

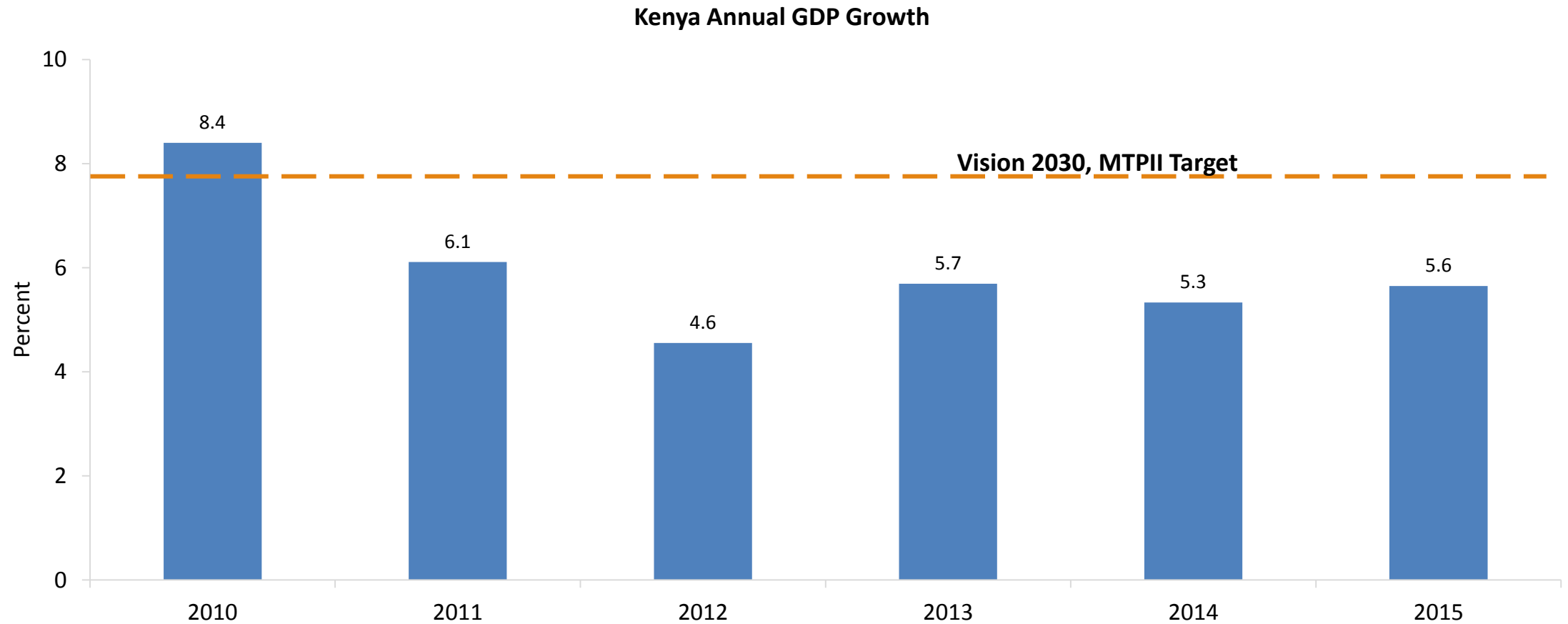
KENYA MACROECONOMIC ENVIRONMENT

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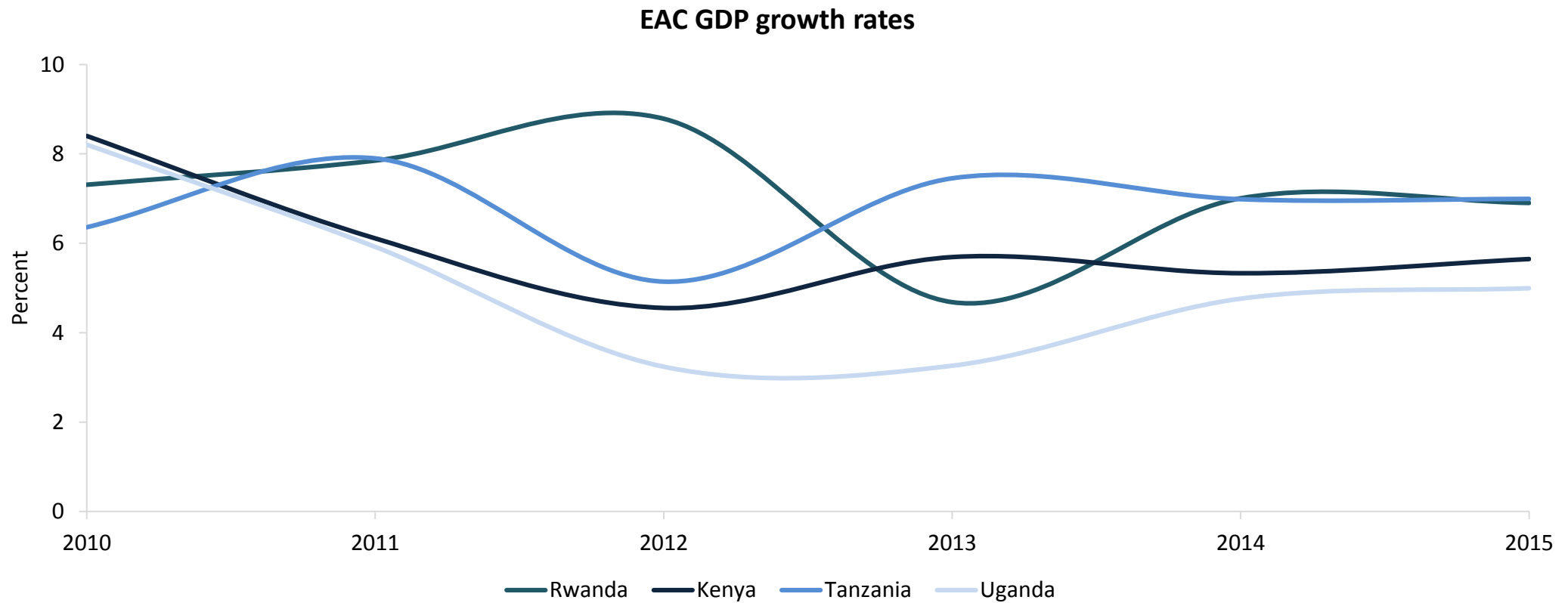
Key Messages

- Economic growth in Kenya has remained robust.
- However, Near to Medium Term Growth Prospects will be Challenged by Changing Economic Head Winds.
- Going Forward, Kenya needs to Pursue Policies to Safeguard its Robust Performance and Accelerate Future Growth Potentiality Gaps

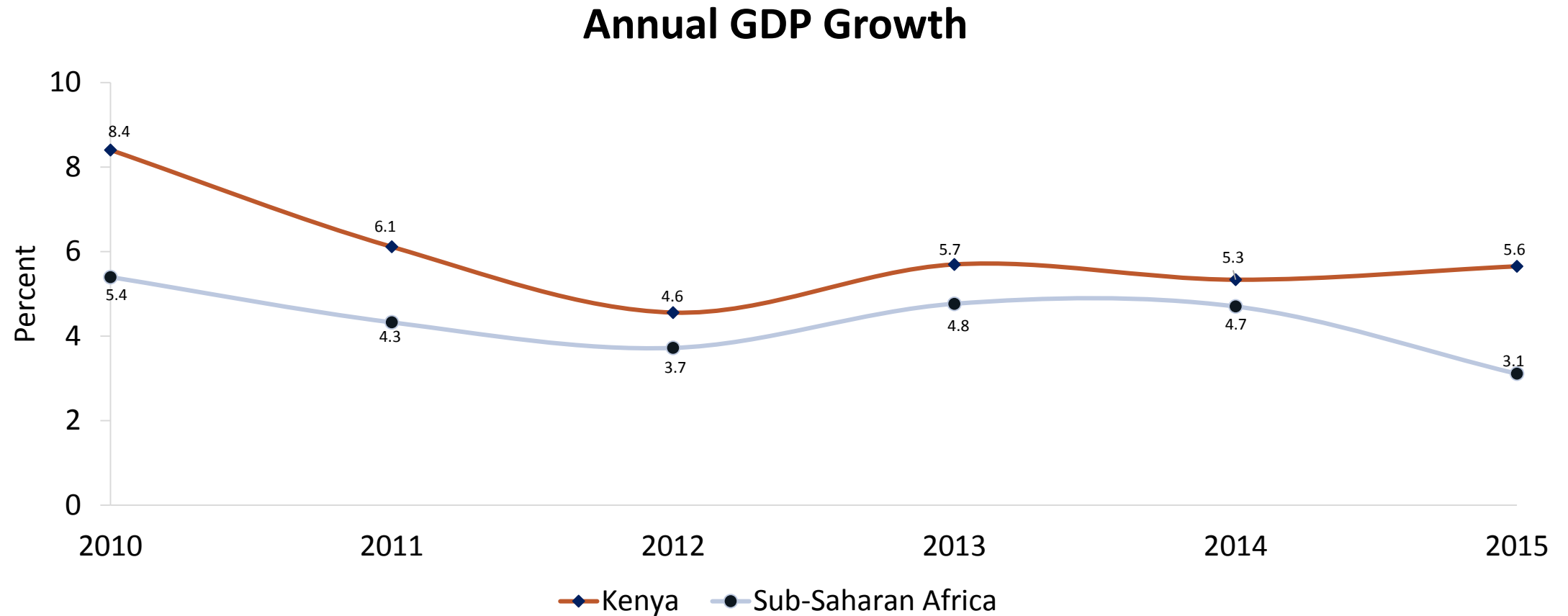
Kenya Has Potential to Grow Faster



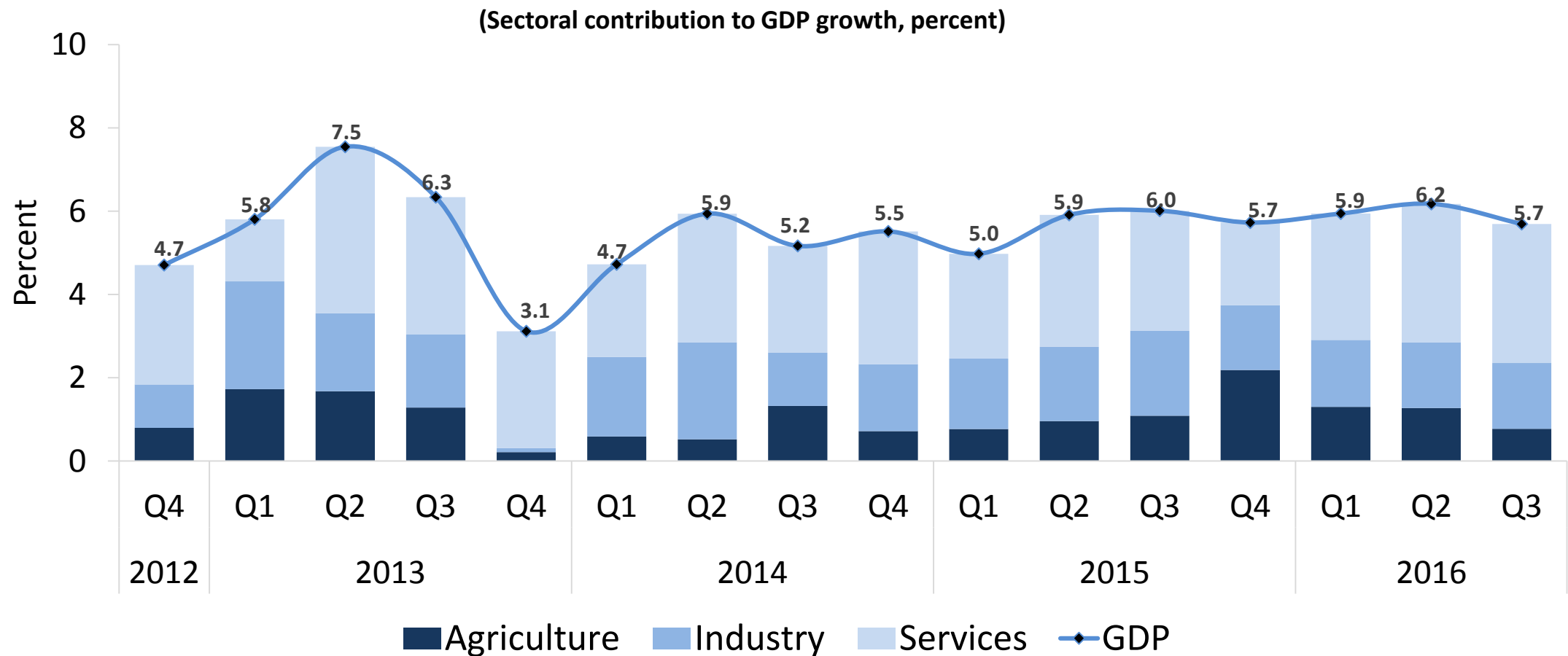
Kenya's growth in relation to EAC peers



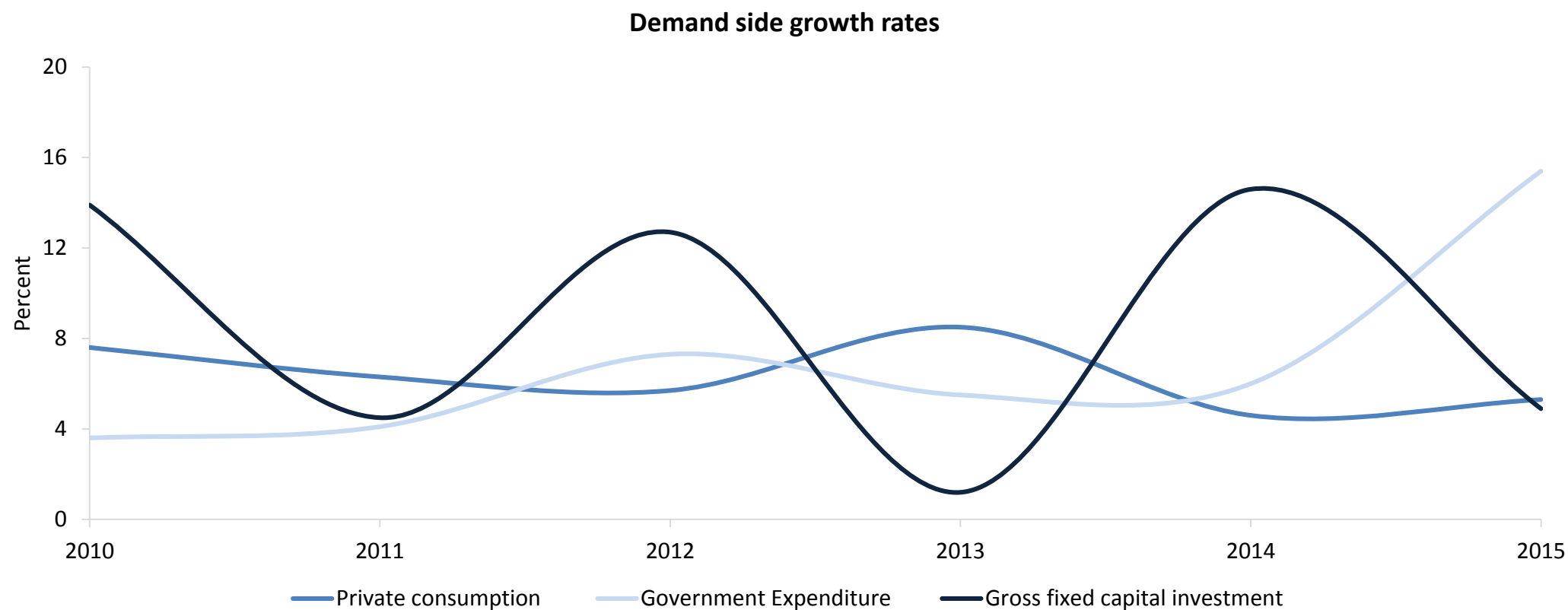
Kenya Continues to Outperform Sub-Saharan Region



GDP Growth in 2016 was Broad-based with the Services Sector Being the Most Dynamic

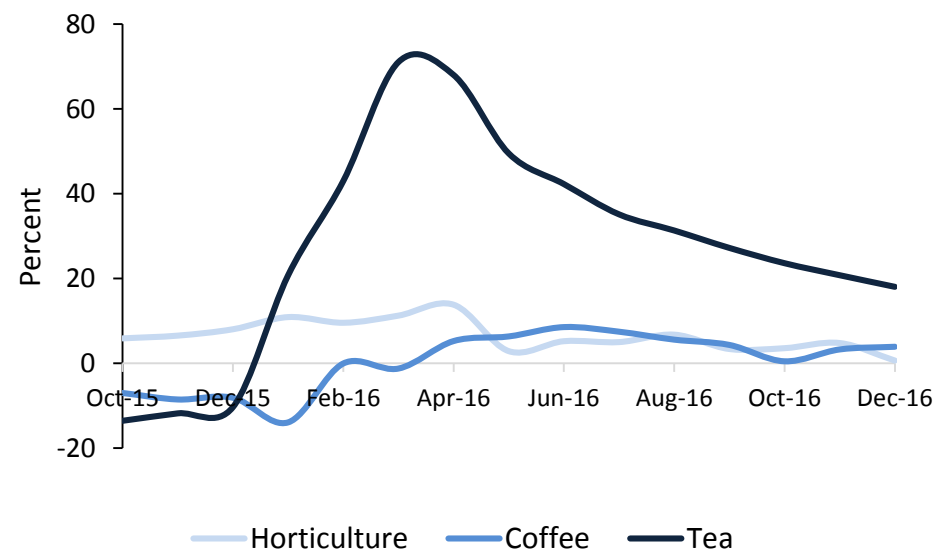


Drivers of growth in Demand side

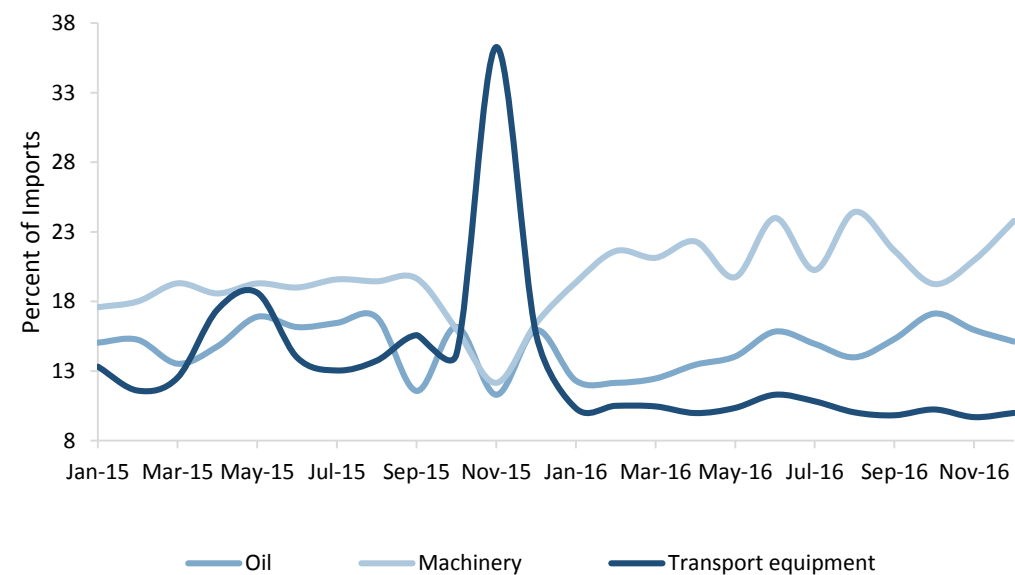


Exports and Imports

Leading economic indicators year-to-date growth rates

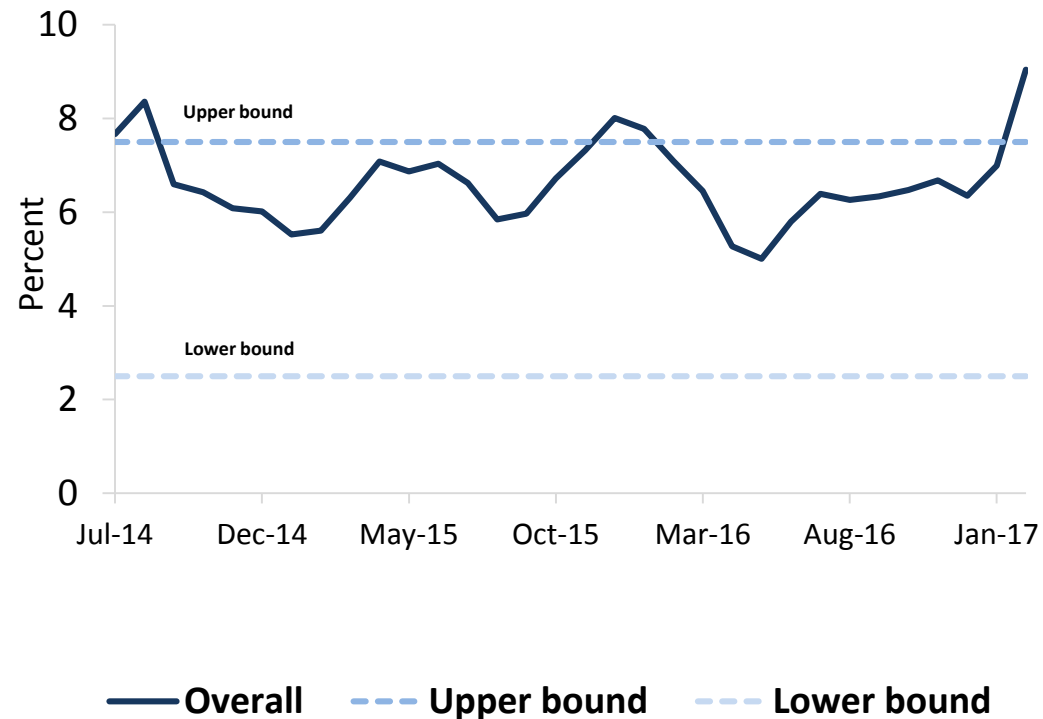


Imports Composition

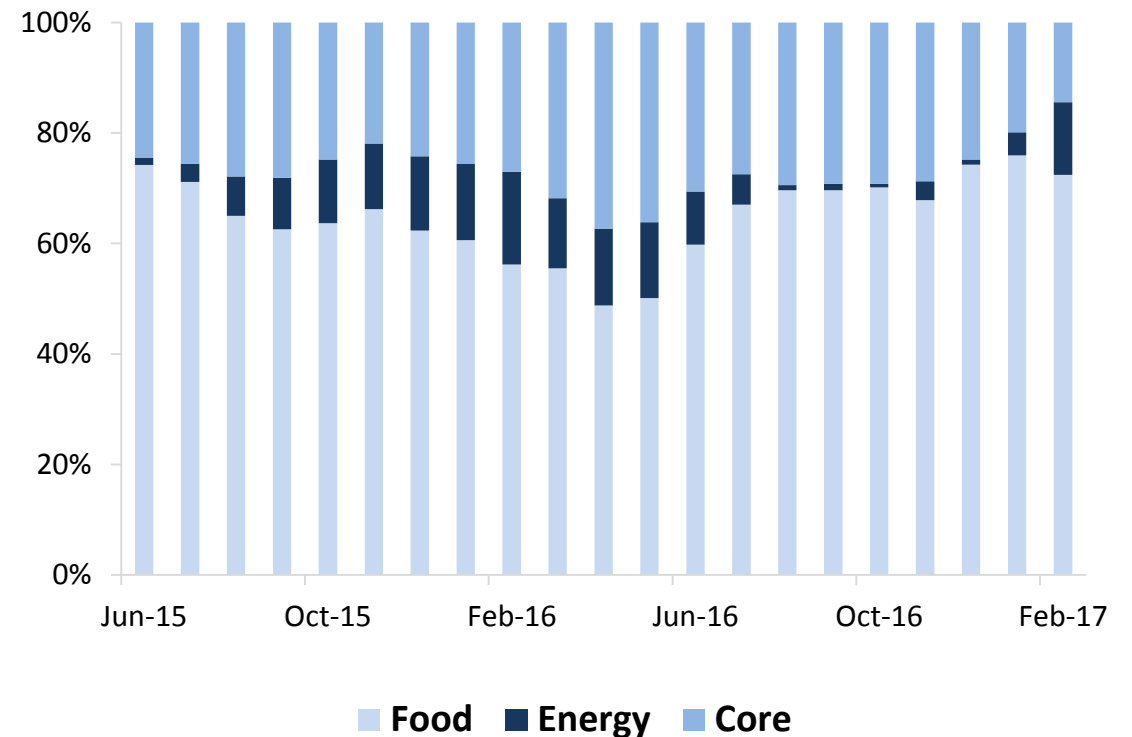


A Relatively Stable Macroeconomic Environment Supported Growth

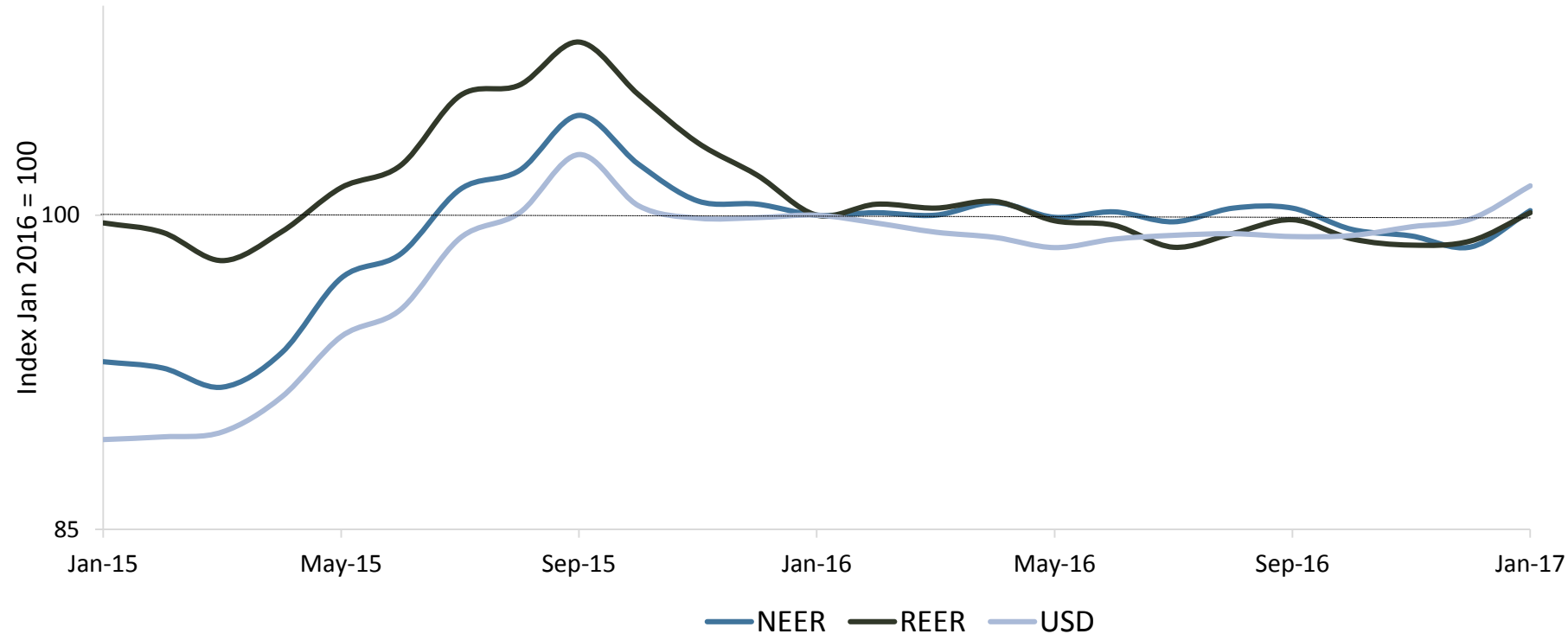
After remaining within the target band for 2016, headline inflation breached it in 2017



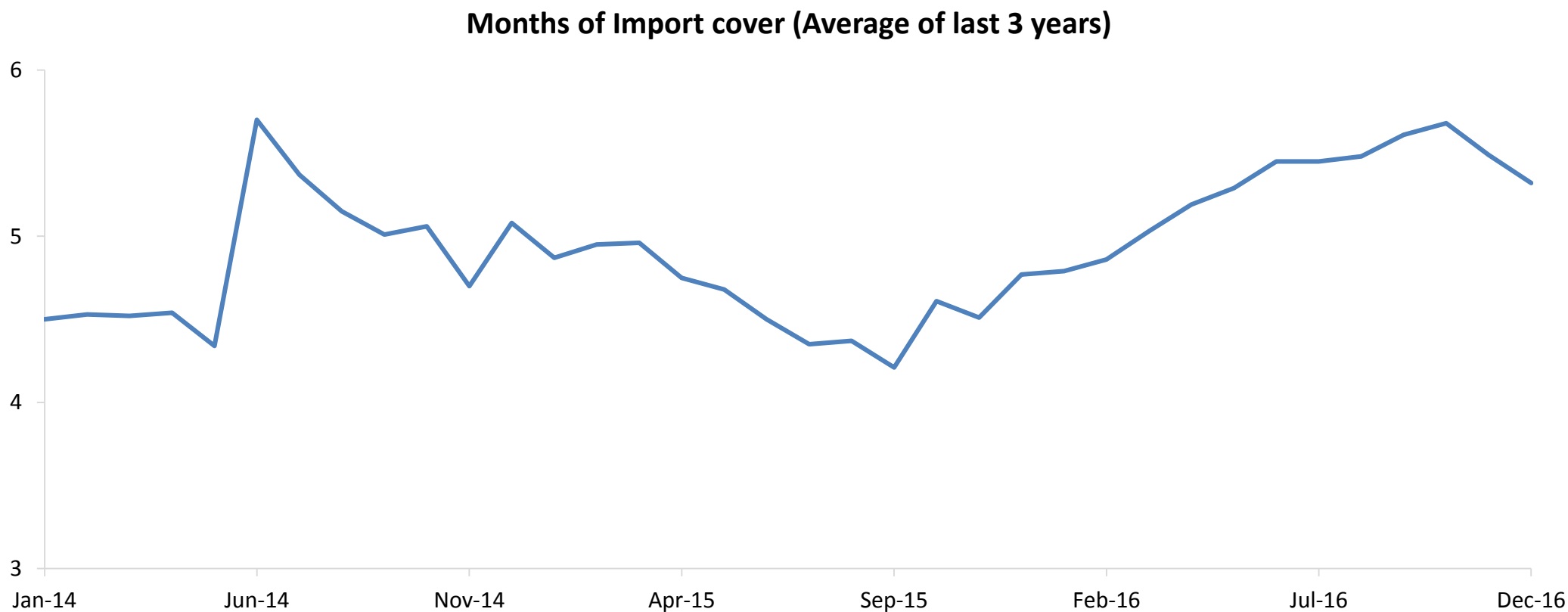
Core inflation remains subdued, while food and energy prices have driven the recent spike in Inflation



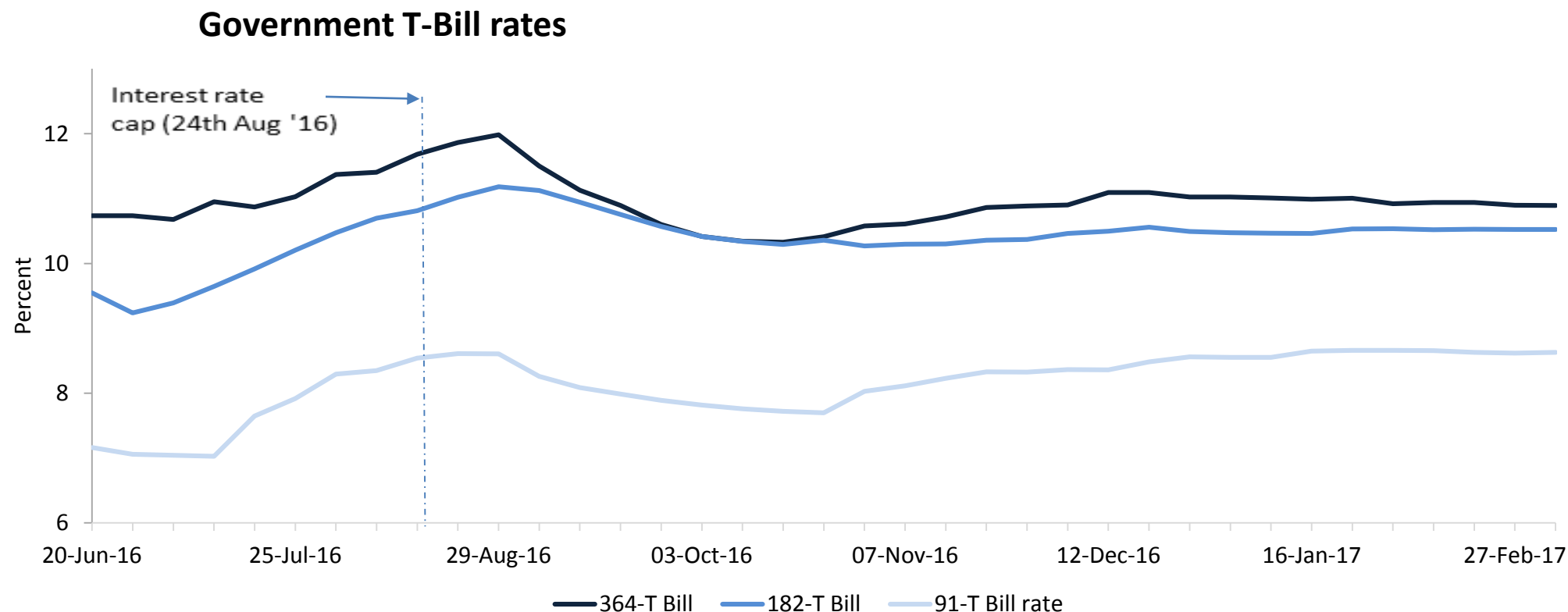
The Exchange Rate has Remained Relatively Stable Since the Beginning of 2016



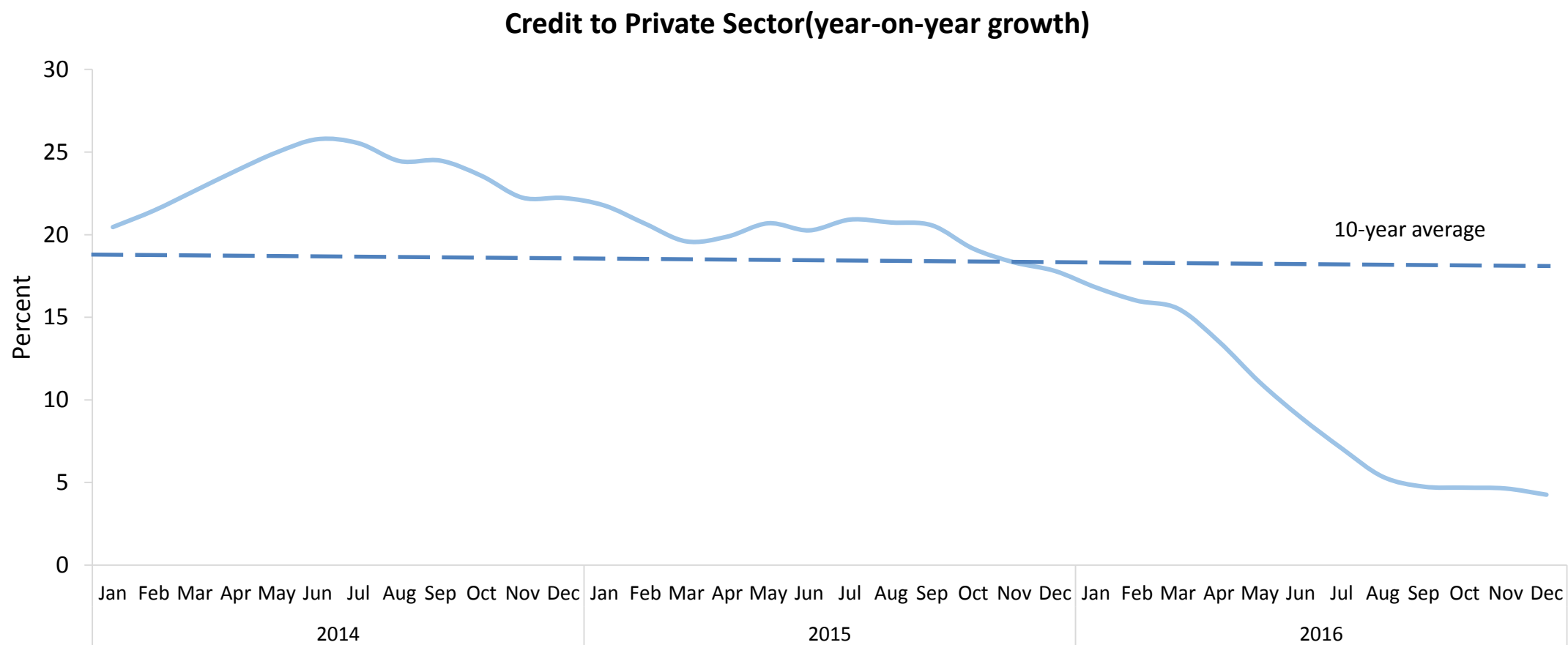
Kenya has adequate Import Cover ratio



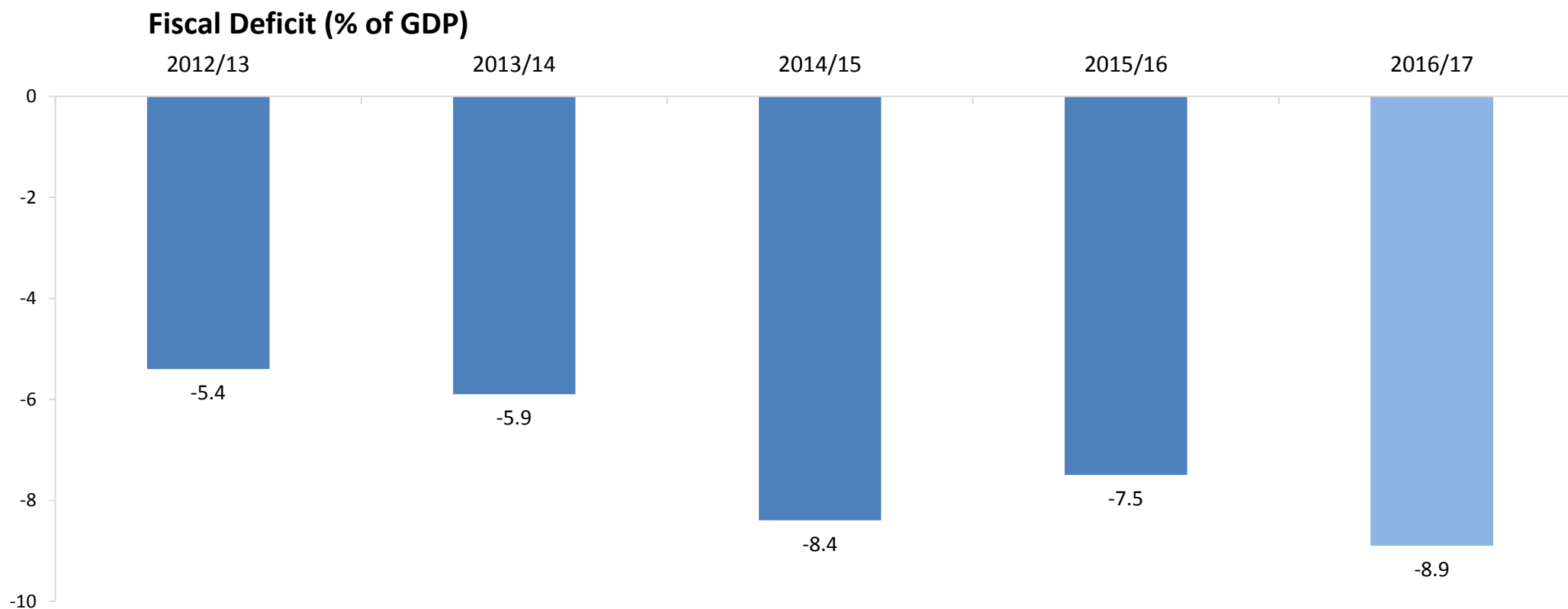
Banks are adjusting to the new regulatory environment



Slowdown in Credit Growth



While the Public Investment Drive is Easing Infrastructural Bottlenecks, Fiscal Consolidation Remains a Challenge



POLICIES

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Safeguard the Gains of the Past by Maintaining Macrostability

Fiscal

- Need to recreate fiscal space for public investment drive by containing recurrent spending.

Monetary

- Need to examine the adverse effects of the Banking Amendment Act and review it.



Thank you