

Manufacturing output still positive but lower than in month before

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4 Apr 2017

Manufacturing purchasing has held on to recent gains and only dipped slightly lower in March 2017, but the Cabinet reshuffle may have far-reaching consequences.



The seasonally adjusted Absa Purchasing Managers Index (PMI) declined to 52.2 points from 52.5 in February, remaining above the neutral 50-point mark for the third-consecutive month.

All five major subcomponents came in above 50 points for the first time since May 2012. The average reading for the first quarter of 2017 came in higher than the fourth quarter of 2016.

According to a statement released on Monday by Absa, "This suggests that actual output is likely to pick up from the quarter-on-quarter contraction recorded in the fourth quarter."

"However, this does imply that output growth would have to improve in February and March after a 0.4% month-on-month decline in the January production data as published by Statistics SA," Absa said in the statement.

The business activity index also rose for the third consecutive month because of sustained gains in the new sales orders

index which were above the neutral 50-point mark for a fifth month. While the employment index edged up above the neutral 50-point mark for the first time since August 2016, the improvement in output still had not translated into job creation.

The purchasing price index declined to 63.5 in March from 68 in February, with the strengthening of the rand.

Absa noted, however, that the responses came in before President Jacob Zuma's Cabinet reshuffle, which resulted in the axing of finance minister Pravin Gordhan and deputy Mcebisi Jonas.

"This also means that the outcome of the index measuring expected business conditions in six months' time did not reflect the possible future impact of recent political developments," said Absa.

Source: BDpro

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