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Resilience is not built in a crisis; it is revealed in one

Lisette IJssel de Schepper | lisette@sun.ac.za

Over the past few weeks, I've been asked the same question in different ways: how bad is this going to get?

The honest answer is that nobody knows. The recent escalation in the Middle East has pushed the global economy into a space where there is no single most likely outcome, only a range of possibilities depending on how events unfold.

For SA, the immediate transmission is straightforward: a weaker rand, higher oil prices, and rising fuel costs and inflationary pressures. The current under-recovery in fuel prices is scary, and the impact will be significant. But beyond that, the story becomes far more uncertain - and far more dependent on how long the disruption lasts.

At the Bureau for Economic Research (BER), we've been framing this in **three broad scenarios**. In a mild case, where the disruption is contained and shipping routes normalise relatively quickly, the impact is largely confined to a short-term inflation spike. Growth slows a little, rate cuts are delayed, but the broader trajectory remains intact.

In a more prolonged scenario - say a few months of disruption - the story becomes more uncomfortable. The fuel price remains elevated, second-round effects push inflation to 4%, and the SA Reserve Bank (SARB) is forced to stay on hold for longer. Growth takes a more noticeable knock as both global demand and local purchasing power come under pressure.

And then there is the severe case. If the disruption persists for an extended period, say, six months or more, the global shock becomes much harder to absorb. Inflation rises more sharply, the rate-cutting cycle is abandoned altogether, and growth slows meaningfully - not just globally, but in SA too. In other words, the length of the duration matters more than the height of the spike.

After a string of own goals, we can, for once, lay the blame for the current shock outside SA. But that does not mean we were ready for it. As the global backdrop has grown more uncertain, local data has sent mixed signals.

The latest GDP numbers show that the SA economy ended 2025 on a slightly stronger footing than expected, with growth of 0.4% quarter-on-quarter in the fourth quarter. That makes it five consecutive quarters of expansion - a gradual recovery that, at least on paper, remains intact. But zoom out, and the picture is less encouraging. Growth for 2025 came in at just 1.1%. That is better than 2024, but still a far cry from what we need.



At the same time, business confidence has been improving. The RMB/BER Business Confidence Index rose to 47 in the first quarter of 2026, above its long-term average and the highest level outside the post-Covid rebound in about a decade.

On the surface, that sounds like good news. But scratch a little deeper, and the story becomes more complicated. One respondent in our Absa Manufacturing Survey captured it perfectly: “The local macroeconomic factors are the most positive they have been in 10 or more years, so it is frustrating that we haven’t seen more of an upturn in demand for our products.”

That frustration is telling. It speaks to an economy where sentiment is improving, but demand is not following through. The conditions for recovery are slowly falling into place, but the recovery itself remains elusive. And increasingly, it feels like the local industry is not just waiting for growth but fighting against weak demand and rising competition from cheaper imports.

What makes this particularly concerning is that it exposes a deeper weakness in our growth story. Even before the latest global shock, SA’s recovery was not being driven by broad-based demand, but by a handful of supportive factors - lower inflation, some policy and political stability, and a gradual improvement in sentiment. That is not the same as a self-sustaining recovery. It is a fragile one. And fragile recoveries do not withstand external shocks. They stall easily because there is no underlying momentum to absorb the impact.

This is where the global and local stories intersect. It is tempting - and, in many ways, justified - to blame the current uncertainty on factors beyond our control. A conflict in the Middle East that disrupts global oil supply is hardly something SA can influence. Although, sticking to a consistent and credible non-aligned global position would certainly help ensure we are not weighing down our investment case with unnecessary risk premia.

But resilience is not built in a crisis. It is revealed in one.

Countries with stronger fundamentals, better infrastructure, and more predictable policy environments are simply better able to absorb external shocks. They have buffers (and decent fuel reserves). We are still building ours, slowly. And that is the real risk. Not that oil prices spike for a few months - that will bring pain, but it will pass. Rather, it is that we are entering this rocky period without having fixed the domestic issues we already know are holding us back.

We often say that SA does not need fairy tales to grow faster. That remains true. But moments like this are a reminder that we do need urgency. Because while we cannot control geopolitics, we can control whether our ports function, whether businesses can access reliable water and electricity, and whether investment decisions are met with clarity or confusion.

In a world increasingly defined by uncertainty, getting the basics right is no longer just a long-term growth strategy. It is a short-term necessity.

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CONTACT US

Tel: +27 (21) 808 9777

Email: lissette@sun.ac.za

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