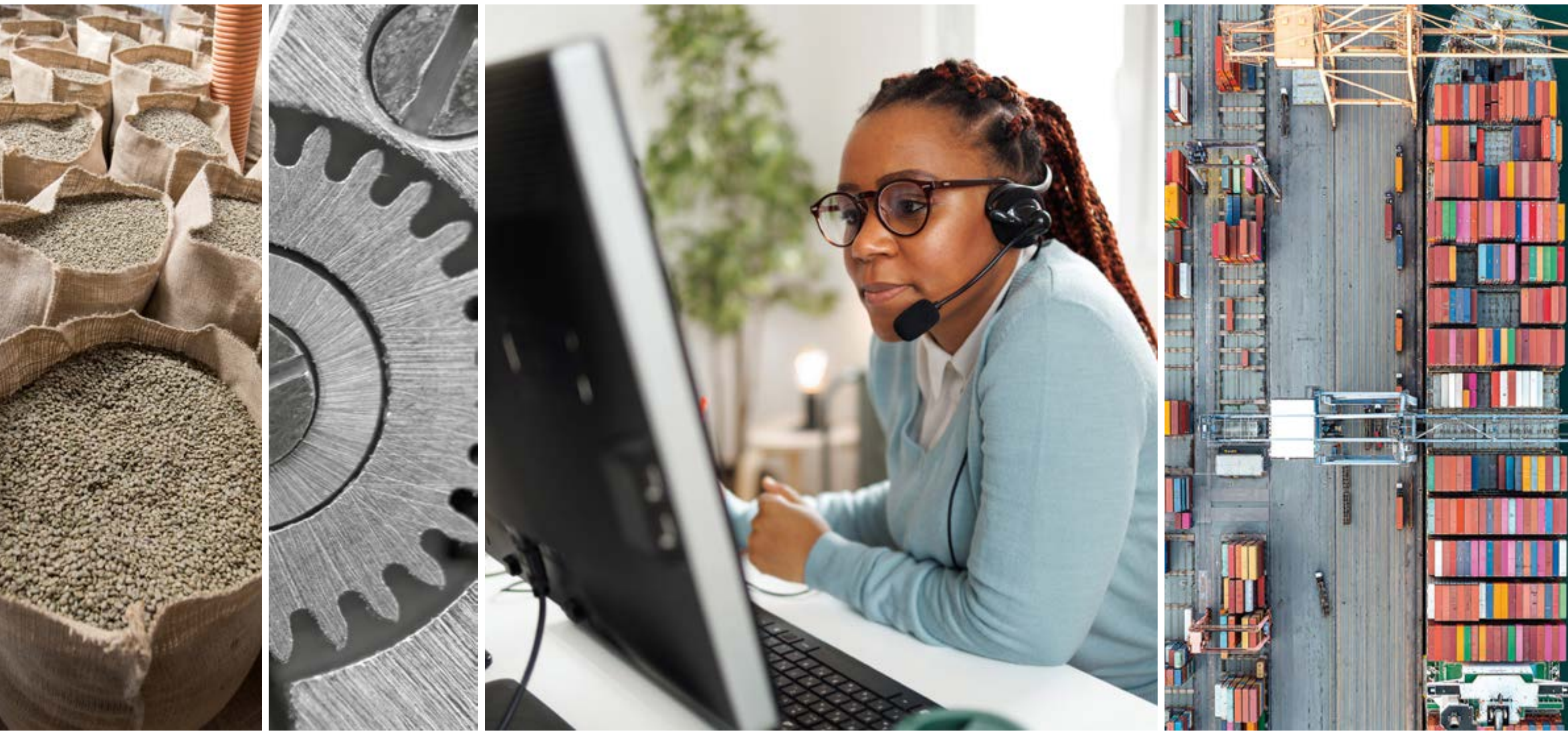
3 September 2026

Stanbic Bank Kenya PMI®

Operating constraints weaken business conditions in August, despite upturn in sales



Stanbic Bank
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PMI® by S&P Global

3 September 2026

Stanbic Bank Kenya PMI®

Contents

About the report

The Stanbic Bank Kenya PMI® provides a timely snapshot of economic performance. The report tracks monthly changes in output, demand, employment, prices and supply chains, compiled from survey responses from a representative panel of private sector companies.

Key findings

August 2026

Cost considerations and key material shortages constrain output

New orders increase for third successive month

Output charges rise at slowest pace since April

Stanbic Bank Kenya PMI
August 2026

49.7

The PMI varies between 0 and 100 and is seasonally adjusted. A reading above 50 indicates an increase compared to the previous month, and below 50 a decrease. The PMI is a weighted average of five-indices tracking new orders, output, employment, suppliers' delivery times and stocks of purchases. For more information on methodology, click here.

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Operating constraints weaken business conditions in August, despite upturn in sales

The Stanbic Bank Kenya PMI® signalled a decline in operating conditions for the first time in three months in August, as supply shortfalls and cost saving measures prompted firms to reduce their output and purchases.

The contraction in business activity accelerated since July, despite firms receiving greater sales volumes for the third straight month. Moreover, employment increased again and business confidence regarding future output was the strongest observed in three-and-a-half years.

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 deterioration.

After rising above the 50.0 no-change mark for the first time in five months to 51.3 in July, the headline PMI fell to 49.7 in August, signalling a marginal deterioration in operating conditions. This was due to reductions in output and stocks of purchases, as well as a loosening of supply pressures as demand for inputs dropped.

Output decreased for the sixth consecutive month in August, and the contraction accelerated to a solid pace. As was the case in both June and July, companies lowered their activity in spite of an improvement in customer sales. Indeed, the total volume of private sector new orders increased for the third straight month in August, albeit to a lesser extent than in July. Survey panellists often commented on bulk-buying at clients and increased sales through advertising, with a rise in private sector healthcare demand also noted amid public sector strikes.

The mismatch between output and new orders was again widely associated with a high inflation environment, as companies struggled to purchase inputs due to rising prices and limited liquidity. Output also decreased due to some key material supply shortages, according to some panellists.

Input constraints and cost considerations also underlined a reduction in purchasing activity. August data indicated a decrease in input buying for the fourth month in a row, and the rate of decline accelerated to the fastest in just over a year. Stocks of purchases subsequently declined in August. In fact, the downturn was the steepest recorded in three-and-a-half years, albeit modest overall.

Positively, a lack of buying activity reportedly eased pressure on supply chains. Kenyan companies reported quicker lead times for the first time in three months, although the degree of improvement was relatively mild amid shortages of some materials.

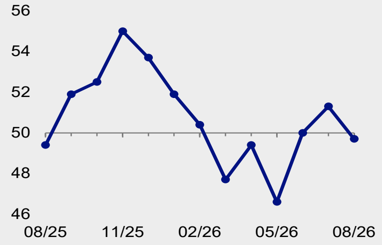
Backlogs of work at Kenyan companies continued to increase at an historically strong pace midway through the third quarter. The rate of accumulation eased further from June, but was still the third-sharpest in over five-and-a-half years. Firms attempted to soften capacity pressures by raising employment, with workforce numbers increasing at an above-average pace for the third straight month.

Going forwards, businesses across Kenya signalled robust optimism in August. Year-ahead output expectations ticked up to their highest level since February 2023. Firms with a positive outlook largely related this to planned investment into marketing, capacity improvements, product diversification and new technology.

Companies were also encouraged by a softening of cost pressures. Although marked overall, the rate of input price inflation fell to its lowest since April. Higher costs relating to fuel and transport continued to be highlighted, while there was a much quicker and historically sharp uplift in overall wage costs. Firms tended to hike their charges to safeguard profit margins, albeit with the rate of increase easing slightly to a four-month low.

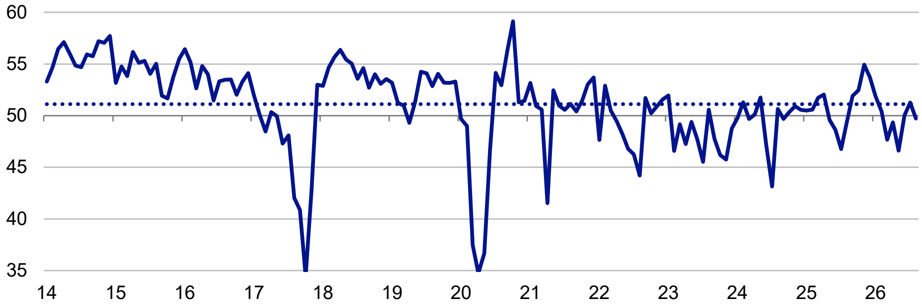
Stanbic Bank Kenya PMI

Index, sa, >50 = improvement m/m



Data were collected 12-26 August 2026.
Sources: Stanbic Bank, S&P Global PMI. ©2026 S&P Global.

Comment



Sources: Stanbic Bank, S&P Global PMI. ©2026 S&P Global.

Contact

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Standard Bank
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Commenting on the survey findings, Christopher Legilisho, Economist at Stanbic Bank said:

"Kenya's Stanbic Bank PMI weakened in August due to momentum loss in the private sector as elevated raw materials costs and tight cash flows constrained firms' ability to translate stronger demand into output. Nevertheless, new orders proved resilient due to bulk purchasing, advertising, and demand for private healthcare. Robust hiring and continued optimism about planned investment imply that firms expect activity to strengthen. However, the divergence between demand and production indicates any near-term recovery as still being constrained by high operating costs and inadequate liquidity.

"The increase in backlogs demonstrates this demand and supply mismatch of workloads rising faster than firms can increase output, prompting the additional hiring of staff. Still, lower purchasing arising from shortages of inputs and inventory levels eased the pressure on suppliers. However, this may also mean that businesses are cautious, which may limit production growth if demand should strengthen further.

"Inflationary pressures remain elevated. Still, the moderation in input and output price inflation from June peaks may imply gradual disinflation. However, rising wage costs are broadening price pressures beyond raw materials. Therefore, underlying inflation may prove sticky as firms pass these increases on to consumers. This may well play out, particularly if demand remains robust. Further, sustained cost pressures may continue to weigh on margins as well as delay a stronger output recovery."

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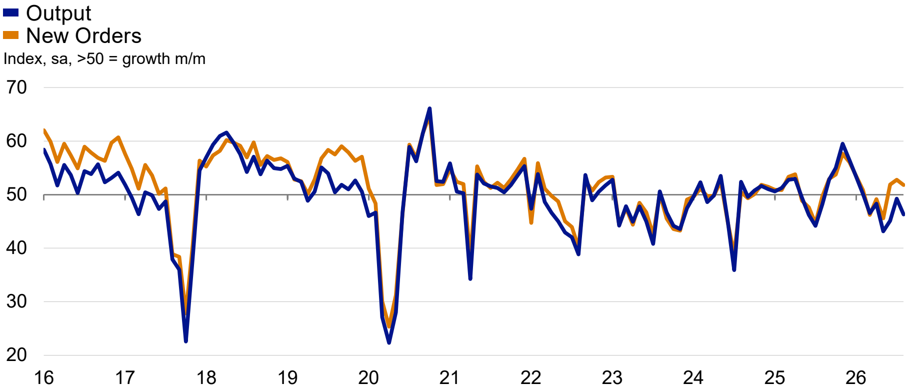
Output and demand



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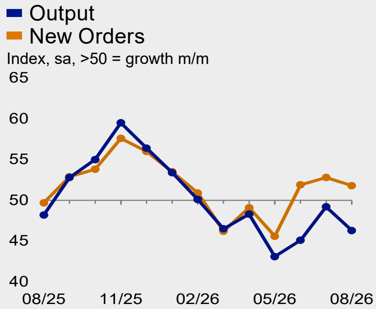

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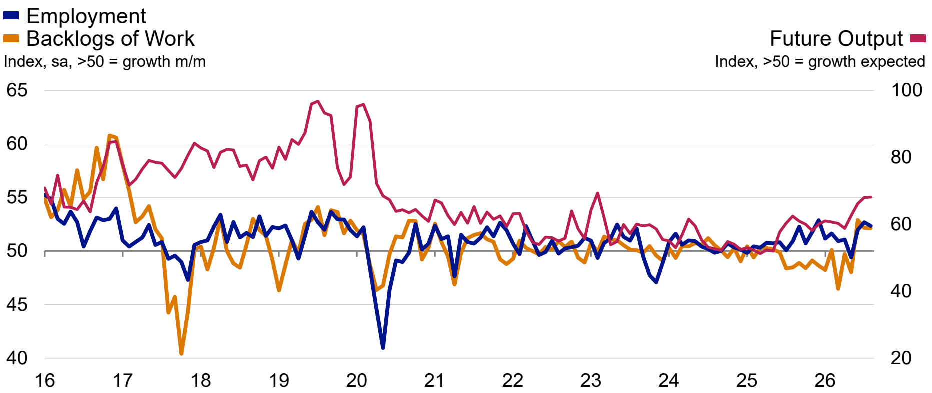
August data revealed a growing disconnect between business activity and new work at Kenyan companies.

On the one hand, businesses received a greater amount of new orders for the third month running. The respective seasonally adjusted index signalled a moderate increase in sales, despite falling slightly from July's six-month high. Firms reporting an upturn commented on customer bulk-buying, intensive advertising efforts and stronger demand for private healthcare amid public sector strikes. Order books increased in most sectors in August, with construction the only category to register a fall.

Despite rising sales, Kenyan firms reported that supply-side constraints had often curbed their ability to boost output and fulfil orders. Higher costs, raw material shortfalls and tight cash flows were commonly mentioned in the survey's qualitative responses. As a result, the seasonally adjusted Output Index posted below the 50.0 neutral reading for a sixth month running and fell deeper into negative territory, signalling a solid overall contraction.

Employment and outlook



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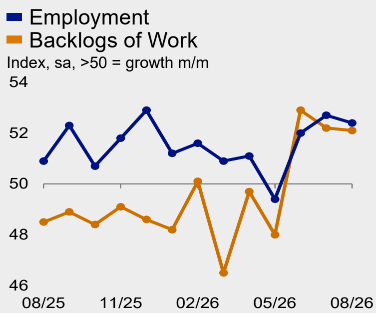

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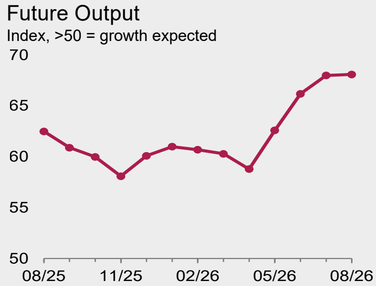

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Year-ahead expectations reached their highest level in three-and-a-half years.

The outlook for the Kenyan private sector economy remained robust in August, with 37% of panellists anticipating an increase in activity while just 1% expect a decline.

Firms with a positive outlook for the coming year signalled that optimism was largely driven by commercial strategies and growth ambitions, with comments indicating increased investment into marketing, capacity expansions, product diversification and technology integrations. Greater cost management and customer retention efforts were also mentioned as part of growth strategies.

Meanwhile, August data indicated that Kenyan firms had expanded their workforces. Employment levels rose at a solid pace that was little-changed from July's seven-month peak. Businesses tended to mention elevated workloads as the main reason for staff recruitment.

The volume of incoming business that firms were unable to complete rose for the third month running in August. This was mainly due to raw material shortfalls preventing companies from increasing output. While historically sharp, the pace at which backlogs accumulated was the softest recorded in the current three-month expansionary period.

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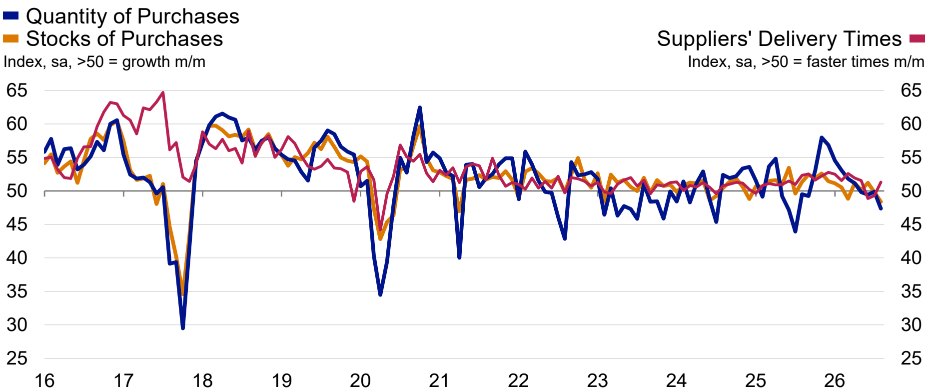
Supply chains



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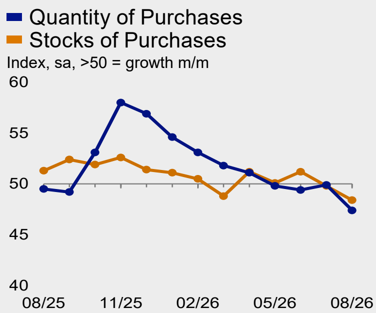

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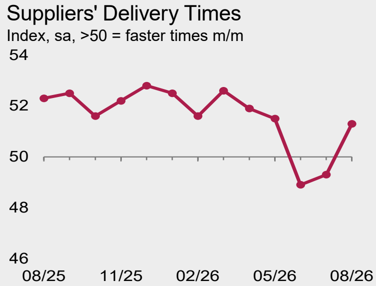


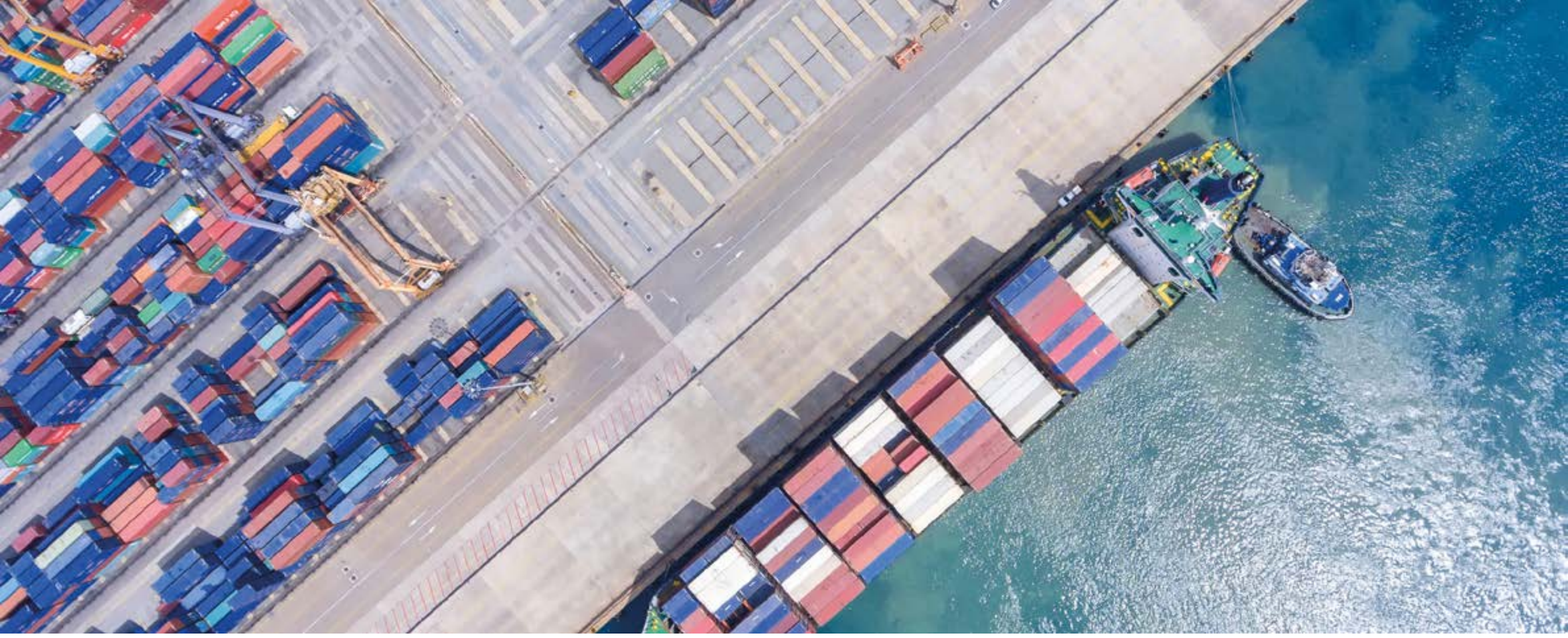
Sources: Stanbic Bank, S&P Global PMI. ©2026 S&P Global.

Purchasing activity fell further in August, helping to ease pressure on suppliers.

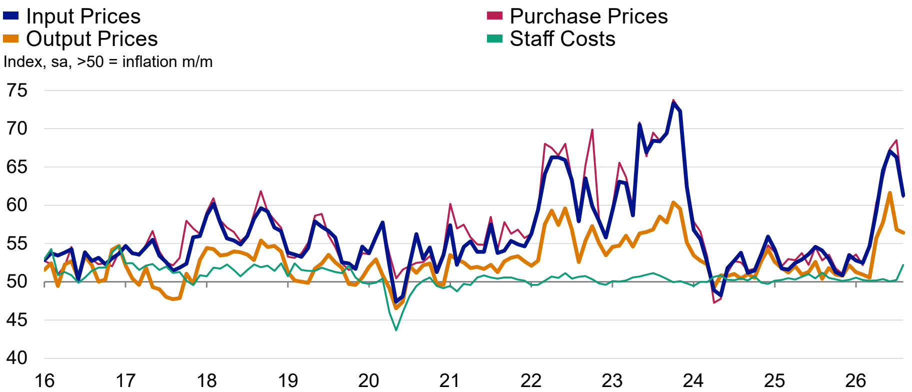
Adjusted for seasonal factors, the Quantity of Purchases Index dropped further into sub-50.0 territory in the latest survey period. The index signalled a moderate cut to buying levels at Kenyan companies, with the rate of contraction the fastest observed since July 2025. Although firms saw an increase in customer orders, purchases were reportedly constrained by cost-control decisions linked to elevated price pressures.

For the second consecutive month, a reduction in purchases led to lower input stocks. August's decline was modest overall but the quickest recorded in three-and-a-half years. Sector data revealed that inventory depletion was driven by agriculture and construction firms.

Some survey panellists noted that a decrease in input demand had reduced pressure on vendors and softened the impact of supply shortages and import delays. This led average supplier delivery times to shorten for the first time in three months during August, although the decrease was only modest and less marked than the series average. Lead times improved in four out of the five monitored sectors, the outlier being wholesale & retail.



Prices



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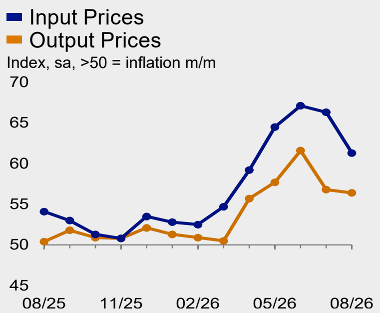

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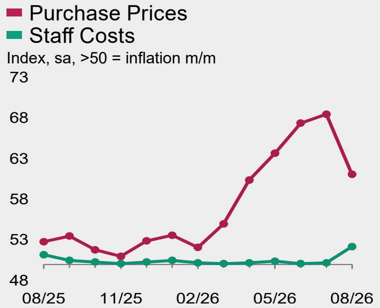

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Inflationary pressures dropped a four-month low in August, but remained marked overall.

The survey measures for overall input costs and firms' selling charges both dipped to their lowest levels since April. However, they still represented an elevated degree of inflationary pressure on private sector companies. Around a quarter of panellists reported an increase in costs since the previous month, compared with just 1% seeing a decline.

Purchase prices remained the key driver of higher business expenses, as firms indicated that material scarcity and geopolitical headwinds often led to price rises. Fuel and shipping costs were also commonly quoted as having risen.

Nonetheless, the rate of inflation cooled markedly from July's 32-month high.

Adding to cost inflation, Kenyan firms reported a faster increase in wages midway through the third quarter. In fact, the rate of salary inflation accelerated to its highest level since February 2019. Where wages rose, this was attributed to government directives, collective bargaining agreements and rising living costs.

Kenyan businesses raised prices for their products and services in August. The uplift was sharp, but eased slightly from July. In general, respondents highlighted efforts to protect profit margins. Notably, the fastest rates of both input and output price inflation were observed in the construction and agriculture sectors.

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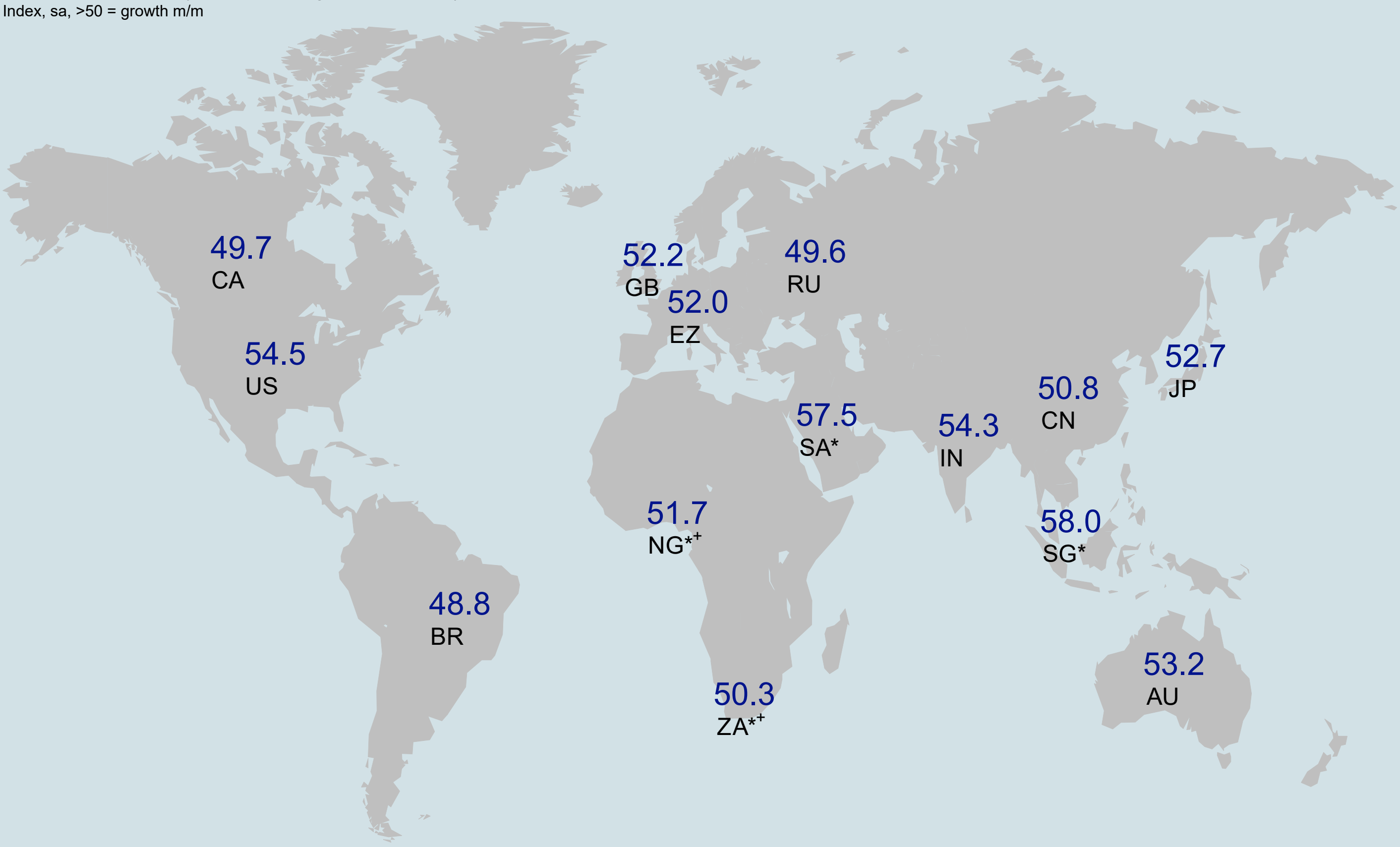
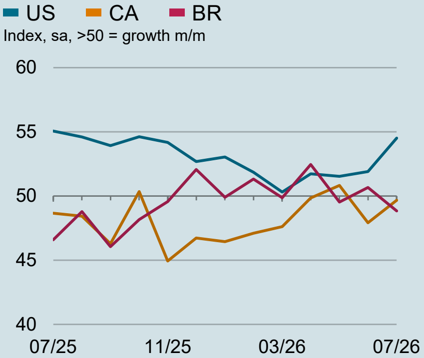
International PMI

Composite Output (manufacturing and services)
Index, sa, >50 = growth m/m

Jul '26



Americas



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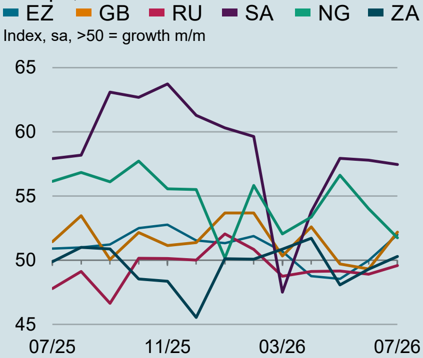
Europe, Middle East & Africa



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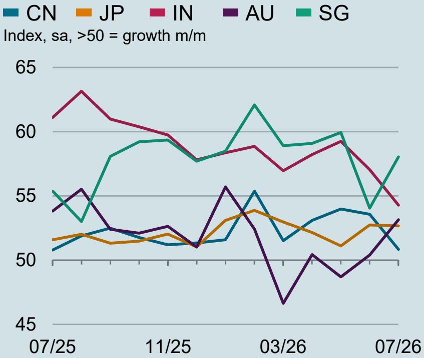
Asia-Pacific



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Key

US United States
CA Canada
BR Brazil
EZ Eurozone
GB United Kingdom
RU Russia
SA Saudi Arabia*
NG Nigeria*+
ZA South Africa*+
CN Mainland China
JP Japan
IN India
AU Australia
SG Singapore*

*Sector coverage also includes construction, wholesale and retail. +Sector coverage also includes agriculture and energy.

Advanced economies   Emerging economies   Jul '26

X axis = PMI Output Index, sa, >50 = growth m/m . Y = Change in Index vs. six-month average

Source: S&P Global PMI. ©2026 S&P Global.

Expansion
Regions are growing at a faster rate than the six-month trend. Regions furthest right are growing at the strongest rate, and the highest regions are seeing the greatest acceleration in growth.

Slowdown
Regions are growing at a slower rate than the six-month trend. Regions furthest right are growing at the strongest rate, and the lowest regions are seeing the greatest deceleration in growth.

Contraction
Regions are contracting at a faster rate than the six-month trend. Regions furthest left are contracting at the strongest rate, and the lowest regions are seeing the greatest acceleration in the rate of contraction.

Recovery
Regions are contracting at a slower rate than the six-month trend. Regions furthest left are contracting at the strongest rate, and the highest regions are seeing the greatest deceleration in the rate of contraction.

Key

AE United Arab Emirates*
AU Australia
BR Brazil
CA Canada
CN Mainland China
EG Egypt*
ES Spain
FR France
DE Germany
GB United Kingdom
GH Ghana*+
HK Hong Kong SAR*
IE Ireland
IN India
IT Italy
JP Japan
KE Kenya*+
KW Kuwait*
KZ Kazakhstan
LB Lebanon*
MZ Mozambique*+
NG Nigeria*+
QA Qatar*
RU Russia
SA Saudi Arabia*
SG Singapore*
UG Uganda*+
US United States
ZA South Africa*+
ZM Zambia*+

*Sector coverage also includes construction, wholesale and retail. +Sector coverage also includes agriculture and energy.

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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 sectors covered by the survey include agriculture, mining, manufacturing, construction, wholesale, retail and services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in 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.

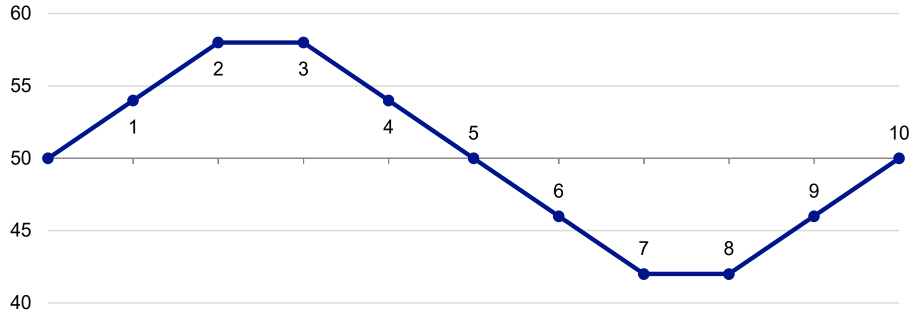
The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted 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.

Index interpretation

Index, sa, >50 = growth m/m



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Key

1 Growth, from no change
2 Growth, faster rate
3 Growth, same rate
4 Growth, slower rate
5 No change, from growth
6 Decline, from no change
7 Decline, faster rate
8 Decline, same rate
9 Decline, slower rate
10 No change, from decline

Survey size

400 companies

Survey history

January 2014

Survey questions

Output, new orders, new export orders, future output, employment, backlogs of work, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, purchase prices, staff costs

Sector coverage

International Standard Industry Classification (ISIC) code

A Agriculture, Forestry and Fishing
B Mining and Quarrying
C Manufacturing
F Construction
G Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles
H Transportation and Storage
I Accommodation and Food Service Activities
J Information and Communication
K Financial and Insurance Activities
M Professional, Scientific and Technical Activities
N Administrative and Support Service Activities
P Education*
Q Human Health and Social Work Activities*
R Arts, Entertainment and Recreation
S Other Service Activities

*Private sector

Further information

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).

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PMI by S&P Global

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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