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## Stanbic Bank Kenya PMI®

### Business conditions broadly stable in April

#### Key findings

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.

With confidence in the outlook returning, companies raised their employment numbers for the fourth month running during

Stanbic Bank Kenya PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.  
Data were collected 11-26 April 2024.

#### 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."*

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.

#### 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).

#### 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)

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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>