

Absa Purchasing Managers' Index

May 2026

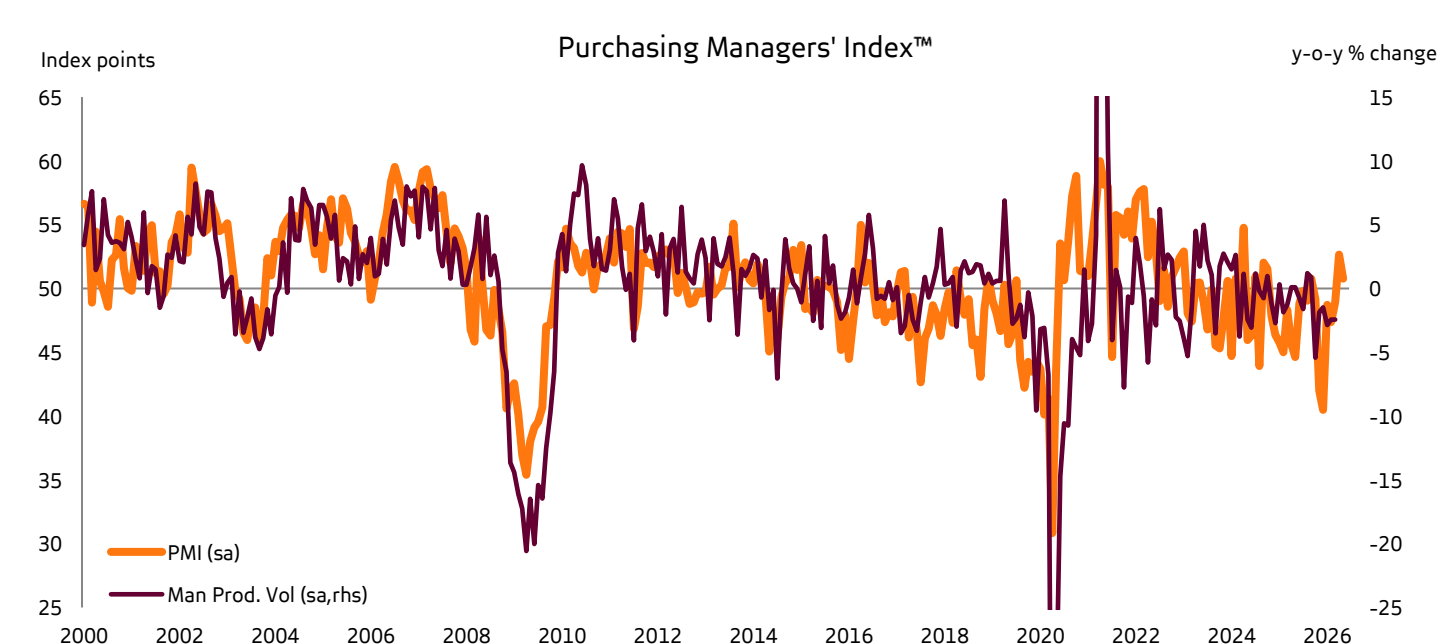
Embargoed until 11:00 1 June 2026

The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** remained above the neutral 50-point mark for a second consecutive month, although the index declined by 1.8 points to 50.8 in May from 52.6 in April. While still notably better than the first-quarter average of 48.3, the underlying survey results pointed to a deterioration in conditions from April to May. In April, manufacturers benefitted from demand being brought forward in anticipation of further cost increases, but this effect faded in May. Some respondents warned that the recent weakness in demand could persist in the coming months.

Manufacturers also increased stocks, with the **inventories index** ticking up to 55.8 points – the highest level since early 2023. As in April, higher inventories contributed positively to the headline PMI, but this likely reflects pre-emptive buying rather than expectations of stronger future demand.

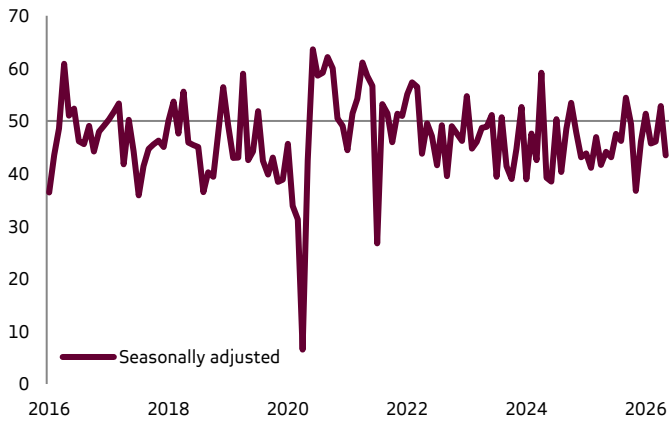
The **purchasing price index** halted its recent steep ascent, edging down by 0.8 points. This nevertheless still points to a significant increase in cost pressure relative to the start of the year. The expected decline in diesel prices later this week should provide near-term relief, but many respondents in May reported higher costs beyond fuel, such as more expensive courier services and surcharges added to other goods and services.

The most positive outcome of the May PMI survey was that the **expected business conditions index** rose above the neutral 50-point mark. This suggests that purchasing managers expect business conditions to be better by the year-end than they are today. The index rose from 47.4 to 52.9. In February, before tensions in the Middle East escalated, it stood at 68.8.



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 unintentionally 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.

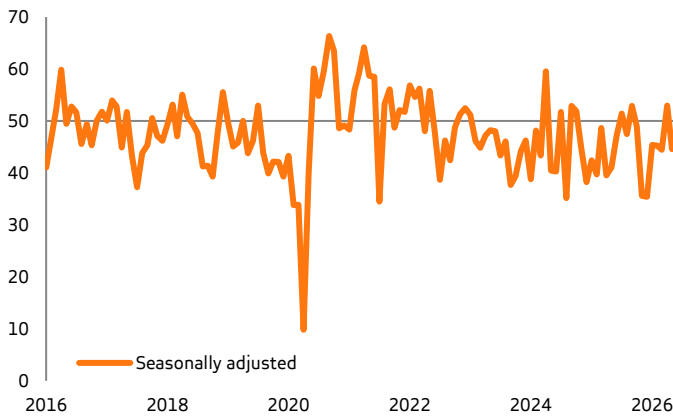
PMI: Business activity



Following two encouraging improvements, the **business activity index** declined in May. The drop back in production was likely driven by the decline in demand.

| | Mar | Apr | May |
|--------------------------|------|------|-------------|
| Business activity | 46.1 | 52.8 | 43.5 |

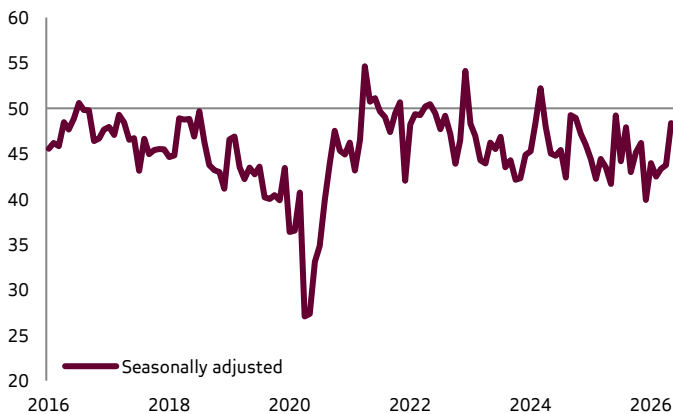
PMI: New sales orders



As some respondents had warned in April, last month's demand increase did not carry over into May. In April, some respondents noted that orders were likely brought forward ahead of expected price increases. These orders subsequently declined in May, resulting in a decline in the **new sales orders index**. The index is now back in line with its first-quarter average. Encouragingly, export sales improved somewhat in May compared with the first quarter, though they remain in negative territory.

| | Mar | Apr | May |
|-------------------------|------|------|-------------|
| New sales orders | 46.1 | 52.9 | 44.6 |

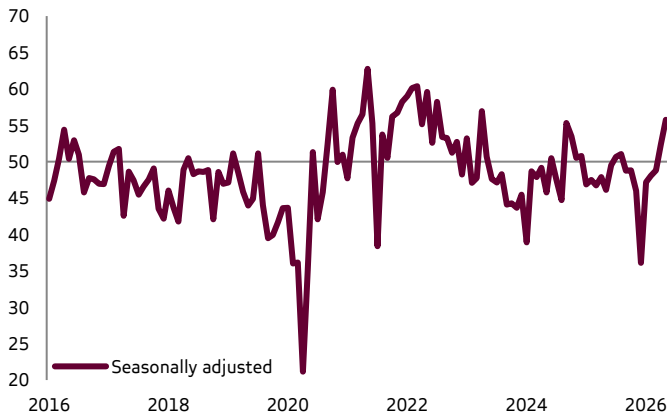
PMI: Employment



The **employment index** improved, rising for a second consecutive month, despite weaker activity and orders. While the index remained below 50 points, it is currently at its best level since mid-2025.

| | Mar | Apr | May |
|-------------------|------|------|-------------|
| Employment | 43.3 | 43.8 | 48.4 |

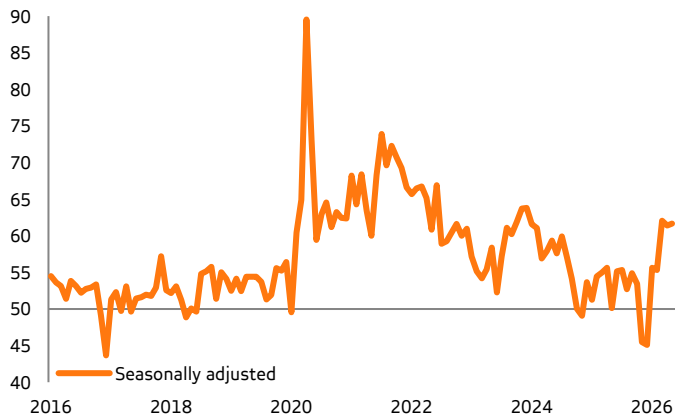
PMI: Inventories



The **inventories index** rose further and is now almost 10 points above where it started the year. Purchasing managers likely stocked up on raw materials and intermediate goods used in the production process in anticipation of price increases. This means that higher inventories contributed positively to the headline PMI, as they did last month. However, this likely reflects pre-emptive buying rather than an expectation of needing to meet higher demand in the future.

| | Mar | Apr | May |
|--------------------|------|------|-------------|
| Inventories | 48.8 | 52.3 | 55.8 |

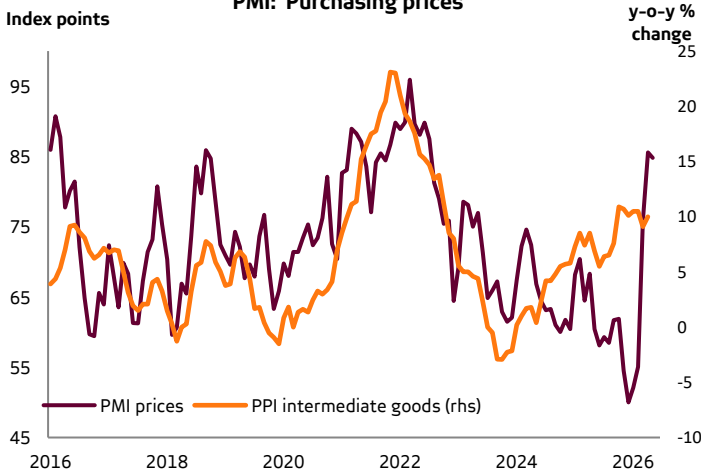
PMI: Supplier deliveries



The **supplier deliveries index** remained largely unchanged at a high level for the second month in a row, following a sharp increase in March. The sharp increase in March followed disruptions linked to the effective closure of the Strait of Hormuz, with respondents referring to transport delays and even shortages of some raw materials. It is important to note that this index is inverted: higher readings indicate slower deliveries. Given ongoing disruptions to global shipping routes and persistent logistical challenges at South African ports, the current level likely reflects supply-side constraints rather than stronger demand for inputs. As such, the signal from this index should be interpreted with caution.

| | Mar | Apr | May |
|----------------------------|------|------|-------------|
| Supplier deliveries | 62.1 | 61.4 | 61.6 |

PMI: Purchasing prices



The **purchasing price index** halted its recent steep ascent and ticked down by 0.8 points. This nevertheless still points to a significant increase in cost pressure relative to the start of the year. The expected diesel price decline later this week should help firms shoulder the immediate cost burden, but many respondents in May lamented higher costs beyond fuel, such as more expensive courier services and surcharges added to other goods and services.

| | Mar | Apr | May |
|--------------------------|------|------|-------------|
| Purchasing prices | 75.8 | 85.6 | 84.8 |

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 who reported an increase and adding it to one-half of the percentage who 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).

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