

press release

JUNE DIP IN KENYA BSI INDICATES CONCERN OVER CURRENCY, BUT FUTURE EXPECTATIONS STILL POSITIVE

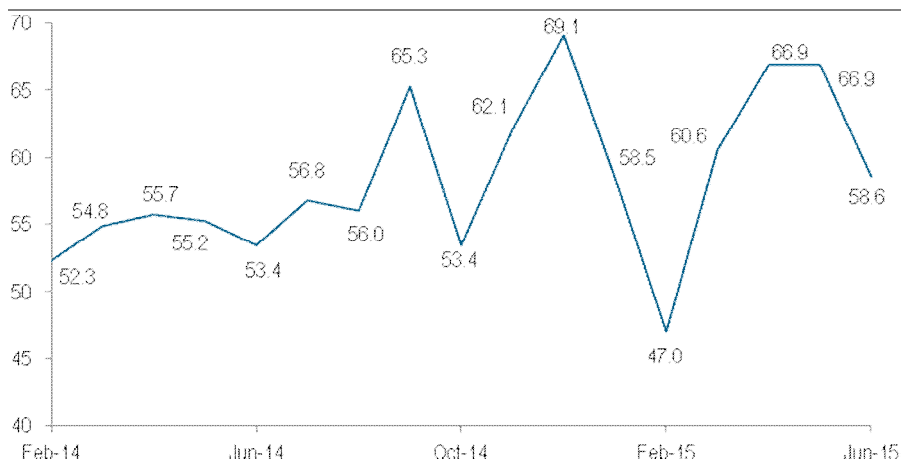
- Kenyan business sentiment softened in June to 58.6, from a strong 66.9 in May
- While the BSI corrected from earlier highs, future expectations are robust
- Nonetheless, KES weakness threatens sentiment, with export orders yet to improve

Tuesday, 30th June 2015 - London, UK: Business sentiment in Kenya weakened in June. The *Standard Chartered-MNI Business Sentiment Indicator* (BSI) for Kenya fell to 58.6 in June from 66.9 in May, declining 12.4% m/m. Of the five components that make up the headline BSI, only one component – employment – registered gains in June. In all, 10 of the 15 current conditions indicators slipped, with ‘order backlogs’ and the ‘effect of the KES exchange rate’ indicators both falling below the key 50 level. Many indicators related to demand, including ‘new orders’ and ‘export orders’, slipped in June. Despite this evident softening in activity, Kenyan businesses remained optimistic about near-term prospects. 11 of the 15 future expectations indicators increased in June versus May, when 13 future expectations indicators declined.

Razia Khan, Standard Chartered’s Chief Africa Economist, who is responsible for the analysis of the market indicator data, and commented: *“Business sentiment in Kenya softened in June, with the Standard Chartered-MNI Business Sentiment indicator falling to 58.6, from 66.9 in both April and May. While the BSI indicates a softening of sentiment from a high level, and Q2-2015 growth appears to have accelerated from Q1 levels, it is clear that important vulnerabilities remain. Businesses are concerned about rising imbalances, a depreciating exchange rate and the potential need for more tightening to stabilise the Kenyan shilling.”*

Figure 1: Kenya BSI fell in June to 58.6

Standard Chartered-MNI Kenya Business Sentiment Indicator



Source: MNI, Standard Chartered Research

For the more information on Standard Chartered’s Africa Indicators, sign up to the Bank’s dedicated Research Portal Research <https://research.standardchartered.com/Pages/home.aspx> or email Lauren.Callie@sc.com

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NOTES TO EDITORS:

Standard Chartered's African Indicators:

- **Standard Chartered MNI Business Sentiment Indicator**

2 Markets: Kenya, Nigeria

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- **Standard Chartered-Premise Consumer Price Tracker**

1 Market: Nigeria

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