

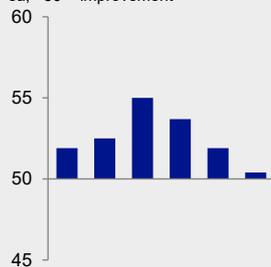
Stanbic Bank Kenya PMI®

Kenya PMI slips closer to 50.0 neutral mark

50.4

KENYA PMI
FEB '26

PMI
Sep '25 - Feb '26
sa, >50 = improvement



Business activity almost stalls in February

New orders rise at weakest rate for six months

Inflationary pressures ease to three-month low

The Kenyan economy was close to stagnating in February, according to the Kenya PMI® which fell closer to its neutral 50.0 threshold. Sales volumes across the private sector rose only marginally, leading firms to put the brake on output growth. The expansion in purchasing activity also eased, supporting a weaker uptick in input prices and, in turn, prices charged.

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 dropped for the third month in a row from 51.9 in January to 50.4 in February, indicating only a marginal improvement in the health of the private sector economy. Notably, the upturn was the slowest recorded in the current six-month growth sequence.

After going on a solid expansionary run over the past few months, output volumes were close to stalling during

February, with the respective seasonally adjusted index recording just above its neutral value. Around 33% of surveyed companies posted higher activity, whereas 32% noted a fall, with slowing new order growth and increased pressure from macroeconomic conditions seen as headwinds.

Although total sales volumes rose in February, the rate of growth was relatively subdued and the softest in the current six-month sequence of expansion. Many survey panellists reported that introducing new products and services, expanding marketing and offering price promotions had bolstered sales. At the same time, other firms commented on difficult economic conditions, low client purchasing power and strong competition. Sector trends were split, with construction, wholesale & retail and services registering sales growth, contrasting with downturns in agriculture and manufacturing.

The slowdown in new business growth prompted a smaller increase in purchasing activity over the course of

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



PMI®

by **S&P Global**

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February. In turn, inventory levels rose at their slowest pace for seven months. While companies continued to benefit from shorter delivery times, the rate of improvement eased from January amid reports of busy vendors, road traffic and port congestion.

At the same time, Kenyan companies signalled that workloads were still busy and even struggled to complete backlogs on time. Outstanding work levels were broadly unchanged after eight consecutive months of depletion. This helped to sustain hiring growth, with firms taking on additional workforces to lower pressure on staff.

On prices, the February survey data indicated the slowest increase in

overall input costs for three months, as purchase prices and staff wages both rose to lesser degrees. Increases in material prices and the impact of higher VAT were nonetheless cited. With cost pressures easing and challenging market conditions, Kenyan companies raised their prices charged at the softest pace since last November.

Finally, Kenyan firms stayed confident when assessing the 12-month outlook for business activity in February. Just over a fifth of respondents expect output to rise, citing hopes of stronger demand, better economic conditions, planned product innovation and greater marketing activity. Optimism remained much higher than the average seen in 2025.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

“The Stanbic Kenya PMI cooled in February as firms reported only modest surges in new orders and steady output. While the outcome was still expansionary, some businesses were hampered by increased competition and a doubtful economy. Although macroeconomic conditions have improved, the broader economy has not yet seen the benefits; sections of the private sector are still feeling the strain.

“However, expectations for the next 12-m held steady; about a fifth of firms in the survey remain optimistic about future output. Further, job growth momentum was sustained, signaling underlying improvement in the private sector. Additionally, purchasing demand was resilient as both quantities purchased and inventories increased, though at a slower pace. Input prices and purchase costs increased in February, attributable to higher operating costs and tax concerns, though improved supply of inputs helped to contain increases. Output prices were up only slightly as discounts and increased competition restrained momentum.”



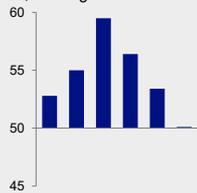
PMI®

by **S&P Global**

Output and demand

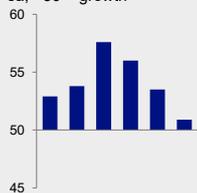
Output Index

Sep '25 - Feb '26
sa, >50 = growth



New Orders Index

Sep '25 - Feb '26
sa, >50 = growth



Output

Kenyan private sector firms reported hardly any change in their output volumes in the second month of 2026, as the respective seasonally adjusted index fell for a third month in succession and was only fractionally above the 50.0 neutral value. The slowdown came amid a weakening of customer order growth and macroeconomic pressures, according to survey members.

New orders

Total new business received by Kenyan companies increased in February, but the upturn was only slight and the softest in the current six-month period of growth. Respondents that saw order books improve commented on new products and services, marketing efforts and discounted prices. However, other firms noted financial constraints on clients, poor economic conditions and increased competition.

Output Index

sa, >50 = growth since previous month



New Orders Index

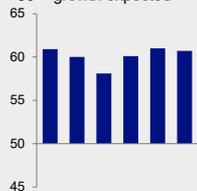
sa, >50 = growth since previous month



Business expectations

Future Output Index

Sep '25 - Feb '26
>50 = growth expected



Business expectations were little-changed since January, with firms pointing to strong confidence in the year-ahead outlook for activity. About 21% of panellists predicted an expansion in their output over the next 12 months. They pointed to anticipated improvements in demand and the broader economic environment as reasons to be hopeful, whilst also citing organisational strategies such as increased marketing, product innovation and boosting customer referrals.

Future Output Index

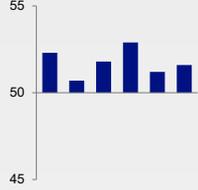
>50 = growth expected over next 12 months



Employment and capacity

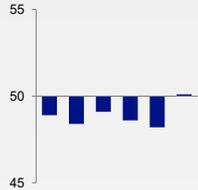
Employment Index

Sep '25 - Feb '26
sa, >50 = growth



Backlogs of Work Index

Sep '25 - Feb '26
sa, >50 = growth



Employment

Job numbers rose at Kenyan businesses, continuing the run of job creation that began in February 2025. Furthermore, the pace of growth accelerated from January and was stronger than the average seen in the aforementioned period. Where employment levels expanded, this was mainly attributed to an increase in workloads and new project starts.

Backlogs of work

Backlog volumes were relatively flat in February, ending a prior eight-month run of decline. According to surveyed firms, incoming new orders had been challenging to complete. The manufacturing, wholesale & retail and services sectors saw an increase in outstanding business, while construction and agriculture registered falls.

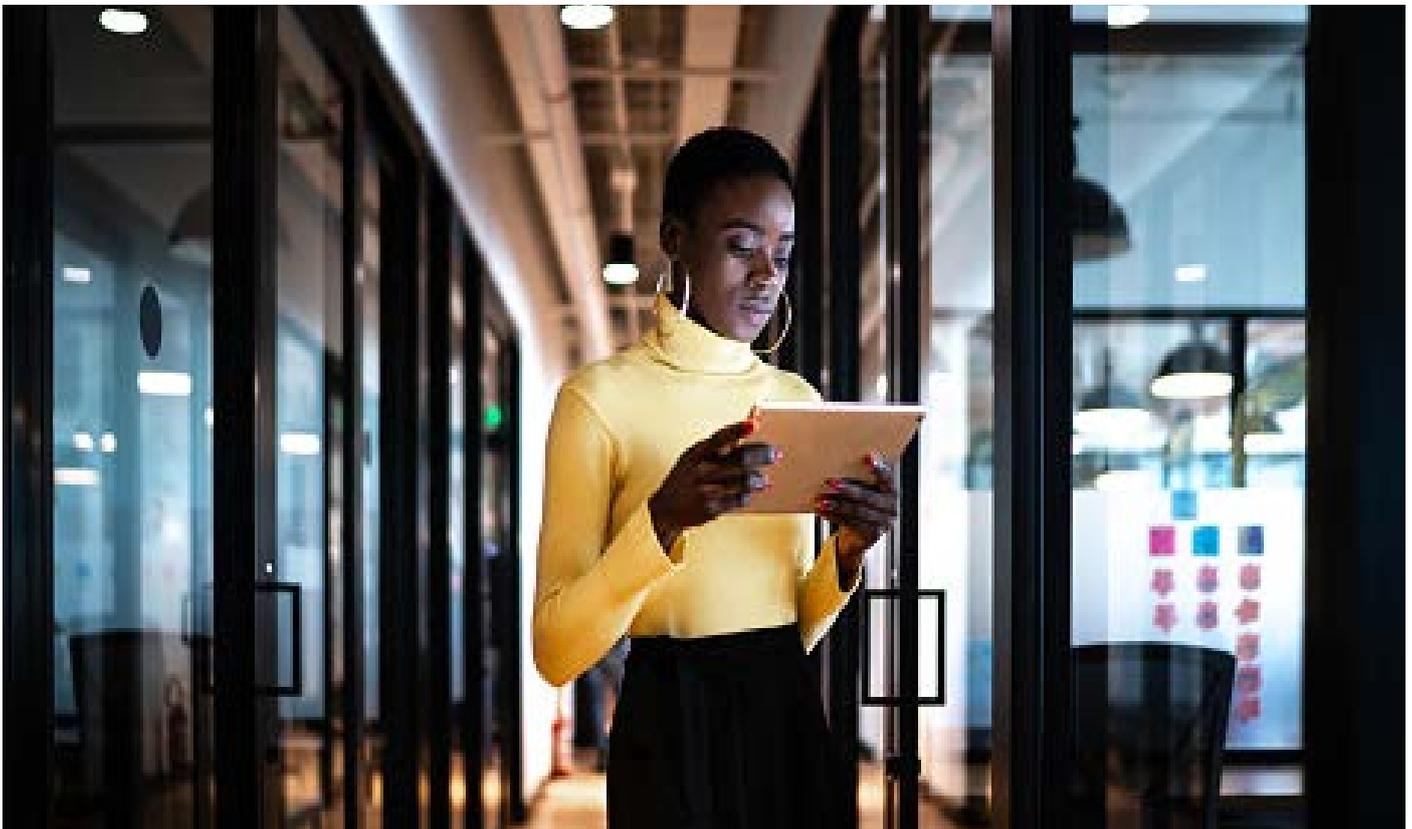
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

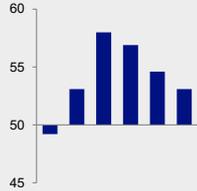
sa, >50 = growth since previous month



Purchasing and inventories

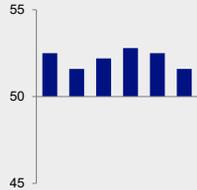
Quantity of Purchases Index

Sep '25 - Feb '26
sa, >50 = growth



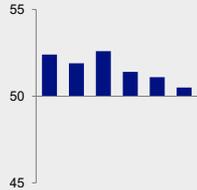
Suppliers' Delivery Times Index

Sep '25 - Feb '26
sa, >50 = faster times



Stocks of Purchases Index

Sep '25 - Feb '26
sa, >50 = growth



Quantity of purchases

The volume of inputs purchased by Kenyan private sector businesses increased during February. The rise was the fifth observed in as many months and solid, although the rate of growth slipped to the weakest since last October. Procurement efforts lost momentum due to a slower increase in new business, anecdotal reports showed.

Suppliers' delivery times

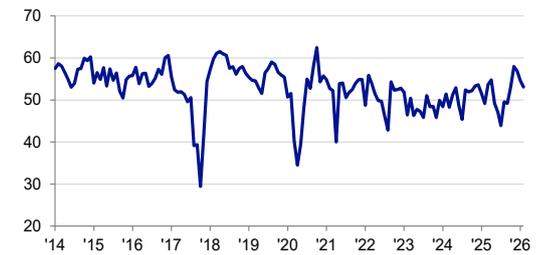
Kenyan companies saw wait times on their inputs decrease further over the course of February. However, the degree of improvement was only modest, the least marked in four months, and much softer than the series long-run average. While several companies found that suppliers had sped up deliveries to retain strong client bases, busy schedules, road traffic and port congestion were also cited.

Stocks of purchases

Stocks of purchases rose only slightly across the private sector in February. This was signalled by the respective seasonally adjusted index falling to a level just above the 50.0 neutral mark, and the lowest for seven months. Many firms reportedly opted to limit their stocks due to slowing demand growth.

Quantity of Purchases Index

sa, >50 = growth since previous month



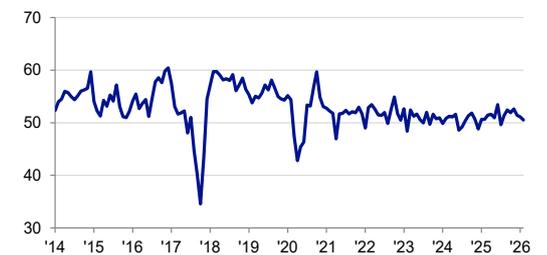
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

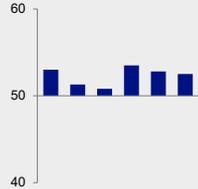
sa, >50 = growth since previous month



Prices

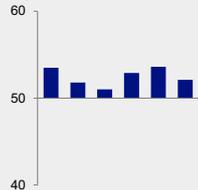
Input Prices Index

Sep '25 - Feb '26
sa, >50 = inflation



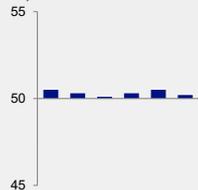
Purchase Prices Index

Sep '25 - Feb '26
sa, >50 = inflation



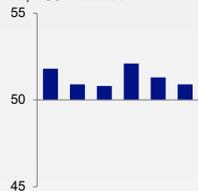
Staff Costs Index

Sep '25 - Feb '26
sa, >50 = inflation



Output Prices Index

Sep '25 - Feb '26
sa, >50 = inflation



Input prices

Private sector firms across Kenya reported a solid increase in operating costs during February. Although dipping slightly from the previous month, the rate of inflation remained close to the average seen in 2025. Three out of the five monitored segments of the economy recorded higher costs than in January – agriculture, wholesale & retail and services.

Purchase prices

Purchase prices increased in February, but the rate of inflation slowed to a modest pace that was the lowest in three months. Where an uplift in purchase costs was recorded, panellists attributed this to increased demand for raw materials and higher VAT. However, supply gluts for some inputs helped to stem the rise.

Staff costs

Although Kenyan firms saw a further rise in staffing costs midway through the opening quarter, the pace of inflation was slightly weaker than in the previous survey period and relatively muted. In fact, the respective seasonally adjusted index dropped to its lowest for three months and was only slightly above the 50.0 no-change threshold.

Output prices

Firms in Kenya reported a smaller mark-up in output prices during February, with the rate of inflation softening to a three-month low. While a number of businesses passed on cost rises to customers and increased their charges because of strong demand, others noted that discounts were offered due to softer purchase price pressures and high competition. Agriculture, manufacturing and services recorded higher prices, while wholesale & retail and construction saw a fall.

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

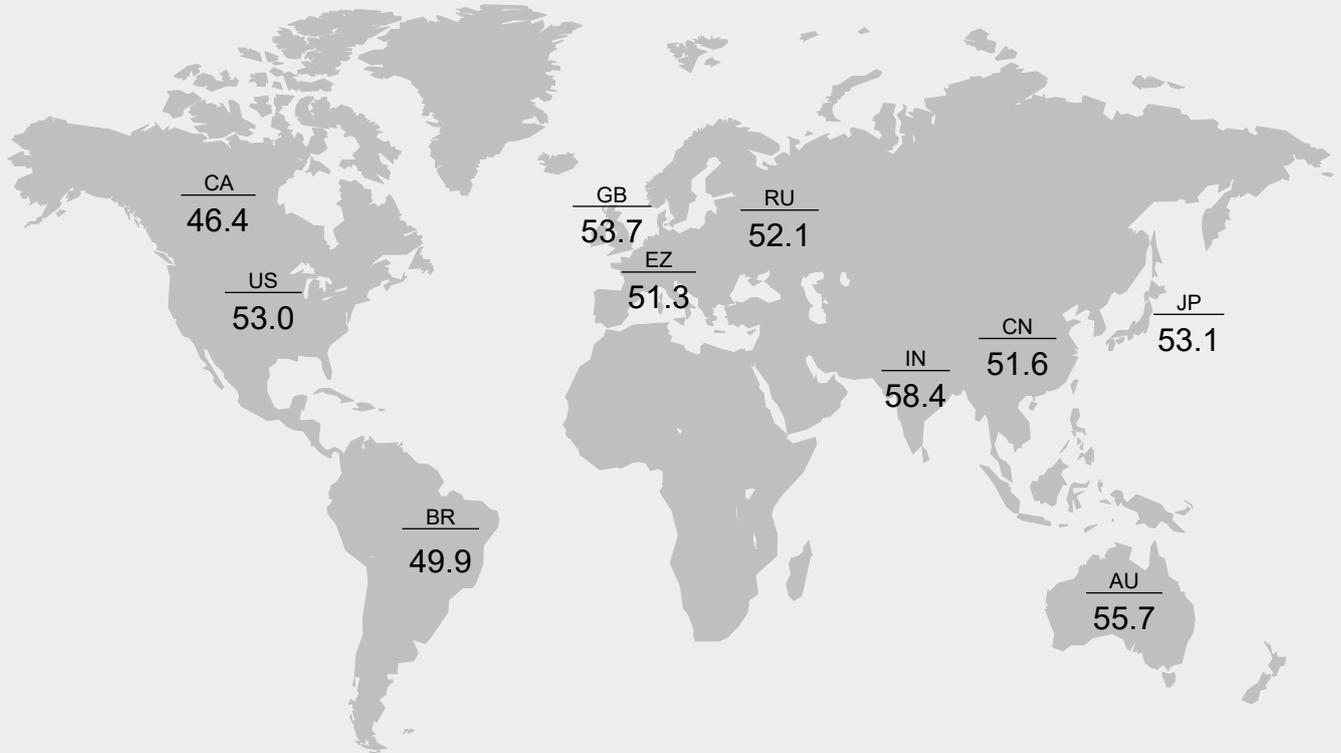
sa, >50 = inflation since previous month



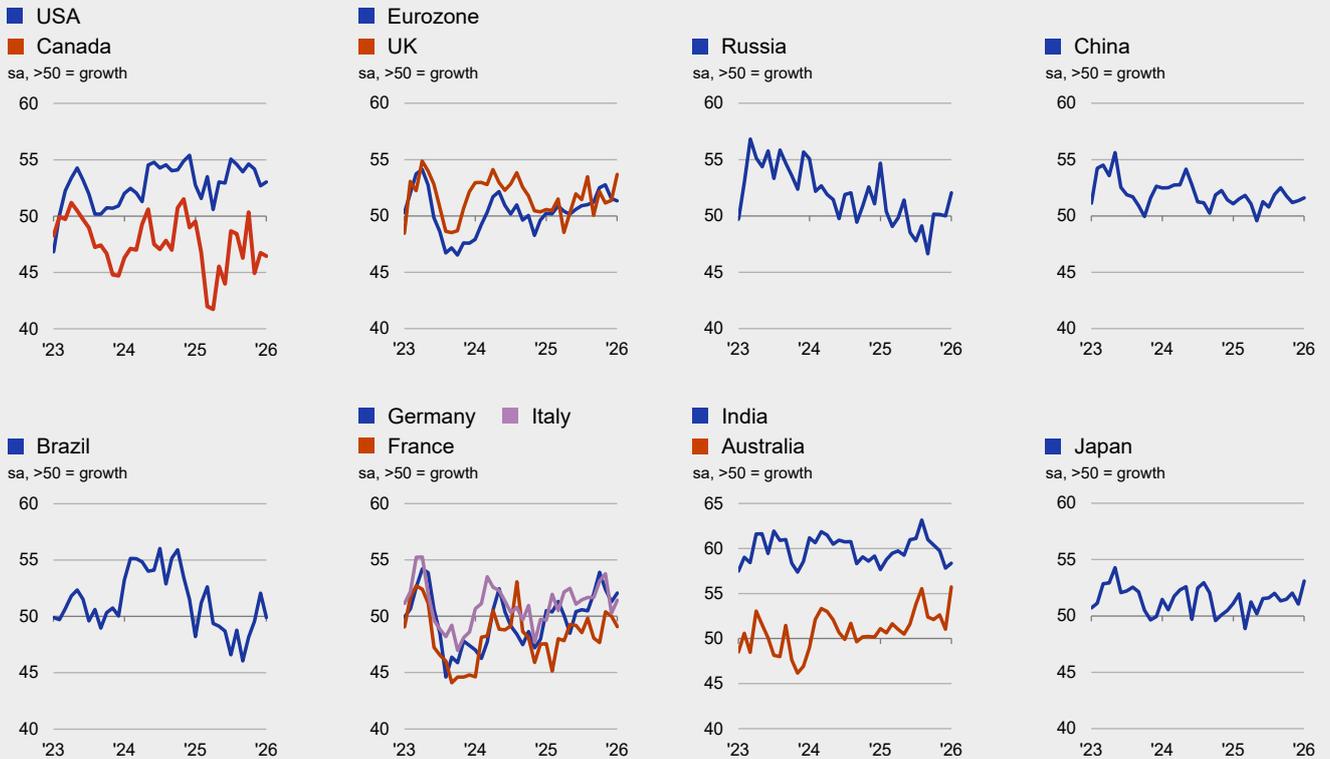
International PMI

Composite Output Index, Jan '26
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



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 10-25 February 2026.

Survey questions

Private sector

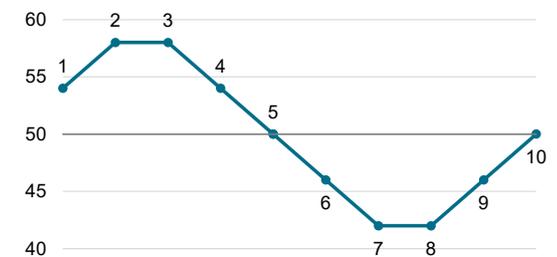
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

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

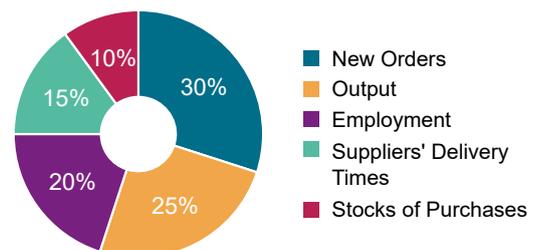
Index interpretation

50.0 = no change since previous month



- | | |
|--------------------------|----------------------------|
| 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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