

Absa Purchasing Managers' Index

February 2025

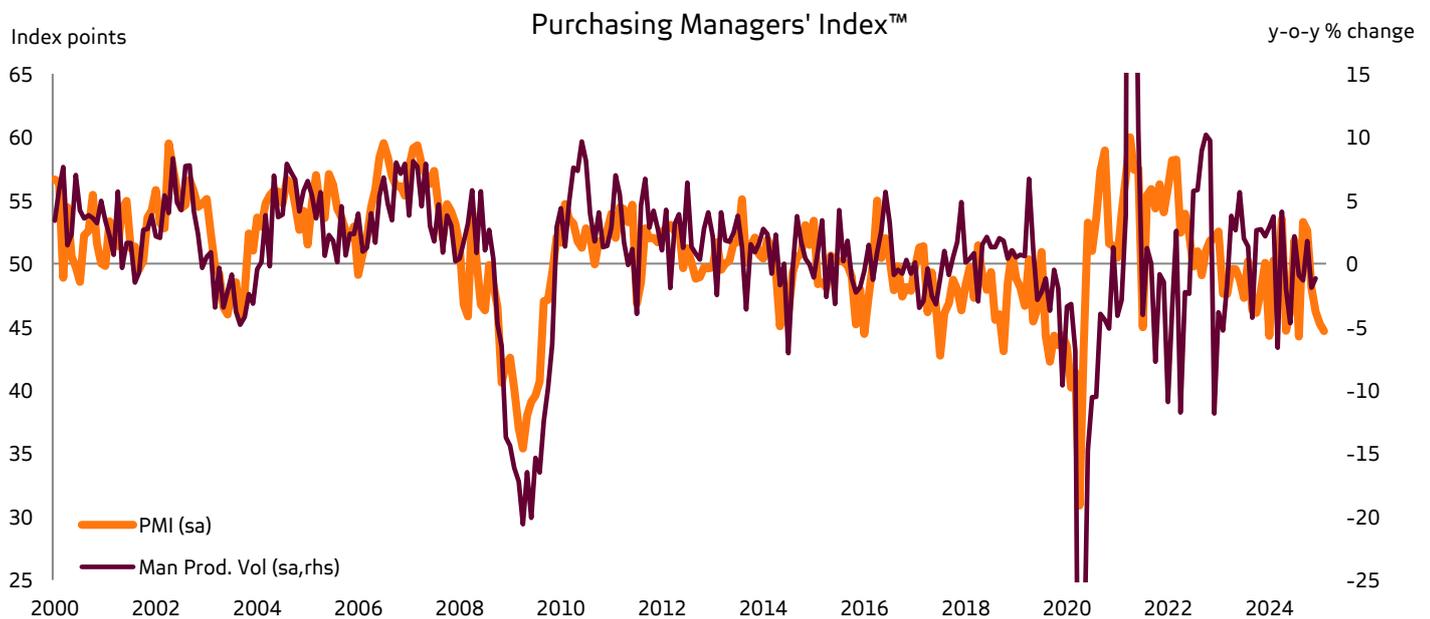
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The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** declined slightly by 0.6 points to 44.7 points in February 2025, remaining in contractionary terrain. This is the fourth consecutive contraction, as activity remains subdued. The manufacturing sector has seemingly not picked up following its poor performance towards the end of last year.

The **business activity index** decreased by 2.9 points to 40.6 in February. This is a response to both a decline in demand and material input supply issues. **New sales orders** declined to 38.7 points from 42 in January. Export sales dropped significantly, falling deeper into contractionary territory, mainly due to lower-than-expected demand, global trade disagreements, and logistical issues.

The **supplier deliveries index** increased by 5.1 points to 55 points, indicating slower delivery times. While the index has been surprisingly volatile in recent months, the uptick could be a concerning signal that supply chains remain constrained and that orders have slowed down. In line with lower output, the **employment index** decreased by 2.3 points to 42.2 and remained in contractionary territory for the eleventh consecutive month. Finally, the **inventories index** ticked up slightly, to 46.9 from 46.5 in January.

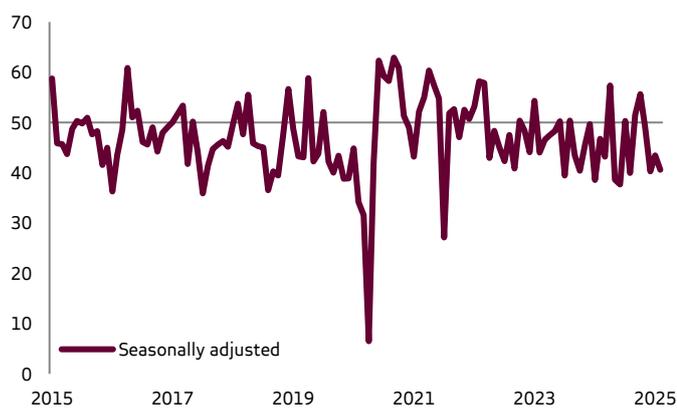
The **purchasing price index** increased by 2.2 points to 70.4 in February. The rand exchange rate was relatively weaker in February, while some input material prices rose amid a higher Brent crude oil price. With the weaker rand, fuel prices increased for the fourth consecutive month in SA at the beginning of February. Possibly amid concerns about further cost pressure and the ability to pass this on given weak demand conditions, the index tracking **expected business conditions** in six months' time decreased further by 4.4 points to 60.5 in February. Uncertainties about global trade dynamics continued, with some respondents flagging that increased tension in SA-US relations had specifically worsened their prospects. The return of load-shedding may have also weighed on sentiment.



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PMI: Business activity



The **business activity index** decreased by 2.9 points in response to demand scaling back. Activity returned to December levels.

	Dec	Jan	Feb
Business activity	40.3	43.5	40.6

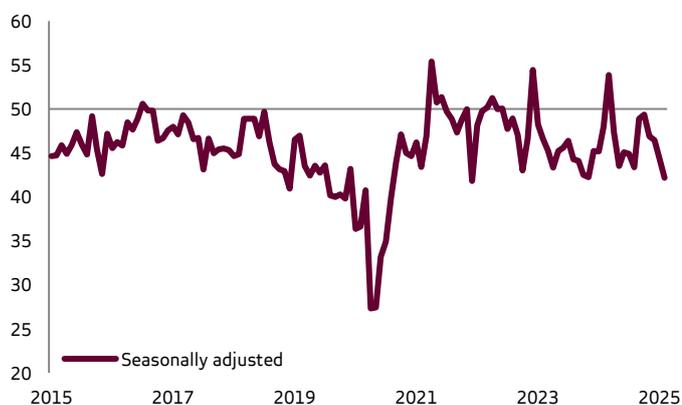
PMI: New sales orders



New sales orders declined, with both domestic and export markets remaining under pressure.

	Dec	Jan	Feb
New sales orders	37.4	42.0	38.7

PMI: Employment



The **employment index** decreased by 2.3 points to 42.2 and remained in contractionary territory for the eleventh consecutive month. A sustained recovery in activity is required for any improvements in employment to start coming through.

	Dec	Jan	Feb
Employment	46.5	44.4	42.2

PMI: Inventories



The **inventories index** ticked up slightly to 46.9 points in February. This could reflect some stocking up to meet demand should new orders recover in the short run.

	Dec	Jan	Feb
Inventories	50.7	46.5	46.9

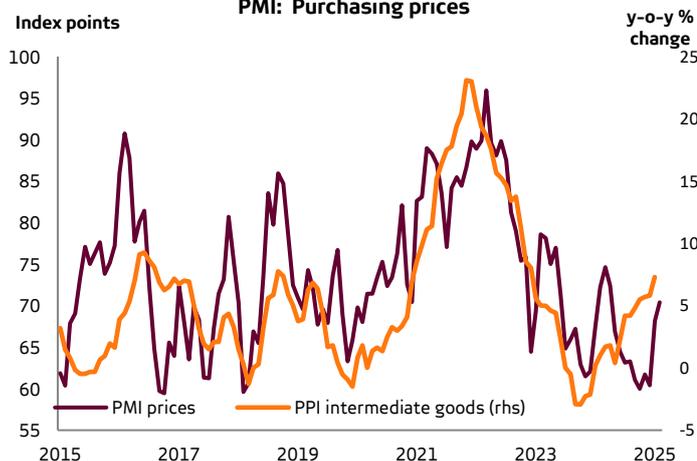
PMI: Supplier deliveries



The **supplier deliveries index** increased by 5.1 points to 55 points, indicating that delivery times have slowed. This could be worrying, pointing to continued difficulties in the supply chain.

	Dec	Jan	Feb
Supplier deliveries	56.0	49.9	55.0

PMI: Purchasing prices



The **purchasing price index** increased by 2.2 points to 70.4 in February. The rand exchange rate was relatively weaker in this period, while some input material prices rose amid higher oil prices. With the weaker rand, fuel prices increased for the fourth consecutive month in SA at the beginning of February.

	Dec	Jan	Feb
Purchasing prices	60.4	68.2	70.4

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).