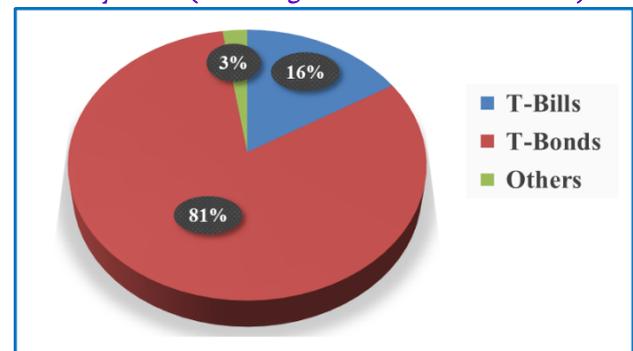


Source: National Treasury

1.7 Domestic Debt by Instruments

The distribution of domestic debt by instrument type shows that the ratio of bonds to bills was 81:16 while the Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and bank advances accounted for 3.0 per cent of domestic debt as at end of February 2022 (Chart 4).

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



Source: National Treasury

1.8 Net Domestic Financing

The net domestic financing as at end February 2022 was Kshs. 581.06 billion against an annual target of Kshs. 661.29 billion for FY 2021/22.

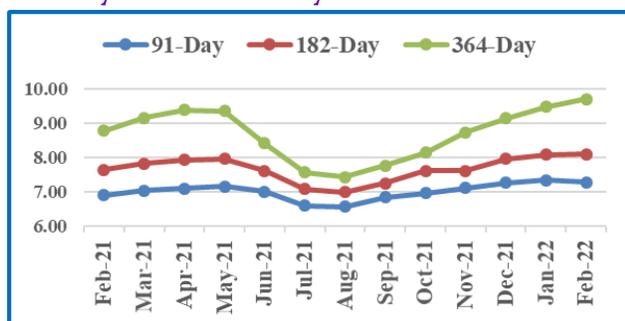
1.9 Cumulative Domestic Interest Payments

The actual cumulative domestic debt interest payment as at end of February 2022 stood at Kshs. 295.92 billion. For the month of February 2022, interest payments for Treasury bonds and bills amounted to Kshs. 36.03 billion and Kshs. 6.38 billion respectively. The interest payment on overdraft was Kshs. 0.19 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 91-day, 182-day and 364-day Treasury bills changed to 7.28 per cent, 8.09 per cent and 9.69 per cent from 7.33 per cent, 8.07 per cent and 9.46 per cent in January 2022 respectively as shown in Chart 5.

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



Source: National Treasury

The average interest rates for the 91-day decreased by 5 basis points, while 182-day and 364-day T-bills increased by 2 and 23 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 February 2022 was 9.02 years.

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

CREDITOR	Stock at the End January 2022	Stock at the End February 2022	CHANGE
BILATERAL			
BELGIUM	13,769.43	13,599.93	(169.50)
AUSTRIA	1,379.81	1,384.40	4.59
DENMARK	467.32	470.56	3.24
FINLAND	1,058.08	1,061.61	3.53
FRANCE	80,219.96	80,482.61	262.65
GERMANY	36,072.05	35,581.66	(490.39)
ITALY	39,746.53	39,878.94	132.41
JAPAN	89,199.12	88,745.12	(454.00)
NETHERLANDS			
USA	1,309.16	1,250.90	(58.26)
SPAIN	14,225.36	14,488.93	263.57
Other PARIS CLUB	2,998.57	3,005.48	6.91
Other NON -PARIS CLUB	19,775.58	19,364.46	(411.12)
CHINA	777,624.25	780,337.01	2,712.76
Sub Total	1,077,845.21	1,079,651.62	1,806.41
MULTILATERAL			
ADB/ADF	362,380.69	362,816.93	436.24
EEC/EIB	21,915.58	21,966.77	51.19
IDA	1,124,580.86	1,131,766.91	7,186.05
IFAD	23,180.78	23,266.18	85.40
IMF	207,743.64	208,422.63	678.99
Others	43,223.27	43,299.93	76.66
Sub Total	1,783,024.83	1,791,539.36	8,514.53
COMMERCIAL			
Commercial Bank	314,270.58	304,085.44	(10,185.14)
International Sovereign Bond	806,371.85	808,230.63	1,858.78
Suppliers Credit	12,250.04	12,287.38	37.34
Sub Total	1,132,892.47	1,124,603.45	(8,289.02)
Total Central Government	3,993,762.51	3,995,794.43	2,031.92
GUARANTEED			
JAPAN	72,432.09	72,163.96	(268.13)
GERMANY	4,413.71	4,428.41	14.70
Kenya Airways (Commercial Debt)	85,180.13	85,376.48	196.35
Sub Total	162,025.93	161,968.85	(57.08)
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	4,155,788.44	4,157,763.28	1,974.84

Source: National Treasury

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