

SA factory activity shrinks in Dec on Omicron worries - PMI

By [Olivia Kumwenda-Mlambo](#)

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South African private sector activity contracted in December as concerns about rising COVID-19 cases driven by the Omicron variant and tighter travel restrictions hurt demand, a survey showed on Wednesday.



Source: Reuters/Mike Hutchings

IHS Markit's Purchasing Managers' Index (PMI) fell to 48.4 in December from 51.7 in November, dropping below the 50-point mark that separates expansion from contraction.

Supply chains were also affected, while higher prices for a number of inputs continued to drive costs up sharply, IHS Markit said.

The Omicron variant, first detected in southern Africa and Hong Kong in November, has since spread worldwide and threatened to overwhelm hospitals in some countries.

"Firms were hit by a loss of consumer confidence and renewed travel restrictions from around the world to try and contain the virus's spread," IHS Markit economist David Owen said in a statement.

"However, in comparison to previous waves in South Africa, the latest downturn in activity was relatively subdued, showing that looser measures had helped the economy to grow more resilient to the pandemic".



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IHS Markit said firms were nevertheless largely optimistic that the economy would recover from the latest Covid-19 wave, contributing to a strong 12-month outlook and fairly stable job numbers.

The South African government said last week it believed the country had passed the peak of a wave of coronavirus infections caused by the highly contagious Omicron variant.

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