

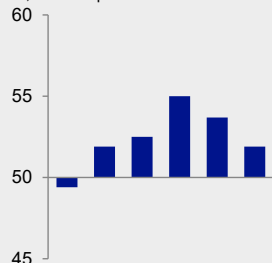
Stanbic Bank Kenya PMI®

Output and new business growth moderate in January

51.9

KENYA PMI
JAN '26

PMI
Aug '25 - Jan '26
sa, >50 = improvement



Kenyan firms register solid expansions in activity and sales...

...but rates of growth drop to four-month lows

Hiring and purchasing growth also soften as backlogs fall

Kenyan business conditions improved again during January, but at a reduced rate, as the pace of activity growth eased due to a slower uplift in sales. Firms also posted weaker increases in employment and purchasing, amid a reduction in backlogs and concerns about excess inputs.

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.

For the fifth month in a row, the headline PMI was above the 50.0 mark, signalling an upturn in business conditions. However, the improvement was less pronounced compared to those seen at the end of last year, shown by the index falling from 53.7 in December to 51.9 in January. The pace of growth was also the joint-slowest in the current sequence (along with last September).

Business activity expanded at a solid

pace in January. Although slipping to a four-month low, the expansion remained much quicker than the long-run trend established by the survey. Firms signalled that the rise in output was mainly demand-driven, noting increased customer referrals, higher order books and new contracts in response to marketing and competitive pricing.

Similarly, the total volume of new orders received by Kenyan firms grew solidly at the start of the year. However, the rate of increase decelerated to the weakest recorded in four months. Sectoral differences were marked, with sales growth most often recorded among manufacturing firms. Conversely, those in the construction and wholesale & retail sectors saw demand fall outright.

With activity growth slowing in January, firms increased their employment numbers to a lesser extent. Purchasing growth also eased, although the overall uplift was still robust. This was partly linked to a reduction in outstanding work, implying efficient business operations. Indeed, the rate at which backlogs

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



PMI®

by S&P Global

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declined was the fastest recorded since April 2021.

Some firms across Kenya highlighted efforts to stem any rise in the volume of inputs left unused. Total inventories rose, but at a pace that was marginal and the slowest in six months.

Again, vendors managed to deliver items more quickly in January, which was often related to competitive pressures. This extended the current run of improving supply chain performance to a whole year.

Meanwhile, Kenyan firms reported a solid increase in operating expenses in January. Prices for raw materials were often quoted as rising, whilst higher tax charges, import fees and technology

costs were also noted.

Output prices rose, although the average markup was marginal. Reportedly, several companies eased back on price hikes due to market saturation and concerns over slowing growth.

Finally, output expectations improved slightly to a five-month high during January. Firms tended to have robust expansion plans and hopes of improving their order books with increased marketing, new premises, diversification and contract bids.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

"The Stanbic Kenya PMI releases for January 2026 continue to show a robust private sector. Despite slightly lower output, new order and employment growth, January metrics were positive, confirming a sustained expansion of activity in the private sector. Marketing efforts by firms and customer referrals helped to sustain activity. Furthermore, firms reported that improved access to credit enabled increased output. There is also growing optimism about output expectations over the next 12 months."

"These improved demand conditions meant sustained increases in quantities purchased and inventories, while supplier delivery times shortened."

"Higher input prices, purchase costs, staff costs and output were likely due to higher taxes and rising technology costs. That said, increased competition made firms restrain price increases, as corroborated by headline inflation in January easing to 4.4%/y."



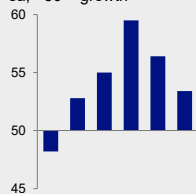
PMI®

by **S&P Global**

Output and demand

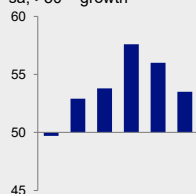
Output Index

Aug '25 - Jan '26
sa, >50 = growth



New Orders Index

Aug '25 - Jan '26
sa, >50 = growth



Output

An increase in output across the Kenyan private sector was observed for the fifth successive month in January. The rate of growth decelerated further from November's multi-year high, but remained solid overall, with a sharp expansion especially noted among manufacturers. Survey evidence signalled that output gains were linked to stronger customer referrals, marketing, delivering new projects and improved credit access.

New orders

Kenyan companies registered another upturn in their sales intakes as 2026 commenced, stretching the run of growth that began last September. Like output, the rate of increase softened to the weakest in four months. New orders were often supported by stronger client outreach, improved referrals, firms' competitiveness and shifts to digitisation, according to respondents.

Output Index

sa, >50 = growth since previous month



New Orders Index

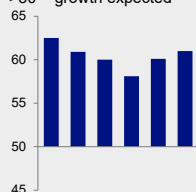
sa, >50 = growth since previous month



Business expectations

Future Output Index

Aug '25 - Jan '26
>50 = growth expected



Activity expectations strengthened in January, marking an improvement in the outlook for the second straight month. When asked about their 12-month projections, 22% of surveyed firms held positive expectations, while the remainder were neutral. Based on survey comments, confidence tended to be driven by marketing plans, company expansion, diversification and fresh efforts to win contracts. The strongest optimism was seen in the manufacturing and construction segments.

Future Output Index

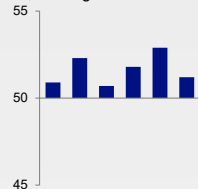
>50 = growth expected over next 12 months



Employment and capacity

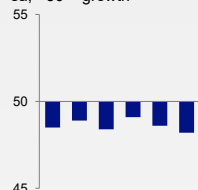
Employment Index

Aug '25 - Jan '26
sa, >50 = growth



Backlogs of Work Index

Aug '25 - Jan '26
sa, >50 = growth



Employment

Despite slipping to a marginal rate, employment growth across the Kenyan private sector was sustained during January. This marked the twelfth successive month of jobs growth, which is the longest phase of expansion established by the survey since 2019. Firms mentioned hiring casual workers due to an increase in workloads, though there were signs that a slowdown in new business growth had tempered these efforts.

Backlogs of work

Once again, firms managed to deplete their backlogs of work in January, as the seasonally adjusted index dropped further below the neutral 50.0 mark to its lowest point since April 2021. In general, survey panellists remarked on having sufficient capacity to get work completed on time, with some also citing a slowdown in new order growth.

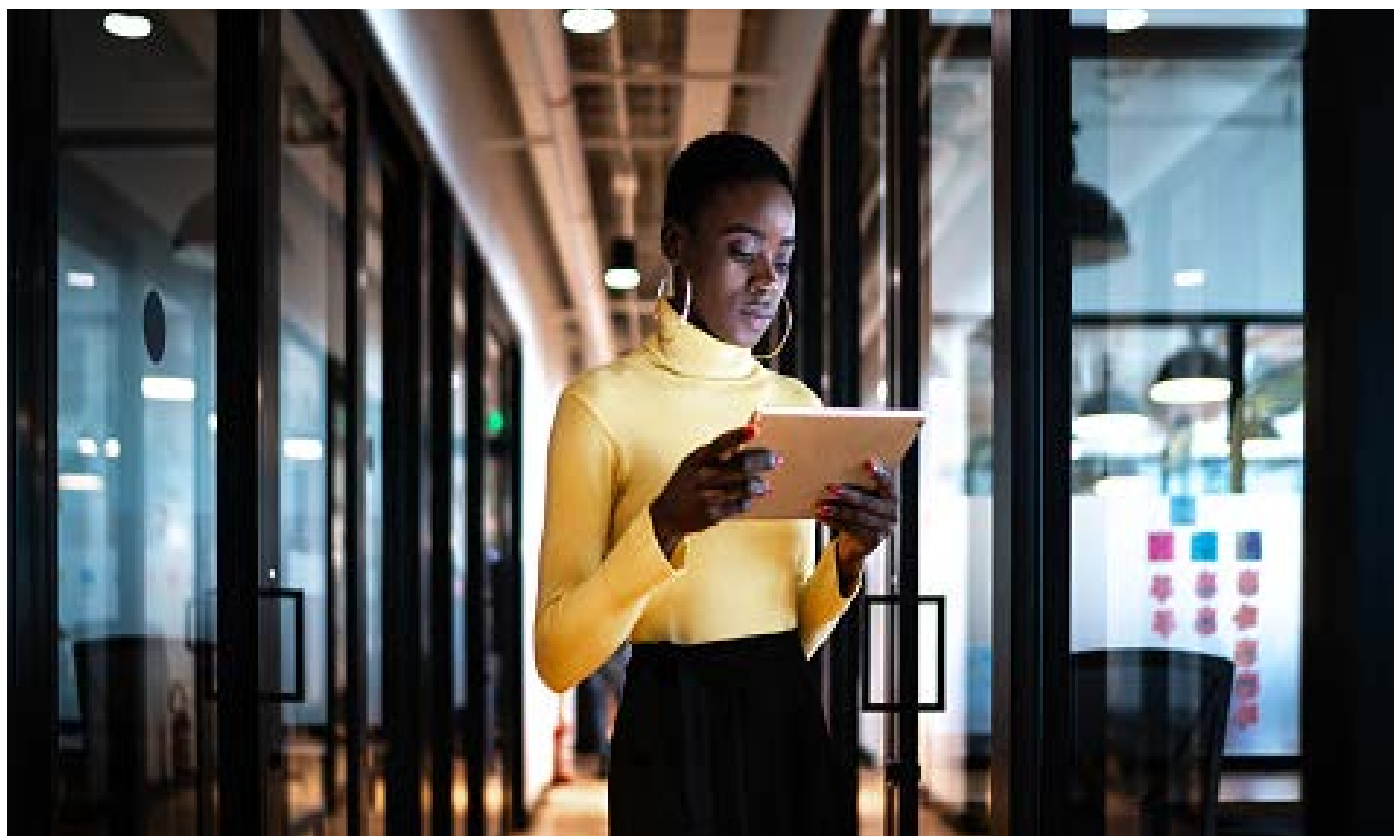
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

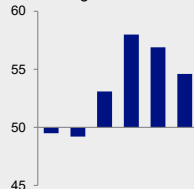
sa, >50 = growth since previous month



Purchasing and inventories

Quantity of Purchases Index

Aug '25 - Jan '26
sa, >50 = growth



Quantity of purchases

Purchasing levels across the private sector continued to increase at the beginning of the year. The latest upturn was sharp, despite softening further from November's over five-year high. All of the monitored sectors bar construction recording a month-on-month rise. Higher purchases were broadly attributed to an improvement in demand volumes.

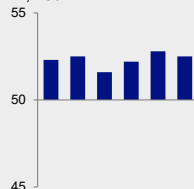
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Aug '25 - Jan '26
sa, >50 = faster times



Suppliers' delivery times

January data revealed a solid uptick in average supplier performance, thereby stretching the run of improvement to a year. Delivery times faced by manufacturers, agriculture firms and service providers were reduced, contrasting with delays at construction and wholesale & retail companies. Vendors often delivered items more quickly to stay competitive, according to panellists.

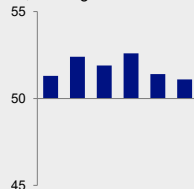
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Aug '25 - Jan '26
sa, >50 = growth



Stocks of purchases

Inventories rose again in January, but the expansion slowed to its weakest rate in the current six-month growth period and was only slight. While rising demand levels prompted some companies to hold additional items in stock, others voiced concerns about high levels of wastage.

Stocks of Purchases Index

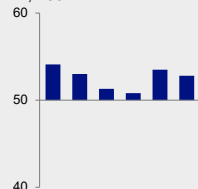
sa, >50 = growth since previous month



Prices

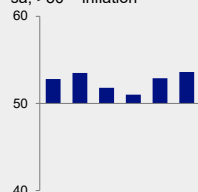
Input Prices Index

Aug '25 - Jan '26
sa, >50 = inflation



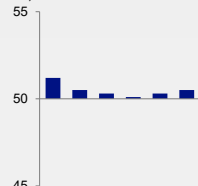
Purchase Prices Index

Aug '25 - Jan '26
sa, >50 = inflation



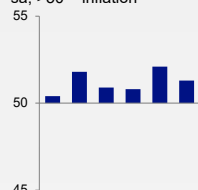
Staff Costs Index

Aug '25 - Jan '26
sa, >50 = inflation



Output Prices Index

Aug '25 - Jan '26
sa, >50 = inflation



Input prices

Although representing a slightly weaker pace of inflation compared to December, input prices at Kenyan firms increased solidly during January. According to qualitative survey data, the uptick was mainly due to taxation on purchased inputs. Staff costs also grew, but only marginally.

Purchase prices

Kenyan firms reported a solid rise in prices paid on purchased items over the latest survey period. These were largely attributed to recent tax hikes, with firms commenting on higher import duties and increased prices for raw materials. Some added that technology costs had risen. The rate of purchase price inflation quickened to its highest for six months.

Staff costs

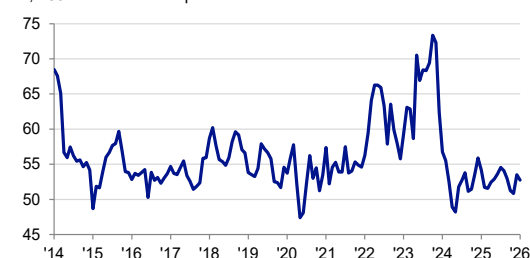
Staff costs picked up more quickly in January, although the overall increase was relatively small. This was indicated by the respective seasonally adjusted index moving up to a four-month high, but posting only just above the 50.0 no-change mark. Where labour expenses had risen, firms linked this to rewarding employees facing higher workloads and additional hours.

Output prices

Kenyan businesses reported another rise in average prices charged during January. Survey panellists remarked on higher client demand, increased buying prices and larger tax payments as key reasons for hiking their fees. That said, concerns about sales inflows and high competition prompted some firms to reduce their charges, resulting in only a marginal uplift overall.

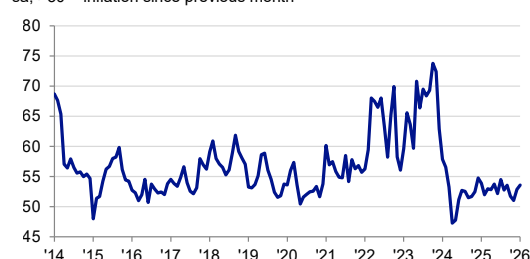
Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index

sa, >50 = inflation since previous month



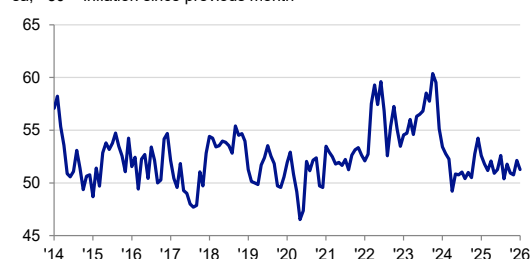
Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

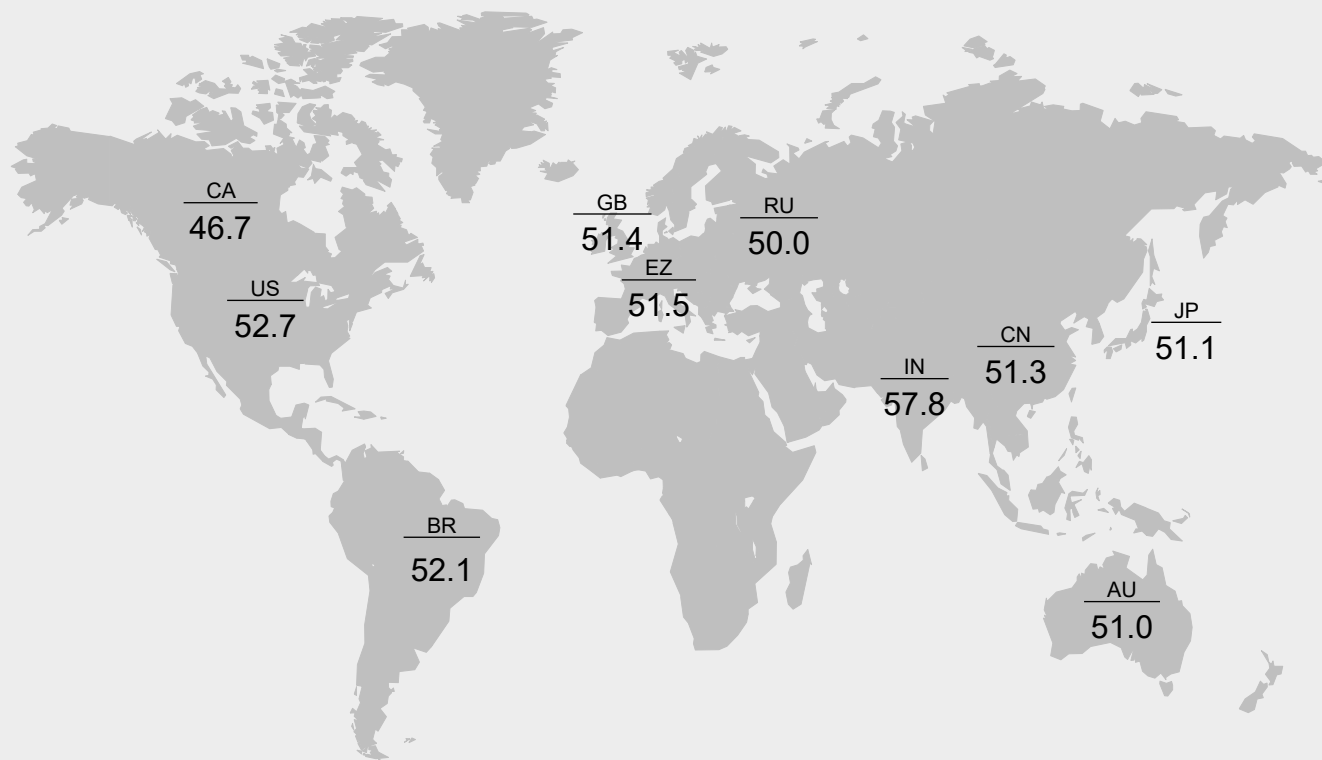
sa, >50 = inflation since previous month



International PMI

Composite Output Index, Dec '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.

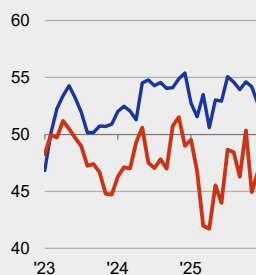


Composite Output Index

■ USA

■ Canada

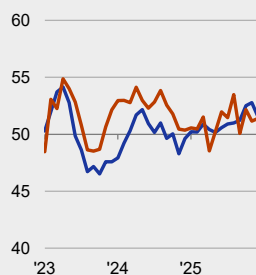
sa, >50 = growth



■ Eurozone

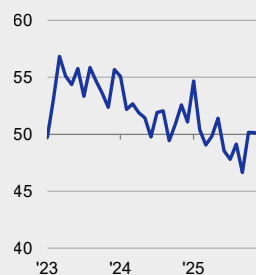
■ UK

sa, >50 = growth



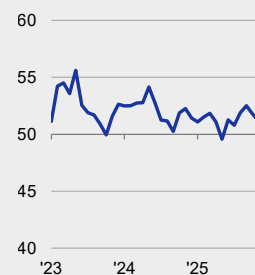
■ Russia

sa, >50 = growth



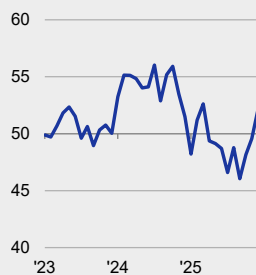
■ China

sa, >50 = growth



■ Brazil

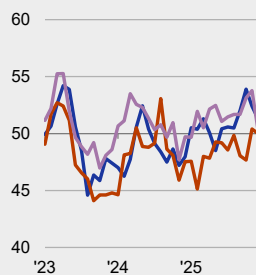
sa, >50 = growth



■ Germany

■ France

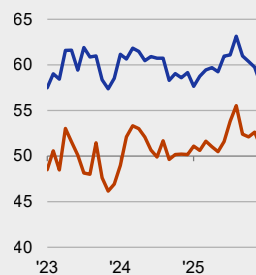
sa, >50 = growth



■ India

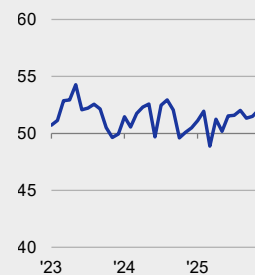
■ Australia

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 January 2026.

Survey questions

Private sector

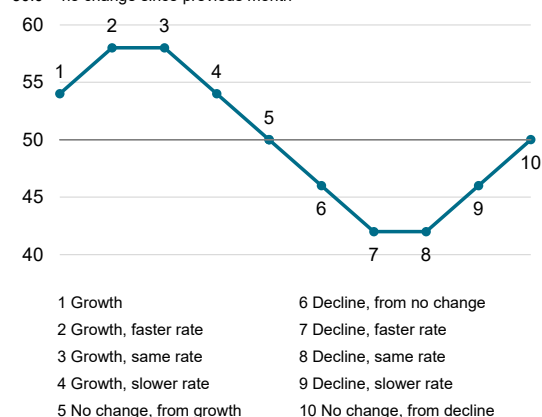
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

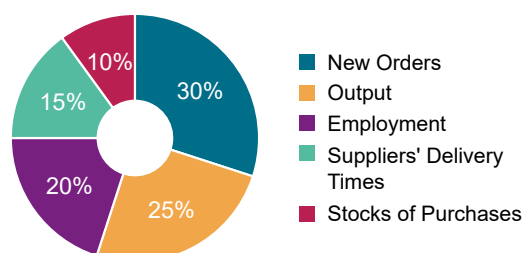
$$\% \text{ "Higher"} + (\% \text{ "No change"})/2$$

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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PMI®

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