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This report summarises the key domestic and international data releases over the past week. The full BER **Weekly Review** provides a deeper analysis of the major economic developments shaping markets and the economy. In this week's edition, we unpack the escalation of the US–Israel–Iran conflict and its impact on oil prices and global markets, alongside mixed domestic signals including stronger business confidence, robust vehicle sales and weaker manufacturing activity. The Weekly is available to BER Essential Insights subscribers (sign up [here](#) – it's only R210/month and you get more benefits) and BER Premium Insights clients.

DOMESTIC DATA

Nomvelo Moima

MIXED BATCH OF FEBRUARY PMI DATA

Following a solid improvement at the start of the year, the Absa PMI lost some ground, declining from 48.7 to 47.4 in February. Most of the PMI's subcomponents remained broadly in line with levels seen in January; however, this was not enough to offset a sharp contraction in business activity and weaker employment. Disappointingly, the pullback in the business activity index reflects more than a complete reversal of all January's gains, swinging back into contraction; the index fell by 5.7 points to 45.7.

On a positive note, business conditions in six months' time are expected to improve as some manufacturers' outlooks have shifted to a more positive stance.

Beyond the manufacturing sector, business conditions in other parts of the economy have remained stable over the first two months of the year. The S&P Global PMI, which covers more sectors across the private sector, was unchanged at 50 in February, a sustained improvement following broadly weak conditions at the close of 2025. Private sector activity moved sideways in February, even as demand remained subdued. At the same time, firms report lower selling prices amid softer overall input cost. In this environment, weakening demand has weighed considerably on firms' 12-month outlooks for activity, easing to the lowest level since mid-2021.

BUSINESS CONFIDENCE EDGES HIGHER IN 26Q1

The RMB/BER BC) started the year on firm footing, rising by three points to 47 in 2026Q1, marking a second consecutive improvement in confidence. This brings the BCI six points above its long-term average and a solid 20 points above the post-COVID low reached in 2023Q2. Barring the post-COVID recovery, this is the highest confidence reading since 2015. Confidence improved amongst three of the five surveyed sectors. Sentiment was bolstered by a stronger rand-dollar exchange, helping to contain firms' costs, a less restrictive interest rate environment compared to the same period last year, along with generally stable domestic politics ahead of the Budget. Which likely would have also supported sentiment but was delivered outside of the survey period (12 to 23 February). See the BCI press release [here](#) for more detail.

ANOTHER MONTH OF ROBUST NEW VEHICLE SALES RECORDED IN FEBRUARY

According to naamsa, following a 7.5% annual gain in January, domestic new vehicle sales grew by 11.4% y-o-y in February. This was the best domestic sales performance since February 2013. In contrast to the lively domestic market, export demand weakened. Export volumes contracted sharply in February, down 28.1% y-o-y, after eking out 0.6% y-o-y growth in the prior month, reflecting the effects of heightened protectionism across key export markets.

PPI DIPS AT THE START OF 2026

According to Stats SA, annual producer price inflation (PPI) for final manufactured goods came in at 2.2% in January, down from 2.9% recorded in the last three months of 2025. The average PPI for 2025 was 1.5%. Despite the headline PPI moving down, there is still some concentrated pipeline pressure building. Intermediate manufactured goods rose by 10.5% y-o-y, driven entirely by basic and fabricated metals (25.5% y-o-y; +11.8 percentage points).

INTERNATIONAL DATA

Katrien Smuts

CHINESE PMIS MOVE IN OPPOSITE DIRECTION

The NBS Manufacturing PMI moved lower to 49 in February, below market expectations. On the supply side, factory activity slowed, and on the demand side, new orders fell further, while buying activity also decelerated. In contrast, the RatingDog Manufacturing PMI recorded its third consecutive month in expansionary territory, rising to 52.1. The underlying components of the RatingDog PMI moved in the opposite direction of the NBS measures: output grew, new orders rose, employment expanded, and buying activity accelerated.

The divergence between the two surveys largely reflects differences in their respondent bases. The NBS PMI primarily covers larger, state-owned firms, while RatingDog's focuses more on smaller export-oriented manufacturers. This suggests that external demand for Chinese goods may remain an important driver of economic growth this year, while domestic demand remains relatively subdued.

China set a 2026 GDP growth target of 4.5%–5% at the opening of the National People's Congress this week, marking a modest step down from the "around 5%" target used in recent years and the lowest official target since 1991. The move signals greater policy

realism amid persistent headwinds from the property downturn, weak domestic demand and a more uncertain global environment, while giving policymakers more flexibility to support the economy without resorting to large-scale stimulus.

US PMIS MODERATE

For a seventh consecutive month, the S&P Global US Manufacturing PMI remained in expansionary territory. The index registered 51.6 in February, down from 52.4 in January. Despite the slight decline, the February reading was supported by continued growth in factory output and new orders. Unlike in China, this expansion was largely driven by stronger domestic demand, while export orders continued to weaken. The alternative manufacturing survey from the Institute for Supply Management (ISM) also remained in expansionary territory. The ISM Manufacturing PMI recorded 52.4 in February, a marginal 0.2pt decline from 52.6 in January.

On the services side, the S&P Global US Services PMI eased to 51.7 in February from 52.7 in January. Services activity and new orders both declined relative to the previous month. Although the index remains above the 50-point expansion threshold, the moderation suggests a cooling in growth momentum. This is further reflected in weaker business sentiment, which has now fallen below its long-run average. Although a few windfalls are coming to US consumers later this year, weak consumer confidence is weighing on services activity.

SLIGHT UPTICK IN EUROZONE CPI INFLATION; UNEMPLOYMENT LOWER

February's flash estimate of Eurozone inflation came in at 1.9% y-o-y. Although this is slightly higher than January's reading of 1.7% y-o-y, it remains comfortably below the ECB's 2% target. Services inflation contributed most to the February outcome, rising to 3.4% from 3.2% in January. Inflation in food, alcohol and tobacco remained steady at 2.6%, while the energy component continued to register deflation, albeit at a slower pace (-3.2% in February compared with -4.0% in January). Recent geopolitical developments raise the risk that energy prices could turn reflationary in the coming months. For now, however, policymakers and economists are likely to look through these short-term disruptions.

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