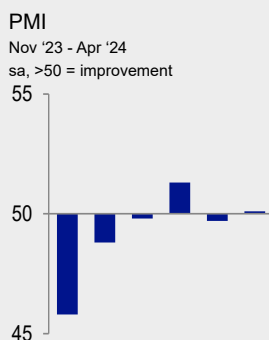


Stanbic Bank Kenya PMI®

Business conditions broadly stable in April

50.1

KENYA PMI
APR '24



Output and new orders little-changed since March

Year-ahead outlook rebounds further

Input prices fall for first time in nearly four years

The Stanbic Bank Kenya PMI® signalled broadly stable operating conditions across the private sector in April, as order book volumes and output levels were little-changed since March. The 12-month outlook continued to rebound sharply from February's record low, and employment growth was maintained. Average input prices fell for the first time in nearly four years, driven by a record monthly fall in purchasing costs.

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 headline PMI registered fractionally above the 50.0 neutral mark at 50.1 in April, up from 49.7 in March. The latest reading was broadly in line with the trend for 2024 so far (50.2) and signalled a broad stabilisation in operating conditions. Since the Stanbic Bank

Kenyan survey began in January 2014 the PMI has trended at 51.3.

The volume of new business received by Kenyan private sector companies remained broadly stable in April, as has been the case throughout 2024 on balance. This continued a relative improvement compared with 2023, when new orders fell on ten occasions.

Total private sector output showed a similar trend in the latest period, with the sub-index close to the neutral threshold and the third-highest since January 2023. Outstanding business increased slightly for the third time in four months.

Expectations towards output over the next 12 months continued to recover strongly from February's survey-record low, with overall sentiment the strongest since March 2023. Confidence reflected planned investment in marketing, capacity upgrades, new branches, recruitment and growth in other African markets. Growth forecasts were strongest among service providers.

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



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With confidence in the outlook returning, companies raised their employment numbers for the fourth month running during April. The rate of job creation picked up slightly since March but remained below the survey trend.

April data signalled weaker price pressures in the Kenyan private sector. Average input costs fell for the first time since June 2020, and for only the fourth time since the series began in 2014. The wholesale & retail sector posted the biggest decline, while the only sectors to see input costs rise were agriculture and construction. Purchase prices fell for only the second time in the survey

history, and at a record rate. Wages on the other hand rose at the fastest rate in eight months, albeit one that was modest overall.

Kenyan firms increased their purchases of inputs in April, only the fourth month-on-month growth seen in the past 15 months. The rate of expansion was modest, however, reflecting the lack of growth in new work in April. Suppliers' delivery times continued to fall on average as vendors competed for business, despite some reports of flooding causing delays. Concurrently, firms were able to expand their inventories for the third consecutive month.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

"Private sector activity steadied in April, following a soft print in March. Output and new orders were neutral during the month as firms reported a balanced inflow of new business despite concerns from some businesses about the heavy rainfall across the country. We share these concerns and worry that growth will slow in Q2:24 because of the widespread devastation and disruptions caused by the heavy rain.

"That said, there was a notable increase in jobs created, quantities purchased, and inventories held by firms during the month, reflecting

increases in existing workloads and prospects of new business.

"Input prices, purchase prices, and output prices declined in April, further signaling an easing in price pressures across most sectors surveyed apart from construction and agriculture. This aligns with our view that inflationary pressures have abated. Nonetheless, wage pressures were still prevalent as firms continued to hire staff and increase inventories because they anticipate improved demand.

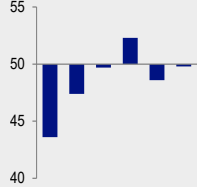
"On expectations for the next 12 months, business optimism increased to a 13-month high as firms foresee growth, led by the services sector."



Output and demand

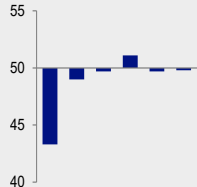
Output Index

Nov '23 - Apr '24
sa, >50 = growth



New Orders Index

Nov '23 - Apr '24
sa, >50 = growth



Output

Output volumes in the Kenyan private sector were broadly stable in April, as the seasonally adjusted index posted almost in line with the neutral threshold of 50.0. Some firms reported that lower costs had enabled them to raise output, while others mentioned that heavy rains had impacted business.

The index has trended at 50.1 so far in 2024, a relative improvement on the 46.3 average for 2023, with output having fallen in ten months over the course of last year.

New orders

The seasonally adjusted New Orders Index remained close to the 50.0 neutral threshold in April, indicating broadly stable inflows of new business across the Kenyan economy. This represented an improvement compared with the sharp falls in new orders seen through much of last year. That said, firms reported that high living costs continued to weigh on consumer demand.

Output Index

sa, >50 = growth since previous month



New Orders Index

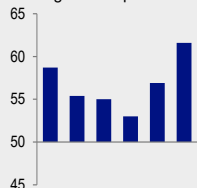
sa, >50 = growth since previous month



Business expectations

Future Output Index

Nov '23 - Apr '24
>50 = growth expected



Business expectations continued to bounce back in April from a survey-record low in February. The Future Output Index rose sharply to a 13-month high, although it remained below the long-run trend level of 72.1. Companies linked positive forecasts to planned investment in marketing, upgrading capacity, adding new branches, recruitment and growth in other African markets. Growth forecasts were strongest in services, and weakest in agriculture.

Future Output Index

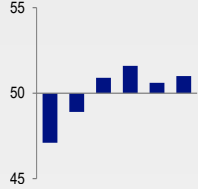
>50 = growth expected over next 12 months



Employment and capacity

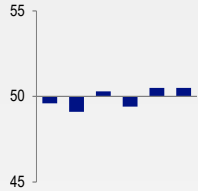
Employment Index

Nov '23 - Apr '24
sa, >50 = growth



Backlogs of Work Index

Nov '23 - Apr '24
sa, >50 = growth



Employment

Kenyan businesses increased their workforces for the fourth consecutive month in April. Recruitment was linked to both current workloads and efforts to boost sales. The rate of job creation picked up slightly since March, but remained relatively modest. Hiring growth was most evident in the construction sector.

Backlogs of work

Levels of outstanding work among Kenyan firms ticked higher at the start of the second quarter. April and March marked the first back-to-back growth in eight months, although the rate of expansion remained weak. Outstanding contracts increased most in the construction sector.

Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

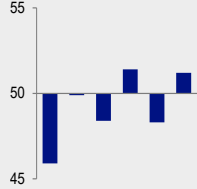
sa, >50 = growth since previous month



Purchasing and inventories

Quantity of Purchases Index

Nov '23 - Apr '24
sa, >50 = growth



Quantity of purchases

Kenyan businesses raised their purchasing activity in April, marking only the fourth increase of the past 15 months. Where input volumes rose, this was linked to improvements in new orders. The rate of growth was weak, however, influenced by a further cut in buying of construction materials.

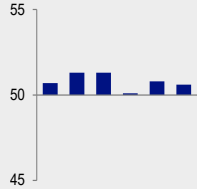
Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

Nov '23 - Apr '24
sa, >50 = faster times



Suppliers' delivery times

The seasonally adjusted Suppliers' Delivery Times Index remained just above the no-change mark of 50.0 in April, pointing to another slight shortening of average lead times. Supplier performance was broadly in line with the trend seen over 2024 so far. Firms linked shorter lead times to supplier competition. Flooding contributed to delays in some areas, however.

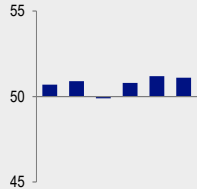
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

Nov '23 - Apr '24
sa, >50 = growth

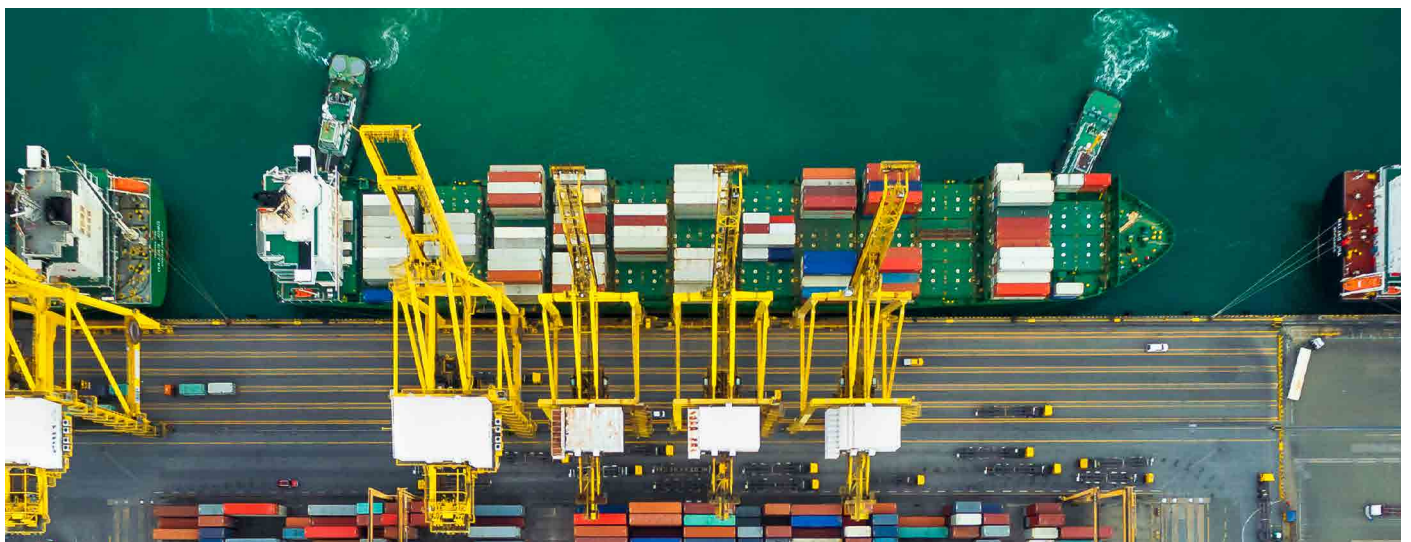


Stocks of purchases

Stocks of purchases held at Kenyan companies rose for the third month running in April, with the rate of expansion little-changed from March's modest pace and still notably softer than the long-run series trend.

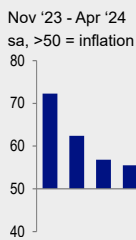
Stocks of Purchases Index

sa, >50 = growth since previous month



Prices

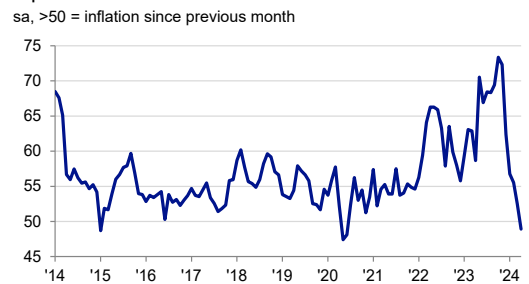
Input Prices Index



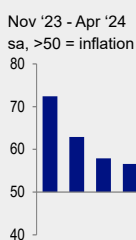
Input prices

The seasonally adjusted Input Prices Index decreased for the sixth month in a row in April and fell below the no-change mark of 50.0, indicating the first monthly decline in average costs since June 2020. That said, the rate of reduction was only marginal. Input costs fell in manufacturing, services and wholesale & retail, but rose in agriculture and construction.

Input Prices Index



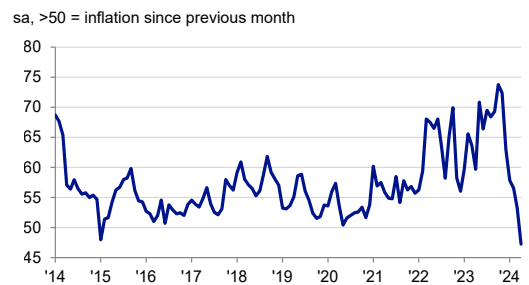
Purchase Prices Index



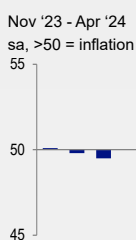
Purchase prices

The seasonally adjusted Purchase Prices Index also dropped below 50.0 in April, indicating the first reduction in purchasing costs since January 2015, and only the second in the survey history. Around 15% of respondents reported lower prices since March, the highest proportion on record.

Purchase Prices Index



Staff Costs Index



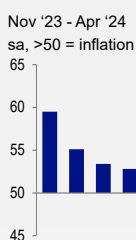
Staff costs

Kenyan firms reported an increase in their overall staff expenses during April. This was signalled by the seasonally adjusted Staff Costs Index rising above the 50.0 neutral threshold. The rate of wage inflation was modest overall and below the long-run trend, but the strongest in eight months. Slightly higher staff costs were seen in most sectors, the exception being construction.

Staff Costs Index



Output Prices Index



Output prices

Kenyan firms offered discounts to their customers in April, with average selling prices falling for the first time since December 2020. The overall reduction in charges was mainly driven by manufacturers and service providers, but was only marginal as agriculture firms continued to raise their prices at a marked rate.

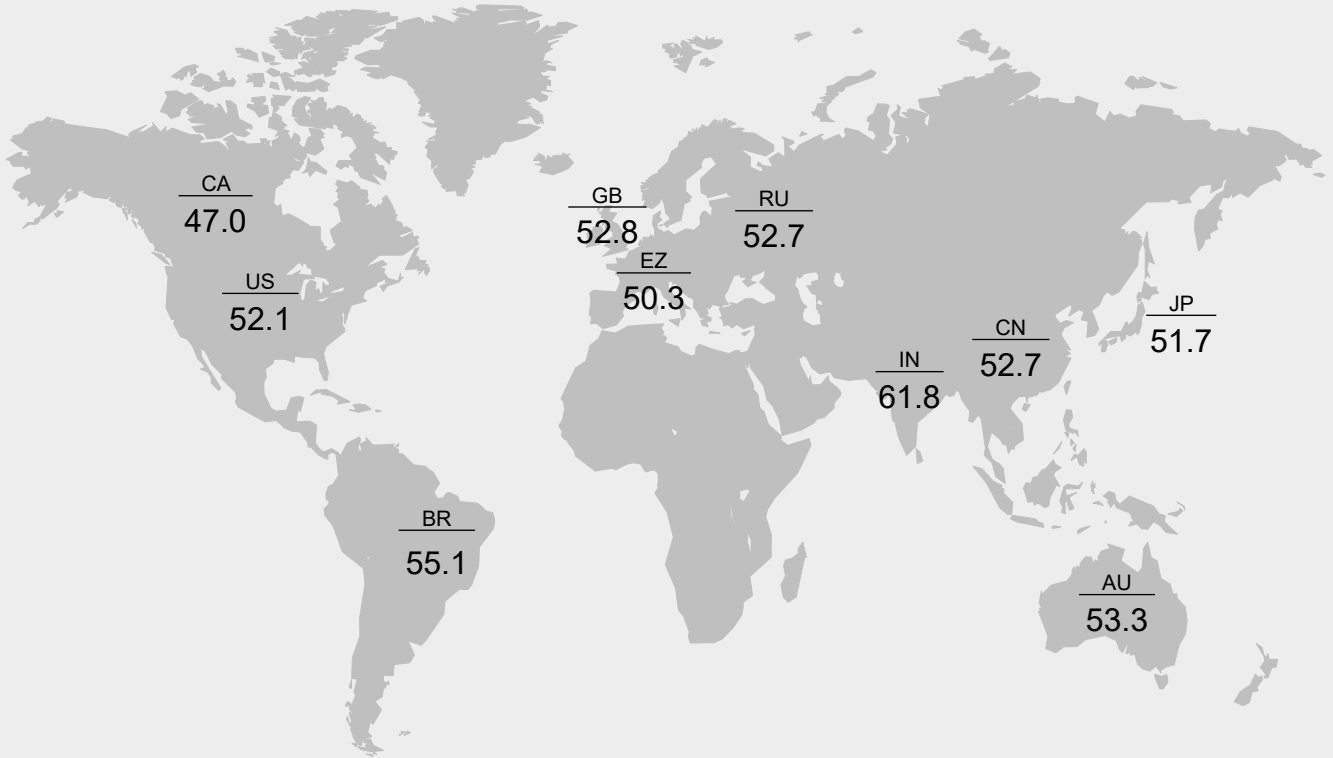
Output Prices Index



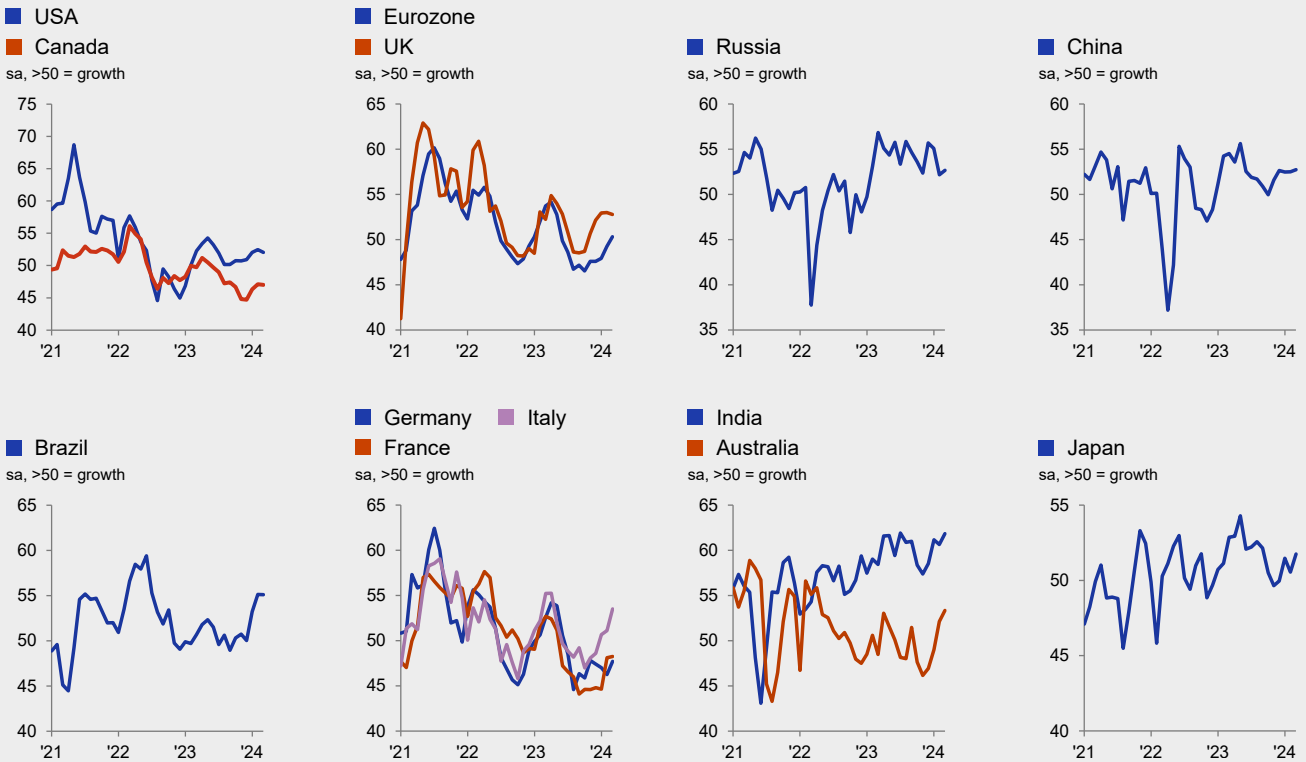
International PMI

Composite Output Index, Mar '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



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 April 2024.

Survey questions

Private sector

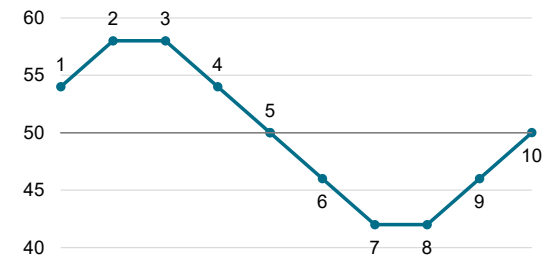
Output	Suppliers' Delivery Times
New Orders	Stocks Of Purchases
New Export Orders	Input Prices
Future Output	Purchase Prices
Employment	Staff Costs
Backlogs Of Work	Output Prices
Quantity Of Purchases	

Index calculation

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

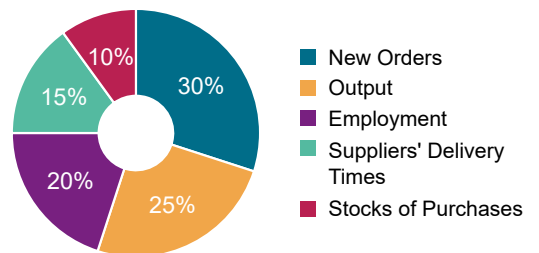
Index interpretation

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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