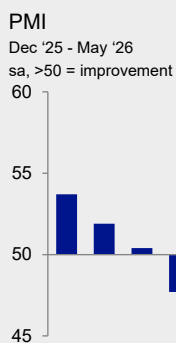


Stanbic Bank Kenya PMI®

New orders contract at solid pace amid rapid rise in costs in May

46.6

KENYA PMI
MAY '26



Output and new sales fall at sharper rates

Rate of total input price inflation steepest since November 2023

First decline in employment since the start of 2025

Kenyan firms recorded a further decline in business conditions during May, as contractions in activity and new sales gathered pace. Higher cost burdens placed strain on companies and their customers alike, with constrained budgets often noted as weighing on demand conditions. Driving the increase in total input prices was the sharpest uptick in purchase costs since November 2023. Output charges also rose and at the steepest pace in two-and-a-half years. Lower new orders also led to fresh contractions in employment and input buying. Nonetheless, business confidence in the year-ahead outlook improved.

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 46.6 in May, the headline reading was down from 49.4 in April and signalled the quickest decline in the health of the Kenyan private sector since July 2024.

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



The solid downturn was partly driven by a notable acceleration in the pace of decline in business activity at Kenyan firms in May. The fall was marked overall, with panellists often attributing the contraction to lower new work intakes and weak demand.

In fact, new sales decreased at the fastest pace since mid-2025 as inflationary pressures led to greater customer hesitancy as clients tightened budgets midway through the second quarter.

At the sector level, construction and services firms recorded downturns in both output and new orders. Meanwhile, manufacturing companies were alone in seeing growth in production as declines were recorded elsewhere.

Reduced pressure on capacity via a fall in new orders led firms to cut their workforce numbers for the first time in 16 months midway through the second quarter. The fall in employment largely regarded temporary staff where contracts were cut short. Companies reported sufficient capacity to process

Contents

Overview and comment

Output and demand

Business expectations

Employment and capacity

Purchasing and inventories

Prices

International PMI

Survey methodology

Further information

new work, as backlogs contracted for the third month running.

Budget constraints at companies also hampered input buying, which contracted for the first time in eight months. Subsequently, firms eased efforts to stockpile inputs, as inventories were broadly unchanged on the month despite a further improvement in vendor performance.

On the price front, total cost burdens increased at a steeper rate in May. The acceleration in the pace of inflation brought it to the sharpest since November 2023, largely driven by a marked rise in purchase costs. Wage bills continued to increase, but at only a fractional pace.

Although demand conditions became more challenging, Kenyan firms hiked their selling prices at a faster pace in May. The rate of charge inflation was the quickest in two-and-a-half years and well above the series average. In fact, all five monitored sectors registered a rise in output prices.

Kenyan firms were more confident in the outlook for output over the coming year in May. Optimism was reportedly underpinned by increased advertising, planned investment in product diversification and expanding online presence. Expectations for activity were the strongest since February 2023, with confidence broad based by sector.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

“The Stanbic Bank PMI data for May reflects a deterioration of business activity by private sector firms. Inventory purchases slowed, from being expansive, because of weakening sales, cash flow concerns, and rising costs. Consumer resistance to spend, alongside rising costs contributed to contractions in new orders and output. These declines may stem from the week-long disruption to business activity because of nationwide protests by transportation sector players that constrained movement.”

“Inflationary pressures have intensified, constraining demand conditions, with input prices, purchase costs and output prices driven up by higher fuel and transportation costs. Still, despite subdued business momentum, firms remain optimistic about future conditions.”



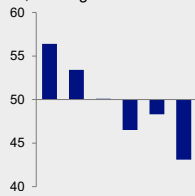
PMI®

by **S&P Global**

Output and demand

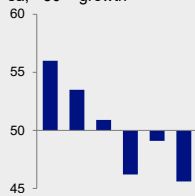
Output Index

Dec '25 - May '26
sa, >50 = growth



New Orders Index

Dec '25 - May '26
sa, >50 = growth



Output

Kenyan private sector output decreased further in May, thereby stretching the current period of contraction to three months. Moreover, the downturn was sharp and the most pronounced since mid-2024. When explaining the latest drop, panellists remarked on demand weakness, inflationary pressures and shortages of new work. Manufacturing bucked the wider trend and was the only sub-sector to see growth.

New orders

New orders placed with firms in Kenya fell for the third straight month in May, and to the greatest degree since July 2025. Panel member reports suggested that sales were hampered by hesitancy and tight budgets among clients amid inflationary pressures. Sharp contractions in new business intakes at construction and services companies contrasted with growth in the agriculture, manufacturing and wholesale & retail sectors.

Output Index

sa, >50 = growth since previous month



New Orders Index

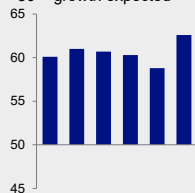
sa, >50 = growth since previous month



Business expectations

Future Output Index

Dec '25 - May '26
>50 = growth expected



Business confidence strengthened halfway through the second quarter, reaching its highest level since February 2023. Advertising, access to new markets, diversification and plans to improve online presence were some of the growth opportunities supporting optimism. That said, the Future Output Index remained below the historical average.

Future Output Index

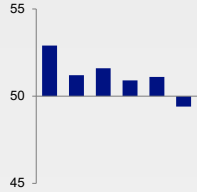
>50 = growth expected over next 12 months



Employment and capacity

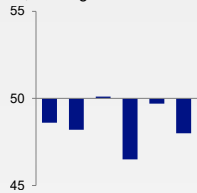
Employment Index

Dec '25 - May '26
sa, >50 = growth



Backlogs of Work Index

Dec '25 - May '26
sa, >50 = growth



Employment

Private sector businesses in Kenya signalled a renewed decline in staff numbers during May, ending a 15-month period of continuous job creation. Panellists reported that the fall often reflected reductions in temporary contract staff. The pace of contraction was only marginal, however, as headcount reductions in the agriculture and wholesale & retail categories were partly offset by growth at construction and manufacturing companies. Employment was stable at service providers.

Backlogs of work

May data showed an increasing degree of spare capacity at Kenyan firms, as outstanding business volumes decreased at a quicker pace. Anecdotal evidence highlighted that resources were diverted towards backlog clearances amid a lack of new work. The overall rate of depletion was only moderate, however.

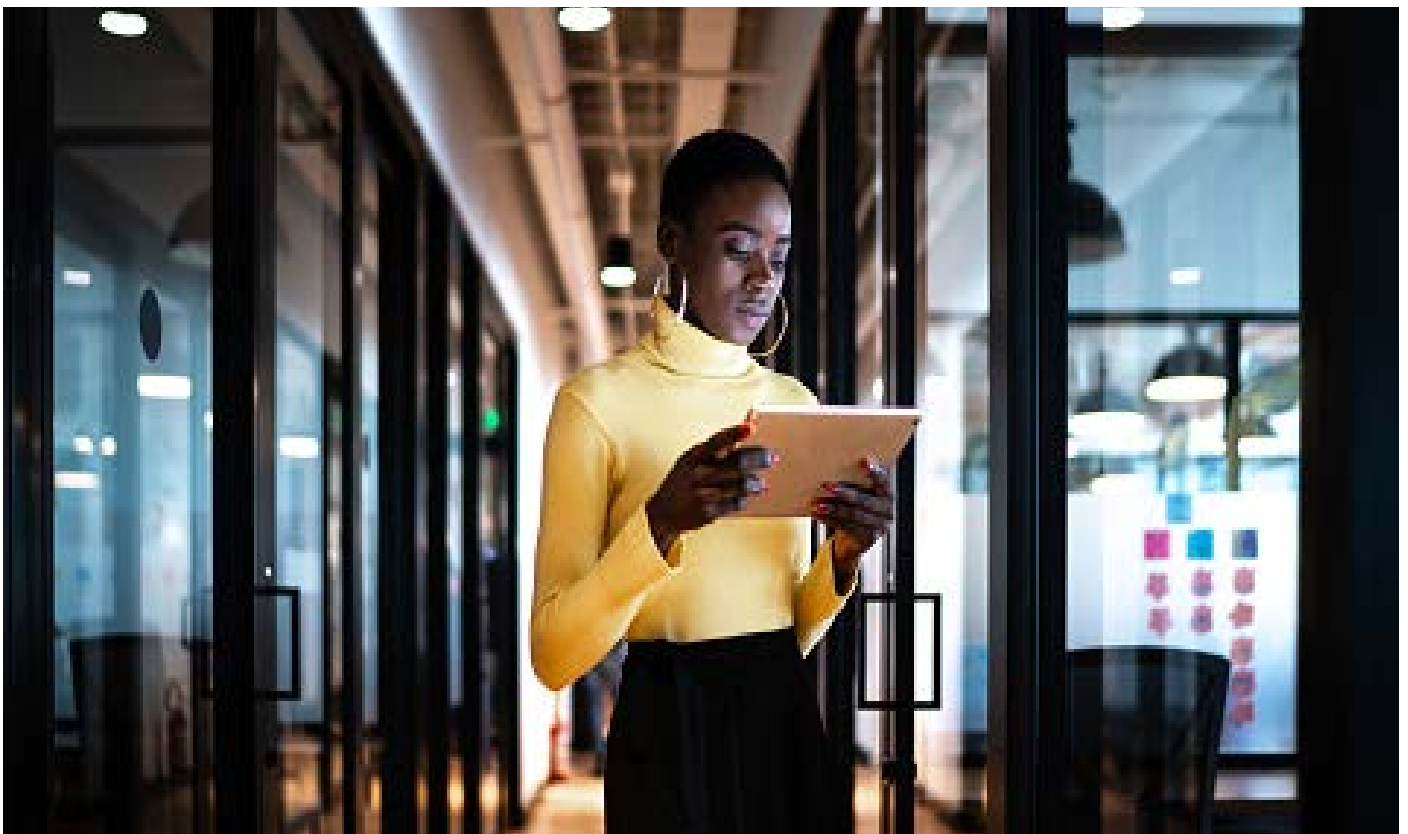
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

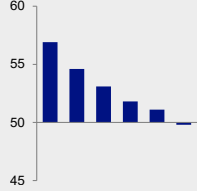
sa, >50 = growth since previous month



Purchasing and inventories

Quantity of Purchases Index

Dec '25 - May '26
sa, >50 = growth



Quantity of purchases

After increasing in each of the previous seven months, purchasing activity fell halfway through the second quarter. Adverse sales developments, cashflow issues and cost pressures were the main factors behind reduced buying levels, according to respondents. The rate of contraction was only marginal, however.

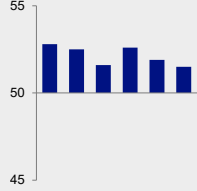
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Dec '25 - May '26
sa, >50 = faster times



Suppliers' delivery times

Vendor performance improved in May, as has been observed continuously on a monthly basis since February 2025. Monitored companies linked faster deliveries to attempts among suppliers to secure timely payments and retain customers. Subdued input demand was also cited as a factor behind the latest shortening of lead times, which was nevertheless the least marked since July 2025.

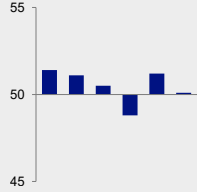
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Dec '25 - May '26
sa, >50 = growth



Stocks of purchases

Pre-production inventories were broadly unchanged in May, following a renewed increase in April. This was signalled by the seasonally adjusted Stocks of Purchases Index recording only fractionally above the 50.0 threshold. Indeed, the vast majority of survey respondents (86%) reported no change in input holdings since the previous month.

Stocks of Purchases Index

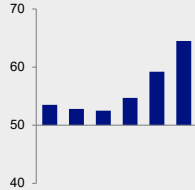
sa, >50 = growth since previous month



Prices

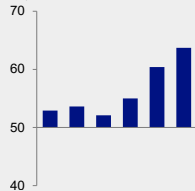
Input Prices Index

Dec '25 - May '26
sa, >50 = inflation



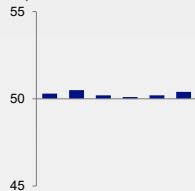
Purchase Prices Index

Dec '25 - May '26
sa, >50 = inflation



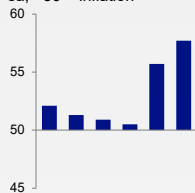
Staff Costs Index

Dec '25 - May '26
sa, >50 = inflation



Output Prices Index

Dec '25 - May '26
sa, >50 = inflation



Input prices

The overall expenses of companies operating in Kenya continued to rise sharply in May. Furthermore, the rate of inflation accelerated for the third straight month and reached its highest level in two-and-a-half years. Underlying data signalled that the overall increase in input costs was mainly driven by higher purchase prices as staff costs were up only marginally.

Purchase prices

Purchase price inflation accelerated further in May, reaching its highest mark since November 2023 and by far exceeding its historical trend. Among the key items reported as up in price, panellists cited food, fuel and transportation, with the war in the Middle East reportedly exacerbating cost pressures. Quicker rates of increase were noted in each of the five monitored sub-sectors. Construction topped the rankings, followed by wholesale & retail.

Staff costs

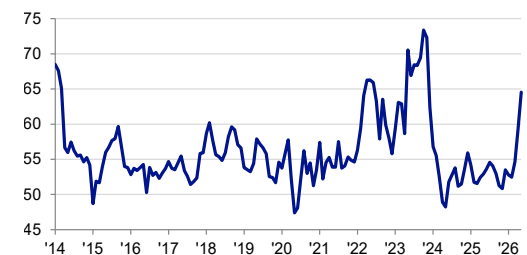
Wage costs across Kenya's private sector economy rose only marginally again during May as the respective seasonally adjusted index remained close to the no-change mark of 50.0. Indeed 99% of survey participants reported no change in staff costs since April. Nonetheless, increases have now been recorded in each of the past 17 months.

Output prices

Kenyan businesses sought to shield profit margins from cost rises by lifting their own fees again in May. The overall rate of output charge inflation was sharp, the fastest in 30 months and well above its long-run average. Sub-sector data showed that hikes to selling prices were steepest in the wholesale & retail category.

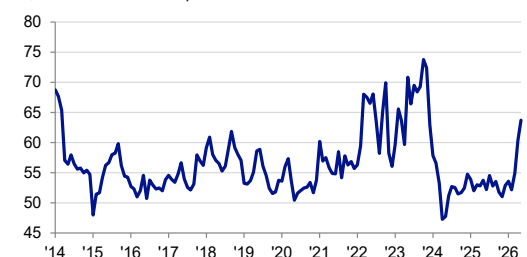
Input Prices Index

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

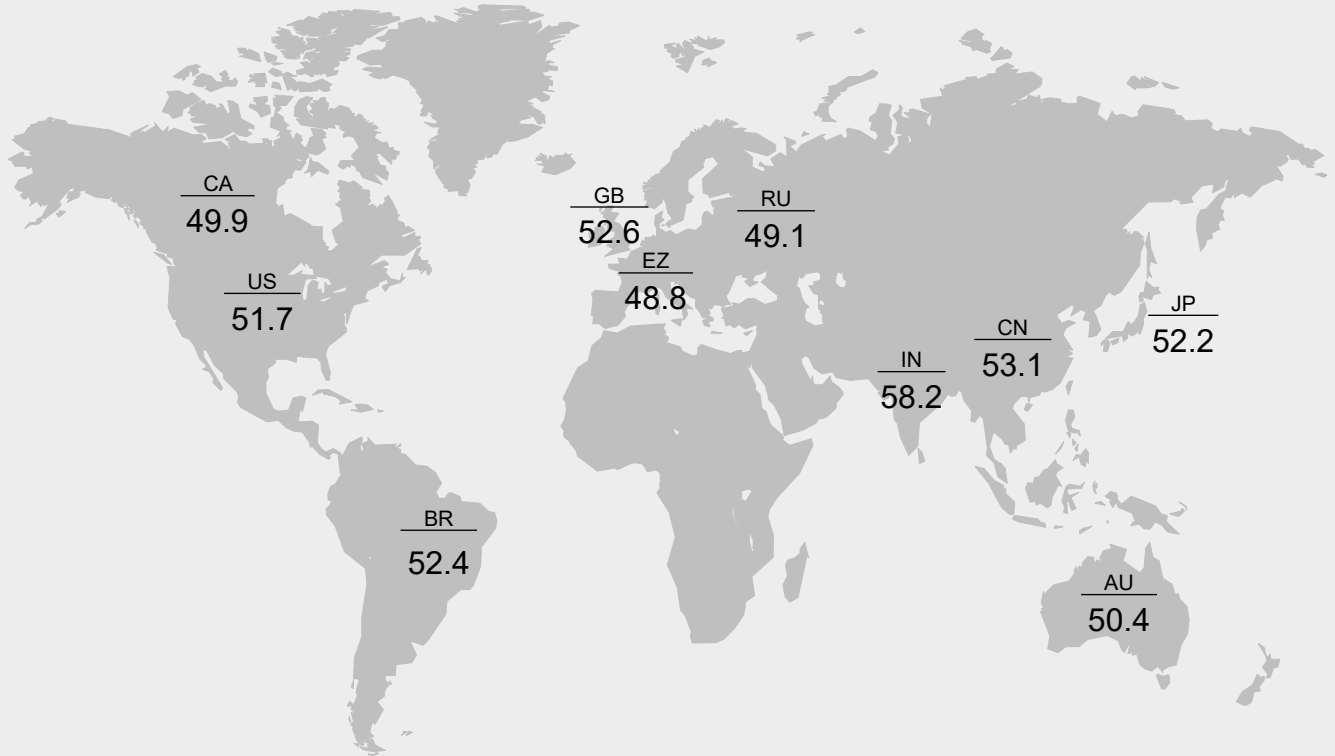
sa, >50 = inflation since previous month



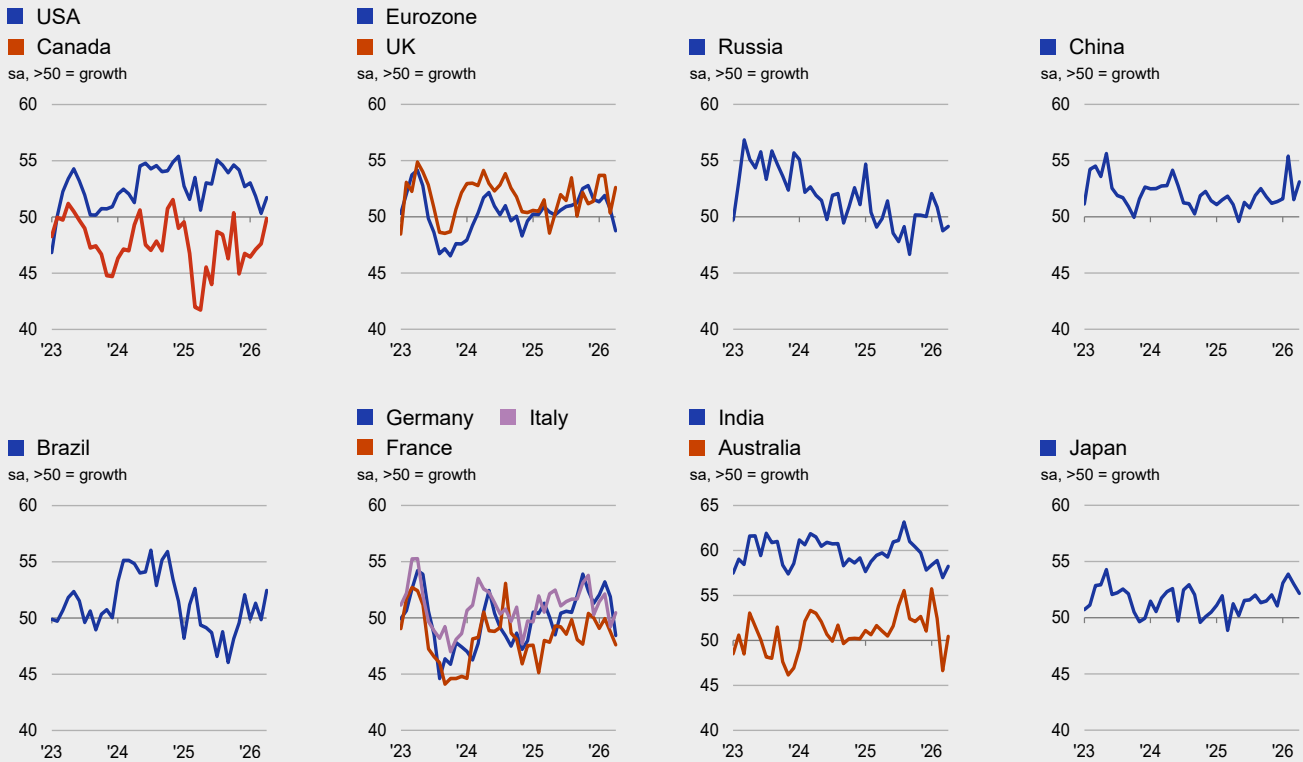
International PMI

Composite Output Index, Apr '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 12-27 May 2026.

Survey questions

Private sector

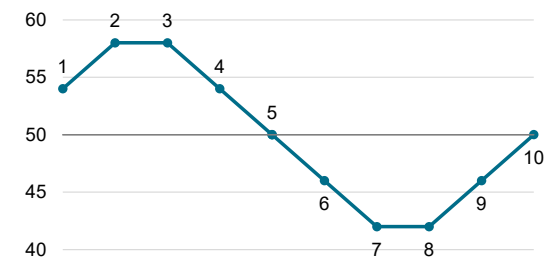
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

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

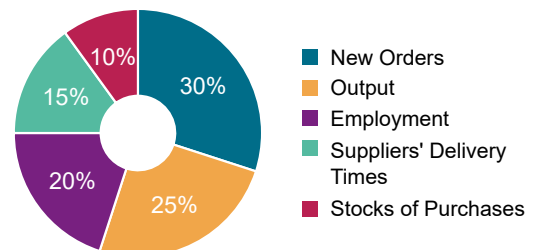
Index interpretation

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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