

# Absa Purchasing Managers' Index

## January 2026

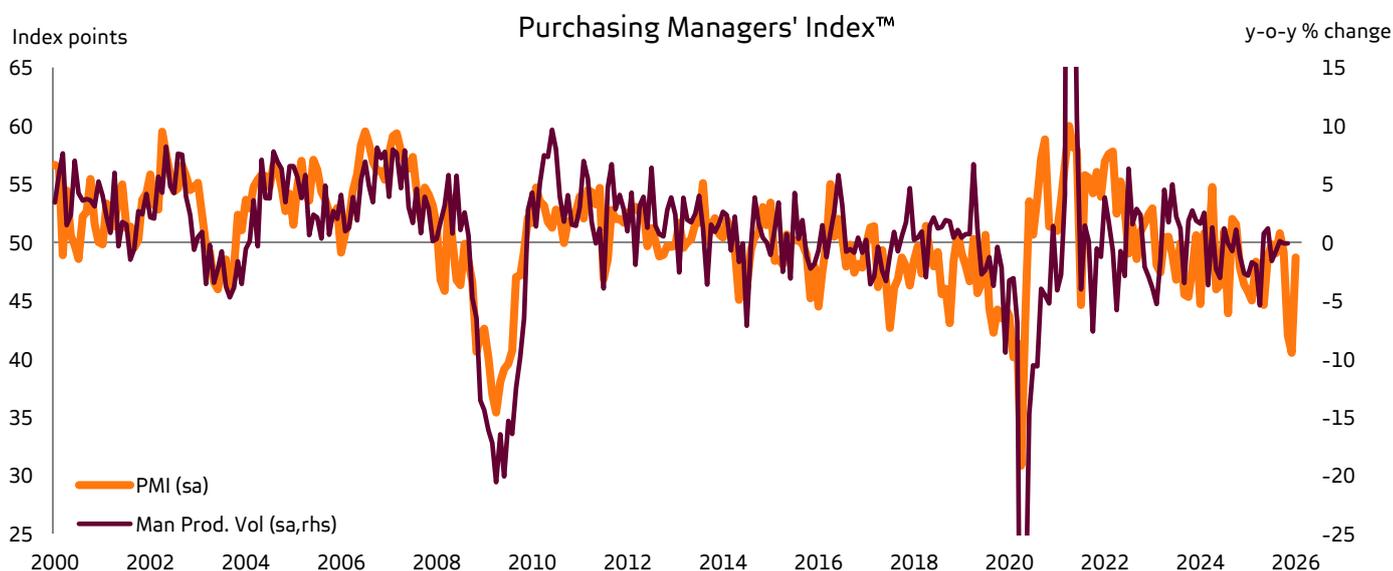
Embargoed until 11:00 2 February 2026

Following a very bleak end to the year, the seasonally adjusted **Absa Purchasing Managers' Index (PMI)** perked up at the start of 2026. The Absa PMI rose by a solid 8.2 points to 48.7 in January. While the index can be volatile, the magnitude of this increase is significant – although it still remained below the neutral 50-point mark. More positively, the **business activity index** managed to edge back above the 50-level, suggesting that production growth could have reaccelerated in Q1.

Unlike in December, all subcomponents of the headline index looked better in January relative to the previous month. Most notably, the business activity index entered growth territory. The remarkable recovery in the **new sales orders index** also stands out, particularly because it was driven entirely by domestic demand, given that export sales declined further in the month. Export sales values are likely to have been negatively impacted by the stronger rand. Following an unusually sharp decline in the inventories index in December, it rebounded to more normal levels in January, further supporting the headline PMI.

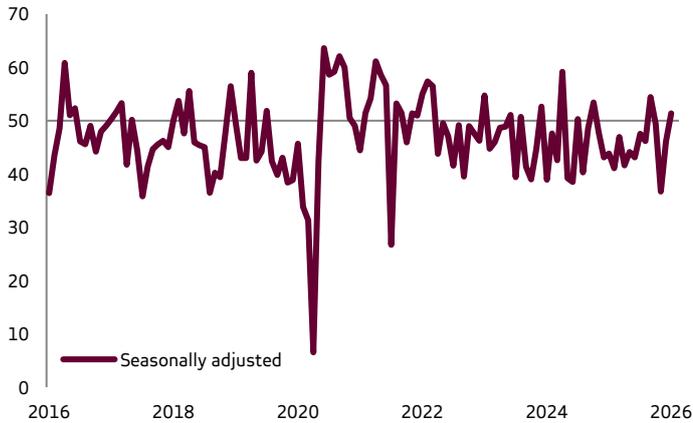
Encouragingly, the **expected business conditions index** did not deteriorate much in January, though it edged lower from 68.8 to 66.4. This remains almost 10 points above the average recorded in 2025 and suggests respondents expect a meaningful improvement in six months' time. That said, respondents' comments suggest a sustained hesitancy in the market. For example, more quotes are being issued, but few orders are being confirmed.

While the strong rand exchange rate is a potential headwind for exporters, it is positive from a cost perspective as it lowers import costs and contributes to lower fuel prices. The **purchasing price index** edged up slightly in January but remained near multi-year lows.



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 unintentional 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.

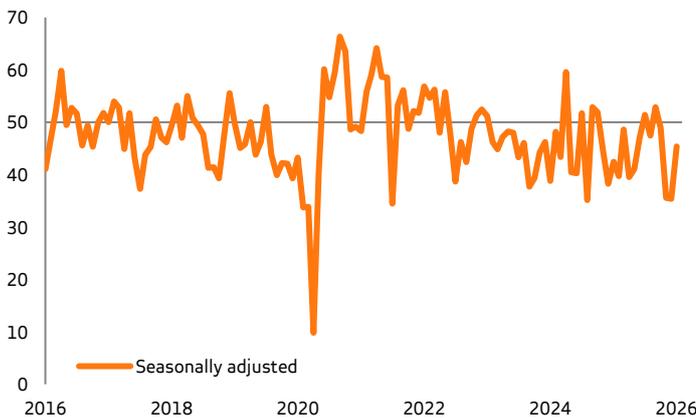
**PMI: Business activity**



The **business activity index** started the year on a high note, edging back above 50 points after three weak months. This bodes well for manufacturing production after a more subdued fourth quarter. Indeed, while December manufacturing production data is still outstanding, it appears the sector, at best, recorded only a marginal quarterly increase.

	Nov	Dec	Jan
<b>Business activity</b>	36.7	46.1	<b>51.4</b>

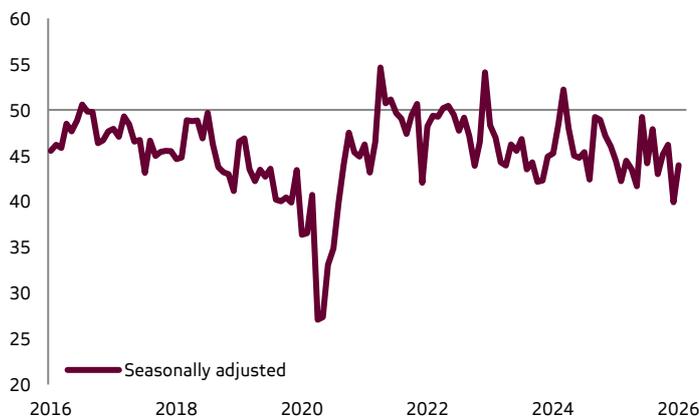
**PMI: New sales orders**



**New sales orders** rose by a solid 10 points in January, although it remained below the neutral 50-point mark. While the index can be volatile, a 10-point increase is significant. Exports looked significantly worse relative to December, slumping to the lowest level since the height of the COVID-19 pandemic. This suggests that the recovery in orders was solely driven by domestic demand.

	Nov	Dec	Jan
<b>New sales orders</b>	35.6	35.4	<b>45.4</b>

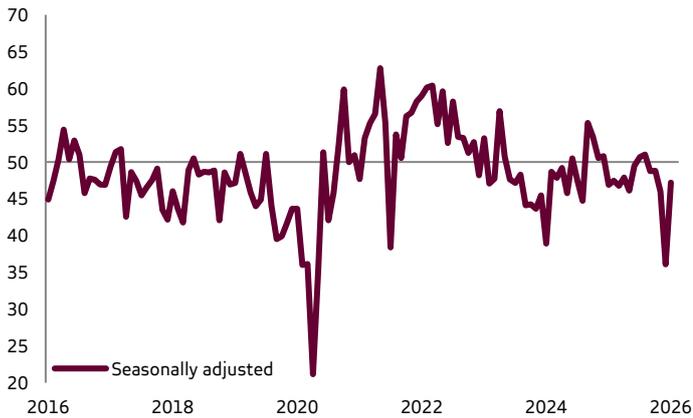
**PMI: Employment**



The **employment index** recovered some of its December decline, but did not fully claw back the loss. As is often the case, it is below the other subindices included in the headline PMI, which is to be expected as formal sector employment lags activity growth.

	Nov	Dec	Jan
<b>Employment</b>	46.2	39.9	<b>43.9</b>

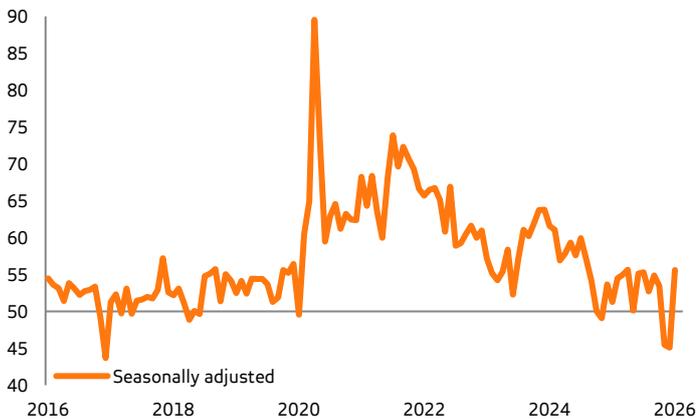
### PMI: Inventories



Following a puzzling sharp decline in December, the **inventories index** returned to more normal levels in January – albeit still below 50 points.

	Nov	Dec	Jan
<b>Inventories</b>	46.0	36.1	<b>47.2</b>

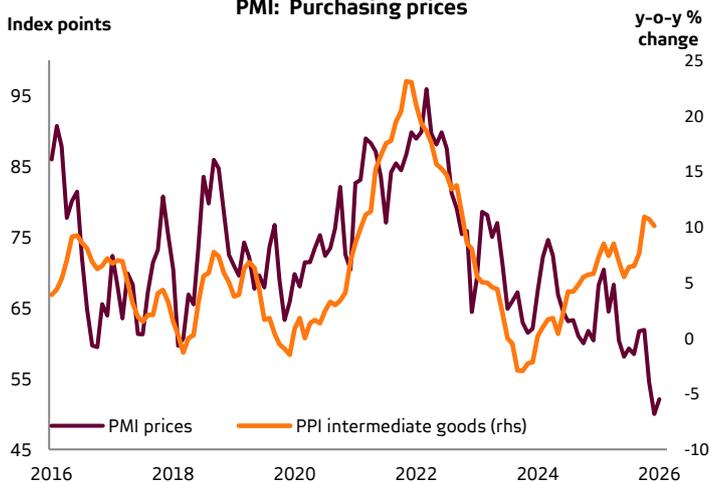
### PMI: Supplier deliveries



Following two months of remaining steady at 45, the **supplier deliveries index** surged higher at the start of the year. This points to slower delivery times, usually seen as a positive for the sector, as it indicates higher demand for supplies, which in turn delays deliveries. Coupled with the increase in inventories, it may well be that manufacturers restocked, contributing to slower deliveries.

	Nov	Dec	Jan
<b>Supplier deliveries</b>	45.5	45.1	<b>55.6</b>

### PMI: Purchasing prices



The **purchasing price index** edged higher in January but remains near multi-year lows. The stronger rand exchange rate should help on the import-cost front, with another sizeable diesel price decline later this week also positive. The apparent disconnect between the official intermediate goods producer price index (PPI) and the PMI's equivalent measure stems from a surge in basic and fabricated metal prices. This accounts for the full PPI increase (as it makes up half of the PPI basket), but would not show up as pronounced in our PMI sample.

	Nov	Dec	Jan
<b>Purchasing prices</b>	54.5	50.0	<b>52.1</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 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](http://www.ber.ac.za)).

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