

FREE WEEKLY REVIEW | NUMBER 2

**16 January 2026**

This report covers the key domestic and international data releases over the past week. The more comprehensive BER Weekly Review (Enhanced Version) includes a detailed discussion of the main economic events and developments over the past week, as well as a summary of upcoming data (the week ahead). This week, we look at escalating tensions around the US Federal Reserve, Iran's unrest, and shifting global trade dynamics.

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## DOMESTIC DATA

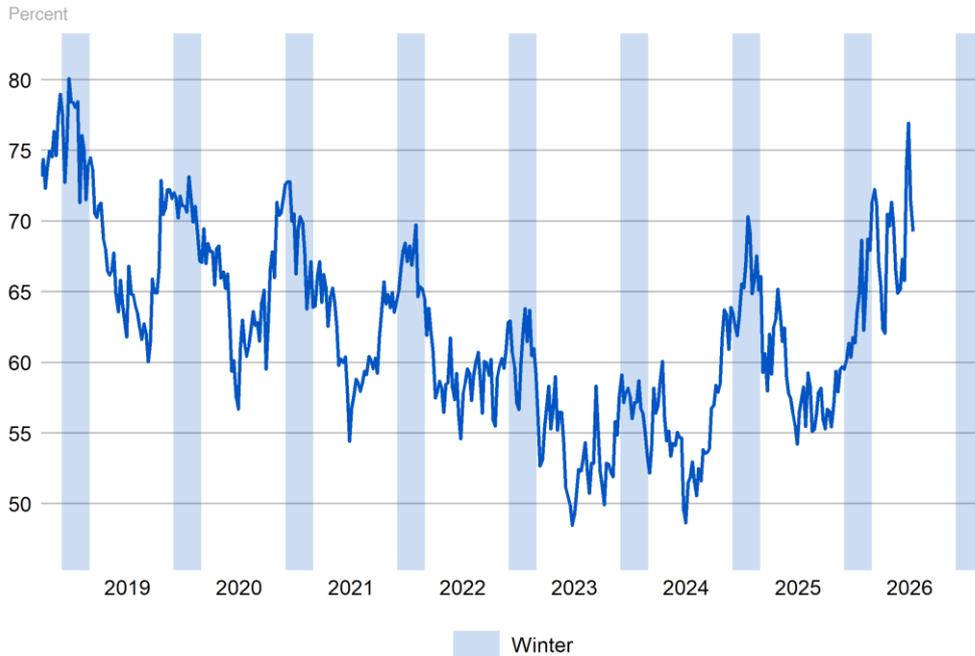
Katrien Smuts

### **ELECTRICITY PRODUCTION DECLINES**

Electricity production declined by 7% y-o-y in November 2025. On a year-to-date (YTD) basis, production fell by 1.5% compared to the same period in the previous year. Negative for GDP growth dynamics, the monthly declines in October and November suggest that power production is expected to decline in the fourth quarter compared to the third. Electricity consumption followed a similar pattern. Usage was down by 7.4% y-o-y in November 2025, and for the year thus far, consumption is 3.9% lower than during the same period in 2024.

Separately, Eskom's Energy Availability Factor (EAF) has experienced a strong start to the year and, despite a dip in the most recent data, remains about 15%pts better than this time last year.

## Energy Availability Factor



Data Source: Eskom (BER Calculations)

## INTERNATIONAL DATA

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### US CPI INFLATION SLOWS, BUT TARIFF PASS-THROUGH STILL A RISK

The US Bureau of Labor Statistics (BLS) released its latest CPI data on Tuesday. Headline CPI rose by 0.3% m-o-m, translating to 2.7% y-o-y in December. Food inflation accelerated, while energy commodity prices declined by 3.0% y-o-y, offering some relief. However, energy services inflation remained elevated, with notable price increases in electricity and piped gas.

Core CPI inflation came in softer than expected, rising by 0.24% m-o-m, and by 2.6% y-o-y. This is a marked decline from the 3.1% recorded in August and the 3.2% print in December 2024. Core goods inflation was particularly subdued, following a similarly soft November. Notably, November's data collection was delayed due to the government shutdown, and when it was resumed, it may have captured the period of deep discounting during the Black Friday sales. Over the past two months, core goods prices remained essentially flat, rising by just 0.03% on average, which is well below the 0.24% average increase in the three months preceding the shutdown.

Despite the ongoing moderation in inflation, the Fed is expected to keep rates unchanged at its next meeting. Firms typically adjust pricing in January, and tariff-related inflationary pressures are still expected to feed into early 2026 prints. Meanwhile, a modest improvement in the labour market gives the Fed additional reason to pause on rate cuts, for now.

### US RETAIL SALES REBOUND IN NOVEMBER

Retail sales in the US rebounded in November, rising by 0.6% m-o-m, according to the latest data from the US Census Bureau. This marks the strongest monthly gain since July 2025, following a marginal 0.1% decline in October. The improvement was driven largely by a recovery in auto sales and seasonal holiday-related spending.

#### **CHINA TRADE SURPLUS HITS RECORD IN 2025 DESPITE US WEAKNESS**

China's trade surplus reached a record \$1.19 trillion in 2025. In December alone, the surplus hit \$114.1 billion, with exports rising 6.6% y-o-y in the last month of the year. Meanwhile, imports grew by 5.7% y-o-y in December, also stronger than expected. Last year's export strength was concentrated in non-US markets such as the EU and Southeast Asia. In contrast, exports to the US for 2025 as a whole fell 20%, reflecting the impact of US tariffs and the rerouting of trade.

#### **GERMAN ECONOMY GROWS MEAGERLY IN 2025**

Preliminary estimates suggest that the German economy expanded by a modest 0.2% in 2025, marking an improvement from the 0.5% contraction recorded in 2024. While still weak by historical standards, the uptick reflects stronger household and government consumption, which helped offset continued weakness in the external sector. Export performance remained under pressure last year, constrained by a combination of higher US tariffs, a stronger euro, and increasing competition from China.

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