

South Africa business activity contracts in June for fourth consecutive month - PMI

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Activity in South Africa's private sector contracted for the fourth consecutive month in June as higher prices continued to weigh on business demand, a survey showed on Wednesday, 5 July.



Source: [Pexels](#)

The S&P Global South Africa Purchasing Managers' Index (PMI) came in at 48.7 in June compared with 47.9 in May, below a reading of 50. Readings above 50 indicate growth in activity.

"Sharply rising output prices continue to harm client demand as businesses and households limit spending in the current high-inflation environment," said David Owen, economist at S&P Global Market Intelligence.

However, lower levels of electricity cuts by state power utility Eskom and a reduction in shipping delays meant supply chains improved for the first time since 2019, the survey showed.

"South Africa's private sector saw some relief in June as the intensity of load shedding (power cuts) was much weaker than anticipated," Owen said.

Many South Africans were facing daily power cuts of about 10 hours, but there have been some signs of improvement in the last few weeks with an increase in generation capacity by Eskom.

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