

Statistical Release

Quarterly Gross Domestic Product Report

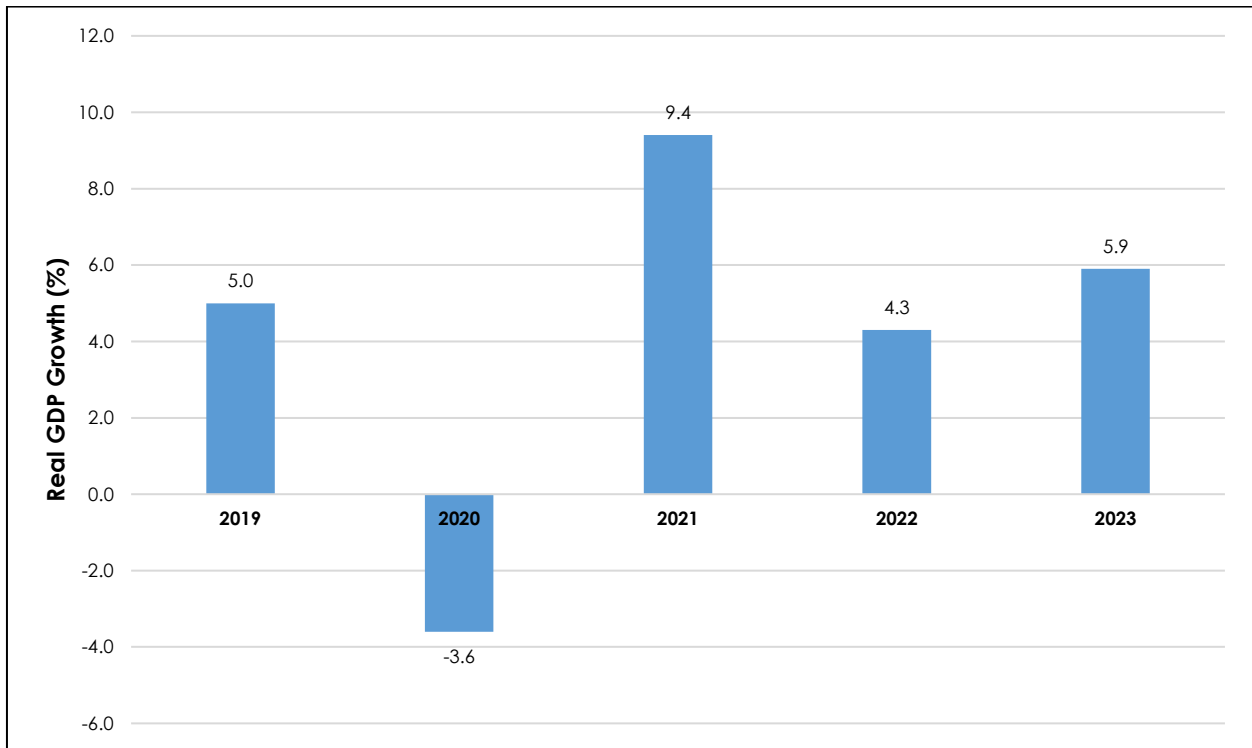
Third Quarter, 2023

1.0 Economic Performance

The country's real Gross Domestic Product (GDP) grew by 5.9 per cent in the third quarter of 2023, compared to 4.3 per cent in the corresponding quarter of 2022. This growth was mainly supported by a rebound in agricultural activities that had contracted in 2022. During the review quarter, Agriculture, Forestry, and Fishing activities' Gross Value Added rose by 6.7 per cent compared to a contraction of 1.3 per cent in the third quarter of 2022 owing to favourable weather conditions that characterized the better part of 2023. In addition, the growth was also buoyed by significant growths in Financial and Insurance (14.7%), Information and Communication (7.3%) and Accommodation & Food Service (26.0%) activities. The substantial growth in Accommodation and Food activities was manifest in the significant increase in the number of visitor arrivals in the country. However, Transportation and Storage activities GVA decelerated from 5.1 per cent in the third quarter of 2022 to 2.8 per cent during the review period, partly attributable to high cost of petroleum fuels.

Figure 1 shows the third quarter GDP growth rates for the period, 2019-2023.

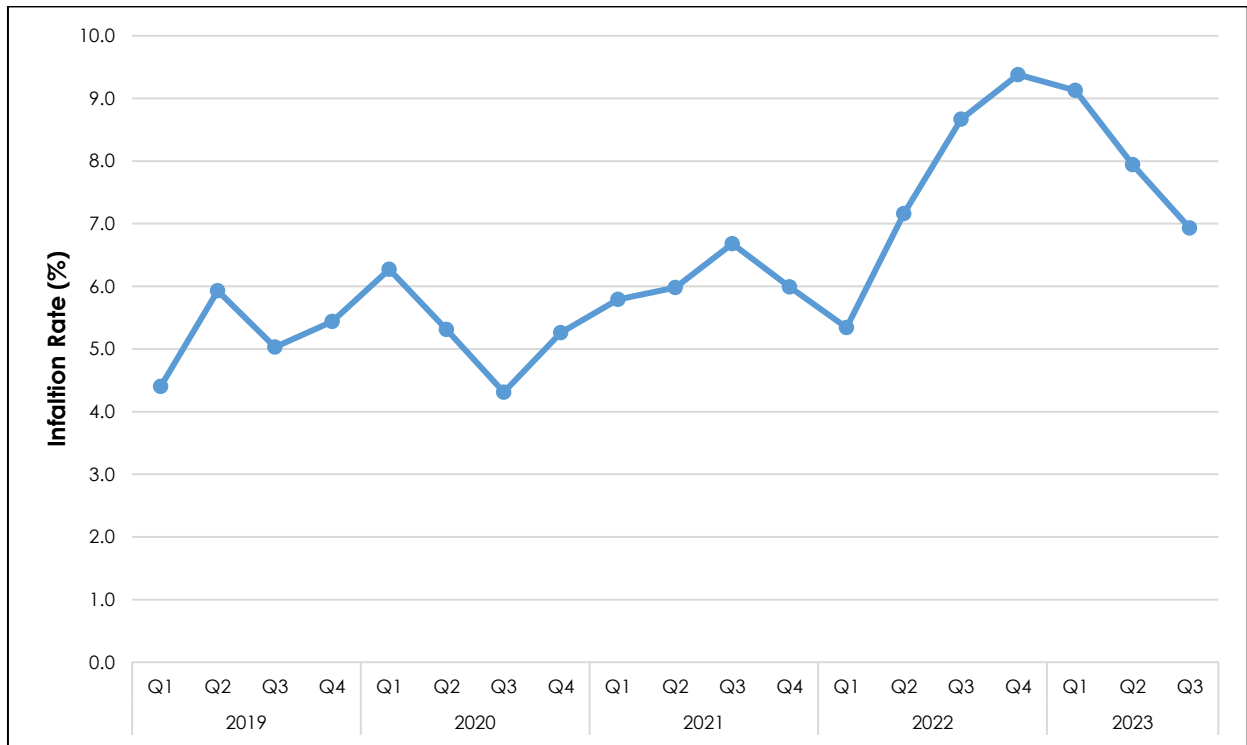
Figure 1: Third Quarter GDP Growth Rates (%), 2019-2023



The macroeconomic indicators showed mixed performance during the quarter under review. Inflation eased from an average of 8.67 per cent recorded in the third quarter of 2022 to 6.93 per cent in the quarter under review.

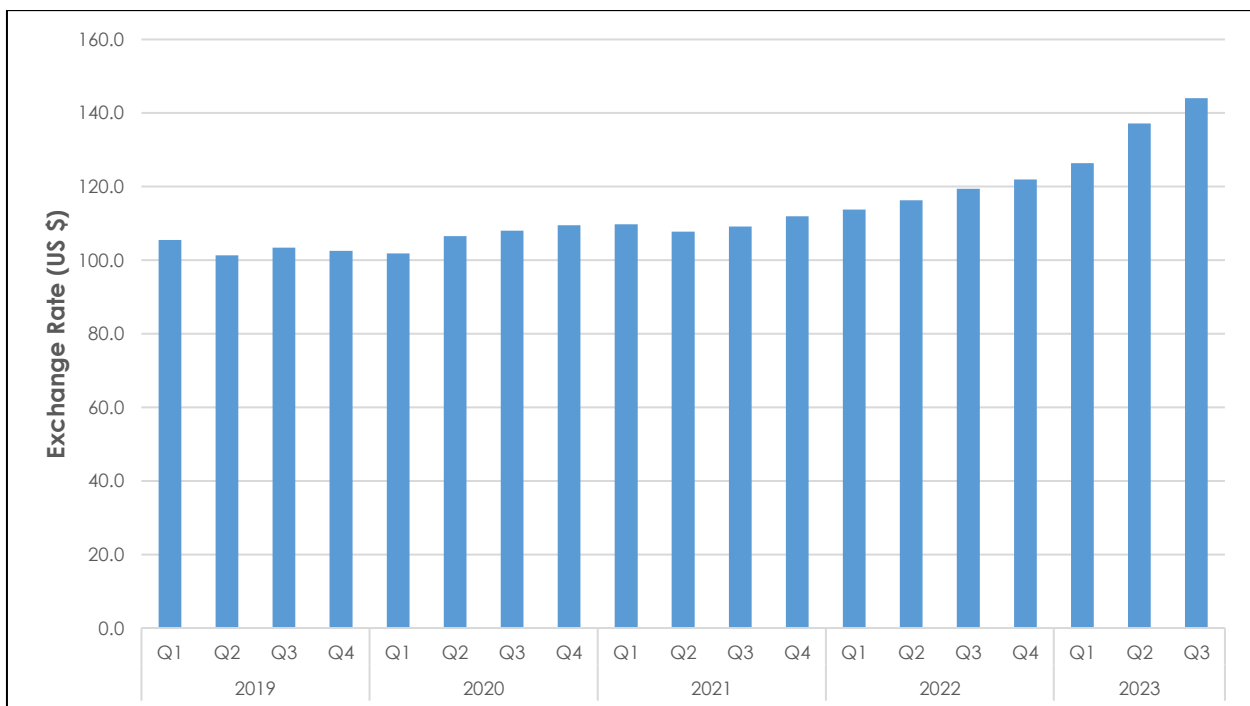
Figure 2 shows the average inflation rate trend from 2019 to 2023.

Figure 2: Inflation Rates, 2019-2023



The Kenyan Shilling depreciated against all major international trading currencies in the third quarter of 2023 compared to the corresponding quarter in 2022. On average, the Kenyan Shilling ceded ground against the Euro, Pound Sterling, US Dollar and Japanese Yen by 30.3 per cent, 29.7 per cent, 20.6 per cent, and 15.3 per cent, respectively. The local currency also notably depreciated against South African Rand, Tanzania Shilling and Uganda Shilling.

Figure 3: Foreign Exchange Rate of Kenyan Shilling against US Dollar, 2019-2023



Central Bank Rate (CBR) was maintained at 10.50 per cent during the entire quarter of 2023 compared to 2022, when the rate was maintained at 7.50 per cent in July and August and was revised upwards to 8.25 per cent in September 2022. Broad money supply increased from KSh 4,926.7 billion as at 30th September 2022 to KSh 5,841.1 billion as at 30th September 2023. The NSE 20 Share index declined by 12.2 per cent from 1,717.7 points in September 2022 to 1,508.0 points in September 2023.

2.0 Sectoral Analysis

Agriculture, Forestry and Fishing

The agriculture, forestry, and fishing sector registered a growth of 6.7 per cent in the quarter under review compared to a 1.3 per cent contraction in the corresponding quarter of 2022. The improved performance was attributed to favourable weather conditions that characterized the first three quarters of 2023. Fruit exports rose by 84.3 per cent from 32,388.1 metric tonnes in the third quarter of 2022 to 59,684.5 metric tonnes in the period under review. Similarly, vegetable exports and tea production rose by 35.4 per cent and 28.0 per cent to stand at 20,427.1 metric tonnes and 138,771.6 metric tonnes, respectively, in the third quarter of 2023. Intake of milk by processors also increased.

However, production of sugarcane witnessed a decrease in the third quarter of 2023, with sugarcane deliveries declining by 55.1 per cent from 1,944.7 thousand metric tonnes in the third quarter of 2022 to 874.0 thousand metric tonnes during the review period.

Manufacturing

Manufacturing sector grew by 2.6 per cent in the third quarter of 2023 compared to a growth of 1.8 per cent in the corresponding quarter of 2022. In the manufacture of food products, growth was mainly supported by processing of dairy and tea products. Milk deliveries to processors increased by 12.5 per cent from 187.0 million litres in the third quarter of 2022 to 210.4 million litres in the third quarter of 2023. Tea production increased from 108.4 thousand metric tonnes in the third quarter of 2022 to 138.8 thousand metric tonnes in the corresponding quarter of 2023. The growth of manufacture of food products was constrained by processing of sugar. Sugar production declined by 56.1 per cent to stand at 77.7 thousand metric tonnes in the third quarter of 2023.

In the manufacture of non-food products growth was supported by production of cement, which grew by 6.8 per cent to stand at 2,541.8 thousand tonnes in the third quarter of 2023. Credit advanced to enterprises in the manufacturing sector amounted to KSh 620.9 billion as at September 2023 compared to KSh 508.8 billion as at September 2022.

Electricity Supply

Electricity and Water Supply sector recorded a decelerated growth of 1.9 per cent in the third quarter of 2023 compared to a growth of 6.0 per cent in the corresponding quarter of 2022. Total electricity generated was 3,287.0 million kilowatt hours (KWh) in the third quarter of 2023, a level similar to that realised in the third quarter of 2022. Geothermal power generation increased from 1,521.8 million KWh in the third quarter of 2022 to 1,529.6 million KWh in the period under review. Additionally, hydropower generation increased from 753.0 million KWh in the third quarter of 2022 to 785.4 million KWh in the corresponding quarter of 2023. Thermal power generation declined by 4.4 per cent to stand at 328.1 million KWh in the third quarter of 2023. Wind power production declined by 11.5 per cent from 594.7 million KWh in the third quarter of 2022 to 526.42 million KWh in the quarter under review.

Construction

The sector recorded a growth of 3.8 per cent in the quarter under review compared to 3.5 per cent growth in the third quarter of 2022. Cement consumption rose by 5.9 per cent to stand at 2,430.5 thousand metric tonnes in the review period compared to the third quarter of 2022. The quantity of imported bitumen expanded by 24.6 per cent from 24,929.5 tonnes in the third quarter of 2022 to 31,053.5 tonnes in the review period. On the other hand, the volume of imported iron and steel decreased slightly from 198.8 thousand tonnes in the third quarter of 2022 to 198.1 thousand tonnes in a similar period in 2023. The value of building plans approved in Nairobi City County declined from KSh 45.3 billion in the third quarter of 2022 to KSh 37.0 billion in the third quarter of 2023. Credit advanced to enterprises in the construction sector increased by 8.6 per cent to stand at KSh 149.6 billion in September 2023.

Transportation and Storage

Transportation and storage sector activities were slower in the third quarter of 2023 compared to the corresponding quarter of 2022. The sector is estimated to have recorded 2.8 per cent growth in the period under review compared to 5.1 per cent growth in a similar quarter of 2022. The growth was mostly supported by transport via railway, port activities and air transportation. Freight transported through the Standard Gauge Railway (SGR) increased to 1,735.0 thousand metric tonnes in the quarter under review, surpassing the 1,574.7 thousand metric tonnes transported during the third quarter of 2022. Additionally, the number of passengers using the SGR increased by 13.9 per cent, from 615,760 in the third quarter of 2022 to 701,132 in the review period.

Port throughput grew by 4.7 per cent growth during the review quarter, compared to 0.9 per cent growth in the similar quarter of 2022. Visitor arrivals into the country also saw a significant increase in the period under review. Consumption of light diesel, a key input to land transportation, decreased by 2.3 per cent to stand at 557.6 thousand metric tonnes in the third quarter of 2023.

Accommodation and Food Service

The sector grew by 26.0 per cent in the third quarter of 2023 compared to 16.9 per cent in the third quarter of 2022. The growth was partly attributed to accelerated visitor arrivals witnessed during the Africa Climate Summit Conference held in September 2023, coupled with the country's stabilization from effects of uncertainties associated with elections in the third quarter of 2022. Arrivals through Jomo Kenyatta International Airport (JKIA) and Mombasa International Airport (MIA) grew by 27.5 per cent and 95.6 per cent, respectively, reaching totals of 410,926 and 40,515 visitors in the quarter under review.

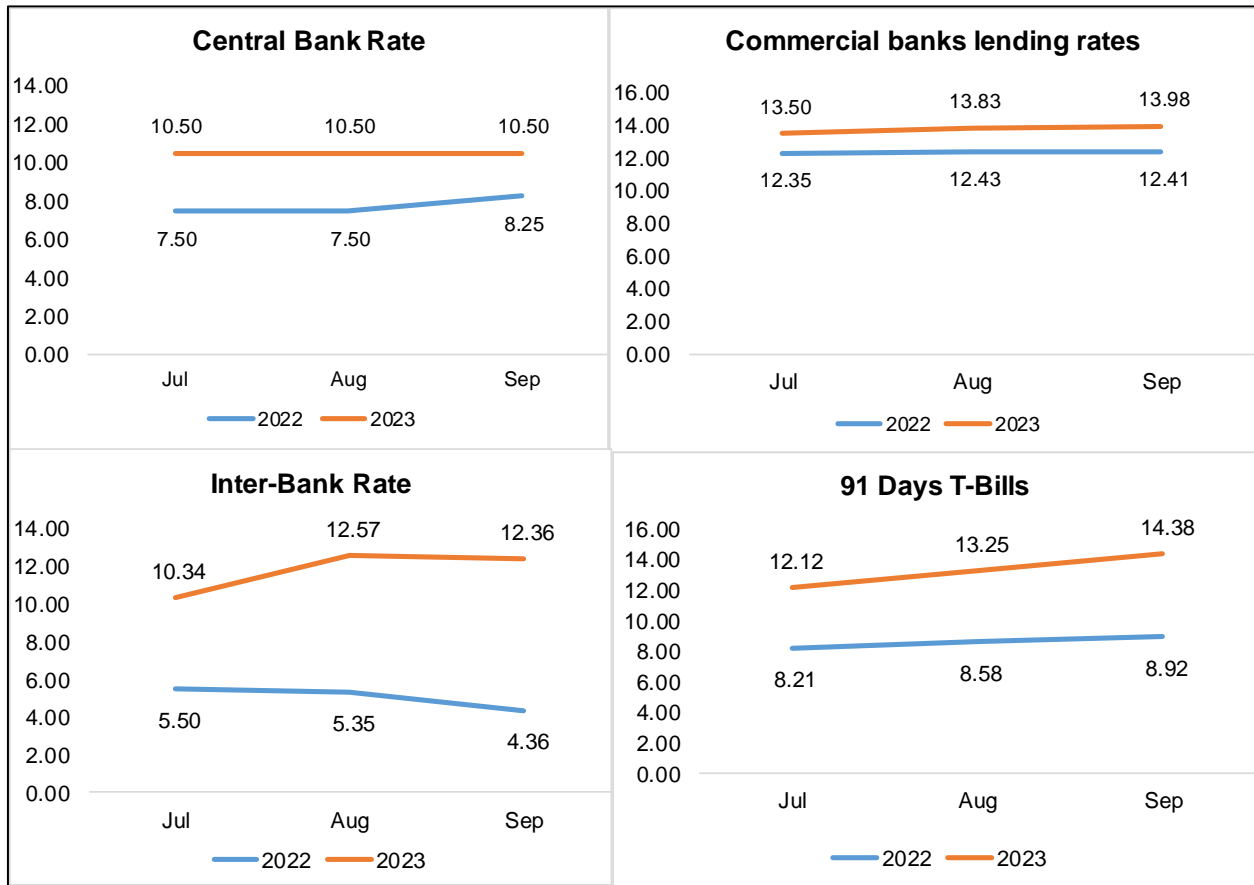
Information and Communication

Information and communication sector grew by 7.3 per cent in the third quarter of 2023, compared to a 11.8 per cent growth in the corresponding quarter of 2022. Growth of the sector was supported by voice traffic, internet use and mobile money. Domestic voice traffic increased by 17.3 per cent from 19.0 billion minutes in the third quarter of 2022 to 22.2 billion minutes during the reviewed quarter. Total utilized international bandwidth increased from 6,132.8 Gigabits per second (Gbps) in the third quarter of 2022 to 10,964.9 Gbps during the third quarter of 2023. The number of mobile money transactions increased by 7.7 per cent from 569.3 million in the third quarter of 2022 to reach 613.0 million transactions in the third quarter of 2023. However, the use of domestic Short Messaging Services (SMSs) declined from 14.2 billion messages in the third quarter of 2022 to 12.2 billion messages in the current reporting period, representing a contraction of 14.2 per cent.

Financial and Insurance Activities

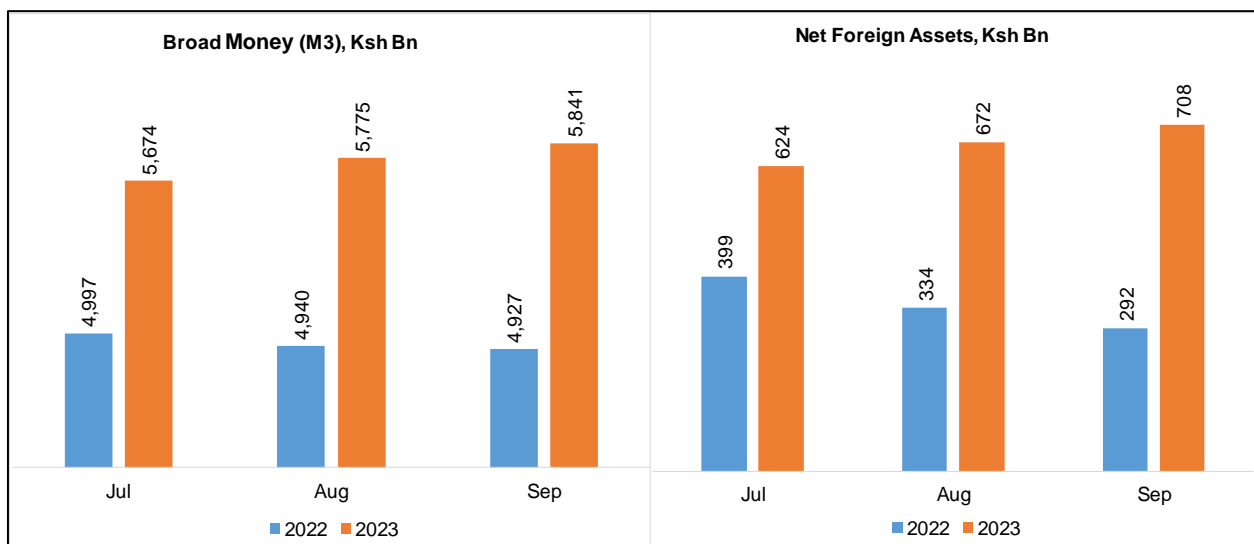
Financial and Insurance sector grew by 14.7 per cent in the third quarter of 2023 compared to 9.6 per cent growth in the corresponding quarter of 2022. During the period under review, the Central Bank Rate was revised upwards to 10.50 per cent in September 2023 compared to 8.25 per cent in September 2022. The cost of credit issued by commercial banks went up during the third quarter of 2023, with average interest rates on loans and other advances increasing to 13.98 per cent in September 2023, up from 12.41 per cent in September 2022. Over the same period, the interbank rate increased from 4.36 per cent to 12.36 per cent. The average yield for 91-day Treasury Bills improved to an average of 14.38 per cent in September 2023 from an average of 8.92 per cent in September 2022, largely due to the depreciation of the Kenyan Shilling.

Figure 4: Trends in Selected Interest Rates, July to September, %



Broad money supply (M3) grew by 18.6 per cent to KSh 5.8 trillion as at end of September 2023. Money and Quasi money (M2) expanded by 9.7 per cent to KSh 4.4 trillion billion as at end of September 2023 compared to KSh 4.0 trillion recorded as at end of September 2022. Net foreign assets more than doubled and stood at KSh 708.0 billion in September 2023 from KSh 292.5 billion recorded as at end of September 2022.

Figure 5: Money Supply and Net Foreign Assets, July to September



Number of shares traded in the Nairobi Securities Exchange increased from 351 million in September 2022 to 424 million in September 2023 but the total value of shares traded declined from KSh 9.4 billion in September 2022 to KSh 5.2 billion in September 2023. The NSE 20 Share Index declined from 1,718 points in September 2022 to 1,508 points recorded in September 2023.

Figure 6: NSE 20-Share Index and Value of Shares Traded, January 2022 to September 2023

