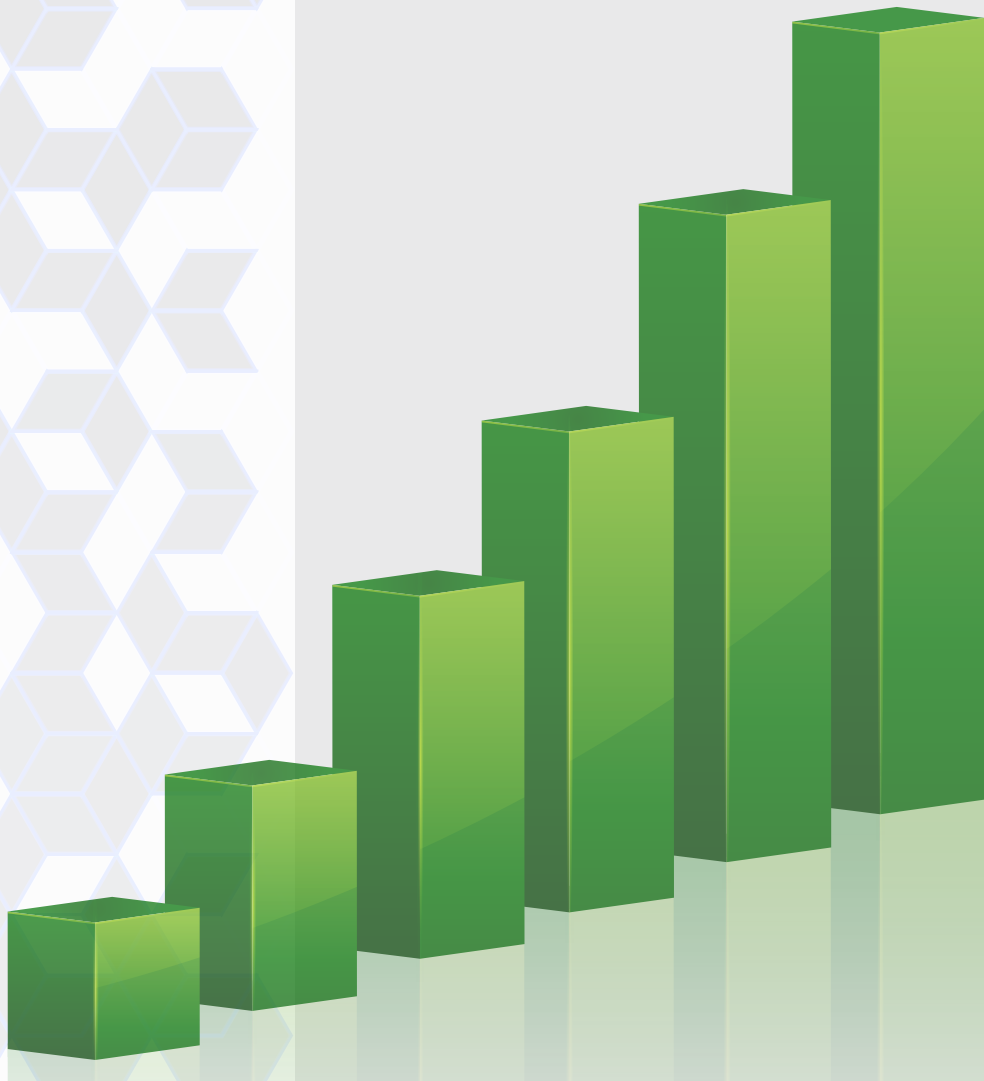




**Central Bank of Kenya**

# **Agriculture Sector Survey**

July 2025



## TABLE OF CONTENTS

1. BACKGROUND .....	1
2. MAIN HIGHLIGHTS FROM THE SURVEY .....	1
3. METHODOLOGICAL FRAMEWORK AND FINDINGS .....	2
3.1. Prices of key agricultural commodities .....	3
3.2. Expected price change for select food items .....	3
3.3. Factors affecting retail and wholesale prices .....	6
3.4. Analysis of output .....	6
3.4.1. Output and acreage expectations .....	6
3.4.2. Output expectations across select food crops .....	6
3.4.3. Acreage expectations for select food crops .....	6
3.5. Expected performance of the agriculture sector and the overall economy .....	7
3.6. Access to credit facilities in agriculture .....	8
4. CONCLUSION AND POLICY RECOMMENDATIONS .....	9
5. ANNEXES .....	11

## 1. BACKGROUND

The agriculture sector plays a crucial role in the Kenya economy not just in driving economic growth but also through its impact on food security, employment, foreign exchange earnings and inflation. According to the Kenya National Bureau of Statistics (KNBS) Economic Survey 2025, the contribution of agriculture, forestry and fishing<sup>1</sup> to the Gross Domestic Product (GDP) averaged 21.8 percent between 2000 and 2024. Over the same period, the sector was dominated by growing crops whose contribution to GDP averaged 15.5 percent. The sector's performance has recovered considerably since 2023, after experiencing a contraction in 2021 and 2022 due to drought. In 2023 and 2024, the sector grew in real terms by 6.6 percent and 4.6 percent, respectively.

The good performance has continued into 2025. The recent national accounts data published by the KNBS shows the agriculture sector expanded by 6.0 percent in real terms in the first quarter of 2025 compared to 5.6 percent growth in the first quarter of 2024. The strong growth was supported by favourable weather conditions experienced in most parts of the country, particularly in the food growing regions. The favourable weather also boosted pasture which supported dairy farming. As a result, the quantity of milk delivered to processors increased to 250.6 million litres in the first quarter of 2025, from 218.8 million litres in the first quarter of 2024, an increase of 14.5 percent.

In view of the significant impacts that developments in the agriculture sector have on output and inflation, the Monetary Policy Committee (MPC) of the Central Bank of Kenya (CBK) continuously monitors developments in the sector through a survey conducted in select regions to gather information on indicative prices of basic commodities, output and expected trends mainly for informing monetary policy.

More specifically, the survey covers the following:

- i. Indicative prices of select key agricultural food items and the general price expectations.
- ii. Assessment of output and acreage of select food items, and expectations.
- iii. Access to, usage and barriers to farm inputs for agricultural production.
- iv. Factors affecting agricultural production and marketing/sale of farm produce.
- v. Indicative information on access and use of credit facilities.
- vi. Suggestions on how to improve agricultural production.

## 2. MAIN HIGHLIGHTS FROM THE SURVEY

This section highlights the key findings from the July 2025 Survey, as follows:

- i. Price increases for sampled food items were generally less pronounced in July 2025 compared to June 2025, reflecting the impact of seasonal factors on food prices.
- ii. On balance, prices of most food items are expected to ease in August 2025, largely driven by seasonal factors.
- iii. Inflation expectations in the next three months are well anchored as the proportion of respondents expecting overall inflation to increase in the next three months remained unchanged in both June and July 2025 surveys.
- iv. Over 80 percent of sampled respondents in July 2025 survey expect the performance of the agriculture sector to either remain unchanged or improve, supported by favorable weather conditions and government measures aimed at increasing productivity in the sector.
- v. Optimism about overall economic performance in the next three months and next one year remained high in July 2025, partly supported by the expected good performance of the agriculture sector.

1. Agriculture, forestry and fishing activities include growing of crops, animal production, support activities to agriculture, forestry & logging and Fishing & aquaculture. For the purpose of this report, the sector is simply referred to as the agriculture sector.

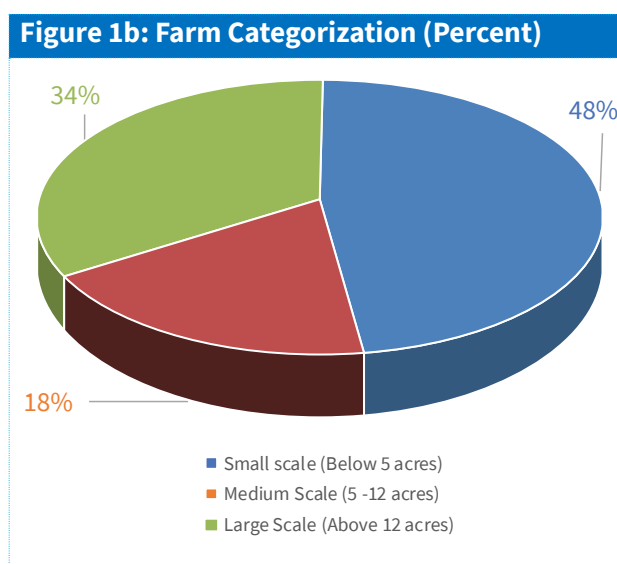
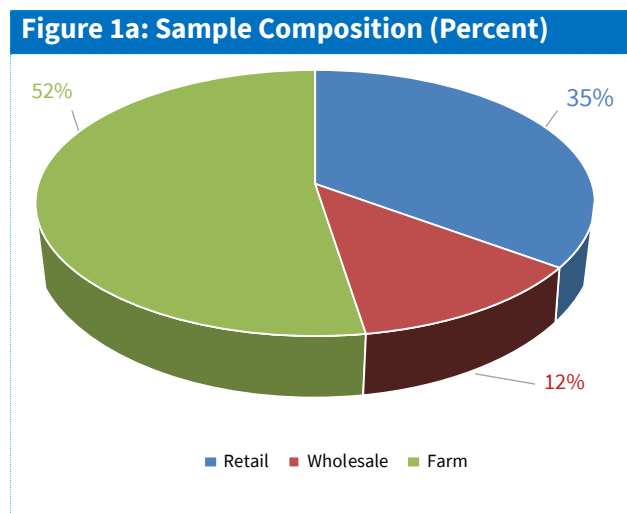
- vi. The use of irrigation is limited, with about 12 percent of sampled farmers in July 2025 reporting to have used irrigation (**Annex Figure 10**).
- vii. On average, about 65 percent of the sampled farmers between July 2024 and July 2025 reported to have benefited from the subsidized

fertilizer (**Annex Figure 11**). Moreover, access to the subsidized fertilizer was identified in the July 2025 survey as the most critical input that farmers need to increase production (**Annex Figure 12**).

### 3. METHODOLOGICAL FRAMEWORK AND FINDINGS

The July 2025 survey, like previous MPC surveys of agriculture sector, gathered information on wholesale and retail prices of select food items, expectations regarding changes in prices and output, and factors that affect agricultural production. The survey drew respondents from select wholesale and retail markets and select farms in key food basket regions. These include Nairobi Metropolitan area, and neighbouring counties such as Kiambu, Kajiado and Machakos. Other areas covered include Naivasha, Gilgil, Nakuru, Narok, Bomet, Kericho Kisumu, Mombasa, Kisii, Eldoret, Kitale, Nyandarua, Nyahururu, Mwea, Isibania, Meru, Nyeri, Isiolo, Oloitoktok, Namanga, Makueni and Molo and some parts of Western Kenya.

The coverage and scope of the survey has gradually expanded over time, thereby enhancing the response rate. The data was collected through face-to-face interviews with retailers, wholesalers and farmers in select markets and farms. A total of 284 respondents were sampled out of which farmers and retailers accounted for 53 percent and 35 percent, respectively, while wholesalers accounted for 12 percent (**Figure 1a and 1b**).



The information collected was analysed using both quantitative and qualitative approaches, with findings presented using tables and/or charts. The summary measures include averages, percentages and balance of opinion (BOO). The BOO is a key tool used in the analysis to show on a net basis the expected directional change in relation to variables of interest such as retail and wholesale prices of select food commodities, acreage under crop and farm produce/output. In general, the BOO metric reveals the net position with regard to responses to select questions such as expectations regarding the performance of the economy. The BOO is generally defined as the difference between the proportion of respondents having expressed a positive opinion and the proportion of respondents having expressed a negative opinion divided by the total number of respondents. The computation of BOO facilitates conversion of qualitative responses into quantifiable values.

For instance, with regard to inflation, the survey sought respondents' views about whether they expected inflation to increase, remain unchanged

or decrease in the next one month and three months ahead. The BOO gets the net positions of respondents and therefore helps shed light on the direction where, on balance, most of the responses are concentrated, after taking into account all the responses to the particular question. It is important to note that a respondent's expectations about inflation or economic performance could vary depending on the time horizon, for instance, a respondent could expect inflation to increase one month ahead but decrease three months ahead, and vice versa. The same applies to expectations about economic performance.

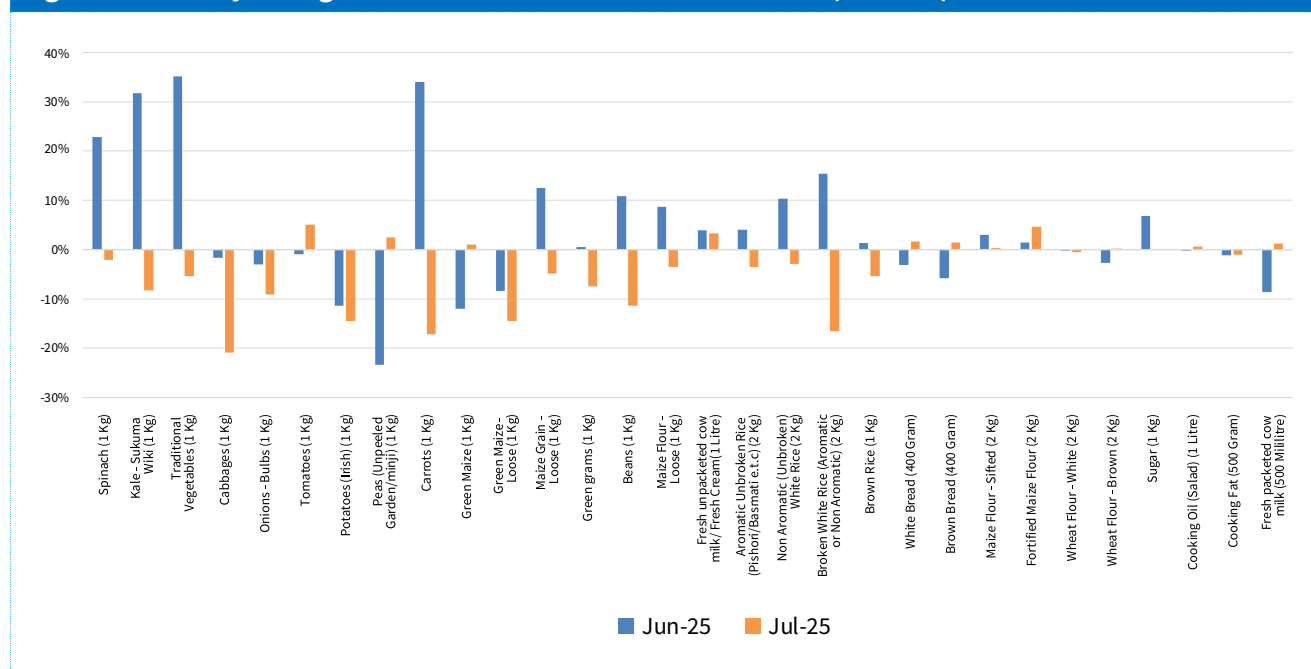
The survey also sought to understand how respondents expected the agriculture sector to perform in the next three months and one year ahead. The objective is to have separate expectations for

agriculture sector performance and overall economic growth since expectations about the two can differ significantly despite the former being a sub-set of the latter. Overall economic performance encompasses the industrial and service sectors, in addition to agriculture

### 3.1. Prices of key agricultural commodities

The analysis of the data shows mixed price performance across the commodities in July compared to June 2025<sup>2</sup>. For instance, the survey showed less pronounced price changes in July 2025 compared to June 2025. Retail prices of carrots, potatoes, green grams and beans declined in July 2025 compared to June 2025, reflecting seasonal factors (**Figure 2**)

**Figure 2: Monthly Changes in Retail Prices of Select Food Items (Percent)**



### 3.2. Expected price change for select food items

Balance of opinion (BOO) on expected price changes shows prices of most food items are expected to ease in August 2025, most of these fell under the non-core inflation category (**Figure 3a**). Prices of virtually all sampled food items under the non-core category tend to be highly susceptible to seasonal factors. In general, respondents expect prices to ease in August 2025, particularly prices of cereals and select vegetables. Respondents expect minimal

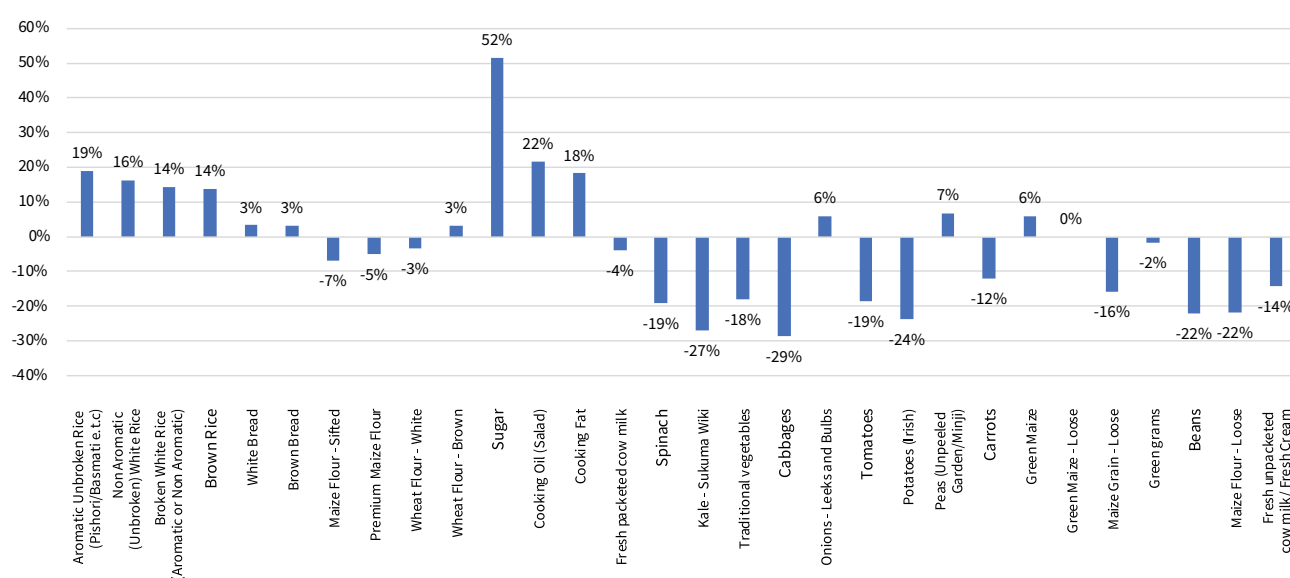
price changes for maize products and related items in view of the ongoing and expected harvests of cereals in some parts of the country, especially the lower eastern part of the country. In addition, respondents expect the prices of rice to decline in August 2025 as favourable weather conditions have supported domestic production, complemented by imports. Global rice prices have been declining due to increased production in key rice growing regions. However, about 5 percent of the sampled respondents in July 2025 survey expected sugar prices to increase one month ahead. This expectation was largely

2. The price changes of the sampled food items are indicative and may differ in magnitude and direction from those reported by the KNBS. The KNBS CPI and inflation report published monthly has the final price outcomes.

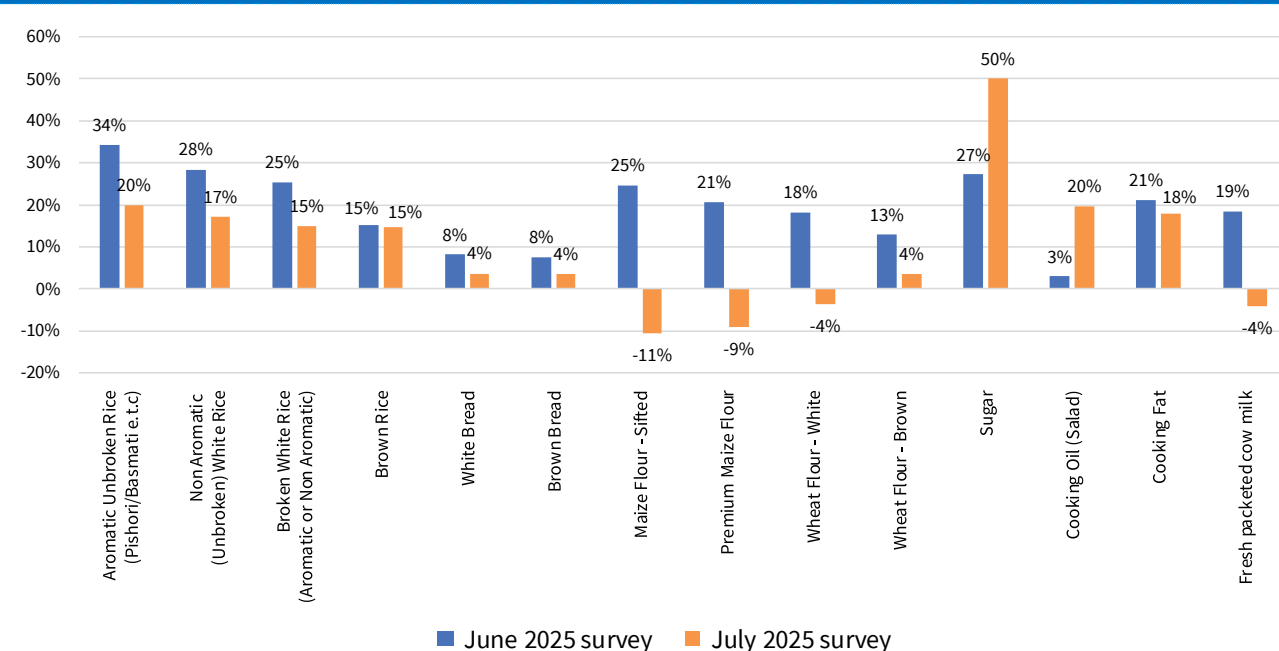
driven by the observed increases in sugar prices in July 2025 relative to June 2025, uncertainties about sugar prices following the leasing of sugar companies to private operators, reduction in cane deliveries to factories and possible shut down of sugar factories for periodic maintenance.

Despite the concerns about sugar prices, food prices are in general expected to remain stable with a downward bias in view of the favourable March-May long rain season in most regions. This is expected to continue supporting fast-growing vegetable items, particularly kales-sukuma wiki, carrots, potatoes, onions, traditional vegetables, cabbages and spinach (Figure 3a, 3b and 3c).

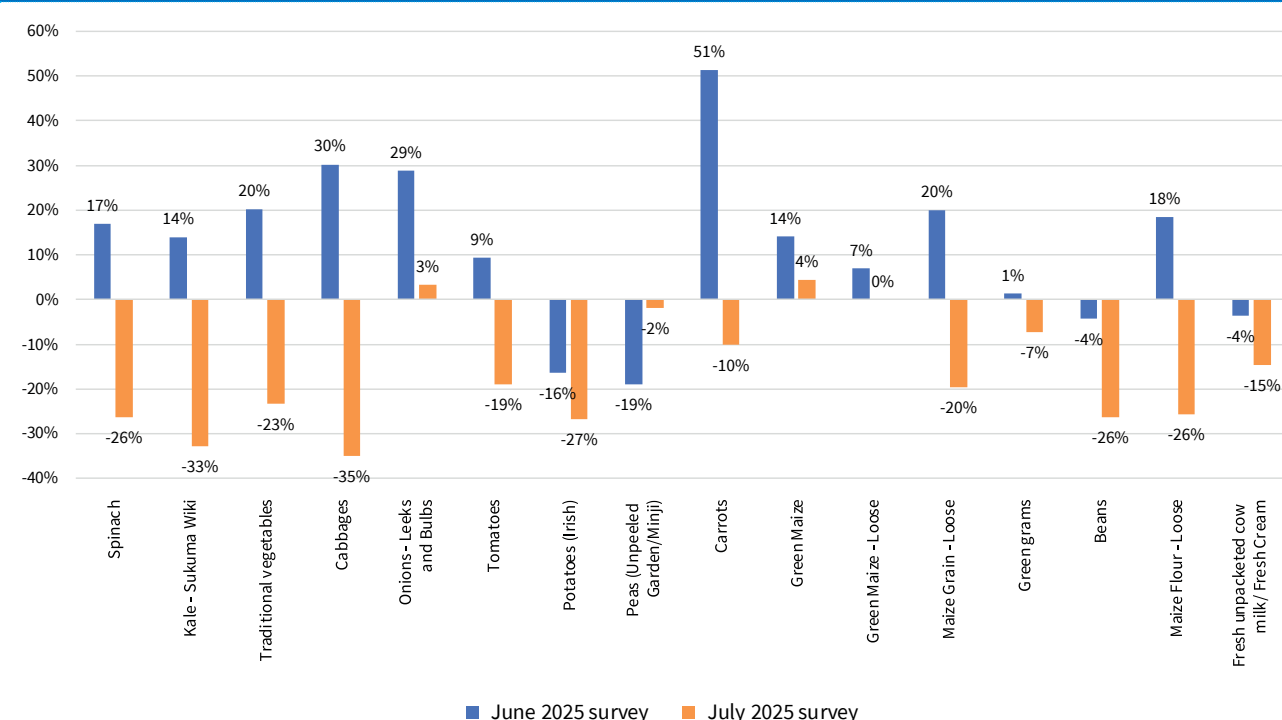
**Figure 3a: Balance of opinion for select food items on expected price changes in August 2025 (Percent of respondents)**



**Figure 3b: Balance of opinion on expected price changes for food items in core CPI in the next one month (Percent of respondents)**



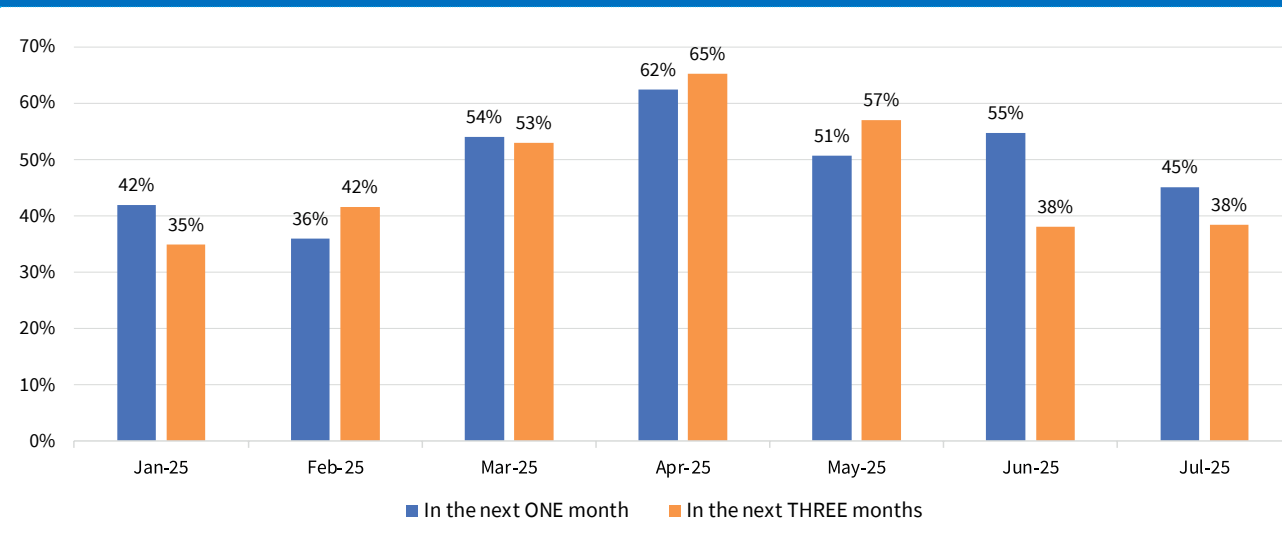
**Figure 3c: Balance of opinion on expected price changes for select food items in the non-core CPI (Percent of respondents)**



The July 2025 survey showed that inflation expectations in the next three months are well anchored as the proportion of sampled respondents who expected overall inflation to either decrease or remain unchanged remained the same at 38 percent in June and July 2025 surveys. Concerns about fuel price increase for July/August period appear to have been subdued by the expected increase in market

supplies of food commodities as harvest season starts in the food basket regions of the country and the expected exchange rate stability. However, the proportion of respondents that expected overall inflation to either decrease in the next one month or remain unchanged was slightly lower at 45 percent in July 2025 compared to 55 percent in June 2025 (**Figure 4**).

**Figure 4: Proportion of respondents expecting inflation to decrease or remain unchanged (Percent of respondents)**



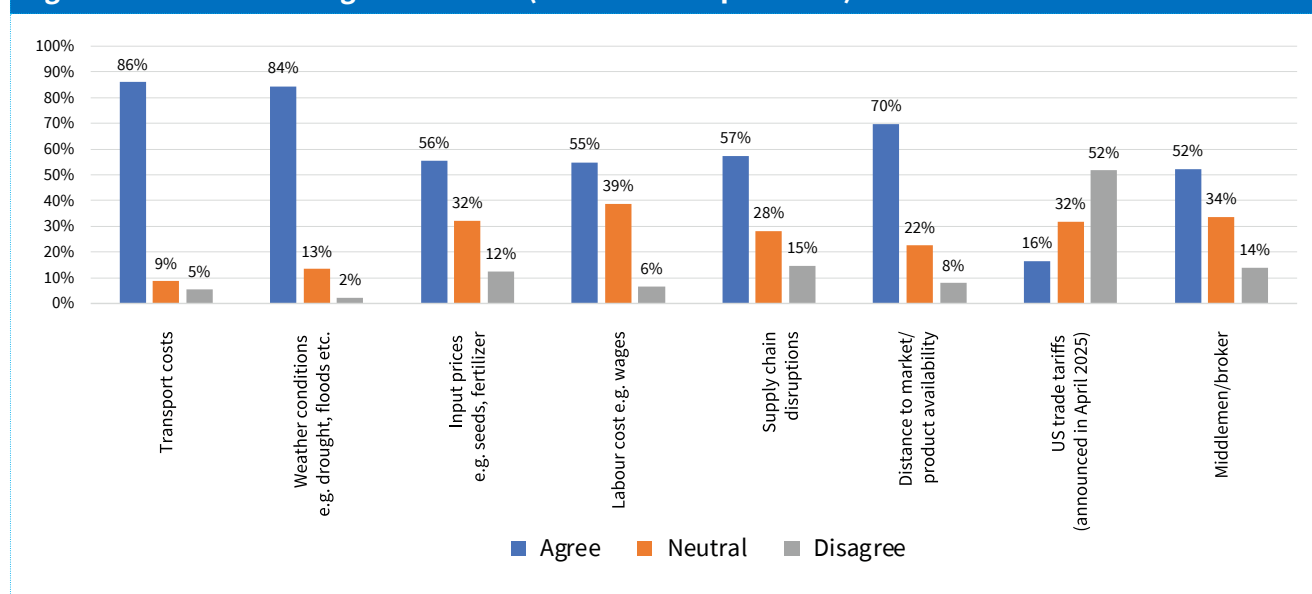
### 3.3. Factors affecting retail and wholesale prices

The July 2025 survey, like previous surveys, sought to establish the factors that influence wholesale and retail prices of select food items.

Regarding drivers of retail prices, 86 percent of sampled respondents indicated that transport costs played a significant role, followed by weather

conditions which were cited by 84 percent of the sampled respondents while distance to markets was cited by 70 percent of the respondents. The new US tariffs announced in April 2025 are yet to have a significant impact on domestic food prices according to the results of the July 2025 survey where 52 percent of sampled respondents indicated that they don't agree that the US tariffs are a key factor affecting food inflation (**Figure 5**).

**Figure 5: Factors Affecting Retail Prices (Percent of Respondents)**



### 3.4. Analysis of output

#### 3.4.1. Output and acreage expectations

This section describes the outcomes of the July 2025 agriculture survey regarding farmers' views on expected changes in output and acreage for select crops. These expectations are then compared to expectations obtained in the May 2025 survey in order to establish if there has been a general shift in expectations either in relation to output or acreage or both. The survey also sought to understand what underpinned the expectations on output and acreage, for instance, what would inform a farmer's decision to change acreage or what reasons they had for expecting a lower, unchanged or higher output in the next season.

#### 3.4.2. Output expectations across select food crops

Most sampled farmers in the July 2025 survey were optimistic that output of most food crops was generally expected to increase, largely driven by the favourable March-May 2025 rainfall outcomes in most

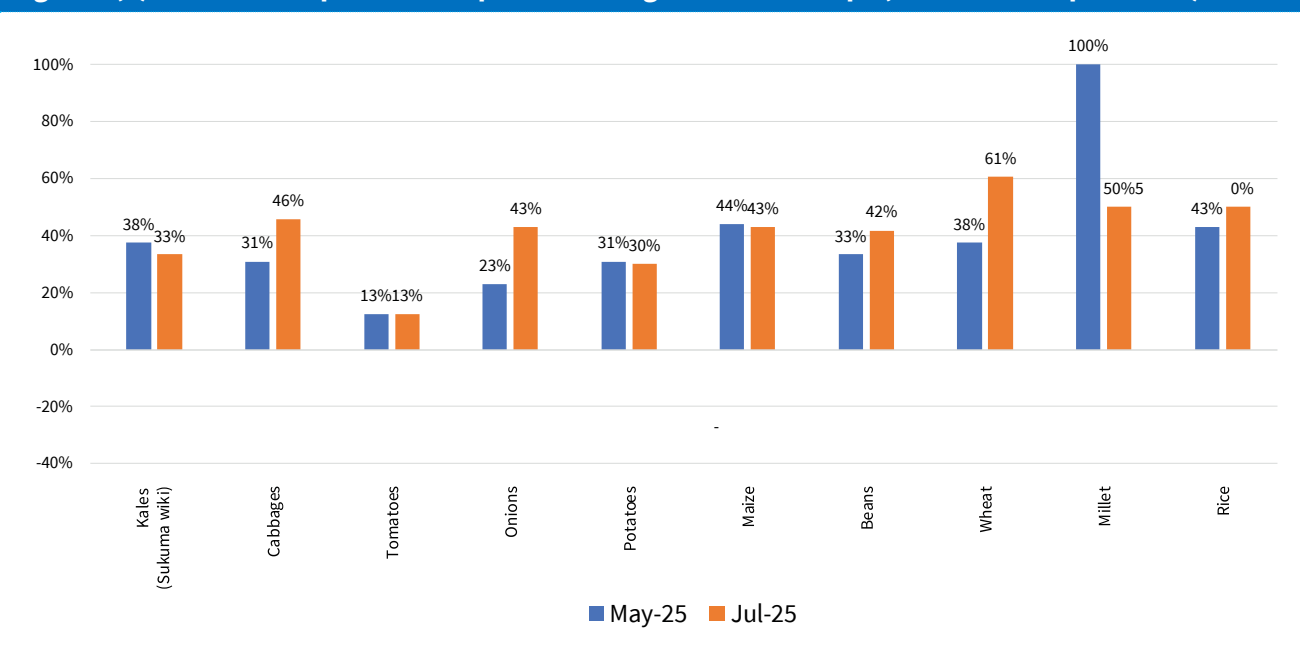
regions and expected continuation of government measures geared towards improving agricultural productivity, mainly, the subsidised fertiliser programme. Similar to the finding in the May 2025 survey, some farmers underscored the adoption of smart agriculture farming methods, which despite being limited in scope, were gaining traction and a potential source of farm income.

#### 3.4.3. Acreage expectations for select food crops

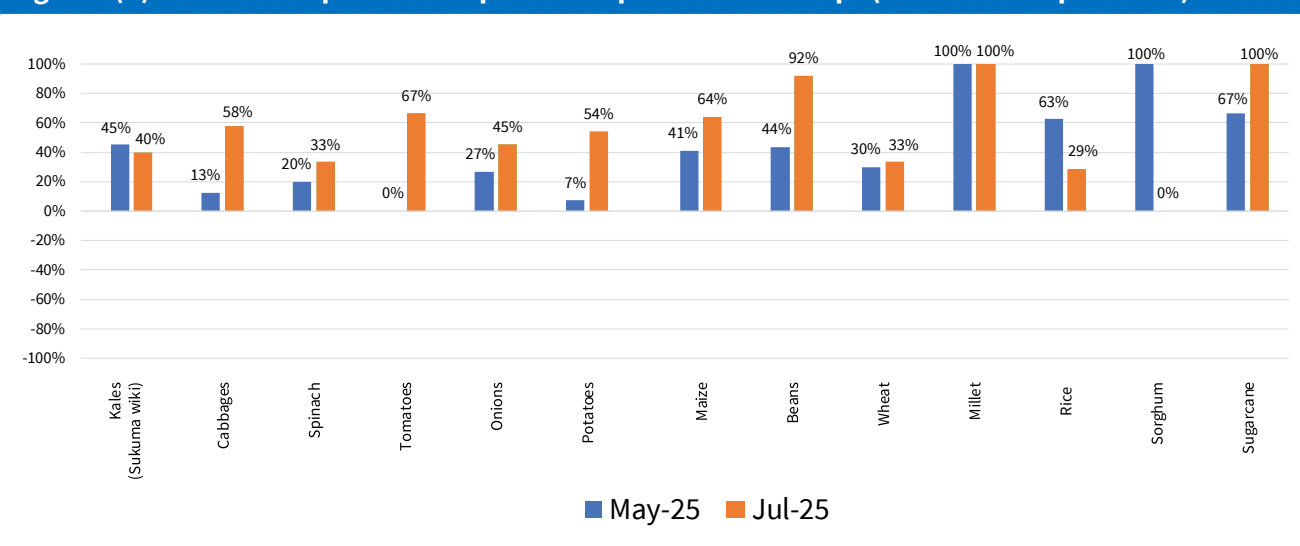
Farmers were overly optimistic about area under crop in the next season. On balance, most farmers sampled in the July 2025 survey expected to increase the acreage for all sampled crops (**Figure 6a & 6b**). The proportion expecting to increase area under crop was generally higher in July 2025 compared to May 2025, reflecting the optimism generated by the observed favourable rainfall outcomes in several regions and expected continuation of the subsidised fertiliser programme. A higher proportion expected to increase acreage of cabbages, onions, beans and wheat.



**Figure 6(a): Balance of opinion on expected acreage for select crops (Percent of respondents)**



**Figure 6(b): Balance of opinion on expected output for select crops (Percent of respondents)**



### 3.5. Expected performance of the agriculture sector and the overall economy

Respondents were asked to state how they expected the agriculture sector to perform in the next three months as well as one year ahead. That is, whether they expected the sector's performance to remain constant (unchanged), to improve or to worsen. Analysis of July 2025 survey response data shows that optimism remained high as 82 percent of the sampled farmers expect the performance of the agriculture sector to improve in the next three months. Similarly, the proportion expecting an improvement in agriculture sector performance in

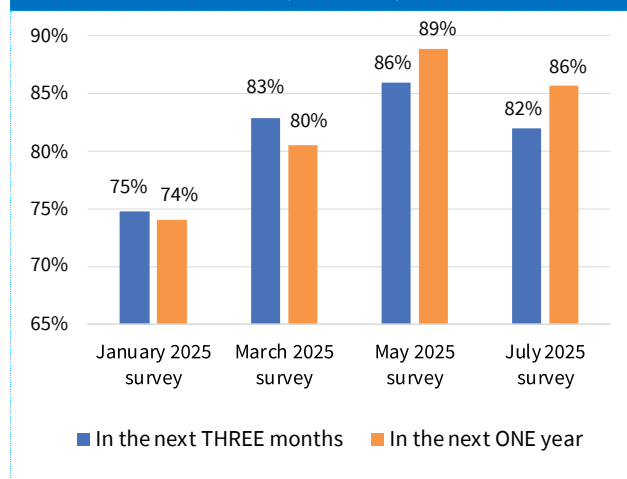
the next one year remained high at 86 percent in July compared to 89 percent in May 2025 (**Figure 7a**).

The high level of optimism was mainly informed by the observed favorable rainfall outcomes and expected continuation of government interventions aimed at increasing productivity of the sector. Some respondents underscored the potential of the sector to do better with the application of smart agriculture farming methods and the growing interest by investors in the agriculture sector.

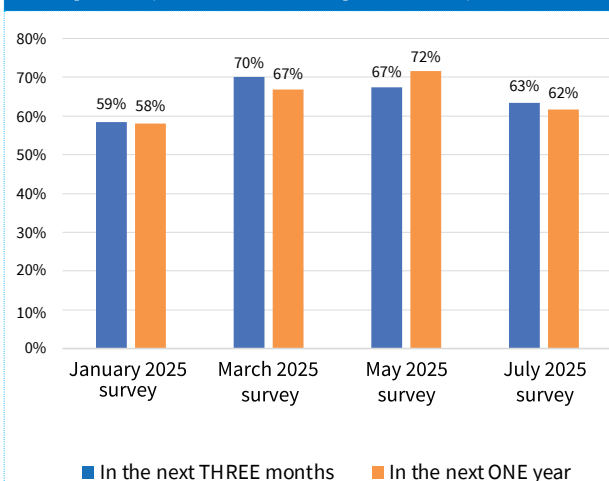
Additionally, the survey sought respondents' views on their expectations about the overall performance of the economy, in terms of GDP growth prospects in the next three months and one year ahead. Results

of the July 2025 survey show optimism remained high with 63 percent of the sampled respondents expecting an improvement in the overall economic performance in the next three months. This was, however, a slight moderation compared to 67 percent in May 2025. Similarly, optimism about expected economic performance one year ahead remained high at 62 percent of the sampled respondents in July 2025, but slightly lower compared to 72 percent reported in May 2025 (**Figure 7b**). This optimism was largely informed by the positive expectations about the performance of the agriculture sector and the expectation that government spending was likely to expand towards the election period.

**Figure 7(a): Proportion of Sampled Respondents Optimistic about Agriculture Sector Performance (Percent)**



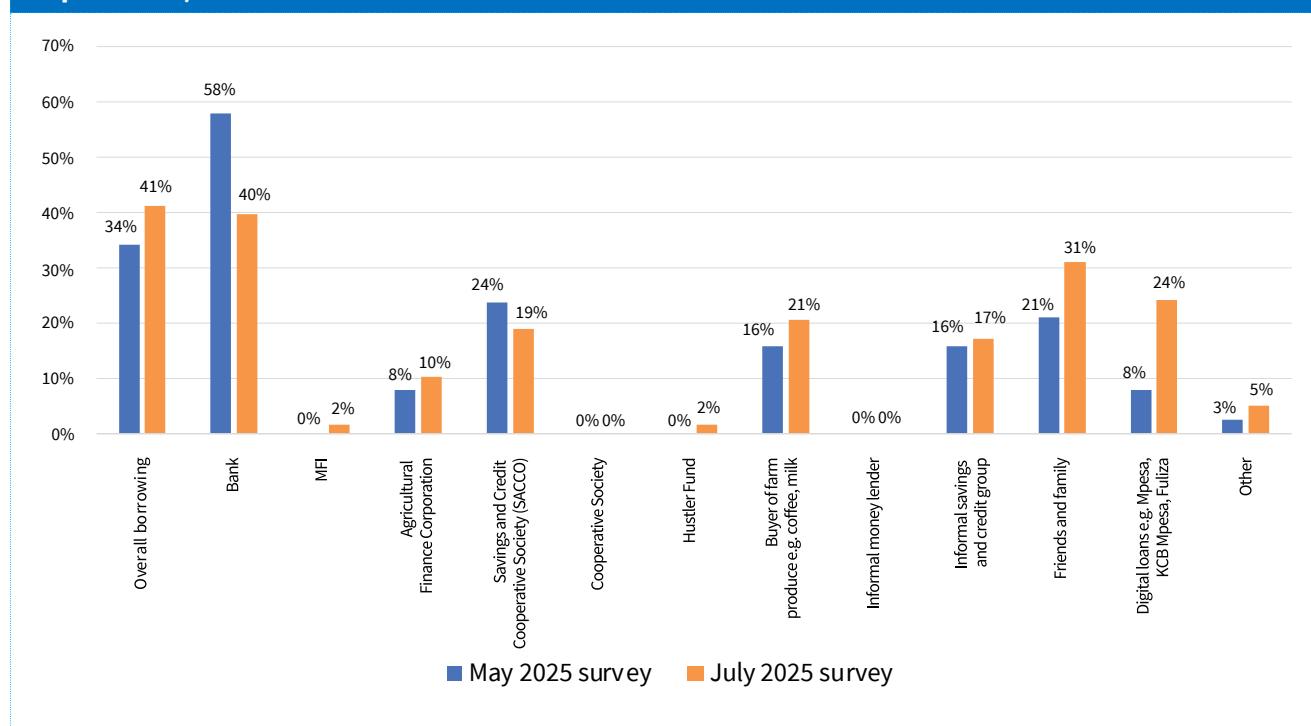
**Figure 7(b): Optimism about GDP Growth Prospects (Percent of Respondents)**



### 3.6. Access to credit facilities in agriculture

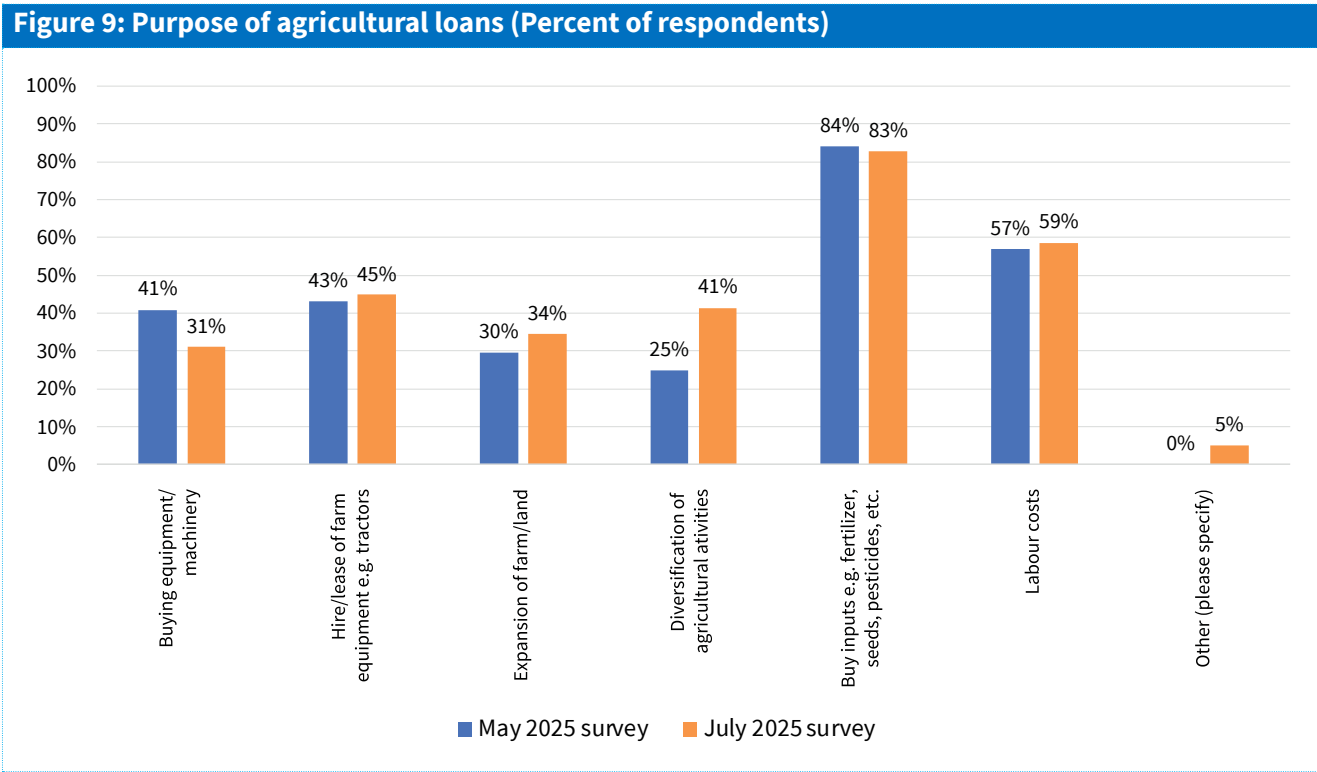
The main sources of credit for farmers are banks, Savings and Credit Cooperatives (SACCOs), family and friends, buyers of farm produce and digital credit providers. The proportion of sampled farmers reporting to have accessed credit increased to 41 percent in July 2025 from 34 percent in May (**Figure 8**). The higher proportion in July 2025 may reflect the increasing role of digital lenders, and borrowing from friends and family.

**Figure 8: Proportion of respondents who borrowed to finance farming by lender (Percent of respondents)**



Consistent with previous findings, trends on application for credit to fund various activities by farmers remained largely unchanged. Results show that farmers typically utilize credit to purchase farm inputs, as reported by 39 percent of the respondents

sampled in the July 2025 survey (**Figure 9**). The proportion that reported use of agricultural loans to meet labor costs was slightly higher at 59 percent in July 2025 compared to 57 percent in the May 2025 survey.



#### 4. CONCLUSION AND POLICY RECOMMENDATIONS

This agriculture sector survey report summarizes findings from the survey conducted from July 21 - 25, 2025. The main objective of the survey was to obtain indicative information on recent trends and market expectations of prices and output of key agricultural commodities largely for the purpose of informing monetary policy.

As with previous surveys of the agriculture sector, the survey focused on prices of key agricultural commodities in select retail and wholesale markets, indicative agricultural output and acreage as well as output expectations from sampled farms, factors affecting agricultural production, marketing and sale of farm produce, access to farm inputs and credit facilities as well as proposals on how to improve agricultural production.

The survey drew 284 respondents from wholesale traders, retailers, and farmers in select towns across the country (Nairobi Metropolitan area, and neighbouring counties including Kiambu, Kajiado and Machakos, Naivasha area, Gilgil Nakuru, Narok,

Bomet, Kericho Kisumu, Mombasa, Kisii, Eldoret, Kitale, Nyandarua, Nyahururu, Mwea, Machakos, Isibania, Meru, Nyeri, Isiolo, Oloitoktok, Namanga, Makueni, Molo, Kakamega and Bungoma.

The July 2025 survey showed that respondents expect food prices to ease in August 2025 largely driven by the expected harvests. Optimism on agriculture and the overall economy remained high with most respondents expecting to increase acreage and output.

The survey sought farmers’ views on what should be done to increase production in the agriculture sector. The views and policy recommendations obtained in July 2025 are similar to those gathered in previous surveys.

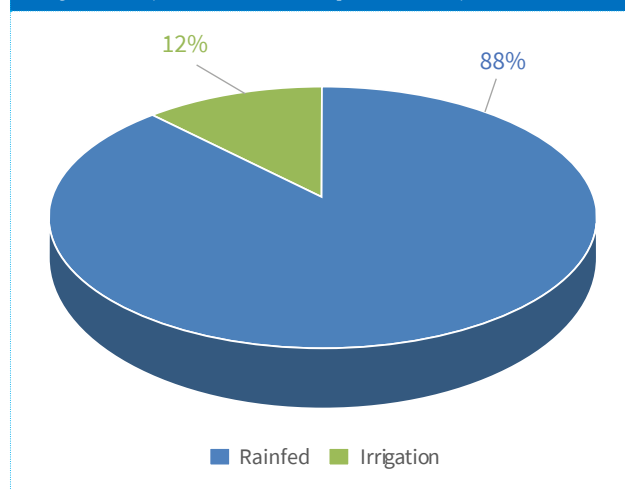
They include the following:

- Promote irrigation to ensure continued supply of agricultural commodities and as a way of mitigating climate related risks.

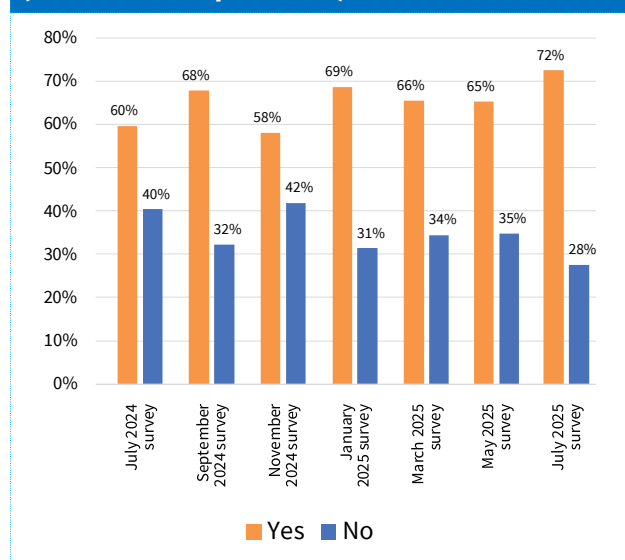
- Government efforts to bring more area under irrigation should be enhanced. Policies that encourage private sector investment in irrigation projects should be encouraged.
- Government should implement measures to ensure farmers have access to affordable inputs. This will incentivize and encourage farming. The ongoing fertilizer subsidy programme should be sustained as it has benefitted a majority of the sampled farmers who reported positive impact on output.
- Stabilize prices of agricultural produce, for instance, through increased budgetary allocations to National Cereals and Produce Board (NCPB), to purchase excess farm output (eg, maize, beans, wheat).
- Government efforts to expand and maintain rural feeder roads should, therefore, be enhanced to ensure a continuous market supply of food commodities and also to reduce post-harvest losses.

## 5. ANNEXES

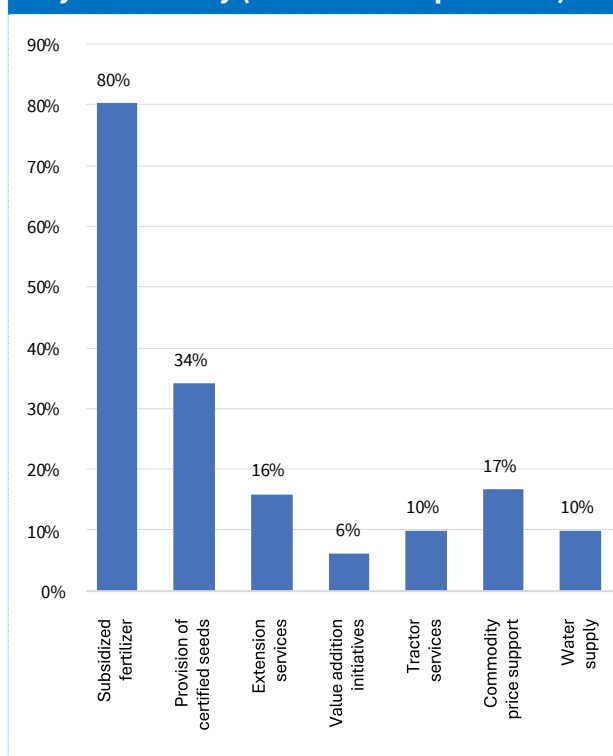
**Figure 10: Main water source for farming in May 2025 (Percent of respondents)**



**Figure 11: Access to Subsidized Fertilizer (Percent of Respondents)**



**Figure 12: Government interventions reported as most critical for agricultural production in July 2025 survey (Percent of Respondents)**





**Central Bank of Kenya**

*Haile Selassie Avenue P.O. Box 60000 - 00200 Nairobi | Tel: (+254) 20 - 286 0000 / 286 1000 / 286 3000*

[www.centralbank.go.ke](http://www.centralbank.go.ke)

 CBKKenya

     Central Bank of Kenya