

THE WAVERLEY SERIES

SOUTH AFRICA

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

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SOUTH AFRICA — AT A GLANCE

Capitals	Pretoria (administrative), Cape Town (legislative), Bloemfontein (judicial)
Real GDP growth	1.1-1.4% (2025, estimates vary by source), the seventh consecutive quarter of expansion by mid-2026; 2026 forecasts have been revised down by the Reserve Bank to around 1.2% from an earlier 1.6% Treasury projection, amid Middle East conflict-related uncertainty
Unemployment	33.6%, among the highest rates of any major economy globally
Inflation	Cooled to 4.3% in July 2026 from a 5.0% June print, the highest since June 2024; trending toward the Reserve Bank's newer, lower 3% target
Interest rate	Repo rate held at 7% since May 2026
Currency	Rand, trading near 16 per US dollar in September 2026, having firmed slightly over the preceding month
Recent milestones	A sovereign credit rating upgrade from S&P and removal from the Financial Action Task Force grey list, both reflecting improved macroeconomic stability and reform progress
Key sectors	Services (70% of value added), with finance, real estate and business services the largest single component; mining, agriculture and manufacturing (currently contracting) make up the remainder
Governing framework	President Cyril Ramaphosa (African National Congress) leads a Government of National Unity coalition with the Democratic Alliance and other parties, formed after the ANC lost its parliamentary majority for the first time since 1994 in the May 2024 election; a national and provincial election is scheduled for 4 November 2026

South Africa recorded its highest-ever investment pledges at the March 2026 South Africa Investment Conference, a genuine milestone President Ramaphosa himself highlighted as demonstrating both surging domestic investor confidence and rising foreign direct investment. This progress, alongside Eskom's suspension of load-shedding since May 2025, a sovereign credit rating upgrade, and removal from the FATF grey list, unfolds against the backdrop of a 4 November 2026 election that will directly test the Government of National Unity coalition formed after the ANC's historic loss of its parliamentary majority in 2024. Unemployment remains extraordinarily high at 33.6%, and a specific operational dispute at Transnet's newly outsourced Pier 2 container terminal illustrates that the country's logistics-reform agenda remains a genuine work in progress.

1. INVESTMENT & FDI

The 2026 South Africa Investment Conference delivered the highest-ever pledges in the initiative's history, with domestic capital confidence complemented by rising foreign investment.

Closing the South Africa Investment Conference in Sandton, President Ramaphosa said the cumulative value of pledges, and the number of projects, were the highest achieved since the initiative launched in 2018, with

much of the commitment coming from domestic capital, 'demonstrating the strong and growing confidence of South African investors in our own economy,' complemented by a sharp rise in foreign direct investment and development finance institution participation. Major announcements included a R10.4 billion investment by Toyota in KwaZulu-Natal supporting the automotive sector's energy transition, a R60 billion commitment from Sasol to modernise operations in Mpumalanga and the Free State, and a R145 million investment from Teleperformance expected to create 2,600 jobs in global business services.

- **A genuinely historic investment-pledge outcome:** the conference's highest-ever cumulative value and project count since 2018 represents a real, quantified milestone rather than an incremental improvement over prior years.
- **Domestic capital leading, foreign capital rising:** the explicit framing of strong domestic investor confidence, complemented by rising FDI and DFI participation, suggests a genuinely broadening base of capital sources rather than dependence on any single investor type.
- **Geographically distributed investment:** Ramaphosa's direct statement that investments span all nine provinces, evidencing growth 'no longer concentrated,' represents a notable shift from the historically Gauteng-and-Western-Cape-centred pattern of South African investment.
- **Substantial renewable-energy private investment:** more than 23,900 megawatts of private investment, mostly in renewable energy, has been secured according to the 2026 Budget Review, representing a genuinely large-scale energy-transition capital commitment.

2. TRADE & BUSINESS

A specific operational dispute at Transnet's newly outsourced Pier 2 terminal illustrates that the country's logistics-reform agenda remains a genuine work in progress, even as freight rail volumes have stabilised.

International Container Terminal Services Incorporated, headquartered in Manila, won a bid to jointly manage Pier 2 with Transnet specifically to improve efficiency, but bottlenecks escalated in mid-August 2026 following the transition to a new NAVIS N4 terminal operating system, with reports that ICTSI has not been cooperating fully with relevant authorities. Separately, freight rail volumes have stabilised according to the 2026 Budget Review, and the total value of retail trade sales is expected to approach R1.6 trillion in 2026, roughly 20% of GDP, remaining in growth mode despite a marginal second-quarter slowdown. Strong gold and platinum prices have helped sustain export earnings despite a more volatile global trading environment.

- **A concrete, current port-operations concern:** the escalating bottlenecks at Pier 2 following the operating-system transition, and reports of the operator's limited cooperation with authorities, represent a specific, sourced logistics risk that container-shipping and trade-dependent businesses should monitor directly.
- **Genuine progress on freight rail specifically:** the stabilisation of freight rail volumes represents real improvement in one part of South Africa's historically troubled logistics network, even as the port-terminal dispute illustrates that reform progress remains uneven across different infrastructure segments.
- **Resilient commodity export earnings:** strong gold and platinum prices have provided a genuine buffer for South Africa's export earnings amid broader global trade volatility, independent of the logistics-specific challenges described above.

3. MAJOR ECONOMIC DEVELOPMENTS

A genuinely substantial reform-driven recovery unfolds as a November election approaches that will directly test the ANC-DA coalition's durability.

Load-shedding has been suspended since May 2025, a major operational turnaround for the state utility Eskom, while South Africa has separately secured a sovereign credit rating upgrade from S&P Global and been removed from the Financial Action Task Force grey list, both reflecting improved macroeconomic stability and reform progress; government has also delivered on its plan to stabilise public debt in the current financial year, strengthening policy credibility and supporting lower risk premiums. The economy has now grown for six consecutive quarters, though the Reserve Bank revised its 2026 growth forecast down to around 1.2% from the National Treasury's earlier 1.6% projection, citing weaker investment and household consumption amid heightened uncertainty linked to the Middle East conflict. Inflation cooled to 4.3% in July 2026 from a 5.0% June print, the highest since June 2024, while unemployment remains extraordinarily high at 33.6%. A national and provincial election scheduled for 4 November 2026 will test the Government of National Unity coalition formed after the ANC's loss of its parliamentary majority for the first time since 1994; the 2025 budget debate exposed real strain between the ANC and Democratic Alliance over spending priorities and fiscal discipline, though no formal split or collapse has occurred as of this briefing.

- **A genuine, multi-front reform milestone:** the combination of Eskom's load-shedding suspension, the S&P credit upgrade and the FATF grey-list exit together represent substantive, independently verifiable governance and macroeconomic achievements rather than a single isolated improvement.
- **Growth momentum tempered by external shocks:** six consecutive quarters of expansion demonstrate genuine underlying recovery, even as the Reserve Bank's downward revision for 2026 illustrates how sensitive this recovery remains to external shocks like the Middle East conflict's effect on oil prices and the rand.
- **An upcoming election as a genuine near-term catalyst:** the 4 November 2026 vote represents a concrete, dated political event with direct, material implications for currency stability and borrowing costs, given the coalition tensions already exposed in the 2025 budget process.
- **Persistent, severe structural unemployment:** the 33.6% unemployment rate remains one of the starkest gaps between South Africa's macroeconomic reform progress and the lived economic reality for a large share of the population.

4. MAJOR PROJECTS & INFRASTRUCTURE

A substantial infrastructure investment pipeline spanning energy, water and transport continues advancing, anchored by major private-sector commitments from this year's investment conference.

- **A diversified infrastructure investment pipeline:** the 2026 Budget Review allocates the pipeline across energy (20%), water (17.4%) and transport infrastructure (39.2%), reflecting a genuinely broad-based approach to addressing South Africa's historical infrastructure constraints.
- **Large-scale renewable energy private investment:** the more than 23,900 megawatts of secured private investment, described in Section 1, anchors South Africa's energy-transition infrastructure specifically.
- **Automotive and chemicals-sector modernisation:** Toyota's R10.4 billion KwaZulu-Natal investment and Sasol's R60 billion Mpumalanga and Free State modernisation together represent substantial, sector-specific industrial infrastructure commitments from this year's conference.

5. CONFERENCES, FORUMS & EXHIBITIONS

The 2026 South Africa Investment Conference delivered a genuinely historic outcome, marking the highest-ever pledges since the initiative's 2018 launch.

- **South Africa Investment Conference 2026, Sandton:** closed personally by President Ramaphosa, the conference secured the highest cumulative pledge value and project count in its history, with commitments spanning mining, renewable energy, infrastructure and global business services across all nine provinces.

6. BUSINESS & INVESTMENT EVENTS

President Ramaphosa's direct closing remarks at the investment conference emphasised both the scale and geographic distribution of this year's pledges.

- **Presidential closing remarks at SAIC 2026:** Ramaphosa's direct emphasis on the conference's record scale and its distribution across all nine provinces represented a clear, high-level articulation of the government's investment-promotion narrative for the year.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

A rating upgrade and FATF grey-list exit mark South Africa's improved international financial standing, even as the upcoming election will test its governing coalition's durability.

- **S&P Global:** the sovereign credit rating upgrade reflects direct, independent international recognition of South Africa's improved macroeconomic stability and reform trajectory.
- **Financial Action Task Force:** removal from the grey list represents a significant governance and anti-money-laundering milestone directly relevant to international financial institutions' engagement with South Africa specifically.
- **Democratic Alliance:** the DA's continued participation in the Government of National Unity, despite real fiscal-policy tensions exposed in the 2025 budget debate, remains central to the coalition's stability heading into the November election.
- **International investors and development finance institutions:** their specifically noted participation in this year's SAIC pledges, complementing the larger domestic-capital share, reflects continued substantive international engagement with the South African market.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Teleperformance's job-creating investment and broader global business services growth illustrate a genuine private-sector-led employment opportunity, even as extreme headline unemployment persists.

Teleperformance's R145 million investment, expected to generate 2,600 jobs in global business services, illustrates a genuine, private-sector-led employment opportunity distinct from South Africa's broader industrial and mining investment pipeline. More broadly, nine of ten major industries recorded positive growth in early 2026, led by finance, agriculture, trade and transport, even as manufacturing continued to contract, according to Deloitte's analysis.

- **Global business services as a genuine job-creation channel:** Teleperformance's specific, quantified job commitment demonstrates that South Africa's services-sector strengths can translate into concrete formal employment outcomes distinct from the country's more capital-intensive mining and industrial investments.

- **Uneven sectoral performance beneath the headline growth figure:** manufacturing's continued contraction, even as nine of ten broader industries grew, illustrates that South Africa's recovery remains genuinely uneven across different parts of the private sector.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Automotive-sector energy transition, chemicals modernisation, and global business services define this year's most significant newly announced investment commitments.

- **Toyota's automotive energy-transition investment:** the R10.4 billion KwaZulu-Natal commitment specifically supports the automotive sector's shift toward energy-transition-aligned production.
- **Sasol's chemicals-sector modernisation:** the R60 billion commitment to modernise Mpumalanga and Free State operations represents one of the largest single industrial investments announced at this year's conference.
- **Teleperformance's global business services expansion:** the R145 million, 2,600-job investment offers a concrete, near-term services-sector employment opportunity.
- **Continued renewable energy build-out:** the broader 23,900-plus megawatt private-investment pipeline remains open for further renewable-energy project development and co-investment.

SUMMARY ASSESSMENT

South Africa recorded its highest-ever investment pledges at the March 2026 South Africa Investment Conference, a genuine milestone reflecting both surging domestic investor confidence and rising foreign direct investment, complemented by Eskom's suspension of load-shedding since May 2025, a sovereign credit rating upgrade, and removal from the FATF grey list. These represent substantive, verifiable reform achievements distinguishing South Africa's recent trajectory from prior years.

This progress unfolds against the backdrop of a 4 November 2026 election that will directly test the Government of National Unity coalition formed after the ANC's historic 2024 loss of its parliamentary majority, with real fiscal-policy tensions between the ANC and DA already exposed in the 2025 budget debate even though the coalition has held together. Unemployment remains extraordinarily high at 33.6%, and a specific operational dispute at Transnet's newly outsourced Pier 2 container terminal illustrates that the country's broader logistics-reform agenda remains a genuine work in progress rather than a completed success.

Investors should weigh South Africa's genuine, substantial reform momentum directly against the near-term political uncertainty of the November election and the persistent structural employment challenge that continues to define the country's social and economic risk profile.