

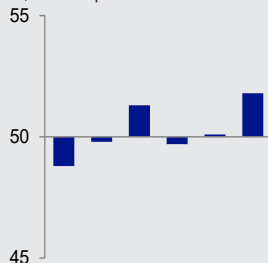
# Stanbic Bank Kenya PMI®

## Business activity rises strongly as input costs continue to ease

# 51.8

KENYA PMI  
MAY '24

PMI  
Dec '23 - May '24  
sa, >50 = improvement



Output rises at sharpest rate in 20 months

New order volumes strengthen

Input costs fall for second month in a row

The Stanbic Bank Kenya PMI® signalled an improvement in private sector business conditions during May, as falling cost burdens and rising new business contributed to a solid expansion in activity. The upturn in activity was the sharpest recorded in 20 months, as was input buying growth. Job creation continued at a mild pace.

Reductions in fuel prices and import costs led to a further drop in overall input prices in May, after the first decrease in nearly four years during April. Selling prices started to rise again, albeit slowly.

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

The latest headline PMI reading of 51.8 marked the index's best performance since January 2023. Rising from 50.1 in April, the index signalled a moderate

improvement in the health of the private sector economy.

The strengthening of private sector conditions was largely due to a turnaround in inflationary pressures at Kenyan companies. After pointing to record-high rises in costs in late-2023, May survey data signalled a fall in overall input prices for the second month running, and the fastest ever outside of the 2020 COVID-19 lockdown. The drop was mostly linked by panellists to lower fuel prices, plus decreases in import costs as shilling-dollar exchange rates remained strong.

With costs falling, Kenyan firms increased their output for the first time since February, and at a solid pace that was the quickest for 20 months. Firms also saw a renewed uplift in new order inflows as falling inflationary pressures led to stronger customer spending. The rate of sales growth was the fastest recorded since January 2023.

Notably though, output expansions

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



PMI®

by S&P Global

## Contents

Overview and comment

Output and demand

Business expectations

Employment and capacity

Purchasing and inventories

Prices

International PMI

Survey methodology

Further information

were only registered in the services, manufacturing and wholesale & retail sectors. By contrast, agriculture and construction saw output decrease, as firms highlighted the impact of heavy rainfall and floods.

Kenyan firms increased their purchasing activity at a quicker rate in May amid rising sales and output requirements. The rate of purchasing growth was the fastest for 20 months and contributed to a stronger uplift in inventories. Additionally, firms hired more workers for the fifth month running.

After falling for the first time in over three years in April, average prices charged

by private sector firms rose slightly in May. The increase in prices was broadly related to efforts to improve margins, though there were many reports of firms passing on cost reductions to clients.

Kenyan businesses remained more confident about future activity than at the start of the year, despite the degree of confidence slipping from April's 13-month high. Growth projections partly reflected plans to open branches, purchase new vehicles and boost marketing spending.

## Comment

Christopher Legilisho, Economist at Standard Bank commented:

*"Private sector activity was surprisingly strong in May, implying a further improvement in economic activity, as we had expected to see some impact from the recent floods. Output and new orders recorded strong gains in May as firms reported increased consumer demand. There were expansions in the services, manufacturing, and wholesale and retail sectors. However, heavy rains saw output declining in the agricultural and construction sectors."*

*"Job creation continued for a fifth successive month amid larger workloads and prospects of new business. Firms also*

*purchased larger quantities, raising their inventory levels and improving their buffers."*

*"Encouragingly, input prices fell in May for a second month, with respondents noting a decline in fuel prices and lower imports costs due to a more favourable exchange rate. Meanwhile, output prices increased only slightly. This aligns with our view that inflationary pressures have eased. Nonetheless, wage pressures remained prevalent as firms continued to hire because they foresee improved demand."*

*"Though firms are positive about expectations over the next 12 months, this optimism is still well below the long-term average."*



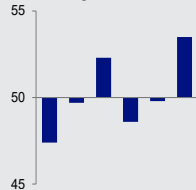
# PMI®

by **S&P Global**

## Output and demand

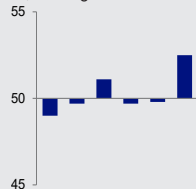
### Output Index

Dec '23 - May '24  
sa, >50 = growth



### New Orders Index

Dec '23 - May '24  
sa, >50 = growth



### Output

The latest survey data pointed to a solid increase in output at Kenyan private sector companies. The upturn was the first seen for three months and the strongest since September 2022. Lower fuel prices supported activity growth at many businesses, with some firms also commenting on increased new orders. Output rose in the services, manufacturing and wholesale & retail sectors, but fell in agriculture and construction, often due to heavy rainfall.

### New orders

New business inflows grew for the first time in three months during May, which firms mainly attributed to higher client referrals, marketing and promotional offers. The rate of sales growth was the fastest recorded since the start of 2023, but remained weaker than the series average. Increases were centred on the services, manufacturing and wholesale & retail categories.

### Output Index

sa, >50 = growth since previous month



### New Orders Index

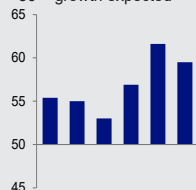
sa, >50 = growth since previous month



## Business expectations

### Future Output Index

Dec '23 - May '24  
>50 = growth expected



Business expectations towards the upcoming year dipped in the latest survey period, after rising to a 13-month high in April. Although firms had an overall positive view regarding future business activity, with 19% of respondents expecting growth, the level of optimism was well below the long-run average. Growth projections reflected plans to add new branches, purchase vehicles, increase stock levels and expand online marketing, according to panellists.

### Future Output Index

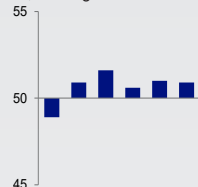
>50 = growth expected over next 12 months



## Employment and capacity

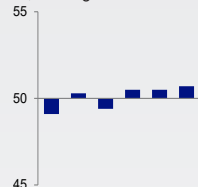
### Employment Index

Dec '23 - May '24  
sa, >50 = growth



### Backlogs of Work Index

Dec '23 - May '24  
sa, >50 = growth



### Employment

The seasonally adjusted Employment Index remained in growth territory in May, signalling a fifth successive monthly rise in job numbers at Kenyan companies. The index was little-changed from April, however, and consistent with only a marginal rise. Firms generally reported hiring casual employees to support new business and marketing.

### Backlogs of work

Outstanding business faced by Kenyan firms increased for the third month in a row during May. This was shown by an above-50.0 print in the seasonally adjusted Backlogs of Work Index. Despite quickening slightly, the rate of accumulation was slight overall.

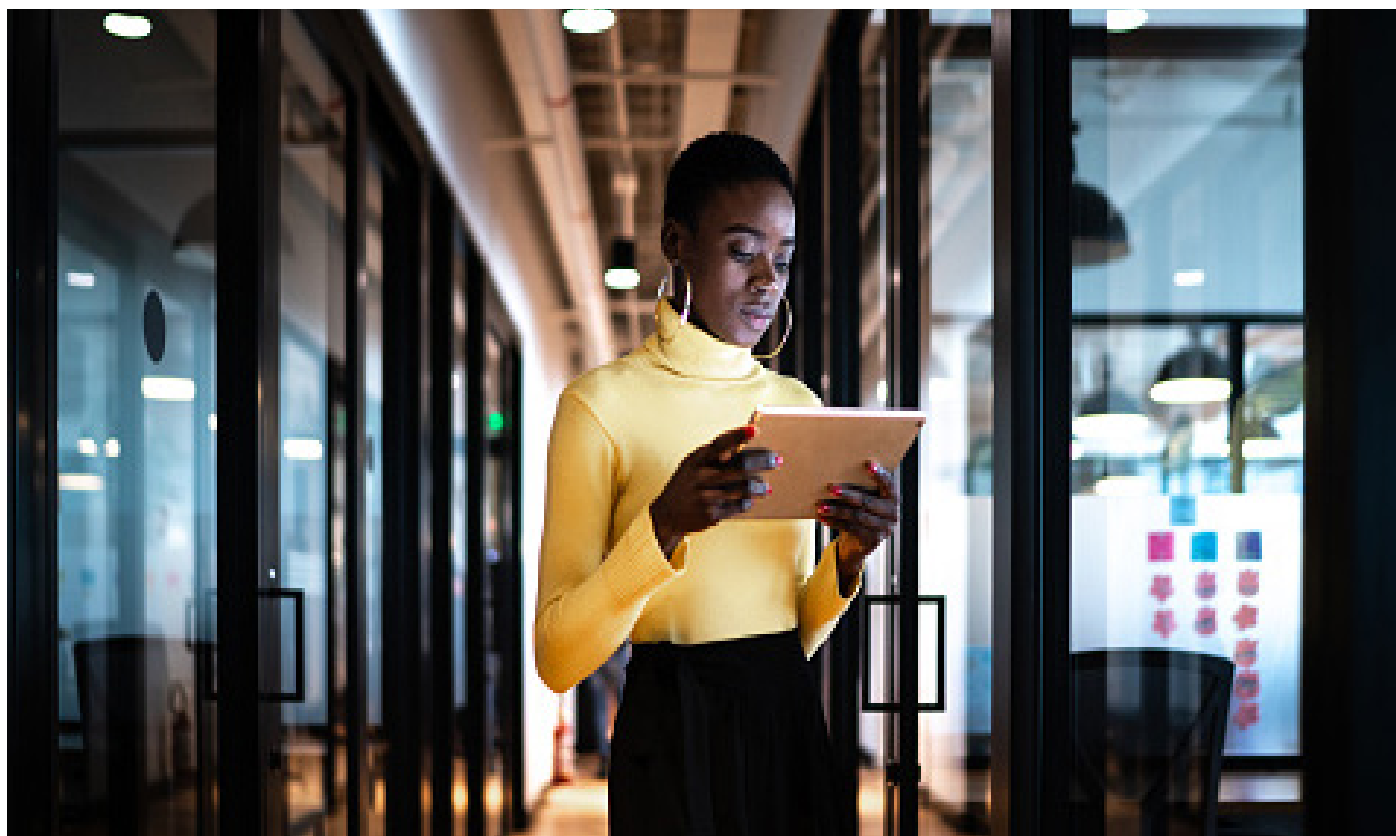
### Employment Index

sa, >50 = growth since previous month



### Backlogs of Work Index

sa, >50 = growth since previous month

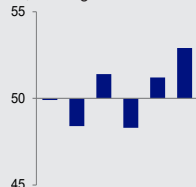




## Purchasing and inventories

### Quantity of Purchases Index

Dec '23 - May '24  
sa, >50 = growth



### Quantity of purchases

Kenyan companies purchased a larger volume of inputs for the second consecutive month during May. The solid expansion was largely attributed to an uptick in client demand and higher input requirements. In tandem with the trend seen for output, the rate of purchasing growth was the quickest since September 2022.

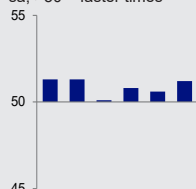
### Quantity of Purchases Index

sa, >50 = growth since previous month



### Suppliers' Delivery Times Index

Dec '23 - May '24  
sa, >50 = faster times



### Suppliers' delivery times

Delivery times on inputs continued to shorten during May, extending the run of improving vendor performance to eight months. Although slight overall, the rate at which lead times shortened was the most marked observed since January. Quicker deliveries were seen in all monitored sectors except wholesale & retail.

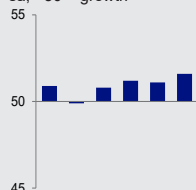
### Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



### Stocks of Purchases Index

Dec '23 - May '24  
sa, >50 = growth

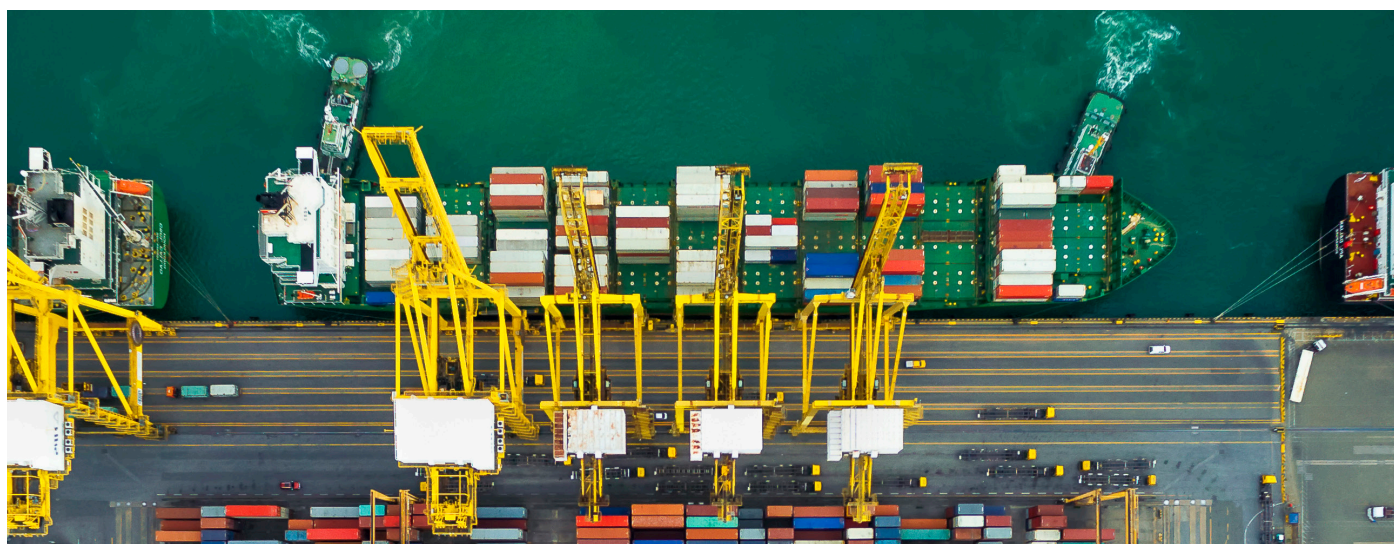


### Stocks of purchases

Kenyan businesses raised their inventories of purchased items further in May, often to provide buffer stocks according to anecdotal evidence. Whilst modest, the rate of expansion accelerated to the quickest since last October.

### Stocks of Purchases Index

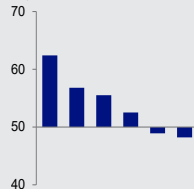
sa, >50 = growth since previous month



## Prices

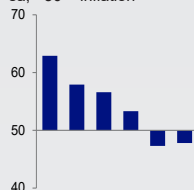
### Input Prices Index

Dec '23 - May '24  
sa, >50 = inflation



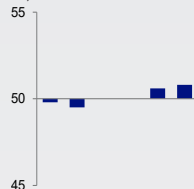
### Purchase Prices Index

Dec '23 - May '24  
sa, >50 = inflation



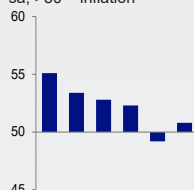
### Staff Costs Index

Dec '23 - May '24  
sa, >50 = inflation



### Output Prices Index

Dec '23 - May '24  
sa, >50 = inflation



### Input prices

Overall input costs in the Kenyan private sector fell for the second successive month in May, representing a sharp turnaround after a period of unprecedented cost pressures in late-2023. Although input prices dropped only modestly, the reduction was the fastest observed outside of COVID-19 lockdown-affected months. Agriculture was the only sector to post an increase in costs during May.

### Purchase prices

Purchase prices dropped for the second month running following a record decline in April. Notably, this marked the first time in the survey's history where purchase prices have fallen in successive months. Firms mainly commented on a drop in fuel prices and lower import prices due to improved exchange rates.

### Staff costs

Staff expenses increased slightly for the second month in succession during May, following a six-month period of relative stability. The rate of pay inflation crept up towards the series trend. Nevertheless, the vast majority of respondents (99%) saw no change in labour expenses over the month.

### Output prices

Selling prices ticked higher midway through the second quarter. The slight rise broadly cancelled out the decrease recorded in April, which was the first seen in over three years. Output prices rose in four of the five broad sectors, the outlier being wholesale & retail. Some respondents cited efforts to improve profit margins.

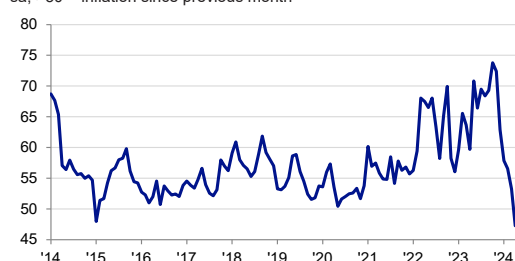
### Input Prices Index

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

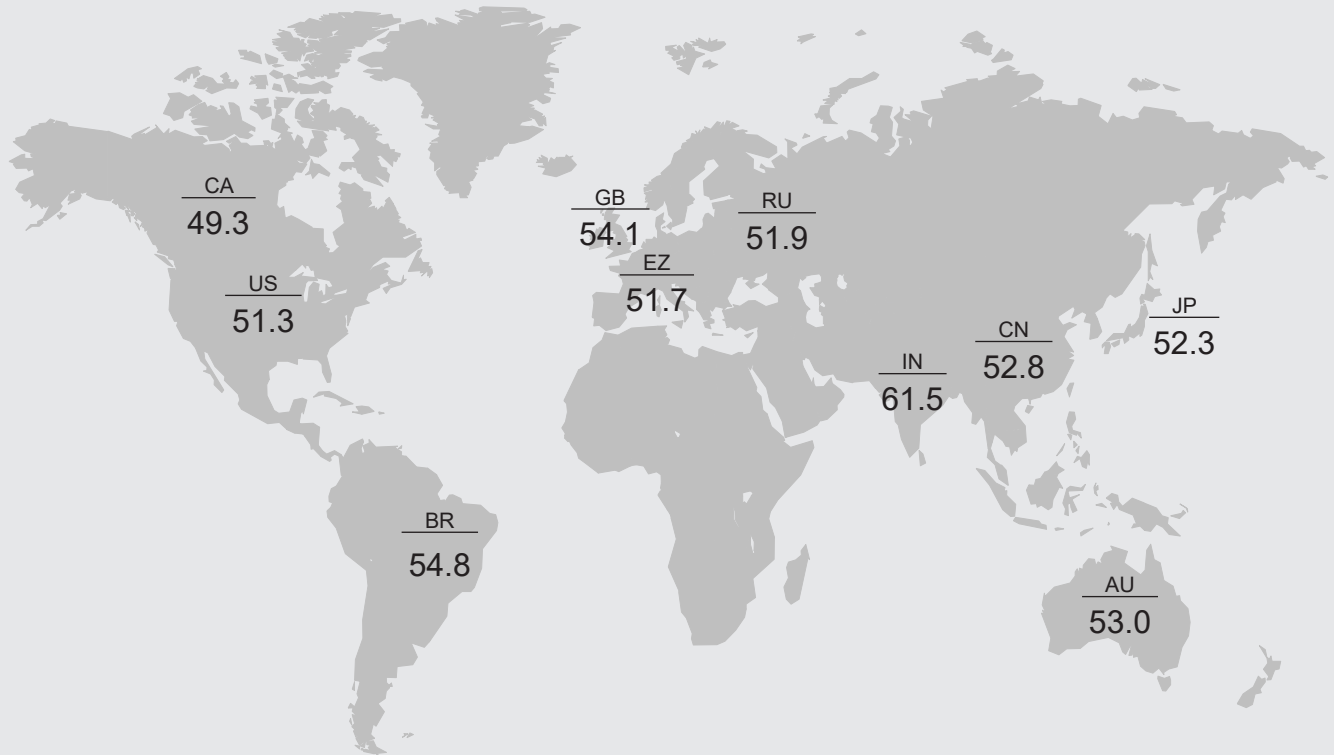
sa, >50 = inflation since previous month



## International PMI

Composite Output Index, Apr '24  
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.

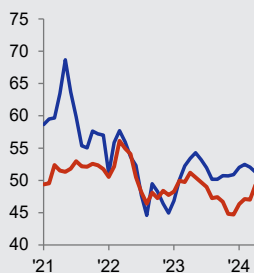


### Composite Output Index

■ USA

■ Canada

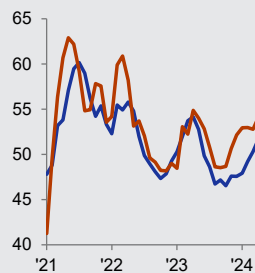
sa, >50 = growth



■ Eurozone

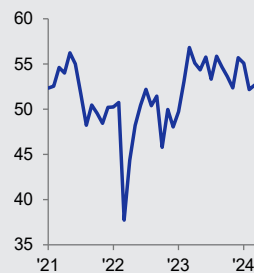
■ UK

sa, >50 = growth



■ Russia

sa, >50 = growth



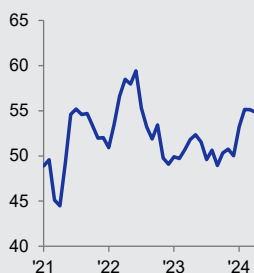
■ China

sa, >50 = growth



■ Brazil

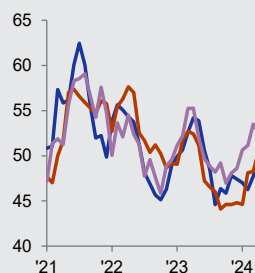
sa, >50 = growth



■ Germany

■ France

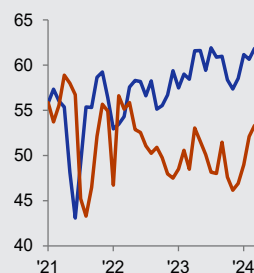
sa, >50 = growth



■ India

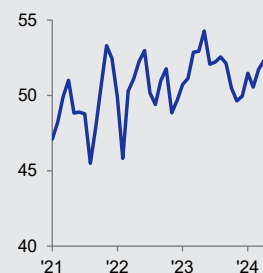
■ Australia

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](mailto:economics@spglobal.com).

## Survey dates

Data were collected 10-29 May 2024.

### Survey questions

#### Private sector

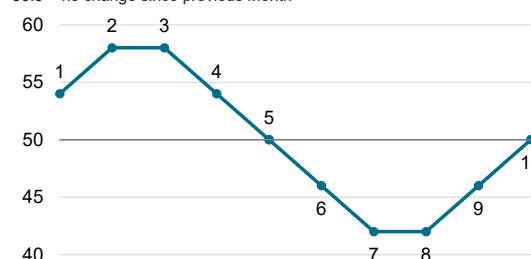
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

### Index calculation

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

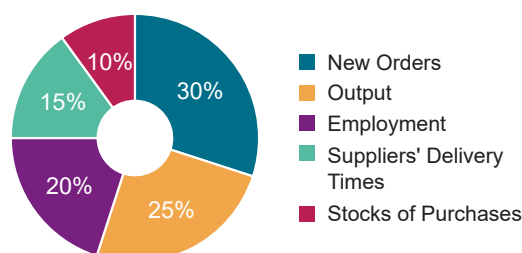
### Index interpretation

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

# PMI®

by **S&P Global**



## Contact

Christopher Legilisho  
Economist  
Standard Bank  
[LegilishoC@stanbic.com](mailto:LegilishoC@stanbic.com)

Catherine Ngina Njoroge  
Marketing and Communications  
Stanbic Bank  
Tel: +254 722 664 992  
[NjorogeC@stanbic.com](mailto:NjorogeC@stanbic.com)

David Owen  
Senior Economist  
S&P Global Market Intelligence  
T: +44 1491 461 002  
[david.owen@spglobal.com](mailto:david.owen@spglobal.com)

Sabrina Mayeen  
Corporate Communications  
S&P Global Market Intelligence  
T: +44 7967 447 030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@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](http://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](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.