

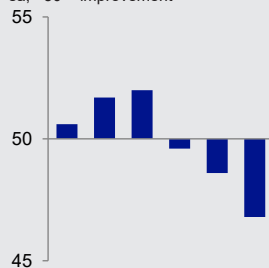
Stanbic Bank Kenya PMI®

Decline in operating conditions worsens again

46.8

KENYA PMI
JUL '25

PMI
Feb - Jul '25
sa, >50 = improvement



Strongest decreases in output and new business for 12 months

Backlogs fall at quickest pace in over four years

Selling price and input cost inflation both accelerate

Kenyan private sector business conditions deteriorated at the sharpest pace in a year during July, as business activity was hit by weaker order inflows, rising price pressures and disruption from protests. The downturn led to a marked reduction in input purchases and a slight dip in inventories, although staffing numbers were broadly stable, supporting backlog depletion.

Firms in Kenya also reported a quicker increase in input prices, with the pace of inflation climbing to a seven-month high. Subsequently, average selling charges rose to the greatest degree since January.

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 PMI dropped for the third consecutive month in July and was further below the

50.0 neutral threshold. At 46.8, down from 48.6 in June, the index signalled a solid downturn in the health of the private sector economy. Moreover, this marked the sharpest decline in operating conditions since July 2024.

Business activity fell at the strongest pace in a year in July, with 38% of survey respondents signalling a downturn over the month (versus 17% that saw a rise). That said, the decline was largely concentrated in the manufacturing and services sectors, conflicting with higher output across agriculture, construction and wholesale & retail. Businesses reportedly curbed their output because of lower sales volumes, cash flow problems, political unrest and accelerating inflationary pressures.

Total new orders also declined, and at the sharpest rate for 12 months. According to survey participants, orders fell due to reduced customer spending power, higher prices and political protests leading to lower footfall.

Stanbic Bank Kenya PMI

sa, >50 = improvement since previous month



PMI®

by S&P Global

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Kenyan companies made successful attempts to reduce their work-in-hand in July, as weaker demand freed up capacity. While modest, the decrease in backlogs was the greatest recorded since April 2021. Backlog clearance was helped by employment levels remaining stable.

With workloads falling, companies scaled back their purchasing activity sharply in July. The reduction was the fastest in almost three years, led by marked cutbacks among manufacturers. Stocks of purchases also fell, representing the first monthly decline in 2025 so far.

Input cost inflation rose during July, driven by a steep increase in fuel prices as well as higher tax payments,

according to respondents. Notably, overall cost burdens increased at the fastest pace in seven months. Several firms opted to pass through higher costs to customers, resulting in a solid rise in selling prices that was the most marked since the start of the year (albeit in line with the long-run trend).

For the second month running, Kenyan businesses were more optimistic about future activity in July. The degree of confidence rose to its highest level in 15 months. Positive sentiment was linked to new product releases, land purchases, reoriented marketing plans and branch openings.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

"The Stanbic Kenya PMI suggests that private sector output and new orders weakened for a third month in a row, reflecting the negative impact that recent protests have had on businesses. It also reflected harsh economic conditions crimping consumer spending, more so in services and manufacturing. Positively, there were expansions in agriculture, construction and wholesale and retail, but it was not sufficient to lift overall economic output. Employment conditions were stable, notwithstanding the dip in output. Business confidence in future output increased for a second month in a row, indicating that firms anticipate will be in a better state a year from now."

"Pricing pressures increased due to a rise in fuel prices by the Energy and Petroleum Regulatory Authority (EPRA) in July. Firms also complained that higher taxes contributed to an increase in purchase and operating costs."

"Overall, the private sector activity is mixed in the sense that certain sectors are doing well, while other sectors are struggling under the weight of weak consumer demand conditions."



PMI®

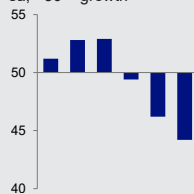
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Output and demand

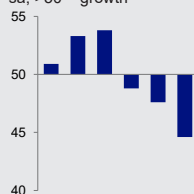
Output Index

Feb - Jul '25
sa, >50 = growth



New Orders Index

Feb - Jul '25
sa, >50 = growth



Output

Output across the Kenyan private sector decreased for the third month in succession in July. Furthermore, the pace of decline accelerated to the sharpest in a year, driven by lower activity among goods producers and services firms. In the agriculture, construction and wholesale & retail sectors, output rose on the month. Cutbacks to activity were mainly linked to reduced customer orders, political protests and tough economic conditions.

New orders

Sales volumes shrank again at the start of the third quarter. The month-on-month downturn was the third seen in succession and sharp overall, as the respective seasonally adjusted index fell to its weakest print since July 2024. According to survey members, orders were often curtailed by higher inflationary pressures and lower customer spending, as well as recent protests.

Output Index

sa, >50 = growth since previous month



New Orders Index

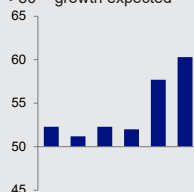
sa, >50 = growth since previous month



Business expectations

Future Output Index

Feb - Jul '25
>50 = growth expected



Business expectations improved for the second month running in July, signalled by another increase in the Future Output Index. Optimism regarding the year-ahead outlook for business activity was the highest observed in 15 months, although it remained soft by historical standards. Roughly 21% of surveyed businesses projected an increase in output, amid mentions of new product releases, land purchases, novel marketing plans and branch openings.

Future Output Index

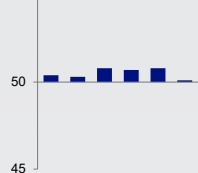
>50 = growth expected over next 12 months



Employment and capacity

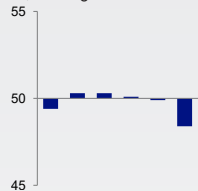
Employment Index

Feb - Jul '25
sa, >50 = growth



Backlogs of Work Index

Feb - Jul '25
sa, >50 = growth



Employment

Kenyan businesses signalled nearly stable employment levels at the beginning of the third quarter of 2025. The seasonally adjusted Employment Index dropped to its lowest in six months and was only fractionally above the 50.0 neutral value. While some panellists took on additional staff to assist with new projects and busy workloads, this was largely countered by staff cuts linked to falling customer demand.

Backlogs of work

A faster reduction in new work contributed to a decrease in backlogs across Kenya's private sector economy. In some cases, firms cited that efficiency improvements had also helped to lower work-in-hand. Although modest, the pace of backlog depletion was the steepest recorded since April 2021.

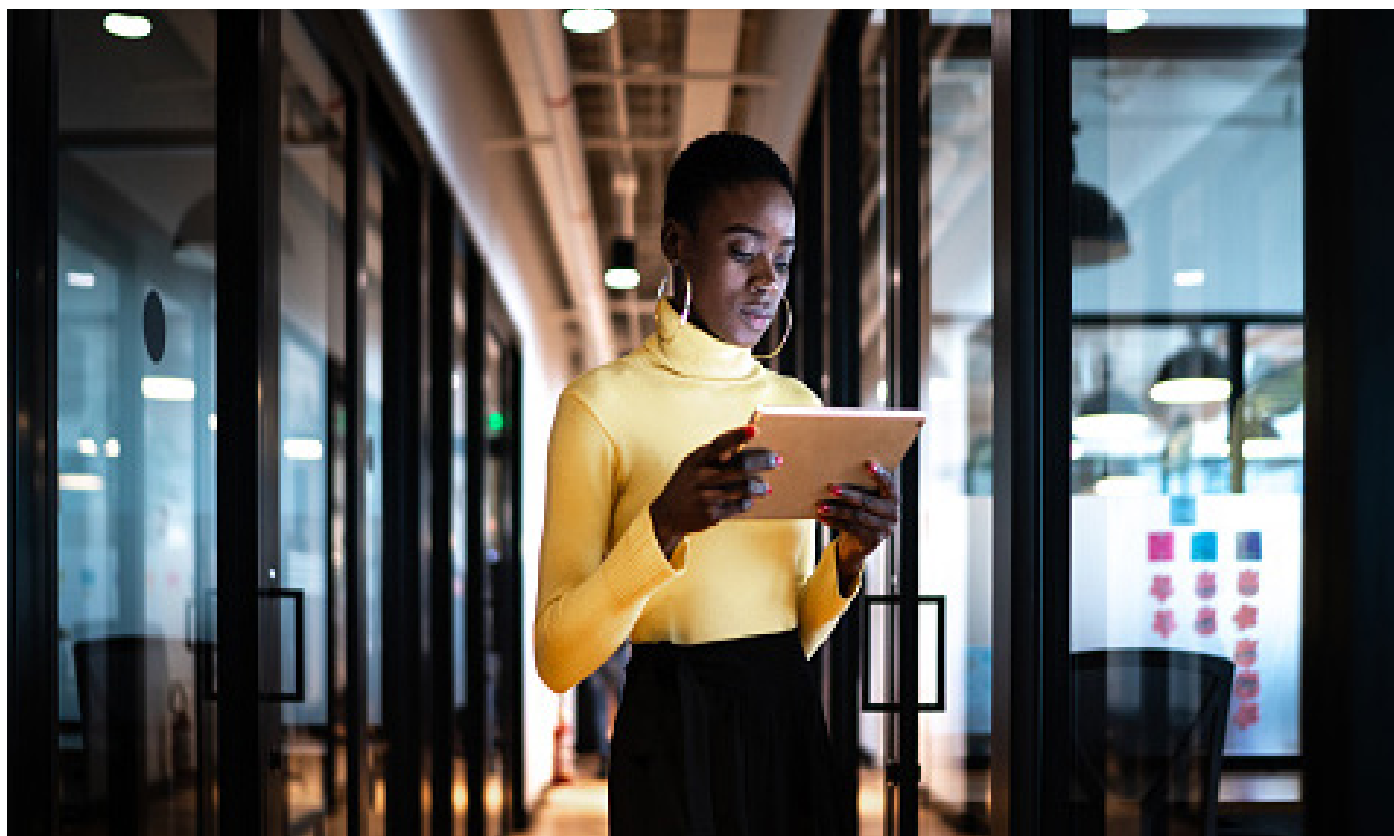
Employment Index

sa, >50 = growth since previous month



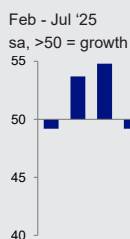
Backlogs of Work Index

sa, >50 = growth since previous month

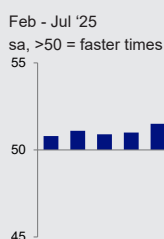


Purchasing and inventories

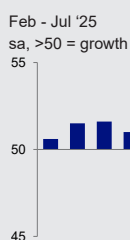
Quantity of Purchases Index



Suppliers' Delivery Times Index



Stocks of Purchases Index



Quantity of purchases

In line with a weaker demand picture, Kenyan companies made sizeable reductions to their buying levels in July. The respective seasonally adjusted index fell for the third consecutive month and pointed to the steepest drop in purchasing activity in close to three years. Purchases fell to the greatest extent in the manufacturing sector, which also saw the quickest contractions in output and backlogs.

Suppliers' delivery times

Suppliers' delivery times shortened for the sixth month in a row during July. In line with prior survey comments, businesses tended to receive inputs at a quicker pace due to heightened vendor competition. However, this was partially offset by logistics issues caused by political unrest. As such, the rate of improvement in supply performance eased slightly and was broadly aligned with the trend seen over the past two years.

Stocks of purchases

Kenyan firms opted to tighten their inflows of inputs during July, resulting in a marginal fall in stocks of purchases. This marked the first decrease in 2025 so far. Manufacturers and construction firms drove the reduction, while agriculture, wholesale & retail and services companies posted further uplifts.

Quantity of Purchases Index

sa, >50 = growth since previous month



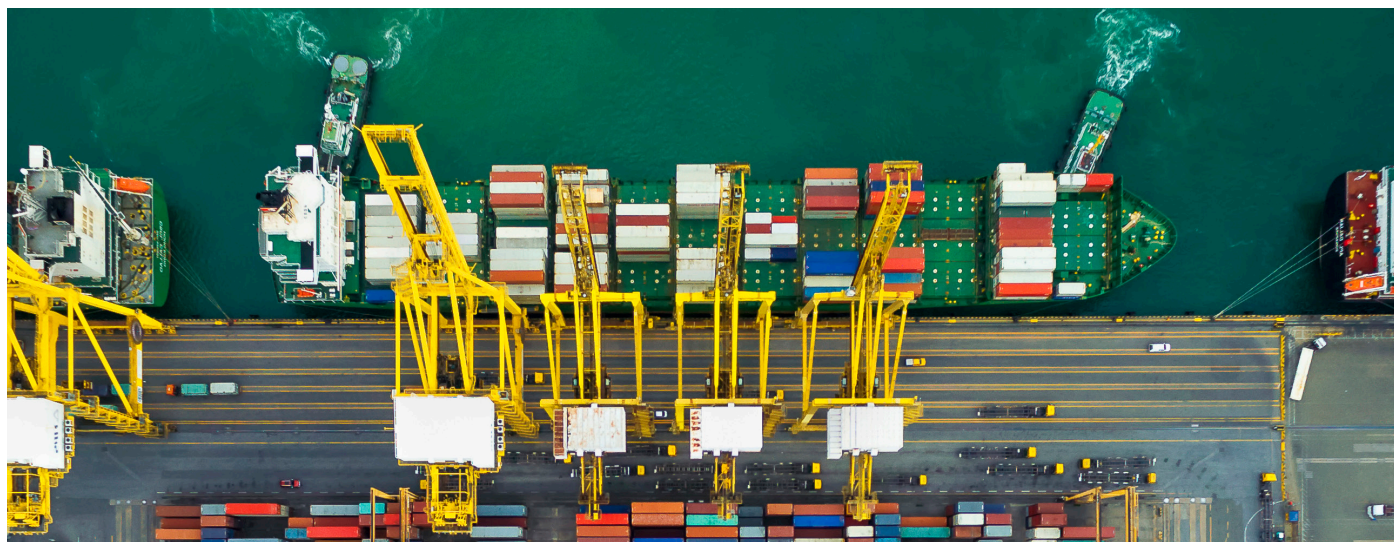
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



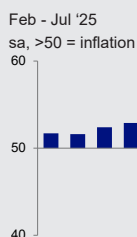
Stocks of Purchases Index

sa, >50 = growth since previous month



Prices

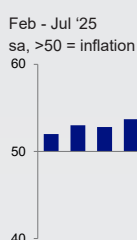
Input Prices Index



Input prices

Input price inflation continued to climb, as signalled by an increase in the respective seasonally adjusted index for the fourth month running. Overall, Kenyan companies reported the greatest rise in average cost burdens in 2025 to-date in July. This was mainly due to an acceleration in purchase price pressures, as wage inflation began to slow.

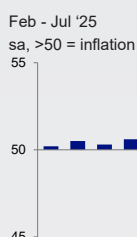
Purchase Prices Index



Purchase prices

Private sector companies in Kenya registered a sharp rise in purchase prices at the start of the third quarter. Indeed, the rate of inflation was the second-fastest in almost a year-and-a-half (after December 2024). Over 13% of respondents stated that their costs had risen, with anecdotal reasons concentrated on increased fuel prices and higher taxes.

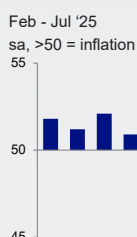
Staff Costs Index



Staff costs

Staff costs faced by Kenyan private sector businesses rose again as the second half of 2025 commenced, although the pace of increase softened from the previous month and was only marginal. While some firms noted higher wage bills related to jobs growth, others reported reductions driven by lower sales.

Output Prices Index



Output prices

Selling prices rose at a solid pace in July. The pace of inflation was the fastest in six months and in line with the survey's long-run trend. Where higher charges were recorded, firms typically linked this to an increase in operating costs. Notably, the uplift was broad-based across the key sectors of the economy.

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

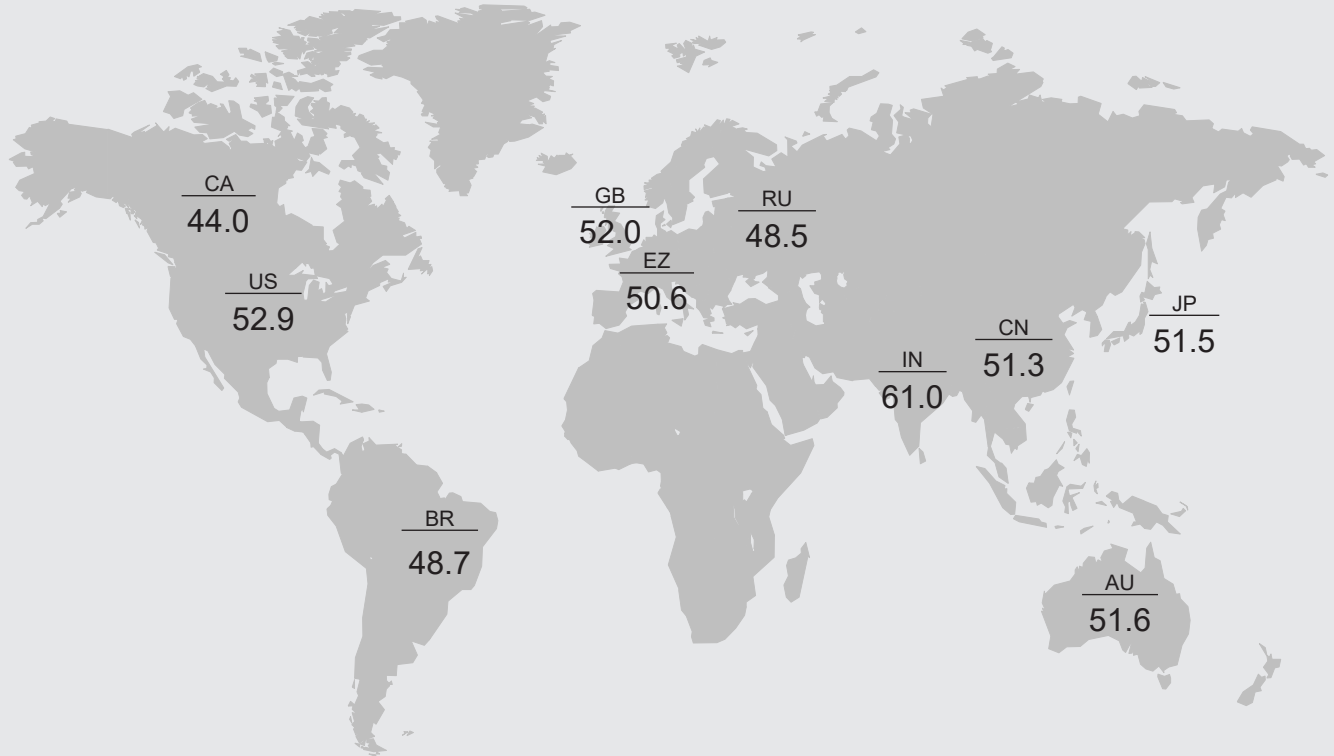
sa, >50 = inflation since previous month



International PMI

Composite Output Index, Jun '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.

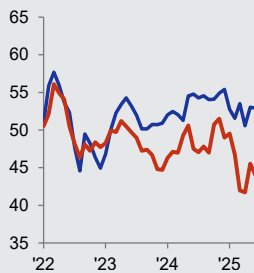


Composite Output Index

■ USA

■ Canada

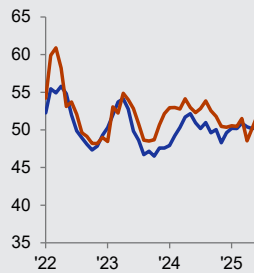
sa, >50 = growth



■ Eurozone

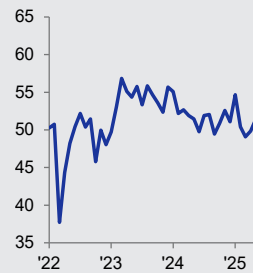
■ UK

sa, >50 = growth



■ Russia

sa, >50 = growth



■ China

sa, >50 = growth



■ Brazil

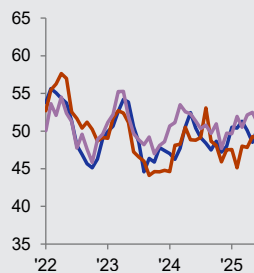
sa, >50 = growth



■ Germany

■ France

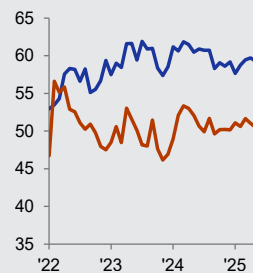
sa, >50 = growth



■ India

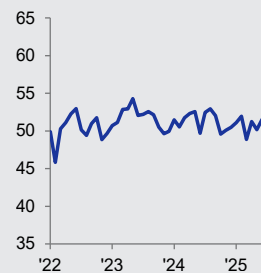
■ Australia

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 10-29 July 2025.

Survey questions

Private sector

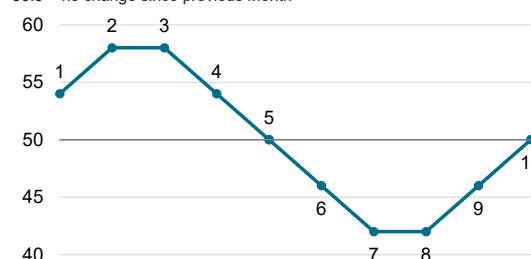
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

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

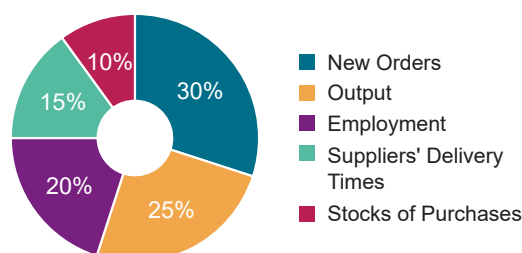
Index interpretation

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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