Absa Purchasing Managers' Index
July 2026

Embargoed until 11:00 3 August 2026

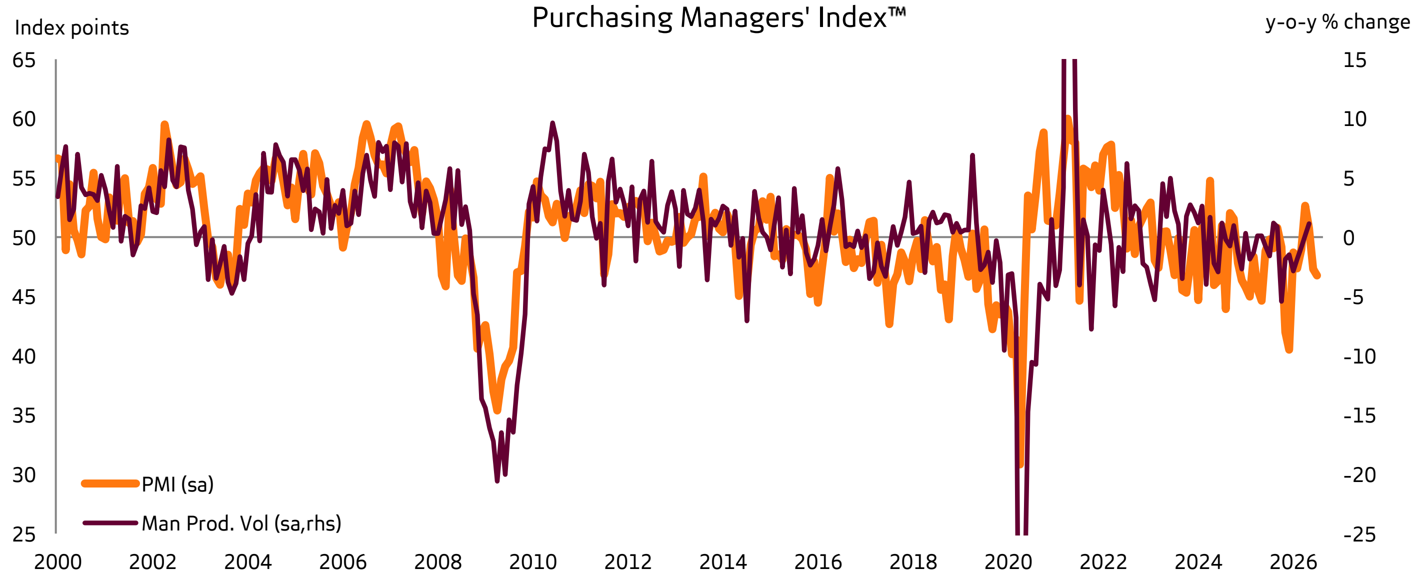
The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** declined from 47.3 points to 46.8 in July 2026. At first glance, this suggests a weak start to the third quarter. However, the headline decline arguably overstates the weakness in underlying manufacturing conditions. Most notably, domestic demand improved and lifted **new sales orders**. This, in turn, supported an improvement in production with the **business activity index** ticking up for a second consecutive month, to 48.8.

The decline in **supplier deliveries** also weighed on the headline PMI, but this could be seen as a positive development. Because the index is inverted (so faster deliveries mean a lower index), in the recent South African context, a decline could signal some improvement in supply chains. Indeed, recent data suggests activity in the Durban port is picking up – although Cape Town harbour is still underperforming. The further decline in **inventories** is more difficult to interpret. It could suggest that purchasing managers remain unconvinced that stronger demand will persist. However, some firms may still be delaying purchases in anticipation of lower input costs.

Indeed, the index tracking **expected business conditions in six months' time** declined to 49.3, down from 56.6 in June. The renewed escalation of tensions in the Middle East, together with higher oil prices following June's lows, likely contributed to the deterioration in sentiment. However, the sharp decline also suggests that manufacturers remain cautious about the durability of the recent improvement in activity.

Encouragingly, the **purchasing price index** came down in July. This suggests that the worst of the recent oil price shock has likely passed, barring any further upsurge in global energy costs. Even so, input cost pressures remain elevated relative to the pre-war period. However, the increase in diesel prices later this week will put renewed pressure on costs. If recent rand weakness is sustained, that would also put upward pressure on imported goods costs.

Overall, the July survey paints a somewhat more encouraging picture than the headline PMI suggests. Domestic demand and production continued to recover, while easing cost pressures offered further relief. However, subdued confidence, weak export demand and continued inventory drawdowns suggest manufacturers remain cautious about the sustainability of the recovery.



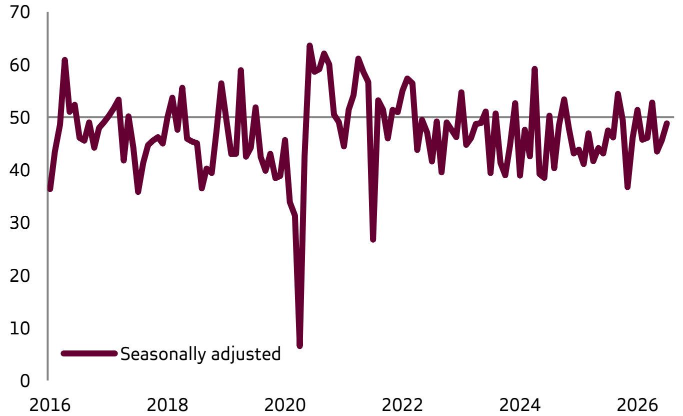
The PMI is an economic activity index based on a survey conducted by the Bureau for Economic Research (BER) and sponsored by Absa. Although reasonable professional skill, care and diligence are exercised to record and interpret all information correctly, Stellenbosch University, its division the BER, 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 unintentionally 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.

BER BUREAU for ECONOMIC RESEARCH

Stellenbosch UNIVERSITY IYUNIVESITHI UNIVERSITEIT

absa

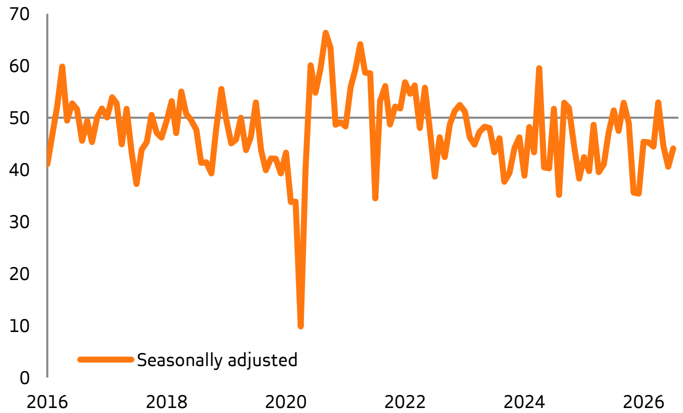
PMI: Business activity



The **business activity index** rose for a second consecutive month in July. Improved demand likely supported the uptick in production, albeit insufficient to push it back in positive terrain. Although the index remained below the neutral 50-point mark, the steady improvement since May suggests that manufacturing output entered the third quarter on a firmer footing than implied by the headline PMI.

	May	Jun	Jul
Business activity	43.5	45.6	**48.8**

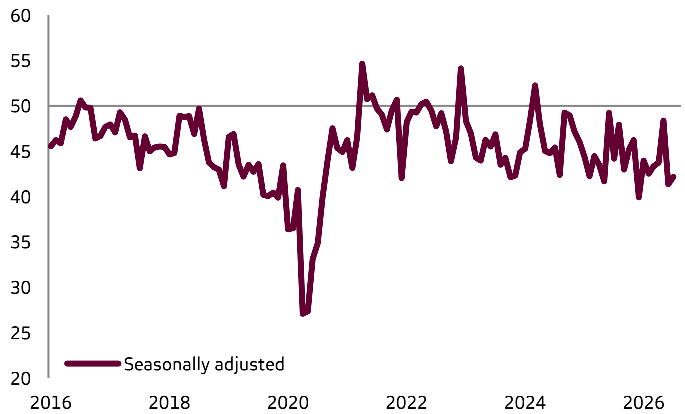
PMI: New sales orders



The **new sales orders index** recovered almost all of June's loss, returning to 44.1 index points. Remarkably, the improvement seems to be driven entirely by stronger domestic demand, as export sales plunged in July. Respondents' commentary is fairly mixed, with some noting improved demand but others lamenting that conditions are the worst in a year. This suggests that conditions remain highly uneven across manufacturers, with the recovery far from broad-based.

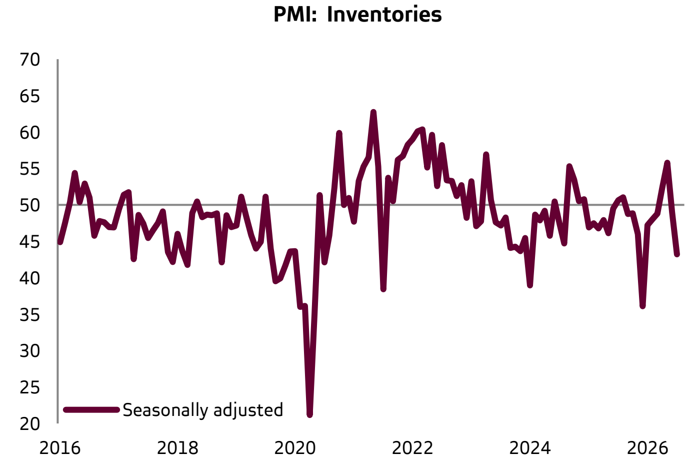
	May	Jun	Jul
New sales orders	44.6	40.6	**44.1**

PMI: Employment



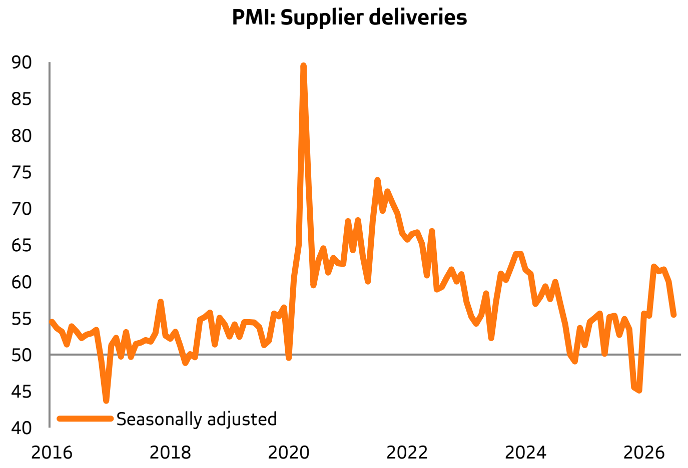
The **employment index** edged up by 0.8 points to 42.2 in July. This is just below the average recorded so far in 2026, suggesting that firms remain reluctant to expand payrolls despite the modest recovery in activity.

	May	Jun	Jul
Employment	48.4	41.4	**42.2**



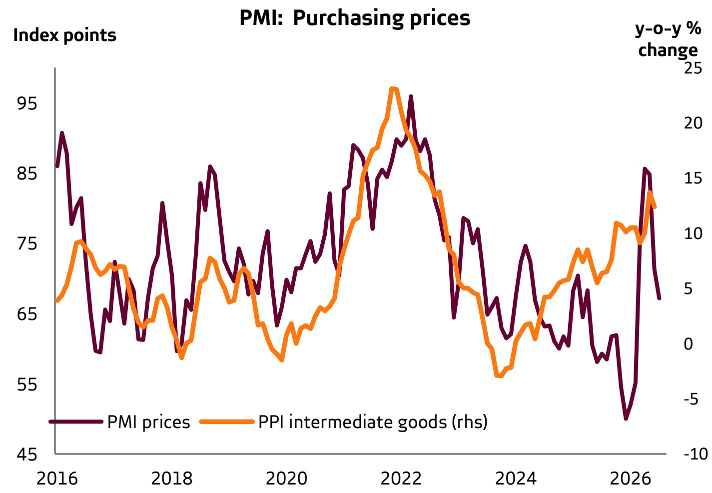
The **inventories index** declined further in July after a sharp drop in June. This comes after two months of relatively high readings and suggests purchasing managers are not restocking on raw materials and intermediate goods – possibly in anticipation of further price declines.

	May	Jun	Jul
Inventories	55.8	49.0	**43.2**



The **supplier deliveries inde**x declined by 4.5 points in July. While this would normally point to weaker demand, that interpretation does not necessarily hold when supply chains are normalising. This was evident in many PMIs during the post-COVID recovery and may still be relevant in South Africa. As the supplier deliveries index is inverted, faster deliveries lowered the headline PMI but may instead reflect easing logistical constraints. Indeed, recent data suggests activity through the Port of Durban has improved, although Cape Town harbour continues to underperform.

	May	Jun	Jul
Supplier deliveries	61.6	60.0	**55.5**



The **purchasing price index** moved further down after a sharp decline in June. This does not mean that costs declined, but rather that the rate of increase slowed further. The index remains above the 54-point average recorded in the first two months of 2026 (i.e. pre-war), but is now 18 points below the May peak. In other words, price pressures are clearly easing but have not yet returned to pre-war levels. However, the increase in diesel prices later this week will put renewed pressure on costs. If recent rand weakness is sustained, that would also put upward pressure on imported goods costs.

	May	Jun	Jul
Purchasing prices	84.8	71.3	**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).

For further information: Lisette IJssel de Schepper, BER (lisette@sun.ac.za)