



Business confidence: depressed as Agoa benefits seen at risk

Wednesday 5th March 2025

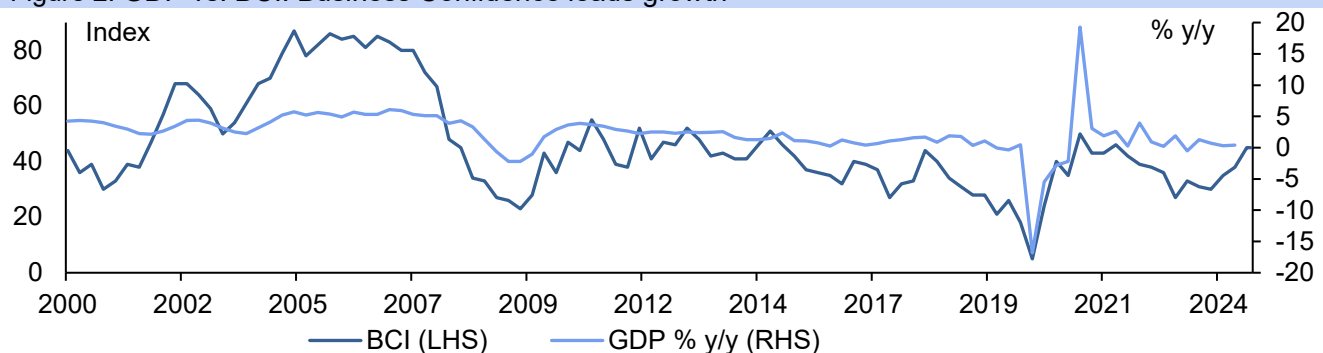
Figure 1: RMB/BER confidence index

	Q1.24	Q2.24	Q3.24	Q4.24	Q1.25	Change
Retail trade confidence index	34	39	45	54	50	-4
Wholesale trade confidence index	37	53	51	60	42	-18
New vehicle dealers' confidence index	16	10	27	23	52	29
Manufacturers' confidence index	21	28	28	36	34	-2
Building contractors index	42	47	41	51	45	-6
RMB/BER BCI	30	35	38	45	45	0

Source: BER

- The RMB/BER business confidence index (BCI) reading remained in depressed territory, below the neutral 50 mark, at 45 in both Q1.25 and Q4.24. The majority of businesses (55%) remained dissatisfied with prevailing conditions, and so profitability. Four out of the five components saw confidence fall.
- Building contractors' (45 from 51), retailers' (50 from 54), manufacturers' (34 from 36) and wholesalers' (42 from 60) sentiment all fell, a broad-based decline as sentiment remained poor on the whole.
- Business confidence itself is determined by the current reading of the quarter it's in, particularly on operating conditions and profitability. Realised business conditions turned more negative, dropping to -17 from -3
- The business climate deteriorated tying in with weak GDP growth, with only the Western Cape recording positive sentiment, although a drop to 52 from 55. While business confidence in Gauteng fell to 40 from 46, Kwa-Zulu Natal's lifted from 40 to 44, but remained in negative territory below the neutral 50 mark.
- The survey took place from the 5th to 24th February, with the new Trump Administration's executive order against SA, withdrawing aid and assistance, and uncertainty over the global and SA outlook increased, as US-SA political relations have soured. The BER noted "these concerns featured in some of the comments from survey respondents, with references to worries about the impact of the continuation of AGOA."
- Only the very volatile new vehicle dealers saw confidence rise, to 52 from 23, skewing the results heavily, and likely to continue to see high volatility.
- The forward-looking index of six months out, expected business conditions, again became more positive, with the reading at 7, up from 6 in Q4.24, 3 in Q3.24 and -17 in Q2.24, but not a good predictor of Q1.25.

Figure 2: GDP vs. BCI: Business Confidence leads growth



*Seasonally adjusted. Source: BER, Stats SA



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Figure 3: Business confidence and composite indicators

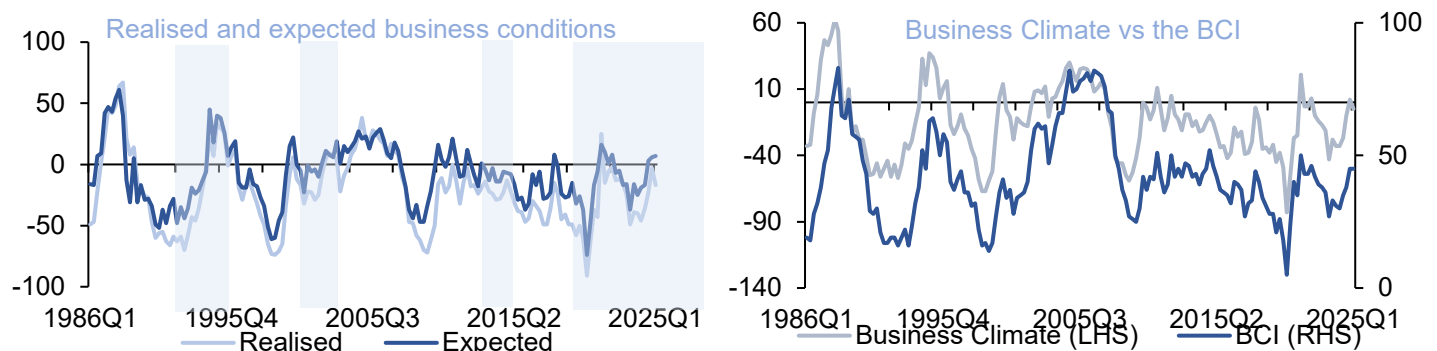
South Africa	Unit	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	Ch
RMB/BER business confidence	%	27	33	31	30	35	38	45	45	0
Gauteng	%	23	31	27	23	33	33	46	40	-6
KwaZulu-Natal	%	39	37	41	18	39	53	40	44	4
Western Cape	%	31	35	37	40	40	43	55	52	-3
Business conditions: realised ¹	Net %	-49	-39	-40	-46	-36	-23	-3	-17	-14
Business conditions: expected	Net %	-37	-16	-25	-19	-17	3	6	7	1
Business climate ^{#,1}	Net %	-43	-28	-33	-33	-27	-10	2	-5	-7
Activity ³	Net %	-28	-24	-28	-29	-21	-22	-4	-3	1
Employment ⁴	Net %	-12	-5	-3	-13	-6	-9	-7	-8	-1
Purchasing prices ⁵	Net %	75	59	64	63	60	58	42	48	6
Selling prices ⁶	Net %	42	32	26	40	34	28	21	23	2
Inventories ⁷	Net %	8	21	23	18	22	24	19	14	-5

Source: BER

Average between realized and expected business conditions 1. Building (build) (contractors only), manufacturing (mnf), retail (ret) wholesale(whs) and new vehicles (mot); 2. Build, mnf, ret, whs & mot; 3. Build, mnf, ret, whs, mot & other services (serv); 4. Build, mnf, ret, whs & serv; 5. Mnf, ret & whs; 6. Mnf, ret, whs & serv; 7. Mnf, ret, whs & mot; stocks relative to expected demand

- “The duty-free access to the US provided by AGOA has benefited a number of sectors, particularly South Africa’s automobile industry. Motor vehicles make up around a fifth of South Africa’s exports to the US and are worth US\$1.9bn, putting them only behind precious metals.” (Agoa info website).
- “Losing AGOA ... could cost tens of thousands of jobs and dent the government’s economic growth strategy.”
- The US’s total goods trade with South Africa was US\$20.5 billion in 2024, with imports in 2024 at US\$14.7 billion, up 4.9 percent (\$679.4 million) from 2023.
- The BER also found respondents in the building and manufacturing sector “were worried about ArcelorMittal’s potential closure and domestic demand in general.”
- For South Africa, its steel industry is in severe decline and lacks domestic tariffs (and is unlikely to institute them) to protect it from very cheap steel imports flooding the country.

Figure 4: Realised and expected business conditions and business climate vs the RMB/BER BCI



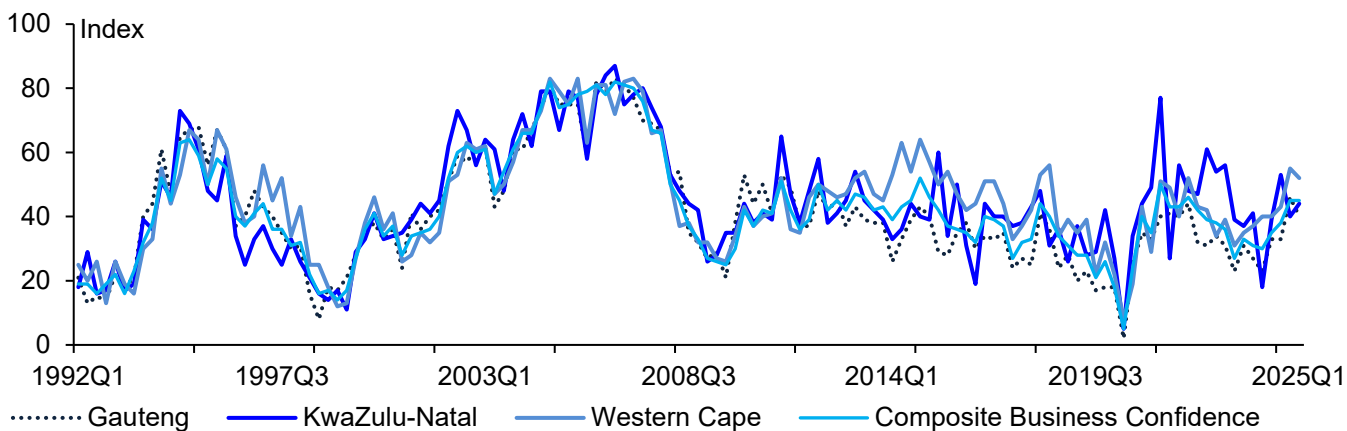
Source: BER

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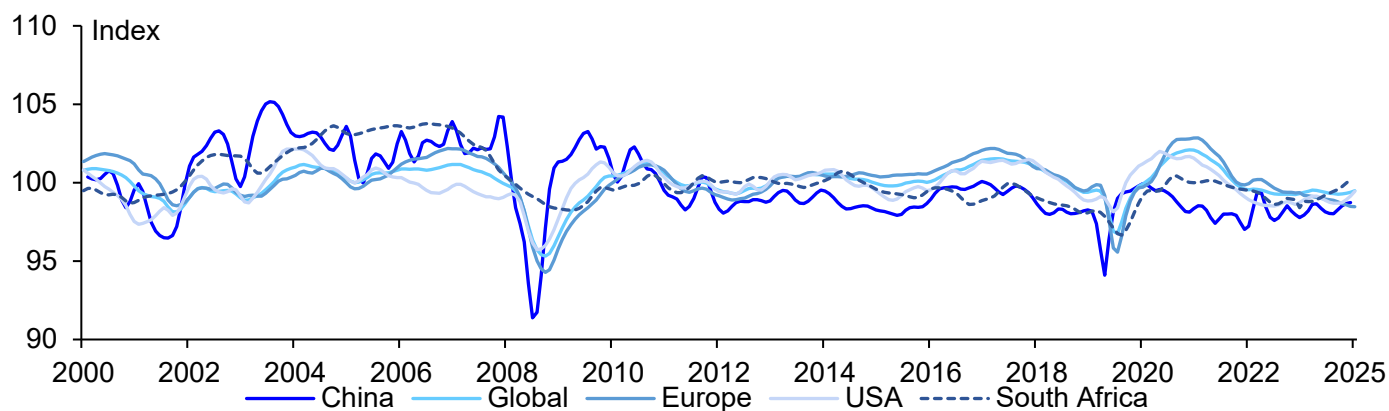


Figure 5: Composite confidence per province



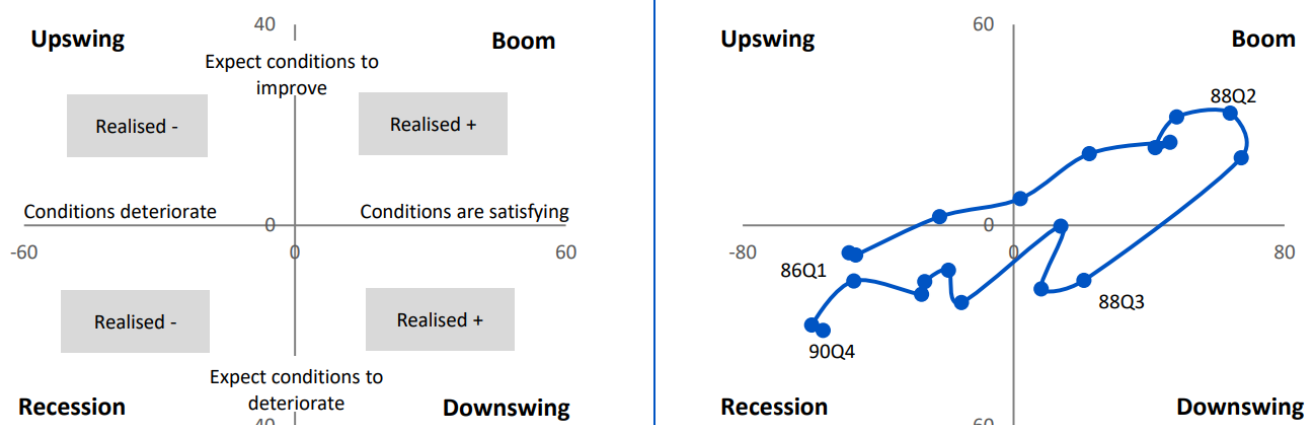
Source: BER

Figure 6: OECD BCI



Source: OECD

Figure 7: Business cycle clock



Source: BER



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