

S&P Global South Africa PMI[®]

Business activity weakens despite improving signals on supply chains and cost pressures

October 2025

Output and sales decline at strongest rates since March

Delivery times improve at joint-record pace

Cost inflation moderates further

Operating conditions in the South African private sector declined for the first time in seven months in October, as firms saw renewed downturns in output and sales. The slowdown occurred despite a historic improvement in supplier delivery times and one of the softest levels of cost pressures since mid-2020.

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.

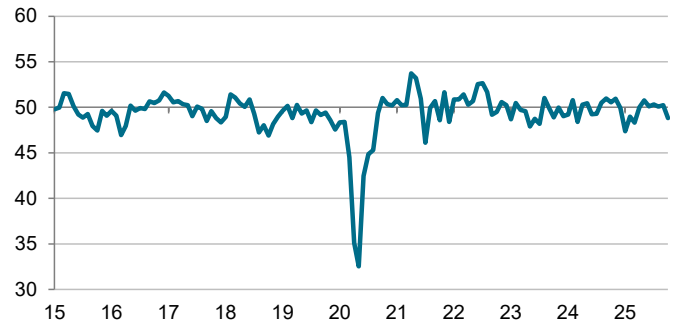
The PMI declined from 50.2 in September to 48.8 in October, placing it below the no-change mark for the first time since March. The PMI is a weighted average of five indices: New Orders, Output, Employment, Suppliers' Delivery Times and Stocks of Purchases. For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Notably, this index rose to its joint-highest reading since the survey began over 14 years ago, to signal a solid improvement in supplier performance in the South African private sector during October. Firms often reported a reduction in logistics issues and lower input demand contributing to softer pressure on vendors.

South African businesses also highlighted another drop in inflationary pressures in October. In fact, the survey's purchase prices metric signalled the weakest increase in this cost element for more than five years. Firms continued to see the benefit of an improvement in the rand's exchange rate against the US dollar. Wage inflation was at its mildest since December 2021.

Despite these positive signals towards supply and price conditions in October, the survey data signalled a setback when it came to total business activity. After expansions in August and September, firms registered the strongest (albeit modest) reduction in output levels for seven months. Generally, this was due to weaker intakes of new business, which decreased at the sharpest rate since March. Anecdotal

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



Data were collected 9-29 October 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

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

"Q4 began with a renewed drop in business conditions in South Africa, as companies reported a moderate degree of demand weakness leading to a fresh cut in output. Input purchasing slipped, but headcounts rose slightly. Business confidence was also low, adding to signs of softer growth as the year comes to an end.

"At the same time, the survey data provided businesses with a number of things to be glad about when it came to supply chains and inflation. Delivery times are on a record run of improvement and October's uplift was the joint-strongest in the survey's history.

"Similarly, the growing strength of the rand against the dollar meant that input cost pressures were markedly low, with purchasing prices rising at the weakest pace in over five years. A softer increase in prices charged also suggested that inflation rates are likely to be subdued in the coming months barring any notable movements in exchange rates."

evidence suggested that some firms were impacted by a reduction in customer spending power amid uncertain domestic conditions. Export sales decreased, marking the fastest drop in nearly a year.

As sales intakes fell, South African companies opted to lower their backlogs of work during October, leading to a fresh decline that was the quickest in eight months. The fall was also helped by a slight increase in staffing numbers. With spare capacity evident, there was a renewed cut in input purchases in October, particularly as firms required fewer inputs in order to maintain their inventories.

Elsewhere, October survey data signalled a slower increase in overall selling prices, as businesses reported lower cost pressures and client discounts. Charge inflation was partly softened by a decrease in prices in the construction industry, which also registered an outright reduction in input costs. The construction sector also observed the steepest falls in both output and sales out of the monitored segments of the private sector.

The drop in business conditions meant that output expectations were only slightly better than September's 50-month low in October. That said, with 34% of firms forecasting a rise, against 5% predicting a fall, overall sentiment remained strongly positive.

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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.

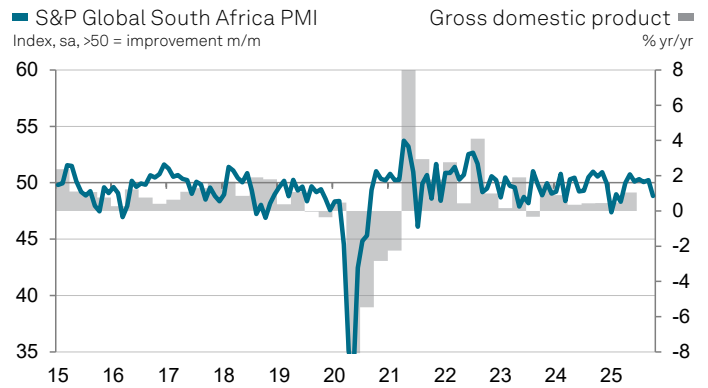
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

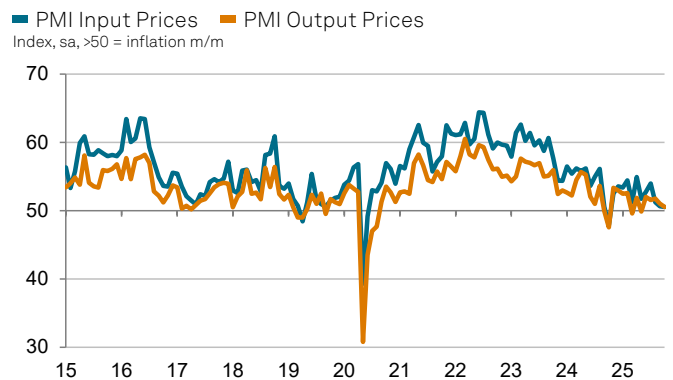
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PMI by S&P Global

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