

SA factory activity expands at faster pace in May - Absa PMI

By [Bhargav Acharya](#)

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South African manufacturing activity expanded at a faster pace in May, as new sales orders recovered following the floods in the KwaZulu-Natal province in April, a survey showed on Wednesday, 1 June.



Source: Reuters/Mike Hutchings/File Photo

The seasonally-adjusted Absa Purchasing Managers' Index (PMI) rose to 54.8 points in May from 50.7 points in April, remaining above the 50-point mark that separates expansion from contraction.

Absa said in a statement that domestic demand normalised and export sales returned to positive terrain following the floods in KwaZulu-Natal, which killed more than 400 people, causing significant damage to infrastructure and port operations in Durban.

But Absa warned that the April-May average for the business activity index is well below 50 points and could mean that the actual manufacturing output may record a quarterly contraction in the second quarter.



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"Despite the solid rebound in demand, business activity was stuck just below the neutral 50-point mark in May. This could be due to continued load-shedding and industrial action affecting output, but not necessarily weighing on demand," Absa said.

Eskom continues to regularly implement scheduled power cuts as it struggles with breakdowns at its generation units.

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