

press release

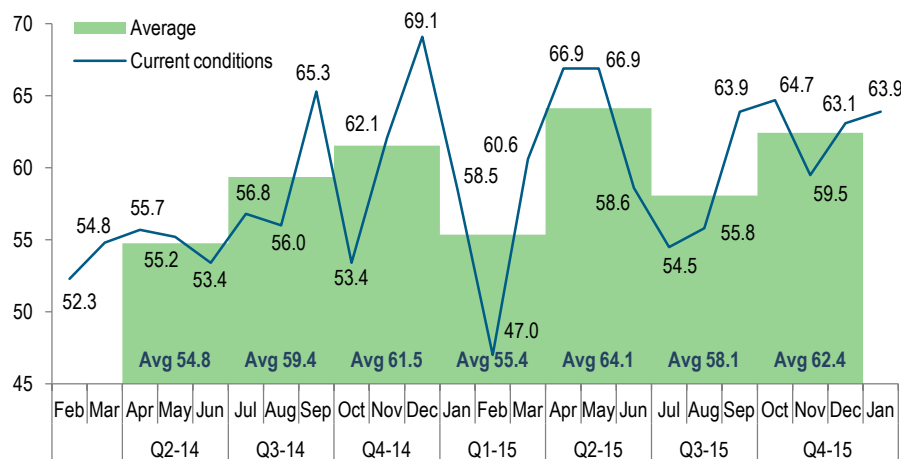
Kenya – Sentiment up, but responses mixed

- Business sentiment in Kenya rose to 63.9 in January, but responses were mixed
- Higher new orders and order backlogs accounted for much of the rise in the BSI in Jan
- Despite the overall increase, seven of 15 current conditions indicators fell m/m during the month
- Companies were more positive about interest rates and the FX rate, but production indicators weakened

29 January 2016 – Nairobi, Kenya: Business sentiment in Kenya, as measured by the Standard Chartered MNI Business Sentiment Indicator (BSI), rose 1.3% m/m in January to 63.9, up 9.2% from a year earlier. Despite the rise, sentiment was mixed. Two of the five components of the headline indicator – new orders and order backlogs – which together account for 50% of the headline indicator, increased in January. A sharp rise in order backlogs in particular (by 25.5% m/m), to above the breakeven-50 level for the first time since October 2015, helped push the headline higher.

Summarising January's MNI Business Sentiment Indicator, Standard Chartered's Chief Economist for Africa, **Razia Khan**, commented, "Business sentiment in Kenya, as measured by the Standard Chartered MNI Business Sentiment Indicator (BSI), rose 1.3% m/m in January to 63.9, up 9.2% from a year earlier. Despite the rise, sentiment was mixed. Two of the five components of the BSI – new orders and order backlogs, which together account for 50% of the headline indicator – increased in January. Declines in some components in January may be due to seasonal effects. Alternatively, they may signal a more cautious outlook. The Kenyan authorities forecast real GDP growth of more than 6% in 2016; the BSI findings suggest that while the economy is certainly expanding, it may be too early to draw firm conclusions regarding final outcomes."

Figure 1: Kenya BSI rises in January
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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