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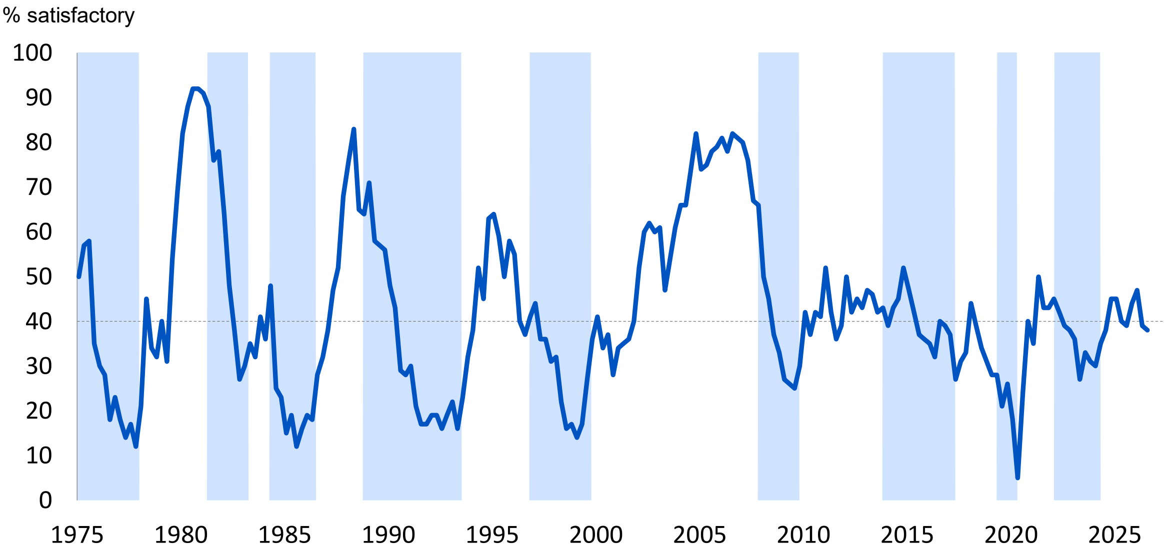
# Press release

## *Business confidence stabilises after Q2 setback*

The RMB/BER Business Confidence Index (BCI) edged down by 1 point to 38 in the third quarter of 2026, little changed from the 39 recorded in the second quarter. This level of confidence implies that 62% of respondents remain dissatisfied with prevailing business conditions. Taking a longer-term perspective, the index remains slightly below its long-term average of 40 and well below the recent high of 47 reached in the first quarter of the year.

The latest result suggests that the sharp eight-point decline in confidence recorded in the second quarter has neither deepened nor been reversed. Overall, business sentiment remains subdued, with firms still awaiting renewed impetus to lift confidence and activity.

**Figure 1: RMB/BER Business Confidence Index (BCI)**




*Source: BER, SARB (shaded areas represent economic downswings; the starting point of the most recent upswing in 2024Q2 is provisionally dated by the BER[1])*

[1] The BER has developed a method to provisionally identify and date the latest turning point of the business cycle. Adopting this approach enables the BER to provisionally identify the most recent turning point (or, at most, the two most recent turning points) with a lag of only two quarters, while recognising that the SA Reserve Bank's official chronology remains the definitive historical record of SA's business cycle. For more: https://www.ber.ac.za/Methodologies/BusinessCycleDating

The survey took place from 13 to 24 August 2026. Compared with the second quarter, some of the immediate pressures associated with the earlier oil and fuel price shock had begun to ease. Inflation also moderated during the survey period, while the South African Reserve Bank (SARB) kept the policy rate unchanged in July, following the 25-basis-point increase in May. However, geopolitical and global trade uncertainty remained elevated, and domestic firms continued to face weak demand and familiar operating constraints. Against this backdrop, the largely unchanged BCI is unsurprising.

Confidence declined in four of the five sub-sectors that make up the headline index, except for **retailers,** whose confidence rose by 9 points to its long-term average of 40. **Building contractors** and **wholesalers'** confidence each edged down by 1 point to 45 and 39, respectively.

The underlying picture among building contractors suggests increasing pressure in non-residential building activity, amid signs of weaker government-related project activity. By contrast, there are some tentative signs of improvement on the residential side, supported by a more encouraging broader project pipeline.

There was divergence among wholesalers, as consumer-goods wholesalers reported an improvement in sales, while sales among non-consumer-goods wholesalers deteriorated meaningfully. This suggests that consumer-facing demand held up somewhat better, while weakness in business-to-business activity became more pronounced.

**Manufacturers'** confidence recorded the second-largest decline, falling by 4 points to 27, the lowest confidence level among the five sectors surveyed and below its long-term average. The partial reversal in the acute cost pressures seen in the second quarter did not translate into stronger activity during the third quarter. Domestic sales remained weak, export volumes deteriorated amid weaker global growth, and seasonally adjusted production declined. Capacity utilisation also decreased, suggesting that manufacturers continue to operate with significant spare capacity.

**Table 1: Business confidence per sector**

| Indicator | LT avg. | 24Q3 | 24Q4 | 25Q1 | 25Q2 | 25Q3 | 25Q4 | 26Q1 | 26Q2 | 26Q3 | *change* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **RMB/BER Business Confidence** | **40** | **38** | **45** | **45** | **40** | **39** | **44** | **47** | **39** | **38** | ***-1*** |
| Building contractors | 39 | 41 | 51 | 45 | 35 | 46 | 39 | 50 | 46 | **45** | *-1* |
| Retailers | 40 | 45 | 54 | 50 | 42 | 32 | 43 | 36 | 31 | **40** | *9* |
| Wholesalers | 45 | 51 | 60 | 42 | 50 | 38 | 42 | 50 | 40 | **39** | *-1* |
| New vehicle dealers | 38 | 27 | 23 | 52 | 42 | 54 | 58 | 67 | 49 | **38** | *-11* |
| Manufacturers | 33 | 28 | 36 | 34 | 33 | 23 | 39 | 30 | 31 | **27** | *-4* |

*Source: BER*

The largest decline was among **new vehicle dealers**, where confidence dropped by 11 points to its long-term average of 38 amid higher stock levels relative to demand. Sales volumes at new vehicle dealers improved during the quarter but this was almost fully offset by the decline in sales volumes of used vehicles. The decline in confidence, therefore, appears to reflect broader concerns about the sustainability of demand and the operating environment amid a build-up of stocks rather than a uniform deterioration in current sales.

The broader composite indicators point to a similarly subdued picture. Realised business conditions remained weak, while the activity indicator was unchanged at a low level. At the same time, expected business conditions improved somewhat from the particularly weak second-quarter reading, suggesting firms have become slightly less pessimistic about the outlook.

The composite purchasing-price indicator also eased from the second-quarter spike, declining from 65 to 54, while the selling-price indicator fell from 37 to 23. This suggests that some of the immediate cost pressures associated with the earlier oil and fuel-price shock are unwinding. However, the easing of price pressures has so far not been accompanied by a convincing improvement in underlying demand.

The provincial results were mixed. Confidence in **Gauteng** improved by 4 points to 30, although it remained well below the readings in **KwaZulu-Natal** and the **Western Cape**, as well as its own long-term average. KwaZulu-Natal was unchanged at 40. By contrast, the Western Cape composite declined by 9 points to 46. As such, there are pockets of improvement, although sentiment remains downbeat overall.

In sum, the third-quarter results point to stabilisation rather than renewed deterioration in confidence.

According to Isaah Mhlanga, Chief Economist at RMB, “Some of the acute pressures that weighed on sentiment in the second quarter have eased, particularly input costs. However, this has not yet translated into a broad improvement in demand or activity. The sectoral picture remains mixed, and businesses are still grappling with uncertainty around both the global environment and domestic operating conditions”.

Looking ahead, the local government elections on the 4th of November could be important for fourth-quarter confidence. Respondents across the BER surveys continue to flag concerns around municipal service delivery, poor infrastructure and policy uncertainty. Greater clarity around municipal governance and infrastructure delivery after the elections could support sentiment, while heightened uncertainty could further delay spending and investment decisions.

Mhlanga concludes: “Business confidence has stabilised, but at a level that remains too low to support the stronger investment and employment growth South Africa needs. A sustained improvement will require better demand conditions, continued reform progress and greater certainty in the operating environment, particularly at local government. The local government elections could therefore be an important marker for sentiment in the final quarter of the year.”