



**Central Bank of Kenya**

# **MONETARY POLICY COMMITTEE MEETING BACKGROUND INFORMATION**

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Wednesday, October 9, 2024

Dr. Kamau Thugge, CBS  
Governor

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# 1.

## Monetary Policy Decision

**During its Meeting on October 8, 2024, the Monetary Policy Committee (MPC) lowered the Central Bank Rate (CBR) from 12.75 percent to 12.00 percent.**

- The MPC noted that:
  - Overall inflation has declined further and is expected to remain below the midpoint of the target range in the near term, supported by stable food inflation attributed to improved supply from the ongoing harvests, a stable exchangerate, and lower fuel inflation.
  - Non-food non-fuel (NFNF) inflation has moderated and is expected to remain stable.
  - Central banks in the major economies have continued to lower interest rates in response to easing inflationary pressures, with expectations of further reductions in the coming months.
- The MPC also noted the sharp deceleration in credit to the private sector, and the slowdown in growth in the second quarter of 2024, and concluded that there was scope for a further easing of the monetary policy stance to support economic activity, while ensuring exchange rate stability.
- The MPC will closely monitor the impact of the policy measures as well as developments in the global and domestic economy and stands ready to take further action as necessary in line with its mandate.
- The Committee will meet again in December 2024.

## 2.

# Global developments: Highlights of global developments and outlook

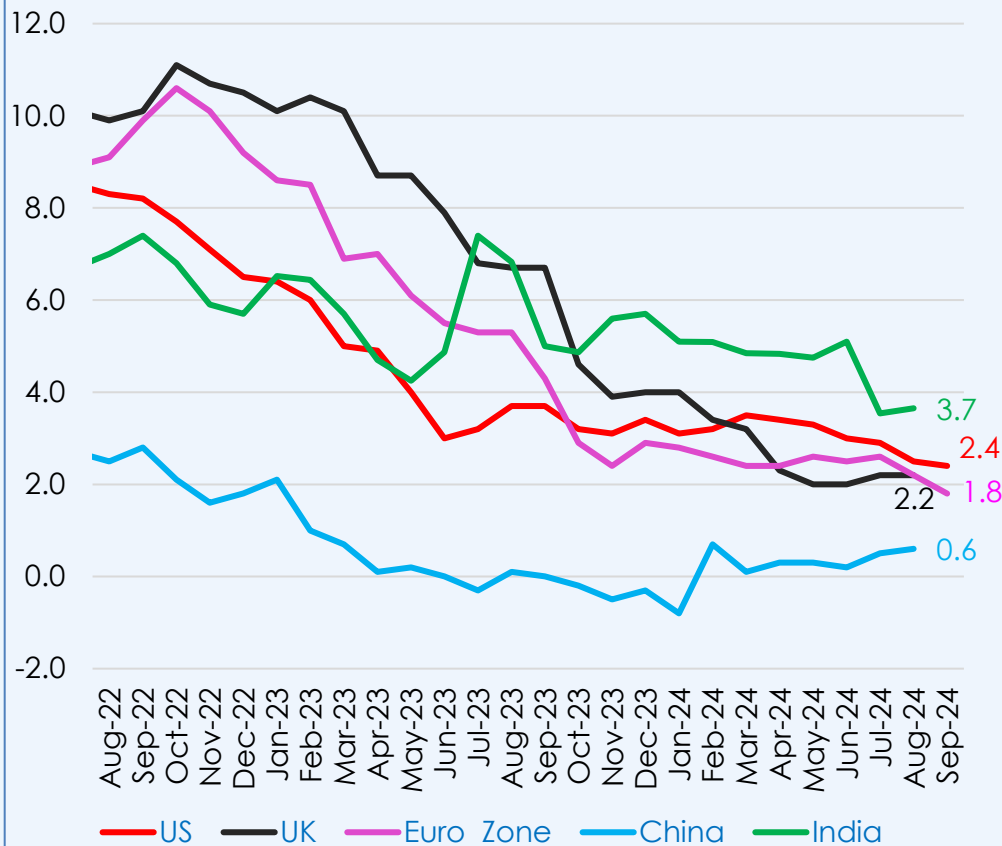
1. **Global inflation has continued to moderate**, mainly supported by lower commodity prices, and lagged effects of previous monetary policy tightening.
2. **Central banks in major economies**, including the US Federal Reserve, European Central Bank (ECB), Bank of England and Bank of Canada, **have lowered interest rates**, with expectations of further reductions in the remainder of 2024.
3. **Global growth continues to recover in 2024**, supported by strong growth in the U.S. and India, as well as improved growth prospects in the United Kingdom.
4. **Risks to global growth outlook** relate to elevated geopolitical risks particularly the conflict in the Middle East.
5. **Global financial conditions have eased**, with expectations of further declines in policy interest rates in advanced economies. Bond yields have declined, while the performance of equity markets has improved.
6. **Kenya's real GDP growth is expected to remain above the global, SSA and emerging market and developing economies averages in 2024 and 2025.**

# 3.

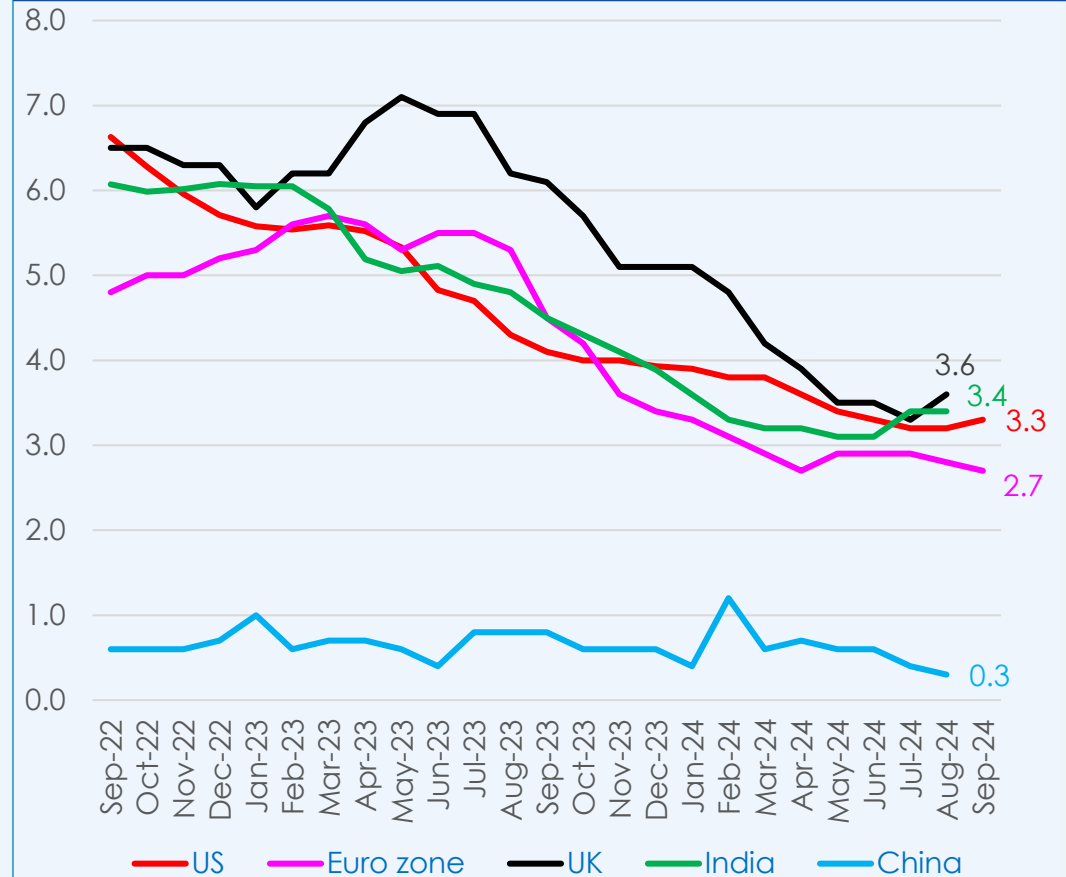
## Global inflation:

Global headline inflation has continued to moderate, mainly driven by lower commodity prices and lagged effects of previous monetary policy tightening

### Headline CPI inflation rates (y/y, percent)



### Core CPI inflation rates (y/y, percent)



- **Headline inflation rates in the major economies have continued to ease, but at a slower pace due to persistence in services inflation.**
- **Core inflation has remained sticky, mainly driven by services and wage price inflation.**
- **Global inflation is expected to decline from 6.7 percent in 2023 to 5.9 percent in 2024, partly due to cooling labor markets in the U.S.**
- **China’s inflation has remained low due to weak consumer demand.**

Source: Websites of Statistics Offices/Central Banks of respective countries

# 4.

## Global commodity prices:

International oil prices have moderated, but the risk from the Middle East conflict remains elevated following the recent escalation of tensions.

**Murban oil price (USD, per barrel)**



- Oil prices have declined, mainly reflecting increased supply from non-OPEC oil producers and weaker demand in China.
- The main risks to oil prices relate to potential supply disruptions following the escalation of the conflict in the Middle East, and expectations of increased oil demand following the recent easing of US monetary policy.
- The OPEC+ meeting in early September has also decided to delay the unwinding of its production cuts that were planned to begin in October 2024, to December 2024.

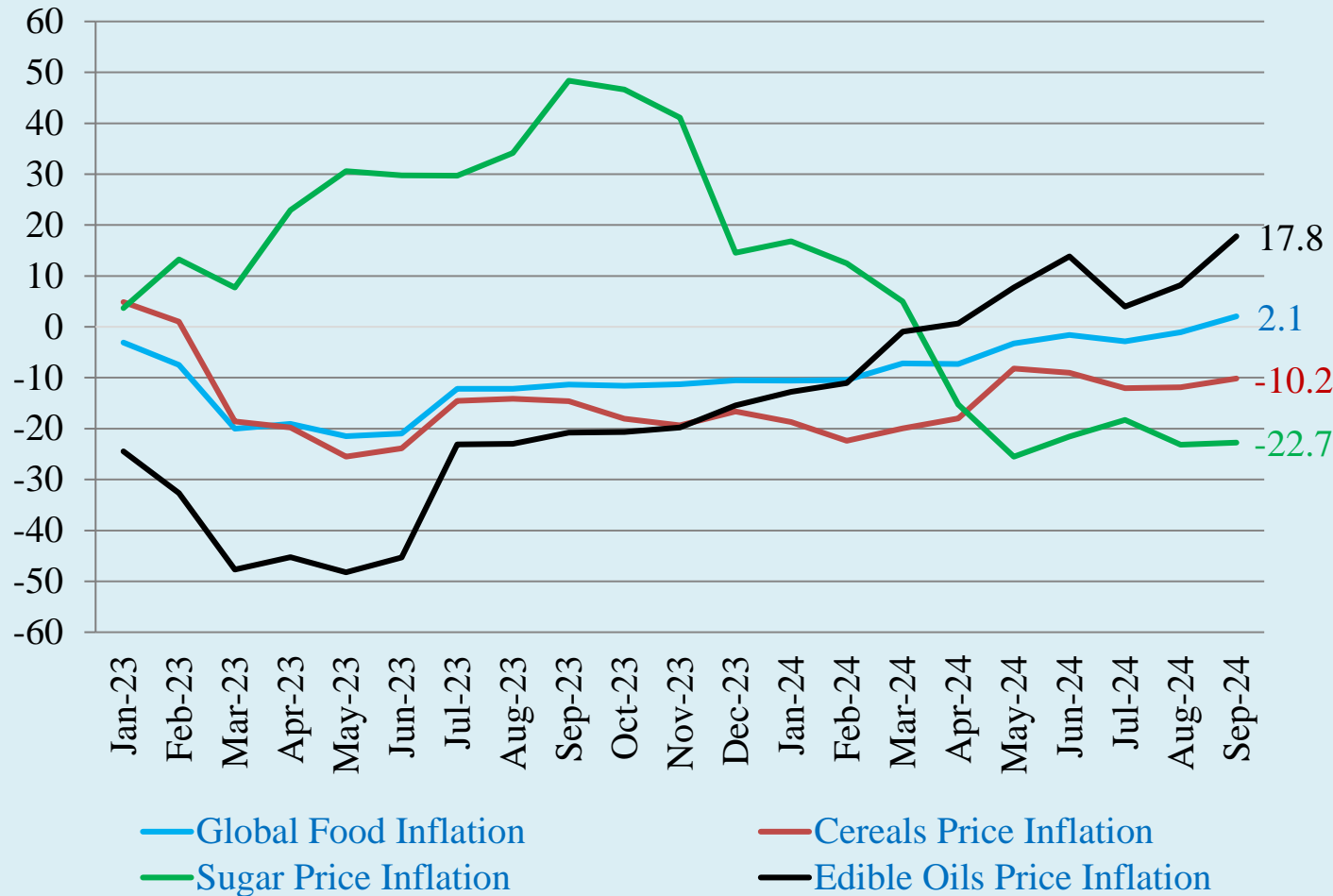
Source: Oilprice.com, and Reuters

# 5.

## Global commodity prices:

Global food inflation increased slightly in September 2024, largely driven by higher edible oils prices inflation

Global food inflation (y/y, percent)



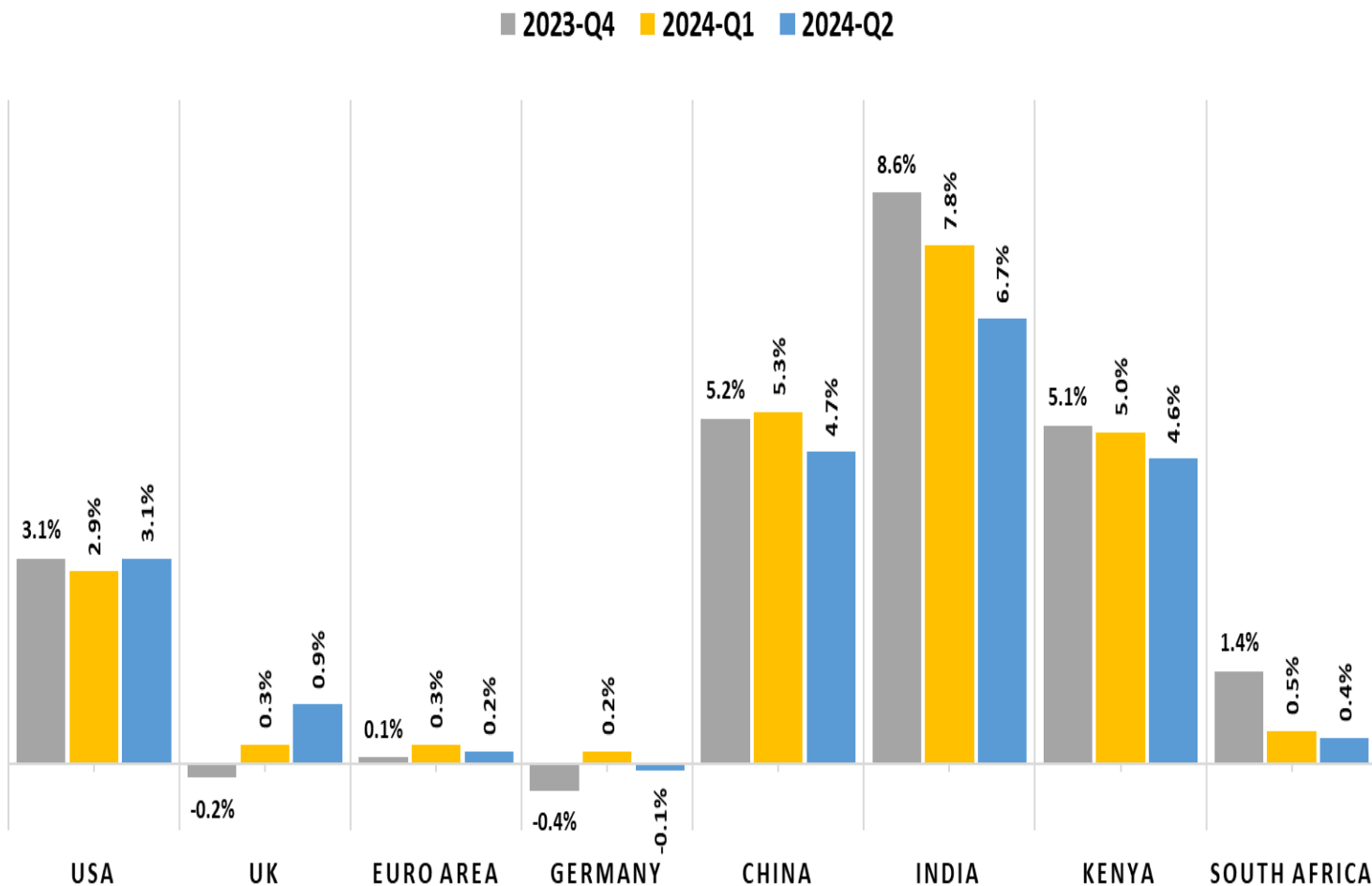
- Edible oils price inflation increased mainly on account of higher palm oil prices attributed to lower production in the major Southeast Asian producing countries. Sunflower and rapeseed oils prices also rose on account of reduced outputs.
- Sugar price inflation declined following improved supply from Thailand and India, attributed to favorable rainfall. Lower international crude oil prices also exerted downward pressure on sugar prices.
- Cereals price inflation declined, mainly driven by lower wheat prices on account of reduced demand and lower priced Black Sea supplies. Global rice and sorghum prices also fell.

Source: UN FAO Food Index

## Global economic activity:

Global growth continues to recover, supported by strong growth in the US, strong growth in some large emerging market economies, particularly India, and improved growth prospects in the UK

### Selected countries' real GDP growth (y/y, percent)



Source: OECD Statistical Release on GDP Growth,, and respective Statistical Offices websites

- The improving growth prospects reflects improved global consumer demand, increases in trade, and prospective easing in monetary conditions.
- However, recovery in Eurozone growth continues to be modest, and lower than expected.

## 7.

## Global economic outlook:

Global growth is expected to remain broadly unchanged in 2024, supported by strong growth in the US, and improved growth in some large emerging market economies, particularly India

### Global and selected countries' real GDP growth (y/y, percent)

	2019 Act.	2020 Act.	2021 Act.	2022 Act.	2023 Act.	2024 Proj.		2025 Proj.	
						Jul. 2024 WEO	Difference from Apr. 2024 WEO	Jul. 2024 WEO	Difference from Apr. 2024 WEO
<b>World</b>	<b>2.8</b>	<b>-2.7</b>	<b>6.5</b>	<b>3.5</b>	<b>3.3</b>	<b>3.2</b>	<b>0.0</b>	<b>3.3</b>	<b>0.1</b>
<b>Advanced Economies</b>	<b>1.8</b>	<b>-3.9</b>	<b>5.7</b>	<b>2.6</b>	<b>1.7</b>	<b>1.7</b>	<b>0.0</b>	<b>1.8</b>	<b>0.0</b>
United States	2.5	-2.2	5.8	1.9	2.5	2.6	-0.1	1.9	0.0
United Kingdom	1.6	-10.4	8.7	4.3	0.1	0.7	0.2	1.5	0.0
Japan	-0.4	-4.1	2.6	1.0	1.9	0.7	-0.2	1.0	0.0
Euro area	1.6	-6.1	5.9	3.4	0.5	0.9	0.1	1.5	0.0
Germany	1.1	-3.8	3.2	1.8	-0.2	0.2	0.0	1.3	0.0
France	1.8	-7.5	6.3	2.6	1.1	0.9	0.2	1.3	-0.1
Italy	0.5	-9.0	8.3	4.0	0.9	0.7	0.0	0.9	0.2
<b>Emerging Market and Developing Economies</b>	<b>3.6</b>	<b>-1.8</b>	<b>7.0</b>	<b>4.1</b>	<b>4.4</b>	<b>4.3</b>	<b>0.1</b>	<b>4.3</b>	<b>0.1</b>
China	6.0	2.2	8.5	3.0	5.2	5.0	0.4	4.5	0.4
India	3.9	-1.8	9.7	7.0	8.2	7.0	0.2	6.5	0.0
Russia	2.2	-2.7	6.0	-1.2	3.6	3.2	0.0	1.5	-0.3
<b>Sub-Saharan Africa</b>	<b>3.2</b>	<b>-1.6</b>	<b>4.7</b>	<b>4.0</b>	<b>3.4</b>	<b>3.7</b>	<b>-0.1</b>	<b>4.1</b>	<b>0.1</b>
South Africa	0.3	-6.0	4.7	1.9	0.7	0.9	0.0	1.2	0.0
Nigeria	2.2	-1.8	3.6	3.3	2.9	3.1	-0.2	3.0	0.0
Kenya	5.7	-0.3	7.6	4.9	5.6	5.0	0.0	5.0	-0.3

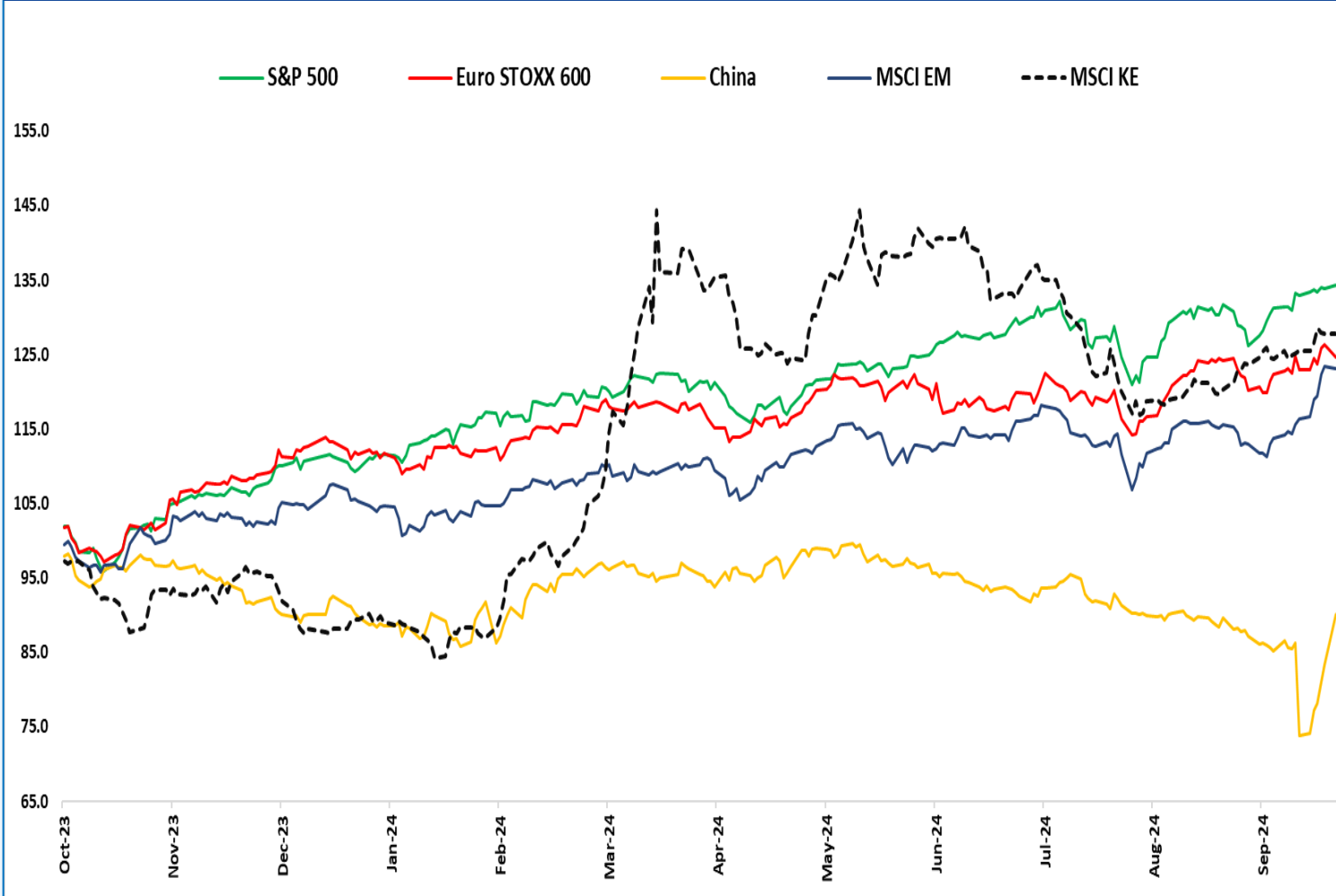
- The growth outlook for U.S. remains strong due to strong consumption, while India's growth was revised up on strong private consumption. Growth in SSA was revised down on account of lower growth in Nigeria attributed to high inflation.
- The key risks to global growth in 2024 relate to policy escalation of geopolitical tensions.
- The IMF projections show that Kenya's real GDP growth is expected to remain strong in 2024 and above the global, SSA and emerging market and developing economies average growth rates.

Source: IMF World Economic Outlook (WEO)



## Global financial markets: Global financial market conditions have improved, as reflected in better performance of equity markets

Performance of selected Stock Indices (Prices Index, October 31, 2023=100)



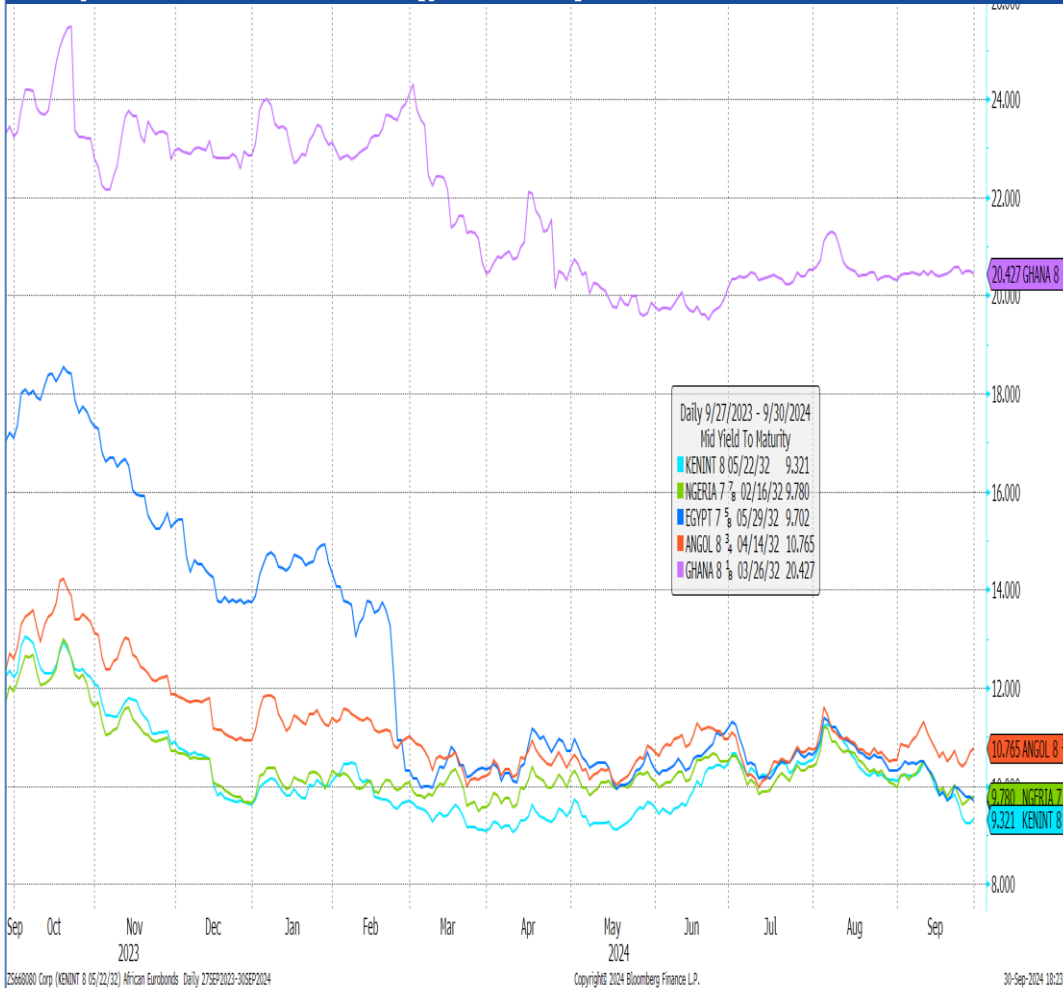
- The improvement in financial market conditions reflects in part increased market expectation of further policy interest rates cuts in advanced economies

Sources: Bloomberg Finance L.P.; FactSet; Morgan Stanley Capital International (MSCI); NABE; Refinitiv Eikon Datastream IBES

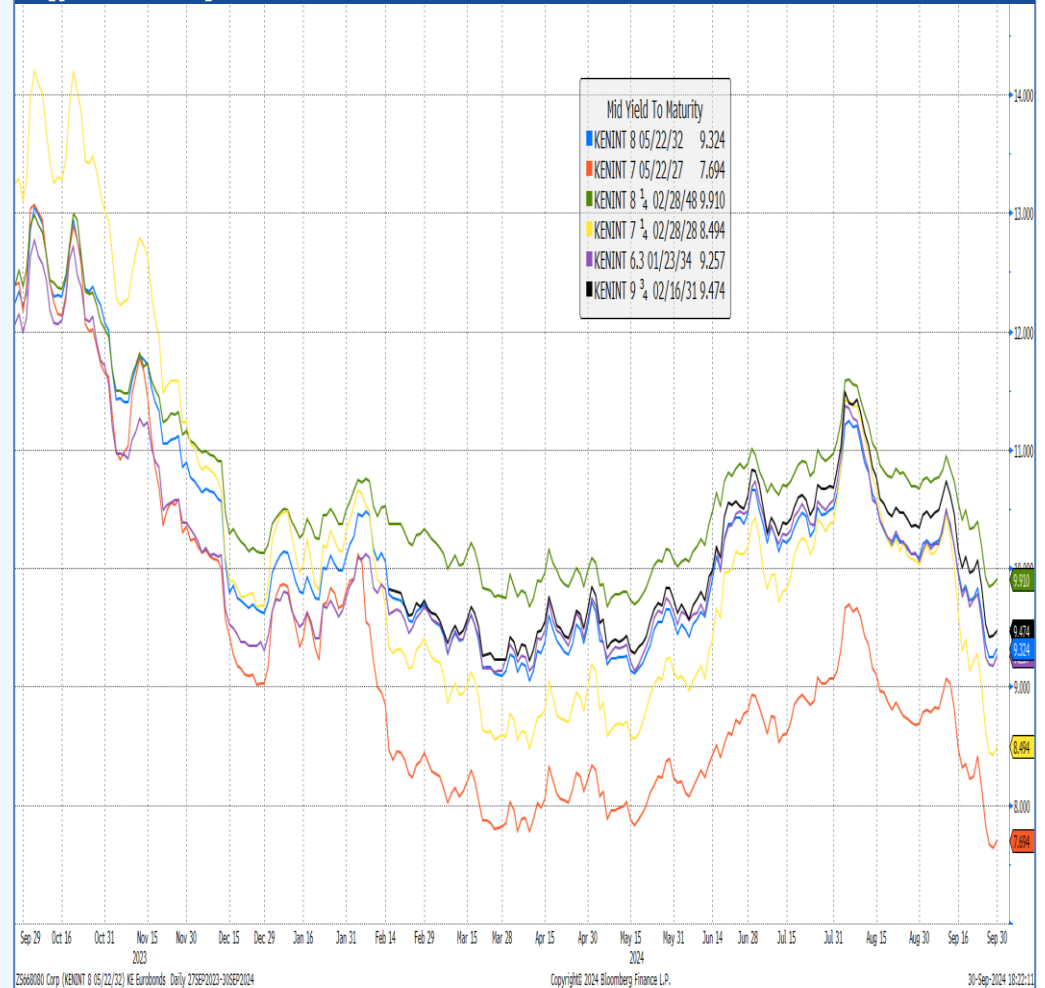
# Global financial markets:

The improved financial conditions have resulted in lower Eurobond yields. This has eased financial market access for the Emerging Markets and Developing Economies.

### Selected African countries Eurobond yields as of September 30, 2024 (percent)



### Kenya's Eurobond yields as of September 30, 2024 (percent)



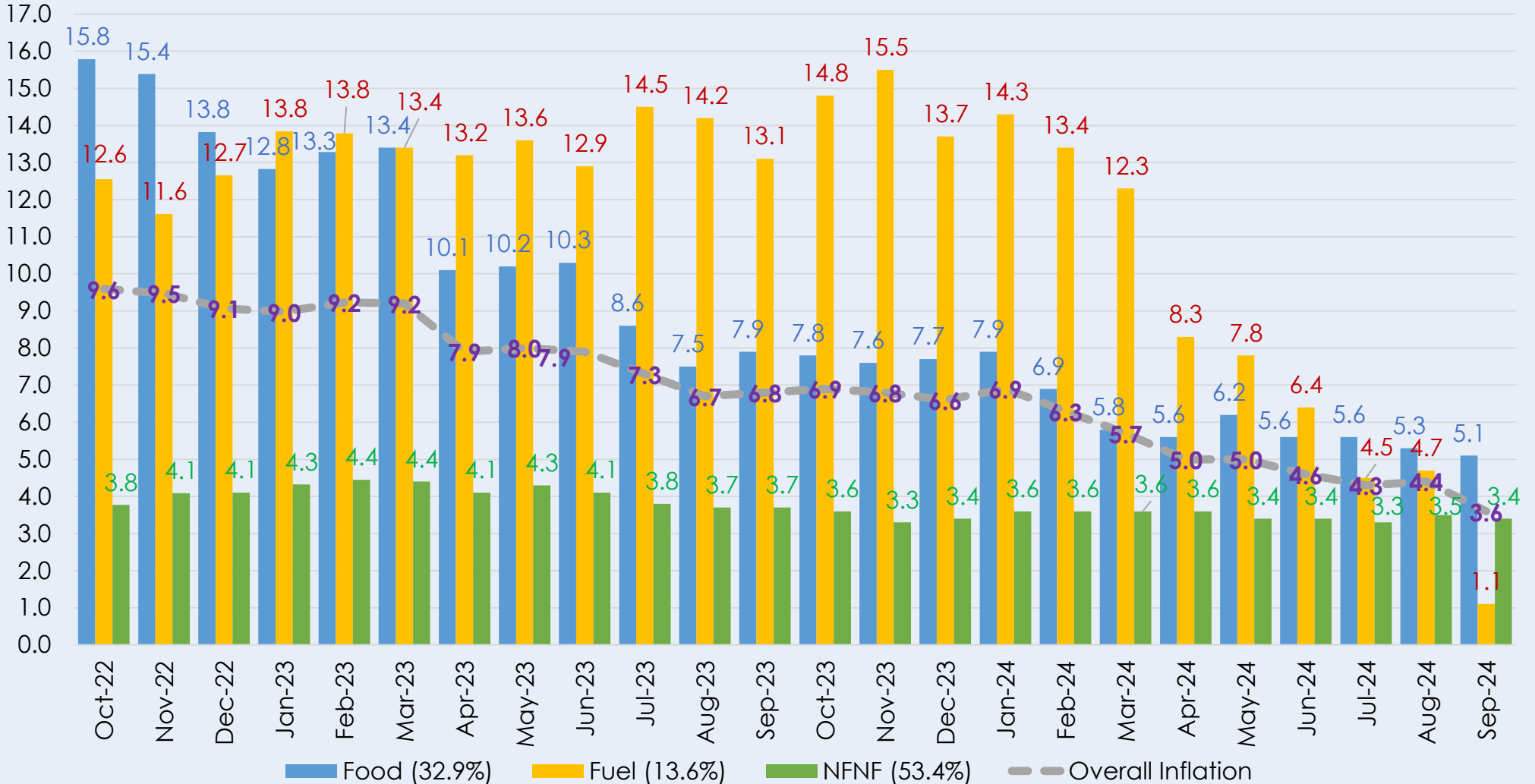
Source: Bloomberg as of September 30, 2024

- 1. Overall inflation declined in September 2024, and remained below the midpoint of the target range:**
  - Overall inflation declined to 3.6 percent in September 2024, from 4.4 percent in August.
  - Food inflation declined, mainly reflecting a decline in vegetables inflation.
  - Fuel inflation eased mainly on account of lower electricity and pump prices.
  - Non-food non-fuel inflation (NFNF) moderated, on account of the lagged effects of monetary policy tightening.
  - The appreciation of the exchange rate has reduced imported inflation.
  
- 2. The inflation rate is expected to remain below the mid-point of the target range in the near term, supported by:**
  - A stable exchange rate.
  - Food inflation is expected to remain relatively stable, on account of Improved supply attributed to ongoing harvests.
  - Fuel inflation expected to remain low mostly due to base effects.
  - NFNF inflation is expected to remain low and stable.

# Domestic inflation:

Overall inflation declined in September 2024, driven by lower fuel, food, and non-food non-fuel (NFNF) inflation

**Inflation by broad category (y/y, percent)**

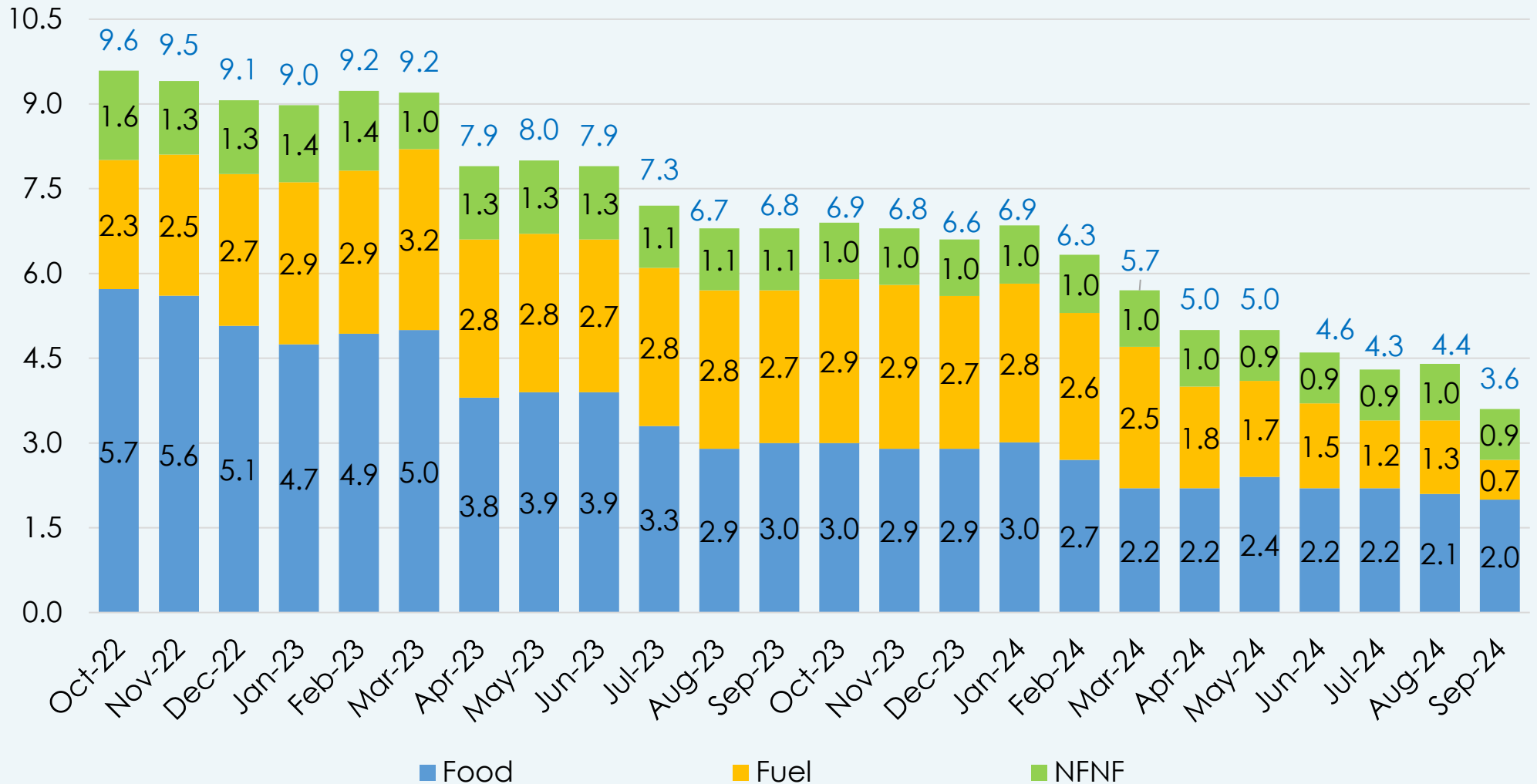


**Source:** Kenya National Bureau of Statistics and Central Bank of Kenya

## Domestic inflation:

The contribution of fuel, food and NFNF components to overall inflation declined in September 2024

Contributions to Overall Inflation (percentage points)



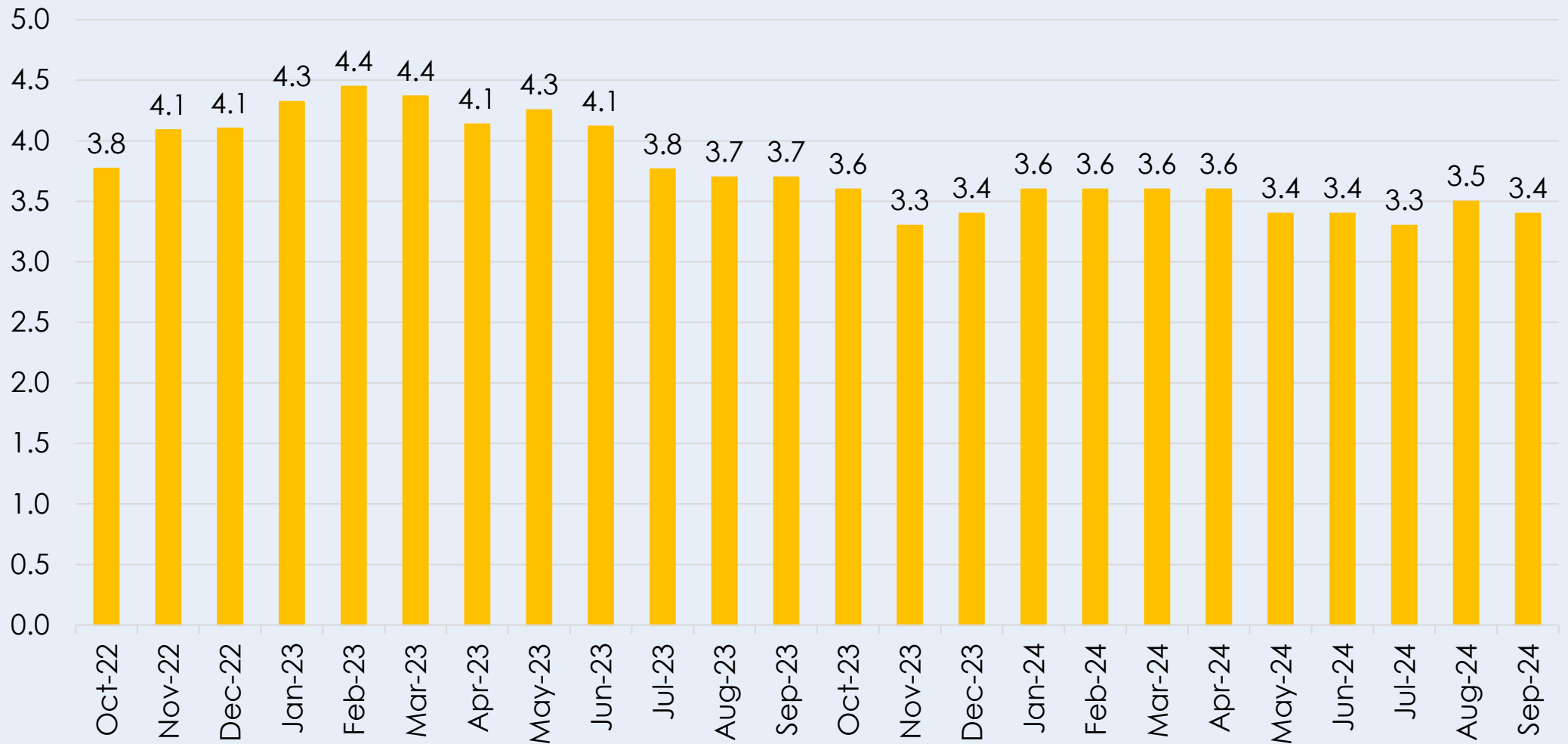
Source: KNBS and CBK

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## Domestic inflation:

Non-food non-fuel (NFNF) inflation moderated in September 2024, reflecting the lagged effects of previous monetary policy measures

### Non-food non-fuel inflation (y/y, percent)

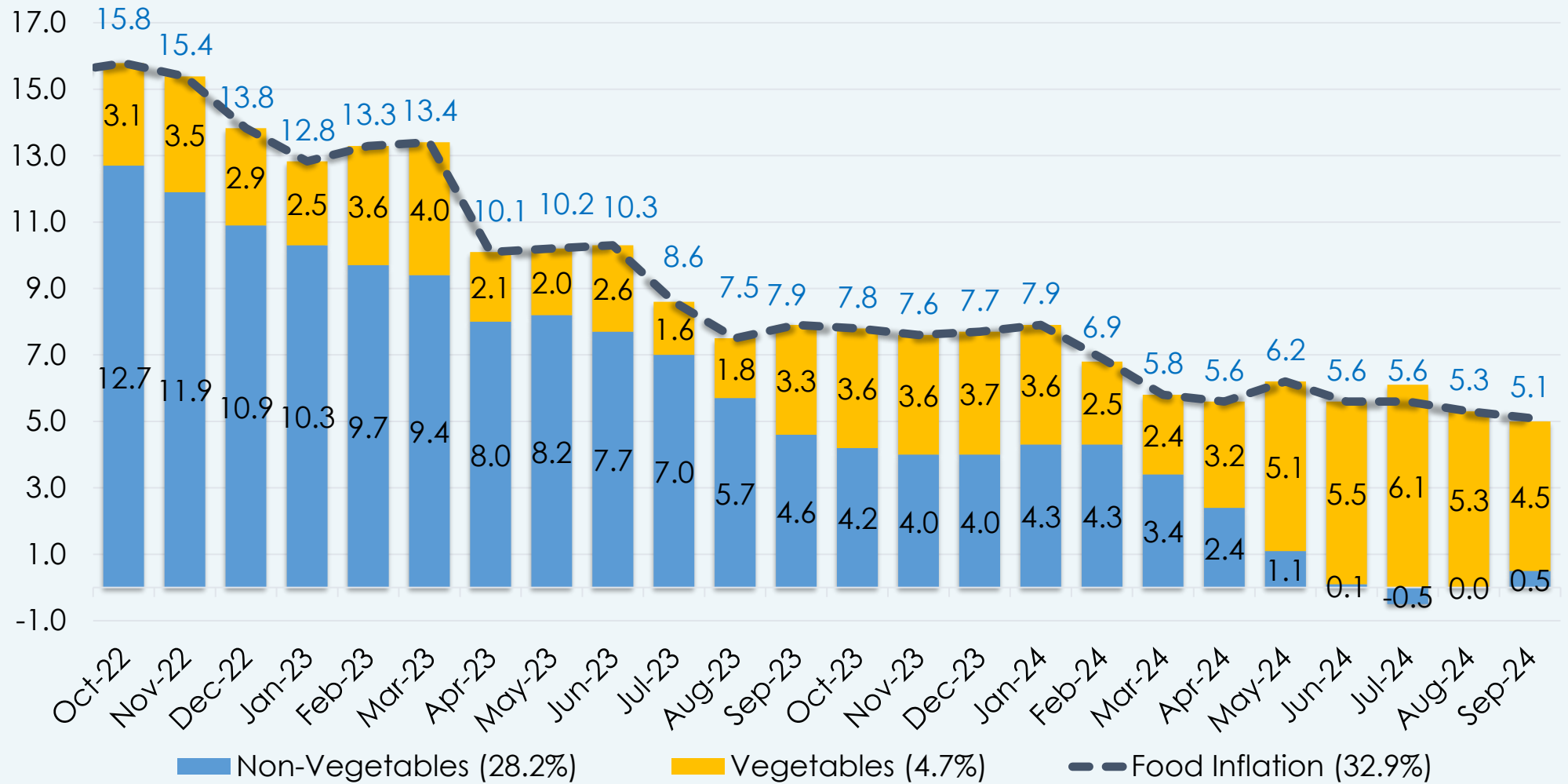


Source: KNBS and CBK

**Main drivers of food inflation:**

Food inflation declined in September 2024, reflecting easing of vegetables price inflation and a low non-vegetables price inflation

**Contributions to food inflation (percentage points)**

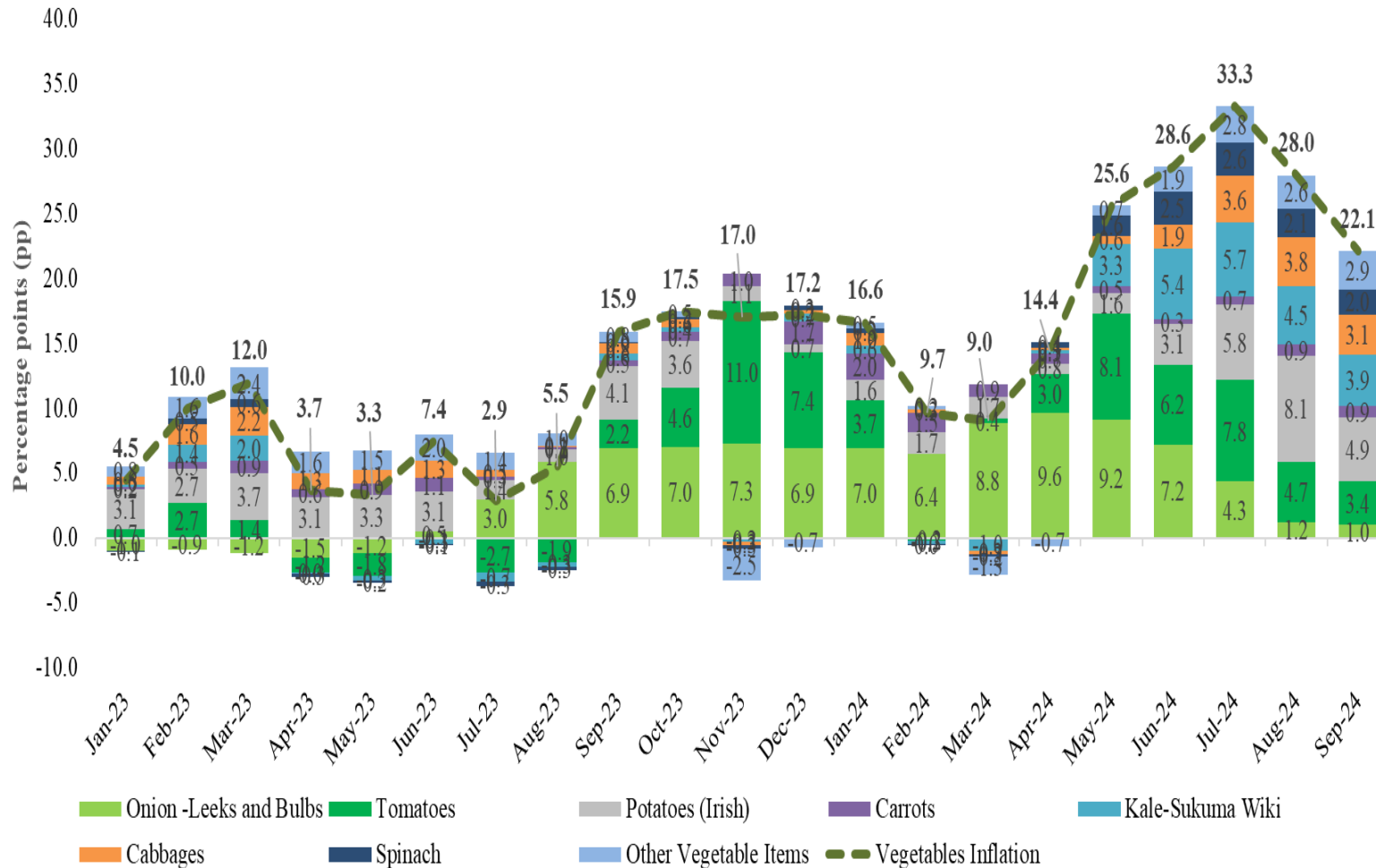


Source: KNBS and CBK

# Main drivers of vegetables inflation:

Vegetables price inflation declined in September 2024, mainly driven by lower prices of tomatoes, onions, potatoes, cabbages, and Kale-Sukuma Wiki

## Contributions to vegetables inflation (percentage points)



- Excessive rains and flooding in April/May 2024 disrupted supply of key vegetables, particularly onions, tomatoes and cabbages.
- Prices of key vegetables particularly onions, tomatoes and cabbages have eased, due to improved supply following increased domestic production.
- Respondents in the September 2024 Agriculture Sector Survey expect food prices to decline in October 2024, but some upward pressure is expected on select vegetable items due to seasonal factors.

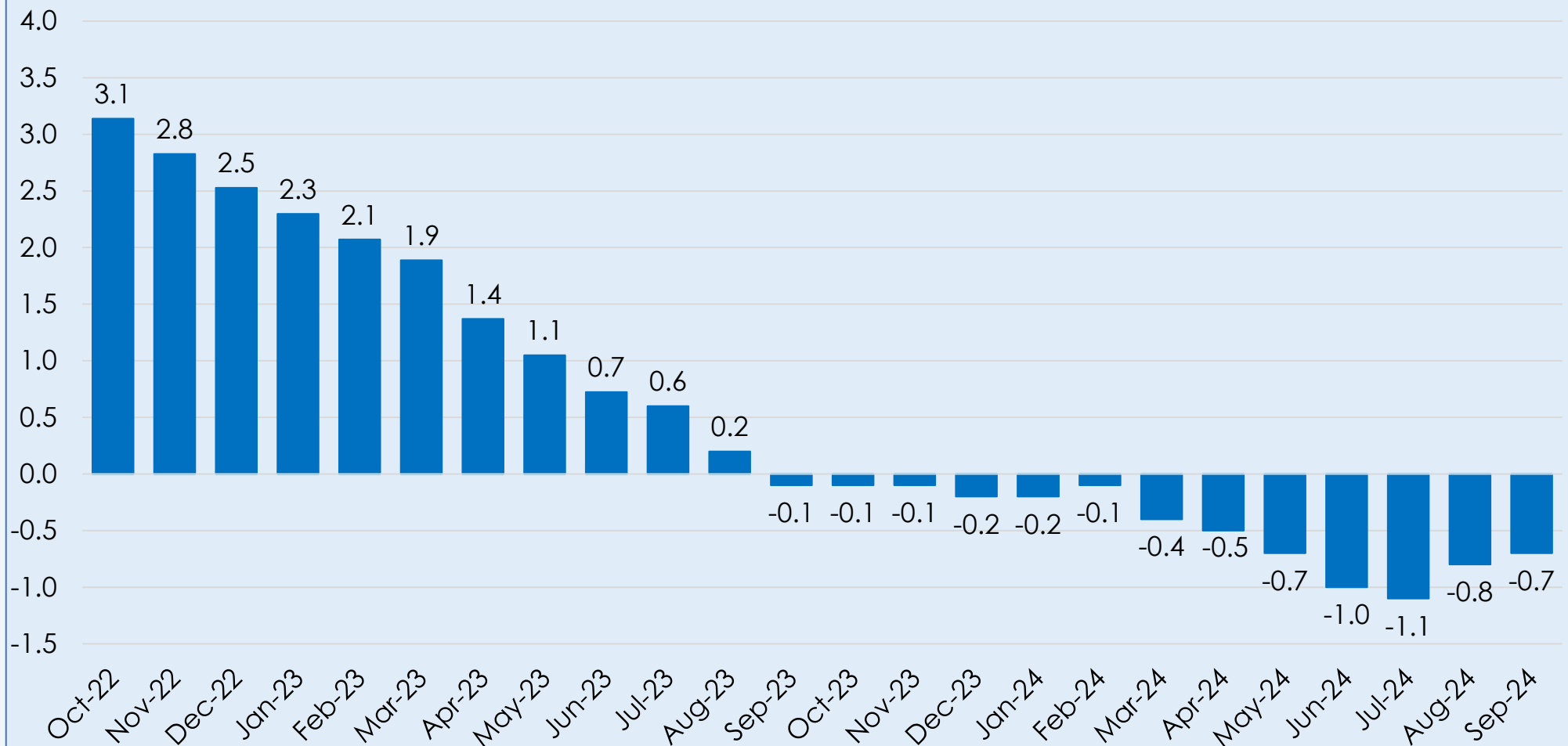
Source: KNBS and CBK



## Main drivers of non-vegetables inflation:

Food inflation was also moderated by lower prices of key non-vegetable food items, particularly maize and wheat products, reflecting improved supply

**Contribution of maize, wheat, milk, and edible oils prices to overall Inflation (percentage points)**  
(the total weight in CPI basket is 12.6 percent)

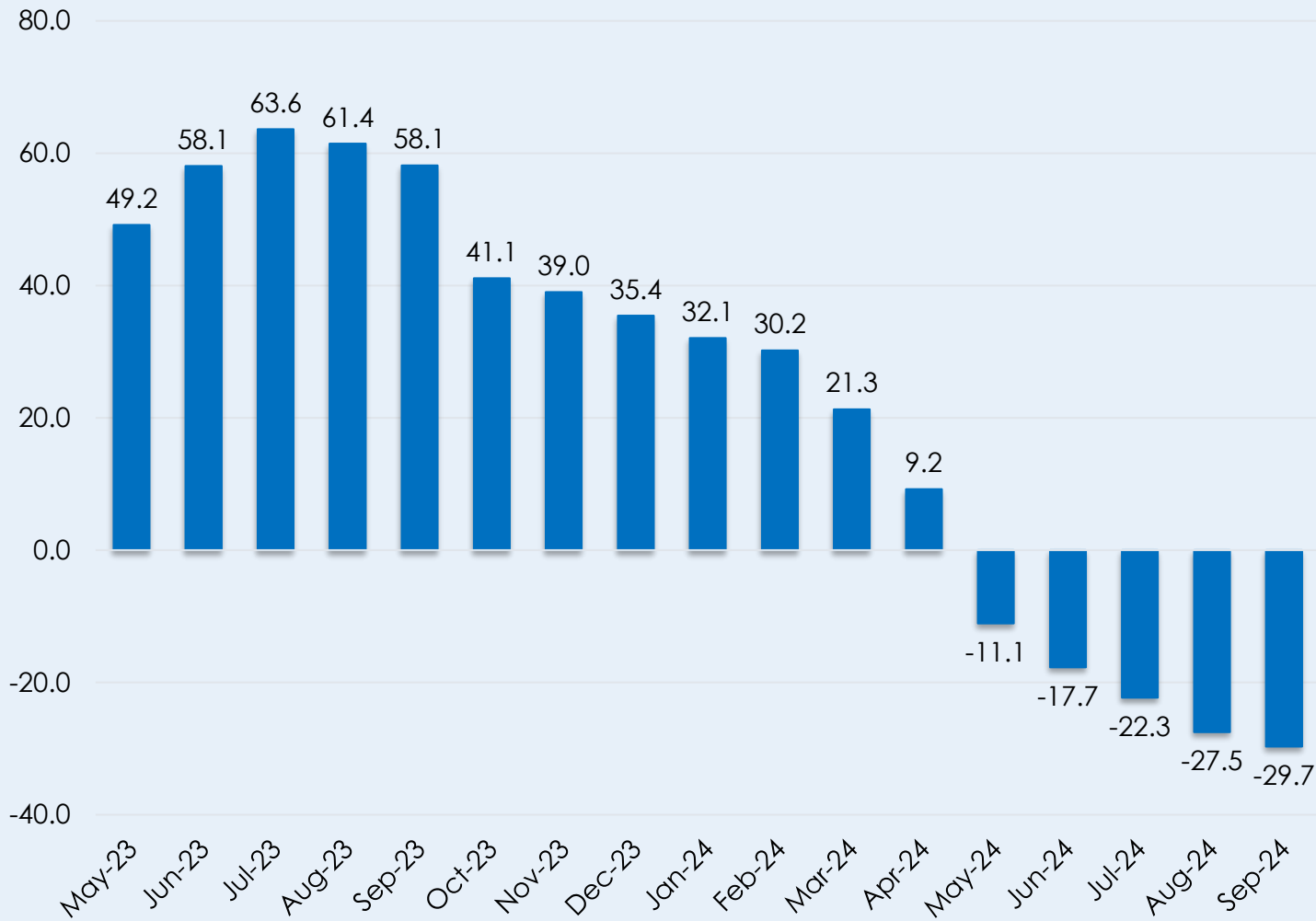


Source: KNBS and CBK

## Main drivers of non-vegetables Inflation:

Food inflation was also moderated by declines in sugar prices which fell further in September 2024, with improvement in domestic and global supply

### Sugar price inflation (y/y, percent)



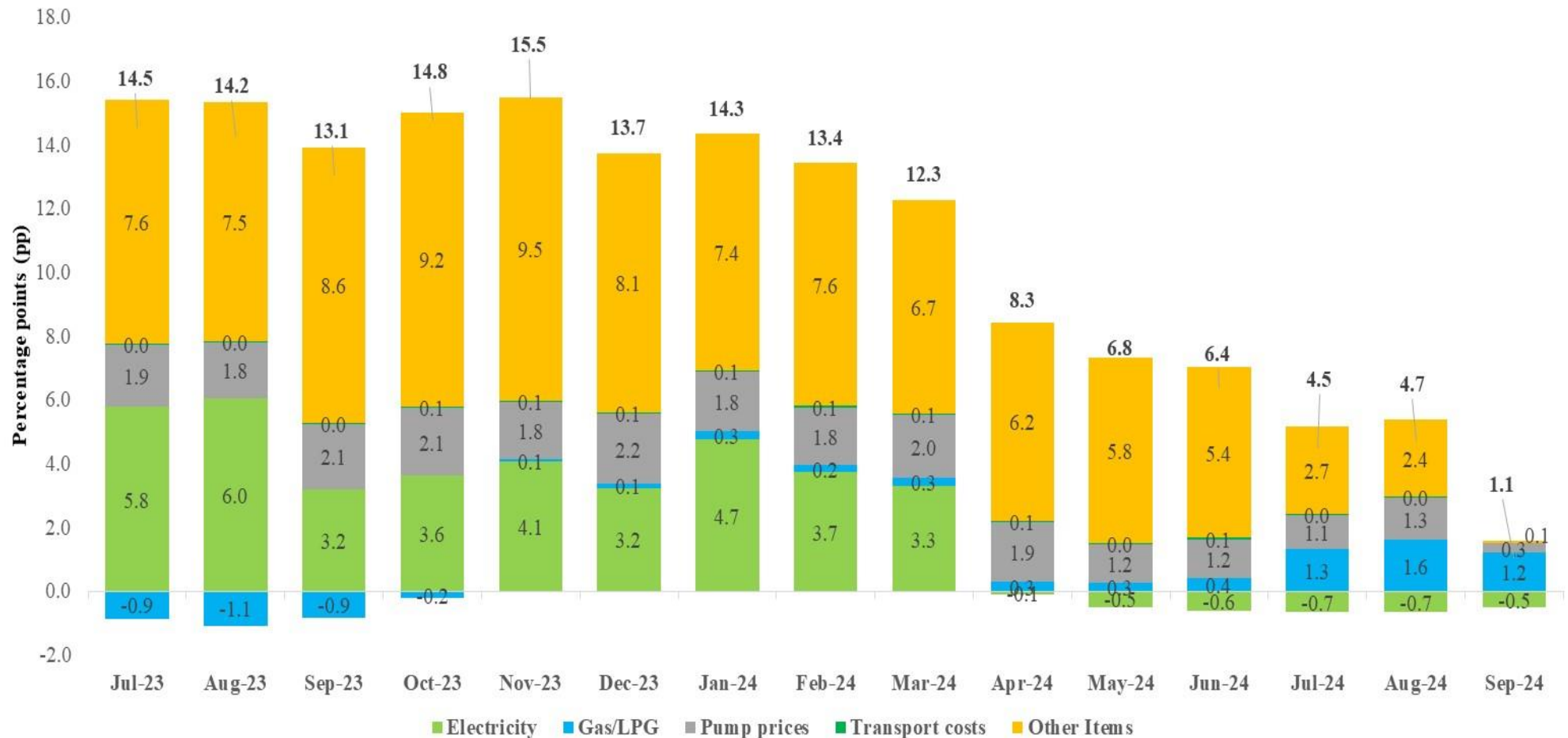
Source: KNBS

- Domestic sugar prices continued to moderate in September 2024 from the peak levels witnessed in mid-2023, reflecting improved supply, due to favorable weather conditions.
- The contribution of sugar prices to overall inflation was -0.4 percentage points in August and September 2024, down from 0.5 percentage points in January.
- Globally, sugar prices have moderated, with improved supply.

## Main drivers of fuel inflation:

Fuel inflation declined in September 2024, mainly driven by lower electricity and pump prices

### Contributions to fuel inflation (percentage points)

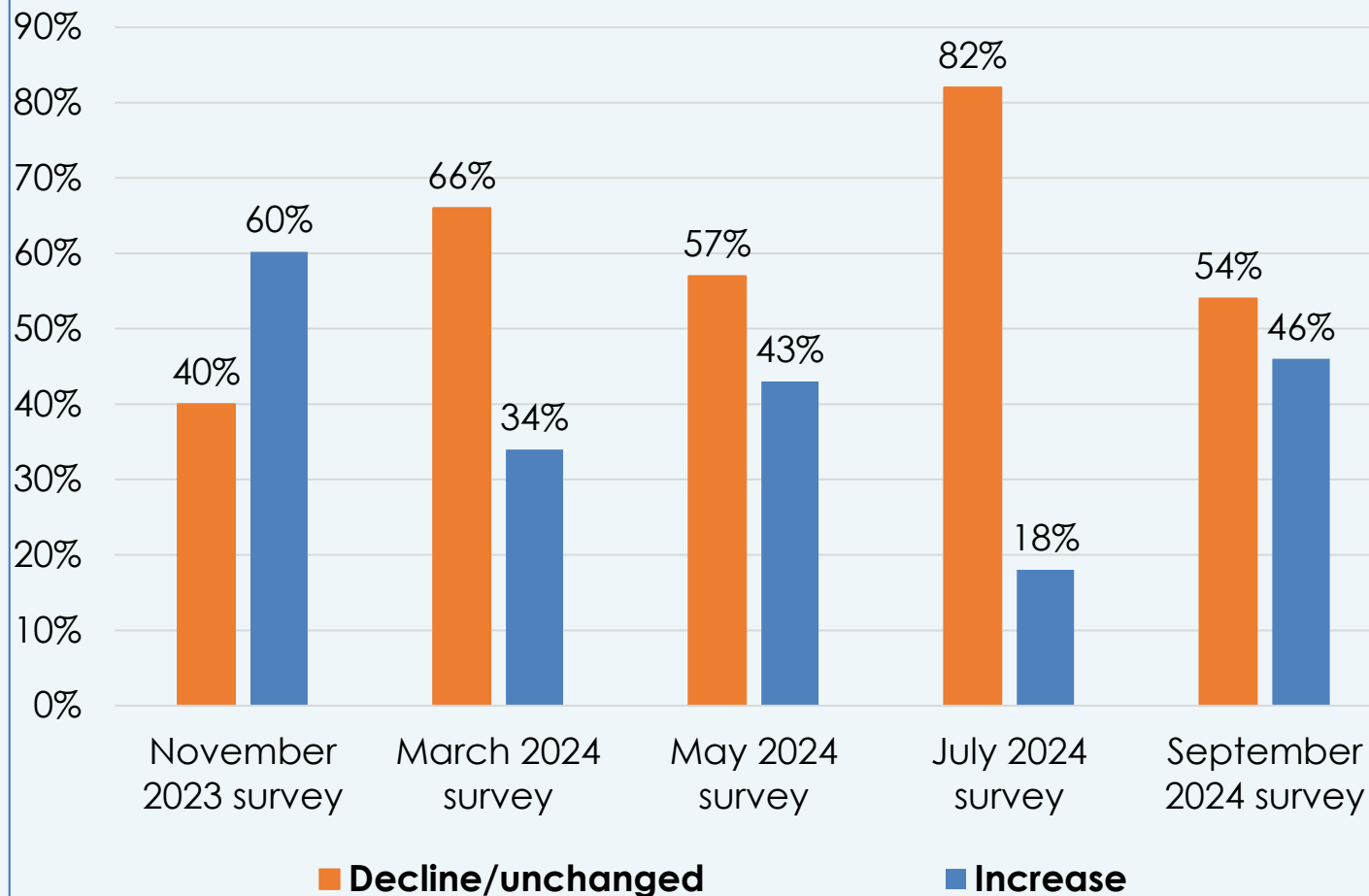


Source: KNBS and CBK

## Inflation expectations:

The September 2024 Agriculture Sector Survey shows that most respondents expect inflation to decline or remain unchanged in the next three months

### Inflation expectations in the next three months (percent of sampled respondents)



- Majority of respondents expect inflation to either remain unchanged or decrease in the next three months, on account of improved food supply with ongoing harvests, exchange rate stability, and stability in pump prices.
- Nevertheless, some respondents expect moderate upward pressure on prices of most fresh vegetables from October on account of seasonal factors mainly relating to dry weather conditions in most parts of the country.

1. Real GDP growth slowed down to 4.6 percent in 2024Q2 compared to 5.6 percent in 2023Q2:
  - This reflects deceleration in growth in most sectors of the economy.
  - Construction and mining and quarrying sectors recorded contractions.
2. The growth projection for 2024 has been revised to 5.1 percent from the previous projection of 5.4 percent, reflecting:
  - The growth outcome for 2024Q2 which shows a slowdown in growth.
  - Slowdown in private sector credit growth to several key sectors.
  - The resilience of key service sectors, robust performance in agriculture and improved exports are expected to continue supporting growth.
  - Growth will also be supported by enhanced trade initiatives, including AfCFTA, Kenya/EU EPA, Tripartite agreement between COMESA, EAC and SADC, and bilateral trade arrangements which are expected to boost exports.
3. The main risks to the growth outlook relate to the worsening geopolitical environment.

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## Domestic economic growth:

Real GDP growth projection for 2024 has been revised to 5.1 percent from 5.4 percent, mainly reflecting the slowdown in growth in 2024Q2

### Real GDP growth (y/y, percent)

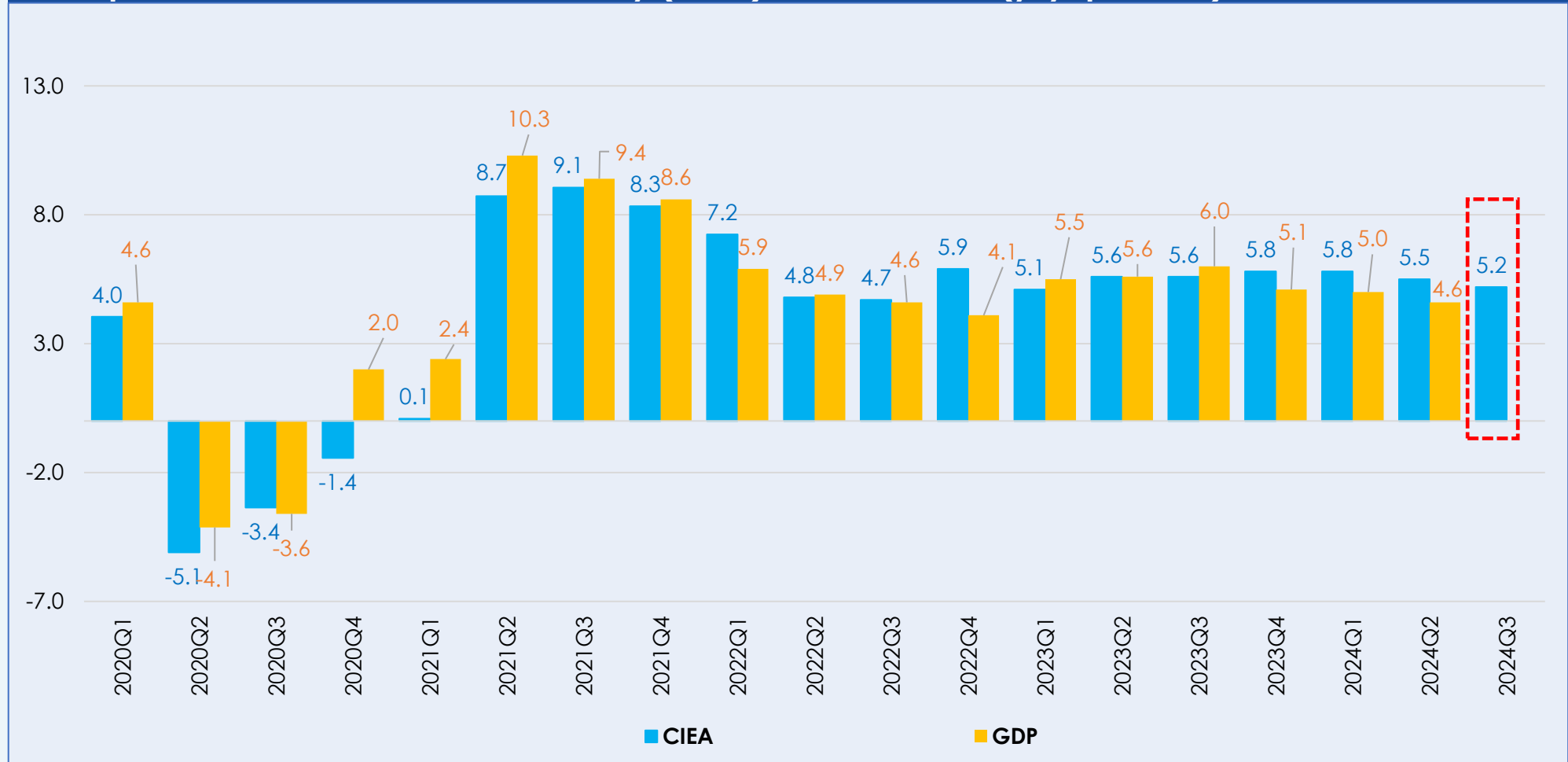
	Weight (2016- 2023)	2019 Act.	2020 Act.	2021 Act.	2022 Act.	2023 Act.	2024					2025 Proj.
							Q1 Act.	Q2 Act.	Q3 Proj.	Q4 Proj.	Annual Proj.	
<b>1. Agriculture</b>	<b>18.6</b>	<b>2.7</b>	<b>4.6</b>	<b>-0.4</b>	<b>-1.5</b>	<b>6.5</b>	<b>6.1</b>	<b>4.8</b>	<b>5.3</b>	<b>5.2</b>	<b>5.3</b>	<b>5.6</b>
<b>2. Non-Agriculture (o/w)</b>	<b>81.4</b>	<b>5.7</b>	<b>-1.4</b>	<b>9.5</b>	<b>6.3</b>	<b>5.4</b>	<b>4.7</b>	<b>4.5</b>	<b>5.2</b>	<b>5.5</b>	<b>5.0</b>	<b>5.7</b>
<b>2.1 Industry</b>	<b>17.7</b>	<b>4.0</b>	<b>3.3</b>	<b>7.5</b>	<b>3.9</b>	<b>1.9</b>	<b>0.1</b>	<b>0.6</b>	<b>2.0</b>	<b>1.9</b>	<b>1.1</b>	<b>3.5</b>
Mining & Quarrying	1.0	4.3	5.5	18.0	9.3	-6.5	-14.8	-2.7	-5.8	-7.6	-7.7	-3.0
Manufacturing	8.7	2.6	-0.3	7.3	2.6	2.0	1.2	3.2	3.1	3.2	2.7	3.1
Electricity & water supply	2.5	1.7	0.6	5.6	5.5	2.8	2.4	1.0	3.1	2.5	2.3	3.8
Construction	5.5	7.2	10.1	6.7	4.1	3.0	0.1	-2.9	1.5	1.3	0.1	4.0
<b>2.2 Services</b>	<b>55.0</b>	<b>6.5</b>	<b>-1.8</b>	<b>9.8</b>	<b>7.0</b>	<b>7.0</b>	<b>6.2</b>	<b>5.5</b>	<b>6.3</b>	<b>6.8</b>	<b>6.2</b>	<b>6.9</b>
Wholesale & Retail Trade	8.3	5.3	-0.4	8.0	3.5	2.7	4.9	4.4	5.0	5.6	5.0	6.4
Accommodation & food services	1.0	14.3	-47.7	52.6	26.8	33.6	28.0	26.6	25.0	26.7	26.6	18.0
Transport & Storage	9.8	6.3	-8.0	7.4	5.8	6.2	3.9	3.6	5.1	5.7	4.6	5.6
Information & Communication	3.0	7.0	6.0	6.1	9.0	9.3	7.8	7.2	7.9	8.0	7.7	8.6
Financial & Insurance	8.3	8.1	5.9	11.5	12.0	10.1	7.0	5.1	5.8	6.1	6.0	6.4
Public administration	5.8	8.4	7.0	6.0	5.1	4.6	5.8	5.1	5.9	5.3	5.5	4.0
Professional, Admin & Support Services	2.8	6.8	-13.7	7.1	9.5	9.5	9.9	6.8	7.2	7.5	7.8	9.0
Real estate	9.9	6.7	4.1	6.7	4.5	7.3	6.6	6.0	6.9	7.0	6.6	6.4
Education	4.7	5.7	-9.2	22.8	5.2	3.1	4.0	3.1	4.5	5.0	4.2	5.7
Health	2.2	5.5	5.6	8.9	3.4	4.9	5.5	5.5	5.1	5.0	5.3	5.3
Other services	2.2	4.3	-14.6	12.5	6.5	4.1	2.3	2.0	4.5	4.9	3.5	3.7
FISIM	-3.1	9.5	-1.8	5.3	0.2	2.7	5.8	0.9	3.1	2.9	3.2	2.7
<b>2.3 Taxes on products</b>	<b>8.6</b>	<b>3.9</b>	<b>-8.0</b>	<b>11.9</b>	<b>6.7</b>	<b>2.2</b>	<b>4.4</b>	<b>5.7</b>	<b>4.1</b>	<b>4.5</b>	<b>4.7</b>	<b>2.9</b>
<b>Real GDP Growth</b>	<b>100.0</b>	<b>5.1</b>	<b>-0.3</b>	<b>7.6</b>	<b>4.9</b>	<b>5.6</b>	<b>5.0</b>	<b>4.6</b>	<b>5.2</b>	<b>5.5</b>	<b>5.1</b>	<b>5.5</b>

Source: Kenya National Bureau of Statistics and Central Bank of Kenya

## Domestic economy:

Leading indicators point to a pickup in growth in the third quarter of 2024, reflecting the resilience of key service sectors, robust performance in agriculture and improved exports

### Composite Index of Economic Activity (CIEA) and real GDP (y/y, percent)



Source: Kenya National Bureau of Statistics and Central Bank of Kenya

## Agriculture sector performance:

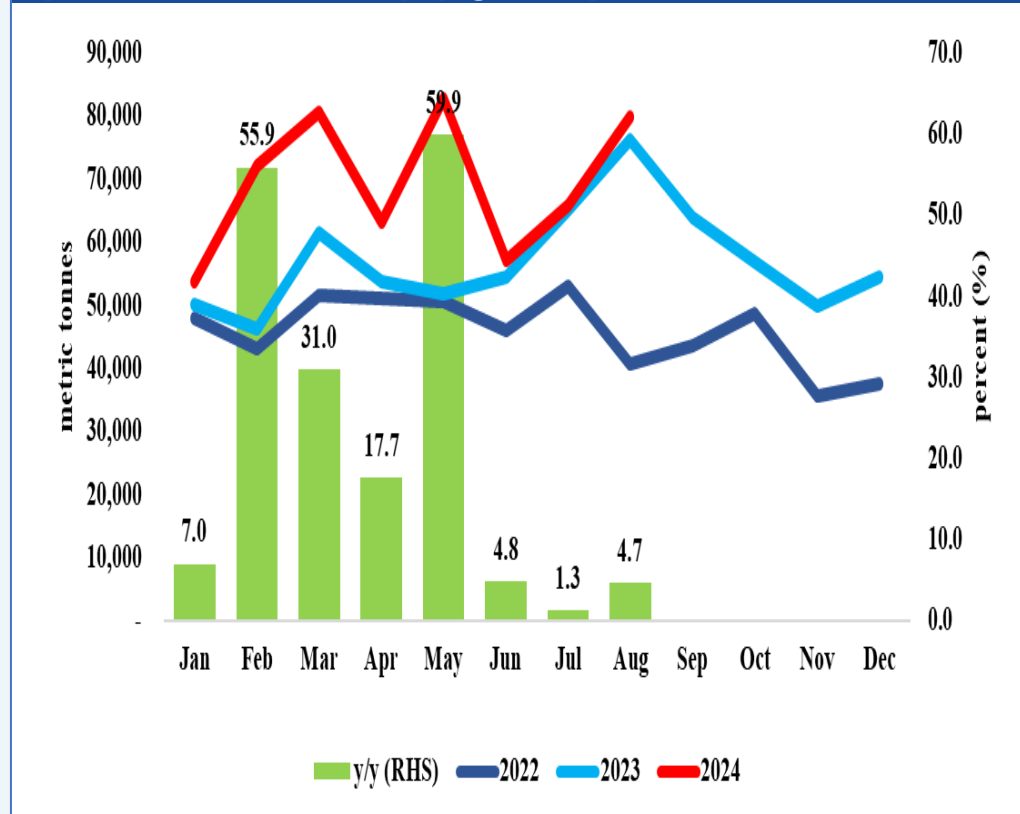
Production of key crops is projected to be strong in 2024 due to favorable weather conditions and increased usage of Government subsidized fertilizer. The volume of horticulture exports has remained strong in 2024 reflecting increased global demand

### Actual and projected production of key crops (in 90 kgs bags)

	2021	2022	2023	2024 proj.	Projected 2023-2024 Growth (%)
Maize	36,700,000	34,300,000	47,600,000	50,097,661	5.2
Wheat	3,878,889	4,096,667	3,438,889	5,356,827	55.8
Rice	1,490,350	2,136,656	2,545,156	1,828,134	-28.2
Beans	7,400,000	8,300,000	9,600,000	10,519,925	9.6
Irish Potatoes	23,333,333	20,000,000	25,555,556	29,064,433	13.7
Sorghum	1,500,000	1,300,000	2,200,000	3,258,868	48.1
Millet	700,000	700,000	1,000,000	1,132,626	13.3

Source: KNBS for actual data, and Food and Nutrition Security Report from Ministry of Agriculture for the June 2024 projections

### Volumes of horticulture exports (metric tonnes, and y/y growth)



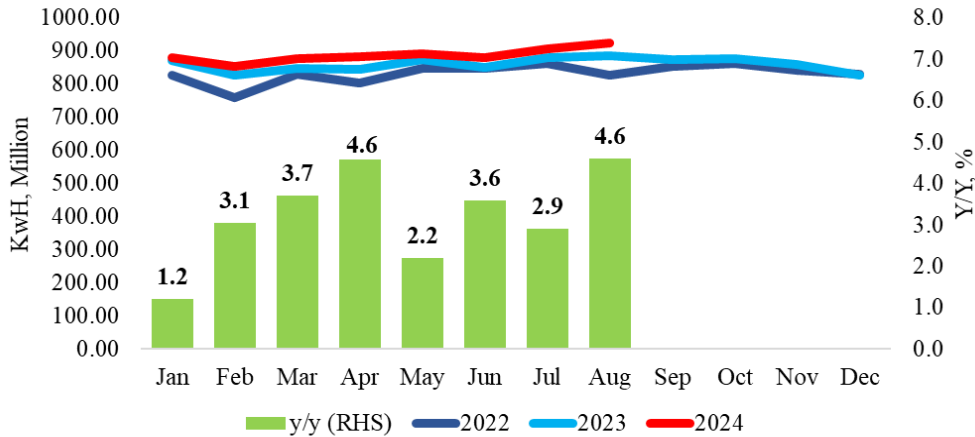
Source: KRA



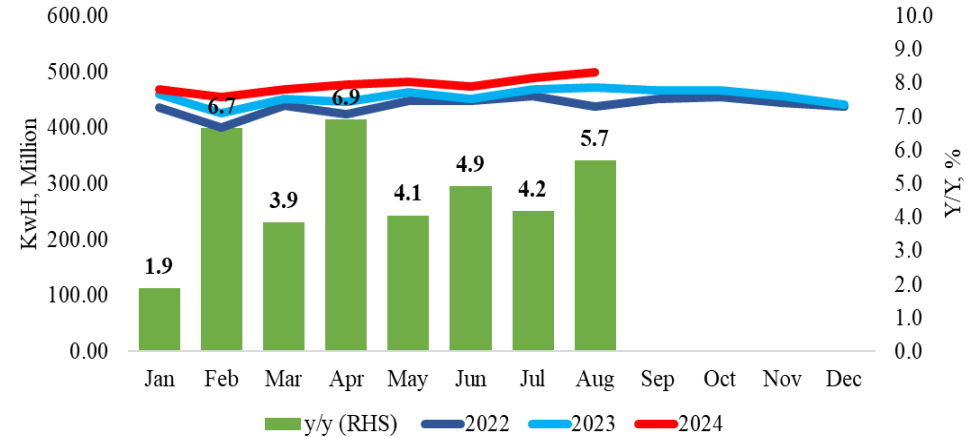
## Manufacturing sector performance:

Increased power consumption particularly by large companies, and growth in agro-processing activities, indicate improved manufacturing activity

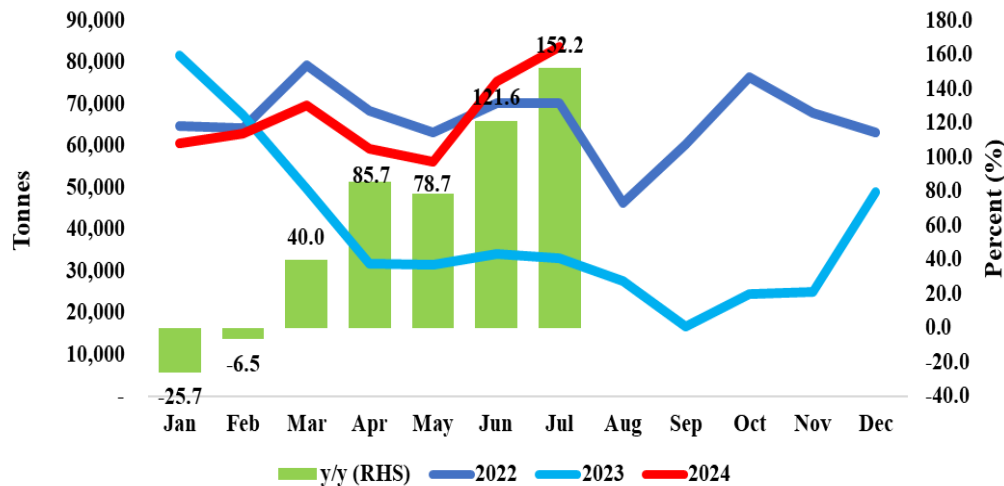
### Total Power Consumption



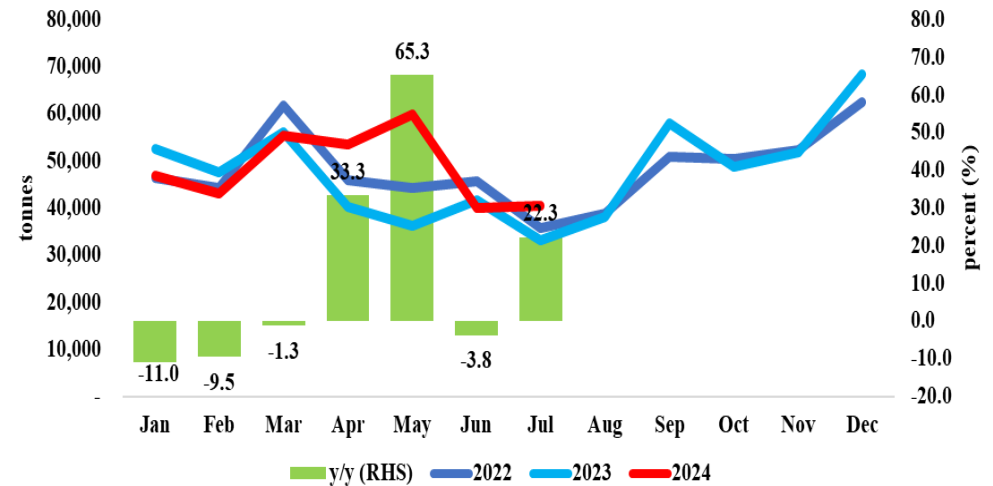
### Trends of Large Power Consumption



### Sugar Production



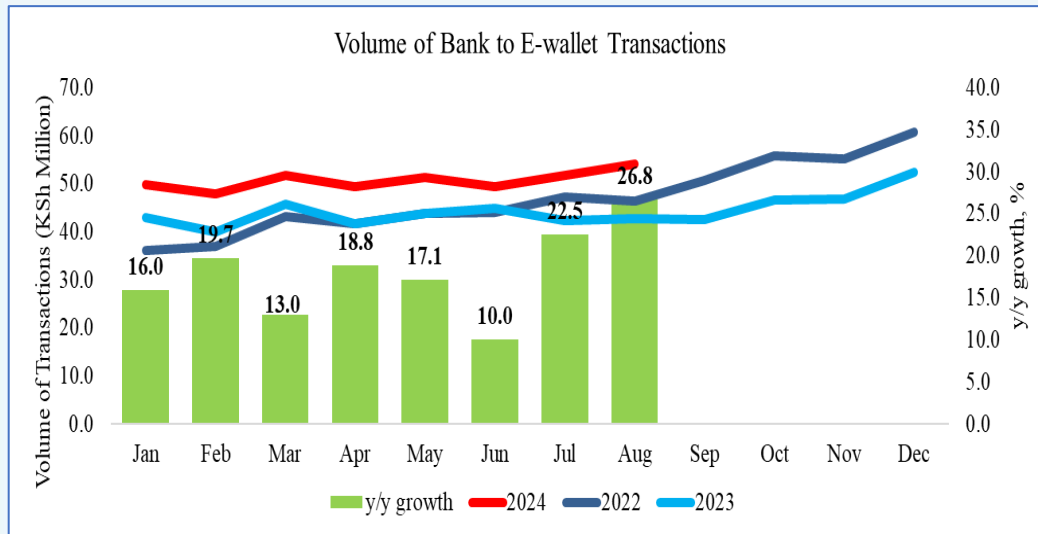
### Soft drinks Production



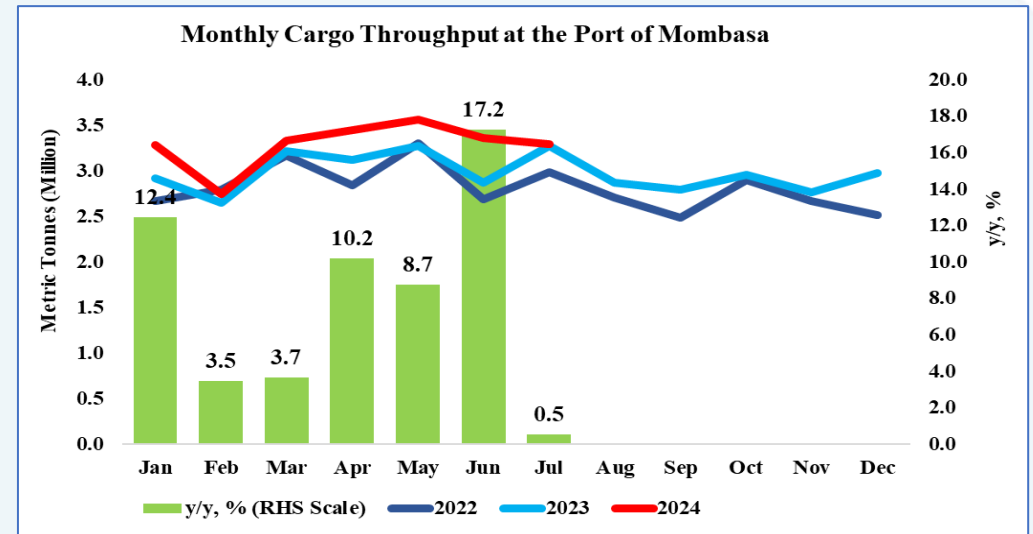
Source: KNBS

## Services sector performance:

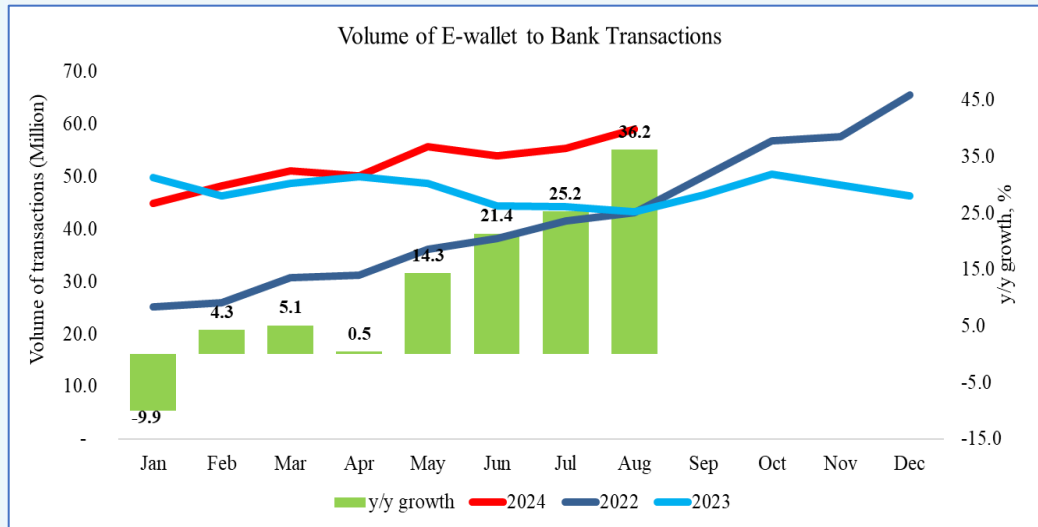
Select indicators of performance of the information and communication, transport and storage, and accommodation and food services sectors, indicate resilient performance



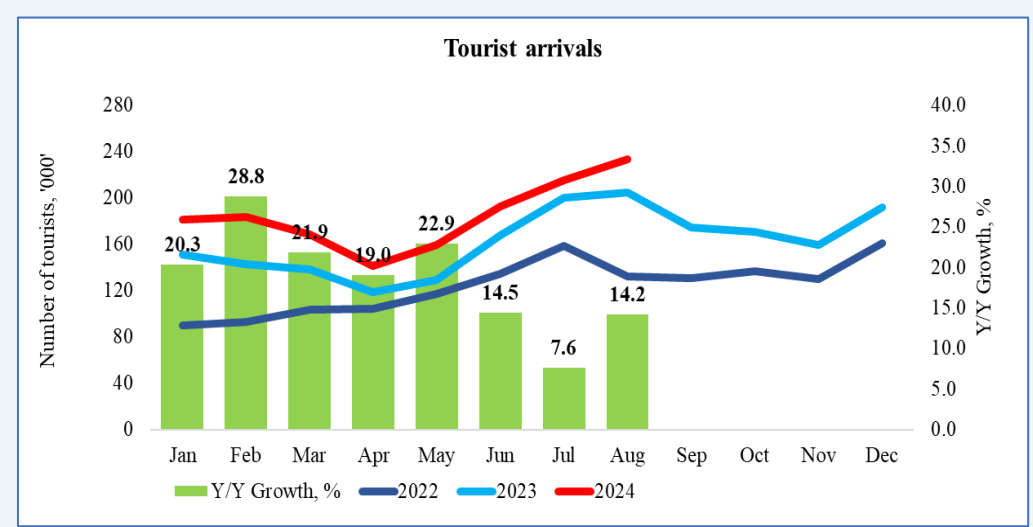
Source: CBK



Source: KNBS



Source: CBK

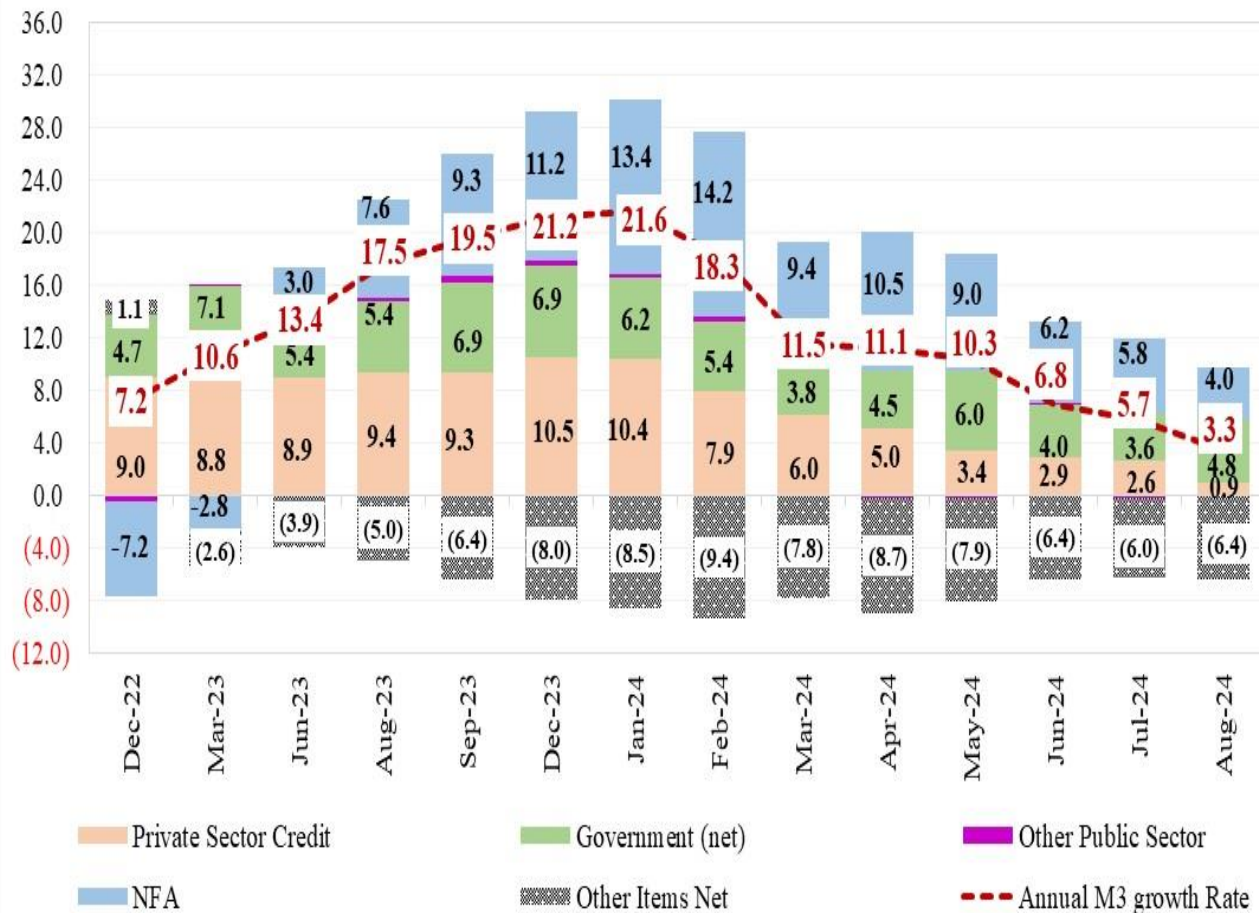


Source: Kenya Tourism Board

- Growth in money supply moderated in August 2024, partly reflecting reduced credit to private sector, and valuation effects of the appreciation of the exchange rate of the Kenya Shilling.
- The slowdown in growth of credit to private sector across most sectors, reflects;
  - Impact of exchange rate appreciation on foreign exchange loans.
  - lagged effects of previous tightening of monetary policy.
- Nevertheless, credit extended by SACCOs has been resilient, partly reflecting comparably lower lending interest rates to banks.
- Short-term interest rates eased slightly in August 2024, while average lending rates stabilized partly reflecting the impact of the reduction in the Central Bank rate (CBR).

## Monetary developments: Growth in broad money supply moderated in August 2024, partly due to slowdown private sector credit growth

### Contributions to growth in broad money supply, M3 (percentage points)



### Slowdown in M3 growth reflects:

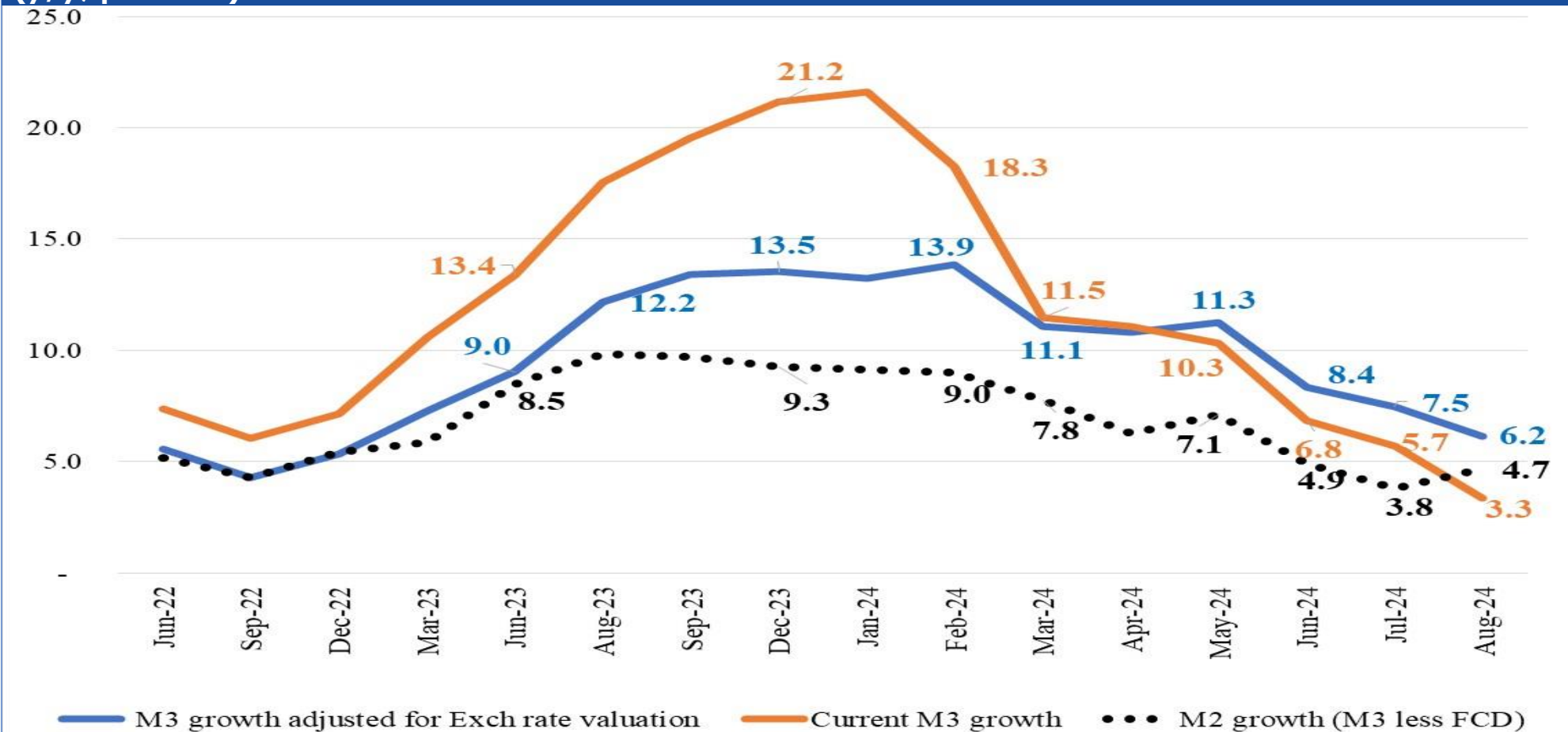
- Decreased contribution of private sector credit.
- Reduced 'other Items net', partly reflecting increased capital and reserves.
- Reduced positive contribution of net foreign assets of the banking system, partly reflecting base effects relating to G2G oil import and impact of exchange rate appreciation.

Source: CBK

## Monetary developments:

Moderation in growth in broad money supply, partly reflects exchange rate valuation effects attributed to appreciation of the Shilling

### Growth in broad money supply, M3 (y/y, percent)

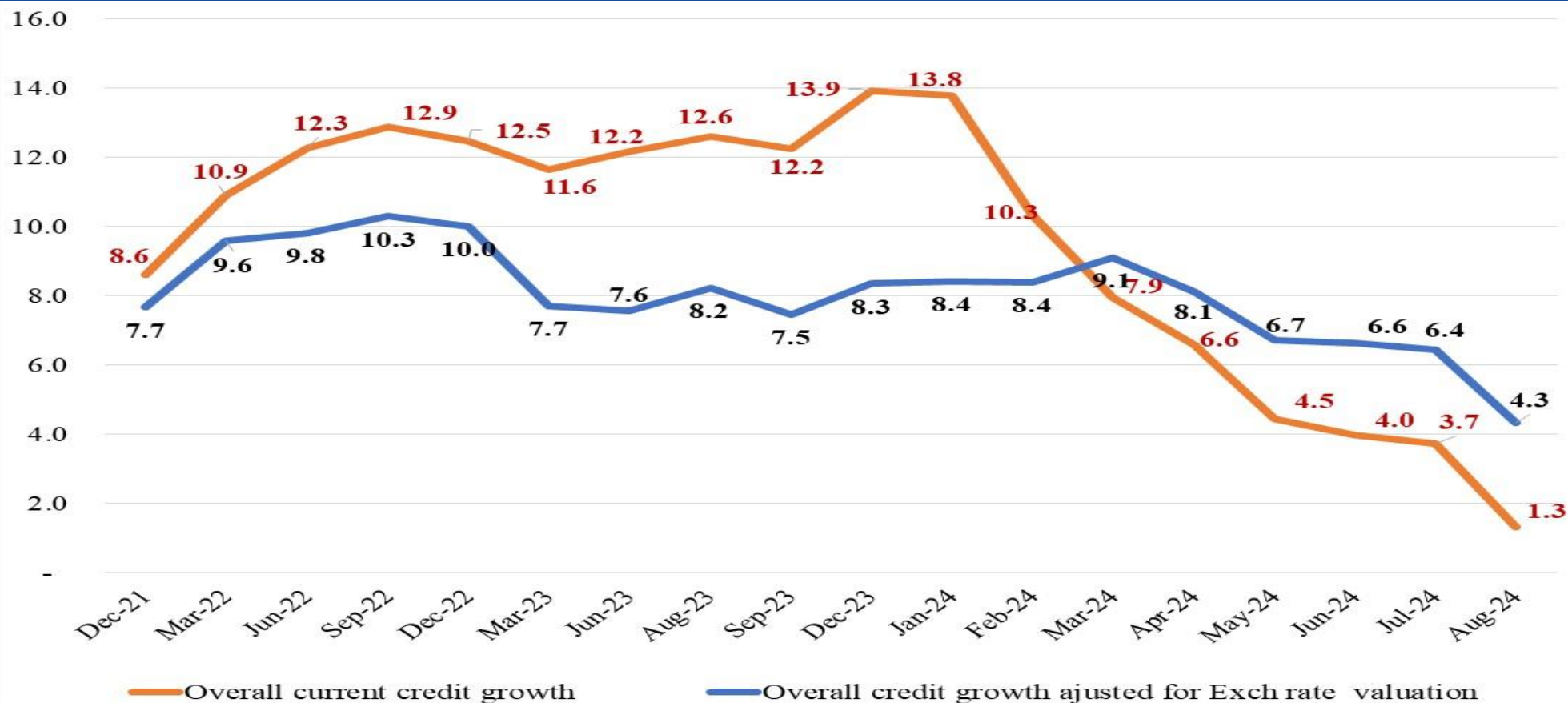


Source: CBK

## Monetary developments:

Decline in private sector credit growth is moderate when adjusted for exchange rate valuation effects on FX loans

### 12 Month growth in credit to the private sector (y/y, percent)

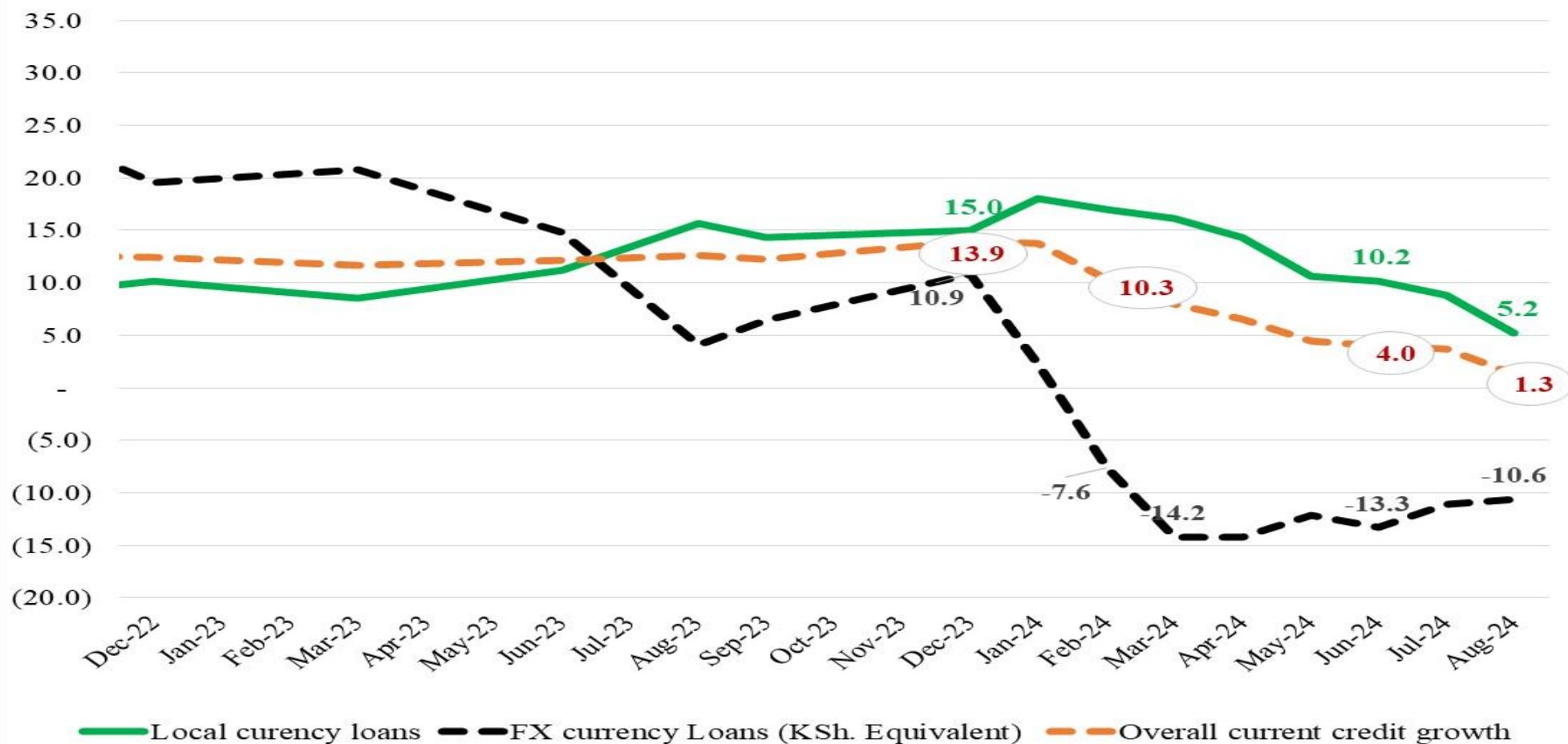


Source: CBK

## Monetary developments:

Growth in local currency loans to private sector moderated in August 2024, partly reflecting net repayments of loans and reduced credit demand

### 12 Month growth in credit to the private sector by currency (y/y, percent)

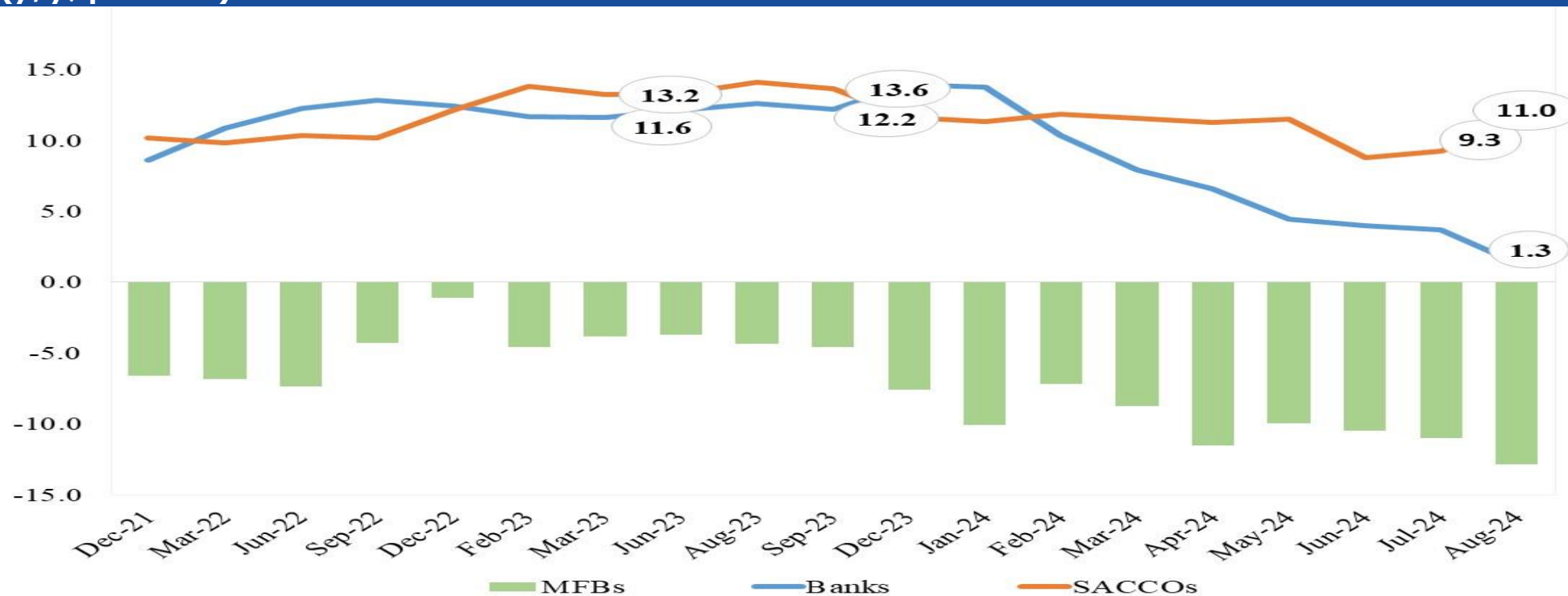


Source: CBK

## Monetary developments:

Growth in credit from SACCOs has been relatively resilient, partly due to comparably lower interest rates to banks

### 12 Month growth in credit to the private sector by banks and SACCOs (y/y, percent)



	Shares in total credit (%)								
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Jul-24	Aug-24
Saccos	14.4	14.3	14.3	14.3	14.2	14.8	14.9	15.1	15.5
MFB's	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.9
Banks	84.4	84.6	84.7	84.7	84.8	84.3	84.2	84.0	83.6

Source: CBK



## Monetary developments: Commercial banks lending interest rates published by CBK in August 2024

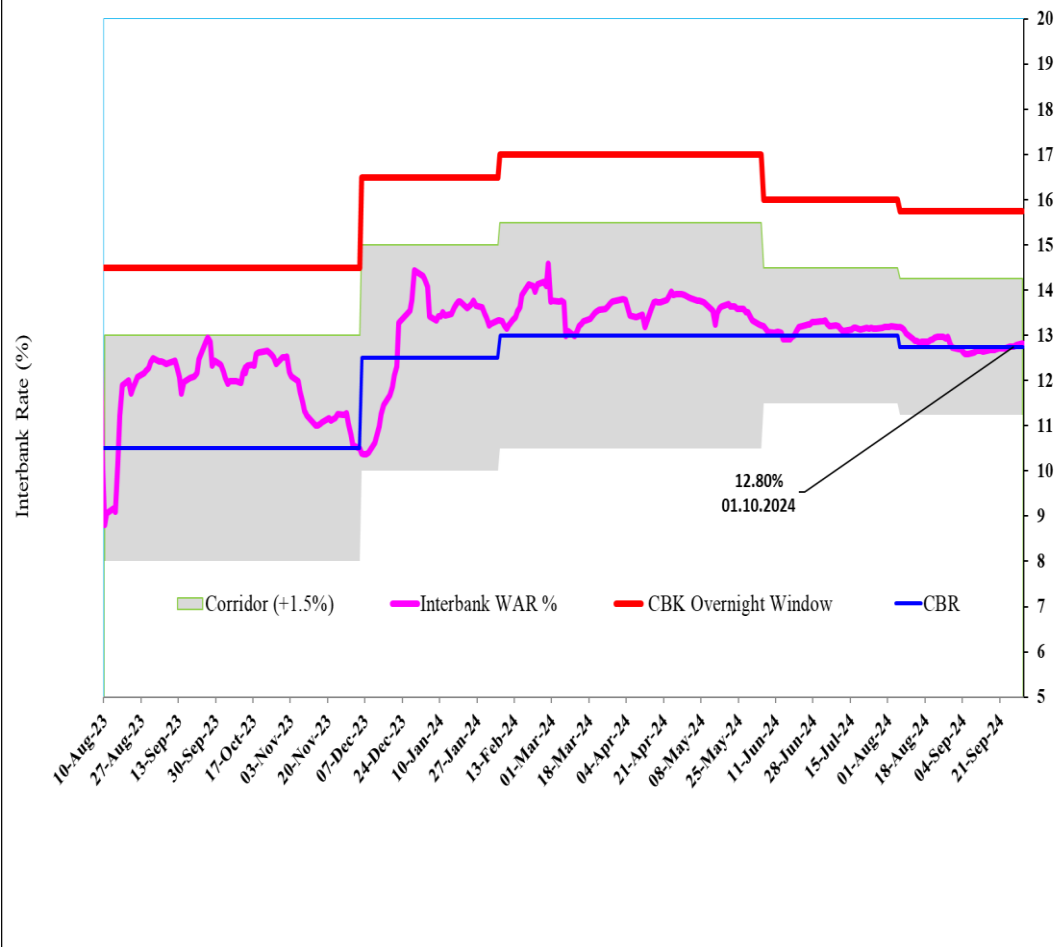
### COMMERCIAL BANKS WEIGHTED AVERAGE LENDING RATES PER LOAN CATEGORY AND MATURITY (%), AUGUST-24

Loan Category	PERSONAL			BUSINESS			CORPORATE			OVERALL RATES
	Overdraft	1-5 Years	Over 5 years	Overdraft	1-5 Years	Over 5 years	Overdraft	1-5 Years	Over 5 years	
<b>Banks</b>										
1 Premier Bank Kenya Limited	-	9.00	9.00	-	9.00	9.00	-	9.00	9.00	9.00
2 Access Bank (Kenya) PLC	11.32	11.32	-	11.35	11.40	-	11.40	11.48	11.30	11.41
3 Diamond Trust Bank Kenya Limited	12.07	11.43	12.28	12.38	12.44	12.21	12.41	12.37	12.83	12.41
4 Consolidated Bank of Kenya Limited	13.40	12.80	13.60	13.00	13.00	14.00	13.00	14.00	14.00	13.42
5 Kingdom Bank Limited	14.72	13.00	13.15	15.83	15.46	12.81	14.00	14.50	14.50	14.00
6 Ecobank Kenya Limited	4.75	9.05	14.10	10.28	13.07	17.61	6.77	19.23	20.73	14.31
7 Guardian Bank Limited	13.74	16.01	12.46	6.16	13.96	16.72	11.25	15.58	16.18	14.58
8 Co-operative Bank of Kenya Limited	12.02	15.42	15.36	12.28	16.33	16.85	16.19	15.45	11.40	15.14
9 Paramount Bank Limited	16.50	17.76	16.30	16.70	16.48	20.40	12.30	15.67	15.80	15.25
10 Bank of India	15.25	15.50	15.50	15.15	15.25	15.50	15.25	15.30	15.35	15.30
11 Habib Bank A.G Zurich	14.96	19.24	19.50	15.21	20.00	-	14.54	16.87	15.17	15.37
12 Gulf African Bank Limited	13.76	14.70	14.45	15.95	16.55	16.91	15.17	16.38	16.12	15.73
13 UBA Kenya Bank Limited	2.95	19.07	18.66	18.30	-	-	18.48	13.00	-	16.01
14 Equity Bank Kenya Limited	12.71	17.01	14.20	13.94	18.16	17.01	19.19	16.70	13.94	16.12
15 DIB Bank Kenya Limited	-	15.11	17.76	-	17.10	16.31	19.12	15.63	16.46	16.26
16 KCB Bank Kenya Limited	17.37	18.34	16.32	17.65	18.23	16.88	16.65	13.19	17.16	16.38
17 Family Bank Limited	16.97	18.63	14.48	16.83	18.56	17.25	17.10	18.02	15.53	16.42
18 National Bank of Kenya Limited	15.73	17.01	16.67	16.49	17.38	17.39	15.57	15.52	16.34	16.42
19 Development Bank of Kenya Limited	14.13	17.80	16.20	-	-	-	16.63	17.08	17.13	16.73
20 Guaranty Trust Bank (K) Ltd	17.50	20.79	21.00	16.19	19.36	-	18.03	15.62	16.52	16.78
21 Prime Bank Limited	16.59	16.74	16.79	16.51	17.27	-	16.96	16.83	16.72	16.85
22 African Banking Corporation Limited	14.37	17.17	16.57	16.86	16.28	18.78	18.03	17.31	17.74	17.22
23 Stanbic Bank Kenya Limited	16.74	19.92	17.47	16.84	20.14	19.05	13.34	19.57	19.46	17.39
24 Bank of Baroda (Kenya) Limited	17.54	17.59	17.56	17.68	17.50	17.74	17.65	17.69	17.74	17.66
25 M-Oriental Bank Limited	18.92	16.48	-	17.17	18.68	18.01	17.69	18.64	-	17.76
26 Standard Chartered Bank Kenya Limited	13.33	19.25	17.96	16.71	16.94	16.85	18.03	20.14	18.92	17.81
27 Citibank N.A Kenya	-	-	-	-	-	-	18.40	18.68	18.61	18.47
28 I&M Bank Limited	17.65	21.59	17.38	17.29	19.92	18.55	17.96	18.55	17.34	18.53
29 Bank of Africa Kenya Limited	17.93	19.82	19.31	19.49	18.96	19.13	16.75	17.74	18.59	18.61
30 NCBA Bank Kenya PLC	18.34	21.12	18.19	17.55	22.15	20.82	15.76	18.39	16.44	18.73
31 Commercial International Bank (CIB) Kenya Limited	18.74	21.44	19.02	20.00	22.23	-	18.89	20.84	18.04	19.64
32 Sidian Bank Limited	17.33	20.60	15.96	19.11	20.28	20.25	19.84	19.82	19.32	19.82
33 Victoria Commercial Bank PLC	18.91	19.93	17.34	20.81	20.56	-	20.20	19.37	20.21	19.84
34 ABSA Bank Kenya PLC	14.69	21.19	19.94	22.47	21.10	19.76	20.41	19.00	19.56	19.92
35 SBM Bank Kenya Limited	17.10	21.84	21.76	17.76	19.04	21.15	20.13	20.91	19.20	20.11
36 Credit Bank PLC	19.92	23.16	19.18	22.10	19.80	15.00	19.38	23.72	13.00	20.47
37 HFC Limited	21.93	20.90	20.01	-	-	-	21.59	21.23	20.69	20.52
38 Middle East Bank (K) Limited	25.11	21.41	10.98	19.65	21.41	27.00	23.16	20.51	22.16	21.36

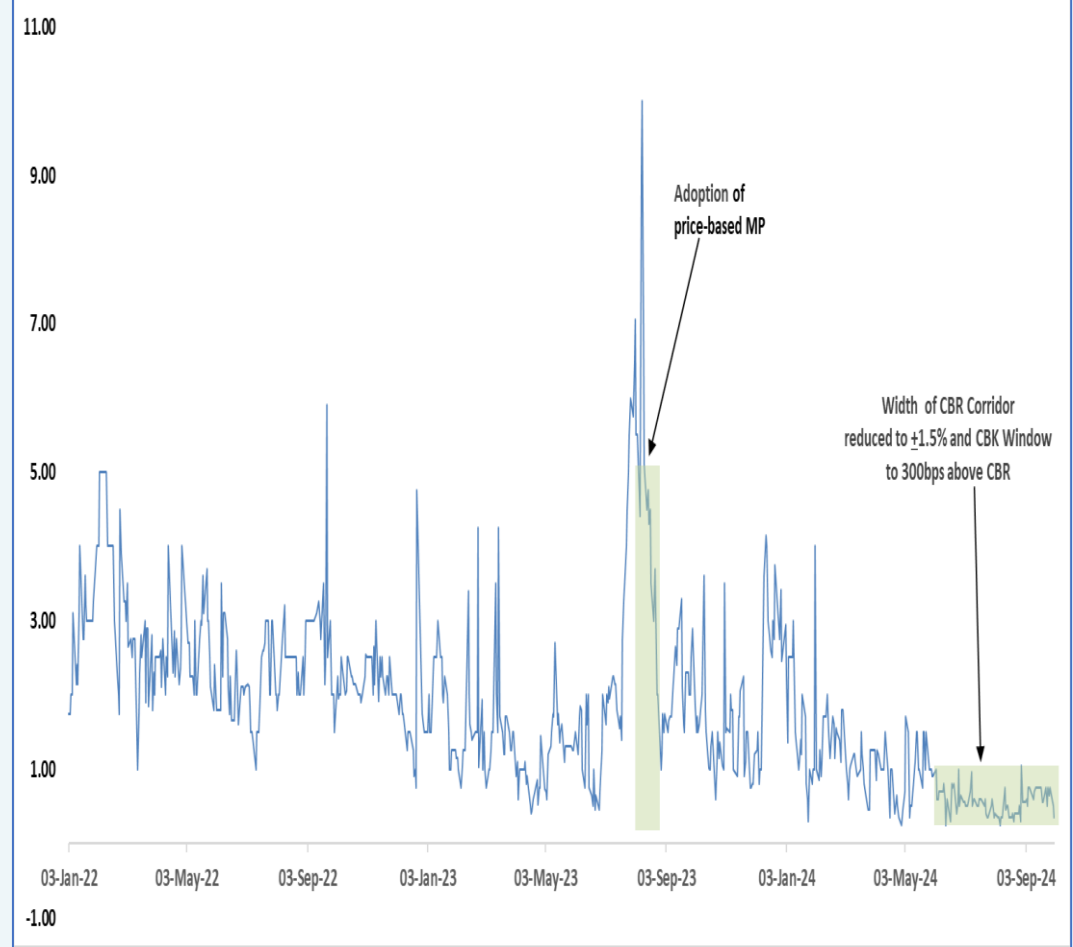
Source: CBK

# Monetary policy implementation framework: The new framework based on the corridor has aligned the interbank rate to the CBR, reduced interbank rate spreads, and improved policy transmission

Monetary policy implementation framework Since August 10, 2023



Interbank interest rate spreads since August 10, 2023



Source: CBK

- **The overall balance of payments deficit narrowed** in the 12 months to August 2024 compared to a similar period of 2023, reflecting improved goods exports, strong remittance inflows, and recovery in imports of goods.
- **The overall balance of payments is projected to be a surplus of USD 554 million in 2024**, which should result in a reserves build up of USD1,920 million, after considering IMF financing.
- **The current account deficit was 3.8 percent of GDP in the 12 months to August 2024 from 3.7 percent in the 12 months to August 2023**, reflecting a recovery in imports and lower service receipts, even as exports continued to improve and remittances remain strong.
- **The current account deficit is expected to remain stable in the medium term.** It is projected at 4.0 percent in 2024 and 2025, driven by improved exports, resilient remittances even as imports recover against a backdrop of a stable exchange rate.
- **The main external sector risks** relate to the escalation of the conflict in the Middle East, and potential volatility in international oil prices.

35.

## Balance of payments:

The overall balance of payments deficit narrowed in the 12 months to August 2024 compared to a similar period of 2023, reflecting improved goods exports, strong remittance inflows, and recovery in imports.

Balance of payments, in millions of U.S. dollars, unless otherwise indicated

	2020	2021	2022	12 Months to Aug 2023	2023	12 Months to Aug 2024	2024 Proj.	2025 Proj.
<b>Current account</b>	<b>-3,730</b>	<b>-5,601</b>	<b>-5,901</b>	<b>-4,130</b>	<b>-4,294</b>	<b>-4,300</b>	<b>-4,846</b>	<b>-5,310</b>
<b>Trade balance</b>	<b>-8,337</b>	<b>-11,139</b>	<b>-11,934</b>	<b>-10,119</b>	<b>-10,011</b>	<b>-10,141</b>	<b>-10,413</b>	<b>-11,493</b>
<b>Goods exports, f.o.b</b>	<b>6,062</b>	<b>6,787</b>	<b>7,421</b>	<b>7,287</b>	<b>7,228</b>	<b>7,931</b>	<b>8,232</b>	<b>9,261</b>
Tea	1,226	1,192	1,384	1,363	1,345	1,417	1,488	1,627
Horticulture	950	1,129	944	922	929	1,014	1,052	1,245
Manufactured Goods	380	512	622	702	686	645	638	702
Other	3,507	3,954	4,472	4,300	4,268	4,856	5,054	5,688
<b>Goods imports, f.o.b</b>	<b>14,399</b>	<b>17,926</b>	<b>19,355</b>	<b>17,407</b>	<b>17,239</b>	<b>18,073</b>	<b>18,645</b>	<b>20,754</b>
Oil Products	2,219	3,474	5,548	4,758	4,802	4,819	4,897	5,209
Other	12,181	14,365	13,588	12,649	12,436	13,254	13,748	15,544
Machinery and Transport	3,974	4,653	3,760	3,270	3,826	3,984	4,047	4,452
<b>Services balance</b>	<b>334</b>	<b>955</b>	<b>1,277</b>	<b>1,030</b>	<b>632</b>	<b>564</b>	<b>567</b>	<b>756</b>
<b>Services Credit</b>	<b>3,660</b>	<b>5,011</b>	<b>6,528</b>	<b>6,242</b>	<b>5,455</b>	<b>5,240</b>	<b>5,133</b>	<b>5,604</b>
Transport	1,084	1,634	2,425	2,284	2,024	2,078	1,947	2,126
Travel	545	843	1,107	1,174	1,019	936	948	1,061
<b>Services Debit</b>	<b>3,326</b>	<b>4,056</b>	<b>5,251</b>	<b>5,213</b>	<b>4,823</b>	<b>4,676</b>	<b>4,566</b>	<b>4,848</b>
Transport	1,118	1,572	2,149	1,865	1,717	1,658	1,643	1,769
<b>Goods and Services Balance</b>	<b>-8,003</b>	<b>-10,184</b>	<b>-10,657</b>	<b>-9,090</b>	<b>-9,378</b>	<b>-9,577</b>	<b>-9,846</b>	<b>-10,737</b>
<b>Primary income, Balance</b>	<b>-677</b>	<b>-1,533</b>	<b>-1,761</b>	<b>-1,985</b>	<b>-1,901</b>	<b>-2,027</b>	<b>-2,440</b>	<b>-2,495</b>
Credit	149	193	142	180	205	257	286	321
Debit	826	1,726	1,902	2,165	2,106	2,284	2,726	2,815
<b>Secondary income</b>	<b>4,950</b>	<b>6,116</b>	<b>6,516</b>	<b>6,944</b>	<b>6,986</b>	<b>7,305</b>	<b>7,439</b>	<b>7,922</b>
<b>Credit</b>	<b>5,026</b>	<b>6,256</b>	<b>6,563</b>	<b>7,028</b>	<b>7,079</b>	<b>7,394</b>	<b>7,537</b>	<b>8,025</b>
Remittances	3,094	3,718	4,028	4,120	4,190	4,645	4,860	5,200
Other current transfers	1,874	2,386	2,461	2,806	2,775	2,641	2,677	2,824
<b>Debit</b>	<b>76</b>	<b>140</b>	<b>47</b>	<b>84</b>	<b>93</b>	<b>89</b>	<b>98</b>	<b>103</b>
<b>Capital account</b>	<b>131</b>	<b>196</b>	<b>141</b>	<b>139</b>	<b>128</b>	<b>141</b>	<b>134</b>	<b>141</b>
<b>Financial Account</b>	<b>-1,876</b>	<b>-5,560</b>	<b>-4,159</b>	<b>-1,922</b>	<b>-2,631</b>	<b>-3,928</b>	<b>-5,112</b>	<b>-5,208</b>
<b>Foreign Direct investment</b>	<b>387</b>	<b>384</b>	<b>-251</b>	<b>-240</b>	<b>-229</b>	<b>-222</b>	<b>-696</b>	<b>-787</b>
Direct investment: assets	382	804	542	523	503	403	220	220
Direct investment: liabilities	-5	420	792	762	732	626	915	1,007
<b>Portfolio investment</b>	<b>1,321</b>	<b>182</b>	<b>710</b>	<b>760</b>	<b>673</b>	<b>820</b>	<b>-247</b>	<b>-274</b>
Portfolio investment: assets	1,045	1,042	481	554	513	328	625	648
Portfolio investment: liabilities	-276	861	-228	-206	-160	-492	871	922
Equity and investment fund shares	-276	-96	-207	-198	-160	-6	-88	-78
Debt securities	0	957	-22	-8	-1	-486	959	1,000
<b>Other investment</b>	<b>-3,572</b>	<b>-6,148</b>	<b>-4,598</b>	<b>-2,454</b>	<b>-3,159</b>	<b>-4,579</b>	<b>-4,169</b>	<b>-4,146</b>
Other investment: assets	998	85	-556	2,434	2,878	2,177	2,630	503
Other investment: liabilities	4,570	6,233	4,042	4,888	6,037	6,756	6,800	4,649
<b>Net Errors and Omissions</b>	<b>294</b>	<b>697</b>	<b>-539</b>	<b>1,128</b>	<b>527</b>	<b>-241</b>	<b>0</b>	<b>0</b>
<b>Overall balance ("-", indicates a surplus)</b>	<b>1,429</b>	<b>-852</b>	<b>2,141</b>	<b>941</b>	<b>1,008</b>	<b>472</b>	<b>-554</b>	<b>-212</b>
<b>Reserves and related items</b>	<b>-1,429</b>	<b>852</b>	<b>-2,141</b>	<b>-941</b>	<b>-1,008</b>	<b>-472</b>	<b>554</b>	<b>212</b>
Reserve assets (gross)+ve entry reflect an increase in reserve assets	-819	1,194	-1,521	-218	-628	296	1,920	499
Use of Fund credit and loans to the fund (net)	610	847	619	723	380	768	1,367	287

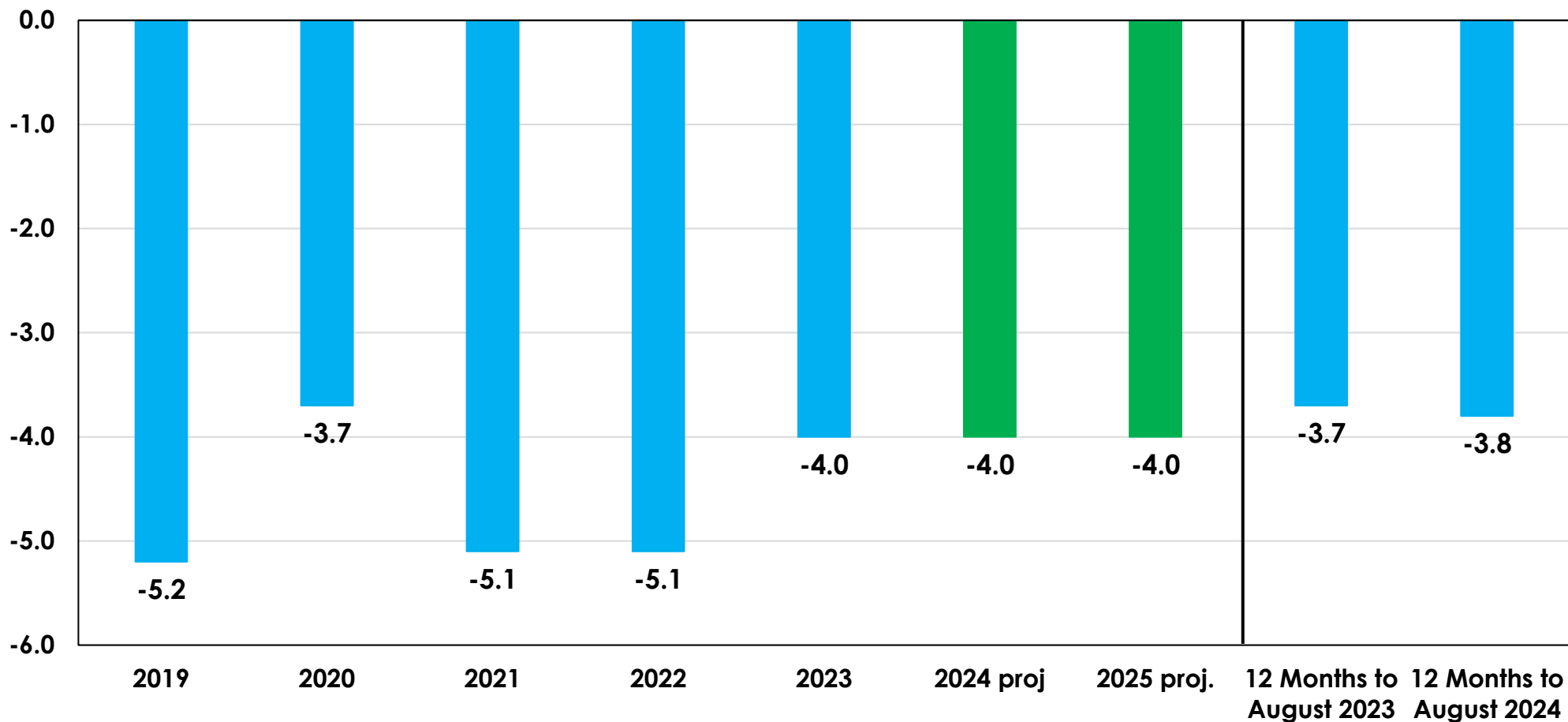
Source: CBK

36.

### Current account balance:

The current account deficit was relatively stable in the 12 months to August 2024 compared to a similar period of 2023

#### Current account balance (percent of GDP)



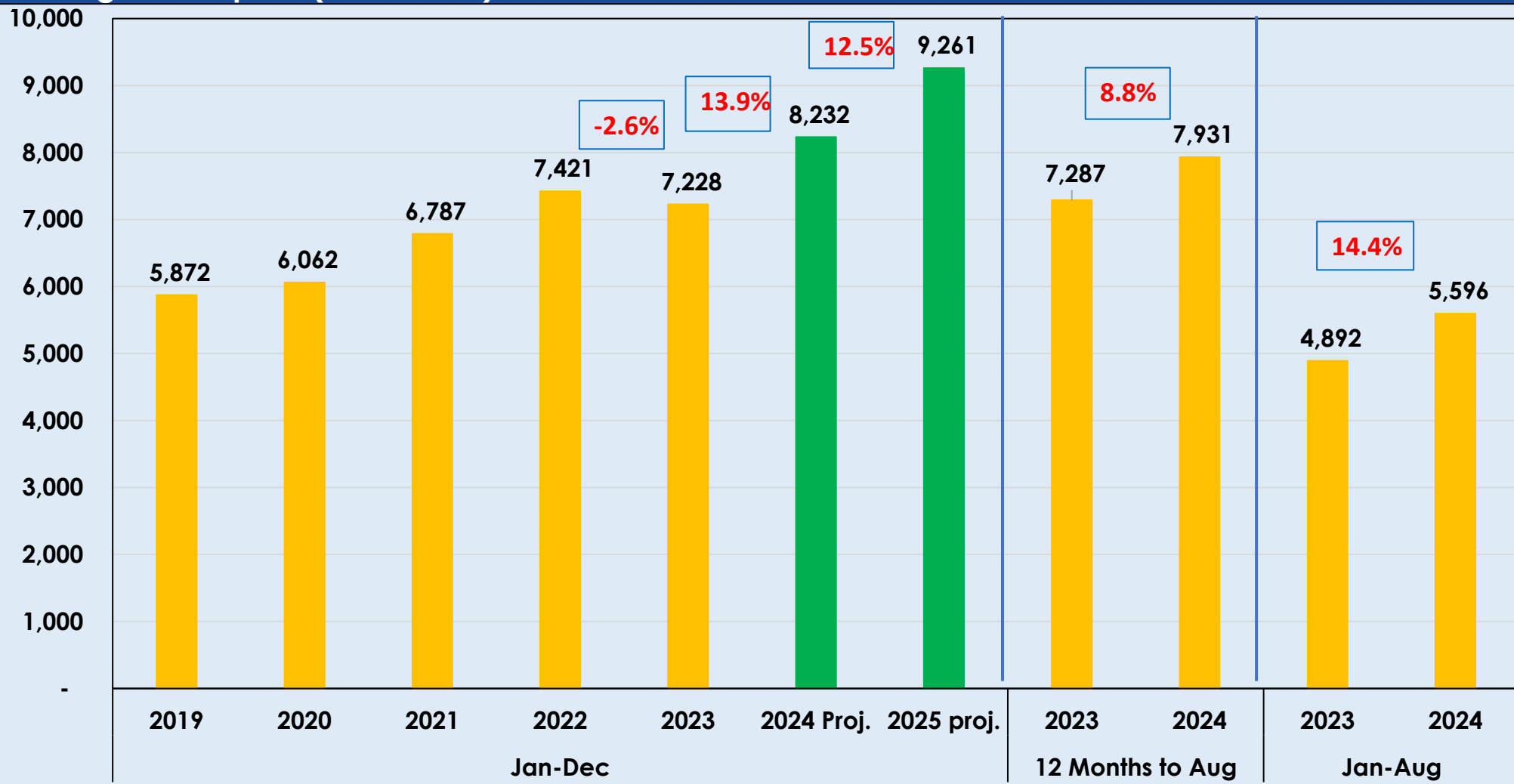
Source: CBK

37.

## Balance of payments:

Goods exports increased by 14.4 percent in the first eight months of 2024 compared to a similar period in 2023

Total goods exports (USD Million)



## Balance of payments:

The increase in exports reflects higher exports of agricultural commodities, clothing accessories, and re-exports

### Goods exports by products (USD Million)

SITC CODE	COMMODITY DESCRIPTION	Jan-Dec		% Change	12 Month to Aug		%Change	Jan-Aug			% Change	
		2022	2023	2023/22	2023	2024	2024/23	2022	2023	2024	2023/22	2024/23
<b>0</b>	<b>FOOD AND LIVE ANIMALS</b>	<b>2,773</b>	<b>2,799</b>	<b>0.9</b>	<b>2,794</b>	<b>2,945</b>	<b>5.4</b>	<b>1,886</b>	<b>1,907</b>	<b>2,053</b>	<b>1.1</b>	<b>7.7</b>
05	Vegetables and Fruits	584	590	1.1	577	658	14.1	414	407	475	-1.7	16.6
054	Vegetables	205	212	3.7	194	251	29.7	141	130	169	-7.8	30.1
057	Fruits	277	246	-11.5	267	278	4.1	202	191	223	-5.2	16.9
071	Coffee	331	266	-19.4	295	262	-11.3	257	221	217	-13.9	-2.1
0741	Tea	1,384	1,347	-2.7	1,363	1,417	3.9	913	892	962	-2.2	7.8
<b>1</b>	<b>BEVERAGES AND TOBACCO</b>	<b>164</b>	<b>144</b>	<b>-12.1</b>	<b>156</b>	<b>126</b>	<b>-19.4</b>	<b>104</b>	<b>96</b>	<b>78</b>	<b>-7.4</b>	<b>-19.0</b>
<b>2</b>	<b>CRUDE MATERIALS</b>	<b>1,256</b>	<b>1,194</b>	<b>-4.9</b>	<b>1,226</b>	<b>1,190</b>	<b>-2.9</b>	<b>867</b>	<b>836</b>	<b>832</b>	<b>-3.5</b>	<b>-0.5</b>
292711	Cut flowers	462	471	2.0	462	485	5.0	326	326	339	-0.2	4.0
<b>3</b>	<b>MINERAL FUELS</b>	<b>88</b>	<b>115</b>	<b>31.1</b>	<b>106</b>	<b>122</b>	<b>15.1</b>	<b>48</b>	<b>66</b>	<b>73</b>	<b>37.3</b>	<b>10.1</b>
<b>4</b>	<b>ANIMAL AND VEGETABLE OILS</b>	<b>226</b>	<b>162</b>	<b>-28.6</b>	<b>171</b>	<b>208</b>	<b>22.1</b>	<b>162</b>	<b>106</b>	<b>153</b>	<b>-34.5</b>	<b>44.1</b>
<b>5</b>	<b>CHEMICALS</b>	<b>606</b>	<b>608</b>	<b>0.4</b>	<b>622</b>	<b>614</b>	<b>-1.3</b>	<b>395</b>	<b>411</b>	<b>417</b>	<b>4.1</b>	<b>1.3</b>
52	Inorganic chemicals	129	99	-23.0	113	89	-20.6	86	70	60	-19.0	-14.2
54	Medical and Pharmaceutical products	103	126	22.1	117	135	15.8	71	85	93	18.3	10.2
55	Perfume materials	182	192	5.1	193	190	-1.5	121	131	130	8.9	-1.0
<b>6</b>	<b>MANUFACTURED GOODS</b>	<b>622</b>	<b>680</b>	<b>9.3</b>	<b>702</b>	<b>645</b>	<b>-8.1</b>	<b>396</b>	<b>476</b>	<b>441</b>	<b>20.1</b>	<b>-7.4</b>
64	Paper & Paperboard	62	64	2.3	67	51	-24.5	43	48	35	12.1	-26.7
66	Non - Metallic Minerals	154	212	37.8	214	207	-3.7	91	151	146	66.5	-3.7
67	Iron and Steel	233	231	-0.5	243	210	-13.7	148	159	138	7.2	-13.5
<b>7</b>	<b>MACHINERY &amp; TRANSPORT EQUIP</b>	<b>120</b>	<b>115</b>	<b>-4.1</b>	<b>124</b>	<b>107</b>	<b>-13.4</b>	<b>78</b>	<b>82</b>	<b>74</b>	<b>5.2</b>	<b>-9.4</b>
<b>8</b>	<b>MISCELLANEOUS MAN. ARTICLES</b>	<b>689</b>	<b>606</b>	<b>-12.2</b>	<b>628</b>	<b>684</b>	<b>8.9</b>	<b>474</b>	<b>412</b>	<b>490</b>	<b>-13.0</b>	<b>19.0</b>
<b>9</b>	<b>COMMODITIES &amp; TRANSACTIONS</b>	<b>33</b>	<b>33</b>	<b>0.5</b>	<b>27</b>	<b>30</b>	<b>13.6</b>	<b>24</b>	<b>18</b>	<b>15</b>	<b>-25.0</b>	<b>-13.8</b>
	<b>DOMESTIC EXPORTS (captured)</b>	<b>6,576</b>	<b>6,455</b>	<b>-1.8</b>	<b>6,554</b>	<b>6,683</b>	<b>2.0</b>	<b>4,433</b>	<b>4,411</b>	<b>4,639</b>	<b>-0.5</b>	<b>5.2</b>
	<b>RE-EXPORTS</b>	<b>795</b>	<b>722</b>	<b>-9.2</b>	<b>689</b>	<b>1,195</b>	<b>73.5</b>	<b>557</b>	<b>451</b>	<b>924</b>	<b>-19.1</b>	<b>105.1</b>
	<b>TOTAL EXPORTS</b>	<b>7,371</b>	<b>7,177</b>	<b>-2.6</b>	<b>7,243</b>	<b>7,878</b>	<b>8.8</b>	<b>4,990</b>	<b>4,861</b>	<b>5,563</b>	<b>-2.6</b>	<b>14.4</b>
	<b>ADJUSTMENTS FOR BOP</b>	<b>-50.0</b>	<b>-50.8</b>	<b>1.6</b>	<b>-44.5</b>	<b>-30.5</b>	<b>-31.5</b>	<b>-36.7</b>	<b>-31.3</b>	<b>-10.9</b>	<b>-14.9</b>	<b>-65.0</b>
	<b>TOTAL EXPORTS BOP (FOB)</b>	<b>7,421</b>	<b>7,228</b>	<b>-2.6</b>	<b>7,287</b>	<b>7,909</b>	<b>8.5</b>	<b>5,026</b>	<b>4,892</b>	<b>5,574</b>	<b>-2.7</b>	<b>13.9</b>

Source: CBK, KRA

39.

**Balance of payments:**

Export earnings from horticulture have increased, reflecting higher export quantities

**Quantities and Values of of horticulture Exports**

Volumes(000 tonnes)	Jan-Dec			12 Months to Aug		% Change	Jan-Aug		% Change
	2021	2022	2023	2023	2024	2024/23	2023	2024	2024/23
Vegetables	252	168	268	212	360	69.7	155	249	61.2
Fruits and Nuts	156	176	213	211	221	4.8	168	176	4.9
Cut Flowers	136	127	130	130	126	-3.0	89	84	-4.9
Horticulture	544	471	611	553	707	27.9	411	509	24.0
Values(USD-Millions)	Jan-Dec			12 Months to Aug		% Change	Jan-Aug		% Change
	2021	2022	2023	2023	2024	2024/23	2023	2024	2024/23
Vegetables	296	205	213	194	251	29.4	130	169	30.1
Fruits and Nuts	282	277	245	267	278	4.1	191	223	16.9
Cut Flowers	551	462	471	462	485	5.0	326	339	4.0
Horticulture	1129	944	929	923	1014	9.8	646	731	13.1

Source: KRA

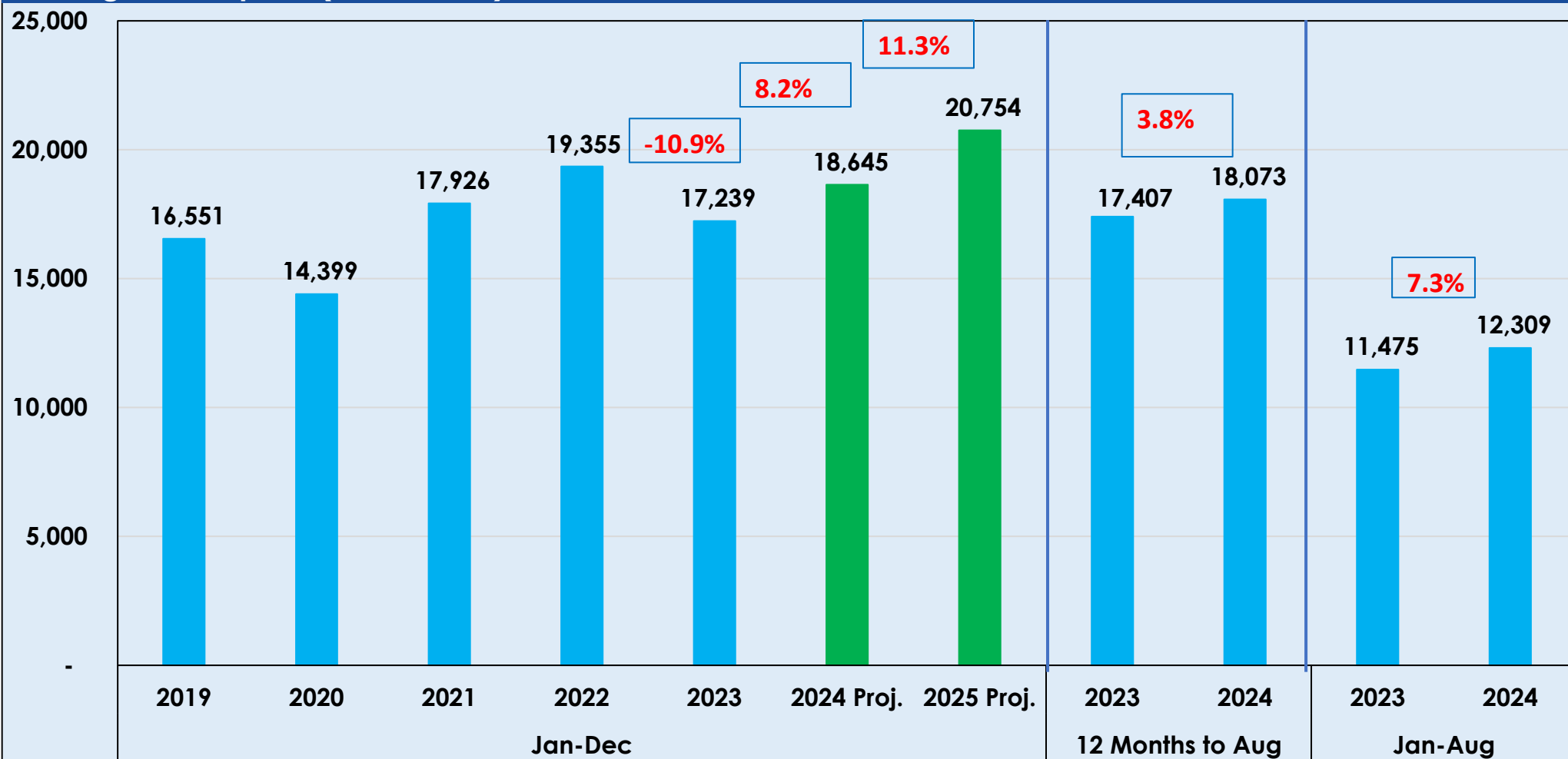


40.

## Balance of payments:

Goods imports increased by 7.3 percent in the first eight months of 2024 compared to a similar period of 2023

### Total goods imports (USD Million)



Source: CBK, KRA

41.

## Balance of payments:

The increase in imports in the first eight months of 2024 was mainly in miscellaneous manufactures, machinery and transport equipment, and crude materials.

### Goods imports by products (USD Million)

SITC CODE	COMMODITY DESCRIPTION	Jan-Dec		% Change	12 Month to Aug		% Change	Jan-Aug			% Change	
		2022	2023	2023/22	2023	2024	2024/23	2022	2023	2024	2023/22	2024/23
<b>0</b>	<b>FOOD AND LIVE ANIMALS</b>	<b>2,094</b>	<b>2,370</b>	<b>13.2</b>	<b>2,472</b>	<b>1,981</b>	<b>-19.9</b>	<b>1,335</b>	<b>1,713</b>	<b>1,323</b>	<b>28.3</b>	<b>-22.7</b>
04	Cereals	1,227	1,319	7.5	1,511	1,027	-32.1	784	1,069	776	36.2	-27.4
041	Wheat	659	674	2.2	741	611	-17.6	410	492	430	20.1	-12.7
044	Maize	207	163	-21.3	480	281	-41.4	190	380	262	99.8	-31.1
06	Sugar	236	406	71.5	187	91	-51.3	150	129	57	-13.7	-55.9
<b>1</b>	<b>BEVERAGES AND TOBACCO</b>	<b>132</b>	<b>118</b>	<b>-10.1</b>	<b>290</b>	<b>403</b>	<b>39.1</b>	<b>82</b>	<b>83</b>	<b>64</b>	<b>1.1</b>	<b>-23.2</b>
11	Beverages	91	89	-2.8	132	99	-25.2	58	58	59	0.6	0.7
12	Tobacco	40	30	-26.6	41	10	-75.6	24	25	5	2.4	-79.7
<b>2</b>	<b>CRUDE MATERIALS</b>	<b>469</b>	<b>487</b>	<b>3.8</b>	<b>2</b>	<b>2</b>	<b>15.5</b>	<b>295</b>	<b>307</b>	<b>373</b>	<b>4.0</b>	<b>21.4</b>
24	Cork and Wood	54	43	-21.2	47	44	-7.4	36	30	31	-18.4	4.1
269	Worn clothing & other worn textiles	169	187	10.7	184	198	7.6	108	123	134	14.0	8.9
27	Crude fertilizers	39	25	-35.6	27	28	5.1	27	15	19	-43.1	22.8
28	Metalliferous ores & metal scrap	41	70	68.5	61	95	56.3	15	35	61	132.1	74.5
<b>3</b>	<b>MINERAL FUELS</b>	<b>5,548</b>	<b>4,769</b>	<b>-14.0</b>	<b>4,758</b>	<b>4,819</b>	<b>1.3</b>	<b>3,873</b>	<b>3,083</b>	<b>3,133</b>	<b>-20.4</b>	<b>1.6</b>
334112	Motor spirit(premium)	1,584	1,392	-12.1	1,355	1,453	7.3	1,111	882	943	-20.7	7.0
334211	Jet fuel(kerosene type)	773	709	-8.3	694	789	13.6	506	427	507	-15.6	18.7
334301	Diesel oil	2,272	1,931	-15.0	1,993	1,794	-10.0	1,558	1,278	1,140	-18.0	-10.8
<b>4</b>	<b>ANIMAL &amp; VEGETABLE OILS</b>	<b>1,215</b>	<b>997</b>	<b>-18.0</b>	<b>1,032</b>	<b>935</b>	<b>-9.3</b>	<b>878</b>	<b>694</b>	<b>633</b>	<b>-20.9</b>	<b>-8.8</b>
4222	Palm oil	1,085	837	-22.9	884	806	-8.9	777	576	545	-25.8	-5.4
43	Animal and Vegetable Fats	77	75	-2.4	74	55	-25.5	63	59	39	-5.5	-34.5
<b>5</b>	<b>CHEMICALS</b>	<b>3,277</b>	<b>2,896</b>	<b>-11.6</b>	<b>2,947</b>	<b>3,062</b>	<b>3.9</b>	<b>2,310</b>	<b>1,981</b>	<b>2,147</b>	<b>-14.3</b>	<b>8.4</b>
54	Medicinal & Pharm.	791	649	-17.9	673	728	8.1	568	450	528	-20.8	17.5
55	Essential Oils	231	226	-1.9	211	250	18.3	159	139	163	-12.3	16.9
56	Manufactured Fert.	414	469	13.1	530	354	-33.2	253	368	254	45.7	-31.1
57	Plastics in Pri. Form	706	586	-17.1	560	635	13.4	519	373	423	-28.1	13.3
59	Chemical Mtrls & Prdts.	432	392	-9.3	412	467	13.2	295	275	350	-6.7	27.2
<b>6</b>	<b>MANUFACTURED GOODS</b>	<b>3,469</b>	<b>2,654</b>	<b>-23.5</b>	<b>2,790</b>	<b>2,629</b>	<b>-5.8</b>	<b>2,489</b>	<b>1,810</b>	<b>1,784</b>	<b>-27.3</b>	<b>-1.4</b>
64	Paper, Paperboard and articles	472	376	-20.3	330	337	2.1	338	248	272	-26.7	9.7
65	Textile Yarn, Fabrics & Articles	652	540	-17.3	529	630	19.1	465	341	432	-26.6	26.5
66	Non. Metallic Mineral Manufactures	1,282	192	-85.0	197	194	-1.5	193	128	130	-33.4	1.5
67	Iron and Steel	178	870	388.9	987	697	-29.4	934	639	467	-31.6	-27.0
69	Metal Manufactures	375	296	-20.9	301	300	-0.3	267	194	198	-27.4	2.1
<b>7</b>	<b>MACHINERY &amp; TRANSPORT EQUIP</b>	<b>3,760</b>	<b>3,252</b>	<b>-13.5</b>	<b>3,270</b>	<b>3,984</b>	<b>21.8</b>	<b>2,584</b>	<b>2,094</b>	<b>2,826</b>	<b>-18.9</b>	<b>34.9</b>
72	Mach. for Part. Inds.	576	460	-20.1	512	448	-12.5	381	316	304	-16.9	-3.9
74	Gen. Ind.Mach.	545	519	-4.7	479	654	36.6	379	313	447	-17.5	43.1
77	Elec. Mach.	732	585	-20.1	562	676	20.3	538	368	459	-31.6	24.8
78	Road vehicles	997	835	-16.3	886	871	-1.7	680	569	605	-16.3	6.3
79	Other Transport Equipment	207	193	-6.8	196	506	157.9	112	102	415	-9.4	308.7
<b>8</b>	<b>MISCELLANEOUS MANUF.</b>	<b>1,124</b>	<b>1,027</b>	<b>-8.6</b>	<b>950</b>	<b>1,186</b>	<b>24.8</b>	<b>779</b>	<b>606</b>	<b>764</b>	<b>-22.3</b>	<b>26.2</b>
<b>9</b>	<b>COMMODITIES &amp; TRANSACTIONS</b>	<b>140</b>	<b>280</b>	<b>99.9</b>	<b>232</b>	<b>376</b>	<b>62.0</b>	<b>79</b>	<b>171</b>	<b>267</b>	<b>116.8</b>	<b>56.2</b>
	<b>TOTAL IMPORTS (CIF)</b>	<b>21,091</b>	<b>18,580</b>	<b>-11.9</b>	<b>18,846</b>	<b>19,247</b>	<b>2.1</b>	<b>14,627</b>	<b>12,382</b>	<b>13,048</b>	<b>-15.3</b>	<b>5.4</b>
	<b>ADJUSTMENTS FOR BOP</b>	<b>1,736</b>	<b>1,342</b>	<b>-22.7</b>	<b>1,439</b>	<b>1,174</b>	<b>-18.4</b>	<b>1,203</b>	<b>907</b>	<b>739</b>	<b>-24.6</b>	<b>-18.5</b>
	<b>TOTAL IMPORTS BOP (FOB)</b>	<b>19,355</b>	<b>17,239</b>	<b>-10.9</b>	<b>17,407</b>	<b>18,073</b>	<b>3.8</b>	<b>13,424</b>	<b>11,475</b>	<b>12,309</b>	<b>-14.5</b>	<b>7.3</b>

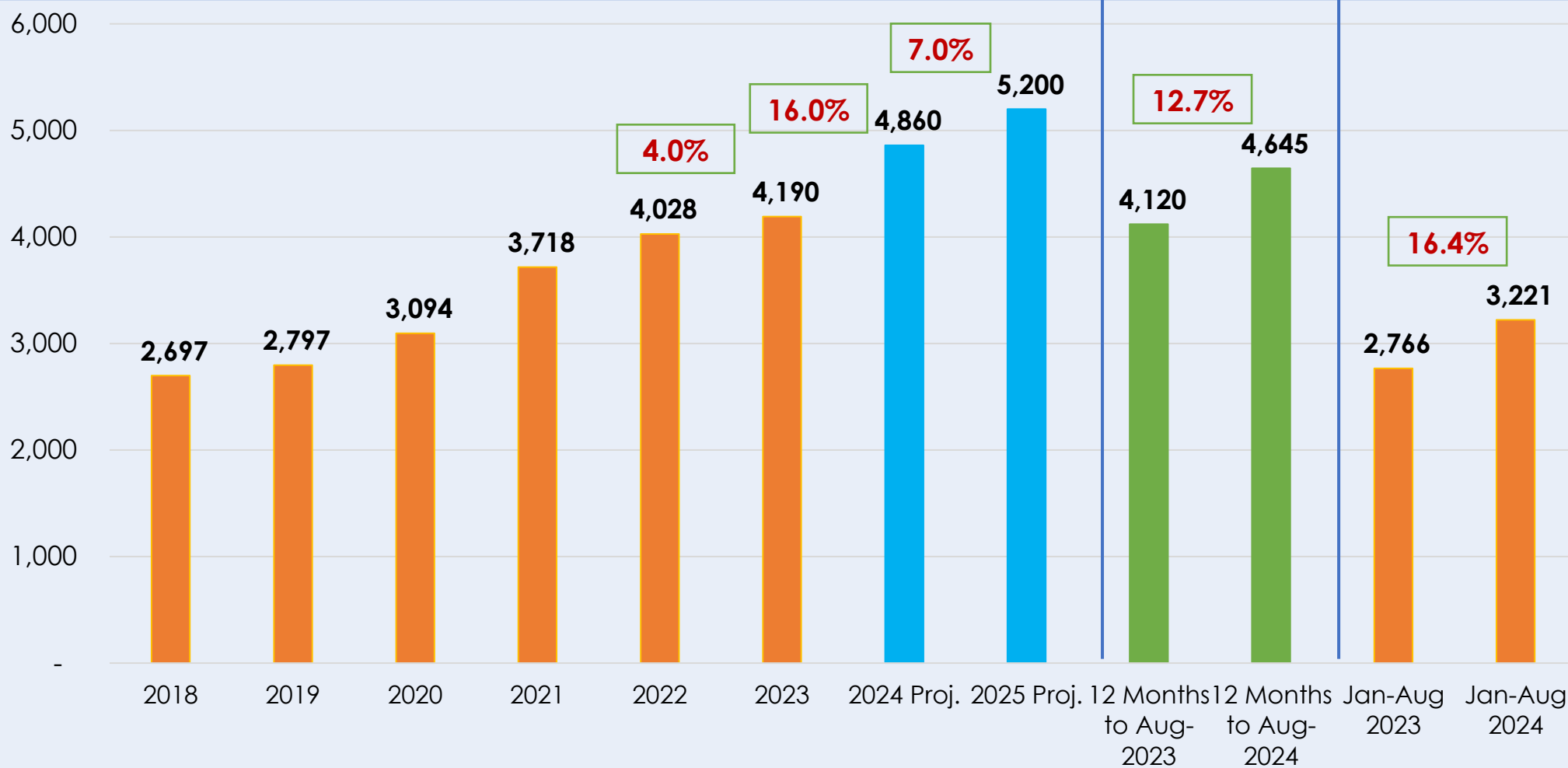
Source: CBK, KRA

42.

## Diaspora remittances:

Remittances have remained strong, growing by 16.4 percent in the first eight months of 2024 compared to a similar period in 2023

Diaspora remittances inflows (USD, Million)



Source: CBK

## Diaspora remittances:

The increase in remittance inflows reflects higher inflows from key source markets, and diversification to non-traditional source markets

### Diaspora remittances inflows by source country (USD, Million)

		Jan-Dec			Deviation (%)	12 Months to August			Deviation (%)	Jan-August		
		2021	2022	2023		2023	2024	Deviation (%)		2023	2024	Deviation (%)
1	United States of America	2,242	2,334	2,340	0.3	2,323	2,492	7.3	1,554	1,706	9.7	
2	Saudi Arabia	185	302	370	22.3	359	396	10.2	246	272	10.7	
3	United Kingdom	319	333	334	0.3	350	346	-1.0	229	241	5.3	
4	Germany	116	130	176	35.7	152	206	35.8	105	135	28.5	
5	Australia	89	106	107	0.9	93	154	65.8	63	111	74.5	
6	Canada	87	79	83	4.9	75	116	55.1	50	82	65.4	
7	United Arab Emirates	57	62	66	6.4	62	110	78.2	44	89	102.4	
8	Tanzania	49	56	78	38.7	67	83	24.2	36	48	33.5	
9	Qatar	75	87	48	-44.7	63	60	-4.5	36	48	33.5	
10	Uganda	30	28	57	106.9	49	59	19.2	40	42	3.1	
11	Switzerland	50	51	48	-4.6	53	48	-8.8	35	35	0.1	
12	Netherlands	22	25	21	-13.0	22	27	24.7	14	20	43.9	
13	Italy	27	23	25	9.9	24	30	22.3	17	21	25.7	
14	Sweden	22	26	21	-18.5	20	23	14.0	13	15	17.9	
15	Others	347	387	415	7.2	408	494	21.1	286	358	25.2	
	<b>Total</b>	<b>3,718</b>	<b>4,028</b>	<b>4,190</b>	<b>4.0</b>	<b>4,120</b>	<b>4,645</b>	<b>12.7</b>	<b>2,766</b>	<b>3,221</b>	<b>16.4</b>	

Source: CBK

## Services exports:

Tourist arrivals improved by 21.0 percent in the 12 months to August 2024 compared to a similar period in 2023, reflecting recovery in international travel

### Number of tourist arrivals

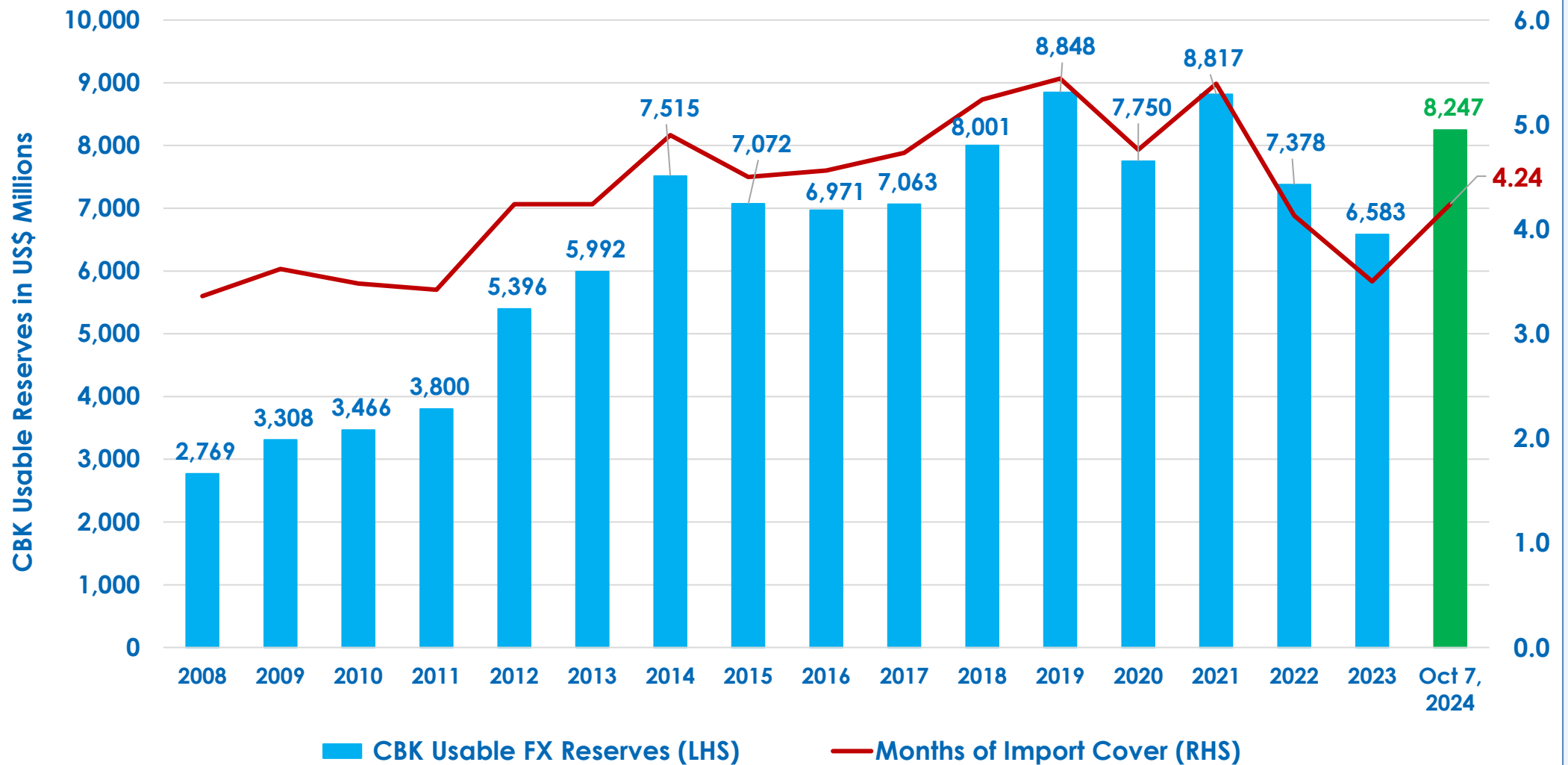
		Jan-Dec				Deviation (%)	12 Months to August		Deviation (%)	Jan-August		Deviation (%)
		2021	2022	2023	2023		2024	2023		2024		
3	United States	136,981	210,893	264,771	25.5	251,771	287,850	14.3	183,152	206,231	12.6	
2	Uganda	80,066	152,112	201,620	32.5	189,222	216,622	14.5	125,556	140,558	11.9	
1	Tanzania	74,051	124,895	157,818	26.4	149,221	185,340	24.2	99,839	127,361	27.6	
4	United Kingdom	53,264	131,963	155,967	18.2	149,527	163,867	9.6	101,167	109,067	7.8	
5	India	42,159	81,407	94,272	15.8	89,189	108,846	22.0	63,524	78,098	22.9	
6	Italy	12,207	35,671	69,077	93.7	60,417	82,277	36.2	42,001	55,201	31.4	
8	China	31,610	19,730	50,219	154.5	40,934	71,004	73.5	34,272	55,057	60.6	
7	Germany	27,620	53,752	76,937	43.1	69,886	82,420	17.9	47,709	53,192	11.5	
16	Somalia	26,270	39,082	52,334	33.9	42,814	73,042	70.6	30,988	51,696	66.8	
13	Rwanda	24,665	46,129	52,097	12.9	52,423	58,928	12.4	34,872	41,703	19.6	
9	France	18,772	34,581	47,072	36.1	42,974	50,233	16.9	30,653	33,814	10.3	
15	Burundi	13,792	21,417	32,467	51.6	30,378	43,666	43.7	20,535	31,734	54.5	
10	Ethiopia	21,424	36,390	42,734	17.4	40,962	45,109	10.1	28,267	30,642	8.4	
12	Canada	13,373	27,180	38,788	42.7	35,868	43,283	20.7	24,618	29,113	18.3	
14	Netherlands	12,928	26,356	32,764	24.3	30,751	35,015	13.9	21,123	23,374	10.7	
11	South Africa	18,520	30,275	37,368	23.4	35,511	36,440	2.6	23,755	22,827	-3.9	
17	Nigeria	25,399	30,338	33,619	10.8	33,581	32,037	-4.6	21,977	20,395	-7.2	
18	Australia	3,376	12,762	22,551	76.7	19,708	25,244	28.1	13,456	16,149	20.0	
19	South Korea	2,052	3,908	7,959	103.7	6,660	10,788	62.0	5,181	8,010	54.6	
21	Others	231,936	364,015	478,352	31.4	438,340	538,395	22.8	299,653	359,696	20.0	
	<b>Total</b>	<b>870,465</b>	<b>1,482,856</b>	<b>1,948,786</b>	<b>31.4</b>	<b>1,810,137</b>	<b>2,190,406</b>	<b>21.0</b>	<b>1,252,298</b>	<b>1,493,918</b>	<b>19.3</b>	

Source: Kenya Tourism Board

45.

## CBK usable foreign exchange reserves: Foreign exchange reserves remain adequate

CBK usable foreign exchange reserves (end period)

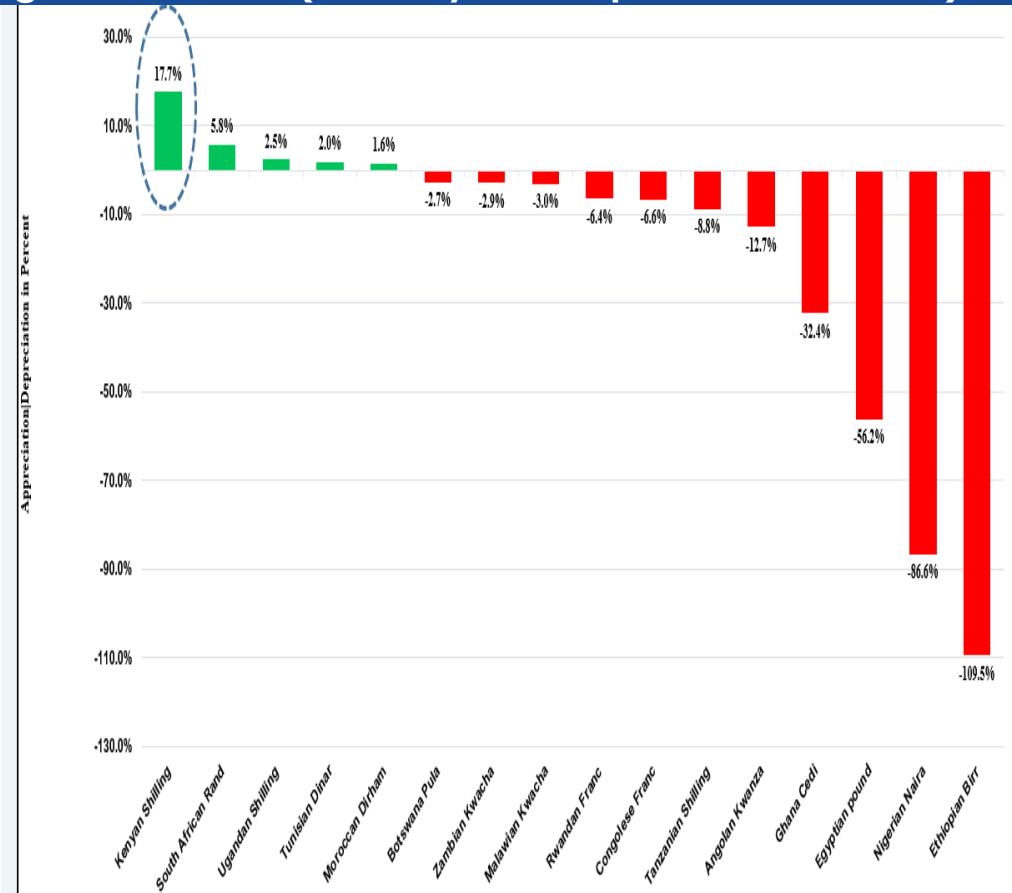
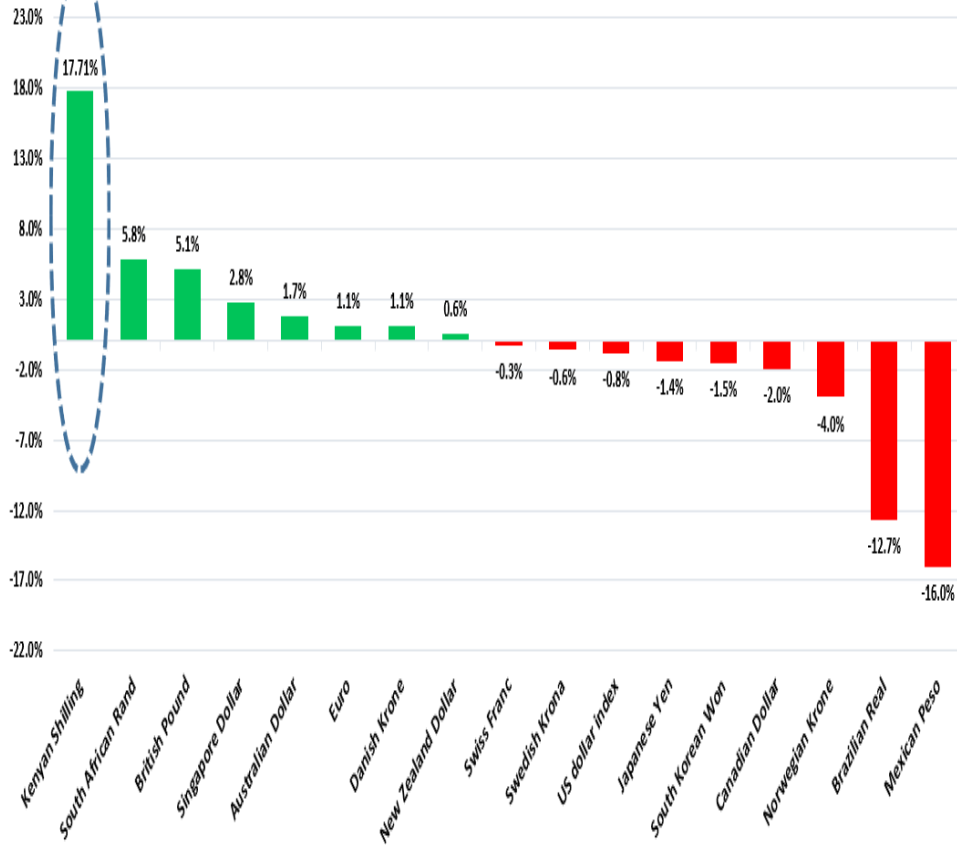


Source: CBK as of October 7, 2024

## Exchange rate developments:

The Kenya Shilling has strengthened by 17.7 percent in 2024, supported by foreign exchange inflows from financial services (offshore banks & remittances), and exports receipts from the agricultural sector

Change in the exchange rates of selected currencies against the USD (January 2 to September 30, 2024)

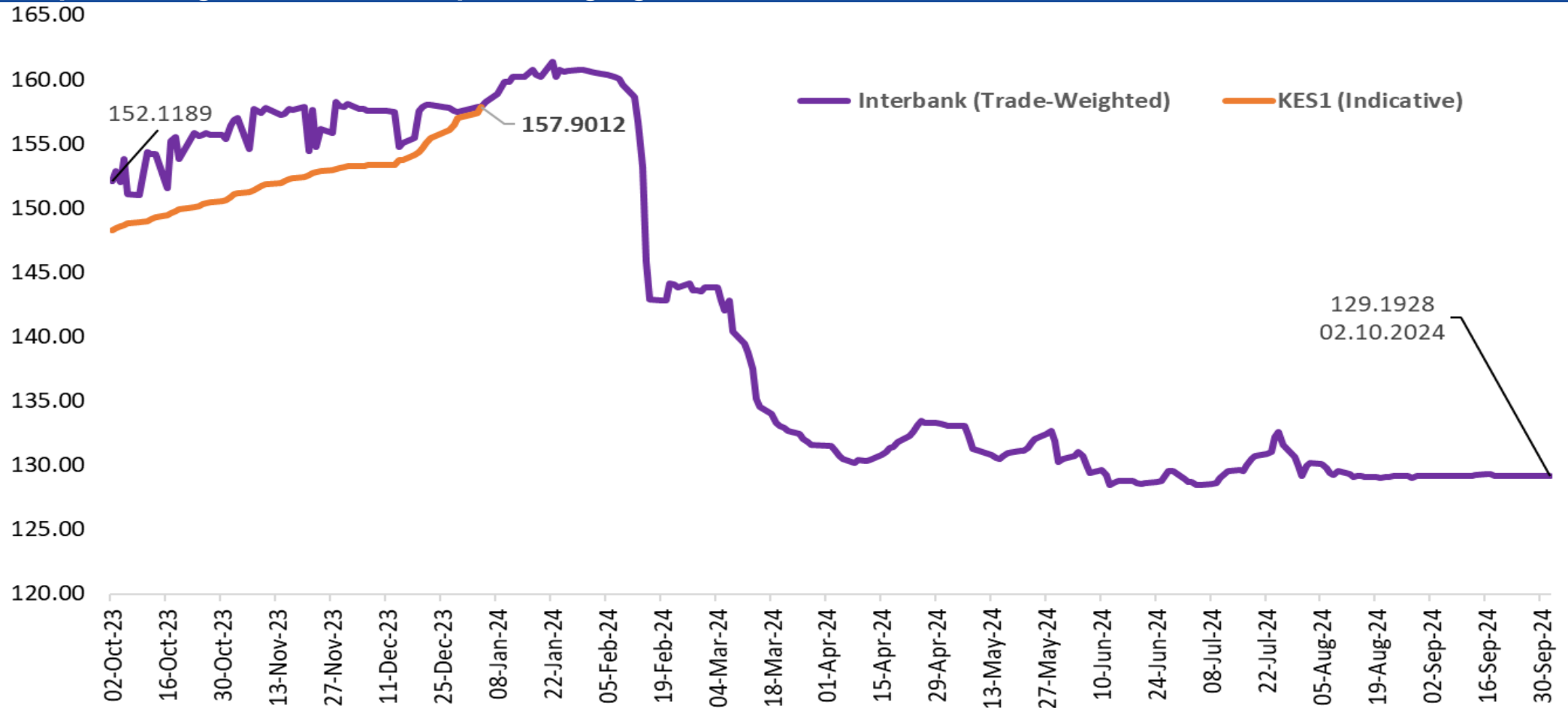


Source: CBK as of September 30, 2024

## Exchange rate developments:

The Kenya Shilling has remained stable in the face of recent Credit Ratings, indicative of increased confidence

### Daily exchange rate of the Kenya Shilling against the US Dollar



Source: CBK as of October 2, 2024

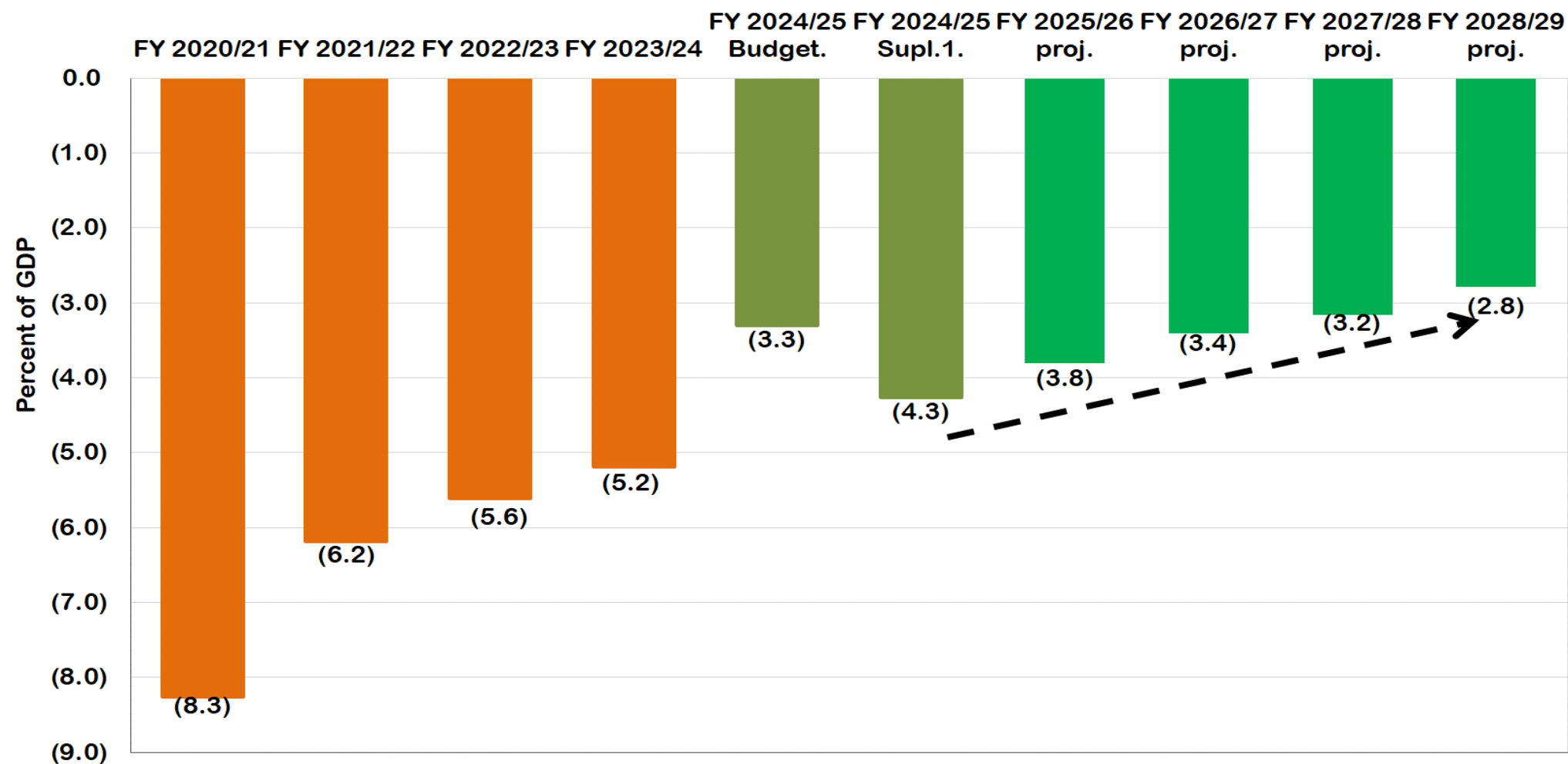


- The ongoing implementation of the FY2024/25 Supplementary Budget I is expected to lower the fiscal deficit to 4.3 percent of GDP from 5.2 percent of GDP in FY2023/24.
  - Total revenues in Supplementary I Budget for FY 2024/25 are projected at Ksh 3,060.0 billion (16.9% of GDP), down from Ksh 3,343.2 billion (18.5% of GDP) in the initial approved budget.
  - Total expenditures are projected at Ksh 3,880.8 billion (21.5% of GDP) from the Budgeted Ksh 3,992.0 billion (22.1% of GDP)
  - Fiscal deficit incl. grants is projected at Ksh 768.6 billion (4.3% of GDP) compared with in the initial approved budget of Ksh 597.0 billion (3.3% of GDP). **With this deficit, net domestic financing reduces from Ksh 595.6 billion (3.7 percent of GDP) in FY2023/24 to Ksh 413.1 billion (2.3 percent of GDP), which will ease pressure on interest rates.**
- Fiscal policy over the Medium Term seeks to implement fiscal consolidation to slow down growth in public debt by:
  - broadening the revenue base, and
  - containing non-priority expenditures while enhancing social safety nets
- **The fiscal consolidation in the medium-term should reduce debt vulnerabilities while moving the present-value-of-debt to GDP ratio towards the target anchor of 55 percent.**

## Fiscal performance and outlook:

The ongoing fiscal consolidation in the medium-term should reduce debt vulnerabilities while moving the debt/GDP ratio towards a stronger sustainable position

### Actual and expected fiscal deficit (percent of GDP)



Source: The National Treasury

- **The banking sector remains stable and resilient:**
  - Total Capital adequacy ratio stood at 19.1 percent in August 2024, the same as it was in June 2024, and remained above the statutory limit of 14.5 percent.
  - The banking sector is liquid with a liquidity ratio of 54.3 percent in August 2024, a slight increase from 53.5 percent in June.
  - The ratio of gross non-performing loans (NPLs) to gross loans stood at 16.7 percent in August 2024 compared to 16.3 percent in June 2024. Banks have continued to make adequate provisions for the NPLs.

## Banking Sector Performance Indicators (Ksh billion)

	August 2023	October 2023	December 2023	February 2024	April 2024	June 2024	August 24
Total Assets	7,267.7	7,470.5	7,724.9	7,744.8	7,576.4	7,552.0	7,552.3
Gross Loans	4,064.7	4,144.4	4,199.5	4,111.4	4,102.6	4,041.3	4,045.1
Gross Deposits	5,382.0	5,564.4	5,812.1	5,740.2	5,569.8	5,589.1	5,626.5
Core Capital	855.1	884.8	874.8	925.0	938.1	950.4	951.2
Total Capital	1,032.0	1,065.5	1,057.7	1,094.0	1,085.6	1,094.7	1,084.3
Gross Non-Performing Loans	611.4	634.0	621.3	636.1	662.2	657.6	674.9
Profit Before Tax (Monthly)	20.3	21.8	14.1	24.6	22.4	20.4	17.6

## Banking Sector Prudential Ratios (percent)

	August 2023	October 2023	December 2023	February 2024	April 2024	June 2024	August 2024
Total Capital Adequacy	18.5	18.5	18.3	18.9	18.9	19.1	19.1
Core Capital	15.9	15.4	15.1	15.9	16.4	16.6	16.8
Asset Quality	7.9	7.9	7.7	7.9	8.3	8.2	8.4
Return on Assets	2.6	2.5	2.3	2.8	3.0	2.9	2.9
Return on Equity	25.7	24.7	22.9	27.0	26.9	26.0	25.3
Liquidity Ratio (Average)	49.6	49.4	51.0	52.9	53.3	53.5	54.3
Core Capital/Deposits	15.9	15.9	15.1	16.1	16.8	17.0	16.9
Gross NPLs/Gross Loans	15.0	15.3	14.8	15.5	16.1	16.3	16.7

Source: CBK

*Thank You!*

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