

Absa Purchasing Managers' Index

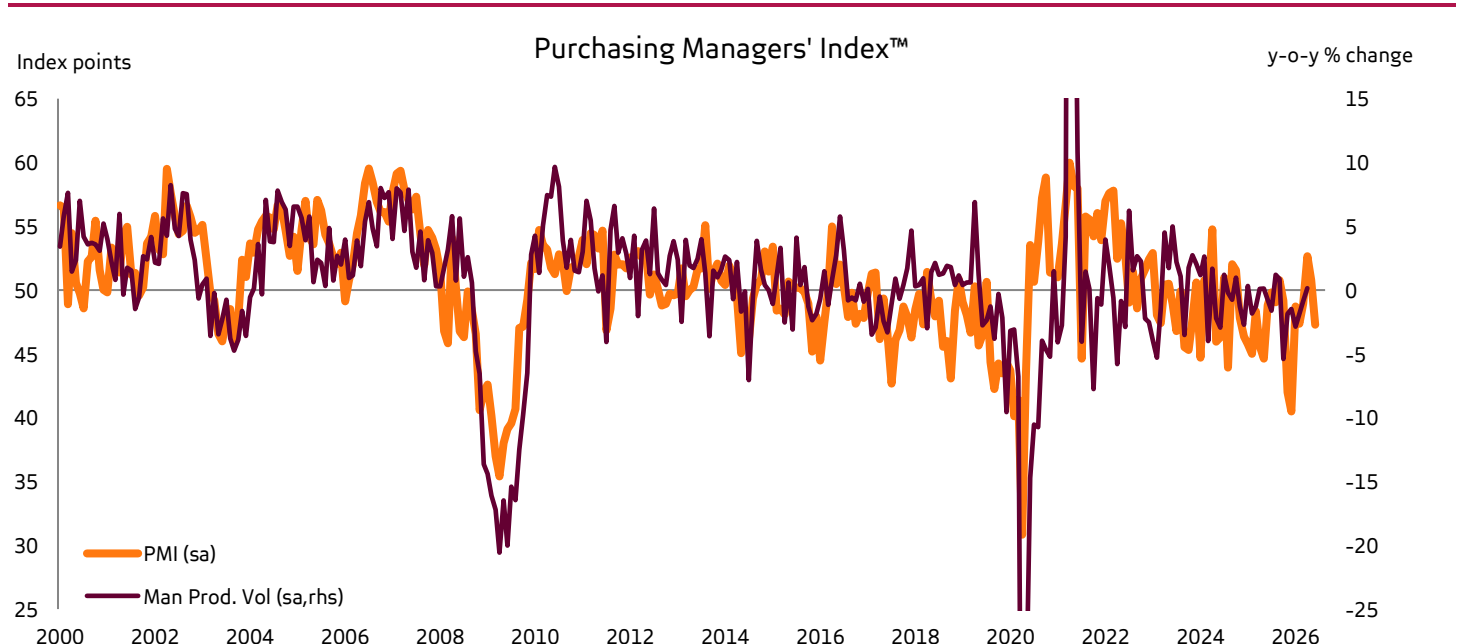
June 2026

Embargoed until 11:00 1 July 2026

The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** declined from 50.8 to 47.3 index points in June 2026. The survey took place after the US and Iran signed a memorandum of understanding to end hostilities in the Middle East and reopen the Strait of Hormuz, which led to a significant decline in the Brent crude oil price. Indeed, the PMI's **purchasing price index** declined sharply by 13.5 points to 71.3 in June. This suggests that April and May may have marked the peak of price pressures, particularly given the fuel price reductions that came into effect today.

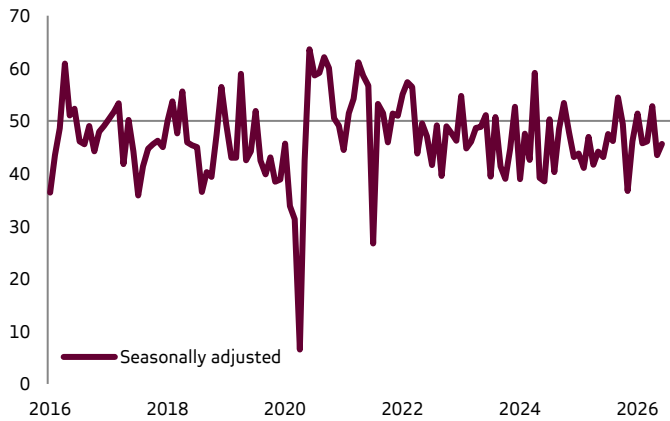
Interestingly, while front-loaded orders contributed to improved demand in March and April, respondents suggested this dropped off in May. To some extent, this pattern may have reversed in June, with some respondents indicating that clients were now postponing purchases in anticipation of lower prices. This contributed to the **new sales orders index** declining further in June, even as **business activity** improved slightly. Although June was weaker, the average business activity index for Q2 remained broadly unchanged from Q1, when official manufacturing production contracted, suggesting manufacturing output likely remained under pressure for a second consecutive quarter. Manufacturers' own **inventory** levels also declined, suggesting purchasing managers were perhaps also waiting for price declines.

The easing of tension in the Middle East also contributed to an improvement in the **expected business conditions index**, which tracks expectations six months ahead. The index rose from 52.9 to 56.6 and is now more than 10 points above the March level – although still 10 points below where it started the year. The upcoming (at the time of the survey) June 30 protests were flagged by some respondents as a key concern and likely weighed on sentiment.



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 the 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.

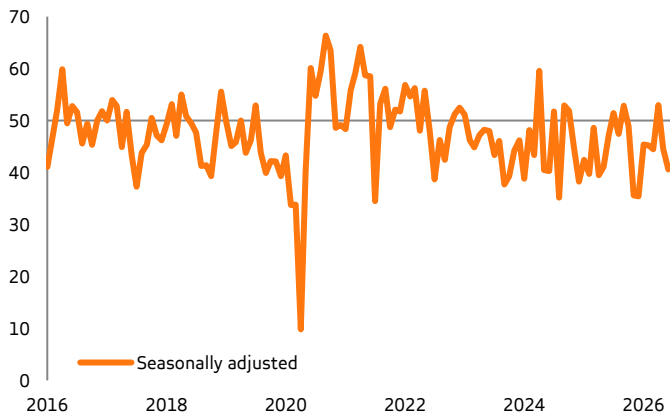
PMI: Business activity



The **business activity index** rose slightly in June. Despite the volatility in recent months, the average for the second quarter is largely in line with the first quarter, when official manufacturing production contracted. With the average below 50, this suggests output was likely under pressure again in the second quarter.

| | Apr | May | Jun |
|--------------------------|------|------|-------------|
| Business activity | 52.8 | 43.5 | 45.6 |

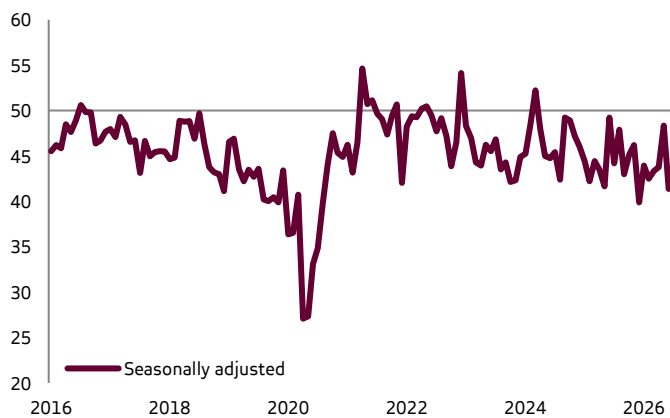
PMI: New sales orders



Demand declined further in June, with the **new sales orders index** tumbling from a high of 52.9 in April – when sales were supported by front-loaded demand in anticipation of price increases – to just 40.6. Some respondents believe client demand may have dropped off as buyers now expect prices to come down in the near term.

| | Apr | May | Jun |
|-------------------------|------|------|-------------|
| New sales orders | 52.9 | 44.6 | 40.6 |

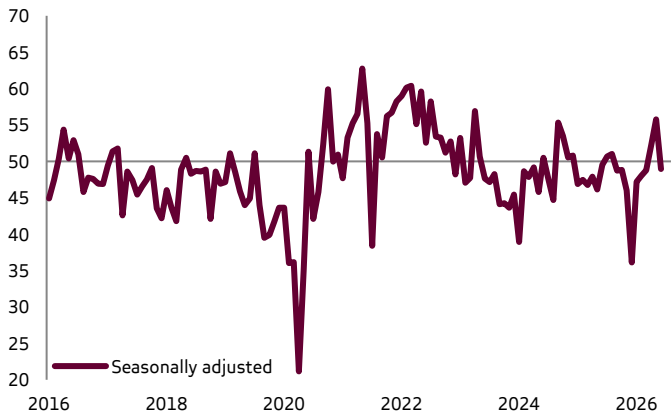
PMI: Employment



Following a brief period of sustained improvement (although failing to edge above 50 points), the employment index declined sharply to 41.4 in June.

| | Apr | May | Jun |
|-------------------|------|------|-------------|
| Employment | 43.8 | 48.4 | 41.4 |

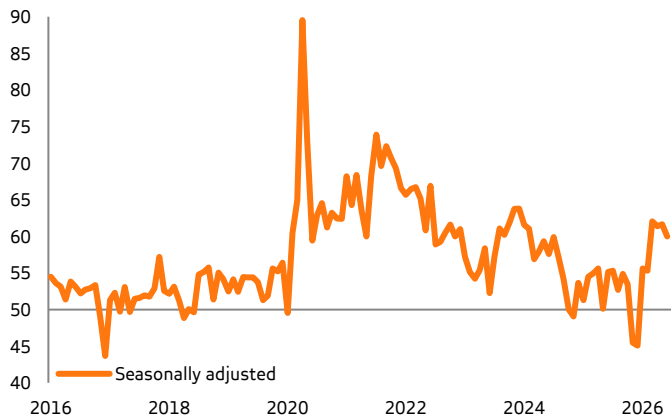
PMI: Inventories



The **inventories index** fell back below the neutral 50-point mark after two months above this level. The previous high readings were likely due to purchasing managers stocking up on raw materials and intermediate goods used in the production process in anticipation of price increases. The de-escalation of tension in the Middle East and the subsequent sharp decline in the Brent crude oil price likely had the opposite effect – with many purchasing managers now likely waiting for prices to come down before restocking.

| | Apr | May | Jun |
|--------------------|------|------|-------------|
| Inventories | 52.3 | 55.8 | 49.0 |

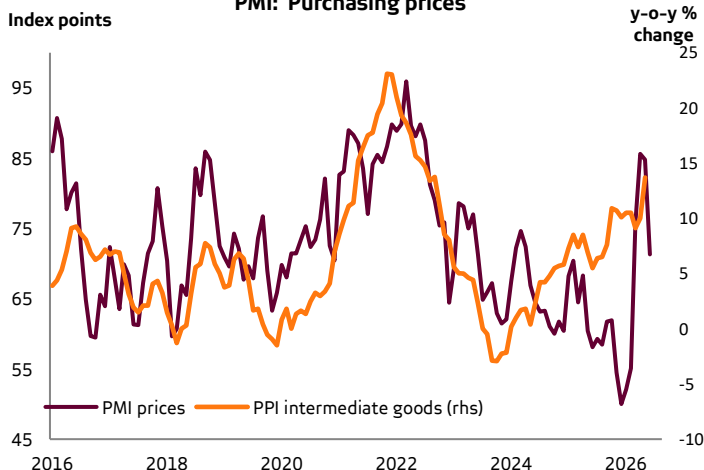
PMI: Supplier deliveries



The **supplier deliveries index** remained relatively unchanged for a third month. There has been a clear step change following the start of the war in Iran, with the index remaining much higher than in 2025 and at the start of 2026. The index measures the speed of supply deliveries and is inverted – the current high level thus suggests that deliveries are slower than usual. This suggests that supply chains have not yet normalised despite the easing in geopolitical tensions

| | Apr | May | Jun |
|----------------------------|------|------|-------------|
| Supplier deliveries | 61.4 | 61.6 | 60.0 |

PMI: Purchasing prices



The **purchasing price index** declined sharply in June. This does not mean that costs declined, but rather that the rate of increase slowed down significantly relative to the previous month. The sharp decline in the Brent crude oil price, relatively strong rand and slight decline in the diesel price at the start of June all contributed to this. Furthermore, the steeper diesel price decline effective today will provide additional relief, although the level remains high and continues to be cited as a constraint by respondents.

| | Apr | May | Jun |
|--------------------------|------|------|-------------|
| Purchasing prices | 85.6 | 84.8 | 71.3 |

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).

For further information: Lisette IJssel de Schepper, BER (lisette@sun.ac.za)