



# THE NATIONAL TREASURY & ECONOMIC PLANNING

## MONTHLY DEBT BULLETIN

### AUGUST 2024

#### I.1 Introduction

The total nominal public and publicly guaranteed debt stock as at end of August 2024 was Ksh. 10,734.45 billion (66.7 percent of GDP<sup>1</sup>) equivalent to USD 83.10 billion. The domestic debt stock was Ksh. 5,558.35 billion (34.5 percent of GDP), equivalent to USD<sup>2</sup> 43.03 billion, while the external debt stock was Ksh. 5,176.10 billion (32.2 per cent of GDP), equivalent to USD 40.07 billion. Domestic and external debt stock accounted for 51.8 percent and 48.2 percent of total debt stock, respectively.

#### I.2 Movement in Exchange Rates

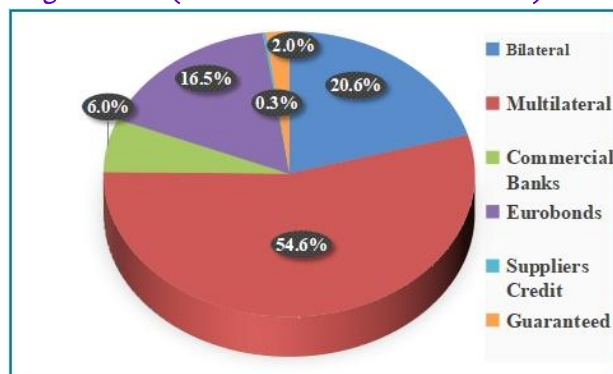
Kenya's public and publicly guaranteed debt is denominated in five major currencies, namely the US Dollar, Japanese Yen, Euro, Chinese Yuan and Sterling Pound. During the month under review, the Kenya shilling appreciated against the USD currencies by 0.6 percent. The shilling depreciated by 5.7 percent, 1.9 percent, 1.6 percent and 1.9 percent against Japanese Yen, Euro, Chinese Yuan and Sterling Pound respectively. The base<sup>3</sup> exchange rates for the aforementioned five currencies, namely the USD Dollar, Yen, Euro, Yuan and Sterling Pound were Ksh. 129.92, Ksh. 84.14, Ksh. 140.42, Ksh. 17.92 and Ksh. 166.84 respectively.

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

Overall, the National Government's external debt stock increased by Ksh. 13.25 billion from Ksh. 5,162.85 billion as of the end July 2024 to Ksh. 5,176.10 billion as at end August 2024. Debt owed to bilateral creditors increased by Ksh. 6.56 billion from Ksh. 1,059.74 billion to Ksh. 1,066.31 billion

while multilateral debt increased by Ksh. 18.69 billion from Ksh. 2,806.55 billion to Ksh. 2,825.25 billion due to disbursements and depreciation of Kenyan Shilling against major currencies. Commercial debt reduced by Ksh. 15.77 billion from Ksh. 1,194.98 billion to Ksh. 1,179.21 billion during the same period, attributed to the maturing obligations during the month. Publicly guaranteed external debt increased by Ksh 3.76 billion from Ksh. 101.58 billion in July 2024 to Ksh. 105.34 billion in August 2024 (**Chart I**).

**Chart I: External Debt Composition as at end August 2024 (Percent of total External Debt)**



*Source: National Treasury*

#### I.4 Currency Composition of External Debt

The proportion of external debt denominated in USD, Euro, Yen, Sterling Pound and Chinese Yuan was at 62.3 percent, 25.2 percent, 4.1percent, 2.6 percent and 5.5 percent respectively. Other currencies<sup>4</sup> accounted for 0.2 percent of total external debt (**Chart 2**). The Government is currently focusing on currency diversification with the aim of mitigating the exchange rate risk on external debt.

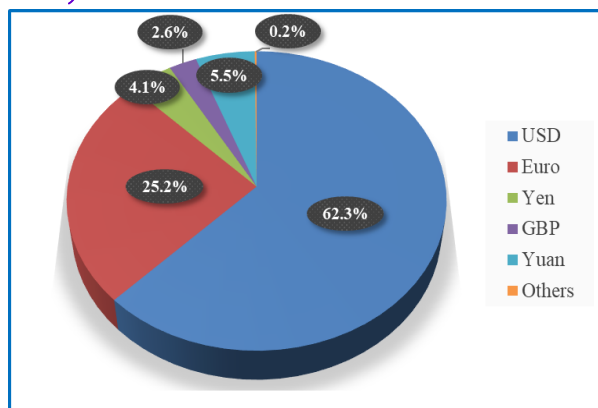
<sup>1</sup> Ksh. 16,094.44 billion

<sup>2</sup> Ksh. to USD 129.1747

<sup>3</sup> End July 2024 is the base month for all parameters

<sup>4</sup> Other currencies include Danish Kroner, Kuwait Dinar, Korean won, Indian Rupee, Canadian Dollar, Saudi Riyal, Swedish Kroner and Emirati Dirham

**Chart 2: External Debt by Currency Composition as at end August 2024 (Percent of Total External Debt)**



*Source: National Treasury*

### I.5 Actual Cumulative External Debt Service

The actual cumulative external debt service as at end August 2024 was Ksh. 127.16 billion against the financial year target of Ksh. 590.62 billion. This comprised 54.0 percent, 34.0 percent and 12.0 percent to bilateral, commercial and multilateral creditors. During the month of August 2024 debt service was Ksh. 51.30 billion, comprising principal repayments and interest payments of Ksh. 21.18 billion and Ksh. 30.12 billion respectively.

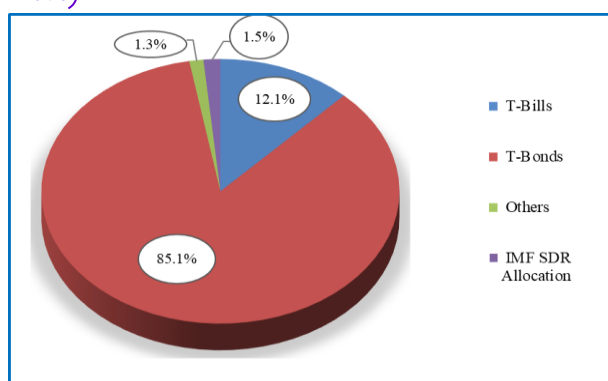
### I.6 Size of Domestic Debt

The domestic debt stock increased by Ksh. 105.35 billion from Ksh. 5,5452.99 billion as at end July 2024 to Ksh. 5,558.34 billion as at end August 2024. The stock of Treasury bills increased by Ksh. 22.06 billion from Ksh. 651.89 billion to Ksh. 673.95 billion and the stock of Treasury bonds increased by Ksh. 91.33 billion from Ksh. 4,637.89 billion to Ksh. 4,729.22 billion during the same period. Domestic debt also includes pre-1997 Government debt, Government overdraft at the Central Bank of Kenya, advances from commercial banks and IMF funds on-lent to Government which decreased by Ksh 8.04 billion from Ksh 163.22 billion to Ksh 155.18 billion during the same period.

### I.7 Domestic Debt by Instruments

As at the end of August 2024, the ratio of Treasury bonds to bills as a percentage of total domestic debt was 85:12. The Government overdraft at the Central Bank of Kenya and historical bank advances from commercial accounted for 1.3 percent while IMF SDR Allocation accounted for 1.5 percent of domestic debt stock during the same period (**Chart 3**).

**Chart 3: Stock of Domestic debt instruments as at the end August 2024 (Percent of Total Domestic Debt)**

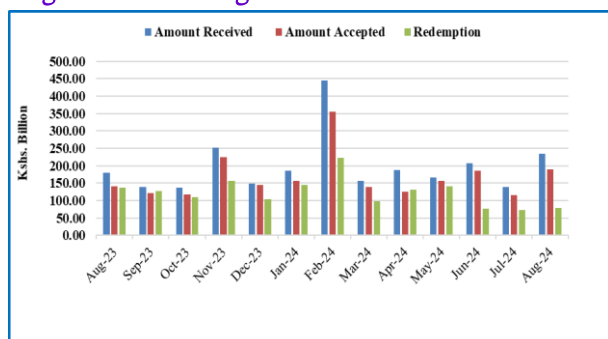


*Source: National Treasury*

### I.8 Domestic Borrowing

During the month of August 2024, Government securities amounting to Ksh. 146.00 billion were advertised, comprising Ksh. 96.00 billion and Ksh. 50.00 billion from Treasury bills and bonds respectively. Bids worth Ksh. 234.93 billion were received, comprising Ksh. 108.61 billion and Ksh. 126.32 billion Treasury bills and bonds respectively. Bids worth Ksh. 188.78 billion were successful, out of which Ksh. 100.08 billion and Ksh. 88.70 billion were Treasury bills and bonds respectively. The monthly redemption from Treasury bills at cost amounted to Ksh. 79.14 billion (**Chart 4**).

**Chart 4: Government Securities Performance from August 2023 to August 2024 in Ksh. Billions**



*Source: National Treasury*

## I.9 Net Domestic Financing

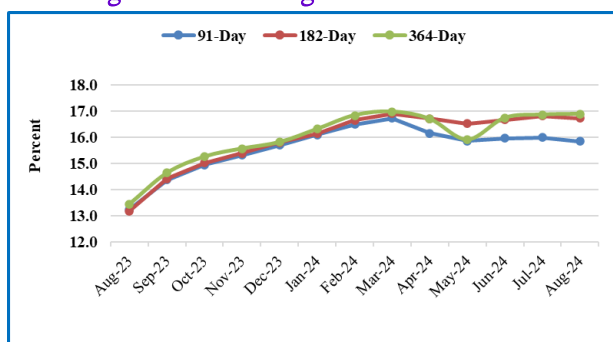
The net domestic financing as at end of August 2024 was Ksh. 231.93 billion against an annual target of Ksh. 413.09 billion for FY 2024/25 in supplementary I budget.

## I.10 Average Interest rates for Treasury Bills

There was a marginal change in the average interest rate for Treasury bills during the month. The average interest rates for the 91-day and 182-day Treasury bills decreased by 14.4 and 8.1 basis points respectively while 364-day Treasury bill increased by 2.6 basis points, between July 2024 and August 2024.

The average interest rates for 91-day and 182-day, Treasury bills reduced to 15.85 percent and 16.74 percent in August 2024 from 16.00 percent and 16.82 percent in July 2024 respectively. The average interest rate for 364-day Treasury bill increased to 16.89 percent in August 2024 from 16.86 percent in July 2024 as shown in **Chart 5**.

**Chart 5: Average Interest rates for Treasury Bills from August 2023 to August 2024**



*Source: National Treasury*

## I.11 Cumulative Domestic Interest Payments

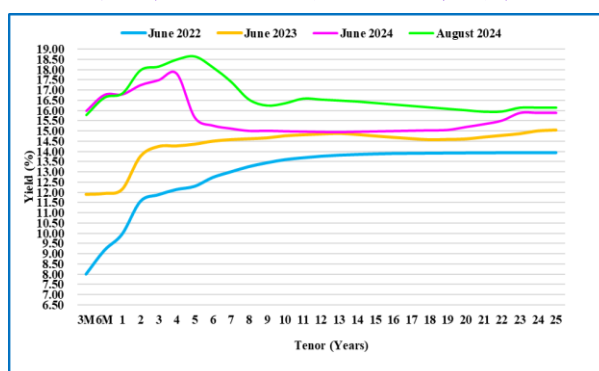
As at end of August 2024, the actual cumulative domestic interest payment amounted to Ksh. 136.67 billion against a cumulative target of Ksh. 749.97 billion for FY 2024/25 in supplementary I budget. Interest payments for Treasury bonds and bills in the month of August 2024, amounted to Ksh. 76.62 billion and Ksh. 6.72 billion, respectively. The interest payment on Pre-1997 Government debt & overdraft in the month of August was Ksh. 0.64 billion.

## I.12 Government Securities Yields

Interest rates remain elevated both in the advanced and developing economies to contain inflationary pressures.

The average 91-day Treasury bill interest rates increased from 8.0 percent in June 2022 to 15.8 percent as at end August 2024 (777 basis points increase) as shown in **Chart 6**.

**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 August 2024 was 7.3 years.

ANNEX I: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE AS AT THE END AUGUST 2024 IN KSH (MILLIONS)

CREDITOR	Stock at the End July 2024	Stock at the End Aug 2024	CHANGE
BILATERAL			
BELGIUM	24,042.21	24,338.67	296.46
AUSTRIA	1,673.13	1,691.74	18.61
DENMARK	189.31	192.92	3.62
FINLAND	333.67	339.90	6.23
FRANCE	96,437.79	98,259.42	1,821.64
GERMANY	44,667.40	44,956.34	288.94
ITALY	28,877.74	29,416.84	539.10
JAPAN	83,878.65	88,345.04	4,466.39
USA	40,292.38	39,985.56	(306.82)
SPAIN	13,101.34	13,830.04	728.70
Other PARIS CLUB	1,524.54	1,515.77	(8.77)
Other NON -PARIS CLUB	22,135.80	22,051.84	(83.95)
CHINA	702,586.70	701,381.41	(1,205.29)
Sub Total	<b>1,059,740.65</b>	<b>1,066,305.51</b>	<b>6,564.86</b>
MULTILATERAL			
ADB/ADF	512,943.87	514,863.75	1,919.88
EEC/EIB	25,265.80	25,737.47	471.67
IDA	1,554,658.41	1,568,696.08	14,037.67
IFAD	34,056.17	34,247.17	191.01
IMF	414,813.05	418,072.28	3,259.23
Others	264,816.86	263,632.24	(1,184.63)
Sub Total	<b>2,806,554.16</b>	<b>2,825,248.99</b>	<b>18,694.83</b>
COMMERCIAL			
Commercial Bank	323,751.00	312,750.36	(11,000.63)
International Sovereign Bond	857,488.50	852,553.02	(4,935.48)
Suppliers Credit	13,743.44	13,905.49	162.05
Sub Total	<b>1,194,982.94</b>	<b>1,179,208.87</b>	<b>(15,774.07)</b>
Total Central Government	<b>5,061,277.75</b>	<b>5,070,763.37</b>	<b>9,485.62</b>
GUARANTEED			
JAPAN	70,882.22	74,785.89	3,903.68
GERMANY	1,465.43	1,492.78	27.36
Kenya Airways (Commercial Debt)	29,228.18	29,059.95	(168.23)
Sub Total	<b>101,575.82</b>	<b>105,338.63</b>	<b>3,762.81</b>
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	<b>5,162,853.57</b>	<b>5,176,101.99</b>	<b>13,248.42</b>

*Source: National Treasury*

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