Kenya's Q3'2025 Balance of Payments Note

According to the Q3'2025 Kenya Quarterly Balance of Payment Report released by the Kenya National Bureau of Statistics (KNBS), Kenya's balance of payments position improved significantly by 458.9% in Q3'2025, to a surplus of Kshs 63.7 bn, from a deficit of Kshs 17.8 bn in Q3'2024. In this note, we provide a detailed analysis of the current account and the balance of payment before giving an outlook on both.

A. Current Account Balance

Kenya's current account deficit widened by 211.1% to Kshs 135.3 bn in Q3'2025 from the Kshs 43.5 bn deficit recorded in Q3'2024. The y/y expansion of the deficit registered was driven by:

i. The widening of the merchandise trade account deficit (the value of import goods exceeds the value of export goods, resulting in a negative net foreign investment) by 10.8% to Kshs 355.8 bn in Q3'2025, from Kshs 321.1 bn recorded in Q3'2024, and,

ii. A 43.1% decrease in the services trade balance to a surplus of Kshs 57.2 bn from a surplus of Kshs 100.6 bn in Q3'2024,

The table below shows the breakdown of the various current account components on a year-on-year basis, comparing Q3'2025 and Q3'2024:

Item	Q3'2024	Q3'2025	Y/Y % Change
Merchandise Trade Balance	(321.1)	(355.8)	10.8%
Services Trade Balance	100.6	57.2	(43.1%)
Primary Income Balance	(80.8)	(76.5)	(5.2%)
Secondary Income (transfer) Balance	257.7	239.8	(7.0%)
Current Account Balance	**(43.5)**	**(135.3)**	211.1%

All values in Kshs bns

Key take-outs from the table include;

i. Merchandise trade deficit (a scenario where imports are greater than exports of goods) widened by 10.8% to Kshs 355.8 bn in Q3'2025, from Kshs 321.1 bn recorded in Q3'2024. This is attributable to the 11.3% increase in merchandise exports to Kshs 470.7 bn, from Kshs 422.7 bn in Q3'2024, compared to the 11.1% increase in merchandise imports to Kshs 826.5 bn from Kshs 743.8 bn recorded in a similar period in 2024. The increase in merchandise exports was mainly driven by a 32.7% increase in edible products and preparations exports to Kshs 4.1 bn, from Kshs 3.1 bn recorded in Q3'2024 coupled with the 4.9% increase in exportation of iron and steel to Kshs 7.4 bn, from Kshs 7.0 bn recorded in Q3'2024. On the other hand, the slower increase in the import bill is attributable to the 94.8% growth in importation of industrial machinery to Kshs 167.9 bn from Kshs 86.2 bn reported in Q3'2024 coupled with a 41.0% increase in iron and steel imports to Kshs 30.1 bn in Q3'2025 from Kshs 21.3 bn in Q3'2024 and a 8.8% increase in animal and vegetable oils imports to Kshs 34.3 bn from Kshs 31.5 bn recorded in Q3'2024,

ii. Service Trade Balance (the difference between the imports and exports of services) recorded a 43.1% decrease in Q3'2025 to a surplus of Kshs 57.2 bn, from a surplus of Kshs 100.6 bn in Q3'2024. The y/y decrease in service trade balance was mainly driven by a 2.2% decrease in services receipts to Kshs 283.3 bn from Kshs 289.6 bn recorded in Q3'2024, compared to the 19.6% increase in services outflows to Kshs 226.1 bn from Kshs 189.1 bn recorded in Q3'2024,

iii. Primary income deficit (income that residents earn from, less that they pay to the rest of the world from working and from financial investments) narrowed by 5.2% to a deficit of Kshs 76.5 bn in Q3'2025 from a deficit of Kshs 80.8 bn in Q3'2024, on the back of reduced servicing of general government debt,

iv. Secondary income/transfers surplus (the transactions recorded in the secondary income account pertain to those current transfers between residents and non-residents that directly affect the level of gross national disposable income and thus influence the economy's ability to consume goods and services) decreased by 7.0% to Kshs 239.8 bn from Kshs 257.7 bn in Q3'2024,

v. Diaspora remittances recorded a narrow 0.4% growth to Kshs 165.6 bn from Kshs 164.9 bn recorded in Q3'2024,

vi. Total exports increased by 2.5% in Q3'2025 to Kshs 289.4 bn, up from Kshs 282.4 bn recorded in Q3' 2024. In terms of exports by region, Africa remained the largest merchandise export recipient, accounting for 44.6% of total exports in Q3' 2025, registering a 15.3% increase in export earnings to Kshs 129.0 bn, from Kshs 111.9 bn in Q3'2024. The increase was mainly attributable to 94.4% increase in exports to South Africa, to Kshs 2.5 bn from Kshs 1.3 bn in Q3'2024, coupled with 57.5%, and 34.5% growth in exports to DRC and Uganda. Asia followed in second place, accounting for 23.5% of all exports and recording a decline of 14.2% in Q3'2025 to Kshs 68.0 bn, down from Kshs 79.3 bn in Q3'2024, and,

vii. Overall imports grew by 7.4% to Kshs 725.0 bn in Q3'2025 from 674.8 bn recorded in Q3'2024. In terms of imports by region, Asia remained the largest merchandise import source, accounting for 68.6% of total imports, with the value of imports increasing by 5.9% to Kshs 497.6 bn, up from Kshs 469.8 bn recorded in Q3' 2024. The growth was mainly attributed to the increase in imports from South Korea of 203.8% to Kshs 16.7 bn from Kshs 5.5 bn in Q3'2024 coupled with an 20.4% increase in imports from Malaysia to Kshs 32.6 bn from Kshs 27.1 bn in Q3'2024, however weighed down by a 22.6% decrease in imports from UAE to Kshs 68.8 bn, from Kshs 88.8 bn recorded in Q3'2024. The European Union accounted for 9.8% of total imports in Q3'2025, valued at Kshs 71.0 bn, a 30.4% increase from the Kshs 54.4 bn recorded in Q3'2024 mainly driven by the 221.2% increase in imports from Belgium.

B. Balance of Payments

Kenya's balance of payment (BoP) position improved significantly by 458.9% in Q3'2025, to a surplus of Kshs 63.7 bn, from a deficit of Kshs 17.8 bn in Q3'2024. The y/y positive performance in BoP was mainly driven by a significant 118.0% increase in capital account balance to a surplus of Kshs 3.0 bn from a surplus of Kshs 1.4 bn in Q3'2024, coupled with a 57.8% decrease in the financial account balance to a deficit of Kshs 25.7 bn from a deficit of Kshs 60.9 bn. The table below shows the breakdown of the various balance of payments components, comparing Q3'2025 and Q3'2024:

Item	Q3'2024	Q3'2025	Y/Y % Change
Current Account Balance	(43.5)	(135.3)	211.1%
Capital Account Balance	1.4	3.0	118.0%
Financial Account Balance	(60.9)	(25.7)	(57.8%)
Net Errors and Omissions	(1.0)	42.9	4,336.3%
Balance of Payments	**(17.8)**	**63.7**	458.9%

All values in Kshs bns

Key take-outs from the table include;

i. The current account deficit (value of goods and services imported exceeds the value of those exported) increased by 211.1% to Kshs 135.3 bn from Kshs 43.5 bn in Q3'2024. The y/y increase of the current account deficit was brought about by the 10.8% widening in the Merchandise trade deficit to a Kshs 355.8 bn from a Kshs 321.1 bn in Q3'2024.,

ii. The capital account balance (shows capital transfers receivable and payable between residents and non-residents, including the acquisition and disposal of non-produced non-financial items), which includes foreign direct investments (FDIs), increased by 118.0% to a surplus Kshs 3.0 bn in Q3'2025, up from a surplus of Kshs 1.4 bn in Q2'2024,

iii. The financial account balance (the difference between the foreign assets purchased by domestic buyers and the domestic assets purchased by foreign buyers) recorded a 57.8% decrease in net inflow to a deficit Kshs 25.7 billion in Q3'2025, from a deficit of Kshs 60.9 billion in Q3'2024.

iv. Consequently, the Balance of Payments (BoP) position improved to a surplus of Kshs 63.7 bn in Q3’2025, from a deficit of Kshs 17.8 bn recorded in Q3’2024.

C. Public External Debt

During the period under review, the stock of external public and public guaranteed debt increased by 4.6% to Kshs 5.3 tn as at September 2025, up from Kshs 5.1 tn recorded in September 2024, mainly driven by a 19.9% increase in Debt securities held by non-residents to Kshs 1.0 tn in Q3’2025, up from Kshs 0.9 tn recorded in Q3’2024. Notably, external public debt by commercial banks decreased by 28.3% to Kshs 0.2 tn in Q3’2025, down from Kshs 0.3 tn in Q3’2024. The table below shows the breakdown of the outstanding external public and publicly guaranteed debt, comparing Q3’2025 and Q3’2024:

Cytonn Report: Kenya’s Public External Debt				
Debt Source	**Q3'2024**	**Q3'2025**	**Y/Y % Change**	**% contribution**
Multilateral	2.8	3.1	7.4%	57.5%
Debt Securities held by non-residents	0.9	1.0	19.9%	19.2%
Bilateral	1.1	1.0	(5.7%)	18.7%
Commercial Banks	0.3	0.2	(28.3%)	4.2%
Suppliers Credit	0.01	0.01	3.7%	0.3%
Total External Public Debt	**5.1**	**5.3**	**4.6%**	**100.0%**

All values in Kshs tn

Key take-outs from the table include;

i. Multilateral debt increased by 7.4% to Kshs 3.1 tn in Q3’2025, up from Kshs 2.8 tn recorded in Q3’2024, accounting for 57.5% of the total external debt. Additionally, bilateral debt accounted for 18.7% of the total external debt, despite the amount decreasing by 5.7% to Kshs 1.0 tn, down from Kshs 1.1 tn in Q3’2024.

D. Conclusion

Kenya’s balance of payment (BoP) position improved significantly by 458.9% in Q3’2025, to a surplus of Kshs 63.7 bn, from a deficit of Kshs 17.8 bn in Q3’2024. The y/y positive performance in BoP was mainly driven by a significant 118.0% increase in capital account balance to a surplus of Kshs 3.0 bn from a surplus of Kshs 1.4 bn in Q3’2024, coupled with a 57.8% decrease in the financial account balance to a deficit of Kshs 25.7 bn from a deficit of Kshs 60.9 bn. Looking ahead, Kenya’s external position will mainly rely on the sustainability of services exports and the direction of capital flows. While the strong performance in the services trade, likely supported by tourism, transport and ICT, offers a stabilizing buffer to the current account, the widening merchandise trade deficit continues to underscore structural import dependence and vulnerability to global commodity price movements. More critically, the sharp reversal in the financial account highlights growing sensitivity to global liquidity conditions, investor risk appetite and domestic policy credibility. Going forward, a recovery in foreign capital inflows, particularly long-term FDI, alongside prudent external debt management, will be key to strengthening the financial account and supporting overall Balance of payments stability. Despite, the narrowing of the goods trade deficit, Kenya’s balance of payments position may remain under pressure despite gains in the services sector.