momentum investments

Economies
at a glance
October 2025

Powering the future
Inside South Africa's 2025 energy blueprint

The power plot: What is the IRP 2025?

The Integrated Resource Plan (IRP) 2025 is South Africa's national electricity planning document. It was released in October 2025 by the Department of Mineral Resources and Energy. It serves as a roadmap for adding new generation capacity through 2039, focusing on reliability, affordability, sustainability and a shift from coal-dominated power to a more diversified mix of renewables, gas, nuclear and storage.

The IRP's shifting timelines

2010 – The first IRP (2010–2030)

South Africa's inaugural electricity blueprint, published in 2011, projected rapid demand growth and called for 52GW of new capacity by 2030. It leaned heavily on coal and nuclear, with renewables still on the periphery.

2013 – IRP update draft

A technical update sought to reflect slower economic growth and lower demand. It scaled back the nuclear build and emphasised renewables, but it was never formally adopted, leaving policy in limbo.

2016 – Policy-adjusted IRP draft

Released for consultation amid rising load-shedding, this draft was criticised for its continued coal and nuclear bias. It acknowledged cost declines in renewables but it was not finalised before administration changes.

2018 – Draft IRP 2018

A more pragmatic revision under Minister Jeff Radebe, this draft embraced least-cost modelling, reduced nuclear plans and increased renewables and gas. It aimed to balance affordability, reliability and emissions goals. However, the plan was criticised for its demand forecasts, costing and risk analysis.

2019 – IRP 2019

Cabinet approved this version as official policy. It charted the energy mix to 2030, targeting c.59GW installed capacity, with more wind, solar and gas and gradual coal decommissioning. Implementation delays soon followed. The plan was criticised for being shaped by political compromises and quickly rendered as outdated.

2023 – IRP draft 2023

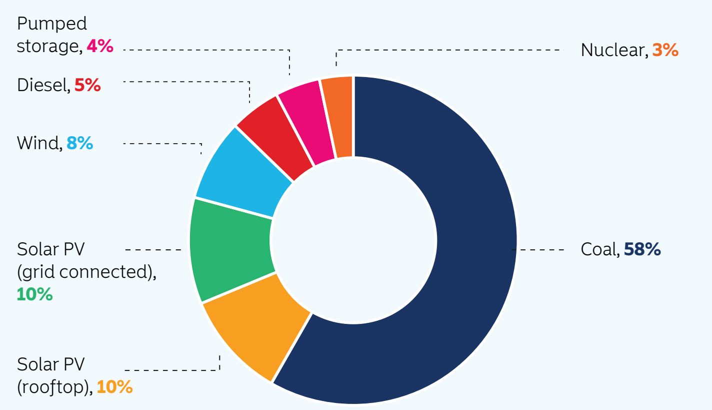
A two-phase approach was proposed: short-term interventions to tackle the power crisis and a long-term pathway to 2050. Critics flagged weak timelines, outdated data and limited reform ambition.

2025 – IRP 2025

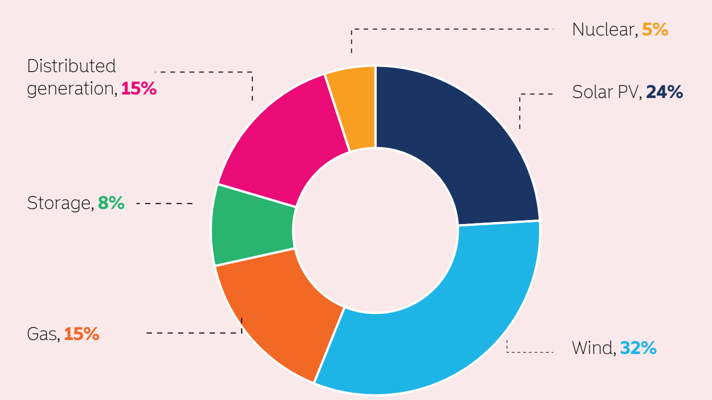
Gazetted in October 2025 as official policy, this version extended planning to 2039, targeting 105GW of new diversified capacity (75GW renewables, 16GW gas, 5–10GW nuclear) costing R2.2 trillion. It plans to accelerate clean energy while retaining coal and supporting a nuclear revival. Critics noted ambitious gas timelines, policy deviations from least-cost modelling and absent pricing clarity as red flags.

The big switch: Powering South Africa's next chapter

Current energy mix (Installed electricity generation capacity - 2025)



Proposed energy mix (Proposed electricity generation capacity - 2039)



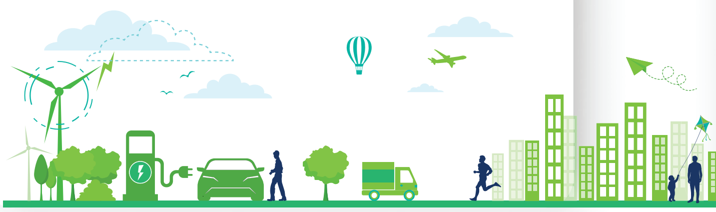
Watts and all: Assessing the latest IRP

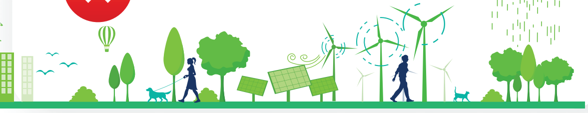
Watt's hot

- Catalyst for economic growth and job creation
- Renewables-led green transition
- Diversified energy security
- Investor confidence and regulatory reform
- Social and regional inclusion

Watt's not

- Ambitious timelines
- Infrastructure gaps
- Policy deviations from least-cost path
- Decarbonisation risks
- No clear affordability roadmap
- Implementation risks
- Market risks

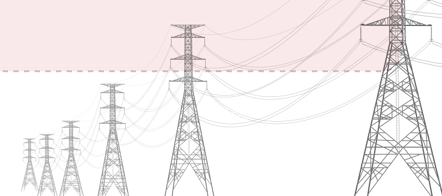




South Africa's nuclear gamble

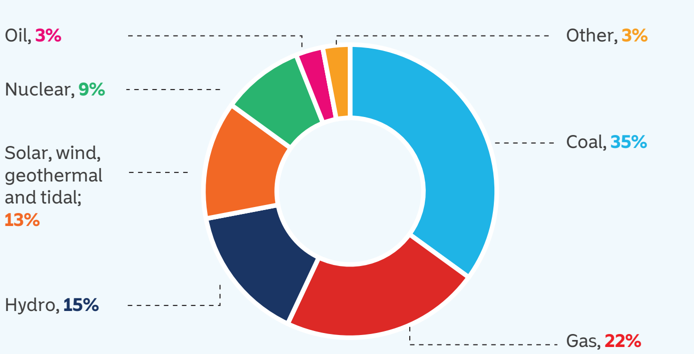
Globally, nuclear energy is increasingly viewed as a low-carbon, reliable and long-term solution to meet growing electricity demand and climate goals. It provides stable baseload power, often operating for decades with high capacity factors, and contributes significantly to reducing greenhouse gas emissions. A number of countries, including the US, UK, France and China, are expanding or modernising their nuclear fleets to secure energy independence and support sustainable development objectives.

Meanwhile, nuclear adoption remains contentious and politically sensitive in South Africa. Concerned stakeholders highlight that nuclear, while dependable, entails economic, governance and timing risks. Projects are high-cost and slow to deliver, often spanning more than ten years and straining government finances. Procurement opacity from earlier deals, plus unresolved issues around waste, decommissioning and safety, add to the risks. Some argue the same investment could be directed toward renewables, storage and grid upgrades, offering faster and more cost-effective solutions.

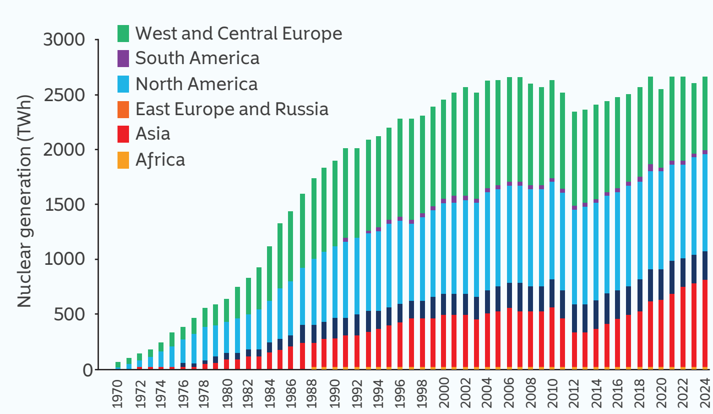


Global nuclear trends

World electricity production by source (2023)



Asia is ramping up nuclear electricity production



Sources: Department of Mineral Resources and Energy, World Nuclear Association, International Energy Agency and Momentum Investments momentum investments

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UNITED STATES

The International Monetary Fund's (IMF) latest World Economic Outlook (WEO) projects growth will slow from 2.8% in 2024 to 2.0% in 2025, before inching up to 2.1% in 2026. Tariffs and trade frictions have delivered mild but lingering supply shocks. These have been less damaging than initially feared, thanks to carve-outs and corporate ingenuity. Yet they act as a drag on output, with the full impact still to filter through. The temporary government shutdown has further disrupted activity, weighing on confidence and near-term momentum. Inflation remains stubbornly above target and may quicken again in late 2025 as import costs seep through to consumers. A cooling labour market has left the Federal Reserve juggling an awkward mix of sticky prices and softening demand, while a looser fiscal stance props up growth. Despite its resilience, the economy faces mounting risks, from a pullback in AI investment to escalating trade wars and creeping political interference in monetary affairs.

Forecast 2025:
GDP: 1.8%
Core PCE Inflation: 2.9%
Forecast 2026:
GDP: 1.7%
Core PCE Inflation: 2.9%

EUROZONE

The IMF's WEO offers a mixed verdict on Europe's growth recovery. Growth in the Eurozone is forecast at 1.2% for 2025 and 1.1% for 2026. This translates into an upgrade for the near term, relative to previous assumptions as firms rush production ahead of tariffs, but a downgrade thereafter, as United States (US) trade barriers and uncertainty shave around half a percentage point off output. Inflation has finally settled at the European Central Bank's 2% target, cushioned by cheaper energy and a firmer euro. Yet fiscal discipline is slipping. Spending on defence, green investment and ageing populations is swelling public debt, which could double to 130% of GDP for the average European country within 15 years, failing growth reforms or changes to public programmes. Weak productivity, demographic decline and lingering internal frictions continue to sap potential growth. Escalating trade wars and a strong euro loom as further risks, as deeper regional integration and structural reforms lag.

Forecast 2025:
GDP: 1.2%
HICP Inflation: 2.1%
Forecast 2026:
GDP: 1.0%
HICP Inflation: 1.7%

UNITED KINGDOM

The IMF's WEO offers a cautiously brighter take on Britain's prospects, though deteriorating politics could temper this outlook. Growth is projected at 1.3% in 2025, up from an estimated 1.1% in April, as exporters frontloaded orders ahead of new tariffs. Growth is expected to hold steady in 2026 as trade barriers and uncertainty take their toll. Inflation is set to ease to 2.5% next year and drift towards the target by late 2026, supported by lower energy prices and looser monetary policy, though services inflation remains stubborn. The labour market is still resilient, with unemployment at 4.8%, but wage growth is slowing modestly as demand softens. Rising defence and infrastructure spending are straining public finances, with government debt projected to climb to 105% of GDP by 2030. The IMF flagged trade tensions, lingering Brexit frictions and persistently weak investment as key risks to the outlook.

Forecast 2025:
GDP: 1.3%
Inflation: 3.4%
Forecast 2026:
GDP: 1.1%
Inflation: 2.4%

JAPAN

The IMF struck a somewhat more optimistic tone on Japan's economic prospects. Growth is projected at 1.1% in 2025, up from an estimated 0.5% in April, as rising real wages lend support to household spending. Even so, trade tensions and tariff shocks continue to weigh on exports, particularly passenger vehicles bound for the US. Growth is expected to slow to 0.6% in 2026 despite policy support. Inflation is forecast to climb from 2.7% in 2024 to 3.3% in 2025, well above the Bank of Japan's 2% target, driven partly by higher food prices. The labour market remains tight, with unemployment at 2.6%, yet an ageing population and sluggish productivity still constrain potential output. Fiscal pressures are mounting as defence and social spending push public debt beyond 250% of GDP. In a historic shift, Sanae Takaichi has become Japan's first female prime minister, pledging to revive Abenomics through renewed stimulus and reform to rekindle growth.

Forecast 2025:
GDP: 1.1%
Inflation: 3.0%
Forecast 2026:
GDP: 0.7%
Inflation: 1.8%

CHINA

The IMF WEO projects growth at 4.8% in 2025, up from the 4.0% forecast in April but unchanged from July's update, before easing to 4.2% in 2026 as structural headwinds persist. This year's relative resilience reflects fiscal expansion that has lifted domestic consumption and front-loaded exports, offsetting some of the drag from US tariffs and trade uncertainty. Yet, deflationary pressures linger, with weak credit demand and the risk of a debt-deflation spiral clouding the outlook. Fragility in the property market continues to threaten financial stability since peaking in 2021, while China bears a disproportionate share of new tariffs, with further escalation likely to deepen uncertainty through 2026. China's 4th Plenum intimated an expected growth rate of 4.5% for the next decade, while it continues to prioritise innovation and technological self-reliance, with the authorities' tone turning more supportive toward consumption and social welfare.

Forecast 2025:
GDP: 4.8%
Inflation: 0.0%
Forecast 2026:
GDP: 4.3%
Inflation: 0.7%

EMERGING MARKETS

The IMF WEO forecasts growth in emerging and developing economies at 4.2% in 2025 and 4.0% in 2026. A steady rate, but still short of pre-pandemic averages as trade fragmentation and policy shocks bite. Regional divergences remain stark. Emerging Asia continues to lead, with expected growth of 5.2% in 2025 and 4.7% in 2026, supported by domestic stimulus but constrained by export tariffs. The outlook for Latin America and the Caribbean has dimmed, with expected growth slowing from 2.4% in 2025 to 2.3% in 2026, reflecting a reliance on commodity prices, remittances and global capital markets. In Eastern Europe, tighter energy markets and lingering geopolitical strains weigh on activity, dragging growth to a forecasted 1.8% in 2025, from 3.5% in 2024, inching up to an expected 2.2% in 2026. Despite a deterioration in the global trade and aid landscape, still tight borrowing conditions and uneven commodity price prospects, the IMF expects growth in Sub-Saharan Africa to remain steady at 4.1% in 2025, picking up modestly to 4.4% in 2026.

Forecast 2025:
GDP: 4.0%
Inflation: 3.1%
Forecast 2026:
GDP: 4.0%
Inflation: 2.7%

SOUTH AFRICA

The IMF's WEO slightly upgraded South Africa's (SA) growth trajectory. GDP is now forecast to expand by 1.1% in 2025 (up from 1.0% in April and July, owing to a stronger-than-expected showing in the second quarter), with a further gain to 1.2% pencilled in for 2026 (downgraded from 1.3% previously). In a notable regulatory development, SA exited the Financial Action Task Force's (FATF) greylist in October 2025, after 32 months following its February 2023 listing. This compares with 56 months for Burkina Faso, 36 months for Mozambique and 32 months for Nigeria, which were also removed from the greylist in October. The listing had initially followed the FATF's 2021 mutual evaluation, which flagged weak supervision of high-risk sectors, limited money-laundering prosecutions, and gaps in combating terrorist and proliferation financing; failings largely rooted in the institutional decay of the state-capture era. SA's swift reforms have since paid off. The government enacted the General Laws Amendment Act (just before being greylisted), strengthened financial-intelligence oversight, increased prosecutions (the Investigating Directorate authorised 117 matters by September 2024), and improved coordination across agencies, addressing all 22 FATF action items. An exit from the greylist should ease compliance costs for banks and provide a more conducive environment for foreign investment, acting as an encouraging signal of governance repair in an otherwise pedestrian economy.

Forecast 2025:
GDP: 1.0%
Inflation: 3.3%
Forecast 2026:
GDP: 1.4%
Inflation: 3.9%

The economics research desk

Sanisha Packirisamy
Chief Economist

Tshiamo Masike
Economist