

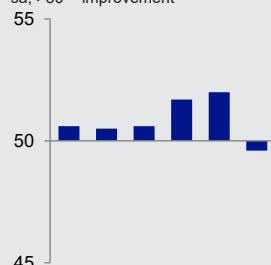
Stanbic Bank Kenya PMI®

Business conditions worsen as rising prices hit demand

49.6

KENYA PMI
MAY '25

PMI
Dec '24 - May '25
sa, >50 = improvement



New orders fall for first time in eight months

Output and purchasing both decrease

Selling price inflation eases despite higher cost pressures

The Kenya PMI® fell into negative territory in May, as rising prices contributed to a drop in customer spending and weaker business activity. The downturn ended a seven-month run of improving business conditions, although the rate of decline was mild as businesses continued to raise their stock levels and labour capacity.

Input prices ticked up at their fastest pace in four months, but overall cost pressures remained much softer than on average. Conversely, selling charges rose at the weakest rate since last October as firms sought to ease the price burden on customers.

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 dropped from 52.0 in April to 49.6 in May, printing below the

50.0 no-change mark for the first time since last September. This indicated a slight decline in the health of the private sector economy, following improvements in each of the previous seven months.

Total business output contracted at the fastest rate in ten months in May, although the overall downturn was only slight. While 33% of survey respondents noted that output had fallen since April, 29% reported an expansion. Declines were generally driven by the construction, wholesale & retail and services sectors, whereas output increased in agriculture and manufacturing.

Order book inflows decreased at a modest pace, marking the first contraction since September 2024. According to monitored firms, customer demand was lower due to rising prices and challenging economic conditions. On the other hand, several firms still cited gaining new clients and benefitting from greater marketing.

Stocks of purchases across the private

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



PMI®

by S&P Global

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sector rose for the fifth month running in May. However, a slight dip in input buying meant that the rate of accumulation was the slowest since February.

Staff numbers also grew, albeit only slightly. Firms largely commented on the hiring of short-term labour in order to finalise orders.

Suppliers continued to provide inputs in a timely manner. Overall delivery times shortened for the fourth consecutive month, though only marginally.

Input price pressures accelerated over the course of May, which businesses mainly attributed to greater purchase prices and heightened tax payments. The increase in costs was the quickest

since January, but remained well below the series long-run trend.

With demand weakening, Kenyan firms made some efforts to contain the impact of higher costs on customer prices. The rate of output price inflation eased to a seven-month low and was marginal.

Business expectations for the next 12 months remained subdued in May, ticking down to their second-lowest on record. Just 4% of surveyed firms anticipate an improvement in output, citing expected branch openings and new marketing strategies.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

"The Stanbic Kenya PMI signalled fragility in the private sector's recovery. There was a moderate contraction in output, and a decline in new orders after seven months of expansion. Purchasing activity was also down, reflecting a lack of new projects. Consumers remain hesitant to spend due to concerns about their economic state and the dim outlook. Still, whereas output, new orders and purchasing activity declined, employment and inventories rose, while backlogs remained steady."

"For pricing, the survey showed a softer increase output prices, and a moderate increase in input prices, especially in the manufacturing sub-sector. Increases in materials prices were related to tax and customs obligations."



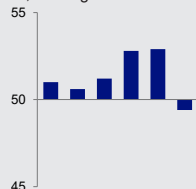
PMI®

by **S&P Global**

Output and demand

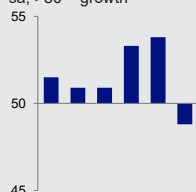
Output Index

Dec '24 - May '25
sa, >50 = growth



New Orders Index

Dec '24 - May '25
sa, >50 = growth



Output

In May, the PMI survey indicated a reduction in activity across the Kenyan private sector, as the respective seasonally adjusted index fell below the 50.0 no-change mark. This marked the first contraction since September 2024, though it was only marginal. Businesses that reduced their output often related this to higher prices and weaker sales.

New orders

Kenyan businesses reported a slight drop in their new order inflows during May, ending a seven-month sequence of expansion. Survey comments often highlighted hesitancy from clients to commit to new spending due to economic challenges and higher prices. Around 28% of panellists saw new orders fall, against 24% that saw a rise, with upturns partly reflecting new projects and marketing efforts.

Output Index

sa, >50 = growth since previous month



New Orders Index

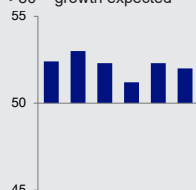
sa, >50 = growth since previous month



Business expectations

Future Output Index

Dec '24 - May '25
>50 = growth expected



In line with the trend recorded in 2025 so far, private sector firms in Kenya showed only modest optimism towards future activity levels. Just 4% of panellists expressed a positive outlook, and expectations were the second-lowest in the survey's history. Those firms that were optimistic linked forecasts of a rise in output to planned branch openings, expanded marketing plans and new products.

Future Output Index

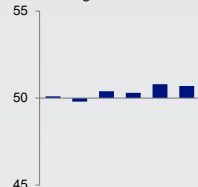
>50 = growth expected over next 12 months



Employment and capacity

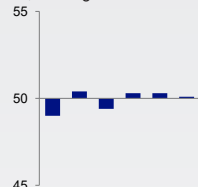
Employment Index

Dec '24 - May '25
sa, >50 = growth



Backlogs of Work Index

Dec '24 - May '25
sa, >50 = growth



Employment

Employment levels in the private sector economy increased for the fourth consecutive month in May. The rise was marginal and broadly similar to that recorded in April. According to anecdotal evidence, companies typically took on casual staff to help with completing new orders.

Backlogs of work

Adjusted for seasonal influences, the Backlogs of Work Index posted broadly in line with the 50.0 neutral threshold in May, signalling a steady level of outstanding work across the Kenyan private sector. This was consistent with the general trend observed in recent months.

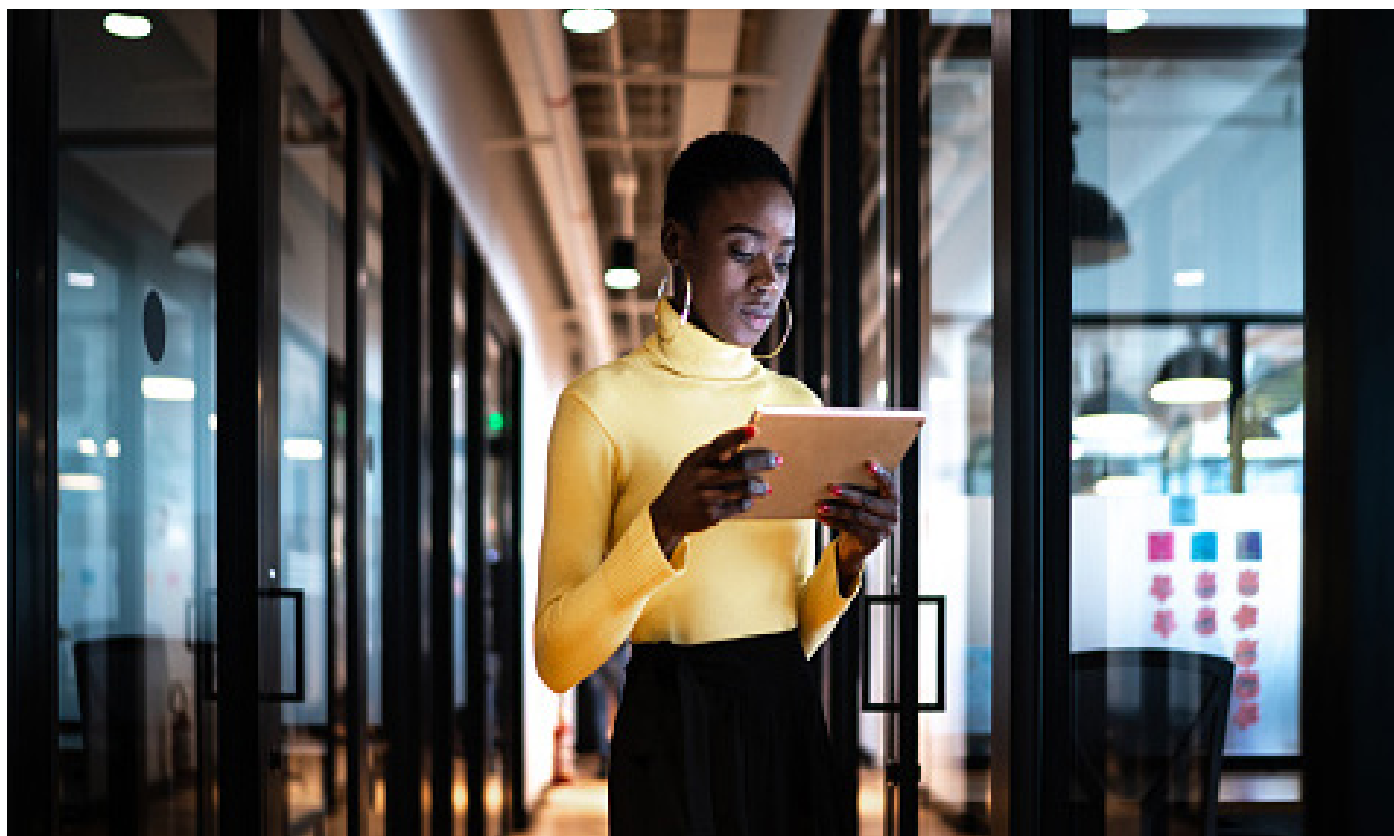
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

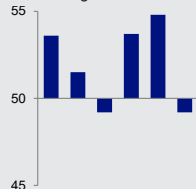
sa, >50 = growth since previous month



Purchasing and inventories

Quantity of Purchases Index

Dec '24 - May '25
sa, >50 = growth



Quantity of purchases

Lower demand and a lack of new projects to begin reportedly led businesses to reduce their purchasing activity in May. Although the decrease was mild, it was the joint-quickest in ten months, alongside February's reading. Roughly 21% of the survey panel posted a contraction in buying activity, whereas 16% registered an upturn.

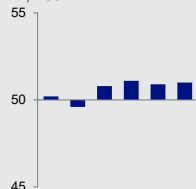
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Dec '24 - May '25
sa, >50 = faster times



Suppliers' delivery times

The seasonally adjusted Suppliers' Delivery Times Index continued to indicate an improvement in supply chain performance in May. The index stayed above the 50.0 no-change mark for the fourth month running, as some monitored firms reported that their vendors were willing to make quicker deliveries in order to secure payments. Lead times quickened only slightly, however.

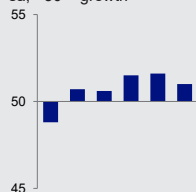
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Dec '24 - May '25
sa, >50 = growth

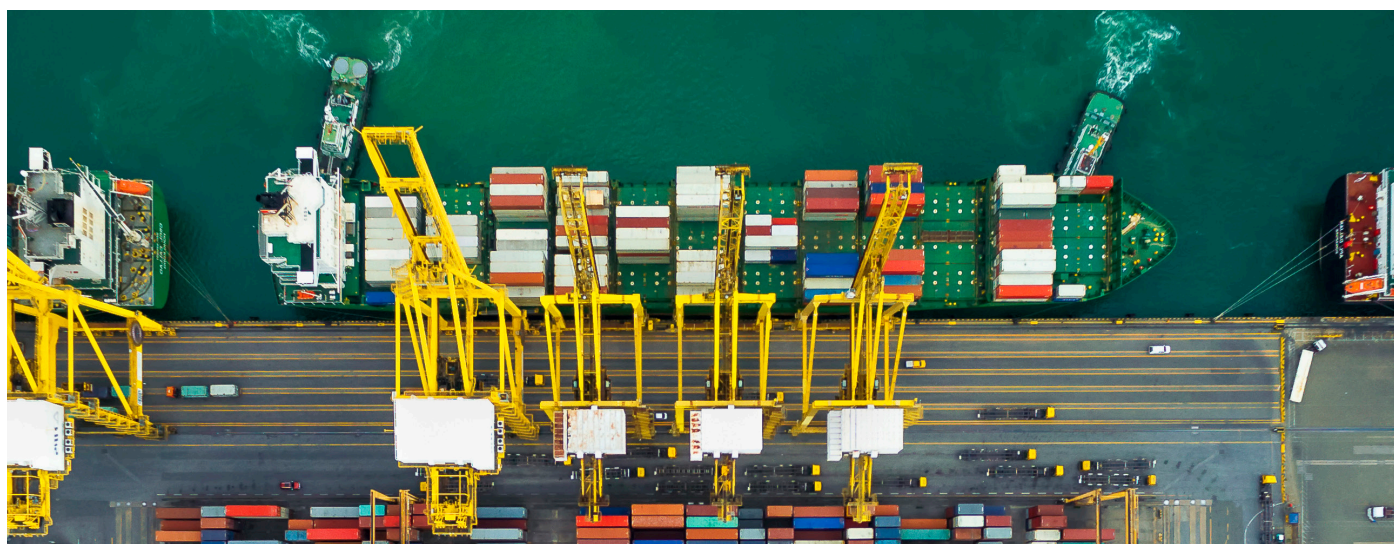


Stocks of purchases

Stocks of purchases grew in May, extending the sequence of expansion that began at the start of the year. Efforts to boost stocks reflected order receipts at some companies, positive expectations for future demand and concerns over input shortages. However, with purchases falling, the pace of inventory accumulation eased since the previous month and was the softest since February.

Stocks of Purchases Index

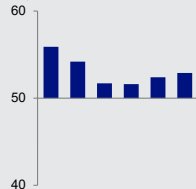
sa, >50 = growth since previous month



Prices

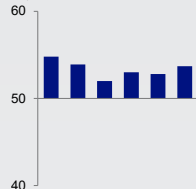
Input Prices Index

Dec '24 - May '25
sa, >50 = inflation



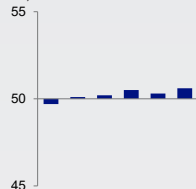
Purchase Prices Index

Dec '24 - May '25
sa, >50 = inflation



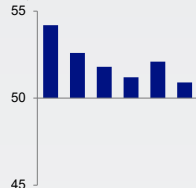
Staff Costs Index

Dec '24 - May '25
sa, >50 = inflation



Output Prices Index

Dec '24 - May '25
sa, >50 = inflation



Input prices

The latest survey pointed to a solid increase in input prices at Kenyan companies, as the rate of inflation crept up to its fastest pace in four months. That said, the pace of increase remained much softer than the average recorded over the series history, with just over 5% of panellists reporting higher costs than in April. Purchase and staff costs both rose, with the former registering the steeper uptick.

Purchase prices

The rate of purchase price inflation quickened to a four-month high in May, and was not far off its recent peak in December 2024. Where an increase was recorded, surveyed firms remarked on rising material prices, VAT payments and customs fees, plus limited material shortages. The uplift in purchasing costs was especially pronounced among manufacturers.

Staff costs

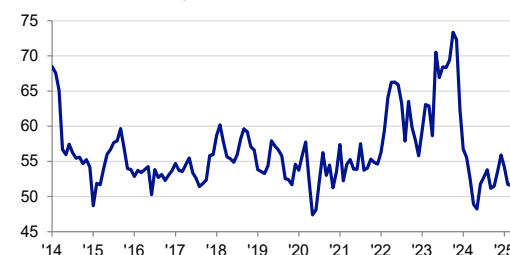
Businesses reported an increase in staff costs midway through the second quarter. Salary expenses rose for the fifth month running, and the rate of inflation was the highest since last October, albeit marginal.

Output prices

Kenyan firms revealed a relatively soft uptick in average selling charges during May. The rate of increase slowed to its weakest pace in seven months, with 96% of respondents keeping their fees unchanged. According to anecdotal reports, efforts to attract new customers amid rising inflation tempered the degree to which charges were raised.

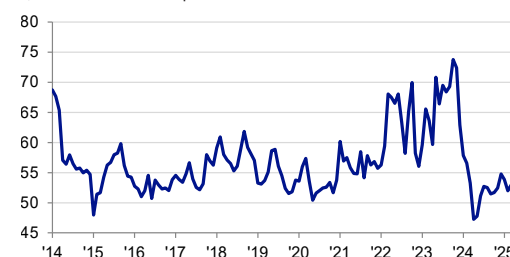
Input Prices Index

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

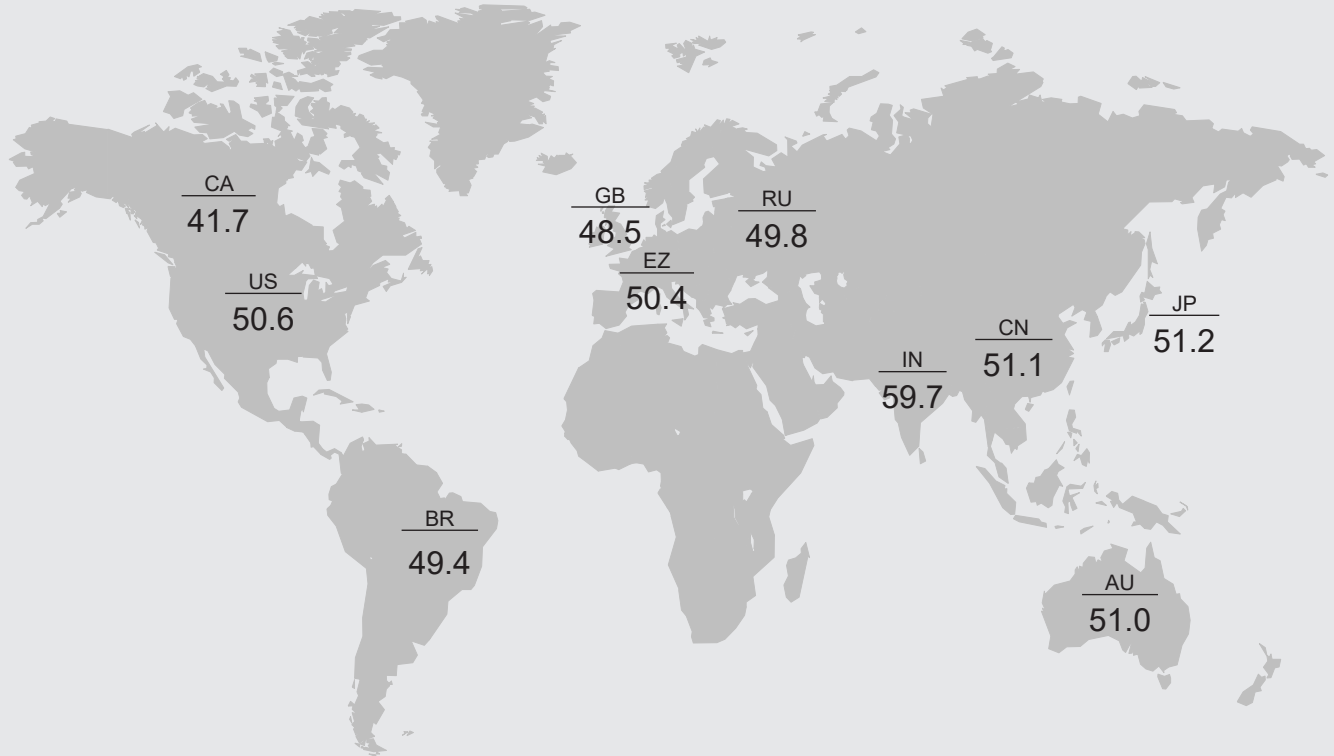
sa, >50 = inflation since previous month



International PMI

Composite Output Index, Apr '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.

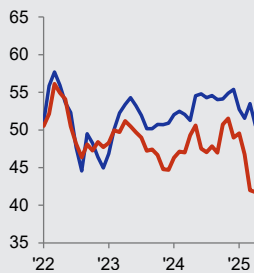


Composite Output Index

■ USA

■ Canada

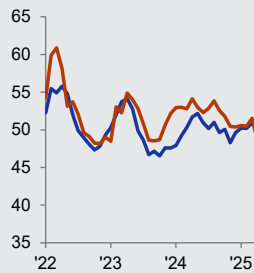
sa, >50 = growth



■ Eurozone

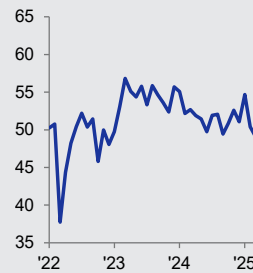
■ UK

sa, >50 = growth



■ Russia

sa, >50 = growth



■ China

sa, >50 = growth



■ Brazil

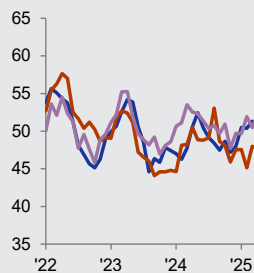
sa, >50 = growth



■ Germany

■ France

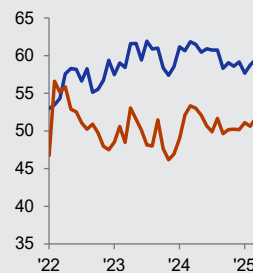
sa, >50 = growth



■ India

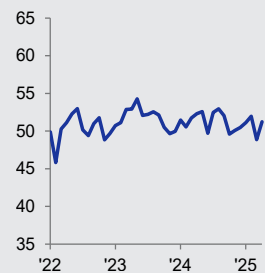
■ Australia

sa, >50 = growth



■ Japan

sa, >50 = growth



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 12-28 May 2025.

Survey questions

Private sector

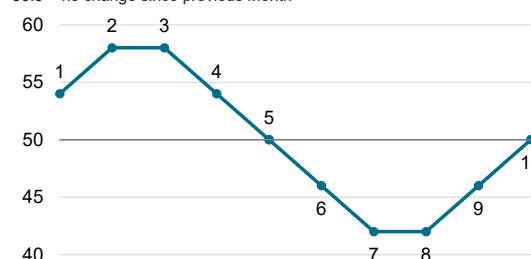
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

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

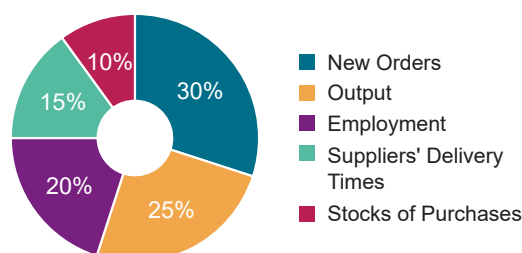
Index interpretation

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

PMI®

by **S&P Global**

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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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