Central Bank of Kenya

MONETARY POLICY COMMITTEE MEETING BACKGROUND INFORMATION

Thursday, January 27, 2022

Dr. Patrick Njoroge

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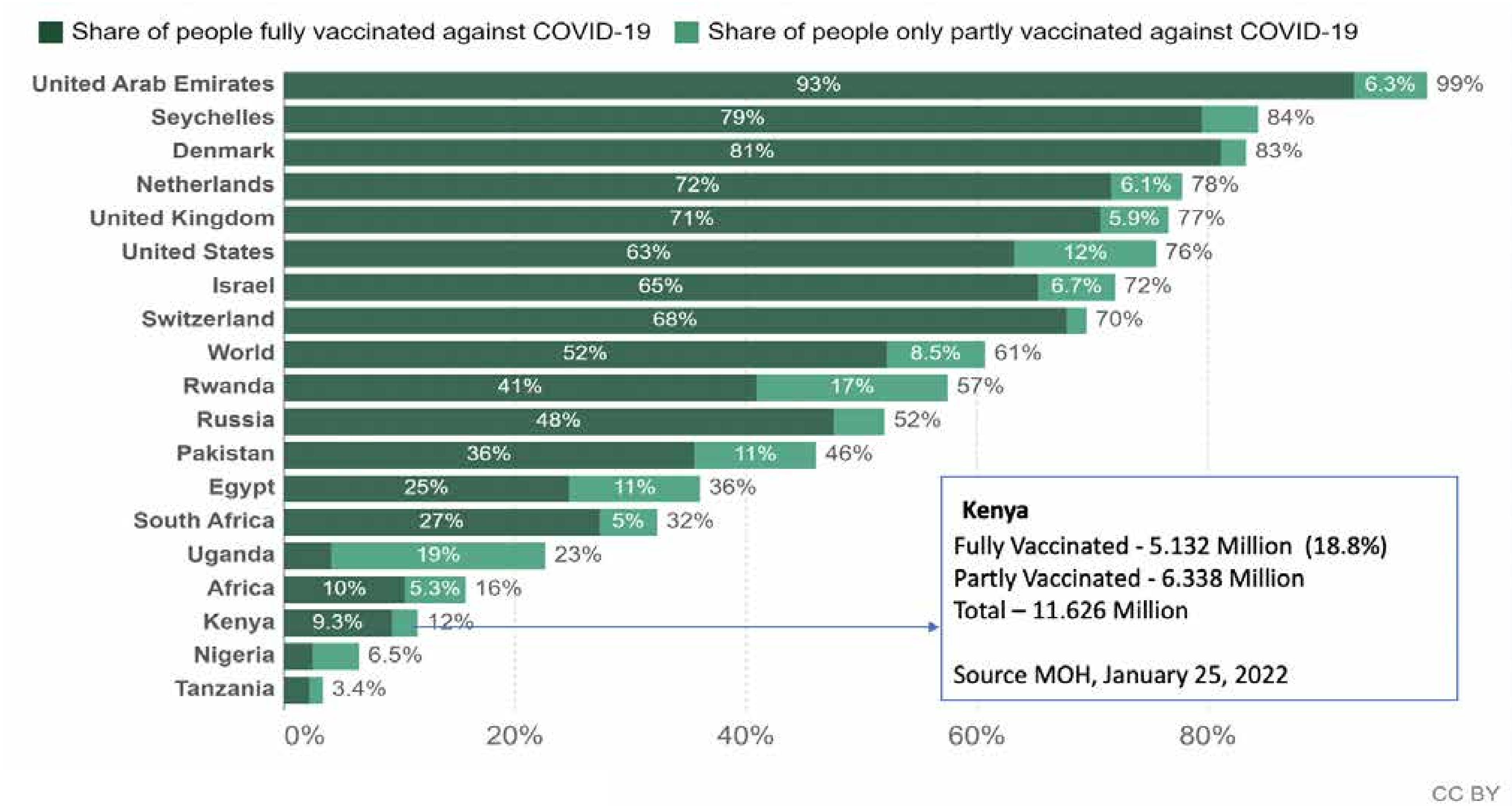
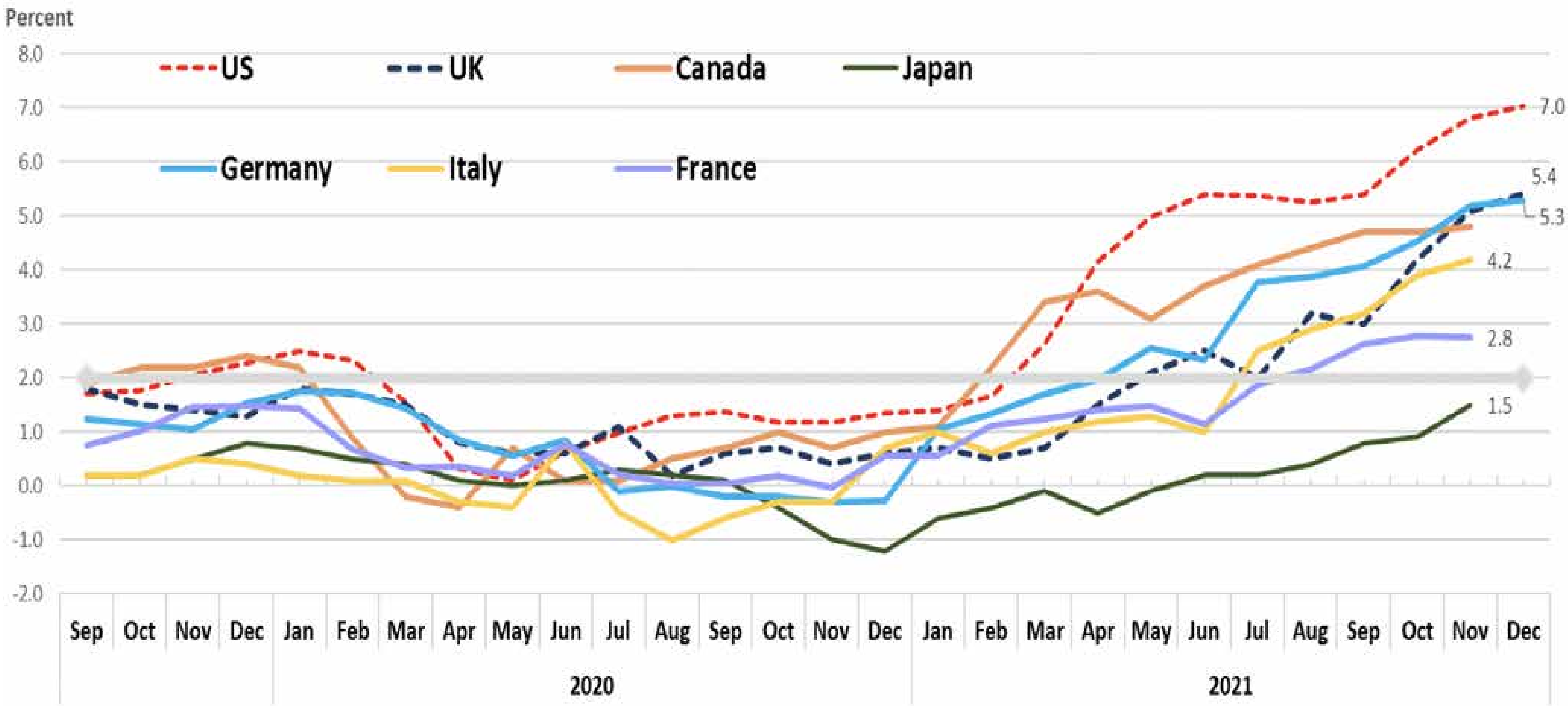
1. Progress in COVID-19 vaccinations across selected countries (as at January 25, 2022)



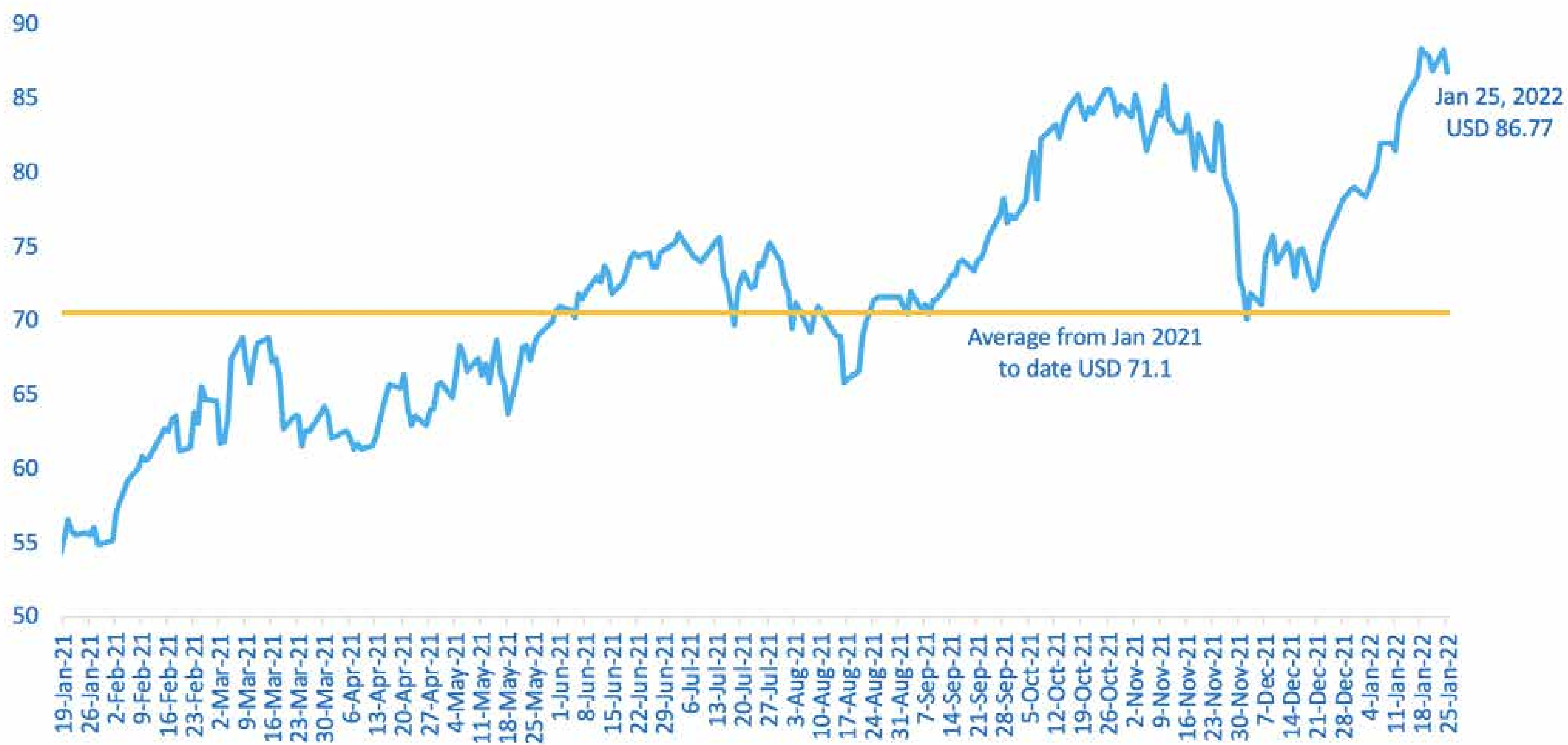
Source: *Oxford Martin School – Our World in Data*

2. Inflation in advanced economies (y/y, percent)



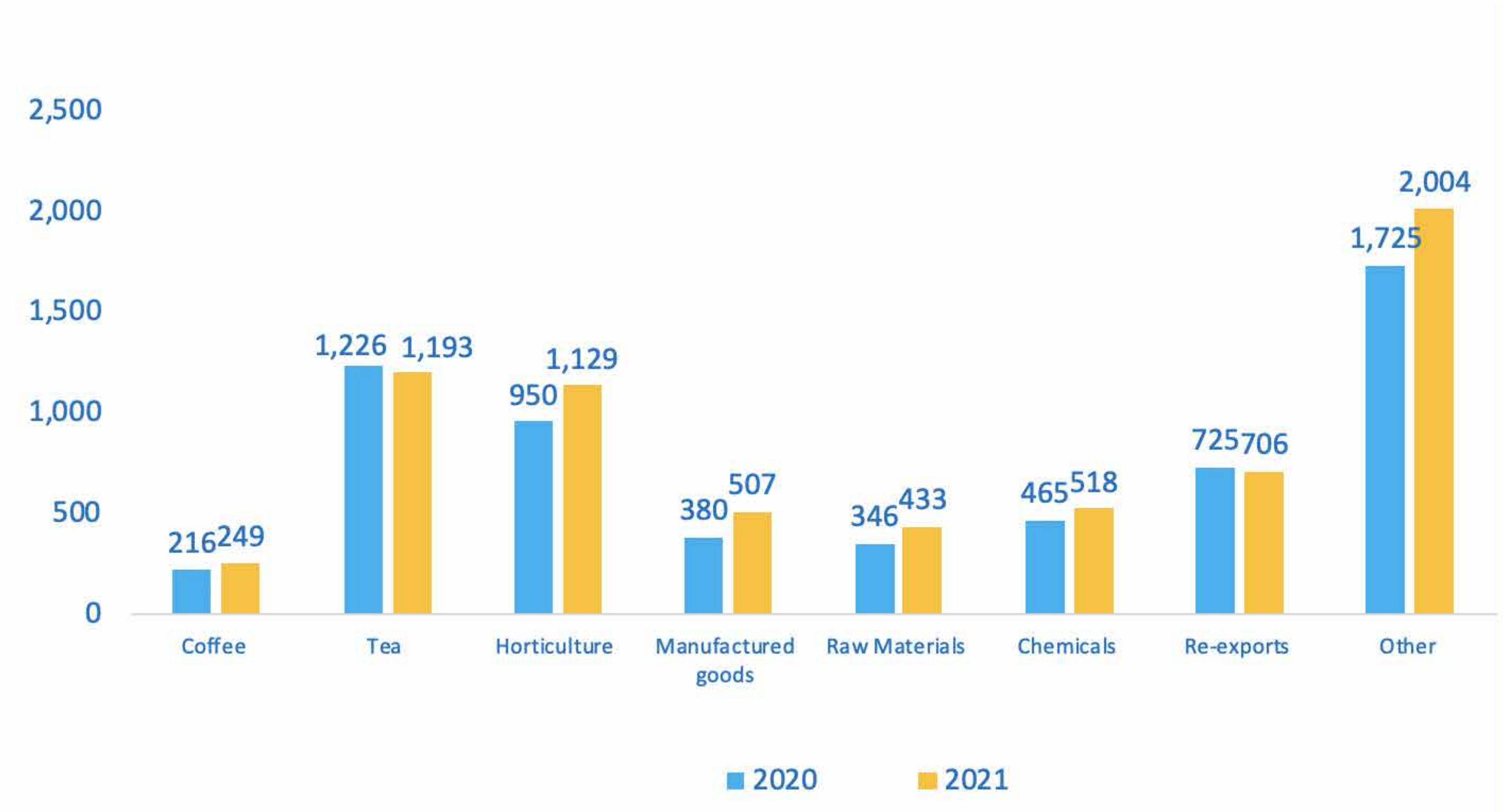
Source: *Websites of respective Central Banks*

3. Murban crude oil prices (USD per barrel)



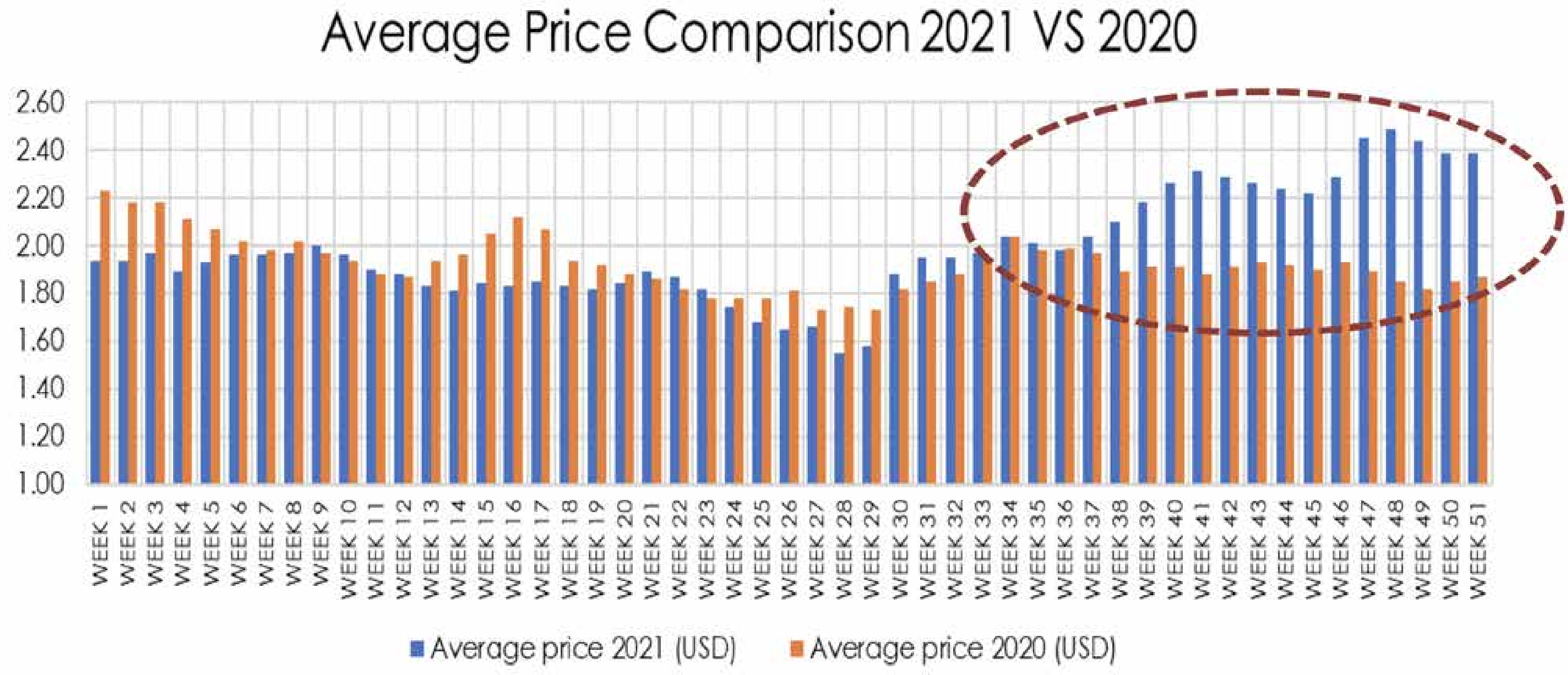
Source: *Oilprice.com*

4. Exports of goods by broad economic category (USD Million)



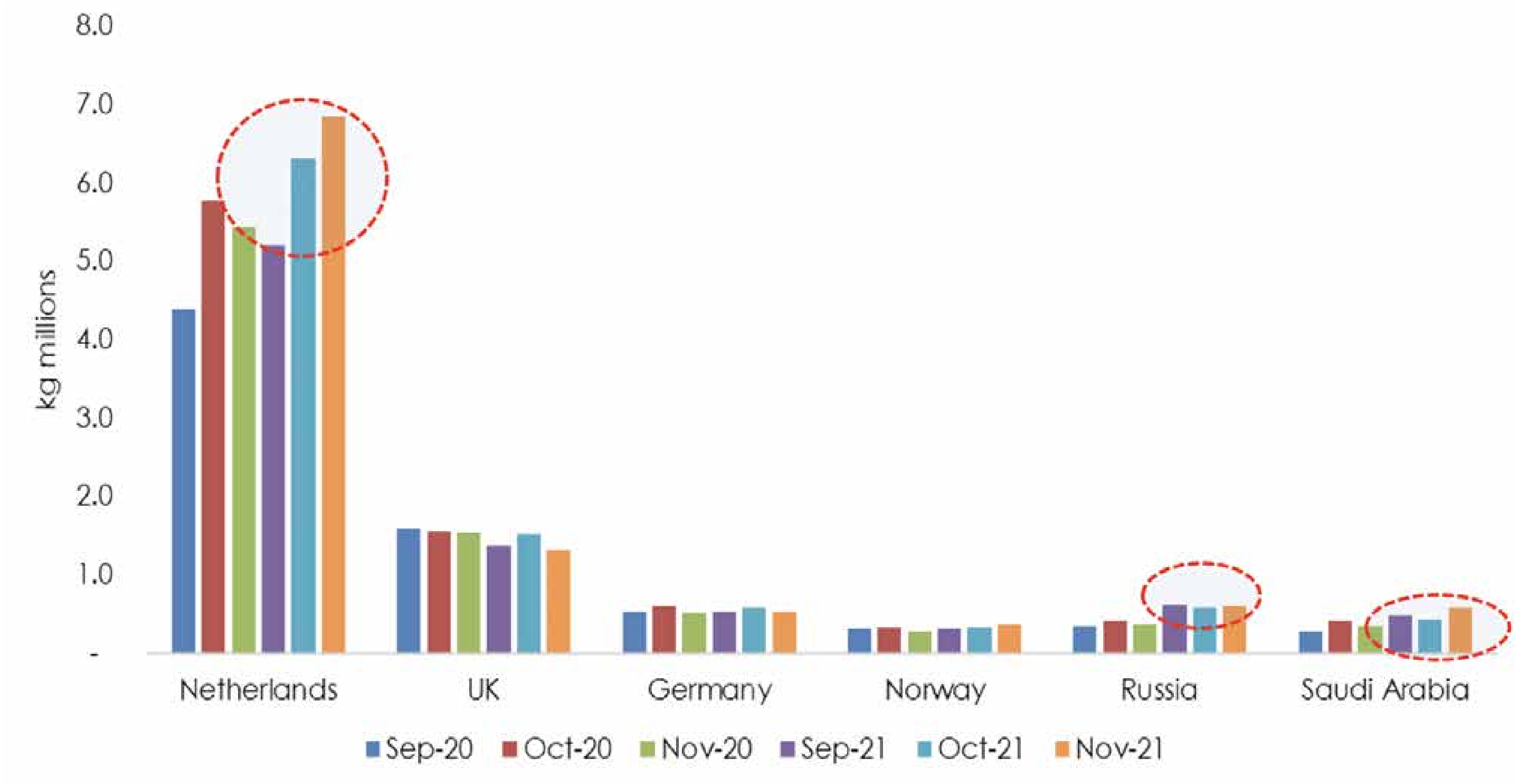
Source: *Central Bank of Kenya and Kenya Revenue Authority*

5. Recovery in tea prices (USD/Kg) that started in the fourth quarter of 2021continued into 2022 on account of international demand



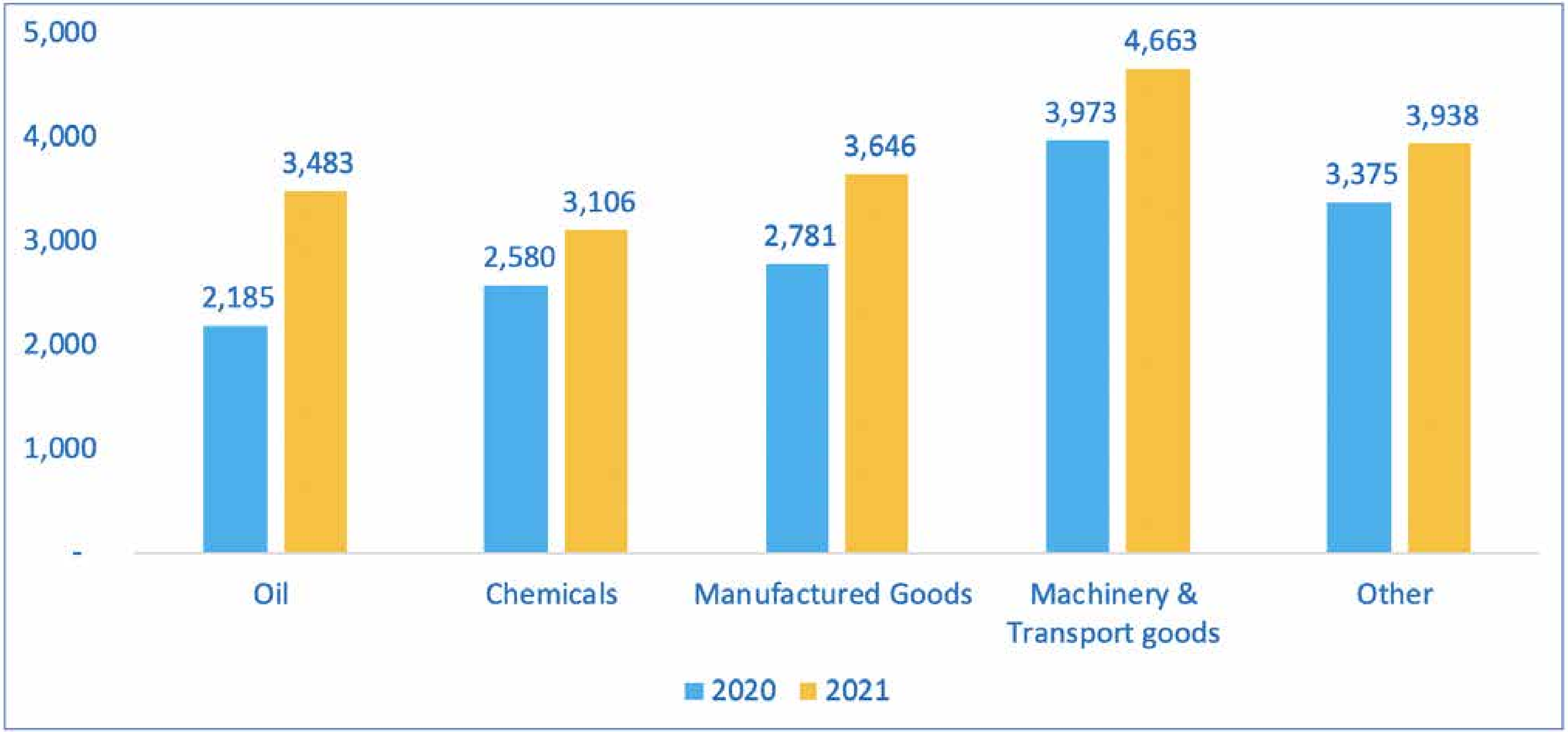
Source: *East Africa Tea Trades Association*

6. Volume of cut flower exports have increased especially to Netherlands



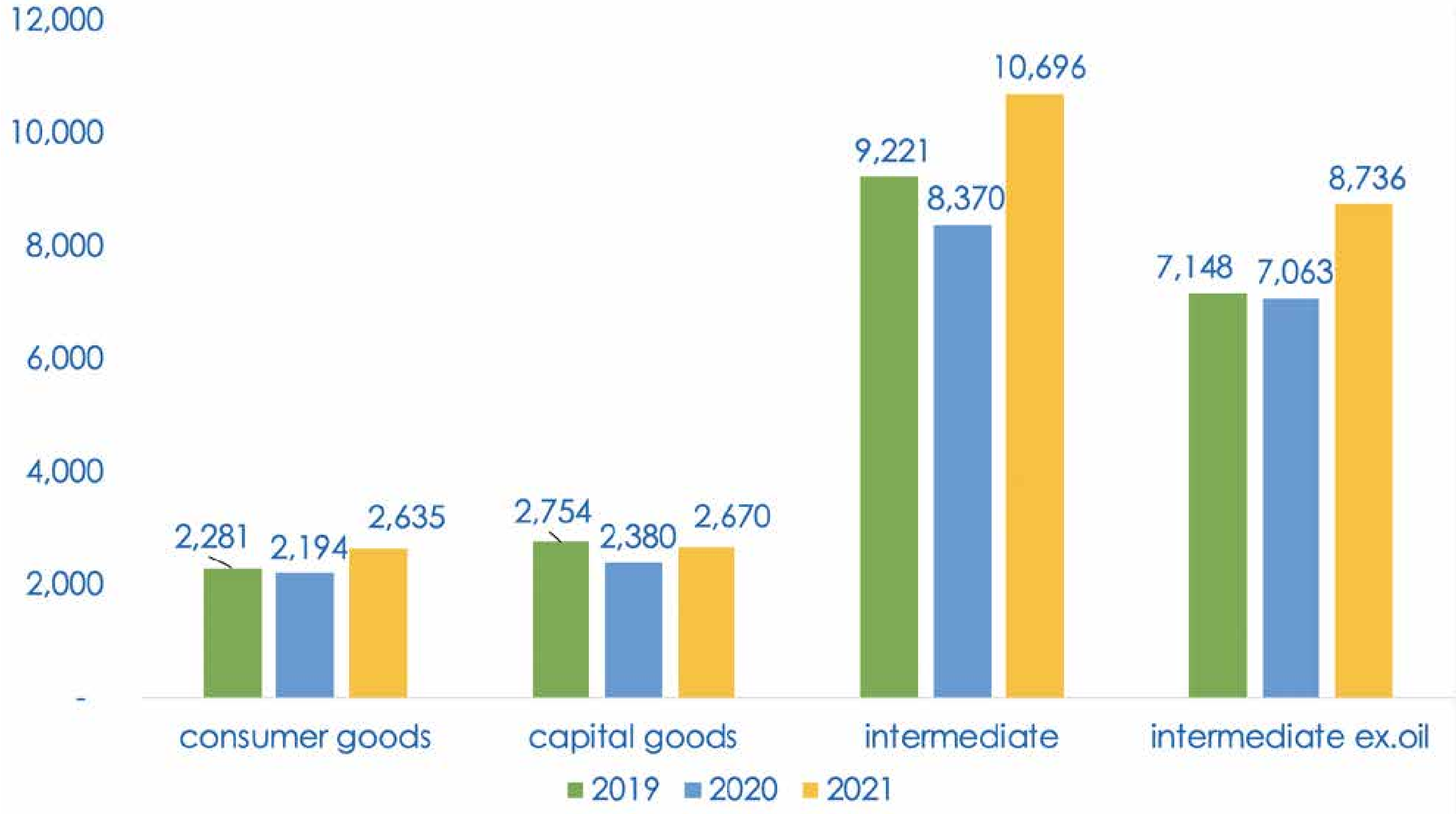
Source: *Kenya Revenue Authority*

7. Imports of goods (USD millions)



Source: *Central Bank of Kenya and Kenya Revenue Authority*

8. Imports by broad economic category Jan to Nov, USD Millions



Source: *Central Bank of Kenya and Kenya Revenue Authority*

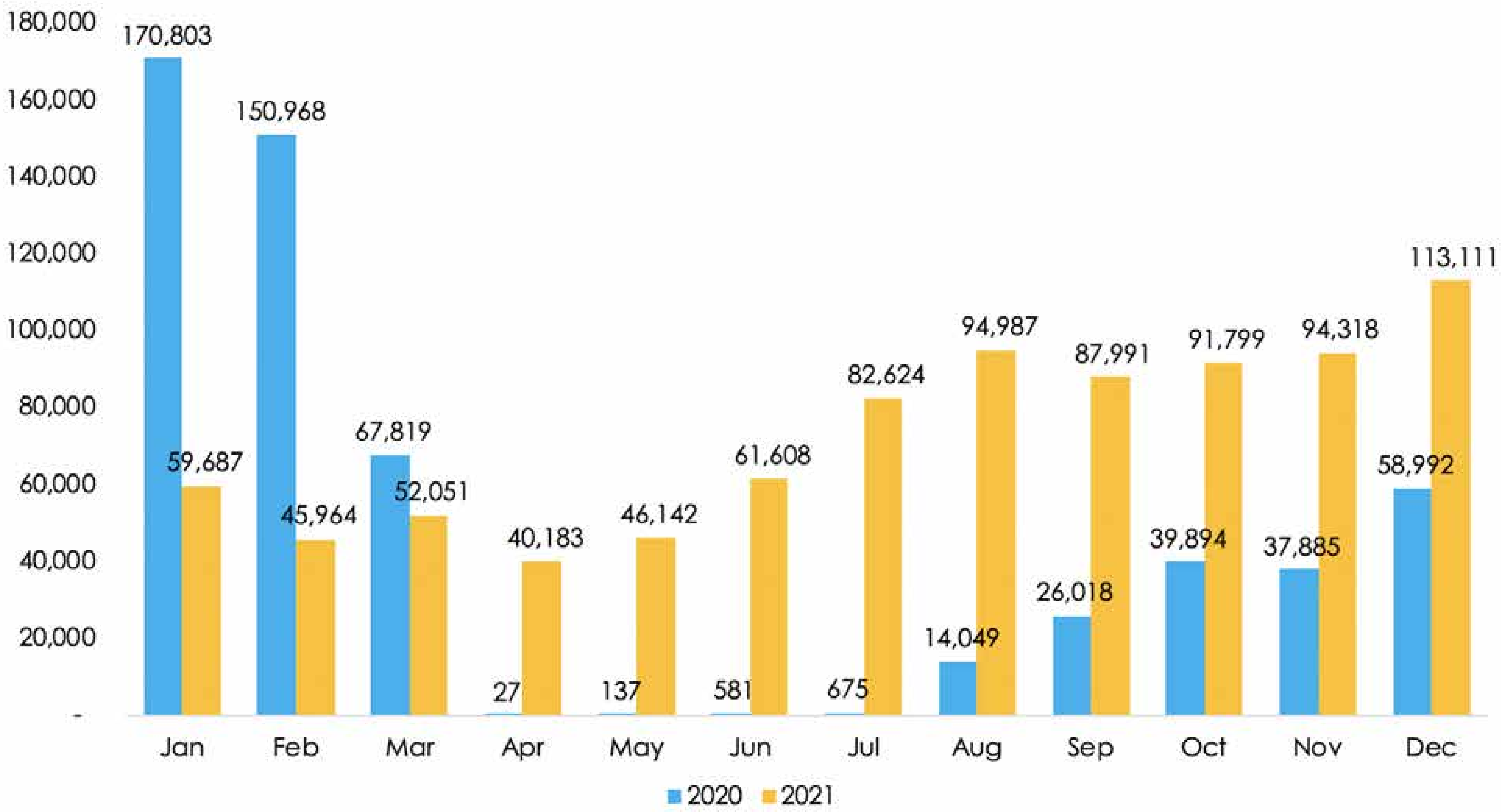
9. Receipts from travel and transports related services picking up as the recovery in international travel continues (USD mn)

Travel Receipts

Transport Receipts

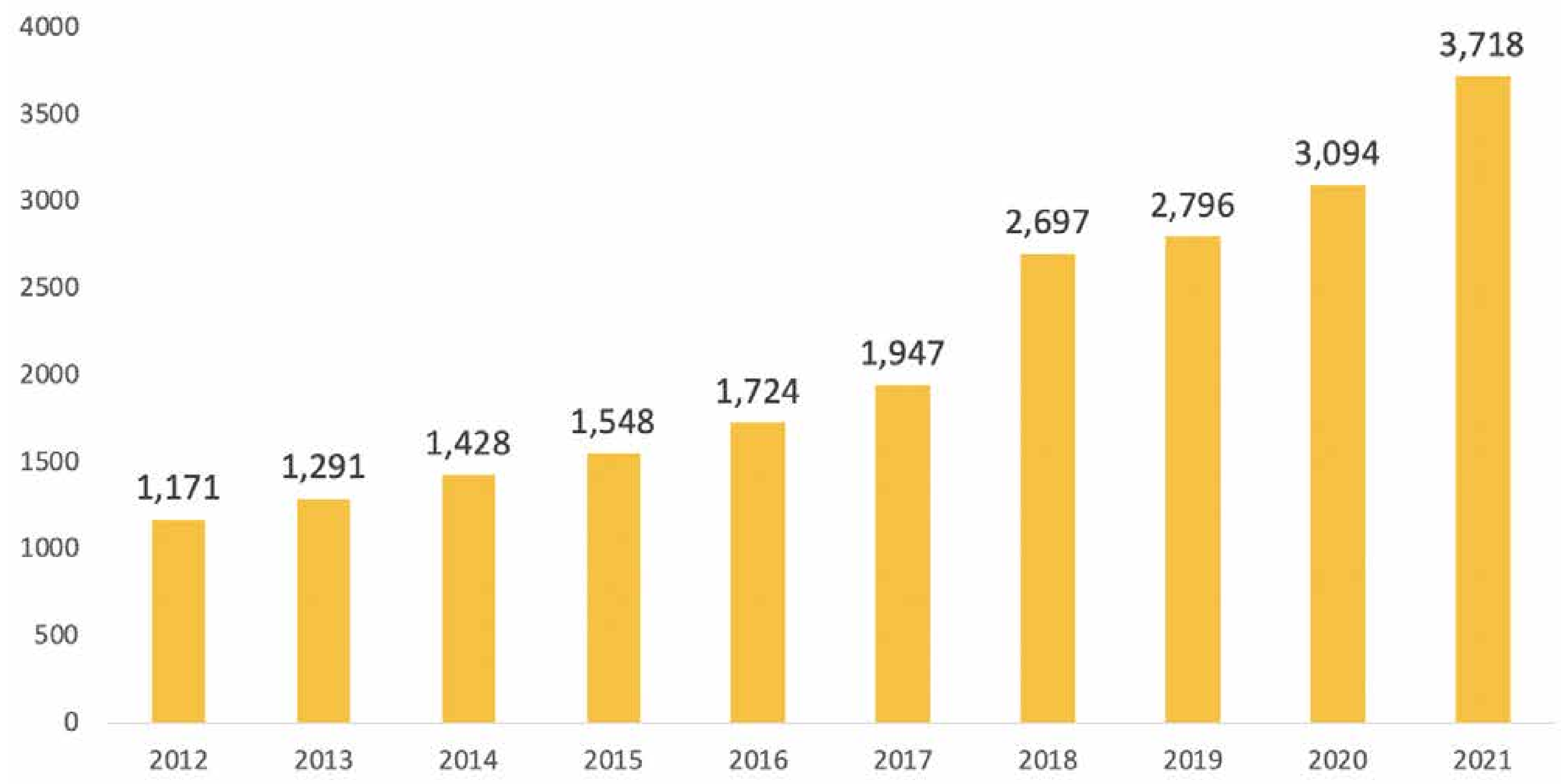
Source: *Central Bank of Kenya and Kenya Revenue Authority*

10. Tourist arrivals have continued to improve



Source: *Kenya Tourism Board*

11. Remittances flows have risen to an all-time record (USD Mn)



Source: *Central Bank of Kenya*

12. Current Account Deficit (percent of GDP)

Source: *Central Bank of Kenya*

13. Performance of major currencies against the USD in 2021

Source: *Bloomberg, Refinitiv*

14. Performance of selected African currencies against the US Dollar in 2021

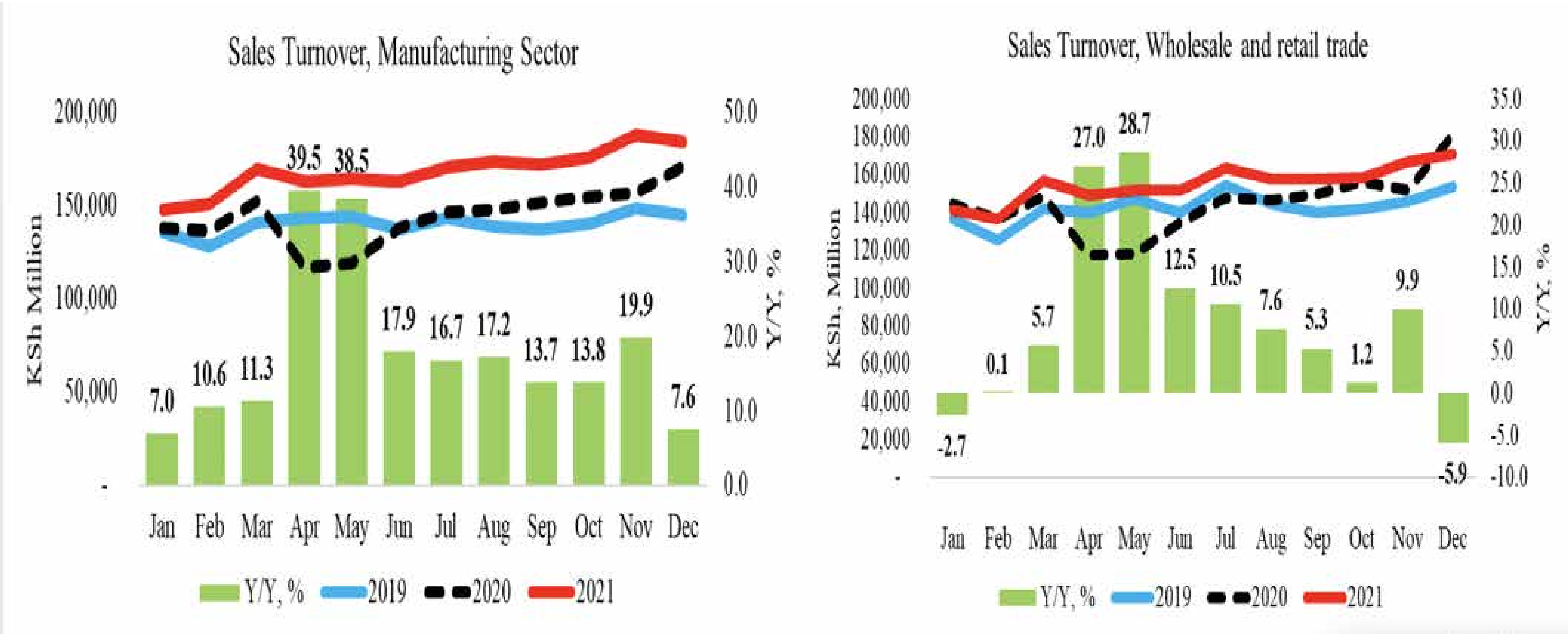
Source: *Bloomberg, Refinitiv*

15. Economic growth expected to remain strong in 2022

	2018	2019	2020	2021 Q1	2021 Q2	2021 Q3	2021 Q4 Est.	2021 Est.	2022 Proj.
1. Agriculture	**5.7**	**2.6**	**4.8**	**-0.1**	**-0.7**	**-1.8**	**-1.3**	**-0.9**	**6.3**
2. Non-Agriculture (o/w)	**5.6**	**5.8**	**-0.7**	**2.6**	**15.7**	**12.5**	**10.4**	**10.1**	**5.9**
2.1 Services	**6.1**	**6.5**	**-2.2**	**2.0**	**17.3**	**13.0**	**11.4**	**10.8**	**6.4**
Wholesale & Retail Trade	5.9	5.3	-0.4	7.4	9.5	6.9	7.7	7.8	6.8
Accommodation & restaurant	15.6	14.3	-47.7	-48.6	9.4	24.8	38.3	-7.6	17.0
Transport & Storage	6.0	6.3	-7.8	-9.1	17.4	13.0	12.8	8.0	8.0
Information & Communication	7.9	7.5	4.8	16.1	25.3	5.8	14.4	15.0	5.8
Financial & Insurance	2.7	6.9	5.6	8.3	12.3	6.7	5.9	8.2	5.5
Public administration	7.9	9.9	5.3	9.1	13.0	6.9	4.7	8.4	5.0
Professional, Admin & Support Servic	6.9	6.9	-15.0	-14.4	17.7	13.5	11.6	6.1	5.8
Real estate	6.5	6.7	4.1	4.5	4.9	5.2	5.5	5.0	5.6
Education	6.4	4.7	-10.8	10.0	67.6	64.7	34.1	41.5	5.2
Health	5.4	6.2	6.7	9.1	10.0	8.4	8.9	9.1	5.1
Other services	3.3	4.4	-14.2	-16.1	20.2	13.3	17.2	7.3	5.7
FISIM	3.7	9.5	-2.0	0.3	-3.8	-2.0	-1.6	-1.8	1.4
2.2 Industry	**3.8**	**3.4**	**4.0**	**4.5**	**8.4**	**8.5**	**4.9**	**6.5**	**5.0**
Mining & Quarrying	-4.7	4.3	6.7	16.4	17.7	25.1	9.2	16.9	6.3
Manufacturing	3.6	2.5	-0.1	1.6	9.4	9.5	4.8	6.2	4.0
Electricity & water supply	3.6	1.7	0.1	2.0	5.2	4.5	5.1	4.2	5.7
Construction	6.1	5.6	11.8	7.9	6.5	6.4	4.2	6.2	6.0
2.3 Taxes on products	5.9	3.7	-7.9	2.0	21.9	18.2	15.3	13.9	4.3
Real GDP Growth	**5.6**	**5.0**	**-0.3**	**2.0**	**11.9**	**9.9**	**8.4**	**8.0**	**5.9**

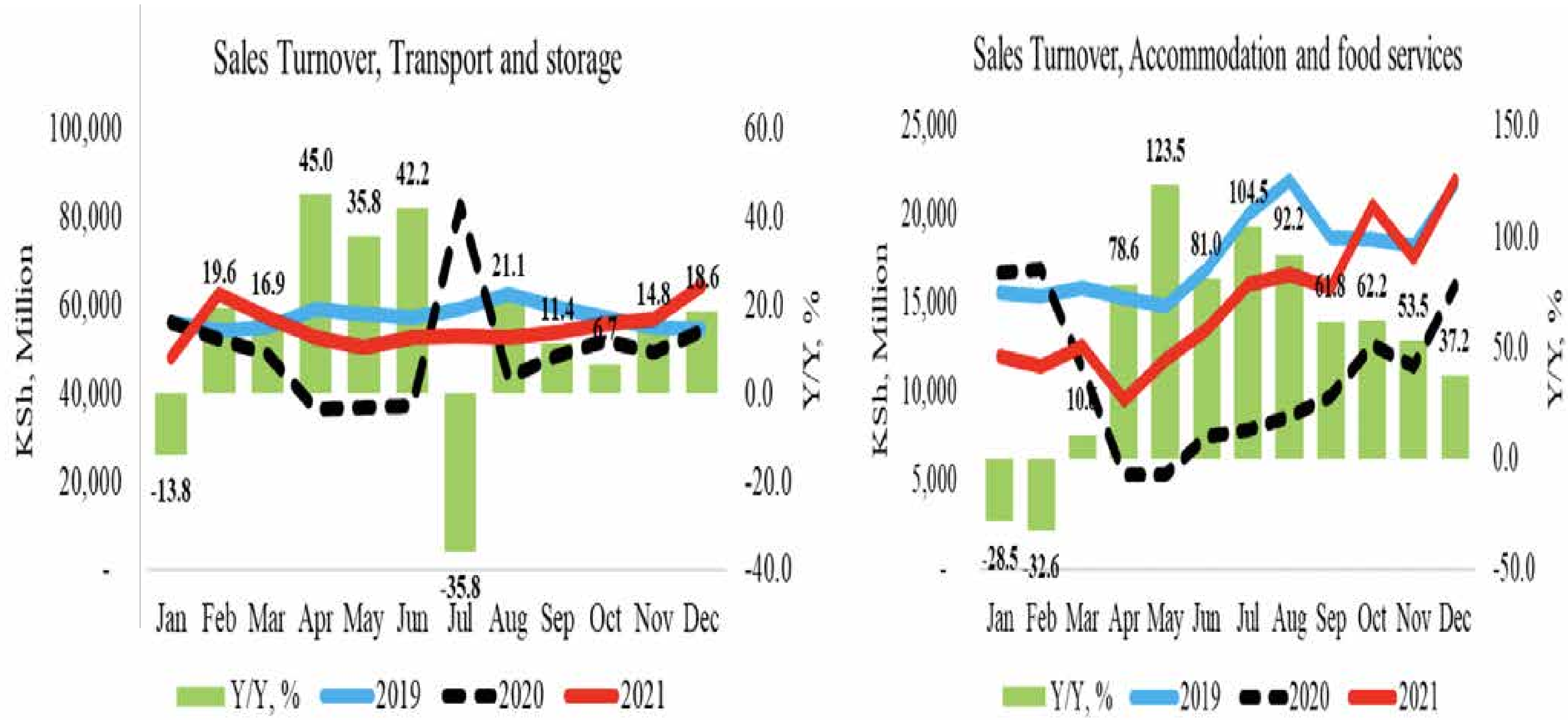
Source: *Central Bank of Kenya and Kenya National Bureau of Statistics*

16. Sales Turnover: Manufacturing and Wholesale and Retail Trade Sectors



Source: *Central Bank of Kenya*

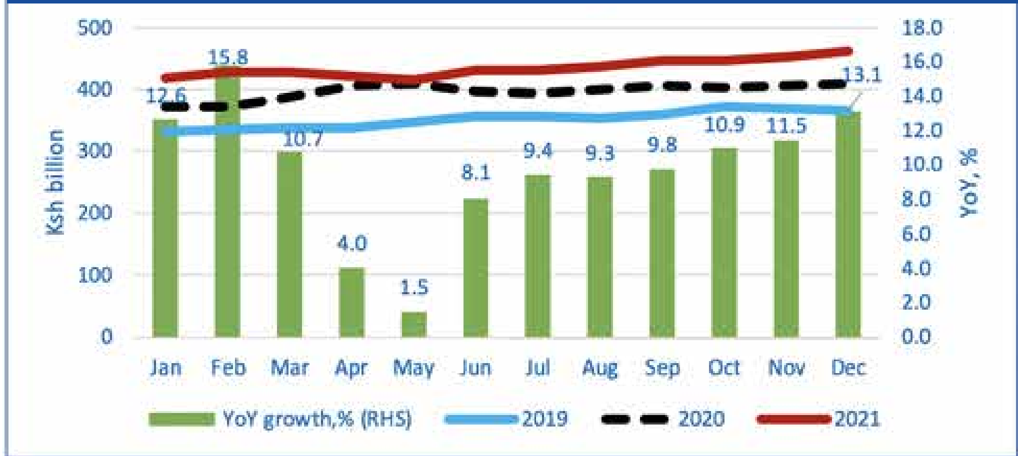
17. Sales Turnover: Transport and Storage and Accommodation and Food services sectors



Source: *Central Bank of Kenya*

18. Credit to selected sectors

Manufacturing



Trade

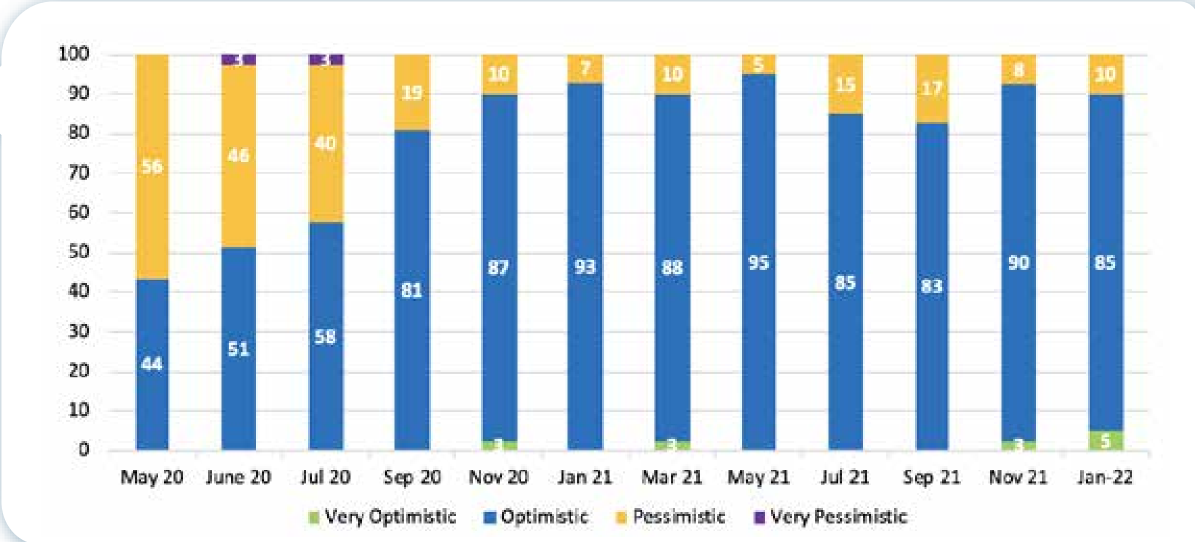
Transport and communication

Consumer durables

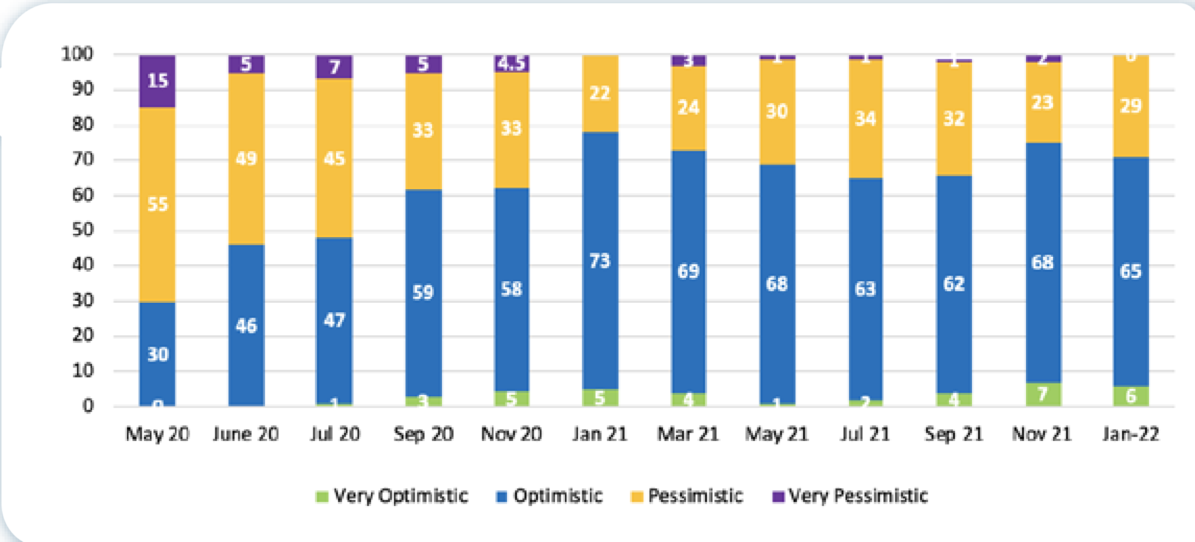
Source: *Central Bank of Kenya*

19. MPC Market perceptions Survey, January 2022

Optimism by banks (% of respondents)



Optimism by non-bank private sector firms (% of respondents)



Source: *Central Bank of Kenya*

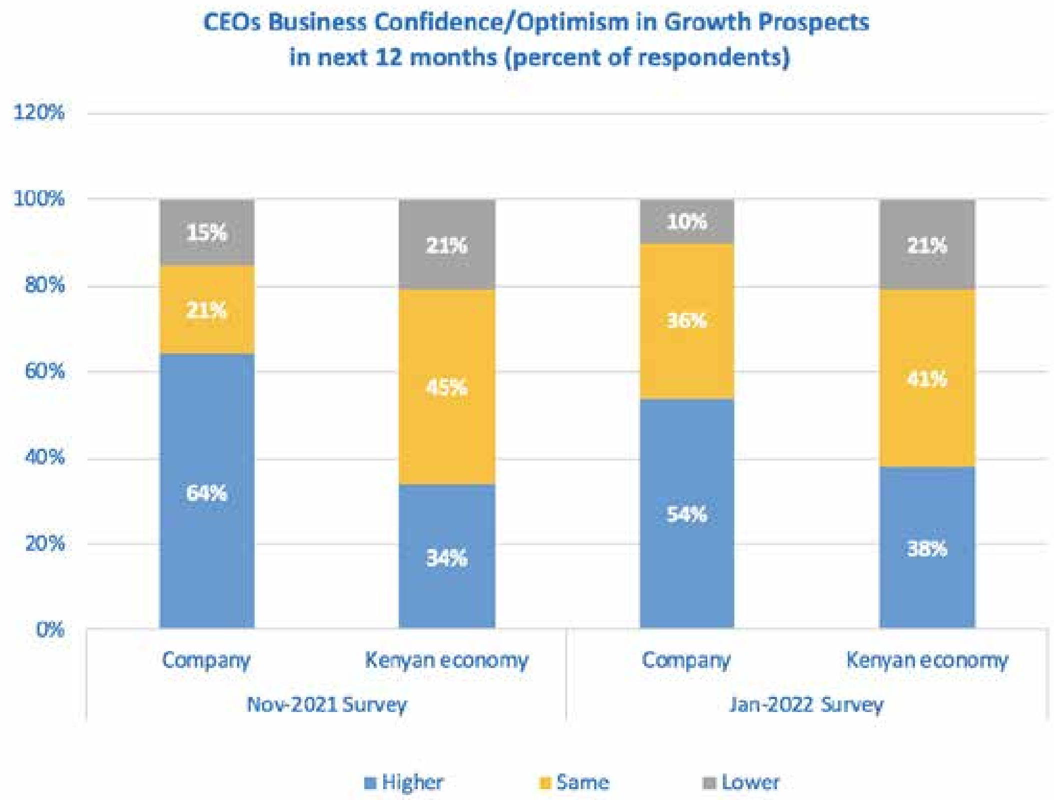
20. Business Confidence/Optimism (Next 12 Months)

The January 2022 CEOs Survey shows that most businesses are optimistic about growth prospects of their companies and the Kenyan economy.
This optimism is hinged on several factors including:

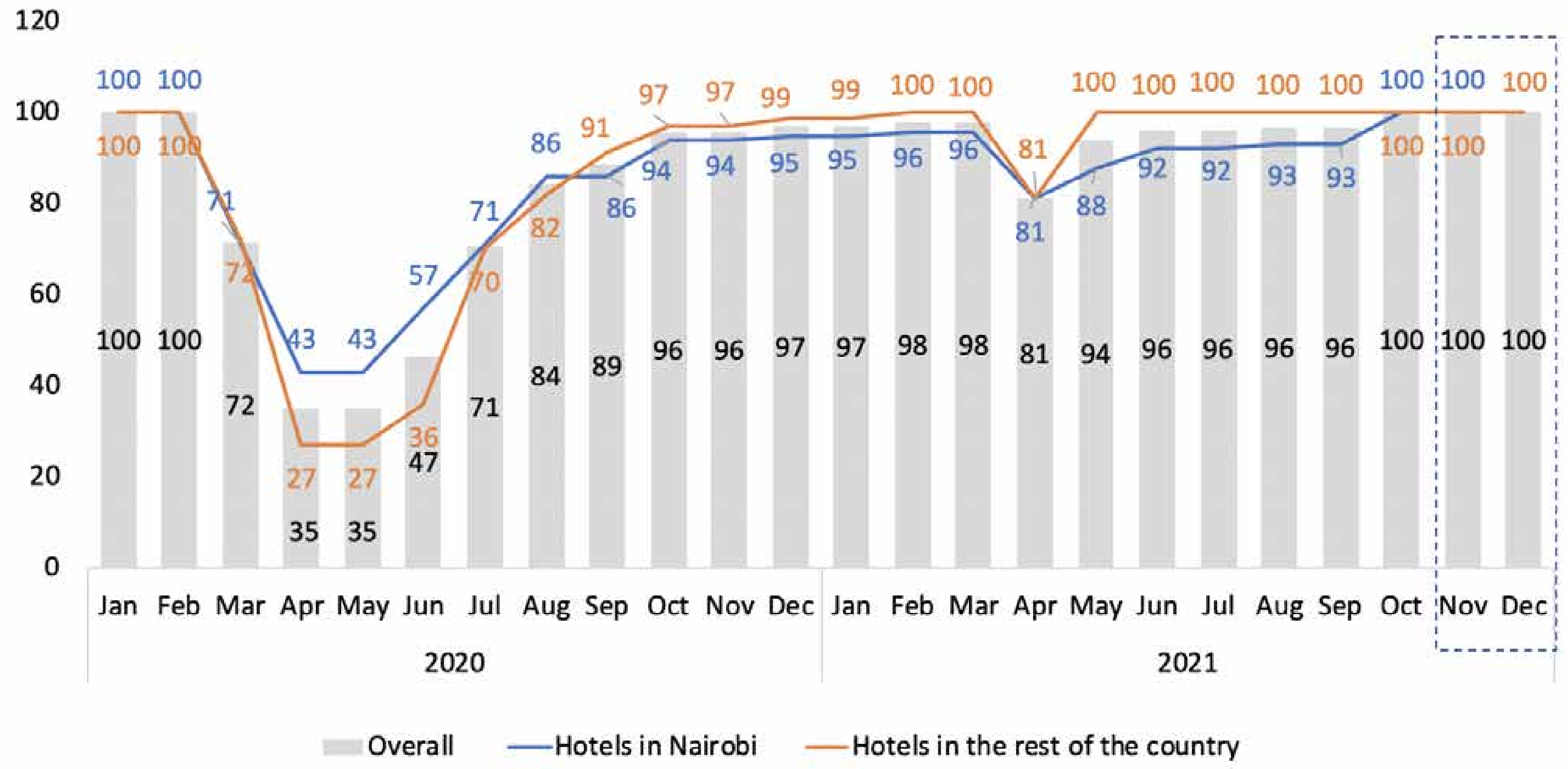
- Reduced energy costs and lower inflation.
- Improved consumer demand.
- Containment of the spread of the COVID-19 pandemic with the pick up in vaccinations.
- Continued recovery of specific sectors that were hard hit by COVID-19, particularly services.
- Continued business recovery supported by Government investment in infrastructure.

However, responding CEOs were concerned about:

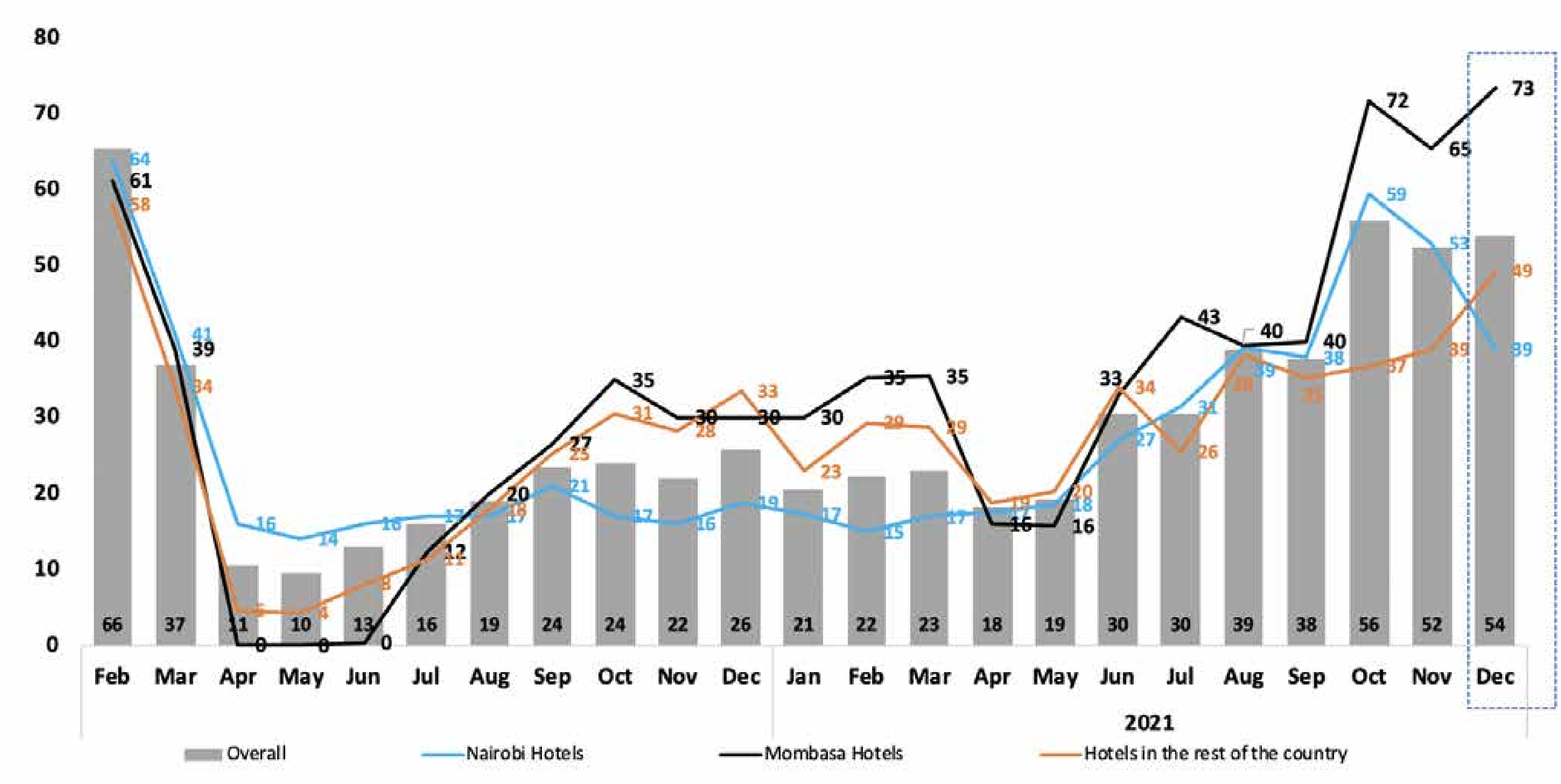
- Slow down in global economic recovery and global supply chain disruptions.
- Possible wait and see approach to investment with increased political activity.



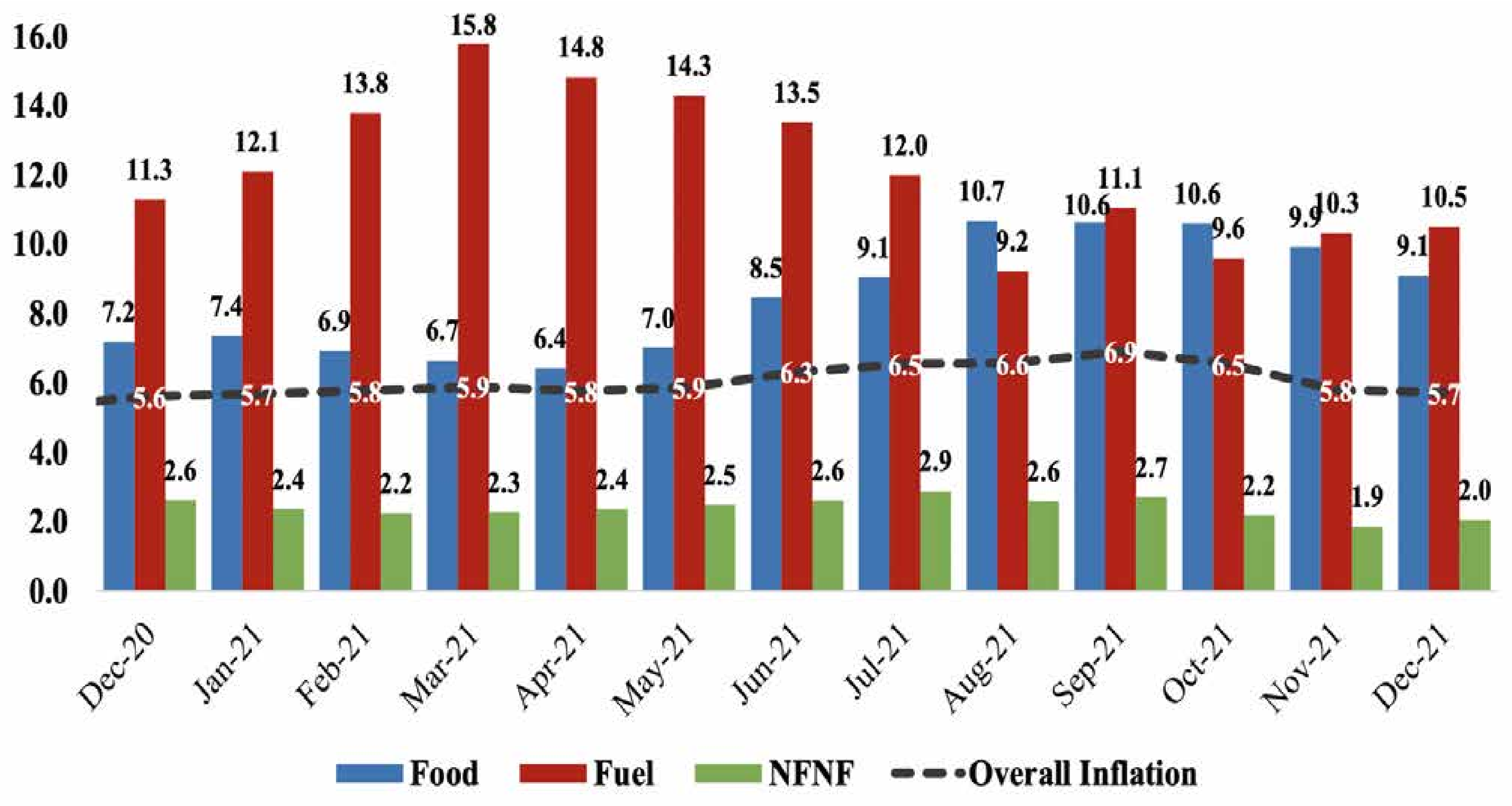
21. Hotels in operations (percent of hotels that responded)



22. Hotels average bed occupancy (percent of total bed capacity)



23. Domestic inflation declined in December 2021 (y/y, percent)



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

24. 12 Month growth in Credit to Private Sector (percent)

Source: *Central Bank of Kenya*

Thank You!

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