

Tariffs start hitting businesses in South Africa



South African business sentiment deteriorated last month amid subdued business activity and sluggish demand as President Donald Trump's trade tariffs began taking a toll on exports.

Absa Group Ltd.'s Purchasing Managers' Index, compiled by the Bureau for Economic Research, declined to 49.5 in August, the Johannesburg-based lender said in an emailed statement on Monday.

That compares with a reading of 50.8 in July, when it returned to expansionary territory above 50 for the first time in nine months.

"Both domestic and global demand remain under pressure," the lender said. "Respondents refer to tariffs hurting exports, even if they themselves are not directly impacted, some mention knock-on implications of impacted clients."

Trump last month imposed a 30% tariff on a number of products South Africa ships to the US, with the automotive and agricultural industries hardest hit.

South Africa's trade minister estimates that about 30,000 jobs will be affected.

A gauge tracking new sales orders fell to 47.4 in August, compared with 55.9 in the prior period.

A business activity index declined to 45.8 from 47.1 previously, while the supplier-deliveries gauge dropped to 53 in August from 56.4 due to declining orders, Absa said.

Respondents noted an increase in competition arising from an influx of cheaper imports.