

WEEKLY REVIEW | NUMBER 38

3 October 2025

This report covers the key domestic and international data releases over the past week. The more comprehensive **BER Weekly Review (Enhanced Version)** includes a detailed discussion on the main economic events and developments over the past week, a summary of upcoming data (the week ahead) and the BER's forecast for key economic indicators. The full Weekly is only available to BER Essential Insights subscribers (**sign up here** – it's only R210/month and you get more benefits) and BER Premium Insights clients.

DOMESTIC DATA

Damian Maart

LABOUR MARKET WEAKENS FURTHER AS FORMAL EMPLOYMENT CONTRACTS IN Q2

According to Stats SA's Quarterly Employment Statistics (QES) survey, formal non-agricultural employment contracted by 0.8% q-o-q (or 2.1% y-o-y) in Q2, equivalent to a net loss of 80 000 jobs (-229 000). After reaching a peak in mid-2023, employment has steadily declined since. Of the eight industries surveyed, six experienced employment contractions. The most significant decline was observed in the community services sector (-53 000 jobs), followed by the trade sector (-10 000), manufacturing (-9 000), construction (-7 000), transport (-2 000), and business services (-2 000). The broad-based decline in employment underscores the pressure faced by the private sector, worsening an already weak labour market. Gross earnings rose by 3.4% y-o-y in June, with basic wage/salaries up 3.6% y-o-y.

MANUFACTURING PMI REBOUNDS IN SEPTEMBER

Factory sector activity regained momentum in September, with the **Absa PMI** returning to expansionary territory at 52.2 points, a 2.7-point increase from August. Notably, the business activity sub-index surged by 12.1 points to 57.9, marking the first expansion since October 2024. This rebound was largely supported by a sharp rise in new sales orders, which climbed by 8.8 points to 56.1. However, the supplier deliveries index also rose, indicating longer delivery times, likely due to the spike in new orders and ongoing logistical constraints. Additionally, the employment index declined by 6.1 points to 42.8, reflecting continued caution among manufacturers in hiring decisions as subdued domestic demand is unable to lift production. Meanwhile, the purchasing price index

increased further, signalling mounting cost pressures from wages, raw materials, and broader operational challenges, compounded by weaker-than-expected global demand.

STRONG NEW VEHICLE SALES DATA IN SEPTEMBER

According to Naamsa, new vehicles sales in September came in at 54 700 units, up 24.3% y-o-y, continuing the upward momentum. This was the steepest acceleration since 2015. Out of the total reported industry sales, 80.1% represented dealer sales, while 15.2% represented sales to the vehicle rental industry, 2.7% to industry corporate fleets, and 2% to government sales. Surprising to the upside, vehicle export volumes saw a significant increase of 32.9% y-o-y.

AUGUST PRIVATE CREDIT GROWTH EDGES HIGHER WHILE THE TRADE SURPLUS NARROWS

In August, credit extended to the private sector increased by 5.9% y-o-y, marginally higher than the 5.8% recorded in July and slightly above market expectations.

The surplus trade balance contracted to R4bn in August from R19.6bn in July, well below the consensus of R18.3bn. On monthly basis, exports declined by -6.8%, while imports rose by 1.9%, narrowing the surplus recorded in the previous month. Of the top five exported goods, only vehicles and transport equipment recorded an increase (4% m-o-m), with the highest exported goods, precious metals and stones, seeing a fall of 19% in August.

Finally, according to Stats SA, the volume of electricity produced fell by 3.1% y-o-y in August, the fastest pace of decline in three months. Seasonally adjusted electricity generation decreased by 1.1% m-o-m, following a 0.1% uptick in July and a 1.4% contraction in June.

SA REFORM MONITOR

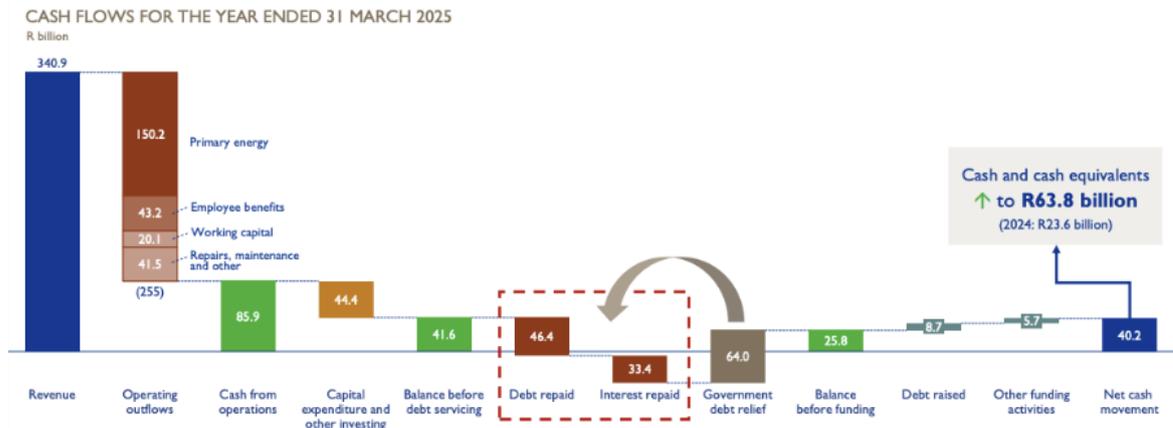
Roy Havemann

ESKOM REPORTED A PROFIT FOR THE FIRST TIME IN EIGHT YEARS

At first glance, the headline result of a profit seems promising, but the results should be read with caution. The auditors flagged concerns about Eskom's going concern status, highlighting its dependence on government support, operational assumptions, regulated revenue by NERSA, municipal arrear debt and energy losses. At the end of March 2025, municipal arrear debt amounted to R94.6 billion, representing a 27% increase from the previous year.

Moreover, Eskom's return to profitability can be attributed to three factors: the significant electricity price increase in 2024/25 (12.5%), a R12 billion diesel rebate refund from SARS, and a reduction in finance costs of R5 billion resulting from the massive government bailout used to reduce Eskom's debt. The **Eskom results presentation** shows the impact of government debt relief on the cash flow position. Without a significant R64 billion injection, Eskom would have ended the year with a cash shortfall of approximately R38 billion, compared to its cash holdings of R23.6 billion at

the start of the year. In short, Eskom requires ongoing bailouts to prevent it from running out of cash.



TRADING SERVICES REFORM WORKSHOP

The ringfencing of municipal services into standalone, sustainable entities is a core part of the Operation Vulindlela reform agenda. Progress is being made in this very important area, with metros required to take the lead. The National Treasury held an extensive trading services reform workshop, including a useful question and answer pack available here. The topic also featured at our **BER conference** and in our **municipal research note**.

MUNICIPAL FINANCIAL RESULTS

National Treasury released consolidated municipal spending figures for the municipal financial year ending June 2025. As of 30 June 2025, aggregate spending by municipalities accounted for 89.8 per cent, or R597.2 billion, of the total adjusted expenditure budget of R665.5 billion, indicating ongoing underspending issues. The underspending was concentrated in infrastructure, with capital expenditure at R52.1 billion, or 65.2% of the adjusted capital budget of R79.9 billion. In contrast, operating spending was nearly on target.

Capital expenditure continues to be underspent and accounts for only 8.7% of overall spending. It is also markedly different across municipalities.

The City of Cape Town and the City of Johannesburg metro regions have roughly equal populations¹, with approximately 4.8 million residents each. The City of Cape Town's capital budget was R12.1 billion in the same year, or 23% of all municipal capital spending. In contrast, the City of Johannesburg's capital budget was R7.1 billion.

¹The equal populations are due to the metropolitan region of Cape Town being quite large at 2 461 km², stretching all the way to Atlantis in the north, and Somerset West in the east. The Johannesburg Metro is smaller, at 1 645 km², and does not encompass the entire Gauteng urban footprint. Large parts of "Johannesburg" are in Ekurhuleni (East Rand: Kempton Park, Benoni, Germiston, etc.) or in the West Rand District Municipality (Muldersdrift / Krugersdorp).

INTERNATIONAL DATA

Nkosiphindile Shange

GLOBAL MANUFACTURING PMIs INDICATE GROWTH AT A SLOWING PACE

The JP Morgan Global Manufacturing PMI posted 50.8 index points in September, relatively stable from a 14-month high of 50.9 in August. The average PMI in 2025Q3 is 50.4 points, the highest since 50.7 in 2024Q2. Business optimism ticked up to a three-month high as new orders and production increased, and input costs and selling prices eased. Employment in the sector remained stable. There was broad output growth across consumer, intermediate, and capital goods categories, with the fastest growth coming from the consumer goods category. The S&P Global US Manufacturing PMI eased to 52 points in September, from 53 in August. The weaker growth resulted from softer increases in production and new order books as the tariffs continue to weigh on exports. The export markets were the source of the relatively weaker demand. Meanwhile, input prices remained elevated due to the tariffs.

The HCOB Eurozone Manufacturing PMI posted 49.8 points and slipped back to contractionary territory in September from 50.7 in August. New orders decreased, and business confidence weakened. This was a reversal of the August gains, where orders grew for the first time in almost three and a half years. Despite sales falling, production continued to increase. The S&P Global UK Manufacturing PMI posted 46.2 points in September, a five-month low, down from 47 in August, and in contractionary territory for a twelfth consecutive month. Manufacturers mentioned material shortages, port congestion, and shipping delays.

The HSBC India Manufacturing PMI edged down to 57.7 points in September from 59.3 in August. This was the sector's weakest improvement since May. The RatingDog China Manufacturing PMI rose to 51.2 points in September from 50.5 in August as production growth accelerated at an above-average pace, driven by rising new orders in the domestic and export markets. The reading edges above the 50-mark for a second successive month. Average input prices continued to rise in September, but exporters only fractionally increased export prices.

The RatingDog China General Services PMI posted 53 points in September from 52.9 in August. The growth rate slowed in three months but remained solid, indicating continued expansion in the services sector that began in January 2023. There was a solid rise in new business, supported by new product launches and supportive government policies. However, job shedding persisted at the quickest pace since April 2024 as employers worried about rising costs.

US CONSUMER CONFIDENCE SLIDES WHILE EZ CONSUMER CONFIDENCE IMPROVES

According to the Conference Board, the US consumer confidence index slid to 94.2 in September from an upwardly revised 97.8 in August (previously 97.4). The consumers were less optimistic when assessing business conditions, and the appraisal of current job availability fell for the ninth successive month and reached a multi-year low.

Official data from the European Commission showed that EZ consumer confidence was at -14.9 in September 2025, up from -15.5 in August. Consumers were less pessimistic about their future financial situation and reported planning larger purchases in the next 12 months. The Economic Sentiment Indicator (ESI) increased to 95.5 in September from an upwardly revised 95.3 in August (previously 95.2). Additionally, on the business side, the Business Climate index decreased to -0.76 in September from -0.72 in August. Industrial Sentiment slipped to -10.3 from -10.2 in August. Encouragingly, managers reported significant improvement in production expectations. Services Sentiment eased to 3.6 in September from 3.8 in August, the softest reading since June, but maintaining the positive territory since April 2021.

EZ FLASH CONSUMER PRICES RISE AND UNEMPLOYMENT INCREASES

The EZ Harmonised Index of Consumer Prices (HICP) increased to 2.2% y-o-y in September from 2% in August. The rising prices were driven by services prices increasing by 3.2% compared to 3.1% in August. Food, alcohol and tobacco prices fell from 3.2% to 3% in September, energy prices decreased at a slower pace, and other industrial goods prices remained stable. Inflation expectations continue to come down. The EZ unemployment rate increased to 6.3% in August from 6.2% in July. Youth unemployment remains a concern, with youth unemployment in the whole European Union rising to 14.6% from 14.4% in July.

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