

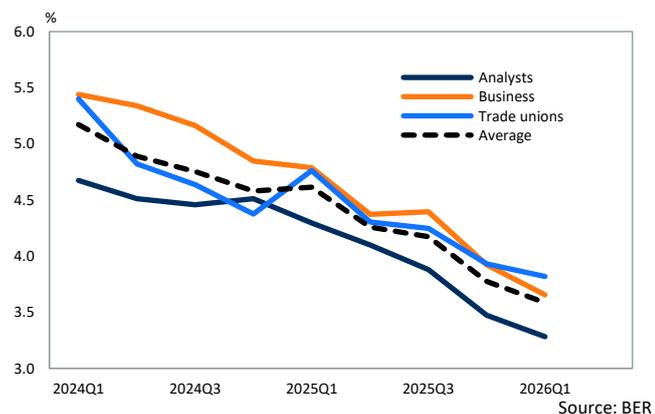
This report summarises the key domestic and international data releases over the past week. In the full BER Weekly Review, we go beyond the data with our *Week in Perspective* commentary, unpacking the market impact of escalating tensions in the Middle East and the sharp rise in oil prices. We also cover the latest political developments in South Africa, including ongoing developments in the criminal justice system and their broader implications. The full Weekly is available to BER Essential Insights subscribers (sign up [here](#) – only R210/month) and Premium Insights clients.

## DOMESTIC DATA

Katrien Smuts

### INFLATION EXPECTATIONS MOVED CLOSER TO THE NEW 3% INFLATION TARGET

In 2026Q1, the second survey after the inflation target changed to 3%, the average next-year inflation expectations of the three professional groups declined slightly to a low of 3.6% (from 3.7% previously). In contrast, household inflation expectations reversed their downward trend; one-year expectations were 5.4% (5.3% previously), while five-year expectations rose from 7.7% to 8.4%.



### CPI INFLATION SOFTENS MORE THAN EXPECTED IN FEBRUARY

Annual consumer (CPI) inflation declined to 3.0% in February 2026, down from 3.5% in January and 3.2% in February 2025. On a monthly basis, prices increased by 0.4%. While the moderation in inflation is welcome, the February print was partly driven by idiosyncratic factors. Notably, medical aid contribution increases, typically implemented in January but surveyed in February, were not fully captured this year, as some schemes have delayed their tariff adjustments. Given that insurance accounts for 8.4% of the CPI basket, this resulted in a lower-than-usual contribution to headline inflation. In addition,

fuel prices declined by 3.1% m-o-m in February, contributing to the softer outcome, although more recent oil price developments suggest this effect may prove temporary. Food and non-alcoholic beverages recorded a 0.3% m-o-m decline (+3.7% y-o-y), further softening the overall print.

## **WHOLESALE TRADE CONTRACTS, WHILE MOTOR TRADE SHOWS RESILIENCE IN JANUARY**

Real wholesale trade contracted by 4.5% y-o-y in January 2026, while nominal wholesale trade sales declined by 3.8% y-o-y over the same period. The largest drag came from dealers in solid, liquid and gaseous fuels and related products, where sales fell by 17.6%, subtracting 4.5 %pts from overall wholesale trade growth.

By contrast, real motor trade sales increased by 3.2% y-o-y in January. Growth was driven primarily by new vehicle sales, which rose by 15.7% y-o-y, contributing 4.0 %pts. Used vehicle sales also increased, up 3.4% y-o-y, adding 0.7 %pts. On the downside, income from accessories declined by 3.7% y-o-y, detracting 0.7 %pts from overall motor trade sales.

## **INTERNATIONAL DATA**

Nomvelo Moima

### **GLOBAL CENTRAL BANKS TAKE A CAUTIOUS STANCE AMID RISING ENERGY PRICES**

As anticipated, the US Fed voted 11-1 to hold the Federal funds rate unchanged at 3.5-3.75%. The Summary of Economic Projections (SEP) showed GDP growth at 2.4% for 2026 (an upward revision from 2.3% in the December SEP), unemployment steady at 4.4%, and both PCE and core PCE inflation revised higher to 2.7% (up from 2.4% and 2.5% in December, respectively). The dot plot revealed one potential cut this year, and another in 2027, but the distribution of votes in favour of cuts has shifted hawkishly since the December SEP (more committee members favouring holds than previously). Fed Chair Jerome Powell stated that the Fed was “not making as much progress on inflation as it had hoped”. His comment, taken together with the SEP, highlights the difficulty the Fed faces in balancing its inflation and employment mandates amid rising oil prices.

Across the Atlantic, both the BoE and the ECB kept their policy rate unchanged on Thursday. The BoE’s Monetary Policy Committee voted unanimously to maintain the key policy rate at 3.75%, while the ECB held its steady at 2.15%. The BoE's decision was a notable shift from pre-war expectations of a cut. The escalation of conflict in the Middle East, which has pushed energy higher, has the BoE on high alert for second-round effects on wages and prices in the UK economy, dashing hopes of further policy easing.

The ECB moved in line with market expectations, holding its benchmark interest rate for a sixth straight meeting, with the key shift in the statement being an emphasis on the potential upside risks to inflation and downside risks to economic growth stemming from the Iran conflict.

Another hold came from Japan's central bank, which, unlike other major central banks, is on a hiking cycle. The BoJ left its key short-term policy rate unchanged at 0.75% for a third consecutive meeting. Cautioning that intensifying tensions in the Middle East added uncertainty to the outlook, but reiterated that they remain prepared to continue raising rates if economic growth and inflation evolve broadly in line with projections

### **US PRODUCER PRICE INFLATION HOTTER THAN EXPECTED**

US producer price inflation (PPI), released hours before the Fed's interest rate announcement, came in hotter than market expectations. On an annual basis, PPI rose by 3.4% in February, accelerating from 2.9% in January. The upside surprise was driven by a 0.7% m-o-m rise in producer prices, a faster pace than the 0.5% m-o-m increase in the prior month and the consensus forecast of 0.3%.

Ahead of the March spike in oil prices, February's PPI print was the fastest increase seen in seven months. A combination of underlying inflationary pressures and expectations of a further acceleration in the coming month bodes poorly for the US inflation outlook.

### **ECONOMIC SENTIMENT IN EUROPE DETERIORATES AMID MIDDLE EAST FLARE-UP**

In the Eurozone, the ZEW indicator of economic sentiment swung to its lowest level since the threat of US liberation day tariffs in April 2025. Plunging from 39.4 in February to -8.5 in March, the reading was far worse than consensus expectations, which had been looking for a moderate decline to 24 points, as concerns over the conflict in the Middle East and its spillovers weighed heavily on the mood in the region. Most evident in inflation expectations surging by 78.9 points to 79.

Economic sentiment in Germany mirrored that of the EZ, sinking to -0.5 in March, down sharply from 58.3 in February. Notably, this marked the third-largest decline in a single month in recent history, after Russia's Invasion of Ukraine and April 2025 Liberation Day.

### **CHINA FACTORY OUTPUT AND RETAIL SALES SIGNAL STEADY START TO THE YEAR**

Finally, China's industrial production rose by an above-consensus 6.3% y-o-y over January and February 2026, up from 5.2% in December. At the same time, retail sales increased by 2.8% y-o-y in the first two months of 2026, accelerating from 0.9% in prior month. Buoyed by a surge in consumer spending and travel over the Lunar New Year holiday. Meanwhile, the urban unemployment rate picked up more than expected to 5.3% in February, from 5.1% in January.

It is worth noting that although industrial output and retail activity surprised to the upside, support was driven by temporary tailwinds (resilient external demand and holiday spending), rather than a structural recovery in domestic demand.

## CONTACT US

**Editor:** Lisette IJssel de Schepper  
**Tel:** +27 (0)21 808 9777  
**Email:** [lissette@sun.ac.za](mailto:lissette@sun.ac.za)

Click [here](#) for previous editions of this publication.

Please refer to the glossary on the **BER website** for explanations of technical terms.

### Copyright & Disclaimer

This publication is confidential and only for the use of the intended recipient.  
Copyright for this publication is held by Stellenbosch University.



Although reasonable professional skill, care and diligence are exercised to record and interpret all information correctly, Stellenbosch University, its division BER and the author(s)/editor do not accept any liability for any direct or indirect loss whatsoever that might result from unintentional inaccurate data and interpretations provided by the BER as well as any interpretations by third parties. Stellenbosch University further accepts no liability for the consequences of any decisions or actions taken by any third party on the basis of information provided in this publication. The views, conclusions or opinions contained in this publication are those of the BER and do not necessarily reflect those of Stellenbosch University.