

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**Embargoed until: 10:30 (East Africa) / 07:30 (UTC) February 5th 2019**

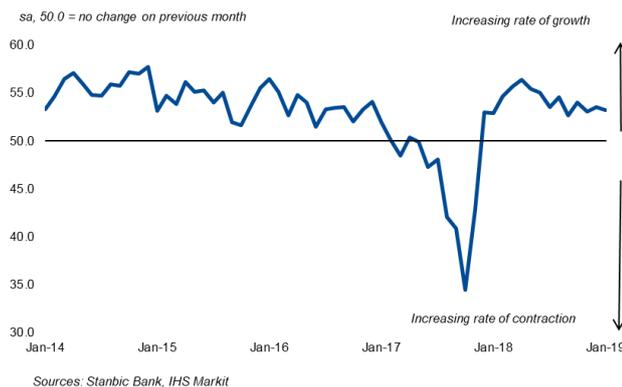
### Stanbic Bank Kenya PMI™

#### Solid improvement in Kenyan business conditions in January

Data collected 11-29 January

- New order growth at four-month low...
- ...but activity increases at quicker pace
- Output price inflation sees marked fall

#### Stanbic Bank Kenya PMI



Operating conditions in Kenya's private sector saw another solid uplift at the start of the year, despite the rate of improvement edging down from December. Output and new orders continued to expand sharply. Backlogs were reduced at the fastest rate in 14 months, while employment rose modestly. Output price inflation slowed as purchase cost pressures grew at a notably weaker pace.

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.

January recorded a drop in the headline PMI to 53.2, from 53.6 in December, to signal a weaker, but still solid improvement in business conditions at Kenyan private sector firms.

**Commenting on January's survey findings, Jibrán Qureishi, Regional Economist E.A at Stanbic Bank said:**

*"Owing to cyclical factors, private sector activity may soften somewhat over the next couple of months as growth broadly in the agriculture sub-sector eases. However, despite these risks, lower international oil prices should help keep costs suppressed for the private sector and thus underpin purchasing activity."*

#### The main findings of the January survey were as follows:

The slight fall in the headline index was partly due to a softer increase in new orders in January. The rate of growth eased to the least marked in four months, although it was still sharp overall. Meanwhile, new export orders increased at the sharpest rate since October, with many businesses reporting higher foreign demand.

Business activity at Kenyan companies continued to rise sharply, with the rate of output growth ticking up to a three-month high. Activity has risen in each month since December 2017. Firms were boosted by the influx of new business and stronger client bases. As a result, backlogs declined solidly and at the fastest rate in 14 months.

Employment growth remained modest in January, despite a strong rise in orders. Where workforce numbers did rise, panellists related this to new clients and branch openings.

Firms also cut back on purchasing activity growth in January, with the rise in input buying the weakest in 13 months. This was reflected by a smaller increase in stocks, albeit one that was still marked.

Lead times decreased at a more pronounced pace in January. Businesses found that suppliers showed strong

response rates to input orders, often attributed to high competition in the market.

On the price front, firms increased average charges at the softest rate in 14 months in January, with data indicating a marked fall in the rate of inflation from December. The modest rise was linked to higher demand, although several firms reduced charges due to lower fuel prices.

Concurrently, input price inflation was softer in January than throughout last year. Purchase prices rose at the weakest pace in 16 months, due to the fall in fuel costs, while food products were a key contributor to higher overall prices. Salaries rose due to increased living costs, although the rate of growth was marginal and the least marked since last June.

-Ends-

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**Note to Editors:**

The Stanbic Bank Kenya Purchasing Managers' Index™ is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 400 private sector companies, which have been carefully selected to accurately represent the true structure of the Kenyan economy, including agriculture, mining, manufacturing, services, construction and retail. The panel is stratified by Standard Industrial Classification (SIC) group, based on industry contribution to GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index (PMI™) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Stanbic Bank:

Stanbic Bank Kenya is a member of the Standard Bank Group, Africa's largest bank by assets.

Standard Bank Group reported total assets of R1,95 trillion (about USD143billion) at 31 December 2016, while its market capitalisation was R246 billion (about USD18 billion). The group's largest shareholder is Industrial and Commercial Bank of China (ICBC), the world's largest bank, with a 20.1% shareholding.

Standard Bank Group has direct, on-the-ground representation in 20 African countries. Standard Bank Group has 1 221 branches and 8 815 ATMs in Africa, making it one of the largest banking networks on the continent. It provides global connections backed by deep insights into the countries where it operates. In Kenya the bank has a network of 26 branches.

Stanbic Bank provides the full spectrum of financial services. It's 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 mining and metals; oil, gas and renewables; power and infrastructure; agribusiness; telecommunications and media; and financial institutions.

The bank's personal and business banking unit offers banking and other financial services to individuals and small-to-medium enterprises. 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).

For further information log on to [www.stanbicbank.co.ke](http://www.stanbicbank.co.ke)

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### 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. To learn more go to [ihsmarkit.com/products/pmi](http://ihsmarkit.com/products/pmi).

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