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## Stanbic Bank Kenya PMI<sup>®</sup>

### Contraction in private sector business conditions eases substantially

#### Key findings

New orders almost stabilise in August

Softer reductions in output and purchasing

Business confidence rises to 30-month high

The Stanbic Bank Kenya PMI<sup>®</sup> pointed to a near recovery in business conditions across the private sector in August, after July data signalled that business activity was heavily dented by weak sales and protest-led disruption. Output, new business and purchasing fell at softer rates, while employment continued to rise and inventories saw a renewed uptick.

Businesses also showed greater confidence in the year-ahead outlook, as they hoped that new marketing activities and product offerings would support growth. In fact, positivity was at its highest level in two-and-a-half years. However, firms were still beset by a marked rise in overall cost burdens.

The headline figure derived from the survey is the Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>). 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 increased to 49.4 in August, from a 12-month low of 46.8 in July. Whilst still below the 50.0 no-change mark, the index signalled a much softer decline in operating conditions midway through the third quarter.

New orders received by Kenyan businesses fell for the fourth month running in August. However, the rate of decline softened markedly and was the slowest recorded in this period. While some firms continued to highlight weak purchasing power at clients, others saw a pick-up in new business and a general recovery in economic conditions from the last few months of protest-related disruption.

Consequently, output levels fell at a more modest pace during the latest survey period. There was also a softer reduction in the purchasing of inputs, as some companies were encouraged by the improving demand outlook to restart procurement activity. This allowed inventories to rise slightly after a drop in July.

Employment levels also increased. Although job creation remained mild, the uplift was the fastest seen in 15 months. Higher workforce capacity and inventory building allowed firms

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sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.  
Data were collected 12-27 August 2025.

#### Comment

Christopher Legilisho, Economist at Standard Bank commented:

*"The Stanbic Kenya PMI improved in August, recovering from the solid decline in July, although business conditions were still subdued. Output declined more than new orders due to weak disposable incomes and challenging economic conditions. Nevertheless, firms, especially in manufacturing, are more upbeat about output over the next 12 months, which should imply healthier business activity in the coming months."*

*"Employment conditions encouraged increased hiring for a seventh month running. However, the decline in backlogs for a third month in a row signals that demand conditions are potentially still weak. Quantities purchased also indicate weakness, although inventories did improve in August."*

*"Output prices were increased only modestly. However, there was a notable rise in wage costs due to salary adjustments to accommodate cost-of-living pressures, implying that inflation is rising against the backdrop of subdued aggregate demand."*

to reduce their backlogs for the third month running.

Vendor performance improved notably in August. Greater competition across the supply chain reportedly led to the fastest reduction in delivery times since October 2021.

Kenyan companies reported a solid increase in input costs in August, although the pace of inflation slowed down for the first time in five months. While wage pressures intensified, the increase in purchase prices was less marked than in July. A number of firms commented on higher costs linked to taxes on items such as fuel. Nevertheless, as part of efforts to stimulate a recovery in demand, output charges rose only marginally and to the least extent in 12 months.

Finally, businesses showed a greater level of optimism towards future output for the third consecutive month in August, which took overall sentiment to its highest since February 2023. With demand stabilising, companies reportedly placed greater confidence in their ability to secure higher sales through increased marketing and diversification efforts.

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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](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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