

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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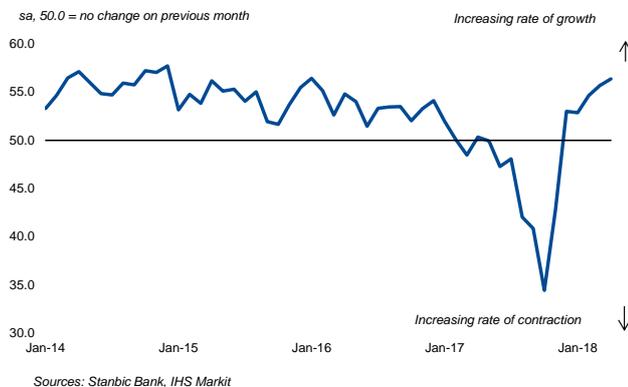
Stanbic Bank Kenya PMI™

PMI at 27-month high

Data collected 12-26 April

- PMI Index at 56.4 in April
- Rate of output growth accelerates to a survey-record high
- Input cost inflation eases to the weakest in six months

Stanbic Bank Kenya PMI



Operating conditions across Kenya's private sector improved to the greatest extent since January 2016 in April. Output growth accelerated and was the sharpest in the survey's 52-month history, while the latest rise in new orders quickened to the fastest since the end of 2016. In response to sustained output growth, firms were encouraged to raise their staffing levels at the strongest pace since December 2016. On the price front, input cost inflation remained sharp despite easing to the weakest since October 2017.

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

"The strength of the recovery in private sector activity continued last month. This shows that the underlying demand conditions in the economy are consistent with a solid recovery in economic activity. Thus far, this strength in activity has not been associated with any noticeable inflation pressures. But there are reasons for some caution. The combination of rising demand, both domestic and external, with rising input costs and rising employment have the potential to exert meaningful and durable upward pressures on inflation. Nonetheless, the rate of input cost inflation eased further from February's recent high."

The main findings of the April survey were as follows:

The seasonally adjusted PMI rose from 55.7 in March to 56.4 in April. This suggested that the health of the private sector improved to the strongest extent since January 2016. Notably, the latest reading outstripped the historical average of 52.8.

Business activity rose at the start of the second quarter, thereby extending the period of expansion to five months. Moreover, the latest upturn was the sharpest recorded since the inception of the series. Stable economic conditions and greater volumes of incoming new business were the key factors behind output growth, according to panellists.

In line with the trend seen for business activity, new orders rose for the fifth consecutive month during April. Moreover, the rate of expansion accelerated to the fastest since December 2016. Anecdotal evidence pointed to strong demand from both domestic and external markets. At the same time, despite softening from March's survey-record, new export orders rose at a sharp pace.

A back-to-back monthly rise in backlogs was registered at the start of the second quarter. Moreover, the rate of accumulation was solid and accelerated to the fastest since last May. Respondents reported that greater inflows of new work was behind the latest increase in outstanding business.

Concurrently, companies raised their staffing levels in April. Moreover, the rate of job creation was solid and the strongest reported since the end of 2016.

As has been the case since December 2017, firms raised their input buying during April. Moreover, the rate of expansion accelerated to the most pronounced since the series began in January 2014. Subsequently, pre-production inventories rose at a sharp pace despite softening from March's recent high. According to respondents, stocks increased in tandem with favourable demand conditions.

Meanwhile, input costs faced by Kenyan private sector firms rose during April, thereby extending the current sequence of inflation that began in February 2015. Despite easing to the weakest since last October, input cost inflation remained sharp and marginally above the historical average. According to panellists, US dollar strength contributed to higher imported costs for raw materials, with prices for fuel and food items also reportedly up since March.

-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.

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

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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.

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