

DATA REVIEW | NUMBER 23

**26 June 2026**

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

Nadia Matulich

### CONSUMER CONFIDENCE FALLS SHARPLY AMID GEOPOLITICAL UNCERTAINTY

The FNB/BER Consumer Confidence Index (CCI) fell sharply in Q2, dropping from a 15-month high of -7 to -19. This marks the lowest reading since 2025Q1, a quarter characterised by domestic policy uncertainty following the Finance Minister's proposal to raise VAT by 2%.

Not unexpectedly, the drop in confidence appears to have been driven primarily by the conflict in Iran, with subsequent higher fuel prices and travel disruptions weighing on sentiment. However, while responses were received before the recent rate hike, it was also before the recent decline in oil prices, which could be positive for sentiment.

The decline was broad-based, with all three sub-indices falling. The current economic outlook index dropped by 18 points to -32, while the household financial outlook index fell by 12 points to 0. The index measuring the suitability of the present time to buy durable goods declined by 3 points to -23.

The largest decline was recorded among high-income households, where confidence fell by 24 points to -28. Middle-income households also recorded a notable decline, with

confidence down by 12 points to -19. By contrast, confidence among low-income households remained unchanged at -12.

### **PPI JUMPS AS FUEL-RELATED COSTS SURGE**

Producer price inflation rose sharply in May, coming in at 7.8% y-o-y, up from an already elevated 4.8% in April. This was in line with the build-up in purchasing price pressures signalled in recent PMI releases. As expected, coke, petroleum, chemical, rubber and plastic products were the largest contributor to the increase, rising by 22.0% y-o-y and contributing 4.7%pts. These prices were also the biggest contributor (+2% pts) to the 2.6% m-o-m increase in PPI. With oil prices now back at pre-war levels, producer price inflation is likely to have peaked.

### **APRIL DATA POINTS TO SLOWDOWN AT THE START OF Q2**

The composite leading business cycle indicator decreased notably in April, falling by 1.8%. This points to a potential slowing in growth momentum in the second quarter. Overall, 8 of the 10 components contributed negatively to the composite indicator.

Motor trade sales fell by 3.8% m-o-m in April, bringing an end to the recent upward momentum. In y-o-y terms, sales were still up by 6.5% compared with April 2025, but this was substantially lower than the 15.3% y-o-y increase recorded in March. Fuel sales were the biggest drag, falling by 4.2% and subtracting 1.1% pts.

## **INTERNATIONAL DATA**

Kelebogile Mabitsi

### **US CORE PCE INFLATION LINES UP WITH CONSENSUS TO REACH 3-YEAR HIGH**

The Fed's preferred inflation measure, the core PCE price index, edged up from 3.3% y-o-y in April to 3.4% y-o-y in May, a 31-month high and broadly in line with expectations. The increase reflected firmer inflation in both goods (4.8%) and services (3.8%), with nondurable goods inflation accelerating to 5.6% y-o-y. The data supports the Fed's more hawkish stance, with markets now pricing in one rate hike this year and another next year. Monthly, core PCE inflation rate was unchanged at 0.3%.

Annual energy prices surged from 18.3% in April to 24.3% in May. However, with oil prices falling to pre-war levels this week, some of these energy-related inflation pressures may prove temporary.

The S&P Global Flash US Composite PMI rose from 51.5 in May to 52.2 in June. This was driven by growth in services and manufacturing output, although services slowed amid low consumer confidence and customers pushing back on high prices. Manufacturers continued to benefit from inventory frontloading amid worries about additional price hikes and supply disruptions. Businesses continued to pass costs onto customers. Overall, firms expect business activity to improve in the year ahead, provided that the US-Iran war de-escalates.

The final estimate showed the US economy grew at an annualised 2.1% in Q1, revised up from 1.6%, reflecting stronger investment despite softer consumer spending.

### **CONSUMER CONFIDENCE TICKS UP AS PRIVATE SECTOR DOWNTURN SOFTENS IN EZ**

June's flash estimate for consumer confidence increased to -17.7, from May's -19 reading. The slight recovery aligns with the recent rebound in ZEW's economic sentiment and stronger wage growth recorded for Q1. However, consumer sentiment remains below its long-term average, reflecting the lingering uncertainty from the US-Iran war.

Meanwhile, the contraction in private sector activity narrowed from 48.5 in May to 49.5 in June, according to the S&P Global Flash EZ Composite PMI. The services PMI rose to a 3-month high of 48.9, driven by rising demand for travel and leisure activities. Meanwhile, the manufacturing PMI and output indices edged down slightly, but remained in expansionary territory, supported by customers front-loading to buffer against supply constraints and further price hikes.

Unlike the US, inflationary pressures eased for both selling and input prices; the latter rose at the slowest pace since the Middle East conflict began. Lastly, expected overall business confidence ticked up for a second consecutive month.

### **SENTIMENT PICKS UP AMONGST GERMAN BUSINESSES AND CONSUMERS**

Germany's Ifo Business Climate Index rose from 85 in May to 85.6 in June. Firms reported that the current business environment is less uncertain. As such, the indicators for current and expected conditions improved. Similarly, the GfK Consumer Climate indicator increased marginally from -29.7 in May to -29.2 in June. The improved sentiment is attributed to an expected easing of geopolitical tensions.

### **WEAK SERVICES WEIGH DOWN ON THE UK'S PRIVATE SECTOR ACTIVITY**

The S&P Global UK Flash Composite PMI remained in contraction for a second month running, declining from 49.7 in May to 49.4 in June. The weakness in the services sector was due to rising costs and lower customer confidence caused by political uncertainty and the US-Iran war. This countered a 21-month high in manufacturing output, which was supported by customer front-loading.

Input price inflation moderated further, albeit higher costs persisted for commodities, transport, and IT equipment. Easing cost pressures led firms to raise selling prices at a slower rate. Like the other PMIs, forward-looking sentiment improved.

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