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Economic Prospects

Economic activity expected during 2025 and 2026

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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*	2025	2026
Final household consumption expenditure	**2.0**	**1.5**
Durable goods	3.3	1.7
Semi-durable goods	2.7	2.0
Non-durable goods	2.2	1.3
Services	1.4	1.5
Gross fixed capital formation	**1.8**	**2.4**
Private	2.1	2.9
Government	0.4	-0.4
Public Corporations	1.9	3.9
Gross domestic expenditure	**2.0**	**1.9**
Exports of goods and services	0.3	2.5
Imports of goods and services	2.0	2.9
Gross domestic product	**1.5**	**1.8**
Current account as % of GDP	**-1.8**	**-2.0**
Interest rates (%, last quarter average)		
3-month NCD rate	7.72	7.91
10-year government bond yield	10.82	10.80
Prime overdraft rate	11.00	11.00
Inflation rates (%)		
Producer prices	1.3	1.9
Consumer prices	3.9	4.3
Labour and employment (private and public)		
Nominal wage rate	3.2	4.2
Employment growth	1.8	1.3
Exchange rates (Q4 average)		
R/US dollar	18.72	18.24
R/Euro	20.78	20.97
R/Pound sterling	24.52	24.80
R/100 Japanese Yen	12.82	13.03
Fiscal indicators as % of GDP	**2025/26**	**2026/27**
Main budget balance	-4.2	-3.8
Gross government debt	76.6	76.0

** Unless specified otherwise*

Executive summary

The South African economy underperformed in 2024, with economic growth slowing relative to the load-shedding-ridden year of 2023. While prospects for 2025 were significantly more upbeat, the outlook has deteriorated. Domestic structural reform progress remains too slow to accelerate growth, some positive momentum that was driven by the consumer is stalling, and the global environment has become notably more uncertain.

We have made a downward revision to our GDP growth profile. We now expect real GDP growth of about 1.5% in 2025, a significant acceleration from 0.6% in 2024 but lower than the 2% expected in January 2025, with a slight acceleration in growth momentum to 1.8% in 2026.

The forecast takes place at a time of more-than-usual uncertainty[1]. The first weeks of Donald Trump's presidency have been characterised by significant financial market volatility, and the policies implemented could have long-term implications for the strength of the US and, thus, by default, the global economy. On the local front, the impasse between the biggest parties of the Government of National Unity (GNU) following the delayed Budget and, of course, the uncertainty around the details of the Budget itself are amplifying the global uncertainty.

*Economic Prospects provides a summary of the short-term view for the global and SA economy, while Economic Outlook (**available to clients here**) also includes our medium-term forecast and risks.*

[1] The forecast was completed on 17 April 2025.

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Introduction[2]

The South African (SA) economy underperformed in 2024, with economic growth slowing relative to the load-shedding-ridden year of 2023. While prospects for 2025 were significantly more upbeat, the outlook has deteriorated. Domestic structural reform progress remains too slow to accelerate growth, some positive momentum that was driven by the consumer is stalling, and the global environment has become notably more uncertain.

We have made a downward revision to our GDP growth profile. We now expect real GDP growth of about 1.5% in 2025, a significant acceleration from 0.6% in 2024 but lower than the 2% expected in January 2025, with a slight acceleration to 1.8% in 2026. More progress on the structural reform front would be required for economic growth to remain above 2% for a sustained period.

Slow progress on the structural reform front that could have otherwise lifted our export potential more meaningfully, coupled with global trade jitters, means that net trade is expected to weigh more heavily on growth. We still see the consumer tick along (although slow after this year), and fixed investment will benefit from some catch-up from a very low base and green energy capex, but a sentiment-driven surge in private sector investment is unlikely in an environment where the cost of doing business remains high.

Furthermore, the April 2025 forecast update takes place against an even more uncertain geopolitical backdrop than usual. On the global front, disruptions brought about by the trade tariff regulations and other policies implemented by the US since the beginning of the year will likely have a negative impact on US, and global, economic growth and could push up inflation, but because of frequent changes to these policies, it is difficult to estimate what the impact will be. Beyond the direct trade impact, sentiment is also affected, which is more difficult to quantify. It also remains to be seen how the US Federal Reserve (Fed), in particular, weighs up the upside risk to inflation vs the downside risk to growth. This will have implications for exchange rate and non-policy interest rate dynamics over time. In fact, some analysts question the dollar's status as the global reserve currency going forward. Should the trade war escalate, and China-US decouple, the World Trade Organisation estimates that global GDP will be at least 7% lower over time compared to a 'normal' scenario. Trump's immigration policies also risk changing the demographic composition of the US, with implications for the labour force and spending patterns. With so many policies in flux, it is difficult to make a firm call on this now, but it is concerning that many signs point to structurally lower global growth, which is a difficult environment for a small open economy like SA.

[2] This report was completed on 17 April 2025.

On the local front, the impasse between the biggest parties of the Government of National Unity (GNU) following the delayed Budget and, of course, the uncertainty around the details of the Budget itself are amplifying the global uncertainty. Soured relations between the US and SA, brief returns of load-shedding, and a consumer-unfriendly Budget have knocked consumer sentiment in the first quarter of 2025.

Given the heightened uncertainty, the report starts by mentioning the sources of uncertainty and risks. It then discusses our baseline forecast for the domestic economy and the global backdrop. Tables, including detailed forecast data, can be found in the annexures at the back of the document.

*Economic Prospects provides a summary of the short-term view for the global and SA economy, while Economic Outlook (**available to clients here**) also includes our medium-term forecast and risks.*

The two biggest sources of uncertainty

One of the biggest sources of uncertainty to the global and SA economic outlook stems from the US. The first weeks of Donald Trump's presidency have been characterised by significant financial market volatility, and the policies implemented could have long-term implications for the strength of the US and, thus, by default, the global economy.

US President Donald Trump campaigned on several promises, with the all-compassing slogan of Making America Great Again (MAGA) as its main goal. Trump has now started to fulfil some of these promises in recent weeks, and we are getting a better sense of what was merely campaigning and what will actually be implemented. Since arriving in the White House at the beginning of the year, he has signed a flurry of executive orders covering everything from immigration matters to shower pressure, but the most directly impactful for the global economy over the short term have been the trade-related policies. To provide a full summary of the policies implemented and then later postponed or adjusted falls outside of the scope of this note, but the most pivotal moment in the global trade war was the announcements during what Trump dubbed Liberation Day on 2 April.

While (temporarily) easing the reciprocal tariffs for most countries, the US ramped up the levies imposed on Chinese imports. From a forecast risk perspective, we have not assumed a full return to the reciprocal tariffs as announced by Trump on 2 April once the current 90-day pause ends. In such a scenario, a US recession in the second half of this year seems unavoidable; in our baseline, we still assume a significant slowdown but not a full-blown recession. We also assume that the tit-for-tat trade war between the US and China will de-escalate somewhat. The recent US approach suggests that duty-free access for some key SA exports through the African Growth and Opportunity Act (AGOA) has ended. The whole AGOA was up for renewal and renegotiation later this year, and it seems unlikely that a MAGA-oriented US would be willing to offer the same benefits. This is part of our baseline view.

Another risk is around our assumption of how the Fed is going to react amid all the uncertainty. We have taken the view that the Fed will take a relatively balanced approach and will continue cutting its policy interest rate later this year, even with a higher inflation forecast, as its dual mandate means it must also focus on the potential negative implications for the labour market. We have pencilled in three 25 basis points (bps) cuts in the remainder of the year – market proxies have ranged from virtually no further easing to more than 125bps of easing priced in, in just a few weeks. The risk is that it could be cut by more or less, which may trickle into SA monetary policy settings as capital flows and exchange rates are impacted.

We also assume that the Chinese economy will find a way to support its economy to achieve 'around 5% growth' in 2025. Following a strong start to the year, our baseline assumption is for growth just below 5%, but close enough for it to be seen as achieved. Slower-than-expected growth in China will negatively affect industrial commodity prices and could hurt SA's export prospects even more.

On the local front, there is persistent uncertainty about the budget and the GNU. After delays, the fiscal framework, which is the first step in the Budget process, was adopted in the National Assembly on 2 April with 194 votes to 182 after divisive horse-trading between political parties, which has imperilled the future of the GNU. The DA, FF+, MK and EFF voted against adopting the fiscal framework (in objection to the 0.5%pt VAT hike and deeply unpopular personal income tax (PIT) measures) while ActionSA, Rise Mzansi, Bosa, GOOD, the IFP and a host of smaller parties supported the ANC in passing it. However, the motion which endorsed the fiscal framework, advanced by ActionSA and adopted by parliament's joint finance committees, is problematic because it is conditional on removing R31.5bn worth of VAT and PIT increases. However, the motion only "recommends" (rather than "instructs") the National Treasury to return to parliament within 30 days with alternative revenue measures and/or expenditure cuts to fill the gap. As such, it is not a legally binding requirement.

A further problem is that the National Treasury is not empowered to remove the VAT hike. It will take effect from May 1 in terms of the VAT Act, irrespective of the fact that many parties in parliament are strongly opposed to it. The only way to prevent it from going ahead is for parliament to pass another law to this effect, or, in our view, to withdraw the Budget. The DA has gone to court, in a case now joined by the EFF, arguing that the parliamentary committee process was unlawful and unconstitutional. It wants the court to interdict the VAT increase on the basis that the finance minister should not be able to issue a VAT increase by diktat before parliament has had a chance to pronounce on the matter.

The configuration of the GNU has not changed at the time of writing[3]. Every day brings mixed news reports about the likelihood of the DA exiting the GNU (by its own will or by being pushed out by the ANC). To be frank, whether the GNU holds is extremely hard to call, and we need to be mindful that even if it holds for now, it will continue to be tested in the coming years. From a forecast perspective, we have taken the view that government policies and sentiment towards the SA government will not add to positive growth momentum over the near term. This is a change from our view from late last year, when

[3] The BER consulted with Business Day editor at large Natasha Marrian while formulating its political view.

there was sufficient encouraging policy discourse that saw us see government policies add positively to growth. In an exit scenario, a weak DA within the GNU could be worse for policymaking than a stronger DA in the opposition benches. Of course, it matters who will take the DA's place, a scenario where the EFF or, more worryingly, MKP takes its place would result in a significantly more negative outcome compared to when smaller parties such as ActionSA and BOSA join the GNU.

Our forecast works with the Budget presented on 12 March. While we do not follow National Treasury's forecast fully (more details in the fiscal section below), we did assume that the 0.5%pt VAT hikes of 2025/26 and 2026/27 would be implemented as presented on 12 March. There is a risk that the VAT hike(s) will not be implemented, given the political opposition from nearly all parties in parliament. Should the hikes be scrapped, our VAT revenue estimates will be too high, but to some extent, this will likely be countered by the government having to cut back on its expenditure now that it does not have the additional VAT income. There is no question that the National Treasury would borrow the shortfall. It is possible that Treasury once again taps into the Gold and Foreign Exchange Contingency Reserve (GFECRA), which is a valuation account that captures gains or losses on foreign exchange holdings arising from exchange rate movements (and benefits from a weaker rand), to fund the shortfall.

It is more likely that next year's VAT increase will be reversed. This would be 'easier' from a practical, legislative perspective, and there would be time to adjust the broader fiscal framework to allow for the lower revenue. This could be indicated as part of a deal to get this year's VAT hike over the line, or it could be announced in the medium-term budget policy statement later this year.

In terms of the VAT impact itself, our estimate is that it would add about 0.2%pts to headline consumer inflation this year, which is in line with estimates from the National Treasury and SA Reserve Bank (SARB). However, only time will tell how businesses will apply the 0.5%pt hike. It is possible that some may push up prices by more than 0.5%pts or they could opt to take the hit by doing less this year and making up for it next year.

Domestic outlook

With the exception of a continued strong consumer performance reflected in solid retail sales growth in the first few months of the year, most of the domestic data releases for 2025 so far have been relatively disappointing.

DOWNWARD REVISION IN GDP GROWTH TRAJECTORY

We have made a significant downward revision to our 2025 growth forecast relative to our January forecast. However, the forecast adjustment is in line with what we signalled following the release of the 2024Q4 GDP print, which resulted in a lower full-year GDP outcome than we (and consensus) had expected. From 0.6% growth in 2024, we expect real GDP growth to accelerate to 1.5% in 2025 (down from 2% before) and 1.8% in 2026 (2.1% before). From 2027 to 2030, we expect growth to average about 1.6%. The details are unpacked below, but in short, the downward revision from January is driven by the following factors:

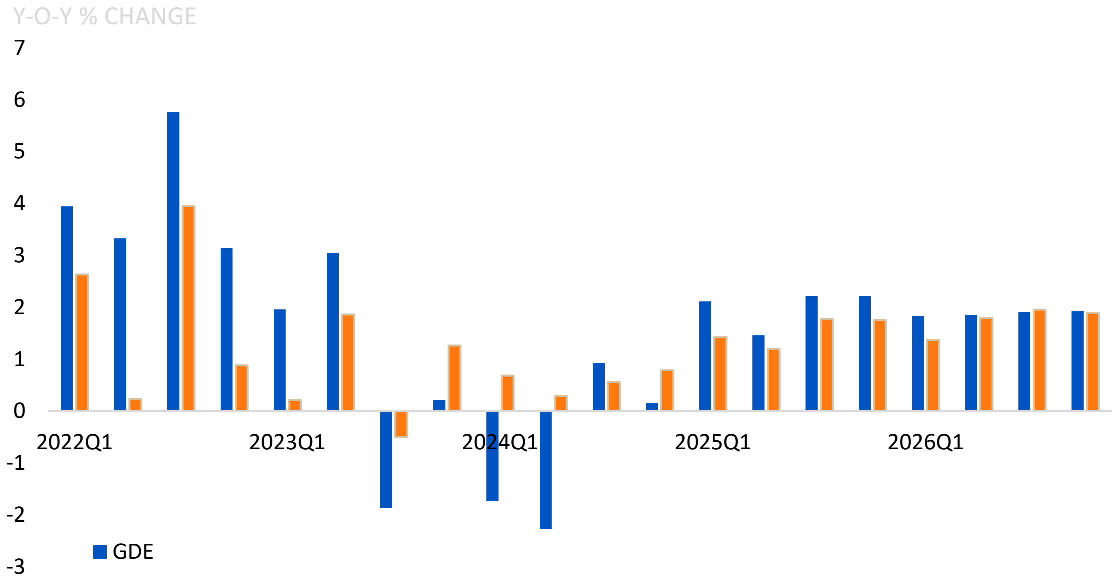
- The lower-than-expected 2024 outcome results in a lower base. From a technical arithmetic perspective, the q-o-q growth rates required to get to our previous 2% forecast are unfeasibly high and unlikely to be achieved for four consecutive quarters.

- A slight downward revision to consumer spending in 2025, with a more notable downward adjustment to 2026 and beyond. Fixed investment has been adjusted downwards more meaningfully in 2025 and over the medium term. Both consumer and investment spending are likely to be negatively impacted by the heightened global and local political uncertainty, which is unlikely to dissipate over the next few years. Potentially confidence-boosting structural reform also remains too slow, with little prospect of it accelerating going forward. On the ability to spend side, real policy interest rates remain high, and the drag from fiscal policy, at least over the short term, is bigger than we anticipated at the beginning of the year.

- Net exports are set to underperform, especially in 2025 amid a sluggish improvement with our local logistical issues and a much more hostile global trade environment. Some improvement in export performance is expected in 2026, which is a key reason for the acceleration in overall GDP growth.

Amid a weaker trade performance, growth in real gross domestic expenditure (GDE), which is essentially a measure of domestic demand, is expected to outpace growth in GDP which accounts for net trade.

Figure 1: Growth in real GDE expected to outpace real GDP



Source: Stats SA, BER

The remainder of the domestic section unpacks the key components of domestic demand (fixed investment and consumption) in more detail, as well as the expected monetary and fiscal policy backdrop, while referring to the rand and inflation outlook.

RAND EXCHANGE REFLECTS RISK, BUT SOME FUNDAMENTALS COULD PROVIDE NEAR-TERM STRENGTH

Following the global fallout from Liberation Day and increasing uncertainty surrounding the GNU, we have adopted a more cautious stance on the rand. The rand depreciated to R19.22/$ in early April, the weakest level since mid-2023 (at the time of the Lady R scandal). The CDS spread – a measure of default risk – surged higher, and the 10-year government bond yield rose. Both have come down a little since, as global markets calmed and the risk of an immediate collapse of the GNU faded, but remain higher than they were in Q1.

Figure 2: SA's CDS spread

Source: Refinitiv

We expect the rand to remain weak in the near term due to ongoing market jitters, with an average of about R19.01/$ projected for Q2, reaching R18.87/$ by year-end. Although the currency has been extremely weak against a number of fair-value measures, the prevailing uncertainty surrounding global trade dynamics and domestic political stability, especially regarding the GNU, could lead to further near-term weakness. However, structural factors, such as prudential investment limits, are likely to prevent a sustained breach beyond R20/$. It is also important to note that the recent collapse in global equity prices means that these prudential limits now come into play at a weaker rand level.

While global monetary policy dynamics are expected to support the rand in 2025 as the SARB keeps the policy rate on hold and the US Fed cuts rates more aggressively than anticipated, broader fundamentals suggest a gradual depreciation over the medium term. A weaker dollar and strong commodity prices continue to enhance terms of trade in the near term, especially with the recent slump in the oil price. Nevertheless, structural pressures remain, including a widening current account deficit, elevated fiscal shortfalls throughout the forecast period, and a return to the historical inflation differential between SA and the US. Consequently, we project a nominal depreciation of approximately 1.5% to 2% per annum against the dollar over the medium term.

The rand is set to weaken more against the euro and pound over the near term as they strengthen against a weaker dollar.

The risks to this outlook remain predominantly on the downside, indicating the possibility of a weaker rand. Key concerns include the potential for sustained global risk aversion, a breakdown of the GNU, and the imposition of US sanctions. If any of these scenarios were to materialise, the rand could sustainably reach above R20.00/$. This risk is particularly relevant in an environment where domestic investors are slow to reduce offshore exposure within the limits set by prudential investment regulations. Nonetheless, we should also remember that the rand is nicknamed "the rattler" for a reason; it can strengthen as quickly as it weakens.

DESPITE A BENIGN INFLATION OUTLOOK, THE CUTTING CYCLE HAS LIKELY ENDED

Headline consumer inflation has consistently undershot expectations, as was the case in February. Headline consumer price inflation held steady at 3.2% y-o-y, below consensus expectations for an acceleration to 3.4%. Notably, prices accelerated in the food and beverages subcomponent (up 2.8% y-o-y in February vs. 2.3% in January) but this was offset by significantly softer price increases in miscellaneous goods and services (1.1% vs. 5.9%) and continued deflation in the transport subcomponent (-0.5% vs. -0.2%). On a monthly basis, headline CPI rose by 0.9% in February, up from a 0.3% rise in the prior month. As expected, the monthly increase in headline CPI was largely driven by insurance and financial services increasing by 0.6% m-o-m, although the rise was not as fast as expected. Lastly, annual core inflation, which excludes food and energy costs, eased to 3.4% y-o-y in February.

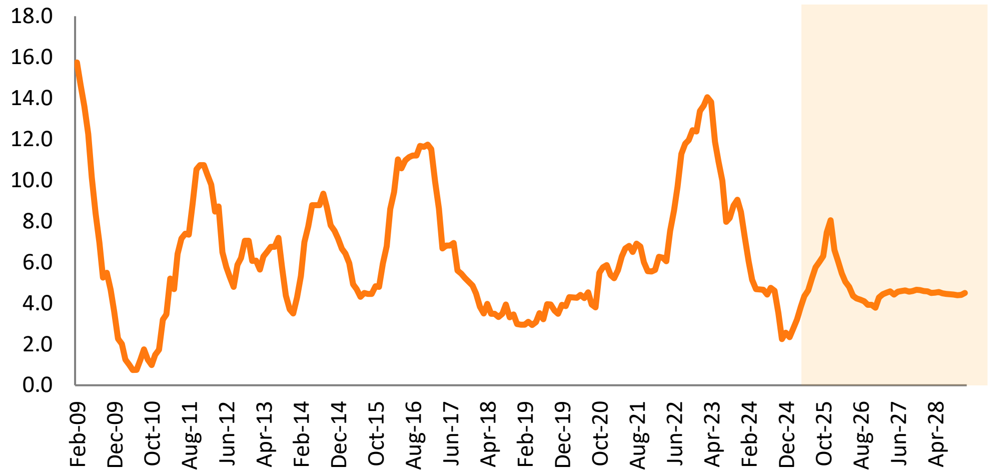
The CPI forecast incorporates the 0.5% VAT hikes this and next year. While it will depend on how much producers pass through to consumers, we estimate the VAT hike will increase inflation by about 0.2% pts in 2025 and 0.1% pts in 2026, with just under 60% of the current CPI basket carrying VAT. This is incorporated in our baseline and in line with estimates from National Treasury and the SARB.

Declining petrol price inflation in 2025 and the first half of 2026 helps keep headline inflation low. A sustained weaker rand or higher oil price could undermine this support. While NERSA has granted Eskom tariff increases of about 5-6% in the next two financial years, we are working with a higher forecast of about 10% electricity price inflation through the forecast period. An interesting comment by the SARB in engagements following the latest monetary policy meeting was around the increased diesel usage by Eskom and the likelihood of that resulting in the power utility demanding higher tariffs.

On the food price front, we see inflation accelerate through 2025 but still average at around the midpoint of the target for the year. A further tick up is expected in 2026 and 2027. However, it is important to note that food price dynamics are typically impacted by (weather-related) shocks and could temporarily spike higher with a base-effect downward move in the year after. While providing near-term upward pressure, the peak in food prices is not so significant from a longer-term perspective.

Figure 3: Food and non-alcoholic beverages inflation

Y-O-Y % CHANGE



Source: Stats SA, BER

In terms of other inflation drivers, we see somewhat higher rental and housing inflation on the back of stronger rental yield, increased demand for mortgages and higher buyer activity.

We expect headline CPI to trend higher through the remainder of year, breaching the 4.5% target by the end of the year, although moving down from there again in 2026. On average, we project a deceleration to 3.4% in 2025 from 4.1% before. From 2026 to 2030, we expect headline CPI to average just below the 4.5% midpoint of the target. Core inflation (which excludes energy and food prices) is expected to slow from 4.3% in 2024 to 3.3% this year..

The interest rate-cutting cycle the SARB embarked on in September 2024 was likely a very shallow one. In total, the repo rate was lowered by just 75bps from 8.25% before the September meeting to 7.5% after its January meeting. The SARB opted to keep rates on hold in March and is likely to do so during the remainder of the year. The initial hawkish tilt, already signalled with the split vote decision in January, was largely driven by increased concerns about the global economic environment. At the time of the January meeting, it seemed likely that US rate would remain higher for longer. While this view has arguably changed in recent weeks, the uncertainty has amplified. The SARB remains extremely cautious not to be caught off guard by a potential upsurge in inflation, and with rates close to neutral, it did not feel the need to ease faster. We think the ship for further rate cuts has sailed. While the 2025 inflation forecast is for inflation to remain well below the 4.5% target, it does trail higher over the forecast period and edges closer to the target over the next 18 to 24 months, which is the horizon the SARB targets. While SA inflation expectations moved in the right direction at the start of the year, more frequently surveyed global inflation expectations are increasing at a rapid pace.

Unless we see a major improvement in uncertainty (which would, to be frank, require a full forecast update), we do not see the SARB ease policy over the short term. Should the VAT hike be overturned for this and/or next year, this would result in a lower inflation outcome, but this will not be sufficient to change our interest rate view. The Taylor rule (which takes account of inflation and potential growth) does signal the scope for rate cuts over the medium term – perhaps towards the end of our forecast period, but by then the SARB is likely to pursue a lower target.

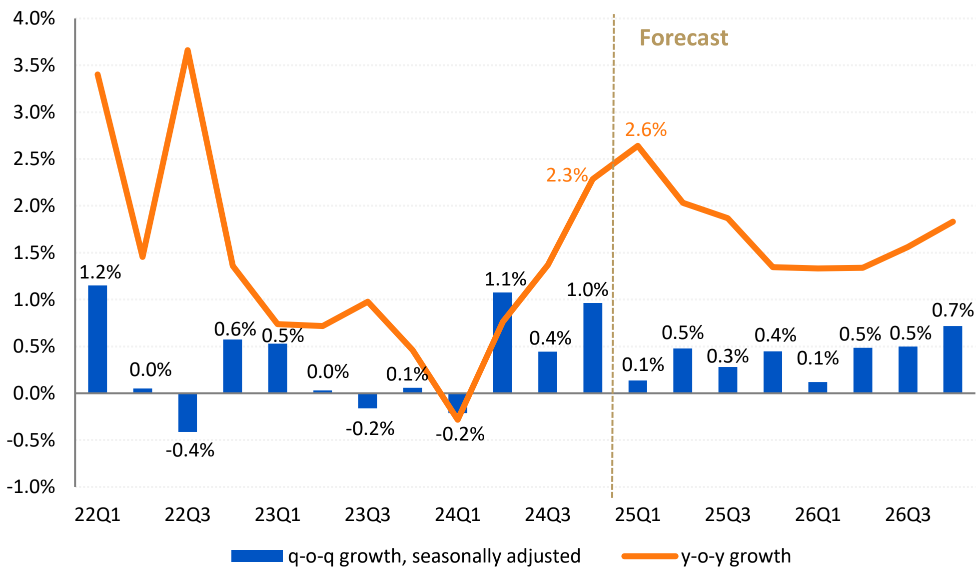
EARLY DATA SUGGESTS CONSUMER SPENDING REMAINED EXCEPTIONALLY STRONG IN 2025Q1

Consumer spending has seen a significant boost due to lower inflation and interest rates, in addition to approximately R40 billion in two-pot retirement withdrawals. Real consumer spending growth accelerated from 1.4% y-o-y in 2024Q3 to 2.3% 2024Q4, and it increased from 0.7% in 2023 to 1.0% in 2024 overall. Retail and new vehicle sales data indicate that household consumption remained robust during the first quarter of 2025. During January and February, the growth in retail sales volumes averaged an impressive 5.4% y-o-y, consistent with the same rate recorded in 2024Q4. Meanwhile, the growth in new passenger car sales accelerated from 14.8% in the fourth quarter of 2024 to 20.8% in the first quarter of 2025.

The improvement in real disposable income since the middle of last year, along with an influx of more affordable cars from China and India, contributed to new car sales volumes reaching a decade high in the first quarter of 2025. Given these positive trends and with inflation remaining very low, the BER predicts that the growth in real consumer spending will further accelerate to 2.6% y-o-y in 2025Q1.

Figure 4: Growth in real consumer spending forecast to moderate

PERCENT CHANGE



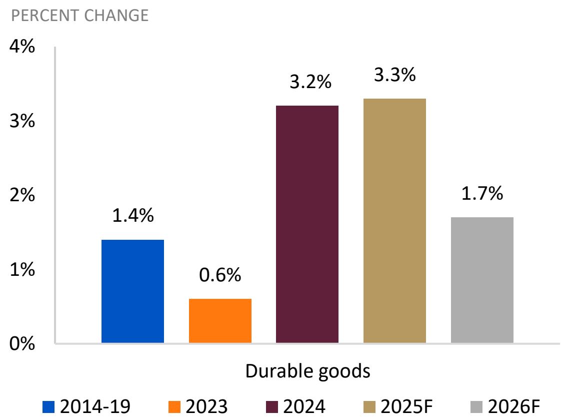
Source: Stats SA and BER forecasts

A combination of unfavourable developments since February is likely to impact consumer spending starting in 2025Q2. The primary concern is the expected increases in VAT and personal income taxes due to bracket creep, which will reduce households' after-tax income. The BER anticipates that revenue from personal income taxes will grow by approximately 8% per annum over the next two years, while VAT receipts could rise by nearly 10% per annum, assuming the planned two 0.5% VAT hikes are implemented. In comparison, the government's wage bill and social grants are projected to grow by less than 6% per annum. In short, this suggests that the government will be taking significantly more from consumers than it is providing back. Indeed, the steep decline in the FNB/BER Consumer Confidence Index in 2025Q1—from -6 to -20—reflects the worsening outlook for consumer spending. Although a strong start to the year might still yield real consumption growth of 2% in 2025, the BER has revised its 2026 forecast down to 1.5% from a previous estimate of 1.9%[4].

Even with the downward revision, households will likely need to rely on their savings to sustain consumption at this level, as monetary and fiscal policies are expected to remain restricted. No significant financial relief (akin to the boost provided by the two-pot retirement system change) is on the horizon.

The durable goods category was the largest beneficiary of the two-pot withdrawal spending, interest rate cuts and rise in consumer confidence witnessed during the second half of 2024. Aggregate durable goods spending jumped from 0.6% in 2023 to 3.2% in 2024, with real outlays on furniture & appliances (up 7.5% in 2024) and recreational goods (6.2%) outperforming. In contrast, real spending on transport equipment contracted by 0.7% as the surge in new vehicle sales volumes during the second half of 2024 was not enough to counter the impact of the first half slump. Furthermore, consumers appear to be trading down to more affordable vehicles, translating into a smaller boost to the *rand value* of car sales compared to the *high volume* growth rate.

Figure 5: Real growth in durable goods

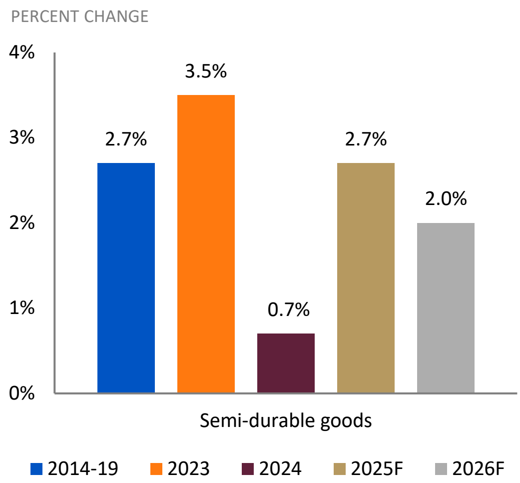


Nevertheless, the strong performance of new vehicle sales volumes during 2025Q1 suggests that the durable goods category continued to outperform at the start of the year. However, the support for the durable goods category is dropping rapidly. Real growth is forecast to fall from 4.3% y-o-y in 2025Q1 to a mere 1.4% by 2025Q4, for an annual average growth rate of 3.3% in 2025. Growth is seen remaining subdued at 1.6% in 2026, as tight monetary and fiscal policy, coupled with the negative base effects from lower two-pot withdrawals, bite high- and middle-income consumers in particular.

[4] Two-pot retirement spending likely peaked between 2024Q4 and 2025Q1, implying that negative base effects could pull down the y-o-y growth in consumer spending in 2025Q4 and 2026Q1. Along with tighter monetary and fiscal policy, this helps to explain the projected slowdown in growth towards 2026.

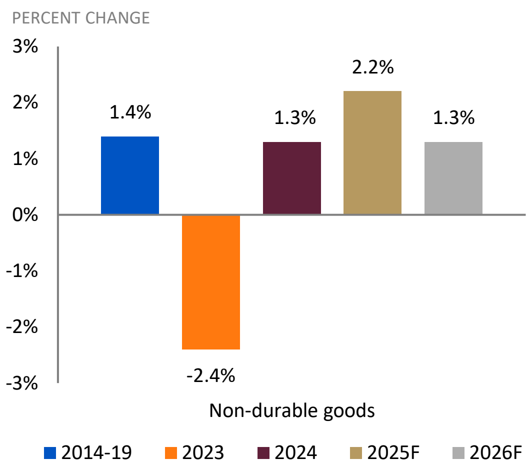
On the semi-durable goods side, growth fell from a sturdy 3.5% in 2023 to only 0.7% in 2024. There was impressive growth in recreational goods (7.7%) and household textiles & glassware (6.0%). However, this was offset by weak sales in clothing & footwear (0%) and car tyres & parts (-3.2%). While semi-durable goods growth is expected to experience a downturn like that of durables in the second half of 2025, a strong start to the year could lead to an average volume growth recovery of 2.7% for 2025. Clothing and footwear retailers reported remarkable sales growth in January (10.8% y-o-y) and February (15.7% y-o-y). It is important to note that these comparisons are made against a very weak base from the first quarter of 2024, and growth is likely to moderate moving forward.

Figure 6: Real growth in semi-durable goods



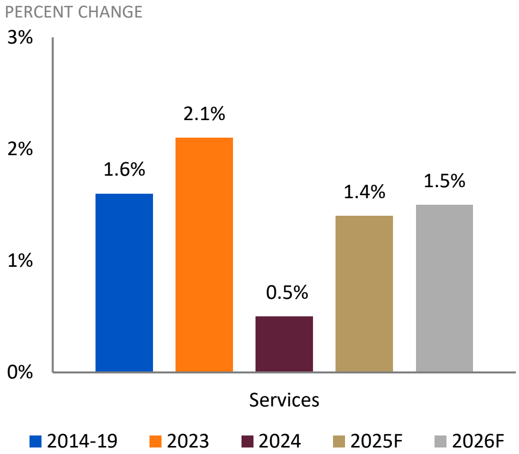
Growth in non-durable goods rebounded from -2.4% in 2023 to 1.3% in 2024. A decrease in food and fuel inflation supported the growth of food and beverages, which rose by 1.6% in 2024, and petroleum products, which increased by 1.2%. Additionally, medical and pharmaceutical goods performed exceptionally well, with a growth rate of 5.5%. With food inflation remaining low—around 2% in 2025Q1—and petrol prices dropping over 8% y-o-y during the first four months of 2025, the strong momentum in non-durable goods volume growth seen in 2024Q4 is likely to continue into the first half of 2025. Volume growth is expected to increase to 2.2% in 2025, before declining to 1.3% in 2026 as rising food inflation begins to take effect.

Figure 7: Real growth in non-durable goods



The growth in services fell from 2.1% in 2023 to a mere 0.5% in 2024. This category (e.g., rent, household services & domestic servants, transport & communication and medical services) benefits far less from two-pot withdrawal spending and interest rate cuts. Recreational, entertainment & educational services were the only services category to record an uptick in growth (to 2%) in 2025.

Figure 8: Real growth in services



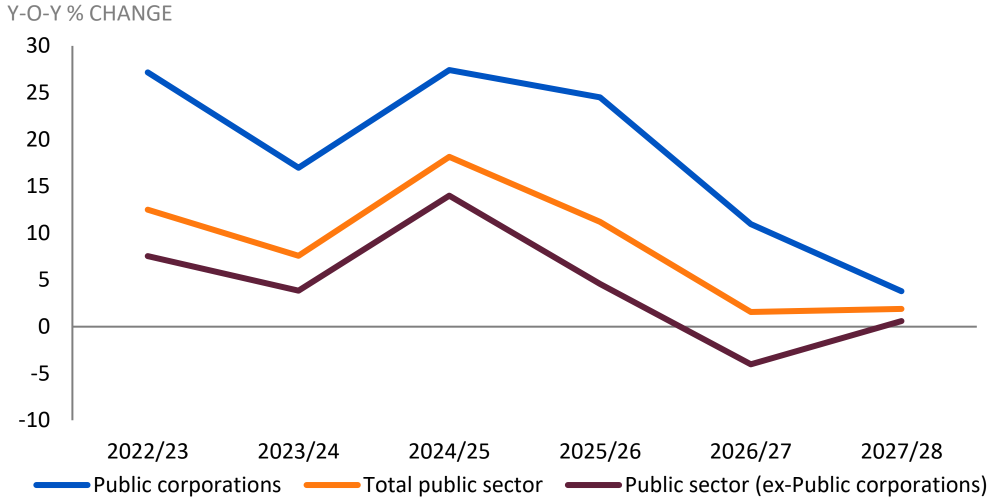
In all, early data indicators suggest that the strong spending momentum on consumer *goods* witnessed during 2025Q4 carried over into 2025Q1, but the outlook for the second half of 2025 and 2026 has soured notably. The growth in real household consumption expenditure is forecast to improve from 1.0% in 2024 to 2.0% in 2025, before slowing to 1.5% in 2026.

PUBLIC SECTOR INVESTMENT IS UNLIKELY TO MEET OPTIMISTIC BUDGET PROJECTIONS

The Minister of Finance has announced an allocation of over R1 trillion for infrastructure over the next three fiscal years. This is generally a reliable indicator for crafting forecasts; however, we remain cautious due to two main factors: (1) the tendency of state agencies to underspend their budgets, and (2) for public corporations (state-owned enterprises), their capacity to generate their own revenue or to borrow funds for these allocations.

The budget review indicates significant growth in capital expenditure (capex) by public corporations in 2025, although this growth is expected to taper off in 2026 and 2027. From a technical standpoint, achieving the Treasury estimates would require exceptionally strong quarterly growth rates, which we currently do not deem plausible. Nevertheless, we have projected a slight increase in fixed investment of 1.9% in 2025, followed by a further acceleration to 3.9% in 2026. In summary, while the Treasury anticipates a rapid recovery in capital expenditure by public corporations, we expect a more gradual increase initially, but over a longer period.

Figure 9: National Treasury capex estimates (nominal)



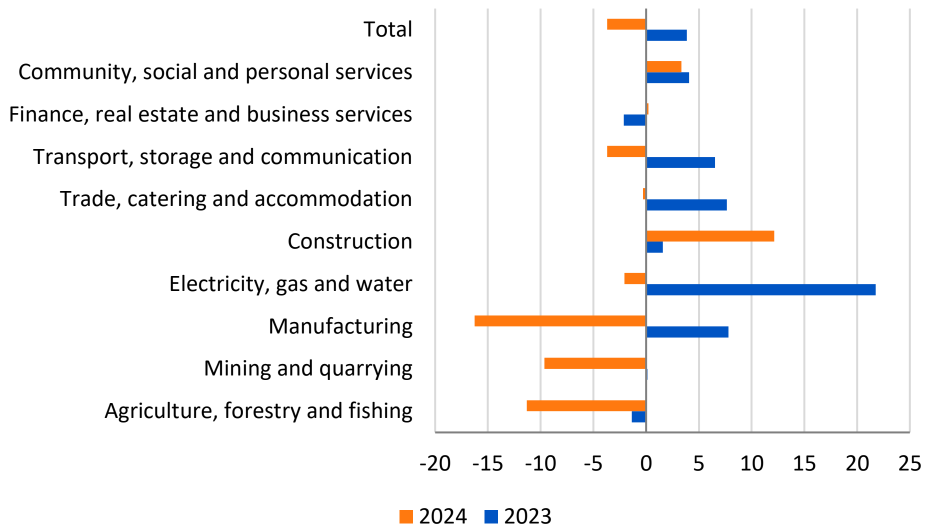
Source: Budget review, 2025

For fixed investment by the general government, the National Treasury anticipates a slowdown in 2025, followed by a contraction in nominal terms in 2026. According to data from Stats SA, a contraction was already observed in 2024 (although this is not reflected in the Treasury data). Consequently, we have not projected a further decline for 2025 but rather a mild increase of 0.4%. We expect a slight contraction for the entire year of 2026. This trend aligns with the Treasury's budget review, indicating positive growth in 2025, followed by weaker performance in 2026, and an improvement expected in 2027. We have extended our recovery projections into the outer years.

There is a risk that capital expenditure (capex) by public corporations will be higher this year and the next, while capital outlays by the general government may be lower over the medium term than currently predicted.

Private fixed investment accelerated by 1.5% quarter-on-quarter (seasonally adjusted) in 2024Q4, after experiencing declines in the first three quarters of the year. Overall, capex by the private sector fell by 3.1% for the entire year of 2024, following growth of 3% in 2023. Part of the decline was attributed to a slowdown in the growth of energy-related projects, while non-energy-related projects remained relatively scarce. This is evident in both direct investment (as indicated by the more than 20% growth in investment in electricity, gas, and water in 2023, followed by a subsequent decline in 2024) and indirectly (with manufacturers and retailers investing in measures to mitigate load-shedding).

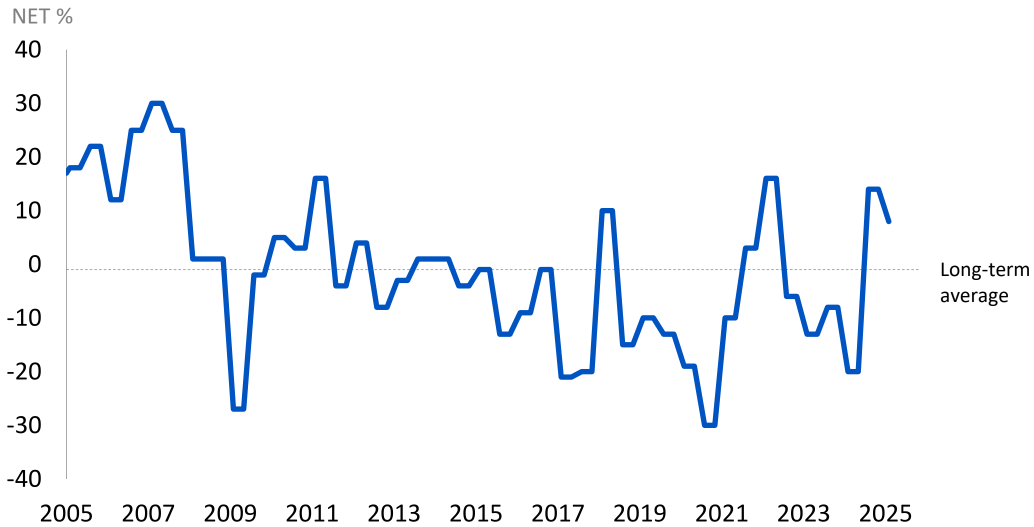
Figure 10: Growth in capex by sector, 2023 & 2024 (real, y-o-y % change)



Source: Stats SA

Looking ahead, the increase in the RMB/BER Business Confidence Index (BCI) in the second half of 2024 is promising, as higher confidence typically indicates growth in fixed investment by the private sector. In the first quarter of 2025, the BCI remained unchanged. Other indicators designed to assess the appetite for fixed investment are also positive. A net 8% of respondents from the Absa Manufacturing Survey expect to invest more in fixed assets within the next 12 months in 2025Q1, which is above the long-term average.

Figure 11: Expected investment in 12 months' time by manufacturers



Source: BER

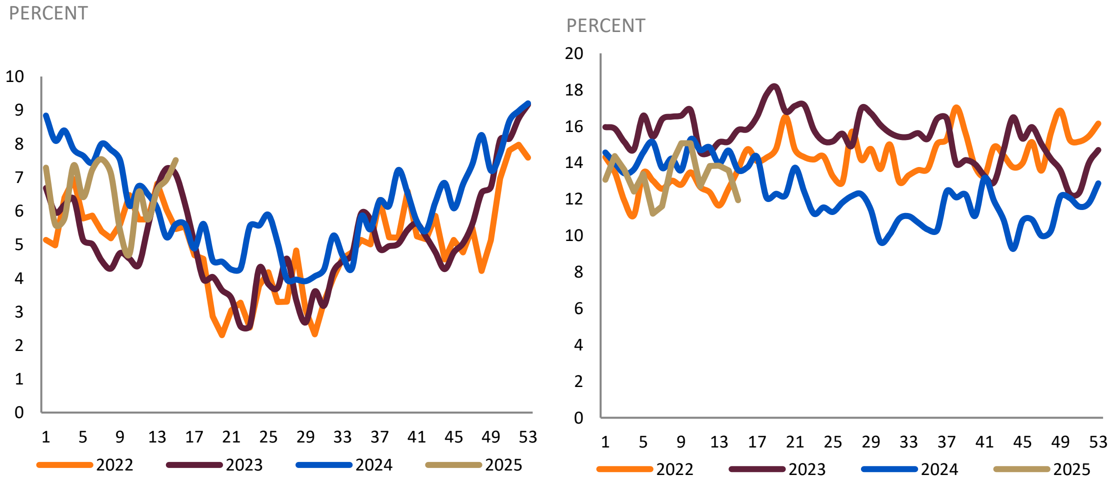
Globally, economic uncertainty is on the rise, and when combined with domestic uncertainty, this often has a negative impact on fixed investment. Consequently, while we anticipate a slight increase in private fixed investment in 2025, this growth is less than we had predicted in our previous forecast round in January. However, higher public capital expenditure (capex) should encourage investment from the private sector over the medium term, especially if public sector capex stimulates broader economic growth.

Data on the residential property and building sector is mixed. At first glance, it appears that recent interest rate cuts have had a muted effect on demand. The FNB House Price Index only rose by 1.2% year-on-year in January, which, although it marks the fastest pace since 2023, remains well below the rate of consumer inflation. Additionally, growth in mortgage advances decreased from 2.3% in January to 2.1% year-on-year in February. On the other hand, rental vacancy rates are declining, and the data from January indicated that the real value of residential building plans passed increased by more than 15% year-on-year, although this figure is influenced by base effects. Overall, there is currently little indication that residential investment will increase significantly this year. In fact, we anticipate a further, though milder, contraction in 2025. An uptick in residential investment is expected in 2026 and 2027 as the broader economy shows signs of strengthening.

A RETURN TO MORE FREQUENT LOAD-SHEDDING REMAINS POSSIBLE, ALTHOUGH NOT LIKELY

While recent instances of load-shedding and heightened diesel usage have renewed concerns about electricity supply, a closer look at the data suggests a more nuanced picture (for now). The return of brief outages in early 2025 has coincided with exceptionally high levels of planned maintenance; in fact, the highest average maintenance levels seen in the past four years. Unplanned outages, although prone to spikes, have remained well below the levels experienced during 2023, the worst year on record for load-shedding. This shift reflects Eskom's ongoing strategy to prioritise preventative maintenance, which, while temporarily lowering the Energy Availability Factor (EAF), is likely to reduce the frequency and severity of breakdowns over time. EAF reflects the proportion of total capacity available for use and is shaped by the combined effects of planned maintenance, unplanned outages, and other losses such as partial load losses. It is also notable that 2024 saw a stretch of historically low unplanned outages, a result of both improved maintenance and a degree of luck. Although risks remain—particularly if multiple unplanned outages coincide—Eskom appears to be managing the system more proactively: employing diesel generation and scaling back maintenance where feasible before resorting to load-shedding. Nevertheless, the grid remains highly constrained, and in the absence of additional capacity, any sustained pick-up in demand, especially from faster economic growth, may again test the system's limits.

Figure 12: Planned (left) and unplanned (right) outages



Source: Eskom

THE 2025 BUDGET(S) REFLECT A SHIFT IN THE FISCAL STANCE

Following the spending cuts announced in 2024, the latest Budget signals that fiscal consolidation will now occur through higher taxes to fund increased expenditures. The National Treasury expects the debt ratio to stabilise at just over 76% of GDP in the upcoming fiscal year and to gradually decline thereafter. However, this projection relies on a forecast that nominal GDP will grow by an average of 6.7% annually over the next three fiscal years, compared to an average growth rate of only 6.0% over the previous ten fiscal years. The BER anticipates annual nominal growth of only 5.5% during this period, which would lead to weaker public debt metrics.

In more detail, the 2025 Budget acknowledges several ongoing and new spending pressures. This includes a 5.9% increase in social grants, well above inflation, as well as expanded commitments to early childhood development, the hiring of critical frontline staff, and the rebuilding of the commuter rail system. Government wages will increase by 5.5% this fiscal year and will align with CPI inflation in the following two years. To support these spending pressures, the Treasury has proposed several revenue-raising measures: a phased 1% VAT increase over two years, higher personal income taxes due to bracket creep, and increased sin taxes—specifically, a 6.75% increase on alcohol and a 4.75% increase on tobacco. Adjustments to corporate taxes include the introduction of the new Global Minimum Tax framework. Notably, there will be no increase in the fuel levy.

From 2025 to 2030, we expect government revenue to increase by an average of 6.6% each year. In addition to a 1% increase in VAT, we anticipate that the personal income tax burden will gradually rise each year. This will be achieved by keeping the annual bracket adjustment below the rate of consumer inflation. We do not foresee any additional increases in corporate tax rates, aside from the implementation of the Global Minimum Tax framework in 2025. Other indirect tax rates are expected to rise along with consumer inflation. A significant risk to our fiscal forecast is the growth rate of nominal GDP, as tax revenue is directly tied to the level of economic activity.

On the expenditure side, the BER estimates that government spending will increase by an average of 5.8% per year, consistent with the guidance provided by the National Budget. Given the high levels of debt, we assume that the government will not be able to raise wages above inflation. Consequently, public wages are projected to rise by 5.5% this fiscal year, followed by increases in line with consumer inflation until 2030. The government's inability to stick with inflation-related wage increases is a meaningful risk to the expenditure forecast. With the wage bill expected to grow by 5.6% annually, there will be room to increase government employment by an average of 0.9% per year up to 2030. Other expenditures on goods and services will rise just above 5.5% per year, while transfers and subsidies are projected to increase by over 6%, as indicated by the Budget. We anticipate that interest payments on government debt will rise by approximately 6.5% per year, due to continually increasing debt levels, based on the assumption that the interest rate will remain close to current levels (9%) until 2030.

As a result, with revenue expected to grow faster than expenditure over the forecast period, we anticipate the deficit will gradually decline from 4.4% in 2025 to 3.5% by 2030. This will lead to the consolidated public debt peaking at 77% this year and then gradually decreasing to 73% by 2030.

Global outlook

The global economic backdrop is increasingly uncertain and volatile, with much of this instability stemming from the US and its unorthodox trade policies—the latest experiment being so-called reciprocal tariffs. Beyond the direct (negative) impact on trade flows, economic activity, supply, and demand, the erratic nature of policymaking has contributed to significant financial and commodity market volatility in recent weeks.

The Liberation Day policies discussed in more detail above triggered the most significant stock market sell-off since March 2020, exacerbating uncertainty for both consumers and businesses. As recessionary and inflationary fears have risen, we have downwardly revised our US forecast, which pulls down global growth as other countries are not expected to pick up the US's slack. Indeed, the outlook for the global economy has worsened in recent weeks. While the US economy still started the year on a strong footing, the tariff policies are akin to a negative supply shock and risk pushing the country into a recession. A global trade war could also negatively affect growth in other major regions.

On the global geopolitical front, there seems to be some progress in achieving a ceasefire between Ukraine and Russia, albeit the momentum stalled a little as trade shenanigans took centre stage. The US has met with Russia in Saudi Arabia to talk about ending the Russia-Ukraine war, initially leaving Europe and Ukraine out of the conversation. While the parties have not been able to agree on a full ceasefire, they did stop strikes on each other's energy infrastructure and continue the conversation, albeit that Russia seems to be playing for time and does just enough to appease the US.

Israel shattered the fragile ceasefire in Gaza by bombing the region in March. Israel's prime minister later warned that these strikes were just the beginning and accused Hamas of rejecting proposals to free more hostages. Since Israel's military has restarted limited ground operations in Gaza.

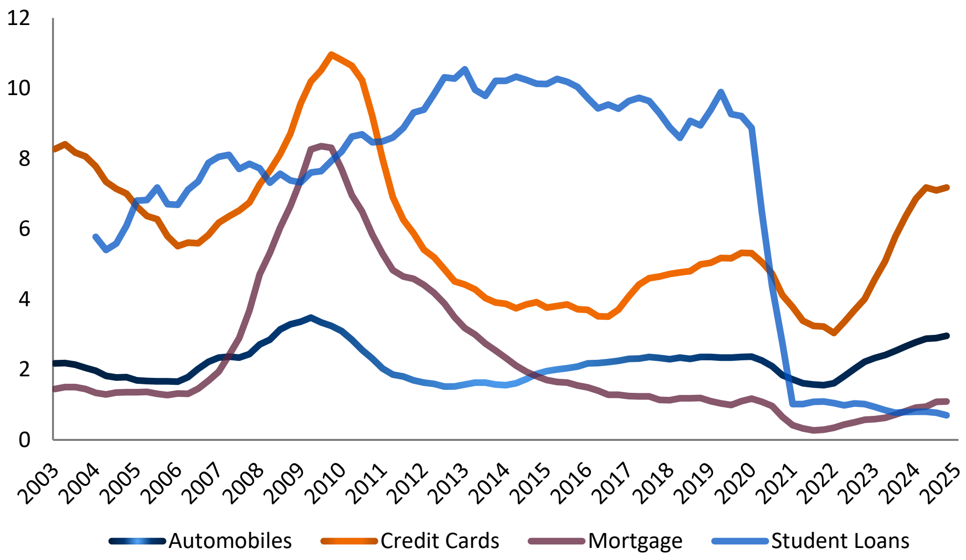
SIGNS OF A STRONG START FOR THE US ECONOMY, BUT CONCERNS ABOUT A STAGFLATION SHOCK TO GROWTH

The US economy started the year relatively strong. According to the nonfarm payroll figures, jobs continued to be added at a healthy pace, although employment growth is increasingly concentrated in the government and healthcare sectors. Manufacturing activity also remained strong in Q1, with the manufacturing PMI in expansionary territory at the beginning of the year. The sector performed well as many companies increased production in anticipation of new tariffs that would impact input costs. For the same reason, the US recorded its largest trade deficit on record in January, as businesses reported front-loading imports in expectation of the coming tariff hikes. Front-loaded demand also drove the bigger-than-expected uptick in March retail sales. An important underpin to consumer spending remained strong, with real disposable personal income rising by 0.3% in January and 0.5% in February.

However, a few warning signs have emerged. Serious delinquency rates spiked to a 13-year high at the end of 2024, though overall household debt levels have not yet reached alarming levels. Additionally, the value of equities made up a record share of household financial assets at the start of the year, making consumers more vulnerable to market corrections. This situation increases the risk of reduced spending if households feel less wealthy in the event of a stock market downturn.

Figure 13: New seriously delinquent balances by loan type

% OF DELINQUENCIES FOR 90 OR MORE DAYS

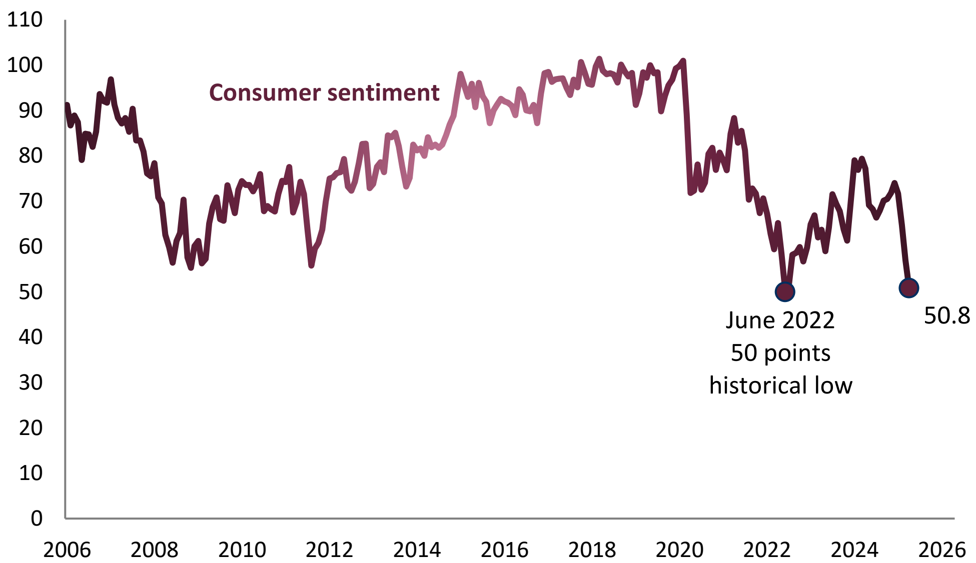


Source: New York Fed Consumer Credit Panel/Equifax

Following Liberation Day, many forecasters have downgraded near-term GDP forecasts for the US and warn about an increased risk of recession. Softer consumer sentiment and a weakening labour market are anticipated to hinder growth throughout the year. The most immediate and direct impact is the expected increase in the prices of goods for US consumers. Since the tariff structure is broad, nearly all imported goods are becoming more expensive for importers, and these costs are likely to be passed on to consumers. Beyond an increase in short-term inflation, the experience risks lifting inflation expectations on a sustained basis – which would concern the Fed. The University of Michigan's 1-year and 5-year inflation expectations surveys already show noticeable increases. We forecast consumer inflation to rise to 3.3% this year, moderate to 2.6% next year, and only reach the Fed target of 2% by 2027. Any changes to the tariff structure will directly impact this forecast.

The most notable indirect impact of the new tariff policy is its effect on sentiment. The University of Michigan's consumer sentiment index dropped from 74 in December 2024 to 50.8 in April 2025, which is the second lowest level on record, going back to 1952. In addition to pressure on the willingness to spend, the ability to spend is also under pressure. In recent years, strong consumption was largely supported by the savings buffer built up during the COVID-19 pandemic. That cushion has now been mostly depleted, leaving consumers with less room to absorb price increases

Figure 14: Michigan University monthly index of consumer sentiment
INDEX POINTS (1966 = 100)



Source: University of Michigan

In March, ahead of Liberation Day, the Fed maintained the federal funds rate range at 4.25% to 4.5% for the second consecutive meeting, which aligned with expectations. The Fed operates under a dual mandate to ensure price stability and full employment. The March decision was accompanied by a more hawkish Summary of Economic Projections (SEP), reflecting significantly higher inflation forecasts and slightly lowered growth projections – the outlook arguably worsened since. By early April, markets were anticipating four rate cuts of 25 bps each in 2025. Consistent with other economic forecasters, we now expect three rate cuts to begin in June. Fed Chair Jerome Powell did not provide firm guidance after the tariff announcement, indicating that the Fed would take time to assess incoming data, which makes a rate cut in May unlikely.

Following the Fed's hawkish policy change in December, the US dollar appreciated significantly, strengthening against all major currencies in 2025Q1. However, by April, the dollar weakened notably, especially against the euro. This continued even after the European Central Bank (ECB) reduced interest rates further, which left US real interest rates comparatively higher. A downgraded US growth outlook alongside improved prospects in the Eurozone has contributed to this shift. We expect the dollar to average $1.10 per euro in the second quarter. As US rates decline and dollar exchange rates approach historical norms, a further gradual depreciation is anticipated over the forecast period.

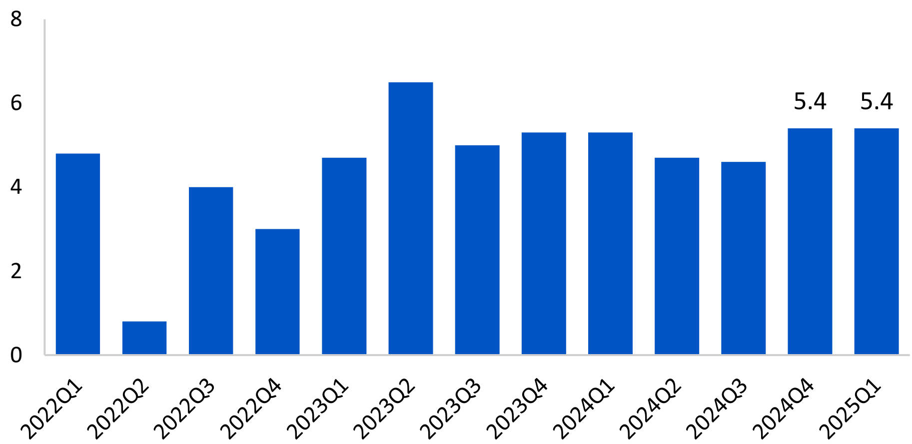
The trade war's impact has also affected the bond markets. A significant sell-off in bonds led to a spike in 10-year US Treasury yields, which rose above 4.5% on April 9, erasing all gains made in late March. This surge in yields following the tariff announcement marked the largest increase since 2008, which prompted President Trump to cite bond market turmoil as a reason for reconsidering his tariff stance. The Fed has already slowed the pace of balance sheet reduction at previous meetings and is likely to ease quantitative tightening further. We now forecast that the 10-year Treasury yield will average 4.2% in the second quarter, down from the first quarter but still above levels seen last month. Over the longer term, yields are expected to moderate alongside the federal funds rate, averaging around 3.5%, which is slightly above the pre-pandemic level.

CAN CHINA WEATHER THE TARIFF STORM?

The economy started off surprisingly strong in the first quarter of 2025. GDP grew by 5.4% y-o-y in Q1, matching the pace of 2024Q4 and exceeding the consensus forecast of 5.2%. In March, both production and consumption exceeded expectations, with growth supported by strong retail sales, fixed asset investment, industrial production, and exports, largely driven by front-loaded demand ahead of newly announced US tariffs. Importantly, the Q1 data reflects activity before the implementation of these new tariffs, indicating that the effects of rising trade tensions have not yet been felt. Export-driven industrial production has been a crucial factor in supporting economic growth in China, which will now come under pressure. That said, China has shown a remarkable ability to meet its growth targets (although the accuracy of its reported figures is often debated).

Figure 15: Chinese quarterly GDP growth

Y-O-Y CHANGE (%)



Source: National Bureau of Statistics of China and Refinitiv

The pressures on foreign demand raise concerns about the overall sustainability of the economy, particularly because domestic consumption has remained weak and the property crisis continues. As a result, there is a growing dependence on external markets to drive growth, mainly benefiting the manufacturing sector**.** In 2025, both the Caixin and NBS Manufacturing PMI indices moved into expansionary territory as foreign orders surged in anticipation of high(er) tariffs. Exports are expected to face significant pressure due to the high tariffs. To counteract the elevated tariff levels, the renminbi has been devalued against the US dollar. However, it is becoming increasingly difficult for China to implement a large-scale re-exporting strategy or negotiate a way out of the trade tariff conflict, although the latest signs are that the US and China will soon start.

On a more positive note, fixed investment in China has demonstrated resilience in recent quarters. The government has shifted focus away from struggling real estate investments, which have been declining since early 2022, towards supporting manufacturing and consumption-driven sectors. This strategic pivot has yielded some positive results, reflected in a modest increase in manufacturing investment, which has contributed to overall growth in fixed asset investment.

Despite several risks to the economic outlook, analysts generally expect the government to achieve an economic growth rate of "around 5%" in 2025, though the emphasis on "around" is becoming increasingly significant. We project an average growth rate of 4.7% for 2025, with the economy likely slowing further over the medium term and stabilising around 3.7% annually.

The sluggishness in consumer demand is also reflected in local price trends. A slowdown in service prices and negative core inflation contributed to an annual decline in headline CPI inflation of 0.7% in February. There is a risk of entering a deflationary spiral, leading China to revise its inflation target for the current year to "around 2%" (which is still ambitious) down from "around 3%" in previous years. We project annual inflation to average 0.8% this year, rising slightly to 1.4% next year, and stabilising around 1.5% over the medium term. While tariffs could push up the prices of imported goods, potentially shielding China from deflation, local producers may feel compelled to artificially lower their prices in order to remain competitive. This strategy could erode profitability and impact long-term business sustainability.

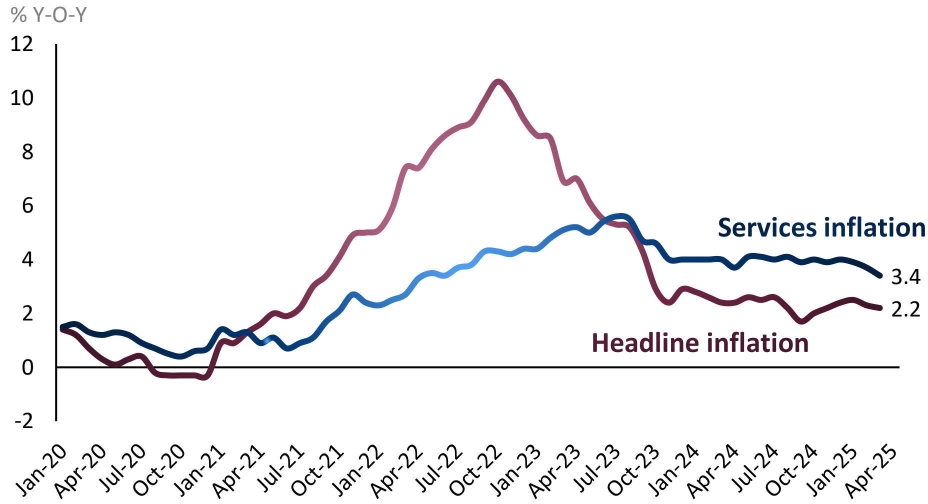
TWINKLES OF HOPE IN THE EUROZONE ECONOMY

While the fallout from US tariffs and a global trade war poses a significant downside risk for the region, there are also reasons for cautious optimism about the Eurozone economy. This optimism largely arises from the strong commitment of several countries, particularly Germany, to increase government spending on defence and infrastructure. Germany's parliament has approved of a spending plan to enhance military and infrastructure capabilities. This plan allows most defence spending to be exempt from the debt brake established in 2009 and creates a €500 billion fund over 12 years for modernising hospitals, schools, roads, and energy networks. Although the implementation of these plans will take time, we expect their growth-boosting effects to begin materialising by next year.

We anticipate that economic growth will average approximately 1% this year, with a slight increase to 1.2% next year. In addition to Germany's boost in spending, other European countries are also planning to raise their defence budgets over the next decade as part of their efforts to achieve greater self-sufficiency in defence. This increase should lead to significant growth in the domestic defence production sector, which may help pull in some of the underutilised automobile production capacity, especially if demand for cars from the US declines due to high tariffs.

Unlike the US and the UK, the Eurozone remains on a disinflationary path toward its 2% inflation target. A stronger currency and easing wage pressures are contributing to this trend. We expect consumer inflation to average around 2.2% this year and gradually ease to 2% next year, allowing the ECB to ease further.

Figure 16: Eurozone consumer inflation

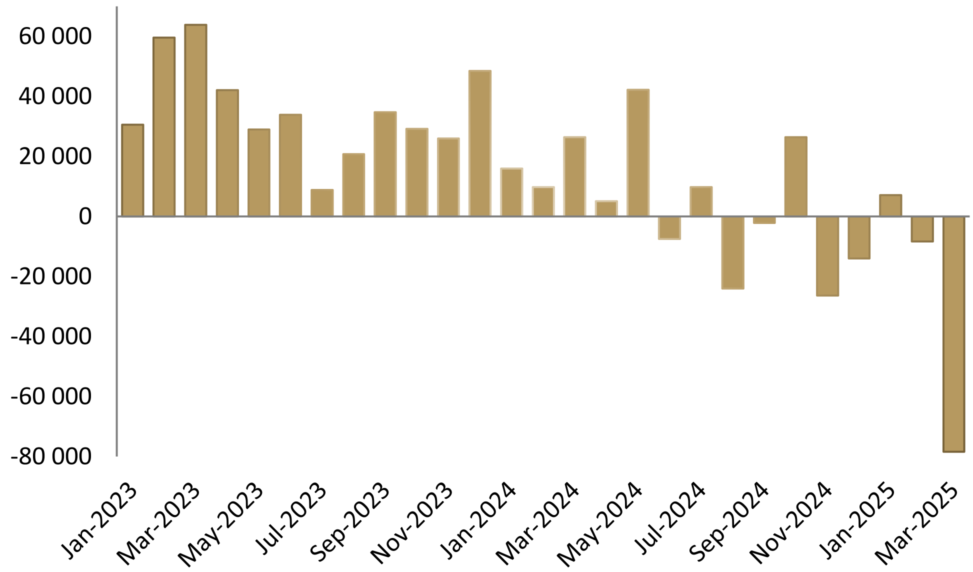


Source: Eurostat

THE UK SMELLS OF STAGFLATION

The UK economy began 2025 on shaky ground compared to other advanced economies. The contraction in monthly GDP recorded in January was driven by declines in both the production and construction amid low business and consumer confidence, weak domestic and international demand, and persistent price pressures. While the services sector continues to expand, its momentum has slowed primarily due to rising wage costs. Upcoming changes to wage and tax policies are likely to exacerbate these challenges. As announced in the Autumn Budget of October 2024, employers' contributions toward national insurance have increased, raising employment costs and making it more expensive for companies to hire and retain staff. Indeed, the private sector has continued to shed jobs, and the vacancy rate has been declining steadily. Forward-looking indicators, such as the PMIs, suggest further declines in employment, reflecting the pressures of high wage costs and new employer tax burdens. As such, the unemployment rate is expected to tick up through the year. One potential benefit is that a softer labour market could ease some pressure on wage growth, which would support ongoing disinflation in the services sector.

Figure 17: UK Change in payroll employees
CHANGE ON PREVIOUS MONTH



Source: Office of National Statistics

On the back of cautious spending and relatively strong wage growth, the UK's household savings ratio has risen above pre-pandemic levels. Consumer sentiment has shown a slight improvement in recent months, reaching a three-month high of -19, possibly boosted by the gradual easing of monetary policy. However, sentiment regarding personal finances has declined, even though it remains in positive territory.

Unfortunately, consumer inflation is rising again. After hitting a low of 1.7% y-o-y in September 2024, headline inflation has increased to 2.6% in March with further acceleration to above 3.5% expected in 2025Q3. This renewed inflationary momentum is primarily driven by domestic energy costs following Ofgem's decision to raise the energy price cap by 6.4% between April and June 2025. Additional upward pressure on prices is coming from regulated price hikes, including increased bus fares and the introduction of a 20% VAT on private school fees. These developments have worsened the inflation outlook, further complicating the UK's already fragile economic recovery.

A SIGNIFICANT DOWNWARD REVISION TO THE OIL PRICE DRIVEN BY DEMAND- AND SUPPLY-DYNAMICS

Brent crude oil prices averaged $75 per barrel in 2025Q1, falling short of expectations due to a significant shift in the global growth outlook triggered by the first wave of US tariffs. The quarter was characterised by notable volatility. Prices initially surged above $80 per barrel as the US tightened sanctions on Russian and Iranian crude oil, and cold weather disrupted domestic production. However, in early February, increased uncertainty about US trade policies led to concerns about the strength of global demand and lower prices. At the same time, OPEC and its allies (OPEC+) reiterated plans to ease production cuts starting in April. Additionally, growing hopes for a peace deal between Russia and Ukraine pushed prices below $70 per barrel by March. Oil prices briefly rebounded toward the end of March, but those gains were quickly erased on Liberation Day. As demand expectations weakened and supply prospects improved, oil prices fell to $58 per barrel in early April. While reduced demand contributed to this decline, the primary pressure came from a sharper-than-expected increase in production from OPEC+, raising fears of a supply glut.

Such conditions typically lead to action from OPEC+. However, reports indicate that de facto OPEC leader Saudi Arabia may choose to use this downturn to reassert its dominance. Over the past five years, the Kingdom has lost market share to US producers due to self-imposed production limits. At the same time, internal discipline within OPEC has diminished, placing a disproportionate burden on Saudi Arabia to maintain output cuts. In response, the Kingdom seems to be allowing prices to fall to levels that could test the profitability of US producers, with many citing $65 per barrel as a critical threshold. However, it is unlikely that Saudi Arabia will allow prices to remain too low for long, given its heavy reliance on oil revenues to fund its fiscal objectives.

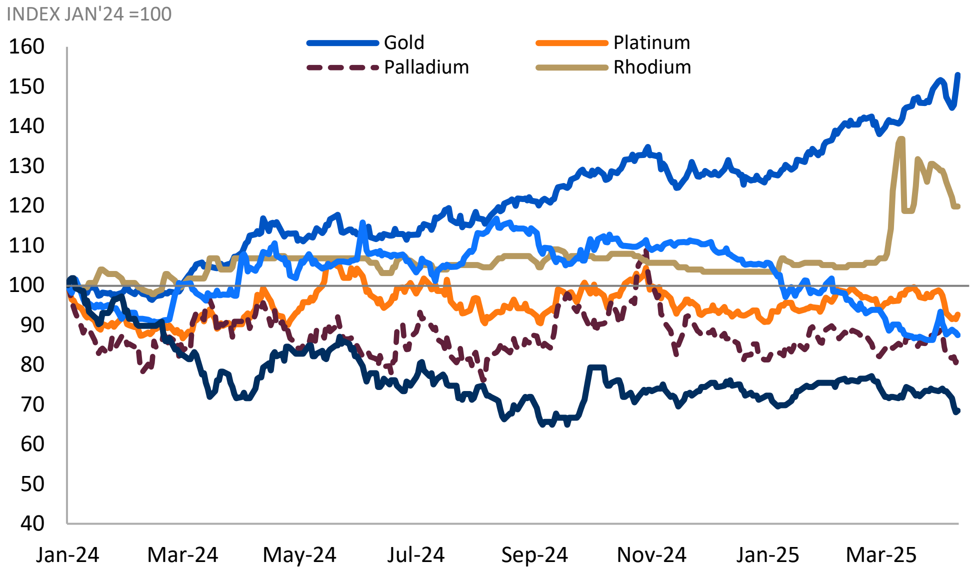
Looking ahead, prices are expected to stay subdued due to a looming surplus, although supply-side constraints could provide some support, particularly among US producers. While OPEC+'s output is set to rise, the significant production gains that were once anticipated from the US may not materialise, leading to a gradual increase in output. We forecast that Brent crude will average around $67.75 per barrel in 2025, which is below the levels seen in 2024. Beyond that, prices are likely to decline slowly as OPEC normalises production.

EXPORT COMMODITIES POST UNEVEN GAINS AMID GLOBAL MARKET VOLATILITY

Contrary to expectations for a more modest performance after last year's stellar run, gold continues to reach new record highs. Apart from mounting fears of a broad global trade war and escalating geopolitical tensions, gold strength was also fuelled by expected further monetary policy easing and sustained central bank buying. Notably, toward the beginning of the second quarter, gold increasingly drew support from a wave of risk-off sentiment, which saw a broad sell-off in equity markets and a depreciation of the US dollar, sparked by growing fears of slowing economic growth in the US. According to the World Gold Council (WGC), strong inflows into global physically backed gold ETFs continued in March, which drove up total Q1 inflows to $21 bn, the second highest quarterly level in dollar terms, since 2020Q2.

Investor appetite for gold ETFs has been muted since 2021, as high-interest rates and rallying US equities enhanced the appeal of higher-yielding assets. This trend has reversed course this year, and with global volatility likely to persist over the near term, investors' attraction to gold's haven qualities is expected to endure. With ETF holdings (in tonnage) still well below their 2020 peak, we anticipate this dynamic will keep the gold prices elevated at levels above $3000/oz throughout 2025.

Figure 18: Gold price continues to surge while rhodium spikes and coal plummets



Source: Refinitiv

PGM prices also gained some traction amid heightened risk-off sentiment, driving investor interest, platinum and palladium, respectively, gaining 9% and 8% in Q1. Meanwhile, rhodium spiked over $6000/oz in March, increasing by 25% in Q1. The rhodium price gained substantially as buying interest from Anglo American Platinum (Amplats) on the spot market, likely to compensate for production shortfalls, coincided with an uptick in end-user demand, which sparked supply concerns. Price volatility was, thereafter, amplified by increased activity in rhodium-backed ETFs. Indeed, the price jump in rhodium provides PGM miners who have faced two years of depressed prices some relief.

PGMS and other key export commodities were excluded from the reciprocal tariffs on SA imports. However, sentiment towards PGMS remains pessimistic. Easing of emissions targets in the US and Europe, with a less climate-focused Trump administration and European policymakers aiming to mitigate US tariff pressures on automakers, is likely to sustain PGM demand and support prices. Particularly, platinum, palladium, and rhodium are projected to remain in structural supply deficits. However, this is counterbalanced by expectations of trade policy uncertainty and 25% tariffs on all vehicle imports to the US, slowing consumer demand and prompting automakers to cut production.

The iron ore price held steady even as trade tensions intensified, moving sideways throughout Q1 to average $105/MT. Meanwhile, the coal price declined by 14% during the same period to average $95/MT, reflecting persistently weak import demand from India, the Republic of Korea, and Europe. We expect the coal price to recover in peak demand seasons. However, an escalation of trade tensions between the US and China, which will moderate global growth and potentially slow down China's industrial activity, will likely put downward pressure on industrial commodity prices.

Conclusion

We have made a significant downward adjustment to our near-term real GDP forecast. Some members of the team argued for an even lower forecast, questioning why we are not a permanent 1%-growth economy as we have been for the last fifteen years or so.

It is irresponsible to build a forecast on hope. During the second half of 2024, there was a real sense of urgency around structural reform, sentiment was improving, and the consumer benefitted from some (temporary) windfalls. Our forecast of the time was not based on hope, but on the expectation of some crucial puzzle pieces finally falling into place. Unfortunately, some puzzle pieces are now sliding from the table once again (slow progress on structural reform, consumer windfalls turning into headwinds) and some pieces have been forcefully thrown on the floor by Trump.

However, it is also irresponsible to overreact when there is so much uncertainty. While slow, there is still some progress on the structural reform front. Load-shedding and other structural constraints on the SA economy should continue to ease, albeit not as fast as we had anticipated. Indeed, when it comes to exports and investment, our level is so depressed that a little goes a long way to lift overall GDP growth. SA consumers have proven to be resilient before, but will continue to be tested.

Appendix A

STATISTICS OF THE QUARTERLY FORECAST, 2024 - 2026

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	2.5	2.2	1.7	0.8	0.8	1.0	1.5	2.0	1.9	***2.8***	***1.4***	***1.6***
UK % growth	0.3	0.7	0.9	1.3	0.9	1.0	1.2	1.5	1.4	1.3	1.5	1.5	***0.8***	***1.1***	***1.4***
Germany % growth	-0.1	-0.2	-0.3	-0.2	0.1	0.5	0.5	0.8	0.8	1.2	1.5	1.6	***-0.2***	***0.5***	***1.3***
Japan % growth	-0.9	-0.9	0.5	1.0	1.7	1.2	1.1	0.8	0.9	0.9	0.9	0.9	***-0.1***	***1.2***	***0.9***
Eurozone % growth	0.4	0.5	1.0	0.9	1.0	1.1	1.1	0.9	1.0	1.1	1.2	1.3	***0.7***	***1.0***	***1.2***
G7 % growth	1.6	1.7	1.7	1.7	1.8	1.5	1.0	1.0	0.9	1.3	1.6	1.6	***1.7***	***1.3***	***1.4***
CPI inflation rates															
US % CPI	3.2	3.2	2.6	2.7	2.8	3.1	3.8	3.6	3.0	2.5	2.3	2.8	***2.9***	***3.3***	***2.6***
UK % CPI	3.9	2.9	2.9	3.4	2.9	3.5	3.7	3.3	2.9	1.8	1.9	1.9	***3.3***	***3.4***	***2.1***
Germany % CPI	2.5	2.3	1.9	2.3	2.3	2.3	2.3	2.4	2.4	2.0	2.1	1.9	***2.3***	***2.3***	***2.1***
Japan % CPI	2.5	2.7	2.8	2.7	3.1	2.7	2.4	1.9	1.8	1.8	1.9	1.9	***2.7***	***2.5***	***1.9***
G7 % CPI	3.0	2.8	2.4	2.6	2.5	2.7	3.1	2.9	2.7	2.2	2.1	2.4	***2.7***	***2.8***	***2.3***
China % CPI	0.0	0.2	0.5	0.2	0.2	1.0	0.8	1.4	1.4	1.4	1.4	1.5	***0.2***	***0.8***	***1.4***
India % CPI	4.6	3.8	2.9	3.9	4.4	4.3	4.0	4.3	4.2	4.3	4.3	4.6	***3.8***	***4.2***	***4.4***
Interest rates															
US prime rate	8.50	8.50	8.43	7.82	7.50	7.47	7.21	6.94	6.72	6.46	6.21	6.00	***8.31***	***7.28***	***6.35***
Commodity prices															
Spot oil price: US$/barrel	81.9	85.0	78.9	74.0	75.1	65.0	66.0	65.0	66.0	66.0	67.0	67.0	***79.9***	***67.8***	***66.5***
London gold price: US$/oz	2072	2338	2475	2662	2857	3200	3200	3100	3093	3084	3075	3075	***2387***	***3089***	***3082***
Platinum price: US$/oz	907	981	962	964	968	999	1000	1004	1018	1029	1041	1061	***954***	***993***	***1037***
Palladium price: US$/oz	980	973	970	1011	960	971	980	988	996	1008	1005	1007	***983***	***975***	***1004***
SA coal price : US$/mt	96.6	107.7	110.0	110.4	95.8	96.0	99.0	101.0	101.0	104.0	105.0	105.0	***106.2***	***97.9***	***103.8***
China iron ore price : US$/mt	124.6	113.4	101.7	105.3	105.1	105.0	105.0	100.0	100.0	96.0	94.0	92.0	***111.3***	***103.8***	***95.5***
Exchange rates															
US$/Sterling exchange rate	1.27	1.26	1.30	1.28	1.26	1.29	1.30	1.31	1.31	1.32	1.34	1.36	***1.28***	***1.29***	***1.33***
YN/$ exchange rate	148.4	155.8	148.9	152.2	152.4	148.0	147.0	146.0	145.0	143.0	142.0	140.0	***151.3***	***148.4***	***142.5***
US$/Euro exchange rate	1.09	1.08	1.10	1.07	1.05	1.10	1.11	1.11	1.12	1.13	1.14	1.15	***1.08***	***1.09***	***1.14***

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	4645.0	4741.3	4789.5	4853.9	4906.7	4988.8	5060.8	5131.3	5191.8	5272.1	5363.5	5460.6	***4757.4***	***5021.9***	***5322.0***
(year % ch.)	4.9	5.8	5.2	4.8	5.6	5.2	5.7	5.7	5.8	5.7	6.0	6.4	***5.2***	***5.6***	***6.0***
Government consumption	1401.3	1399.1	1423.8	1419.1	1459.4	1474.8	1503.5	1523.7	1540.7	1557.0	1587.4	1608.6	***1410.8***	***1490.3***	***1573.4***
(year % ch.)	4.0	4.5	3.8	3.0	4.1	5.4	5.6	7.4	5.6	5.6	5.6	5.6	***3.8***	***5.6***	***5.6***
Fixed investment	1057.5	1077.8	1071.2	1054.3	1098.8	1127.3	1151.9	1151.9	1186.9	1220.5	1243.4	1239.8	***1065.2***	***1132.5***	***1222.7***
(year % ch.)	5.1	0.8	1.1	-0.7	3.9	4.6	7.5	9.3	8.0	8.3	7.9	7.6	***1.5***	***6.3***	***8.0***
Inventory investment	-81.2	12.9	-33.4	-67.7	17.8	20.1	22.0	19.1	45.6	43.9	40.5	29.5	***-42.4***	***19.7***	***39.9***
Residual item	60.2	-54.3	-33.5	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	22.2	***-1.3***	***22.2***	***22.2***
Gross domestic expenditure	7082.8	7176.8	7217.6	7281.8	7504.9	7633.1	7760.5	7848.1	7987.3	8115.8	8257.0	8360.6	***7189.7***	***7686.7***	***8180.2***
(year % ch.)	2.9	1.8	4.0	2.0	6.0	6.4	7.5	7.8	6.4	6.3	6.4	6.5	***2.7***	***6.9***	***6.4***
Exports: goods and services	2331.5	2396.0	2278.7	2340.1	2341.5	2396.6	2379.7	2421.2	2430.4	2530.4	2531.9	2574.8	***2336.6***	***2384.7***	***2516.9***
(year % ch.)	0.6	3.9	0.1	1.6	0.4	0.0	4.4	3.5	3.8	5.6	6.4	6.3	***1.6***	***2.1***	***5.5***
Imports: goods and services	2191.4	2255.3	2144.5	2169.1	2251.9	2265.1	2284.2	2314.4	2378.8	2395.4	2426.7	2463.6	***2190.1***	***2278.9***	***2416.1***
(year % ch.)	-3.7	-4.6	-1.5	-5.4	2.8	0.4	6.5	6.7	5.6	5.8	6.2	6.4	***-3.8***	***4.1***	***6.0***
Expenditure on GDP	7222.9	7317.5	7351.8	7452.7	7594.5	7764.6	7856.0	7954.9	8039.0	8250.8	8362.2	8471.8	***7336.2***	***7792.5***	***8280.9***
(year % ch.)	4.3	4.7	4.5	4.3	5.1	6.1	6.9	6.7	5.9	6.3	6.4	6.5	***4.4***	***6.2***	***6.3***

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	3090.4	3123.6	3137.5	3167.7	3172.0	3187.1	3196.0	3210.3	3214.2	3229.8	3245.9	3269.2	***3129.8***	***3191.4***	***3239.8***
(year % ch.)	-0.3	0.8	1.4	2.3	2.6	2.0	1.9	1.3	1.3	1.3	1.6	1.8	***1.0***	***2.0***	***1.5***
Government consumption	917.1	924.4	919.4	912.2	927.7	923.1	934.1	939.5	941.9	940.0	951.8	957.1	***918.3***	***931.1***	***947.7***
(year % ch.)	1.6	0.8	-0.2	-0.6	1.2	-0.1	1.6	3.0	1.5	1.8	1.9	1.9	***0.4***	***1.4***	***1.8***
Fixed investment	665.0	658.9	661.1	656.2	664.6	668.6	675.1	680.0	681.4	686.6	691.4	693.9	***660.3***	***672.1***	***688.3***
(year % ch.)	-2.4	-7.1	-2.3	-2.8	-0.1	1.5	2.1	3.6	2.5	2.7	2.4	2.0	***-3.7***	***1.8***	***2.4***
Inventory investment	-21.3	-9.5	-25.1	-16.4	-8.6	-9.8	-8.5	-5.5	5.4	1.1	-1.0	-2.7	***-18.1***	***-8.1***	***0.7***
Residual item	10.5	7.1	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	***6.6***	***4.3***	***4.3***
Gross domestic expenditure	4661.7	4704.5	4697.2	4724.0	4759.9	4773.1	4801.0	4828.6	4847.0	4861.7	4892.2	4921.7	***4696.8***	***4790.7***	***4880.7***
(year % ch.)	-1.7	-2.3	0.9	0.1	2.1	1.5	2.2	2.2	1.8	1.9	1.9	1.9	***-0.7***	***2.0***	***1.9***
Exports: goods and services	1303.9	1295.9	1240.2	1265.7	1279.9	1277.6	1276.7	1285.9	1289.8	1309.7	1318.8	1327.7	***1276.4***	***1280.0***	***1311.5***
(year % ch.)	1.0	-0.1	-5.3	-3.8	-1.8	-1.4	2.9	1.6	0.8	2.5	3.3	3.2	***-2.0***	***0.3***	***2.5***
Imports: goods and services	1320.0	1340.9	1284.7	1310.3	1328.3	1335.4	1342.6	1352.9	1360.7	1371.5	1383.6	1397.7	***1314.0***	***1339.8***	***1378.4***
(year % ch.)	-7.1	-8.5	-3.9	-5.7	0.6	-0.4	4.5	3.3	2.4	2.7	3.1	3.3	***-6.3***	***2.0***	***2.9***
Expenditure on GDP	4645.5	4659.5	4652.7	4679.4	4711.5	4715.4	4735.1	4761.6	4776.2	4799.9	4827.5	4851.6	***4659.3***	***4730.9***	***4813.8***
(year % ch.)	0.7	0.3	0.6	0.8	1.4	1.2	1.8	1.8	1.4	1.8	2.0	1.9	***0.6***	***1.5***	***1.8***

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	322.7	324.0	326.1	333.3	336.7	337.4	337.6	337.9	339.8	342.0	344.0	346.0	***326.5***	***337.4***	***342.9***
(year % ch.)	1.7	3.2	4.2	3.9	4.3	4.1	3.5	1.4	0.9	1.4	1.9	2.4	***3.2***	***3.3***	***1.7***
Semi-durable goods	286.9	291.7	293.6	305.2	297.9	299.4	300.8	310.7	303.4	305.2	307.2	317.3	***294.3***	***302.2***	***308.3***
(year % ch.)	-3.0	2.3	1.6	2.0	3.8	2.7	2.4	1.8	1.8	1.9	2.1	2.1	***0.7***	***2.7***	***2.0***
Non-durable goods	893.0	901.5	909.5	924.2	926.5	927.6	927.2	926.5	931.1	936.3	941.9	946.4	***907.1***	***926.9***	***938.9***
(year % ch.)	-1.0	-0.1	1.5	4.8	3.7	2.9	1.9	0.2	0.5	0.9	1.6	2.1	***1.3***	***2.2***	***1.3***
Services	1587.8	1606.4	1608.3	1604.9	1610.9	1622.7	1630.5	1635.2	1639.9	1646.3	1652.8	1659.4	***1601.8***	***1624.8***	***1649.6***
(year % ch.)	0.2	0.5	0.7	0.6	1.5	1.0	1.4	1.9	1.8	1.4	1.4	1.5	***0.5***	***1.4***	***1.5***
Total household consumption	3090.4	3123.6	3137.5	3167.7	3172.0	3187.1	3196.0	3210.3	3214.2	3229.8	3245.9	3269.2	***3129.8***	***3191.4***	***3239.8***
(year % ch.)	-0.3	0.8	1.4	2.3	2.6	2.0	1.9	1.3	1.3	1.3	1.6	1.8	***1.0***	***2.0***	***1.5***
Disposable income of households															
Real disposable income	3062.6	3090.6	3105.7	3131.6	3126.3	3137.2	3156.1	3173.4	3154.2	3169.6	3190.3	3214.0	***3097.6***	***3148.3***	***3182.0***
(year % ch.)	-0.8	0.3	1.2	2.2	2.1	1.5	1.6	1.3	0.9	1.0	1.1	1.3	***0.7***	***1.6***	***1.1***
Adjusted for debt-service cost (real)	3009.0	3037.4	3052.9	3079.0	3074.1	3085.7	3105.2	3123.0	3104.3	3120.2	3141.5	3165.7	***3044.6***	***3097.0***	***3132.9***
(year % ch.)	-0.7	0.4	1.3	2.3	2.2	1.6	1.7	1.4	1.0	1.1	1.2	1.4	***0.8***	***1.7***	***1.2***

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	472.6	472.3	467.3	474.3	477.2	480.3	482.9	485.8	488.7	493.6	498.5	500.6	***471.6***	***481.5***	***495.3***
(year % ch.)	-2.5	-7.4	-3.5	-2.9	1.0	1.7	3.3	2.4	2.4	2.8	3.2	3.0	***-4.1***	***2.1***	***2.9***
Public sector															
Government	114.4	113.4	121.4	114.8	116.9	115.3	116.8	117.0	116.2	116.2	115.9	115.9	***116.0***	***116.5***	***116.1***
(year % ch.)	-7.9	-6.9	1.0	3.1	2.1	1.7	-3.8	1.9	-0.6	0.8	-0.8	-0.9	***-2.9***	***0.4***	***-0.4***
Public corporations	78.0	73.1	72.4	67.1	70.5	73.0	75.4	77.2	76.5	76.8	77.0	77.4	***72.7***	***74.0***	***76.9***
(year % ch.)	7.2	-5.6	0.6	-10.6	-9.6	-0.2	4.1	15.1	8.5	5.2	2.1	0.3	***-2.2***	***1.9***	***3.9***
Total public sector	192.4	186.6	193.8	181.9	187.4	188.3	192.2	194.2	192.7	193.0	192.9	193.3	***188.7***	***190.5***	***193.0***
(year % ch.)	-2.3	-6.4	0.8	-2.4	-2.6	0.9	-0.8	6.7	2.8	2.5	0.4	-0.5	***-2.6***	***1.0***	***1.3***
Total															
Total fixed capital formation	665.0	658.9	661.1	656.2	664.6	668.6	675.1	680.0	681.4	686.6	691.4	693.9	***660.3***	***672.1***	***688.3***
(year % ch.)	-2.4	-7.1	-2.3	-2.8	-0.1	1.5	2.1	3.6	2.5	2.7	2.4	2.0	***-3.7***	***1.8***	***2.4***

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	25.07	25.40	25.41	25.33	25.44	25.73	25.74	25.66	25.78	***25.01***	***25.40***	***25.73***
(year % ch.)	3.5	3.2	1.5	1.8	1.7	1.5	1.5	1.5	1.3	1.3	1.3	1.3	***2.5***	***1.5***	***1.3***
Private sector employment	14.56	14.36	14.78	14.94	14.94	14.88	14.97	15.07	15.03	15.11	15.21	15.32	***14.66***	***14.97***	***15.17***
(year % ch.)	4.3	2.8	3.1	2.9	2.7	3.7	1.3	0.9	0.6	1.5	1.6	1.6	***3.3***	***2.1***	***1.4***
Government employment	2.19	2.29	2.16	2.14	2.20	2.21	2.20	2.18	2.23	2.23	2.23	2.21	***2.20***	***2.20***	***2.22***
(year % ch.)	-2.2	-3.4	-10.4	-2.9	0.6	-3.8	1.8	1.9	1.2	1.2	1.2	1.2	***-4.8***	***0.1***	***1.2***
Total employment (incl. informal)	16.74	16.65	16.95	17.08	17.15	17.09	17.17	17.25	17.26	17.35	17.44	17.53	***16.86***	***17.16***	***17.39***
(year % ch.)	3.4	1.9	1.2	2.1	2.4	2.6	1.3	1.0	0.7	1.5	1.6	1.6	***2.1***	***1.8***	***1.3***
Unemployment rate	32.9	33.5	32.1	31.9	32.5	32.7	32.2	32.2	32.9	32.6	32.0	32.0	***32.6***	***32.4***	***32.4***
Wage rates (year % change)															
Unit labour cost	3.3	4.1	3.5	3.7	3.8	3.2	4.0	3.1	3.9	3.5	3.4	4.1	***3.6***	***3.5***	***3.7***
Wage bill (R billion at current prices)															
Total wage bill	3282.4	3292.5	3318.9	3353.5	3454.3	3438.9	3513.7	3517.7	3639.1	3622.7	3705.8	3732.3	***3311.8***	***3481.1***	***3675.0***
(year % ch.)	4.0	4.4	4.1	4.5	5.2	4.4	5.9	4.9	5.4	5.3	5.5	6.1	***4.2***	***5.1***	***5.6***

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	3282.4	3292.5	3318.9	3353.5	3454.3	3438.9	3513.7	3517.7	3639.1	3622.7	3705.8	3732.3	***3311.8***	***3481.1***	***3675.0***
(year % ch.)	4.0	4.4	4.1	4.5	5.2	4.4	5.9	4.9	5.4	5.3	5.5	6.1	***4.2***	***5.1***	***5.6***
Disposable income	4603.3	4691.1	4741.0	4798.6	4836.0	4910.7	4997.6	5072.3	5095.0	5173.8	5271.7	5368.5	***4708.5***	***4954.1***	***5227.2***
(year % ch.)	4.4	5.2	5.1	4.7	5.1	4.7	5.4	5.7	5.4	5.4	5.5	5.8	***4.9***	***5.2***	***5.5***
Less household consumption	4645.0	4741.3	4789.5	4853.9	4906.7	4988.8	5060.8	5131.3	5191.8	5272.1	5363.5	5460.6	***4757.4***	***5021.9***	***5322.0***
(year % ch.)	4.9	5.8	5.2	4.8	5.6	5.2	5.7	5.7	5.8	5.7	6.0	6.4	***5.2***	***5.6***	***6.0***
Saving	-41.7	-50.2	-48.5	-55.2	-70.7	-78.1	-63.2	-59.0	-96.8	-98.3	-91.8	-92.1	***-48.9***	***-67.7***	***-94.8***
Households: ratio to disposable income															
Saving	-0.9	-1.1	-1.0	-1.2	-1.5	-1.6	-1.3	-1.2	-1.9	-1.9	-1.7	-1.7	***-1.0***	***-1.4***	***-1.8***
Debt	63.1	62.1	62.4	62.0	61.5	61.1	61.3	61.2	61.1	61.0	61.4	61.1	***62.4***	***61.3***	***61.1***
Debt-service cost	9.2	9.1	9.1	8.9	8.7	8.4	8.1	8.1	8.1	8.2	8.3	8.2	***9.1***	***8.3***	***8.2***
Net wealth	395.2	400.3	415.9	413.2	401.9	408.1	404.3	400.9	408.1	412.3	405.1	401.7	***406.2***	***403.8***	***406.8***

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	1067.0	1025.9	1106.1	1088.0	1123.8	1140.1	1167.2	1186.3	1203.2	1224.1	1255.3	1277.0	***1071.8***	***1154.3***	***1239.9***
(year % ch.)	7.9	5.8	10.1	7.8	5.3	11.1	5.5	9.0	7.1	7.4	7.6	7.6	***7.9***	***7.7***	***7.4***
Value added tax (VAT)	517.9	378.9	442.6	467.2	518.3	417.8	497.1	525.4	562.1	452.2	539.3	571.9	***451.6***	***489.7***	***531.4***
(year % ch.)	5.6	0.4	-0.1	3.4	0.1	10.3	12.3	12.5	8.4	8.2	8.5	8.9	***2.5***	***8.4***	***8.5***
Other indirect taxes	373.6	508.7	475.6	453.3	427.5	542.6	485.2	482.9	452.5	574.0	515.0	514.3	***452.8***	***484.6***	***513.9***
(year % ch.)	-0.3	0.5	7.5	5.5	14.4	6.7	2.0	6.5	5.8	5.8	6.1	6.5	***3.3***	***7.0***	***6.1***
Expenditure															
Consumption	1401.3	1399.1	1423.8	1419.1	1459.4	1474.8	1503.5	1523.7	1540.7	1557.0	1587.4	1608.6	***1410.8***	***1490.3***	***1573.4***
(year % ch.)	4.0	4.5	3.8	3.0	4.1	5.4	5.6	7.4	5.6	5.6	5.6	5.6	***3.8***	***5.6***	***5.6***
Interest Payments	383.2	354.7	401.0	336.0	433.3	390.0	432.2	362.8	464.6	418.2	463.5	389.0	***368.7***	***404.6***	***433.8***
(year % ch.)	18.0	3.5	19.8	-6.6	13.1	9.9	7.8	8.0	7.2	7.2	7.2	7.2	***8.3***	***9.7***	***7.2***
Saving	-371.4	-409.1	-373.5	-333.5	-436.5	-374.4	-424.5	-322.5	-413.5	-370.9	-416.8	-301.8	***-371.9***	***-389.5***	***-375.8***
Ratios to GDP															
Total tax revenue	27.1	26.1	27.5	26.9	27.3	27.1	27.4	27.6	27.6	27.3	27.6	27.9	***26.9***	***27.3***	***27.6***
Main budget balance	-1.1	-6.3	-5.5	-4.8	-4.6	-4.7	-4.8	-3.4	-4.0	-4.4	-4.3	-2.9	***-4.4***	***-4.4***	***-3.9***
Gross debt (National government)	74.1	74.7	75.1	77.5	78.6	76.4	76.2	76.3	77.7	76.0	75.6	75.5	***77.5***	***76.3***	***75.5***

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	2331.5	2396.0	2278.7	2340.1	2341.5	2396.6	2379.7	2421.2	2430.4	2530.4	2531.9	2574.8	***2336.6***	***2384.7***	***2516.9***
(year % ch.)	0.6	3.9	0.1	1.6	0.4	0.0	4.4	3.5	3.8	5.6	6.4	6.3	***1.6***	***2.1***	***5.5***
Net receipts	-45.4	-52.7	-47.9	-38.3	-64.3	-64.8	-65.5	-70.4	-69.9	-70.4	-71.2	-76.4	***-46.1***	***-66.2***	***-72.0***
(year % ch.)	141.5	2.1	3.1	-10.4	41.5	23.0	36.8	83.8	8.8	8.7	8.7	8.5	***15.5***	***43.8***	***8.7***
Less imports: goods and services	2191.4	2255.3	2144.5	2169.1	2251.9	2265.1	2284.2	2314.4	2378.8	2395.4	2426.7	2463.6	***2190.1***	***2278.9***	***2416.1***
(year % ch.)	-3.7	-4.6	-1.5	-5.4	2.8	0.4	6.5	6.7	5.6	5.8	6.2	6.4	***-3.8***	***4.1***	***6.0***
Less net factor payments	155.9	117.7	142.0	164.3	167.9	174.9	185.6	191.4	190.4	191.5	194.0	196.9	***144.9***	***179.9***	***193.2***
(year % ch.)	77.8	46.2	74.1	24.9	7.7	48.7	30.7	16.5	13.4	9.5	4.5	2.9	***52.1***	***24.1***	***7.4***
Current account balance	-61.1	-29.6	-55.6	-31.6	-142.5	-108.2	-155.5	-155.0	-208.7	-126.9	-160.0	-162.1	***-44.5***	***-140.3***	***-164.4***
Current account in US$	-3.2	-1.6	-3.1	-1.8	-7.7	-5.7	-8.3	-8.3	-11.3	-6.9	-8.8	-8.9	***-2.4***	***-7.5***	***-9.0***
Current account as % of GDP	-0.8	-0.4	-0.8	-0.4	-1.9	-1.4	-2.0	-1.9	-2.6	-1.5	-1.9	-1.9	***-0.6***	***-1.8***	***-2.0***
Financing of the current account															
Total net capital flows	31.6	-39.5	17.9	34.7	89.2	0.6	59.5	14.3	82.4	5.2	60.6	16.0	***44.7***	***163.5***	***164.3***
SDR + Valuation adjustment	42.0	-35.2	-20.1	82.1	-31.3	36.1	-9.6	-8.8	-15.9	-11.1	-1.2	0.9	***68.9***	***-13.6***	***-27.4***
Change in gross reserves	28.0	-55.6	-36.7	133.4	-8.0	36.1	-9.6	-8.8	-15.9	-11.1	-1.2	0.9	***69.1***	***9.8***	***-27.4***
Gross reserves: quarter end	1185.6	1130.0	1093.3	1226.7	1218.7	1254.8	1245.3	1236.4	1220.5	1209.4	1208.1	1209.0	***1226.7***	***1236.4***	***1209.0***
Gross reserves: quarter end (US$)	62.3	62.1	63.6	65.5	66.3	66.3	66.3	66.3	66.3	66.3	66.3	66.3	***65.5***	***66.3***	***66.3***
Terms of trade															
Index (2015 = 100)	107.7	109.9	110.1	111.7	107.9	110.6	109.6	110.1	107.8	110.6	109.5	110.0	***109.8***	***109.5***	***109.5***
(year % ch.)	-3.9	-0.2	3.2	5.2	0.2	0.6	-0.5	-1.4	-0.1	0.0	-0.1	0.0	***1.0***	***-0.3***	***-0.1***

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	5198.6	5152.8	5388.1	5430.5	5524.3	5553.1	5687.3	5717.0	5829.2	5868.8	6019.4	6062.1	***5430.5***	***5717.0***	***6062.1***
(year % ch.)	6.8	4.2	7.3	6.7	6.3	7.8	5.6	5.3	5.5	5.7	5.8	6.0	***6.7***	***5.3***	***6.0***
Private sector credit to households	2150.0	2159.2	2176.0	2189.2	2199.8	2224.1	2253.9	2283.0	2304.3	2339.6	2379.1	2413.7	***2189.2***	***2283.0***	***2413.7***
(year % ch.)	3.9	3.5	3.3	3.0	2.3	3.0	3.6	4.3	4.7	5.2	5.6	5.7	***3.0***	***4.3***	***5.7***
Private sector credit to firms	2580.5	2580.4	2655.8	2628.4	2701.8	2706.4	2810.8	2811.4	2902.3	2906.6	3017.6	3025.8	***2628.4***	***2811.4***	***3025.8***
(year % ch.)	5.7	5.0	5.7	4.6	4.7	4.9	5.8	7.0	7.4	7.4	7.4	7.6	***4.6***	***7.0***	***7.6***
Total private sector credit extension	4730.5	4739.6	4831.7	4817.6	4901.6	4930.5	5064.7	5094.3	5206.5	5246.2	5396.7	5439.5	***4817.6***	***5094.3***	***5439.5***
(year % ch.)	4.9	4.3	4.6	3.8	3.6	4.0	4.8	5.7	6.2	6.4	6.6	6.8	***3.8***	***5.7***	***6.8***
Interest rates															
3-month NCD rate	8.37	8.35	8.24	7.91	7.61	7.56	7.81	7.90	7.92	7.93	7.95	7.84	***8.22***	***7.72***	***7.91***
10-year government bond yield	11.03	11.68	10.55	10.28	10.42	10.80	10.98	11.07	10.90	10.89	10.74	10.67	***10.89***	***10.82***	***10.80***
Prime overdraft rate	11.75	11.75	11.72	11.39	11.09	11.00	11.00	11.00	11.00	11.00	11.00	11.00	***11.65***	***11.02***	***11.00***
Effective household lending rate	14.58	14.65	14.58	14.35	14.08	13.74	13.28	13.18	13.31	13.39	13.45	13.49	***14.54***	***13.57***	***13.41***
Effective firm lending rate	9.53	9.82	10.24	9.14	8.80	8.54	8.28	8.18	8.18	8.18	8.14	8.12	***9.68***	***8.45***	***8.16***
Exchange rates															
R/US DOLLAR	18.88	18.57	17.97	17.89	18.49	19.01	18.84	18.72	18.49	18.29	18.24	18.24	***18.33***	***18.76***	***18.32***
(year % ch.)	6.4	-0.5	-3.6	-4.6	-2.1	2.4	4.8	4.6	0.0	-3.8	-3.2	-2.6	***-0.7***	***2.4***	***-2.4***
R/100 Japanese YEN	12.73	11.92	12.07	11.75	12.14	12.84	12.82	12.82	12.75	12.79	12.85	13.03	***12.12***	***12.65***	***12.85***
(year % ch.)	-5.1	-12.3	-6.4	-7.3	-4.7	7.8	6.2	9.1	5.1	-0.4	0.2	1.6	***-7.8***	***4.4***	***1.6***
R/STERLING	23.95	23.44	23.36	22.93	23.30	24.52	24.49	24.52	24.23	24.14	24.44	24.80	***23.42***	***24.21***	***24.40***
(year % ch.)	11.1	0.4	-1.0	-1.4	-2.7	4.6	4.8	6.9	4.0	-1.5	-0.2	1.2	***2.1***	***3.4***	***0.8***
R/EURO	20.50	19.99	19.74	19.09	19.42	20.91	20.91	20.78	20.71	20.67	20.79	20.97	***19.83***	***20.50***	***20.79***
(year % ch.)	7.6	-1.6	-2.7	-5.4	-5.3	4.6	5.9	8.8	6.7	-1.2	-0.6	1.0	***-0.6***	***3.4***	***1.4***
R/$ PP parity rate (base PPI 2003)	10.58	10.64	10.61	10.59	10.42	10.42	10.47	10.53	10.39	10.39	10.44	10.45	***10.60***	***10.46***	***10.42***
(year % ch.)	5.4	3.8	3.2	-0.2	-1.6	-2.1	-1.3	-0.5	-0.2	-0.3	-0.3	-0.8	***3.0***	***-1.4***	***-0.4***

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)	178.8	184.9	183.7	184.9	182.9	187.6	186.4	188.3	188.4	193.2	192.0	193.9	***183.1***	***186.3***	***191.9***
(year % ch.)	-0.4	4.0	5.6	5.6	2.3	1.4	1.4	1.8	3.0	3.0	3.0	3.0	***3.7***	***1.8***	***3.0***
Export commodities (in rand)	3571.6	3650.7	3497.1	3558.8	3630.2	3923.4	3904.6	3804.7	3749.1	3697.8	3668.3	3614.6	***3569.6***	***3815.7***	***3682.4***
(year % ch.)	-28.2	-12.8	-1.8	-5.2	1.6	7.5	11.7	6.9	3.3	-5.8	-6.1	-5.0	***-13.4***	***6.9***	***-3.5***
Imports (incl. services)	166.0	168.2	166.9	165.5	169.5	169.6	170.1	171.1	174.8	174.7	175.4	176.3	***166.7***	***170.1***	***175.3***
(year % ch.)	3.6	4.3	2.4	0.3	2.1	0.8	1.9	3.3	3.1	3.0	3.1	3.0	***2.6***	***2.1***	***3.1***
GDE	151.0	153.9	154.5	153.8	157.3	159.6	161.3	162.2	164.5	166.6	168.5	169.6	***153.3***	***160.1***	***167.3***
(year % ch.)	4.6	5.3	3.2	2.4	4.2	3.7	4.4	5.5	4.5	4.4	4.4	4.5	***3.8***	***4.4***	***4.5***
Investment	159.0	163.6	162.0	160.7	165.3	168.6	170.6	169.4	174.2	177.8	179.8	178.7	***161.3***	***168.5***	***177.6***
(year % ch.)	7.7	8.6	3.5	2.1	4.0	3.1	5.3	5.4	5.4	5.4	5.4	5.5	***5.4***	***4.4***	***5.4***
GDP	155.5	157.0	158.0	159.3	161.2	164.7	165.9	167.1	168.3	171.9	173.2	174.6	***157.5***	***164.7***	***172.0***
(year % ch.)	3.6	4.4	3.9	3.5	3.7	4.9	5.0	4.9	4.4	4.4	4.4	4.5	***3.8***	***4.6***	***4.4***
Consumer (index base: Dec 2021) & producer prices (index base: Dec 2020)															
Headline inflation (CPI)	98.1	99.3	99.9	99.9	101.1	102.6	104.2	104.8	105.4	107.1	108.7	109.3	***99.3***	***103.2***	***107.6***
(year % ch.)	5.4	5.2	4.3	2.9	3.1	3.3	4.3	4.9	4.3	4.4	4.3	4.3	***4.4***	***3.9***	***4.3***
Core inflation*	97.8	99.0	99.7	100.0	100.9	102.0	103.1	103.5	104.6	106.5	107.6	108.1	***99.1***	***102.4***	***106.7***
(year % ch.)	4.8	4.6	4.2	3.7	3.1	3.0	3.5	3.5	3.7	4.4	4.4	4.4	***4.3***	***3.3***	***4.3***
CPI food and non-alcoholic beverages	98.1	98.6	99.4	100.0	100.9	102.9	104.5	106.1	106.4	107.7	109.1	110.9	***99.0***	***103.6***	***108.5***
(year % ch.)	6.1	4.7	4.6	2.8	2.8	4.3	5.1	6.1	5.5	4.7	4.5	4.5	***4.5***	***4.6***	***4.8***
CPI petrol	109.6	115.4	106.3	99.0	103.3	98.9	99.2	98.3	100.6	97.7	100.0	99.9	***107.6***	***99.9***	***99.5***
(year % ch.)	5.0	8.6	-1.2	-14.4	-5.7	-14.3	-6.7	-0.7	-2.6	-1.2	0.8	1.7	***-0.8***	***-7.1***	***-0.4***
Petrol price (R/l coastal unleaded)	*22.67*	*24.16*	*22.06*	*20.48*	*21.15*	*20.51*	*20.57*	*20.38*	*20.59*	*20.26*	*20.72*	*20.72*	***22.35***	***20.65***	***20.57***
(year % ch.)	*6.1*	*8.6*	*-2.2*	*-13.0*	*-6.7*	*-15.1*	*-6.8*	*-0.5*	*-2.6*	*-1.2*	*0.8*	*1.7*	***-0.4***	***-7.6***	***-0.4***
CPI electricity	89.8	89.9	99.9	100.0	100.5	100.8	113.8	113.8	113.8	114.4	125.8	125.8	***94.9***	***107.2***	***120.0***
(year % ch.)	15.3	15.4	11.7	11.4	11.8	12.2	13.9	13.8	13.3	13.5	10.5	10.5	***13.3***	***13.0***	***11.9***
Producer price index	100.8	102.2	101.5	100.6	101.7	102.3	103.1	103.2	103.1	104.4	105.1	105.4	***101.3***	***102.6***	***104.5***
(year % ch.)	4.6	4.8	2.7	0.0	0.9	0.2	1.5	2.6	1.4	2.0	2.0	2.2	***3.0***	***1.3***	***1.9***

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