BUREAU for ECONOMIC RESEARCH

DATA REVIEW | NUMBER 27

24 July 2026

This report summarises the key domestic and international data releases over the past week, including South Africa's upside inflation surprise, stronger-than-expected retail sales and another weak set of industrial indicators. Internationally, we cover improving US consumer sentiment, the European Central Bank's latest policy decision and signs of improving confidence across the eurozone.

The full BER Weekly Review examines why the SARB chose to leave interest rates unchanged despite higher inflation and renewed strength in oil prices, the implications of escalating geopolitical tensions and evolving US trade policy, and what to watch ahead of next week's US Federal Reserve meeting. We also feature Natasha Marrian's analysis of the latest developments at the Public Investment Corporation (PIC), the Madlanga Commission and the Phala Phala litigation. The full Weekly is available to BER Essential Insights subscribers (**sign up here for only R210/month**) and Premium Insights clients.

DOMESTIC DATA

Kelebogile Mabitsi

HEADLINE CONSUMER INFLATION RISES TO A 2-YEAR HIGH

Annual consumer inflation accelerated to 5% in June, following a 4.5% rise in May. On a monthly basis, consumer prices increased by 0.7%, unchanged from May. Like the headline, core inflation came in a little higher than expected, increasing from 3.8% y-o-y in May to 4.1% y-o-y in June. For the headline, the biggest boost came from transport prices increasing by 12.7%, led by elevated fuel costs (34.3%). Further contributions came from higher costs for housing and utilities (5.5%), and insurance and financial services (5.9%). Conversely, food inflation remained subdued, even easing from 1.6% in May to 1.4% in June. This was underpinned by softer prices for fruit, nuts and vegetables. Overall, goods inflation accelerated from 4.4% in May to 4.8% in June, remaining above the SARB's 3% target for a third consecutive month. Services inflation also rose further, from 4.7% to 5.2%, reinforcing the central bank's concern that underlying price pressures remain sticky.

RETAIL AND WHOLESALE SALES SWING IN OPPOSITE DIRECTIONS

Annual retail trade sales rose by 2.3% in May, up from 1.2% in April. Retailers of textiles, clothing, footwear and leather goods (3.7%) and "other" retailers (6.7%) made the largest contributions to growth, each adding 0.7% pts. General dealers contributed a further 0.4% pts as sales rose by 1% y-o-y. By contrast, sales declined at retailers specialising in food, beverages and tobacco, as well as at hardware, paint and glass stores. From a GDP perspective, seasonally adjusted retail sales increased by 0.1% m-o-m in May, following a 0.8% rise in April. Assuming June does not disappoint, the sector remains on track to make a positive contribution to Q2 growth.

On the other hand, wholesale trade sales declined by 7.4% m-o-m, following a 2.3% drop in April. On an annual basis, sales were down by 6.9%, after a 3.3% increase in April. This suggests that, alongside mining and manufacturing, wholesale trade is likely to weigh on Q2 GDP growth.

INTERNATIONAL DATA

Nadia Matulich

US CONSUMER SENTIMENT LIFTS FROM RECORD LOWS

In the US, the University of Michigan's Consumer Sentiment Index rose to 54.4 in July, following the record low of 49.5 recorded in June. Both sub-indices improved, with consumer expectations rising to 54.0 from 50.7 and current economic conditions rising to 54.9 from 47.7. This marks the highest reading since February, before the disruption in the Strait of Hormuz began. According to the Survey's director, the second consecutive improvement largely reflected easing fuel price pressures. However, the survey was completed before the latest rise in petrol prices.

Year-ahead inflation expectations remain elevated, although they declined from 4.6% in June to 4.2% in July. This is still above the 3.4% recorded in February, before the Iran conflict, and remains well above the Federal Reserve's 2% inflation target. Long-run inflation expectations were unchanged at 3.3%.

UK INFLATION EDGES LOWER IN JUNE

In the UK, headline inflation eased from 2.8% to 2.6% y-o-y in June, while core inflation remained unchanged at 2.6%. In month-on-month terms, headline inflation slowed from 0.2% to 0.1%, while core inflation was unchanged at 0.3%.

The moderation in headline inflation reflected broad-based easing across the basket, with lower transport costs making the largest negative contribution. Offsetting this somewhat were modest increases in services-related categories such as restaurants and hotels.

EUROZONE SENTIMENT IMPROVES WHILST ECB HOLDS RATES STEADY

The Eurozone produced a generally more encouraging set of data this week. While final June inflation numbers were unchanged from the flash estimates, survey data pointed to improving confidence. The ZEW Indicator of Economic Sentiment rose sharply in both Germany and the wider Euro area, comfortably exceeding expectations, while the European Commission's flash consumer confidence indicator also improved.

Despite the improvement in sentiment, assessments of current economic conditions remain weak, particularly in Germany. Even so, both indicators improved modestly from June, while inflation expectations eased further.

Indeed, the European Central Bank (ECB) decided to keep the interest rates unchanged. The Governing Council noted that energy prices remain highly volatile, although they are close to the baseline in the latest staff projections and remain above levels recorded before the conflict in the Middle East. The ECB reiterated its data-dependent approach, emphasising that future decisions will depend on the evolving inflation outlook, including the duration and broader effects of higher energy prices, as it seeks to return inflation to its 2% target.

CONTACT US

Editor: Lisette IJssel de Schepper
Tel: +27 (0)21 808 9777
Email: lisette@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.