

Absa PMI expands at slower rate in June

South Africa's seasonally-adjusted Absa Purchasing Managers' Index (PMI) expanded at a slower rate in June as growth in sales orders and business activity slowed, a survey showed on Thursday.



Source: Getty

The index, a gauge of manufacturing activity in Africa's most industrialised economy, fell slightly to 57.4 points in June from 57.8 points in May, as it remained above the 50-point mark that separates expansion from contraction.

"While growth in new sales orders and business activity slowed somewhat, both remained very strong. Indeed, on the demand front in particular, after dipping somewhat in May, export sales also returned to positive terrain," Absa said in a statement.

Absa said the business activity index dipped to 56.2 points in June from 58.8 points in May, while the sales orders index fell to 57.3 points from 60.5 points the month before.

Tightened restrictions

The South African economy was slowly recovering from last year's Covid-19 pandemic shock, but concerns about new coronavirus infections and fresh lockdowns are now emerging.

South Africa, the worst-hit on the African continent in terms of recorded cases and deaths, tightened its restrictions to a higher adjusted alert 'Level 4' on Sunday.



SA manufacturing expands at faster rate in May - Absa PMI

Mfuneko Toyana 1 Jun 2021



"The index tracking expected business conditions in six months' time declined for a second month to 59.2, thereby still signalling an anticipated improvement in business conditions, just less so than before," Absa said.

"The move to Level 4 is likely to have soured expectations further, specifically for those businesses with close ties to the hospitality industry."

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