

Absa Purchasing Managers' Index

June 2025

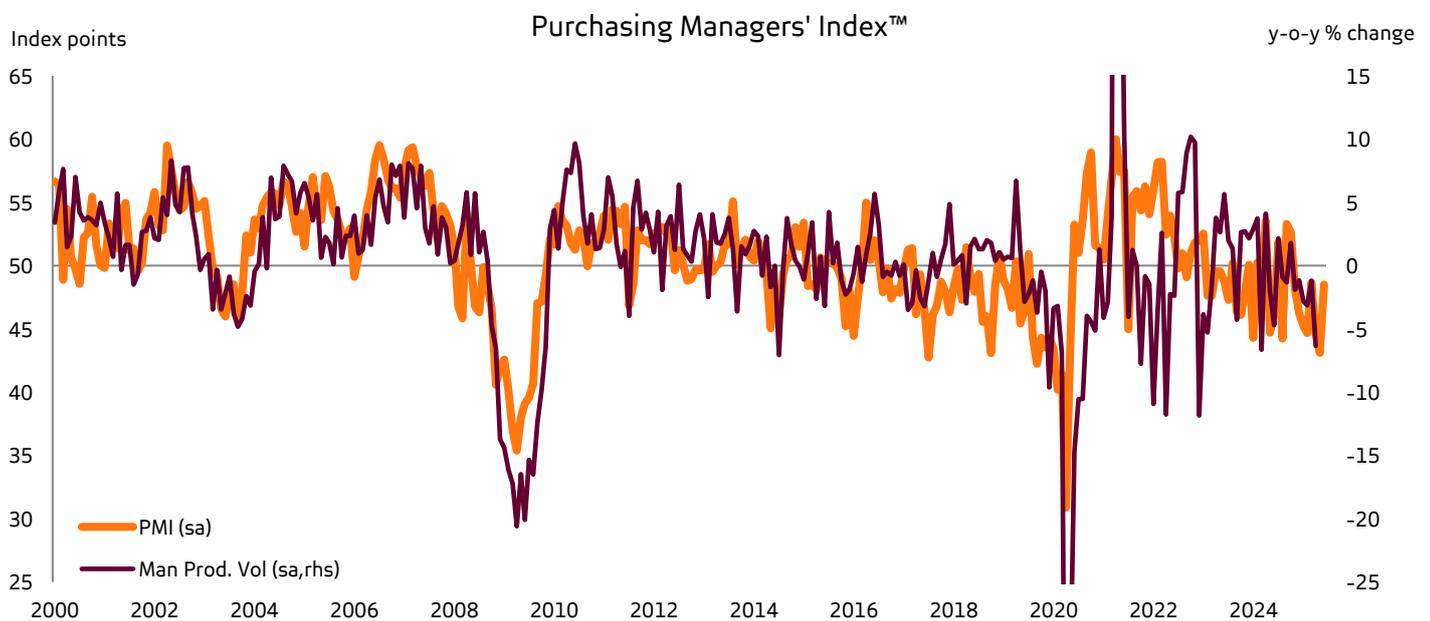
Embargoed until 11:00 1 July 2025

The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** increased by 5.4 points to 48.5 in June 2025. The headline PMI remained in contractionary territory for an eighth consecutive month. However, it is encouraging to note that the current level is the second-highest in 2025, following the 48.7 points in March, and the 5.4-point gain is the highest increase since the 9-point jump we saw between August and September 2024.

Positively, **new sales orders** increased by 7.8 points to 46.1 in June, signalling some recovery in demand. While export sales recovered somewhat in June relative to May, volumes remain near the lowest levels seen this year. This suggests that domestic demand boosted the large recovery in total new sales orders. However, the improvement in demand failed to boost production as the **business activity index** decreased by 1.5 points to 41.9 points in June. The **supplier deliveries index** increased by 6 points to 55.1 in June. This indicates that the delivery times were extended due to some delays, possibly due to the uptick in orders and suppliers becoming busier, as respondents did not mention any significant supply bottlenecks. The **employment index** rose by 9.7 points in June, reaching 49.7 points, the highest since March 2024. This is a big jump for this index, but it needs to be sustained for some months before we can be confident that the manufacturing sector is adding jobs at a significant pace.

The **purchasing price index** continued its downward trajectory, decreasing by 2.3 points to 58.1 in June. Despite some volatility, the rand was on average 40c stronger to the dollar than in May and stayed below R18/\$ for a large part of the month. On average, the Brent crude oil price was higher in June than in May, but the decline in diesel prices at the start of June likely helped.

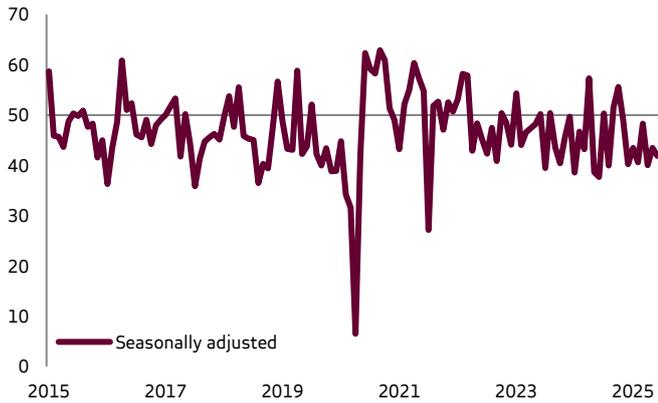
The index tracking **expected business conditions** in six months' time was unchanged at 62.5 points in June, following a significant 13.9 points increase in May. The apparent end to the 12-day war between Israel and Iran may have helped ease nerves (as the survey took place after this), with no further news on the global tariff front.



For further information: Nkosiphindile Shange, Economist, BER (shange@sun.ac.za)

The PMI is an economic activity index based on a survey conducted by the Bureau for Economic Research (BER) and sponsored by Absa. Although reasonable professional skill, care and diligence are exercised to record and interpret all information correctly, Stellenbosch University, its division BER, the author(s)/editor and Absa (inclusive of its affiliates and/or subsidiaries) do not accept any liability for any direct or indirect loss whatsoever that might result from unintentional inaccurate data and interpretations provided by the BER, as well as any interpretations by third parties. Stellenbosch University and Absa further accept no liability for the consequences of any decisions or actions taken by any third party on the basis of information provided in this publication. The views, conclusions or opinions contained in this publication are those of the BER and do not necessarily reflect those of Stellenbosch University or Absa. Absa is an authorised financial services provider and registered credit provider reg no NCRCP7.

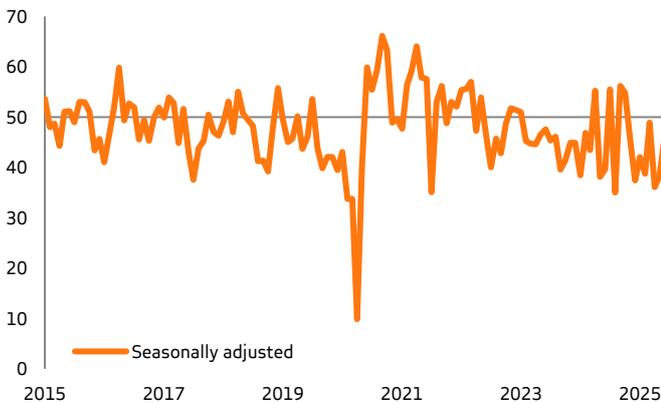
PMI: Business activity



The **business activity index** decreased by 1.5 points despite some recovery in demand. Manufacturers may be concerned that the recovery will not be sustained, and therefore held back on ramping up output.

	Apr	May	Jun
Business activity	40.0	43.5	41.9

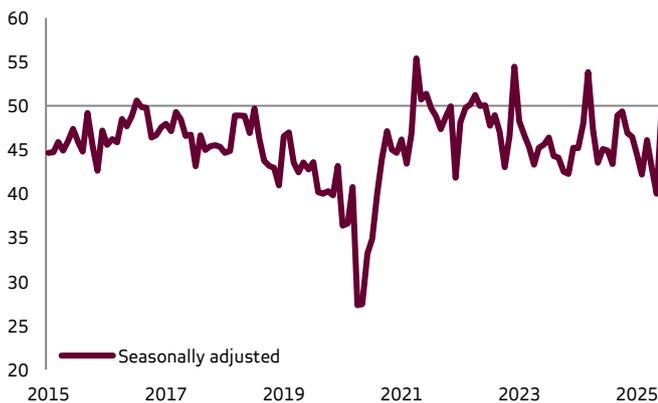
PMI: New sales orders



New sales orders increased by 7.8 points to 46.1 in June, signalling some recovery in demand. Export sales recovered in June, but export volumes remain at the lowest levels this year.

	Apr	May	Jun
New sales orders	36.1	38.3	46.1

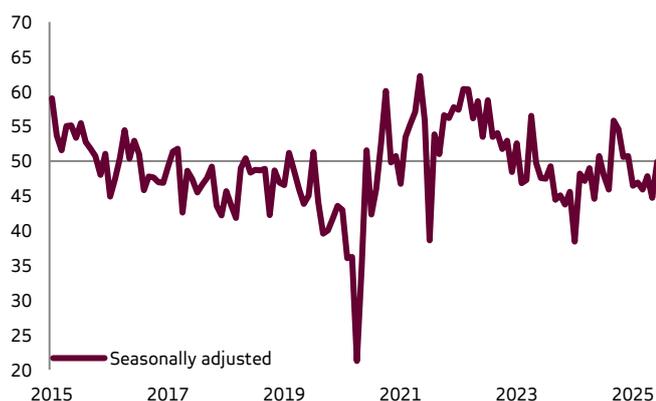
PMI: Employment



The **employment index** recovered by a significant 9.7 points in June, reaching 49.7 points, the highest since March 2024. This is a big jump for this index, but it needs to be sustained for some months before we can be confident that the manufacturing sector is adding jobs at a significant pace.

	Apr	May	Jun
Employment	42.9	40.0	49.7

PMI: Inventories



The **inventories index** ticked up slightly, to 49.9 points in June, from 44.7 in May. Manufacturers could be stocking up materials to meet the current improvements in demand, with this potentially translating into more output growth later.

	Apr	May	Jun
Inventories	47.8	44.7	49.9

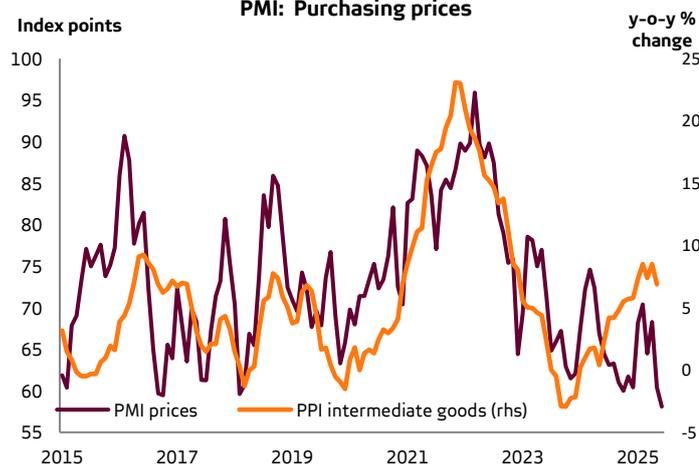
PMI: Supplier deliveries



The **supplier deliveries index** increased by 6.1 points to 55.1 in June, indicating that delivery times were extended due to some delays. This could be due to the uptick in orders and suppliers being busier, as respondents did not mention any significant supply bottlenecks.

	Apr	May	Jun
Supplier deliveries	56.6	49.0	55.1

PMI: Purchasing prices



The **purchasing price index** continued on its downward trajectory, decreasing by 2.3 points to 58.1 in June. Despite some volatility, the rand was on average 40c stronger to the dollar than in May and stayed below R18/\$ for a large part of the month. On average, the Brent crude oil price was higher in June than in May, but the decline in diesel prices at the start of June likely helped.

	Apr	May	Jun
Purchasing prices	68.3	60.4	58.1

The PMI is an economic activity index based on a survey conducted by the Bureau for Economic Research and sponsored by Absa. The monthly surveys are conducted under a representative group of purchasing managers in the South African manufacturing sector. These purchasing managers have to indicate each month whether a particular activity (e.g. new sales orders) for their company has increased, decreased or remained unchanged. Diffusion indices are then calculated by taking the percentage of respondents that reported an increase and adding it to one-half of the percentage that reported no change. This results in an index for which a value of 50 indicates no change in the activity, a value above 50 indicates increased activity and a value below 50 indicates decreased activity. The indices are then seasonally adjusted, but no further smoothing method is applied. The headline PMI is calculated as the weighted average of the following indices (weights in parentheses): Business Activity (0.20), New Orders (0.20), Employment (0.20), Supplier Deliveries (0.20) and Inventories (0.20). Note that the inverse of the Supplier Deliveries index is used in the PMI calculation. For more information on the South African manufacturing PMI, the historical data series as well as a description of the questions in the PMI survey, please visit the BER's website (www.ber.ac.za).