

S&P Global South Africa PMI®

Business conditions stabilise in January following weak Q4

January 2026

Output and new orders broadly level

Slower rates of input and output price inflation

Lead times worsen slightly, ending run of improvement

The South Africa PMI® returned to its neutral level of 50.0 in January, as firms observed more stable demand conditions and softer price pressures. Output also steadied after a marked drop in December, while inventories decreased amid fresh input delivery delays.

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.

At 50.0 in January, the headline PMI indicated that operating conditions were unchanged. This followed a challenging end to 2025 where conditions weakened throughout the fourth quarter.

New business volumes were relatively balanced in January, with private sector firms recording a minor uptick since the end of last year. Some respondents to the survey commented on larger sales and new clients. However, growth was offset by weakness in services and a decline in total exports.

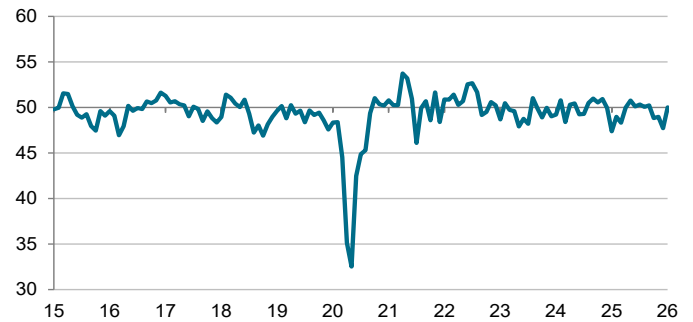
Companies also signalled that business activity was roughly unchanged over January. This followed the sharpest decline for 11 months in December.

Firms reacted to the recovery in demand momentum by increasing their purchases of raw items and other components in January. The uplift was the strongest recorded in four months, albeit marginal.

Nevertheless, stocks of purchases were depleted again as some firms struggled to receive inputs in a timely manner. Port delays resurfaced, according to panellists, while others noted weak supplier activity. This resulted in a lengthening of delivery times for the first time in ten months, ending a record sequence of improvement seen through much of 2025.

South African firms were able to lower their backlogs for the fourth consecutive month in January, indicating elevated capacity levels at their units. Subsequently, some chose to retrench their staff and pause hiring activity. Total employment fell for the first time since last September, albeit

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



Data were collected 12-28 January 2026.
Source: S&P Global PMI. ©2026 S&P Global.

Comment

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

"January data provided a glimmer of hope that the private sector economy has stabilised at the start of the year, after Q4 PMI readings suggested a much softer pace of GDP growth.

"Inflationary pressures have eased, supporting a mild recovery in customer sales and allowing firms to stabilise activity levels. That said, businesses were still able to lower their backlogs, suggesting that order book pipelines remain subdued.

"Nevertheless, firms are generally positive about future demand levels, in line with improving optimism towards domestic economic conditions. Lower inflation, rising tourism and improved energy supply appear to have supported companies in their forecasts for 2026. That said, the outlook is not without its challenges, including ongoing trade frictions and the impact that a higher rand value could have on demand."

only slightly.

On prices, the survey data revealed a slowing of inflationary pressures as 2026 began. Although firms did observe a faster increase in salary costs, this was offset by an improvement in exchange rates which had a dampening effect on imported goods prices. Consequently, overall input prices rose at a slight pace that was the softest in three months.

Efforts to pass through rising costs led to an uplift in prices charged in January. However, the rate of increase was down to the weakest observed since last October. Anecdotal evidence showed that a stronger rand, combined with market competition, had tempered selling price inflation.

Firms in South Africa remained positive about the outlook for output in January. Survey members pointed to forecasts of higher demand, planned marketing initiatives and improved local economic conditions as reasons to be cheerful. That said, optimism slipped from the previous month and was just below the series norm.

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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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.

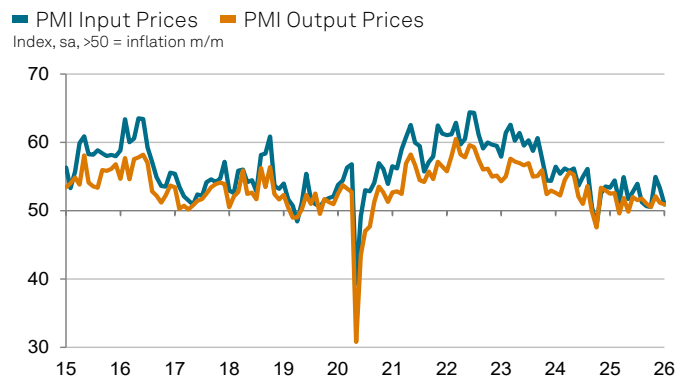
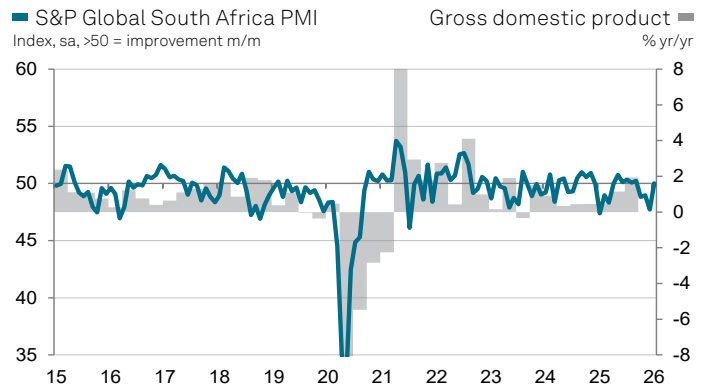
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

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PMI by S&P Global

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