

Absa Purchasing Managers' Index

April 2025

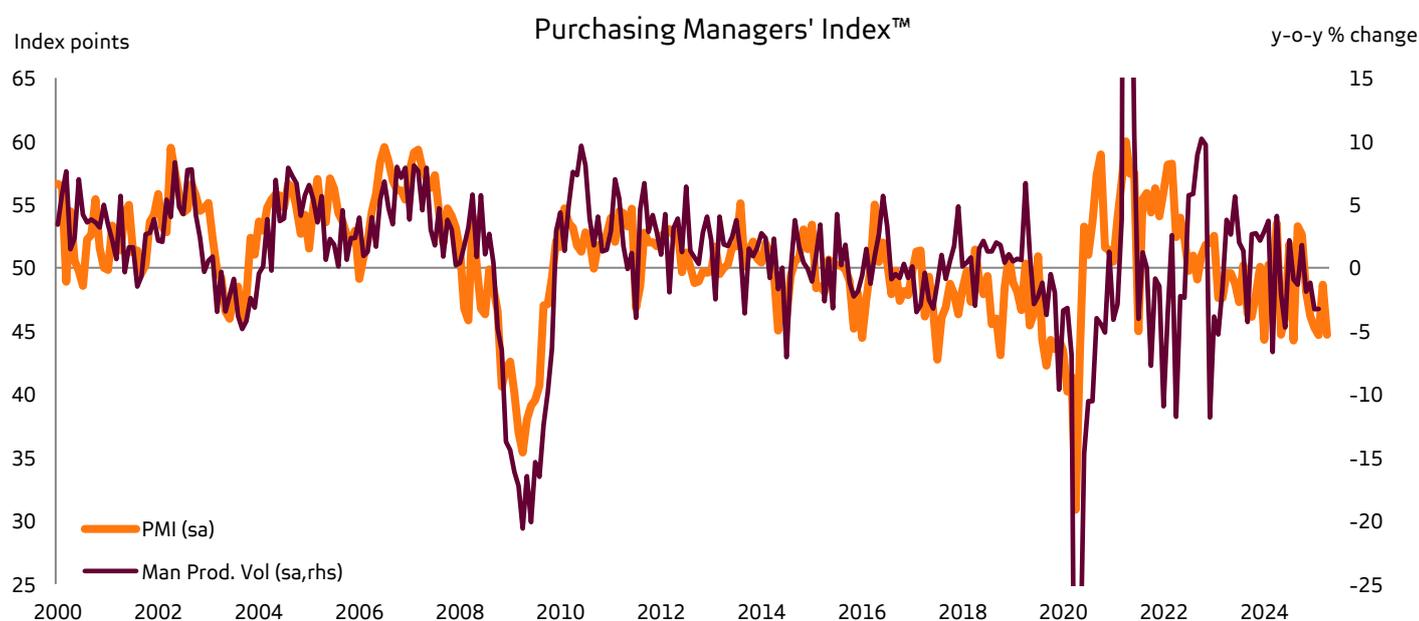
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The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** decreased by 4 points to 44.7 in April 2025. The headline PMI remained in contractionary territory for a sixth consecutive month. The respondents' commentary was decidedly more negative in April. Comments suggested that demand was weak amid the uncertainty created by the global tariffs saga and local developments. Beyond politics, excessive rains caused problems for some producers.

Worryingly, the index tracking **expected business conditions** in six months' time decreased further. The index was down by 9.4 points to 48.6 in April, edging below 50 points for the first time since the 41 points in November 2023. The return of load-shedding, global tariff developments, and local political uncertainty because of the VAT saga and open disagreements within the government likely weighed on sentiment.

In response to struggling demand, the **business activity index** decreased significantly by 8.3 points to 40 in April. **New sales orders** declined by 12.8 points to 36.1 points in April, with domestic demand and export sales decreasing. The index tracking export sales returned to contractionary levels. Meanwhile, despite weak demand, the **supplier deliveries index** increased by 2.5 points to 56.6 points. Since this index is inverted, this suggests that delivery times have lengthened (i.e. are slower). Indeed, given the slowdown in activity and fewer orders being processed, this suggests increased bottlenecks in the supply chain processes, causing delays that struggle to improve in a low-demand environment. The **employment index** decreased by 3.2 points to 42.9, and remained in contractionary territory for 13 consecutive months. Sluggish demand, uncertainty, and competition from imports have caused production declines for local manufacturers, leading to staff layoffs to match current production levels. Finally, the **inventories index** ticked up slightly to 47.8 in April from 45.9 in March. Some manufacturers reported stocking up on materials amid uncertainty around tariffs.

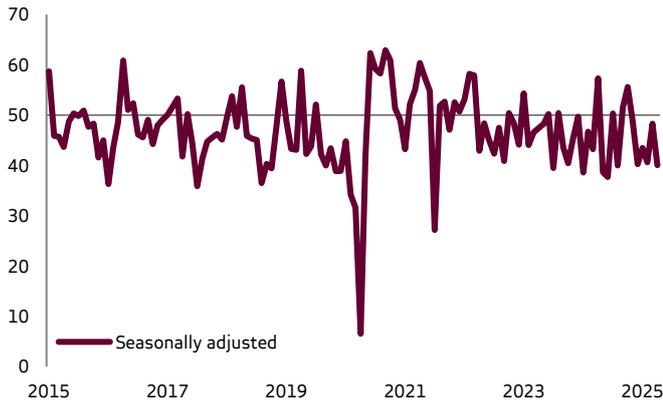
The **purchasing price index** increased by 3.8 points to 68.3 in April, despite fuel price cuts at the start of the month. The cost of imported materials increased significantly in the first two weeks of April as the rand exchange rate weakened and remained above R19/\$, but it has since strengthened to below R19/\$.



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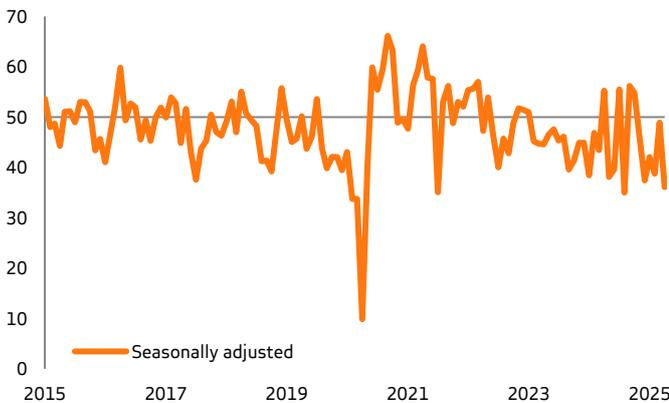
PMI: Business activity



The **business activity index** decreased by 8.3 points in response to struggling demand. The economy is already in a slow-growth environment, and now, increased political uncertainty, the tariffs saga, and the energy supply issues are weighing on manufacturing activity.

	Feb	Mar	Apr
Business activity	40.6	48.3	40.0

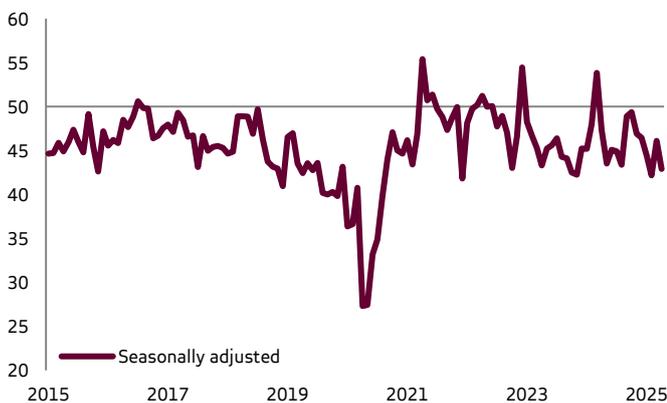
PMI: New sales orders



New sales orders decreased, with both domestic and export demand struggling. Trade policy uncertainty and tariffs have added to the problem of an already export-constrained environment.

	Feb	Mar	Apr
New sales orders	38.7	48.9	36.1

PMI: Employment



The **employment index** decreased by 3.2 points to 42.9, remaining in contractionary territory for 13 consecutive months. Manufacturers keep scaling down production because demand has not improved.

	Feb	Mar	Apr
Employment	42.2	46.1	42.9

PMI: Inventories



The **inventories index** ticked up slightly to 47.8 in April as some manufacturers reported to be stocking up on raw materials as the tariff situation remained uncertain.

	Feb	Mar	Apr
Inventories	46.9	45.9	47.8

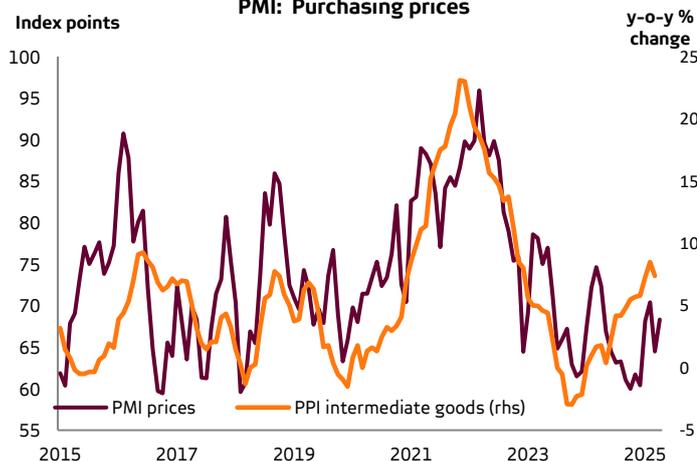
PMI: Supplier deliveries



Despite weak demand, the **supplier deliveries index** increased by 2.5 points to 56.6 points. Since this index is inverted, this suggests that delivery times have lengthened (i.e. are slower). Indeed, given the slowdown in activity and fewer orders being processed, it seems that increased bottlenecks in the supply chain processes are causing delays that struggle to improve in a low-demand environment.

	Feb	Mar	Apr
Supplier deliveries	55.0	54.1	56.6

PMI: Purchasing prices



The **purchasing price index** increased by 3.8 points to 68.3 in April. This was despite fuel prices coming down by between 58-86 cents a litre at the start of the month. Other input material costs were higher due to a relatively weaker rand exchange rate, especially for the first two weeks of April.

	Feb	Mar	Apr
Purchasing prices	70.4	64.5	68.3

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).