



# THE NATIONAL TREASURY MONTHLY DEBT BULLETIN JUNE 2022

## I.1 Introduction

The total nominal public and publicly guaranteed debt stock as at end June 2022 was Kshs. 8,588.28 billion (67.3 per cent of GDP<sup>1</sup>). Domestic debt stock was Kshs. 4,288.33 billion (33.6 per cent of GDP) equivalent to USD<sup>2</sup> 36.39 billion while the external debt stock was Kshs. 4,299.95 billion (33.7 per cent of GDP) equivalent to USD 36.41 billion. Domestic and external debt stock accounted for 49.9 and 50.1 per cent of total debt stock respectively.

## I.2 Movement in Exchange Rates

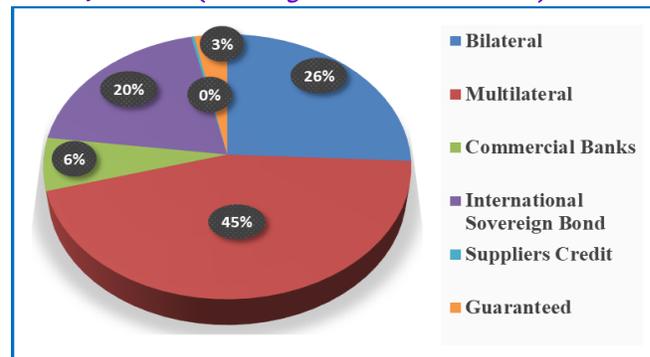
Kenya's public and publicly guaranteed debt is denominated in five major currencies namely the USD, Euro, Yen, Yuan and Sterling Pound. During the month, the Kenya shilling depreciated marginally against the US dollar and Yuan by 0.9 per cent and 0.5 per cent respectively. However, against the Yen, Euro and Sterling Pound the Shilling appreciated by 5.6 per cent 1.3 per cent and 2.5 per cent respectively. The base<sup>3</sup> exchange rate for the afore-mentioned five currencies notably the USD, Euro, Yen, Yuan and Sterling Pound was Kshs. 116.74, Kshs. 125.60, Kshs. 91.43, Kshs. 17.51 and Kshs. 147.45 respectively.

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

Overall, the National Government external debt stock increased by Kshs. 3.79 billion from Kshs. 4,296.16 billion in May 2022 to Kshs. 4,299.95 in June 2022. This was attributed to disbursements and exchange rate depreciation. Debt owed to bilateral creditors decreased by Kshs. 4.47 billion from Kshs. 1,110.21 billion while multilateral debt increased by Kshs. 19.10 billion from Kshs. 1,904.35 billion.

Commercial debt increased by Kshs. 2.99 billion from Kshs. 1,122.42 billion during the same period. Publicly guaranteed external debt marginally decreased from Kshs. 159.19 billion in May 2022 to Kshs. 145.37 billion in June 2022.

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



Source: National Treasury

## I.4 Currency composition of external debt

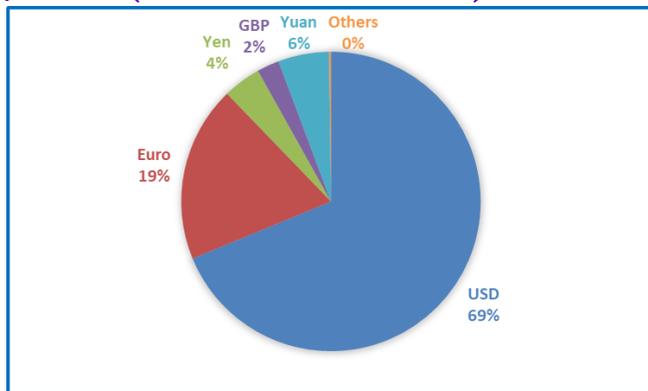
The proportion of external debt denominated in USD, Euro, Yen, Yuan and Sterling Pound was 68.7 per cent, 19.0 per cent, and 4.1 per cent, 5.5 per cent and 2.4 per cent respectively. Other currencies accounted for 0.2 per cent of total external debt (Chart 2). The Government is currently exercising currency diversification with an aim of mitigating against the exchange rate risk on external debt.

<sup>1</sup> Kshs. 12,752.16 billion

<sup>2</sup> Kshs to USD 117.83

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

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



Source: National Treasury

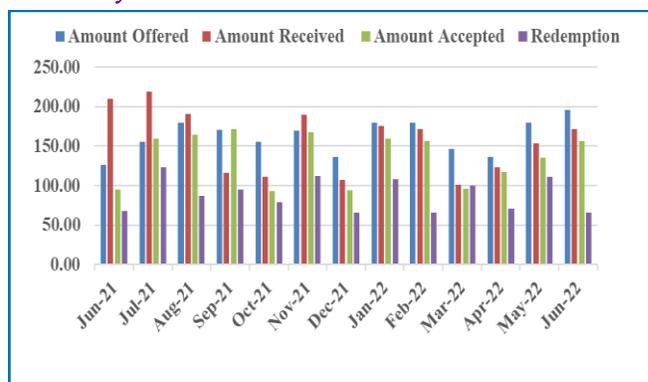
### I.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end June 2022 was Kshs. 305.67 billion. External debt service during the month of June 2022 was Kshs. 20.21 billion comprising principal and interest payments of Kshs. 10.26 billion and Kshs. 9.95 billion respectively. Cumulatively, debt service to bilateral creditors accounted for 33.4 per cent of the total debt service while commercial and multilateral creditors accounted for 49.7 per cent and 16.7 per cent respectively.

### I.6 Domestic Borrowing

During the month of June 2022, Government securities amounting to Kshs. 196.00 billion were advertised. Bids worth Kshs. 171.97 billion were received comprising of Kshs. 76.00 billion and Kshs. 95.97 billion Treasury bills and bonds respectively. Bids worth Kshs. 156.92 billion were successful; out of which Kshs. 63.55 billion and Kshs. 93.37 billion were Treasury bills and bonds respectively. The monthly redemptions amounted to Kshs. 66.04 billion from Treasury bills (Chart 3). In aggregate, the exchequer had a surplus of Kshs. 90.88 billion during the month.

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

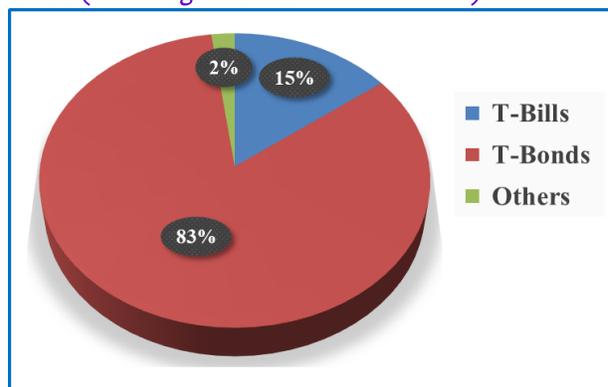


Source: National Treasury

### I.7 Domestic Debt by Instruments

As at the end of June 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 2.0 per cent of domestic debt during the same period. (Chart 4).

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



Source: National Treasury

### I.8 Net Domestic Financing

The net domestic financing as at end June 2022 was Kshs. 729.59 billion against an annual target of Kshs. 661.29 billion for FY 2021/22.

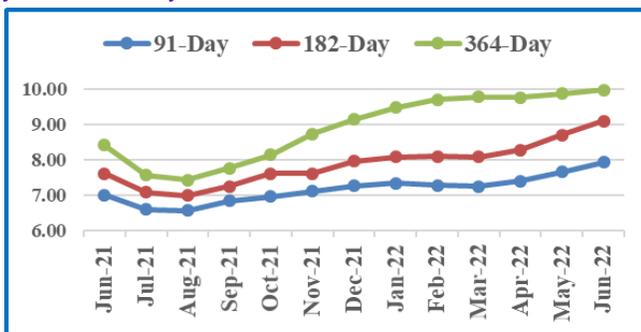
## I.9 Cumulative Domestic Interest Payments

The actual cumulative domestic debt interest payment as at end of June 2022 was Kshs. 456.85 billion. In the same month, interest payments for Treasury bonds and bills amounted to Kshs. 25.46 billion and Kshs. 3.53 billion respectively. The interest payment on overdraft was Kshs. 0.40 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 7.92 per cent, 9.08 per cent and 9.97 per cent from 7.65 per cent, 8.69 per cent and 9.85 per cent in May 2022 respectively as shown in Chart 5.

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



*Source: National Treasury*

The average interest rates for the 91-day, 182-day and 364-day T-bills increased by 27, 39 and 12 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 June 2022 was 9.1 years.

## ANNEX I: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE AS AT END JUNE 2022 IN KSH\$ MILLIONS

CREDITOR	Stock at the End May 2022	Stock at the End June 2022	CHANGE
<b>BILATERAL</b>			
BELGIUM	14,055.67	12,938.85	(1,116.82)
AUSTRIA	1,709.41	1,300.86	(408.55)
DENMARK	463.37	456.93	(6.44)
FINLAND	895.35	884.11	(11.24)
FRANCE	91,344.61	90,097.68	(1,246.94)
GERMANY	35,648.04	34,882.40	(765.65)
ITALY	39,317.27	38,742.55	(574.71)
JAPAN	91,961.48	83,588.07	(8,373.40)
USA	1,270.24	1,259.07	(11.17)
SPAIN	14,370.34	14,090.23	(280.10)
Other PARIS CLUB	2,739.66	2,765.34	25.68
Other NON-PARIS CLUB	19,932.88	19,923.94	(8.94)
CHINA	796,499.30	804,807.09	8,307.79
<b>Sub Total</b>	<b>1,110,207.63</b>	<b>1,105,737.13</b>	<b>(4,470.49)</b>
<b>MULTILATERAL</b>			
ADB/ADF	383,645.88	385,291.10	1,645.22
EEC/EIB	21,040.34	20,752.09	(288.25)
IDA	1,196,357.22	1,209,471.98	13,114.77
IFAD	24,543.80	24,242.05	(301.74)
IMF	207,087.36	206,371.14	(716.22)
Others	71,670.49	77,315.80	5,645.31
<b>Sub Total</b>	<b>1,904,345.09</b>	<b>1,923,444.17</b>	<b>19,099.08</b>
<b>COMMERCIAL</b>			
Commercial Bank	281,343.36	276,645.80	(4,697.56)
International Sovereign Bond	828,841.22	836,610.04	7,768.82
Suppliers Credit	12,231.12	12,153.78	(77.34)
<b>Sub Total</b>	<b>1,122,415.70</b>	<b>1,125,409.63</b>	<b>2,993.92</b>
<b>Total Central Government</b>	<b>4,136,968.42</b>	<b>4,154,590.93</b>	<b>17,622.51</b>
<b>GUARANTEED</b>			
JAPAN	67,278.14	63,229.85	(4,048.29)
GERMANY	4,357.37	4,302.65	(54.72)
Kenya Airways (Commercial Debt)	87,553.65	77,824.20	(9,729.45)
<b>Sub Total</b>	<b>159,189.16</b>	<b>145,356.70</b>	<b>(13,832.46)</b>
<b>CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT</b>	<b>4,296,157.58</b>	<b>4,299,947.63</b>	<b>3,790.05</b>

*Source: National Treasury*

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