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Stanbic Bank Kenya PMI®

Kenyan private sector weakens for first time in seven months

Key findings

Solid declines in output and new orders

Demand and input costs impacted by war in the Middle East

Business optimism stays strong

Kenya's private sector showed clear signs of cooling in March, as businesses reported a solid decline in both output and new orders following six months of expansion. The slowdown in private sector activity was broadly demand-led, with many firms pointing to constrained customer spending, reduced cash circulation and tighter household budgets.

The Middle East war also resulted in more cautious spending patterns among some firms, as well as logistics constraints to customer deliveries and higher prices for fuel and transport. Overall cost pressures accelerated in March, but the subdued demand environment meant that the impact on selling charges was minimal.

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.

At 47.7 in March, down from 50.4 in February, the Kenya PMI indicated a deterioration in operating conditions for the first time since August 2025. This also marked the fourth consecutive month where the index has fallen since the previous survey period.

The March PMI findings highlighted the impact of constrained consumer budgets and external shocks from the Middle East war on Kenyan demand. Although some firms continued to record growth, often attributing improved performance to marketing efforts, customer referrals, product and service innovation, and expanded digital sales channels, a larger share reported that consumers and clients were financially stretched, leading to reduced order volumes. Some businesses commented on disruptions to international transport due to the war, which also dampened sales.

This resulted in the first decline in total order books for seven months in March, with the pace of decline solid overall. Businesses curtailed output in direct response, again for the first time in seven months.

Stanbic Bank Kenya PMI

sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.
Data were collected 12-27 March 2026.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

“A weaker Stanbic Kenya PMI in March reflects demand-side concerns – softer spending power constraining demand – and supply-side concerns about the war in the Middle East. Output and new orders declined in most sectors, implying that businesses expect to be constrained by the disruptions from geopolitical tensions.”

“Despite lower output and new orders, employment conditions held up as firms in the agrarian sector drove hiring. Backlogs declined, while there was reduced optimism about output over the next 12 months. Slowing demand meant subdued increases in quantities purchased and inventories, though delivery times improved.”

“Higher input prices and purchase prices were linked to concerns about taxes and the impact of the war in the Middle East on shipping costs. Output prices increases were subdued as firms declined to pass on costs to consumers in an already weak demand environment.”

Kenyan companies also reported elevated cost pressures at the end of the first quarter. Panellists frequently cited higher taxes, rising fuel and transport costs and increased shipping expenses as factors pushing up purchasing prices, which rose at the sharpest rate in just over two years. Nevertheless, output prices rose at a slower pace, as many firms indicated that they were unable to fully pass higher costs on to customers amid softer demand and heightened competition.

Kenyan companies broadly chose to hold leaner inventories in March, in order to avoid dead stocks, manage cash constraints, and respond to slower order pipelines. Employment trends also weakened, with firms reporting only a slight increase in staffing that was the softest recorded since October 2025. This partly reflected a fall in outstanding business that was the most pronounced for almost six years.

Looking ahead, the survey data pointed to a degree of resilience in Kenyan business sentiment. The year-ahead outlook for total activity was broadly unchanged since February, with just over a fifth of respondents forecasting growth. Expectations were underpinned by plans to expand through new branches, increased advertising and online marketing, broader product and service offerings, and investment in capacity and human capital.

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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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).
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