News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
Embargoed until: 10:30 (East Africa) / 07:30 (UTC) May 4th 2017

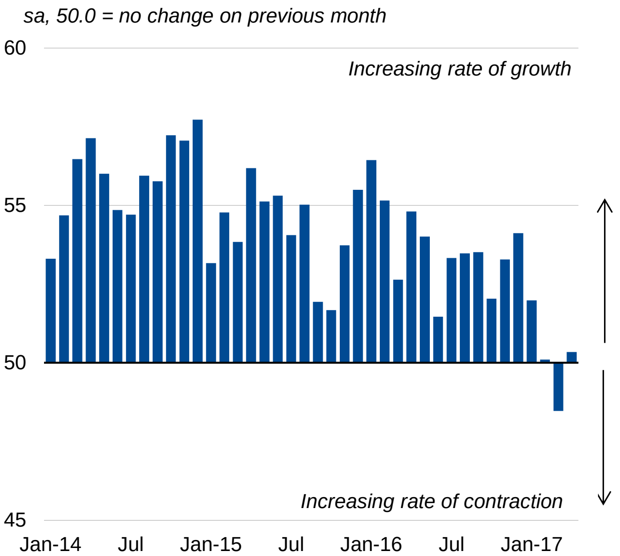
Stanbic Bank Kenya PMI™

Kenyan private sector stabilises during April

Data collected 11-26 April

- Headline PMI index posts slightly above the 50.0 no-change threshold in April
- Business activity increases for the first time in three months
- Sharper increase in new orders

Stanbic Bank Kenya PMI



Sources: Stanbic Bank, IHS Markit

Following a deterioration in March, conditions in the Kenyan private sector broadly stabilised in April. A renewed increase in business activity, albeit marginal, and a sharp rise in new orders were central to the upturn in the health of the private sector. In response to higher output requirements, firms increased their payroll numbers at a modest pace amid reports of continued pressure on operating capacity. On the price front, charges rose modestly amid continued cost pressures.

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 50.3, up from March's record low of 48.5, the seasonally adjusted PMI signalled a stabilisation in Kenyan private sector business conditions. Although above the 50.0 no-change mark, the latest figure was still the third-lowest recorded since the inception of the series in January 2014.

Commenting on April's survey findings, Jibran Qureishi, Regional Economist E.A at Stanbic Bank said:

"Business activity recovered after a contraction in March primarily on the back of an increase in new orders. Indeed, domestic demand is showing some signs of recovery; however we would still urge caution for now considering that drought conditions could worsen as a result of the recent breakout of armyworms which could destroy the upcoming harvest. In addition, political risk is likely to remain elevated which could prompt the private sector to scale back on investment spending."

The main findings of the April survey were as follows:

The rise in the headline index was supported by a return to growth of business activity, following two successive months of decline. However, the rate of expansion was marginal overall. Anecdotal evidence highlighted improved underlying demand and favourable economic conditions.

Underpinning the increase in output was a sharp rise in new orders. The rate of expansion quickened from March's record low. According to anecdotal evidence, new orders had been boosted by improved client demand, which was further supported by marketing initiatives. Another factor leading total new work to rise was a sharp expansion in new export work, which reportedly occurred due to an increase in demand from international markets.

Work-in-hand continued to increase at the start of the second quarter. However, the rate of backlog accumulation was weaker than the average over the current 18-month sequence of expansion. According to panellists, stronger demand conditions and unavailability of funds led to greater work outstanding. In spite of greater backlogs, the pace of job creation was only moderate, continuing the trend observed so far in 2017.

Purchasing activity continued to rise in the face of stronger demand during April. Subsequently, stocks of purchases continued to accumulate. However, the respective rates of growth were modest and weaker than the series averages.

Lastly, on the price front, firms signalled a renewed increase in output charges as firms were able to pass on higher cost burdens to clients amid reports of stronger demand conditions. Latest data pointed to the twenty-seventh consecutive rise in purchase costs. The rate of inflation was solid overall. Staff costs also continued to rise in April.

-Ends-

For further information, please contact:

Stanbic Bank:

Jibran Qureishi, Regional Economist E.A, Global Markets
Telephone +254 20 363 8138
Email jibran.qureishi@stanbic.com

Willis Angira, Communications Manager
Telephone +254 (20) 3268 257
Email willis.angira@stanbic.com

IHS Markit:

Aashna Dodhia, Economist
Telephone +44 1491 461003
Email Aashna.Dodhia@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44-207-260-2234
Email joanna.vickers@ihsmarkit.com

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.

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 Markit. Please contact economics@ihsmarkit.com.

Stanbic Bank:

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

Standard Bank Group had total assets of R1 694 billion (about USD162 billion) at 31 December 2013, while its market capitalisation was R209.4 billion (about USD20 billion).

The group has direct, on-the-ground representation in 20 African countries. Standard Bank Group has almost 560 branches and 1 223 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, it has a network of 24 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 Stock Exchange (NSE).

For further information log on to www.cfcstanbicbank.co.ke

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 30 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 www.markit.com/product/pmi.