



THE NATIONAL TREASURY MONTHLY DEBT BULLETIN SEPTEMBER 2022

I.1 Introduction

The total nominal public and publicly guaranteed debt stock as at end September 2022 was Kshs. 8,701.07 billion representing 62.0 per cent of GDP¹. Domestic debt stock was Kshs. 4,366.28 billion (31.1 per cent of GDP) equivalent to USD² 36.16 billion while the external debt stock was Kshs. 4,334.79 billion (31.1 per cent of GDP) equivalent to USD 35.90 billion. Domestic and external debt stock accounted for 50.2 and 49.8 per cent of total debt stock respectively.

I.2 Movement in Exchange Rates

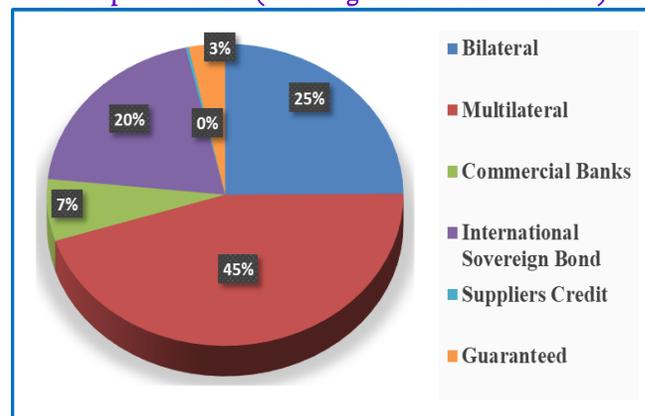
Kenya's public and publicly guaranteed debt is denominated in five major currencies namely the USD, Euro, Yen, Yuan and Sterling Pound. During the month, the Kenya shilling appreciated marginally against the US dollar 0.6 per cent. However, against the Euro, Chinese Yuan, Japanese Yen and Sterling Pound the Shilling depreciated by 2.5 per cent 2.6 per cent, 3.5 per cent and 7.0 percent respectively. The base³ exchange rate for the afore-mentioned five currencies notably the USD, Euro, Yen, Yuan and Sterling Pound was Kshs. 120.01, Kshs. 120.09, Kshs. 86.54, Kshs. 17.38 and Kshs. 140.50 respectively.

I.3 Size of Public and Publicly Guaranteed External Debt

The external debt stock increased by Kshs. 6.86 billion from Kshs 4,327.93 billion in August 2022 to Kshs 4,334.79 This was attributed to disbursements and exchange rate depreciation. Debt owed to bilateral and multilateral sources decreased by 13.22 billion and 1.91 billion respectively. Commercial creditors increased by Kshs. 26.63 billion from Kshs. 1,128.84 billion to Kshs.

1,155.47 billion. Publicly guaranteed external debt decreased marginally by 4.64 billion from Kshs. 147.11 billion in August 2022 to 142.47 billion in September 2022.

Chart I: External Debt Composition by Creditor Category as at end of September 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, Yuan, Yen and Sterling Pound was 69.7, 18.4, 5.3, 4.1 and 2.3 per cents respectively. Other currencies⁴ accounted for 0.2 per cent of total external debt (Chart 2). The Government is currently exercising currency diversification with an aim of mitigating against the exchange rate risk on external debt.

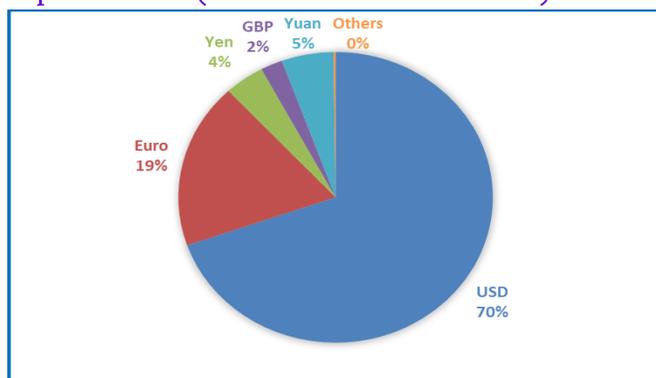
¹ Kshs. 14,038.43 billion

² Kshs to USD 120.73

³ End August 2022 is the base month for all parameters

⁴ Other currencies include Danish Kroner, African Unit of Account, Kuwait Dinar, Korean won, Indian Rupee, Canadian Dollar, Saudi Riyal, Swedish Kroner and Emirati Dirham

Chart 2: External Debt by Currency Composition as at end September 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 September 2022 was Kshs. 103.03 billion. External debt service during the month of September 2022 was Kshs 16.40 billion comprising principal and interest payments of Kshs. 12.13 billion and Kshs. 4.27 billion respectively. Cumulatively, debt service to bilateral creditors accounted for 53.6 per cent of the total debt service while commercial and multilateral creditors accounted for 31.4 per cent and 14.9 per cent respectively.

1.6 Domestic Borrowing

During the month of September 2022, Government securities amounting to Kshs. 146.00 billion were advertised. Bids worth Kshs. 148.22 billion were received comprising of Kshs. 102.08 billion and Kshs. 46.13 billion Treasury bills and bonds respectively. Bids worth Kshs. 120.84 billion were successful; out of which Kshs. 76.55 billion and Kshs. 44.29 billion were Treasury bills and bonds respectively. The monthly redemptions amounted to Kshs. 64.31 billion from Treasury bills (Chart 3). In aggregate, the exchequer had a surplus of Kshs. 56.53 billion during the month.

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

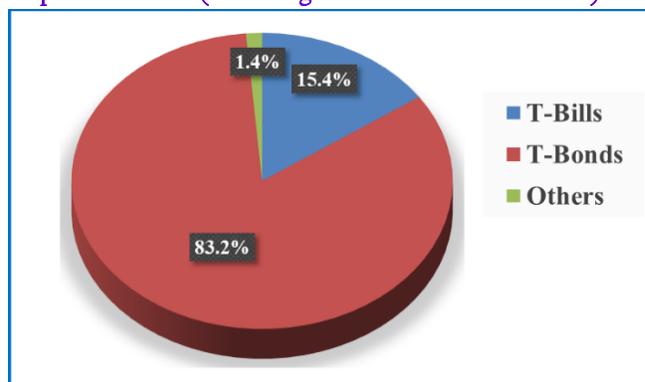


Source: National Treasury

1.7 Domestic Debt by Instruments

As at the end of September 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 1.4 per cent of domestic debt during the same period. (Chart 4).

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



Source: National Treasury

1.8 Net Domestic Financing

The net domestic financing as at end of September 2022 was Kshs. 101.57 billion against an annual target of Kshs. 581.73 billion for FY 2022/23.

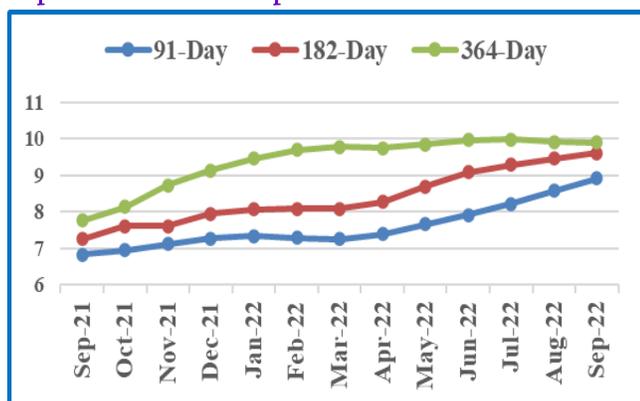
I.9 Cumulative Domestic Interest Payments

The actual cumulative domestic debt interest payment as at end of September 2022 was Kshs. 114.81 billion. In the same month, interest payments for Treasury bonds and bills amounted to Kshs. 28.95 billion and Kshs. 2.81 billion respectively. The interest payment on overdraft was Kshs. 0.65 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, 182 and 364-day Treasury bills increased to 8.92 per cent, 9.60 per cent and 9.90 per cent from 8.57 per cent, 9.45 per cent and 9.92 per cent in August 2022 respectively as shown in Chart 5.

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



Source: National Treasury

The average interest rates for the 91-day and 182-day T-bills increased by 35.0 and 15.0 basis points while that for the 364-day T-bills reduced by 2.0 basis points respectively.

I.II Average Time to Maturity for Treasury Bonds

The Average Time to Maturity (ATM) for Treasury Bonds during the month of September 2022 was 8.89 years.

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

CREDITOR	Stock at the End August 2022	Stock at the End September 2022	CHANGE
BILATERAL			
BELGIUM	13,856.37	13,279.89	(576.48)
AUSTRIA	1,591.64	1,552.44	(39.20)
DENMARK	393,6357888	385,4183808	(8.22)
FINLAND	856.10	695,8469741	(160.25)
FRANCE	86,795.45	84,084.50	(2,710.95)
GERMANY	35483,18578	34,800.49	(682.70)
ITALY	37,681.76	36,753.80	(927.96)
JAPAN	88,911.07	85,502.07	(3,409.00)
NETHERLANDS	-	-	
USA	1,182.11	1,184.75	2.64
SPAIN	13,194.97	12,805.06	(389.91)
Other PARIS CLUB	2816,517057	2,479.23	(337.29)
Other NON -PARIS CLUB	19,871.20	19,933.12	61.92
CHINA	789,538.58	785,499.60	(4,038.98)
Sub Total	1,092,172.58	1,078,956.22	(13,216.36)
MULTILATERAL			
ADB/ADF	391,932.12	392,888.22	956.10
EEC/EIB	19,859.50	18,854.60	(1,004.89)
IDA	1,209,611.47	1,207,797.10	(1,814.37)
IFAD	24,229.38	24,180.09	(49.28)
IMF	235,168.70	235,060.43	(108.27)
Others	79,008.25	79,118.50	110.25
Sub Total	1,959,809.41	1,957,898.94	(1,910.47)
COMMERCIAL			
Commercial Bank	264,801.96	286,508.53	21,706.57
International Sovereign Bond	852,091.59	857,200.04	5,108.45
Suppliers Credit	11,944.90	11,760.21	(184.69)
Sub Total	1,128,838.45	1,155,468.78	26,630.32
Total Central Government	4,180,820.44	4,192,323.94	11,503.50
GUARANTEED			
JAPAN	63,679.51	61,430.11	(2,249.41)
GERMANY	4,166.35	4,063.75	(102.60)
Kenya Airways (Commercial Debt)	79,264.34	76,973.03	(2,291.31)
Sub Total	147,110.20	142,466.88	(4,643.32)
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	4,327,930.65	4,334,790.82	6,860.17

Source: National Treasury

Information in this publication may be reproduced without restriction provided that due acknowledgement of the source is made