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Note: Shaded area in graphs denotes the downward phase of the business cycle.

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Highlights

Factory output recovers mostly in August

Manufacturing production recouped some of its losses in August after the sector was knocked by a range of demand and supply-side shocks in July. On a monthly seasonally adjusted basis, manufacturing output was up by 7.6%, following the 8.4% contraction in July. On an annual basis, real factory output increased by 1.8% y-o-y after a 4.8% fall in July ([see graph](#)). Early indications by the Absa PMI ([see graph](#)) are that factory output should continue to grow (on an annual basis) in September and October. Meanwhile, annual growth in **mining production** lost momentum, rising by only 2.0% in August, following an upwardly revised 12.3% increase in July. This was mainly driven by gold, followed by iron ore output. These notable increases were counteracted by sharp output declines for a range of minerals, including nickel, copper and coal. On a monthly, seasonally adjusted basis, total production was down by 2.4% in August.

Domestic trade data showed only a partial recovery from July unrest

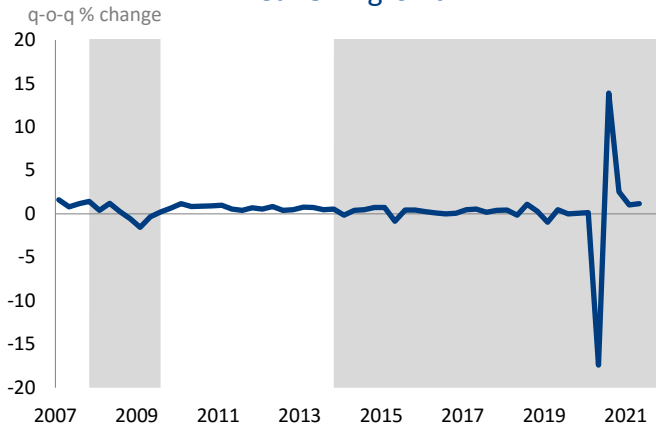
Retail trade sales in August fell short of market expectations, revealing the lingering impact of the civil unrest in mostly KwaZulu-Natal in July. On a monthly basis, retail sales increased by 4.9%, which did not come close to undoing July's huge 11% m-o-m fall ([see graphs](#)). In contrast to retail sales, **wholesale trade** sales more or less recovered the July decline in August, improving by 2.7% m-o-m. In all, domestic trade data points to mixed consumer demand in August. Even if retail trade sales pick up noticeably in September, the broader trade sector is likely to subtract from real GDP in 2021Q3.

Consumer inflation fuelled by high petrol and food price escalations

Headline consumer price inflation (CPI) accelerated for a second consecutive month to reach 5.0% y-o-y in September 2021, from 4.9% in August ([see graphs](#)). The latest print was the fourth month in a row where the annual increase was above the midpoint (4.5%) of the SARB's inflation target range. The main contributors to the annual rise in CPI were transport, food and housing and utilities. Within the transport category, it was fuel prices that stood out, rising by 19.9% in September compared to the previous year. On a monthly basis, consumer prices rose by a modest 0.2%. In the near term, the significant fuel price hike in early November is projected to drive headline CPI higher in 2021Q4, before easing again in 2022. Core inflation should remain subdued as a result of muted housing, medical insurance and education cost increases.

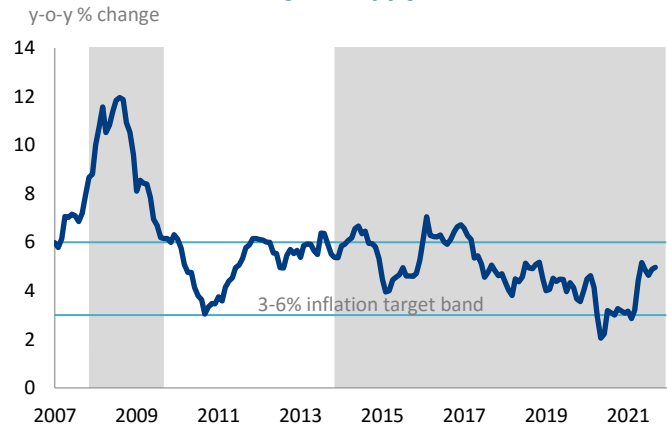
Core indicators

Real GDP growth



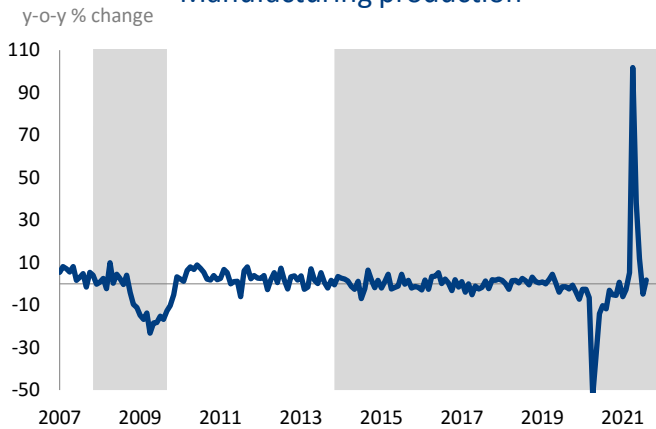
Source: Stats SA

CPI inflation



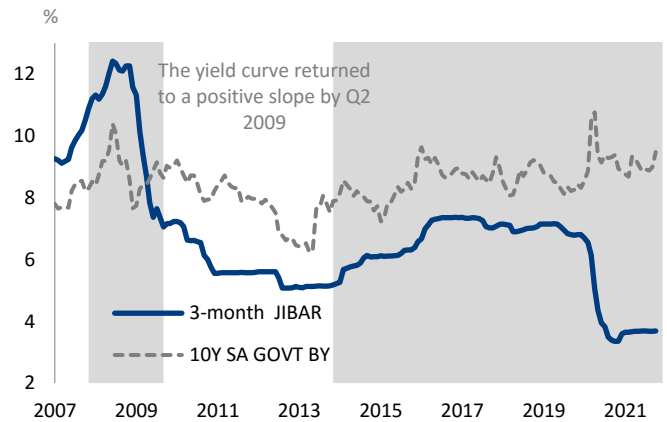
Source: Stats SA

Manufacturing production



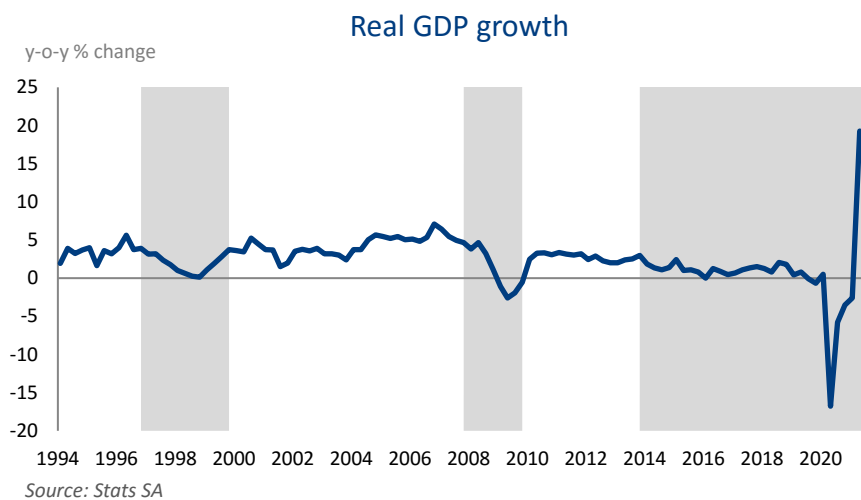
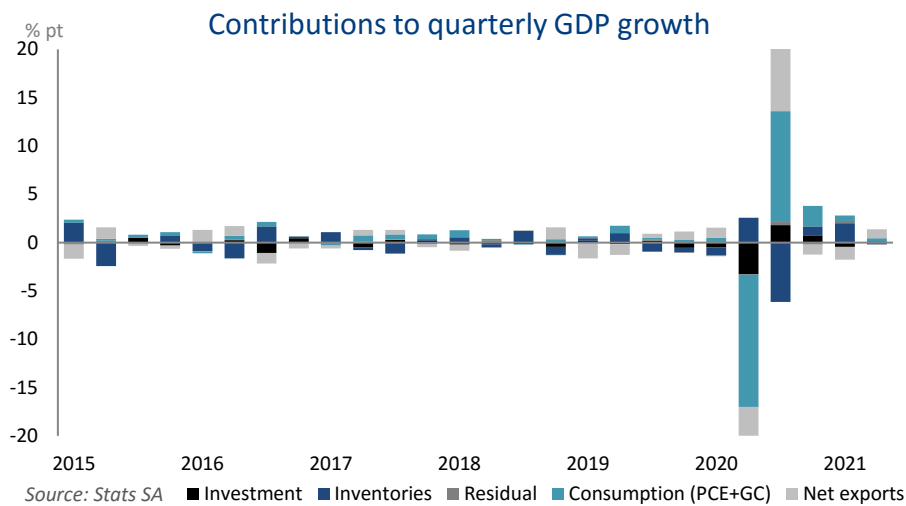
Source: Stats SA

Interest rates



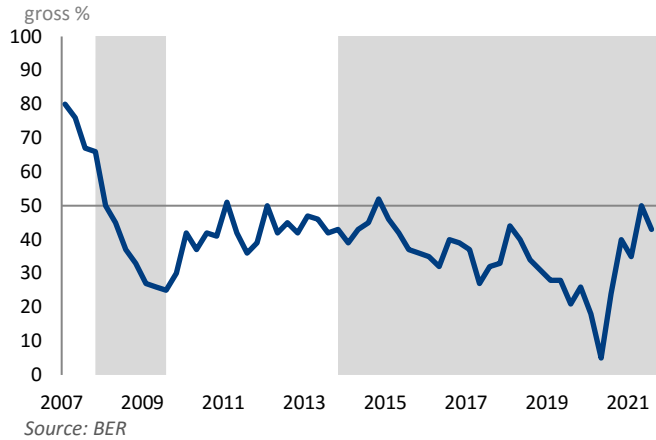
Source: DataStream

GDP growth

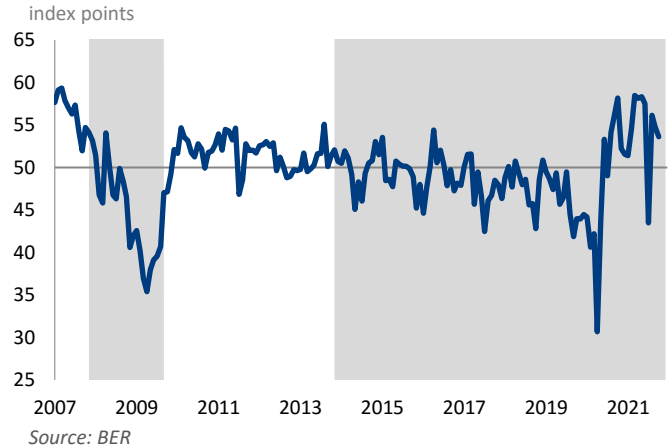


Business environment

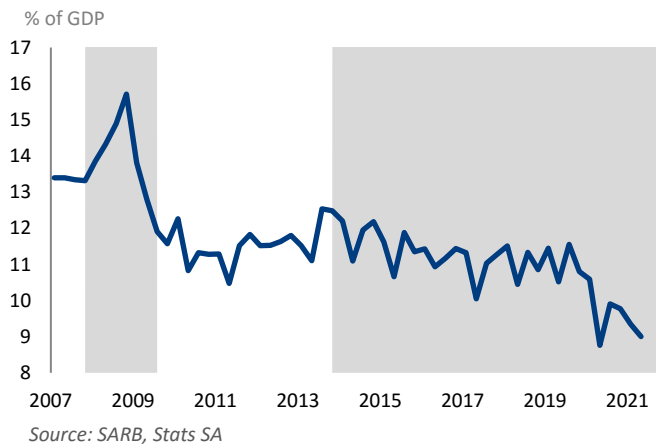
RMB/BER Business Confidence Index



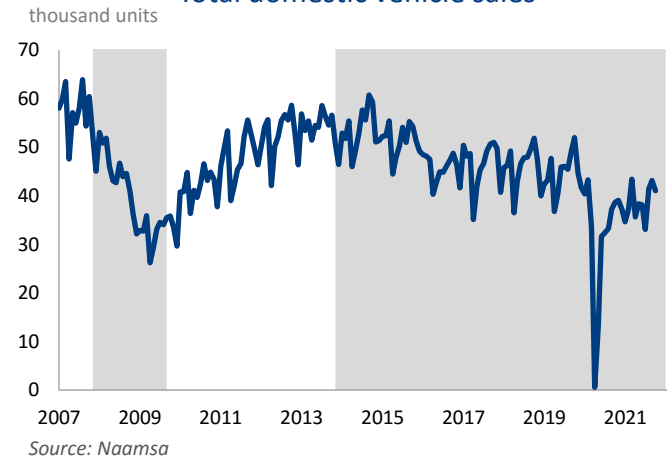
Absa Purchasing Managers' Index



Private fixed investment

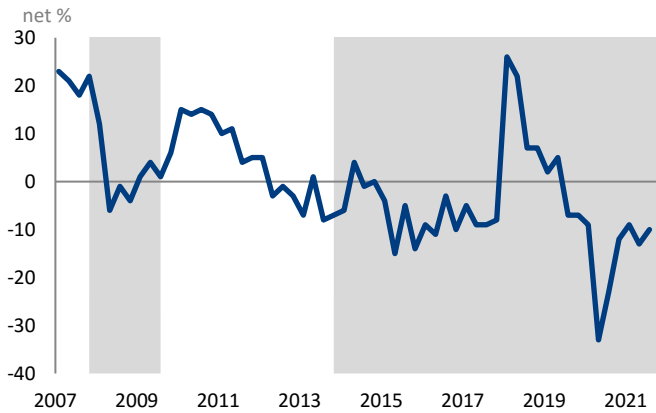


Total domestic vehicle sales



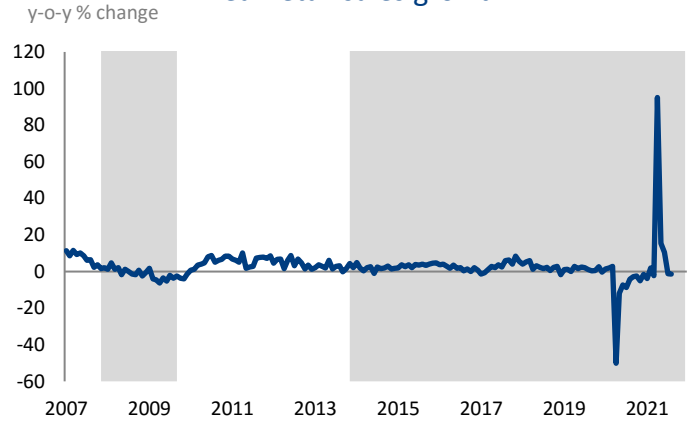
Household consumption

FNB/BER Consumer Confidence Index



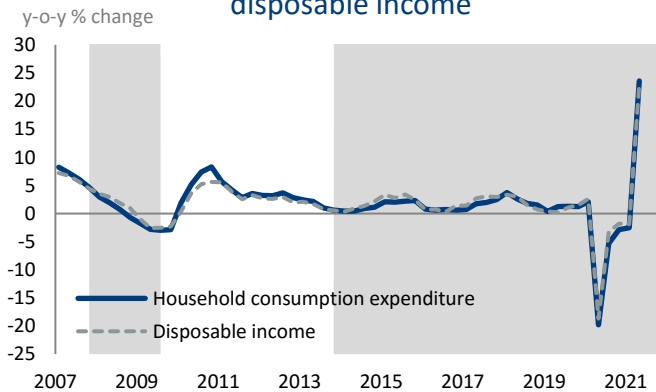
Source: BER

Real retail sales growth



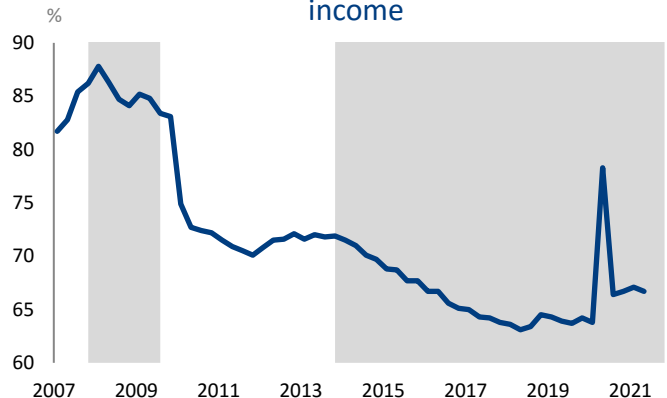
Source: Stats SA

Household consumption and real disposable income



Source: SARB, Stats SA

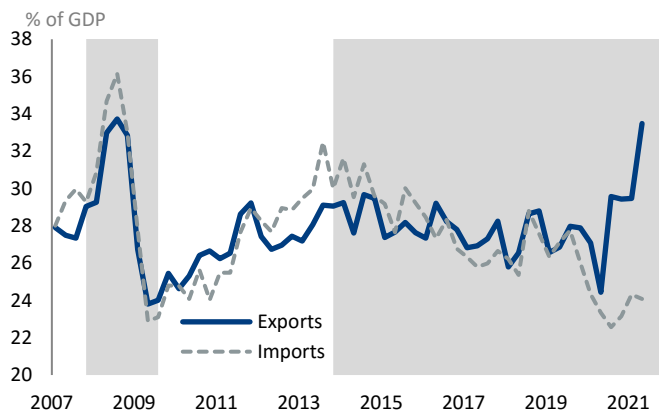
Ratio of household debt to disposable income



Source: SARB

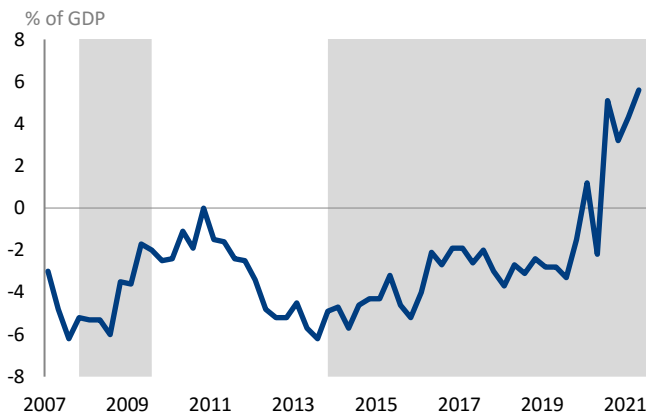
International trade

Imports and exports



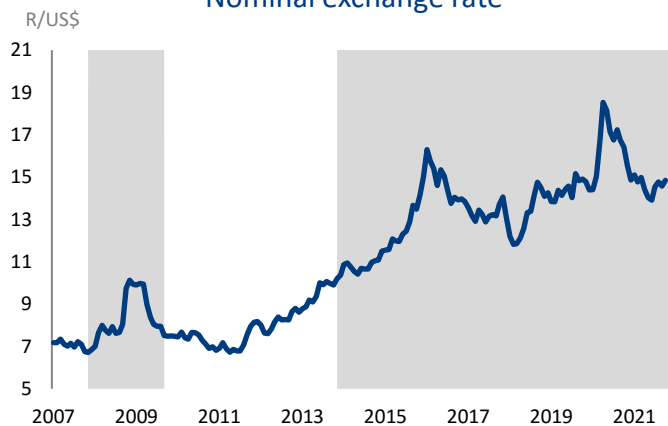
Source: SARB, Stats SA

Current account balance



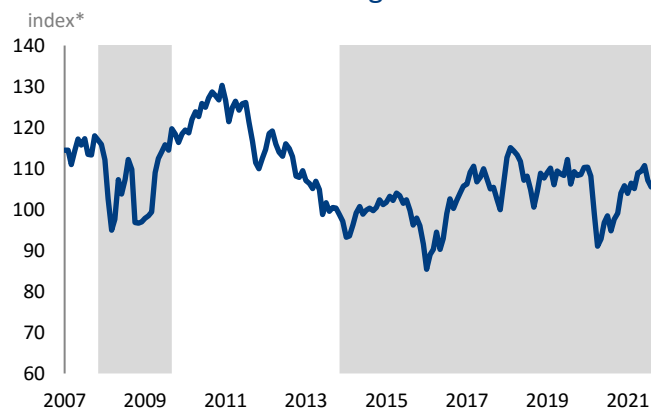
Source: SARB

Nominal exchange rate



Source: DataStream

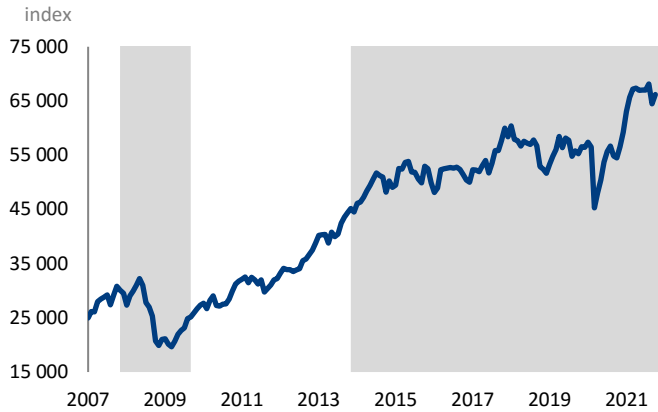
Real effective exchange rate of the Rand



Source: SARB *higher values denote a stronger rand

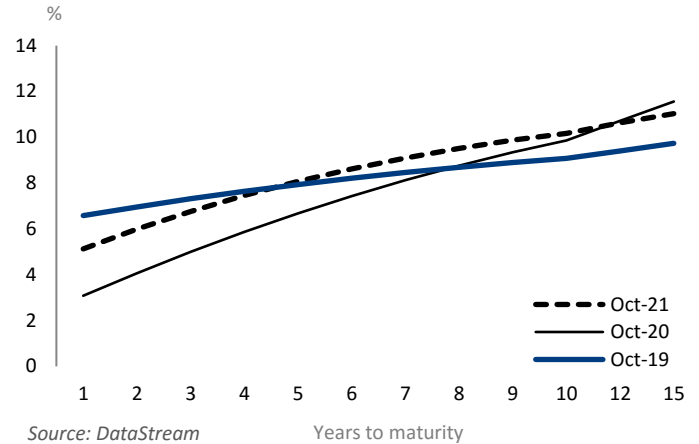
Financial markets

JSE all share index



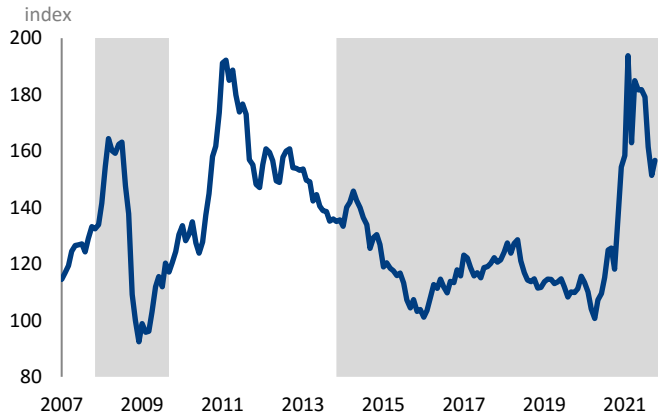
Source: DataStream

Yield curve comparisons



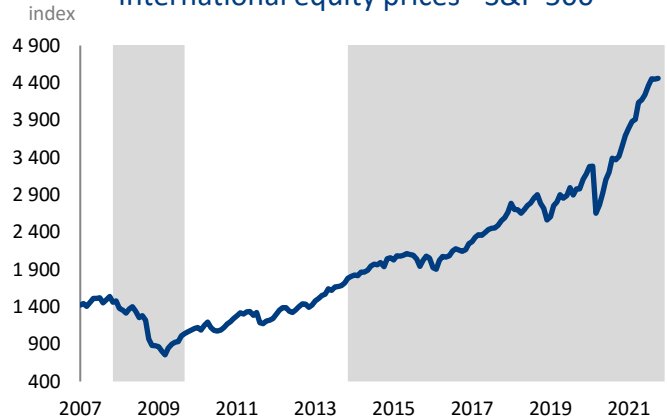
Source: DataStream

Economist all commodities index



Source: Economist

International equity prices - S&P 500

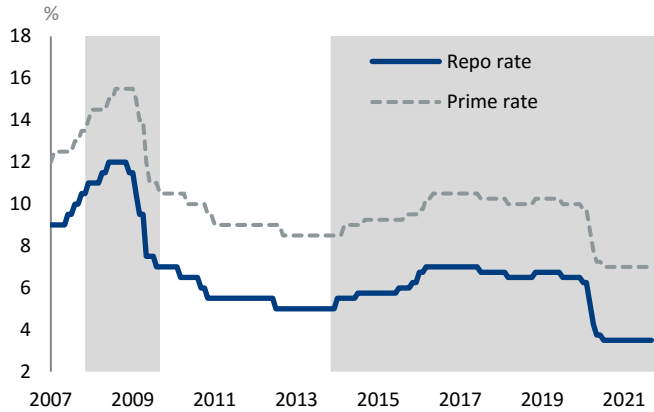


Source: DataStream

Please refer to the [glossary on the BER's website](#) for explanations of technical terms.
[Click here for more information about the BER's services.](#)

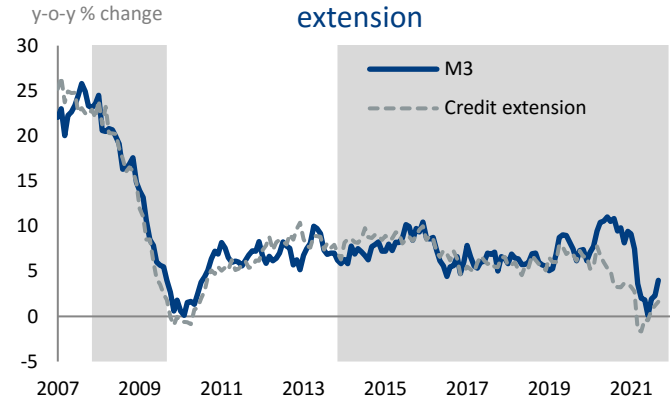
Money and prices

Repo and prime interest rate



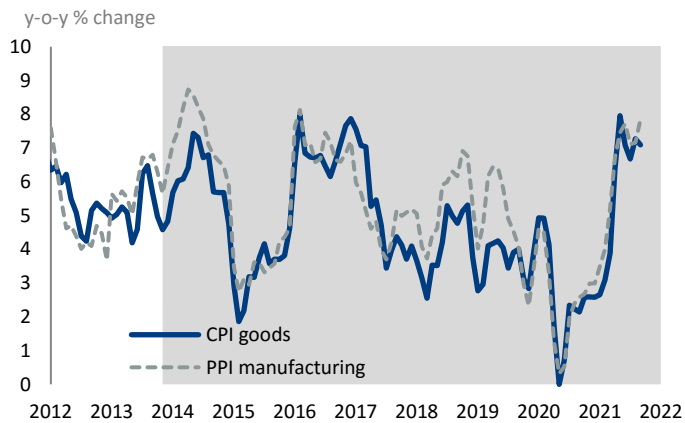
Source: SARB

M3 monetary aggregates and credit extension



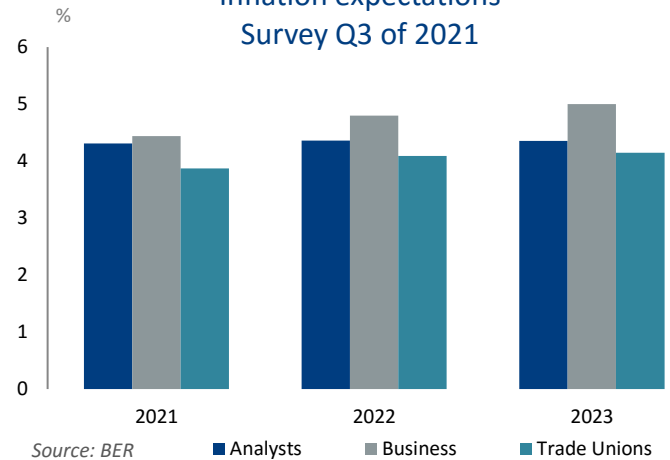
Source: SARB

Consumer and producer prices



Source: Stats SA

Inflation expectations Survey Q3 of 2021

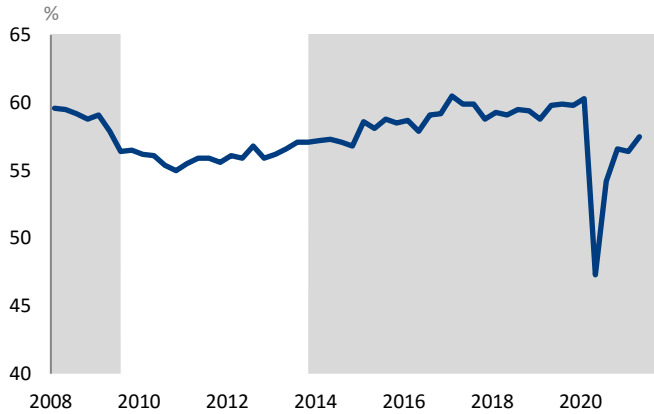


Source: BER

■ Analysts ■ Business ■ Trade Unions

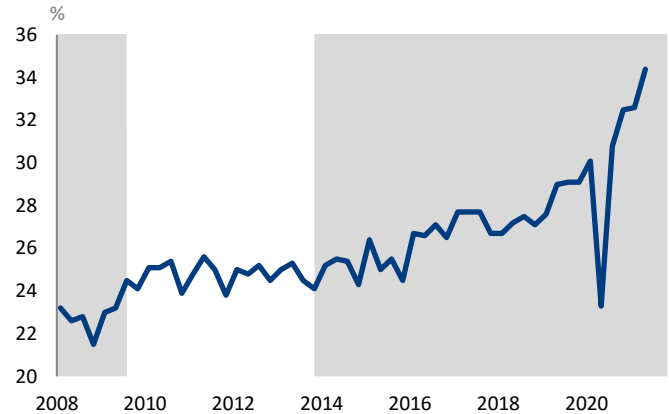
Labour

Labour force participation



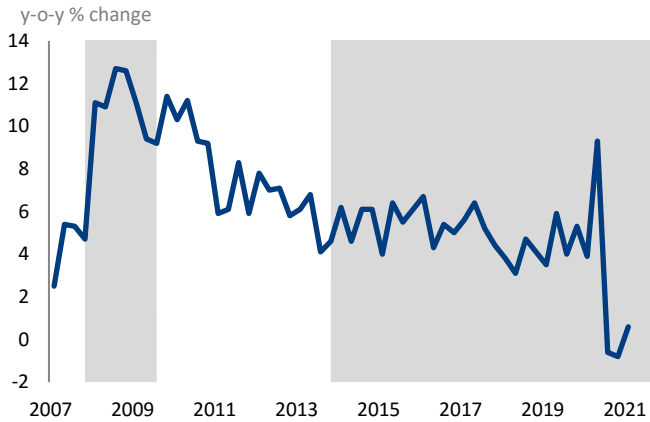
Source: Stats SA

Unemployment rate



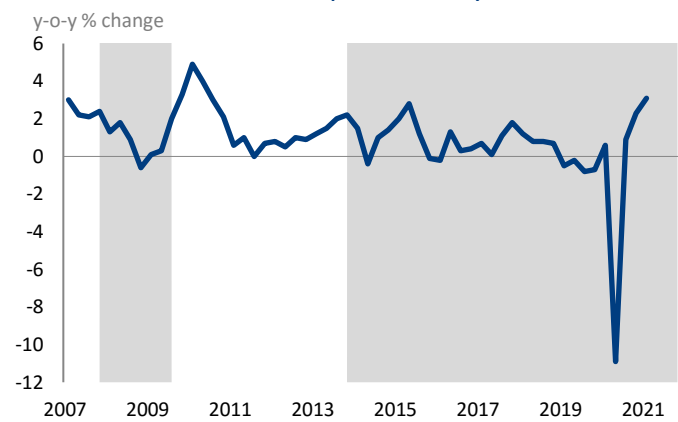
Source: Stats SA

Unit labour cost



Source: SARB

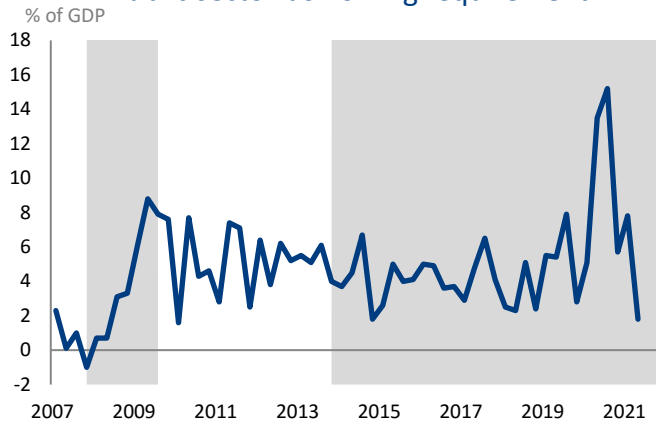
Labour productivity



Source: SARB

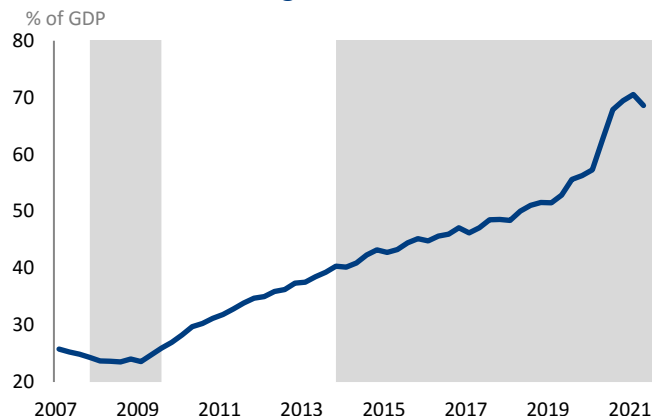
Government

Public sector borrowing requirement



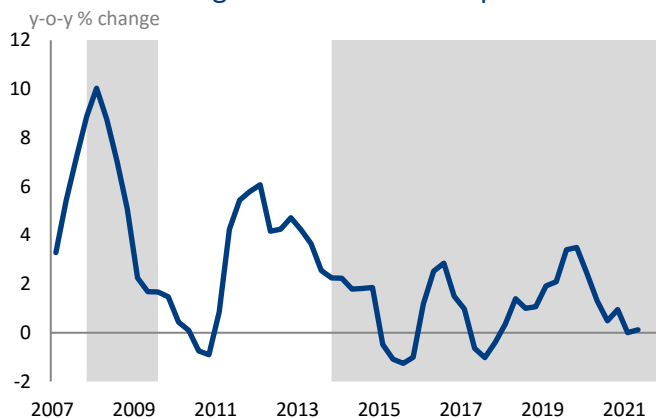
Source: SARB

Gross government debt



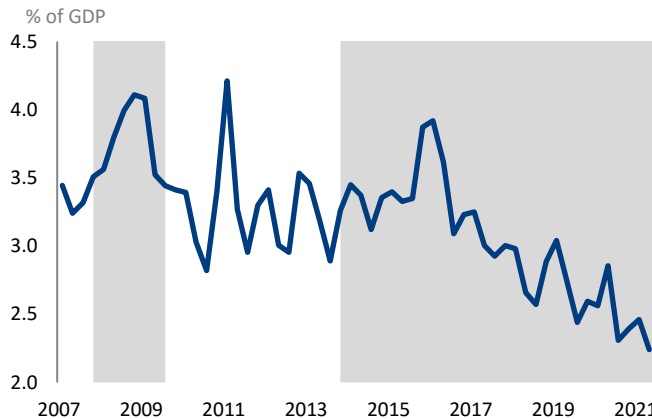
Source: SARB

Real government consumption



Source: SARB, Stats SA

Government fixed investment



Source: SARB, Stats SA

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