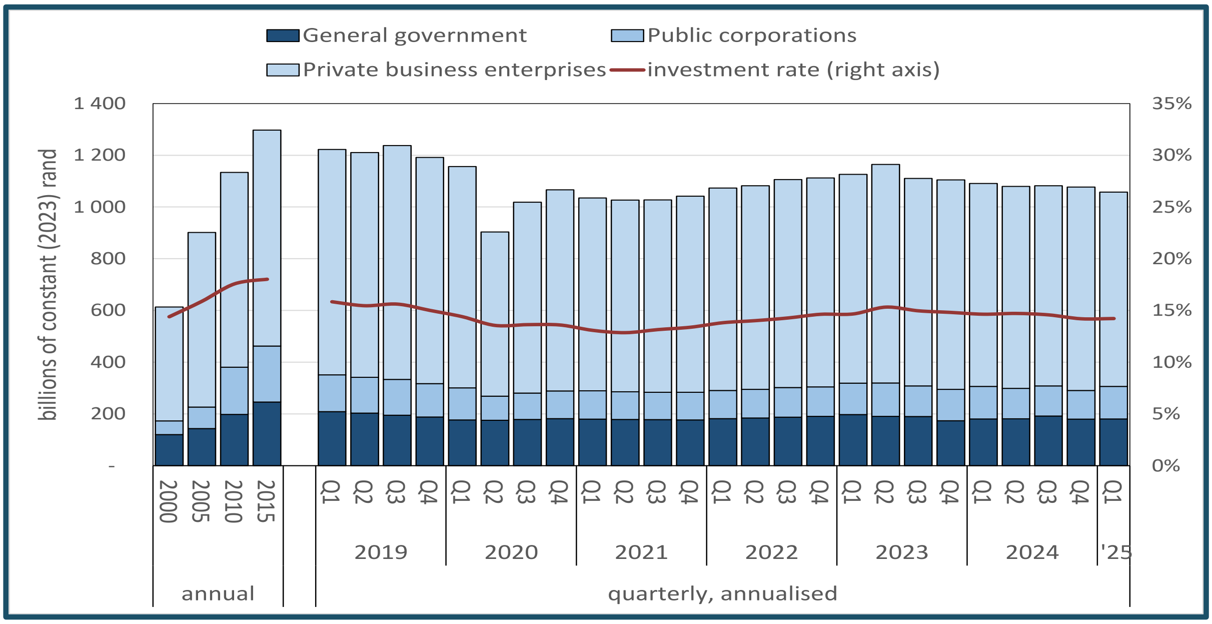
## Investment and profitability

*Private investment fell at an annual rate of 5% in the first quarter of 2025, the worst decline since the pandemic downturn in the second quarter of 2020. As a result, although investment by state-owned companies increased, total gross fixed capital formation shrank by 2%. Investment is now 14% below the first quarter of 2019.*

In seasonally adjusted and annualised terms, private investment dropped 5% from the final quarter of 2024 to the first quarter of 2025 in constant rand. That left it 11% below its post-pandemic peak in the second quarter of 2023, and 14% lower than in the first quarter of 2019, before the pandemic downturn. State-owned companies increased their investment at an annual rate of 14% in the first quarter of 2025 compared to the fourth quarter of 2024, and investment by general government was flat. The public sector only contributed 29% of total investment in early 2025, however. As a result, total gross fixed capital formation dropped by 2%, leaving it 3% down in the year from the first quarter of 2024 and 14% lower than in the first quarter of 2019. As a percentage of the GDP, the investment rate fell only marginally from its 14.2% rate in the final quarter of 2024. That compares to a rate of 15% before the pandemic. The investment rate has fallen steadily since the second quarter of 2023. (Graph 16)

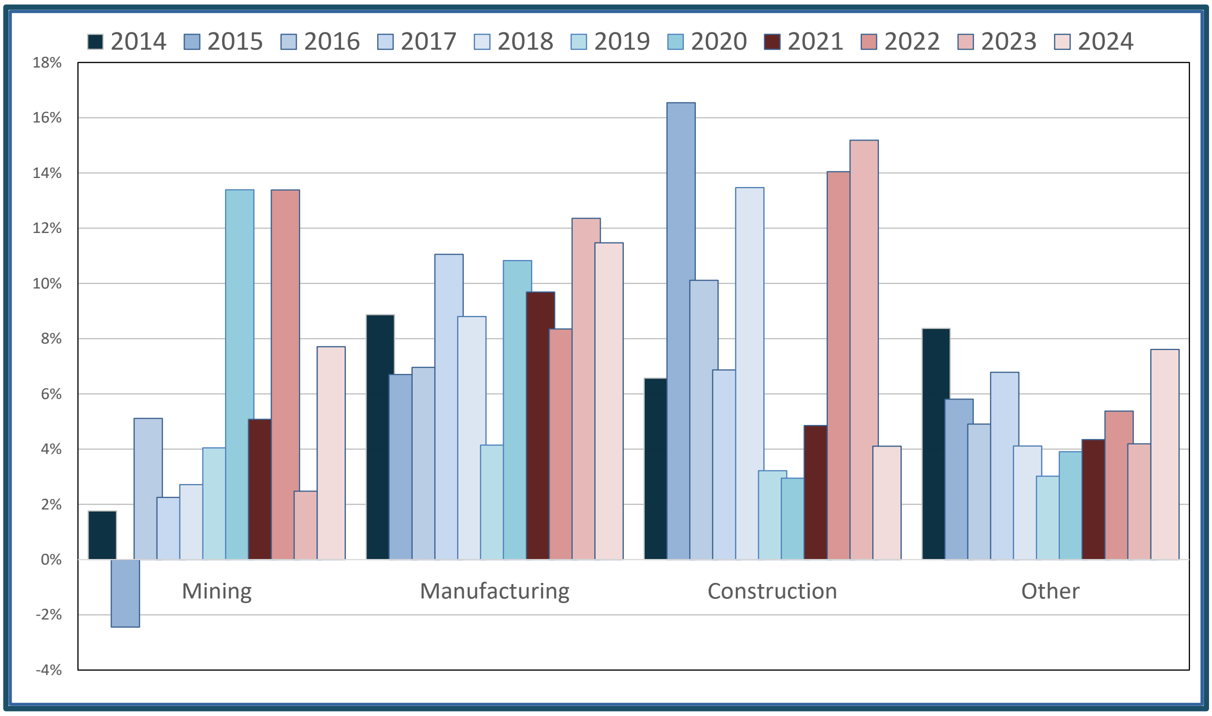
Figures for returns on assets are only available through the fourth quarter of 2024. In that quarter, construction and manufacturing saw declining profitability, while mining profits improved. In construction, where profitability has long been volatile, the return on assets plummeted from 15.2% to 4.1%. That compared to a rate of 11% in manufacturing and 8% in mining. (Graph 17)

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




*Note: (a) Figures for investment are reflated with implicit deflator rebased to first 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 – 2025Q1. Excel spreadsheet.*

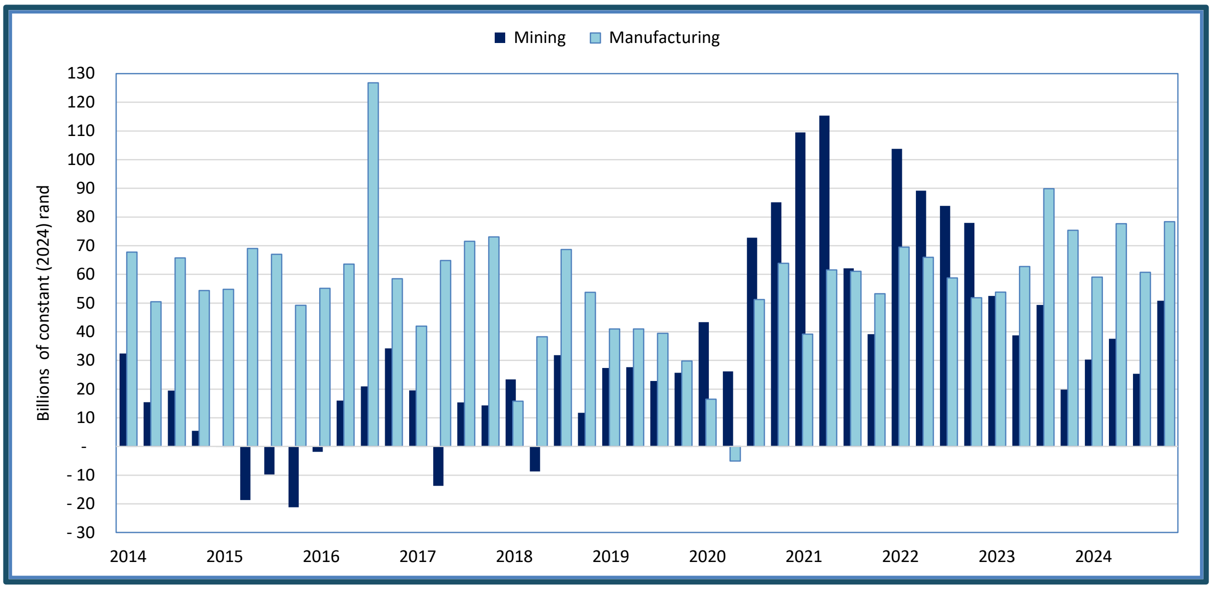
**Graph 17. Return on assets by sector, fourth quarter, 2014 to 2024**




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

In real terms, both manufacturing and mining profits surged in the fourth quarter of 2024 (Graph 18). Mining profits more than doubled quarter-on-quarter, increasing from R25 billion in the third quarter of 2024 to R51 billion in the last quarter same year. However, mining profits were down compared to the same period a year earlier. In contrast, manufacturing profits climbed 29% quarter-to-quarter, from R61 billion to R78 billion, and increased some 46% in the year to the fourth quarter of 2024.

**Graph 18. Quarterly profits in manufacturing and mining in billions of constant 2024 rand (a), 2014 to the fourth quarter of 2024**




*Note: (a) Reflated with CPI rebased to fourth quarter 2024. Source: Calculated from Statistics South Africa. Quarterly Financial Statistics. Excel spreadsheet. Accessed at www.statssa.gov.za in March 2025.*