



REPUBLIC OF KENYA

KENYA NATIONAL BUREAU OF STATISTICS

**Gross Domestic Product
Second Quarter 2008**

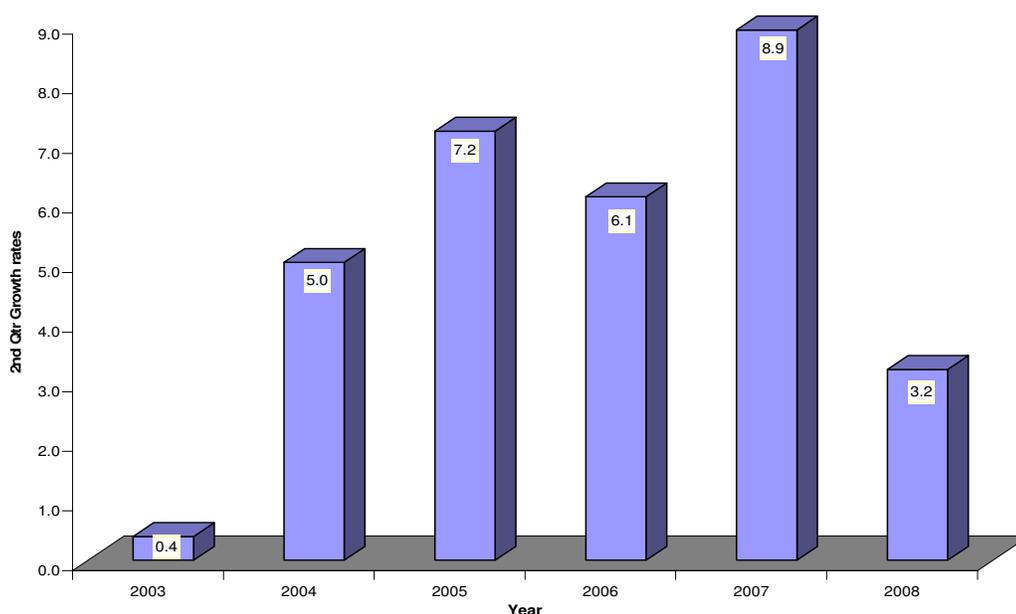
Economic Performance

The first quarter growth figure has been revised upwards to negative 1.0 per cent in view of the availability of more data. The economy seems to have rebounded in the second quarter of 2008, during which it is estimated to have expanded by 3.2 per cent compared to a growth of 8.9 per cent in the same quarter of 2007. However, this was the lowest growth for the second quarter under review since 2003 when the growth was 0.4 per cent as shown in Figure 1. The slower growth is a reflection of the spillover effects in certain sectors of the post-election violence but it should be noted that the second quarter relative to the first quarter improvement has only been exceeded once since 2001.

As in the first quarter, Hotels and Restaurants, and Transport and Communication recorded negative growths indicating that the effects of the violence continued to be felt in the second quarter within these sectors. Manufacturing, Electricity and Water, Wholesale and Retail Trade, and Fishing performed better than in the first quarter of 2008 which is a sign of start of recovery during the second quarter. However, their growths were significantly lower than the second quarter of 2007.

On the contrary, construction, mining and quarrying, and public administration posted improved growths compared the same quarter of 2007. Improved growths in Construction is attributable to the fact that key long term construction activities which have been underway and were only interrupted temporarily by the violence but resumed the growth path soon after. The bulk of Mining and Quarrying output feeds into construction thus the sector moved in the same direction as Construction. Growth in Public Administration was mainly due to increased employment levels within central government leading to increased output in this sector.

Figure 1: Overall Growth rates of the Second Quarter



Sector Analysis

Agriculture

The sector recorded a growth of 2.8 per cent in the second quarter of 2008 compared to a growth of 2.3 per cent over a similar quarter of 2007. The growth is mainly attributable to improved output in horticultural activities which include fruits, vegetables and cut flowers. Sugar cane production grew to 1,292,813 metric tonnes in the second quarter of 2008 compared to 1,284,297 metric tonnes in a similar period under review. On the contrary, outputs of coffee and tea decreased to 9,553 and 86,634 metric tones from 18,766 and 90,080 metric tonnes respectively. However, this sector's growth should be interpreted with caution as weather conditions are of great importance given that in Kenya agriculture is heavily dependent on rains.

Manufacturing

The manufacturing sector recorded a growth of 2.8 per cent in the second quarter of 2008 compared to a growth of 7.7 per cent in similar period of 2007. There was an improvement in the second quarter compared to the first quarter as a result of increased demand for output. The decline in the production of wheat flour, processed milk and cigarettes influenced the decline of 2.9 per cent in the second quarter of 2008 in the manufacture of food, beverages and tobacco sub sector. All other

manufacturing sub sector whose key indicators include cement production, manufacture of textiles, clothing and footwear, throughput of crude petroleum among others recorded a growth of 5.6 per cent in the second quarter of 2008.

Electricity and Water

The sector recorded a growth of 4.8 per cent in the second quarter of 2008 compared to a growth of 11.9 per cent over the same period in 2007. The key indicator for this sector which is the total domestic consumption of electricity increased to 1,347 million GWH in 2008 representing a 5 per cent increase compared to similar period in 2007.

Hotels and Restaurants

The reduction in international arrivals continued to affect the sector as it recorded a decline of 31.5 per cent in the second quarter of 2008. Although both Nairobi and Mombasa continued to show down turns, Nairobi recovery is already evident

Transport and Communication

The sector is estimated to have declined by 3.5 per cent in the second quarter of 2008. The key indicators of road, rail and water sub sectors recorded declines in the period under review. These key indicators which are consumption of light fuel and consumption of motor spirits recorded declines of 8.8 per cent and 9.0 per cent respectively. This outcome may well reflect a response to higher fuel prices. However in the Communication sub sector, there was a slight growth of 4.1 per cent in the quarter under review.

Seasonally adjusted GDP

The seasonally adjusted GDP increased by 6.8 per cent in the second quarter of 2008 compared to first quarter of 2008 as shown in Table 2. This indicates an impressive improvement of the economy in the second quarter of 2008 compared to a decline of 3.0 per cent in the first quarter of 2008. It should still be noted that the seasonally adjusted series is somewhat volatile.

Agriculture has a very strong impact on the seasonal pattern of GDP. This is clear when comparing the seasonally adjusted and unadjusted GDP (Figure 2) with the seasonally adjusted and non-adjusted “non-agricultural GDP” (Figure 3).

Figure 2: Movement of seasonally adjusted and unadjusted QGDP

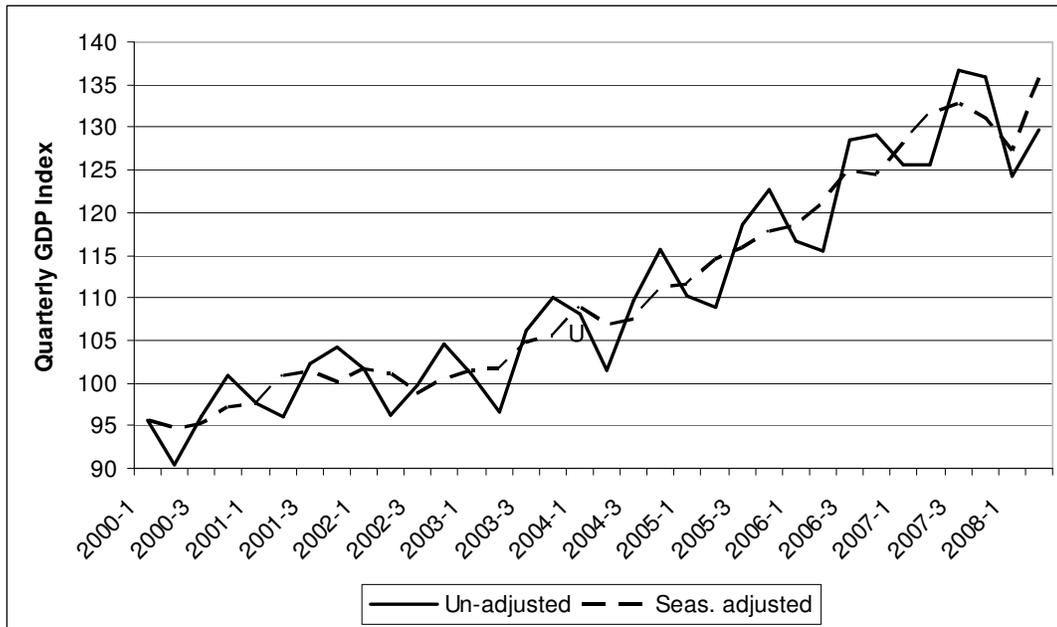


Figure 3: Movement of seasonally adjusted and unadjusted QGDP excluding agriculture

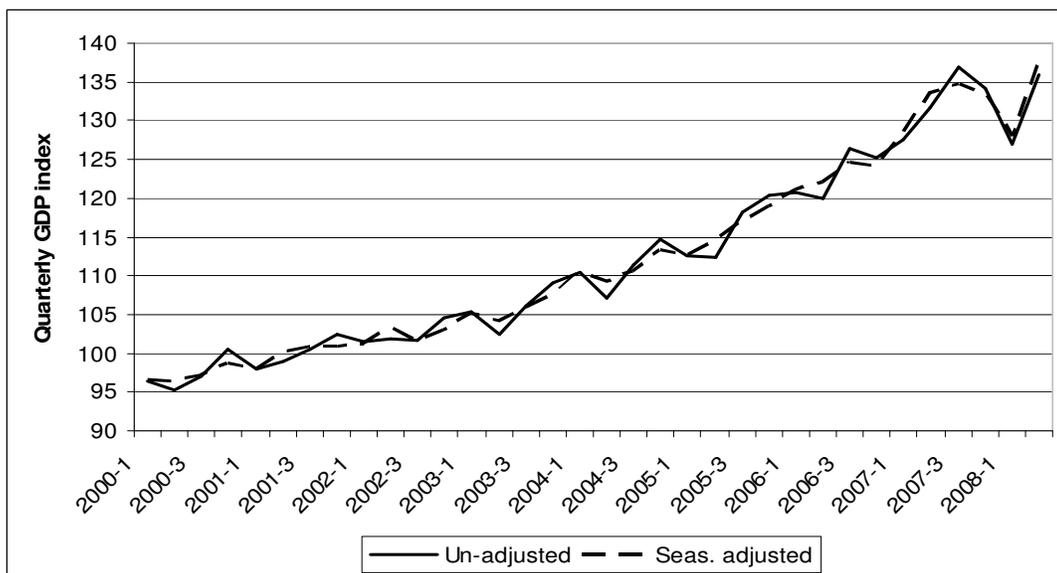


Table 1 Gross domestic product by activity
Constant 2001 prices –KSh. million

Year	Quarter	Agriculture and forestry	Fishing	Mining and quarrying	Manufacturing	Electricity and water	Construction	Wholesale and retail trade	Hotels and restaurants	Transport and communication	Financial intermediation
2000		251,171	7,995	4,536	98,202	18,683	30,653	88,479	12,280	81,649	47,114
2001		277,592	6,532	4,915	99,777	19,671	31,829	93,531	11,864	92,932	42,124
2002		269,071	5,119	5,036	99,858	23,749	31,214	91,219	12,425	101,336	41,443
2003		276,089	4,765	5,213	105,822	27,074	31,530	92,604	9,899	104,915	42,064
2004		280,518	5,246	5,195	110,544	27,877	32,932	100,486	13,741	112,260	42,657
2005		299,749	5,751	5,335	115,698	27,862	35,401	106,091	15,572	122,316	43,826
2006		312,820	6,249	5,554	122,953	27,475	37,649	118,363	17,894	136,206	46,256
2007		319,894	6,588	6,272	130,637	29,999	40,229	131,948	20,814	156,458	49,240
2000	1	63,498	2,267	1,062	25,059	5,510	7,009	22,042	3,407	18,079	12,006
	2	54,167	1,763	1,176	23,833	5,173	8,127	20,721	2,511	18,852	11,876
	3	64,038	1,688	1,188	24,607	3,918	8,126	21,219	2,826	21,530	11,777
	4	69,469	2,277	1,109	24,703	4,082	7,390	24,497	3,535	23,189	11,455
2001	1	67,652	1,440	1,158	25,680	4,712	7,390	22,719	3,264	20,775	10,947
	2	60,318	1,830	1,301	25,040	4,701	8,927	21,425	2,453	22,933	10,677
	3	73,821	1,645	1,246	25,131	5,123	8,264	23,009	2,739	24,003	10,268
	4	75,801	1,617	1,210	23,925	5,136	7,247	26,378	3,409	25,220	10,231
2002	1	67,968	1,342	1,212	25,336	5,426	7,882	22,981	3,494	24,369	10,278
	2	57,658	985	1,275	24,828	5,999	8,098	22,219	2,618	25,895	10,234
	3	69,628	1,277	1,299	25,230	6,235	7,698	21,374	3,200	24,524	10,461
	4	73,816	1,516	1,250	24,464	6,089	7,536	24,645	3,114	26,548	10,471
2003	1	65,494	1,253	1,282	26,214	6,313	7,812	23,082	2,516	26,630	10,399
	2	58,961	928	1,359	25,875	6,694	8,389	21,238	2,064	23,322	10,355
	3	73,999	1,183	1,284	26,894	6,904	7,758	23,291	2,462	26,855	10,481
	4	77,634	1,401	1,287	26,839	7,163	7,570	24,994	2,857	28,107	10,830
2004	1	70,235	1,336	1,248	27,476	7,199	7,781	25,461	3,518	27,750	10,602
	2	59,043	1,186	1,331	26,912	7,057	8,519	22,623	2,694	25,583	10,602
	3	72,067	1,265	1,373	27,000	6,615	8,945	24,749	3,714	29,337	10,693
	4	79,173	1,458	1,243	29,157	7,007	7,687	27,652	3,816	29,590	10,759
2005	1	69,650	1,613	1,284	28,104	6,952	8,281	24,047	5,113	28,638	10,820
	2	64,170	1,054	1,284	28,928	6,904	8,505	25,205	3,034	28,142	10,853
	3	80,709	1,429	1,433	28,538	6,996	9,600	27,502	3,850	32,580	10,974
	4	85,220	1,655	1,334	30,128	7,010	9,015	29,337	3,575	32,957	11,179
2006	1	69,685	1,659	1,293	29,955	6,796	9,050	27,099	5,174	33,936	11,305
	2	67,468	1,105	1,331	30,159	6,806	8,990	28,516	3,367	33,239	11,566
	3	85,931	1,515	1,441	31,027	6,852	9,741	32,708	4,803	35,523	11,577
	4	89,736	1,971	1,488	31,812	7,021	9,868	30,041	4,550	33,507	11,808
2007	1	75,882	1,675	1,372	31,432	7,170	8,706	30,616	5,699	36,898	11,998
	2	69,024	1,171	1,547	32,466	7,613	9,968	32,695	4,835	38,574	12,250
	3	85,637	1,555	1,612	33,348	7,584	11,129	35,765	5,451	40,298	12,383
	4	89,351	2,186	1,740	33,391	7,632	10,426	32,871	4,830	40,688	12,609
2008	1	72,564	1,651	1,681	31,491	7,854	9,957	30,497	2,267	36,087	12,790
	2	70,979	1,201	2,099	33,387	7,979	13,198	34,719	3,314	37,213	13,281

Table 1 Gross domestic product by activity
Constant 2001 prices – KSh. million

Year	Quarter	Real estate, renting, business services	Public administration	Education	Other services	FISIM	All industries at basic prices	All industries excl. agriculture	Taxes on products	GDP at market prices	GDP, seasonally adjusted
2000		57,091	48,243	62,148	67,339	12,479	863,105	611,933	113,232	976,337	
2001		58,667	46,760	63,013	69,424	11,772	906,859	629,267	113,148	1,020,007	
2002		60,452	46,731	64,748	71,453	10,665	913,190	644,119	112,394	1,025,584	
2003		61,864	46,991	71,045	72,203	10,315	941,763	665,674	113,895	1,055,658	
2004		63,740	47,062	72,268	74,854	10,801	978,579	698,061	130,795	1,109,373	
2005		65,882	46,460	72,812	77,089	11,261	1,028,584	728,835	145,143	1,173,727	
2006		68,421	45,722	73,409	80,094	11,835	1,087,229	774,409	161,604	1,248,833	
2006		70,902	44,788	75,240	83,115	12,066	1,154,058	834,164	181,705	1,335,763	
2000	1	14,018	12,105	15,593	16,738	-3,123	215,270	151,772	28,686	243,956	243,742
	2	14,338	12,120	15,560	16,777	-3,110	203,886	149,719	26,532	230,418	241,632
	3	14,293	12,068	15,521	16,854	-3,134	216,520	152,482	28,266	244,786	243,012
	4	14,442	11,949	15,474	16,970	-3,113	227,429	157,960	29,748	257,177	247,673
2001	1	14,521	11,798	15,785	17,124	-3,054	221,912	154,260	27,081	248,993	248,733
	2	14,643	11,676	15,690	17,279	-3,017	215,876	155,558	28,981	244,858	257,079
	3	14,872	11,629	15,706	17,433	-2,880	232,010	158,189	28,673	260,684	258,558
	4	14,630	11,657	15,833	17,588	-2,822	237,060	161,259	28,413	265,473	255,414
2002	1	14,493	11,679	16,048	17,742	-2,744	227,507	159,538	31,759	259,266	259,366
	2	15,025	11,672	16,085	17,853	-2,650	217,792	160,134	27,617	245,409	257,953
	3	15,462	11,679	16,205	17,918	-2,659	229,532	159,903	24,702	254,234	251,650
	4	15,472	11,701	16,410	17,940	-2,612	238,360	164,544	28,316	266,676	256,316
2003	1	15,353	11,733	17,722	17,939	-2,559	231,184	165,690	26,668	257,852	258,603
	2	15,952	11,752	17,775	17,975	-2,523	220,117	161,156	26,347	246,464	259,367
	3	14,964	11,757	17,788	18,069	-2,556	241,131	167,132	29,733	270,864	267,228
	4	15,594	11,749	17,761	18,221	-2,677	249,331	171,697	31,146	280,477	269,316
2004	1	15,693	11,744	18,087	18,465	-2,642	243,955	173,720	31,838	275,793	277,820
	2	16,403	11,767	18,017	18,650	-2,674	227,714	168,671	31,107	258,821	272,500
	3	15,566	11,777	18,032	18,806	-2,725	247,212	175,145	32,313	279,526	274,332
	4	16,078	11,774	18,132	18,933	-2,759	259,698	180,525	35,536	295,234	283,717
2005	1	16,061	11,627	18,148	19,054	-2,773	246,618	176,969	34,398	281,016	284,404
	2	16,696	11,593	18,172	19,185	-2,784	240,942	176,771	36,530	277,471	291,937
	3	16,638	11,615	18,215	19,338	-2,821	266,595	185,886	36,027	302,623	295,610
	4	16,487	11,626	18,278	19,512	-2,883	274,429	189,209	38,188	312,617	300,667
2006	1	16,850	11,626	18,293	19,708	-2,917	259,510	189,826	37,870	297,381	302,537
	2	16,847	11,547	18,277	19,913	-2,982	256,150	188,681	38,237	294,387	309,082
	3	16,734	11,391	18,346	20,126	-2,955	284,760	198,829	42,988	327,748	318,956
	4	17,990	11,158	18,492	20,347	-2,981	286,809	197,073	42,509	329,318	317,239
2007	1	17,332	11,175	19,069	20,577	-2,979	276,623	200,740	43,576	320,199	326,882
	2	18,011	11,361	18,812	20,750	-3,008	276,070	207,046	44,459	320,529	335,788
	3	18,289	11,264	18,681	20,865	-3,015	300,846	215,209	47,476	348,321	338,458
	4	17,271	10,989	18,678	20,922	-3,064	300,520	211,169	46,194	346,714	334,263
2008	1	16,645	11,216	19,428	21,230	-3,113	272,246	199,681	44,792	317,038	324,128
	2	18,421	11,542	19,428	21,415	-3,252	284,925	213,946	45,798	330,723	346,036

Table 2 Gross domestic product by activity
Percentage changes at constant prices 2001

Year	Quarter	Agriculture and forestry	Fishing	Mining and quarrying	Manufacturing	Electricity and water	Construction	Wholesale and retail trade	Hotels and restaurants	Transport and communication	Financial intermediation
2000											
2001		10.5	-18.3	8.4	1.6	5.3	3.8	5.7	-3.4	13.8	-10.6
2002		-3.1	-21.6	2.5	0.1	20.7	-1.9	-2.5	4.7	9.0	-1.6
2003		2.6	-6.9	3.5	6.0	14.0	1.0	1.5	-20.3	3.5	1.5
2004		1.6	10.1	-0.4	4.5	3.0	4.4	8.5	38.8	7.0	1.4
2005		6.9	9.6	2.7	4.7	-0.1	7.5	5.6	13.3	9.0	2.7
2006		4.4	8.7	4.1	6.3	-1.4	6.3	11.6	14.9	11.4	5.5
2007		2.3	5.4	12.9	6.2	9.2	6.9	11.5	16.3	14.9	6.5
2000	1										
	2										
	3										
	4										
2001	1	6.5	-36.5	9.0	2.5	-14.5	5.4	3.1	-4.2	14.9	-8.8
	2	11.4	3.8	10.6	5.1	-9.1	9.8	3.4	-2.3	21.6	-10.1
	3	15.3	-2.5	4.9	2.1	30.8	1.7	8.4	-3.1	11.5	-12.8
	4	9.1	-29.0	9.1	-3.1	25.8	-1.9	7.7	-3.6	8.8	-10.7
2002	1	0.5	-6.8	4.6	-1.3	15.2	6.7	1.2	7.0	17.3	-6.1
	2	-4.4	-46.2	-2.0	-0.8	27.6	-9.3	3.7	6.7	12.9	-4.2
	3	-5.7	-22.4	4.2	0.4	21.7	-6.9	-7.1	16.8	2.2	1.9
	4	-2.6	-6.2	3.3	2.3	18.6	4.0	-6.6	-8.6	5.3	2.3
2003	1	-3.6	-6.6	5.8	3.5	16.4	-0.9	0.4	-28.0	9.3	1.2
	2	2.3	-5.8	6.6	4.2	11.6	3.6	-4.4	-21.1	-9.9	1.2
	3	6.3	-7.4	-1.1	6.6	10.7	0.8	9.0	-23.1	9.5	0.2
	4	5.2	-7.6	2.9	9.7	17.6	0.5	1.4	-8.3	5.9	3.4
2004	1	7.2	6.7	-2.7	4.8	14.0	-0.4	10.3	39.8	4.2	2.0
	2	0.1	27.8	-2.1	4.0	5.4	1.5	6.5	30.5	9.7	2.4
	3	-2.6	7.0	6.9	0.4	-4.2	15.3	6.3	50.9	9.2	2.0
	4	2.0	4.1	-3.5	8.6	-2.2	1.5	10.6	33.6	5.3	-0.6
2005	1	-0.8	20.7	2.9	2.3	-3.4	6.4	-5.6	45.3	3.2	2.1
	2	8.7	-11.1	-3.6	7.5	-2.2	-0.2	11.4	12.6	10.0	2.4
	3	12.0	13.0	4.4	5.7	5.8	7.3	11.1	3.7	11.1	2.6
	4	7.6	13.5	7.4	3.3	0.0	17.3	6.1	-6.3	11.4	3.9
2006	1	0.0	2.8	0.8	6.6	-2.2	9.3	12.7	1.2	18.5	4.5
	2	5.1	4.8	3.7	4.3	-1.4	5.7	13.1	11.0	18.1	6.6
	3	6.5	6.0	0.5	8.7	-2.1	1.5	18.9	24.8	9.0	5.5
	4	5.3	19.1	11.6	5.6	0.2	9.5	2.4	27.3	1.7	5.6
2007	1	8.9	1.0	6.1	4.9	5.5	-3.8	13.0	10.1	8.7	6.1
	2	2.3	6.0	16.2	7.7	11.9	10.9	14.7	43.6	16.1	5.9
	3	-0.3	2.7	11.9	7.5	10.7	14.3	9.3	13.5	13.4	7.0
	4	-0.4	10.9	16.9	5.0	8.7	5.6	9.4	6.1	21.4	6.8
2008	1	-4.4	-1.4	22.5	0.2	9.5	14.4	-0.4	-60.2	-2.2	6.6
	2	2.8	2.5	35.7	2.8	4.8	32.4	6.2	-31.5	-3.5	8.4

Table 2 Gross domestic product by activity
Percentage changes at constant prices 2001

Year	Quarter	Real estate, renting, business services	Public administration	Education	Other services	FISIM	All industries at basic prices	All industries excl. agriculture	Taxes on products	GDP at market prices	GDP, seasonally adjusted
2000											
2001		2.8	-3.1	1.4	3.1	-5.7	5.1	2.8	-0.1	4.5	
2002		3.0	-0.1	2.8	2.9	-9.4	0.7	2.4	-0.7	0.5	
2003		2.3	0.6	9.7	1.0	-3.3	3.1	3.3	1.3	2.9	
2004		3.0	0.2	1.7	3.7	4.7	3.9	4.9	14.8	5.1	
2005		3.4	-1.3	0.8	3.0	4.3	5.1	4.4	11.0	5.8	
2006		3.9	-1.6	0.8	3.9	5.1	5.7	6.3	11.3	6.4	
2007		3.6	-2.0	2.5	3.8	2.0	6.1	7.7	12.4	7.0	
2000	1										
	2										-0.9
	3										0.6
	4										1.9
2001	1	3.6	-2.5	1.2	2.3	-2.2	3.1	1.6	-5.6	2.1	0.4
	2	2.1	-3.7	0.8	3.0	-3.0	5.9	3.9	9.2	6.3	3.4
	3	4.1	-3.6	1.2	3.4	-8.1	7.2	3.7	1.4	6.5	0.6
	4	1.3	-2.4	2.3	3.6	-9.4	4.2	2.1	-4.5	3.2	-1.2
2002	1	-0.2	-1.0	1.7	3.6	-10.2	2.5	3.4	17.3	4.1	1.5
	2	2.6	0.0	2.5	3.3	-12.2	0.9	2.9	-4.7	0.2	-0.5
	3	4.0	0.4	3.2	2.8	-7.7	-1.1	1.1	-13.9	-2.5	-2.4
	4	5.8	0.4	3.6	2.0	-7.4	0.5	2.0	-0.3	0.5	1.9
2003	1	5.9	0.5	10.4	1.1	-6.7	1.6	3.9	-16.0	-0.5	0.9
	2	6.2	0.7	10.5	0.7	-4.8	1.1	0.6	-4.6	0.4	0.3
	3	-3.2	0.7	9.8	0.8	-3.9	5.1	4.5	20.4	6.5	3.0
	4	0.8	0.4	8.2	1.6	2.5	4.6	4.3	10.0	5.2	0.8
2004	1	2.2	0.1	2.1	2.9	3.3	5.5	4.8	19.4	7.0	3.2
	2	2.8	0.1	1.4	3.8	6.0	3.5	4.7	18.1	5.0	-1.9
	3	4.0	0.2	1.4	4.1	6.6	2.5	4.8	8.7	3.2	0.7
	4	3.1	0.2	2.1	3.9	3.1	4.2	5.1	14.1	5.3	3.4
2005	1	2.3	-1.0	0.3	3.2	4.9	1.1	1.9	8.0	1.9	0.2
	2	1.8	-1.5	0.9	2.9	4.1	5.8	4.8	17.4	7.2	2.6
	3	6.9	-1.4	1.0	2.8	3.5	7.8	6.1	11.5	8.3	1.3
	4	2.5	-1.3	0.8	3.1	4.5	5.7	4.8	7.5	5.9	1.7
2006	1	4.9	0.0	0.8	3.4	5.2	5.2	7.3	10.1	5.8	0.6
	2	0.9	-0.4	0.6	3.8	7.1	6.3	6.7	4.7	6.1	2.2
	3	0.6	-1.9	0.7	4.1	4.7	6.8	7.0	19.3	8.3	3.2
	4	9.1	-4.0	1.2	4.3	3.4	4.5	4.2	11.3	5.3	-0.5
2007	1	2.9	-3.9	4.2	4.4	2.1	6.6	5.7	15.1	7.7	3.0
	2	6.9	-1.6	2.9	4.2	0.9	7.8	9.7	16.3	8.9	2.7
	3	9.3	-1.1	1.8	3.7	2.0	5.6	8.2	10.4	6.3	0.8
	4	-4.0	-1.5	1.0	2.8	2.8	4.8	7.2	8.7	5.3	-1.2
2008	1	-4.0	0.4	1.9	3.2	4.5	-1.6	-0.5	2.8	-1.0	-3.0
	2	2.3	1.6	3.3	3.2	8.1	3.2	3.3	3.0	3.2	6.8