

Absa Purchasing Managers' Index

July 2025

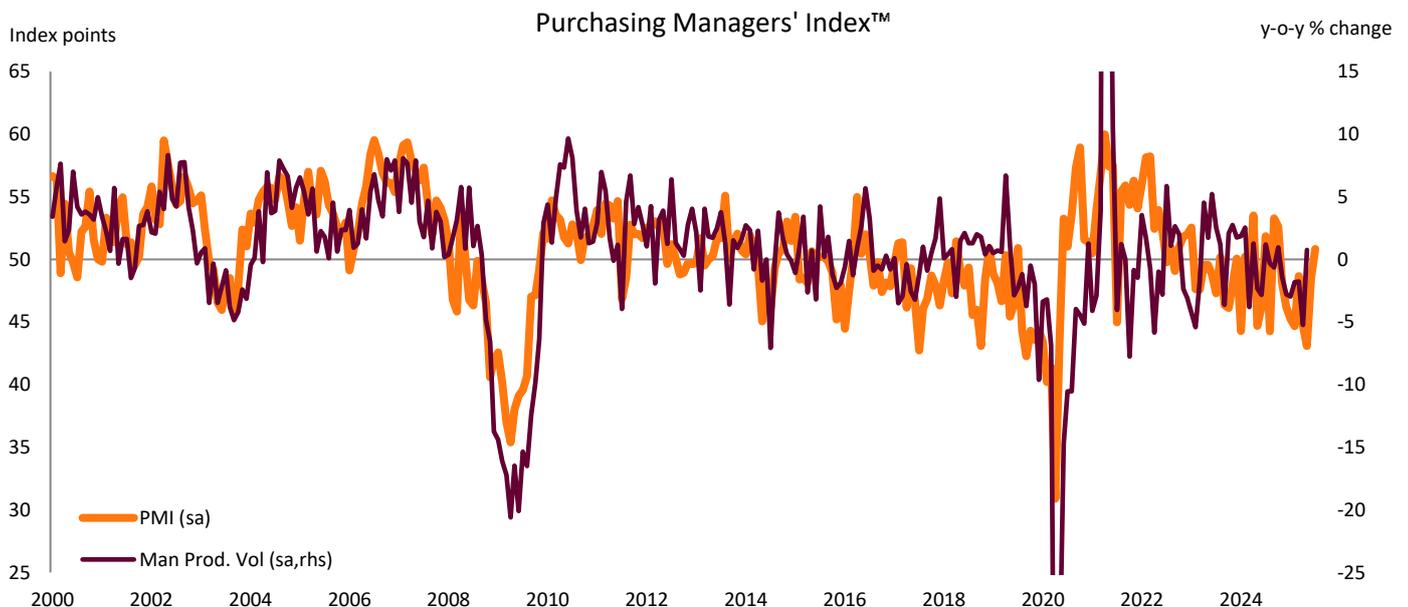
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The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** edged above the 50-point mark and recorded an expansion for the first time in nine months, increasing by 2.3 points to 50.8 in July 2025, driven by a relatively strong recovery in demand. The last time the headline PMI was in the above-50 expansionary territory was in October 2024 at 52.6 points.

New sales orders rose by 9.7 points to 55.9 in July, recording a third consecutive month of improvement and signalling a much stronger recovery in demand at the start of the third quarter. Export sales also showed a significant increase, but at a low level, signalling that manufacturers remain cautious amid regulations and ongoing trade negotiations. The improvement in demand fostered an uptick in production, seeing the **business activity index** tick up 5.2 points to 47.1 points in July – still coming in below the neutral-50 mark for the ninth consecutive month. The **supplier deliveries index** increased by 1.4 points to 56.4 in July on the back of the strong uptick in new orders, which typically leads to longer delivery times and some delays. Despite the strong recovery in demand which filtered through into an uptick in production, the **employment index** declined by 6 points in July, reaching 43.7 - reversing the gains made in June, and returning to levels seen earlier in the year. The weak employment level may be due to the slow recovery in activity, which, despite ticking up, remains in contractionary territory, signalling that manufacturers may wait to see a stronger recovery in demand before increasing employment.

The **purchasing price index** increased by 1.2 points in July, signalling growing cost pressures as the cost of some input materials increased. Crude oil prices increased fuel prices in the country, with petrol and diesel prices rising by 52 to 84 cents a litre, depending on the grade. The positive news is that, despite the uptick in the index, the current levels remain the second-lowest in over eight years. Furthermore, despite heightened global uncertainty, the rand stayed below R18/\$ for July.

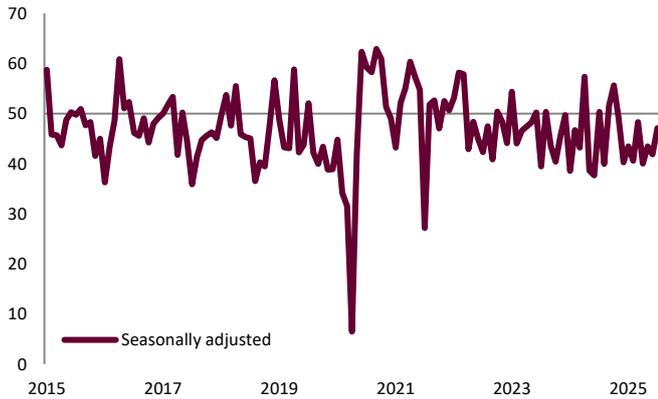
The index tracking **expected business conditions** in six months' time declined from 62.5 points in June to 56.4 in July. Although still above the 50-neutral level, the direction of the index suggests that manufacturers are faced with an increasingly volatile and challenging trading environment on both the global and domestic front.



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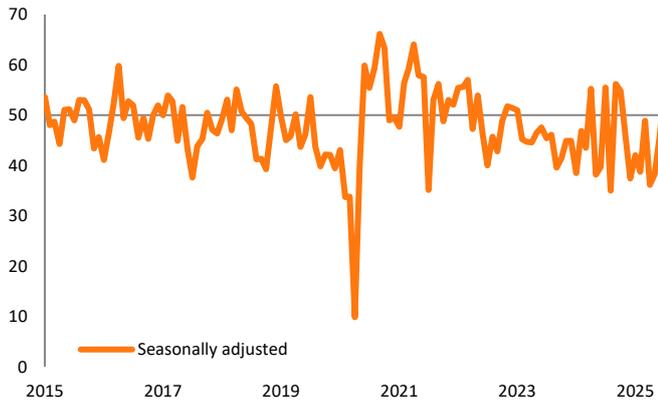
PMI: Business activity



The **business activity index** increased by 5.2 points but remained in contractionary territory at 47.1 points in July. Despite the recovery in demand, manufacturers are worried about its sustainability as trade policies remain uncertain and regulations within the country negatively affect operations.

	May	Jun	Jul
Business activity	43.5	41.9	47.1

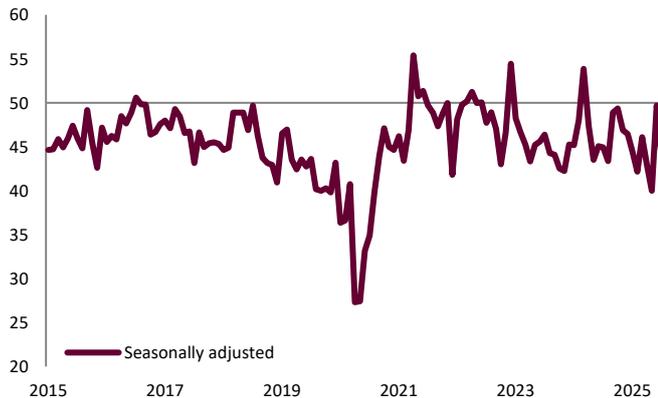
PMI: New sales orders



New sales orders increased significantly by 9.7 points to 55.9 in July, recording a third consecutive month of improvement and signalling a much stronger recovery in demand relative to May and June. Domestic demand boosted the significant recovery in total new sales orders, as exports remained subdued.

	May	Jun	Jul
New sales orders	38.3	46.1	55.9

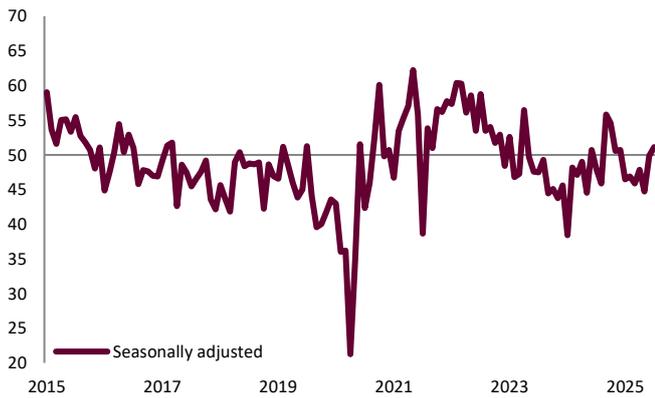
PMI: Employment



The **employment index** reversed the gains made in June, declining by 6 points in July and returning to the levels at the beginning of the year. The weak employment numbers may be due to the slow recovery in activity, as manufacturers wait for a much stronger recovery in demand before increasing employment.

	May	Jun	Jul
Employment	40.0	49.7	43.7

PMI: Inventories



The **inventories index** ticked up slightly to 51.1 points in July, from 49.9 in June. Manufacturers could be stocking up materials to meet the increasing demand, and could translate into improved growth outcomes moving forward.

	May	Jun	Jul
Inventories	44.7	49.9	51.1

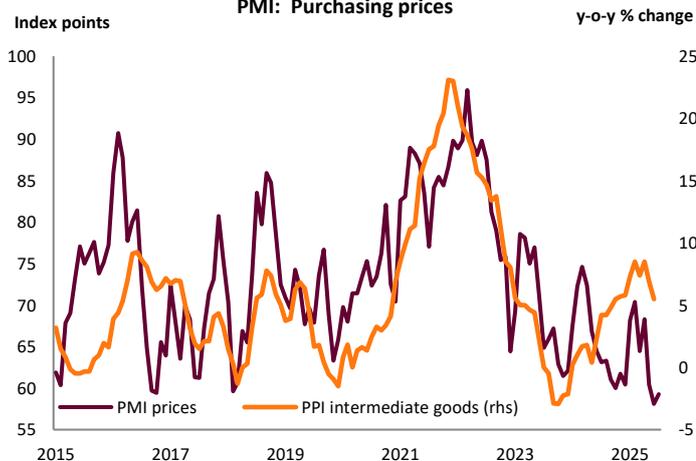
PMI: Supplier deliveries



The **supplier deliveries index** increased by 1.4 points to 56.4 in July due to the strong uptick in new orders, causing some delivery delays. Respondents mentioned that some regulations have become significant supply bottlenecks.

	May	Jun	Jul
Supplier deliveries	49.0	55.1	56.4

PMI: Purchasing prices



The **purchasing price index** increased by 1.2 points in July, signalling growing cost pressures as the input prices of some materials increased. Crude oil prices increased fuel prices in the country, with petrol and diesel prices rising by 52 to 84 cents a litre, depending on the grade.

	May	Jun	Jul
Purchasing prices	60.4	58.1	59.3

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).