

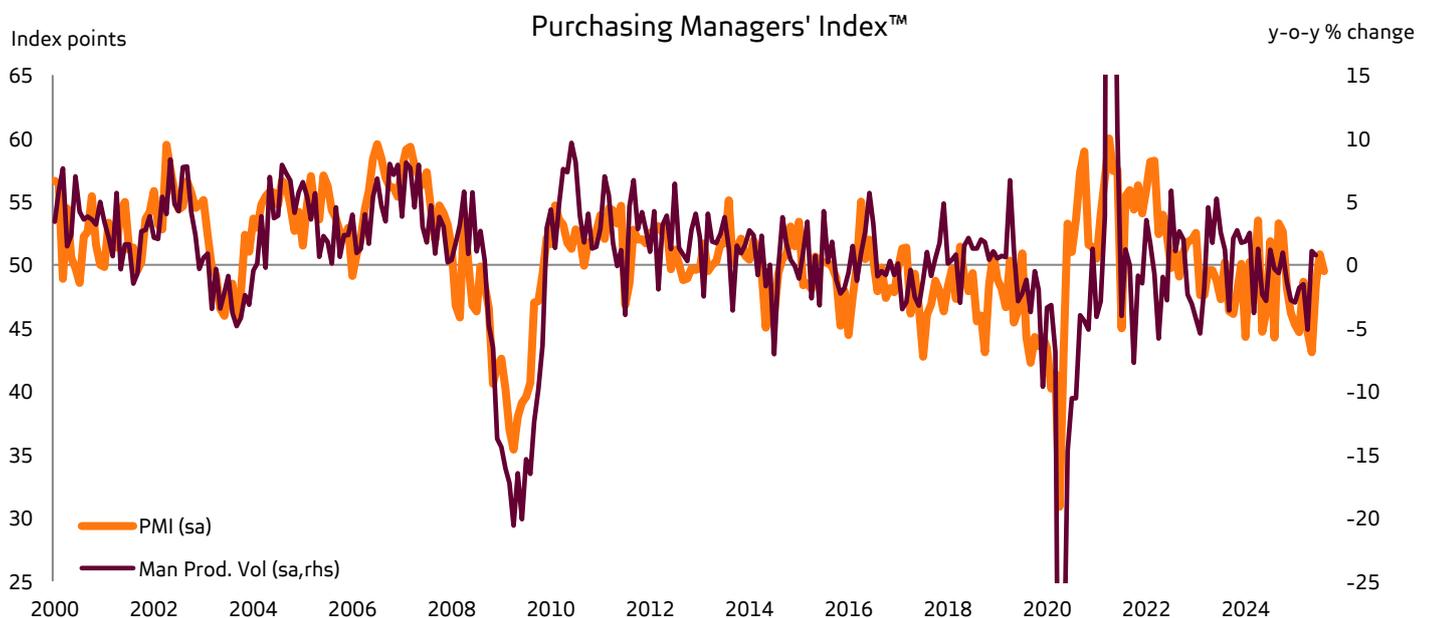
Absa Purchasing Managers' Index August 2025

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The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** declined by 1.4 points to 49.5 points in August 2025 and returned to contractionary territory. This partially reversed the 2.3-point improvement in July, when the PMI edged into expansionary territory for the first time in nine months. Activity in the sector remained subdued, and both domestic and export demand remained sluggish. However, it is noteworthy that the average PMI for Q3 is currently 50.2 points (September outstanding) compared to 45.4 for Q2.

Following a significant and somewhat unexpected surge in sales in July, **new sales orders** once again declined, by 8.5 points to 47.4 in August. Prior to July, the last time new sales orders had been in expansionary territory was in October 2024 (54.8). Both domestic and global demand remain under pressure. Respondents refer to tariffs hurting exports, even if they themselves are not directly impacted, some mention knock-on implications of impacted clients. The **business activity index** declined by 1.3 points to 45.8 points in August, remaining in contractionary territory for 10 consecutive months. Respondents again noted increased competition from cheaper imports. The **supplier deliveries index** decreased by 3.5 points to 53 in August. The decrease is likely due to declining orders, not as a result of improvements on the logistical front. Surprisingly, the **employment index** increased by 5.2 points in August, reaching 48.9. Still, given the challenging trading environment and constrained demand, employment has remained below the 50-mark for a year and a half. Only sustained improvements in activity can have a significantly positive effect on employment.

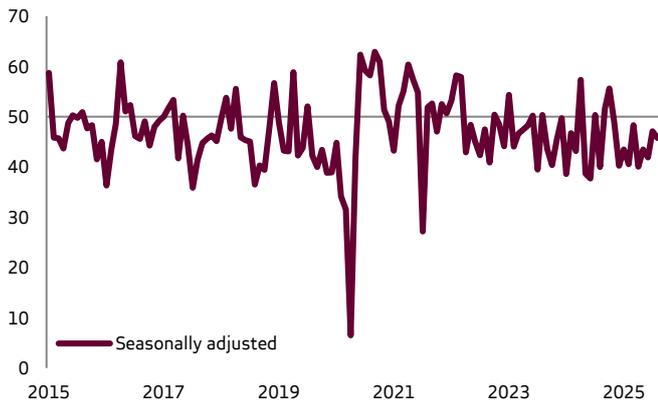
The **purchasing price index** decreased slightly by 0.8 points, edging to 58.5 in August, signalling some relief on the input cost front. The rand was relatively stronger in August, staying below R18/\$ throughout the month, reaching R17.40/\$ in mid-month compared to R18.19/\$ on the 31st of July. Despite some volatility, the crude oil price was largely flat at an average level. The index tracking **expected business conditions** in six months' time improved slightly from 56.4 in July to 56.8 in August. Given the increasingly difficult trading environment, it is encouraging to see some stability in the index.



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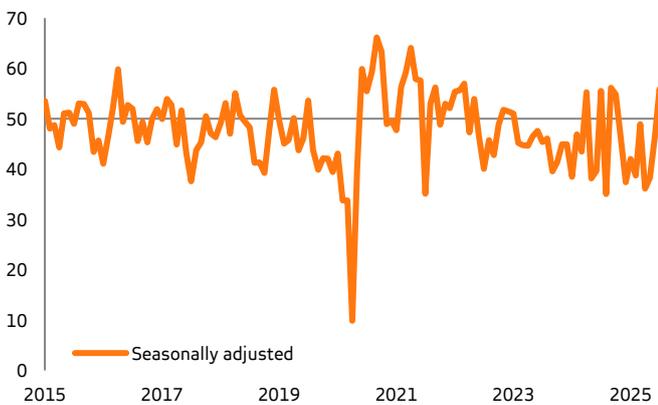
PMI: Business activity



The **business activity index** declined by 1.3 points to 45.8 points in August, remaining in contractionary territory for 10 consecutive months. Respondents note increased competition from cheaper imports.

	Jun	Jul	Aug
Business activity	41.9	47.1	45.8

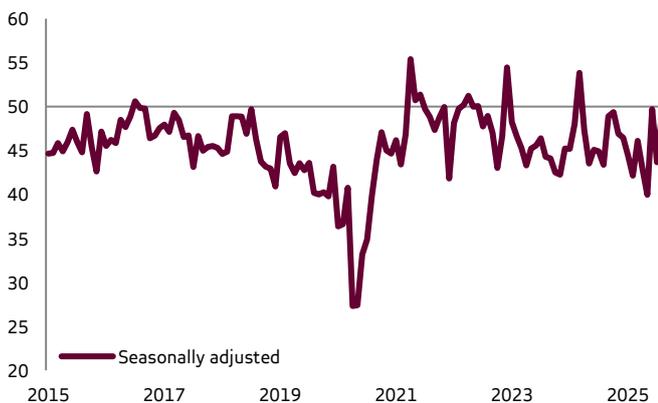
PMI: New sales orders



New sales orders declined significantly, by 8.5 points to 47.4 in August, returning to contractionary territory. Prior to July, the last time new sales orders had been in expansionary territory was October 2024, at 54.8. Both domestic and global demand remain under pressure.

	Jun	Jul	Aug
New sales orders	46.1	55.9	47.4

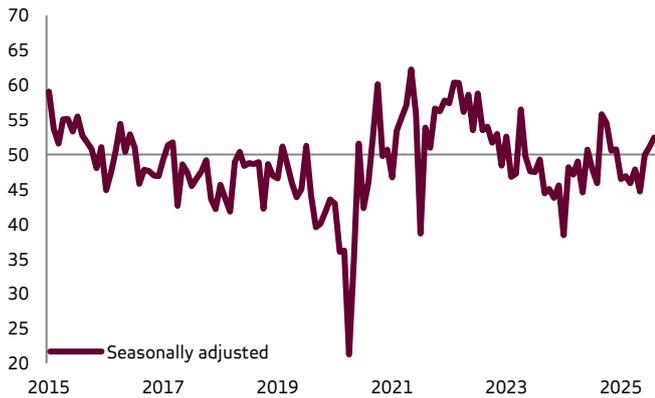
PMI: Employment



The **employment index** increased by 5.2 points in August, reaching 48.9. Given the challenging trading environment and constrained demand, employment has remained below the 50-mark for a year and a half. Only sustained improvements in activity can significantly positively affect employment.

	Jun	Jul	Aug
Employment	49.7	43.7	48.9

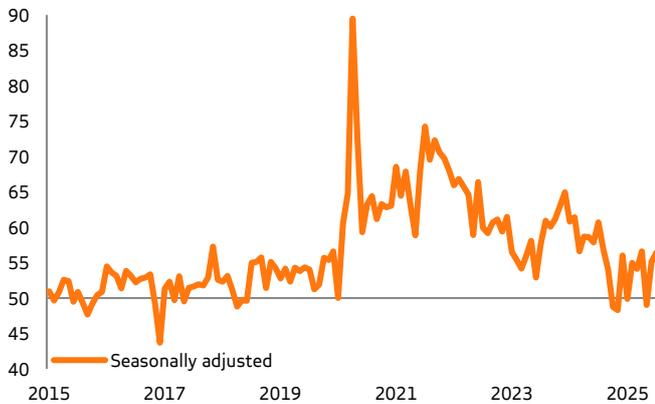
PMI: Inventories



The **inventories index** ticked up slightly, to 52.4 points in August. This may be because manufacturers continue to stock up materials to meet future demand when it recovers and the bottlenecks are removed to facilitate trade.

	Jun	Jul	Aug
Inventories	49.9	51.1	52.4

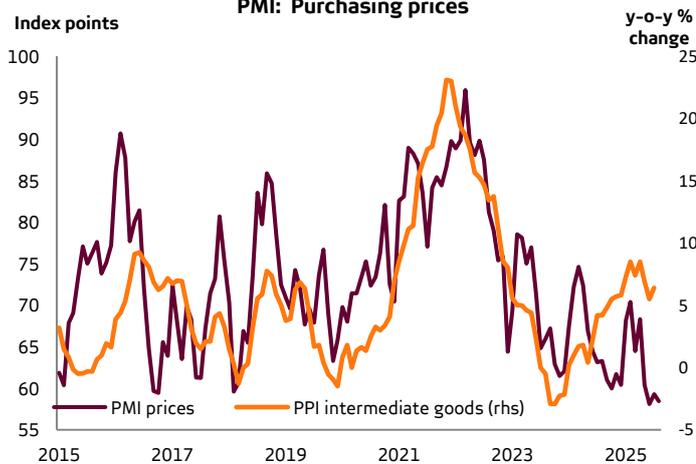
PMI: Supplier deliveries



The **supplier deliveries index** decreased by 3.5 points to 53 in August. The decline (i.e., indicative of faster delivery times) was likely due to declining orders, not improvements on the logistical front. Regulations continue to be a significant supply bottleneck.

	Jun	Jul	Aug
Supplier deliveries	55.1	56.4	53.0

PMI: Purchasing prices



The **purchasing price index** decreased slightly by 0.8 points, edging to 58.5 in August, signalling some relief on the input cost front. The rand was relatively stronger in August, staying below R18/\$ throughout the month, reaching R17.40/\$ in mid-month compared to R18.19/\$ on the 31st of July. However, domestic fuel price adjustments were mixed, mainly benefitting petrol users.

	Jun	Jul	Aug
Purchasing prices	58.1	59.3	58.5

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).