

S&P Global South Africa PMI[®]

Renewed fall in business activity amid strengthening inflationary pressures

May 2026

Output falls for first time in five months

Input cost inflation at near four-year high amid rising fuel prices

Rate of job creation quickens

Business conditions deteriorated slightly in the South African private sector midway through the second quarter of the year.

Renewed falls in output and new orders were recorded amid further accelerations in inflation of input costs and selling prices, alongside uncertainty caused by the war in the Middle East.

On a more positive note, companies took on extra staff to the greatest extent since September 2022.

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 headline PMI dropped below the 50.0 no-change mark for the first time in five months during May, posting 49.6 from a reading of 51.6 in April. That said, the index signalled only a marginal deterioration in the health of the private sector during the month.

Central to the decline in business conditions were renewed falls in both output and new orders. New business decreased for the third time in the past four months, and at a solid pace that was the most marked in 2026 so far. New export orders were also down, albeit only slightly.

Anecdotal evidence suggested that demand had been impacted negatively by uncertainty caused by the war in the Middle East and rising fuel prices which had deterred customers from committing to new projects.

Higher fuel prices were also a factor behind a modest fall in output, the first in five months. Stormy weather also reportedly contributed to the reduction. Three of the four monitored sectors posted reductions in activity, led by wholesale & retail. Services was the only category to record growth.

The impact of higher fuel costs was clearly evident on purchase prices, which increased at a much steeper pace in May. Moreover, the rate of inflation quickened to the fastest

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



Data were collected 12-27 May 2026.

Source: S&P Global PMI. ©2026 S&P Global.

Comment

Andrew Harker, Economics Director at S&P Global Market Intelligence:

"The war in the Middle East, and increases in fuel prices in particular, took their toll on the South African private sector in May. Renewed falls in output and new orders were signalled as inflationary pressures strengthened further.

"On a more positive note, firms took on extra staff at the fastest pace since September 2022, but we'll likely need to see a swift rebound in new orders and business activity if such job creation is to be sustained in the months ahead."

since July 2022.

Companies responded to higher input costs by raising their selling prices accordingly. Here too, the pace of inflation hit a 46-month high. All four monitored sectors saw charge inflation strengthen during the month.

Meanwhile, staff costs rose markedly in May, not only because of increased pay to existing workers but also the hiring of new employees. Staffing levels rose for the fourth consecutive month, and at a solid pace that was the fastest since September 2022. Panellists reported that new workers had been hired to fill vacant positions and complete projects more quickly. As such, backlogs of work were depleted modestly.

In contrast to the rise in staffing levels, companies reduced both their purchasing activity and stocks of inputs for the first time in three months, although rates of decline were marginal in each case. Respondents expressed a reluctance to purchase and hold inputs at a time of falling demand.

Difficulty securing materials also reportedly contributed to the fall in stocks of inputs. Suppliers' delivery times lengthened for the fifth consecutive month, with the latest deterioration linked to higher fuel costs and shipping delays.

Despite the worsening business environment in May, good pipelines of new work, advertising plans and hopes for stable market conditions supported confidence in the year-ahead outlook for business activity. In fact, sentiment strengthened and was the highest in the year-to-date.

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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.

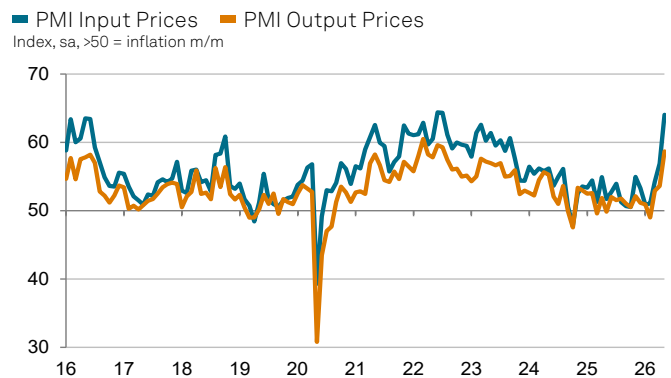
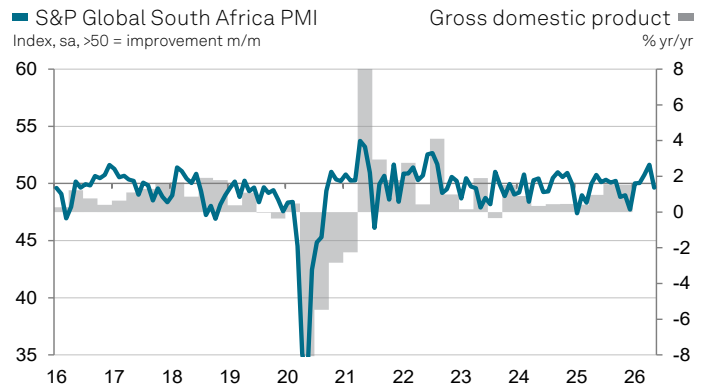
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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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