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Note: Shaded area in graphs denotes the downward phase of the business cycle.

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Highlights

Fuel, housing and food lift March consumer inflation

Headline **consumer** price inflation accelerated to 5.9% y-o-y in March, from 5.7% the month prior. Inflation continues to creep closer to the upper bound of the SARB's target band ([see graph](#)). The main contributors to the annual increase were transport (increased by 15.7%); housing and utilities (4.8%); and food and non-alcoholic beverages (6.2%). Core inflation, which excludes food and energy from headline CPI, rose by 3.8% y-o-y in March. On a monthly basis, headline CPI increased by 1.0% in March while core CPI rose by 0.8%. Looking ahead, headline CPI is expected to temporarily breach the SARB's 6% upper bound in the near term. Meanwhile, **producer** price inflation of final manufactured goods accelerated to 11.9% y-o-y in March, the highest yearly change since this version of the index was published in 2012.

Bleak 2021Q4 jobs data

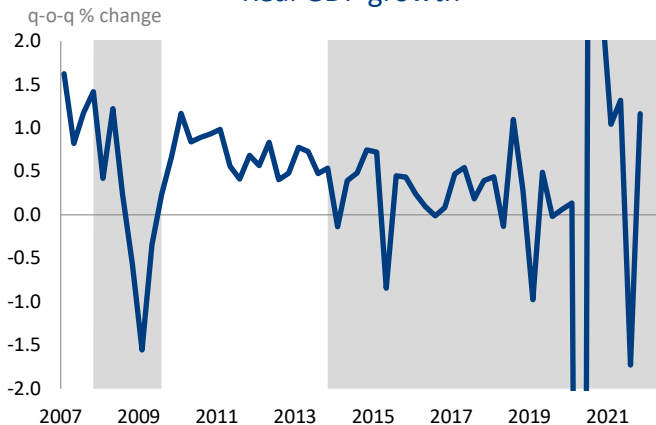
The official unemployment rate rose to a record 35.3% in 2021Q4 ([see graph](#)). Following a huge drop in employment in Q3, caused by the COVID third wave and July riots (but also likely distorted due to a low sample response rate which did not improve in Q4), employment did not fully recover in Q4. Indeed, just 262 000 jobs were added in Q4 after 660 000 were lost in the previous quarter. This was not enough to offset the rise in the number of unemployed people (in other words, more people returned to the labour market looking for work than new jobs were available).

Monthly indicators for February weaker than expected

Mining production in South Africa plunged by 6% y-o-y in February, after a 1.7% rise in the previous month. This was the steepest decline in mining activity since January 2021. Lower output levels from iron ore (-29.2%), PGMs (-16.5%) and gold (-9.3%) more than offset a rise in coal (5.6%). **Manufacturing** production ticked up by just 0.2% y-o-y in February and January's figure was downwardly revised to 2% (from 2.9%). On a monthly basis, production was down by 1.1%. SA's **retail** trade sales fell by 0.9% y-o-y in February, compared with a 7.7% surge in the previous month and worse than market estimates of a 1.1% rise ([see graph](#)). It was the first decrease in retail activity since last August, mainly due to lower sales of hardware, paint and glass and food, beverages & tobacco. On a monthly basis, retail trade declined by 0.5%. **Wholesale** trade sales increased by 4.3% y-o-y in February, down from 6.9% in the previous month. Seasonally adjusted wholesale trade sales decreased by 1.3% m-o-m in February.

Core indicators

Real GDP growth



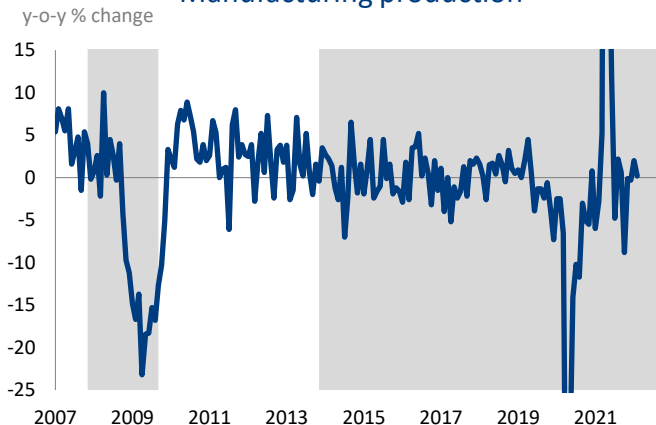
Source: Stats SA

CPI inflation



Source: Stats SA

Manufacturing production



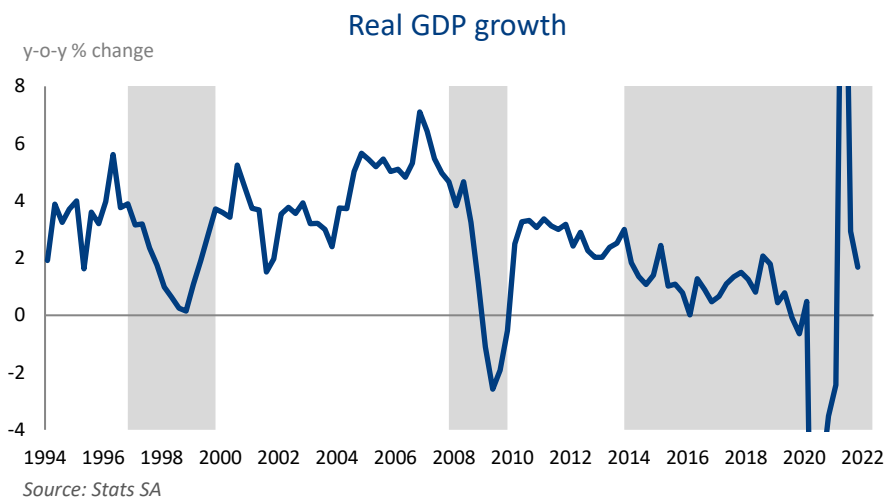
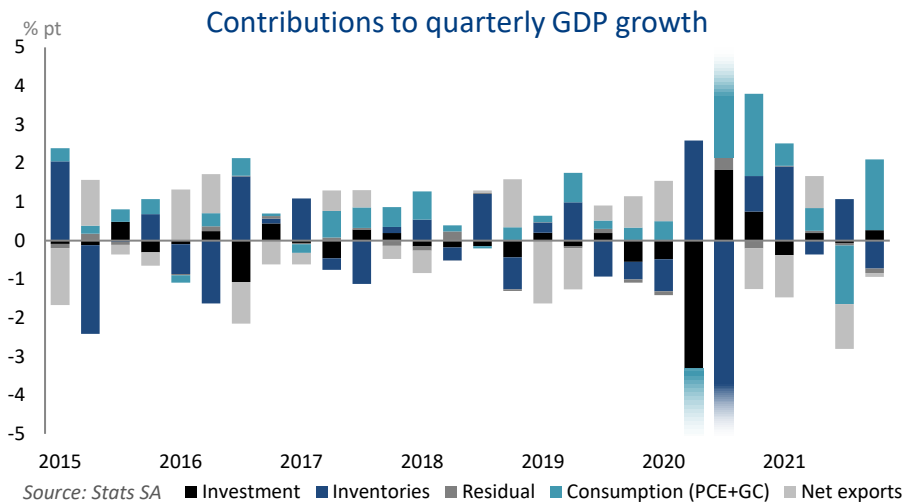
Source: Stats SA

Interest rates



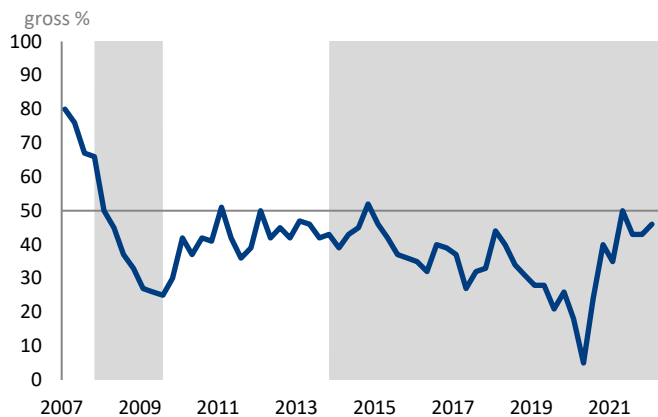
Source: DataStream

GDP growth



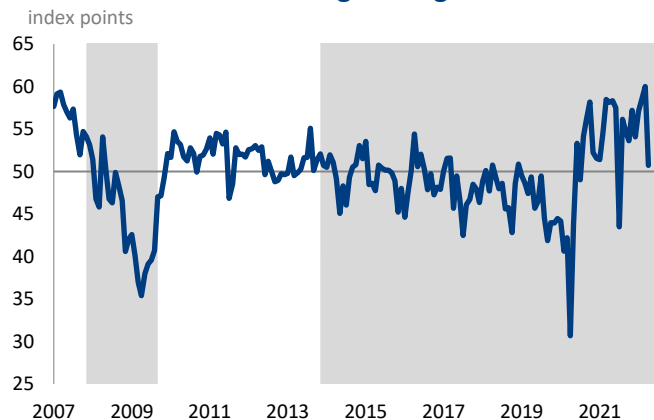
Business environment

RMB/BER Business Confidence Index



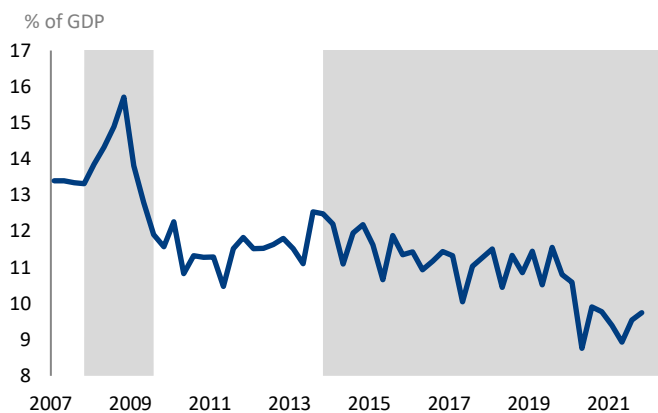
Source: BER

Absa Purchasing Managers' Index



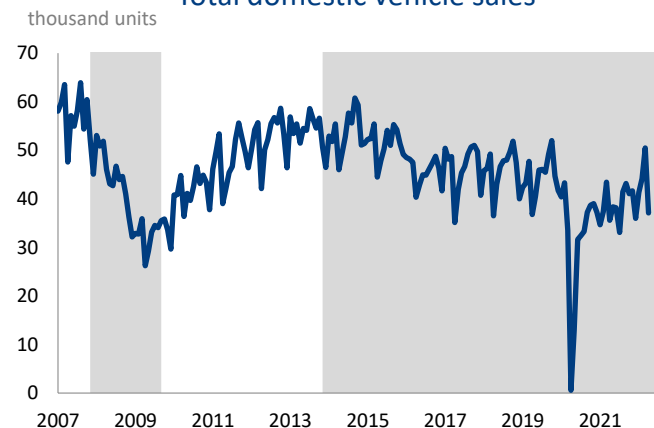
Source: BER

Private fixed investment



Source: SARB, Stats SA

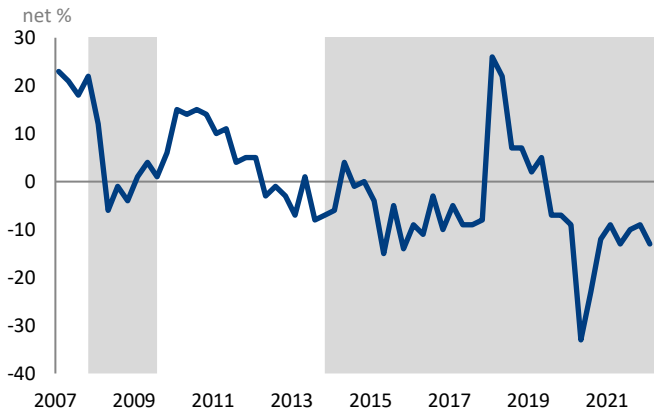
Total domestic vehicle sales



Source: Naamsa

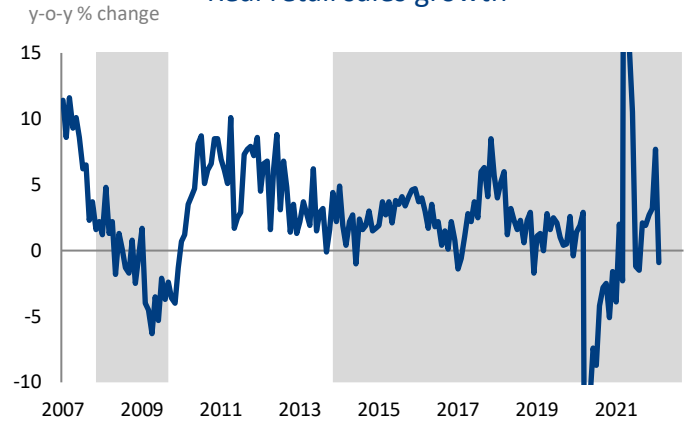
Household consumption

FNB/BER Consumer Confidence Index



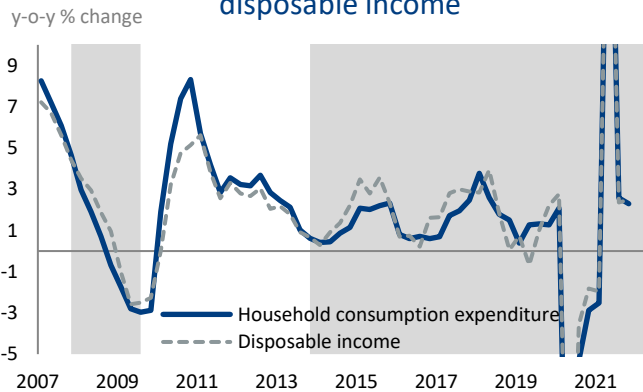
Source: BER

Real retail sales growth



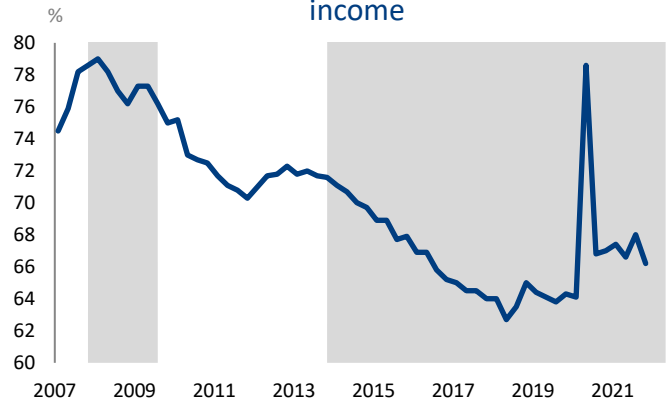
Source: Stats SA

Household consumption and real disposable income



Source: SARB, Stats SA

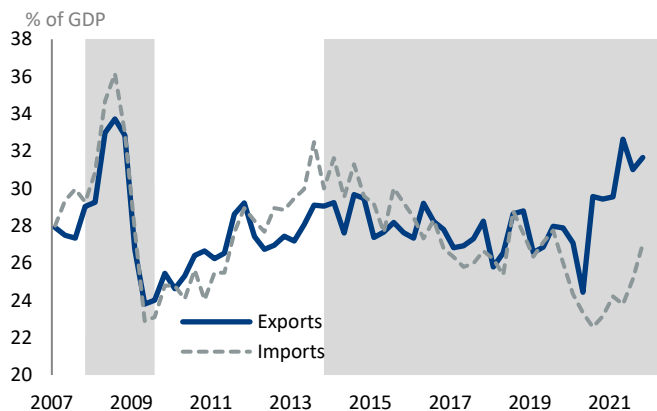
Ratio of household debt to disposable income



Source: SARB

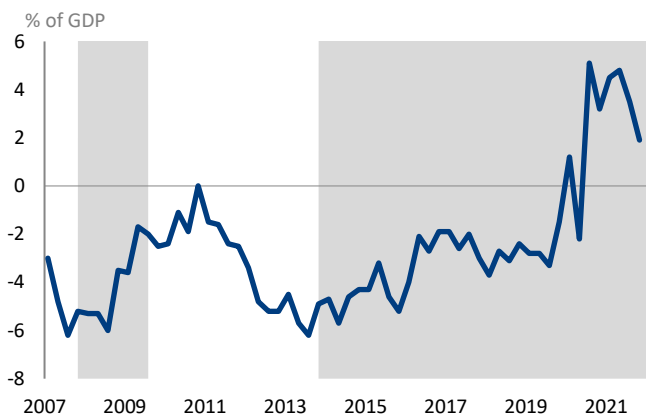
International trade

Imports and exports



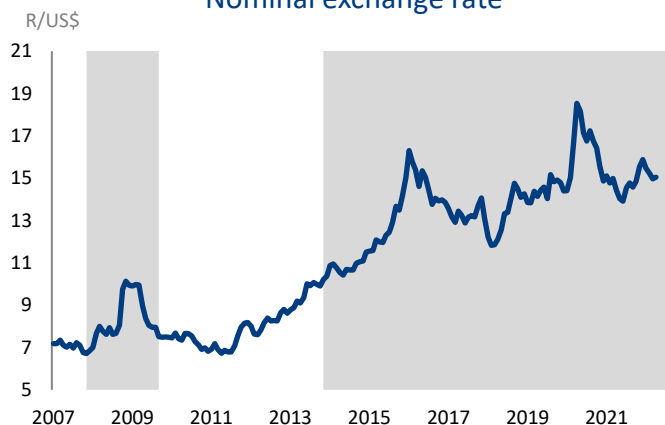
Source: SARB, Stats SA

Current account balance



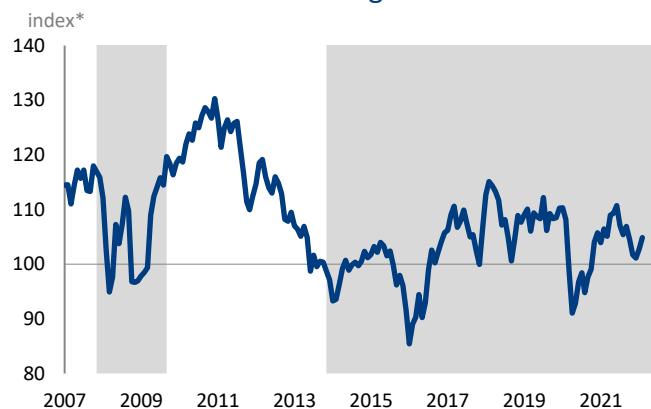
Source: SARB

Nominal exchange rate



Source: DataStream

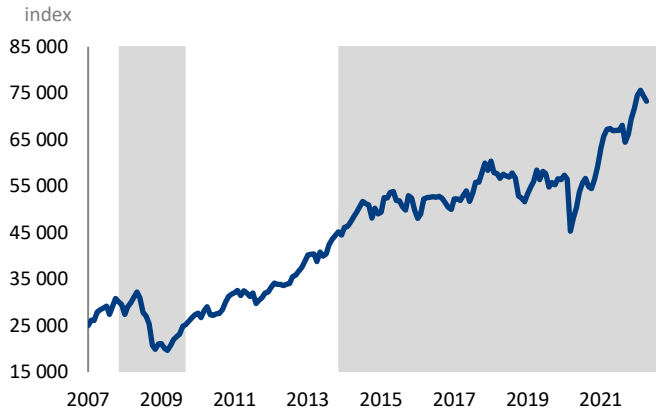
Real effective exchange rate of the Rand



Source: SARB *higher values denote a stronger rand

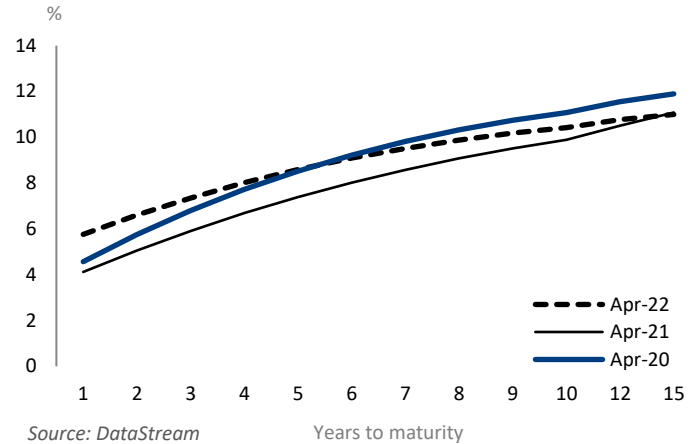
Financial markets

JSE all share index



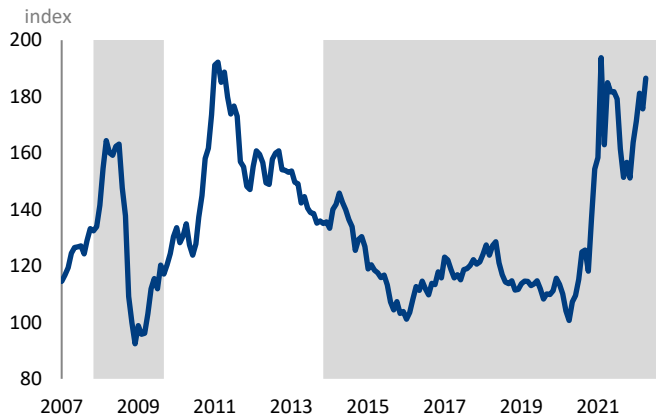
Source: DataStream

Yield curve comparisons



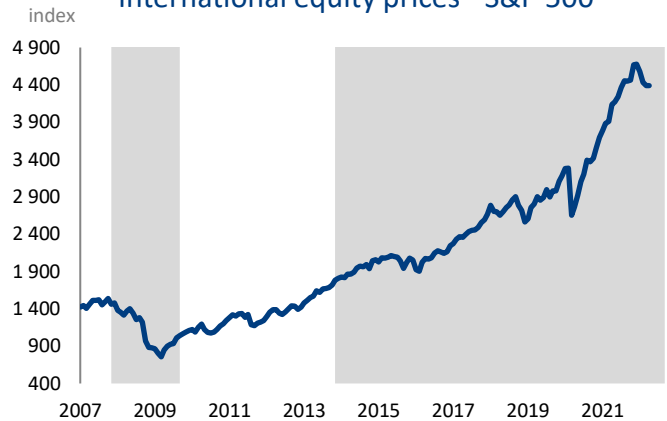
Source: DataStream

Economist all commodities index



Source: Economist

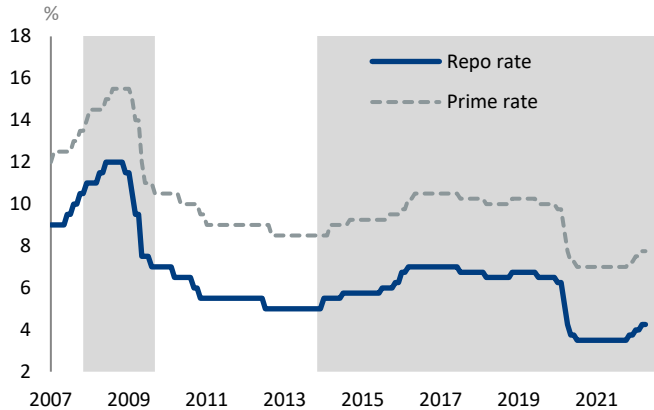
International equity prices - S&P 500



Source: DataStream

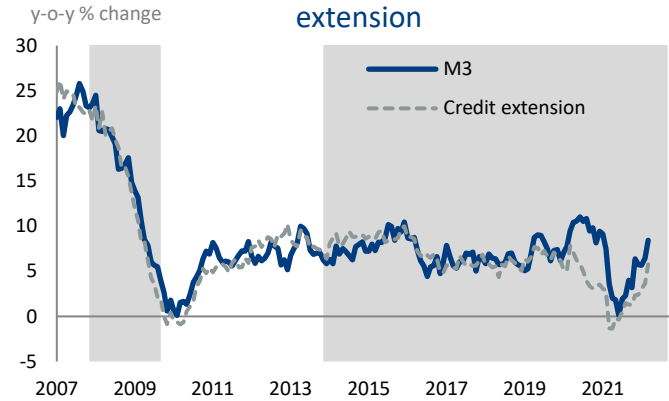
Money and prices

Repo and prime interest rate



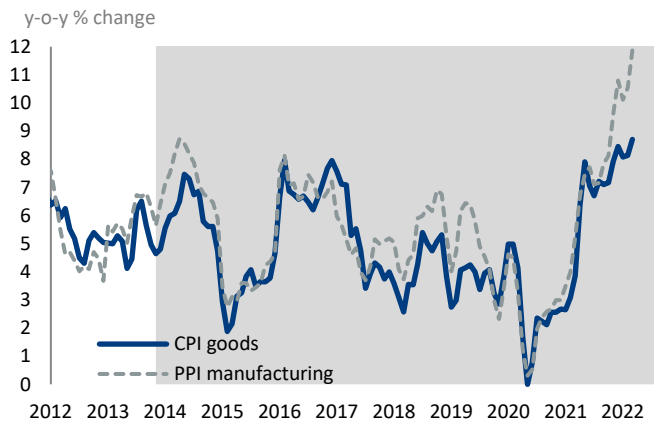
Source: SARB

M3 monetary aggregates and credit extension



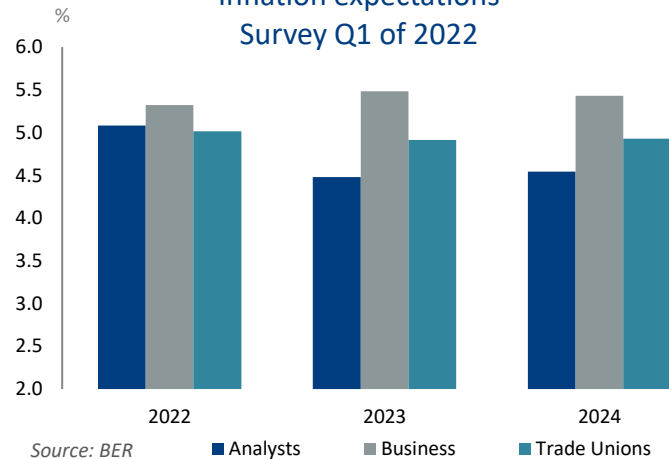
Source: SARB

Consumer and producer prices



Source: Stats SA

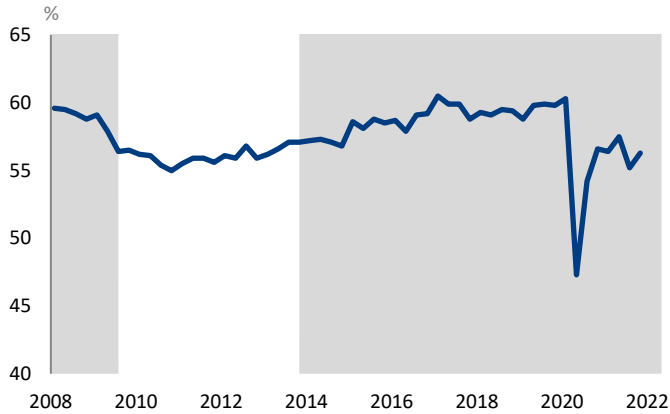
Inflation expectations Survey Q1 of 2022



Source: BER

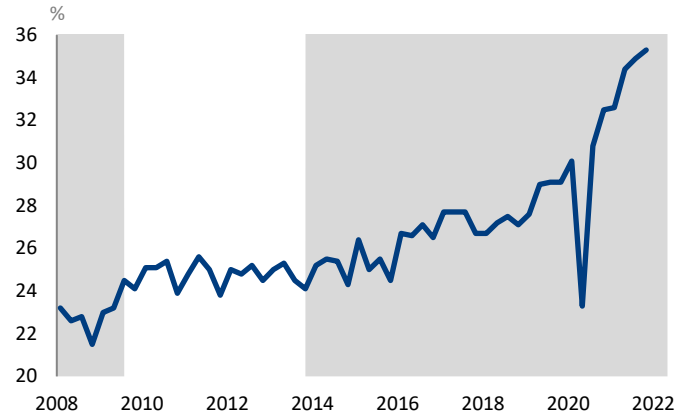
Labour

Labour force participation



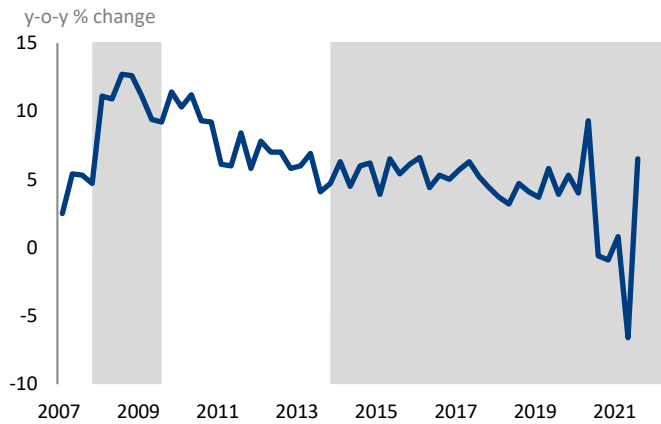
Source: Stats SA

Unemployment rate



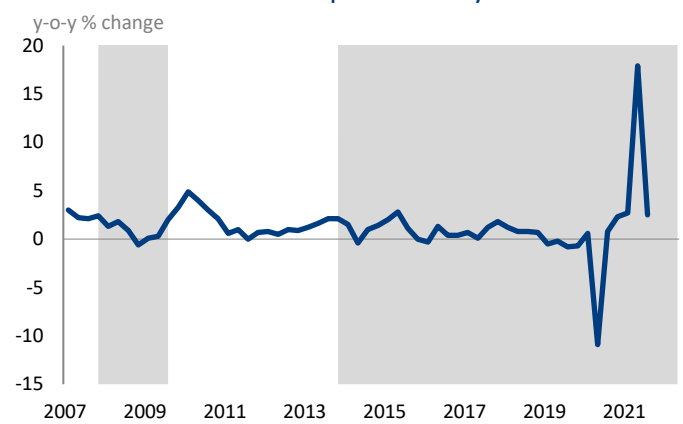
Source: Stats SA

Unit labour cost



Source: SARB

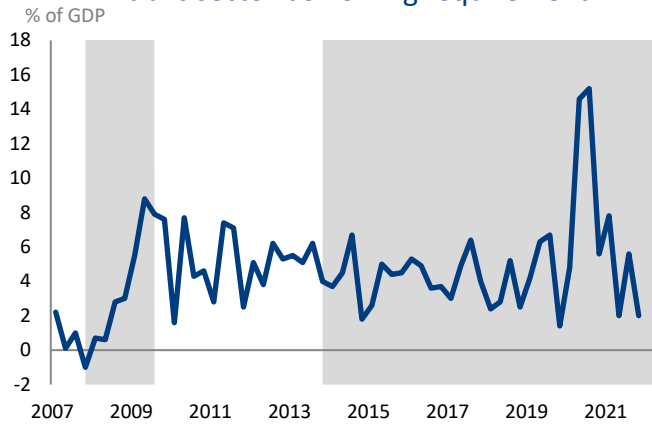
Labour productivity



Source: SARB

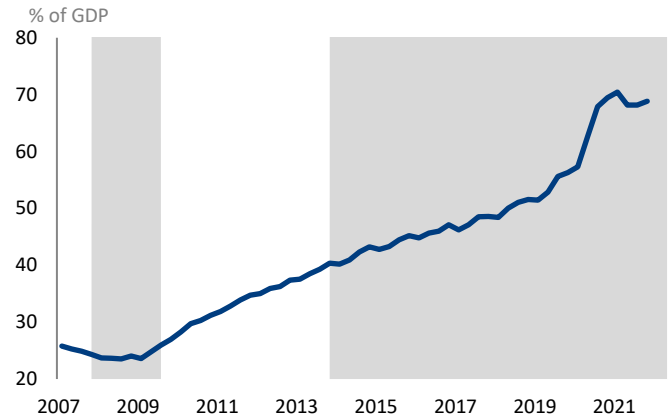
Government

Public sector borrowing requirement



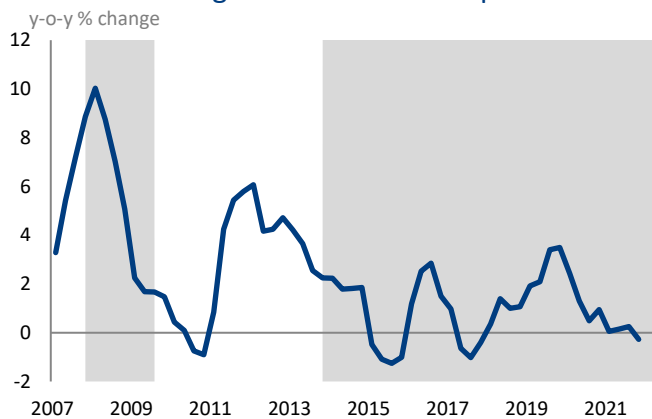
Source: SARB

Gross government debt



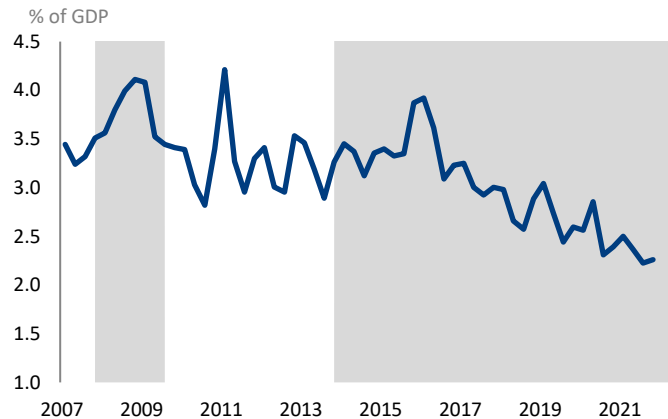
Source: SARB

Real government consumption



Source: SARB, Stats SA

Government fixed investment



Source: SARB, Stats SA

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