

## Kagiso PMI remains largely unchanged at 50.5

The seasonally adjusted Kagiso PMI remained largely unchanged in October, rising marginally to **50.5** from a downwardly revised **50.2** during September. Abdul Davids, the Head of Research at Kagiso Asset Management, said that *'for the last two months, the PMI has suggested stagnant month-on-month factory sector output'*.

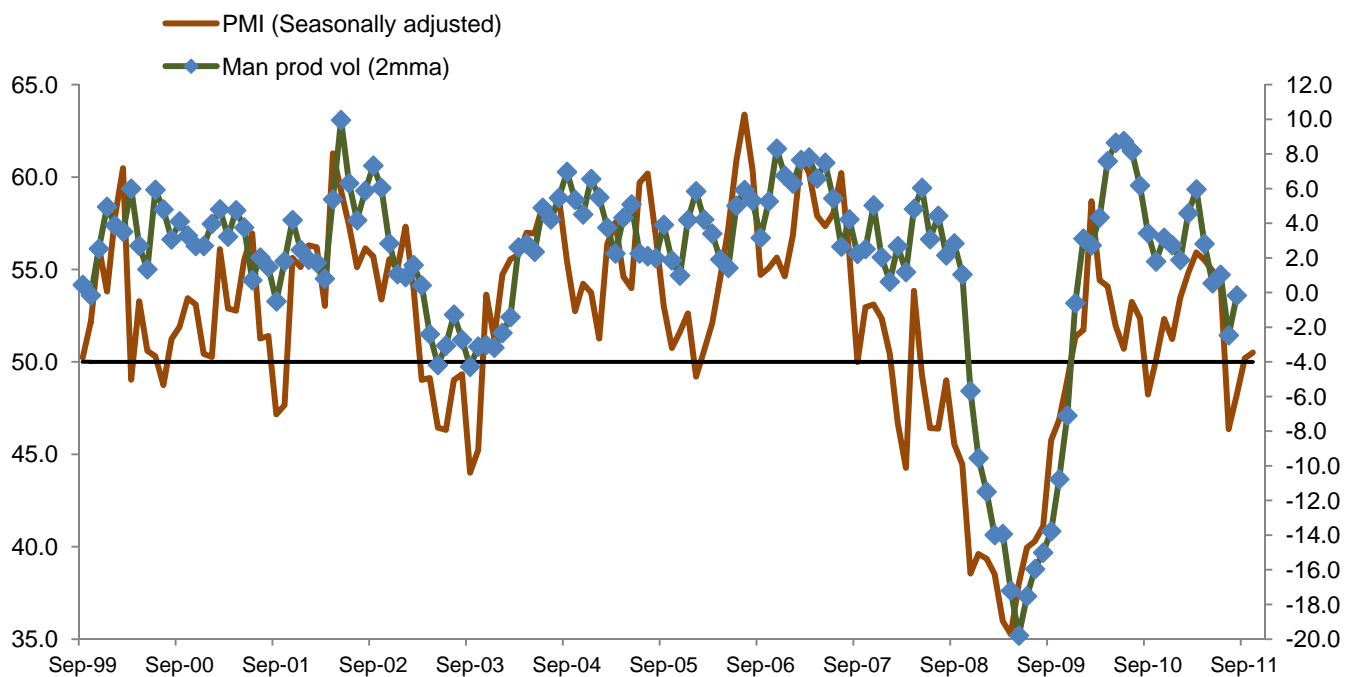
A positive development was that **new sales orders** rose for a second consecutive month to reach **51.6** points, reflecting a gain of 1.3 index points. Davids commented that *'the level of the index suggests a mild increase in the demand for SA produced factory goods from the September level'*.

On a more negative note, Davids pointed out that the **business activity index** declined slightly to **50.9**, confirming that manufacturing production, although not declining, is only just in positive territory.

Other notable trends from the October results are that the **expected business conditions index** posted a second gain in a row to **62.4** as purchasing managers were somewhat more optimistic about future prospects.

Davids highlighted the fact that the most significant move in October was for the **price index**, which rose by 8.2 index points to **82.1** – the highest level since April 2011. The sustained weaker level of the rand exchange rate versus the US dollar may provide some explanation for the relatively sharp rise in the price index.

### Kagiso Purchasing Managers Index



**Kagiso Purchasing Managers Index: Results for October 2011**

	2011						
	Apr	May	Jun	Jul	Aug	Sep	Oct
Business activity*	57.4	56.5	55.7	38.3	48.7	51.3	<b>50.9</b>
New sales orders*	59.6	60.0	57.5	52.0	46.5	50.3	<b>51.6</b>
Backlog of sales orders	39.2	43.8	40.3	43.2	38.1	45.7	<b>49.0</b>
Inventories*	61.2	56.2	58.8	52.9	53.9	53.1	<b>51.1</b>
Purchasing commitments	53.8	56.8	52.6	45.8	45.0	54.3	<b>55.4</b>
Expected business conditions	58.1	66.7	64.3	59.5	53.7	60.8	<b>62.4</b>
Suppliers' performance*	50.1	49.9	50.3	53.1	52.6	54.5	<b>53.6</b>
Prices	82.9	80.0	76.0	75.0	75.2	73.9	<b>82.1</b>
Employment*	48.2	48.5	48.0	39.7	44.0	43.9	<b>45.6</b>
PMI (not seasonally adj.)	51.8	53.2	50.8	42.3	47.3	55.6	<b>57.0</b>
PMI (seasonally adjusted)	55.5	54.9	54.2	46.4	48.2	50.2	<b>50.5</b>

*\*These series have been seasonally adjusted using Census X12.*