SOUTH AFRICAN CHAMBER OF COMMERCE AND INDUSTRY

Business Confidence Index

January 2026

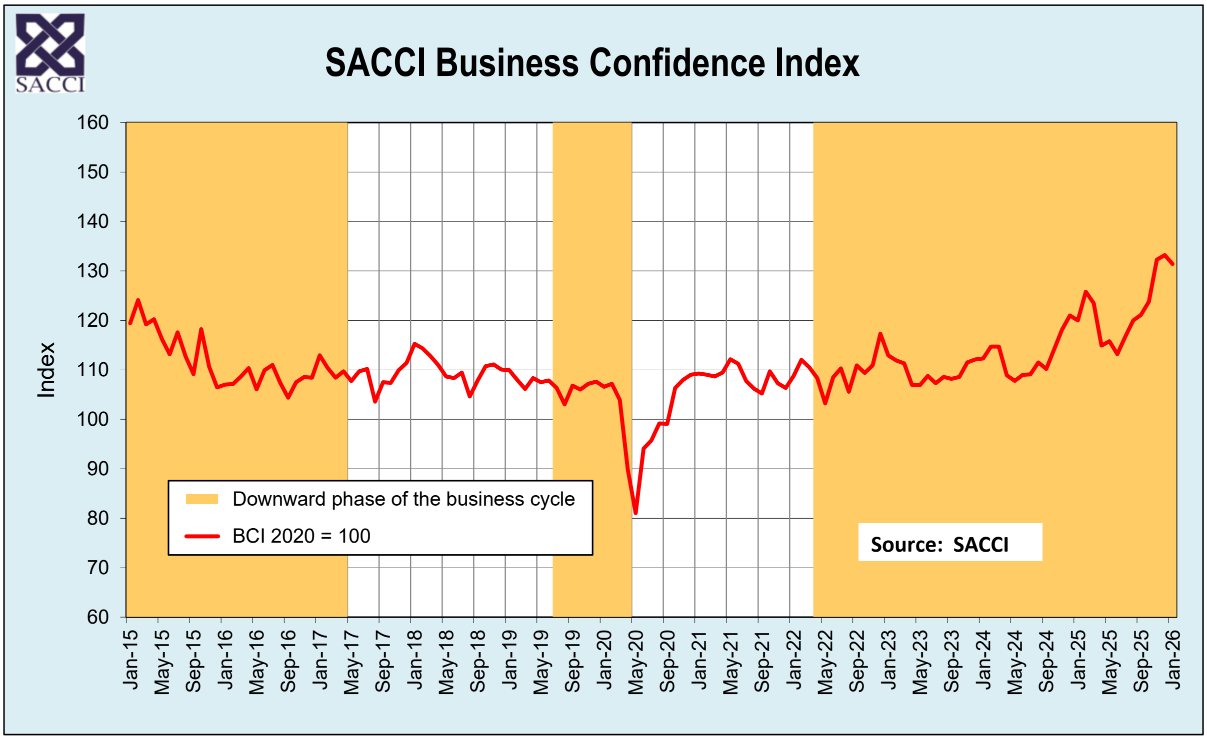
SACCI

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	2019	2020	2021	2022	2023	2024	2025	2026
January	109.9	106.6	109.2	108.8	112.9	112.3	120.0	**131.4**
February	108.0	107.2	109.0	112.0	111.9	114.7	125.8	
March	106.1	103.9	108.7	110.5	111.3	114.7	123.5	
April	108.3	89.9	109.5	108.3	107.1	108.9	114.9	
May	107.5	81.0	112.1	103.2	106.9	107.8	115.8	
June	107.9	94.1	111.2	108.5	108.8	109.0	113.2	
July	106.4	95.7	107.7	110.3	107.3	109.1	116.7	
August	103.0	99.2	106.2	105.6	108.6	111.5	120.0	
September	106.8	99.1	105.2	110.9	108.2	110.2	121.1	
October	106.0	106.4	109.7	109.4	108.6	114.2	123.8	
November	107.2	108.0	107.3	110.9	111.5	118.1	132.3	
December	107.6	109.0	106.4	117.3	112.1	121.0	133.2	
Average	**107.1**	**100.0**	**108.5**	**109.6**	**109.6**	**112.6**	**121.7**	



This month's BCI results

The **SAC**CI's Business Confidence Index (BCI) averaged 121.7 for the year 2025. This is the highest annual average recorded since 2013 when the BCI measured 122.2. After dipping to 113.2 in June 2025, the BCI recovered strongly from August 2025 to reach 133.2 in December 2025. The BCI declined slightly in January 2026 but still recorded a healthy level of 131.4. in January 2026. The January 2026 BCI was 11.4 index points higher than a year ago and 1.8 index points lower than in December 2025.

This higher level of the business confidence index was not the result of a broad-based improvement in the business climate. The year-on-year improvement was notably the result of particularly strong increases in overseas tourists, high global precious metal prices, share prices on the JSE and new vehicle sales. These increases were to a large extent affected by uncertain global economic conditions, positive financial market developments and easier local financial conditions.

Between December 2025 and January 2026 **(month-on-month)** three, of the fourteen BCI sub-indices, namely, manufacturing, merchandise export volumes, and the number of new vehicles sold negatively echoed through the business climate. Five sub-indices supported a positive business climate and six sub-indices had a neutral effect. By far the most positive short-term effect mirrored by business versatility was the increase in merchandise import volumes made easier by the strong performance of the rand against major trading currencies. High precious metal prices flowed over into higher share prices on the JSE. The passivity of notably real economic sub-indices is of concern.

In the **short-term (month-on-month),** the broad <u>financial climate</u> was leaning towards a positive business climate. <u>Real economic activity</u> was however uneasily balanced and negatively orientated.

Over the **medium-term (year-on-year)** the sub-indices on the <u>financial environment</u> were in support of an improved business climate and augmented by <u>real economic activity</u> with only one sub-index (export volumes) pointing south. – see box on next page: Impact of BCI sub-indices.

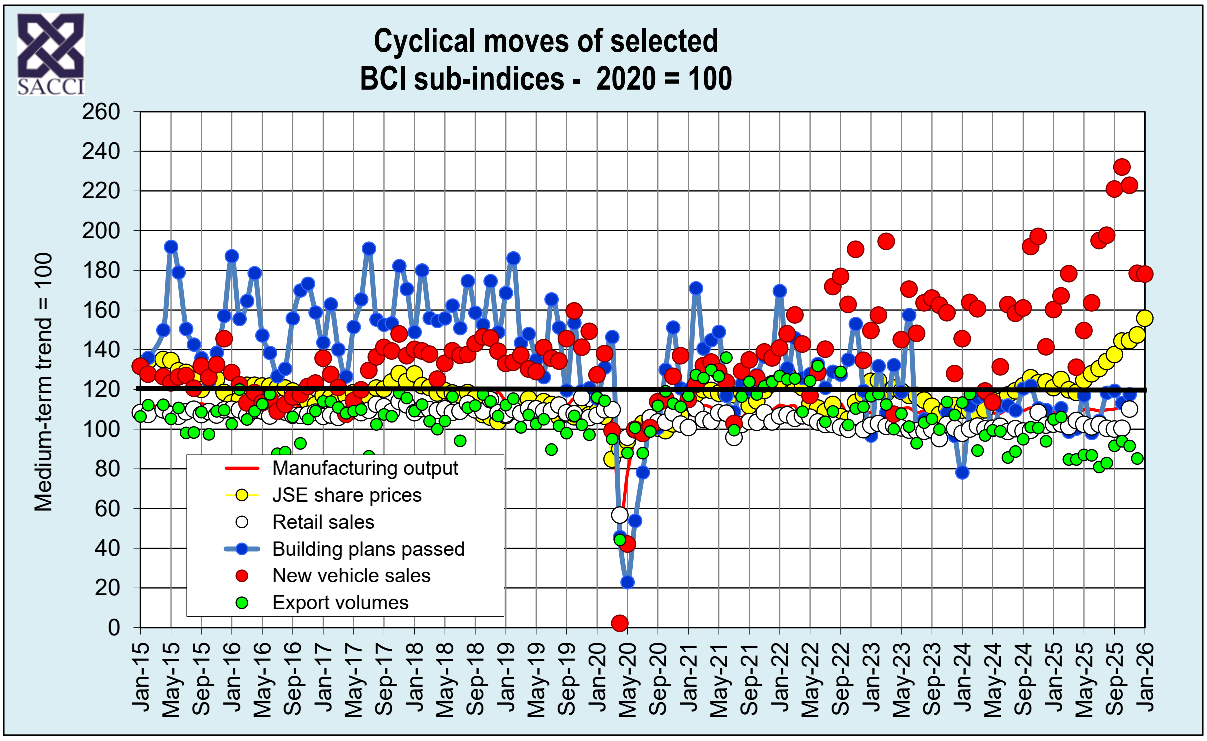
For a broader perspective on the business climate refer to the **Economic Commentary** on local and global economic developments on page 5.

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	o
Manufacturing	–	+	o	o
Exports	–	–	–	–
Tourism inward	o	+	+	+
Imports	+	+	+	+
Vehicle sales	–	–	+	+
Retail sales	o	o	+	+
Construction - buildings	o	–	+	–
Inflation[1]	o	–	+	+
Share prices	+	+	+	+
Real private sector borrowing	+	o	+	+
Real financing cost	o	o	+	+
Precious metal prices	+	+	+	+
Rand exchange rate	+	+	+	+

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

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



This month's economic review

Global Economic Resilience

In the IMF's January 2026 update of the World Economic Outlook (WEO), global growth remains resilient at around 3% in 2026 and 2027. There was a small upward revision for 2026 and for 2027 compared with the October 2025 WEO. Economic activity could be supported by an easing in trade tensions.

Fluctuating trade policies are to some extent matched by technology investment such as artificial intelligence (AI), fiscal and monetary support, easier financial conditions, and resilience the and resolve of the private sector. World inflation is forecast to decline in 2026 and in 2027.

Economic Growth	2024 %	2025f %	2026f %	2027f %
World	**3.3**	**3.3**	**3.3**	**3.2**
United States	2.8	2.1	2.4	2.0
Euro Area	**0.9**	**1.4**	**1.3**	**1.4**
Germany	-0.5	0.2	1.1	1.5
United Kingdom	1.1	1.4	1.3	1.5
Japan	-0.2	1.1	0.7	0.6
Emerging & Developing Europe:	**3.5**	**2.0**	**2.3**	**2.4**
Emerging & Developing Asia:	**5.3**	**5.4**	**5.0**	**4.8**
China	5.0	5.0	4.5	4.0
India	6.5	7.3	6.4	6.4
Sub-Sahara Africa:	**4.1**	**4.4**	**4.6**	**4.6**
South Africa	**0.5**	**1.3**	**1.4**	**1.5**

Source: IMF, WEO January 2026. f = forecast.

Trade tensions could flare up, prolonging uncertainty and affecting real activity. Domestic political tensions or geopolitical tensions introduce further uncertainty and could disrupt the global economy through their impact on financial markets, supply chains, and commodity prices. Countries with large fiscal deficits and high public debt could face additional burdens of higher interest rates and unstable financial conditions.

World Trade	2024	2025f	2026f	2027f
Goods and Services Trade Volumes				
World - %Δ	**3.6**	**4.1**	**2.6**	**3.1**
by advanced economies - %Δ	2.0	3.0	1.9	2.4
by emerging & developing economies - %Δ	6.3	5.7	3.6	4.4
World Trade Prices in US$				
Oil - %Δ	-1.8	-14.2	-8.5	0.1
Non-fuel primary commodities - %Δ	3.7	9.4	7.5	0.9

Source: IMF, WEO Jan 2026. f = forecast. %Δ = percentage change.

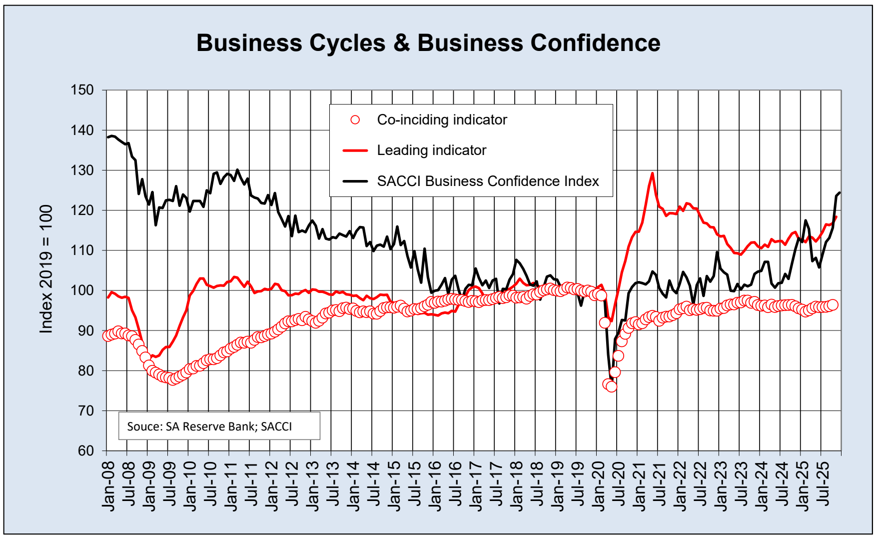
South Africa's Economic Dichotomy

South Africa's economic contradiction is best illustrated by this recent surge in **SACCI's** Business Confidence Index (BCI) in the second half of 2025 and continuing subdued real economic performance (see Table 1). The chart below reflects South Africa's coincident and leading business cycle composite indicators (compiled by the SA Reserve Bank), and the BCI of **SACCI**. The relatively lower level of the coincident indicator to the leading indicator and the BCI confirms and captures the mismatch between real economic performance and perceptions affecting the business climate. The challenge remains to bridge the present gap between perceptions and actual economic performance.

Table 1: South Africa Economic Growth

GDP GROWTH						
SECTOR	**2023**	**2024**	**1Q 2025**	**2Q 2025**	**3Q 2025**	**¾2025**
	Y-o-Y %Δ	**Y-o-Y %Δ**	**Y-o-Y %Δ**	**Y-o-Y %Δ**	**Y-o-Y %Δ**	**Y-o-Y %Δ**
Agriculture, forestry and fishing	-4.6%	-8.7%	19.9%	2.1%	49.9%	19.5%
Finance, real estate and business services	1.4%	3.2%	3.7%	2.7%	1.9%	2.8%
Wholesale and retail trade; hotels and restaurants	-1.6%	-1.2%	1.2%	2.6%	3.7%	2.5%
Transport and communication	4.2%	-1.2%	-2.2%	1.3%	2.2%	0.4%
Personal services	2.1%	1.2%	-0.2%	0.2%	0.1%	0.1%
General government services	0.7%	0.3%	-1.0%	-0.2%	0.7%	-0.1%
Mining and quarrying	-0.1%	0.4%	-4.7%	-1.0%	1.8%	-1.2%
Manufacturing	0.4%	-0.4%	-2.1%	-1.5%	-0.9%	-1.5%
Electricity and water	-4.2%	3.5%	-1.1%	-2.2%	-6.2%	-3.2%
Construction	-0.5%	-5.4%	-3.9%	-3.8%	-4.5%	-4.1%
GDP excluding general government	0.8%	0.5%	1.0%	1.0%	2.2%	1.4%
GDP excluding agriculture	0.9%	0.8%	0.3%	0.8%	1.0%	0.7%
GDP at market prices	0.8%	0.5%	0.8%	0.9%	2.1%	1.2%

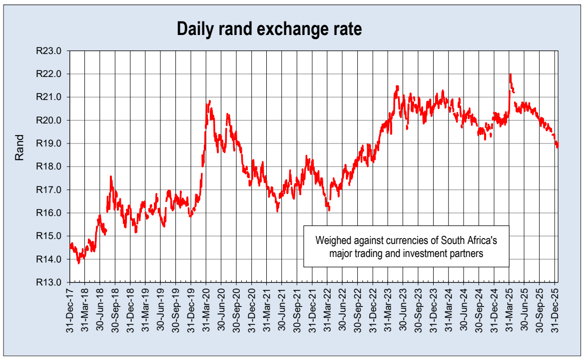
Source: StatsSA. December 2025. Note: Y-o-Y %Δ = year-on-year % change

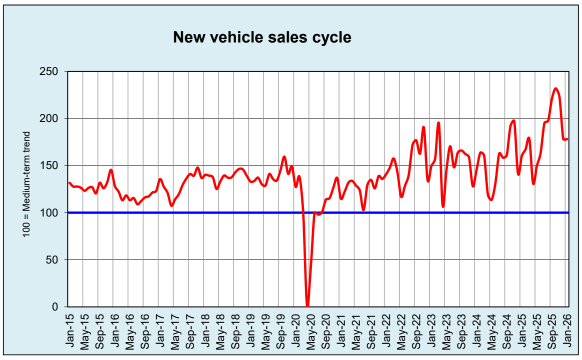


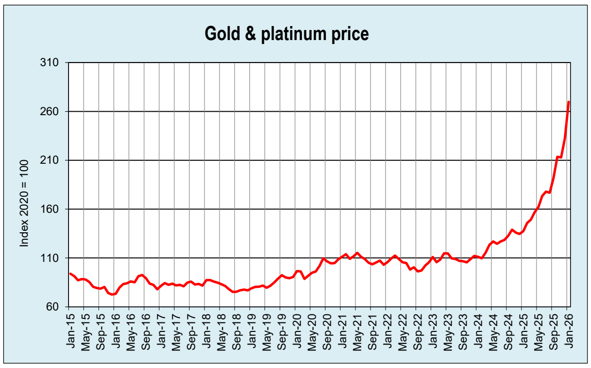
Source: SA Reserve Bank & SACCI

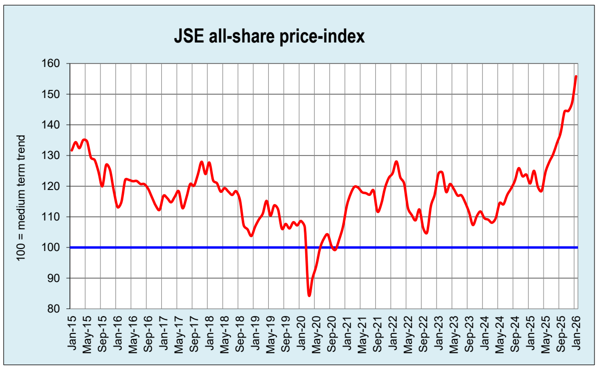
Biased Performance

Certain sub-indices of the BCI are sensitive to financial market and global uncertainties. Easier financial conditions, reactions to global economic and global trade uncertainty played a significant role in the surge in SACCI's BCI in the 2nd half of 2025. These variables include a stronger rand exchange rate, gold and platinum prices, price stability, easier financing, increased new vehicle sales, and rising share prices. These developments are captured by the charts below. The economic challenge remains to convert these 'sentiment driven business variables into real economic activity, growth and job creation.



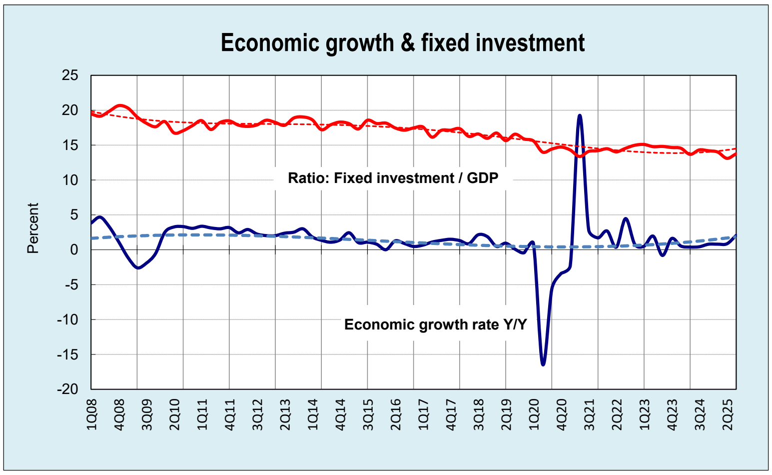






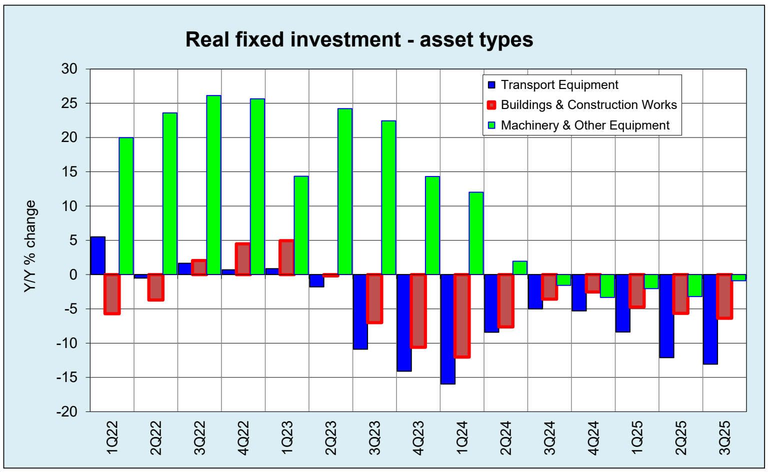
The Fixed Investment Challenge

Part of converting positive market and financial developments into real economic performance is by way of fixed investment to achieve a desired capital stock level that enhances real activity. A general rule of 25% of fixed investment to GDP should support 3% sustainable real annual growth. The chart below indicates the shortfall of fixed investment in South Africa.



Source: SA Reserve Bank

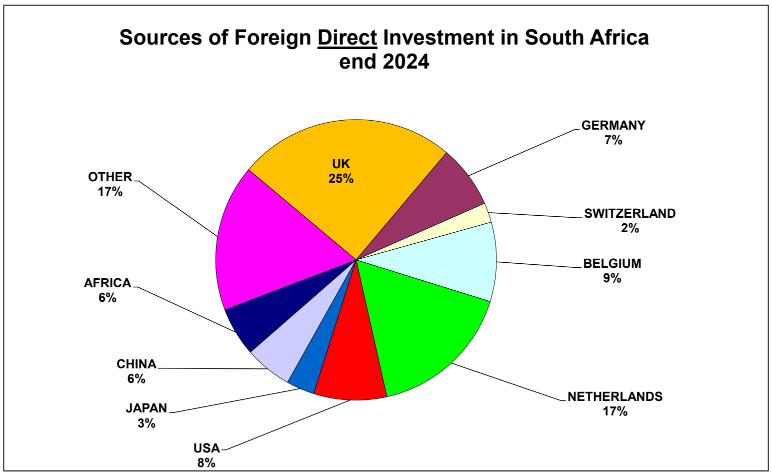
It is however also important to note the trend in the type of fixed investment.

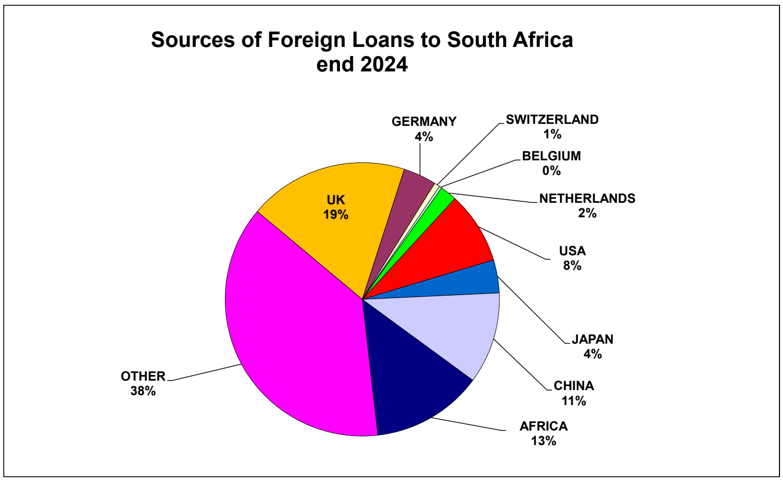


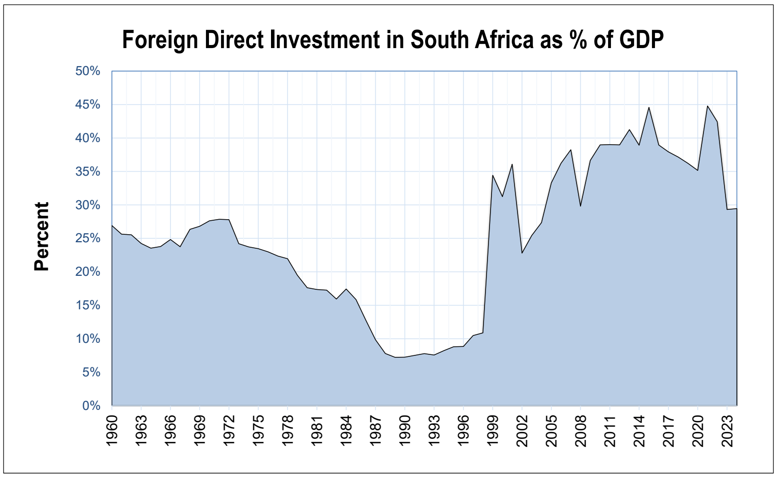
Source: SA Reserve Bank

A further important aspect is the financial source of fixed investment given South Africa's shortage of generating enough domestic savings (about 14% of GDP) to finance fixed investment needs of 25% of GDP. It is of critical importance to create the applicable investor confidence through economic policy that attracts foreign capital for longer-term fixed investment.

The charts below give an indication of the foreign sources of finance for direct and indirect investment in South Africa. Some 69% of foreign direct investment is from Europe and the USA while Europe and the USA accounts for 66% of foreign indirect investment. Only 34% of foreign loans is from Europe and the USA. See charts below – source: SA Reserve Bank.







Conclusion

The exceptional increase in business confidence towards year-end in 2025 and into 2026 provides an important opportunity to convert positive business sentiment into real action. It is important that all spheres of the public sector deliver on practical service delivery. This opportunity should be forthcoming from Budget 2026 and resultant action. Time is running out for structural economic policy adjustments that must attract local and foreign fixed investment.

Budget 2026 will be an important occasion (25 February 2026), given this intersection in global and local economic developments. Where the MTBPS gave overview of the spending priorities of the consolidated national government, provincial governments and social security funds, the Budget's main emphasis is on the revenue side. The Budget is also an important statement with regard to government economic policy.

Annexure 1

General Economic Indicators

Indicator	Latest Period	Latest Direction	Latest month	Previous month	2025	2020
Consumer inflation headline urban (%)	Dec-25	▲	3.6	3.5	3.2	3.3
Consumer inflation urban - excl. food, bev. & fuel (%)	Dec-25	►	3.6	3.6	3.6	3.7
Money supply M3 eop (% Δ Y-o-Y)	Dec-25	▼	8.2	8.3	6.8	9.6
Private sector credit eop (% Δ Y-o-Y)	Dec-25	▲	8.7	7.8	5.6	5.0
Real prime overdraft rate eop (%)*	Dec-25	►	6.4	6.4	6.9	3.9
Prime overdraft rate eop (%)	Jan-26	►	10.25	10.25	10.7	7.7
Liquidations number sa	Dec-25	▼	113	124	1534	2035
Bond yield 5-10y govt eop (%)	Jan-26	▼	8.06	8.19	9.69	9.30
R / US$ average	Jan-26	▼	16.27	16.85	17.88	16.46
R / Euro average	Jan-26	▼	19.10	19.72	20.18	18.77

Indicator	Latest Period	Latest Direction	Latest quarter	Previous quarter	2024	2019
Income & wealth tax / GDP sa (%)	3q-25	▲	15.8	14.8	14.6	13.8
Total tax / GDP sa (%)	3q-25	▲	28.2	27.4	26.8	26.2
Public sector borrowing requirement / GDP (%)	3q-25	▲	5.9	2.3	3.7	4.7
Public sector expenditure / GDP (%)	3q-25	▲	22.5	22.3	23.3	24.0
Budget balance / GDP (%)	3q-25	▲	-10.6	-1.4	-4.4	-5.6
Imports / GDE (%)	3q-25	▲	31.0	29.8	30.5	26.8
Exports / GDP (%)	3q-25	▲	32.7	31.7	32.4	27.3
Net foreign financial flows excl. loans / GDP (%)	3q-25	▲	3.6	0.6	0.7	2.7
Current account balance / GDP (%)	3q-25	▼	-1.8	0.4	-0.7	-2.6
Gross domestic saving / GDP sa (%)	3q-25	▲	14.0	13.4	13.4	13.2
Gross capital formation / GDP sa (%)	3q-25	▲	14.7	14.4	14.1	15.8
Net fixed capital formation / GDP (%)	2024	▼	-	-	0.7	2.6
GDP growth (% Δ Y-o-Y)	3q-25	▲	2.1	0.9	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.