



THE NATIONAL TREASURY & ECONOMIC PLANNING

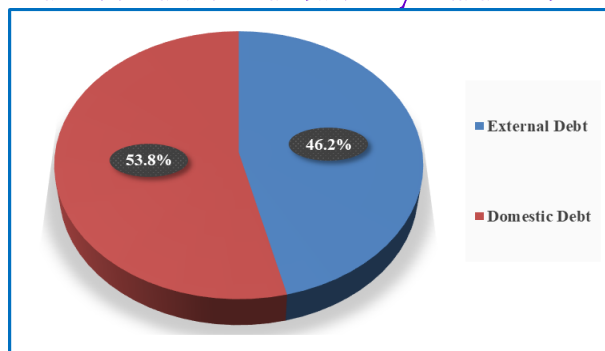
MONTHLY DEBT BULLETIN

JANUARY 2025

I.1 Introduction

The total nominal public and publicly guaranteed debt stock as at end of January 2025 was Ksh. 11,011.21 billion (65.7 percent of GDP¹) equivalent to USD² 85.21 billion. The domestic debt stock was Ksh. 5,927.81 billion (35.4 percent of GDP), equivalent to USD 45.87 billion, while the external debt stock was Ksh. 5,083.40 billion (30.3 percent of GDP) equivalent to USD 39.34 billion. Domestic and external debt stock accounted for 53.8 percent and 46.2 percent of total debt stock, respectively (Chart 1).

Chart 1: Total Public and Publicly Guaranteed



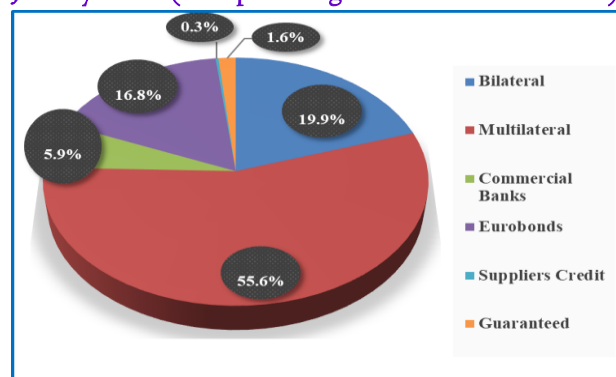
Source: National Treasury

2.0 External Debt

The external debt stock increased by Ksh. 26.40 billion from Ksh 5,057.01 billion as at end of December 2024 to Ksh 5,083.40 billion as at of January 2025. The increase was majorly attributed to disbursements from multilateral lenders during the month. Debt owed to bilateral creditors reduced by Ksh 22.67 billion from Kshs. 1,032.54 billion to Ksh. 1,009.87 billion while multilateral debt increased by Ksh. 48.47 billion from Ksh. 2,777.57 billion to Ksh. 2,826.04 billion. Commercial debt

declined by Ksh. 0.77 billion from Ksh. 1,168.67 billion to Ksh. 1,167.91 billion during the same period. Guaranteed debt stock increased by Ksh. 1.37 billion from Ksh. 78.22 billion in December 2024 to Ksh. 79.59 billion in January 2025 (Chart 2).

Chart 2: External Debt Composition as at end of January 2025 (As a percentage of total External Debt)



Source: National Treasury

2.1 Currency Composition of External Debt

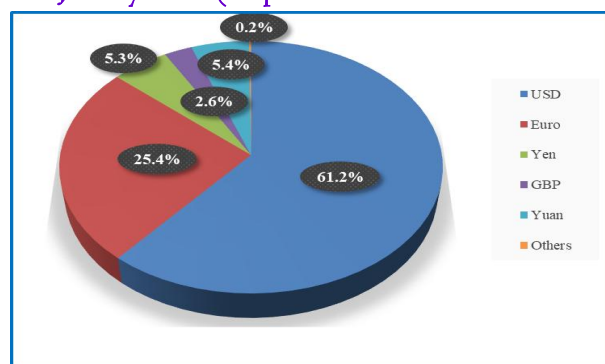
The proportion of external debt denominated in USD, Euro, Japanese Yen, Chinese Yuan and Sterling Pound was at 61.2 percent, 25.4 percent, 5.3 percent, 5.4 percent and 2.6 percent respectively. Other currencies³ accounted for 0.2 percent of total external debt (**Chart 3**). The National Treasury through Public Debt Management Office will continue to diversify the external public debt currency in order to mitigate against exchange rate risk.

¹ Kshs. 16,764.48 billion

² An exchange rate of Kshs. to USD 129.2292

³ Other currencies include Danish Kroner, Kuwait Dinar, Korean won, Indian Rupee, Canadian Dollar, Saudi Riyal, Swedish Kroner and Emirati Dirham

Chart 3: External Debt by Currency Composition as at end January 2025 (As percent of Total External Debt)



Source: National Treasury

2.2 Movement in Exchange Rates

During the month under review, the Kenya shilling appreciated against US dollar and Sterling Pound by 0.05 percent and 1.0 percent respectively while depreciated against Japanese Yen, Euro and Chinese Yuan by 2.1 percent, 0.1 percent and 0.6 percent respectively. The base⁴ exchange rates for the aforementioned five currencies, notably the USD, Yen, Euro, Yuan and Sterling Pound were Ksh. 129.29, Ks.82.12, Ksh. 134.29, Ksh. 17.71 and Ksh. 162.27 respectively.

2.3 External Debt Service

The actual cumulative external debt service as at the end of January 2025 was Ksh. 326.74 billion against the financial year target of Ksh. 704.92billion. This comprises cumulative interest and principal payments of Kshs 128.80 billion and Ksh 197.95billion respectively. External debt service during the month of January 2025 was Ksh. 95.45 billion, comprising principal repayments and interest payments of Ksh. 68.34 billion and Ksh. 27.11 billion respectively. Debt service to bilateral creditors accounted for 50.2 percent of the total cumulative debt service while commercial, multilateral creditors and KQ guarantee accounted for 25.8 percent, 18.0 percent and 6 percent respectively for the period ending January 2025.

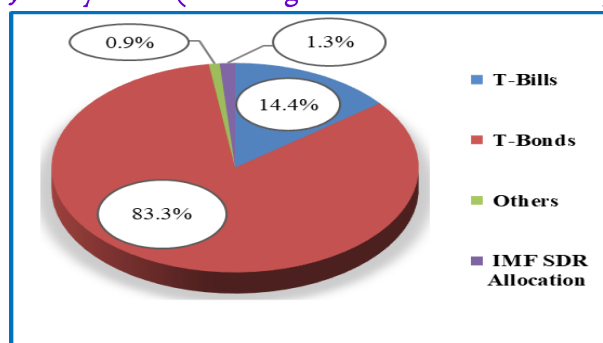
3.0 Domestic Debt

The domestic debt stock increased by Ksh. 59.53 billion from Ksh. 5,868.27 billion as at end December 2024 to Ksh. 5,927.81 billion as at end January 2025. The stock of Treasury bills increased by Ksh. 10.22 billion from Ksh. 846.10 billion to Ksh. 856.32 billion and the stock of Treasury bonds increased by Ksh. 52.72 billion from Ksh. 4,884.05 billion to Ksh. 4,936.77 billion during the same period. Others including pre-1997 Government debt, Government overdraft at the Central Bank of Kenya, advances from commercial banks and IMF funds on-lent to Government decreased by Ksh. 3.41 billion from Ksh 138.13 billion to Ksh 134.72 billion during the same period.

3.1 Domestic Debt by Instruments

As at the end of January 2025, the ratio of bonds to bills as a percentage of total domestic debt was 83:14. The Government overdraft at the Central Bank of Kenya, pre-1997 Government debt and advances from commercial bank accounted for 0.9 percent while IMF funds on-lent to Government accounted for 1.3 percent of domestic debt stock during the same period (Chart 4).

Chart 4: Stock of Domestic Debt at the end of January 2025 (Percentage of Total Domestic Debt)



Source: National Treasury

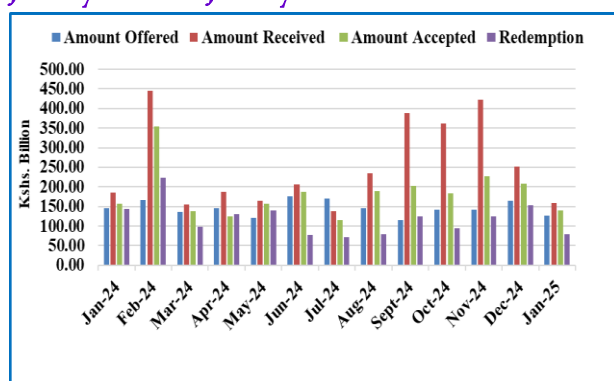
3.2 Domestic Borrowing

During the month of January 2025, Government securities amounted to Ksh. 126.00 billion were advertised comprising Ksh. 96.00 billion and Ksh.

⁴ End December 2024 is the base month for all parameters

30.00 billion treasury bills and treasury bonds respectively. Bids worth Ksh. 159.51 billion were received, comprising of Ksh. 100.51 billion and Ksh. 59.00 billion Treasury bills and bonds respectively. Bids worth Ksh. 139.55 billion were successful, out of which Ksh. 91.07 billion and Ksh. 48.48 billion were Treasury bills and bonds respectively. The monthly redemption from Treasury bills amounted to Ksh. 80.03 billion (**Chart 5**).

Chart 5: Government Securities Performance from January 2024 to January 2025 in Ksh. Billions



Source: National Treasury

3.3 Net Domestic Financing

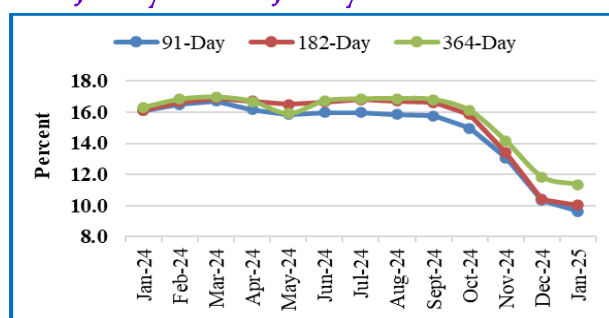
The net domestic financing as at end of January 2025 was Ksh. 543.03 billion against an annual target of Ksh. 605.67 billion for FY 2024/25 supplementary II budget.

3.4 Interest rates on Government Securities

On average, there was a decrease in interest rate for Treasury bills during the month. The average interest rates for 91-day, 182-day, and 364-day Treasury bills reduced to 9.6 percent, 10.0 percent and 11.3 percent in January 2025 from 10.3 percent, 10.4 percent and 11.8 percent in December 2024 respectively as shown in **Chart 6**.

The average interest rates for 91-day, 182-day and 364-day Treasury bills declined by 69, 36 and 50 basis points, respectively.

Chart 6: Average Interest rates for Treasury Bills from January 2024 to January 2025



Source: National Treasury

3.5 Domestic Interest Payments

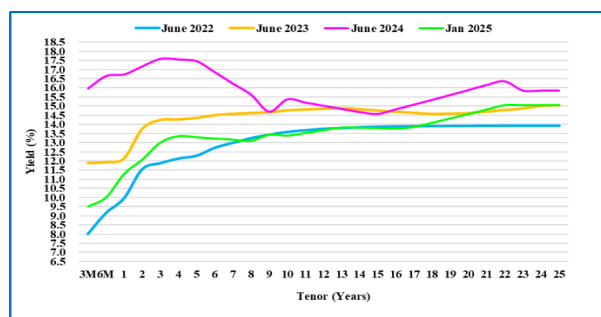
As at end of January 2025, the actual cumulative domestic interest payment amounted to Ksh. 421.73 billion against the cumulative target of Ksh. 767.24 billion for FY 2024/25 in supplementary II budget. Interest payments for Treasury bonds and bills in the month of January 2025 amounted to Ksh. 46.74 billion and Ksh. 5.92 billion respectively. The total interest payment on the overdraft and interest on Pre-1997 Government Overdraft was Ksh. 0.55 billion.

3.6 Government Securities Yields

The yields on government securities decreased in the domestic debt market. Chart 6 shows the yields are well aligned and the curve is upward sloping. The distorted curve that was prevailing as of June 2024 has been corrected.

The 91 Day Treasury bill interest rates have increased from 8.01 percent at end June 2022 to 9.52 percent as of 31st January 2025 (151 basis points increase) as shown in **Chart 7**.

Chart 7: Government Securities Yield Curve



Source: Nairobi Stock Exchange

3.7 Average Time to Maturity for Treasury Bonds

The Average Time to Maturity (ATM) for Treasury Bonds during the month of January 2025 was 8.24 years.

4.0 Sovereign Credit Rating

Moody's reviewed Kenya's rating at CAAI with a positive outlook from a stable outlook rating; this was driven by the likelihood of Kenya's liquidity risks easing and debt affordability improving over time (Annex I).

In order for Kenya to graduate to investment grade (BBB-) and attract cheaper debt from global markets, the Government should continue actualizing the fiscal consolidation plan; improve the export sector performance in order to expand foreign reserves accumulation; promote economic growth to boost GDP per Capita; improve food production, access and affordability in order to lower and stabilize the Consumer Price Index (CPI) and Real Effective Exchange Rate (REER), among others.

ANNEX I: KENYA'S CREDIT RATING

Agency	Rating	Outlook	Date
Moody's	CAA1	Negative	July 09 2024
Moody's	B3	Negative	July 28 2023
Fitch	B	Negative	July 20 2023
Standard and Poors	B	Negative	Feb 28 2023
Fitch	B	Stable	Dec 14 2022
Standard and Poors	B	Stable	Aug 25 2022
Standard and Poors	B	Stable	Mar 05 2021
Standard and Poors	B+	Negative	Jul 14 2020
Fitch	B+	Negative	Jun 19 2020
Moody's	B2	Negative	May 07 2020
Moody's	B2	Stable	Feb 13 2018
Fitch Rating	B+	Stable	Feb 09 2018
Moody's	B1	Under Review	Oct 02 2017
Standard and Poors	B+	Stable	Oct 14 2016
Standard and Poors	B+	Negative	Oct 16 2015
Fitch Rating	B+	Negative	Jul 17 2015
Moody's	B1	Stable	Nov 08 2012
Standard and Poors	B+	Stable	Nov 19 2010
Fitch Rating	B+	Stable	Jan 16 2009
Standard and Poors	B	Positive	Aug 04 2008
Standard and Poors	B	Stable	Mar 10 2008
Standard and Poors	B	Negative	Feb 04 2008
Fitch Rating	B+	Negative	Jan 30 2008
Fitch Rating	B+	Stable	Dec 12 2007
Standard and Poors	B+	Stable	Sept 08 2006

Source: National Treasury

ANNEX II: STOCK OF PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT BY SOURCE AS AT THE END OF JANUARY 2025 IN KSH (MILLIONS)

CREDITOR	Stock at the End December 2024	Stock at the End January 2025	CHANGE
BILATERAL			
BELGIUM	22,219.48	22,243.54	24.07
AUSTRIA	1,521.50	1,523.75	2.25
DENMARK	181.07	115.37	(65.70)
FINLAND	159.55	159.79	0.24
FRANCE	90,230.43	87,452.64	(2,777.79)
GERMANY	49,833.45	49,907.26	73.81
ITALY	27,377.55	40,866.98	13,489.43
JAPAN	79,542.94	81,229.02	1,686.09
Hungary	200.17	329.30	129.13
USA	32,125.52	32,071.45	(54.07)
SPAIN	12,672.15	12,428.32	(243.83)
Other PARIS CLUB	1,137.86	1,137.30	(0.56)
Other NON -PARIS CLUB	22,739.54	22,946.01	206.47
CHINA	692,601.62	657,461.79	(35,139.84)
Sub Total	1,032,542.81	1,009,872.52	-22,670.29
MULTILATERAL			
ADB/ADF	506,651.07	509,949.89	3,298.81
EEC/EIB	23,522.60	24,967.58	1,444.99
IDA	1,528,562.74	1,538,170.33	9,607.60
IFAD	34,952.16	34,909.31	(42.85)
IMF	420,525.74	454,325.99	33,800.25
Others	263,356.79	263,714.46	357.67
Sub Total	2,777,571.09	2,826,037.56	48,466.48
COMMERCIAL			
Commercial Bank	302,045.97	301,686.74	(359.23)
International Sovereign Bond	853,331.82	852,912.72	(419.10)
Suppliers Credit	13,293.64	13,305.73	12.09
Sub Total	1,168,671.43	1,167,905.19	(766.24)
Total Central Government	4,978,785.33	5,003,815.27	25,029.94
GUARANTEED			
JAPAN	67,475.37	68,846.30	1,370.93
GERMANY	1,051.09	1,052.64	1.56
Kenya Airways (Commercial Debt)	9,693.99	9,689.23	(4.76)
Sub Total	78,220.45	79,588.17	1,367.72
CENTRAL GOVERNMENT+ GUARANTEED TOTAL DEBT	5,057,005.78	5,083,403.45	26,397.67

Source: National Treasury

ANNEX III: STOCK OF DOMESTIC DEBT BY HOLDERS AS AT THE END OF JANUARY 2025 IN KSH (MILLIONS)

HOLDER	Stock at End December 2024	Stock at End January 2025	CHANGE
Commercial Banks	2,509,146.38	2,532,806.32	23,659.95
Insurance Companies	429,461.31	434,292.13	4,830.82
Pension Funds Including NSSF	1,696,264.46	1,710,511.71	14,247.25
Others⁵	1,233,401.01	1,250,195.08	16,794.07
TOTAL DOMESTIC DEBT	5,868,273.16	5,927,805.25	59,532.09

Information in this publication may be reproduced Without restriction provided that due acknowledgment of the source is made

⁵ Others include Financial Institutions, Parastatals, Building Societies, Non-resident and Central Bank of Kenya.