



Central Bank of Kenya

MONETARY POLICY COMMITTEE MEETING BACKGROUND INFORMATION

Wednesday, October 4, 2023

Dr. Kamau Thugge, CBS
Governor

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1.

Monetary Policy Decision

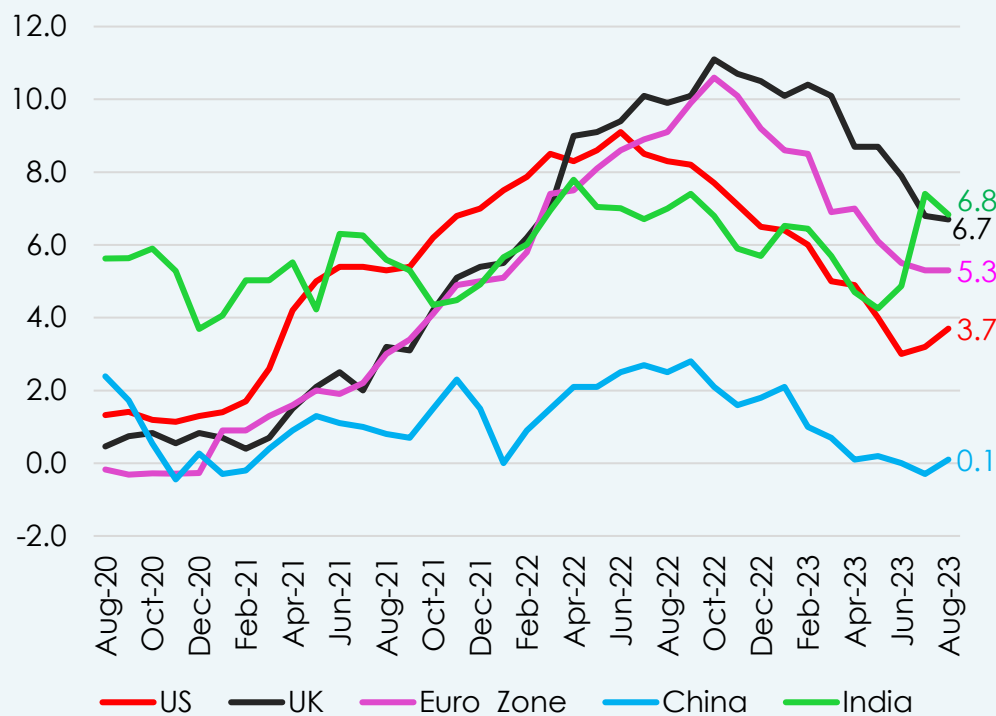
During its Meeting on October 3, 2023, the Monetary Policy Committee (MPC) retained the Central Bank Rate (CBR) at 10.50 percent.

- The MPC noted that:
 - Overall inflation is expected to remain within the target range;
 - NFNF inflation has remained unchanged and is expected to decline, which is indicative of easing underlying inflationary pressures;
 - The impact of the tightening of monetary policy in June 2023 to anchor inflationary expectations was still transmitting in the economy.
- 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.
- The Committee will meet again in December 2023.

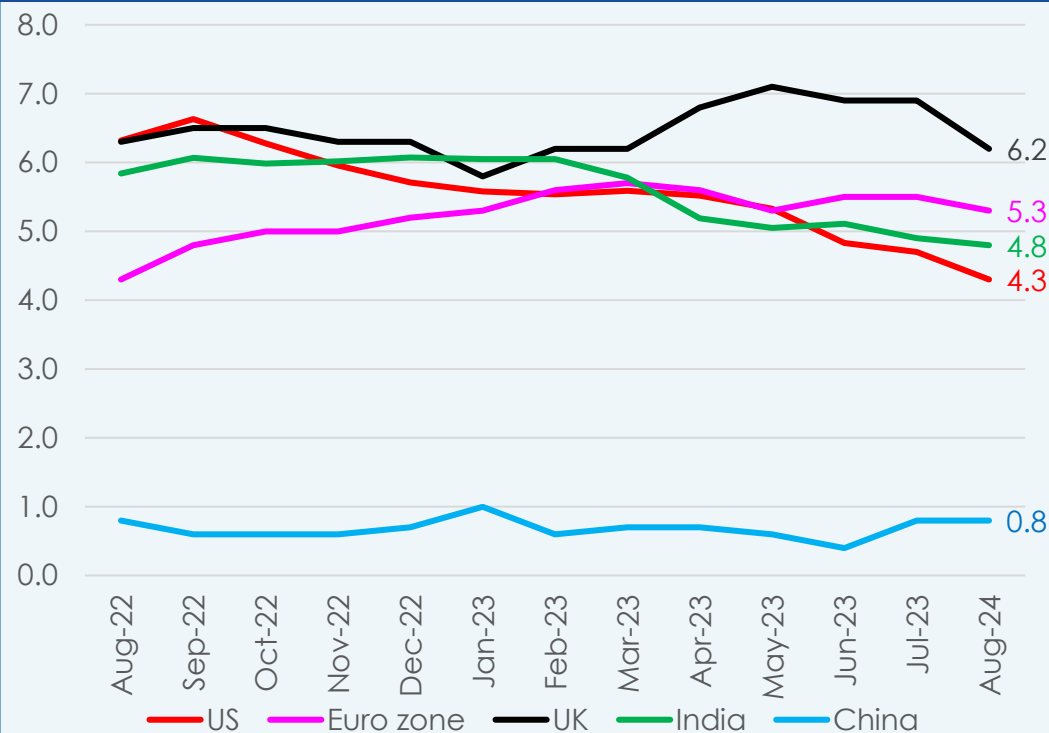
Global inflation:

Headline inflation rates in advanced economies have declined but remain above the respective targets, due to persistent core inflationary pressures and higher energy costs

Headline inflation rates (y/y, percent)



Core inflation rates (y/y, percent)



- U.S. inflation increased in August 2023 due to higher energy prices attributed the rise in international oil prices.
- In India, inflation rose sharply in July and remained elevated in August 2023 driven by higher food prices.
- Inflation in China has remained low due to weak demand.

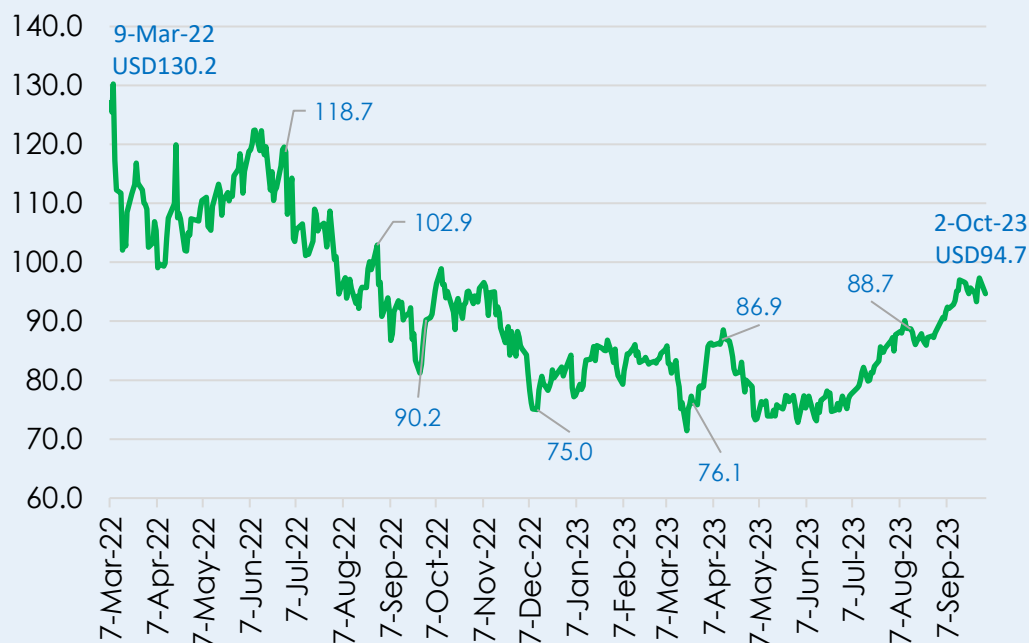
- Core inflationary pressures have been persistent in the major economies mainly due to tight labour markets and strong price increases in the services sector, particularly travel.

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

Global commodity prices:

Commodity prices in the global markets remain below the peak levels witnessed in 2022, but oil prices have been rising

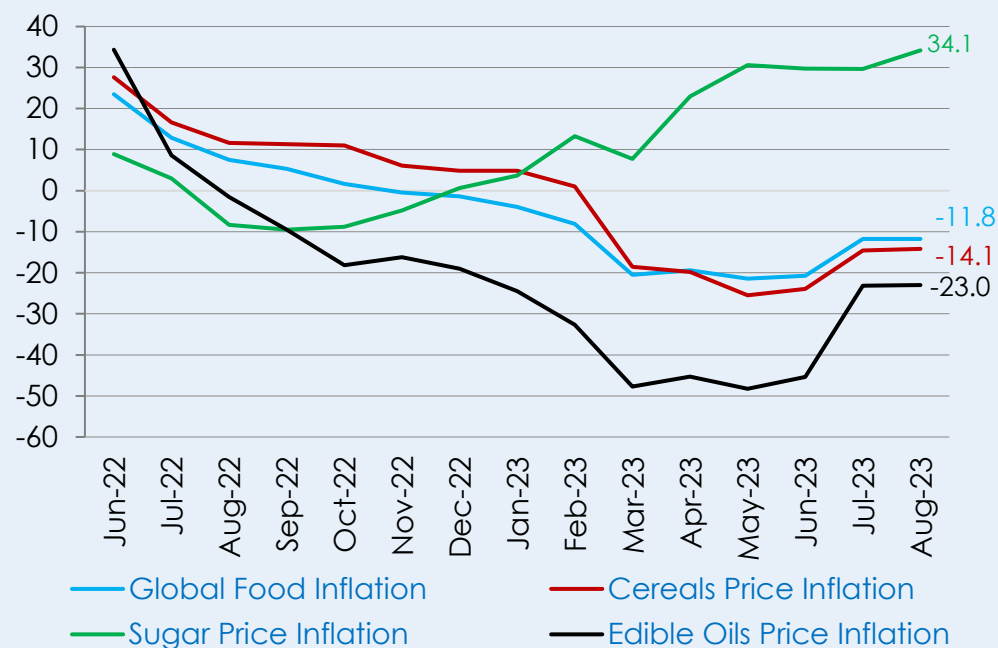
Murban oil price (USD, per barrel)



- The price of oil remains below the peak levels witnessed in 2022 but has recently trended upwards due to supply cuts by the OPEC+ to shore up prices.
- Saudi Arabia has decided to continue its 1 million barrels per day production cuts to the end of 2023, while Russia has extended its 300,000 barrels per day export cuts in the same period.

Source: Oilprice.com

Global food inflation (y/y, percent)



- Global food prices have declined from the peak levels witnessed in 2022 except for a few items such as sugar and rice, largely reflecting ample maize harvests in Brazil and U.S., and lower palm oil prices attributed to higher output in South Asia.
- Main risks relate to the decision by Russia to end the Black Sea Grain Initiative, and disruptions from ban of rice exports by India.
- Sugar prices remain elevated due to concerns over the impact of El Nino weather on global production prospects, and lower production in India

Source: UN FAO Food Index

4.

Global economic outlook:

The global growth outlook remain weak

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

	2021 Act.	2022 Act.	2023 Proj.		2024 Proj.	
			Jul. 2023 WEO	Difference from Apr. 2023 WEO	Jul. 2023 WEO	Difference from Apr. 2023 WEO
World	6.3	3.5	3.0	0.2	3.0	0.0
Advanced Economies	5.4	2.7	1.5	0.2	1.4	0.0
United States	5.9	2.1	1.8	0.2	1.0	-0.1
United Kingdom	7.6	4.1	0.4	0.7	1.0	0.0
Japan	2.2	1.1	1.4	0.1	1.0	0.0
Euro area	5.3	3.5	0.9	0.1	1.5	0.1
Emerging Market and Developing Economies	6.8	4.0	4.0	0.1	4.1	-0.1
China	8.4	3.0	5.2	0.0	4.5	0.0
India	9.1	7.2	6.1	0.2	6.3	0.0
Russia	5.6	-2.1	1.5	0.8	1.3	0.0
Sub-Saharan Africa	4.7	3.9	3.5	-0.1	4.1	-0.1
South Africa	4.7	1.9	0.3	0.2	1.7	-0.1
Nigeria	3.6	3.3	3.2	0.0	3.0	0.0
Kenya	7.6	4.8	5.0	-0.3	5.3	-0.1

- Global growth outlook remains weak, reflecting the impact of monetary policy tightening in advanced economies, weakening demand particularly in China and the Eurozone, and heightened geopolitical tensions which continue to weigh down on economic activity.
- The growth outlook for 2023 was revised slightly upwards in July 2023, reflecting stronger consumption in the U.S. and U.K, resilient services sector including tourism, pent-up demand in Japan, and recovery in supply chains.
- IMF projections show that Kenya's real GDP growth is expected to remain strong in 2023.

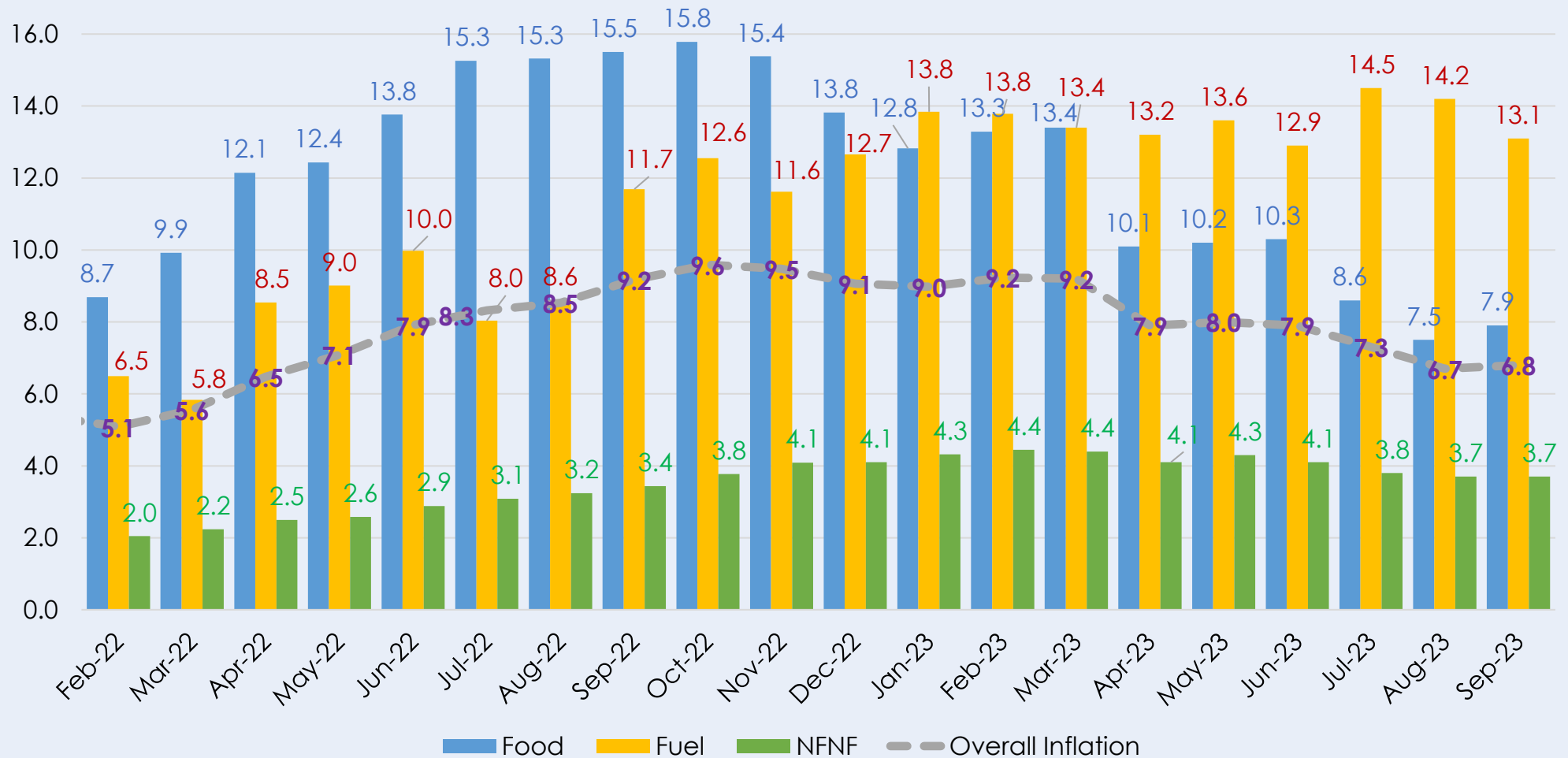
Source: IMF World Economic Outlook (WEO)

5.

Domestic inflation:

Overall inflation remained broadly unchanged in September 2023

Inflation by broad category (y/y, percent)



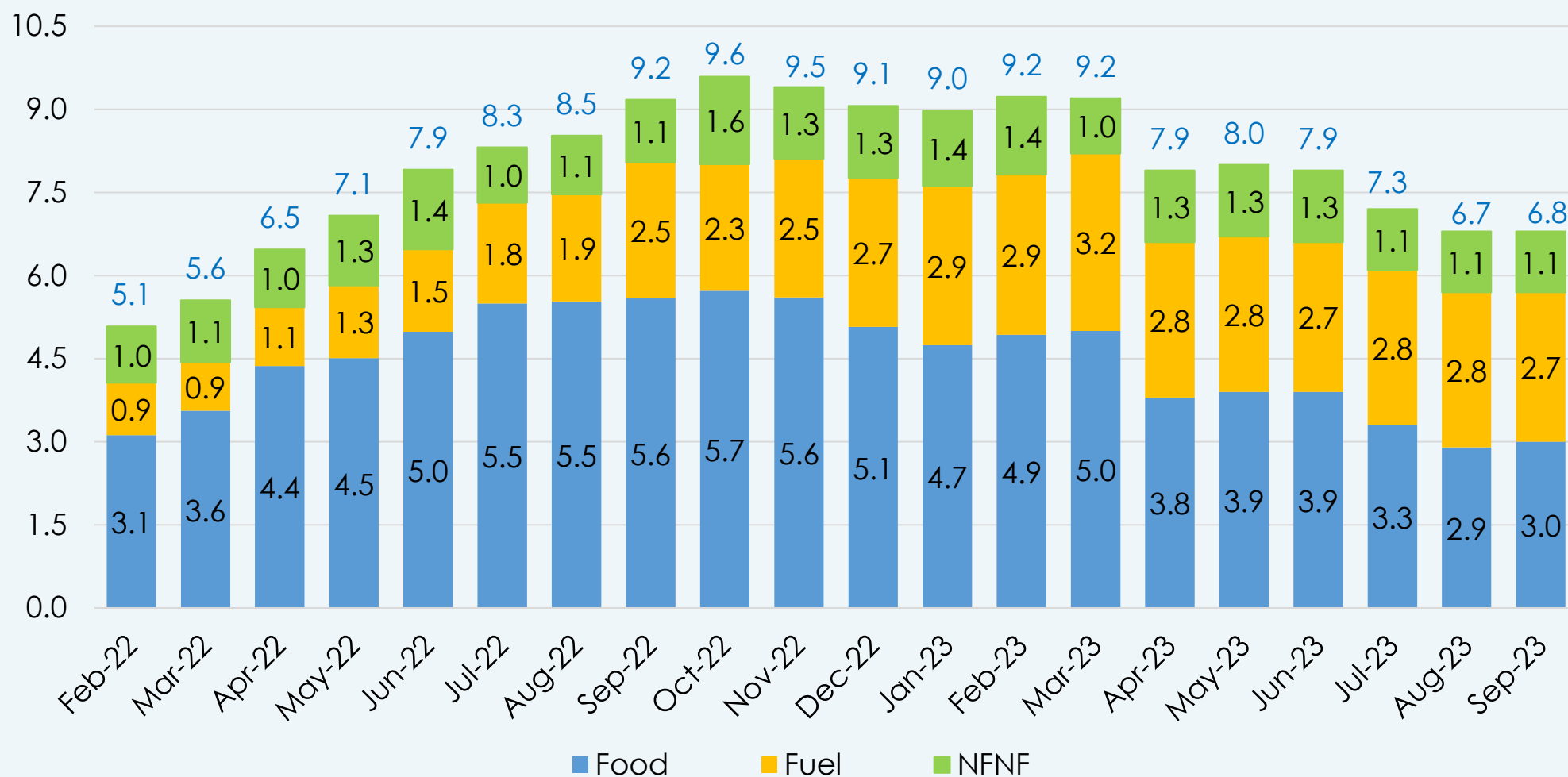
Source: Kenya National Bureau of Statistics and Central Bank of Kenya

6.

Domestic inflation:

The contribution of food inflation to overall inflation increased slightly in September 2023

Contributions to Overall Inflation (percentage points)

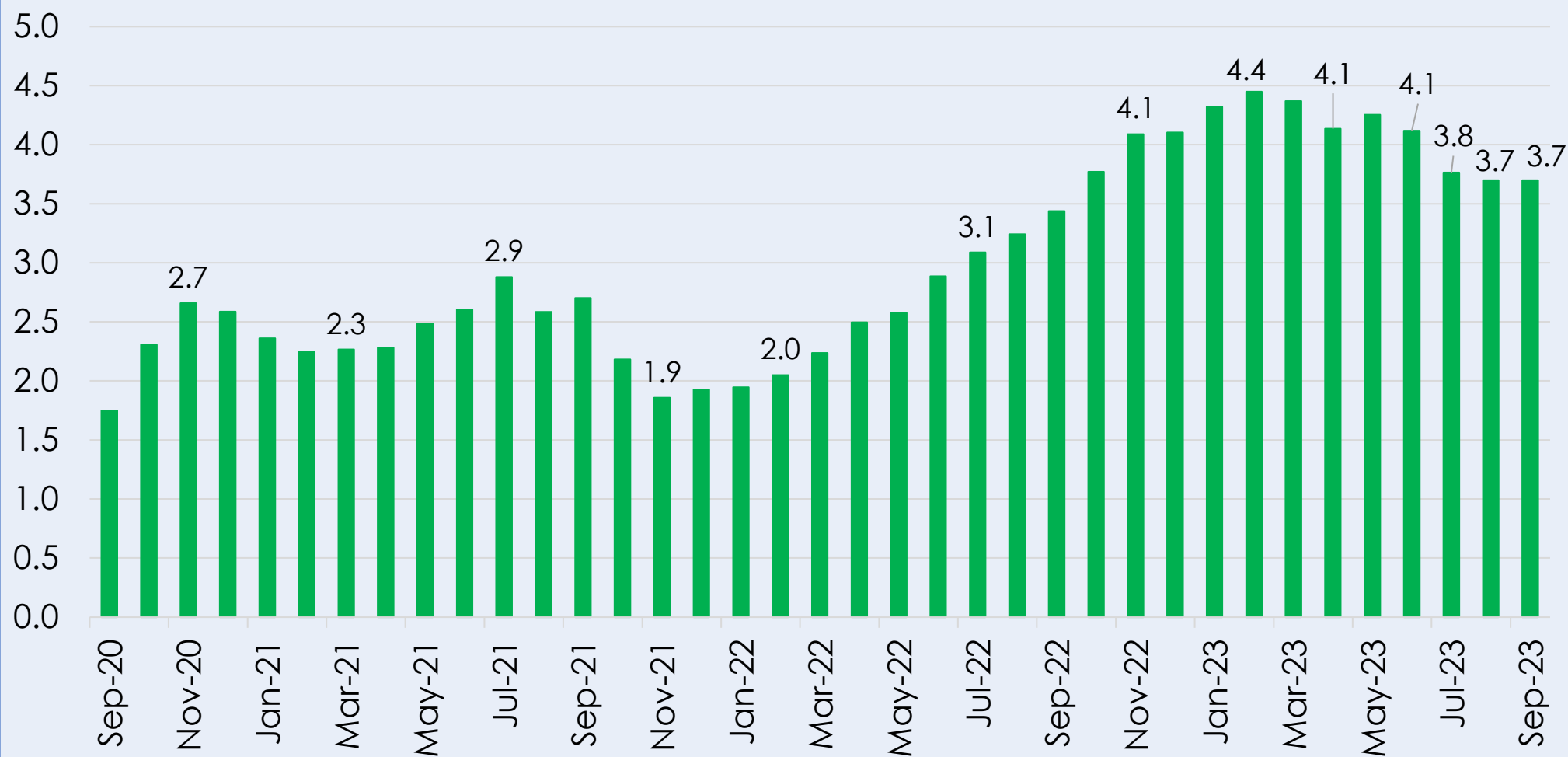


Source: KNBS and CBK

Domestic inflation:

Non-food non-fuel (NFnF) inflation remained stable in September and August, reflecting the impact of monetary policy measures and muted demand pressures

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



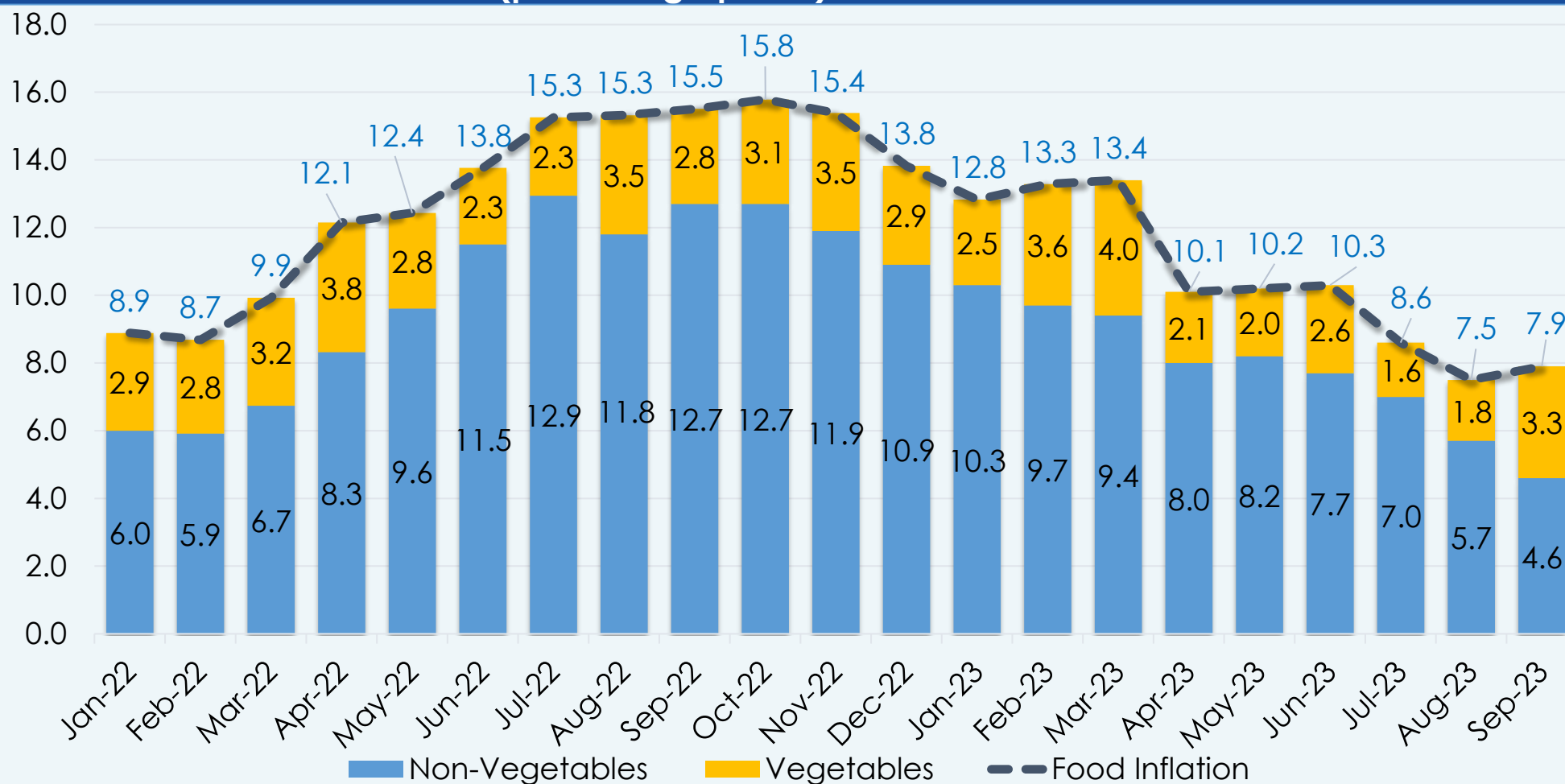
Source: KNBS and CBK

8.

Main drivers of food inflation:

Food inflation increased in September 2023, largely on account of increases in the prices of a few key vegetables

Contributions to food inflation (percentage points)

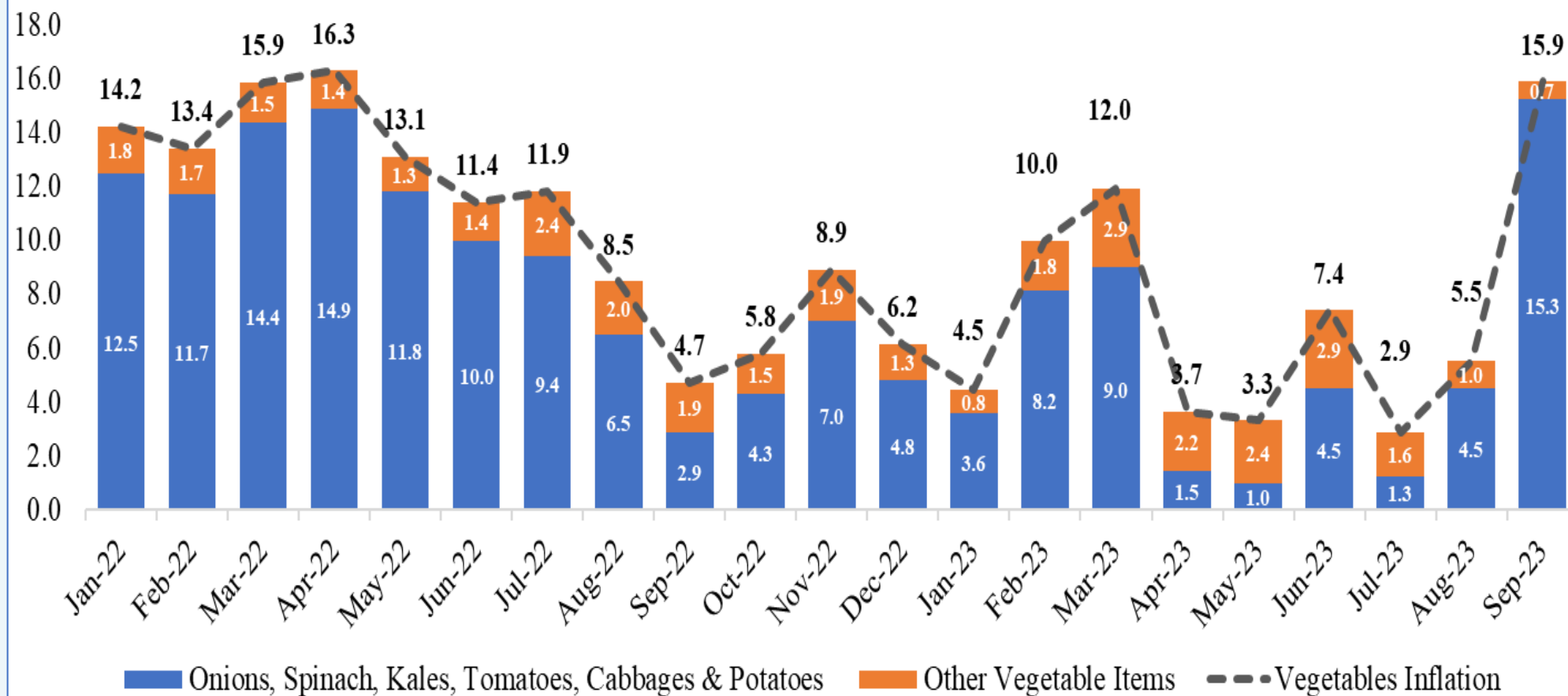


Source: KNBS and CBK

Main drivers of vegetables inflation:

Vegetables inflation increased in September, mainly driven by increases in prices of onions, spinach, kales(*sukuma wiki*), tomatoes, cabbages and Irish potatoes

Contributions to vegetables inflation (percentage points)

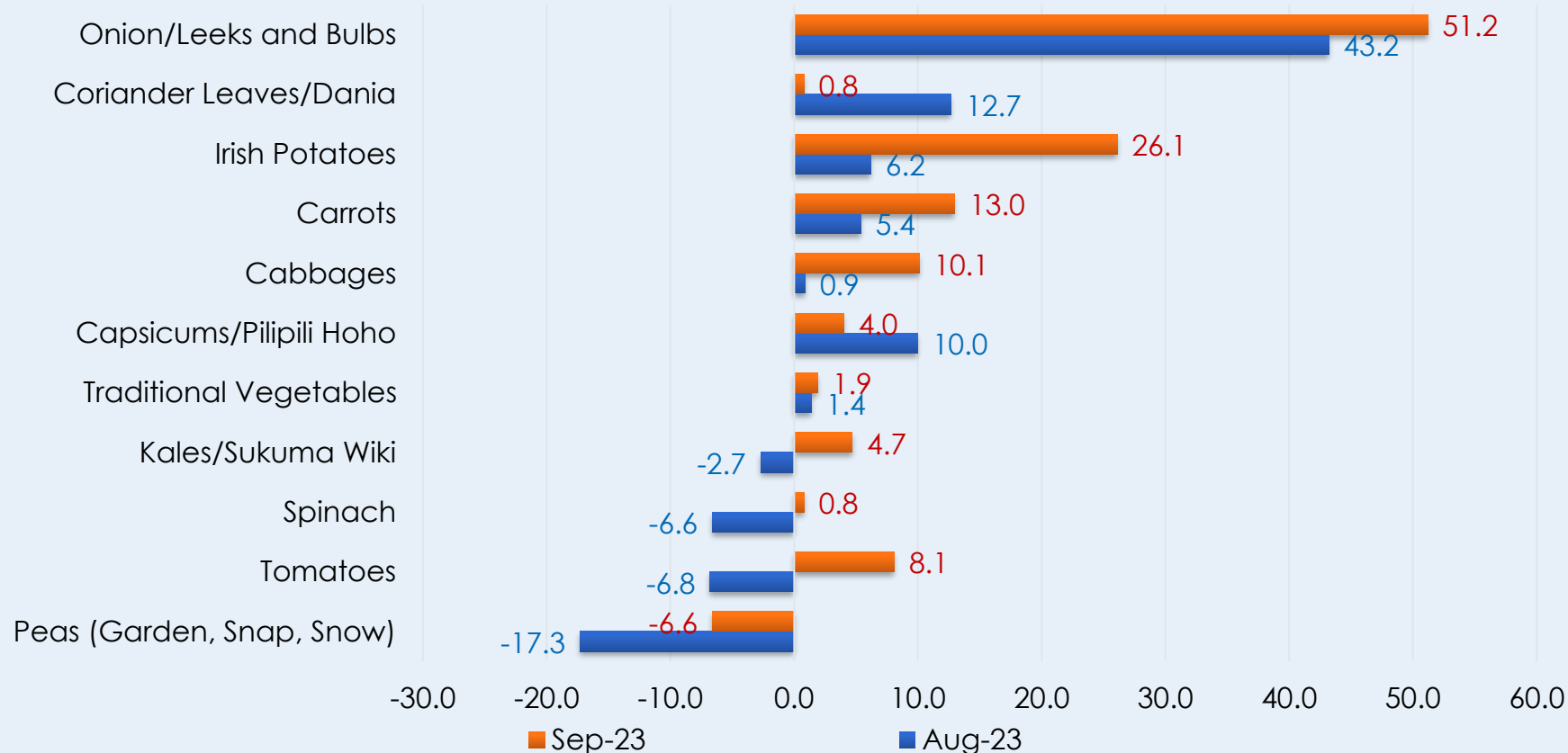


Source: KNBS and CBK

Main drivers of vegetables inflation:

Prices of onions, spinach, kales/sukuma wiki, tomatoes, cabbages and Irish potatoes increased in September 2023

Changes in prices of selected vegetables (y/y, percent)



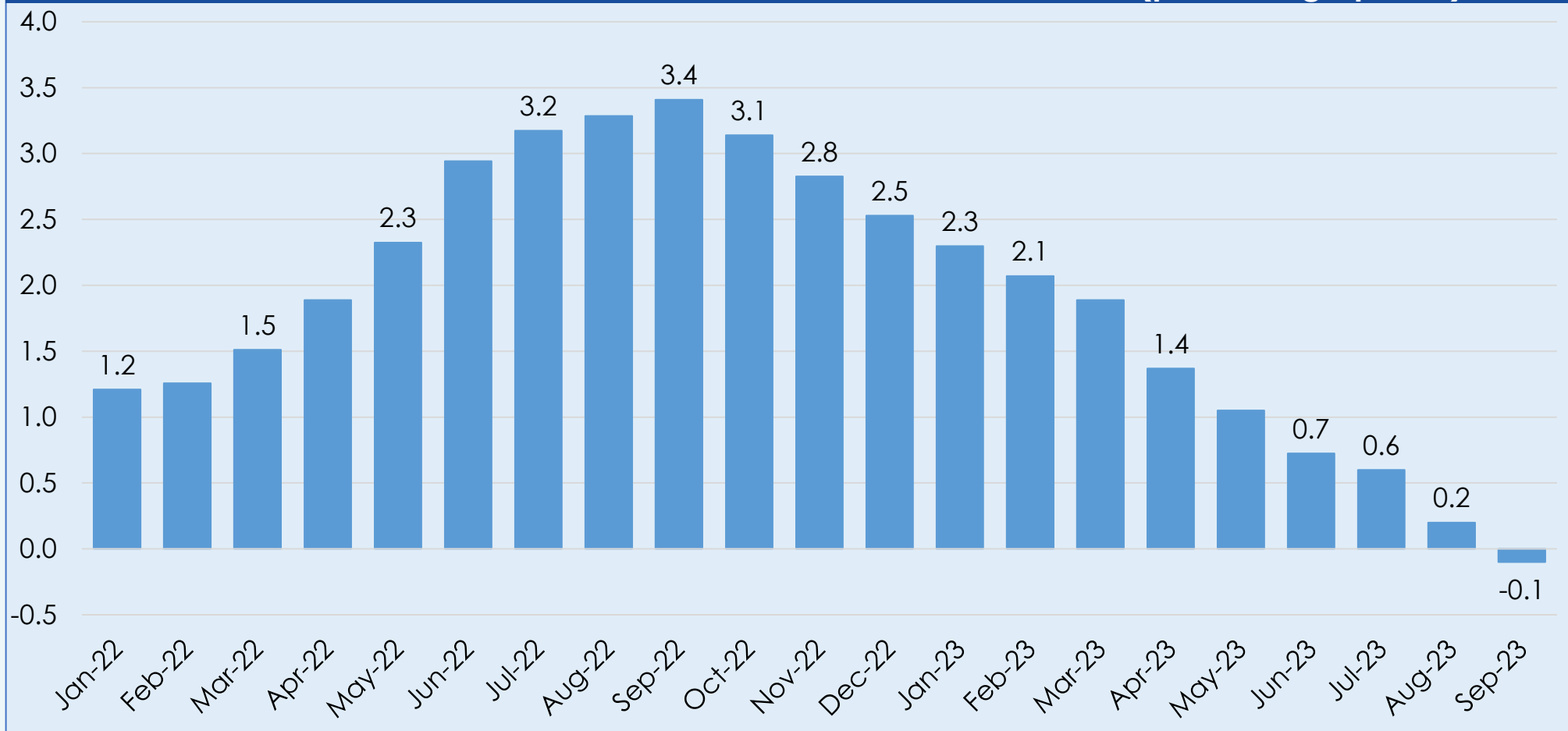
- The main challenges regarding onions relates to higher prices of imports from Tanzania compared to locally produced onions, since they are drier and have a longer shelf life.

Source: KNBS

Main drivers of non-vegetables inflation:

Declines in prices of key non-vegetable food item moderated overall inflation in September 2023. This reflects improved supply due to ongoing harvests and government measures to zero-rate key food imports

Contribution of wheat, maize, milk, and edible oils to overall Inflation (percentage points)

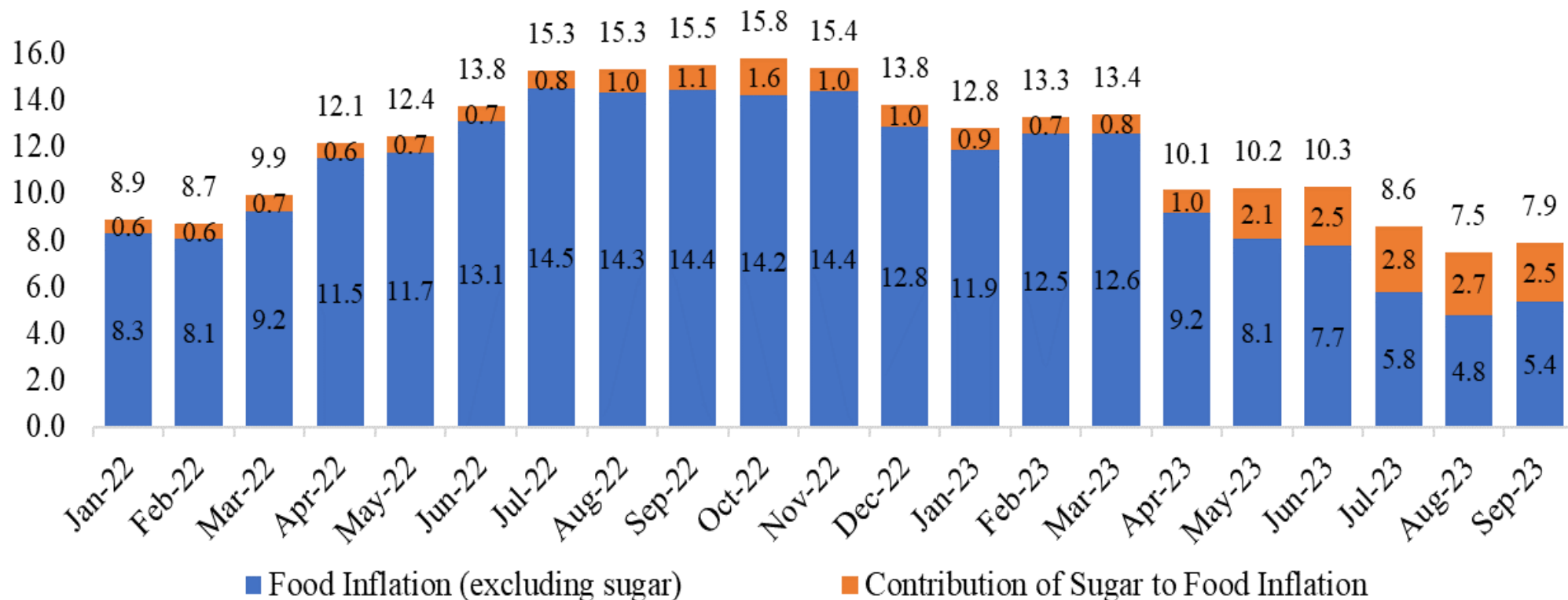


Source: KNBS and CBK

Main drivers of non-vegetables Inflation:

Sugar prices have remained elevated due to reduced domestic and global supply, and continue to exert upward pressure on food inflation

Contribution of sugar to food inflation (percentage points)

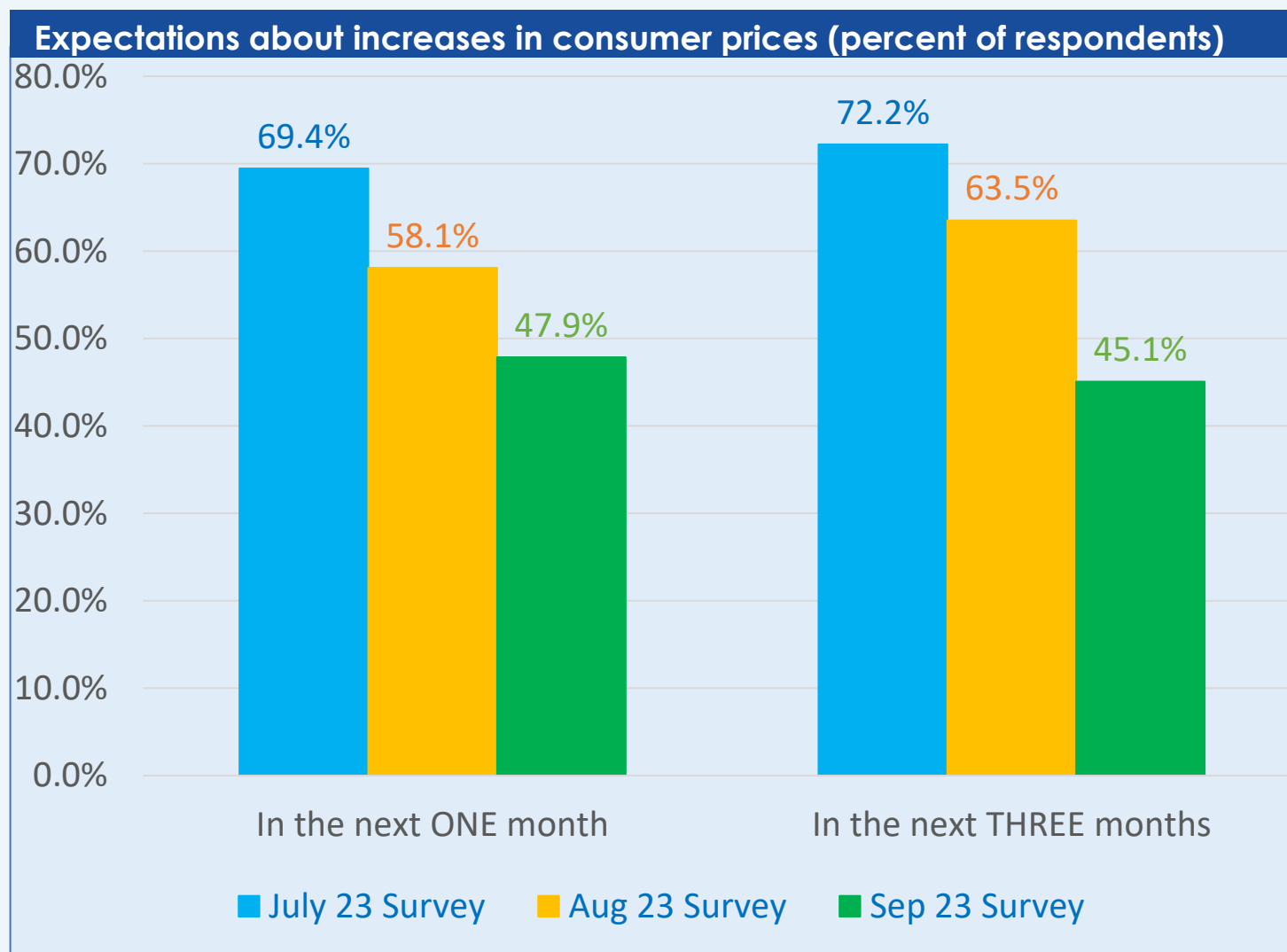


- Sugar prices rose by 58.1 percent (year on year) in September 2023, and contributed 2.5 percentage points to food inflation, and 0.8 percentage points to overall inflation.
- Domestically, implementation of Government measures to improve the supply of sugar through imports will moderate prices.
- Globally, sugar prices are stabilizing with improved supply from harvests in Brazil, and sluggish global demand particularly from China, the world's second largest importer of sugar.

Source: KNBS for data

September 2023 Agriculture Sector Survey:

Fewer respondents expect prices of consumer goods (goods bought regularly) to increase in the coming months due to favorable weather conditions



- Fewer respondents (47.9%) expect the price of consumer goods to increase in the next one month, down from 69.4% in the July survey.
- Similarly, 45.1% of respondents expect the price of consumer goods to increase in the next three months, down from 72.2% in the July survey.
- However, respondents were concerned about rising energy costs following the increased fuel prices.

Domestic economy:

The economy is expected to continue to strengthen in 2023, supported by resilient services sector, rebound in agriculture, and Government measures in priority sectors

Real GDP growth (y/y, percent)

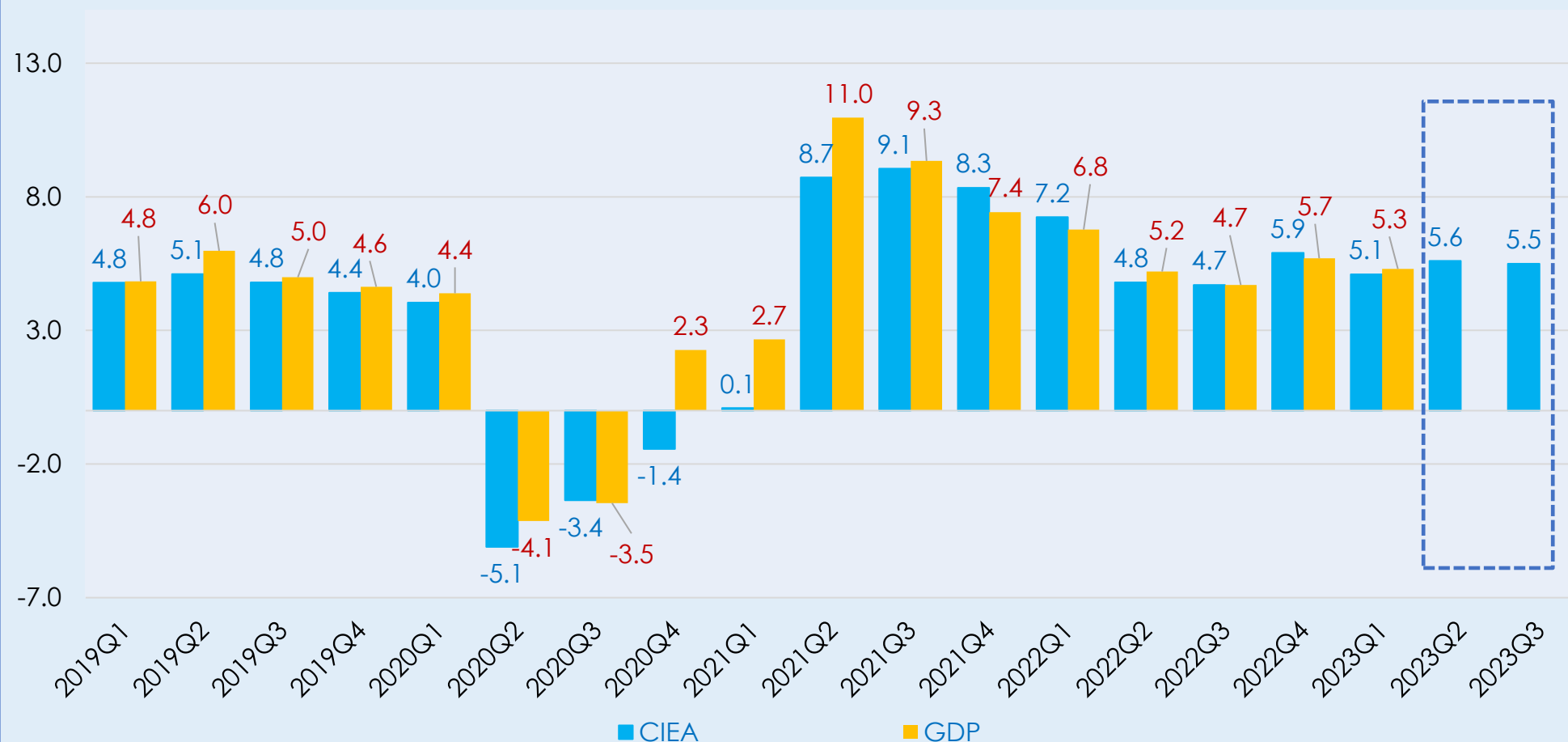
						2023				
	2018	2019	2020	2021	2022	Q1	Q2 Est.	Q3 Proj.	Q4 Proj.	Annual Proj.
1. Agriculture	5.7	2.7	4.6	-0.4	-1.6	5.8	6.2	6.1	5.4	5.9
2. Non-Agriculture (o/w)	5.6	5.7	-1.4	9.5	6.3	5.2	5.4	5.4	5.4	5.4
2.1 Industry	3.8	4.0	3.3	7.5	3.9	2.5	3.5	3.8	4.1	3.5
Mining & Quarrying	-4.7	4.3	5.5	18.0	9.3	3.3	4.3	4.8	4.9	4.3
Manufacturing	3.6	2.6	-0.3	7.3	2.7	2.0	2.8	3.0	3.2	2.7
Electricity & water supply	3.6	1.7	0.6	5.6	4.9	2.3	4.3	5.1	5.3	4.3
Construction	6.1	7.2	10.1	6.7	4.1	3.1	4.1	4.2	4.8	4.0
2.2 Services	6.2	6.5	-1.8	9.8	7.0	6.3	6.1	5.9	5.8	6.0
Wholesale & Retail Trade	5.9	5.3	-0.4	8.0	3.8	5.7	5.8	5.2	5.1	5.4
Accommodation & food services	15.6	14.3	-47.7	52.6	26.2	21.5	14.5	15.2	11.8	15.4
Transport & Storage	6.0	6.3	-8.0	7.4	5.6	6.2	6.4	5.9	6.0	6.1
Information & Communication	7.9	7.0	6.0	6.1	9.9	8.7	8.9	8.0	8.5	8.5
Financial & Insurance	2.7	8.1	5.9	11.5	12.8	5.8	5.5	5.7	5.6	5.6
Public administration	7.9	8.4	7.0	6.0	4.5	6.6	4.9	4.8	4.6	5.2
Professional, Admin & Support Services	6.9	6.8	-13.7	7.1	9.4	7.3	6.5	5.5	6.2	6.4
Real estate	6.5	6.7	4.1	6.7	4.5	5.2	5.0	5.2	5.0	5.1
Education	6.8	5.7	-9.2	22.8	4.8	3.6	4.8	4.6	4.3	4.3
Health	5.4	5.5	5.6	8.9	4.5	5.4	5.1	5.3	5.2	5.3
Other services	3.3	4.3	-14.6	12.5	5.7	3.0	5.1	5.3	5.5	4.7
FISIM	3.7	9.5	-1.8	5.3	1.5	0.6	1.3	1.1	1.7	1.2
2.3 Taxes on products	5.9	3.9	-8.0	11.9	7.0	4.4	5.5	5.5	5.2	5.1
Real GDP Growth	5.6	5.1	-0.3	7.6	4.8	5.3	5.6	5.5	5.4	5.5

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

Domestic economy:

Leading indicators point to continued strong economic performance in 2023

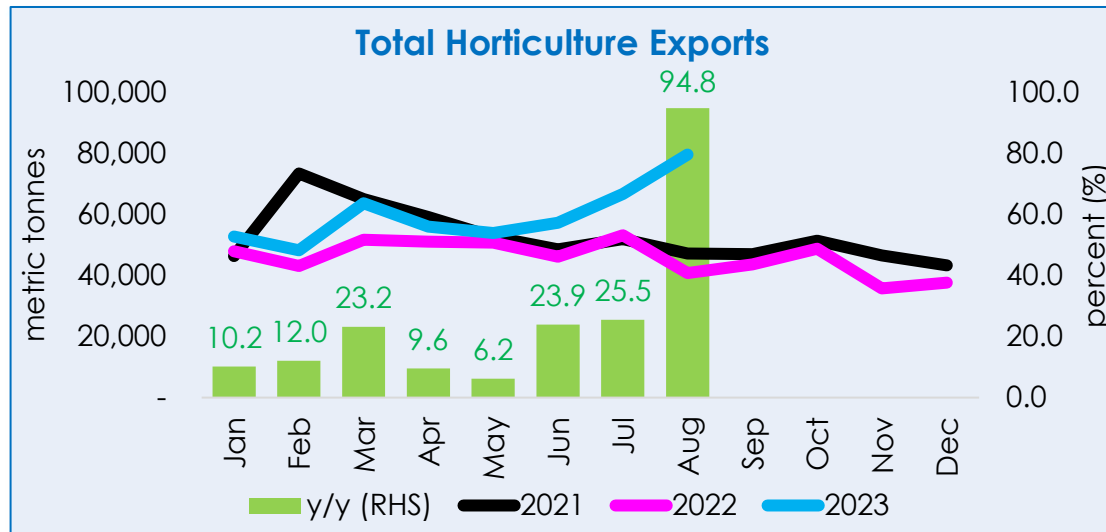
Composite Index of Economic Activity (CIEA) and real GDP (y/y, percent)



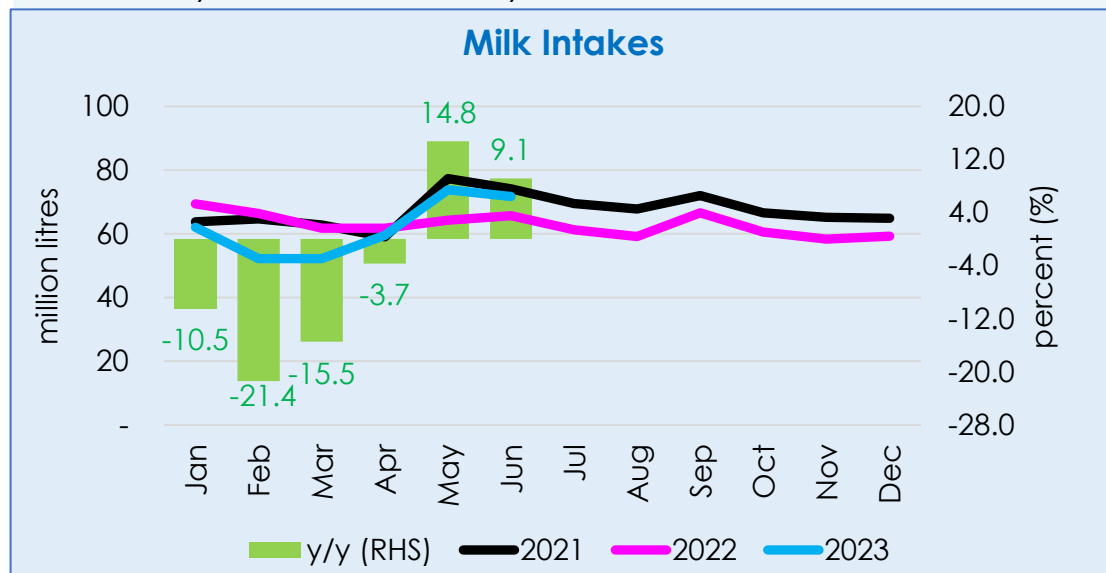
Source: Kenya National Bureau of Statistics and Central Bank of Kenya

Agricultural production:

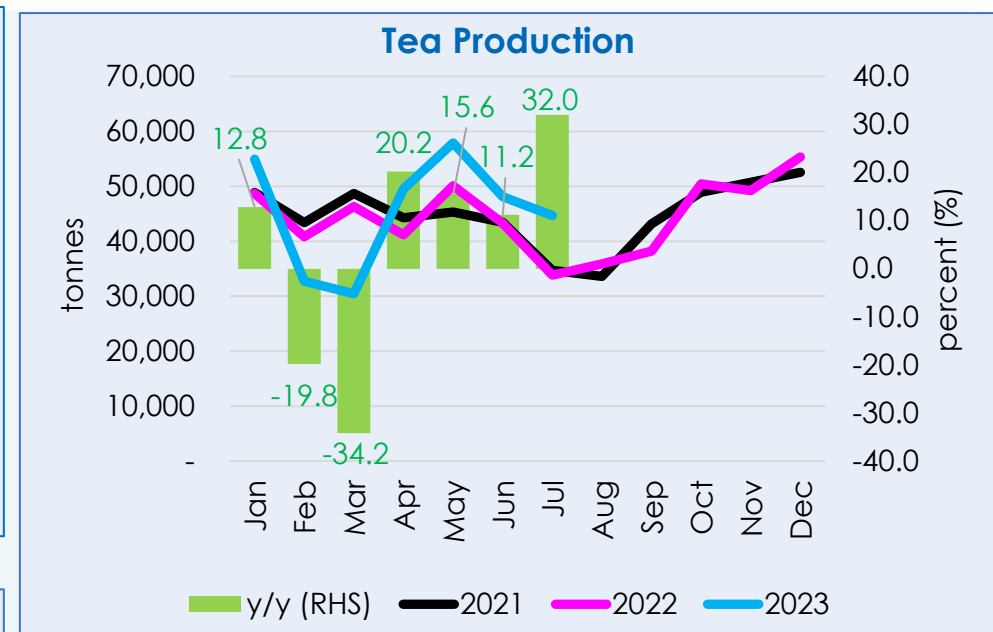
Agriculture sector rebounded in 2023, with increased horticulture exports, tea production, and milk intakes, reflecting the improved weather conditions



Source: Kenya Revenue Authority



Source: Kenya Dairy Board



Source: Tea Board of Kenya

Agricultural production:

Expected production of key food crops in 2023 remains strong for most food items due to improved weather conditions across the country

Actual and projected food crops production (million bags)					
	2020	2021	2022	2023 Projections	
				Bags in millions	Growth* (y/y, %)
Maize	42.2	36.7	34.3	44.6	29.3
Wheat	4.5	2.7	3.0	4.9	62.6
Rice	2.0	2.1	2.1	1.5	-27.6
Beans	8.6	7.4	5.7	11.7	56.3
Irish Potatoes	21.1	23.3	20.0	25.3	26.3
Sorghum	3.5	1.5	1.3	3.3	150.7
Millet	1.7	0.7	0.7	1.1	61.8

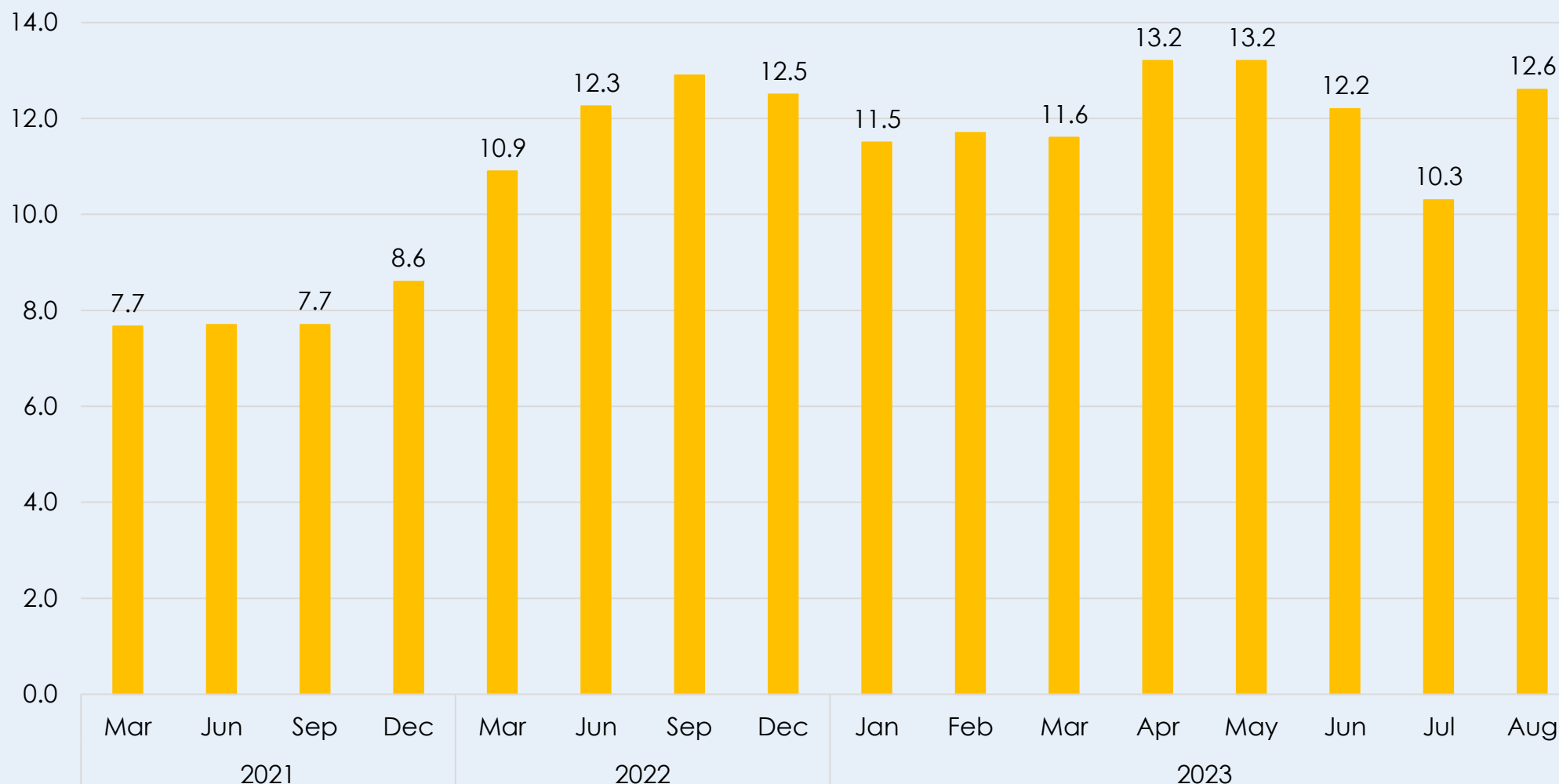
* Growth in production of key crops is based on the updated August 2023 projections from the Ministry of Agriculture

Source: Kenya National Bureau of Statistics, and Ministry of Agriculture projections as of August 2023

Private sector credit:

Growth in credit to the private sector has remained resilient

12 Months growth in credit to private sector (percent)

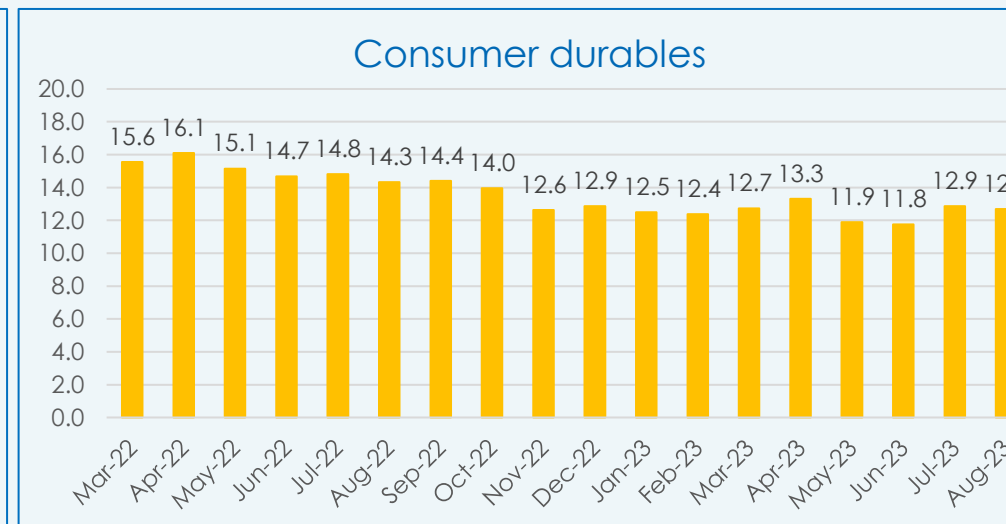
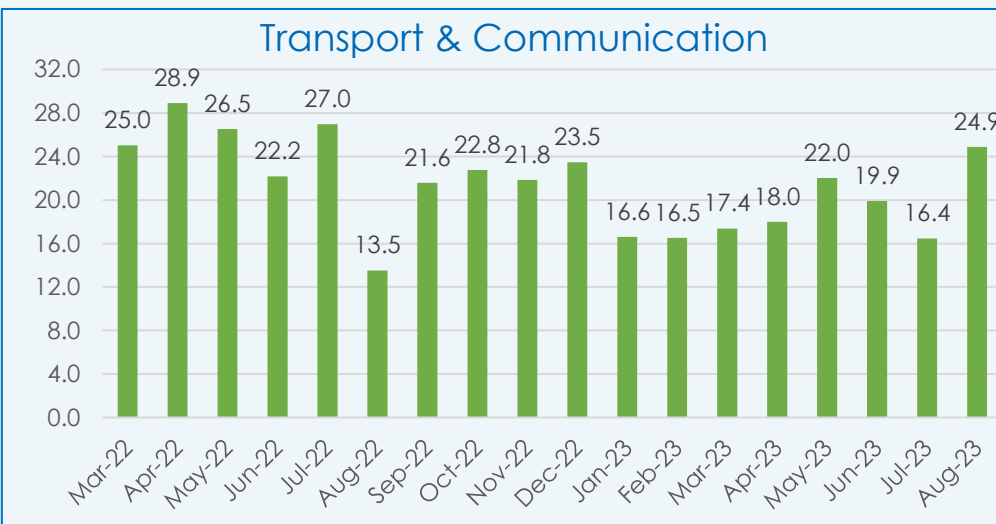
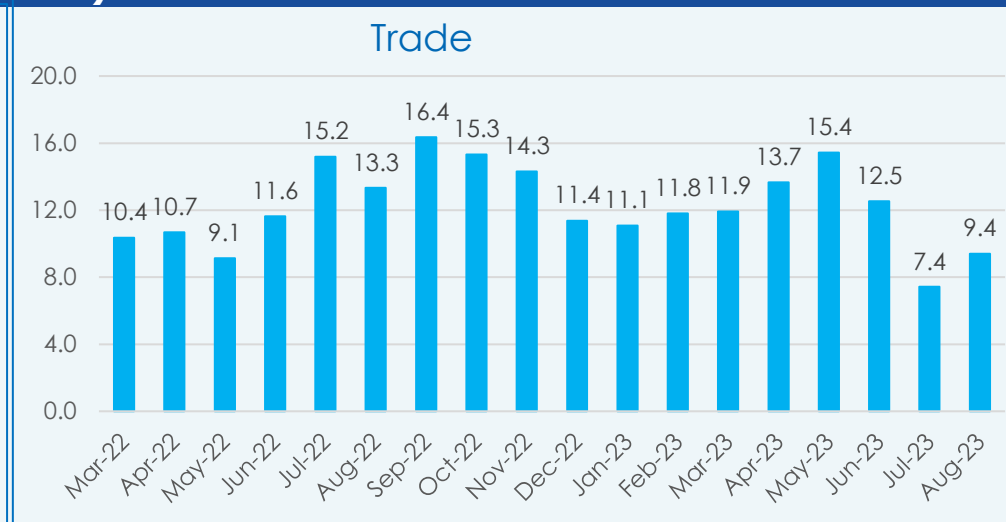


Source: CBK

Private sector credit:

Strong growth in credit to key sectors of the economy

12 Months growth in credit to private sector (percent)



Source: CBK

Balance of payments:

Balance of payments expected to record a surplus in 2023

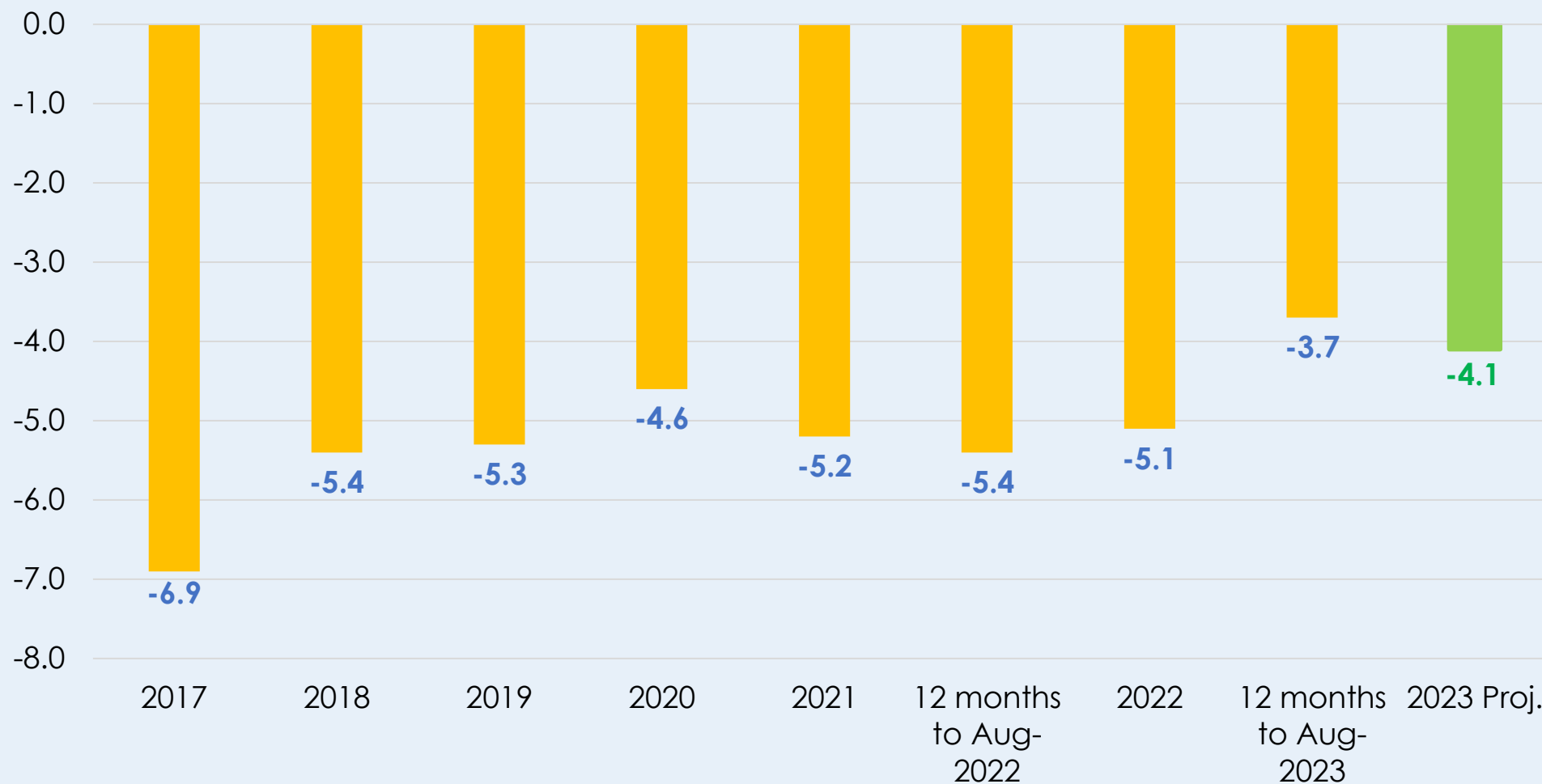
Balance of payments, in millions of U.S. dollars, unless otherwise indicated

	2018	2019	2020	2021	to Aug 2022	2022	Aug 2023	2023	2024
Current account	-5,004	-5,280	-4,619	-5,748	-6,125	-5,774	-4,182	-4,259	-5,463
Trade balance	-10,201	-10,679	-8,430	-11,052	-12,375	-11,715	-9,997	-9,769	-11,346
Goods: exports, f.o.b.	6,088	5,872	6,062	6,787	7,277	7,421	7,313	7,389	8,766
Tea	1,370	1,113	1,226	1,192	1,304	1,384	1,363	1,408	1,543
Horticulture	1,055	1,011	950	1,129	1,003	944	923	944	1,165
Manufactured Goods	377	402	380	512	574	622	707	765	858
Other	3,286	3,345	3,507	3,954	4,396	4,472	4,320	4,272	5,200
Goods: imports, f.o.b.	16,289	16,551	14,492	17,839	19,652	19,136	17,310	17,159	20,113
Oil products	3,386	3,314	2,219	3,474	5,252	5,548	4,779	4,571	5,280
Other	12,902	13,237	12,274	14,365	14,400	13,588	12,531	12,587	14,833
Machinery & Transport equipment	4,540	4,872	3,974	4,653	4,439	3,760	3,270	3,167	3,618
Services balance	1,597	1,748	355	1,027	1,546	1,165	785	630	573
Services, Credit	5,478	5,602	3,732	5,018	6,425	6,436	5,848	5,571	5,875
Transportation	1,959	2,181	1,156	1,642	2,320	2,303	1,933	1,801	1,728
Travel	1,073	1,007	545	843	1,034	1,107	1,175	1,217	1,339
Services, Debit	3,881	3,854	3,377	3,991	4,879	5,271	5,063	4,941	5,302
Transportation	1,396	1,449	1,173	1,565	2,320	2,137	1,933	1,772	1,962
Goods and services balance	-8,604	-8,932	-8,075	-10,025	-10,829	-10,550	-9,211	-9,140	-10,774
Primary income, balance	-1,406	-1,634	-1,494	-1,839	-1,681	-1,740	-1,904	-2,090	-2,149
Credit	199	218	144	62	53	40	91	44	50
Debit	1,604	1,852	1,638	1,900	1,734	1,780	1,996	2,135	2,198
Secondary income, balance	5,006	5,285	4,950	6,116	6,385	6,516	6,933	6,972	7,459
Credit	5,054	5,340	5,026	6,256	6,489	6,563	7,041	7,021	7,511
Remittances	2,697	2,796	3,094	3,718	3,992	4,028	4,120	4,189	4,398
Debit	48	55	76	140	104	47	108	50	52
Capital account	263	208	131	196	164	142	197	149	156
Financial Account	-6,609	-5,922	-2,950	-5,851	-4,108	-4,186	-2,851	-5,171	-4,071
Foreign Direct Investment	-1,512	-892	-499	-44	-341	-339	-393	-403	-473
Direct Investment, assets	24	86	25	420	57	53	-35	28	45
Direct Investment, liabilities	1,536	978	524	464	398	392	358	431	517
Portfolio Investment	-685	-1,300	1,279	208	922	712	1,265	943	1,041
Portfolio Investment, assets	1,082	955	1,106	1,069	654	481	1,070	866	953
Portfolio Investment, liabilities	1,767	2,255	-173	861	-267	-230	-195	-76	-88
Equity and investment fund shares	-293	14	-271	-96	-231	-208	-188	-76	-88
Debt securities	2,060	2,241	98	957	-36	-23	-7	0	0
Other Investment	-4,412	-3,730	-3,730	-6,015	-4,688	-4,558	-3,723	-5,710	-4,640
Other investment, assets	916	570	1,018	139	-664	-557	2,685	1,142	1,138
Other investment, liabilities	5,328	4,300	4,748	6,154	4,024	4,001	6,408	6,852	5,777
Net errors and omissions	-883	256	873	548	374	-700	-59	0	0
Overall balance ("-", indicates a surplus)	-984	-1,106	664	-848	1,501	2,147	1,170	-1,061	1,235
Reserves and related items	984	1,106	-664	848	-1,501	-2,147	-1,170	1,061	-1,235
Reserve assets (gross)	839	951	-819	1,190	-1,141	-1,528	-366	1,822	-389
Use of Fund credit and loans to the fund (net)	-145	-154	-154	847	403	619	804	761	847

Current account balance:

A narrower current account deficit is expected in 2023, mainly reflecting lower imports and resilient remittances

Current account balance (percent of GDP)



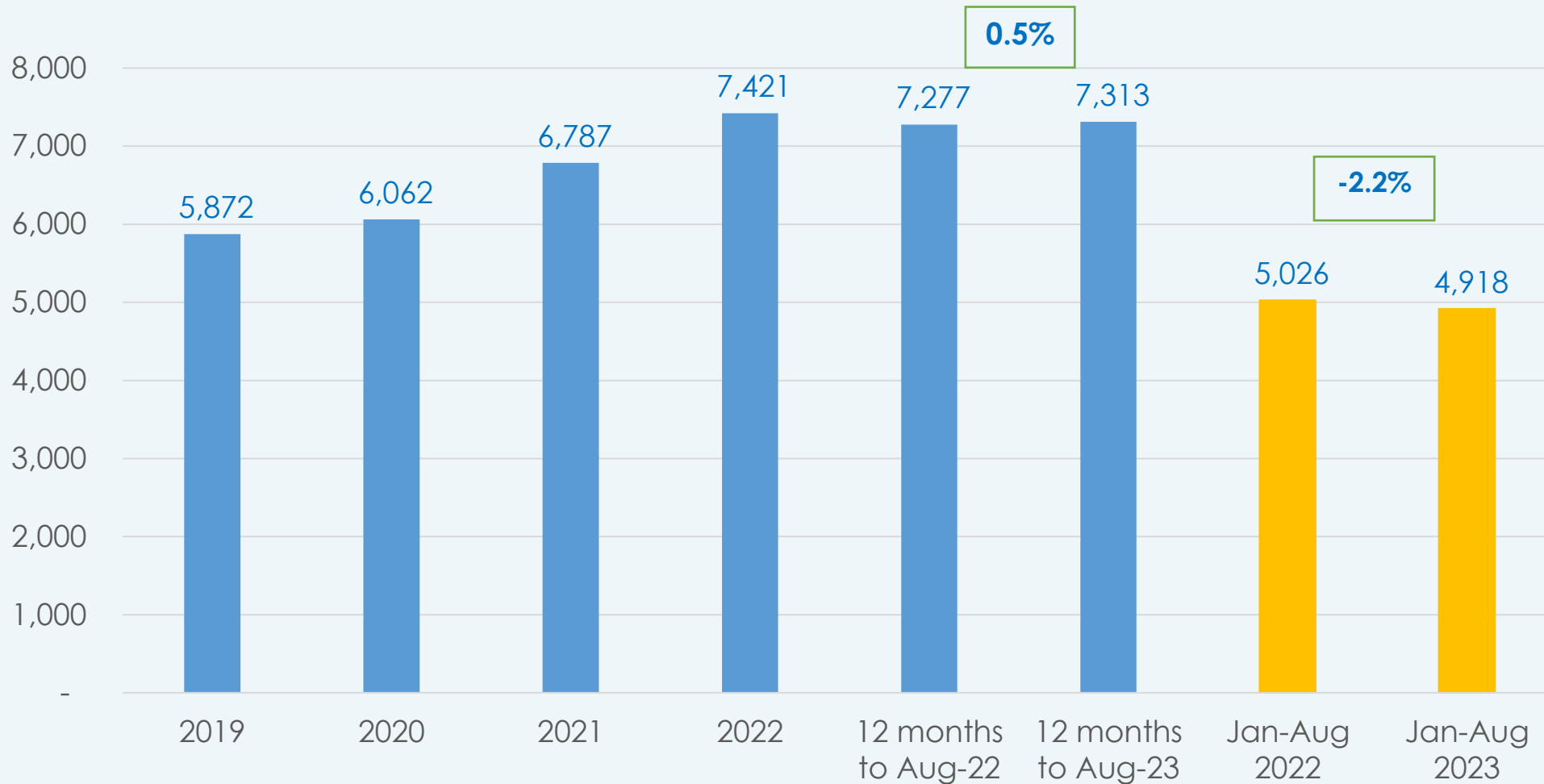
Source: CBK

22.

Balance of payments:

Growth in goods exports increased marginally in the 12 months to August 2023, growing by 0.5 percent compared to a similar period in 2022.

Total goods exports (USD Million)



Source: CBK, KRA

Balance of payments:

The marginal increase in exports in the 12 months to August 2023 was largely in tea, manufactured goods, and chemicals.

Goods exports by products (USD Million)

SITC CODES		2019	2020	2021	2022	12 Months to Aug 2022	12 months to Aug 2023	Jan-Aug 2022	Jan-Aug 2023	% change 12 months	% change Jan - Aug
0	Food and Live animals	2,217	2,425	2,551	2,773	2,685	2,795	1,886	1,908	4.1	1.2
05	ow Vegetables and Fruits	546	622	688	584	608	577	414	408	(5.1)	(1.6)
071	Coffee & Substitutes	205	216	249	331	324	295	257	221	(9.0)	(13.9)
0741	Tea	1,113	1,226	1,192	1,384	1,304	1,363	913	892	4.5	(2.2)
1	Beverages & Tobacco	160	181	159	164	156	156	104	96	(0.2)	(7.3)
2	Crude materials, inedible & Except fuels	1,015	1,015	1,286	1,256	1,279	1,226	867	837	(4.1)	(3.5)
29	Crude animal and vegetable	688	670	853	758	799	787	531	560	(1.5)	5.4
292711	Cut flowers	490	464	551	462	496	462	326	326	(6.9)	(0.2)
3	Mineral Fuels	56	54	54	88	66	107	48	67	60.9	39.5
4	Animals and Vegetable oils	63	95	137	226	215	171	162	106	(20.5)	(34.3)
5	Chemicals and related products	447	465	522	606	573	624	395	413	8.9	4.5
54	Medical and Pharmaceutica	101	102	102	103	100	117	71	85	16.8	18.5
55	Perfume materials	131	147	171	182	186	194	121	132	4.2	9.3
6	Manufactured goods	402	380	512	622	574	707	396	482	23.2	21.6
661	Lime, Cement etc	17	28	108	106	100	159	64	117	59.3	83.3
67	Iron and Steel	154	139	174	233	211	244	148	160	15.8	8.0
7	Machinery & Transport equip	146	113	137	120	128	125	78	82	(2.7)	6.0
8	Miscellaneous manufactures	572	566	675	689	700	629	474	414	(10.1)	(12.6)
84	Clothing accessories	341	308	389	400	409	355	271	226	(13.3)	(16.7)
88	Photographic Apparatus,	1	0	67	222	223	203	156	137	(9.3)	(12.4)

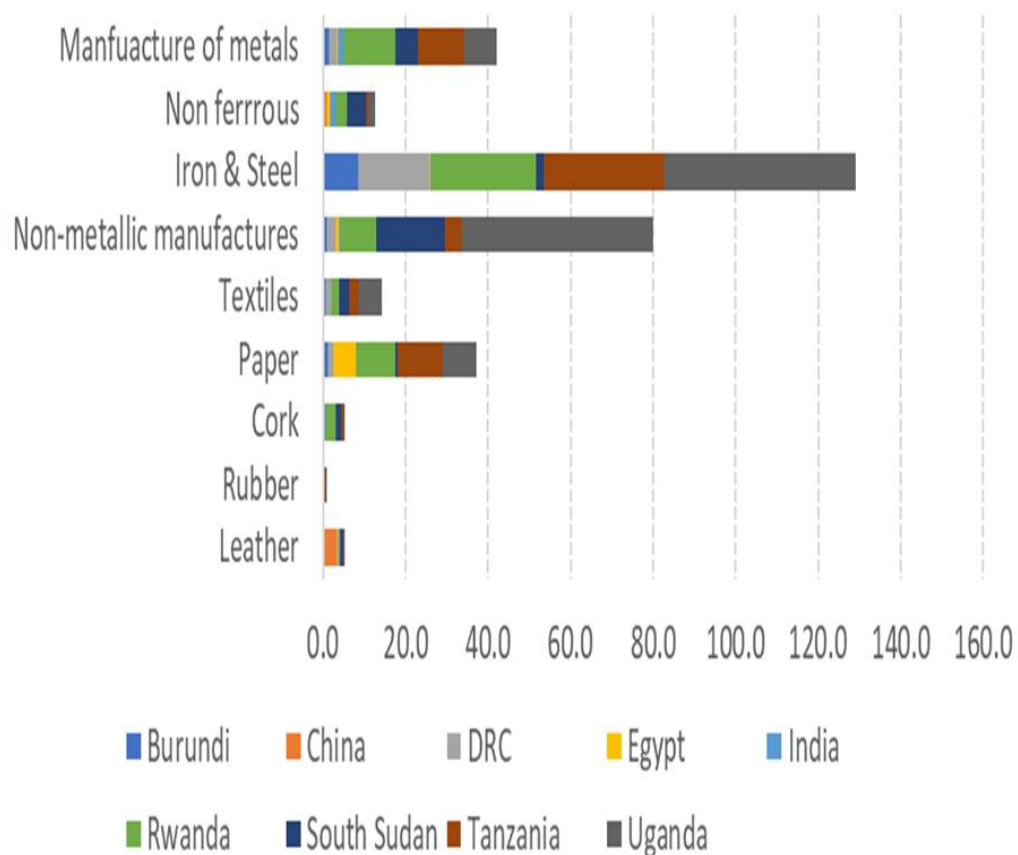
Source: CBK, KRA

Balance of payments:

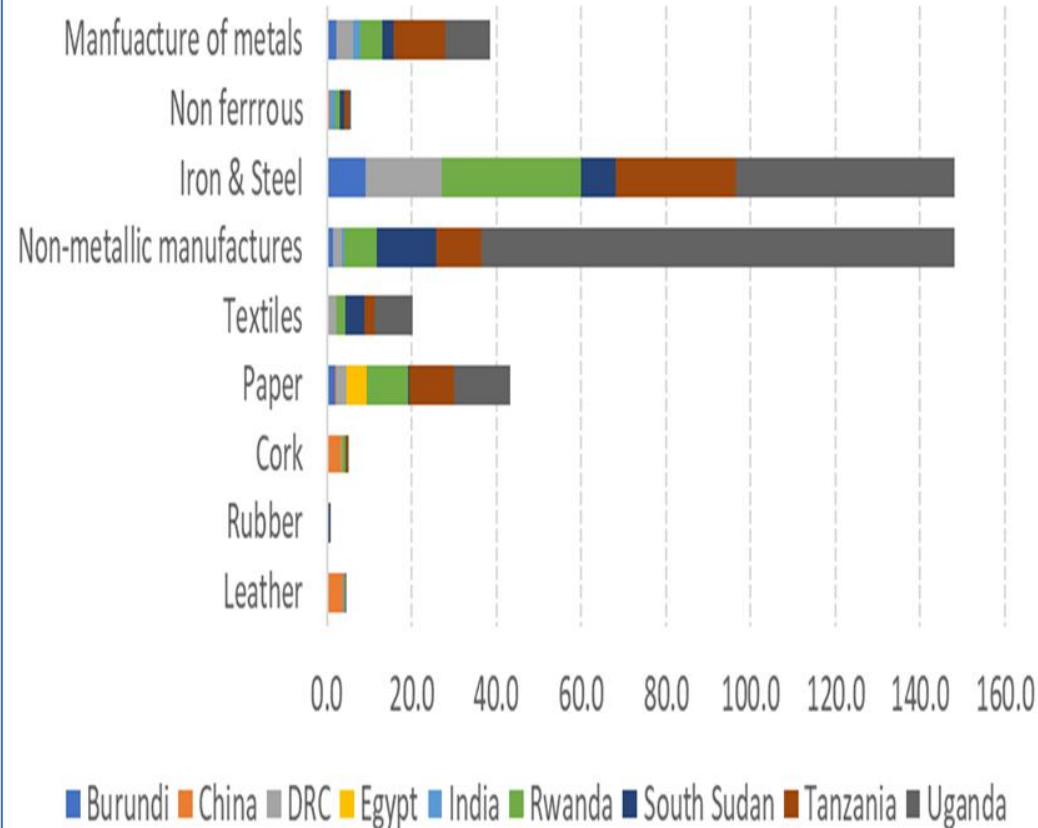
Manufactured exports increased mainly due to regional demand, with significant increase in cement exports to Uganda, and iron and steel to Rwanda

Manufactured exports in the region (USD Million)

Year to date, 2022



Year to date, 2023

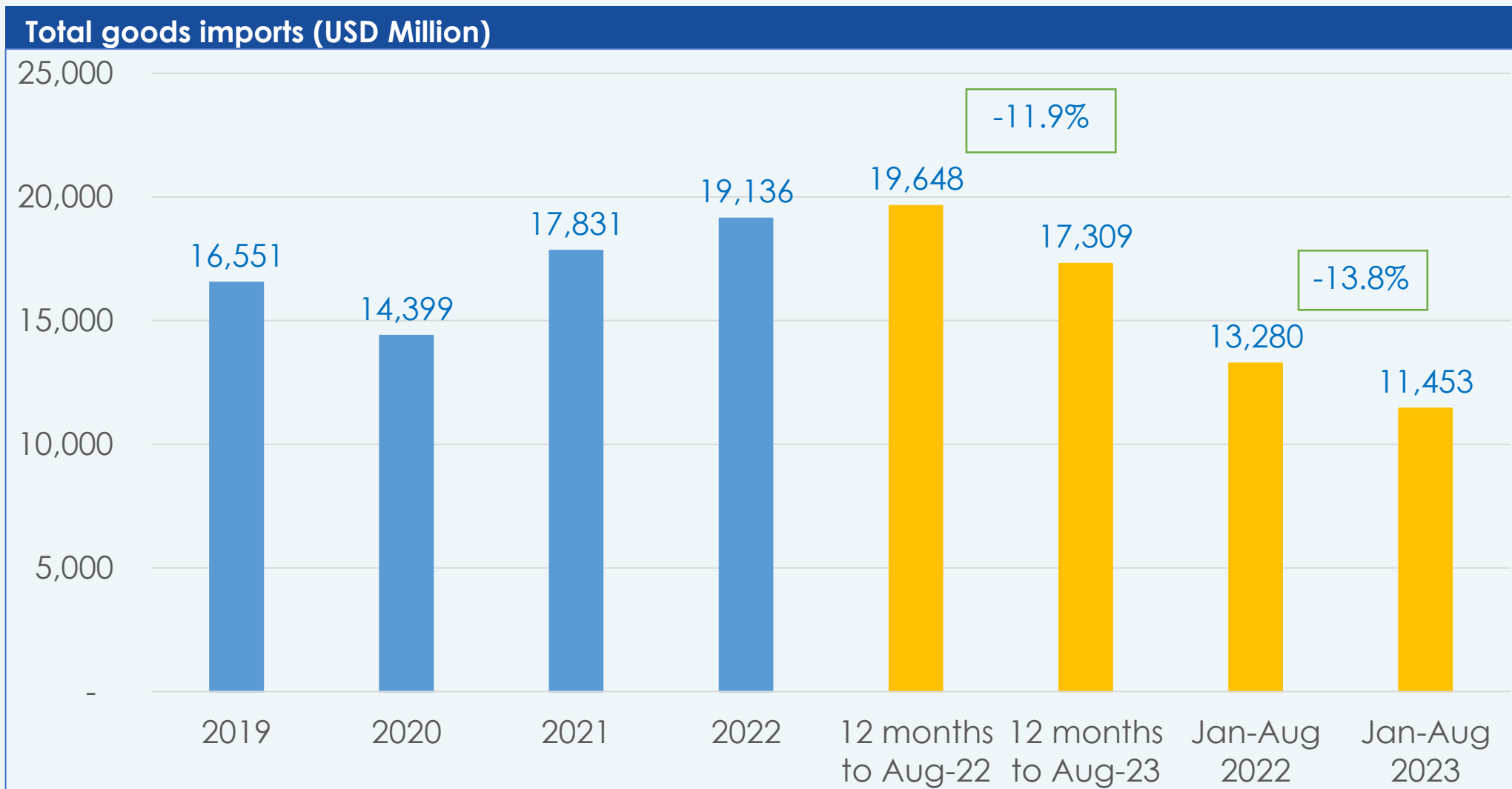


Source: CBK, KRA

25.

Balance of payments:

Imports of goods declined by 11.9 percent in 12 months to August 2023 compared to an increase of 16 percent in a similar period in 2022



Source: CBK, KRA

Balance of payments:

The decline in imports in the 12 months to August 2023 was largely in machinery and transport equipment, manufactured goods, oil and chemicals

Goods imports by products (USD Million)

SITC		2019	2020	2021	2022	12 months to Aug 2022	12 months to Aug 2023	Jan-Aug 2022	Jan-Aug 2023	% change 12 months	% change Yr to Aug
0	Food & Live animals	1,770	1,582	1,873	2,094	2,000	2,472	1,335	1,713	23.6	28.3
04	of which cereals	884	827	1,067	1,227	1,155	1,511	784	1,069	30.8	36.2
1	Beverages & Tobacco	144	102	135	132	126	132	82	83	5.0	1.1
2	Crude material	422	381	448	469	442	481	295	307	8.7	4.0
3	Mineral fuels, Lubricants (and Rel. mat.)	3,309	2,185	3,474	5,548	5,246	4,779	3,873	3,104	(8.9)	(19.9)
33	of which Petroleum Products	3,094	1,983	3,135	5,159	4,808	4,412	3,577	2,830	(8.2)	(20.9)
4	Animal & Veg oils, Fats & Waxes	588	885	1,100	1,215	1,337	1,032	878	694	(22.8)	(20.9)
42	of which Vegetable fat \$oils	573	863	1,047	1,138	1,250	957	815	634	(23.4)	(22.2)
4222	Palm oil	0	831	989	1,085	1,190	884	777	576	(25.7)	(25.8)
5	Chemicals & Retlated products	2,485	2,580	3,103	3,277	3,396	2,947	2,310	1,981	(13.2)	(14.3)
54	Medicinal & Pharm.	645	713	806	791	873	673	568	450	(22.9)	(20.8)
57	Plastics in Pri. Form	531	525	738	706	784	560	519	373	(28.6)	(28.1)
59	Chemical Mtrls & Prdts.	321	394	368	432	416	412	295	275	(0.9)	(6.7)
6	Manufactured goods	2,964	2,781	3,646	3,469	3,692	2,790	2,489	1,810	(24.5)	(27.3)
64	Paper, paperboard & articles	380	313	401	472	500	381	338	248	(23.7)	(26.7)
65	Textiles	492	462	608	652	691	529	465	341	(23.4)	(26.6)
67	Iron & Steel	1,019	984	1,420	1,282	1,346	987	934	639	(26.7)	(31.6)
7	Machinery & Transport equipment	4,872	3,973	4,371	3,760	4,150	3,270	2,584	2,095	(21.2)	(18.9)
72	Mach. for Part. Inds.	720	538	676	576	608	512	381	316	(15.9)	(16.9)
74	Gen. Ind.Mach.	564	585	671	545	591	479	379	313	(19.0)	(17.5)
77	Elec. Mach.	780	674	817	732	843	562	538	368	(33.3)	(31.6)
78	Road vehicles	1,193	1,056	1,302	997	1,135	886	680	569	(21.9)	(16.3)
79	Other Transport Equipment	573	248	228	207	229	196	112	102	(14.3)	(9.4)
8	Miscellaneous Manufactures	1,091	945	1,110	1,124	1,168	950	779	606	(18.6)	(22.3)

Source: CBK, KRA

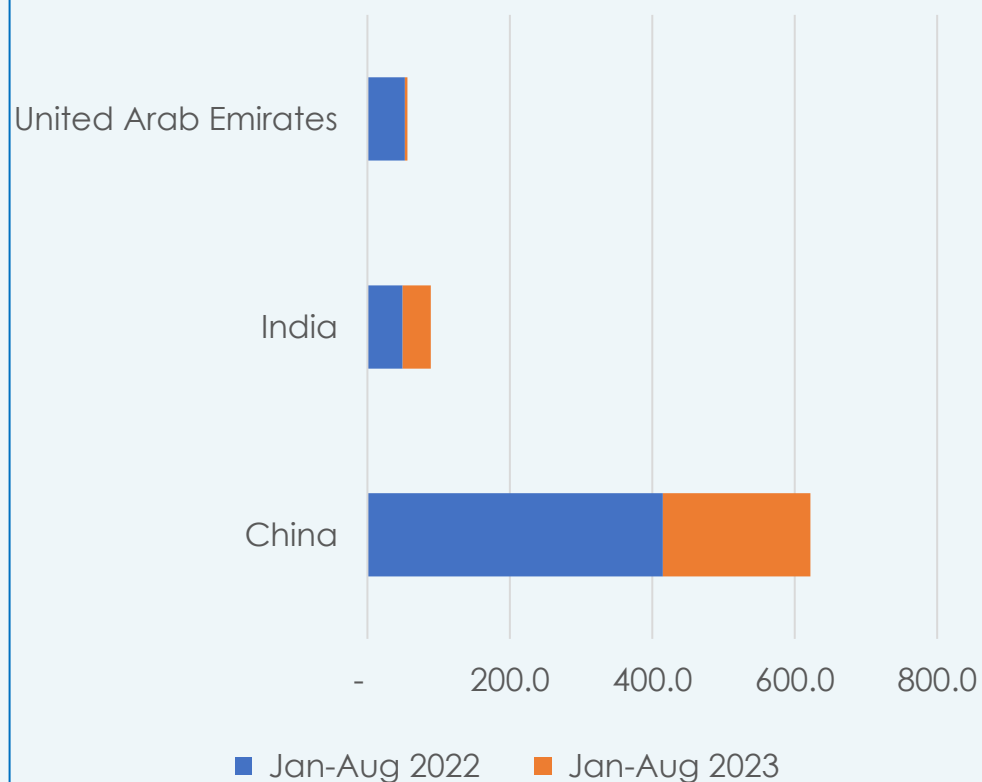
27.

Balance of payments:

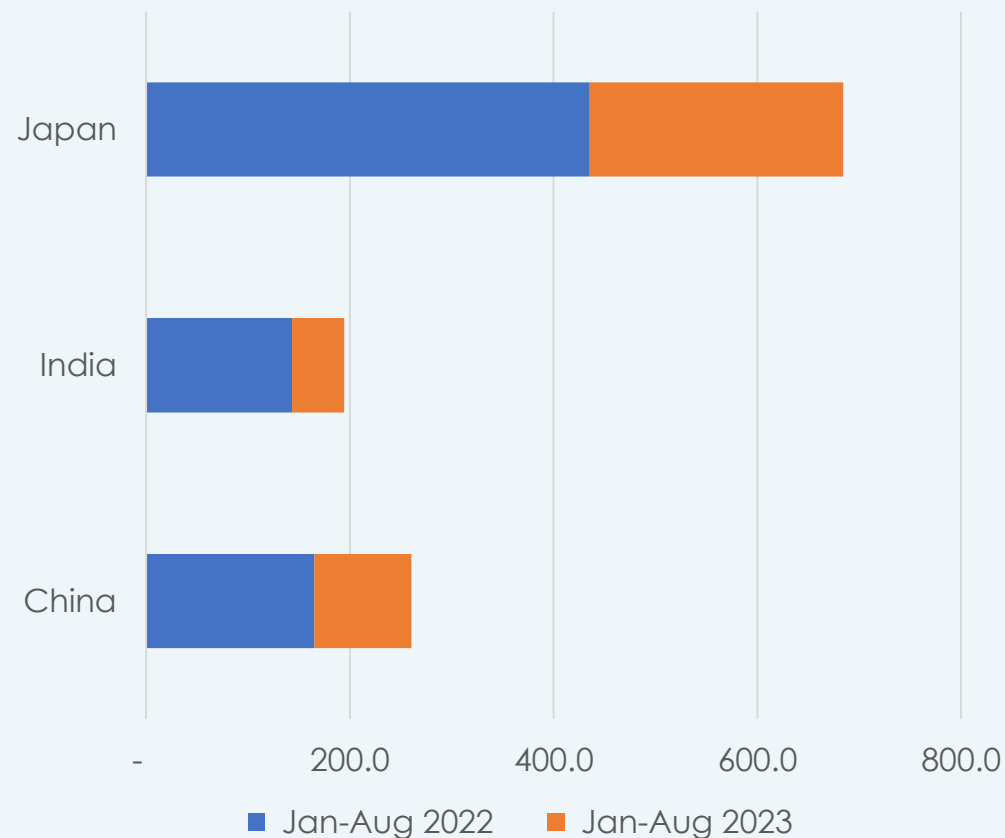
The decline in machinery and transport imports was largely attributed to electrical machinery & apparatus, and road vehicles

Machinery and transport imports (USD Million)

Electrical machinery, apparatus and appliances



Road vehicles

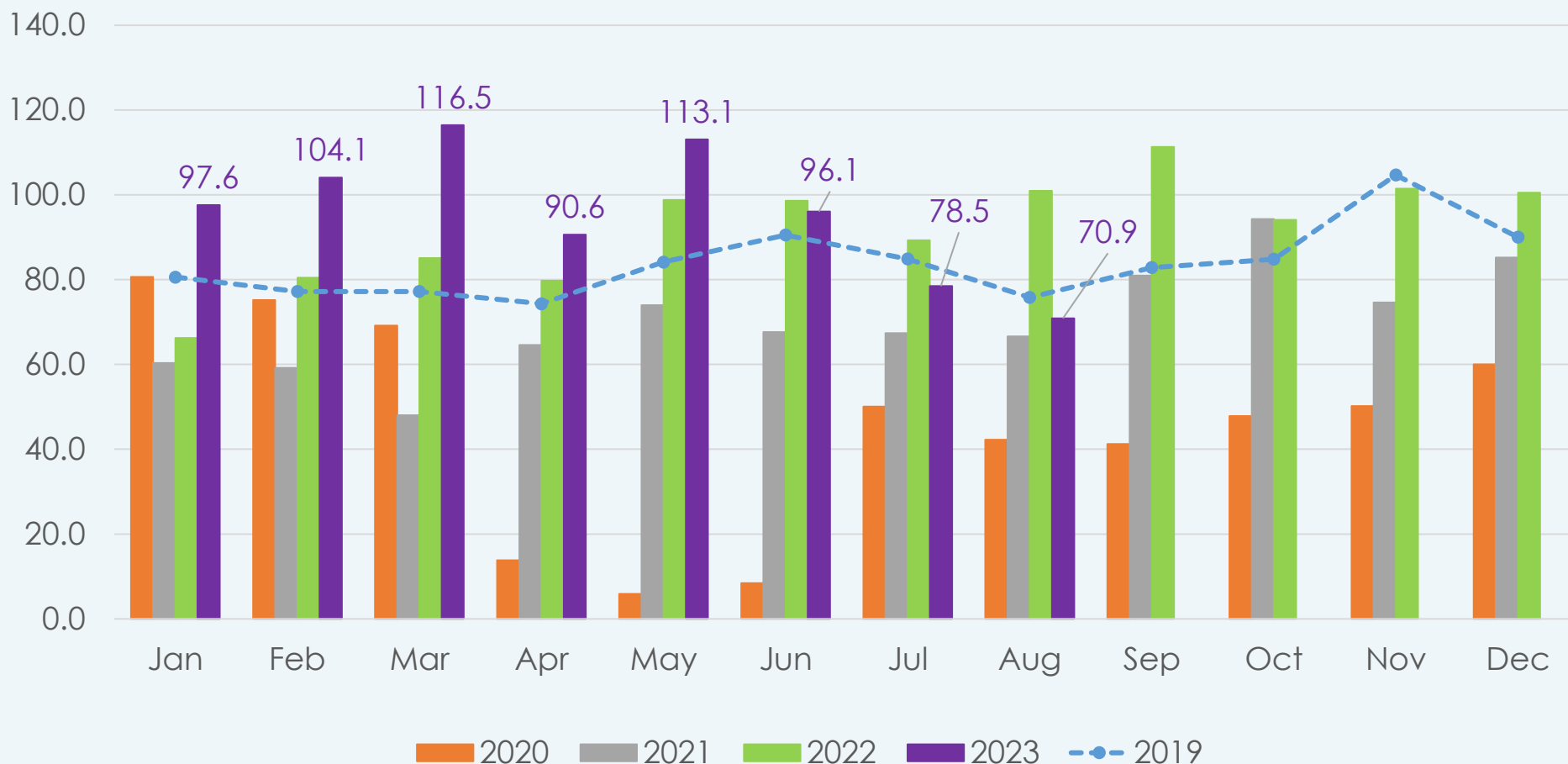


Source: CBK, KRA

Services exports:

Travel receipts have been resilient in 2023, reflecting improvement in international travel

Monthly travel receipts (USD Million)

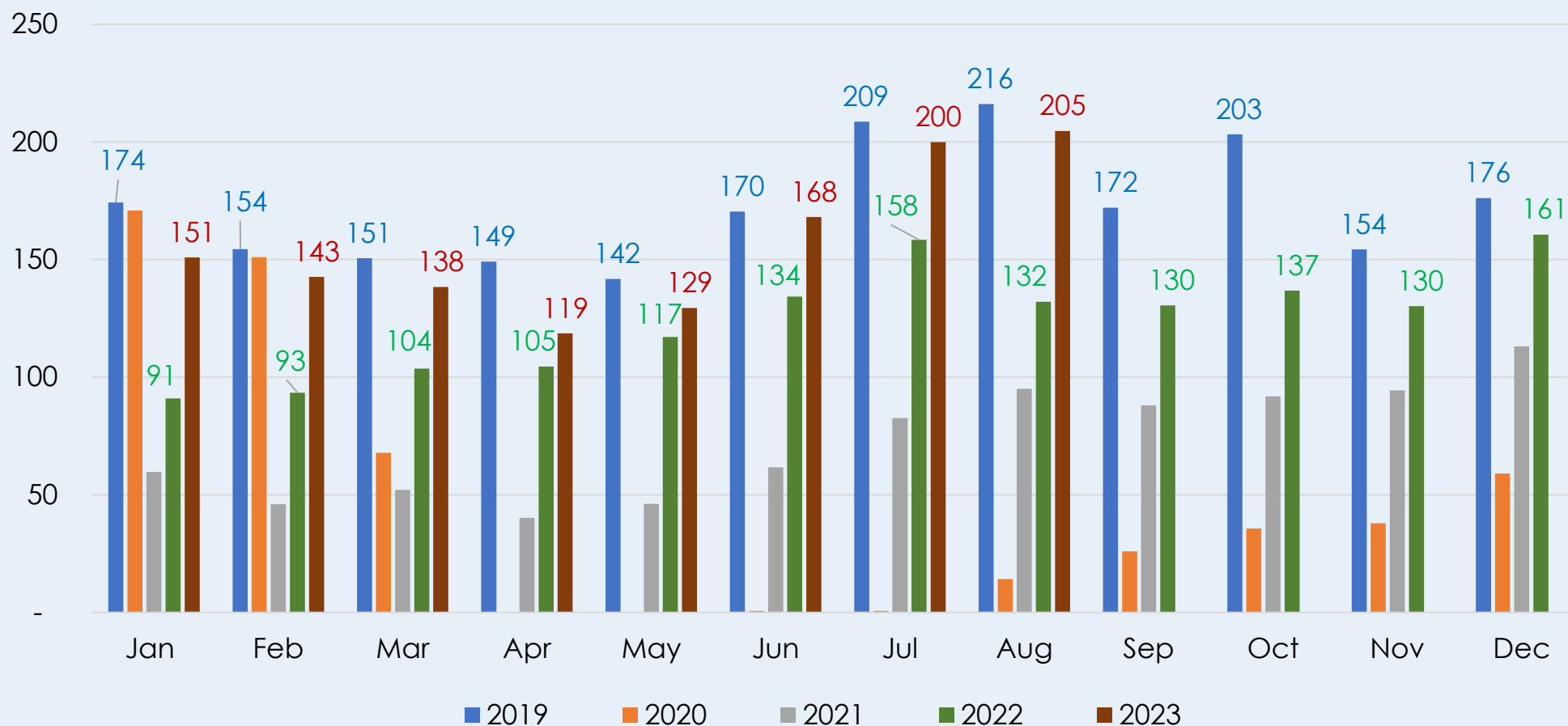


Source: CBK, KRA

Services exports:

Tourist arrivals increased by 55 percent in August 2023 compared with August 2022, supported by recovery in international travel

Number of tourist arrivals (in thousands)



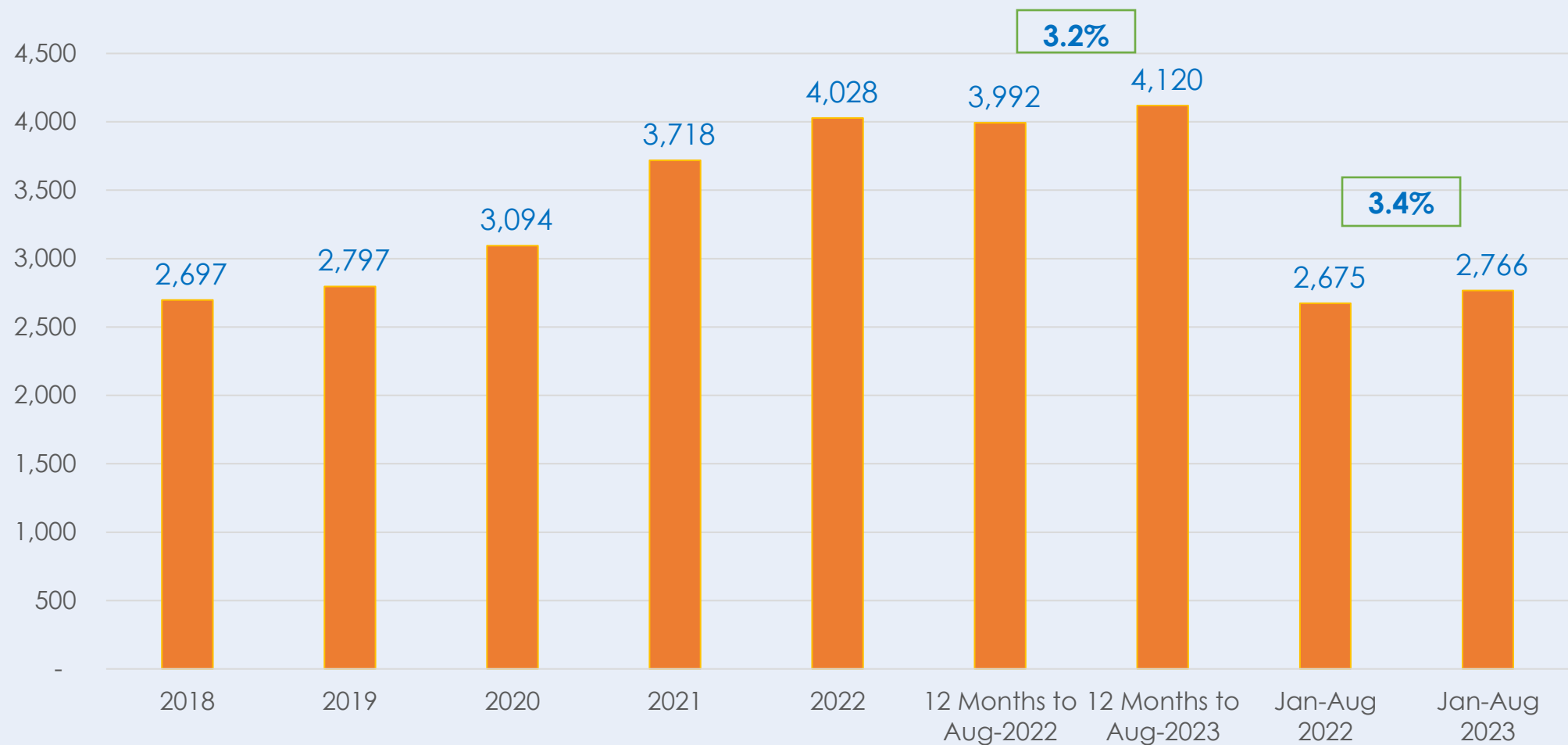
Source: Kenya Tourism Board

30.

Diaspora remittances:

Remittances inflows have remained strong, growing by 3.2 percent in the 12 months to August 2023 compared to a similar period in 2022

Diaspora remittances inflows (USD, Million)



Source: CBK

Financial account:

Financial account inflows expected to support foreign exchange reserves in 2023

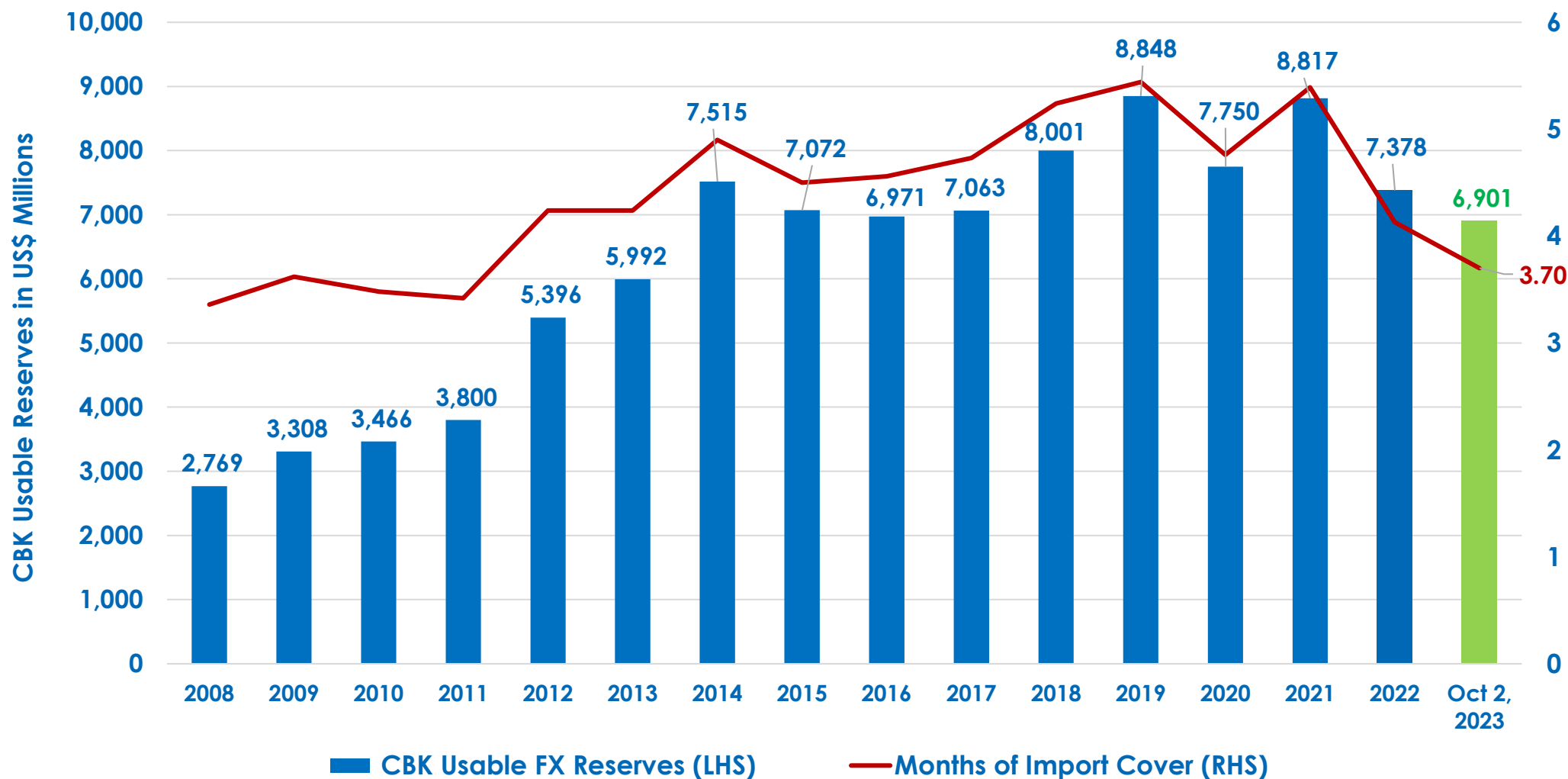
Financial account inflows (US\$ millions)

	2018	2019	2020	2021	12 months to Aug 2022	2022	12 months to Aug 2023	2023	2024
Capital account	263	208	131	196	164	142	197	149	156
Financial Account	-6,609	-5,922	-2,950	-5,851	-4,108	-4,186	-2,851	-5,171	-4,071
Foreign Direct Investment	-1,512	-892	-499	-44	-341	-339	-393	-403	-473
Direct Investment, assets	24	86	25	420	57	53	-35	28	45
Direct Investment, liabilities	1,536	978	524	464	398	392	358	431	517
Portfolio Investment	-685	-1,300	1,279	208	922	712	1,265	943	1,041
Portfolio Investment, assets	1,082	955	1,106	1,069	654	481	1,070	866	953
Portfolio Investment, liabilities	1,767	2,255	-173	861	-267	-230	-195	-76	-88
Equity and investment fund shares	-293	14	-271	-96	-231	-208	-188	-76	-88
Debt securities	2,060	2,241	98	957	-36	-23	-7	0	0
Other Investment	-4,412	-3,730	-3,730	-6,015	-4,688	-4,558	-3,723	-5,710	-4,640
Other investment, assets	916	570	1,018	139	-664	-557	2,685	1,142	1,138
Other investment, liabilities	5,328	4,300	4,748	6,154	4,024	4,001	6,408	6,852	5,777
Net errors and omissions	-883	256	873	548	374	-700	-59	0	0
Overall balance ("-" indicates a surplus)	-984	-1,106	664	-848	1,501	2,147	1,170	-1,061	1,235
Reserves and related items	984	1,106	-664	848	-1,501	-2,147	-1,170	1,061	-1,235
Reserve assets (gross)	839	951	-819	1,190	-1,141	-1,528	-366	1,822	-389
Use of Fund credit and loans to the fund (net)	-145	-154	-154	847	403	619	804	761	847

Source: CBK

CBK usable foreign exchange reserves: Foreign exchange reserves remain adequate

CBK usable foreign exchange reserves (end period)

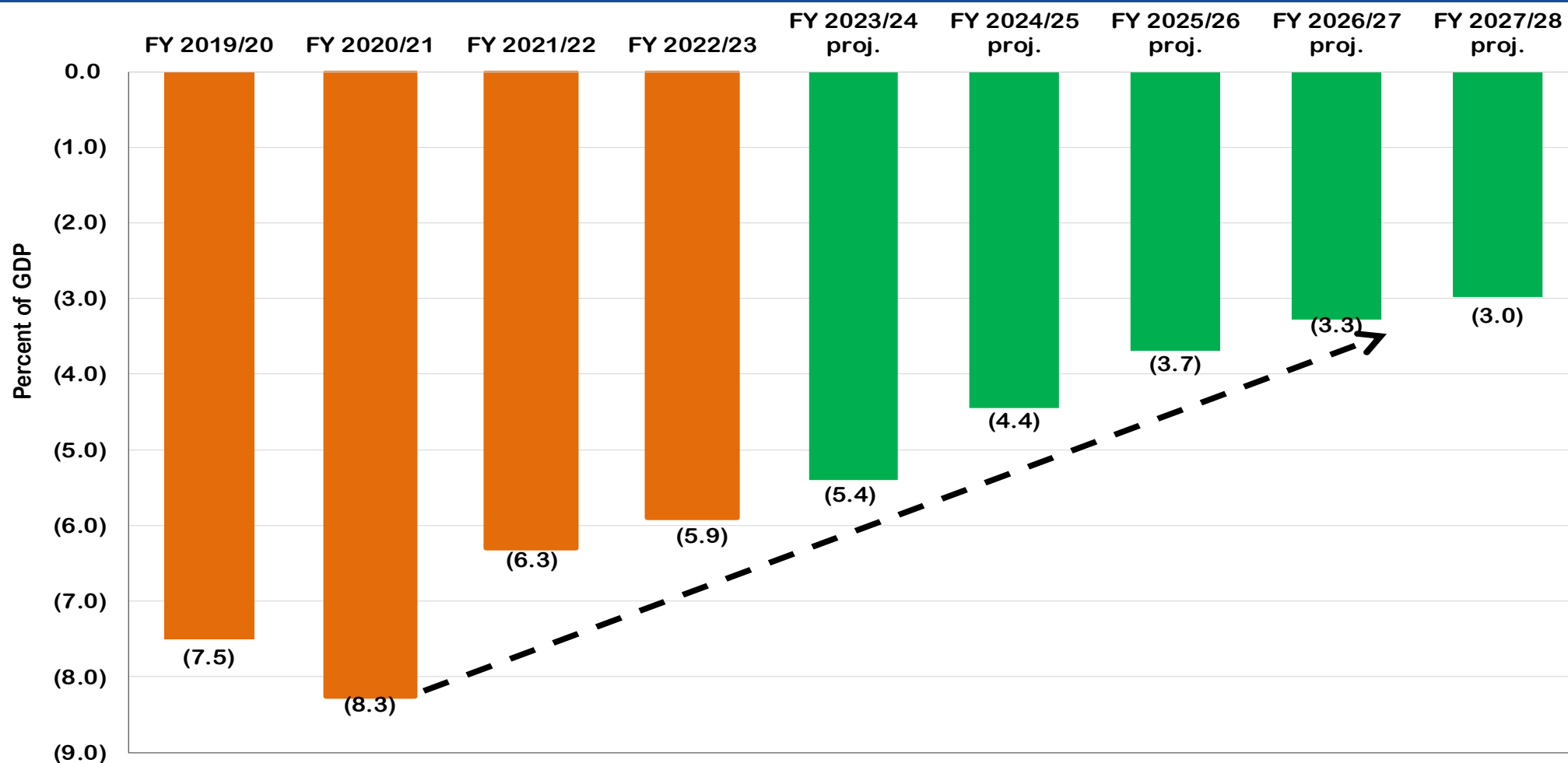


Source: CBK as of October 2, 2023

Fiscal performance and outlook:

The envisaged fiscal consolidation over the medium-term is expected to reduce growth of public debt and boost debt sustainability position

Actual and expected fiscal deficit (percent of GDP)



Source: The National Treasury

Revised fiscal framework for FY2023/24:

The revised fiscal framework has accommodated shifts in the financing mix, with a lower domestic borrowing target compared to the printed Budget estimates

Revised fiscal framework for FY2023/24

	FY 2023/24					
	BUDGET ESTIMATES	BUDGET ESTIMATES (Adj. Fin. & Int)	Proj.	BUDGET ESTIMATES	BUDGET ESTIMATES (Adj. Fin. & Int)	Proj.
	Ksh Million			% of GDP		
TOTAL REVENUE	2,985.6	2,985.6	3,007.5	18.3	18.3	18.6
Ordinary revenue	2,571.2	2,571.2	2,576.4	15.8	15.8	16.0
Import Duty	173.3	173.3	173.3	1.1	1.1	1.1
Excise Taxes	352.7	352.7	352.7	2.2	2.2	2.2
Income Tax	1,198.5	1,198.5	1,198.5	7.4	7.4	7.4
VAT	703.3	703.3	703.3	4.3	4.3	4.4
Investment income & Mop up	33.1	33.1	38.1	0.2	0.2	0.2
Other Revenue	110.3	110.3	110.5	0.7	0.7	0.7
Ministerial Appropriation in Aid	414.4	414.4	431.2	2.5	2.5	2.7
Grants	42.2	42.2	42.2	0.3	0.3	0.3
TOTAL EXPENDITURE	3,746.6	3,808.8	3,913.5	23.0	23.4	24.3
Recurrent Expenditure	2,536.3	2,596.8	2,687.2	15.6	15.9	16.7
Interest Payments	775.1	835.7	918.9	4.8	5.1	5.7
Pensions & Other CFS	165.4	165.4	165.4	1.0	1.0	1.0
Contribution to Civil Ser Pension	28.5	28.5	28.5	0.2	0.2	0.2
Wages & Salaries	584.6	584.6	584.6	3.6	3.6	3.6
Defense and NSIS	183.3	183.3	183.3	1.1	1.1	1.1
Others	534.8	534.8	539.6	3.3	3.3	3.3
Ministerial Recurrent AIA	264.6	264.6	267.0	1.6	1.6	1.7
Development	780.6	782.2	796.6	4.8	4.8	4.9
Domestically Financed (Gross)	482.8	482.8	497.2	3.0	3.0	3.1
o/w Domestically Financed (Net) ³	333.0	333.0	333.0	2.0	2.0	2.1
Ministerial Development AIA	149.8	149.8	164.2	0.9	0.9	1.0
Foreign Financed	280.6	280.6	280.6	1.7	1.7	1.7
Net Lending	17.2	18.8	18.8	0.1	0.1	0.1
County Transfer	429.7	429.7	429.7	2.6	2.6	2.7
BALANCE INCLUSIVE OF GRANTS	(718.9)	(781.0)	(863.8)	(4.4)	(4.8)	(5.4)
Adjustments to cash basis	-	-	-	-	-	-
BALANCE INCLUSIVE OF GRANTS	(718.9)	(781.0)	(863.8)	(4.4)	(4.8)	(5.4)
Discrepancy	-	-	-	-	-	-
TOTAL FINANCING	718.9	781.0	863.8	4.4	4.8	5.4
NET FOREIGN FINANCING	131.5	464.2	448.7	0.8	2.8	2.8
Disbursements	607.1	1,005.0	1,016.6	3.7	6.2	6.3
Commercial Financing	270.0	467.0	467.0	1.7	2.9	2.9
Project Loans	271.6	271.6	271.6	1.7	1.7	1.7
Programme & IMF SDR Allocation	65.4	266.4	278.0	0.4	1.6	1.7
IMF SDR Allocation	-	-	-	-	-	-
IMF EFF/ECF Credit & RCF	61.9	138.8	138.8	0.4	0.9	0.9
DPO (WB & ADB) and Other Concessional Loans	3.5	127.6	139.2	0.0	0.8	0.9
WB C-19 Vaccine Loans	-	-	-	-	-	-
Debt repayment - Principal	(475.6)	(540.9)	(567.9)	(2.9)	(3.3)	(3.5)
NET DOMESTIC FINANCING	587.4	316.9	415.1	3.6	1.9	2.6
O/w Borrowing thro' Govt Securities	584.2	313.7	412.0	3.6	1.9	2.6
Other Domestic Financing	3.2	3.2	3.2	0.0	0.0	0.0
PRIMARY BALANCE	56.3	54.7	55.1	0.3	0.3	0.3
Nominal GDP	16,290.3	16,290.3	16,131.5	100	100	100
Gross Debt (Disbursed)	10,967.6	11,029.7	11,112.5	67.3	67.7	68.9

Source: The National Treasury

Thank You!

