



THE NATIONAL TREASURY & ECONOMIC PLANNING

MONTHLY DEBT BULLETIN

MAY 2023

I.1 Introduction

The total nominal public and publicly guaranteed debt stock as at end of May 2023 was Kshs. 9,780.76 billion (67.4 percent of GDP¹). Domestic debt stock was Kshs. 4,643.60 billion (32.0 percent of GDP), equivalent to USD 33.53 billion, while the external debt stock was Kshs. 5,137.16 billion (35.4 percent of GDP), and equivalent to USD 37.09 billion. Domestic and external debt stock accounted for 47.5 percent and 52.5 percent of total debt stock, respectively.

I.2 Movement in Exchange Rates

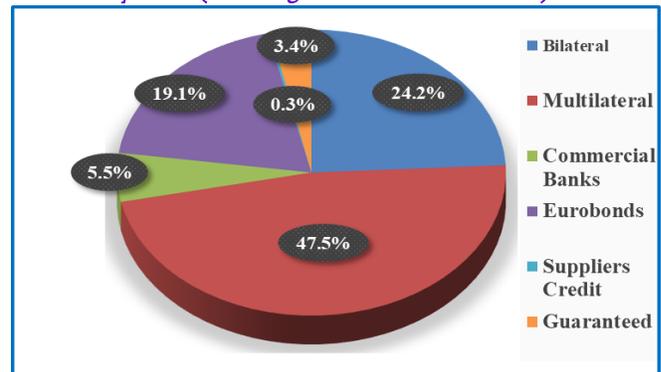
Kenya's public and publicly guaranteed debt is denominated in five major currencies, namely the USD, Euro, Yen, Yuan and Sterling Pound. During the May, 2023, the Kenya shilling depreciated against the USD and Sterling Pound by 1.9 percent and 1.6 and appreciated against the Euro, Yen and Yuan by 0.8, 2.4 and 0.3, percent respectively. The base² exchange rates for the aforementioned five currencies, notably the USD, Euro, Yen, Yuan and Sterling Pound were Kshs. 135.91, Kshs. 149.72, Kshs.101.41, Kshs. 19.62 and Kshs. 169.37 respectively.

I.3 Size of Public and Publicly Guaranteed External Debt

The National Government's external debt stock increased by Kshs. 44.66 billion from Kshs 5,092.50 billion in April 2023 to Kshs. 5,137.16 billion in May 2023. This was attributed to disbursements made during May 2023 and the exchange rate depreciation. Debt owed to bilateral creditors increased by Kshs. 12.77 billion from Kshs. 1,228.94 billion to Kshs. 1,241.71 billion while multilateral debt increased by Kshs. 32.59 billion from Kshs. 2,409.36 billion to Kshs. 2,441.95 billion. Commercial debt decreased by Kshs. 0.05 billion to Kshs. 1280.44 billion from Kshs.

1,280.49 billion during the same period. Publicly guaranteed external debt marginally increased by kshs 0.65 billion from Kshs173.06. in April 2023 to 173.71 Kshs. billion in May 2023.

Chart I: External Debt Composition by Creditor Category as at end of May 2023 (Percentage of Total External Debt)



Source: National Treasury

I.4 Movement of Domestic Debt

The domestic debt stock increased by Kshs. 101.96 billion from Kshs. 4,541.64 billion in April 2023 to Kshs. 4,643.60 billion in May 2023. Treasury bills decreased by Kshs. 42.12 billion to Kshs. 623.76 billion from Kshs. 665.88 billion whereas treasury bonds increased by Kshs. 39.91 billion from Ksh 3,781.43 billion to Kshs. 3,821.34 billion during the same period. Others, including tax reserve, Government overdraft at the Central Bank of Kenya, IMF SDR allocation and bank advances increased by Ksh 104.17 billion from Kshs. 94.33 billion to Ksh 198.50 billion during the same period.

I.5 Currency composition of external debt

The proportion of external debt denominated in USD, Euro, Yen, Yuan and Sterling Pound was 66.3, 21.6, 4.2, 5.3 and 2.4 percent respectively. Other currencies³ accounted for 0.2 percent of the total external debt

¹ Kshs. 14,521.62 billion

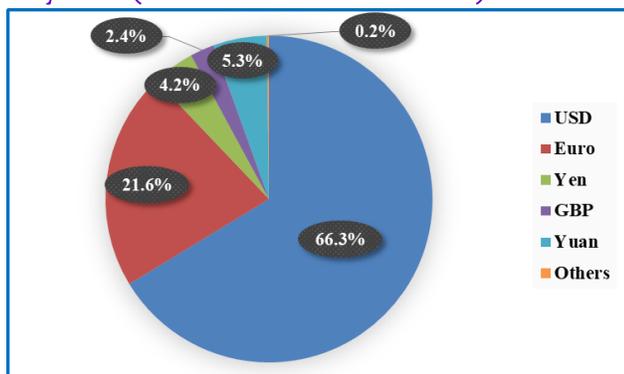
² End April 2023 is the base month for all parameters

³ 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). Currency diversification will be enhanced to mitigate exchange rate risk on external debt.

Chart 2: External Debt by Currency Composition as at end May 2023 (Percent of Total External Debt)



Source: National Treasury

I.6 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end May 2023 was Kshs. 372.53 billion against annual target of Kshs. 389.5 billion. External debt service during the month of May 2023 was Kshs. 37.98 billion, comprising of principal and interest payments of Kshs. 18.27 billion and Kshs. 19.71 billion respectively. Debt service to bilateral creditors accounted for 37.7 percent of the total cumulative debt service while commercial, multilateral creditors and guaranteed accounted for 39.9, 19.0 and 3.3 percent, respectively.

I.7 Domestic Borrowing

During May 2023, Government securities amounting to Kshs. 170.00 billion were advertised. Bids worth Kshs. 197.53 billion were received, comprising of Kshs. 138.98 billion and Kshs. 58.55 billion Treasury bills and Treasury bonds respectively. Bids worth Kshs. 194.87 billion were successful, out of which Kshs. 136.77 billion and Kshs. 58.10 billion were for Treasury bills and Treasury bonds respectively. Monthly redemptions from Treasury bills amounted to Kshs. 183.22 billion. (Chart 3). In aggregate, the exchequer had a surplus of Kshs. 11.65 billion during the month.

Chart 3: Government Securities Performance from May 2022 to May 2023 in Kshs. Billions

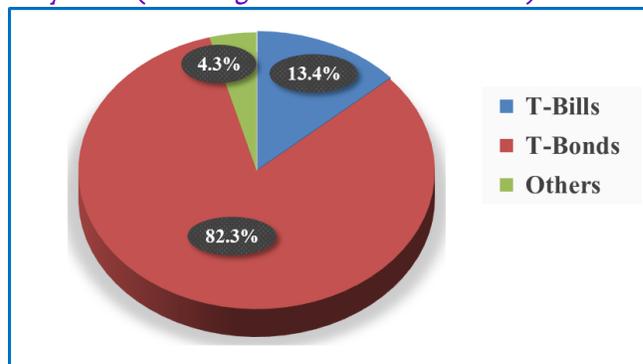


Source: National Treasury

I.8 Domestic Debt by Instruments

As at the end of May 2023, the ratio of Treasury bonds to Treasury bills was 82:13. The Government overdraft at the Central Bank of Kenya, Tax Reserve Certificates and historical bank advances from commercial banks accounted for 4.3 percent of the domestic debt during the same period (Chart 4).

Chart 4: Stock of Domestic debt instruments as at the end of May 2023 (Percentage of Total Domestic Debt)



Source: National Treasury

I.9 Net Domestic Financing

The net domestic financing as at end of May 2023 was Kshs. 286.23 billion against FY 2022/23 target of Kshs. 438.11 billion.

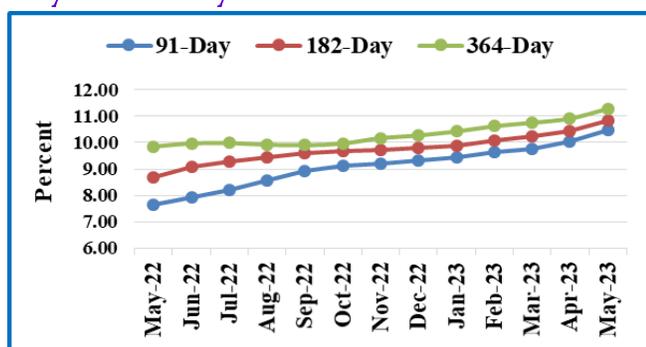
I.10 Cumulative Domestic Interest Payments

As at end of May 2023, the actual cumulative domestic interest payment amounted to Kshs. 488.24 billion against a cumulative FY 2022/23 target of 537.38 billion. Interest payments for Treasury bonds and Treasury bills in the month of May amounted to Kshs. 57.98 billion and Kshs. 7.30 billion respectively. The interest payment on the overdraft was Kshs. 0.62 billion.

I.11 Average Interest rates for Treasury Bills

On average, interest rate for Treasury bills marginally increased during the month. The average interest rates for the 91-day, 182-day and 364-day Treasury bills increased by 43, 41 and 37 basis points, respectively. The average interest rates for 91-day, 182-day, and 364-day Treasury bills increased to 10.47, 10.83 and 11.28 percent in May 2023 from 10.04, 10.42 and 10.91 percent in April 2023, respectively, as shown in Chart 5.

Chart 5: Average Interest rates for Treasury Bills from May 2022 to May 2023



Source: National Treasury

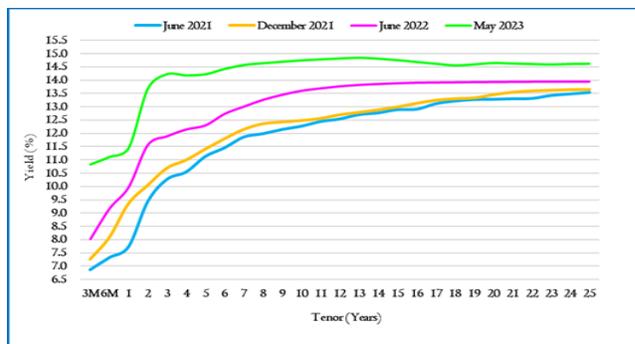
The 91 day Treasury bill interest rates has increased from 6.9 percent at end June 2021 to 10.8 percent as at end May 2023 (397 basis points increase)

I.12 Government Securities Yield Curve

Government securities yields have been on the rise both in the domestic market and international capital markets following monetary policy tightening by the Central Banks both in the developing economies and advanced to contain inflationary pressures.

Trading yields for government securities trading at Nairobi Securities Exchange have shifted upwards, as shown in Chart 6, reflecting an increase underlying in interest rates in general.

Chart 6: Government Securities Yield Curve



Source: Nairobi Stock Exchange

I.13 Average Time to Maturity for Treasury Bonds

The Average Time to Maturity (ATM) for Treasury bonds during the month of May 2023 was 8.7 years from 8.9 years in April 2023, reflecting reduced maturity profile of public debt.

ANNEX II: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE AS AT THE END OF MAY 2023 IN KSHS MILLIONS

CREDITOR	Stock at the End April 2023	Stock at the End May 2023	CHANGE
BI LATERAL			
BELGIUM	24,967.92	25,069.78	101.86
AUSTRIA	1,930.94	1,915.74	(15.20)
DENMARK	422.43	419.59	(2.84)
FINLAND	711.55	705.95	(5.60)
FRANCE	105,111.84	105,517.11	405.27
GERMANY	43,149.70	44,498.64	1,348.93
ITALY	47,270.29	46,898.08	(372.20)
JAPAN	106,146.59	103,645.01	(2,501.58)
USA	1,186.76	1,209.28	22.52
SPAIN	15,996.06	15,911.74	(84.32)
Other PARIS CLUB	2,392.23	2,437.63	45.40
Other NON-PARIS CLUB	23,267.52	23,609.92	342.40
CHINA	856,385.56	869,870.51	13,484.95
Sub Total	1,228,939.40	1,241,708.98	12,769.58
MULTILATERAL			
ADB/ADF	489,531.58	496,274.87	6,743.29
EEC/EIB	24,942.42	27,174.25	2,231.83
IDA	1,443,783.95	1,462,726.62	18,942.66
IFAD	32,688.30	30,840.66	(1,847.64)
IMF	325,496.79	330,165.65	4,668.86
Others	92,917.10	94,771.49	1,854.40
Sub Total	2,409,360.15	2,441,953.55	32,593.40
COMMERCIAL			
Commercial Bank	301,036.63	282,672.50	18,364.13
International Sovereign Bond	964,973.78	983,287.52	18,313.74
Suppliers Credit	14,483.63	14,478.29	(5.34)
Sub Total	1,280,494.04	1,280,438.31	(55.73)
Total Central Government	4,918,793.59	4,964,100.83	45,307.25
GUARANTEED			
JAPAN	89,419.33	87,311.88	(2,107.45)
GERMANY	5,194.30	5,153.41	(40.90)
Kenya Airways (Commercial Debt)	79,095.36	80,596.47	1,501.11
Sub Total	173,708.99	173,061.75	(647.24)
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	5,092,502.58	5,137,162.59	44,660.00

Source: National Treasury