ABSTRACT

This study was carried out in Kenya. The attempts to investigate the impacts of fluctuating exchange rates and price of crude oil the country imports yearly on economic growth. Kenya having set the vision 2030 as a middle level industrialized economy faces a few challenges. Among them is that there minimal economic growth rate. The economic growth rate is likely to improve with a lot of investment, reduced unemployment level, improved savings both at private and national level. It is against this background that the study attempts to investigate what proportion of the blame fluctuating exchange rates and crude oil expenditure has on the slow economic growth give other factors that influence the slow pace of economic growth.

From the study it appears that if the country does not look for other alternative of sources of energy, then a lot of money will used in importing crude oil given that the demand for the oil is also gaining momentum at a higher pace. This is attributed to the fact that even the less developed countries have shown a greater interest to develop putting pressure on the non renewable source of energy (oil).

The study shows that a greater portion of the blame is in the factors that were not included in this model, however caution needs to be taken on crude oil import costs since in the production sector, petroleum accounts for nearly 80 per cent of country’s commercial energy requirements.