BUREAU for ECONOMIC RESEARCH

WEEKLY REVIEW | NUMBER 43 | 20 NOVEMBER 2026

Rand slips past R17 as dollar surges and coalition jitters mount

THE WEEK IN PERSPECTIVE

Katrien Smuts

For the first time since March, the rand depreciated above R17 to the dollar this week. This marks a 4% w-o-w depreciation against the greenback, while the rand also lost ground against the British pound and euro. Both domestic and global factors were at play.

On the domestic front, messy coalition talks added to the pressure on the rand this week. As the BER's political analysts explain in the **politics section below**, it seems increasingly likely that the ANC will enter into a coalition with ActionSA, the EFF and the MK Party (MKP) across the three Gauteng metros – it could also extend to Nelson Mandela Bay and eThekwini. Such an outcome would relegate the DA to the opposition benches even though it won the largest share of the vote in all but eThekwini. Markets are watching these negotiations closely, particularly for what they may imply for municipal governance and the stability of the government of national unity (GNU). The risk is that the current status quo of poor municipal services and infrastructure will continue under this arrangement. Additionally, ousting the DA at the local government level could spill over into the GNU, potentially destabilising national politics and having more significant implications for investor sentiment.

But domestic politics were only part of the story. The dollar strengthened sharply this week as firmer US data and increasingly hawkish Fed commentary reinforced expectations of further rate hikes. At the same time, gold and platinum prices fell sharply, removing another source of support for the rand. These global moves appear to have been an important, and likely larger, driver of the currency's weakness over the week.

This matters because the rand has been a crucial cushion for SA consumers this year. Without its relative strength and stability, elevated international fuel prices would have hit households even harder, and imported goods would have cost more. That cushion is thinning just as inflation is picking up: October's CPI rose sharply to a 29-month high of 5.2%. Against this backdrop, South Africans with debt can breathe a sigh of relief as the SARB's Monetary Policy Committee on Thursday decided to keep the policy rate unchanged at 7.25%, though it was a close call. It was again a tricky task for the SARB to weigh continued upside risks to inflation against the backdrop of slow economic growth. **Clients can read the BER's detailed MPC comment here.**

Weekly Key Indicators

	Close	w-o-w
R/$	R17.45	4.0%
R/€	R19.16	3.2%
R/£	R22.91	3.2%
$/€	$1.10	-0.8%
Brent crude oil	$92.91	-3.0%
Gold	$3,679	-5.1%
Platinum	$1,381	-9.2%
JSE ALSI	106,216	-5.9%
10y gov. bond	8.78	14bps
FRA (1x4)*	7.32	-1bps

*Forward rate agreement

The SARB's decision to keep the policy rate unchanged at 7.25% was widely expected, but the detail was more hawkish than the headline suggests. The vote was split 4–3, with three MPC members preferring a 25bp hike, and the Bank described the

decision as a “pause for now”. For the moment, we continue to expect rates to remain on hold, with the first cut only around the middle of 2027 as the impact of the oil-price shock fades and inflation moderates. The risks are tilted towards a tighter path, however, further rand weakness, renewed pressure on global energy prices, or evidence that the fuel shock is feeding into broader prices and inflation expectations could bring another hike back into consideration as early as January.

On the global front, developments in the AI trade continued to dominate market movements, with several forces pulling in opposite directions. The sector has grown rapidly over the last few years, but tech and AI-related stocks sold off sharply in recent weeks as risks to the sector’s future have grown. With the Democrats’ sweeping victory in the US Congress comes the potential for increased regulatory scrutiny, which could dampen growth prospects in this sector. Washington has also tightened restrictions on the export of advanced AI chips to China and parts of South-East Asia. Separately, the scandal surrounding former Nvidia CEO Jensen Huang has intensified scrutiny of how restricted US chips may have reached Chinese users through third countries, including via the Singapore-registered company Megaspeed.

That said, appetite for AI stocks is far from gone. On Thursday, Anthropic completed the largest IPO on record. The company priced its shares at $83 each, raising about $81bn through the public offering, alongside a further $26bn private placement. The shares opened at $111.50 before closing at $97.17, still 17% above the offer price and valuing the company at roughly $1.75tn. Moreover, just after a scandal-laden week for leading chipmaker Nvidia, the company posted solid sales growth for the previous quarter and maintained a bullish revenue outlook. The share price rallied ahead of the results but still closed lower on the day, suggesting that the leadership vacuum continues to weigh on sentiment even as the underlying business remains strong.

The global risk-off move also spilled over into SA markets, with the JSE falling by 5.6% w-o-w. Resource shares were hit particularly hard as gold, platinum and other commodity prices declined sharply, while weakness in major technology counters such as Naspers and Prosus added to the pressure. Higher US rate expectations weighed on gold, which fell by 5.1% this week to a 14-month low of $3,679. Platinum prices also declined sharply. These moves matter for SA because stronger commodity prices have supported export earnings and the rand over the past year. Their reversal therefore removes another important source of support for the currency.

The most striking geopolitical development this week was a meeting between Presidents Xi Jinping, Vladimir Putin and Donald Trump on the sidelines of the Asia-Pacific Economic Cooperation (APEC) summit in Shenzhen. The leaders of China, Russia and the US agreed on several broad issues, including UN reform, nuclear risk and the International Criminal Court. More immediately relevant for markets was their commitment to increase the production and supply of refined petroleum products, although how this will be achieved remains unclear given already-high US refining capacity and continued Ukrainian attacks on Russian refineries.

The announcement had little immediate impact on oil prices, which were already down about 3% w-o-w as global supply continued to recover. The International Energy Agency said last week that oil supply had exceeded demand for the first time since the war began and projected an overhang of around 2 million barrels a day this quarter. Geopolitical risks have not disappeared, however. The US and Iran continued to exchange air strikes, while attacks on vessels around the Strait of Hormuz persisted. Oil prices are therefore being pulled in opposite directions: improving supply conditions are weighing on prices, while the ongoing conflict sustains a geopolitical risk premium.

WEEK AHEAD: DOES PCE CONFIRM THE US INFLATION SCARE?

On Monday, we look forward to the release of flash PMI prints for the Eurozone, Germany, UK and the US. These indicators have generally remained resilient, and the latest readings will provide a first indication of whether that momentum continued into November. Meanwhile, the Ifo Business Climate and the forward-looking GfK Consumer Confidence Index will tell us whether sentiment has continued to improve in Germany. While business sentiment in Germany is looking better, consumer confidence remains weak. The question is whether improving business conditions can be sustained while household demand remains subdued.

Data releases in the US are particularly quiet next week as many Americans take a long weekend to celebrate Thanksgiving on Thursday. Ahead of the holiday, we will get a second read on October inflation with the release of the PCE price indexes on Wednesday, alongside the second estimate of Q3 GDP. After last week's stronger-than-expected CPI inflation report, expectations for another Fed rate hike strengthened, with a larger 50-basis-point move also entering the discussion. A stronger PCE inflation print would likely reinforce a more hawkish stance from the Fed, especially since PCE inflation is its preferred measure of inflation.

No significant domestic data releases are expected next week. The SARB's Leading Indicator will provide insights into near-term economic momentum, while motor trade sales will show whether the broader sector improved in September after a relatively soft August. New vehicle sales have remained a source of support, but overall motor trade activity has been weaker, with fuel sales and other components under pressure. Additionally, we anticipate that producer price inflation accelerated to 7.9% in October, as the sharp increase in fuel prices fed through to producer costs.

Date	Event	Latest
Monday (23 Nov)	US, UK, EZ, DE: S&P Global Composite PMI (Flash, Nov)	55.9; 52.9; 51.7; 53.4
Tuesday (24 Nov)	DE: Ifo Business Climate (Nov)	90.2
Tuesday (24 Nov)	SA: Leading Business Cycle Indicator (Sep)	1.1% m-o-m
Wednesday (25 Nov)	SA: Motor Trade Sales (Sep)	1.9% y-o-y; -0.3% m-o-m
Wednesday (25 Nov)	US: Core PCE Price Index (Oct)	3.1% y-o-y; 0.3% m-o-m
Thursday (26 Nov)	SA: PPI (Oct)	6.2% y-o-y; 1% m-o-m
Thursday (26 Nov)	DE: GfK Consumer Confidence (Dec)	-30.8

SA POLITICAL UPDATE

Natasha Marrian

SA IN FOR A MAJOR POLITICAL SHIFT AS COALITIONS TAKE SHAPE

The BER's base case remains an ANC/ActionSA-led arrangement across the Gauteng metros, with the EFF and MK Party also part of the equation. A similar configuration could extend to Nelson Mandela Bay and eThekwini. **The scenario we highlighted on Monday** therefore still looks plausible, although negotiations are ongoing and no final agreement has yet been signed. Indeed, there are still five days left for negotiations to continue and a considerable amount of detail to iron out in that time.

For now, the most likely arrangement would relegate the largest political party across Gauteng metros, the Democratic Alliance (DA), to the opposition benches. Should the ANC position hold, it could have far-reaching implications for the government of national unity, which includes the DA, over the medium term. The DA has indicated that such a deal would compel it to examine its participation nationally – this, however, is unlikely to take place soon. The GNU continues to provide

the DA with an attractive platform to build support nationally. It is a decision the DA is unlikely to make rashly.

Coalition talks, characterised by leaks and propaganda, are set to wrap up next week as councils across Gauteng are constituted. In the meantime, the ANC twice postponed a media briefing to announce its stance, after its special national executive committee meeting last week agreed that it would avoid entering coalitions with the DA – the party would be a "last resort".

HOW THE ANC'S STANCE ON THE DA SHIFTED

During the ANC's NEC meeting last week, it became clear that a powerful bloc of party leaders who had been at the forefront of supporting the DA's participation in the GNU nationally had shifted to a more hostile stance toward the party.

Key among them is ANC secretary general Fikile Mbalula. Mbalula was under intense pressure ahead of the election after the party failed to submit councillor candidate lists to the Electoral Commission of SA for six key municipalities in the Eastern Cape and, crucially, the Mangaung metro in the Free State. The ANC lost a High Court bid to have the IEC accept the candidate lists and include the party's candidates on the ballot in the November 4 election. The ANC then changed tack and an activist in its ranks approached the Constitutional Court, arguing that a failure to reflect the ANC on the ballot in those councils would deprive him of his constitutional right to vote for the party of his choice. The DA opposed his bid in the Constitutional Court. The court found in his favour, a win for the ANC. The saga had placed Mbalula under severe pressure and threatened to derail his presidential bid. After the judgement was handed down, Mbalula said it was time to re-examine the DA's participation in the GNU, due to his anger over its opposition to the court case.

Mbalula and his allies turning against working with the DA was a crucial element in the decision taken at the NEC meeting last week. It tied in well with the ANC in Gauteng's preference to keep the DA at bay.

Its provincial coordinator, Panyaza Lesufi, refused to work with the DA after the 2024 election and was preparing for a fight to ensure that the national leadership did not force the province to work with its GNU partner locally.

Different ANC leaders appear to have different reasons for rejecting the DA. Insiders canvassed by the BER raised the DA's unsupportive stance during the Ramaphosa administration's battle with the Trump administration and also fears that the DA would get a foothold in Gauteng metros, which would culminate in its eventual control of the entire province – the ANC's 2006 loss of the City of Cape Town to the DA and its subsequent retreat in the provincial legislature were cited as an example.

Another, more cynical, reason raised by some political analysts is that the ANC prefers ActionSA, the EFF and MKP to continue the transactional, patronage-based coalitions in play across the Gauteng metros since 2016.

The coalition approach, which looks set to be adopted across Gauteng now, is not a significant shift from the coalitions in place in Gauteng since 2021 – it includes the ANC and EFF. It is anchored by ActionSA, which has been working with the ANC in Tshwane and worked with the party in Johannesburg during the last term. It is, effectively, the status quo returning to power – with the controversial MK Party in tow.

COALITION COMPLICATIONS

There remain complications for the ANC to weigh as it finalises the ActionSA deal. The ANC drawing ActionSA into its Gauteng coalitions is a risk for the party, given ActionSA's performance in the November 4 election. ActionSA won 10 wards directly off the ANC in the City of Johannesburg in the poll. While its support in the city has remained flat since 2021, the fact that it has taken ANC wards marks it as a serious threat to the party.

This is especially true if one considers the election results for both parties in the City of Tshwane. In Tshwane, ActionSA's support grew significantly. Its largest leap in support came from the city where it has been in a coalition with the ANC since 2023, led by ActionSA mayor Nasiphi Moya. The ANC's share of the vote declined from 35% in 2021 to 20% in 2026 in Tshwane, while the DA's remained largely flat, increasing slightly from 32% in 2021 to 34% in 2026. ActionSA's support surged from 9% in 2021 to 22% in 2026 – implying that it, rather than the DA, had snatched a significant chunk of the ANC's support.

Over recent days, the ANC's secretariat returned to provide feedback to regions and provinces over the direction it is leaning in negotiations. Its regional leadership in the City of Tshwane expressed concern about allowing ActionSA to continue in the mayoral seat in the capital, arguing that it is providing a huge platform for the party, culminating in the dramatic rise in its support, drawn largely from the ANC's base.

Similarly, in KwaZulu-Natal, the provincial ANC leadership has warned against allowing the MK Party to enter governments across the province, particularly in the eThekwini metro where Zuma's outfit emerged as the largest party. The ANC's provincial coordinator in the province, Mike Mabuyakhulu, warned national leaders against entering into a coalition with MK, arguing that it would undermine efforts to rebuild the ANC there and feed into Zuma's stated ambition to engineer a reverse takeover of his former political home. However, to form governments in the province, the ANC would need the DA, the IFP and a host of other parties if it does not work with MKP. Public reporting now suggests that ANC-MKP talks in eThekwini are at an advanced stage, although no final agreement has been signed yet.

In Limpopo, in the former ANC stronghold of Polokwane, ActionSA, the EFF and other parties are seeking to work around both the ANC and the DA to form a government. This follows the collapse of talks between the ANC and DA over the former's selection of incumbent John Mpe as its mayoral candidate. The inaugural council sitting was subsequently postponed after the parties failed to reach an agreement on the election of office-bearers.

How the ANC and the DA deal with the complexities of forming governments in Tshwane, Polokwane, KwaZulu-Natal and several other areas remains to be seen.

The BER will continue to update clients on significant developments in coalition talks, which are set to continue into next week. Clients can also join us for ***a webinar on 10 December where we consider what all this means for the road to 2029 – register here.***



DOMESTIC DATA

Nomvelo Moima

CPI INFLATION PUSHES HIGHER ON OCTOBER FUEL HIKES

According to Stats SA, headline consumer inflation rose from 4.5% y-o-y in September to 5.2% y-o-y in October, booking the fastest pace of acceleration in almost two and a half years. This was broadly in line with our forecast of 5.1% y-o-y and consensus. Fuel prices jumped by 11.8% m-o-m and were 42.9% higher than a year earlier, reflecting the sharp increases in petrol and diesel at the start of the month. Additionally, housing and utilities, along with insurance and financial services, also made notable contributions to the headline. Meanwhile, core CPI inflation, which excludes food and energy costs, ticked up to 4.2% y-o-y in October from 4% y-o-y in the prior month.

Crucially, compared with September, headline CPI rose by a solid 0.7% in October, the fastest m-o-m increase since May and June 2026. This was primarily due to lofty increases in petrol and diesel, which nudged the cost of both above or close to R30/litre at the start of the month.

A positive is that the temporary fuel-price relief introduced in early November should temper some of the upward pressure in the next CPI release. However, the support differs across fuel types and will be partially withdrawn in December, meaning the underlying oil price and rand remain important for the inflation outlook.

FURTHER PULLBACK IN DOMESTIC TRADE SECTOR ACTIVITY, BUT SOME RESILIENCE SHINES THROUGH

Real retail sales moderated for a second consecutive month in September, following a bumper July print (when consumers saw fuel costs ease). Annual real retail sales slowed to 2.4% in September from 3.2% in August. Among retailers, general dealers reported the largest gains (+2.3% y-o-y, +1.1%pts). Seasonally adjusted real retail trade sales contracted by 0.3% m-o-m, a touch better than the 0.4% m-o-m decline recorded in August. Encouragingly, despite rising fuel costs pressuring consumer budgets, retail activity has remained relatively resilient, with seasonally adjusted real retail trade sales rising by 1.5% q-o-q in 2026Q3.

On the other hand, real wholesale trade sales contracted by 0.4% y-o-y in September, following a 0.8% y-o-y decline in August. This marks the fifth consecutive month of annual contraction, though the latest decline has been the most restrained in the recent streak. Despite the weak annual performance, quarterly dynamics were substantially better. On a seasonally adjusted basis, real wholesale trade sales grew by 2.8% q-o-q in Q3, supported by three consecutive months of growth.

INTERNATIONAL DATA

Nkosinathi Nonkonyana

CHINESE INDUSTRIAL PRODUCTION AND RETAIL SALES UNDERSHOOT EXPECTATIONS

Chinese industrial production grew by 4.8% y-o-y (0.2% m-o-m) in October, slowing from a six-month high of 5.5% in September. The below-expectations result was accompanied by slower growth in electricity, heat, gas and water output, which eased to 4.4%, and a softening in mining and manufacturing to 0.7% and 5.4%, respectively.

Similarly, retail sales eased to 0.4% y-o-y (flat monthly) in October, following the 1.1% rise in September, and below market expectations of 0.8%. Fixed-asset investment also remained weak, reflecting in part the prolonged property downturn and subdued private-sector investment. However, stronger exports (28.7% y-o-y) provided some offset amid weak domestic demand.

EZ SENTIMENT CONTINUES TO RECOVER

The Eurozone (EZ) ZEW Economic Sentiment index ticked up to 26.5 points in November, from 18.5 points in October, above market expectations of 19.1 points. For Germany, the indicator pointed to cautious optimism, rising to 35.6 in November, following 28.1 in October and beating market expectations. This marked its highest print since February, suggesting that expectations for economic recovery are gradually improving. The improved expectations were driven by government spending and rising industrial orders amid lower oil prices. However, concerns around public debt sustainability are also rising.

US RETAIL SALES REMAIN RESILIENT WHILE PRODUCTION SOFTENS

Retail sales increased by 6.8% y-o-y in October, from 6.6% in September, marking the strongest annual increase since October 2022. However, monthly retail sales grew by 0.2% in October, below market expectations and down from 0.8% in September. The gains from miscellaneous retailers were partly offset by declining sales at motor vehicle dealers (-1.6%), furniture and home furnishings (-2.3%), food and beverage stores (-0.2%), clothing retailers (-0.7%) and sporting goods and hobby stores (-0.7%). Excluding motor vehicles and fuel, sales grew by 0.5%, matching the preceding month's pace. This suggests consumer demand remained resilient.

Industrial production was 2.1% higher y-o-y in October, unchanged from the previous month. Monthly, production dropped by 0.4%, below expectations of a 0.1% rise, after increasing by 0.7% in September. Manufacturing continued to advance (0.3%), while mining (-0.8%) and utilities (-4.3%) declined. The sharp fall in utilities, after a strong rise in September, likely partly reflected weather-related volatility.

UK INFLATION BROADLY HOLDS STEADY AS UNDERLYING PRICE PRESSURES HOLD FIRM

Annual consumer inflation increased to 3.6% in October, from 3.5% in September. Although below expectations of 3.7%, this matched its highest rate since October 2025. Transport made the largest upward contribution to the increase in the annual rate, with prices in the category rising by 7.5%, largely reflecting motor fuels. The average price of fuel stood at 174.7 pence per litre in October, the highest since August 2022. Restaurants and hotels, however, made the largest downward

contribution, partially offsetting the inflationary pressure, while services inflation was broadly unchanged. Monthly, prices ticked up by 0.5% in October, in line with market expectations.

Core inflation was unchanged at 2.8% y-o-y in October, remaining at its highest rate since March 2026. Monthly, core inflation rose by 0.3%, from 0.2% in September, suggesting that underlying price pressures remain relatively firm.

FORECAST UPDATE

We have made a few changes to our near-term market assumptions this week to reflect recent moves in oil prices and the rand, and have extended the table to include our key forecasts for 2027.

The sharp fall in oil prices has lowered our Brent assumption to an average of $97.4/bbl in Q4 and $83.9/bbl in 2027. This should provide some relief to the inflation outlook, although part of the benefit is offset by the weaker rand. We now expect the currency to average R16.76/$ in Q4 and R16.75/$ in 2027. The net effect is still somewhat disinflationary, and we have nudged our 2027 headline CPI forecast down to 3.6%.

The main risk to the inflation outlook remains the extent to which the earlier oil-price shock feeds into broader price pressures. October headline inflation rose to 5.2% y-o-y, with fuel accounting for a large share of the increase. If the shock remains largely first-round and oil prices stay around current lower levels, inflation should moderate meaningfully through 2027. However, a weaker rand, renewed geopolitical pressure on oil prices or stronger second-round effects through services, wages and inflation expectations would pose upside risks.

We continue to expect the policy rate to end 2027 at 6.50%. The risks around this view are linked closely to inflation: a more persistent inflation response could slow the pace of easing (or even prompt further hikes), while a more benign combination of lower oil prices, rand stability and subdued domestic demand could create room for somewhat faster cuts.

	Actual		Forecast		Next release/meeting	
	2026Q3	2026Q4	2026	2027		
Brent crude oil ($, spot, avg.)	91.37	97.4	90.9	83.9	n/a	
ZAR/USD (avg.)	16.28	16.76	16.46	16.75	n/a	
Policy interest rate (%, end of period)	7.25	7.25	7.25	6.50	28-Jan-2027	
Headline CPI (y-o-y % change)	4.4	5.1	4.3	3.6	15-Dec-26	Nov
FNAB inflation (y-o-y % change)	1.0	1.7	2.2	3.8	15-Dec-26	Nov
Headline PPI (y-o-y % change)	5.6	7.5	5.4	3.8	26-Nov-26	Oct
	Actual		**Forecast**			
	2025	**2026Q2**	**2026Q3**	**2026**		
Real GDP growth (seasonally adjusted)						
(y-o-y % change)	0.9	0.9	0.8	1.1	1-Dec-26	2026Q3
(q-o-q % change)		-0.2	0.2			

Source: BER, Stats SA, SARB and LSEG.
Note: The table is updated ad hoc and is indicative of our latest view.
FNAB stands for food & non-alcoholic beverages.

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.

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.

Stellenbosch UNIVERSITY IYUNIVESITHI UNIVERSITEIT

BER BUREAU for ECONOMIC RESEARCH