

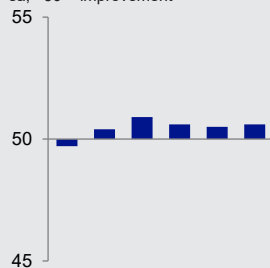
# Stanbic Bank Kenya PMI®

## Private sector continues to eke out marginal growth in February

# 50.6

KENYA PMI  
FEB '25

PMI  
Sep '24 - Feb '25  
sa, >50 = improvement



Output and new business rise slightly

Cost pressures drop to four-month low

Outlook dims as just 5% of firms forecast growth

Kenyan businesses reported another improvement in operating conditions in February, continuing the growth streak that began in late-2024, as survey evidence signalled that a greater stabilisation of the wider economy drove higher demand and output. Lower inflationary pressures also supported the upturn, as both input and output prices rose at the slowest rates for four months.

Nevertheless, the growth signal derived from the latest survey was relatively mild in February, particularly as several businesses continued to report challenges boosting sales. Employment and inventories also rose only slightly, in line with a subdued outlook for year-ahead activity.

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.

At 50.6 in February, up from 50.5 in January, the headline PMI was consistent with a strengthening of business conditions for the fifth month running. However, the reading was below its long-run average of 51.2 and signalled only a marginal overall improvement.

Business activity grew for the fifth straight month and at the quickest pace since November last year. Reports from surveyed firms signalled that a general uplift in the economic environment had strengthened demand and led to an increase in output. Several firms also reported expanding their product offerings and investing more in marketing.

The volume of new orders also rose for the fifth month in succession, with improving cash flow, softer price pressures and new products and services encouraging an increase in demand. However, many firms reported

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



PMI®

by **S&P Global**

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challenges in boosting sales, resulting in an overall rate of new business growth that was only slight.

Sector divergences were apparent in February, with output and new business growth driven by agriculture, manufacturing and construction. Meanwhile, wholesale & retail and services firms recorded declines in activity, new work and purchases of inputs.

February data indicated a further softening of input cost inflation across the private sector. Average input prices rose at the slowest pace in four months, due to a weaker increase in purchase prices. Firms responded with a softer

markup of their own charges.

Business sentiment for the coming year dropped to one of its lowest points on record in February. Notably, only 5% of surveyed firms anticipated an upturn amid ongoing concerns about the wider economy and high competition.

Subsequently, firms made only limited improvements to staffing and inventories. Although employment growth recovered to a four-month high, it was weaker than its long-run trend. Similarly, the uplift in stocks was below-average, as purchasing activity fell for the first time since July 2024.

## Comment

Christopher Legilisho, Economist at Standard Bank commented:

*“The February PMI for Kenya shows a private sector still growing, though only slightly faster, amid still weak demand. Still, the positive expansions in output, new orders and employment show a steady private sector over the last five months. However, the improvements in demand conditions were not widespread across all sectors surveyed. The services sectors, that saw weaker output and new orders growth, experienced increased competition as well as consumers under increased financial pressure. Further, there was less input buying in services as well as wholesale and retail in February. We reiterate that businesses remain doubtful about future output expectations. Still, lower interest rates may well resuscitate lending among firms and thereby drive economic activity.*

*“Positively, firms are focused on increasing inventories due to strong demand in output in agriculture, manufacturing and construction as well as improving efficiencies among their vendors. Pricing pressures were muted due to soft increases in input and purchase prices, while staff costs remained even. Output prices increased somewhat, confirming economic demand as still weak.”*



# PMI®

by **S&P Global**

# Output and demand

## Output

Kenyan companies raised output for the fifth month in a row in February. Although modest, the rate of growth accelerated to the fastest since last November, with notable upturns in construction and agriculture. Survey evidence indicated that greater marketing efforts, increased capacity and new clients contributed to higher output.

## Output Index

sa, >50 = growth since previous month



## New orders

New business continued to expand in February, though only marginally. Around 30% of firms registered an increase, citing effective marketing, new products and services and greater client referrals. At the same time, 22% posted a fall, due to financial constraints faced by customers and increased competition.

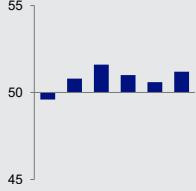
## New Orders Index

sa, >50 = growth since previous month



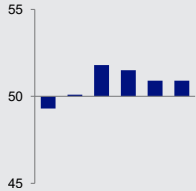
### Output Index

Sep '24 - Feb '25  
sa, >50 = growth



### New Orders Index

Sep '24 - Feb '25  
sa, >50 = growth



# Business expectations

Business expectations regarding future output weakened in February, with the respective index dropping to its second-lowest in the series history. Furthermore, sentiment was only fractionally higher than the record low observed last September. Only 5% of surveyed firms expect output to rise over the next 12 months, with positivity only recorded in three of the five monitored categories: construction, wholesale & retail and services.

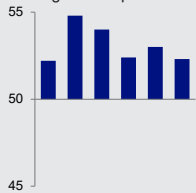
## Future Output Index

>50 = growth expected over next 12 months



### Future Output Index

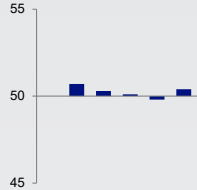
Sep '24 - Feb '25  
>50 = growth expected



## Employment and capacity

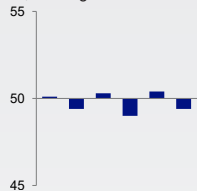
### Employment Index

Sep '24 - Feb '25  
sa, >50 = growth



### Backlogs of Work Index

Sep '24 - Feb '25  
sa, >50 = growth



### Employment

Staffing levels picked up half-way into the first quarter. This was indicated by the seasonally adjusted Employment Index rising back above the 50.0 neutral mark. However, total employment increased only marginally overall, as 98% of surveyed firms registered no change since January.

### Employment Index

sa, >50 = growth since previous month

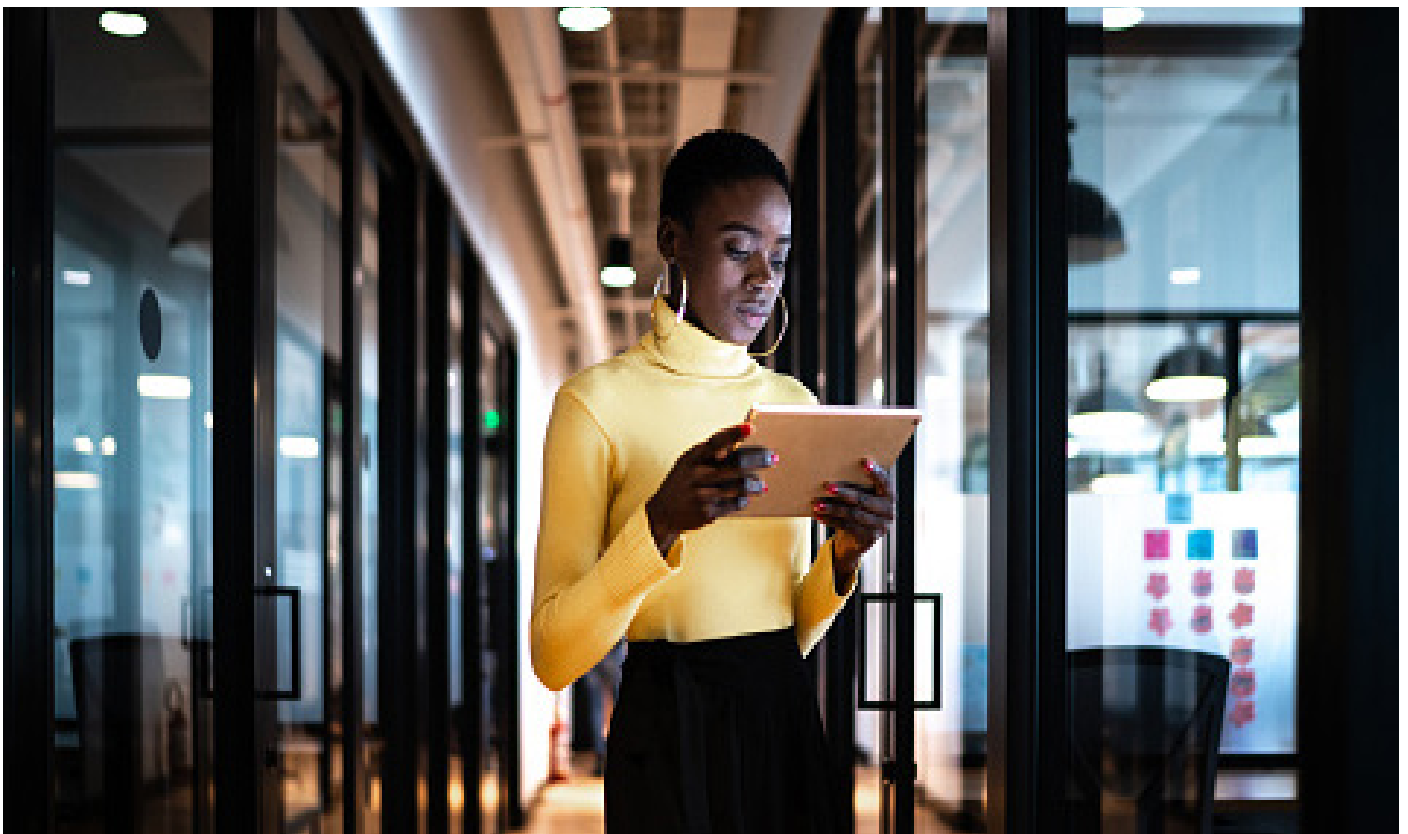


### Backlogs of work

February survey data signalled an alleviation of capacity pressures at Kenyan businesses, as the volume of backlogged orders declined over the course of the month. That said, the rate of backlog depletion was only marginal.

### Backlogs of Work Index

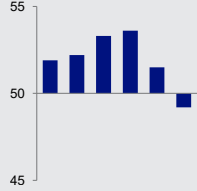
sa, >50 = growth since previous month



# Purchasing and inventories

Quantity of Purchases Index

Sep '24 - Feb '25  
sa, >50 = growth



## Quantity of purchases

Kenyan firms opted to reduce their input purchases during February, bringing to an end a six-month sequence of growth. However, the overall contraction was only slight. Sector data showed that weak buying activity was concentrated on services and wholesale & retail, the two sectors which also saw a decline in sales.

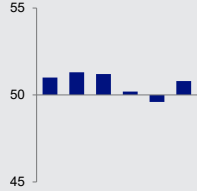
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Sep '24 - Feb '25  
sa, >50 = faster times



## Suppliers' delivery times

Amid a reduction in procurement, vendor performance saw a renewed improvement during February. Average lead times shortened to the largest extent in three months, albeit only slightly. Some panellists noted that competitive pressures were continuing to drive greater efficiency among suppliers.

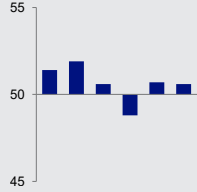
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Sep '24 - Feb '25  
sa, >50 = growth



## Stocks of purchases

Kenyan businesses accumulated larger inventories in the latest survey period, with several respondents indicating that an increase in new orders prompted them to stock more inputs. However, the pace of expansion was slight, fractionally down from January, and markedly slower than the long-run trend.

Stocks of Purchases Index

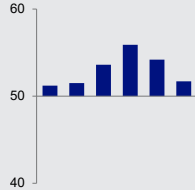
sa, >50 = growth since previous month



# Prices

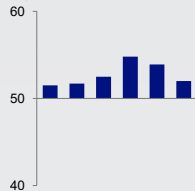
## Input Prices Index

Sep '24 - Feb '25  
sa, >50 = inflation



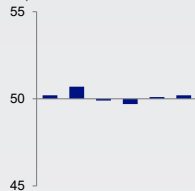
## Purchase Prices Index

Sep '24 - Feb '25  
sa, >50 = inflation



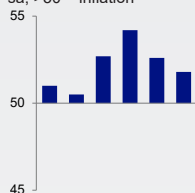
## Staff Costs Index

Sep '24 - Feb '25  
sa, >50 = inflation



## Output Prices Index

Sep '24 - Feb '25  
sa, >50 = inflation



## Input prices

Input prices in the Kenyan economy rose modestly in February. The pace of inflation lost speed for a second month running and was the weakest recorded since last October. Notably, all five sectors that the survey monitors posted a slower increase in costs compared to the previous month. The downwards trend was mostly due to reduced purchase price pressures.

## Purchase prices

Although purchasing costs rose during February, the rate of increase softened to a four-month low and was only moderate. Moreover, the pace of inflation was considerably less marked than the average recorded since the survey began in 2014. Where purchase prices did rise (at 5% of respondents), higher taxes, increased transportation costs and supply shortages were mentioned.

## Staff costs

As has been the case over the past few months, staff costs saw little change during February. Adjusted for seasonal factors, the respective index was fractionally above the 50.0 neutral threshold for the second month running. Some firms reported an increase in wages due to cost-of-living pressures and staff motivation efforts.

## Output prices

Responding to a softer rise in average cost burdens, Kenyan firms reported a weaker uplift in prices charged in the latest survey period. Only 6% of survey respondents raised their own prices, compared to 1% where a reduction was noted. By sector, output charges rose in manufacturing, wholesale & retail and services, but fell in agriculture and construction.

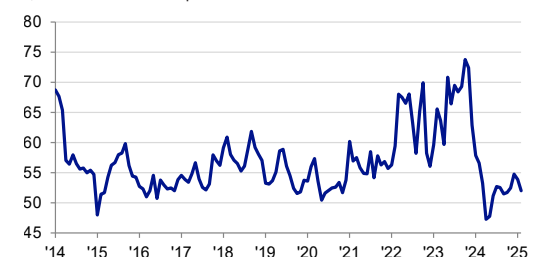
## Input Prices Index

sa, >50 = inflation since previous month



## Purchase Prices Index

sa, >50 = inflation since previous month



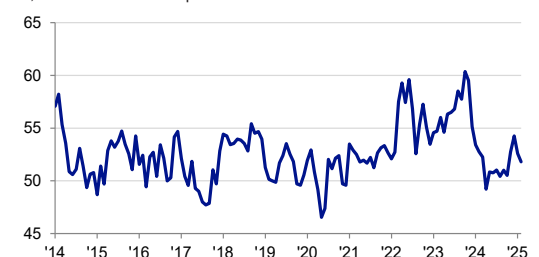
## Staff Costs Index

sa, >50 = inflation since previous month



## Output Prices Index

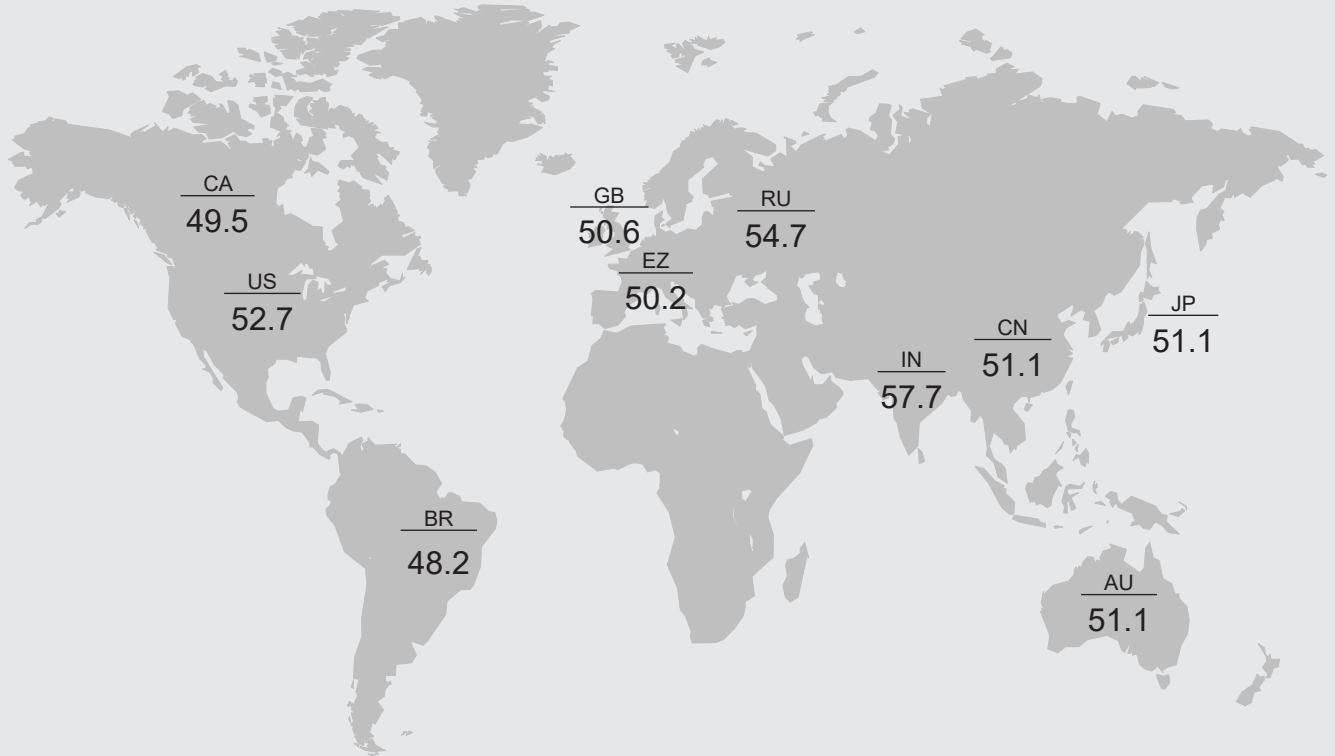
sa, >50 = inflation since previous month



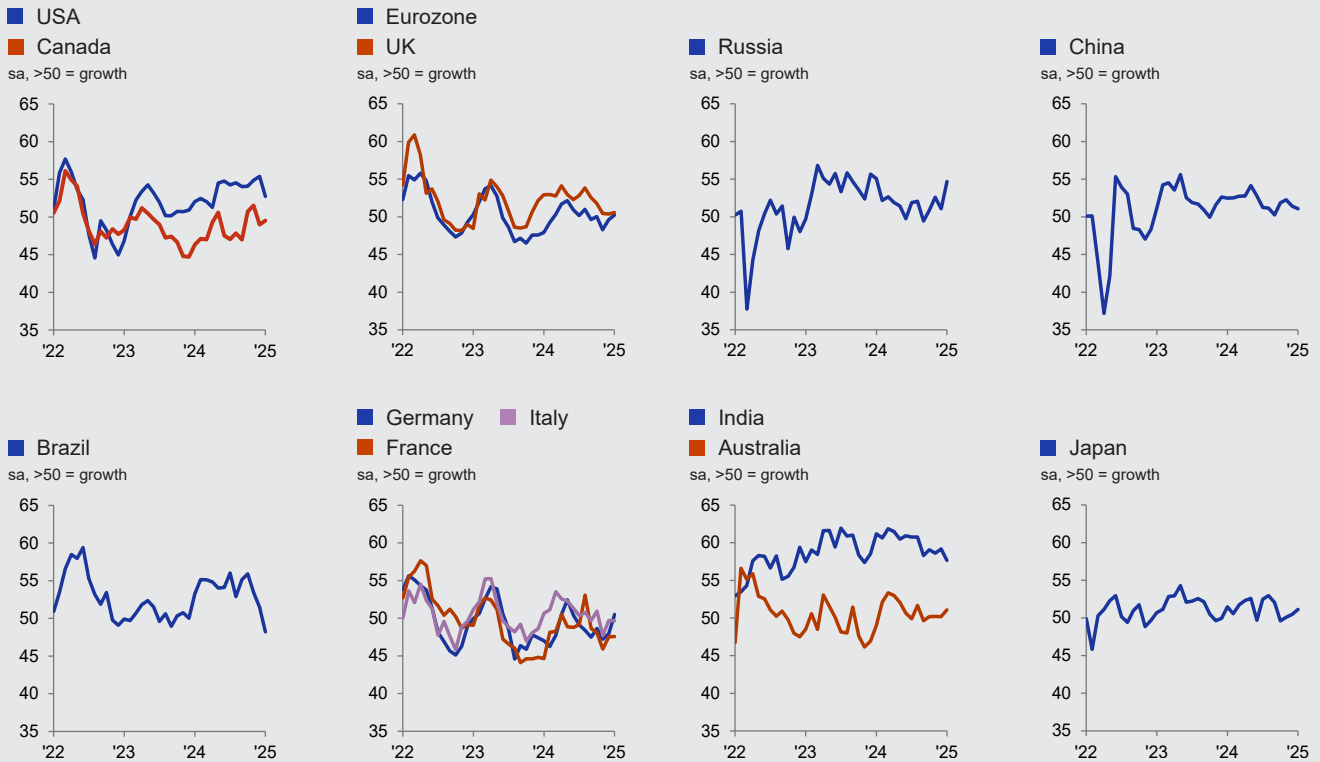
# International PMI

Composite Output Index, Jan '25  
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](mailto:economics@spglobal.com).

## Survey dates

Data were collected 10-26 February 2025.

### Survey questions

Private sector

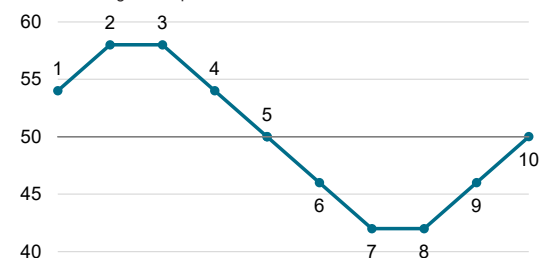
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

### Index calculation

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

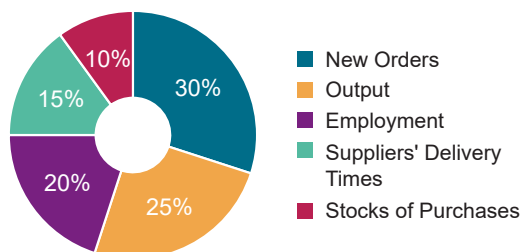
### Index interpretation

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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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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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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