

PMI's 3 consecutive months decline is bad news for manufacturing

According to Independent Online, the manufacturing sector continues to show signs of shrinkage. The Kagiso purchasing managers' index (PMI) published Thursday, 1 November 2012, fell a further 1.2 points to 47.1 last month -- the lowest level since July of 2011.

The index is a measure of manufacturing activity compiled each month by the Bureau for Economic Research at the University of Stellenbosch, in collaboration with the Chartered Institute for Purchasing and Supply (CIPS). A number below 50 implies a contraction in manufacturing.

CIPS managing director Andre Coetzee said the PMI had declined for three consecutive months, "the late reading suggests a notable loss in the manufacturing sector's growth momentum," he said, adding that the two largest weighted sub-components of the PMI - business activity and new sales orders - "fully account for the decline of the headline index." However, Standard Bank's Nomvuyo Guma told Independent Online the PMI figure "may represent the trough in the series, with the PMI picking up or, at least, stabilising in the coming months".

Read the [full article](#) on www.iol.co.za.