

South Africa Macroeconomics – April 2025

The trend in consensus views

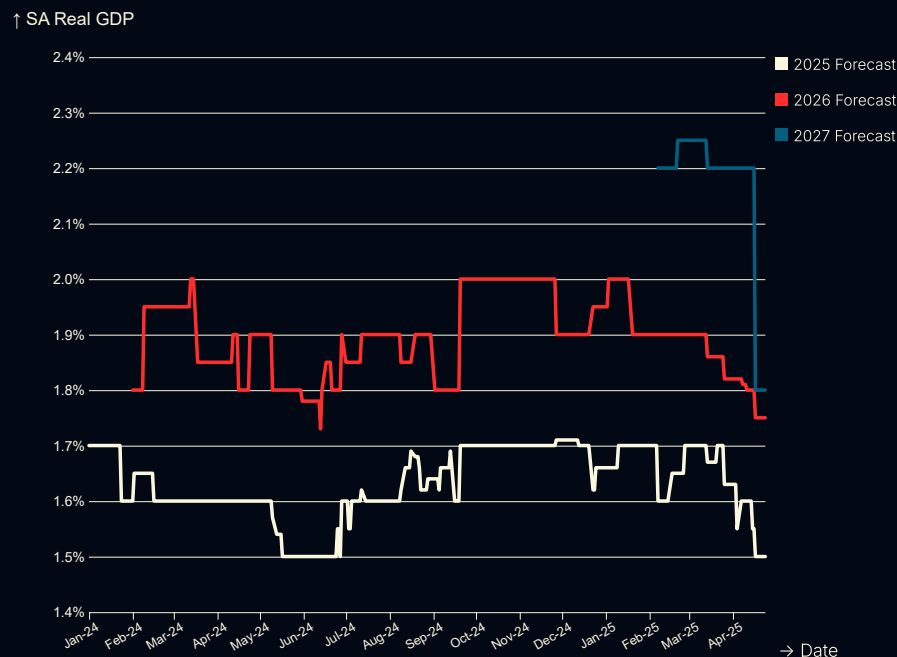
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THE EFFECT OF WHAT TRUMP HAS IMPLEMENTED HAS BEEN SLOW TO REVEAL ITSELF IN THE consensus data, but in the last month, the consensus has changed very rapidly to catch up with where developments are unfolding. We in the midst of that catch up and in general, there is probably more room for catch up. Beyond that, there is a likelihood that consensus may exaggerate the changes.

The trend in consensus estimates for SA real GDP growth – revisions in 2025

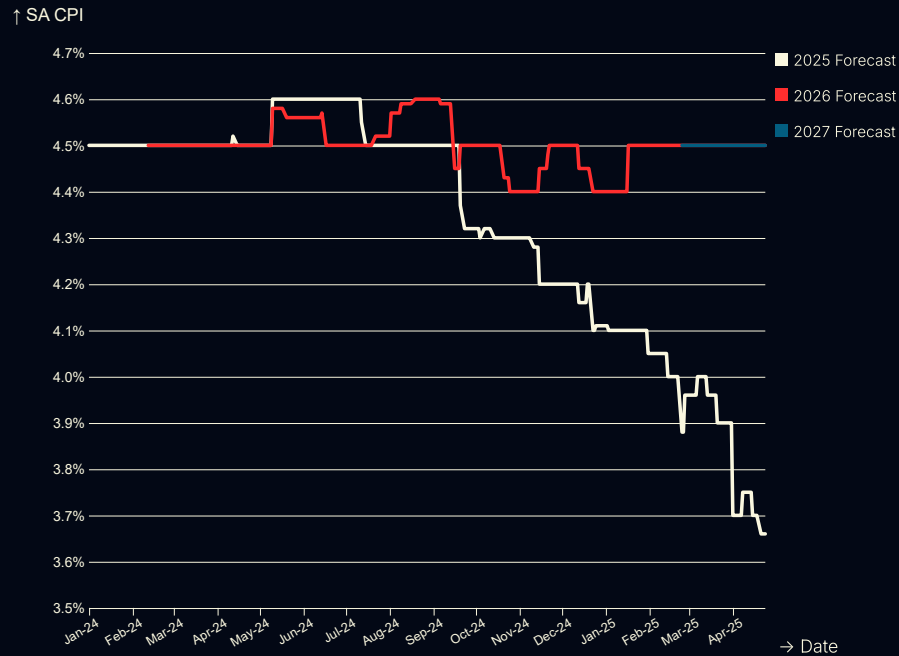


Source: Analytics Consulting, BBG data, 25 April 2025

Consensus estimates for SA real GDP growth in 2025 have been revised down to 1.5%. Downward revisions for 2026 and 2027 growth have registered estimates of 1.75% and 1.8% respectively.

In the short term, the risk will be to the downside for most of the growth consensus numbers based on a weakening global backdrop, still no clarity on a trade deal between the US and China and we are only starting to see early signs of the damage that these changes will inflict. When that starts to reflect, there will likely be further downward revisions. For South Africa, be cautious with downward revisions below 1% for 2025, given very favourable low base effects. Longer term, a more stable trade environment should provide less downside risk. Current revised levels for 2027 are on balance, with some upside risk.

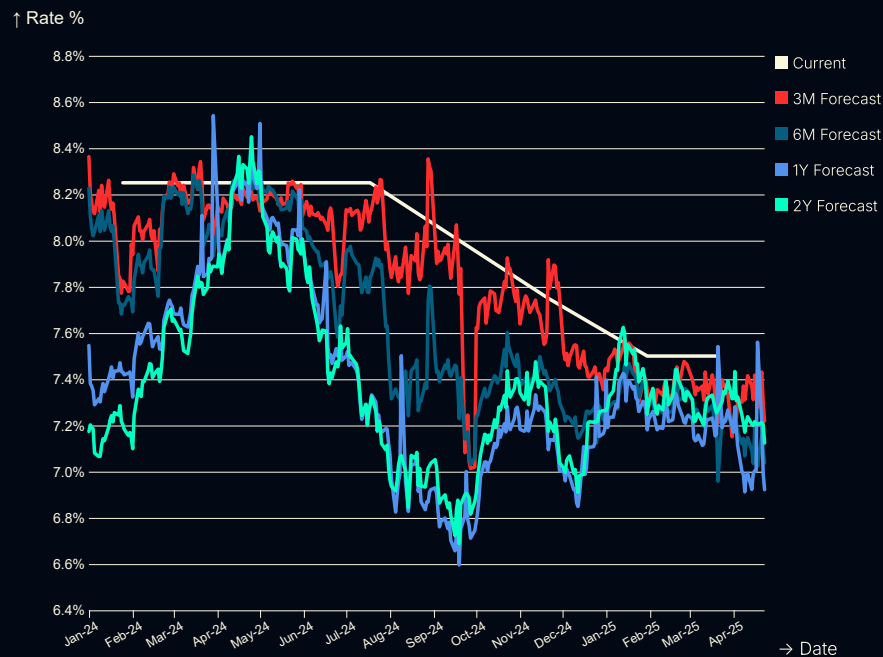
The trend in consensus estimates for SA headline consumer inflation – revisions in 2025



Source: Analytics Consulting, BBG data, 25 April 2025

A broad range of data has come in lower than expected, namely much lower education inflation (which persists for a year until the next survey); downward pressure on the oil price due to the global slowdown and yet to be factored in; ongoing subdued level of rental inflation well below 3% (with no pick up expected in housing activity soon); the real risk of imported deflation from China as China looks to move more aggressively into other markets, through more aggressive pricing and this could create further downward pressure on goods prices. Rand weakness appears to be playing a less significant role. In addition, these forecasts were revised lower before the VAT change was cancelled (the VAT impact on inflation was estimated to be around 0.1% to 0.2%). By the end of this year, inflation will move back around 4.5%, which appears to be sustainable into 2026 and 2027.

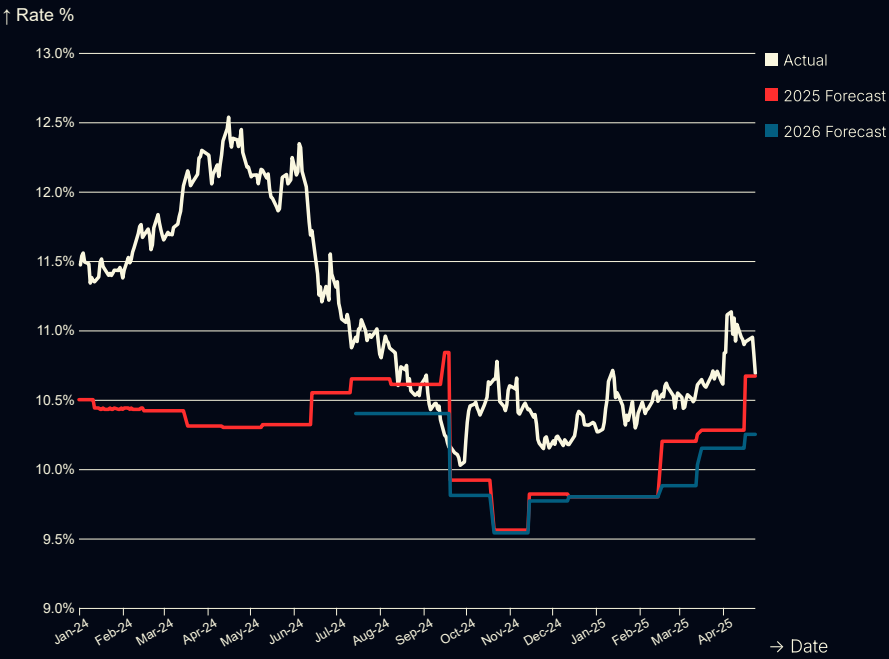
SA Repo Rate



Source: Analytics Consulting, SARB March 2025

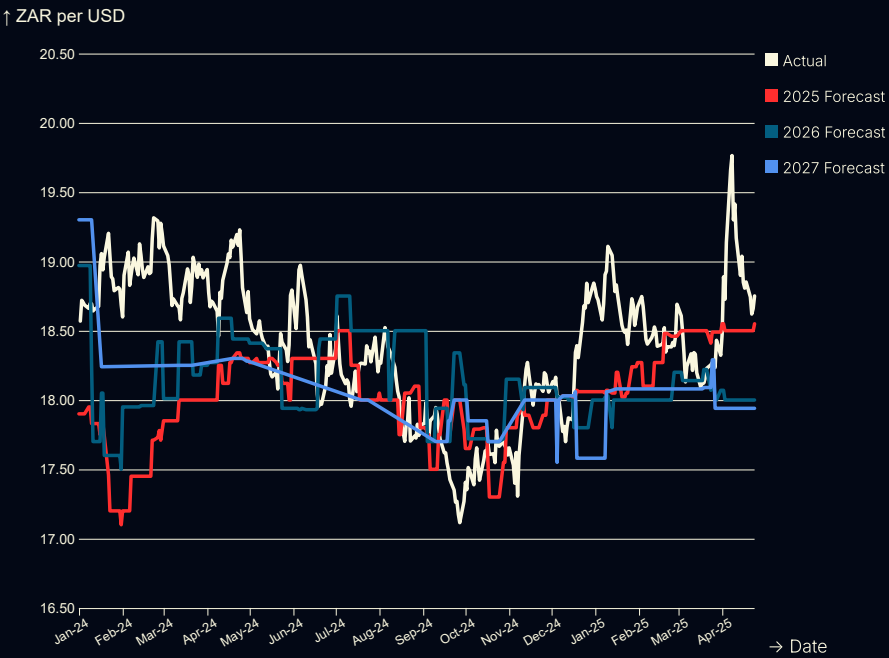
The current repo rate at 7.5% is above the neutral. The neutral rate for the SARB is probably 7.25% and they are adopting a very cautious approach. However, given how low the inflation data has been and the realization that there may be imported deflation from China, there is room to cut 25bps in May. There is the expectation that the US will cut this year, which may encourage the SARB to cut another 25bps. The balanced approach is a 25bps cut and then on hold.

The trend in consensus estimates for 10 Year Note for 2025 and 2026



Source: Analytics Consulting, BBG data, 25 April 2025

The trend in consensus estimates for Rand per Dollar for Q4 2025 at 18.55



Source: Analytics Consulting, BBG data, 25 April 2025

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