Domestic economic developments

Domestic output[1,2]

Economic activity in South Africa recovered in the fourth quarter of 2024, with real *gross domestic product* (GDP) increasing by 0.6% following a revised contraction of 0.1% in the third quarter. The real gross value added (GVA) by the primary and tertiary sectors expanded in the fourth quarter, while the real output of the secondary sector contracted. The real output of the *non-agricultural sector* increased by 0.2% in the fourth quarter.

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

2 The analysis in this section of the review is based on revised data that incorporate the latest available periodic datasets.

Real gross domestic product

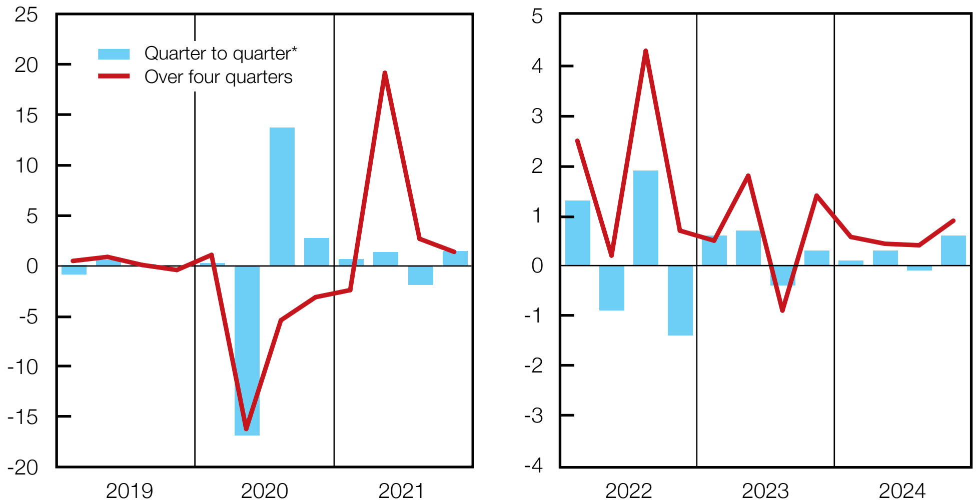
Quarter-to-quarter percentage change at seasonally adjusted but not annualised rates

Sector	2023					2024				
	Q1	Q2	Q3	Q4	Year*	Q1	Q2	Q3	Q4	Year*
Primary sector	-1.1	1.7	-8.4	0.8	-2.2	4.2	-1.8	-6.9	5.4	-2.9
Agriculture	-4.6	3.4	-19.4	-2.4	-4.8	14.1	-3.4	-19.7	17.2	-8.0
Mining	1.5	0.5	-0.7	2.6	-0.5	-1.2	-0.7	0.8	-0.2	0.3
Secondary sector	0.7	1.6	-1.4	0.3	-0.4	-1.3	1.0	0.5	-0.7	-0.7
Manufacturing	1.0	2.3	-1.3	0.3	0.3	-1.2	0.8	0.3	-0.6	-0.5
Construction	0.9	-0.2	-3.3	-1.5	-0.1	-2.8	0.2	0.8	-0.4	-5.1
Tertiary sector	0.8	0.3	0.6	0.3	1.2	0.0	0.4	0.4	0.4	1.2
Wholesale and retail trade, catering and accommodation	1.0	-0.5	-0.3	-2.8	-1.8	0.5	0.7	-0.6	1.4	-1.4
Finance, real estate and business services	0.8	0.4	1.1	0.8	1.6	0.1	1.7	1.2	1.1	3.5
*Non-primary sector***	*0.8*	*0.6*	*0.2*	*0.3*	*0.9*	*-0.3*	*0.5*	*0.4*	*0.2*	*0.9*
*Non-agricultural sector****	*0.8*	*0.6*	*0.2*	*0.4*	*0.8*	*-0.3*	*0.4*	*0.4*	*0.2*	*0.8*
Total	**0.6**	**0.7**	**-0.4**	**0.3**	**0.7**	**0.1**	**0.3**	**-0.1**	**0.6**	**0.6**

* 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

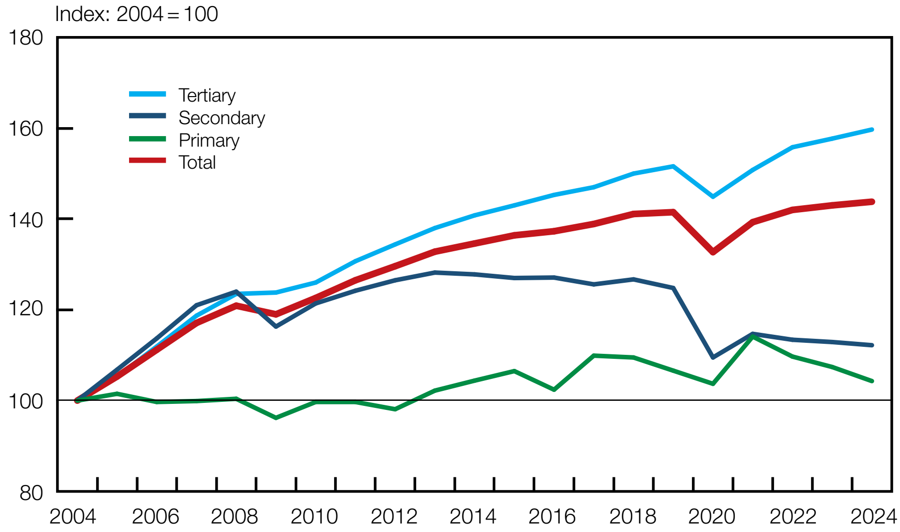
Real gross domestic product



* Seasonally adjusted

Source: Stats SA

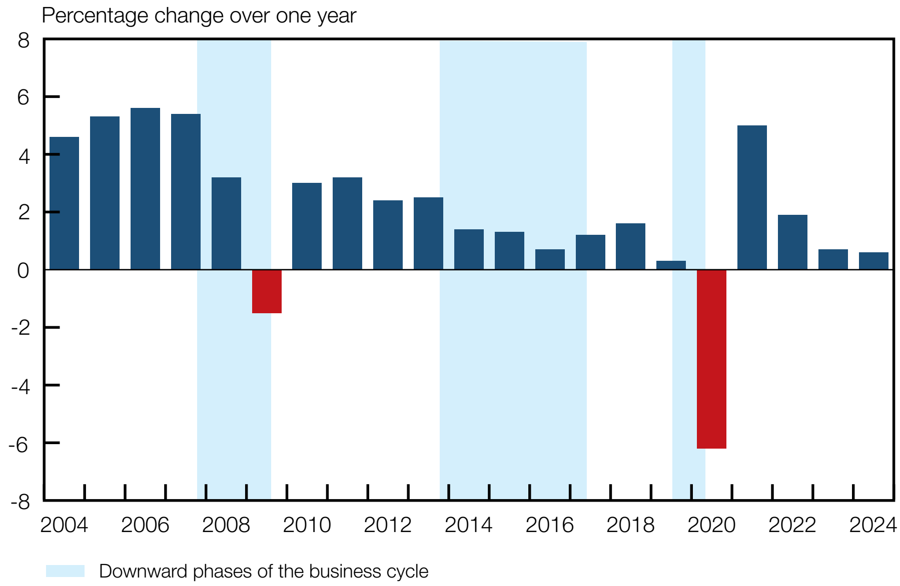
Real gross value added by the main sectors



Source: Stats SA

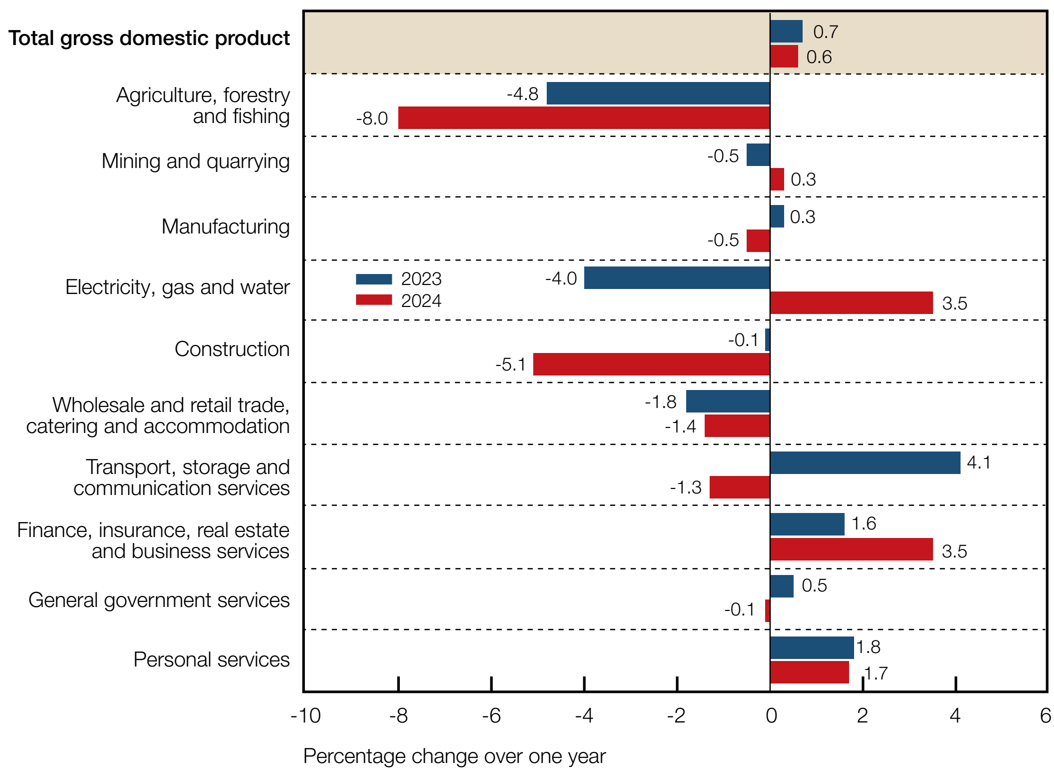
Growth in annual output moderated from 0.7% in 2023 to 0.6% in 2024. This moderation reflected contractions of 2.9% in the primary sector and 0.7% in the secondary sector, while output in the tertiary sector increased by 1.2%. Despite the slowdown, annual output in 2024 was 1.6% higher than the pre-pandemic level recorded in 2019 due to the higher output of the tertiary sector, while the output of the primary and secondary sectors was still below their respective pre-pandemic levels. The real GVA by the non-agricultural sector expanded by 0.8% in 2024, similar to the expansion recorded in 2023.

Real gross domestic product



Sources: Stats SA and SARB

Growth in the components of real gross domestic product

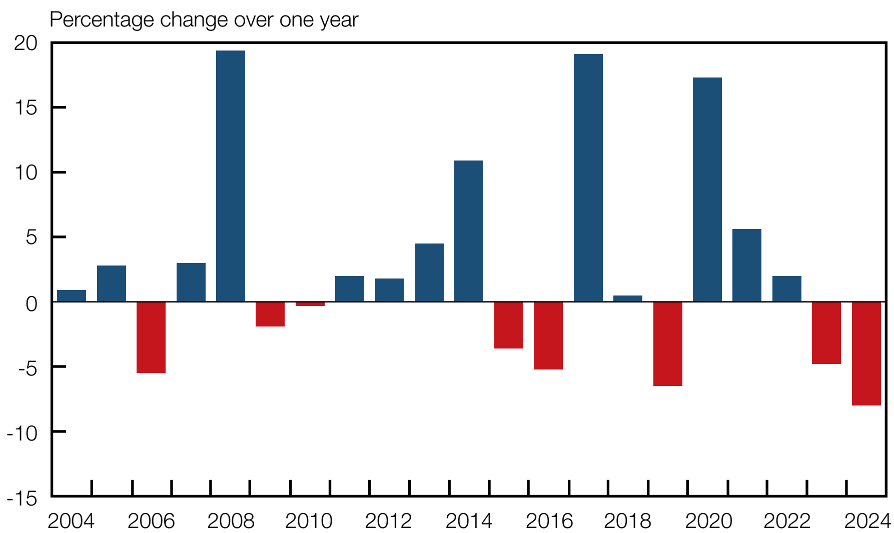


Source: Stats SA

The real GVA by the *primary sector* increased by 5.4% in the fourth quarter of 2024 following a revised decline of 6.9% in the third quarter. The real GVA by the agricultural sector expanded following two consecutive quarters of contraction, while that by the mining sector decreased marginally in the fourth quarter of 2024.

The real output of the *agricultural sector* expanded significantly by 17.2% in the fourth quarter of 2024, contributing the most to overall real GDP at 0.4 percentage points, following a revised contraction of 19.7% in the third quarter. The turnaround emanated from the higher production of field crops and animal products. On an annual basis, agricultural output contracted by 8.0% in 2024, subtracting 0.2 percentage points from overall GDP growth, as the adverse weather conditions attributed to the El Niño weather phenomenon affected the production of field crops.

Real gross value added by the agricultural sector



Source: Stats SA

The area planted for commercial maize in the 2024/25 season was 1.5% smaller compared with the 2023/24 season. However, the estimated crop yield of 13.91 million tons for the 2024/25 season is 8.3% higher than the final 2023/24 crop. This is in line with the notable increase in agribusiness confidence[3] in the second half of 2024, reflecting farmers' optimism about favourable weather conditions and a stable electricity supply.

3 As measured by the Agricultural Business Chamber of South Africa (Agbiz)/Industrial Development Corporation (IDC) Agribusiness Confidence Index.

Commercial maize crop and area planted

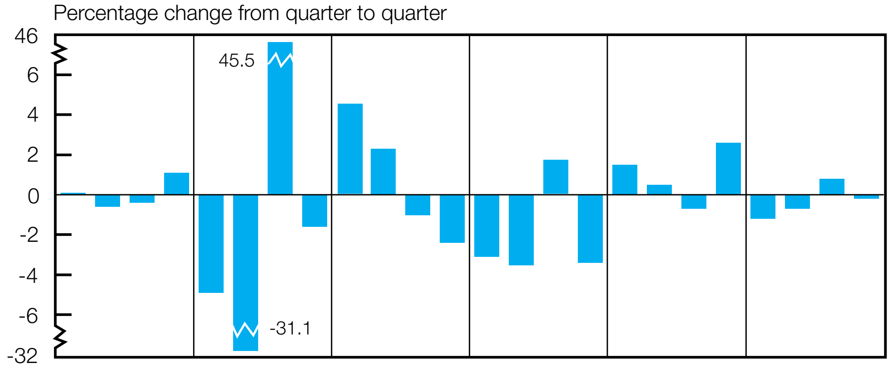
	Crop (million tons)	Area planted (million hectares)
2023/24: final	12.85	2.64
2024/25: estimate	13.91	2.60

Source: Crop Estimates Committee of the Department of Agriculture, Land Reform and Rural Development

The real output of the *mining sector* decreased by 0.2% in the fourth quarter of 2024 following a revised increase of 0.8% in the third quarter. Mining production decreased in 7 of the 12 mining subsectors, with manganese ore, iron ore, gold and chromium ore contributing the most to the decline. Gold production continued to be weighed down by operational challenges, including aging infrastructure and deeper mines alongside persistent rail and port infrastructure inefficiencies. However, these decreases were partially offset by the higher production of platinum group metals (PGMs) and coal. The increased production of PGMs was driven by improved automotive demand and the increased production of electric vehicles, while coal production was supported by increased export demand and domestic industrial activity.

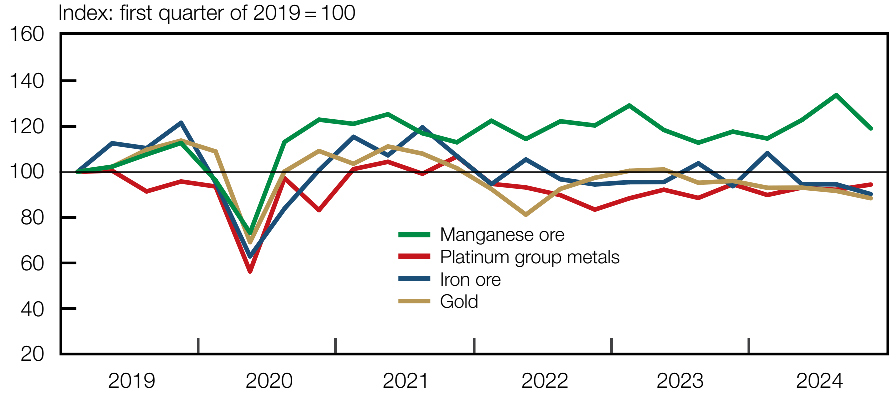
Real gross value added by the mining sector

Percentage change from quarter to quarter



Physical volume of mining production: selected subsectors

Index: first quarter of 2019 = 100



Seasonally adjusted

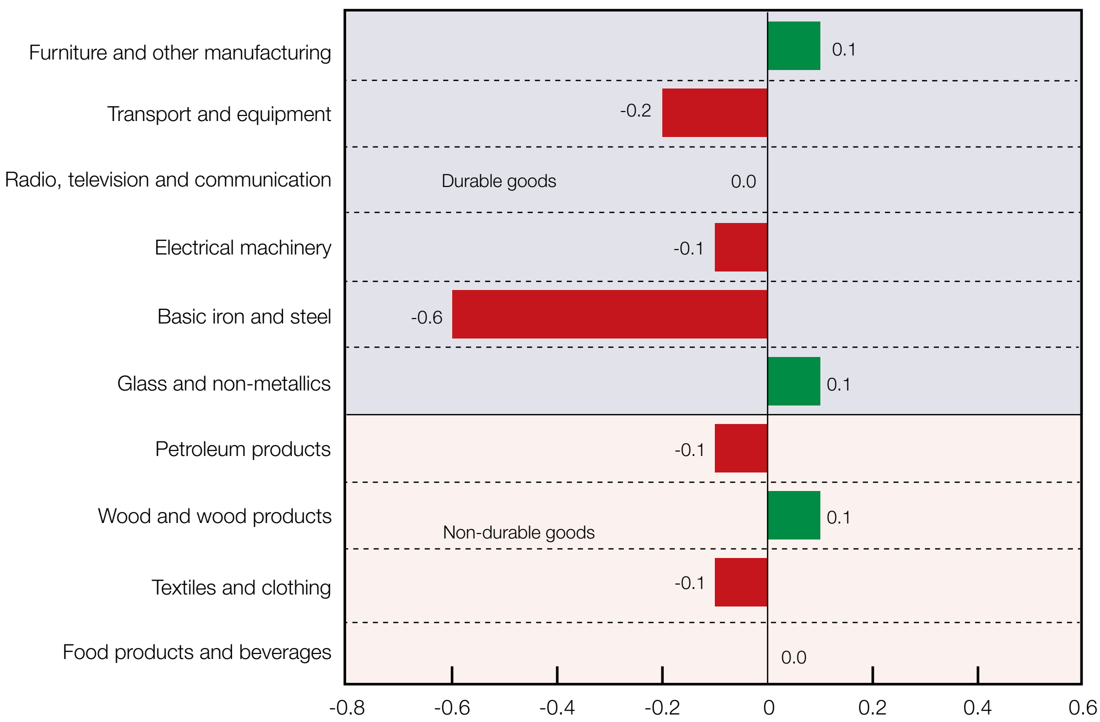
Source: Stats SA

On an annual basis, the real GVA by the mining sector expanded marginally by 0.3% in 2024 after contracting for two consecutive years, reflecting higher production volumes of PGMs, coal, manganese ore and copper. Notwithstanding the increase in annual output, the sector continued to be stifled by broadly lower commodity prices, inefficient rail and port infrastructure, high operating costs and a subdued investment environment. Despite the marginal growth, the level of real output in the mining sector was still 8.3% below the pre-pandemic level recorded in 2019.

The real GVA by the *secondary sector* switched to a contraction of 0.7% in the fourth quarter of 2024 from an expansion of 0.5% in the third quarter. Real output decreased anew in the manufacturing and construction sectors as well as the electricity, gas and water sector.

The real GVA by the *manufacturing sector* contracted by 0.6% in the fourth quarter of 2024 following two consecutive quarters of expansion. The production of both durable and non-durable manufactured goods decreased in the fourth quarter, with 6 of the 10 manufacturing subsectors reporting low production volumes. The production of basic iron and steel, non-ferrous metal products, metal products and machinery; motor vehicles, parts and accessories and other transport equipment; petroleum, chemical products, rubber and plastic products decreased, while that of wood and wood products, paper, publishing and printing; and furniture and other manufacturing increased in the fourth quarter. The contraction in manufacturing output reflected subdued domestic and global demand, rising input costs and logistical constraints. The decrease corresponded with the lower seasonally adjusted Absa Purchasing Managers' Index (PMI) in the fourth quarter of 2024 as well as the slight decrease in the seasonally adjusted utilisation of production capacity from 78.6% in August 2024 to 78.2% in November.

Contributions to manufacturing production: fourth quarter of 2024*



Percentage points

Seasonally adjusted

*See text for the full description of subsectors

Source: Stats SA

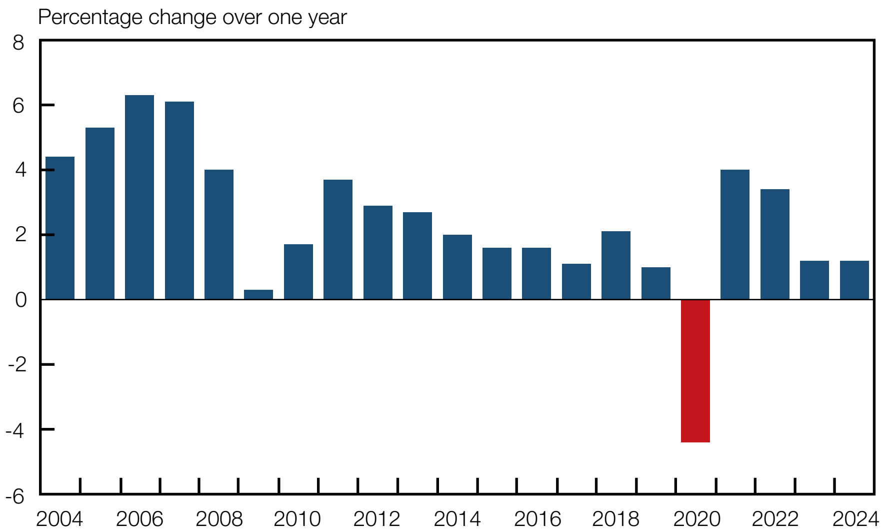
On an annual basis, the real output of the manufacturing sector contracted by 0.5% in 2024 after expanding by 0.3% in 2023. Activity in the sector was generally hampered by a challenging economic environment associated with, among other factors, high input costs, logistical constraints and weak demand. The contraction reflected the lower production of motor vehicles, parts and accessories and other transport equipment; basic iron and steel, non-ferrous metal products, metal products and machinery; as well as textiles, clothing, leather and footwear, while the production of food and beverages; and petroleum, chemical products, rubber and plastic products increased during the year. The latter reflected the reopening of some domestic refineries.

Following two consecutive quarters of expansion, real economic activity in the sector supplying *electricity, gas and water* contracted by 1.4% in the fourth quarter of 2024. The volume of both electricity produced and consumed decreased in this quarter, reflecting the decline in Eskom's electricity generation capacity due to planned and unplanned outages. The extended suspension of electricity load-shedding for the most part of 2024 contributed to an annual increase of 3.5% in the output of the electricity, gas and water sector following a decrease of 4.0% in 2023.

The real GVA by the *construction sector* contracted by 0.4% in the fourth quarter of 2024 following a revised increase of 0.8% in the preceding quarter as residential and non-residential building activity decreased. The real output of the construction sector decreased in two of the four quarters of 2024, resulting in an eighth annual contraction of 5.1% for the year. Factors contributing to this decline included rising input costs, weak demand, skilled labour shortages and supply chain disruptions.

Growth in the real GVA by the *tertiary sector* increased by a further 0.4% in the fourth quarter of 2024, contributing 0.3 percentage points to overall GDP growth, driven by an increase in the real output of the commerce and finance, insurance, real estate and business services sectors. The real output of the general government, personal services as well as transport, storage and communication services sectors decreased in the fourth quarter. On an annual basis, the output of the tertiary sector expanded by 1.2% in 2024 and contributed the most to overall GDP growth at 0.8 percentage points.

Real gross value added by the tertiary sector



Source: Stats SA

Following a revised decrease of 0.6% in the third quarter of 2024, the real output of the *commerce sector* increased by 1.4% in the fourth quarter as real retail, wholesale and motor trade activity increased during the quarter. The increase in retail trade activity reflected higher sales by general dealers and retailers in textiles, clothing, footwear and leather goods, likely supported by lower interest rates and inflation as well as a boost in disposable income related to two-pot retirement fund withdrawals and relatively higher real wages. The improved activity in motor trade was supported by an increase in the sales of new and used vehicles as well as accessories.

The expansion in the wholesale trade subsector resulted from higher sales of food, beverages and tobacco; textiles, clothing and footwear; as well as other household goods except precious stones, consistent with improved business confidence. Despite the quarterly expansion, annual output in the commerce sector contracted further by 1.4% in 2024, reflecting the impact of rising input costs, weak domestic demand and logistical challenges in the first half of the year.

The real GVA by the *transport, storage and communication services sector* contracted further by 1.0% in the fourth quarter of 2024 and deducted 0.1 percentage points from overall real GDP growth. The decline reflected reduced activity in land freight transportation and transport support services. Conversely, the number of passengers transported by land increased, partly due to the resumption of rail passenger operations following operational challenges. The contraction in the real output of the transport, storage and communication services sector in all four quarters of 2024 led to an annual contraction of 1.3%, marking the first contraction in three years.

The real GVA by the *finance, insurance, real estate and business services sector* increased by 1.1% in the fourth quarter of 2024 and contributed 0.3 percentage points to overall real GDP growth. Activity increased in the real estate and other business services as well as the monetary intermediation subsectors, with the latter reflecting an increase in fee income generated by commercial banks over this period. Growth in the real output of the finance, insurance, real estate and business services sector accelerated to 3.5% in 2024 from 1.6% in 2023.

The real GVA by the *general government services sector* decreased further by 0.5% in the fourth quarter of 2024, along with a decrease in the number of employees in civil service. On an annual basis, the real GVA by the general government services sector contracted by 0.1% in 2024 compared with an expansion of 0.5% in 2023.

The real output of the *personal services sector* contracted by 0.2% in the fourth quarter of 2024 as activity in the health and education services subsectors decreased. Annual output in the personal services sector increased further by 1.7% in 2024 following an increase of 1.8% in 2023.

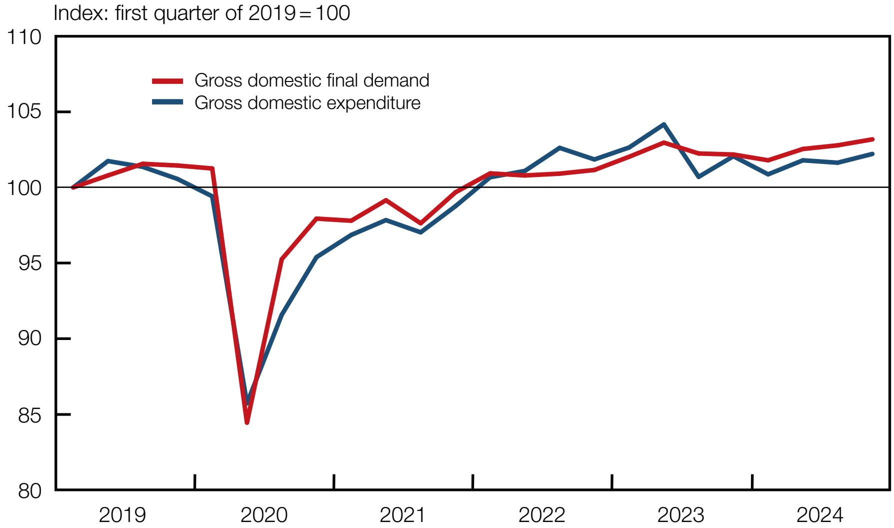
Real gross domestic expenditure[4,5]

Real *gross domestic expenditure* (GDE) expanded by 0.6% in the fourth quarter of 2024 following a contraction of 0.2% in the third quarter. Real final consumption expenditure by households increased further in the fourth quarter of 2024. By contrast, real final consumption expenditure by general government and gross fixed capital formation decreased, coupled with a notable deaccumulation of real inventory holdings over this period. On an annual basis, real GDE decreased by 0.7% in 2024 following an increase of 0.8% in 2023.

4 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.

5 The analysis in this section of the review is based on revised data that incorporate the latest available periodic datasets.

Real gross domestic expenditure and final demand



Seasonally adjusted

Sources: Stats SA and SARB

Real gross domestic expenditure

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

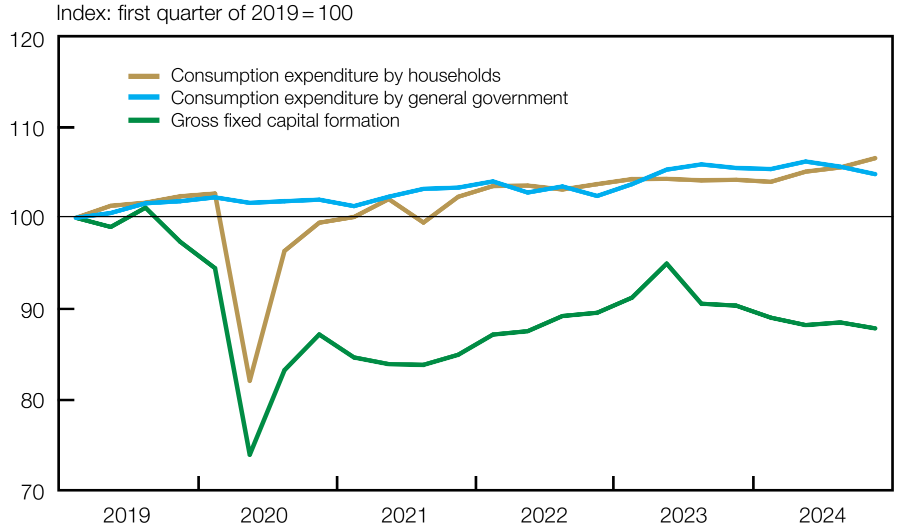
Component	2023					2024				
	Q1	Q2	Q3	Q4	Year[1]	Q1	Q2	Q3	Q4	Year[1]
Final consumption expenditure										
Households	0.5	0.0	-0.2	0.1	0.7	-0.2	1.1	0.4	1.0	1.0
General government	1.3	1.5	0.5	-0.4	1.9	-0.1	0.8	-0.5	-0.8	0.4
Gross fixed capital formation	1.9	4.1	-4.7	-0.2	3.9	-1.5	-0.9	0.3	-0.7	-3.7
Domestic final demand[2]	**0.9**	**0.9**	**-0.7**	**-0.1**	**1.4**	**-0.4**	**0.7**	**0.2**	**0.4**	**0.2**
Change in inventories (R billions)[3]	*52.9*	*77.5*	*-45.7*	*19.4*	*26.0*	*-21.3*	*-9.5*	*-25.1*	*-16.4*	*-18.1*
Residual[4]	*0.2*	*0.2*	*0.1*	*0.2*	*0.2*	*0.2*	*0.2*	*0.1*	*0.1*	*0.1*
Gross domestic expenditure[5]	**0.8**	**1.5**	**-3.3**	**1.4**	**0.8**	**-1.2**	**0.9**	**-0.2**	**0.6**	**-0.7**

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 contributed the most to growth in real GDP in the fourth quarter of 2024 at 0.6 percentage points, followed by the change in real inventories at 0.2 percentage points. By contrast, final consumption expenditure by general government and gross fixed capital formation subtracted 0.2 and 0.1 percentage points respectively from overall economic growth. Real GDP increased by 0.6% in 2024, with real net exports contributing the most at 1.3 percentage points, while the change in inventory holdings deducted 1.0 percentage points from overall growth.

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	2023					2024				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Final consumption expenditure										
Households	0.4	0.0	-0.1	0.0	0.5	-0.1	0.7	0.3	0.6	0.7
General government	0.2	0.3	0.1	-0.1	0.4	0.0	0.2	-0.1	-0.2	0.1
Gross fixed capital formation	0.3	0.6	-0.7	0.0	0.6	-0.2	-0.1	0.0	-0.1	-0.5
Change in inventories	-0.1	0.5	-2.7	1.4	-0.6	-0.9	0.3	-0.3	0.2	-1.0
Residual	0.1	0.1	-0.1	0.0	0.0	0.1	-0.1	-0.1	0.0	0.0
Gross domestic expenditure	**0.8**	**1.5**	**-3.4**	**1.4**	**0.8**	**-1.2**	**0.9**	**-0.2**	**0.6**	**-0.8**
Net exports	-0.2	-0.8	3.0	-1.0	-0.1	1.2	-0.6	0.0	0.0	1.3
Gross domestic product	**0.6**	**0.7**	**-0.4**	**0.3**	**0.7**	**0.1**	**0.3**	**-0.1**	**0.6**	**0.6**

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

Sources: Stats SA and SARB

Real *exports* of goods and services increased by 2.1% in the fourth quarter of 2024 following a contraction of 4.3% in the third quarter. The real exports of mining products increased as the expansion in the export volumes of precious metals (including gold, PGMs and stones) outweighed the decrease in mineral products as well as base metals and articles thereof. In addition, real manufacturing exports reverted to an increase in the fourth quarter, largely due to the higher export volumes of chemical products and prepared foodstuffs, beverages and tobacco. Similarly, the export volumes of services increased further in the fourth quarter of 2024. By contrast, the decrease in agricultural export volumes was due to a contraction in the volume of exported vegetable products.

Real exports and imports of goods and services

Quarter-to-quarter percentage change*

Component	2024					
	Exports			Imports		
	Percentage of total**	Q3***	Q4***	Percentage of total**	Q3***	Q4***
Total	**100.0**	**-4.3**	**2.1**	**100.0**	**-4.2**	**2.0**
Mining	**38.3**	**-4.8**	**4.9**	**19.6**	**-8.6**	**-2.9**
Of which:						
Mineral products	13.5	4.3	-6.2	14.1	-9.9	-4.6
Precious metals, including gold, platinum group metals and stones	12.9	-12.5	28.0	1.1	-7.6	10.3
Base metals and articles thereof	11.8	-6.2	-5.3	4.4	-4.2	-0.8
Manufacturing	**36.5**	**-10.5**	**0.3**	**61.6**	**-3.5**	**1.8**
Of which:						
Vehicles and transport equipment	12.1	-15.5	-2.8	11.6	-19.6	11.9
Machinery and electrical equipment	6.7	-6.6	-4.7	24.2	1.1	1.7
Chemical products	5.7	-16.2	6.5	10.8	-0.4	-3.8
Prepared foodstuffs, beverages and tobacco	5.2	-7.3	4.5	2.3	0.6	-3.5
Agriculture	**10.5**	**16.5**	**-3.9**	**4.5**	**-9.3**	**17.8**
Of which:						
Vegetable products	9.1	19.8	-3.7	2.5	-21.9	27.7
Services	**14.4**	**0.9**	**3.2**	**14.1**	**0.9**	**4.6**

* 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

Real *imports* of goods and services reverted from a decline of 4.2% in the third quarter of 2024 to an increase of 2.0% in the fourth quarter as the import volumes of manufactured goods, agricultural products and services increased. Strong domestic demand for vehicles and transport equipment as well as machinery and electrical equipment boosted manufacturing import volumes, while the real imports of chemical products and prepared foodstuffs, beverages and tobacco declined. The import volumes of vegetable products boosted agricultural imports in the fourth quarter of 2024. By contrast, mining import volumes decreased further as the contraction in mineral products as well as base metals and articles thereof outweighed the increase in precious metals (including gold, PGMs and stones).

Real *net exports* did not contribute to the growth in real GDP in the fourth quarter of 2024, with net exports of manufactured and agricultural products reducing the total real net exports by 0.3 percentage points each. Real net exports of vehicles and transport equipment as well as machinery and electrical equipment contributed the most to the decline in real net manufacturing exports. By contrast, real net mining exports contributed 0.7 percentage points to total net exports, mostly supported by the positive contribution of precious metals (including gold, PGMs and stones).

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	2024					
	Exports		Imports*		Net exports	
	Q3	Q4	Q3	Q4	Q3	Q4
Total	**-1.2**	**0.5**	**-1.2**	**0.5**	**0.0**	**0.0**
Mining	**-0.5**	**0.5**	**-0.5**	**-0.2**	**0.0**	**0.7**
Of which:						
Mineral products	0.2	-0.2	-0.4	-0.2	0.6	-0.1
Precious metals, including gold, platinum group metals and stones	-0.5	0.9	0.0	0.0	-0.4	0.9
Base metals and articles thereof	-0.2	-0.2	-0.1	0.0	-0.2	-0.2
Manufacturing	**-1.1**	**0.0**	**-0.6**	**0.3**	**-0.5**	**-0.3**
Of which:						
Vehicles and transport equipment	-0.6	-0.1	-0.7	0.3	0.2	-0.4
Machinery and electrical equipment	-0.1	-0.1	0.1	0.1	-0.2	-0.2
Chemical products	-0.3	0.1	0.0	-0.1	-0.3	0.2
Prepared foodstuffs, beverages and tobacco	-0.1	0.1	0.0	0.0	-0.1	0.1
Agriculture	**0.4**	**-0.1**	**-0.1**	**0.2**	**0.5**	**-0.3**
Of which:						
Vegetable products	0.4	-0.1	-0.2	0.2	0.6	-0.3
Services	**0.0**	**0.1**	**0.0**	**0.2**	**0.0**	**-0.1**

* A positive contribution by imports *subtracts from* growth and a negative contribution *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* accelerated to 1.0% in the fourth quarter of 2024 from 0.4% in the third quarter, in line with the further increase in the real disposable income of households. Real outlays on durable, semi-durable and non-durable goods increased, while consumer spending on services declined in the fourth quarter. Year-on-year growth in real spending by households accelerated to 2.3% in the fourth quarter from 1.3% in the third quarter. For the year as a whole, real final consumption expenditure by households increased by 1.0% compared with an increase of 0.7% in 2023.

Real final consumption expenditure by households

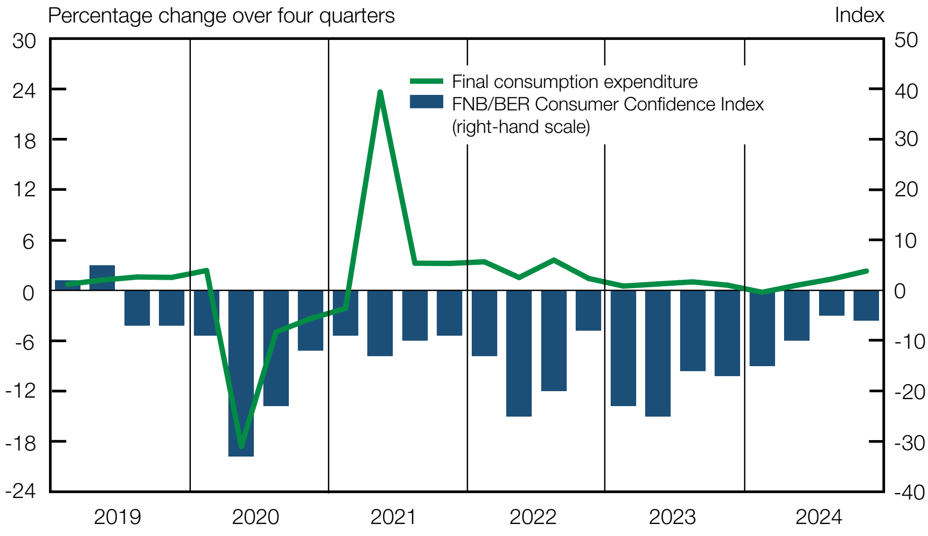
Quarter-to-quarter percentage change at seasonally adjusted but not annualised rates

Category	2023					2024				
	Q1	Q2	Q3	Q4	Year*	Q1	Q2	Q3	Q4	Year*
Durable goods	-0.8	-1.1	-0.3	2.4	0.6	0.7	0.4	0.6	2.2	3.2
Semi-durable goods	2.7	-3.6	1.3	3.5	3.5	-4.1	1.7	0.7	3.9	0.7
Non-durable goods	0.3	0.1	-0.7	-1.6	-2.4	1.3	1.0	0.9	1.6	1.3
Services	0.5	0.9	-0.1	-0.1	2.1	-0.5	1.2	0.1	-0.2	0.5
Total	**0.5**	**0.0**	**-0.2**	**0.1**	**0.7**	**-0.2**	**1.1**	**0.4**	**1.0**	**1.0**

* Percentage change over one year

Source: Stats SA

Real final consumption expenditure by households and consumer confidence



Sources: BER and Stats SA

Growth in real household spending on *durable goods* accelerated to 2.2% in the fourth quarter of 2024 following a slight increase of 0.6% in the third quarter amid the gradual reduction in borrowing costs. The increase was broad-based across all durable goods categories, including furniture and household appliances, personal transport equipment, computers and related equipment as well as recreational and entertainment goods.

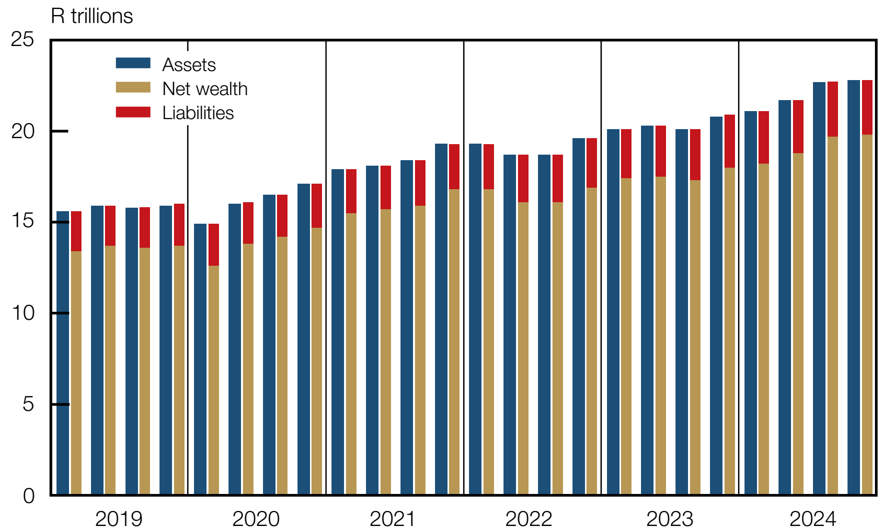
Growth in real spending on *semi-durable goods* accelerated to 3.9% in the fourth quarter of 2024 from 0.7% in the third quarter. Real outlays on all semi-durable goods categories, including clothing and footwear; household textiles, furnishings and glassware; motorcar tyres, parts and accessories; and recreational and entertainment goods increased at a faster pace in the fourth quarter of 2024.

Growth in real household consumption expenditure on *non-durable goods* increased by 1.6% in the fourth quarter of 2024 following an increase of 0.9% in the third quarter. Consumer outlays on food, beverages and tobacco; household consumer goods; and medical and pharmaceutical products increased. However, spending on household fuel, power and water as well as petroleum products increased at a slower pace in the fourth quarter of 2024.

Growth in real consumer spending on *services* contracted by 0.2% in the fourth quarter of 2024 following an increase of 0.1% in the third quarter as real expenditure on transport and communication services and miscellaneous services decreased. However, real outlays on household; medical; and recreational, entertainment and educational services increased in the fourth quarter of 2024.

Seasonally adjusted nominal *household debt* increased in the fourth quarter of 2024, albeit at a slower pace, as growth in most of the categories of credit extended to households moderated. Household debt as a percentage of nominal disposable income edged lower to 62.0% in the fourth quarter of 2024 from 62.4% in the third quarter as the increase in household disposable income exceeded that in household debt. Households' cost of servicing debt relative to disposable income decreased marginally to 8.9% in the fourth quarter of 2024 from 9.1% in the third quarter, reflecting the slower pace of increase in the stock of debt as well as lower interest payments following the further 25 basis point decrease in the prime lending rate in November 2024. Annual growth in household debt decelerated from 7.1% in 2023 to 4.9% in 2024. The ratio of household debt to nominal disposable income remained broadly unchanged at 62.4% in 2024 as household disposable income and debt increased at the same pace over this period.

Household balance sheet



Seasonally adjusted

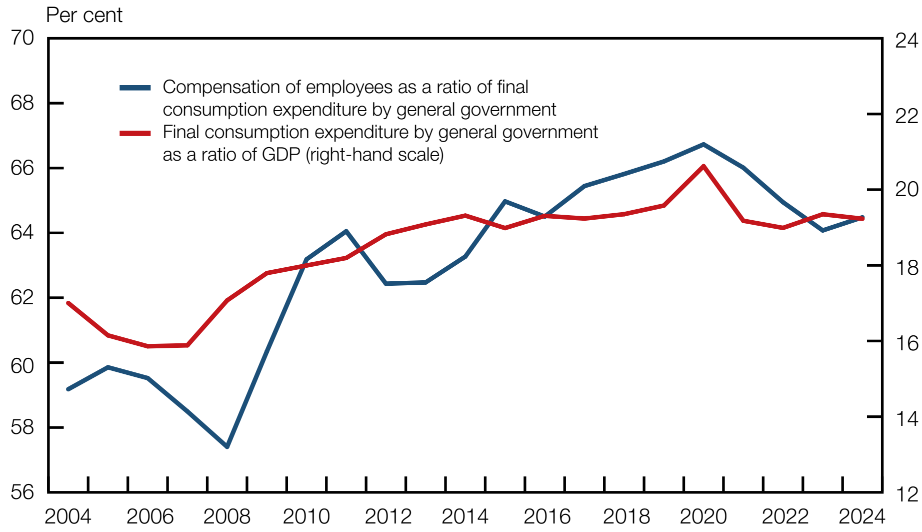
Source: SARB

Households' *net wealth* increased in the fourth quarter of 2024, albeit at a slower pace, as the market value of total assets increased more than that of total liabilities. Owing to the marginally slower pace of increase in households' net wealth compared to that in nominal disposable income, the ratio of net wealth to nominal disposable income decreased slightly to 413% in the fourth quarter of 2024 from 416% in the third quarter. On an annual basis, this ratio increased in 2024 as the increase in net wealth exceeded that in nominal disposable income.

Real *final consumption expenditure by general government* contracted further by 0.8% in the fourth quarter of 2024 following a decrease of 0.5% in the third quarter as real spending on both non-wage goods and services as well as the compensation of employees contracted over this period.

On an annual basis, growth in real final consumption expenditure by general government decelerated from 1.9% in 2023 to 0.4% in 2024. The slower pace of increase reflected a decrease in real spending on both non-wage goods and services as well as the compensation of employees, with the latter accounting for roughly 63% of total final consumption expenditure by general government. Consequently, the ratio of nominal final consumption expenditure by general government to GDP decreased slightly from 19.3% in 2023 to 19.2% in 2024.

Nominal final consumption expenditure by general government



Source: Stats SA

Real *gross fixed capital formation* decreased by 0.7% in the fourth quarter of 2024 following an increase of 0.3% in the third quarter as capital spending by general government and public corporations decreased. By contrast, fixed investment by private business enterprises increased in the fourth quarter. On an annual basis, real capital outlays decreased by 3.7% in 2024 following an increase of 3.9% in the previous year. Consequently, the ratio of nominal gross fixed capital formation to nominal GDP decreased from 14.9% in 2023 to 14.5% in 2024.

Real gross fixed capital formation

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

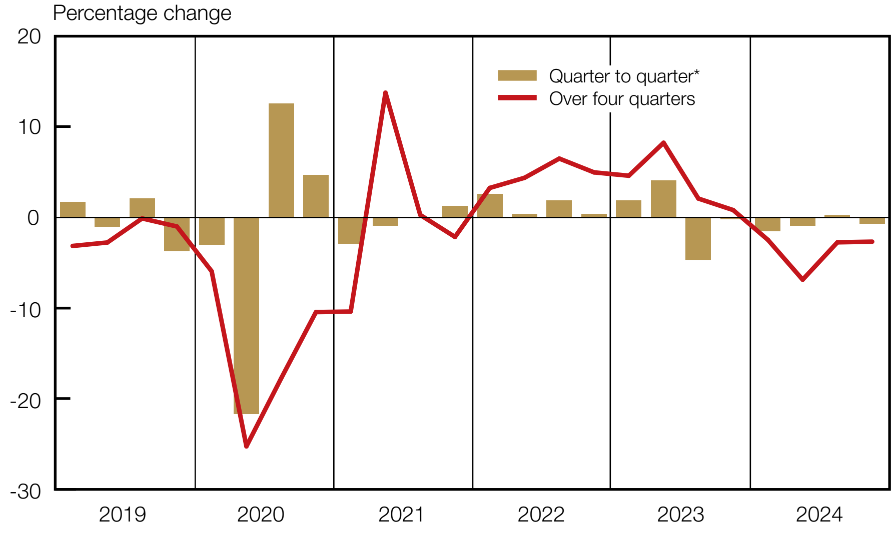
Sector	2023					2024				
	Q1	Q2	Q3	Q4	Year*	Q1	Q2	Q3	Q4	Year*
Private business enterprises ...	0.6	5.3	-5.1	0.9	3.0	-3.3	-0.1	-1.1	1.5	-4.1
Public corporations................	7.3	6.5	-7.1	4.2	9.9	3.9	-6.2	-1.0	-7.4	-2.2
General government.............	4.0	-1.9	-1.3	-7.3	3.9	2.7	-0.9	7.0	-5.4	-2.9
Total......................................	**1.9**	**4.1**	**-4.7**	**-0.2**	**3.9**	**-1.5**	**-0.9**	**0.3**	**-0.7**	**-3.7**

* Percentage change over one year

Source: Stats SA

Real gross fixed capital formation by *private business enterprises* increased by 1.5% in the fourth quarter of 2024, reflecting improved business confidence. Increased investment expenditure was recorded in computer equipment and software as well as construction works in the fourth quarter. On an annual basis, real capital spending by private business enterprises decreased by 4.1% in 2024 following an increase of 3.0% in 2023. Similarly, the private sector's share of total nominal gross fixed capital formation decreased from 72.4% in 2023 to 72.1% in 2024.

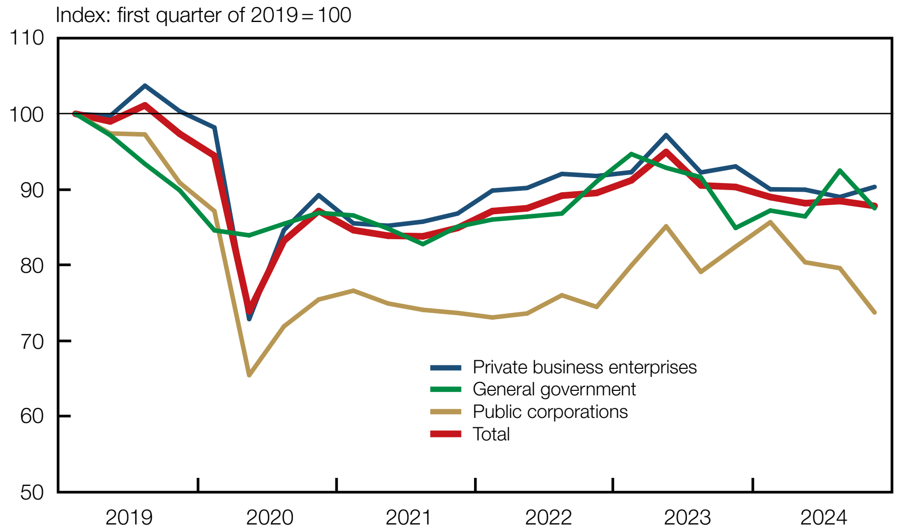
Real gross fixed capital formation



* Seasonally adjusted
Source: Stats SA

Real capital spending by the *public sector* decreased by 6.1% in the fourth quarter of 2024 following an increase of 3.9% in the previous quarter as both general government and public corporations reduced infrastructure investments. Capital expenditure by *public corporations* contracted further by 7.4% in the fourth quarter of 2024 from 1.0% in the preceding quarter, alongside lower investment spending on construction works, machinery and equipment as well as transport equipment. On an annual basis, fixed investment by public corporations decreased by 2.2% in 2024 following an increase of 9.9% in 2023. However, the share of public corporations in total nominal gross fixed capital formation increased slightly to 10.5% in 2024 from 10.4% in the previous year.

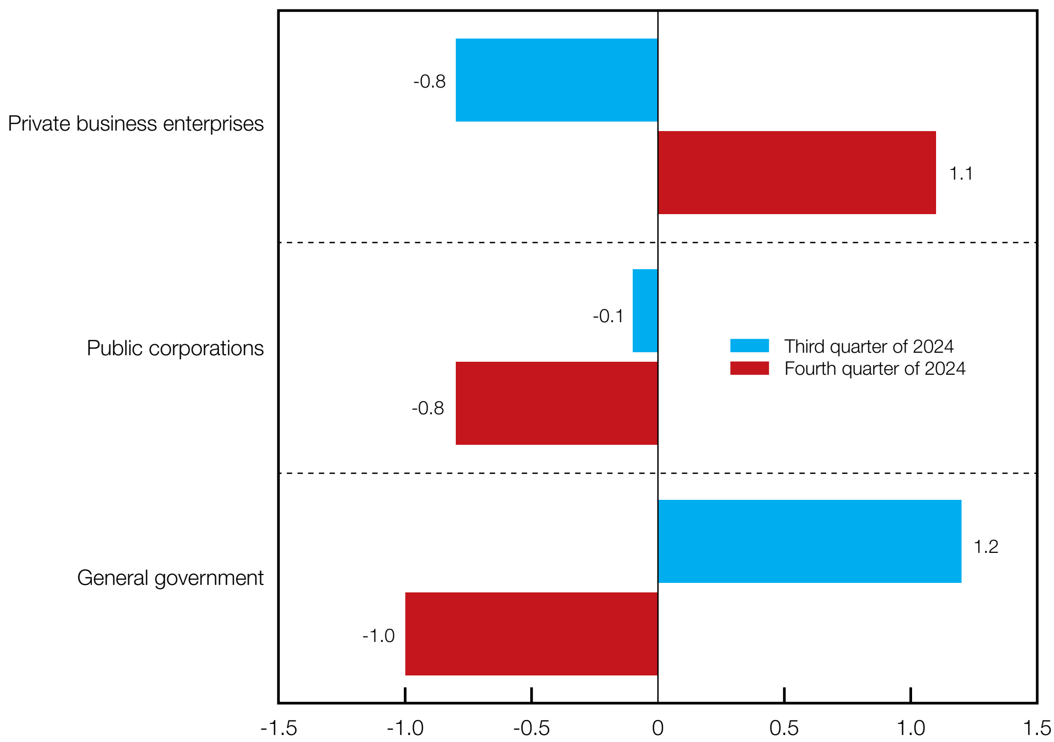
Real gross fixed capital formation by type of organisation



Seasonally adjusted
Source: Stats SA

General government's investment in fixed assets decreased by 5.4% in the fourth quarter of 2024, subtracting 1.0 percentage points from growth in total gross fixed capital formation. Residential and non-residential buildings as well as construction works accounted for most of the decrease in capital spending by national departments in the fourth quarter. Real gross fixed capital formation by general government decreased by 2.9% in 2024 following an increase of 3.9% in 2023. However, the share of general government in total nominal gross fixed capital formation increased marginally to 17.4% in 2024 from 17.2% in the previous year.

Contributions to growth in real gross fixed capital formation



Percentage points

Source: Stats SA

Measured by asset type, fixed investment in residential and non-residential buildings as well as machinery and equipment decreased in the fourth quarter of 2024, while investment in *other assets,*[6] transport equipment and construction works increased. On an annual basis, capital expenditure on residential buildings, research and development as well as transport equipment decreased the most in 2024.

6 Other assets include research and development, computer software, mineral exploration and cultivated biological resources.

Real *inventory holdings* decreased further by R16.4 billion (at seasonally adjusted and annualised 2015 prices) in the fourth quarter of 2024 following a contraction of R25.1 billion in the third quarter. Inventory depletion was concentrated in the trade and mining sectors, while the electricity, manufacturing and transport sectors recorded most of the inventory accumulation over this period. On an annual basis, real inventories decreased by R18.1 billion in 2024 following an accumulation of R26.0 billion in 2023.

Gross nominal saving

The *national saving rate* (gross saving as a percentage of nominal GDP) for South Africa decreased to 12.8% in the fourth quarter of 2024 from 13.4% in the third quarter. The deterioration was driven by a decrease in the saving rate of corporate business enterprises and households, while general government dissaved at a lower rate. The share of total gross capital formation financed through foreign capital (the foreign financing ratio) decreased from 5.4% in the third quarter of 2024 to 3.2% in the fourth quarter. The annual national saving rate declined to 13.3% in 2024 from 13.9% in 2023.

Gross saving as a percentage of gross domestic product

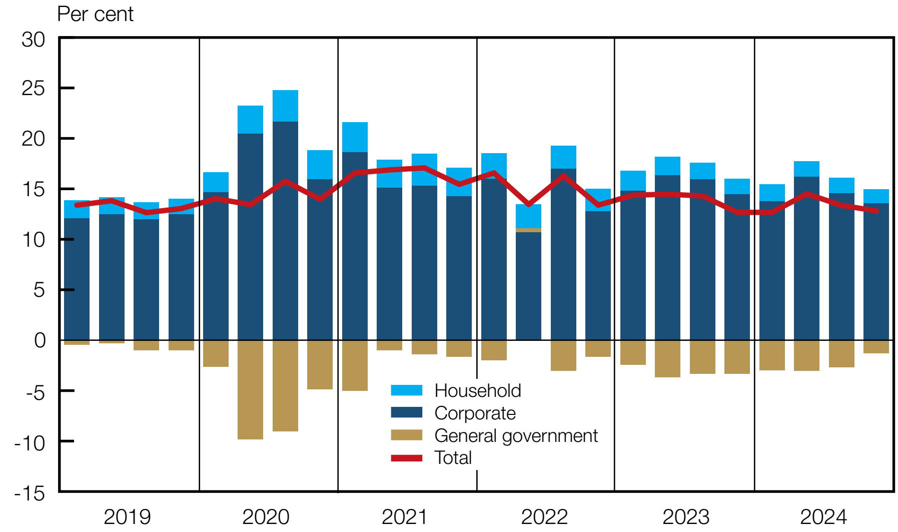
Ratio in per cent based on seasonally adjusted and annualised data

Sector	2023					2024				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Corporate..........................	14.8	16.4	16.0	14.5	15.4	13.8	16.2	14.6	13.6	14.5
General government.........	-2.4	-3.7	-3.3	-3.3	-3.2	-2.8	-3.2	-2.7	-2.1	-2.7
Household........................	2.0	1.8	1.6	1.5	1.7	1.6	1.5	1.5	1.4	1.5
Total................................	**14.4**	**14.5**	**14.3**	**12.7**	**13.9**	**12.7**	**14.5**	**13.4**	**12.8**	**13.3**

Sources: Stats SA and SARB

Gross saving by the *corporate sector* as a percentage of nominal GDP decreased from 14.6% in the third quarter of 2024 to 13.6% in the fourth quarter as the decrease in operating surpluses outweighed the slightly lower seasonally adjusted dividend and tax payments. For 2024 as a whole, the corporate saving rate declined to 14.5% from 15.4% in 2023, mainly due to higher dividend payments. Dissaving by *general government* as a percentage of nominal GDP declined from 2.7% in the third quarter of 2024 to 2.1% in the fourth quarter as seasonally adjusted nominal government expenditure decreased more than revenue. Similarly, dissaving by general government as a percentage of nominal GDP decreased from 3.2% in 2023 to 2.7% in 2024. Gross saving by the *household sector* as a percentage of nominal GDP declined marginally from 1.5% in the third quarter of 2024 to 1.4% in the fourth quarter as the increase in the seasonally adjusted nominal consumption expenditure marginally outweighed that in nominal disposable income. Similarly, households' annual saving rate declined from 1.7% in 2023 to 1.5% in 2024.

Gross saving as a percentage of gross domestic product



Sources: Stats SA and SARB

Employment

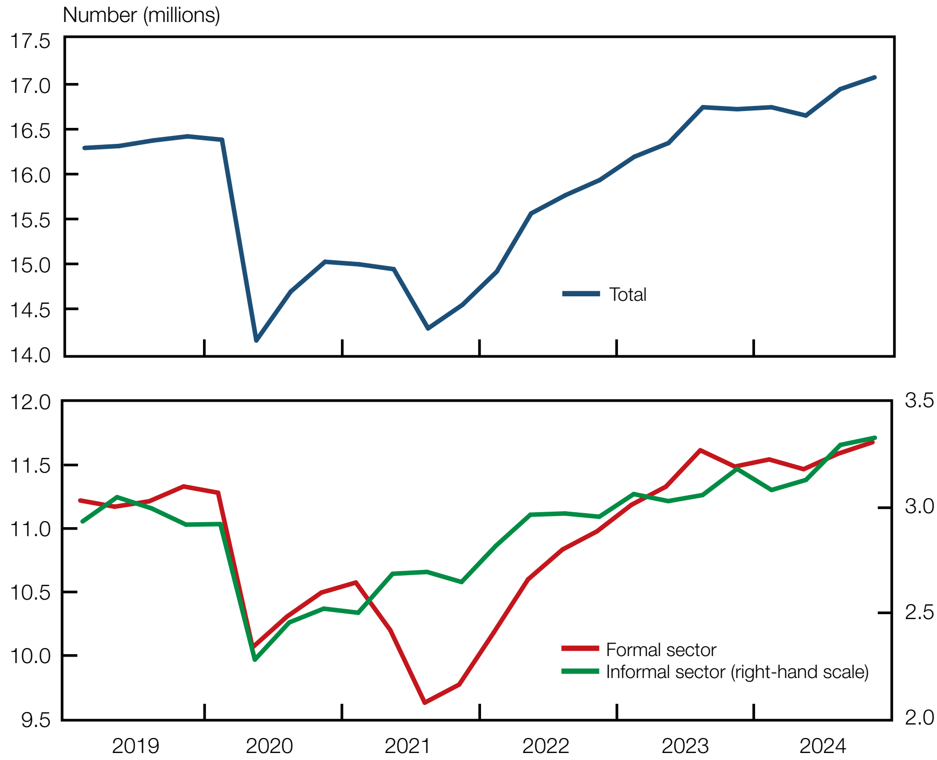
Total *household-surveyed employment* increased further by 132 000 persons (0.8%) between the third and fourth quarters of 2024, with job gains recorded in three of the four main sectors, according to Statistics South Africa's (Stats SA) *Quarterly Labour Force Survey (QLFS)*.[7] Formal sector employment increased by 90 000 (0.8%), driven largely by job gains in the finance and business services (179 000), manufacturing (15 000) and construction (12 000) sectors. These increases were partly countered by job losses in the trade (41 000), transport and storage (30

7 Stats SA noted that the response rate of the *QLFS* was 88.2% in the fourth quarter of 2024 compared with 87.8% in the third quarter (and 88.8% in the fourth quarter of 2023).

000), community and social services (29 000), mining (13 000) and electricity (4 000) sectors. In addition, employment in the informal sector and private households increased by 34 000 (1.0%) and 18 000 (1.6%) respectively in the fourth quarter of 2024. Conversely, 11 000 (1.2%) fewer persons were employed in the agricultural sector over the same period.

The year-on-year pace of increase in total household-surveyed employment accelerated from 201 000 (1.2%) in the third quarter of 2024 to 355 000 (2.1%) in the fourth quarter, but this was still slower than the increase of 789 000 (4.9%) recorded in the fourth quarter of 2023. Employment contracts of a limited duration increased marginally by 0.1% and those of an unspecified duration increased by 2.6%, while permanent contracts decreased by 1.1% in the year to the fourth quarter of 2024.

Household-surveyed employment



Source: Stats SA

The seasonally adjusted number of new and renewed job postings on the Pnet web platform decreased by 1.8% in the fourth quarter of 2024 and by a further 2.1% in January 2025. This was confirmed by the Career Junction *Employment Insights Pnet Job Market Trends* Report, February 2025,[8] which provides an analysis of supply and demand trends in the online job market, noting a decrease of 2.7% in the number of online vacancies in the year to the fourth quarter of 2024. However, the *Pnet Job Market Trends Report*[9] noted a 9.0% year-on-year increase in overall hiring activity in January 2025, with significant increases recorded in the warehousing and logistics (55.0%), medical and health (49.0%) and marketing (45.0%) sectors.

8 Career Junction, *Employment Insights,* 2024/Q4, https://cj-marketing.s3.amazonaws.com/CJI_Executive_Summary.pdf

9 *Pnet Job Market Trends Report*, February 2025, https://www.pnet.co.za/wp-content/uploads/2025/02/Pnet-Job-Market-Trends-Report-February-2025-02-25-Final.pdf

Household-surveyed labour market statistics

	Number (thousands)			Quarter-to-quarter change		Percentage change over four quarters
	2023	2024		2024 Q4		
	Q4	Q3	Q4	Number (thousands)	Per cent	Per cent
a. Total employed	16 723	16 946	17 078	132	0.8	2.1
b. Total unemployed (official definition)	7 895	8 011	7 991	-20	-0.2	1.2
c. Total labour force (a+b)	24 619	24 957	25 069	112	0.4	1.8
d. Total not economically active	16 403	16 474	16 492	18	0.1	0.5
e. Population 15–64 years (c+d)	41 022	41 431	41 561	130	0.3	1.3
f. Official unemployment rate* (b/c)*100	**32.1%**	**32.1%**	**31.9%**	–	–	–
g. Discouraged	3 049	3 355	3 466	111	3.3	13.7
h. Other reasons for not searching for work	1 274	1 352	1 315	-37	-2.7	3.2
i. Expanded unemployment rate**	**41.1%**	**41.9%**	**41.9%**	–	–	–

* 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.

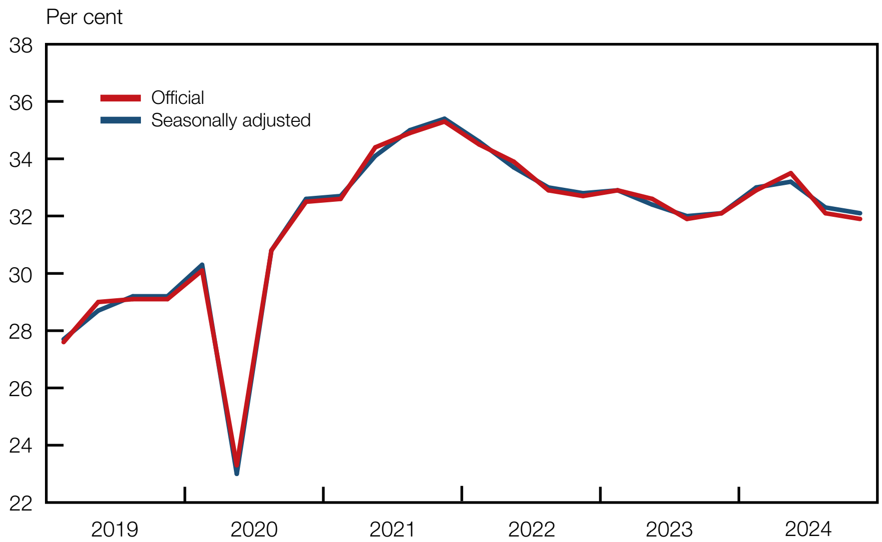
Source: Stats SA

South Africa's total labour force increased by 0.4% to 25.0 million in the fourth quarter of 2024, mainly due to an increase in the total number of employed persons, while the number of officially unemployed persons decreased by 20 000 (0.2%). As a result, the official unemployment rate decreased slightly from 32.1% in the third quarter of 2024 to 31.9% in the fourth quarter. Similarly, the seasonally adjusted unemployment rate decreased marginally from 32.2% to 32.1% over the same period.

According to the International Labour Organization (ILO), the global unemployment rate was 5.0% in both 2023 and 2024, below its historic average, and is expected to remain at this rate in 2025 before decreasing slightly to 4.9% in 2026.[10]

10 ILO, *World Employment and Social Outlook: Trends 2025,* https://www.ilo.org/sites/default/files/2025-01/WESO25_Trends_EN_WEB5.pdf

Unemployment rate



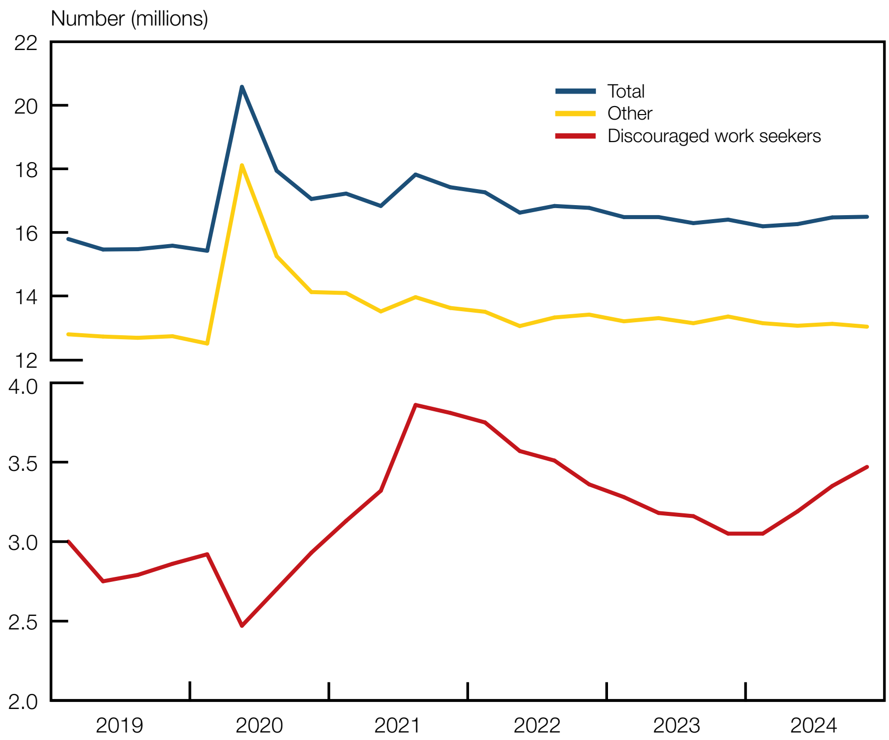
Sources: Stats SA and SARB

The total number of officially unemployed persons in the fourth quarter of 2024 primarily comprised 42.8% new entrants to the labour market followed by 25.8% job losers and 23.6% persons who last worked five years ago, while re-entrants and job leavers accounted for 5.0% and 2.8% respectively. The proportion of long-term unemployment (being unemployed for one year or longer) to total unemployment remained elevated and increased from 76.7% in the third quarter of 2024 to 77.7% in the fourth quarter, but was still below the most recent peak of 80.0% recorded in the fourth quarter of 2021.

The youth unemployment rate (persons aged 15–24 years and actively searching for work) decreased from 60.2% in the third quarter of 2024 to 59.6% in the fourth quarter. Similarly, the unemployment rate of those aged between 25 and 34 years decreased from 40.4% to 39.4% over the same period. According to the ILO, the global youth unemployment rate increased marginally to 12.6% in 2024 and is estimated to decrease slightly to 12.5% and 12.4% in 2025 and 2026 respectively.[11]

The share of young persons who were neither in employment, education or training (NEET) in South Africa decreased from 34.2% in the third quarter of 2024 to 33.5% in the fourth quarter, representing 3.5 million of the 10.3 million population of young persons. The ILO reported that the global share of youth NEET was 20.4% in 2024, with expectations for it to remain steady in 2025 and 2026, which is lower than the recent peak of 23.2% recorded in 2020.[12]

Not economically active population



Source: Stats SA

The not economically active population in South Africa increased by 18 000 (0.1%) persons in the fourth quarter of 2024 as the increase of 111 000 (3.3%) in the number of discouraged work seekers outweighed the decrease of 93 000 (0.7%) in those categorised as *other*[13] not economically active persons. Nonetheless, the expanded unemployment rate, which includes discouraged work seekers, remained unchanged at 41.9% in the fourth quarter.[14] The ILO's global jobs gap indicator[15] increased by approximately 2.3 million persons from 400.1 million in 2023 to 402.4 million in 2024.

11 ILO, *World Employment and Social Outlook: Trends 2025*, https://www.ilo.org/sites/default/files/2025-01/WESO25_Trends_EN_WEB5.pdf

12 Ibid.

13 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.

14 The expanded unemployment rate is calculated using Stats SA's in-house formula and is therefore not internationally comparable.

15 The jobs gap indicator is a novel indicator developed by the ILO, capturing all persons who would like to work but do not have a job. It incorporates discouraged work seekers and the other not economically active. It is a useful complement to the unemployment rate as it provides a more comprehensive view of labour underutilisation. See the ILO report: https://www.ilo.org/sites/default/files/2025-01/WESO25_Trends_EN_WEB5.pdf

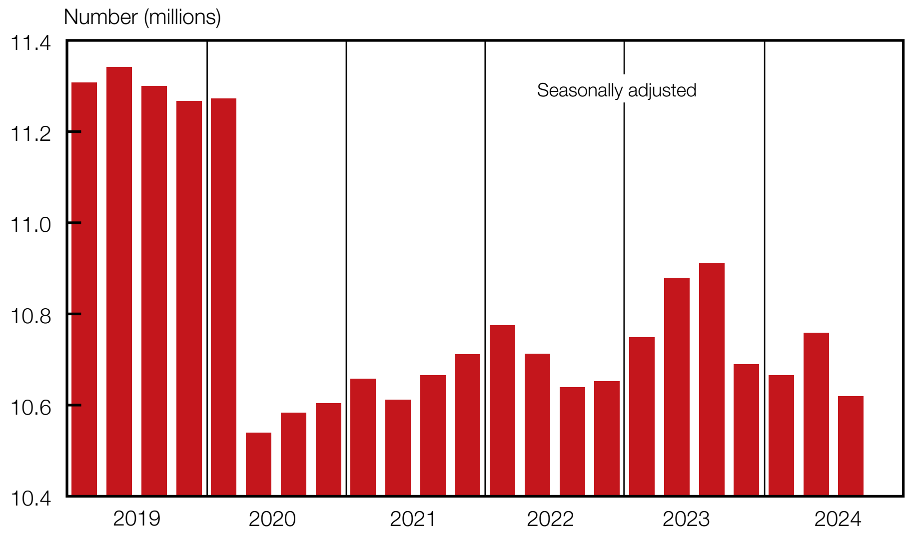
16 ILO, *World Employment and Social Outlook: Trends 2025*, https://www.ilo.org/sites/default/files/2025-01/WESO25_Trends_EN_WEB5.pdf

17 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.

The labour force participation rate increased from 60.2% in the third quarter of 2024 to 60.5% in the fourth quarter, slightly above the most recent peak of 60.3% recorded in the first quarter of 2020. This is in line with the global labour force participation rate, which remained unchanged at 60.4% in 2024, according to the ILO.[16] The labour absorption rate, which measures the percentage of the working-age population (15–64 years) that is employed, increased further from 40.9% in the third quarter of 2024 to 41.1% in the fourth quarter, consistent with the further increase in employment over this period.

Enterprise-surveyed formal non-agricultural employment[17] decreased notably by 138 700 jobs (an annualised decrease of 5.1%) in the third quarter of 2024, more than reversing the gains made in the preceding quarter. The decrease resulted largely from the termination of temporary employment opportunities in the public sector and continued job-shedding in the private sector.

Formal non-agricultural employment

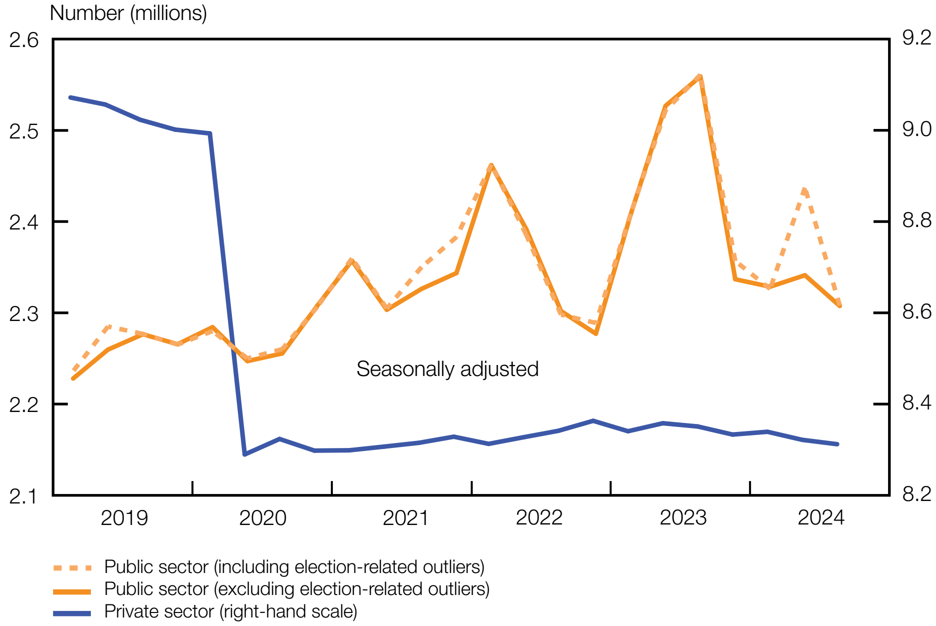


Sources: Stats SA and SARB

Public sector employment decreased significantly by 129 200 jobs (19.6%, annualised) in the third quarter of 2024 after increasing by a revised 110 900 jobs in the second quarter. The decrease mainly reflected the termination of temporary election-related employment opportunities by the Electoral Commission of South Africa and, to a lesser extent, the termination of temporary Presidential Youth Employment Initiative (PYEI) jobs. Employment decreased across all public sector tiers, except for national departments, in the third quarter of 2024.

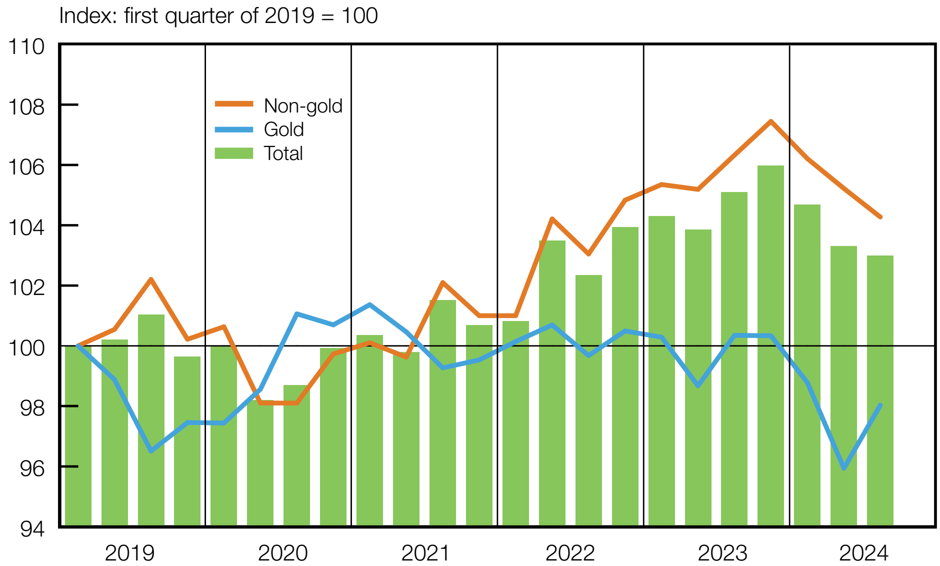
Private sector employment decreased further in the third quarter of 2024, albeit at a slower pace than in the second quarter. The decrease was broad-based across the subsectors, with only the trade, catering and accommodation services sector and the gold-mining sector adding jobs. As such, employment in the goods-producing sectors decreased by 10 000 jobs in the third quarter of 2024, while services sector employment increased marginally by 500 jobs.

Public and private formal sector employment



Sources: Stats SA and SARB

Formal mining sector employment



Seasonally adjusted

Sources: Stats SA and SARB

Mining sector employment decreased by 1.2% in the third quarter of 2024, representing a third consecutive quarterly decline. The decreases follow retrenchments and restructuring in some mining industries amid lower commodity prices, rising operational costs and logistical challenges in the sector. Job-shedding was concentrated in the non-gold mining sector, with a cumulative 13 700 jobs lost in the first three quarters of 2024, primarily in PGMs, as sustained low prices weighed on profitability in the industry, according to the Minerals Council South Africa. By contrast, gold-mining employment increased in the third quarter of 2024, albeit from a low base following decreases in the preceding three quarters. In addition to persistent, albeit gradually easing, domestic structural constraints, the global environment has become more challenging amid escalating trade tensions and an uncertain economic growth outlook in China, all of which could weigh on domestic mining production and employment.

18 As measured by the Bureau for Economic Research's (BER) *Absa Manufacturing Survey.*

Manufacturing sector employment decreased further, with an additional loss of 5 100 jobs in the third quarter of 2024. Despite this downturn, manufacturing business confidence[18] improved by 8 index points to 36 index points in the fourth quarter of 2024, which is still well below the neutral-50 level but the first time in almost three years that it had risen above 30 index points. However, the Bureau for Economic Research (BER) noted that respondents did not anticipate significant gains in employment, as manufacturers remained cautious about employment decisions due to uncertainty about the recovery in demand amid the constrained operating environment.

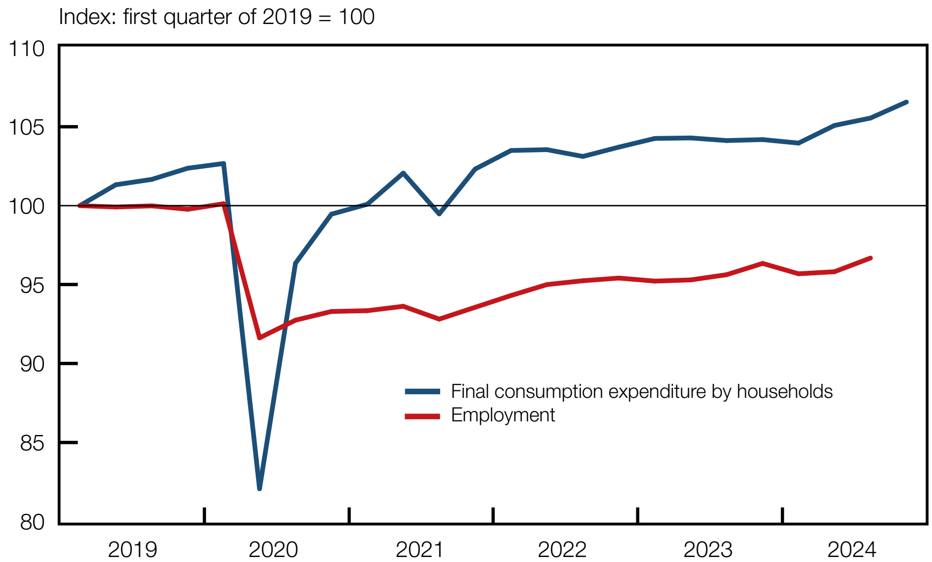
19 As measured by the FNB/BER Building Confidence Index.

Construction sector employment decreased at an accelerated pace in the third quarter of 2024, resulting in 15 700 fewer people being employed compared to a year earlier. Moreover, sentiment indicators in the building and construction sector remained lacklustre in the fourth quarter of 2024. The First National Bank (FNB)/BER Civil Confidence Index fell by 2 index points to 48 index points over this period due to a deterioration in civil construction activity and order books, although profitability rose to its best level since 2007. Building confidence[19] remained unchanged at 40 index points in the fourth quarter after increasing in the previous two quarters. Although building activity improved, particularly among residential contractors, the index measuring activity among non-residential builders deteriorated.

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

Employment decreased in three of the four services sectors in the third quarter of 2024. The exception was in the *trade, catering and accommodation services sector,* which recorded employment gains of 21 100 jobs over this period, in line with the recovery in household consumption expenditure in 2024. Business conditions in the commerce sector appear to be improving amid a gradual pickup in consumer demand, with business confidence among retailers[20] increasing by 9 index points to 54 index points in the fourth quarter of 2024, marking the highest level of confidence since the third quarter of 2022. The improvement was underpinned by a significant increase in the realised business conditions, sales volumes and profitability indicators. The general consumer outlook has also improved due to lower consumer price inflation, improved consumer confidence and successive interest rate reductions.

Formal trade sector employment and household consumption expenditure



Seasonally adjusted

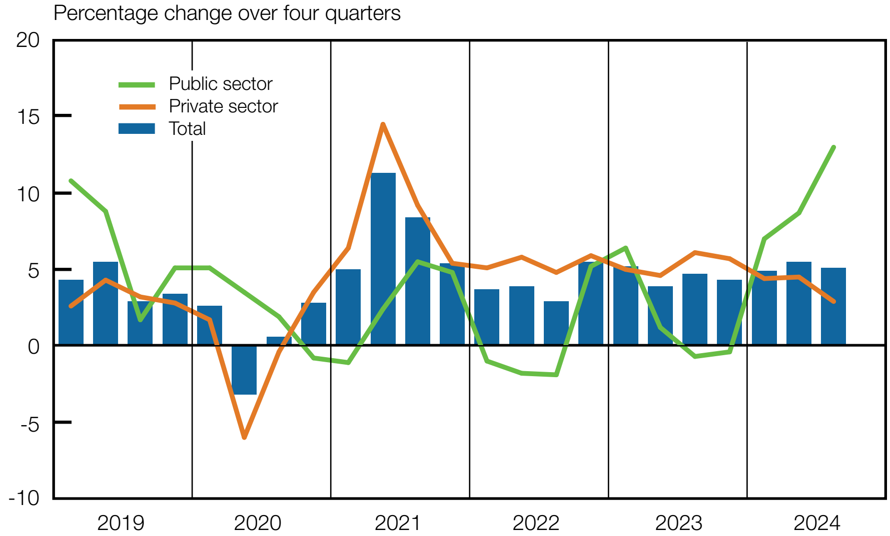
Sources: Stats SA and SARB

The *finance, insurance, real estate and business services sector* shed a further 16 700 jobs in the third quarter of 2024. In addition, the *private community, social and personal services* and the *transport, storage and communication services* sectors recorded job losses of 2 700 and 1 300 respectively in this period.

Labour cost and productivity

The year-on-year pace of increase in *formal non-agricultural nominal remuneration* per worker decelerated from 5.5% in the second quarter of 2024 to 5.1% in the third quarter as the moderation in private sector remuneration per worker outweighed the notable acceleration in public sector remuneration per worker.

Formal non-agricultural nominal remuneration per worker



Sources: Stats SA and SARB

Nominal remuneration growth per private sector worker decelerated from 4.5% in the second quarter of 2024 to 2.9% in the third quarter – the slowest pace of increase since the third quarter of 2020. Remuneration growth per worker in the finance, insurance, real estate and business services sector, which accounts for around 28% of total remuneration, slowed notably from 5.4% to 1.9% over the same period, in part due to lower bonus and overtime payments. Nominal remuneration growth per worker also slowed in the other private subsectors, except for the gold-mining and the trade, catering and accommodation services sectors.

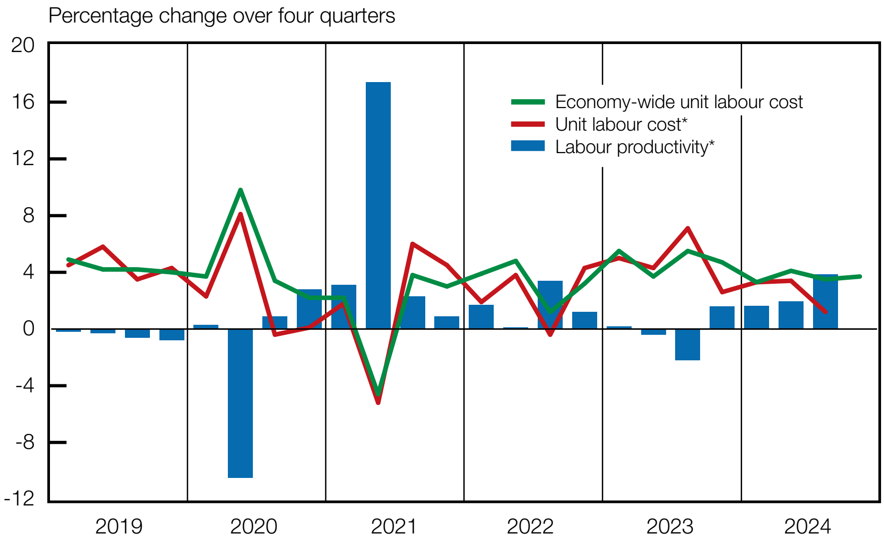
Growth in nominal remuneration per public sector worker[21] accelerated for a fourth consecutive quarter, rising from 8.7% in the second quarter of 2024 to 13.0% in the third quarter. This increase was mainly due to base effects related to the large number of low-earning youth employed under the PYEI a year earlier. Remuneration growth per worker accelerated notably at the provincial level, reflecting the impact of the PYEI workers, while it slowed at the national department and local government levels.

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

The *average wage settlement rate in collective bargaining agreements* was 6.2% in 2024, marginally lower than the average of 6.3% recorded in 2023, according to Andrew Levy Employment Publications. The *number of working days lost due to industrial action* fell notably to 116 000 in 2024 from 4.9 million in 2023, which was elevated by the nationwide public sector strike in March 2023 and the prolonged municipal worker strike in July of that year.

Growth in labour productivity in the formal non-agricultural sector accelerated for a third consecutive quarter, from 1.9% in the first quarter of 2024 to 3.8% in the third quarter, as year-on-year growth in employment moderated over this period, while that in output accelerated marginally.

Labour productivity and nominal unit labour cost



* Formal non-agricultural sector

Sources: Stats SA and SARB

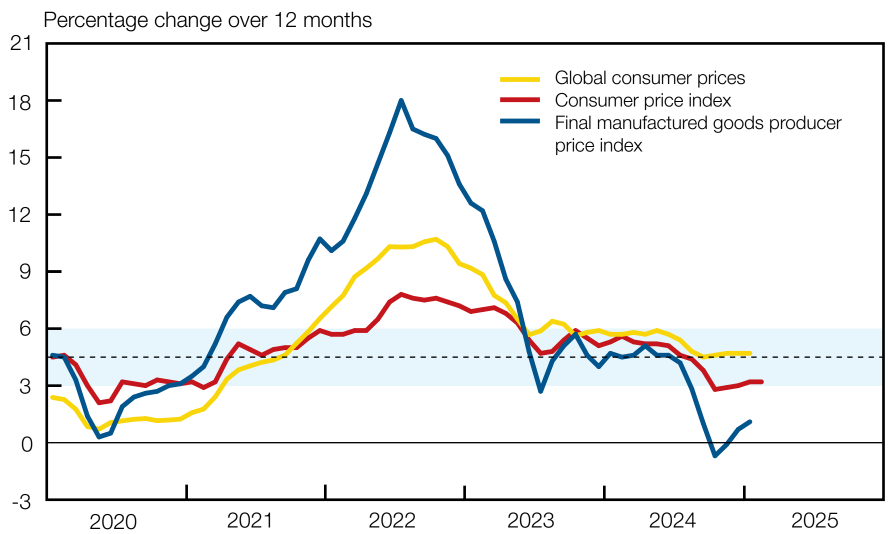
Conversely, *growth in nominal unit labour cost* in the formal non-agricultural sector slowed from 3.5% in the second quarter of 2024 to 1.3% in the third quarter as year-on-year growth in total remuneration moderated, while that in output accelerated slightly. Growth in economy-wide nominal unit labour cost accelerated marginally from 3.5% in the third quarter of 2024 to 3.7% in the fourth quarter as year-on-year growth in the compensation of employees accelerated at a faster pace than that in total output.

Prices[22]

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

Global inflationary pressures eased during most of 2024, supported largely by lower international fuel prices. This, in turn, provided space for monetary policy easing in many countries. However, the slowdown in global consumer price inflation appears to have bottomed out in recent months due to persistent underlying inflation in some countries, with the latest global and domestic inflation measures accelerating somewhat. In addition, concerns about the effects of climate change and recent United States (US) trade policies present potential upside inflationary risks. In South Africa, inflation increased slightly after receding to multi-year lows in October 2024 as both headline consumer and producer price inflation accelerated somewhat in the subsequent months.

Headline producer and consumer prices



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

Sources: OECD and Stats SA

Producer price inflation for final manufactured goods moderated notably in the second half of 2024 to a multi-year low of -0.7% in October 2024 before accelerating slightly to 1.1% in January 2025. The acceleration was mostly evident in producer prices for food products, which accelerated from 2.8% in April 2024 to 4.8% in January 2025, and reflected higher rates of increase in several food price categories. In addition, the rate of deflation in producer price inflation for coal and petroleum products slowed from -18.6% in October 2024 to -5.8% in January 2025. The sharp moderation in producer price inflation in the second half of 2024 resulted in annual average headline producer price inflation slowing notably from 6.7% in 2023 to 3.1% in 2024.

Similarly, producer price inflation for intermediate manufactured goods accelerated to 7.3% in January 2025 from a low of 0.4% in May 2024. This increase was driven by renewed price increases in the subcategories of textiles and leather goods, basic and fabricated metals as well as chemicals, rubber and plastic products, which accelerated to 16.2%, 8.3% and 8.3% respectively in January 2025. On an annual average basis, producer price inflation for intermediate manufactured goods accelerated from 1.2% in 2023 to 3.2% in 2024.

Producer price inflation

Annual average percentage change

	2022	2023	2024	Jan 2025*
Final manufactured goods	14.4	6.7	3.1	1.1
Intermediate manufactured goods	14.6	1.2	3.2	7.3
Electricity and water	10.3	14.7	11.5	10.0
Mining	18.0	4.6	-5.1	0.7
Agriculture, forestry and fishing	14.6	8.2	5.4	7.5

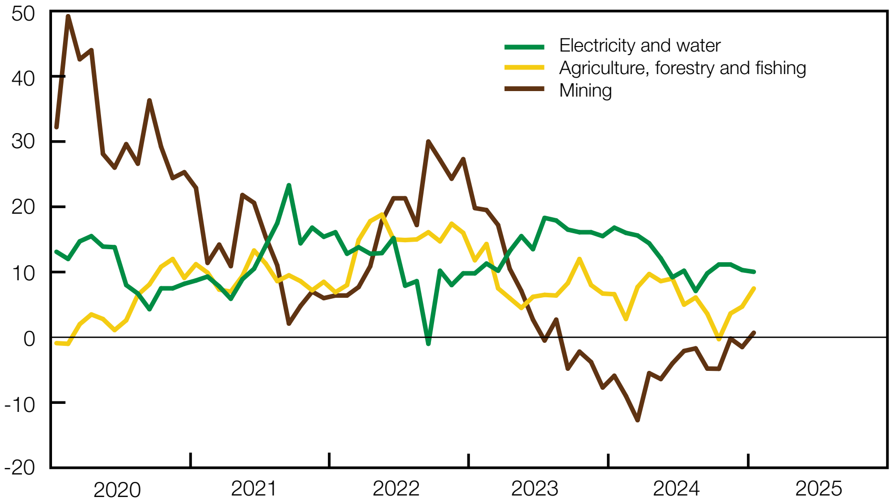
* Changes in prices from January 2024 to January 2025

Source: Stats SA

Producer price inflation for electricity and water remained elevated at an annual average inflation rate of 11.5% in 2024, somewhat lower than the 14.7% recorded in 2023. Although producer price inflation for electricity and water moderated slightly in January 2025, it remained high largely due to electricity price inflation which amounted to 10.9% in January. Producer price inflation for water slowed to 5.6% in July 2024 and remained at that rate up to January 2025, as municipal tariff increases were lower than during the previous year.

Producer prices

Percentage change over 12 months

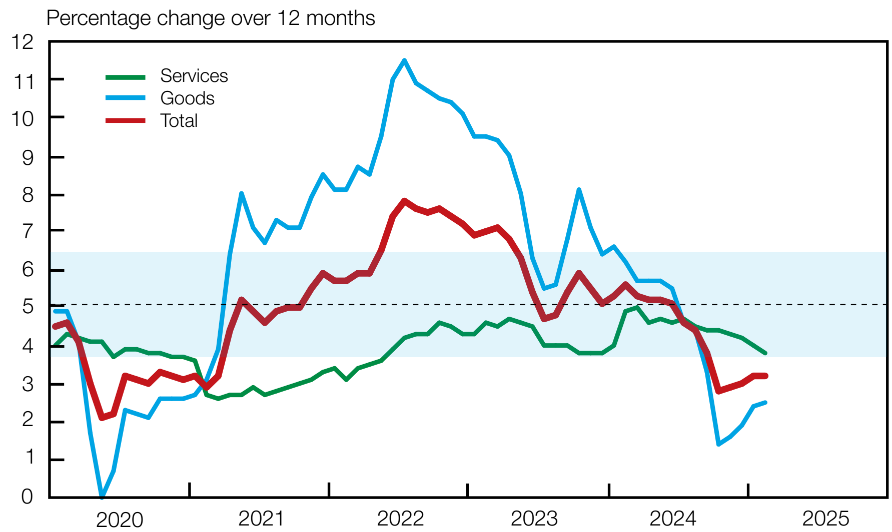


Source: Stats SA

The pace of deflation in producer prices for mining products slowed gradually from -12.7% in March 2024 to -1.5% in December before accelerating to record inflation of 0.7% in January 2025. Producer price inflation for gold and other metal ores moderated substantially from a high of 23.9% in January 2024 to 4.9% in December before accelerating again to 7.9% in January 2025. By contrast, coal and gas prices continued to decrease and recorded a year-on-year decline of 8.7% in January 2025.

Producer price inflation for agriculture, forestry and fishing products accelerated from -0.3% in October 2024 to 7.5% in January 2025 as the price inflation of cereals and other crops accelerated significantly over this period, largely reflecting the sharp rise in maize prices following the much lower domestic maize harvest in 2024 compared to 2023. By contrast, the producer prices of live animals decreased by 11.8% in January 2025 compared with a year earlier.

Headline consumer prices



---- Midpoint of the inflation target range (4.5%)
Source: Stats SA

In January 2025, Stats SA released a reweighted and rebased headline consumer price index (CPI) basket of goods and services for all urban areas to better reflect prevailing consumer expenditure patterns. For a detailed discussion of these changes, see ‘Box 1: The 2023 reweighted and rebased consumer price index’.

Box 1 The 2023 reweighted and rebased consumer price index

On 28 January 2025, Statistics South Africa (Stats SA) published the most recently updated consumer price index (CPI) basket of goods and services, along with their respective new weights, effective from the release of the January 2025 CPI on 26 February 2025. The CPI basket represents a set of goods and services used to calculate the monthly CPI, and the new weights reflect the relative importance of each product in the basket. The updated weights of the CPI basket are primarily based on the results of the *2023 Income and Expenditure Survey (IES)*[1] conducted by Stats SA between November 2022 and November 2023, which surveyed about 32 000 households across South Africa to collect comprehensive data on household spending patterns, income sources and living conditions.

The *2023 IES* was the first comprehensive household expenditure survey conducted in a decade. Stats SA used household final consumption expenditure (HFCE) data from the national accounts as the primary source for updating the CPI basket and weights in January 2022.[2] During the reweighting in 2022, only basket items typically purchased in retail stores were reviewed using detailed sales data from retail chain stores, resulting in fairly minor weight changes. The latest update of the CPI basket and weights once again aligns fully with international best practice, which requires the CPI basket to reflect current consumer preferences and technological evolution, and enhances the CPI's relevance to South African consumers' inflation experiences. Additional data sources were also used to complement the *2023 IES*, including the HFCE component of the national accounts, retailer point-of-sale data, excise data sourced from the South African Revenue Service (SARS), turnover and quantity data from industry bodies, product data from structural industry surveys as well as data from regulatory agencies.

The CPI was also rebased to a new reference (base) period of December 2024 = 100, from the previous reference period of December 2021 = 100. This change eliminates the impact of historical inflation contributions in calculating the current rates of change caused by the dispersion of index levels. While it changes the levels of the indices, it does not affect the published rates of change.[3] In line with international best practice, Stats SA also adopted the latest classification of individual consumption by purpose (COICOP) for the CPI product classification. The COICOP was first adopted in 1999 and has been used to classify goods and services in the South African CPI since 2008. In 2018, the United Nations Statistics Division adopted an updated version (COICOP 18), which better reflects changes in consumer spending patterns, including the impact of technological advances, and provides greater detail to improve international data comparability. Apart from the renaming of some categories, the most significant change was splitting the 'miscellaneous goods and services' category (with a previous weight of 14.81%) into two separate categories: a dedicated 'insurance and financial services' category and a new category for 'personal care and miscellaneous services'. COICOP 18 was also applied to classify expenditure in the *2023 IES* and Stats SA will implement this change in the HFCE estimates during the national accounts benchmarking scheduled for 2026.

Changes to main COICOP			
1999		2018	
COICOP	Category	Category	COICOP
1	Food and non-alcoholic beverages	Food and non-alcoholic beverages	1
2	Alcoholic beverages and tobacco	Alcoholic beverages and tobacco	2
3	Clothing and footwear	Clothing and footwear	3
4	Housing and utilities	Housing and utilities	4
5	Household contents and services	Furnishings, household equipment and routine maintenance	5
6	Health	Health	6
7	Transport	Transport	7
8	Communication	Information and communication	8
9	Recreation and culture	Recreation, sport and culture	9
10	Education	Education	10
11	Restaurants and hotels	Restaurants and accommodation services	11
12	Miscellaneous goods and services	Insurance and financial services	12
		Personal care and miscellaneous services	13

1 For the detailed results of the *2023 IES*, see https://www.statssa.gov.za/?page_id=1854&PPN=P0100&SCH=74215

2 For a discussion of the previous update of the CPI basket and weights, see 'Box 1: The reweighted and rebased consumer price index' on page 32 in the March 2022 edition of the *Quarterly Bulletin*, available at https://www.resbank.co.za/en/home/publications/publication-detail-pages/quarterly-bulletins/boxes/2022/March/Thereweightedandrebasedconsumerpriceindex

3 For the complete set of new CPI weights published by Stats SA, see https://www.statssa.gov.za/?page_id=1854&PPN=P0141.5&SCH=74216

To derive the CPI basket, the expenditure values of each product within the product categories were calculated. Products that fell within the cumulative value of 80% in each product category and had a minimum contribution of 0.01% of total expenditure were included in the basket. As a result, the 2023 CPI basket of goods and services includes 391 items compared to 396 items in the 2019 basket. A total of 71 new products were added, 53 products were removed, and 29 products were reorganised by either combining or splitting them, or through reclassification.

Products added to and removed from the CPI basket	
New products added to the basket	Products removed from the basket
Food and non-alcoholic beverages	Food and non-alcoholic beverages
Basmati rice	Other pasta
Sorghum meal	Ready-mix flour
Meat bones	Condensed milk
Boerewors	Cream
Viennas	Flavoured milk
Russians	Tinned vegetables
Meat patties	Frozen potato chips
Chicken nuggets and strips	Ground coffee/coffee beans
Crumbed fish	Drinking chocolate
Frozen shrimps and prawns	
Parmesan cheese	
Butter	
Garlic	
Honey	
Ready-made meals	
Natural spices/herbs	
Olive oil	
Alcoholic beverages and tobacco	
Rose wine	
Snuff	
Refills for e-cigarettes	
Clothing and footwear	Clothing and footwear
Women's skirts and sleepwear	Boys' jackets
Sets for girls	Girls' skirts
School uniform (shirts, jerseys, trousers/shorts, skirts/dresses, socks and shoes)	Infants' jackets
	Infants' shoes
Housing and utilities	Housing and utilities
Refuse collection	Brandering/chip board
Sewage removal	Plaster
Gas cylinders	
Vanish	
Paintbrushes	
Furnishings, household equipment and routine maintenance	Furnishings, household equipment and routine maintenance
Loose carpets and rugs	Toaster/sandwich makers
Pillows	Teaspoons
Tablecloths	Graters
Towels	Garden water sprinklers
Face cloths	Wax shoe polish
Air fryers	Household batteries
Cooler boxes	Insecticide
Refuse bags	
Candles	

Products added to and removed from the CPI basket	
New products added to the basket	**Products removed from the basket**
Health	**Health**
Skin treatment	Eye drops
Calming and mood enhancing treatment	General practitioners - public sector
Condoms	Specialists - public sector
Spectacles, including contact lenses	
Clinic services	
Orthopaedic surgeons	
Optometrists	
Inpatient care centres	
Pathology services	
Transport	**Transport**
E-hailing services	Shock absorbers
School transport	Driving licences
Oil filters	Rental of postboxes
Air filters	
Lubricants	
Information and communication	**Information and communication**
Subscription to streaming services	TV decoders
Modems and routers	Soundbars/speakers
Calculators	Telephone fees (landline)
USB and external hard drives	
Power banks	
USB cable chargers	
Recreation, sport and culture	**Recreation, sport and culture**
Toy building bricks	Digital cameras
	Teddy bears
	Sleeping bags
	Plant pots
	Musical instruments
	Musical CDs
	Magazines
	Pool brushes and nets
	Files
	Crayons
	Television licences
Restaurants and accommodation services	**Restaurants and accommodation services**
Self-catering accommodation	
Personal care and miscellaneous services	**Personal care and miscellaneous services**
After school centres	Toothbrushes
Membership fees for professional associations and trade unions	Non-electrical shavers
Hiring of equipment for events	Conditioner
Body wash	Bubble bath
Earrings	Tissues
	Tampons
	Hair colour
	Powder
	Wipes
	Hair relaxer
	Make-up (foundation)

Source: Stats SA

The composition of the CPI basket also changed, with several products moving between the main categories. For example, information technology (IT) equipment and televisions shifted to the 'information and communication' category from the 'recreation, sport and culture' category, while postal and courier services moved from the 'information and communication' category to the 'transport' category. Several food products were also reclassified and shuffled between the product groups.

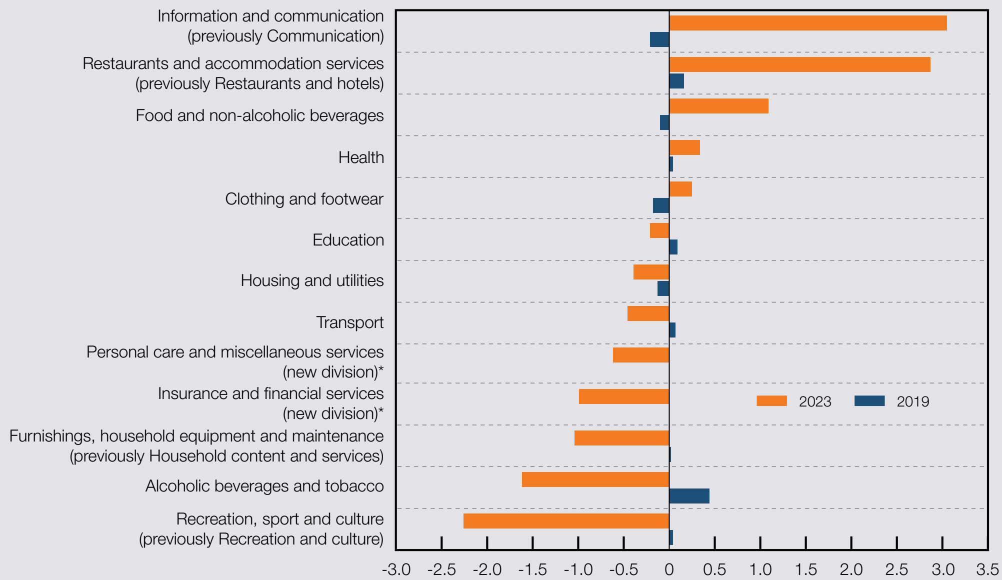
Other changes to the CPI basket	
2019 basket	2023 basket
Moved from Recreation, sport an culture	Moved to Information and communication
IT equiment	IT equiment
Televisions	Televisions
Moved from Information and communication	Moved to Transport
Postal and courier services	Postal and courier services
	Split between
Education	Public institutions
	Private institutions
	Split between
Restaurants and accommodation services	Full service
	Takeaways

Source: Stats SA

Comparison of CPI weights for all urban areas					
	2013 weights (per cent)	2016 weights (per cent)	2019 weights (per cent)	2023 weights (per cent)	Difference between 2019 and 2023 weights (percentage points)
Food and non-alcoholic beverages	15.41	17.24	17.14	18.23	-1.09
Alcoholic beverages and tobacco	5.43	5.82	6.26	4.64	-1.62
Clothing and footwear	4.07	3.83	3.65	3.90	+0.25
Housing and utilities	24.52	24.62	24.49	24.10	-0.39
Furnishings, household equipment and maintenance (previously Household contents and service)	4.79	4.35	4.37	3.33	-1.04
Health	1.46	1.40	1.44	1.78	+0.34
Transport	16.43	14.28	14.35	13.89	-0.46
Information and communication (previously Communication)	2.63	2.63	2.42	5.47	3.05
Recreation, sport and culture (previously Recreation and culture)	4.09	5.16	5.20	2.94	-2.26
Education	2.95	2.53	2.62	2.41	-0.21
Restaurants and accommodation services (previously Restaurants and hotels)	3.50	3.09	3.25	6.12	2.87
Miscellaneous goods and services – split into:	14.72	15.05	14.81		
New: Insurance and financial services			11.40	10.41	-0.99
New: Personal care and miscellaneous services			3.40	2.78	-0.62
Goods	49.86	48.70	48.68	48.37	-0.31
Services	50.14	51.30	51.32	51.63	+0.31
Total	100.00	100.00	100.00	100.00	

‘Housing and utilities’ remains the category with the largest weight (24.10%) in the 2023 CPI basket, followed by the ‘food and non-alcoholic beverages’ category (18.23%). The weights of 5 of the 13 main COICOP categories increased, while those of the remaining 8 decreased. ‘Information and communication’ registered the largest weight increase of 3.05 percentage points, mostly due to the movement of several products to this category and new products entering the basket. ‘Restaurants and accommodation services’ registered the second-largest weight increase of 2.87 percentage points, partly due to a larger share of expenditure on alcoholic beverages being allocated to purchases in restaurants. Conversely, the proportion of household spending on ‘recreation, sport and culture’ decreased the most (2.26 percentage points), followed by the ‘alcoholic beverages and tobacco’ category (1.62 percentage points). The share of services in the 2023 CPI basket increased further to 51.63%.

Changes in CPI weights by main COICOP categories



Percentage points

* The previous COICOP ‘Miscellaneous goods and services’ category was split into two categories

Source: Stats SA

Movements in the CPI represent a weighted average of price changes, therefore revisions to the weights will impact both the level of, and changes in, the index. To minimise the impact of these weight and composition changes, and to maintain a continuous CPI time series, the previous series was linked to the new one. The indices were linked in December 2024, as both sets of indices equalled 100 in that month, along with all their aggregations. The index values for January 2025 were calculated as usual, by measuring the prices of all the detailed products in the new basket and aggregating the lower-level indices, weighted by their respective values. Periodic rebasing removes the effect of accumulated inflation over time due to the relative size of the index numbers, but it does not affect the published rates of change in these rebased indices. However, the weighted sum of the lower-level indices will not match the aggregates for periods prior to the rebasing.

Annual average headline consumer price inflation decelerated from 6.0% in 2023 to 4.4% in 2024, falling below the midpoint of the inflation target range of 4.5% for the first time since the onset of the coronavirus disease 2019 (COVID-19) pandemic. However, the slowdown in headline consumer price inflation was halted when it accelerated from a low of 2.8% in October 2024 to 3.2% in February 2025, amid an acceleration in fuel price inflation. As such, consumer goods price inflation accelerated somewhat recently, while consumer services price inflation slowed further.

Consumer price inflation

Annual average percentage change

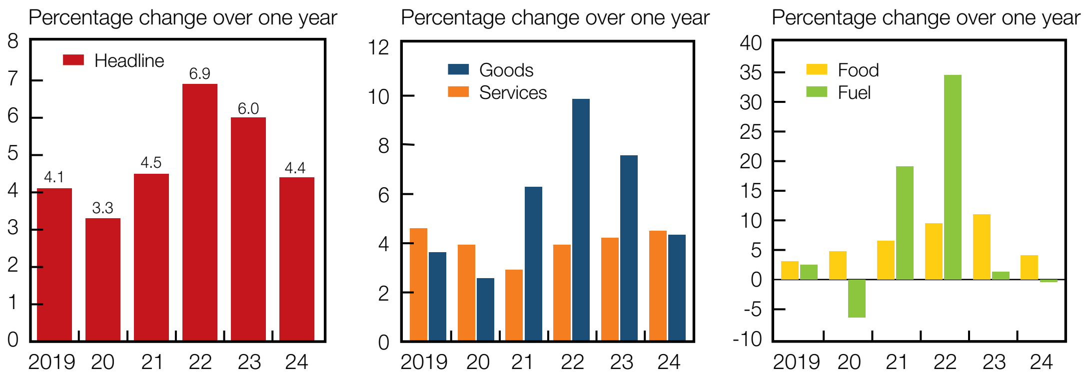
	Weight	2022	2023	2024	Jan 2025*	Feb 2025*
Headline CPI	100.00	6.9	6.0	4.4	3.2	3.2
Headline CPI, excluding food and non-alcoholic beverages, fuel and electricity	74.53	4.4	4.9	4.3	3.5	3.4
Goods	48.37	9.8	7.5	4.3	2.4	2.5
Non-durable	34.87	11.9	8.4	5.0	2.9	3.1
Semi-durable	5.84	2.7	3.6	2.2	1.2	1.2
Durable	7.66	4.5	5.9	2.7	0.8	0.8
Services	51.63	4.0	4.2	4.5	4.0	3.8

* Changes in prices over 12 months

Source: Stats SA

Consumer goods price inflation slowed considerably among all the durability categories during 2024, almost halving to an annual average rate of 4.3% from 7.5% in 2023. The inflation rate for non-durable goods price inflation eased to an average of 5.0% in 2024 and, more recently, to 1.2% in October 2024 following the marked deceleration in domestic fuel price inflation and, to a lesser extent, food price inflation, before accelerating to 3.1% in February 2025. Durable and semi-durable goods price inflation slowed throughout 2024 to below the lower band of the inflation target, amounting to 0.8% and 1.2% respectively in February 2025, largely due to a moderation in the price inflation of vehicles as well as clothing and footwear amid subdued consumer demand and, on balance, the appreciation in the exchange value of the rand.

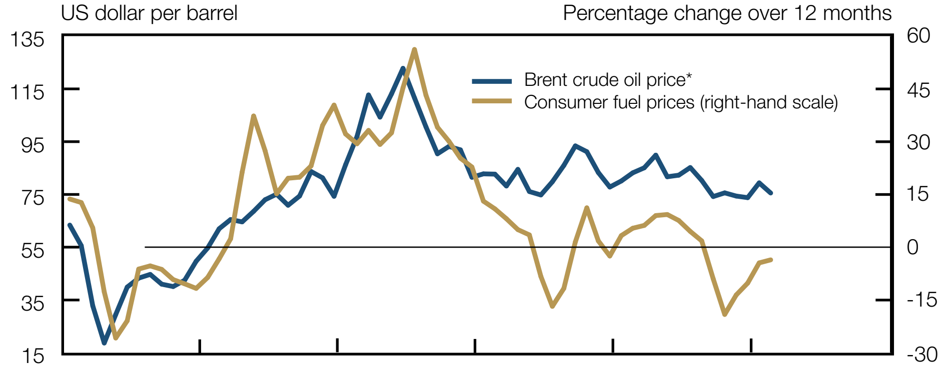
Annual average consumer price inflation



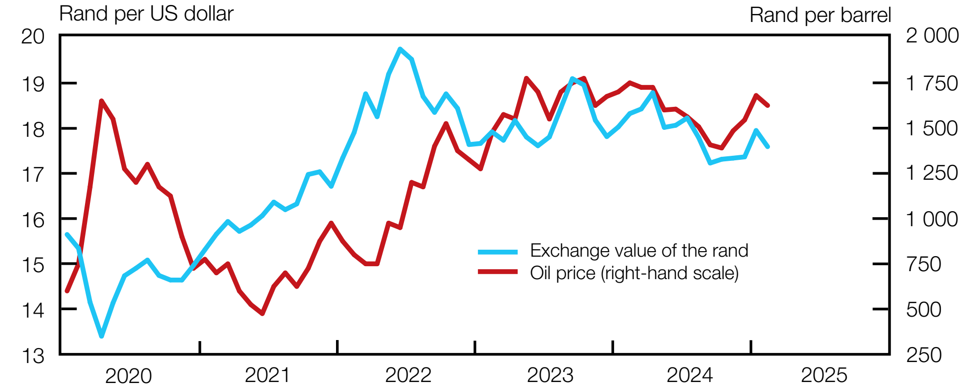
Source: Stats SA

Consumer fuel price inflation moderated substantially to -19.1% in October 2024 due to lower international crude oil prices, as the price of Brent crude oil decreased from US$89.85 per barrel in April 2024 to US$73.79 per barrel in December, whereafter it increased to US$79.39 per barrel in January 2025. Fuel price inflation then became less deflationary as it quickened to -3.6% in February 2025, with petrol price inflation accelerating from -18.1% in October 2024 to -3.6% in February 2025 and diesel price inflation quickening from -21.6% to -2.8% over the same period, largely reflecting the depreciation in the exchange value of the rand and base effects. International crude oil prices have traded in a narrow range thus far in 2025, reflecting ongoing geopolitical tensions in the Middle East, extended oil production cuts by the Organization of the Petroleum Exporting Countries and its allies, and concerns about the potential impact of US trade policies.

Brent crude oil and consumer fuel prices



Exchange rate and rand price of Brent crude oil

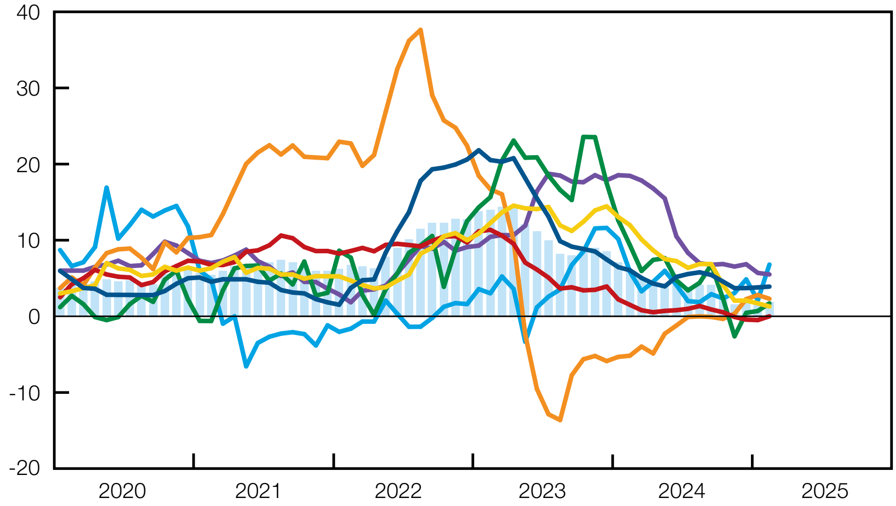


* Monthly average
Sources: LSEG, Stats SA and SARB

Annual average consumer *food price inflation* decelerated notably from 11.0% in 2023 to 4.1% in 2024, while annual average producer food price inflation moderated from 8.4% to 3.8% over the same period. The slowdown reflected a marked easing in price pressures across the various food categories. More recently, consumer food price inflation accelerated slightly to 1.9% in February 2025 as price inflation accelerated in six of the nine food price categories. The sugar, sweets and desserts category recorded the highest annual average inflation rate of 11.4%, albeit lower than the 15.0% recorded in 2023. Milk, cheese and eggs price inflation decelerated from an annual average rate of 13.2% in 2023 to 7.1% in 2024 due to the gradual normalisation in egg prices following the avian flu outbreak in 2023. Similarly, vegetable price inflation slowed significantly from an annual average of 19.2% in 2023 to 5.1% in 2024 as the prices of especially potatoes stabilised following the impact of extreme weather conditions.

Selected consumer food prices

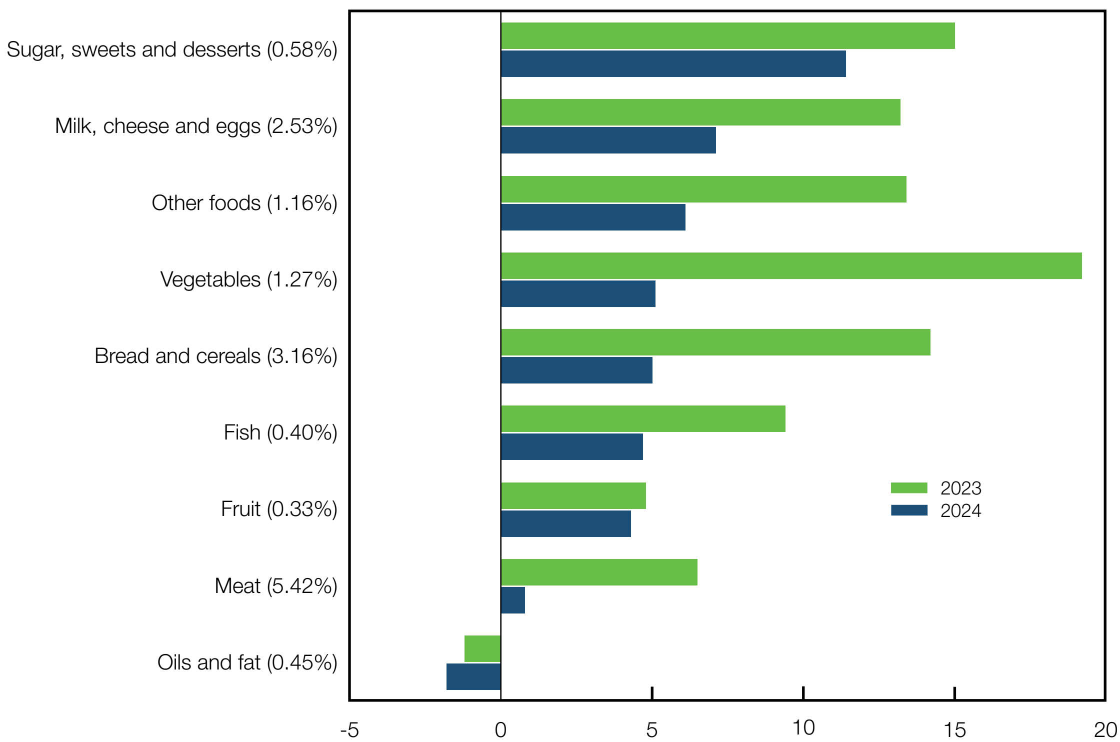
Percentage change over 12 months



Numbers in brackets indicate weights in the consumer food price index

Source: Stats SA

Annual average food price inflation



Per cent

Numbers in brackets indicate weights in the consumer food price index of 2019

Source: Stats SA

After remaining fairly subdued throughout most of 2024, final manufactured producer food price inflation accelerated somewhat from 3.4% in October 2024 to 4.8% in January 2025. The increase was mostly driven by an acceleration in producer price inflation for meat, fish, fruit, vegetables, oils and fats as well as grain mill products, starch products and animal feeds. Similarly, agricultural producer food price inflation quickened notably from -0.8% in October 2024 to 8.2% in January 2025, largely reflecting the acceleration in producer price inflation for cereals and other crops to 38.6% in January 2025. This spike was a result of the sharp increase in domestic maize prices following a significantly smaller harvest compared with the previous year.

Food price inflation

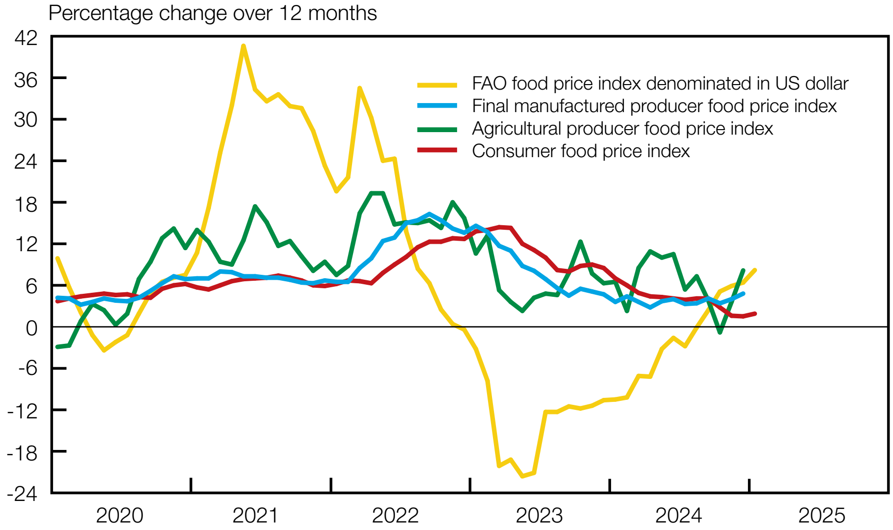
Annual average percentage change

	2022	2023	2024	Jan 2025*	Feb 2025*
Agricultural producer food prices	15.0	6.9	6.1	8.2	–
Manufactured producer food prices	12.2	8.4	3.7	4.8	–
Consumer food prices	9.5	11.0	4.3	1.5	1.9
FAO international food prices (rand-denominated)	27.3	-2.4	-2.7	6.0	5.4

* Changes in prices over 12 months

Sources: Stats SA and United Nations' Food and Agriculture Organization (FAO)

Producer and consumer food prices

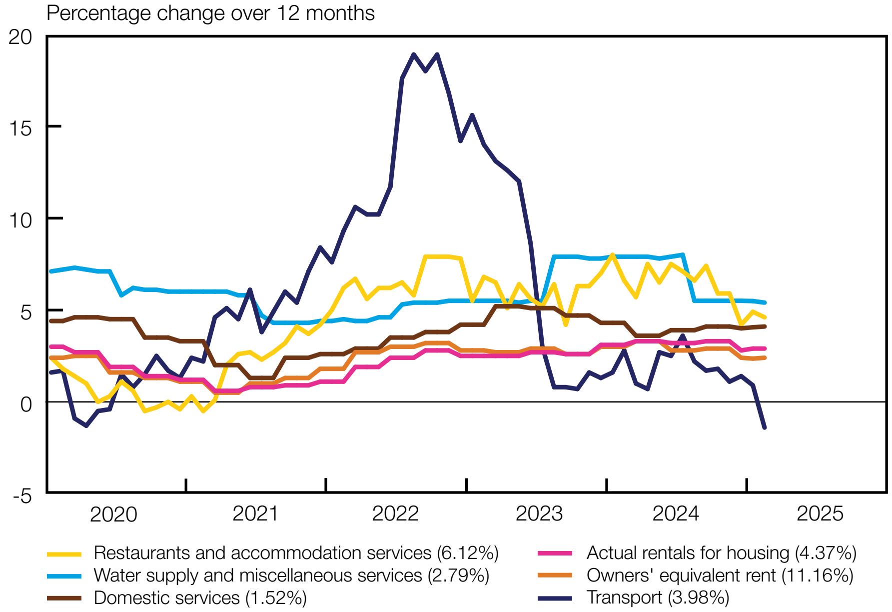


Sources: United Nations' Food and Agriculture Organization (FAO) and Stats SA

The US dollar-denominated food price index of the Food and Agriculture Organization (FAO) of the United Nations (UN) increased by 8.2% year on year in February 2025, reflecting a significant reversal from the deflation that started in 2023. The index also increased by 1.6% month to month in February 2025 due to higher prices of sugar, dairy and vegetable oils, which were partially offset by lower prices of meat and cereals. The global food commodity market experienced some volatility in 2024, driven by unpredictable weather disruptions and escalating geopolitical tensions, which severely impacted agricultural production in several major food-producing countries. However, good harvests in various other regions helped alleviate some of the upward price pressures from the affected countries.

Consumer services price inflation eased from 5.0% in March 2024 to 3.8% in February 2025. Transport services price inflation was among the lowest services price inflation rates in 2024, reflecting the moderation in fuel price inflation, and slowed further to -1.4% in February 2025. Actual rentals for housing and owners' equivalent rent decelerated from mid-2024 to 2.9% and 2.4% respectively in February 2025. Restaurant and hotel services prices slowed from a high of 8.0% in January 2024 to 4.6% in February 2025, underpinned by a significant moderation in hotel services price inflation. Insurance services price inflation accelerated notably to 9.9% in March 2024, mainly due to the sharp increase in health insurance premiums, before slowing to 8.1% in February 2025.

Selected consumer services prices



Numbers in brackets indicate weights in the overall consumer price index

Source: Stats SA

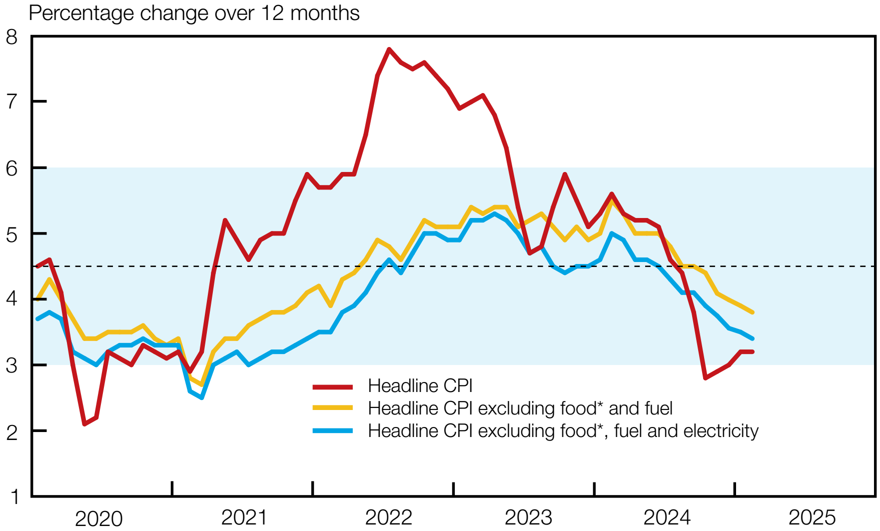
Most measures of underlying inflation decelerated throughout 2024 to well below the midpoint of the inflation target range by early 2025. When subtracting the impact of food, non-alcoholic beverages and fuel prices, the resultant consumer price inflation measure eased steadily from 5.5% in February 2024 to 3.8% a year later. Similarly, the South African Reserve Bank's (SARB) preferred measure of core inflation (also excluding electricity prices) moderated from 5.0% to 3.4% over the same period, primarily due to the slowdown in services and durable goods price inflation. On an annual average basis, core inflation slowed from 4.8% in 2023 to 4.3% in 2024, driven by slower core goods price inflation as services price inflation accelerated slightly on an annual average basis. The continued easing in underlying inflation is indicative of subdued domestic demand pressures, along with the appreciation in the exchange value of the rand, on balance, during 2024.

Price changes based on the classification of individual consumption by purpose (COICOP) confirmed the muted underlying inflationary pressures in 2024 as annual average consumer price inflation moderated in 8 of the 12 COICOP categories[23] compared with 2023. The miscellaneous goods and services category registered the highest annual average inflation rate as it accelerated from 5.8% in 2023 to 7.0% in 2024, largely due to a significant acceleration in health insurance services price inflation. By contrast, the food and non-alcoholic beverages category decelerated the most, from 10.8% in 2023 to 4.6% in 2024.

23 From January 2025, the CPI will comprise 13 main COICOP categories. For a more detailed discussion of this change, see 'Box 1: The 2023 reweighted and rebased consumer price index' on page 33 in this edition of the *Quarterly Bulletin (QB).*

Headline and underlying measures of consumer prices

Percentage change over 12 months

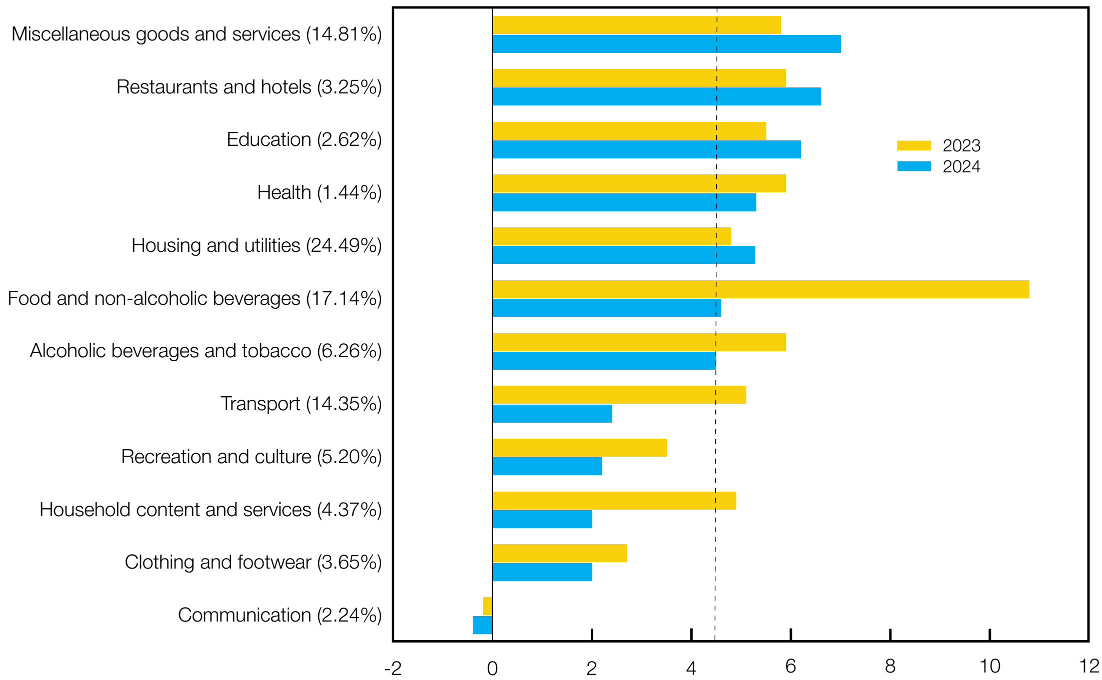


---- Midpoint of the inflation target range (4.5%)

* Food includes non-alcoholic beverages

Source: Stats SA

Annual average consumer price inflation by COICOP category



Per cent

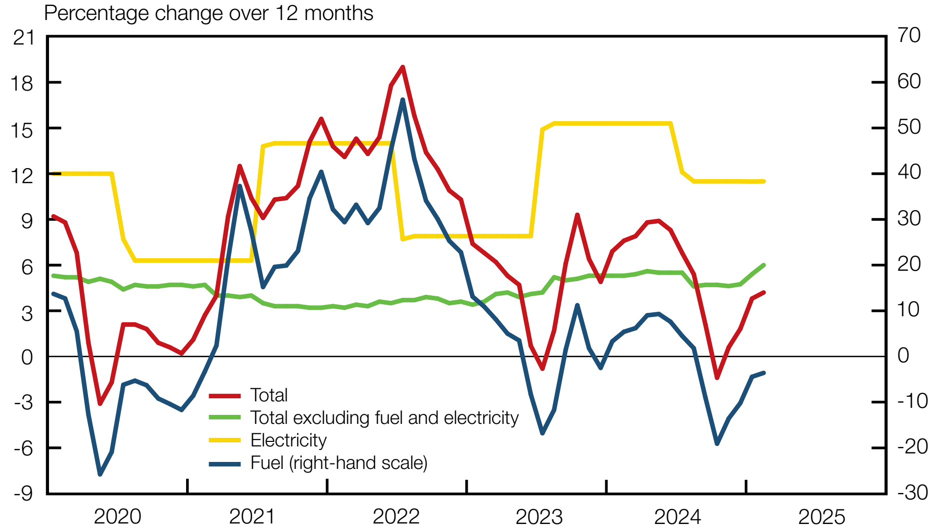
---- Midpoint of the inflation target range (4.5%)

Numbers in brackets indicate weights in the overall consumer price index of 2019

Source: Stats SA

Administered price inflation moderated for most of 2024, decreasing from a high of 8.9% in May to -1.4% in October, largely weighed down by lower fuel prices, while electricity prices as well as water supply and municipal assessment rates also increased at a slightly slower pace. Thereafter, administered price inflation accelerated to 4.2% in February 2025 as fuel price inflation became less deflationary. When excluding fuel prices, administered price inflation remained elevated but eased from 8.6% in May 2024 to 7.7% in February 2025. When also excluding the impact of electricity prices, administered price inflation remained stable, amounting to 6.0% in February 2025.

Administered prices



Source: Stats SA

The BER's *Inflation Expectations Survey* for the first quarter of 2025 showed that, on average, the three survey groups adjusted their expectations for headline consumer price inflation downwards for 2025 and held them steady for 2026, with projections for 2027 provided for the first time. Financial analysts lowered their expectations and now expect inflation to average 3.9% in 2025 and 4.3% in both 2026 and 2027 compared with 4.3% and 4.5% expected for 2025 and 2026 in 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 medium term.

Overall, inflation expectations appear to have become more anchored near the midpoint of the inflation target range after being somewhat elevated for a few years. However, average five-years-ahead expectations were adjusted marginally higher from 4.6% in the fourth quarter of 2024 to 4.7% in the first quarter of 2025.

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

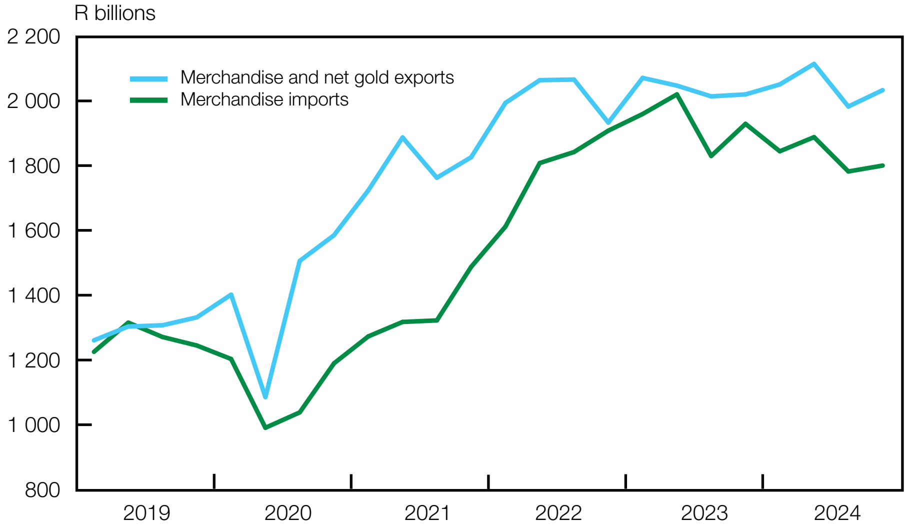
External economic accounts

Current account[24]

South Africa's trade surplus widened to R233 billion in the fourth quarter of 2024 from R200 billion in the third quarter as the value of merchandise and net gold exports increased more than the value of merchandise imports. The increase in the value of exports reflected both higher volumes and prices, while that of imports reflected higher volumes.

24 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 wider trade surplus outweighed the larger 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 R55.6 billion (0.8% of GDP) in the third quarter of 2024 to R31.6 billion (0.4% of GDP) in the fourth quarter. On an annual basis, the deficit on the current account narrowed from R112 billion (1.6% of GDP) in 2023 to R44.5 billion (0.6% of GDP) in 2024.

Current account of the balance of payments

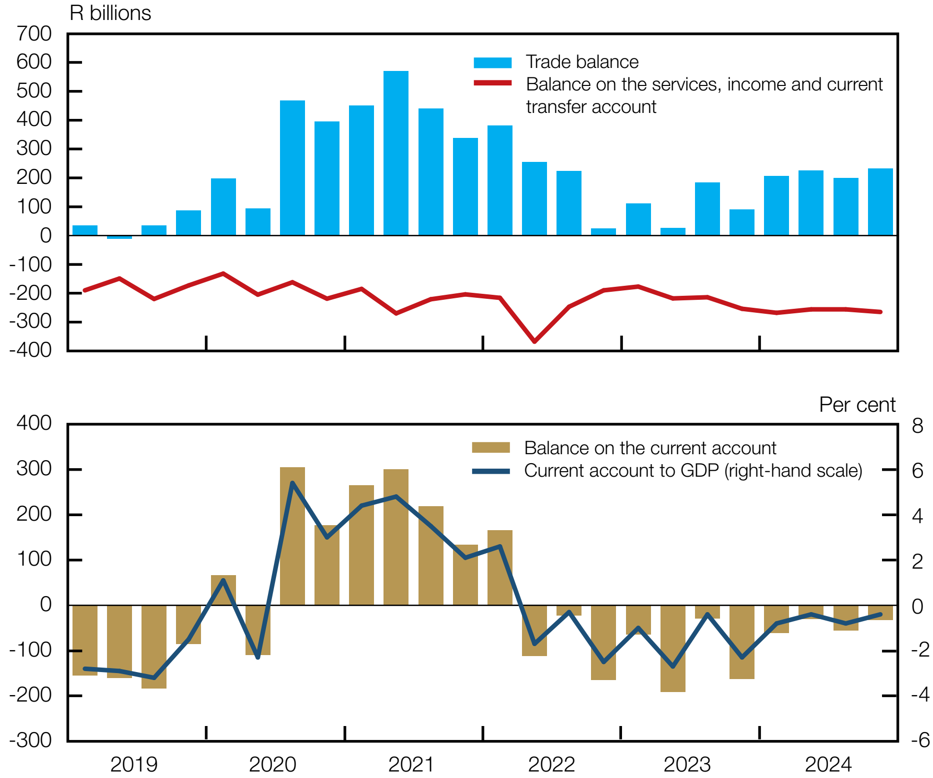
R billions, seasonally adjusted and annualised

	2023	2024				
	Year	Q1	Q2	Q3	Q4	Year
Merchandise exports	1 922	1 938	1 963	1 843	1 836	1 895
Net gold exports	116	113	151	139	197	150
Merchandise imports	-1 934	-1 844	-1 888	-1 782	-1 800	-1 828
Trade balance	103	206	226	200	233	216
Net services, income and current transfer payments	-215	-268	-256	-256	-265	-261
Balance on current account	-112	-61	-30	-56	-32	-45
As a percentage of gross domestic product						
Trade balance	1.5	2.9	3.1	2.7	3.1	3.0
Services balance	-1.1	-0.9	-1.2	-0.9	-0.8	-1.0
Income balance	-1.4	-2.2	-1.6	-1.9	-2.2	-2.0
Current transfer balance	-0.6	-0.6	-0.7	-0.7	-0.5	-0.6
Balance on current account	-1.6	-0.8	-0.4	-0.8	-0.4	-0.6

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

Sources: Stats SA and SARB

Current account of the balance of payments



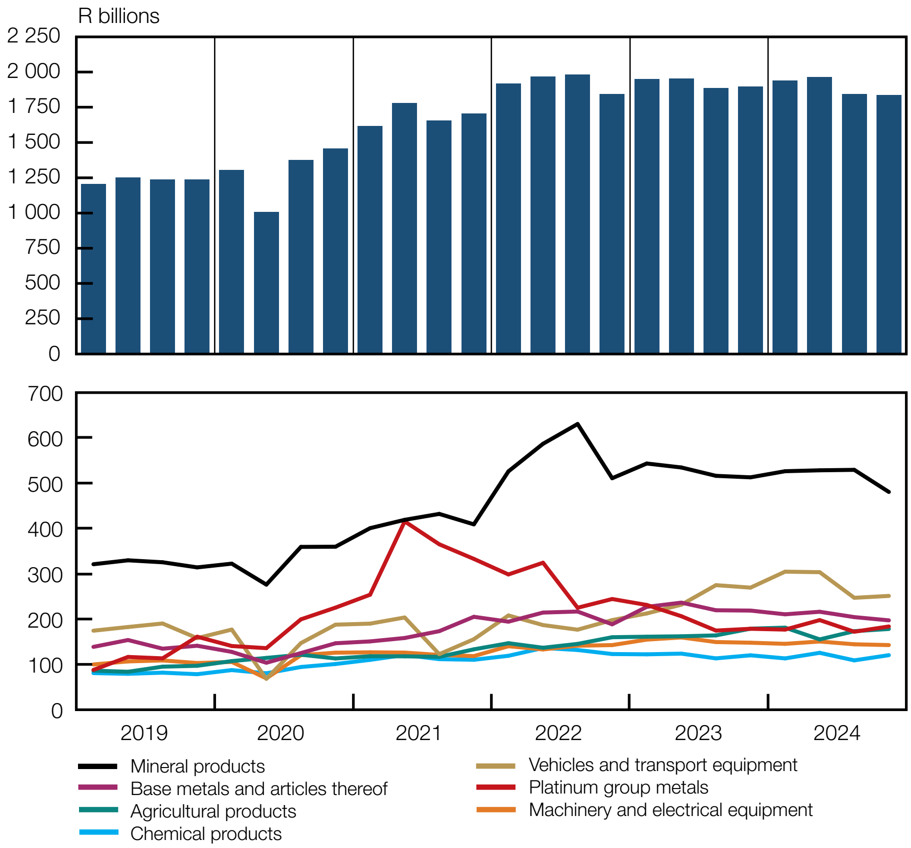
Seasonally adjusted and annualised

Sources: Stats SA and SARB

The value of merchandise exports decreased further by 0.4% in the fourth quarter of 2024 as the decrease in the export value of mining products outweighed the increases in the value of manufacturing and agricultural exports. The value of mining exports decreased for a second consecutive quarter, with the lower export value of mineral products as well as base metals and articles thereof outweighing the increased exports of pearls, precious and semi-precious stones as well as PGMs. The increase in the export value of pearls, precious and semi-precious stones mainly reflected the higher exports of diamonds. The reduction in the value of mineral exports reflected a sharp decline in exported manganese ore, residual fuel oils,[25] chromium ore and iron ore, which outweighed the higher exports of coal. The lower value of chromium ore exports reflected a decline in the average realised rand price thereof as well as lower volumes, mainly due to logistical disruptions following post-election protests in Mozambique, as most of South Africa's chromium ore exports are shipped through the port of Maputo.

25 Residual fuel oils are products intended for use, advertised for use, put for use or otherwise marketed or disposed of for use in furnaces, boilers, ships and boats.

Value of merchandise exports*

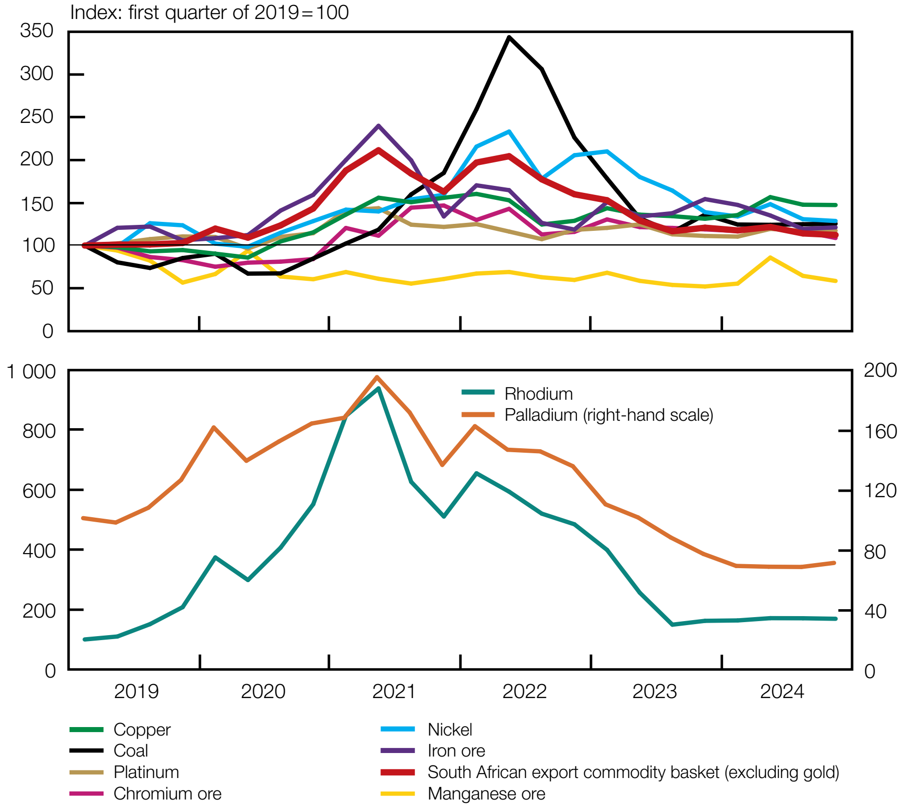


* Excluding net gold exports
Seasonally adjusted and annualised
Sources: Stats SA and SARB

The value of manufacturing exports recovered in the fourth quarter of 2024 after declining in the third quarter, mainly reflecting higher exports of chemical products, vehicles and transport equipment, artificial resins and plastics as well as textiles and articles thereof. However, exports of machinery and electrical equipment decreased in the fourth quarter. The value of agricultural exports was boosted by the increased exports of meat and fish in the fourth quarter of 2024.

The US dollar price of a basket of domestically produced non-gold export commodities decreased further by 1.6% in the fourth quarter of 2024. This was largely driven by declines in the prices of manganese ore, chromium ore, nickel, rhodium and copper. The oversupply of nickel from Indonesia continued to be the primary driver of lower nickel prices, coupled with weak Chinese demand. The price of chromium ore decreased significantly in the fourth quarter of 2024, partly due to lower global demand for stainless steel. By contrast, the price of palladium, which had declined since the second quarter of 2022, increased in the fourth quarter of 2024 following a brief spike in October when the US called for stricter sanctions on Russian precious metals, including palladium.

Selected South African export commodity prices in US dollar*



* Quarterly averages

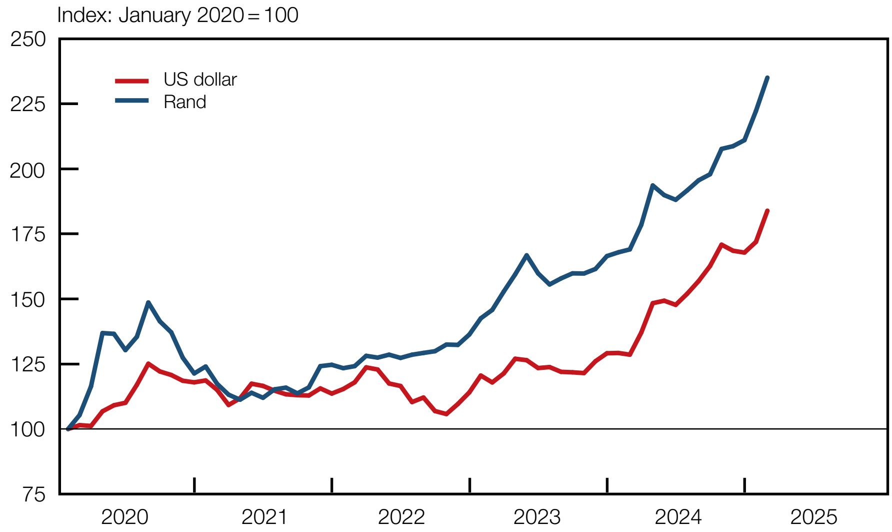
Sources: Afriforesight, World Bank and SARB

The rand price of merchandise exports decreased by 1.0% in the fourth quarter of 2024, while the volume of merchandise exports increased by 0.6%, supported by higher volumes of mining exports. On an annual basis, the volume of merchandise exports as a ratio of GDP declined from 23.4% in 2023 to 22.4% in 2024.

The monthly average US dollar price of gold on the London market decreased for a second consecutive month from US$2 653 per fine ounce in November 2024 to US$2 642 per fine ounce in December due to a stronger US dollar, high US Treasury yields and expectations of fewer interest rate cuts by the US Federal Reserve (Fed). Despite these decreases, the average quarterly US dollar price of gold increased further by 7.6% to a quarterly record high of US$2 662 per fine ounce in the fourth quarter of 2024. This increase followed a record monthly average high of US$2 690 per fine ounce in October due to, among other factors, continued gold purchases by central banks and increased investment demand. The average monthly price of gold subsequently increased to US$2 707 per fine ounce in January 2025, supported by factors such as continued central bank purchases, concerns around the prevailing geopolitical tensions and uncertainty regarding US trade policies. These, together with the weak US dollar in February 2025, further supported the gold price, which rose to US$2 896 per fine ounce in that month. The annual average price of gold increased further by 22.8% from US$1 943 per fine ounce in 2023 to US$2 387 per fine ounce in 2024.

In rand terms, the average realised price of net gold exports increased by 8.1% in the fourth quarter of 2024 alongside the increase in the US dollar price of gold. Accordingly, the value of net gold exports increased significantly by 41.2% due to the combined effect of an increase in the physical quantity of gold exported and the average realised gold price during the quarter. On an annual basis, the value of net gold exports increased by 29.3% from R116 billion in 2023 to R150 billion in 2024.

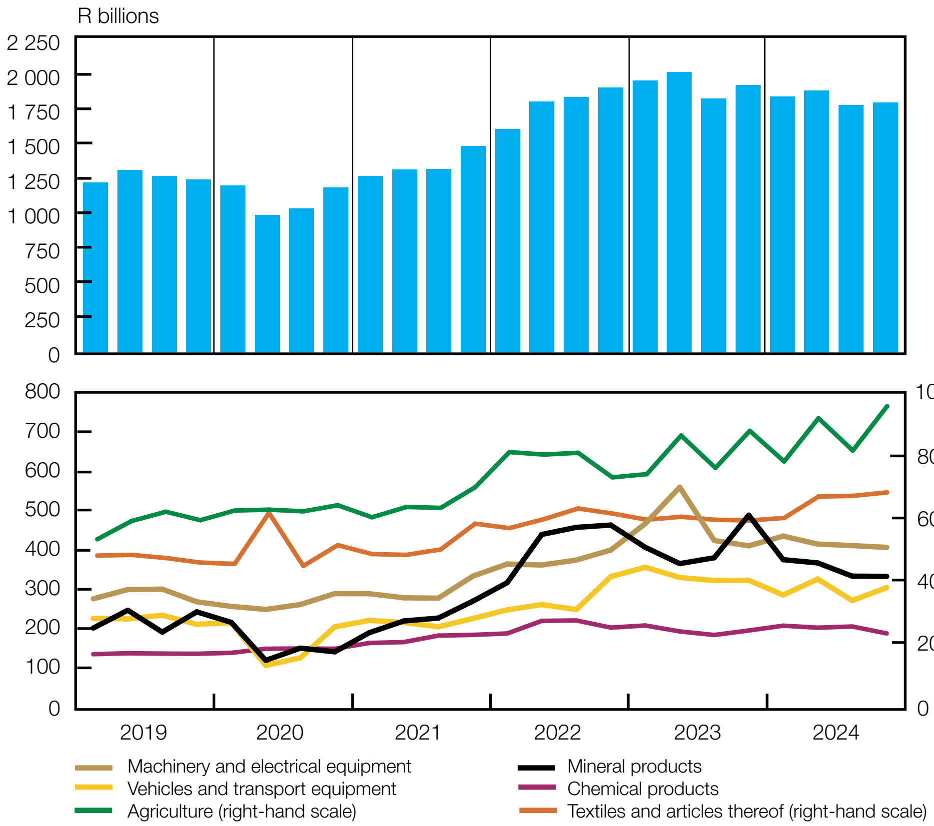
International price of gold



Source: LSEG

The value of merchandise imports increased by 1.0% in the fourth quarter of 2024, largely boosted by the increase in the value of imported agricultural products and, to a lesser extent, mining and manufactured products. The increase in the value of agricultural imports was due to a recovery in the imports of vegetable products as well as animal and vegetable fats and oils, with the latter buoyed by the higher imports of sunflower seeds. The slight increase in the import value of manufactured products mainly reflected the higher imports of vehicles and transport equipment as well as textiles and articles thereof. The significant increase in imported vehicles and transport equipment reflected the increased imports of passenger and commercial vehicles as well as the imports of several aircraft. However, the imports of chemical products, machinery and electrical equipment as well as miscellaneous manufactured equipment decreased over this period.

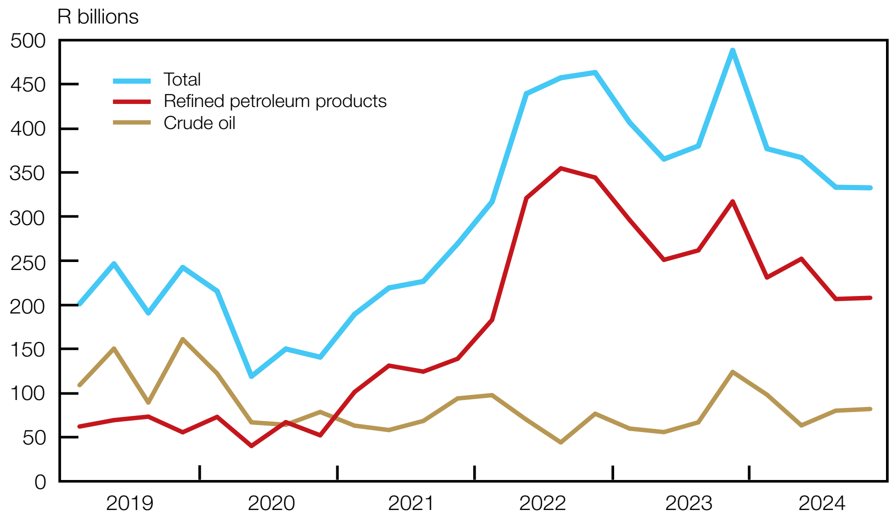
Value of merchandise imports



Seasonally adjusted and annualised
Sources: Stats SA and SARB

After contracting in the preceding three quarters, the value of mining imports increased slightly in the fourth quarter of 2024 as the higher import value of pearls, precious and semi-precious stones as well as base metals and articles thereof outweighed the lower import value of mineral products. The decline in the value of mineral products resulted largely from the lower value of imported diesel. This decline outweighed the increase in the value of crude oil imports, which was associated with higher volumes imported. The substantial increase in the physical quantity of crude oil imports more than offset the 13.0% decline in the average realised rand price thereof, from R1 608 per barrel in the third quarter of 2024 to R1 399 per barrel in the fourth quarter. On an annual basis, the import value of refined petroleum products declined further by 20.4% from R281 billion in 2023 to R224 billion in 2024 due to the improved refinery capacity and the reduced domestic demand for diesel-powered energy generation. The share of diesel imports thus decreased from 63.8% of total refined petroleum products in 2023 to 60.7% in 2024.

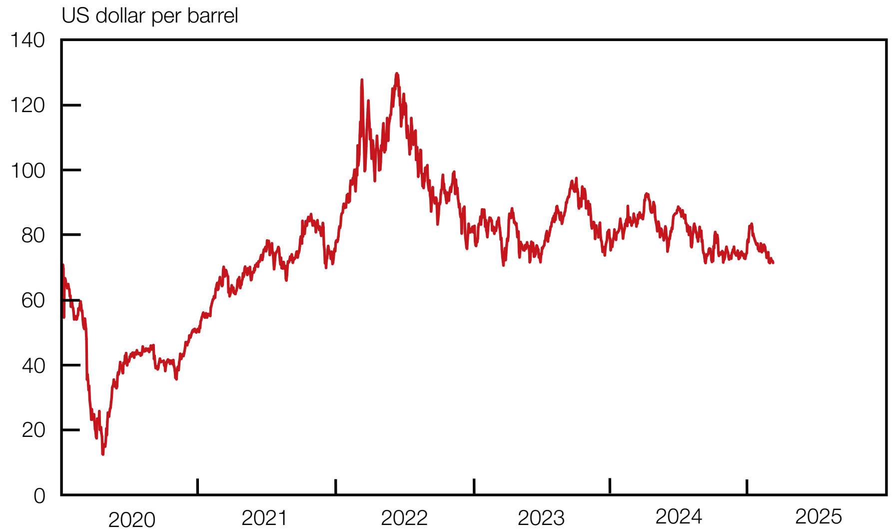
Value of mineral imports



Seasonally adjusted and annualised
Sources: Stats SA and SARB

The quarterly average US dollar spot price of Brent crude oil decreased by 6.6% from US$79.91 per barrel in the third quarter of 2024 to US$74.60 per barrel in the fourth quarter, reflecting excess global supply and weaker global demand amid slower economic growth in China, among other factors. However, the monthly average price increased from US$73.79 per barrel in December 2024 – the lowest since August 2021 – to US$79.39 per barrel in January 2025 as US sanctions on Iran and Russia intensified and large parts of the northern hemisphere experienced freezing temperatures. The price then declined to US$75.54 in February as concerns mounted over the outlook for global economic growth amid escalating trade tensions.

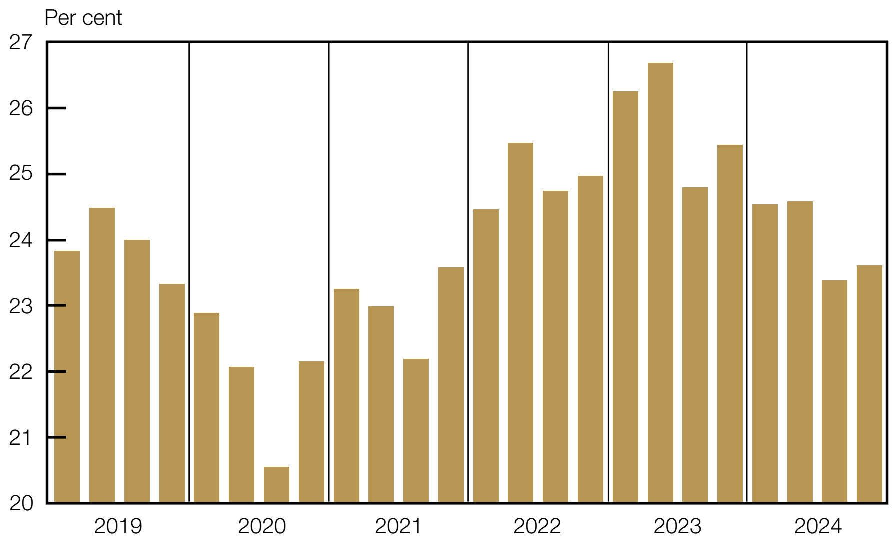
Brent crude oil price



Source: LSEG

The rand price of merchandise imports decreased further by 0.5% in the fourth quarter of 2024 due to a decrease in the international price of crude oil coupled with an appreciation in the exchange value of the rand, on balance, during the quarter. At the same time, the volume of merchandise imports rose by 1.5% in the fourth quarter of 2024, lifted by higher volumes of imported agricultural and manufacturing products. Consequently, the import penetration ratio (i.e. real merchandise imports as a ratio of GDE) increased slightly from 23.4% in the third quarter of 2024 to 23.6% in the fourth quarter. For 2024 as a whole, the volume of merchandise imports decreased by 7.6%, resulting in an import penetration ratio of 24.0%, which is lower than the 25.8% recorded in 2023.

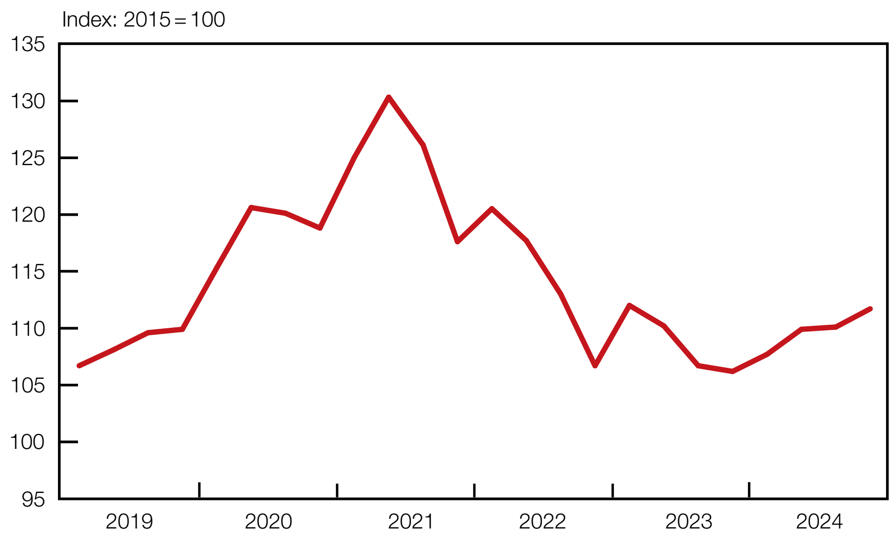
Import penetration ratio



Sources: Stats SA and SARB

South Africa's terms of trade improved in the fourth quarter of 2024 as the rand price of exported goods and services increased, while that of imports decreased. On an annual average basis, the terms of trade improved in 2024 as the rand price of exported goods and services increased more than that of imports.

Terms of trade*

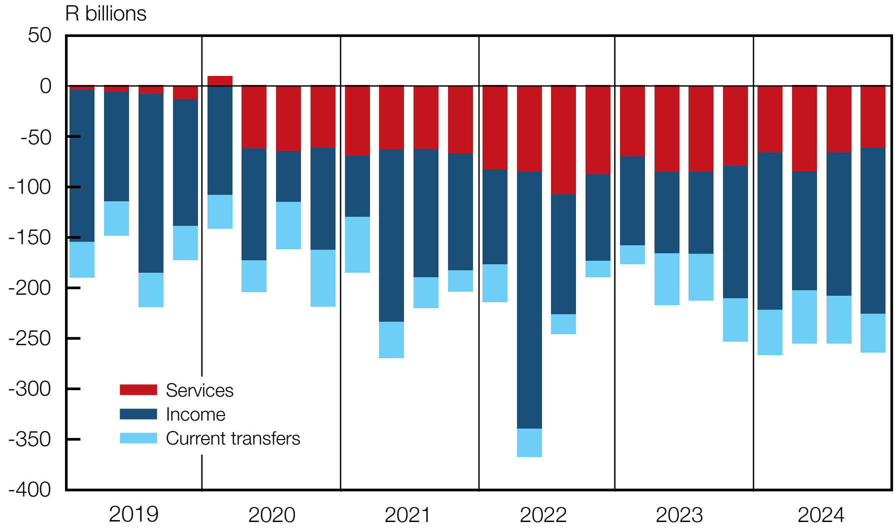


* Including gold

Sources: Stats SA and SARB

The shortfall on the services, income and current transfer account widened from R256 billion in the third quarter of 2024 to R265 billion in the fourth quarter. This emanated from a wider deficit on the income account, which was cushioned somewhat by smaller deficits on the services and current transfer accounts. As a ratio of GDP, the deficit on the services, income and current transfer account remained unchanged at 3.5% in the fourth quarter of 2024. On an annual basis, the deficit on the services, income and current transfer account widened to R261 billion (3.6% of GDP) in 2024 from R215 billion (3.1% of GDP) in 2023.

Net services, income and current transfer payments



Seasonally adjusted and annualised

Sources: Stats SA and SARB

The deficit on the services account narrowed slightly to 0.8% of GDP in the fourth quarter of 2024 from 0.9% of GDP in the third quarter as the increase in gross services receipts surpassed that in gross services payments. For 2024 as a whole, higher net travel receipts and lower net transportation payments contributed to the smaller deficit on the services account. Net travel receipts were boosted by increased spending by foreign tourists visiting South Africa, in line with the continued recovery in the number of tourist arrivals. The lower net transport payments resulted from, among other things, lower passenger fare payments compared to the preceding year. As a percentage of GDP, the shortfall on the services account decreased slightly from 1.1% in 2023 to 1.0% in 2024.

The deficit on the income account widened significantly from R142 billion in the third quarter of 2024 to R164 billion in the fourth quarter as gross income payments increased more than gross income receipts. The increase in gross income payments was largely driven by a 24.0% increase in gross dividend payments, while gross dividend receipts increased by 6.5%. By contrast, gross interest payments decreased in the fourth quarter of 2024. On an annual basis, gross dividend payments increased by 12.6% in 2024, while gross dividend receipts decreased by 15.6%, resulting in a notable increase in net dividend payments. Similarly, gross interest payments increased further by 7.0% in 2024 following an increase of 22.1% in 2023. As a percentage of GDP, the income deficit widened to 2.2% in the fourth quarter of 2024 from 1.9% in the third quarter, contributing to the annual increase from 1.4% in 2023 to 2.0% in 2024.

Net current transfer payments decreased for a second consecutive quarter in the fourth quarter of 2024 as gross current transfer receipts increased more than gross current transfer payments. Net current transfer payments as a percentage of GDP decreased from 0.7% in the third quarter of 2024 to 0.5% in the fourth quarter but remained unchanged at 0.6% on an annual basis in 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 inflow of R39.1 billion in the third quarter of 2024 to an outflow of R9.5 billion in the fourth quarter. On a net basis, portfolio investment, financial derivatives and reserve assets recorded outflows, while direct investment and other investment recorded inflows. As a percentage of GDP, net financial account flows switched from an inflow of 2.1% in the third quarter of 2024 to an outflow of 0.5% in the fourth quarter. The annual cumulative inflow on the financial account increased from R53.0 billion in 2023 (0.8% of GDP) to R62.9 billion in 2024 (0.9% of GDP).

Net financial transactions

R billions

	2023			2023		
	Year	Q1	Q2	Q3	Q4	Year
Change in liabilities						
Direct investment	64.1	24.4	16.6	-3.2	7.5	45.3
Portfolio investment	-99.3	-52.0	-20.1	45.6	33.4	6.9
Financial derivatives	-267.1	-34.9	-42.0	-43.6	-51.3	-171.9
Other investment	-5.5	105.0	-16.2	67.2	-25.6	130.4
Change in assets						
Direct investment	51.9	-4.7	-7.7	17.2	18.6	23.4
Portfolio investment	-23.1	16.3	-37.4	35.5	-44.6	-30.3
Financial derivatives	310.7	48.3	41.6	36.4	49.8	176.2
Other investment	8.0	-65.1	26.6	-132.6	54.1	-116.9
Reserve assets	13.3	14.0	20.5	16.7	-51.3	-0.2
Total identified financial transactions*	**53.0**	**51.4**	**-18.1**	**39.1**	**-9.5**	**62.9**
As a percentage of gross domestic product	*0.8*	*2.9*	*-1.0*	*2.1*	*-0.5*	*0.9*

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

Source: SARB

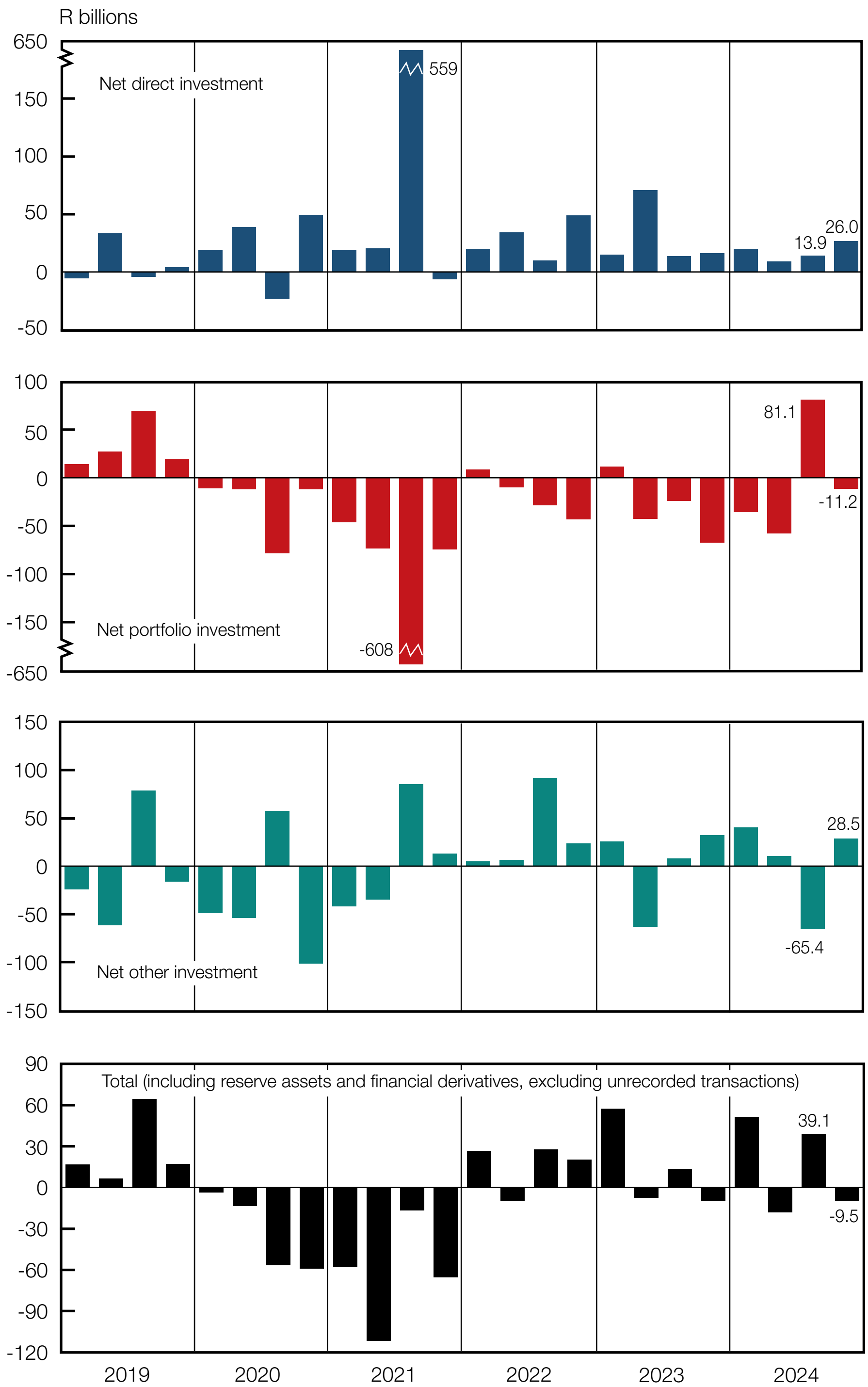
Foreign-owned assets in South Africa

South Africa's direct investment liabilities switched to an inflow of R7.5 billion in the fourth quarter of 2024 following an outflow of R3.2 billion in the third quarter as non-resident parent entities increased equity investment in domestic subsidiaries. Annual cumulative direct investment liability inflows decreased from R64.1 billion in 2023 to R45.3 billion in 2024.

Portfolio investment liabilities registered a smaller inflow of R33.4 billion in the fourth quarter of 2024 following an inflow of R45.6 billion in the third quarter. Non-residents' net acquisition of debt securities, which included the proceeds from national government's issuance of two international bonds amounting to US$3.5 billion, outweighed their disposal of equity securities. Non-residents acquired debt securities amounting to R53.1 billion in the fourth quarter of 2024 following the net acquisition of R41.4 billion in the third quarter. Non-residents' net sales of equity securities of R19.7 billion in the fourth quarter of 2024 reflected a reversal from a net acquisition of R4.1 billion in the third quarter. Cumulatively, annual portfolio investment liabilities switched from an outflow of R99.3 billion in 2023 to an inflow of R6.9 billion in 2024.

Other investment liabilities switched from an inflow of R67.2 billion in the third quarter of 2024 to an outflow of R25.6 billion in the fourth quarter as the domestic private non-banking sector repaid loans to non-residents and non-residents repatriated deposits from the domestic private banking sector. National government's fifth instalment of eight quarterly repayments of XDR381 million on an International Monetary Fund (IMF) loan also contributed to the outflow, which was partly countered by non-residents granting long-term loans to domestic public corporations. Cumulatively, other investment liabilities switched from an outflow of R5.5 billion in 2023 to a significant inflow of R130.4 billion in 2024.

Financial account of the balance of payments



Source: SARB

South African-owned assets abroad

Following an inflow of R17.2 billion in the third quarter of 2024, South Africa's direct investment assets recorded an inflow of R18.6 billion in the fourth quarter, mainly due to a domestic company further reducing its shareholding in a non-resident subsidiary as well as non-resident subsidiaries' repayment of loans to South African parent entities. Annual cumulative direct investment assets recorded a smaller inflow of R23.4 billion in 2024 compared with R51.9 billion in 2023.

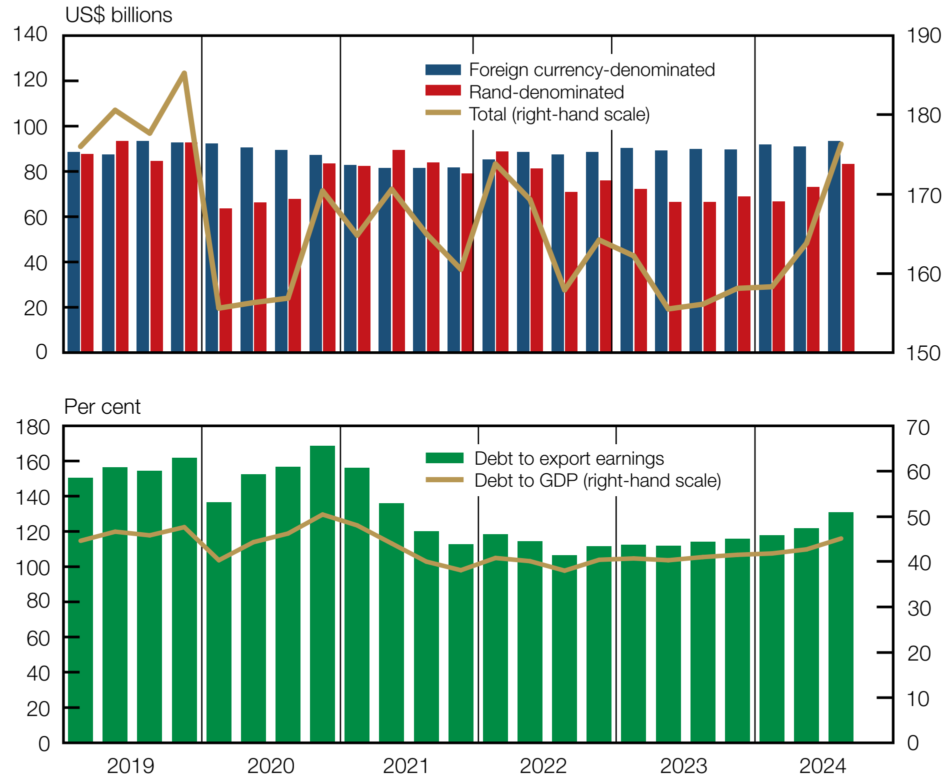
South Africa's foreign portfolio investment assets reverted from an inflow of R35.5 billion in the third quarter of 2024 to an outflow of R44.6 billion in the fourth quarter as the domestic private non-banking sector acquired foreign equity securities, while the domestic private banking sector acquired foreign debt securities. Cumulatively, portfolio investment asset outflows increased from R23.1 billion in 2023 to R30.3 billion in 2024.

Other investment assets switched from an outflow of R132.6 billion in the third quarter of 2024 to an inflow of R54.1 billion in the fourth quarter as the domestic private banking and non-banking sectors' receipt of loan repayments from non-residents outweighed deposits at non-resident banks. Other investment assets switched from an inflow of R8.0 billion in 2023 to a significant outflow of R116.9 billion in 2024.

Foreign debt

South Africa's total external debt increased significantly further from US$163.8 billion at the end of June 2024 to US$176.3 billion at the end of September. However, expressed in rand terms, South Africa's total external debt increased only marginally from R2 984 billion to R3 017 billion as the exchange value of the rand appreciated by 6.4% against the US dollar over this period.

Foreign debt



Source: SARB

Foreign currency-denominated external debt increased from US$90.8 billion at the end of June 2024 to US$93.3 billion at the end of September, mainly due to non-residents granting loans and increasing their deposits at domestic banks. The increase was partly countered by national government's fourth 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		
	Q2	Q3	Q4	Q1	Q2	Q3
Foreign currency-denominated debt	88.7	89.8	89.4	91.8	90.8	93.3
Debt securities	28.9	27.8	27.9	26.4	26.0	26.0
Other	59.8	62.0	61.5	65.4	64.8	67.3
Public sector	18.5	18.4	18.0	18.8	18.1	17.8
Monetary sector	16.4	17.8	18.3	19.2	19.0	22.3
Non-monetary private sector	24.9	25.8	25.2	27.4	27.7	27.2
Rand-denominated debt	66.4	66.3	68.7	66.5	73.0	83.0
Debt securities	41.7	40.3	43.8	40.7	46.2	53.6
Other	24.7	26.0	24.9	25.8	26.8	29.4
Total foreign debt	155.1	156.1	158.1	158.3	163.8	176.3
As a percentage of gross domestic product	*40.6*	*41.3*	*41.5*	*41.8*	*42.7*	*45.1*
As a percentage of total export earnings	*111.5*	*114.2*	*115.9*	*117.7*	*120.9*	*129.3*

Source: SARB

Rand-denominated external debt, expressed in US dollars, increased substantially from US$73.0 billion at the end of June 2024 to US$83.0 billion at the end of September. The increase can be attributed to non-resident net purchases of bonds in the domestic capital market, an increase in the market value of these bonds as well as the appreciation in the exchange value of the rand over this period. The increase was further boosted by an increase in short-term debt of the private non-banking sector.

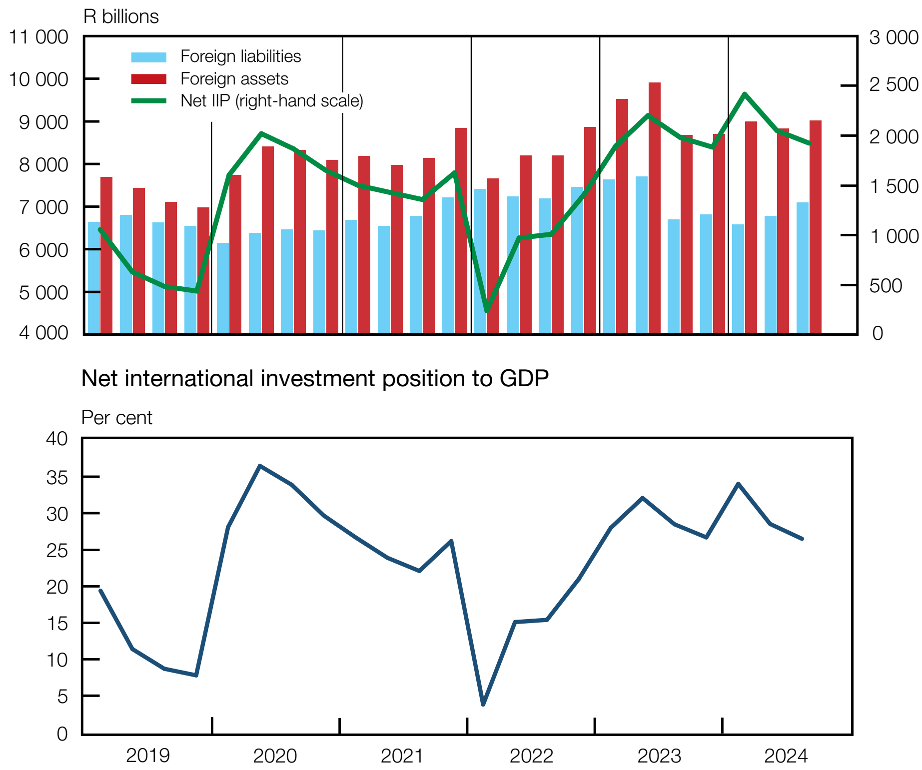
South Africa's total external debt as a ratio of annual GDP[26] increased from 42.7% at the end of June 2024 to 45.1% at the end of September. The ratio of external debt to export earnings increased from 120.9% to 130.9% over the same period.

26 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) decreased from R2 050 billion at the end of June 2024 to R1 924 billion at the end of September as foreign liabilities increased more than foreign assets. The appreciation in the exchange value of the rand had a larger impact on foreign assets than on foreign liabilities as the nominal effective exchange rate (NEER) of the rand increased, on balance, by 2.3% in the third quarter of 2024.

South Africa's international investment position



Source: SARB

The market value of South Africa's foreign assets (outward investment) increased by 2.1% from R8 838 billion at the end of June 2024 to R9 025 billion at the end of September as all functional categories increased, except for direct investment and reserve assets. The increase in portfolio investment assets was mainly due to the rise in foreign share market indices, such as the Standard & Poor's (S&P) 500 Index that increased by 5.5% in the third quarter of 2024, which outweighed the appreciation in the exchange value of the rand. Other investment assets increased as the domestic private banking sector granted short-term loans under resale agreements to non-residents and, to a lesser extent, increased its deposits at non-resident banks. In addition, the private non-banking sector granted short-term loans to non-residents. However, direct investment assets declined marginally as a multi-national company in the chemical industry reported a substantial write-off in its operations abroad in the third quarter of 2024. Reserve assets decreased mainly due to valuation effects resulting from the appreciation in the exchange value of the rand, which outweighed the increase in the gold price and foreign exchange (FX) payments.

The market value of South Africa's foreign liabilities (inward investment) increased by 4.6% from R6 788 billion at the end of June 2024 to R7 101 billion at the end of September as all functional categories increased. Direct and portfolio investment assets increased, mainly due to valuation effects following the 8.6% increase in the FTSE/JSE All-Share Index (Alsi) in the third quarter of 2024. The increase in portfolio investment was amplified by non-residents' net acquisition of domestic debt and, to a lesser extent, equity securities. Other investment liabilities increased as non-residents granted loans to the private banking and non-banking sectors and increased their deposits at domestic banks. This was partly countered by national government's fourth instalment of eight quarterly repayments of XDR381 million on an IMF loan.

As a ratio of South Africa's annual GDP,[27] foreign assets increased from 123.1% at the end of June 2024 to 124.4% at the end of September, while foreign liabilities increased from 94.6% to 97.9% over the same period. This resulted in a decrease in the positive net IIP from 28.6% of GDP at the end of June 2024 to 26.5% of GDP at the end of September.

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

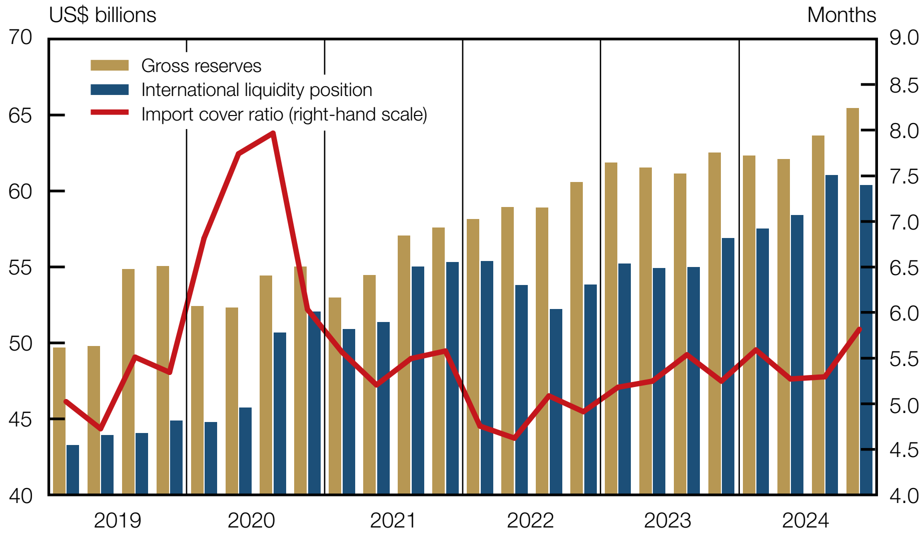
International reserves and liquidity

South Africa's international reserve assets increased by R51.3 billion in the fourth quarter of 2024 following five consecutive quarterly decreases.

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$63.6 billion at the end of September 2024 to US$65.5 billion at the end of December. The increase mainly reflected foreign currency proceeds from national government's issuance of two international bonds totalling US$3.5 billion, which was partially offset by FX payments and a decrease in the US dollar gold price at the end of the period. Gross gold and other foreign reserves increased further to US$66.3 billion at the end of February 2025. South Africa's international liquidity position[28] decreased from US$61.0 billion at the end of September 2024 to US$60.4 billion at the end of December before increasing to US$61.7 billion at the end of February 2025.

28 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.

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) increased from 5.3 months at the end of September 2024 to 5.8 months at the end of December.

Exchange rates[29]

The NEER of the rand decreased by 3.5% in the fourth quarter of 2024 following an increase of 2.3% in the third quarter, largely due to the impact of global factors for most of the fourth quarter. The US dollar appreciated against several emerging market currencies, including the rand, as risk aversion increased following uncertainty around US foreign trade and immigration policies leading up to and after the US general election. This was exacerbated by rising geopolitical tensions in several regions, including the Middle East, South Korea, Russia and Ukraine.

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

Exchange values of the rand

Percentage change

	31 Mar 2024 to 30 Jun 2024	30 Jun 2024 to 30 Sep 2024	30 Sep 2024 to 31 Dec 2024	31 Dec 2024 to 14 Mar 2025
Weighted average*	5.2	2.3	-3.5	0.6
Euro	5.3	1.7	-1.6	-1.4
US dollar	4.3	6.4	-8.5	2.8
Chinese yuan	4.8	2.7	-4.8	1.8
British pound	4.1	0.3	-2.3	-0.3
Japanese yen	10.9	-5.9	0.3	-2.0

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

Source: SARB

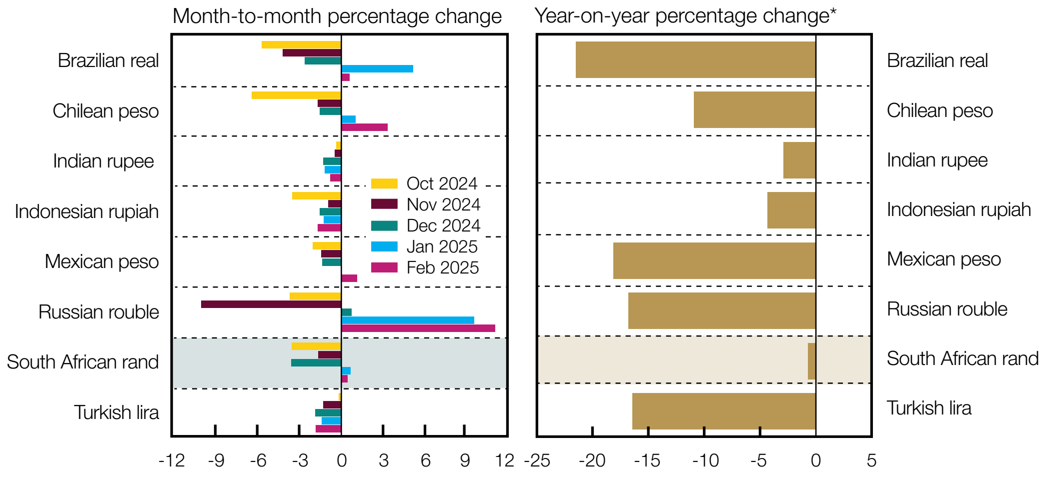
Several emerging market currencies, including the rand, depreciated against the US dollar in October 2024 as the US currency strengthened following an improved US economic outlook. The deterioration in global investor sentiment in the lead-up to the US general election and escalating tensions in the Middle East also weighed on the exchange value of the rand during the month. In addition to the global factors, domestic developments further decreased the exchange value of the rand in October following the tabling of the *2024 Medium Term Budget Policy Statement (2024 MTBPS)*. As a result, the NEER decreased by 1.1% in October 2024.

The rand depreciated further against the US dollar in November 2024, along with several other emerging market currencies, following the outcome of the US general election, rising geopolitical tensions in Russia and Ukraine, and continued geopolitical uncertainty in the Middle East. However, these factors were partially countered by the US Fed lowering the federal funds rate by 25 basis points at the beginning of the month, which increased the carry trade appeal of the rand. Overall, the NEER decreased marginally by 0.1% in November 2024.

The NEER continued to be negatively impacted by global factors in December 2024 as the US dollar strengthened against most emerging market currencies amid increasing uncertainty about the outlook for US foreign trade policies and political tensions in South Korea. Despite the US Fed reducing the federal funds rate by 25 basis points for the third consecutive meeting in December, the NEER decreased by 2.2% in that month.

The rand was among the best-performing emerging market currencies in 2024, depreciating by less than 1.0% against the US dollar. The improvement in investor sentiment amid the extended suspension of electricity load-shedding during the year and the formation of the GNU supported the exchange value of the rand against the US dollar for most of 2024, despite economic growth still being inhibited by domestic structural constraints. However, the positive domestic developments were partially offset by several global factors, particularly in the fourth quarter of 2024, resulting in a stronger US dollar.

Emerging market currencies against the US dollar

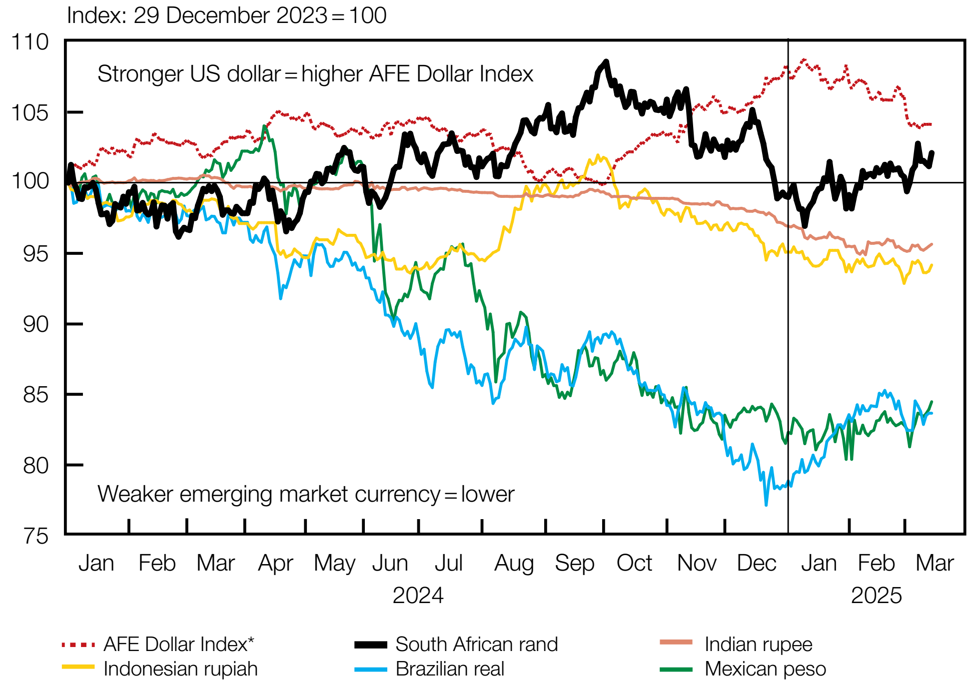


* From 29 December 2023 to 31 December 2024

Sources: LSEG and SARB

The exchange value of the rand appreciated by 2.8% against the US dollar from 31 December 2024 to 14 March 2025, along with changing inflation expectations in the US and growing concerns about the strength of the US economy amid uncertainty around US foreign trade policies. Following a period of US dollar strength from October 2024 up to 28 February 2025, the US dollar depreciated abruptly by 4.2% against the euro from 28 February to 14 March. The NEER increased by 0.6% between 31 December 2024 and 14 March 2025.

Emerging market currencies against the US dollar

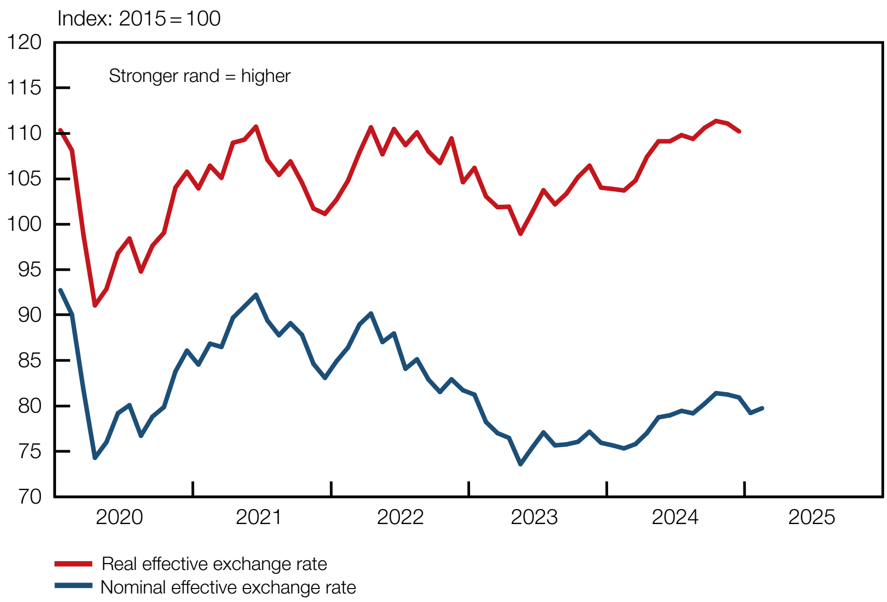


* The Advanced Foreign Economies (AFE) Dollar Index is a trade in goods and services weighted nominal effective exchange rate of the US dollar against seven other advanced economies' currencies (euro, Canadian dollar, Japanese yen, British pound, Swiss franc, Australian dollar and Swedish krona).

Sources: US Fed, LSEG and SARB

The real effective exchange rate (REER) of the rand increased by 5.9% from December 2023 to December 2024, negatively affecting the competitiveness of domestic producers in foreign markets.

Effective exchange rates of the rand



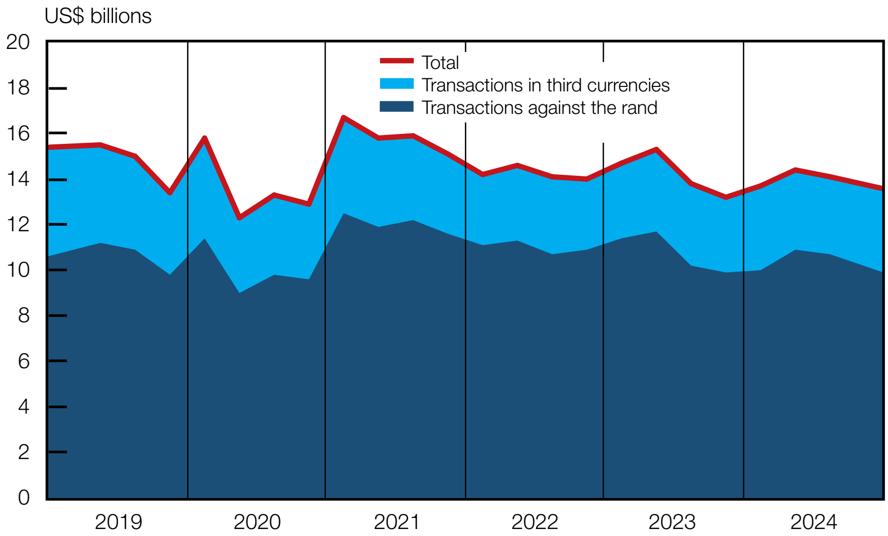
Source: SARB

Turnover in the South African foreign exchange market

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

The net average daily turnover[30] in the South African FX market decreased from US$14.1 billion in the third quarter of 2024 to US$13.6 billion in the fourth quarter. FX transactions against the rand decreased from US$10.7 billion in the third quarter of 2024 to US$9.9 billion in the fourth quarter, while transactions in third currencies increased from US$3.4 billion to US$3.7 billion over the same period. Changes in FX turnover during the fourth quarter of 2024 could mainly be attributed to fluctuations in the exchange value of the rand and seasonally lower year-end trading in the FX market.

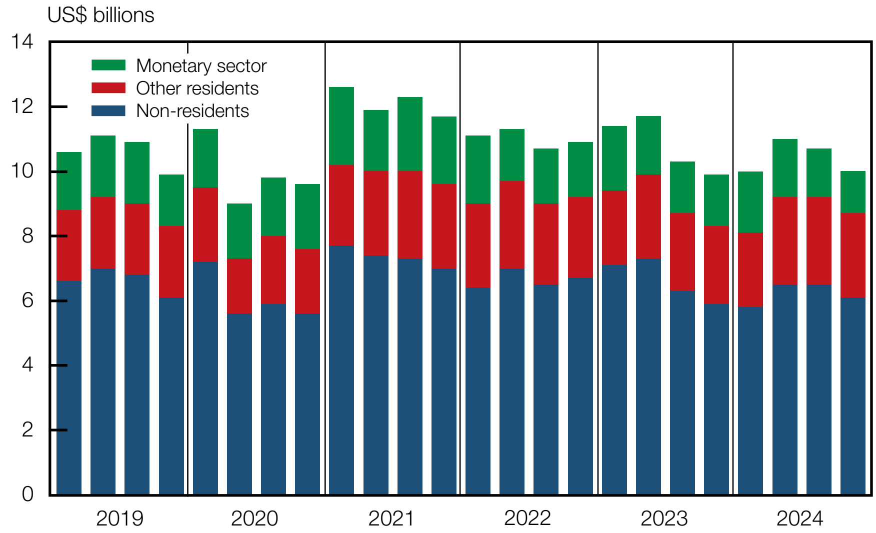
Net average daily turnover in the South African foreign exchange market



Source: SARB

The decrease in FX transactions against the rand in the fourth quarter of 2024 was due to lower participation by all counterparties. Monetary sector participation in the rand market decreased from US$1.5 billion in the third quarter of 2024 to US$1.3 billion in the fourth quarter. Similarly, participation by other residents decreased from US$2.7 billion to US$2.6 billion, while participation by non-residents decreased notably from US$6.5 billion to US$6.1 billion over the same period.

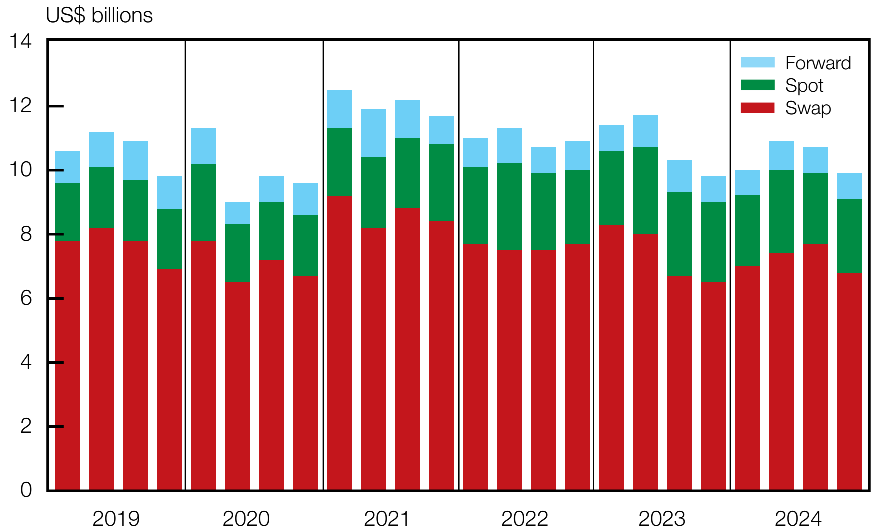
Composition of net average daily turnover in the South African foreign exchange market against the rand, by counterparty



Source: SARB

Swap transactions in the rand market decreased from US$7.7 billion in the third quarter of 2024 to US$6.8 billion in the fourth quarter, while spot transactions increased slightly from US$2.2 billion to US$2.3 billion over the same period. Forward transactions remained unchanged at US$0.8 billion from the third to the fourth quarter of 2024.

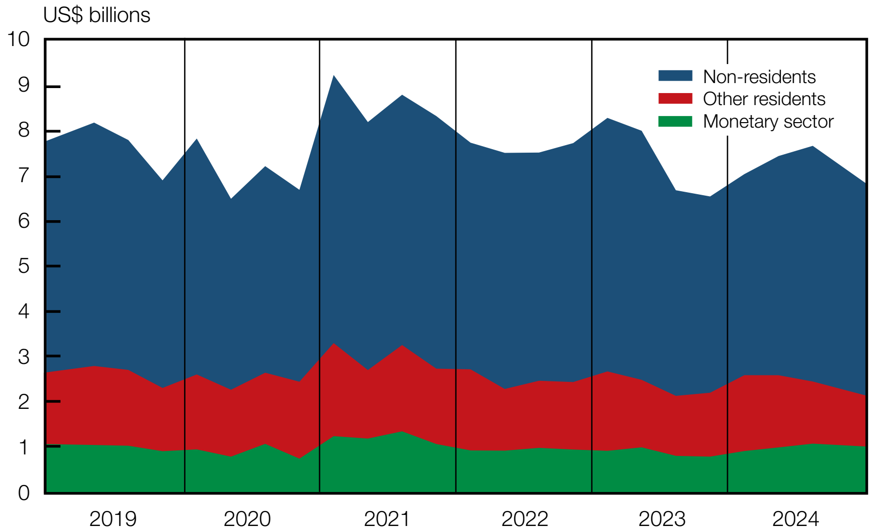
Composition of net average daily turnover in the South African foreign exchange market against the rand, by instrument



Source: SARB

Turnover in the inter-dealer rand swap market decreased in the fourth quarter of 2024 as market participants responded to changing interest rate expectations and exchange rate movements. Participation by non-residents in the swap market decreased from US$5.2 billion in the third quarter of 2024 to US$4.7 billion in the fourth quarter. Monetary sector participation in the swap market decreased from US$1.4 billion to US$1.1 billion, while participation by other residents decreased marginally from US$1.1 billion to US$1.0 billion over the same period.

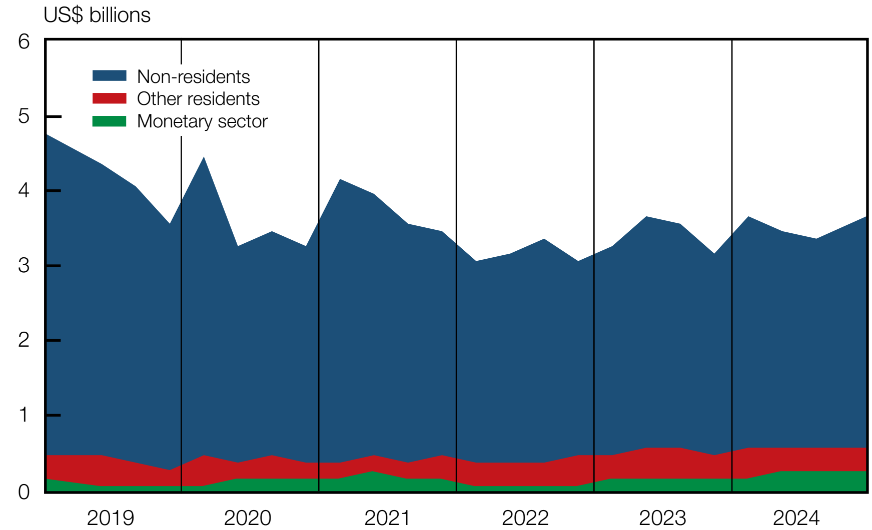
Composition of net average daily swap turnover in the South African foreign exchange market against the rand, by counterparty



Source: SARB

The increase in FX transactions in the market for third currencies in the fourth quarter of 2024 was mainly driven by increased non-resident participation, from US$2.8 billion in the third quarter of 2024 to US$3.1 billion in the fourth quarter. Participation by the monetary sector and other residents averaged only US$0.3 billion each in the fourth quarter.

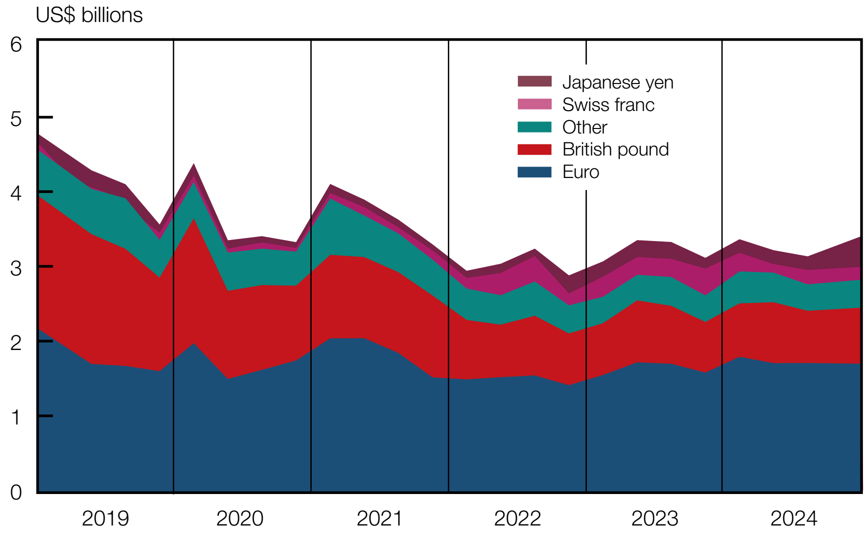
Composition of net average daily turnover in the South African foreign exchange market in third currencies, by counterparty



Source: SARB

In the market for third currencies, US dollar transactions against the euro remained unchanged from the second to the fourth quarter of 2024, averaging US$1.8 billion. Transactions of the US dollar against the Japanese yen increased from US$0.2 billion to US$0.4 billion over the same period. Transactions of the US dollar against the Swiss franc remained unchanged from the third to the fourth quarter of 2024 at US$0.2 billion, while those against the British pound increased slightly from US$0.6 billion to US$0.7 billion over the same period. US dollar transactions against other currencies remained unchanged at US$0.4 billion from the third to the fourth quarter of 2024.

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

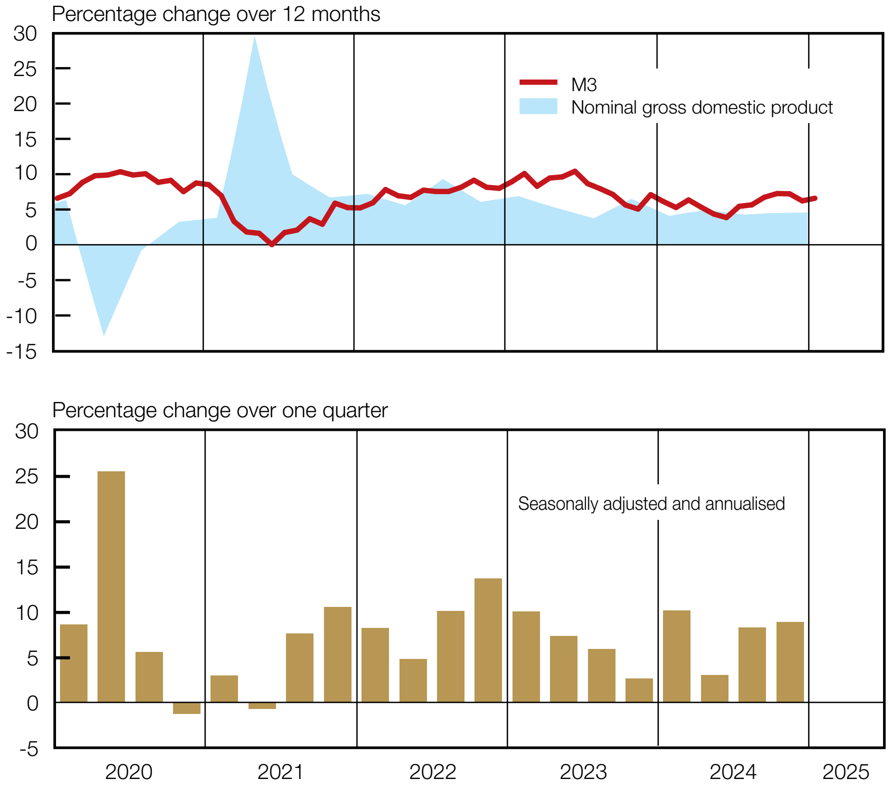
Money supply

Growth in the broadly defined money supply (M3) accelerated from a recent low of 4.2% in June 2024 to 7.8% in November, then briefly decelerated to 6.7% in December before accelerating to 7.1% in January 2025. Growth in M3 was fairly sluggish during the first half of 2024 but picked up pace in the second half to average 6.3% for the year, although this was much lower than the annual average rates of 8.0% and 8.8% recorded in 2022 and 2023 respectively. The quicker pace of increase in M3 during the latter half of 2024 was driven by an acceleration in the deposit balances of companies, while those of households[31] remained steady.

31 The household sector includes individuals (84% of total household sector deposits), unincorporated enterprises of households (6%) and non-profit organisations serving households (10%).

On a quarter-to-quarter seasonally adjusted and annualised basis, growth in M3 decelerated from a recent high of 10.2% in the first quarter of 2024 to a low of 3.3% in the second quarter before rebounding to 8.9% in the fourth quarter. The income velocity of M3 decreased slightly from 1.39 in the third quarter of 2024 to 1.38 in the fourth quarter as growth in M3 continued to exceed that in nominal GDP.

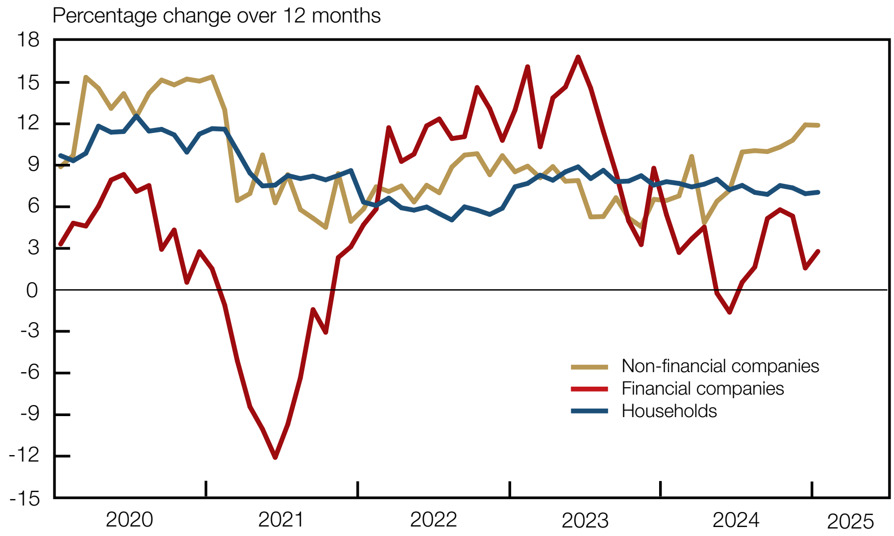
Money supply and gross domestic product



Sources: Stats SA and SARB

Growth in the deposit balances of companies accelerated from a recent low of 2.5% in June 2024 to 6.6% in December as the deposits of both financial and non-financial companies increased. Growth in the deposits of non-financial companies was particularly robust in the second half of 2024, accelerating from 4.9% in April to a recent high of 11.9% in December – a rate that was maintained in January 2025. The year-on-year change in the deposits of financial companies also accelerated from -1.6% in June 2024 to 5.3% in November before slowing again to 2.8% in January 2025. Despite the boost to households' cash flow following the introduction of the two-pot retirement system in September 2024, growth in the deposit balances of households moderated from 8.0% in May 2024 to 7.1% in January 2025, recording an annual average rate of 7.4% in 2024.

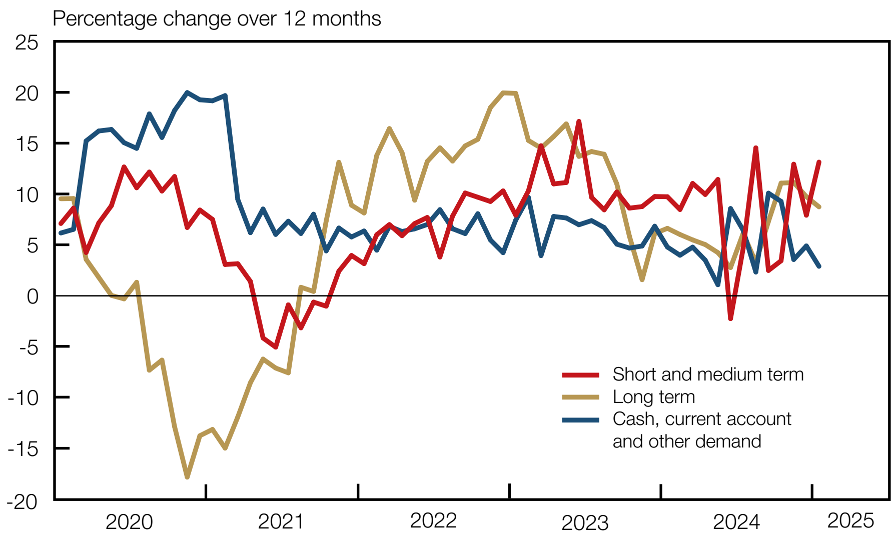
Deposit holdings of households and companies



Source: SARB

Growth in long-term deposits nearly halved from an annual average of 12.4% in 2023 to 6.6% in 2024. More recently, year-on-year growth in long-term deposits accelerated from a recent low of 2.8% in June 2024 to 11.1% in both October and November, largely due to base effects, before slowing somewhat to 8.7% in January 2025 as fund managers' holdings of negotiable certificates of deposit issued by banks decreased. Growth in the more liquid deposit categories remained volatile, with growth in short- and medium-term deposits initially decelerating sharply from 9.7% in January 2024 to -2.2% in June, whereafter it fluctuated between 2.5% and 14.6% during the remainder of the year, before amounting to 13.2% in January 2025. Similarly, growth in cash, current and other demand deposits remained volatile and rebounded from a low of 1.1% in May 2024 to 10.1% in September before slowing again to 2.9% in January 2025.

Deposits by maturity



Source: SARB

The value of household deposits increased in all four quarters of 2024, resulting in an overall increase of R129.1 billion for the year. This was marginally lower than the R130.6 billion increase recorded in 2023. Despite only increasing modestly in the fourth quarter of 2024, the deposit holdings of companies increased by R212.4 billion in 2024, slightly below the R230.8 billion increase recorded in 2023. The increase in the deposit balances of non-financial companies of R186.1 billion in 2024 was almost double the increase of R95.9 billion in 2023. By contrast, the deposit balances of financial companies increased by R26.4 billion in 2024, which was significantly lower than the increase of R135.0 billion recorded in 2023. The smaller increase in the deposit balances of financial companies reflected the withdrawal of deposits by fund managers, including the Public Investment Corporation; pension funds; and intergroup, securities trading and clearing companies.

M3 holdings of households and companies

	Change (R billions)							Percentage of total M3 deposit holdings*
	2023		2024					
	Q4	Year	Q1	Q2	Q3	Q4	Year	
Households	24.4	130.6	20.2	41.3	40.5	27.0	129.1	36.6
Companies: Total..................	40.8	230.8	89.4	-87.2	194.8	15.3	212.4	63.4
Of which: Financial	-5.4	135.0	24.1	-28.3	96.0	-65.5	26.4	32.2
Non-financial.....	46.2	95.9	65.3	-58.9	98.8	80.8	186.1	31.3
Total M3 deposits................	65.2	361.4	109.7	-45.9	235.4	42.3	341.5	100.0

* Expressed as a percentage of the total outstanding balance as at December 2024

Source: SARB

All the counterparts of M3 contributed to the R341.5 billion increase in money supply in 2024. The largest contributor to the increase in M3 was claims on the domestic private sector of R177.9 billion followed by net claims on the government sector of R68.2 billion, net foreign assets of the monetary sector of R53.6 billion and net other assets of the monetary sector of R41.8 billion.

Counterparts of change in M3

	Change (R billions)						
	2023		2024				
	Q4*	Year**	Q1	Q2	Q3	Q4	Year
Claims on the private sector.................	21.7	221.6	90.9	9.1	92.2	-14.3	177.9
Net claims on the government sector...	52.5	200.0	-23.5	60.0	78.4	-46.7	68.2
Net foreign assets	-14.5	151.4	44.5	-126.8	-13.3	149.2	53.6
Net other assets..................................	5.5	-211.6	-2.2	11.9	78.0	-45.9	41.8
Change in total M3 deposits..............	65.2	361.4	109.7	-45.9	235.4	42.3	341.5

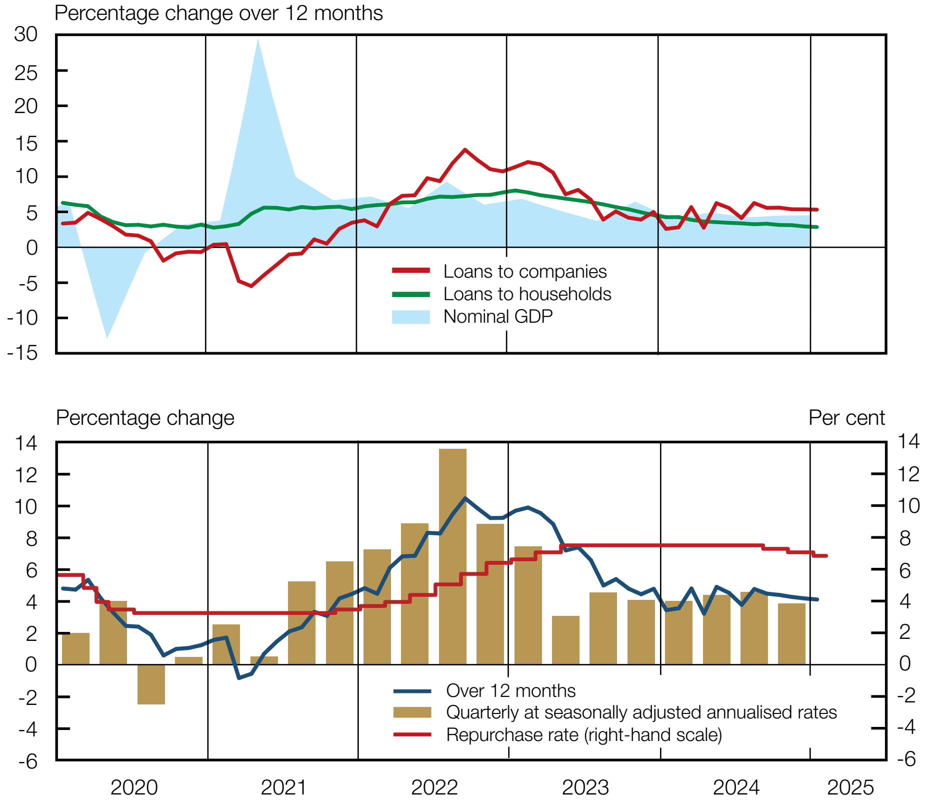
* Expressed as a percentage of the total outstanding balance as at December 2024

Source: SARB

Credit extension

Year-on-year growth in total loans and advances extended by monetary institutions to the domestic private sector accelerated slightly from a recent low of 3.2% in April 2024 – the lowest growth rate since October 2021 – to 4.8% in August before slowing again to 4.1% in January 2025. The continued moderation in credit extension to both households and companies resulted in an annual average growth rate in credit extension of 4.2% in 2024, down from 7.8% and 7.0% recorded in 2022 and 2023 respectively, with credit to companies increasing at a faster pace than that to households. The seasonally adjusted and annualised growth in total loans and advances slowed from 4.6% in the third quarter of 2024 to 3.8% in the fourth quarter. Despite the slowdown, the ratio of total loans and advances to nominal GDP decreased from 59.7% in the third quarter of 2024 to 59.4% in the fourth quarter.

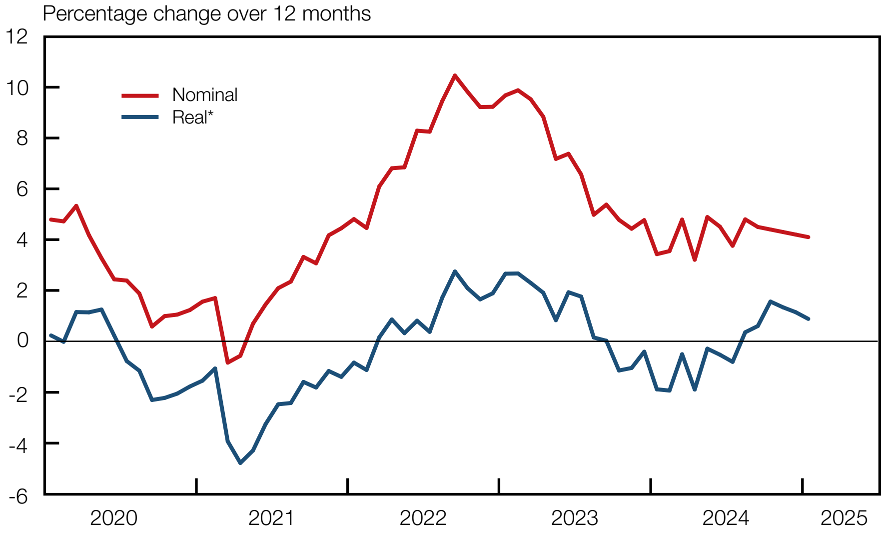
Total loans and advances to the private sector and gross domestic product



Sources: Stats SA and SARB

In real terms, total loans and advances increased on a year-on-year basis from August 2024 after 10 consecutive months of contraction. More recently, growth in real loans and advances slowed from 1.6% in October 2024 to 0.9% in January 2025.

Total loans and advances



* Deflated with the headline consumer price index

Source: SARB

In nominal terms, credit extended to companies increased by only R4.0 billion in the fourth quarter of 2024, which was much less than the increase of R45.1 billion in the previous quarter. However, for the year as a whole, companies' utilisation of bank credit increased by R115.4 billion, which was higher than the R102.3 billion increase recorded in 2023. Non-financial companies accounted for the largest share of credit extended to corporates in 2024 with an increase of R108.1 billion, while financial companies reduced their utilisation of credit substantially with an increase of only R7.3 billion in the same period. Credit extended to households increased by R62.8 billion in 2024, which was lower than the increase of R92.6 billion recorded in 2023.

Total loans and advances extended to households and companies

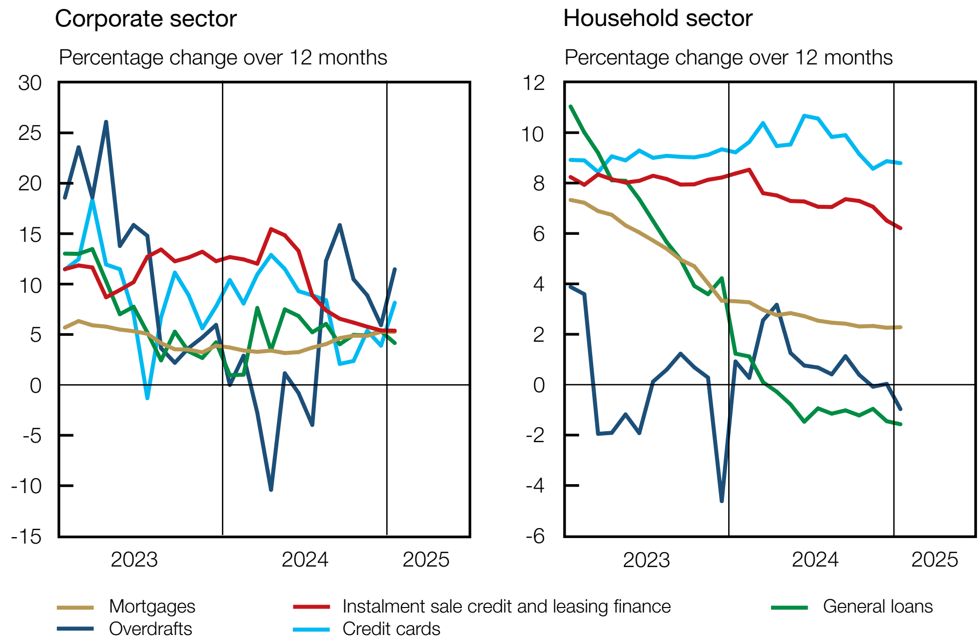
	Change (R billions)							Percentage of total loans and advances***
	2023		2024					
	Q4*	Year**	Q1	Q2	Q3	Q4	Year	
Households	20.5	92.6	23.8	9.2	16.8	13.1	62.8	49.1
Companies: Total............................	8.2	102.3	67.2	-0.8	45.1	4.0	115.4	50.9
Of which: Financial	5.3	70.2	34.0	-39.9	21.3	-8.0	7.3	12.4
Non-financial...............	2.9	32.1	33.2	39.1	23.8	12.0	108.1	38.4
Total bank loans and advances	**28.7**	**194.9**	**91.0**	**8.3**	**61.9**	**17.1**	**178.2**	**100.0**

* Expressed as a percentage of the total outstanding balance as at December 2023

Source: SARB

Despite the increase in the nominal value of total loans extended to companies in 2024, the year-on-year growth rate moderated further from annual averages of 8.9% and 7.5% in 2022 and 2023 respectively to 4.8% in 2024. The slowdown reflected a broad-based moderation in most of the credit categories, except for general loans and mortgage advances. Growth in general loans to companies accelerated from 1.0% in January 2024 to 7.5% in May but lost some momentum in the second half of the year as it moderated to 5.3% in December, partly due to base effects, and further to 4.2% in January 2025.

Selected loans and advances



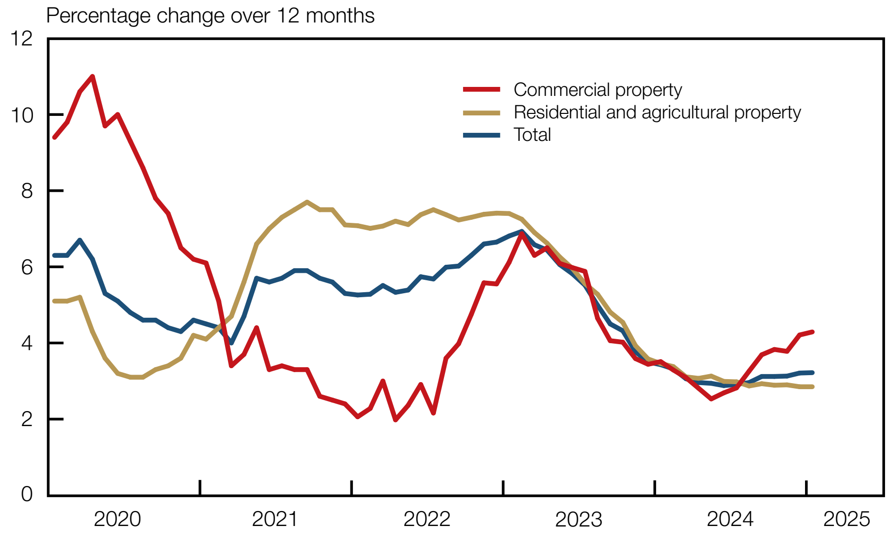
Source: SARB

The demand for general loans was driven by non-financial companies, while financial companies repaid a substantial portion of these loans during 2024. Growth in mortgage advances to companies accelerated gradually throughout 2024, from 3.7% in January to 5.3% in December, where it remained in January 2025. By contrast, the double-digit growth rates in instalment sale credit to companies tapered off in the second half of 2024, from a recent high of 15.4% in April to 5.4% in January 2025, alongside reduced demand for commercial vehicles. Growth in the utilisation of overdrafts by companies was volatile in 2024, oscillating between a low of -10.4% in April and a high of 15.9% in September before slowing to 11.5 in January 2025, largely reflecting base effects. Growth in credit card advances to companies decelerated sharply from a recent high of 12.9% in April 2024 to 3.9% in December before edging up to 8.2% in January 2025.

Credit extension to households slowed to 3.0% in December 2024 – its lowest rate since February 2021 – reflecting the gradual moderation in demand for credit by households since February 2023 against the backdrop of constrained household finances. The moderation was most pronounced in general loans, which had contracted year on year for 10 consecutive months since April 2024. Growth in mortgage advances to the household sector slowed from 3.3% in January 2024 and levelled off at 2.3% between October and January 2025, with the annual average growth rate more than halving from 5.7% in 2023 to 2.7% in 2024. Growth in households' utilisation of credit card advances remained firm, averaging 9.6% in 2024 compared with the average of 9.0% recorded in 2023. Growth in households' utilisation of overdrafts initially accelerated to a high of 3.2% in April 2024 but then decelerated to zero growth reported in December and further to -1.0% in January 2025. Growth in instalment sale credit to households slowed gradually throughout 2024, averaging 7.4% compared with 8.1% in 2023.

Growth in mortgage advances on residential and agricultural property was relatively subdued throughout 2024, fluctuating within a narrow range of 2.9% to 3.4%, and averaged 3.0% compared with 5.7% in 2023. This partly reflected affordability constraints related to higher debt-servicing costs, which led to lower demand for residential property financing. Growth in mortgage advances on commercial property initially moderated further to 2.5% in May 2024 before accelerating slightly to 4.3% in January 2025. On aggregate, growth in total mortgage advances slowed marginally from 3.4% in January 2024 to 3.2% in January 2025.

Mortgage advances



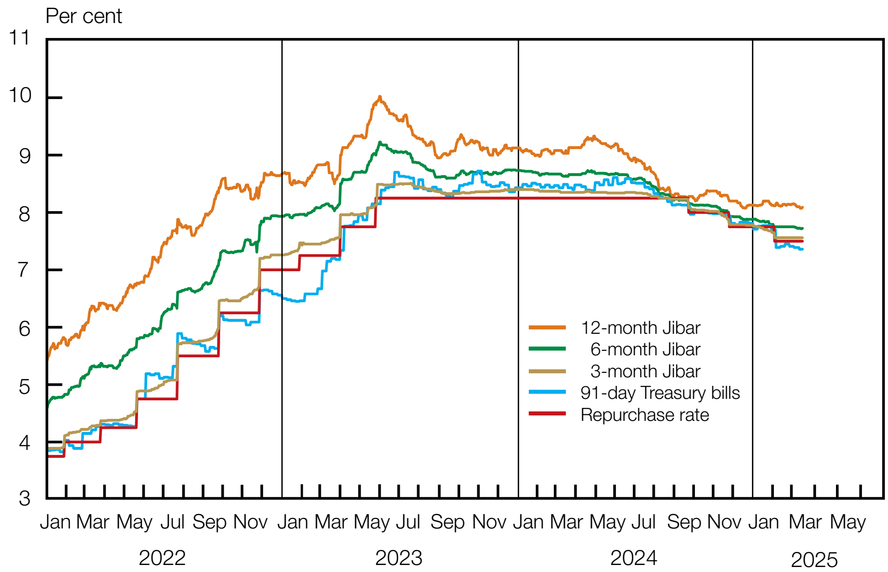
Source: SARB

Interest rates and yields

The SARB's Monetary Policy Committee (MPC) kept the repurchase (repo) rate unchanged at 7.50% per annum at the March 2025 meeting after reducing it by 25 basis points at each of the previous three meetings. Although the MPC expects inflation to remain within the target range in the medium term, they emphasised the current high degree of uncertainty in the global economy.

Domestic short-term money market rates decreased across the different maturities, reflecting the reductions in the repo rate since the September 2024 MPC meeting, fluctuations in the exchange value of the rand as well as lower actual and expected consumer price inflation outcomes. The three-month Johannesburg Interbank Average Rate (Jibar) decreased by 23 basis points from 7.79% on 2 December 2024 to 7.56% on 14 March 2025. Similarly, the six-month Jibar decreased from 7.93% at the beginning of December 2024 to 7.73% on 14 March 2025. The 12-month Jibar fluctuated within a narrow range, decreasing by 5 basis points from 8.20% on 2 December 2024 to 8.15% at end of February 2025. Subsequently, the rate decreased to 8.09% on 14 March, reflecting market participants' expectations of a further reduction in the policy rate. The tender rate on 91-day Treasury bills (TBs) decreased considerably by 43 basis points from 7.79% on 2 December 2024 to 7.36% on 14 March 2025, in line with the decrease in the repo rate, while also reflecting increased demand for short-term high-quality liquid assets by private sector banks.

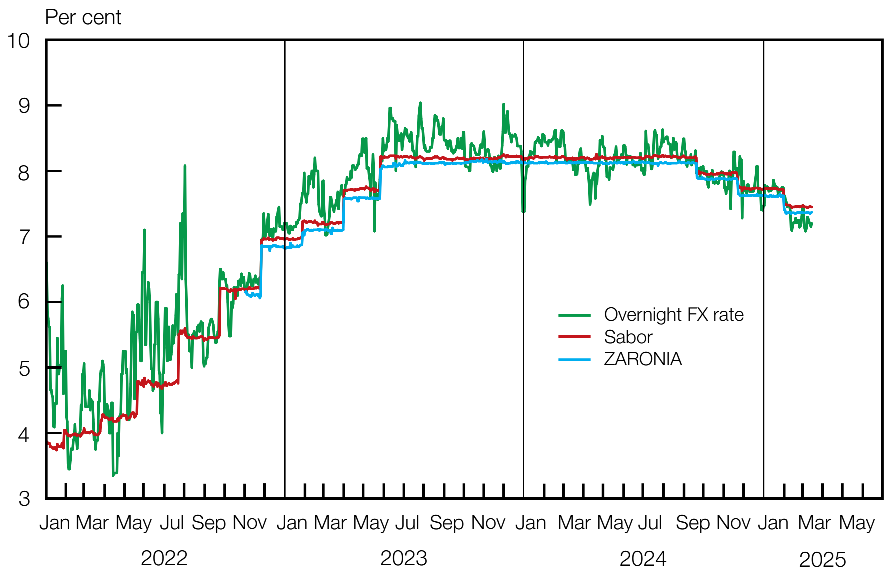
Money market rates



Source: SARB

Funding conditions in the interbank lending market, as reflected in the benchmark overnight rates, have largely eased since December 2024. The South African Benchmark Overnight Rate (Sabor) fluctuated in close alignment with the repo rate, decreasing from 7.75% on 2 December 2024 to 7.47% on 28 February 2025 and further to 7.45% in mid-March, as private sector banks continued to experience periods of surplus liquidity in the overnight interbank market. The South African Rand Overnight Index Average (ZARONIA) rate continued to trade below the repo rate, declining from 7.62% at the beginning of December 2024 to 7.36% on 28 February 2025 and further to 7.37% on 14 March, reflecting adequate liquidity in the overnight call deposit market. The more volatile overnight FX rate decreased by 52 basis points from 7.72% on 2 December 2024 to 7.20% on 14 March 2025 as liquidity conditions in the overnight FX forward market eased considerably. This was driven by foreign banks raising US dollars and placing rands in the front-end of the forward curve, leading to increased ZAR liquidity. The overnight FX rate averaged 7.84% in the fourth quarter of 2024, down from 8.27% in the third quarter.

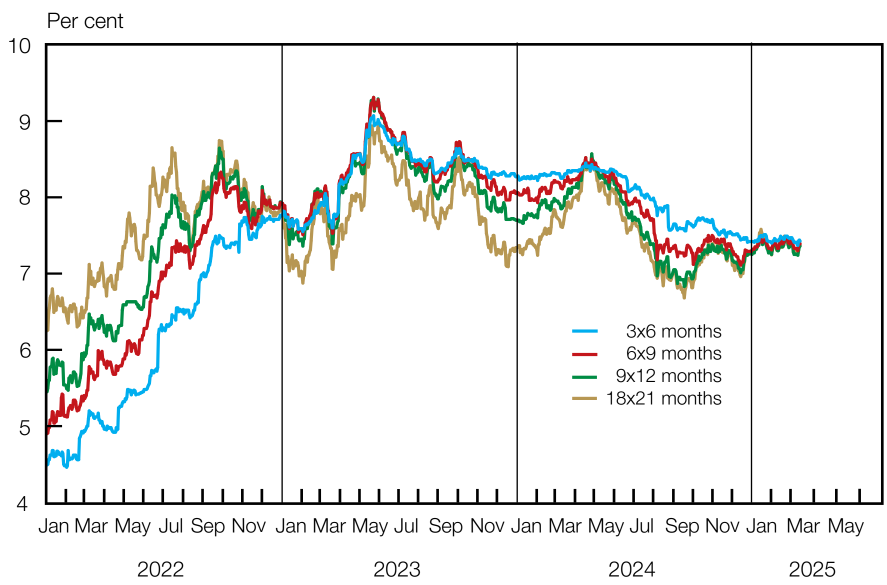
Benchmark overnight rates



Source: SARB

Rates on forward rate agreements (FRAs) were mixed from early December 2024 to February 2025 before trending lower in the first two weeks of March, reflecting fluctuations in the exchange value of the rand and the reductions in the repo rate. The 3x6-month FRA decreased by 8 basis points from 7.51% on 2 December 2024 to 7.43% on 14 March 2025. By contrast, the 6x9-month FRA increased by 18 basis points from 7.25% at the start of December 2024 to 7.43% on 28 February 2025 before decreasing to 7.39% on 14 March. The 9x12-month FRA displayed a similar upward trend from early December 2024 to the end of February 2025, increasing by 23 basis points from 7.15% to 7.38% before decreasing to 7.36% on 14 March. The movement in the longer-term 18x21-month FRA was more pronounced as it increased by 31 basis points from 7.09% on 2 December 2024 to 7.40% on 28 February 2025 before decreasing to 7.38% on 14 March.

Forward rate agreements

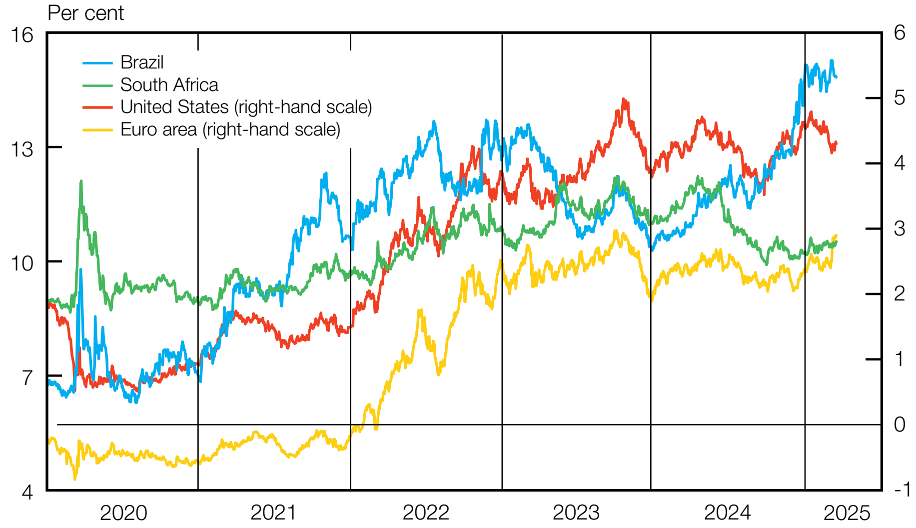


Source: SARB

Deposit and lending rates offered by private banks decreased alongside the changes in the repo rate. The weighted average flexible interest rate charged by banks on mortgage advances decreased from 11.11% in October 2024 to 10.90% in December and slightly further to 10.70% in January 2025. Similarly, the rate on instalment sale credit decreased from 12.59% in October 2024 to 12.21% in January 2025. The weighted average interest rate on overdrafts decreased from 11.61% in October 2024 to 11.45% in January 2025, while the rate on credit card advances decreased from 17.91% to 17.53% over the same period. The weighted average interest rate offered on call deposits decreased from 7.78% in October 2024 to 7.41% in January 2025, while the weighted average interest rate offered on 12-month fixed deposits decreased from 8.59% to 8.40% over the same period.

The *yield on 10-year South African rand-denominated government bonds issued and traded in the domestic market* generally fluctuated higher, increasing by 61 basis points from a recent low of 9.91% on 27 September 2024 to 10.52% on 14 March 2025. Over this period, concerns about the magnitude and timing of the implementation of the proposed new US foreign trade policies and the depreciation in the exchange value of the rand, among other factors, weighed on domestic bond yields. Likewise, international bond yields increased over the same period, with US yields rising by 52 basis points, those in the euro area by 76 basis points and Brazilian yields by a notable 262 basis points.

Ten-year government bond yields



Sources: IRESS and JSE

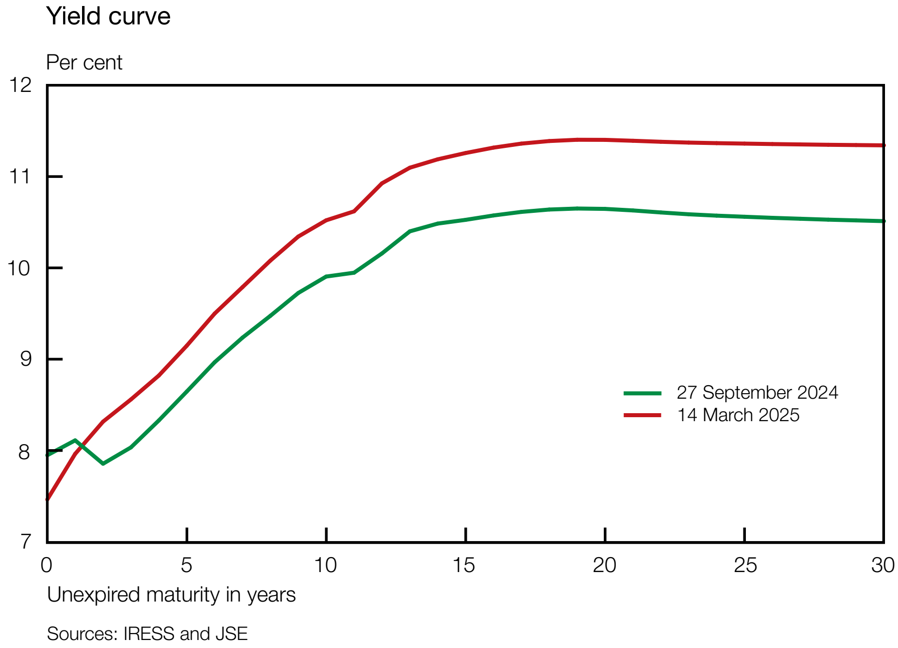
32 The yield gap is measured as the difference between yields at the extreme long and short ends of the yield curve.

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

34 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.

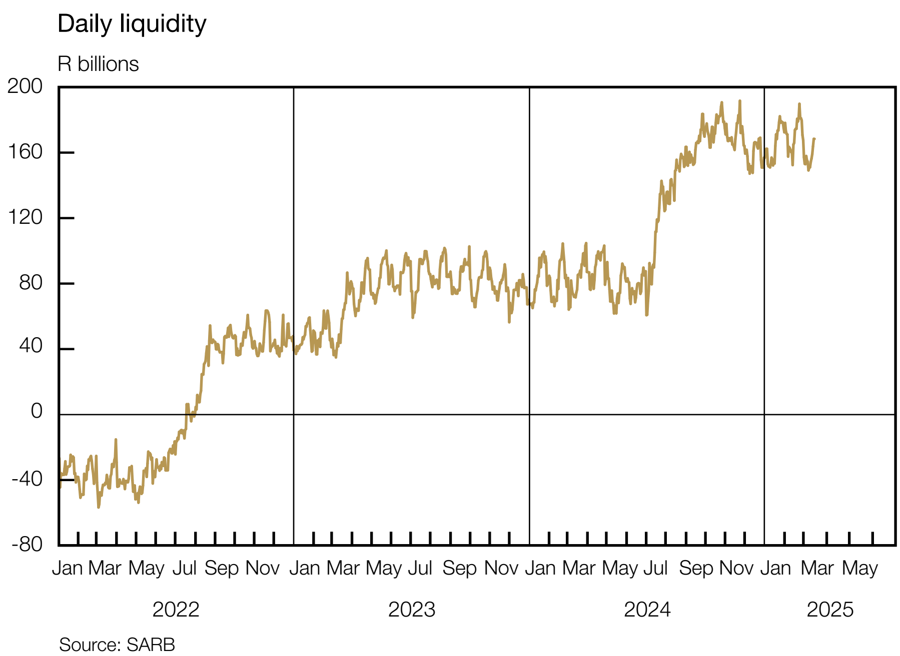
Similarly, movements in the level of the *domestic yield curve* reflected the impact of the underlying drivers of bond yields as the yield curve moved higher from 27 September 2024 to 14 March 2025 across the maturity spectrum, except for the extreme short end, which declined alongside the successive reductions in the repo rate. The yield gap[32] widened from 256 basis points on 27 September 2024 to 388 basis points on 14 March 2025.

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+),[33] narrowed from a recent high of 417 basis points in July 2024 to 372 basis points in February 2025 as emerging market bond yields generally declined, while US bond yields increased. Emerging market bond yields benefited from stronger currencies amid global monetary policy easing, which supported investor demand for emerging market bonds. Similarly, South Africa's *sovereign risk premium*[34] on US dollar-denominated government bonds in the five-year maturity range narrowed from a monthly average of 246 basis points in July 2024 to 232 basis points in February 2025.



Money market

Private sector banks recorded an average daily surplus liquidity position of R168.1 billion in the fourth quarter of 2024, which varied between a low of R147.2 billion and a high of R191.7 billion. The high that occurred on 20 November was well within the R120 billion to R200 billion surplus liquidity range and resulted from Corporation for Public Deposits (CPD) funds being withdrawn from the SARB and placed with private sector banks, which increased overall money market liquidity. In January and February 2025, the average daily surplus liquidity position of private sector banks amounted to R166.5 billion and R169.4 billion respectively. The amount on offer at the SARB's weekly refinancing auction was maintained at R7.0 billion as banks' requirement for additional funds declined after the implementation of the surplus-based monetary policy implementation framework in 2022.

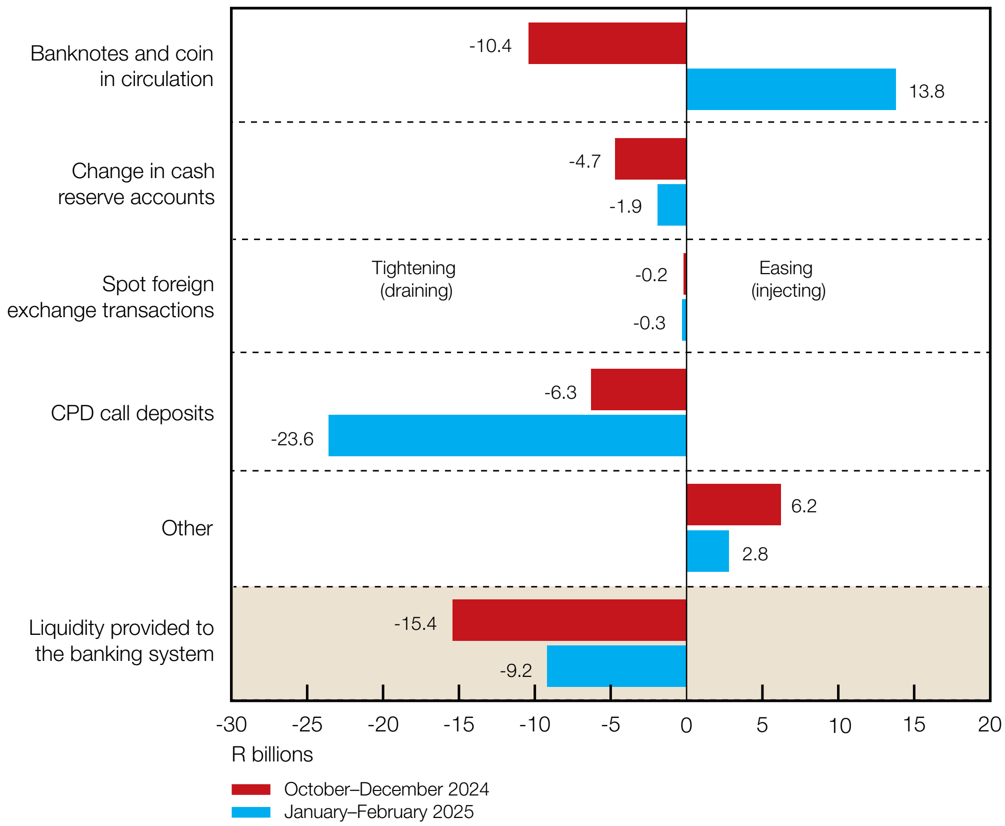


Total accommodation provided to banks at the weekly main refinancing auctions increased from R0.35 billion at end of October 2024 to R1.1 billion at end of December as banks required short-term liquidity to fulfil their month-end obligations.

Money market liquidity contracted by a net amount of R15.4 billion in the fourth quarter of 2024 following an expansion of R121.4 billion in the third quarter, which largely reflected the impact of the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) transfer in that quarter. Other factors contributing to the contraction in the fourth quarter included an increase of R10.4 billion in banknotes and coin in circulation outside of the SARB, the placement of R6.3 billion in CPD deposits at the SARB, an increase of R4.7 billion in cash reserve balances that private sector banks are required to hold at the SARB as well as the moderate draining of liquidity due to foreign exchange transactions in the spot market of R0.2 billion. The contraction in liquidity was partly offset by 'other factors' of R6.2 billion.

Money market liquidity contracted by R9.2 billion in January and February 2025, mainly due to an increase of R23.6 billion in CPD call deposits at the SARB and an increase of R1.9 billion in banks' required cash reserve deposits. The contraction was slightly offset by a decrease of R13.8 billion in banknotes and coin in circulation outside of the SARB.

Factors influencing money market liquidity flows



Source: SARB

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

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

Bond market

The total *nominal value of outstanding listed*[35] and *unlisted*[36] *rand-denominated debt securities* issued by residents and non-residents in the domestic primary debt market of R6.8 trillion at the end of 2024 was 7.9% more than at the end of 2023. This included net issuance of R497 billion, mainly by the general government, with net issuance of debt securities increasing by 28.5% to R472 billion in 2024. However, in January 2025, general government recorded net redemptions of R31.0 billion, which coincided with the redemption of the I2025 inflation-linked bond.

National Treasury raised US$3.5 billion in international capital markets in November 2024 through the issuance of two new international bonds. The US$2 billion (12-year) bond maturing in 2036 and the US$1.5 billion (30-year) bond maturing in 2054 were offered at coupon rates of 7.10% and 7.95% respectively.

Nominal value of rand-denominated debt securities by residents and non-residents in the domestic primary debt market

R billions

	Net issuance*			Amount in issue as at
	2023	2024	January 2025	31 January 2025
General government	367	472	-31	5 023
Financial corporations	109	18	-20	1 443
Banks	95	19	-18	1 247
Insurers	3	4	0	36
Other**	11	-5	-2	160
Non-financial corporations	-12	6	0	282
Non-residents	11	1	0	16
Total	**475**	**497**	**-51**	**6 764**

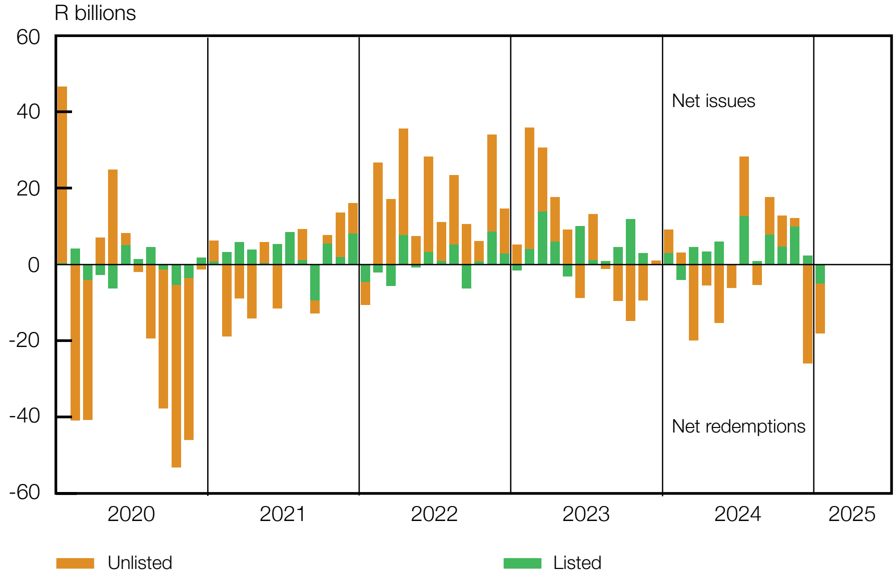
* Net issues (+)/net redemptions (-)
** Includes state-owned companies, real estate companies, special purpose vehicles and other financial corporations

Sources: Banks, CTSE, I-Ex, JSE and National Treasury

By contrast, corporations[37] reduced their net issuance of rand-denominated debt securities in the domestic primary corporate debt market from R96.6 billion in 2023 to R23.6 billion in 2024. This mainly reflected a switch from net issuance of unlisted debt securities by banks of R44.5 billion in 2023 to net redemptions of R32.8 billion in 2024, reflecting banks' reduced funding needs. Nominal net issuance of listed debt securities by banks remained broadly unchanged at R50.7 billion and R51.4 billion in 2023 and 2024 respectively.

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

Net issuance of rand-denominated debt securities by banks in the domestic primary debt market*



* Nominal value

Sources: Banks, CTSE and JSE

38 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.

The total *value of turnover* in the domestic secondary bond market of the JSE Limited (JSE) and the Cape Town Stock Exchange (CTSE) of R43.9 trillion in 2024 was 8.1% higher than in 2023, amid higher bond prices. However, non-residents' participation[38] rate declined from an average of 11.4% in 2023 to 9.1% in 2024. The value of turnover amounted to R8.0 trillion in the first two months of 2025.

Net redemptions of rand-denominated debt securities in the *European and Japanese bond markets* of R5.2 billion in 2024 were slightly lower than the net redemptions of R6.9 billion in 2023. This reduced the total outstanding amount of rand-denominated bonds in issue in both markets from R279 billion at the end of 2023 to R273 billion at the end of 2024. Subsequently, the outstanding amount of rand-denominated debt in these markets remained at a similar level at the end of February 2025.

Rand-denominated bonds issued in international bond markets

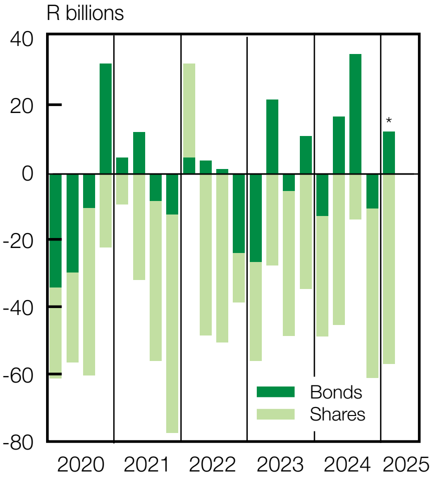
R millions

	Eurorand		Uridashi		Total	
	2023	2024	2023	2024	2023	2024
Issues	13 641	14 530	131	300	**13 772**	**14 830**
Redemptions	19 930	18 271	740	1 799	**20 670**	**20 070**
Net	-6 289	-3 741	-609	-1 499	-6 898	-5 240

Source: Bloomberg

On a cumulative basis, net purchases of domestic bonds by *non-residents* amounted to R30.1 billion in 2024 compared with net purchases of only R2.3 billion in 2023, according to JSE data. However, non-residents were net sellers of JSE-listed bonds of R10.2 billion in the fourth quarter of 2024 following net purchases of R17.1 billion and R35.6 billion in the second and third quarters respectively. Non-residents increased their holdings of JSE-listed bonds somewhat by R12.5 billion in the first two months of 2025. Factors that impacted non-residents' sentiment towards domestic bonds included a shift in US foreign trade policies as well as reported tensions within South Africa's GNU emanating from the signing of legislation on education and land, along with concerns regarding increased domestic government debt.

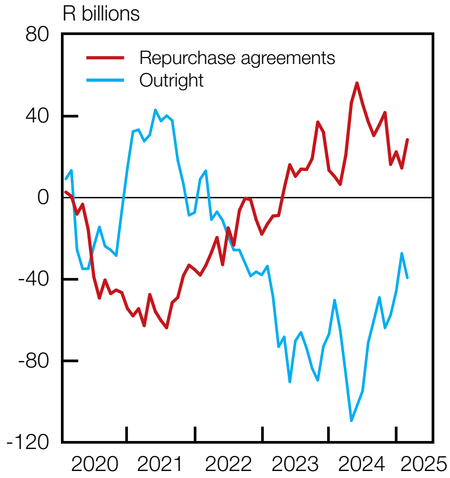
Non-resident net transactions in the domestic bond and share market



* January and February

Source: JSE

Non-resident net transactions in the domestic bond market by trade type*



* Cumulative from January 2020

Non-residents continued to make more use of short-term borrowing in the domestic bond market as they recorded net purchases on a cumulative[39] basis through repo agreements[40] from April 2023 to February 2025. Cumulative net purchases of repo agreements peaked at R56.2 billion in May 2024 but then declined to R14.5 billion in January 2025 before increasing somewhat to R28.4 billion in February. By contrast, non-residents' cumulative outright trades[41] reflected net sales of R39.4 billion in February 2025.

Share market

The *value of secondary equity capital raised*[42] in the domestic and international primary share markets by companies listed on the JSE surged to R102 billion in 2024 – its highest level since 2016. This was considerably more than the R41.4 billion raised in 2023. Secondary-listed companies on the JSE raised 73.2% of the equity capital in 2024, with companies in the industrial sector contributing the most at 78.4% of the total. Subsequently, the value of shares issued in the first two months of 2025 amounted to only R0.6 billion.

The combined *value of turnover* in the secondary share market of the four South African stock exchanges of R5.5 trillion in 2024 was only 1.9% higher than in 2023. This value amounted to R1.0 trillion in the first two months of 2025. Listings on the A2X Markets (A2X) and CTSE declined in 2024, while listings on the Integrated Exchange (I-Ex) remained unchanged. The number of listings on the JSE also declined in 2024, emanating from 12 delistings and 8 new listings – the highest number of new listings since 2021. Consistent with movements in share prices, the combined market capitalisation of all shares listed on all four exchanges increased steadily from a low of R18.1 trillion in February 2024 to R20.2 trillion in February 2025.

39 The cumulative non-resident net transactions were calculated from January 2020.

40 Repurchase agreements (also known as repos), which are a form of primarily short-term borrowing, are contracts to sell and subsequently repurchase securities at a predetermined price and date.

41 Outright trades are the outright purchases and sales of securities in the market, with no reverse transfer of ownership. Outright consideration transactions consist of standard spot trades, other standard trades, structured deals and options exercised.

42 This excludes primary equity capital raised through new listings.

Number of listings on the various South African exchanges

As at 31 December	JSE	A2X Markets	Cape Town Stock Exchange	The Integrated Exchange	ZAR X
2022	304	93	15	6	3
2023	284	180	21	7	…
2024	280	174	17	7	…
2025 (as at 28 February)	278	175	18	7	…

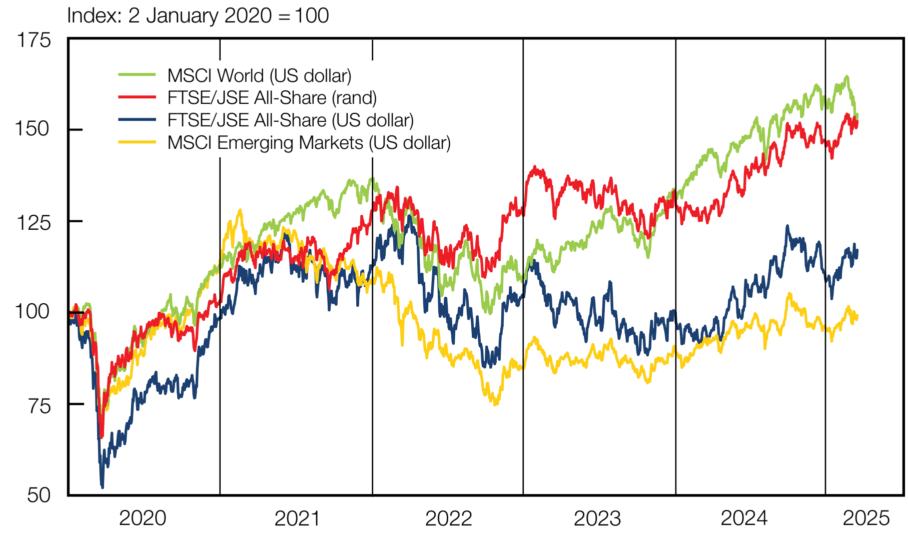
… The Financial Sector Conduct Authority revoked the licence of ZAR X on 13 February 2023.

Sources: A2X, CTSE, I-Ex, JSE and ZAR X

Non-residents' net sales of JSE-listed shares increased to R145 billion in 2024 following net sales of R134 billion in 2023, according to JSE data. Subsequently, further net sales of R56.4 billion were recorded by non-residents in the first two months of 2025. The persistent sell-off in the domestic secondary share market by non-residents reflected continued risk aversion due to, among other factors, ongoing geopolitical tensions, uncertainty around US tariffs, China's economic slowdown and lacklustre domestic economic growth.

Although the *Alsi* declined in rand terms, on balance, by 2.8% in the fourth quarter of 2024, it increased by 9.4% in 2024 compared with an increase of 5.3% in 2023. However, in US dollar terms, the Alsi underperformed global equity markets as it increased by 8.6% in 2024 compared with the 16.7% increase in the MSCI World Index. Both the Alsi and MSCI World Index decreased in the fourth quarter of 2024, largely driven by the Fed's cautious outlook on interest rates and concerns over trade tensions following the outcome of the US general election. Nevertheless, in rand terms, the Alsi subsequently increased to an all-time high of 89 062 index points on 18 February 2025 amid, among other factors, higher international share and commodity prices and positive investor sentiment following the State of the Nation Address, which pledged to boost domestic economic growth through reforms. Subsequently, the Alsi declined slightly to 87 916 index points on 14 March.

Share price indices



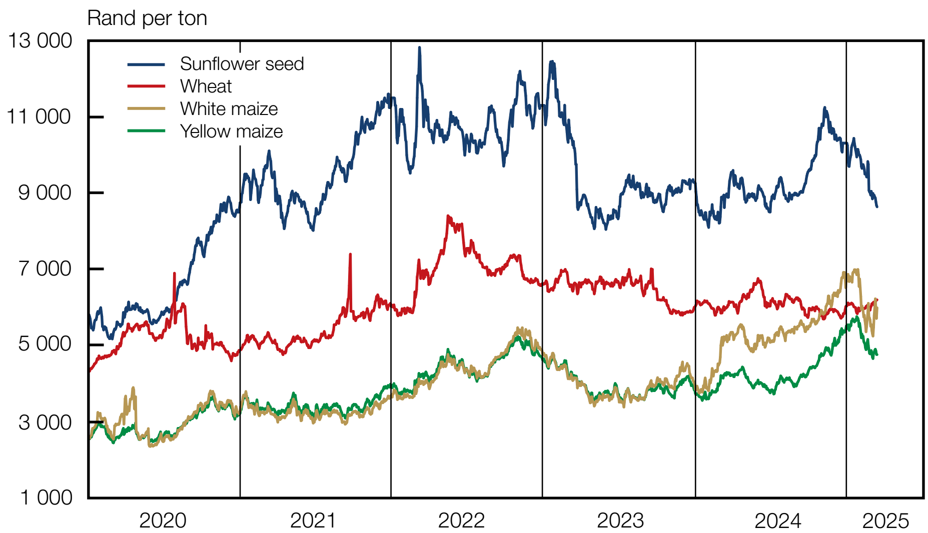
Sources: IRESS and JSE

The overall *price-earnings ratio* of ordinary shares listed on the JSE declined from a recent high of 16.3 in October 2024 to 14.7 in January 2025 before increasing to 17.8 in February. The recent increase resulted from a decline in total earnings while share prices remained at a similar level over the same period. The *dividend yield* increased steadily from 2.1% in August 2024 to 2.6% in November before declining to 1.7% in February 2025 as dividends declared decreased notably while share prices increased.

Market for exchange-traded derivatives

The d*omestic spot prices of white and yellow maize contracts* traded on the JSE trended significantly higher from the start of 2024. The spot price of white maize increased sharply by 86.4% from a recent low of R3 754 per ton on 11 January 2024 to an all-time high of R6 998 per ton on 28 January 2025. Similarly, the spot price of yellow maize surged by 61.7% from R3 562 per ton on 18 January 2024 to an all-time high of R5 761 per ton on 24 January 2025.

Grain prices



Source: JSE

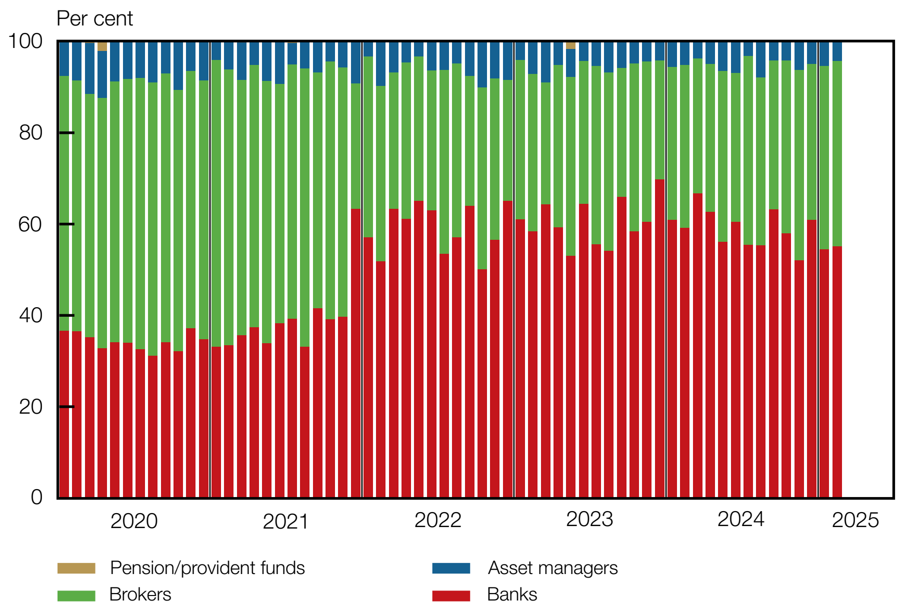
The substantial increase in *domestic maize prices* mainly reflected supply constraints following adverse weather conditions, which contributed to a 21.8% decrease in the domestic maize harvest in the 2023/24 production season compared with the previous season, according to the Crop Estimates Committee (CEC) of the Department of Agriculture, Land Reform and Rural Development. The growing export demand from neighbouring countries and higher international maize prices from the third quarter of 2024 further contributed to the increase in domestic maize prices. Subsequently, the spot prices of white and yellow maize gradually decreased from their record highs to R5 994 per ton and R4 764 per ton respectively on 14 March 2025. The decrease was largely influenced by lower international maize prices and expectations of a larger domestic maize crop in the 2024/25 production season compared with the previous season, as reported by the CEC.

The *spot price of domestic wheat contracts* declined by 14.9% from a recent high of R6 761 per ton on 31 May 2024 to R5 717 per ton on 18 December before fluctuating higher to R6 202 per ton on 14 March 2025. The recent increase was in line with higher international wheat prices, the depreciation in the exchange value of the rand and a decline in the CEC's estimated wheat production for the 2024 production season compared to the previous estimate.

Following the strong increase in the *spot price of domestic sunflower seed contracts* during most of 2024, the price decreased from a recent high of R11 250 per ton on 8 November 2024 to R8 640 per ton on 14 March 2025. This reflected lower international sunflower seed prices and preliminary estimates of a larger area planted for the 2024/25 planting season compared with 2023/24.

A comparison of the market share of different JSE trading partners indicates that banks' trading in the equity and currency derivatives market on the JSE continues to dominate activity. In 2024, banks' market share accounted for, on average, 59.1% of all trading in the equity and currency derivatives markets on the JSE, followed by brokers at 35.5%. In the first two months of 2025, banks' market share declined to an average of 54.7%, while brokers' share amounted to 40.4%.

Market share of equity and currency derivatives on the JSE



Source: JSE

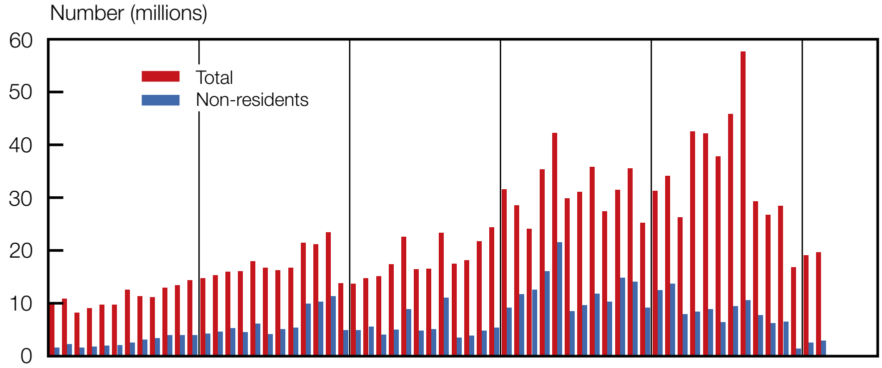
Despite the reduction in *total open interest*[43] on the equity derivatives market of the JSE from 25.2 million at the end of 2023 to 16.8 million at the end of 2024, the total open interest on equity derivatives at the end of 2024 was still much higher than the total open interest on the currency derivatives market of 6.3 million contracts. However, open interest on the equity derivatives market increased to 19.7 million contracts at the end of February 2025, while

43 Open interest is the total number of outstanding derivatives contracts per instrument that have not been closed out or exercised on the JSE. It is calculated as the absolute number of open positions per tradable instrument.

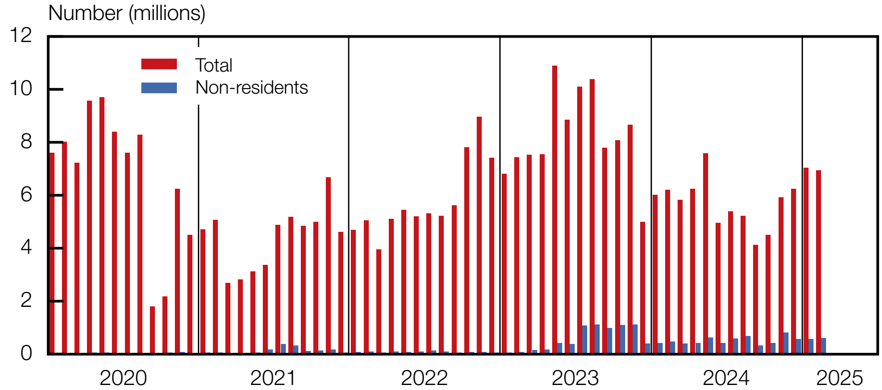
currency derivatives amounted to 6.9 million contracts. Although considerably higher than their share in currency derivatives contracts, non-residents' share in total open interest on equity derivatives declined from an average of 39.3% in 2023 to an average of 23.9% in 2024. This reflected the sell-off by non-residents in international option contracts on the equity derivatives market of the JSE, mainly due to uncertainty around US trade policies. This was exacerbated by international underlying equity contracts[44] on the JSE having a different contract size relative to domestic underlying equity derivative contracts. Subsequently, non-residents' share of the total number of outstanding equity and currency derivatives contracts amounted to only 14.9% and 8.6% respectively in February 2025.

44 According to the JSE, the contract multiplier for all its international underlying equity contracts is set at 1 (versus 10 or 100 for domestic equity contracts). Consequently, for the same value of exposure traded on domestic derivative contracts, the number of contracts open on international derivatives will be higher. Therefore, when these contracts are sold, the open interest declines significantly.

Open interest in equity derivatives on the JSE



Open interest in currency derivatives on the JSE



Source: JSE

The *total value of turnover in the derivatives markets of the JSE*[45] increased slightly by 1.2% in 2024. The value of transactions in interest rate derivatives increased by 9.6%, while that of transactions in commodity derivatives increased by 8.1%. Conversely, the value of currency derivatives transactions decreased by 8.1% in 2024, indicating reduced hedging activity against exchange rate movements. Total turnover on the derivatives markets increased by 9.1% in the first two months of 2024 compared with the corresponding period of 2023.

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

Derivatives turnover on the JSE

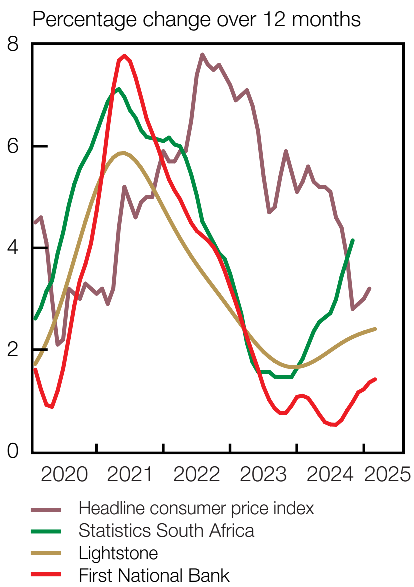
Type of derivative	Value (R billions)		Change over one year (per cent)	
	2024	Jan–Feb 2025	2024	Jan–Feb 2025
Equity	6 266	717	-0.3	12.8
Warrants	1	0.1	18.9	-1.0
Commodity	1 528	248	8.1	-5.0
Interest rate	1 498	367	9.6	18.2
Currency	1 174	112	-8.1	-3.4
Total	10 467	1 444	1.2	9.1

Source: JSE

Real estate market

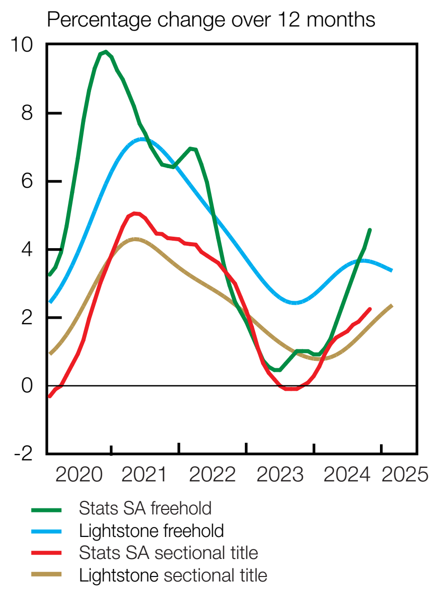
Although growth in nominal residential property prices remained subdued, the year-on-year rate of increase in the available house price indices accelerated during 2024 and in the opening months of 2025, alongside subdued headline consumer price inflation. The recent recovery in house prices occurred amid improved consumer confidence and lower interest rates. The year-on-year rate of increase in Stats SA's residential property price index accelerated to 4.1% in October 2024 – the highest rate since August 2022 – while growth in the Lightstone house price index accelerated to 2.4% in February 2025. Growth in the prices of both sectional title and freehold properties accelerated, with a stronger increase recorded in freehold properties, according to Stats SA and Lightstone. Year-on-year growth in the FNB house price index accelerated slightly from mid-2024 to 1.4% in February 2025.

Residential property and consumer prices



Sources: FNB, Lightstone and Stats SA

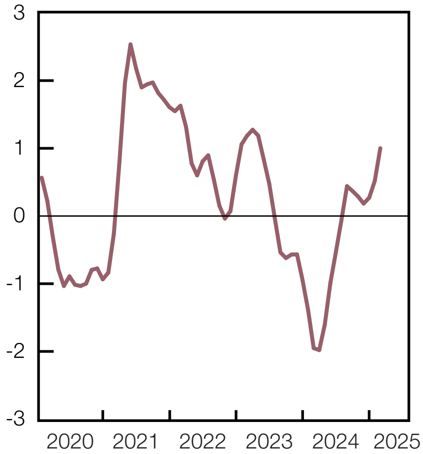
Residential property prices according to type



Sources: Lightstone and Stats SA

The recent acceleration in nominal house price growth coincided with an increase in the Residential Property Demand Index compiled by FNB, indicating that the increased demand for residential property continued into 2025. Furthermore, the time that residential properties remained on the market declined slightly from an average of 12.2 weeks in the second quarter of 2024 to 11.0 weeks in the fourth quarter.

Residential Property Demand Index



Average time that residential properties remain on the market

Source: FNB

Non-bank financial institutions

The net financial flows[46] of non-bank financial institutions[47] declined from R83.9 billion in the third quarter of 2024 to R77.1 billion in the fourth quarter as gross inflows declined more than gross outflows, amid weak domestic economic growth. On an annual basis, net flows to these institutions increased from R318 billion in 2023 to R324 billion in 2024, mainly due to an increase in net flows to unit trusts.

Gross inflows[48] to non-bank financial institutions declined by 0.5% from the third quarter of 2024 to R1.3 trillion in the fourth quarter. Expressed as a proportion of nominal GDP, gross inflows decreased from 72.4% in the third quarter of 2024 to 70.0% in the fourth quarter. Gross inflows to unit trusts decreased by 1.4% to R827 billion in the fourth quarter of 2024, driven by a noticeable decline in non-money market unit trusts, while inflows to money market unit trusts increased. Gross inflows to private and official retirement funds were 0.5% lower in the fourth quarter of 2024 than in the third quarter, mainly as a result of lower dividend income received by official retirement funds. Meanwhile, gross inflows to insurance companies increased by 1.7% from the third quarter of 2024 to R337 billion in the fourth quarter, largely due to higher claims and expenses recovered on reinsurance outwards and premiums received.

Gross outflows[49] from non-bank financial institutions declined marginally by 0.04% from the third quarter of 2024 to R1.3 trillion in the fourth quarter. Gross outflows from unit trusts decreased by 2.5% to R778 billion in the fourth quarter as especially households' sales of units declined. By contrast, gross outflows from insurance companies increased by 3.7% from the third quarter of 2024 to R313 billion in the fourth quarter, mainly due to increases in surrenders and dividends paid. Similarly, gross outflows from private and official retirement funds increased by 5.6% from the third quarter of 2024 to the fourth quarter as pension withdrawals increased following the introduction of the two-pot retirement system in September 2024. Gross outflows from retirement funds could increase further in the coming quarters, albeit at a slower pace, as members continue to withdraw the permitted portion of their retirement savings.

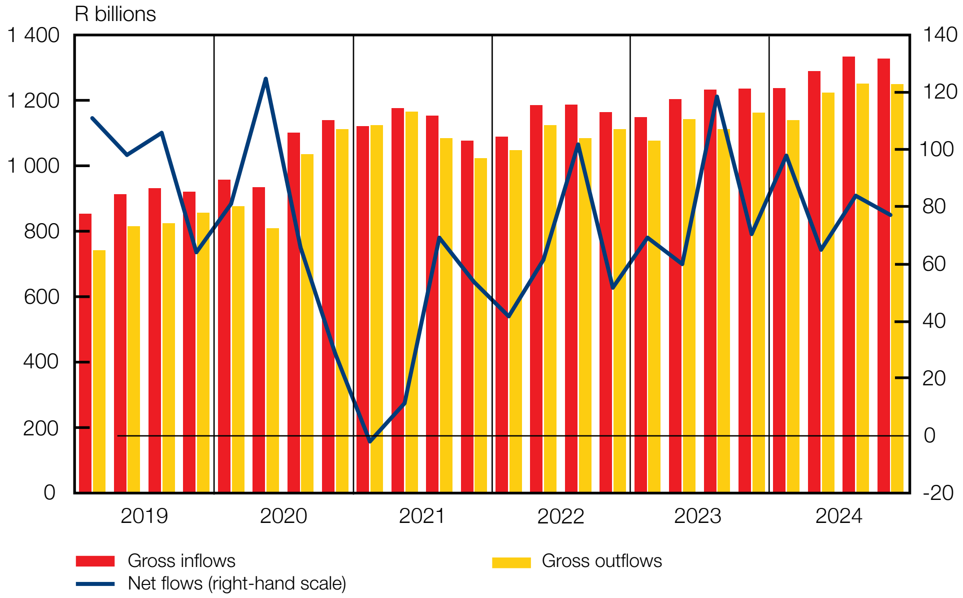
46 Net financial flows are measured as the difference between gross inflows and gross outflows.

47 Non-bank financial institutions consist of unit trusts, life and non-life insurance companies as well as private and official retirement funds.

48 Gross inflows comprise investment and other income, contributions and premiums received as well as sales of units, including switches.

49 Gross outflows comprise benefits and claims paid, premiums paid on reinsurance outwards, surrenders, repurchases of units, administrative expenses, dividends paid and other expenditure.

Non-bank financial institution flows



Source: SARB

Flow of funds

Non-residents recorded a net inflow of capital to South Africa of R34.5 billion in the third quarter of 2024 following a net outflow of R19.1 billion in the second quarter. The formation of the GNU and the extended period of stable electricity supply by Eskom contributed to improved investor sentiment. Non-residents' net acquisition of domestic financial assets amounted to R65.4 billion in the third quarter of 2024 following net sales of R123 billion in the second quarter. Non-residents increased their deposits with the domestic banking sector by R27.3 billion in the third quarter of 2024 compared with withdrawals of R1.7 billion in the second quarter. Net purchases of fixed-interest securities amounted to R40.7 billion in the third quarter of 2024, mainly comprising government bonds to the value of R39.6 billion, following net purchases of R12.8 billion in the second quarter. Net purchases of domestic shares by non-residents of R10.6 billion in the third quarter of 2024 reflected a reversal from net sales of R21.1 billion in the second quarter. In addition, loans extended to the domestic sectors switched from an outflow of R17.7 billion in the second quarter of 2024 to an inflow of R16.3 billion in the third quarter as new loans exceeded repayments. Non-residents granted loans mainly to the domestic banking sector and private non-financial corporate business enterprises, which were partly countered by the repayment of an IMF loan by national government in the third quarter of 2024.

South African residents' net acquisition of foreign assets of R31.0 billion in the third quarter of 2024 followed net sales of R104 billion in the second quarter. Resident sectors extended loans of R174 billion to foreign entities in the third quarter of 2024, mainly the domestic banking sector and private non-financial corporate business enterprises. By contrast, domestic investors reduced their exposure to foreign financial derivatives by R36.4 billion, while net sales of foreign fixed-interest securities and shares collectively amounted to R93.2 billion in the third quarter of 2024.

Despite the gradual improvements in port, rail and road network challenges as well as stable electricity supply, domestic economic growth contracted in the third quarter of 2024, mainly due to a sharp contraction in agricultural output. However, total flows by *financial intermediaries* increased as they incurred net liabilities of R547 billion in the third quarter of 2024 following a net disposal of R202 billion in the second quarter. Intermediation through cash and deposits to monetary institutions amounted to R366 billion in the third quarter of 2024, mainly from private non-financial corporate business enterprises and other financial institutions, following a decline of R39.1 billion in the second quarter. Financial intermediaries sourced loans to the value of

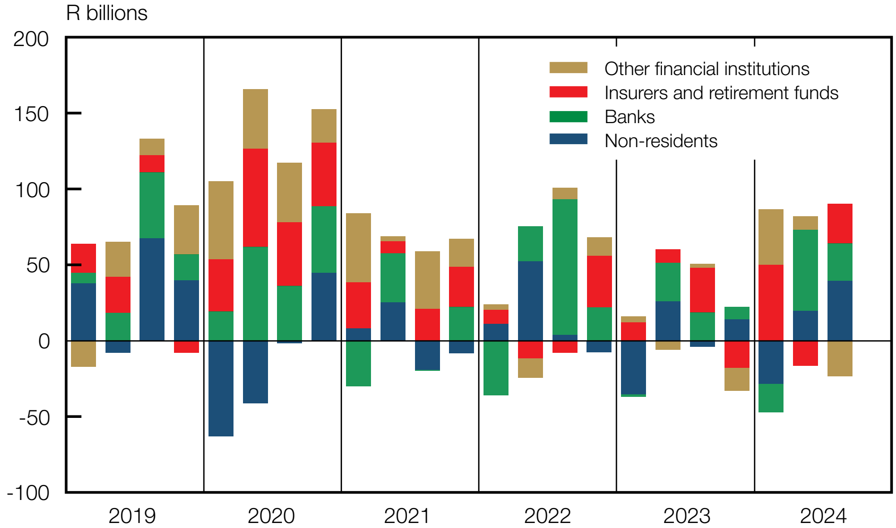
50 Collective investment schemes exclude hedge funds.

R134 billion in the third quarter of 2024 compared with repayments of R52.9 billion in the second quarter. The net flow to collective investment schemes (CIS)[50] amounted to R29.9 billion in the third quarter of 2024, higher than the R9.5 billion recorded in the second quarter. The increase in net purchases of units in CIS resulted mainly from the household sector. By contrast, net flows to insurers and retirement funds decreased from R53.8 billion in the second quarter of 2024 to R42.6 billion in the third quarter due to increased pension withdrawals.

Financial intermediaries recorded a net acquisition of financial assets of R599 billion in the third quarter of 2024 following a net disposal of R154 billion in the second quarter. Intermediation through loans switched from repayments of R167 billion in the second quarter of 2024 to loans extended of R317 billion in the third quarter, mainly to the foreign sector. Financial intermediaries reduced their exposure to financial derivatives and shareholding by a combined R165 billion in the third quarter of 2024 after reducing it by R198 billion in the second quarter. The slowdown in consumer price inflation, among other factors, supported the higher net purchases of fixed-interest securities of R58.7 billion in the third quarter of 2024 compared with R50.6 billion in the second quarter.

Gross capital formation by the *general government sector* remained subdued in the third quarter of 2024, impacted by, among other factors, constrained government finances, high borrowing costs and financial support to state-owned companies (SOCs). The sector recorded much larger net dissaving of R174 billion in the third quarter of 2024 from R56.8 billion in the second quarter, which contributed to a higher net borrowing requirement. The net borrowing requirement of R179 billion in the third quarter of 2024 was financed through net government bond issuance of R86.1 billion, together with net issuance of TBs of R9.8 billion. Increased investment in the domestic bond market has aided in driving yields down, with the foreign and banking sectors as well as insurers and retirement funds recording net purchases of government bonds in the third quarter of 2024. The general government sector repaid loans of R22.7 billion in the third quarter of 2024, which included an instalment on an IMF loan, compared with loans sourced of R32.8 billion in the second quarter. Other liabilities of the central and provincial government sector increased significantly by R167 billion in the third quarter of 2024 due to the transfer of funds from the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) held by the monetary authority, which is earmarked to reduce government borrowing. On the asset side, cash and deposits increased by R13.9 billion in the third quarter of 2024 compared with withdrawals of R27.6 billion in the second quarter.

Net transactions in government bonds by selected sectors

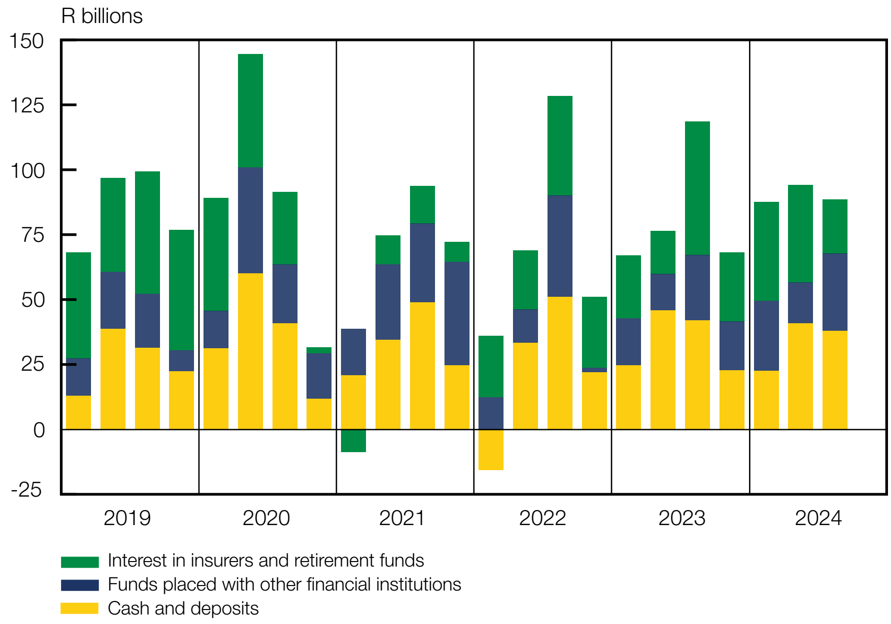


Source: SARB

Gross capital formation by private and public *non-financial corporate business enterprises* increased by 3.6% to R190 billion in the third quarter of 2024 following an increase of 27.8% in the second quarter. Gross capital formation by public non-financial corporate business enterprises remained constrained by the high debt burden of SOCs, requiring increased private sector investment spending. Gross saving by non-financial corporate business enterprises decreased from R237 billion in the second quarter of 2024 to R206 billion in the third quarter. This, along with the increase in gross capital formation, contributed to a smaller net lending position of R16.7 billion in the third quarter of 2024 compared with R54.0 billion in the second quarter. The sector channelled some of its surplus funds to deposit holdings at R78.2 billion and extended loans of R5.2 billion in the third quarter of 2024, mainly to the foreign sector. On the contrary, the sector recorded net sales of fixed-interest securities of R0.5 billion in the third quarter of 2024, mainly in other debt securities of banks. On the liability side, the sector sourced funds through loans of R33.6 billion and recorded net redemptions of shares of R36.1 billion in the third quarter of 2024.

The household sector switched from a net borrowing position of R21.5 billion in the second quarter of 2024 to a net lending position of R75.7 billion in the third quarter due to much higher gross saving in the third quarter of 2024. The surplus funds were channelled to cash and deposit holdings at R38.0 billion, while net purchases of units with CIS amounted to R29.8 billion in the third quarter of 2024. The net flow from households to insurers and retirement funds decreased from R37.6 billion in the second quarter of 2024 to R20.8 billion in the third quarter. The household sector sourced financing through loans of R13.7 billion in the third quarter of 2024 compared with R6.6 billion in the second quarter.

Net acquisition of selected financial assets by households



Source: SARB

Public finance[51]

51 Unless stated to the contrary, the year-on-year rates of increase in this section compare April–December 2024 with April–December 2023. Data for both periods are unaudited and preliminary.

Non-financial public sector borrowing requirement[52]

52 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.

The preliminary *non-financial public sector borrowing requirement* decreased significantly by R51.0 billion year on year to R197.1 billion in the first nine months (April–December 2024) of fiscal 2024/25. The decline mostly reflected the smaller deficit of the consolidated general government, in particular that of national government, due to higher revenue collections in most tax categories. In addition, extra-budgetary institutions recorded a significantly larger cash surplus, which could be attributed to higher cash receipts from operating activities as grants received increased and cash payments for operating activities decreased. By contrast, the consolidated provincial government switched from a cash *surplus* to a cash *deficit*, mainly due to higher cash payments for operating activities during the period under review. All other levels of general government recorded cash surpluses, while the non-financial public enterprises and corporations, or SOCs, recorded a smaller deficit in the first nine months of fiscal 2024/25 compared with the same period of the previous fiscal year.

Non-financial public sector borrowing requirement

R billions

Level of government	Apr–Dec 2023*	Apr–Dec 2024*
Consolidated general government	208.1	167.4
National government	282.8	252.8
Extra-budgetary institutions	-3.3	-23.8
Social security funds	-31.0	-28.2
Consolidated provincial government	-1.4	11.2
Local governments	-38.9	-44.6
Non-financial public enterprises and corporations**	40.0	29.7
Total	**248.1**	**197.1**
As a percentage of gross domestic product	*4.6*	*3.5*

* 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 the non-financial public enterprises and corporations' data, resulting in the data being preliminary and subject to revision.

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

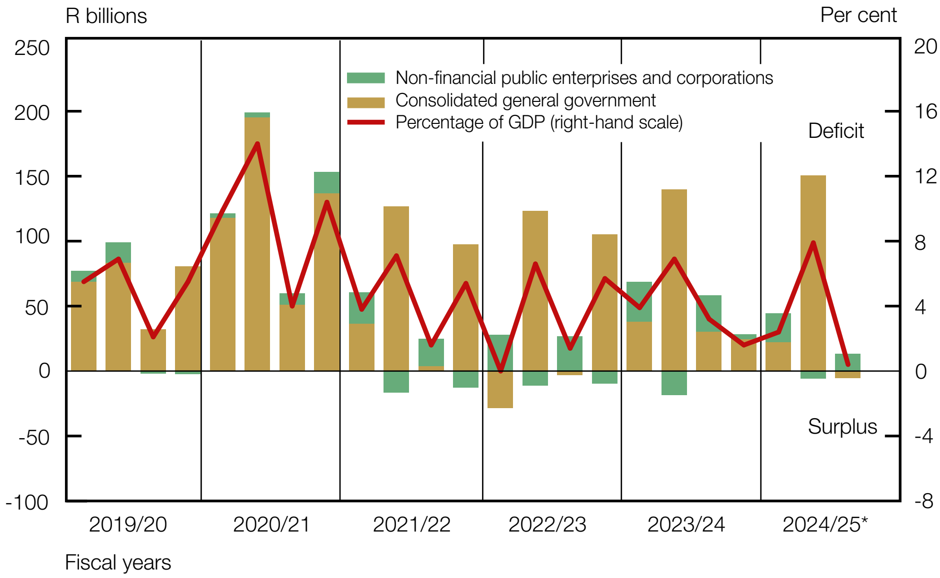
Sources: National Treasury, Stats SA and SARB

As a ratio of GDP, the non-financial public sector borrowing requirement decreased to 3.5% in the first nine months of fiscal 2024/25 compared with the 4.6% recorded in the first nine months of the previous fiscal year.

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

The financial activities of non-financial SOCs[53] resulted in a preliminary cash deficit of R29.7 billion in April–December 2024, which was R10.3 billion smaller than the preliminary cash deficit of R40.0 billion recorded over the same period a year earlier. The smaller deficit could largely be attributed to the increase in cash receipts from operating activities, while cash payments for operating activities decreased.

Non-financial public sector borrowing requirement



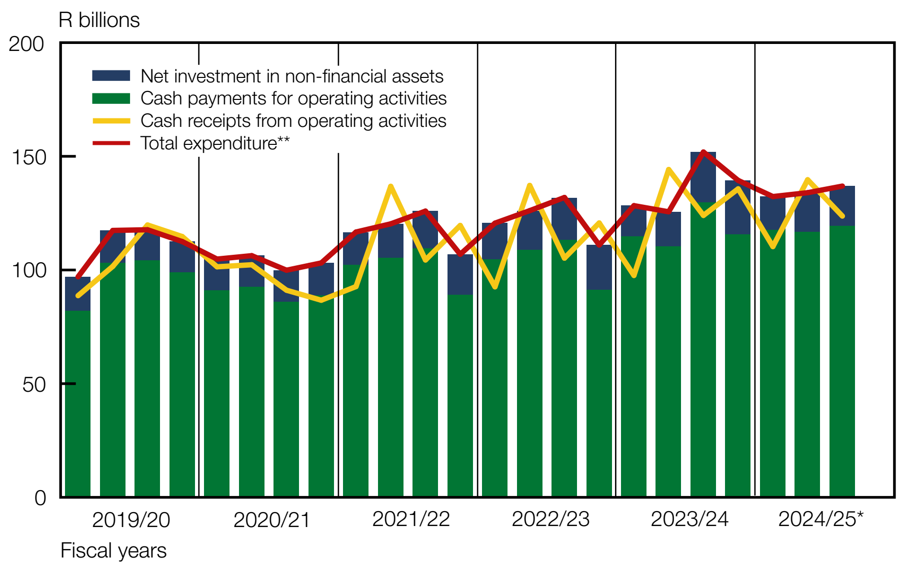
* April–December 2024

Sources: National Treasury, Stats SA and SARB

Total cash receipts from operating activities of non-financial SOCs increased by 2.2% year on year to R373.7 billion. The moderate increase in cash receipts from operating activities resulted from sales of goods and services of R341.6 billion in April–December 2024 compared with R297.5 billion in the same period of the previous fiscal year, which was partly countered by a notable decrease in other receipts.

Total expenditure, inclusive of cash payments for operating activities and net investment in non-financial assets of non-financial SOCs, declined marginally by 0.6% to R403.3 billion in April–December 2024 due to lower purchases of goods and services of R241.9 billion, while net investment in non-financial assets declined slightly by 2.6% year on year to R49.5 billion in April–December 2024.

Financial activities of non-financial public enterprises and corporations



* April–December 2024

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

Source: SARB

Box 2 The *2025 Budget Review*[1]

The *2025 Budget Review* emphasises the need for the economy to grow much faster and in an inclusive manner, and to commit the government to a balanced fiscal strategy. To achieve faster economic growth, the 2025 Budget is anchored in ensuring that macroeconomic stability is maintained, structural reforms are implemented, state capability is improved, and infrastructure investment is accelerated.

The Budget proposals outline government's clear medium-term spending plan that aims to improve economic growth to address government debt and spending pressures, which are mostly funded through reprioritisation or the shifting of funds over the medium-term expenditure framework (MTEF) period.

Real gross domestic product (GDP) increased by 0.6% in 2024, much lower than the 1.1% increase that was expected in the *2024 Medium Term Budget Policy Statement (MTBPS)*. The worse-than-expected outcome stemmed mainly from the poor performance of the agricultural sector due to drought conditions as well as contractions in the transport, storage and communication and the trade, catering and accommodation sectors. However, the 2025 Budget expects the economy to grow by 1.9% in 2025 and for growth to average 1.8% over the medium term, underpinned by increased household consumption expenditure on account of rising purchasing power, a moderate employment recovery and wealth gains. Key factors for achieving faster economic growth and creating much-needed jobs include greater government collaboration with the private sector in especially the energy and transport sectors, the rapid implementation of structural reforms, the easing of regulatory constraints and increased infrastructure investment.

Macroeconomic projections*

Percentage

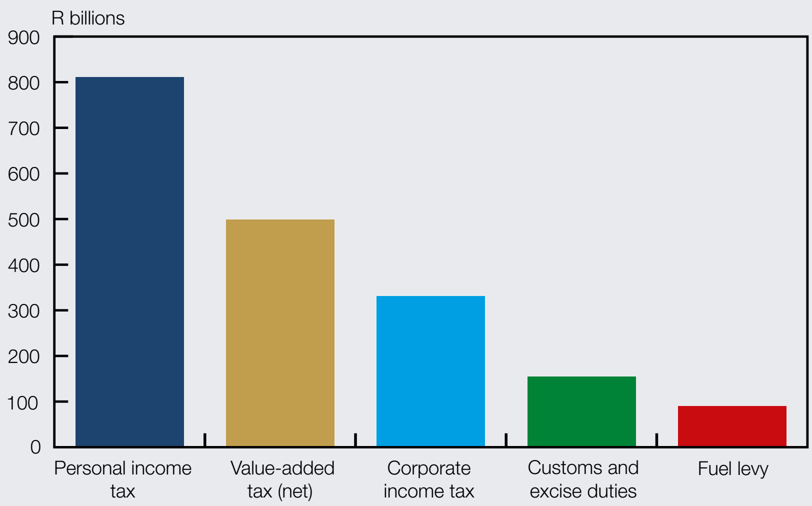
	2022	2023	2024	2024			2025	2026	2027
	Actual outcome			Budget	*MTBPS*	Budget**	Medium-term estimates**		
Real GDP growth	1.9	0.7	0.6	1.3	1.1	0.8	1.9	1.7	1.9
Consumer price inflation.......	6.9	6.0	4.4	4.9	4.6	4.4	4.3	4.6	4.4
Current account balance*** ..	-0.5	-1.6	-0.6	-2.8	-1.8	-1.6	-2.3	-2.4	-2.6

* Calendar years
** *2025 Budget Review*
*** As a percentage of GDP

Sources: National Treasury, Stats SA and SARB

The medium-term revenue outlook was revised higher by R137.8 billion relative to the *2024 MTBPS*, resulting in the tax-to-GDP ratio projected to reach 25.4% by fiscal 2027/28, supported by the improved economic outlook. Gross tax revenue collections are expected to increase by 8.7% in fiscal 2025/26, 7.8% in fiscal 2026/27 and 6.6% in fiscal 2027/28. This translates into gross tax revenue increasing from an expected R1.85 trillion in fiscal 2024/25 to R2.31 trillion in fiscal 2027/28. Higher revenue collection will require sustained investment and economic growth, supported by continued improvements in tax administration.

Major sources of consolidated government revenue in fiscal 2025/26



Sources: National Treasury and SARS

1 The *2025 Budget Review* was presented to Parliament by the Minister of Finance on 12 March 2025.

The *2025 Budget Review* introduces measures to increase revenue and promote fiscal sustainability as revenue collections fell short of expectations following weaker-than-expected economic growth in the current fiscal year. To address medium-term spending pressures, government opted to fund new spending through a combination of revenue increases and spending reductions or reprioritisation. As such, government took the difficult decision to raise the value-added tax (VAT) rate in fiscal 2025/26 and fiscal 2026/27. The tax policy measures proposed in the 2025 Budget are designed to raise R28 billion in additional revenue in fiscal 2025/26 and R14.5 billion in the following fiscal year.

Government tabled the following tax proposals, among others:

- increasing the VAT rate by 0.5 percentage points in both fiscal 2025/26 and fiscal 2026/27, bringing the VAT rate to 16%;
- extending a zero rating to additional food items consumed in low-income households to limit the impact of VAT on the poor;
- no adjustments for inflation to the personal income tax brackets, rebates and medical tax credits in fiscal 2025/26;
- above-inflation increases in alcohol and tobacco excise duties; and
- no adjustment to the general fuel levy, Road Accident Fund (RAF) levy as well as the customs and excise levy.

Consolidated fiscal framework indicators*

R billions

	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
	Outcome		2024 Budget	*2024 MTBPS*	2025 Budget**	Medium-term estimates**		
Consolidated revenue	1 901	1 948	2 037	2 022	2 029	2 222	2 377	2 521
Percentage of GDP	*28.1*	*27.5*	*27.3*	*26.9*	*27.1*	*27.8*	*27.9*	*27.8*
Consolidated expenditure	2 145	2 260	2 369	2 395	2 404	2 592	2 703	2 835
Percentage of GDP	*31.7*	*31.8*	*31.8*	*31.8*	*32.1*	*32.4*	*31.8*	*31.3*
Consolidated budget balance	-245	-312	-332	-374	-375	-370	-326	-314
Percentage of GDP	*-3.6*	*-4.4*	*-4.5*	*-5.0*	*-5.0*	*-4.6*	*-3.8*	*-3.5*
Primary balance***	-1	33	61	33	37	71	136	182
Percentage of GDP	*-0.0*	*0.5*	*0.8*	*0.4*	*0.5*	*0.9*	*1.6*	*2.0*
Gross loan debt***	4 765	5 259	5 522	5 622	5 694	6 094	6 464	6 815
Percentage of GDP	*70.5*	*74.1*	*74.1*	*74.7*	*76.1*	*76.2*	*75.9*	*75.1*
Net loan debt***	4 516	5 064	5 432	5 466	5 469	5 966	6 331	6 701
Percentage of GDP	*66.8*	*71.4*	*72.9*	*72.6*	*73.1*	*74.6*	*74.4*	*73.9*

* Fiscal years. This is the consolidated budget framework of national, provincial and local government as well as social security funds and selected public entities. Budget data are therefore not strictly comparable with the data published in the SARB's *Quarterly Bulletin*.
** *2025 Budget Review*
*** Refers to national government, or main budget

Source: National Treasury

Consolidated government expenditure is projected to amount to R2 592 billion in fiscal 2025/26 and increase to R2 835 billion in fiscal 2027/28, growing at an average annual rate of 5.6% over the medium term. Over the next three years, government spending is expected to remain highly redistributive, with the social wage[2] comprising, on average, 61% of total consolidated non-interest spending. Learning and culture, social development and health remain the main spending priorities earmarked for the provision of social services. Critical infrastructure investments, social protection and a higher-than-anticipated public-service wage agreement are the main spending additions, together with provisional allocations for critical frontline services. The 2025 Budget also includes a one-off allocation for the hosting requirements during South Africa's Group of Twenty (G20) Presidency in 2025.

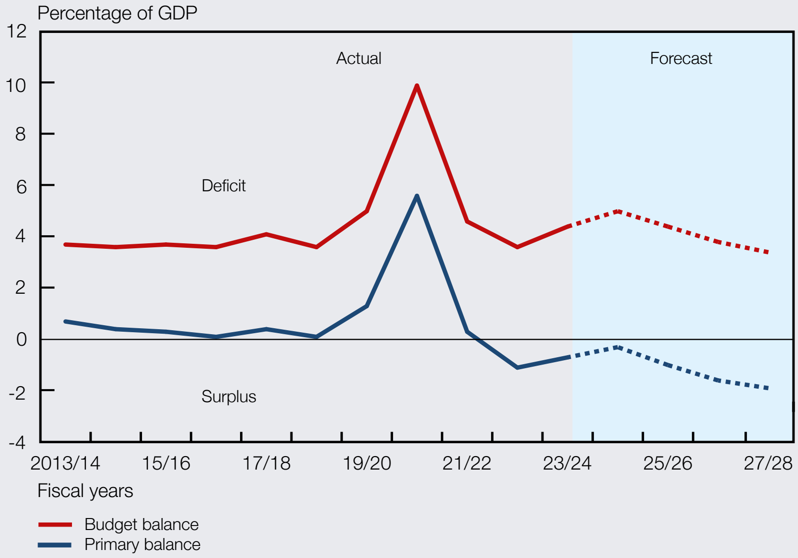
Provisional allocations, primarily for goods and services and the compensation of employees in critical frontline services, were increased by R70.7 billion in the 2025 Budget. An additional R46.7 billion was allocated for critical infrastructure projects, which includes investments in passenger rail transport to modernise signalling technology systems that will improve service frequency, safety and efficiency. A total of R8.5 billion was earmarked for the turnaround of municipal entities by improving declining water, electricity and solid waste services in cities. In addition, a review of the conditional grants system was proposed to address inefficiencies in funding disaster management expenses.

2 The social wage refers to spending on health, education, social protection, community development and employment programmes.

Debt-service costs were revised higher compared with the estimate in the *2024 MTBPS* due to the larger budget deficit, elevated interest rates and a weaker exchange rate. Over the MTEF period, government expects to spend more on debt-service costs than on health, basic education and social development. Debt-service costs are projected to rise from R389.6 billion in fiscal 2024/25 to R478.6 billion in fiscal 2027/28 but, as a percentage of revenue, are projected to stabilise at 21.7% in fiscal 2024/25.

Payments for capital assets are the fastest-growing expenditure item, averaging 8.1% per year over the MTEF period, mainly due to higher infrastructure allocations for transport and water projects.

Consolidated fiscal balances



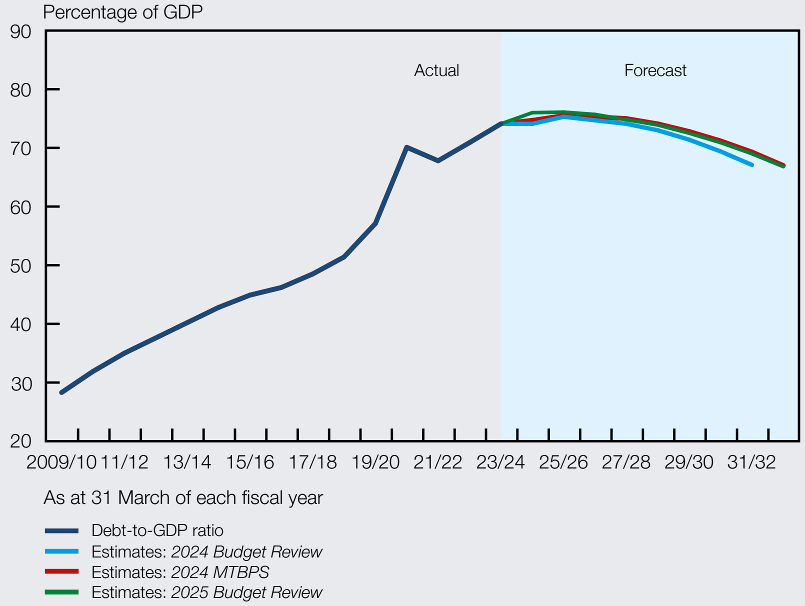
Source: National Treasury

The consolidated budget deficit has been revised higher to 5.0% of GDP in fiscal 2024/25 from the projected 4.5% in the 2024 Budget. However, the consolidated budget deficit is expected to narrow to 3.5% in fiscal 2027/28, with consolidated non-interest expenditure expected to increase at an annual average rate of only 0.8% in real terms over the next three years. In addition, the government anticipates a primary surplus (where revenue exceeds non-interest expenditure) of 0.5% of GDP in fiscal 2024/25, widening to 2.0% of GDP infiscal 2027/28. The main budget deficit is also expected to continue narrowing over the medium term, from 4.4% of GDP in fiscal 2025/26 to 3.3% in fiscal 2027/28.

In fiscal 2025/26, the gross borrowing requirement will be financed through a combination of domestic short- and long-term debt as well as foreign debt. Government's available cash balances will be increased to finance a portion of the Eskom debt-relief arrangement in fiscal 2025/26. National government's total gross loan debt is expected to increase from R5.7 trillion (76.1% of GDP) in fiscal 2024/25 to R6.8 trillion (75.1% of GDP) in fiscal 2027/28. Gross loan debt is now expected to stabilise at 76.2% of GDP in fiscal 2025/26, higher than the 75.3% projected in the 2024 Budget.

Government has introduced two shorter-dated bonds (with 9-year and 15-year maturities) to help minimise borrowing costs and will also continue to refinance redemptions due over the next three years through the bond-switch programme. As part of continuously developing South Africa's capital market and ensuring a diversified portfolio of instruments, government is developing a sustainable finance framework to raise funding through the issuance of green or sustainability-linked bonds.

National government's gross loan debt



Source: National Treasury

Government's total contingent liabilities,[3] which include guarantees to state-owned companies, independent power producers (IPPs) and public-private partnerships as well as contingent liabilities to other state entities such as the RAF and the Government Employee Pension Fund are expected to decline from R1 160 billion in fiscal 2024/25 to R1 063 billion in fiscal 2027/28. The RAF, Eskom and IPPs together comprise 82.3% of government's total contingent liabilities in fiscal 2024/25.

The economic outlook underscores the necessity to move to a significantly faster economic growth path through sustained progress in raising investment and productivity. Government will continue to manage fiscal risks and support essential services, while remaining committed to maintaining a progressive, stable and transparent tax system that is supported by effective tax administration and stable macroeconomic policies. In addition, improved efficiency and competitiveness driven by structural reforms should enhance the state's capability to deliver services and increase infrastructure investment over the medium term.

3 Contingent liabilities are state obligations that could result in expenditure if a specific event occurs.

Budget comparable analysis of national government finances

National government's cash book deficit of R285.2 billion in the first nine months of fiscal 2024/25 (April–December 2024) reflected an increase of R1.5 billion (0.5%) compared with the corresponding period of the previous fiscal year, as total revenue and expenditure increased by broadly similar amounts. The net borrowing requirement[54] was financed in the domestic financial markets through the net issuance of domestic and foreign government bonds as well as TBs and short-term loans from the CPD, with national government's available cash balances also increasing significantly. Encouragingly, national government's primary deficit decreased from R63.4 billion in April–December 2023 to R52.1 billion in April–December 2024.

54 The net borrowing requirement of national government is the cash flow deficit after accounting for accrual adjustments, Eskom's debt restructuring programme and the net Gold and Foreign Exchange Contingency Reserve Account (GFECRA) settlement.

National government finances

	Actual Apr–Dec 2023		Actual Apr–Dec 2024		Originally budgeted[1] Fiscal 2024/25		Revised estimates[2] Fiscal 2024/25	
	R billions	Percentage change[3]	R billions	Percentage change[3]	R billions	Percentage change[4]	R billions	Percentage change[5]
Revenue	1 234.4	-0.1	1 279.9	3.7	1 815.0	5.3	1 797.4	4.3
Percentage of GDP	*23.1*		*22.9*		*24.4*		*23.9*	
Expenditure	1 518.1	7.7	1 565.1	3.1	2 136.0	4.4	2 153.0	5.2
Percentage of GDP	*28.4*		*28.0*		*28.7*		*28.6*	
Cash book balance[6]	-283.7		-285.2		-320.9		-355.6	
Percentage of GDP	*-5.3*		*-5.1*		*-4.3*		*-4.7*	
Primary balance[7]	-63.4		-52.1		61.2		33.2	
Percentage of GDP	*-1.2*		*-0.9*		*0.8*		*0.4*	
Gross loan debt[8]	5 153.0	9.3	5 667.9	10.0	5 522.2	5.0	5 622.5	6.9
Percentage of GDP	*73.4*		*77.3*		*74.1*		*74.7*	

1 *2024 Budget Review*
2 *2024 MTBPS*
3 Year-on-year percentage change: actual outcome on previous year's audited outcome
4 Year-on-year percentage change: budgeted estimates on previous year's audited outcome
5 Year-on-year percentage change: revised estimates on previous year's audited outcome
6 Cash book deficit (-)/surplus (+)
7 Primary balance refers to the cash book deficit (-)/surplus (+) excluding interest payments
8 As at 31 December 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 3.7% year on year to R1 280 billion in the first nine months of fiscal 2024/25, largely due to a notable rise in personal income tax (PIT) collections. The *2024 Budget Review*'s projected total revenue of R1 815 billion (24.4% of GDP) for fiscal 2024/25 was revised downwards to R1 797 billion (23.9% of GDP) in the *2024 MTBPS*. Total revenue as a ratio of GDP decreased to 22.9% in April–December 2024 compared with 23.1% recorded in the same period of the previous fiscal year.

Taxes on income, profits and capital gains increased by 7.9% to R785.2 billion (61.4% of total revenue) in the first nine months of fiscal 2024/25 compared with the same period of the previous fiscal year. The increase largely reflected a 13.3% year-on-year increase in PIT receipts to R523.7 billion, which was boosted by pay-as-you-earn (PAYE) collections. These collections were supported by tax revenue generated from the withdrawal of pension savings after the implementation of the two-pot retirement system in September 2024. By contrast, corporate income tax (CIT) declined by 0.2% year on year to R233.4 billion in April–December 2024, as profits in the mining sector declined due to lower commodity prices and provisional taxes collected from the manufacturing sector declined amid lower oil prices, which impacted on the profits of refineries. The *2024 Budget Review*'s projected revenue of R1 085 billion from taxes on income, profits and capital gains for fiscal 2024/25 was revised marginally upwards to R1 091 billion in the *2024 MTBPS*.

National government revenue in fiscal 2024/25

Revenue source	Originally budgeted[1] Fiscal 2024/25		Revised estimates[2] Fiscal 2024/25		Actual Apr–Dec 2024	
	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	785.2	7.9
Of which: Income tax on individuals	741.1	13.8	731.6	12.3	523.7	13.3
Income tax on companies	306.7	-3.2	318.7	0.6	233.4	-0.2
Payroll taxes	24.5	8.4	24.5	8.4	18.1	7.7
Taxes on property	20.6	6.2	21.0	8.4	16.2	10.3
Taxes on goods and services	654.3	6.1	627.6	1.8	442.5	0.4
Of which: Net value-added tax (VAT)	476.7	6.5	463.8	3.6	322.2	1.3
Domestic	559.1	6.4	562.8	7.1	418.0	7.4
Imports	286.8	8.2	266.8	0.7	184.6	-2.3
Refunds	-369.1	7.6	-365.8	6.7	-280.5	7.8
Fuel levy	95.8	4.7	82.4	-10.0	62.2	-9.1
Other excise duties	67.4	6.8	66.8	5.8	46.2	7.2
Taxes on international trade and transactions	78.7	6.5	76.5	3.7	55.5	7.3
Import duties	76.9	8.9	74.0	4.7	53.6	6.8
Other	1.7	-45.9	2.6	-19.6	1.9	23.8
Other revenue[6]	41.9	-33.5	46.5	-26.2	29.8	-30.3
Less: SACU[7] payments	89.9	12.6	89.9	12.6	67.4	12.6
Total revenue	1 815.0	5.3	1 797.4	4.3	1 279.9	3.7

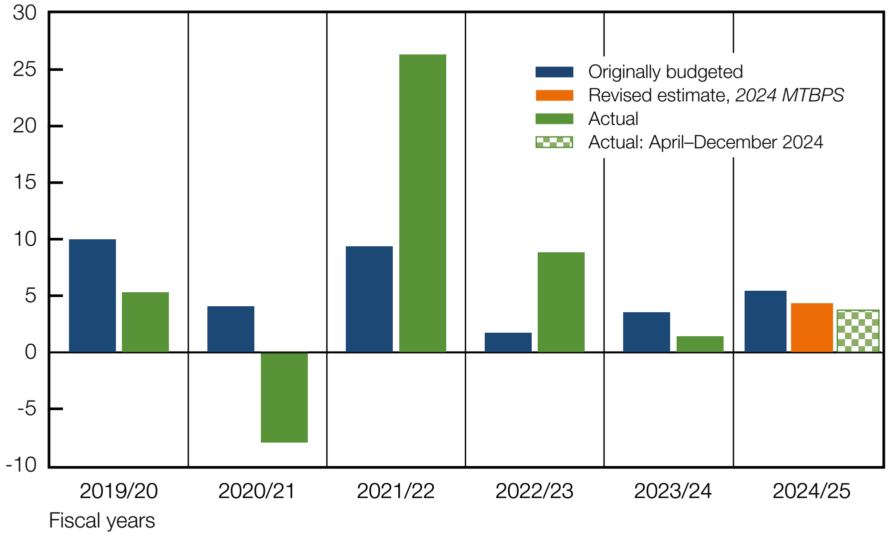
1 *2024 Budget Review*
2 *2024 MTBPS*
3 Year-on-year percentage change: budgeted on previous year's actual audited outcome
4 Year-on-year percentage change: revised estimates on previous year's actual audited outcome
5 Year-on-year percentage change: preliminary outcome on previous year's actual audited 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

Revenue of national government

Percentage change over one year



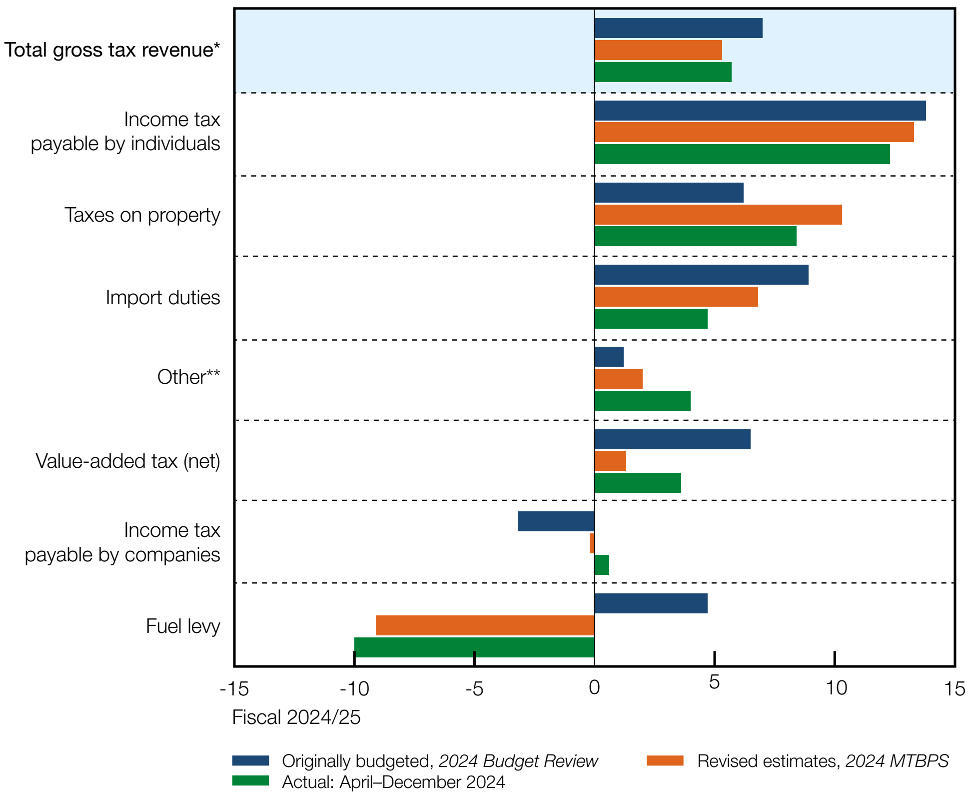
Sources: National Treasury and SARS

Taxes on goods and services increased marginally by 0.4% year on year to R442.5 billion (34.6% of total revenue) in the first nine months of fiscal 2024/25. This largely reflected the increase of 1.3% in net value-added tax (VAT) receipts as domestic VAT collections increased by 7.4% to R418.0 billion, while VAT refunds increased by 7.8% to R280.5 billion. Meanwhile, collections from the fuel levy declined by 9.1% year on year to R62.2 billion in April–December 2024, while other excise duties increased by 7.2% year on year to R46.2 billion over the same period. The *2024 Budget Review*'s projected taxes on goods and services of R654.3 billion for fiscal 2024/25 was revised downwards to R627.6 billion in the *2024 MTBPS*, in line with subdued economic growth.

Revenue from taxes on international trade and transactions increased by 7.3% year on year to R55.5 billion (4.3% of total revenue) in April–December 2024, driven mostly by higher imports of tobacco products, clothing, footwear and beverages. The *2024 MTBPS* revised taxes on international trade and transactions downwards to R76.5 billion for fiscal 2024/25 from the R78.7 billion projected in the *2024 Budget Review*.

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

55 Non-tax revenue comprises 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,[55] declined sharply by 30.3% year on year to R29.8 billion in April–December 2024, primarily due to lower revenue from interest, dividends and rent on land. The *2024 Budget Review* projected other revenue of R41.9 billion for fiscal 2024/25, which was revised higher to R46.5 billion in the *2024 MTBPS*. The R89.9 billion earmarked for revenue-sharing in terms of the Southern African Customs Union (SACU) arrangement for fiscal 2024/25 remained unchanged in the *2024 MTBPS* from the *2024 Budget Review*, and the full amount was disbursed in four equal instalments in April, July and October 2024 and in January 2025.

National government's total revenue of R1 406 billion in the first 10 months of fiscal 2024/25 (April 2024–January 2025) represented an increase of 4.1% compared with the same period of the preceding year, slightly below the original monthly budgeted projections.

National government expenditure increased by 3.1% year on year to R1 565 billion in April–December 2024, primarily on account of rising debt-service cost and higher voted expenditure by national government departments. The total expenditure for fiscal 2024/25 was revised higher from R2 136 billion (28.7% of GDP) projected in the *2024 Budget Review* to R2 153 billion (28.6% of GDP) in the *2024 MTBPS*. Total expenditure as a ratio of GDP decreased from 28.4% in April–December 2023 to 28.0% in the same period of fiscal 2024/25.

National government expenditure in fiscal 2024/25

Expenditure item	Originally budgeted[1] Fiscal 2024/25		Revised estimates[2] Fiscal 2024/25		Actual Apr–Dec 2024	
	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	847.9	3.2
Of which: Transfers and subsidies	804.9	3.8	811.2	4.6	624.2	2.9
Current payments	281.7	5.1	285.6	6.6	210.4	4.3
Payments for capital assets	15.2	-10.7	16.3	-4.1	12.3	3.8
Payments for financial assets	1.1	-47.3	6.0	–	1.0	-32.1
Statutory amounts[6]	1 033.2	5.0	1 033.8	5.0	717.2	3.0
Of which: Provincial equitable share	600.5	2.6	600.5	2.6	450.4	1.1
Interest on debt	382.0	7.3	388.6	9.2	233.1	5.8
General fuel levy	16.1	4.5	16.1	4.5	10.8	4.5
Total expenditure	2 136.0	4.4	2 153.0	5.2	1 565.1	3.1

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

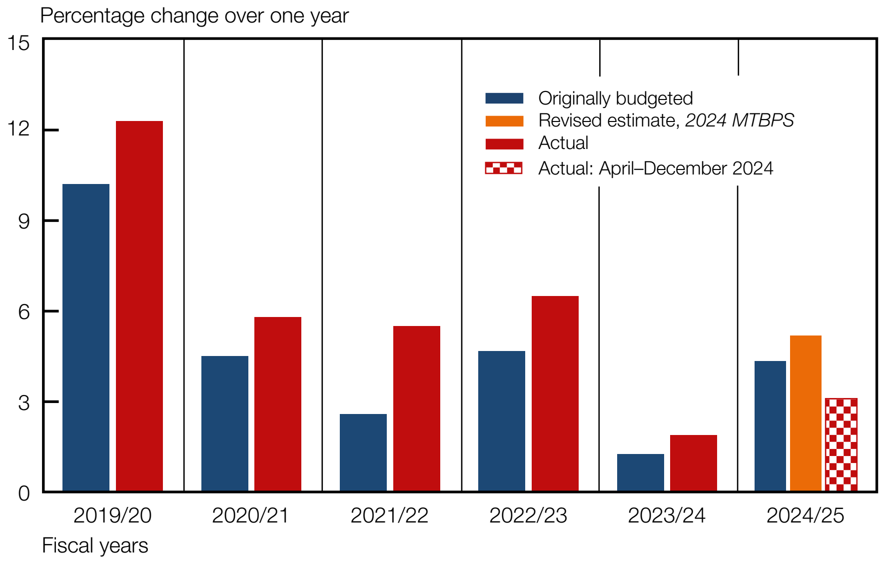
Components may not add up to totals due to rounding off and the exclusion of unclassified items.

Source: National Treasury

Total voted expenditure by national government departments of R847.9 billion (54.2% of total expenditure) in April–December 2024 was 3.2% more than in the same period of the previous fiscal year. The increase reflected higher transfers and subsidies of R624.2 billion (a 2.9% year-on-year increase), current payments of R210.4 billion (a 4.3% year-on-year increase), and payments for capital assets of R12.3 billion (a 3.8% year-on-year increase). By contrast, payments for financial assets decreased from R1.4 billion to R1.0 billion over the same period. The revised total voted expenditure of R1 119 billion for fiscal 2024/25 in the *2024 MTBPS* was higher than the R1 103 billion projected in the *2024 Budget Review*.

Interest payments on national government debt (debt-service cost) rose by 5.8% year on year to R233.1 billion (14.9% of total expenditure) in April–December 2024, consistent with the larger stock of gross loan debt. The total debt-service cost of R382.0 billion for fiscal 2024/25 projected in the *2024 Budget Review* was revised upwards to R388.6 billion in the *2024 MTBPS*.

Expenditure by national government

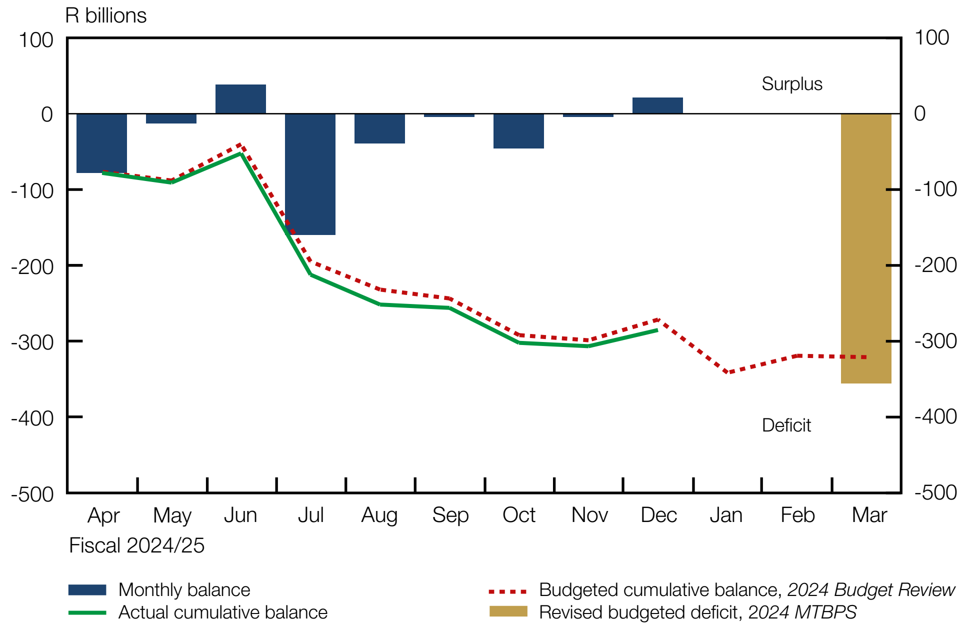


Source: National Treasury

Equitable share transfers to provinces – the main source of provincial government revenue – rose by 1.1% year on year to R450.4 billion in April–December 2024. The equitable share transfers to provinces of R600.5 billion for fiscal 2024/25 projected in the *2024 Budget Review* remained unchanged in the *2024 MTBPS*. Similarly, national government's originally projected general fuel levy allocation to metropolitan municipalities of R16.1 billion for the current fiscal year remained unchanged in the *2024 MTBPS*. Of this amount, the first two of three equal tranches of R5.4 billion were transferred in August and December 2024, with the final tranche expected in March 2025.

National government's total expenditure increased by 3.3% year on year to R1 754 billion in the first 10 months of fiscal 2024/25, below the originally budgeted monthly projections.

Cash book balance of national government



Sources: National Treasury, SARS and SARB

Developments in national government finances resulted in a cash book deficit of R285.2 billion in April–December 2024, representing an increase of R1.5 billion compared with the deficit of R283.7 billion recorded in the same period of fiscal 2023/24. The cash book deficit of R320.9 billion (4.3% of GDP) for fiscal 2024/25 projected in the *2024 Budget Review* was revised higher to R355.6 billion (4.7% of GDP) in the *2024 MTBPS*. The cash book deficit as a percentage of GDP of 5.1% in April–December 2024 was lower than the 5.3% recorded in the same period of fiscal 2023/24.

National government's cash book deficit of R347.8 billion in the first 10 months of fiscal 2024/25 was R1.3 billion more than the deficit recorded over the same period of the previous fiscal year.

National government's primary deficit narrowed by R11.3 billion to R52.1 billion in the first nine months of fiscal 2024/25 compared with the same period of fiscal 2023/24, as growth in total revenue accelerated and that in non-interest expenditure slowed. Despite the deficit recorded over this period, a primary surplus of R33.2 billion (0.5% of GDP) for fiscal 2024/25 was still projected in the *2024 MTBPS*, albeit revised lower from a surplus of R61.2 billion (0.8% of GDP) envisaged in the *2024 Budget Review*. The primary deficit as a percentage of GDP of 0.9% in the first nine months of fiscal 2024/25 was lower than the 1.2% recorded in the same period of the previous fiscal year.

National government financing

R billions

Item or instrument	Actual Apr–Dec 2023	Actual Apr–Dec 2024	Originally budgeted[1] Fiscal 2024/25	Revised estimates[2] Fiscal 2024/25
Cash book balance[3]	**-283.7**	**-285.2**	**-320.9**	**355.6**
Cash flow balance[4]	**-291.6**	**-289.4**	...	...
Plus: Cost/profit on revaluation of foreign debt at redemption[5]	...	...	...	...
Accrual adjustments	97.1	36.9	...	...
Eskom debt relief	-44.0	-8.0	-64.2	-64.2
GFECRA[6] settlement (net)	...	100.0	100.0	100.0
Net lending/borrowing requirement[7]	**-238.5**	**-160.6**	**-285.1**	**-319.8**
Treasury bills and short-term loans[8]	94.6	29.0	33.0	33.0
Domestic bonds[8]	83.7	213.0	196.0	240.8
Foreign bonds and loans[8]	5.4	35.3	-3.8	13.2
Change in available cash balances[9]	54.9	-116.7	59.9	32.8
Total net financing	**238.5**	**160.6**	**285.1**	**319.8**

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 Gold and Foreign Exchange Contingency Reserve Account
7 Net lending (+)/net borrowing (-)
8 Net issuance (+)/net redemption (-)
9 Increase (-)/decrease (+)
... Not available

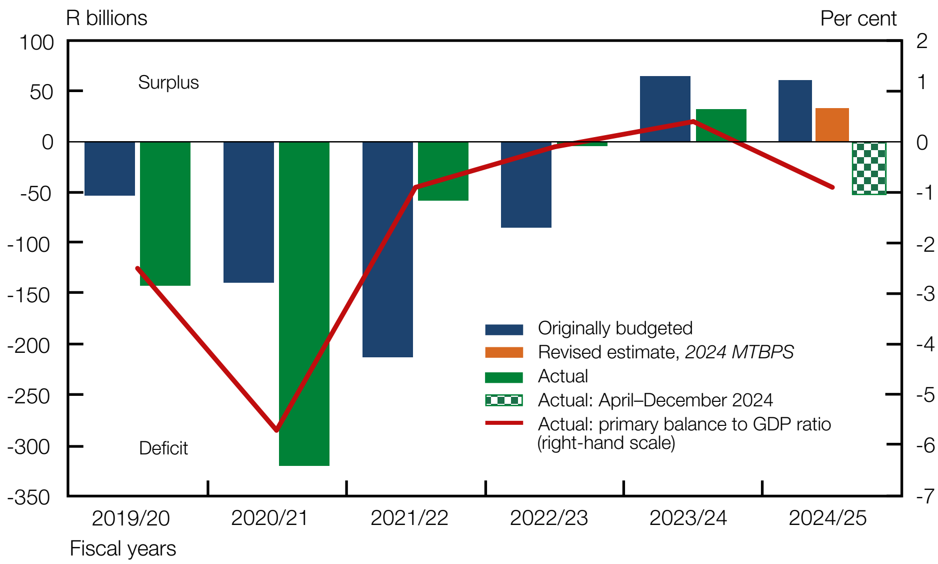
Components may not add up to totals due to rounding off.

Sources: National Treasury and SARB

National government's cash flow deficit narrowed marginally to R289.4 billion in April–December 2024 compared with the deficit of R291.6 billion recorded in the same period of fiscal 2023/24. In addition, national government's net borrowing requirement decreased significantly by R77.9 billion year on year to R160.6 billion in the first nine months of fiscal 2024/25 after accounting for accrual adjustments, Eskom's debt restructuring programme and, in particular, the positive net GFECRA settlement of R100 billion.

National government's net borrowing requirement in the first nine months of fiscal 2024/25 was financed through net issuances of domestic government bonds of R213.0 billion, foreign bonds and loans of R35.3 billion as well as TBs and short-term loans from the CPD of R29.0 billion, boosting national government's available cash balances by R116.7 billion in April–December 2024.

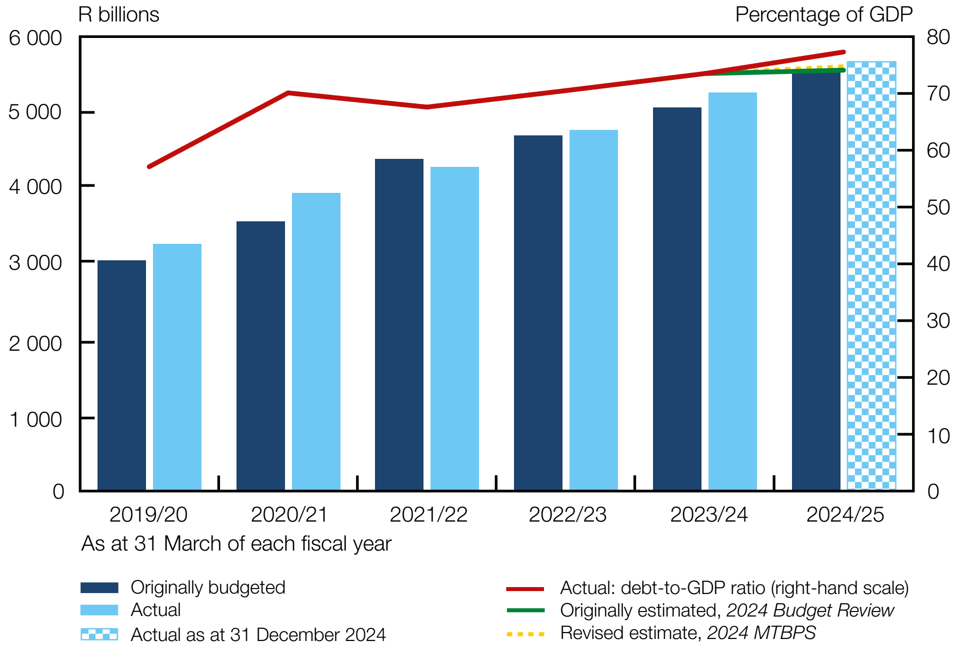
Primary balance of national government



Sources: National Treasury and Stats SA

Total gross loan debt (domestic and foreign) of national government increased by 10.0% year on year to R5 668 billion as at 31 December 2024, surpassing both the *2024 Budget Review* and the *2024 MTBPS* projections of R5 522 billion (74.1% of GDP) and R5 622 billion (74.7% of GDP) respectively for fiscal 2024/25. The increase reflected the higher net issuance of both domestic and foreign debt. Domestic debt continued to account for the largest share of total gross loan debt at 89.1%, with foreign debt accounting for the balance. As a ratio of GDP, total gross loan debt increased from 73.4% as at 31 December 2023 to 77.3% as at 31 December 2024.

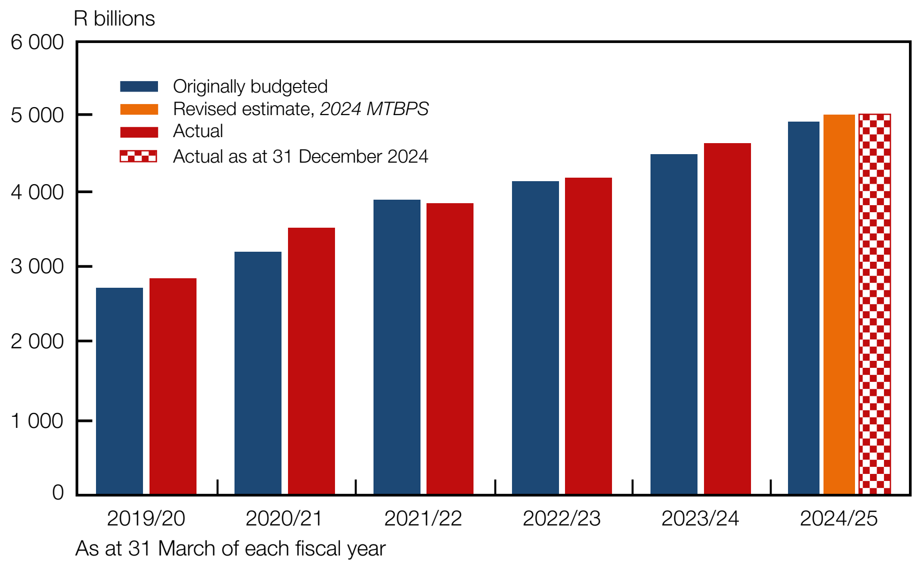
Gross loan debt of national government



Sources: National Treasury and Stats SA

Total gross domestic debt (marketable and non-marketable) of national government increased by R481.4 billion year on year to R5 050 billion as at 31 December 2024, primarily on account of the higher net issuance of total domestic marketable debt, which contributed 99.4% to total domestic debt. In the first nine months of fiscal 2024/25, total gross domestic debt had already surpassed the original estimate of R4 949 billion in the *2024 Budget Review* and the revised estimate of R5 045 billion for fiscal 2024/25 in the *2024 MTBPS*.

Domestic debt of national government

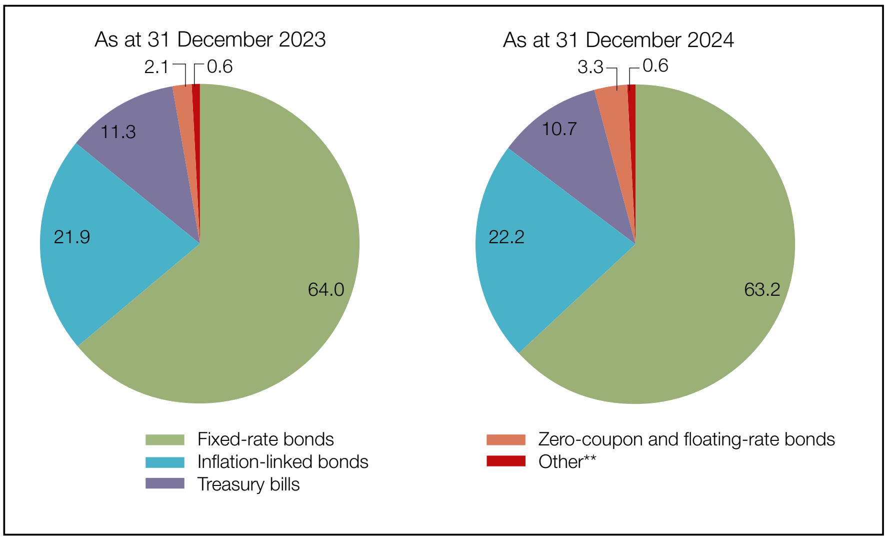


Source: National Treasury

As at 31 December 2024, the outstanding stock of fixed-rate bonds accounted for the largest share of total domestic debt at 63.2%, slightly lower that the 64.0% share recorded a year earlier. The share of inflation-linked bonds increased marginally from 21.9% to 22.2% over the same period, in part reflecting revaluation effects associated with the consumer price index. The share of outstanding stock of TBs decreased slightly from 11.3% to 10.7%, while the share of zero-coupon and floating-rate bonds increased from 2.1% to 3.3% of the total domestic debt.

Composition of national government's domestic debt*

Per cent



* 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

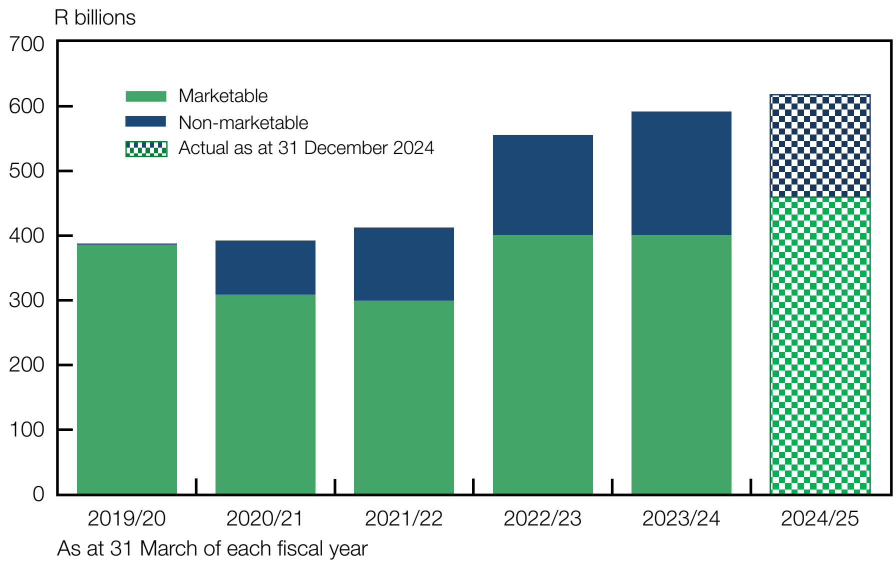
Source: National Treasury

National government's total gross foreign debt (marketable and non-marketable) increased from R584.4 billion as at 31 December 2023 to R617.9 billion a year later, surpassing both the original estimate of R573.0 billion and the revised estimate of R577.2 billion projected in the *2024 Budget Review* and the *2024 MTBPS* respectively. The larger increase reflected higher net issuance of foreign marketable debt along with revaluation effects owing to the depreciation in the exchange value of the rand against the US dollar in the year to 31 December 2024. Foreign marketable debt continued to account for the largest share of total foreign debt at 74.4%, increasing by 10.0% (R41.9 billion) year on year to R459.6 billion as at 31 December 2024, while the stock of non-marketable foreign debt accounted for the balance.

The increase in the total outstanding stock of national government's foreign marketable debt to R459.6 billion as at 31 December 2024 reflected the issuance of two new bonds – a 12-year US$2.0 billion (R36.2 billion) bond, maturing in November 2036, and a 30-year US$1.5 billion (R27.2 billion) bond, maturing in November 2054 – along with exchange rate revaluations. However, the average outstanding maturity of foreign marketable debt increased to 162 months as at 31 December 2024 compared with 150 months a year earlier.

The total outstanding stock of non-marketable foreign debt decreased by R8.4 billion between 31 December 2023 and 31 December 2024. The decrease reflected national government's XDR381 million equal repayments of the IMF loan in January, April, July and October 2024 to the combined value of XDR1.5 billion as well as the partial redemption of the Canadian dollar-denominated loan to the value of CAD6.0 million in September 2024.

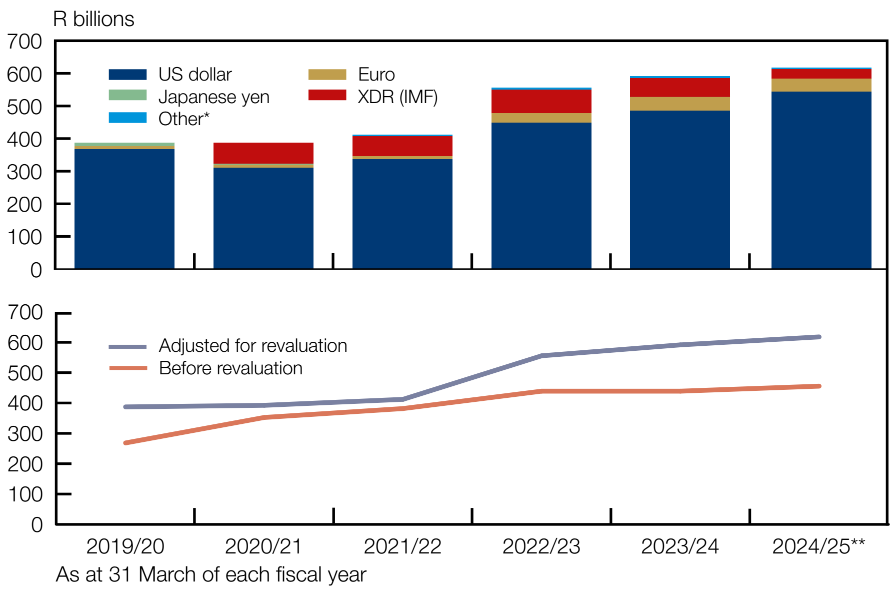
Foreign debt of national government



Source: National Treasury

As at 31 December 2024, national government's total outstanding stock of foreign debt was R493.9 billion before accounting for exchange rate revaluation effects but rose to R617.9 billion after accounting for the adjustment. The US dollar-denominated and euro-denominated debt accounted for 88.1% and 6.3% respectively of the total outstanding stock of gross foreign debt. The balance was shared among the IMF's XDR-denominated debt (4.5%), the Canadian dollar-denominated debt (0.2%) and the South African rand-denominated debt (0.8%).

Currency composition of national government's foreign debt



* Including the British pound, Swedish krona, Canadian dollar and South African rand
** As at 31 December 2024
Source: National Treasury

National government's gross loan debt of R5 624 billion as at 31 January 2025 represented a year-on-year increase of 8.4%, above the revised estimate of R5 622 billion as at the end of fiscal 2024/25 in the *2024 MTBPS*.

56 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.

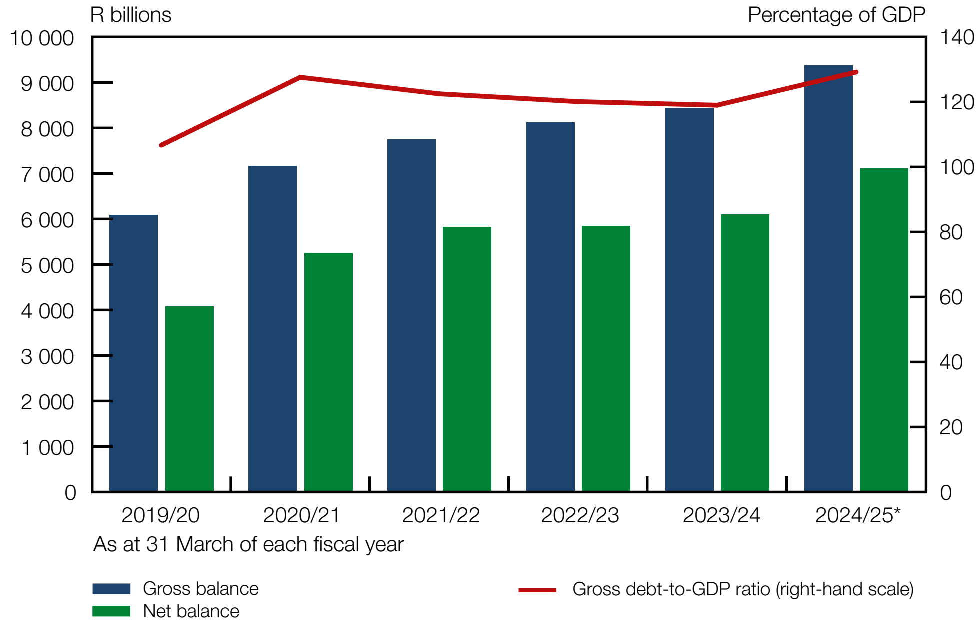
57 *Gross* public sector debt comprises financial debt instruments such as special drawing rights (SDRs); currency and deposits; debt securities; loans; insurance, pension and standardised guarantee schemes; and other accounts payable – *before* netting the individual debt instrument against its corresponding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

58 *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.

Total public sector debt[56]

South Africa's preliminary total consolidated *gross*[57] public sector debt (both domestic and foreign) increased from R8 141 billion (117.8% of GDP) as at 30 September 2023 to R9 375 billion (129.2% of GDP) a year later. After netting the individual debt instruments against the corresponding financial assets, the consolidated *net*[58] public sector debt of R7 112 billion (98.0% of GDP) as at 30 September 2024 was higher than the R5 812 billion (84.1% of GDP) recorded a year earlier.

Total consolidated public sector debt

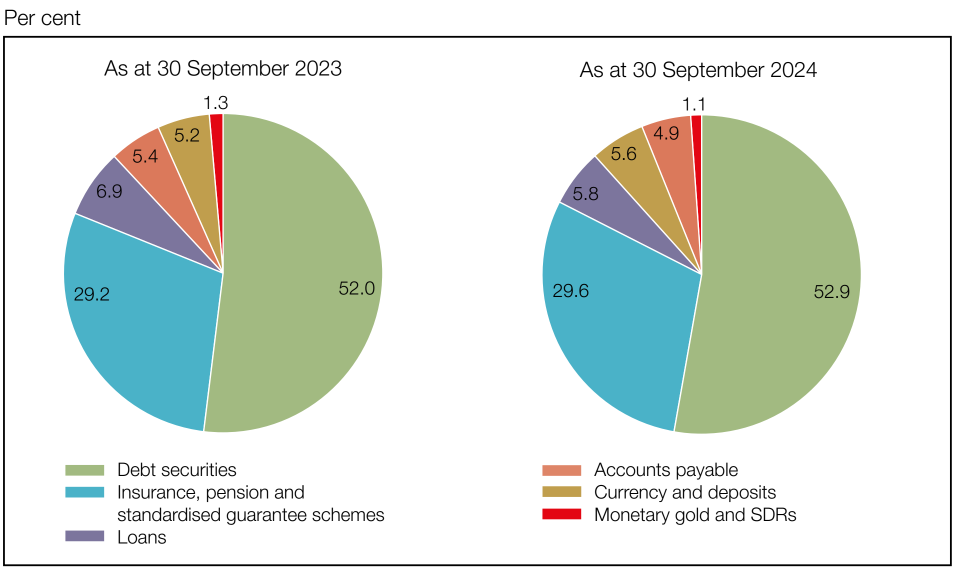


* As at 30 September 2024

Source: SARB

The total outstanding consolidated public sector debt securities in both the domestic and international markets increased by R728.3 billion (17.2%) year on year to R4 961 billion (52.9% of total gross public sector debt) as at 30 September 2024. The share of insurance, pension and standardised guarantee schemes increased to R2 773 billion (29.6% of total gross public sector debt) as at 30 September 2024. The balance was shared among the remaining debt instruments, namely loans (5.8%), currency and deposits (5.6%), accounts payable (4.9%) as well as monetary gold and SDRs (1.1%).

Consolidated gross public sector debt



Source: SARB

59 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*.

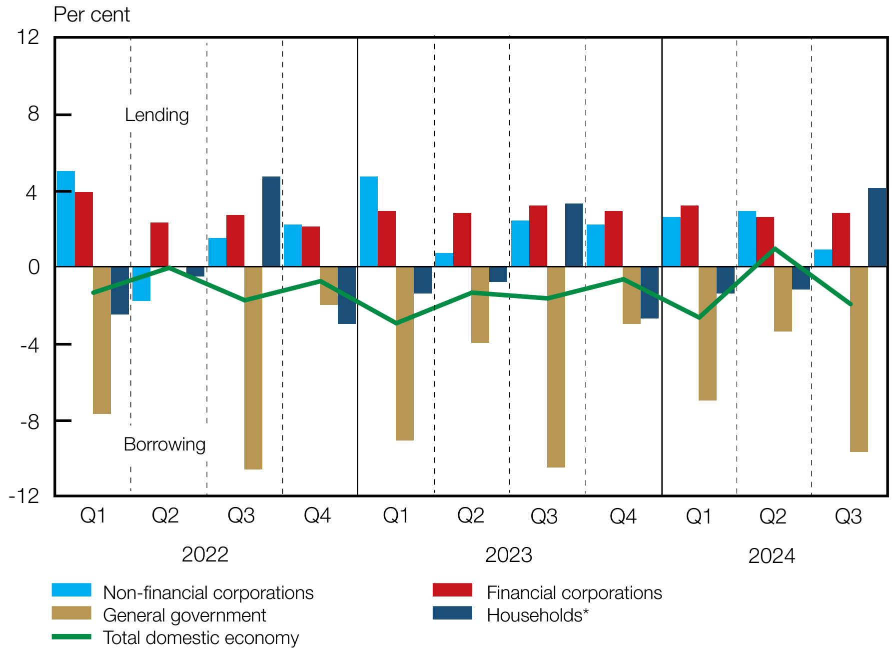
60 Net lending/borrowing is calculated as gross saving *plus/minus* capital transfers receivable/payable *minus* gross capital formation.

Integrated economic accounts[59]

Current and capital account

South Africa's financing position switched from net lending[60] of R19.1 billion (1.0% of GDP) in the second quarter of 2024 to net borrowing of R34.5 billion (1.9% of GDP) in the third quarter as gross saving decreased notably and gross capital formation increased. The country's net borrowing position of R60.9 billion in the first three quarters of 2024 was lower than the R101.4 billion recorded in the corresponding period a year earlier.

South Africa's net lending/borrowing as a ratio of gross domestic product



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

Source: SARB

Both financial and non-financial corporations maintained their net lending positions in the third quarter of 2024, despite non-financial corporations recording lower levels of gross saving and net lending. By contrast, households' financing position switched from net borrowing to net lending as their gross saving improved considerably during the third quarter of 2024. General government's gross dissaving increased significantly in the third quarter of 2024, which resulted in the sector's larger net borrowing position.

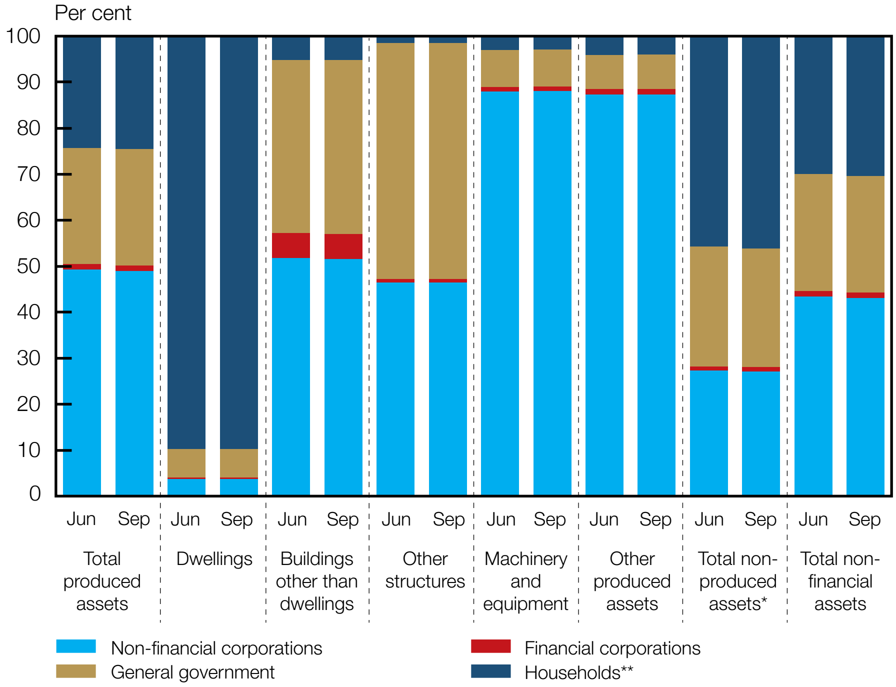
Non-financial balance sheet and accumulation account

The market value of total non-financial assets increased by R70.7 billion (0.4%) from 30 June 2024 to R19.8 trillion as at 30 September 2024. Non-financial corporations (public and private) held the largest share of total non-financial assets at 42.9%, while households and general government owned 30.8% and 25.2% respectively. Financial corporations held only 1.1% of total non-financial assets, mainly in the form of buildings other than dwellings. As at 30 September 2024, households owned 89.8% of all dwellings. General government and non-financial corporations accounted for the bulk of holdings in other structures such as roads, bridges and harbours at 51.2% and 46.4% respectively, while 88.0% of machinery and equipment was held by non-financial corporations.

The market value of total produced fixed assets increased by R24.9 billion (0.2)% from 30 June 2024 to R13.4 trillion as at 30 September 2024, reflecting revaluations of R18.0 billion and an increase of R6.8 billion in net capital formation. The market value of dwellings as well as buildings other than dwellings increased by R17.4 billion and R20.4 billion respectively in the third quarter of 2024, contributing 0.1 and 0.2 percentage points respectively to growth in the capital stock of non-financial assets.

Households owned 46.7% of all non-produced assets (land only) as at 30 September 2024, while non-financial corporations and general government held 26.9% and 25.6% respectively.

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



* Land only
** Including non-profit institutions serving households
Source: SARB

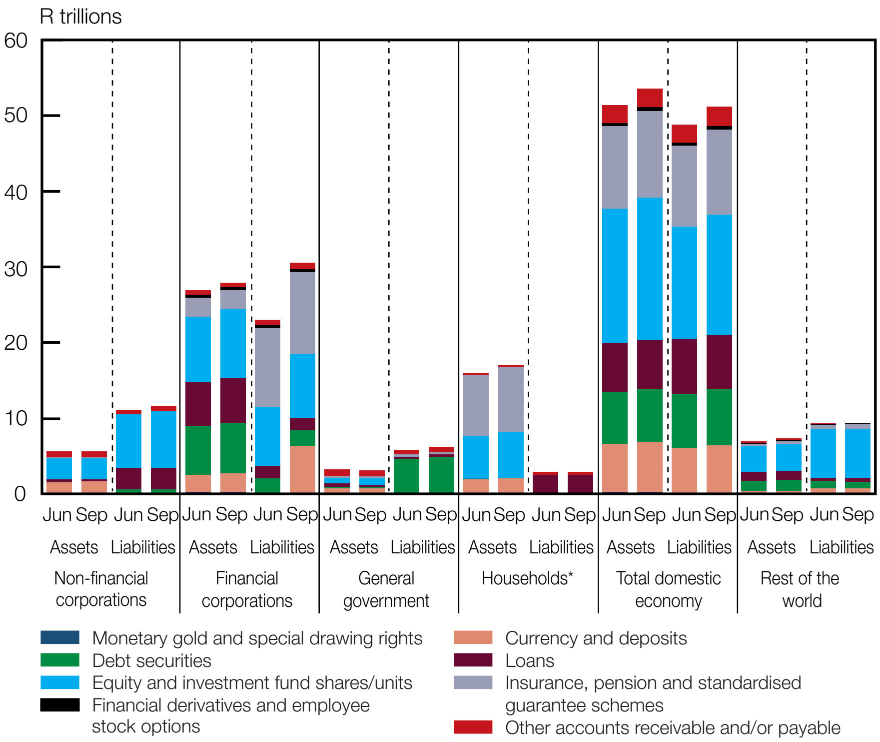
Financial balance sheet and accumulation account

The market value of financial assets and liabilities of the total domestic economy increased by R2.3 trillion to R53.7 trillion and by R2.5 trillion to R51.3 trillion respectively in the three months to 30 September 2024. Equity and investment fund shares/units and debt securities holdings contributed the most to the overall increase in total financial assets and liabilities, largely on account of positive market valuations from higher domestic and global equity and bond prices. The increase was further supported by growth in the market value of insurance, pension and standardised guarantee schemes holdings.

Financial corporations maintained the largest share of 52.1% to total financial assets as at 30 September, supported by growth in the market value of equity and investment fund shares/units, debt securities as well as currency and deposits. Financial corporations' share of total liabilities of 59.4% over this period resulted from net inflows to non-money market fund investment fund shares/units as well as life insurance and pension entitlements, together with the placement of funds in currency and deposits by institutional investors and private non-financial corporations.

Households' share of total financial assets increased from 30.9% as at 30 June 2024 to 31.4% as at 30 September due to an increase in the value of their listed share equity and investment fund shares/units holdings as well as life insurance and pension entitlements. By contrast, households' share of total liabilities decreased marginally from 6.0% to 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 June and 30 September 2024



* Including non-profit institutions serving households

Source: SARB

Non-financial corporations' contribution to total financial assets decreased slightly from 10.8% as at 30 June 2024 to 10.5% as at 30 September, while their contribution to total financial liabilities remained unchanged at 22.8% over the same period. The decline in total financial assets was especially evident in their investment fund shares/units, debt securities holdings and financial derivatives positions.

General government's share of total financial assets decreased from 6.2% as at 30 June 2024 to 5.9% as at 30 September due to, among other factors, the central bank's funds transfer to national government which reduced its outstanding balance on the GFECRA, along with interest payments. General government's revenue shortfall was primarily financed in the domestic financial markets through net issuance of domestic bonds and, to a lesser extent, short-term loans from deposit-taking corporations and the CPD as well as the net issuance of TBs, which increased its share of total liabilities slightly from 11.9% to 12.0% over this period.

The market value of the rest of the world's (ROW) holdings of South African financial assets increased from R6.9 trillion as at 30 June 2024 to R7.3 trillion as at 30 September, reflecting the valuation effect of higher domestic equity prices on the value of equity and investment fund shares/units holdings and non-residents' net acquisition of domestic debt securities. The market value of South Africa's total foreign assets (the ROW's total liabilities) increased from R9.3 trillion to R9.5 trillion over the same period as the increase in the value of foreign equity and investment fund shares/units holdings outweighed the exchange rate revaluation effects on currency and deposits as well as debt securities.

The changes in both financial assets and liabilities in the total economy during the third quarter of 2024 resulted mainly from revaluation effects, which accounted for R1.5 trillion of the increase in the value of various financial instruments, especially equity and investment fund shares/units and debt securities. Financial transactions contributed a further R1.2 trillion to the overall increase.

The from-whom-to-whom market value of financial asset and liability stock positions between the domestic institutional sectors and the ROW as at 30 September 2024[61] showed that the household sector recorded a positive net financial wealth (asset) position of R13.9 trillion as the market value of households' total financial assets exceeded that of total liabilities. The negative net financial wealth (liability) position of non-financial corporations mainly reflected the combined net incurrence of liabilities of R5.6 trillion against financial corporations, households and the ROW. The negative net financial wealth position of general government of R3.0 trillion was mainly due to the higher outstanding stock of national government debt securities in issue, a reduction in GFECRA balances and interest payments. Financial corporations recorded the largest financial asset and liability claims of R28.0 trillion and R30.5 trillion respectively in the total economy. The ROW's negative net financial wealth position mainly comprised liabilities of R6.4 trillion incurred against financial corporations and R2.8 trillion against non-financial corporations.

61 See page E–11 in the experimental tables section in this edition of the *QB*.

Box 3 The G20 Data Gaps Initiative: Enhancing global economic statistics and its relevance for South Africa

The Group of Twenty (G20) was founded in 1999 following the 1997–98 Asian financial crisis to discuss issues related to international economic and financial stability. To this end, the G20 remains a key international platform that brings together the world's major developed and developing economies to discuss and coordinate policies on global economic issues such as trade, climate change, energy, financial stability and sustainable development. Representing approximately 85% of global gross domestic product (GDP), over 75% of international trade and about two-thirds of the world population, the G20 serves as a key forum in creating the foundation for global economic stability. It also facilitates the implementation of vital mechanisms for economic development and consequential global commitments such as the Pact for the Future and the 2030 Agenda for Sustainable Development (2030 Agenda).

South Africa assumed the G20 Presidency from Brazil, effective 1 December 2024 to 30 November 2025 – five years before the deadline of the United Nations (UN) 2030 Agenda. The G20 Presidency is held on a rotational basis among the member countries and South Africa's Presidency, the first for an African country, offers a unique opportunity for the country to participate in and potentially help steer global policy discussions, particularly on issues relevant to developing nations. In this regard, South Africa has embraced the theme 'Solidarity, Equality, Sustainability' for its G20 Presidency and, under this theme, prioritised the promotion of strong, sustainable, balanced and inclusive growth.

The policy discussions and decisions of the G20 are underpinned by high-quality macroeconomic statistics that adhere to the fundamental principles of official statistics. Such information plays a pivotal role in driving informed policy decisions by providing evidence-based insights that guide government and private sector action and resource allocation. Furthermore, reliable statistics aid policymakers in understanding economic trends, social issues and environmental impacts, enabling them to make decisions that are both effective and efficient. From a resource allocation perspective, accurate and timely statistics empower governments to monitor progress, evaluate the success of programmes and identify areas that require intervention.

Leveraging on the groundwork laid by the G20 forum in 1999, the G20 Data Gaps Initiative (DGI) was launched in 2009 to close the policy-relevant data gaps identified after the 2008–09 global financial crisis. The primary goal of the G20 DGI is to improve the granularity, quality, timeliness and availability of key statistics for policymaking, especially in emerging areas such as climate change as well as financial technology (fintech) and financial inclusion.

Since its inception, the G20 DGI has evolved through three distinct phases. The first phase (2009–15) focused on identifying key gaps and initiating global data improvement efforts, including recommendations for enhancing financial and economic statistics. The second phase (2015–21) expanded efforts to incorporate more comprehensive statistics across areas such as financial stability and inequality as well as advancing the use of new technologies for data collection. The first two phases spanned almost 12 years and yielded a significant expansion of the macroeconomic statistical suite. The third phase (2022–present) emphasises the continuous monitoring and improvement of global statistical standards and the enhancement of the global statistical infrastructure, with specific focus on four statistical areas, namely climate change; household distributional information; fintech and financial inclusion; and access to administrative and private sources of data, and data-sharing. Owing to the success of the first two phases and the key themes addressed in the third phase, the G20 DGI remains essential in supporting the G20's commitment to better governance through data-driven decisions.

Key recommendations of Phase 3 of the G20 Data Gaps Initiative

Theme	Recommendation	Objective
Climate change	Greenhouse gas emission (GHG) accounts and national carbon footprints	Generate global datasets for the GHG emissions for the G20 economies
	Energy accounts	Expand the availability of comparable energy accounts for the G20 economies
	Carbon footprint of foreign direct investment (FDI)	Generate indicators on carbon emissions in the host economy from both capital formation financed by FDI and from the operations of foreign-controlled firms
	Green debt and equity securities financing	Develop methodological guidance to produce more comparable indicators of green financing and equity securities
	Forward-looking physical and transition risk indicators	Develop forward-looking physical and transition risk indicators for the G20 economies to monitor the impact of climate change on the economy and the financial system
	Climate change mitigation and adaptation current and capital expenditures	Develop first estimates of current and capital expenditures on domestic and national climate change mitigation and adaptation
Household distributional information	Income, consumption and saving distribution	Expand the coverage, frequency, timeliness and granularity of distributional results, thereby strengthening the capacity to closely monitor households' material well-being, inequalities and vulnerabilities as well as assessing the impact of policies
	Wealth distribution	Develop internationally comparable results on the distribution of wealth, to be integrated with results on income, consumption and saving
Fintech and financial inclusion	Fintech credit	Review the potential for collecting data on non-bank fintech credit as part of the FSB's[1] annual monitoring of global trends, vulnerabilities and innovations in non-bank financial intermediation (NBFI)
	Digital money	Develop a framework and collect test data on new forms of digital money and crypto assets used as a means of payment that is enabled by fintech, including central bank digital currencies (CBDCs), global stablecoins and other types of crypto assets used as a means of payment to improve the measurement of money and liquidity aggregates as well as cross-border transactions using digital money
	Fintech-enabled financial inclusion	Improve the availability of information to assess fintech-enabled financial inclusion, including access to, and usage of, digital financial instruments and services

1 Financial Stability Board

Theme	Recommendation	Objective
Data-sharing	Access to private and administrative data	Increase access to private and administrative data for the production of official statistics
	Data access and data-sharing, including the possible development of an international microdata standard	Increase access to microdata sources and develop international microdata standards

The four statistical focus areas under the third phase of the G20 DGI are made up of 14 recommendations. Substantial progress has been made with many of these recommendations, such as the measuring of greenhouse gas (GHG) emissions and the development of physical and transition risk indicators. Several G20 economies are in the process of releasing detailed air emission accounts, which will provide insights into GHG emission intensities by industry. These statistics are crucial for policymakers to understand which industries are making progress in reducing emissions and to assess the effectiveness of climate policies. Significant advancements are also underway in compiling statistics on household income, consumption, savings and wealth distribution. The European System of Central Banks has developed experimental household wealth statistics for the euro area, offering an integrated picture of wealth distribution across different households. However, progress has been slower in the digital economy and financial innovation areas, but concerted efforts are ongoing to develop frameworks and estimates for fintech credit, digital money and fintech-enabled financial inclusion.

Notwithstanding the progress made thus far, challenges remain, most notably in the following areas:

- Lack of input data and differences in the quality of data: Despite the progress, persistent gaps and varying levels of statistical advancement among G20 economies pose significant challenges. Some countries are well advanced and can develop initial estimates quickly, while others require substantial conceptual and source data development.
- Digitalisation and financial innovation: The rapid pace of digitalisation and financial innovation presents challenges in developing consistent and comprehensive target population frameworks from which to source input data. In these areas, close collaboration and guidance between the lead agencies and the G20 economies is necessary.
- Resource requirements: It is evident from many of the task teams that developing new or enhancing existing statistical frameworks requires additional human and capital resources, at a time when many statistical agencies are facing budgets cuts. In addition, developing the skill set to address these challenges in a methodologically sound manner takes time and is likely to cause delays in achieving some of the DGI Phase 3 objectives.

International agencies within the Interagency Group (IAG)[2] have been instrumental in supporting data improvements by developing and providing methodological frameworks, conducting workshops and facilitating data-sharing efforts among G20 member countries. These organisations have also played a crucial role in coordinating a number of initiatives such as taking stock of the availability of input data, evaluating available statistics and establishing reporting templates, thus ensuring that the statistics are consistent and comparable across countries. Despite the great strides made thus far, there is a need for more concerted efforts among all role players and closer collaboration within the international statistical agencies to meaningfully address the data gaps and support effective policymaking.

Continued collaboration, investment in statistical infrastructure and innovation are essential for supporting sustainable economic development in South Africa. As the country works to address social, economic and environmental challenges, access to reliable and timely statistics is crucial in guiding the design and implementation of policies that can stimulate growth and reduce inequalities. Investments in modern infrastructure, such as digital platforms and analytical tools, would enhance the capacity of government agencies, businesses and civil society at large to make informed decisions. Moreover, collaboration between government, the private sector and international stakeholders can foster innovative solutions that address the complex and interconnected challenges South Africa faces. By nurturing a robust statistical ecosystem, South Africa can leverage these insights to boost productivity, improve public services and support several industries to contribute to sustainable and inclusive economic development.

As a result, the G20 Presidency is expected to propel South Africa to enhance its national statistical system and related outputs through Phase 3 of the DGI. South Africa can significantly improve the quality and availability of statistics, which is crucial for informed policymaking and effective governance. In light of the 'Solidarity, Equality, Sustainability' theme embraced by South Africa, the indicators for measuring household distributional information become essential, alongside other focus areas such as climate change. This is a valuable opportunity to strengthen local data collection and statistics compilation to enable South Africa to better monitor economic, financial and social conditions, and to provide a clearer picture of the country's progress in addressing its challenges.

In addition, the DGI programme will contribute to the 2030 Agenda and is expected to contribute to the overall development of statistics, which aligns with South Africa's broader goals of economic transformation and sustainable development.

2 The IAG comprises the Bank for International Settlements, the European Central Bank, Eurostat, the International Monetary Fund (Chair), the Organisation for Economic Co-operation and Development, the United Nations and the World Bank.

Abbreviations

2030 Agenda	2030 Agenda for Sustainable Development
Alsi	All-Share Index
BER	Bureau for Economic Research (Stellenbosch University)
CEC	Crop Estimates Committee
COICOP	classification of individual consumption by purpose
COVID-19	coronavirus disease 2019
CPD	Corporation for Public Deposits
CPI	consumer price index
CTSE	Cape Town Stock Exchange
DGI	Data Gaps Initiative (G20)
EMBI+	Emerging Markets Bond Index Plus (JPMorgan)
FAO	Food and Agriculture Organization (United Nations)
FDI	foreign direct investment
Fed	Federal Reserve (United States)
FNB	First National Bank
FRA	forward rate agreement
FX	foreign exchange
G20	Group of Twenty
GDE	gross domestic expenditure
GDP	gross domestic product
GFECRA	Gold and Foreign Exchange Contingency Reserve Account
GHG	greenhouse gas emission
GNU	Government of National Unity
GVA	gross value added
HFCE	household final consumption expenditure
IES	Income and Expenditure Survey
IIP	international investment position
ILO	International Labour Organization
IMF	International Monetary Fund
IPP	independent power producer
IT	information technology
Jibar	Johannesburg Interbank Average Rate
JSE	JSE Limited
MPC	Monetary Policy Committee
MTBPS	Medium Term Budget Policy Statement
MTEF	medium-term expenditure framework
NEER	nominal effective exchange rate

NEET	neither in employment, education or training
OECD	Organisation for Economic Co-operation and Development
PGM	platinum group metal
PYEI	Presidential Youth Employment Initiative
QB	Quarterly Bulletin
QES	Quarterly Employment Statistics
QLFS	Quarterly Labour Force Survey
RAF	Road Accident Fund
repo (rate)	repurchase (rate)
ROW	rest of the world
S&P	Standard & Poor's
Sabor	South African Benchmark Overnight Rate
SACU	Southern African Customs Union
SARB	South African Reserve Bank
SARS	South African Revenue Service
SDR	special drawing right
SOC	state-owned company
Stats SA	Statistics South Africa
TB	Treasury bill
UN	United Nations
US	United States
VAT	value-added tax
XDR	IMF SDR exchange rate
ZARONIA	South African Rand Overnight Index Average

Notes to tables

Consumer prices: All urban areas – tables on S–146 to S–149

The consumer price indices in tables KB703 and KB709 on pages S–146 and S–147 respectively have been rebased to December 2024 = 100 as from this edition of the *Quarterly Bulletin (QB)*. This follows the rebasing and reweighting of the consumer price index (CPI) basket by Statistics South Africa (Stats SA) in January 2025.[1] In addition, Stats SA also adopted the latest classification of individual consumption by purpose (COICOP) for the CPI product classification, which resulted in the renaming of some categories as well as the regrouping of certain products in line with the latest classification. The new CPI category names are now reflected in these tables as well as in tables KB708 and KB710 on pages S–148 and S–149 respectively.

1 For a detailed discussion of these changes, see 'Box 1: The 2023 reweighted and rebased consumer price index' on page 33 in this edition of the *QB*.