

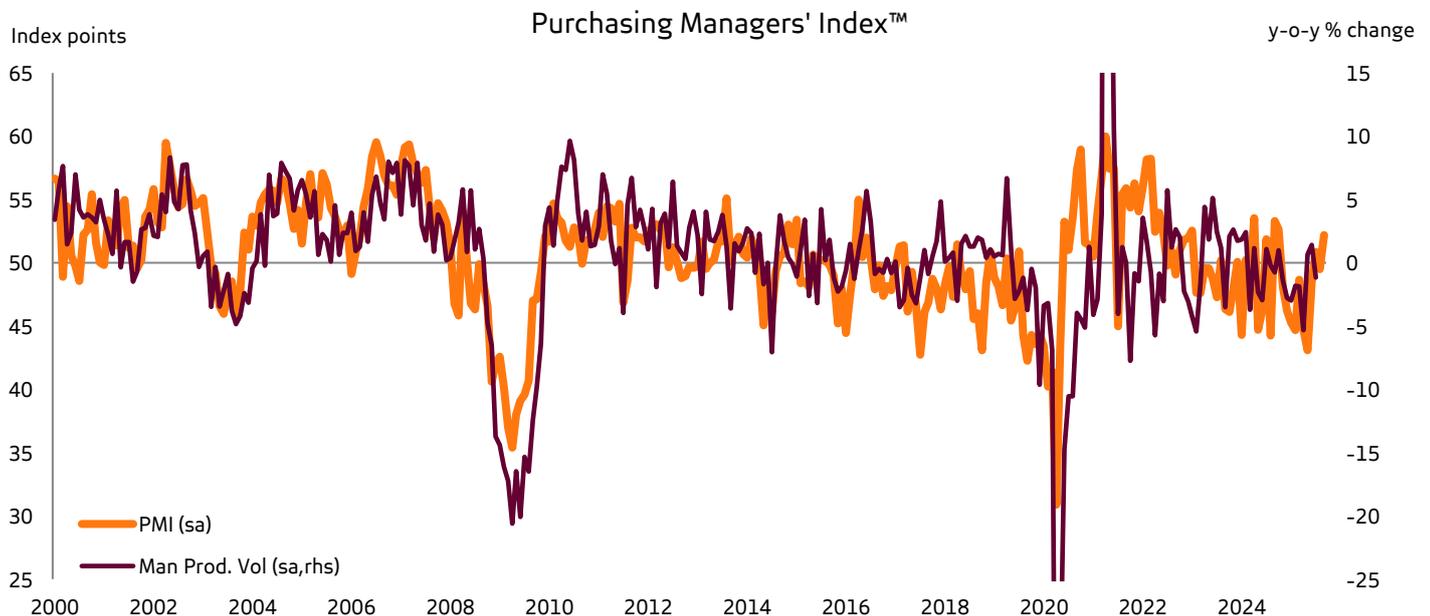
Absa Purchasing Managers' Index September 2025

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The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** increased by 2.7 points to 52.2 points in September 2025 and returned to expansionary territory for the second time in 2025. Encouragingly, the average PMI for 2025Q3 rose to 50.8 points compared to 45.4 (Q2) and 46.2 (Q1). The improvement has not been smooth, with volatility in the recovery of demand hampering sustained activity growth. Indeed, the industry continues to face challenges, as export demand remains sluggish and is further complicated by US trade tariffs.

The **business activity index** increased by 12.1 points to 57.9 in August, moving into expansionary territory for the first time since October 2024 (55.6 points). A strong demand recovery supported activity. **New sales orders** increased significantly by 8.8 points to 56.1 in September, following a sharp drop of 8.5 points in August. Prior to July, the last time new sales orders had been in expansionary territory was in October 2024 (54.8). The domestic market drove the recovery as global demand remained under pressure and is complicated by steep US tariffs, a challenging trading environment, and lingering SA port issues. The **supplier deliveries index** increased by 1.8 points to 54.8 in September. The increase (delays in delivery times as the index is inverted) is likely due to the unexpected surge in new orders and slow improvements in the logistical challenges. The **employment index** decreased by 6.1 points in September, reaching 42.8, following an unexpected 5.2 points gain in August. Manufacturers have been cautious when making employment decisions, due to extended periods of subdued demand not sufficient to lift production along with rising labour costs.

The **purchasing price index** increased by 3.3 points, edging up to 61.7 in September, despite the fall in fuel prices at the start of the month and stability in the exchange rate. This input cost pressure was possibly due to rising labour costs, raw material costs, lower-than-expected global demand, and other operational challenges. Worryingly, the index tracking **expected business conditions** in six months' time declined significantly from 56.8 in August to 49.2 in September.



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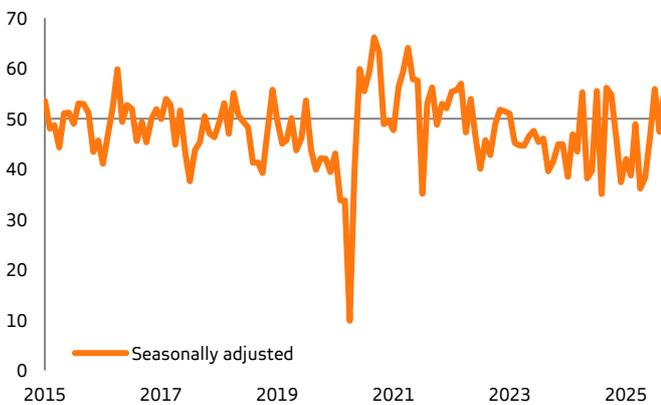
PMI: Business activity



The **business activity index** increased significantly by 12.1 points to 57.9 in September due to a strong recovery in domestic demand. The index moved into expansionary territory for the first time since October 2024 (55.6 points).

	Jul	Aug	Sep
Business activity	47.1	45.8	57.9

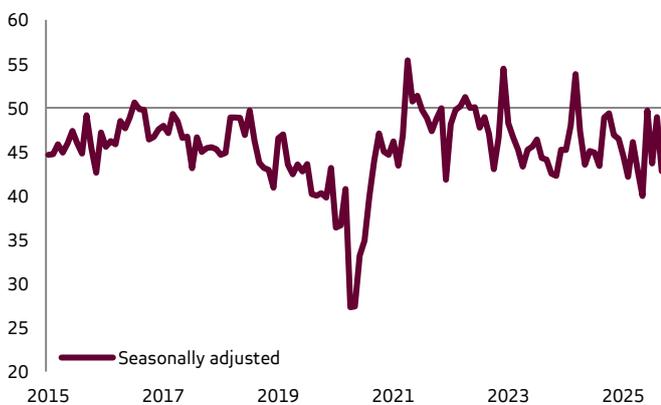
PMI: New sales orders



New sales orders increased significantly by 8.8 points to 56.1 in September, returning to expansionary territory. This follows a reversal in August from a sales surge in July. The demand recovery mainly came from the domestic market as the export market remained subdued.

	Jul	Aug	Sep
New sales orders	55.9	47.4	56.1

PMI: Employment



The **employment index** decreased by 6.1 points in September, falling deep into contractionary terrain as the industry's demand remains volatile. These extended periods of unsustained demand clash with rising labour costs, and manufacturers remain cautious with employment decisions.

	Jul	Aug	Sep
Employment	43.7	48.9	42.8

PMI: Inventories



The **inventories index** decreased by 3 points to 49.4 points in September, indicating that there may be shortages in purchased stock. Should the uptick in demand be sustained, this may lead to production delays. Respondents mentioned delays as the imported materials have longer ordering lead times.

	Jul	Aug	Sep
Inventories	51.1	52.4	49.4

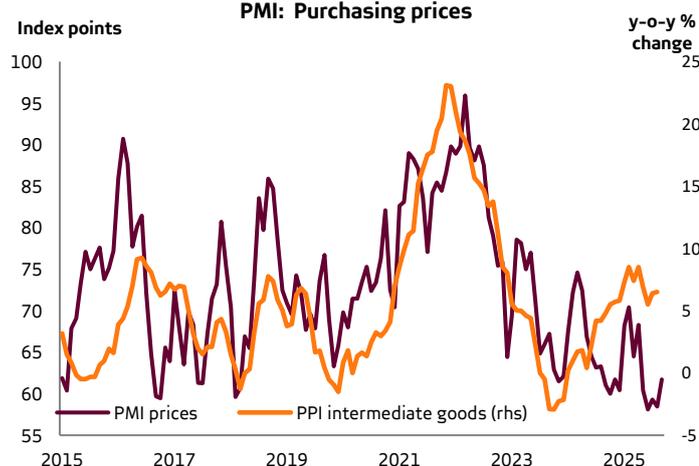
PMI: Supplier deliveries



The **supplier deliveries index** increased by 1.8 points to 54.8 in September. The increase (delays in delivery times) is likely due to the unexpected surge in new orders and slow improvements in the logistical challenges. Regulations continue to be a significant supply bottleneck with some respondents noting delays in issuing export codes.

	Jul	Aug	Sep
Supplier deliveries	56.4	53.0	54.8

PMI: Purchasing prices



The **purchasing price index** increased by 3.3 points to 61.7 in September, despite the fall in fuel prices and stability in the exchange rate. This input cost pressure was due to rising labour costs, raw material costs, lower-than-expected global demand, and other operational challenges.

	Jul	Aug	Sep
Purchasing prices	59.3	58.5	61.7

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).