

DATA REVIEW | NUMBER 17

15 May 2026

This report summarises the key domestic and international data releases over the past week, including disappointing South African labour market data and rising global inflation pressures linked to renewed geopolitical tensions in the Middle East. The full **BER Weekly Review** also unpacks the implications of renewed strains around the Strait of Hormuz for oil markets, inflation and interest rate expectations, alongside a detailed South African political update by Natasha Marrian covering the Constitutional Court's Phala Phala ruling and recent Cabinet developments.

The full Weekly is available to BER Essential Insights subscribers (**sign up here for only R210/month**) and Premium Insights clients. Essential Insights subscribers can also attend the BER's upcoming webinar on the Constitutional Court's Phala Phala ruling with Natasha Marrian and Richard Calland.

Please also note that registrations for the **BER Conference on 2 June** remain open. Readers who purchase both a conference ticket and an annual Essential Insights subscription still qualify for a discounted package.

DOMESTIC DATA

Katrien Smuts

DISAPPOINTING Q1 JOBS DATA

The Quarterly Labour Force Survey (QLFS) painted a significantly weaker-than-expected picture, with a 345k decline in employment in Q1. The weakness was broad-based, with losses of 189k, 127k and 28k in the formal, informal and household sectors, respectively. At the same time, unemployment increased by 301k, pushing the unemployment rate up 1.3% pts to 32.7%. Youth unemployment rose sharply, by 3.6%pts to 71.9%.

On a sector basis, the largest job losses were recorded in community and social services (-206k), and construction (-110k). Agriculture (+10k), mining (+32k), and manufacturing (+38k) added jobs from Q4. The share of people aged 15 to 24 not in employment, education or training rose by 0.5 percentage points y-o-y to 37.6%.

These numbers follow five quarters of improvement in the labour market alongside positive quarterly GDP growth. While a slight unemployment uptick in the first quarter is not unexpected, the decline in the number of employed people was significant. Some of the volatility may still reflect the impact of recent methodological and definitional changes to the QLFS, making it difficult to fully disentangle underlying labour market weakness from statistical effects. We will be watching whether the Quarterly Employment Statistics (QES), which focuses more heavily on formal sector employment, is consistent with these numbers, and whether the QLFS data is subsequently revised.

MANUFACTURING TO BE A DRAG ON Q1 GDP

After four consecutive months of contraction, manufacturing production grew by 0.9% y-o-y in March 2026, with the largest positive contributions stemming from food and beverage, petroleum, chemical products, rubber and plastic products and electrical machinery. On a q-o-q basis, however, manufacturing production was down 1%, mostly due to weak performance in February. This number corroborates the **Absa PMI** numbers from the first quarter, which were also in contractionary territory. Together with still-weak logistics and external demand conditions, this suggests manufacturing likely remained a drag on overall economic activity in Q1.

MINING SET TO ADD POSITIVELY TO GDP

Mining production increased by 2.5% y-o-y in March, with positive contributions stemming from PGMs, gold and manganese, which all grew by more than 10% y-o-y. On a monthly basis, seasonally adjusted mining production decreased by 5.1% m-o-m, but strong performances in January and February kept quarterly production up by 0.6% in 2026Q1. PGMs and gold were the strongest positive contributors, while iron ore and coal production detracted the most from growth.

Mineral sales at current prices followed a similar pattern to production in March, growing by 30.2% y-o-y, and 6.6% q-o-q, but contracting by 8.6% m-o-m. Sales were strongest for PGMs, gold and chromium.

INTERNATIONAL DATA

Kelebogile Mabitsi

US PRICE PRESSURE ACCELERATES FASTER THAN EXPECTED

Annual consumer inflation increased from 3.3% in March to 3.8% in April. Inflationary pressures were mostly driven by energy costs, which rose 17.9% y-o-y. However, monthly consumer inflation eased from 0.9% in March to 0.6% in April, as energy inflation softened (3.8% vs 10.9%). This suggests that while price pressures remained elevated relative to a year ago, the monthly acceleration pace moderated somewhat in April. Annual core inflation ticked up to 2.8% in April, following a 2.6% rise in March, while monthly core inflation edged up from 0.2% in March to 0.4% in April.

Annual producer price inflation accelerated by more than expected, from 4.3% in March to 6% in April, the steepest increase since December 2022. Similarly, monthly producer prices rose by 1.4% in April - a four-year high - following a 0.7% uptick in March. While energy prices contributed significantly to the acceleration (gasoline was up 15.6% m-o-m), services

inflation also increased, by 1.2% m-o-m. This was the sharpest increase since March 2022, with trade, and transport and warehousing increasing by 2.7% m-o-m and 5% m-o-m, respectively. Despite rising price pressures, the data suggest US consumer demand remained relatively resilient in April.

Retail sales grew by 0.5% m-o-m in April, after a 1.6% m-o-m jump in March. Gasoline stations saw the highest sales growth (2.8%) while spending declined at furniture & home furniture stores (-2%) and clothing stores (-1.5%). Meanwhile, annual retail sales ticked up from 4.2% in March to 4.9% in April, the largest result since August 2025.

UK'S ECONOMY DISPLAYS RESILIENCE AMID INITIAL GEOPOLITICAL SPILLOVERS

UK's GDP increased by 1.2% y-o-y in March, maintaining momentum. In monthly terms, the economy expanded by 0.3% in March, down from growth of 0.4% in February. This was driven by services and construction output growth, partly offset by weakness in production sectors. Monthly industrial production fell by 0.2% in March, reversing February's 0.3% expansion.

CHINA MAINTAINS ITS REFLATION STREAK AS PRODUCER PRICES REACH A 45-MONTH HIGH

Annual consumer inflation edged up from 1% in March to 1.2% in April, with consumer goods inflation (1.4%) exceeding services inflation (0.9%). Non-food prices increased by 1.8%, while food prices fell by 1.6%, underpinned by meat prices declining by 6.7%, driven by plummeting pork prices. Meanwhile, monthly consumer inflation increased by 0.3% in April, following a 0.7% decline in March.

On the producer side, factory-gate prices rose by 2.8% y-o-y in April, following a 0.5% y-o-y rise in March. The continued increase in producer prices resulted from rising prices in the non-ferrous metals, technology equipment, oil and gas sector. Ongoing cost-push inflation stemming from the US-Iran conflict is likely to sustain producer price reflation alongside the government's anti-involution measures.

EZ'S SLUGGISH ECONOMIC SENTIMENT IMPROVES WHILE ANNUAL INDUSTRIAL PRODUCTION WEAKENS

There was a slight recovery in the Eurozone (EZ)'s ZEW economic sentiment index, which improved from -20.4 in April to -9.1 in May. By respondents, 51.1% expect no change in economic activity, while 29% expect a deterioration, and the remaining 19.9% foresee growth. While modest, the results suggest that growth expectations remain subdued amid geopolitical uncertainty.

Meanwhile, annual industrial production contracted by 2.1% in March, following a 0.8% decline in February. Monthly industrial production increased by 0.2% for the second consecutive month in March. The reading was lifted by improved capital goods production (1.1%) but was weighed down by lower non-durable goods (-4.5%) and energy (-1.5%) output.

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