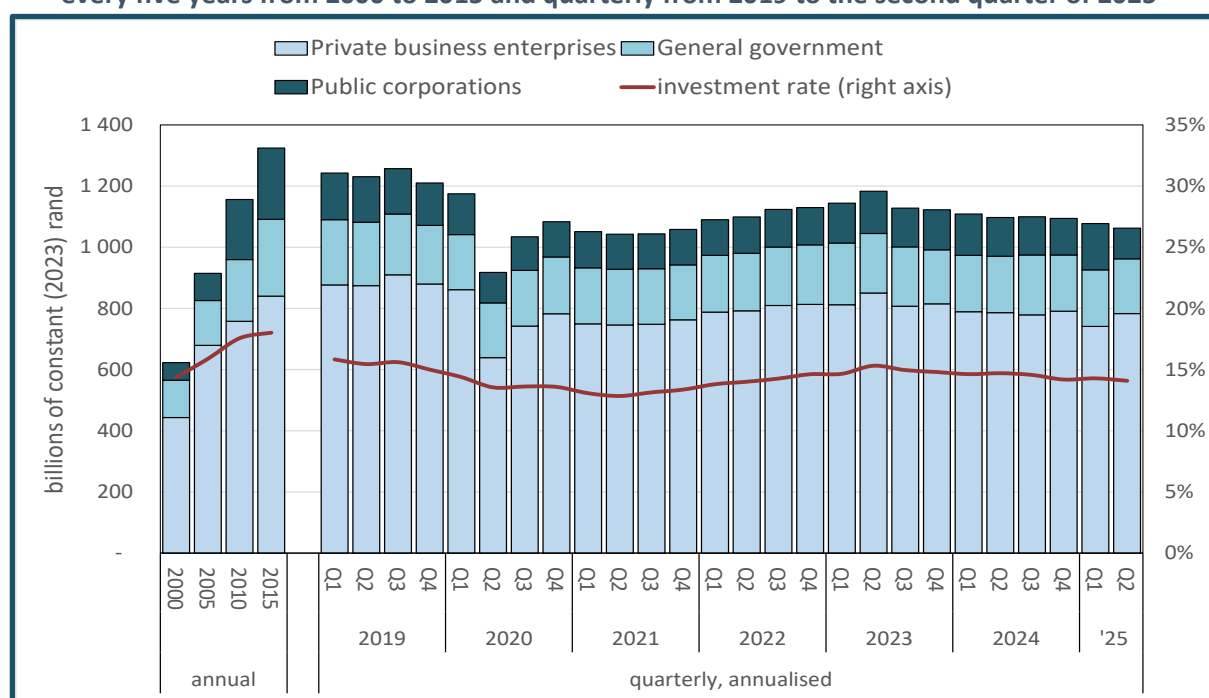


Investment and profitability

Investment continued the downward trend that started in the second quarter of 2023. Over this period, both public and private investment declined. Private investment shrank by 0.4%; the figure for general government was 3.2%, while investment by state-owned companies plummeted 20%. In the first half of 2025, the data showed fluctuations between public and private investment, but the downward trend continued for gross fixed capital formation as a whole. Data on profitability are only available through the first quarter of 2025, when they showed some recovery for both mining and manufacturing.

Investment fell steadily in two years to the second quarter of 2025, reversing the recovery from the COVID-19 downturn. Over this period, it fell 3.1%, with most of the decline coming from the public sector. How this outcome emerged despite government's commitment to boosting public infrastructure spend is unclear. It resulted in a drop in the investment rate (that is, gross fixed capital formation as a share of the GDP) from a post-pandemic peak of 15.3% in the second quarter of 2023 to 14.1% two years later. The investment rate is now back to levels last seen in the early 2000s, having peaked around 18% at the end of the commodity boom of the 2010s. (Graph 16)

Graph 16. Investment by type of investor in constant 2024 rand and the investment rate (a), every five years from 2000 to 2015 and quarterly from 2019 to the second quarter of 2025



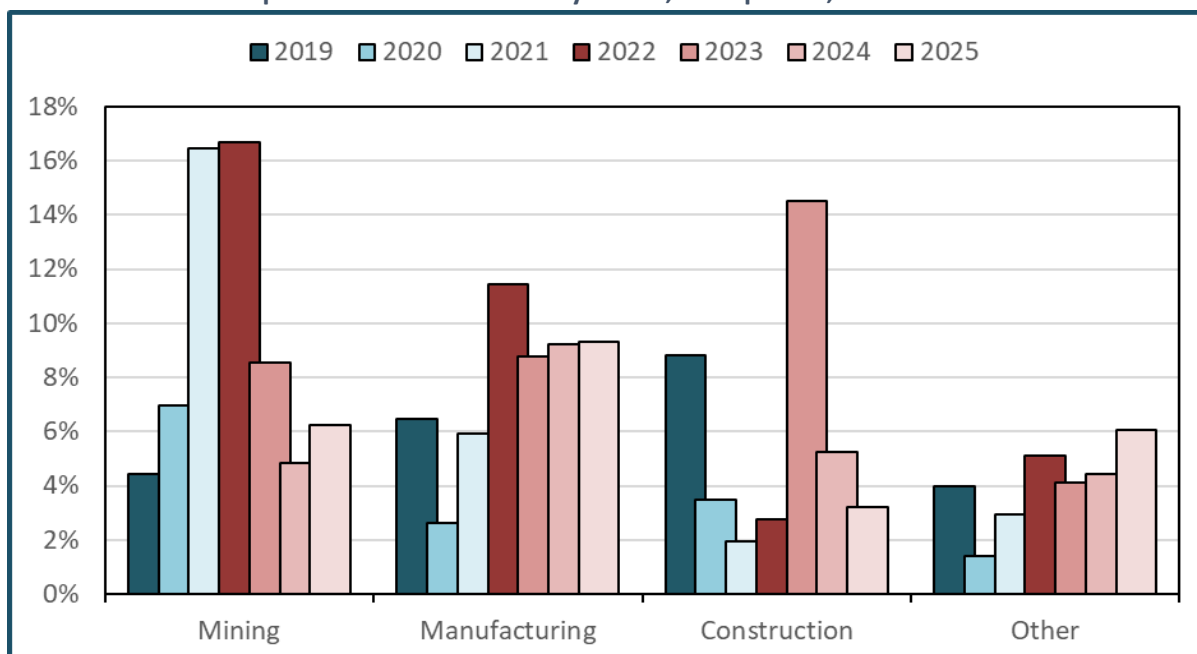
Note: (a) Figures for investment are reflat with implicit deflator rebased to second quarter 2025. The investment rate is gross fixed capital formation as a percentage of expenditure on the GDP. Source: Calculated from Statistics South Africa. GDP quarterly figures. GDP P0441 – 2025Q2. Excel spreadsheet.

The data show a spike in investment by state-owned companies in the first quarter of 2025 followed by a sharp plunge, with a reverse set of changes for private investment. It is unclear if this results from an actual shift in investment or a miscategorisation of the investors involved. The anomaly does not change the overall trend in total investment.

Data on profitability by sector are available only through the first quarter of 2025, from Statistics South Africa's Quarterly Financial Statistics. At the start of 2025, profitability recovered from 2024 in every sector except construction. That said, it was significantly lower than in 2021 and 2022, when high international mining prices increased returns especially in the mining value chain. (Graph 17).

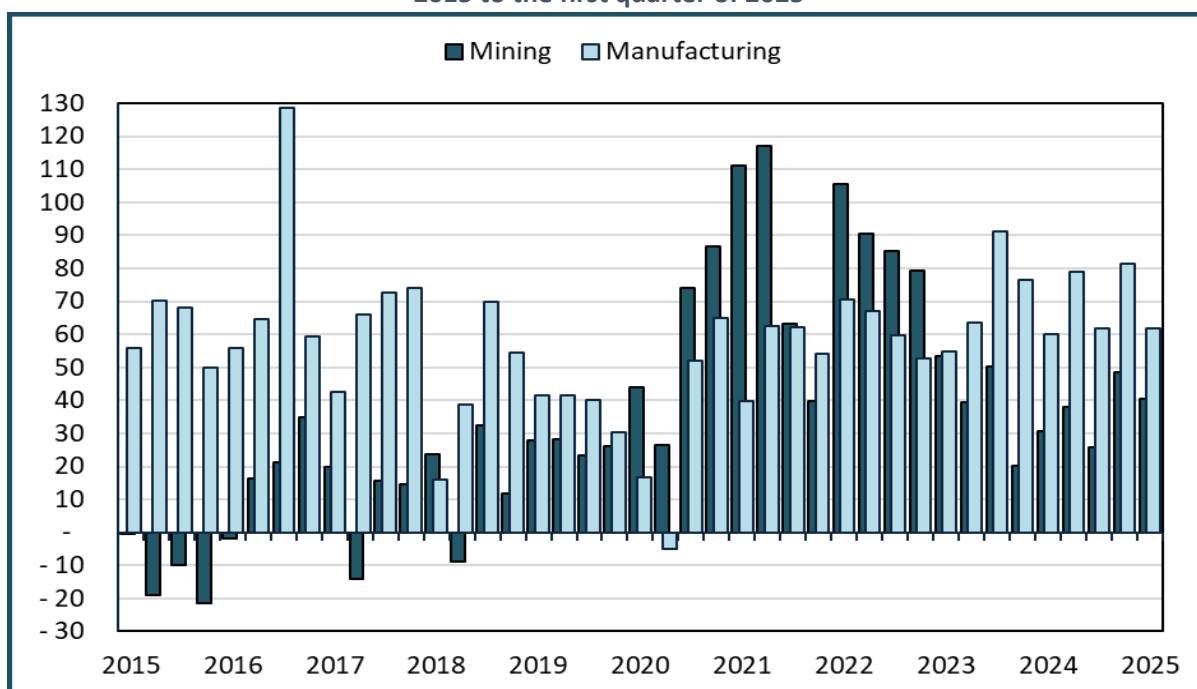
In the first quarter of 2025, both manufacturing and mining profits declined in constant rand terms (Graph 18). Manufacturing profits shrank by 24%, dropping from R81 billion in the fourth quarter of 2024 to R62 billion at the start of 2025. Mining profits also contracted, down 17% quarter-to-quarter, from R49 billion to R40 billion. However, mining profits surged by 31% compared to the same period a year earlier. Manufacturing profits climbed modestly in this period.

Graph 17: Return on assets by sector, first quarter, 2019 to 2025



Source: Calculated from Statistics South Africa. Quarterly Financial Statistics. Excel spreadsheet. Accessed at www.statssa.gov.za in August 2025.

Graph 18: Quarterly profits in manufacturing and mining in billions of constant 2025 rand (a), 2015 to the first quarter of 2025



Note: (a) Refflated with CPI rebased to first quarter 2025. Source: Calculated from Statistics South Africa. Quarterly Financial Statistics. Excel spreadsheet. Accessed at www.statssa.gov.za in August 2025.