SOUTH AFRICAN CHAMBER OF COMMERCE AND INDUSTRY

Business Confidence Index

September 2025

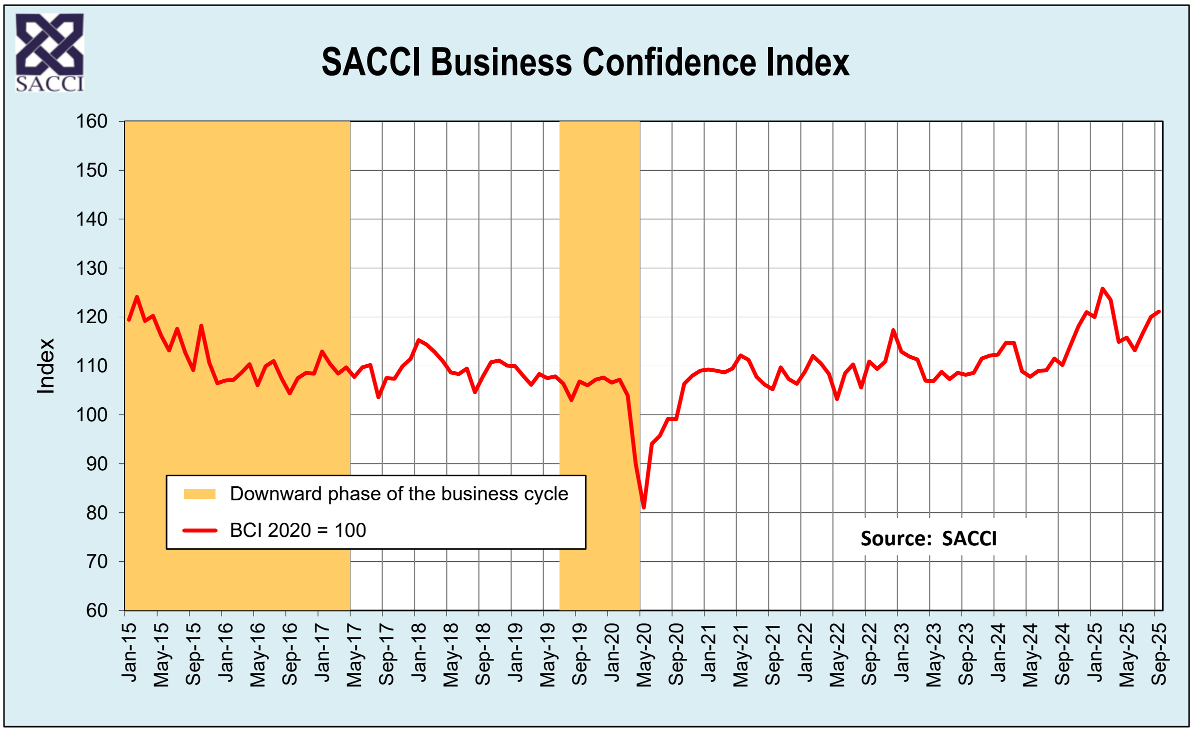
SACCI

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	120.0
September	107.9	106.8	99.1	105.2	110.9	108.2	110.2	**121.1**
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

SACCI's Business Confidence Index (BCI) captures business sentiment as affected by economic and financial developments. The business climate improved over the short-term as well as the medium-term, with the BCI increasing month-on-month by 1.1 index points and year-on-year by 10.9 index points to 121.1 index points in September 2025.

The decline of the BCI from the high level of 125.8 in February 2025 to 113.2 in June 2025 was in part reclaimed in August and September 2025, as the BCI measured 120.0 and 121.1, respectively. The BCI averaged 123.1 in the 1st quarter of 2025, 114.6 in the 2nd quarter of 2025, and 119.3 in the 3rd quarter of 2025. The average of 119.0 in the first three quarters of 2025 compared well with the 110.9 for the corresponding period of 2024, as the Government of National Unity (GNU) took greater effect.

Between August and September 2025, only two of the fourteen BCI sub-indices negatively affected business sentiment, seven sub-indices supported the business climate, and five had a neutral effect. The most positive short-term impacts on business sentiment in September were made by more overseas tourists, the rising global price of gold and platinum, an increase in the volume of merchandise exports**,** an increased number of new vehicles sold, and share prices on the JSE rising beyond the medium-term trend. The only notable negative impact came from rising utility tariffs.

From September 2024 to September 2025 (y/y), the BCI rose by 10.9 index points. The decrease of merchandise **export** volumes was the only noteworthy negative impact on business sentiment recorded over the year. Increased inward tourists, rising number of new vehicle **sales**, higher world prices for precious metals, lower inflation, and rising share prices on the JSE aided the positive trend in the business climate.

In the short-term (month-on-month), the broad financial climate was in support of positive business sentiment, while real economic activity was fairly stable with minor negative elements. Over the medium term (year-on-year), the sub-indices on real economic activity and the financial environment were, on balance, more positive than a year ago – see box on next page: Impact of BCI sub-indices.

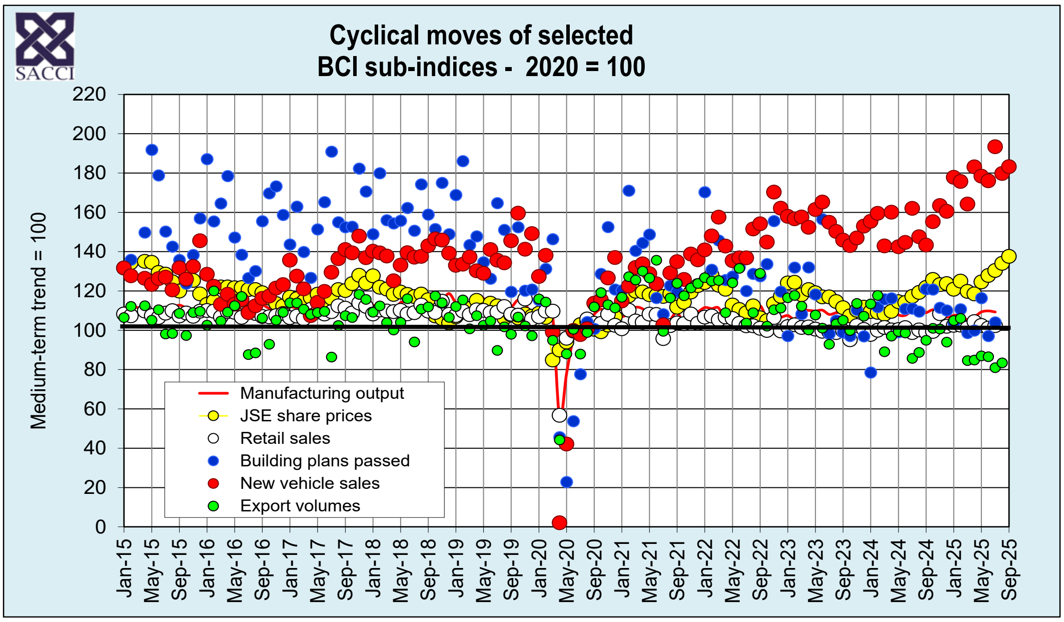
For a broader perspective on the business climate, refer to the Economic Commentary on local and global economic developments on page 5.

Impact of BCI sub-indices

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

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

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



This month's economic review

Adjusting Global Trade Relations

Currently, countries are fine-tuning to inward economic focus as countries make themselves more resilient to geopolitical risks. The USA approach towards using import tariffs to adjust trade relations with trading partners caused the IMF in its World Economic Outlook to label the present global economic situation as "Tenuous Resilience amid Persistent Uncertainty," with risks negatively inclined. Depending on trade with the USA, emerging markets will also be affected differently by their dependence on exports to the USA and prospects for exploring other global markets.

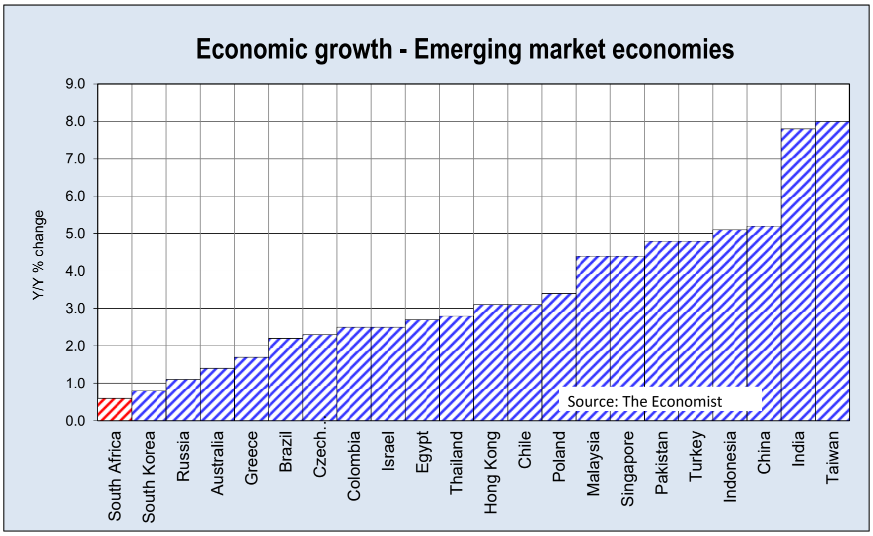
South Africa will specifically be affected by the continuation of the AGOA agreement and a tariff of 30% levied on South African exports to the USA. An alternative outcome would depend on further trade negotiations and trade balances on certain export trade sections with the USA. Trade sections like precious metals and products of iron & steel recorded notable trade surpluses for South Africa.

At this stage, uncertainty starts weighing on economic activity as deadlines for AGOA and a trade agreement with the USA tariffs expire without substantial permanent agreements and progress. The trade tariff regime and the imposition of reciprocal tariffs have not yet found their way into recent economic data. However, positive trade relations could support business and investor confidence. Emerging markets will differ in experiences, predictability, and sustainability prior to other non-economic considerations.

Foreign Trade Relations and Emerging Markets

The utilization of tariffs by the USA to correct unfavourable trade balances with other countries brought uncertainty to many economies, including emerging markets, which are affected differently. Although the USA trade regime came about since the start of 2025, the impact may not yet be clear as the effect on economic growth in emerging markets takes root. South Africa's economic growth performance (0.6% y/y) falls far short of other emerging market economies – see Graph 1.

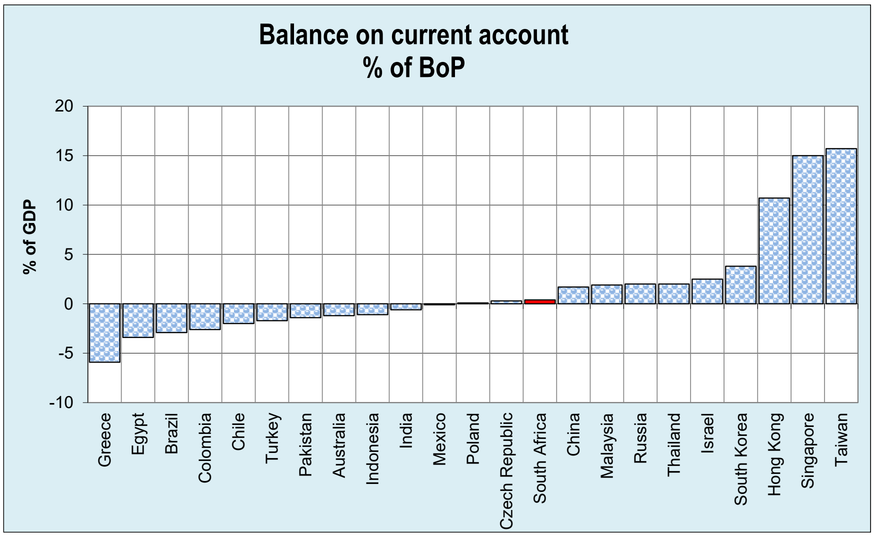
Graph 1



Source: The Economist. 13 September 2025.

The foreign trade effect on emerging markets becomes more pronounced when the Balance on the Current Account of the Balance of Payments (BoP) is considered. Chart 2 indicates the Balance on the Current Account as a % of GDP. The economic impact of changes in foreign trade relations is not yet visible and pronounced. It should be noted and kept in mind that the 2nd half of 2025 might see the true effect of changed foreign trade relations and how it affects the Current Account of the BoP. The impact will notably be on the Trade Account of the BoP that relates to merchandise export volumes. South Africa recorded a small surplus on the Current Account in the 2nd quarter of 2025, as shown in Chart 2.

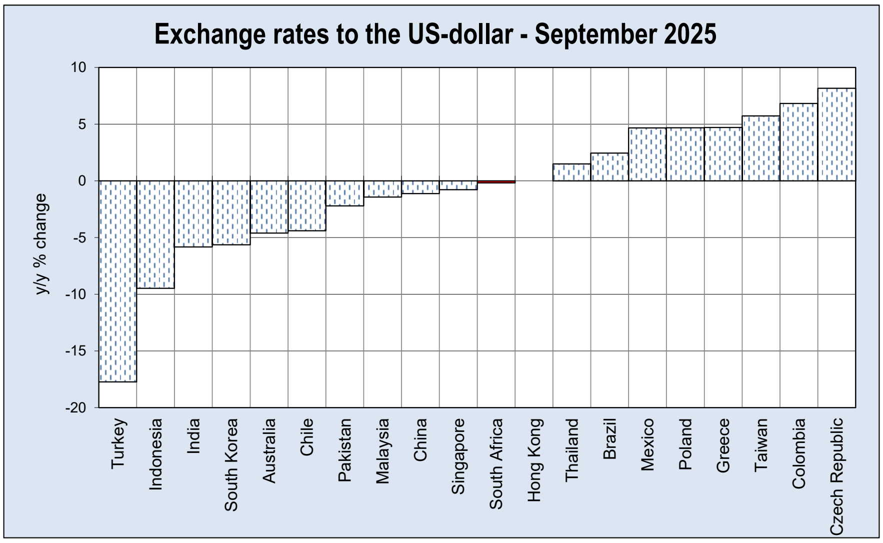
Chart 2



Source: The Economist. 13 September 2025.

South Africa has been fortunate that the US dollar price of precious metals has increased rapidly and helped to support the surplus on the Current Account. This caused the Terms of Trade (export prices relative to import prices) to remain stable and recover slightly over the last nine months. Over this period, the rand remained relatively stable against the British pound, the US dollar, and the Euro. The rand, however, virtually held to its exchange rate against the US dollar over the last twelve months – depreciating from 17.23 to 17.26 to the US dollar in September 2025. See Chart 3. Capital flows did not play a decisive role in the exchange rate. During the first eight months of 2025, non-residents were net sellers of shares to the amount of R165 billion and net purchasers of bonds to the amount of R58 billion over this period.

Chart 3



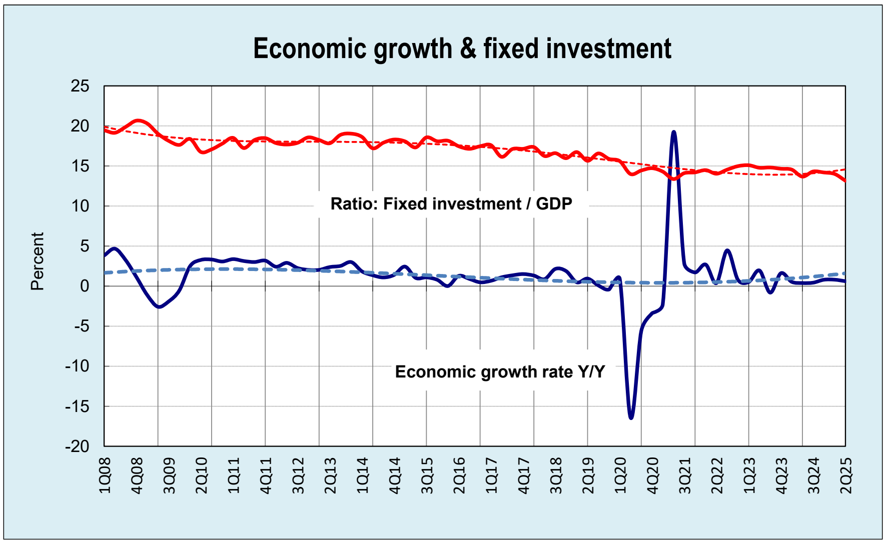
Source: Google.

Financial Stability

The **SACCI BCI** for September 2025 confirms the financial stability that underpins the current improved level of business sentiment. In the Annexure on page 9, macro-economic public finance and foreign trade aggregates also reflect a greater measure of stability. The financial sub-indices of the BCI also highlight positive business sentiment that propelled business confidence. It, however, remains for real economic activity and investor confidence to follow through on the stable, improved financial conditions.

Insufficient fixed investment in the economy calls for a more economically policy-induced environment to complete the linkage from financial stability to economic growth and employment. Structural impediments, as for instance the South African harbours, that have the lowest global performance ranking according to the World Bank and S&P Harbour Performance Index, need urgent attention apart from grandstanding matters. Chart 4 reflects the real gridlock for economic performance – insufficient real fixed capital formation at only 14% of GDP instead of 25% plus.

Chart 4



Source: SA Reserve Bank September 2025

Conclusion

Shifting foreign trade relations played an important role since the new administration took hold in the USA, whereby the use of the import tariff structure is used as a policy instrument to bring about structural changes to the US economy. With a more arbitrary style, trading partners were confronted by a business-like approach towards international trade relations. This approach did not only have structural effects, but also affected trade and investment decisions.

The present uncertain global economic and business environment forced countries to follow an approach towards foreign trade and foreign investment that drew the focus back to fine-tuning inward economic impacts. This implies adopting a functional approach towards foreign trade and investment that is freed from political connotations.

At the moment, South Africa is experiencing a financially stable opportunity that has to find its linkages to real economic activity and employment. The financial environment stabilised business sentiment, but the imperative remains to revisit some outdated approaches to economic policy and implementation. It includes the private sector to be enhanced to fulfil some all-inclusive functions in the economy that are based on demand and supply, with the price mechanism finding the optimum balance.

Though local business confidence at present has stabilised at an improved level, it is important that the base of the improvement should be broadened to include enhanced real economic activity. That could imply higher business confidence levels achieved earlier in the year serving as a basis for longer-term real fixed investment. The goal is to spark fixed investment levels in support of sustainable economic growth, employment, and broader participation in the value-added process or output of the economy.

Annexure 1

General Economic Indicators

Indicator	Latest Period	Latest Direction	Latest month	Previous month	2024	2019
Consumer inflation headline urban (%)	Aug-25	▼	3.3	3.5	4.4	4.1
Consumer inflation urban - excl. food, bev. & fuel (%)	Aug-25	►	3.4	3.4	4.8	4.4
Money supply M3 eop (% Δ Y-o-Y)	Aug-25	▼	6.2	6.7	6.7	6.1
Private sector credit eop (% Δ Y-o-Y)	Aug-25	▲	5.9	5.8	3.8	6.1
Real prime overdraft rate eop (%)*	Aug-25	►	6.9	6.9	6.9	5.7
Prime overdraft rate eop (%)	Sep-25	►	10.50	10.50	11.25	10.00
Liquidations number sa	Aug-25	▼	119	149	1551	2042
Bond yield 5-10y govt eop (%)	Sep-25	▼	9.21	9.60	9.04	8.37
R / US$ average	Sep-25	▼	17.44	17.73	18.33	14.44
R / Euro average	Sep-25	▼	20.47	20.62	19.83	16.17

Indicator	Latest Period	Latest Direction	Latest quarter	Previous quarter	2024	2019
Income & wealth tax / GDP sa (%)	2q-25	▼	14.8	16.0	14.6	13.8
Total tax / GDP sa (%)	2q-25	▼	27.4	28.7	26.8	26.2
Public sector borrowing requirement / GDP (%)	2q-25	▼	1.9	2.0	3.3	4.7
Public sector expenditure / GDP (%)	2q-25	▼	22.1	24.0	23.3	24.0
Budget balance / GDP (%)	2q-25	▼	-1.4	-2.9	-4.4	-5.6
Imports / GDE (%)	2q-25	▼	29.8	30.3	30.5	26.8
Exports / GDP (%)	2q-25	▲	31.5	31.3	32.4	27.3
Net foreign financial flows excl. loans / GDP (%)	2q-25	▲	0.6	-3.5	0.7	2.7
Current account balance / GDP (%)	2q-25	▲	0.4	-2.7	-0.7	-2.6
Gross domestic saving / GDP sa (%)	2q-25	►	13.5	13.5	13.4	13.2
Gross capital formation / GDP sa (%)	2q-25	▲	14.6	14.2	14.1	15.8
Net fixed capital formation / GDP (%)	2024	▼	-	-	0.7	2.6
GDP growth (% Δ Y-o-Y)	2q-25	▼	0.6	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.