



**Central Bank of Kenya**

# **MONETARY POLICY COMMITTEE MEETING BACKGROUND INFORMATION**

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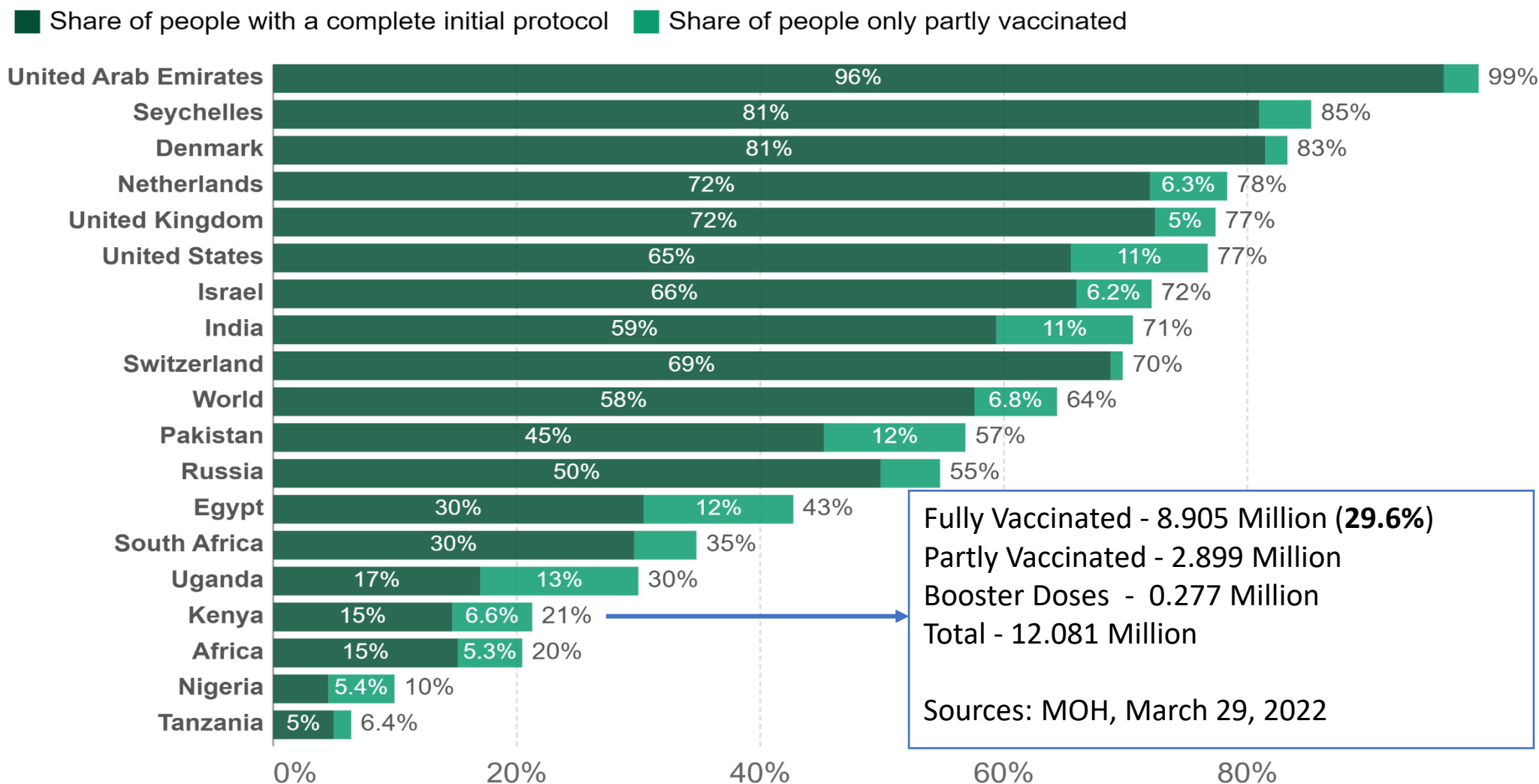
Wednesday, March 30, 2022  
Dr. Patrick Njoroge

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[WWW.CENTRALBANK.GO.KE](http://WWW.CENTRALBANK.GO.KE)

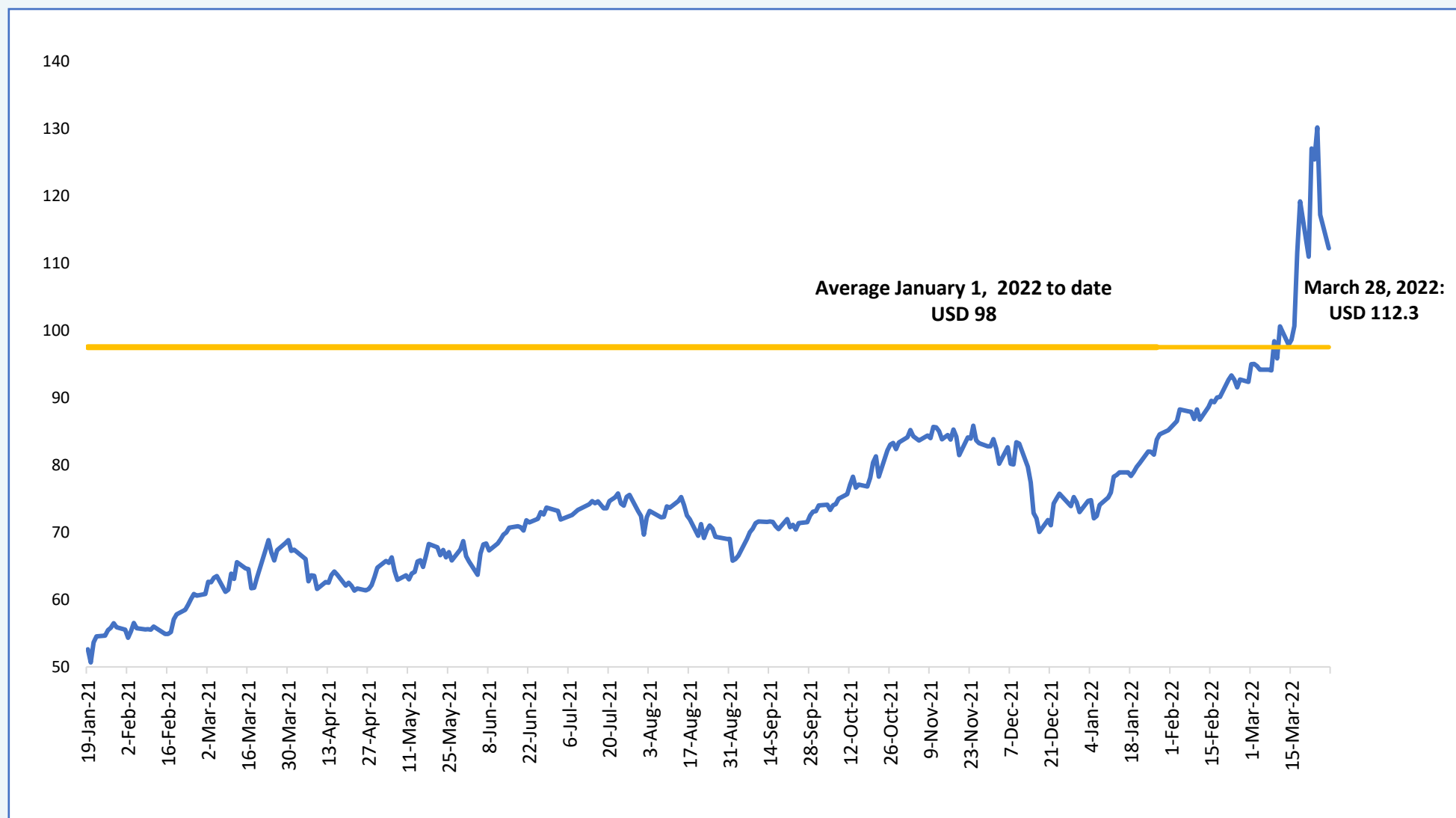
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# Progress in COVID-19 vaccinations across selected countries (as at March 28, 2022)



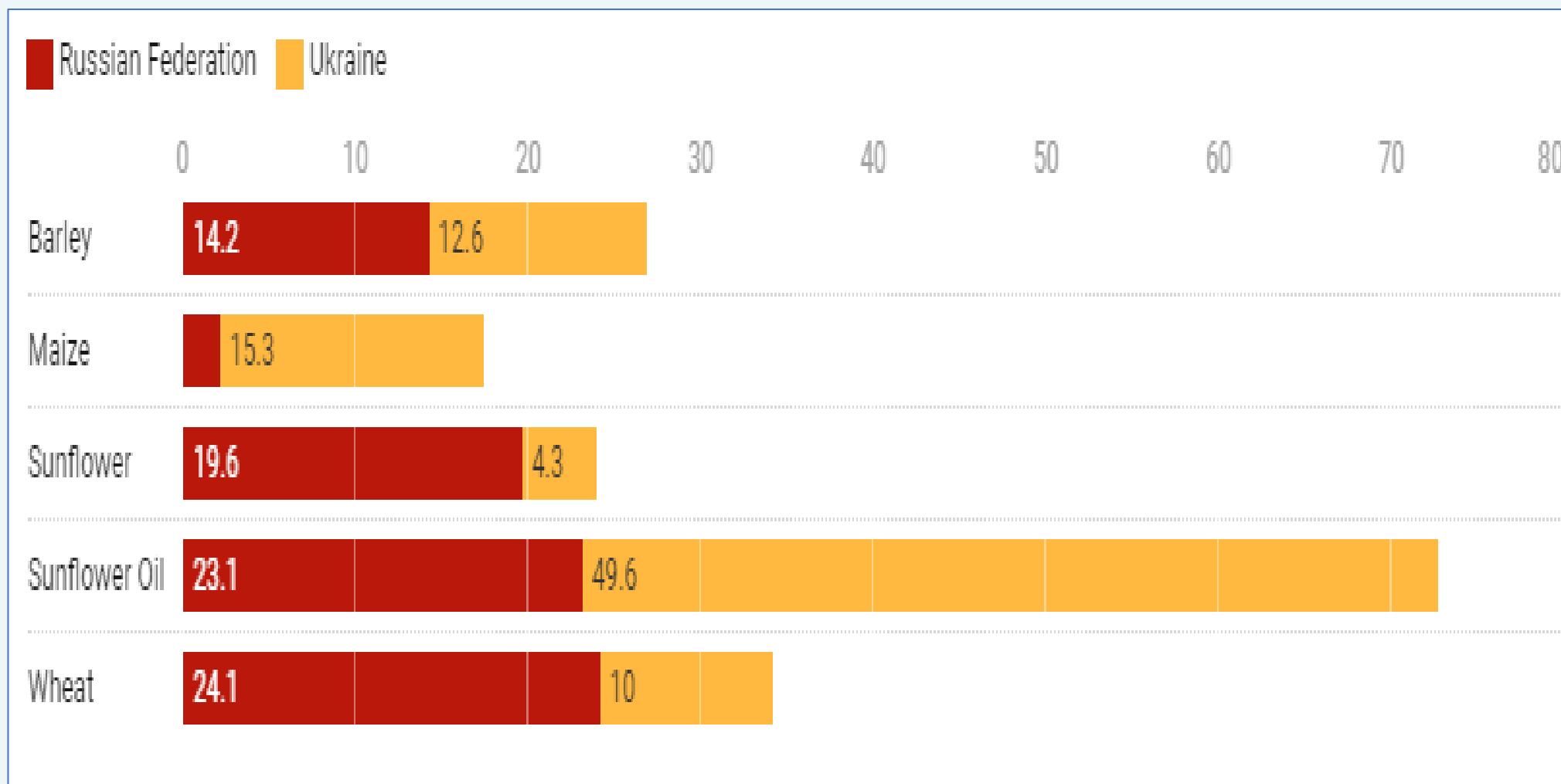
Sources: Our World in Data (database)

# Murban crude oil prices (USD per barrel)



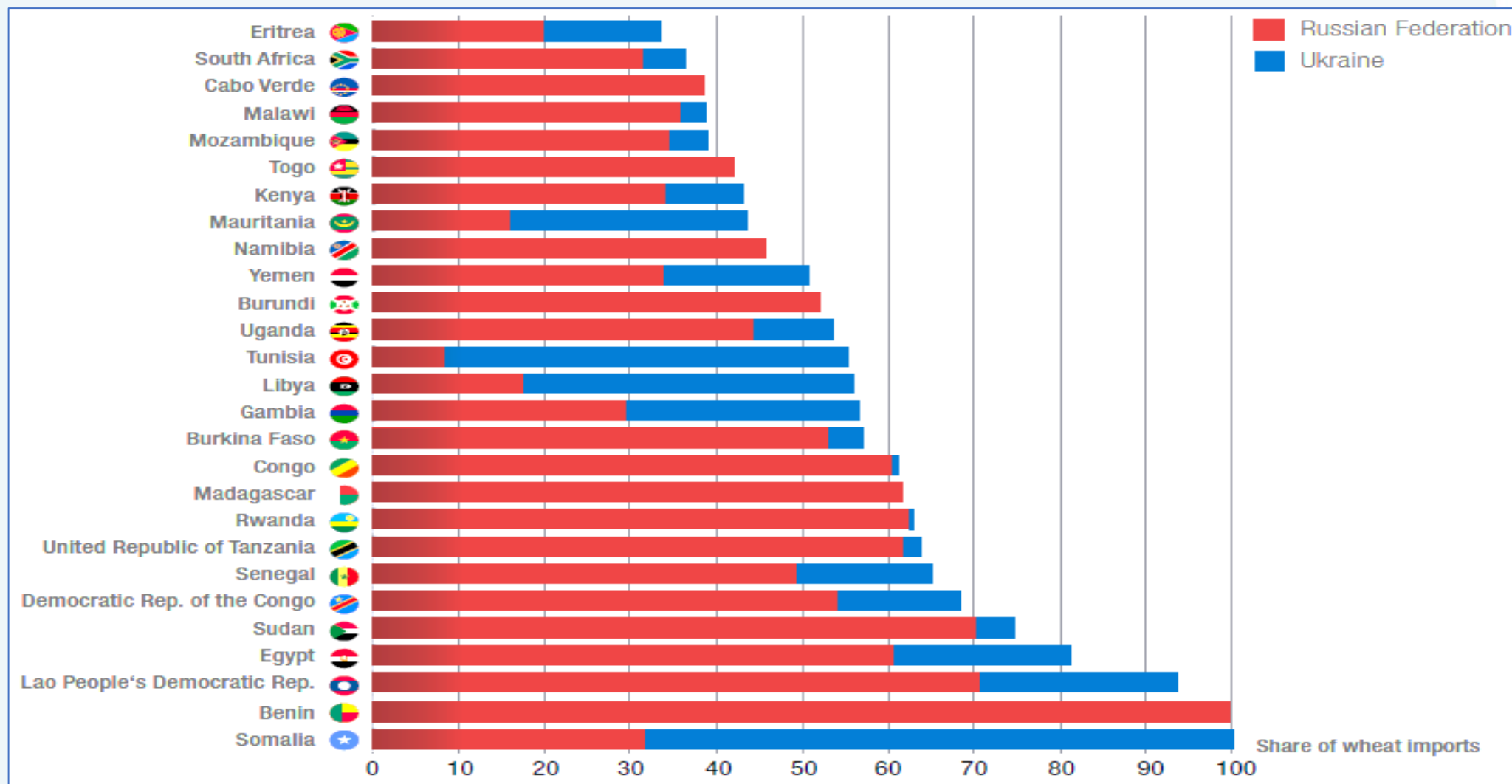
Source: Oilprice.com

## Russia and Ukraine among the top five global exporters of cereals and oilseeds (percentage of total global exports)



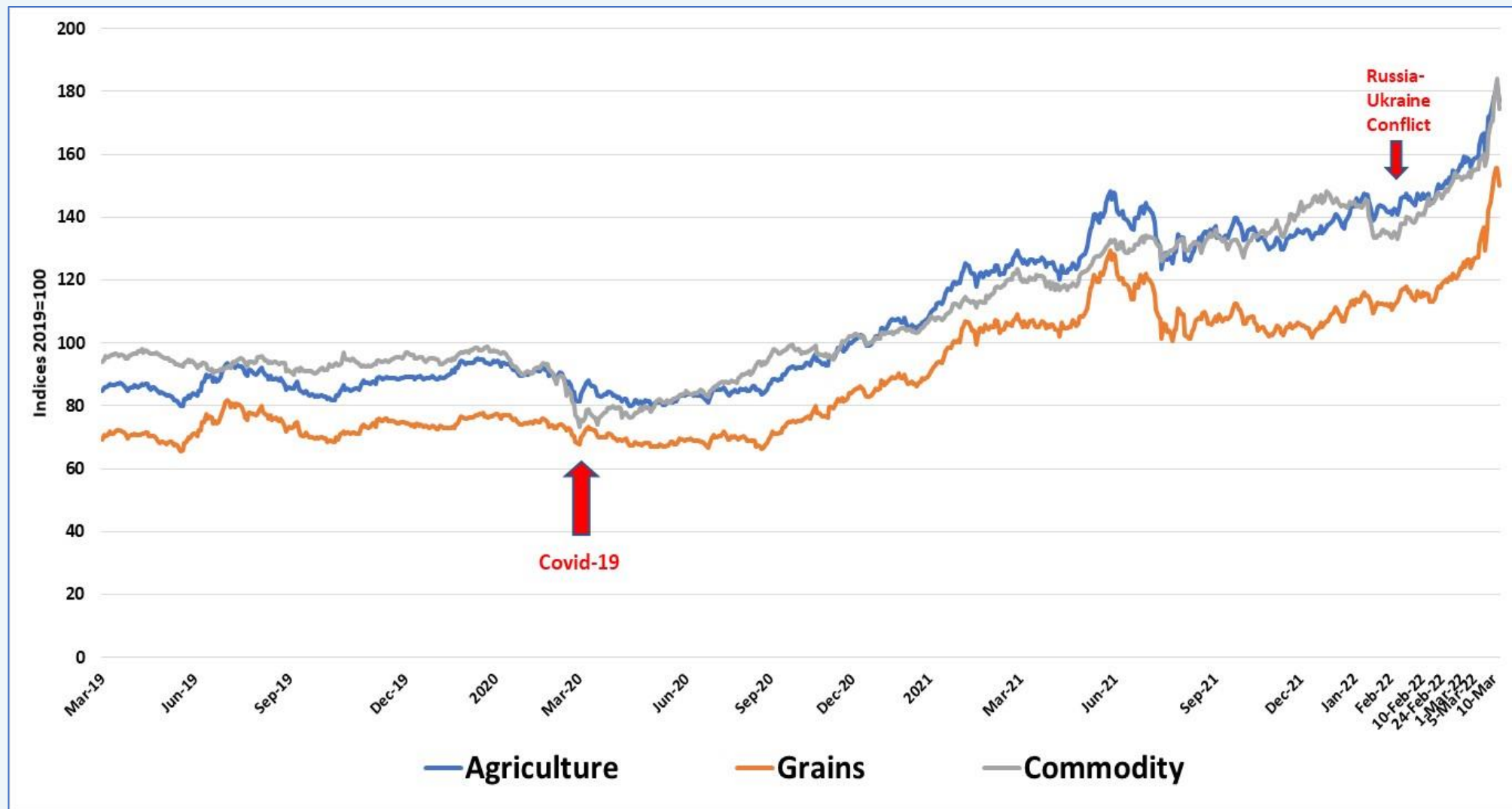
Source: UNCTAD calculations

# Share of wheat imports by selected countries from Russia and Ukraine (percent of total wheat imports by country)



Source: UNCTAD

# UNCTAD Spot Price Index for Global food prices (Spot Price Index: 2008=100)

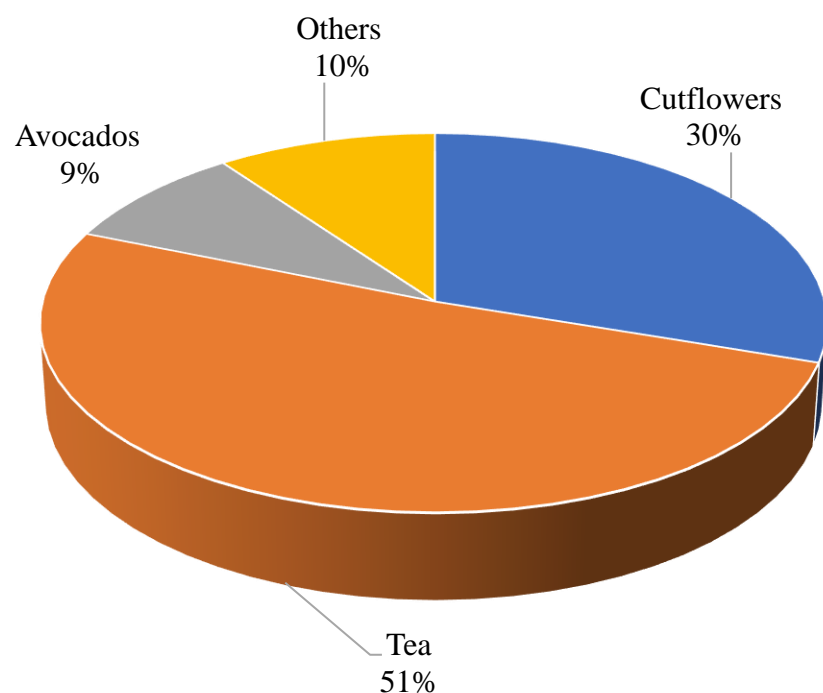


Source: UNCTAD

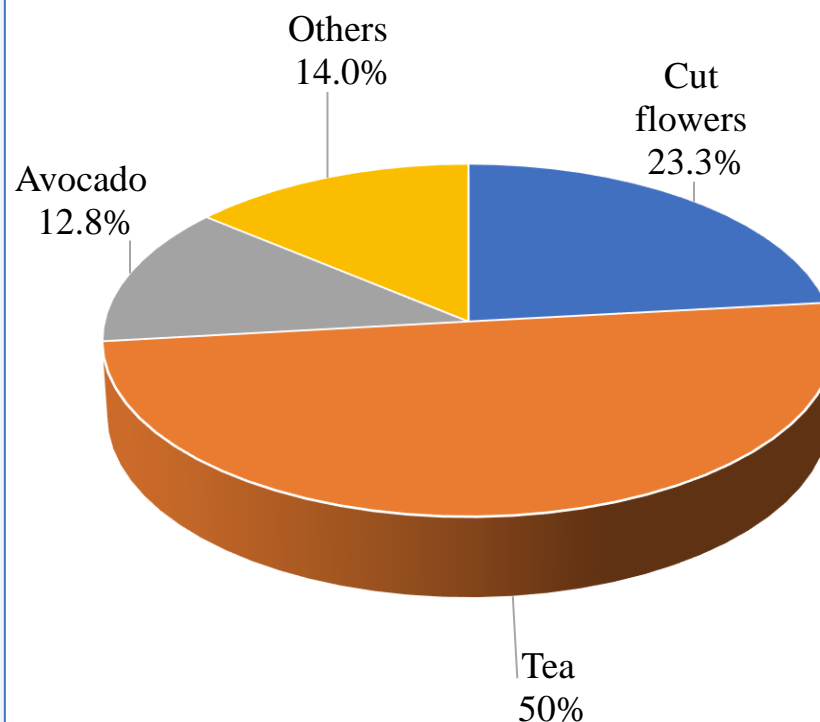
## Composition of Kenya's exports to Russia and Ukraine:

*Exports to Russia and Ukraine in 2021 were 1.4 % and 0.1 %, respectively of total Kenyan exports*

**Composition of exports to Russia**



**Composition of exports to Ukraine**



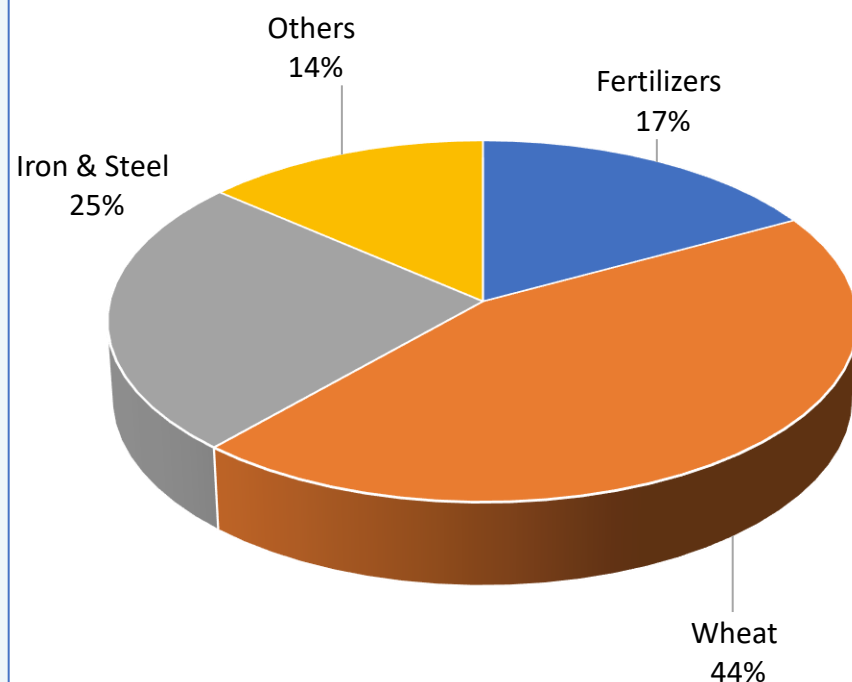
Source: CBK and KRA



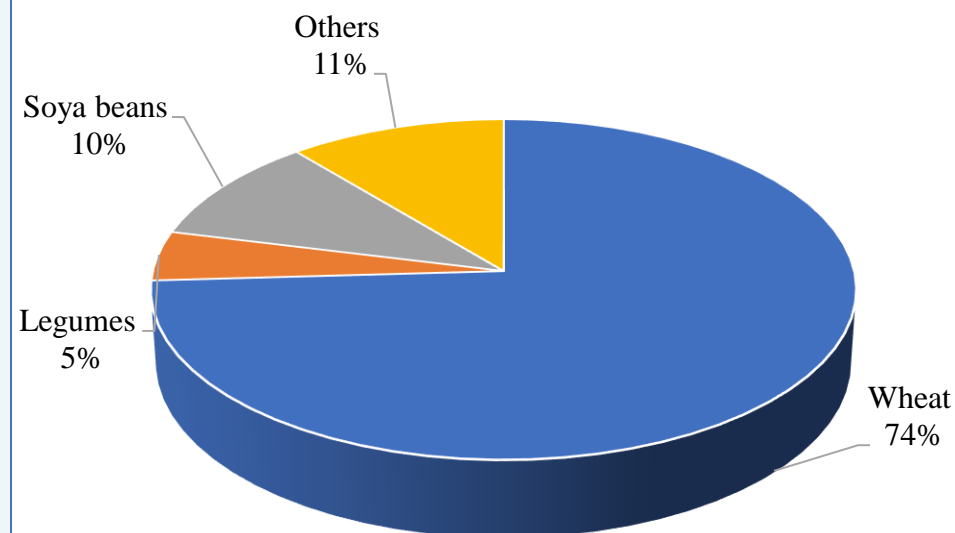
## Composition of Kenya's imports from Russia and Ukraine:

*Imports from Russia and Ukraine in 2021 were 1.8 % and 0.9 %, respectively, of total Kenyan imports*

**Composition of imports from Russia**



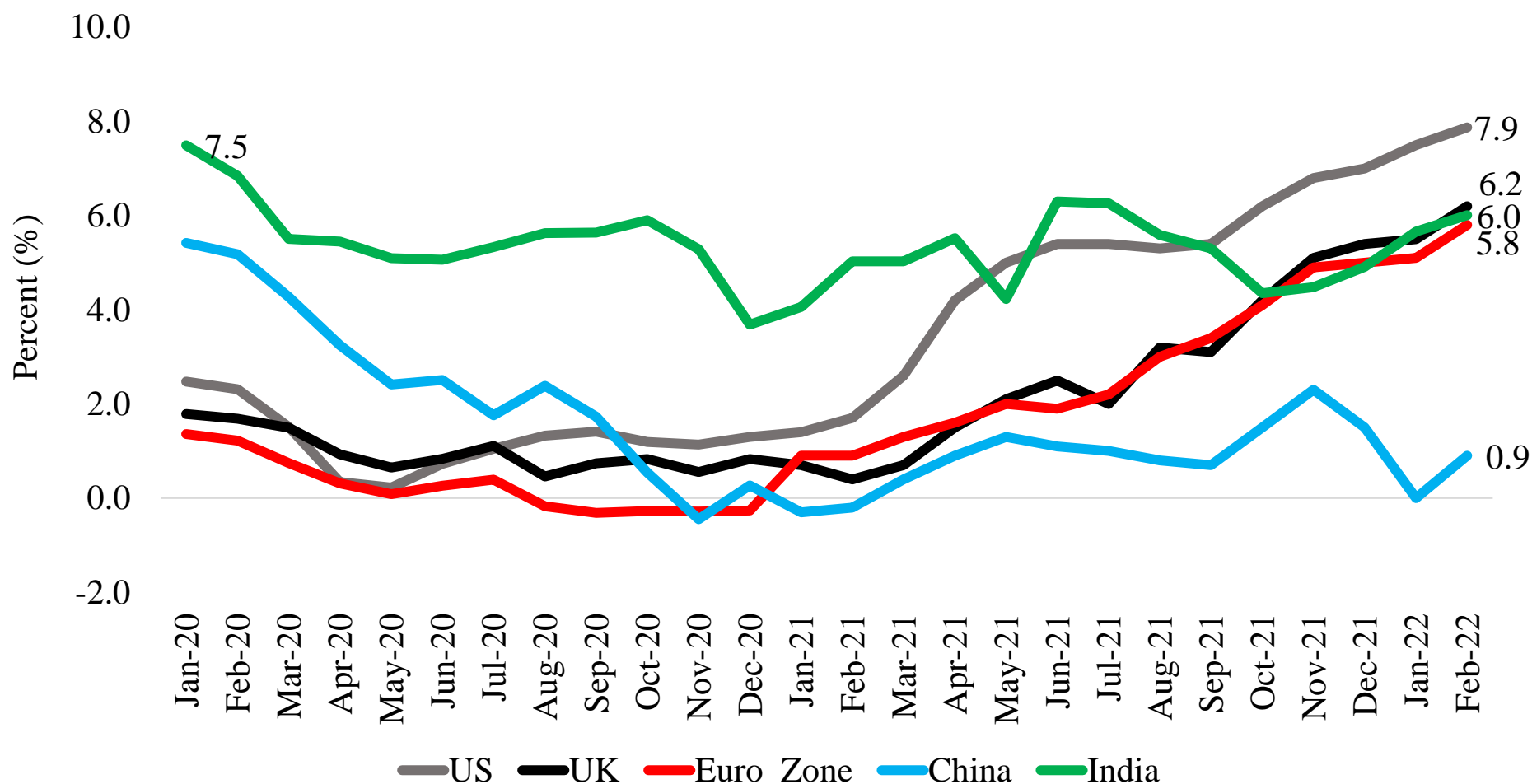
**Composition of imports from Ukraine**



Source: CBK and KRA

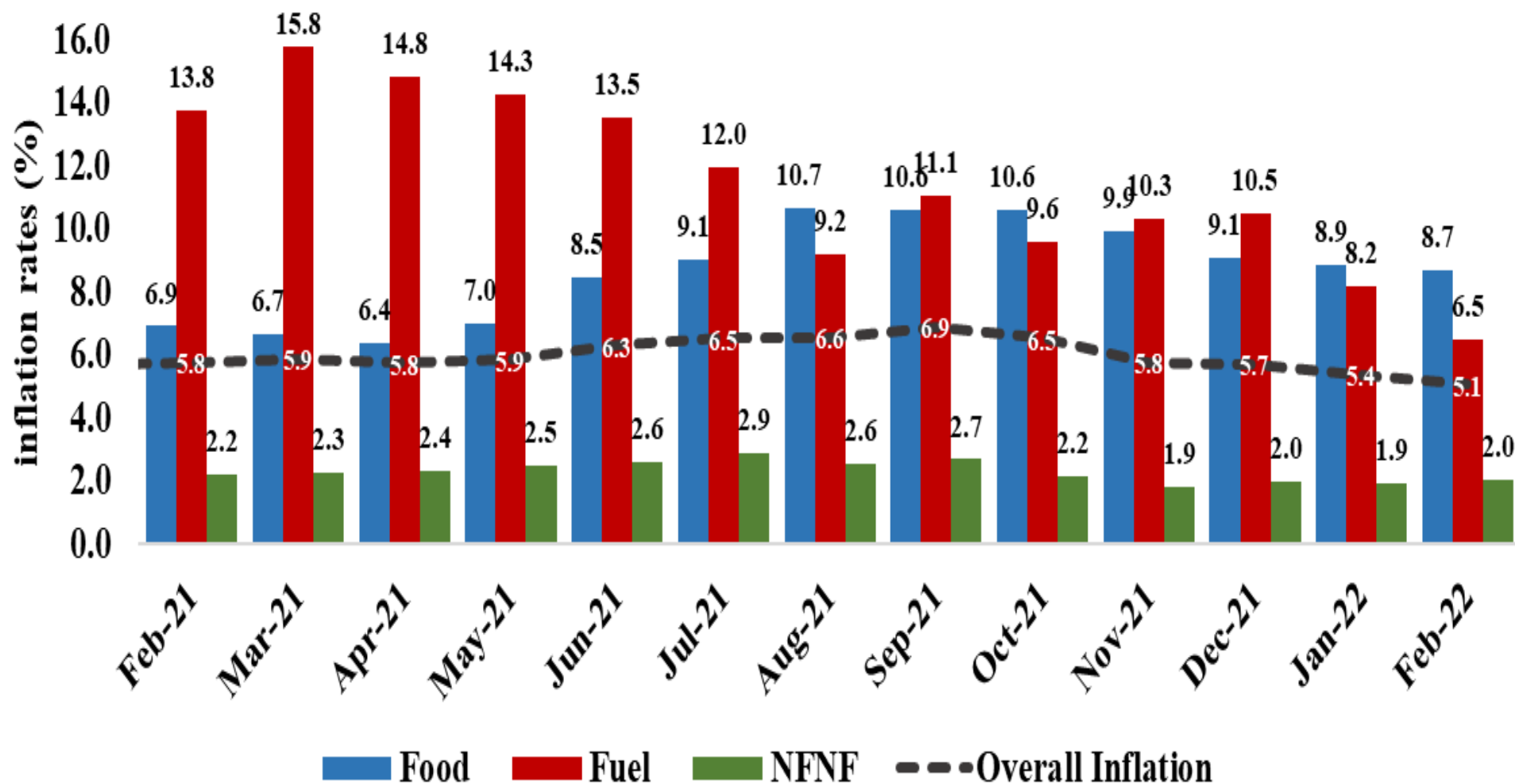


# Inflation in advanced economies (y/y, percent)



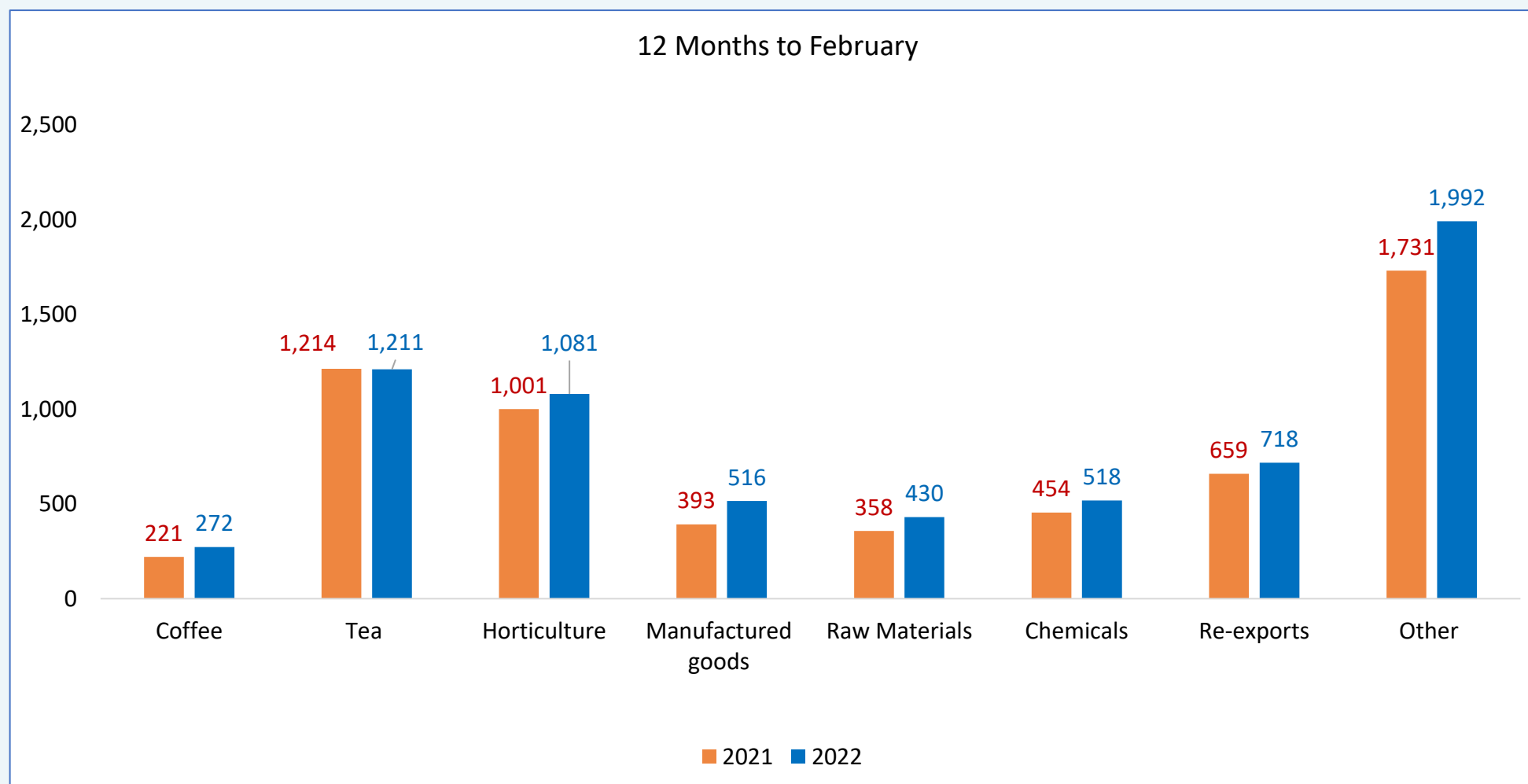
Source: Websites of respective countries

## Domestic inflation declined in February 2022 (y/y, percent)



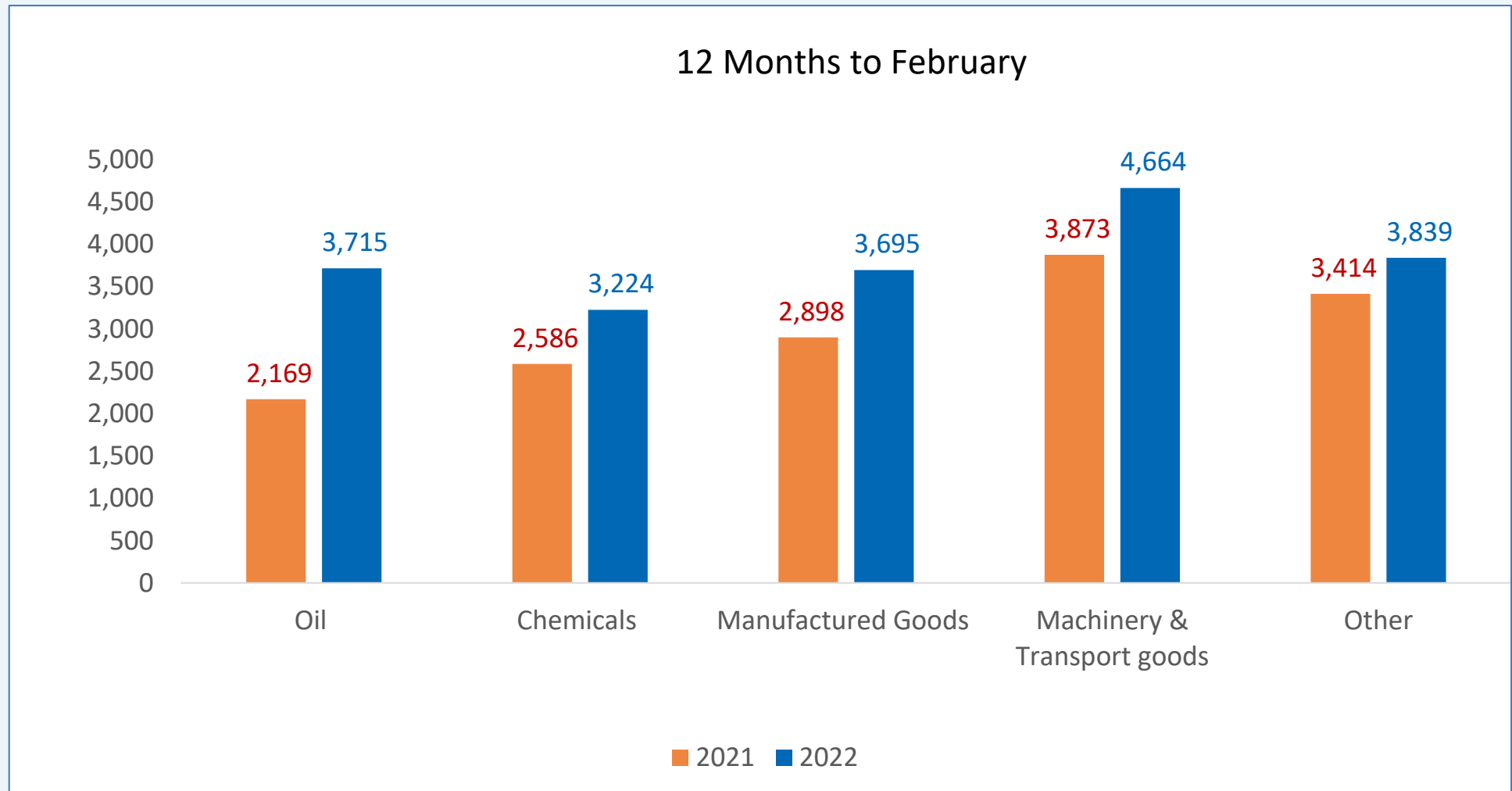
Source: KNBS and CBK

## Exports of goods by broad economic category (USD Million)



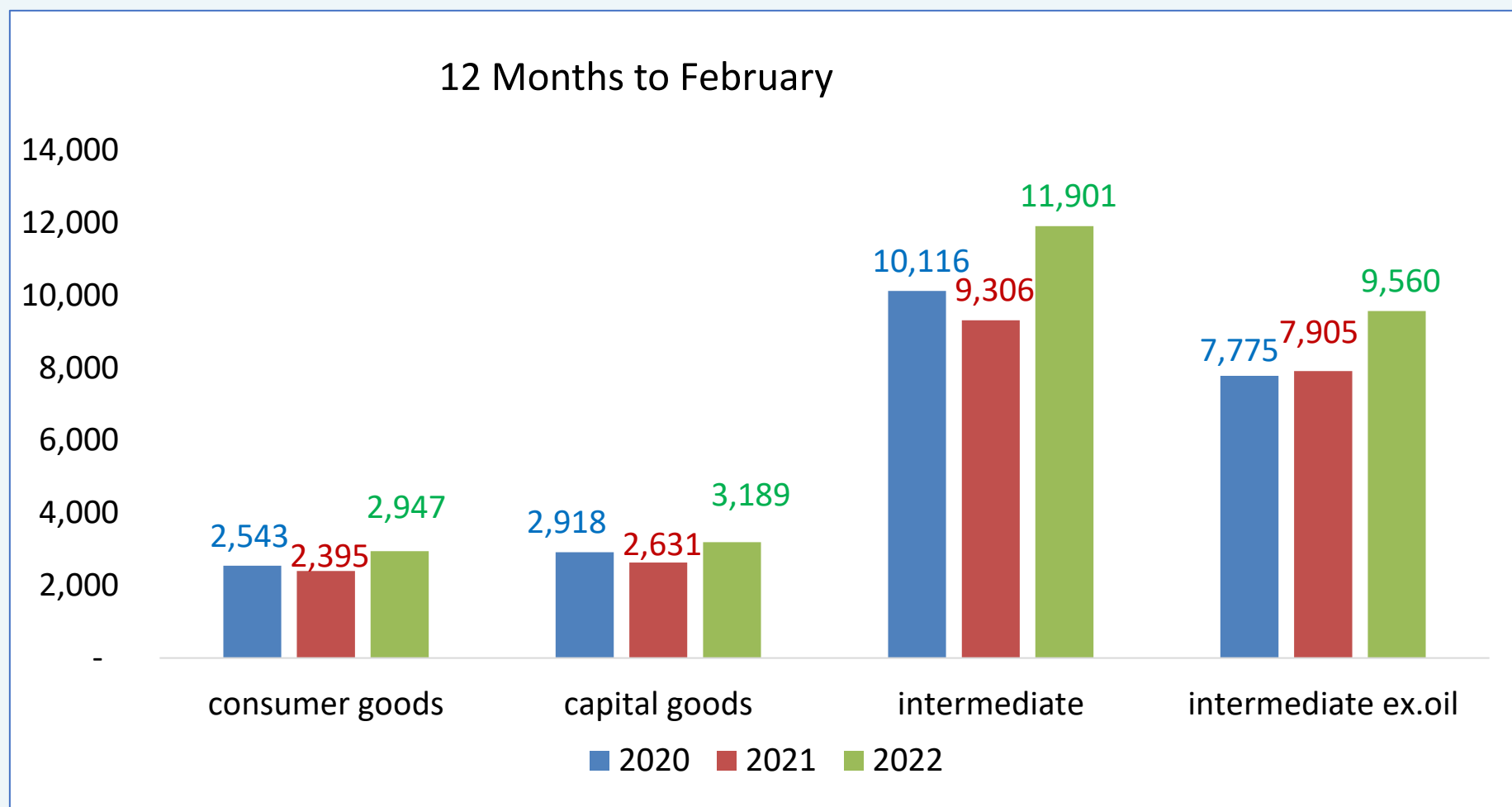
Source: CBK, KRA

## Imports of goods by broad category (USD Million)



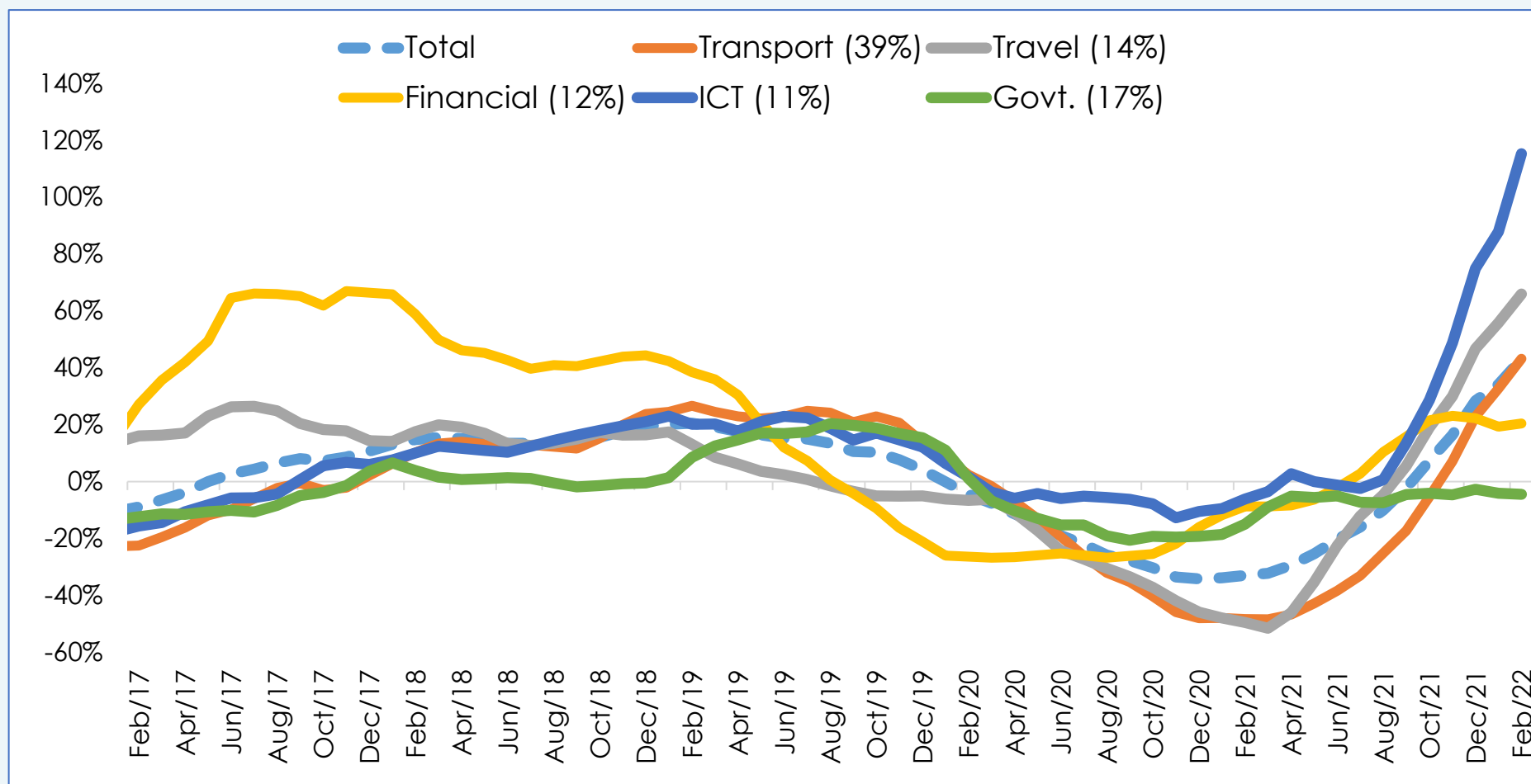
Source: CBK, KRA

## Imports of goods by broad category (USD Million)



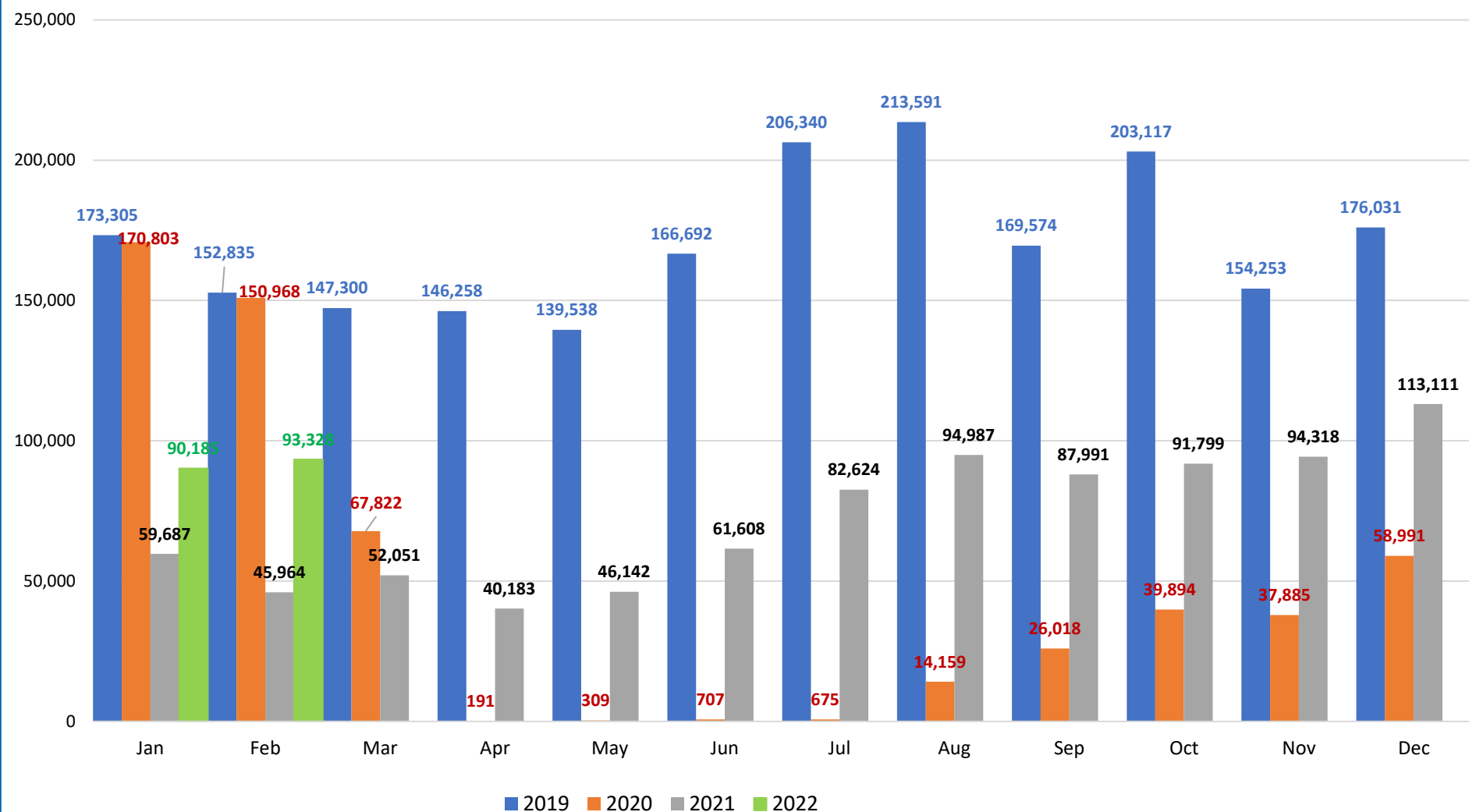
Source: CBK, KRA

## Strong growth of service exports largely driven by international travel and transport, and ICT in the 12 months to February 2022.



Source: CBK

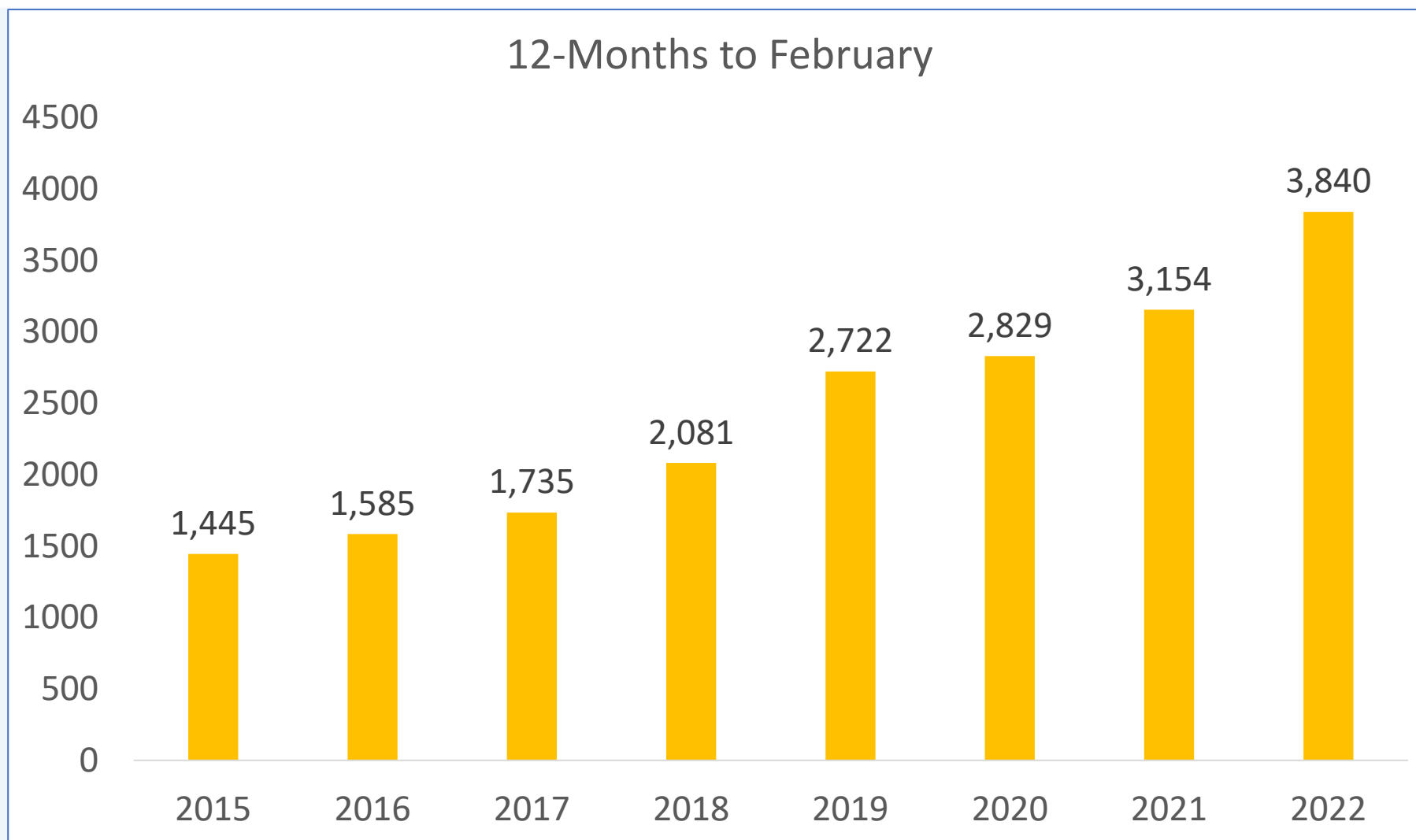
# Number of tourist arrivals have continued to improve



Source: Kenya Tourism Board

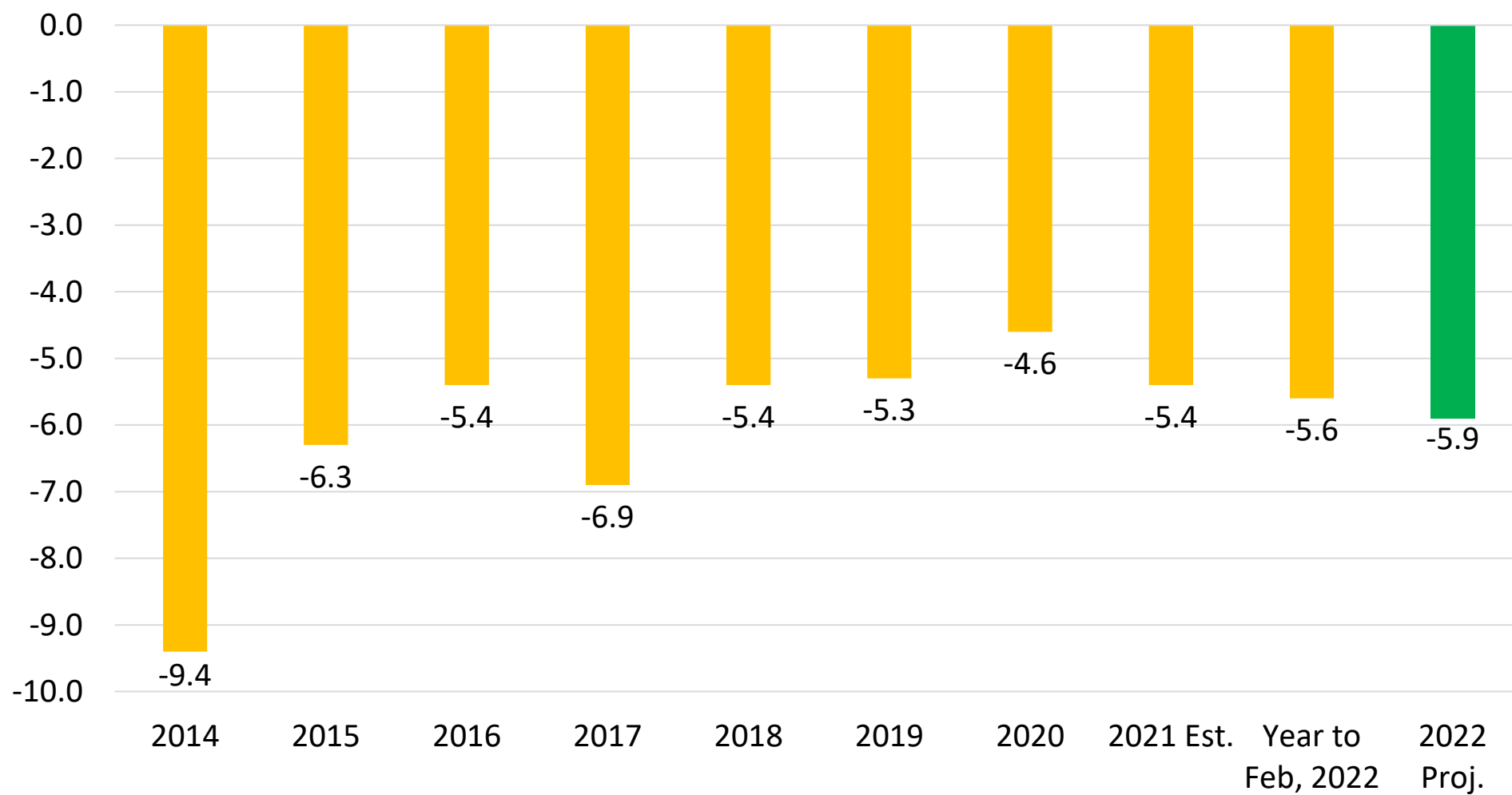


## Diaspora remittances have remained strong (USD, Million)



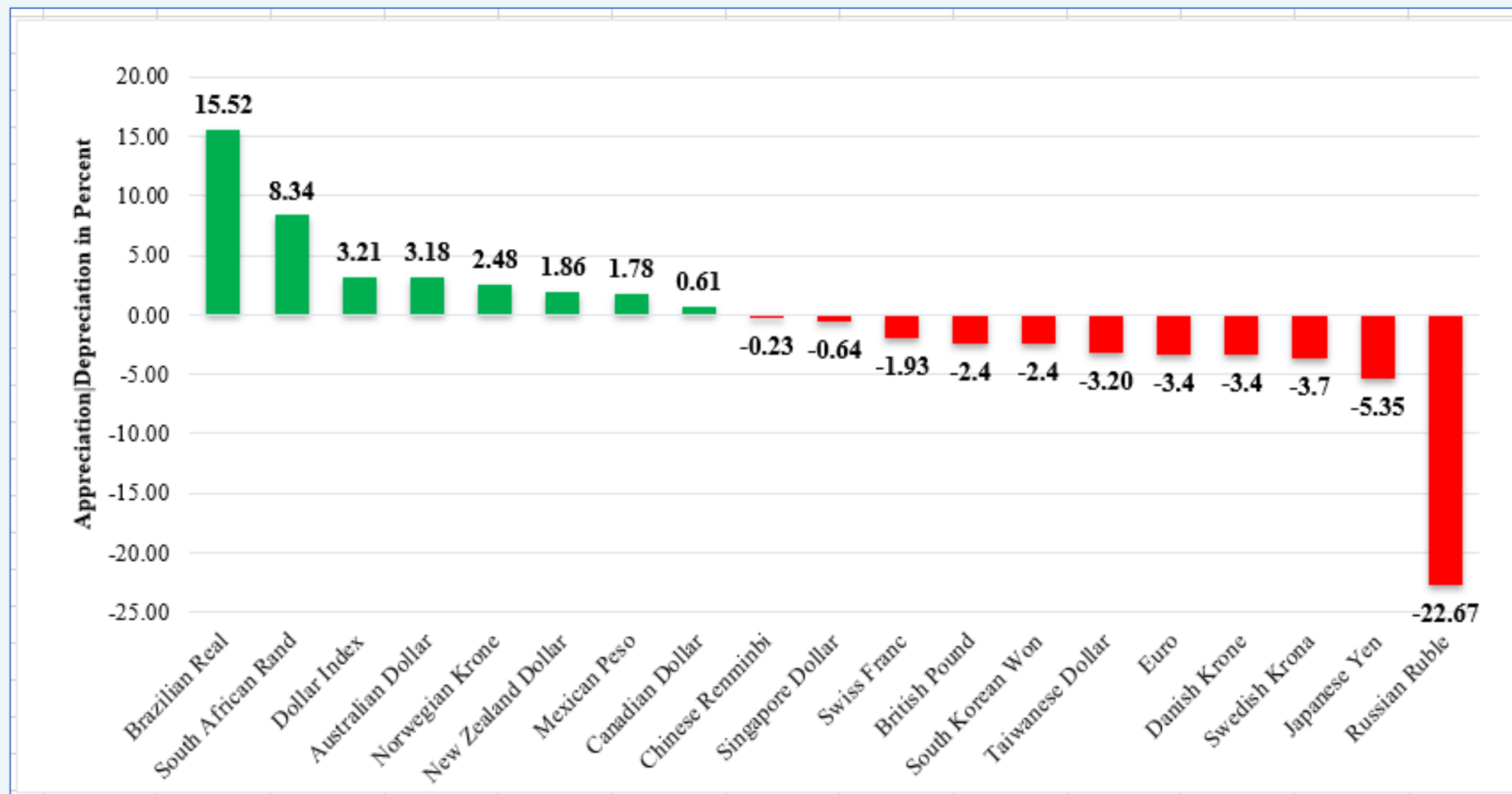
Source: CBK

## Current Account Deficit (percent of GDP)



Source: CBK

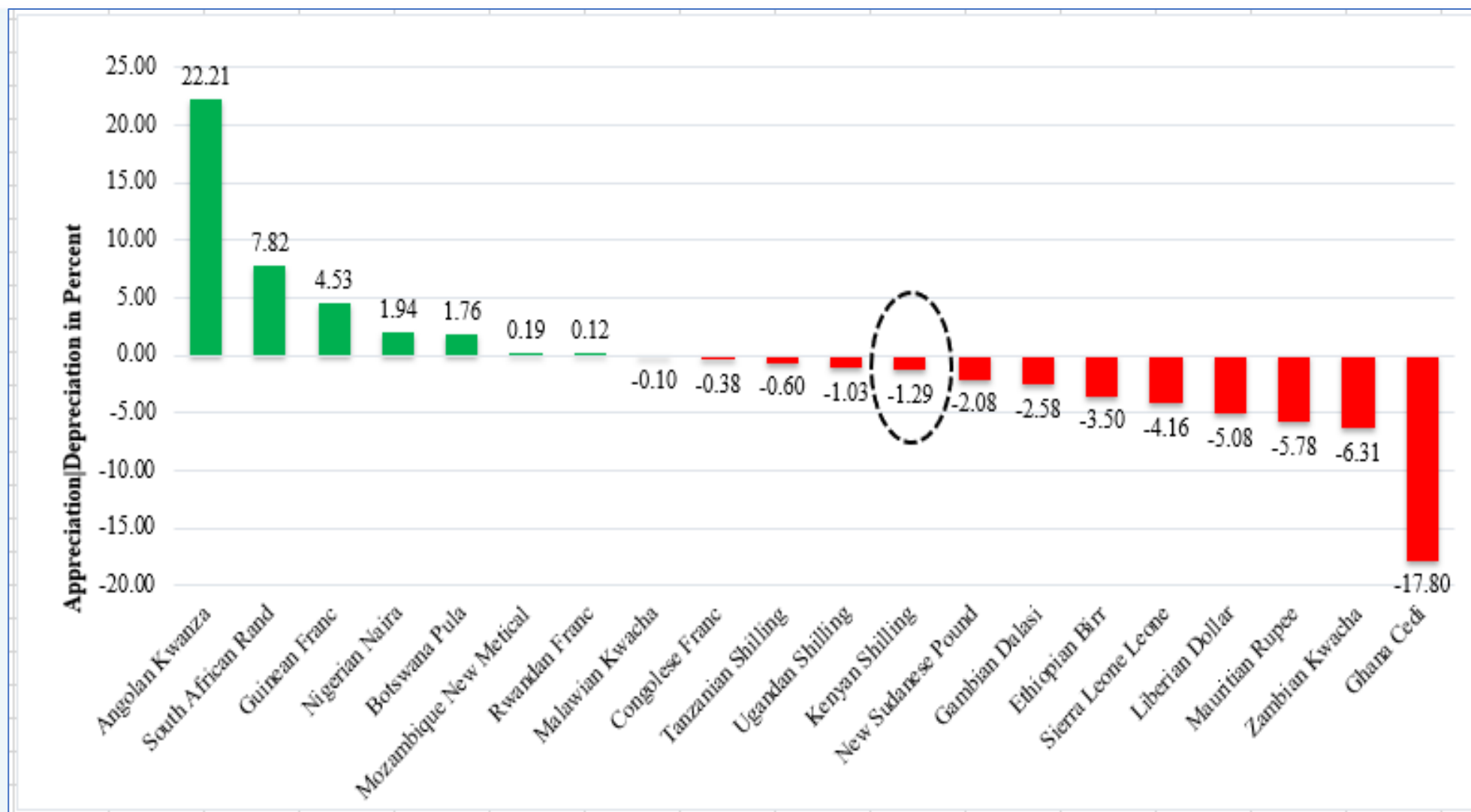
## Major Currencies vs. US Dollar in Percent: 2022 (Year-To-Date)



As at 24<sup>th</sup> March 2022

Source: Bloomberg, Refinitiv

## African Currencies vs. USD in Percent : 2022 (Year-To-Date)



As at 24<sup>th</sup> March 2022

Source: Bloomberg, Refinitiv

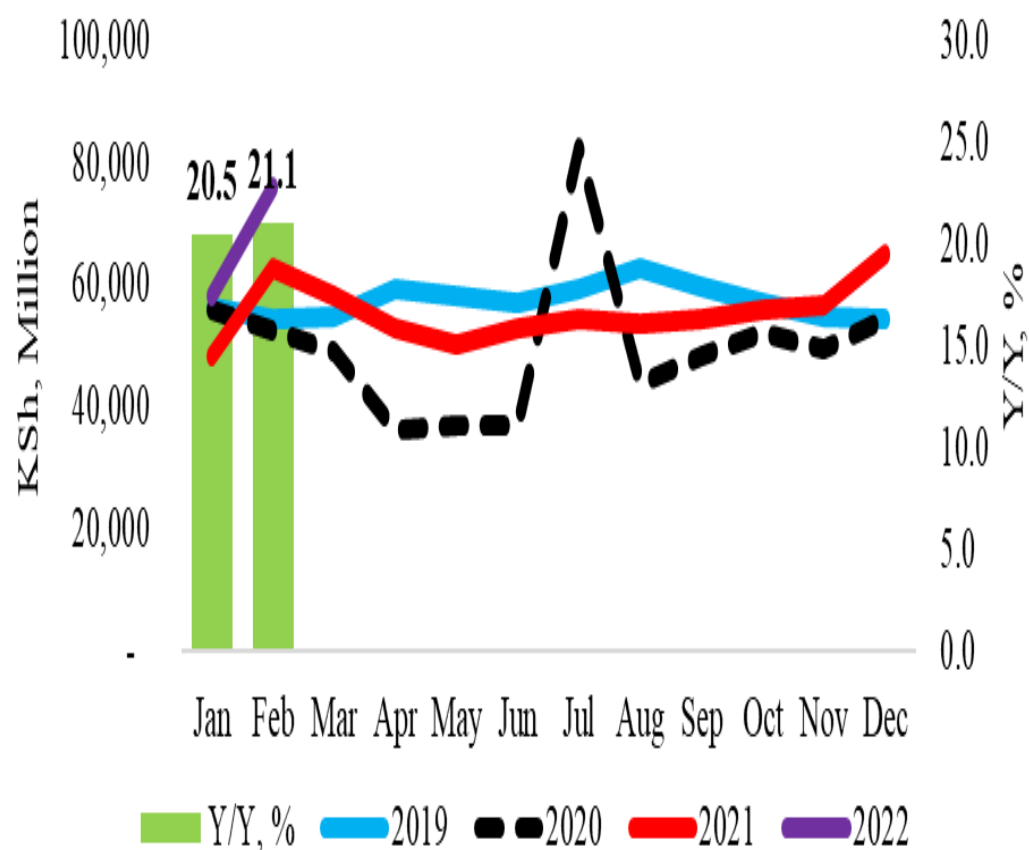
# Economic growth expected to remain strong in 2022

Real GDP growth (y/y, percent)									
	2018	2019	2020	2021				2021 Est.	2022 Proj.
				Q1	Q2	Q3	Q4 Est.		
<b>1. Agriculture</b>	<b>5.7</b>	<b>2.6</b>	<b>4.8</b>	<b>-0.1</b>	<b>-0.7</b>	<b>-1.8</b>	<b>-1.3</b>	<b>-0.9</b>	<b>6.3</b>
<b>2. Non-Agriculture (o/w)</b>	<b>5.6</b>	<b>5.8</b>	<b>-0.7</b>	<b>2.6</b>	<b>15.7</b>	<b>12.5</b>	<b>10.4</b>	<b>10.1</b>	<b>5.9</b>
<b>2.1 Services</b>	<b>6.1</b>	<b>6.5</b>	<b>-2.2</b>	<b>2.0</b>	<b>17.3</b>	<b>13.0</b>	<b>11.4</b>	<b>10.8</b>	<b>6.4</b>
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 Service	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
<b>2.2 Industry</b>	<b>3.8</b>	<b>3.4</b>	<b>4.0</b>	<b>4.5</b>	<b>8.4</b>	<b>8.5</b>	<b>4.9</b>	<b>6.5</b>	<b>5.0</b>
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
<b>2.3 Taxes on products</b>	<b>5.9</b>	<b>3.7</b>	<b>-7.9</b>	<b>2.0</b>	<b>21.9</b>	<b>18.2</b>	<b>15.3</b>	<b>13.9</b>	<b>4.3</b>
<b>Real GDP Growth</b>	<b>5.6</b>	<b>5.0</b>	<b>-0.3</b>	<b>2.0</b>	<b>11.9</b>	<b>9.9</b>	<b>8.4</b>	<b>8.0</b>	<b>5.9</b>

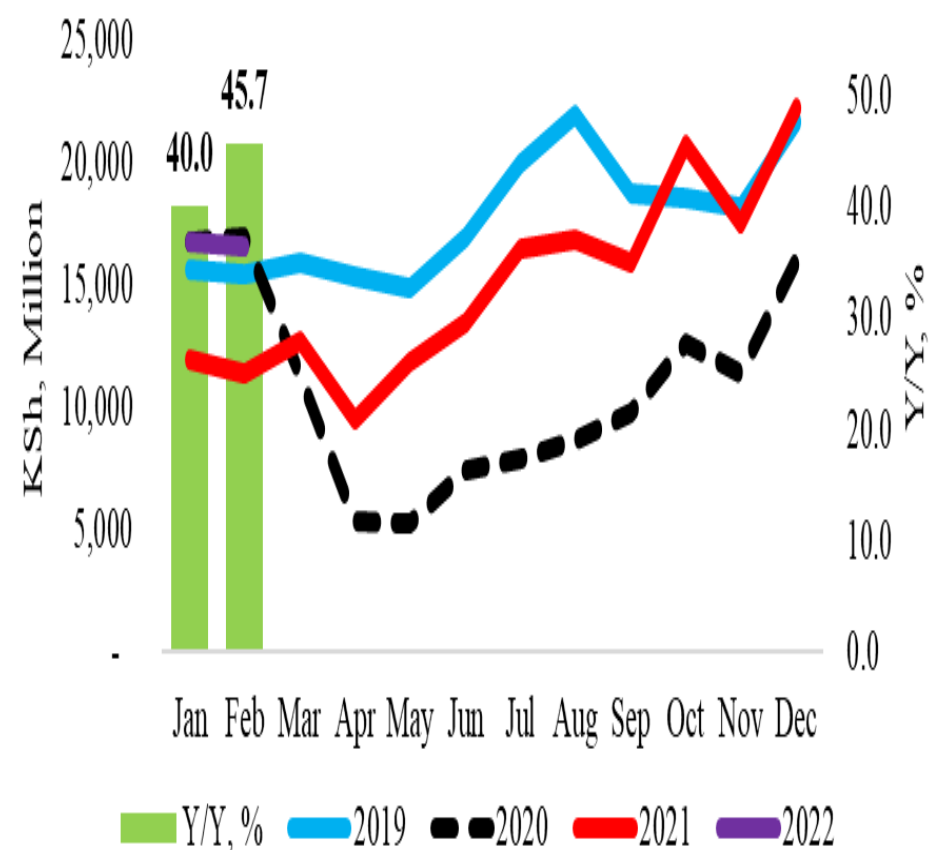
Source: Central Bank of Kenya and Kenya National Bureau of Statistics

# Sales Turnover: Transport and Storage and Accommodation and Food services sectors

## Sales Turnover, Transport and storage



## Sales Turnover, Accommodation and food services

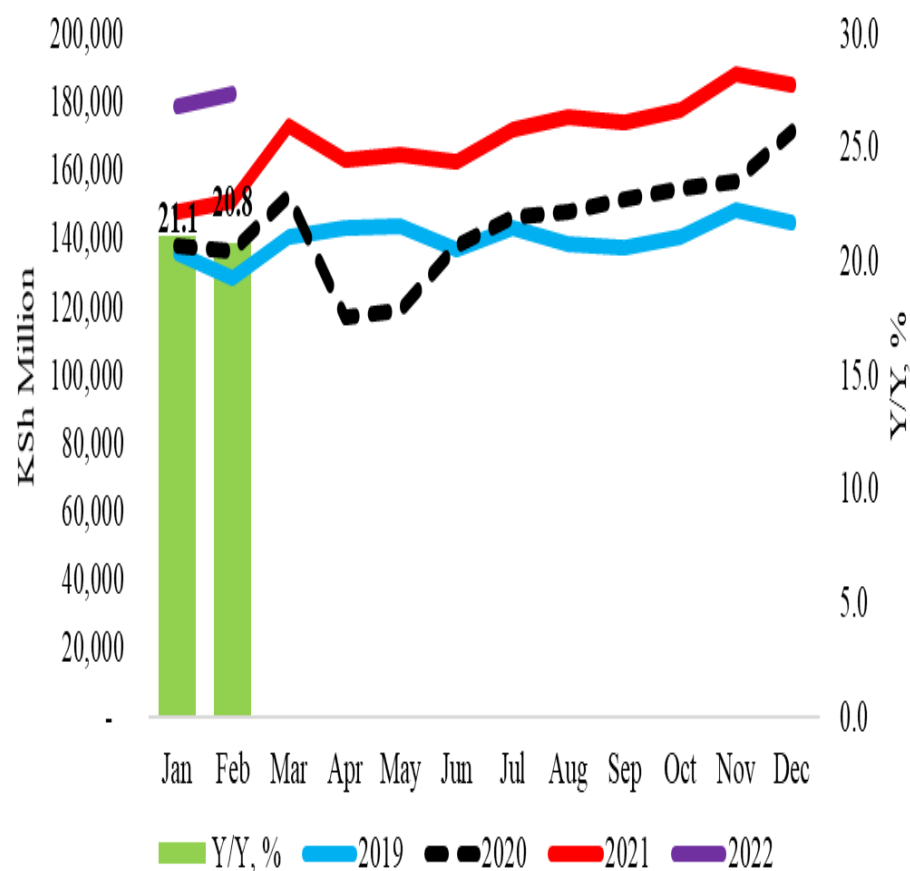


Source: CBK

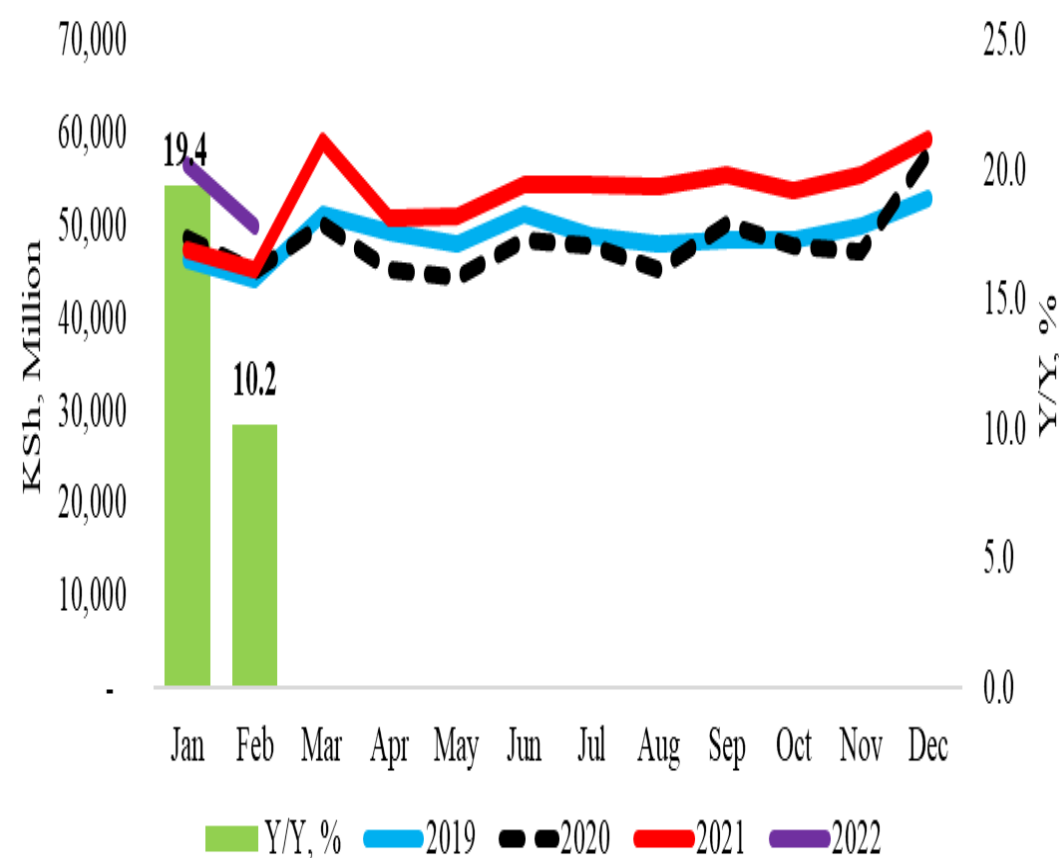


# Sales turnover: Manufacturing and ICT sectors

## Sales Turnover, Manufacturing Sector



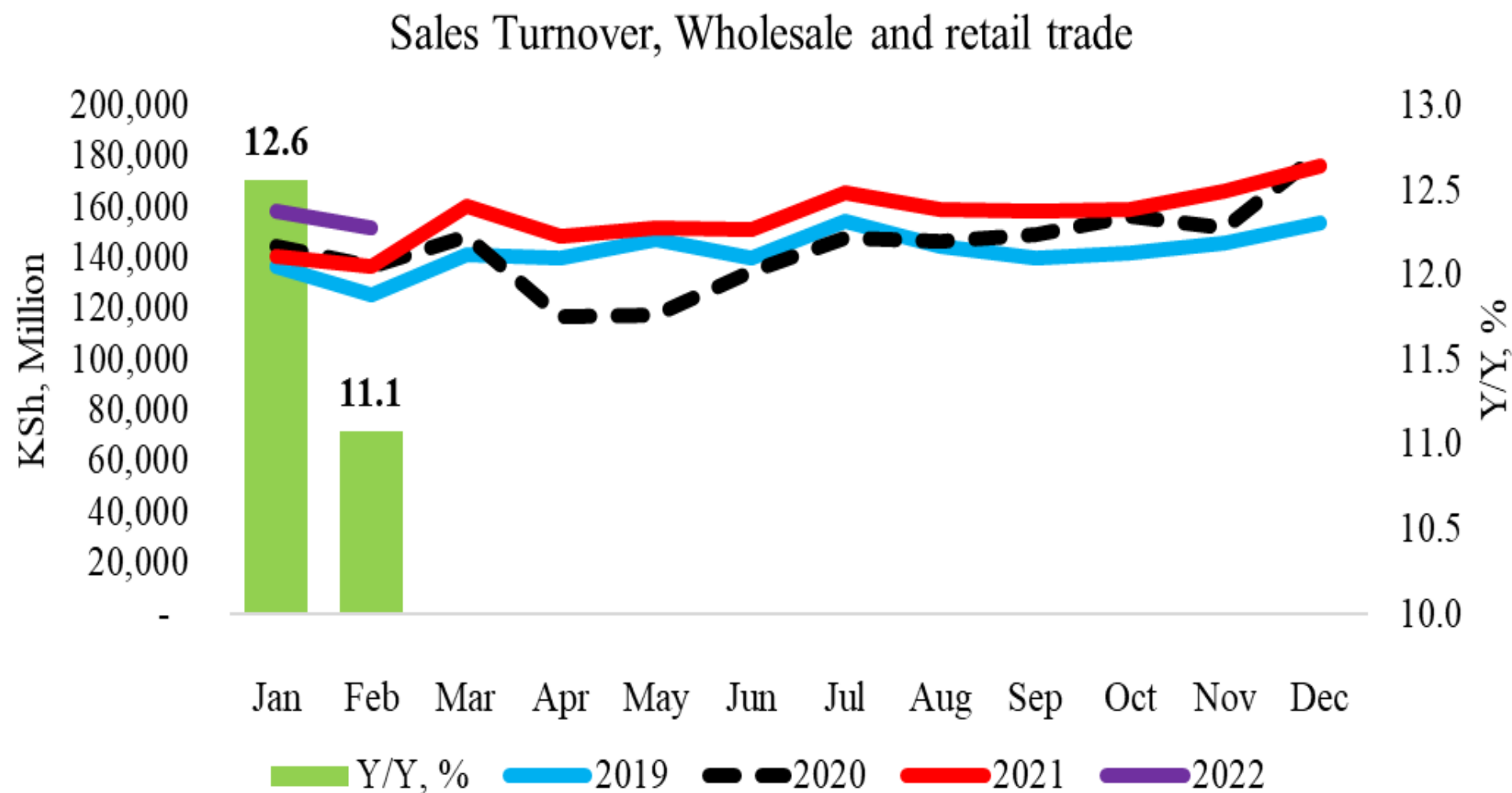
## Sales Turnover, Information, Communication and Technology



Source: CBK



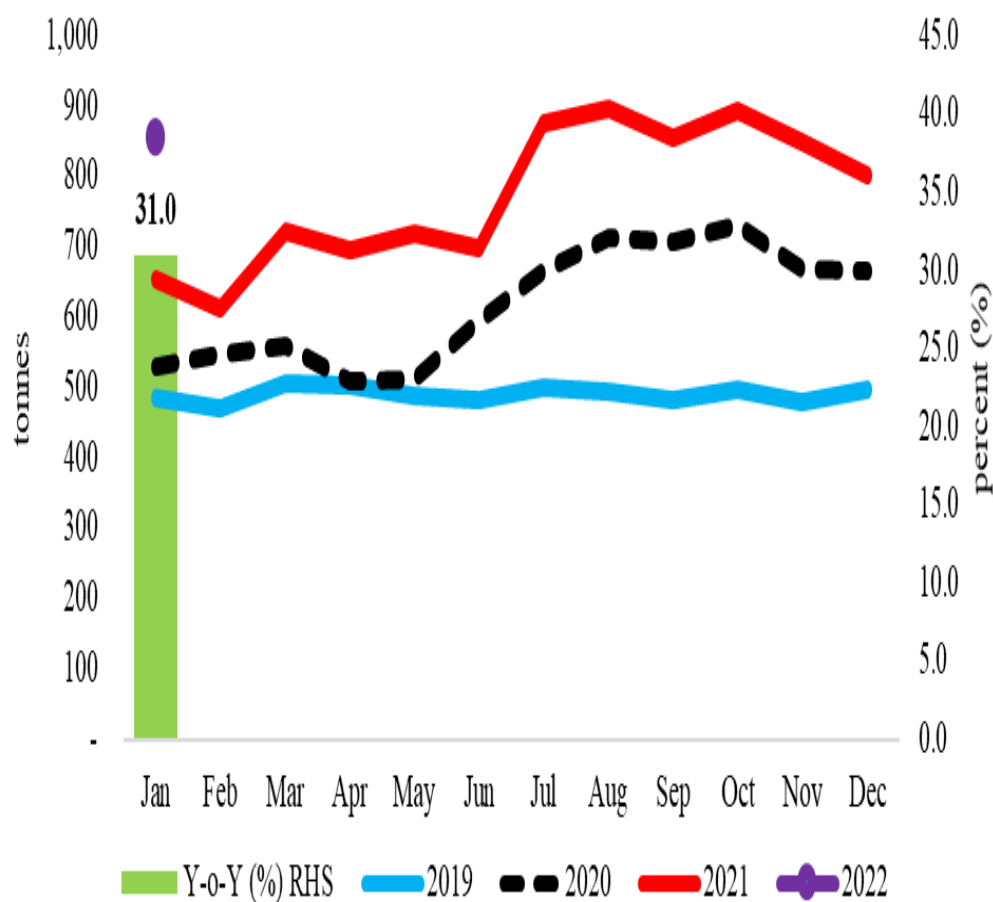
# Sales turnover: Wholesale and retail trade sector



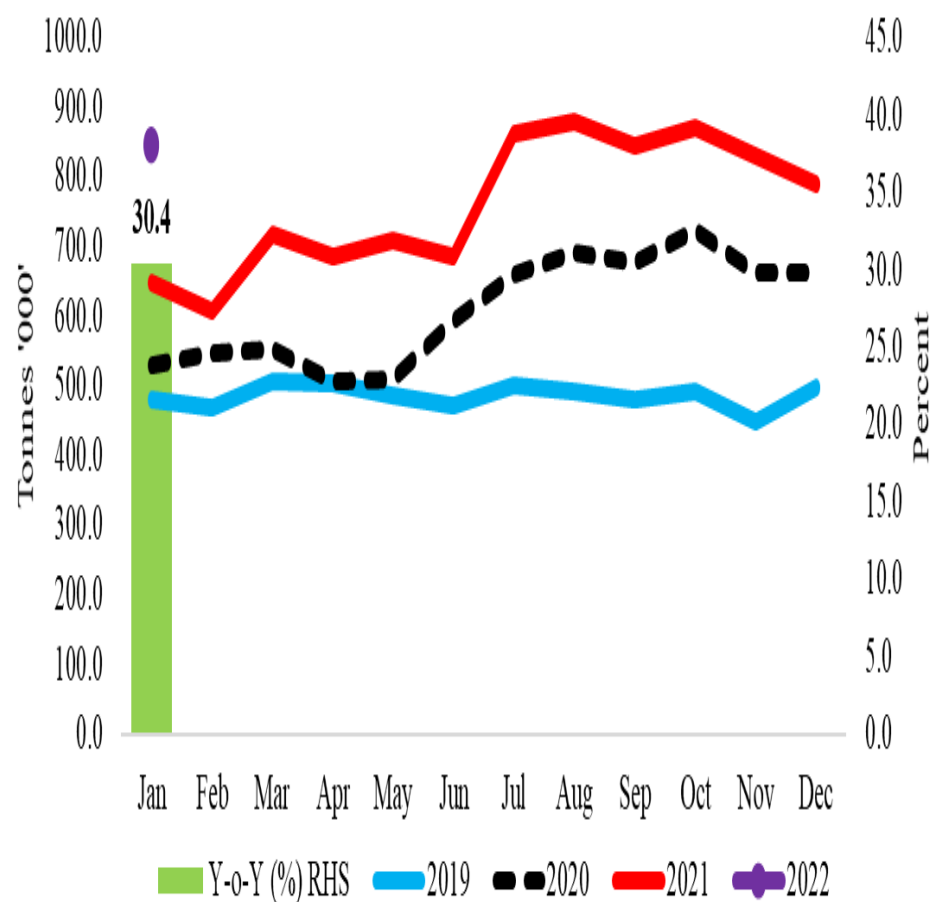
Source: CBK

# Cement consumption and production remain strong

## Cement Production

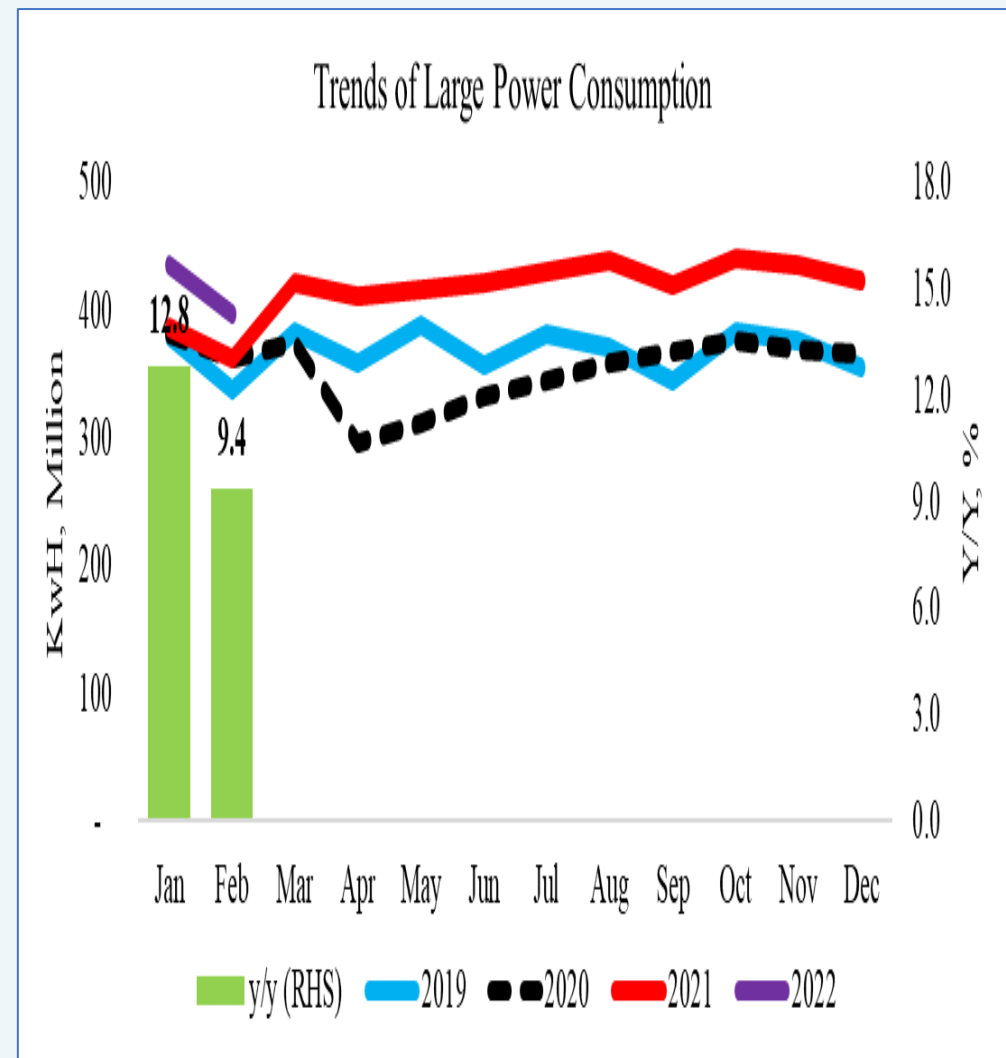
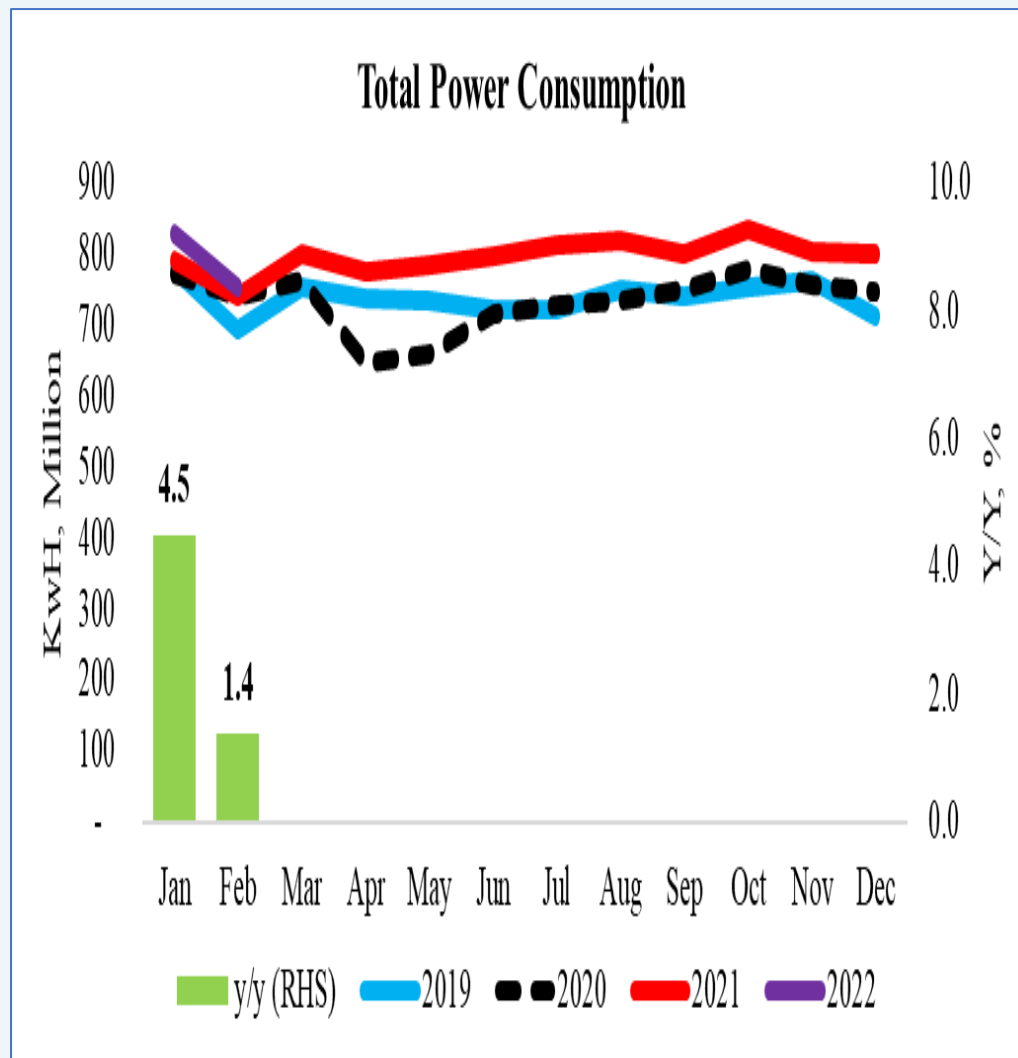


## Cement Consumption



Source: Kenya National Bureau of Statistics

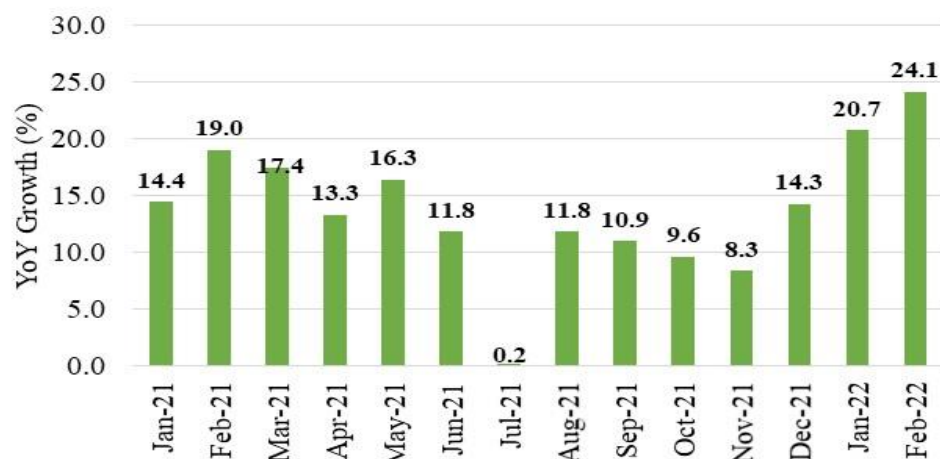
# Power consumption registered strong performance



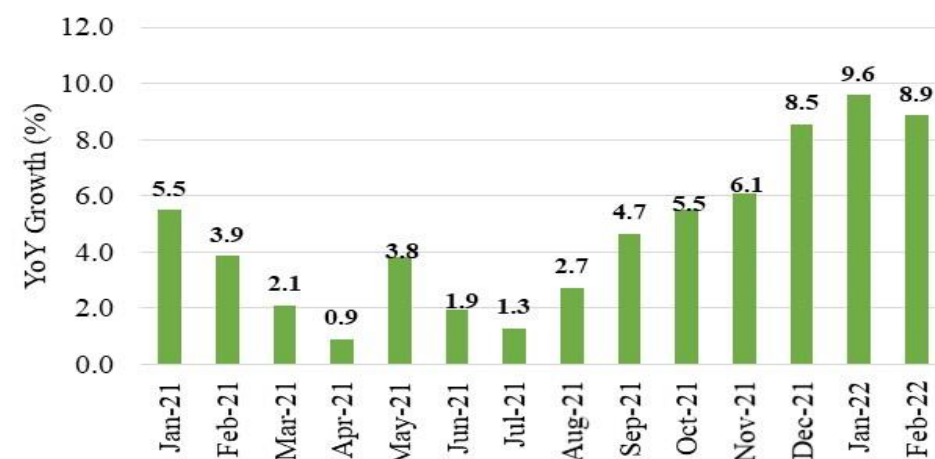
Source: Kenya National Bureau of Statistics

# 12 Months growth in credit to key sectors of the economy

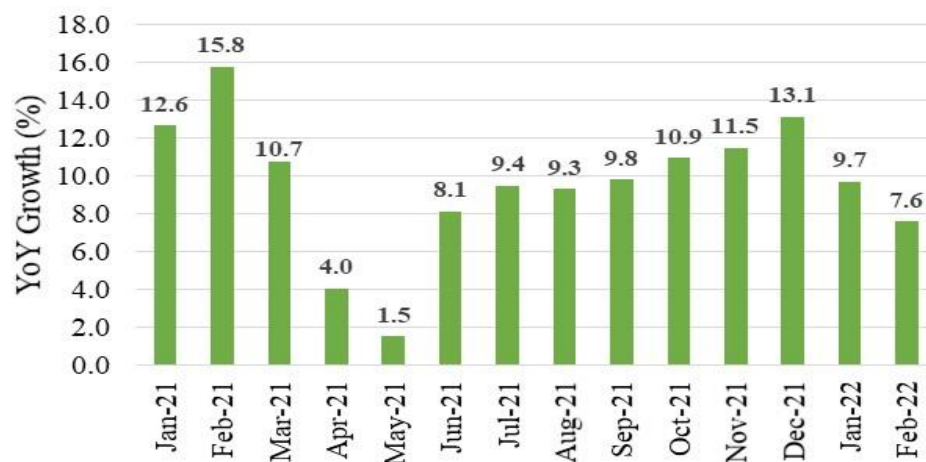
## Transport and communication



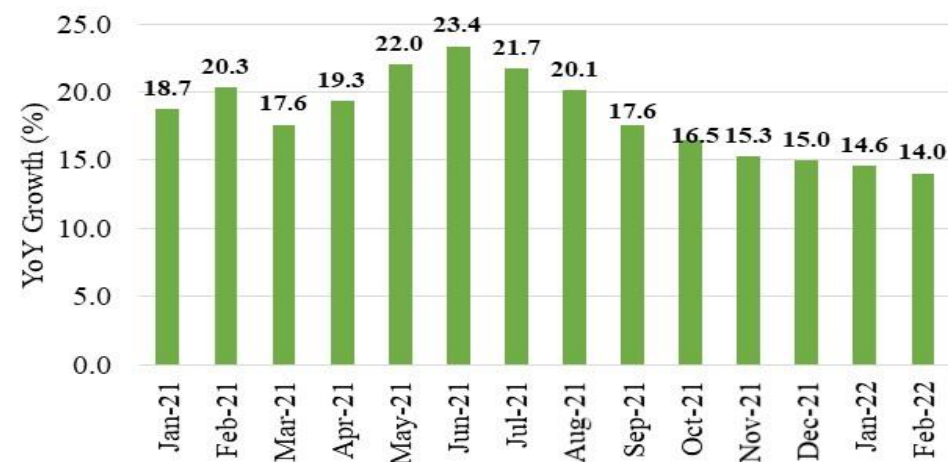
## Trade



## Manufacturing

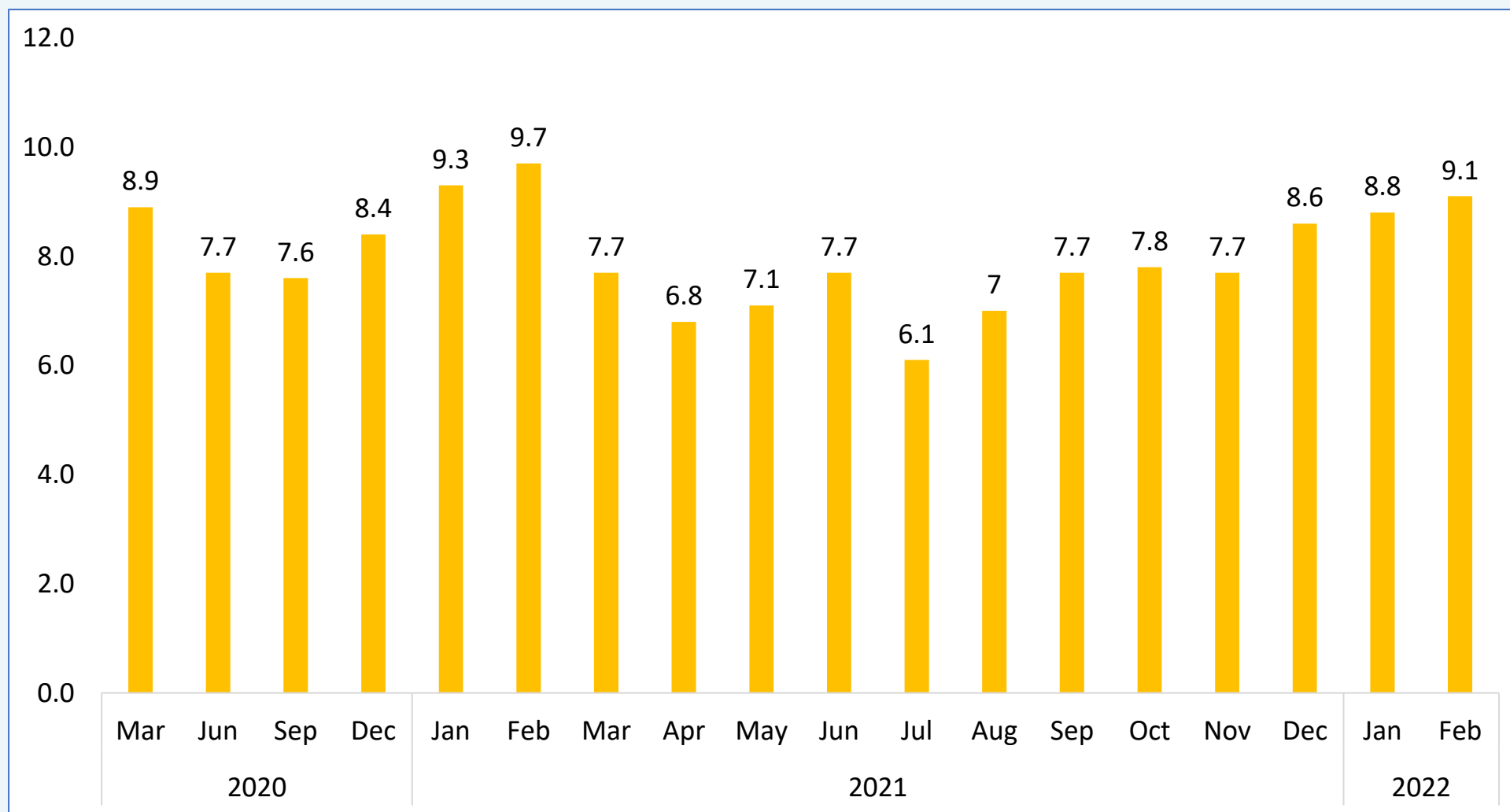


## Consumer durables



Source: CBK

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



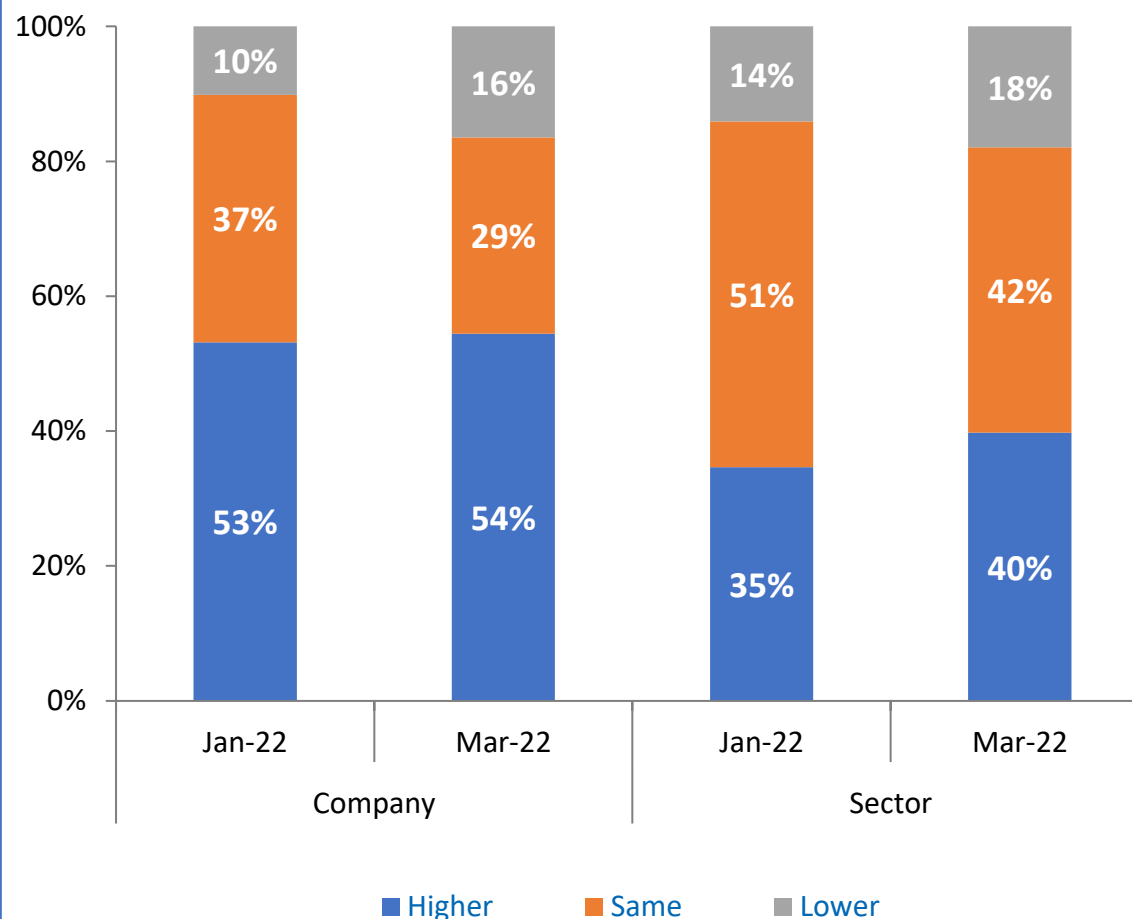
Source: CBK

# March 2022 CEOs Survey: Business Confidence/Optimism in the next 12 Months

The March 2022 CEOs Survey revealed sustained business optimism in company and sectoral growth prospects.

- Optimism was largely driven by agriculture and services sectors who attributed it to:
  - Anticipated favorable weather, continued infrastructure spending, sector-specific competitiveness and continued recovery from Covid-19
  - Kenya's resilience based on historical experiences
- Some concerns in the manufacturing sector
  - Higher commodity prices
  - Continued global supply chain disruptions
  - Increased political activity.
- Optimism in the Kenyan and global economies was dampened by concerns over the impact of the Russia-Ukraine conflict, continued supply chain disruptions, global inflation, and food shortages.

CEOs Business Confidence/Optimism in Growth Prospects in the next 12 months (percent of respondents)

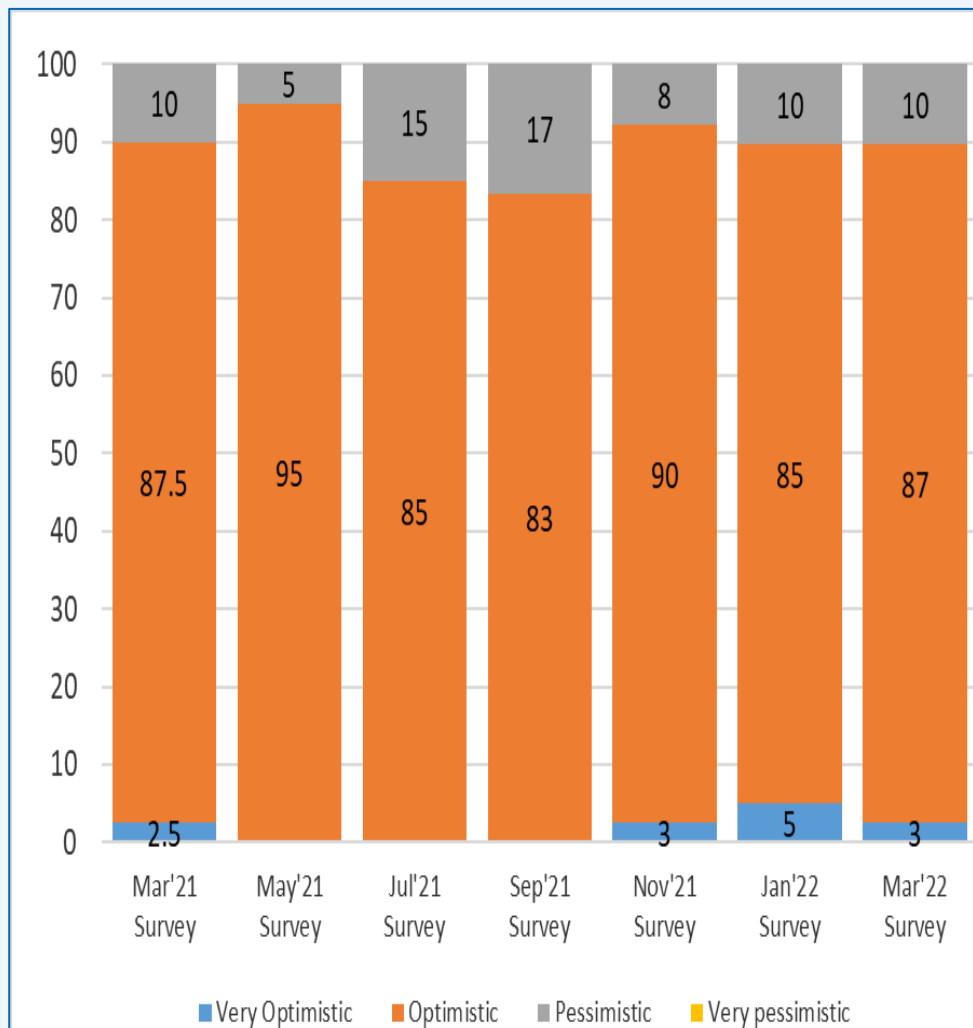




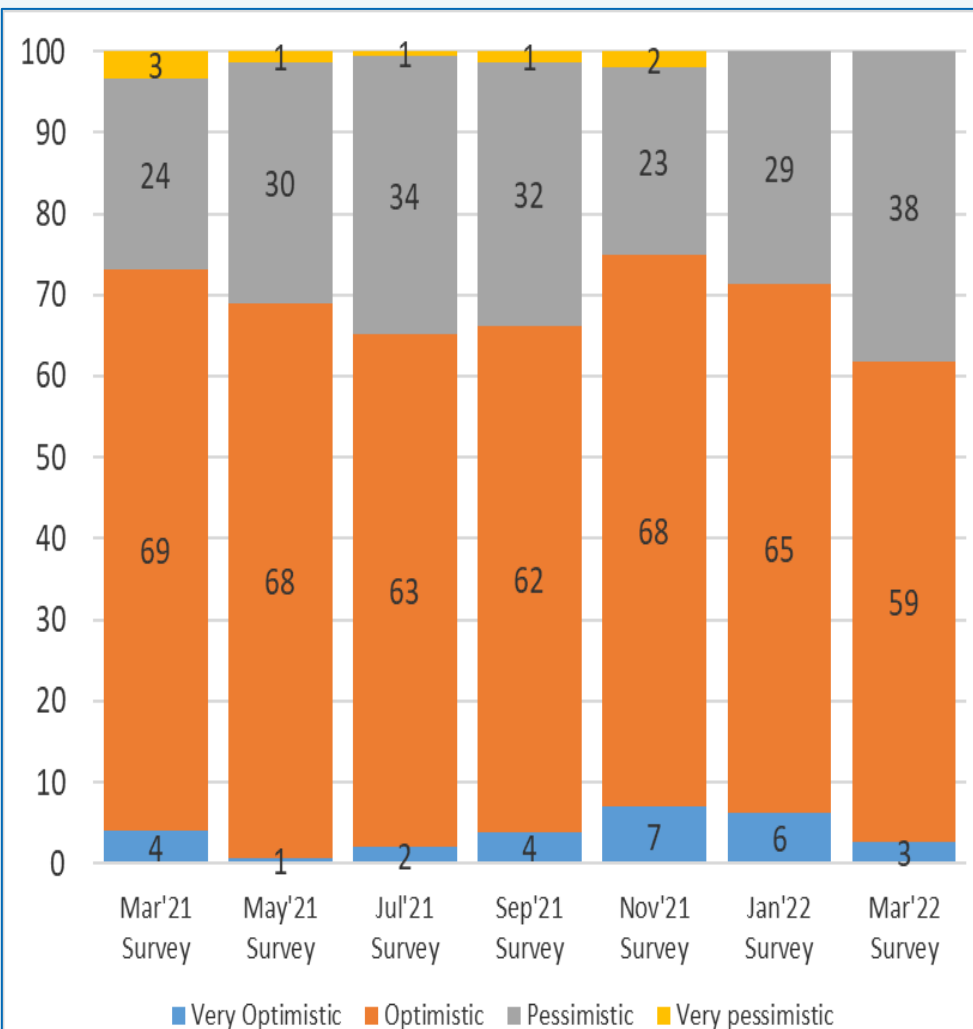
## March 2022 MPC Market Perceptions Survey:

Optimism in Kenya's economic prospects in the next 12 months remains strong  
(percent of respondents)

**Banks**



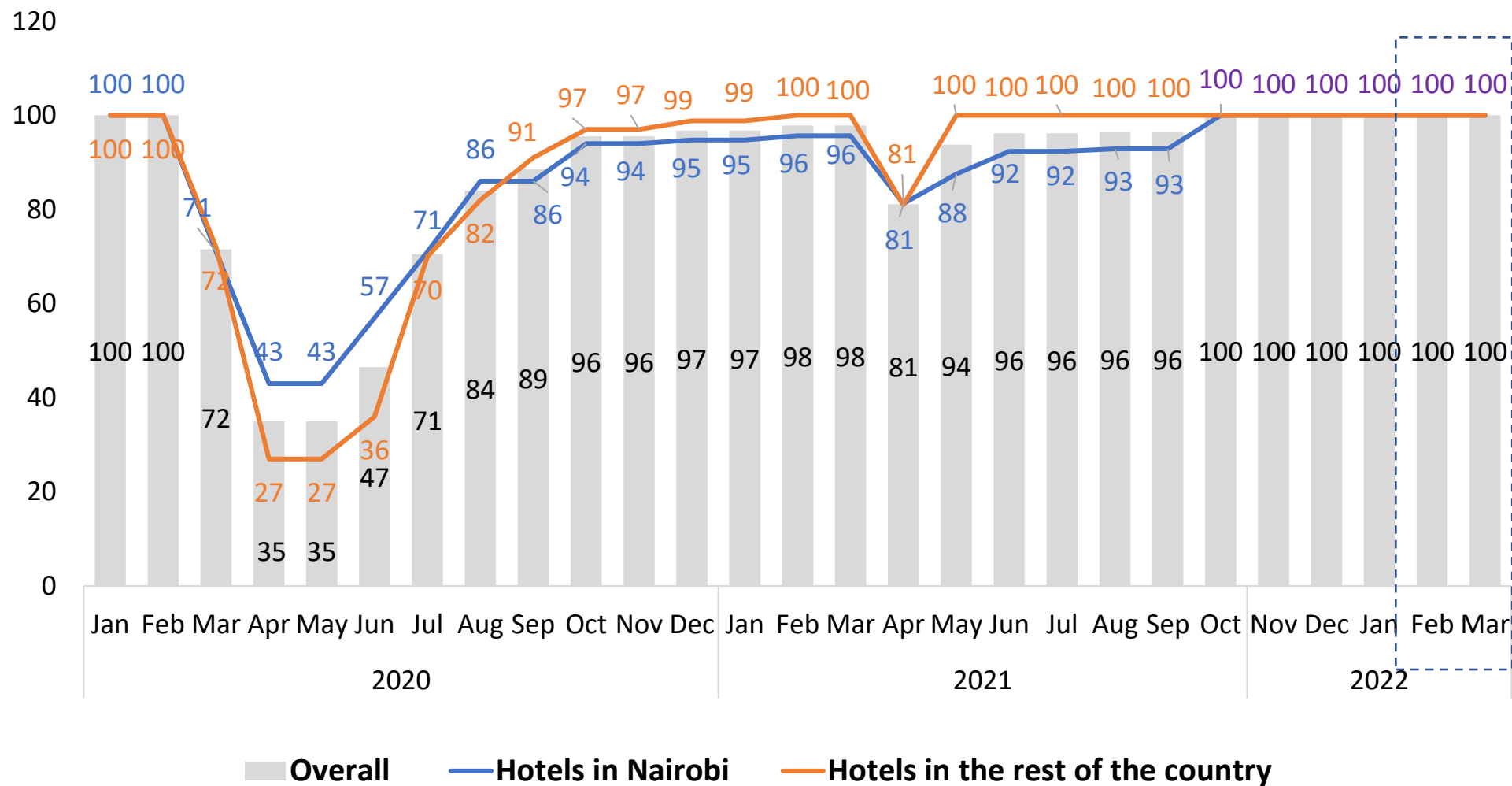
**Non-bank private firms**





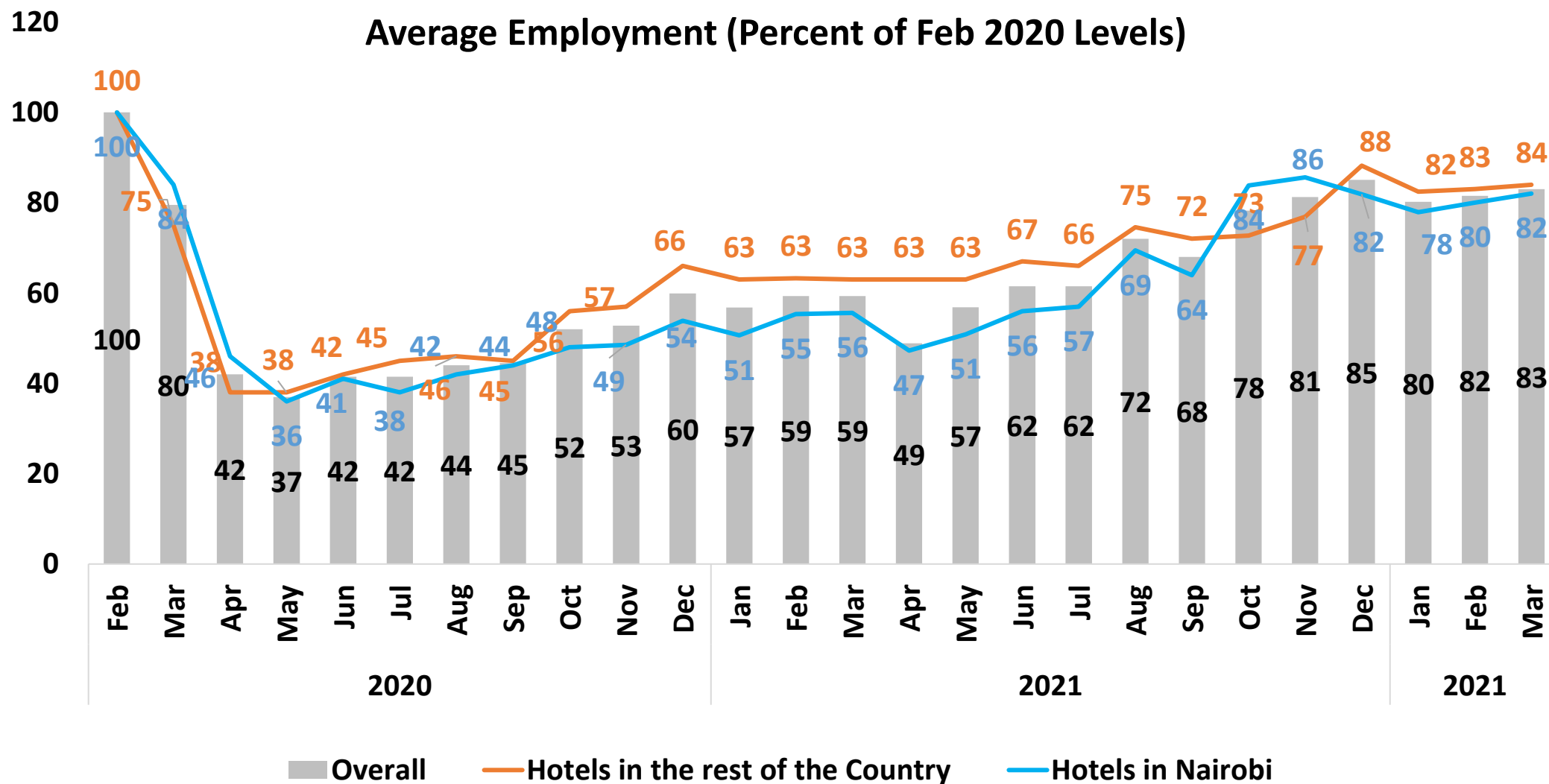
# March 2022 Hotels Survey: All the sampled hotels were operating

**Hotels in Operation (Percent of Hotels that Responded)**



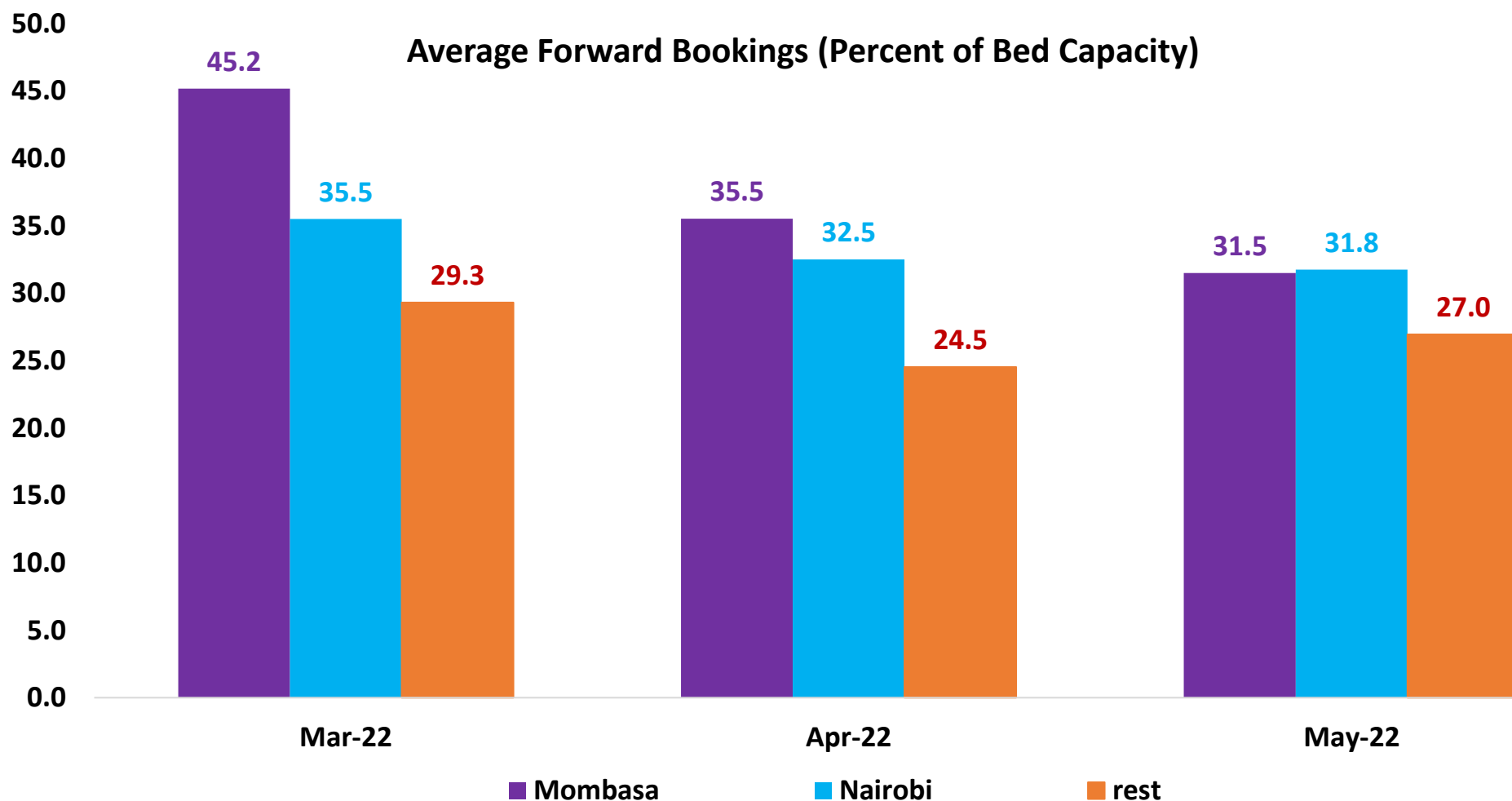
## March 2022 Hotels Survey:

Employment improved line with the demand for the hotel services



## March 2022 Hotels Survey:

Forward bookings shows recovery from the COVID-19 levels



- Many hotels depend on walk-in clients with bookings only on short notice

*Thank You!*

