



2024 TRANSUNION KENYA:

EXECUTIVE INSIGHTS SESSION
EMPOWERING FINANCIAL FUTURES



TransUnion^{tu}

State of the Kenyan Economy

Jared Osoro



Agenda

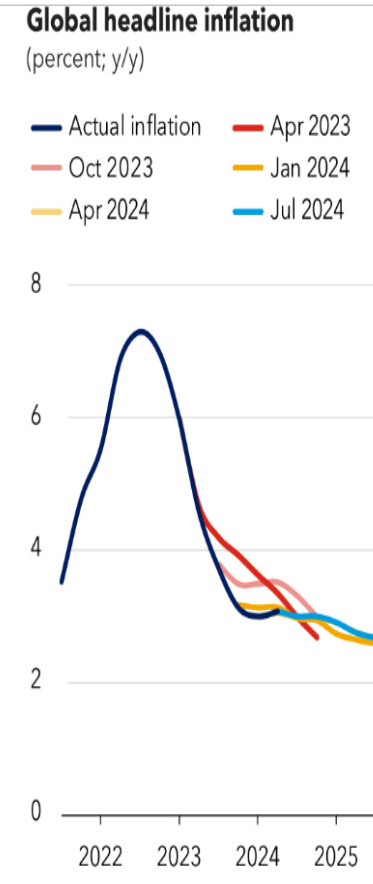
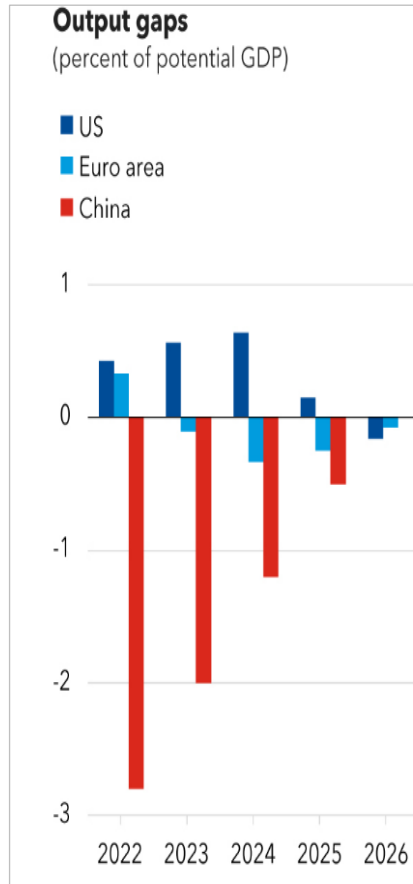
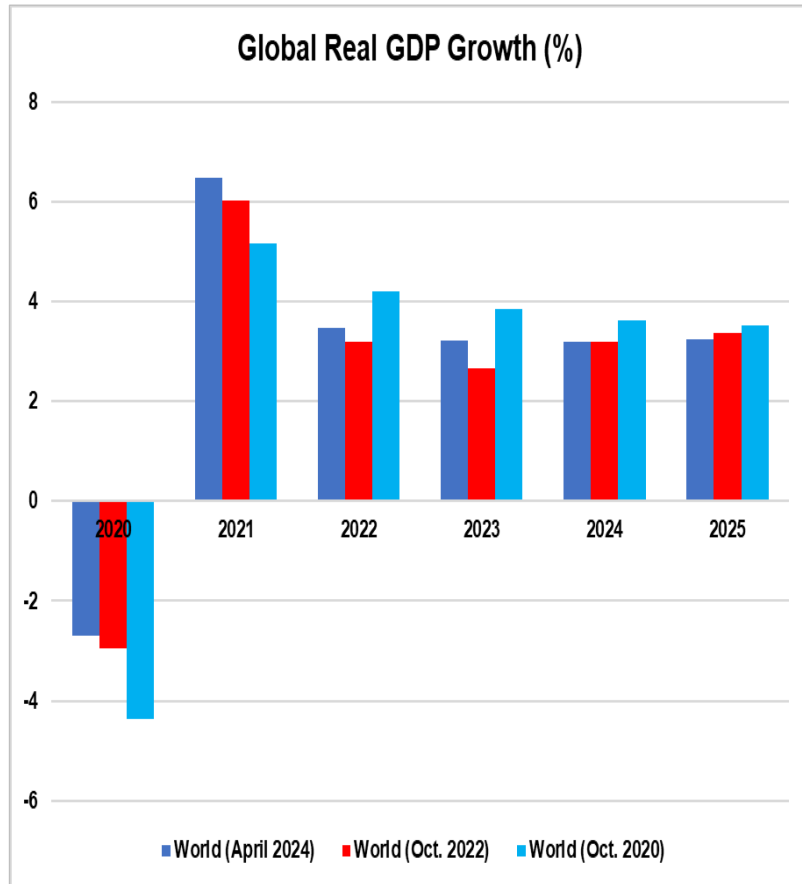
- 1. Global development**
- 2. Domestic developments**
- 3. Outlook**



Global developments



The global economy: positive story, but watch beneath the surface



- There is positivity that global growth has stabilized and could even marginally increase in 2025.
- The closure of output gap – the difference between the “actual” from the “potential” – is closing.
- Asia’s emerging markets – China & India – are key drivers of global growth.
- Global inflation slowdown is evident even though soft-landing has some upside risks.
- An open question: will this delay policy accommodation by major central banks?

Source: IMF-WEO Database



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The global economy: Beneath the surface



Bringing it down without breaking anything?

- For advanced economies, that may well be the case.
- But if there are delayed policy accommodation by advanced economies, the risk of negative spillover effects is an issue



Tackling fiscal challenges a global developing markets challenge?

- Gradually and credibly rebuilding fiscal buffers, while still protecting the most vulnerable, is a critical priority.
- The challenge is pronounced in developing economies with substantial foreign exposure.



Are external imbalances chronic?

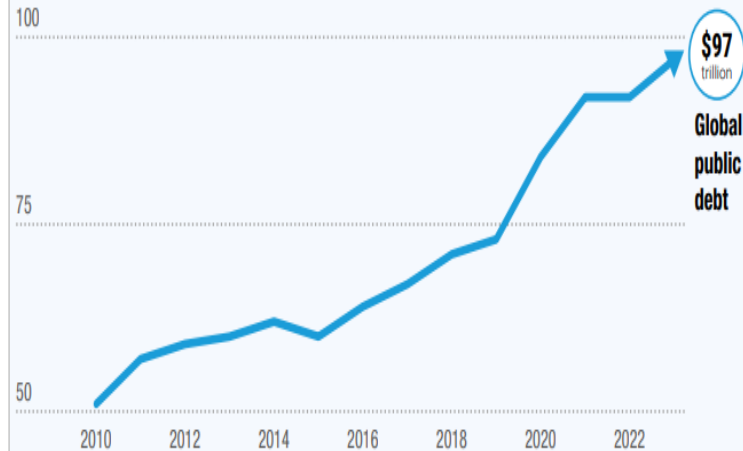
- Desired national savings and domestic investment together with global rates of return on capital as core determinants of external imbalances.
- External imbalances are tied with domestic imbalances – they may not necessarily be twins.

The global economy: The public debt burden (magnitude)

Astronomical

Public debt reaches record levels in 2023

Global public debt in US\$ trillion

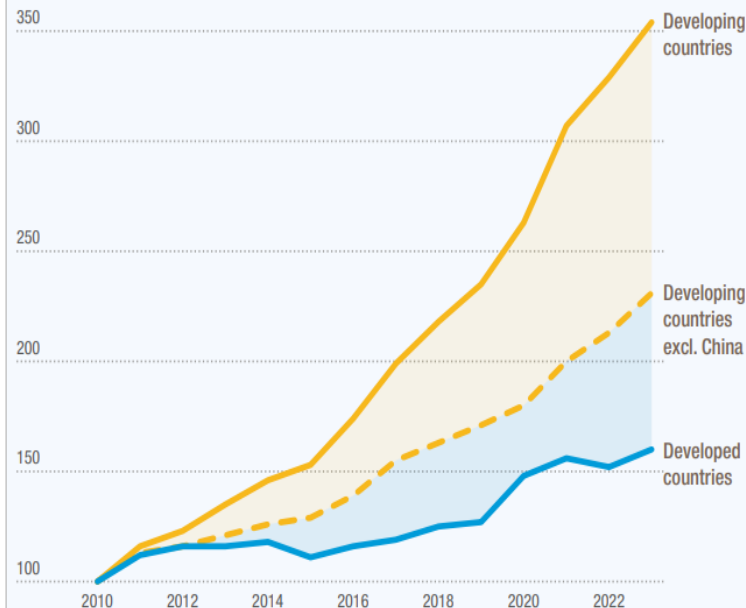


Figures represent nominal values in current US\$. Public debt refers to general government domestic and external debt throughout the document. General government consists of central, state and local governments and the social security funds controlled by these units.

Fast-paced

Public debt grows twice as fast in developing countries

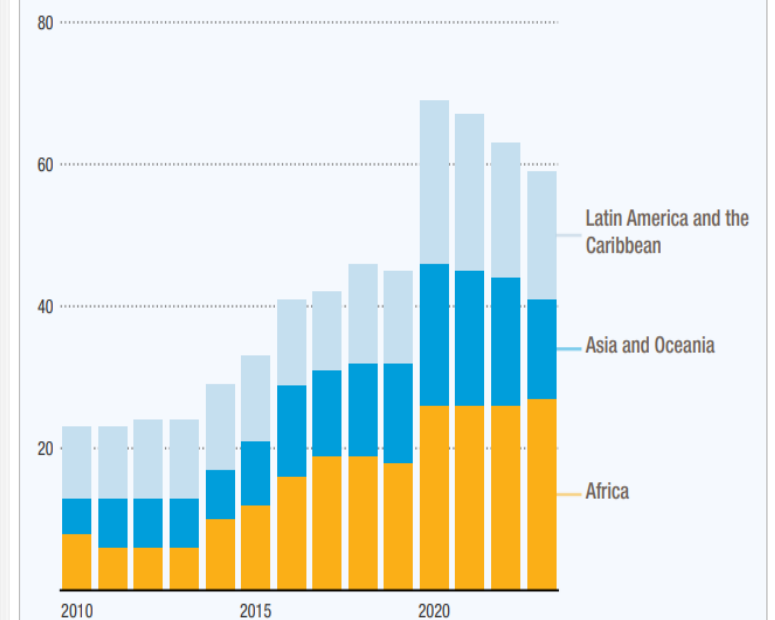
Index: Outstanding public debt in 2010 = 100



Africa-intensive

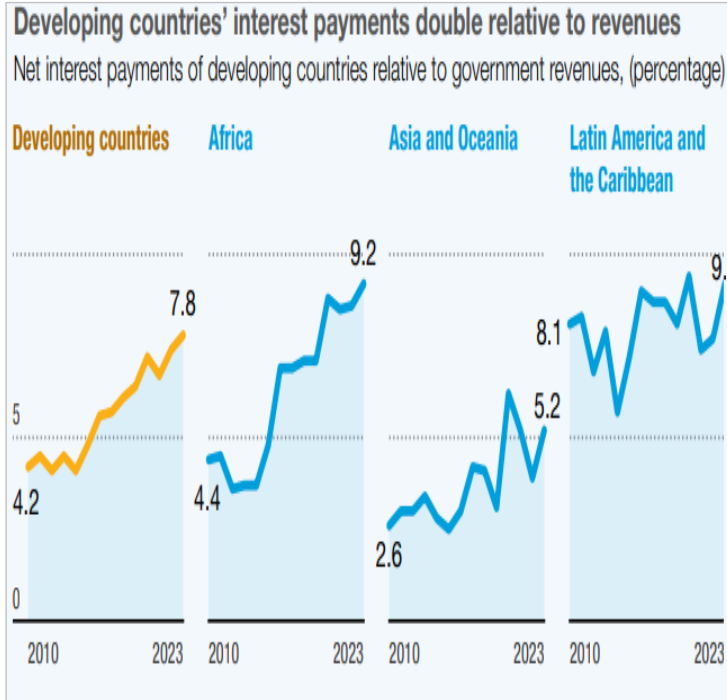
More countries face high debt burdens, especially in Africa

Number of developing countries with public debt above 60% of GDP

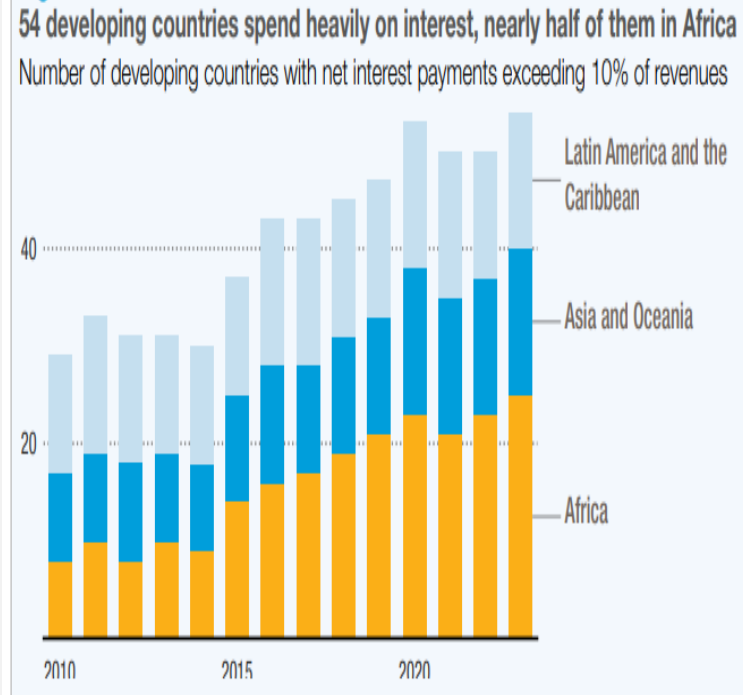


The global economy: The public debt burden (cost)

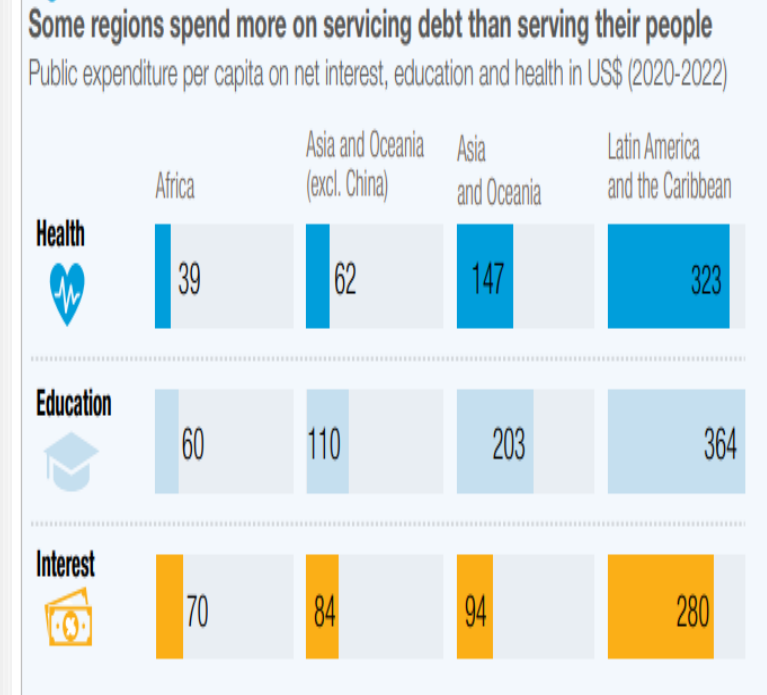
Astronomical



Africa leads



Evident social costs

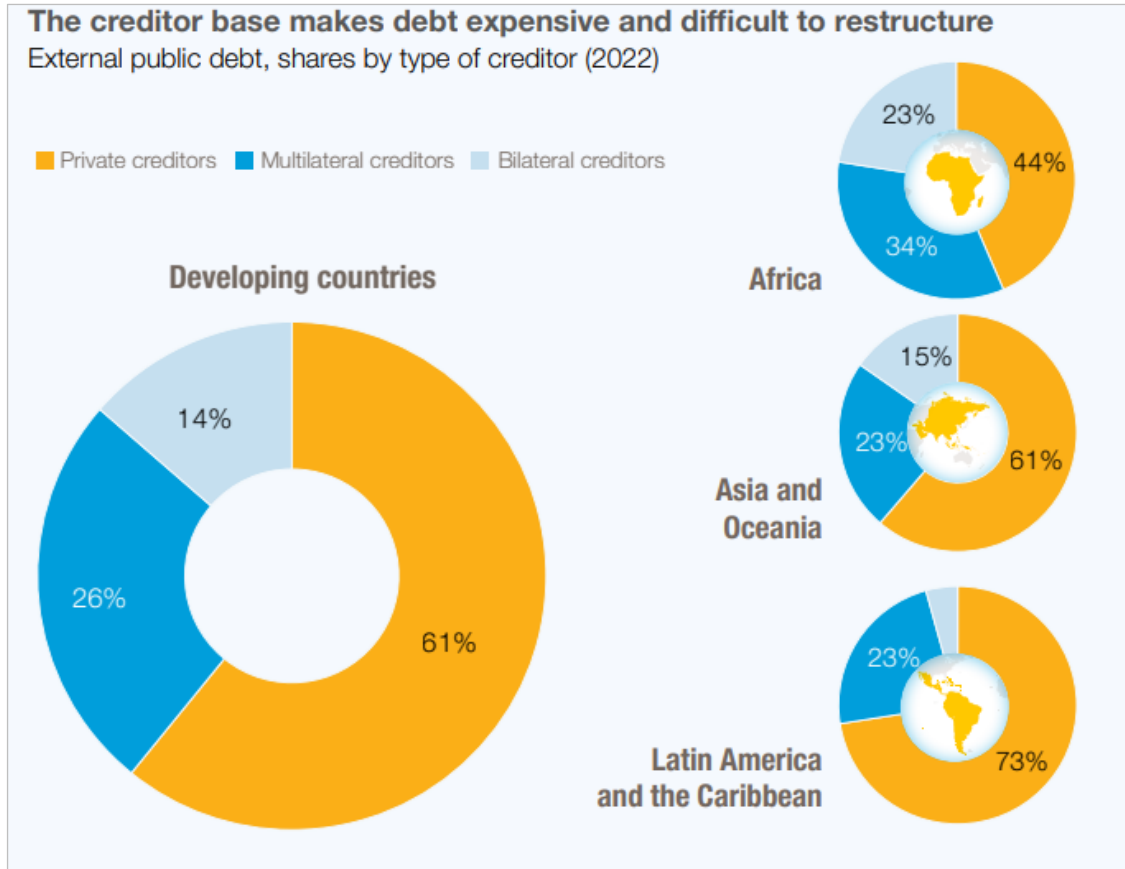


Source: UNCTAD - World of Debt, 2024



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The global economy – the challenge of debt restructuring



Source: UNCTAD - World of Debt, 2024

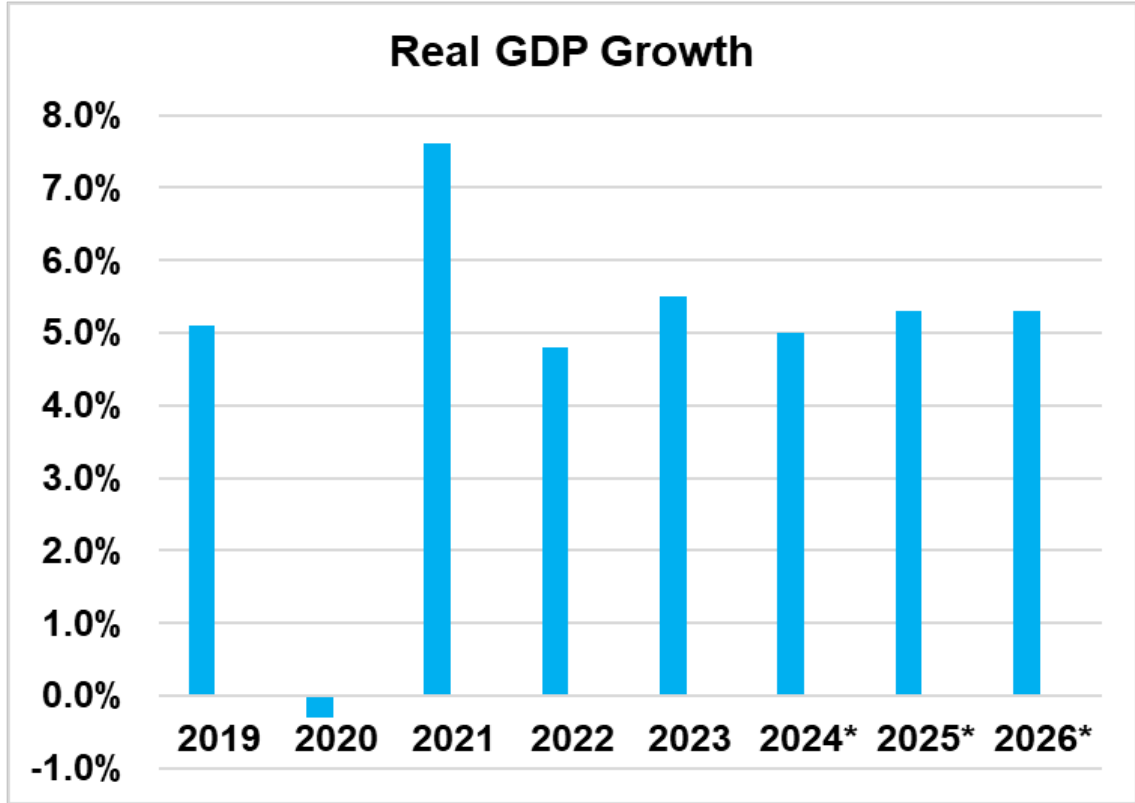
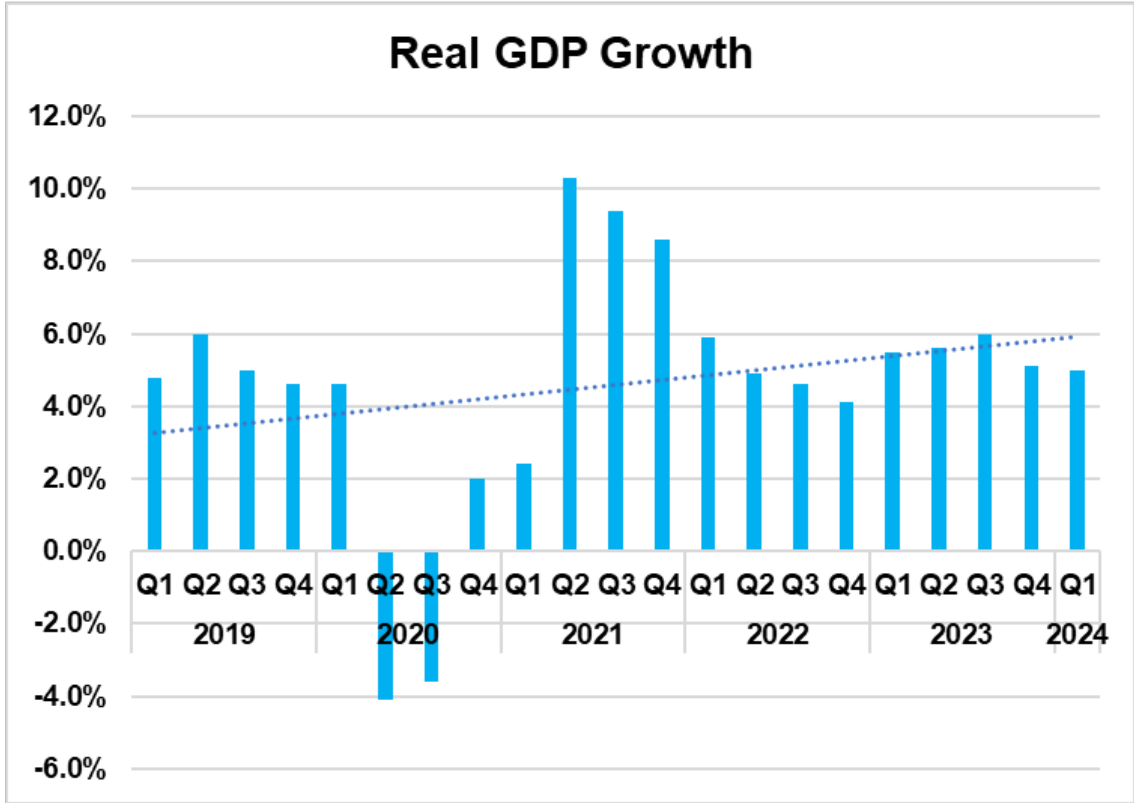


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Domestic developments



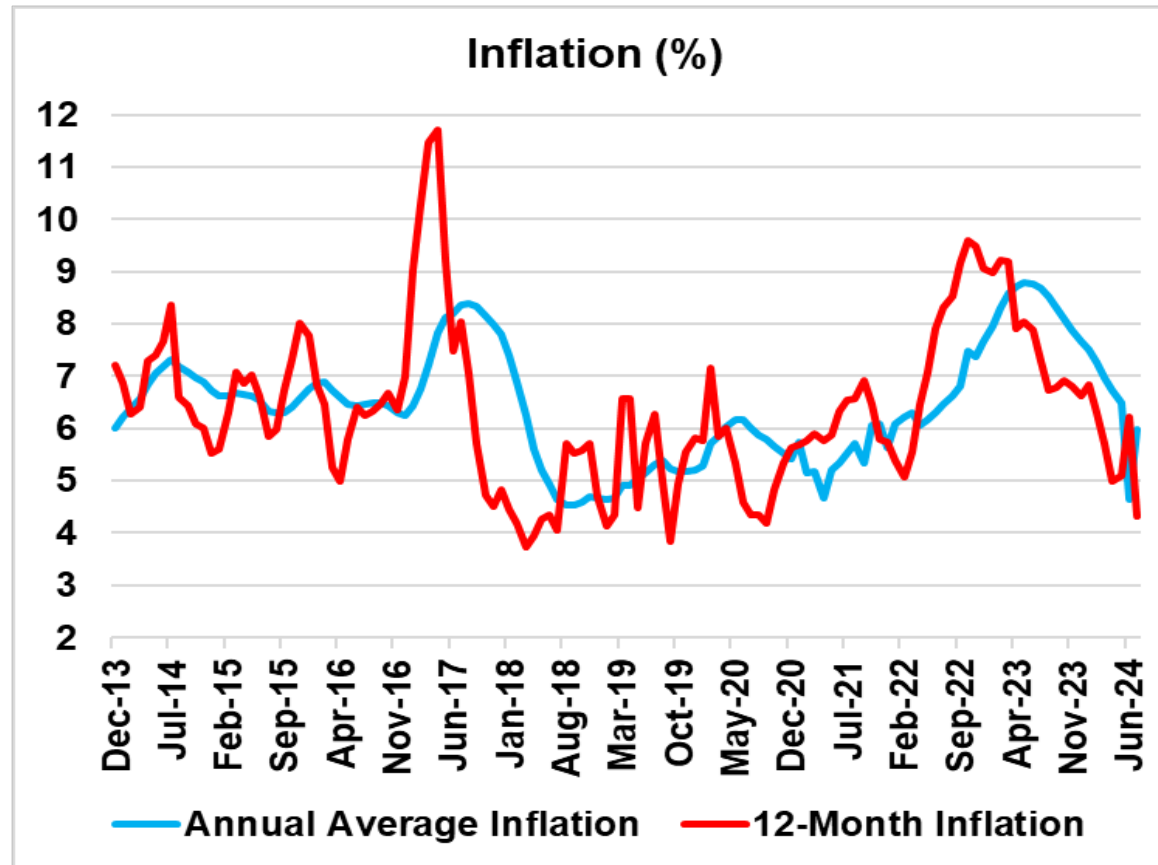
Post-shock recovery: Stable on the surface



Source: KNBS; IMF. *=forecast

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Post-shock recovery: Markets eventually calm?

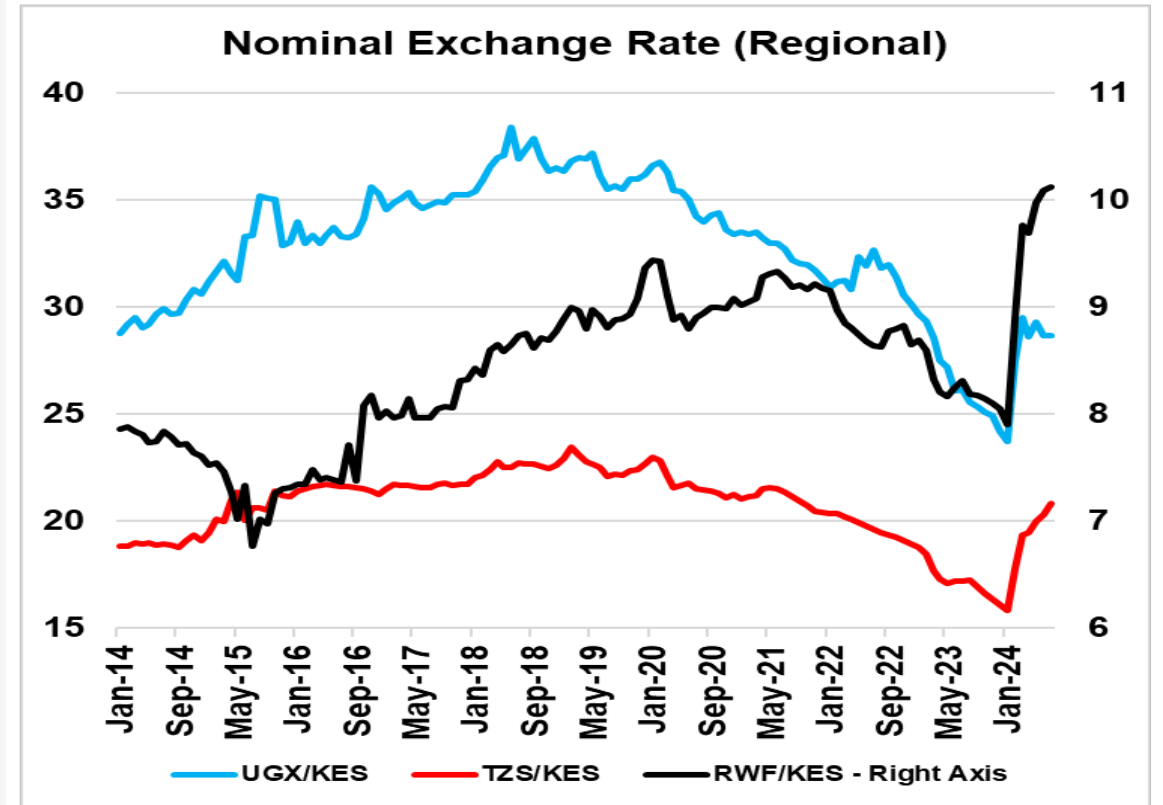
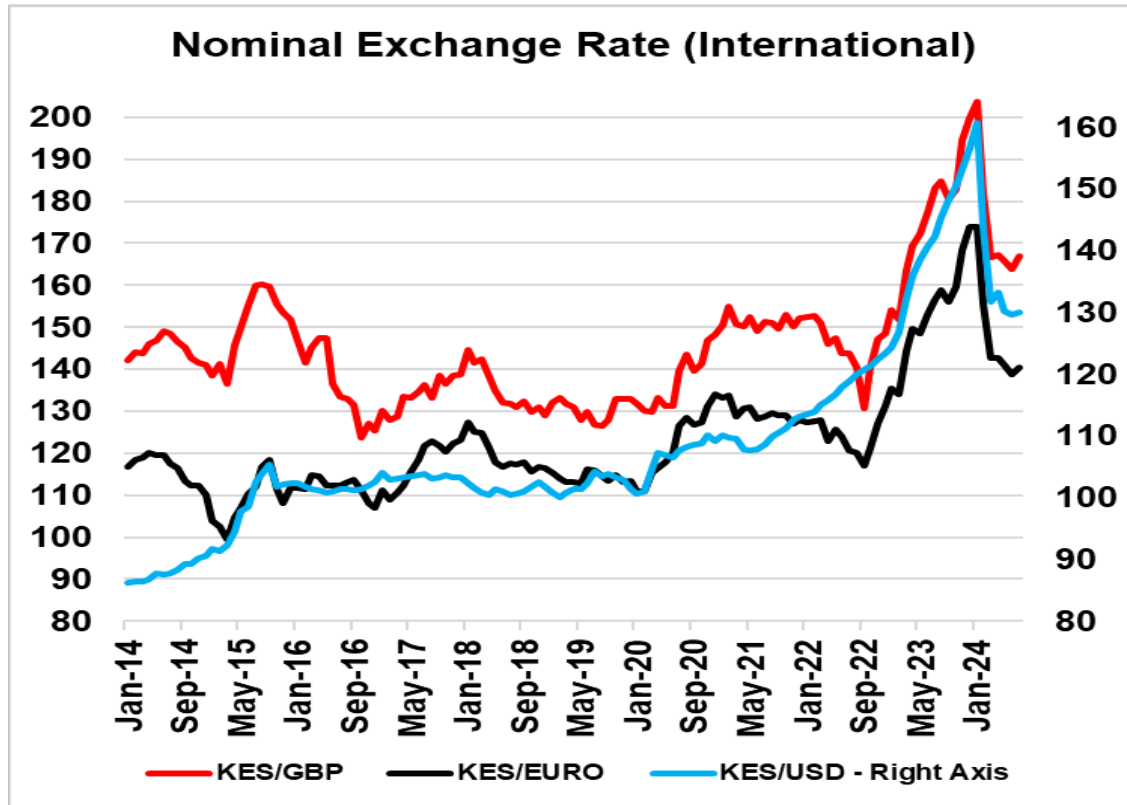


Source: KNBS



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Post-shock recovery: Markets eventually calm?



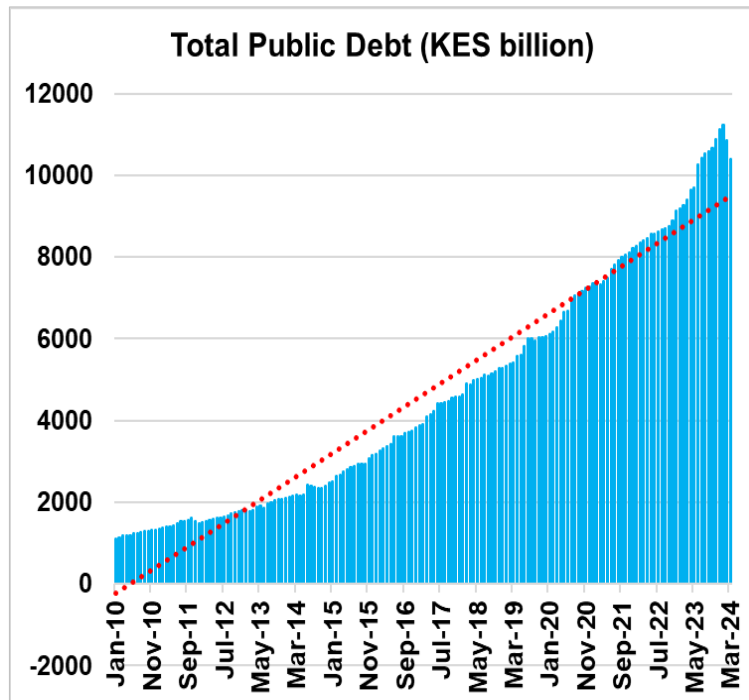
Source: CBK



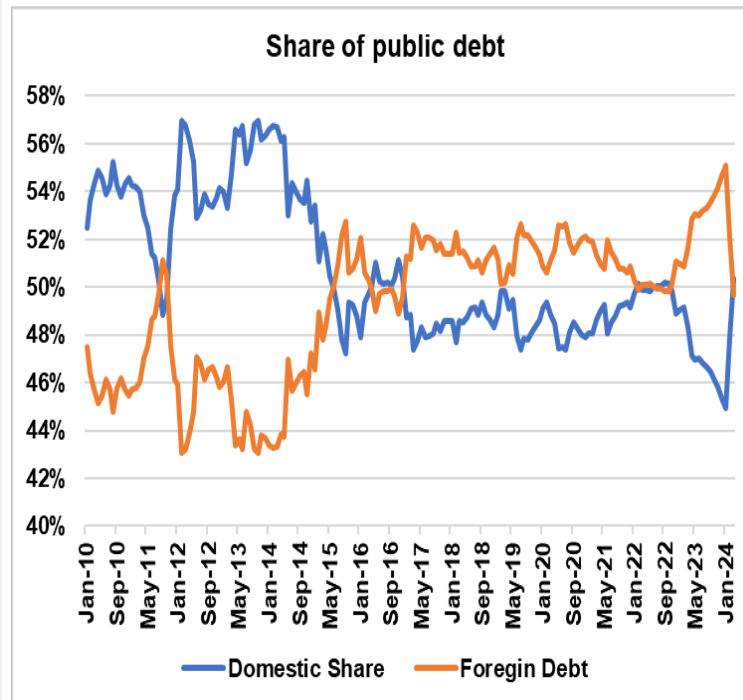
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Public debt: The challenges beneath the surface

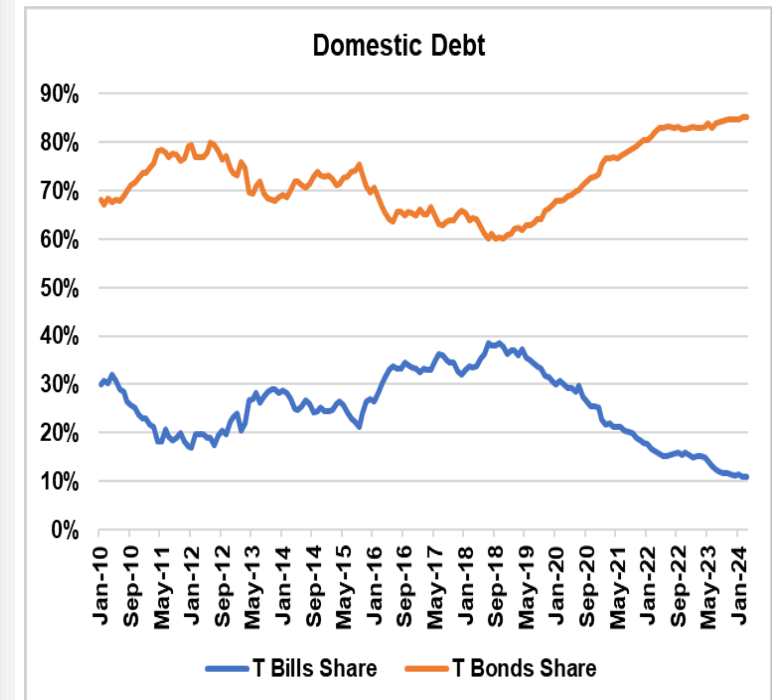
The steady rise



The balance laced with challenges



Trending pong term – but where are the investments?



Source: CBK



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Outlook



Positive overall growth – but hardly revealing vibrancy

- Weak private sector credit.
- Constrained consume spending.
- Complex policy macro-policy balancing



Financial sector will remain cautions

- Choice of investments will be informed by the desire to balance stability and returns maximization.
- Asset quality will inform risk appetite.



The domestic and external imbalances will influence outturn of key policies

- Exogenous shocks will continue shaping the BOP position of the economy .
- The domestic policy dilemma will shape the trinity of investment, consumption and sustained growth.



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Thank You

