

Manufacturing growth up in SA

The seasonally adjusted Kagiso SA purchasing managers' index (PMI) rose to 50.5 in April from 49.3 in March, while the global PMI compiled by JP Morgan eased to 50.5 from 51.1 in March as SA joined Indonesia, Japan, South Korea and Vietnam in bucking the trend towards slower manufacturing growth.

By [Helmo Preuss](#) 6 May 2013



The monthly PMI is a leading indicator of activity in the manufacturing sector, where a level below 50 suggests a contraction while a reading above 50 points to expansion.

"This was a pleasant surprise, but I do not think it is sustainable given the difficulties overseas," said Coler Garrow, an economist at Meganomics.

The improvement in SA was largely attributable to the index's two largest-weighted sub-components, the business activity and new sales orders indices.

The SA business activity index rose to 52.2 in April from 47.7 in March, while the global output index eased to 51.3 from 52.0.

The new sales orders index rose to 53.7 in April from 52.0 in March, while the global equivalent slipped to 50.9 in April from 52.0 in March.

"The PMI results for April show marginal improvements amid challenging conditions and the outlook for the sector is relatively more positive," Kagiso Asset Management head of research Abdul Davids said.

"Our key trading partners continue to grapple with tough conditions. Preliminary PMI results for April show that the eurozone reached a four-month low of 46.5 while China dropped to a two-month low of 50.5," Davids said.

The SA input price index eased to 78.0 in April from 87.3 in March, while the global input prices index slipped to 50.3 in April from 53.2 in March.

"The data, while positive, still reflects the manufacturing sector is struggling to avoid recession due to rising costs," Chris Hart, an economist at Investment Solutions said.