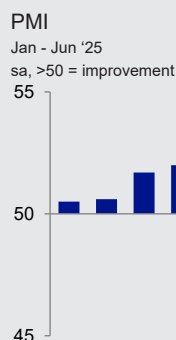


Stanbic Bank Kenya PMI®

Private sector conditions deteriorate further in June, but confidence in future activity improves sharply

48.6

KENYA PMI
JUN '25



Quicker contractions in output and new orders

Strongest outlook for year-ahead performance in 13 months

Stockpiling intensifies, but input purchases fall

Kenya's private sector faced additional challenges as the first half of 2025 ended, as the latest survey data highlighted contractions in both output and new orders for the second month running. Nevertheless, confidence about future activity strengthened and headcounts increased, while delivery times improved at the sharpest rate in almost two years. Input prices and output charges both rose, with inflation rates ticking up from May.

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 Kenya PMI fell further in June, registering below the 50.0 neutral mark for the second month running. At 48.6, down from 49.6 in May, the index signalled a modest decline in business conditions that was the sharpest in 11

months.

Weaker conditions were primarily driven by a solid contraction in business activity. Survey respondents attributed this decline to lower customer spending, challenging economic conditions and operational disruptions from protests. The downturn was compounded by a steeper fall in new orders, with over one-third of surveyed businesses reporting reduced sales intakes, compared to only 20% noting an expansion. Firms consistently cited difficult conditions for clients as the main factor behind diminishing new business.

Despite these headwinds, Kenyan firms displayed increased optimism about future prospects, as sentiment levels reached their highest since May 2024. Approximately 18% of respondents expressed confidence in their ability to boost output over the next year, citing expectations of improved sales and market expansion. This optimism represented a marked improvement from

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

the muted sentiment levels recorded earlier in the year.

Employment conditions were also a bright spot, with staffing levels rising for the fifth consecutive month, albeit only marginally. Companies also reported improved vendor performance, with delivery times shortening to the greatest extent in nearly two years, driven by intense competition and reduced road congestion. However, some respondents noted delays due to port clearance issues and material shortages.

Kenyan firms showed increased stockpiling activity in June, with inventory levels rising at the strongest pace since October 2022, reflecting both optimistic demand expectations and

strategic purchasing amid favourable material prices. However, purchasing activity continued to decline, with June recording the steepest contraction since July 2024, as businesses adjusted their buying patterns in response to softer sales trends.

On the price front, businesses faced greater cost pressures, with input price inflation accelerating to its highest level since January. Quicker inflation was primarily attributed to rising salary burdens, while purchase price inflation moderated to a four-month low. Meanwhile, output prices rose only modestly as companies balanced cost recovery with efforts to maintain their customer base amid challenging market conditions.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

"In June, the Stanbic Kenya PMI contracted for a second consecutive month, with the headline index showing weaker overall business conditions. However, the additional PMI indicators show a mixed picture. The dip in activity was due to output and new orders contracting because of weaker consumer spending, challenging economic conditions, and social protests reappearing in June. Quantities of purchases also fell, per reduced output and new orders, and work backlogs declined, albeit to a smaller extent."

"Still, employment grew, and inventories expanded for a sixth month running, likely related to improved expectations for businesses over the coming year, with sentiment hitting a peak not seen since May 2024. Input prices, purchase prices, staff costs and output prices all increased in June but only matched, or came below, the long-term average — implying that inflationary pressures are both low and contained. Price increases reflect concerns about the increased tax burden being faced by businesses."



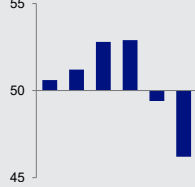
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Output and demand

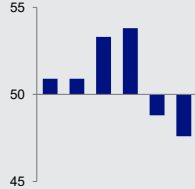
Output Index

Jan - Jun '25
sa, >50 = growth



New Orders Index

Jan - Jun '25
sa, >50 = growth



Output

Kenyan private sector output decreased for the second month running in June, as the respective seasonally adjusted index fell further below the 50.0 neutral threshold. The contraction was solid and the sharpest recorded in almost a year. Where activity fell, firms commented on a weakening of customer spending, challenging economic conditions and disruption to normal operations from protests.

New orders

The level of new business received by Kenyan firms dropped further in June, with the pace of contraction quickening since May. Over 34% of survey respondents reported lower sales, compared with 20% that posted an expansion. Difficult economic and financial conditions for clients were commonly cited as the main reasons for decreasing new business.

Output Index

sa, >50 = growth since previous month



New Orders Index

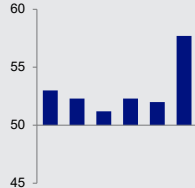
sa, >50 = growth since previous month



Business expectations

Future Output Index

Jan - Jun '25
>50 = growth expected



The Future Output Index jumped sharply higher in June and recorded its best reading since May 2024, indicating stronger expectations for upcoming activity levels. Roughly 18% of survey panellists were optimistic that they could increase their output over the next 12 months, which was much higher than the percentages recorded earlier this year. According to firms' comments, positive sentiment reflected greater confidence in their ability to boost sales and expand their market reach.

Future Output Index

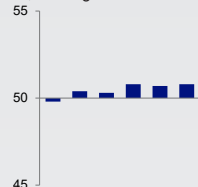
>50 = growth expected over next 12 months



Employment and capacity

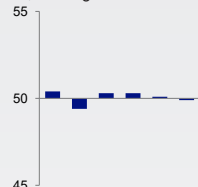
Employment Index

Jan - Jun '25
sa, >50 = growth



Backlogs of Work Index

Jan - Jun '25
sa, >50 = growth



Employment

The latest survey data signalled another increase in staff numbers at the end of the second quarter. The seasonally adjusted Employment Index was in growth territory for the fifth straight month, as some surveyed firms reported hiring workers to finalise new orders. The pace of job creation was little-different from May though and only marginal.

Employment Index

sa, >50 = growth since previous month

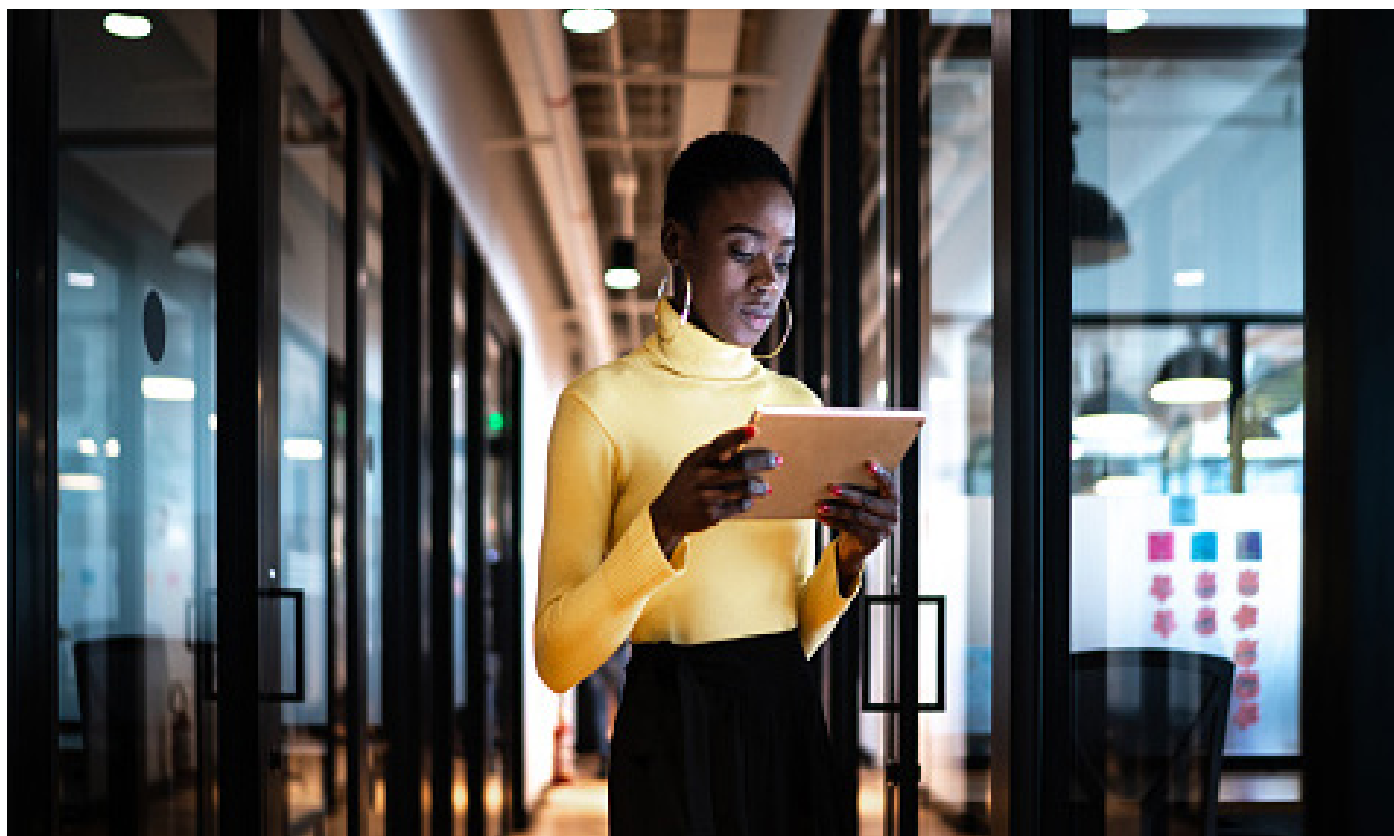


Backlogs of work

Backlogs of work ticked lower during June, marking the first time in four months where companies have managed to cut their unfinished business. Panellists that reported a drop in backlogs linked this to reduced sales and increased labour, although most respondents saw no change over the latest survey period.

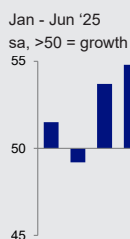
Backlogs of Work Index

sa, >50 = growth since previous month



Purchasing and inventories

Quantity of Purchases Index



Quantity of purchases

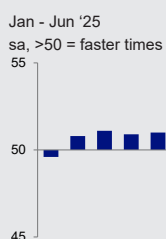
Purchasing activity at private sector firms in Kenya decreased further in June, following a fresh reduction during May. Moreover, the rate of contraction accelerated to its sharpest since July 2024. Generally, businesses adjusted their purchasing in line with softening sales trends.

Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index



Suppliers' delivery times

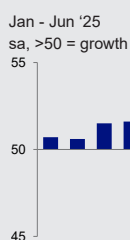
Vendor performance improved for the fifth consecutive month in June. Although modest, the degree to which lead times shortened was the fastest recorded in nearly two years. According to respondents, suppliers tended to deliver items more quickly due to intense competition and reduced road congestion, although slower clearance at ports and material shortages led to delays for some companies.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

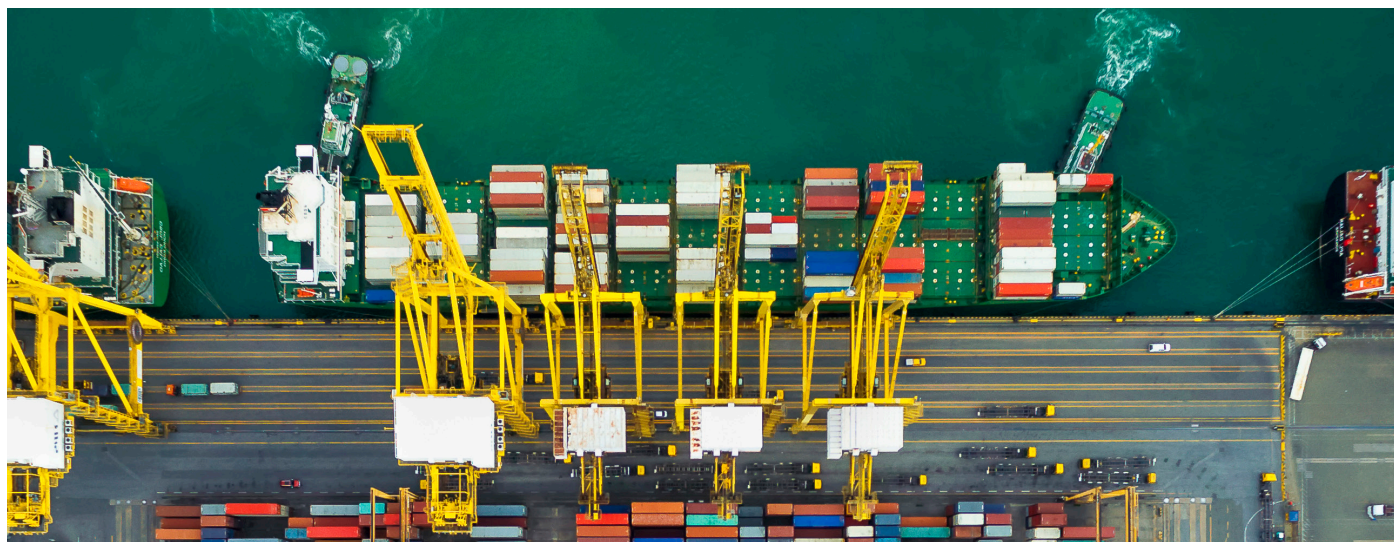


Stocks of purchases

Kenyan firms reported efforts to secure higher volumes of stock during June. Often, this was due to increased optimism regarding client demand, while some companies had looked to build inventories ahead of expected price increases. Subsequently, overall stocks of purchases rose at a solid rate that was the sharpest observed since October 2022.

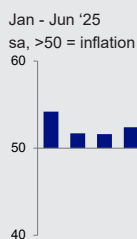
Stocks of Purchases Index

sa, >50 = growth since previous month



Prices

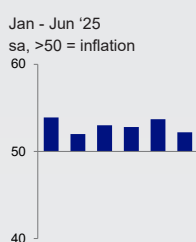
Input Prices Index



Input prices

Kenyan companies faced a solid increase in their overall costs at the end of the second quarter, as the rate of input price inflation picked up for the third straight month and was the highest since January. The uptick in inflation was mainly due to higher salaries, as purchase prices rose to a lesser extent than in the prior month. Nevertheless, overall input cost pressures remained much slower than the long-run trend.

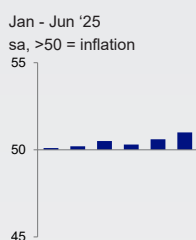
Purchase Prices Index



Purchase prices

Purchase prices continued to rise during June, but the pace of inflation was the softest in four months. Approximately 8% of survey panellists reported an increase in their purchase costs since May, while about half that number (4%) observed a decline. In the former group, companies often highlighted the impact of greater taxation on the price of key items such as fuel.

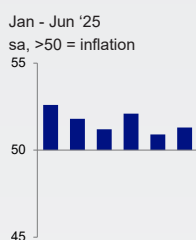
Staff Costs Index



Staff costs

Salary inflation quickened for the second month in a row in June, rising to its highest level since July 2023 and aligning with the series average. According to qualitative evidence, hiring growth and overtime pay were the main reasons for increased wages.

Output Prices Index

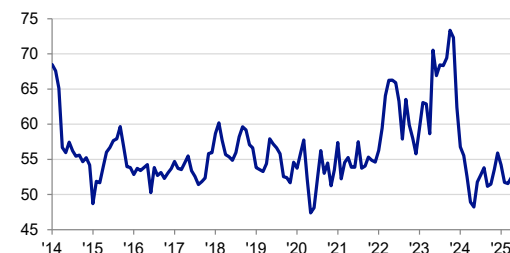


Output prices

Output prices at Kenyan companies rose at a modest pace in the latest survey period, with the uplift quickening slightly from May's seven-month nadir. Companies that raised their charges mainly signalled that they were responding to higher tax burdens. At the same time, several firms cut prices in order to grow their client base and retain existing customers facing financial challenges.

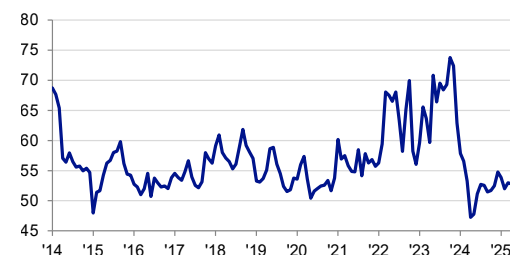
Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index

sa, >50 = inflation since previous month



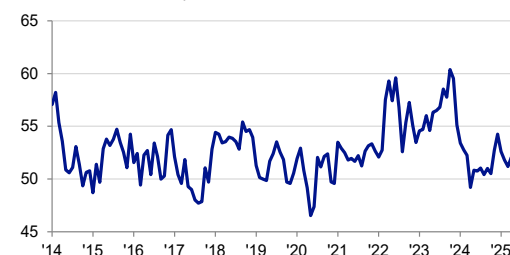
Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

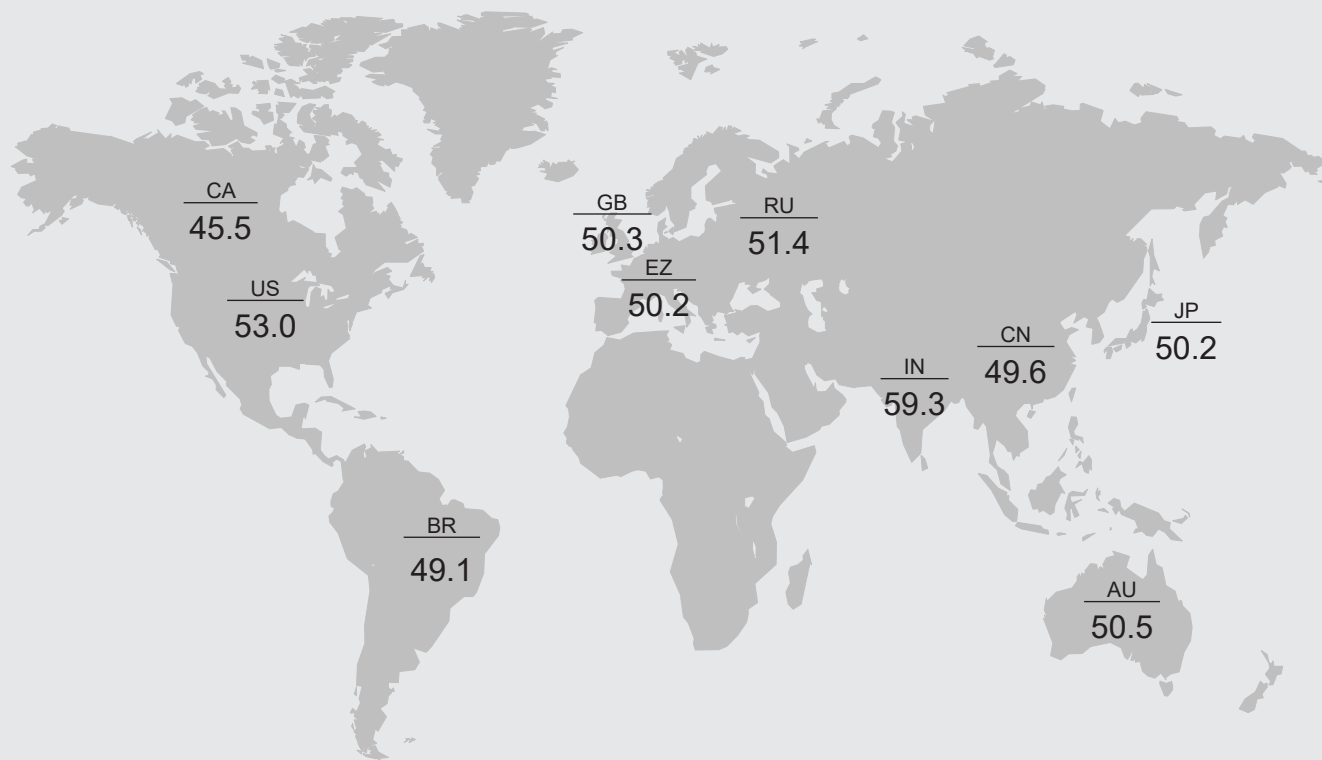
sa, >50 = inflation since previous month



International PMI

Composite Output Index, May '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.

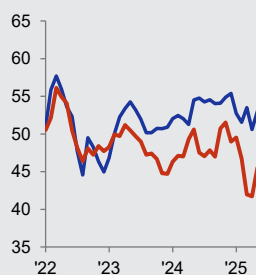


Composite Output Index

■ USA

■ Canada

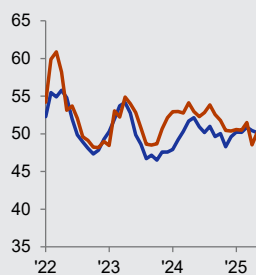
sa, >50 = growth



■ Eurozone

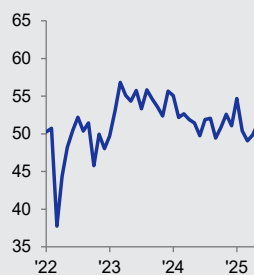
■ UK

sa, >50 = growth



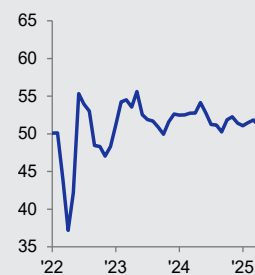
■ Russia

sa, >50 = growth



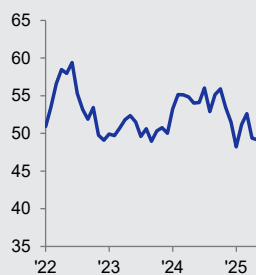
■ China

sa, >50 = growth



■ Brazil

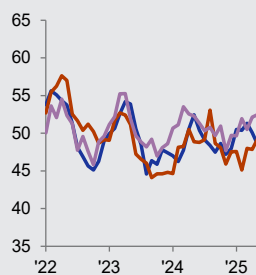
sa, >50 = growth



■ Germany

■ France

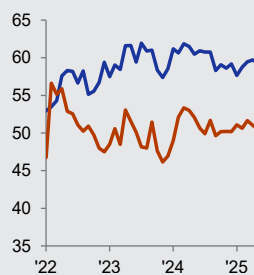
sa, >50 = growth



■ India

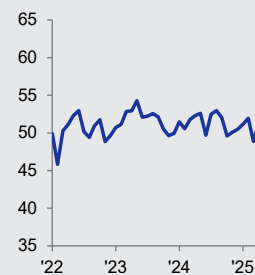
■ Australia

sa, >50 = growth



■ Japan

sa, >50 = growth



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by **S&P Global**

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 12-26 June 2025.

Survey questions

Private sector

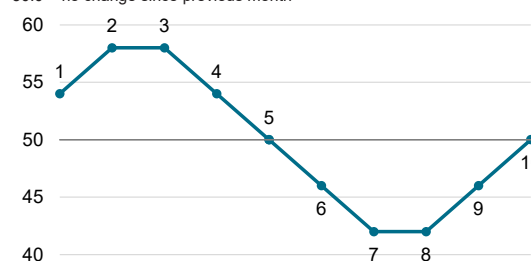
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

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

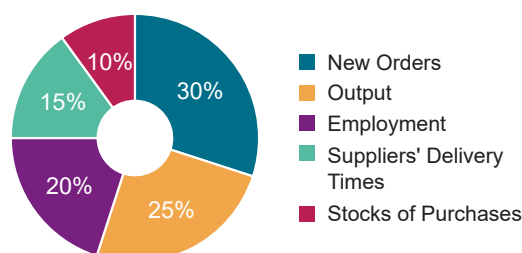
Index interpretation

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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