Absa Purchasing Managers' Index
April 2026

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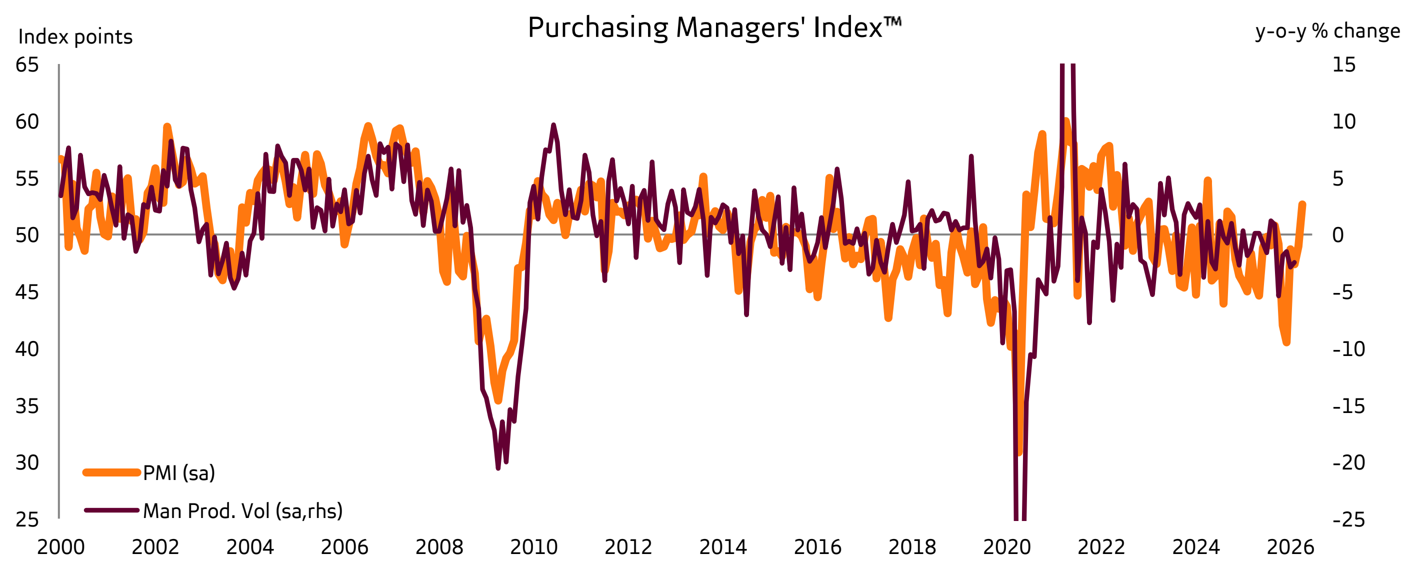
The seasonally adjusted **Absa Purchasing Managers' Index (PMI)** rose above the neutral 50-point mark for the first time since September 2025, increasing to 52.6 in April from 49 in March. The improvement was driven by a rebound in both **business activity** and **new sales orders,** pointing to a stronger start to the second quarter following a weak first quarter. However, some of this improvement likely reflects front-loading of demand ahead of expected price increases, raising questions about the sustainability of the recovery.

The **business activity index** increased for a second consecutive month, returning to expansionary territory. This suggests that production picked up meaningfully at the start of the second quarter as **new sales orders** also rose sharply in April, following a subdued first quarter. The increase appears to have been driven primarily by stronger domestic demand, while export sales declined. This divergence suggests that the recovery is not broad-based and remains vulnerable to external headwinds. Moreover, some respondents indicated that orders may have been brought forward in anticipation of further cost increases, potentially resulting in weaker demand in the months ahead.

The **inventories index** increased and moved above the neutral 50-point mark for the first time since August 2025. This likely reflects stock-building behaviour, with firms purchasing inputs ahead of expected price increases. While this supported the headline PMI in April, it may also point to temporary factors rather than a sustained increase in underlying demand.

Cost pressures intensified further in April, with the **purchasing price index** rising to 85.6 following the record increase in March. The index is now more than 30 points above its level at the start of the year. This sharp rise reflects higher oil-linked input costs and a slightly weaker exchange rate. Elevated input costs are likely to squeeze profit margins and could limit the sustainability of the recent improvement in activity. In addition, continued cost pressures at the factory level may contribute to broader inflationary pressures in the economy.

The index tracking **expected business conditions** improved slightly in April, although it remains below the neutral 50-point mark. This suggests that while purchasing managers are somewhat less pessimistic than in March, confidence in the outlook remains subdued. Most responses were in before the fuel levy relief extension was announced, which does soften the direct hit from the diesel price increase a little.



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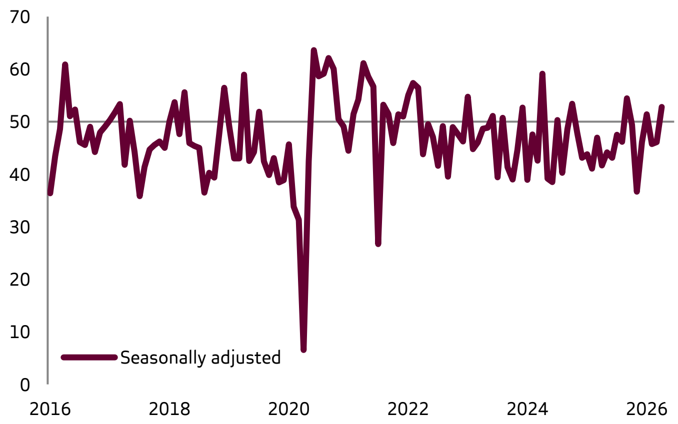
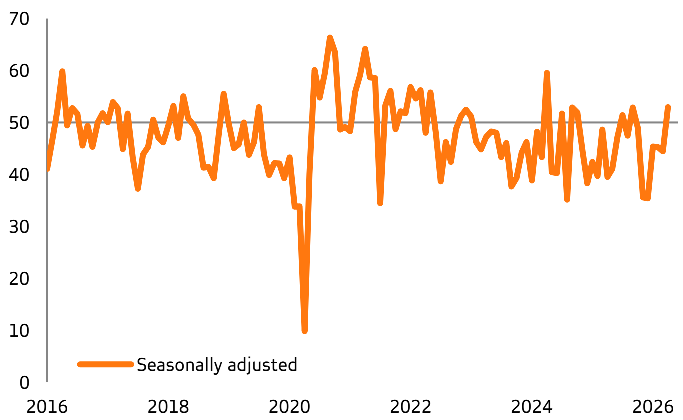
PMI: Business activity



The **business activity index** increased for a second consecutive month, returning to expansionary territory in April. This suggests that production recovered at the start of the second quarter after a weak first quarter. While the improvement points to stronger near-term demand, it remains to be seen whether this marks the start of a sustained recovery or reflects temporary factors such as the front-loading of orders.

	Feb	Mar	Apr
Business activity	45.7	46.1	**52.8**

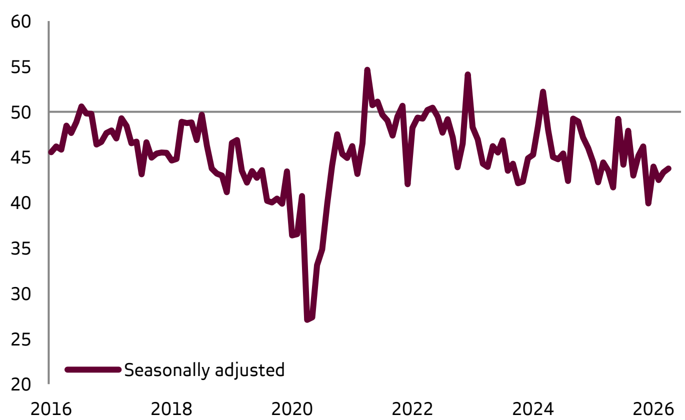
PMI: New sales orders



The **new sales orders index** rose sharply in April, following a subdued first quarter. The increase was driven primarily by stronger domestic demand, while export sales declined. This divergence suggests that the recovery remains uneven and dependent on local conditions. In addition, some respondents noted that orders were likely brought forward ahead of expected price increases, which could lead to weaker demand in the coming months.

	Feb	Mar	Apr
New sales orders	45.2	44.5	**52.9**

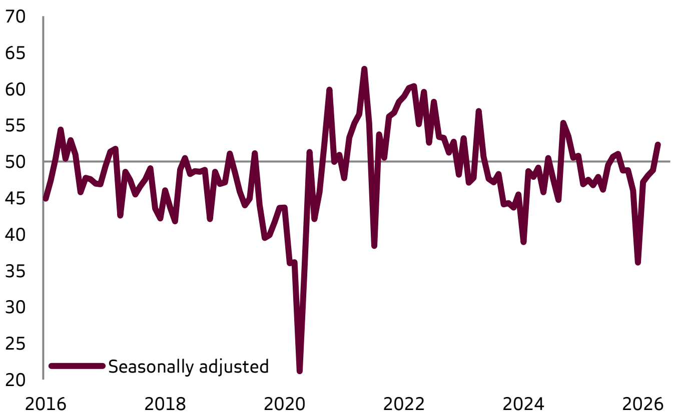
PMI: Employment



The **employment index** remained broadly unchanged in April and continues to hover in contractionary territory. Despite the improvement in activity and orders, firms appear reluctant to expand their workforces, suggesting ongoing caution about the sustainability of the recovery and the broader demand outlook.

	Feb	Mar	Apr
Employment	42.5	43.3	**43.8**

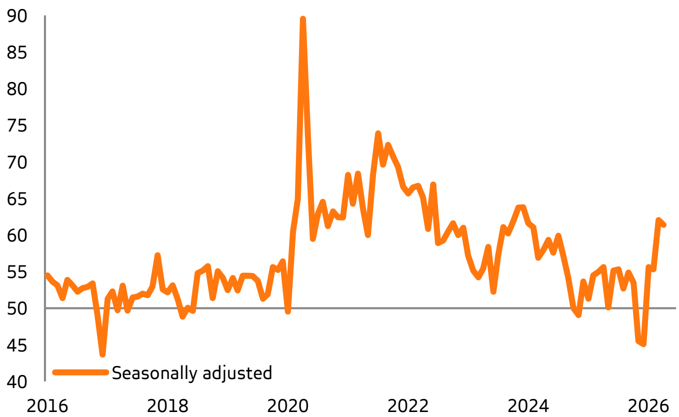
PMI: Inventories



The **inventories index** increased and moved above the neutral 50-point mark for the first time since August 2025. This likely reflects stock-building behaviour, as firms typically purchase inputs ahead of anticipated price increases. While higher inventories contributed positively to the headline PMI, this may partly reflect precautionary buying rather than a sustained improvement in underlying demand.

	Feb	Mar	Apr
Inventories	48.1	48.8	**52.3**

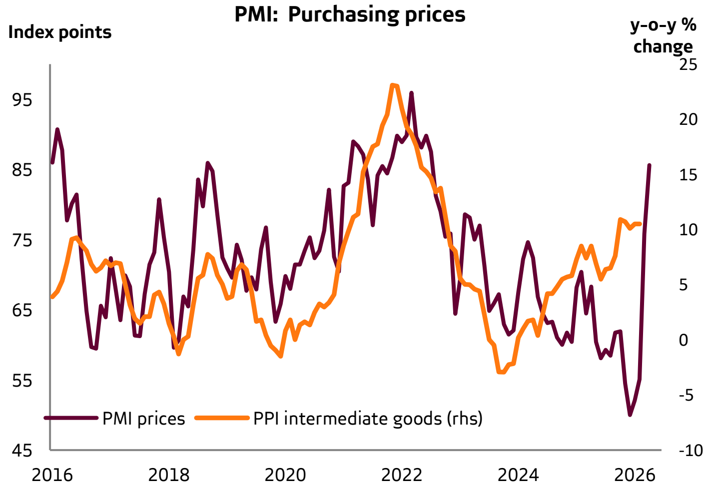
PMI: Supplier deliveries



The **supplier deliveries index** edged lower following a sharp increase in March but remained elevated. As this index is inverted, higher readings indicate slower deliveries. Given ongoing disruptions to global shipping routes and persistent logistical challenges at South African ports, the current level likely reflects supply-side constraints rather than stronger demand for inputs. As such, the signal from this index should be interpreted with caution.

	Feb	Mar	Apr
Supplier deliveries	55.3	62.1	**61.4**

PMI: Purchasing prices



The **purchasing price inde**x rose further in April to 85.6, following the record increase recorded in March. The index is now significantly higher than at the start of the year, reflecting the impact of elevated oil-linked input costs and a weaker exchange rate. These rising cost pressures are likely to weigh on manufacturers' profit margins and may limit the sustainability of the recent improvement in activity. In addition, persistent input-cost inflation could contribute to broader price pressures in the economy. The fuel levy relief extension does soften the blow.

	Feb	Mar	Apr
Purchasing prices	55.1	75.8	**85.6**

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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