



# ECONOMIC AND FISCAL UPDATE JULY 2015

*This brief is a supplement to the monthly bulletin which details key economic and budget developments in a given month. The half year update gives a more detailed analysis of economic performance in the course of the financial year. It is intended to keep stakeholders especially the legislators updated on the latest trends in the economy.*

## Roses and Thorns

Kenya's economy is poised for progress in the 2015/16 financial year. Hopeful prospects for the economy stem from the continued significant investments in infrastructure such as the standard gauge railway as well as the commuter rail project which are expected to ease transportation and reduce cost of doing business, including attracting investment and boosting trade in the region. Despite monumental challenges within the past financial year, resilience of the Kenyan economy in the past has enabled it to weather the storm. However, in the face of ever increasing internal and external challenges, it remains to be seen whether this resilience will wear thin.

Domestically, challenges to the economy stem primarily from the ongoing insecurity concerns which are a threat to businesses and have also led to a significant decline in tourist arrivals in the country. Though the economy has shown great resilience, insecurity remains the single biggest impediment to growth that could have a significant drag on the economy. Spending more on internal security including reorganization of police groups can help alleviate the security situation. There is need also to streamline the process of starting a business in order to make the country more attractive to investors.

Globally, challenges emanate from the state of the global economy notably the burst of the Chinese stock bubble. The value of Chinese stocks has continued to plummet over time after a speculative bubble burst caused by too many speculative buyers venturing into the market

*Though Kenya's economy has proved resilient, a lot needs to be done to address the ever increasing challenges that continue to impede growth in the economy in order to achieve higher growth*

*Kenya continued to face significant challenges, notably insecurity, that pose a significant threat to economic progress*

*State of the global economy has also adversely affected Kenya's economy*