



THE NATIONAL TREASURY MONTHLY DEBT BULLETIN JANUARY 2022

I.1 Introduction

The total nominal public and publicly guaranteed debt stock as at end January 2022 was Kshs. 8,265.91 billion (66.7 per cent of GDP¹). Domestic debt stock was Kshs. 4,110.12 billion (33.2 per cent of GDP) equivalent to USD² 36.19 billion while the external debt stock was Kshs. 4,155.79 billion (33.5 per cent of GDP) equivalent to USD 36.59 billion. Domestic and external debt stock accounted for 49.7 and 50.3 per cent of total debt stock respectively.

I.2 Movement in Exchange Rates

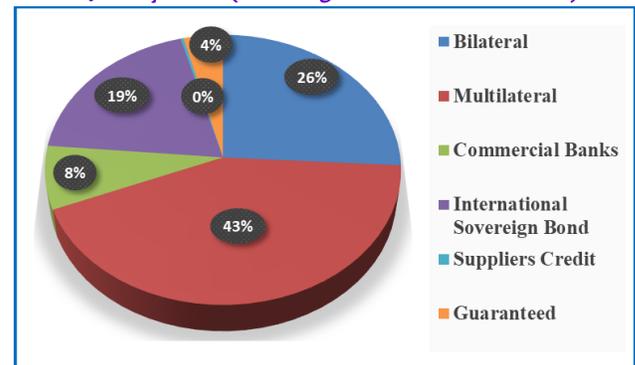
Kenya's public and publicly guaranteed debt is denominated in five major currencies namely the USD, Euro, Yen, Yuan and Sterling Pound. During the month, the Kenya shilling depreciated marginally against the US dollar, Japanese Yen, Chinese Yuan and Sterling Pound by 0.4, 0.1, 0.6 and 0.3 per cent respectively. However, against the Sterling Pound the Shilling appreciated marginally by 0.6 per cent. The base³ exchange rate for the afore-mentioned currencies notably the USD, Euro, Yen, Yuan and Sterling Pound was Kshs. 113.14, Kshs. 127.99, Kshs. 98.30, Kshs. 17.75 and Kshs. 152.05 respectively.

I.3 Size of Public and Publicly Guaranteed External Debt

Overall, the National Government external debt stock decreased by Kshs. 18.58 billion from Kshs. 4,174.37 billion in December 2021. Debt owed to bilateral creditors decreased by Kshs. 17.05 billion from Kshs. 1,094.90 billion while multilateral debt increased by Kshs. 0.94 billion from Kshs. 1,782.08 billion.

Commercial debt decreased by Kshs. 2.76 billion from Kshs. 1,135.66 billion during the same period. Publicly guaranteed external debt marginally increased from Kshs. 161.73 billion in December 2021 to Kshs. 162.03 billion in January 2022.

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



Source: National Treasury

I.4 Currency composition of external debt

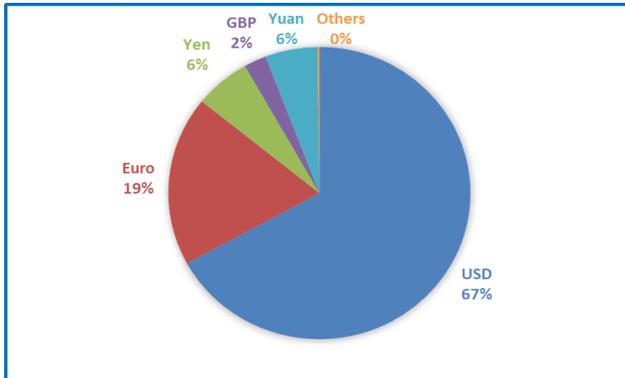
The proportion of external debt denominated in USD, Euro, Yen, Yuan and Sterling Pound was 67 per cent, 19 per cent, 6 per cent, 6 per cent and 2 per cent respectively. Other currencies accounted for 0.2 per cent of total external debt (Chart 2). A currency diversification is ongoing in order to mitigate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

¹ Kshs. 12,393.06 billion

² Kshs to USD 113.57

³ End December 2021 is the base month for all parameters

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



Source: National Treasury

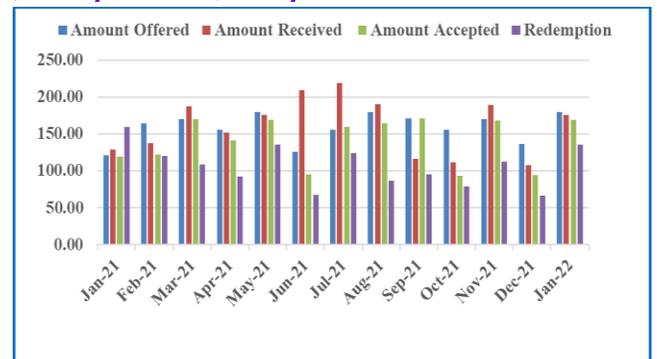
1.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end January 2022 was Kshs. 186.81 billion. External debt service during the month of January 2022 was Kshs. 49.46 billion comprising principal and interest payments of Kshs. 33.71 billion and Kshs. 15.75 billion respectively. Cumulatively, debt service to bilateral creditors accounted for 43.3 per cent of the total debt service while commercial and multilateral creditors accounted for 42.6 and 14.2 per cent respectively.

1.6 Government Domestic Borrowing

During the month of January 2022, Government securities amounting to Kshs. 180.00 billion were advertised. Bids worth Kshs. 175.58 billion were received comprising of Kshs. 108.78 billion and Kshs. 66.81 billion Treasury bills and bonds respectively. Bids worth Kshs. 168.87 billion were successful; out of which Kshs. 106.54 billion and Kshs. 62.33 billion were for Treasury bills and bonds respectively. The monthly redemptions amounted to Kshs. 135.05 billion from Treasury bills (Chart 3). In aggregate, the exchequer received Kshs. 33.82 billion during the month.

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

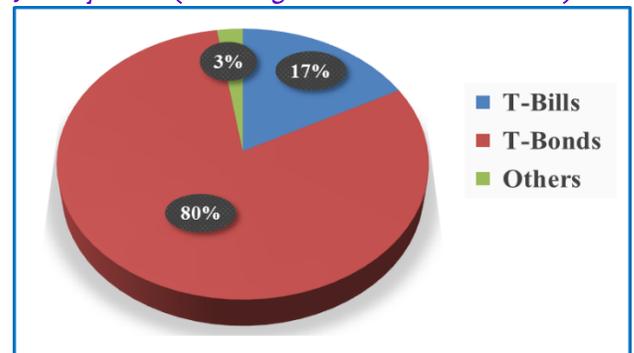


Source: National Treasury

1.7 Domestic Debt by Instruments

The distribution of domestic debt by instrument type demonstrates that the ratio of bonds to bills was 82:17 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 January 2022 (Chart 4).

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



Source: National Treasury

1.8 Net Domestic Financing

The net domestic financing as at end January 2022 was Kshs. 511.99 billion against an annual target of Kshs. 661.29 billion for FY 2021/22.

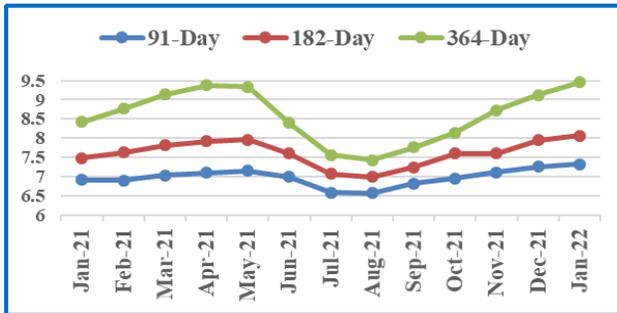
1.9 Cumulative Domestic Interest Payments

The actual cumulative domestic debt interest payment as at end of January 2022 stood at Kshs. 253.32 billion. For the month of January 2022, interest payments for Treasury bonds and bills amounted to Kshs. 28.95 billion and Kshs. 6.62 billion respectively. The interest payment on overdraft was Kshs. 0.27 billion.

I.10 Average Interest rates for Treasury Bills

On average, interest rates for Treasury bills increased during the month. The 91-day, 182-day and 364-day Treasury bills increased to 7.3 per cent, 8.1 per cent and 9.5 per cent from 7.3 per cent, 8.0 per cent and 9.1 per cent in December 2021 respectively as shown in Chart 5.

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



Source: National Treasury

The average interest rates for the 91-day, 182-day and 364-day T-bills increased marginally by 7, 12 and 33 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 January 2022 was 8.90 years.

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

CREDITOR	Stock at the End December 2021	Stock at the End January 2022	CHANGE
BILATERAL			
BELGIUM	12,945.06	13,769.43	824.37
AUSTRIA	1,389.57	1,379.81	(9.76)
DENMARK	473.10	467.32	(5.78)
FINLAND	1,065.56	1,058.08	(7.48)
FRANCE	91,871.06	80,219.96	(11,651.09)
GERMANY	33,583.27	36,072.05	2,488.78
ITALY	40,027.38	39,746.53	(280.84)
JAPAN	87,916.14	89,199.12	1,282.99
NETHERLANDS			
USA	1,386.96	1,309.16	(77.80)
SPAIN	15,187.65	14,225.36	(962.30)
Other PARIS CLUB	2,989.80	2,998.57	8.77
Other NON-PARIS CLUB	19,567.87	19,775.58	207.71
CHINA	786,495.49	777,624.25	(8,871.25)
Sub Total	1,094,898.90	1,077,845.21	(17,053.69)
MULTILATERAL			
ADB/ADF	360,672.15	362,380.69	1,708.54
EEC/EIB	22,299.19	21,915.58	(383.60)
IDA	1,125,243.61	1,124,580.86	(662.75)
IFAD	23,193.32	23,180.78	(12.55)
IMF	207,556.66	207,743.64	186.99
Others	43,119.75	43,223.27	103.52
Sub Total	1,782,084.67	1,783,024.83	940.15
COMMERCIAL			
Commercial Bank	319,339.83	314,270.58	(5,069.25)
International Sovereign Bond	804,012.52	806,371.85	2,359.33
Suppliers Credit	12,302.85	12,250.04	(52.81)
Sub Total	1,135,655.20	1,132,892.47	(2,762.73)
Total Central Government	4,012,638.77	3,993,762.51	(18,876.26)
GUARANTEED			
JAPAN	72,356.94	72,432.09	75.15
GERMANY	4,444.92	4,413.71	(31.21)
Kenya Airways (Commercial Debt)	84,930.90	85,180.13	249.23
Sub Total	161,732.76	162,025.93	293.16
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	4,174,371.54	4,155,788.44	(18,583.10)

Source: National Treasury

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