

# Emerging markets

## Sub-Saharan Africa PMI surveys show cost-of-living payments driving staff costs higher

Recent years have seen cost-of-living wage increases paid to workers at companies in sub-Saharan Africa emerge as a key driver of rises in overall staff costs, rather than the hiring of additional employees. This is shown by analysing comments from PMI survey respondents, with mentions of higher living costs tracking the gap between the staff costs and employment PMI datasets. The ability to see why changes occur highlights the importance of using the PMI survey comments alongside the data to get a full picture of economic conditions.

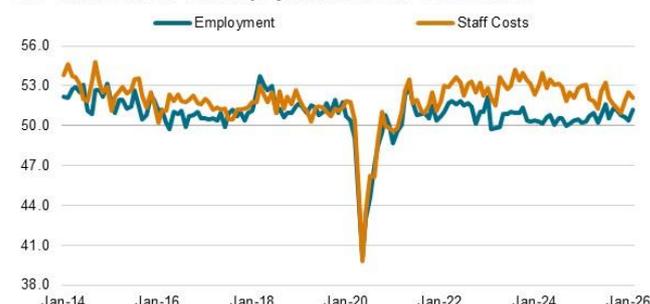
While there have been some recent signs that the trend of higher wages linked to living costs has been easing off, the outbreak of war in the Middle East and potential impact on energy costs in particular has the potential to reverse the recent disinflationary picture.

### Staff costs rise more quickly than employment levels post-COVID

From 2022 onwards, an unusually large gap has opened up between the staff costs and employment indices in the sub-Saharan Africa PMI aggregate data, calculated by weighting together the seven PMI surveys conducted by S&P Global in Sub-Saharan Africa (Ghana, Kenya, Mozambique, Nigeria, South Africa, Uganda, Zambia). The divergence was particularly large in 2023 and 2024 when staff costs increased solidly at a time of only modest employment growth.

This differed from the trend seen up until the COVID-19 pandemic, when the two PMI series generally tracked closely to one another, suggesting that during this period any increases in staff costs were more closely linked to the hiring of additional workers.

**Sub-Saharan Africa PMI Employment and Staff Costs indices**



Data compiled March 2026 with PMI data up to February 2026  
Sources: S&P Global PMI, Standard Bank.  
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### Average gap between the PMI Staff Costs Index and Employment Index for Sub-Saharan Africa (index points)

|      |      |
|------|------|
| 2014 | 0.9  |
| 2015 | 0.8  |
| 2016 | 1.0  |
| 2017 | 0.5  |
| 2018 | 0.2  |
| 2019 | -0.1 |
| 2020 | 0.6  |
| 2021 | 0.6  |
| 2022 | 1.6  |
| 2023 | 2.4  |
| 2024 | 2.5  |
| 2025 | 1.3  |

Data compiled March 2026 with PMI data up to 2025

Sources: S&P Global PMI, Standard Bank

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### Cost-of-living payments drive wage rises

Comments from the PMI survey respondents can help us to understand what drives changes we see in the data. From 2022 onwards, companies often reported helping their workers to cope with marked increases in their costs of energy, food and transportation by making extra cost-of-living payments. Comments such as “increased the salary

because of the high cost of living” have appeared regularly in the anecdotal evidence we receive from respondents.

In fact, if we amalgamate all of the reasons that mention these payments across the region, we see that the monthly trend matches up very closely with the aforementioned gap between the PMI staff costs and employment series. This suggests that cost-of-living payments have been a key driver of rising staff costs in recent years at a time when the hiring of additional staff has been muted.

**Proportion of firms mentioning 'Living' as reason for higher staff costs in Sub-Saharan Africa versus gap in PMI staff costs and employment indices**



Data compiled March 2026 with PMI data up to February 2026  
Sources: S&P Global PMI, Standard Bank  
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In 2025, the gap between the two PMI series narrowed to a four-year low amid softening inflationary pressures across the region, lessening the need for cost-of-living payments. Firms’ input costs rose at the slowest pace in over five-and-a-half years in February, while selling price inflation eased to the weakest since May 2020.

**Sub-Saharan Africa PMI Input Costs and Output Prices indices**



Data compiled March 2026 with PMI data up to February 2026  
Sources: S&P Global PMI, Standard Bank  
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## Inflation picture more uncertain following outbreak of war in Middle East

The recent disinflationary trends seen in official data on consumer prices and the PMI survey data, as well as subsequent reductions in interest rates across a number of economies, may be reversed in the months ahead depending on the length and severity of the war in the Middle East and any associated impact on oil and gas supply. PMI data and the comments from panel members will help to illustrate any impacts on firms in sub-Saharan Africa with the release of March data in early-April.

### Links to more resources

- [Sign up to receive updated commentary in your inbox here.](#)
- [Calendar of upcoming PMI releases](#)
- [Running commentary on the PMI survey findings](#)
- [PMI Frequently Asked Questions](#)
- [Background to the PMIs \(video\)](#)
- [Understanding the headline PMI and its various subindices](#)
- [PMI data use-case illustrations](#), from nowcasting to investment strategy
- [PMI podcasts](#)
- [How to subscribe](#) to PMI data

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