SOUTH AFRICAN CHAMBER OF COMMERCE AND INDUSTRY

Business Confidence Index

July 2025

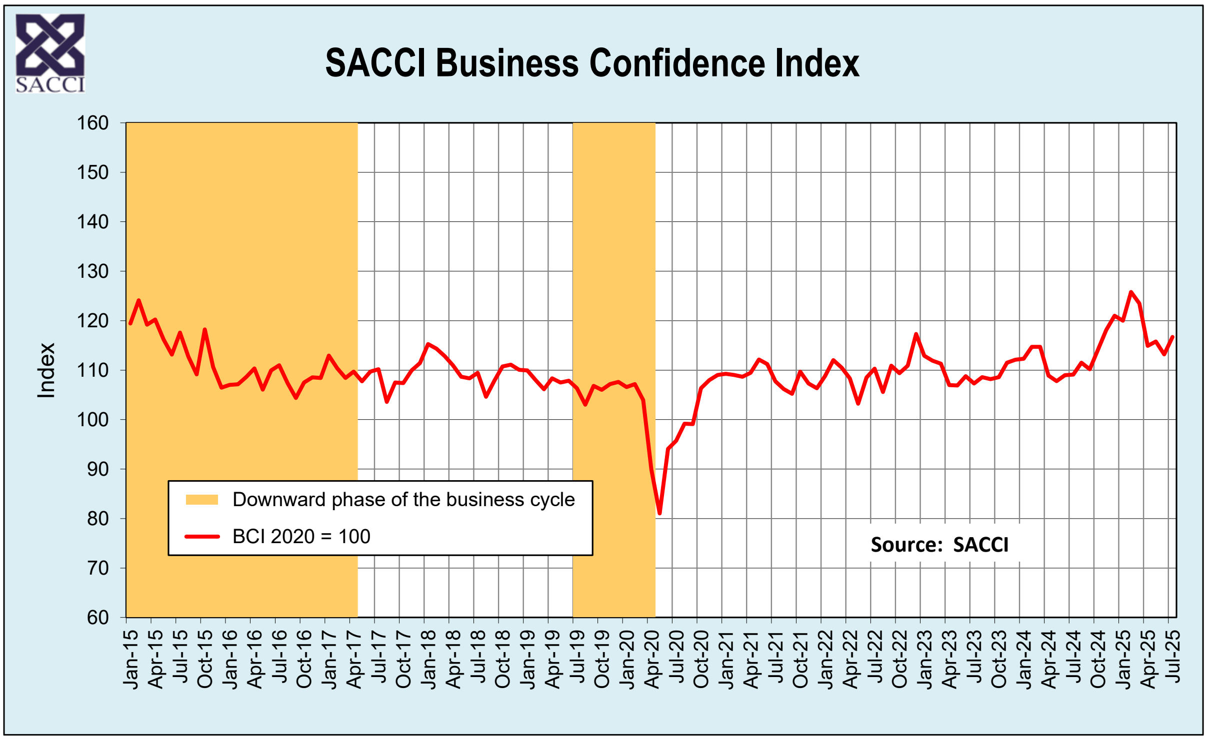
SACCI

Content:

Because of information lags and changes in expectations, the dynamics of the business mood, may, at times, be at variance with the economic environment. As a result, always read the BCI with other economic data and the accompanying economic commentary. For notes on the BCI, see the SACCI website at www.sacci.org.za.

The SACCI Business Confidence Index (BCI)
2020 = 100

Month	2018	2019	2020	2021	2022	2023	2024	2025
January	115.3	109.9	106.6	109.2	108.8	112.9	112.3	120.0
February	114.3	108.0	107.2	109.0	112.0	111.9	114.7	125.8
March	112.8	106.1	103.9	108.7	110.5	111.3	114.7	123.5
April	111.0	108.3	89.9	109.5	108.3	107.1	108.9	114.9
May	108.7	107.5	81.0	112.1	103.2	106.9	107.8	115.8
June	108.3	107.9	94.1	111.2	108.5	108.8	109.0	113.2
July	109.5	106.4	95.7	107.7	110.3	107.3	109.1	**116.7**
August	104.6	103.0	99.2	106.2	105.6	108.6	111.5	
September	107.9	106.8	99.1	105.2	110.9	108.2	110.2	
October	110.8	106.0	106.4	109.7	109.4	108.6	114.2	
November	111.1	107.2	108.0	107.3	110.9	111.5	118.1	
December	110.1	107.6	109.0	106.4	117.3	112.1	121.0	
Average	**110.4**	**107.1**	**100.0**	**108.5**	**109.6**	**109.6**	**112.6**	



This month's BCI results

The composite SACCI Business Confidence Index (BCI) captures economic and business developments that measure the business climate as experienced by commerce and industry and inform their perceptions. Lately, the business climate improved over the short-term (between June and July 2025) as well as the medium-term (from July 2024 to July 2025) as the BCI increased over both periods.

In the short-term, eleven of the fourteen BCI sub-indices either remained unchanged or positively influenced the business climate, while over the medium-term, ten sub-indices continued to imply an improved business climate. Over the year to July 2025, the BCI rose by 7.6 index points and by 3.5 index points between June and July 2025. The average for the BCI in the first seven months of 2025 was 118.6 – it is 7.7 index points higher than the 110.9 for the corresponding period in 2024.

Between June and July 2025 (short-term), six of the fourteen sub-indices improved, five remained unaffected, and three weakened. The most positive short-term impacts on business sentiment in July were made by an increase in new vehicles sold, increasing manufacturing output, the rising global price of gold and platinum, and lower inflation. Reduced volumes of merchandise imports, fewer overseas tourists, and the decreased real value of building plans passed were signs of a weakening business climate.

In the medium-term (year-to-year), the business environment improved as measured by the **SACCI** BCI and was nearly 8 index points higher than in July 2024. Increased inward tourists, rising sales of new vehicles, lower inflation, and higher world prices for precious metals contributed to the more positive business climate. Compared to a year ago, it was only reduced volumes of merchandise exports that had a notable negative impact on the business environment.

In the short-term (month-on-month), the overall **financial** climate was in support of a positive business environment, while **real economic activity** reflected an uncertain business climate. Over the medium-term (year-on-year), the sub-indices on real **economic activity** and the financial environment were tilted towards a positive business milieu – see box on next page: Impact of **BCI sub-indices**.

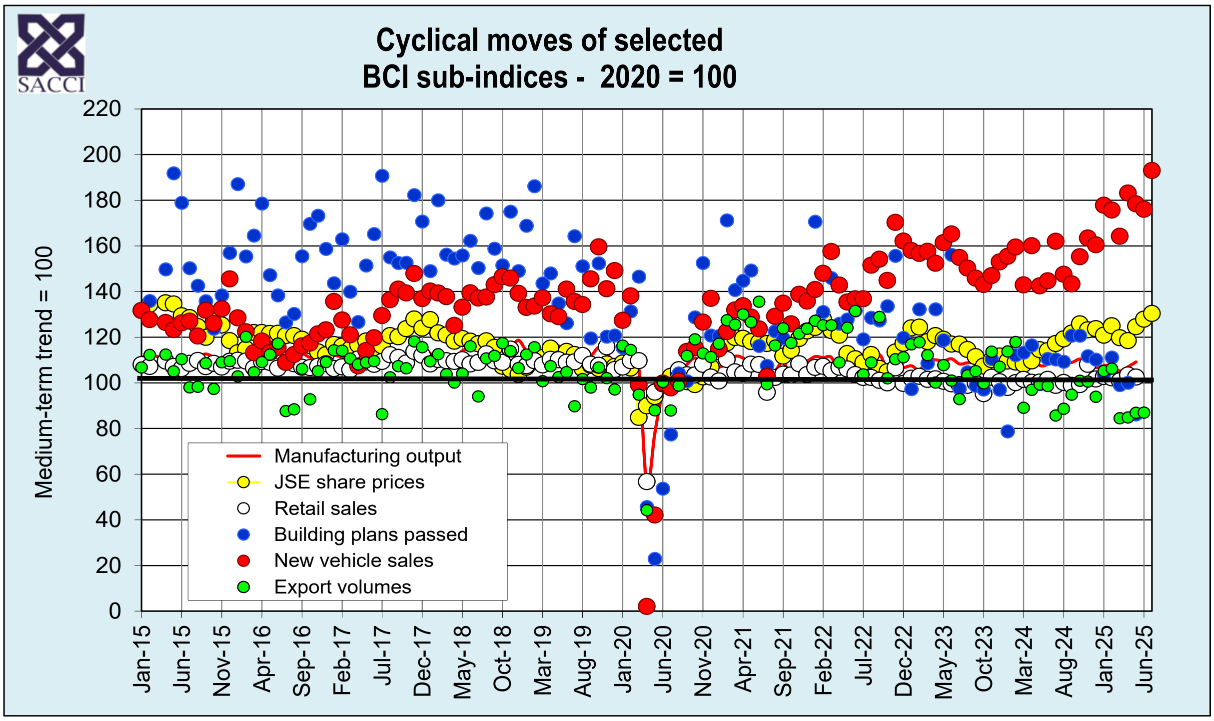
For a broader perspective on the business climate, refer to the Economic Commentary on local and global economic developments on page 5.

Impact of BCI sub-indices

Business climate indicators *	m/m changes		y/y changes	
	This month	Previous month	This month	Previous month
Energy supply	+	+	+	+
Manufacturing	0	+	+	-
Exports	0	+	-	-
Tourism inward	-	-	+	+
Imports	-	+	+	+
Vehicle sales	+	0	+	+
Retail sales	+	+	+	+
Construction - buildings	-	0	-	-
Inflation¹	+	0	+	+
Share prices	+	+	+	+
Real private sector borrowing	0	0	+	+
Real financing cost	0	0	-	-
Precious metal prices	+	+	+	+
Rand exchange rate	0	0	-	+

** See notes on BCI on www.sacci.org.za*

1. Excludes petrol, food and non-alcoholic beverages.



This month's economic review

Adjusting to Changing Global Trade Relations

Fears of a global recession failed to materialise after USA retaliatory tariffs were imposed. The USA economy will be growing faster than anticipated by 0.1%-point in 2025 and 0.3%-point in 2026. The world is fine-tuning to inward economic focus as countries opt to make themselves more resilient to geopolitical risks. The IMF, in its World Economic Outlook (WEO) update of July 2025, describes the global economic state of affairs as "Tenuous Resilience amid Persistent Uncertainty." Risks to the outlook are negatively sloped.

The IMF projects global growth at 3.0% for 2025 and 3.1% for 2026. The shift takes account of changing global trade tariff regimes, easier financial conditions, and fiscal sustainability. Global consumer inflation is expected to fall to 3.6% in 2026 from 4.2% in 2025. However, US inflation is predicted to stay above target as increased global trade tariffs weigh in on prices of imported goods and services to the USA.

For South Africa, more uncertainty could start weighing on economic activity as deadlines for additional USA tariffs expire without substantial permanent agreements and progress. Economic growth could improve if trade negotiations lead to a more predictable framework of rational tariffs. Negotiations should support business and investor confidence, predictability, and sustainability prior to other considerations.

Changing Foreign Trade Relations

The imposition by the USA of a general tariff of 30% on exports from South Africa to the USA could have unintended and austere consequences for the South African economy and for longer-term business relations. The backward linkage effects for the South African economy of changing foreign trade relations will be larger than the initial effect on trade export volumes. The type (categories) of exports and the sectors affected will also play a role in how it impacts economic growth and employment in South Africa.

The IMF forecasts South Africa's real economic growth at 1% and 1.3% for 2025 and 2026 in anticipation of changing tariffs. In turn, the SA Reserve Bank, at its MPC meeting at the end of July 2025, forecast growth of 0.9% and 1.3% for 2025 and 2026, respectively. Given South Africa's open economy, with exports at some 32% of output, it remains obligatory that global economic and business relationships be fostered.

For the period of January to June 2025, merchandise exports from South Africa to the USA were about 7% of total South African exports. Merchandise export to the USA varied widely between categories (sections) of merchandise exports. A blanket tariff of 30% might therefore have random implications for the economy. The effect of the USA tariffs and the uncertainty it creates, with a possibility of negotiating lower tariffs to soften the impact on the economy, should be resolved urgently.

In terms of sub-sections of trade, a number of favourable trade balances for South Africa were recorded for the first six months of 2025. Notable sections of trade surpluses include prepared foodstuffs, precious metals, products of iron & steel, and vehicles, aircraft & vessels. Substantial negative trade balances were, however, recorded for sections like mineral products, chemicals, plastics & rubber, machinery, photographic & medical equipment, and equipment components. The favourable balances on trade categories weighed up to negative balances and resulted in an overall accumulated favourable trade account balance with the USA of R4.909 billion for the first six months of 2025. For the whole of 2024, a favourable accumulated trade account balance with the USA of R36.635 billion was recorded.

For economic purposes, it remains imperative that all efforts should be applied to enhance the positive trade balance with the USA – especially with the possibilities of revisiting the provisions of the AGOA Agreement.

Stabilising Developments
South Africa’s trade relations with the USA were a main agenda point on the economic and business calendar in July, while the proper functioning of public sector institutions also drew attention. Apart from the defence function as a high-order function of government, a further high-order function is the preservation of law and order. Law and order is a critical element that supports and protects a well-functioning economy. Recent allegations of criminality, political interference, and corruption in the criminal justice system in South Africa caused the President to appoint a judicial commission into the criminal justice system. The Commission is to investigate the allegations of corruption and collusion.

Government of National Unity (GNU) remained in place and resolute to place South Africa at the centre of its objectives. South Africans, the economy, and business deserve accountability, openness, and good governance. The Statement of Intent by national government must supplement the course of reform and economic growth. It is important that the public sector perform the high-order functions to its best and confirm its duties as an important role player in the economy.

Despite the USA trade quibbles and local law and order matters that blurred business confidence, there were some stabilising developments that preserved optimism. The rand was stable against the US dollar, Euro, and British pound as currencies of major trading and investment partners – see figure 1. Further positive and stabilising advances include the higher all-share prices on the JSE, rising US dollar price of gold and platinum, increase of new vehicle sales, lower consumer inflation and interest rates, and more stable energy supply – see trends as reflected in figures 2 to 6.

Figure 1

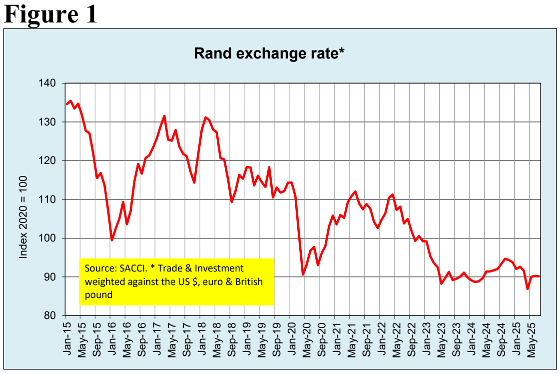


Figure 2

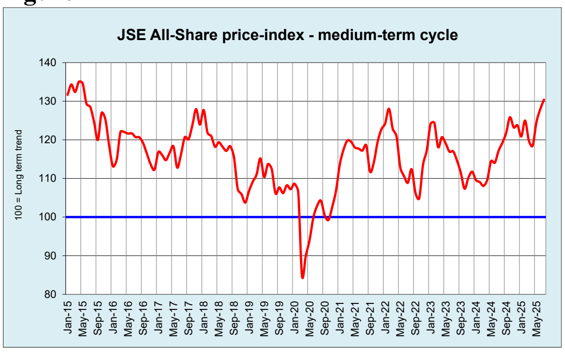


Figure 3

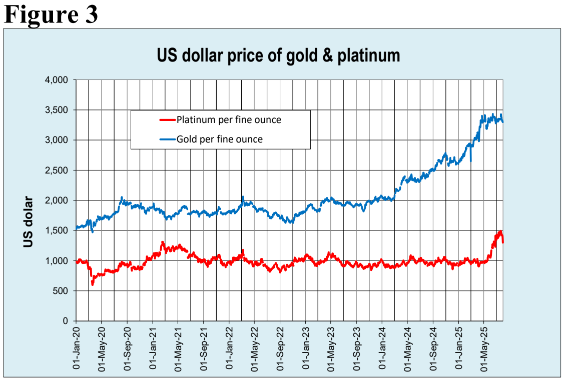


Figure 4

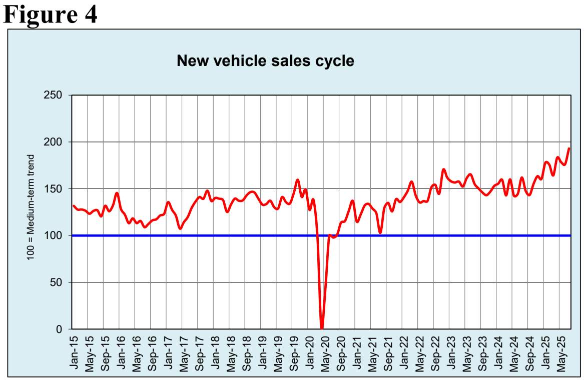
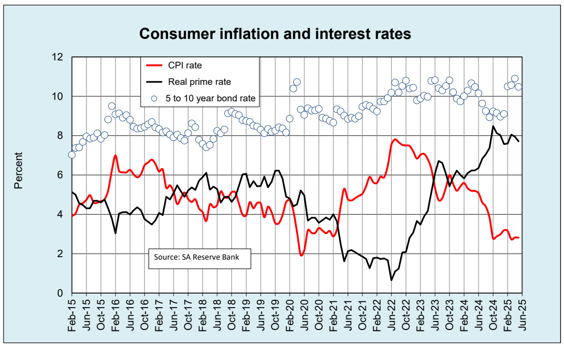
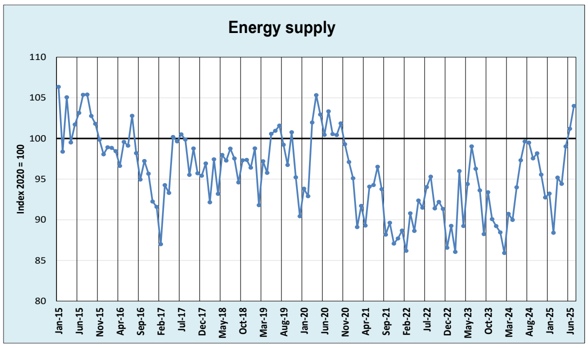


Figure 5

Figure 6





Conclusion

Although the world is experiencing socio-political, geo-political, and economic ups and downs and uncertainty, it is imperative that countries and economies adapt to changing circumstances for the best welfare and interests of their citizens. Under such fluctuations, it is important that business and investors are ensured, or at least comforted, that stability and rational decision-making will prevail by taking a longer-term view and assessment of the outcome. International economic and business relations should be preserved beyond limited interests.

Though local business confidence has at least stabilised, it is important that it returns to levels achieved earlier in the year as the newly formed Government of National Unity took shape. The downside risks of potential or real higher trade tariffs to the economy, elevated uncertainty, and geopolitical tensions that persist should make way by restoring confidence, predictability, and sustainability of economic performance.

Annexure 1

General Economic Indicators

Indicator	Latest Period	Latest Direction	Latest month	Previous month	2024	2019
Consumer inflation headline urban (%)	Jun-25	▲	3.0	2.8	4.4	4.1
Consumer inflation urban - excl. food, bev. & fuel (%)	Jun-25	▼	3.4	3.6	4.8	4.4
Money supply M3 eop (% Δ Y-o-Y)	Jun-25	▲	7.3	6.9	6.7	6.1
Private sector credit eop (% Δ Y-o-Y)	Jun-25	▶	5.0	5.0	3.8	6.1
Real prime overdraft rate eop (%)*	Jun-25	▲	7.5	6.9	6.9	5.7
Prime overdraft rate eop (%)	Jul-25	▶	10.75	10.75	11.25	10.00
Liquidations number sa	Jun-25	▼	132	141	1551	2042
Bond yield 5-10y govt eop (%)	Jul-25	▼	9.82	9.94	9.04	8.37
R / US$ average	Jul-25	▼	17.77	17.83	18.33	14.44
R / Euro average	Jul-25	▲	20.74	20.55	19.83	16.17

Indicator	Latest Period	Latest Direction	Latest quarter	Previous quarter	2024	2019
Income & wealth tax / GDP sa (%)	1q-25	▲	15.9	14.6	14.6	13.8
Total tax / GDP sa (%)	1q-25	▲	28.7	26.7	26.8	26.2
Public sector borrowing requirement / GDP (%)	1q-25	▲	2.0	0.9	3.3	4.7
Public sector expenditure / GDP (%)	1q-25	▲	23.8	23.0	23.3	24.0
Budget balance / GDP (%)	1q-25	▲	-2.9	-1.5	-4.4	-5.6
Imports / GDE (%)	1q-25	▲	30.4	29.3	30.5	26.8
Exports / GDP (%)	1q-25	▼	31.4	32.5	32.4	27.3
Net foreign financial flows excl. loans / GDP (%)	1q-25	▲	-3.5	0.7	0.7	2.7
Current account balance / GDP (%)	1q-25	▲	-2.6	0.8	-0.7	-2.6
Gross domestic saving / GDP sa (%)	1q-25	▲	13.4	12.8	13.4	13.2
Gross capital formation / GDP sa (%)	1q-25	▲	13.9	13.4	14.1	15.8
Net fixed capital formation / GDP (%)	2024	▼	-	-	0.7	2.6
GDP growth (% Δ Y-o-Y)	1q-25	▶	0.8	0.8	0.5	0.3

Δ=change; eop=end of period; Y-o-Y=year-on-year; q=quarter; sa = seasonally adjusted;
GDP=Gross Domestic Product; GDE=Gross Domestic Expenditure. *Deflated by inflation excl.food, bev. & fuel.