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News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION

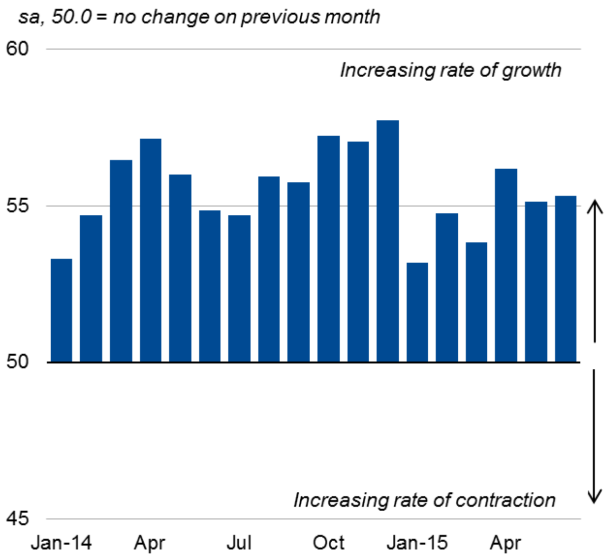
CfC Stanbic Bank Kenya PMI™

PMI signals robust improvement in business conditions

Data collected 12-26 June

- Private sector output rises at faster pace
- Marked growth of new business
- Cost pressures intensify amid currency depreciation

CfC Stanbic Bank Kenya PMI



Sources: CfC Stanbic Bank, Markit

Latest data remained consistent with robust growth of the Kenyan private sector in June, characterised by strong expansions in both output and new orders. Job creation was also evident, although the rate of hiring eased to a three-month low. Meanwhile, the weakness of the Kenyan shilling against the US dollar led to further rises in both input costs and output charges, according to panellists.

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 55.3 in June, the seasonally adjusted PMI was little-changed from May's reading of 55.1 and consistent with another robust improvement in business conditions. The latest figure was broadly in line with the series trend, and meant that the rate of growth across the Kenyan private sector as a whole was faster on average in Q2 (55.5) than in the opening quarter of 2015 (53.9).

Commenting on June's survey findings, Jibran Qureishi, Economist at CfC Stanbic Bank said:

"The latest PMI reading of 55.3 in June from 55.1 in May further supports our view of a rebound in economic activity in the second quarter of the year. With exceptionally good rains and a recovery in global tea prices, the agriculture sector was probably a dominant driver of this improving growth. Moreover, the expansionary fiscal policy for FY2015/16 is likely to further underpin growth in the Kenyan private sector. An important trend of the recent PMI data remains the elevated cost pressures emanating from the weaker currency. Risks remain tilted towards a tighter monetary policy stance by the central bank which could assist in easing off some of the pressures on the currency, however also pose as a downside risk to output if the tightening results in a suppression of credit growth to the private sector."

The main findings of the June survey were as follows:

Underpinning the overall expansion were marked rises in both output and new business during June. New project opportunities and high customer turnout were reported to have bolstered activity growth in the latest period, while companies mentioned improved marketing strategies as the driving factor behind stronger order books. Data showed that higher new export work also supported growth of new business in June, with the rate of increase marked and above the historical average.

Incoming new work led Kenyan private sector firms to raise their input buying further in June. The latest expansion was robust overall, mirroring the trends seen for output and new orders. Subsequently, pre-production inventories rose at the sharpest pace so far this year.

In contrast, the rate of job creation moderated from May's survey-record high in June. Moreover, the latest increase in employment was weaker than the average recorded over the survey's short history, albeit solid overall. Meanwhile, backlogs of work barely rose in the latest period.

On the price front, cost pressures intensified for the third straight month in June, with the rate of increase the most marked in a year. Underlying data suggested that the rise in overall input prices was mainly driven by higher purchasing costs, amid reports of another depreciation of the Kenyan shilling versus the US dollar.

As a result, companies in Kenya raised their selling prices during June, with the latest increase faster than the series average. Anecdotal evidence linked higher charges to a general rise in input prices, particularly food and oil-related items.

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For further information, please contact:

CfC Stanbic Bank:

Jibran Qureishi, Economist, 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

Markit:

Philip Leake, Economist
Telephone +44-1491-461-014
Email philip.leake@markit.com

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

Note to Editors:

The CfC 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@markit.com.

CfC Stanbic Bank:

CfC 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.

CfC 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.

CfC 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.

CfC Stanbic Bank is listed on the Nairobi Stock Exchange (NSE).

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

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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/economics.