

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**Embargoed until: 10:30 (East Africa) / 07:30 (UTC) April 5th 2018**

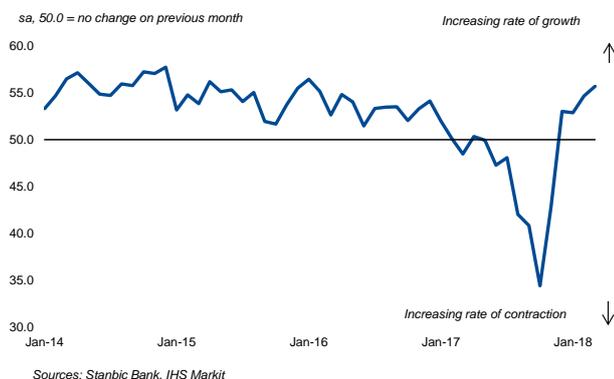
### Stanbic Bank Kenya PMI™

#### PMI climbs to a 26-month high

Data collected 12-27 March

- PMI Index registers at 55.7 in March
- Output growth accelerates to fresh record pace
- Growth in new orders quickens to the fastest since December 2016

#### Stanbic Bank Kenya PMI



The health of the private sector in Kenya improved to the greatest extent since January 2016 during March. Output growth quickened to the fastest rate since the inception of the survey in January 2014. Meanwhile, the rise in new orders accelerated to the sharpest since December 2016, underpinned by a survey-record rise in new export orders. Reflecting improved demand conditions, job creation quickened to the fastest since last May. On the price front, input cost inflation was sharp despite softening from the preceding month.

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.

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

*"The Stanbic PMI continued to show an improvement in business conditions in March. Indeed, a survey record rise in output since data collection began back in Jan 2014, primarily spearheaded purchasing activity. Moreover, recovering economic growth in key trading partners such as Uganda as well as the growing consensus that the interest rate capping law will either be significantly modified or abolished, should bode well for Kenya's private sector over the better part of this year."*

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

The seasonally adjusted PMI rose from 54.7 in February to 55.7 in March. This reflected the sharpest improvement in operating conditions since January 2016. Notably, the performance of Q1 2018 was the strongest recorded in two years.

Central to the upward movement in the headline index was another rise in business activity during March. Moreover, the rate of expansion accelerated to the sharpest since the series began in January 2014. According to panellists, favourable economic conditions and greater inflows of new work were the key factors behind output growth.

In line with the trend for output, new work at Kenyan private sector firms increased for the fourth consecutive

month during March. Moreover, the rate of expansion quickened to the sharpest since December 2016, partly reflecting a survey-record rise in new export orders. Panellists also attributed higher order book volumes to a higher customer turnout and improved demand.

In response to greater output requirements, firms expanded their capacity by raising their staffing levels for the fourth consecutive month in March. The pace of jobs growth was solid and the fastest since last May.

Kenyan firms raised their purchasing activity for the fourth successive month during March. Moreover, the pace of expansion quickened to the sharpest in the survey's history. Subsequently, pre-production inventories rose to the greatest extent since December 2016.

Kenyan private sector firms faced higher input costs at the end of the first quarter. Despite softening to the weakest in 2018 so far, the rate of input cost inflation remained sharp and stronger than the series trend. Anecdotal evidence pointed to a general rise in raw material costs, with prices for food items, fuel and transportation reportedly up since February. Meanwhile, staff costs rose at a modest pace.

Output prices increased for the fourth successive month during March. Despite easing to the weakest in 2018 so far, the rate of inflation was solid overall. Firms attributed higher selling prices to the pass-through of higher cost burdens to clients.

-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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