

# THE NATIONAL TREASURY



## MONTHLY DEBT BULLETIN JULY 2018

### 1.1 Introduction

As at end July 2018, the nominal public and publicly guaranteed debt stood at Kshs 5.12 trillion or USD 51.04 billion which is 51.10 percent of GDP. Domestic debt stood at Kshs 2.51 trillion or USD 25.03 billion while the External debt stock stood at Kshs 2.61 trillion or USD 26.01 billion. Domestic debt as a percentage of GDP stood at 25.06 percent whereas External debt stood at 26.04 percent. The structure of debt shows that domestic debt accounts for 49.04 percent of the total debt while external debt accounts for 50.96 percent.

### 1.2 Movement in Exchange Rates

Kenya's public debt is denominated in the USD, Euro, Yuan and Sterling Pound and Yuan currencies. A change in exchange rates affects both the size of the external debt and the cost of external debt service. During the period under review, the Kenya shilling strengthened against the USD, Sterling Pound and Japanese yen while it weakened against the Euro. The USD moved from Ksh. 101.2 in June 2018 to Ksh 100.4 in July 2018, Sterling Pound moved from Ksh. 132.2 to Ksh. 131.8, Japanese Yen from Ksh. 91.7 to Ksh.90.4 while the Euro moved from Ksh. 116.9 to Ksh. 117.48 during the same period against the Kenya Shilling.

### 1.3 Size of Public and Publicly Guaranteed External Debt

External public and publicly guaranteed debt increased by Kshs 43.6 billion from Kshs 2,568.4 billion in June 2018 to Kshs 2,612.01

billion in July 2018. Debt owed to bilateral creditors increased by Kshs 55.31 billion to Kshs 814.31 billion, multilateral credit increased by Kshs 40.03 billion to Kshs 865.33 billion while the commercial debt increased by 68.35 billion to Kshs 915.75 billion.

### 1.4 Currency composition of external debt

The structure of currency composition as at July 2018 remained unchanged. The proportion of debt denominated in USD stood at 69.53 percent, followed by Euro which accounts for 15.60 percent. The Japanese Yen, Yuan, and Sterling Pound accounted for 5.99 percent, 5.97 percent and 2.63 per cent respectively. Other currencies accounted for a paltry 0.26 percent.

### 1.5 Actual Cumulative External Debt Service

Actual debt service as at end July 2018 stood at Kshs. 11.94 billion; comprising of principal payments of Kshs 1.48 billion and interest payments of Kshs 10.46 billion. Bilateral creditors accounted for 87.8 percent, Multilateral at 7.8 percent while commercial creditors' accounted for 4.5 per cent of the total debt service.

For the month of July 2018, the guaranteed debt serviced by government was nil.

### 1.6 Government Domestic Borrowing

During the month of July 2018, Government securities worth Kshs 160.0 billion were advertised. Bids worth Kshs 202.7 billion were

received. Kshs 188.8 billion and Kshs 13.9 billion worth were bids received for the Treasury Bills and Treasury Bonds respectively. Successful bids from Treasury bills amounted to Kshs 150.9 billion against the month's redemptions of Kshs 78.7 billion, giving exchequer surplus of Kshs. 61.8 billion. The successful bids received from the Treasury Bonds stood at Kshs 10.5 billion and there were no redemptions in the month of July 2018, leaving a surplus of Ksh 10.5 billion to exchequer.

### **1.7 Domestic Debt by Instruments**

As at end July 2018, 60.0 percent of Government domestic debt was held in Treasury Bonds, 37.7 percent in Treasury Bills while the remainder of 2.3 percent was held as Government overdraft at the Central Bank of Kenya.

### **1.8 Net Domestic Financing**

As at end July 2018, the net domestic financing stood at Kshs 26.81 billion against an annual target of Ksh 296.9 billion for FY2018/19. The net actual domestic borrowing was at Ksh 59.1 billion.

### **1.9 Cumulative Domestic Interest Payments**

During the month of July 2018, the Government is projected to pay Kshs 22.32 billion as interest on domestic debt. The actual interest payment as at July 2018 stood at Kshs 17.31 billion. Of which, actual interest payments on Treasury Bonds and Treasury Bills were Kshs 9.6 billion and Kshs 7.2 billion, respectively.

### **1.10 Average Interest rates for Treasury Bills**

The average interest rates for 91,182 and 364 Treasury bills came down in July 2018

compared to June 2018. The 91-day, 182-day and 364-day dropped from 7.83 percent, 9.93 percent and 10.82 percent in June to 7.68 percent, 9.35 percent and 10.33 percent respectively in July 2018.

**ANNEX 1: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE (IN KSHS MILLIONS)**

<b>Creditor</b>	<b>Stock at end June 2018</b>	<b>Stock at end July 2018</b>	<b>Change</b>
BILATERAL			
AUSTRIA	496.79	499.45	2.66
BELGIUM	10,198.56	10,620.37	421.81
CANADA	285.70	283.87	(1.83)
DENMARK	1,049.23	1,006.75	(42.49)
FINLAND	1,642.15	2,117.29	475.14
FRANCE	60,803.04	61,795.08	992.04
GERMANY	27,149.15	27,481.93	332.78
ITALY	124.90	125.57	0.67
JAPAN	48,342.19	48,504.34	162.15
NETHERLANDS	983.02	675.01	(308.01)
UK	296.65	457.89	161.24
USA	2,672.67	2,623.18	(49.49)
PARIS CLUB OTHERS	34,156.79	34,703.98	547.19
NON PARIS CLUB	570,815.87	567,141.03	(3,674.84)
o/w CHINA	560,534.48	556,338.19	(4,196.29)
<b>Sub total</b>	<b>759,016.71</b>	<b>758,035.73</b>	<b>(980.98)</b>
ADB/AFDB	204,706.87	212,334.73	7,627.86
EEC/EIB	19,544.23	19,427.85	(116.38)
IDA	506,158.63	533,760.37	27,601.74
IFAD	14,148.86	16,167.71	2,018.85
IMF	71,588.41	68,604.66	(2,983.75)
OTHERS	9,151.67	10,520.29	1,368.62
<b>Sub total</b>	<b>825,298.66</b>	<b>860,815.61</b>	<b>35,516.95</b>
Commercial Banks	350,664.64	363,503.56	12,838.92
International Sovereign Bond	479,987.50	476,939.43	(3,048.08)
Suppliers Credit	16,725.20	16,618.93	(106.27)
<b>Sub Total</b>	<b>847,377.34</b>	<b>857,061.92</b>	<b>9,684.58</b>
<b>Total Central Government</b>	<b>2,431,692.71</b>	<b>2,475,913.25</b>	<b>44,220.54</b>
JAPAN	49,371.03	49,239.91	(131.12)
GERMANY	7,000.18	7,037.67	37.49
IDA (KR Concessionaire)	4,547.25	4,518.37	(28.88)
Kenya Airways(commercial debt)	75,787.50	75,306.23	(481.27)
<b>Sub Total</b>	<b>136,705.95</b>	<b>136,102.18</b>	<b>(603.77)</b>
<b>Central Government+ Guaranteed Total</b>	<b>2,568,398.66</b>	<b>2,612,015.43</b>	<b>43,616.77</b>

**Source: National Treasury**