

NCBA ECONOMIC FORUM

2024 Regional Macroeconomic Outlook:
Divergence Across Economies & Sectors

NOVEMBER 2023



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- Divergent global economic growth forecast in 2024: A robust US economy and weakness in Europe & China.
- Sub-Saharan Africa (SSA) forecast to rebound in 2024
- Higher economic growth rates forecast for East Africa in 2024
- Sectoral performance divergence in 2024
- Potentially higher sovereign risk in 2024. However, current IMF program critical.
- Potential challenges in 2024.

The global economic growth is forecast at 3.0% in 2023 and slightly lower in 2024 at 2.9%



IMF Growth Projections in July and October			
		2023	2024
Global	October	3.0	2.9
	July	3.0	3.0
Advanced Economies	October	1.5	1.4
	July	1.5	1.4
EMDE's	October	4.0	4.0
	July	4.0	4.1
SSA	October	3.3	4.0
	July	3.5	4.1

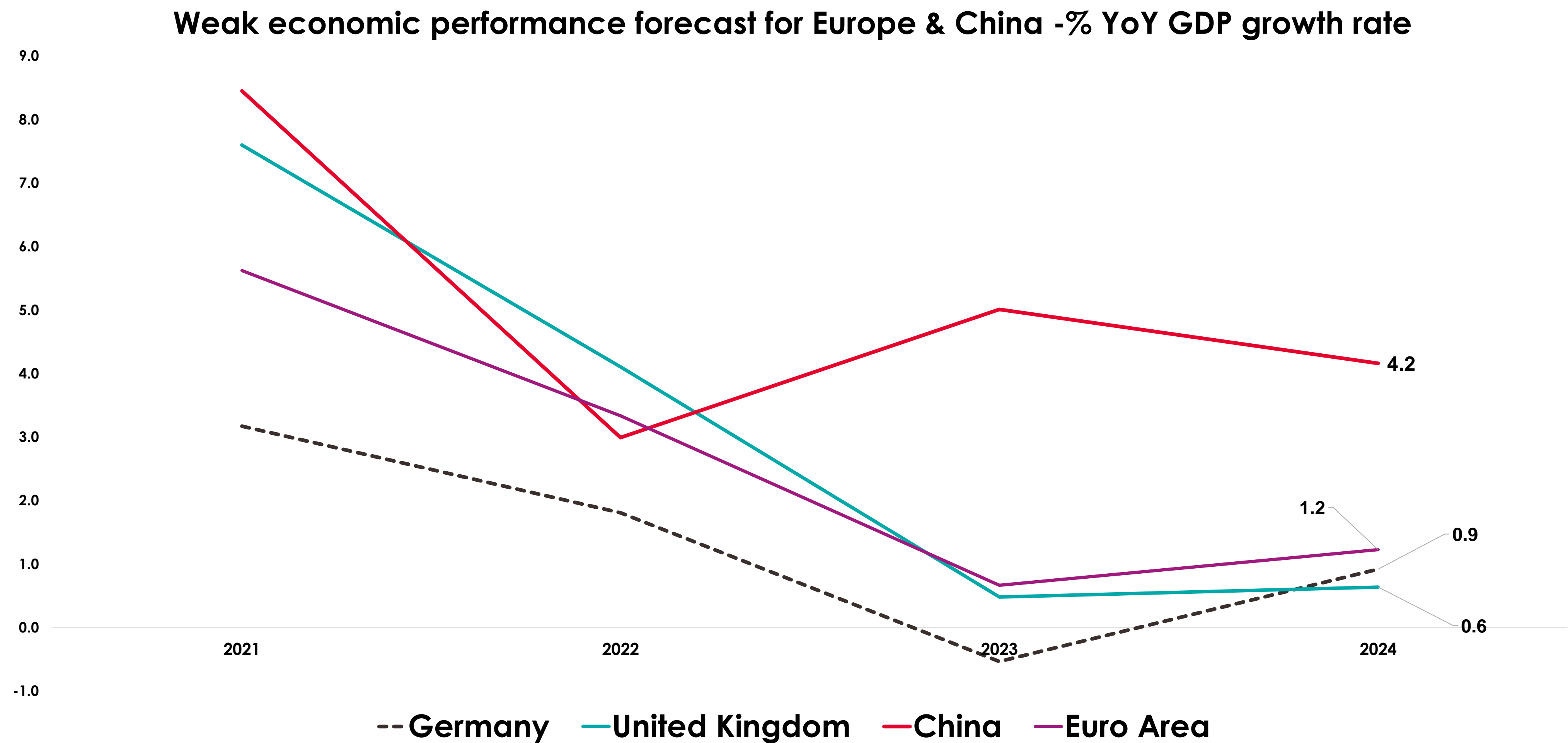
The US economy is projected to perform better in 2024 than earlier expected



FOMC MEDIAN PROJECTIONS					
		2023	2024	2025	2026
Fed Rate	September	5.6	5.1	3.9	2.9
	June	5.6	4.6	3.4	
Unemployment rate	September	3.8	4.1	4.1	4
	June	4.1	4.5	4.5	
PCE Inflation	September	3.3	2.5	2.2	2
	June	3.2	2.5	2.1	
Core PCE Inflation	September	3.7	2.6	2.3	2
	June	3.9	2.6	2.2	
Real GDP Growth	September	2.1	1.5	1.8	1.8
	June	1	1.1	1.8	

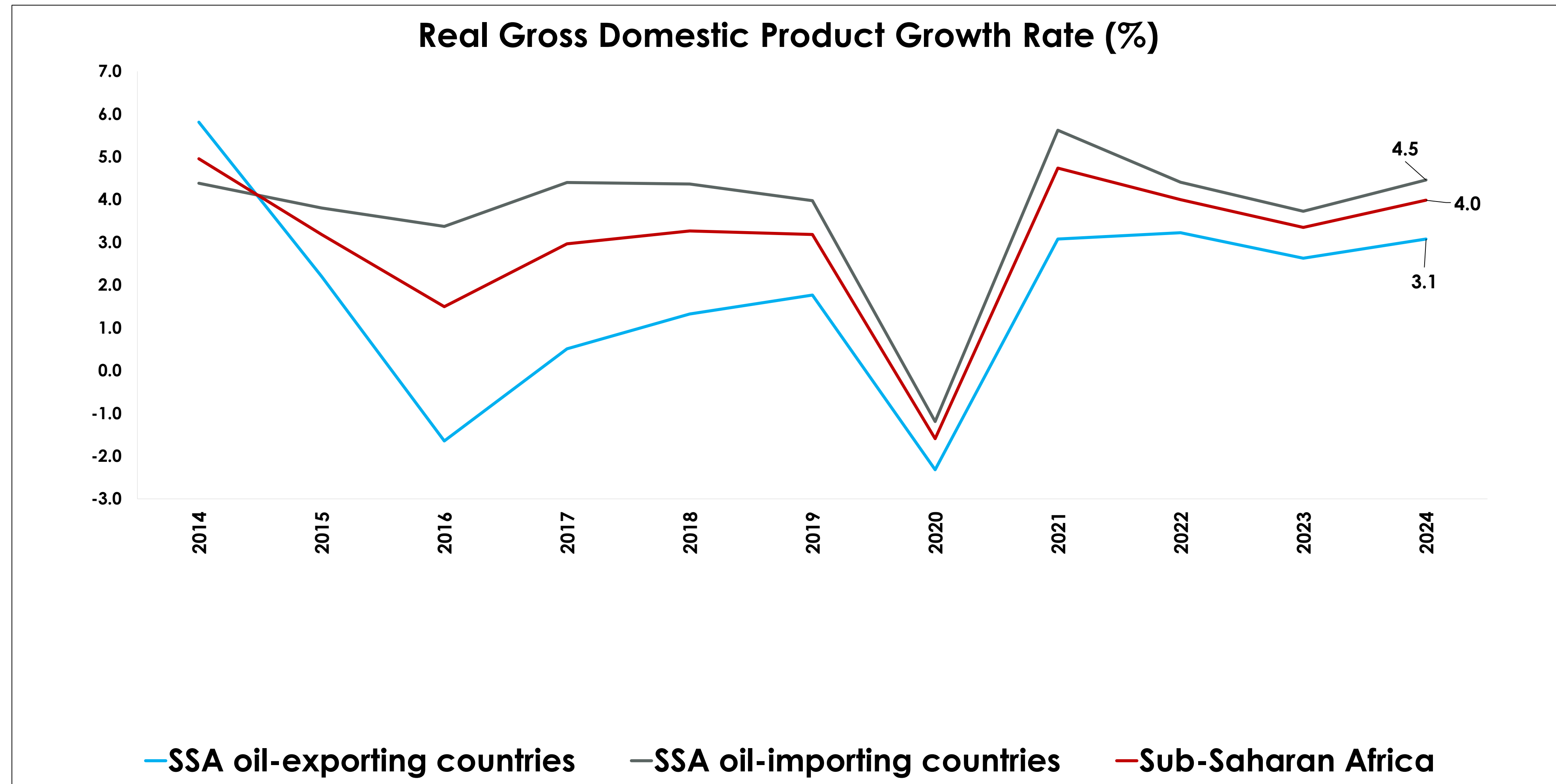


However, weak economic performance is forecast in Europe and China

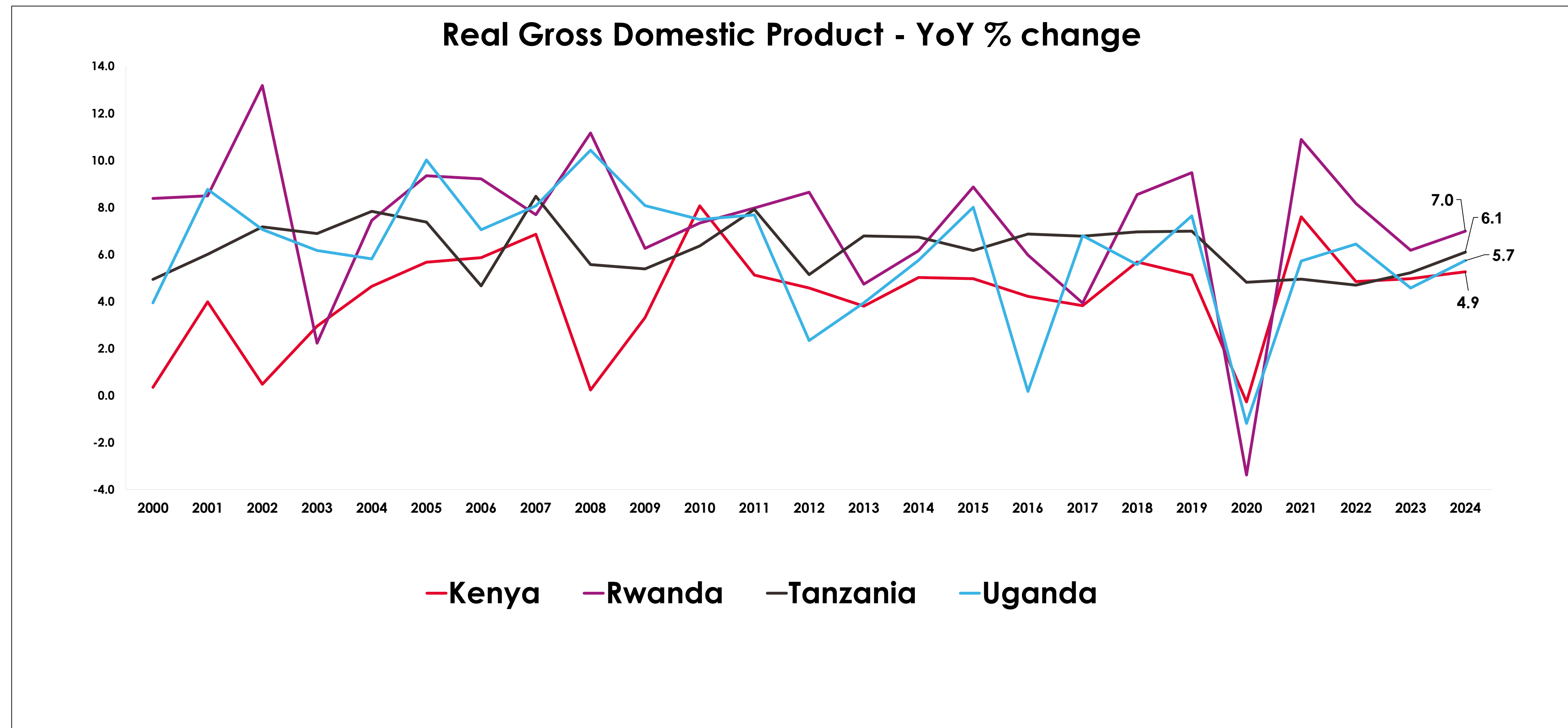




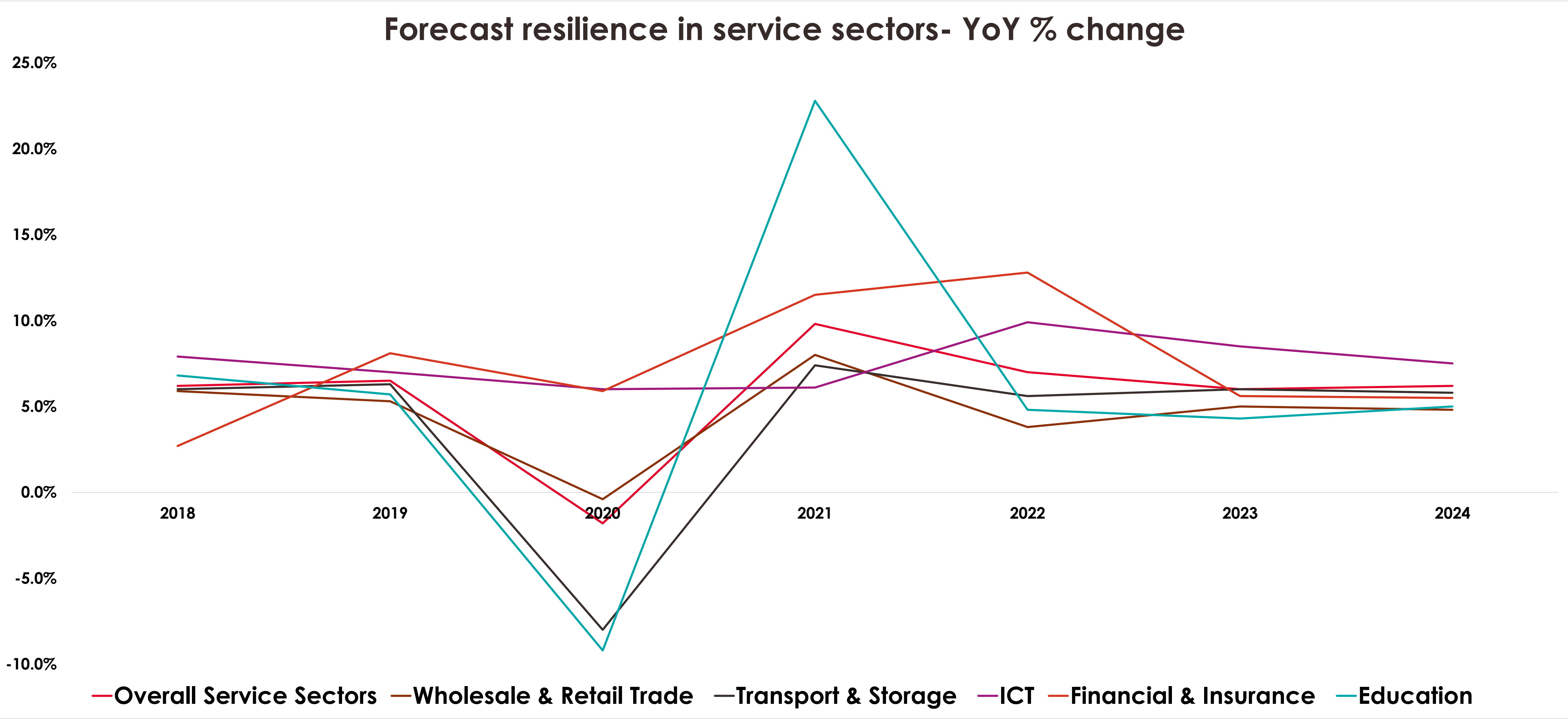
In Sub-Saharan Africa (SSA) a rebound in economic growth from 3.3% in 2023 to 4.0% in 2024 is long-awaited



In East Africa, we forecast Kenya to expand by 4.9% with the other key economies growing at a faster pace in 2024

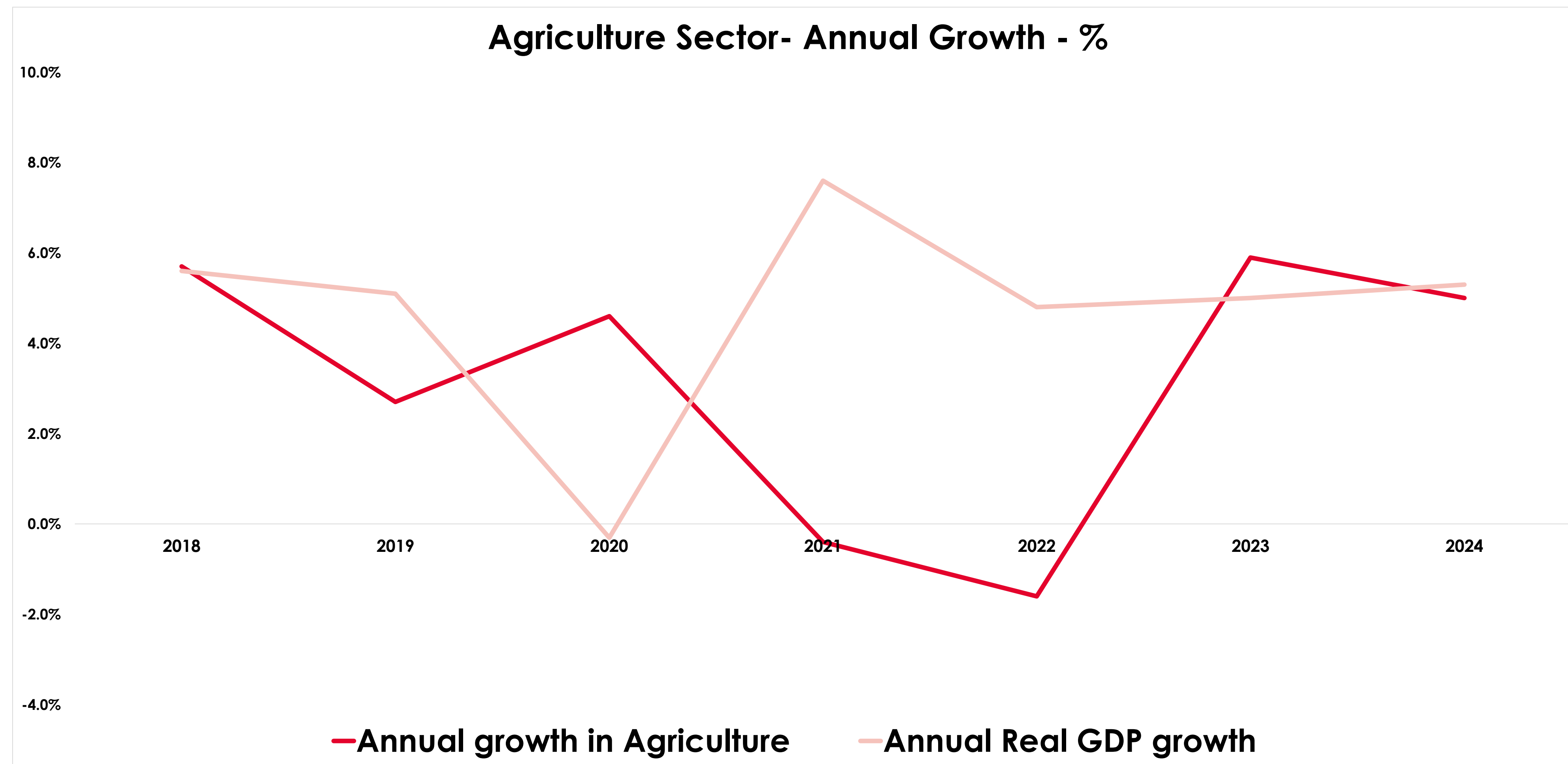


In Kenya, we forecast the service sectors to register good performance in 2024. However, broad economic strain may see some service sectors grow below their pre-COVID levels.

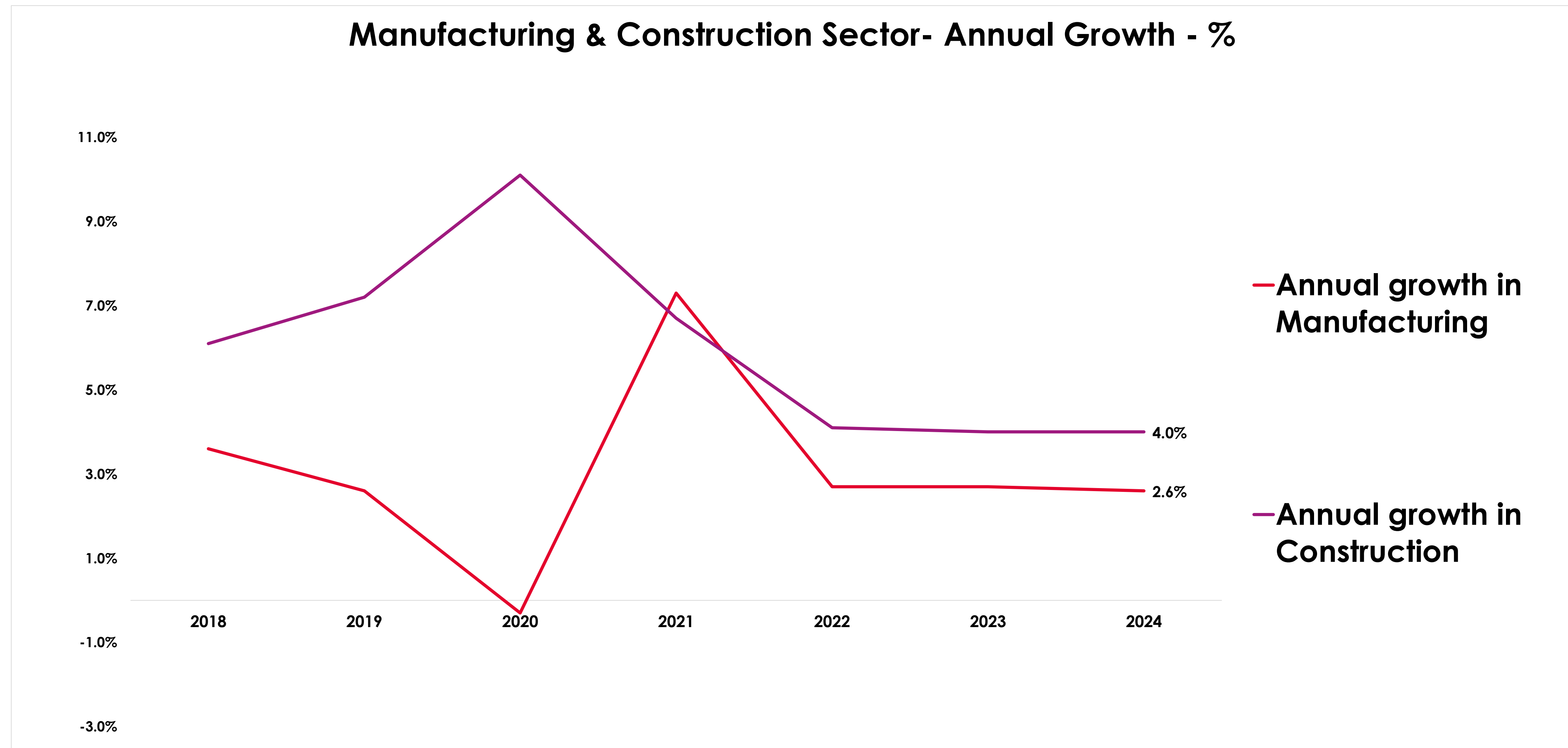




The Agriculture sector is likely to expand by about 5%. However, this could surprise on either side given the risk of weather volatility



With household budgetary strain, the Manufacturing sector could remain weak while overall infrastructure spend by both GOK and private sector may see low growth in the Construction sector



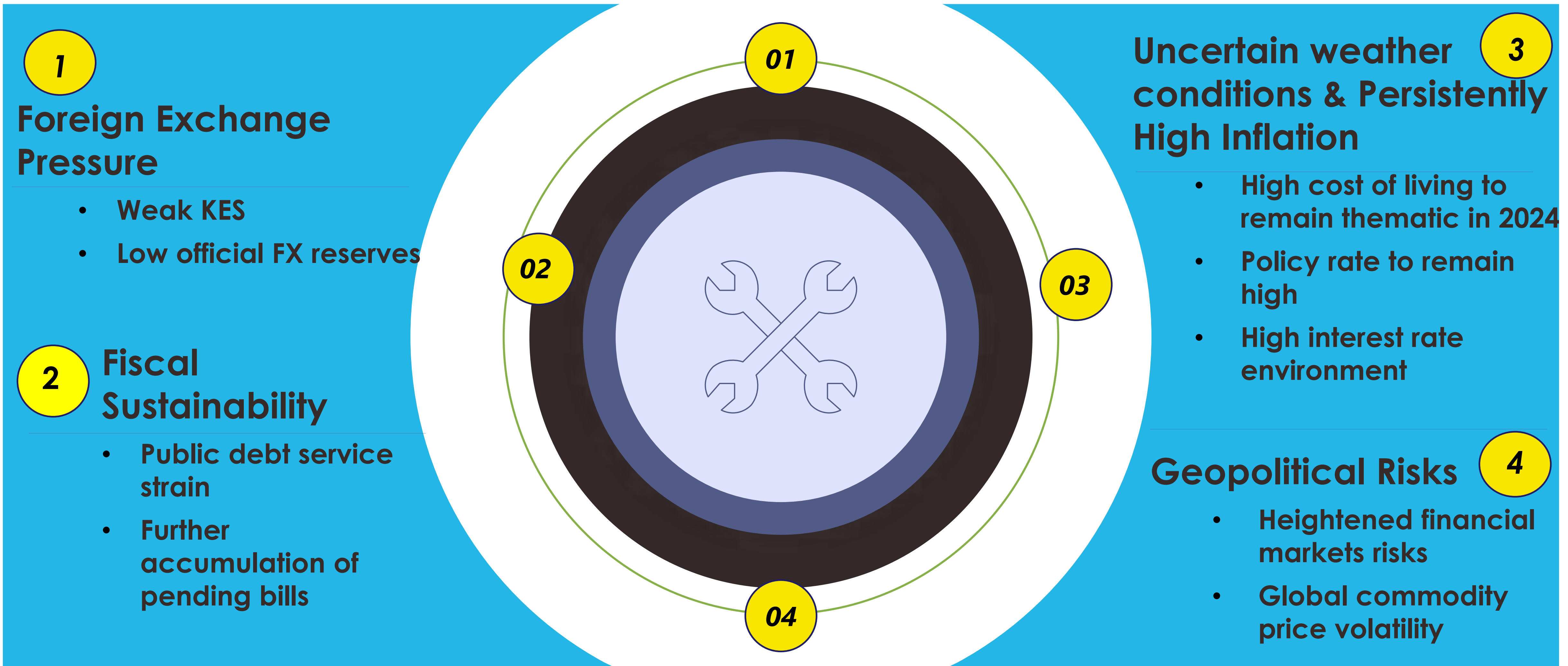
On the fiscal side, even with the GOK's eye on a fiscal consolidation path, markets could project an increased sovereign risk into 2024



- ❖ However, the GOK seems on course to honor its external public debt obligations in 2024.
- ❖ With an ongoing IMF program, Kenya is expected to benefit from improved market confidence into 2024.

PROJECTED PUBLIC DEBT SERVICE					
	2021/22	2022/23	2023/24	2024/25	2025/26
PUBLIC DEBT INTEREST PAYMENT					
Internal Debt	479.2227	537.38	646.355	680.924	730.846
External Debt	126.059	138.441	272.482	152.687	154.396
PUBLIC DEBT REDEMPTION					
Internal Debt	343.944	461.407	380.538	512.576	516.858
External Debt	202.066	223.756	566.661	281.459	289.467

This economic growth path however, potentially faces several challenges



The background is a collage of financial and business-related imagery. It includes a 3D bar chart with a large upward-pointing arrow, a line graph with multiple colored lines, a pie chart, and a tablet displaying various data visualizations. The overall color palette is light blue and green, with a soft yellow glow behind the 'THANK YOU' text.

THANK YOU

