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Forecast in a nutshell

Real annual % change*	2025	2026	2027
Final household consumption expenditure	**2.6**	**1.7**	**1.9**
Durable goods	3.9	2.6	2.7
Semi-durable goods	5.1	3.0	2.6
Non-durable goods	1.5	1.2	1.5
Services	2.6	1.6	1.8
Gross fixed capital formation	**-2.2**	**3.1**	**2.2**
Private	-1.5	3.8	2.2
Government	-2.7	1.5	1.8
Public Corporations	-6.1	1.5	2.6
Gross domestic expenditure	**1.8**	**1.9**	**1.7**
Exports of goods and services	-2.1	1.4	3.3
Imports of goods and services	-0.3	2.8	3.3
Gross domestic product	**1.3**	**1.5**	**1.7**
Current account as % of GDP	**-0.7**	**-1.0**	**-1.0**
Interest rates (%, last quarter average)			
3-month NCD rate	7.31	6.57	5.65
10-year government bond yield	9.99	9.47	9.08
Prime overdraft rate	10.50	9.25	9.00
Inflation rates (%)			
Producer prices	1.6	3.2	3.6
Consumer prices	3.3	3.5	3.2
Labour and employment (private and public)			
Nominal wage rate	4.4	3.6	3.4
Employment growth	0.1	1.7	1.6
Exchange rates (Q4 average)			
R/US dollar	17.25	16.90	17.03
R/Euro	20.18	19.94	20.43
R/Pound sterling	23.28	23.49	24.18
R/100 Japanese Yen	11.89	12.16	12.61
Fiscal indicators as % of GDP	**25/26**	**26/27**	**27/28**
Main budget balance	-4.7	-3.7	-3.6
Gross government debt	78.5	79.6	80.4

** unless specified otherwise*

** Unless specified otherwise*

Executive summary[1]

We have upwardly revised our 2025 real GDP growth forecast[2] relative to our July update, largely due to the second quarter data being better than expected. Our view on the medium-term growth trajectory, however, remains largely unchanged. Growth is expected to rise from just above 1% in the near term to around 1.5%. We have made a change to our interest rate forecast relative to July, with rate cuts now helping to lift growth to just above 1.5% rather than hovering below it. The rand is also expected to remain notably stronger than we pencilled in before and reflects a more stable currency in light of a lower inflation target.

Following the better-than-expected Q2 GDP print, we already signalled in our interim forecast update in September that real growth would likely come in around 1.2% in 2025. We have now settled on 1.3%, accelerating to 1.7% by 2027. Consumer spending appears to be slowing as anticipated, yet it remains a key driver of growth. Household expenditure is projected to rise from 1% in 2024 to 2.6% this year, before moderating to around 1.7% over the medium term. Despite the slowdown, it continues to marginally outpace GDP growth over our forecast period. Gross fixed capital formation is forecast to contract once more in 2025, but a recovery to about 3% growth is expected next year. It is important to note that, in level terms, private fixed investment is unlikely to return to pre-COVID levels within the next couple of years.

Net trade and inventory dynamics remain difficult to forecast amid ongoing global trade uncertainty and the effects of front-loading and other disruptions. In the near term, net trade is expected to remain a drag on growth, with growth in gross domestic expenditure (GDE, essentially domestic demand) running slightly ahead of gross domestic product (GDP, which includes exports and subtracts imports). Slow progress on lifting the logistics constraint should aid exports over the medium term.

Overall, the growth picture remains broadly consistent with our earlier view: a welcome near-term upside surprise, but limited structural reform progress constrains the scope for any meaningful upward revision to medium-term growth potential.

We have made more significant adjustments to our inflation, interest rate and exchange rate forecasts. Following our July forecast update, the SA Reserve Bank (SARB) announced during its end-July interest rate meeting that it would prefer to target 3% inflation instead of 4.5% (i.e. the midpoint on the inflation target range of 3-6%). The SARB argues that

[1] A more detailed discussion of the medium-term forecast as well as the risks can be found in **Economic Outlook, November 2025**. Premium Insights clients are advised to rather refer to Outlook instead of Economic Prospects as it contains more information.

[2] The forecast was completed on 29 October 2025. At times, the report refers to developments after 29 October, but the forecast data itself was not updated.

achieving and maintaining lower inflation over time would bring substantial benefits to the SA economy, including a reduced risk premium, improved investor confidence, lower government borrowing costs, and the potential for lower policy interest rates over the long term.

While our (pre-announcement) July forecast had already built in the assumption that inflation would drift towards 3% over the medium term, in line with the SARB's well-communicated intention to move toward a lower target, the official announcement has strengthened our conviction that this adjustment will occur sooner. A formal endorsement from National Treasury would further bolster credibility and facilitate faster convergence toward the new target.

In all, we now see headline consumer inflation averaging 3.3% in 2025 with an expected acceleration to 3.5% in 2026 on the back of base effects and structural factors that keep CPI elevated despite the target change. The target change announcement by the credible central bank does mean that we see inflation expectations drift lower over time, helping to push inflation just over 3% over the medium term.

Lower inflation (forecasts) means that the SARB can cut the policy interest rate in 2026, which is a change from our view before, when we had expected interest rates to remain steady for an extended period with inflation staying higher. We anticipate the first interest rate cut in March, but a firm commitment by National Treasury that it supports the change and/or actual inflation undershooting SARB forecasts could bring this forward. On the other hand, stickier inflation expectations and/or identified risks (e.g. rand, oil price) materialising would be reason for the SARB to wait until later next year before cutting the repo rate. Notwithstanding the starting point, we see scope for the repo rate to be cut by 150bps.

One of the more notable surprises of 2025 so far has been the strength of the rand, supported by a significantly weaker US dollar and improved investor sentiment towards South Africa. As before, we see scope for further rand appreciation through 2026, albeit from a stronger starting point than previously anticipated, with the currency expected to average below R17/USD over the year. While a gradual weakening trend against the dollar is projected to re-emerge over the medium term, the pace of depreciation is now expected to be considerably slower than before.

The shift in the inflation target (from 4.5% to 3%) enhances SA's competitiveness in purchasing power parity (PPP) terms over the longer horizon, reinforcing the case for a stronger real rand. Beyond near-term dynamics, a combination of global and structural factors underpins this improved outlook: the rand continues to benefit from a softer US dollar, firmer terms of trade, and better risk sentiment, while more stable domestic portfolio flows and a diversified external asset base have reduced volatility and strengthened the currency's resilience over time.

Another surprise has been that the global economy, particularly the US, has held up better than feared just after Liberation Day in early April. The concern was that the tariffs announced by US President Donald Trump could tip the US economy into recession and/or fuel inflation, which may necessitate a tightening by the US Federal Reserve. Neither has happened, so far. Part of the reason is that Trump has since backed down on some of his more serious threats and continues to do. While US policy shifts continue to be made on a

whim, financial market reactions are less pronounced and equity markets are at/near record high levels. The US dollar has, however, remained weaker across the board since Liberation Day.

Uncertainty around trade policy remains a more permanent feature of the global economic landscape. Rather than disappearing, such uncertainty has become embedded, with firms and countries adjusting to this “new normal.” Tensions surrounding critical technologies, most importantly rare earths and semiconductors, has escalated. This predates the current Trump administration and underscores a broader, systemic competition for technological autonomy and economic security that extends well beyond the US-China bilateral relationship.

The US Federal Reserve is focusing on the employment component of its dual mandate and has restarted a rate-cutting cycle amid signs of a cooling labour market. (The expectation of) lower interest rates continues to put downward pressure on the dollar, but coupled with fiscal benefits kicking in next year, should keep US growth supported through 2026. The now month-long government shutdown is set to weigh on Q4 growth, however. The Eurozone is sputtering along, with plenty of potential upside from big fiscal spending plans on defence and infrastructure not (yet) filtering through to faster growth. The Chinese economy is slowing, although not as fast as feared when the US-China trade war started and should still hit its ‘about 5% growth target’ in 2025.

The gold price as well as the prices of platinum group metals (PGM) are up by about 60-80% since the beginning of the year. Factors that have spurred a flight to safety into precious metals for a large part of this year (US tariff policy, geopolitical uncertainty, central bank gold purchases and persistent dollar weakness) remain in place and are expected to spill over into 2026 – so while the continued surge is expected to abate, prices are expected to remain relatively high. For South Africa, elevated precious metal prices provide an important cushion for export revenues and the current account. They also support government revenue through higher mining-related tax receipts.

The near-term fiscal picture is more positive than we anticipated before, with revenue holding up well and expenditure seemingly in check. We do not expect major surprises in the Medium Term Budget Policy Statement, however, unlike what the Treasury’s forecast will likely reflect, we do not see debt to GDP stabilise over the near term but rather trend slightly up.

Positive for SA inflation and net trade dynamics is that the oil price has trended lower from 2024. A continued supply surplus is expected to keep Brent crude prices closer to $60/bbl than $70/bbl. However, risks remain, including renewed hostilities between Israel and Hamas, disruptions in the Red Sea, or further reductions in Russian refining capacity and/or a decrease in Russian oil supply to the global market.

Overall, the near-term outlook for SA has improved modestly. Nonetheless, persistent structural constraints and slow reform progress, fiscal vulnerabilities, and uncertainty around global trade policy continue to limit the upside to medium-term growth.

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Introduction[3]

South Africa's (SA) economy entered the second half of 2025 under sustained pressure, yet with emerging signs of structural adjustment and policy recalibration. Growth was better than expected in the second quarter of 2025, but fixed investment remains the Achilles heel. Positively, inflation continued to moderate, creating conditions for a gradual shift in the policy stance that could support a recovery in 2026.

The SA Reserve Bank's formal announcement of its intention to target 3% inflation, down from the previous 4.5% midpoint, has reshaped the macroeconomic outlook and we have adjusted our forecast accordingly. The move has the potential to lead to more interest rate cuts. Although growth momentum remains weak in the near term, lower inflation and the prospect of monetary easing create a foundation for more balanced, sustainable expansion. While financial markets have now priced in the change, the policy communication and institutional alignment around it remain fragile.

Fixed investment and employment remain the economy's weakest links. Capital formation has continued to disappoint, weighed down by slow public-sector delivery, energy bottlenecks, and investor caution. Meanwhile, labour market conditions deteriorated further in 2025Q2, with only modest private-sector job gains offset by losses in the public and informal sectors. The combination of soft demand and structural inefficiencies continues to limit employment creation and potential output.

Nevertheless, several positive dynamics are emerging. A firmer rand, stronger terms of trade, easing supply-side constraints, and rising renewable energy investment are helping to stabilise confidence. Together with improving global conditions, these factors point to a gradual recovery in growth from late 2025 into 2026, provided domestic reforms maintain momentum and fiscal discipline holds.

The sources of uncertainty remain broadly unchanged, although their nuances have evolved. Some global risks have become more entrenched (notably US policy unpredictability) while others have partially receded. US President Donald Trump continues to make sweeping policy shifts, often unpredictably, but financial markets have learned that not all his announcements translate into actual policy changes. Global geopolitics remain in flux: the Gaza ceasefire remains fragile, while the Russia–Ukraine conflict continues without a clear path to resolution. Domestically, there was less political drama, and while the Government of National Unity (GNU) remains intact, policy coherence and the execution of reforms remain key sources of uncertainty.

[3] This report was completed on 7 November 2025 (the forecast was completed on 29 October 2025). A more detailed discussion of the medium-term forecast as well as the risks can be found in **Economic Outlook, November 2025**. Premium Insights clients are advised to rather refer to Outlook instead of Economic Prospects as it contains more information.

Domestic outlook

We have made an upward revision to our near-term GDP growth forecast. The revision primarily reflects a better-than-expected outcome in 2025Q2, with a slight upward revision in consumer spending going forward. More pronounced changes to our forecast are to inflation, interest rate and exchange rate forecasts – with the adjustments being interlinked.

"LOW INFLATION BEGETS LOWER INTEREST RATES"

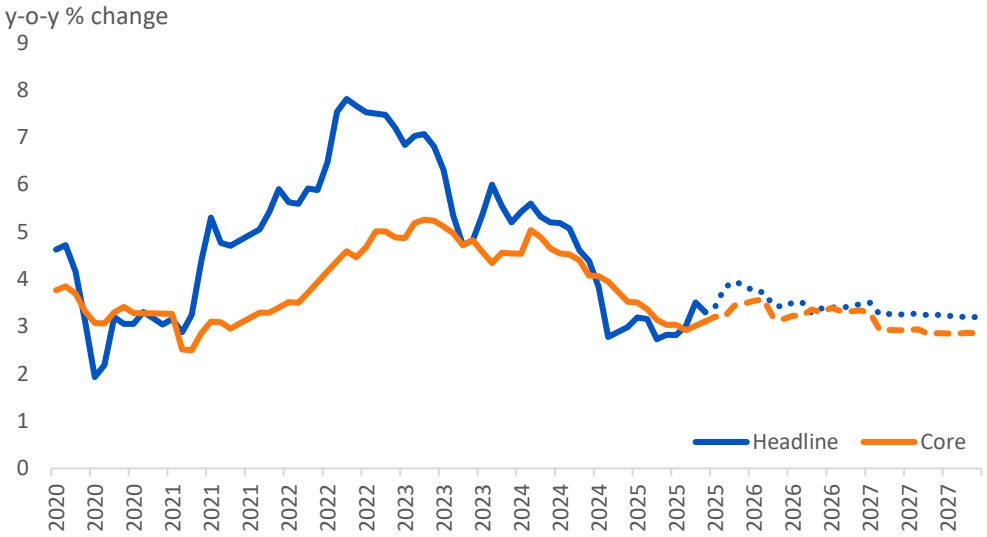
Following our July forecast update, the SARB announced during its end-July interest rate meeting that it would prefer to target 3% inflation instead of 4.5% (i.e. the midpoint on the inflation target range of 3-6%). The SARB argues that achieving and maintaining lower inflation over time would bring substantial benefits to the SA economy, including a reduced risk premium, improved investor confidence, lower government borrowing costs, and the potential for lower policy interest rates over the long term.

While our (pre-announcement) July forecast had already built in the assumption that inflation would drift towards 3% over the medium term, in line with the SARB's well-communicated intention to move toward a lower target, the official announcement has strengthened our conviction that this adjustment will occur sooner. A formal endorsement from the National Treasury would further bolster credibility and facilitate faster convergence toward the new target. National Treasury and SARB have indicated that an announcement on the new target would follow as soon as practically possible, but for all intents and purposes, the SARB is calibrating policy to achieve 3% inflation by the end of its forecast period (2027).

The target change announcement by the credible central bank means that inflation expectations drift lower over time, helping to push inflation just over 3% over the medium term. Fortunately for the SARB (and the reason for the opportunistic timing of the announcement), inflation is currently very close to 3% and actually came in below 3% for a three-month streak earlier this year. While high administrative price increases remain a challenge, this does show that low inflation is possible – bolstering the case for locking in lower inflation while we are close to 3% 'anyway'.

Still, we see inflation drift a little higher in the coming months. We see CPI move close to 4% in 2025Q4 as the drag from earlier double-digit declines in fuel prices lessens. Fortunately, the peak in food price inflation seems to be behind us, although meat price increases remain elevated. A renewed outbreak of foot and mouth disease, or other animal diseases, present a key risk to an otherwise moderating food inflation outlook. Prospects for good local harvests are supportive of grain and fruit prices. In all, we now see headline consumer inflation averaging 3.3% in 2025 with an expected acceleration to 3.5% in 2026 on the back of base effects and structural factors that keep CPI elevated despite the target change.

Figure 1: Headline and core inflation set to drift lower after near-term bump



Source: Stats SA, BER

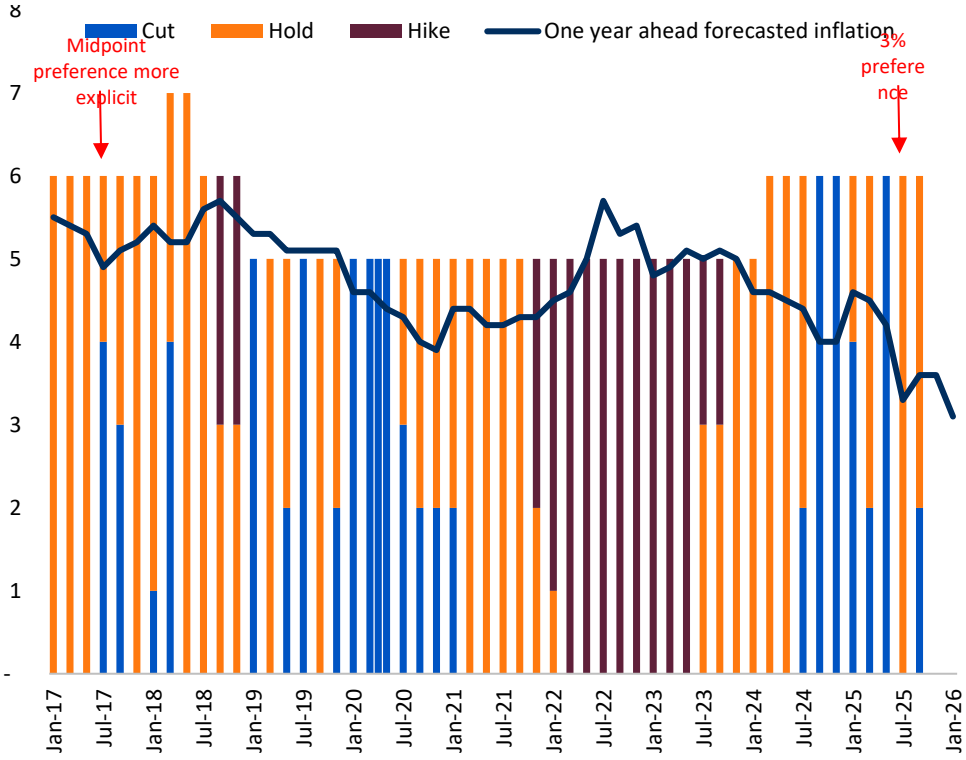
Lower inflation (forecasts) means that the SARB can cut the policy interest rate in 2026, which is a change from our view before, when we had expected interest rates to remain steady for an extended period with inflation staying higher. We anticipate the first interest rate cut in March, but a firm commitment by National Treasury that it supports the change and/or actual inflation undershooting SARB forecasts could bring this forward. The 2025Q4 BER inflation expectation survey will be insightful, and a positive outcome (i.e. expectations continuing to move lower even if inflation rises) could bring the first cut forward to January.

On the other hand, stickier inflation expectations and/or identified risks (e.g. rand, oil price) materialising would be reason for the SARB to wait until later next year before cutting the repo rate. Importantly, we consider all upcoming MPC meetings (including November) as "live" and expect split decisions despite all MPC members being fully on board with targeting the lower end of the 3-6% target band.

Notwithstanding the starting point, we see scope for the repo rate to be cut by 150bps in total.

The current 3% preference can be better understood by looking back at the 4.5% midpoint preference signalled in July 2017. While the earlier shift was subtle and focused on improving communication and guiding expectations, the 3% preference carries greater significance as it coincides with discussion around officially lowering the inflation target—signalling a potentially more structural and "aggressive" policy stance. However, 3% remains within the existing 3–6% target band, meaning the MPC is still well within its policy mandate. It is also notable that, as in 2017, no formal announcement from the finance minister was required. When it comes to repo rate decisions, the figure below shows that the MPC looks at one-year ahead forecasted inflation, followed by inflation expectations, and, lastly, current inflation - unless the latter shows signs of a persistent shock.

Figure 2: MPC member voting pattern



Source: SARB, BER research

Rand could be stronger still

One of the more notable surprises of 2025 so far has been the resilience and strength of the rand, supported by a significantly weaker US dollar, improved investor sentiment toward SA, and sustained inflows into local bond and equity markets. The rand's performance has exceeded expectations, reflecting both global and domestic factors, including a narrowing current account deficit, reduced political uncertainty, and a credible disinflation path under the SARB's renewed policy framework.

Global forces explain much of the rand's current strength. The currency continues to move closely with the US dollar, global risk appetite, and commodity-linked terms of trade. A softer dollar, subdued global volatility, and improved local trade balance have all supported the rand, which has tracked closely with its commodity-exporting peers. US inflation has remained broadly in line with expectations, keeping the Fed's rate-cutting path intact, while SA's relatively high real interest rates and improving growth outlook further enhance the currency's appeal.

As before, we still see scope for further rand appreciation through 2026, albeit from a stronger starting point than previously anticipated. The currency is now projected to average below R17/$ for the year. While we continue to expect a gradual depreciation trend against the dollar to re-emerge over the medium term as US interest rates normalise and the global dollar cycle turns, the pace of weakening is expected to be materially slower

than in previous forecasts. This implies a more supportive external backdrop for domestic inflation and real interest rates, reinforcing the disinflationary environment.

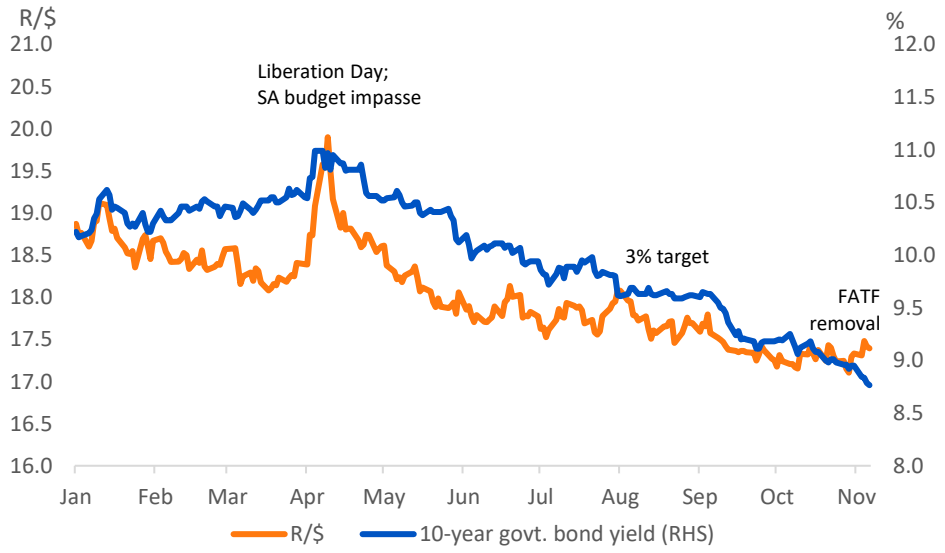
The shift in the inflation target (from 4.5% to 3%) also has meaningful long-term structural implications for SA's competitiveness and macroeconomic stability. A lower and more credible inflation anchor improves SA's standing in purchasing power parity (PPP) terms, supporting a stronger real rand over time.

Deeper and more stable local capital markets are helping to reduce exchange rate volatility and strengthen resilience to external shocks. Domestic portfolio shifts, including greater offshore diversification by pension funds and institutional investors under the revised Regulation 28 framework, have broadened SA's external asset base and reduced the currency's sensitivity to short-term capital flow reversals. This has helped transform the rand from one of the most volatile EM currencies in the mid-2010s to one of the most stable by 2025, as reflected in recent risk-reversal metrics.

That said, caution remains warranted. The rand has outperformed most EM peers this year and may be due for a correction. Near-term risks include the possibility of a SARB rate cut at the November MPC meeting, a delay in the US rate-cutting cycle, or weaker-than-expected trade data. Seasonal patterns also tend to weigh on the rand between September and November due to importer demand. A reversal of capital inflows, geopolitical tensions, or renewed uncertainty around global tariffs and SA–US relations could similarly limit or reverse gains.

Even so, the balance of evidence suggests a more constructive long-term outlook. The combination of a softer global dollar, firmer commodity-linked terms of trade, and improving domestic fundamentals positions the rand for relative stability, and possibly further strength, into 2026 and beyond.

Figure 3: Rand and SA government bond yield performance (2025YTD)



Source: Refinitiv

TARGET SHIFT SHOULD BE REFLECTED IN THE FISCAL NUMBERS

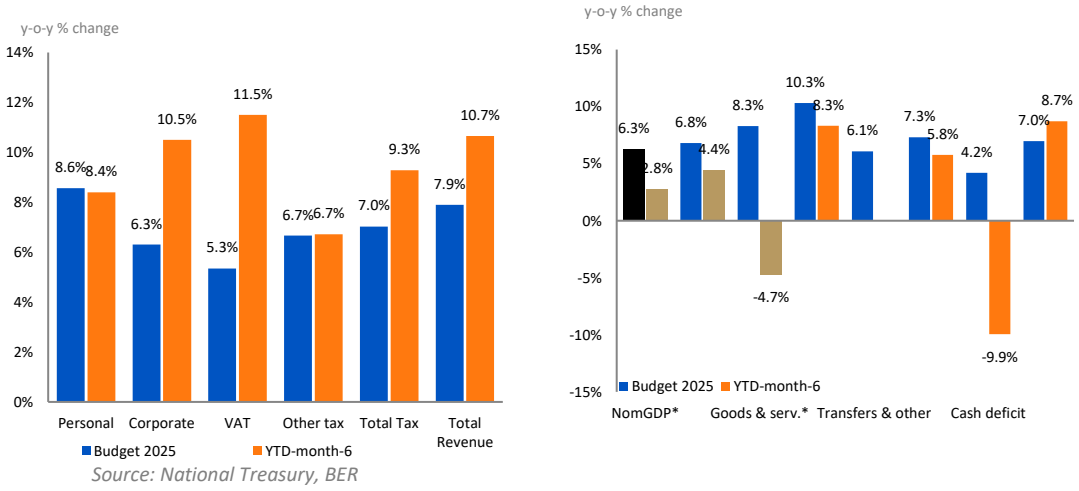
The National Treasury is set to present its medium term budget policy statement (MTBPS) on 12 November. Coming just six months after the May national budget, it will update the government's macroeconomic and fiscal projections as well as provide three-year rolling budget forecasts. Writing recently in the Sunday Times, National Treasury director general Duncan Pieterse has said the government is "on track" to show a growing primary budget surplus (where revenue exceeds non-interest expenditure) for the third consecutive year and that it "plans to deliver" on its commitment to stabilise the debt-to-GDP ratio at around 77% of GDP in the current fiscal year.

The SARB's preferred target change came after the May budget. We have mentioned the risks associated with the target change above, but it is worth stressing that if MTBPS makes no reference to the target change (be it by announcing it will incorporate it going forward or by its forecasts reflecting the change), it could undermine the credibility of the statement and worse, the Treasury and SARB.

The inflation target and inflation forecast matter for fiscal policy. Lower inflation should result in lower nominal GDP, the most important macroeconomic variable on which the national budget depends. Expected tax revenues are directly connected to the size of nominal GDP, and potential expenditure, which depends on potential revenue, are indirectly linked. Expenditure is also linked to the lower inflation target through the interest rate, which the government pays on its debt (this interest rate rests on top of the inflation rate). With inflation now expected to be 150 bps lower in the long run, nominal GDP and the interest rate on government bonds are also expected to be around 150 bps lower. This has a profound impact on government finances, especially in the long run due to the lower interest rates.

In terms of our forecast, we still assume that it will continue to be fiscally restrictive, aiming to restrict the surge in government debt as a ratio of GDP. An important expenditure lever will be public sector wage increases. While the near-term increases are settled, we have made the assumption that wages will increase by CPI (i.e. 3%) + 1 in coming years. It is unlikely that the government will be able to settle for less than that, but any upward surprises will have negative implications for our debt-to-GDP forecast unless the government manages to cut back on other expenses (which is unlikely). Coupled with an expected lower inflation profile, we expect government expenditure to grow at an average rate of 5% from 2025 to 2030, which is very close to nominal GDP growth over the same period (4.8%).

Figure 4: Budgeted vs YTD revenue (left) and expenses



Source: National Treasury, BER

Our outlook is that the current over-performance of corporate tax and VAT will be temporary and it will normalise beyond 2025. The higher effective personal tax rate will support total revenue. There is some scope for more tax increases such as on fuel and sin taxes. Beyond this year, we anticipate total revenue to grow on average by 6.2% annually over the 5-year forecast horizon, which is above nominal GDP growth.

CONSUMER SHOPPING SPREE CONTINUES

Real consumer spending expanded by an impressive 0.8% q-o-q (seasonally adjusted) during 2025Q2. This was up from an upwardly revised 0.5% q-o-q in 2025Q1. In annual growth terms, real household consumption eased slightly from a red-hot 3.2% y-o-y in 2025Q1 to (a still robust) 2.8% in 2025Q2. The 3.0% y-o-y growth in real consumer spending during the first half of 2025 stands in sharp contrast to the exceedingly poor performance of the other GDP components, with *contractions* of 3.0% y-o-y recorded for real fixed investment in 2025H1, 3.2% y-o-y for real exports and 1.3% y-o-y in real government consumption.

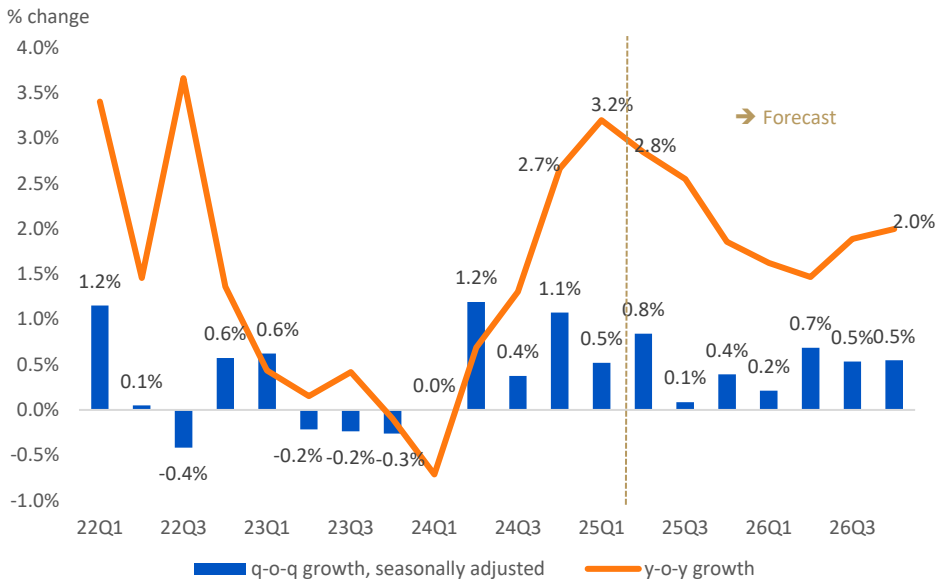
The strong second quarter performance of the consumer sector can be ascribed to low inflation, further interest rate cuts and renewed two-pot retirement spending. The CPI inflation rate slowed from 3.0% to 2.8% in 2025Q2, but the private consumption deflator estimate came in at an even lower rate - down from 1.9% in 2025Q1 to an exceptionally low 1.5% in 2025Q2 – boosting Statistics SA's estimate of *real* household expenditure.[4] Meanwhile, according to SARS, retirement fund members withdrew a massive R57bn from their savings accounts between September 2024 and June 2025. After adjusting for the R15bn in tax paid on these funds, this amounts to a (very significant) boost of 1.2% to consumer spending over the last year.

[4] The growth in nominal consumer spending was fairly muted during 2025H1 (down from 5.1% y-o-y in 2025Q1 to only 4.4% in 2025Q2). Part of the strong real growth performance on the consumer side comes from a low private consumption deflator estimate. The private consumption deflator generally tracks the CPI inflation rate well over time, but this deflator is currently very low (1.5% in 2025Q2) relative to the CPI inflation rate (2.8%). Should this gap start to close again (i.e., through a private consumption deflator that moves back towards the CPI), this could put downward pressure on the growth in real consumer spending.

Another standout development on the consumer side is the soaring real growth rate for the miscellaneous goods and services category (8.7% y-o-y in 2025Q2, up from 8.0% in 2025Q1). This category accounts for 12.5% of consumer spending and includes consumer spending on insurance (about 60% of the category), financial services (15%), personal care (10%) and other services. Anecdotal evidence suggests that consumer spending on finance and insurance is indeed shooting the lights out, with the earnings of companies like Capitec, Discovery, Santam and Old Mutual surging during the first half of 2025. The positive performance of the services sector points to broad-based strength on the consumer side. The latest retail and new vehicle sales data suggest that the consumer shopping spree extended into the start of the third quarter, with real retail sales up 4% y-o-y and new vehicle sales increasing by 21% y-o-y on average during July and August.

Given the sustained strong performance of the consumer sector in recent months, coupled with a downward revision to our inflation forecast and earlier interest rate cuts relative to our July forecast, we have made an upward revision to our near-term real consumer spending forecast. The BER now projects growth in real consumer spending to accelerate from 1.0% in 2024 to 2.6% in 2025 (up from 2.4% projected in July), before easing to 1.7% in 2026 (marginally up from 1.6% forecast in July). With 150bps of interest rate cuts now pencilled in for 2026 and the first half of 2027, the growth in real consumer spending is expected to reaccelerate to 1.9% during 2027

Figure 5: Growth in real consumer spending forecast to ease as two-pot base effects kick in



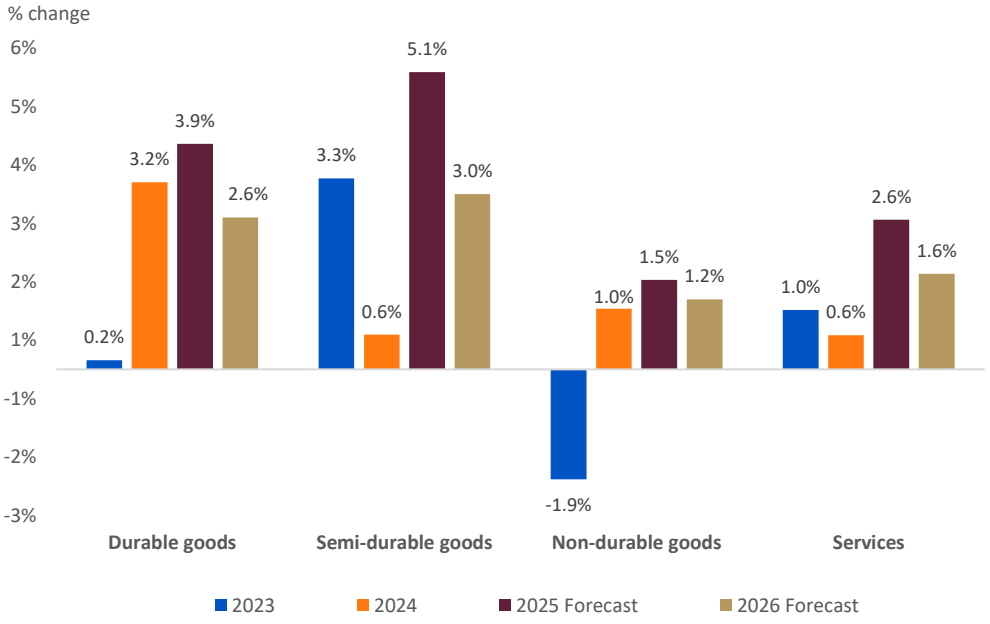
Source: Statistics SA and BER forecasts

Bolstered by interest rate cuts, two-pot withdrawal spending and higher consumer confidence levels for the high-income group since the second half of 2024, the growth in real durable goods expenditure jumped from 0.2% in 2023 to 3.2% in 2024 and is forecast to accelerate further to 3.9% in 2025. The recent appreciation in the rand exchange is also helping to keep the lid on the prices of imported durable goods, boosting affordability. Furniture & household appliances, transport equipment and recreational & entertainment goods appear to be the fastest growing durable goods categories. Given that we believe the

durable goods category to be the biggest beneficiary of the two-pot pension fund spending, we expect the growth in durable goods to moderate going forward (despite further interest rate cuts projected for 2026/27). Nevertheless, our forecast for durable goods growth was revised upward to 2.6% in 2026 from our July projection of 1.8% (due to our revised interest rate forecast).

Semi-durable goods sales are posting a strong rebound following surprisingly weak clothing & footwear and car tyres & part sales in 2024. The growth in semi-durable goods sales volumes is forecast to soar from 0.6% in 2024 to a mighty 5.1% in 2025, before easing to (a still robust) 3.0% in 2026.

Figure 6: Annual growth in real consumer spending by main category



Source: Stats SA, BER

The growth in non-durable goods recovered from -1.9% in 2023 to 1.0% in 2024 and is forecast to improve further to 1.5% in 2025. However, rising food inflation in the first nine months of the year slowed momentum and real non-durable goods sales growth is expected to slow to 1.3% in 2026.

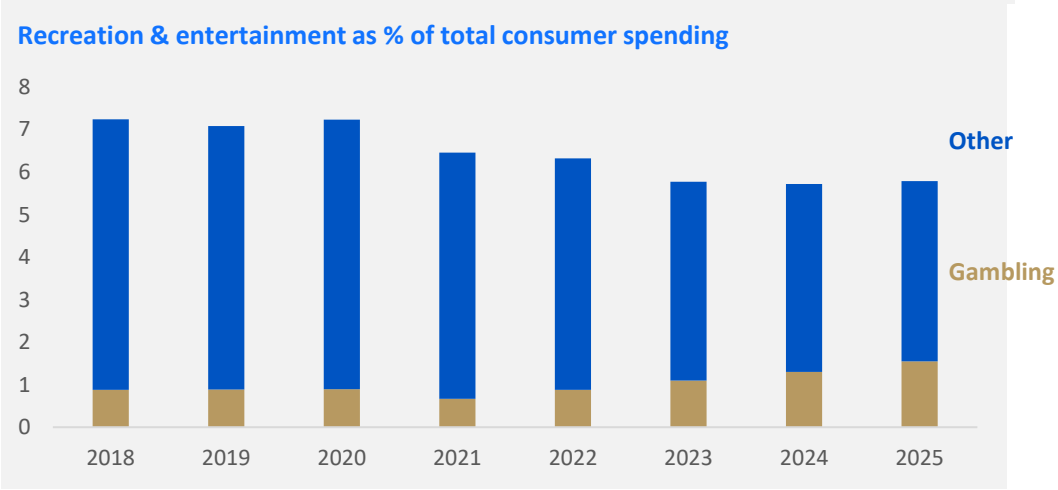
The growth in real services spending is forecast to jump from 0.6% in 2024 to 2.6% in 2025. Consumer spending on finance & insurance, restaurants & hotels, communication, health care and recreation & entertainment services is performing particularly well.

SA SPORTS BETTING AND CONSUMER SPENDING

Online betting has rapidly transformed SA's gambling landscape. In 2024/25, total gambling turnover reached an estimated R1.5 trillion, up from R1.1 trillion the previous year — equivalent to around 31% of total consumer spending and 0.8% of GDP. However, roughly 95% of this figure represents recycled winnings, with operators retaining only 5% as gross gambling revenue (GGR).

even so, GGR increased sharply from R52 billion to R75 billion in the past year — a rise of 26%, following similar growth in 2023/24. Betting (predominantly online) has overtaken casinos as the largest source of gambling activity, with GGR's share of total consumer spending nearly doubling from 0.9% in 2022 to 1.5% in 2025.

Within recreation and culture, gambling's share has surged from 12% before the pandemic to 27% in 2025, while the broader recreation and culture category has shrunk from 7.2% to 5.8% of total spending. This indicates that the rise in betting has largely come at the expense of other forms of entertainment rather than essential goods such as food, clothing, or healthcare.



Source: National Gambling Board, Stats SA, BER calculations

In all, real consumer spending continues to carry overall GDP growth in SA. While low inflation and declining interest rates have bolstered the purchasing power of households, one should not underestimate the magnitude of the (temporary) boost that the two-pot pension fund system provided. Two-pot base effects are bound to kick in from 2025Q4 and could potentially shave a full percentage point off the annual growth in real consumer spending. Although interest rates are forecast to come down in tandem with lower inflation in the medium term, government finances remain constrained, pointing to tight fiscal policy going forward (i.e., slow growth in government consumption and social grants expenditure and higher personal income taxes).

FIXED INVESTMENT REMAINS THE LYNCHPIN OF SUSTAINED ECONOMIC GROWTH

Despite upward revisions to the Q1 data, fixed investment remained weak in 2025Q2, underscoring the continued fragility of SA's capital formation. Stats SA's latest release revised Q1 investment upward by R1.6 billion, softening the contraction from -1.7% to -1.5%. Most of the improvement stemmed from public corporations' investment, which rose by R9.5 billion and was revised from 13.8% to 27.2% growth. The increase was largely attributable to one state-owned enterprise accelerating winter-related infrastructure spending. General government investment was also revised up by around R0.4 billion due to higher spending on transport and logistics, human settlements, and water and sanitation. However, private business investment was revised down by R8.4 billion, deepening the

contraction to -6.3% (previously -4.5%), reflecting widespread project execution issues, delays, and cancellations.

Total fixed investment again underperformed in 2025Q2, declining by 1.4% q-o-q after a 1.5% contraction in Q1. Private sector capital expenditure rebounded by 5.6% in Q2 after the steep drop in Q1, maintaining its dominant share of just over 70% of total fixed investment. This share had temporarily fallen to 68.5% in Q1, the lowest since the height of COVID (2020Q2), due to weakness in private activity rather than structural shifts. Following a strong rebound between 2021 and 2023, private investment momentum has softened amid persistent cost pressures, infrastructure bottlenecks, and elevated uncertainty. Government investment remains steady but subdued, pointing to ongoing fiscal constraints and project implementation challenges.

In real terms, public investment has been broadly flat since early 2021, highlighting limited progress on infrastructure expansion outside of public–private partnerships (PPPs). Public corporations' investment remains the smallest and most volatile component of gross fixed capital formation (GFCF). After surging by 27.2% in Q1, it contracted by a steep 33.5% in Q2, underscoring the financial and operational instability of state-owned enterprises. Overall, total fixed investment fell by 3.4% y-o-y in Q2 after modest growth of 0.7% in Q1, leaving capital formation well below pre-pandemic levels.

The decline remains broad-based across asset types. Encouragingly, the largest category, machinery and other equipment, has been contracting at a slower pace for five consecutive quarters. This asset class, which accounts for roughly 42% of total fixed investment, is showing renewed momentum driven mainly by energy-sector spending. Renewable energy projects under the REIPPP and the rapid expansion of private solar installations continue to underpin this recovery. Machinery and equipment investment grew by 0.6% in Q2 after contracting by 1.2% in Q1.

Building and construction works represent about one-third of total fixed investment, dominated by civil construction, followed by residential and non-residential buildings. Investment in construction works rose by 0.3% in Q2 after a 3.7% decline in Q1, while residential investment fell marginally for a fourth consecutive quarter (-0.1%) amid persistent housing market weakness. Non-residential building investment declined by 3.6% after a brief rebound in Q1. Investment in transport equipment, which accounts for around 11% of total fixed investment, continued to contract for a third successive quarter (-2.3% q-o-q).

NERSA data indicate a robust pipeline of renewable energy projects that should continue to support fixed investment, particularly in the machinery and equipment category. As of September 2025, registered renewable capacity had already surpassed the 2023 record, reaching about 5 230 MW. Although these projects typically take three to five years to complete and there is limited clarity on when capacity will connect to the grid, the data nevertheless point to sustained investment and commitment in the energy sector. Solar PV projects remain dominant, though wind energy investment is expanding rapidly.

Private residential investment, which accounts for roughly 96% of total residential construction, continued to contract sharply, falling 12.9% y-o-y in 2025Q2 after an 8.4% decline in Q1. This was the ninth consecutive quarterly decrease. Weak national house

price growth and subdued mortgage advances continue to discourage new developments. Building plans passed by large municipalities fell by 4.6% y-o-y (6.4% in real terms) between January and August 2025, highlighting persistent softness in the building sector. Non-residential building plans dropped 15.7%, while additions and alterations increased by 6%, albeit from a small base. Commercial property activity shows mixed performance, stronger in Cape Town, where demand exceeds supply, but weaker in Johannesburg, where vacancy rates remain elevated.

Looking ahead, total fixed investment is expected to contract again in 2025, reflecting weak private-sector confidence, fiscal limitations, and ongoing volatility in public corporation spending. Both government and public corporation investment are projected to recover only in 2026. Modest improvements in real house prices relative to building costs could, however, provide some support to residential investment next year. Overall, persistent project delivery bottlenecks, limited fiscal capacity, and policy uncertainty remain key obstacles to a sustained investment recovery.

JOB GROWTH REMAINS (TOO) SLOW

Labour market conditions remained weak in 2025Q2. According to Stats SA's latest Quarterly Labour Force Survey (QLFS), the official unemployment rate rose by 0.3 percentage points to 33.2%, with 8.4 million people unemployed. The expanded unemployment rate eased slightly to 42.9%, as more previously discouraged job seekers re-entered the labour market. Although total employment increased marginally by 19 000 jobs in Q2, this followed a sharp 291 000 decline in Q1, leaving overall job creation stagnant.

Job gains were concentrated in the formal non-agricultural (+34 000) and private household (+28 000) sectors, but these were offset by job losses in the informal (-19 000) and agricultural (-24 000) sectors. The labour force participation rate edged up to 60.2%, while the absorption rate slipped to 40.2%, signalling that employment growth continues to lag behind labour force expansion. Long-term unemployment has deepened further, with nearly three-quarters of unemployed individuals now jobless for a year or more.

By industry, employment growth was limited to a few sectors, notably trade, private households, construction, and mining, while manufacturing, finance, transport, and community services recorded job losses. The weakness in community and social services largely reflects reduced public sector hiring and constrained fiscal space.

Stats SA's Quarterly Employment Survey (QES) painted a similarly subdued picture, showing that total formal employment declined by 80 000 jobs (0.8%) to 10.5 million in Q2. Full-time positions accounted for more than half of the losses, with only the mining and utilities industries recording quarterly gains. The community and social services sector experienced the largest headcount decline, driven mainly by lower employment across all levels of government.

Gross earnings rose modestly by R2.2 billion (0.2%) q-o-q, supported by higher basic salaries and wages despite reduced bonus payments. Average monthly earnings increased by 3.4% y-o-y in May 2025, led by strong wage growth in the mining sector**.**

Employment prospects remain muted. Total employment is projected to grow by less than 1% in 2025 as the economy continues to face structural constraints and subdued demand. Private sector employment expanded by 2.5% y-o-y in Q2, but this was offset by an 8.8% contraction in public sector jobs. Government employment is expected to decline further over the remainder of 2025 and into early 2026 as fiscal consolidation continues.

Job creation in the private sector remains uneven: the mining and utilities sectors benefit from the ongoing commodity and energy investment cycles, while manufacturing and construction remain under strain. The unexpected decline in informal sector employment in Q2 suggests that small business conditions remain fragile, unusual in a weak economy, where informal work typically acts as a buffer.

Overall, SA's labour market remains fragile, with limited near-term relief in sight. Sustained improvement will depend on stronger private-sector confidence, policy certainty, and targeted support for small and medium enterprises in labour-intensive industries such as trade, manufacturing, and construction.

Global outlook

The first half of 2025 has once again underscored the global economy's surprising resilience. Despite the disruptive effects of the Liberation Day tariffs and heightened geopolitical volatility, growth across major economies has held up better than feared.

Delays, policy reversals, and corporate workarounds have mitigated the impact, although the full consequences may still unfold. For now, stronger-than-expected activity in the US and parts of Asia has lifted the near-term outlook. Still, the balance of risks remains tilted to the downside, centred on policy uncertainty, fiscal imbalances, and persistent geopolitical tensions.

The International Monetary Fund (IMF) in its most recent October World Economic Outlook (WEO) also tells a story of better-than-expected growth but persistent concerns about downside rather than upside risks. The October report is aptly named, "Global Economy in Flux, Prospects Remain Dim". The IMF projects the global economy to grow by 3.2% this year (2.8% in April WEO) and 3.1% next year (3.0% in April WEO). Economic growth in most advanced economies is expected to be higher this year relative to last year, except for the US, where growth is slowing relative to 2024, but significantly less than projected earlier.

Table 1: IMF global growth forecast

	Actuals		Forecasts	
% change y-o-y	2023	2024	2025	2026
World (PPP*)	**3.3**	**3.3**	**3.2**	**3.1**
Advanced economies	**1.7**	**1.8**	**1.6**	**1.6**
United States	2.9	2.8	2.0	2.1
Eurozone	0.4	0.9	1.2	1.1
United Kingdom	0.3	1.1	1.3	1.3
Germany	-0.3	-0.5	0.2	0.9
Japan	1.7	0.1	1.1	0.6
Emerging countries	**4.4**	**4.3**	**4.2**	**4.0**
China	5.2	5.0	4.8	4.2
India	8.2	6.5	6.6	6.2
Brazil	2.9	3.4	3.2	3.4
Russia	3.6	4.3	0.6	1.0
Sub-Saharan Africa	3.6	4.1	4.1	4.4
Nigeria	2.9	4.1	3.9	4.2

*Source: IMF WEO (October 2025) * Purchasing Power Parity*

RESILIENT US CONSUMER SUPPORTS GROWTH, BUT RISKS ACCUMULATE

Relative to our Q3 outlook, not much has changed. The US consumer remains on solid footing, supported by relatively low inflation, strong income growth, a resilient labour market, a booming stock market, and other mechanisms shielding households from the full extent of tariff pass-through. However, many of these supports are beginning to fade, which is why we expect some moderation in consumption spending over the coming quarters.

In the labour market, job additions have slowed. With fewer individuals entering the labour force, the number of new jobs required to maintain a steady unemployment rate has declined. Even so, there is little forward momentum in the labour market, and the overall outlook has become more strained. Inflation, although lower than during the 2022–24 period, remains above the Fed's target, and interest rates, although down 150bps since September 2024, are still restrictive. Meanwhile, income growth is beginning to slow in line with the cooling labour market. That said, several personal tax cuts are scheduled to be implemented from 2026Q2, which should again provide some support to household spending.

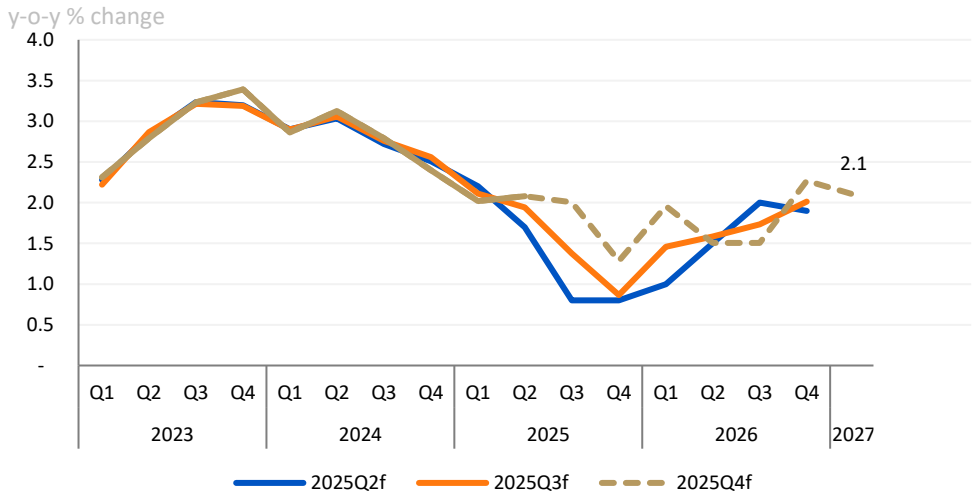
Investment activity is also expected to benefit from the tax cuts, but current conditions remain subdued. Unpredictable changes in tariffs and heightened geopolitical risk have weighed on business planning and investment decisions. Outside a few niche areas, such as AI, capital expenditure has been relatively weak. Both residential and non-residential investments have been held back by the high-interest-rate environment. However, this should gradually improve as monetary policy becomes less restrictive over the coming year.

One additional downside risk is the ongoing US government shutdown, which, at the time of writing, appears likely to become the longest in US history. Compared to previous

shutdowns, fewer government departments have secured funding, increasing the potential economic fallout. Some estimates suggest that for each week the shutdown continues, it could shave off 0.1–0.2 percentage points from quarterly GDP growth. While some output losses will be recovered as soon as the government reopens, the longer it persists, the more extensive and lingering the impact will be. In addition to disruptions to government services, some effects will also continue to drag on. For example, delays in data releases can affect several policy decisions, particularly those of the Fed. Even more worrying is how the lack of proper data collection during the shutdown will affect the quality of data releases, not only this month, but also in the months to come. This is particularly important at a time of careful data-dependent monetary policy adjustments.

As mentioned, our outlook for US growth has improved relative to April, though our medium-term outlook has remained unchanged. Our GDP growth projection is 1.8% for 2025 and 1.9% for 2026, in line with the consensus. This is slightly below the IMF's forecasts, though showing the same trajectory, because we assume a bigger fallout from the government shutdown.

Figure 7: US real GDP growth forecast



Source: Bureau of Economic Analysis, BER

On the inflation front, the impact of tariffs has not been as significant as initially feared. Several tariff measures were delayed, and exporters have absorbed some of the cost burdens, while some US firms have not passed all on to consumers – the question is whether this is sustainable. Although "supercore" inflation (i.e., core inflation excluding housing) has increased in recent months, this primarily reflects rising service costs rather than an acceleration in core goods inflation, where tariff effects are expected to be more pronounced. Headline inflation is projected to tick up slightly to around 3% in early 2026, before easing to around 2.8% by 2026Q4.

Upside risks to inflation persist, particularly if tariffs have a more significant impact than currently assumed. The outlook is also complicated by continued uncertainty around new trade policy announcements. Another inflation risk stems from the possibility that the Fed may place too much emphasis on the employment mandate and ease policy prematurely. Concerns are mounting about political interference in Fed decision-making, which could

erode its credibility. Should this happen, inflation expectations may become unanchored, leading to persistently higher inflation over time.

US Fed rate cut sets to continue, but not necessarily at each meeting

In October, the US Fed reduced its federal funds rate for a second consecutive meeting, to a range of 3.75%–4.00%. The Fed indicated concern about risks facing the labour market. Earlier, the September Summary of Economic Projections (SEP) reflected a more dovish policy stance. The median forecast indicated two additional 25bps cuts (or one 50bps cut) before year-end – i.e. this suggested that at the time, a December cut was likely. However, only one vote separated the cohort of voters supporting two cuts from those supporting one 25 bps, underscoring the uncertainty and importance of data in upcoming decisions. While many Fed officials believe the full impact of recent tariffs has yet to be felt throughout the economy, there is a growing consensus that tariff-induced inflation will be temporary. Indeed, in October, Fed chair Powell said that an interest-rate cut in December was "not a foregone conclusion". The Fed will also cease shrinking its Treasury holdings starting from December, ending three years of quantitative tightening (QT). The Fed will continue to run off its portfolio of mortgage-backed securities and reinvest the proceeds in Treasury bills. The move came as interbank funding costs have been rising while liquidity is drying up.

There were also personnel developments at the Fed to take note of. In August, Trump temporarily appointed Stephen Miran to a vacant Fed seat. Miran immediately voted for a 50bps rate cut (the only dissenting vote) and projected a further 125 bps in easing for the remainder of the year. Additionally, carrying on from his criticism of chair Powell, Trump attempted to dismiss Governor Lisa Cook on allegations of mortgage fraud. The move was blocked by the US Supreme Court, allowing her to remain in office for now.

Amid persistent domestic and foreign policy volatility, the US dollar weakened in the third quarter, averaging $1.17 per euro, 3.4% weaker than in Q2 and 11.3% weaker than in Q1. September marked the dollar's worst month in four years as investors pivoted toward safe-haven assets such as gold, which reached new record highs. While the dollar regained some ground in October, we expect it to remain under pressure given ongoing policy uncertainty. The US dollar is projected to average $1.17/euro in Q4. There is increasing concern that the structural changes currently unfolding in the US could signal a long-term shift in the country's global policy approach. And with the US midterm elections scheduled for the end of next year, typically a period of heightened political uncertainty and policy volatility, we do not anticipate any sustained strengthening of the dollar over the forecast horizon.

While the dollar remained weak, bond yields have moderated, moving with lower short-term rates. The 10-year Treasury yield averaged 4.24% in Q3, down from 4.36% in Q2. Long-term yields have come down nicely in October; however, a spike in yields remains possible should fiscal pressures intensify or the Fed change its policy stance amid an acceleration in inflation. For this reason, we expect the US 10-year Treasury yield to average 4.15% in Q4, still well above the historical average of just under 3%.

Beyond the US, attention has turned to China, where external resilience contrasts with domestic fragilities.

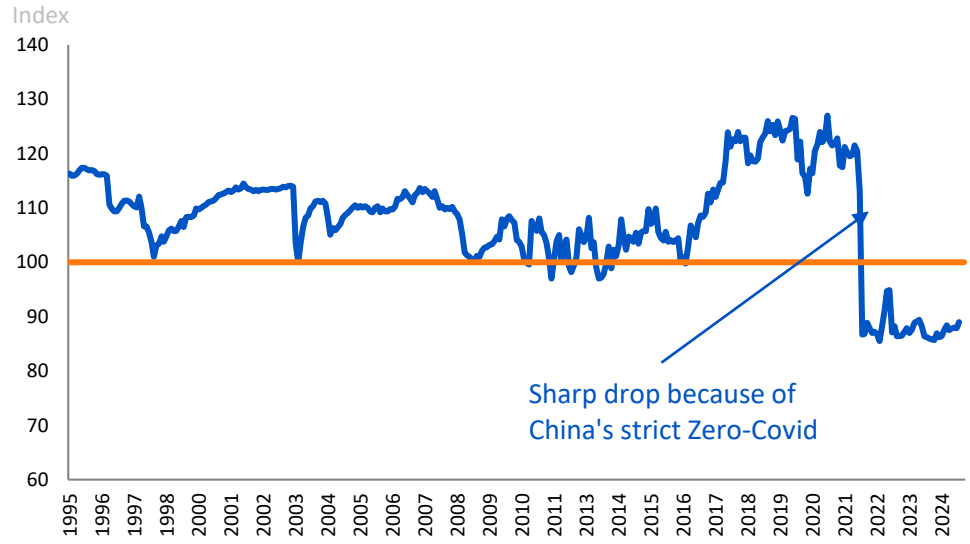
CHINA'S EXTERNAL PERFORMANCE HOLDS, BUT STRUCTURAL HEADWINDS PERSIST

China's economy maintained solid momentum at the start of 2025, but annual GDP growth slowed from 5.4% in Q1 to 4.8%. The economy remains on track to reach its about 5% growth target, largely underpinned by strong manufacturing and industrial production, as well as robust export performance. Chinese exporters have aggressively sought market share abroad, particularly in the context of weak domestic demand, which likely explains the resilience in export volumes.

That said, industrial production has started to ease, in part due to Beijing's *anti-involution* policies. Anti-involution refers to official efforts to curb excessive and unproductive competition among firms, which often leads to diminishing returns, worker fatigue, price wars, and deflationary pressures. Years of government-led expansion of the manufacturing base have contributed to persistent overcapacity and overproduction. Key sectors where this dynamic is most visible include solar panels, electric vehicles, lithium batteries, steel, cement, and food manufacturing.

Meanwhile, consumption remains sluggish. A range of factors continues to weigh on household spending. Consumer confidence remains weak, partly due to persistent stress in the property sector, which has eroded household wealth and dampened sentiment. Longer-term demographic factors, such as a declining population and slowing urbanisation, also point to lower structural demand for housing. Elevated savings rates underscore continued uncertainty, but may also signal latent consumption potential should confidence improve.

Figure 8: China's consumer confidence



Source: National Bureau of Statistics of China

Looking ahead, growth is expected to decelerate gradually, from around 5% in 2024 to 4.8% in 2025 and 4.1% in 2026. The moderation reflects the drag from tighter global trade restrictions, rising uncertainty (both external and domestic), and subdued private sector investment and hiring, particularly in the manufacturing sector. Fiscal policy is expected to remain supportive, with continued measures aimed at stimulating both investment and

household spending. The baseline also assumes that the property sector will stabilise gradually, rather than deteriorate further. That said, China's longer-term growth potential remains constrained by structural headwinds, including slowing productivity growth, elevated debt levels, and an ageing population.

A combination of weak consumer demand and structural supply imbalances has kept China in a persistent state of deflation. Disinflation is being driven not only by subdued household spending, but also by chronic overcapacity in several industrial sectors, where supply continues to outstrip domestic absorption. Export-oriented producers have increasingly slashed prices to remain competitive in global markets, amplifying domestic deflationary pressures.

Headline CPI inflation has remained in negative territory for much of the year, averaging around -0.1% year-to-date. While we expect inflation to tick up modestly in the coming months, deflationary pressures are unlikely to fade meaningfully. As such, our CPI inflation forecast remains unchanged at 0.0% for 2025, while the 2026 projection has been lowered from 0.9% to 0.8%.

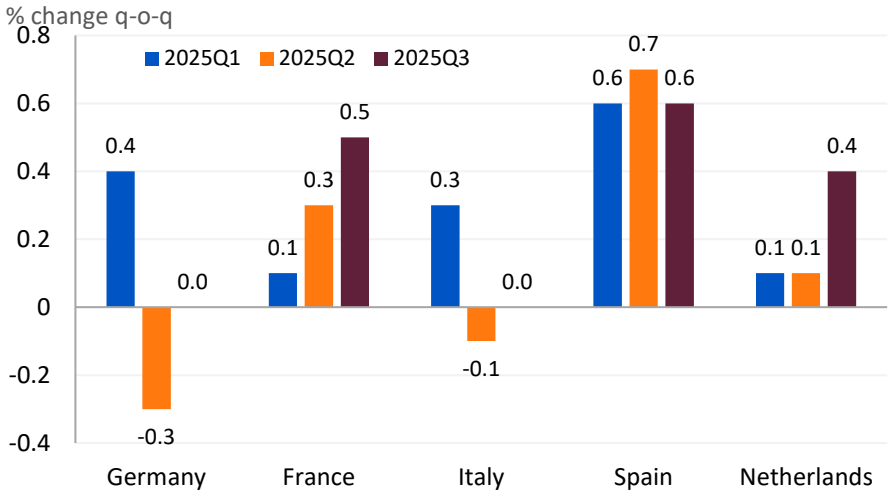
In Europe, the Eurozone is sputtering along, with drives and risks different from those in China and the US.

EUROZONE CONTINUES TO EEKE OUT QUARTERLY GROWTH

Economic growth in the Eurozone remains subdued, though some momentum is expected to pick up over the coming quarters. After slowing to 0.1% q-o-q in Q2, following a stronger 0.6% expansion in Q1, real GDP growth accelerated slightly to 0.2% in Q3 (or 1.3% y-o-y). Note that the Q1's figure looks exceptionally strong due to frontloaded activity, particularly in Ireland.

Among the larger economies, Germany has shown early signs of recovery after a prolonged period of stagnation. A renewed focus on infrastructure and defence spending is expected to support medium-term growth. However, consumer sentiment remains fragile—particularly due to Germany's proximity to the Ukraine conflict, which has elevated geopolitical anxiety and dampened durable goods consumption. High savings rates further reflect this uncertainty.

Figure 9: Real GDP growth in the Eurozone's five largest economies



Source: Eurostat

In contrast, France is facing mounting political and fiscal challenges. Investor and consumer confidence has been weighed down by the lack of progress in implementing necessary fiscal reforms, with the government struggling to rein in its deficit, which is projected to reach between 5.4% and 5.8% of GDP in 2025 and 2026 unless corrective measures are taken.

Italy, the third-largest economy in the bloc, has been faring relatively better. While growth is muted, it remains on a more stable footing. Ongoing fiscal austerity measures are on track to bring the deficit down to 3% of GDP, in line with EU rules, unlike France. Spain, meanwhile, does well because of an exceptional services industry.

We have revised our 2025 growth forecast upward, from 1.0% to 1.2%, reflecting stronger-than-expected performance in the first half of the year. This is similar to the revisions that the IMF have made since their April 2025 WEO. Growth is projected to remain broadly unchanged at 1.1% in 2026. On the upside, the lagged effects of monetary policy easing since June 2024 are expected to start supporting growth from the second half of this year. On the downside, some drag is expected from the unwinding of frontloaded activity seen in 2024. Medium-term growth should also benefit from increased defence spending, although fiscal sustainability is an emerging concern.

A stronger euro, if sustained, could weigh on exports and further slow growth. Inflation, meanwhile, remains contained – with some arguing it may undershoot the target. Unit labour costs are stable, supported by steady wage growth and labour productivity. Wage growth is broadly in line with European Central Bank (ECB) projections and is expected to moderate further. Energy prices have eased, reinforcing a benign outlook for inflation.

We have revised our 2025 CPI inflation forecast slightly, from 2.0% to 2.1%, while maintaining 2026 at 1.8%. Over the medium term, the stronger euro and declining energy prices are expected to keep inflation near or slightly below the ECB's 2% target. In its late October meeting, the ECB kept its interest rate unchanged as it views inflation risks as balanced, and the labour market remains robust.

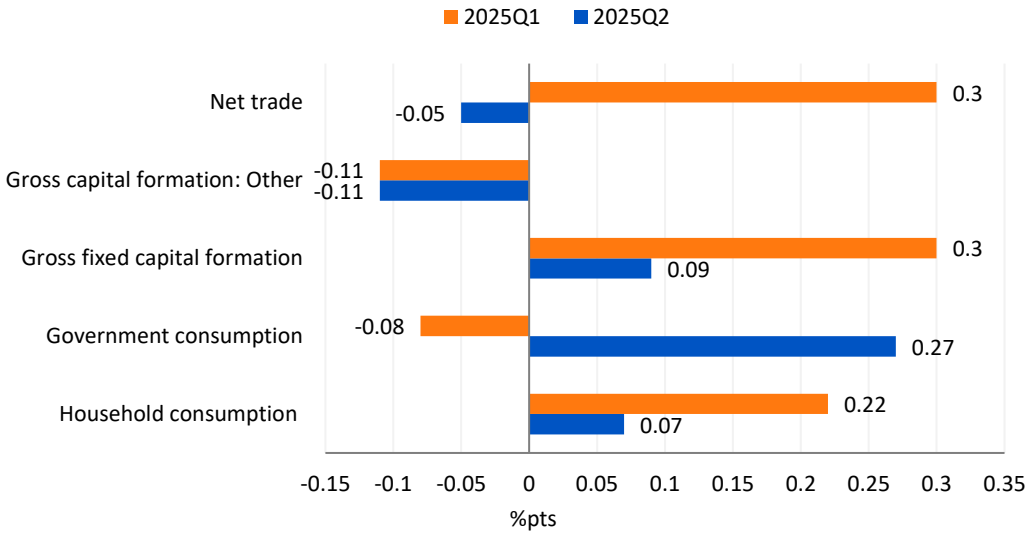
Across the Channel, the UK's stronger-than-expected first half masks a more fragile medium-term fiscal picture.

THE UK EXPERIENCES A STRONG START TO THE YEAR, BUT FISCAL CONSTRAINTS WEIGH ON THE OUTLOOK

UK policymakers have been quick to highlight the economy's outperformance in the first half of 2025, with broad-based growth driven by investment and resilient consumer spending. Government investment was particularly robust early in the year, while business investment held up well despite a dip in Q2. Export growth was supported by the UK's strong services sector, reinforcing its comparative advantage in this area. See

Despite a strained labour market, consumer spending has remained resilient, helped by high levels of liquid assets and solid financial market performance. That said, the economy showed signs of slowing in early Q3, and attention has now turned to the upcoming Autumn budget, which is expected to be challenging.

Figure 10: Contributions to UK GDP growth in the first half of 2025



Source: Office of National Statistics (ONS)

The UK government faces a fiscal gap of between £20 billion and £50 billion, owing to overly optimistic productivity assumptions from the Office for Budget Responsibility, rising gilt yields, and reversals of proposed welfare cuts. Fiscal pressures are mounting, and tax increases appear imminent, with the tax burden projected to rise to around 38% of GDP, a post-World War II high. While higher government spending may boost public services and investment in the near term, the heavier tax burden is likely to weigh on household consumption and business investment over time. Still, UK firms, particularly in services, appear resilient and remain cautiously optimistic, despite uncertainty surrounding the budget.

We have revised our 2025 growth forecast upward, from 1.1% to 1.3%, due to the stronger H1 performance. However, growth is expected to slow again in H2 and into next

year. For 2026, our forecast has been revised slightly down to 1.1% (from 1.2%) as tax increases and a softening labour market begin to bite.

On the inflation front, headline CPI rose to 3.8% y-o-y in August. This rise is due to increased food inflation, which has picked up in recent months, as well as elevated services inflation resulting from higher administrative costs and increased employment costs following last year's budget changes. However, inflation is believed to have peaked and is expected to ease further over the remainder of 2025 and into 2026. The Bank of England has opted to 'look through' the temporary uptick, maintaining its easing bias. We have revised our 2025 inflation forecast up slightly, from 3.2% to 3.3%, before abating to 2.5% in 2026 (previously 2.3%).

Commodity markets have mirrored these global cross-currents, with oil wobbling amid offsetting forces and precious metals rallying on safe-haven demand.

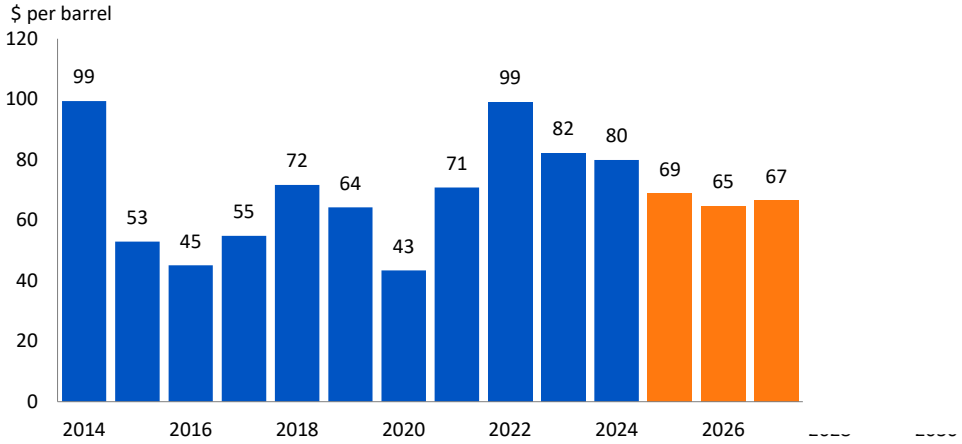
OIL WOBBLES, BUT BALANCING FORCES REMAIN

Brent crude prices averaged $68.14 per barrel (/bbl) in the third quarter, up from $66.96/bbl in Q2 and slightly above expectations. The increase was driven by tighter sanctions on oil-producing countries and their buyers, which offset rising output from OPEC+. At the start of the quarter, Red Sea attacks by Yemen's Houthi rebels forced vessels carrying oil, liquefied natural gas, and other energy products to take longer alternative routes, adding to shipping costs and logistical risks. Although the impact on crude prices was less pronounced than on refined products, oil prices still edged higher during the period.

Meanwhile, the European Union (EU) and the US continue to put pressure on Russian oil revenue streams in an attempt to end the war with Ukraine. The EU approved yet another sanctions package, while the UK also tightened its screws. While initial sanctions in 2022 were expected to curtail Russian supply, the prolonged conflict has made oil revenue too vital for Moscow to restrict exports significantly; thus, additional sanctions have not put upward pressure on oil prices. More notable was that after holding off on major sanctions for some time despite promising action, the US blacklisted Russia's biggest oil-producing companies. This followed news that the US and India are nearing a trade deal agreement. The deal is likely to include a provision for India to reduce its Russian oil imports, thereby increasing demand for non-Russian oil. China is also a key buyer of Russian oil and faces similar pressure.

OPEC+ also made significant production policy changes in the third quarter. In July, the cartel announced it would raise crude production by 548 000 barrels per day (bpd) in August, accelerating from the 411 000 bpd increase in July. A further 548 000 bpd increase for September was announced later. OPEC+ then unexpectedly slowed the pace of increases to just 137 000 bpd, citing weak demand, also signalling less rapid output increases in early next year. The International Energy Agency (IEA) forecasts below-average demand growth for this year and next. Although tariff measures have been less damaging than expected, ongoing trade policy uncertainty has kept firms cautious. Additionally, the electrification of transport continues to weigh on consumption.

Figure 11: Brent crude oil price per barrel



Source: Refinitiv, BER

Looking ahead, a continued supply surplus is expected to keep Brent crude prices closer to $60/bbl than $70/bbl. However, risks remain, including renewed hostilities between Israel and Hamas (with the Gaza ceasefire resulting in the earlier risk premium being priced out), disruptions in the Red Sea, or further reductions in Russian refining or export capacity.

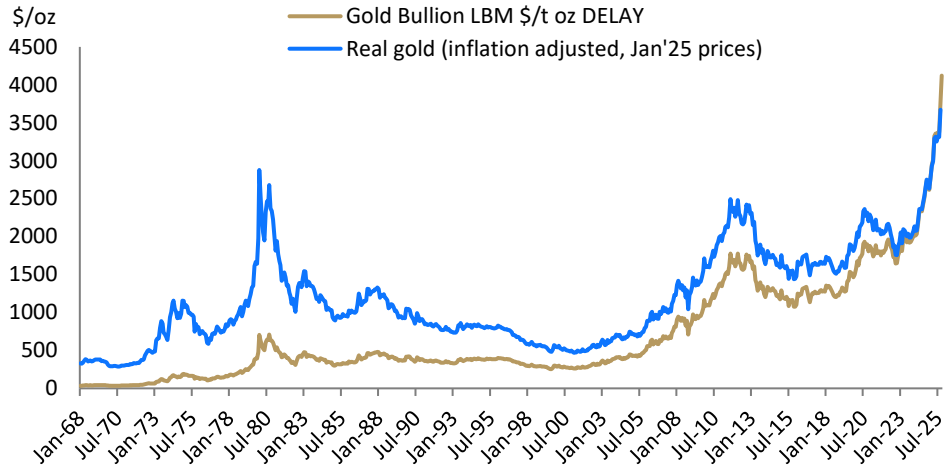
We forecast Brent crude to average $65/bbl in Q4. It is also important to note that while crude oil prices are a major determinant of refined product prices such as petrol and diesel, factors like refinery outages can prevent product prices from falling in line with crude, i.e. domestic fuel prices may not drop as significantly as crude prices. The EU's upcoming ban on Russian crude oil products, set to take effect next year, could also drive refined product prices to trade at a higher-than-usual premium to crude.

LOOKING THROUGH VOLATILITY, NEAR-TERM PRECIOUS METALS OUTLOOK REMAINS BULLISH

The precious metals complex is well on its way to recording its best year since 2020. Unlike last year, the performance of this basket of metals is no longer predominantly driven by gold's meteoric surge. PGMs prices have also been on a stellar run with year-to-date[5] returns now outperforming gold, which remarkably is still up 57% YTD, the best performance since 1979. Investor interest in PGMs, especially platinum (price up 76% YTD), has gained traction on the back of a relative discount to gold and tight market supply.

[5] All year-to-date (YTD) performances represented as of 24 October 2025.

Figure 12: Spot gold firmly above inflation-adjusted 1980 peak



Source: Refinitiv, BER calculations

Factors that have spurred a flight to safety into precious metals for a large part of this year (US tariff policy, geopolitical uncertainty, central bank gold purchases and persistent dollar weakness) remain in place and are expected to spill over into 2026. Moreover, concerns around US fiscal sustainability, threats to the Fed's independence and the recent government shutdown have also come into focus as catalysts for precious metals safe-haven demand, in place of US Treasuries. That is not to say the recent rally has been driven solely by speculative interest, as fundamental drivers remain at play. Expectations of further rate cuts by the US Fed continue to provide an important layer of support to precious metals. Lower US interest rates typically reduce the opportunity cost of holding non-yielding assets, and we expect the US Fed to conclude its current easing cycle in 2026 Q4.

On this basis, our view on precious metals is anchored by a rising gold price, which we expect to peak in 26Q4. Thereafter, as global central banks' policy remains on hold and investment demand via ETF inflows turns into outflows, the price of gold is projected to moderate but remain at an elevated level relative to history. Our outlook for *platinum, palladium and rhodium* prices follow a similar trend. However, we expect the rally in platinum to be more sustainable than palladium.

The palladium market is projected to shift into a surplus from 2027 onwards, while platinum's market balance is set to remain in a structural deficit over the forecast horizon, due to weak mining output in SA. This means platinum's fundamentals are robust enough to keep prices supportive even if volatility remains persistent. Also crucial for PGM's, globally automotive manufacturers are re-assessing their full EV strategies, prolonging the stream of demand from combustion engines. Meanwhile in Europe, automakers faced with a challenging trade environment have intensified their lobbying efforts against the EU's 2035 emissions targets, pushing the European Commission's planned review forward from 2026 to the end of 2025.

Given their strategic value as hedges against uncertainty, there is plausible upside to the near-term precious metals' forecast. Profit taking and periods of consolidation are inevitable as speculative flows dominate, but persistent uncertainty will buoy prices.

Global growth in 2025 has proven more resilient than initially feared, despite an escalation in US tariffs; however, this momentum is anticipated to slow going into 2026. Concerns around weaker Chinese growth, coupled with an ailing property sector, remain persistent headwinds to sentiment in the iron ore market. In the near term, iron ore could find some support from Beijing's efforts to curb overcapacity in the steel sector, reflecting expectations of improved margins across steel mills. However, over the medium-long term China's "anti-involution" campaign will have an offsetting impact on prices as it should result in lower demand for iron ore. A slight upward revision has been made to our iron ore outlook, to reflect construction on what will become the world's largest hydropower dam in Tibet, which is set to dwarf the Three Gorges Dam. The project commenced in July 2025 and is expected to drive demand for construction materials, likely boosting domestic steel demand. Iron ore prices are nevertheless projected to decline over the longer term, due to the structural economic challenges faced by its largest consumer, China.

According to the International Energy Agency (IEA), global coal consumption and production peaked in 2024, and consumption is projected to plateau near this level throughout 2025–2027. Against a backdrop of subdued demand and a supply surplus, global coal benchmarks have been under pressure. Our latest coal price outlook is unchanged from the previous quarter, as the underlying conditions in the coal market have broadly remained unchanged from the previous update. We expect the Richard's Bay coal price to recover just above $90/MT in 25Q4, as winter demand picks up in the Northern hemisphere, and stabilise around $100/MT over the medium term as supply and demand come into balance.

Conclusion

SA's near-term economic outlook has improved modestly, supported by lower inflation, a stronger currency, and some unexpected momentum in activity. However, structural impediments continue to hinder the pace and durability of the recovery. Investment remains subdued, employment growth is weak, and reform momentum, while positive in some areas, has yet to translate into broad-based gains in productivity and confidence.

Improved coordination between monetary and fiscal authorities, and greater policy certainty will be essential to consolidate recent progress. A stable macroeconomic environment provides an opportunity to rebuild buffers and attract private investment, but sustained implementation of structural reforms will determine whether current resilience evolves into stronger long-term growth.

Appendix A

STATISTICS OF THE QUARTERLY FORECAST, 2025 - 2027

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Table A 1: International economic indicators

	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4	2025	2026	2027
Real GDP growth rates															
US % growth	2.0	2.1	2.0	1.3	1.8	1.6	1.6	2.4	2.4	2.1	2.0	2.1	***1.8***	***1.9***	***2.1***
UK % growth	1.7	1.4	1.3	1.3	0.8	1.0	1.1	1.3	1.5	1.4	1.5	1.5	***1.4***	***1.1***	***1.5***
Germany % growth	0.2	0.2	0.3	0.2	0.1	1.2	1.6	2.0	2.1	1.7	1.6	1.4	***0.2***	***1.2***	***1.7***
Japan % growth	1.6	1.7	1.2	0.8	0.9	0.6	0.7	0.8	0.9	0.9	1.0	1.0	***1.3***	***0.7***	***0.9***
Eurozone % growth	1.6	1.5	1.1	0.6	0.3	1.0	1.3	1.5	1.6	1.4	1.5	1.6	***1.2***	***1.0***	***1.5***
G7 % growth	1.6	1.5	1.6	1.2	1.5	1.5	1.4	1.9	1.9	1.8	1.7	1.7	***1.5***	***1.6***	***1.8***
CPI inflation rates															
US % CPI	2.7	2.4	2.9	2.9	2.9	3.0	2.8	2.8	2.5	2.3	2.3	2.4	***2.7***	***2.9***	***2.4***
UK % CPI	3.7	4.0	3.8	3.2	2.9	2.1	2.3	2.6	2.6	2.1	1.9	1.9	***3.7***	***2.5***	***2.1***
Germany % CPI	2.3	2.1	2.2	2.1	2.0	1.7	1.7	1.7	1.9	2.0	2.0	2.3	***2.1***	***1.8***	***2.0***
Japan % CPI	3.8	3.4	2.9	2.5	2.1	2.1	1.9	1.6	1.8	1.8	2.1	2.3	***3.1***	***1.9***	***2.0***
G7 % CPI	2.7	2.5	2.9	2.8	2.7	2.7	2.4	2.4	2.3	2.1	2.1	2.2	***2.7***	***2.5***	***2.2***
China % CPI	-0.1	0.0	-0.1	0.3	0.4	1.0	0.8	1.0	1.1	1.1	1.1	1.1	***0.0***	***0.8***	***1.1***
India % CPI	2.9	2.8	2.2	3.2	3.7	4.6	4.3	3.8	4.0	3.9	4.2	3.9	***2.8***	***4.1***	***4.0***
Interest rates															
US prime rate	7.50	7.50	7.50	7.08	6.97	6.71	6.46	6.19	6.00	6.00	6.00	6.00	***7.40***	***6.58***	***6.00***
Commodity prices															
Spot oil price: US$/barrel	75.1	66.9	68.2	65.0	64.0	65.0	64.5	65.0	66.0	67.0	67.0	66.0	***68.8***	***64.6***	***66.5***
London gold price: US$/oz	2862	3281	3458	4000	4130	4256	4251	4300	4160	3734	3605	3500	***3400***	***4234***	***3750***
Platinum price: US$/oz	967	1078	1386	1696	1750	1751	1760	1785	1562	1511	1502	1461	***1281***	***1762***	***1509***
Palladium price: US$/oz	960	990	1172	1391	1401	1415	1430	1430	1330	1300	1284	1231	***1128***	***1419***	***1286***
SA coal price: US$/mt	95.8	89.5	90.8	92.0	95.0	99.0	100.0	100.0	101.0	101.0	101.0	101.0	***92.0***	***98.5***	***101.0***
China iron ore price: US$/mt	105.1	99.2	103.6	103.0	101.0	101.0	100.0	98.0	96.0	93.0	92.0	90.0	***102.7***	***100.0***	***92.8***
Exchange rates															
US$/Sterling exchange rate	1.26	1.33	1.36	1.35	1.35	1.37	1.39	1.39	1.40	1.40	1.40	1.42	***1.33***	***1.38***	***1.41***
YN/$ exchange rate	152.4	144.6	144.0	145.0	144.0	143.0	140.0	139.0	137.0	137.0	137.0	135.0	***146.5***	***141.5***	***136.5***
US$/Euro exchange rate	1.05	1.13	1.15	1.17	1.17	1.18	1.18	1.18	1.19	1.19	1.19	1.20	***1.13***	***1.18***	***1.19***

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

	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4	2025	2026	2027
Nominal GDP expenditure components															
Household consumption	4878.7	4945.6	5024.3	5089.5	5123.6	5195.9	5287.0	5358.5	5394.0	5462.4	5553.4	5624.2	***4984.5***	***5241.2***	***5508.5***
(year % ch.)	5.1	4.4	5.0	5.0	5.0	5.1	5.2	5.3	5.3	5.1	5.0	5.0	***4.9***	***5.2***	***5.1***
Government consumption	1413.2	1419.5	1466.5	1513.4	1521.7	1530.1	1532.9	1535.6	1569.0	1602.3	1613.4	1624.5	***1453.2***	***1530.1***	***1602.3***
(year % ch.)	0.6	1.3	3.2	6.9	7.7	7.8	4.5	1.5	3.1	4.7	5.3	5.8	***3.0***	***5.3***	***4.7***
Fixed investment	1062.2	1062.7	1076.2	1086.3	1109.6	1139.5	1148.4	1153.3	1171.8	1195.5	1200.4	1204.6	***1071.9***	***1137.7***	***1193.1***
(year % ch.)	0.2	-1.5	0.3	2.6	4.5	7.2	6.7	6.2	5.6	4.9	4.5	4.4	***0.4***	***6.1***	***4.9***
Inventory investment	-8.5	35.7	54.5	48.5	52.7	62.2	48.4	47.7	52.3	49.8	35.5	42.4	***32.5***	***52.7***	***45.0***
Residual item	-61.1	-40.3	-40.3	-40.3	-40.3	-40.3	-40.3	-40.3	-40.3	-40.3	-40.3	-40.3	***-45.5***	***-40.3***	***-40.3***
Gross domestic expenditure	7284.5	7423.2	7581.2	7697.4	7767.4	7887.4	7976.4	8054.8	8146.9	8269.7	8362.4	8455.5	***7496.6***	***7921.5***	***8308.6***
(year % ch.)	2.6	3.2	4.7	5.4	6.6	6.3	5.2	4.6	4.9	4.8	4.8	5.0	***4.0***	***5.7***	***4.9***
Exports: goods and services	2384.1	2360.8	2385.2	2386.7	2445.0	2485.3	2475.7	2494.4	2549.4	2629.9	2619.7	2643.7	***2379.2***	***2475.1***	***2610.7***
(year % ch.)	2.1	-1.6	4.7	2.2	2.6	5.3	3.8	4.5	4.3	5.8	5.8	6.0	***1.8***	***4.0***	***5.5***
Imports: goods and services	2234.0	2242.1	2208.3	2231.2	2273.7	2386.9	2337.1	2372.1	2386.1	2507.7	2456.8	2499.4	***2228.9***	***2342.4***	***2462.5***
(year % ch.)	1.7	-0.7	2.6	2.6	1.8	6.5	5.8	6.3	4.9	5.1	5.1	5.4	***1.5***	***5.1***	***5.1***
Expenditure on GDP	7434.6	7541.8	7758.1	7852.9	7938.7	7985.8	8115.0	8177.0	8310.1	8391.9	8525.2	8599.7	***7646.9***	***8054.1***	***8456.8***
(year % ch.)	2.7	2.8	5.3	5.2	6.8	5.9	4.6	4.1	4.7	5.1	5.1	5.2	***4.0***	***5.3***	***5.0***

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

	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4	2025	2026	2027
Real GDP expenditure components															
Household consumption	3170.8	3197.6	3201.4	3215.5	3222.3	3244.5	3261.8	3279.7	3286.8	3305.9	3321.3	3338.9	***3196.3***	***3252.1***	***3313.2***
(year % ch.)	3.2	2.8	2.6	1.9	1.6	1.5	1.9	2.0	2.0	1.9	1.8	1.8	***2.6***	***1.7***	***1.9***
Government consumption	904.7	911.4	911.7	931.0	931.2	939.0	917.3	913.1	928.8	950.3	932.7	932.3	***914.7***	***925.1***	***936.0***
(year % ch.)	-1.3	-1.3	-0.3	2.7	2.9	3.0	0.6	-1.9	-0.3	1.2	1.7	2.1	***0.0***	***1.1***	***1.2***
Fixed investment	647.9	638.8	646.6	652.4	656.8	664.7	670.9	673.8	675.2	679.4	683.3	686.2	***646.4***	***666.5***	***681.1***
(year % ch.)	-2.8	-3.1	-2.2	-0.8	1.4	4.1	3.8	3.3	2.8	2.2	1.9	1.8	***-2.2***	***3.1***	***2.2***
Inventory investment	-6.7	16.6	15.0	13.7	12.9	16.5	11.2	13.0	12.8	9.2	3.8	10.1	***9.6***	***13.4***	***9.0***
Residual item	-2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	***1.3***	***2.5***	***2.5***
Gross domestic expenditure	4714.2	4766.8	4777.1	4815.1	4825.7	4867.1	4863.7	4882.0	4906.2	4947.4	4943.7	4970.1	***4768.3***	***4859.6***	***4941.8***
(year % ch.)	1.2	1.5	2.0	2.6	2.4	2.1	1.8	1.4	1.7	1.6	1.6	1.8	***1.8***	***1.9***	***1.7***
Exports: goods and services	1296.8	1255.8	1262.8	1257.9	1279.9	1283.5	1286.6	1296.1	1307.0	1329.8	1333.3	1344.3	***1268.3***	***1286.5***	***1328.6***
(year % ch.)	-1.9	-4.6	0.3	-2.1	-1.3	2.2	1.9	3.0	2.1	3.6	3.6	3.7	***-2.1***	***1.4***	***3.3***
Imports: goods and services	1331.2	1303.7	1298.1	1308.9	1327.2	1357.1	1344.9	1361.0	1369.2	1402.0	1389.3	1409.5	***1310.5***	***1347.5***	***1392.5***
(year % ch.)	0.8	-2.8	0.8	0.3	-0.3	4.1	3.6	4.0	3.2	3.3	3.3	3.6	***-0.3***	***2.8***	***3.3***
Expenditure on GDP	4679.9	4718.8	4741.8	4764.1	4778.4	4793.6	4805.5	4817.0	4844.0	4875.1	4887.7	4904.9	***4726.1***	***4798.6***	***4877.9***
(year % ch.)	0.5	1.1	1.8	1.9	2.1	1.6	1.3	1.1	1.4	1.7	1.7	1.8	***1.3***	***1.5***	***1.7***

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

	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4	2025	2026	2027
Household consumption categories															
Durable goods	332.6	337.8	339.2	340.6	341.9	344.9	348.0	350.4	352.5	354.9	357.0	358.9	***337.5***	***346.3***	***355.8***
(year % ch.)	3.5	4.7	4.5	2.7	2.8	2.1	2.6	2.9	3.1	2.9	2.6	2.4	***3.9***	***2.6***	***2.7***
Semi-durable goods	300.4	308.1	308.8	316.4	310.9	316.4	318.1	325.3	319.6	324.6	326.3	333.3	***308.4***	***317.7***	***326.0***
(year % ch.)	5.0	5.9	5.5	4.0	3.5	2.7	3.0	2.8	2.8	2.6	2.6	2.4	***5.1***	***3.0***	***2.6***
Non-durable goods	925.2	922.0	922.7	924.2	928.5	932.6	937.5	939.9	943.4	946.6	950.8	953.8	***923.5***	***934.6***	***948.6***
(year % ch.)	3.2	2.0	1.2	-0.2	0.4	1.2	1.6	1.7	1.6	1.5	1.4	1.5	***1.5***	***1.2***	***1.5***
Services	1612.6	1629.7	1630.6	1634.3	1641.0	1650.6	1658.2	1664.0	1671.4	1679.8	1687.1	1693.0	***1626.8***	***1653.5***	***1682.8***
(year % ch.)	2.8	2.4	2.4	2.6	1.8	1.3	1.7	1.8	1.9	1.8	1.7	1.7	***2.6***	***1.6***	***1.8***
Total household consumption	3170.8	3197.6	3201.4	3215.5	3222.3	3244.5	3261.8	3279.7	3286.8	3305.9	3321.3	3338.9	***3196.3***	***3252.1***	***3313.2***
(year % ch.)	3.2	2.8	2.6	1.9	1.6	1.5	1.9	2.0	2.0	1.9	1.8	1.8	***2.6***	***1.7***	***1.9***
Disposable income of households															
Real disposable income	3133.7	3162.7	3166.6	3182.4	3191.4	3213.2	3232.9	3252.3	3258.1	3277.7	3295.9	3314.2	***3161.4***	***3222.5***	***3286.5***
(year % ch.)	2.9	2.8	2.4	2.0	1.8	1.6	2.1	2.2	2.1	2.0	1.9	1.9	***2.5***	***1.9***	***2.0***
Adjusted for debt-service cost (real)	3081.3	3110.6	3115.3	3131.4	3140.7	3162.9	3183.2	3203.0	3209.0	3228.9	3247.7	3266.3	***3109.7***	***3172.4***	***3238.0***
(year % ch.)	3.0	2.8	2.5	2.1	1.9	1.7	2.2	2.3	2.2	2.1	2.0	2.0	***2.6***	***2.0***	***2.1***

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

	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4	2025	2026	2027
Private sector															
Total private sector	443.8	468.7	469.2	472.9	475.3	479.4	483.7	486.0	487.7	490.4	493.4	495.0	***463.6***	***481.1***	***491.7***
(year % ch.)	-6.1	-0.4	0.6	-0.1	7.1	2.3	3.1	2.8	2.6	2.3	2.0	1.9	***-1.5***	***3.8***	***2.2***
Public sector															
Government	113.9	110.0	111.9	112.4	112.9	113.5	114.3	114.1	114.6	115.6	116.5	116.5	***112.0***	***113.7***	***115.8***
(year % ch.)	0.4	-3.2	-7.2	-0.6	-0.8	3.2	2.1	1.5	1.5	1.9	1.9	2.1	***-2.7***	***1.5***	***1.8***
Public corporations	90.2	60.0	65.5	67.1	68.6	71.8	72.9	73.7	72.9	73.4	73.4	74.7	***70.7***	***71.8***	***73.6***
(year % ch.)	12.0	-20.4	-11.9	-5.4	-24.0	19.6	11.3	9.8	6.3	2.2	0.7	1.4	***-6.1***	***1.5***	***2.6***
Total public sector	204.1	170.0	177.4	179.5	181.5	185.3	187.2	187.8	187.5	189.0	189.9	191.2	***182.8***	***185.5***	***189.4***
(year % ch.)	5.2	-10.0	-9.0	-2.5	-11.1	9.0	5.5	4.6	3.3	2.0	1.4	1.8	***-4.1***	***1.5***	***2.1***
Total															
Total fixed capital formation	647.9	638.8	646.6	652.4	656.8	664.7	670.9	673.8	675.2	679.4	683.3	686.2	***646.4***	***666.5***	***681.1***
(year % ch.)	-2.8	-3.1	-2.2	-0.8	1.4	4.1	3.8	3.3	2.8	2.2	1.9	1.8	***-2.2***	***3.1***	***2.2***

Table A 6: Labour sector (million)

	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4	2025	2026	2027
Employment															
Total labour force	25.01	25.17	25.36	25.47	25.42	25.58	25.76	25.88	25.82	25.99	26.17	26.29	***25.25***	***25.66***	***26.07***
(year % ch.)	0.2	0.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	***1.0***	***1.6***	***1.6***
Formal private sector employment	8.46	8.42	8.45	8.47	8.49	8.52	8.54	8.57	8.58	8.60	8.61	8.64	***8.45***	***8.53***	***8.61***
(year % ch.)	0.7	2.5	0.2	-0.2	2.0	1.9	1.6	1.5	1.6	1.7	1.9	1.6	***-0.3***	***0.9***	***0.9***
Informal private sector employment	6.20	6.30	6.37	6.44	6.47	6.48	6.51	6.57	6.62	6.66	6.73	6.74	***6.33***	***6.51***	***6.69***
(year % ch.)	0.7	2.5	0.2	-0.2	2.0	1.9	1.6	1.5	1.6	1.7	1.9	1.6	***2.3***	***2.9***	***2.8***
Government employment	2.13	2.09	2.10	2.10	2.11	2.13	2.13	2.14	2.14	2.14	2.14	2.15	***2.10***	***2.13***	***2.14***
(year % ch.)	-2.7	-8.8	-3.1	-1.8	-0.7	1.8	1.8	1.9	1.3	0.7	0.5	0.3	***-4.2***	***1.2***	***0.7***
Total employment (incl. informal)	16.79	16.81	16.91	17.00	17.07	17.13	17.19	17.27	17.34	17.40	17.49	17.52	***16.88***	***17.17***	***17.44***
(year % ch.)	0.3	0.9	-0.2	-0.4	1.7	1.9	1.6	1.6	1.6	1.6	1.7	1.4	***0.1***	***1.7***	***1.6***
Unemployment rate	32.9	33.2	33.3	33.2	32.8	33.0	33.3	33.3	32.8	33.0	33.2	33.4	***33.2***	***33.1***	***33.1***
Wage rates (year % change)															
Unit labour cost	3.5	2.9	3.3	3.2	2.9	4.3	3.8	3.9	3.7	3.3	3.3	3.1	***3.2***	***3.7***	***3.3***
Wage bill (R billion at current prices)															
Total wage bill	3445.4	3454.3	3519.8	3555.3	3619.7	3658.5	3703.6	3736.6	3803.4	3844.8	3891.2	3921.9	***3493.7***	***3679.6***	***3865.3***
(year % ch.)	4.0	4.0	5.2	5.1	5.1	5.9	5.2	5.1	5.1	5.1	5.1	5.0	***4.6***	***5.3***	***5.0***

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

	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4	2025	2026	2027
Income and expenditure															
Remuneration of employees	3445.4	3454.3	3519.8	3555.3	3619.7	3658.5	3703.6	3736.6	3803.4	3844.8	3891.2	3921.9	***3493.7***	***3679.6***	***3865.3***
(year % ch.)	4.0	4.0	5.2	5.1	5.1	5.9	5.2	5.1	5.1	5.1	5.1	5.0	***4.6***	***5.3***	***5.0***
Disposable income	4821.6	4891.7	4969.8	5037.1	5074.4	5145.9	5240.2	5313.8	5346.9	5415.8	5511.0	5582.6	***4930.0***	***5193.6***	***5464.1***
(year % ch.)	4.8	4.3	4.8	5.1	5.2	5.2	5.4	5.5	5.4	5.2	5.2	5.1	***4.8***	***5.3***	***5.2***
Less household consumption	4878.7	4945.6	5024.3	5089.5	5123.6	5195.9	5287.0	5358.5	5394.0	5462.4	5553.4	5624.2	***4984.5***	***5241.2***	***5508.5***
(year % ch.)	5.1	4.4	5.0	5.0	5.0	5.1	5.2	5.3	5.3	5.1	5.0	5.0	***4.9***	***5.2***	***5.1***
Saving	-57.1	-53.9	-54.5	-52.4	-49.2	-50.0	-46.8	-44.7	-47.1	-46.6	-42.4	-41.7	***-54.5***	***-47.7***	***-44.4***
Households: ratio to disposable income															
Saving	-1.2	-1.1	-1.1	-1.0	-1.0	-1.0	-0.9	-0.8	-0.9	-0.9	-0.8	-0.7	***-1.1***	***-0.9***	***-0.8***
Debt	62.7	62.4	61.8	61.8	62.1	62.2	61.6	61.7	62.0	62.1	61.5	61.7	***62.2***	***61.9***	***61.8***
Debt-service cost	8.9	8.8	8.5	8.3	8.2	8.0	7.5	7.1	6.8	6.6	6.4	6.3	***8.6***	***7.7***	***6.5***
Net wealth	413.6	427.4	440.9	436.5	437.7	451.1	461.8	459.1	463.5	475.2	480.4	472.8	***429.6***	***452.4***	***473.0***

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

	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4	*2025*	*2026*	*2027*
Income															
Direct taxes	1185.9	1119.6	1148.1	1155.1	1176.6	1208.4	1250.8	1273.3	1273.8	1283.7	1318.3	1333.7	***1152.2***	***1227.3***	***1302.4***
(year % ch.)	12.7	7.1	4.6	5.8	-0.8	7.9	8.9	10.2	8.3	6.2	5.4	4.7	***7.5***	***6.5***	***6.1***
Value added tax (VAT)	542.5	424.9	466.8	508.8	506.5	507.5	513.4	517.6	524.1	533.4	542.1	549.2	***485.7***	***511.2***	***537.2***
(year % ch.)	4.8	12.2	5.4	8.9	-6.6	19.4	10.0	1.7	3.5	5.1	5.6	6.1	***7.6***	***5.2***	***5.1***
Other indirect taxes	402.9	521.4	471.0	422.3	450.1	485.3	496.0	511.0	510.0	518.1	519.2	525.0	***454.4***	***485.6***	***518.1***
(year % ch.)	7.1	2.4	2.2	-2.8	11.7	-6.9	5.3	21.0	13.3	6.8	4.7	2.7	***2.1***	***6.9***	***6.7***
Expenditure															
Consumption	1413.2	1419.5	1466.5	1513.4	1521.7	1530.1	1532.9	1535.6	1569.0	1602.3	1613.4	1624.5	***1453.2***	***1530.1***	***1602.3***
(year % ch.)	0.6	1.3	3.2	6.9	7.7	7.8	4.5	1.5	3.1	4.7	5.3	5.8	***3.0***	***5.3***	***4.7***
Interest Payments	531.4	530.2	514.2	521.1	526.5	540.1	532.6	543.9	544.8	548.6	552.9	560.5	***524.2***	***535.8***	***551.7***
(year % ch.)	7.6	9.2	-0.5	1.9	-0.9	1.9	3.6	4.4	3.5	1.6	3.8	3.1	***4.4***	***2.2***	***3.0***
Saving	-316.6	-199.6	-251.2	-172.2	-210.8	-211.1	-257.8	-132.9	-140.4	-103.2	-153.4	-14.7	***-234.9***	***-203.1***	***-102.9***
Ratios to GDP															
Total tax revenue	28.7	27.4	26.9	26.6	26.9	27.6	27.9	28.2	27.8	27.8	27.9	28.0	***27.4***	***27.6***	***27.9***
Main budget balance	-2.8	-3.9	-5.2	-5.0	-4.7	-4.1	-4.4	-2.7	-3.4	-3.6	-4.4	-3.0	***-4.2***	***-4.0***	***-3.6***
Gross debt (National government)	77.0	78.1	78.3	78.6	79.0	79.5	79.4	79.5	80.1	80.3	80.2	80.2	***78.6***	***79.5***	***80.2***

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

	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4	2025	2026	2027
Current account															
Exports: goods and services	2384.1	2360.8	2385.2	2386.7	2445.0	2485.3	2475.7	2494.4	2549.4	2629.9	2619.7	2643.7	***2379.2***	***2475.1***	***2610.7***
(year % ch.)	2.1	-1.6	4.7	2.2	2.6	5.3	3.8	4.5	4.3	5.8	5.8	6.0	***1.8***	***4.0***	***5.5***
Net receipts	-49.4	-28.6	-37.5	-39.5	-40.8	-41.7	-42.3	-42.8	-48.1	-51.7	-54.1	-55.8	***-38.8***	***-41.9***	***-52.4***
(year % ch.)	8.7	-45.6	-21.7	5.4	-17.4	45.7	12.9	8.4	17.8	23.8	27.8	30.5	***-15.5***	***8.1***	***25.1***
Less imports: goods and services	2234.0	2242.1	2208.3	2231.2	2273.7	2386.9	2337.1	2372.1	2386.1	2507.7	2456.8	2499.4	***2228.9***	***2342.4***	***2462.5***
(year % ch.)	1.7	-0.7	2.6	2.6	1.8	6.5	5.8	6.3	4.9	5.1	5.1	5.4	***1.5***	***5.1***	***5.1***
Less net factor payments	148.6	172.8	173.8	171.4	168.4	169.0	170.2	173.4	176.7	180.0	182.6	185.3	***166.7***	***170.2***	***181.1***
(year % ch.)	-4.3	47.2	22.8	4.5	13.3	-2.2	-2.1	1.2	4.9	6.5	7.3	6.9	***15.3***	***2.2***	***6.4***
Current account balance	-47.8	-82.8	-34.5	-55.3	-37.9	-112.2	-73.9	-93.9	-61.5	-109.4	-73.9	-96.9	***-55.1***	***-79.5***	***-85.4***
Current account in US$	-2.6	-4.5	-2.0	-3.2	-2.2	-6.7	-4.4	-5.6	-3.6	-6.4	-4.3	-5.7	***-3.1***	***-4.7***	***-5.0***
Current account as % of GDP	-0.6	-1.1	-0.4	-0.7	-0.5	-1.4	-0.9	-1.1	-0.7	-1.3	-0.9	-1.1	***-0.7***	***-1.0***	***-1.0***
Financing of the current account															
Total net capital flows	31.5	-27.5	63.5	-10.4	47.9	0.1	38.2	-2.6	51.0	-4.8	33.9	-6.2	***57.2***	***83.6***	***73.9***
SDR + Valuation adjustment	29.1	-1.8	-35.5	-8.6	-18.6	-4.0	3.4	4.0	3.7	2.8	-0.2	2.4	***-16.7***	***-15.2***	***8.7***
Change in gross reserves	12.1	-22.6	-1.0	-8.5	-16.8	-4.6	2.8	2.2	2.7	-2.0	-5.1	-3.8	***-20.0***	***-16.4***	***-8.2***
Gross reserves: quarter end	1238.8	1215.8	1214.9	1206.3	1189.5	1184.9	1187.7	1189.9	1192.6	1190.6	1185.5	1181.7	***1206.3***	***1189.9***	***1181.7***
Gross reserves: quarter end (US$)	67.5	68.4	70.4	70.4	70.5	70.5	70.5	70.3	70.3	70.0	69.7	69.4	***70.4***	***70.3***	***69.4***
Terms of trade															
Index (2015 = 100)	109.5	109.3	111.0	111.3	111.5	110.1	110.7	110.4	111.9	110.6	111.1	110.9	***110.3***	***110.7***	***111.1***
(year % ch.)	3.1	0.9	2.6	2.0	1.8	0.7	-0.3	-0.8	0.4	0.4	0.3	0.4	***2.1***	***0.4***	***0.4***

Table A 10: Credit, interest rates and exchange rates

	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4	2025	2026	2027
Money supply and credit extension															
M3 money supply	5498.3	5527.4	5697.0	5719.9	5803.0	5898.5	6038.7	6066.4	6149.8	6248.3	6395.0	6426.2	***5719.9***	***6066.4***	***6426.2***
(year % ch.)	5.8	7.3	5.7	5.3	5.5	6.7	6.0	6.1	6.0	5.9	5.9	5.9	***5.3***	***6.1***	***5.9***
Private sector credit to households	2211.0	2223.8	2258.3	2283.4	2304.6	2331.4	2375.1	2405.9	2425.4	2450.2	2494.9	2526.7	***2283.4***	***2405.9***	***2526.7***
(year % ch.)	2.8	3.0	3.8	4.3	4.2	4.8	5.2	5.4	5.2	5.1	5.0	5.0	***4.3***	***5.4***	***5.0***
Private sector credit to firms	2682.1	2750.0	2852.1	2849.9	2911.8	2980.5	3077.0	3074.0	3137.9	3211.5	3313.5	3312.9	***2849.9***	***3074.0***	***3312.9***
(year % ch.)	3.9	6.6	7.4	8.4	8.6	8.4	7.9	7.9	7.8	7.8	7.7	7.8	***8.4***	***7.9***	***7.8***
Total private sector credit extension	4893.1	4973.9	5110.4	5133.3	5216.5	5311.9	5452.1	5479.9	5563.3	5661.7	5808.4	5839.7	***5133.3***	***5479.9***	***5839.7***
(year % ch.)	3.4	4.9	5.8	6.6	6.6	6.8	6.7	6.8	6.6	6.6	6.5	6.6	***6.6***	***6.8***	***6.6***
Interest rates															
3-month NCD rate	7.61	7.45	7.13	7.06	7.08	6.82	6.38	6.00	5.68	5.62	5.63	5.64	***7.31***	***6.57***	***5.65***
10-year government bond yield	10.42	10.42	9.61	9.51	9.63	9.55	9.40	9.32	9.14	9.13	9.08	8.99	***9.99***	***9.47***	***9.08***
Prime overdraft rate	11.09	10.91	10.59	10.50	10.50	10.23	9.78	9.40	9.07	9.00	9.00	9.00	***10.77***	***9.98***	***9.02***
Effective household lending rate	14.19	14.10	13.70	13.41	13.19	12.79	12.12	11.48	10.91	10.55	10.36	10.18	***13.85***	***12.40***	***10.50***
Effective firm lending rate	8.53	8.70	8.34	8.22	8.14	7.84	7.34	6.92	6.56	6.41	6.28	6.21	***8.45***	***7.56***	***6.36***
Exchange rates															
R/US DOLLAR	18.50	18.28	17.64	17.25	16.93	16.82	16.84	16.90	16.95	17.00	17.00	17.03	***17.92***	***16.87***	***16.99***
(year % ch.)	-2.0	-1.6	-1.8	-3.6	-8.5	-8.0	-4.5	-2.0	0.1	1.1	0.9	0.8	***-2.2***	***-5.8***	***0.7***
R/100 Japanese YEN	12.14	12.65	12.25	11.89	11.76	11.76	12.03	12.16	12.37	12.41	12.41	12.61	***12.23***	***11.93***	***12.45***
(year % ch.)	-4.6	6.1	1.5	1.2	-3.1	-7.0	-1.8	2.2	5.2	5.5	3.1	3.7	***1.0***	***-2.5***	***4.4***
R/STERLING	23.30	24.40	23.94	23.28	22.86	23.04	23.41	23.49	23.73	23.80	23.80	24.18	***23.73***	***23.20***	***23.88***
(year % ch.)	-2.7	4.1	2.5	1.5	-1.9	-5.5	-2.2	0.9	3.8	3.3	1.7	2.9	***1.3***	***-2.2***	***2.9***
R/EURO	19.46	20.71	20.29	20.18	19.81	19.85	19.88	19.94	20.17	20.23	20.23	20.43	***20.16***	***19.87***	***20.27***
(year % ch.)	-5.1	3.6	2.8	5.7	1.8	-4.2	-2.0	-1.2	1.8	1.9	1.8	2.5	***1.7***	***-1.4***	***2.0***
R/$ PP parity rate (base PPI 2003)	10.58	10.60	10.62	10.59	10.57	10.64	10.68	10.68	10.74	10.83	10.85	10.80	***10.60***	***10.64***	***10.80***
(year % ch.)	-0.1	-0.4	0.2	0.0	-0.1	0.4	0.6	0.9	1.6	1.7	1.5	1.1	***-0.1***	***0.4***	***1.5***

Table A 11: Prices

	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2027Q1	2027Q2	2027Q3	2027Q4	2025	2026	2027
Price deflators (index base year: 2015)															
Exports (incl. services)	183.8	188.0	188.9	189.7	191.0	193.6	192.4	192.5	195.1	197.8	196.5	196.7	***187.6***	***192.4***	***196.5***
(year % ch.)	4.0	3.1	4.4	4.4	3.9	3.0	1.9	1.4	2.1	2.1	2.1	2.2	***4.0***	***2.5***	***2.1***
Export commodities (in rand)	3829.8	3962.1	4249.3	4272.7	4373.6	4422.9	4411.5	4355.6	4051.8	3918.3	3805.1	3705.4	***4078.5***	***4390.9***	***3870.2***
(year % ch.)	-1.9	0.5	13.7	14.0	14.2	11.6	3.8	1.9	-7.4	-11.4	-13.7	-14.9	***6.4***	***7.7***	***-11.9***
Imports (incl. services)	167.8	172.0	170.1	170.5	171.3	175.9	173.8	174.3	174.3	178.9	176.8	177.3	***170.1***	***173.8***	***176.8***
(year % ch.)	0.9	2.2	1.8	2.3	2.1	2.3	2.2	2.2	1.7	1.7	1.8	1.7	***1.8***	***2.2***	***1.7***
GDE	155.7	156.7	159.6	160.8	161.9	163.0	164.9	165.9	167.0	168.1	170.1	171.0	***158.2***	***163.9***	***169.0***
(year % ch.)	2.8	1.5	2.9	3.9	3.9	4.0	3.3	3.2	3.1	3.1	3.1	3.1	***2.8***	***3.6***	***3.1***
Investment	164.0	166.4	166.5	166.5	169.0	171.4	171.2	171.2	173.5	176.0	175.7	175.5	***165.8***	***170.7***	***175.2***
(year % ch.)	3.1	1.7	2.6	3.4	3.0	3.0	2.8	2.8	2.7	2.6	2.6	2.6	***2.7***	***2.9***	***2.6***
GDP	158.9	159.8	163.6	164.8	166.1	166.6	168.9	169.8	171.6	172.1	174.4	175.3	***161.8***	***167.8***	***173.4***
(year % ch.)	2.2	1.7	3.4	3.2	4.6	4.2	3.2	3.0	3.3	3.3	3.3	3.3	***2.6***	***3.7***	***3.3***
Consumer (index base: Dec 2021) & producer prices (index base: Dec 2020)															
Headline inflation (CPI)	101.0	102.1	103.3	103.8	104.7	105.7	106.8	107.4	108.2	109.1	110.2	110.8	***102.6***	***106.2***	***109.6***
(year % ch.)	3.0	2.9	3.4	3.9	3.7	3.5	3.4	3.5	3.3	3.2	3.2	3.2	***3.3***	***3.5***	***3.2***
Core inflation*	101.1	102.0	102.8	103.4	104.6	105.3	106.2	106.8	107.8	108.4	109.2	109.9	***102.3***	***105.7***	***108.8***
(year % ch.)	3.3	3.0	3.1	3.4	3.5	3.2	3.3	3.3	3.1	2.9	2.8	2.9	***3.2***	***3.3***	***2.9***
CPI food and non-alcoholic beverages	100.7	103.2	104.5	105.3	105.8	108.3	108.3	109.1	109.3	111.9	111.9	112.7	***103.4***	***107.9***	***111.4***
(year % ch.)	2.6	4.6	5.1	5.3	5.1	4.9	3.6	3.6	3.3	3.3	3.3	3.3	***4.4***	***4.3***	***3.3***
CPI petrol	103.4	100.2	101.6	100.5	98.3	98.6	98.4	98.8	101.3	102.1	102.1	101.5	***101.4***	***98.5***	***101.7***
(year % ch.)	-5.7	-13.2	-4.4	1.5	-4.9	-1.6	-3.1	-1.7	3.1	3.5	3.8	2.7	***-5.7***	***-2.9***	***3.3***
Petrol price (R/l coastal unleaded)	*21.15*	*20.63*	*20.84*	*20.65*	*20.22*	*20.29*	*20.24*	*20.33*	*20.85*	*21.00*	*21.00*	*20.89*	***20.82***	***20.27***	***20.93***
(year % ch.)	*-6.7*	*-14.6*	*-5.5*	*0.8*	*-4.4*	*-1.6*	*-2.9*	*-1.6*	*3.1*	*3.5*	*3.7*	*2.7*	***-6.8***	***-2.6***	***3.2***
CPI electricity	100.5	100.3	108.5	108.2	108.2	108.2	117.7	117.7	117.7	117.7	128.1	128.1	***104.4***	***113.0***	***122.9***
(year % ch.)	11.9	11.5	8.6	8.2	7.7	7.9	8.5	8.8	8.8	8.8	8.8	8.8	***10.0***	***8.2***	***8.8***
Producer price index	101.7	102.6	103.6	103.8	104.6	106.1	106.8	107.1	108.3	109.9	110.7	110.9	***102.9***	***106.2***	***109.9***
(year % ch.)	0.9	0.4	2.1	3.2	2.9	3.4	3.1	3.2	3.5	3.6	3.6	3.5	***1.6***	***3.2***	***3.6***

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