News Release
Embargoed until 0915 SAST 3 September 2025 / 0715 UTC 3 September 2025

S&P Global South Africa PMI®

South African firms experience softer cost pressures and modest output growth in August

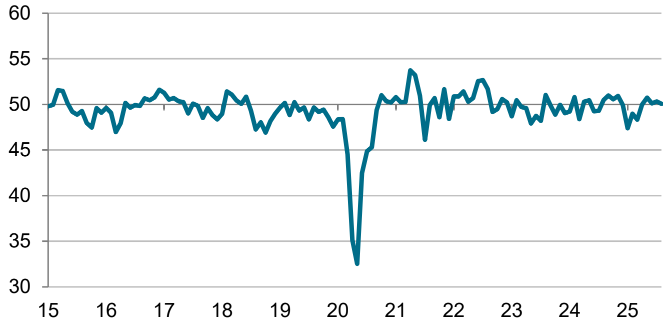
August 2025

Slowest rise in input prices for ten months

Business activity expands for first time since May

Purchases strengthen, but staff numbers fall

S&P Global South Africa PMI
Index, sa, >50 = improvement m/m



Data were collected 12-27 August 2025.
Source: S&P Global PMI. ©2025 S&P Global.

South African businesses saw their cost pressures ease in August, latest PMI® survey data showed, which helped to sustain the expansion in overall operating conditions. Output improved for the first time in three months, and inventories increased. However, there was a decline in employment and a weakening of sales growth.

The S&P Global South Africa Purchasing Managers' Index™ (PMI) is a composite gauge designed to provide a single-figure snapshot of operating conditions in the private sector economy. Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

In August, the headline index printed above the 50.0 threshold for the fourth consecutive month, registering at 50.1 down from 50.3 in July. The index signalled only a fractional improvement in business conditions from the month before.

For the first time since May, companies in South Africa reported an increase in output levels during August. The upturn was modest, but the second-quickest in two years (after May's reading). Generally, firms in the survey panel attributed the increase in output to improving demand and the initiation of new projects.

Order book volumes increased in August, although the pace of growth lessened slightly from July. Some firms reported securing new customers, while others highlighted low work levels and challenging trading conditions, particularly with US clients due to higher tariffs. In fact, growth seemed to be primarily driven by domestic demand, as order book intakes from abroad fell for the fifth consecutive month.

Activity levels were partly supported by a moderation in input cost inflation. Notably, the latest data indicated that costs rose at the weakest rate in the current ten-month sequence of increases. Survey panellists highlighted that the slight improvement in the rand's value against the US dollar was a key factor, as import costs for several items were reported to be falling. However, there were some mentions of rising prices for inputs such as fuel and food. Wage pressures also eased, with businesses reporting the softest increase in three months.

Comment

David Owen, Senior Economist at S&P Global Market Intelligence:

"The easing of cost pressures for South African businesses is a positive sign for the private sector economy, suggesting that the acceleration seen in June and July may be temporary. Firms reported that the gradual improvement in exchange rates has begun to alleviate cost burdens on imported items, although rising prices for fuel and food remain a concern. The latest data offers some hope that official CPI inflation may soften in August after reaching a ten-month high of 3.5% in July.

"Nevertheless, the overall growth picture remains tepid. The PMI stood at 50.1 in August, just above the 50.0 no-change mark for the fourth consecutive month. While output and new orders increased—the former for the first time since May—sales growth was only marginal and tempered by lower export volumes.

"There was also reduced appetite for replacing staff, resulting in a renewed decline in employment. Outstanding business fell for the twelfth consecutive month, suggesting that demand pipelines remain weak. However, business sentiment remained strongly positive, indicating that firms are still hopeful for an upward shift in market conditions."

PMI® by S&P Global

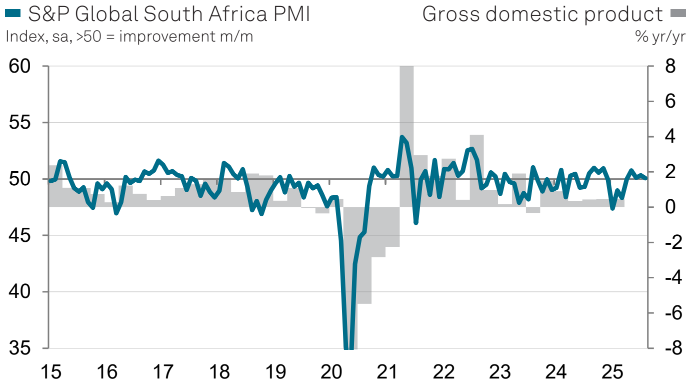
Firms generally chose to pass on cost increases to their customers by raising output prices. The inflation trend was largely unchanged from the previous two survey periods, although it remained weaker than the series average.

August data signalled increased efforts by South African businesses to enhance their procurement of inputs. Purchase levels rose for the fourth time in five months and at the strongest pace since October 2024. This led to a slight uplift in inventories.

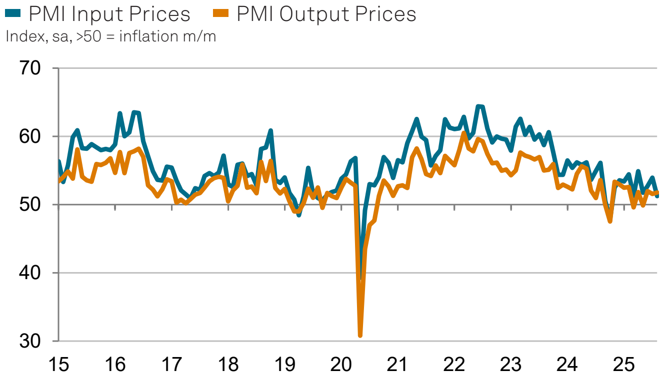
In contrast, after two consecutive months of employment growth, job numbers fell slightly in August, as several firms opted not to replace departing staff.

Supply chains improved again in August, reflecting an ongoing recovery in vendor performance after domestic port delays caused disruptions last year. This upturn in performance marked the fifth consecutive month of improvement, which is the longest run in the survey's history.

Finally, South African firms remained highly confident about their future output in August, although the degree of optimism declined marginally. They generally perceived market conditions as moving in a positive direction, with upbeat sales forecasts. However, some firms expressed uncertainty about their growth prospects, citing potential impacts from US tariffs on trade performance.



Sources: S&P Global PMI, Stats SA via S&P Global Market Intelligence. ©2025 S&P Global.



Source: S&P Global PMI. ©2025 S&P Global.

Contact

David Owen
Senior Economist
S&P Global Market Intelligence
T: +44 1491 461 002
david.owen@spglobal.com

Kriti Khurana
Corporate Communications
S&P Global Market Intelligence
T: +91-971-101-7186
kritikhurana@spglobal.com
press.mi@spglobal.com

If you prefer not to receive news releases from S&P Global, please email press.mi@spglobal.com. To read our privacy policy, click here.

Methodology

The S&P Global South Africa PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in July 2011.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

S&P Global

S&P Global (NYSE: SPGI) provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com

PMI by S&P Global

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

Disclaimer

PMI by S&P Global