

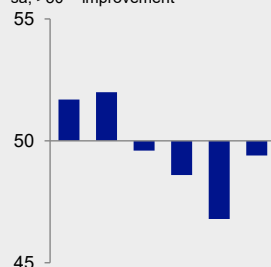
Stanbic Bank Kenya PMI®

Contraction in private sector business conditions eases substantially

49.4

KENYA PMI
AUG '25

PMI
Mar - Aug '25
sa, >50 = improvement



New orders almost stabilise in August

Softer reductions in output and purchasing

Business confidence rises to 30-month high

The Stanbic Bank Kenya PMI® pointed to a near recovery in business conditions across the private sector in August, after July data signalled that business activity was heavily dented by weak sales and protest-led disruption. Output, new business and purchasing fell at softer rates, while employment continued to rise and inventories saw a renewed uptick.

Businesses also showed greater confidence in the year-ahead outlook, as they hoped that new marketing activities and product offerings would support growth. In fact, positivity was at its highest level in two-and-a-half years. However, firms were still beset by a marked rise in overall cost burdens.

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 increased to 49.4 in

August, from a 12-month low of 46.8 in July. Whilst still below the 50.0 no-change mark, the index signalled a much softer decline in operating conditions midway through the third quarter.

New orders received by Kenyan businesses fell for the fourth month running in August. However, the rate of decline softened markedly and was the slowest recorded in this period. While some firms continued to highlight weak purchasing power at clients, others saw a pick-up in new business and a general recovery in economic conditions from the last few months of protest-related disruption.

Consequently, output levels fell at a more modest pace during the latest survey period. There was also a softer reduction in the purchasing of inputs, as some companies were encouraged by the improving demand outlook to restart procurement activity. This allowed inventories to rise slightly after a drop in July.

Employment levels also increased.

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



PMI®

by S&P Global

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Although job creation remained mild, the uplift was the fastest seen in 15 months. Higher workforce capacity and inventory building allowed firms to reduce their backlogs for the third month running.

Vendor performance improved notably in August. Greater competition across the supply chain reportedly led to the fastest reduction in delivery times since October 2021.

Kenyan companies reported a solid increase in input costs in August, although the pace of inflation slowed down for the first time in five months. While wage pressures intensified, the increase in purchase prices was less marked than in July. A number of firms commented on higher costs

linked to taxes on items such as fuel. Nevertheless, as part of efforts to stimulate a recovery in demand, output charges rose only marginally and to the least extent in 12 months.

Finally, businesses showed a greater level of optimism towards future output for the third consecutive month in August, which took overall sentiment to its highest since February 2023. With demand stabilising, companies reportedly placed greater confidence in their ability to secure higher sales through increased marketing and diversification efforts.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

"The Stanbic Kenya PMI improved in August, recovering from the solid decline in July, although business conditions were still subdued. Output declined more than new orders due to weak disposable incomes and challenging economic conditions. Nevertheless, firms, especially in manufacturing, are more upbeat about output over the next 12 months, which should imply healthier business activity in the coming months."

"Employment conditions encouraged increased hiring for a seventh month running. However, the decline in backlogs for a third month in a row signals that demand conditions are potentially still weak. Quantities purchased also indicate weakness, although inventories did improve in August."

"Output prices were increased only modestly. However, there was a notable rise in wage costs due to salary adjustments to accommodate cost-of-living pressures, implying that inflation is rising against the backdrop of subdued aggregate demand."



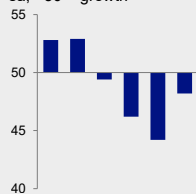
PMI®

by **S&P Global**

Output and demand

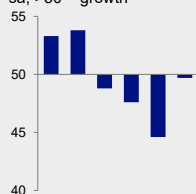
Output Index

Mar - Aug '25
sa, >50 = growth



New Orders Index

Mar - Aug '25
sa, >50 = growth



Output

August data revealed a decline in private sector activity at Kenyan businesses for the fourth month running. Lower output was observed in the agriculture, construction and services sectors. However, expansions in manufacturing and wholesale & retail led to a much softer downturn in overall activity compared to July. While firms cited ongoing challenges for themselves and clients, others were helped by stabilising sales and lower political tensions.

New orders

Although the seasonally adjusted New Orders Index printed below 50.0 in August, it was only just below the neutral threshold, signalling a fractional drop in sales volumes at Kenyan companies. Some respondents noted weak client funds amid difficult economic conditions, whereas others saw a pick-up in new business. The reduction in sales was the weakest observed in the current four-month downturn.

Output Index

sa, >50 = growth since previous month



New Orders Index

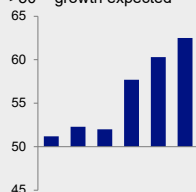
sa, >50 = growth since previous month



Business expectations

Future Output Index

Mar - Aug '25
>50 = growth expected



Business expectations were lifted higher for the third month in a row during August. With a quarter of surveyed firms expressing optimism towards year-ahead output, overall sentiment was the strongest seen for two-and-a-half years. Qualitative evidence showed that new marketing strategies, branch expansions and product diversification lay behind positive forecasts. Manufacturing companies were the most confident out of the five monitored sectors.

Future Output Index

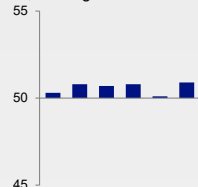
>50 = growth expected over next 12 months



Employment and capacity

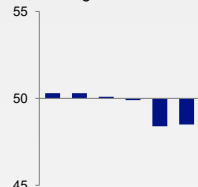
Employment Index

Mar - Aug '25
sa, >50 = growth



Backlogs of Work Index

Mar - Aug '25
sa, >50 = growth



Employment

Job numbers increased in August for the seventh month in a row. The rate of expansion was the quickest since May 2024, though it remained less marked than the series long-run average. Hiring growth was recorded in all sectors, with some panellists relating the uptick to signs of stabilising demand.

Backlogs of work

In line with that seen in the previous survey period, Kenyan firms reduced their backlogs of work at one of the fastest rates since mid-2020 in August. That said, the decline was modest overall. Some firms signalled that a sustained fall in new orders over recent months had resulted in spare capacity.

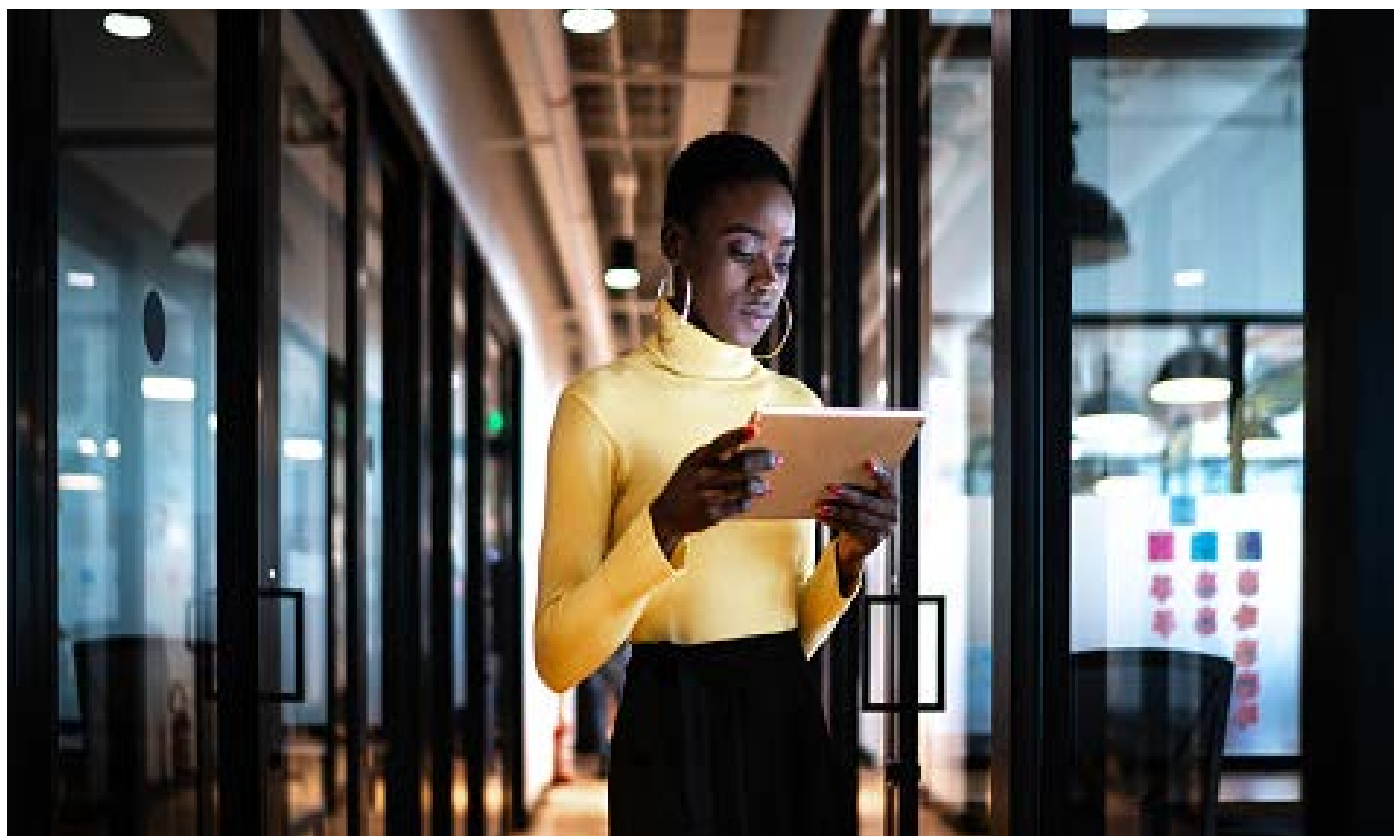
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

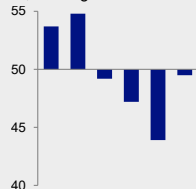
sa, >50 = growth since previous month



Purchasing and inventories

Quantity of Purchases Index

Mar - Aug '25
sa, >50 = growth



Quantity of purchases

The seasonally adjusted Quantity of Purchases Index rose sharply in August from July's 35-month low. Printing just under the 50.0 neutral threshold, the index signalled a much softer cutback in input purchases midway through the third quarter. Contractions were only seen in the construction and services sectors.

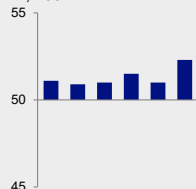
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Mar - Aug '25
sa, >50 = faster times



Suppliers' delivery times

Kenyan companies reported a greater reduction in average lead times during August. The upturn in supplier performance was the strongest recorded in almost four years, albeit moderate. Several businesses cited that strong competition among suppliers had aided the improvement.

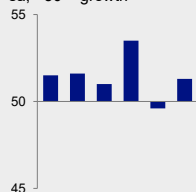
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Mar - Aug '25
sa, >50 = growth



Stocks of purchases

Input inventories rose in August, after contracting one month ago, although the rate of expansion was relatively mild. While some businesses showed a greater desire to build stocks amid improving demand signals, others pared their inventories to avoid wastage.

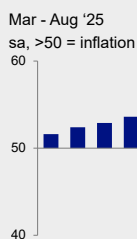
Stocks of Purchases Index

sa, >50 = growth since previous month



Prices

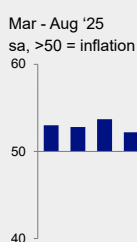
Input Prices Index



Input prices

Kenyan firms reported a solid increase in input costs half-way through the third quarter of the year. The rate of inflation nevertheless dipped slightly for the first time in five months. Businesses noted a reduced impact from purchase prices on their overall cost pressures, although this was partially offset by a faster rise in wage bills.

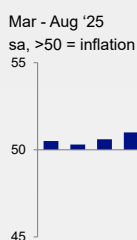
Purchase Prices Index



Purchase prices

Purchase prices rose solidly, but at a softer pace in August. Around 7% of surveyed companies reported an increase over the month, with comments mainly centring on higher taxes for items such as fuel. Wholesale & retail firms recorded the steepest rise in purchase prices, while agriculture noted the softest.

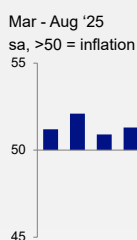
Staff Costs Index



Staff costs

Although still modest, the rate of increase in staff costs at Kenyan businesses accelerated in August to the fastest since October 2019. Where an uplift was observed, panellists cited higher salaries due to the rising cost-of-living. Wage inflation was strongest among manufacturing firms.

Output Prices Index



Output prices

There was an easing of output price inflation in August, as the respective seasonally adjusted index dropped to a 12-month low and was just above the 50.0 neutral mark. Only 4% of companies raised their prices, whilst 3% reported cuts. Anecdotal evidence indicated that some firms had tried to boost demand by offering discounted products and services, offsetting the pass-through of higher taxes and other cost rises.

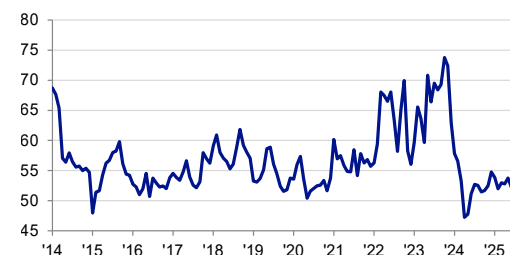
Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index

sa, >50 = inflation since previous month



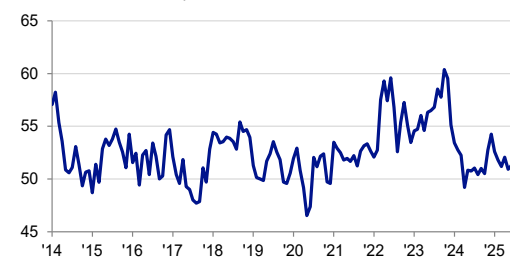
Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

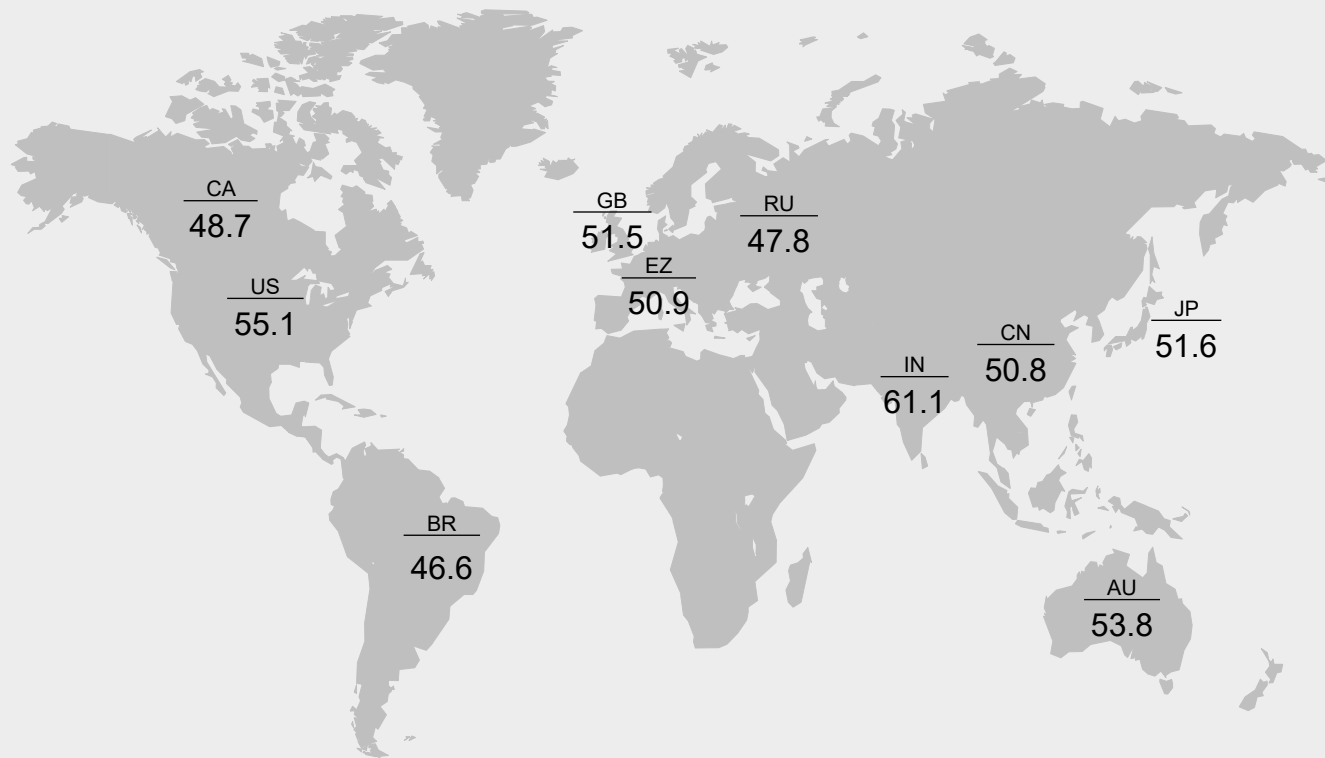
sa, >50 = inflation since previous month



International PMI

Composite Output Index, Jul '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.

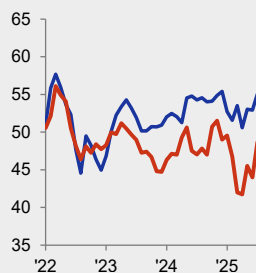


Composite Output Index

■ USA

■ Canada

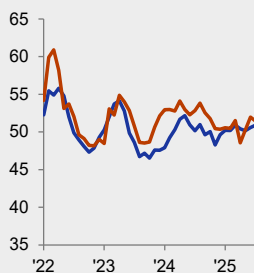
sa, >50 = growth



■ Eurozone

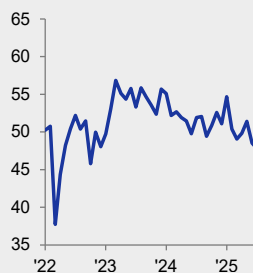
■ UK

sa, >50 = growth



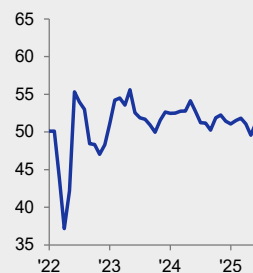
■ Russia

sa, >50 = growth



■ China

sa, >50 = growth



■ Brazil

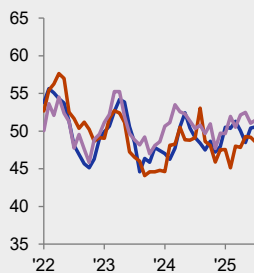
sa, >50 = growth



■ Germany

■ France

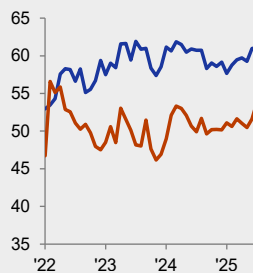
sa, >50 = growth



■ India

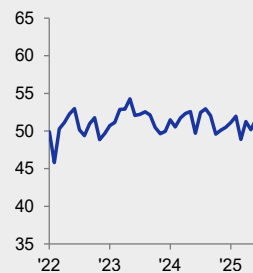
■ Australia

sa, >50 = growth



■ Japan

sa, >50 = growth



PMI®

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 12-27 August 2025.

Survey questions

Private sector

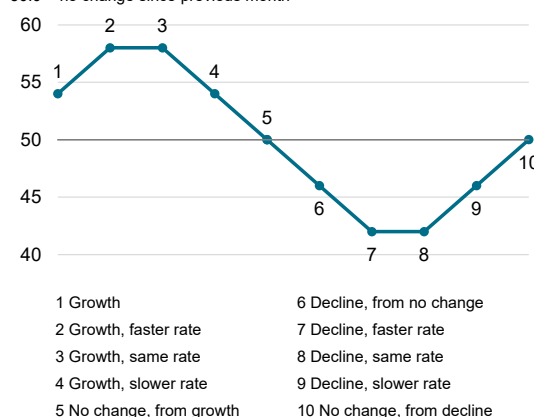
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

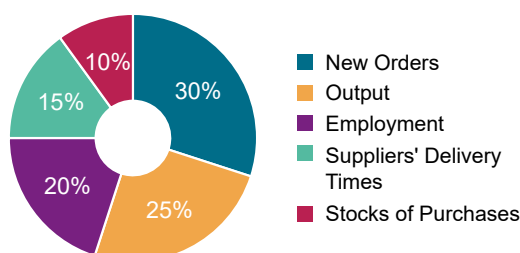
$$\% \text{ "Higher"} + (\% \text{ "No change"})/2$$

Index interpretation

50.0 = no change since previous month



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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