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Stanbic Bank Kenya PMI®

Activity and demand growth accelerate in March

Key findings

Fastest increase in sales since January 2023

Solid expansion in output

Slowest rise in selling charges for five months

The Stanbic Bank Kenya PMI® climbed to its highest level in ten months in March, as strengthening demand conditions led to a solid increase in new orders across the private sector economy. As a result, businesses also raised their activity and purchases of inputs solidly, but hiring growth remained subdued. Input prices rose only modestly, supporting a softening of output price inflation.

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 rose from 50.6 in February to 51.7 in March, indicating a stronger improvement in business conditions at the end of the first quarter of 2025. It was also the highest reading since May 2024 and above the series average of 51.2.

Kenyan firms especially highlighted a sharper increase in new business inflows in the latest survey. The rate of growth accelerated to its fastest in just over two years. Panellists often reported gaining new customers and seeing positive impacts from marketing and favourable weather conditions. However, some firms found it difficult to boost sales due to inflationary and cash flow pressures at customers.

The uplift in sales supported a faster expansion in business activity across the private sector economy in March. Output increased at the quickest pace since May 2024, with firms generally indicating that they were able to boost activity to match order volumes.

Most of the sectors monitored by the survey registered growth in output and sales. The only laggard was manufacturing which saw fresh contractions in production and new orders.

Rising sales meanwhile encouraged private sector firms to increase their purchasing of inputs. Notably, the pace of growth was the sharpest in two-and-a-half years, offsetting a brief reduction in February. Higher purchasing contributed to a

Stanbic Bank Kenya PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.
Data were collected 12-27 March 2025.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

"The March Kenya PMI shows a private sector with faster growth in output and new orders, assisted by increased customers, good weather, and sustained marketing. However, the upturn was not broad-based, with some firms and certain sectors feeling the downside of weaker consumer demand."

"Still, there were robust expansions in output and new orders across several sectors such as services, wholesale and retail. Only the manufacturing sector exhibited soft demand. Still, there was increased purchasing activity as well as increased inventories in the private sector in March."

"Pricing pressures were at their softest in five months due to restrained increases in input and purchase prices. Staff costs rose only slightly. The agricultural and construction sectors were key in driving increases in input prices, but manufacturing input costs declined, contributing to output prices rising only marginally. Kenyan businesses remain uncertain about future output expectations."

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modest accumulation of input stocks.

Capacity pressures remained limited in March, as the latest data signalled only a fractional rise in outstanding work. As such, Kenyan firms made only a small upwards adjustment to their staffing numbers.

On prices, the March survey data signalled only a modest increase in average prices charged, with the rate of inflation softening for the third month in a row. The slowdown was partly helped by an easing of input price inflation. In both cases, the respective indices were at their lowest level since October 2024. Where charges increased, firms signalled that this was mainly due to rises in material prices and taxes. In contrast, some companies opted to lower their fees in an effort to strengthen sales.

Finally, Kenyan businesses were relatively subdued in their assessment of future business activity in March. In fact, the degree of confidence was the least upbeat in the series history. Firms anticipating an expansion in output highlighted plans to open new outlets and diversify their range of products and services.

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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.

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. www.spglobal.com/marketintelligence/en/mi/products/pmi

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