

Embargoed until 1030 EAT (0730 UTC) 6 January 2026

Stanbic Bank Kenya PMI®

Kenya finishes 2025 with another solid expansion in private sector business conditions

Key findings

Firms report marked rises in activity, sales and purchases

Strongest rate of employment growth in over six years

Inflationary pressures reaccelerate from November low

Kenya's private sector economy recorded another solid upturn in the final month of 2025, as business activity was again boosted by a robust increase in customer demand and mild cost pressures. Strong growth momentum led companies to expand their employment levels at the fastest rate since November 2019.

Kenyan firms also reported a sharp rise in purchasing activity in December, indicating greater efforts to build stocks, secure market positions and capitalise on healthy supply chains. Expectations for future output meanwhile improved, despite a quicker uptick in the rate of input price inflation.

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 stood at 53.7 in December, signalling a robust upturn in the health of the non-oil sector. Notably, along with November's reading of 55.0, the last two monthly PMI figures are the highest recorded in four years.

Business output increased at a sharp rate as 2025 drew to an end, with firms often relating an expansion in activity to rising order book volumes. Whilst not as substantial as that recorded in November, which was the strongest in over five years, the rate of output growth during December was still historically elevated.

Kenyan firms also reported a strong increase in sales volumes in December. Anecdotal survey reports pointed to several factors enhancing growth, such as improved tourism and demand in general, greater advertising and passing on subdued cost pressures to customers via more affordable prices.

Overall, the December PMI data indicated robust efforts by Kenyan companies to build capacity, both to meet existing orders and in strong anticipation of future growth. Staffing levels increased, with the pace of expansion reaching the

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sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.
Data were collected 4-19 December 2025.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

“The Stanbic Bank Kenya Purchasing Managers Index (PMI) stayed in expansion territory, albeit slower this month, implying still strong demand conditions are driving new orders, in turn lifting output in the private sector at the end of the year. This suggests that year-end related overall output will likely turn out healthy. Notably, firms in most sectors highlighted increased employment, especially the construction sector, reflecting efforts by the authorities to stimulate activity. Furthermore, firms reportedly increased their input purchases as well as inventories to facilitate faster deliveries and maintain competitiveness in response to improving conditions.

“There was an increase in input prices and output prices linked to higher customer demand in December. Purchase prices increased amid lingering concerns about taxes, production costs and other factors. Wage costs increased by a small fraction but well below the historical trend. Overall, this suggests that we could see higher inflation in the coming months from improving consumer demand as firms become more confident.”

fastest seen since November 2019. Likewise, firms raised their input purchases, marking a third consecutive month of growth. Increased purchasing efforts coincided with a strong improvement in supply chain performance in December, as average lead times decreased to the greatest extent for more than four years.

Input costs faced by Kenyan companies rose at a solid pace in December, having reaccelerated from an 18-month low in November. According to panel comments, costs typically rose due to greater tax burdens for some types of purchases, with some companies also citing higher fuel and materials prices. The overall increase in input costs was the quickest recorded in four months, but remained much softer than the survey's long-run trend. In a similar fashion, average selling charges rose to the greatest extent since last July.

Firms' assessments towards the year ahead remained positive and even improved slightly compared to one month ago. Qualitative feedback signalled that businesses expect output to grow in 2026 because of investment and diversification plans, staffing growth, product rebrands and increased advertising.

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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.

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

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