Domestic economic developments

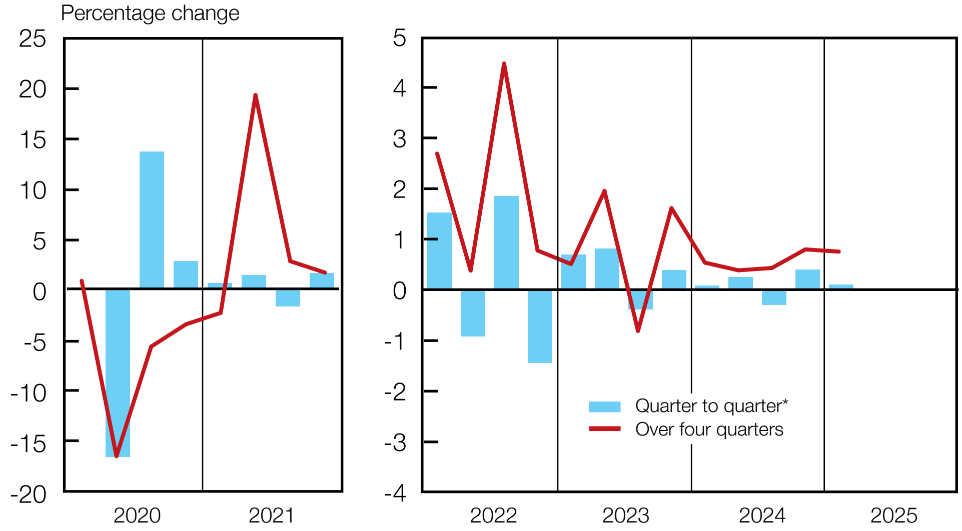
1 The quarter-to-quarter growth rates referred to in this section are based on seasonally adjusted data but were not annualised, to conform to the official publication by Statistics South Africa (Stats SA).

2 The analysis in this section is based on a revised set of national accounts estimates from 2021 to 2024, after more detailed data became available.

Domestic output[1, 2]

Economic activity in South Africa expanded marginally in the first quarter of 2025 as real *gross domestic product* (GDP) increased further by 0.1% following a revised increase of 0.4% in the fourth quarter of 2024. The real gross value added (GVA) by both the primary and tertiary sectors expanded, while that by the secondary sector contracted further. The level of real GDP was 0.8% higher in the first quarter of 2025 than a year earlier.

Real gross domestic product



* Seasonally adjusted
Source: Stats SA

Real gross domestic product

Quarter-to-quarter percentage change at seasonally adjusted but not annualised rates

Sector	2024					2025
	Q1	Q2	Q3	Q4	Year*	Q1
Primary sector	4.1	-1.9	-7.2	5.6	-3.0	3.0
Agriculture	14.0	-3.9	-20.5	17.7	-8.7	15.8
Mining	-1.2	-0.7	0.7	-0.1	0.4	-4.1
Secondary sector	-1.2	0.6	0.4	-1.0	-0.6	-2.4
Manufacturing	-1.2	0.5	0.1	-1.1	-0.4	-2.0
Construction	-2.9	0.3	0.8	-0.5	-5.4	-3.8
Tertiary sector	0.0	0.4	0.3	0.2	1.1	0.4
Wholesale and retail trade, catering and accommodation	1.0	0.9	-0.8	1.3	-1.2	0.5
Finance, real estate and business services	0.0	1.7	1.1	0.9	3.2	0.2
*Non-primary sector***	*-0.2*	*0.5*	*0.3*	*0.0*	*0.8*	*-0.1*
*Non-agricultural sector****	*-0.3*	*0.4*	*0.3*	*0.0*	*0.8*	*-0.3*
Total	0.1	0.3	-0.3	0.4	0.5	0.1

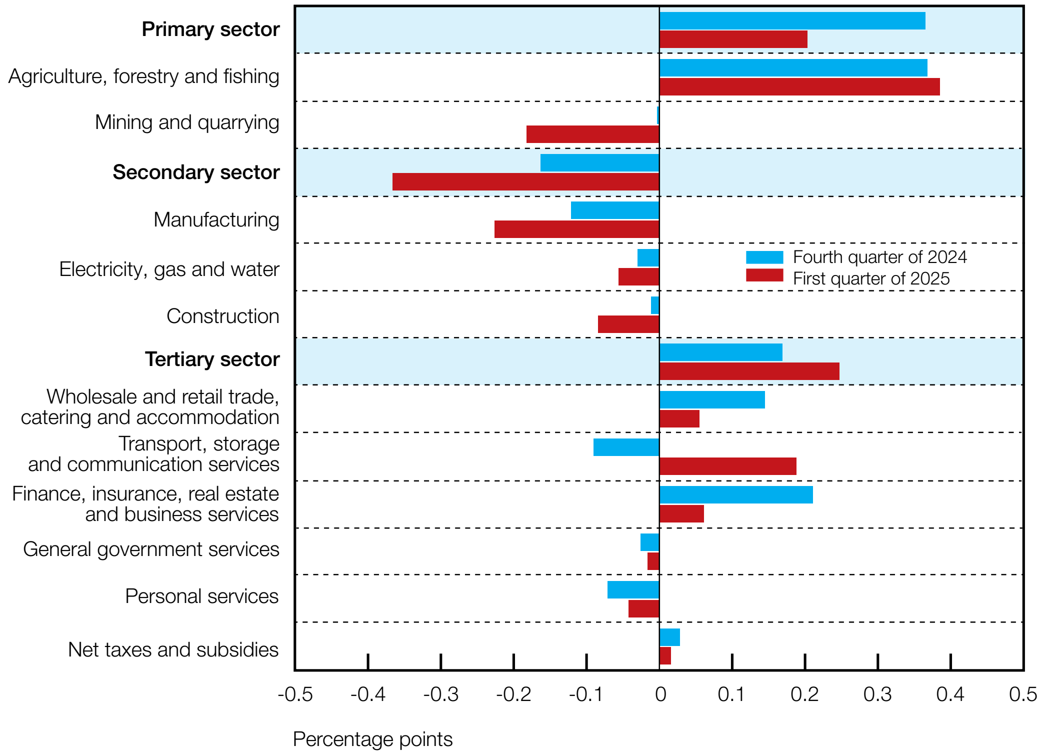
* Percentage change over one year
** The non-primary sector represents total GVA excluding agriculture and mining.
*** The non-agricultural sector represents total GVA excluding agriculture.

Source: Stats SA

The real GVA by the *primary sector* increased by 3.0% in the first quarter of 2025 following an increase of 5.6% in the fourth quarter of 2024. The real output of the agricultural sector expanded for a second consecutive quarter, while that of the mining sector contracted further.

The real output of the *non-primary sector* decreased by 0.1% in the first quarter of 2025 after remaining unchanged in the fourth quarter of 2024.

Contributions to growth in real gross domestic product



Source: Stats SA

After expanding by 17.7% in the fourth quarter of 2024, the real GVA by the *agricultural sector* expanded further by 15.8% in the first quarter of 2025, contributing 0.4 percentage points to overall real GDP growth. The expansion reflected increased production of horticultural and animal products during the first quarter of 2025, boosted by good rainfall. Consequently, the level of agricultural output in the first quarter of 2025 was 16.4% higher than in the corresponding period of 2024.

The estimated increase of 14.0% in the commercial maize harvest to 14.64 million tons for the 2024/25 season will exceed domestic maize consumption of about 12 million tons per annum, with the surplus available for the export market. Despite the area planted in the 2024/25 season being 1.5% smaller compared with the previous season, the larger maize crop expected to be harvested reflects favourable weather conditions.

Commercial maize crop and area planted

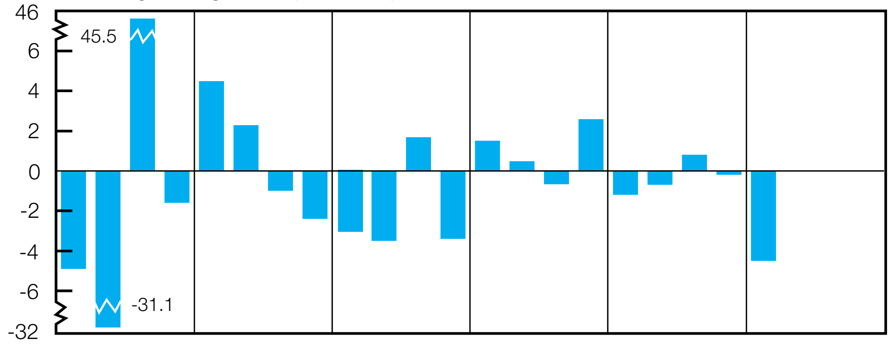
	Crop (million tons)	Area planted (million hectares)
2023/24: final	12.85	2.64
2024/25: estimate	14.64	2.60

Source: Crop Estimates Committee of the Department of Agriculture

The real output of the *mining sector* decreased further by 4.1% in the first quarter of 2025, subtracting 0.2 percentage points from overall real GDP growth. Production volumes declined in 8 of the 12 mineral groups, particularly in platinum group metals (PGMs), coal, chromium ore, building materials and gold. The production of PGMs was weighed down by the suspension of operations at a large platinum mine due to severe flooding caused by heavy rains. Meanwhile, coal production was constrained by the decline in steel-making coal mining activity, while inefficiencies in one of the coal lines adversely affected coal exports.

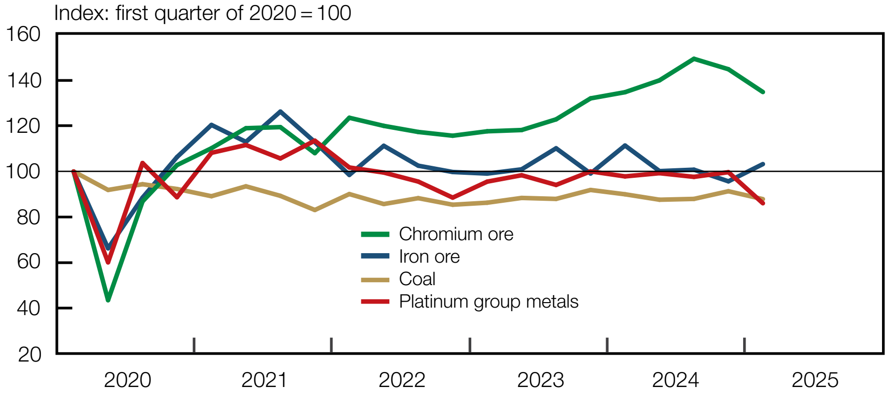
Real gross value added by the mining sector

Percentage change from quarter to quarter



Physical volume of mining production: selected subsectors

Index: first quarter of 2020 = 100



Seasonally adjusted

Source: Stats SA

The level of real mining output in the first quarter of 2025 was 4.7% lower than in the corresponding period of 2024 due to high operating costs, ongoing logistical constraints and generally depressed commodity prices, with the exception of gold, which continued to reach record high prices driven by global safe-haven demand. Furthermore, limited investment in expanding production capacity continued to weigh on mining output.

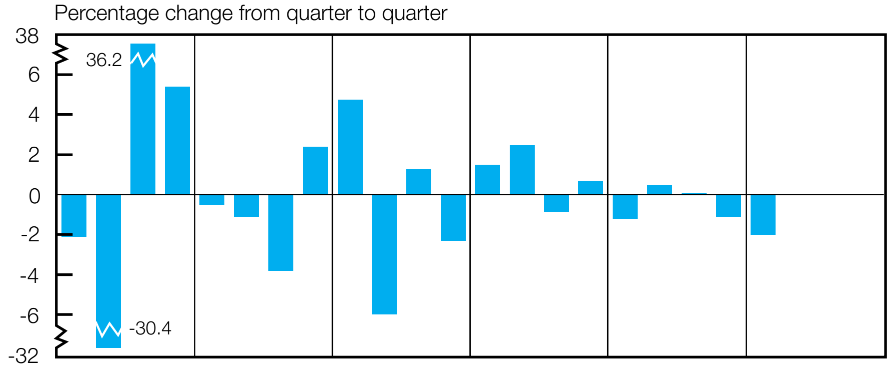
Real economic activity in the *secondary sector* contracted further by 2.4% in the first quarter of 2025 following a revised decrease of 1.0% in the fourth quarter of 2024. This marked a second successive quarter in which real output contracted in all three industries of the secondary sector.

The real GVA by the *manufacturing sector* contracted by 2.0% in the first quarter of 2025 and subtracted 0.2 percentage points from overall real GDP growth, after decreasing by 1.1% in the fourth quarter of 2024. The decrease was broad-based and coincided with the decline in the seasonally adjusted utilisation of production capacity to 76.3% in February 2025, from 78.0% in November 2024. Reduced activity was particularly evident in the subsectors supplying petroleum, chemical products, rubber and plastic products; food and beverages;

motor vehicles, parts and accessories and other transport equipment; as well as basic iron and steel, non-ferrous metal products, metal products and machinery. By contrast, the production of wood and wood products, paper, publishing and printing increased in the first quarter of 2025. Manufacturing output was 2.1% lower in the first quarter of 2025 compared with the corresponding period of 2024, as activity continued to be impeded by weak domestic demand, high operating costs, infrastructure constraints and logistical inefficiencies.

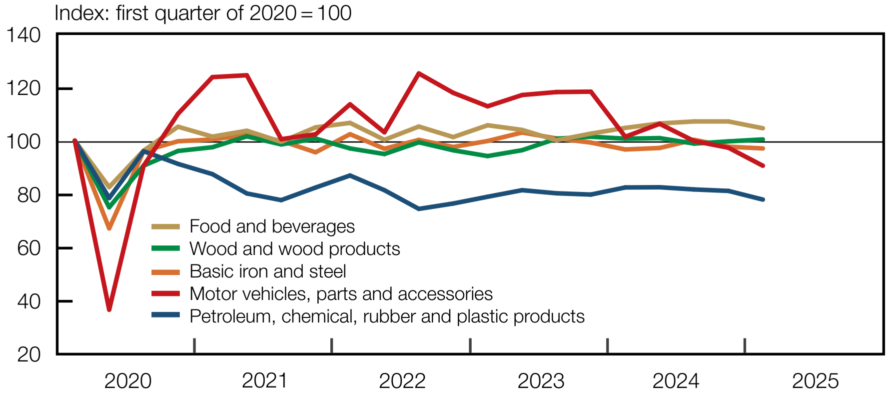
Real gross value added by the manufacturing sector

Percentage change from quarter to quarter



Physical volume of manufacturing production: selected subsectors

Index: first quarter of 2020 = 100



Seasonally adjusted

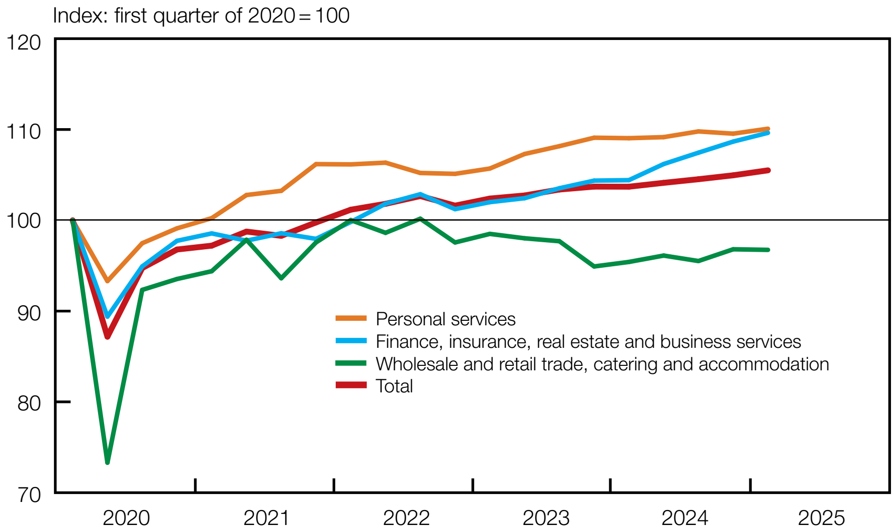
Source: Stats SA

Real economic activity in the sector supplying *electricity, gas and water* decreased by 2.6% in the first quarter of 2025, reflecting declines in the volume of both electricity produced and consumed as well as the volume of water consumed. Electricity generation was constrained by breakdowns at several of Eskom's generation units, resulting in the renewed implementation of electricity load-shedding. In addition, subdued demand from the electricity-intensive mining and manufacturing sectors contributed to the decrease in electricity consumed. Consequently, the level of real output in the sector was 1.1% lower in the first quarter of 2025 than a year earlier.

The real GVA by the *construction sector* decreased by 3.8% in the first quarter of 2025, reflecting a decline in civil construction and residential building activity. Activity in the construction sector continued to be constrained by low profitability and delays in municipal approvals, according to the Bureau for Economic Research's (BER) Building and Construction Survey. The level of output in the first quarter of 2025 was 4.0% lower than in the corresponding period of 2024.

The real GVA by the *tertiary sector* increased by 0.4% in the first quarter of 2025 and contributed 0.2 percentage points to overall real GDP growth. Real output expanded in the commerce; finance, insurance, real estate and business services; as well as transport, storage and communication services sectors, and contracted in the general government and personal services sectors in the first quarter of 2025.

Real gross value added by the tertiary sector



Seasonally adjusted
Source: Stats SA

The real GVA by the *commerce sector* increased by 0.5% in the first quarter of 2025 following an expansion of 1.3% in the fourth quarter of 2024. Real economic activity increased in the retail and motor trade as well as the tourism and accommodation subsectors, while wholesale trade activity decreased. The increased sales of hardware, paint and glass; pharmaceuticals and medical goods, cosmetics and toiletries; as well as the 'all other retailers' category supported the marginal increase in the real output of the retail trade subsector. In addition, motor trade increased during the quarter, likely benefiting from lower interest rates and affordable imported vehicles as reflected in the increased sales of new and used vehicles.

Conversely, the decrease in wholesale trade activity emanated mainly from reduced sales of solid, liquid and gaseous fuels and related products as well as precious stones, jewellery and silverware. Wholesale trade activity continued to be weighed down by weak demand, competition from low-cost imports as well as logistical bottlenecks.

The real GVA by the commerce sector was 1.3% higher in the first quarter of 2025 than in the corresponding period of 2024. Activity was supported by improved household purchasing power resulting from higher real wages, lower interest rates and subdued consumer price inflation.

The real GVA by the *transport, storage and communication services sector* expanded by 2.4% in the first quarter of 2025, underpinned by increased activity in land freight and air transport as well as transport support services. In addition, the number of passenger journeys undertaken by road increased during the quarter. Nevertheless, the real output of the transport, storage and communication services sector was 2.2% lower in the first quarter of 2025 than in the corresponding period of 2024.

The real output of the *finance, real estate and business services sector* expanded by 0.2% in the first quarter of 2025 as activity increased in the insurance, pension fund and financial auxiliary services subsectors. As such, the level of real output in the first quarter of 2025 was 3.9% higher than in the corresponding period of 2024.

The real output of the *general government services sector* contracted further by 0.2% in the first quarter of 2025, marking the third successive quarterly contraction, mainly due to fewer provincial government employees.

The real GVA by the *personal services sector* decreased by 0.3% in the first quarter of 2025 following a decrease of 0.4% in the fourth quarter of 2024. The decrease reflected subdued activity in health and education services over this period. Consequently, the level of real output in the first quarter of 2025 was 0.2% lower than in the corresponding period of 2024.

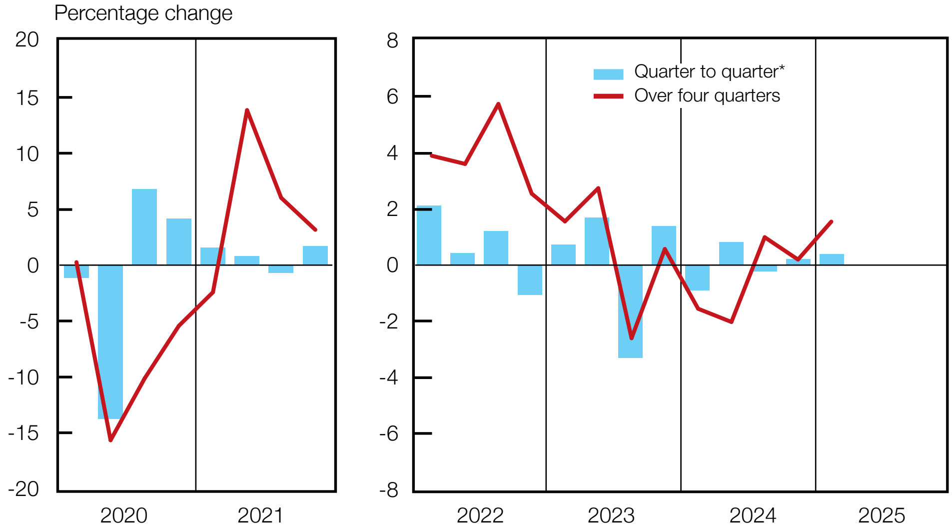
Real gross domestic expenditure[3, 4]

Growth in real *gross domestic expenditure* (GDE) accelerated to 0.4% in the first quarter of 2025 following an increase of 0.2% in the fourth quarter of 2024. Real final consumption expenditure by households increased at a slower pace in the first quarter of 2025. By contrast, real final consumption expenditure by general government and gross fixed capital formation contracted further, alongside further deaccumulation of real inventory holdings. The increase in the first quarter of 2025 raised the level of real GDE to 1.5% above the level recorded a year earlier.

3 The quarter-to-quarter growth rates referred to in this section are based on seasonally adjusted data but were not annualised, to conform to the official publication by Stats SA.

4 The analysis in this section is based on a revised set of national accounts estimates from 2021 to 2024, after more detailed data became available.

Real gross domestic expenditure



* Seasonally adjusted

Sources: Stats SA and SARB

Real gross domestic expenditure

Quarter-to-quarter percentage change at seasonally adjusted but not annualised rates

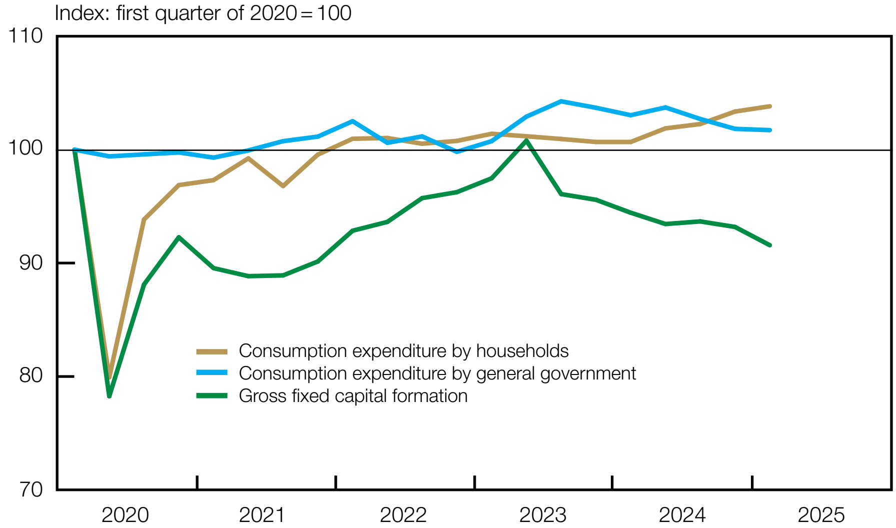
Component	2024					2025
	Q1	Q2	Q3	Q4	Year[1]	Q1
Final consumption expenditure						
Households	0.0	1.2	0.4	1.1	1.0	0.4
General government	-0.6	0.7	-1.0	-0.8	-0.1	-0.1
Gross fixed capital formation	-1.2	-1.1	0.2	-0.5	-3.9	-1.7
Domestic final demand[2]	**-0.3**	**0.8**	**0.1**	**0.5**	**0.1**	**0.0**
Change in inventories (R billions)[3]	*-11.3*	*-3.5*	*-17.1*	*-24.4*	*-14.1*	*-9.0*
Residual[4]	*0.3*	*0.1*	*0.1*	*0.0*	*0.1*	*0.0*
Gross domestic expenditure[5]	-0.9	0.8	-0.2	0.2	-0.6	0.4

1 Percentage change over one year
2 Comprises final consumption expenditure by households and general government as well as gross fixed capital formation
3 At constant 2015 prices; seasonally adjusted and annualised
4 The residual as a percentage of GDP
5 Including the residual

Sources: Stats SA and SARB

Real final consumption expenditure by households and the change in real inventories contributed the most to real GDP growth in the first quarter of 2025 at 0.3 percentage points each. By contrast, real net exports and gross fixed capital formation subtracted 0.3 percentage points and 0.2 percentage points respectively from overall economic growth over this period.

Components of real gross domestic final demand



Seasonally adjusted

Sources: Stats SA and SARB

Contributions of expenditure components to growth in seasonally adjusted but not annualised real gross domestic product

Percentage points

Component	2024					2025
	Q1	Q2	Q3	Q4	Year	Q1
Final consumption expenditure						
Households	0.0	0.8	0.3	0.7	0.7	0.3
General government	-0.1	0.1	-0.2	-0.2	0.0	0.0
Gross fixed capital formation	-0.2	-0.2	0.0	-0.1	-0.6	-0.2
Change in inventories	-0.7	0.2	-0.3	-0.2	-0.8	0.3
Residual	0.1	-0.1	0.0	-0.1	0.2	0.0
Gross domestic expenditure	**-0.9**	**0.8**	**-0.2**	**0.2**	**-0.6**	**0.4**
Net exports	1.0	-0.6	-0.1	0.2	1.1	-0.3
Gross domestic product	**0.1**	**0.3**	**-0.3**	**0.4**	**0.5**	**0.1**

Components may not add up to totals due to rounding off.

Sources: Stats SA and SARB

Growth in the real *exports* of goods and services slowed from 2.1% in the fourth quarter of 2024 to 1.0% in the first quarter of 2025 as the export volumes of mining products and services decreased. The decrease in mining exports was primarily driven by the reduced shipment of precious metals (including gold, PGMs and stones) and base metals and articles thereof. Conversely, the volume of manufactured exports increased at a faster pace in the first quarter of 2025, mainly driven by the higher real exports of vehicles and transport equipment;

machinery and electrical equipment; as well as prepared foodstuffs, beverages and tobacco. In addition, the increased exports of vegetable products boosted the strong growth in agricultural export volumes.

Real exports and imports of goods and services

Quarter-to-quarter percentage change*

Component	Exports			Imports		
	Percentage of total**	2024 Q4***	2025 Q1***	Percentage of total**	2024 Q4***	2025 Q1***
Total	100.0	2.1	1.0	100.0	1.3	2.0
Mining	39.0	3.9	-6.5	19.8	-3.3	4.0
Of which:						
Mineral products	14.4	-8.6	9.8	14.1	-5.0	10.4
Precious metals, including gold, platinum group metals and stones	12.7	29.0	-21.5	1.1	10.3	-9.1
Base metals and articles thereof	11.8	-4.9	-6.4	4.7	-1.4	-10.7
Manufacturing	36.0	1.2	4.5	61.1	1.2	3.2
Of which:						
Vehicles and transport equipment	11.9	-2.7	13.3	11.6	11.0	-1.5
Machinery and electrical equipment	6.6	-4.0	2.5	24.2	1.4	3.5
Chemical products	5.6	8.5	-0.5	10.5	-5.1	15.0
Prepared foodstuffs, beverages and tobacco	5.1	4.7	3.0	2.3	-3.5	7.6
Agriculture	10.5	-3.2	21.1	4.5	16.8	-4.7
Of which:						
Vegetable products	9.0	-3.0	23.2	2.5	27.6	7.3
Services	14.3	2.7	-1.3	14.3	3.7	-3.1

* Based on seasonally adjusted and annualised data
** Expressed as a percentage of the total in 2024
*** Not annualised
Components may not add up to totals due to rounding off and the exclusion of unclassified items.

Sources: SARS, Stats SA and SARB

Following an increase of 1.3% in the fourth quarter of 2024, the real *imports* of goods and services expanded further by 2.0% in the first quarter of 2025, supported by higher import volumes of mining and manufactured products. The increase in manufactured imports was particularly notable in the higher volumes chemical products; prepared foodstuffs, beverages and tobacco as well as machinery and electrical equipment. Mining import volumes rebounded in the first quarter of 2025, boosted by a marked increase in mineral products, while the real imports of base metals and articles thereof as well as precious metals (including gold, PGMs and stones) decreased. Conversely, the import volumes of both agricultural products and services declined in the first quarter of 2025.

Real *net exports* subtracted 0.3 percentage points from growth in real GDP in the first quarter of 2025, with net exports of mining and manufactured products deducting 0.9 percentage points and a 0.1 percentage point respectively. The decrease in real net mining exports was mainly led by real net exports of precious metals (including gold, PGMs and stones) and base metals and articles thereof. By contrast, real net exports of agricultural products and services contributed 0.7 and 0.1 percentage points respectively to overall real net exports.

Contributions of real exports and imports, and of net exports of goods and services, to growth in seasonally adjusted but not annualised real gross domestic product

Percentage points

Component	Exports		Imports*		Net exports	
	2024 Q4	2025 Q1	2024 Q4	2025 Q1	2024 Q4	2025 Q1
Total	**0.6**	**0.3**	**0.4**	**0.6**	**0.2**	**-0.3**
Mining	**0.4**	**-0.7**	**-0.2**	**0.2**	**0.6**	**-0.9**
Of which:						
Mineral products	-0.4	0.4	-0.2	0.4	-0.2	0.0
Precious metals, including gold, platinum group metals and stones	0.9	-0.9	0.0	0.0	0.9	-0.9
Base metals and articles thereof	-0.2	-0.2	0.0	-0.1	-0.1	-0.1
Manufacturing	**0.1**	**0.4**	**0.2**	**0.5**	**-0.1**	**-0.1**
Of which:						
Vehicles and transport equipment	-0.1	0.4	0.3	0.0	-0.4	0.4
Machinery and electrical equipment	-0.1	0.0	0.1	0.2	-0.2	-0.2
Chemical products	0.1	0.0	-0.2	0.4	0.3	-0.4
Prepared foodstuffs, beverages and tobacco	0.1	0.0	0.0	0.0	0.1	0.0
Agriculture	**-0.1**	**0.6**	**0.2**	**-0.1**	**-0.3**	**0.7**
Of which:						
Vegetable products	-0.1	0.6	0.2	0.1	-0.2	0.5
Services	**0.1**	**-0.1**	**0.2**	**-0.1**	**0.0**	**0.1**

* A positive contribution by imports *subtracts from* growth and a negative contribution by imports *adds to* growth. Components may not add up to totals due to rounding off and the exclusion of unclassified items.

Sources: SARS, Stats SA and SARB

Growth in real *final consumption expenditure by households* moderated to 0.4% in the first quarter of 2025 following an increase of 1.1% in the fourth quarter of 2024. Real spending on durable and non-durable goods increased at a slower pace, while that on semi-durable goods remained unchanged and outlays on services accelerated in the first quarter of 2025. The moderation in household consumption expenditure growth coincided with the slower pace of increase in the real disposable income of households, amid a notable decline in the First National Bank (FNB)/BER Consumer Confidence Index over the same period. Despite the slowdown, the level of real final consumption expenditure by households was 2.8% higher in the first quarter of 2025 than in the first quarter of 2024.

Real final consumption expenditure by households

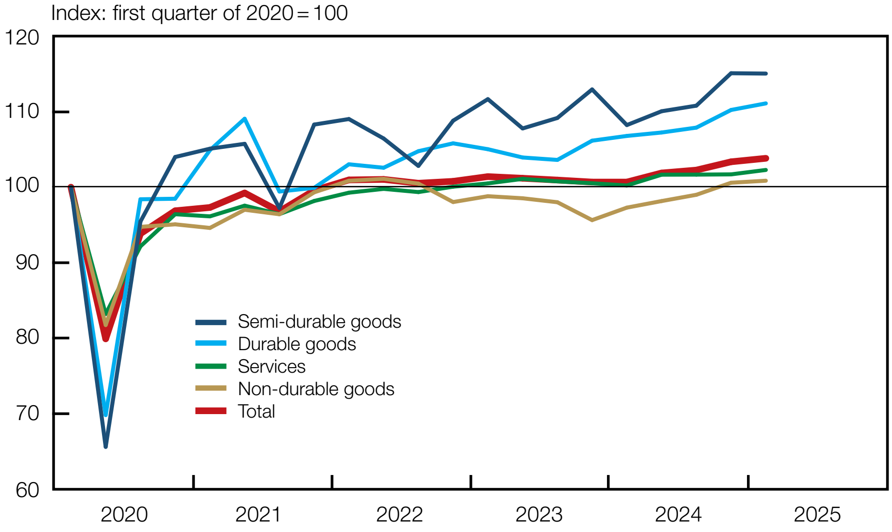
Quarter-to-quarter percentage change at seasonally adjusted but not annualised rates

Category	2024					2025
	Q1	Q2	Q3	Q4	Year*	Q1
Durable goods	0.6	0.4	0.6	2.2	3.2	0.8
Semi-durable goods	-4.2	1.7	0.7	3.9	0.6	0.0
Non-durable goods	1.7	0.9	0.8	1.6	1.0	0.3
Services	-0.3	1.4	0.0	0.0	0.6	0.6
Total	**0.0**	**1.2**	**0.4**	**1.1**	**1.0**	**0.4**

* Percentage change over one year

Source: Stats SA

Components of real final consumption expenditure by households



Seasonally adjusted

Sources: Stats SA and SARB

Real outlays by households on *durable goods* increased at a slower pace of 0.8% in the first quarter of 2025, after increasing by 2.2% in the fourth quarter of 2024. The deceleration was evident in the real purchases of furniture and household appliances; computers and related equipment; and recreational and entertainment goods.

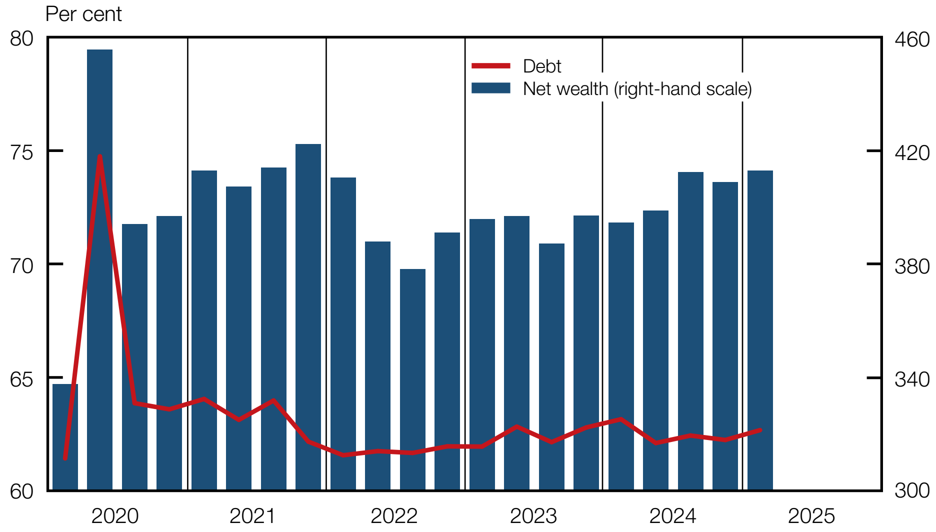
Following an increase of 3.9% in the fourth quarter of 2024, real consumer spending on *semi-durable goods* recorded no growth in the first quarter of 2025. During this period, growth in real outlays slowed down in most categories, including clothing and footwear; household textiles, furnishings and glassware; motorcar tyres, parts and accessories; as well as recreational and entertainment goods.

Growth in real household consumption expenditure on *non-durable goods* decelerated to 0.3% in the first quarter of 2025 from 1.6% in the fourth quarter of 2024. This reflected a moderation in spending on food, beverages and tobacco; household fuel, power and water; household consumer goods; and petroleum products.

Real consumption expenditure on *services* increased by 0.6% in the first quarter of 2025 following no growth in the preceding two quarters. The increase was driven by transport and communication services; recreational, entertainment and educational services; as well as miscellaneous services.

Seasonally adjusted nominal *household debt* increased further in the first quarter of 2025 as growth in most of the categories of credit extended to households increased. With the increase in household debt exceeding that in nominal disposable income, the ratio of household debt to nominal disposable income increased to 62.7% in the first quarter of 2025 from 62.2% in the fourth quarter of 2024. Households' cost of servicing debt relative to disposable income edged lower to 8.9% in the first quarter of 2025 from 9.0% in the fourth quarter of 2024, reflecting lower interest payments following the further 25 basis points reduction in the prime lending rate in January 2025.

Household debt and net wealth as a ratio of disposable income



Seasonally adjusted

Source: SARB

Households' net wealth rose in the first quarter of 2025 as the market value of total assets increased more than total liabilities. The higher value of assets resulted from increases in share prices and the value of housing stock. Consequently, the ratio of net wealth to nominal disposable income rose to 413% in the first quarter of 2025 from 409% in the fourth quarter of 2024.

Real *final consumption expenditure by general government* contracted by a further 0.1% in the first quarter of 2025 following a decline of 0.8% in the fourth quarter of 2024. The decrease reflected lower real spending on both non-wage goods and services as well as on the compensation of employees. The level of real final consumption expenditure by general government in the first quarter of 2025 was 1.1% lower compared with the corresponding period of 2024.

Real *gross fixed capital formation* decreased by a further 1.7% in the first quarter of 2025 following a decline of 0.5% in the fourth quarter of 2024. The decrease stemmed from reduced capital spending by private business enterprises, while capital outlays by public corporations and general government increased. Consequently, the level of real gross fixed capital formation in the first quarter of 2025 was 3.2% lower than in the corresponding period of 2024.

Real gross fixed capital formation

Quarter-to-quarter percentage change at seasonally adjusted but not annualised rates

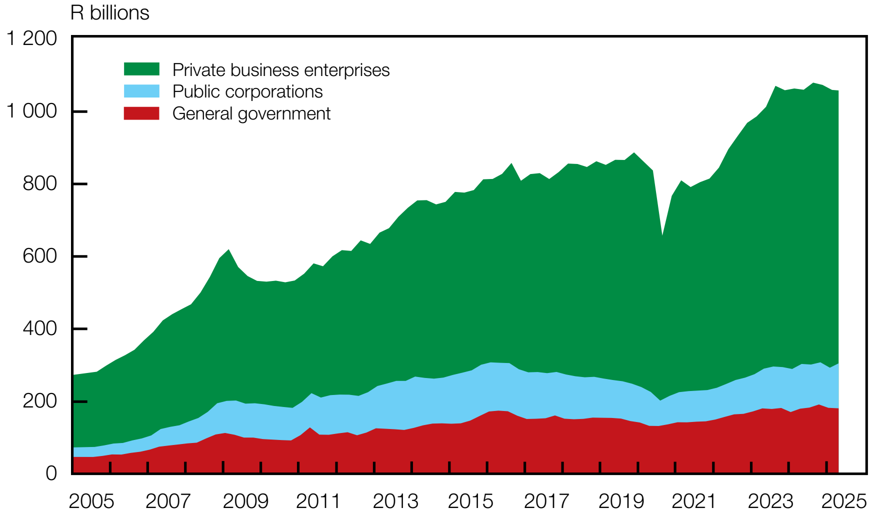
Sector	2024					2025
	Q1	Q2	Q3	Q4	Year*	Q1
Private business enterprises	-3.1	-0.4	-0.9	1.6	-4.2	-4.5
Public corporations	3.5	-6.5	-1.3	-4.6	-4.0	13.8
General government	4.1	0.2	6.1	-6.2	-2.4	0.3
Total	-1.2	-1.1	0.2	-0.5	-3.9	-1.7

* Percentage change over one year

Source: Stats SA

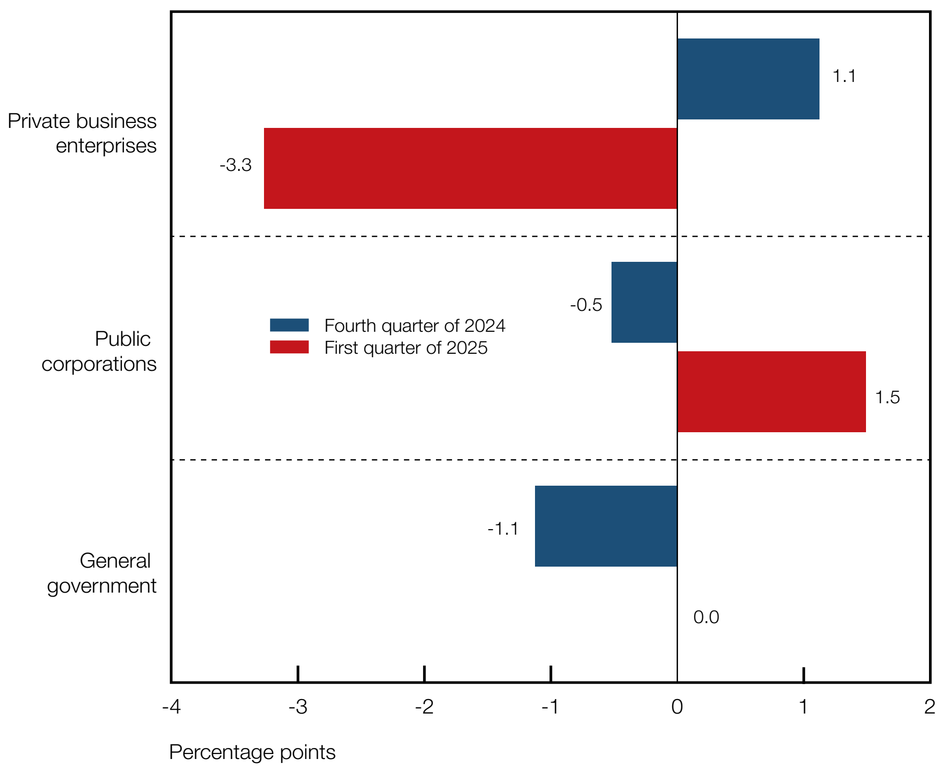
Real gross fixed capital formation by *private business enterprises* decreased by 4.5% in the first quarter of 2025, subtracting 3.3 percentage points from growth in total gross fixed capital formation. The decrease was mainly due to lower capital outlays on residential buildings, construction works and transport equipment. Consequently, the private sector's share of total nominal gross fixed capital formation decreased from 72.4% in the fourth quarter of 2024 to 71.0% in the first quarter of 2025. Likewise, the level of real gross fixed capital investment by private business enterprises in the first quarter of 2025 was 4.7% lower than in the corresponding period of 2024.

Nominal gross fixed capital formation by type of organisation



Seasonally adjusted
Source: Stats SA

Contributions to growth in real gross fixed capital formation



Source: Stats SA

Following a significant decline of 5.6% in the fourth quarter of 2024, real capital spending by the *public sector* increased by 5.5% in the first quarter of 2025, as capital investment by both public corporations and general government reverted to increases. Capital expenditure by *public* *corporations* increased markedly by 13.8% in the first quarter of 2025 following a decrease of 4.6% in the fourth quarter of 2024. The increase in capital expenditure by public corporations reflected higher outlays on machinery and equipment, research and development as well as transport equipment. This resulted in the public corporations' share of total nominal gross fixed capital formation increasing from 10.5% in the fourth quarter of 2024 to 11.9% in the first quarter of 2025.

Real capital outlays by *general government* increased by 0.3% in the first quarter of 2025 following a substantial decrease of 6.2% in the fourth quarter of 2024. Increased investment spending was recorded in transport equipment, computer equipment and non-residential buildings in the first quarter of 2025. Despite the increase, general government's share of total nominal gross fixed capital formation decreased slightly from 17.2% in the fourth quarter of 2024 to 17.1% in the first quarter of 2025.

Measured by asset type, real capital investment in residential buildings, transport equipment, construction works as well as machinery and equipment decreased in the first quarter of 2025. By contrast, capital outlays on 'other assets'[5] and non-residential buildings increased over the same period.

5 The 'other assets' category includes research and development, computer software, mineral exploration and cultivated biological resources.

Inventory deaccumulation persisted in the first quarter of 2025 as real *inventory holdings* decreased by R9.0 billion (at seasonally adjusted and annualised 2015 prices) following a revised decrease of R24.4 billion in the fourth quarter of 2024. This marked the fifth successive quarterly inventory drawdown and was mainly concentrated in the transport, trade and manufacturing sectors. Conversely, inventory accumulation was recorded in the mining and electricity sectors. The deaccumulation of inventories occurred alongside the decline in net exports in the first quarter of 2025.

Gross nominal saving

The *national saving rate* (gross saving as a percentage of nominal GDP) for South Africa increased to 13.4% in the first quarter of 2025 from 12.8% in the fourth quarter of 2024. The saving rate of general government deteriorated in the first quarter, while that of corporate business enterprises increased and households remained unchanged. Consequently, the share of total gross capital formation financed through foreign capital (the foreign financing ratio) decreased from 3.9% in the fourth quarter of 2024 to 3.4% in the first quarter of 2025.

Gross saving as a percentage of gross domestic product

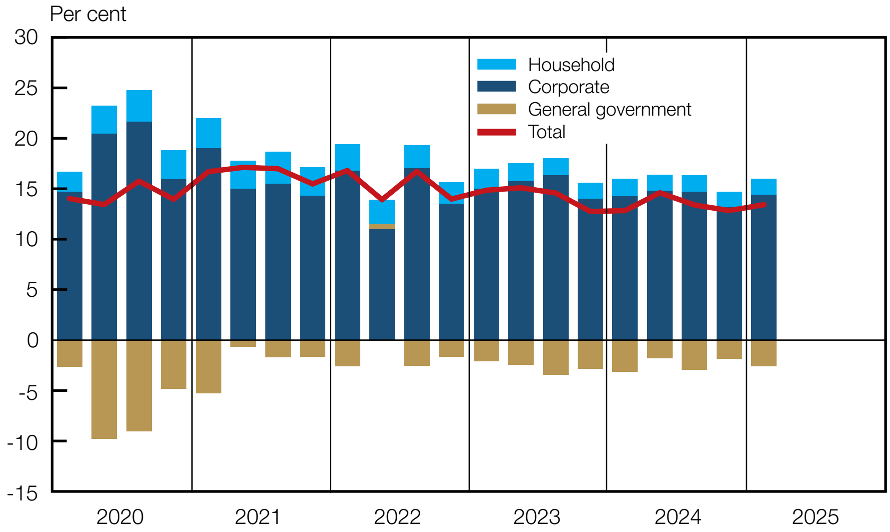
Ratio in per cent based on seasonally adjusted and annualised data

Sector	2024					2025
	Q1	Q2	Q3	Q4	Year	Q1
Corporate	14.3	14.8	14.7	13.2	14.3	14.5
General government	-3.1	-1.8	-2.9	-1.9	-2.4	-2.6
Household	1.7	1.6	1.6	1.5	1.6	1.5
Total	**12.8**	**14.6**	**13.4**	**12.8**	**13.4**	**13.4**

Source: SARB

Gross saving by the *corporate sector* as a percentage of nominal GDP increased from 13.2% in the fourth quarter of 2024 to 14.5% in the first quarter of 2025 as the decrease in seasonally adjusted corporate dividend payments outweighed the increase in current tax payments on income and wealth. Dissaving by *general government* as a percentage of nominal GDP increased to 2.6% in the first quarter of 2025 from 1.9% in the fourth quarter of 2024 as seasonally adjusted nominal government expenditure increased more than revenue. Gross saving by the *household sector* as a percentage of GDP remained unchanged at 1.5% in the first quarter of 2025 as the increases in seasonally adjusted nominal consumption expenditure and nominal disposable income offset each other.

Gross saving as a percentage of gross domestic product



Sources: Stats SA and SARB

Employment

Total *household-surveyed employment* decreased by 291 000 (1.7%) in the first quarter of 2025, according to Stats SA's *Quarterly Labour Force Survey (QLFS)*.[6] Formal sector employment decreased significantly by 245 000 (2.1%), driven largely by job losses in the wholesale and retail trade (133 000), community and social services (98 000) and construction (79 000) sectors in the first quarter of 2025, which were partly countered by increases in the transport (73 000), finance (43 000) and electricity (30 000) sectors. Likewise, 68 000 (6.0%) fewer people were employed in the private household sector over this period. Conversely, informal sector employment increased by 17 000 (0.5%) and agricultural sector employment by 6 000 (0.7%) in the first quarter of 2025.

The year-on-year pace of increase in total household-surveyed employment slowed notably from 355 000 (2.1%) in the fourth quarter of 2024 to 43 000 (0.3%) in the first quarter of 2025, significantly slower than the increase of 553 000 (3.4%) recorded in the first quarter of 2024. Employment decreased across all three types of employment contracts in the year to the first quarter of 2025, with unspecified duration contracts decreasing by 3.6%, limited duration contracts by 2.2%, and permanent contracts by 1.6%. However, employment under limited-duration contracts is expected to benefit from the resumption of the Presidential Youth Employment Initiative (PYEI) in the Department of Basic Education, with Phase V set to commence in June 2025 and conclude in November.[7]

The seasonally adjusted number of new and renewed job postings on the Pnet web platform increased by 0.4% in the first quarter of 2025 but decreased by 4.6% on a month-to-month basis in April. In addition, the Career Junction Employment Insights Report,[8] which provides an analysis of supply and demand trends in the online job market, recorded a seasonally adjusted decrease of 2.0% in recruitment activity in the first quarter of 2025.

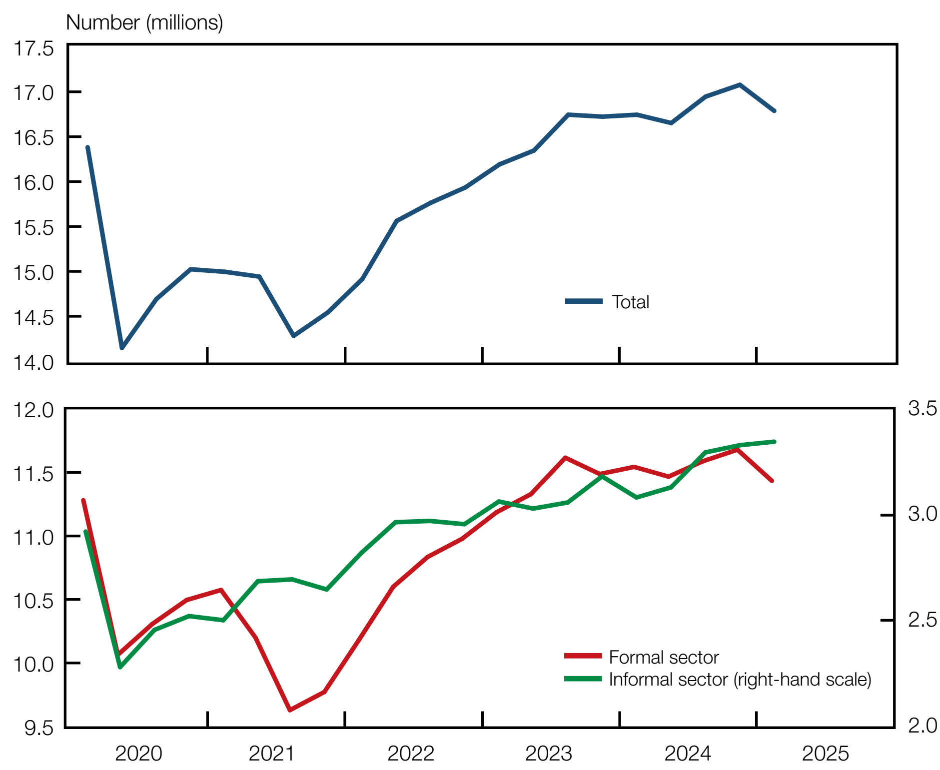
The official unemployment rate increased from 31.9% in the fourth quarter of 2024 to 32.9% in the first quarter of 2025 as the total number of officially unemployed South Africans increased significantly by 237 000 (3.0%) to 8.2 million and the number of employed persons decreased. Similarly, the seasonally adjusted unemployment rate increased from 32.1% to 32.7% over the same period.

6 Stats SA noted that the response rate of the *QLFS* was 88.3% in the first quarter of 2025, a marginal increase from 88.2% in the fourth quarter of 2024 (and 88.7% in the first quarter of 2024).

7 https://www.gov.za/news/media-statements/basic-education-and-employment-and-labour-implements-job-opportunities-youth

8 https://cj-marketing.s3.amazonaws.com/CJI_Executive_Summary.pdf

Household-surveyed employment



Source: Stats SA

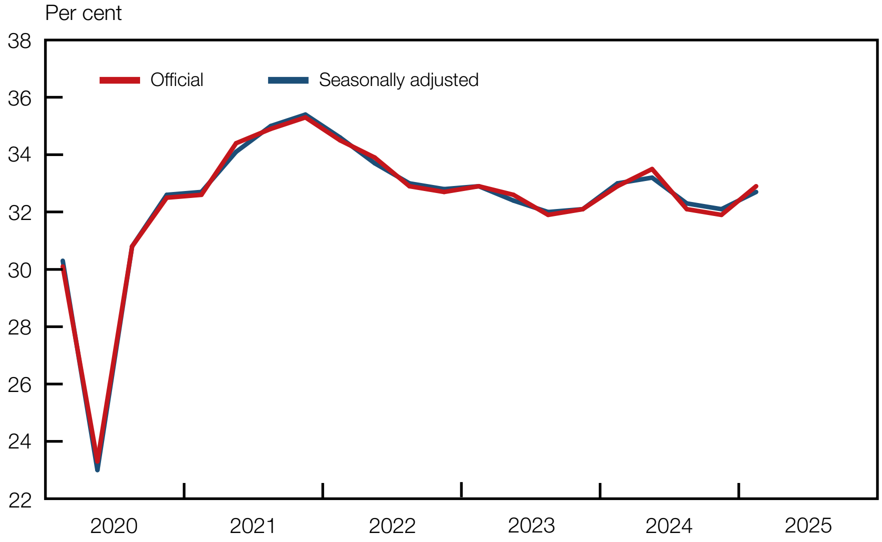
Household-surveyed labour market statistics

	Number (thousands)			Quarter-to-quarter change		Percentage change over four quarters
	2024		2025	2025 Q1		
	Q1	Q4	Q1	Number (thousands)	Per cent	Per cent
a. Total employed	16 745	17 078	16 787	-291	-1.7	0.3
b. Total unemployed (official definition)	8 226	7 991	8 228	237	3.0	0.0
c. Total labour force (a+b)	24 971	25 069	25 015	-54	-0.2	0.2
d. Total not economically active	16 188	16 492	16 676	184	1.1	3.0
e. Population 15–64 years (c+d)	41 158	41 561	41 691	130	0.3	1.3
f. Official unemployment rate* (b/c)*100	32.9%	31.9%	32.9%	–	–	–
g. Discouraged	3 049	3 466	3 473	7	0.2	14.0
h. Other reasons for not searching for work	1 451	1 315	1 636	322	24.5	12.7
i. Expanded unemployment rate**	41.9%	41.9%	43.1%	–	–	–

* Stats SA follows the ILO definition of calculating the official unemployment rate, which is internationally comparable.
** The expanded unemployment rate is calculated by Stats SA's in-house formula and is not internationally comparable.

Source: Stats SA

Unemployment rate



Sources: Stats SA and SARB

In the first quarter of 2025, the total number of officially unemployed persons primarily consisted of new entrants to the labour market (43.1%), followed by job losers (26.3%) and persons who last worked five years ago (24.0%), while re-entrants and job leavers accounted for 3.9% and 2.6% respectively. The proportion of long-term unemployment (being unemployed for one year or longer) to total unemployment remained elevated, reflective of structural constraints, but decreased slightly to 76.5% in the first quarter of 2025 from 77.7% in the fourth quarter of 2024.

Youth unemployment remained a challenge in South Africa, with the youth unemployment rate (persons aged 15–24 years and actively searching for work) increasing significantly from 59.6% in the fourth quarter of 2024 to 62.4% in the first quarter of 2025. Furthermore, the unemployment rate of those aged between 25 and 34 years increased marginally from 39.4% to 40.4% over the same period. In the first quarter of 2025, approximately 2.0 million out of 3.5 million discouraged work-seekers were young persons aged 15–34.

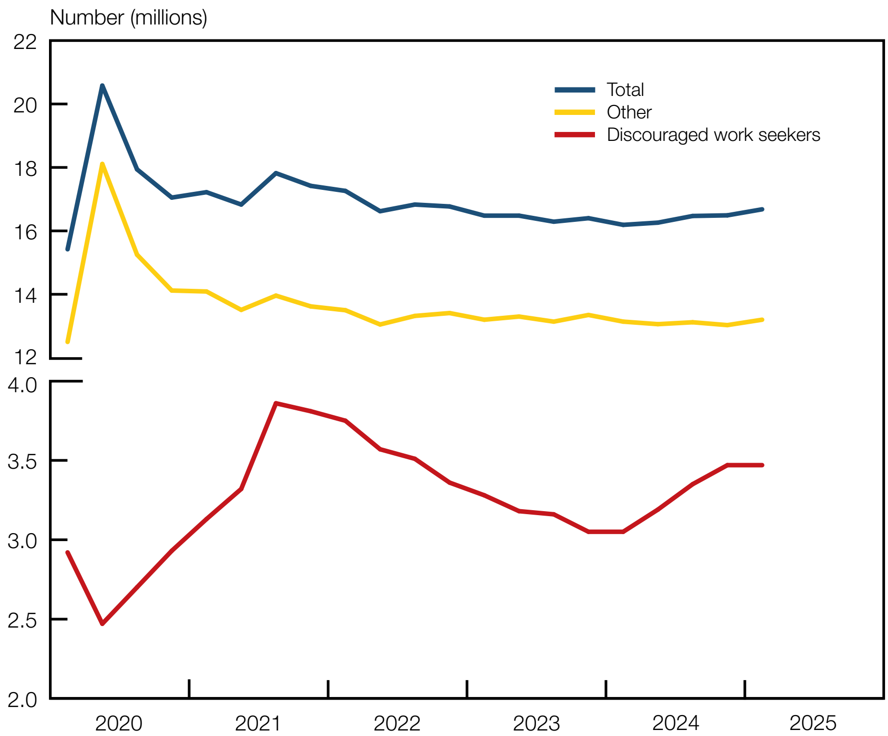
Relative to global estimates, the share of youth who were neither in employment, education or training (NEET) in South Africa remains high, and increased significantly from 33.5% in the fourth quarter of 2024 to 37.1% in the first quarter of 2025. By contrast, the International Labour Organization (ILO) reported that the global share of youth NEET stood at 20.4% in 2024, with expectations for it to remain steady in 2025 and 2026, below the recent peak of 23.2% recorded in 2020.[9]

The not economically active population in South Africa increased by 184 000 (1.1%) persons in the first quarter of 2025, largely due to a significant increase of 177 000 (1.4%) in the number of those categorised as 'other'[10] not economically active persons, coupled with an increase of 7 000 (0.2%) in the number of discouraged work seekers. As a result, the expanded unemployment rate, which includes discouraged work seekers, increased to 43.1% in the first quarter of 2025, from the 41.9% recorded in the previous two quarters.

9 https://www.ilo.org/sites/default/files/2025-01/WESO25_Trends_EN_WEB5.pdf

10 The 'other' not economically active category includes students, homemakers, those too old or too young to work as well as those persons who are ill or disabled. Stats SA has also included persons who could not search for work due to the pandemic and lockdown restrictions since the second quarter of 2020 and those who did not search for work due to the civil unrest in the country in the third quarter of 2021.

Not economically active population



Source: Stats SA

The labour force participation rate decreased slightly from 60.3% in the fourth quarter of 2024 to 60.0% in the first quarter of 2025, in line with the decline in the total labour force, while the working-age population (15–64 years) continued to increase steadily. The labour absorption rate, which measures the percentage of the working-age population that is employed, decreased further from 41.1% in the fourth quarter of 2024 to 40.3% in the first quarter of 2025, in line with the decrease in total employment over this period.

11 As measured by Stats SA's *Quarterly Employment Statistics* (*QES*) survey. The QES statistics in this section were statistically linked and seasonally adjusted by the South African Reserve Bank (SARB) and all quarterly growth rates were annualised.

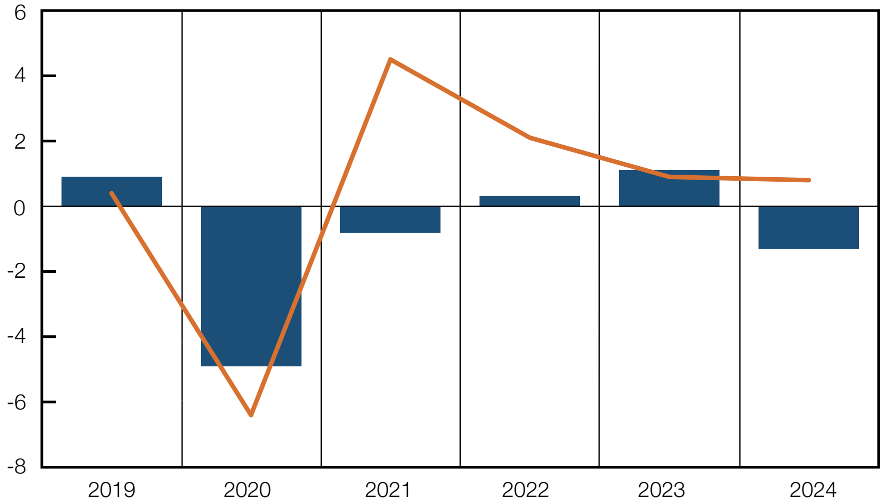
Enterprise-surveyed formal non-agricultural employment [11] decreased further by 39 400 jobs (an annualised decrease of 1.5%) in the fourth quarter of 2024 as both the private and public sectors employed fewer people, extending the total number of formal non-agricultural job losses to 165 000 in the second half of the year. On an annual average basis, employment decreased by 1.3% (138 400 jobs) in 2024, alongside muted growth in real non-agricultural gross value added and more than reversing the 1.1% increase (112 600 jobs) in 2023. The heightened global economic uncertainty and subdued domestic economic activity will likely continue to restrict meaningful employment creation in the formal non-agricultural sector as firms remain cautious about investment and hiring decisions.

Public sector employment decreased further by 16 100 jobs (2.8%, annualised) in the fourth quarter of 2024 following a sharp decrease of 132 200 jobs in the third quarter, which resulted mainly from the termination of temporary employment opportunities associated with the national elections. Employment decreased at all public sector tiers in the fourth quarter of 2024, except at local government level.

Private sector employment decreased by 23 300 jobs (1.1%, annualised) to 8.31 million in the fourth quarter of 2024, only 17 110 above the pandemic-induced low of 8.29 million recorded in the second quarter of 2020. Job losses were reported in the manufacturing; mining; construction; community, social and personal services; and trade, catering and accommodation services sectors, and outweighed the marginal employment gains in the finance, insurance, real estate and business services as well as the transport, storage and communication services sectors.

Formal non-agricultural employment and output

Percentage change over one year

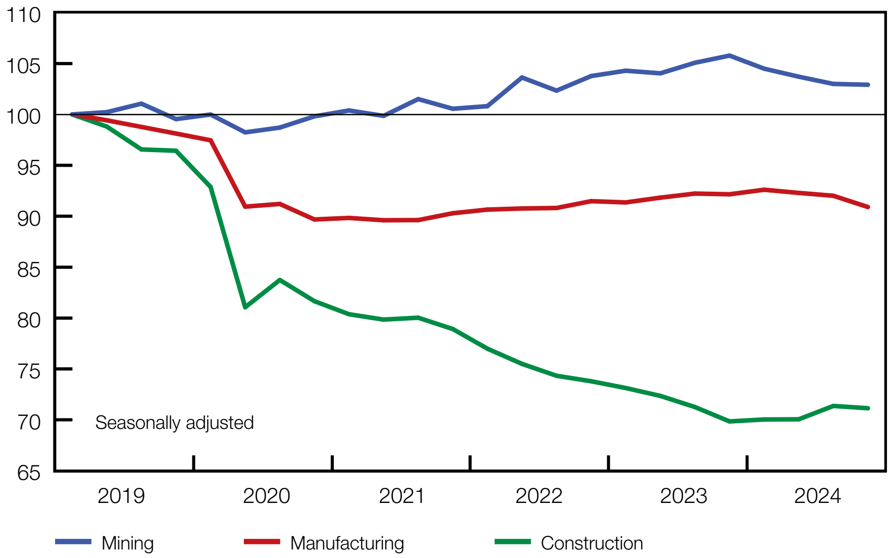


Sources: Stats SA and SARB

Mining sector employment decreased for a fourth successive quarter in the fourth quarter of 2024, albeit at a much slower pace than in the preceding three quarters. The job losses were concentrated in the gold-mining sector, despite increased gold mining profitability amid record-high gold prices. Conversely, the non-gold mining sector recorded marginal job gains in the fourth quarter of 2024, after shedding a cumulative 10 700 jobs in the first three quarters of the year as commodity prices remained low, alongside increased operational costs and logistical challenges.

Employment in the formal goods-producing sectors

Index: first quarter of 2019 = 100



Sources: Stats SA and SARB

The *manufacturing sector* recorded the largest employment losses (15 600) of all the private sectors in the fourth quarter of 2024, resulting in the cumulative loss of 23 900 jobs in the last three quarters of the year. Manufacturing business confidence[12] remained weak and deteriorated by 2 index points to 34 in the first quarter of 2025.

12 As measured by the BER's *Absa Manufacturing Survey.*

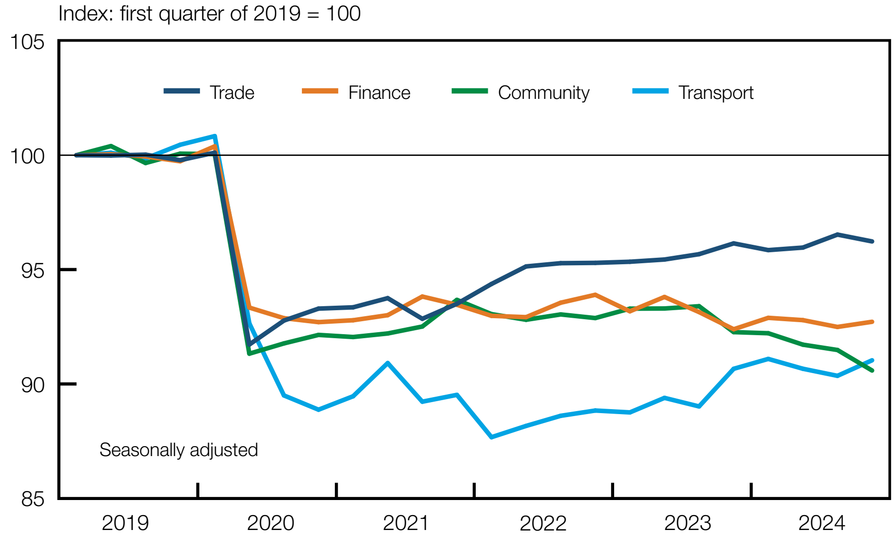
While the BER's employment indicators improved over this period, a significant increase in employment remains unlikely due to a constrained operating environment and subdued demand. Domestic developments, such as the return of electricity load-shedding and the impact of excessive rains, alongside major shifts in global trade policies and a rapidly changing geopolitical landscape could all weigh on domestic manufacturing production and employment prospects.

Construction sector employment decreased somewhat in the fourth quarter of 2024, following three consecutive quarters of job gains. Encouragingly, the pace of decline in annual average employment in the construction sector slowed notably further from 4.7% in 2023 to 1.3% in 2024. Sentiment indicators in the building and construction sector remained lacklustre at the start of 2025, with civil contractor confidence[13] falling by a further 3 index points to 45 index points in the first quarter of 2025, weighed down by a deterioration in profitability and business conditions. This was despite respondents reporting an increase in realised construction activity and a broad easing of constraints to business operations. Notably, the insufficient demand constraint eased to its lowest level since mid-2023, suggesting that order books are slowly improving. Building confidence[14] remained broadly unchanged at 41 index points in the first quarter of 2025 as residential and non-residential building activity eased. Moreover, the rating of insufficient demand as a business constraint in the building sector remained high, which could suppress building activity and employment in the coming quarters.

13 As measured by the FNB/BER Civil Confidence Index.

14 As measured by the FNB/BER Building Confidence Index.

Employment in the formal private services sectors



Sources: Stats SA and SARB

The services sectors recorded 5 500 job losses in the fourth quarter of 2024 as job shedding in two of the services subsectors outweighed job gains in the remaining two. Notably, employment in the *non-governmental community, social and personal services sector* decreased for a fifth consecutive quarter in the fourth quarter of 2024, resulting in the cumulative loss of 22 500 jobs over this period. Employment in the *trade, catering and accommodation services sector* decreased by 7 200 jobs in the fourth quarter of 2024, following the addition of 16 500 jobs in the preceding two quarters. Sentiment in the retail trade sector deteriorated somewhat in the first quarter of 2025 as business confidence among retailers[15] declined from 54 index points to 50 index points, suggesting a moderation in the positive momentum observed in the second half of 2024. However, subdued consumer price inflation and real wage growth will likely continue to support consumer spending in the near term.

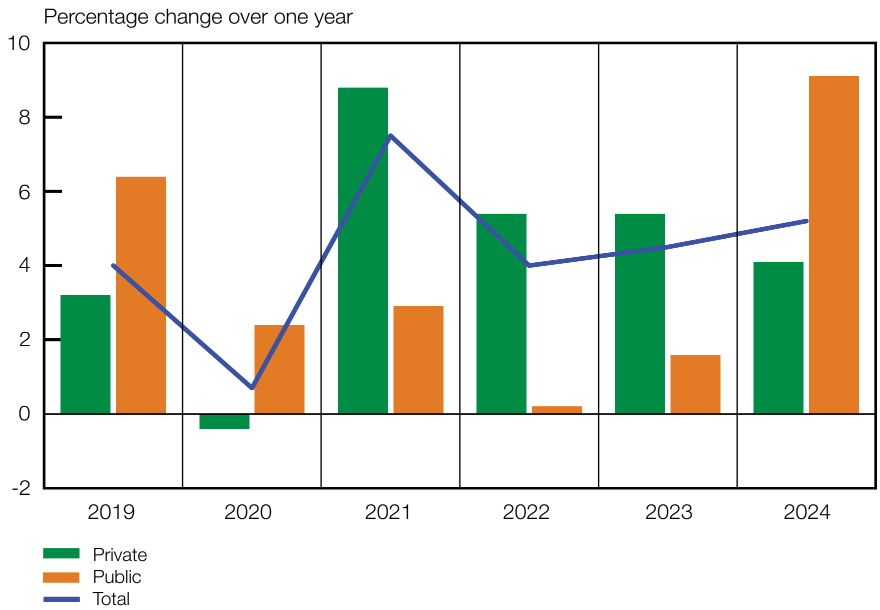
15 As measured by the BER's *Retail Survey.*

By contrast, the *finance, insurance, real estate and business services* and the *non-governmental transport, storage and communication sectors* gained 6 000 and 3 000 jobs respectively in the fourth quarter of 2024, following two consecutive quarters of job losses.

Labour cost and productivity

The year-on-year pace of increase in *formal non-agricultural nominal remuneration per worker* decelerated further from 5.6% in the third quarter of 2024 to 4.5% in the fourth quarter due to a moderation in public sector remuneration growth per worker, while private sector remuneration growth per worker remained relatively unchanged. Despite the moderation in nominal remuneration growth, real wages per worker increased year on year for a fourth successive quarter. Growth in annual average nominal remuneration per worker accelerated for a second successive year from 4.0% in 2022 to 5.2% in 2024. The notable acceleration in public sector remuneration per worker from 0.2% to 9.1%, which mainly reflected the large number of temporary election-related employment opportunities created in 2024, outweighed the moderation in private sector remuneration from 5.4% to 4.1% over the same period.

Formal non-agricultural nominal remuneration per worker



Sources: Stats SA and SARB

Nominal remuneration growth per private sector worker decelerated marginally from 3.5% in the third quarter of 2024 to 3.4% in the fourth quarter. The moderation in nominal remuneration growth per worker in the non-governmental community, social and personal services; trade, catering and accommodation services; finance, insurance, real estate and business services; and mining sectors slightly outweighed the acceleration in the non-governmental transport, storage and communication services; construction; and manufacturing sectors.

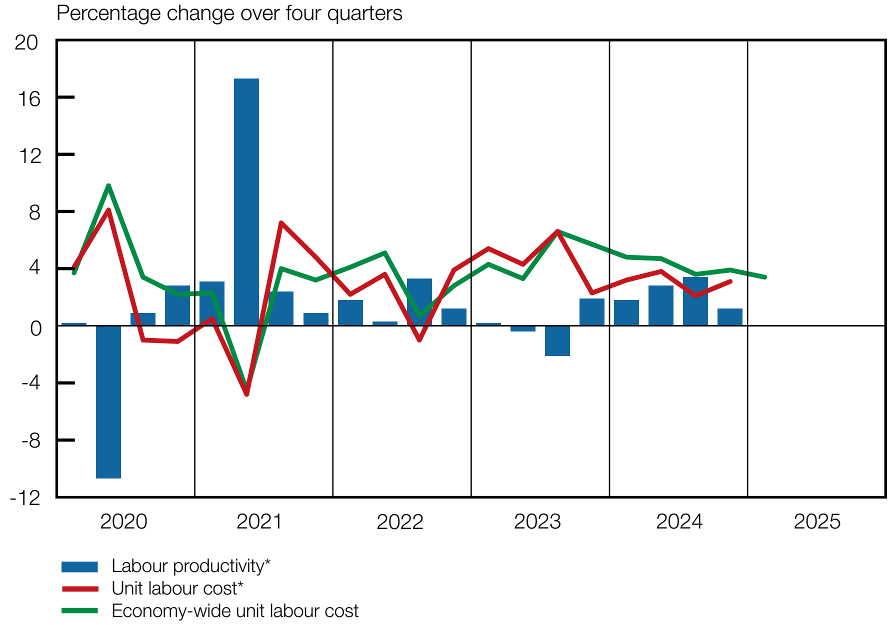
After accelerating for four consecutive quarters, *growth in nominal remuneration per public sector worker* subsequently moderated from 13.3% in the third quarter of 2024 to a still elevated 8.0% in the fourth quarter, mainly due to base effects[16] that impacted provincial remuneration per worker, in particular. Provinces, national departments and state-owned companies (SOCs) in the transport, storage and communication services sector contributed largely to the moderation in the nominal remuneration growth per worker in the fourth quarter of 2024.

16 Temporary employment opportunities related to the PYEI have resulted in significant volatility in public sector remuneration per worker since its inception in 2020.

According to Andrew Levy Employment Publications, the *average wage settlement rate in collective bargaining agreements* receded to 5.7% in the first three months of 2025, from 6.2% in the corresponding period of 2024 and an overall average of 6.2% recorded in 2024, with the wage settlement rate expected to average between 5.5% and 6.6% in 2025. The *number of working days lost due to industrial action* fell notably to 5 000 in the first three months of 2025 from 37 000 over the same period in 2024, with fewer wage negotiations taking place in the first quarter of the year and as a larger number of employers have long-term agreements in place. Wage agreements due for renewal in bargaining councils in 2025 include the automotive and new tyre sectors as well as the retail motor industry.

After three consecutive quarters of acceleration, *growth in labour productivity* in the formal non-agricultural sector slowed from 3.4% in the third quarter of 2024 to 1.3% in the fourth quarter as the year-on-year decline in employment moderated notably while the year-on-year growth in non-agricultural output slowed. However, the change in labour productivity reverted from a decrease of 0.1% in 2023 to an increase of 2.1% in 2024 as employment decreased alongside marginal output growth over this period.

Labour productivity and nominal unit labour cost



* Formal non-agricultural sector
Sources: Stats SA and SARB

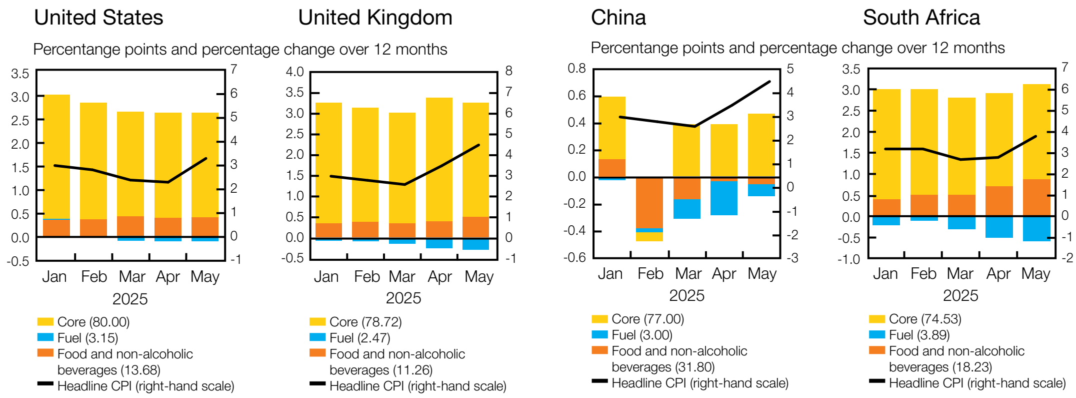
Conversely, *growth in nominal unit labour cost* in the formal non-agricultural sector accelerated from 2.1% in the third quarter of 2024 to 3.1% in the fourth quarter as year-on-year growth in total remuneration accelerated, while that in non-agricultural output slowed. Annual average growth in nominal unit labour cost moderated from 4.7% in 2023 to 3.1% in 2024 as growth in total formal non-agricultural remuneration slowed notably over this period. Growth in economy-wide nominal unit labour cost decelerated from 3.9% in the fourth quarter of 2024 to 3.4% in the first quarter of 2025 as year-on-year growth in the compensation of employees moderated, while that in total output remained unchanged.

Prices[17]

17 Unless stated to the contrary, all rates mentioned in this section reflect year-on-year changes.

Global inflationary pressures have eased further thus far in 2025, supported by a sustained period of low international fuel prices, with the impact of a range of new trade tariffs announced by the United States (US) and countermeasures announced by some of its trading partners not yet visible. Similarly, domestic inflationary pressures have remained broadly contained, with both headline consumer and producer price inflation slowing in recent months due to lower fuel prices and subdued economic activity.

Consumer price inflation in selected countries in 2025

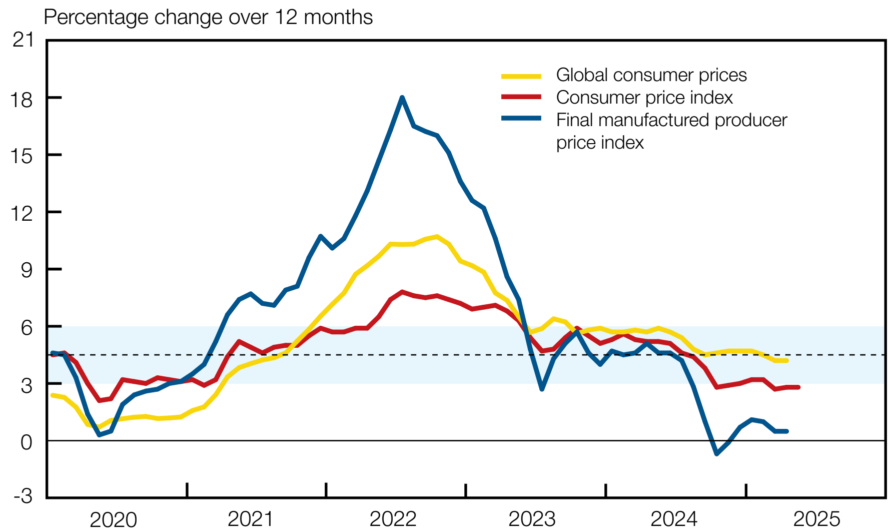


Numbers in brackets denote weights in the respective consumer price indices

Sources: National Bureau of Statistics of China, UK Office of National Statistics, US Bureau of Labour Statistics and Stats SA

Producer price inflation for final manufactured goods remained subdued in early 2025 and slowed to 0.5% in April, driven mostly by the sharp deflation in producer prices for coal and petroleum products. These prices declined by 13.2% year on year in April 2025 as the producer price inflation for petrol and diesel decelerated to -16.3% and -14.5% respectively. Price increases remained muted in most other categories of final manufactured goods, with the exception of food products, tobacco products as well as textiles, clothing and footwear, which saw price inflation accelerating to 4.9%, 6.2% and 6.8% respectively in April 2025.

Headline producer and consumer prices



---- Midpoint of the inflation target range (4.5%)

Sources: OECD and Stats SA

By contrast, producer price inflation for intermediate manufactured goods accelerated further to 8.5% in April 2025. The acceleration was largely driven by higher price inflation of textiles and leather goods as well as basic and fabricated metals, which quickened to 4.8% and 13.2% respectively in April 2025. Price inflation for basic iron and steel moved further into deflation at -4.3% in April 2025, while that for basic precious and non-ferrous metals accelerated substantially to 26.7%.

Producer price inflation

Percentage change over 12 months

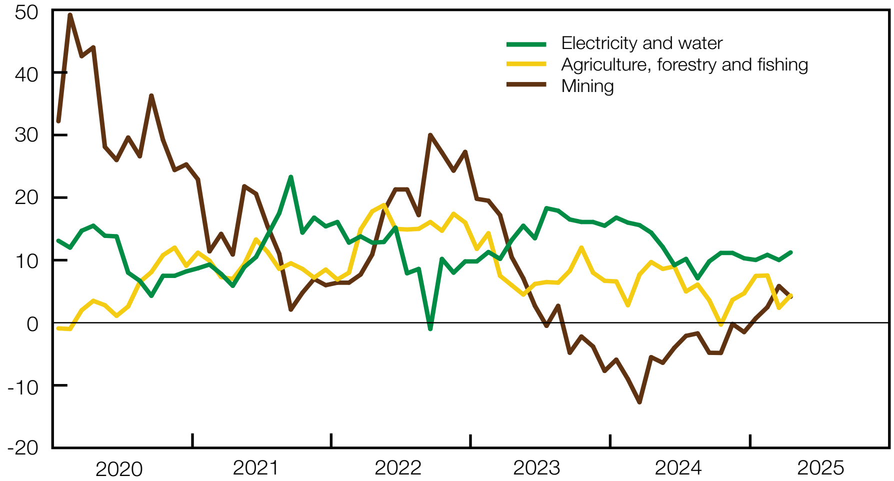
	2025			
	Jan	Feb	Mar	Apr
Final manufactured goods	1.1	1.0	0.5	0.5
Intermediate manufactured goods	7.3	8.5	7.4	8.5
Electricity and water	10.0	10.8	10.0	11.2
Mining	0.7	2.5	5.9	4.1
Agriculture, forestry and fishing	7.5	7.6	2.4	4.4

Source: Stats SA

Producer price inflation for electricity and water remained elevated at the start of 2025 as electricity price inflation accelerated slightly from 11.9% in February 2025 to 12.5% in April. The National Energy Regulator of South Africa (NERSA) approved a 12.74% increase in electricity tariffs for Eskom's direct customers and 11.32% for municipal customers, effective from 1 April and 1 July 2025 respectively. Producer price inflation for water has slowed from 5.6% in March 2025 to 4.6% in April, reflecting more moderate municipal water tariff increases compared with the same period of the previous year.

Producer prices

Percentage change over 12 months



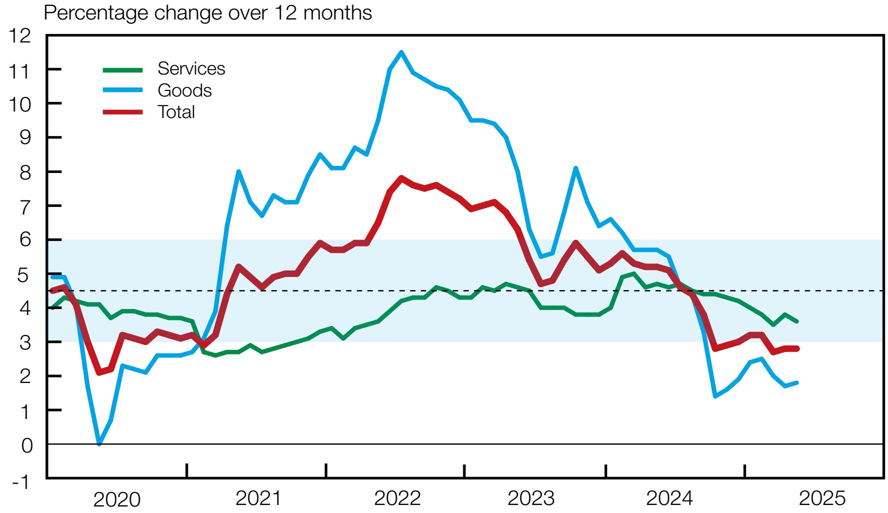
Source: Stats SA

Producer price inflation for mining products accelerated for a third successive month from -1.5% in December 2024 to 5.9% in March 2025 – the fastest pace of increase since June 2023 – before moderating to 4.1% in April. The acceleration was largely driven by a sharp acceleration in producer price inflation for gold and other metal ores, which surged from 4.9% in December 2024 to 21.7% in April 2025. This coincided with a rally in the gold price, spurred by strong investor demand for safe-haven assets, amid heightened global economic uncertainty due to escalating trade and geopolitical tensions as well as a weaker US dollar. The average price of gold traded on the London market increased from US$2 642 per fine ounce in December 2024 to US$3 284 per fine ounce in May 2025. Conversely, coal and gas prices remained in deflation at -19.4% in April 2025, reflecting continued weakness in global energy demand relative to supply, and contributed to the overall deceleration in producer price inflation for mining products in the month.

Producer price inflation for agriculture, forestry and fishing products decelerated from 7.6% in February 2025 to 2.4% in March, before quickening to 4.4% in April. The moderation was largely driven by a significant slowdown in the price inflation of cereals and other crops, from 25.6%

to 4.2% over this period, supported by favourable weather conditions that boosted domestic maize production prospects. The acceleration in April 2025 resulted from higher price inflation of fruit and vegetables of 12.3% and live animals and animal products of 2.8%.

Headline consumer prices



- - - - Midpoint of the inflation target range (4.5%)

Source: Stats SA

Consistent with slowing producer price inflation, headline consumer price inflation eased anew from 3.2% in February 2025 to 2.7% in March – the lowest rate since June 2020 – before edging up to 2.8% in May. Consumer price inflation fluctuated below the midpoint of the inflation target range of 4.5% for 10 consecutive months up to May 2025, reflecting relatively subdued consumer goods and services price inflation. The slowdown in headline consumer price inflation was largely driven by the sharp decrease in fuel prices, reflecting lower international crude oil prices. In addition, consumer services price inflation slowed gradually over this period before accelerating somewhat in April 2025.

Consumer price inflation

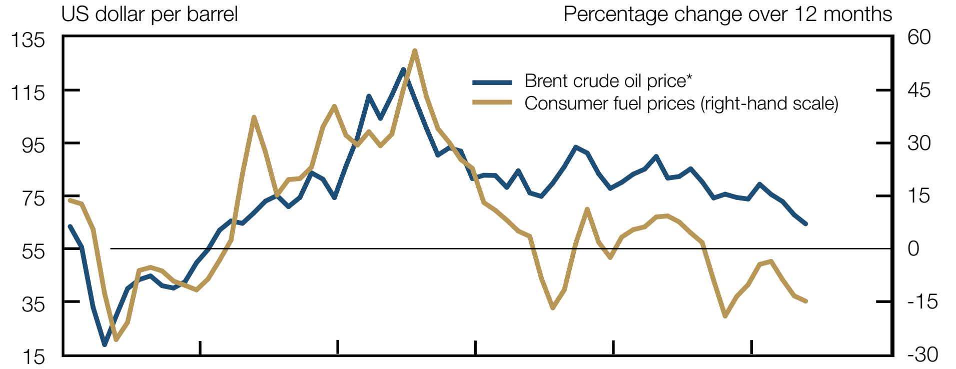
Percentage change over 12 months

	Weight	2025				
		Jan	Feb	Mar	Apr	May
Headline CPI	100.00	3.2	3.2	2.7	2.8	2.8
Headline CPI, excluding food and non-alcoholic beverages, fuel and electricity	74.53	3.5	3.4	3.1	3.0	3.0
Goods	48.37	2.4	2.5	2.0	1.7	1.8
Non-durable	34.87	2.9	3.1	2.2	2.1	2.3
Semi-durable	5.84	1.2	1.2	1.2	0.7	0.7
Durable	7.66	0.8	0.8	0.7	0.3	0.1
Services	51.63	4.0	3.8	3.5	3.8	3.6

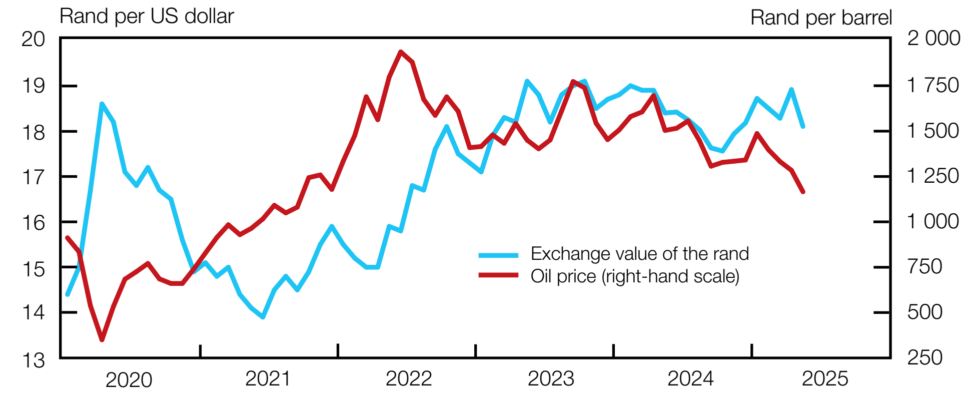
Source: Stats SA

Consumer goods price inflation slowed considerably among all the durability categories during 2024 and remained low at 1.8% in May 2025. The marked deceleration in domestic fuel price inflation contributed most to the moderation in non-durable goods price inflation to 2.1% in April 2025, with consumer food price inflation also slowing in the opening months of the year, from more elevated levels in 2024. Price inflation for durable goods remained subdued and edged lower from 0.9% in December 2024 to 0.1% in May 2025, partly due to the moderation in vehicle price inflation. Similarly, semi-durable goods price inflation remained muted and slowed to 0.7% in May 2025 as price inflation for clothing and footwear as well as furnishings, household equipment and routine maintenance goods remained subdued amid weak consumer demand.

Brent crude oil and consumer fuel prices



Exchange rate and rand price of Brent crude oil



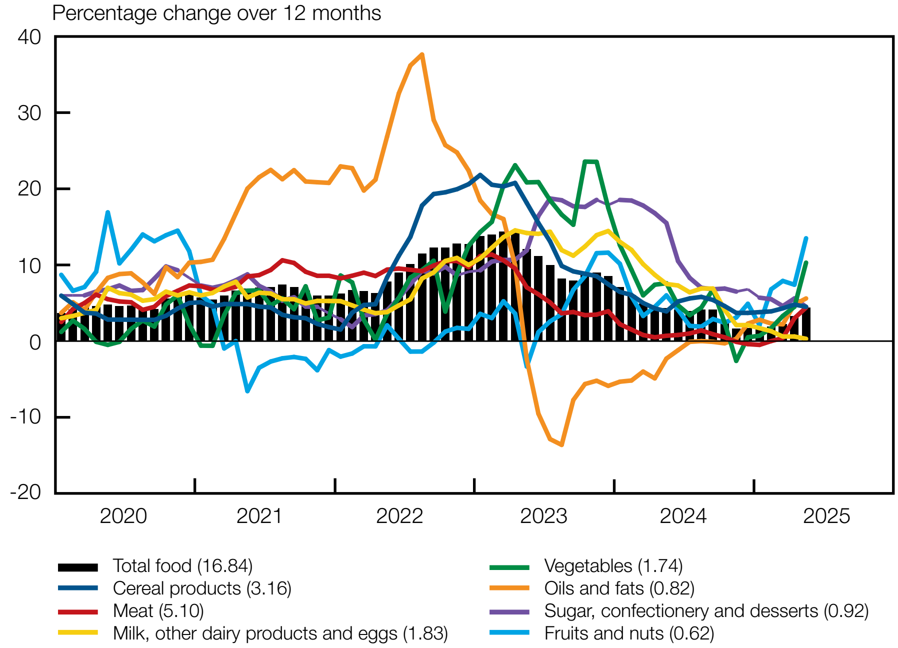
* Monthly average

Sources: LSEG, Stats SA and SARB

Consumer fuel price inflation has remained in deflation for nine consecutive months, driven by lower international crude oil prices despite the depreciation in the exchange value of the rand. After trading in a narrow range during the final months of 2024, the average price of Brent crude oil decreased from US$79.39 per barrel in January 2025 to US$64.39 per barrel in May – its lowest level since April 2021. The recent decline can primarily be attributed to growing concerns of a global economic slowdown amid heightened uncertainly over international trade tariffs. In addition, the unexpected increase in crude oil production announced by the Organization of the Petroleum Exporting Countries and its allies (OPEC+) contributed to a substantial drop in crude oil prices in April and May 2025. As a result, domestic fuel prices decreased by 14.9% year on year in May 2025 compared with a decrease of 13.4% in April, as petrol price inflation decelerated from -13.7% to -15.9% and diesel price inflation slowed from -12.4% to -12.6% over the same period.

Consumer food price inflation decelerated notably from double-digit rates in 2022 and 2023 to a recent low of 1.5% in January 2025, following easing price pressures at the producer level. More recently, consumer food price inflation accelerated somewhat to 4.8% in May 2025 as price inflation accelerated in six of the nine food price categories. Accelerations were noted in the categories of meat (to 4.4%), vegetables (10.3%), fruits and nuts (13.5%), oils and fats (5.6%) and fish and other seafood (4.9%). Meat price inflation – the highest-weighted category – accelerated significantly to 4.4% in May 2025 from 0.4% in March, driven in part by a temporary supply shortage of slaughter-ready cattle due to the outbreak of foot-and-mouth disease and rising feed costs linked to extreme weather conditions. Consequently, beef price inflation accelerated from a recent low of -1.3% in January 2025 to 12.2% in May – the highest rate of increase since September 2021. Conversely, price inflation of milk, other dairy products and eggs slowed further to 0.3% in May 2025 from a high of 14.5% in December 2023, as egg prices normalised following the avian flu outbreak in 2023, which kept egg prices high into 2024. Similarly, price inflation for the category of sugar, confectionery and desserts slowed significantly from sustained double-digit rates in mid-2024 to 4.5% in May 2025. The disinflationary trend resulted from improved sugar cane harvest prospects in Brazil and India, alongside lower crude oil prices, which contributed to increased supply and receding cost pressures in international sugar markets.

Selected consumer food prices



Numbers in brackets indicate weights in the consumer food price index

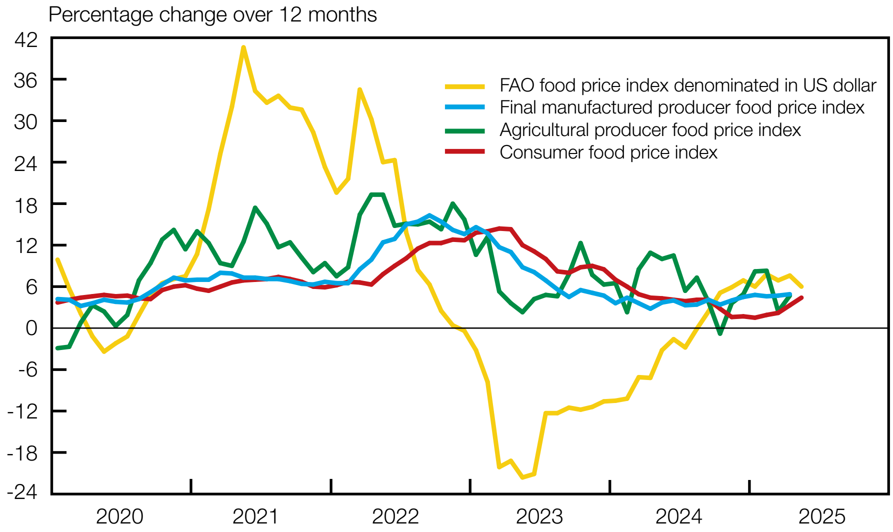
Source: Stats SA

Final manufactured producer food price inflation accelerated gradually from the end of 2024 and amounted to 4.9% in April 2024. The acceleration mostly resulted from higher producer price inflation for meat and meat products, oils and fats as well as fish and fish products. Producer price inflation for oils and fats accelerated significantly from -16.8% in March 2024 to 7.7% in April 2025, marking the highest level since March 2023. Meanwhile, producer price inflation for grain mill products, starches and starch products and animal feeds gradually accelerated during 2024 to a high of 7.1% in February 2025, before easing to 5.2% in April as white and yellow maize prices receded.

Agricultural producer food price inflation quickened notably from -0.8% in October 2024 to 8.3% in February 2025, largely reflecting the double-digit increases in cereals and other crops as well as fruit and vegetable producer prices. Favourable weather conditions boosted prospects of a much higher maize crop in the 2025 season compared to 2024, which led to the recent sharp decline in domestic maize prices reflected in a marked slowdown in agricultural producer food price inflation to 2.4% in March 2025. More recently, agricultural producer food prices accelerated to 4.7% in April 2025, primarily driven by higher producer price inflation of fruits and vegetables as well as live animals.

Following three consecutive monthly increases, the US dollar-denominated food price index of the Food and Agriculture Organization (FAO) of the United Nations (UN) decreased in May 2025 as lower cereal, sugar and vegetable oil prices outweighed higher meat and dairy prices. However, the year-on-year rate of increase in the index accelerated to 6.0% in May 2025. Expressed in rand terms, the year-on-year increase in the FAO food price index was more moderate at 4.1% in May 2025, as the slight appreciation in the exchange value of the rand from a year earlier cushioned the impact of higher global food prices somewhat. Despite favourable harvest prospects in several major producing regions, weakening global economic growth, ongoing trade disputes, prolonged geopolitical instability, unpredictable climate-change related extreme weather events could, among other factors, add further upward pressure on international food commodity prices in the coming months.

Producer and consumer food prices



Sources: FAO and Stats SA

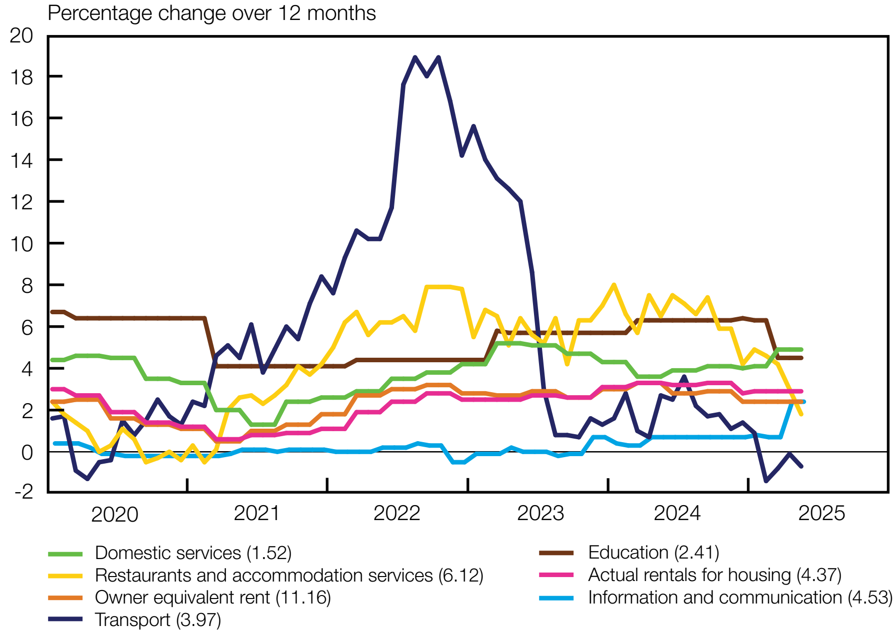
Consumer services price inflation eased gradually from 5.0% in March 2024 to 3.5% a year later. Price inflation slowed across a broad range of services categories, with transport services prices 0.8% lower in March 2025 compared to a year earlier, amid continued downward pressure on passenger transport costs due to the sharp moderation in fuel price inflation. In addition, the lower price inflation of education services contributed to the overall slowdown in consumer services price inflation in March 2025. Education services price inflation – including both public and private schooling as well as tertiary education services – slowed from 6.3% in February 2025 to 4.5% in March, with pre-primary, primary and tertiary education services price inflation moderating notably. Both actual rentals for housing and owners' equivalent rent moderated from mid-2024 to 2.9% and 2.4% respectively in March 2025. However, more recently, consumer services price inflation accelerated slightly to 3.8% in April 2025 as information and communication services price inflation accelerated from 0.7% in March 2025 to 2.4% in April due to higher satellite television subscription, mobile voice communication services and internet usage price inflation, while transport services prices became less deflationary. Thereafter, consumer services price inflation moderated to 3.6% in May 2025 as transport services prices deflated further alongside a deceleration in restaurant and accommodation services price inflation to 1.8%.

Similar to headline consumer price inflation, most measures of underlying inflation continued to trend downwards in early 2025, falling well below the midpoint of the inflation target range. When excluding the impact of the more volatile food, non-alcoholic beverages and fuel prices, consumer price inflation eased steadily from 5.5% in February 2024 to 3.6% in May 2025.

Similarly, the SARB's preferred measure of core inflation, which also excludes electricity prices, moderated from 5.0% to 3.0% over the same period – the lowest since July 2021. The continued easing in these underlying inflation measures point to muted demand-driven inflationary pressures in the domestic economy.

Selected consumer services prices

Percentage change over 12 months



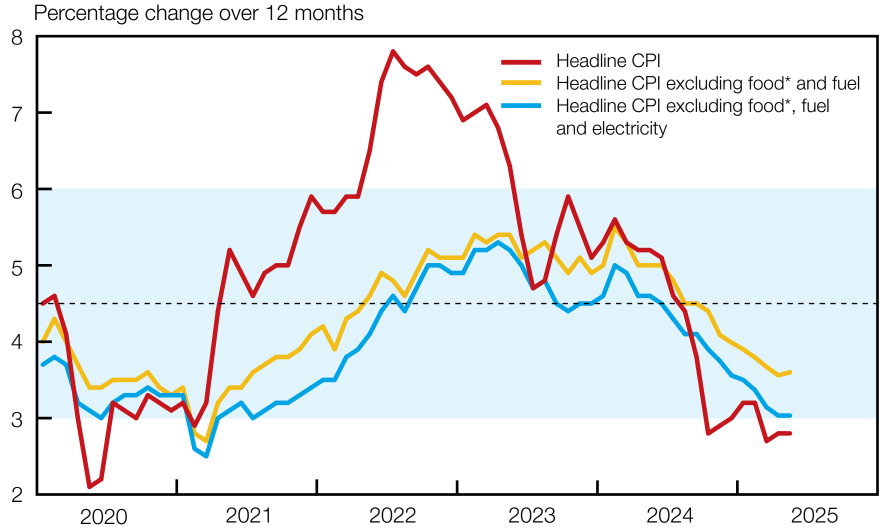
Numbers in brackets indicate weights in the overall consumer price index

Source: Stats SA

Administered price inflation accelerated from 1.8% in December 2024 to 4.2% in February 2025, as fuel price inflation became less deflationary. Subsequently, administered prices slowed again to -0.3% in May 2025, driven by the deceleration in both fuel and public education price inflation. When excluding the impact of fuel prices, administered price inflation remained elevated but slowed to 6.1% in May 2025. When also excluding the impact of electricity prices, administered price inflation moderated from 5.2% in February 2025 to 3.7% in May, underpinned by the lower public education price inflation.

Headline and underlying measures of consumer prices

Percentage change over 12 months



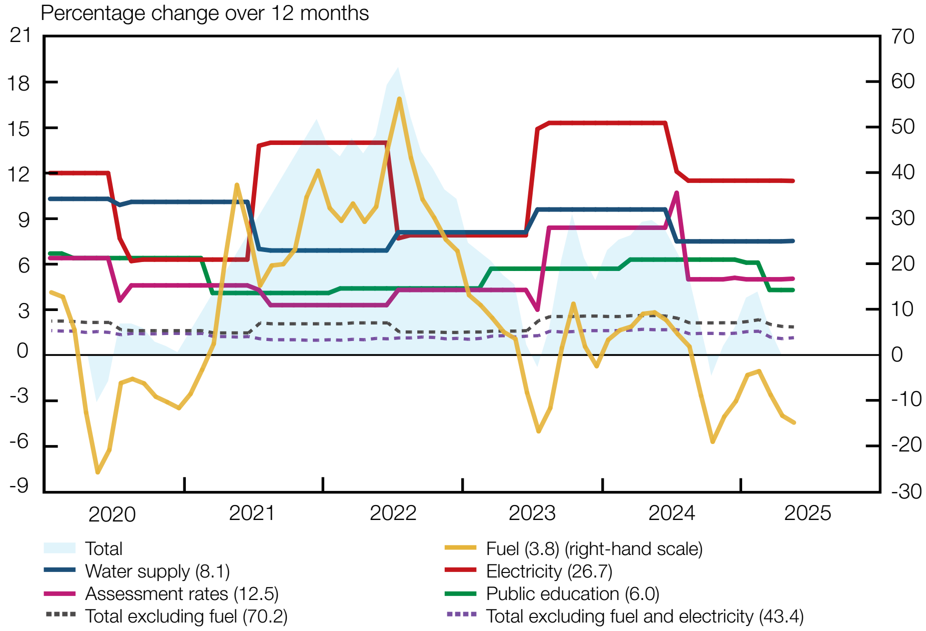
---- Midpoint of the inflation target range (4.5%)

* Food includes non-alcoholic beverages

Source: Stats SA

Administered prices

Percentage change over 12 months



Numbers in brackets indicate weights in the administered price index

Source: Stats SA

According to the BER's *Inflation Expectations Survey* for the first quarter of 2025, all three survey groups revised their projections for headline consumer price inflation, with expectations lowered for 2025, kept unchanged for 2026 and raised slightly for 2027. Financial analysts expected inflation to average 3.9% in 2025 and 4.3% in both 2026 and 2027 – a slight decrease from the previous survey. Business and trade union representatives had the highest expectations, with both groups anticipating inflation to remain above the midpoint of the inflation target range over the forecast horizon.

Inflation expectations appear to have become more anchored near the midpoint of the inflation target range after being more elevated over the past few years. Inflation is expected to stabilise at 4.7% over the next five years, marginally up from the 4.6% expected in the previous survey.

Headline consumer price inflation expectations

Per cent, as surveyed in the first quarter of 2025

Average expected inflation	Financial analysts	Business representatives	Trade union representatives	All surveyed participants
2025	3.9	4.6	4.5	4.3
2026	4.3	4.8	4.8	4.6
2027	4.3	4.8	5.0	4.7
Five years ahead	4.2	4.9	5.0	4.7

Source: BER

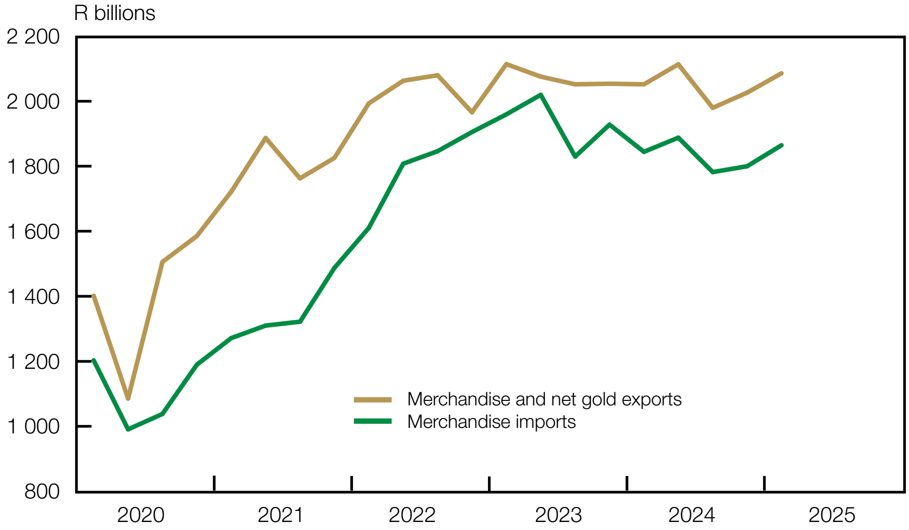
External economic accounts

Current account[18]

South Africa's trade surplus narrowed to R221 billion in the first quarter of 2025 from R226 billion in the fourth quarter of 2024 as the value of merchandise imports increased more than that of merchandise and net gold exports. The increase in the value of imports and exports reflected both higher volumes and prices.

18 Unless stated to the contrary, the current account transaction flows referred to in this section are all seasonally adjusted and annualised.

Value of South Africa's exports and imports



Seasonally adjusted and annualised

Sources: Stats SA and SARB

The smaller trade surplus was outweighed by a narrower deficit on the services, income and current transfer account, resulting in a narrowing of the deficit on the current account of the balance of payments from R39.3 billion in the fourth quarter of 2024 to R35.6 billion in the first quarter of 2025. As a ratio of GDP, the current account deficit remained broadly the same at 0.5% from the fourth quarter of 2024 to the first quarter of 2025.

Current account of the balance of payments

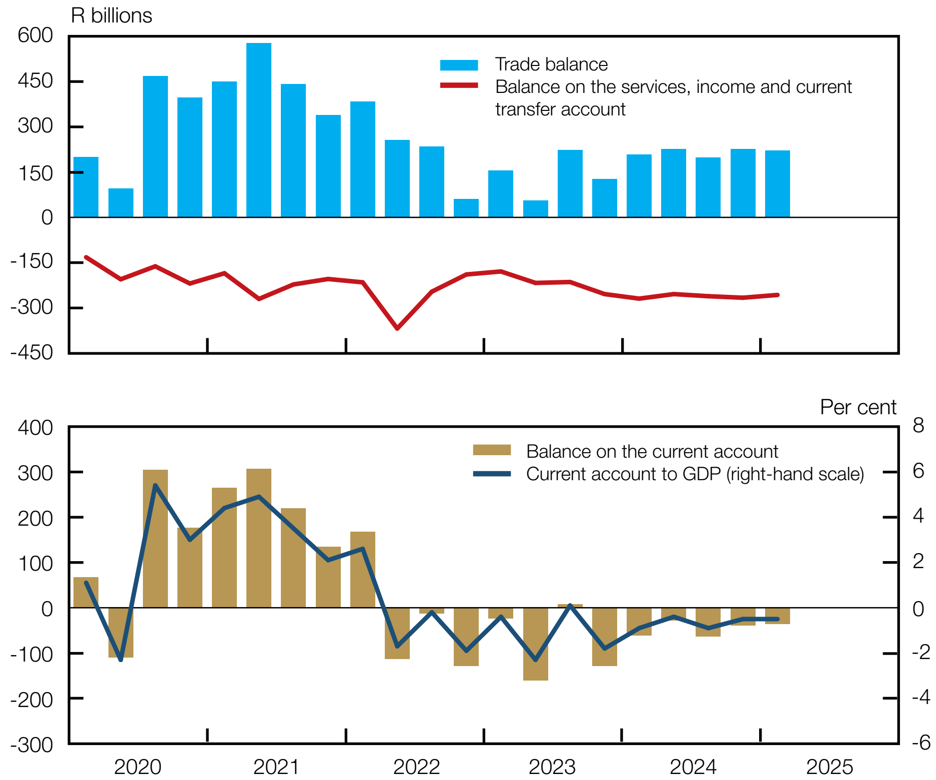
R billions, seasonally adjusted and annualised

	2024					2025
	Q1	Q2	Q3	Q4	Year	Q1
Merchandise exports	1 939	1 962	1 840	1 829	1 893	1 922
Net gold exports	113	151	139	197	150	163
Merchandise imports	-1 844	-1 888	-1 782	-1 800	-1 828	-1 864
Trade balance	**208**	**226**	**198**	**226**	**214**	**221**
Net services, income and current transfer payments	-269	-254	-261	-266	-262	-257
Balance on current account	**-61**	**-28**	**-63**	**-39**	**-48**	**-36**
As a percentage of gross domestic product						
Trade balance	2.9	3.1	2.7	3.0	2.9	3.0
Services balance	-0.9	-1.1	-1.0	-0.9	-1.0	-0.8
Income balance	-2.1	-1.6	-1.9	-2.2	-2.0	-2.0
Current transfer balance	-0.6	-0.7	-0.6	-0.5	-0.6	-0.7
Balance on current account	**-0.8**	**-0.4**	**-0.9**	**-0.5**	**-0.7**	**-0.5**

Components may not add up to totals due to rounding off.

Sources: Stats SA and SARB

Current account of the balance of payments

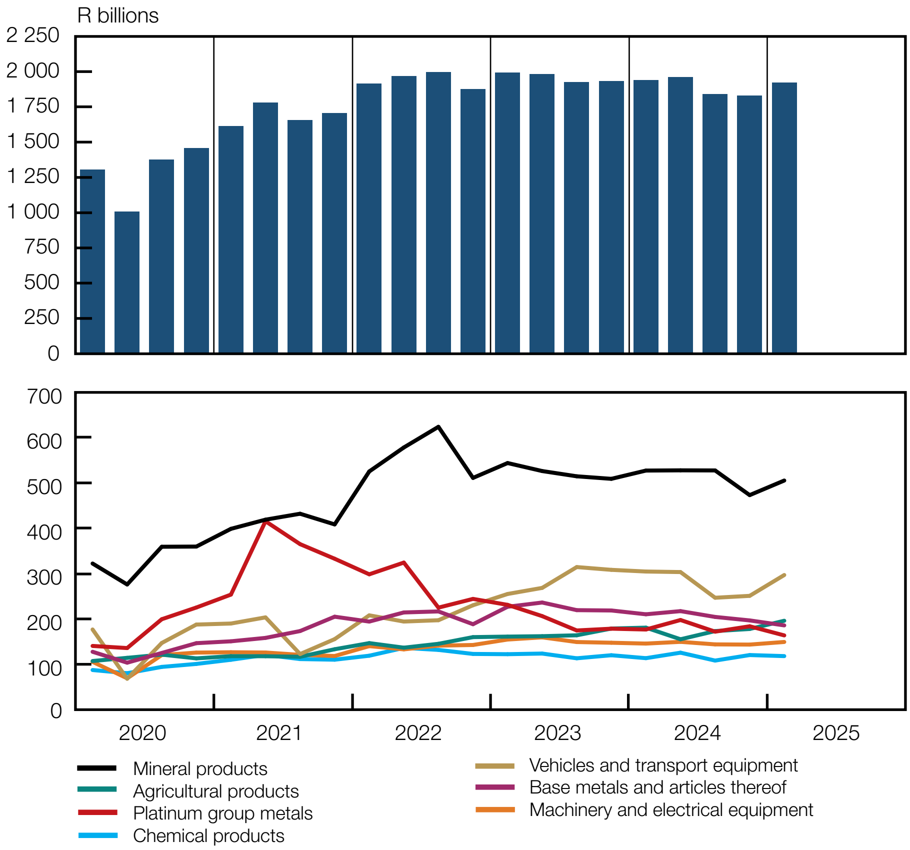


Seasonally adjusted and annualised
Sources: Stats SA and SARB

The value of merchandise exports increased by 5.1% in the first quarter of 2025 as manufacturing, agriculture and mining exports increased. The increase in the value of manufactured products primarily reflected higher exports of vehicles and transport equipment; machinery and electrical equipment; as well as prepared foodstuffs, beverages and tobacco, which outweighed the lower export value of wood pulp and paper-related products, artificial resins and plastics as well as chemical products in the first quarter of 2025. The significant increase in exported vehicles and transport equipment reflected notably higher exports of passenger vehicles. The value of agricultural exports increased for the third consecutive quarter, supported by higher exports of fruit, especially grapes.

The value of mining exports increased in the first quarter of 2025 as the higher exports of mineral products and pearls, precious and semi-precious stones more than offset the reduced exports of PGMs as well as base metals and articles thereof. The value of mineral exports was boosted by the increased exports of iron ore and manganese ore, following an improvement in domestic logistical operations over this period. The lower export value of PGMs reflected a decrease in production due to heavy rains and widespread flooding, which led to the temporary suspension of operations at a large mine during the first quarter of 2025.

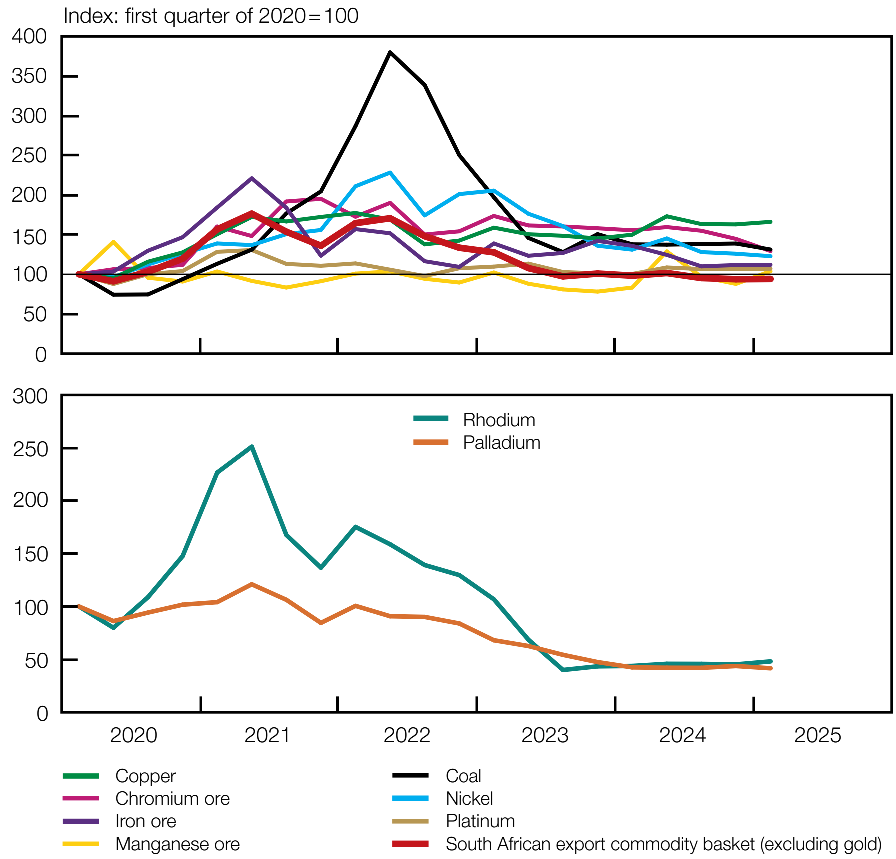
Value of merchandise exports*



* Excluding net gold exports
Seasonally adjusted and annualised
Sources: Stats SA and SARB

After two consecutive quarterly declines, the US dollar price of a basket of domestically produced non-gold export commodities increased slightly by 0.3% in the first quarter of 2025 due to higher manganese ore, rhodium, copper and iron ore prices. The increasing use of renewable energy storage systems and the growing demand for electric vehicles, both of which rely heavily on manganese-based components, primarily drove the increase in the price of manganese ore. The price of rhodium increased due to, among other factors, a combination of rising global demand and supply constraints following lower production in South Africa. By contrast, the prices of coal, nickel, palladium and chromium ore decreased in the first quarter of 2025.

Selected South African export commodity prices in US dollar*



* Quarterly averages

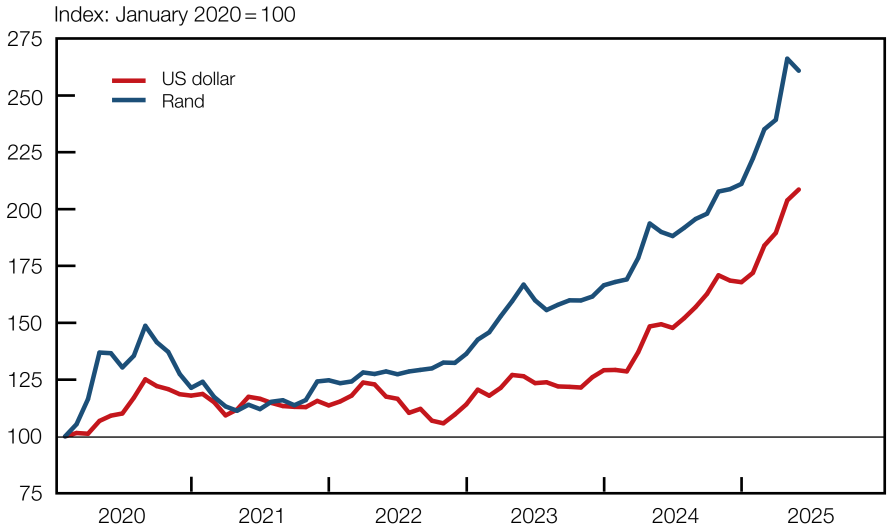
Sources: Afriforesight, World Bank and SARB

The rand price and the volume of merchandise exports increased by 2.2% and 2.8% respectively in the first quarter of 2025. The higher volume of merchandise exports reflected increased volumes of agricultural and manufactured goods.

The average US dollar price of gold on the London market increased further by 7.5% from US$2 662 per fine ounce in the fourth quarter of 2024 to US$2 862 per fine ounce in the first quarter of 2025. The increase was primarily driven by, among other factors, heightened global economic uncertainty following the announcement of new US trade tariffs and ongoing geopolitical tensions, alongside sustained demand for gold by central banks. The monthly average price of gold increased further in the subsequent two months, reaching a new record high of US$3 284 per fine ounce in May 2025, supported by a weaker US dollar and continued safe-haven demand amid ongoing uncertainty regarding US trade policies.

In rand terms, the average realised price of net gold exports also increased notably by 9.3% in the first quarter of 2025 as the exchange value of the rand depreciated over this period. However, the value of net gold exports decreased by 17.1% in the first quarter of 2025 as the physical quantity of net gold exported decreased from a high base and outweighed the higher realised price of net gold exports.

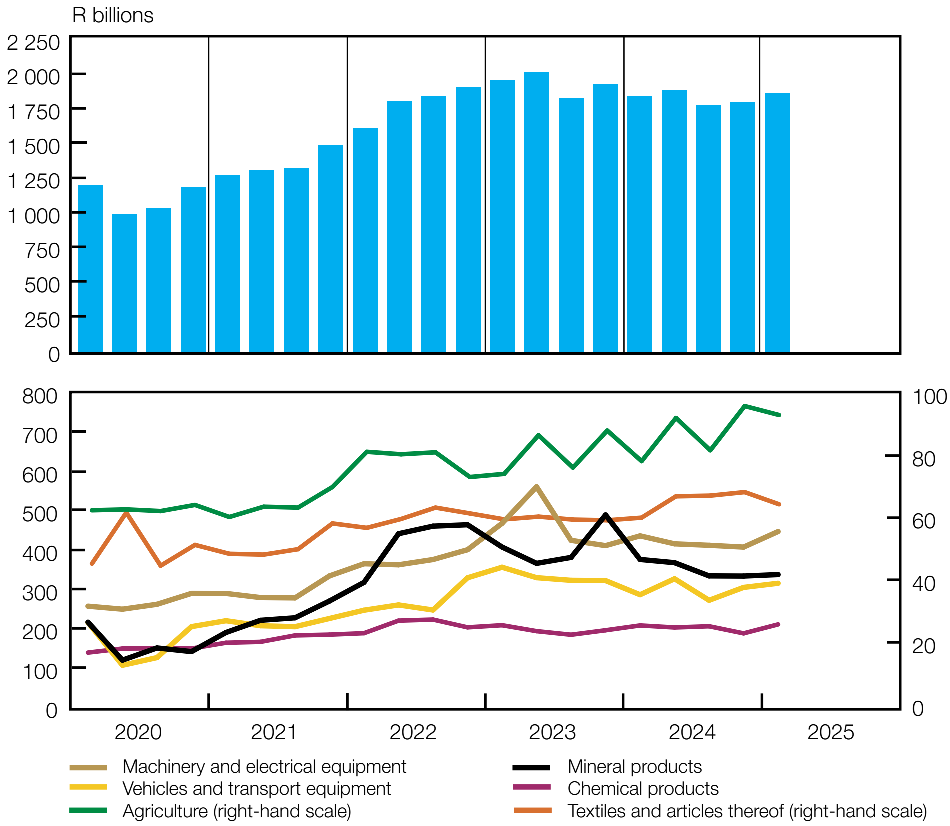
International price of gold



Source: LSEG

The value of merchandise imports increased by 3.6% in the first quarter of 2025 as the increase in the value of manufactured goods outweighed the decreases in the value of agricultural and mining imports. The increase in the import value of manufactured products mainly reflected higher imports of machinery and electrical equipment, chemical products as well as vehicles and transport equipment, while imports of footwear and headgear, textiles and articles thereof as well as artificial resins and plastics decreased over this period. Higher imports of energy-related products, particularly electric motors and generators as well as nuclear fuel elements, contributed to the increase in machinery and electrical equipment. The increase in chemical products was due to increased imports of chloride oxides and medicaments, especially immunological products. The value of agricultural imports decreased in the first quarter of 2025 due to a notable decline in the imports of animal and vegetable fats and oils as well as live animals and animal products.

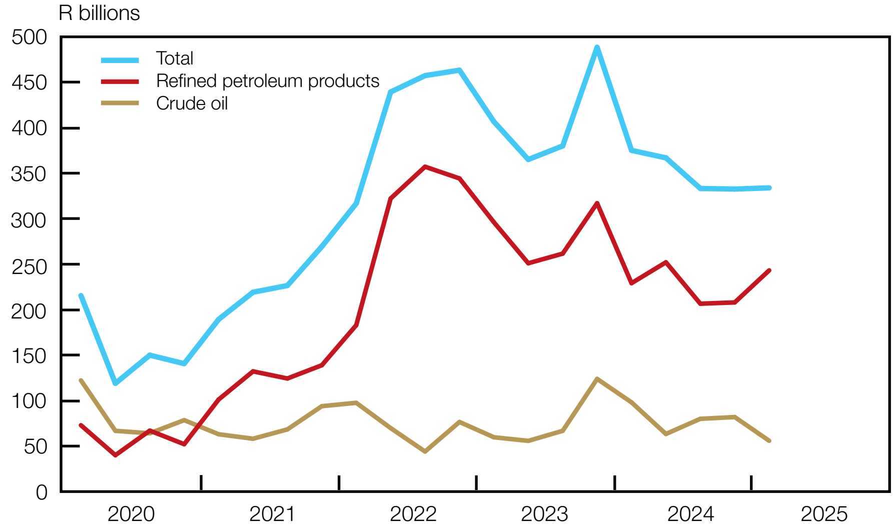
Value of merchandise imports



Seasonally adjusted and annualised
Sources: Stats SA and SARB

The lower value of mining imports in the first quarter of 2025 reflected reduced imports of base metals and articles thereof as well as pearls, precious and semi-precious stones. The former was weighed down by lower imports of iron and steel as well as copper wire. However, the value of mineral imports increased in the first quarter of 2025, mainly due to higher imports of refined petroleum products, particularly diesel and petrol. The value of crude oil imports declined sharply by 31.8% in the first quarter of 2025, reflecting a decrease in the physical quantity imported following a shutdown at a local refinery due to a fire incident in the first week of January. The average realised rand price of crude oil imports increased by 2.1% from R1 399 per barrel in the fourth quarter of 2024 to R1 427 per barrel in the first quarter of 2025, due to a slight increase in the US dollar price of oil and the depreciation in the exchange value of the rand against the US dollar.

Value of mineral imports

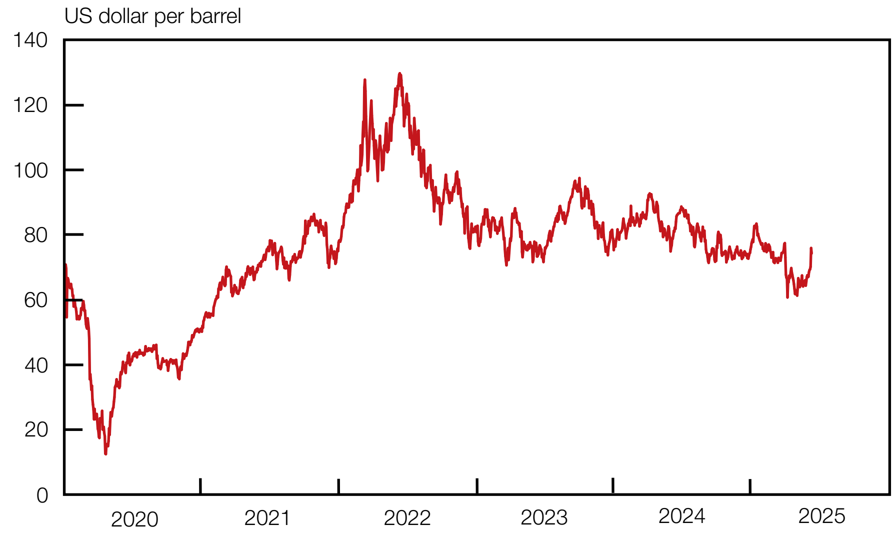


Seasonally adjusted and annualised

Sources: Stats SA and SARB

On average, the quarterly US dollar spot price of Brent crude oil increased by 1.8% from US$74.60 per barrel in the fourth quarter of 2024 to US$75.92 per barrel in the first quarter of 2025. The increase was especially noticeable in January 2025, reflecting heightened geopolitical tensions and the initial decision by OPEC+ to maintain production cuts. Despite recent volatility, the monthly average US dollar spot price of Brent crude oil decreased for a fourth consecutive month in May 2025 to US$64.39 – its lowest level since April 2021 – amid concerns over the impact of US trade policies and the announcement of planned output increases by OPEC+.

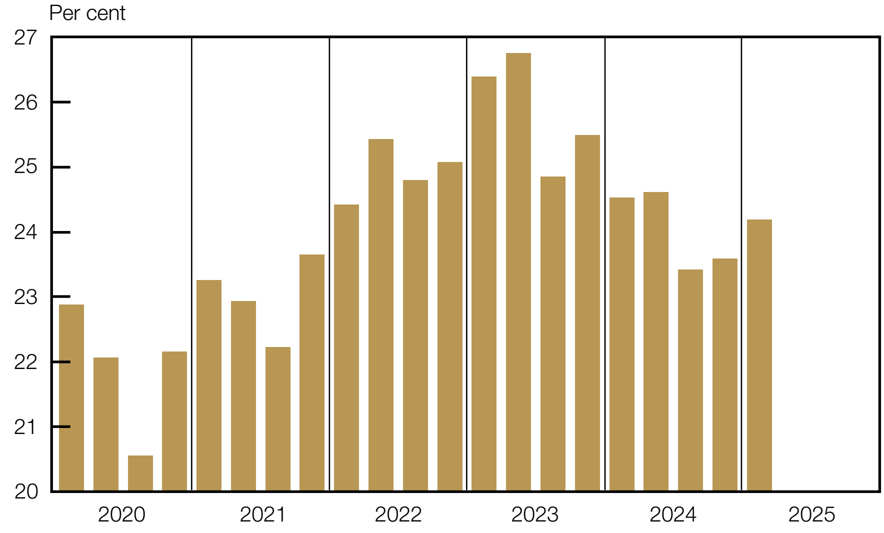
Brent crude oil price



Source: LSEG

The rand price of merchandise imports increased by 0.6% in the first quarter of 2025, while the volume of merchandise imports rose by 2.9%, lifted by higher volumes of imported manufacturing and mining products. Consequently, the import penetration ratio (i.e. real merchandise imports as a ratio of GDE) increased slightly from 23.6% in the fourth quarter of 2024 to 24.2% in the first quarter of 2025.

Import penetration ratio



Sources: Stats SA and SARB

South Africa's terms of trade improved further in the first quarter of 2025 as the rand price of exported goods and services increased more than that of imports.

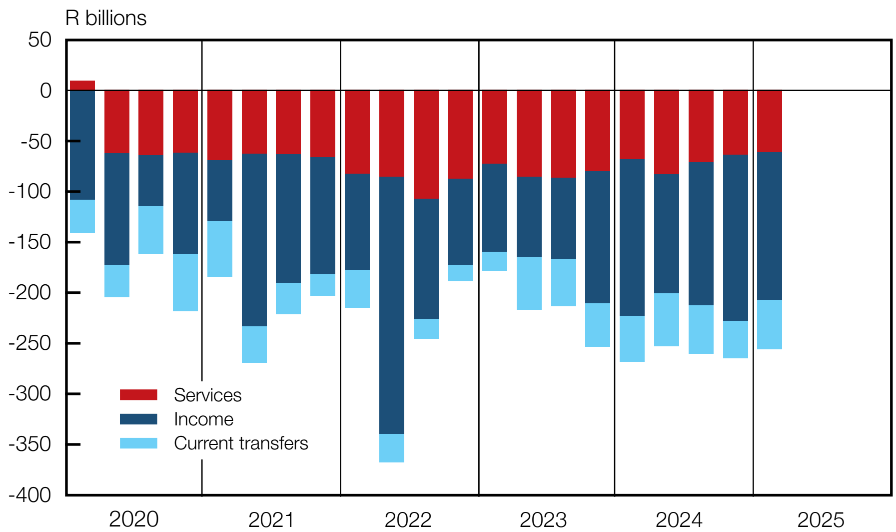
Terms of trade*

* Including gold

Sources: Stats SA and SARB

The shortfall on the services, income and current transfer account narrowed from R266 billion in the fourth quarter of 2024 to R257 billion in the first quarter of 2025. This stemmed from smaller deficits on the services and income accounts, which outweighed the wider deficit on the current transfer account. As such, the deficit on the services, income and current transfer account as a percentage of GDP narrowed from 3.6% in the fourth quarter of 2024 to 3.5% in the first quarter of 2025.

Net services, income and current transfer payments



Seasonally adjusted and annualised

Sources: Stats SA and SARB

The narrower deficit on the services account in the first quarter of 2025 resulted from a larger decline in gross services payments than in gross services receipts. Despite the increase in net transport payments in the first quarter of 2025, the improvement in net travel receipts and the decline in net other services payments led to the narrower deficit on the services account. As a ratio to GDP, the shortfall on the services account declined from 0.9% in the fourth quarter of 2024 to 0.8% in the first quarter of 2025.

The deficit on the income account decreased from R164 billion in the fourth quarter of 2024 to R146 billion in the first quarter of 2025 as gross income payments declined and gross income receipts increased. Gross dividend receipts increased while gross dividend payments decreased noticeably in the first quarter of 2025. The increase in gross dividend receipts emanated from higher direct investment dividend flows, which outweighed the decline in non-direct investment dividend inflows. The decline in gross dividend payments stemmed from lower direct investment dividend outflows, which outweighed the increase in non-direct investment dividend outflows. Gross interest payments increased in the first quarter of 2025 compared to the fourth quarter of 2024 as foreign debt levels as well as the share of non-residents' holdings of South African bonds increased. As a percentage of GDP, the deficit on the income account decreased from 2.2% in the fourth quarter of 2024 to 2.0% in the first quarter of 2025.

Net current transfer payments increased in the first quarter of 2025 as gross current transfer receipts decreased notably in conjunction with an increase in gross current transfer payments. Net current transfer payments as a percentage of GDP increased to 0.7% in the first quarter of 2025 from 0.5% in the fourth quarter of 2024.

Financial account

The net flow of capital on South Africa's financial account of the balance of payments (excluding unrecorded transactions) switched from an outflow of R9.5 billion in the fourth quarter of 2024 to an inflow of R36.9 billion in the first quarter of 2025. On a net basis, direct investment, other investment and reserve assets recorded inflows, while portfolio investment and financial derivatives recorded outflows. As a percentage of GDP, net financial account flows switched to an inflow of 2.0% in the first quarter of 2025 from an outflow of 0.5% in the fourth quarter of 2024.

Net financial transactions

R billions

	2024					2025
	Q1	Q2	Q3	Q4	Year	Q1
Change in liabilities						
Direct investment	24.6	14.5	-3.1	7.5	43.5	11.7
Portfolio investment	-52.0	-20.1	45.6	33.4	6.9	-53.7
Financial derivatives	-34.7	-42.0	-44.4	-51.3	-172.4	-44.6
Other investment	100.8	-12.9	67.7	-25.6	130.0	64.0
Change in assets						
Direct investment	-5.7	-7.4	16.7	18.6	22.1	8.1
Portfolio investment	18.6	-37.4	35.5	-44.6	-27.9	-19.6
Financial derivatives	48.6	41.6	36.6	49.8	176.7	35.3
Other investment	-65.0	29.6	-131.5	54.1	-112.8	18.6
Reserve assets	14.0	20.5	16.7	-51.3	-0.2	17.1
Total identified financial transactions*	51.4	-18.1	39.1	-9.5	65.9	36.9
As a percentage of gross domestic product	*2.8*	*-0.7*	*2.2*	*-0.5*	*0.9*	*2.0*

* Excluding unrecorded transactions
Inflow (+)/outflow (-)
Components may not add up to totals due to rounding off.

Source: SARB

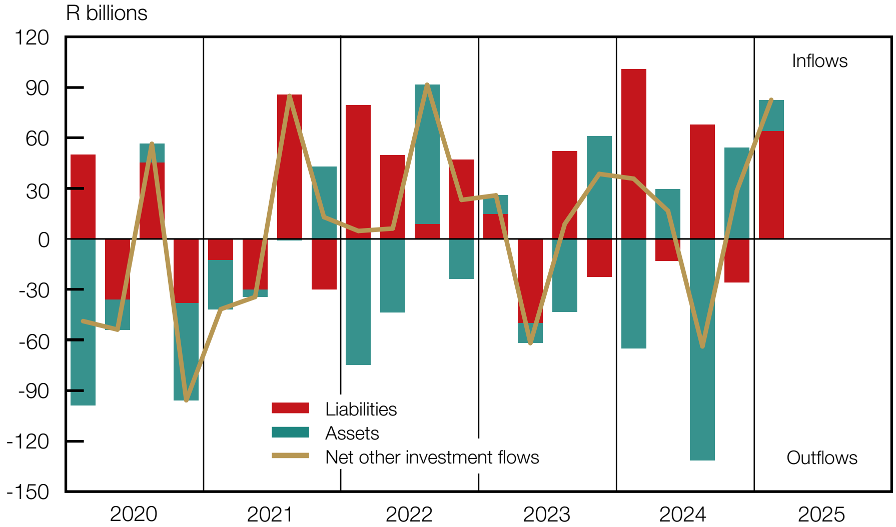
Foreign-owned assets in South Africa

South Africa's direct investment liability inflows increased from R7.5 billion in the fourth quarter of 2024 to R11.7 billion in the first quarter of 2025 as non-resident parent entities increased equity investment in domestic subsidiaries.

Portfolio investment liabilities switched to a significant outflow of R53.7 billion in the first quarter of 2025 from an inflow of R33.4 billion in the fourth quarter of 2024. This was mainly due to non-residents' net disposal of domestic equity securities and the redemption of an international bond by a public corporation. Non-residents disposed of equity securities to the value of R47.9 billion in the first quarter of 2025, up from a disposal of R19.7 billion in the fourth quarter of 2024, while they disposed of debt securities of R5.8 billion in the first quarter of 2025, after acquiring R53.1 billion in the previous quarter.

Other investment liabilities switched from an outflow of R25.6 billion in the fourth quarter of 2024 to an inflow of R64.0 billion in the first quarter of 2025 as non-residents granted short-term loans to the domestic private banking and non-banking sectors and increased their deposits with domestic banks. In addition, the national government's receipt of a €200 million loan also contributed to the inflow. The notable inflow in other investment liabilities in the first quarter of 2025 was softened somewhat by national government's sixth instalment of eight quarterly repayments of XDR381 million on an International Monetary Fund (IMF) loan.

Other investment flows



Source: SARB

South African-owned assets abroad

South Africa's direct investment assets recorded a smaller inflow of R8.1 billion in the first quarter of 2025, down from an inflow of R18.6 billion in the fourth quarter of 2024 as the reduced shareholding by a domestic company in a non-resident subsidiary outweighed loans disbursed by South African parent companies to their non-resident subsidiaries.

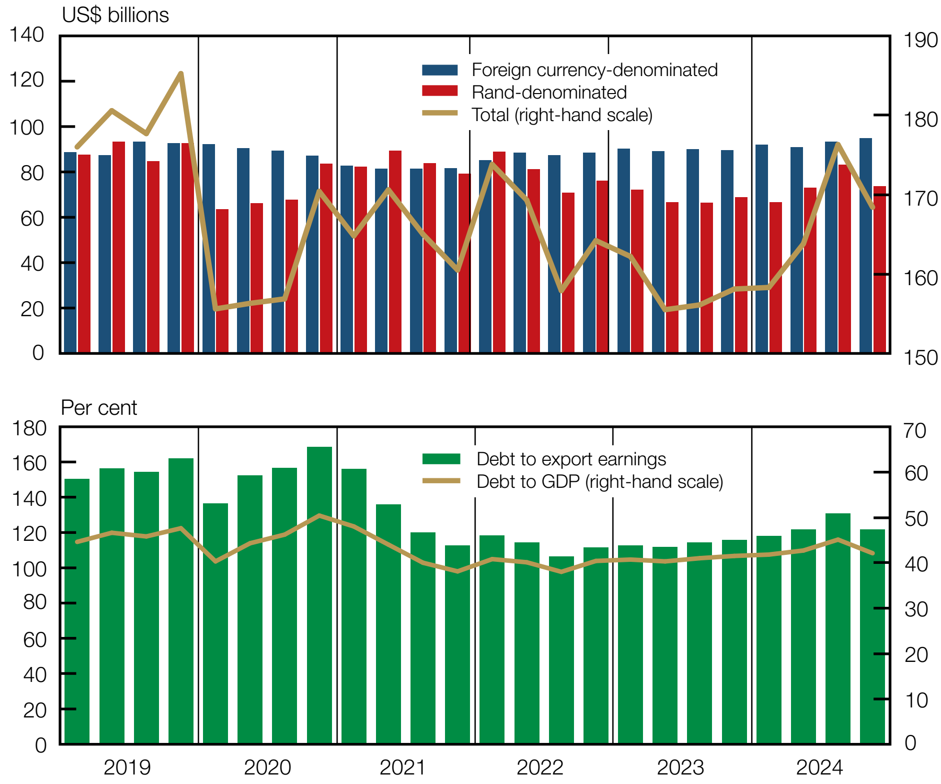
Following an outflow of R44.6 billion in the fourth quarter of 2024, South Africa's foreign portfolio investment assets registered a smaller outflow of R19.6 billion in the first quarter of 2025 as the domestic private non-banking sector acquired foreign equity and long-term debt securities, and the domestic private banking sector purchased foreign long-term debt securities. These outflows were partly countered by the domestic private banking sector's disposal of foreign short-term debt securities.

Other investment assets recorded a smaller inflow of R18.6 billion in the first quarter of 2025, down from an inflow of R54.1 billion in the fourth quarter of 2024 as the domestic private banking sector received loan repayments from non-residents and repatriated deposits from non-resident banks, which outweighed the domestic private non-banking sector's transfer of funds abroad.

Foreign debt

South Africa's total external debt decreased from US$176.3 billion at the end of September 2024 to US$168.4 billion at the end of December. However, expressed in rand terms, South Africa's total external debt increased from R3 017 billion to R3 150 billion as the exchange value of the rand depreciated by 8.5% against the US dollar over this period.

Foreign debt



Source: SARB

Foreign currency-denominated external debt increased from US$93.4 billion at the end of September 2024 to US$94.8 billion at the end of December, mainly due to national government's issuance of two international bonds amounting to US$3.5 billion. This was partly countered by a decrease in private sector loans as well as national government's fifth instalment of eight quarterly repayments of XDR381 million on an IMF loan.

Foreign debt of South Africa

US$ billions at end of period

	2023		2024			
	Q3	Q4	Q1	Q2	Q3	Q4
Foreign currency-denominated debt	89.8	89.5	91.8	90.8	93.4	94.8
Debt securities	27.9	27.9	26.4	26.0	26.0	29.5
Other	61.9	61.5	65.4	64.8	67.3	65.3
Public sector	18.4	18.1	18.8	18.1	17.8	17.4
Monetary sector	17.8	18.3	19.1	19.0	22.3	21.6
Non-monetary private sector	25.7	25.2	27.4	27.7	27.2	26.2
Rand-denominated debt	66.3	68.7	66.6	73.0	82.9	73.6
Debt securities	40.3	43.8	40.7	46.2	53.6	48.6
Other	26.0	24.8	25.9	26.8	29.3	25.0
Total foreign debt	156.1	158.1	158.3	163.9	176.3	168.4
As a percentage of gross domestic product	*41.3*	*41.5*	*41.8*	*42.7*	*44.9*	*42.0*
As a percentage of total export earnings	*114.3*	*115.9*	*117.7*	*120.9*	*128.7*	*121.8*

Source: SARB

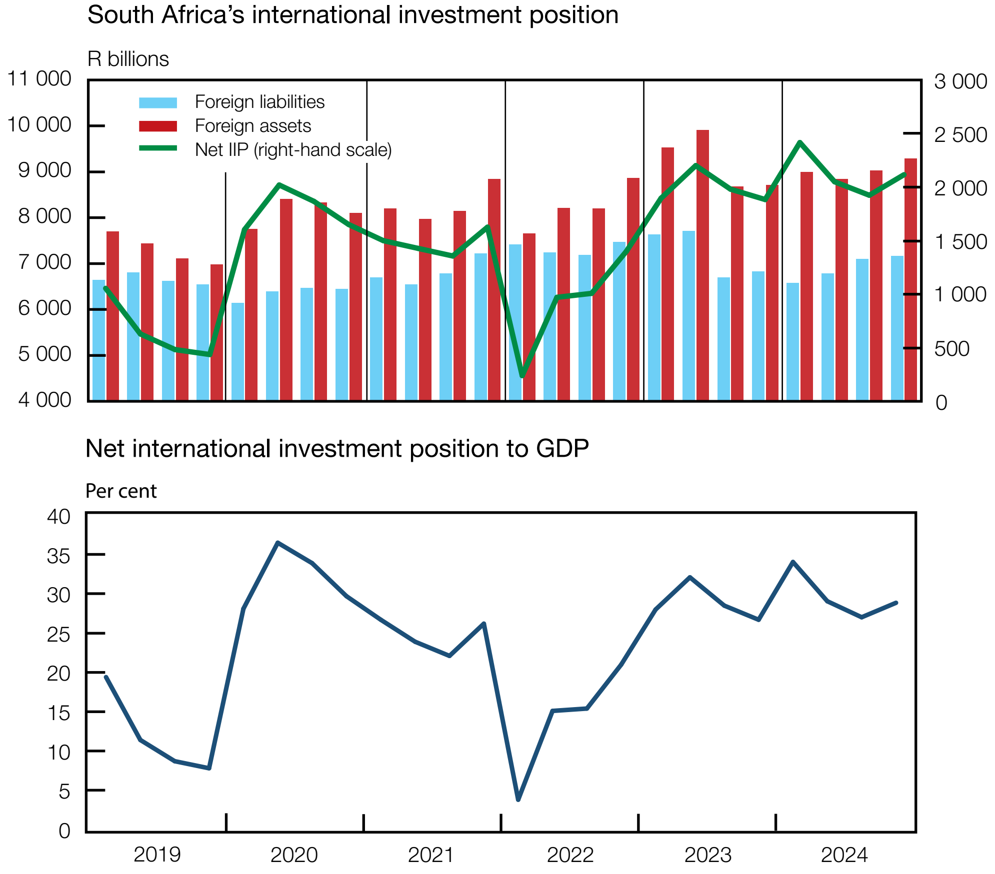
Rand-denominated external debt, expressed in US dollars, decreased substantially from US$82.9 billion at the end of September 2024 to US$73.6 billion at the end of December. The decrease can be attributed to the repayment of short-term loans by the private non-banking sector, a decrease in the market value of domestic bonds and the depreciation in the exchange value of the rand over this period. The decrease was partially countered by an increase in the long-term debt of public corporations.

South Africa's total external debt as a ratio of annual GDP[19] decreased from 44.9% at the end of September 2024 to 42.0% at the end of December. The ratio of external debt to export earnings decreased from 128.7% to 121.8% over the same period.

19 Annual GDP is calculated as the sum of the most recent four quarters' nominal GDP.

International investment position

South Africa's positive net international investment position (IIP) increased from a revised R1 960 billion at the end of September 2024 to R2 116 billion at the end of December as the market value of foreign assets increased more than that of foreign liabilities. The depreciation in the exchange value of the rand, as reflected by the 3.5% decrease in the nominal effective exchange rate (NEER) in the fourth quarter of 2024, had a larger impact on foreign assets than on foreign liabilities over this period.



Source: SARB

The market value of South Africa's foreign assets (outward investment) increased by 2.5% from a revised R9 060 billion at the end of September 2024 to R9 284 billion at the end of December. All functional categories of foreign assets increased in the fourth quarter of 2024, except for financial derivatives and other investment assets. Direct investment assets increased only slightly as the valuation effects associated with the depreciation in the exchange value of the rand were dampened by the further reduction in shareholding in a non-resident subsidiary by a domestic company. Portfolio investment assets increased as the private non-banking and banking sectors acquired foreign equity and debt securities respectively, with the increase further augmented by the depreciation in the exchange value of the rand. The increase in reserve assets resulted mainly from the proceeds of national government's issuance of two international bonds totalling US$3.5 billion as well as the valuation effects of the depreciation in the exchange value of the rand. Other investment assets decreased as the domestic private banking and non-banking sectors received loan repayments from non-residents, which more than offset the increase in deposits at non-resident banks by the domestic banking sector.

The market value of South Africa's foreign liabilities (inward investment) increased by 0.9% from a revised R7 100 billion at the end of September 2024 to R7 167 billion at the end of December as portfolio and other investment liabilities increased, while direct investment liabilities and financial derivatives decreased. Portfolio investment liabilities increased only moderately as national government issued two international bonds amounting to US$3.5 billion in the fourth quarter of 2024, which was partly countered by a 2.8% decrease in the FTSE/JSE All-Share Index (Alsi) over this period. The increase in other investment liabilities was mainly attributable to non-residents granting long-term loans to domestic public corporations, with national government's fifth instalment of eight quarterly repayments of XDR381 million on an IMF loan partly countering this increase. The decrease in direct investment liabilities mainly reflected valuation effects following the decrease in the Alsi in the fourth quarter of 2024.

20 Annual GDP is calculated as the sum of the most recent four quarters' nominal GDP.

As a ratio of South Africa's annual GDP,[20] foreign assets increased from 124.5% at the end of September 2024 to 126.3% at the end of December, while foreign liabilities decreased slightly from 97.6% to 97.5% over the same period. This resulted in an increase in the positive net IIP from 26.9% of GDP at the end of September 2024 to 28.8% of GDP at the end of December.

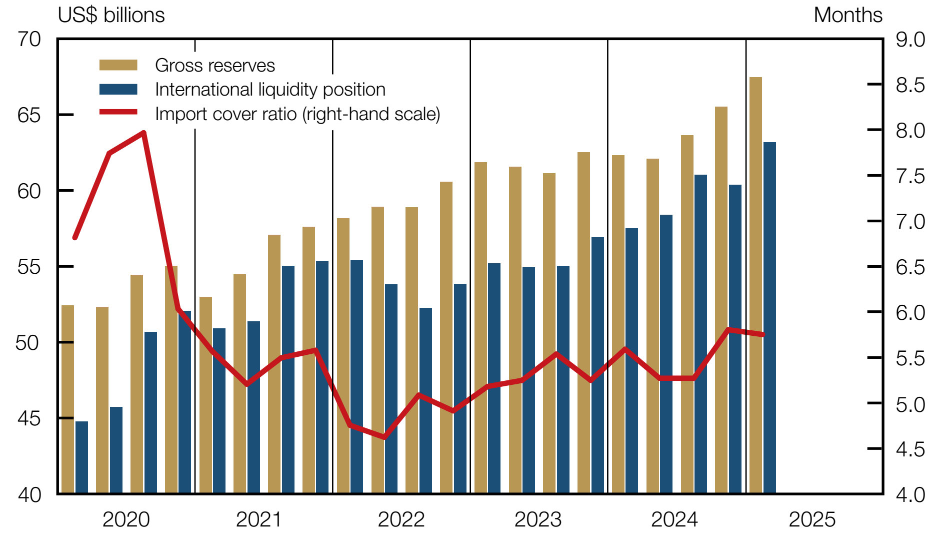
International reserves and liquidity

South Africa's international reserve assets decreased by R17.1 billion in the first quarter of 2025 following an increase of R51.3 billion in the fourth quarter of 2024.

21 This is calculated as the SARB's gross gold and foreign reserves minus foreign currency-denominated liabilities against both domestic and foreign counterparties plus/minus the forward position in foreign currency.

The value of South Africa's gross gold and other foreign reserves (i.e. the international reserves of the SARB before accounting for reserves-related liabilities), measured in US dollar terms, increased from US$65.5 billion at the end of December 2024 to US$67.5 billion at the end of March 2025. The increase mainly reflected the higher US dollar gold price, which was partly offset by foreign exchange (FX) payments. Gross gold and other foreign reserves increased further to US$68.1 billion at the end of May 2025. South Africa's international liquidity position[21] increased from US$60.4 billion at the end of December 2024 to US$63.2 billion at the end of March 2025 and further to US$64.8 billion at the end of May.

International reserves



Source: SARB

The level of import cover (i.e. the value of gross international reserves relative to the value of merchandise imports as well as services and income payments) remained broadly unchanged at 5.8 months from the end of December 2024 to the end of March 2025.

Box 1 Unpacking the growth in South Africa's reserves

Over the past 10 years, there has been an increase of more than US$20 billion in South Africa's official gross gold and foreign exchange (FX) reserve assets (hereafter referred to as 'total reserves'). In May 2015, these stood at US$46.4 billion; as of May 2025, they were worth US$68.1 billion. This box unpacks the drivers of this change.

Total reserves can be disaggregated into four components: (i) safe assets held by the South African Reserve Bank (SARB), such as highly rated government bonds;[1] (ii) gold; (iii) special drawing rights (SDRs) issued by the International Monetary Fund (IMF); and (iv) government's foreign currency deposits.

Of these, the first component, safe assets held by the SARB, has had the largest influence, expanding by US$13 billion since May 2015. Approximately US$6 billion of this increase reflects re-invested earnings from the existing reserves. The balance consists of new FX purchases by the SARB. There have been three such purchases since 2015 – one linked to a large foreign investment transaction in 2016 for US$1.5 billion,[2] and two others related to loans in 2020 from multilateral institutions (US$4.4 billion from the IMF and US$1 billion from the New Development Bank). In all three cases, the FX inflows were acquired by the SARB.[3]

The second largest contributor to the growth in total reserves has been gold, specifically changes in the price of gold, which increased from US$1 191.40 per troy ounce in May 2015 to US$3 277.55 in May 2025. In South Africa, as in many other jurisdictions, the US dollar is used as the numeraire for reporting gold and FX reserves. Increases in the US dollar price of gold therefore raise reserves. This factor has boosted total reserves by over US$8.5 billion, with the US dollar value of gold holdings rising from US$4.8 billion in May 2015 to US$13.3 billion in May 2025. Most of this change (nearly US$7 billion) has occurred since the outbreak of the coronavirus disease 2019 (COVID-19). Meanwhile, the volume of gold held by the SARB has not changed materially.[4]

The third largest contributor to total reserve growth has been SDRs, with increased holdings solely due to the IMF's 2021 expansion of SDRs, which included an allocation of XDR2.9 billion to South Africa.[5] This has increased FX reserves by about US$4 billion, relative to 10 years ago.[6]

The SARB, as banker to the South African government, also holds the proceeds of FX borrowing, which government uses for purposes such as servicing foreign currency-denominated debt and funding overseas commitments (like embassies). Over the past 10 years, these balances have put downward pressure on gross FX reserves, causing them to decline by US$3.8 billion. Indeed, the drag from this component would have been larger prior to November 2024, when government issued new US dollar debt and deposited the proceeds with the SARB.[7]

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1 Other highly rated assets held in the FX reserves portfolio include supranational and multilateral agency debt, government bills and certificates of deposit.

2 This refers to the AB Inbev/SABMiller transaction. The FX purchases were initially sterilised by the SARB through FX swaps, which were then matured during 2017 and 2018. Only when the swaps were matured did gross FX reserves increase.

3 For the 2020 loans, the SARB effectively purchased the FX from National Treasury by providing it with rands while retaining the incoming foreign currency.

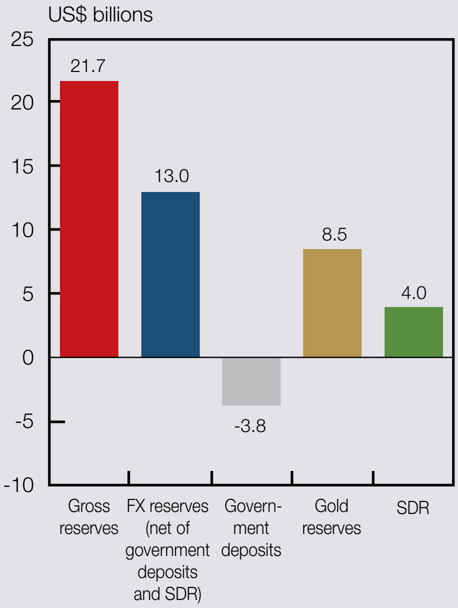
4 Since concluding its large-scale gold purchases in the early 2000s, the SARB has acquired a small proportion of gold from the public through buying legal tender coins, such as Krugerrands. This represents less than 1% of total gold holdings, which are in excess of 4 million troy ounces. For more detail about the SARB gold purchases from the public, see https://www.resbank.co.za/en/home/what-we-do/financial-markets/gold-coins-purchased-from-the-public.

5 For a detailed discussion of this allocation, see 'Box 1: Understanding the special drawing rights component of international reserve assets' on page 51 in the September 2024 edition of the *Quarterly Bulletin*, available at https://www.resbank.co.za/content/dam/sarb/publications/quarterly-bulletins/boxes/2024/september/Box%201%20Understanding%20the%20special%20drawing%20rights%20component%20of%20international%20reserve%20assets.pdf.

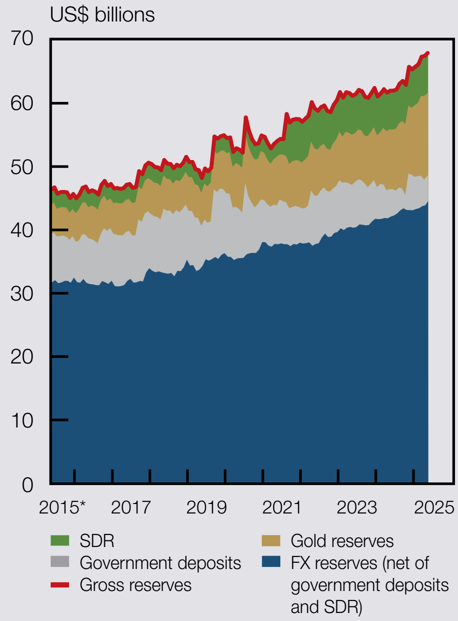
6 The initial SDR allocation was worth US$4.1 billion but the dollar share of the SDR basket is only 43.38%, and the subsequent broad-based US dollar appreciation has eroded the US dollar value of these SDRs.

7 This action raised gross FX reserves above $65 billion in November 2024. For more a more detailed discussion, see page 78 in the March *2025 Budget Review*, available at https://www.treasury.gov.za/documents/national%20budget/2025/review/FullBR.pdf

Change in official reserve categories from May 2015 to May 2025



Composition of gross foreign reserves



* May 2015 – December 2015
Source: SARB

This analysis shows that the single biggest contributor to the increase in total reserves has been the SARB's holdings of safe assets, which have grown through the reinvestment of returns and new purchases. At the same time, exogenous drivers also played a significant role, with both the higher gold price and the SDR expansion contributing materially. By contrast, National Treasury's foreign currency balances have fallen since 2015, and they are likely to decline further over the medium term, according to the *2025 Budget Review*.[8]

8 See Table 7.4 in the March 2025 *Budget Review*

22 Unless stated to the contrary, all percentage changes in this section are based on the end of the period.

Exchange rates[22]

The NEER of the rand increased marginally by 0.2% in the first quarter of 2025 following a decrease of 3.5% in the fourth quarter of 2024, largely due to a weaker US dollar as a result of changing inflation expectations in the US and growing concerns about the strength of the US economy, amid uncertainty around US foreign trade policies. However, the exchange value of the rand was weighed down by escalating geopolitical tensions and political uncertainty in South Africa following Parliament's initial rejection of the 2025 National Budget, which partially offset some of the benefits of the weaker US dollar.

The NEER increased by 0.5% in January 2025 as the rand appreciated against the US dollar following changing inflation expectations in the US and growing concerns about US economic growth, amid uncertainty related to foreign trade policies. The NEER then increased further by 0.4% in February 2025 as the rand continued to appreciate against the US dollar, as uncertainty around US foreign trade policies persisted, which led to concerns of slowing economic growth in the US.

Exchange values of the rand

Percentage change

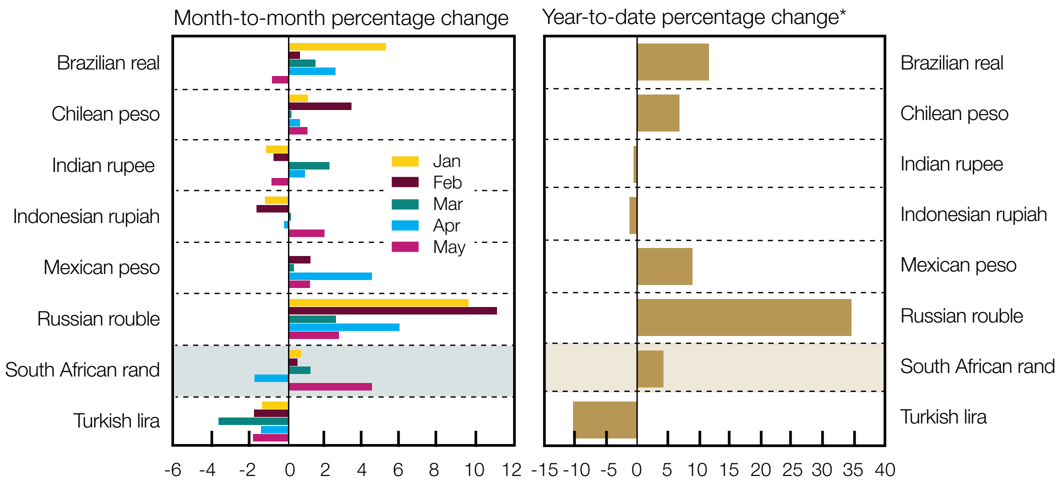
	30 Jun 2024 to 30 Sep 2024	30 Sep 2024 to 31 Dec 2024	31 Dec 2024 to 31 Mar 2025	31 Mar 2025 to 13 Jun 2025
Weighted average*	2.3	-3.5	0.2	-1.5
Euro	1.7	-1.6	-1.5	-4.4
US dollar	6.4	-8.5	2.3	2.0
Chinese yuan	2.7	-4.8	1.6	1.0
British pound	0.3	-2.3	-0.8	-2.7
Japanese yen	-5.9	0.3	-2.3	-1.7

* Trade-weighted exchange rate against a basket of 20 currencies (nominal effective exchange rate)
Depreciation (-)/appreciation (+)

Source: SARB

However, the NEER decreased by 0.6% in March 2025 amid growing domestic political uncertainty related to the revised 2025 National Budget. The exchange value of the rand was further weighed down by tensions between South Africa and the US, despite a generally weaker US dollar, amid persistent US economic growth concerns and uncertain US foreign trade policies. However, several emerging market currencies, including the rand, appreciated against the US dollar in March 2025.

Emerging market currencies against the US dollar in 2025



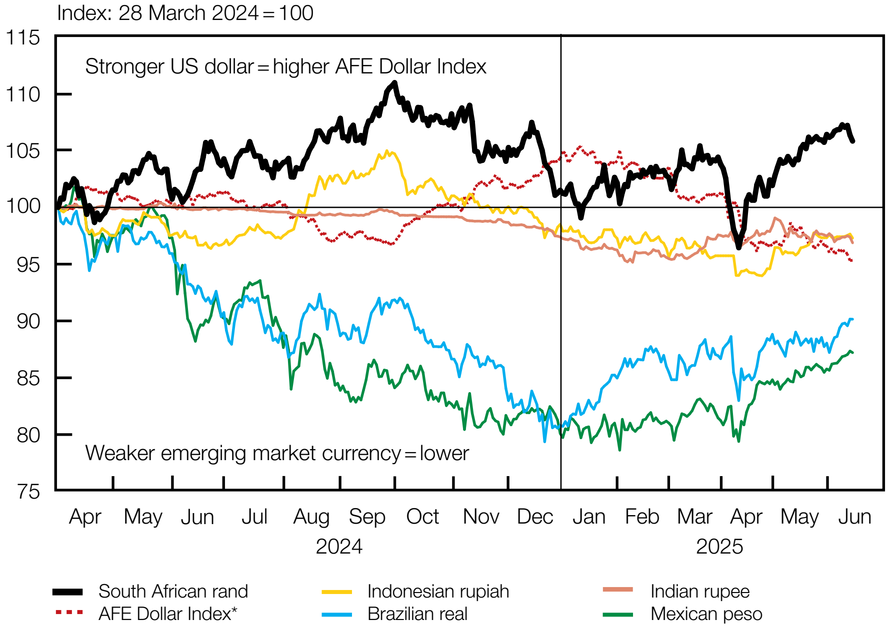
Depreciation (-)/appreciation (+)

* From 29 December 2024 to 13 June 2025

Sources: LSEG and SARB

The exchange value of the rand depreciated by 1.8% against the US dollar in April 2025 as tensions between the US and South Africa persisted, alongside continued domestic political uncertainty following the rejection of the revised 2025 National Budget. As a result, the NEER decreased further by 4.0% in April 2025. However, the NEER increased by 4.0% in May 2025 as progress was made with tariff negotiations between South Africa and the US, the revised 2025 National Budget was re-tabled in Parliament and news that an announcement on South Africa's inflation targeting regime may be imminent. Nonetheless, the NEER decreased by 1.5% from the end of the first quarter of 2025 to 13 June 2025 amid concerns of slow domestic economic growth and increased risk aversion stemming from growing tensions in the Middle East.

Emerging market currencies against the US dollar

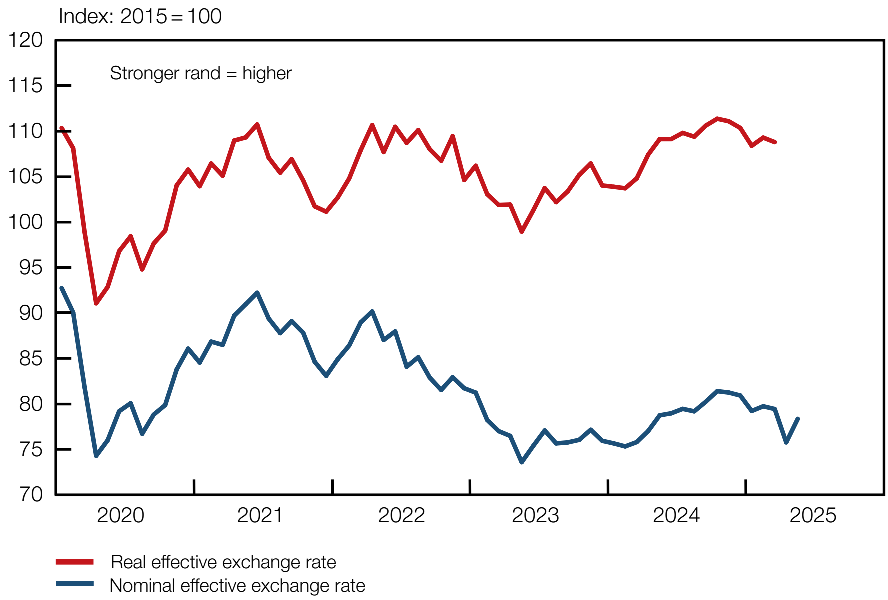


* The Advanced Foreign Economies (AFE) Dollar Index is a trade in goods and services weighted nominal effective exchange rate of the US dollar against seven other advanced economies' currencies (euro, Canadian dollar, Japanese yen, British pound, Swiss franc, Australian dollar and Swedish krona).

Sources: US Fed, LSEG and SARB

The real effective exchange rate (REER) of the rand increased by 3.8% from March 2024 to March 2025, negatively affecting the competitiveness of domestic producers in foreign markets.

Effective exchange rates of the rand



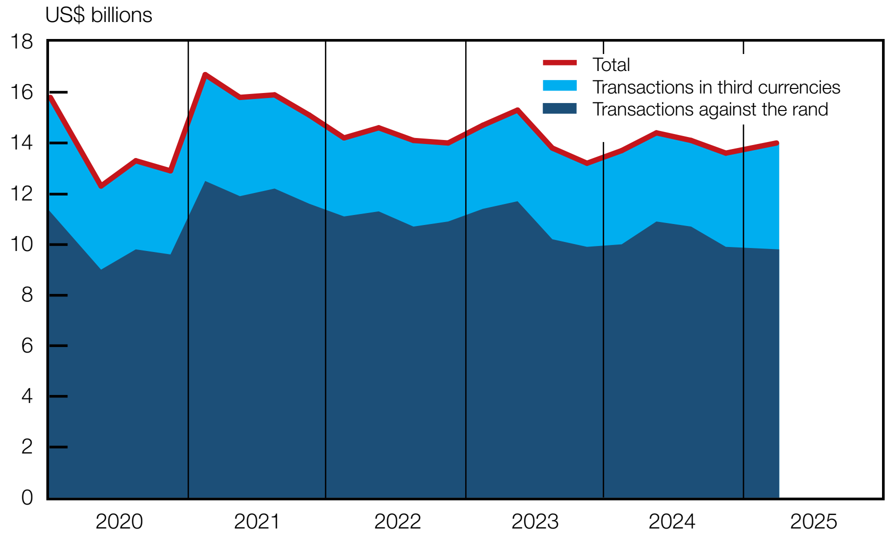
Source: SARB

23 This is calculated as the daily average of all new FX transactions concluded during a specified period, adjusted for domestic interbank double counting.

Turnover in the South African foreign exchange market

The net average daily turnover[23] in the South African FX market increased from US$13.6 billion in the fourth quarter of 2024 to US$14.0 billion in the first quarter of 2025. FX transactions against the rand decreased marginally from US$9.9 billion to US$9.8 billion, while transactions in third currencies increased for a third consecutive quarter from US$3.7 billion to US$4.2 billion over the same period. The higher turnover can mainly be attributed to broad-based currency volatility resulting from global trade tensions since the start of 2025.

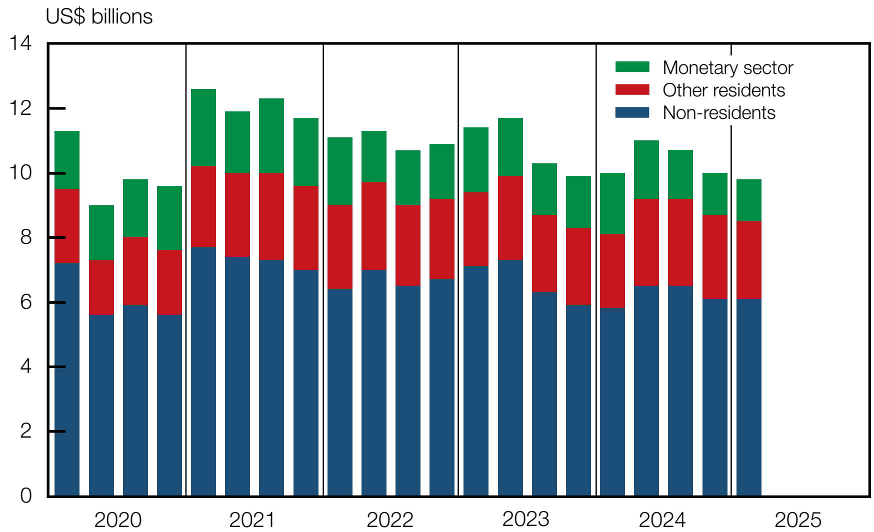
Net average daily turnover in the South African foreign exchange market



Source: SARB

The decrease in FX transactions against the rand was due to lower participation by other residents, which decreased from US$2.6 billion in the fourth quarter of 2024 to US$2.4 billion in the first quarter of 2025. Monetary sector and non-resident participation in the rand market remained unchanged at US$1.3 billion and US$6.1 billion respectively over the same period.

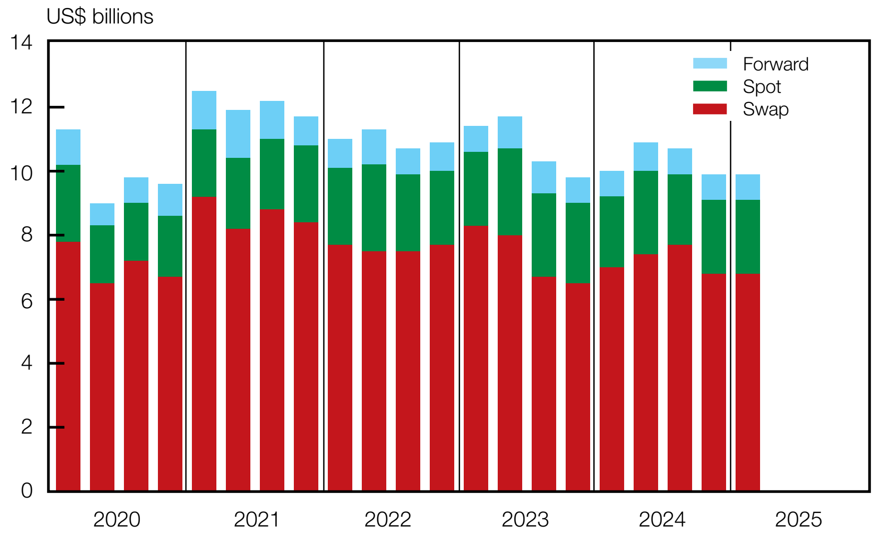
Composition of net average daily turnover in the South African foreign exchange market against the rand, by counterparty



Source: SARB

Turnover in all instruments in the market against the rand remained broadly unchanged from the fourth quarter of 2024 to the first quarter of 2025, with swap, spot and forward transactions averaging US$6.8 billion, US$2.2 billion and US$0.8 billion respectively.

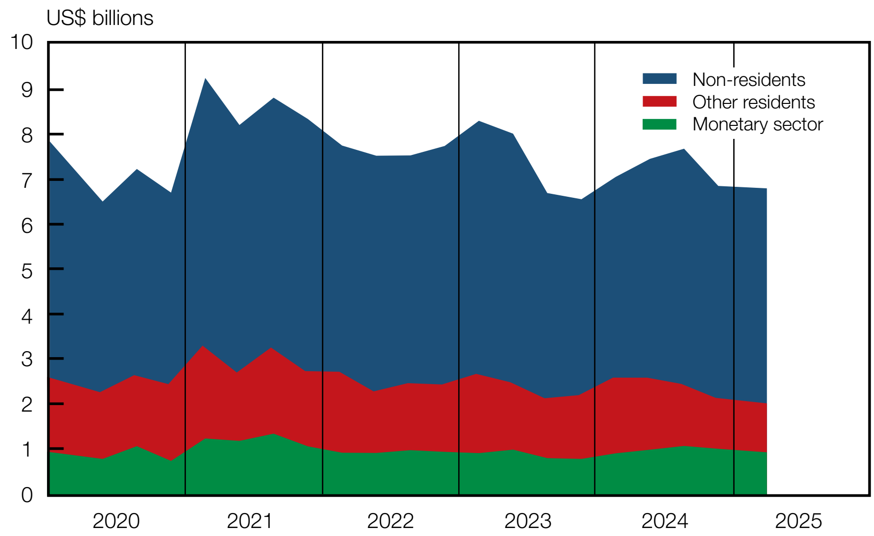
Composition of net average daily turnover in the South African foreign exchange market against the rand, by instrument



Source: SARB

Turnover in the inter-dealer rand swap market remained unchanged from the fourth quarter of 2024 to the first quarter of 2025. Participation by non-residents, other residents and the monetary sector in the swap market averaged US$4.7 billion, US$1.0 billion and US$1.1 billion respectively in the first quarter of 2025.

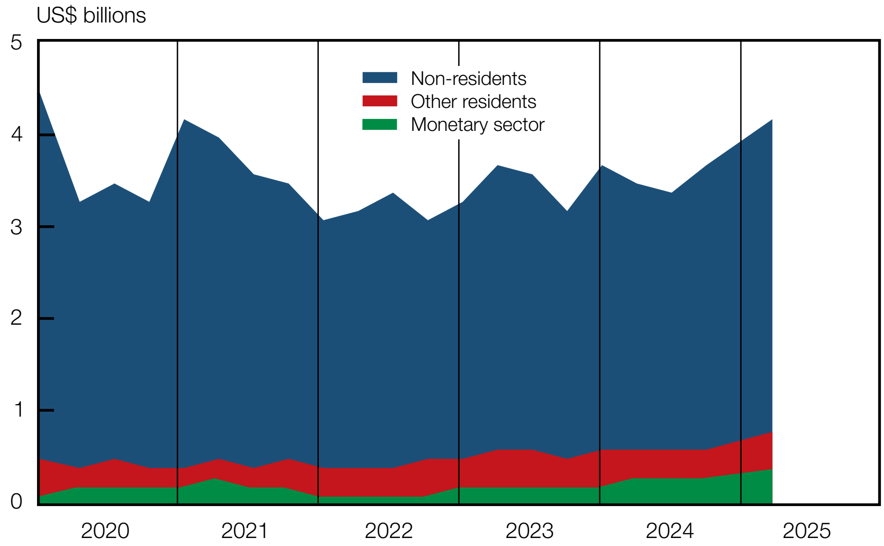
Composition of net average daily swap turnover in the South African foreign exchange market against the rand, by counterparty



Source: SARB

The increase in FX transactions in the market for third currencies was mainly driven by increased non-resident participation from US$3.1 billion in the fourth quarter of 2024 to US$3.4 billion in the first quarter of 2025, while participation by the monetary sector and residents averaged only US$0.4 billion each.

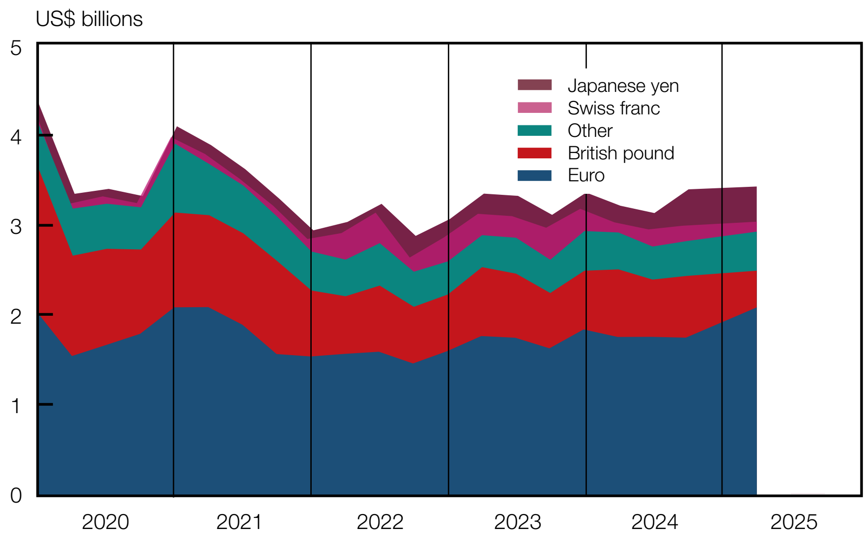
Composition of net average daily turnover in the South African foreign exchange market in third currencies, by counterparty



Source: SARB

In the market for third currencies, US dollar transactions against the euro increased from US$1.8 billion in the fourth quarter of 2024 to US$2.2 billion in the first quarter of 2025. US dollar transactions against the Japanese yen remained unchanged at US$0.4 billion, while transactions of the US dollar against the Swiss franc declined from US$0.2 billion to US$0.1 billion over the same period. Transactions of the US dollar against the British pound increased slightly from US$0.7 billion in the fourth quarter of 2024 to US$0.8 billion in the first quarter of 2025. US dollar transactions against other currencies remained unchanged at US$0.4 billion over this period.

Composition of net average daily turnover in the South African foreign exchange market in third currencies, by US dollar against foreign currencies



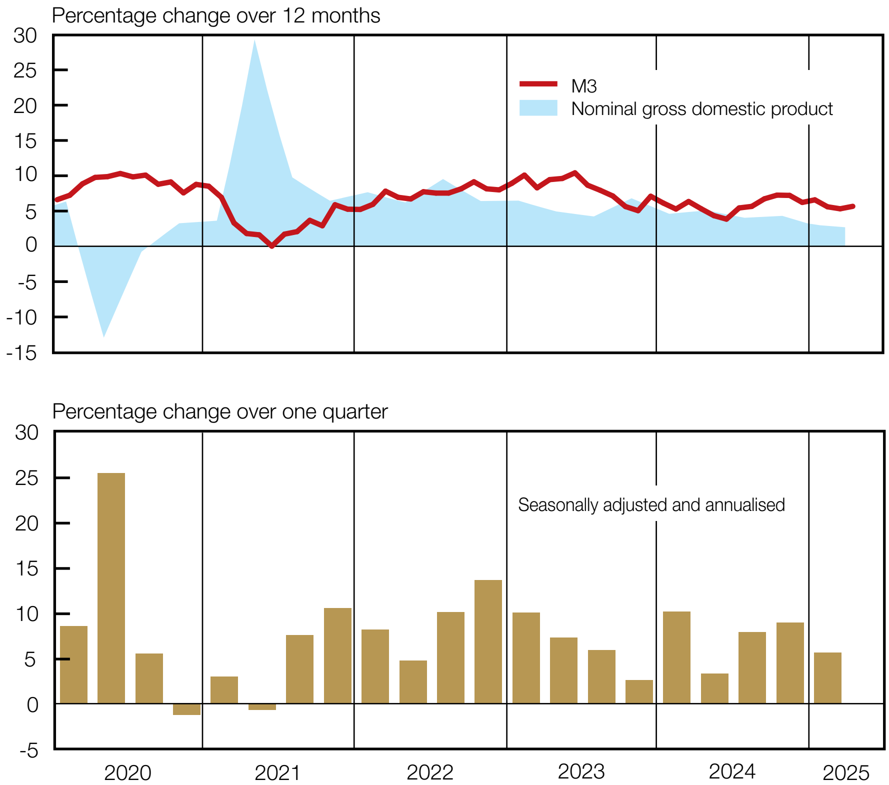
Source: SARB

Monetary developments, interest rates and financial markets

Money supply

Year-on-year growth in the broadly defined money supply (M3) decelerated from 7.8% in November 2024 to 5.7% in March 2025, largely due to a moderation in the deposit growth of companies, while that of the household sector remained steady. In April 2025, growth accelerated somewhat to 6.1%. The quarter-to-quarter seasonally adjusted and annualised growth in M3 also decelerated from 8.9% in the fourth quarter of 2024 to 5.6% in the first quarter of 2025. The income velocity of M3 decreased from 1.38 in the fourth quarter of 2024 to 1.36 in the first quarter of 2025, as growth in M3 exceeded that in nominal GDP.

Money supply and gross domestic product

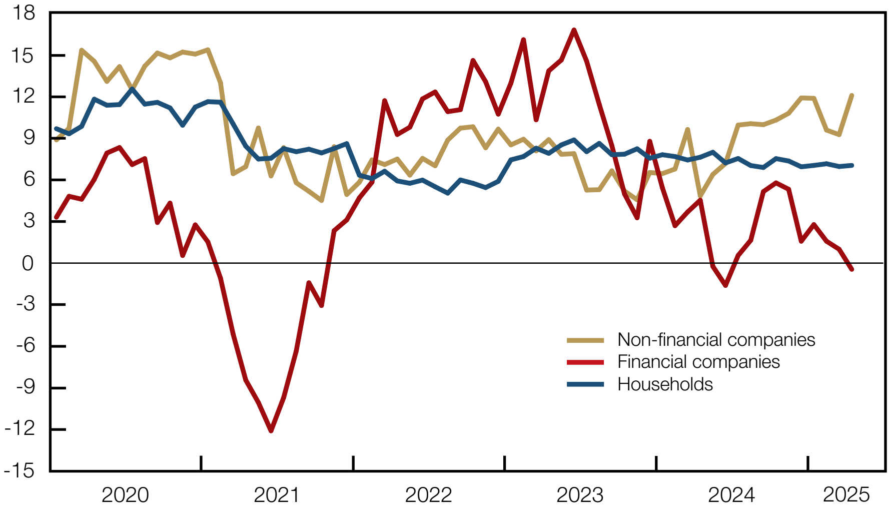


Sources: Stats SA and SARB

Growth in the deposit holdings of the corporate sector moderated from 8.0% in November 2024 to 5.1% in March 2025, as growth in the deposits of both financial and non-financial companies decelerated. The deposit holdings of non-financial companies maintained double-digit growth rates between July 2024 and January 2025 and decelerated to 9.3% in March, as private non-financial companies withdrew matured-term deposits to meet cashflow requirements. Subsequently, the deposits of non-financial companies expanded by 12.1% year on year in April 2025. Growth in the deposit holdings of financial companies decelerated from a recent high of 5.8% in October 2024 to 1.0% in March 2025, averaging 1.8% in the first quarter of 2025, and moderated further to -0.4% in April, the first year-on-year contraction since June 2024. Growth in the deposit holdings of households remained stable, fluctuating in a narrow range between 7.0% and 7.2% in the first four months of 2025.

Deposit holdings of households and companies

Percentage change over 12 months

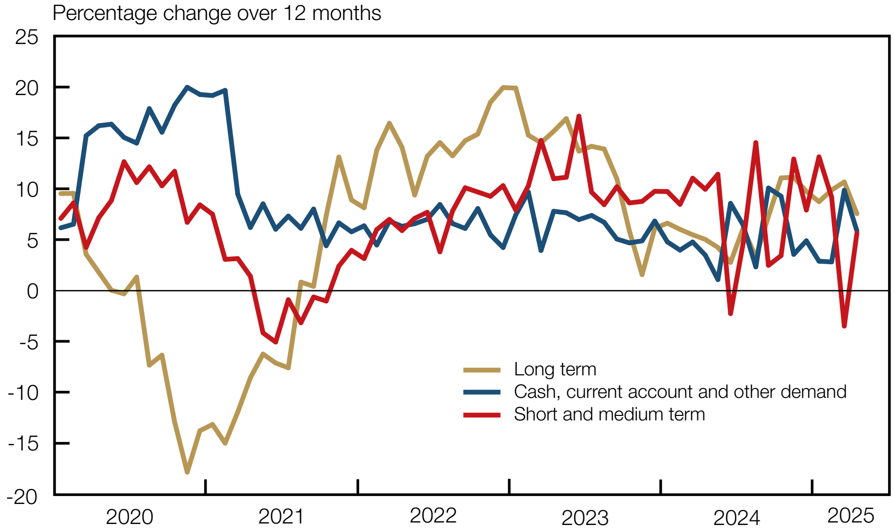


Source: SARB

Growth in long-term deposits accelerated gradually from 8.7% in January 2025 to 10.7% in March, as banks continued to offer competitive interest rates on savings and investment products to attract longer-term deposits. Growth in cash, current account and other demand deposits accelerated notably from 2.9% in January 2025 to 9.9% in March. By contrast, growth in short- and medium-term deposits decelerated sharply from 13.2% in January 2025 to -3.5% in March. The volatility in the two more liquid deposit categories was mainly driven by deposits shifting from the short-term maturity category into the other demand deposit category. In April 2025, growth in cash, current account and other demand deposits as well as long-term deposits decelerated, while that in short- and medium-term deposits accelerated.

Deposits by maturity

Percentage change over 12 months



Source: SARB

The value of M3 deposits increased by R66.8 billion in the first quarter of 2025, which was substantially less than the increase of R109.7 billion recorded during the same period in 2024. Although the increase of R44.8 billion in the first quarter of 2025 in the deposits of the corporate sector was more than double the increase in the fourth quarter of 2024, it was substantially lower than the increase of R89.4 billion recorded in the first quarter of 2024. Non-financial companies contributed R30.1 billion to the increase in corporate deposit holdings in the first quarter of 2025, while financial companies contributed R14.7 billion. Household deposits increased by R22.0 billion in the first quarter of 2025, slightly more than the increase of R20.2 billion recorded in the first quarter of 2024.

M3 holdings of households and companies

	Change (R billions)							Percentage of total M3 deposit holdings*
	2023	2024					2025	
	Year	Q1	Q2	Q3	Q4	Year	Q1	
Households	130.6	20.2	41.3	40.5	27.0	129.1	22.0	36.4
Companies: Total.................	230.8	89.4	-87.2	194.8	15.4	212.5	44.8	63.6
Of which: Financial	135.0	24.1	-28.3	96.0	-65.4	26.4	14.6	32.0
Non-financial.....	95.9	65.3	-58.9	98.8	80.8	186.1	30.1	31.7
Total M3 deposits................	361.4	109.7	-45.9	235.3	42.3	341.6	66.8	100.0

* Expressed as a percentage of the total outstanding balance as of March 2025

Source: SARB

The counterparts to the increase of R66.8 billion in M3 in the first quarter of 2025 comprised increases of R76.0 billion in claims on the domestic private sector and net claims of R90.3 billion on the government sector. These increases were partly offset by declines of R87.1 billion in net foreign assets of the monetary sector and R12.3 billion in net other assets of the monetary sector.

Counterparts of change in M3

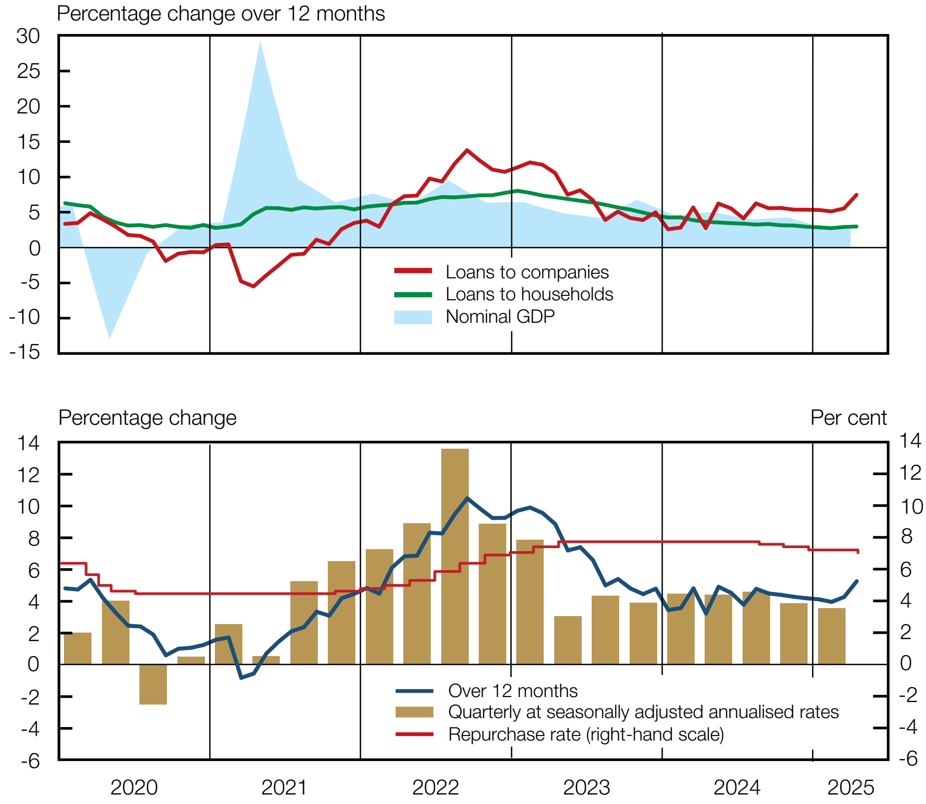
	Change (R billions)						
	2023	2024					2025
	Year	Q1	Q2	Q3	Q4	Year	Q1
Claims on the private sector................	221.6	90.9	9.1	92.2	-14.3	177.9	76.0
Net claims on the government sector...	200.0	-23.5	60.0	78.4	-46.7	68.2	90.3
Net foreign assets	151.4	44.5	-126.8	-13.3	149.2	53.6	-87.1
Net other assets..................................	-211.6	-2.2	11.9	78.0	-45.9	41.8	-12.3
Change in total M3 deposits..............	361.4	109.7	-45.9	235.4	42.3	341.5	66.8

Source: SARB

Credit extension

The year-on-year growth in total loans and advances extended to the domestic private sector by monetary institutions remained sluggish for most of 2024 and in the first quarter of 2025, despite the reduction in interest rates since September 2024. This reflected a slowdown in the pace of increase in loans extended to households, while that to companies bottomed out. After gradually slowing down to 3.9% in February 2025, growth in credit extension accelerated somewhat to 5.2% in April. The seasonally adjusted and annualised growth in total loans and advances slowed further from 3.8% in the fourth quarter of 2024 to 3.5% in the first quarter of 2025. The ratio of loans and advances to nominal GDP increased from 59.3% to 60.1% over the same period as nominal GDP grew at a slower pace than total loans and advances.

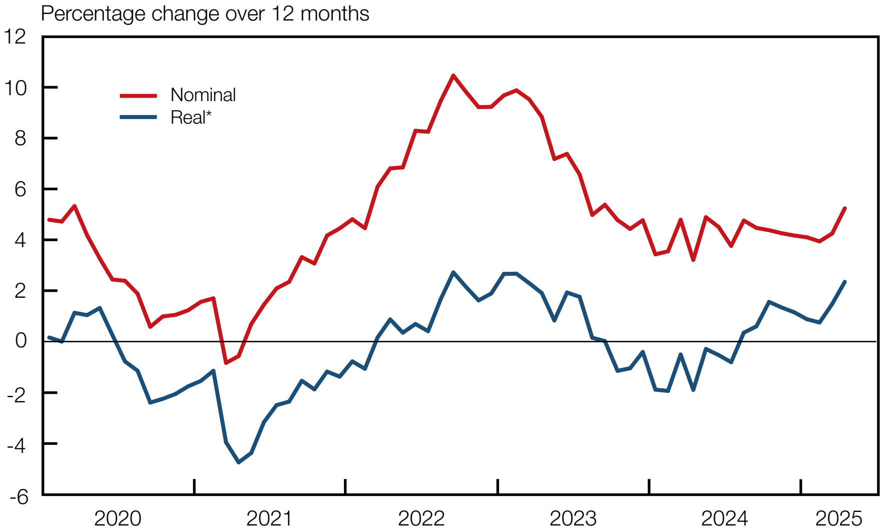
Total loans and advances to the private sector and gross domestic product



Sources: Stats SA and SARB

In real (inflation-adjusted) terms, total loans and advances contracted on a year-on-year basis between October 2023 and July 2024, before increasing thereafter. Subsequently, growth in real loans and advances slowed from 1.6% in October 2024 to 0.8% in February 2025, before edging up again to 2.3% in April.

Total loans and advances



* Deflated with the headline consumer price index

Source: SARB

In nominal terms, the increase of R98.4 billion in total loans and advances in the first quarter of 2025 was slightly higher than the increase of R91.0 billion recorded over the same period in 2024, but significantly higher than the increase of R17.2 billion recorded in the fourth quarter of 2024. Loans and advances to companies increased by R74.8 billion in the first quarter of 2025, largely reflecting the demand for general loans and overdrafts by non-financial companies, while financial companies also increased their utilisation of general loans. Credit extended to the household sector increased by R23.7 billion in the first quarter of 2025, matching the increase recorded in the first quarter of 2024, as households utilised credit facilities to meet their beginning of the year expenses.

Total loans and advances extended to households and companies

	Change (R billions)							Percentage of total loans and advances*
	2023	2024					2025	
	Year	Q1	Q2	Q3	Q4	Year	Q1	
Households	92.6	23.8	9.2	16.8	13.2	62.9	23.7	49.6
Companies: Total.............................	102.3	67.2	-0.8	45.1	4.0	115.5	74.8	50.4
Of which: Financial	70.2	34.0	-39.9	21.3	-8.0	7.3	22.5	12.2
Non-financial................	32.1	33.2	39.1	23.8	12.0	108.1	52.2	38.2
Total bank loans and advances	**194.9**	**91.0**	**8.3**	**61.9**	**17.2**	**178.3**	**98.4**	**100.0**

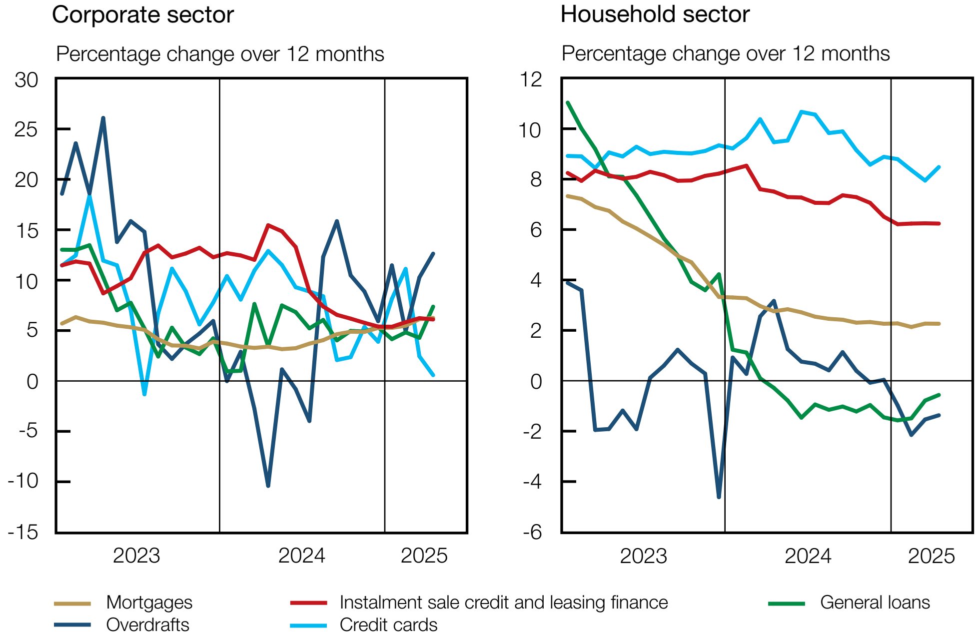
* Expressed as a percentage of the total outstanding balance as of March 2025

Source: SARB

Growth in loans and advances to companies accelerated from a recent low of 2.6% in January 2024 to a high of 6.3% in August, before moderating to 5.5% in March 2025. In April 2025, year-on-year growth accelerated again to 7.5%. Growth in mortgage advances to companies rose steadily from a low of 3.2% in May 2024 to 6.2% in April 2025 – the highest rate recorded since February 2023. Growth in instalment sale credit and leasing finance to companies accelerated gradually from 5.4% in January 2025 to 6.2% in March, alongside an increase in the demand for commercial vehicles. Growth in general loans extended to companies fluctuated throughout 2024, reaching a high of 7.5% in May 2024, before moderating to 4.3% in March 2025 on account of base effects and reduced demand by financial companies, while demand by non-financial companies increased. In April 2025, growth accelerated to 7.4% again, impacted by base effects. Growth in the utilisation of overdrafts by companies displayed more volatility, decelerating sharply from 15.9% in September 2024 to 5.9% in December, before rebounding to 12.6% in April 2025. Although credit card advances are not widely utilised by companies, growth was equally volatile as it fluctuated between a high of 12.9% in April 2024 and a low of 0.6% in April 2025.

Growth in loans and advances extended to the household sector remained subdued and slowed further to 2.9% in March 2025, as consumers stayed cautious about taking on additional debt, despite the lower interest rates. General loans extended to households have contracted year on year for 13 consecutive months since April 2024, with the rate of change amounting to -0.6% in April 2025, as household finances remain constrained. Similarly, households' utilisation of overdrafts contracted year on year in the first four months of 2025, with the rate of change amounting to -1.4% in April. Growth in households' usage of credit card advances remained elevated but moderated slightly from 8.8% in January 2025 to 7.9% in March, reflecting a slight decrease in reliance on credit card debt to support spending, but accelerated again to 8.5% in April. Growth in instalment sale credit and leasing finance to households slowed throughout 2024 and bottomed out at 6.2% in the first four months of 2025 – the lowest growth rate recorded since September 2021.

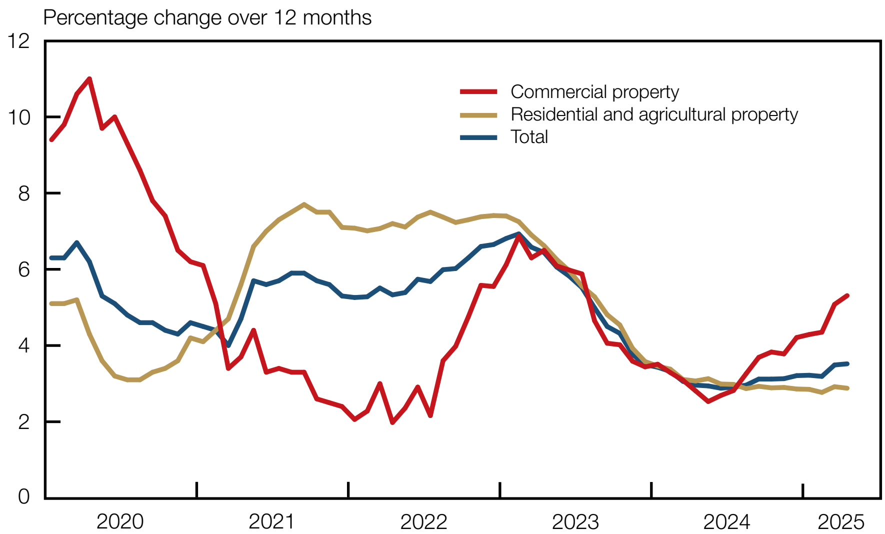
Selected loans and advances



Source: SARB

Growth in total mortgage advances remained muted during 2024 but nevertheless edged up slightly from July 2024 to reach 3.5% in March and April 2025 – the highest rate since December 2023. The slight acceleration was driven by faster growth in mortgage advances on commercial property, from a recent low of 2.5% in May 2024 to 5.3% in April 2025, which reflected an overall improvement in commercial property activity and stronger Real Estate Investment Trusts (REITs) performance. By contrast, growth in mortgage advances on residential and farm properties remained subdued over this period, fluctuating in a narrow range between 2.8% and 2.9% since August 2024.

Mortgage advances



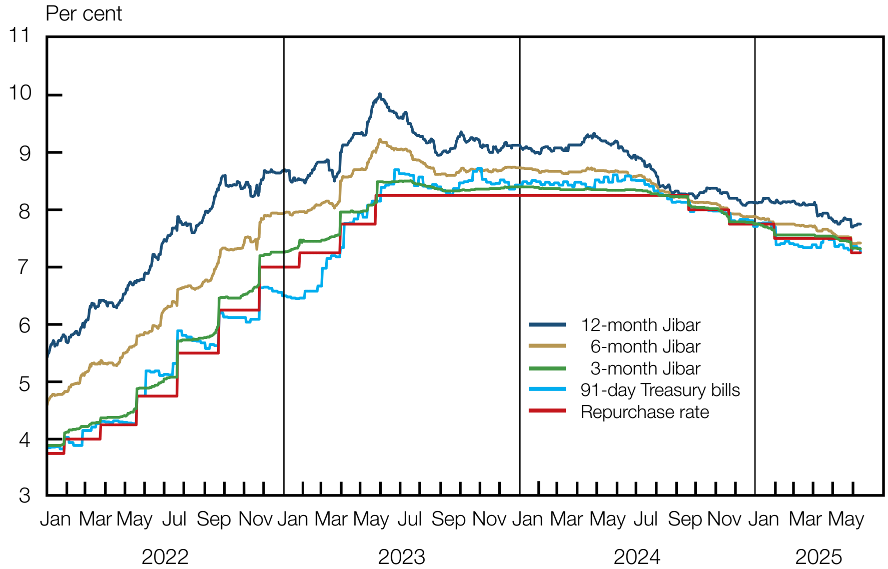
Source: SARB

Interest rates and yields

The Monetary Policy Committee (MPC) of the SARB reduced the repurchase (repo) rate by 25 basis points to 7.25% per annum at the May 2025 meeting, after keeping the policy rate unchanged in March. The SARB lowered its forecast for real GDP growth and headline consumer price inflation, with the MPC assessing the risks to both forecasts to be balanced, while highlighting elevated global uncertainty.

Domestic short-term money market rates generally decreased in recent months, affected by fluctuations in the exchange value of the rand and the slowdown in consumer price inflation. The three-month Johannesburg Interbank Average Rate (Jibar) remained range bound and fluctuated between 7.50% and 7.56% from March to May 2025, before decreasing to 7.32% on 13 June. The six-month Jibar decreased significantly, from 7.73% on 14 March 2025 to 7.42% on 13 June. The longer-dated 12-month Jibar followed a similar downward trajectory, decreasing from 8.09% to 7.75% over the same period. By contrast, the tender rate on 91-day Treasury bills (TBs) increased by 16 basis points, from 7.36% on 14 March 2025 to 7.52% in late April, amid lower demand for short-term high-quality liquid assets (HQLA) from commercial banks, before decreasing to 7.27% on 13 June.

Money market rates

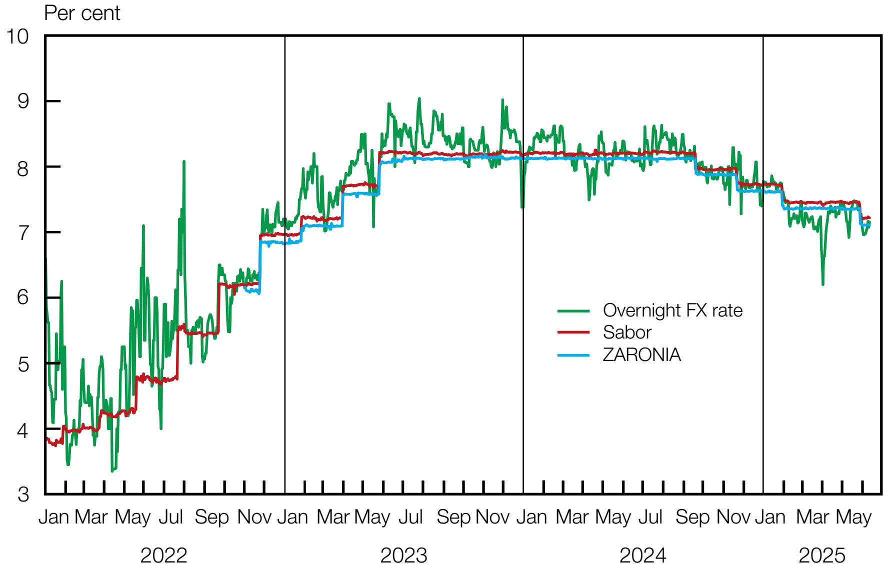


Source: SARB

Funding conditions in the interbank lending market have remained relatively stable in recent months. The South African Benchmark Overnight Rate (Sabor) remained closely aligned to the repo rate, averaging 7.42% between March and mid-June 2025, as banks continued to experience periods of surplus liquidity in the overnight interbank market. Meanwhile, the South African Rand Overnight Index Average (ZARONIA) traded slightly below the repo rate and fluctuated in a narrow range between 7.10% and 7.38% from 14 March 2025 to mid-June, reflecting adequate liquidity in the overnight call deposit market.

The movement in the more volatile overnight FX implied rate was more pronounced, decreasing by 100 basis points from 7.20% on 14 March 2025 to 6.20% on 3 April, as foreign banks required less funding in the overnight FX forward market. During this period, foreign investors simultaneously sold rand in the spot market and purchased it in the forward market, thus keeping the rand circulating as they continually rolled over their positions. Subsequently, the rate increased to 7.16% on 13 June 2025 due to tighter liquidity conditions as the demand for rand in the overnight FX market increased.

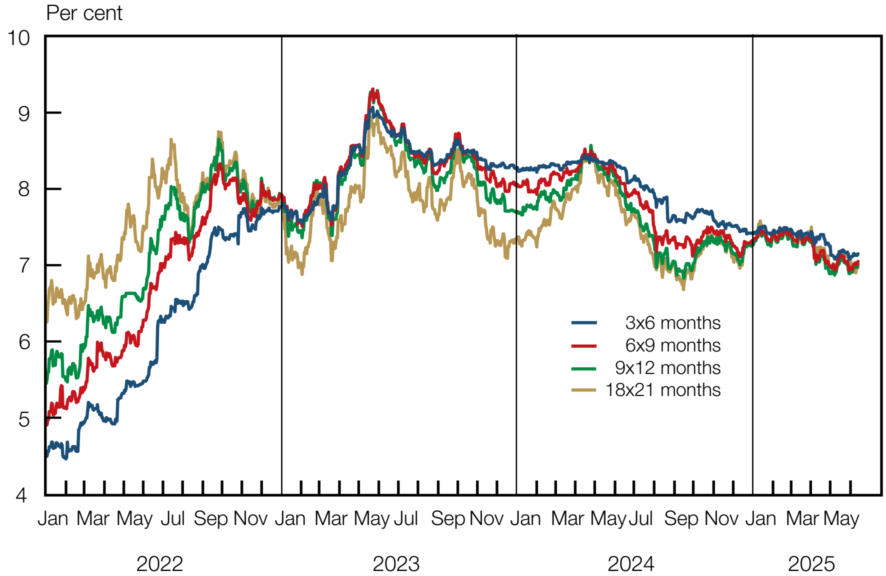
Benchmark overnight rates



Source: SARB

Rates on forward rate agreements (FRA) trended lower between March 2025 and mid-June, impacted by fluctuations in the exchange value of the rand and successive lower-than-expected consumer price inflation outcomes. The 3x6-month FRA decreased from 7.43% on 14 March 2025 to 7.15% on 13 June. Similarly, the 6x9-month FRA decreased from 7.39% to 7.05% and the 9x12-month FRA decreased from 7.36% to 7.01% over the same period. The longer-term 18x21-month FRA displayed a similar downward trend as it decreased from 7.36% on 18 March 2025 to 7.03% on 13 June.

Forward rate agreements

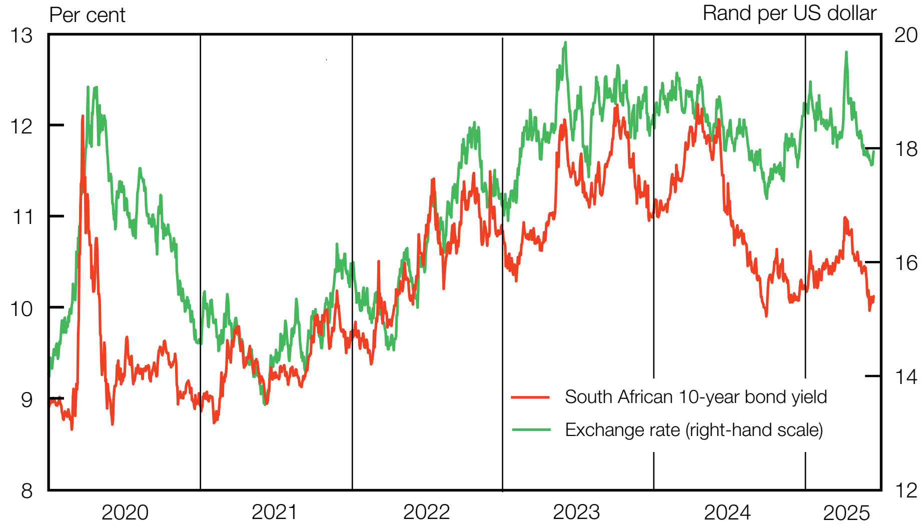


Source: SARB

The weighted average monthly flexible deposit and lending rates offered by private banks decreased slightly in recent months, following the reduction in the repo rate in January 2025. The rate charged by banks on mortgage advances decreased slightly from 10.56% in February 2025 to 10.54% in April. Over the same period, the rate on instalment sale credit decreased marginally from 12.28% to 12.27% and the rate on overdrafts decreased from 11.68% to 11.56%. Similarly, the rate on credit card advances decreased by 19 basis points from 16.96% in February 2025 to 16.77% in April. The weighted average interest rate on deposits offered by banks also decreased marginally, with the call deposits rate decreasing from 7.38% to 7.32% between February and April 2025, while the rate offered on 12-month fixed deposits decreased from 8.32% to 8.20% over the same period.

The *yield on 10-year South African rand-denominated government bonds issued and traded in the domestic market* increased notably by 77 basis points from 10.22% on 29 January 2025 to a recent high of 10.99% on 7 April. This reflected the depreciation in the exchange value of the rand, disputes within the Government of National Unity (GNU) over the impasse in passing the 2025 National Budget and the possible impact of ongoing trade tensions on global economic growth and inflation. However, the 10-year government bond yield then decreased by 86 basis points to 10.13% on 13 June. The decrease coincided with the appreciation in the exchange value of the rand, lower-than-expected consumer price inflation and positive market reactions to the withdrawal of the initially proposed value-added tax (VAT) increase of 0.5 percentage points to 15.5% from 1 May 2025 and to 16.0% from 1 April 2026.

Government bond yield and the exchange rate



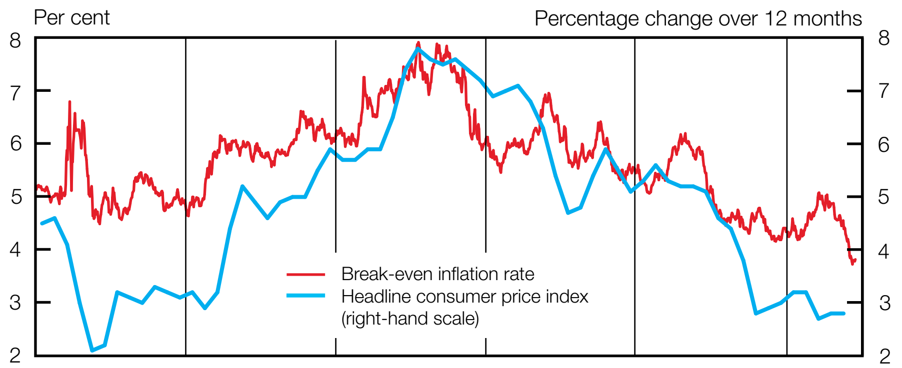
Sources: IRESS, JSE and SARB

24 The break-even inflation rate in the three- to five-year maturity range is calculated as the difference between the nominal yield on the *R2030* conventional bond (maturing on 31 January 2030) and the real yield on the *R210* inflation-linked bond (maturing on 31 March 2028).

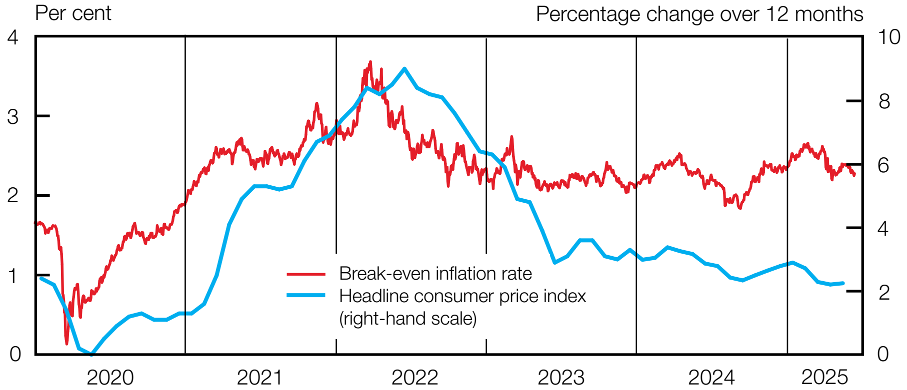
25 The US break-even inflation rate is calculated by subtracting the real yield on the five-year inflation-linked US Treasury bond from the yield on the closest nominal US Treasury maturity.

The South African *break-even inflation rate*[24] in the three- to five-year maturity range trended higher from 4.18% on 24 January 2025 to 5.07% on 18 March, before declining to 3.81% on 13 June. The recent decline could be attributed to the continued moderation in consumer price inflation alongside the appreciation in the exchange value of the rand against the US dollar. The US break-even inflation rate[25] for bonds in the five-year maturity range fluctuated higher from 2.40% at the beginning of January 2025 to 2.66% on 27 March, before declining to 2.24% on 21 April. Subsequently, the US break-even inflation rate increased again to 2.32% on 13 June, reflecting higher inflation expectations amid concerns over trade tariff-induced inflation.

South African inflation rates



United States inflation rates



Sources: Bloomberg, IRESS, JSE and Stats SA

The *yield spread* for emerging market US dollar-denominated bonds relative to US government bonds, as measured by the JPMorgan Emerging Markets Bond Index Plus (EMBI+),[26] widened from a recent low of 354 basis points in January 2025 to 416 basis points in April as the IBOXX Global Government Emerging Market bond yield remained broadly unchanged over this period, while US bond yields decreased. Emerging market bond yields reflected caution about interest rates remaining higher for longer due to inflation fears amid uncertainty about US trade tariffs. Subsequently, the EMBI+ narrowed to 385 basis points in May 2025. Similarly, South Africa's *sovereign risk premium*[27] on US dollar-denominated government bonds in the five-year maturity range widened from a monthly average of 234 basis points in January 2025 to 286 basis points in April amid the global trade tariff uncertainty, before narrowing to 240 basis points in May.

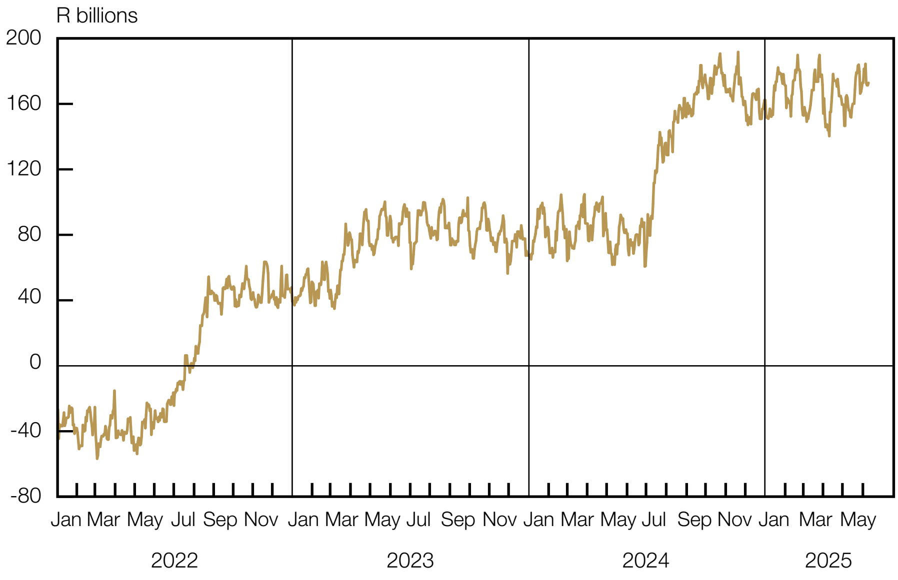
26 The EMBI+ measures the total returns on US dollar denominated debt instruments of emerging market economies.

27 This is the differential between the yield on South African government US dollar-denominated bonds and that on US dollar-denominated bonds of the US government.

Money market

Private sector banks recorded an average daily surplus liquidity position of R167.7 billion in the first quarter of 2025, which varied between a low of R149.2 billion on 6 March and a high of R189.8 billion on 26 March, staying within the target range of R160 billion plus or minus a shock buffer of R40 billion. The high surplus liquidity position resulted from Corporation for Public Deposits (CPD) funds being withdrawn from the SARB and placed with private sector banks. In April and May 2025, the average daily surplus liquidity position of private sector banks amounted to R161.0 billion and R165.1 billion respectively.

Daily liquidity



Source: SARB

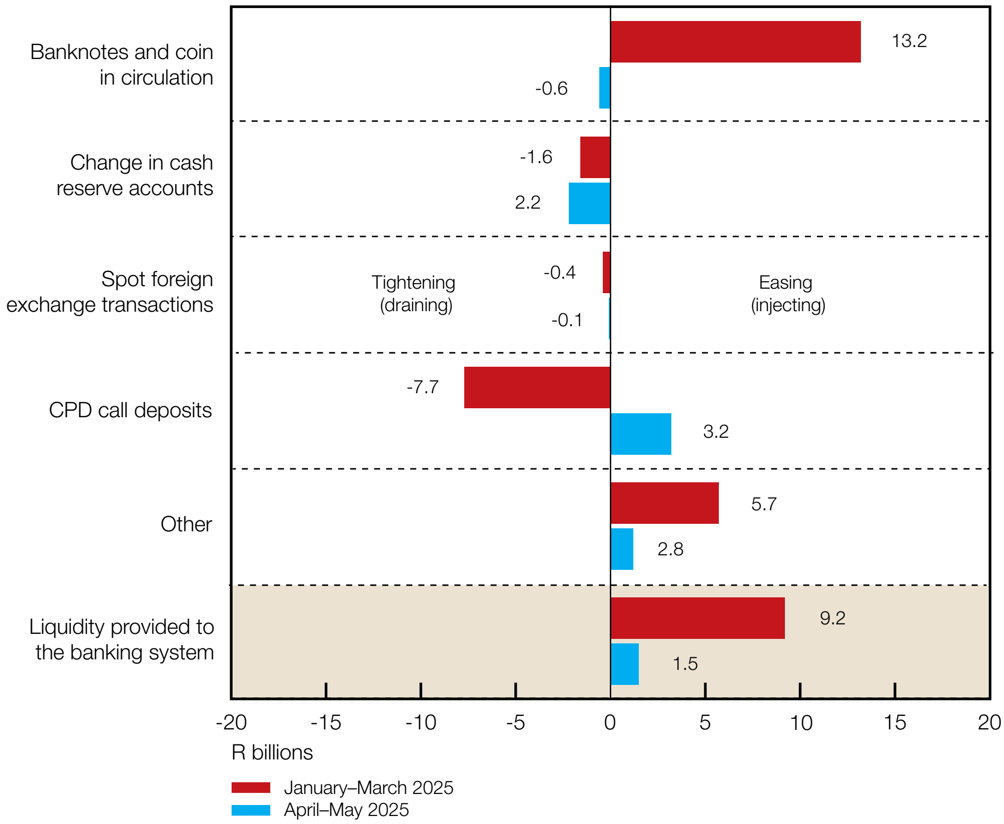
Total accommodation provided to banks at the weekly main refinancing auctions remained underutilised and decreased from R0.75 billion at the end of January 2025 to R0.25 billion at the end of May, as banks' need for short-term liquidity remained small.

Money market liquidity expanded by a net amount of R9.2 billion in the first quarter of 2025 compared to the contraction of R15.4 billion recorded in the fourth quarter of 2024. The expansion was mainly the result of a seasonal decrease of R13.2 billion in banknotes and coin in circulation outside of the SARB as well as an increase in 'other factors'[28] of R5.7 billion. The expansion was partly offset by an increase in CPD call deposits of R7.7 billion at the SARB, the placement of R1.6 billion in cash reserve balances that private sector banks are required to hold at the SARB as well as a slight tightening of liquidity due to foreign exchange transactions of R0.4 billion in the spot market.

28 Includes accommodation to banks, expansions in the loan guarantee scheme or transactions in government bonds as well as others.

Money market liquidity expanded by R1.5 billion in April and May 2025, mainly due to a decrease of R3.2 billion in CPD call deposits at the SARB. The expansion was offset by an increase of R2.2 billion in banks' required cash reserve deposits and an increase of R0.6 billion in banknotes and coin in circulation outside of the SARB.

Factors influencing money market liquidity flows



Source: SARB

Bond market

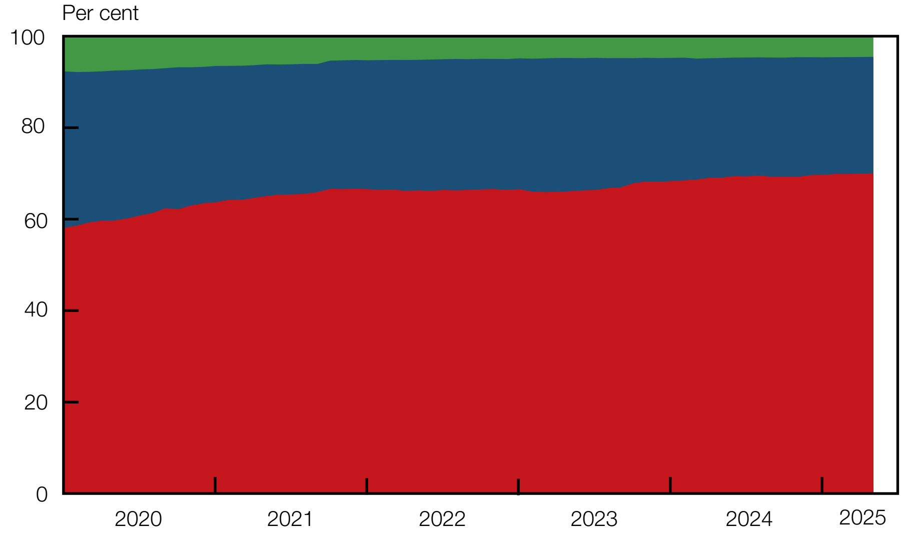
The total *nominal value of outstanding listed*[29] and *unlisted*[30] *rand-denominated debt securities* issued by residents and non-residents in the domestic primary debt market amounted to R7.3 *trillion* at the end of April 2025, which was R443 billion (6.4%) more than a year earlier. The general government[31] contributed 70.0% to the total amount of debt securities in issue at the end of April 2025, with net issuance of listed and unlisted debt securities of R87.6 billion in the first four months of the year compared with R181 billion net issuance in the same period of 2024. The redemption of the *I2025* inflation-linked bond in January 2025, amounting to R54.6 billion, contributed to the lower net issuance during this period, which was partly countered by National Treasury's successful issuance of the *RN2032* floating-rate bond in April. According to National Treasury's *2025 Budget Overview*, the general government's borrowing requirement is expected to increase in the 2025/26 fiscal year due to a larger budget deficit amid lower expected revenue collection than initially projected.

29 These are debt securities listed on the JSE Limited (JSE), Cape Town Stock Exchange (CTSE) and The Integrated Exchange (I-Ex).

30 These are debt securities not listed on a stock exchange and traded in the over-the-counter (OTC) market.

31 General government includes national government, extra-budgetary institutions and local governments.

Sectoral composition of total outstanding listed and unlisted rand-denominated debt securities in the domestic primary debt market*

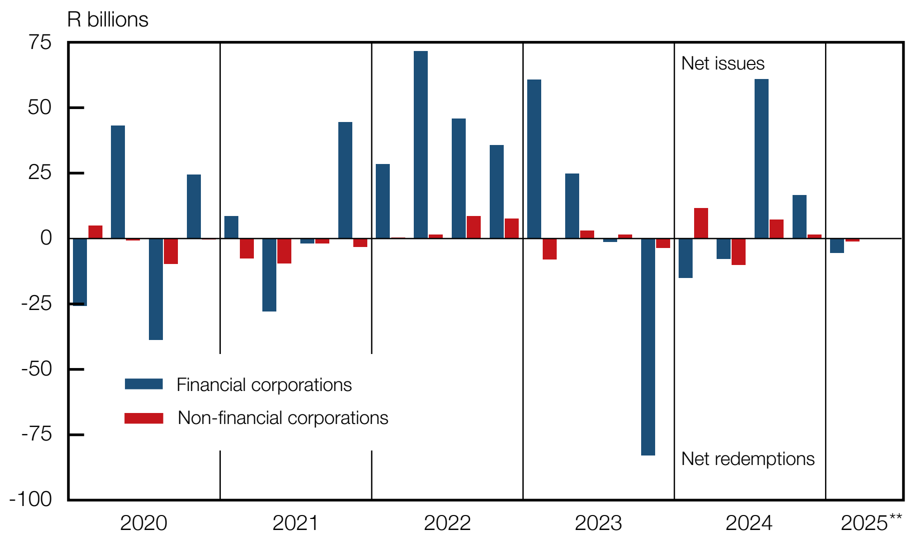


* Nominal value
** Non-residents' contribution is insignificant therefore not reflecting
Sources: Banks, CTSE, I-Ex, JSE, National Treasury and SARB

32 Corporations include both public and private financial and non-financial corporations.

The net issues of corporations[32] in the domestic primary corporate debt market of R18.4 billion in the fourth quarter of 2024 switched to net redemptions of R6.5 billion in the first four months of 2025. The switch occurred as banks – the largest contributors – reduced their outstanding amount of unlisted money market debt securities in issue amid reduced funding requirements.

Net issuance of listed and unlisted rand-denominated debt securities by corporates in the domestic primary debt market*



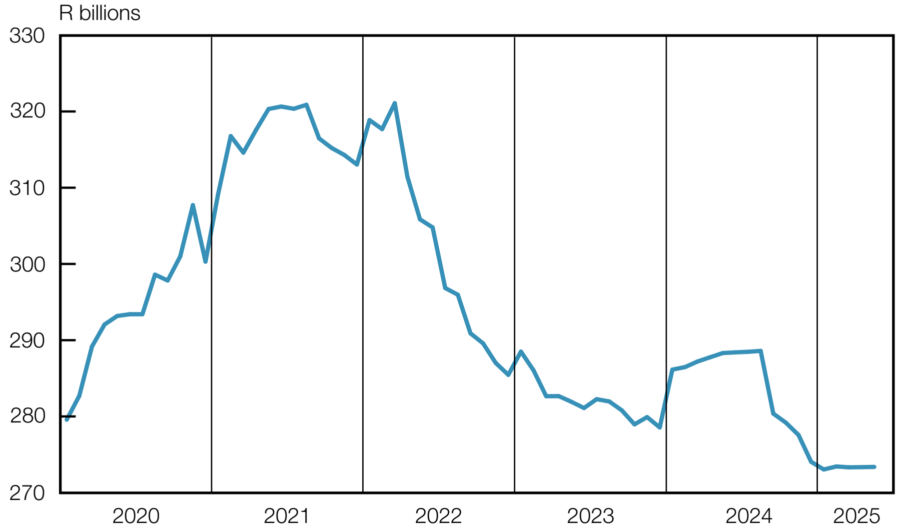
* Nominal value
** First four months
Sources: Banks, CTSE, I-Ex, JSE and SARB

The total *value of turnover* in the domestic secondary bond market of the JSE and the CTSE increased by 18.0% year on year to R20.0 trillion in the first five months of 2025, amid higher bond prices. However, non-residents' participation rate[33] averaged 9.7% during the first five months of 2025, lower than the average rate of 10.6% recorded in the same period of 2024.

33 Non-residents' participation rate refers to the gross value of bonds traded by non-residents as a percentage of the total value of bonds traded.

Cumulative net redemptions of rand-denominated debt securities in the *European and Japanese bond markets* of R4.5 billion in 2024 were followed by further net redemptions of R0.7 billion in the first five months of 2025. Consequently, the total outstanding amount of rand-denominated bonds in issue in these markets decreased marginally further to R273 billion at the end of May 2025 following a recent high of R289 billion in August 2024.

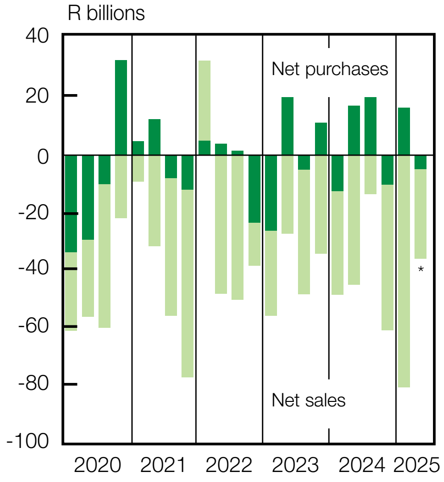
Outstanding amount of rand-denominated bonds in issue in international markets



Source: Bloomberg

Non-residents recorded net purchases of JSE-listed bonds of R16.3 billion in the first quarter of 2025 following net sales of R10.2 billion in the fourth quarter of 2024, according to JSE data. Subsequently, non-residents reduced their holdings of local bonds by R4.8 billion in April and May 2025, with the cumulative net purchases of bonds by non-residents of R11.5 billion in the first five months of 2025, close to the net purchases of R7.6 billion recorded in the corresponding period of 2024. The net purchases of domestic bonds were supported by, among other factors, elevated returns along with higher domestic bond yields compared to advanced economies and improved sentiment in response to the announcement that the proposed increase in South Africa's VAT rate would not be implemented. In the year to May 2025, non-residents mainly transacted in government bonds and, on a net basis, predominantly purchased the *R2035* bond and sold the *R2030* bond.

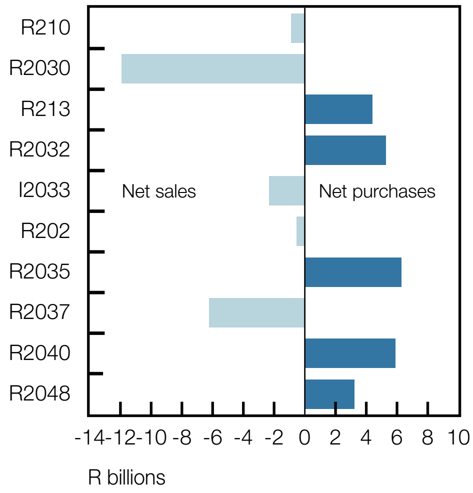
Non-resident net transactions in the domestic bond and share market



* April and May

Source: JSE

Largest net transactions by non-residents in government bonds by instrument and maturity in the first five months of 2025*



* R210 bond matures in 2028, R213 bond in 2031 and R202 bond in 2033

Share market

34 This excludes primary equity capital raised through new listings.

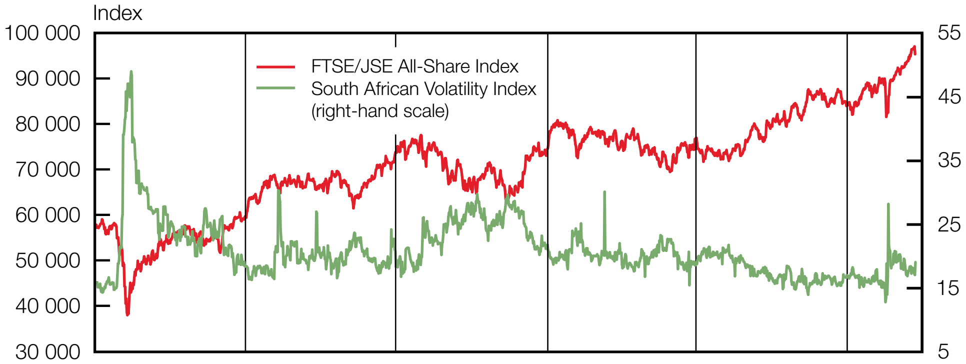
The *value of secondary equity capital raised*[34] in the domestic and international primary share markets by companies listed on the JSE amounted to only R2.4 billion in the first five months of 2025, partly due to sluggish domestic economic growth, and significantly lower than the R77.1 billion recorded in the corresponding period of 2024 due to the significant corporate action by a secondary-listed industrial company in March 2024. Companies listed in the financial sector of the JSE contributed the largest share of 44.0% to the total value of equity capital raised in the first five months of 2025, followed by companies in the resources sector at 29.9%.

The combined *value of turnover* in the secondary share market of the four South African stock exchanges of R2.7 trillion in the first five months of 2025 was 31.1% higher than in the same period of 2024, alongside higher volumes traded and higher share prices. Consistent with the higher share prices, the combined market capitalisation of all shares listed on all four exchanges increased gradually from R19.2 trillion in December 2024 to R21.2 trillion in May 2025.

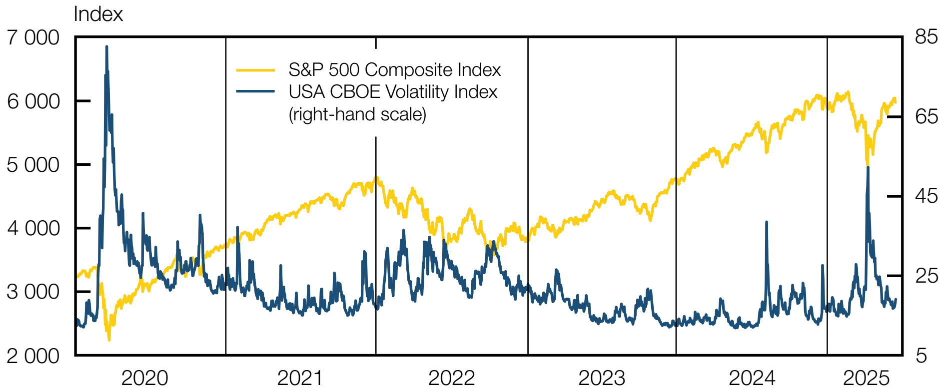
Non-residents' net sales of JSE-listed shares increased from R50.4 billion in the fourth quarter of 2024 to R80.4 billion in the first quarter of 2025, according to JSE data. Non-residents then reduced their holdings of domestic-listed shares further by R31.1 billion in April and May. As a result, the cumulative net sales of shares by non-residents amounted to R111 billion in the first five months of 2025, significantly higher than the net sales of R75.6 billion recorded in the corresponding period of 2024. The continued sell-off in the domestic secondary share market by non-residents reflected, among other factors, ongoing geopolitical tensions, policy-related differences within the GNU and weak domestic economic growth.

Domestic *share prices* increased in the first quarter of 2025 following a decrease in the fourth quarter of 2024. In rand terms, the Alsi, on balance, outperformed share price indices in developed markets, breaching the 90 000 index point level on 19 March 2025 and increasing by 5.4% in the first quarter of 2025. However, April 2025 was marked by significant volatility as the Alsi decreased to 81 554 index points on 4 April following the announcement of new global trade tariffs by the US, including on South Africa, which coincided with the impasse in the adoption of South Africa's 2025 National Budget. Despite the heightened volatility in global financial markets, the Alsi recovered to post a gain of 3.3% in April 2025, after the announcement on 9 April that the US has paused the implementation of the earlier announced trade tariffs, which benefitted safe-haven assets such as gold and also led to a global rally in the share prices of especially emerging markets. Meanwhile, many advanced economies ended April 2025 in negative territory, with the S&P 500 Composite Index decreasing by 0.8%. Subsequently, the Alsi reached an all-time high of 97 029 index points on 12 June.

South African share and volatility indices



United States share and volatility indices



Sources: IRESS and JSE

The overall *price-earnings ratio* of ordinary shares listed on the JSE increased from a recent low of 14.7 in January 2025 to 18.7 in May as share prices increased while earnings decreased over the same period. The *dividend yield* decreased from 2.6% in January 2025 to 2.0% in May as dividends declared decreased while share prices increased.

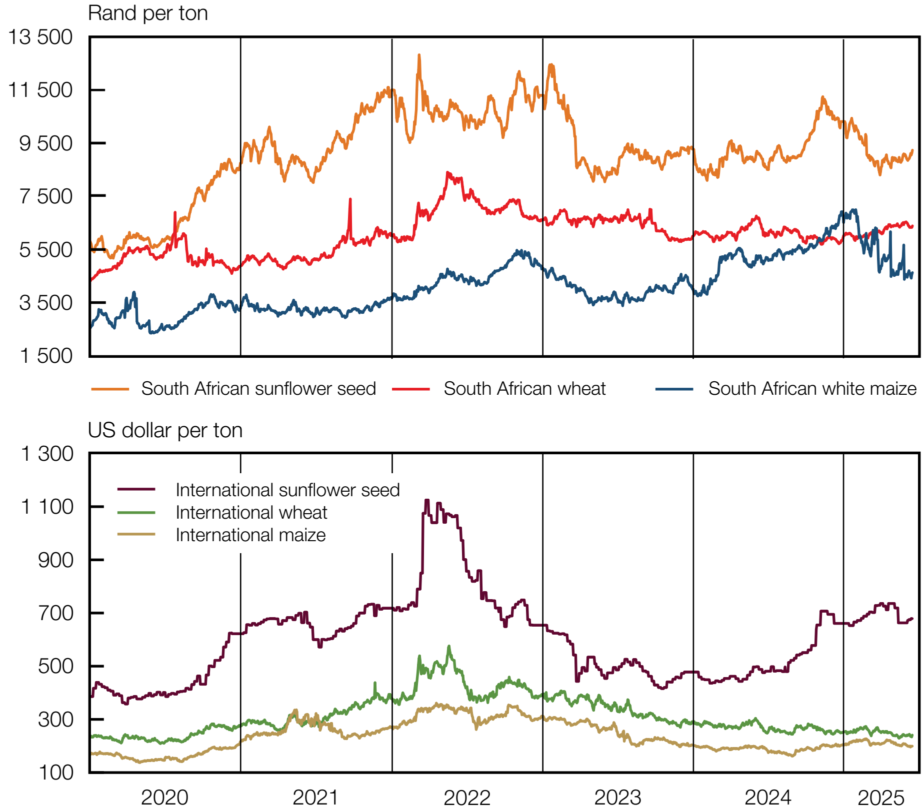
Market for exchange-traded derivatives

The *domestic spot price of white maize contracts* traded on the JSE fell sharply from the end of January 2025, amid notable volatility, decreasing by 33.8% from R6 998 per ton on 28 January 2025 to R4 633 per ton on 13 June. This reflected optimism about the 2024/25 harvesting season as favourable rainfall in the maize-producing areas contributed to a projected increase of 14.0% in domestic maize production, according to the Crop Estimates Committee (CEC) of the Department of Agriculture.

By contrast, the *spot price of domestic wheat contracts* increased by 11.8% from a recent low of R5 717 per ton on 18 December 2024 to R6 391 per ton on 13 June 2025. Although the global wheat crop prospects for 2025/26 remain promising, according to the International Grains Council, domestic wheat prices remained elevated as the final crop for 2024 was 5.9% lower than in 2023.

The *spot price of domestic sunflower seed contracts* decreased by 26.2% from a recent high of R11 250 per ton on 8 November 2024 to R8 305 per ton on 27 March 2025, as the 2025 domestic harvest is expected to increase by 15.2% compared with the final crop of 2024. Subsequently, the spot price of sunflower seed fluctuated higher to R9 239 per ton on 13 June 2025. The recent increase in sunflower seed prices reflected a slightly lower estimate for the 2025 domestic harvest than initially projected due to delayed crop planting and harvesting.

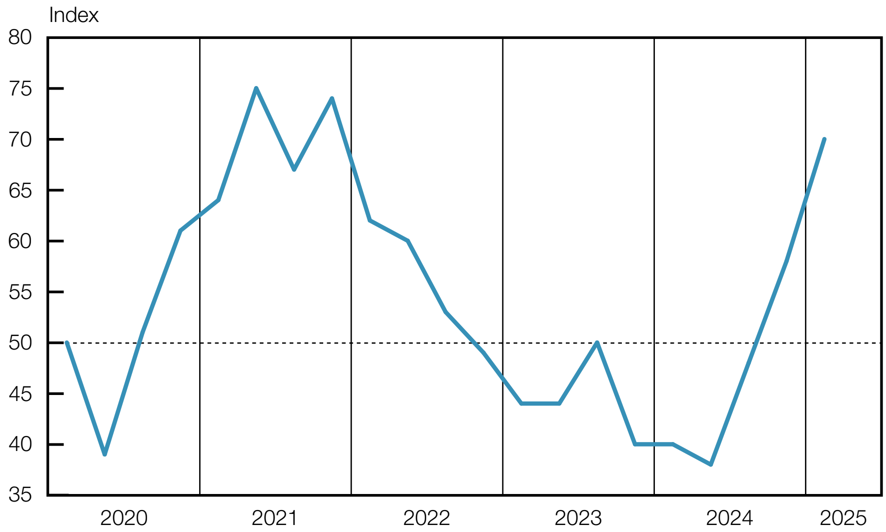
Grain prices



Sources: International Grains Council and JSE

The Agricultural Business Chamber of South Africa (Agbiz)/Industrial Development Corporation (IDC) Agribusiness Confidence Index (ACI) increased from a recent low of 38 index points in the second quarter of 2024 to 70 index points in the first quarter of 2025. This was the highest level since the fourth quarter of 2021, largely driven by favourable weather conditions with higher rainfall across Southern Africa due to La Niña conditions. This resulted in significantly improved summer crop harvest projections as illustrated by increases observed in 9 of the 10 subindices, signalling a notable recovery in the agricultural industry.

Agbiz/IDC Agribusiness Confidence Index



Source: Agbiz

The *total value of turnover in the derivatives markets of the JSE*[35] increased noticeably by 13.5% in the first five months of 2025 compared with the corresponding period of 2024. The value of transactions in currency derivatives increased significantly by 54.2% over this period, reflecting increased hedging against exchange rate movements. Similarly, the value of transactions in equity and interest rate derivatives increased by 14.7% and 11.7% respectively, with the latter reflecting an increase in the value of turnover on government bonds, with futures and options on the *R2048* government bond contributing the most. By contrast, the value of commodity derivative contracts decreased by 15.8% over this period.

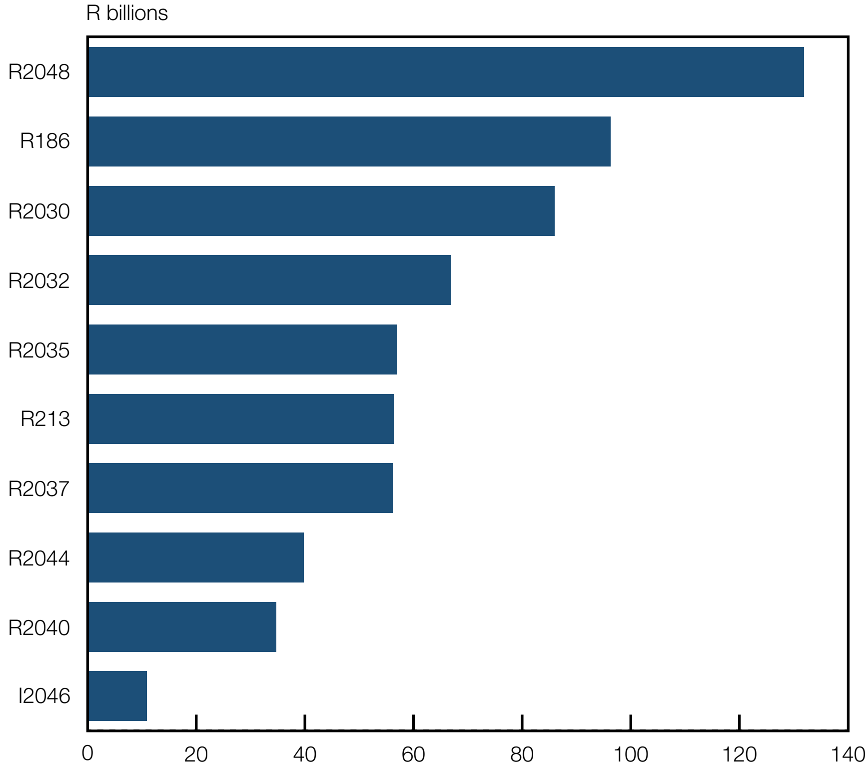
35 This includes warrants as well as equity, commodity, interest rate and currency derivatives markets.

Derivatives turnover on the JSE, January to May 2025

Type of derivative	Value (R billions)	Change over one year (Per cent)
Equity	2 622	14.7
Warrants	0.4	27.2
Commodity	546	-15.8
Interest rate	760	11.7
Currency	656	54.2
Total	4 584	13.5

Source: JSE

Largest contributions to government bond interest rate derivatives turnover by instrument in the first five months of 2025

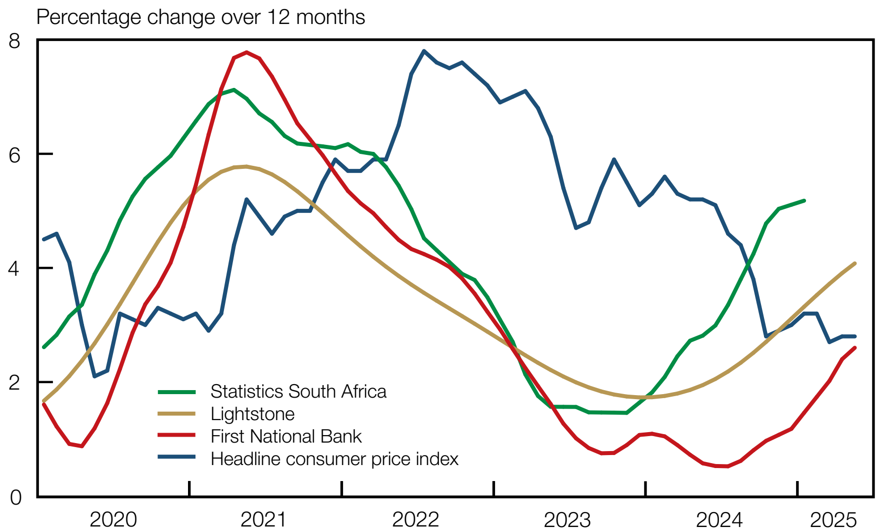


Source: JSE

Real estate market

Although growth in nominal *residential property prices* remained subdued, the year-on-year rate of increase in the available house price indices continued to accelerate in the first five months of 2025, alongside lower interest rates and subdued headline consumer price inflation. The year-on-year rate of increase in Stats SA's residential property index accelerated to 5.2% in January 2025, while growth in the Lightstone and FNB house price indices accelerated to 4.1% and 2.6% respectively in May 2025.

Residential property and consumer prices

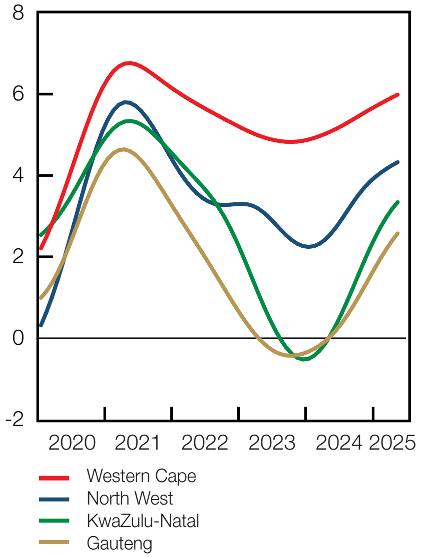


Sources: FNB, Lightstone and Stats SA

According to Lightstone, the acceleration in nominal house price growth is associated with better performance in coastal properties, particularly in regions such as the Western Cape and KwaZulu-Natal, where growth accelerated to 6.0% and 3.3% respectively in May 2025. By contrast, inland urban properties such as those in Gauteng experienced relatively subdued growth of 2.6% over the same period.

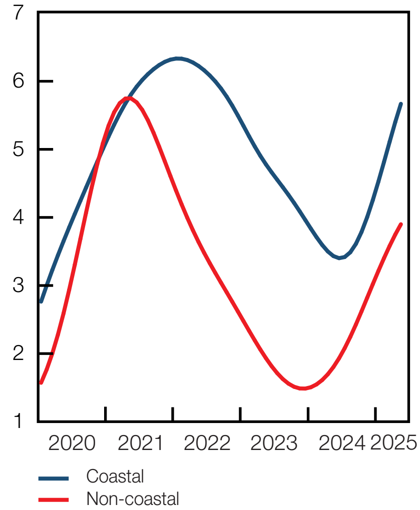
Residential property prices in selected provinces

Percentage change over 12 months



Residential property prices

Percentage change over 12 months

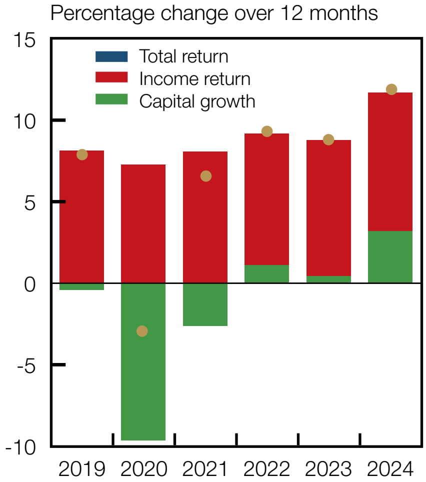


Source: Lightstone

The South African commercial real estate market exhibited robust growth as the *total return[36] on commercial property*, comprising both capital growth[37] and income return[38], increased noticeably to 11.9% in 2024 – its highest level since 2015, according to MSCI data. The total return broadly tracked the growth in economic activity up to 2021, after which it outperformed the weak economic growth rates. The total return in the industrial and retail sectors continued to drive growth in the commercial property returns, supported by expanding e-commerce, the need for warehousing and distribution networks as well as increased consumer spending in 2024 amid subdued inflation and lower interest rates.

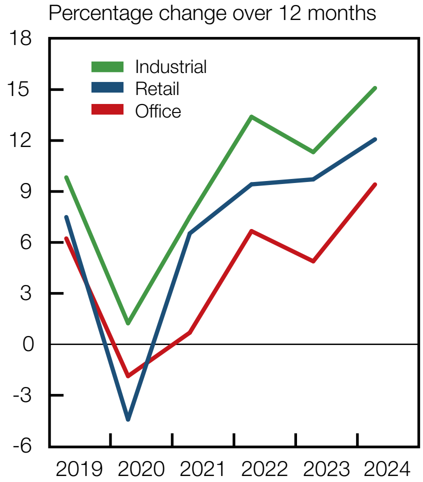
Total return on commercial property

Percentage change over 12 months



Total return on commercial property by sector

Percentage change over 12 months



Source: MSCI

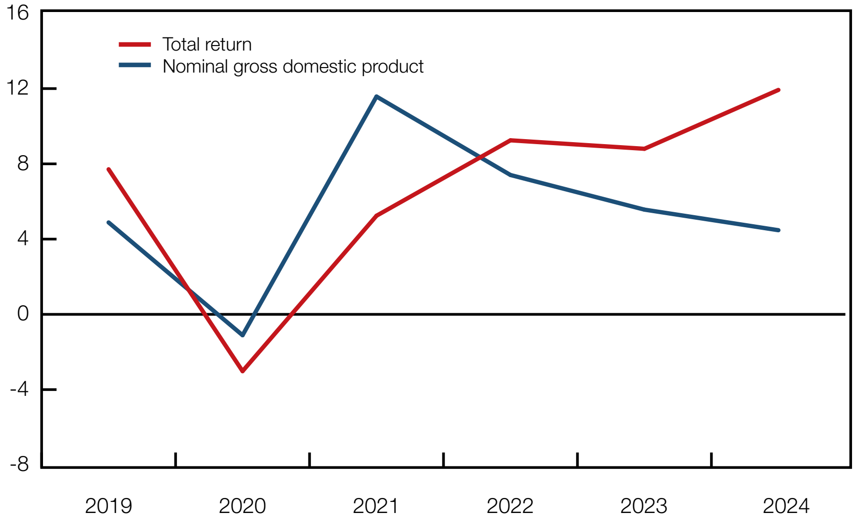
36 Total return incorporates both capital growth and income return. It is calculated as the percentage change in the capital value of a property plus net income accrual in a month, relative to the capital employed. The basis for calculating annual total return is time weighted and calculated by compounding the monthly returns over 12 months.

37 Capital growth measures the change in an asset's capital value over a specific period, net of any capital expenditure and receipts over the period, relative to the capital employed. This measure represents the 'growth' component of total return and is based on the change in the value of properties held at the start and end of an analysis period, based on valuations.

38 Income return measures the net income receivable in relation to the capital employed over a specific period. This measure is calculated net of all irrecoverable costs incurred by the investor.

Total return on commercial property and economic growth

Percentage change over 12 months



Sources: MSCI and Stats SA

Non-bank financial institutions

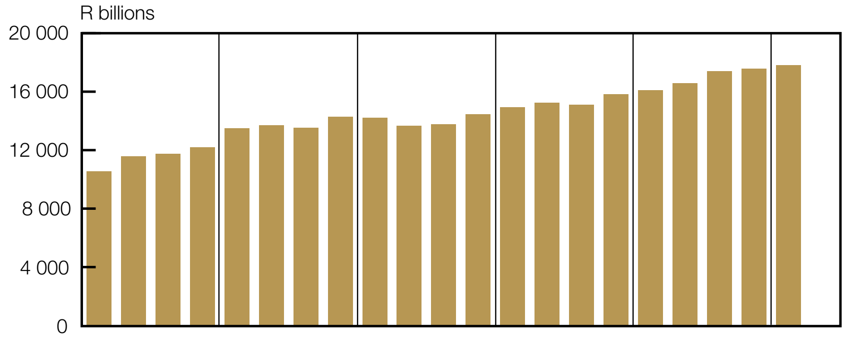
The market value of the total assets[39] of non-bank financial institutions[40] increased by 1.3% from the fourth quarter of 2024 to R17.8 trillion in the first quarter of 2025, supported by an increase in domestic financial asset prices, particularly share prices. The total assets managed by the PIC and those of unit trusts increased by 2.6% to R3.1 trillion and 1.6% to R4.7 trillion respectively in the first quarter of 2025, while those held by insurance companies increased by 1.2% to R5.3 trillion over the same period. Likewise, the assets of other financial intermediaries[41] increased by 1.3% from the fourth quarter of 2024 to R475 billion in the first quarter of 2025, whereas those of the management companies of collective investment schemes decreased marginally by 0.3% to R8.2 billion over the same period. On a year-on-year basis, the total assets of non-bank financial institutions rose by 10.7% in the first quarter of 2025.

39 The assets are not consolidated for cross-investment between sectors.

40 Non-bank financial institutions consist of unit trusts, management companies of collective investment schemes, the Public Investmentt Corporation (PIC), life and non-life insurance companies, official and private retirement funds, participation bond schemes, other financial intermediaries as well as non-monetary public financial corporations.

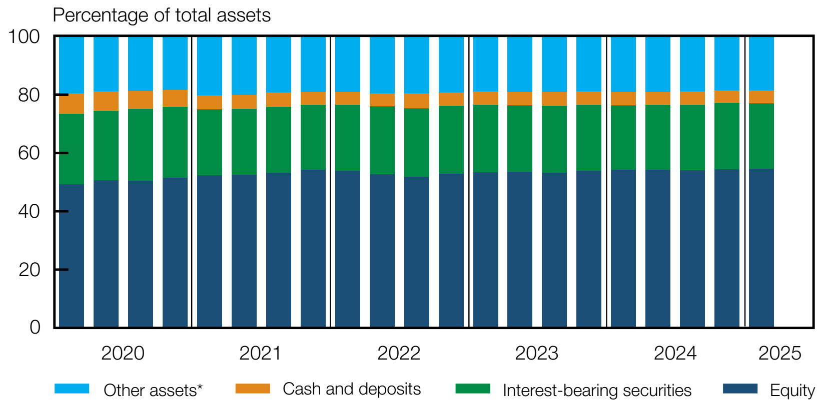
41 Other financial intermediaries comprise financial corporations engaged in lending, securitisation vehicles and central clearing counterparties.

Total assets of non-bank financial institutions



Source: SARB

Contribution of different asset classes to total assets of non-bank financial institutions



* Other assets include non-financial assets, accounts receivable, financial derivatives, loans, insurance policies and reinsurance assets

Source: SARB

Non-bank financial institutions' exposure to equities as a share of total assets increased marginally from 54.4% in the fourth quarter of 2024 to 54.5% in the first quarter of 2025, mainly boosted by the 5.4% increase in the Alsi. Despite a marginal 0.3% increase in non-bank financial intermediaries' holdings of interest-bearing securities, along with an increase in the All Bond Index, its share of total assets decreased from 22.6% in the fourth quarter of 2024 to 22.4% in the first quarter of 2025.

The contribution of cash and deposits to total assets increased by 0.2 percentage points from the fourth quarter of 2024 to 4.6% in the first quarter of 2025. The increase resulted from, among other factors, retirement funds preparing for upcoming payments related to the two-pot system pension withdrawals. By contrast, the contribution of loans extended by non-bank financial institutions remained broadly unchanged at 4.0% of their total assets in both the fourth quarter of 2024 and the first quarter of 2025. However, credit extended by other financial intermediaries increased by 0.6% to R385 billion over the same period. The further reduction in interest rates by the MPC of the SARB at its May 2025 meeting could contribute positively to a more favourable lending climate in the coming quarters by reducing the cost of borrowing for both consumers and businesses and encouraging greater participation in the credit market.

Box 2 Unpacking the impact of the two-pot retirement system

The two-pot retirement system came into effect on 1 September 2024 and aims to balance financial flexibility during periods of financial distress by allowing active retirement fund members short-term access to their retirement savings, while also ensuring long-term retirement security. Previously, members could only get access to their retirement funds upon exiting the fund. This reform grants retirement fund members partial access to their retirement funds, with one third of the contributions allocated monthly to the savings pot to allow for emergency withdrawals, while the remaining two thirds is allocated to the long-term retirement component, which must be preserved until retirement. Fund members can withdraw a minimum of R2 000 from the savings pot in a tax year, which is taxed at the member's marginal tax rate, and there is no maximum withdrawal limit on the savings component. This reform helps to alleviate short-term financial distress of retirement fund members, while securing long-term retirement benefits as opposed to the previous regime where fund members could cash out 100% of their retirement funds when changing jobs.

At inception, a once-off seed capital, equivalent to 10% of all retirement fund members' total retirement savings up to 31 August 2024, limited to a maximum of R30 000, was transferred into their savings pot and became available for immediate withdrawal. The remaining funds were kept in the vested component, which continued to be governed by the previous retirement rules and may be cashed out upon exiting the fund before retirement.

Following the implementation of the new system, both the private[1] and official retirement funds[2] recorded a sharp increase in pension withdrawals.[3] Total withdrawals increased by 19.4% from the second quarter of 2024 to the third quarter when the legislation was introduced, and by a further 12.5% in the fourth quarter of the year.

	Pension fund withdrawals (R millions)			Contribution to total withdrawals (Per cent)	
	Private	Official	Total	Private	Official
Quarter 1 2023	26 209	13 206	39 415	66	34
Quarter 2 2023	25 833	11 638	37 471	69	31
Quarter 3 2023	25 740	11 462	37 202	69	31
Quarter 4 2023	25 933	10 477	36 410	71	29
Quarter 1 2024	26 448	5 639	32 087	82	18
Quarter 2 2024	26 773	12 651	39 424	68	32
Quarter 3 2024*	33 615	13 462	47 077	71	29
Quarter 4 2024	31 251	21 720	52 971	59	41

* Is the quarter in which the two-pot system was implemented.

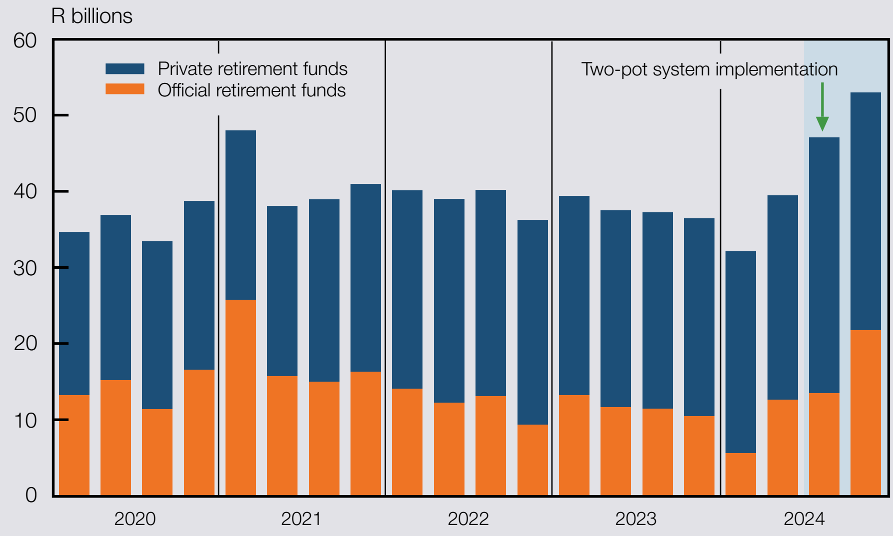
Source: SARB

1 These are funds registered, regulated and supervised by the Financial Sector Conduct Authority (FSCA) in terms of the Pension Funds Act 24 of 1956 (Pension Funds Act).

2 These are funds not subjected to regulation and supervision in terms of the Pension Funds Act, but established by own statutes, such as the Government Employees Pension Fund, the Transnet Retirement Fund and the Post Office Retirement Fund.

3 These withdrawals include retrenchment benefits and divorce settlements.

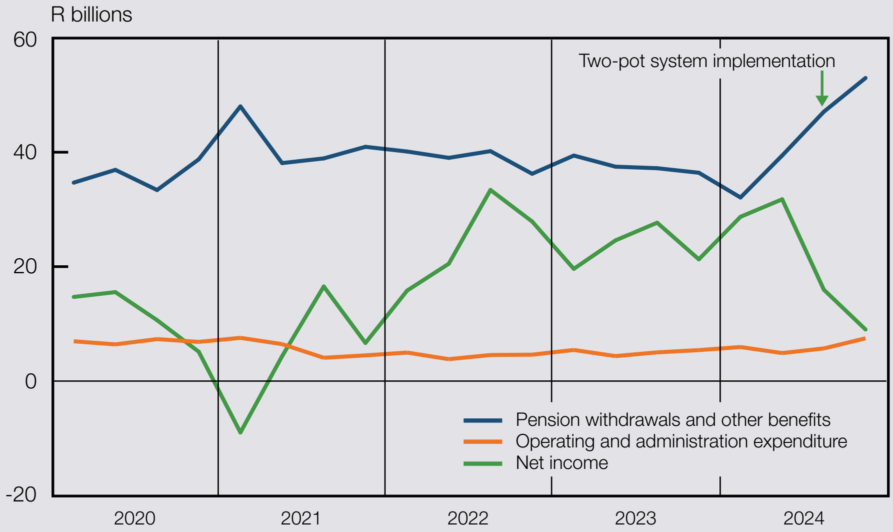
Pension withdrawals and other benefit payments



Source: SARB

The implementation of the two-pot retirement system has contributed to an increase in pension withdrawals, and raised administrative costs for retirement funds. This has adversely affected the net income of retirement funds, which declined from R31.8 billion in the second quarter to R16.0 billion in the third quarter, and even lower to only R9.0 billion in the fourth quarter. Ongoing high pension withdrawal claims and administration costs, related to managing two separate retirement pots and ensuring regulatory compliance, could continue to impact the net income of retirement funds in the near term.

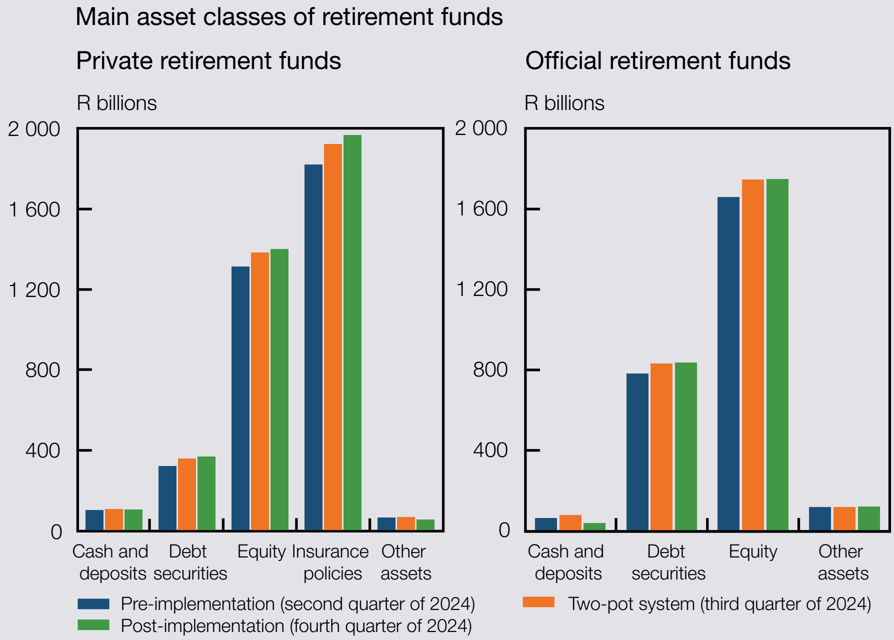
Expenditure, withdrawals and net income of retirement funds

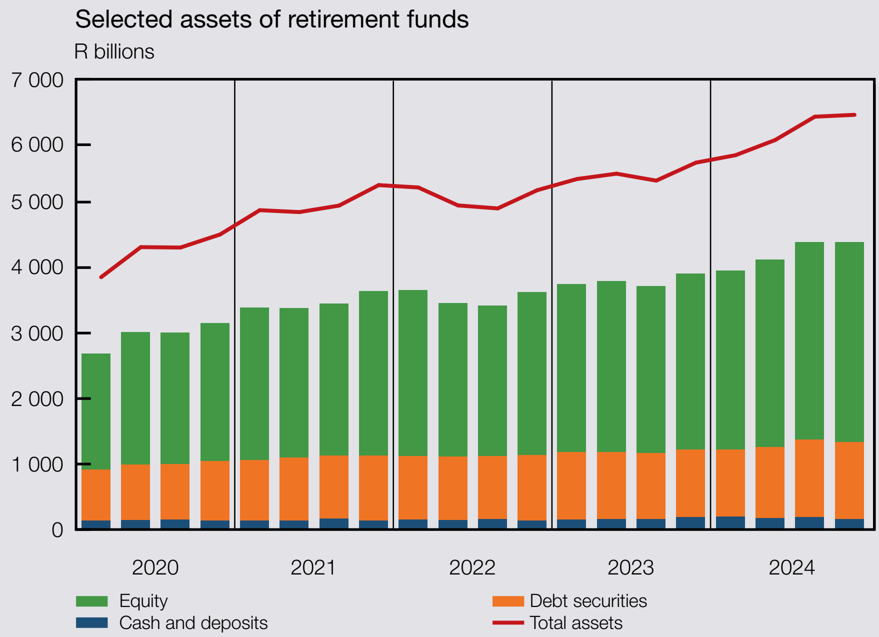


Source: SARB

Pension withdrawals reduce retirement funds' immediate liability to members since the withdrawn benefit no longer form part of the funds' inherent obligation. However, the balance sheet of retirement funds continued to expand in the third and fourth quarters of 2024, driven by movements in financial markets. The balance sheet of retirement funds increased by 5.9% during the third quarter of 2024 as the FTSE/JSE All-Share and All Bond indices increased by 8.6% and 10.6% respectively, and by a further 0.1% in the fourth quarter of 2024.

Changes in cash and deposits of the retirement funds during the three periods[4] analysed were related to different factors. In the third quarter of 2024, cash and deposits increased in preparation to pay for the expected large pension withdrawals. This increase was subsequently reversed in the fourth quarter of 2024 after the actual payments were made, especially for the official retirement funds.



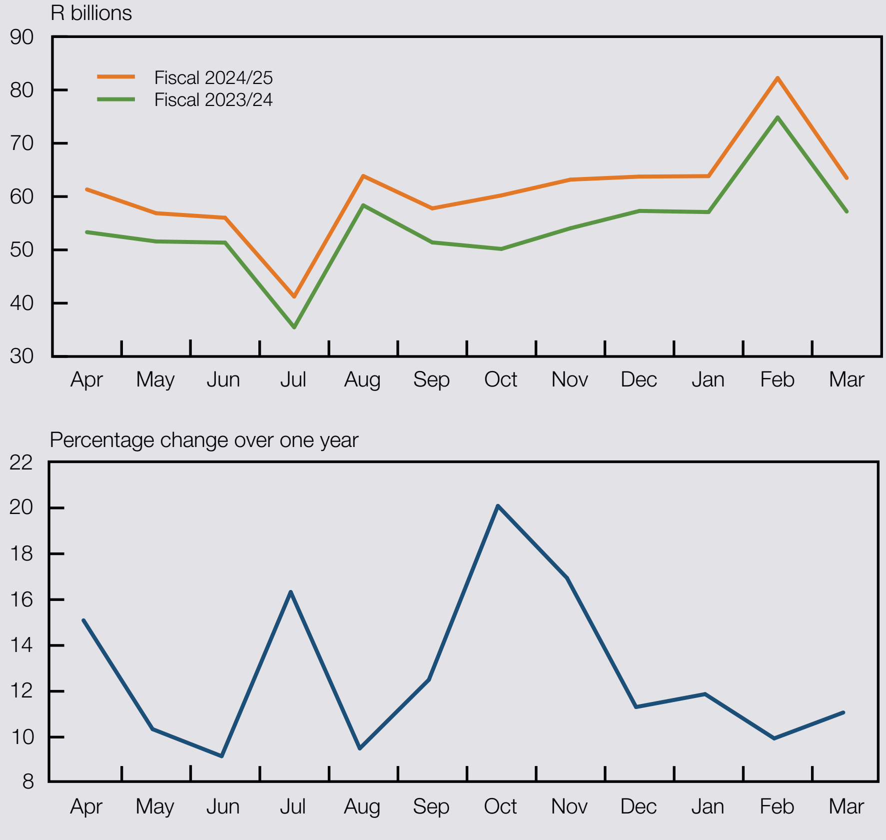


Source: SARB

The introduction of the two-pot retirement system has had significant fiscal and macroeconomic implications, especially in terms of pay-as-you-earn (PAYE) tax collections and social benefits received by households. By the end of October 2024, tax revenue of R7.6 billion had already been collected from retirement fund withdrawals associated with the two-pot retirement system, higher than the originally projected R5.0 billion for the remaining seven months of fiscal 2024/25. The strong uptake continued in the subsequent months, with the cumulative tax revenue from retirement fund withdrawals reaching R11.3 billion by the end of January 2025 and then surging to R12.9 billion in March. The additional R12.9 billion tax revenue raised through the introduction of the two-pot retirement system in fiscal 2024/25 boosted personal income tax (PIT) collections from R720 billion to R733 billion, and resulted in year-on-year growth in PIT of 12.6% in fiscal 2024/25 compared with 10.6% when excluding tax revenue from two-pot related withdrawals.

4 The three periods considered were pre-implementation (the second quarter of 2024), two-pot system implementation (the third quarter of 2024) and post-implementation (the fourth quarter of 2024).

Personal income tax collections



Sources: National Treasury and SARS

Although the year-on-year rates of change in the monthly PIT collections are usually quite volatile, notably higher growth rates were observed during some months in fiscal 2024/25. The highest year-on-year increases occurred in October 2024 (20.1%) and November 2024 (16.9%), reflecting increased collections related to the sizeable withdrawals under the two-pot retirement system. In addition, PIT also benefitted from above-inflation growth in collections in the finance and community services sectors, while the South African Revenue Service (SARS) indicated that there has been a noticeable improvement in PAYE tax compliance over time.

Personal income tax collections

R millions	Actual		Fiscal 2024/25 projections	
	Fiscal 2023/24	Fiscal 2024/25	*2024 Budget Review*	*2024 MTBPS**
Personal income tax collection	651 384	733 177	741 065	731 587

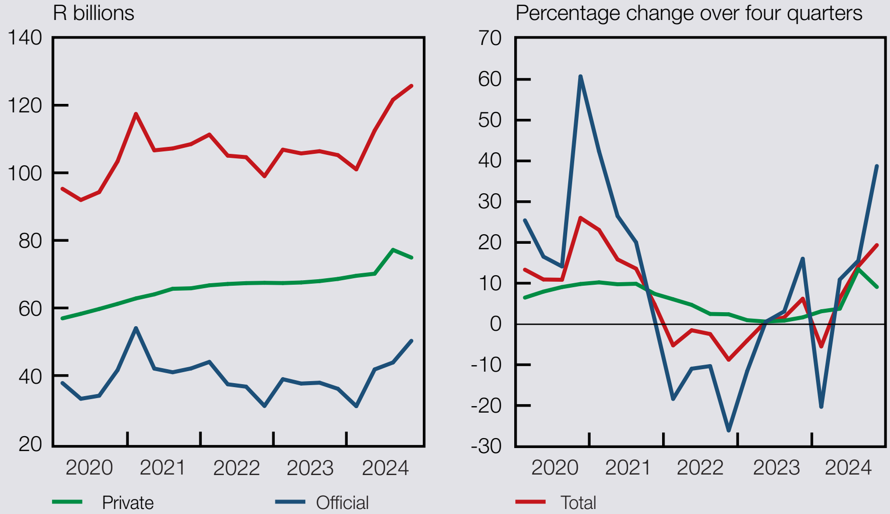
* *Medium Term Budget Policy Statement*

Source: SARS

The fiscal implications associated with the implementation of the two-pot retirement system included the enhancement of SARS's ability to recover outstanding tax debt. Of the PAYE collected through tax directives, R1.0 billion was related to stop orders (IT88L), which are automatic deductions that settle outstanding tax debts before any two-pot related withdrawals are paid out to individuals.

In the *System of National Accounts 2008 (2008 SNA)*, the pension withdrawals[5] are recorded in the secondary distribution of income account as part of the social benefits received by households. Pension withdrawals are also included as part of the adjustment for the change in pension entitlements[6] in the 'use of disposable income account', which serves as a counterbalance in the sequence of accounts.

Social benefits paid by retirement funds



Source: SARB

Social benefits paid by pension funds increased year on year by 14.2% and 19.4% in the third and fourth quarters of 2024 respectively. This partly reflected the increase in pension withdrawals of 26.5% and 45.5% respectively over the same period, mainly stemming from the implementation of the two-pot retirement system.

While households benefitted from the proceeds of withdrawals under the two-pot retirement system, the year-on-year increases in household consumption expenditure and disposable income were somewhat muted at 5.4% and 4.6% respectively in the third and fourth quarters of 2024, as the proceeds were primarily allocated across three categories, namely consumption expenditure, the repayment of debt, and the acquisition of assets by households. In addition, the total amount withdrawn from retirement funds thus far is negligible relative to most national accounting aggregates, such as the nominal final consumption expenditure by households of R1.3 trillion recorded in the fourth quarter of 2024.

5 Including retrenchment benefits, divorce settlements and, with effect from 1 September 2024, two-pot retirement funds withdrawals.

6 According to the *2008 SNA*, the adjustment is calculated as the total value of the actual social contributions payable into pension schemes *plus* the total value of contribution supplements payable out of the property income attributable to pension fund beneficiaries *minus* the value of the associated service charges *minus* the total value of the pensions paid out as social benefits by pension schemes.

Public finance[42]

Non-financial public sector borrowing requirement[43]

The preliminary *non-financial public sector borrowing requirement* decreased by R24.9 billion from R276.4 billion in fiscal 2023/24 to R251.5 billion in fiscal 2024/25. The decrease largely reflected the substantial decline in the deficit of the non-financial public enterprises and corporations, or SOCs, as well as a smaller deficit of the consolidated general government. The lower *deficit* of the consolidated general government resulted from a switch in extra-budgetary institutions from a cash *deficit* of R7.7 billion in fiscal 2023/24 to a cash *surplus* of R8.7 billion in fiscal 2024/25, partly reflected an increase in grants received, which resulted in cash receipts outstripping total expenditure. In addition, local governments (municipalities) recorded a larger surplus, while the consolidated provincial government recorded a smaller deficit. By contrast, national government's cash deficit increased, mainly due to higher cash payments for operating activities.

42 Unless stated to the contrary, the year-on-year rates of increase in this section compare fiscal 2024/25 with fiscal 2023/24 for flows, while stocks are as at 31 March 2025 over the year.

43 The non-financial public sector borrowing requirement is calculated as the cash deficit/surplus of the consolidated general government as well as non-financial public enterprises and corporations. Data for both periods are unaudited and preliminary.

Non-financial public sector borrowing requirement

R billions

Level of government	Fiscal 2023/24*	Fiscal 2024/25*
Consolidated general government	232.7	223.9
National government	311.7	323.1
Extra-budgetary institutions	7.7	-8.7
Social security funds	-23.8	-22.8
Consolidated provincial government	8.3	6.5
Local governments	-71.3	-74.1
Non-financial public enterprises and corporations**	43.7	27.5
Total	**276.4**	**251.5**
As a percentage of gross domestic product	*3.9*	*3.4*

* Deficit (+)/surplus (-)

** The National Transmission Company of South Africa (NTCSA) legally commenced its operations from the third quarter of 2024, which impacted the reporting of non-financial public enterprises and corporations' data, resulting in the data being preliminary and subject to revisions.

Components may not add up to totals due to rounding off.

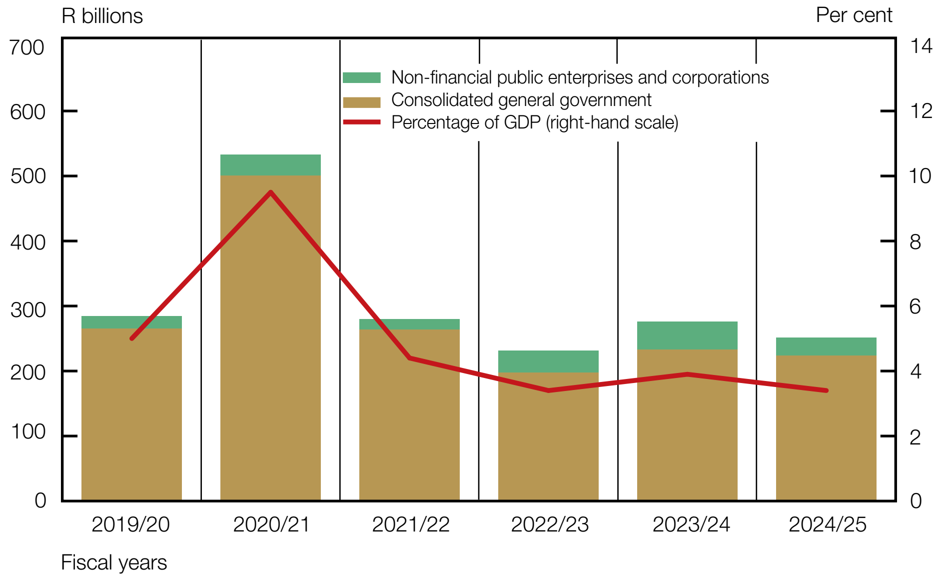
Sources: National Treasury, Stats SA and SARB

As a ratio of GDP, the non-financial public sector borrowing requirement decreased to 3.4% in fiscal 2024/25 compared with 3.9% in the previous fiscal year.

The financial activities of the non-financial SOCs[44] resulted in a preliminary cash deficit of R27.5 billion in fiscal 2024/25, which was R16.2 billion less than the cash deficit recorded in the previous fiscal year. The smaller deficit occurred as cash payments for operating activities and net investment in non-financial assets decreased more than cash receipts from operating activities in fiscal 2024/25.

44 The National Transmission Company of South Africa (NTCSA) legally commenced its operations from the third quarter of 2024, which impacted the reporting of non-financial public enterprises and corporations' data, resulting in the data being preliminary and subject to revisions.

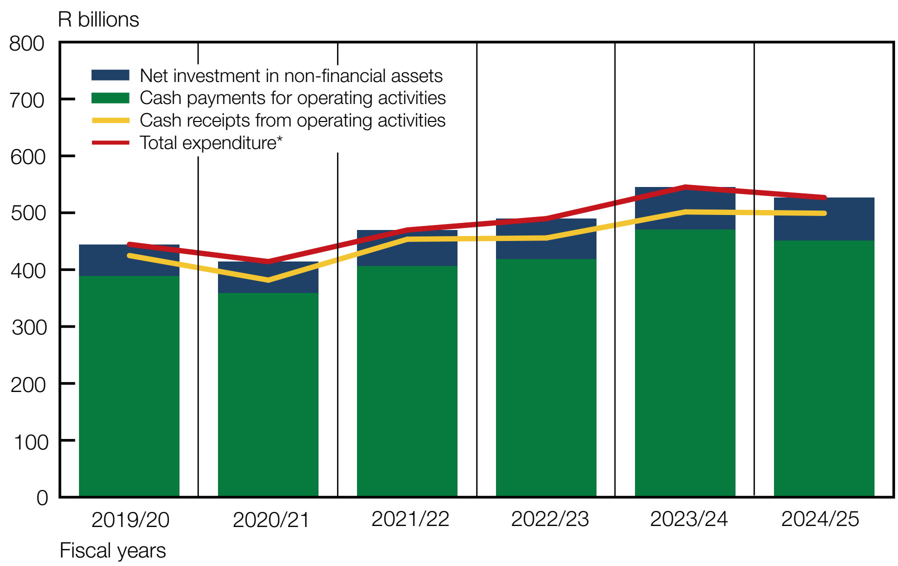
Non-financial public sector borrowing requirement



Sources: National Treasury, Stats SA and SARB

Total cash receipts from operating activities of non-financial SOCs decreased by 0.5% year on year to R499.1 billion in fiscal 2024/25, largely due to the notable decrease in other receipts. Total expenditure, inclusive of cash payments for operating activities and net investment in non-financial assets, decreased by 3.4% to R526.7 billion in fiscal 2024/25. The decrease largely reflected lower cash payments for operating activities of R450.9 billion owing to lower purchases of goods and services, which was partly countered by the increase of R1.2 billion in net investment in non-financial assets due to the increased acquisition of machinery and equipment.

Financial activities of non-financial public enterprises and corporations



* Including both cash payments for operating activities and net investment in non-financial assets

Source: SARB

Budget comparable analysis of national government finances[45]

National government's preliminary cash book deficit of R336.7 billion in fiscal 2024/25 was R13.8 billion higher than the deficit recorded in fiscal 2023/24, as total expenditure increased more than total revenue. The preliminary outcome was higher than the original estimate of R320.9 billion in the *2024 Budget Review* but lower than the revised projection of R355.6 billion in the *2024 MTBPS*. The net borrowing requirement was primarily financed in the domestic financial markets through the net issuance of long-term government bonds, along with TBs and short-term loans from the CPD, which contributed to the 8.3% year-on-year increase in total gross loan debt to R5 694 billion in fiscal 2024/25. In addition, national government's available cash balances also increased in fiscal 2024/25 compared to the decrease reported in fiscal 2023/24. Encouragingly, national government's primary surplus[46] of R48.9 billion in fiscal 2024/25 was higher than the R33.0 billion surplus recorded in fiscal 2023/24, but still less than the originally projected estimate of R61.0 billion.

45 Data for flows for fiscal 2023/24 have been audited, while those for fiscal 2024/25 are unaudited and preliminary.

46 The primary deficit/surplus is the cash book balance, excluding interest payments.

National government finances

	Actual Fiscal 2024/25		Originally budgeted[1] Fiscal 2024/25		Revised estimates[2] Fiscal 2024/25		Originally budgeted[3] Fiscal 2025/26	
	R billions	Percentage change[4]	R billions	Percentage change[5]	R billions	Percentage change[6]	R billions	Percentage change[5]
Revenue	1 807.4	4.8	1 815.0	5.3	1 797.4	4.3	1 949.4	7.9
Percentage of GDP	*24.4*		*24.4*		*23.9*		*24.8*	
Expenditure	2 144.1	4.7	2 136.0	4.4	2 153.0	5.2	2 310.7	7.8
Percentage of GDP	*29.0*		*28.7*		*28.6*		*29.4*	
Cash book balance[7]	-336.7		-320.9		-355.6		-361.3	
Percentage of GDP	*-4.6*		*-4.3*		*-4.7*		*-4.6*	
Primary balance[8]	48.9		61.0		33.0		64.8	
Percentage of GDP	*0.7*		*0.8*		*0.4*		*0.8*	
Gross loan debt[9]	5 693.7	8.3	5 522.2	5.0	5 622.5	6.9	6 090.5	7.0
Percentage of GDP	*76.9*		*74.1*		*74.7*		*77.4*	

1 *2024 Budget Review*
2 *2024 MTBPS*
3 *2025 Budget Overview*
4 Year-on-year percentage change: actual outcome on previous year's audited outcome
5 Year-on-year percentage change: budgeted estimates on previous year's audited outcome
6 Year-on-year percentage change: revised estimates on previous year's audited outcome
7 Cash book deficit (-)/surplus (+)
8 Primary balance refers to the cash book deficit (-)/surplus (+) excluding interest payments
9 As at 31 March for actual rand values

Components may not add up to totals due to rounding off and the exclusion of unclassified items.

Sources: National Treasury, SARS and Stats SA

National government's total revenue increased by R83.4 billion (4.8%) year on year to R1 807 billion in fiscal 2024/25 on account of increased collections across all the main tax categories, with personal income tax (PIT) contributing significantly as it increased by 12.6% (R81.8 billion). The *2024 Budget Review* projected total revenue of R1 815 billion (24.4% of GDP) for fiscal 2024/25, which was revised lower to R1 797 billion (23.9% of GDP) in the *2024 MTBPS*. As a ratio of GDP, total revenue increased to 24.4% in fiscal 2024/25 from the 24.2% recorded in the previous fiscal year.

National government revenue in fiscal 2024/25

Revenue source	Originally budgeted[1] Fiscal 2024/25		Revised estimates[2] Fiscal 2024/25		Actual Fiscal 2024/25	
	R billions	Percentage change[3]	R billions	Percentage change[4]	R billions	Percentage change[5]
Taxes on income, profits and capital gains	1 085.0	7.6	1 091.1	8.2	1 100.5	9.1
Of which: Income tax on individuals	741.1	13.8	731.6	12.3	733.2	12.6
Income tax on companies	306.7	-3.2	318.7	0.6	323.2	2.0
Payroll taxes	24.5	8.4	24.5	8.4	24.4	8.2
Taxes on property	4.6	5.7	4.7	8.2	5.2	19.5
Taxes on goods and services	670.3	6.1	644.0	2.0	645.3	2.2
Of which: Net value-added tax (VAT)	476.7	6.5	463.8	3.6	457.8	2.3
Domestic	559.1	6.4	562.8	7.1	561.4	6.8
Imports	286.8	8.2	266.8	0.7	261.9	-1.2
Refunds	-369.1	7.6	-365.8	6.7	-365.5	6.6
Fuel levy	95.8	4.7	82.4	-10.0	85.9	-6.1
Other excise duties	67.4	6.8	66.8	5.8	68.9	9.2
Taxes on international trade and transactions	78.7	6.5	76.5	3.7	79.8	8.1
Import duties	76.9	8.9	74.0	4.7	76.8	8.7
Other	1.7	-45.9	2.6	-19.6	3.0	-6.2
Other revenue[6]	41.9	-33.5	46.5	-26.2	42.0	-33.4
Less: SACU[7] payments	89.9	12.6	89.9	12.6	89.9	12.6
Total revenue	1 815.0	5.3	1 797.4	4.3	1 807.4	4.8

1 *2024 Budget Review*
2 *2024 MTBPS*
3 Year-on-year percentage change: budgeted on previous year's actual audited outcome
4 Year-on-year percentage change: revised estimates on previous year's actual audited outcome
5 Year-on-year percentage change: preliminary outcome on previous year's actual audited outcome
6 Including non-tax revenue and extraordinary receipts
7 Southern African Customs Union

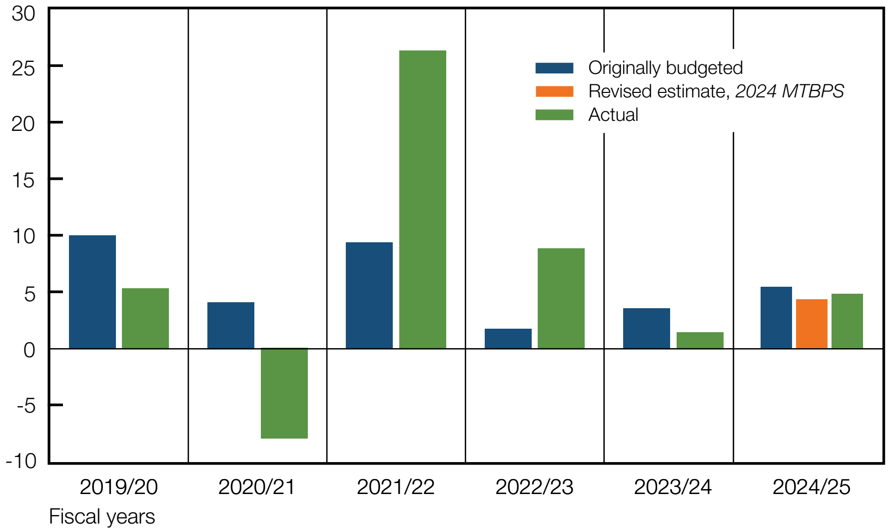
Components may not add up to totals due to rounding off and the exclusion of unclassified items.

Sources: National Treasury and SARS

Taxes on income, profits and capital gains remained the largest contributor to total revenue, with a share of 60.9%, and recorded an increase of 9.1% year on year to R1 101 billion in fiscal 2024/25. The robust performance can primarily be attributed to higher collections of R733.2 billion from PIT, which represented 66.6% of total taxes on income, profits and capital gains. The strong growth in PIT receipts mainly emanated from higher PAYE collections from the finance, community services and manufacturing sectors, and was boosted by collections of R12.9 billion associated with the two-pot retirement fund withdrawals. Corporate income tax (CIT) receipts rose marginally by 2.0% year on year to R323.2 billion (29.4% of total taxes on income, profits and capital gains) in fiscal 2024/25. The increase resulted mainly from improved provisional tax payments from the finance, electricity, and wholesale and retail trade sectors, which were partially offset by the contraction from the mining sector.

Revenue of national government

Percentage change over one year



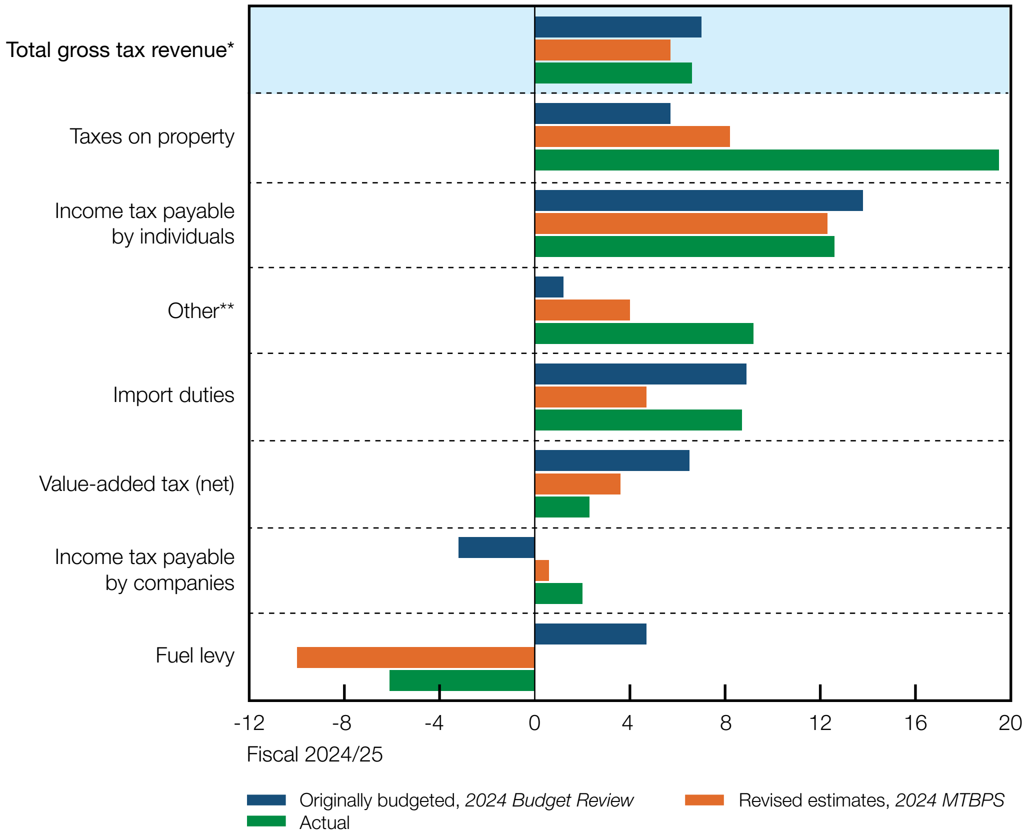
Sources: National Treasury and SARS

Revenue from taxes on goods and services amounted to R645.3 billion (35.7% of total revenue) in fiscal 2024/25, representing an annual increase of 2.2%. Net VAT receipts rose by R10.2 billion (2.3%) year on year to R457.8 billion in fiscal 2024/25, boosted by a 6.8% year-on-year increase in domestic VAT collections of R561.4 billion, which largely emanated from the finance, electricity and wholesale trade sectors. However, this was partly offset by a 6.6% increase in VAT refunds of R365.5 billion and the decline of 6.1% in the fuel levy in fiscal 2024/25.

Taxes on international trade and transactions increased by 8.1% year on year to R79.8 billion (4.4% of total revenue) in fiscal 2024/25, largely reflecting higher import duties, which increased by 8.7% year on year to R76.8 billion, underpinned by increased imports of clothing, tobacco products, footwear, beverages, machinery, vehicles and electrical equipment.

Growth in national government's gross tax revenue*

Percentage change over one year



* Before netting out SACU payments

** Including secondary tax on companies, withholding tax on interest and other excise duties

Sources: National Treasury, SARS and SARB

47 Non-tax revenue c7mprises sales of goods and services other than capital assets, interest, dividends and rent on land as well as financial transactions in assets and liabilities.

Other revenue, largely comprising non-tax revenue,[47] decreased significantly by 33.4% year on year to R42.0 billion in fiscal 2024/25, primarily due to lower receipts from rent on land as well as financial transactions in assets and liabilities (sales of non-core assets and other receipts from public entities).

The government's initial amount of R89.9 billion earmarked for revenue sharing with the SACU in fiscal 2024/25 remained broadly unchanged in the *2024 MTBPS*, and the full amount was disbursed in four equal instalments in April, July and October 2024 as well as in January 2025.

The *2025 Budget Overview* projected national government revenue to increase by 7.9% to R1 949 billion in fiscal 2025/26. In the first month of fiscal 2025/26 (April 2025), national government's total revenue increased by 15.3% year on year to R104.5 billion.

National government's total expenditure increased by 4.7% year on year to R2 144 billion in fiscal 2024/25, reflecting higher voted expenditure by national government departments and higher debt-service cost. The preliminary outcome was slightly higher than the projected total expenditure of R2 136 billion (28.7% of GDP) for fiscal 2024/25 in the *2024 Budget Review*, which was later revised upwards to R2 153 billion (28.6% of GDP) in the *2024 MTBPS*.

National government expenditure in fiscal 2024/25

Expenditure item	Originally budgeted[1] Fiscal 2024/25		Revised estimates[2] Fiscal 2024/25		Actual Fiscal 2024/25	
	R billions	Percentage change[3]	R billions	Percentage change[4]	R billions	Percentage change[5]
Voted expenditure	1 102.8	3.8	1 119.2	5.3	1 110.7	4.5
Transfers and subsidies	804.9	3.8	811.2	4.6	805.3	3.8
Current payments	281.7	5.1	285.6	6.6	282.8	5.6
Payments for capital assets	15.2	-10.7	16.3	-4.1	16.5	-3.1
Payments for financial assets	1.1	-47.3	6.0	–	6.1	–
Statutory amounts[6]	1 033.2	5.0	1 033.8	5.0	1 033.4	5.0
Of which: Provincial equitable share	600.5	2.6	600.5	2.6	600.5	2.6
Interest on debt	382.0	7.3	388.6	9.2	385.6	8.3
General fuel levy	16.1	4.5	16.1	4.5	16.1	4.5
Total expenditure	2 136.0	4.4	2 153.0	5.2	2 144.1	4.7

1 *2024 Budget Review*
2 *2024 MTBPS*
3 Year-on-year percentage change: budgeted on previous year's audited outcome
4 Year-on-year percentage change: revised estimates on previous year's audited outcome
5 Year-on-year percentage change: actual outcome on previous year's audited outcome
6 Including extraordinary payments
– Denotes a value of more than 100 percentage points

Components may not add up to totals due to rounding off and the exclusion of unclassified items.

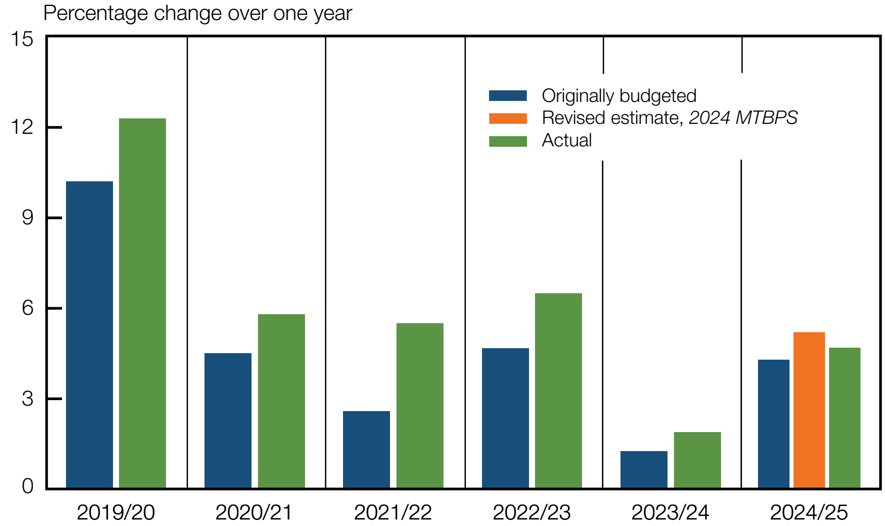
Source: National Treasury

Total voted expenditure by national government departments of R1 111 billion (51.8% of total expenditure) in fiscal 2024/25 was 4.5% more than in the previous fiscal year. The increase resulted primarily from higher transfers and subsidies of R805.3 billion (a 3.8% year-on-year increase), followed by current payments of R282.8 billion (a 5.6% year-on-year increase) and a sharp increase in payments for financial assets, related to government's take-over of the South African National Roads Agency Limited's (SANRAL) debt associated with the Gauteng Freeway Improvement Project, which more than doubled to R6.1 billion. By contrast, payments for capital assets decreased by 3.1% year on year to R16.5 billion in the period under review.

Interest payments on national government debt of R385.6 billion (18.0% of total expenditure) in fiscal 2024/25 represented a year-on-year increase of 8.3%, in line with the rising stock of gross loan debt. The *2024 Budget Review* projected lower interest payments of R382.0 billion for fiscal 2024/25, which was revised upwards to R388.6 billion in the *2024 MTBPS*.

Expenditure by national government

Percentage change over one year



Source: National Treasury

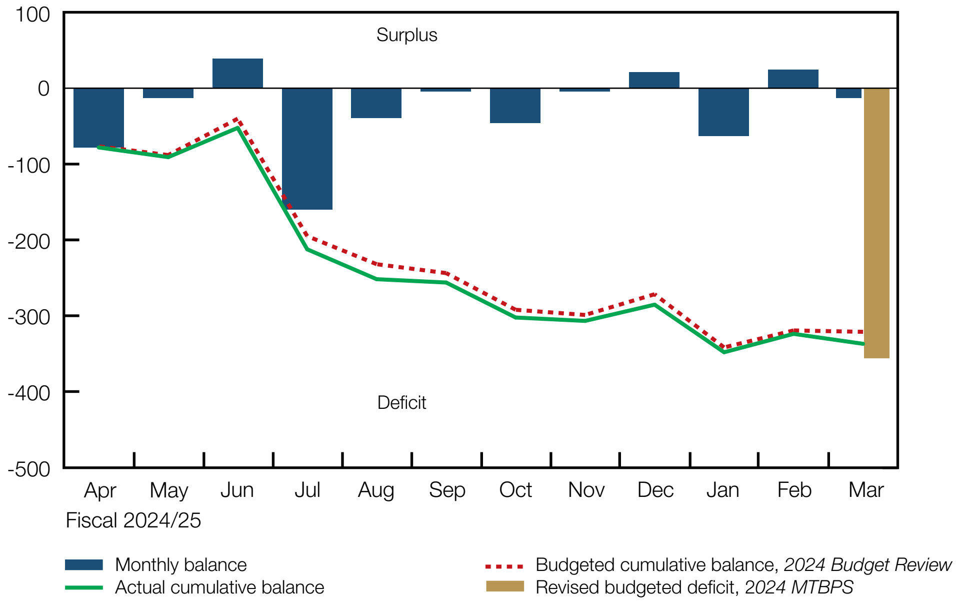
Equitable share transfers to provinces – the main source of provincial government revenue – increased to R600.5 billion in fiscal 2024/25, representing a year-on-year increase of 2.6%. The originally projected sharing of the general fuel levy with metropolitan municipalities of R16.1 billion for fiscal 2024/25 was disbursed in three equal tranches in August and December 2024 as well as in March 2025.

The *2025 Budget Overview* projected a 7.8% year-on-year increase in total national government expenditure to R2 311 billion for fiscal 2025/26. In April 2025, total expenditure decreased by 1.0% year on year to R167.0 billion.

Developments in national government finances in fiscal 2024/25 yielded a cash book deficit of R336.7 billion, which was R13.8 billion higher than the deficit recorded in fiscal 2023/24. The *2025 Budget Overview* projected a larger national government cash book deficit of R361.3 billion for fiscal 2025/26. In April 2025, the net outcome of national government revenue and expenditure yielded a cash book deficit of R62.5 billion, which was R15.5 billion less than in April 2024.

Cash book balance of national government

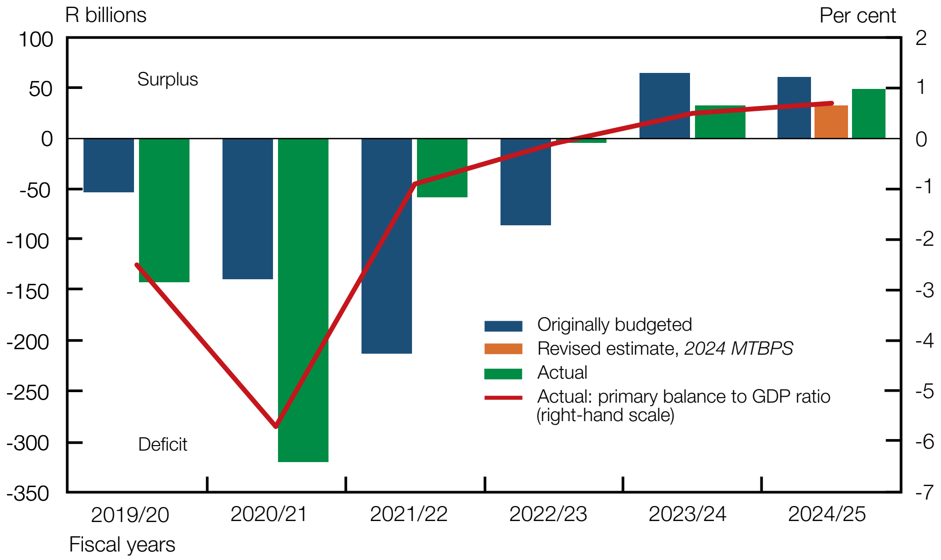
R billions



Sources: National Treasury, SARS and SARB

National government realised a primary surplus of R48.9 billion in fiscal 2024/25, which was higher than the surplus of R33.0 billion recorded in the previous fiscal year as growth in total revenue outpaced that in non-interest expenditure. The *2024 Budget Review's* estimated primary surplus of R61.0 billion (0.8% of GDP) for fiscal 2024/25 was revised lower to R33.0 billion (0.4% of GDP) in the *2024 MTBPS*.

Primary balance of national government



Sources: National Treasury and Stats SA

National government financing

R billions

Item or instrument	Actual Fiscal 2023/24	Actual Fiscal 2024/25	Originally budgeted[1] Fiscal 2024/25	Revised estimates[2] Fiscal 2024/25
Cash book balance[3]	-322.9	-336.7	-320.9	-355.6
Cash flow balance[3,4]	-321.6	-346.2	…	…
Plus: Cost/profit on revaluation of foreign debt at redemption[5]	-18.6	-4.0	-5.2	-4.0
Accrual adjustments	121.1	34.4	…	…
SOCs[6] debt relief	-76.0	-64.0	-64.2	-64.2
GFECRA[7] settlement (net)	…	100.0	100.0	100.0
Net lending/borrowing requirement[8]	-295.0	-279.7	-290.3	-323.9
Treasury bills and short-term loans[9]	88.5	39.4	33.0	33.0
Domestic bonds[9]	146.2	240.4	196.0	240.8
Foreign bonds and loans[9]	17.1	33.7	1.4	17.3
Change in available cash balances[10]	43.3	-33.8	59.9	32.8
Total net financing	295.0	279.7	290.3	323.9

1 *2024 Budget Review*
2 *2024 MTBPS*
3 Deficit (-)/surplus (+)
4 The cash flow balance includes extraordinary receipts and payments and differs from the cash book balance
5 Cost (+)/profit (-)
6 State-owned companies
7 Gold and Foreign Exchange Contingency Reserve Account
8 Net lending (+)/net borrowing (-)
9 Net issuance (+)/net redemption (-)
10 Increase (-)/decrease (+)
… Not available

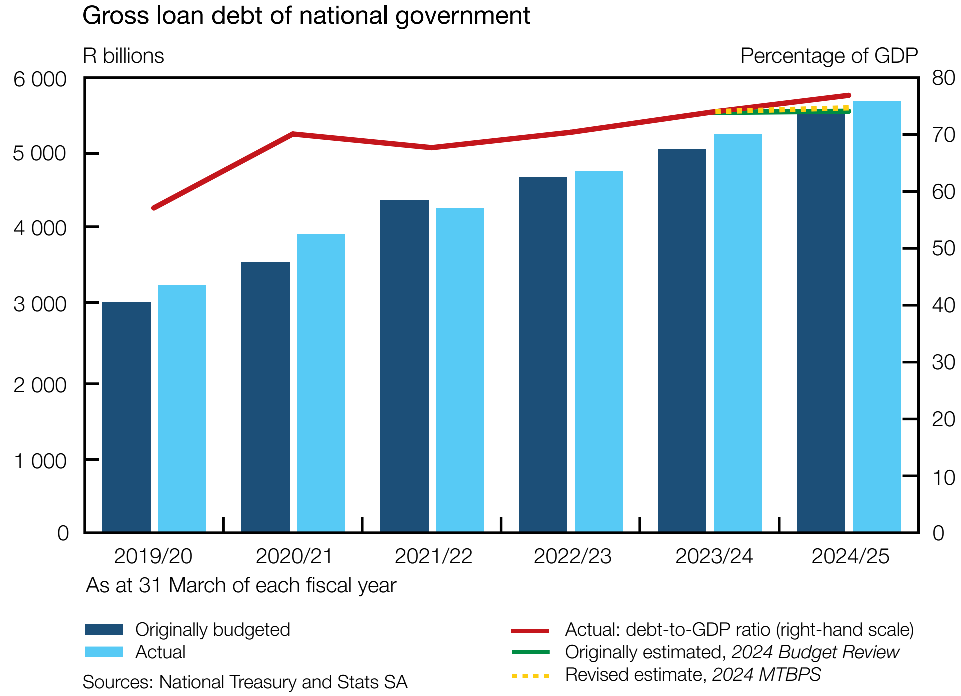
Components may not add up to totals due to rounding off.

Sources: National Treasury and SARB

48 The GFECRA Defrayal Amendment Act 27 of 2024 refers. In fiscal 2024/25, the SARB paid R200 billion to government in partial settlement of the GFECRA balances. In turn, government paid R100 billion towards the SARB's contingency reserve requirement. The net movement of this transaction, amounting to R100 billion, is reflected as the GFECRA settlement.

National government recorded a cash flow deficit of R346.2 billion in fiscal 2024/25, larger than the deficit of R321.6 billion recorded in the previous fiscal year. After accounting for the cost on revaluation of foreign debt at redemption of R4.0 billion, accrual adjustments of R34.4 billion, Eskom's debt restructuring programme of R64.0 billion and the net Gold and Foreign Exchange Contingency Reserve Account[48] (GFECRA) settlement of R100.0 billion, national government's net borrowing requirement decreased by R15.3 billion year on year to R279.7 billion in fiscal 2024/25. The net borrowing requirement was financed through the net issuance of domestic government bonds amounting to R240.4 billion, TBs and short-term loans of R39.4 billion as well as foreign bonds and loans amounting to R33.7 billion, with national government's available cash balances increasing by R33.8 billion in fiscal 2024/25.

National government's total gross loan debt (domestic and foreign) increased by 8.3% year on year to R5 694 billion as at 31 March 2025, surpassing both the *2024 Budget Review's* original estimate of R5 522 billion and the *2024 MTBPS*' revised estimate of R5 622 billion. Domestic debt increased notably and remained the dominant contributor to total gross loan debt at 89.4%, with foreign debt accounting for the residual. As a share of GDP, gross loan debt increased from 73.9% in fiscal 2023/24 to 76.9% in fiscal 2024/25.

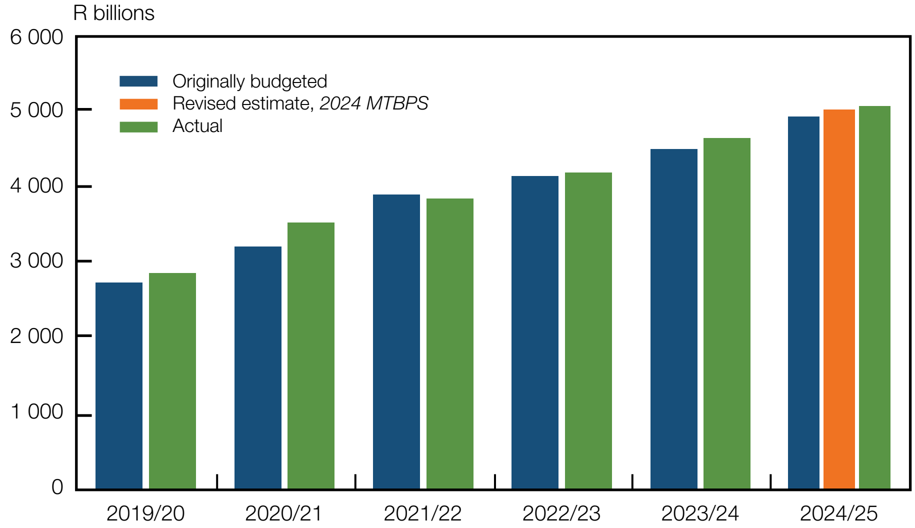


49 Including fixed-rate, zero-coupon, floating-rate and inflation-linked bonds.

50 Including 91-day, 182-day, 273-day, and 365-day short-term debt instruments.

Total gross domestic debt (marketable and non-marketable) rose by 9.1% year on year to R5 092 billion as at 31 March 2025, largely driven by the increase in the stock of domestic marketable debt (bonds[49] and TBs[50]), which accounted for 99.4% of total gross domestic debt. As at the end of fiscal 2024/25, gross domestic debt exceeded both the original estimate of R4 949 billion and the revised estimate of R5 045 billion as outlined in the *2024 Budget Review* and *2024 MTBPS* respectively.

Domestic debt of national government

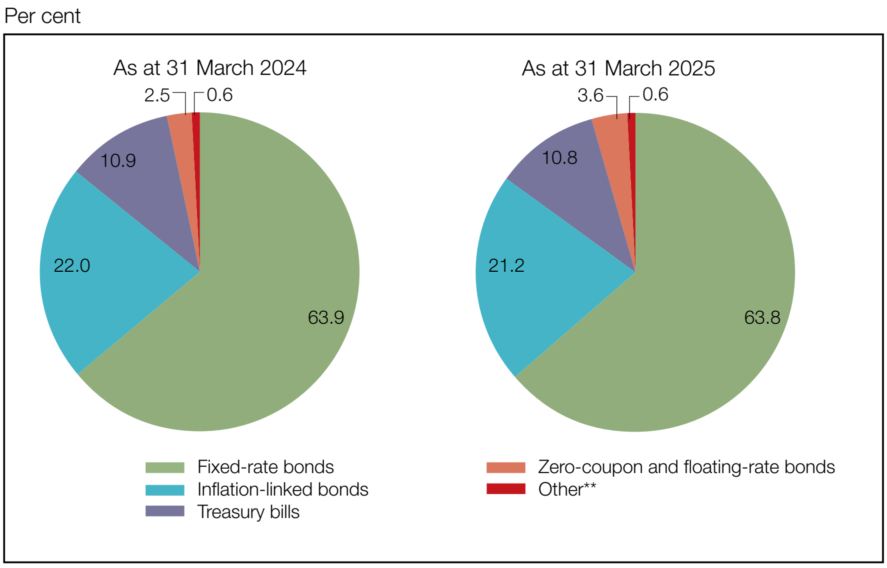


As at 31 March of each fiscal year

Source: National Treasury

The outstanding stock of fixed-rate bonds increased by 8.9% year on year to R3 249 billion as at 31 March 2025, representing 63.8% of total domestic debt. Inflation-linked bonds increased by 4.9% year on year to R1 078 billion, and accounted for 21.2% of total domestic debt. Zero-coupon and floating-rate bonds together increased significantly by 55.1% year on year to R183.5 billion as at 31 March 2025, lifting their contribution to total gross domestic debt to 3.6% from 2.5% a year earlier. TBs increased by 7.6% year on year to R549.5 billion, following the net issuance of R38.9 billion between 31 March 2024 and 31 March 2025.

Composition of national government's domestic debt*



* Components may not add up to 100 due to rounding off.

** Including total outstanding domestic non-marketable bonds, short-term loans from the Corporation for Public Deposits and other debt

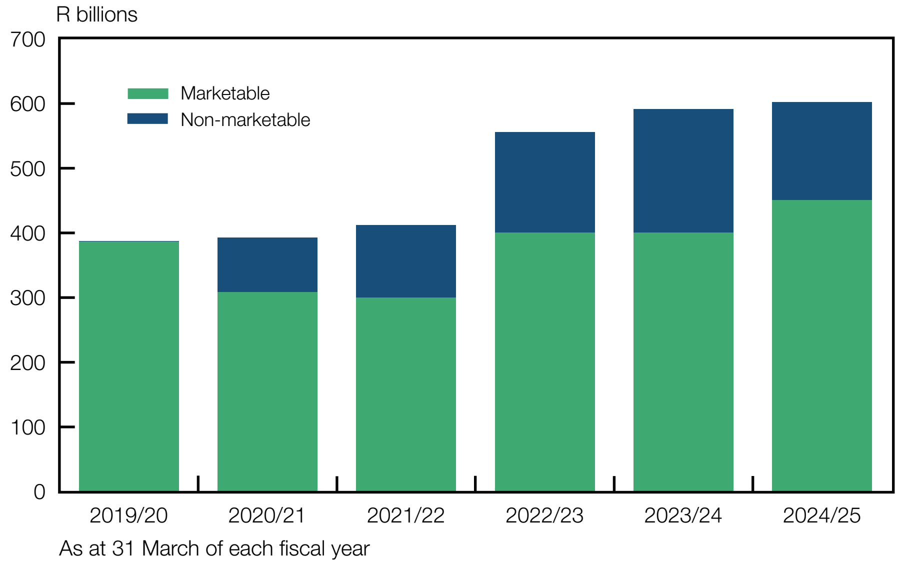
Source: National Treasury

Although national government's total gross foreign debt (marketable and non-marketable) increased by only 1.7% year on year to R601.9 billion as at 31 March 2025, it nevertheless exceeded both the original estimate of R573.0 billion in the *2024 Budget Review* and the revised estimate of R577.2 billion in the *2024 MTBPS*. The increase reflected the higher net issuance of foreign marketable bonds. By contrast, non-marketable foreign debt decreased following the partial redemption of three foreign loans, along with exchange rate revaluation effects owing to the appreciation in the exchange value of the rand against other major currencies. Foreign marketable bonds as a share of total gross foreign debt increased from 67.7% at the end of fiscal 2023/24 to 74.9% at the end of fiscal 2024/25, with non-marketable foreign debt accounting for the balance.

The total outstanding stock of national government's foreign marketable bonds rose by R50.3 billion year on year to R450.8 billion as at 31 March 2025. The increase could mainly be attributed to the net issuance of two new bonds of US$2.0 billion and US$1.5 billion respectively in November 2024. The average outstanding maturity of foreign marketable bonds remained unchanged at 158 months between 31 March 2024 and 31 March 2025.

Despite government's take up of the new euro-denominated loan of €200 million in March 2025, the net redemption of non-marketable foreign debt to the value of R40.0 billion between 31 March 2024 and 31 March 2025 reduced the total outstanding stock of this debt to R151.1 billion at the end of fiscal 2024/25. The decrease reflected the partial redemption of three foreign loans; four equal instalments on the IMF loan of XDR381.4 million each during fiscal 2024/25, one repayment on the US dollar-denominated loan of US$19.6 million in March 2025 and two instalments on the Canadian dollar-denominated loan of CAD6.0 million each in September 2024 and March 2025.

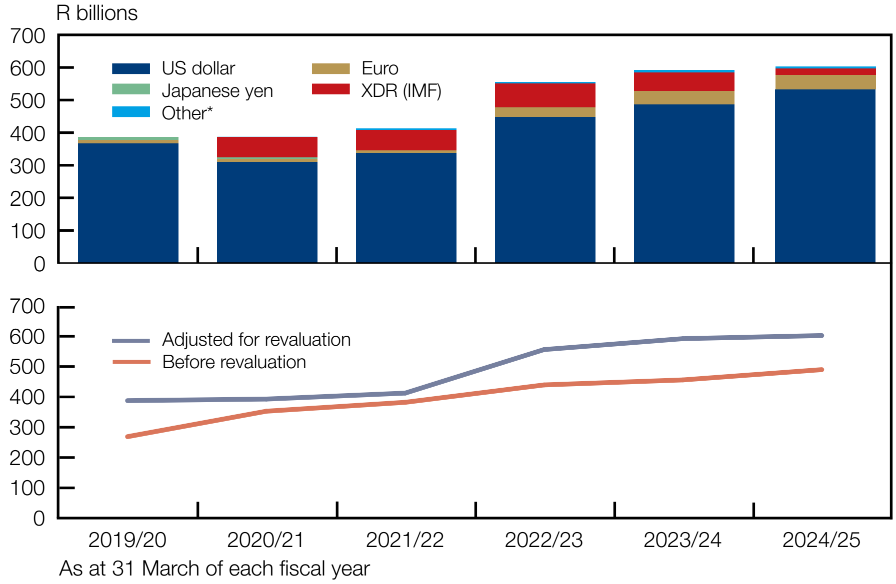
Foreign debt of national government



Source: National Treasury

As at 31 March 2025, national government's total outstanding stock of foreign debt was R489.5 billion, before accounting for exchange rate revaluation effects, but increased to R601.9 billion after revaluation effects – a revaluation of R112.4 billion. The US dollar- and euro-denominated debt together accounted for 95.9% of the total outstanding balance of total gross foreign debt, with the remaining balance shared between foreign debt denominated in the IMF's XDR, the Canadian dollar and the South African rand.

Currency composition of national government's foreign debt



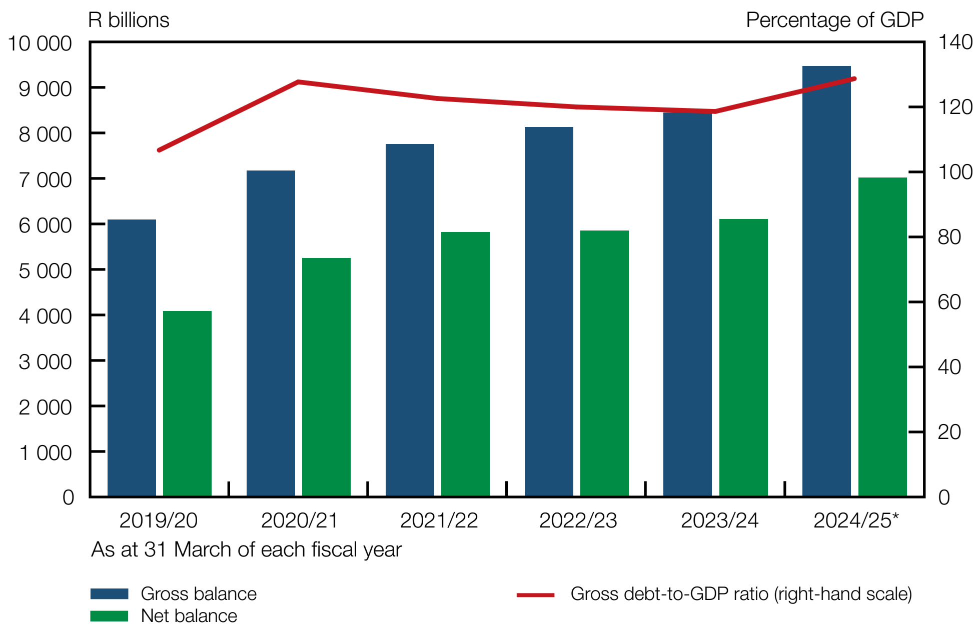
* Including the British pound, Swedish krona, Canadian dollar and South African rand

Source: National Treasury

National government's total gross loan debt of R5 740 billion as at 30 April 2025 represented a year-on-year increase of 7.8%, reflecting the net issuance of domestic debt.

Total public sector debt[51]

Total consolidated public sector debt



* As at 31 December 2024

Source: SARB

51 The public sector in South Africa comprises general government as well as both financial and non-financial public enterprises and corporations. General government, in turn, comprises central government (national government, extra-budgetary institutions and social security funds), consolidated provincial government and local government.

52 *Gross* public sector debt comprises financial debt instruments such as special drawing rights (SDRs); currency and deposits; debt securities; loans; insurance, pension and standardised guarantee schemes; and other accounts payable – *before* netting the individual debt instrument against its corresponding financial assets.

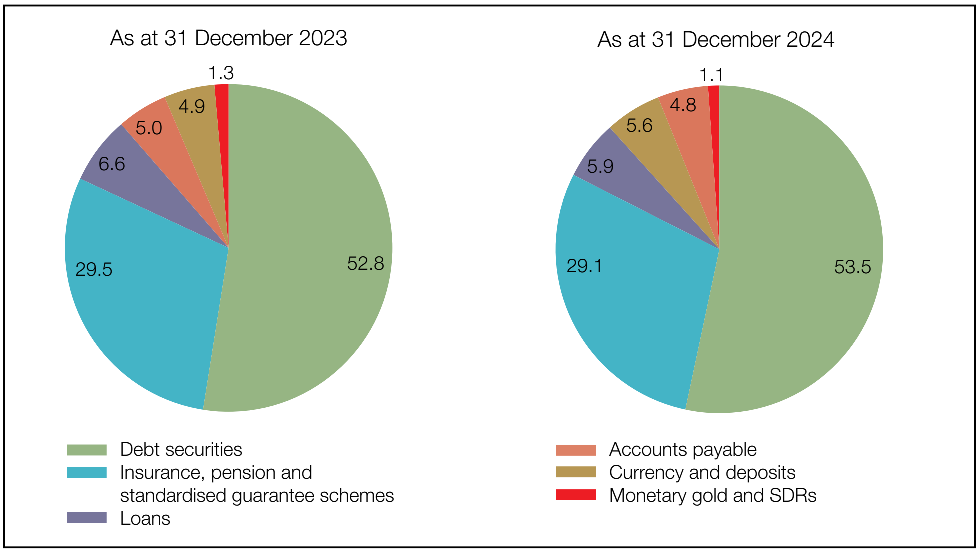
53 *Net* public sector debt comprises SDRs; currency and deposits; debt securities; loans; insurance, pension and standardised guarantee schemes; and other accounts payable – *after* netting the individual debt instrument against its corresponding financial assets.

The preliminary total consolidated gross[52] public sector debt (both domestic and foreign) of South Africa increased from R8 511 billion (120.9% of GDP) as at 31 December 2023 to R9 462 billion (128.7% of GDP) a year later. After netting the individual debt instruments against the corresponding financial assets, the consolidated *net*[53] public sector debt rose from R6 227 billion (88.5% of GDP) as at 31 December 2023 to R7 016 billion (95.4% of GDP) as at 31 December 2024.

The total outstanding consolidated public sector debt securities in both the domestic and international markets of R5 060 billion (53.5% of total gross public sector debt) as at 31 December 2024 were R570.4 billion more than a year earlier. Insurance, pension and standardised guarantee schemes increased by 9.8% year on year to R2 753 billion (29.1% of total gross public sector debt) as at 31 December 2024. Loans contributed 5.9% to total gross public sector debt, notwithstanding the year-on-year decline of 0.5% to R558.1 billion as at 31 December 2024.

Consolidated gross public sector debt

Per cent



Source: SARB

Integrated economic accounts[54]

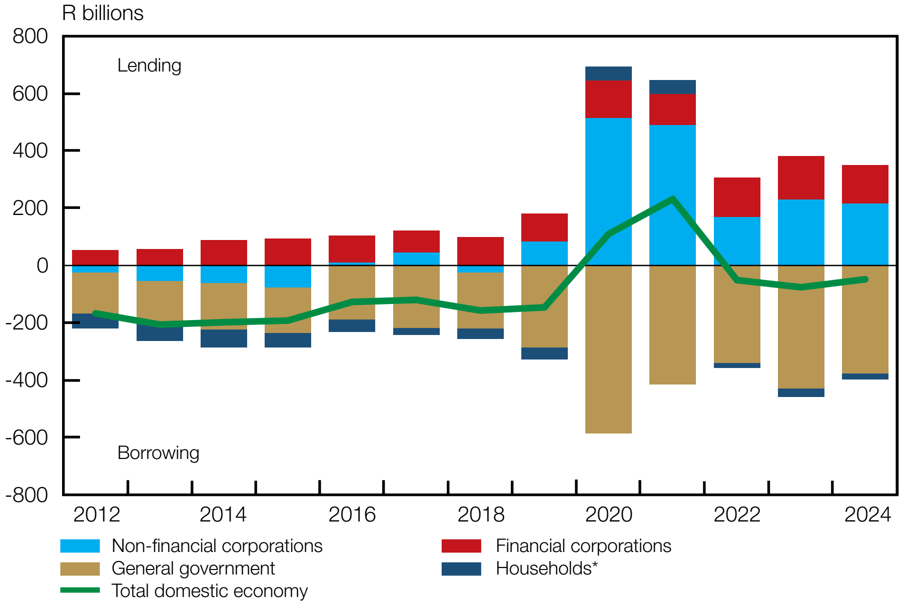
Current and capital account

South Africa's financing position switched from net borrowing[55] of R36.1 billion (2.0% of GDP) in the third quarter of 2024 to net lending of R14.5 billion (0.8% of GDP) in the fourth quarter due to an increase in gross saving and a notable decrease in gross capital formation. The country's annual net borrowing position of R47.7 billion in 2024 was lower than the net borrowing of R76.2 billion in 2023 as gross capital formation decreased more than gross saving, resulting in South Africa requiring less foreign capital to finance capital outlays in 2024.

54 The analysis in this section is based on the experimental statistics compiled for South Africa's integrated economic accounts (IEA) and is subject to further revision. See pages E–2 to E–12 in the experimental tables section in this edition of the *QB*.

55 Net lending/borrowing is calculated as gross saving *plus/minus* capital transfers receivable/payable *minus* gross capital formation.

South Africa's net lending/borrowing position



* Including non-profit institutions serving households
Net lending (+)/borrowing (-)

Source: SARB

Both financial and non-financial corporations maintained their net lending positions in the fourth quarter of 2024, despite non-financial corporations recording lower levels of gross saving. By contrast, households reverted from net lending in the third quarter of 2024 to net borrowing in the fourth quarter, largely attributable to a switch from gross saving to gross dissaving. General government recorded a notably smaller net borrowing position in the fourth quarter of 2024 as gross saving improved. Similarly, general government recorded lower net borrowing of R376.5 billion in 2024 compared with R427.7 billion in 2023. Households' net borrowing position also decreased in 2024, while financial and non-financial corporations both reduced their net lending positions.

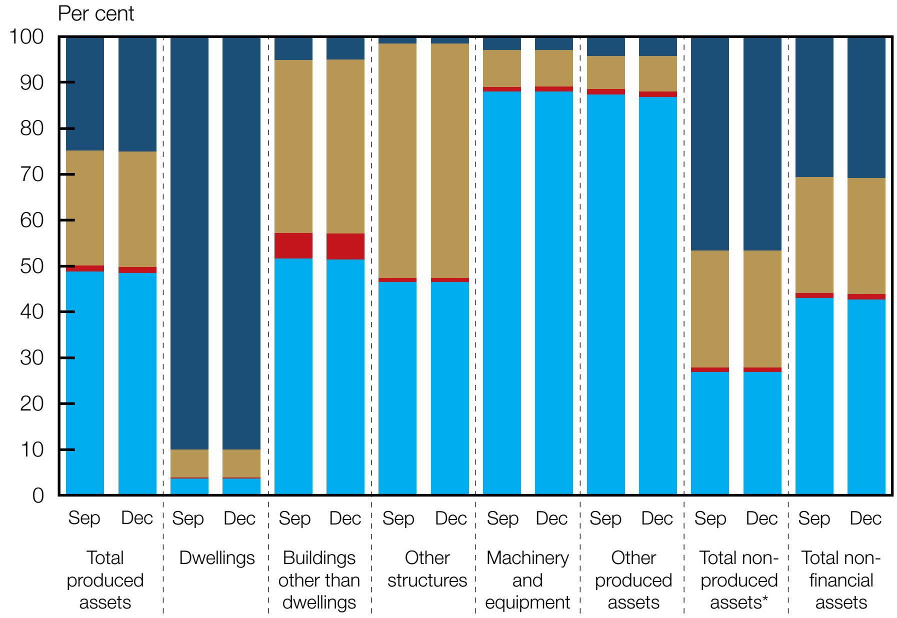
Non-financial balance sheet and accumulation account

The market value of total non-financial assets increased by 0.5% from 30 September 2024 to R19.9 trillion as at 31 December. Non-financial corporations (public and private) held the largest share of total non-financial assets at 42.7%, while households and general government owned 30.9% and 25.3% respectively. Financial corporations held only 1.1% of total non-financial assets, mainly in the form of buildings other than dwellings. As at 31 December 2024, households owned 89.9% of all dwellings. General government and non-financial corporations held the majority of other structures – such as roads, bridges and harbours – at 51.2% and 46.5% respectively, while 88.0% of total machinery and equipment was held by non-financial corporations.

The market value of total produced fixed assets increased by R71.7 billion (0.5%) from 30 September 2024 to R13.5 trillion as at 31 December, reflecting revaluations of R66.4 billion and an increase of R5.3 billion in net capital formation. The market value of dwellings as well as other structures increased by R37.1 billion and R41.8 billion respectively in the fourth quarter of 2024, contributing 0.3 percentage points each to growth in the capital stock of non-financial assets.

Households owned 46.6% of total non-produced assets (land only) as at 31 December 2024, while non-financial corporations and general government held 26.9% and 25.6% respectively.

Institutional sector non-financial asset holdings as at 30 September and 31 December 2024



* Land only
** Including non-profit institutions serving households

Source: SARB

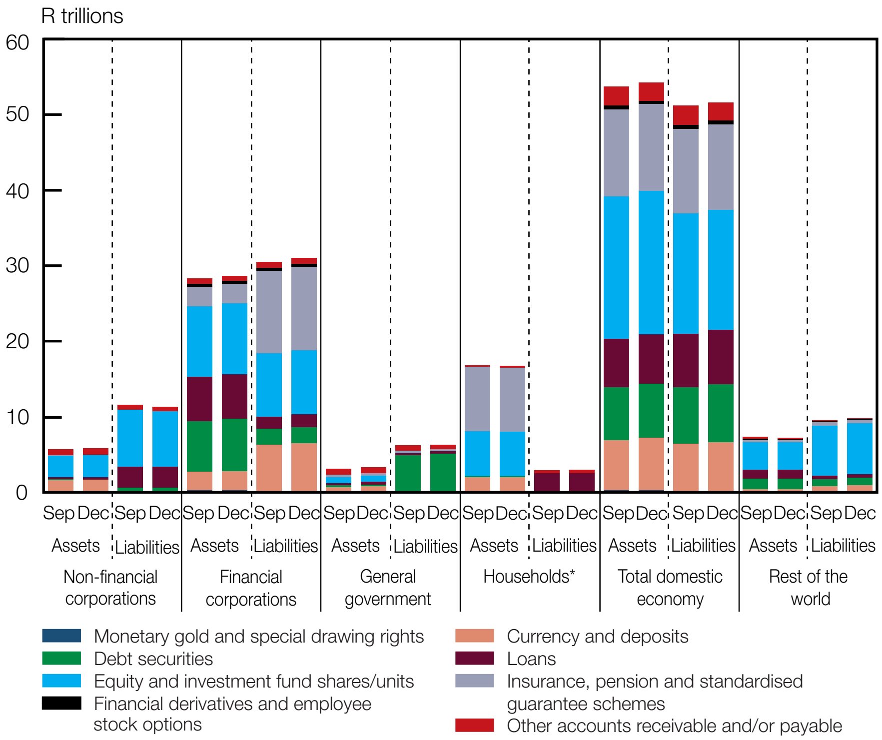
Financial balance sheet and accumulation account

The market value of financial assets and liabilities of the total domestic economy increased by R542.1 million to R54.3 trillion and by R289.8 million to R51.6 trillion respectively in the three months to 31 December 2024. The increase in total financial assets and liabilities was predominantly attributable to valuation gains on holdings of investment fund shares/units and debt securities, driven by rising bond prices, which were partly offset by valuation losses stemming from lower domestic equity prices.

As at 31 December 2024, financial corporations held the largest share of total financial assets at 52.7%, supported by net inflows into collective investment funds' interest-bearing portfolios and increased holdings of debt securities amid favourable bond market conditions. Financial corporations' share of total liabilities increased slightly from 59.5% as at 30 September 2024 to 60.0% as at 31 December, moderated somewhat by the withdrawal of deposits by non-monetary financial corporations, along with a moderate increase in their exposure to insurance and pension entitlements of households.

Households' share of total financial assets declined from 31.1% as at 30 September 2024 to 30.8% as at 31 December due to a smaller increase in their deposits as well as life insurance and pension entitlements, along with valuation losses on their equity holdings. Households' share of total liabilities remained unchanged at 5.8% over this period, primarily due to slower growth in the value of loans extended to households.

Market value of total financial assets and liabilities by institutional sector and financial instrument as at 30 September and 31 December 2024



* Including non-profit institutions serving households

Source: SARB

Non-financial corporations' contribution to total financial assets remained unchanged at 10.5% from 30 September to 31 December 2024, while their contribution to total financial liabilities decreased slightly from 22.7% to 22.1% over the same period. The decline in total liabilities was especially evident in equity and investment fund shares/units, reflecting the impact of share price revaluation effects.

General government's share of total financial assets increased slightly from 5.8% as at 30 September 2024 to 6.0% as at 31 December due to, among other factors, positive valuation effects in the outstanding balance on the GFECRA, along with the proceeds of foreign currency deposits from the issuance of two new international bonds. General government's net issuance of domestic and international bonds contributed to an increase in its share of total financial liabilities from 12.0% to 12.1% over this period.

The market value of the rest of the world's (ROW) holdings of South African financial assets remained unchanged at R7.3 trillion from 30 September 2024 to 31 December, partly offset by repayments on a multilateral loan by the national government and the negative revaluation effects on equity holdings. The market value of South Africa's total foreign assets (the ROW's total liabilities) increased from R9.6 trillion to R9.8 trillion over the same period, reflecting, among other factors, the valuation effect related to the depreciation in the exchange value of the rand on the value of equity and investment fund shares/units as well as increased acquisitions of foreign equity and debt securities by monetary and non-monetary financial institutions.

The changes in both financial assets and liabilities in the total economy during the fourth quarter of 2024 were attributable to a combination of transaction and revaluation effects, which accounted for R103.2 million and R443.6 million respectively, and contributed to an increase in the value of various financial instruments, especially investment fund shares/units and debt securities.

The from-whom-to-whom market value of financial asset and liability stock positions between the domestic institutional sectors and the ROW, as at 31 December 2024, showed that the household sector recorded a positive net financial wealth (asset) position of R13.7 trillion, mainly against financial corporations. The negative net financial wealth (liability) position of non-financial corporations mainly reflected the combined net incurrence of liabilities of R5.7 trillion against financial corporations, households and the ROW. The negative net financial wealth position of general government of R3.0 trillion was mainly against financial corporations and the ROW, and could be attributed to the acquisition of national government debt securities, along with bond redemptions and coupon payments. Financial corporations recorded the largest financial asset and liability claims of R28.6 trillion and R30.9 trillion respectively in the total economy. The ROW's negative net financial wealth position mainly comprised liabilities of R6.7 trillion incurred against financial corporations and R2.8 trillion against non-financial corporations.

Abbreviations

ACI	Agribusiness Confidence Index
AFE	Advanced Foreign Economies
Agbiz	Agricultural Business Chamber of South Africa
Alsi	All-Share Index
BER	Bureau for Economic Research
CEC	Crop Estimates Committee
CIT	corporate income tax
COVID-19	coronavirus disease 2019
CPD	Corporation for Public Deposits
CPI	consumer price index
CTSE	Cape Town Stock Exchange
EMBI+	Emerging Markets Bond Index Plus (JPMorgan)
FAO	Food and Agriculture Organization (United Nations)
FNB	First National Bank
FRA	forward rate agreement
FSCA	Financial Sector Conduct Authority
FX	foreign exchange
GDE	gross domestic expenditure
GDP	gross domestic product
GFECRA	Gold and Foreign Exchange Contingency Reserve Account
GNU	Government of National Unity
GVA	gross value added
HQLA	high-quality liquid assets
IDC	Industrial Development Corporation
IEA	integrated economic accounts
I-Ex	Integrated Exchange
IIP	international investment position
ILO	International Labour Organization
IMF	International Monetary Fund
Jibar	Johannesburg Interbank Average Rate
JSE	JSE Limited
M3	money supply
MPC	Monetary Policy Committee
MTBPS	Medium Term Budget Policy Statement
NEER	nominal effective exchange rate
NEET	neither in employment, education or training
NERSA	National Energy Regulator of South Africa

NTCSA	National Transmission Company of South Africa
OECD	Organisation for Economic Co-operation and Development
OPEC+	Organization of the Petroleum Exporting Countries and its allies
OTC	over the counter
PAYE	pay-as-you-earn
PGM	platinum group metal
PIC	Public Investment Corporation
PIT	personal income tax
PYEI	Presidential Youth Employment Initiative
QB	Quarterly Bulletin
QES	Quarterly Employment Statistics
QLFS	Quarterly Labour Force Survey
REER	real effective exchange rate
REITs	Real Estate Investment Trusts
repo (rate)	repurchase (rate)
ROW	rest of the world
Sabor	South African Benchmark Overnight Rate
SACU	Southern African Customs Union
SANRAL	South African National Roads Agency Limited
SARB	South African Reserve Bank
SARS	South African Revenue Service
SDRs	special drawing rights
SNA	System of National Accounts
SOC	state-owned company
Stats SA	Statistics South Africa
TBs	Treasury bills
UN	United Nations
US	United States
VAT	value-added tax
ZARONIA	South African Rand Overnight Index Average