

FORECAST PUBLICATION | FOURTH QUARTER 2023

Medium-term economic outlook and risks

Forecast for South Africa: 2023-2028

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Please refer to the glossary on the BER's **website** for explanations of technical terms.

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Forecast in a nutshell

Real annual % change*	Average 2017-22	Average 2023-28
Final household consumption expenditure	1.4	1.8
Durable goods	3.2	2.3
Semi-durable goods	0.2	2.8
Non-durable goods	0.9	1.2
Services	1.5	1.8
Gross fixed capital formation	-2.4	6.1
Private residential	-1.8	2.9
Private excluding residential	-0.2	8.3
Government	-4.8	2.2
Public Corporations	-7.2	3.5
Gross domestic expenditure	1.0	2.2
Exports of goods and services	0.6	3.5
Imports of goods and services	2.1	4.5
Gross domestic product	0.6	1.9
Current account as % of GDP	-0.3	-4.7
Interest rates (%)		
3-month NCD rate	5.78	7.74
10-year government bond yield	9.19	10.21
Prime overdraft rate	9.02	10.87
Inflation rates (%)		
Producer prices	6.5	4.9
Consumer prices	4.8	4.8
Labour and employment (private and public)		
Nominal wage rate	4.5	4.4
Employment growth	-0.2	2.2
Exchange rates (annual average)		
R/US dollar	14.76	18.26
R/Euro	16.71	21.08
R/Pound sterling	19.14	23.60
R/100 Japanese Yen	13.08	14.14
Fiscal indicators as % of GDP		
Main budget balance	-5.4	-4.2
Gross government debt	60.8	79.0

* Unless specified otherwise

Executive summary

Annual SA real GDP growth slowed markedly to 0.9% in the first half of 2023, down from 1.9% recorded during 2022. Even so, quarterly growth momentum outpaced expectations in both the first and the second quarters of 2023 as a ramp-up in load-shedding mitigation diluted the impact of ongoing power cuts. However, Q3 is likely to see a material loss in GDP momentum. This is informed by weak industrial output in July, as well as notable disruptions to economic activity through the quarter. These disturbances included a varied intensity of load-shedding, the torching of several trucks on the N3 transport corridor (July), the week-long taxi strike in the Western Cape (August), the prolonged strike by municipal workers in Tshwane, and severe flooding in the Western Cape during late-September. With this backdrop, quarterly real GDP growth is expected to stall in the third quarter, with some recovery pencilled in for the fourth quarter.

Despite a projected weak Q3, the better-than-expected GDP outcomes in the first half of the year and less intense load-shedding assumed for Q4 meant that the SA real GDP growth forecast for 2023 was lifted to 0.8%, from 0.6% before. In terms of the major local real GDP growth drivers, our main thesis of a green-energy-fuelled fixed investment boom remains intact. In fact, the real fixed investment outcomes in the first half of the year further strengthened this outlook.

Globally, there is increased divergence in the growth performance of SA's major trading partners. Although some of the recent activity data showed improved momentum, concerns remain about both the near- and medium-term fortunes of the Chinese economy. Growth is not only expected to shift to a lower gear (3 to 4% per annum over time), but Chinese GDP is also set to become less commodity intensive as, amongst other constraints, difficulties in the property sector make it harder for the country to sustain its historic fixed investment-led growth trajectory. Geopolitical tensions that have seen countries look inward to source inputs suggest that China's traditional export growth model may also come under pressure. The subdued outlook for Chinese growth raises important questions for a commodity-rich country such as SA. In the near-term, a range of government stimulus measures is underpinning Chinese growth.

In terms of our Western trading partners, growth in the **Eurozone** (EZ) and the **UK** looks to have stalled in 2023Q3 as the impact of much higher borrowing costs and still elevated, albeit easing, inflation constrain activity. In stark contrast, the **US** economy is powering ahead as the strength of the labour market continues to confound. Before the recent move higher in global oil prices, the global disinflation process was well on track. While rising fuel pump prices have interrupted this trend, developed country consumer prices are expected to broadly remain on a path to return to the 2% target by 2025. With this in mind, and in line with our earlier expectation, major central banks are tentatively signalling that policy

interest rates may have peaked. Although not a view shared by all, there seems to be growing acceptance amongst policy makers of the need to sit back and observe how previous aggressive rate hikes permeate through economies. At the same time, developed country central bankers are emphasising that households, firms and investors should not expect interest rate reductions anytime soon. To be sure, policy makers at the Fed have moderated their own expectations about the magnitude of rate cuts in 2024. The environment of higher-for-longer policy rates and US growth outperformance continues to underpin **US dollar** strength versus other major currencies. At least through the first half of 2024, i.e., before the Fed is expected to start an interest rate cutting cycle, the dollar should remain well supported.

A firm dollar, unease about global growth prospects, and an unwinding of last year's energy crisis in Europe has dampened the prices of some of SA's major export commodity prices. These include platinum group metals and coal, with prices unlikely to recover much anytime soon. This places downside pressure on SA's fiscal and current account balances. An expectation that dollar supremacy continues, combined with SA fiscal risks materialising and possible unease leading up to the 2024 national and provincial elections in SA has resulted in a weaker outlook for the **rand exchange rate**. The local unit is now projected to remain softer than R18/\$ for a prolonged period through 2025Q1.

The rate of increase for **SA headline CPI inflation** eased from a peak of 7.7% y-o-y in 2022Q3 to 4.7% in July 2023, before re-accelerating to 5.4% in September. Sharp fuel price increases at the start of the month, along with higher egg and chicken prices amid an unprecedented local avian flu outbreak, could see the annual rate of increase for headline CPI accelerate further towards 6% y-o-y in October. Sustained rand weakness and higher-than-previously-assumed increases for medical aid contributions during 2024 have added further upside to the near-term inflation outlook. *As a result, headline CPI inflation is now expected to average 5.2% in 2024, up from an average of 4.9% projected in September.*

The combination of higher inflation in the next several months and weak GDP growth dynamics complicates the outcome of the SA Reserve Bank's (SARB) next interest rate meeting in November. *There is a growing risk that the SARB's policy committee (MPC) will resume policy interest rate tightening.* This is after the MPC paused the hiking cycle in July and September. On the margin, a final 25bps hike in November will squeeze household disposable income even more. The expectation of an easing in domestic price pressures in the second half of 2024, which facilitates projected SARB rate cuts of 150bps through 2025Q2, should support a consumer spending revival. This is likely to be led by improved outlays on durable goods.

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Introduction¹

As expected at the start of the year, annual real GDP growth slowed markedly in the first half of 2023. However, the quarterly growth momentum has been stronger than anticipated. At least in part, this was due to a frontloaded investment programme focused on load-shedding mitigation. While several disruptions should see real GDP growth ease in 2023Q3, and although local fiscal risks are materialising, our fairly constructive medium-term growth outlook for SA remains intact.

Following a subdued 2023 that continues to be heavily impacted by load-shedding, real GDP growth should start to lift from 2024 as the green-energy investment drive accelerates further and Eskom returns important generating units from long-term outages. The real benefit of large green capex outlays is projected to crystallise beyond 2024 when real GDP growth is expected at 2%+. The rest of the report briefly sets out the storylines behind our latest projections for the most important SA macro variables. An assessment of the major risks to the current baseline forecast is provided throughout. Detailed forecast tables can be found at the end of the report.

¹ This report was completed on 25 October 2023.

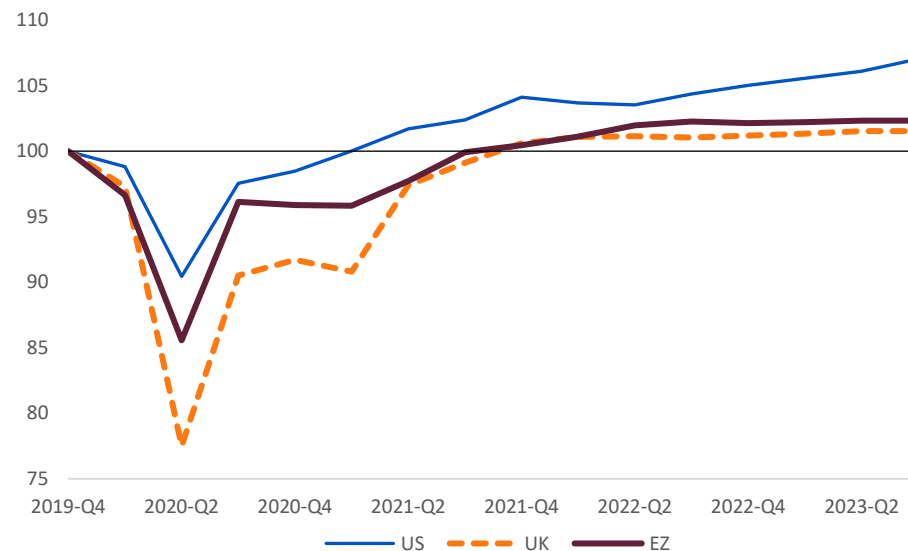
Global outlook

GROWTH DIVERGENCE AMID RESTRICTIVE POLICY RATES

The third quarter was another rollercoaster ride for global financial markets, with a sharp rise in long-term interest rates and a firm US dollar amongst the standout features². In part, the dollar was supported by continued outperformance of US real GDP growth relative to other advanced economies. This is starkly illustrated by the expectations for real GDP growth in 2023Q3 where the US is forecast to show very strong quarterly growth of 4%+. At the same time, quarterly growth in the Eurozone (EZ) and the UK seems to have ground to a halt in Q3. The US supremacy is further illustrated in Figure 1, which tracks the post-COVID real GDP recovery in these three regions.

Figure 1: US leading the pack in post-COVID real GDP revival

2019Q4 = 100



Source: OECD, UK Office for National Statistics

Besides weaker growth in the EZ/UK relative to the US, inflation has proven to be stickier at elevated levels in these regions than the experience across the Atlantic. Even so, with the exception of Japan, price pressures have eased in all major advanced countries. In response, key central banks (excluding Japan³) seem to be on a similar page regarding the likely future path of policy interest rates. While there remains a risk for further increases in the near term, central banks are signalling that they have most likely reached the end of aggressive policy interest rate hiking cycles. However, in the same breath, policy makers at the US Fed, the European Central Bank (ECB) and the Bank of England (BoE) have been firm that policy rates are likely to remain at current restrictive levels for some time. Put differently, interest rate cuts are unlikely in 2023, with money market traders pushing back

² The 10-year US Treasury yield averaged roughly 55bps higher in 2023Q3 than during the second quarter, while the dollar strengthened to an average of \$1.07/€ in September, from \$1.09/€ in 2023Q2.

³ Along with the People's Bank of China that is easing monetary policy, the Bank of Japan is an outlier amongst major central banks in that it is yet to start with a policy interest rate tightening cycle.

the timing of rate reductions to later in 2024. These gyrations in policy interest rate expectations have been a major driver of long-term interest rates and currencies in recent months. The combination of a renewed rise in geopolitical tensions, the higher-for-longer interest rate narrative, and resilient US activity has been a boon to the US dollar.

Amongst other factors, the renewed rise in global oil prices of late has complicated both the inflation and policy interest rate outlook. Our baseline view remains that although it is unlikely to be a smooth path back towards the targeted level of around 2%, developed country headline CPI inflation should ease further over the next 12 months. This is as price shocks related to the COVID pandemic and Russia's invasion of Ukraine fade. Although we have pushed out the timing of the first Fed policy rate cut, reductions are still pencilled in for 2024, albeit now more so in the second half of next year.

In terms of downside risks, geopolitical tensions are an important factor that could sustain an environment of high global inflation and interest rates. In the near-term, this includes the dramatic escalation in the Israel-Hamas conflict. In a negative scenario, this has the potential to spill over into a regional Middle East conflict if 1) Israel goes to war with Lebanon on its northern border to fight off attacks from the Iranian-backed Hezbollah military group and if 2) the Hamas and Hezbollah financial backer Iran, a major oil producer, is dragged into the conflict. Such a scenario, especially if the US, a staunch supporter of Israel, also enters the fray, would probably see a dramatic rise in the oil price. Even in the absence of Iran entering the military conflict, possible tightened Western sanctions against the country will impact its oil output.

Beyond military conflicts, should countries such as China and the US continue to look inward as opposed to expanding international trade, global inflation could settle at a higher level than before the COVID pandemic. Indeed, there is increased talk in some circles⁴ that the long-held 2% inflation target of major central banks may need to be revised higher.

CAN US REAL GDP GROWTH CONTINUE TO CONFOUND?

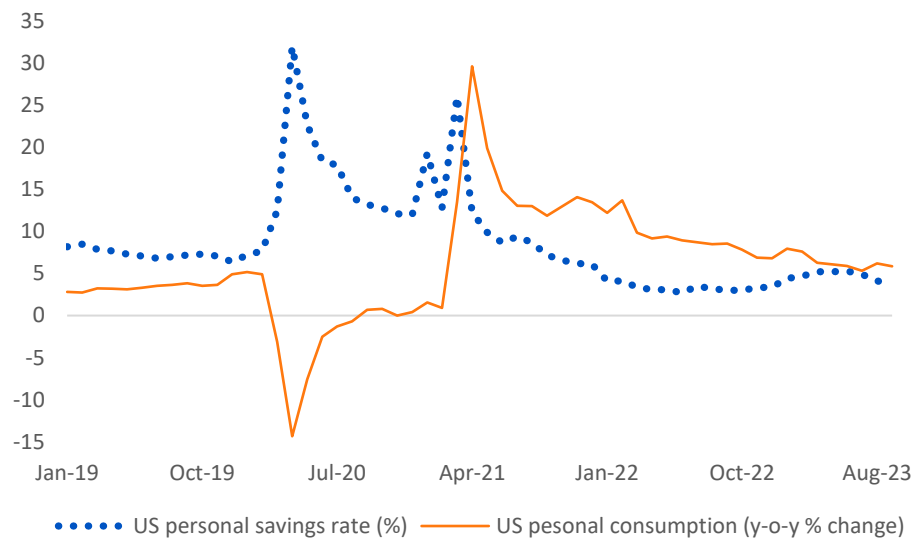
Annual US real GDP growth is expected at 2.4% in the first three quarters of 2023, up from 2.1% recorded in calendar 2022. At the start of this year, many forecasters, the BER included, pencilled in US growth of less than 1% for 2023. This emphasises just how resilient the US economy, at least in aggregate, has been in light of much higher short- and long-term interest rates. This is not to say that the economy has felt no impact from higher rates. One of the most concrete implications of the aggressive Fed policy interest rate hikes and the associated rise in long-term Treasury yields is that the US 30-year fixed mortgage rate is now at around 8%. This is the highest since 2000, and it has weighed heavily on activity in the US housing market.

Even so, broader US consumer spending continues to be supported by the lingering boost from massive fiscal stimulus during the height of the COVID-19 crash, the utilisation of excess household savings, and the extraordinary persistence in US job growth. Importantly, when looking forward, these supports are set to fade, and have already in some cases. To be sure, as illustrated in Figure 2, US personal savings have been depleted, with the savings

⁴ See, for example, a recent FT opinion piece: 'That 2% inflation target may not be sacred for much longer'. Available online [here](#).

rate now well below the pre-COVID level of 2019. Along with the resumption of student loan repayments, higher gasoline prices, and a projected easing in the rate of employment growth, this should start to weigh on consumer outlays going into 2024. *Combined with ongoing constrained activity in the housing market, these factors support our baseline view for a sharp slowdown in US growth momentum during 2024.* However, the odds of a technical recession, i.e., two consecutive quarters of declining GDP, have receded. Having said that, we do see US real GDP growth easing at a faster pace than the latest projection from the IMF (see Table 1 for the details) suggests.

Figure 2: Depleted savings set to curb US consumer spending



Source: US Fed

Beyond the near term, both the IMF and the Fed expect US real GDP growth of just below 2% over the medium term. This is in line with our medium-term view of US growth of around 2%.

WHAT ABOUT CHINA?

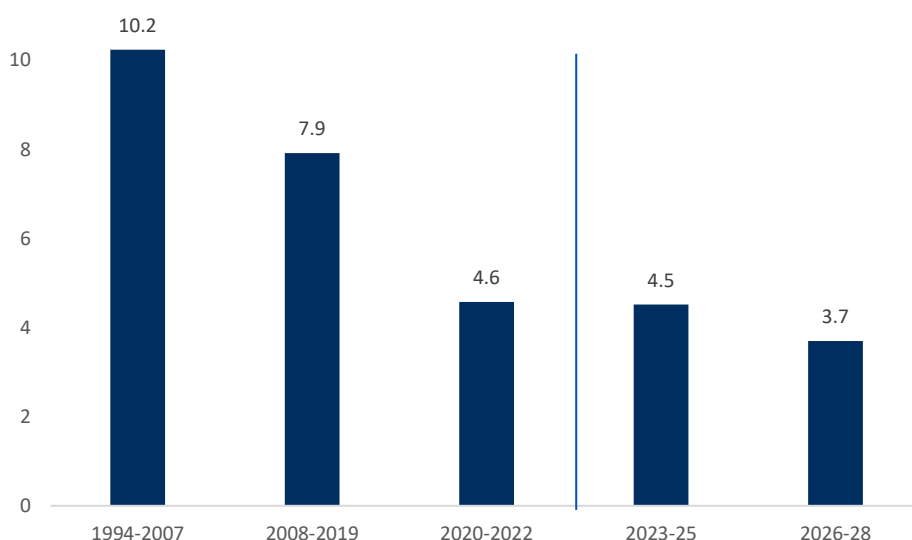
The outlook for the Chinese economy, historically a major driver of the demand for and the price of key commodities, remains important for a minerals-rich country like SA. There has been much conjecture about the strength of the Chinese growth recovery after the authorities dropped their draconian zero-COVID policy in late-2022. Following real GDP growth of only 3% in 2022, growth picked up to 5.3% y-o-y in the first nine months of 2023. Aided by a bits-and-pieces policy stimulus programme that is now starting to add up, this suggests that China is well on track to meet the government's 5% growth target for 2023. Beyond this year, the growth outlook is clouded by several factors. These include:

- **Geopolitical and trade tensions.** Concerns about the Chinese government's interference in the operations of private enterprise, rising labour costs over the past decade, the draconian COVID lockdown experience, and the lingering threat of military confrontation with Taiwan mean that China is no longer an attractive option for multinational companies to offshore operations and invest. In addition, rising trade barriers between the US and China suggest that Chinese export growth may be weaker in future.

- **Property sector woes.** The ongoing problems in the Chinese property market is a symptom of many things but can, to a large extent, be explained by an unsustainable debt-fuelled building boom. In the end, the stock of new buildings exceeded demand. This weighed on property prices, strained the balance sheets of property developers and reduced local government revenues.
- **Poor demographics.** An ageing population implies that China will not receive the same impetus from an expanding workforce as was the case over the past 30 years.

Figure 3: Downshift in Chinese real GDP growth projected to continue

y-o-y % change



Source: IMF WEO, October 2023

With China's traditional growth drivers, i.e., massive infrastructure investment and strong export growth, both under threat, the outlook for medium-term Chinese real GDP growth continues to be scaled down. The IMF now expects real GDP growth of less than 4% in China between 2026-28. As outlined in Figure 3, this would be a further notable downshift in Chinese growth, which has already been slowing over the past decade.

Other regions of importance to SA include the EZ and Sub-Saharan Africa (SSA). Both in the EZ and the UK, the structure of the housing market (mortgage rates are fixed for a much shorter period than in the US) has meant that households have been impacted more by the sharp rise in mortgage interest payments. Along with sticky inflation and the lingering impacts of the war in Ukraine, this is one of the factors that explain weaker near-term activity indicators than in the US. Real GDP growth in both the EZ and the UK could be less than 1% in 2023. Once interest rates start to decline again, most likely from the second half of 2024, there should be some revival in EZ and UK consumer spending going into 2025.

Following a projected slump towards 3% in 2023, dragged lower by weakness in SA, the IMF remains constructive on the medium-term outlook for real GDP growth in SSA. Growth of around 4% is pencilled in for the 2024-28 period. As always for the region, the gyrations in major commodity prices, and by extension real GDP growth in China, should remain key drivers of the growth performance of many SSA countries.

Table 1: Global growth set to ease in 2023 and stabilise during 2024

y-o-y % change (real)

	Actuals		Forecast			
	19-21	2022	2023	2024	2025	2026-28
World (PPP*)	2.1	3.5	3.0	2.9	3.2	3.1
G7 countries	0.8	2.3	1.5	1.2	1.7	1.7
US	1.8	2.1	2.1	1.5	1.8	2.1
Eurozone**	0.4	3.3	0.7	1.2	1.8	1.5
United Kingdom	-0.6	4.1	0.5	0.6	2.0	1.8
Germany	0.1	1.8	-0.5	0.9	2.0	1.4
Japan	-0.8	1.0	2.0	1.0	0.7	0.4
Emerging countries	2.9	4.1	4.0	4.0	4.1	4.0
China	5.5	3.0	5.0	4.2	4.1	3.7
India	2.4	7.2	6.3	6.3	6.3	6.3
Brazil	1.0	2.9	3.1	1.5	1.9	2.0
Russia	1.7	-2.1	2.2	1.1	1.0	1.0
Sub-Saharan Africa	2.1	4.0	3.3	4.0	4.1	4.2
Botswana	2.1	5.8	3.8	4.1	4.3	4.0
Mozambique	1.2	4.2	7.0	5.0	5.0	9.7
Namibia	-1.8	4.6	2.8	2.7	2.7	2.6
Zambia	1.1	4.7	3.6	4.3	4.5	4.9
Zimbabwe	-1.9	6.2	4.1	3.6	3.5	3.2
Angola	-1.7	3.0	1.3	3.3	3.4	3.5
Kenya	4.1	4.8	5.0	5.3	5.3	5.4
Nigeria	1.4	3.3	2.9	3.1	3.1	3.1

Source: IMF World Economic Outlook, October 2023

*Purchasing Power Parity

**20 Countries that use the euro currency

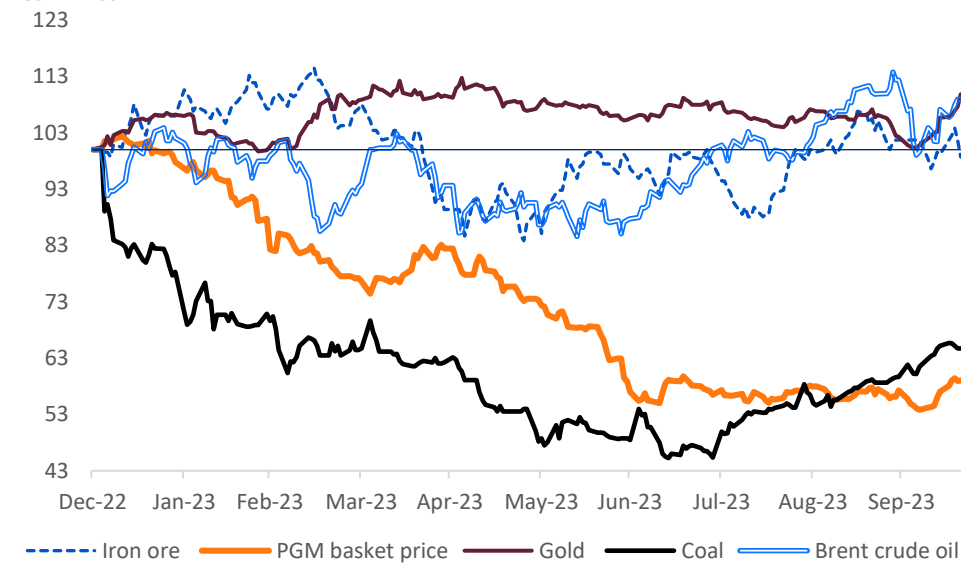
OIL AND GOLD LIFTED BY MIDDLE EAST TENSIONS

The key themes for the major commodity prices of importance to SA broadly continued in the third quarter. On the export commodity front, platinum group metals (PGMs) and coal remained under pressure, albeit that the Richards Bay coal price has lifted somewhat of late. The **PGM basket price** is being weighed down by the move to electric vehicles that do not require PGMs to limit emissions from exhaust systems. Notwithstanding the recent move higher, **coal prices** continue to find a new level after surging last year in the wake of Russia's invasion of Ukraine. The **iron ore** price, which is largely flat year to date, continues to gyrate along with any major incoming news on the state of the Chinese economy.

In recent weeks, most of the action in commodity markets has been in **oil** and **gold**. Concerns that major oil producer Iran could be dragged into⁵ the war between Israel and Hamas has pushed the Brent crude oil price above \$90/bbl. Indications are that the conflict could be protracted, implying that the oil price could remain higher than previously thought for a prolonged period. However, in order to protect the demand for oil (its key export earner), Saudi Arabia is likely to make up for any potential oil output lost from Iran. Therefore, we do not anticipate a rapid rise in the oil price to well above \$100/bbl, at least not sustainably. Over the medium term, the story on oil remains intact, i.e., that a move towards more energy-efficient vehicles and production processes should moderate global oil demand growth. However, amid a voter backlash against the high costs involved with the green transition, some of the green transition deadlines in Europe and the UK have been pushed back. *All things being equal, this suggests that energy commodities (oil and coal) may still have some demand underpin through the forecast period.*

Figure 4: Coal and PGMs under water year to date

Dec-22 =100



Source: Refinitiv Datastream

Gold has been the other major commodity to benefit from escalating tensions in the Middle East. This is as global investors sought the yellow metal in a flight to perceived safer assets. By mid-October, the gold price (in dollars) was up almost 10% so far in 2023. If not for sustained US dollar strength against other major currencies, the gold price may have increased even more. Another fundamental underpin of the gold price seems to be a move from especially emerging market central banks to diversify their foreign reserves away from the US dollar. Many have opted to increase their holdings of gold. This is an attractive option for some policy makers as gold cannot be frozen by the US in the event of a specific country being dragged into rising geopolitical tensions. Central bank buying is set to continue, providing ongoing support to the price of gold. *The tables at the back of the report provide our detailed commodity price forecasts.*

⁵ It is widely believed that the Iranian regime is a major funder of Hamas, implying that Iran is already indirectly involved in the conflict.

US RESILIENCE AND HIGHER-FOR-LONGER RATES SUPPORT THE DOLLAR

In broad strokes, our baseline international currency view has been that the US dollar could start to lose some ground in the second half of 2023 as 1) the US central bank (Fed) nears the end of its aggressive policy interest rate hiking cycle, 2) monetary policy makers in the EZ and UK may continue to hike amid sticky inflation and 3) the Fed leads the cutting cycle in major developed countries from 2024 onwards. Recent developments have forced a slight rethink of these views. Although by no means a certainty, it now seems more likely that policy rates may have peaked in the US, EZ and the UK. Furthermore, policy makers on both sides of the Atlantic have signalled that rates will remain at current restrictive levels for some time, i.e., there is no rush to reduce policy rates. In addition, sustained strong growth momentum in the US against weakening activity in the EZ and the UK implies that the Fed may now be the most likely of the three central banks to hike a final time before the year is out. Also, expectations for when the Fed may start to cut has been shifted out to later in 2024. All of this, and perhaps also some safe-haven buying amid geopolitical escalation in parts of the world, is underpinning a firm dollar.

Beyond 2023, we still expect the dollar to lose steam as US growth momentum is projected to (belatedly) slow. With this in mind, the Fed is expected to start a policy rate-cutting cycle in the second half of 2024. However, the weakening trend for the dollar is expected to be contained and also now comes from a firmer starting point. At this stage, the dollar is projected to average \$1.13/€ in 2024Q4 (currently around \$1.06/€) and to settle at the \$1.20/€ mark over the medium term.

Domestic outlook

GREEN ENERGY INVESTMENT COUNTERS CONSTRAINTS

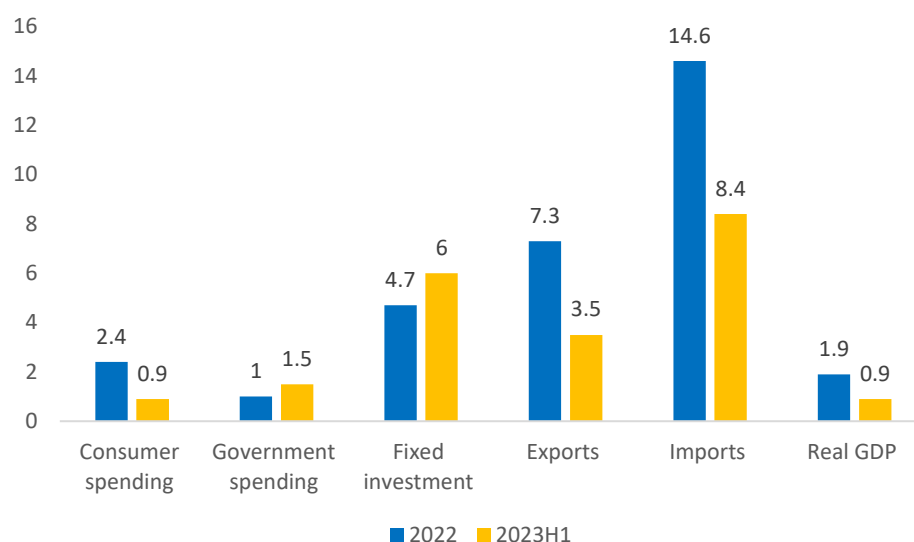
With the year-to-date cumulative amount of load-shedding already surpassing the figure for the entire 2022 (which was a record at the time) in May 2023, domestic economic activity was constrained in the first half of the year. To be sure, real GDP growth slowed to 0.9% y-o-y in 2023H1, down sharply from 1.9% recorded during calendar year 2022. The outcome for the first half of the year was more or less in line with what we expected back in January 2023. Relative to our expectation, the difference is that this growth was achieved despite a notably higher-than-assumed intensity of power cuts. This was made possible by a varied performance from the major demand-side GDP components in 2023H1. As shown in Figure 5, **consumer spending** and **export growth** slowed meaningfully relative to the growth for the entire 2022. On the consumer front, a combination of high overall inflation and elevated food prices in particular, along with higher borrowing costs, weighed on disposable income. The slowdown in export growth can be traced back to softening growth in some of SA's major trading partners, a high base from 2022, as well as ongoing logistical bottlenecks on the bulk commodity export railway lines and port inefficiencies.

At the other end of the scale, overall real GDP growth was supported by slower, albeit still high, **import growth**. Slower growth in imports supports real GDP. In addition, faster growth in **government expenditure** and, importantly, strong total **real fixed investment** outlays provided some lift to GDP. On top of strong growth in 2022, machinery and equipment capex continued to surprise on the upside. Based on other anecdotal evidence, including registrations at the energy regulator and imports of solar panels, the sustained gains in machinery and equipment investment is a function of a frontloaded green energy investment drive. Besides this, general government fixed investment also surprised on the upside.

Based on the incoming data for July to September, as well as several known disruptions to economic activity during the quarter, quarterly real GDP growth momentum is expected to moderate materially in Q3. However, with both the intensity and frequency of load-shedding easing notably in October, real GDP growth momentum looks set to recover again in 2023Q4. Taken together, these quarterly outlooks have resulted in a modest further upward revision to our real GDP growth forecast for 2023. *This was lifted to 0.8%, up from 0.4% in July and 0.6% in our interim forecast update during September.*

Figure 5: Mixed performance from demand-side GDP components in 2023H1

y-o-y % change



Source: Stats SA, own calculations

Beyond the near term, our narrative for 2024-25 and thereafter remains largely intact. For 2024, the real GDP forecast was lifted somewhat. In part, this was a result of a revised assumption that the country's import intensity should decline somewhat as the diesel import requirement recedes along with further improvement on the load-shedding front. Having said that, the green energy investment drive will continue to have a large import component. The view on better growth in 2024 is corroborated by the SARB's leading economic indicator, which increased for the third month in a row during August. Beyond next year, we continue to see potential for real GDP growth to lift towards, and potentially above, 2%. This is informed by a positive feedback loop, or multiplier effect, from less intensive load-shedding. The loop has the following 'components':

- In and of itself, the frontloaded **green fixed investment boom** supports real GDP, as seen in recent quarters.
- Once the investment gets translated into **additional electricity generating capacity**, it helps to ease load-shedding. This is assuming that the performance of Eskom's baseload power stations improves at the same time. There are some question marks here, although the ramp up of maintenance in recent years should start to bear some fruit. Another key requirement for increased power availability is that Eskom timeously invests in additional transmission line capacity to facilitate what is likely to be a flood of requests for new grid connections.
- More certainty on energy supply has the potential to unlock a **second round** of (non-energy) fixed investment as companies reconsider expansion plans that were canned because of a lack of power.

If at the same time we see some improvement in the freight and bulk logistics network, our baseline view remains that the green energy revolution and the associated reduction in load-shedding intensity will propel medium-term SA real GDP growth to 2% and above. The key downside risks to this view include:

- A failure by **Eskom** to expand the transmission system and/or a sustained high level of unplanned outages at Eskom's coal-fired power stations.
- Prolonged **political instability** in Gauteng in particular and possibly to a lesser extent also KwaZulu-Natal if an unstable multiparty coalition runs these provinces after next year's election.
- A **fiscal crisis** erupts, with SA unable to finance an ever-growing debt burden. This would most likely require a combination of tax hikes and expenditure cutbacks, with negative implications for confidence and growth.
- Being on the 'wrong' side of **geopolitical fracturing**. In the last two years, SA has opted to side against the US and our other key Western trading partners when it comes to condemning the aggressors in major conflicts. With the possibility of more conflicts of global significance during the next five years, the SA government needs to carefully consider our economic interests before proclaiming support for a particular party in a conflict. Failure to do this could result in SA being shut out from preferential trade agreements with our major trading partners.
- A failure to deal with **worsening levels of crime**. Increasingly, the business sector is impacted by disruptions to operations caused by criminal activity. This stretches from cable theft to the construction mafia that delays the completion of projects and drives up costs.

NO LET UP FOR THE RAND

After weakening sharply to an average of R18.66/\$ in 2023Q2 from R17.75/\$ in the first quarter, the rand remained at this weaker level in the third quarter (average of R18.64/\$). In the first three weeks of the fourth quarter, the currency lost further ground to an average of R19.12/\$. The main factors keeping the rand undervalued include a firmer US dollar (see the earlier discussion on this), a widening SA current account deficit⁶ and renewed concerns about the sustainability of SA's public finances. Therefore, the sustained currency underperformance has both a local and a global dimension. While the rand may well have traded at even worse levels in the absence of this, less intense load-shedding of late does not seem to have provided much of a boost to sentiment towards SA.

On the external front, the war between Israel and Hamas has raised investor anxiety, resulting in an avoidance of riskier assets in emerging markets such as SA. The global risk-off tone came at a time when sentiment towards SA was already skittish amid incoming data that highlighted a stark deterioration in local public finances. Monthly data from National Treasury for April to August 2023 show that **gross tax revenue** increased by only 2.5% y-o-y. This compares to an expectation in the February budget that gross tax revenue would increase by 5.6% for the entire 2023/24 fiscal year. If the current underperformance of

⁶ The widening of the current account shortfall has been driven by a shrinking surplus on the trade balance. This is a result of rising import volumes and a weaker terms of trade position. i.e., import prices are outpacing the move in SA export prices.

tax receipts is maintained through the entire fiscal year, it would mean a tax revenue shortfall of R53bn relative to budget expectations. At the same time, **main budget expenditure** surged by 9.1% y-o-y in the April-August period. The February budget had pencilled in expenditure growth of 'only' 1.5% for the entire 2023/24 fiscal year.

Extrapolating the current government expenditure overrun through the entire fiscal year would imply R152bn more expenditure than assumed in the February budget. Combined, this scenario would result in an overall budget gap (relative to the February expectation of what the budget deficit was likely to be) of about R205bn, or 3% of nominal GDP. This would push the main budget deficit towards 7% of GDP. Especially in light of potential non-wage expenditure cuts of around R25bn, we do not expect that the shortfall relative to February will be this large. Even so, our current estimate puts the gap at R140bn, or 2% of GDP above what Treasury had pencilled in during the February budget. The fiscal concerns continue to dampen offshore demand for SA government bonds. The problem is should Treasury be forced to issue more debt (bonds) to fund the larger-than-expected deficits, it is not obvious where the demand for these bonds will come from. Local banks have increased their bond holdings but may be reluctant to add more.

Figure 6: Offshore investor appetite for SA bonds remains subdued

Foreign investor holdings of SA bonds (%)



Source: National Treasury

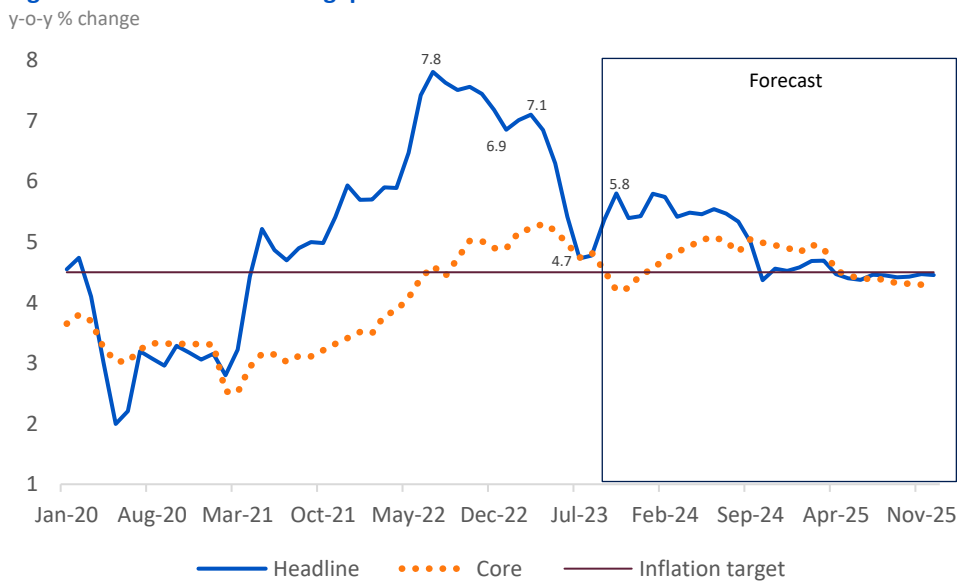
With this in mind, the tabling of the Medium Term Budget Policy Statement (MTBPS) on 1 November is an important near-term risk event for the currency. Beyond this year, the 2024 elections are another risk event on the horizon. Uncertainty before and after the poll could sustain downward pressure on the currency. However, as always, the major drivers of the rand are likely to be global. If we are correct that, as outlined earlier, the US dollar weakens against other major currencies in 2024 as the Fed starts to consider easing monetary policy, the rand should find some support. This provides the justification for the view that the rand could strengthen to an average of R18.20/\$ by 2024Q4. Although the forecasted trend for the local currency is similar to before, the levels are weaker than previously. The positive momentum for the rand is set to continue into 2025. Besides a softer dollar, this also reflects our core macro view that load-shedding's drag on growth could start to diminish notably from 2025 onwards. This is also why, at this stage, we see only modest rand weakening in the medium term (2026-28). Bear in mind that this is also informed by a projected sustained weakening trend for the US dollar.

Besides local political upheaval, a major risk to the fairly constructive rand outlook is twin current account and fiscal deficits that are not reined in over time. In the case of the former, this would require a significant improvement in Transnet's operational performance and/or greater private sector participation in running key railway lines and the ports. In terms of public finances, tough choices on large expenditure items such as the public sector wage bill are required. Over time, tax hikes may also be needed to limit the rise in overall government debt.

DISINFLATION PROCESS INTERRUPTED, NOT DERAILED

As in most parts of the world, the annual rate of increase for domestic consumer inflation (CPI) has moderated significantly from the peak reached in mid-2022. However, amid global⁷ and domestic⁸ shocks that have impacted key CPI categories, the disinflation process has not been in a straight line. We saw this at the start of the year when headline CPI re-accelerated briefly from 6.9% y-o-y in January to 7.1% during March. The annual rate of increase then eased notably to 4.7% in July. However, significant fuel price hikes in September saw headline CPI re-accelerate to 5.4% y-o-y. Given further large petrol and diesel price hikes in October, as well as higher egg and poultry prices amid the serious local bird flu outbreak, headline CPI is expected to accelerate further towards 6% (5.8%) in October.

Figure 7: Notable near-term gap between headline and core CPI



Source: Stats SA, BER forecast

On a more positive note, despite global oil prices trading above \$90/bbl and the rand's sustained weakness, indications are for some relief on the fuel price front in November. On the other hand, further egg and poultry price increases are likely in the short term. In terms of other food components, the annual rate of increase for the breads and cereals category is expected to continue to decline as the moderation in international grain prices spills over to domestic prices. However, upside risks to the category remain given the decision by India to ban the export of some rice products. The ongoing conflict between Russia and Ukraine and the effect that this has on international grain prices also needs to be

⁷ These include periodic oil price spikes and high oil product prices amid a dearth of global refining capacity.

⁸ These include load-shedding-related costs, sustained rand weakness, and an unprecedented outbreak of avian influenza.

watched. Finally, weather volatility attributed to the approaching El Nino weather system is another risk for the domestic food price outlook.

Core CPI, which excludes volatile food, petrol and electricity costs, has seen a more sustained moderation since March. However, even here, we are not out of the woods yet as an expectation for higher rental costs and vehicle prices (amid rand weakness) later in the year should also see underlying price pressures re-emerge moving into 2024. Another important driver of core CPI in the next six months is the **insurance category**. After the major medical insurers postponed premium increases to later in the year for the last several years and also limited the actual percentage increases, things will be different next year. Discovery has already said that their premiums will increase by an average of 7.5% in January 2024. This aligns with the pre-COVID trend. Relative to our previous forecast, this drives up the CPI insurance category and adds to the upside for overall core CPI. These pressures imply that headline and core CPI are only expected to be back sustainably around the 4.5% target by 2025Q2.

The medium-term (2026-28) outlook for headline CPI has remained largely unchanged. It is still expected to stabilise around the 4.5% midpoint of the SARB's 3 to 6% target. A crucial assumption here is that the oil price tracks lower over time. Along with the moderate weakening projected for the rand exchange rate over time, this keeps imported inflation at bay. Well behaved unit labour costs also support the benign medium-term outlook for inflation. However, at this stage, we are not convinced that a further structural move lower in SA inflation towards the lower end (3%) of the 3 to 6% target band is achievable over the next five years.

Although unit labour costs are expected to be in line with the 4.5% target through the forecast period, it will take time for inflation expectations and the associated wage demands to moderate back towards 4.5%. In this respect, 3% seems a long way off. In addition, it seems unlikely that **utility** (electricity, water, etc) **costs** will increase by less than 4% per annum over the medium-term forecast horizon. This emphasises that whereas it is a worthy goal to manage inflation down to 3% over time, achieving it will require buy-in from all social partners. At this stage, no such buy-in is apparent.

HAWKISH PAUSES TO BE FOLLOWED BY FINAL RATE HIKE

With the SA Reserve Bank's Monetary Policy Committee (MPC) characterising the stance of monetary policy as restrictive, they decided to keep the policy interest rate unchanged in July and September at 8.25% (prime rate at 11.75%). However, as in July, two of the five MPC members voted for a 25bps interest rate hike in September. The split vote gave a hawkish tone to the on-hold decisions and was on the back of inflation risks that were assessed to be on the upside. Since the September MPC meeting, these risks have materialised. They include sustained rand weakness, rising global oil prices, renewed upside pressure on certain domestic food categories, and investor anxiety about SA's public finances that makes financing a rising current account deficit harder. *With this in mind, we now expect the MPC to increase the policy rate by a final 25bps at its November meeting.* In addition to local developments, the probability of a final SARB hike will increase if US activity and inflation data in the next month raises the odds that the US Fed resumes hiking in December. The Fed is widely expected to keep its policy rate unchanged in early November.

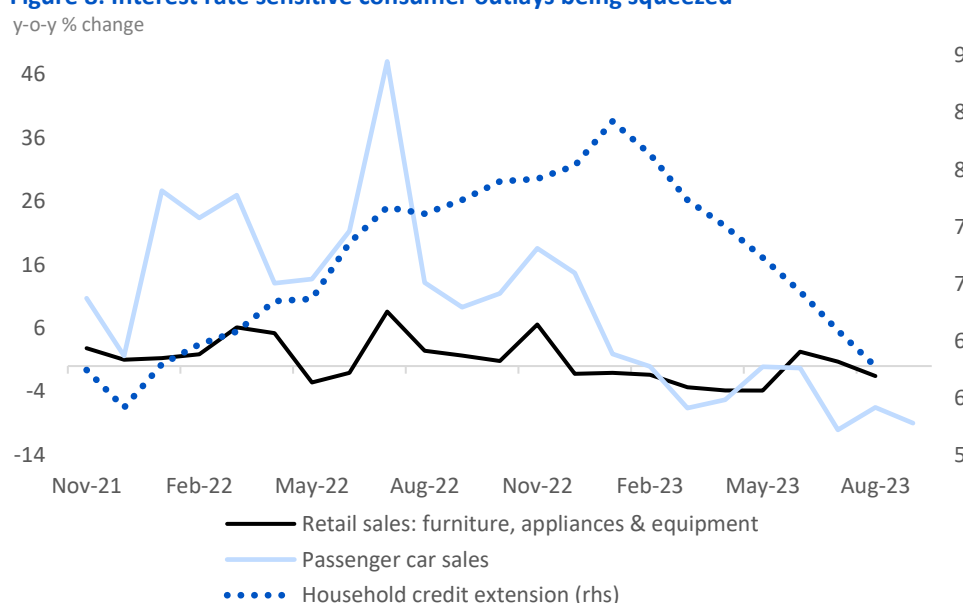
Besides now pencilling in another (final) SARB hike, our revised inflation outlook that suggests some persistence of inflation above 5% means that, as is likely for the Fed, the MPC will not be in any rush to reduce the policy rate. Therefore, we have shifted out the start of a SARB rate-cutting cycle from May to July 2024. This change does not alter where we think the repo rate will settle over the medium term. Given the forecast that the rise in headline CPI will be at roughly the SARB's (current) preference of 4.5%

over the medium term, at this stage, our baseline view is for a nominal policy rate that averages 7% from 2025Q2 through 2028Q4. This would imply a medium-term real policy interest rate of 2.5%. This is in line with the SARB's current view that over the medium term, the neutral real policy rate should revert back to around 2.5%. Besides having a 3% inflation target in the back of their minds, in the context of rising twin deficits (requiring greater quantities of foreign capital inflows), we see little scope for additional rate cuts that reduce the nominal policy rate to below 7% over the medium term.

PRESSURE BUILDS ON THE CONSUMER

Against our expectation, overall consumer spending contracted (q-o-q) in real terms during the second quarter of 2023. Of the major spending categories, only outlays on services increased during Q2. Elevated prices⁹ were an important reason for the quarterly decline in total consumer spending, which increased by a subdued 0.7% y-o-y. Besides pricing pressures, increasingly, the restrictive level of borrowing costs is also weighing on the consumer. This is illustrated in Figure 8, which shows the pressure on discretionary consumer spending. To be sure, the annual growth in consumer outlays on furniture and appliances, as well as purchases of new passenger cars, have been negative for most of 2023. This is consistent with a notable easing in credit extension to households. The slowdown in credit extension is probably a function of 1) weak consumer appetite to purchase on credit¹⁰ amid high interest costs and 2) a tightening in commercial bank lending standards as nonperforming loans increase.

Figure 8: Interest rate sensitive consumer outlays being squeezed



Source: Stats SA, SARB, naamsa

At least in the third quarter, we could see a further quarterly contraction in outlays on durable goods. In general, the sharp petrol price increases of recent months, still elevated food price increases, and the possibility of another modest interest rate increase in November should constrain consumer spending in the foreseeable future. Looking forward, once we move beyond the current bump higher in headline

⁹ Whereas the annual rate of increase for headline consumer inflation (CPI) slowed to 6.2% y-o-y in 2023Q2 from 7% in 2023Q1, the personal consumption price index (deflator) unexpectedly remained elevated at 7.3% y-o-y. This was the same annual increase as recorded in 2023Q1.

¹⁰ Indeed, respondents to the quarterly FNB/BER consumer confidence survey continue to rate the present time as inappropriate to purchase durable goods, which are often bought on credit.

inflation, and assuming borrowing costs start to decline in the second half of 2023, the weight on the shoulders of consumers should start to ease. With this in mind, after slowing notably in 2023, consumer outlays should start to improve in the second half of 2024. There should be some follow through in 2025 that is projected to see total consumer spending growth exceed 2%. Besides less pressure from inflation and borrowing costs, the expected reduction in the intensity of load-shedding could also have positive spillovers for consumer demand. One important example of this would be if firms move into expansion as opposed to survival mode and start to add staff. *The opposite effect is a notable downside to the consumer spending outlook, i.e., if the current constraints on GDP growth/business operations do not lift and firms are forced to cut costs (labour) to stay afloat.*

Assuming stable, and lower, inflation and interest rates, as well as some growth in employment, overall real consumer outlays are forecast to increase by an average of 2% over the medium term (2026-28). This is somewhat higher than the average consumer spending growth rate in the five years preceding COVID-19 (1.7%). However, it is notably lower than the long-term pre-COVID (1994-2019) average for real consumer spending growth of 3.2% per annum.

A FRONTLOADED GREEN ENERGY INVESTMENT SPURT

Total real fixed investment surprised handsomely on the upside in 2023Q2, increasing by a stellar 3.9% q-o-q (+7.8% y-o-y). A strong performance by the private sector drove this result, followed to a lesser extent also by robust capital expenditure (capex) by state owned enterprises (public corporations). In contrast, after an outsized increase in 2023Q1, general government capex declined on a q-o-q basis in the second quarter.

Figure 9 highlights that the strong performance in Q2 means that the post-COVID recovery in total private sector capex is starting to catch up with the public sector. However, there is an important caveat. The momentum in private sector capex during recent quarters has been strongly driven by increased outlays on **machinery and equipment**. Indeed, if this large category¹¹ is excluded from private capex, a depressing picture emerges. Without machinery and equipment, private capex was still more than 17% below the pre-COVID level (bottom line in Figure 9). There are at least two main takeaways from these private sector capex trends:

- The first is that several constraints on the private sector continue to depress business confidence¹² and the willingness of firms to expand capacity for growth. These constraints include lacklustre demand, the high cost of doing business amid, amongst other factors, failing municipalities, and concerns about the state of local politics.
- The second is that because it is such an outlier, something specific must be driving the recent surge in machinery and equipment capex. Along with other anecdotal evidence, including fast-rising green energy project registrations at energy regulator Nersa and elevated solar panel imports from China, the investment outlays on machinery and equipment reflect a frontloaded green energy investment drive. Importantly, these investment decisions are divorced from the general (poor) state of the SA business cycle. This capital outlay is seen as critical to ensure

¹¹ Stats SA does not provide a quarterly split of machinery and equipment fixed investment between the private sector, government, and public corporations. However, because the private sector totally dominates outlays on this category, using total investment in machinery and equipment (which is provided quarterly) is a good proxy for private sector capex on machinery and equipment.

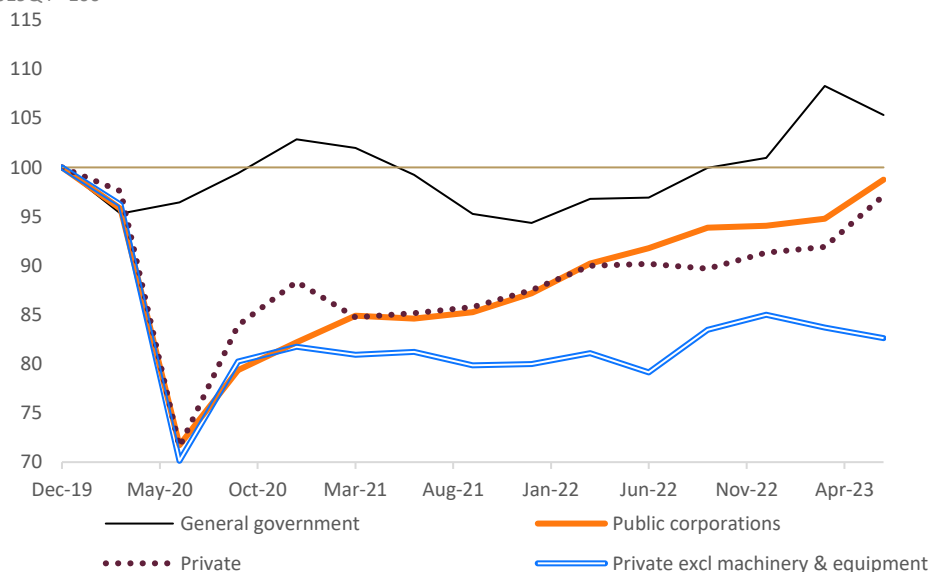
¹² At 27 in 2023Q2, the RMB/BER business confidence index showed that more than 70% of surveyed business executives were unsatisfied with prevailing business conditions. Confidence improved somewhat to a still depressed 33 in 2023Q3.

business continuation. Put differently, this investment is geared towards sustaining output at existing capacity as opposed to expanding production beyond current capacity.

While we anticipate that the non-machinery components of private capex will remain poor in the foreseeable future, there are more legs to the green-energy investment boom. Although not as strong as the Q2 outcome, and notwithstanding that it is focused as opposed to broad-based, it is for this reason that we expect sustained robust growth in overall private capex. While the growth rates are set to taper off towards the end of the forecast period, this constructive view extends through 2028. As mentioned earlier in the report, once the green energy investments start to result in rising power generation capacity, it should unlock long-dormant private capex in the non-energy space as well. However, this may still be some years off.

Figure 9: Excluding machinery and equipment, private capex in the doldrums

2019Q4 =100



Source: Stats SA, own calculations

In terms of the **public sector**, there remains significant need for greater fixed investment. For **general government**, this relates to badly needed upgrades to municipal infrastructure, rural roads, etc. In the case of **public corporations**, Eskom needs to invest heavily in the expansion of SA's electricity transmission system to ensure that the flood of green energy projects can be connected to the power grid and add to the country's power generation capacity. As has been well documented, Transnet needs to invest in upgrades to the ports and bulk commodity/freight railway system. The Passenger Rail Agency (Prasa) needs to resuscitate the dying passenger rail service. The list goes on.

The problem is that neither general government nor the key public corporations (Eskom and Transnet) have sufficient cash on hand to finance these investments. For this reason, while there could be an isolated quarter or two of strong growth, we do not as yet see compelling evidence to materially lift the outlook for public sector capex. *That being said, as is happening in energy generation, if government allows greater private sector involvement in the logistics sector¹³, it could unlock plenty of funds for investment.* Before we see more evidence of this, our medium-term view is broadly for 2-2.5% real growth per annum in government and public corporation fixed investment. In the near term, government

¹³ This has indeed been the recommendation from policy makers in the Presidency tasked with unblocking the binding constraints on growth in SA.

capex is likely to be constrained by mooted non-wage expenditure cuts that are required to ensure fiscal sustainability. This is amid an unaffordable public sector wage deal for the next two fiscal years.

Conclusion

The easing in the intensity of load-shedding at the start of the fourth quarter bodes well for a recovery from what is set to be a poor 2023Q3. Even so, the domestic economic environment through the first half of 2024 is likely to be constrained by possible weaker US real GDP growth, as well as sustained elevated food, fuel and borrowing costs in SA. Relief on these fronts should start to kick in from the second half of next year. Along with an assumption of reduced load-shedding, a continuation of the green-energy investment boom, and with the caveat that the 2024 election does not lead to unstable multiparty coalitions in some key provinces, this should lay the groundwork for a push towards 2% real GDP growth from 2025. This fairly constructive view will be further supported if government agrees to fast-track greater private sector involvement in not only the energy sector, but crucially also in the failing freight logistics industry. Dealing with rising criminal activity that constrains the business sector and guarding against an unsustainable rise in public sector debt are further crucial ingredients to ensure higher levels of medium-term growth.

Appendix A

STATISTICS OF THE QUARTERLY FORECAST, 2023 - 2025

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Table A 1: International economic indicators

	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2023	2024	2025
Real GDP growth rates															
US % growth	1.8	2.5	2.4	1.9	1.6	0.9	0.7	0.8	1.0	2.0	2.4	2.4	2.1	1.0	1.9
UK % growth	0.2	0.4	0.6	0.6	0.7	0.5	0.6	0.5	0.9	1.2	1.4	1.6	0.4	0.6	1.3
Germany % growth	-0.3	-0.1	-0.5	0.0	0.4	0.7	1.3	1.8	1.7	1.8	1.7	1.6	-0.2	1.1	1.7
Japan % growth	1.8	1.7	1.7	1.7	1.1	0.1	1.1	1.8	1.6	1.4	0.8	0.5	1.7	1.0	1.1
Eurozone % growth	1.2	0.5	0.2	0.4	0.8	0.8	1.2	1.4	1.6	1.7	1.5	1.6	0.6	1.0	1.6
G7 % growth	1.4	2.0	1.9	1.8	1.6	0.8	0.8	1.0	1.2	1.8	1.9	1.9	1.8	1.1	1.7
CPI inflation rates															
US % CPI	5.8	4.0	3.5	3.8	3.2	2.6	2.3	2.2	2.3	2.2	2.1	2.0	4.3	2.5	2.1
UK % CPI	9.0	7.7	6.7	5.9	5.0	2.8	2.2	2.0	2.0	1.9	1.9	0.9	7.3	3.0	1.6
Germany % CPI	8.2	6.6	5.1	4.4	3.5	2.8	3.3	2.5	2.5	2.7	2.7	2.9	6.1	3.1	2.7
Japan % CPI	3.6	3.4	3.1	2.2	2.2	1.9	1.7	1.7	1.8	1.8	1.8	2.0	3.1	1.9	1.9
G7 % CPI	6.2	4.6	3.8	3.7	3.0	2.3	2.3	2.1	2.2	2.1	2.0	2.0	4.6	2.4	2.1
China % CPI	1.2	0.1	0.0	1.1	1.5	2.5	2.3	1.5	1.8	1.9	2.3	2.2	0.6	1.9	2.0
India % CPI	6.0	5.0	4.8	4.7	5.3	4.7	4.5	4.4	4.6	4.8	5.1	5.1	5.1	4.7	4.9
Interest rates															
US prime rate	7.69	8.16	8.43	8.50	8.50	8.17	7.72	7.33	7.00	6.67	6.25	6.08	8.20	7.93	6.50
Commodity prices															
Spot oil price: US\$/barrel	82.2	77.9	85.7	88.0	85.0	83.0	81.0	81.0	79.0	79.0	79.0	79.0	83.5	82.5	79.0
London gold price: US\$/oz	1888	1978	1928	1883	1892	1900	1903	1906	1890	1875	1870	1865	1919	1900	1875
Platinum price: US\$/oz	990	1025	931	906	953	1000	1016	1031	1041	1050	1053	1056	963	1000	1050
Palladium price: US\$/oz	1567	1445	1250	1142	1221	1300	1326	1353	1301	1250	1233	1216	1351	1300	1250
SA coal price : US\$/mt	148.9	115.3	109.1	126.8	118.4	110.0	107.2	104.4	104.7	105.0	105.1	105.2	125.0	110.0	105.0
China iron ore price : US\$/mt	125.8	111.3	114.5	108.9	101.9	95.0	92.7	90.4	89.7	89.0	88.8	88.5	115.1	95.0	89.0
Exchange rates															
US\$/Sterling exchange rate	1.21	1.25	1.27	1.20	1.22	1.26	1.28	1.29	1.30	1.30	1.31	1.31	1.23	1.26	1.31
YN/\$ exchange rate	132.4	137.3	144.6	152.8	151.4	145.3	136.2	134.8	130.0	130.0	128.0	127.0	141.8	141.9	128.8
US\$/Euro exchange rate	1.07	1.09	1.09	1.06	1.07	1.09	1.12	1.13	1.15	1.16	1.17	1.18	1.08	1.10	1.17

Table A 2: Expenditure on gross domestic product (R billion at current prices, seasonally adjusted annual rates)

	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2023	2024	2025
Nominal GDP expenditure components															
Household consumption (year % ch.)	4419.8 8.5	4473.1 8.0	4557.2 6.8	4645.6 6.7	4706.7 6.5	4782.8 6.9	4859.7 6.6	4940.0 6.3	5006.0 6.4	5086.5 6.3	5167.4 6.3	5252.6 6.3	4523.9 7.5	4822.3 6.6	5128.1 6.3
Government consumption (year % ch.)	1339.2 6.8	1358.3 8.4	1361.0 6.2	1388.1 7.7	1426.3 6.5	1439.2 6.0	1442.1 6.0	1453.0 4.7	1493.4 4.7	1495.3 3.9	1496.4 3.8	1520.2 4.6	1361.7 7.3	1440.2 5.8	1501.3 4.2
Fixed investment (year % ch.)	1016.2 13.0	1076.5 15.8	1104.8 15.6	1137.6 15.7	1166.6 14.8	1197.5 11.2	1228.0 11.2	1254.5 10.3	1285.0 10.1	1317.3 10.0	1350.7 10.0	1379.0 9.9	1083.8 15.1	1211.6 11.8	1333.0 10.0
Inventory investment	25.1	112.0	100.6	97.4	77.2	74.7	70.0	67.2	61.4	52.3	49.7	49.1	83.8	72.3	53.1
Residual item	-11.1	-25.2	-25.2	-25.2	-25.2	-25.2	-25.2	-25.2	-25.2	-25.2	-25.2	-25.2	-21.7	-25.2	-25.2
Gross domestic expenditure (year % ch.)	6789.2 10.5	6994.8 8.4	7098.3 7.2	7243.5 7.2	7351.8 8.3	7469.1 6.8	7574.6 6.7	7689.5 6.2	7820.7 6.4	7926.3 6.1	8039.0 6.1	8175.7 6.3	7031.5 8.3	7521.2 7.0	7990.4 6.2
Exports: goods and services (year % ch.)	2324.7 7.5	2318.2 2.5	2278.2 -0.8	2273.4 4.6	2274.1 -2.2	2284.5 -1.5	2306.4 1.2	2315.6 1.9	2326.9 2.3	2338.8 2.4	2369.0 2.7	2386.4 3.1	2298.6 3.4	2295.2 -0.2	2355.3 2.6
Imports: goods and services (year % ch.)	2279.4 22.1	2368.3 13.1	2395.0 10.3	2434.3 9.3	2466.2 8.2	2525.3 6.6	2529.2 5.6	2524.0 3.7	2575.1 4.4	2623.9 3.9	2642.6 4.5	2661.5 5.4	2369.2 13.4	2511.2 6.0	2625.8 4.6
Expenditure on GDP (year % ch.)	6834.6 6.1	6944.7 4.9	6981.6 3.5	7082.6 5.6	7159.7 4.8	7228.3 4.1	7351.8 5.3	7481.1 5.6	7572.5 5.8	7641.2 5.7	7765.4 5.6	7900.6 5.6	6960.9 5.0	7305.2 4.9	7719.9 5.7

Table A 3: Expenditure on gross domestic product (R billion at constant 2015 prices, seasonally adjusted annual rates)

	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2023	2024	2025
Real GDP expenditure components															
Household consumption (year % ch.)	3092.8 1.0	3085.0 0.7	3090.3 1.0	3100.4 0.6	3114.2 0.7	3129.0 1.4	3146.5 1.8	3165.6 2.1	3183.7 2.2	3200.2 2.3	3216.4 2.2	3232.6 2.1	3092.1 0.8	3138.8 1.5	3208.2 2.2
Government consumption (year % ch.)	907.5 0.2	922.8 2.8	900.1 -0.2	903.7 0.9	926.8 2.1	940.0 1.9	918.5 2.0	911.9 0.9	935.2 0.9	940.7 0.1	917.6 -0.1	917.9 0.7	908.5 0.9	924.3 1.7	927.9 0.4
Fixed investment (year % ch.)	690.3 4.2	717.4 7.8	726.0 8.7	735.0 8.4	746.1 8.1	757.4 5.6	770.2 6.1	781.7 6.4	793.5 6.3	806.3 6.5	820.4 6.5	831.3 6.4	717.2 7.3	763.8 6.5	812.9 6.4
Inventory investment	29.3	58.9	59.5	56.2	42.8	41.4	37.8	36.0	32.4	27.6	25.4	25.1	51.0	39.5	27.6
Residual item	20.6	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.5	19.2	19.2
Gross domestic expenditure (year % ch.)	4740.5 2.0	4803.3 2.8	4795.1 1.4	4814.5 2.2	4849.1 2.3	4886.9 1.7	4892.2 2.0	4914.3 2.1	4964.0 2.4	4994.0 2.2	4999.0 2.2	5026.1 2.3	4788.4 2.1	4885.6 2.0	4995.8 2.3
Exports: goods and services (year % ch.)	1292.4 3.2	1303.9 3.9	1314.7 2.7	1315.7 6.2	1325.1 2.5	1334.8 2.4	1350.0 2.7	1356.5 3.1	1367.1 3.2	1378.4 3.3	1395.8 3.4	1403.9 3.5	1306.7 4.0	1341.6 2.7	1386.3 3.3
Imports: goods and services (year % ch.)	1422.3 9.3	1468.7 7.6	1466.0 7.2	1470.8 8.4	1487.9 4.6	1518.6 3.4	1522.4 3.8	1522.7 3.5	1548.0 4.0	1574.2 3.7	1578.0 3.7	1581.4 3.9	1457.0 8.1	1512.9 3.8	1570.4 3.8
Expenditure on GDP (year % ch.)	4610.7 0.2	4638.5 1.7	4643.8 0.0	4659.4 1.5	4686.3 1.6	4703.1 1.4	4719.8 1.6	4748.1 1.9	4783.1 2.1	4798.2 2.0	4816.8 2.1	4848.6 2.1	4638.1 0.8	4714.3 1.6	4811.7 2.1

Table A 4: Final household consumption expenditure (R billion at constant 2015 prices, seasonally adjusted annual rates)

	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2023	2024	2025
Household consumption categories															
Durable goods (year % ch.)	318.6 2.8	315.1 2.0	311.1 -1.5	312.6 -2.0	314.3 -1.3	316.8 0.5	319.5 2.7	323.0 3.3	325.8 3.7	327.9 3.5	330.0 3.3	332.1 2.8	314.3 0.3	318.4 1.3	328.9 3.3
Semi-durable goods (year % ch.)	269.1 3.8	265.9 2.6	267.7 2.6	268.8 2.3	270.2 0.4	271.8 2.2	273.8 2.3	275.8 2.6	277.8 2.8	279.5 2.8	281.3 2.8	283.1 2.6	267.9 2.8	272.9 1.9	280.5 2.8
Non-durable goods (year % ch.)	920.3 -1.2	908.4 -2.0	910.9 -0.3	913.4 0.3	919.2 -0.1	923.6 1.7	928.1 1.9	933.1 2.2	938.0 2.0	942.2 2.0	946.3 2.0	950.5 1.9	913.2 -0.8	926.0 1.4	944.3 2.0
Services (year % ch.)	1584.9 1.6	1595.6 1.8	1600.6 1.9	1605.6 1.0	1610.5 1.6	1616.8 1.3	1625.0 1.5	1633.7 1.7	1642.2 2.0	1650.5 2.1	1658.7 2.1	1667.0 2.0	1596.7 1.6	1621.5 1.6	1654.6 2.0
Total household consumption (year % ch.)	3092.8 1.0	3085.0 0.7	3090.3 1.0	3100.4 0.6	3114.2 0.7	3129.0 1.4	3146.5 1.8	3165.6 2.1	3183.7 2.2	3200.2 2.3	3216.4 2.2	3232.6 2.1	3092.1 0.8	3138.8 1.5	3208.2 2.2
Disposable income of households															
Real disposable income (year % ch.)	3073.3 -0.1	3068.7 0.0	3074.0 0.3	3084.4 0.1	3098.3 0.8	3113.3 1.5	3131.6 1.9	3151.4 2.2	3170.3 2.3	3187.5 2.4	3204.5 2.3	3221.5 2.2	3075.1 0.1	3123.7 1.6	3196.0 2.3
Adjusted for debt-service cost (real) (year % ch.)	3024.8 0.0	3020.9 0.1	3027.0 0.4	3038.1 0.1	3052.4 0.9	3068.0 1.6	3086.7 2.0	3107.0 2.3	3126.2 2.4	3143.9 2.5	3161.4 2.4	3178.8 2.3	3027.7 0.2	3078.5 1.7	3152.6 2.4

Table A 5: Gross fixed capital formation (R billion at constant 2015 prices, seasonally adjusted annual rates)

	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2023	2024	2025
Private sector															
Total private sector	484.2	511.6	521.6	531.2	541.7	551.7	562.8	574.3	585.1	596.6	608.3	618.4	512.1	557.6	602.1
(year % ch.)	2.2	7.7	10.4	10.4	11.9	7.9	7.9	8.1	8.0	8.1	8.1	7.7	7.7	8.9	8.0
Public sector															
Government	127.7	124.2	122.2	121.6	121.9	122.2	122.6	122.2	122.9	123.5	124.5	124.5	124.0	122.2	123.8
(year % ch.)	11.9	8.7	3.7	2.1	-4.6	-1.6	0.3	0.5	0.8	1.0	1.5	1.8	6.5	-1.4	1.3
Public corporations	78.4	81.7	82.2	82.2	82.6	83.4	84.8	85.1	85.6	86.3	87.6	88.5	81.1	84.0	87.0
(year % ch.)	5.1	7.6	5.8	5.6	5.3	2.1	3.2	3.6	3.6	3.4	3.3	4.0	6.0	3.6	3.6
Total public sector	206.1	205.9	204.4	203.8	204.4	205.6	207.4	207.4	208.4	209.7	212.1	213.0	205.0	206.2	210.8
(year % ch.)	9.2	8.2	4.5	3.5	-0.8	-0.1	1.5	1.8	1.9	2.0	2.3	2.7	6.3	0.6	2.2
Total															
Total fixed capital formation	690.3	717.4	726.0	735.0	746.1	757.4	770.2	781.7	793.5	806.3	820.4	831.3	717.2	763.8	812.9
(year % ch.)	4.2	7.8	8.7	8.4	8.1	5.6	6.1	6.4	6.3	6.5	6.5	6.4	7.3	6.5	6.4

Table A 6: Labour sector (million)

	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2023	2024	2025
Employment															
Total labour force	24.13	24.27	24.08	24.16	24.49	24.58	24.37	24.45	24.78	24.88	24.66	24.74	24.16	24.47	24.77
(year % ch.)	5.9	3.0	2.5	2.0	1.5	1.3	1.2	1.2	1.2	1.2	1.2	1.2	3.3	1.3	1.2
Private sector employment	13.93	14.04	14.09	14.23	14.15	14.22	14.38	14.55	14.43	14.49	14.66	14.85	14.08	14.33	14.61
(year % ch.)	10.5	5.2	3.5	3.3	1.6	1.3	2.0	2.2	2.0	1.9	2.0	2.1	5.5	1.8	2.0
Government employment	2.26	2.30	2.15	2.15	2.26	2.33	2.17	2.15	2.27	2.31	2.16	2.16	2.21	2.23	2.22
(year % ch.)	-2.2	3.8	0.0	0.0	0.0	1.3	1.3	0.2	0.3	-0.9	-0.9	0.4	0.4	0.7	-0.3
Total employment (incl. informal)	16.19	16.35	16.24	16.38	16.41	16.56	16.55	16.71	16.69	16.80	16.82	17.02	16.29	16.56	16.83
(year % ch.)	8.6	5.0	3.0	2.8	1.3	1.3	1.9	2.0	1.7	1.5	1.6	1.9	4.8	1.6	1.7
Unemployment rate	32.9	32.6	32.5	32.2	33.0	32.7	32.1	31.7	32.6	32.5	31.8	31.2	32.6	32.3	32.0
Wage rates (year % change)															
Unit labour cost	4.0	3.3	7.1	5.7	4.8	7.0	5.3	4.8	4.6	4.6	4.6	4.5	5.0	5.5	4.6
Wage bill (R billion at current prices)															
Total wage bill	3111.7	3129.4	3232.6	3217.9	3314.8	3394.0	3459.9	3437.8	3538.1	3623.4	3692.0	3668.5	3172.9	3401.6	3630.5
(year % ch.)	4.3	5.1	7.1	7.3	6.5	8.5	7.0	6.8	6.7	6.8	6.7	6.7	5.9	7.2	6.7

Table A 7: Personal income and expenditure (R billion at current prices, seasonally adjusted annual rates)

	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2023	2024	2025
Income and expenditure															
Remuneration of employees (year % ch.)	3111.7 4.3	3129.4 5.1	3232.6 7.1	3217.9 7.3	3314.8 6.5	3394.0 8.5	3459.9 7.0	3437.8 6.8	3538.1 6.7	3623.4 6.8	3692.0 6.7	3668.5 6.7	3172.9 5.9	3401.6 7.2	3630.5 6.7
Disposable income (year % ch.)	4391.9 7.3	4449.5 7.2	4533.2 6.1	4621.6 6.1	4682.7 6.6	4758.8 7.0	4836.6 6.7	4918.0 6.4	4985.0 6.5	5066.5 6.5	5148.3 6.4	5234.6 6.4	4499.0 6.7	4799.0 6.7	5108.6 6.5
Less household consumption (year % ch.)	4419.8 8.5	4473.1 8.0	4557.2 6.8	4645.6 6.7	4706.7 6.5	4782.8 6.9	4859.7 6.6	4940.0 6.3	5006.0 6.4	5086.5 6.3	5167.4 6.3	5252.6 6.3	4523.9 7.5	4822.3 6.6	5128.1 6.3
Saving	-27.9	-25.0	-24.0	-24.0	-24.0	-24.0	-23.0	-22.0	-21.0	-20.1	-19.0	-18.1	-25.2	-23.3	-19.5
Households: ratio to disposable income															
Saving	-0.6	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.4	-0.4	-0.4	-0.4	-0.3	-0.6	-0.5	-0.4
Debt	62.3	62.5	61.6	61.1	60.9	60.9	60.1	59.8	60.0	60.3	59.8	59.8	61.9	60.4	59.9
Debt-service cost	8.4	8.8	9.0	9.0	9.2	9.2	9.0	8.6	8.4	8.3	8.2	8.3	8.8	9.0	8.3
Net wealth	396.9	392.2	386.9	386.8	386.0	385.0	384.0	386.2	387.8	386.6	384.7	381.8	390.7	385.3	385.2

Table A 8: Current income and expenditure of general government (R billion at current prices, seasonally adjusted annual rates)

	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2023	2024	2025
Income															
Direct taxes	984.6	996.1	963.6	1012.6	1002.2	1059.1	1027.2	1079.9	1068.8	1139.6	1104.4	1160.2	989.3	1042.1	1118.2
(year % ch.)	8.1	-4.2	2.5	1.0	1.8	6.3	6.6	6.6	6.6	7.6	7.5	7.4	1.6	5.3	7.3
Value added tax (VAT)	490.2	377.5	442.9	453.6	532.9	403.7	476.7	489.4	573.8	433.7	511.7	525.4	441.0	475.7	511.1
(year % ch.)	7.5	0.3	8.9	8.9	8.7	7.0	7.6	7.9	7.7	7.4	7.3	7.3	6.6	7.9	7.5
Other indirect taxes	362.9	480.0	471.2	475.1	395.5	513.7	504.3	508.5	423.3	546.8	536.8	541.2	447.3	480.5	512.0
(year % ch.)	3.0	10.1	9.0	9.0	9.0	7.0	7.0	7.0	7.0	6.4	6.4	6.4	8.0	7.4	6.6
Expenditure															
Consumption	1339.2	1358.3	1361.0	1388.1	1426.3	1439.2	1442.1	1453.0	1493.4	1495.3	1496.4	1520.2	1361.7	1440.2	1501.3
(year % ch.)	6.8	8.4	6.2	7.7	6.5	6.0	6.0	4.7	4.7	3.9	3.8	4.6	7.3	5.8	4.2
Interest Payments	318.2	340.7	334.9	359.0	367.1	380.7	379.6	404.8	409.3	423.9	421.7	451.0	338.2	383.0	426.5
(year % ch.)	15.4	24.7	10.5	14.0	15.4	11.7	13.3	12.8	11.5	11.4	11.1	11.4	15.9	13.3	11.3
Saving	-329.1	-442.4	-375.9	-322.5	-414.6	-298.1	-326.7	-272.4	-381.9	-262.8	-286.6	-244.3	-367.5	-328.0	-293.9
Ratios to GDP															
Total tax revenue	26.9	26.7	26.9	27.4	27.0	27.3	27.3	27.8	27.3	27.7	27.7	28.2	27.0	27.4	27.7
Main budget balance	-6.0	-5.5	-6.5	-5.7	-5.8	-4.2	-5.2	-4.4	-4.8	-3.3	-4.3	-3.7	-5.9	-4.9	-4.0
Gross debt (National government)	70.9	72.7	74.2	75.1	76.3	77.1	77.7	78.0	78.7	79.2	79.7	79.9	75.1	78.0	79.9

Table A 9: Balance of payments (R billion at current prices, seasonally adjusted annual rates)

	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2023	2024	2025
Current account															
Exports: goods and services	2324.7	2318.2	2278.2	2273.4	2274.1	2284.5	2306.4	2315.6	2326.9	2338.8	2369.0	2386.4	2298.6	2295.2	2355.3
(year % ch.)	7.5	2.5	-0.8	4.6	-2.2	-1.5	1.2	1.9	2.3	2.4	2.7	3.1	3.4	-0.2	2.6
Net receipts	-21.3	-35.6	-18.6	-18.5	-9.4	-9.4	-9.4	-9.4	-0.4	-0.4	-0.4	-0.4	-23.5	-9.4	-0.4
(year % ch.)	-42.9	27.9	-7.0	16.8	-55.7	-73.6	-49.6	-49.4	-96.2	-96.1	-96.1	-96.2	-6.9	-60.1	-96.2
Less imports: goods and services	2279.4	2368.3	2395.0	2434.3	2466.2	2525.3	2529.2	2524.0	2575.1	2623.9	2642.6	2661.5	2369.2	2511.2	2625.8
(year % ch.)	22.1	13.1	10.3	9.3	8.2	6.6	5.6	3.7	4.4	3.9	4.5	5.4	13.4	6.0	4.6
Less net factor payments	87.7	75.0	64.8	70.8	72.3	75.1	76.1	78.9	80.7	83.1	85.8	89.0	74.6	75.6	84.6
(year % ch.)	-7.7	-70.5	-45.3	-17.2	-17.6	0.2	17.5	11.4	11.6	10.5	12.8	12.8	-46.1	1.4	11.9
Current account balance	-63.7	-160.7	-200.1	-250.2	-273.8	-325.3	-308.2	-296.7	-329.2	-368.5	-359.8	-364.5	-168.7	-301.0	-355.5
Current account in US\$	-3.6	-8.6	-10.7	-13.3	-14.7	-17.4	-16.7	-16.3	-18.2	-20.5	-20.2	-20.5	-9.1	-16.3	-19.9
Current account as % of GDP	-0.9	-2.3	-2.9	-3.5	-3.8	-4.5	-4.2	-4.0	-4.3	-4.8	-4.6	-4.6	-2.4	-4.1	-4.6
Financing of the current account															
Total net capital flows	46.5	17.1	61.5	33.5	100.6	55.8	100.3	45.1	114.4	66.6	113.2	62.1	158.6	301.8	356.3
SDR + Valuation adjustment	71.8	64.8	4.8	-13.4	-9.2	6.1	-24.5	-12.2	-3.1	-9.2	-6.1	0.0	128.0	-39.7	-18.3
Change in gross reserves	70.2	67.3	-6.9	-13.4	-9.2	6.1	-24.5	-12.2	-3.1	-9.2	-6.1	0.0	117.2	-39.7	-18.3
Gross reserves: quarter end	1099.2	1166.5	1159.7	1146.2	1137.0	1143.1	1118.7	1106.5	1103.4	1094.2	1088.1	1088.1	1146.2	1106.5	1088.1
Gross reserves: quarter end (US\$)	61.9	61.5	61.1	61.1	61.1	61.1	61.1	61.1	61.1	61.1	61.1	61.1	61.1	61.1	61.1
Terms of trade															
Index (2015 = 100)	112.2	110.3	106.1	104.4	103.5	102.9	102.8	103.0	102.3	101.8	101.3	101.0	108.2	103.1	101.6
(year % ch.)	-6.7	-6.2	-6.1	-2.3	-7.7	-6.7	-3.0	-1.4	-1.2	-1.1	-1.4	-1.9	-5.4	-4.8	-1.4

Table A 10: Credit, interest rates and exchange rates

	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2023	2024	2025
Money supply and credit extension															
M3 money supply (year % ch.)	4864.8 8.9	4945.0 11.2	5016.3 7.5	5072.8 7.3	5137.4 5.6	5197.0 5.1	5262.7 4.9	5335.5 5.2	5419.1 5.5	5501.2 5.9	5590.9 6.2	5688.5 6.6	5072.8 7.3	5335.5 5.2	5688.5 6.6
Private sector credit to households (year % ch.)	2067.0 7.2	2083.0 6.4	2107.0 5.7	2127.0 4.8	2155.2 4.3	2171.5 4.2	2193.3 4.1	2218.8 4.3	2258.1 4.8	2286.9 5.3	2321.9 5.9	2359.2 6.3	2127.0 4.8	2218.8 4.3	2359.2 6.3
Private sector credit to firms (year % ch.)	2443.2 7.2	2462.5 6.1	2509.9 3.8	2546.4 6.6	2582.8 5.7	2626.1 6.6	2669.9 6.4	2717.2 6.7	2761.6 6.9	2814.8 7.2	2869.5 7.5	2929.9 7.8	2546.4 6.6	2717.2 6.7	2929.9 7.8
Total private sector credit extension (year % ch.)	4510.1 7.2	4545.5 6.3	4616.9 4.7	4673.4 5.8	4737.9 5.1	4797.6 5.5	4863.3 5.3	4936.1 5.6	5019.7 5.9	5101.7 6.3	5191.5 6.7	5289.0 7.2	4673.4 5.8	4936.1 5.6	5289.0 7.2
Interest rates															
3-month NCD rate	7.44	8.20	8.41	8.61	8.79	8.82	8.53	7.92	7.54	7.30	7.33	7.36	8.16	8.52	7.38
10-year government bond yield	9.96	10.60	10.47	10.65	10.61	10.54	10.45	10.44	10.40	10.33	10.27	10.25	10.42	10.51	10.31
Prime overdraft rate	10.68	11.45	11.75	11.88	12.00	12.00	11.71	11.13	10.75	10.50	10.50	10.50	11.44	11.71	10.56
Effective household lending rate	13.48	14.08	14.54	14.79	15.11	15.12	14.89	14.43	14.08	13.83	13.77	13.83	14.22	14.88	13.88
Effective firm lending rate	8.34	9.31	9.82	9.92	10.43	10.32	10.02	9.47	9.16	8.92	8.86	8.80	9.35	10.06	8.93
Exchange rates															
R/US DOLLAR (year % ch.)	17.75 16.5	18.66 20.1	18.64 9.5	18.85 6.9	18.67 5.2	18.70 0.2	18.42 -1.2	18.20 -3.4	18.07 -3.2	17.95 -4.0	17.80 -3.3	17.80 -2.2	18.47 13.0	18.50 0.1	17.90 -3.2
R/100 Japanese YEN (year % ch.)	13.41 2.3	13.59 13.3	12.88 4.6	12.34 -1.1	12.33 -8.0	12.87 -5.3	13.52 4.9	13.50 9.4	13.90 12.7	13.81 7.3	13.91 2.8	14.02 3.8	13.06 4.7	13.06 0.0	13.91 6.5
R/STERLING (year % ch.)	21.56 5.5	23.35 19.5	23.67 18.1	22.62 9.4	22.77 5.6	23.56 0.9	23.57 -0.4	23.48 3.8	23.49 3.1	23.34 -1.0	23.32 -1.1	23.32 -0.7	22.80 13.0	23.35 2.4	23.36 0.1
R/EURO (year % ch.)	19.05 11.4	20.31 22.6	20.31 18.5	19.98 11.2	19.97 4.8	20.38 0.3	20.63 1.5	20.57 2.9	20.78 4.0	20.82 2.2	20.83 1.0	21.00 2.1	19.92 15.8	20.39 2.4	20.86 2.3
R/\$ PP parity rate (base PPI 2003) (year % ch.)	13.14 6.8	13.41 10.9	13.45 5.5	13.25 1.9	13.33 1.5	13.52 0.8	13.61 1.2	13.65 3.0	13.57 1.8	13.64 0.9	13.65 0.3	13.67 0.1	13.31 6.2	13.53 1.6	13.63 0.8

Table A 11: Prices

	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2023	2024	2025
Price deflators (index base year: 2015)															
Exports (incl. services) (year % ch.)	179.9 4.2	177.8 -1.3	173.3 -3.4	172.8 -1.4	171.6 -4.6	171.2 -3.7	170.8 -1.4	170.7 -1.2	170.2 -0.8	169.7 -0.9	169.7 -0.7	170.0 -0.4	175.9 -0.5	171.1 -2.8	169.9 -0.7
Export commodities (in rand) (year % ch.)	4974.4 -18.9	4187.9 -35.2	3561.0 -46.2	3513.6 -39.9	3393.3 -31.8	3313.1 -20.9	3234.6 -9.2	3168.5 -9.8	3049.2 -10.1	2933.9 -11.4	2877.9 -11.0	2846.3 -10.2	4059.2 -35.2	3277.4 -19.3	2926.8 -10.7
Imports (incl. services) (year % ch.)	160.3 11.7	161.2 5.2	163.4 2.9	165.5 0.9	165.7 3.4	166.3 3.1	166.1 1.7	165.8 0.2	166.4 0.4	166.7 0.2	167.5 0.8	168.3 1.5	162.6 5.0	166.0 2.1	167.2 0.7
GDE (year % ch.)	144.1 7.2	146.7 7.0	149.2 5.7	151.6 6.2	152.7 6.0	154.0 4.9	156.0 4.6	157.6 4.0	158.7 3.9	159.8 3.8	161.9 3.8	163.8 3.9	147.9 6.5	155.1 4.9	161.1 3.9
Investment (year % ch.)	147.2 8.5	150.0 7.3	152.2 6.3	154.8 6.7	156.4 6.2	158.1 5.4	159.4 4.8	160.5 3.7	161.9 3.6	163.4 3.3	164.6 3.3	165.9 3.4	151.1 7.2	158.6 5.0	164.0 3.4
GDP (year % ch.)	148.2 5.9	149.7 3.2	150.3 3.4	152.0 4.1	152.8 3.1	153.7 2.7	155.8 3.6	157.6 3.7	158.3 3.6	159.3 3.6	161.2 3.5	162.9 3.4	150.1 4.1	154.9 3.2	160.4 3.5
Consumer (index base: Dec 2021) & producer prices (index base: Dec 2020)															
Headline inflation (CPI) (year % ch.)	108.0 7.0	109.6 6.2	111.3 5.0	112.7 5.5	114.0 5.6	115.6 5.5	117.2 5.3	117.8 4.5	119.4 4.7	120.7 4.4	122.4 4.4	123.0 4.5	110.4 5.9	116.2 5.2	121.4 4.5
Core inflation* (year % ch.)	105.9 5.1	107.5 5.2	108.6 4.7	109.2 4.3	110.9 4.7	112.9 5.0	114.0 5.0	114.6 4.9	116.3 4.9	118.0 4.5	119.0 4.4	119.5 4.3	107.8 4.8	113.1 4.9	118.2 4.5
CPI food and non-alcoholic beverages (year % ch.)	115.6 13.6	117.8 12.2	118.8 8.7	121.9 9.0	123.7 7.0	124.5 5.7	125.3 5.5	126.7 3.9	128.4 3.8	129.4 3.9	130.3 4.0	132.4 4.5	118.5 10.8	125.0 5.5	130.1 4.1
CPI petrol (year % ch.)	112.2 10.6	114.2 -0.2	115.7 -9.3	124.9 3.9	120.4 7.3	119.9 5.0	118.2 2.2	117.4 -6.0	116.7 -3.1	117.4 -2.1	116.4 -1.5	115.1 -2.0	116.8 0.7	119.0 1.9	116.4 -2.2
<i>Petrol price (R/l coastal unleaded)</i> (year % ch.)	21.36 8.3	22.26 1.4	22.56 -8.0	23.97 7.7	22.79 6.7	22.71 2.0	22.38 -0.8	22.24 -7.2	22.08 -3.1	22.24 -2.1	22.04 -1.5	21.79 -2.0	22.54 1.9	22.53 0.0	22.04 -2.2
CPI electricity (year % ch.)	108.3 8.2	108.3 8.0	124.4 15.0	124.7 15.1	124.7 15.1	124.7 15.1	140.1 12.7	140.4 12.6	140.4 12.6	140.4 12.6	157.7 12.6	158.0 12.6	116.4 11.7	132.5 13.8	149.1 12.6
Producer price index (year % ch.)	126.1 11.8	127.5 6.9	129.4 4.1	132.8 5.7	133.9 6.2	135.8 6.5	137.0 5.9	137.9 3.9	139.2 4.0	140.8 3.7	142.0 3.6	143.2 3.8	128.9 7.0	136.2 5.6	141.3 3.8

* CPI excluding food, non-alcoholic beverages, petrol and energy

Appendix B

STATISTICS OF THE ANNUAL FORECAST, 2023 - 2028

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Table B 1: International economic indicators

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Real GDP growth rates									
US % growth	2.1	2.1	2.1	1.0	1.9	2.1	2.1	2.1	1.9
UK % growth	1.4	4.3	0.4	0.6	1.3	2.0	1.8	1.5	1.3
Germany % growth	1.0	1.9	-0.2	1.1	1.7	1.8	1.2	1.1	1.1
Japan % growth	0.2	1.0	1.7	1.0	1.0	0.5	0.4	0.4	0.8
Eurozone % growth	1.5	3.4	0.6	1.0	1.6	1.9	1.6	1.3	1.3
G7 % growth	1.5	2.3	1.8	1.1	1.7	1.6	1.7	1.8	1.6
CPI inflation rates									
US % CPI	3.4	8.0	4.3	2.5	2.1	2.0	2.0	2.0	2.5
UK % CPI	3.0	7.9	7.3	3.0	1.6	2.0	2.0	2.0	3.0
Germany % CPI	2.5	6.9	6.0	3.0	2.7	2.0	2.0	2.0	3.0
Japan % CPI	0.7	2.5	3.1	1.9	1.9	1.5	1.5	1.5	1.9
G7 % CPI	2.8	7.1	4.6	2.4	2.1	2.0	2.0	2.0	2.5
China % CPI	2.0	2.0	0.6	1.9	2.0	2.2	2.1	2.0	1.8
India % CPI	5.2	5.9	5.1	4.7	4.9	4.5	4.0	4.0	4.5
Interest rates									
US prime rate	4.32	4.85	8.20	7.93	6.50	5.56	5.50	5.50	6.53
Commodity prices									
Spot oil price: US\$/barrel	67.4	99.1	83.5	82.5	79.0	76.0	73.0	71.0	77.5
London gold price: US\$/oz	1549	1801	1919	1900	1875	1850	1825	1800	1862
Platinum price: US\$/oz	937	959	963	1000	1050	1100	1150	1200	1077
Palladium price: US\$/oz	1689	2109	1351	1300	1250	1200	1150	1100	1225
SA coal price: US\$/mt	120.2	275.8	125.0	110.0	105.0	100.0	100.0	100.0	106.7
China iron ore price: US\$/mt	103.8	120.3	115.1	95.0	89.0	87.0	85.0	85.0	92.7
Exchange rates									
US\$/Sterling exchange rate	1.30	1.24	1.23	1.26	1.31	1.32	1.32	1.32	1.29
Yn/\$ exchange rate	113.2	131.3	141.8	141.9	128.8	125.5	120.8	120.0	129.8
US\$/Euro exchange rate	1.13	1.05	1.08	1.10	1.17	1.19	1.20	1.20	1.16

Table B 2: Expenditure on gross domestic product (R billion at current prices)

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Nominal GDP expenditure components									
Household consumption (year % ch.)	3627.4 5.8	4209.5 9.7	4523.9 7.5	4822.3 6.6	5128.1 6.3	5450.1 6.3	5799.6 6.4	6176.8 6.5	5316.8 6.6
Government consumption (year % ch.)	1122.1 5.5	1269.2 5.6	1361.7 7.3	1440.2 5.8	1501.3 4.2	1570.9 4.6	1645.1 4.7	1725.3 4.9	1540.8 5.3
Fixed investment (year % ch.)	847.7 2.4	941.9 15.1	1083.8 15.1	1211.6 11.8	1333.0 10.0	1459.9 9.5	1592.0 9.0	1728.1 8.6	1401.4 10.7
Inventory investment	7.0	77.4	83.8	72.3	53.1	48.3	39.4	35.5	55.4
Residual item	-4.2	-3.2	-21.7	-25.2	-25.2	-25.2	-25.2	-25.2	-24.6
Gross domestic expenditure (year % ch.)	5600.0 5.5	6494.9 11.4	7031.5 8.3	7521.2 7.0	7990.4 6.2	8504.1 6.4	9050.9 6.4	9640.5 6.5	8289.8 6.8
Exports: goods and services (year % ch.)	1680.1 9.1	2223.1 15.1	2298.6 3.4	2295.2 -0.2	2355.3 2.6	2459.8 4.4	2579.4 4.9	2697.2 4.6	2447.6 3.3
Imports: goods and services (year % ch.)	1534.8 9.1	2089.5 34.8	2369.2 13.4	2511.2 6.0	2625.8 4.6	2775.8 5.7	2949.9 6.3	3131.5 6.2	2727.2 7.0
Expenditure on GDP (year % ch.)	5745.3 5.7	6628.6 6.8	6960.9 5.0	7305.2 4.9	7719.9 5.7	8188.2 6.1	8680.4 6.0	9206.3 6.1	8010.1 5.6

Table B 3: Expenditure on gross domestic product (R billion at constant 2015 prices)

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Real GDP expenditure components									
Household consumption (year % ch.)	2959.4 1.4	3066.6 2.5	3092.1 0.8	3138.8 1.5	3208.2 2.2	3271.4 2.0	3337.8 2.0	3407.9 2.1	3242.7 1.8
Government consumption (year % ch.)	879.1 0.8	900.0 1.0	908.5 0.9	924.3 1.7	927.9 0.4	933.6 0.6	939.6 0.6	946.8 0.8	930.1 0.8
Fixed investment (year % ch.)	700.5 -2.4	668.5 4.8	717.2 7.3	763.8 6.5	812.9 6.4	860.6 5.9	907.9 5.5	955.4 5.2	836.3 6.1
Inventory investment	3.3	44.3	51.0	39.5	27.6	25.2	20.6	19.0	30.5
Residual item	8.4	11.0	19.5	19.2	19.2	19.2	19.2	19.2	19.2
Gross domestic expenditure (year % ch.)	4550.8 1.0	4690.4 3.9	4788.4 2.1	4885.6 2.0	4995.8 2.3	5110.0 2.3	5225.1 2.3	5348.3 2.4	5058.9 2.2
Exports: goods and services (year % ch.)	1201.0 0.6	1256.9 7.4	1306.7 4.0	1341.6 2.7	1386.3 3.3	1435.7 3.6	1490.4 3.8	1549.1 3.9	1418.3 3.5
Imports: goods and services (year % ch.)	1238.5 2.1	1348.0 14.9	1457.0 8.1	1512.9 3.8	1570.4 3.8	1630.4 3.8	1690.8 3.7	1755.0 3.8	1602.7 4.5
Expenditure on GDP (year % ch.)	4513.3 0.6	4599.3 1.9	4638.1 0.8	4714.3 1.6	4811.7 2.1	4915.3 2.2	5024.7 2.2	5142.4 2.3	4874.4 1.9

Table B 4: Final household consumption expenditure (R billion at constant 2015 prices)

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Household consumption categories									
Durable goods (year % ch.)	294.1 3.2	313.4 0.9	314.3 0.3	318.4 1.3	328.9 3.3	338.4 2.9	349.0 3.1	359.6 3.0	334.8 2.3
Semi-durable goods (year % ch.)	261.8 0.2	260.5 1.4	267.9 2.8	272.9 1.9	280.5 2.8	288.5 2.9	297.5 3.1	307.1 3.2	285.7 2.8
Non-durable goods (year % ch.)	892.1 0.9	920.7 2.3	913.2 -0.8	926.0 1.4	944.3 2.0	958.4 1.5	974.1 1.6	991.3 1.8	951.2 1.2
Services (year % ch.)	1511.3 1.5	1571.9 3.1	1596.7 1.6	1621.5 1.6	1654.6 2.0	1686.1 1.9	1717.3 1.8	1749.9 1.9	1671.0 1.8
Total household consumption (year % ch.)	2959.4 1.4	3066.6 2.5	3092.1 0.8	3138.8 1.5	3208.2 2.2	3271.4 2.0	3337.8 2.0	3407.9 2.1	3242.7 1.8
Disposable income of households									
Real disposable income (year % ch.)	2965.3 1.6	3073.1 1.5	3075.1 0.1	3123.7 1.6	3196.0 2.3	3261.9 2.1	3329.2 2.1	3399.5 2.1	3230.9 1.7
Adjusted for debt-service cost (real) (year % ch.)	2915.9 1.5	3022.6 1.4	3027.7 0.2	3078.5 1.7	3152.6 2.4	3220.3 2.1	3289.2 2.1	3361.3 2.2	3188.3 1.8

Table B 4(A): Final household consumption expenditure – continued (R billion at constant 2015 prices)

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Durable goods									
Furniture + household appliances (year % ch.)	58.6 -0.3	53.4 -13.6	55.5 3.9	56.4 1.6	58.2 3.3	60.0 3.1	62.1 3.4	64.2 3.3	59.4 3.1
Personal transport equipment (year % ch.)	120.8 4.0	141.2 10.7	137.1 -2.9	138.3 0.9	142.8 3.2	145.7 2.1	148.5 1.9	151.1 1.7	143.9 1.2
Computers and related equipment (year % ch.)	14.1 5.2	13.7 -0.2	14.0 2.0	14.2 1.7	14.7 3.3	15.2 3.6	15.9 4.2	16.5 4.1	15.1 3.2
Recreation + entertainment goods (year % ch.)	75.5 5.8	81.5 -3.9	83.4 2.4	84.7 1.6	87.6 3.4	90.9 3.7	94.8 4.3	98.8 4.2	90.0 3.3
Other durable goods (year % ch.)	25.2 1.4	23.7 3.7	24.4 2.7	24.8 1.7	25.6 3.5	26.6 3.8	27.8 4.4	29.0 4.5	26.3 3.4
Semi-durable goods									
Clothing and footwear (year % ch.)	142.4 0.0	143.1 4.4	150.2 5.0	153.4 2.2	157.7 2.8	162.2 2.9	167.1 3.0	172.3 3.1	160.5 3.1
Household textiles etc. (year % ch.)	40.5 1.6	40.6 0.0	40.4 -0.5	41.0 1.5	42.2 3.0	43.6 3.4	45.4 4.0	47.3 4.2	43.3 2.6
Motor accessories (year % ch.)	45.7 -0.3	45.8 2.1	46.4 1.4	47.1 1.5	48.0 1.9	48.9 1.8	49.7 1.8	50.6 1.8	48.5 1.7
Recreation + entertainment goods (year % ch.)	18.4 2.0	17.9 -4.0	17.6 -1.7	17.9 1.7	18.5 3.4	19.2 3.9	20.0 4.3	20.9 4.4	19.0 2.7
Miscellaneous (year % ch.)	14.8 0.2	13.2 -16.3	13.4 1.2	13.6 1.9	14.1 3.5	14.7 4.0	15.3 4.6	16.0 4.7	14.5 3.3

Table B 4(B): Final household consumption expenditure – continued (R billion at constant 2015 prices)

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Non-durable goods									
Food, beverage & tobacco (year % ch.)	545.5 1.2	572.3 4.5	568.6 -0.6	576.6 1.4	588.2 2.0	597.5 1.6	608.1 1.8	619.9 1.9	593.2 1.3
Household fuel & power (year % ch.)	120.9 1.0	125.2 -2.2	120.2 -4.0	122.0 1.5	123.7 1.4	124.6 0.7	125.3 0.6	126.2 0.7	123.7 0.2
Household consumer goods (year % ch.)	64.6 3.6	71.6 6.6	72.1 0.6	73.2 1.6	75.3 2.8	77.1 2.4	79.1 2.5	81.2 2.7	76.3 2.1
Medical & pharm products (year % ch.)	59.9 2.4	63.7 0.8	62.8 -1.5	63.5 1.2	64.9 2.1	66.0 1.8	67.4 2.1	69.0 2.3	65.6 1.3
Petroleum products (year % ch.)	78.0 -2.2	69.4 -5.1	70.5 1.5	71.2 1.0	72.1 1.3	72.6 0.6	73.0 0.6	73.4 0.5	72.1 0.9
Recreation & entertainment goods (year % ch.)	23.2 -5.4	18.5 -11.4	19.1 3.3	19.5 2.0	20.0 2.8	20.5 2.5	21.1 2.5	21.6 2.5	20.3 2.6
Services									
Rent (year % ch.)	326.2 1.1	333.8 0.8	336.8 0.9	340.5 1.1	345.1 1.3	349.5 1.3	353.9 1.3	358.5 1.3	347.4 1.2
Household services (year % ch.)	74.0 2.3	74.8 -0.7	75.1 0.4	76.3 1.5	78.5 3.0	81.1 3.3	83.9 3.4	86.7 3.4	80.3 2.5
Medical services (year % ch.)	149.2 0.7	156.3 8.7	164.9 5.5	167.7 1.7	170.9 1.9	174.5 2.1	178.2 2.1	182.1 2.2	173.1 2.6
Transport & communication (year % ch.)	333.3 2.1	356.8 4.3	363.1 1.7	369.1 1.7	376.4 2.0	383.2 1.8	389.7 1.7	396.4 1.7	379.6 1.8
Recreation & entertainment (year % ch.)	223.7 0.4	222.7 -0.4	224.0 0.6	227.8 1.7	233.7 2.6	239.4 2.4	245.2 2.4	251.1 2.4	236.9 2.0
Miscellaneous Services (year % ch.)	404.8 2.4	427.5 4.5	432.8 1.2	440.1 1.7	449.9 2.2	458.3 1.9	466.4 1.8	475.1 1.9	453.8 1.8

Table B 5(A): Gross fixed capital formation (R billion at constant 2015 prices)

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Private sector									
Residential	94.1	88.6	91.1	93.6	96.0	98.6	101.8	104.9	97.7
(year % ch.)	-1.8	3.3	2.8	2.7	2.6	2.7	3.2	3.1	2.9
Other non-residential	395.4	387.0	421.0	464.1	506.1	545.7	584.8	624.5	524.4
(year % ch.)	-0.2	5.7	8.8	10.2	9.1	7.8	7.2	6.8	8.3
Total private sector	489.6	475.6	512.1	557.6	602.1	644.3	686.6	729.3	622.0
(year % ch.)	-0.5	5.2	7.7	8.9	8.0	7.0	6.6	6.2	7.4
Public sector									
Government	124.6	116.4	124.0	122.2	123.8	126.7	129.4	132.2	126.4
(year % ch.)	-4.8	1.0	6.5	-1.4	1.3	2.3	2.2	2.1	2.2
Public corporations	86.3	76.5	81.1	84.0	87.0	89.6	91.9	93.9	87.9
(year % ch.)	-7.2	8.2	6.0	3.6	3.6	3.0	2.5	2.2	3.5
Total public sector	210.9	192.8	205.0	206.2	210.8	216.3	221.3	226.1	214.3
(year % ch.)	-5.9	3.7	6.3	0.6	2.2	2.6	2.3	2.1	2.7
Total									
Total fixed capital formation	700.5	668.5	717.2	763.8	812.9	860.6	907.9	955.4	836.3
(year % ch.)	-2.4	4.8	7.3	6.5	6.4	5.9	5.5	5.2	6.1

Table B 5(B): Gross fixed capital formation – continued (R billion at constant 2015 prices)

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Residential (year % ch.)	96.6 -1.8	90.9 3.3	93.5 2.9	96.1 2.8	98.6 2.7	101.4 2.8	104.7 3.2	108.0 3.2	100.4 2.9
Non-residential (year % ch.)	50.7 -10.3	33.9 -6.9	36.2 6.9	37.4 3.3	39.0 4.3	40.9 4.8	42.7 4.3	44.4 4.2	40.1 4.6
Construction works (year % ch.)	140.4 -7.6	120.6 -1.3	126.2 4.7	134.1 6.2	143.2 6.8	153.6 7.3	163.1 6.2	172.5 5.8	148.8 6.2
Transport equipment (year % ch.)	77.8 -5.1	69.7 10.0	74.4 6.7	79.0 6.2	83.9 6.3	89.2 6.3	94.1 5.5	98.7 4.9	86.5 6.0
Computer equipment (year % ch.)	28.5 5.7	32.3 0.5	34.4 6.4	36.5 6.1	38.7 5.9	40.9 5.8	43.1 5.5	45.5 5.5	39.9 5.9
Machinery and other equipment (year % ch.)	230.0 1.9	236.2 8.9	263.9 11.8	287.6 9.0	310.4 7.9	329.1 6.0	349.1 6.1	369.2 5.7	318.2 7.7
Research and development (year % ch.)	28.2 -4.8	25.8 -2.9	26.0 0.9	26.5 1.7	27.4 3.4	28.4 3.9	29.4 3.6	30.5 3.7	28.0 2.9
Computer software (year % ch.)	27.6 14.0	39.4 19.8	42.4 7.8	45.7 7.6	49.4 8.3	53.7 8.5	57.1 6.5	60.9 6.6	51.5 7.5
Mineral exploration and evaluation (year % ch.)	1.5 -5.8	1.3 3.1	1.3 1.5	1.4 4.4	1.4 4.5	1.5 5.4	1.6 5.1	1.7 4.9	1.5 4.3
Cultivated biological resources (year % ch.)	6.3 0.4	6.0 -7.3	6.1 2.6	6.5 5.6	6.9 6.6	7.4 6.6	7.8 5.9	8.3 6.4	7.2 5.6
Transfer costs (year % ch.)	13.0 -1.8	12.6 5.2	12.7 1.0	13.3 4.7	13.9 4.8	14.6 4.6	15.2 4.1	15.7 3.6	14.2 3.8

Table B 5: Labour sector (million)

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Employment									
Total labour force	22.5	23.4	24.2	24.5	24.8	25.1	25.4	25.7	24.9
(year % ch.)	1.5	4.6	3.3	1.3	1.2	1.2	1.2	1.2	1.6
Private sector employment	13.6	13.3	14.1	14.3	14.6	14.9	15.2	15.5	14.8
(year % ch.)	-0.3	5.3	5.5	1.8	2.0	1.9	2.0	2.0	2.5
Government employment	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
(year % ch.)	0.8	0.6	0.4	0.7	-0.3	0.1	0.1	0.2	0.2
Total employment (incl. informal)	15.7	15.5	16.3	16.6	16.8	17.1	17.4	17.7	17.0
(year % ch.)	-0.2	4.6	4.8	1.6	1.7	1.7	1.8	1.8	2.2
Unemployment rate	30.0	33.5	32.6	32.3	32.0	31.7	31.3	30.9	31.8
Wage rates (year % change)									
Unit labour cost	3.7	2.6	5.0	5.5	4.6	4.4	4.4	4.3	4.7
Wage bill (R billion at current prices)									
Total wage bill	2734.3	2995.2	3172.9	3401.6	3630.5	3871.4	4130.7	4407.6	3769.1
(year % ch.)	4.3	4.6	5.9	7.2	6.7	6.6	6.7	6.7	6.7

Table B 6: Personal income and expenditure (R billion at current prices)

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Income and expenditure									
Remuneration of employees (year % ch.)	2734.3 4.3	2995.2 4.6	3172.9 5.9	3401.6 7.2	3630.5 6.7	3871.4 6.6	4130.7 6.7	4407.6 6.7	3769.1 6.7
Social benefits to households (year % ch.)	349.9 11.6	411.2 2.9	456.5 11.0	477.5 4.6	503.4 5.4	533.7 6.0	565.7 6.0	599.6 6.0	522.7 6.5
Less direct personal taxes (year % ch.)	520.3 5.7	594.2 9.5	641.1 7.9	694.7 8.4	752.0 8.3	811.0 7.8	870.3 7.3	930.0 6.9	783.2 7.8
Disposable income (year % ch.)	3635.4 6.0	4218.3 8.6	4499.0 6.7	4799.0 6.7	5108.6 6.5	5434.3 6.4	5784.5 6.4	6161.7 6.5	5297.9 6.5
Less household consumption (year % ch.)	3627.4 5.8	4209.5 9.7	4523.9 7.5	4822.3 6.6	5128.1 6.3	5450.1 6.3	5799.6 6.4	6176.8 6.5	5316.8 6.6
Saving	8.0	8.8	-25.2	-23.3	-19.5	-15.8	-15.1	-15.1	-19.0
Households: ratio to disposable income									
Saving	0.2	0.2	-0.6	-0.5	-0.4	-0.3	-0.3	-0.2	-0.4
Debt	62.8	61.9	61.9	60.4	59.9	60.0	60.0	59.7	60.3
Debt-service cost	7.9	7.3	8.8	9.0	8.3	8.3	8.3	8.3	8.5
Net wealth	392.0	391.4	390.7	385.3	385.2	376.0	365.8	354.4	376.2

Table B 7: Current income and expenditure of general government (R billion at current prices)

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Income									
Personal income tax (year % ch.)	520.3 5.7	594.2 9.5	641.1 7.9	694.7 8.4	752.0 8.3	811.0 7.8	870.3 7.3	930.0 6.9	783.2 7.8
Corporate income tax (year % ch.)	280.6 11.4	379.1 9.5	348.1 -8.2	347.4 -0.2	366.2 5.4	389.7 6.4	414.6 6.4	441.2 6.4	384.5 2.7
Value added tax (VAT) (year % ch.)	345.0 6.0	413.9 10.5	441.0 6.6	475.7 7.9	511.1 7.5	548.5 7.3	589.1 7.4	628.9 6.8	532.4 7.2
Other indirect taxes (year % ch.)	353.1 7.1	414.1 9.0	447.3 8.0	480.5 7.4	512.0 6.6	545.0 6.4	580.1 6.4	617.5 6.4	530.4 6.9
Other income	63.2	76.9	97.6	99.3	109.1	122.4	139.0	157.5	120.8
Current income (year % ch.)	1562.2 6.8	1878.2 9.4	1975.2 5.2	2097.5 6.2	2250.5 7.3	2416.6 7.4	2593.2 7.3	2775.1 7.0	2351.3 6.7
Expenditure									
Consumption (year % ch.)	1122.1 5.5	1269.2 5.6	1361.7 7.3	1440.2 5.8	1501.3 4.2	1570.9 4.6	1645.1 4.7	1725.3 4.9	1540.8 5.3
Interest Payments (year % ch.)	214.9 13.0	291.8 16.2	338.2 15.9	383.0 13.3	426.5 11.3	475.5 11.5	534.8 12.5	596.4 11.5	459.1 12.7
Social benefits to households (year % ch.)	349.9 11.6	411.2 2.9	456.5 11.0	477.5 4.6	503.4 5.4	533.7 6.0	565.7 6.0	599.6 6.0	522.7 6.5
Other expenditure	269.9	307.6	363.4	302.0	290.3	282.8	284.3	285.9	301.5
Current expenditure (year % ch.)	1956.8 7.9	2279.7 4.1	2519.8 10.5	2602.7 3.3	2721.5 4.6	2862.8 5.2	3029.9 5.8	3207.3 5.9	2824.0 5.9
Saving	-224.0	-234.3	-367.5	-328.0	-293.9	-269.1	-259.6	-255.0	-295.5
Ratios to GDP									
Total tax revenue	26.0	27.2	27.0	27.3	27.7	28.0	28.3	28.4	27.8
Current expenditure	34.0	34.4	36.2	35.6	35.3	35.0	34.9	34.8	35.3
Main budget balance	-5.4	-4.4	-5.9	-4.9	-4.0	-3.5	-3.4	-3.2	-4.2
Gross debt (National government)	60.8	71.1	75.1	78.0	79.9	80.6	80.4	80.1	79.0

Table B 8: Balance of payments (R billion at current prices)

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Current account									
Exports: goods and services (year % ch.)	1680.1 9.1	2223.1 15.1	2298.6 3.4	2295.2 -0.2	2355.3 2.6	2459.8 4.4	2579.4 4.9	2697.2 4.6	2447.6 3.3
Net receipts (year % ch.)	-35.0 1.6	-25.3 -29.4	-23.5 -6.9	-9.4 -60.1	-0.4 -96.2	8.7 -2496.6	8.7 0.4	8.7 0.5	-1.2 -443.1
Less imports: goods and services (year % ch.)	1534.8 9.1	2089.5 34.8	2369.2 13.4	2511.2 6.0	2625.8 4.6	2775.8 5.7	2949.9 6.3	3131.5 6.2	2727.2 7.0
Less net factor payments (year % ch.)	130.1 4.4	138.4 16.6	74.6 -46.1	75.6 1.4	84.6 11.9	98.7 16.6	115.4 16.9	130.0 12.7	96.5 2.2
Current account balance	-19.8	-30.0	-168.7	-301.0	-355.5	-406.0	-477.2	-555.6	-377.3
Current account in US\$	-1.7	-1.6	-9.1	-16.3	-19.9	-22.5	-26.1	-30.2	-20.7
Current account as % of GDP	-0.3	-0.5	-2.4	-4.1	-4.6	-5.0	-5.5	-6.0	-4.7
Financing of the current account									
Total net capital flows	43.8	98.2	158.6	301.8	356.3	406.7	478.0	556.3	376.3
SDR + Valuation adjustment	39.6	45.3	128.0	-39.7	-18.3	24.6	6.1	10.5	18.5
Change in gross reserves	63.5	113.6	117.2	-39.7	-18.3	24.6	6.1	10.5	16.7
Gross reserves: quarter end	815.2	1029.0	1146.2	1106.5	1088.1	1112.7	1118.8	1129.3	1116.9
Gross reserves: quarter end (US\$)	55.1	60.6	61.1	61.1	61.1	61.1	61.1	61.1	61.1
Terms of trade									
Index (2010 = 100) (year % ch.)	112.9 2.2	114.4 -8.6	108.2 -5.4	103.1 -4.8	101.6 -1.4	100.6 -1.0	99.2 -1.4	97.6 -1.6	101.7 -2.6

Table B 9: Credit, interest rates and exchange rates

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Money supply and credit extension									
M3 money supply (year % ch.)	3978.0 7.0	4727.6 8.6	5072.8 7.3	5335.5 5.2	5688.5 6.6	6086.2 7.0	6528.4 7.3	7009.1 7.4	5953.4 6.8
Private sector credit to households (year % ch.)	1769.2 5.3	2029.7 7.5	2127.0 4.8	2218.8 4.3	2359.2 6.3	2511.3 6.5	2669.0 6.3	2828.3 6.0	2452.3 5.7
Private sector credit to firms (year % ch.)	2150.4 5.2	2388.3 7.8	2546.4 6.6	2717.2 6.7	2929.9 7.8	3175.4 8.4	3459.9 9.0	3781.4 9.3	3101.7 8.0
Total private sector credit extension (year % ch.)	3919.7 5.3	4418.0 7.7	4673.4 5.8	4936.1 5.6	5289.0 7.2	5686.7 7.5	6129.0 7.8	6609.7 7.8	5554.0 6.9
Interest rates									
3-month NCD rate	5.78	5.32	8.16	8.52	7.38	7.41	7.47	7.49	7.74
10-year government bond yield	9.19	10.14	10.42	10.51	10.31	10.14	9.99	9.89	10.21
Prime overdraft rate	9.02	8.59	11.44	11.71	10.56	10.50	10.50	10.50	10.87
Effective household lending rate	12.66	11.71	14.22	14.88	13.88	13.89	13.89	13.84	14.10
Effective firm lending rate	6.85	6.51	9.35	10.06	8.93	8.74	8.69	8.65	9.07
Exchange rates									
R/US DOLLAR (year % ch.)	14.76 2.2	16.36 10.7	18.47 13.0	18.50 0.1	17.90 -3.2	18.01 0.6	18.26 1.4	18.41 0.8	18.26 2.1
R/ 100 Japanese YEN (year % ch.)	13.08 -0.7	12.47 -7.4	13.06 4.7	13.06 0.0	13.91 6.5	14.35 3.2	15.12 5.4	15.34 1.4	14.14 3.5
R/STERLING (year % ch.)	19.14 0.5	20.18 -0.7	22.80 13.0	23.35 2.4	23.36 0.1	23.68 1.4	24.10 1.8	24.30 0.8	23.60 3.2
R/EURO (year % ch.)	16.71 1.2	17.20 -1.6	19.92 15.8	20.39 2.4	20.86 2.3	21.34 2.3	21.91 2.7	22.09 0.8	21.08 4.4
R/\$ PP parity rate (base PPI 2003) (year % ch.)	12.53 1.0	12.54 -1.0	13.31 6.2	13.53 1.6	13.63 0.8	13.85 1.6	14.11 1.9	14.39 2.0	13.81 2.3

Table B 10: Prices

	Average 2017-22	2022	2023	2024	2025	2026	2027	2028	Average 2023-28
Price deflators (index base year: 2015)									
Exports (incl. services) (year % ch.)	140.1 8.5	176.9 7.1	175.9 -0.5	171.1 -2.8	169.9 -0.7	171.3 0.8	173.1 1.0	174.1 0.6	172.6 -0.3
Export commodities (in rand) (year % ch.)	3483.1 28.2	6266.3 16.7	4059.2 -35.2	3277.4 -19.3	2926.8 -10.7	2850.9 -2.6	2859.4 0.3	2871.5 0.4	3140.9 -11.2
Imports (incl. services) (year % ch.)	123.6 6.5	154.9 17.3	162.6 5.0	166.0 2.1	167.2 0.7	170.2 1.8	174.5 2.5	178.4 2.3	169.8 2.4
GDE (year % ch.)	123.3 4.5	138.8 7.0	147.9 6.5	155.1 4.9	161.1 3.9	167.5 4.0	174.3 4.1	181.4 4.0	164.5 4.6
Investment (year % ch.)	121.6 4.8	140.9 9.8	151.1 7.2	158.6 5.0	164.0 3.4	169.6 3.5	175.3 3.4	180.9 3.2	166.6 4.3
GDP (year % ch.)	127.3 5.1	144.1 4.8	150.1 4.1	154.9 3.2	160.4 3.5	166.6 3.8	172.7 3.7	179.0 3.6	164.0 3.7
Consumer (index base: Dec 2021) & producer prices (index base: Dec 2020)									
Headline inflation (CPI) (year % ch.)	92.5 4.8	104.2 6.9	110.4 5.9	116.2 5.2	121.4 4.5	126.7 4.4	132.3 4.4	138.3 4.5	124.2 4.8
Core inflation* (year % ch.)	94.0 4.0	102.9 4.3	107.8 4.8	113.1 4.9	118.2 4.5	123.3 4.4	128.7 4.4	134.3 4.4	120.9 4.6
CPI food and non-alcoholic beverages (year % ch.)	92.2 5.6	107.0 9.2	118.5 10.8	125.0 5.5	130.1 4.1	136.2 4.7	142.5 4.7	149.2 4.7	133.6 5.7
CPI petrol (year % ch.)	83.0 11.6	115.9 34.3	116.8 0.7	119.0 1.9	116.4 -2.2	115.4 -0.9	115.7 0.3	117.7 1.7	116.8 0.3
<i>Petrol price (R/l coastal unleaded)</i> (year % ch.)	16.0 11.2	22.1 31.3	22.5 1.9	22.5 0.0	22.0 -2.2	21.8 -0.9	21.9 0.3	22.3 1.7	22.2 0.1
CPI electricity (year % ch.)	83.5 8.2	104.2 11.1	116.4 11.7	132.5 13.8	149.1 12.6	165.3 10.9	179.6 8.6	194.0 8.0	156.1 10.9
Producer price index (year % ch.)	99.8 6.5	120.5 14.4	128.9 7.0	136.2 5.6	141.3 3.8	147.2 4.2	153.7 4.4	160.7 4.6	144.7 4.9

*CPI excluding food, non-alcoholic beverages, petrol and energy