

DATA REVIEW | NUMBER 24

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This report summarises the key domestic and international data releases over the past week, including the sharp deterioration in South African consumer confidence during the height of the recent oil shock, a surge in producer inflation and signs that growth momentum slowed at the start of the second quarter. Internationally, we cover the latest US inflation data, improving business sentiment across Europe and the Federal Reserve's increasingly hawkish policy outlook.

The full BER Weekly Review examines the rapid unwinding of the Middle East oil shock, the implications for South African fuel prices and inflation, next week's inflation expectations survey, and Natasha Marrian's analysis of coalition politics ahead of the November local government elections. The full Weekly is available to BER Essential Insights subscribers ([sign up here for only R210/month](#)) and Premium Insights clients.

## DOMESTIC DATA

Nomvelo Moima

### **OIL PRICE SHOCK LIFTS INFLATION EXPECTATIONS IN Q2**

Reflecting higher domestic fuel prices during the second-quarter survey period (before the signing of the US-Iran memorandum of understanding), all three professional groups surveyed revised their inflation expectations upward across the forecast horizon, with the largest revisions in the current year. Average inflation expectations for 2026 rose to 4.4% in 2026Q2, up from a record low of 3.6% in 26Q1. Notably, trade unions revised their five-year forecast from 3.7% to 4.7%, the highest among the three professional groups. Meanwhile, analysts were the only group that expected inflation to ease faster toward the SARB's 3% target, with inflation averaging 3.5%. Household inflation expectations rose from 5.4% to 6.0% over 12 months and from 8.4% to 9.1% over five years. For the full report, [click here](#).

### **ABSA PMI SLIPS IN JUNE WHILE DEMAND FOR NEW VEHICLES REMAINS RESILIENT**

After three consecutive months of expansion, the Absa Manufacturing PMI fell below the 50-point neutral to 47.3 from 50.8 in June. The survey followed the US-Iran deal to end hostilities in the Middle East, which saw a reduction in Brent crude prices. The subsequent fall in domestic fuel prices in June and July is reflected in the PMI's purchasing price index, which fell sharply to 71.3 in June, indicating peak price pressures in April and May (85.6 and

84.8, respectively). Interestingly, after front-loaded orders in March and April lifted demand, expectations for lower prices in the coming months reversed the trend in June. Supporting this is a decline in inventory levels and a drop in the sales orders index, which fell despite a slight improvement in business activity. For the full report, click [here](#).

According to naamsa, despite less supportive macroeconomic conditions over the last four months, total domestic vehicle sales continued to expand in June, up by 15.3% y-o-y, marking the best June sales performance since 2007. New passenger vehicle sales grew by 18.1% y-o-y in June, following a 16.1% y-o-y rise in the prior month. Conversely, vehicle export sales continued to struggle, declining by 6.9% y-o-y in June, after a 4.8% contraction in May. This suggests that domestic demand remains considerably more resilient than external demand.

### **FORMAL SECTOR EMPLOYMENT CONTRACTS DURING 2026Q1**

As foreshadowed by the weak QLFS print, the latest Quarterly Employment Statistics (QES) release from Stats SA, which focuses on formal non-agricultural employment, showed a decline of 80 000 jobs (0.8% q-o-q), reducing total employment to 10.468m in 2026Q1. Job losses occurred mainly in trade and community services, which shed 40 000 and 53 000 jobs respectively, followed by transport and electricity, which declined marginally. In contrast, employment increased slightly in mining, manufacturing, construction, and business services. Earnings decreased by 4% from December to March, with gains in mining and business services only. Despite recent earnings weakness, annual earnings are still up 5.2%, about 2% above inflation.

### **SA TRADE BALANCE FLIPS TO A DEFICIT IN MAY**

SARS trade data showed that a 5.7% m-o-m decline in exports and a 3.1% m-o-m increase in imports resulted in a trade deficit of R1.8bn in May, the first in 15 months. The shift is mainly attributable to lower exports of precious metals and of vehicle and transport equipment, the latter of which is also reflected in the naamsa data. Meanwhile, a surge in the oil import bill and increased purchases of vehicles and transport equipment drove the rise in import flows.

Finally, SARB data showed that private sector credit extension slowed to a below-consensus 8.6% y-o-y in May, easing from 9.2% in April

## **INTERNATIONAL DATA**

Katrien Smuts

### **US NON-FARM PAYROLL DATA DISAPPOINTS**

The US economy added 57 000 new jobs in June, far below the expected 115 000. Most of the job additions were in professional and business services, social assistance and healthcare. Surprisingly, the leisure and hospitality sector lost jobs. Meanwhile, the unemployment rate declined by 0.1pts to 4.2%. The decline in labour force participation is likely to blame. As a result, the decline in the unemployment rate likely overstated the underlying strength of the labour market.

### **US MANUFACTURING PMI**

The ISM Manufacturing PMI remained in expansionary territory in June, although it eased slightly to 53.3 from 54.0 in May. This marks the 20th consecutive month of expansion in the manufacturing sector. Both production and new orders continue to grow, although they slowed from their May levels. New export orders fell into contraction territory, reflecting ongoing, and even renewed, uncertainties related to tariffs. On a positive note, the price index decreased to 73, down from 82.1 in May.

### **JUNE PMIs PROVE RESILIENT IN CHINA**

The official NBS Manufacturing PMI rose to 50.3 in June, up from 50 the previous month. This increase is largely driven by the ongoing AI boom, which is enhancing high-tech manufacturing output. Key indicators such as new orders, new foreign orders, and purchasing volumes all improved, returning to growth territory. Additionally, the production index moved further into expansion territory. On the pricing front, input prices eased slightly from the recent highs recorded from March to May. However, the employment index remained in contraction.

On the other hand, the RatingDog China Manufacturing PMI declined slightly to a three-month low of 51.7 in June, down from 51.8 in May, though it remained in expansionary territory and above the long-run average. Despite the decline, there was strong production growth, an increase in new orders and, unlike the NBS manufacturing PMI, a higher employment index. The rate of job creation was the strongest in almost three years.

### **FLASH EUROZONE INFLATION SHOWS SIGNS OF EASING**

Eurozone consumer inflation declined to 2.8% y-o-y in June, from 3.2% the previous month. While energy price inflation (up 8.7% y-o-y) remained the main contributor to headline inflation, it is already showing signs of easing. This was as Brent Crude oil prices averaged \$84.5/bbl in June, down 18.6% from \$103.8 in May. Core inflation is estimated to have also eased to 2.4% y-o-y from 2.6% in May.

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