

# SA Economics



Fixed investment Outlook: progress proves uneven, but the outlook continues to strengthen

Tuesday 27 August 2024

---

Gross Fixed Capital Formation	2023	2024	2025	2026	2027	2028	2029
GFCF, total (real, %)	4.2	4.3	4.8	5.0	5.2	5.4	5.5
GFCF as % of GDP	15.1	15.5	16.0	16.5	17.0	17.5	17.8
Private sector (real, %)	4.9	4.4	4.8	5.0	5.2	5.4	5.5
Government (real, %)	2.7	4.0	4.7	4.8	5.1	5.3	5.5
Non-residential GFCF (real, %)	6.5	4.9	4.8	5.0	5.2	5.4	5.5
Residential buildings (real, %)	-2.2	2.0	4.8	4.9	5.2	5.3	5.4

Please note: all data may be subjected to historical revisions.

GDP summary, % real growth rates	2023	2024	2025	2026	2027	2028	2029
GDP (real, y/y %)	0.7	1.0	1.6	2.0	2.2	2.5	2.7
HCE (real, y/y %)	0.7	1.3	2.0	2.3	2.4	2.5	2.7
GCE (real, y/y %)	1.9	-0.7	-0.2	0.0	0.6	1.2	1.3
GFCF (real, y/y %)	3.9	4.3	4.8	5.0	5.2	5.7	6.4
GDE (real, y/y %)	0.8	1.0	2.0	2.2	2.5	2.8	3.0
Export (goods & non-factor services) - (real, y/y %)	3.7	3.3	3.2	3.3	3.4	3.6	3.9
Imports (goods & non-factor services) - (real, y/y %)	3.9	3.0	3.9	3.8	4.3	4.4	4.7
Current Account - (% GDP)	-1.6	-2.2	-2.4	-2.8	-3.2	-3.3	-3.2
Imports as % of GDP	30.3	30.9	31.6	32.1	32.8	33.4	34.0
Exports as % of GDP	28.1	28.8	29.2	29.6	29.9	30.2	30.6

Consumption Expenditure	2023	2024	2025	2026	2027	2028	2029
HCE, total (real, %)	0.7	1.3	2.0	2.3	2.4	2.5	2.7
HCE as % of GDP	66.9	67.1	67.4	67.5	67.7	67.7	67.7
Unemployment rate (%)	32.4	32.8	32.6	32.6	32.4	32.1	31.9
Population (million)	60.4	61.0	61.7	62.3	62.9	63.5	64.1
Employment growth rate (%)	6.2	1.8	2.0	1.8	2.0	2.1	2.0
Compensation of employees (%)	5.6	4.6	5.8	6.1	6.6	6.6	7.1
GCE as % of GDP	19.7	19.4	19.1	18.7	18.4	18.2	17.9

Gross Fixed Capital Formation	2023	2024	2025	2026	2027	2028	2029
GFCF, total (real, %)	3.9	4.3	4.8	5.0	5.2	5.7	6.3
GFCF as % of GDP	14.8	15.3	15.8	16.2	16.7	17.2	17.6
Private sector (real, %)	3.0	4.4	4.8	5.1	5.2	5.8	6.3
Government (real, %)	6.1	4.0	4.7	4.8	5.1	5.5	6.3
Non-residential GFCF (real, %)	5.4	4.9	4.8	5.2	5.2	5.8	6.4
Residential buildings (real, %)	-7.1	2.0	4.9	4.9	5.2	5.6	5.7

Please note: all data may be subjected to historical [revisions](#)

Gross Fixed Capital Formation, % real growth rates	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4
GFCF, total (real, y/y %)	-2.8	1.5	8.3	10.5	10.5	3.4	3.1	2.8	5.3	4.8	5.1	5.0
GFCF as % of GDP	14.3	15.4	15.6	15.8	15.5	15.7	15.9	16.0	16.0	16.1	16.3	16.5
Private sector (real, y/y %)	-2.5	1.6	8.9	9.8	10.7	3.1	3.2	3.0	6.0	4.8	4.9	4.8
Government (real, y/y %)	-3.5	1.0	6.9	12.3	10.0	4.2	2.9	2.2	3.5	4.7	5.4	5.6
Non-residential GFCF (real, y/y %)	0.5	1.6	8.9	8.8	9.4	3.2	3.5	3.6	6.3	4.9	4.9	4.7
Residential buildings (real, y/y %)	-15.6	1.9	8.6	15.1	17.2	2.5	1.4	0.6	4.6	4.8	5.0	5.2

Source: SARB, Investec

Gross Fixed Capital Formation, % real growth rates	2027 Q1	2027 Q2	2027 Q3	2027 Q4	2028 Q1	2028 Q2	2028 Q3	2028 Q4	2029 Q1	2029 Q2	2029 Q3	2029 Q4
GFCF, total (real, y/y %)	5.5	5.4	4.9	4.8	5.2	5.6	5.9	6.1	6.3	6.4	6.4	6.4
GFCF as % of GDP	16.6	16.6	16.7	16.9	17.0	17.2	17.3	17.4	17.6	17.8	17.9	18.1
Private sector (real, y/y %)	5.5	5.5	4.9	4.9	5.3	5.7	6.1	6.1	6.3	6.4	6.4	6.5
Government (real, y/y %)	5.6	5.2	4.9	4.7	4.9	5.2	5.6	6.1	6.3	6.4	6.3	6.2
Non-residential GFCF (real, y/y %)	5.6	5.6	4.9	4.8	5.2	5.7	6.1	6.2	6.4	6.5	6.5	6.6
Residential buildings (real, y/y %)	5.1	5.1	5.2	5.3	5.5	5.6	5.6	5.6	5.7	5.9	5.9	6.0

Source: SARB, Investec

- Post the National Elections and formation of the government of national unity (GNU), the business and government collaboration remains firmly on track to rebuild SA's infrastructure (energy, transport and logistics) and address crime and corruption.
- This month, President Ramaphosa highlighted the state's commitment to "urgently implement the (collaboration's) reform agenda to restore confidence and sentiment-essential drivers of investment, inclusive economic growth and job creation".
- So far, progress has been uneven in the three areas, with stellar achievements in halting load shedding as capacity has increased (although demand has waned), and rapidly working through greylisting deficiencies, but transport/logistics reforms lag.
- The latest Bloomberg consensus forecast for 2024's economic growth outcome remained unchanged at 1.0% y/y in August, from 1.0% y/y in both June and July, slightly down from May's 1.1% y/y, as growth in 2024 is still expected to be weak.
- The consensus has not risen yet post elections for the economic growth outlook, and also remains stuck for 2025, at 1.6% y/y, and at 1.9% y/y for 2026, in both this month's (August) and in July's surveys (June also showed 1.9% y/y for 2026, May 1.8% y/y).
- Very severe uncertainty prevailed around the period of South Africa's National Elections, and a potential shift to the political left had worried investors, particularly on property rights, deteriorated fiscal health, weak growth and higher inflation.
- Business confidence was depressed around the election time (end May/early June). The majority of businesses (65%) were dissatisfied with prevailing conditions, and so profitability. Sentiment is expected to improve in H2.24 but will depend on profitability.
- While the lack of loadshedding to date in Q3.24, and over Q2.24, supports positive economic growth outlooks of 0.5% qqsa for both these quarters (after Q1.24's -0.1% qqsa) port, rail and other logistics deficiencies continue to detract from growth.
- The weakness of the transport sector (despite some small progress) remains a key stumbling block to robust economic growth. Fixed investment is expected to strengthen materially over the medium-term aiding a lift in GDP growth to 3.0% y/y by 2030.

Please scroll down to the second section below

GDP Summary, % real growth rates (incl. residual)	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4
GDP (real, qqsa %)	-0.1	0.5	0.6	0.6	0.3	0.4	0.3	0.5	0.5	0.6	0.6	0.6
HCE (real, qqsa %)	-0.3	1.2	1.0	1.0	0.1	0.2	0.2	0.5	0.7	0.7	0.8	0.7
GCE (real, qqsa %)	-0.3	-0.8	-0.2	-0.2	0.1	0.1	0.1	0.0	0.0	0.0	-0.2	0.1
GFCF (real, qqsa %)	-1.8	8.6	1.8	1.8	-1.9	1.7	1.4	1.5	0.5	1.2	1.7	1.5
GDE (real, qqsa %)	-1.0	2.2	1.0	0.8	-0.2	0.4	0.2	0.4	0.6	0.6	0.7	0.7
Export (goods & non-factor services) - (real, qqsa %)	-2.3	5.3	1.2	1.0	-0.3	0.5	0.8	0.6	0.8	1.0	1.0	0.8
Imports (goods & non-factor services) - (real, qqsa %)	-5.1	10.4	2.3	1.9	-1.7	0.4	0.5	0.5	1.2	1.2	1.2	1.2

Note: The GDP figures are from the expenditure side and so include the residual. Source: SARB, Investec

GDP Summary, % real growth rates (incl. residual)	2027 Q1	2027 Q2	2027 Q3	2027 Q4	2028 Q1	2028 Q2	2028 Q3	2028 Q4	2029 Q1	2029 Q2	2029 Q3	2029 Q4
GDP (real, qqsa %)	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.7	0.6	0.7	0.7	0.7
HCE (real, qqsa %)	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.6	0.7	0.7	0.7
GCE (real, qqsa %)	0.2	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4
GFCF (real, qqsa %)	1.0	1.1	1.2	1.4	1.4	1.5	1.6	1.6	1.5	1.6	1.5	1.6
GDE (real, qqsa %)	0.5	0.6	0.6	0.7	0.7	0.8	0.8	0.8	0.7	0.8	0.8	0.8
Export (goods & non-factor services) - (real, qqsa %)	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0
Imports (goods & non-factor services) - (real, qqsa %)	1.0	0.9	0.8	1.0	1.2	1.2	1.1	1.2	1.2	1.1	1.1	1.2

Note: The GDP figures are from the expenditure side and so include the residual. Source: SARB, Investec

Expected Case: Economic growth forecasts						
Calendar year	2024	2025	2026	2027	2028	2029
<b>GDP (Year on year growth, %)</b>						
GDP Q3 2024	1.0	1.6	2.0	2.2	2.5	2.7
GDP Q2 2024	1.1	1.5	1.9	2.2	2.4	2.6
GDP Q1 2024	1.0	1.4	1.7	2.0	2.1	

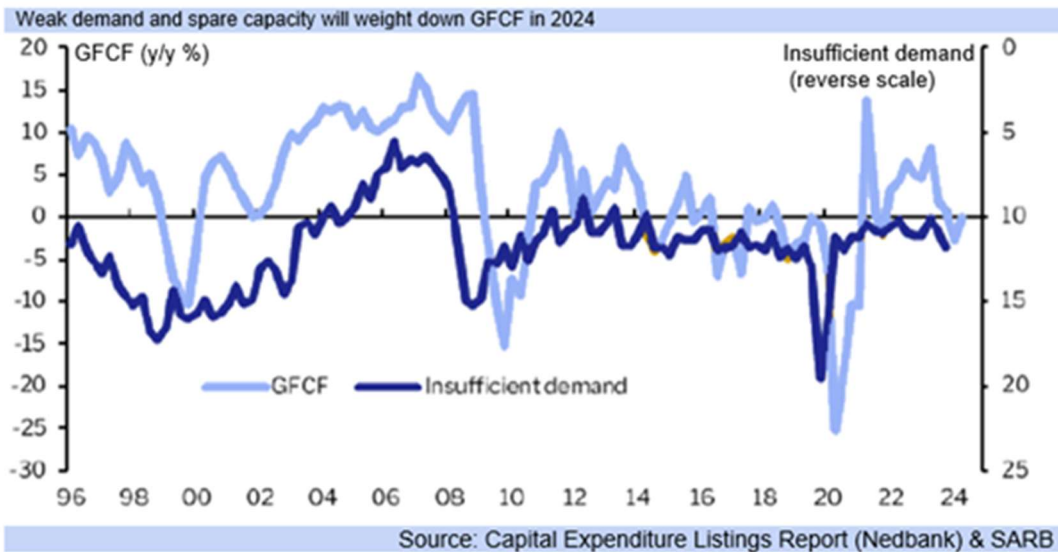
Source: Investec Macro-Economic Outlook, 1<sup>st</sup> July, contact details below

Gross Fixed Capital Formation	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4
GFCF, total (real, qqsa %)	-1.8	8.6	1.8	1.8	-1.9	1.7	1.4	1.5	0.5	1.2	1.7	1.5
Private sector (real, qqsa %)	-3.3	9.8	1.7	1.7	-2.5	2.3	1.7	1.6	0.3	1.1	1.8	1.5
Government (real, qqsa %)	2.0	5.9	2.0	2.0	-0.1	0.3	0.7	1.3	1.1	1.5	1.4	1.4
Non-residential GFCF (real, qqsa %)	-3.1	8.6	1.6	1.7	-2.5	2.5	1.8	1.8	0.1	1.1	1.9	1.6
Residential buildings (real, qqsa %)	-4.3	15.5	2.2	1.9	-2.6	1.1	1.1	1.1	1.3	1.3	1.3	1.3

Source: SARB, Investec

Gross Fixed Capital Formation	2027 Q1	2027 Q2	2027 Q3	2027 Q4	2028 Q1	2028 Q2	2028 Q3	2028 Q4	2029 Q1	2029 Q2	2029 Q3	2029 Q4
GFCF, total (real, qqsa %)	1.0	1.1	1.2	1.4	1.4	1.5	1.6	1.6	1.5	1.6	1.5	1.6
Private sector (real, qqsa %)	1.0	1.1	1.2	1.5	1.4	1.5	1.6	1.6	1.6	1.6	1.6	1.6
Government (real, qqsa %)	1.2	1.1	1.1	1.2	1.3	1.5	1.5	1.6	1.5	1.6	1.4	1.6
Non-residential GFCF (real, qqsa %)	1.0	1.0	1.2	1.5	1.4	1.5	1.6	1.6	1.6	1.6	1.6	1.7
Residential buildings (real, qqsa %)	1.2	1.3	1.4	1.4	1.4	1.3	1.4	1.4	1.4	1.6	1.4	1.4

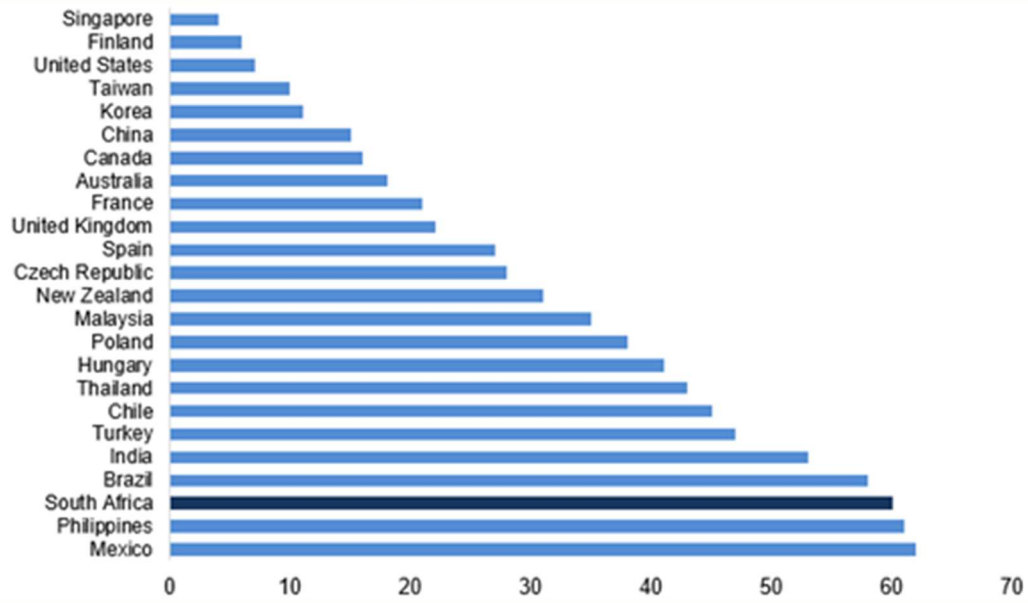
Source: SARB, Investec



- The Presidency added in its update two week's ago on the progress of the business and government collaboration that "(t)he Transnet Board and management team are making progress in implementing the Transnet recovery plan."
- "Business has provided significant technical support and resources to Transnet Freight Rail, including procurement and operations expertise, and port maintenance support for Transnet Port Terminals."

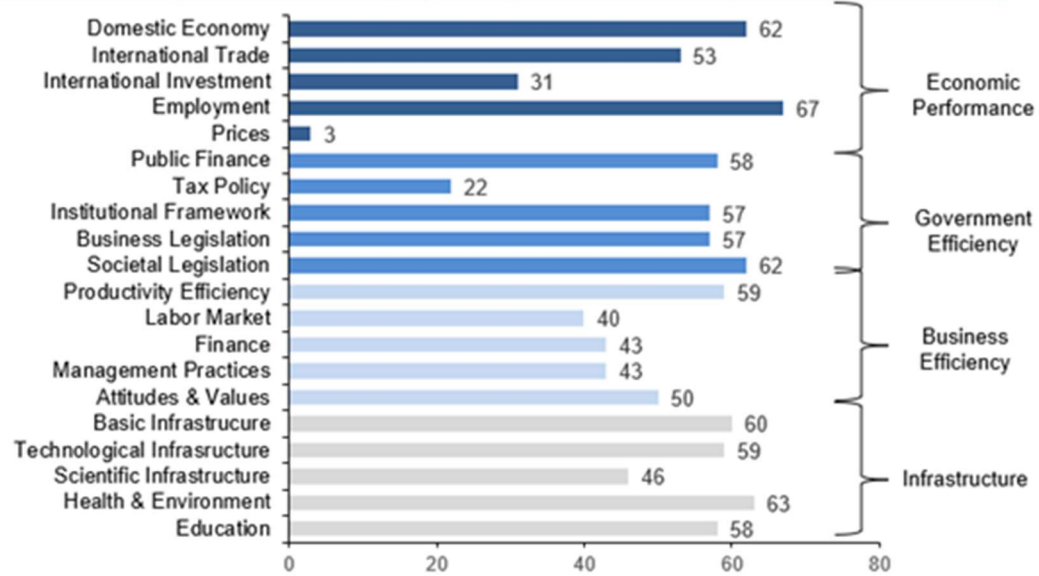
- “Despite the significant efforts by the partners, there is broad acknowledgment that Transnet requires substantial interventions to improve performance to meet the needs of its customers and the market demand necessary for sustainable economic growth.”
- “The ... rapid implementation of structural reforms and strict adherence to the Freight Logistics Roadmap deadlines are crucial to facilitate participation of, and investment by, the private sector to help address our national logistics challenges.”
- “This is crucial to ensure that our commodities and manufactured products can be competitively sold into the local market and exported to meet demand. Resolving these issues will promote job retention and job creation.”
- The Presidency has noted that the “energy and logistics have been the largest constraints on economic growth over the past few years”.
- The State of Africa’s Infrastructure Report 2024: Transport & Logistics by the Africa Finance Corporation notes through Africa “(c)ostly congestion-related delays at major ports ... underscore the lack of connectivity between current port infrastructure and national/regional hinterlands”.
- “Integrated investments in developing hinterland logistics via roads, railways, and airports are essential to unlock additional efficiency from ports and expand functioning trade corridors, ultimately reducing transportation costs and schedules.”
- “If the example set by ASEAN countries is anything to go by, developing efficient intra-regional value-chains in Africa will require efforts to improve the quality of logistics from existing assets while enhancing border facilitation and providing institutional support to intra-African trade.”

### Infrastructure Competitiveness Ranking 2023



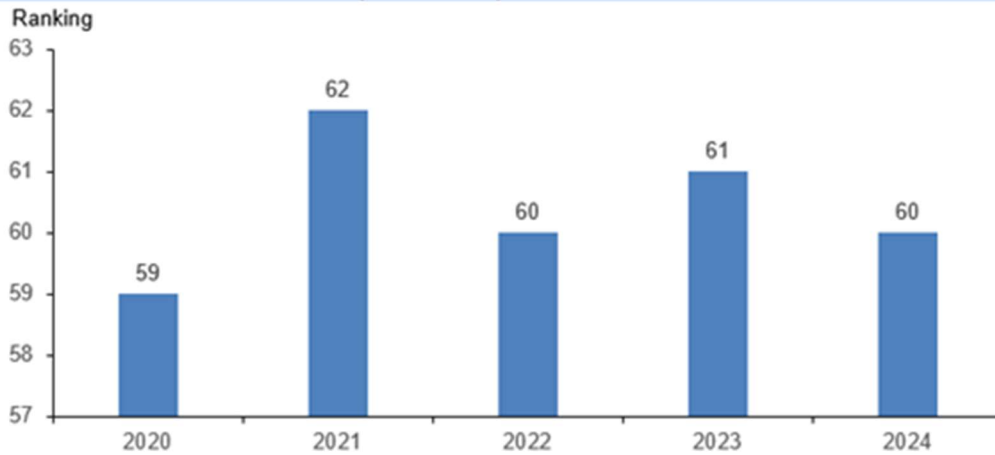
Source: IMD World Competitiveness Center

### South Africa Competitiveness Landscape (Rankings out of 67 countries)



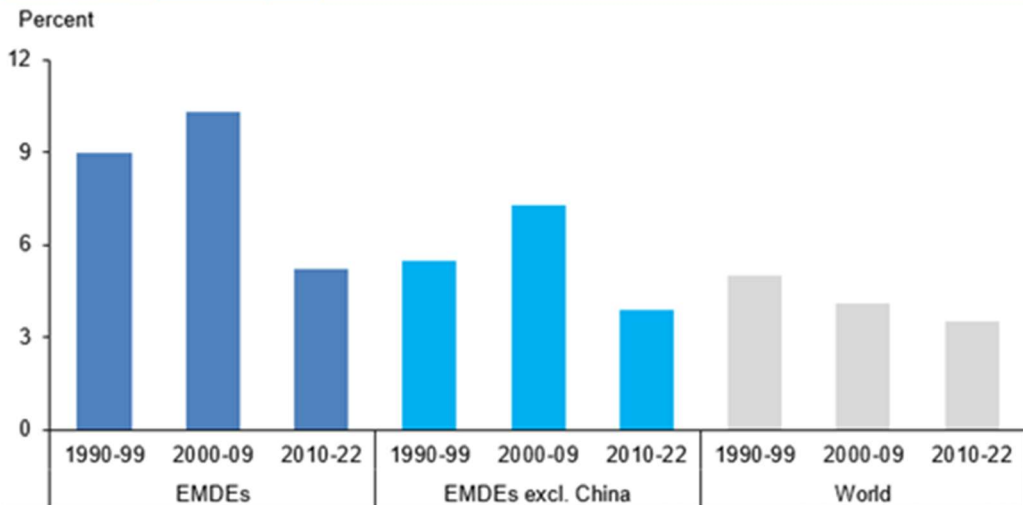
Source: IMD World Competitiveness Center

**South Africa Overall Performance (67 countries)**



Source: IMD World Competitiveness Center

**Average annual investment growth**



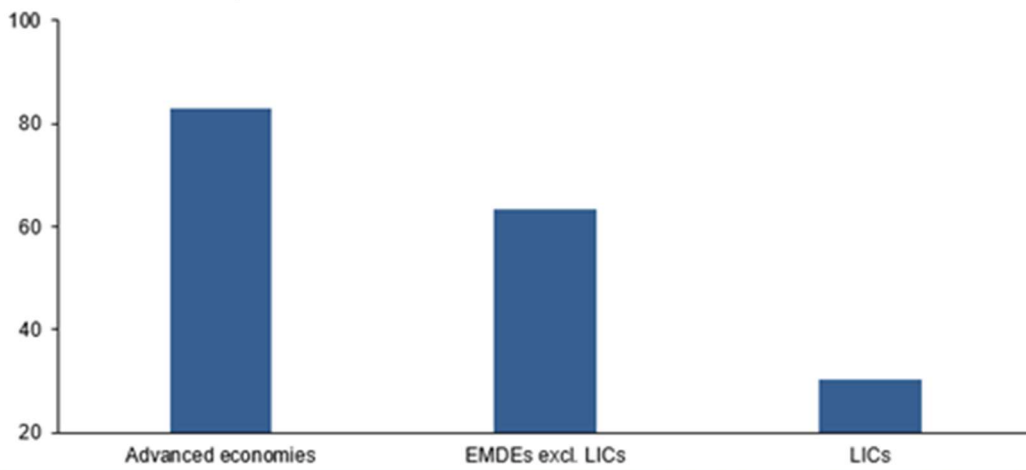
Source: World Bank, Global Economic Prospects June 2024

Note: EMDEs = emerging market and developing economies. Investment growth averages are calculated using GDP weights at average 2010-19 prices and market exchange rates. Sample includes up to 103 economies, including 68 EMDEs.



### Public infrastructure investment efficiency

Index, 0-100, 100 = highest



Source: World Bank, Global Economic Prospects June 2024