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This report summarises the key domestic and international data releases over the past week, including South Africa's latest inflation print, retail sales, and Eskom's updated winter outlook, alongside global PMI data and inflation trends in major economies.

The BER Weekly Review goes further, unpacking how ongoing disruptions in the Strait of Hormuz are shaping oil prices, inflation risks and the interest rate outlook. It also explores what this means for the SARB's policy stance, the role of fuel levy relief, and the implications of rising domestic political and institutional risks, including developments in the policing environment and growing electoral pressures in KwaZulu-Natal.

The full Weekly is available to BER Essential Insights subscribers (sign up [here](#) – only R210/month) and Premium Insights clients.

DOMESTIC DATA

Paul Gluckman

INFLATION TICKED UP SLIGHTLY IN MARCH, BUT PAIN STILL COMING

Annual consumer inflation (CPI) edged higher to 3.1% in March 2026, up from 3.0% in February and in line with expectations. The main inflationary driver was housing and utilities, which increased by 5.1% y-o-y, contributing 1.2% pts. Food and non-alcoholic beverage prices increased by 3.6% y-o-y, adding 0.6% pts. This was partly driven by the foot-and-mouth disease outbreak, which lifted meat prices by 11.6% y-o-y.

On a monthly basis, prices increased by 0.6% in March, slightly up from 0.4% in February. Again, housing and utilities made the biggest contribution (0.8% m-o-m, +0.2%pts). While global energy and oil prices were elevated throughout March, local fuel costs only rose by 1.2% m-o-m. This reflects the lagged adjustment in domestic fuel prices, which are set monthly and thus temporarily shielded consumers from immediate price hikes seen in other countries last month. However, petrol, diesel and gas prices were adjusted upwards on 1 April, which means a hefty monthly and annual increase in inflation is expected. The fuel levy relief will, however, partially offset this increase, suggesting the acceleration may be less pronounced than otherwise. The inflation profile for the remainder of 2026 will depend in part on whether this relief is extended.

While constrained global energy supply presents an upside risk to domestic inflation, the outlook is becoming more nuanced, with the policy response depending on the persistence and breadth of these pressures. A short-lived shock may warrant no interest rate response, given how close inflation is to the 3% target. However, the SARB will likely raise rates if higher input prices lead to second-order effects such as wages and inflation expectations. Consistent with this, incoming data on the persistence and broader transmission of the current shock will be key in determining the future interest rate path. The next MPC announcement is expected on 28 May.

SUBDUED RETAIL SALES FOR FEBRUARY

Retail sales fell by 1% m-o-m in February 2026, following a 0.9% m-o-m rise in January. This slowed annual sales growth from 4.4% in January to 1.6% in February. Trade by general dealers (-0.9%) and food, beverages and tobacco in specialised stores (-5.0%) were the largest drag on yearly sales, each shaving 0.4% pts from growth. On the upside, all other retailers (9.4%) and textiles, clothing, footwear and leather goods (3.9%) added positively to the annual print, contributing 1.0% pts and 0.6% pts respectively.

Real wholesale trade grew by 0.7% m-o-m in February 2026, which was the first monthly increase after two declines. On an annual basis, sales were still 1.1% lower.

ESKOM'S WINTER UPDATE PRESENTS POSITIVE NEAR-TERM PICTURE

Rose Murunzi

According to Eskom's Winter Outlook for April to August 2026, South Africa appears to be in a significantly improved position in the near term. The outlook presents a notably optimistic view, projecting continued system stability and no load-shedding over the winter period. This reflects improvements in generation performance in FY2026. The Energy Availability Factor (EAF) has risen by roughly 10.8 percentage points to about 65%, while unplanned losses have declined significantly by around 7.1GW. At the same time, planned maintenance has increased to an average of 5.4GW, signalling a shift toward more sustainable fleet management. Crucially, Eskom has secured a surplus of approximately 6GW of peak capacity, providing a buffer to meet increased winter demand.

However, the medium-term outlook is less certain. A significant supply risk emerges around 2029–2030, when 8.4GW of coal-fired capacity is expected to be retired and the 1.15GW Cahora Bassa supply contract ends by March 2030, representing the loss of about 9.5GW of firm capacity. While Eskom intends to offset this through new capacity aligned with the Integrated Resource Plan (IRP), including solar, wind, storage, and gas, execution risks remain significant. Notably, only about half of previously awarded renewable projects have been completed, highlighting persistent delivery constraints and raising concerns about whether sufficient capacity will come online within required timelines.

Maintaining energy security will therefore depend not only on the timely delivery of new capacity aligned with the Integrated Resource Plan (IRP) 2025, but also on continued structural reforms, including the unbundling of Eskom, a coordinated transition strategy, and the development of a stable and effective Transmission System Operator. While the near-term outlook has improved markedly, reducing the immediate risk of load-shedding and supporting economic activity, risks re-emerge over the medium term. Absent timely execution, this could result in a renewed supply gap towards the end of the decade, with implications for growth, investment, and the stability of the electricity system.

INTERNATIONAL DATA

Katrien Smuts

ECONOMIC HEADWINDS ARE SHOWING UP FAST IN EUROZONE DATA

April's Flash composite PMI for the Eurozone fell to a 17-month low of 48.6, signalling a contraction in private-sector activity at the start of the second quarter. While the services PMI declined substantially to 47.4 (from 50.2 in March), the manufacturing PMI rose slightly to 52.2 (from 51.6 in March), citing stronger manufacturing production and new orders in April, reflecting front-loaded demand in anticipation of higher costs later this year. Manufacturing respondents noted an especially sharp increase in input costs. This front-loaded demand may trigger further inflation.

Meanwhile, the ZEW Economic Sentiment Index for the Eurozone also declined, by 11.9 points to -20.4 in April 2026. This is the lowest level since December 2022.

INFLATIONARY FORCES AT WORK IN THE UK

The flash PMI for the UK increased from 50.3 to 52.2 in April, suggesting a moderate expansion in private-sector activity this month. Manufacturing respondents cite a rise in new order demand as consumers build up stocks before further cost increases and supply constraints. However, cost burdens across the private economy rose to its fastest level in almost three and a half years, boding ill for inflation going forward.

UK CPI inflation ticked up to 3.3% y-o-y in March from 3% in February. Not surprisingly, the increase was driven by transport costs, with motor fuels, in particular, climbing by 4.7% y-o-y. Moreover, housing and household services costs rose by 4.3% y-o-y due to a surge in heating oil prices. Core inflation eased to 3.1% y-o-y.

US RETAIL SALES SURPASS EXPECTATIONS; PMI REBOUNDS

Retail sales in the US held up nicely in March and expanded by a better-than-expected 1.7% m-o-m. Part of the story is that higher fuel prices translate into higher retail receipts, but consumer spending was solid across the board. In fact, core retail sales, excluding the volatile sectors, climbed 0.7% m-o-m. US consumers were likely benefiting from higher tax refunds and a solid labour market, offsetting some of the effects of higher fuel prices.

S&P's flash composite PMI index rose from 50.3 in March to 52 in April. Manufacturing orders climbed to a 48-month high of 55.7, and, as in the UK and the Eurozone, the relative robustness in the manufacturing sector reflects client stock-building efforts in anticipation of higher costs and tighter supply. Meanwhile, the services PMI recovered from 49.8 to 51.3 between March and April, though service orders barely increased over the month, with weakness in travel and tourism.

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