

# 20 February 2026

This report covers the key domestic and international data releases over the past week. The more comprehensive BER Weekly Review includes a detailed discussion of the main economic events and developments over the past week, as well as a summary of upcoming data (the week ahead). This week's edition includes a Budget Preview and a discussion on coalition politics in Ekurhuleni. 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

Nadia Matulich

### **SOME IMPROVEMENT IN THE LABOUR MARKET**

As per the Quarterly Labour Force Survey (QLFS), the unemployment rate (LU1) ticked down by 0.5%pts to 31.4% in Q4. Total employment increased by 444k jobs to 17.1 million. The formal sector added 320k jobs, while the informal sector declined by 293k. The household sector added another 18k jobs. The sharp surge in formal employment alongside a steep decline in informal work is encouraging. Still, it also raises the possibility of reclassification effects following Statistics South Africa's recent methodological changes. The abrupt offsetting move suggests we should treat the sectoral split cautiously until the new classification fully settles.

On broader measures, LU3 (the expanded unemployment rate) edged down by 0.3pp to 42.1%. This includes discouraged work-seekers in addition to the officially unemployed. Youth unemployment (15–24, LU3) declined by 1pp to 68.3%, while graduate unemployment eased slightly to 10.3%. Although levels remain elevated, the trend over recent quarters has been gradually improving.

By sector, gains were recorded in seven subsectors: agriculture (+30k), utilities (+24k), construction (+35k), transport (+28k), finance (+32k), community and social services (+46k), and private households (+18k). These gains were offset by pronounced losses in manufacturing (-61k) and trade (-98k). Mining employment declined by 5k.

Provincially, gains were concentrated in the Western Cape (+93k), with moderate increases in the North West (+36k), Mpumalanga (+37k) and the Northern Cape (+17k).

The remaining provinces recorded moderate losses, with Gauteng experiencing the largest decline (-54k).

### **INFLATION REMAINS BENIGN**

Headline CPI measured 3.5% y-o-y in January, down from 3.6% in December. On a m-o-m basis, the index increased by 0.2%. The main drivers of annual inflation were housing and utilities (4.8%; contributing 1.2%pts), food and non-alcoholic beverages (4.4%; 0.8%pts), and insurance and financial services (6.8%; 0.7%pts).

### **MOTOR TRADE OUTPERFORMS AS RETAIL AND WHOLESALE EASE**

Turning to the high-frequency data, retail trade sales were subdued in December, declining 0.4% m-o-m after rising 0.6% in November. This brought the y-o-y rate down from 3.6% in November to 2.6% in December. The largest positive contributors to the y-o-y increase were general dealers (3.9%; 1.6%pts), other retailers (8.3%; 0.8%pts), and retailers in household furniture, appliances and equipment (11.5%; 0.5%pts). The largest negative contributor was food, beverages and tobacco in specialised stores, which declined by 5.6% and subtracted 0.5%pts.

Wholesale trade was similarly subdued, declining by 1.1% m-o-m in December after rising by 1.8% in November. In y-o-y terms, growth measured 0.3% (November: -0.7%).

Motor trade sales performed best of the three categories, increasing by 0.6% m-o-m and 7% y-o-y. Encouragingly, new vehicle sales rose by 25.5% y-o-y, contributing 6%pts, while used vehicle sales increased by 7.2%, contributing 1.4%pts. The primary negative contributor was fuel sales, which declined by 5.6% and subtracted 1.5%pts.

## **INTERNATIONAL DATA**

Nicolaas van der Wath

### **INFLATION MODERATING ONLY SLOWLY TO TARGET IN UK, US**

The Fed released the minutes of the January meeting of the Federal Open Market Committee (FOMC), which sets the policy interest rate in the US. According to the minutes, the committee's members were divided on the future course of interest rate policy. Some supported further rate cuts, warning of a cooling labour market, while others favoured keeping rates high (or even lift them further) to prevent inflation from re-accelerating. Overall, however, the majority judged the risks to inflation to be greater than those to employment.

Core inflation was 0.3% in January (2.5% y-o-y), while headline inflation rose by 0.2% (2.4% y-o-y). At this pace, inflation remains resistant to falling towards the Fed's 2% target – with core PCE, its preferred measure, even more sticky, closer to 3%. On the labour front, initial jobless claims surged to an eight-week high over the past two weeks, though this was largely attributed to severe winter storms rather than weakening labour demand. Meanwhile, industrial output increased by 2.3% year-on-year in January, marking the strongest expansion since April 2022.

In the Eurozone, total employment expanded by 0.2% to 176.13 million workers in 2025Q4. This marked the 10th consecutive quarter of employment gains at a similar pace. However, performance diverged across member states: employment in Spain grew by 0.8% over the quarter, while Germany recorded a second contraction of 0.1%. Industrial production in the Eurozone increased by 1.5% during 2025 (and by 1.2% y-o-y in December). These figures are broadly in line with the 1.3% year-on-year GDP growth recorded in the fourth quarter. Since output growth exceeded employment growth, this points to rising productivity.

In the UK, monthly core inflation fell sharply from 0.3% in December to -0.6% in January, largely driven by falling goods prices. Despite this drop, core consumer prices were still 3.1% higher than a year earlier. Of concern, annual services inflation remained elevated at 4.4%, supported by annual wage growth of 4.2% in the fourth quarter. Encouragingly, wage growth has continued to decline from its peak of nearly 8% in mid-2023.

Lastly, in China, house prices continued to slide in January, down 3.1% y-o-y. Prices have been falling since May 2022, when China's property market entered a recession that remains ongoing.

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