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Stanbic Bank Kenya PMI®

Output and new business growth moderate in January

Key findings

Kenyan firms register solid expansions in activity and sales...

...but rates of growth drop to four-month lows

Hiring and purchasing growth also soften as backlogs fall

Kenyan business conditions improved again during January, but at a reduced rate, as the pace of activity growth eased due to a slower uplift in sales. Firms also posted weaker increases in employment and purchasing, amid a reduction in backlogs and concerns about excess inputs.

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.

For the fifth month in a row, the headline PMI was above the 50.0 mark, signalling an upturn in business conditions. However, the improvement was less pronounced compared to those seen at the end of last year, shown by the index falling from 53.7 in December to 51.9 in January. The pace of growth was also the joint-slowest in the current sequence (along with last September).

Business activity expanded at a solid pace in January. Although slipping to a four-month low, the expansion remained much quicker than the long-run trend established by the survey. Firms signalled that the rise in output was mainly demand-driven, noting increased customer referrals, higher order books and new contracts in response to marketing and competitive pricing.

Similarly, the total volume of new orders received by Kenyan firms grew solidly at the start of the year. However, the rate of increase decelerated to the weakest recorded in four months. Sectoral differences were marked, with sales growth most often recorded among manufacturing firms. Conversely, those in the construction and wholesale & retail sectors saw demand fall outright.

With activity growth slowing in January, firms increased their employment numbers to a lesser extent. Purchasing growth also eased, although the overall uplift was still robust. This was partly linked to a reduction in outstanding work, implying efficient business operations. Indeed, the rate at which backlogs declined was the fastest recorded since April 2021.

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sa, >50 = improvement since previous month



Sources: Stanbic Bank, S&P Global PMI.
Data were collected 12-28 January 2026.

Comment

Christopher Legilisho, Economist at Standard Bank commented:

“The Stanbic Kenya PMI releases for January 2026 continue to show a robust private sector. Despite slightly lower output, new order and employment growth, January metrics were positive, confirming a sustained expansion of activity in the private sector. Marketing efforts by firms and customer referrals helped to sustain activity. Furthermore, firms reported that improved access to credit enabled increased output. There is also growing optimism about output expectations over the next 12 months.”

“These improved demand conditions meant sustained increases in quantities purchased and inventories, while supplier delivery times shortened.”

“Higher input prices, purchase costs, staff costs and output were likely due to higher taxes and rising technology costs. That said, increased competition made firms restrain price increases, as corroborated by headline inflation in January easing to 4.4%/y.”

PMI®

by **S&P Global**

Some firms across Kenya highlighted efforts to stem any rise in the volume of inputs left unused. Total inventories rose, but at a pace that was marginal and the slowest in six months.

Again, vendors managed to deliver items more quickly in January, which was often related to competitive pressures. This extended the current run of improving supply chain performance to a whole year.

Meanwhile, Kenyan firms reported a solid increase in operating expenses in January. Prices for raw materials were often quoted as rising, whilst higher tax charges, import fees and technology costs were also noted.

Output prices rose, although the average markup was marginal. Reportedly, several companies eased back on price hikes due to market saturation and concerns over slowing growth.

Finally, output expectations improved slightly to a five-month high during January. Firms tended to have robust expansion plans and hopes of improving their order books with increased marketing, new premises, diversification and contract bids.

Contact

Christopher Legilisho
 Economist
 Standard Bank
LegilishoC@stanbic.com

David Owen
 Senior Economist
 S&P Global Market Intelligence
 T: +44 1491 461 002
david.owen@spglobal.com

Kriti Khurana
 Corporate Communications
 S&P Global Market Intelligence
 T: +91-971-101-7186
kritikhurana@spglobal.com
press.mi@spglobal.com

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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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