



THE NATIONAL TREASURY MONTHLY DEBT BULLETIN JULY 2022

I.1 Introduction

The total nominal public and publicly guaranteed debt stock as at end July 2022 was Kshs. 8,637.72 billion (61.5 per cent of GDP¹). Domestic debt stock was Kshs. 4,310.69 billion (30.7 per cent of GDP) equivalent to USD² 36.29 billion while the external debt stock was Kshs. 4,327.02 billion (30.8 per cent of GDP) equivalent to USD 36.42 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

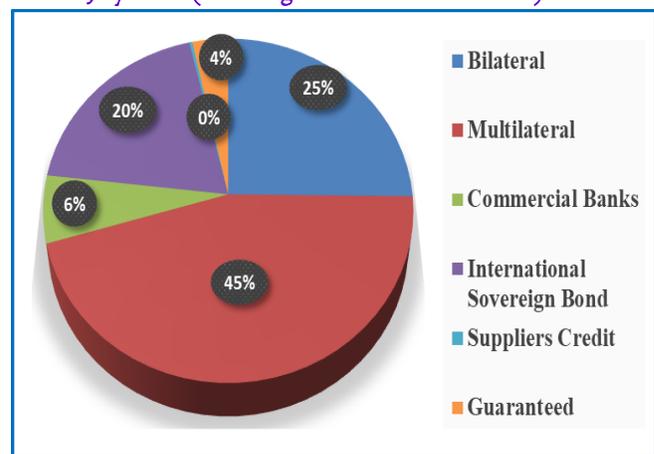
Kenya's public and publicly guaranteed debt is denominated in five major currencies namely the USD, Euro, Yen, Yuan and Sterling Pound. During the month, the Kenya shilling depreciated marginally against the US dollar, Japanese Yen and Chinese Yuan by 0.8 per cent, 3.6 per cent and 0.1 per cent respectively. However, against the Euro and Sterling Pound the Shilling appreciated by 2.7 per cent and 0.01 per cent respectively. The base³ exchange rate for the aforementioned five currencies notably the USD, Euro, Yen, Yuan and Sterling Pound was Kshs. 117.83, Kshs. 124.02, Kshs. 86.31, Kshs. 17.60 and Kshs. 143.70 respectively.

I.3 Size of Public and Publicly Guaranteed External Debt

Overall, the National Government external debt stock increased by Kshs. 27.08 billion from Kshs. 4,299.95 billion in June 2022 to Kshs. 4,327.02 in July 2022. This was attributed to disbursements and exchange rate depreciation. Debt owed to bilateral creditors decreased by Kshs. 16.71 billion from Kshs. 1,105.74 billion while multilateral debt

increased by Kshs. 36.44 billion from Kshs. 1,923.44 billion. Commercial debt increased by Kshs. 4.28 billion from Kshs. 1,125.41 billion during the same period. Publicly guaranteed external debt marginally increased from Kshs. 145.36 billion in June 2022 to Kshs. 148.42 billion in July 2022.

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



Source: National Treasury

I.4 Currency composition of external debt

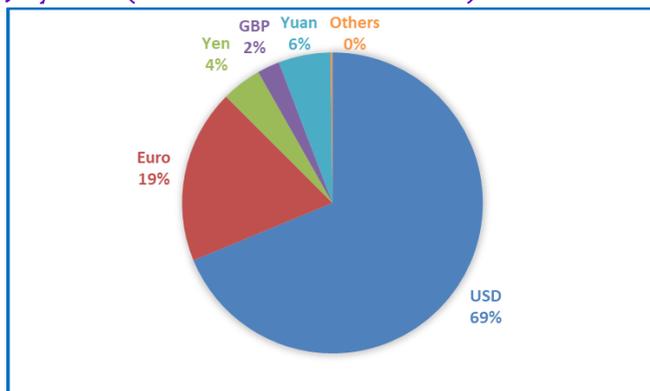
The proportion of external debt denominated in USD, Euro, Yen, Yuan and Sterling Pound was 68.7 per cent, 18.7 per cent, and 4.3 per cent, 5.6 per cent and 2.4 per cent respectively. Other currencies accounted for 0.2 per cent of total external debt (Chart 2). The Government is currently exercising currency diversification with an aim of mitigating against the exchange rate risk on external debt.

¹ Kshs. 14,038.43 billion

² Kshs to USD 118.80

³ End June 2022 is the base month for all parameters

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



Source: National Treasury

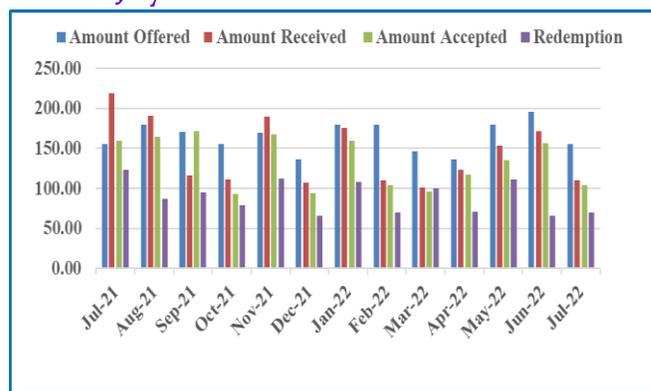
I.5 Actual Cumulative External Debt Service

External debt service during the month of July 2022 was Kshs. 54.84 billion comprising principal and interest payments of Kshs. 38.63 billion and Kshs. 16.21 billion respectively. Debt service to bilateral creditors accounted for 83.4 per cent of the total debt service while commercial and multilateral creditors accounted for 11.3 per cent and 5.3 per cent respectively.

I.6 Domestic Borrowing

During the month of July 2022, Government securities amounting to Kshs. 156.00 billion were advertised. Bids worth Kshs. 110.45 billion were received comprising of Kshs. 93.47 billion and Kshs. 16.98 billion Treasury bills and bonds respectively. Bids worth Kshs. 103.83 billion were successful; out of which Kshs. 88.11 billion and Kshs. 15.72 billion were Treasury bills and bonds respectively. The monthly redemptions amounted to Kshs. 69.66 billion from Treasury bills (Chart 3). In aggregate, the exchequer had a surplus of Kshs. 34.17 billion during the month.

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

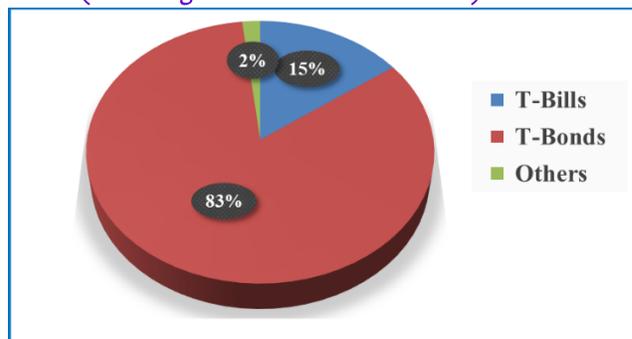


Source: National Treasury

I.7 Domestic Debt by Instruments

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

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



Source: National Treasury

I.8 Net Domestic Financing

The net domestic financing as at end July 2022 was Kshs. 51.74 billion against an annual target of Kshs. 581.73 billion for FY 2022/23.

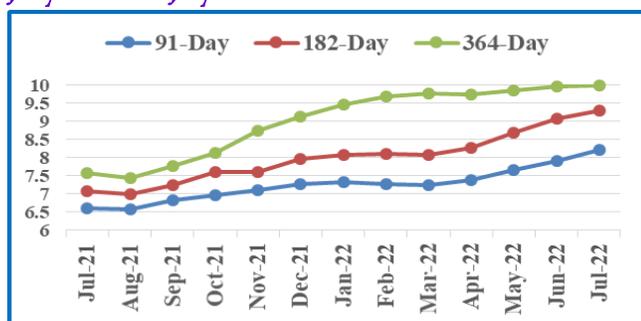
I.9 Cumulative Domestic Interest Payments

The actual domestic debt interest payment as at end of July 2022 was Kshs. 33.49 billion. Interest payments for Treasury bonds and bills amounted to Kshs. 29.05 billion and Kshs. 4.39 billion respectively. The interest payment on 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 91, 182 and 364-day Treasury bills increased to 8.21 per cent, 9.29 per cent and 9.98 per cent from 7.92 per cent, 9.08 per cent and 9.97 per cent in June 2022 respectively as shown in Chart 5.

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



Source: National Treasury

The average interest rates for the 91-day, 182-day and 364-day T-bills increased by 29, 21 and 1 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 July 2022 was 9.0 years.

ANNEX I: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE AS AT END JULY 2022 IN KSHSMILLIONS

CREDITOR	Stock at the End June 2022	Stock at the End July 2022	CHANGE
BILATERAL			
BELGIUM	12,938.85	13,434.05	495.19
AUSTRIA	1,300.86	1,609.91	309.05
DENMARK	456.93	397.67	(59.27)
FINLAND	884.11	860.20	(23.91)
FRANCE	90,097.68	86,958.65	(3,139.02)
GERMANY	34,882.40	33,954.50	(927.90)
ITALY	38,742.55	37,862.18	(880.38)
JAPAN	83,588.07	91,833.11	8,245.04
NETHERLANDS	0.00	0.00	
USA	1,259.07	1,235.07	(24.00)
SPAIN	14,090.23	13,230.60	(859.63)
Other PARIS CLUB	2,765.34	2,788.05	22.71
Other NON -PARIS CLUB	19,923.94	20,254.18	330.23
CHINA	804,807.09	784,612.39	(20,194.70)
Sub Total	1,105,737.13	1,089,030.54	(16,706.60)
MULTILATERAL			
ADB/ADF	385,291.10	389,347.06	4,055.96
EEC/EIB	20,752.09	19,975.31	(776.77)
IDA	1,209,471.98	1,213,565.83	4,093.85
IFAD	24,242.05	24,457.27	215.21
IMF	206,371.14	234,341.53	27,970.39
Others	77,315.80	78,192.55	876.75
Sub Total	1,923,444.17	1,959,879.56	36,435.38
COMMERCIAL			
Commercial Bank	276,645.80	274,264.12	(2,381.69)
International Sovereign Bond	836,610.04	843,480.00	6,869.96
Suppliers Credit	12,153.78	11,948.85	(204.93)
Sub Total	1,125,409.63	1,129,692.97	4,283.34
Total Central Government	4,154,590.93	4,178,603.06	24,012.13
GUARANTEED			
JAPAN	63,229.85	65,772.33	2,542.48
GERMANY	4,302.65	4,186.30	(116.35)
Kenya Airways (Commercial Debt)	77,824.20	78,463.26	639.07
Sub Total	145,356.70	148,421.89	3,065.19
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	4,299,947.63	4,327,024.94	27,077.32

Source: National Treasury

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