Stanbic Bank
A member of Standard Bank Group

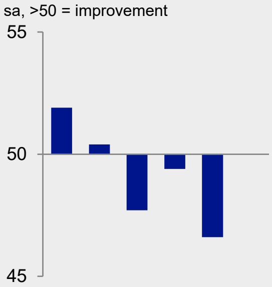
Stanbic Bank Kenya PMI®

Selling prices rise at record pace in June, but new orders start to grow

50.0

KENYA PMI
JUN '26

PMI
Jan - Jun '26
sa, >50 = improvement



Rising fuel prices drive historic uptick in output charges

Order books edge higher, but output continues to fall

Strongest outlook for future activity since February 2023

The Standard Bank Kenya PMI® signalled the quickest increase in private sector output charges in the survey's history during June.

The uplift was widely associated with rising fuel levies, which led to another pick up in total input cost inflation. Rising business expenses also contributed to a reduction in output, even as customer orders showed signs of revival.

Despite these challenges, Kenyan firms were the most confident about future activity for almost three-and-a-half years in June, as an increase in sales boosted sentiment and led to higher backlogs, fresh job creation and restocking efforts.

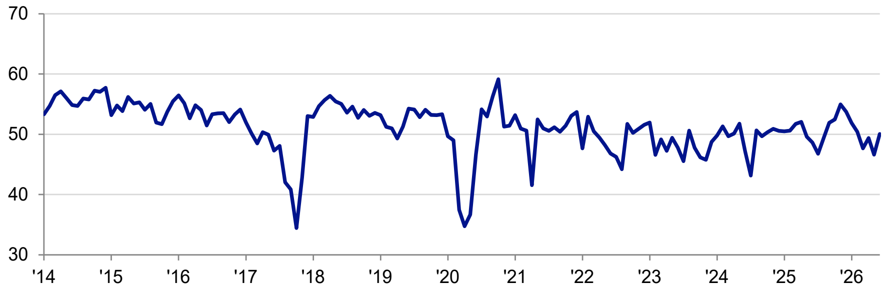
Combined, these signals led the headline Kenya Purchasing Managers' Index™ (PMI®) to rise from 46.6 in May to the neutral mark of 50.0 in June. Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show deterioration. The latest reading therefore indicated that operating conditions stabilised in June, following contractions in each of the past three months.

Business activity remained a negative influence on operating conditions in June, as the latest survey data signalled a downturn in output for the fourth month running. Many panellists continued to face weak client numbers, whilst some noted supplier capacity cuts and reluctance to purchase inputs linked to rising cost burdens and limited cash flow. The pace at which output contracted was less steep than that seen in May, but marked nonetheless.

Positively, new order inflows returned to growth territory for the first time since February, albeit with only a modest rise overall. Firms reporting a boost to sales often suggested these had been earned through customer referrals, marketing campaigns and business growth initiatives.

This mismatch between output and new orders in Kenya's private sector resulted in a solid increase in unfinished business. Panellists also suggested that vendor delays and higher input prices contributed to the rise. On the

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



PMI by S&P Global

Contents

former, June data signalled the greatest lengthening of overall supplier delivery times since April 2020, as firms noted that product shortages and higher fuel prices had often made vendors reluctant to deliver goods until transport capacity was full.

Around 41% of monitored companies reported an increase in total input costs in June, pushing the rate of overall cost inflation to its highest level since November 2023. As well as the impact of fuel prices, panellists mentioned higher costs for items such as foodstuff, paper, IT equipment and construction materials.

The marked surge in business costs underscored a record mark-up in average prices charged at Kenyan firms in June, which culminated a sharp acceleration in selling charge inflation seen over the course of the second quarter.

Considering the steep increase in costs, firms reduced their input expenditure for the second month running. Nevertheless, stock levels rose slightly as some firms built inventories amid strengthening confidence. An increase in employment was also recorded, following a slight decrease in May.

Output expectations improved for the second straight month in June to reach their highest level since February 2023. Anecdotal evidence showed that firms broadly looked beyond current inflation concerns and were buoyed by planned business developments, new market entries, greater marketing and innovation.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

“The Stanbic PMI for June was upbeat on signs of a recovery after three months of weakness. Firms’ new orders grew due to robust sales volumes. However, output conditions remained subdued on concerns of soft client demand and rising price pressures. Still, firms are more confident about future output expectations due to advertising, the entrenchment of technology, and expectations of lower fuel costs.

“The deterioration in backlogs and supplier delivery times suggests that supply-side constraints are limiting firms’ ability to convert stronger orders into output. Inventories increased in June due to concerns about shortages but also due to higher expectations of growth.

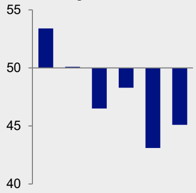
“Most concerningly, input and output prices accelerated sharply, reflecting higher fuel and raw material costs and a stronger pass-through to consumers. This has been keeping margin pressure elevated; further, it implies that the current price shock may last longer than the 2022 oil-price episode. Still, as international oil prices have been declining, there may be reprieve for firms in time.”

Output and demand

Output
Index

Jan - Jun '26

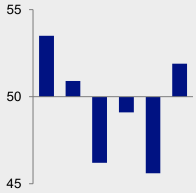
sa, >50 = growth



New Orders
Index

Jan - Jun '26

sa, >50 = growth

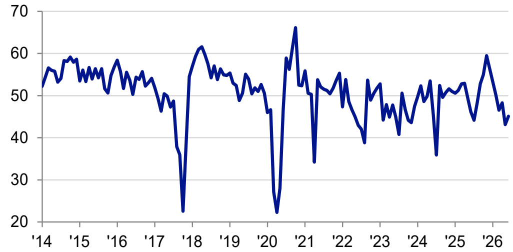


Output

The seasonally adjusted Output Index remained in sub-50.0 territory in June, signalling a contraction in output for the fourth month in a row. Despite easing slightly from May, the rate of decline was strong overall. Although some survey members benefitted from an increase in new orders, there were frequent mentions of poor client turnouts and higher cost pressures.

Output Index

sa, >50 = growth since previous month

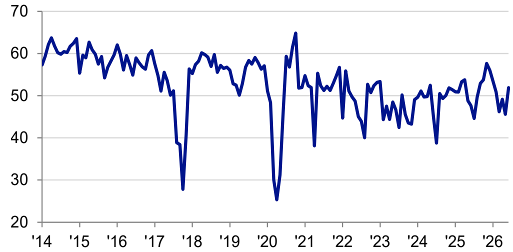


New orders

June data pointed to a modest recovery in sales volumes received by Kenyan businesses. The total volume of incoming work rose for the first time since February. A number of firms reportedly gained new clients through referrals, marketing and product expansions, although cost pressures were still cited as a major growth dampener.

New Orders Index

sa, >50 = growth since previous month

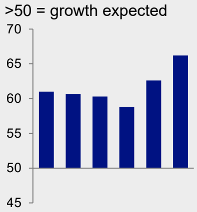


Business expectations

Future
Output Index

Jan - Jun '26

>50 = growth expected



The Future Output Index rose to its highest level since February 2023 in June. Approximately a third of surveyed businesses (33%) anticipated a rise in output over the next 12 months, whereas just 1% predicted a fall. Panellists highlighted a number of growth drivers, including entry to new domestic and foreign markets, investment in advertising strategies and tech adoption. Some businesses pinned hopes on a lowering of fuel prices.

Future Output Index

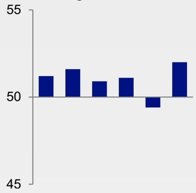
>50 = growth expected over next 12 months

Employment and capacity

Employment Index

Jan - Jun '26

sa, >50 = growth

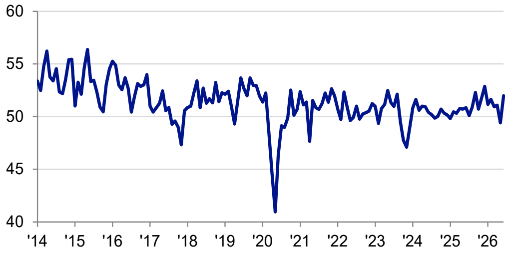


Employment

Kenyan companies increased their employment numbers at a moderate and above-average pace at the end of the second quarter. In many cases, job creation was linked to an uplift in new work and renewed capacity pressures. The increase in employment followed a slight fall in May.

Employment Index

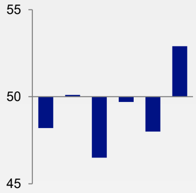
sa, >50 = growth since previous month



Backlogs of Work Index

Jan - Jun '26

sa, >50 = growth

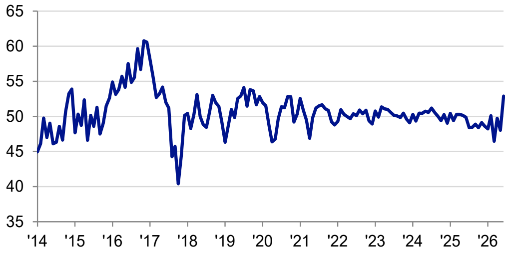


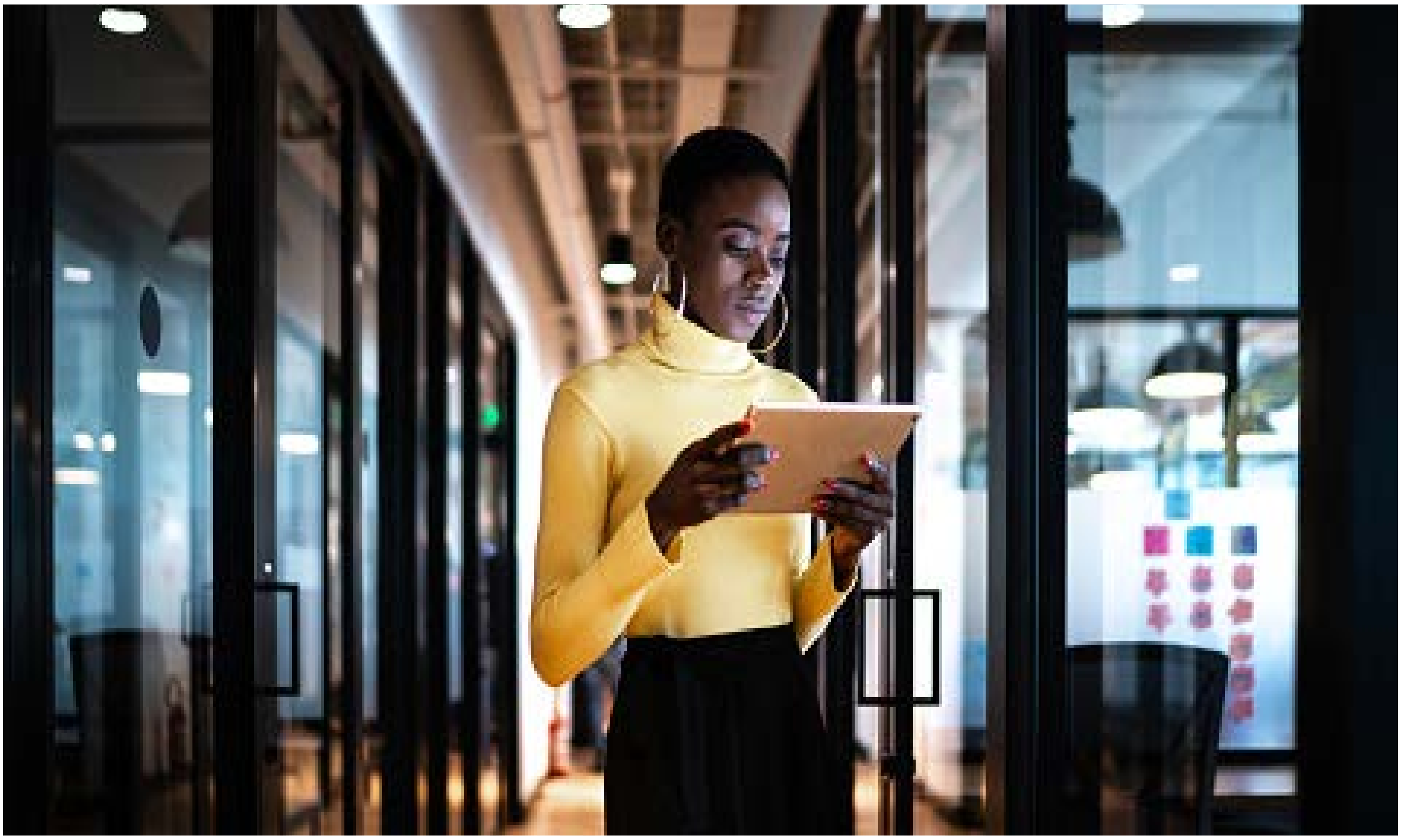
Backlogs of work

For only the second time in more than a year, backlogs of work increased during June. Moreover, the respective seasonally adjusted index climbed to its highest level since October 2019 and indicated a solid rate of expansion. Some panellists associated this with vendor delays, while others linked the rise to expensive input prices and output constraints.

Backlogs of Work Index

sa, >50 = growth since previous month

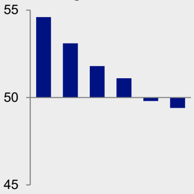




Quantity of Purchases Index

Jan - Jun '26

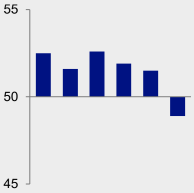
sa, >50 = growth



Suppliers' Delivery Times Index

Jan - Jun '26

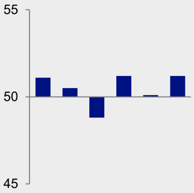
sa, >50 = faster times



Stocks of Purchases Index

Jan - Jun '26

sa, >50 = growth



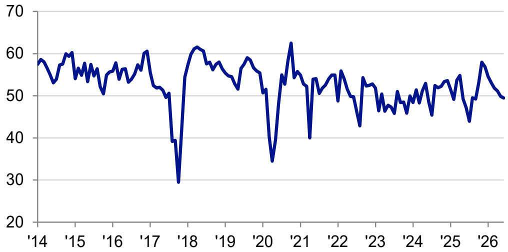
Purchasing and inventories

Quantity of purchases

Firms in Kenya pointed to a marginal fall in purchasing quantities in June and one that was slightly faster compared to that seen in May. The contraction was centred on the wholesale & retail and agriculture segments. Survey respondents that lowered their purchases broadly related this to rising input prices and greater inflationary pressures in general, as well as a lingering effect from the recent spell of weak demand..

Quantity of Purchases Index

sa, >50 = growth since previous month

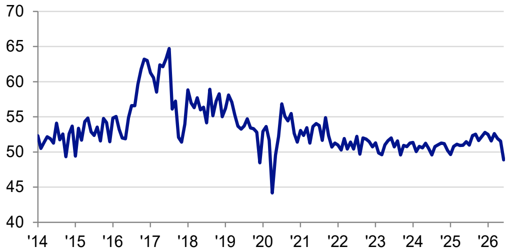


Suppliers' delivery times

The latest survey data signalled an increase in average input delivery times for the first time since January 2025. In some cases, rising transport costs led suppliers to cut back on delivery cadence. Panellists also noted that product scarcity had caused delays. Although marginal, the decline in supplier performance was the strongest seen since April 2020.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

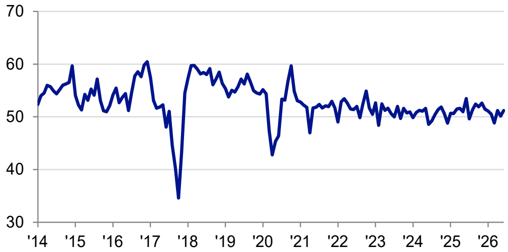


Stocks of purchases

Kenyan businesses added to their inventories of purchased items for the third consecutive month in June, which survey comments often linked to improved growth predictions and concerns over shortages. While the rate of expansion was the joint-fastest in 2026 to-date (alongside April), it remained much softer than the series trend, mostly due to reduced purchasing and greater cost worries.

Stocks of Purchases Index

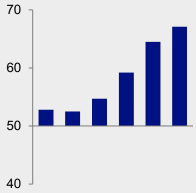
sa, >50 = growth since previous month



Input Prices Index

Jan - Jun '26

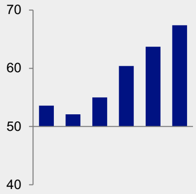
sa, >50 = inflation



Purchase Prices Index

Jan - Jun '26

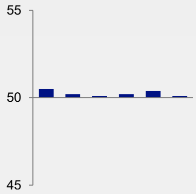
sa, >50 = inflation



Staff Costs Index

Jan - Jun '26

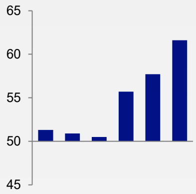
sa, >50 = inflation



Output Prices Index

Jan - Jun '26

sa, >50 = inflation



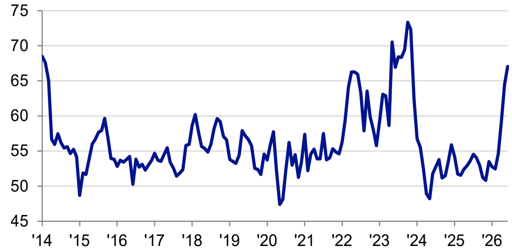
Prices

Input prices

Overall input price inflation remained on an upwards trend in June, accelerating for the fourth straight month to its highest level in just over two-and-a-half years. Notably, nearly 41% of the survey panel stated that their costs had risen since the prior month, far higher than the 4% of respondents that saw a decline. Out of the five main sectors, cost pressures were the most marked in construction.

Input Prices Index

sa, >50 = inflation since previous month

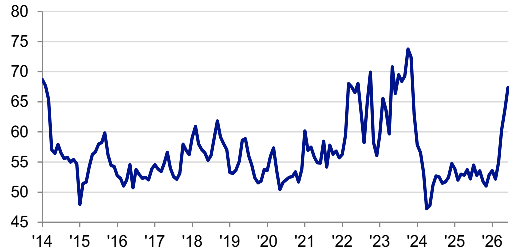


Purchase prices

Rising fuel prices were often seen as a key inflation driver in June, as firms commonly mentioned having to pay more for purchases as a result. Consequently, the seasonally adjusted Purchase Prices Index rose for the fourth month in a row to its highest level since November 2023.

Purchase Prices Index

sa, >50 = inflation since previous month



Staff costs

The vast majority of survey respondents (97%) reported no change in their labour expenses over the course of June. After adjusting for seasonal variation, the Staff Costs Index thereby signalled little movement in wage bills across the private sector economy.

Staff Costs Index

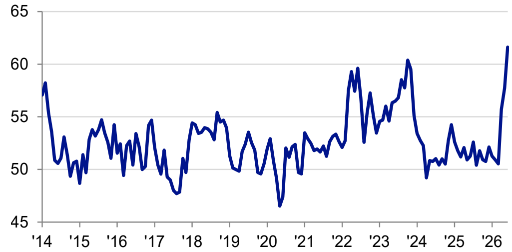
sa, >50 = inflation since previous month

Output prices

In line with the trend for total input costs, Kenyan businesses reported a sharper increase in selling charges at the end of the second quarter. In fact, the uplift was the quickest recorded in the survey's history (since January 2014). Around 25% of firms lifted their fees (versus 2% cutting them), which they mainly attributed to the pass-through of increased fuel costs and higher raw material purchase prices.

Output Prices Index

sa, >50 = inflation since previous month

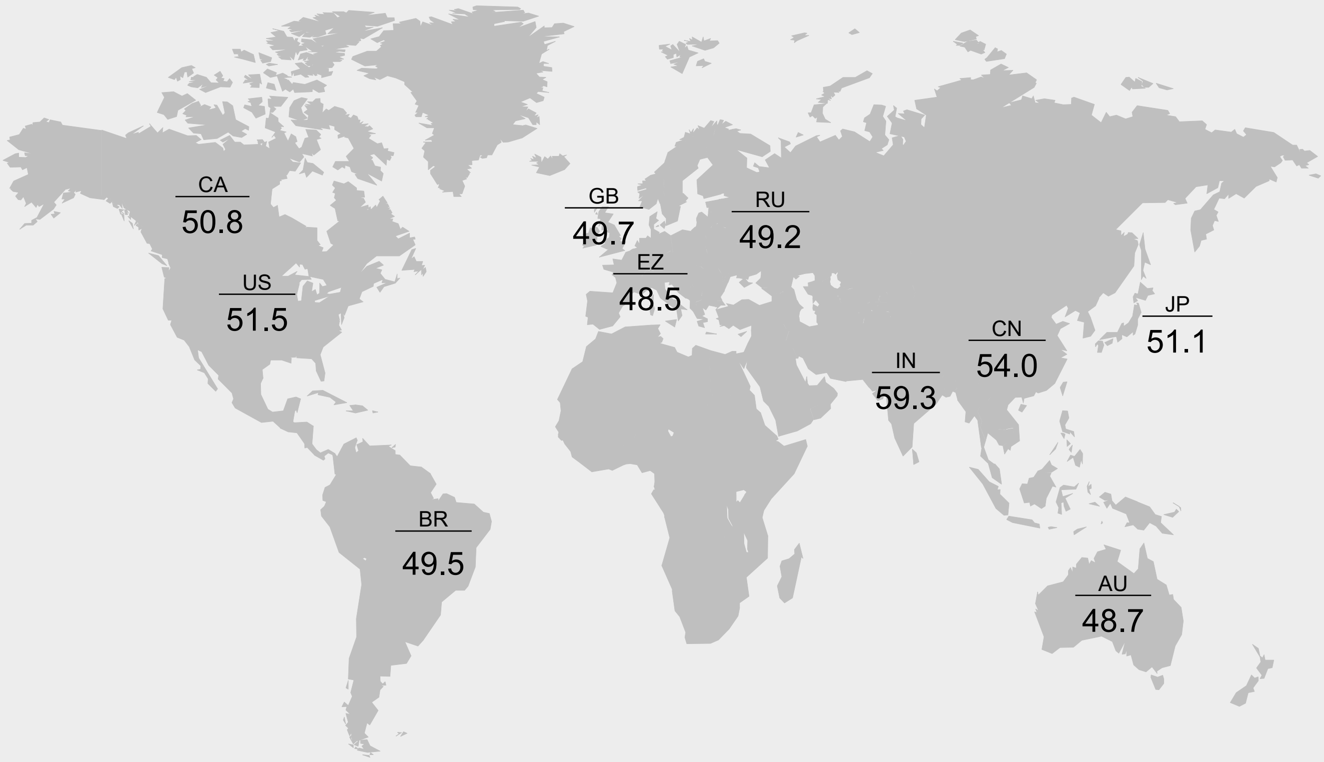


International PMI

Composite Output Index, May ‘26

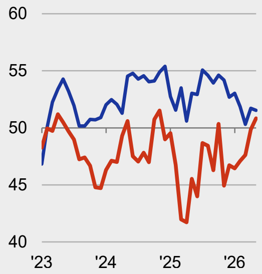
sa, >50 = growth since previous month

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

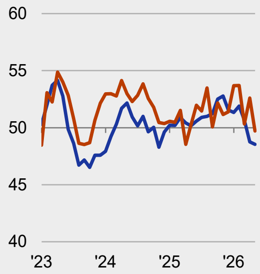


Composite Output Index

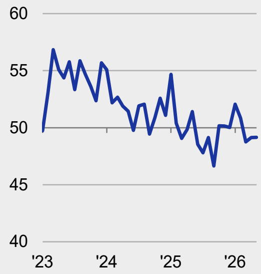
USA
Canada
sa, >50 = growth



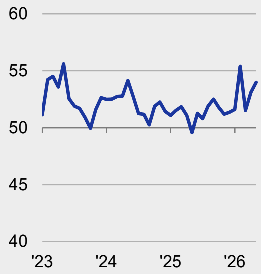
Eurozone
UK
sa, >50 = growth



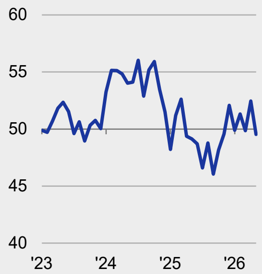
Russia
sa, >50 = growth



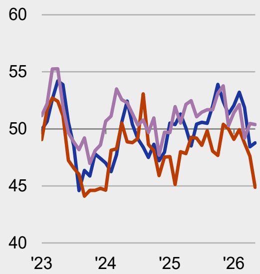
China
sa, >50 = growth



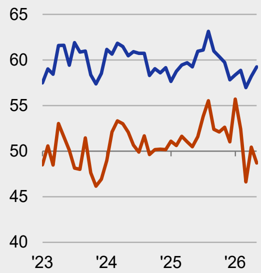
Brazil
sa, >50 = growth



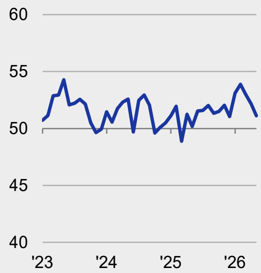
Germany Italy
France
sa, >50 = growth



India
Australia
sa, >50 = growth



Japan
sa, >50 = growth



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 11-26 June 2026.

Survey questions
Private sector

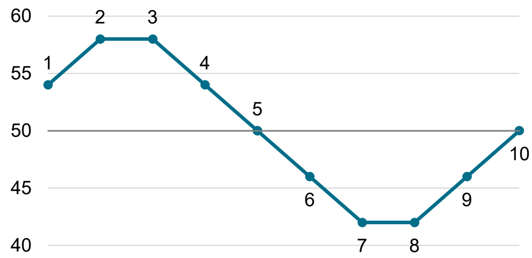
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

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

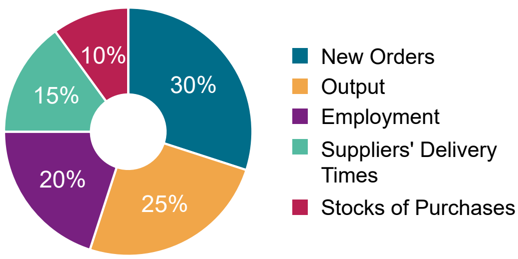
Index interpretation

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

Contact

Christopher Legilisho
Economist
Standard Bank
LegilishoC@stanbic.com

David Owen
Principal Economist
S&P Global Market Intelligence
T: +44 1491 461 002
david.owen@spglobal.com

Kriti Khurana
Corporate Communications
S&P Global Market Intelligence
T: +91-971-101-7186
kritikhurana@spglobal.com
press.mi@spglobal.com

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.
www.spglobal.com/marketintelligence/en/mi/products/pmi