

S&P Global South Africa PMI®

Business activity growth soars to four-year high

Output rises for second month running amid higher sales

Inventories grow solidly as delivery times improve again

Selling prices reduced for second time in three months

The South Africa PMI® moved into growth territory in May, driven largely by the sharpest uplift in private sector output in exactly four years.

Business activity was strengthened by a faster increase in new work, as survey panellists indicated that improved customer confidence had boosted order book volumes. In turn, businesses bought additional inputs and accumulated stocks at the strongest rate for a year, whilst vendor performance continued to improve. Meanwhile, the pace of input price inflation slowed, allowing firms to lower their selling prices for the second time in three months.

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.

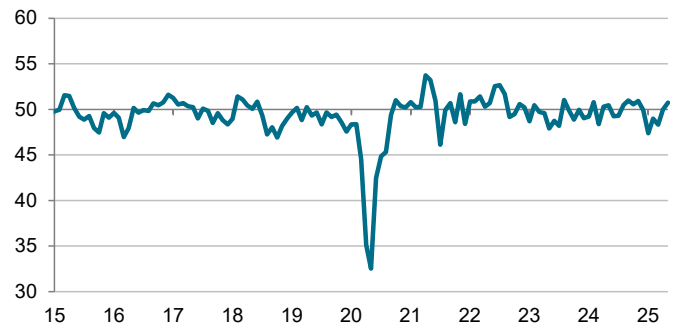
The PMI climbed from 50.0 in April to 50.8 in May, posting in growth territory for the first time since November 2024. The index pointed to a marginal improvement in the health of the private sector economy, as companies reported increases in output, new orders and inventories.

The expansion in output was particularly notable as the respective sub-index reached its highest level since May 2021, signalling that firms made considerable efforts to recover activity after a downturn during the first quarter. According to panellists, new project starts and rising domestic orders were often behind higher output.

Total new order volumes rose in May, following a renewed uptick in the prior month. The rate of growth was the fastest recorded since September 2024, albeit marginal. There were some reports suggesting that improved confidence at domestic clients was a key driver of increased order books, as weakness in international demand led to a further (albeit slight) reduction in new export orders.

Greater slack in foreign trade, which firms partly linked to the impact of US tariffs, also contributed to a lack of pressure on suppliers. As such, delivery times shortened for the second month running (albeit fractionally), which marked a notable turnaround in supply chain conditions following a lengthy

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



Data were collected 12-28 May 2025.

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

Comment

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

"The May PMI results added to signs of a strong 2nd-quarter performance across the private sector economy. Businesses appear to be recovering sales after a lacklustre Q1, supporting rising activity and greater purchases. The increase in activity was the strongest observed in four years, whilst sales growth accelerated to an eight-month high."

"Supply chains continued to look healthier, as monitored firms saw their delivery times shorten for the second month in a row (if only slightly). The lack of supply constraints should aid businesses in their expansion efforts and help keep a lid on prices. Indeed, input price inflation softened in May and was considerably weaker than its trend pace."

period of deterioration. Some firms also highlighted an improvement in material availability and reduced port issues.

With supply conditions improving, and demand on the up, South African firms reported a moderate increase in procurement activity in May. Consequently, total stock volumes rose for the first time in 2025 so far and to the greatest extent in a year. Nevertheless, staffing numbers were cut in May, as outstanding work levels rose, leading to some reports of retrenchment and positions left vacant.

May data also revealed that selling prices were lowered for the second time in three months, although the rate of discounting was fractional. Some firms were able to pass on cost savings due to an improvement in the rand exchange rate against the US dollar. While overall input prices rose, with both purchase costs and wage bills increasing, the rate of inflation softened markedly since April and was relatively modest.

Looking ahead, firms remained confident that client demand will rise, supporting a positive outlook for business activity over the next 12 months. The degree of optimism ticked up from April and was slightly better than the series long-run trend.

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.

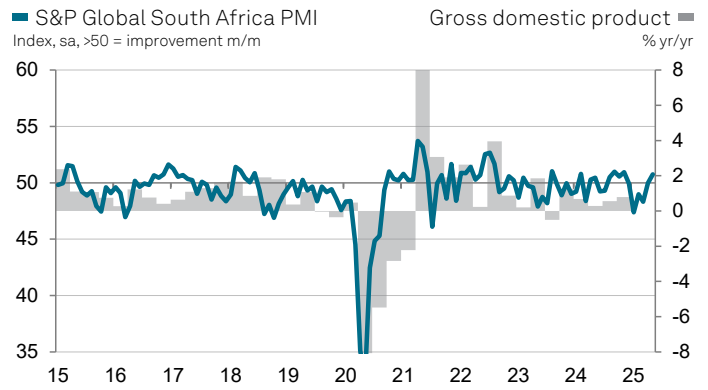
The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted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

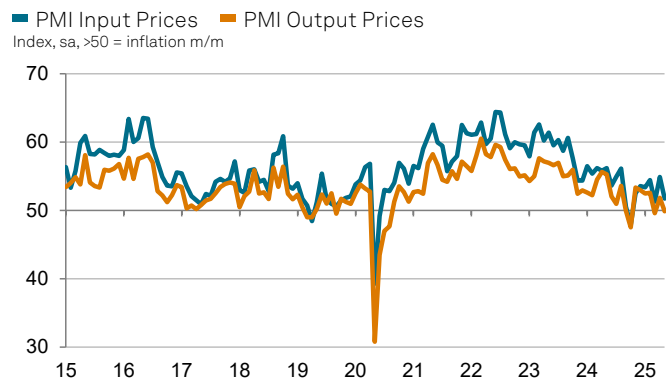
For further information on the PMI survey methodology, please contact economics@spglobal.com.

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



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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

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