

Absa Purchasing Managers' Index

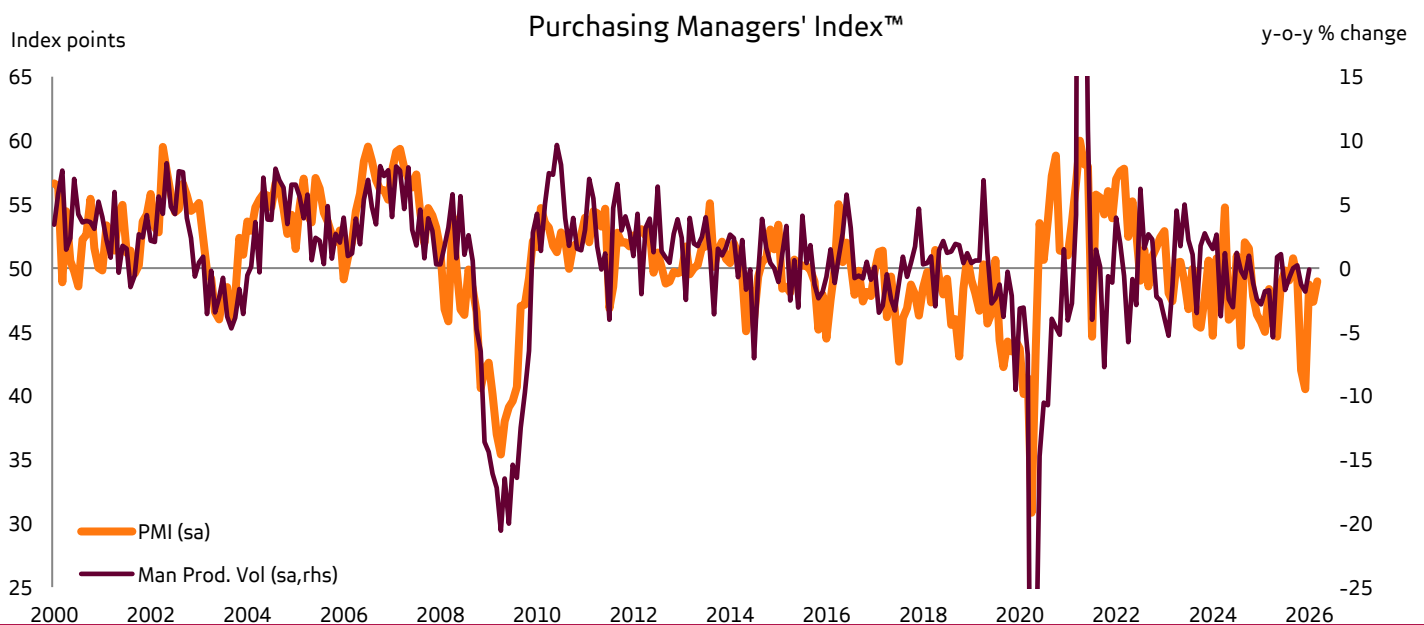
March 2026

Embargoed until 11:00 1 April 2026

The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** rose by 1.6 index points from 47.4 to 49 in March 2026. The increase in the PMI was primarily supported by a marginal rise in the **business activity index** and a sharp increase in the **supplier deliveries index**. However, the spike in supplier deliveries should be interpreted with caution. Given the continued weakness in **new sales orders**, the rise in this index (which signals that the pace of deliveries has slowed sharply) is unlikely to reflect stronger demand. Instead, it most likely points to ongoing supply chain disruptions and logistical constraints. These challenges may intensify if global shipping routes are further affected by geopolitical tensions, most notably a sustained closure of the Strait of Hormuz.

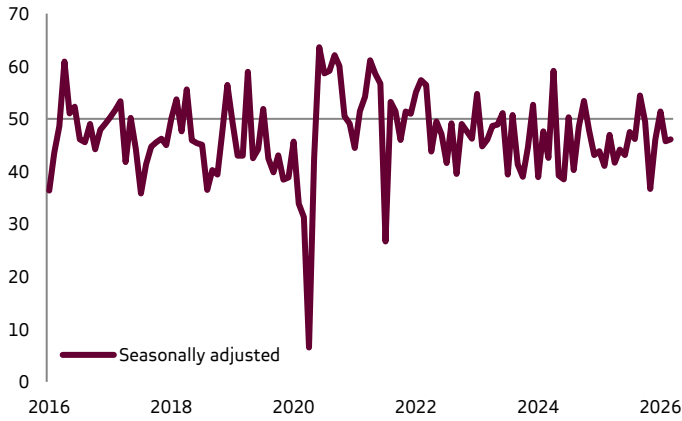
In all, the PMI suggests that the sector has not yet experienced a significant impact from the war in the Middle East on activity. However, costs have already increased – and that before the large fuel price increase which takes effect today. The **purchasing price index** surged by 20.7 points to 75.8. This brought the index to its highest level since early 2023, and, more significantly, the increase was the largest on record (since September 1999). This sharp rise reflects the impact of a weaker rand and higher international oil prices, particularly for oil-derived inputs. With fuel price increases coming into effect, input costs are expected to remain elevated, placing additional strain on manufacturers' profitability and potentially contributing to broader inflationary pressures in the economy.

Another notable development in March was the sharp decline in the **expected business conditions index**, which fell by 22.9 points - the largest drop on record. This suggests a significant deterioration in business confidence among purchasing managers. Many respondents expressed concern about the potential impact of the ongoing Middle East conflict on both costs and demand.



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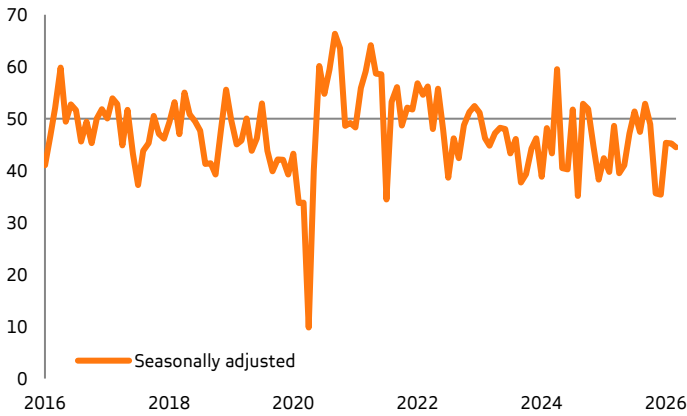
PMI: Business activity



The **business activity index** rose slightly, but did not recover from February's steep losses. On a positive note, the first-quarter average was notably better than the fourth-quarter average, suggesting the manufacturing sector had a better start to the year after recording a contraction in the final quarter of last year.

	Jan	Feb	Mar
Business activity	51.4	45.7	46.1

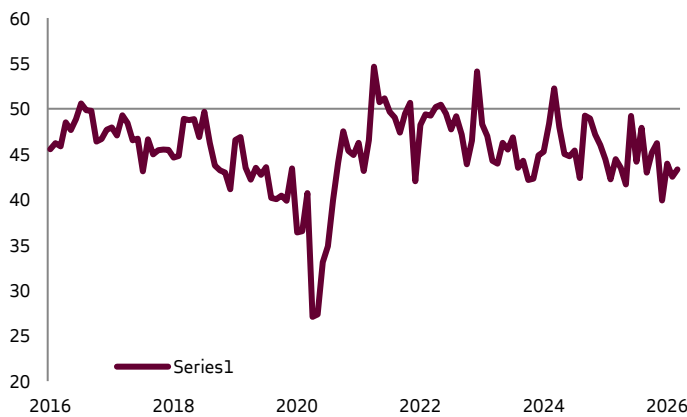
PMI: New sales orders



After moving sideways in February, **new sales orders** ticked a little lower in March. Following an encouraging uptick in February, export sales worsened notably. Some respondents referred to front-loaded orders in March and expect a sharp pullback in April. Indeed, many respondents are concerned that demand will fall back in the coming months.

	Jan	Feb	Mar
New sales orders	45.4	45.2	44.5

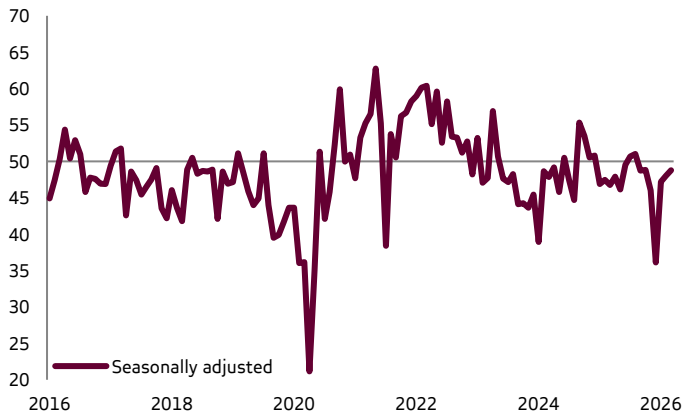
PMI: Employment



The **employment index** was little changed in March and regained some of its February losses.

	Jan	Feb	Mar
Employment	43.9	42.5	43.3

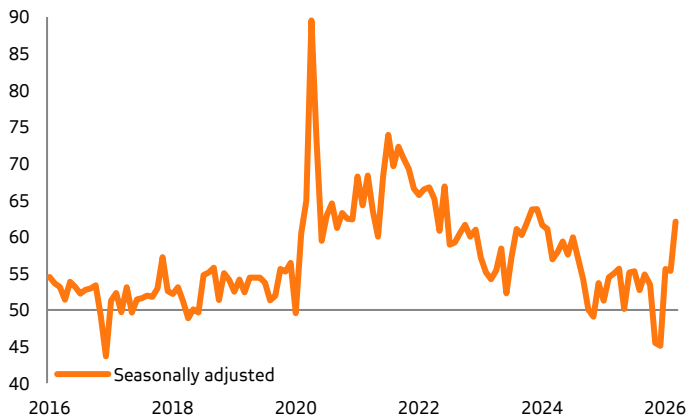
PMI: Inventories



The **inventories index** rose slightly higher in March. Barring a short-lived slump in December, the index has hovered around 48 points for the last six months.

	Jan	Feb	Mar
Inventories	47.2	48.1	48.8

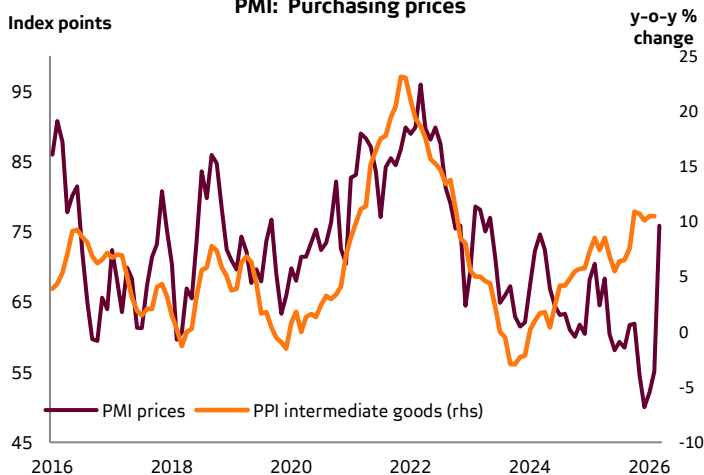
PMI: Supplier deliveries



The **supplier deliveries index** rose sharply in March. It is important to note that this index is inverted: slower deliveries increase the index, which is usually a sign of stronger demand for supplies, but the signal can be distorted by dysfunctional supply chains. Given the subdued level of new orders, the elevated supplier deliveries index is unlikely to reflect strong demand and may instead point to ongoing logistical constraints. This could get worse if a sustained closure of the Strait of Hormuz disrupts global shipping routes.

	Jan	Feb	Mar
Supplier deliveries	55.6	55.3	62.1

PMI: Purchasing prices



The **purchasing price index** surged higher in March. The 20.7-point jump was the largest on record (since September 1999) and reflects the weaker rand exchange rate and higher prices of oil-derived products (such as polymers). The expected surge in diesel prices, effective today, will further increase cost pressures in the coming months.

	Jan	Feb	Mar
Purchasing prices	52.1	55.1	75.8

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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