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This report covers the key domestic and international data releases over the past week. The more comprehensive BER Weekly Review 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's edition unpacks the dramatic volatility in precious metals and global markets, alongside shifting expectations for US monetary policy following news around Trump's preferred successor to Fed Chair Jerome Powell. We also examine key domestic political developments, including DA leader John Steenhuisen's decision not to seek a third term.

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DOMESTIC DATA

Nadia Matulich

PMIs SUGGEST IMPROVING MOMENTUM ALONGSIDE STRONG VEHICLE SALES

The **Absa PMI** recorded a notable improvement in January, rising by 8.2 points to 48.7. While the index remains in contractionary territory, the increase represents a substantial improvement on December's reading. Although the PMI can be volatile, the magnitude of this movement is significant. In particular, the business activity index rose above the neutral 50 mark to 51.4, increasing by 14.7 points over the past two months. New sales orders also improved, driven entirely by domestic demand, while export sales declined.

The S&P Global SA PMI came in at 50.0, suggesting broadly unchanged conditions relative to December. However, the index increased from 47.7 in December, indicating that activity was no longer deteriorating as it had during the fourth quarter. New business volumes and output were relatively stable. Inflationary pressures eased further, with salary increases partly offset by favourable exchange rates that reduced import costs. As a result, input prices rose at their slowest pace in three months. As with the Absa PMI, business optimism declined slightly relative to December but remained positive overall.

New vehicle sales continued their upward momentum in January, reaching 50 073 units, an increase of 3 479 vehicles or 7.5% compared to January 2025. Vehicle exports totalled 24 568 units, broadly unchanged from January 2025, when 24 432 vehicles were exported. Naamsa cautioned that rising protectionism in key export markets is likely to continue constraining the sector, although the improved inflation and monetary policy environment remains supportive. By buyer category, 85.4% of new vehicle sales were to dealers, 10.9% to the rental industry, 2.1% to corporate fleets, with the remainder sold to government. Passenger vehicles accounted for the majority of sales at 37 190 units. Sales of medium and heavy commercial vehicles, however, declined relative to January 2025, with infrastructure investment, logistics, electricity and the outlook for investment in broader terms remaining as key constraints.

Finally, in m-o-m terms, the volume of electricity generated declined by 1.4% in December, following decreases of 0.7% and 0.3% in October and November respectively. The sector is thus set to weigh on Q4 GDP. Electricity production was down by a cumulative 7.9% over the year.

INTERNATIONAL DATA

Nicolaas van der Wath

EUROZONE AND UK MONETARY POLICY SETTINGS UNCHANGED

In the Eurozone, the ECB left its policy interest rate unchanged at 2.15%, a level reached in June 2025. The ECB supported this decision by noting that headline inflation is expected to remain around its 2% target over the medium term. The Eurozone economy has remained resilient despite global uncertainties, with unemployment still low and private-sector balance sheets solid.

Across the English Channel, the BoE kept its policy interest rate unchanged at 3.75%, where it has stood since December last year. However, nearly half of the committee members voted for a 25 basis-point cut, citing concerns about slow economic growth and a softer labour market. Consumer inflation is expected to subside towards the 2% target by April this year, largely on the back of lower energy costs, while wage and services inflation are also moderating.

Meanwhile, a preliminary reading indicates that Eurozone annual headline consumer inflation continued to ease, reaching 1.7% in January (down from 2.1% in November). Core inflation (which excludes volatile items such as food and energy) also declined, from 2.4% in November to 2.1% in January — the lowest level since October 2021. On a monthly basis, headline consumer prices contracted by 0.5%. Of concern, however, is that five-year inflation expectations increased in December, from 2.2% to 2.4%.

Besides inflation, the Eurozone also released initial GDP estimates for the final quarter of 2025. GDP expanded by 0.3%, matching the growth recorded in the third quarter. This resulted in a full-year growth rate of 1.5% for 2025. Among member states, growth picked up considerably in Germany, from a contraction of -0.2% in the second quarter to

0% in the third and 0.3% in the fourth. Growth of 0.8% was recorded in Spain and 0.5% in the Netherlands.

CHINA MANUFACTURING PMI HOLDS STEADY NEAR NEUTRAL IN JANUARY

The new year started on a balanced footing for the Chinese economy, as the RatingDog Purchasing Managers' Index (PMI) for the manufacturing sector moved virtually sideways along the neutral 50-point mark from December to January. However, purchasing costs accelerated to the highest level in four months, prompting firms to raise their selling prices for the first time since November 2024. Consequently, business confidence dropped to its lowest level in nine months.

Nonetheless, new sales orders and export orders improved slightly, allowing companies to increase employment.

ISM MANUFACTURING PMI IN THE US SURGES IN JANUARY

Meanwhile, in the US, the new year started on a very strong note, as reflected in the ISM Manufacturing PMI, which surged from 47.9 in December to 52.6 in January. This was the highest level since 2022 and safely above the neutral 50 mark. The sharp increase was unexpected by forecasters and marked the first return to expansionary territory in a year.

Underlying indicators also improved, including new orders, production, employment, supplier deliveries and inventories. At the same time, price pressures remained significantly elevated at 59 index points. Some respondents indicated that they needed to replenish stock after the holiday season and place pre-emptive orders amid ongoing tariff uncertainty.

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