

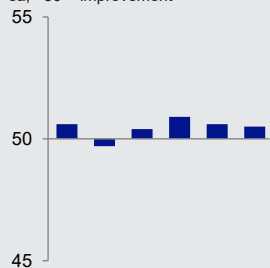
Stanbic Bank Kenya PMI®

Output growth slows to four-month low

50.5

KENYA PMI
JAN '25

PMI
Aug '24 - Jan '25
sa, >50 = improvement



New orders rise marginally

Price pressures remain solid, but ease from December

Employment falls for first time in five months

Kenyan business conditions improved further as 2025 began, according to the Stanbic Bank Kenya PMI®, with expansions in output and new orders signalled for the fourth month running. Activity growth nevertheless fell to its softest pace in this sequence, as businesses highlighted challenging economic conditions and a slowdown in client demand.

Price pressures remained solid, but moderated from December's 11-month high. Firms responded by increasing their selling charges further, whilst staffing numbers dropped for the first time since last August.

The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

The headline PMI recorded 50.5 in the first month of 2025, which was little-

changed from a reading of 50.6 in December. The index was above the 50.0 neutral mark for the fourth successive month, thereby extending the current period of private sector growth.

Kenyan companies saw sustained upturns in their activity levels and new work intakes during January. Survey panellists commented that new client referrals, increased marketing, improved cash flow and an easing of inflationary pressures underscored the rise in sales. Firmer stock volumes – as evidenced by a renewed uplift in purchased item inventories – were also cited as supporting activity.

Growth momentum regarding output and new orders faded somewhat, however. The latest data signalled that January's rise in output was the weakest recorded in the current four-month expansionary sequence and only marginal. Sales growth also eased to its slowest since last October.

As a result, Kenyan firms reported a

Stanbic Bank Kenya PMI
sa, >50 = improvement since previous month



PMI®

by S&P Global

Contents

- Overview and comment
- Output and demand
- Business expectations
- Employment and capacity
- Purchasing and inventories
- Prices
- International PMI
- Survey methodology
- Further information

milder uplift in purchasing activity at the start of the year. Similarly, employment numbers fell fractionally, ending a three-month run of growth in the final quarter of 2024. Most respondents kept their staffing levels unchanged.

On prices, the latest survey data offered mixed results in January. Overall input prices continued to rise at a solid pace, which companies largely attributed to the impact of higher taxation on imported material prices. However, the rate of inflation softened from December when it reached its highest level since January 2024.

In many cases, firms reporting higher purchasing costs raised their selling charges accordingly. The overall increase was solid, but the softest recorded in three months.

Finally, expectations for business activity over the next 12 months remained among the weakest observed on record in January, despite improving slightly since the end of last year. Only 6% of surveyed companies gave a positive output projection, with strategic focuses such as new products and services and increased marketing activity reportedly driving these forecasts.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

“The Kenyan Purchasing Managers Index (PMI) expanded for a fourth month running in January but at a slightly weaker pace than in the two preceding months, reflecting the ongoing resilience of the private sector at the start of this year. Positively, firms reported increases in both output and new orders, implying higher sales, more marketing, client referrals, and lower inflationary pressures. Firms were able to increase stocks purchased and inventories held — to cover higher sales as well as the future likelihood of difficulty in finding materials. Some firms nevertheless reported harsh economic conditions. Still, employment conditions were relatively stable.

“Kenyan businesses reported an increase in purchase prices for imported commodities, albeit a slower one than the preceding month, still attributed to higher taxes. Staff costs remained stable. Output prices increased but less briskly so as firms passed on higher input and purchase prices to customers. We would therefore foresee a slight easing in inflationary pressure during January than was the case in December.

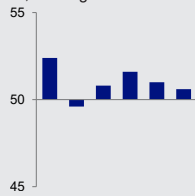
“The private sector’s confidence in January about the business outlook for the next 12 months remains weak, though better than in December.”



Output and demand

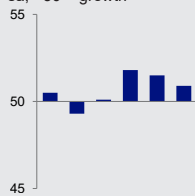
Output Index

Aug '24 - Jan '25
sa, >50 = growth



New Orders Index

Aug '24 - Jan '25
sa, >50 = growth



Output

Kenyan firms registered an increase in output at the start of 2025, stretching the run of expansion to four months. That said, the rate of growth slowed for the second month running and was the weakest observed in this period. Where an increase was recorded, panellists associated this with higher sales, greater marketing and firmer stock levels. Some firms cited a fall in demand, however.

New orders

New orders matched the output trend with a fourth successive monthly expansion in January. Client referrals, increased marketing, improved cash flow and lower inflationary pressures were often cited by survey respondents as supporting sales. However, challenging economic conditions faced by some businesses reportedly weighed on the rate of growth, which slipped to a three-month low and was only marginal.

Output Index

sa, >50 = growth since previous month



New Orders Index

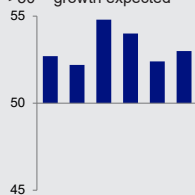
sa, >50 = growth since previous month



Business expectations

Future Output Index

Aug '24 - Jan '25
>50 = growth expected



Optimism levels across the private sector economy remained weak in January. The Future Output Index posted one of its lowest readings since the survey began 11 years ago, although it was up slightly since December. Roughly 6% of companies are hopeful of expanding their output over the next 12 months, with comments often revolving around new products and services and increased marketing activity.

Future Output Index

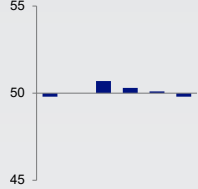
>50 = growth expected over next 12 months



Employment and capacity

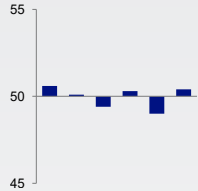
Employment Index

Aug '24 - Jan '25
sa, >50 = growth



Backlogs of Work Index

Aug '24 - Jan '25
sa, >50 = growth



Employment

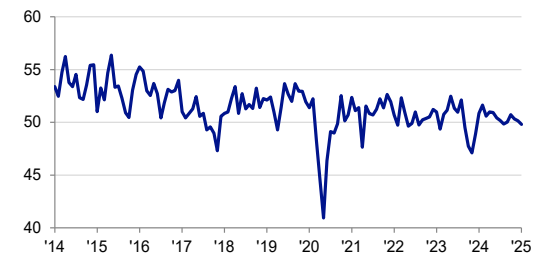
After a three-month run of expansion, staffing numbers fell over the course of January. The latest survey data nevertheless signalled only a fractional reduction. Indeed, the vast majority of monitored firms (98%) kept their workforces stable since the end of last year.

Backlogs of work

Kenyan firms were usually able to process orders in a timely manner in January. However, survey comments signalled that payment delays at some firms led to a slight increase in the overall level of unfinished business. The rise in backlogs followed a mild reduction in the previous month.

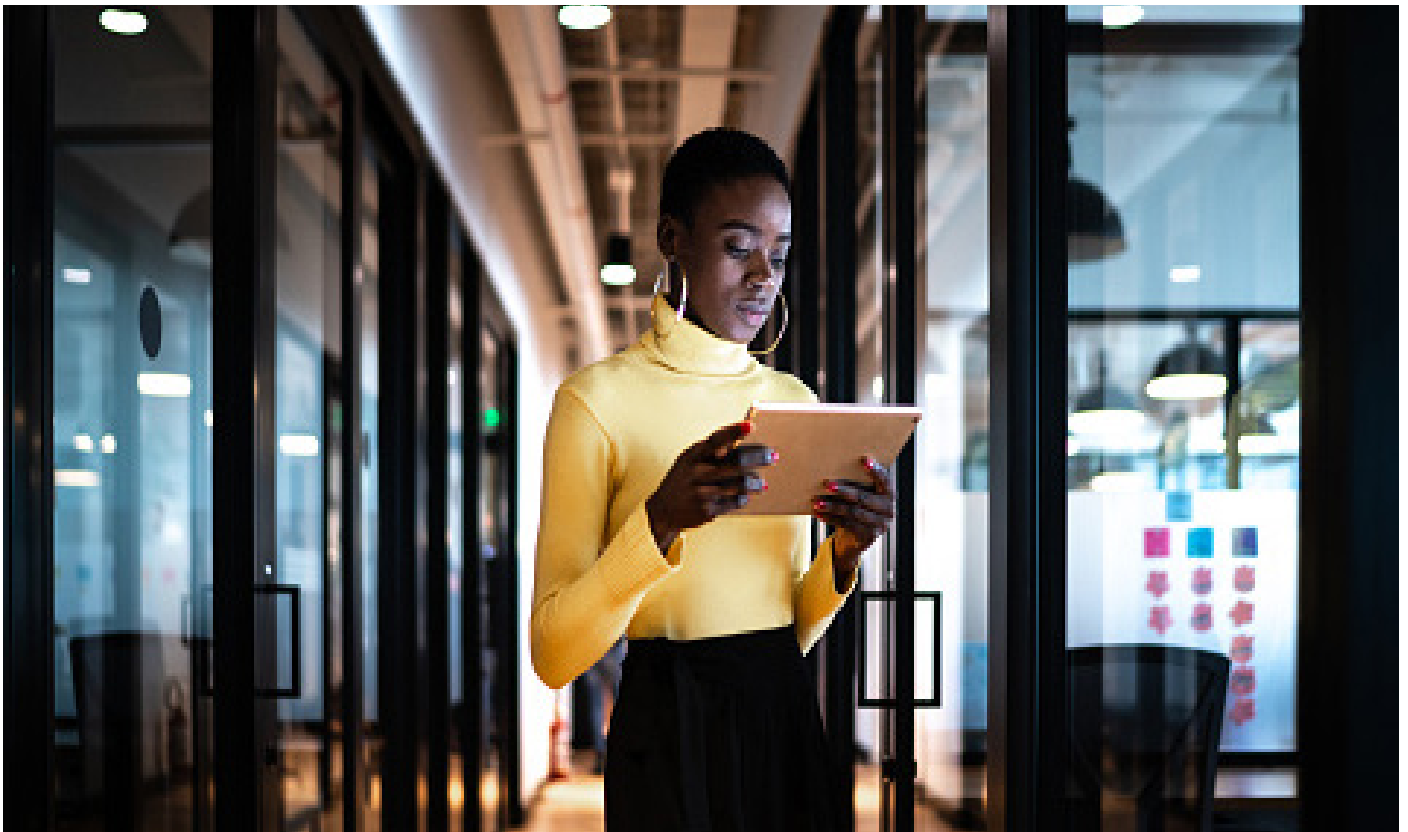
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

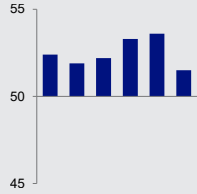
sa, >50 = growth since previous month



Purchasing and inventories

Quantity of Purchases Index

Aug '24 - Jan '25
sa, >50 = growth



Quantity of purchases

Kenyan firms purchased more inputs at the start of 2025 according to the latest survey data. The quantity of purchases rose for the sixth consecutive month, albeit to a modest degree that was the slowest seen in this sequence. Anecdotal evidence signalled that a weaker upturn in sales had weighed on the rate of input buying growth.

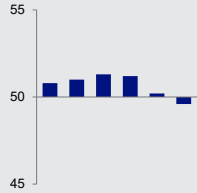
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Aug '24 - Jan '25
sa, >50 = faster times



Suppliers' delivery times

Suppliers' delivery times lengthened for the first time since July 2024 in the opening month of the year. That said, the vast majority of respondents (99%) reported unchanged lead times. As such, the overall decline in supplier performance was only fractional.

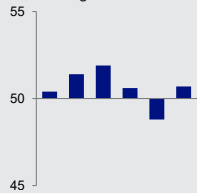
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Aug '24 - Jan '25
sa, >50 = growth

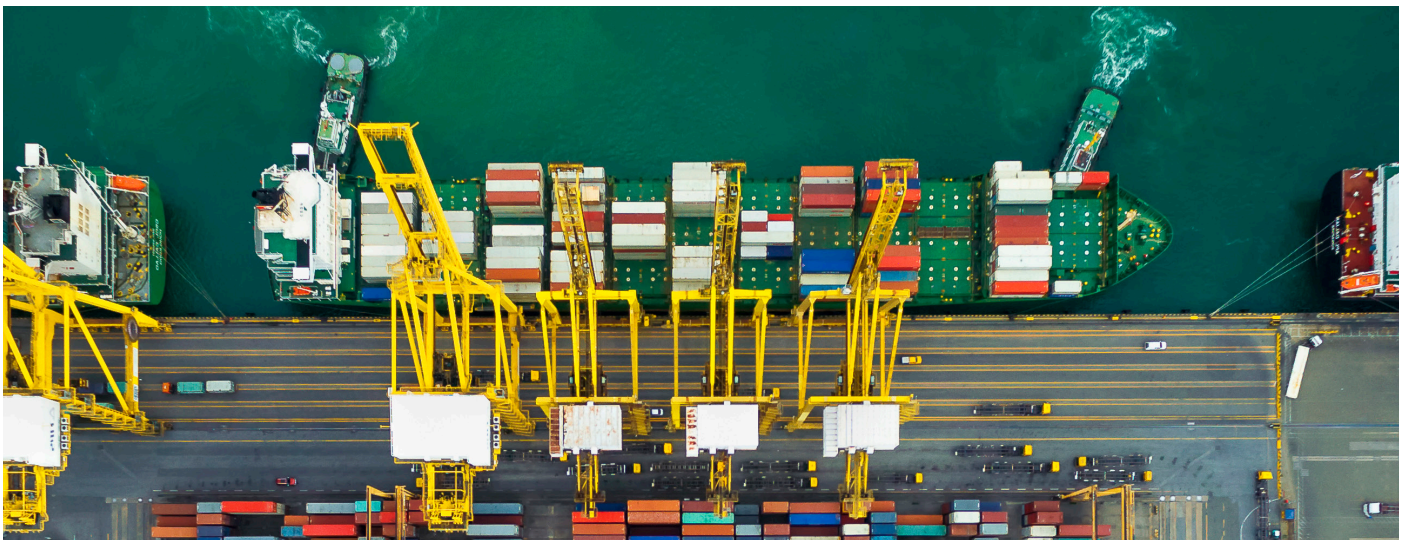


Stocks of purchases

After declining for the first time in five months in December, stocks of purchases rose slightly in the latest survey period. A number of firms chose to stock more inputs due to higher sales and concerns about future material availability, according to qualitative reports. On the other hand, weaker order books at some companies led them to destock.

Stocks of Purchases Index

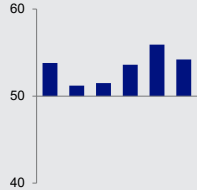
sa, >50 = growth since previous month



Prices

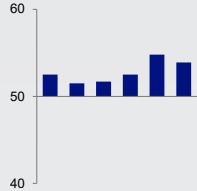
Input Prices Index

Aug '24 - Jan '25
sa, >50 = inflation



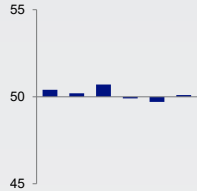
Purchase Prices Index

Aug '24 - Jan '25
sa, >50 = inflation



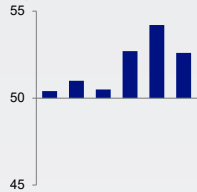
Staff Costs Index

Aug '24 - Jan '25
sa, >50 = inflation



Output Prices Index

Aug '24 - Jan '25
sa, >50 = inflation



Input prices

Average input prices in the Kenyan private sector increased over the course of January. The rate of inflation was solid, but softened from December's 11-month high, and was less steep than seen on average over the series history. Underlying data suggested that the drop in inflation was largely due to a slower rise in purchase prices.

Purchase prices

Kenyan companies reported another uptick in purchase costs at the start of the year. Comments from panellists signalled that higher taxation had driven up prices for commodities and other imported items. The pace of purchase price inflation eased from December, but was still the second-quickest in almost one year.

Staff costs

Wages and salaries were relatively unchanged during January, as the seasonally adjusted Staff Costs Index posted broadly in line with the neutral 50.0 mark. This was aligned with the general trend seen over the past year.

Output prices

Higher purchasing costs were often passed on to customers in the form of greater selling prices, according to survey respondents. Subsequently, January data signalled a solid increase in average prices charged. The rate of inflation nonetheless lost pace and was the slowest recorded in three months.

Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index

sa, >50 = inflation since previous month



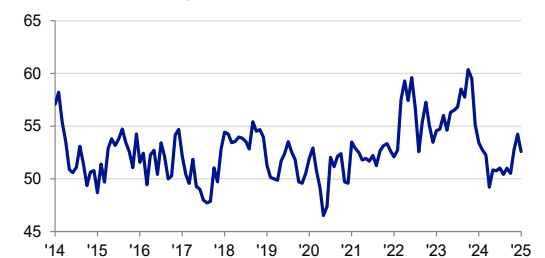
Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

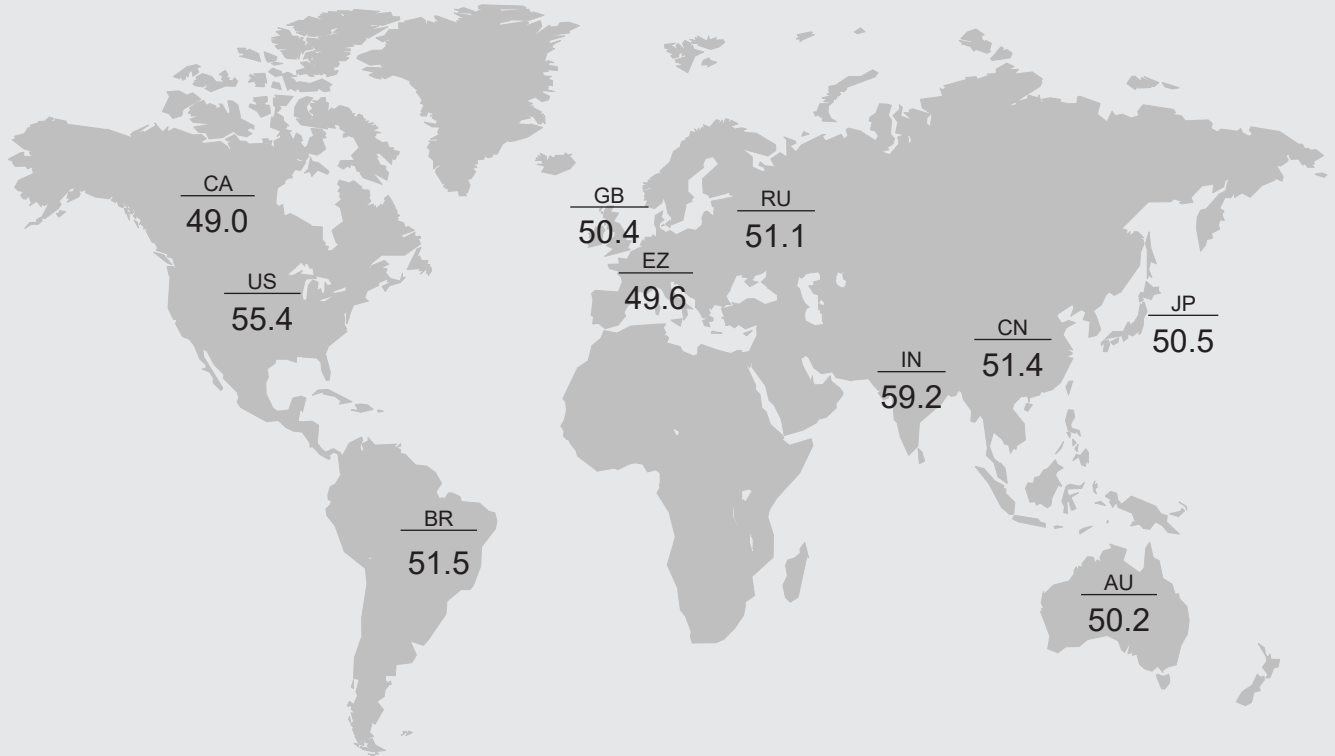
sa, >50 = inflation since previous month



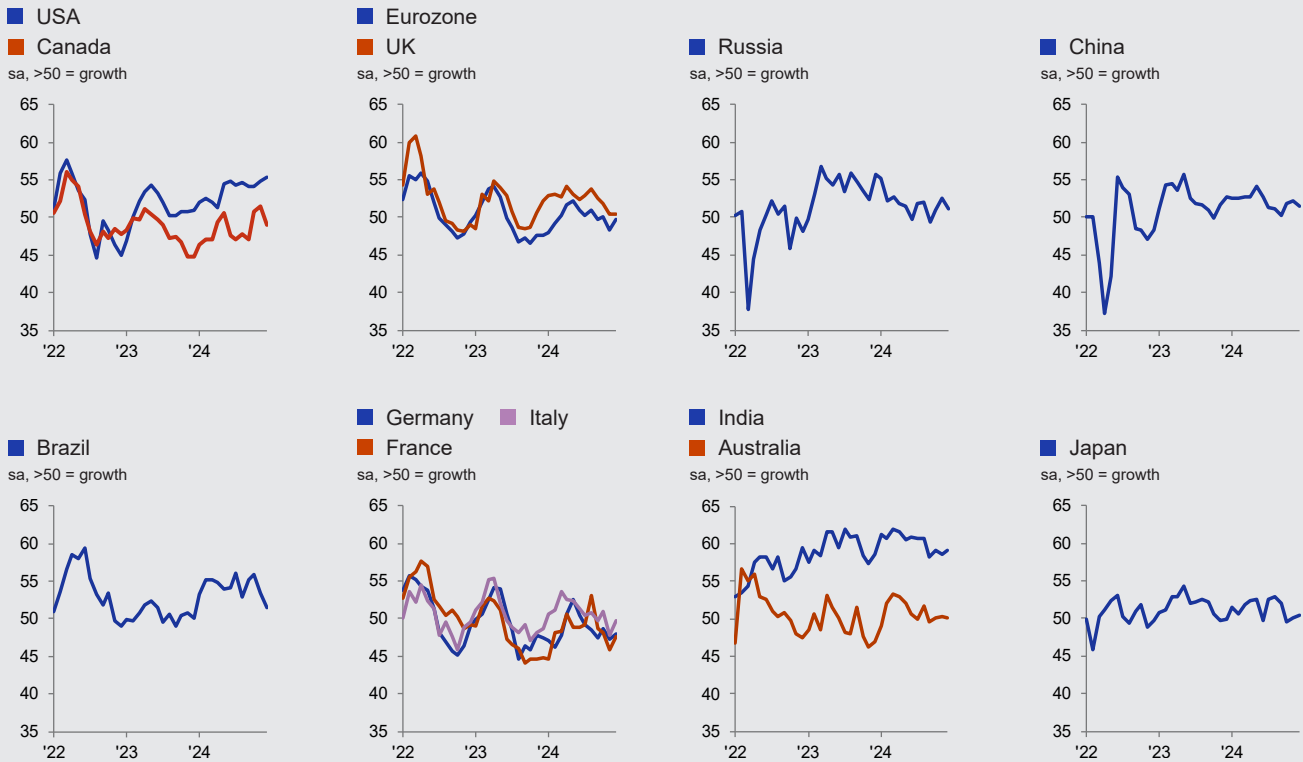
International PMI

Composite Output Index, Dec '24
sa, >50 = growth since previous month

The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.



Composite Output Index



Survey methodology

The Stanbic Bank Kenya PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include agriculture, mining, manufacturing, construction, wholesale, retail and services. Data were first collected January 2014.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

Survey dates

Data were collected 9-29 January 2025.

Survey questions

Private sector

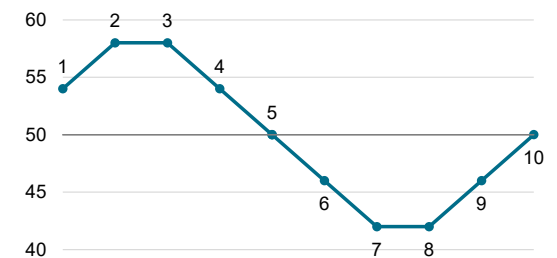
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

$$\% \text{ "Higher" } + (\% \text{ "No change" }) / 2$$

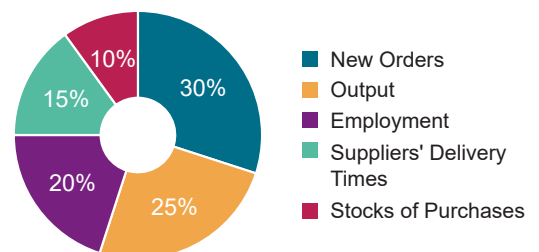
Index interpretation

50.0 = no change since previous month



- | | |
|--------------------------|----------------------------|
| 1 Growth | 6 Decline, from no change |
| 2 Growth, faster rate | 7 Decline, faster rate |
| 3 Growth, same rate | 8 Decline, same rate |
| 4 Growth, slower rate | 9 Decline, slower rate |
| 5 No change, from growth | 10 No change, from decline |

PMI component weights



Sector coverage

PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.4 codes:

A Agriculture, Forestry and Fishing	K Financial and Insurance Activities
B Mining and Quarrying	M Professional, Scientific and Technical Activities
C Manufacturing	N Administrative and Support Service Activities
F Construction	P Education*
G Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	Q Human Health and Social Work Activities*
H Transportation and Storage	R Arts, Entertainment and Recreation
I Accommodation and Food Service Activities	S Other Service Activities
J Information and Communication	

*Private sector

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About Stanbic Bank Kenya

Stanbic Bank Kenya is a member of the Standard Bank Group, Africa's largest bank by assets. With a solid foundation in Kenya and history spanning over 110 years, Stanbic is one of the top banks operating in Kenya focused on fostering her socio-economic growth wide with a branch network across the country providing services to individuals, businesses and Commercial clients. Standard Bank Group which is the largest financial institution in Africa by Market capitalization, has on-the-ground representation in 20 African countries - making them one of the largest banking networks on the continent. Standard Bank Group's largest shareholder is Industrial and Commercial Bank of China (ICBC), the world's largest bank, with a 20.1% shareholding. Standard Bank Group has direct, on-the-ground representation in 20 African countries.

At Stanbic Bank, we are proudly Kenyan with a clear purpose which is Kenya is our Home, we drive her Growth. This informs everything we do as an organization as we are committed to the growth and development of Kenya, its people and industries. It is with this drive that Stanbic Bank Kenya continues to move forward with its purposeful strategy to drive Kenya's growth by actively seeking opportunities to partner with both Government and private Sector to unlock their potential and contribution to the economy.

Stanbic Bank Kenya provides the full spectrum of financial services. The Consumer and High Net-worth division Stanbic Bank continue to serve the people of Kenya with a range

of personal banking products and solutions. Stanbic Bank also offers Wealth services and product offerings, including insurance, investment, fiduciary, bespoke banking and multi-generational wealth preservation solutions to high net worth individuals, retail, business, commercial, and corporate clients across the Bank's footprint.

Its Corporate and Investment Banking division serves a wide range of requirements for banking, finance, trading, investment, risk management and advisory services. Corporate and Investment Banking delivers this comprehensive range of products and services relating to investment banking; global markets; and global transactional products and services. Stanbic Bank's Corporate and Investment Banking expertise is focused on industry sectors that are most relevant to emerging markets. It has strong offerings in oil, gas and renewables; power and infrastructure and agriculture.

With regard to Business and Commercial unit, Stanbic Bank Kenya offers banking and other financial services to medium-sized enterprises and high value small businesses. This unit serves the increasing need among Africa's small business and individual customers for banking products that can meet their shifting expectations and growing wealth.

Stanbic Bank is listed on the Nairobi Securities Exchange (NSE).

<http://www.stanbicbank.co.ke>

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About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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