



Rebasing of Kenya's GDP

Cytonn Weekly

What happened during Kenya's rebasing?

Rebasing of Kenya's GDP meant replacing the old Base Year used for compiling the total volume of goods and services produced in the Kenyan Economy to a more recent and relevant Base Year. This was changed from 2001 to 2009.

Why did Kenya need to rebase its GDP?

Kenya continues to be one of the most dynamic economies in Africa. Over the last 10 years the economy has seen new products, infrastructure development, and emergence of exciting sectors away from agriculture. The changes in the economy have resulted in the need to have the economy rebased to allow for more accurate estimates of Economic Growth over the medium term.

What was the impact of the rebasing?

Using the new updated base year, 2009, chosen due to the fact that it was a year when many of the country's reference surveys were undertaken, new estimates of Kenya's GDP at 4.76 trillion Shillings in 2013, up from 3.8 trillion Shillings. The rebasing now gives an accurate reflection of the structure and size of the Kenyan Economy, which has risen to sit amongst the Top 10 African Countries, and is now classified, as a middle-income nation.

Key Findings:

1. The revised GDP is higher by 25.3% in 2013 after rebasing
2. The revised GDP per capita is USD 1,246
3. Agriculture is still the backbone of the economy (25.4% of GDP) while Manufacturing and Real estate will contribute 11.3% and 8.2% respectively.

What is our view on the rebasing?

The rebasing helps improve the understanding of the economy and helps present a much more accurate reflection of the current economic activities that makes up the Gross Domestic Product (GDP). The true reflection of the economy helps investors while making their asset allocation decisions as they can easily tell where there are better returns expected in the future. The new GDP estimates will result in an improved international perception and rating for Kenya and this helps improve the ability of the government and Kenyan corporations to attract money for growth.

Focus on Real Estate

Real Estate is gaining more significance in the economy, now contributing more than 8.2% of GDP. It also had the greatest jump with a revised Gross Value Added, by 300 units of measurement, or a 4 times increase in importance. (GVA measures the contribution to the economy of each individual

producer, industry or sector). With the better perception of the Kenyan Economy given its size and new status, we are likely to see much improved investor confidence and higher flows of foreign direct investment specific to this key sector, ensuring attractive, stable and long-term returns can be extracted from those with the right skills and capabilities.

Shiv Arora is an Investment Associate with Cytonn Investments

Disclaimer: The views expressed in this publication, are those of the writers where particulars are not warranted- as the facts may change from time to time. This publication is meant for general information only, and is not a warranty, representation or solicitation for any product that may be on offer. Readers are thereby advised in all circumstances, to seek the advice of an independent financial advisor to advise them of the suitability of any financial product for their investment purposes'

Liason House, StateHouse Avenue
The Chancery, Valley Road
www.cytonn.com
Generated By Cytonn Report

A product of **Cytonn Technologies**