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Note: Shaded area in graphs denotes the downward phase of the business cycle.

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Highlights

AGRICULTURE CONTRACTS SEVERELY IN Q3

During the third quarter of 2024, a massive contraction of 28.8% in the agricultural sector meant that real GDP fell by -0.3% (on a seasonally adjusted basis), from 0.3% growth during the previous quarter. Excluding agriculture, GDP expanded by 0.4% over the same period. Although the maize crop of 2024 was 23% smaller compared to 2023 (due to lower rainfall), industry analysts are doubtful about the size of the agricultural contraction. Elsewhere, mild growth was recorded in the mining, manufacturing and personal services sectors, with strong growth in the financial sector. A small contraction was recorded in the transport sector. From a demand-side perspective, the contraction in GDP is mostly reflected in the big drawdown on inventories. A large drop in exports was largely balanced out by a similar drop in imports. Household consumption expenditure expanded by 0.5%, while government consumption declined by 0.5%. Fixed investment was up by 0.3%, mostly on account of government investment in construction works.

CONSUMER INFLATION REMAINS BELOW 3% IN NOVEMBER

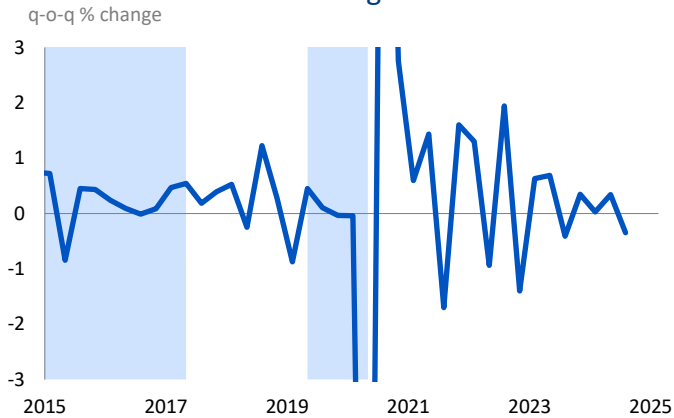
Annual headline consumer inflation (CPI) accelerated slightly in November to 2.9%, from a four-year low of 2.8% in the prior month. The uptick was driven by a slower rate of decline in transport inflation amid softer fuel price decreases. Meanwhile, price growth in other key subcomponents was benign; notably, food and non-alcoholic beverages continued to ease. Core inflation, which excludes food and energy costs, moved lower for a second consecutive month, to 3.7%, down from 3.9% in the previous month.

INTERNAL TRADE SALES UP IN OCTOBER

On an annual basis, real **retail trade** sales increased by a solid 6.3% in October. This expansion was led by a double-digit rise in general dealers' retail sales. Moreover, apart from hardware retailers, the other six subsectors all reported growth. On a monthly basis, sales rebounded by 1.6% following a 0.6% decline in September. More positive news was that real **wholesale trade** sales expanded by an annual 3.4%, from a downwardly revised 7.3% decline in the previous month. This marks the first annual expansion in wholesale trade sales in almost 14 months. Similarly, breaking a six-month streak of declines, real **motor trade** sales rose by 2.3% in October. Most of the gains came from robust used vehicle sales, while new vehicle sales continued to contract, albeit at a softer pace.

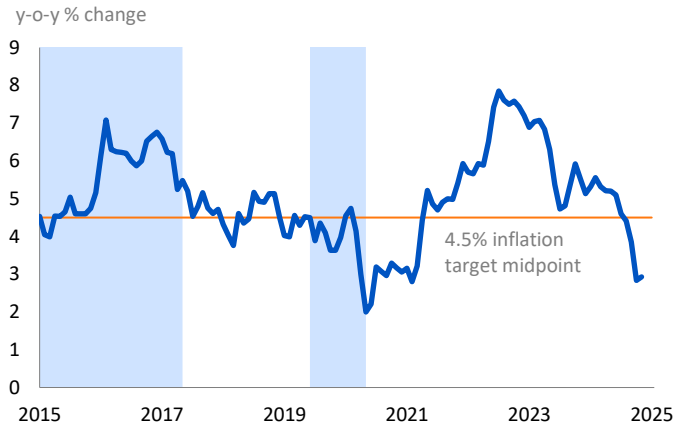
Core indicators

Real GDP growth



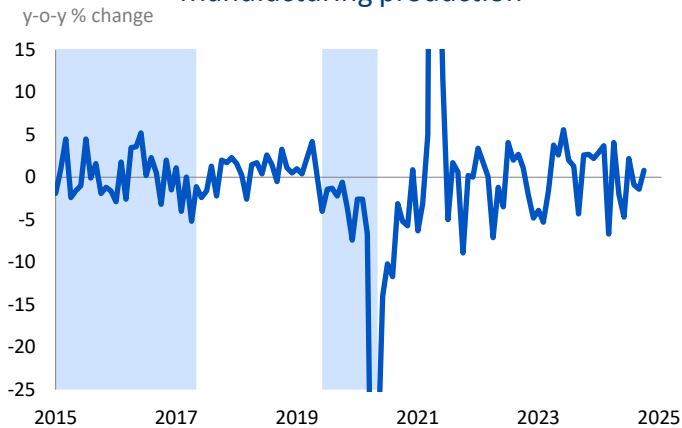
Source: Stats SA

CPI inflation



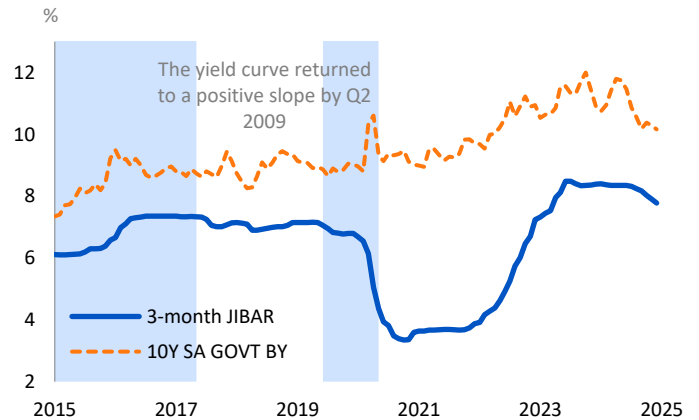
Source: Stats SA

Manufacturing production



Source: Stats SA

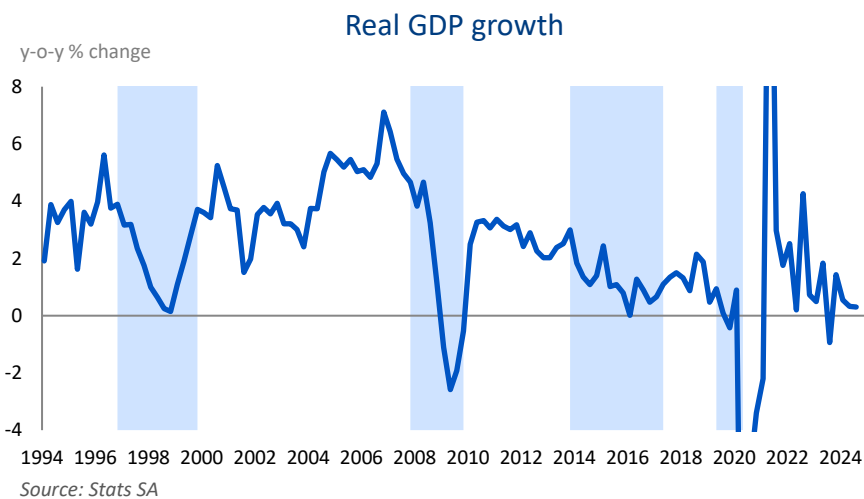
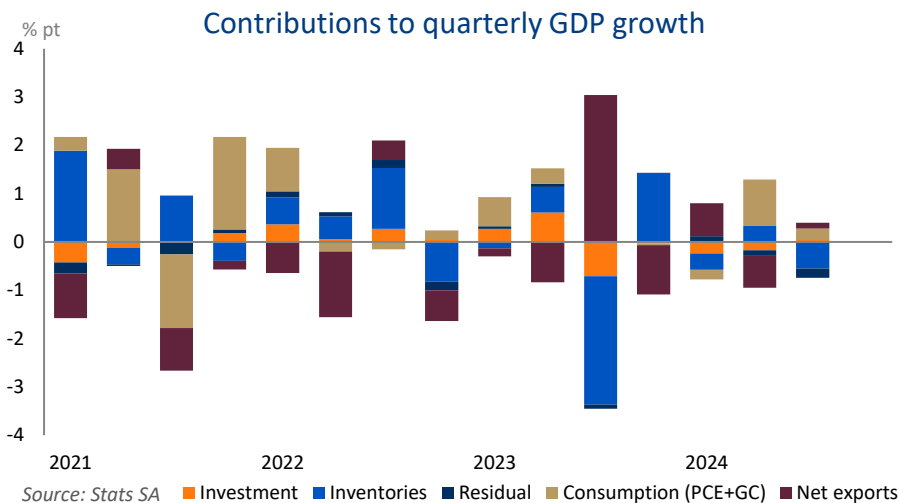
Interest rates



Source: DataStream

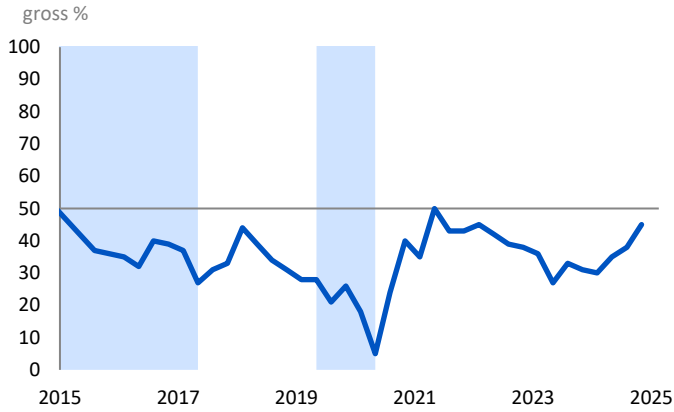
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GDP growth



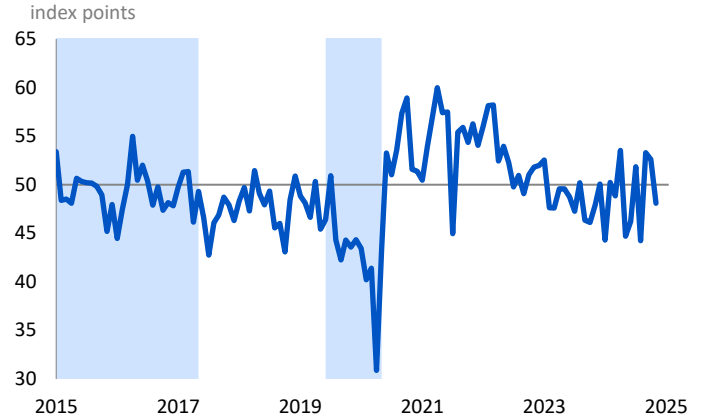
Business environment

RMB/BER Business Confidence Index



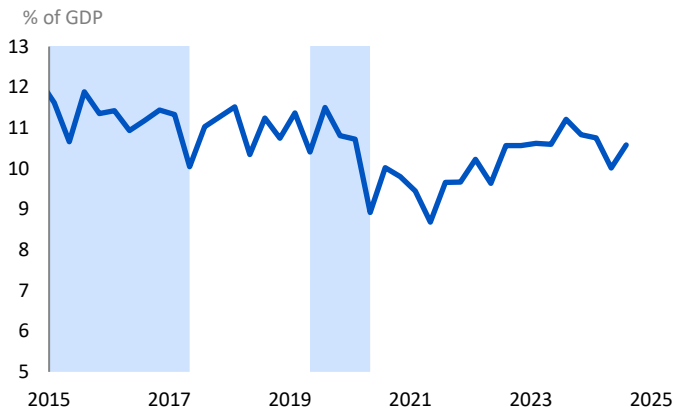
Source: BER

Absa Purchasing Managers' Index



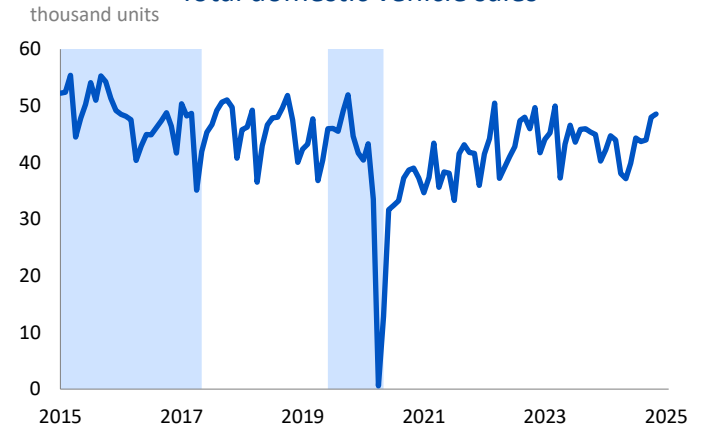
Source: BER

Private fixed investment



Source: SARB, Stats SA

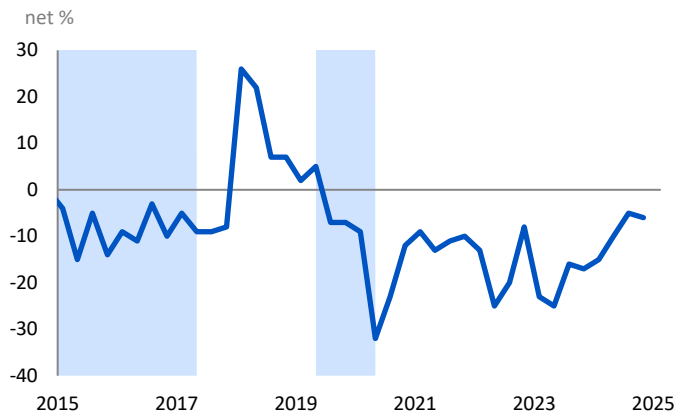
Total domestic vehicle sales



Source: Naamsa

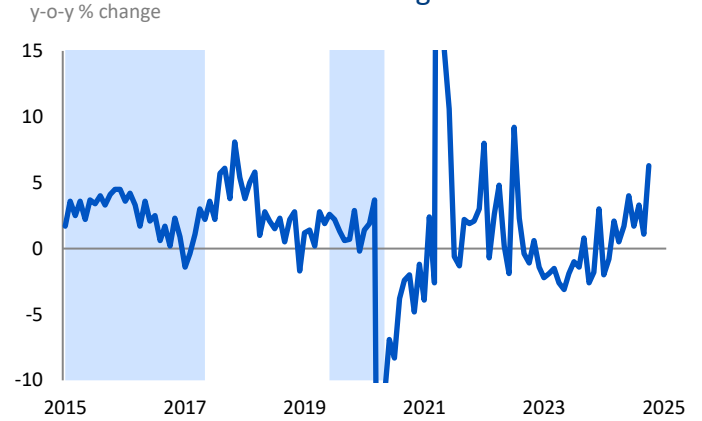
Household consumption

FNB/BER Consumer Confidence Index



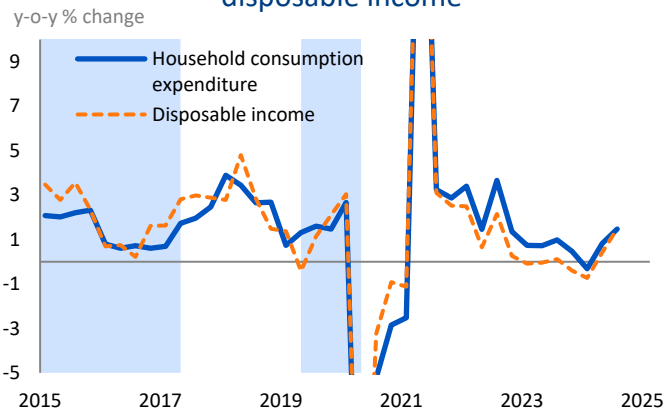
Source: BER

Real retail sales growth



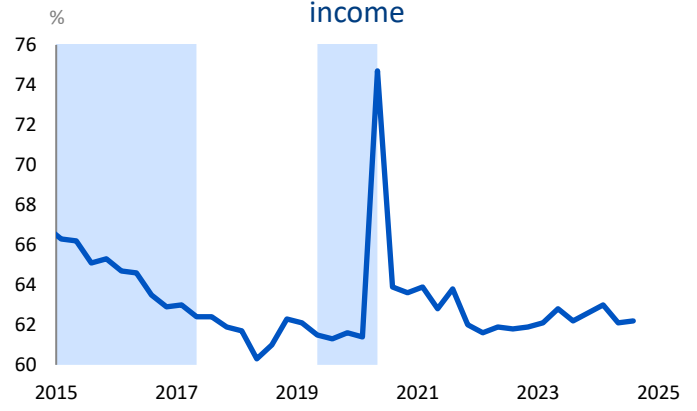
Source: Stats SA

Household consumption and real disposable income



Source: SARB, Stats SA

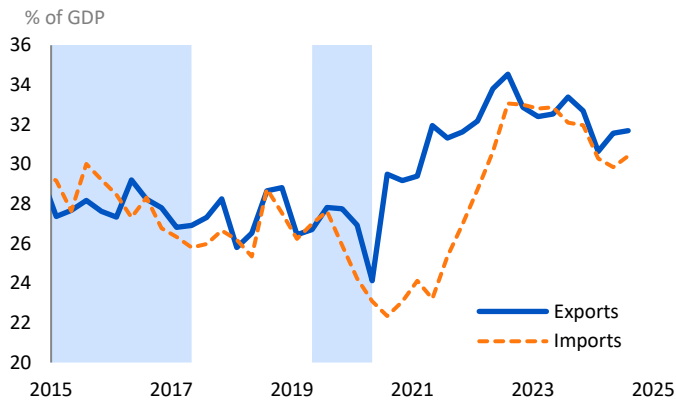
Ratio of household debt to disposable income



Source: SARB

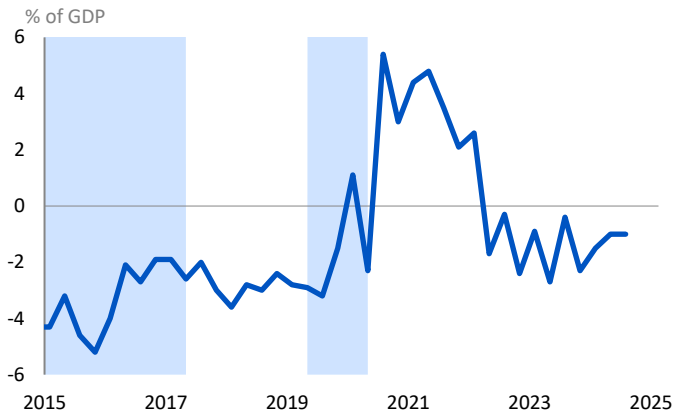
International trade

Imports and exports



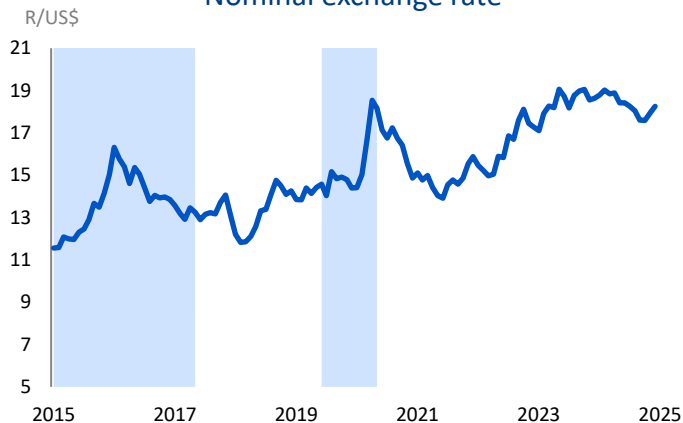
Source: SARB

Current account balance



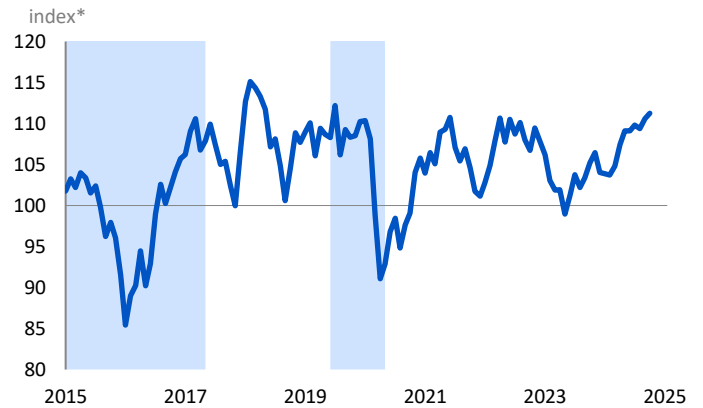
Source: SARB

Nominal exchange rate



Source: DataStream

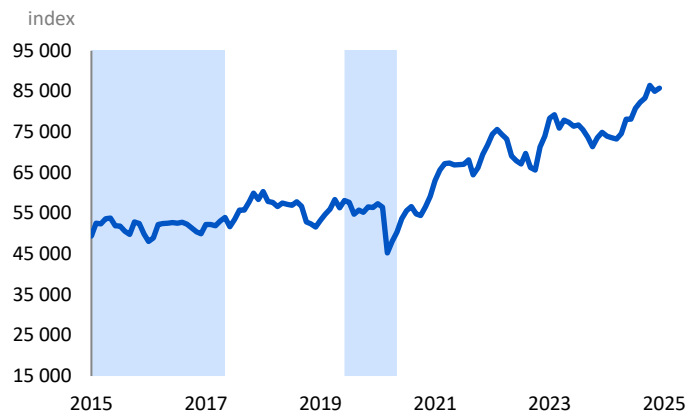
Real effective exchange rate of the Rand



Source: SARB *higher values denote a stronger rand

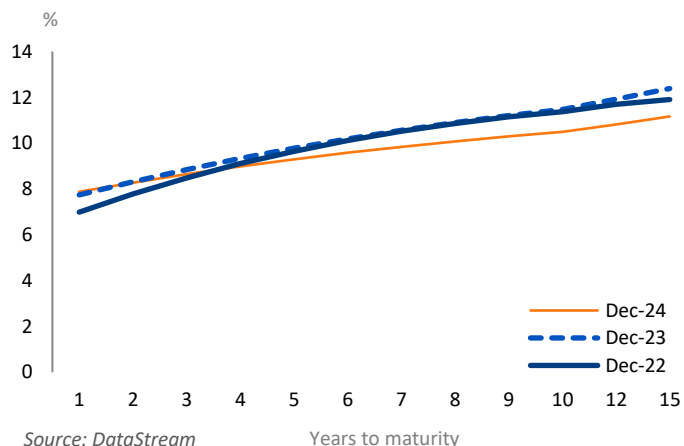
Financial markets

JSE all share index



Source: DataStream

Yield curve comparisons



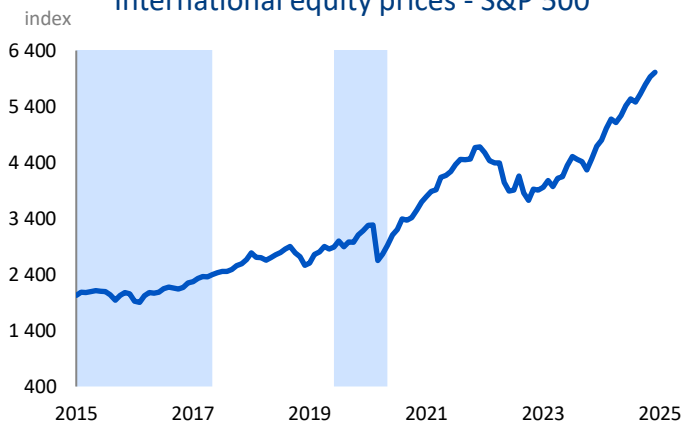
Source: DataStream

Economist all commodities index



Source: Economist

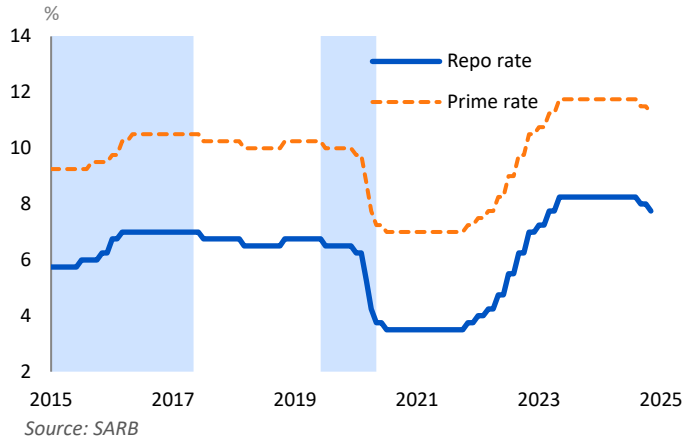
International equity prices - S&P 500



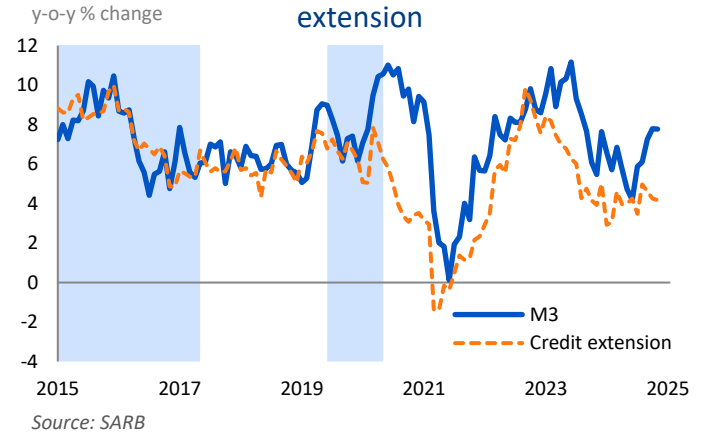
Source: DataStream

Money and prices

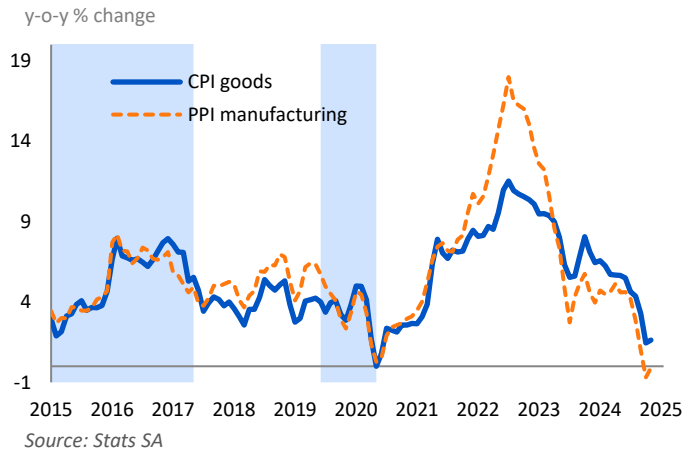
Repo and prime interest rate



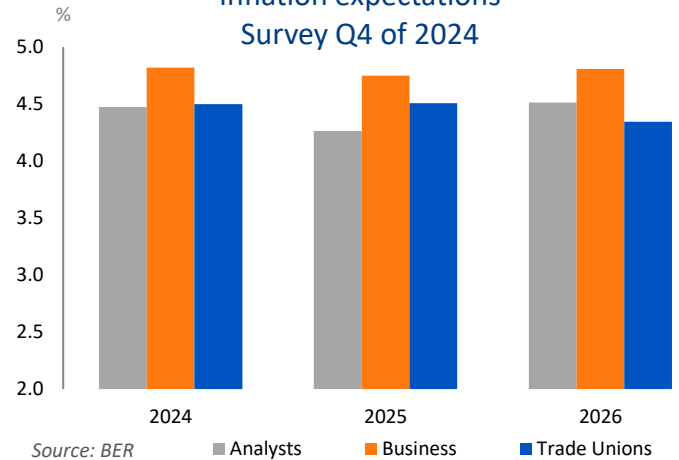
M3 monetary aggregates and credit extension



Consumer and producer prices



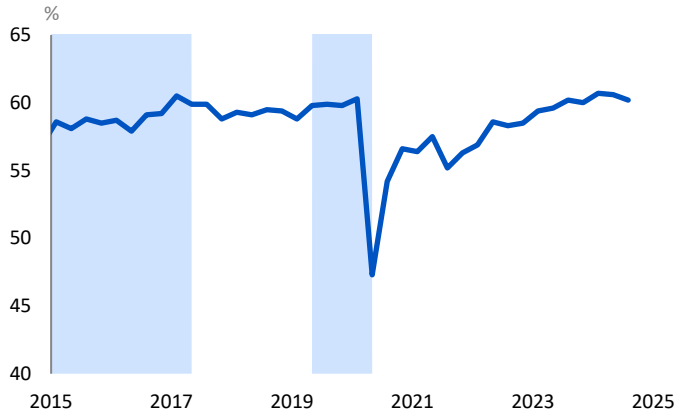
Inflation expectations Survey Q4 of 2024



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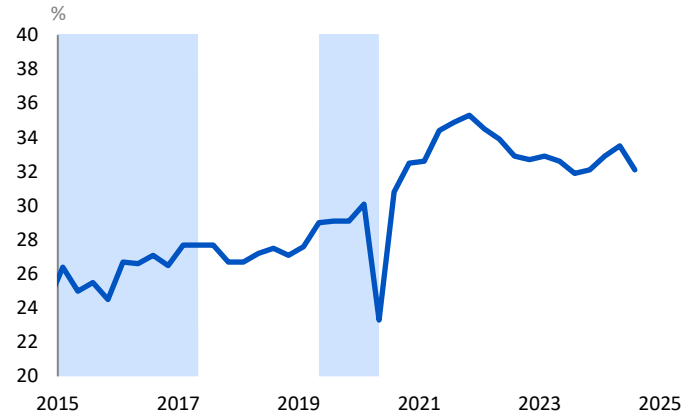
Labour

Labour force participation



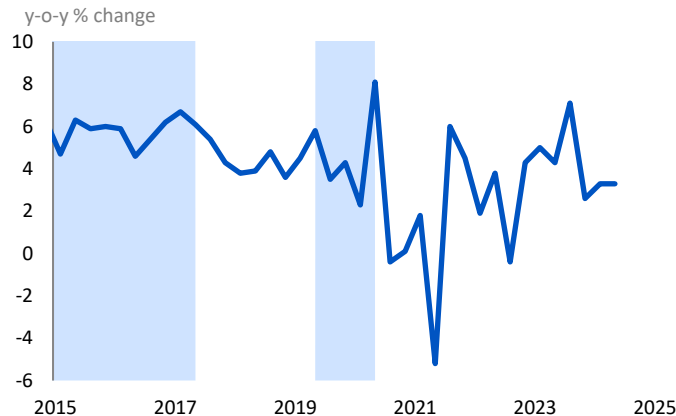
Source: Stats SA

Unemployment rate



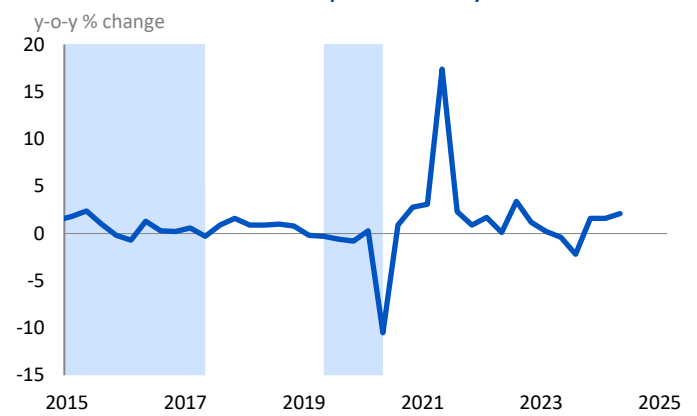
Source: Stats SA

Unit labour cost



Source: SARB

Labour productivity

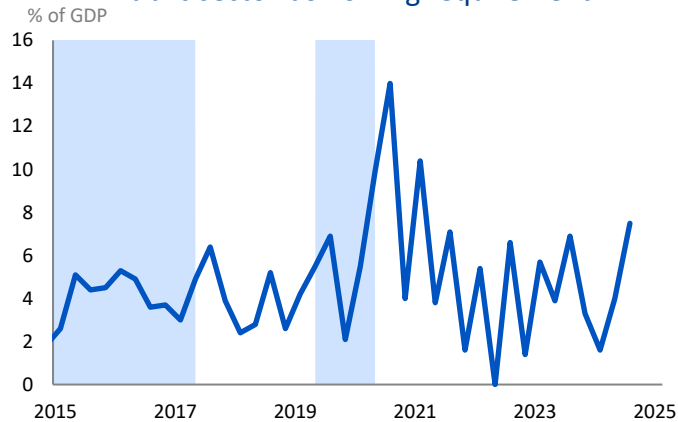


Source: SARB

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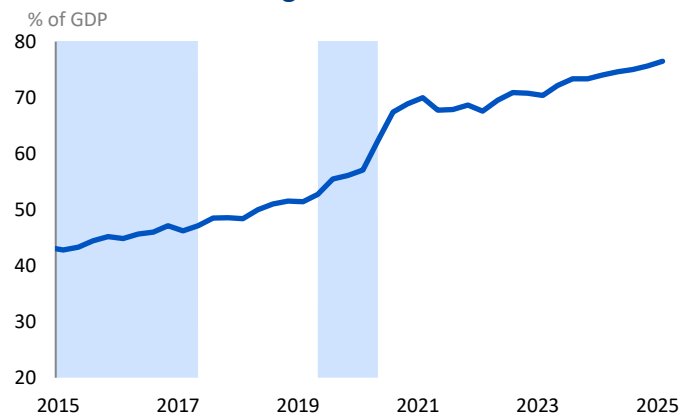
Government

Public sector borrowing requirement



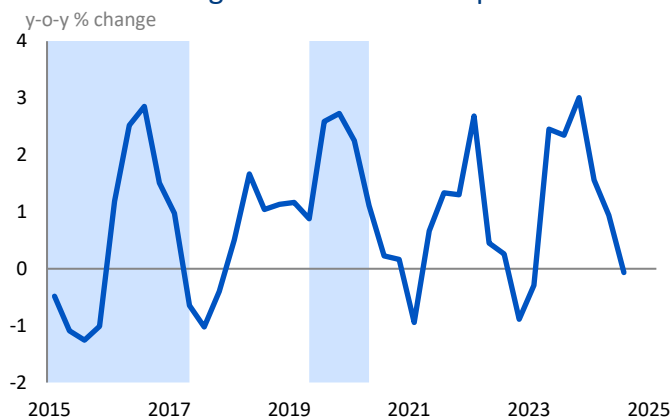
Source: SARB

Gross government debt



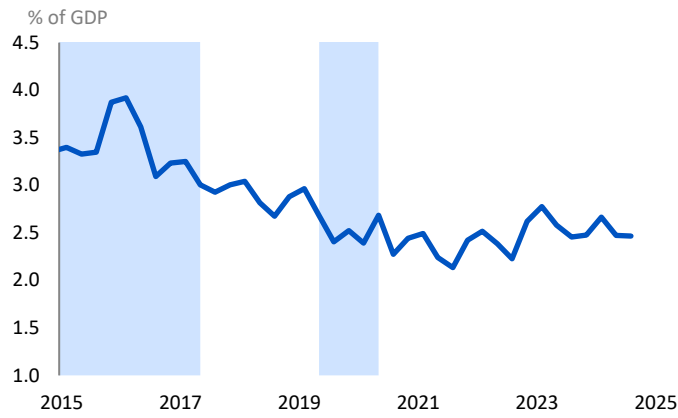
Source: SARB

Real government consumption



Source: SARB, Stats SA

Government fixed investment



Source: SARB, Stats SA

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