

This report covers the key data releases domestically and internationally over the past week and updates on crucial structural reform initiatives. It is a shortened version of the more comprehensive **BER Weekly Review (Enhanced version)**, which 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 BER Premium Insights clients.

DOMESTIC DATA

Nkosiphindile Shange

SA GDP EXPANDS FASTER THAN EXPECTED IN Q2

According to Stats SA, real GDP expanded by 0.8% q-o-q in 2025Q2, following an unrevised growth of 0.1% in 2025Q1. From the production side, eight of the ten industries expanded in Q2, with transport and construction the only industries contracting. The mining, manufacturing and trading industries each contributed 0.2% pts to overall growth. Considering GDP from the expenditure side, household consumption expanded by 0.8%, contributing 0.6% pts to total growth. Final consumption expenditure by the general government increased by 0.7% (0.1% pts), driven by purchases of goods and services and public compensation. Gross fixed capital formation decreased by 1.4% (-0.2% pts), following a contraction of 1.5% in Q1, on the back of a sharp decline in public corporations' investment.

Q3 CURRENT ACCOUNT DEFICIT NEARLY DOUBLES

The latest data from the SARB showed that SA's account deficit widened to 1.1% of GDP, against expectations for a more modest widening to 0.7% from a revised 0.6% in 2025Q1 (previously 0.5%). The trade surplus narrowed as the value of exports decreased more than the decrease in imports. Significant export value declines occurred in the agricultural and mining industries. The deficit in the services, income, and current transfers account increased.

ANNUAL MANUFACTURING OUTPUT CONTRACTS AFTER TWO MONTHS OF GROWTH

Manufacturing production contracted by 0.7% y-o-y in July, a sharper contraction than the market's expectation of -0.4%. This follows 1.9% growth in June. Only two subsectors recorded production growth; the food and beverages subsector grew by 1.9% while the glass and other

non-metallic mineral products expanded by 3%. Production was unchanged in the chemicals subsector. The biggest drag came from the metals subsector (-3.3%, -0.7% pts) and wood subsector (-1.8%, -0.2% pts). Seasonally adjusted manufacturing production contracted by 0.5% m-o-m.

MINING PRODUCTION GROWTH ACCELERATES

There was better news for mining output, which expanded by 4.4% y-o-y in July, exceeding consensus expectations of 3.4%. This follows an upwardly adjusted 2.5% growth in June, previously 2.4%. The most significant contributors were PGMs (6.2%, 1.7% pts), iron ore (12.2%, 1.7% pts), and other metallic minerals (45.8%, 0.8% pts). On a seasonally adjusted basis, production increased by 1% in July – the fifth month of growth.

SA REFORM MONITOR

Roy Havemann, with Julia Iles

LABOUR MARKET

There was a step forward on labour market reform. On 4 September 2025, the Minister of Employment and Labour published the final Code of Good Practice on Dismissal. The Code takes into account the challenges faced by small businesses, particularly where complying with formal procedures may be impracticable. A full analysis is available here: [Code of Good Practice on Dismissal](#).

This is a welcome move in an area that has fallen off the reform radar. There has, however, been little progress on implementing the other labour market reforms agreed by NEDLAC. For details on these reforms, see here: [NEDLAC Labour Market reforms](#)

LOGISTICS

Data for August 2025 showed that SA ports achieved a major milestone by handling 18 689 twenty-foot equivalent units (TEUs) in a single day, the highest daily volume since the pandemic. The Southern African Association of Freight Forwarders (SAAFF) hailed this as a turning point after two difficult years, crediting new equipment, revised processes, and industry-wide collaboration. Despite this progress, the sector still faces significant challenges, including ageing infrastructure, limited handling capacity, recurring delays, and rising costs.

ELECTRICITY

The fallout from NERSA's R54 billion tariff error continued. The Minister of Energy and NERSA held a briefing highlighting that the relevant official was suspended, and promising reforms to simplify the electricity tariff setting process. This would be welcome as NERSA has faced years of legal battles with Eskom over the price of electricity.

As we noted in the Weekly Review at the time, the impact on tariffs is significant. They should rise from 5.35% initially granted for the next financial year to 8.76%; and from 6.19% to 8.83% in the year thereafter.

INTERNATIONAL DATA

Lebohang Namo

ECB HOLDS RATES STEADY FOR SECOND CONSECUTIVE MEETING

As expected, the European Central Bank (ECB) kept the benchmark policy rate unchanged at 2%. The overall economic outlook has seen minimal change since the June assessment, and inflation

remains close to the ECB's medium-target of 2%. Moreover, the inflation outlook has now been revised slightly upward, reflecting the unexpected inflation reading of 2.1% y-o-y in August. The ECB noted in its press release that the inflation outlook "remains more uncertain than usual", signalling that the policy approach will remain cautious and data dependent.

US INFLATION TICKS HIGHER AHEAD OF FED MEETING

Annual US headline consumer inflation increased to 2.9% in August, up from 2.7% in July 2025. This was the fastest increase since January and matched most market expectations. The primary drivers behind the rise in inflation were price increases for used cars and trucks (6%), food (3.2%), and new vehicles (0.7%). Furthermore, energy prices rose by 0.2% y-o-y following a 1.6% decline in July, marking the first increase in seven months. On a monthly basis, CPI increased to 0.4% m-o-m from 0.2% in July, which was the biggest gain since January. Core inflation, which excludes food and energy prices, remained steady at 3.1% y-o-y.

Meanwhile, producer price inflation (PPI) declined to 2.6% y-o-y in August from 3.1% in July. After a revised 0.7% gain in July, producer prices declined by 0.1% m-o-m in August.

CHINA'S CPI DIPS AGAIN, DEEPENING DEFLATION CONCERNS

China's consumer prices fell 0.4% y-o-y in August, following a flat reading in July, falling short of market expectations. This is the fifth occurrence of consumer deflation this year and the steepest dip since February. The drop was largely driven by a fall in food prices (-4.3% y-o-y), the sharpest decline in nearly four years. Conversely, non-food prices rose by 0.5% y-o-y, supported by ongoing government subsidies for consumer goods. Core inflation, which excludes food and energy prices, accelerated by 0.9% y-o-y. Meanwhile, factory gate deflation persisted in July. Producer prices declined modestly by 2.9% y-o-y in August from a 3.6% drop in the previous month. The slowdown suggests that recent measures by Beijing to limit price wars among companies may be having an effect.

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