

Embargoed until 1030 EAT (0730 UTC) 4 June 2026

## Stanbic Bank Kenya PMI<sup>®</sup>

### New orders contract at solid pace amid rapid rise in costs in May

#### Key findings

Output and new sales fall at sharper rates

Rate of total input price inflation steepest since November 2023

First decline in employment since the start of 2025

Kenyan firms recorded a further decline in business conditions during May, as contractions in activity and new sales gathered pace. Higher cost burdens placed strain on companies and their customers alike, with constrained budgets often noted as weighing on demand conditions. Driving the increase in total input prices was the sharpest uptick in purchase costs since November 2023. Output charges also rose and at the steepest pace in two-and-a-half years. Lower new orders also led to fresh contractions in employment and input buying. Nonetheless, business confidence in the year-ahead outlook improved.

The headline figure derived from the survey is the Purchasing Managers' Index™ (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.

At 46.6 in May, the headline reading was down from 49.4 in April and signalled the quickest decline in the health of the Kenyan private sector since July 2024.

The solid downturn was partly driven by a notable acceleration in the pace of decline in business activity at Kenyan firms in May. The fall was marked overall, with panellists often attributing the contraction to lower new work intakes and weak demand.

In fact, new sales decreased at the fastest pace since mid-2025 as inflationary pressures led to greater customer hesitancy as clients tightened budgets midway through the second quarter.

At the sector level, construction and services firms recorded downturns in both output and new orders. Meanwhile, manufacturing companies were alone in seeing growth in production as declines were recorded elsewhere.

Reduced pressure on capacity via a fall in new orders led firms to cut their workforce numbers for the first time in 16 months midway through the second quarter. The fall in employment largely regarded temporary staff where contracts were cut short. Companies reported sufficient capacity to process new work, as backlogs contracted for the third month running.

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sa, >50 = improvement since previous month



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

#### Comment

Christopher Legilisho, Economist at Standard Bank commented:

“The Stanbic Bank PMI data for May reflects a deterioration of business activity by private sector firms. Inventory purchases slowed, from being expansive, because of weakening sales, cash flow concerns, and rising costs. Consumer resistance to spend, alongside rising costs contributed to contractions in new orders and output. These declines may stem from the week-long disruption to business activity because of nationwide protests by transportation sector players that constrained movement.

“Inflationary pressures have intensified, constraining demand conditions, with input prices, purchase costs and output prices driven up by higher fuel and transportation costs. Still, despite subdued business momentum, firms remain optimistic about future conditions.”

Budget constraints at companies also hampered input buying, which contracted for the first time in eight months. Subsequently, firms eased efforts to stockpile inputs, as inventories were broadly unchanged on the month despite a further improvement in vendor performance.

On the price front, total cost burdens increased at a steeper rate in May. The acceleration in the pace of inflation brought it to the sharpest since November 2023, largely driven by a marked rise in purchase costs. Wage bills continued to increase, but at only a fractional pace.

Although demand conditions became more challenging, Kenyan firms hiked their selling prices at a faster pace in May. The rate of charge inflation was the quickest in two-and-a-half years and well above the series average. In fact, all five monitored sectors registered a rise in output prices.

Kenyan firms were more confident in the outlook for output over the coming year in May. Optimism was reportedly underpinned by increased advertising, planned investment in product diversification and expanding online presence. Expectations for activity were the strongest since February 2023, with confidence broad based by sector.

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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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