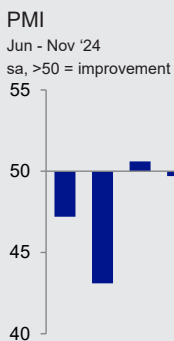


Stanbic Bank Kenya PMI®

New business rises at strongest pace in six months

50.9

KENYA PMI
NOV '24



Faster sales growth supports expansion in output

Input purchases expand at sharpest rate in over two years

Output price inflation climbs to nine-month high

Kenyan firms saw a greater improvement in business conditions midway through the final quarter of 2024. Sales grew at the fastest pace since May, leading to a moderate increase in output and stronger purchasing activity.

Accelerated growth momentum contributed to higher price pressures, as input costs rose solidly from October. Consequently, selling prices increased to the greatest extent for nine months.

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.

Posting 50.9, up from 50.4, the PMI indicated a sustained expansion in the Kenyan private sector during November. The rate of growth was the highest in six months, but only marginal.

Supporting business conditions was

a moderate increase in new order volumes. Companies in the survey panel often highlighted an improvement in customer spend and increased travel driving sales higher. The upturn was concentrated in the services and wholesale & retail segments however, whereas agriculture, manufacturing and construction recorded declines in new orders.

Nevertheless, the overall rise in sales, which was the best for six months, led to an expansion in private sector activity in November. The rate of output growth picked up from October and climbed above the series average. Higher output requirements supported a solid uplift in purchasing activity that was the fastest observed since September 2022.

Supplier delivery times continued to shorten in November, although the pace of improvement remained marginal. Firms often noted that strong competition among vendors and better material supply aided deliveries. This in

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



Contents

Overview and comment

Output and demand

Business expectations

Employment and capacity

Purchasing and inventories

Prices

International PMI

Survey methodology

Further information

turn supported an uplift in stocks, albeit the softest recorded since August.

Despite sales growth rising, job creation across the Kenyan economy was tempered in November. Whilst some businesses took on more staff amidst higher workloads and greater marketing budgets, most panellists kept their workforces stable. Outstanding work volumes ticked up after a fresh decline in October.

On prices, the latest survey data pointed to an acceleration of input cost inflation in the private sector. Overall costs increased at the fastest pace in three months, which firms largely attributed to greater taxes on purchased items.

Consequently, average selling prices rose at the strongest pace in nine months, with inflation quickening from October. Notably, all five broad sectors saw charges increase, which panellists linked to higher costs and strengthening customer demand.

Business expectations remained relatively weak and softened slightly since the start of the fourth quarter. Just 8% of firms expect activity to rise over the next 12 months, with comments relating positively to new marketing, digital technologies and branch openings.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

“Stanbic Bank Kenya PMI data for November reveals a private sector growing in optimism about current economic conditions. The PMI rose to 50.9, indicating an expansion in business conditions for a second consecutive month due to improved output and new orders amidst stable employment.

“New orders grew at the fastest pace in six months, with improvements in consumer spending and increased travel contributing to higher sales. However, this was not broad-based, but only in the wholesale and retail and services sectors. Sales declined across agriculture, manufacturing and construction.

“Employment levels remained in expansion for a second consecutive month, although jobs growth was slower than in October. Hiring was associated with increased workloads, more generous marketing budgets, and improved orders. Firms noted that higher sales supported increased purchasing activity, which grew at the fastest pace in over two years, and inventories were boosted to cater for strong demand.

“With positive economic momentum, input and output cost pressures increased due to higher taxes and increased outlays by firms to support higher sales volumes. Despite the notable improvement in current conditions in November, firms remain gloomy about the outlook.”

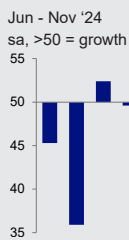


PMI®

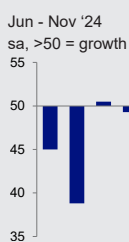
by **S&P Global**

Output and demand

Output Index



New Orders Index



Output

Private sector business activity rose for the second consecutive month during November. The pace of expansion was modest and slightly quicker than in the previous survey period. Where an uplift in output was recorded, panellists signalled this was mainly due to increased new business.

New orders

Following a fractional uptick in October, new order volumes received by Kenyan firms grew at the strongest rate in six months during November. Survey respondents saw sales rise amid greater customer spending, new client referrals and increased travel.

However, overall new order growth was moderate and based on expansions in the wholesale & retail and services sectors. By contrast, sales declined across agriculture, manufacturing and construction.

Output Index

sa, >50 = growth since previous month



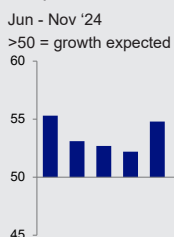
New Orders Index

sa, >50 = growth since previous month



Business expectations

Future Output Index



Kenyan companies showed limited optimism towards the activity outlook in the penultimate month of the year. Although the level of confidence remained stronger than the series-low in September, it nevertheless weakened slightly and was among the softest on record. Where an uplift in activity was projected (at 8% of respondents), panellists linked this to new marketing, digital technologies, branch openings and adding new services.

Future Output Index

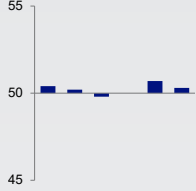
>50 = growth expected over next 12 months



Employment and capacity

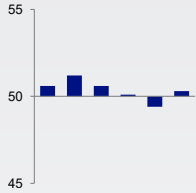
Employment Index

Jun - Nov '24
sa, >50 = growth



Backlogs of Work Index

Jun - Nov '24
sa, >50 = growth



Employment

For the second month running, the seasonally adjusted Employment Index posted slightly above the 50.0 no-change level in November, indicating a marginal increase in job numbers at Kenyan businesses. Employment grew on average across agriculture, wholesale & retail and services, but decreased in manufacturing and construction. Hiring was mainly associated with higher workloads and greater marketing budgets.

Backlogs of work

The volume of outstanding business rose in November after a brief fall in October. However, the pace of accumulation was relatively mild, with the vast majority of panellists (99%) seeing no change in their work-in-hand. Higher backlogs were in some cases linked to improved order book volumes.

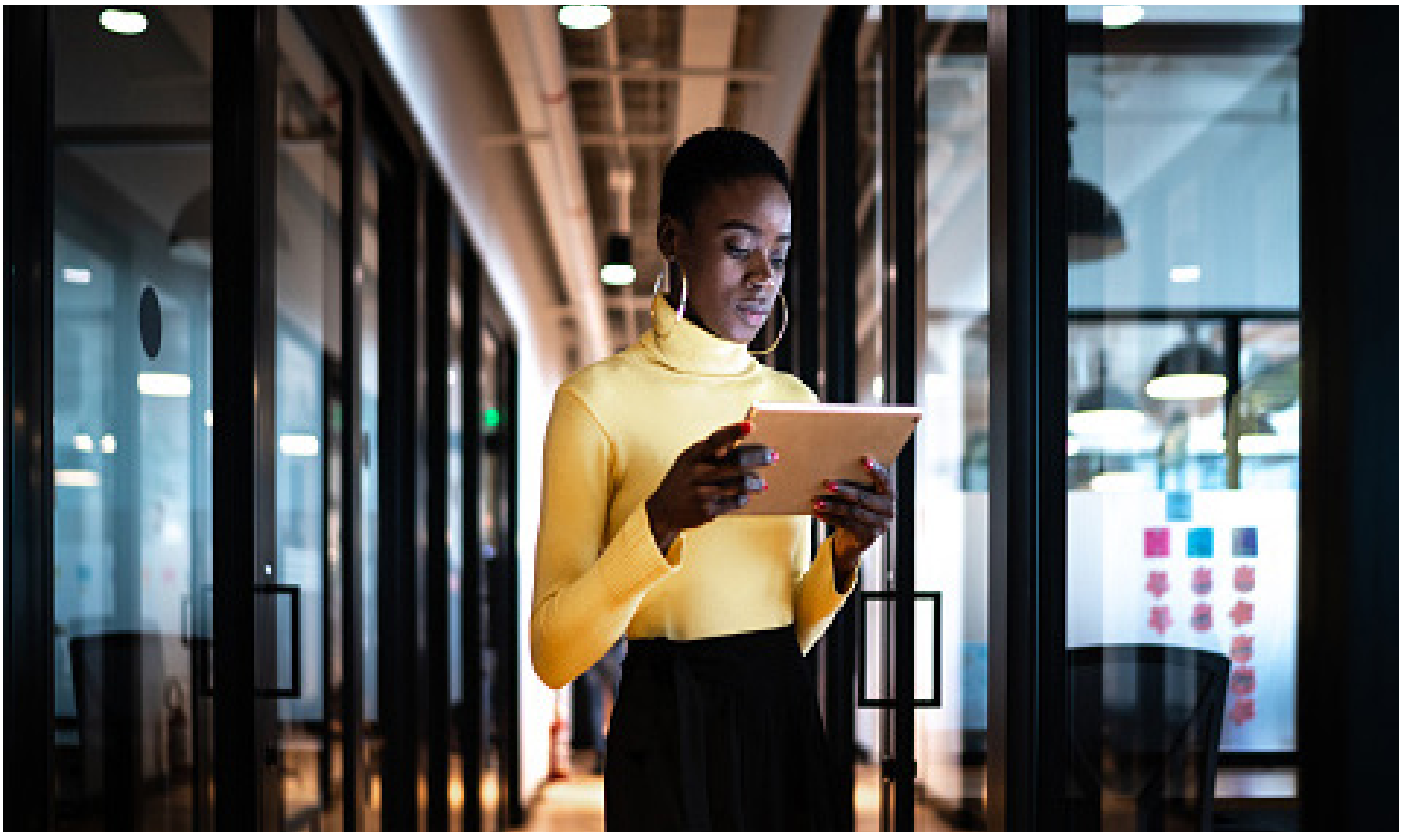
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

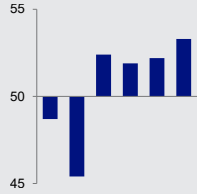
sa, >50 = growth since previous month



Purchasing and inventories

Quantity of Purchases Index

Jun - Nov '24
sa, >50 = growth



Quantity of purchases

Purchasing activity remained in expansion mode midway through the final quarter. Furthermore, the rate of growth was the fastest observed in over two years and solid. Panellists mostly stated that higher sales supported input buying. The overall upturn was mainly driven by the agriculture and services categories.

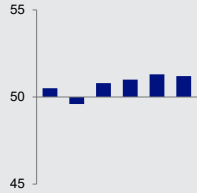
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Jun - Nov '24
sa, >50 = faster times



Suppliers' delivery times

Kenyan firms saw a further improvement in supplier performance during November, as average lead times shortened for the fourth month running. Several respondents reported that vendors had quickened deliveries due to strong competition, while others mentioned that materials were readily available. The rate of improvement was little-changed from October's nine-month high, albeit only slight.

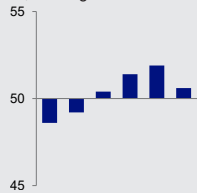
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Jun - Nov '24
sa, >50 = growth



Stocks of purchases

Stocks of purchases rose for the fourth successive month in November, as businesses looked to boost inventories amid stronger demand. Some firms also commented on efforts to avoid shortages, whereas others cut their stocks to avoid wasting inputs. Consequently, overall inventories expanded only slightly and at the slowest pace since August.

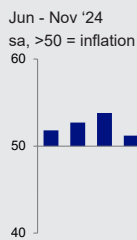
Stocks of Purchases Index

sa, >50 = growth since previous month

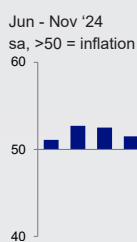


Prices

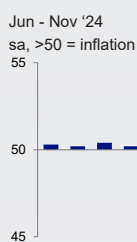
Input Prices Index



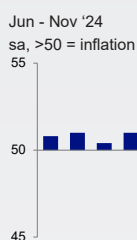
Purchase Prices Index



Staff Costs Index



Output Prices Index



Input prices

Cost pressures strengthened across the Kenyan private sector during November. This was signalled by the seasonally adjusted Input Prices Index rising to a three-month high, consistent with a solid increase in firms' total expenses. Nonetheless, the uplift remained much slower than the series trend. Four out of the five monitored sectors reported higher costs, the exception being manufacturing.

Purchase prices

Survey data indicated that the rise in overall input costs was largely driven by an increase in purchase prices. Moreover, the rate of purchase price inflation climbed to a moderate level that was the highest seen since August. In general, panellists noted a rise in material prices associated with heightened taxation.

Staff costs

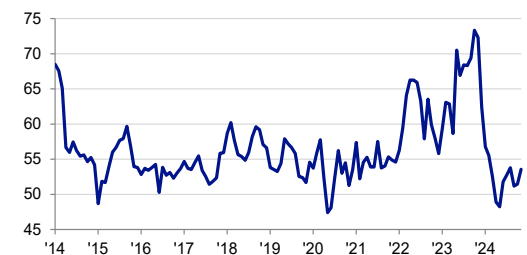
Salaries paid to private sector employees decreased on average over the course of November. This was shown by the seasonally adjusted Staff Costs Index dropping below the 50.0 neutral threshold for the first time in ten months. That said, the rate of reduction was only fractional.

Output prices

Kenyan firms reported a solid increase in prices charged during the latest survey period. Notably, the uplift accelerated to the quickest since February and was broadly aligned with the long-run average. As well as the passthrough of higher costs to clients, companies signalled that prices were raised due to improved sales volumes.

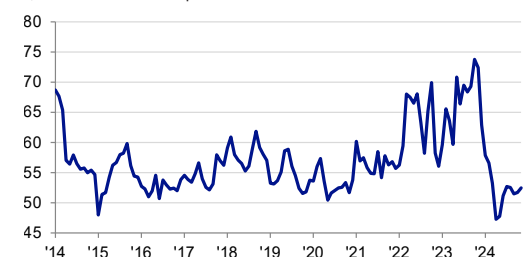
Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index

sa, >50 = inflation since previous month



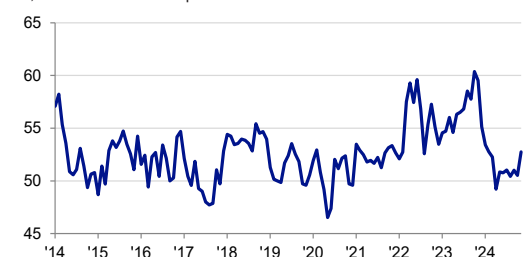
Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

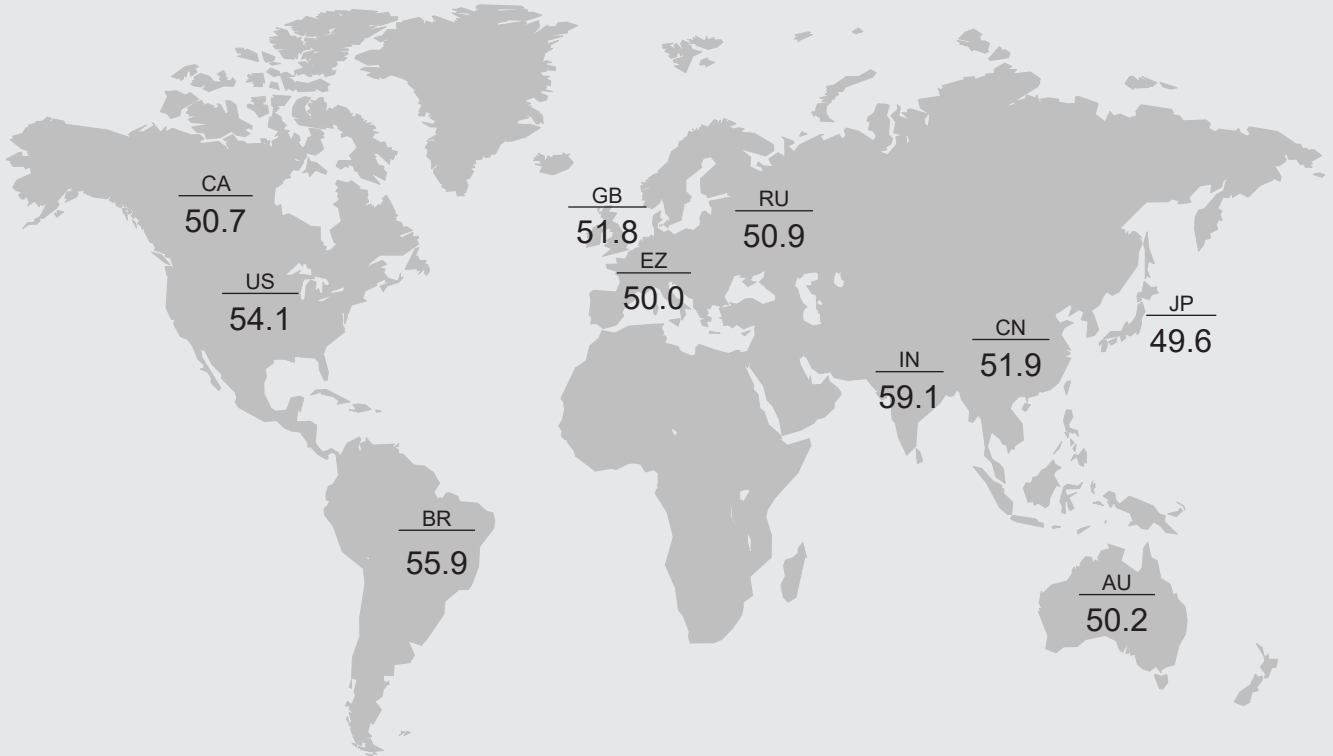
sa, >50 = inflation since previous month



International PMI

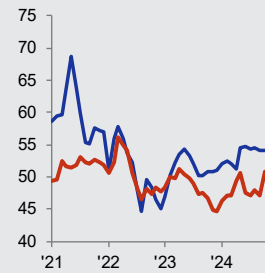
Composite Output Index, Oct '24
sa, >50 = growth since previous month

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

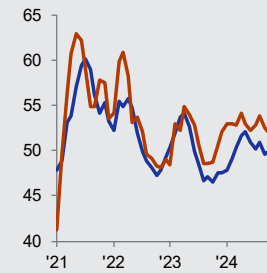


Composite Output Index

■ USA
■ Canada
sa, >50 = growth



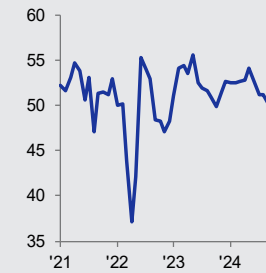
■ Eurozone
■ UK
sa, >50 = growth



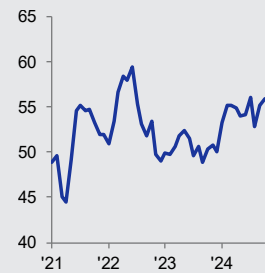
■ Russia
sa, >50 = growth



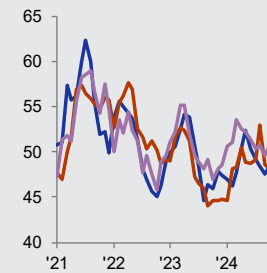
■ China
sa, >50 = growth



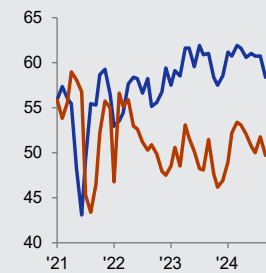
■ Brazil
sa, >50 = growth



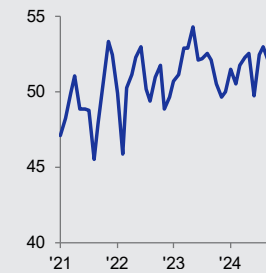
■ Germany
■ France
■ Italy
sa, >50 = growth



■ 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 12-27 November 2024.

Survey questions

Private sector

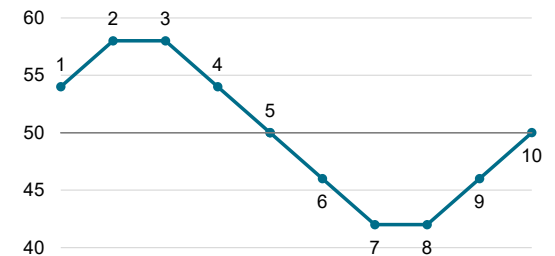
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

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

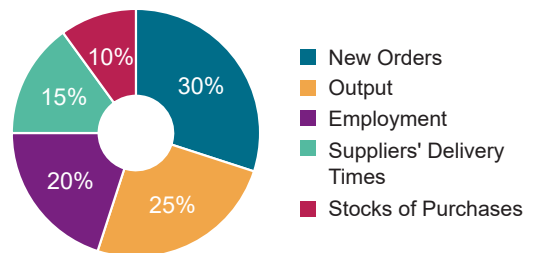
Index interpretation

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

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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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