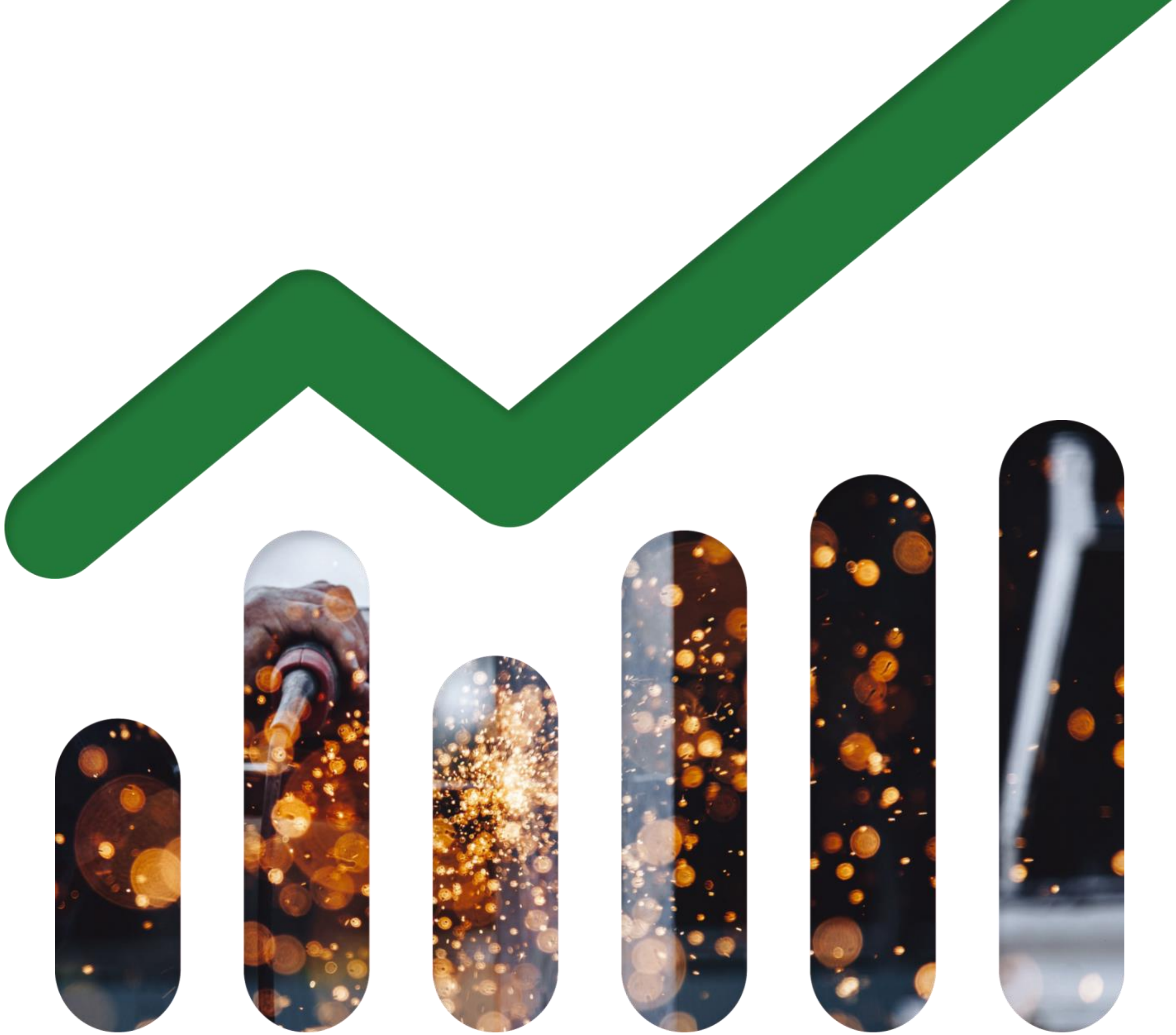
National Economic
Development and
Labour Council



Economic and Employment Trends in South Africa

May 2025 | Issue 26

Overview of current economic and employment trends

- South Africa's **per capita GDP has declined since 1994 due to falling output in mining and manufacturing,** while services output has doubled, and construction has reverted to 1994 levels (Slide 4).

- Between 2014:Q4 and 2024:Q4, **employment grew in most industries, with finance, community services, and agriculture leading**, while manufacturing and private households saw declines (Slide 5).

- **Household consumption and wealth picked up in late 2024**, supported by retirement withdrawals, lower interest rates, and easing inflation (Slide 6).

- Since 1994, **the financial and community services sectors have led investment**, contributing 22% and 20% respectively (Slide 7).

- **Emerging markets,** including South Africa, **face persistently high gross financing needs and rising interest payment burdens** (Slide 8).

- Over the last six quarters, **mining has consistently supported South Africa's trade surplus, while manufacturing has remained in trade deficits** (Slide 9).

- **Real wages have declined in most industries despite nominal gains**, with manufacturing as the only sector showing sustained real wage growth (Slide 11).

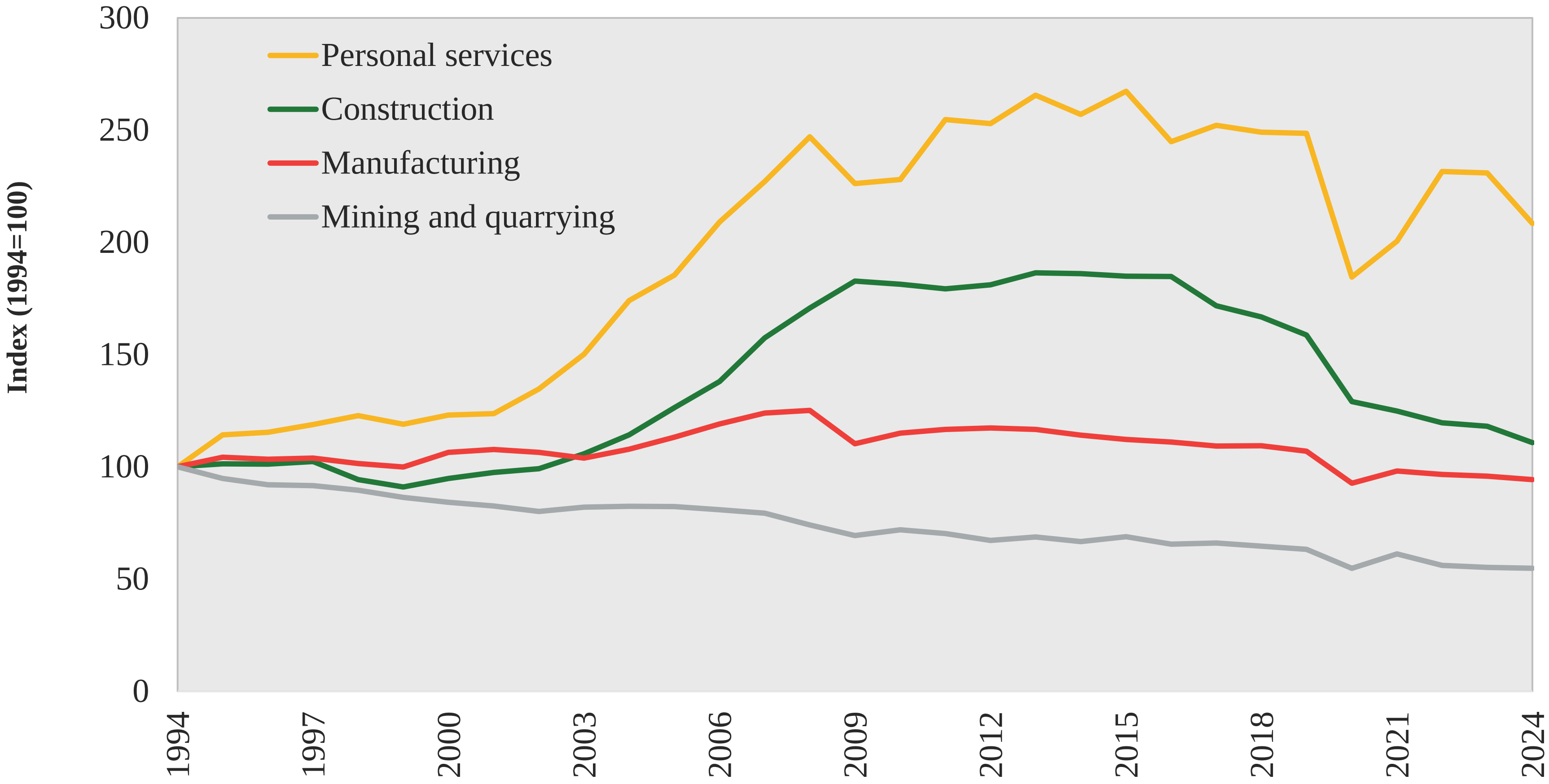
- The SARB warns that tariff wars, AGOA loss, and a weaker rand could **cut 2025 GDP growth by up to 0.7% and raise inflation above current forecasts** (Slide 12)

Gross Domestic Product

- **South Africa's output per capita has declined since democracy**, driven by declines in mining and manufacturing since democracy.
- Construction output per capita has fallen back to 1994 levels, **while services output has roughly doubled over 30 years.**

Over the last 30 years, SA's **per capita output has stagnated, driven by declines in mining and manufacturing offset by strong growth in personal services**

Real Value Added by industry in South Africa (population adjusted)

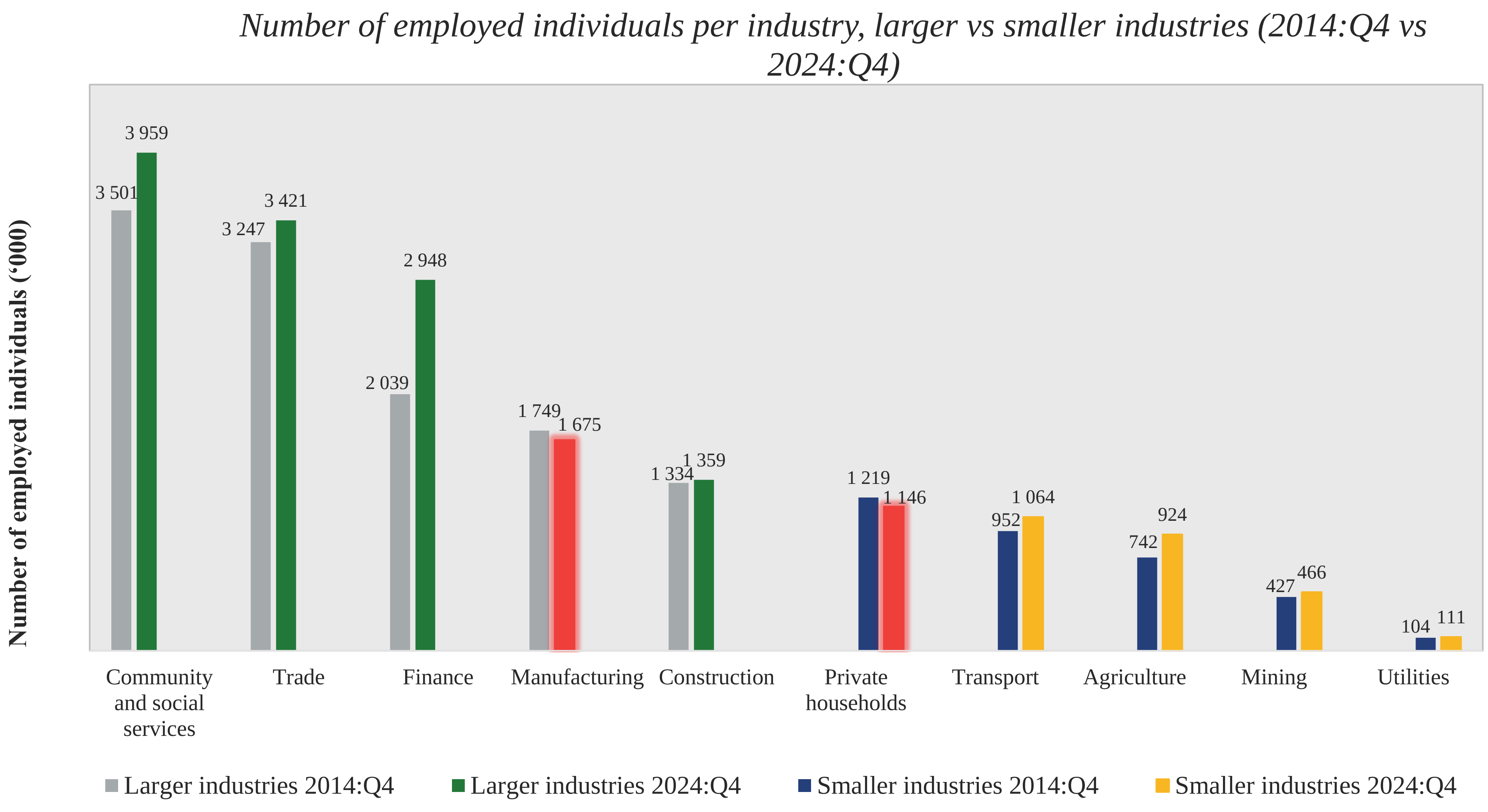


Source: Stats SA, SARB, EconData

Employment

- Between 2014:Q4 and 2024:Q4, employment increased across most industries, **with the largest gains in finance, community and social services, and agriculture.**
- Manufacturing was the only large industry to experience a decline in employment, while private households was the only smaller industry to show a decrease.

Over the last decade, **most industries experienced employment growth**, except **manufacturing and private households**

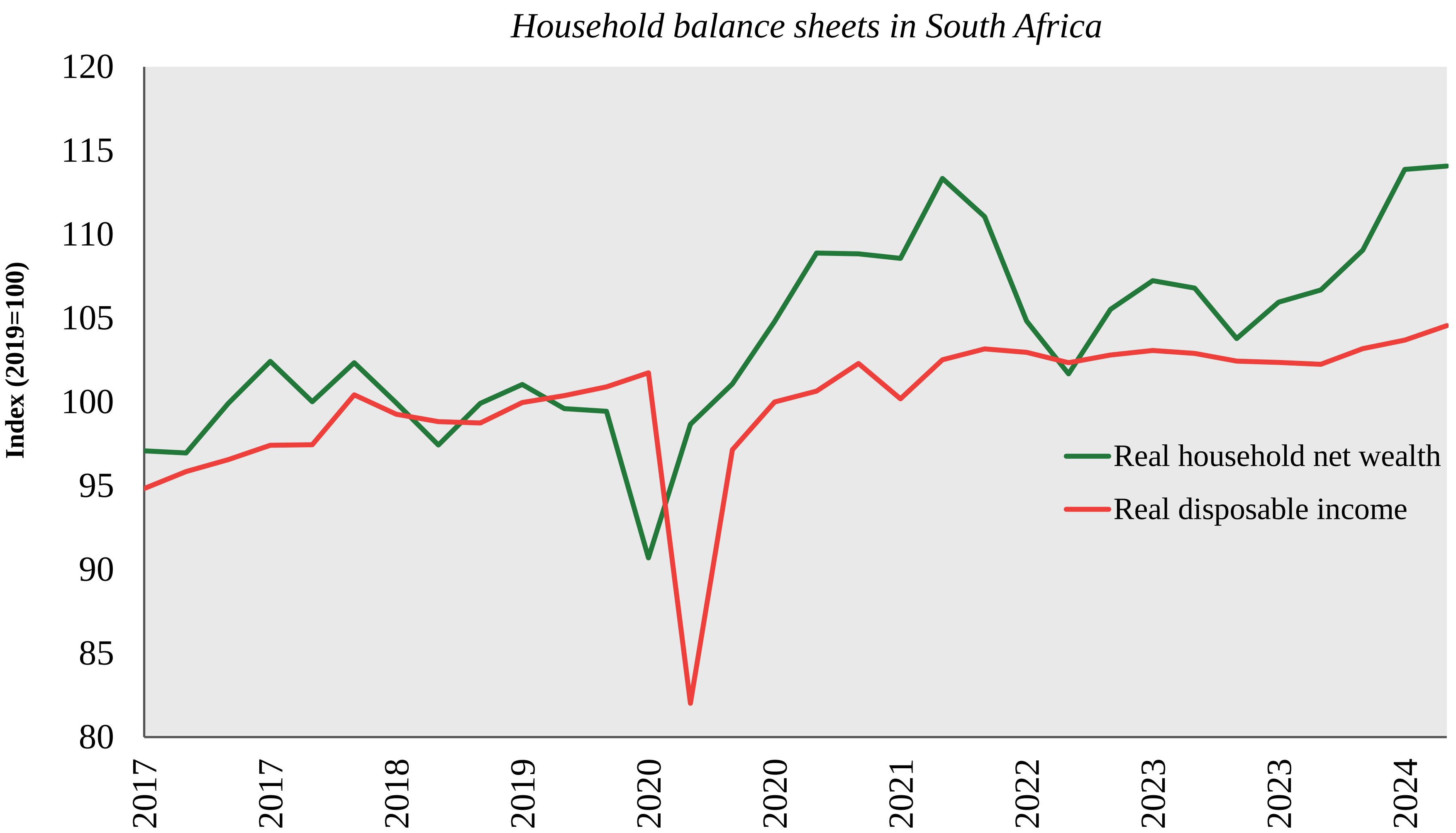


Source: Quarterly Labour Force Survey 2024:Q4, Stats SA

Households

- Household consumption picked up in the second half of 2024, **driven by two pot retirement system withdrawals, lower interest rates, and a deceleration in inflation.**
- Lower interest rates and inflation also contributed to a modest increase in household wealth.

Household consumption picked up in late 2024, **driven by retirement withdrawals, easing inflation, and interest rates**



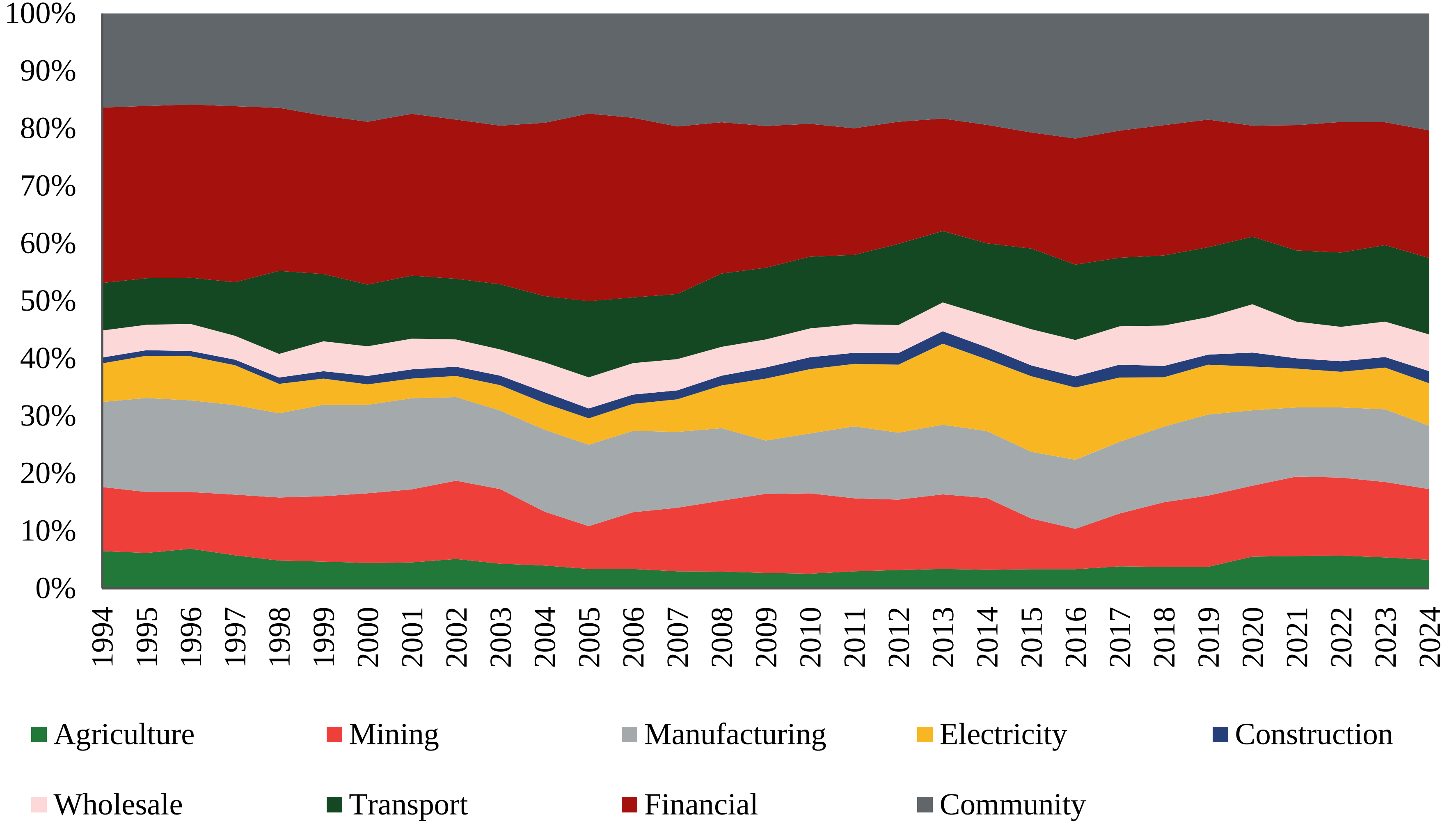
Source: SARB, EconData. Note that these aggregate figures mask significant inequality in income and wealth.

Investment

The financial and community sectors have been the two largest contributors to investment in South Africa since 1994, representing 22% and 20% of total investment.

Investment in South Africa has been consistently driven by the **financial and community sectors** since 1994

Industry contribution to investment in South Africa



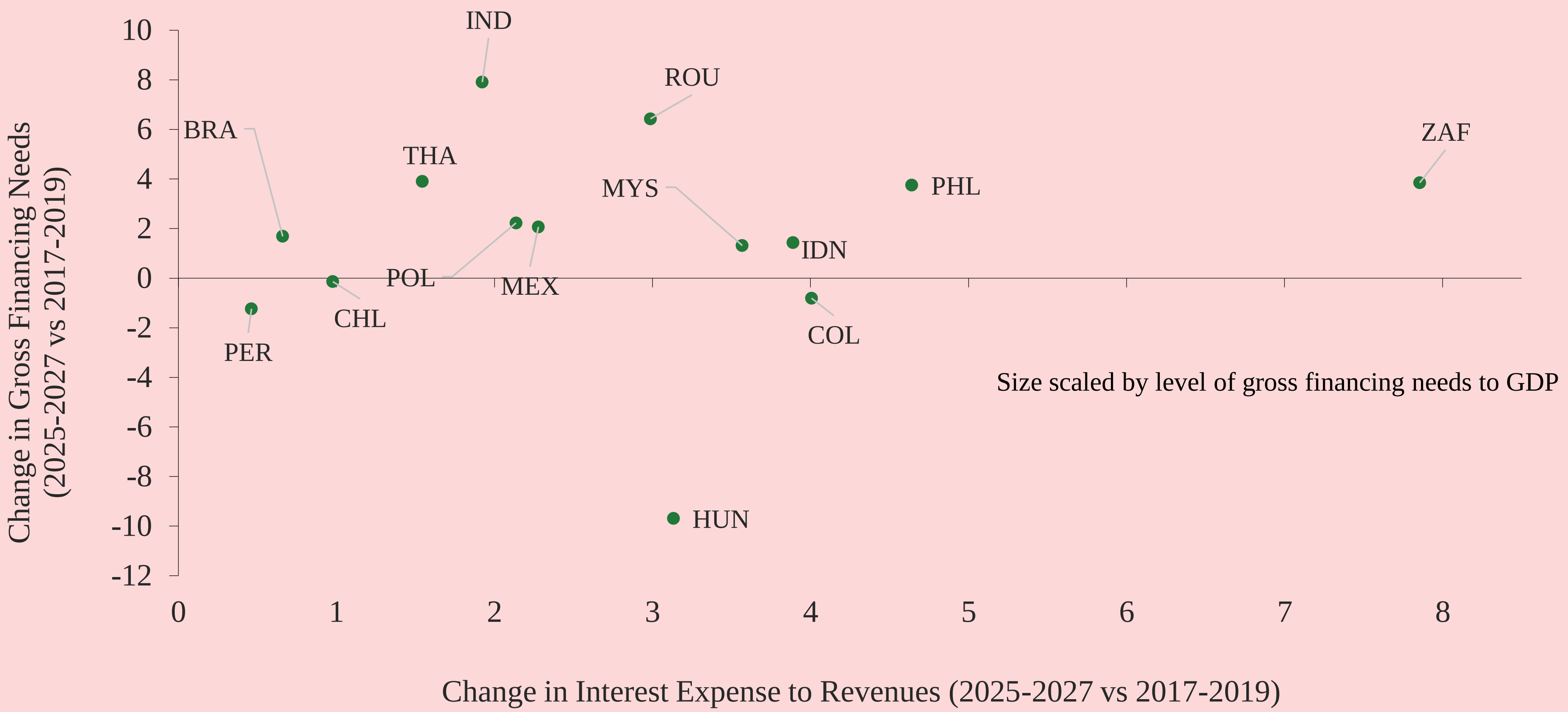
Source: SARB, EconData

Government

In most emerging markets, **future gross financing needs are expected to remain above pre-pandemic levels**, while an increasing portion of government revenue is being allocated to interest payments.

Emerging markets face rising debt pressures, led by **SA's sharp increase in financial needs and interest burdens**

Change in fiscal position in major emerging markets expected vs pre-pandemic (percent of GDP)



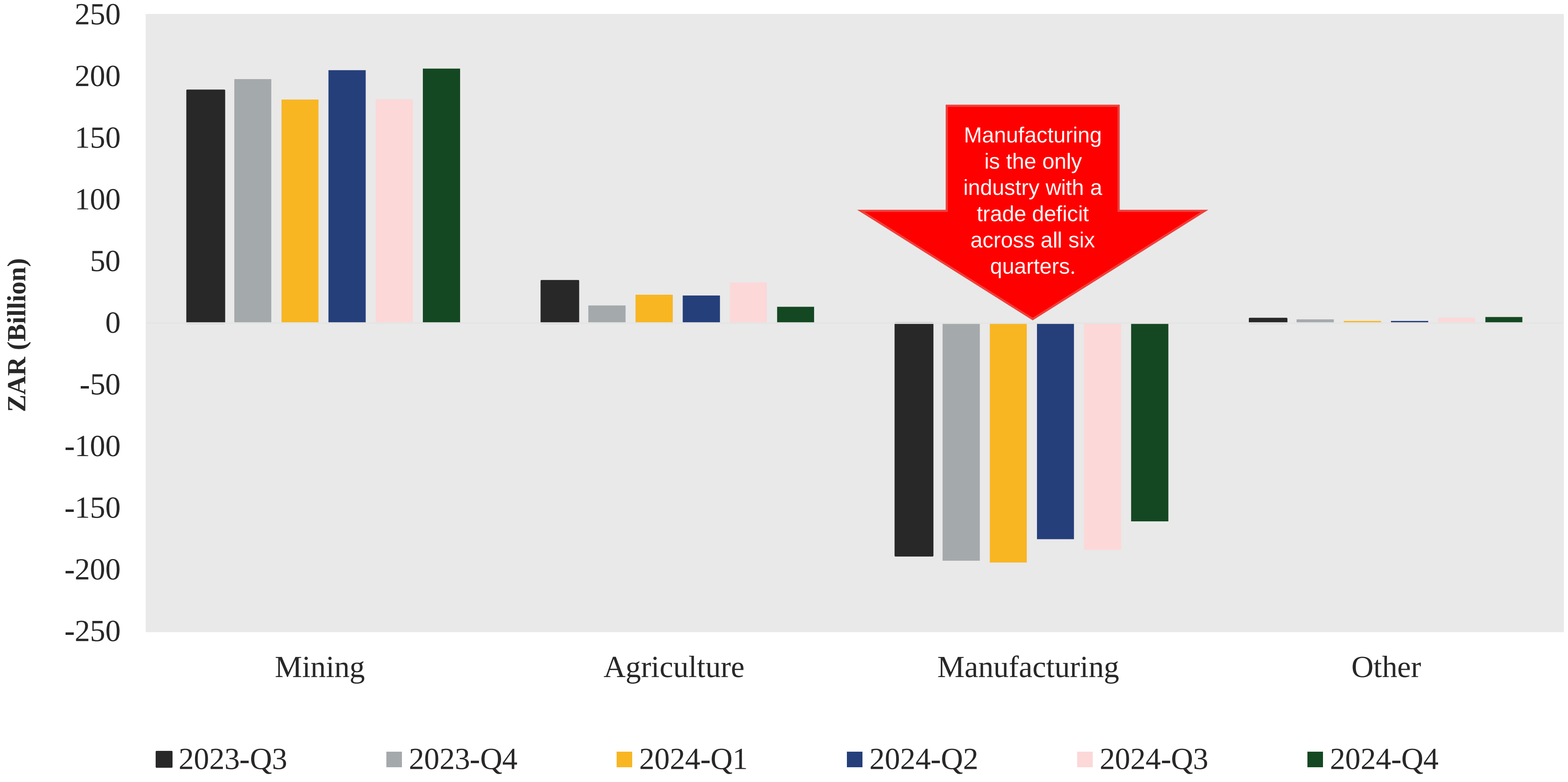
Source: IMF Global Financial Stability Review 2025

International Trade

- Over the last six quarters, **mining has shown a strong and stable trade surplus**, contributing the most positively to South Africa's overall trade balance.
- Manufacturing has been the only industry to consistently experience a trade deficit

Despite persistent trade deficits in the manufacturing sector, **South Africa maintained a trade surplus in 2024-Q4, driven by strong mining trade surpluses**

South Africa's trade balance by industry,



Source: SARS data, classified at NCS1

International Trade

- South Africa's manufacturing **trade deficit is gradually narrowing**, driven by a slight export recovery.

The trade balance in manufacturing **remains negative across all quarters**

South Africa's trade balance: manufacturing

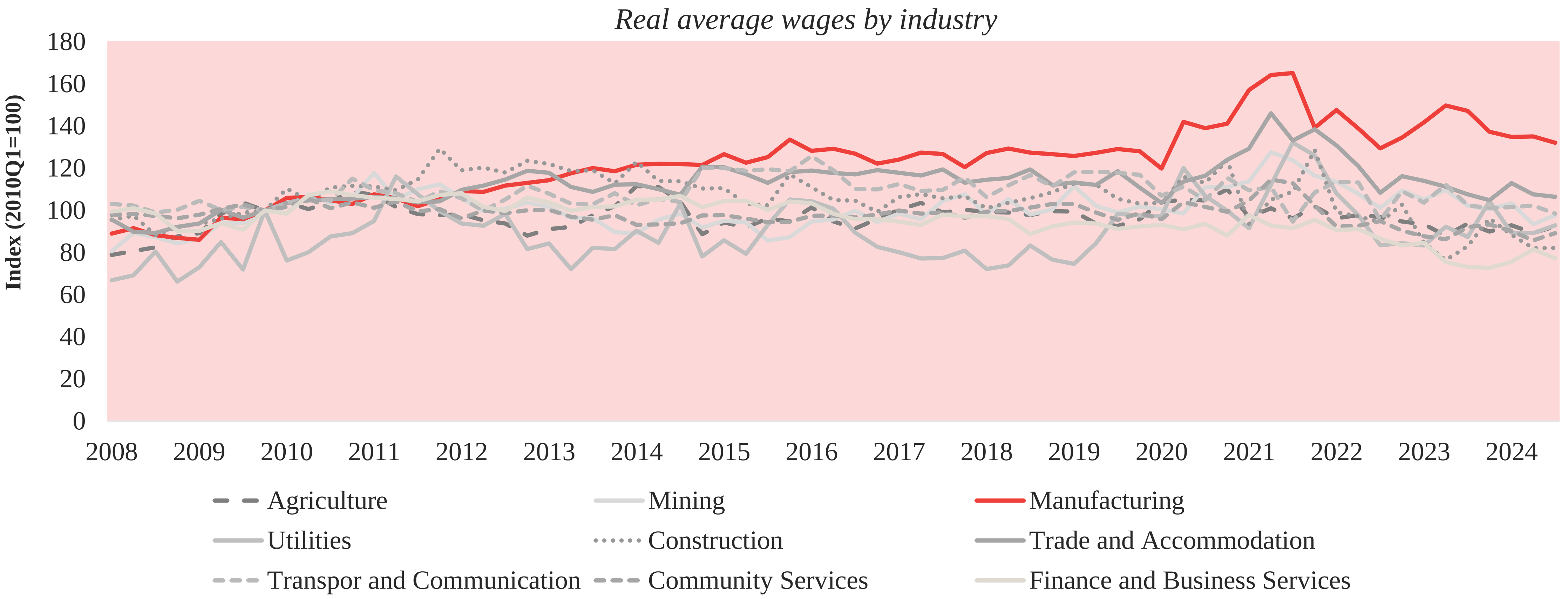
Industry	2023-Q3	2023-Q4	2024-Q1	2024-Q2	2024-Q3	2024-Q4
Exports						
Manufacturing	270.83	276.18	236.3	258.16	255.01	263.21
Imports						
Manufacturing	459.36	468.48	430.48	433.44	438.94	423.94
Trade Balance						
Manufacturing	-188.53	-192.3	-194.18	-175.28	-183.93	-160.73

Source: SARS data, classified at NCS1

Industry

Despite strong nominal wage growth, average real wages have declined across many South African industries, according to data from the National Accounts and the Quarterly Labour Force Survey. The manufacturing industry is the only industry where average wages meaningfully exceeded inflation over the long term, according to these data sources.

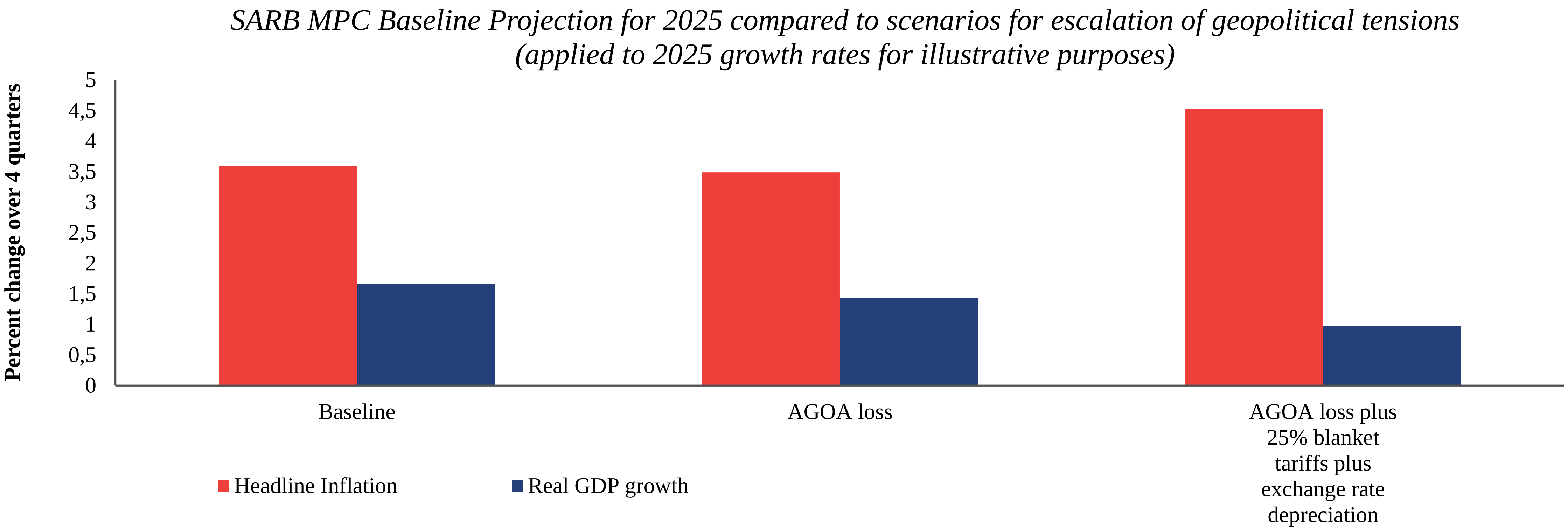
Real wages have stagnated or declined across most industries, **with manufacturing** standing out as the **only sector to achieve sustained real wage growth** over the long term



Source: Stats SA, EconData, Codera Analytics

Section C: What impact would tariff wars have on South Africa?

The SARB warns that **losing AGOA benefits, combined with new tariffs and a weaker rand**, **could reduce GDP growth and push inflation** higher in 2025



- The SARB's baseline projection for 2025 forecast growth of 1.7% and inflation of 3.6%.
- It has warned that the termination of African Growth and Opportunity Act (AGOA) preferential trade agreement, introduction of new tariffs, and a weakening rand — could reduce South Africa's GDP growth by up to 0.7%.

Source: SARB MPR April 2025

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Purpose of this Report

This report has been prepared in support of the NEDLAC Social Partners' Economic Recovery Action Plan. The report provides a snapshot of key macro-economic and employment trends based on official statistics and other relevant sources of data.

Disclaimer

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