

Investment and profitability

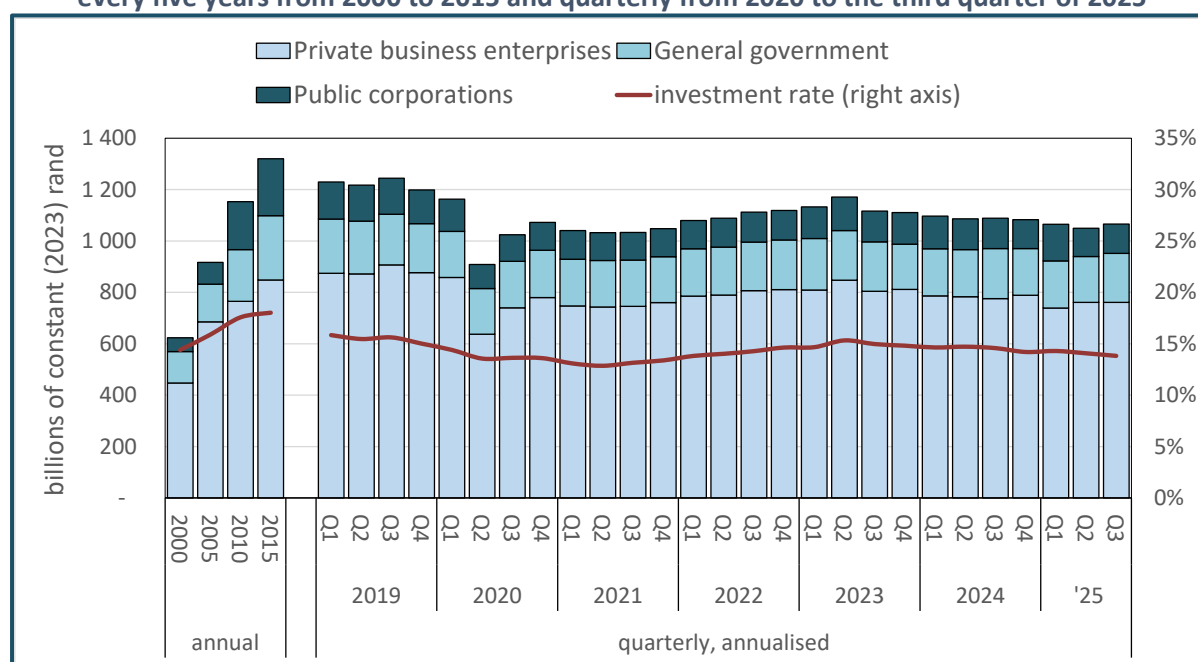
Gross fixed capital formation recovered some 5.4% in the third quarter of 2025, mostly due to a jump in public sector investment. The increase reversed a decline that had begun in mid-2023, at the height of the loadshedding crisis. Still, private investment was almost flat, and the investment rate continued to decline. Profitability increased across the economy outside of mining.

Investment by the general government jumped 6.6% in the third quarter of 2025. For state-owned companies, it climbed 3.5%. In contrast, private investment rose only 0.1%. While the recovery stemmed the decline in investment that began in mid-2023, it did not reverse it. Investment overall was still 2.4% lower than at its peak in 2023; private investment was down by 5.3%, state-owned companies by 4.7%, and government by 1%. Investment remains well below pre-pandemic levels.

The share of the GDP used for gross fixed capital investment – the investment rate – fell below 14% for the first time since the first quarter of 2022. Its post-pandemic high was around 15% in mid-2023 – well below the rate of 20% to 25% normally considered necessary for sustained growth. (Graph 18)

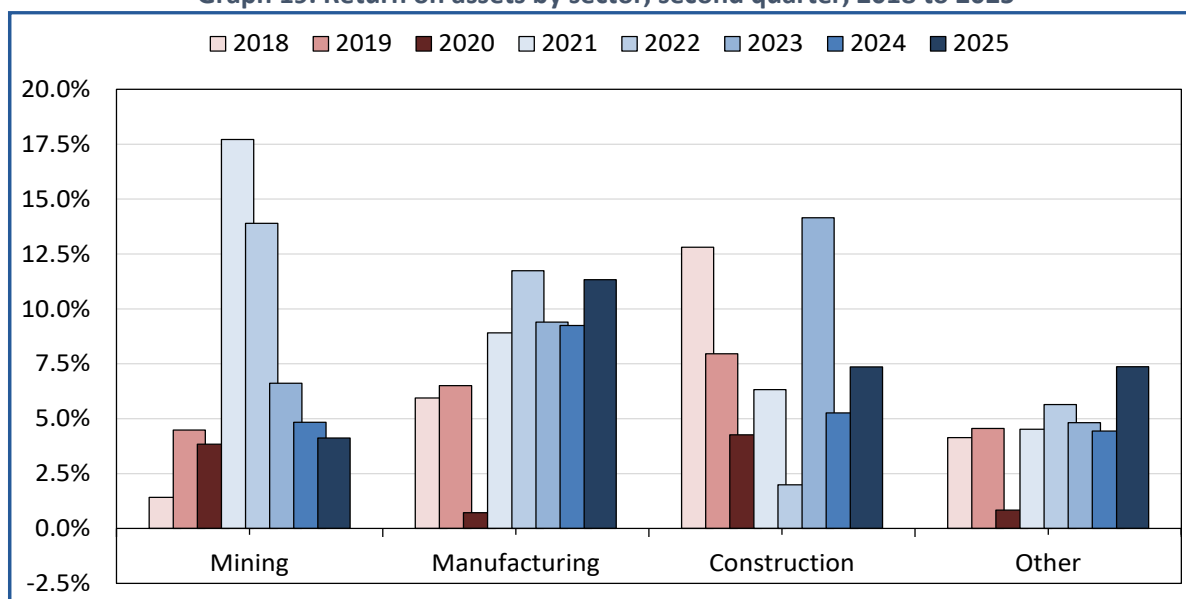
Graph 19 shows returns on assets through the second quarter of 2025, the latest available information. Outside of mining, the rate of return increased for every sector over the year. Figures for mining mostly reflect changing world prices. While significantly down from their 2022 peak, they remain far higher than in the 2010s. Profitability in construction has been extraordinarily volatile, but except for the 2023 spike has generally been depressed since the 2020 pandemic downturn.

Graph 18. Investment by type of investor in constant 2025 rand and the investment rate (a), every five years from 2000 to 2015 and quarterly from 2020 to the third 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.

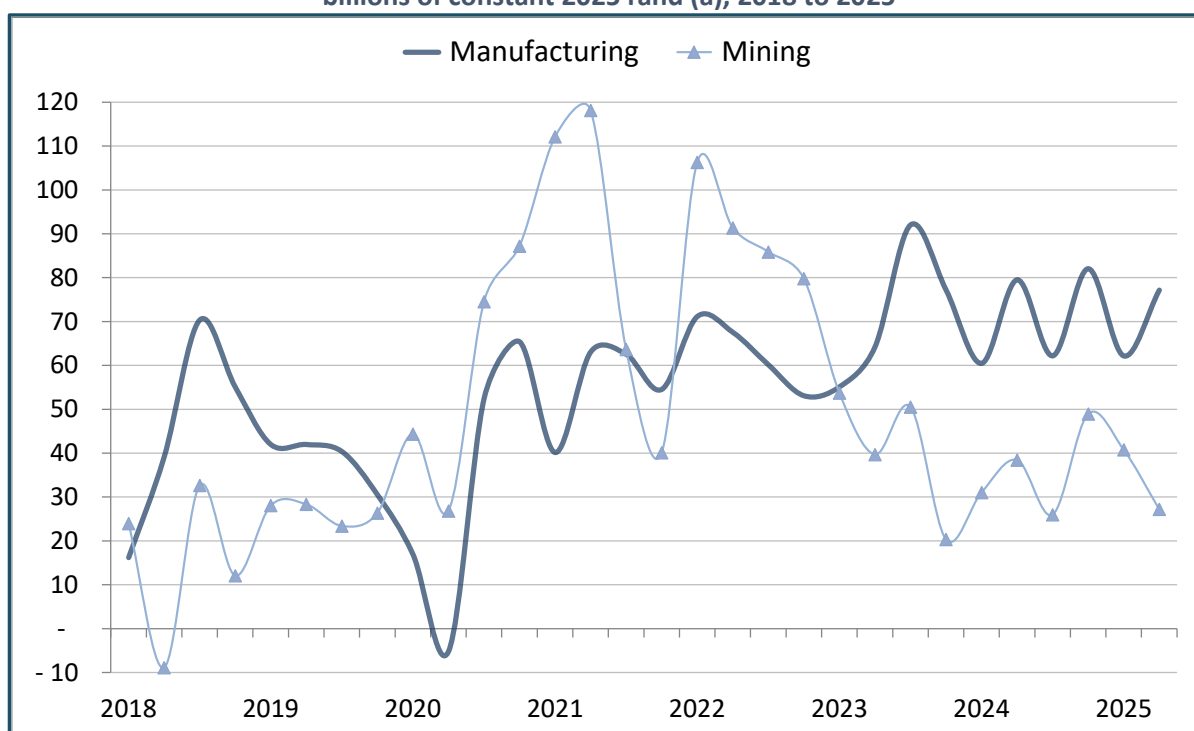
Graph 19. Return on assets by sector, second quarter, 2018 to 2025



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

Profits in mining are much more volatile than in manufacturing. In constant rand, mining earnings fell to R27 billion, down 33% from the first quarter of 2025 and over R90 billion below their 2021 peak. In contrast, manufacturing profits climbed by 24% from the first to second quarter of 2026, increasing from R62 billion to R77 billion over the same period. They have seen a secular increase since the pandemic recovery, despite substantial quarterly fluctuations. (Graph 20)

Graph 20. Second quarter profits in manufacturing and mining in billions of constant 2025 rand (a), 2018 to 2025



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