

S&P Global South Africa PMI[®]

Renewed sales growth supports improvement in business conditions

July 2025

Higher new orders lead to sustained rise in staffing

Input price pressures up to three-month high

Business outlook improves from June's near four-year low

The South Africa PMI[®] ticked higher in July, helped by a fresh uplift in new business and steadying output. Employment growth continued, but cost pressures accelerated.

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 South Africa PMI rose from 50.1 in June to 50.3 in July, signalling a slightly stronger, but marginal improvement in business conditions. The headline index has now posted in growth territory for three months in a row. Out of the five sub-indices that make up the headline PMI, just new orders and employment contributed positively to the latest figure.

New orders increased during July, following a slight dip in June. Several companies reported an uplift in client activity, but economic conditions were still seen as challenging. Sub-sector trends were split in July, with expansions in services and wholesale & retail opposing downturns in industry and construction. Domestic sales improved, while new export business dropped for the fourth month in succession.

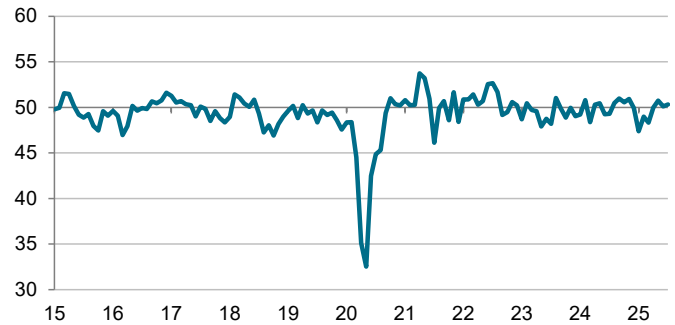
Output was broadly unchanged at the start of the third quarter. However, this still marked an improvement since June when a slight decrease was noted.

Firms in South Africa raised their employment for the second consecutive month in July. While the increase was moderate, it was the quickest recorded since May 2024. Survey panellists cited a mix of both permanent and temporary hires.

Higher employment supported business capacity, as did stabilising supply chains. This was signalled by an improvement in vendor performance for the fourth month running, as port congestion continued to ease. Firms were thereby able to raise their purchases, although the pace of growth was only modest.

In July, companies were better positioned to finalise existing orders and contracts, resulting in the quickest decrease in backlogs since February. For some businesses, this allowed

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



Data were collected 10-29 July 2025.

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Comment

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

"Business conditions across South Africa improved in July, driven by greater sales and increased employment. The rise in staffing was the fastest for over a year, showing that firms are more willing to take on new workers in order to boost their capacity and competitiveness.

"This nevertheless had an adverse impact on costs as wage inflation accelerated, leading to quickest rise in business expenses since April. However, the increase in charges remained modest and even softened, which suggests that firms largely expect this cost jump to be temporary.

"There was also a solid recovery in business expectations in July, after the survey metric dropped to its lowest level since mid-2021 in June. Firms highlighted a slight improvement in the demand outlook, although there were still concerns about global trade policy and exchange rate movements."

them to destock unused inputs, contributing to a slight decline in total inventories.

On the cost front, the survey data indicated increased price pressures in July, largely driven by a sharper rise in staff costs. Wage pressures climbed for the third consecutive month and remained well above the series trend. Purchase costs also rose at a faster pace, which panellists commonly attributed to higher charges for fuel and supplied materials. Overall, the rate of input price inflation was the sharpest since April.

Companies chose to pass some of their cost burdens onto clients, resulting in a further rise in output prices. However, the increase was modest and slightly weaker than in the previous month. In contrast to the general price trend, the construction sector recorded decreases in both input costs and output prices.

Finally, the year-ahead assessment for business activity improved during July, after hitting its lowest mark for almost four years in June. Firms were more hopeful about future demand and new projects. The level of confidence was the highest since January, but remained weaker than the average recorded last year.

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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.

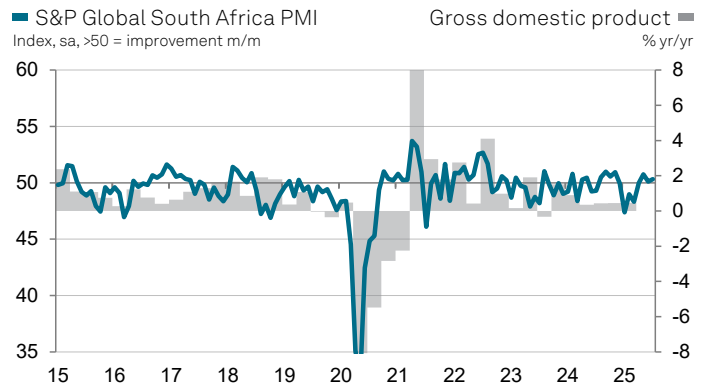
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

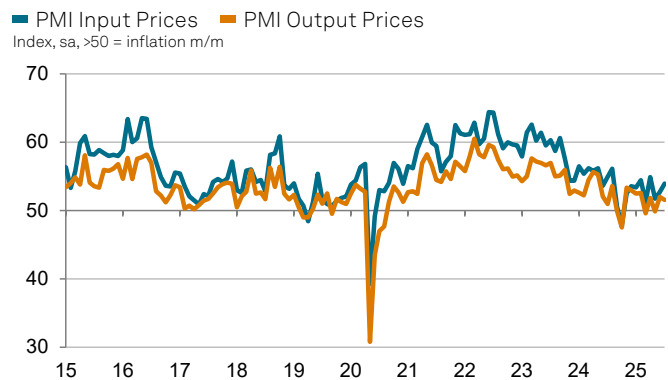
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PMI by S&P Global

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