Absa Purchasing Managers' Index August 2026

Embargoed until 11:00 1 September 2026

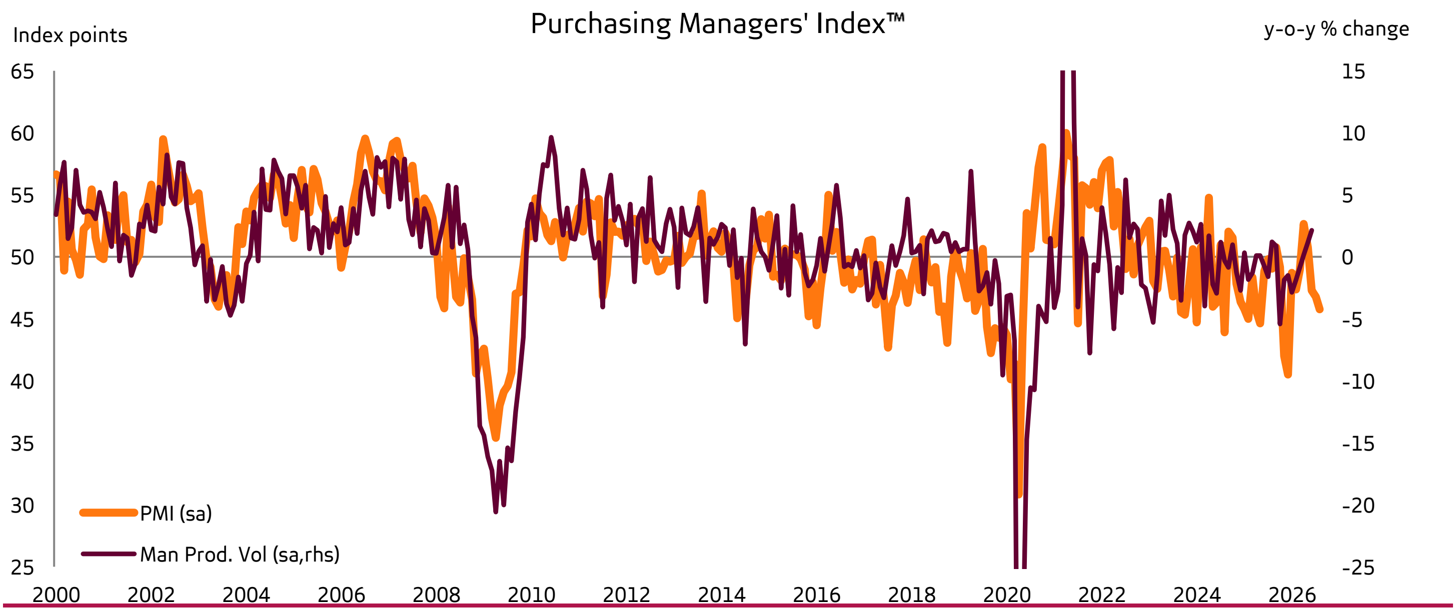
The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** declined further in August, falling from 46.8 to 45.8 points. This marked the fourth consecutive month-on-month decline and the lowest reading so far this year, signalling a weak start to the second half of 2026.

Most concerning was a sharp deterioration in **business activity.** The index fell by 8.6 points to 40.2, its lowest level this year. New sales orders also lost the ground gained in July, declining from 44.1 to 40.3. Export sales appeared somewhat less weak during the month, suggesting that the renewed deterioration in demand was largely domestically driven. Comments from respondents similarly pointed to subdued demand, weak consumer confidence and particularly soft spending on non-essential goods.

The **employment** index rose noticeably from 42.2 to 46.2, although it remained below the neutral 50-point mark and therefore continued to signal declining factory employment, albeit at a slower pace than previously. Meanwhile, the **supplier deliveries** index rose from 55.5 to 58.6. Although this mechanically supports the headline PMI, the increase appears to reflect slower deliveries rather than stronger demand. Several respondents reported container shortages, limited shipping space and renewed delays at Durban harbour.

Cost pressures also failed to ease further in August. The **purchasing price index** remained unchanged at 67.2 after declining significantly from its May peak of 84.8. Higher diesel and international oil prices added to costs during the month, while a stronger rand provided some relief on imported inputs. Respondents' comments also pointed to higher freight and delivery costs. With the diesel price set to increase again in September, input cost pressures are likely to remain elevated.

There was, however, a notable improvement in expectations. The index tracking **expected business conditions in six months' time** rebounded from 49.3 to 54.7, moving back above the neutral 50-point mark. This provides some hope that manufacturers view the current weakness as temporary, although the combination of subdued orders and sharply weaker production suggests that near-term conditions remain challenging.



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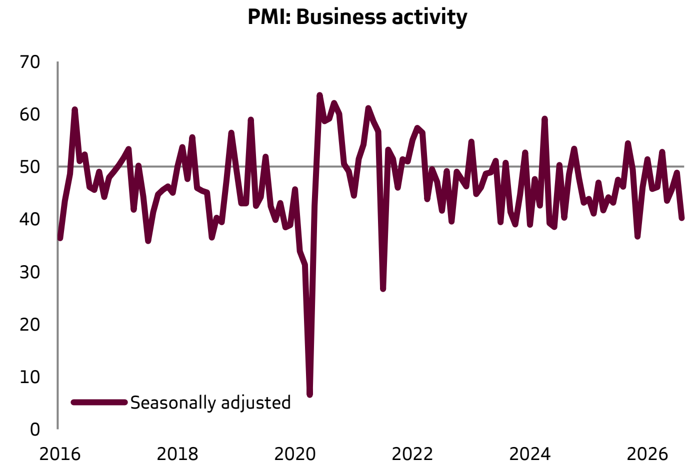
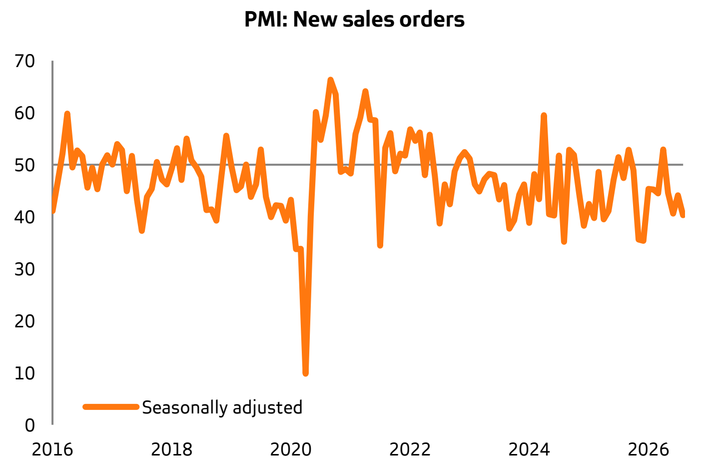


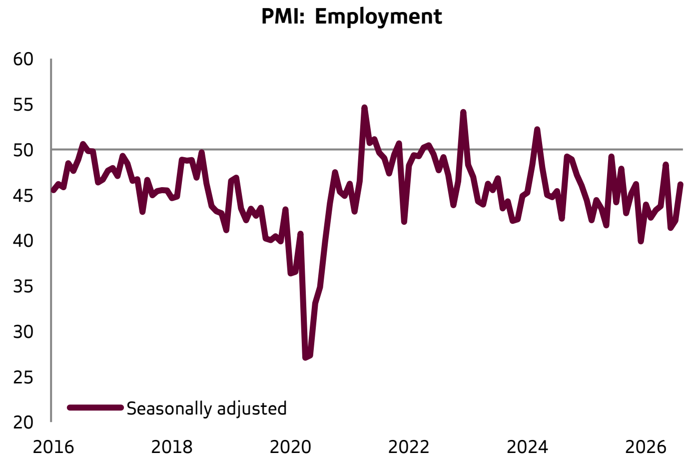
The **business activity index** tumbled by 8.6 points to 40.2 in August, its lowest level this year, signalling a sharp deterioration in factory output.

	Jun	Jul	Aug
Business activity	45.6	48.8	**40.2**



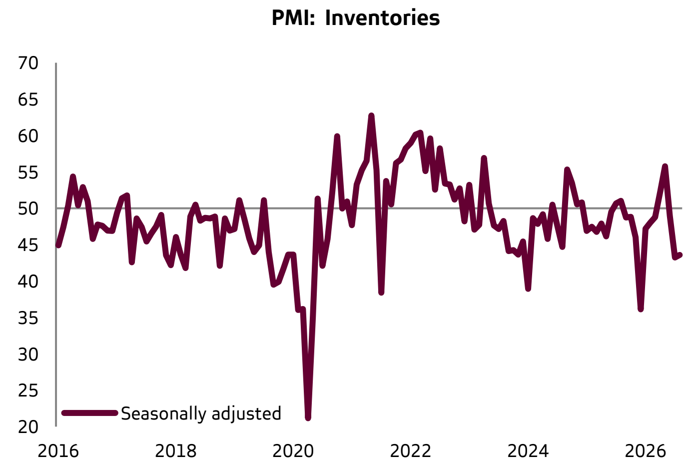
The **new sales orders index** gave up July's improvement, falling from 44.1 to 40.3. Export sales looked somewhat better, though still weak, suggesting the deterioration was largely driven by a softening in domestic demand.

	Jun	Jul	Aug
New sales orders	40.6	44.1	**40.3**



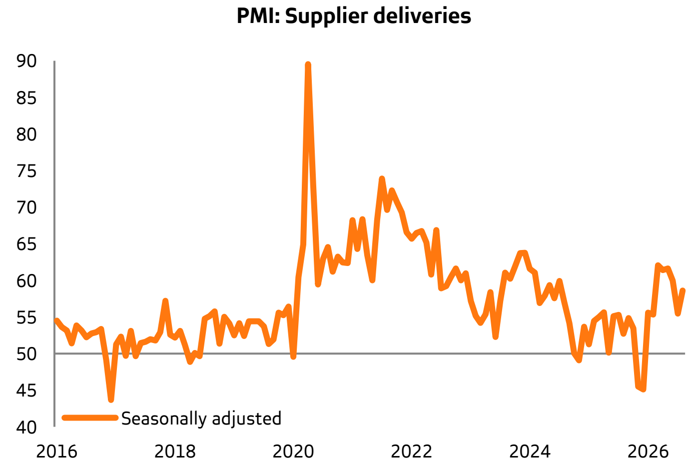
The **employment index** bounced back to 46.2 in August. While still below the neutral 50-point mark, the improvement suggests that the pace of factory job-shedding slowed during the month.

	Jun	Jul	Aug
Employment	41.4	42.2	**46.2**



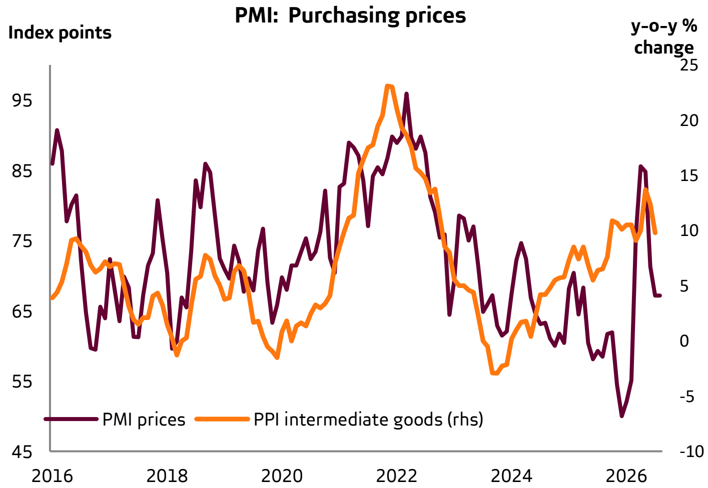
The **inventories index** was broadly unchanged at 43.6 in August, remaining well below the neutral 50-point mark. This suggests manufacturers continued to run down stocks amid weak demand.

	Jun	Jul	Aug
Inventories	49.0	43.2	**43.6**



The **supplier deliveries index** rose from 55.5 to 58.6, signalling longer delivery times. Respondents reported container shortages, limited shipping space and congestion at Durban harbour, suggesting that the increase reflected renewed supply-chain pressures rather than stronger demand.

	Jun	Jul	Aug
Supplier deliveries	60.0	55.5	**58.6**



The **purchasing price index** was unchanged at 67.2 in August, after declining sharply from its May peak of 84.8. Higher diesel and oil prices added to cost pressures during the month, while rand strength provided some relief on imported inputs. Respondents also pointed to rising freight and delivery costs. September will bring renewed pressure, with the diesel price set to increase further.

	Jun	Jul	Aug
Purchasing prices	71.3	67.2	**67.2**

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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