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Manufacturing

Quarterly analysis of manufacturing activity

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Please refer to the glossary on the BER's website for explanations of technical terms.

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Executive summary

According to the latest Absa Manufacturing Survey, business confidence in the factory sector slightly declined by one point to 33 in 2025Q2. This follows a two-point decline in 2025Q1, indicating that the manufacturing sector remained under pressure in the first half of 2025 as demand remains constrained. The subsector results were mixed, with five subsectors experiencing declining confidence levels, while three other subsectors saw improved confidence levels.

Insufficient demand as a constraint is increasing as the trading environment becomes more difficult due to low growth and trade policy uncertainties. Both domestic demand and export sales declined in 2025Q2. The decline in domestic sales was broad-based, with all subsectors recording a decline, although consumer goods continued to perform better than intermediate and capital goods. Overall, inflation of domestic selling prices slowed, but export selling price inflation accelerated.

Production volumes significantly decreased, and production dropped in seven subsectors, with only the food and beverages subsector seeing some improvements. The falling production levels contributed to a decline in employment headcount and the average hours worked per worker. Positively, the average per unit cost of production decreased due to a relatively stronger rand exchange rate and cheaper input materials, despite labour costs slightly ticking up.

There was a slight improvement on the investment front. A three-point gain in the index tracking fixed investment relative to a year ago was supported by growth in the metals, food and beverages, and wood subsectors. However, the continued low demand and increasing political climate constraints may hinder a further increase in fixed investments. Public disagreements within government, rising electricity costs and unstable electricity supply weigh heavily on the sector. Global factors such as the constrained supply chain issues and strained diplomatic relations between SA and the US continue to affect the food and beverages, and transport sectors, particularly.

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Introduction

Gross value added by the South African (SA) manufacturing sector declined by -2% quarter-on-quarter (q-o-q) in the first quarter of 2025 (2025Q1), following a 1.1% contraction in 2024Q4. The latest Absa Manufacturing Survey suggests that the sector remained under pressure in the second quarter amid a decline in production and lower domestic and export sales.

This report provides an overview of the situation in the manufacturing sector as it developed during 2025Q2 and expectations for 2025Q3 and 12 months hence. The main section of the report discusses the trends in the overall manufacturing industry with the assistance of graphs, followed by a brief outlook for the sector. After this section, separate tables and graphs of the survey data are provided for each sector and province.[1]

An overview of the latest official data

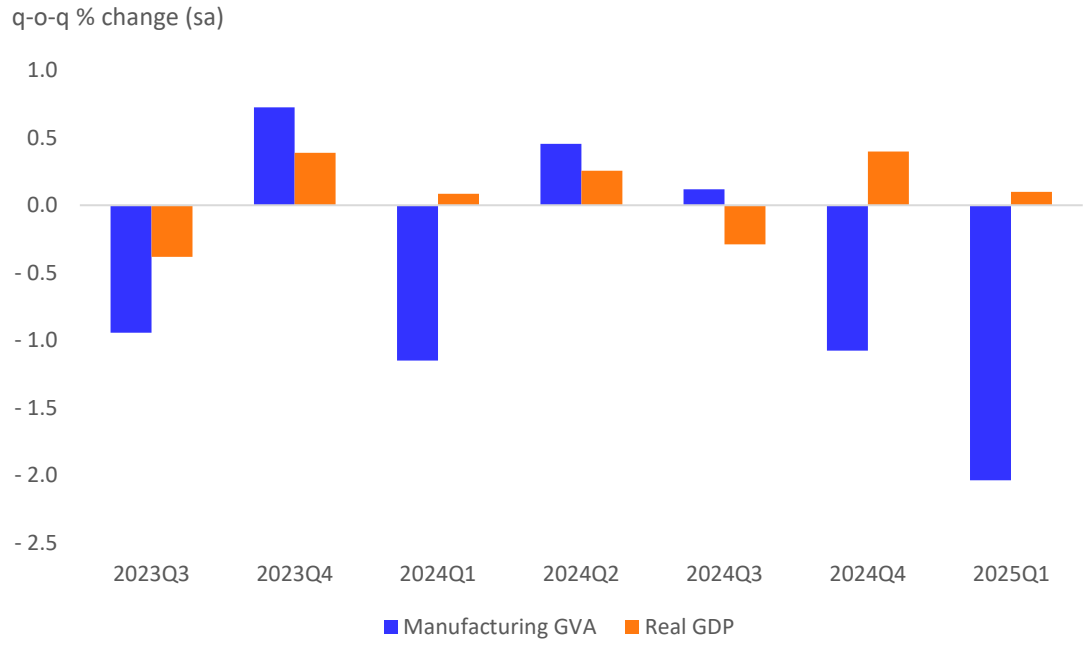
SA REAL GDP BARELY EXPANDS IN 2025Q1

The SA economy grew by a mere 0.1% in 2025Q1 from a downwardly revised 0.4% gain in 2024Q4, previously 0.6%. Four industries recorded growth in the quarter while six recorded contractions. The agricultural industry grew by 15.8%, contributing 0.4% pts to growth, followed by the transport industry with 2.4% growth (0.2% pts). The domestic trade and finance industries, both contributed 0.1% pts to growth in Q1. Of the six industries recording contractions, the manufacturing industry experienced a second consecutive q-o-q decrease. GVA declined by 2% in 2025Q1, following a 1.1% contraction in 2024Q4. The industry subtracted 0.2% pts from growth in Q1.. The subsectors that were identified as the biggest drag in the manufacturing sector were chemicals, food and beverages, and the transport subsectors.

The latest official Stats SA data showed that manufacturing production decreased by 6.3% in April 2025 compared to April 2024. This follows a decline of 1.2% in March 2025. The biggest drag on production came from food and beverages, contracting by 7.6%, shaving off -1.8% pts; metal subsector (-6.3%, -1.4% pts); transport (-13%, -1.2% pts); and chemicals (-4.7%, -1% pts). On a month-to-month basis, seasonally adjusted (sa) manufacturing production increased by 1.9% in April 2025, following a contraction of 2.5% in March. Sales decreased by 0.7% m-o-m (SA) in April 2025, following a decline of 0.4% in the month before.

[1] The Manufacturing Survey separately covers eight of the main subsectors of the manufacturing industry as well as the three main provinces (Gauteng, KwaZulu-Natal and the Western Cape).

Figure 1: The manufacturing industry subtracts from 2025Q1 GDP growth



Source: Stats SA

The latest Absa Purchasing Managers' Index (PMI) confirms that the manufacturing sector was under pressure during the first half of 2025. The average PMI for 2025Q1 was 46.2 points. The latest PMI came in at 43.1 points in May (from 44.7 points in April), meaning there is no sign of an improvement in the short run using the headline index. The slow recovery in local sales and trade disruptions with neighbouring countries weigh on the activity in the sector. This is in addition to the global trade policy uncertainty, tariffs, and ongoing logistical challenges affecting global supply chains and local transport infrastructure issues. As such, the employment index declined further and remained in contractionary territory for fourteen consecutive months as manufacturers scale down.

GLOBAL MANUFACTURING FALLS BACK INTO CONTRACTION

The latest J.P. Morgan global manufacturing PMI fell to a five-month low of 49.6 points in May, down from 49.8 points in April, indicating that the overall deterioration extends for the second consecutive month. The global manufacturing sector fell back further due to the decline in new orders and output volumes, as both domestic and export sales declined, signalling a widespread insufficient demand issue. While consumer goods output increased for the twenty-second month, intermediate and capital goods fell for the first time in five months, following modest gains seen in the previous few months. There was solid growth in new business in the US, which was offset by declines in China, Japan and the Eurozone (EZ). Employment decreased further in May, in response to lower production. Employment decreased for a tenth consecutive month. Input cost pressures eased to a seven-month low, and selling prices declined to a four-month low. The good news is that business optimism rose in 26 of the 32 nations surveyed, which could improve the employment situation.

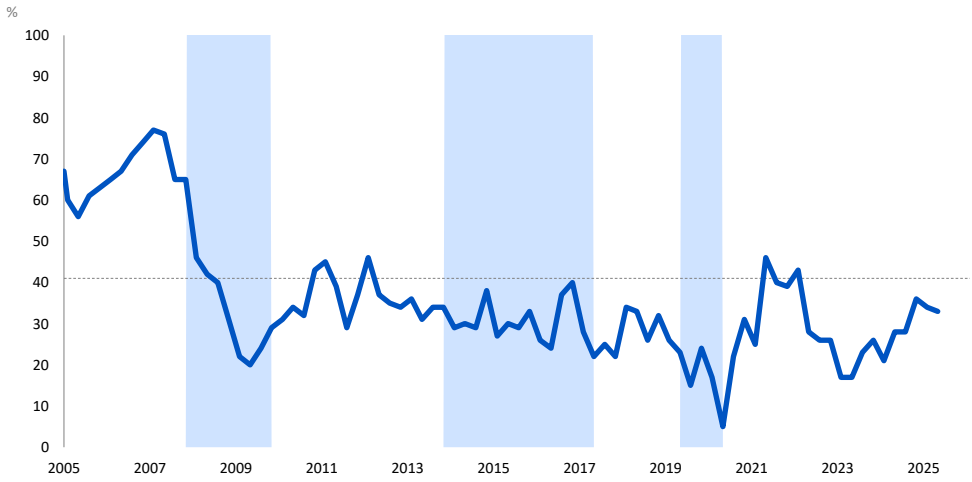
The 2025Q2 Absa Manufacturing Survey results

MANUFACTURING BUSINESS CONFIDENCE DECLINED IN Q2[2]

Manufacturing business confidence decreased by one point to 33 index points in 2025Q2, following a two-point decline in confidence in 2025Q1. The confidence index edged below the long-term average of 35 index points in 2025Q2. The deterioration could have been worse given the decline in underlying indicators. However, the current confidence levels show that only a third of respondents are satisfied with current business conditions.

Confidence in the intermediate goods segment gained 7 points to 38 points in 2025Q2, overtaking consumer goods (32), which lost 10 points, while the capital goods sector lost a further 15 points to 14 points, lagging significantly behind the other goods segments. The driver of confidence remains the consumer goods market, with intermediate goods catching up in this quarter. Despite the declines, sales and production in the consumer goods segment remain relatively better, with fewer declines compared to the other goods. Domestic sales are particularly driven by consumer goods in recent quarters. On the other hand, there seems to be a recovery in the export sales of intermediate goods, while export sales of consumer goods continue to decline. As such, the surge in the confidence level of the intermediate goods to 38 took it above the long-term average of 34.

Figure 2: Two-thirds of respondents were not satisfied with the current business conditions



Source: BER, SARB

The subsector results were mixed; of the eight major manufacturing subsectors whose results are separately published, five experienced a drop in confidence and three experienced a rise in confidence. Confidence in the food and beverages subsector declined by 10 points to 48 points in 2025Q2. Both export and domestic demand fell back, although production growth remained positive for the third consecutive quarter. Sentiment may have been impacted by continued logistical issues at SA ports, coupled with heavy rains in this period, worsening input

[2] The 2025Q2 Manufacturing Survey was conducted between 7-26 May.

shortages caused by lower yields in some agricultural produce, especially fruits, nuts, vegetables, as well as the foot and mouth disease, which affected red meat supply. However, confidence in this subsector remains above the long-term average. Confidence in the chemicals subsector declined by 13 points to 18, well below the long-term average of 39 points, due to depressed demand. Bad weather may have also played a role in lowering demand for paint and related products in some regions. Confidence in the transport subsector declined by 24 points to three points, due to lower domestic and export demand. Concerns about the impact of US tariffs on foreign-produced vehicles and parts likely also weighed heavily on confidence.

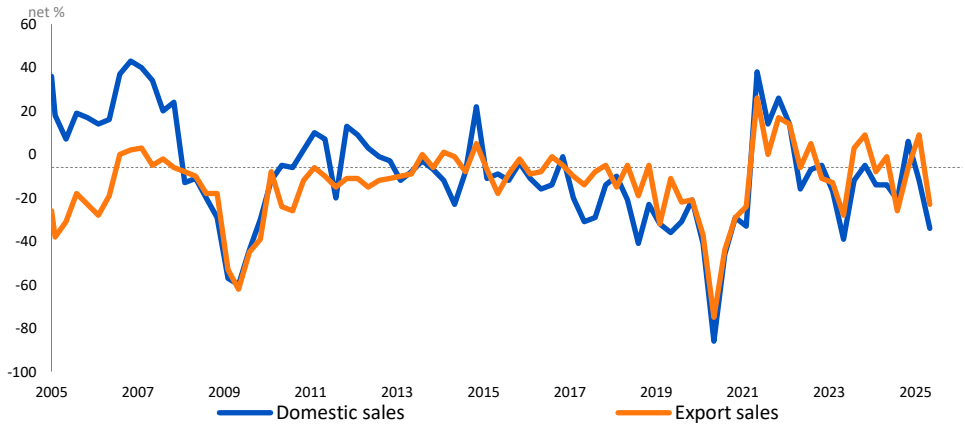
There was a positive surprise as the metals subsector confidence increased by nine points to 38 in 2025Q2, edging above the long-term average of 34 points. This is a puzzling result given production and export sales levels, but it could be because the closure of the ArcelorMittal (Amsa) longs steel plant was once again suspended. Some may be hoping for a favourable outcome of the ongoing review of import tariffs in the sector. The International Trade Administration Commission (ITAC), under the Department of Trade, Industry, and Competition, has started conversations with manufacturers in the metals industry to gauge and understand the adjustments needed for the tariffs on imported steel products. Though some manufacturers indicate that they would prefer to import cheaply, the concern is losing the industrial capacity in the country, which would take years to rebuild.

BOTH DOMESTIC AND EXPORT SALES DECLINE

A net majority of 34% reported a decrease in domestic sales volumes in 2025Q2, the most significant decline in sales since 2023Q2, where a net majority of 39% reported a reduction in sales. Sales declined across all three provinces and sectors. Meanwhile, selling price inflation keeps ticking downwards, dipping well below the long-term average. Lower volumes and lower selling price growth bode ill for turnover growth.

Export sales contracted by the most since 2024Q3, as the index lost 32 points to -23 in 2025Q2. All manufacturing subsectors reported declines in export sales amid growing trading uncertainty. The World Economic Forum (WEF) shows that trade policy is at 97% uncertainty, leading to unstable trading activity and erratic demand. At least export selling prices saw faster growth, limiting the impact of lower volumes on the revenue stream of our exporting manufacturers.

Figure 3: Domestic and export sales volumes



Source: BER

LOWER DEMAND LEADS TO A DECLINE IN PRODUCTION

The seasonally adjusted production indicator decreased by 15 points to -15 in Q2, responding to the significant contraction in sales orders. Production volumes returned to the levels seen in 2024Q1 (-15), but at least not as severe as those experienced during the recent low recorded in 2024Q3 (-26). All goods segments saw declines in production. The consumer goods segment fared slightly better, with only a net 14% reporting declines. In contrast, capital goods had a net of 24% reporting declining production, and the worst were intermediate goods (-31%).

Seven subsectors reported declines in production, while only the food and beverages subsector reported a net majority experiencing production growth. Despite the fact that food and beverages also experienced some declines in sales and lost six points compared to production index levels of 2025Q1, a net majority of 35% of respondents saw an increase in production. The comments from respondents suggest that some manufacturers are experiencing growth in sales in the domestic market, as the changing consumer tastes are benefiting a particular segment of manufacturers. The chemicals subsector was affected by adverse weather conditions, unpredictable demand and the unreliable electricity supply, while the main constraints in the metals subsector are input material shortages and skilled labour. The transport sector remains under pressure due to significant export declines, worsened by the US-tariff worries and the usual logistical issues.

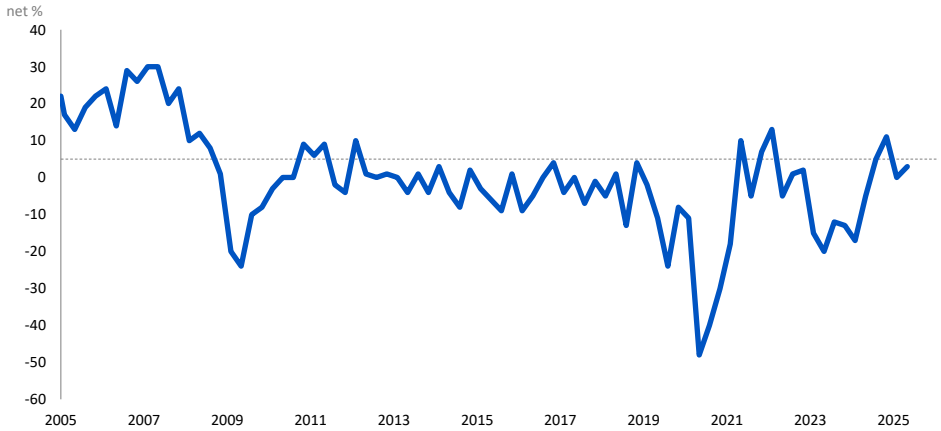
The per-unit production costs decreased further by four points to 54 points in Q2, reaching levels last seen five years ago. Overall, input cost pressures are declining, though labour costs slightly tick up despite a decline in the number of people employed and a reduction in the average hours worked. The relatively stronger rand and stable Brent crude oil prices counteract some of the effects of the fuel levy increase in the short term.

Inventory levels went up in 2025Q2 as the stock of finished goods relative to expected demand increased to 23 points, the highest in five years. Given the depressed demand, inventory levels are relatively high and sufficient to meet a demand turnaround in the short run. This does not bode well for production growth.

FIXED INVESTMENT SPARKS SOME IMPROVEMENTS

A net majority of 3% reported higher fixed investment relative to the same period last year. This is encouraging, a recovery of the sector's fixed capital stock front is needed for the sector's turnaround**.** In 2025Q1, no change was reported. That said, the gain in fixed investment is minor and was driven by growth in fixed assets in food and beverages, the metals, and the wood sectors. Indeed, a net majority of 8% reported a contraction in investments in machinery and equipment in 12 months. The respondents' commentary suggests that the unfavourable trading environment, marked by depressed demand, red tape, and regulation, weighs on investment prospects. Government legislation is also highlighted in the comments. The manufacturers are worried about persistent logistical issues, government interference, and souring relations between the US and SA.

Figure 4: Change in fixed investment relative to last year



Source: BER

OUTLOOK

The manufacturing sector once again has the lowest confidence reading of all sectors included in the composite RMB/BER Business Confidence Index (BCI). It is not benefitting from the (temporary) uptick in consumer demand that has helped retailers, wholesalers and new vehicle dealers while export prospects are constrained. Indeed, a string of GDP growth downgrades for both SA and world growth in recent weeks (including by the BER) does not bode well for demand growth going forward. The uncertainty around US tariffs and how this may shape global trade dynamics is hurting confidence. Some key export sectors are also directly negatively impacted by the sector-specific tariffs the US has already implemented (most notably, the transport sector).

Following a welcome decline in the general political climate constraint in the second half of last year, the indicator ticked up further in Q2. This reflects both local and global policy uncertainty. Not only did the survey take place at a time of increased talk about the viability of the Government of National Unity (GNU), but US-SA diplomatic relations were under strain.

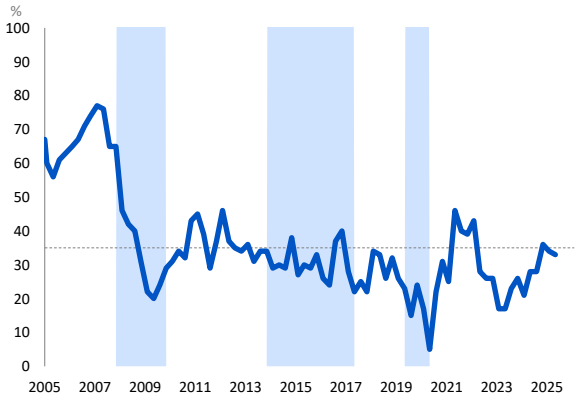
The survey results show a glimmer of hope in the form of somewhat better fixed investment levels reported in Q2. However, an improvement in business conditions and higher sentiment levels are required for investment growth to accelerate. Unfortunately, manufacturers do not see this transpire with a net 27% expecting conditions to deteriorate in 12 months.

Survey results

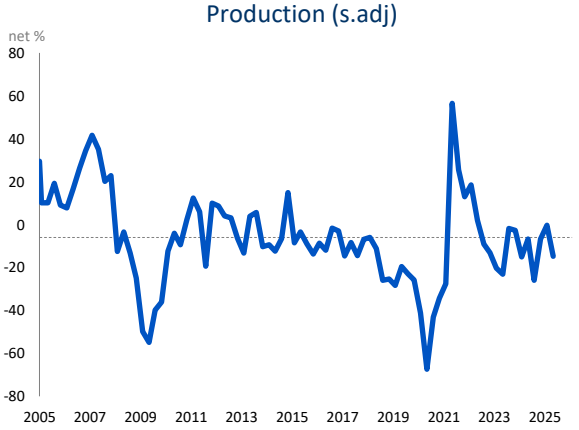
MANUFACTURING: TOTAL[3]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	σ_Δ
Confidence	%	20	35	50	23	26	21	28	28	36	34	**33**	-1	7
Activity & prices														
Production	Net %	-29	-7	15	-4	9	-14	-17	-29	6	0	**-25**	-25	18
Seasonally adjusted	Net %	-28	-7	15	-2	-3	-15	-7	-26	-7	0	**-15**	-15	16
Employment	Net %	-29	-16	-3	-18	-2	-21	-23	-28	-23	-12	**-18**	-6	10
Average hours worked / worker	Net %	-29	-14	1	-16	5	-5	-27	-24	-13	-23	**-27**	-4	13
Domestic sales	Net %	-33	-10	14	-12	-5	-14	-14	-21	6	-12	**-34**	-22	18
Domestic selling prices	Net %	17	32	47	45	33	38	39	37	30	22	**19**	-3	12
Export sales	Net %	-29	-13	4	3	9	-8	-1	-26	-6	9	**-23**	-32	15
Export selling prices	Net %	3	20	37	30	30	21	24	36	26	17	**25**	8	13
Production costs	Net %	51	64	78	77	68	68	65	75	61	58	**54**	-4	12
Stocks & investment														
Finished goods rel. to demand	Net %	1	10	19	3	2	-5	11	19	22	8	**23**	15	7
Smoothed	Net %	2	10	17	0	0	3	8	17	16	18	**16**	-2	5
Capacity underutilisation	%	66	72	79	69	73	74	63	73	76	70	**75**	5	5
Smoothed	%	67	72	78	73	72	70	70	71	73	74	**73**	-1	4
Fixed investment	Net %	-15	-1	13	-12	-13	-17	-5	5	11	0	**3**	3	10
Constraints														
Insufficient demand	Net %	55	63	70	60	61	65	60	68	66	63	**69**	6	5
Political climate	Net %	49	66	83	84	82	85	84	63	60	77	**80**	3	6
Expected in 12 months														
Business conditions	Net %	-35	-15	5	-29	-33	-46	-26	6	-1	-5	**-27**	-22	16
Smoothed	Net %	-32	-15	2	-40	-36	-35	-22	-7	0	-11	**-16**	-5	13
Fixed investment	Net %	-16	-2	13	-8		-20		14		8		-6	14

Confidence



Production (s.adj)

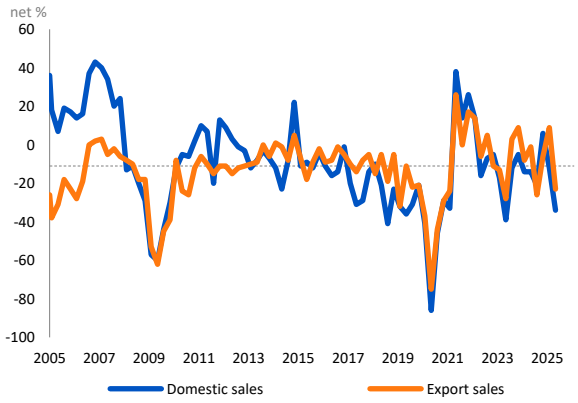


[3] The total consists of 1) food & beverages, 2) textiles, clothing, leather & footwear, 3) wood, paper, printing & publishing, 4) chemical products, rubber & plastics, 5) glass & non-metallic mineral products, 6) basic metals, metal products & machinery, 7) electrical machinery, radio, TV and professional equipment, 8) motor vehicles, parts & transport equipment and 9) furniture & other. Although the BER covers the electrical machinery etc. sector and includes it in the total, it does not publish the results of this sector separately. The BER does not cover petroleum refining (which is part of the chemical etc. sector) and scrap metal (which is part of "other") and they are therefore not included in the total.

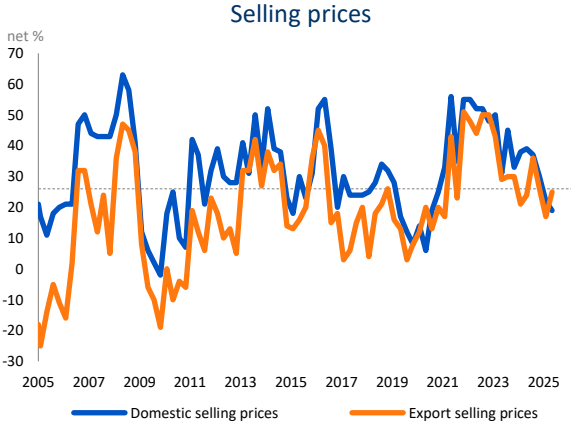
μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over the last 20 years
See technical note for further details

MANUFACTURING: TOTAL

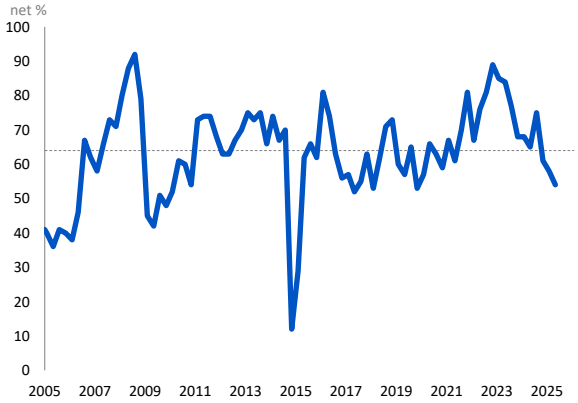
Sales



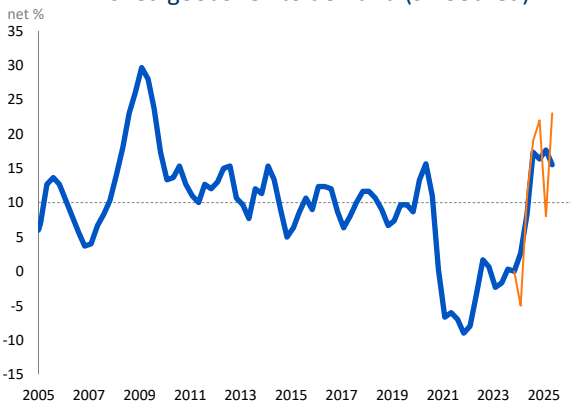
Selling prices



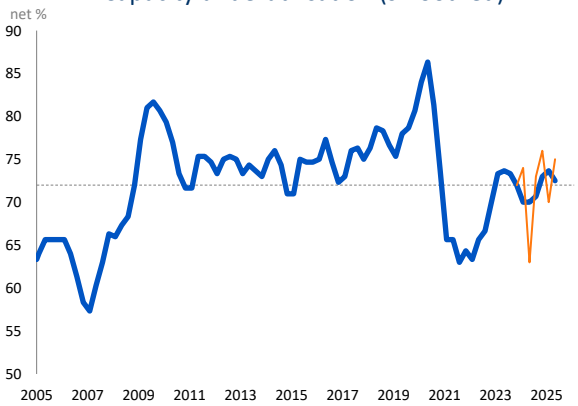
Production costs



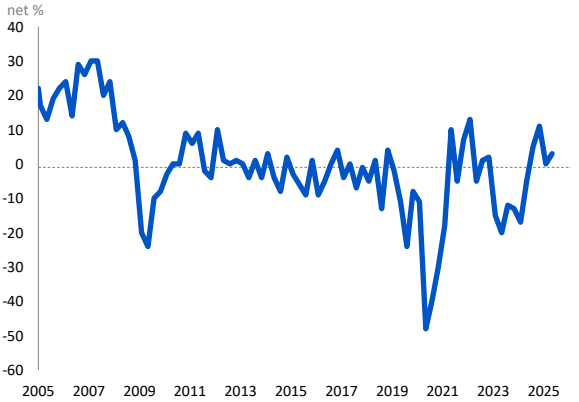
Finished goods rel. to demand (smoothed)



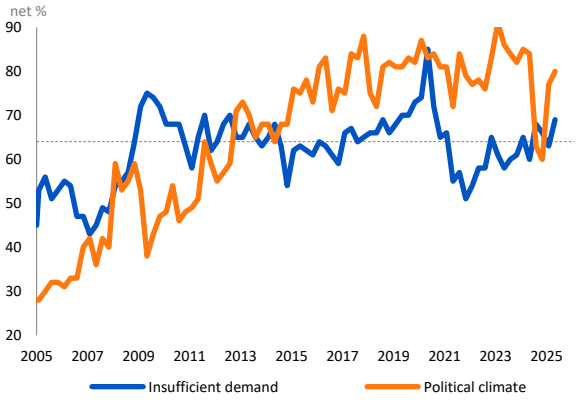
Capacity underutilisation (smoothed)



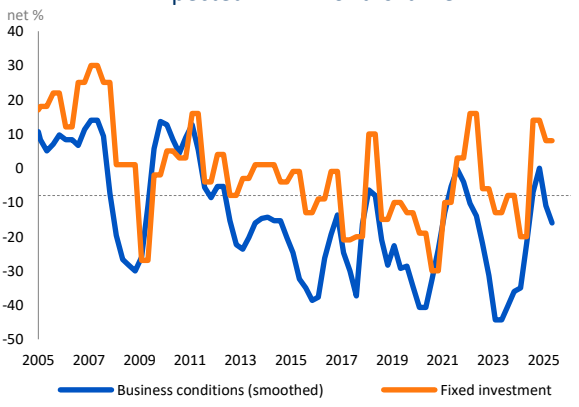
Fixed investment



Constraints

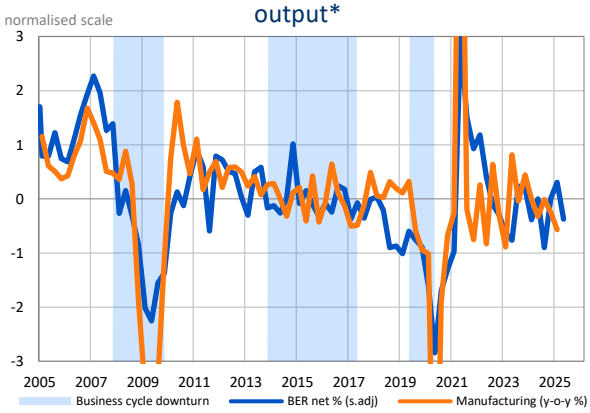


Expected in 12 months' time

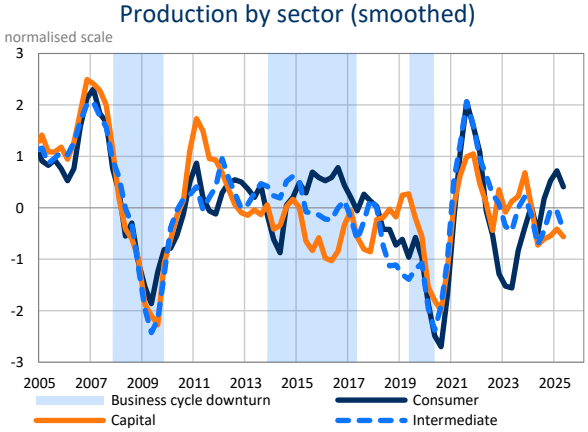


SUMMARY

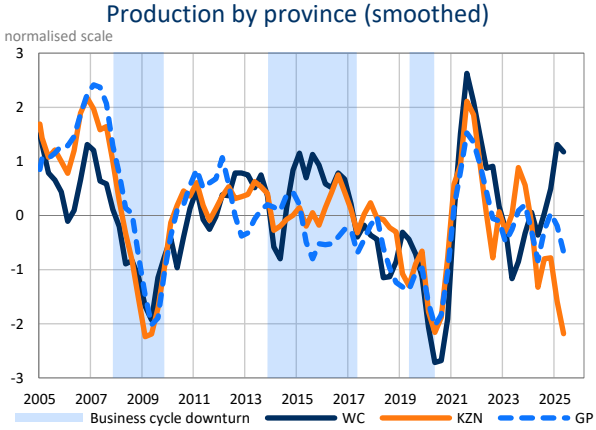
Production & actual manufacturing output*



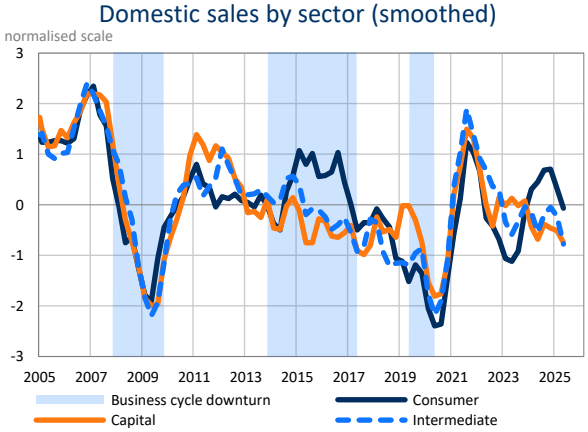
Production by sector (smoothed)



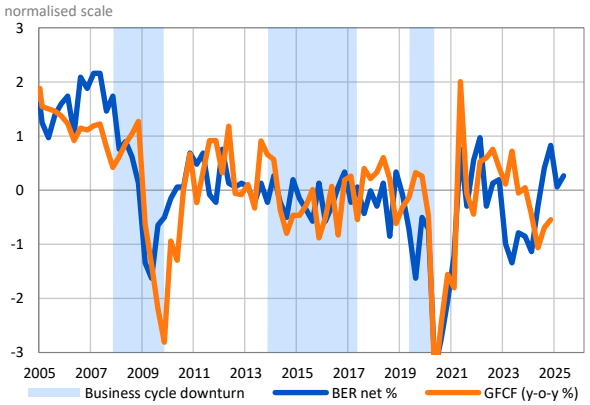
Production by province (smoothed)



Domestic sales by sector (smoothed)

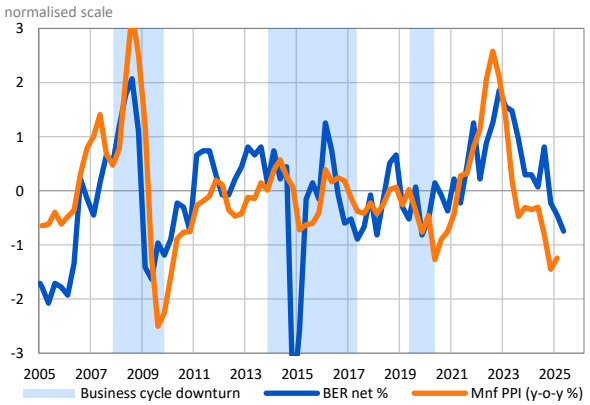


Fixed investment & Private GFCF

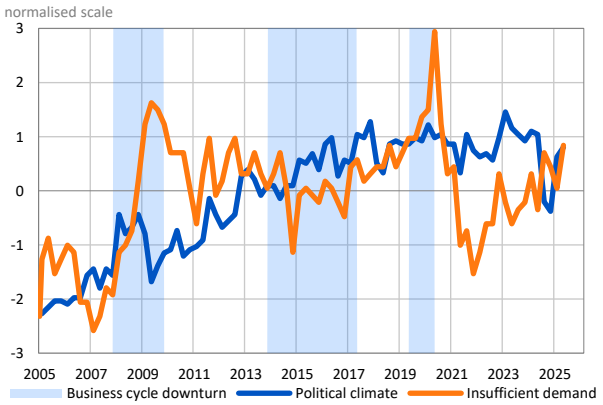


Export sales & actual exports

Production cost & PPI-inflation



Constraints



CAPITAL[4], INTERMEDIARY[5] AND CONSUMER[6] GOODS

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	Δσ
Capital goods														
Confidence	%	13	32	52	21	19	16	16	25	26	29	**14**	-15	11
Smoothed	%	14	32	51	17	19	17	19	22	27	23	**22**	-1	8
Production	Net %	-45	-13	18	13	24	-25	-36	-34	-16	-31	**-24**	7	30
Smoothed	Net %	-39	-13	12	-8	4	-12	-32	-29	-27	-24	**-28**	-4	20
Domestic sales	Net %	-47	-17	14	3	-6	-41	-36	-25	-18	-42	**-29**	13	26
Smoothed	Net %	-42	-17	9	-17	-15	-28	-34	-26	-28	-30	**-36**	-6	19
Export sales	Net %	-42	-18	6	-21	15	-6	-5	-54	-36	-7	**-68**	-61	25
Smoothed	Net %	-37	-18	1	-10	-4	1	-22	-32	-32	-37	**-38**	-1	18
Intermediate goods														
Confidence	%	19	34	49	29	28	20	27	24	34	31	**38**	7	8
Smoothed	%	19	34	48	26	26	25	24	28	30	34	**35**	1	7
Production	Net %	-33	-8	17	-7	8	-12	-30	-29	6	-4	**-31**	-27	20
Smoothed	Net %	-30	-8	13	-8	-4	-11	-24	-18	-9	-10	**-18**	-8	17
Domestic sales	Net %	-39	-12	14	-22	-1	-16	-30	-28	8	-20	**-40**	-20	21
Smoothed	Net %	-35	-12	11	-20	-13	-16	-25	-17	-13	-17	**-30**	-13	17
Export sales	Net %	-30	-13	5	11	21	-11	-11	-28	2	14	**-5**	-19	17
Smoothed	Net %	-27	-13	1	3	7	0	-17	-12	-4	4	**5**	1	12
Consumer goods														
Confidence	%	24	39	53	16	27	25	36	37	45	42	**32**	-10	10
Smoothed	%	26	39	52	19	23	29	33	39	41	40	**37**	-3	7
Production	Net %	-20	-1	19	-10	1	-11	9	-23	20	25	**-14**	-39	19
Smoothed	Net %	-16	-1	15	-14	-7	0	-8	2	7	10	**6**	-4	14
Domestic sales	Net %	-24	-2	20	-7	-12	5	17	-4	18	18	**-25**	-43	19
Smoothed	Net %	-20	-2	16	-19	-5	3	6	10	11	4	**-4**	-8	13
Export sales	Net %	-28	-9	9	7	-12	-6	13	-1	0	10	**-31**	-41	18
Smoothed	Net %	-24	-9	5	-13	-4	-2	2	4	3	-7	**-11**	-4	12

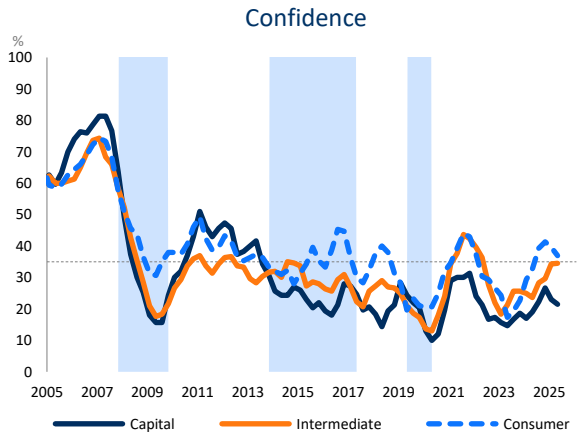
[4] Capital goods: Structural metal products (SIC code 353-4), general purpose machinery (356), special purpose machinery & machine tools (357), electrical motors & generators (361), medical appliances, photo equipment (374-6), motor vehicles & bodies (381-2), parts & accessories (383), other transport equipment (384-7)

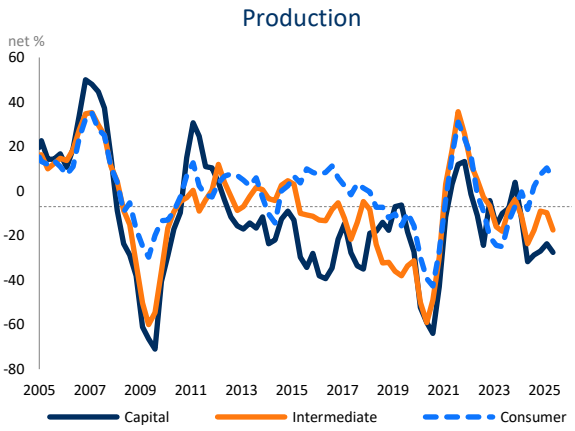
[5] Intermediary goods: Grain mill products, starches & animal feeds (303), spinning, weaving & finishing of textiles, yarns (311), knitted & crocheted fabrics (313), sawmilling, preserving of timber, bark grinding & compressing (321), wood & wood products (322), paper and products (323), basic chemicals (334), rubber (337), plastic products (338), glass & glass products, fibreglass (341), other non-metal mineral products (bricks, tiles, cement, prefab concrete, asphalt, mica products) (342), basic iron & steel (351), basic precious (gold, platinum, silver) & non-ferrous metal (aluminium, copper, lead, nickel, tin, zinc) products (352), other fabricated metal products (355), electrical distribution & control apparatus (362), wire & cable (363), batteries, electrical bulbs & other (364-6)

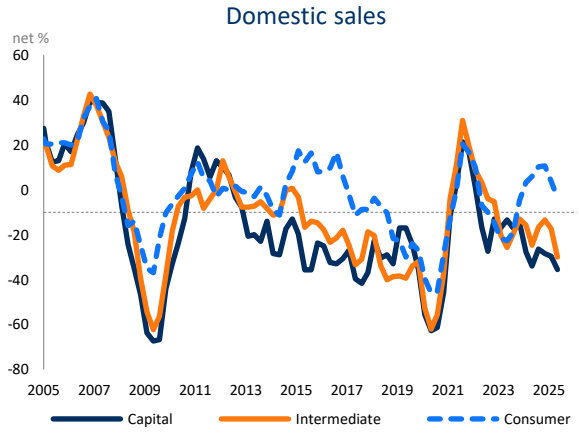
[6] Consumer goods: Meat, fish, fruit, vegetables, oils & fats (301), dairy products (302), other (304), beverages (305), tobacco (306), other textiles (312), wearing apparel & articles of fur (314-5), leather (316), footwear (317), other chemical products (335-6), computers & office machines, household appliances (358-9), TV, radio & communication equipment (371-3), furniture (391), other (e.g. jewellery, musical instruments, games & toys, recycling NOT COVERED) (392)

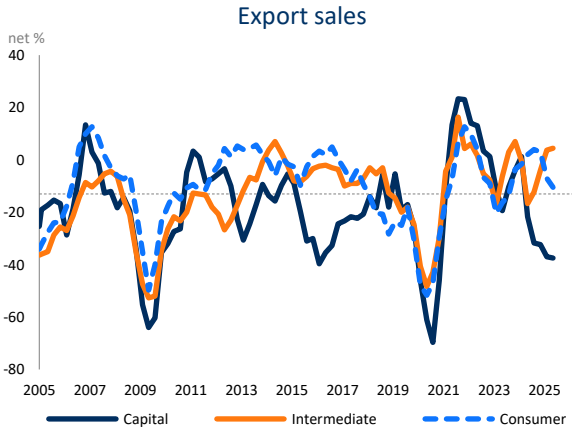
μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over the last 20 years
See technical note for further details

CAPITAL, INTERMEDIARY AND CONSUMER GOODS





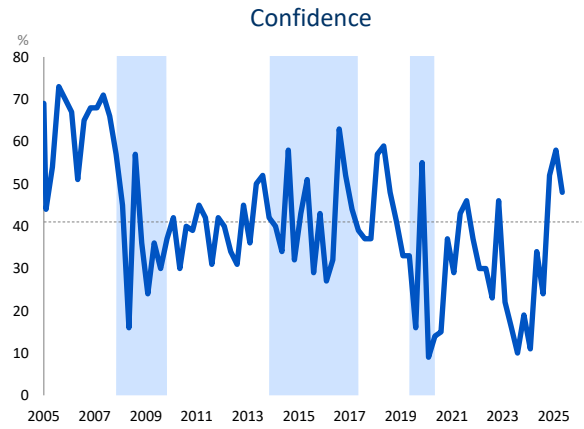


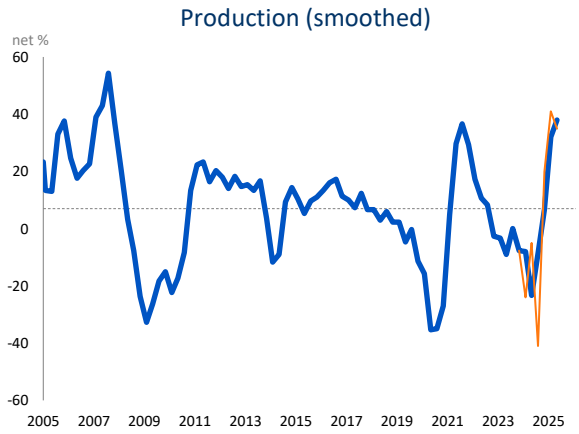


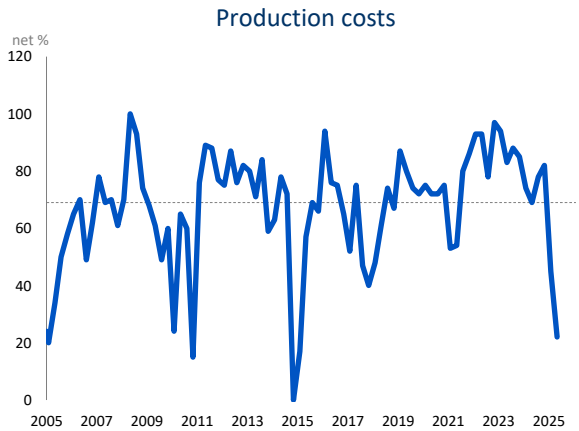
μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over the last 20 years
See technical note for further details

FOOD AND BEVERAGES[7]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	Δσ
Confidence	%	25	40	56	10	19	11	34	24	52	58	**48**	-10	15
Production	Net %	-16	7	31	-4	5	-24	-5	-41	20	41	**35**	-6	22
Smoothed	Net %	-12	7	26	0	-8	-8	-23	-9	7	32	**38**	6	17
Export sales	Net %	-20	1	21	2	3	-11	-1	8	-2	11	**-28**	-39	20
Smoothed	Net %	-15	1	17	0	-2	-3	-1	2	6	-6	**-9**	-3	15
Production costs	Net %	49	68	87	88	85	74	69	78	82	45	**22**	-23	19
Business conditions in 12m	Net %	-32	-10	12	-27	-36	-70	-36	-26	13	31	**1**	-30	23





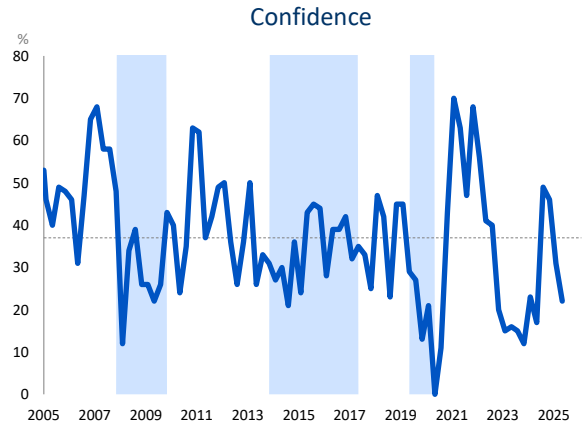


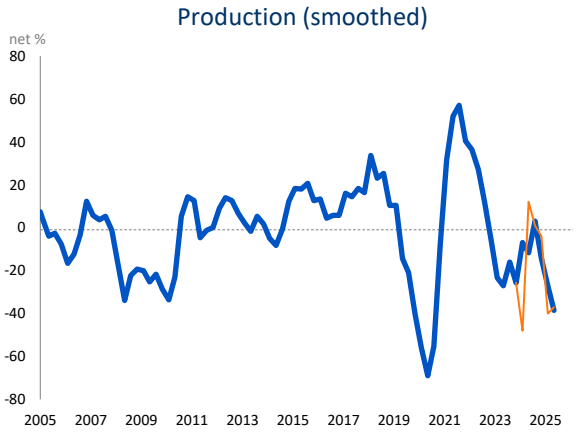
[7] Food & Beverages: Meat, fish, vegetables, oils & fats (SIC code 301), dairy products (302), grain mill products, starches & animal feeds (303), other food (304) and beverages (305). In 2017, this sector contributed 28.4% to production and 11.1% to manufactured exports, petroleum and other excluded in both cases. We recommend that users attach more weight to the trend (smoothed series) than a single data point, as the correlation between the survey production data and reference series is low.

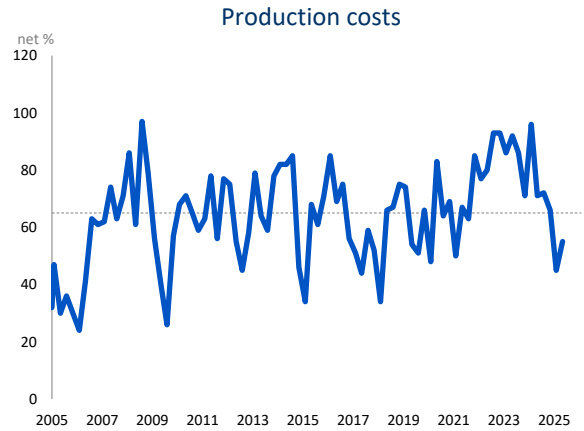
μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over the last 20 years
See technical note for further details

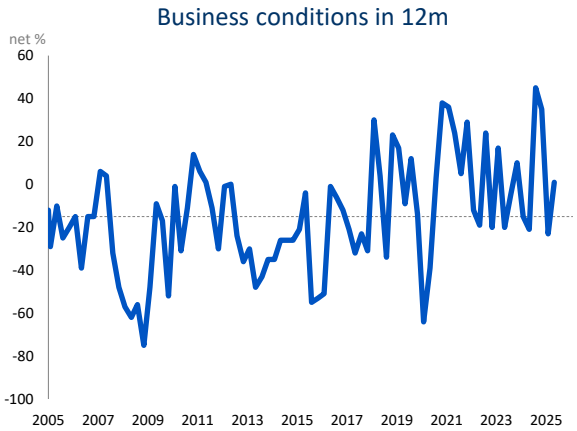
TEXTILES, CLOTHING LEATHER AND FOOTWEAR[8]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	Δσ
Confidence	%	22	37	52	15	12	23	17	49	46	31	**22**	-9	14
Production	Net %	-30	-2	27	-44	15	-48	12	1	-4	-40	**-37**	3	28
Smoothed	Net %	-25	-2	22	-16	-26	-7	-12	3	-14	-27	**-39**	-12	21
Production costs	Net %	48	65	81	86	71	96	71	72	66	45	**55**	10	16
Business conditions in 12m	Net %	-42	-15	11	-5	10	-15	-21	45	35	-23	**1**	24	27







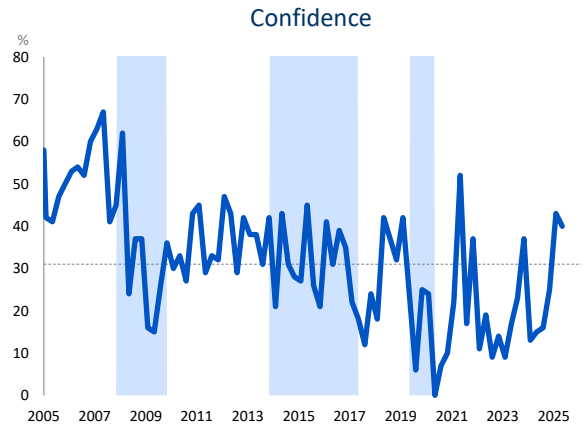


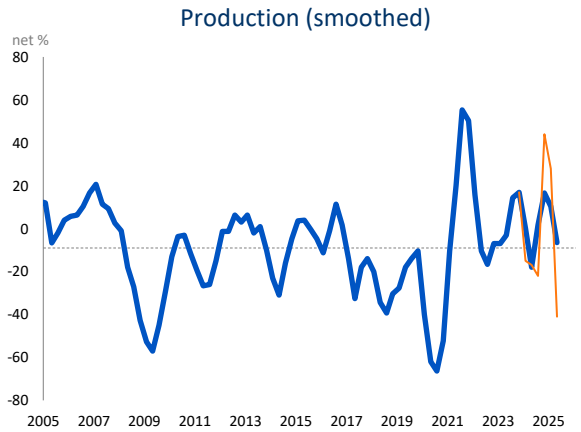
[8] Textiles, Clothing, Footwear & Leather: spinning, weaving & finishing of textiles, yarns (SIC code 311), other textiles (312), knitted & crocheted fabrics (313), wearing apparel & articles of fur (314-5), leather (316) and footwear (317). In 2017, this sector contributed 3.7% to production excluding petroleum and other.

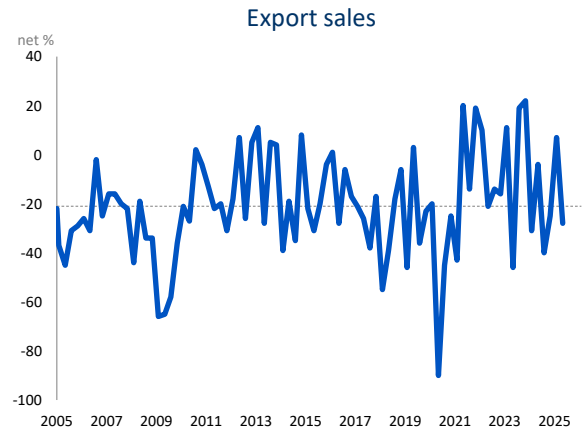
μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over the last 20 years
See technical note for further details

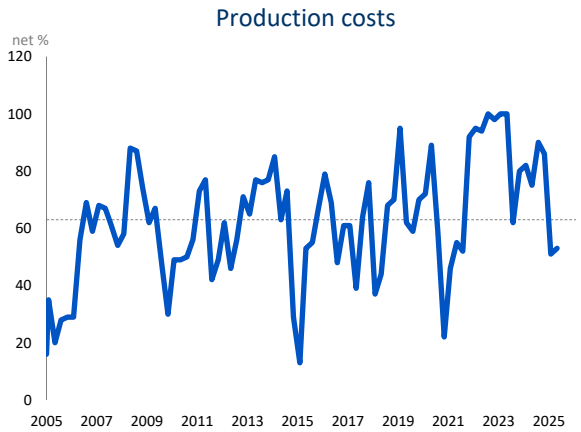
WOOD, PAPER, PRINTING AND PUBLISHING[9]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	Δσ
Confidence	%	17	31	46	23	37	13	15	16	25	43	**40**	-3	14
Production	Net %	-39	-9	20	34	32	-15	-17	-22	44	28	**-41**	-69	30
Smoothed	Net %	-31	-9	13	14	17	0	-18	2	17	10	**-7**	-17	23
Export sales	Net %	-41	-20	1	19	22	-31	-4	-40	-25	7	**-28**	-35	27
Production costs	Net %	44	64	83	62	80	82	75	90	86	51	**53**	2	18
Business conditions in 12m	Net %	-38	-14	10	-29	-33	-64	-19	9	0	-3	**-68**	-65	28









[9] Wood, Paper, Printing & Publishing: sawmilling, preserving of timber, bark grinding & compressing (SIC code 321), wood & wood products (322), paper and products (323) and printing, publishing & recorded media (324-6). In 2017, this sector contributed 13.1% to production and 4.7% to manufactured exports, petroleum and other excluded in both cases. We recommend that users attach more weight to the trend (smoothed series) than a single data point, as the correlation between the survey production data and reference series is low.

μ – average
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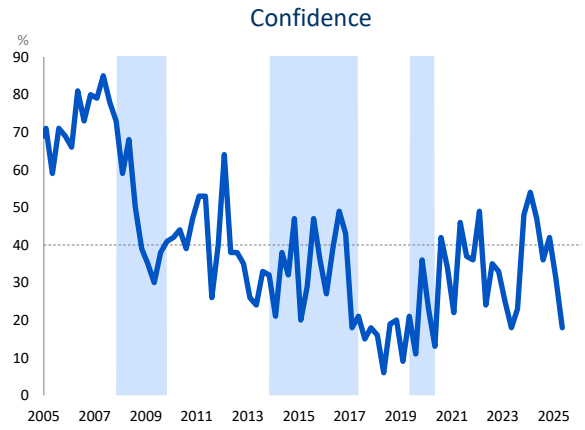
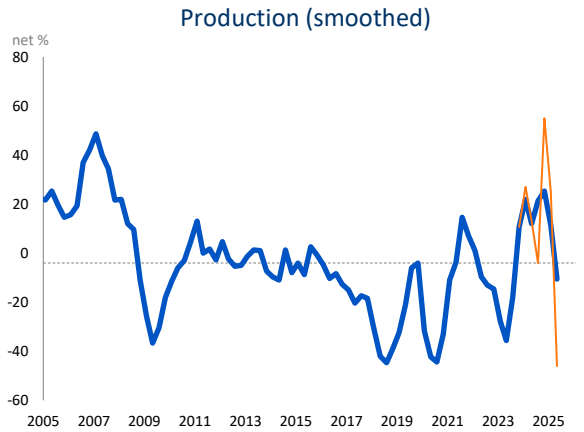
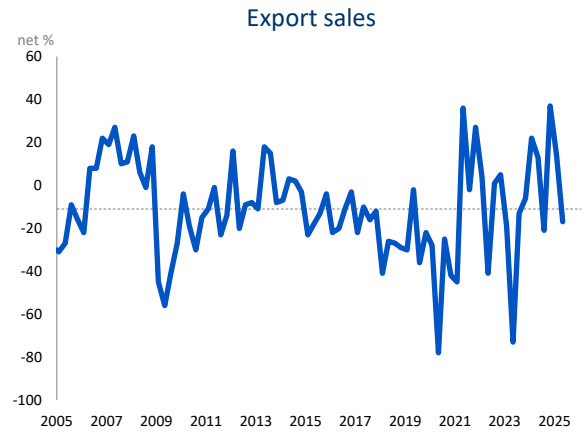
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over the last 20 years
See technical note for further details

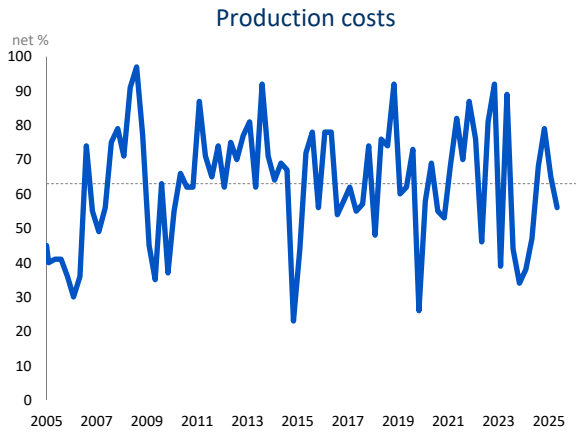
CHEMICAL, RUBBER AND PLASTIC PRODUCTS[10]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	Δσ
Confidence	%	20	39	58	23	48	54	47	36	42	31	**18**	-13	12
Production	Net %	-31	-4	22	-21	26	27	13	-4	55	25	**-46**	-71	26
Smoothed	Net %	-25	-4	17	-18	11	22	12	21	25	11	**-11**	-22	16
Export sales	Net %	-33	-10	12	-13	-6	22	13	-21	37	14	**-17**	-31	25
Production costs	Net %	46	63	80	44	34	38	47	68	79	65	**56**	-9	20
Business conditions in 12m	Net %	-37	-11	14	-53	-3	3	-21	13	24	9	**-19**	-28	23









[10] Chemicals, Rubber & Plastics: Refined petroleum & coke (SIC code 331-3) (NOT COVERED), basic chemicals (334), other chemical products (335-6), rubber (337) and plastics (338). In 2017, this sector contributed 16.6% to production and 15.4% to manufactured exports, petroleum and other excluded in both cases. We recommend that users attach more weight to the trend (smoothed series) than a single data point, as the correlation between the survey production data and reference series is low.

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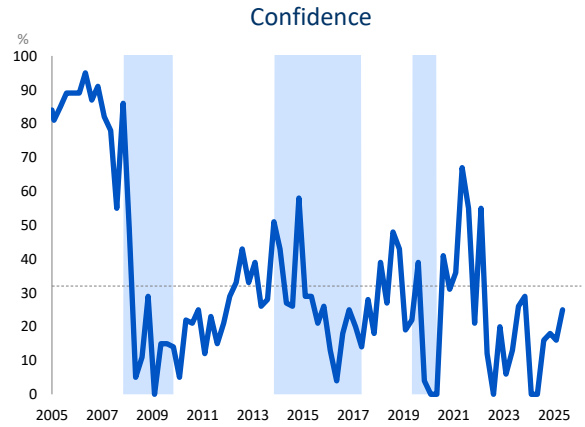
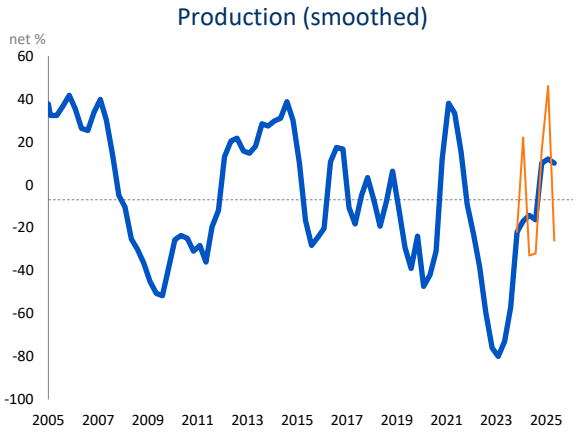
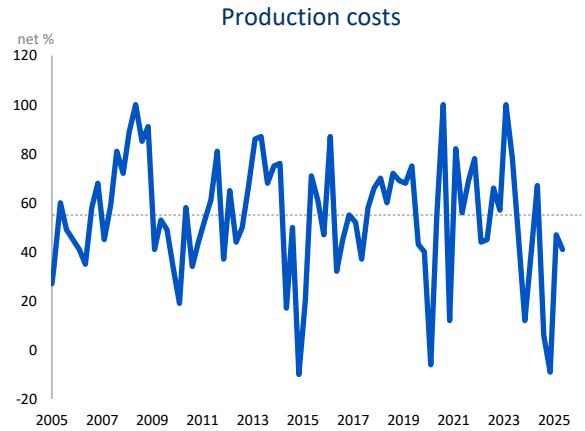
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over the last 20 years
See technical note for further details

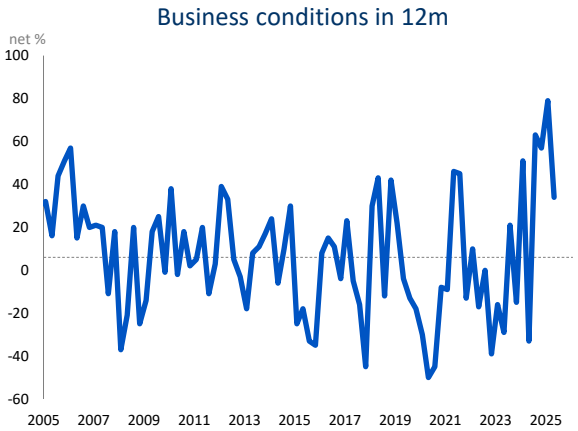
GLASS AND NON-METALLIC MINERAL PRODUCTS[11]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	Δσ
Confidence	%	7	32	57	26	29	0	0	16	18	16	**25**	9	17
Production	Net %	-44	-7	29	-48	-40	22	-33	-32	16	46	**-26**	-72	33
Smoothed	Net %	-38	-7	23	-57	-22	-17	-14	-16	10	12	**10**	-2	24
Production costs	Net %	30	55	79	46	12	40	67	6	-9	47	**41**	-6	29
Business conditions in 12m	Net %	-22	7	35	21	-15	51	-33	63	57	79	**34**	-45	32







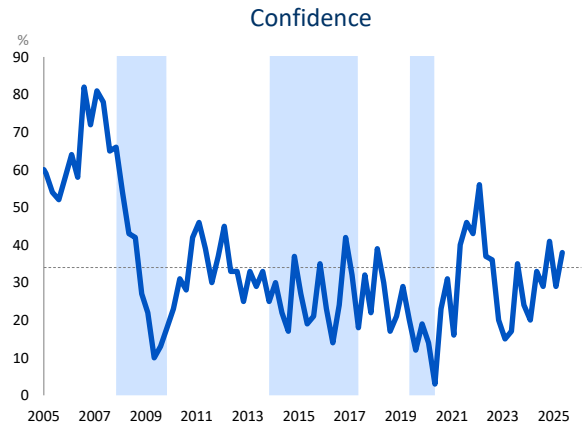


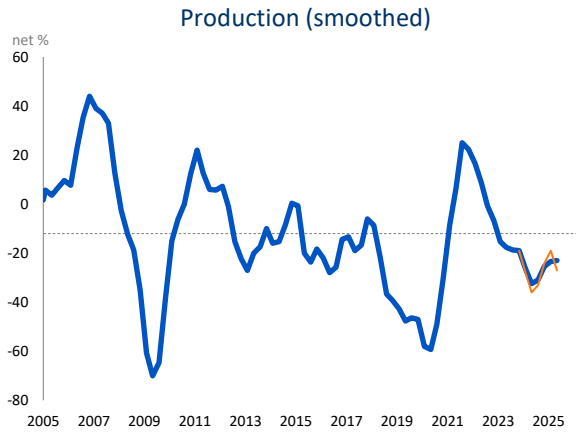
[11] Glass & Non-metallic minerals: Glass & glass products, fibreglass (SIC code 341), other non-metallic mineral products (bricks, tiles, cement, prefab concrete, asphalt, mica products) (342). In 2017, this sector contributed 4.4% to production, excluding petroleum and other.

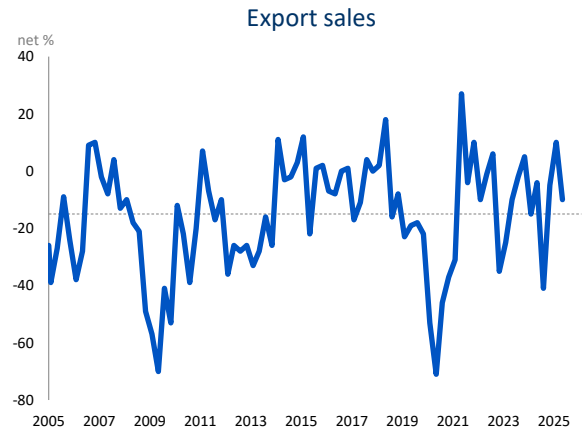
μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over the last 20 years
See technical note for further details

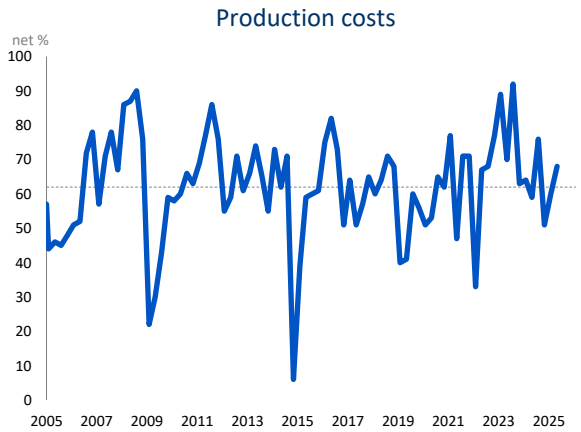
BASIC METALS, METAL PRODUCTS AND MACHINERY[12]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	Δσ
Confidence	%	17	34	50	35	24	20	33	29	41	29	**38**	9	11
Production	Net %	-41	-13	16	-14	-15	-28	-36	-33	-24	-19	**-27**	-8	22
Smoothed	Net %	-38	-13	12	-19	-19	-26	-32	-31	-25	-23	**-23**	0	18
Export sales	Net %	-35	-15	5	-2	5	-15	-4	-41	-5	10	**-10**	-20	19
Production costs	Net %	48	63	78	92	63	64	59	76	51	60	**68**	8	17
Business conditions in 12m	Net %	-42	-20	1	-19	-42	-52	-15	-3	-24	-25	**-35**	-10	18







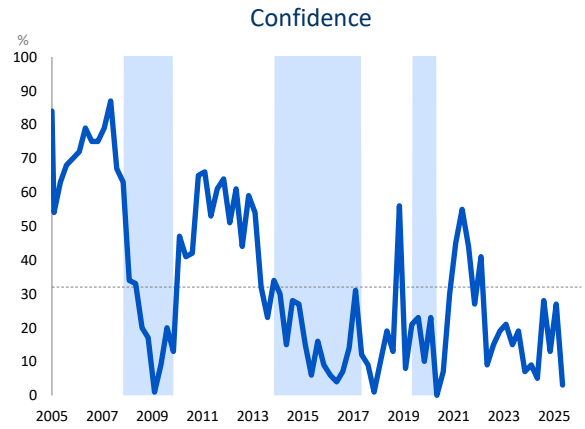


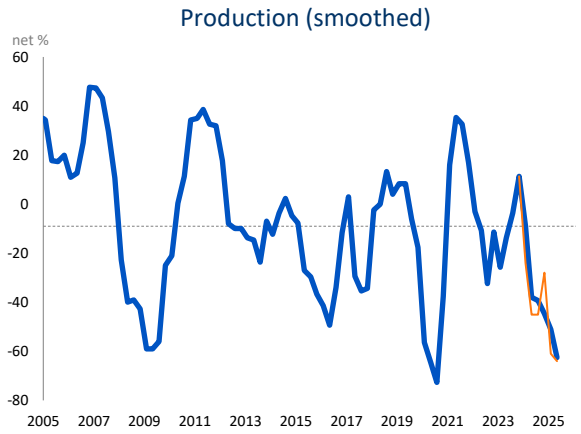
[12] Basic metals, Metal Products & Machinery: Basic iron & steel (SIC code 351), basic precious (gold, platinum, silver) & non-ferrous metal (aluminium, copper, lead, nickel, tin, zinc) products (352), structural metal products (353-4), other fabricated metal products (355), general purpose machinery (356), special purpose machinery & machine tools (357), computers & office machines (358) and household appliances (359). In 2017, this sector contributed 21.1% to production and 42.5% to manufactured exports, petroleum and other excluded in both cases.

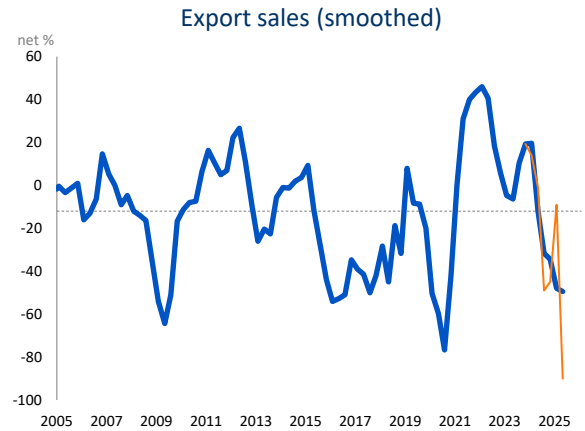
μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over the last 20 years
See technical note for further details

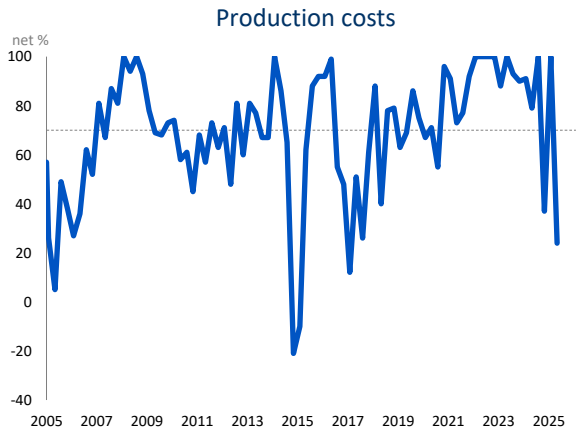
MOTOR VEHICLES, PARTS AND TRANSPORT EQUIPMENT[13]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	Δσ
Confidence	%	8	32	55	19	7	9	5	28	13	27	**3**	-24	15
Production	Net %	-49	-10	29	16	42	-24	-45	-45	-28	-61	**-64**	-3	41
Smoothed	Net %	-39	-10	20	-4	11	-9	-38	-39	-45	-51	**-63**	-12	27
Export sales	Net %	-49	-13	23	-2	46	14	-1	-49	-45	-9	**-90**	-81	40
Smoothed	Net %	-40	-13	14	10	19	20	-12	-32	-34	-48	**-50**	-2	24
Production costs	Net %	45	70	95	93	90	91	79	100	37	100	**24**	-76	26
Business conditions in 12m	Net %	-58	-25	7	-62	-69	-83	-58	10	-18	-40	**-58**	-18	30







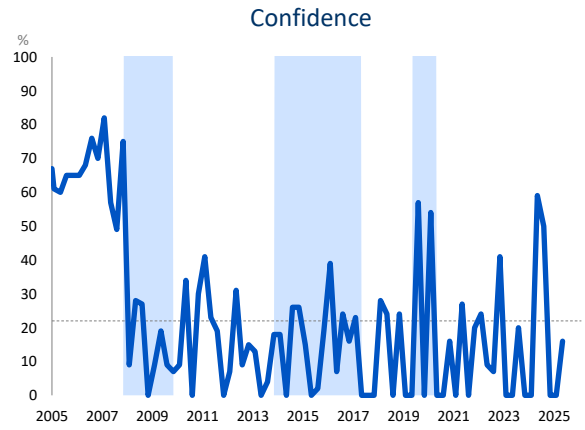


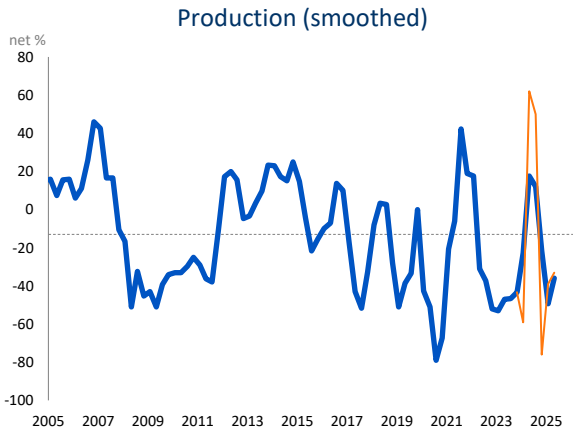
[13] Transport equipment: Motor vehicles & bodies (SIC code 381-2), parts & accessories (383), other transport equipment (384-7). In 2017, this sector contributed 7.7% to production and 16.1% to manufactured exports, petroleum and other excluded in both cases.

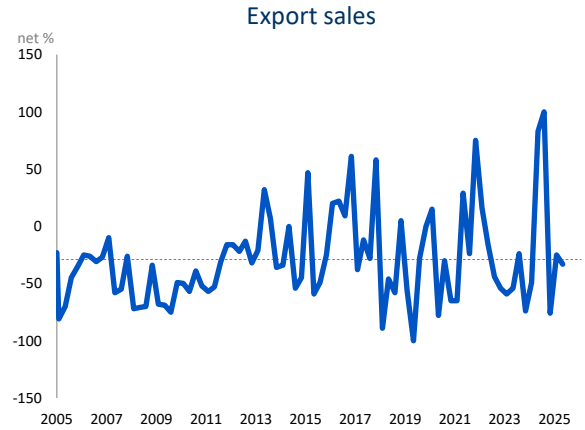
μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over the last 20 years
See technical note for further details

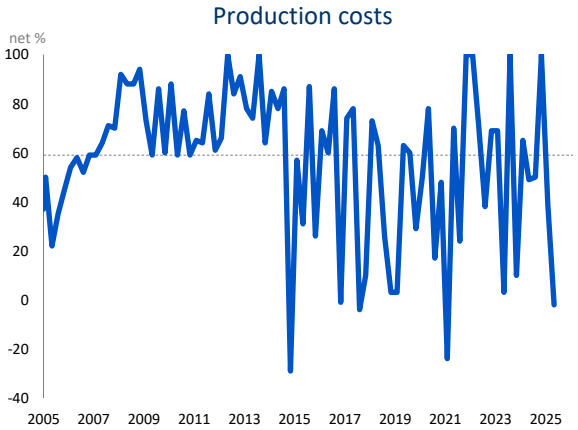
FURNITURE AND OTHER[14]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	Δσ
Confidence	%	-1	22	44	20	0	0	59	50	0	0	**16**	16	24
Production	Net %	-56	-14	28	0	-71	-59	62	50	-76	-39	**-33**	6	52
Smoothed	Net %	-43	-14	15	-47	-43	-23	18	12	-22	-49	**-36**	13	29
Export sales	Net %	-68	-28	12	-24	-74	-49	83	100	-76	-25	**-33**	-8	50
Production costs	Net %	28	58	89	100	10	65	49	50	100	39	**-2**	-41	41
Business conditions in 12m	Net %	-59	-21	17	20	-16	-69	-28	0	100	61	**-33**	-94	43









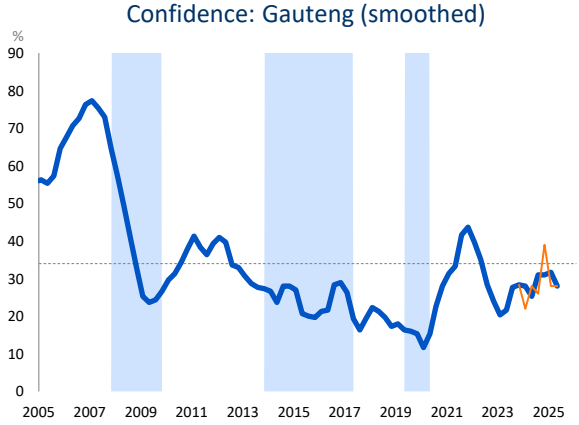
[14] Furniture & Other: Furniture (SIC code 391), other (e.g. jewellery, musical instruments, games & toys, recycling NOT COVERED) (392), tobacco (306). In 2017, this sector contributed 1.2% to production and 1.0% to manufactured exports, petroleum and other excluded in both cases. We recommend that users attach more weight to the trend (smoothed series) than a single data point, as the correlation between the survey production and export data vis-à-vis the reference series is low.

μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over the last 20 years
See technical note for further details

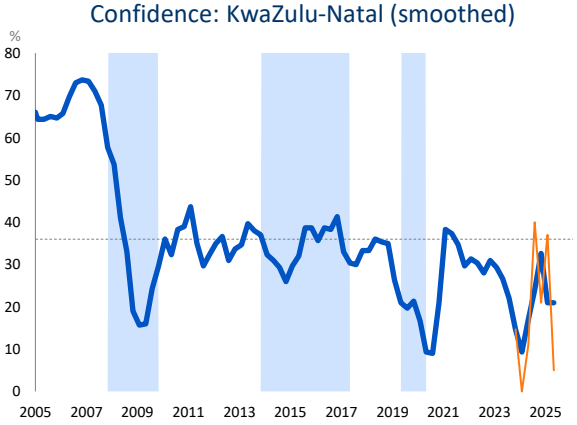
BY PROVINCE

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	Δσ
Gauteng														
Confidence	%	16	34	51	29	34	22	28	26	39	28	**28**	0	8
Smoothed	%	17	33	50	28	28	28	25	31	31	32	**28**	-4	7
Production	Net %	-35	-11	14	3	8	-30	-28	-27	6	-8	**-42**	-34	19
Smoothed	Net %	-32	-11	11	-9	-6	-17	-28	-16	-10	-15	**-25**	-10	16
KwaZulu-Natal														
Confidence	%	18	35	52	27	17	0	11	40	21	37	**5**	-32	13
Smoothed	%	20	35	50	22	15	9	17	24	33	21	**21**	0	9
Production	Net %	-36	-7	21	5	59	-50	-40	-18	-16	-39	**-70**	-31	30
Smoothed	Net %	-29	-7	15	12	5	-10	-36	-25	-24	-42	**-55**	-13	19
Western Cape														
Confidence	%	24	38	51	12	21	31	32	27	43	44	**51**	7	11
Smoothed	%	26	38	49	16	21	28	30	34	38	46	**48**	2	8
Production	Net %	-23	0	23	-22	-3	7	-1	-26	29	24	**19**	-5	23
Smoothed	Net %	-18	0	18	-16	-6	1	-7	1	9	24	**22**	-2	17

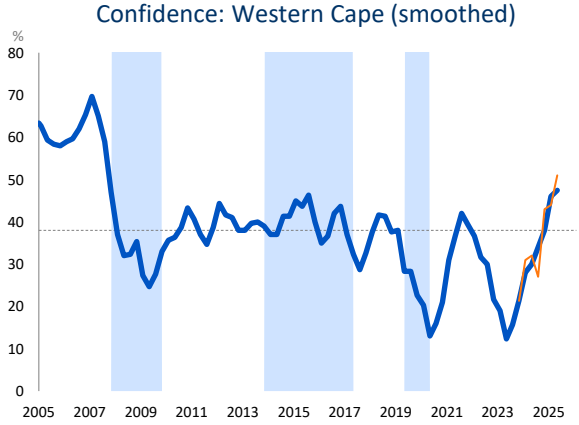
Confidence: Gauteng (smoothed)



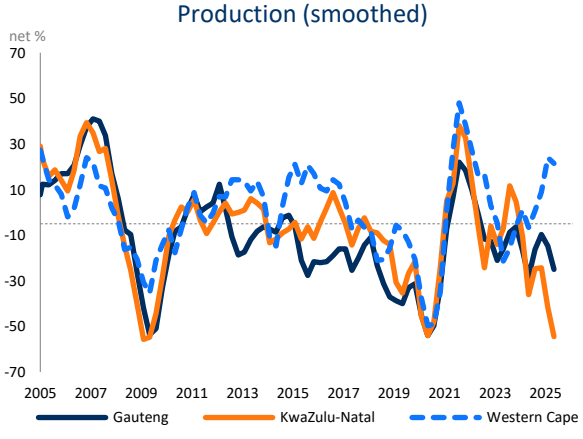
Confidence: KwaZulu-Natal (smoothed)



Confidence: Western Cape (smoothed)



Production (smoothed)



μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over the last 20 years
See technical note for further details

Technical note

Short-term planning is hampered as official (quantitative or numeric) data is released with a time lag. Business tendency *survey* (BTS) *results reveal what happened between the release of the last official figures and the current state of affairs*. The survey results not only reveal earlier developments in sales, production, employment, selling prices, capacity utilisation, investment etc. (for which official figures are published), but also provide unique information, such as business confidence, business conditions, constraints and respondents' expectations (or forecast) for the next quarter for which no official figures exist. It is now widely recognised that such subjective individual expectations play a key role in economic developments. Furthermore, the survey results of successive quarters *provide a means of tracking cyclical movements, pinpointing trend changes* and establishing forecasts.

THE SURVEY METHOD

The survey results are obtained from questionnaires completed by senior executives in the trade, manufacturing and building sector during the middle month of every calendar quarter.

The business survey questionnaire contains a small number of questions. These questions are qualitative in nature, e.g. "Compared to the same quarter a year ago, is the volume of production up, the same or down?". No figures are requested.

The sample of executives remains the same from one survey to the next. A panel is in effect established. The sample provides for the main sectors. The list of participants is reviewed every few years to replace those firms that went out of business or stopped responding during the previous two years with new ones.

To provide for widely differing sizes, each firm in the manufacturing and trade sectors is allocated a weight based on its turnover. Firms in the building sector are not weighted. Participants have to complete a "participant details form" at the time of recruitment and every few years to ensure that their sector classification and turnover (optional) are correct.

The BER conducted its first survey of the manufacturing and trade (i.e. retail, wholesale and motor trade) sectors in 1954. The sector coverage was expanded to the building sector (i.e. main contractors and sub-contractors) in 1969. Architects, quantity surveyors and civil engineering contractors were added later to the building survey.

Consult the BER web page (**www.ber.ac.za**) for more information about the business tendency method.

THE UNIQUE UNITS OF MEASUREMENT OF QUALITATIVE SURVEYS

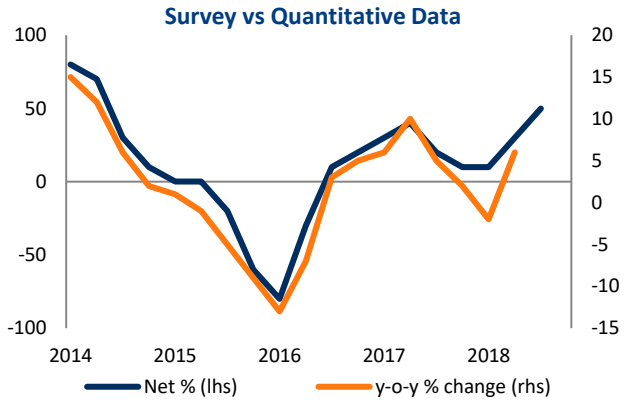
Net percentage (net %)

The responses related to the change in production, prices, employment, business conditions etc. are presented as a "net percentage" (also called a "net balance" or a "net majority"). If, for example, the percentages of respondents rating production as "higher", the "same" or "lower" compared to a year ago are 70%, 10% and 20% respectively, then one can conclude that the

majority of participants experienced higher production. The net percentage is calculated as the percentage of respondents rating "production" as higher less the percentage rating it as "lower". The percentage rating it as the "same" is ignored. The net percentage in this example is therefore 50%, being the difference between the 70% "higher" and the 20% "lower". A net percentage of –10%, for instance, would indicate a decline in production compared to a year ago. Take note that this does not mean a year-on-year contraction of 10%. It only means that the production of a majority of 10% of the respondents was lower compared to a year ago.

The net percentage, or net balance statistic, can theoretically vary between a minimum of -100 (when all participants replied "lower") and a maximum of +100 (when all respondents replied "higher"). Theoretically a value of zero, therefore, indicates no change, between 0 and 100 reflects a rise (or improvement) and between 0 and –100 a decline (or deterioration) compared to the same quarter a year ago. The net balance statistic is a diffusion index, i.e. it indicates the degree to which the indicated change is "diffused" (spread) throughout the sample population. It indicates both the direction and size of the change.

Given that it reflects respondents' estimation of the change in the phenomenon/variable in the current quarter relative to the same quarter a year ago, the net percentage corresponds to a year-on-year percentage change/growth rate in the corresponding/equivalent official data series (see the figure on the right).



Percentage (%)

The responses relating to business confidence and constraints are presented as percentages.

In the case of business confidence, respondents have to rate prevailing business conditions as either "satisfactory" or "unsatisfactory". The percentage of respondents rating prevailing business conditions as satisfactory is taken as an indicator (proxy) for business confidence. A reading of 10 for business confidence, for instance, means that only 10% of the respondents indicated that they were satisfied. In this example, 90% were, therefore, unsatisfied.

In the case of the constraints, respondents have to rate if a particular issue – for instance, a shortage of skilled labour – "seriously", "slightly" or "not at all" hampers their activity. Composite constraint indices are calculated by weighting the responses as follows: The answers of respondents rating a particular constraint as "serious" are weighted by 0.67%; "slightly" by 0.33% and "not a constraint at all" are discarded. The results are then multiplied by 100/67 = 1.49 to convert it to an index that can vary between zero and 100.

Care must be taken when making inferences from the constraints indices given that the list of constraints (issues) remains unchanged over time. Each constraint ought to be analysed relative to its own historical performance rather than comparing the ratings of the different constraints at a specific point in time. The latter inference would be more appropriate if respondents had to list all issues hampering their activity at a particular point in time and rank them in order of their impact.

Theoretically, the confidence and constraints series can vary between a minimum of zero and a maximum of 100. A value of zero would reflect an extreme lack of confidence/no limitation at all and 100 extreme confidence/complete limitation. These results reflect respondents' evaluation of the phenomenon/the survey variable in respect to that specific survey quarter, i.e. not relative to some period in the past or future.

DESCRIPTIVE STATISTICS IN THE TABLES

Smoothed

Some series show erratic/volatile movements, i.e. data jumps around quite a bit between consecutive quarters. In such cases, it is necessary to smooth these movements over a longer period to obtain a general trend. Another case where we added moving averages is when the correlation between the survey results and the corresponding reference series is low or non-existent.

Three-quarter centred moving averages (3qcma) were selected in order to not disturb turning points too much, e.g. the moving average of 17Q4 is calculated as the average of 17Q3, 17Q4 and 18Q1, that of 18Q1 is calculated as the average of 17Q4, 18Q1 and 18Q2 etc. In order for the smoothed series to run up to the last unsmoothed data point, the last smoothed data point is only the average of two quarters, namely the previous and current quarter.

When a smoothed series is added, it is prudent not to attach too much value to the unsmoothed results of a particular quarter, but rather to evaluate it in its historical context.

Seasonal adjustment (SA)

In theory, the time series ought to display no seasonal patterns because respondents are instructed to compare the current quarter with the same one of a year ago (e.g. they have to compare the current Festive Season or wet/dry winter period with the same time a year ago). However, in practice, some series nevertheless reveal seasonal patterns, probably because some respondents incorrectly compare the survey quarter with the one directly preceding it. In such cases, a seasonally adjusted series (i.e. where such seasonal variation is eliminated with X12 ARIMA) is added.

Average (μ)

The neutral level of the time series for the two measurement types, net percentage and percentage, is 50 or zero respectively. The long-term average (mean) is often not equivalent to this neutral level. In such cases, it is more useful to evaluate the current results relative to such a long-term average than the neutral level.

One standard deviation below (μ-σ) and above (μ+σ) the average

The standard deviation indicates the common variation in or dispersion of the values. Data points falling between one standard deviation below and above the average could be regarded as common. Any data point falling outside these ranges, therefore, displays statistically significant variation.

Change (Delta: Δ)

This statistic indicates the change in the results of the latest quarter relative to the preceding quarter.

Volatility (standard deviation of the deltas: Δσ)

This statistic indicates the volatility of the quarter-on-quarter change. If the size (regardless if it is an increase or decline) of the change is greater than the standard deviation of the deltas, then it displays a statistically significant variation.

CONVENTIONS AND AIDS PROVIDED IN THE CHARTS

Shaded areas

Indicates cyclical downturns as demarcated by the South African Reserve Bank. Users need to take note that the business cycle could have already reversed course towards the end of the period covered in the chart, but usually we wait until the bank determines a turning point before changing the shaded areas.

Solid vs. dotted horizontal (X) axes:

A solid line indicates the theoretical mid-points of 50 or zero respectively, while a dotted line indicates the long-term average (mean). Also see the section on the "average" above.

Normalised scale

Time series data is normalised (standardised) when one wishes to observe the co-movement among indicators with different units of measurement, say for instance, between a diffusion index (confidence) and the growth rate in a volume index (GDP growth). Normalisation converts both series to the same scale (unit) by subtracting the long-term average from each series and dividing it by its standard deviation. This ensures that one compares "apples" with "apples" when making a visual inspection and not mistakenly identify co-movements or deviations that different scales could produce.