

FORECAST PUBLICATION | FIRST QUARTER 2025

Economic Prospects

Economic activity expected during 2025 and 2026

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Forecast in a nutshell

Real annual % change*	2024	2025	2026
Final household consumption expenditure	1.2	2.1	1.9
Durable goods	3.6	3.4	2.5
Semi-durable goods	1.1	2.8	2.5
Non-durable goods	1.1	1.7	1.6
Services	0.8	1.9	1.9
Gross fixed capital formation	-3.7	4.3	5.5
Private	-5.0	5.2	6.6
Government	-3.2	1.1	2.2
Public Corporations	3.7	3.7	3.1
Gross domestic expenditure	0.0	2.3	2.2
Exports of goods and services	-3.5	3.6	4.0
Imports of goods and services	-5.7	4.5	4.3
Gross domestic product	0.8	2.0	2.1
Current account as % of GDP	-1.3	-1.8	-2.5
Interest rates (% , last quarter average)			
3-month NCD rate	7.91	7.62	7.58
10-year government bond yield	10.28	10.81	10.12
Prime overdraft rate	11.39	10.75	10.75
Inflation rates (%)			
Producer prices	3.0	2.9	4.2
Consumer prices	4.4	4.2	4.3
Labour and employment (private and public)			
Nominal wage rate	2.2	4.7	5.1
Employment growth	2.3	1.6	1.8
Exchange rates (Q4 average)			
R/US dollar	17.92	17.96	18.19
R/Euro	19.11	19.76	20.92
R/Pound sterling	22.96	23.53	25.10
R/100 Japanese Yen	11.75	12.16	13.47
Fiscal indicators as % of GDP	2024/25	2025/26	2026/27
Main budget balance	-5.4	-4.4	-4.4
Gross government debt	76.3	76.9	76.6

* Unless specified otherwise

Executive summary

We have made slight downward revisions to our 2024 and 2025 real GDP growth forecasts. Although the consumer seems to have had a strong end to 2024 and should still do somewhat better this year relative to last year, private investment continues to disappoint. Structural reform progress has been too slow to ignite faster growth.

Our **real GDP forecast** for 2024 has been revised down to 0.8%, while we have downwardly adjusted our 2025 view to 2% growth. However, it is important to note that the forecast for 2024 and 2025 is complicated by the 2024Q3 official figure and comes with greater-than-usual uncertainty. According to Statistics South Africa (Stats SA), real GDP declined by 0.3% q-o-q, which was significantly weaker than what we, and the consensus, had expected. The main drag from the production side of GDP came from agricultural production, which plummeted by 28.8% q-o-q. Excluding agriculture means that the economy essentially churned along at (a subdued) 0.5% q-o-q in Q3, down from 0.4% in Q2 – this would have been in line with our and the consensus forecast ahead of the publication. Indeed, credible research from the Bureau for Food and Agricultural Policy (BFAP)¹ has since shown that the 2024Q1-2024Q3 contraction in agricultural production is a severe overstatement of what actually transpired in the sector, and indications are that a significant revision will be made to the historic agriculture data. This will likely be done with the release of the 2024Q4 GDP data in early March. While revisions to historical data are common, a fairly large adjustment seems necessary this time. Unfortunately, we have no sense of the extent of the revision or how this will be accounted for in the GDP calculation from the expenditure side on which our forecast is based, and we need to forecast using the latest available official data as a starting point (although we suspect it will be revised). As such, we have built in a relatively large quarterly increase in Q4 to get to an annual GDP print that we think is more plausible, but with a likely revision to Q3, quarterly GDP growth in Q4 will likely come in lower than we forecast now.

Regardless of statistical quirks, GDP growth in 2024 will likely come below 1%, with an improvement forecast in 2025. One of the reasons for more optimism for this year stems from some expected continued momentum in consumer spending relative to 2024. That said, we have pencilled in a contraction in consumer spending in 2025Q1 from what is expected to be a solid Q4 (when withdrawals from the two-pot system provided a nice boost along with other windfalls). Further support for growth comes from an expected recovery in fixed investment in the private sector, which should pick up some momentum from a very low base amid (local) political stability and some progress on the reform front that supports business confidence. However, we are less upbeat than we were before. Slow progress on the logistics reform front implies that some of the investment and export recovery is shifted out to 2026, which means that we see growth remaining around 2% in 2026. The risk, of course, is that the reform gets delayed to such an extent that the boost to

¹ Their research report can be found [here](#).

growth is outweighed by other headwinds (for example, renewed local political instability/uncertainty weighing on confidence).

Looking at price trends, **consumer inflation** was softer than we and the consensus expected during the last months of 2024. Still, our (updated) full-year forecast of 4.4% average inflation was correct. In December, the reason for the lower-than-expected print came from lower food price inflation as well as Owner's Equivalent Rent (OER) remaining more subdued than forecast. OER serves as a key measure of demand-driven inflation. In all, our headline inflation forecast for 2025 is unchanged at 4.2%. We anticipate inflation to start the year relatively low (with the subdued OER and benign food price dynamics helping) at just above 3% but slowly trend up to above the SA Reserve Bank's (SARB) 4.5%-target through the second half of the year as the base effects from last year's low inflation kick in. Next year, inflation should still remain relatively well-behaved at 4.3%.

While inflation continues to undershoot expectations, persistent upside risks and uncertainty could make the SARB hesitant to cut the **repo rate** further. That said, amid improving **inflation expectations** and a still relatively benign inflation outlook, we believe there is scope to cut by another 25bps in March following the 25bps cut in January. However, but we are less convinced of this than before and think a further 25bps cut (i.e. a third cut this year) is unlikely as the SARB seems to place significant emphasis on the upside risks to inflation.

Of course, the global monetary policy environment has also changed, with the European Central Bank (ECB) still easing. However, the next rate cut by the US Federal Reserve (**Fed**) is now only likely in the middle of the year. The reason for later (and likely fewer) Fed rate cuts is the expectation that newly installed President Donald Trump's policies could be negative for global inflation and growth. This has contributed to a significantly stronger dollar.

The expectation of the SARB cutting (albeit by just another 25bps), while the Fed is expected to remain on hold, explains part of our somewhat weaker **rand** forecast in the first half of the year. However, it is not so much a weaker rand as a stronger dollar narrative. The rand is set to remain vulnerable to Trump's habit of policymaking through social media and can experience sharp swings as the market digests the potential implications of announcements. Still, with our expectation of better SA economic growth in 2025, some progress on the reform front, political stability (in SA) and a resumption of Fed rate cuts in the second half of the year, there is scope for the rand to find some renewed strength to close the year just below R18/\$.

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Introduction²

Despite the absence of load-shedding through most of 2024, the economy is unlikely to have grown faster than 1% last year. The outlook for 2025 is more positive, with some cyclical support set to push real growth to about 2%. Still, we have made a slight downward revision to our growth forecast for 2025. While local growth dynamics are important, this is, to some extent, overshadowed by the uncertainty coming from the global political landscape.

A few months ago, it was fairly easy to tell a constructive growth story for South Africa (SA). The Government of National Unity (GNU) led to local political stability with a firm focus on structural reform, which was promising for the medium-term growth outlook. As cautioned, however, reform progress has been slow, and we remain worried that progress will not be fast enough to sustain the positive growth momentum that should help growth over the short term. Signs of positive growth momentum include improving sentiment and the consumer benefitting from (to a large extent temporary) windfalls that should boost spending.

However, the main reason why we are more hesitant to be constructive about SA stems from the changes to the global geopolitical landscape and the implications for the local economy. For one, US President Donald Trump's untraditional way of formulating and implementing policy brings uncertainty. The policies he has implemented and intends to implement are also feared to be inflationary and have turned the US Federal Reserve (Fed) more hawkish. With fewer US rate cuts on the cards, less easing in SA is also likely. Some of Trump's policies could also be negative for US, global and/or SA growth prospects over time. Indeed, even if Trump does not derail growth directly, the uncertainty that comes with his presidency could weigh on sentiment and growth. Starting with recent developments and the outlook for the global economy, the rest of the report briefly sets out the narrative behind our latest projections for the most important SA macro variables. Detailed forecast tables are provided at the end of the report.

² This report was completed on 14 February 2025.

Global outlook

The International Monetary Fund's (IMF) January World Economic Outlook update projects global real GDP growth for 2025 and 2026 at 3.3%, slightly above the estimated 3.2% for 2024 but below the 3.7% average recorded from 2000-2019. While the IMF anticipates a modest increase in growth this year compared to 2024, different countries and regions will face varying risks.

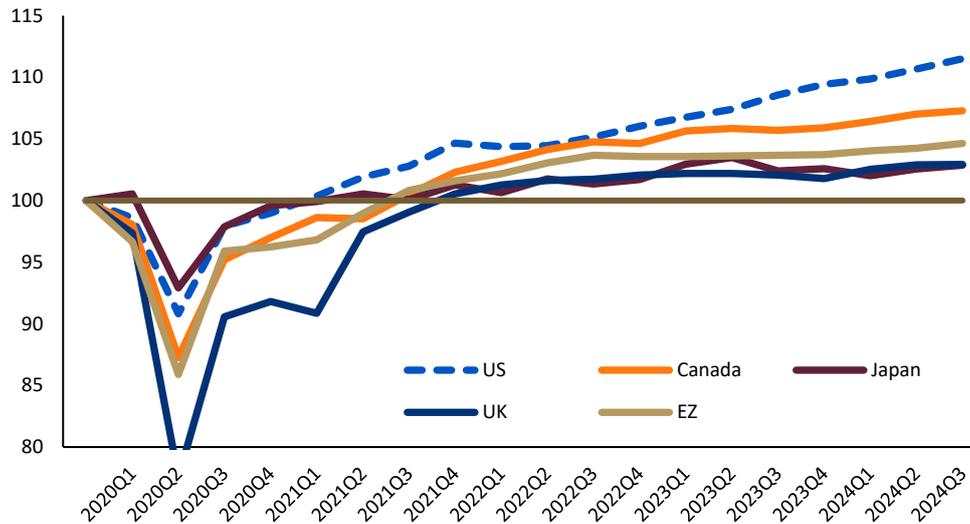
WILL THE US ECONOMY CONTINUE ITS EXCEPTIONALISM?

In recent weeks, economists have been trying to estimate President Trump's impact on the global economy and policies. The process has been complicated by Trump not necessarily sticking to what he promised to deliver but also using mainly trade tariffs (threats) as a negotiating tool and a way to strike deals between the US and other countries. The best example of this would be the announcement of 25% tariffs on Canada and Mexico, which was postponed mere days after being announced following arrangements with the relevant countries. It is further complicated by the uncertainty about how 'victims' of Trump's policies will react and how that will filter through the global economy. Another source of uncertainty around the US's growth and inflation trajectory, in particular, stems from Trump's intention to crack down on immigration. It also remains to be seen how the so-called Department of Government Efficiency will affect the level of federal spending and fiscal deficits, both of which have the potential to influence growth, unemployment, and prices. While we keep a keen eye on the US economy and how it relates back to SA, we are no experts and will largely take our cue from those in the know when it is time to make significant adjustments to our forecast.

For now, it does seem clear that the new Trump administration is set to implement MAGA-friendly policies. This means that the US is poised for sustained economic growth (over the short term at least), building on its recent strong performance. Throughout 2024, the US economy was characterised by exceptionalism relative to its advanced economy peers. The US consistently outperformed expectations with better labour market outcomes, robust consumer spending, and higher real GDP growth while continuing on a disinflationary path—though the inflation target was not met by year-end. The initial real GDP report for Q4 2024 indicates that the US economy grew by 2.8% annually in 2024, following a robust performance in 2023.

Figure 1: The US economy's post-COVID recovery has outpaced its G7 peers

Index (2019Q4 = 100)



Source: OECD Main Economic Indicators

Looking ahead, the consumer remains on solid footing, with real personal consumption expenditure and real retail sales showing positive month-on-month growth until November, consumer sentiment gradually improving, and a higher savings rate than previously estimated. However, there are signs of a cooling labour market. Jobs are still being added, though they are becoming more concentrated in specific industries (mainly services), and the number of job openings per unemployed person is decreasing, making it less attractive to join the labour force. This, coupled with stricter immigration policies, is expected to weaken labour force growth, impacting the unemployment rate and making it harder for firms requiring large quantities of low-skilled workers, such as those in construction and agriculture, to hire. Still, economic tailwinds include a robust services sector, investment in niche manufacturing industries, and strong credit fundamentals. The US economy is expected to continue its momentum from 2024, with projected growth of 2.2% in 2025 and 2026. This is slightly below the IMF's latest predictions of 2.7% for 2025 and 2.1% for 2026.

Despite the optimistic outlook for the US economy, caution is advised. Over the past few years, US investors have increased their net wealth by holding more equities. While this has been a solid investment, evidenced by the significant growth in the S&P 500 last year, it also poses the risk of overexposure to the stock market. A severe drop or crash in the stock market could cause significant hardship for US consumers with potential spillover implications for the global economy.

Turning to inflation, the rate of increase in consumer price increases as measured by the Consumer Price Index (CPI) rose by 2.9% year-on-year (y-o-y) in December. This resulted in a 3% average for 2024, down from the average for 2023 at 4.1%. US inflation moved in the right direction in 2024 but remains above target, with the pace of disinflation slowing in recent months. The most recent inflation expectation survey also showed a slight uptick in year-ahead inflation expectations. Indeed, near-term upside inflation risks have increased relative to those before Trump's election, given his promise to implement steep trade tariffs and stimulate the local economy. The drag from goods deflation should start

dissipating. However, service inflation is expected to slow throughout 2025. We anticipate elevated inflation of 2.4% this year, with upside risks, and 2.3% in 2026. This has implications for the Federal Reserve's (Fed) interest rate decisions as they would like to see inflation around 2% – more on this below.

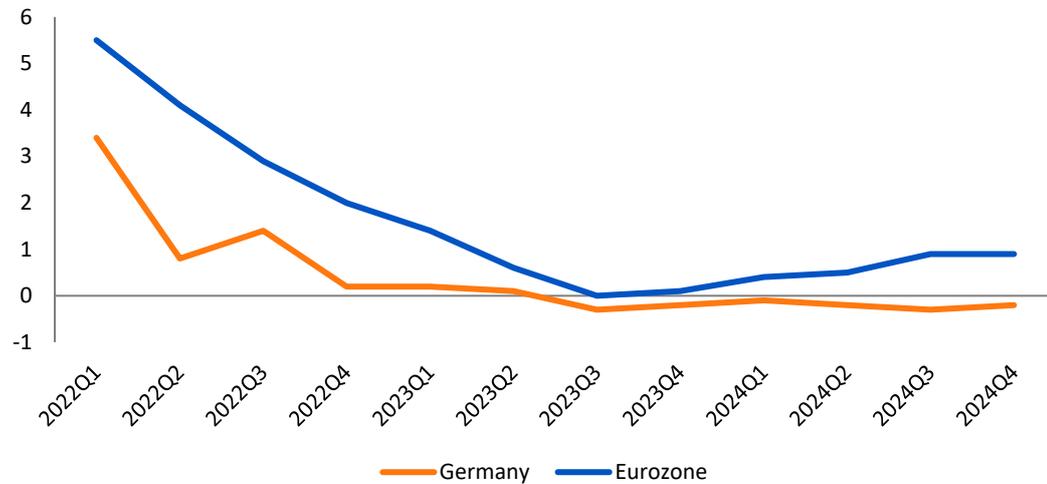
THE EUROZONE ECONOMY REMAINS BELOW POTENTIAL, BUT SOME LIFT IS EXPECTED THIS YEAR

Meanwhile, the performance of the Eurozone economy remains below potential and growth momentum stalled in Q4. The spike in gas prices following Russia's invasion of Ukraine exposed the continent's reliance on cheap Russian fuel and dampened industrial activity. Despite gas prices decreasing and countries adjusting to the new norm, the economic recovery has been slow. Germany's manufacturing sector is suffering amid increased competition from China for its key export product – cars. Indeed, the German economy contracted for two consecutive years, with real GDP down by 0.2% in 2024 from 2023. The German government expects just 0.3% growth in 2025. France's economy performed better in 2024, supported by strong exports and fiscal stimulus. However, weak domestic demand detracted from growth, especially when the temporary boost from hosting the Olympic Games faded. Italy's growth has been muted due to necessary fiscal consolidation efforts to bring public finances to a sustainable trajectory.

On the positive side, the Eurozone economy continues to be supported by a solid labour market and real income growth. However, cautious consumers have led to weak domestic demand growth and high savings rates. Towards the end of 2024, consumer spending began to pick up as inflation came down and interest rates were lowered, which, if sustained into 2025, will lift GDP growth. As the labour market cools and real income growth normalises, the boost from private consumption is expected to diminish later in the year. A ceasefire in the Russia-Ukraine conflict could significantly improve sentiment and spur growth, while a further escalation could have the opposite effect. Political uncertainty in Germany and France may dampen sentiment and hinder economic growth. On the other hand, Southern European countries, such as Spain, Portugal, and Greece, are expected to continue outperforming the bloc's average. Eurozone's growth is expected to reach 1.0% this year and 1.4% next year, following 0.4% in 2023 and 0.7% in 2024.

Figure 2: Germany is a key drag on Eurozone real GDP growth

% change y-o-y



Source: Eurostat

On the inflation front, the Eurozone is moving toward its inflation target. The latest annual inflation print was 2.4% in December, higher than November's 2.2% but down from 2.9% a year earlier. In December, food and services inflation contributed positively, while energy deflation provided some offset. Although services inflation remains stubborn at around 4%, it is expected to decrease this year as wage growth slows. Overall, Eurozone inflation is projected to steadily move towards its 2% target in 2025. This is why the European Central Bank (ECB) will likely focus more on stimulating the economy and is expected to cut interest rates multiple times this year—see more below.

UK ECONOMY TO RECEIVE A BOOST FROM GREATER PUBLIC EXPENDITURE

The UK economy performed relatively well in 2024, starting the year strong and showing signs of a robust second half. At first glance, the promises of increased public expenditure in the government's Autumn budget bode well for growth in 2025. However, these increases will need to be funded by tax hikes, placing a burden on employers, and a spike in UK bond yields in early 2025 reflected investors' concerns about fiscal sustainability. Higher taxation on firms, coupled with higher inflation projections, may lead to lower wage growth, which, along with elevated inflation levels, will reduce disposable income. The IMF expects UK growth to reach 1.6% this year and 1.5% in 2026. CPI inflation projections for this year have increased due to recent tax changes, particularly administrative price increases. Inflation is expected to reach 2.7% this year before falling to the 2% target in 2026.

Table 1: IMF global growth forecast

y-o-y % change (real)

	Actual	Estimate	Forecasts	
	2023	2024	2025	2026
World (PPP*)	3.3	3.2	3.3	3.3
G7 countries				
US	2.9	2.8	2.7	2.1
Eurozone**	0.4	0.8	1.0	1.4
United Kingdom	0.3	0.9	1.6	1.5
Germany	-0.3	-0.2	0.3	1.1
Japan	1.5	-0.2	1.1	0.8
Emerging countries	4.4	4.2	4.2	4.3
China	5.2	4.8	4.6	4.5
India	8.2	6.5	6.5	6.5
Brazil	3.2	3.7	2.2	2.2
Russia	3.6	3.8	1.4	1.2
Sub-Saharan Africa	3.6	3.8	4.2	4.2
Nigeria	2.9	3.1	3.2	3.0

*Source: IMF World Economic Outlook (January 2025)***Purchasing Power Parity, **20 Countries that use the euro currency*

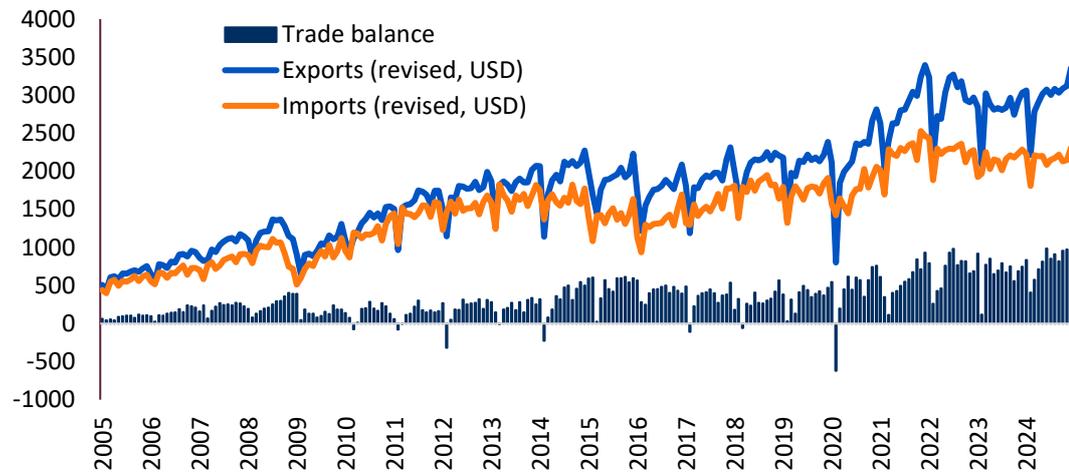
CHINA'S ECONOMY BENEFITTED FROM STRONG EXPORTS, WHILE DOMESTIC DEMAND REMAINS WEAK

Unsurprisingly, China achieved its 'around 5%' economic growth target for 2024.

Following a slight dip in growth in mid-2024, the government implemented a 'bazooka' style stimulus, contributing to a more substantial Q4 growth rate of 5.4% and bringing the overall growth rate for 2024 to 5.0%. Industrial output expanded by 5.8%, underscoring the strength of China's manufacturing sector. Exports were a significant driver of real GDP growth in 2024, evidenced by the \$1 trillion trade surplus in December, likely driven by frontloading ahead of potential US tariffs. However, retail sales grew by only 3.5%, indicating that domestic demand remains weak.

Figure 3: Chinese trade balance

Billions (\$)



Source: General Administration of Customs of the People's Republic of China (via Refinitiv)

Headline growth forecasts for China are highly sensitive to tariff scenarios and policy support reactions. Future stimulatory measures could positively impact growth. Indeed, policy support, export diversification, and domestic currency depreciation will help mitigate the full impact of incoming tariffs. Furthermore, economic drag will be more modest if additional tariff hikes commence later in 2025 (or are less onerous than promised). Overall, growth is expected to slow over the forecast period, reaching 4.4% this year and 4.2% next year. Although the government could still set a 5% growth target for this year, we are less confident that this target will be met consistently.

Regarding prices, the Chinese economy has experienced negative producer price inflation since September 2022, partly due to purchases of discounted Russian oil, keeping fuel costs low. This helped to keep consumer inflation subdued, averaging 0.2% last year. Initially, food price deflation drove the low inflation at the start of 2024, but it now appears more entrenched as Chinese consumers remain reluctant to spend. Broadly, the weak price data suggests that the ramp-up in stimulus has not yet revived the economy from a price perspective. Looking ahead, a low base from 2024 should lead to higher CPI inflation in 2025. A weaker currency should raise import prices and inflation, while retaliatory tariffs will also elevate import prices. Easy monetary policy is expected to help increase inflation this year and next.

TRUMP POLICIES LEAD TO A MORE HAWKISH FED AND A STRONGER DOLLAR

In January, the US Federal Reserve (Fed) kept the Federal Funds rate unchanged at 4.25% - 4.5%, following three consecutive cuts totalling 100 basis points (bps). This decision, in line with expectations, reflects renewed inflation risks and a resilient economy. The Fed had signalled this pause in December, citing heightened risks, including proposed tariffs. The latest Summary of Economic Projections (SEP) showed upward revisions to inflation and growth forecasts, alongside a lower unemployment outlook. Compared to September, policymakers now anticipate 50bps fewer rate cuts in 2025. While some speculate about a

possible rate hike, in a post-meeting press conference, Fed Chair Jerome Powell emphasised that current policy is restrictive enough to absorb mild inflationary pressures. We expect the Fed to cut rates by 50bps in 2025, with the first cut in the middle of the year, though risks increasingly lean toward fewer or delayed cuts due to tariff uncertainties.

The Fed's hawkish stance has contributed to a stronger US dollar and pushed US Treasury yields higher. Since December, the 10-year Treasury yield has risen from 4.2% to an average of 4.6%, peaking at 4.8% in mid-January. Inflation expectations remain above the Fed's 2% target, supporting elevated yields. Economic growth projections, government debt concerns, and the Fed's revised long-term rate expectation (now 3% instead of 2.5%) further reinforce higher yields. On the other hand, President Trump's apparent commitment to reining in government spending, as well as a potentially weaker stock market, could help lower bond yields. For now, we anticipate yields to stay near current levels in the first half of the year before declining alongside short-term rates later in the year.

Among other major central banks, the European Central Bank (ECB) cut its interest rate by 25bps to 2.75% in January, as expected, following data showing stagnant Eurozone growth in 2024Q4. Germany, the bloc's largest economy, contracted for a second consecutive year, prompting the German government to sharply downgrade its 2025 growth forecast to 0.3% from 1.1%. While acknowledging economic "headwinds," the ECB maintained that inflation is declining as expected. The ECB also emphasised that monetary policy remains restrictive, signalling room for further cuts. Faster rate cuts by the ECB relative to the Fed have already put pressure on the euro. Our expectation is for the interest rate divergence to continue with the ECB making at least two more cuts to combat weak growth. This will likely keep the euro near parity with the US dollar in the near term.

Moving to the Bank of England (BoE), stickier UK inflation has resulted in the BoE cutting rates less aggressively than the ECB and the Fed. This arguably gives the BoE more room to ease policy, with a 25bps cut implemented in early February. The UK economy has struggled, stagnating in 2024Q3 (the latest available data), though less severely than the Eurozone. While services inflation remains sticky, headline inflation declined in December and is expected to fall further.

BoE MPC members have signalled support for rate cuts in 2025, though rising wages present a challenge. The UK government's April payroll tax hike further complicates matters. While there is fear that businesses may push increased costs onto consumers, two recent business surveys suggest businesses are more likely to slow wage increases given weak demand in the UK economy. Markets currently anticipate two further cuts this year. We expect the BoE to ease slightly more than the Fed, weakening the pound. Once the Fed begins signalling rate cuts, the U.S. dollar should weaken against the pound.

Elsewhere, both Brazil and Japan raised interest rates in January. In Brazil, inflation expectations remain a concern, and the Brazilian real has weakened sharply against the US dollar since December, making another hike in March likely. Meanwhile, Japan's 25bps rate hike marked its third since exiting negative rates. With inflation gradually rising and the IMF forecasting over 1% growth in 2025 after a mild contraction in 2024, the Bank of Japan (BoJ) is expected to continue tightening policy.

OIL PRICE REMAINS RELATIVELY WELL BEHAVED

The Brent crude oil price averaged \$75 per barrel (/bbl), below expectations. The welcomed surprise came amidst a volatile quarter where prices ranged from \$71- \$80/bbl. The most significant – but expected – development in the oil market last quarter was the decision by the Organization of the Petroleum Exporting Countries and its allies (OPEC+'s) in December to delay production increases to April 2025 and extend the unwinding of existing cuts to the end of 2026, ensuring a slower supply increase.

Meanwhile, in January, the Biden administration imposed additional sanctions on Russia, targeting clearing platforms in Russia and China to enforce the price cap on Russian crude. Lifting these sanctions requires congressional approval, making them harder for President Trump to reverse. Following the announcement, Brent crude exceeded \$82/bbl. Prices have since moderated. One reason for this is the expectation of higher US oil supply under Trump. In January, he declared a national energy emergency, allowing him to ease environmental restrictions and permitting processes. He also reversed Biden's ban on Arctic and coastal oil drilling. While Trump has pledged to "drill, baby, drill", his approach is unlikely to have an immediate impact, as new projects would take years to materialise. Weak demand also limits companies' willingness to invest.

Still, US oil production is expected to rise this year, as it did under Biden. Combined with higher output from other non-OPEC producers, this should offset OPEC+ cuts. As a result, we expect oil prices to average around \$75/bbl in 2025, below 2024 levels. Looking further ahead, we expect a gradual decline as OPEC normalises production with Brent crude averaging just over \$70/bbl between 2026 and 2029.

UNCERTAINTY POSES BOTH UPSIDE AND DOWNSIDE RISKS TO EXPORT COMMODITY PRICES

The gold price had an incredible run during 2024, ending the year up 27%. Following Donald Trump's re-election, the appreciating momentum of the gold price slowed due to increased pressure from rising bond yields and a stronger US dollar. Given the historically elevated level at which gold is currently valued, markets are still uncertain about whether gold's stellar performance will continue throughout 2025. Central bank buying and safe-haven demand are expected to continue benefitting gold in the face of persistent and changing geopolitical risk. Inflationary risks, such as Trump tariffs, may negatively influence the pace of monetary policy adjustments by the US Fed, potentially posing a downside risk to gold prices. A slower rate of cuts could strengthen the dollar, making gold and other non-yielding precious metals less appealing to investors. Despite this, we still expect the gold price to rise further in 2025 (see Table 22). Indeed, given recent price dynamics since finalising our forecast, our near-term forecast may be on the low side.

Similar to gold, platinum and palladium saw a brief surge in safe-haven demand ahead of the US election but performed poorly overall, ending the year down 9.1% and 18.8%, respectively. Demand for PGMs and market sentiment remain subdued due to the ongoing restructuring of the automotive industry. However, in the near to medium term, rising sales of plug-in hybrid electric vehicles (PHEV) and sustained demand for internal combustion engine (ICE) vehicles are likely to keep platinum, palladium and rhodium prices stable. As

such, recent rollbacks on Net-Zero and EV sales targets, particularly in the US, could potentially brighten market sentiment surrounding PGMs. We expect the platinum price to average below that of palladium in the near term, as palladium supply is vulnerable to disruptions from Russia, the largest producer. Additionally, the substitution of palladium for platinum in autocatalytic production is expected to support platinum to a lesser extent in 2025 than in the past two years due to a narrowing price differential between the two metals.

The iron ore price declined to end 2024 down by about 27%, making it the worst-performing export commodity of those we track. A slightly faster price decline has been projected for 2025, due to uncertainty on whether stimulus from Beijing will be successful in propping up industrial production and growth in the face of US trade tension. Optimism about China's economy has a limited impact on sentiment due to ongoing weakness in the property sector, which leaves iron ore prices depressed once it fades. We expect to see iron ore prices remain under pressure in the absence of broad and sustained signs of recovery in China's domestic economy. As recent export-led growth will face headwinds from potential tariffs.

Solid demand for thermal coal saw the Richard's Bay spot price gain, ending 2024 up 5.7%. According to the International Energy Agency (IEA), coal demand is projected to peak in 2024 and remain stable through 2027. Subsequently, we saw global coal prices return and stabilise around pre-pandemic levels for all of 2024. Demand in high coal consumption regions, particularly India and Southeast Asia, is expected to remain stable, barring seasonal fluctuations, supporting prices around \$100 per tonne. However, the coal market is likely to encounter challenges in the near term due to slow growth and an oversupply of steel in China. This situation has resulted in large volumes of Chinese steel being dumped in India, weakening the Indian steel sector's demand for thermal coal.

Table 2: Latest commodity price forecasts

Quarter/Year	Gold	Platinum	Palladium	Rhodium	Coal	Iron ore
green (red) = upward (downward) revision from Oct '24						
2025Q1	2716	959	966	4648	109	100
2025Q2	2747	970	971	4662	110	98
2025Q3	2799	978	980	4619	112	97
2025Q4	2813	986	988	4594	114	96
2024	2388	955	983	4627	106	111
2025	2778	973	976	4631	111	98
2026	2822	1005	1005	4409	108	92

Source: Refinitiv, BER

Domestic outlook

At a time when we could (finally) be more constructive about SA's economic growth prospects, increased global uncertainty is weighing on our optimism. Our real GDP forecast for 2024 has been revised down to 0.8%, while we have downwardly adjusted our 2025 view to 2% growth.

EXPECTED REVISION TO 2024Q3 COULD IMPACT THE FORECAST

Beyond the dark global clouds gathering over our forecast, it is important to note that the forecast for 2024 and 2025 is complicated by the 2024Q3 official figure and comes with greater-than-usual uncertainty. According to Statistics South Africa (Stats SA), real GDP declined by 0.3% q-o-q, which was significantly weaker than what we, and the consensus, had expected. The main drag from the production side of GDP came from agricultural production, which plummeted by 28.8% q-o-q. Excluding agriculture means that the economy essentially churned along at (a subdued) 0.5% q-o-q in Q3, down from 0.4% in Q2 – this would have been in line with our and the consensus forecast ahead of the publication. Indeed, credible research from the Bureau for Food and Agricultural Policy (BFAP)³ has since shown that the 2024Q1-2024Q3 contraction in agricultural production is a severe overstatement of what actually transpired in the sector, and indications are that a significant revision will be made to the historic agriculture data. This will likely be done with the release of the 2024Q4 GDP data in early March. While revisions to historical data are common, a fairly large adjustment seems necessary this time. Unfortunately, we have no sense of the extent of the revision or how this will be accounted for in the GDP calculation from the expenditure side on which our forecast is based, and we need to forecast using the latest available official data as a starting point (although we suspect it will be revised). As such, we have built in a relatively large quarterly increase in Q4 to get to an annual GDP print that we think is more plausible, but with a likely revision to Q3, quarterly GDP growth in Q4 will likely come in lower than we forecast now.

Regardless of statistical quirks, GDP growth in 2024 will likely be below 1%, with an improvement forecast in 2025. One of the reasons for more optimism for this year stems from some expected continued momentum in consumer spending relative to 2024. However, we are less upbeat than we were before. Further support for growth comes from an expected recovery in fixed investment in the private sector, which should pick up some momentum from a very low base amid (local) political stability and some progress on the reform front that supports business confidence. Slow progress on the logistics reform front implies that some of the investment and export recovery is shifted out to 2026, which means that we see growth remaining around 2% in 2026. The risk, of course, is that the reform gets delayed to such an extent that the boost to growth is outweighed by other

³ Their research report can be found [here](#).

headwinds (for example, renewed local political instability/uncertainty weighing on confidence).

THE FORECAST IS SUBJECT TO MORE RISKS THAN USUAL

There are significant risks to our forecast. We will unpack the risks in detail in the next Economic Outlook (due in Q2), but given the higher-than-usual level of uncertainty, we list a few of the issues we will be looking out for below:

- There is an increased probability that US interest rates will remain unchanged through 2025, with the possibility of rhetoric turning even more hawkish. In this step, there is a risk that SA interest rates will remain unchanged instead of the marginal cut we still expect later this year.
- An acceptable ceasefire/peace deal acceptable to all parties to end the Russia-Ukraine war would be an upside risk for the European growth outlook, with positive spillovers to global growth.
- On the flip side, there is a risk that Germany falls deeper into a structural rut and/or the French economy underperforms amid local political instability.
- The ceasefire deal in Gaza is, so far, holding up, but there is a risk that this falls apart and the conflict intensifies once again. This would have implications for commodity prices (oil), and it remains to be seen how Trump would react to such a scenario.
- Although not likely, the impact of China invading Taiwan would be significant as it would probably pull in the world's economic superpowers.
- China's growth outlook could go both ways, with it underperforming relative to expectations if local demand does not pick up or outperforming if stimulus measures are more aggressive than expected. An outperforming China would be positive for SA export commodities.
- The bond market could buckle, or at least creak, amid increased concerns about global inflation, growth and rising government debt. It also remains to be seen if, and how, the tech-fueled US stock market rally will come to an end. The possibility of a stock market correction causing a US recession cannot be ruled out.
- Trump poses a risk. To name one example, the US president could decide to declare war on Greenland and is likely to impose unorthodox policies over the next few years. Even if just used as a negotiation tool, with the ultimate bite being less than the bark, this will cause volatility and uncertainty.
- Uncertainty and volatility mean that the rand and other SA assets could underperform. A weaker rand would be negative for inflation prospects and, in extreme cases, could even result in the SA Reserve Bank (SARB) reversing its recent rate cuts.

- One Trump-related risk that deserves highlighting is the possibility that the benefits of the African Growth and Opportunity Act (AGOA) for SA will fall away. This could have negative implications for confidence – although there is an increased expectation that this could happen, so it will not be a surprise. The direct economy impact may be more limited than some expect, but negative repercussions are concentrated in the food, beverages and transport equipment sectors. A Brookings Institution study finds that losing AGOA benefits would have a minimal impact on SA's economy, with a projected GDP decline of just 0.06% (using historical trade data). XA Global Trade Advisors has estimated that the direct, short-term benefit of AGOA to SA in terms of saved duties was only around R2bn in 2022 – with just under half of these savings accruing to 5 exporters. Of this, 20% went to a single automotive firm.
- The GNU could fall apart. While it seems to be in the best interest of the (bigger) parties to remain inside the GNU for now, there are clear points of contention that could result in irreparable damage and a break-up of the relationship. For now, our view is that this could potentially happen in the lead-up to the next national election (in 2029) and that it would not necessarily matter as much if it happens then. However, the upcoming municipal elections, as well as the DA and ANC elective conferences to elect new party leadership, are potential flashpoints from a local political stability perspective.
- With a more intense focus on SA as the host of the G20 Summit this year, there is a risk that SA will make missteps in foreign policy matters. This could be our 'own fault' (by leaning too heavily towards BRICS+ according to our Western partners), but there is already a clear distrust from the US towards SA not necessarily based on facts. Over the short term, it remains to be seen how the US's offer to resettle Afrikaner refugees in the US will play out.
- SA growth could under- or overperform relative to our expectations. We have pencilled in some continued improvement in structural reform to help with better-working logistics and, thus, our exports, and we do not expect growth-denting levels of load-shedding. We could be wrong on both, with a sustained return of significant load-shedding potentially being very negative for sentiment too. While more of a regional rather than a national problem, an escalation of the water issues (in Gauteng in particular) would also be severely negative for confidence and growth. On the positive side, we could see fast-tracked structural reform providing more of a boost than pencilled in and leading to faster growth.
- Beyond structural reform and confidence shifts, there are more risks that could directly hurt SA's growth potential over the short term. An example is the closure of ArcelorMittal's longs business and the potential negative implications for the local vehicle industry. Another example is that SA's exports could underperform even if Transnet plays along should disruptions in trade with Mozambique become more frequent.
- Unfortunately, with persistently high levels of inequality and high unemployment, the possibility of 'something' triggering social unrest cannot be ruled out.

THE SARB MAY BE NEARING THE END OF ITS CUTTING CYCLE

Looking at price trends, **consumer inflation** was softer than we and the consensus expected during the last months of 2024. Still, our (updated) full-year forecast of 4.4% average inflation was correct. In December, the reason for the lower-than-expected print came from lower food price inflation as well as Owner's Equivalent Rent (OER) remaining more subdued than forecast. OER serves as a key measure of demand-driven inflation. In all, our headline inflation forecast for 2025 is unchanged at 4.2%. We anticipate inflation to start the year relatively low (with the subdued OER and benign food price dynamics helping) at just above 3% but slowly trend up to above the SARB's 4.5%-target through the second half of the year as the base effects from last year's low inflation kick in. Next year, inflation should still remain relatively well-behaved at 4.3%.

Text box: The potential impact on the BER's inflation forecast following the tariff decision by NERSA & the results of the IES

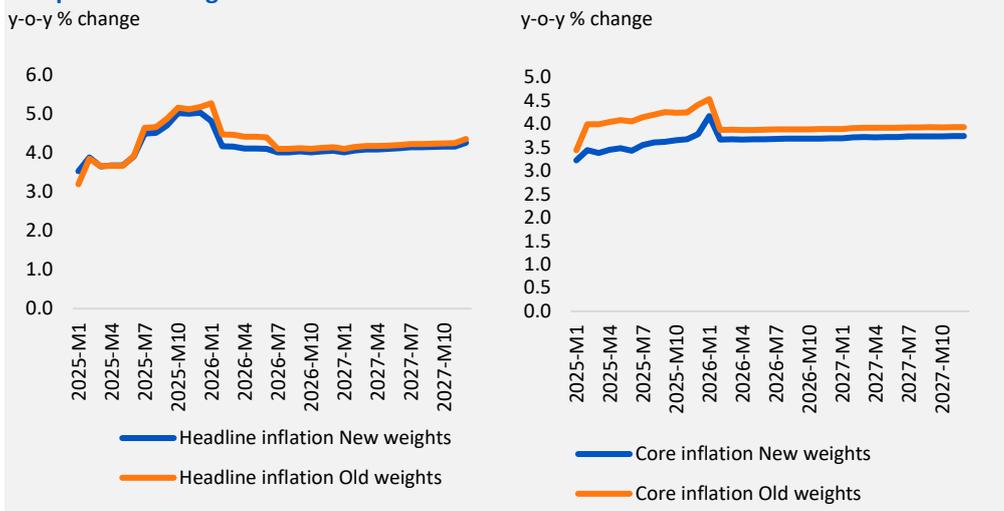
In late January (i.e. after we completed our quarterly forecast), NERSA confirmed the electricity tariff increases granted to Eskom for the next financial years, and Stats SA published the Income & Expenditure Survey (2022/23). The table below highlights the decisions made by NERSA relative to increase applied for by Eskom. The lower-than-applied for tariff increase will be positive for inflation and consumers, but it will be negative for Eskom. It leaves a gap of R246.6bn in income between what Eskom says it needs and what the regulator says it needs. This does not necessarily translate into a shortfall, as Eskom usually applies for more than it actually needs. We need a new tariff methodology that better balances the need for affordability with the need to protect Eskom's bottom line. It is likely that Eskom will take this decision on review, while outstanding regulatory clearing account adjustments mean that the 2026/27 and 2027/28 changes may turn out differently than decided now.

Table 3: NERSA electricity decision

	Eskom application	NERSA adjustment	NERSA decision
2025/26			
Allowable revenue	R445.6 bn	(R61.0bn)	R364.6bn
Tariff	36.1%	(23.4%pts)	12.7%
2026/27			
Allowable revenue	R481.4 bn	(R85.8 bn)	R395.5 bn
Tariff	11.8%	(6.4%pts)	5.4%
2027/28			
Allowable revenue	R536.8 bn	(R99.9 bn)	R436.9 bn
Tariff	9.1%	2.9%	6.2%

More details on how this potentially impacts our forecast can be found [here](#) and we will update our forecast following the January CPI release, but in short, the NERSA decision and changes to CPI are likely to result in a marginally lower headline consumer inflation profile than we expected before. The potential difference in our core inflation profile is starker, especially in the near term.

Figure 4: Inflation likely to be slightly lower following NERSA decision and CPI composition changes



During the first meeting of 2025, the Monetary Policy Committee (MPC) of the SARB decided to lower the repo rate for a third consecutive meeting by 25bps, to 7.5%. Even more than before, the SARB focused on the upside risks to inflation—especially over the medium term, which is deemed more uncertain than usual. Not all members voted for the reduction, and two of the six preferred that the policy rate remain unchanged—although the committee was ultimately in agreement that it was possible to reduce the degree of policy restrictiveness. In terms of its forecast, the SARB sees headline inflation average at 3.9% in 2025 (down from 4% before), with the forecast for 2026 (4.6%) and 2027 (4.5%) unchanged. While our forecast is for slightly higher inflation this year, the pattern is similar, with low inflation during the first half and moving close to the midpoint of the target during the second half of the year. The risks to the inflation outlook are assessed to be on the upside, especially over the medium term; the outlook is deemed more uncertain than usual. In September and November, the SARB saw the risks to the inflation outlook as balanced. The SARB made a significant downward revision to its 2024 growth forecast, lowering it from 1.1% to 0.7%. The SARB sees real GDP growth accelerate to 1.8% next year and reach 2% by 2027.

The SARB’s own quarterly projection model (QPM) suggests that some further easing is warranted over the short term, with the repo rate settling at 7.25% (from 7.5% after this meeting). However, as usual (perhaps even more than usual), the governor said this was a mere guideline and that decisions would be made on a meeting-to-meeting basis. During the Q&A, Kganyago said that when there was a “multiplicity of shocks”, looking through and waiting for second-round effects becomes more challenging, and the bank might be forced to act earlier.

Amid improving inflation expectations and a still relatively benign inflation outlook, we believe there is scope to cut by another 25bps in March following the 25bps cut in January. However, we are less convinced of this than before and think a further 25bps cut (i.e. a third cut this year) is unlikely as the SARB seems to place significant emphasis on the upside risks to inflation. The MPC seems particularly concerned about the uncertainties over the medium term, and we are unlikely to have much more certainty on that front soon.

The expectation of the SARB cutting (albeit by only 25bps), while the Fed is expected to remain on hold, explains part of our somewhat weaker rand forecast in the first half of the year. However, it is not so much a weaker rand as a stronger dollar narrative. The rand is set to remain vulnerable to Trump's habit of policymaking through social media and can experience sharp swings as the market digests the potential implications of announcements. Still, with our expectation of better SA economic growth in 2025, some progress on the reform front, political stability (in SA) and a resumption of Fed rate cuts in the second half of the year, there is scope for the rand to find some renewed strength to close the year just below R18/\$.

THE UNEMPLOYMENT RATE DECLINED IN Q3

According to the latest Quarterly Labour Force Survey (QLFS) by Stats SA, the official unemployment rate decreased to 32.1% in 2024Q3 from 33.5% in 2024Q2. Similarly, the expanded unemployment rate, which includes discouraged job seekers, declined by 0.7% pts to 41.9%. These improvements came from a 373 000 decline in the number of unemployed individuals, while total employment rose by 294 000 q-o-q.

SA's labour market participation rate – the proportion of the working-age population either employed or actively seeking employment - dipped slightly by 0.4%pts to 60.2%. Conversely, the absorption rate – the proportion of the working-age population currently employed - increased by a modest 0.6%pts, reaching 40.9%.

Youth unemployment remains a pressing issue, with those aged 15-24 experiencing an unemployment rate of 60.2%, while those aged 25-34 face a rate of 40.4%. Similarly, education levels remain a determinant of employment prospects. Individuals with less than a matric qualification faced an unemployment rate of 37.8%, whereas the unemployment rate among university graduates is significantly lower at 9.8%.

The 294 000 increase in the number of employed people largely highlights resilience in specific sectors, rather than it being broad based. There were notable gains in community and social services (194 000 jobs), construction (176 000 jobs), and trade (109 000 jobs). However, these gains were partially offset by losses in finance (-189 000 jobs) and private households (-32 000 jobs). Furthermore, it is important to note that most of the jobs were created in the informal sector of the economy (165 000), with formal employment increasing by 122 000 q-o-q (and still being down by 27 000 jobs from 2023Q3). Though the informal sector is growing faster, the formal sector (non-agricultural) accounts for 68.4% of total employment in SA.

Total employment is expected to have grown by 2.3% in 2024, supported by strong private sector jobs growth. Growth is expected to slow to below 2% in 2025 and 2026 (on average).

CONSUMER LIKELY HAD A STRONG END TO THE YEAR

The official consumer spending data has been subject to significant revisions of late. Most recently, the surprising 1.8% q-o-q jump in services spending in Q2 was revised down to a more reasonable 1.3% expansion, with miscellaneous goods and services down to 1.8% from 4.5% before. This pulled overall consumer spending down to 1.2% q-o-q (from 1.4%

before). On an annual basis, spending rose from 0.8% in Q2 to 1.5% in Q3. Indeed, supported by lower inflation and declining interest rates, spending on goods is now outperforming spending on services. Car sales were doing particularly well, especially at the lower price end of the market. The FNB/BER Consumer Confidence Index (CCI) ticked down by 1 point in Q4 from Q3 but recorded the best festive season reading since 2019Q4. Indeed, the subcomponent tracking the suitability of the current time to buy durable goods continued to improve in Q4 and confidence of high-income households (with the biggest spending power) also rose for a second consecutive quarter. Spending was also boosted by two-pot retirement withdrawals in Q4. According to the SA Revenue Service (SARS), about R43bn has been withdrawn from retirement funds by 31 January.

The available retail sales data suggests that Q4 should be a solid quarter for consumer spending. In real terms, sales at general dealers rose by 11.7% y-o-y in Oct/Nov and furniture and appliance sales were up by 12.6% y-o-y, with hardware still underperforming. Textiles, clothing and footwear rose by 6.1% y-o-y. It is important to note that online clothing retailers Shein and Temu are not covered under Stats SA retail sales, but should be picked up in the consumer spending (i.e. part of GDP) data.

As such, we have made an upward revision to Q4 and expect growth to accelerate from 0.5% q-o-q in Q3 to 1.3% in Q4. This results in a full-year forecast for a 1.2% expansion in 2024, up from 0.7% in 2023. We have pencilled in a quarterly contraction in consumer spending in 2025Q1 from what is expected to be a solid Q4. However, following the 0.3% drop, quarterly growth of about 0.5% q-o-q on average is expected through 2025. This would result in full-year growth of 2.1% in 2025.

Table 4: Real consumer spending forecast

y-o-y % change

	2022	2023	2024 (fc)	2025 (fc)	2026 (fc)
Durable goods	1.0	0.6	3.6	3.4	2.5
Semi-durable goods	2.7	3.5	1.1	2.8	2.5
Non-durable goods	2.7	-2.4	1.1	1.7	1.6
Services	2.6	2.1	0.8	1.9	1.9
Total	2.5	0.7	1.2	2.1	1.9

Source: Stats SA, BER

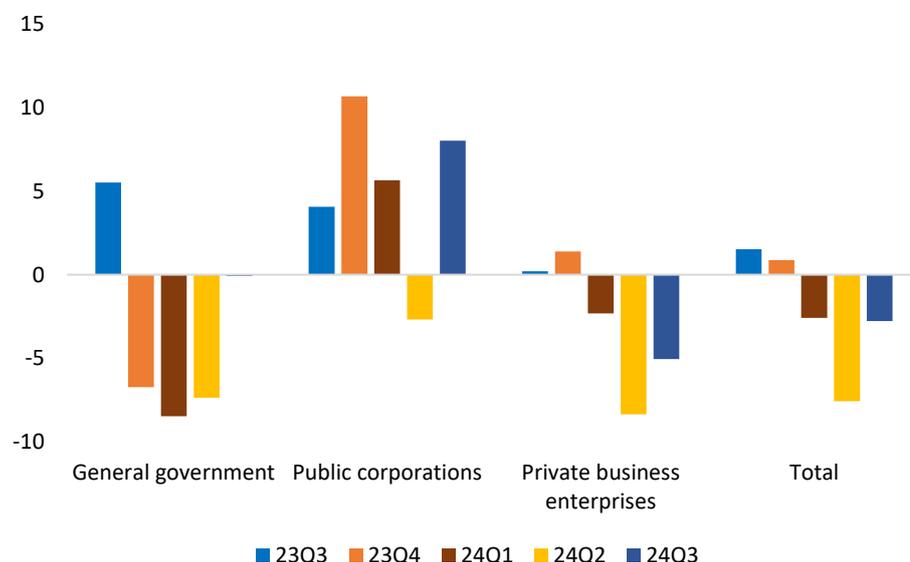
In terms of the performance of the different categories, durable goods sales are expected to have performed particularly well in 2024Q4. Last year's interest rate cuts, lower inflation and two-pot withdrawals as well as better sentiment should have helped. However, over the medium term, some renewed weakness in the rand exchange rate and fewer interest rate cuts pose downside risks. On top of that, credit growth remains sluggish. This should also weigh on semi-durable spending over the medium term, with the weaker rand likely putting some upward pressure on clothing prices in 2026. Lower food and fuel inflation boosted non-durable volume spending during the second half of last year, but this should fade going forward.

FIXED INVESTMENT CONTRACTED FOR A THIRD CONSECUTIVE QUARTER

Gross fixed investment continued to disappoint in 2024Q3, declining by 2.8% y-o-y, following a 7.6% decline in Q2 and a 2.6% decline in Q1. Though capex by public corporations grew strongly by 8% y-o-y in the third quarter of last year, private sector fixed investment growth slowed by a disappointing 5.1%. General government capex also fell but by a smaller 0.1%. It is not all doom and gloom, however. On a quarterly basis, gross fixed investment turned positive for the first time in five months, growing by 0.3% in the third quarter compared to the previous quarter. This was driven by a surprising 6.4% rise in general government capex, supported by 3.1% growth in infrastructure investment by public corporations. Private sector fixed investment declined by 1.7% q-o-q.

Figure 5: Fixed investments by organisation

y-o-y % change



Source: Stats SA

In 2024Q3, fixed investment performance across asset classes disappointed. Most asset classes declined, except non-residential buildings and other asset classes such as intellectual property. Investment in machinery and equipment declined in Q3, contracting by 2.7% (y-o-y), following 7.7% y-o-y growth in Q2.

Investment in residential buildings, another essential asset class, declined by 4.1% (y-o-y) in the third quarter. Looking at the commercial property segment, there is generally an oversupply of office space countrywide while there is relatively more demand for retail, industrial and warehousing space. Johannesburg has an oversupply in all categories, which may slow investment in the sector this year. SA's residential property market vacancy rate declined to 5.1% in 2024Q3 from 6.7% in Q2. However, there are disparities in the pricing segments: cheaper rentals are preferred to those costing over R12 000 a month. This suggests that capex on residential property may be subdued in the short term due to constrained market conditions.

On a quarterly basis, fixed investment across various asset class categories gave mixed signals. Still, it is essential to note that the most significant asset class, machinery and other equipment, reflected moderate growth of 0.5%. In addition, capex on construction works rose by a robust 1.4%, turning positive for the first time in 7 quarters. It is possible that the government's renewed infrastructure push is starting to filter through to increased activity on the ground.

Based on its poor performance in the first three quarters of 2024, given how constrained economic conditions have been, total fixed investment is projected to decline by 3.7% y-o-y in 2024 before recovering to 4.3% growth in 2025. Private fixed investment growth is projected to decline to 5% y-o-y in 2024 before accelerating to 5.2% in 2025. This will be supported by the expected recovery in residential investment, especially in the second half of 2025. Private residential investment is expected to start showing recovery signs in the final quarter of 2024. Other private investments are expected to recover meaningfully from 2025Q2. Renewable energy projects are expected to continue to boost overall fixed investment as the Electricity Regulation Amendment Act comes into force and Bid Window 7 projects resume this year. The target is to increase the country's renewable energy capacity by 26GW by 2030.

While general government capex likely contracted in 2024, we expect it to recover in 2025, growing by 1.1% y-o-y before picking up to 2.2% growth in 2026. Capex by public corporations has been very strong and is expected to remain elevated in the near term as they increasingly seek out and benefit from public-private partnerships.

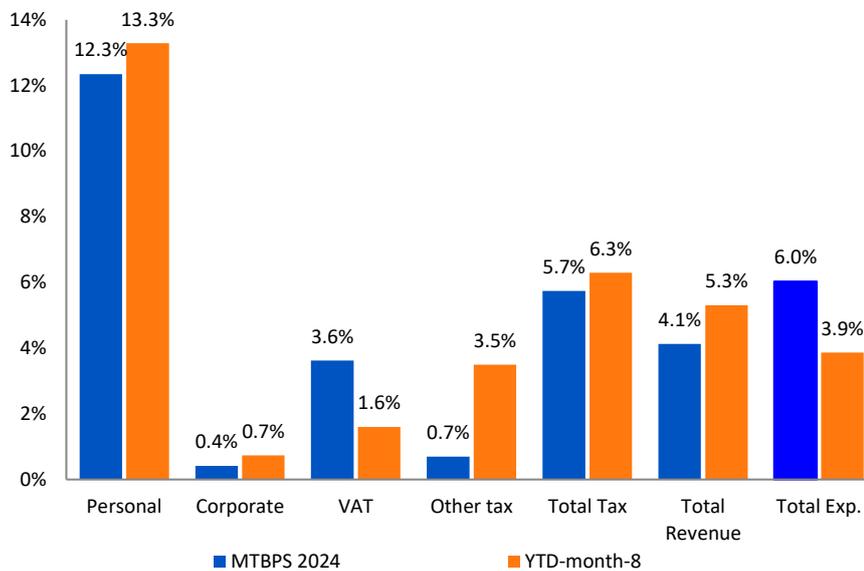
A MORE STABLE FISCAL OUTLOOK⁴

In the Medium Term Budget Policy Statement (MTBPS) tabled on 30 October 2024, National Treasury projected gross debt-to-GDP to peak at 75.5% of GDP in 2025/26. This is only marginally higher than the 75.3% projected in the February National Budget. A key reason for this slight upward revision is the continued underperformance of revenue collected compared to initial estimations. This was mainly due to corporate income tax and VAT which underperformed due to poor economic growth. On the upside, personal income tax rose substantially quicker than nominal GDP on account of the indirect tax hike (no provision for bracket creep) announced in the February budget. Another positive development is that government expenditure seems to be under control, growing at a slower pace than revenue.

⁴ The forecast was finalised before the National Budget (19 February). A brief preview of what we are looking out for in the Budget can be found [here](#).

Figure 6: Main Budget performance in 2024/25 (first 8 months)

y-o-y % change



Source: National Treasury

In the eight months from April to November 2024, main budget revenue increased by 5.3% compared to a similar period the year before. Revenue growth was held back mostly by corporate income tax and VAT, which expanded by only 0.7% and 1.6%, respectively. Meanwhile, expenditure increased by only 3.9%, which is below the 5.3% growth in revenue and also less than the 6% projected (for the fiscal year) in the MTBPS. By late January, the government offered to hike the salaries of public employees by 5.5% in the fiscal year 2025/26, which is above the MTBPS target of 4.5% for wage bill growth, though the offer is for only CPI growth in the two consecutive fiscal years. At the time of writing, some unions had accepted this offer.

Looking forward, the MTBPS aims to stabilise debt by maintaining a primary budget⁵ surplus over the medium term. However, this might not be enough since interest payments on the current debt have reached a critical level. The key strategy pencilled into the numbers is to lower consolidated government expenditure from 31.8% of GDP in 2024/25 to 30.4% in 2027/28 while maintaining revenue around 27% of GDP. These all depend on the assumption that nominal GDP will grow at an average rate of 6.5% over the same period, which is slightly more than the BER expects. Consequently, our forecast is that revenue will grow by an average of 6.1% over the next three fiscal years while expenditure will grow at 4.9%. Still, this is not enough to bring the consolidated deficit below 4% by 2026/27 as projected in the MTBPS. However, we also expect national debt to stabilise below 77% of GDP by 2027.

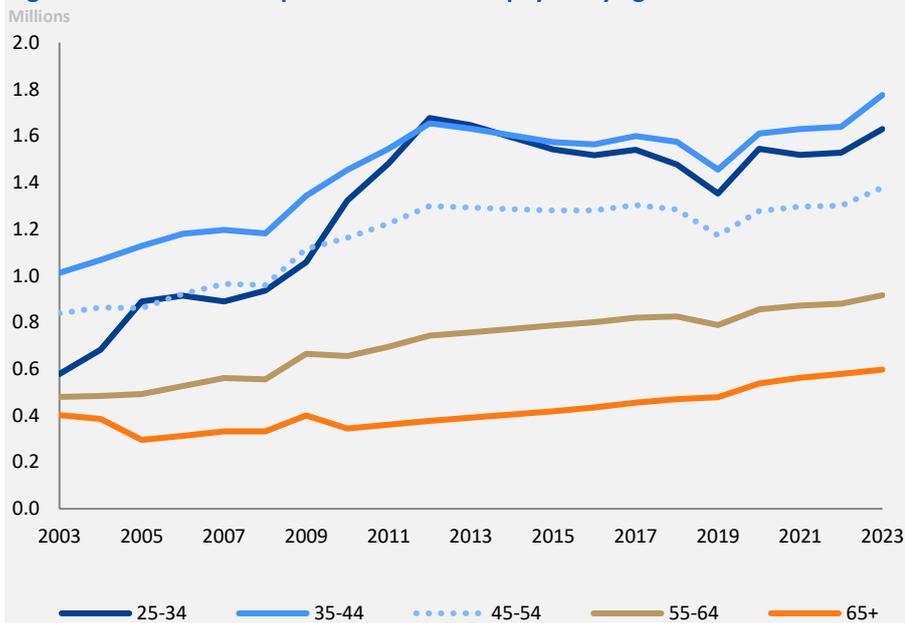
In reducing government expenditure relative to GDP, National Treasury aims to keep growth in the wage bill limited at 4.5% over the medium term. The implication of the

⁵ The budget balance excluding interest payments.

current wage offer of 5.5% in the next fiscal year is that the government will have no scope to employ more workers and should, in effect, reduce the number of employees to come in line with budget. As such, the government already embarked on an early retirement programme in an effort to reduce its employment costs over time (the programme does come at a cost currently). For this reason, we expect that government employment might stagnate in 2025 and grow by a very soft 0.5% in the years thereafter. Other items identified by the National Treasury for cost reductions are transfers and subsidies, especially bailouts for state-owned enterprises. Regarding the social wage component, Treasury aims to hold this share stable at 60% of total spending. In a positive step, they plan to increase capital spending every year by nearly 11%.

Text box: Personal income tax base expands in 2023

Figure 7: The number of personal income taxpayers by age cohort



Source: National Treasury

The scope of additional revenue from personal income tax might be limited in the long run, given that the tax base has essentially stagnated since 2012. The number of young taxpayers peaked in 2012, which implies that the older cohorts will also start to decline down the line. However, in 2023, there was an increase in all age cohorts, especially in the age group 25 to 54 years old, though it is too early to signal a turning point. (The stagnation in this tax base correlates strongly with a similar plateau in the number of formal sector employees.) As such, the BER anticipates that personal tax revenue will grow by no more than one percentage point above nominal GDP growth over time.

Conclusion

Statistical quirks or not, a sub-1 % growth forecast for 2024 is disappointing for a year that saw very little load-shedding and a much better political outcome following the national elections than most had expected at the beginning of the year. Of course, the logistical issues remained and probably hurt the economy much more than appreciated at the beginning of 2024.

It will also take time for the benefits of no load-shedding to filter through to the economy. It became, and to some extent still is, difficult to see what a counterfactual economy looked like where activity and decision-making was not constrained by the availability of power. Of course, we are not out of the woods yet; should we see significantly faster growth (especially in our industrial sector), we could very quickly 'grow' ourselves back into load-shedding. (Un)fortunately, that is not our baseline view.

The boost to sentiment following the formation of the GNU and the initial indications that the government is committed to doing the hard work in the form of structural reforms will also take time to impact investment spending. That is one of the reasons why we see faster growth in 2025 relative to 2024 (and essentially relative to the entire decade leading up to the COVID-19 shock in 2020). However, we are worried that reform progress may not be fast enough and that, at some point, the cyclical momentum will run its course. We need to see more growth to stay around 2%. Indeed, our medium-term forecast still sees growth trail off to below that level once again. It is worrying how more of our business survey respondents are affected and concerned by water issues and how foreign investors ask whether water is the new Eskom.

But, whether we like it or not, much of the local growth prospects are now in the hands of what happens globally – and more specifically, what Trump decides for the US economy. The mere fact that we do not know what will be implemented and what the implications will be for global growth and inflation dynamics brings instability and uncertainty. These are two things central bankers, for example, are not fond of and could prevent us from seeing further rate cuts (globally and locally), even if the actual outcome (after the fact) is not as bad as feared. The rand has always been sensitive to global sentiment swings, and while fundamentals suggest some relative near-term rand strength, there is a risk this could not play out with the implications for inflation (higher), interest rates (higher) and demand (lower) to follow.

However, while there are plenty of downside risks, we must also acknowledge that the near-term prospects for the local economy are positive. The consumer ended 2024 on solid footing and some of that momentum should carry through into this year. The benefits from electricity reform took time to filter in, with much-needed investment in transmission underpinning investment growth going forward. The increased focus on building partnerships with the private sector to tackle the huge infrastructure gaps in the SA economy is encouraging – a little growth from a low base could go a long way. Transnet arguably stands to benefit most from such relationships, and better export performance could be the kick we need to regain growth momentum.

Appendix

STATISTICS OF THE QUARTERLY FORECAST, 2024-2026

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Table A 1: International economic indicators

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2024	2025	2026
Real GDP growth rates															
US % growth	2.9	3.0	2.7	2.3	2.2	2.2	2.1	2.2	2.3	2.0	2.0	2.2	2.7	2.2	2.2
UK % growth	0.3	0.7	0.9	1.3	0.9	1.1	1.4	1.6	1.5	1.3	1.3	1.3	0.8	1.3	1.4
Germany % growth	-0.1	-0.2	-0.3	-0.2	0.1	0.5	0.5	0.8	0.7	1.0	1.1	1.3	-0.2	0.5	1.0
Japan % growth	-0.9	-0.9	0.5	1.0	1.6	1.3	1.3	1.1	1.2	1.1	0.9	0.6	-0.1	1.3	0.9
Eurozone % growth	0.4	0.5	1.0	0.9	0.8	0.9	1.0	1.2	1.3	1.3	1.4	1.3	0.7	1.0	1.3
G7 % growth	1.6	1.6	1.7	1.5	1.5	1.6	1.6	1.7	1.8	1.6	1.6	1.7	1.6	1.6	1.7
CPI inflation rates															
US % CPI	3.2	3.2	2.6	2.7	2.3	2.2	2.5	2.4	2.3	2.3	2.1	2.5	2.9	2.4	2.3
UK % CPI	3.9	2.9	2.9	3.1	3.2	2.4	2.4	2.2	2.0	2.0	2.0	1.9	3.2	2.6	2.0
Germany % CPI	2.5	2.3	1.9	2.3	2.5	2.4	2.5	1.6	1.5	1.6	2.1	2.9	2.3	2.3	2.0
Japan % CPI	2.5	2.7	2.8	1.8	2.0	1.7	1.9	2.5	2.4	2.1	1.8	1.8	2.5	2.0	2.0
G7 % CPI	3.0	2.8	2.4	2.2	2.0	1.8	2.1	2.3	2.2	2.1	2.0	2.3	2.6	2.1	2.2
China % CPI	0.0	0.2	0.5	0.2	0.4	1.1	0.8	1.5	1.4	1.4	1.5	1.6	0.2	1.0	1.5
India % CPI	5.0	4.9	4.2	5.6	5.4	4.5	3.4	3.4	3.7	4.4	4.7	4.5	4.9	4.2	4.3
Interest rates															
US prime rate	8.50	8.50	8.43	7.92	7.50	7.46	7.22	7.00	6.75	6.71	6.50	6.47	8.34	7.30	6.61
Commodity prices															
Spot oil price: US\$/barrel	81.9	85.0	78.9	74.0	76.9	75.4	74.5	73.8	72.0	71.0	71.0	71.0	79.9	75.1	71.3
London gold price: US\$/oz	2072	2338	2475	2661	2716	2747	2799	2813	2816	2820	2820	2832	2386	2769	2822
Platinum price: US\$/oz	907	981	962	966	959	970	978	986	993	999	1005	1022	954	973	1005
Palladium price: US\$/oz	980	973	970	1011	966	971	980	988	998	999	1003	1018	983	976	1005
SA coal price : US\$/mt	96.6	107.7	110.0	110.4	109.0	110.0	112.0	114.0	110.0	112.0	105.0	106.0	106.2	111.3	108.3
China iron ore price : US\$/mt	124.6	113.4	101.7	105.3	100.0	98.0	97.0	96.0	94.0	93.0	91.0	90.0	111.3	97.8	92.0
Exchange rates															
US\$/Sterling exchange rate	1.27	1.26	1.30	1.28	1.21	1.25	1.28	1.31	1.34	1.34	1.36	1.38	1.28	1.26	1.36
Y\$/ exchange rate	148.4	155.8	148.9	152.6	153.0	151.9	150.9	147.7	142.5	140.0	137.0	135.0	151.4	150.9	138.6
US\$/Euro exchange rate	1.09	1.08	1.10	1.07	0.99	1.03	1.07	1.10	1.10	1.11	1.13	1.15	1.08	1.05	1.12

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

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2024	2025	2026
Nominal GDP expenditure components															
Household consumption (year % ch.)	4645.8 5.0	4738.0 5.7	4794.4 5.3	4896.3 5.7	4936.0 6.2	5025.5 6.1	5113.6 6.7	5216.3 6.5	5260.9 6.6	5348.9 6.4	5437.7 6.3	5546.3 6.3	4768.6 5.4	5072.8 6.4	5398.5 6.4
Government consumption (year % ch.)	1400.8 3.9	1394.8 4.1	1423.8 3.8	1447.7 5.1	1464.5 4.5	1480.0 6.1	1508.9 6.0	1529.1 5.6	1535.1 4.8	1551.3 4.8	1581.7 4.8	1602.8 4.8	1416.8 4.2	1495.6 5.6	1567.7 4.8
Fixed investment (year % ch.)	1066.0 6.0	1077.6 0.8	1076.2 1.6	1090.5 2.7	1134.4 6.4	1169.0 8.5	1196.0 11.1	1218.4 11.7	1265.4 11.5	1301.6 11.3	1328.5 11.1	1353.2 11.1	1077.6 2.7	1179.5 9.5	1312.2 11.3
Inventory investment	-42.2	47.4	1.5	65.2	63.1	58.6	59.2	58.7	63.3	66.5	62.6	55.2	18.0	59.9	61.9
Residual item	52.0	-25.0	-54.8	13.5	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	-3.6	1.8	1.8
Gross domestic expenditure (year % ch.)	7122.3 3.5	7232.8 2.6	7241.1 4.4	7513.3 5.3	7599.8 6.7	7734.9 6.9	7879.7 8.8	8024.2 6.8	8126.4 6.9	8270.1 6.9	8412.4 6.8	8559.3 6.7	7277.4 3.9	7809.6 7.3	8342.0 6.8
Exports: goods and services (year % ch.)	2289.0 -1.2	2349.9 1.9	2256.3 -0.9	2284.1 -0.8	2346.5 2.5	2426.3 3.3	2449.9 8.6	2415.4 5.7	2475.8 5.5	2563.4 5.6	2583.8 5.5	2544.0 5.3	2294.8 -0.3	2409.5 5.0	2541.8 5.5
Imports: goods and services (year % ch.)	2189.4 -3.8	2255.9 -4.6	2150.6 -1.3	2219.9 -3.1	2227.5 1.7	2326.5 3.1	2346.1 9.1	2412.6 8.7	2394.0 7.5	2498.6 7.4	2542.8 8.4	2623.6 8.7	2204.0 -3.2	2328.2 5.6	2514.7 8.0
Expenditure on GDP (year % ch.)	7221.9 4.3	7326.8 4.8	7346.8 4.4	7577.5 6.0	7718.7 6.9	7834.7 6.9	7983.4 8.7	8027.0 5.9	8208.1 6.3	8334.9 6.4	8453.4 5.9	8479.7 5.6	7368.2 4.9	7891.0 7.1	8369.0 6.1

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

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2024	2025	2026
Real GDP expenditure components															
Household consumption (year % ch.)	3089.3 -0.3	3125.5 0.8	3140.8 1.5	3182.4 2.8	3171.9 2.7	3194.5 2.2	3204.8 2.0	3228.6 1.5	3231.0 1.9	3253.8 1.9	3270.4 2.0	3294.1 2.0	3134.5 1.2	3200.0 2.1	3262.3 1.9
Government consumption (year % ch.)	916.7 1.6	925.2 0.9	921.0 -0.1	927.4 1.0	928.9 1.3	927.2 0.2	935.2 1.5	938.8 1.2	936.2 0.8	935.8 0.9	945.4 1.1	948.5 1.0	922.6 0.9	932.5 1.1	941.5 1.0
Fixed investment (year % ch.)	663.8 -2.6	655.8 -7.6	657.7 -2.8	663.3 -1.7	674.6 1.6	684.1 4.3	693.0 5.4	702.4 5.9	713.2 5.7	722.0 5.5	729.6 5.3	739.5 5.3	660.1 -3.7	688.5 4.3	726.1 5.5
Inventory investment	3.8	19.0	-6.6	21.6	17.3	12.7	14.2	15.8	14.7	14.6	12.5	10.1	9.5	15.0	13.0
Residual item	12.9	8.5	-0.5	10.7	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9
Gross domestic expenditure (year % ch.)	4686.5 -1.2	4733.9 -1.7	4712.3 1.3	4805.4 1.9	4800.4 2.4	4826.4 2.0	4855.0 3.0	4893.6 1.8	4903.0 2.1	4934.1 2.2	4965.8 2.3	5000.2 2.2	4734.5 0.0	4843.9 2.3	4950.8 2.2
Exports: goods and services (year % ch.)	1277.3 -1.0	1267.8 -2.3	1220.3 -6.8	1264.1 -3.9	1279.8 0.2	1296.1 2.2	1308.1 7.2	1324.5 4.8	1336.6 4.4	1349.8 4.1	1359.9 4.0	1369.8 3.4	1257.4 -3.5	1302.1 3.6	1354.0 4.0
Imports: goods and services (year % ch.)	1319.6 -7.1	1341.5 -8.4	1288.6 -3.6	1339.5 -3.6	1346.0 2.0	1381.8 3.0	1389.8 7.9	1408.8 5.2	1402.8 4.2	1441.2 4.3	1450.7 4.4	1468.0 4.2	1322.3 -5.7	1381.6 4.5	1440.7 4.3
Expenditure on GDP (year % ch.)	4644.2 0.7	4660.2 0.3	4644.0 0.4	4730.0 1.9	4734.3 1.9	4740.7 1.7	4773.4 2.8	4809.3 1.7	4836.8 2.2	4842.7 2.2	4875.1 2.1	4902.0 1.9	4669.6 0.8	4764.4 2.0	4864.1 2.1

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

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2024	2025	2026
Household consumption categories															
Durable goods (year % ch.)	322.0 1.4	325.1 3.5	325.8 4.1	337.3 5.2	336.1 4.4	338.3 4.1	339.1 4.1	341.6 1.3	343.8 2.3	346.2 2.3	348.3 2.7	350.4 2.5	327.5 3.6	338.8 3.4	347.2 2.5
Semi-durable goods (year % ch.)	286.8 -3.0	291.9 2.3	293.4 1.5	309.4 3.4	298.8 4.2	300.6 3.0	301.6 2.8	314.0 1.5	305.7 2.3	307.9 2.4	309.9 2.7	322.4 2.6	295.4 1.1	303.8 2.8	311.5 2.5
Non-durable goods (year % ch.)	893.9 -0.9	901.6 -0.1	910.0 1.6	914.0 3.7	916.4 2.5	918.8 1.9	920.9 1.2	923.5 1.0	927.8 1.2	933.0 1.5	937.9 1.8	941.4 1.9	904.9 1.1	919.9 1.7	935.0 1.6
Services (year % ch.)	1586.6 0.2	1607.0 0.5	1611.6 0.9	1621.7 1.6	1620.6 2.1	1636.8 1.9	1643.2 2.0	1649.4 1.7	1653.7 2.0	1666.6 1.8	1674.4 1.9	1680.0 1.9	1606.7 0.8	1637.5 1.9	1668.6 1.9
Total household consumption (year % ch.)	3089.3 -0.3	3125.5 0.8	3140.8 1.5	3182.4 2.8	3171.9 2.7	3194.5 2.2	3204.8 2.0	3228.6 1.5	3231.0 1.9	3253.8 1.9	3270.4 2.0	3294.1 2.0	3134.5 1.2	3200.0 2.1	3262.3 1.9
Disposable income of households															
Real disposable income (year % ch.)	3063.4 -0.8	3094.3 0.4	3112.4 1.4	3153.7 2.9	3143.2 2.6	3167.2 2.4	3180.5 2.2	3204.3 1.6	3211.4 2.2	3234.0 2.1	3253.1 2.3	3276.7 2.3	3105.9 1.0	3173.8 2.2	3243.8 2.2
Adjusted for debt-service cost (real) (year % ch.)	3017.3 -0.7	3048.5 0.5	3067.0 1.5	3108.6 3.0	3098.7 2.7	3123.1 2.4	3137.0 2.3	3161.4 1.7	3168.8 2.3	3191.9 2.2	3211.4 2.4	3235.5 2.3	3060.3 1.1	3130.1 2.3	3201.9 2.3

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

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2024	2025	2026
Private sector															
Total private sector	473.2	467.5	459.8	469.5	479.3	488.4	496.4	503.2	512.6	521.0	528.2	535.5	467.5	491.8	524.3
(year % ch.)	-2.3	-8.4	-5.1	-3.9	1.3	4.5	8.0	7.2	6.9	6.7	6.4	6.4	-5.0	5.2	6.6
Public sector															
Government	113.7	112.9	120.1	115.7	116.5	116.5	116.5	117.7	119.0	119.2	119.2	120.3	115.6	116.8	119.4
(year % ch.)	-8.5	-7.4	-0.1	3.8	2.5	3.2	-3.0	1.8	2.1	2.3	2.3	2.2	-3.2	1.1	2.2
Public corporations	76.9	75.4	77.8	78.2	78.7	79.3	80.1	81.5	81.6	81.8	82.3	83.7	77.0	79.9	82.4
(year % ch.)	5.7	-2.7	8.0	4.2	2.4	5.2	3.0	4.3	3.7	3.2	2.7	2.7	3.7	3.7	3.1
Total public sector	190.6	188.3	197.9	193.8	195.3	195.8	196.6	199.3	200.6	201.0	201.5	204.1	192.6	196.7	201.8
(year % ch.)	-3.3	-5.5	3.0	4.0	2.5	4.0	-0.6	2.8	2.7	2.7	2.5	2.4	-0.6	2.1	2.6
Total															
Total fixed capital formation	663.8	655.8	657.7	663.3	674.6	684.1	693.0	702.4	713.2	722.0	729.6	739.5	660.1	688.5	726.1
(year % ch.)	-2.6	-7.6	-2.8	-1.7	1.6	4.3	5.4	5.9	5.7	5.5	5.3	5.3	-3.7	4.3	5.5

Table A 6: Labour sector (million)

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2024	2025	2026
Employment															
Total labour force	24.97	25.04	24.96	24.99	25.35	25.41	25.33	25.36	25.67	25.74	25.66	25.69	24.99	25.36	25.69
(year % ch.)	3.5	3.2	1.5	1.5	1.5	1.5	1.5	1.5	1.3	1.3	1.3	1.3	2.4	1.5	1.3
Private sector employment	14.56	14.36	14.78	15.02	14.88	14.65	15.16	15.13	15.19	14.94	15.45	15.40	14.68	14.95	15.25
(year % ch.)	4.3	2.8	3.1	3.5	2.2	2.0	2.5	0.7	2.1	2.0	1.9	1.8	3.4	1.9	2.0
Government employment	2.19	2.29	2.16	2.14	2.20	2.20	2.20	2.18	2.21	2.21	2.21	2.19	2.20	2.20	2.21
(year % ch.)	-2.2	-3.4	-10.3	-3.1	0.5	-3.9	1.6	2.0	0.5	0.5	0.5	0.5	-4.8	0.0	0.5
Total employment (incl. informal)	16.74	16.65	16.95	17.16	17.08	16.85	17.36	17.31	17.40	17.16	17.66	17.59	16.88	17.15	17.45
(year % ch.)	3.4	1.9	1.2	2.6	2.0	1.2	2.4	0.9	1.9	1.8	1.7	1.6	2.3	1.6	1.8
Unemployment rate	32.9	33.5	32.1	31.3	32.6	33.7	31.5	31.8	32.2	33.3	31.2	31.5	32.5	32.4	32.1
Wage rates (year % change)															
Unit labour cost	3.1	4.0	3.6	4.0	4.1	4.5	4.6	4.1	4.9	4.7	4.6	4.8	3.7	4.3	4.7
Wage bill (R billion at current prices)															
Total wage bill	3275.8	3290.2	3316.4	3398.9	3477.3	3497.5	3565.4	3596.6	3725.2	3740.1	3808.2	3841.5	3320.3	3534.2	3778.7
(year % ch.)	3.8	4.3	4.0	5.9	6.2	6.3	7.5	5.8	7.1	6.9	6.8	6.8	4.5	6.4	6.9

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

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2024	2025	2026
Income and expenditure															
Remuneration of employees (year % ch.)	3275.8 3.8	3290.2 4.3	3316.4 4.0	3398.9 5.9	3477.3 6.2	3497.5 6.3	3565.4 7.5	3596.6 5.8	3725.2 7.1	3740.1 6.9	3808.2 6.8	3841.5 6.8	3320.3 4.5	3534.2 6.4	3778.7 6.9
Disposable income (year % ch.)	4606.8 4.5	4690.6 5.2	4751.0 5.3	4852.1 5.9	4891.4 6.2	4982.5 6.2	5074.8 6.8	5176.9 6.7	5229.0 6.9	5316.5 6.7	5408.9 6.6	5516.9 6.6	4725.1 5.2	5031.4 6.5	5367.8 6.7
Less household consumption (year % ch.)	4645.8 5.0	4738.0 5.7	4794.4 5.3	4896.3 5.7	4936.0 6.2	5025.5 6.1	5113.6 6.7	5216.3 6.5	5260.9 6.6	5348.9 6.4	5437.7 6.3	5546.3 6.3	4768.6 5.4	5072.8 6.4	5398.5 6.4
Saving	-38.9	-47.4	-43.4	-44.2	-44.5	-43.0	-38.8	-39.3	-31.9	-32.5	-28.8	-29.3	-43.5	-41.4	-30.6
Households: ratio to disposable income															
Saving	-0.8	-1.0	-0.9	-0.9	-0.9	-0.9	-0.8	-0.8	-0.6	-0.6	-0.5	-0.5	-0.9	-0.8	-0.6
Debt	63.0	62.1	62.2	60.7	61.4	60.8	61.1	60.4	60.9	60.5	60.9	60.1	62.0	60.9	60.6
Debt-service cost	9.2	9.1	9.1	8.7	8.8	8.5	8.4	8.3	8.3	8.3	8.3	8.2	9.0	8.5	8.3
Net wealth	390.4	395.2	409.1	422.5	420.5	412.7	410.6	416.1	416.8	408.7	405.1	412.0	404.3	415.0	410.7

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

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2024	2025	2026
Income															
Direct taxes (year % ch.)	1072.4 8.5	1030.9 6.3	1112.2 10.7	1108.3 9.9	1129.4 5.3	1141.5 10.7	1177.2 5.8	1189.3 7.3	1205.1 6.7	1217.4 6.6	1250.2 6.2	1260.6 6.0	1080.9 8.9	1159.4 7.3	1233.3 6.4
Value added tax (VAT) (year % ch.)	517.9 5.6	378.9 0.4	442.6 -0.1	447.3 -1.0	519.6 0.3	407.5 7.6	486.1 9.8	516.5 15.5	550.4 5.9	431.2 5.8	514.0 5.7	546.1 5.7	446.7 1.4	482.4 8.0	510.4 5.8
Other indirect taxes (year % ch.)	373.5 -0.3	508.7 0.5	474.1 7.1	472.3 9.9	421.1 12.7	541.4 6.4	485.1 2.3	487.1 3.1	445.3 5.7	571.8 5.6	513.5 5.9	516.1 6.0	457.2 4.3	483.7 5.8	511.7 5.8
Expenditure															
Consumption (year % ch.)	1400.8 3.9	1394.8 4.1	1423.8 3.8	1447.7 5.1	1464.5 4.5	1480.0 6.1	1508.9 6.0	1529.1 5.6	1535.1 4.8	1551.3 4.8	1581.7 4.8	1602.8 4.8	1416.8 4.2	1495.6 5.6	1567.7 4.8
Interest Payments (year % ch.)	390.8 25.6	379.3 14.0	441.0 31.5	382.6 -0.1	391.8 0.3	363.9 -4.0	398.5 -9.6	418.5 9.4	412.4 5.3	382.9 5.2	419.3 5.2	440.1 5.2	398.4 17.0	393.2 -1.3	413.7 5.2
Saving	-385.2	-395.2	-370.5	-408.4	-400.0	-368.5	-405.2	-394.4	-406.1	-374.8	-416.9	-406.2	-389.8	-392.0	-401.0
Ratios to GDP															
Total tax revenue	27.2	26.2	27.6	26.8	26.8	26.7	26.9	27.3	26.8	26.6	26.9	27.4	26.9	26.9	26.9
Main budget balance	-0.6	-6.5	-5.5	-6.1	-3.7	-4.6	-4.5	-5.0	-3.6	-4.5	-4.5	-5.0	-4.7	-4.4	-4.4
Gross debt (National government)	74.1	74.6	75.1	75.1	76.3	76.4	76.1	76.4	76.9	76.8	76.4	76.5	75.1	76.4	76.5

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

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2024	2025	2026
Current account															
Exports: goods and services (year % ch.)	2289.0 -1.2	2349.9 1.9	2256.3 -0.9	2284.1 -0.8	2346.5 2.5	2426.3 3.3	2449.9 8.6	2415.4 5.7	2475.8 5.5	2563.4 5.6	2583.8 5.5	2544.0 5.3	2294.8 -0.3	2409.5 5.0	2541.8 5.5
Net receipts (year % ch.)	-45.4 141.5	-52.7 2.1	-47.9 3.1	-48.4 13.3	-59.9 31.8	-61.5 16.8	-62.5 30.5	-66.8 38.0	-65.8 9.9	-67.5 9.7	-68.5 9.7	-73.1 9.4	-48.6 21.8	-62.7 29.0	-68.7 9.6
Less imports: goods and services (year % ch.)	2189.4 -3.8	2255.9 -4.6	2150.6 -1.3	2219.9 -3.1	2227.5 1.7	2326.5 3.1	2346.1 9.1	2412.6 8.7	2394.0 7.5	2498.6 7.4	2542.8 8.4	2623.6 8.7	2204.0 -3.2	2328.2 5.6	2514.7 8.0
Less net factor payments (year % ch.)	161.1 83.8	116.6 44.9	128.6 57.7	148.3 12.7	156.6 -2.8	159.4 36.7	165.3 28.5	167.1 12.6	167.5 7.0	168.0 5.4	170.3 3.0	173.6 3.9	138.7 45.5	162.1 16.9	169.9 4.8
Current account balance	-106.9	-75.3	-70.8	-132.5	-97.5	-121.0	-124.0	-231.1	-151.6	-170.6	-197.8	-326.2	-96.4	-143.4	-211.6
Current account in US\$	-5.7	-4.1	-3.9	-7.4	-5.3	-6.6	-6.9	-12.9	-8.4	-9.5	-10.9	-17.9	-5.3	-7.9	-11.7
Current account as % of GDP	-1.5	-1.0	-1.0	-1.7	-1.3	-1.5	-1.6	-2.9	-1.8	-2.0	-2.3	-3.8	-1.3	-1.8	-2.5
Financing of the current account															
Total net capital flows	43.0	-27.0	27.1	40.7	54.6	4.9	57.1	27.5	68.1	17.3	75.5	51.3	83.7	144.1	212.2
SDR + Valuation adjustment	42.0	-35.2	-20.1	104.2	-50.4	6.1	-12.9	-3.1	1.7	5.6	3.6	6.8	90.9	-60.3	17.8
Change in gross reserves	28.0	-55.6	-36.7	142.0	-50.4	6.1	-12.9	-3.1	1.7	5.6	3.6	6.8	77.6	-60.3	17.8
Gross reserves: quarter end	1185.6	1130.0	1093.3	1235.2	1184.8	1190.9	1178.0	1174.9	1176.6	1182.3	1185.9	1192.6	1235.2	1174.9	1192.6
Gross reserves: quarter end (US\$)	62.3	62.1	63.6	65.5	65.5	65.5	65.5	65.5	65.5	65.5	65.5	65.5	65.5	65.5	65.5
Terms of trade															
Index (2015 = 100)	108.0	110.2	110.8	109.0	110.8	111.2	110.9	106.5	108.5	109.5	108.4	103.9	109.5	109.8	107.6
(year % ch.)	-3.6	0.1	3.8	2.7	2.6	0.9	0.1	-2.3	-2.0	-1.5	-2.3	-2.4	0.7	0.3	-2.1

Table A 10: Credit, interest rates and exchange rates

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2024	2025	2026
Money supply and credit extension															
M3 money supply (year % ch.)	5198.6 6.8	5152.8 4.2	5388.1 7.3	5436.9 6.8	5571.5 7.2	5591.6 8.5	5743.7 6.6	5794.6 6.6	5922.9 6.3	5951.6 6.4	6105.7 6.3	6167.3 6.4	5436.9 6.8	5794.6 6.6	6167.3 6.4
Private sector credit to households (year % ch.)	2150.0 3.9	2159.2 3.5	2176.0 3.3	2184.3 2.7	2225.4 3.5	2246.6 4.0	2284.8 5.0	2315.3 6.0	2359.8 6.0	2384.2 6.1	2423.9 6.1	2458.0 6.2	2184.3 2.7	2315.3 6.0	2458.0 6.2
Private sector credit to firms (year % ch.)	2580.5 5.7	2580.4 5.0	2655.8 5.7	2630.0 4.6	2723.5 5.5	2722.4 5.5	2836.3 6.8	2856.6 8.6	2940.4 8.0	2944.8 8.2	3059.2 7.9	3086.6 8.1	2630.0 4.6	2856.6 8.6	3086.6 8.1
Total private sector credit extension (year % ch.)	4730.5 4.9	4739.6 4.3	4831.7 4.6	4814.3 3.8	4948.8 4.6	4969.0 4.8	5121.1 6.0	5172.0 7.4	5300.3 7.1	5328.9 7.2	5483.1 7.1	5544.6 7.2	4814.3 3.8	5172.0 7.4	5544.6 7.2
Interest rates															
3-month NCD rate	8.37	8.35	8.24	7.91	7.81	7.56	7.60	7.62	7.65	7.67	7.68	7.58	8.22	7.65	7.64
10-year government bond yield	11.03	11.68	10.55	10.28	10.45	10.57	10.79	10.81	10.64	10.42	10.30	10.12	10.89	10.66	10.37
Prime overdraft rate	11.75	11.75	11.72	11.39	11.07	10.83	10.75	10.75	10.75	10.75	10.75	10.75	11.65	10.85	10.75
Effective household lending rate	14.60	14.65	14.63	14.37	14.25	13.91	13.72	13.70	13.68	13.68	13.70	13.63	14.56	13.90	13.67
Effective firm lending rate	9.51	9.82	10.20	9.90	9.48	9.34	9.35	9.33	9.24	9.20	9.23	9.17	9.86	9.37	9.21
Exchange rates															
R/US DOLLAR (year % ch.)	18.88 6.4	18.57 -0.5	17.97 -3.6	17.92 -4.4	18.31 -3.0	18.24 -1.8	18.04 0.4	17.96 0.2	17.96 -1.9	18.04 -1.1	18.09 0.3	18.19 1.2	18.34 -0.6	18.14 -1.1	18.07 -0.4
R/100 Japanese YEN (year % ch.)	12.73 -5.1	11.92 -12.3	12.07 -6.4	11.75 -7.4	11.97 -6.0	12.01 0.7	11.95 -0.9	12.16 3.5	12.61 5.3	12.89 7.3	13.21 10.5	13.47 10.8	12.12 -7.8	12.02 -0.8	13.04 8.5
R/STERLING (year % ch.)	23.95 11.1	23.44 0.4	23.36 -1.0	22.96 -1.3	22.16 -7.5	22.80 -2.7	23.09 -1.2	23.53 2.5	24.06 8.6	24.17 6.0	24.60 6.6	25.10 6.7	23.43 2.1	22.89 -2.3	24.48 6.9
R/EURO (year % ch.)	20.50 7.6	19.99 -1.6	19.74 -2.7	19.11 -5.2	18.13 -11.6	18.79 -6.0	19.30 -2.2	19.76 3.4	19.75 9.0	20.02 6.6	20.44 5.9	20.92 5.9	19.84 -0.6	18.99 -4.2	20.28 6.8
R/\$ PP parity rate (base PPI 2003) (year % ch.)	10.58 5.4	10.64 3.8	10.61 3.2	10.58 -0.2	10.66 0.7	10.74 0.9	10.74 1.2	10.76 1.6	10.90 2.2	10.97 2.2	10.98 2.3	10.96 1.9	10.60 3.0	10.72 1.1	10.95 2.1

Table A 11: Prices

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2024	2025	2026
Price deflators (index base year: 2015)															
Exports (incl. services)	179.2	185.4	184.9	180.7	183.3	187.2	187.3	182.4	185.2	189.9	190.0	185.7	182.5	185.0	187.7
(year % ch.)	-0.2	4.3	6.3	3.2	2.3	1.0	1.3	0.9	1.0	1.4	1.4	1.8	3.4	1.4	1.4
Export commodities (in rand)	3571.6	3650.7	3497.1	3565.6	3592.7	3589.0	3569.5	3568.6	3513.7	3531.1	3462.6	3487.5	3571.3	3579.9	3498.7
(year % ch.)	-28.2	-12.8	-1.8	-5.1	0.6	-1.7	2.1	0.1	-2.2	-1.6	-3.0	-2.3	-13.3	0.2	-2.3
Imports (incl. services)	165.9	168.2	166.9	165.7	165.5	168.4	168.8	171.3	170.7	173.4	175.3	178.7	166.7	168.5	174.5
(year % ch.)	3.5	4.2	2.4	0.5	-0.3	0.1	1.1	3.3	3.1	3.0	3.8	4.4	2.6	1.1	3.6
GDE	151.3	153.6	154.8	156.4	158.5	160.5	162.5	164.2	166.0	167.8	169.6	171.4	154.0	161.4	168.7
(year % ch.)	4.8	5.0	3.4	4.1	4.8	4.5	5.0	5.0	4.7	4.6	4.4	4.4	4.3	4.8	4.5
Investment	160.6	164.3	163.6	164.4	168.2	170.9	172.6	173.5	177.4	180.3	182.1	183.0	163.2	171.3	180.7
(year % ch.)	8.8	9.1	4.5	4.5	4.7	4.0	5.5	5.5	5.5	5.5	5.5	5.5	6.7	4.9	5.5
GDP	155.5	157.2	158.2	160.2	163.0	165.3	167.2	166.9	169.7	172.1	173.4	173.0	157.8	165.6	172.0
(year % ch.)	3.7	4.5	4.0	4.1	4.8	5.1	5.7	4.2	4.1	4.1	3.7	3.6	4.1	5.0	3.9
Consumer (index base: Dec 2021) & producer prices (index base: Dec 2020)															
Headline inflation (CPI)	113.8	115.3	116.0	116.0	117.9	119.5	121.4	122.0	123.4	124.7	126.4	127.0	115.3	120.2	125.4
(year % ch.)	5.4	5.2	4.3	2.9	3.6	3.7	4.7	5.1	4.7	4.4	4.1	4.1	4.4	4.2	4.3
Core inflation*	111.0	112.4	113.1	113.5	115.3	117.0	117.9	118.4	120.0	121.5	122.4	123.0	112.5	117.1	121.7
(year % ch.)	4.8	4.6	4.2	3.7	3.8	4.1	4.2	4.3	4.1	3.9	3.9	3.9	4.3	4.1	3.9
CPI food and non-alcoholic beverages	122.6	123.3	124.2	125.0	126.6	128.8	131.0	131.9	133.1	134.7	136.5	137.3	123.8	129.6	135.4
(year % ch.)	6.1	4.7	4.6	2.8	3.3	4.5	5.4	5.5	5.1	4.6	4.2	4.1	4.5	4.7	4.5
CPI petrol	117.8	124.1	114.3	106.4	109.6	110.7	109.4	108.7	110.1	109.6	109.7	110.0	115.7	109.6	109.8
(year % ch.)	5.0	8.6	-1.2	-14.4	-7.0	-10.8	-4.3	2.2	0.4	-1.0	0.3	1.2	-0.8	-5.2	0.2
<i>Petrol price (R/l coastal unleaded)</i>	<i>22.67</i>	<i>24.16</i>	<i>22.06</i>	<i>20.48</i>	<i>21.12</i>	<i>21.42</i>	<i>21.18</i>	<i>21.05</i>	<i>21.34</i>	<i>21.25</i>	<i>21.28</i>	<i>21.33</i>	<i>22.35</i>	<i>21.19</i>	<i>21.30</i>
(year % ch.)	6.1	8.6	-2.2	-13.0	-6.8	-11.4	-4.0	2.8	1.0	-0.8	0.4	1.3	-0.4	-5.2	0.5
CPI electricity	124.8	124.9	138.9	139.0	139.0	139.0	164.1	164.1	164.1	164.1	180.5	180.5	131.9	151.6	172.3
(year % ch.)	15.3	15.3	11.7	11.4	11.3	11.3	18.2	18.1	18.1	18.1	10.0	10.0	13.3	14.9	13.7
Producer price index	100.8	102.2	101.5	100.7	102.7	104.3	104.8	105.1	107.0	108.4	109.2	109.6	101.3	104.2	108.6
(year % ch.)	4.6	4.8	2.7	0.1	1.9	2.0	3.2	4.3	4.2	4.0	4.2	4.3	3.0	2.9	4.2

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