

Floods, power cuts weigh on SA factory activity in April - PMI

By [Olivia Kumwenda-Mlambo](#)

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South African private sector activity expanded at a slower rate in April as power cuts and floods in KwaZulu-Natal province weighed on output and new orders, a survey showed on Thursday, 6 May...



Source: Reuters/Rogan Ward

The S&P Global South Africa Purchasing Managers' Index (PMI) fell to 50.3 in April from 51.4 in March, dropping to its lowest in four months. A reading above 50 shows growth in the sector.

"While global supply constraints were exacerbated by Covid-19 lockdown policies in China and the Russia-Ukraine war, severe floods in the KwaZulu-Natal province contributed to a further sharp decline in vendor delivery times," said David Owen, economist at S&P Global.

"Firms also faced severe rounds of loadshedding (power cuts) that led to a stronger fall in output volumes."

In April, floods in the coastal province of KwaZulu-Natal killed more than 400 people, damaged infrastructure and disrupted operations at Durban, one of Africa's busiest ports.



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First sales decline in 3 months

Owen added that new orders data showed clients were increasingly struggling with rising prices in April, with higher fuel prices a particular concern for both businesses and households, while a weaker rand added to total import costs. This contributed to a decline in sales for the first time in three months.

"With businesses facing the prospect of further loadshedding, sharp cost inflation and supply-side problems, output growth is expected to be subdued in the near term," Owen said.

"Nevertheless, South African businesses continue to forecast a rise in activity over the 12-month period that will likely be driven by a bounce-back in demand from the pandemic."

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