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Stanbic Bank
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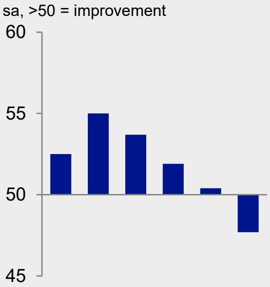
Stanbic Bank Kenya PMI®

Kenyan private sector weakens for first time in seven months

47.7

KENYA PMI
MAR '26

PMI
Oct '25 - Mar '26
sa, >50 = improvement



Solid declines in output and new orders

Demand and input costs impacted by war in the Middle East

Business optimism stays strong

Kenya's private sector showed clear signs of cooling in March, as businesses reported a solid decline in both output and new orders following six months of expansion. The slowdown in private sector activity was broadly demand-led, with many firms pointing to constrained customer spending, reduced cash circulation and tighter household budgets.

The Middle East war also resulted in more cautious spending patterns among some firms, as well as logistics constraints to customer deliveries and higher prices for fuel and transport. Overall cost pressures accelerated in March, but the subdued demand environment meant that the impact on selling charges was minimal.

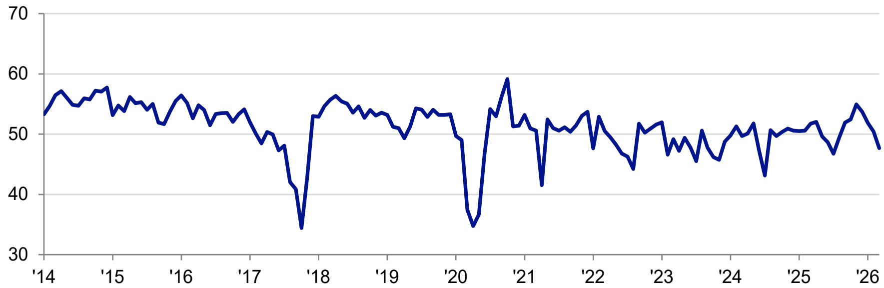
The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI®). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

At 47.7 in March, down from 50.4 in February, the Kenya PMI indicated a deterioration in operating conditions for the first time since August 2025. This also marked the fourth consecutive month where the index has fallen since the previous survey period.

The March PMI findings highlighted the impact of constrained consumer budgets and external shocks from the Middle East war on Kenyan demand. Although some firms continued to record growth, often attributing improved performance to marketing efforts, customer referrals, product and service innovation, and expanded digital sales channels, a larger share reported that consumers and clients were financially stretched, leading to reduced order volumes. Some businesses commented on disruptions to international transport due to the war, which also dampened sales.

This resulted in the first decline in total order books for seven months in March, with the pace of decline solid overall. Businesses curtailed output in direct response, again for the first time in seven months.

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



PMI® by S&P Global

Contents

Kenyan companies also reported elevated cost pressures at the end of the first quarter. Panellists frequently cited higher taxes, rising fuel and transport costs and increased shipping expenses as factors pushing up purchasing prices, which rose at the sharpest rate in just over two years. Nevertheless, output prices rose at a slower pace, as many firms indicated that they were unable to fully pass higher costs on to customers amid softer demand and heightened competition.

Kenyan companies broadly chose to hold leaner inventories in March, in order to avoid dead stocks, manage cash constraints, and respond to slower order pipelines. Employment trends also weakened, with firms reporting only a slight increase in staffing that was the softest recorded since October 2025. This partly reflected a fall in outstanding business that was the most pronounced for almost six years.

Looking ahead, the survey data pointed to a degree of resilience in Kenyan business sentiment. The year-ahead outlook for total activity was broadly unchanged since February, with just over a fifth of respondents forecasting growth. Expectations were underpinned by plans to expand through new branches, increased advertising and online marketing, broader product and service offerings, and investment in capacity and human capital.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

"A weaker Stanbic Kenya PMI in March reflects demand-side concerns – softer spending power constraining demand – and supply-side concerns about the war in the Middle East. Output and new orders declined in most sectors, implying that businesses expect to be constrained by the disruptions from geopolitical tensions.

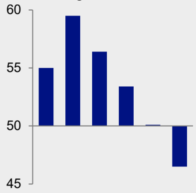
"Despite lower output and new orders, employment conditions held up as firms in the agrarian sector drove hiring. Backlogs declined, while there was reduced optimism about output over the next 12 months. Slowing demand meant subdued increases in quantities purchased and inventories, though delivery times improved.

"Higher input prices and purchase prices were linked to concerns about taxes and the impact of the war in the Middle East on shipping costs. Output prices increases were subdued as firms declined to pass on costs to consumers in an already weak demand environment."

Output and demand

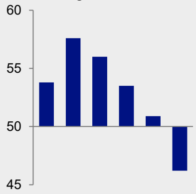
Output
Index

Oct ‘25 - Mar ‘26
sa, >50 = growth



New Orders
Index

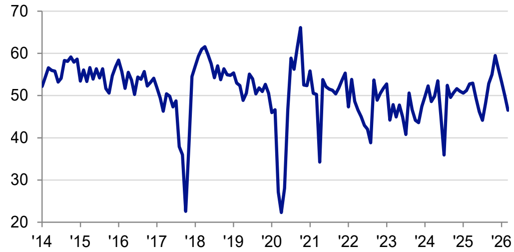
Oct ‘25 - Mar ‘26
sa, >50 = growth



Output

Output declined sharply in March and for the first time in seven months. Survey members signalled that this was driven by weak demand, reduced purchasing power, high input costs, and disruptions from geopolitical tensions and logistics. Downturns were seen in most sectors, with wholesale & retail the only category to record higher activity.

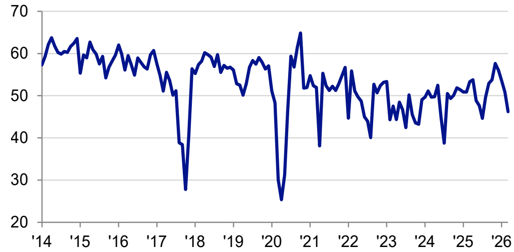
Output Index
sa, >50 = growth since previous month



New orders

New orders at Kenyan companies also fell, breaking a six-month period of growth. The rate of contraction was solid and the most marked since July 2025. This reversal in momentum was linked to subdued customer demand, financial constraints, and external shocks, with many firms noting a drop in sales despite continued promotional activities. Services firms observed the greatest decline in new orders out of the five monitored sectors.

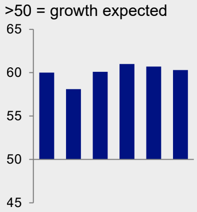
New Orders Index
sa, >50 = growth since previous month



Business expectations

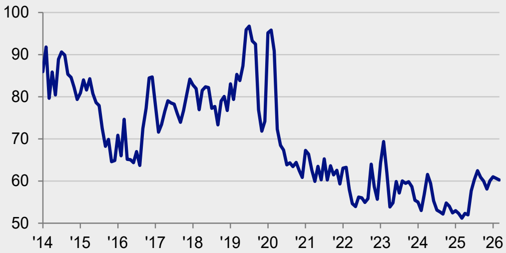
Future
Output Index

Oct ‘25 - Mar ‘26
>50 = growth expected



Confidence levels were little-changed from February, with around 21% of monitored firms providing positive forecasts for output over the coming 12 months in March. Expectations were largely underlined by business statements about their plans to expand, invest and diversify their products. Manufacturers were the most upbeat about future activity, with service providers the least.

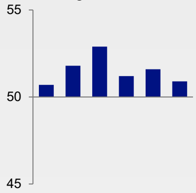
Future Output Index
>50 = growth expected over next 12 months



Employment Index

Oct '25 - Mar '26

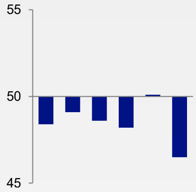
sa, >50 = growth



Backlogs of Work Index

Oct '25 - Mar '26

sa, >50 = growth



Employment and capacity

Employment

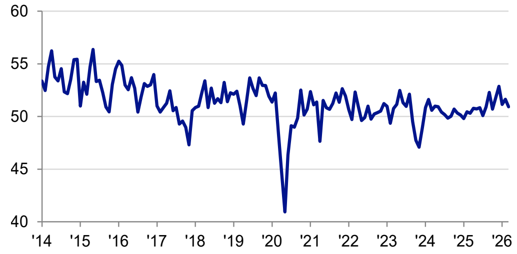
Businesses across Kenya reported only a marginal increase in employment levels in March. The respective seasonally adjusted index dropped to a five-month low, but was in expansion territory for the fourteenth month running. Sector data highlighted that strong job creation in agriculture was a key driver of higher employment, whilst in other segments including construction and services, firms reported scaling down or halting expansion of their headcounts amid weaker demand.

Backlogs of work

A decline in sales across the private sector led to reduced workloads at the end of the first quarter, allowing companies to lower backlogs. Not only did the decline in work-in-hand mark a reversal from February, when workloads were more stable, but the rate of depletion was also solid and the most pronounced in just under six years. Contractions were seen in all sectors covered by the survey.

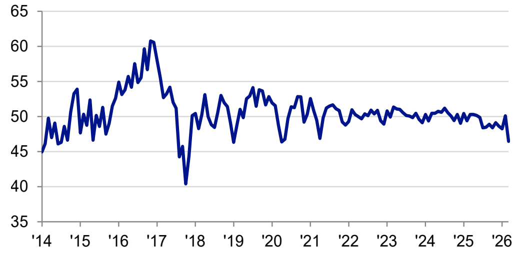
Employment Index

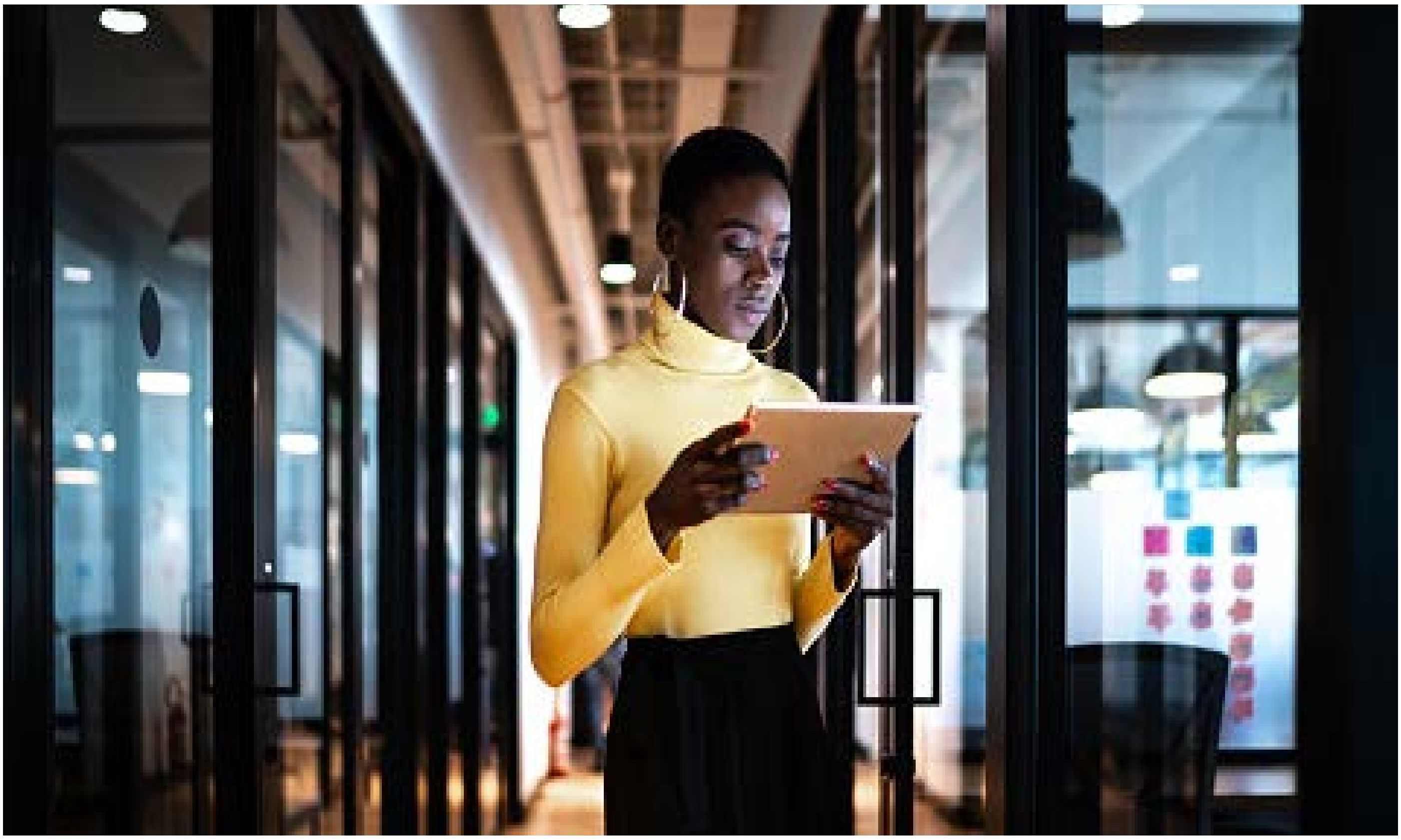
sa, >50 = growth since previous month



Backlogs of Work Index

sa, >50 = growth since previous month

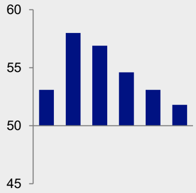




Quantity of Purchases Index

Oct '25 - Mar '26

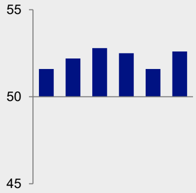
sa, >50 = growth



Suppliers' Delivery Times Index

Oct '25 - Mar '26

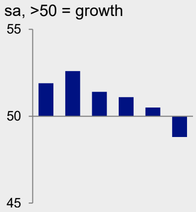
sa, >50 = faster times



Stocks of Purchases Index

Oct '25 - Mar '26

sa, >50 = growth



Purchasing and inventories

Quantity of purchases

An increase in input purchases across the private sector economy was observed for the sixth consecutive month in March, but the rate of growth slowed. Indeed, the latest upturn was modest and the weakest in the aforementioned period. While anecdotal reports pointed to stock replenishment efforts to support sales and new projects, this was curbed somewhat by the weaker demand environment. Tighter cash flow was also a limit on growth.

Suppliers' delivery times

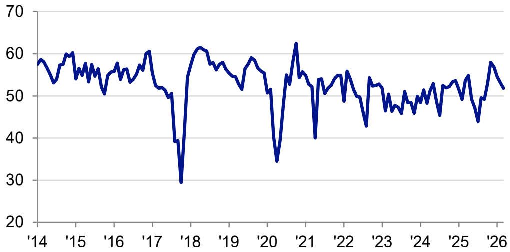
Vendor schedules improved in March amid further evidence of strong competition, as most survey comments attributed shorter lead times to efforts from suppliers to outpace rivals. Moreover, some panellists noted that a softening of demand pressure supported quicker deliveries. Overall vendor performance improved to a solid degree that was the strongest seen for three months.

Stocks of purchases

After expanding for seven months in a row, input stocks decreased slightly at Kenyan companies in March. Panellists mainly cited lower demand as a reason to pare back inventories. The decrease was mostly driven by the services and agricultural parts of the private sector economy.

Quantity of Purchases Index

sa, >50 = growth since previous month

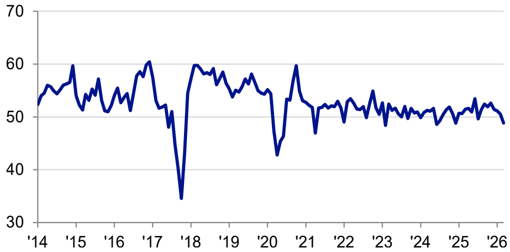


Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

Stocks of Purchases Index

sa, >50 = growth since previous month

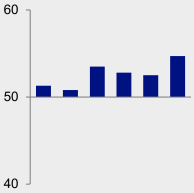


Prices

Input Prices Index

Oct '25 - Mar '26

sa, >50 = inflation

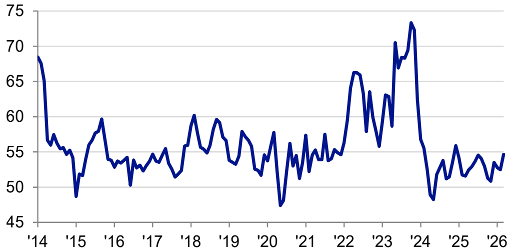


Input prices

March data signalled an acceleration in input cost inflation faced by Kenyan companies. After adjusting for seasonal variation, the Input Prices Index rose to its highest level since December 2024 and pointed to a sharp uptick in overall cost burdens. Survey evidence suggests that the pick-up was mainly due to the impact of the Middle East war on fuel and transport prices.

Input Prices Index

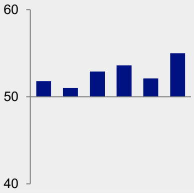
sa, >50 = inflation since previous month



Purchase Prices Index

Oct '25 - Mar '26

sa, >50 = inflation

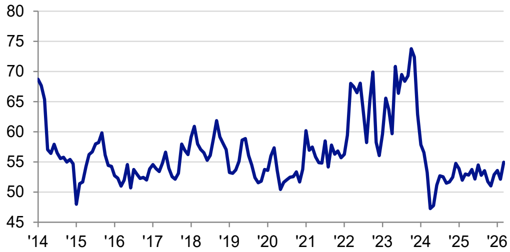


Purchase prices

Kenyan firms saw purchase prices rise to the strongest degree in just over two years during March. The uplift was sharp and moved closer to the survey's long-run average. As well as ongoing pressure from tax burdens, businesses widely commented on higher fuel costs and shipping fees. Agriculture firms faced the greatest rise in purchasing costs, followed by wholesale & retail companies.

Purchase Prices Index

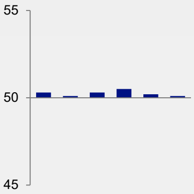
sa, >50 = inflation since previous month



Staff Costs Index

Oct '25 - Mar '26

sa, >50 = inflation



Staff costs

Employment costs continued to exhibit a relatively stable trend in the Kenyan private sector in March. Moreover, the seasonally adjusted Staff Costs Index posted only fractionally above the 50.0 neutral mark and was the lowest in four months.

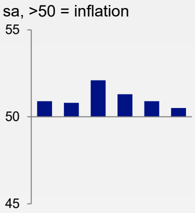
Staff Costs Index

sa, >50 = inflation since previous month

Output Prices Index

Oct '25 - Mar '26

sa, >50 = inflation

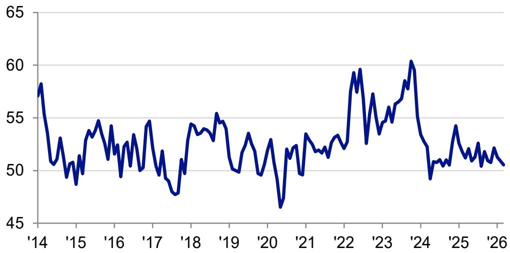


Output prices

Despite a sharper increase in costs, output prices rose at the softest pace for seven months in March. Most firms held their prices from the prior month, while just 4% of respondents noted an uplift. Survey comments indicated that weaker demand, tight cash flow conditions and competitive pressures restrained the pass-through of higher costs to customers. In manufacturing and construction, average selling charges fell outright.

Output Prices Index

sa, >50 = inflation since previous month

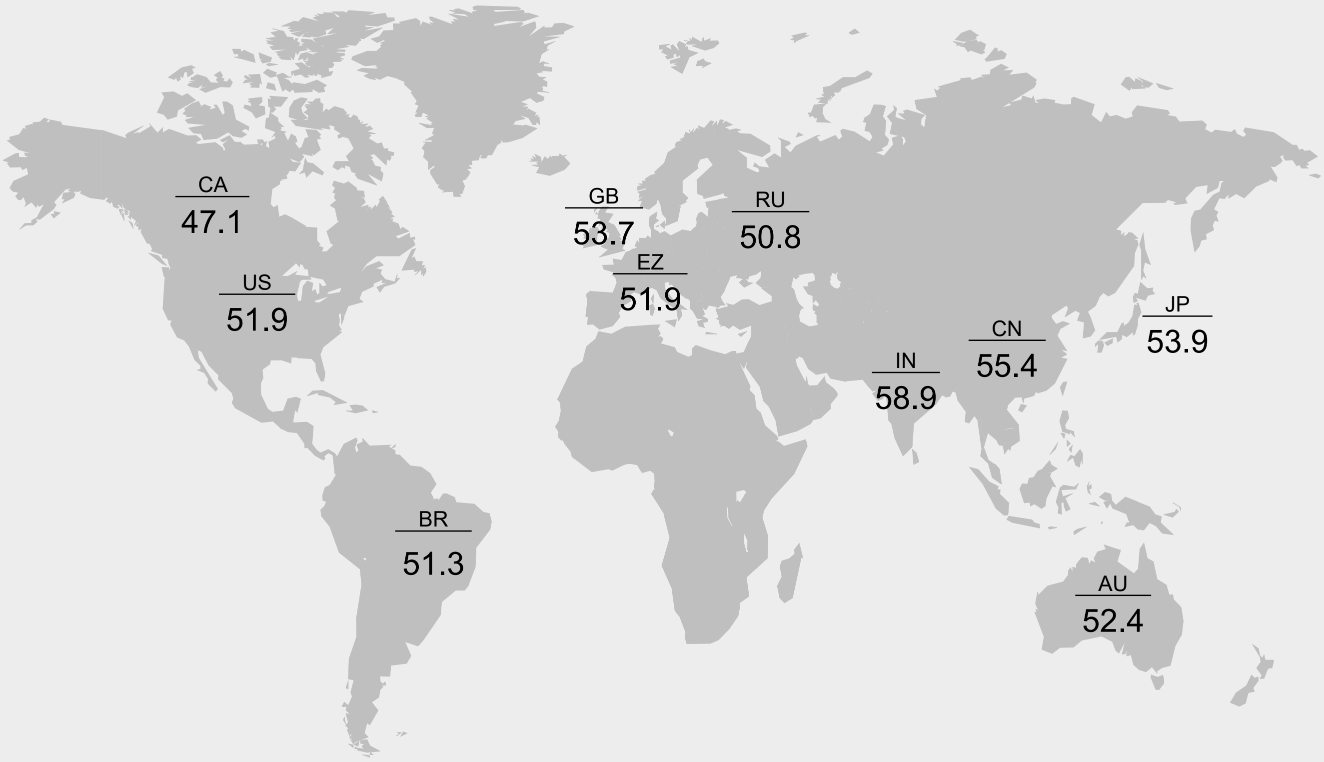


International PMI

Composite Output Index, Feb '26

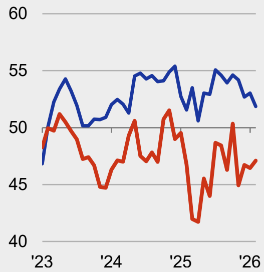
sa, >50 = growth since previous month

The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.

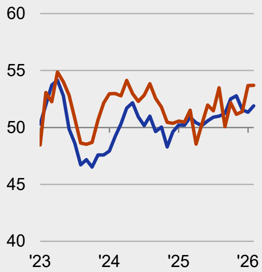


Composite Output Index

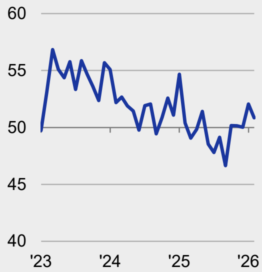
USA
Canada
sa, >50 = growth



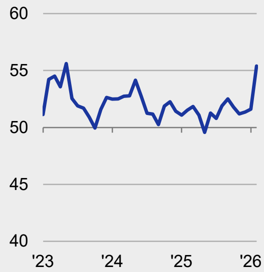
Eurozone
UK
sa, >50 = growth



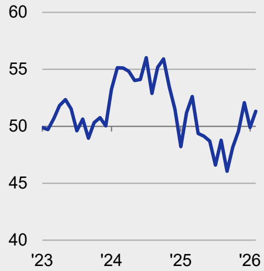
Russia
sa, >50 = growth



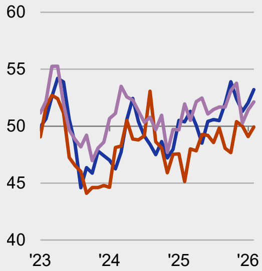
China
sa, >50 = growth



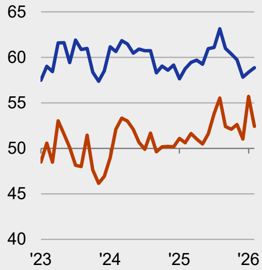
Brazil
sa, >50 = growth



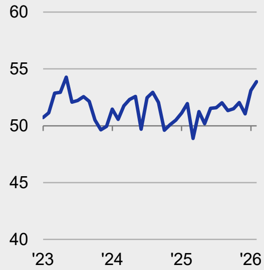
Germany Italy
France
sa, >50 = growth



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 March 2026.

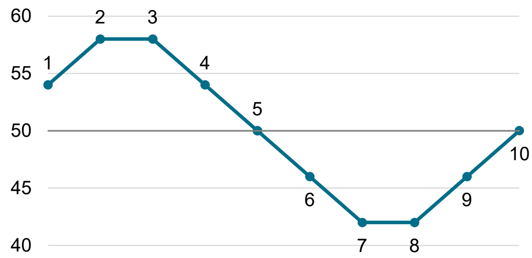
Survey questions
Private sector

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

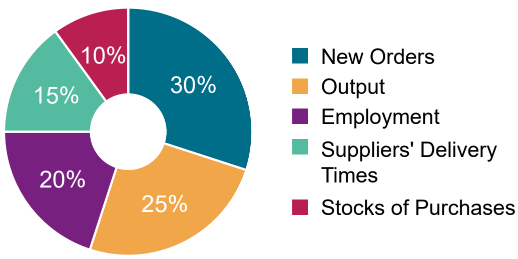
% "Higher" + (% "No change")/2

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

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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. www.spglobal.com.

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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