

# Absa Purchasing Managers' Index

## March 2025

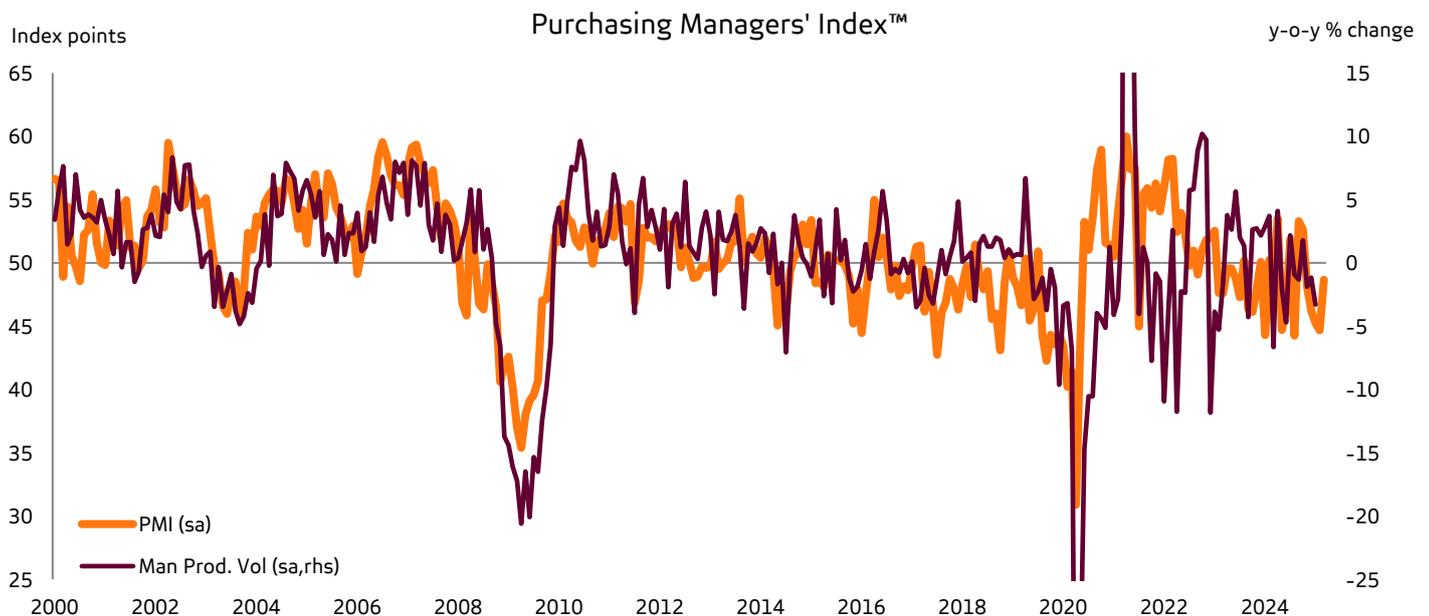
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The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** increased by 4 points to 48.7 in March 2025. While the headline PMI remained in contractionary territory for a fifth consecutive month, this is the highest reading since the 52.6 points recorded in October. Despite some recovery in March, a weak January and February mean that the average for 2025Q1 is at 46.2 points, below 2024Q4's 49 points.

The **business activity index** increased by 7.7 points to 48.3 in March in response to improved demand. **New sales orders** increased by 10.2 points to 48.7 points in March, as a turnaround in export sales boosted demand recovery. The index tracking export sales showed significant gains in the export markets, with sales returning to expansionary territory for the first time in four months. This is despite the current global trade disagreements and logistical issues. Comments from respondents indicate that logistical issues at the ports remain, and souring relations with the biggest economy in the world is bringing uncertainty – although it may not be affecting trade at the moment.

The **supplier deliveries index** decreased slightly by 0.8 points to 54.1 points, indicating some improvement in delivery times (as the index is inverted, with an increase in delivery times resulting in a decline in the index). While the slight improvement could be welcome if driven by better-working supply chains, it could also reflect sustained weaker demand. The **employment index** increased by 3.9 points to 46.1 but remained in contractionary territory for an entire year (twelve months since April 2024). Finally, the **inventories index** ticked down to 45.9 in March as manufacturers reduced the stock of finished goods and raw materials, possibly with activity still slow to recover.

The **purchasing price index** decreased by 5.9 points to 64.5 in March. The rand exchange rate, in line with other emerging market currencies, has been relatively stronger against a weaker US dollar, and this has served manufacturers well in terms of imported materials and fuel prices; hence, cost pressure is easing following two months of cost increases. The index tracking **expected business conditions** in six months' time decreased further by 2.5 points to 58 in March, edging below 60 points for the first time since 57.6 points in May 2024. The return of load-shedding and the souring SA-US relations likely continue to weigh on sentiment.



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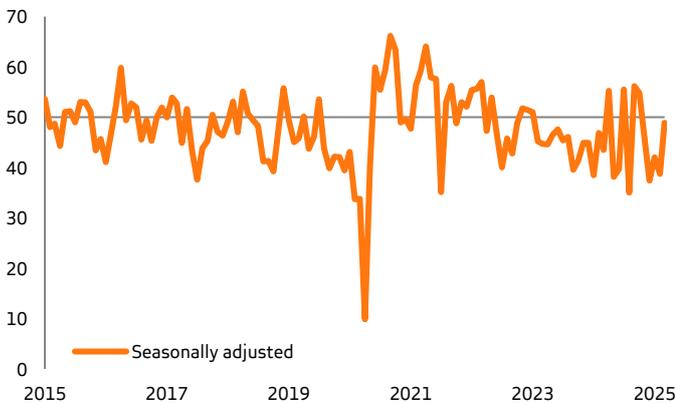
### PMI: Business activity



The **business activity index** increased by 7.7 points in response to improving demand, but the recovery in demand was not strong enough to push the index into positive territory. The current level points to another decline, albeit at a slower pace than before.

	Jan	Feb	Mar
<b>Business activity</b>	43.5	40.6	<b>48.3</b>

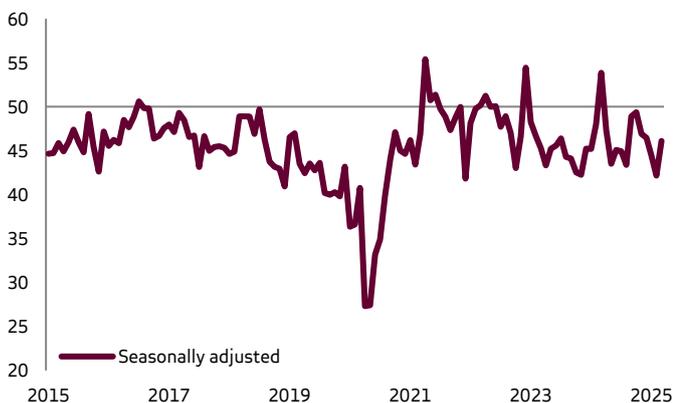
### PMI: New sales orders



**New sales orders** increased, supported by a strong recovery in the export markets as they returned to expansionary territory for the first time since November.

	Jan	Feb	Mar
<b>New sales orders</b>	42.0	38.7	<b>48.9</b>

### PMI: Employment



The **employment index** increased by 3.9 points to 46.1 but remained in contractionary territory for a twelfth consecutive month as there has yet to be a sustained recovery in activity.

	Jan	Feb	Mar
<b>Employment</b>	44.4	42.2	<b>46.1</b>

### PMI: Inventories



The **inventories index** ticked down to 45.9 in March as manufacturers reduced the stock of finished goods and raw materials as activity was slow to recover.

	Jan	Feb	Mar
<b>Inventories</b>	46.5	46.9	<b>45.9</b>

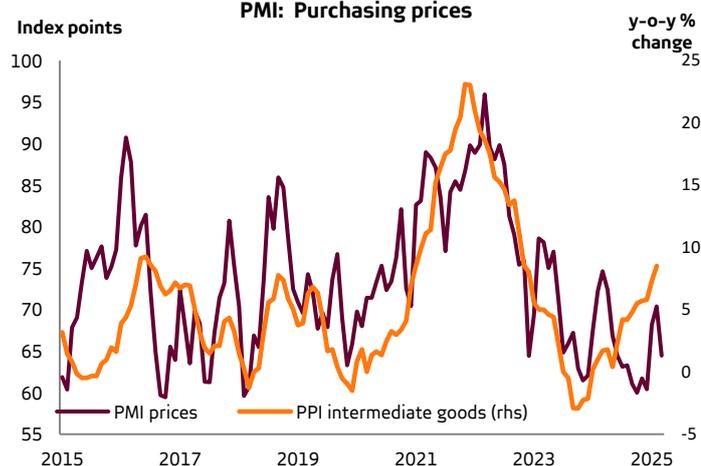
### PMI: Supplier deliveries



The **supplier deliveries index** decreased slightly by 0.8 points to 54.1, indicating some improvement in delivery times (as the index is inverted, with an increase in delivery times resulting in a decline in the index). While the slight improvement could be welcome if driven by better-working supply chains, it could also reflect sustained weaker demand.

	Jan	Feb	Mar
<b>Supplier deliveries</b>	49.9	55.0	<b>54.1</b>

### PMI: Purchasing prices



The **purchasing price index** decreased by 5.9 points to 64.5 in March. The rand exchange rate was relatively stronger against a weaker US dollar, which has served manufacturers well. Petrol and diesel prices decreased by 7-23.5 cents, depending on the grade.

	Jan	Feb	Mar
<b>Purchasing prices</b>	68.2	70.4	<b>64.5</b>

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](http://www.ber.ac.za)).