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Hormuz hopes fade as oil rebounds; SA jobs disappoint

THE WEEK IN PERSPECTIVE

Tracey-Lee Solomon

Brent crude rebounded above $90/bbl earlier this week as hopes of an imminent agreement to ease disruption in the Strait of Hormuz faded, before easing back towards the high-$80s by Friday morning. Despite the US's apparent exclusion from discussions, any deal ultimately requires US cooperation, as Iran has tied an agreement to the lifting of the US blockade on its ports. Negotiations have been further complicated by mutual demands from the US and Iran for war compensation and competing claims of control over the Strait.

Despite the headlines, oil continues to flow through the Strait, with tanker-tracking data suggesting that around 4–5 million bpd have passed through recently. The greater pressure may increasingly be in refined-product markets. Ukraine this week struck another Russian refinery, while Washington has reportedly urged Kyiv to avoid attacks on the Caspian Pipeline as it seeks to limit further pressure on global energy supply. While Ukraine appears to have eased attacks on the pipeline, Russian refineries remain firmly in its sights.

US inflation was the key economic release this week. A moderation in core inflation, combined with last week's weak payrolls report, prompted markets to scale back expectations for monetary tightening. A previously anticipated September rate hike has now been priced out. However, the improvement in the near-term rate outlook has not translated into lower borrowing costs across the curve. A $25bn auction of 30-year US Treasuries on Thursday cleared at a yield of 5.22%, the highest at such an auction since 2001, as investors demanded greater compensation for persistent inflation and the rapidly rising US debt burden. The divergence highlights an increasingly important distinction in US markets: softer labour-market and inflation data may lower expectations for the policy rate, while concerns about inflation persistence and fiscal sustainability continue to put upward pressure on long-term yields.

Lower near-term rate expectations supported non-yielding assets, pushing gold above $4 400/oz for the first time since June. Platinum and rhodium also strengthened, although commodity-specific factors make the broader precious-metals move harder to interpret.

The shift in US rate expectations contrasts with a still-hawkish tone from some other central banks. In Japan, policymakers have become more concerned about upside inflation risks, reinforcing expectations of further rate hikes. The Reserve Bank of Australia also kept rates unchanged but stressed that another increase remains possible, with Governor Michele Bullock confirming that a hike, but not a

Weekly Key Indicators

	Close	w-o-w
R/$	R16.16	-1.0%
R/€	R18.66	-0.9%
R/£	R21.83	-0.7%
$/€	$1.15	0.1%
Brent crude oil	$87.42	5.9%
Gold	$4 370	2.5%
Platinum	$1 734	0.3%
JSE ALSI	114 981	-0.3%
10y gov. bond	8.58	4bps
FRA (1x4)*	7.00	1bp

*Forward rate agreement

cut, was considered at this week's meeting. The prospect of higher Japanese rates also has an international dimension, with US Treasury Secretary Scott Bessent arguing that tighter policy would help support the yen.

The rand benefitted from lower US interest-rate expectations, gaining around 1% against the dollar this week. However, the local currency appreciated against the euro and pound sterling too. The rand continues to benefit from carry-trade flows, supported by the SARB's hawkish stance, which is keeping South African interest rates attractive. The dollar-funded rand carry trade has returned 2.5% so far this month, the best performance among 22 emerging-market currencies tracked by Bloomberg.

This week's economic data suggests that the rand's recent gains reflect favourable interest-rate differentials rather than improving economic conditions. Stats SA data showed that mining and manufacturing both contracted in Q2, while employment fell by a further 16 000 and the unemployment rate rose from 32.7% to 33.6%. The production declines were somewhat smaller than feared, leaving some upside risk to our very weak Q2 GDP forecast, but the underlying growth picture remains subdued.

WEEK AHEAD: JULY CPI EXPECTED TO SLOW FROM JUNE

In SA, July consumer inflation will be the main focus. We expect headline inflation to slow quite sharply, from 5% y-o-y in June to around 4.4%, largely reflecting a monthly decline in fuel prices. The improvement in the headline rate should therefore not be read as an equally broad-based easing in price pressures: core inflation is expected to remain sticky at just above 4%. June retail and wholesale trade data will also provide further evidence on the strength of domestic demand and help complete the picture of second-quarter activity.

Internationally, China's July industrial production and retail sales data will provide an early indication of whether the loss of momentum evident in recent business surveys carried into the third quarter. The unemployment rate will also be watched closely given persistent concerns about the strength of household demand.

Later in the week, attention will shift to the preliminary August PMIs for the US, eurozone, Germany and UK. Recent surveys have pointed to continued expansion across the major developed economies, but with considerable differences in momentum between countries and sectors. The flash readings will provide the first broad indication of whether activity remained resilient in August. UK inflation, labour-market and retail-sales data will meanwhile provide an important read on the balance between persistent price pressures and weakening demand.

Date	Event	Latest
Monday (17 Aug)	CN: Industrial Production, Retail Sales, Unemployment Rate (Jul)	5.3% y-o-y; 1% y-o-y; 5%
Tuesday (18 Aug)	EZ, DE: ZEW Economic Sentiment (Aug)	23.4; 26.3
Tuesday (18 Aug)	UK: Unemployment Rate (Jun)	4.9%
Tuesday (18 Aug)	US: Industrial Production, Manufacturing Production (Jul)	1.1% y-o-y; 1.1% y-o-y
Wednesday (19 Aug)	UK: Consumer Inflation (Jul)	2.6% y-o-y; 0.1% m-o-m
Wednesday (19 Aug)	SA: Consumer Inflation (Jul)	5% y-o-y; 0.7% m-o-m
Wednesday (19 Aug)	SA: Retail Sales (Jun)	2.3% y-o-y; 0.1% m-o-m
Thursday (20 Aug)	SA: Wholesale Trade Sales (Jun)	-6.9% y-o-y; -7.4% m-o-m
Friday (21 Aug)	UK: GfK Consumer confidence, Retail sales (Jul)	-17; 4.2% y-o-y; 1% m-o-m
Friday (21 Aug)	US, EZ, DE, UK: S&P Global Composite PMI (flash, Aug)	54.5; 52.0; 51.3; 52.2

SA POLITICAL UPDATE

Natasha Marrian

RAMAPHOSA WON’T FACE PUBLIC HEARINGS IN IMPEACHMENT INQUIRY, YET

The Constitutional Court has refused to grant opposition parties direct access to appeal the interim interdict granted to President Cyril Ramaphosa, which blocks public hearings in Parliament's impeachment inquiry.

The African Transformation Movement, the EFF and the impeachment committee itself applied to the Constitutional Court for direct access after the Western Cape High Court granted the interdict two weeks ago, pending Ramaphosa’s review of a panel report into the 2020 theft of US dollars from a couch at his Phala Phala farm. The panel chaired by former chief justice Sandile Ngcobo found prima facie evidence of wrongdoing by Ramaphosa.

This week’s Constitutional Court decision was not unexpected: legal experts had argued that the court was unlikely to grant direct access before the review application was heard.

The review is set down to be heard from 2-4 September. Opposition parties have meanwhile adopted a hardline approach on the Phala Phala matter, seeking to maximise pressure on Ramaphosa through the impeachment process, less than three months before the crucial 2026 local government election. However, the decision limits the opposition’s ability to use public impeachment hearings to intensify pressure on Ramaphosa and the ANC ahead of the September review.

The EFF expressed its disappointment at the decision, having hoped for a repeat of its politically explosive 2016 Constitutional Court victory against former President Jacob Zuma over Nkandla. The party took Zuma to court over his failure to fully implement the Public Protector’s recommendations on the R250m upgrades to Zuma’s private residence at Nkandla.

OF POLLS AND POLLING

As the 2026 local government election approaches, competing opinion polls are again generating debate over methodology, credibility and what they imply for the electoral landscape.

In 2024, several polls pointing to a sharp decline in ANC support and a double-digit result for MKP were heavily contested, yet proved directionally close to the eventual outcome. The lesson is not that individual polls should be taken at face value, but that they cannot simply be dismissed. That debate has already resurfaced, with the ANC disputing the latest polling data, arguing that it is skewed in the DA's favour.

The Social Research Foundation released its latest polling last week. It is conducted by Victory Research's Gareth Van Onselen, a former DA employee. His 2024 polling nevertheless tracked the eventual result relatively closely, particularly the game-changing role of MKP.

Nationally, the SRF poll points to a further weakening in ANC support and a stronger DA, while MKP remains a significant force, particularly in KwaZulu-Natal. While the MK Party's support appears to have increased by one percentage point nationally, the SRF is polling MKP at 33% in eThekwini, down from the 48% it received in the 2024 general election. The poll is estimated to have a 2.1% margin of error.

Global public research and public opinion company Ipsos released findings of its opinion poll in March, painting a somewhat different picture but pointing in the same broad direction: weaker ANC support and a stronger opposition landscape.

National voting intention

%, latest available polls	ANC	DA	MKP	EFF
SRF	34	27	15	7
Ipsos	38	22	14	12

Taken together, the polls point to the same broad coalition problem: the ANC risks losing further ground, the DA could emerge stronger in several metros, and MKP, the EFF and smaller parties may again hold disproportionate influence over coalition formation. Johannesburg is the clearest example of that dynamic.

Johannesburg voting intention/projection

%	ANC	DA	MKP	EFF	ActionSA
SRF poll	18	42	13	8	10
Scholtz model	27	39	6	9	7

On Thursday, the South African Brief interviewed elections analyst Dawie Scholtz, also a former DA employee, whose ward-level model has performed well in previous elections. His approach draws on the demographic composition and voting patterns of individual wards to project likely outcomes.

Schultz's model produces a less dramatic decline for the ANC than the SRF poll, but points to the same basic outcome: the DA emerging as the largest party without an outright majority.

Despite the differences between the two estimates, the political implication is similar: the ANC is under pressure, the DA could emerge as Johannesburg's largest party, and smaller parties are likely to determine who ultimately governs. With less than three months to the election, Johannesburg is shaping up as one of the key coalition battlegrounds.

DOMESTIC DATA

Nadia Matulich

QLFS POINTS TO CONTINUED LABOUR MARKET STRAIN

The latest Quarterly Labour Force Survey (QLFS) shows that the labour market remains under significant strain. Employment fell by 16k in Q2, a much smaller decline than the 345k recorded in Q1, which largely reflected the tail end of the winding down of the Presidential Youth Employment Initiative. At the same time, 329k more people entered the labour force in search of work.

This combination of fewer jobs and more job-seekers pushed unemployment up sharply. The number of unemployed people increased by 345k, while the official unemployment rate rose by 0.9%pts, from 32.7% to 33.6%. More specifically, the formal sector shed 41k jobs and households lost a further 9k. By contrast, the informal sector added 34k jobs. Taken together, the numbers suggest that more people are looking for work, but that the economy is not creating enough jobs to absorb them.

There were some pockets of improvement. Construction, trade and finance, which have struggled in recent quarters, recorded employment gains of 39k, 70k and 11k, respectively. However, employment declined in several other sectors, including community and social services, mining and manufacturing.

MANUFACTURING REMAINS WEAK, DESPITE MONTHLY IMPROVEMENT

Manufacturing production declined by 1.7% y-o-y in June, following contractions of 3.0% and 4.4% in April and May, respectively. On a more positive note, production improved somewhat in month-on-month terms, rising by 0.9% in June after increasing by 1.0% in May. However, for the quarter as a whole, manufacturing production was down by 1.5% relative to Q1.

The biggest drag came from food and beverages, which fell by 3.9% (-1.0%pt); wood and paper products (-8.9%; -0.8%pts) and transport (-5.3%; -0.4%pts). The remaining categories either grew only marginally or were broadly unchanged. The largest positive contributor was petrochemicals, which rose by 1.2% and contributed 0.3%pts.

MINING PRODUCTION CONTRACTS AGAIN IN JUNE

Mining production also declined in annual terms, falling by 4.0% in June. This followed a 7.9% increase in April and a 5.1% contraction in May. In month-on-month terms, production was up marginally, rising by 0.3% after declining by 5.3% in May. For the quarter, mining production was down by 2.7% relative to Q1.

The largest negative contributor to the annual decline was PGMs, which fell by 8.4% and contributed -2.4%pts. Coal and iron ore were also down, declining by 6.6% and 10.2%, respectively, and contributing -1.7%pts and -1.5%pts. The remaining categories recorded relatively minor increases and decreases. The largest positive contributors were manganese ore (+13.3%, +0.9%pts); gold (+6.2%, +0.5%pts); and chromium ore, (+8.6%; +0.5%pts).

INTERNATIONAL DATA

Kelebogile Mabitsi

US CONSUMER AND PRODUCER INFLATION EASE FOR A SECOND CONSECUTIVE MONTH

Consumer inflation edged down from 3.5% y-o-y in June to 3.4% y-o-y in July. Monthly, headline CPI increased by 0.1% in July, after falling by 0.4% in June, as shelter prices grew by 0.1% contributing about two-thirds to the index. Underlying price pressures moderated further with annual core inflation ticking down from 2.6% in June to 2.5% in July. The combination of a softer inflation reading and cooler labour market supports a less hawkish outlook for monetary policy.

Similarly, annual producer inflation slowed to 4.7% in July, down from 5.5% in June. Monthly producer prices recorded no growth, after falling by a revised 0.1% in June.

CHINA’S INFLATION SLOWS ON ACCOUNT OF SOFTER ENERGY PRICES

Annual consumer inflation eased from 1% in June to a six-month low of 0.5% in July. Food prices fell further by 1.5%, underpinned by plummeting pork prices. Additionally, transport costs eased from 4.1% in June to 0.4%, as global energy prices declined in July relative to the previous month. Monthly, consumer prices decreased by 0.1% in July, following a 0.3% drop in June.

China’s producer inflation came in below expectations slowing to 3.5% y-o-y in July, down from 4.1% in June. Consumer goods prices fell by 0.8%, on the back of cheaper prices for food (-2.1%), clothing (-1.1%) and daily-use goods (-1%). In the near term, subdued domestic demand and lower energy prices are expected to keep inflation low.

UK ECONOMY MAINTAINS ITS RESILIENCE AMID WEAKER PRODUCTION

The UK’s economy exceeded expectations and rose by 1.2% y-o-y in Q2, up from 0.9% in Q1. Quarterly, GDP increased by 0.4% in Q2, decelerating from 0.6% in Q1. By sector, production flatlined, while services and construction grew by 0.5% and 0.3%, respectively. Monthly, GDP rebounded from no growth in May to an expansion of 0.3% in June, supported by the services sector.

Meanwhile, annual industrial production fell by 0.2% in June, following a 1% rise in May, as momentum eased across the broader industry groups. Monthly industrial production improved slightly, as its contraction narrowed from 0.7% in May to 0.2% in June.

FORECAST UPDATE

We have made no changes to our headline forecasts this week. We continue to expect real GDP growth of 1.3% in 2026, headline inflation to average 4.2%, and the policy rate to remain unchanged for the rest of the year before easing gradually in 2027.

Incoming data remain broadly consistent with this baseline, although our high-frequency tracker now points to some upside relative to our 0.1% q-o-q GDP forecast for the second quarter. Mining and manufacturing both contracted on a quarterly basis, as expected, but the declines were somewhat smaller than feared. This leaves the overall growth picture weak, but marginally firmer than we had anticipated.

	Actual		Forecast		Next release/meeting	
	2025	**2026Q2**	**2026Q3**	**2026**		
Brent crude oil ($, spot, avg.)	68.83	97.05	81.67	83.77	n/a	
ZAR/USD (avg.)	17.88	16.47	16.48	16.46	n/a	
Policy interest rate (%, end of period)	9.75	7.00	7.00	7.00	23-Sep-2026	
Headline CPI (y-o-y % change)	3.2	3.3	4.6	4.2	19-Aug-26	Jul
FNAB inflation (y-o-y % change)	4.1	3.9	2.1	3.0	19-Aug-26	Jul
Headline PPI (y-o-y % change)	1.5	6.7	5.9	5.1	27-Aug-26	Jul
	2025	**2026Q1**	**2026Q2**	**2026**		
Real GDP growth (seasonally adjusted)						
(y-o-y % change)	1.1	2.0	1.3	1.3	8-Sep-26	2026Q2
(q-o-q % change)		0.5	0.1			

Source: BER, Stats SA, Refinitiv, SARB

Note: The table is updated ad hoc and is indicative of our latest view.

FNAB stands for food & non-alcoholic beverages.

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