

Absa Purchasing Managers' Index

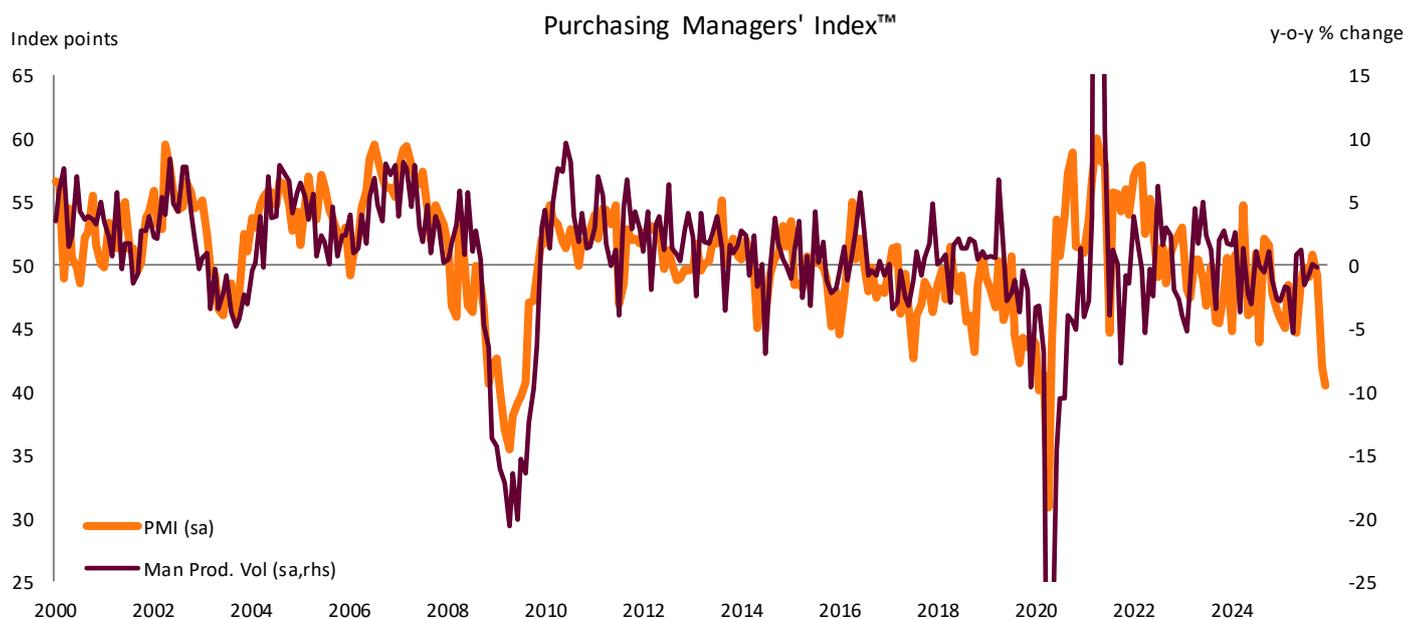
December 2025

Embargoed until 11:00 8 January 2026

The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** decreased further by 1.5 points to 40.5 points in December 2025, remaining firm in contractionary territory. However, it is important to note that an unusually sharp decline in the **inventories index**, as well as a steep decline in the **employment index**, were the main drivers of the weaker headline reading. New sales orders were barely changed from November and remained at a subdued level, while business activity actually improved sharply during the month, albeit remaining below the 50 mark. The headline PMI thus signals that conditions in the sector remained tough, but activity may have improved nonetheless. Furthermore, the index tracking **expected business conditions in six months' time** jumped by a significant 18.1 points to 68.8 in December. This is the highest level since the 70.8 reached in September 2024.

Relative to November, the **new sales orders index** dipped marginally to 35.4 in December. The decline in sales was primarily driven by the domestic economy, as there were some improvements in export orders; however, these were insufficient to make a significant contribution to a turnaround in demand. The **business activity index** increased by 9.4 points to 46.1 in December. While remaining below the neutral level, the increase was sizeable relative to typical month-on-month movements. The index has been in contractionary territory for eleven of the twelve months in 2025, underscoring the persistence of weak underlying conditions. The **employment index** decreased by 6.3 points in December, falling further below the neutral 50-point mark and remaining in contractionary territory since April 2024. The weak performance in business activity and volatile sales orders continues to limit the scope for hiring, while shortages of specialised skills in certain niche industries also weigh on employment outcomes. The **supplier deliveries index** remained at similar levels, edging down to 45.1 points in December from 45.5 in November.

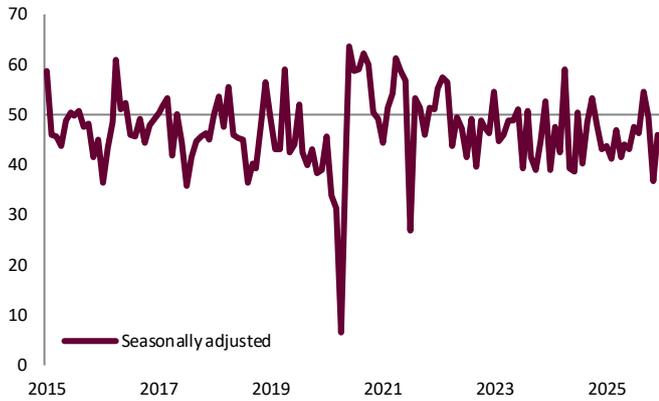
The **purchasing price index** declined further by 4.5 points to 50 in December, the lowest level since late 2009. While the fuel, and particularly diesel prices, increased at the start of December, the stronger rand exchange rate likely helped alleviate input cost pressure. The sharp decline in diesel prices at the start of 2026 is expected to further help contain price pressures in the new year.



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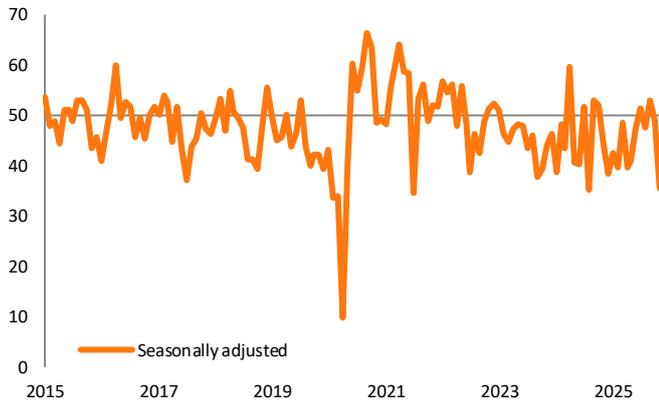
PMI: Business activity



The **business activity index** increased by 9.4 points to 46.1 in December. While remaining below the neutral level, the jump was significant relative to usual changes. The index has been in contractionary territory for eleven of the twelve months. Weak demand remains the main force hindering sector performance.

	Oct	Nov	Dec
Business activity	49.4	36.7	46.1

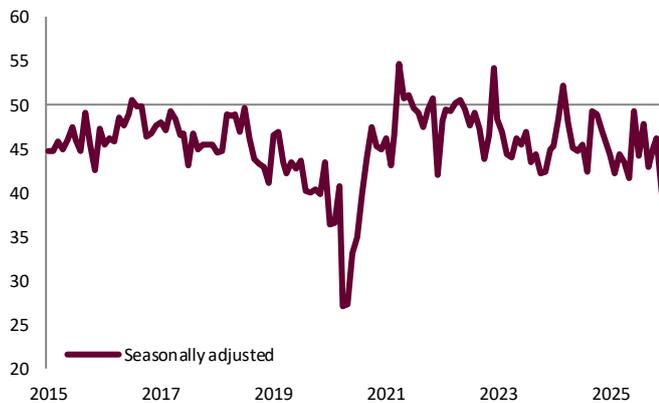
PMI: New sales orders



New sales orders decreased slightly by 0.2 points to 35.4 in December – the lowest level in 2025. The decline in sales was primarily driven by the domestic economy, as there were some improvements in exports. Official Stats SA data show persistent year-to-date contractions in sales numbers, with month-on-month activity volatile.

	Oct	Nov	Dec
New sales orders	48.9	35.6	35.4

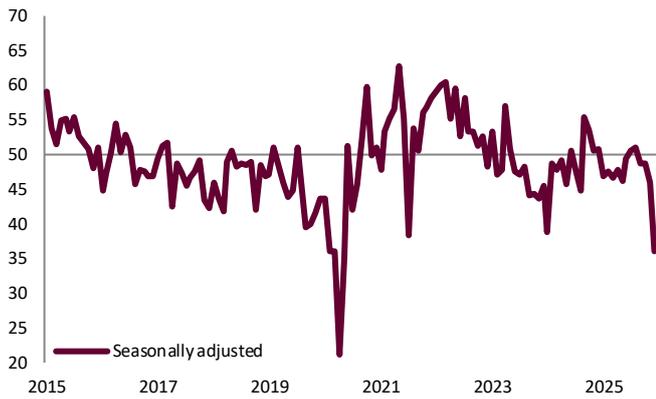
PMI: Employment



The **employment index** decreased by 6.3 points in December, remaining in the contractionary territory since April 2024. Weak demand and activity in the sector have not presented a strong case for employment growth. Only strong economic growth and recovery will lead to better employment outcomes.

	Oct	Nov	Dec
Employment	45.1	46.2	39.9

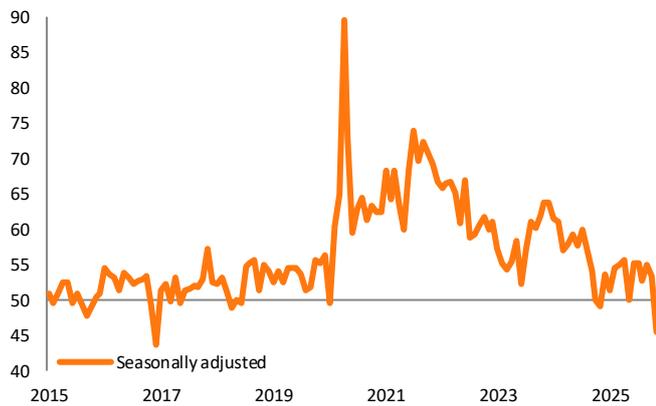
PMI: Inventories



The **inventories index** declined by 9.9 points to 36.1 in December, the lowest since May 2020, when they stood at 35.1 points. This is primarily due to the constant weak demand, as there has been no evidence of prior overbuying. It appears that manufacturers are destocking in response to uncertain economic conditions, aiming to manage costs.

	Oct	Nov	Dec
Inventories	48.8	46.0	36.1

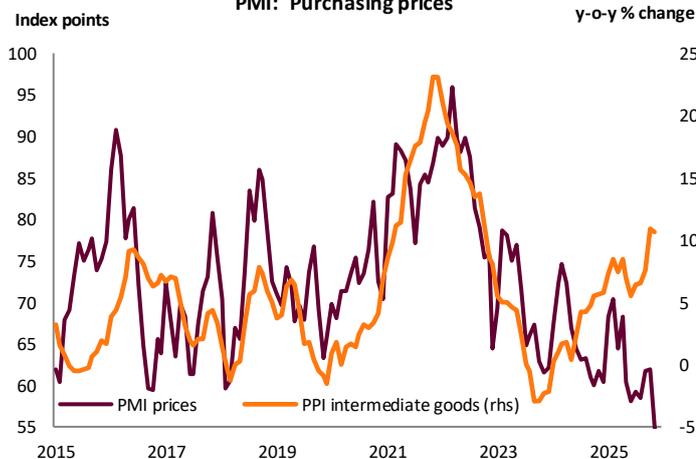
PMI: Supplier deliveries



The **supplier deliveries index** remained largely unchanged, edging down to 45.1 points in December from 45.5 in November.

	Oct	Nov	Dec
Supplier deliveries	53.5	45.5	45.1

PMI: Purchasing prices



The **purchasing price index** declined further by 4.5 points to 50 in December, the lowest level since late 2009. While the fuel, and particularly diesel prices, increased at the start of December, the stronger rand exchange rate likely helped alleviate input cost pressure. The sharp decline in the diesel prices at the start of 2026 should help keep price pressure at bay in the new year.

	Oct	Nov	Dec
Purchasing prices	61.9	54.5	50.0

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).