

SURVEY PUBLICATION | THIRD QUARTER 2025

Manufacturing

Quarterly analysis of manufacturing activity

Volume 40 Number 03

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Please refer to the glossary on the BER's [website](#) for explanations of technical terms.

ISSN 0258-9338

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Executive summary

According to the latest Absa Manufacturing Survey, business confidence in the factory sector declined sharply by ten points to 23 in 2025Q3. This follows a two-point decline in 2025Q1 and a one-point drop in Q2, suggesting that the pressure we saw in the sector in the first half of 2025 intensified in the third quarter. While there has been an improvement in the underlying activity and sales indicators, the recovery is not strong enough. Business conditions remain tough, with uncertain global policies adding to the difficulties. The subsector results were mixed, with five subsectors experiencing a decline in confidence levels, while three subsectors saw improved confidence levels.

An uncertain political climate, domestically but increasingly globally, continues to weigh on manufacturing business confidence. While there has been an improvement in both domestic demand and export sales, the US tariffs have increased the uncertainty and volatility of trade. Furthermore, insufficient demand remains a major constraint. The recovery in demand was broad-based, but consumer goods continue to outperform. Domestic price inflation accelerated slightly amid rising costs, while export price inflation slowed.

Seasonally adjusted production volumes increased by 7 points, responding to the improvements in demand. Production recovered across all goods segments, except for minor production declines in the food and beverages subsector. Total production costs ticked up as labour costs increased significantly, but the magnitude was limited by input materials costs, which came down significantly.

The current fixed investment indicator remained barely positive, with downbeat business conditions and a more constrained political environment weighing on investment prospects. Indeed, a net 25% expects a contraction in total investment in 12 months' time with declines across the investment categories surveyed. Insufficient demand and political constraints became much more significant in hindering activity and investments.

Table of Contents

EXECUTIVE SUMMARY	3
INTRODUCTION	5
A BRIEF OVERVIEW OF THE LATEST OFFICIAL DATA	5
SA REAL GDP EXPANDS FASTER THAN EXPECTED IN 2025Q2	5
GLOBAL MANUFACTURING RETURNS TO GROWTH.....	6
THE 2025Q3 ABSA MANUFACTURING SURVEY RESULTS	7
MANUFACTURING BUSINESS CONFIDENCE DECLINED SHARPLY IN Q3	7
SIGNS OF RECOVERY IN BOTH DOMESTIC AND EXPORT SALES.....	8
PRODUCTION RECOVERS ON THE BACK OF IMPROVED DEMAND	9
FIXED INVESTMENT REMAINS BLEAK	9
OUTLOOK.....	11
SURVEY RESULTS	12
Manufacturing: total	12
Summary	14
Capital, intermediary and consumer goods	15
Food and beverages	17
Textiles, clothing leather and footwear	18
Wood, paper, printing and publishing.....	19
Chemical, rubber and plastic products.....	20
Glass and non-metallic mineral products.....	21
Basic metals, metal products and machinery.....	22
Motor vehicles, parts and transport equipment	23
Furniture and other	24
By province.....	25
TECHNICAL NOTE.....	26
The survey method.....	26
The unique units of measurement of qualitative surveys	26
Descriptive statistics in the tables	28
Conventions and aids provided in the charts	29

List of tables

Table 1: Planned investment outlays in 12 months' time are scaled back.....	10
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List of figures

Figure 1: Total, transport and metals business confidence	7
Figure 2: Domestic and export sales volumes	8
Figure 3: Domestic and export selling prices.....	8
Figure 4: General political climate and insufficient demand seen as more serious constraints on business.....	10

Introduction

Gross value added (GVA) by the South African (SA) manufacturing sector grew by 1.8% quarter-on-quarter (q-o-q) in the second quarter of 2025 (2025Q2), following a 2% contraction in 2025Q1. However, the latest Absa Manufacturing Survey suggests that the sector remained under pressure in the third quarter, despite some recovery in demand and production. Both domestic and export sales improved, but the recovery remained weak.

This report provides an overview of the situation in the manufacturing sector as it developed during 2025Q3 and expectations for 2025Q4 and 12 months hence. The main section of the report discusses the trends in the overall manufacturing industry with the assistance of graphs, followed by a brief outlook for the sector. After this section, separate tables and graphs of the survey data are provided for each sector and province.¹

A brief overview of the latest official data

SA REAL GDP EXPANDS FASTER THAN EXPECTED IN 2025Q2

The economy expanded faster than expected, accelerating to 0.8% q-o-q in 2025Q2, following an unrevised 0.1% growth rate in 2025Q1. Eight of the ten industries recorded expansions while only two contracted. Following recent sharp swings in the small agricultural industry having an outside impact on overall GDP growth, the industry grew by a relatively muted 2.5% and contributed 0.1 percentage points (% pts) to growth. The mining, manufacturing and internal trade industries each contributed 0.2% pts to overall growth. Growth of 3.7% in the mining industry came primarily from gold, platinum group metals (PGMs), and chromium ore. The trade industry saw broad economic improvements in the motor trade sector, general retail trade, and increases in spending for accommodation, food and beverages. On the downside, the construction industry contracted by 0.3% due to less activity in residential and non-residential buildings. The transport and storage industry experienced struggles in the general movement of goods and less demand for transport services, and also contracted.

The manufacturing industry experienced the first q-o-q expansion in three quarters, growing by 1.8% in 2025Q2, following a 2% contraction in 2025Q1. Seven of the ten manufacturing subsectors expanded, and the largest contributions came from the chemicals subsector, which grew by 4.3% and contributed 0.9% pts, and the motor trade and transport equipment subsector, which grew by 9.8% (+0.7% pts).

¹ The Manufacturing Survey separately covers eight of the main subsectors of the manufacturing industry as well as the three main provinces (Gauteng, KwaZulu-Natal and the Western Cape).

Unfortunately, momentum slowed again at the start of the third quarter. Manufacturing production contracted by 0.7% y-o-y in July, a sharper contraction than the market's expectation for -0.4%. This follows 1.9% growth in June. Only two subsectors reported production growth. Seasonally adjusted manufacturing production contracted by 0.5% m-o-m.

The latest Absa Purchasing Managers' Index (PMI) suggests the manufacturing sector came under further pressure in August. The index came in at 49.5 points, compared to 50.8 in July, as new sales orders dropped back to contractionary terrain. Still, the average PMI for 2025Q3 is 50.2 points (September outstanding), which is higher than the 45.4 points in 2025Q2.

GLOBAL MANUFACTURING RETURNS TO GROWTH

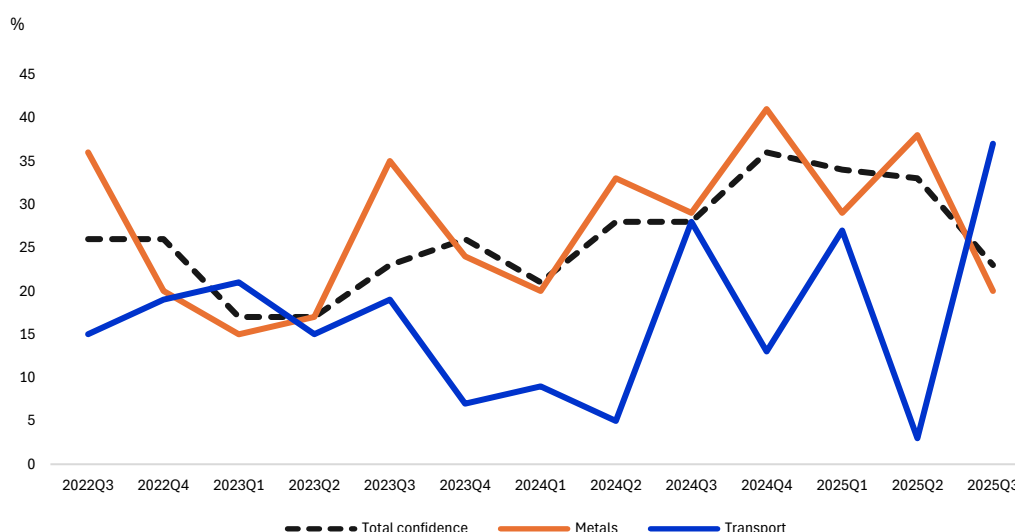
The latest J.P. Morgan Global Manufacturing PMI edged down to 50.9 points in August, just above the 50-mark, showing signs of improvement from the contractionary terrain (49.7) in July. Indeed, global manufacturing conditions improved at the fastest pace since June 2024. Global output reached a 14-month high of 51.7 points in August from 49.7 in July. Only five of the 32 countries reported lower output levels than the output index reading in August. India continues to lead the pack, with the PMI at 59.3, indicating the fastest improvement in seventeen and a half years. The US also showed significant gains, posting 53 points in August from 49.8 in July and marking the most substantial improvement since May 2022. All goods segments returned to growth, with solid growth coming from consumer and capital goods, although increases were much softer in the intermediate goods. New orders expanded to 50.9 points from 49.8 in July; however, new export orders declined for a fifth month as US export tariffs affected international trade flows. Employment rose for the first time in 14 months, albeit only slightly. However, input price pressure ticked higher, accelerating to six-month highs and leading to higher selling prices, with the steepest output charges coming from the US. Despite better current conditions, the outlook for the global manufacturing sector remains downbeat as sentiment remains below the long-term average for a seventeenth month.

The 2025Q3 Absa Manufacturing Survey results

MANUFACTURING BUSINESS CONFIDENCE DECLINED SHARPLY IN Q3²

Manufacturing business confidence decreased by 10 points to 23 index points in 2025Q3, following a one-point decline in confidence in 2025Q2. The confidence index edged significantly below the long-term average of 35 index points. Furthermore, this was the third consecutive quarter where manufacturers indicated a loss in confidence relative to the previous quarter. This underscores the underlying weaknesses in the sector as manufacturers continue to face constrained demand, with activity also constrained by logistical problems and burdensome government regulations that are tough to meet. However, the magnitude of the deterioration is surprising, given the level and improvements of the underlying activity in the sector. Almost 80% of the respondents are unsatisfied with prevailing business conditions.

Figure 1: Total, transport and metals business confidence



Source: BER

Confidence declined in most manufacturing subsectors, with five of the eight major subsectors reporting lower levels. The sharpest drop came in the metals subsector, which fell by 18 points to 20, weighed down by concerns about the closure of ArcelorMittal South Africa (AMSA's) long steel plants and looming retrenchments. The food and beverages subsector lost six points, but at 42, it remains the most confident subsector, above its long-term average of 40. Comments from respondents highlighted that slow GDP growth, rising energy costs, and infrastructure challenges, particularly inefficiencies at SA ports, continue to constrain demand and production.

² The 2025Q3 Manufacturing Survey was conducted between 6 and 25 August.

By contrast, three subsectors recorded higher confidence levels. The transport subsector saw the most dramatic turnaround, gaining 34 points to 37. This improvement was unexpected, given concerns over AMSA-related input shortages and the new 30% US tariffs. Notably, there has been increased volatility in the transport subsector confidence, following the US tariff announcements, which increased uncertainty. The chemicals subsector rose 10 points to 28, supported by stronger domestic sales that lifted production. Similarly, textiles gained six points to 28, though firms noted intensifying competition from cheaper imports. Textiles saw a 6-point gain to 28 points, despite citing the increased competition from cheaper imports.

Confidence remained highest in the consumer goods segment, adding five points to 37 in 2025Q3. This was followed by capital goods at 26 points as production increased and domestic sales improved, lifting confidence by 12 points. Conversely, the intermediate goods segment saw confidence tumble by 22 points to 16, despite both production and domestic sales recoveries, as it struggled in the export market.

At a provincial level, confidence was the highest in KwaZulu-Natal (KZN), following a 32-point gain from a low of five to 37 points. This was followed by the Western Cape at 26, despite losing 25 points, then Gauteng, which edged to 23 points after losing five points.

SIGNS OF RECOVERY IN BOTH DOMESTIC AND EXPORT SALES

Domestic sales improved, as only a net majority of 9% reported a decrease in 2025Q3 relative to 34% in Q2 and 12% in Q1. There was a general recovery in domestic sales across all goods segments. Sales recovered in six of the eight subsectors, while the metals subsector remained muted as a net majority of 22% reported sales declines, just like in 2025Q2. The textiles subsector's domestic sales worsened, with 31% reporting sales declines due to the influx of cheaper imports coming to the country. In addition to the uptick in volumes, there was a slight acceleration in domestic selling prices. However, while volume growth was a touch above the long-term average, selling price inflation remains below the long-term reading.

Export sales also showed signs of a recovery, with a net majority of only 14% reporting export volume declines compared to 23% in 2025Q2. The consumer goods segment saw the most significant recovery, with only 9% reporting sales declines compared to 31% in Q2. The intermediate goods segment exports were muted. Despite a 26-point gain in the capital goods segment, export sales remain dire, with 42% reporting declining sales volumes. Export selling prices fell sharply due to slow global growth and constrained demand.

Figure 2: Domestic and export sales volumes

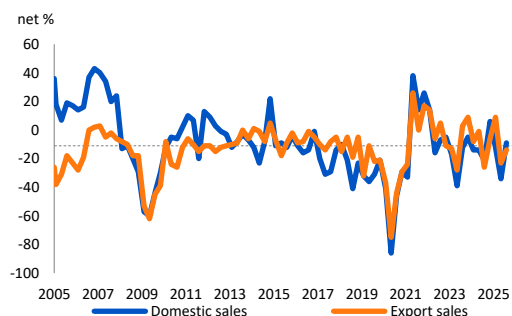
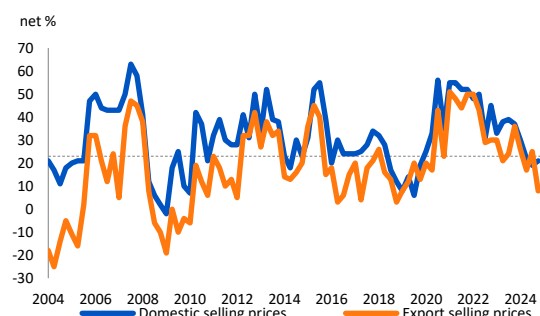


Figure 3: Domestic and export selling prices



Source: BER

PRODUCTION RECOVERS ON THE BACK OF IMPROVED DEMAND

The seasonally adjusted production indicator increased by seven points to -8 in Q3, as sales volumes recovered significantly. Production volumes rose to just below the long-term average of -7 points. Production recoveries occurred across all goods segments; however, the consumer goods segment was the only one where a net majority (6%) reported an increase in sales. There was a broad-based production recovery in all the subsectors, with minor production declines in the food and beverages subsector as sales slowed.

The per-unit production cost ticked up from 54 to 61 points in Q3, reaching the levels of 2024Q4. There was a continued decline in the number of employed people as the sector remains under pressure and awaits sustained demand recoveries. However, an increase in the average number of hours worked to achieve the higher production levels could partly explain the sharp increase in the labour cost per unit. There was a sharp decline in the raw material costs per unit, edging down to 33 points in Q3 compared to 52 in Q2. The rand was relatively strong, and Brent crude oil prices were significantly down relative to the same period last year, so the labour costs were the primary driving force of this slight uptick in production costs.

The stock of finished goods relative to demand decreased by nine points to 14 in Q3, indicating a drawdown in inventories. There are sufficient inventories to meet current low demand; however, should demand recover strongly, manufacturers may be unable to meet demand as the stock of raw materials relative to planned production also decreased relative to Q2.

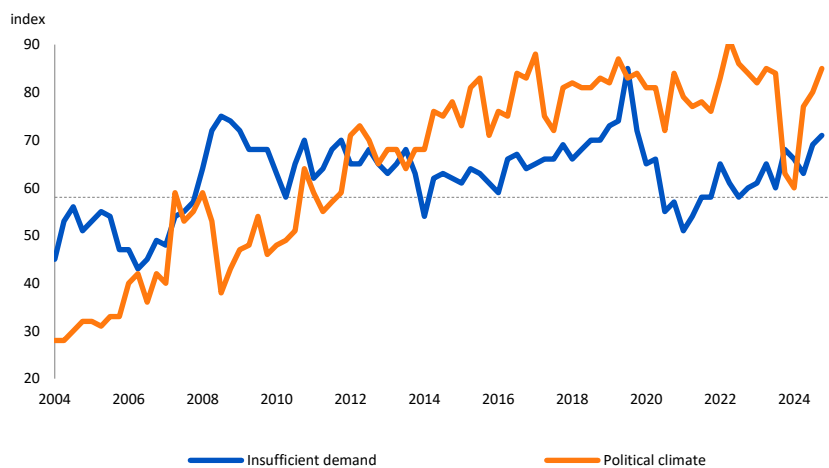
FIXED INVESTMENT REMAINS BLEAK

A faint silver lining was that the fixed investment indicator remained above its long-term average for a fifth consecutive quarter, albeit ever so slightly. A net majority of 1% reported higher fixed investment relative to the same period last year, down by two points compared to Q2. This is a discouraging development.

Worryingly, the political climate is seen as the most serious constraint on the ability to invest (of those surveyed). The constraints index lost the gains (i.e. declines reflecting a less constraining environment) booked during the second half of last year, after the establishment of the Government of National Unity (GNU). Although a disappointing performance by the GNU

might be to blame, the international political environment likely also played a role. The political climate constraint edged up to 85, the same level as in 2024Q1, when there was heightened political uncertainty ahead of the national elections.

Figure 4: General political climate and insufficient demand seen as more serious constraints on business



Source: BER

Total fixed investments in 12 months' time worsened the most since 2020Q3, with a net majority of 25% expecting planned investment to decline, significantly below the long-term average. This was a decline of 33 points to 25, compared to 8% reporting growth in 2025Q1 (see Table 1 below). All other planned investments, as seen below, remain depressed and significantly below their long-term averages.

Table 1: Planned investment outlays in 12 months' time are scaled back

	Total	Land, buildings, constructions	Inventories	Replacement	Additions
2020Q1	-19	-24	-31	-20	-40
2020Q3	-30	-44	-34	-41	-59
2021Q1	-10	-25	-11	-15	-30
2021Q3	3	-12	18	-3	-14
2022Q1	16	-1	12	5	-6
2022Q3	-6	-13	0	-14	-31
2023Q1	-13	-28	-15	-25	-39
2023Q3	-8	-16	-8	-14	-33
2024Q1	-20	-24	-23	-17	-35
2024Q3	14	-13	-8	-8	-20
2025Q1	8	-8	-5	-5	-4
2025Q3	-25	-32	-17	-21	-43
Long-term average	3	-11	-9	-8	-17

Source: BER

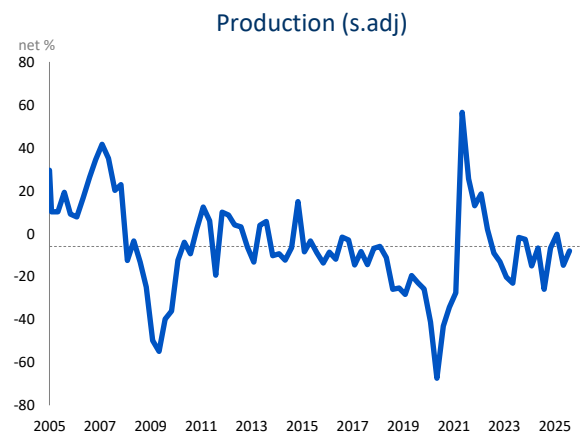
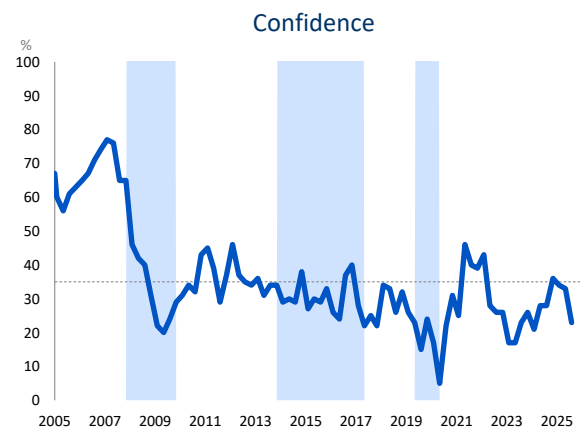
OUTLOOK

Respondents turned even more downbeat about future business conditions. The index tracking expected business conditions in 12 months' time moved lower for the fourth quarter, with a net 26% currently pessimistic. Recoveries in demand and production were not strong enough to spark optimism in the manufacturers' conditions. The more constraining political environment limits current fixed capital formation and reduces future investment prospects. As such, a significant improvement in demand and a less constraining (more certain) political space may spark recoveries in much-needed fixed investment and employment. The Q3 survey showed that headcount employment continues to decrease and that capacity underutilisation is getting worse. Of the largest subsectors, the food and beverages sector is slowing, while in the metals sector, the AMSA long steel closure creates uncertainty about steel availability and complicates planning. This is a particular issue for the transport sector, also facing steep tariffs on exports to the US. Indeed, while global manufacturing has slightly improved, strained relations between global superpowers could suck in a small open economy such as SA. The conditions in the manufacturing sector will remain challenging, given the tough economic climate in the domestic markets and the increasingly difficult and complex international trade environment.

Survey results

MANUFACTURING: TOTAL³

Indicator	Unit	$\mu-\sigma$	μ	$\mu+\sigma$	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	Δ	σ_{Δ}
Confidence	%	20	35	49	26	21	28	28	36	34	33	23	-10	7
Activity & prices														
Production	Net %	-29	-7	15	9	-14	-17	-29	6	0	-25	-11	14	18
Seasonally adjusted	Net %	-28	-7	14	-3	-15	-7	-26	-7	0	-15	-8	7	16
Employment	Net %	-30	-16	-3	-2	-21	-23	-28	-23	-12	-18	-22	-4	10
Average hours worked / worker	Net %	-30	-14	1	5	-5	-27	-24	-13	-23	-27	-23	4	13
Domestic sales	Net %	-33	-10	13	-5	-14	-14	-21	6	-12	-34	-9	25	18
Domestic selling prices	Net %	17	32	47	33	38	39	37	30	22	19	21	2	12
Export sales	Net %	-29	-13	4	9	-8	-1	-26	-6	9	-23	-14	9	15
Export selling prices	Net %	4	20	37	30	21	24	36	26	17	25	8	-17	13
Production costs	Net %	51	64	78	68	68	65	75	61	58	54	61	7	12
Stocks & investment														
Finished goods rel. to demand	Net %	1	10	18	2	-5	11	19	22	8	23	14	-9	7
Smoothed	Net %	2	10	17	0	3	8	17	16	18	15	19	4	5
Capacity underutilisation	%	66	73	79	73	74	63	73	76	70	75	80	5	5
Smoothed	%	67	73	78	72	70	70	71	73	74	75	78	3	4
Fixed investment	Net %	-15	-1	13	-13	-17	-5	5	11	0	3	1	-2	10
Constraints														
Insufficient demand	Net %	55	63	70	61	65	60	68	66	63	69	71	2	4
Political climate	Net %	50	67	84	82	85	84	63	60	77	80	85	5	6
Expected in 12 months														
Business conditions	Net %	-35	-16	4	-33	-46	-26	6	-1	-5	-27	-36	-9	16
Smoothed	Net %	-32	-16	1	-36	-35	-22	-7	0	-11	-23	-32	-9	13
Fixed investment	Net %	-16	-2	12		-20		14		8		-25	-33	15



³ The total consists of 1) food & beverages, 2) textiles, clothing, leather & footwear, 3) wood, paper, printing & publishing, 4) chemical products, rubber & plastics, 5) glass & non-metallic mineral products, 6) basic metals, metal products & machinery, 7) electrical machinery, radio, TV and professional equipment, 8) motor vehicles, parts & transport equipment and 9) furniture & other. Although the BER covers the electrical machinery etc. sector and includes it in the total, it does not publish the results of this sector separately. The BER does not cover petroleum refining (which is part of the chemical etc. sector) and scrap metal (which is part of "other") and they are therefore not included in the total.

μ – average

σ – standard deviation

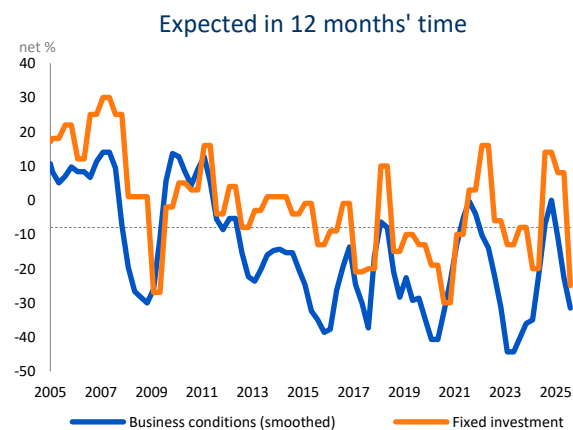
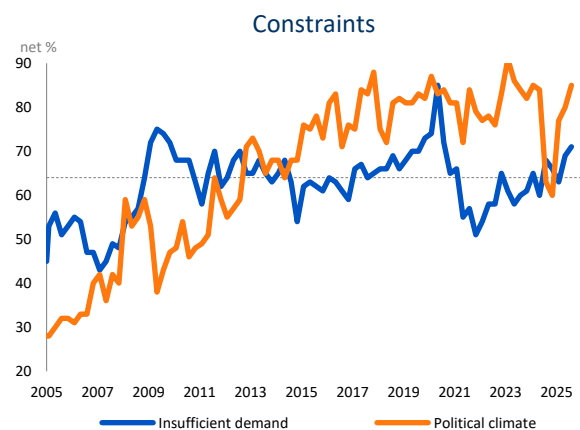
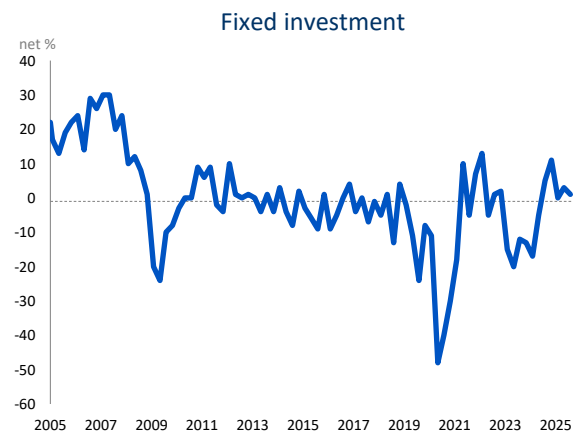
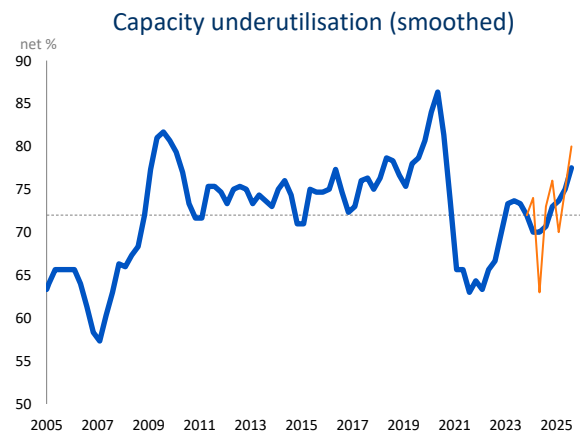
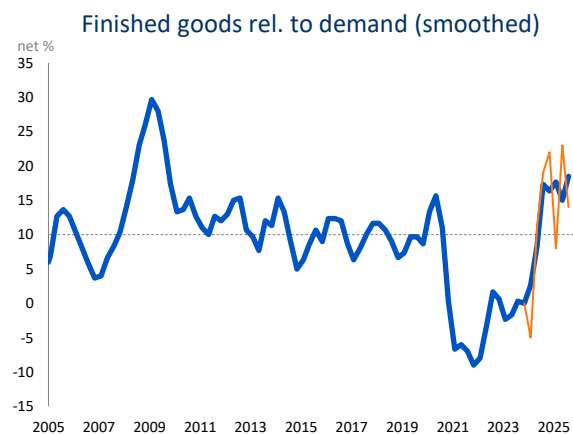
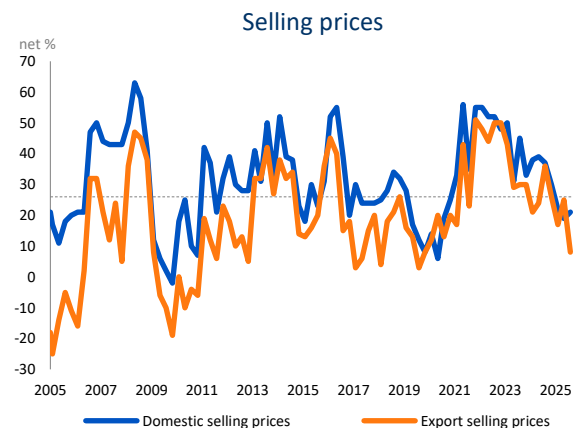
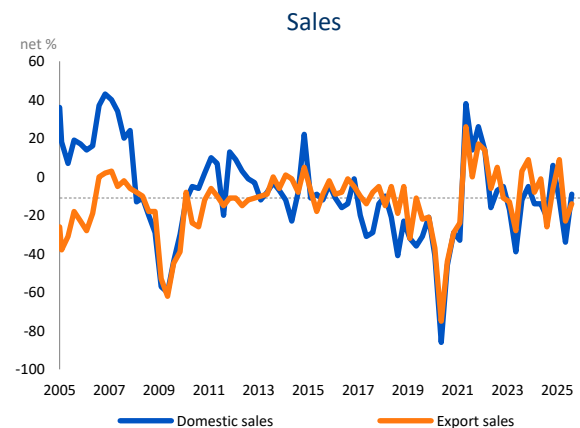
Δ – change from previous period

σ_{Δ} – volatility (standard deviation of the changes)

All of the above calculated over the last 20 years

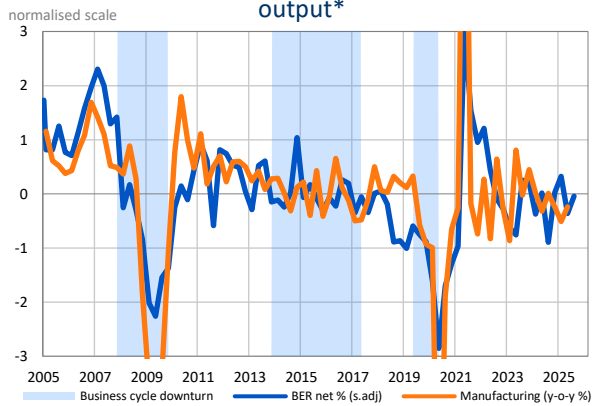
See technical note for further details

MANUFACTURING: TOTAL

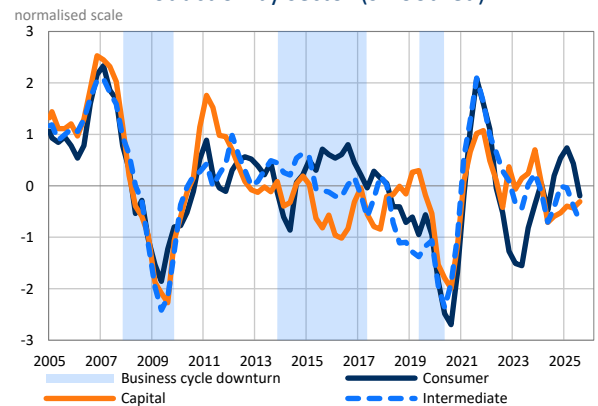


SUMMARY

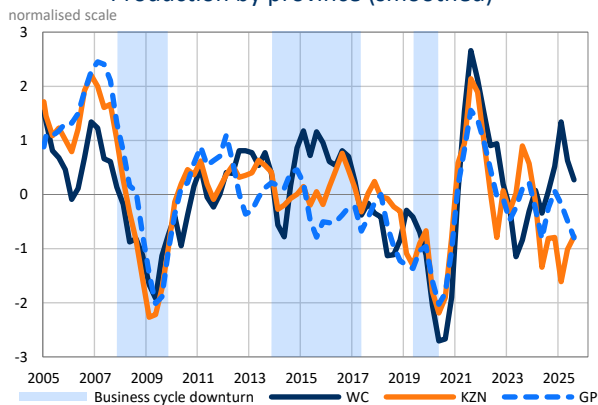
Production & actual manufacturing output*



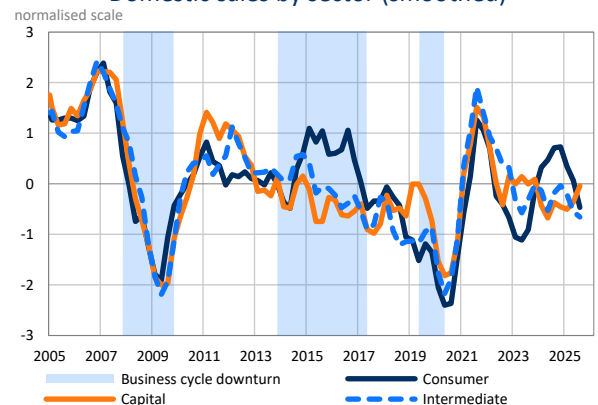
Production by sector (smoothed)



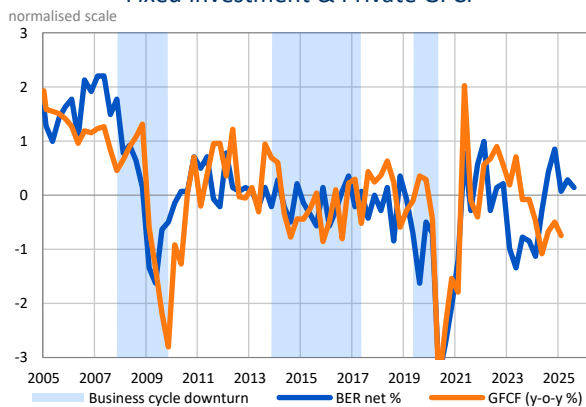
Production by province (smoothed)



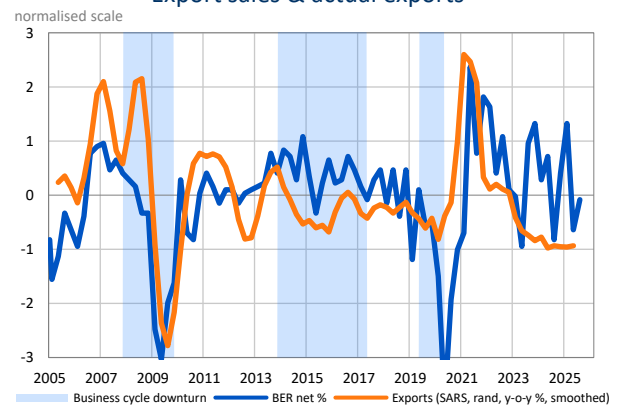
Domestic sales by sector (smoothed)



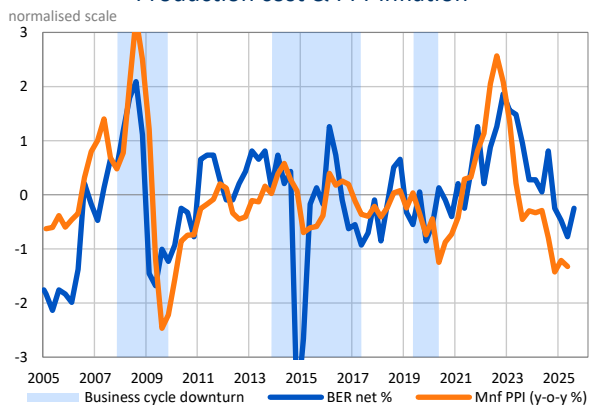
Fixed investment & Private GFCF



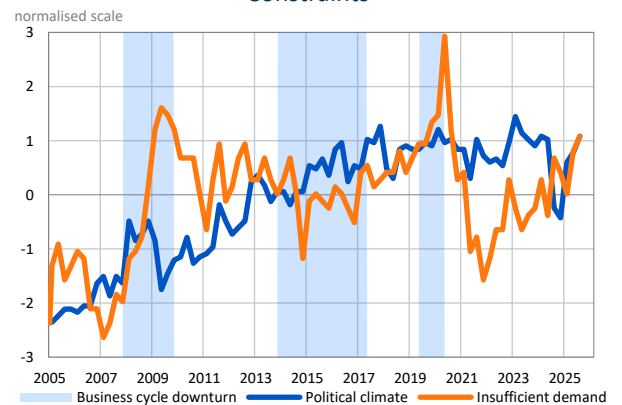
Export sales & actual exports



Production cost & PPI-inflation



Constraints



CAPITAL⁴, INTERMEDIARY⁵ AND CONSUMER⁶ GOODS

Indicator	Unit	$\mu-\sigma$	μ	$\mu+\sigma$	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	Δ	$\Delta\sigma$
Capital goods														
Confidence	%	12	32	51	19	16	16	25	26	29	14	26	12	11
Smoothed	%	14	32	50	19	17	19	22	27	23	23	20	-3	8
Production	Net %	-45	-14	17	24	-25	-36	-34	-16	-31	-24	-19	5	30
Smoothed	Net %	-39	-14	11	4	-12	-32	-29	-27	-24	-25	-22	3	20
Domestic sales	Net %	-47	-17	13	-6	-41	-36	-25	-18	-42	-29	-7	22	26
Smoothed	Net %	-42	-17	8	-15	-28	-34	-26	-28	-30	-26	-18	8	19
Export sales	Net %	-43	-19	6	15	-6	-5	-54	-36	-7	-68	-42	26	25
Smoothed	Net %	-38	-19	1	-4	1	-22	-32	-32	-37	-39	-55	-16	18
Intermediate goods														
Confidence	%	18	33	48	28	20	27	24	34	31	38	16	-22	9
Smoothed	%	19	33	47	26	25	24	28	30	34	28	27	-1	7
Production	Net %	-34	-9	16	8	-12	-30	-29	6	-4	-31	-16	15	20
Smoothed	Net %	-30	-9	12	-4	-11	-24	-18	-9	-10	-17	-24	-7	17
Domestic sales	Net %	-39	-13	14	-1	-16	-30	-28	8	-20	-40	-15	25	21
Smoothed	Net %	-35	-13	10	-13	-16	-25	-17	-13	-17	-25	-28	-3	17
Export sales	Net %	-30	-13	5	21	-11	-11	-28	2	14	-5	-6	-1	17
Smoothed	Net %	-27	-13	2	7	0	-17	-12	-4	4	1	-6	-7	12
Consumer goods														
Confidence	%	24	38	52	27	25	36	37	45	42	32	37	5	9
Smoothed	%	26	38	51	23	29	33	39	41	40	37	35	-2	7
Production	Net %	-20	-1	18	1	-11	9	-23	20	25	-14	6	20	19
Smoothed	Net %	-16	-1	14	-7	0	-8	2	7	10	6	-4	-10	14
Domestic sales	Net %	-24	-3	19	-12	5	17	-4	18	18	-25	3	28	20
Smoothed	Net %	-21	-3	16	-5	3	6	10	11	4	-1	-11	-10	13
Export sales	Net %	-28	-9	9	-12	-6	13	-1	0	10	-31	-9	22	18
Smoothed	Net %	-24	-9	5	-4	-2	2	4	3	-7	-10	-20	-10	12

⁴ Capital goods: Structural metal products (SIC code 353-4), general purpose machinery (356), special purpose machinery & machine tools (357), electrical motors & generators (361), medical appliances, photo equipment (374-6), motor vehicles & bodies (381-2), parts & accessories (383), other transport equipment (384-7)

⁵ Intermediary goods: Grain mill products, starches & animal feeds (303), spinning, weaving & finishing of textiles, yarns (311), knitted & crocheted fabrics (313), sawmilling, preserving of timber, bark grinding & compressing (321), wood & wood products (322), paper and products (323), basic chemicals (334), rubber (337), plastic products (338), glass & glass products, fibreglass (341), other non-metal mineral products (bricks, tiles, cement, prefab concrete, asphalt, mica products) (342), basic iron & steel (351), basic precious (gold, platinum, silver) & non-ferrous metal (aluminium, copper, lead, nickel, tin, zinc) products (352), other fabricated metal products (355), electrical distribution & control apparatus (362), wire & cable (363), batteries, electrical bulbs & other (364-6)

⁶ Consumer goods: Meat, fish, fruit, vegetables, oils & fats (301), dairy products (302), other (304), beverages (305), tobacco (306), other textiles (312), wearing apparel & articles of fur (314-5), leather (316), footwear (317), other chemical products (335-6), computers & office machines, household appliances (358-9), TV, radio & communication equipment (371-3), furniture (391), other (e.g. jewellery, musical instruments, games & toys, recycling NOT COVERED) (392)

μ – average

σ – standard deviation

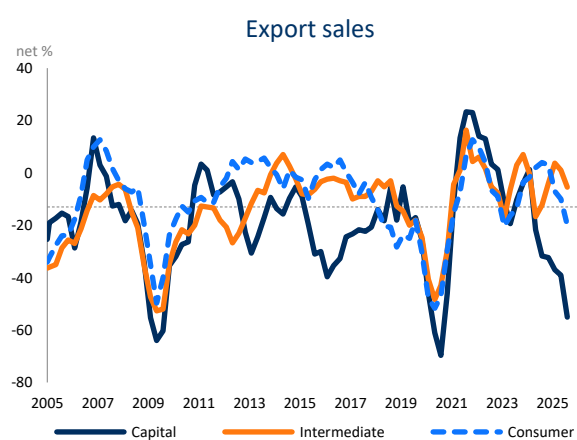
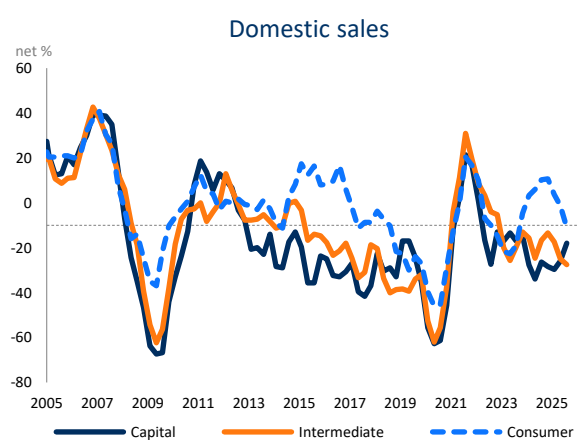
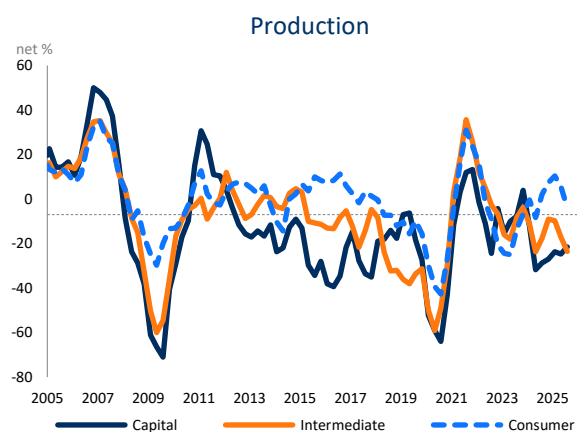
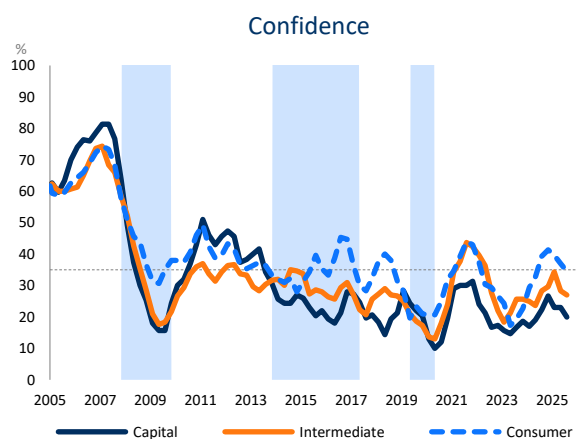
Δ – change from previous period

σ_{Δ} – volatility (standard deviation of the changes)

All of the above calculated over the last 20 years

See technical note for further details

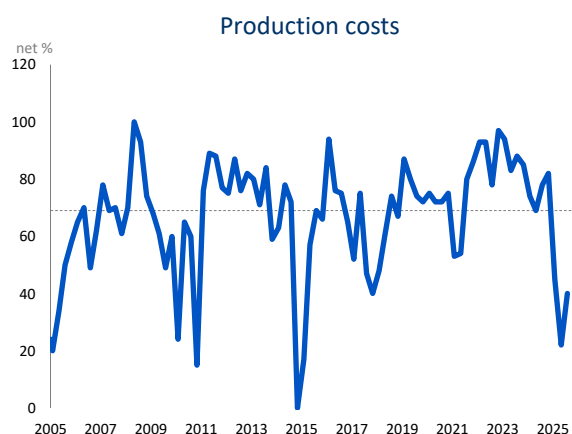
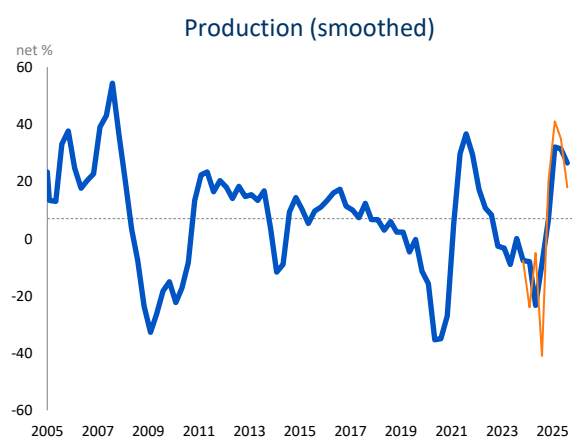
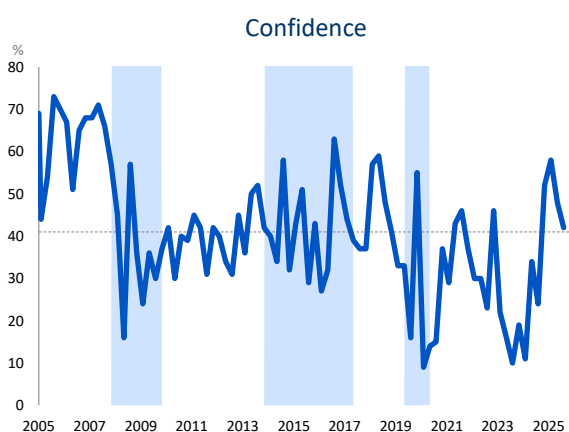
CAPITAL, INTERMEDIARY AND CONSUMER GOODS



μ – average
 σ – standard deviation
 Δ – change from previous period
 σ_{Δ} – volatility (standard deviation of the changes)
 All of the above calculated over the last 20 years
 See technical note for further details

FOOD AND BEVERAGES⁷

Indicator	Unit	$\mu-\sigma$	μ	$\mu+\sigma$	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	Δ	$\Delta\sigma$
Confidence	%	25	40	55	19	11	34	24	52	58	48	42	-6	15
Production	Net %	-16	7	30	5	-24	-5	-41	20	41	35	18	-17	22
Smoothed	Net %	-12	7	26	-8	-8	-23	-9	7	32	31	27	-4	17
Export sales	Net %	-20	0	21	3	-11	-1	8	-2	11	-28	10	38	21
Smoothed	Net %	-16	0	17	-2	-3	-1	2	6	-6	-2	-9	-7	14
Production costs	Net %	49	68	88	85	74	69	78	82	45	22	40	18	19
Business conditions in 12m	Net %	-32	-10	12	-36	-70	-36	-26	13	31	1	-29	-30	23



⁷ Food & Beverages: Meat, fish, vegetables, oils & fats (SIC code 301), dairy products (302), grain mill products, starches & animal feeds (303), other food (304) and beverages (305). In 2017, this sector contributed 28.4% to production and 11.1% to manufactured exports, petroleum and other excluded in both cases. We recommend that users attach more weight to the trend (smoothed series) than a single data point, as the correlation between the survey production data and reference series is low.

μ – average

σ – standard deviation

Δ – change from previous period

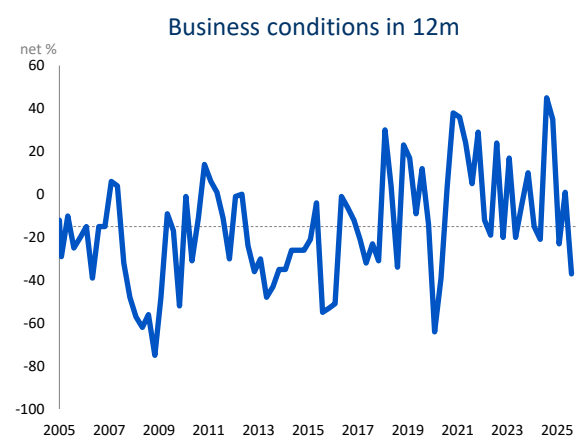
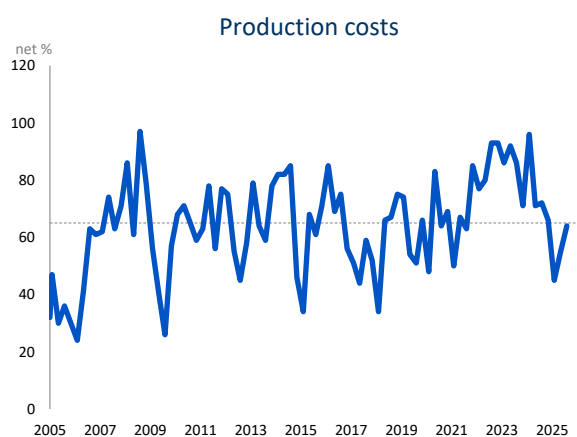
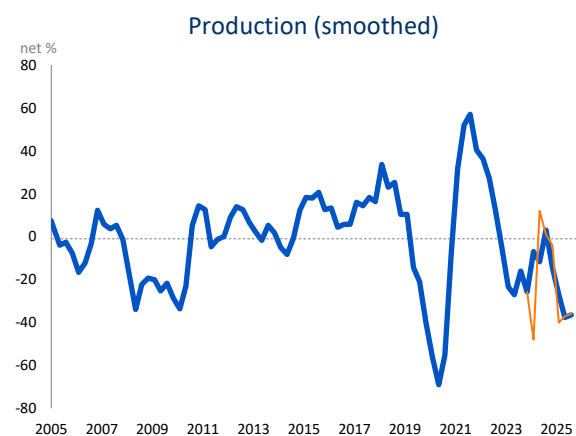
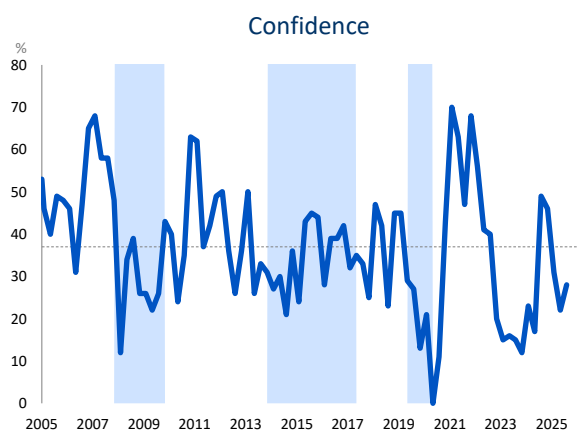
σ_{Δ} – volatility (standard deviation of the changes)

All of the above calculated over the last 20 years

See technical note for further details

TEXTILES, CLOTHING LEATHER AND FOOTWEAR⁸

Indicator	Unit	$\mu-\sigma$	μ	$\mu+\sigma$	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	Δ	$\Delta\sigma$
Confidence	%	21	36	51	12	23	17	49	46	31	22	28	6	14
Production	Net %	-31	-2	27	15	-48	12	1	-4	-40	-37	-36	1	28
Smoothed	Net %	-25	-2	21	-26	-7	-12	3	-14	-27	-38	-37	1	21
Production costs	Net %	49	65	82	71	96	71	72	66	45	55	64	9	16
Business conditions in 12m	Net %	-42	-15	11	10	-15	-21	45	35	-23	1	-37	-38	27



⁸ Textiles, Clothing, Footwear & Leather: spinning, weaving & finishing of textiles, yarns (SIC code 311), other textiles (312), knitted & crocheted fabrics (313), wearing apparel & articles of fur (314-5), leather (316) and footwear (317). In 2017, this sector contributed 3.7% to production excluding petroleum and other.

μ – average

σ – standard deviation

Δ – change from previous period

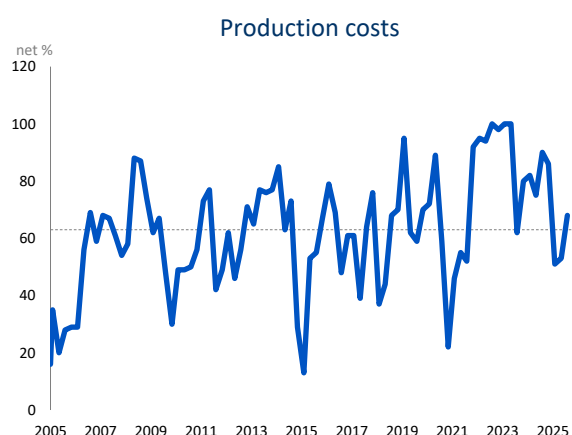
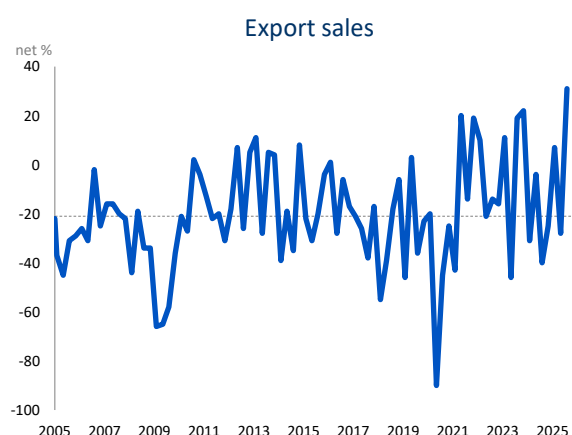
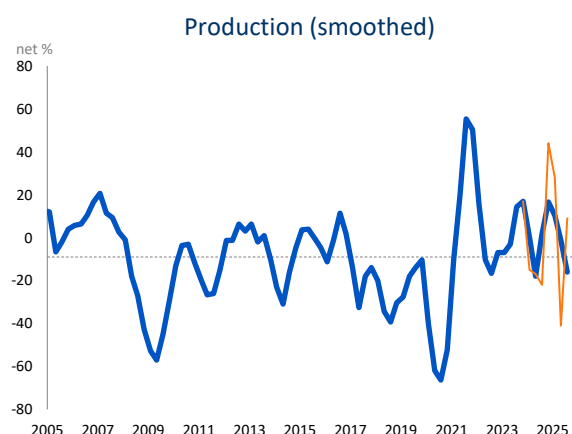
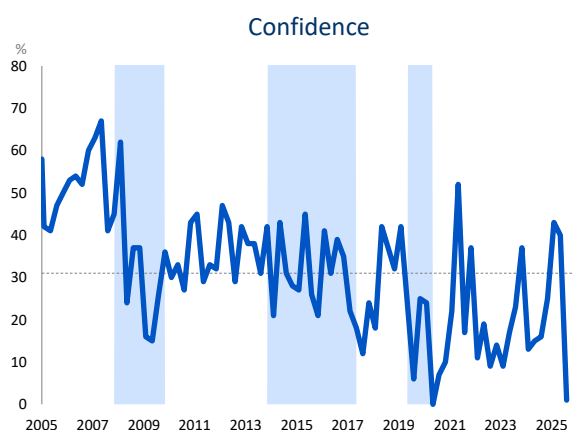
σ_Δ – volatility (standard deviation of the changes)

All of the above calculated over the last 20 years

See technical note for further details

WOOD, PAPER, PRINTING AND PUBLISHING⁹

Indicator	Unit	$\mu-\sigma$	μ	$\mu+\sigma$	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	Δ	$\Delta\sigma$
Confidence	%	16	31	46	37	13	15	16	25	43	40	1	-39	14
Production	Net %	-39	-9	20	32	-15	-17	-22	44	28	-41	9	50	30
Smoothed	Net %	-32	-9	13	17	0	-18	2	17	10	-1	-16	-15	23
Export sales	Net %	-41	-20	2	22	-31	-4	-40	-25	7	-28	31	59	28
Production costs	Net %	45	64	83	80	82	75	90	86	51	53	68	15	18
Business conditions in 12m	Net %	-39	-15	10	-33	-64	-19	9	0	-3	-68	-29	39	28



⁹ Wood, Paper, Printing & Publishing: sawmilling, preserving of timber, bark grinding & compressing (SIC code 321), wood & wood products (322), paper and products (323) and printing, publishing & recorded media (324-6). In 2017, this sector contributed 13.1% to production and 4.7% to manufactured exports, petroleum and other excluded in both cases. We recommend that users attach more weight to the trend (smoothed series) than a single data point, as the correlation between the survey production data and reference series is low.

μ – average

σ – standard deviation

Δ – change from previous period

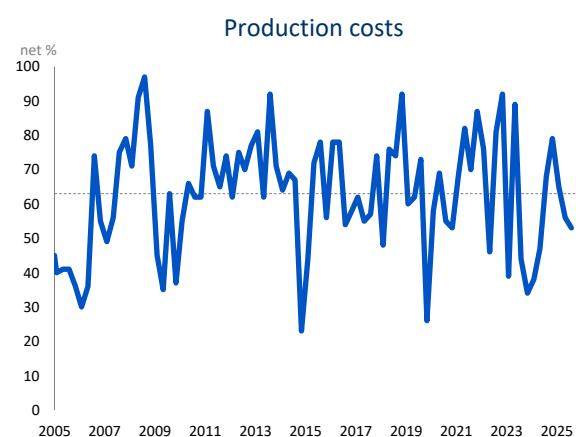
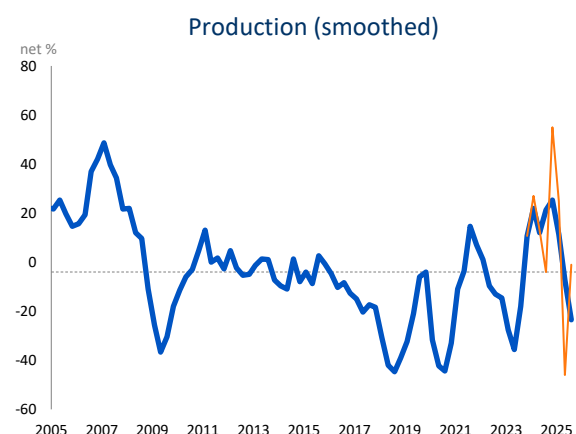
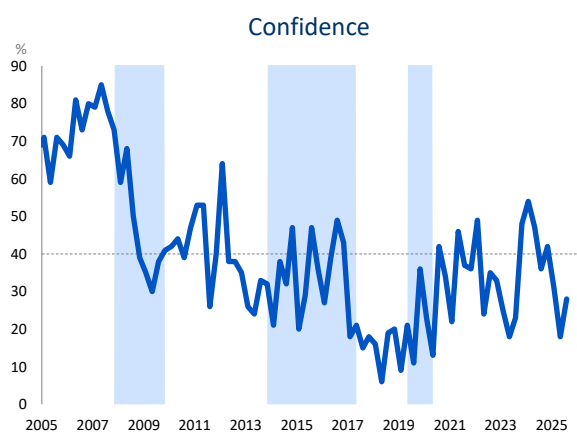
σ_{Δ} – volatility (standard deviation of the changes)

All of the above calculated over the last 20 years

See technical note for further details

CHEMICAL, RUBBER AND PLASTIC PRODUCTS¹⁰

Indicator	Unit	$\mu-\sigma$	μ	$\mu+\sigma$	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	Δ	$\Delta\sigma$
Confidence	%	20	39	57	48	54	47	36	42	31	18	28	10	12
Production	Net %	-31	-5	21	26	27	13	-4	55	25	-46	-1	45	27
Smoothed	Net %	-25	-5	16	11	22	12	21	25	11	-7	-24	-17	17
Export sales	Net %	-33	-11	12	-6	22	13	-21	37	14	-17	-21	-4	25
Production costs	Net %	47	64	80	34	38	47	68	79	65	56	53	-3	20
Business conditions in 12m	Net %	-38	-12	13	-3	3	-21	13	24	9	-19	-22	-3	23



¹⁰ Chemicals, Rubber & Plastics: Refined petroleum & coke (SIC code 331-3) (NOT COVERED), basic chemicals (334), other chemical products (335-6), rubber (337) and plastics (338). In 2017, this sector contributed 16.6% to production and 15.4% to manufactured exports, petroleum and other excluded in both cases. We recommend that users attach more weight to the trend (smoothed series) than a single data point, as the correlation between the survey production data and reference series is low.

μ – average

σ – standard deviation

Δ – change from previous period

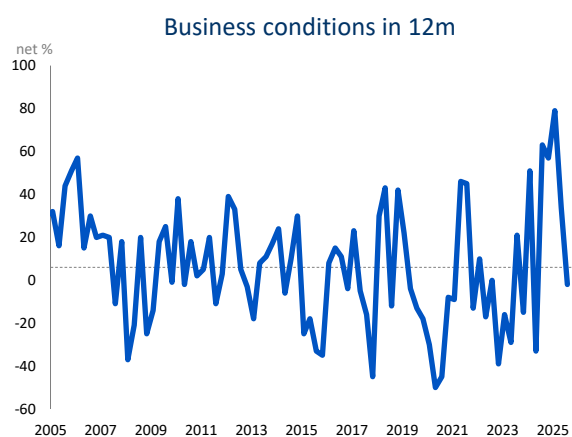
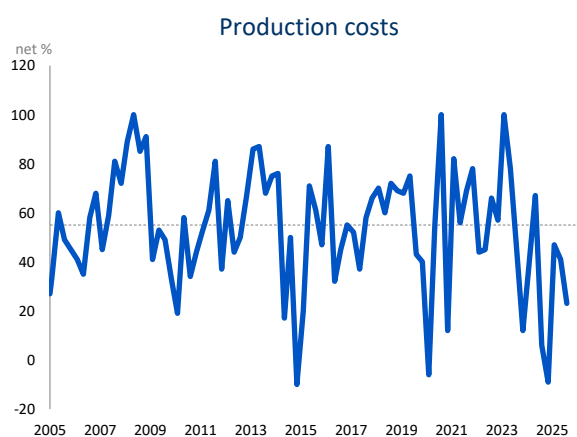
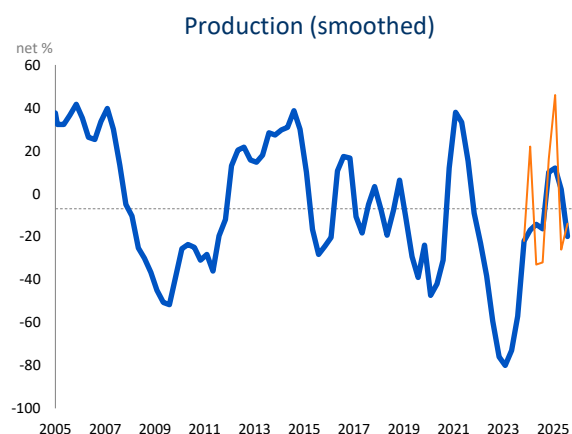
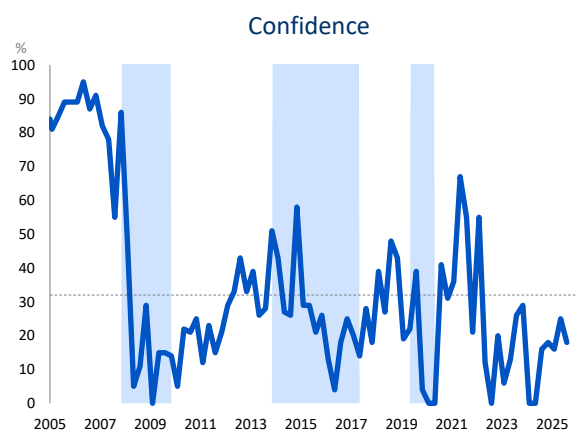
σ_Δ – volatility (standard deviation of the changes)

All of the above calculated over the last 20 years

See technical note for further details

GLASS AND NON-METALLIC MINERAL PRODUCTS¹¹

Indicator	Unit	$\mu-\sigma$	μ	$\mu+\sigma$	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	Δ	$\Delta\sigma$
Confidence	%	7	31	55	29	0	0	16	18	16	25	18	-7	17
Production	Net %	-45	-8	28	-40	22	-33	-32	16	46	-26	-14	12	33
Smoothed	Net %	-38	-8	22	-22	-17	-14	-16	10	12	2	-20	-22	24
Production costs	Net %	30	54	79	12	40	67	6	-9	47	41	23	-18	29
Business conditions in 12m	Net %	-22	6	34	-15	51	-33	63	57	79	34	-2	-36	33



¹¹ Glass & Non-metallic minerals: Glass & glass products, fibreglass (SIC code 341), other non-metallic mineral products (bricks, tiles, cement, prefabricated concrete, asphalt, mica products) (342). In 2017, this sector contributed 4.4% to production, excluding petroleum and other.

μ – average

σ – standard deviation

Δ – change from previous period

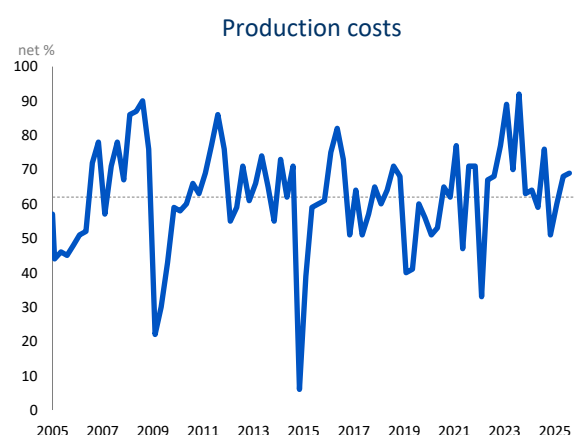
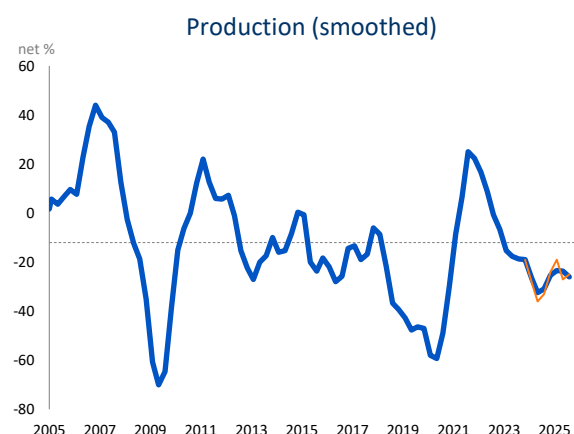
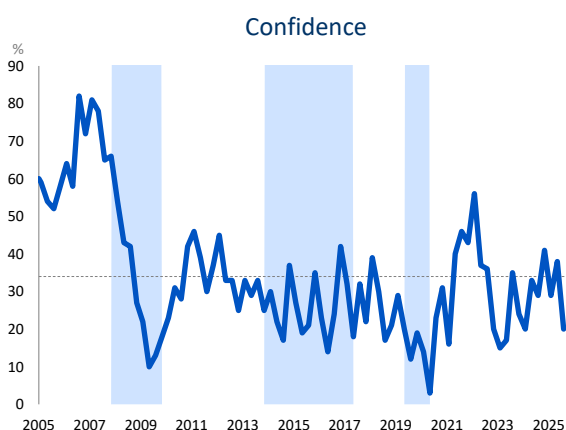
σ_Δ – volatility (standard deviation of the changes)

All of the above calculated over the last 20 years

See technical note for further details

BASIC METALS, METAL PRODUCTS AND MACHINERY¹²

Indicator	Unit	$\mu-\sigma$	μ	$\mu+\sigma$	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	Δ	$\Delta\sigma$
Confidence	%	16	33	50	24	20	33	29	41	29	38	20	-18	11
Production	Net %	-42	-13	15	-15	-28	-36	-33	-24	-19	-27	-25	2	22
Smoothed	Net %	-38	-13	12	-19	-26	-32	-31	-25	-23	-24	-26	-2	18
Export sales	Net %	-35	-15	4	5	-15	-4	-41	-5	10	-10	-27	-17	19
Production costs	Net %	48	63	78	63	64	59	76	51	60	68	69	1	17
Business conditions in 12m	Net %	-42	-21	1	-42	-52	-15	-3	-24	-25	-35	-51	-16	18



¹² Basic metals, Metal Products & Machinery: Basic iron & steel (SIC code 351), basic precious (gold, platinum, silver) & non-ferrous metal (aluminium, copper, lead, nickel, tin, zinc) products (352), structural metal products (353-4), other fabricated metal products (355), general purpose machinery (356), special purpose machinery & machine tools (357), computers & office machines (358) and household appliances (359). In 2017, this sector contributed 21.1% to production and 42.5% to manufactured exports, petroleum and other excluded in both cases.

μ – average

σ – standard deviation

Δ – change from previous period

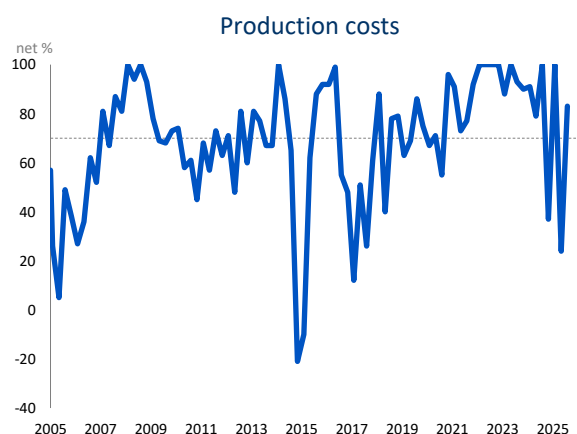
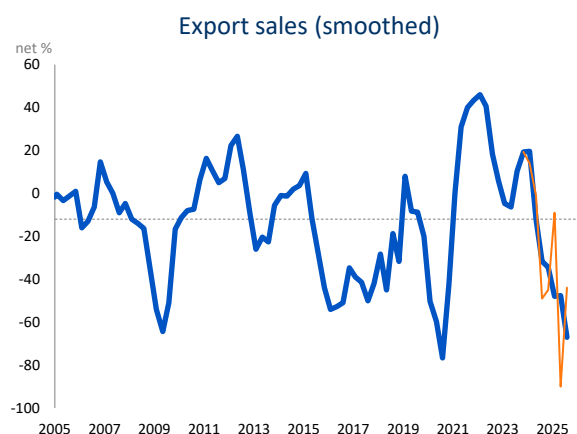
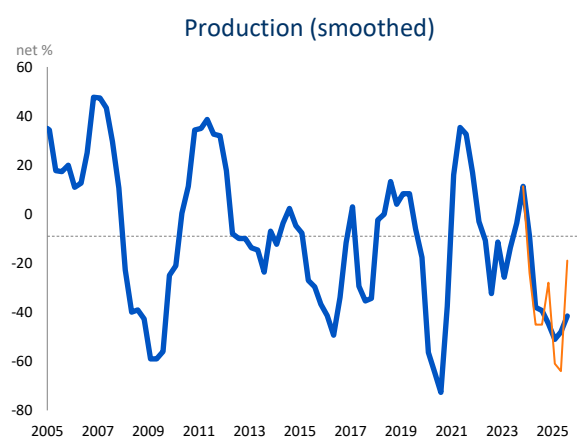
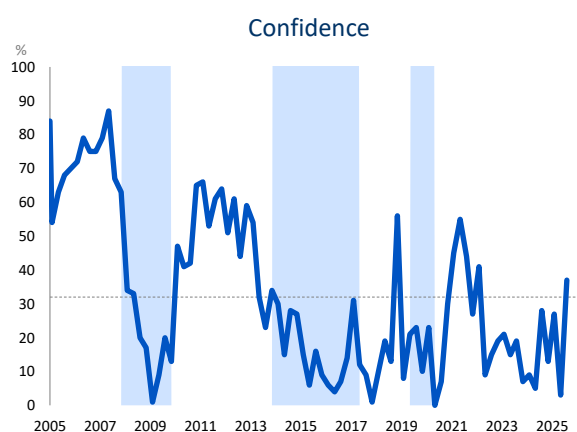
σ_{Δ} – volatility (standard deviation of the changes)

All of the above calculated over the last 20 years

See technical note for further details

MOTOR VEHICLES, PARTS AND TRANSPORT EQUIPMENT¹³

Indicator	Unit	$\mu-\sigma$	μ	$\mu+\sigma$	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	Δ	$\Delta\sigma$
Confidence	%	8	31	55	7	9	5	28	13	27	3	37	34	15
Production	Net %	-49	-10	28	42	-24	-45	-45	-28	-61	-64	-19	45	41
Smoothed	Net %	-40	-10	19	11	-9	-38	-39	-45	-51	-48	-42	6	26
Export sales	Net %	-50	-14	23	46	14	-1	-49	-45	-9	-90	-44	46	40
Smoothed	Net %	-41	-14	14	19	20	-12	-32	-34	-48	-48	-67	-19	24
Production costs	Net %	46	71	96	90	91	79	100	37	100	24	83	59	26
Business conditions in 12m	Net %	-58	-26	7	-69	-83	-58	10	-18	-40	-58	-27	31	30

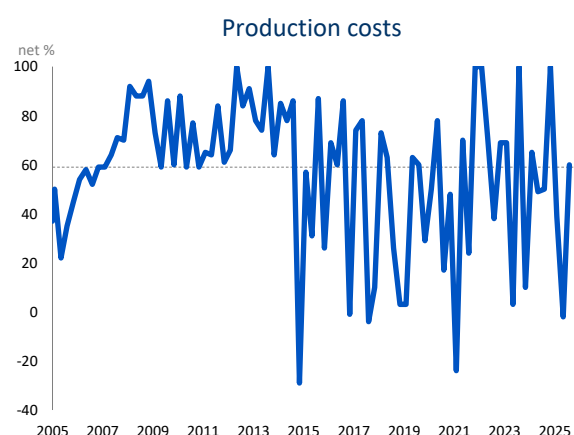
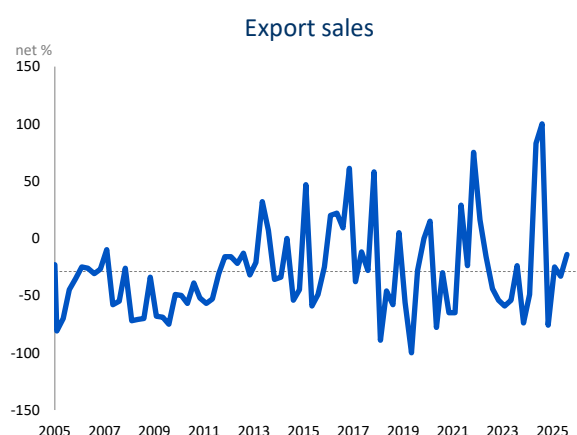
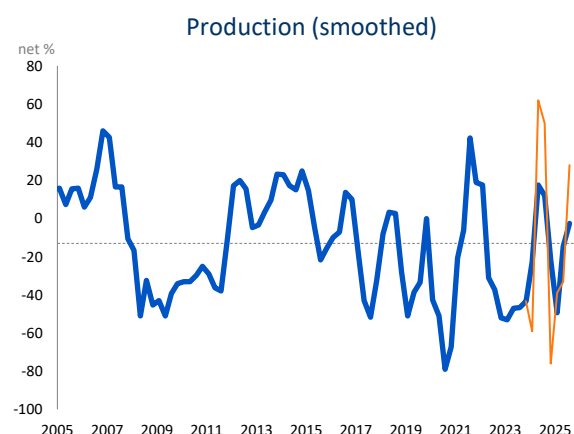
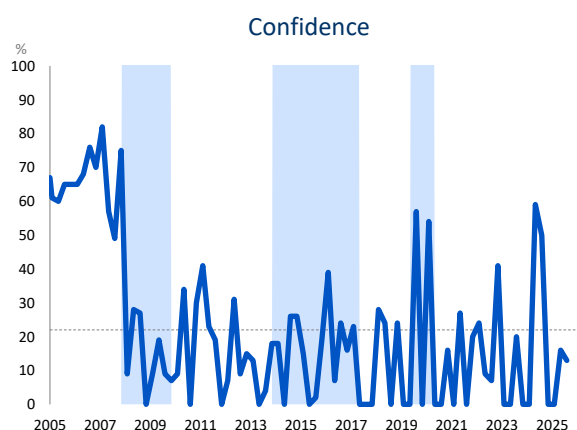


¹³ Transport equipment: Motor vehicles & bodies (SIC code 381-2), parts & accessories (383), other transport equipment (384-7). In 2017, this sector contributed 7.7% to production and 16.1% to manufactured exports, petroleum and other excluded in both cases.

μ – average
 σ – standard deviation
 Δ – change from previous period
 σ_Δ – volatility (standard deviation of the changes)
 All of the above calculated over the last 20 years
 See technical note for further details

FURNITURE AND OTHER¹⁴

Indicator	Unit	$\mu-\sigma$	μ	$\mu+\sigma$	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	Δ	$\Delta\sigma$
Confidence	%	-1	21	43	0	0	59	50	0	0	16	13	-3	24
Production	Net %	-56	-14	28	-71	-59	62	50	-76	-39	-33	28	61	52
Smoothed	Net %	-42	-14	15	-43	-23	18	12	-22	-49	-15	-3	12	29
Export sales	Net %	-68	-28	12	-74	-49	83	100	-76	-25	-33	-14	19	50
Production costs	Net %	28	59	89	10	65	49	50	100	39	-2	60	62	42
Business conditions in 12m	Net %	-59	-22	16	-16	-69	-28	0	100	61	-33	-47	-14	43



¹⁴ Furniture & Other: Furniture (SIC code 391), other (e.g. jewellery, musical instruments, games & toys, recycling NOT COVERED) (392), tobacco (306). In 2017, this sector contributed 1.2% to production and 1.0% to manufactured exports, petroleum and other excluded in both cases. We recommend that users attach more weight to the trend (smoothed series) than a single data point, as the correlation between the survey production and export data vis-à-vis the reference series is low.

μ – average

σ – standard deviation

Δ – change from previous period

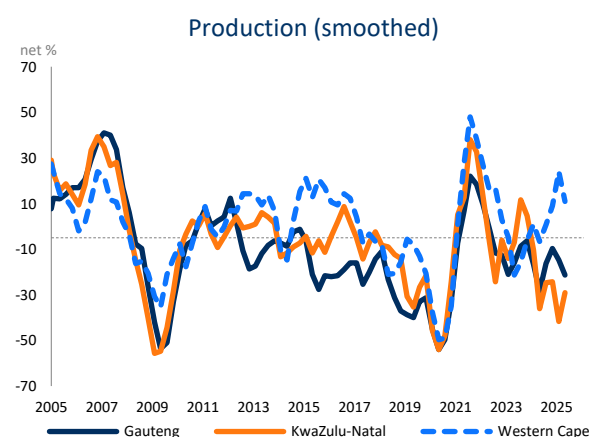
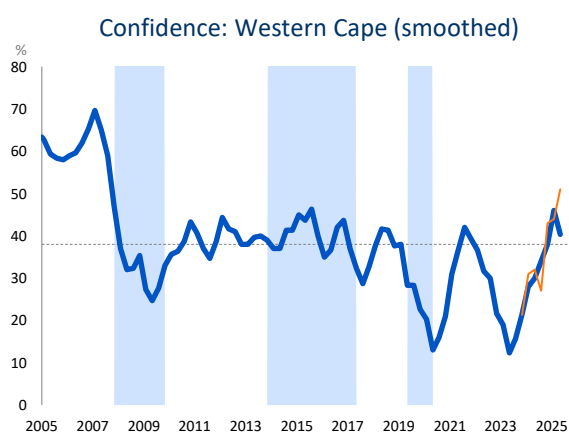
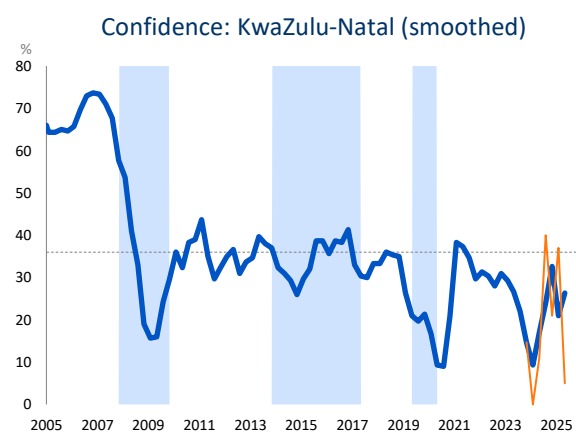
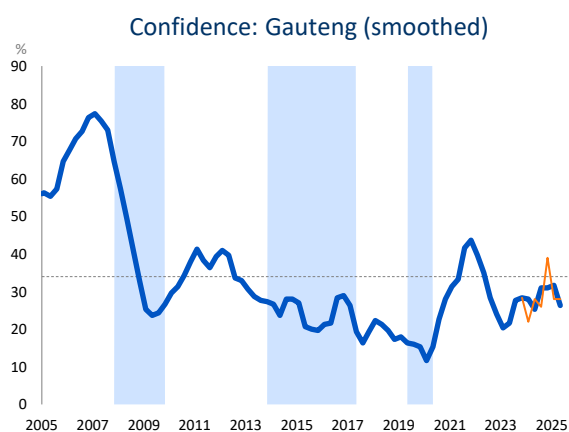
σ_{Δ} – volatility (standard deviation of the changes)

All of the above calculated over the last 20 years

See technical note for further details

BY PROVINCE

Indicator	Unit	$\mu - \sigma$	μ	$\mu + \sigma$	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	Δ	$\Delta\sigma$
Gauteng														
Confidence	%	16	33	50	34	22	28	26	39	28	28	23	-5	8
Smoothed	%	17	33	49	28	28	25	31	31	32	26	0	-26	8
Production	Net %	-35	-11	13	8	-30	-28	-27	6	-8	-42	-14	28	19
Smoothed	Net %	-32	-11	11	-6	-17	-28	-16	-10	-15	-21	0	21	16
KwaZulu-Natal														
Confidence	%	18	34	51	17	0	11	40	21	37	5	37	32	13
Smoothed	%	20	35	49	15	9	17	24	33	21	26	0	-26	9
Production	Net %	-36	-7	21	59	-50	-40	-18	-16	-39	-70	22	92	31
Smoothed	Net %	-29	-7	14	5	-10	-36	-25	-24	-42	-29	0	29	19
Western Cape														
Confidence	%	24	37	51	21	31	32	27	43	44	51	26	-25	12
Smoothed	%	26	37	49	21	28	30	34	38	46	40	0	-40	9
Production	Net %	-24	0	23	-3	7	-1	-26	29	24	19	-10	-29	23
Smoothed	Net %	-19	0	18	-6	1	-7	1	9	24	11	0	-11	17



μ – average
 σ – standard deviation
 Δ – change from previous period
 σ_Δ – volatility (standard deviation of the changes)
 All of the above calculated over the last 20 years
 See technical note for further details

Technical note

Short-term planning is hampered as official (quantitative or numeric) data is released with a time lag. Business tendency survey (BTS) *results reveal what happened between the release of the last official figures and the current state of affairs*. The survey results not only reveal earlier developments in sales, production, employment, selling prices, capacity utilisation, investment etc. (for which official figures are published), but also provide unique information, such as business confidence, business conditions, constraints and respondents' expectations (or forecast) for the next quarter for which no official figures exist. It is now widely recognised that such subjective individual expectations play a key role in economic developments. Furthermore, the survey results of successive quarters *provide a means of tracking cyclical movements, pinpointing trend changes* and establishing forecasts.

THE SURVEY METHOD

The survey results are obtained from questionnaires completed by senior executives in the trade, manufacturing and building sector during the middle month of every calendar quarter.

The business survey questionnaire contains a small number of questions. These questions are qualitative in nature, e.g. "Compared to the same quarter a year ago, is the volume of production up, the same or down?". No figures are requested.

The sample of executives remains the same from one survey to the next. A panel is in effect established. The sample provides for the main sectors. The list of participants is reviewed every few years to replace those firms that went out of business or stopped responding during the previous two years with new ones.

To provide for widely differing sizes, each firm in the manufacturing and trade sectors is allocated a weight based on its turnover. Firms in the building sector are not weighted. Participants have to complete a "participant details form" at the time of recruitment and every few years to ensure that their sector classification and turnover (optional) are correct.

The BER conducted its first survey of the manufacturing and trade (i.e. retail, wholesale and motor trade) sectors in 1954. The sector coverage was expanded to the building sector (i.e. main contractors and sub-contractors) in 1969. Architects, quantity surveyors and civil engineering contractors were added later to the building survey.

Consult the BER web page (www.ber.ac.za) for more information about the business tendency method.

THE UNIQUE UNITS OF MEASUREMENT OF QUALITATIVE SURVEYS

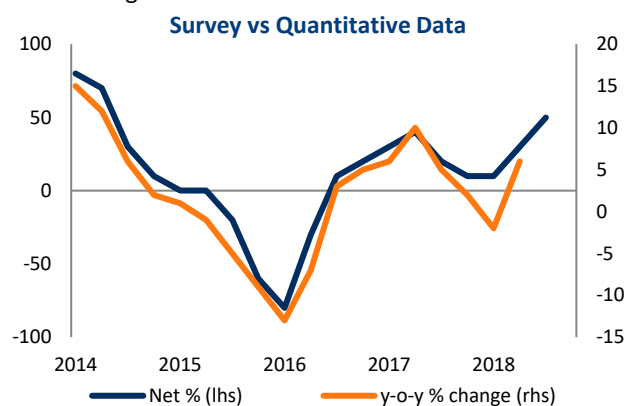
Net percentage (net %)

The responses related to the change in production, prices, employment, business conditions etc. are presented as a "net percentage" (also called a "net balance" or a "net majority"). If, for example, the percentages of respondents rating production as "higher", the "same" or "lower" compared to a year ago are 70%, 10% and 20% respectively, then one can conclude that the

majority of participants experienced higher production. The net percentage is calculated as the percentage of respondents rating “production” as higher less the percentage rating it as “lower”. The percentage rating it as the “same” is ignored. The net percentage in this example is therefore 50%, being the difference between the 70% “higher” and the 20% “lower”. A net percentage of –10%, for instance, would indicate a decline in production compared to a year ago. Take note that this does not mean a year-on-year contraction of 10%. It only means that the production of a majority of 10% of the respondents was lower compared to a year ago.

The net percentage, or net balance statistic, can theoretically vary between a minimum of -100 (when all participants replied “lower”) and a maximum of +100 (when all respondents replied “higher”). Theoretically a value of zero, therefore, indicates no change, between 0 and 100 reflects a rise (or improvement) and between 0 and –100 a decline (or deterioration) compared to the same quarter a year ago. The net balance statistic is a diffusion index, i.e. it indicates the degree to which the indicated change is “diffused” (spread) throughout the sample population. It indicates both the direction and size of the change.

Given that it reflects respondents’ estimation of the change in the phenomenon/variable in the current quarter relative to the same quarter a year ago, the net percentage corresponds to a year-on-year percentage change/growth rate in the corresponding/equivalent official data series (see the figure on the right).



Percentage (%)

The responses relating to business confidence and constraints are presented as percentages.

In the case of business confidence, respondents have to rate prevailing business conditions as either “satisfactory” or “unsatisfactory”. The percentage of respondents rating prevailing business conditions as satisfactory is taken as an indicator (proxy) for business confidence. A reading of 10 for business confidence, for instance, means that only 10% of the respondents indicated that they were satisfied. In this example, 90% were, therefore, unsatisfied.

In the case of the constraints, respondents have to rate if a particular issue – for instance, a shortage of skilled labour – “seriously”, “slightly” or “not at all” hampers their activity. Composite constraint indices are calculated by weighting the responses as follows: The answers of respondents rating a particular constraint as “serious” are weighted by 0.67%; “slightly” by 0.33% and “not a constraint at all” are discarded. The results are then multiplied by $100/67 = 1.49$ to convert it to an index that can vary between zero and 100.

Care must be taken when making inferences from the constraints indices given that the list of constraints (issues) remains unchanged over time. Each constraint ought to be analysed relative to its own historical performance rather than comparing the ratings of the different constraints at a specific point in time. The latter inference would be more appropriate if respondents had to list all issues hampering their activity at a particular point in time and rank them in order of their impact.

Theoretically, the confidence and constraints series can vary between a minimum of zero and a maximum of 100. A value of zero would reflect an extreme lack of confidence/no limitation at all and 100 extreme confidence/complete limitation. These results reflect respondents' evaluation of the phenomenon/the survey variable in respect to that specific survey quarter, i.e. not relative to some period in the past or future.

DESCRIPTIVE STATISTICS IN THE TABLES

Smoothed

Some series show erratic/volatile movements, i.e. data jumps around quite a bit between consecutive quarters. In such cases, it is necessary to smooth these movements over a longer period to obtain a general trend. Another case where we added moving averages is when the correlation between the survey results and the corresponding reference series is low or non-existent.

Three-quarter centred moving averages (3qcm) were selected in order to not disturb turning points too much, e.g. the moving average of 17Q4 is calculated as the average of 17Q3, 17Q4 and 18Q1, that of 18Q1 is calculated as the average of 17Q4, 18Q1 and 18Q2 etc. In order for the smoothed series to run up to the last unsmoothed data point, the last smoothed data point is only the average of two quarters, namely the previous and current quarter.

When a smoothed series is added, it is prudent not to attach too much value to the unsmoothed results of a particular quarter, but rather to evaluate it in its historical context.

Seasonal adjustment (SA)

In theory, the time series ought to display no seasonal patterns because respondents are instructed to compare the current quarter with the same one of a year ago (e.g. they have to compare the current Festive Season or wet/dry winter period with the same time a year ago). However, in practice, some series nevertheless reveal seasonal patterns, probably because some respondents incorrectly compare the survey quarter with the one directly preceding it. In such cases, a seasonally adjusted series (i.e. where such seasonal variation is eliminated with X12 ARIMA) is added.

Average (μ)

The neutral level of the time series for the two measurement types, net percentage and percentage, is 50 or zero respectively. The long-term average (mean) is often not equivalent to this neutral level. In such cases, it is more useful to evaluate the current results relative to such a long-term average than the neutral level.

One standard deviation below ($\mu-\sigma$) and above ($\mu+\sigma$) the average

The standard deviation indicates the common variation in or dispersion of the values. Data points falling between one standard deviation below and above the average could be regarded as common. Any data point falling outside these ranges, therefore, displays statistically significant variation.

Change (Delta: Δ)

This statistic indicates the change in the results of the latest quarter relative to the preceding quarter.

Volatility (standard deviation of the deltas: $\Delta\sigma$)

This statistic indicates the volatility of the quarter-on-quarter change. If the size (regardless if it is an increase or decline) of the change is greater than the standard deviation of the deltas, then it displays a statistically significant variation.

CONVENTIONS AND AIDS PROVIDED IN THE CHARTS

Shaded areas

Indicates cyclical downturns as demarcated by the South African Reserve Bank. Users need to take note that the business cycle could have already reversed course towards the end of the period covered in the chart, but usually we wait until the bank determines a turning point before changing the shaded areas.

Solid vs. dotted horizontal (X) axes:

A solid line indicates the theoretical mid-points of 50 or zero respectively, while a dotted line indicates the long-term average (mean). Also see the section on the “average” above.

Normalised scale

Time series data is normalised (standardised) when one wishes to observe the co-movement among indicators with different units of measurement, say for instance, between a diffusion index (confidence) and the growth rate in a volume index (GDP growth). Normalisation converts both series to the same scale (unit) by subtracting the long-term average from each series and dividing it by its standard deviation. This ensures that one compares “apples” with “apples” when making a visual inspection and not mistakenly identify co-movements or deviations that different scales could produce.