

FREE WEEKLY REVIEW | NUMBER 1

**9 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 on the main economic events and developments over the past week, a summary of upcoming data (the week ahead), as well as a SA political update – this week focusing on the new National Director of Public Prosecution (NDPP).

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## DOMESTIC DATA

Nkosiphindile Shange

### PMIs SIGNAL A SOFT ENDING TO 2025

The Absa manufacturing PMI declined by 1.5 points to 40.5 points in December 2025, firmly remaining in the contractionary territory. However, it is important to note that an unusually sharp decline in the inventories index, as well as a steep decline in the employment index, were the main drivers of the weaker headline reading. Indeed, activity improved sharply. Furthermore, the index tracking expected business conditions in six months' time jumped almost 20 points and came in at the second-highest level in two years.

The S&P Global SA PMI, which tracks the private sector more generally, dropped to 47.7 points in December 2025 from 49 in November - the weakest level seen in 11 months. Business activity declined the sharpest since January. Output declined amid weak client demand and challenging economic conditions. Registration of new projects declined for a third consecutive month. However, business optimism for the next 12 months was strong, with expectations for improved economic conditions and increased new sales orders.

Official Stats SA data showed that manufacturing production contracted by 1% y-o-y in November, following a 0.4% growth in October. The outcome was significantly below the consensus for 0.2% growth. Seven of the ten subsectors contracted in November. The largest decline came from wood and paper, which declined by 7.9%, subtracting

0.8%pts, followed by the metals subsector (2.5%, -0.6%pts), and motor vehicles and transport equipment (4.4%, -0.4%pts). Notably, the chemicals subsector grew by 5.5%, contributing 1.1%pts to the sector's growth.

On a monthly basis, seasonally adjusted manufacturing production decreased by 1.1% in November 2025, following 1% growth in October.

#### **SA NEW CAR SALES RECOVER TO ABOVE PRE-PANDEMIC LEVELS**

According to naamsa, new vehicle sales registered a 19.2% rebound in December, with aggregate industry new vehicle sales reaching 48 983 units, an increase of 7 882 vehicles compared to the 41 101 units recorded in December 2024. Passenger cars recorded the strongest growth of 20.1% while light commercial vehicle sales grew by 7.8%, and medium commercial vehicles grew by 5.6%. On the contrary, sales of heavy trucks and buses contracted by 3%.

New vehicle sales in 2025 totalled 596 818 units, compared to 515 976 in 2024, representing a 15.7% y-o-y improvement. Furthermore, this is 60 206 more units than sold in 2019, indicating significant growth linked to record-low vehicle inflation, an increase in more affordable vehicle imports, and recent interest rate cuts. Naamsa expects new car sales to grow by 9-11% in 2026.

The export market showed growth of 4.4% to 408 224 units. SA may benefit as Europe, our biggest export market, has softened their 2035 ban on internal combustion engines to 90% instead of the initial 100%. However, the export outlook remains precarious due to trade barriers and geopolitical tensions

## **INTERNATIONAL DATA**

Nadia Matulich

This week's key international releases were the PMIs. However, US GDP, nonfarm payrolls, FOMC minutes, and several global sentiment indicators were also released since our last Weekly. We begin with the latest PMI data, followed by a brief review of other major international releases to bring readers up to date.

#### **PMIs POINT TO CONTINUED, BUT SLOWING, EXPANSION**

Several PMI releases came out this week. In the US, the S&P Global Manufacturing PMI eased slightly to 51.8 in December from 52.2 in November. The S&P Global Services PMI also softened, falling to 52.5 from 54.1 in November. This disconnect between the S&P Global manufacturing PMI and the ISM print continued, with the latter staying in contraction for a tenth consecutive month, declining to 47.9 in December from 48.2 in November. Respondents highlighted continued price pressures, tighter margins, and low morale. Furthermore, unlike the S&P services print, the ISM Services PMI was more positive, rising to 54.4 in December, its highest reading of the year and 1.8 points above November. Trade and tariff uncertainty continued to be a source of frustration, although some respondents reported that business conditions remained strong.

In the Eurozone, the HCOB Composite PMI Output Index fell from 52.8 in November to 51.5 in December. While this signals slower expansion, the quarterly average was the

highest since 2023Q2. The outcome was driven by better services activity, while manufacturing continued to contract.

The UK S&P Global Composite PMI recorded an expansionary reading of 51.4 in December, up marginally from 51.2 in November. This marked the eighth consecutive month of expansion, with services outperforming manufacturing.

Finally, China's RatingDog General Composite PMI edged up to 51.3 in December from 51.2 in November, extending its expansion streak to seven months. As elsewhere, the improvement was driven primarily by services, with manufacturing expanding only marginally.

#### **US DATA DELIVERS MIXED SIGNALS**

The minutes from the December Fed interest rate decision showed that the cut earlier that month was warranted due to greater downside risks to the labour market relative to upside inflation risks. However, uncertainty remained elevated, with the risk of de-anchoring inflation expectations flagged as a key concern. Importantly, the cut was not seen as the start of an easing cycle, but rather a move back towards a more neutral stance, with a continued emphasis on data dependency.

The November nonfarm jobs report, delayed by the government shutdown, was released on 16 December. Data limitations were significant, with no information available for October. The Bureau of Labor Statistics reported that unemployment was broadly unchanged from September at 4.6%, with 64 000 jobs added. This was the highest unemployment rate since September 2021 and supports the Fed's concerns around labour market softening.

In contrast, US GDP surprised to the upside. Growth came in at 4.3% q-o-q (annualised) in Q3, up from 3.8% in Q2 and well above expectations of 3.3%. Growth was driven primarily by consumer spending, particularly on health care, international travel, information processing equipment, and prescription drugs. Fixed investment slowed sharply, from 4.4% to 1 percent. Exports rebounded strongly after contracting in Q2, while imports declined.

Sentiment indicators presented a more cautious picture. The Michigan Consumer Sentiment Index improved modestly to 52.9 in December from 51 in November, although levels remain subdued. By contrast, the Conference Board Consumer Confidence Index fell for a fifth consecutive month, declining from 92.9 to 89.1. Expectations remained below 80 for an eleventh consecutive month, a level that typically signals recessionary risk. Overall, while headline GDP growth was strong, underlying indicators point to emerging areas of concern in the US economy.

#### **EUROPE AND THE UK REMAIN BROADLY STABLE**

Following unchanged inflation in November (annual headline inflation at 2.1% and core at 2.4%), the European Central Bank (ECB) left its policy rates unchanged in December. Separately, sentiment improved, with the ZEW Indicator of Economic Sentiment rising to 33.6 in December, up 8.7 points and its highest level in five months.

In the UK, headline inflation slowed to 3.2% y-o-y in November, its lowest level in eight months. Core inflation also eased to 3.2%, the lowest reading in eleven months. GfK consumer confidence improved slightly, but remained subdued (-19 to -17).

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