

press release

Kenya – Business sentiment rises 10%

- **A broad improvement in business sentiment occurred in April; 4 of 5 components of the headline rose**
- **Headline business sentiment rose 10.0% to 63.9 in April from 58.1 in March**
- **Domestic demand improved, prompting higher production and investment in productive capacity**
- **Firms report the best financial conditions since the series began**

5th May 2016 Nairobi, Kenya – The business sentiment as measured by the *Standard Chartered-MNI Business Sentiment Indicator* (BSI) recovered in April to 63.9 from 58.1 in March. The boost to sentiment was broad-based: 4 out of 5 sub-components of the headline increased (new orders, production, employment and order backlogs), with only supplier delivery times falling. 10 of 15 current conditions indicators also increased.

Standard Chartered’s Chief Economist for Africa, Razia Khan, commented: “Sentiment was driven by a pick-up in domestic demand and a related uptick in production. Firms also reported that stronger financial positions were supported by greater credit availability, lower interest rates and a less negative exchange rate. Yet while the reading was positive, the indicator remained below its level a year ago, suggesting that activity may not be as robust as during the same period in 2015.”

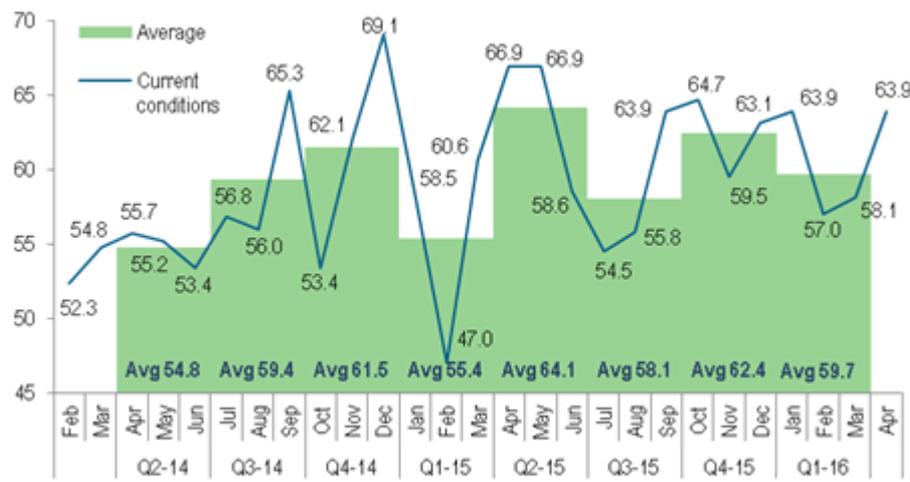
Some of the increase was likely seasonal. Companies mentioned that the Easter holiday generated stronger demand, moving the headline BSI up 10% m/m. All of the increase in demand was domestic (new orders rose 10.9% m/m to 67.1).

Kenya’s authorities expect the economy to perform better in 2016 – closer to 6% following 5.6% growth in 2015. A tourism recovery following the removal of travel warnings, continued infrastructure spending and better agricultural performance due to good rains are expected following a soft end-2015 and Q1-2016. Our BSI shows that sentiment has picked up in the past couple of months, although it is still below levels seen at the same time in 2015, perhaps an indication that growth momentum is not yet as strong as the authorities hope it

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could be. The coming months will reveal whether April's improvement in activity can be sustained.

Figure 1 **Our Kenya BSI rebounded in April**
Standard Chartered-MNI Kenya Business Sentiment Indicator



Source: MNI, Standard Chartered Research

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NOTES TO EDITORS:

Standard Chartered's Africa Indicators:

**Standard Chartered MNI Business Sentiment Indicator
 2 Markets: Kenya, Nigeria**

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 Nigeria**

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MNI Indicators specialises in producing business and consumer surveys designed to present an advance picture of the economic landscape and highlight changing trends

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