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ECONOMIC UPDATES



QUARTERLY LABOUR FORCE SURVEY (QLFS)

- On 17 February, Statistics South Africa (StatsSA) released the Quarterly Labour Force Survey (QLFS) for the fourth quarter of 2025, reporting that the official unemployment rate declined by 0.5 percentage points to 31.4% from 31.9% in Q3 2025, marking the lowest level in five years;
- Employment rose by 44,000 to 17.1 million, while the number of unemployed persons fell by 172,000 to 7.8 million;
- Persons outside the labour force, which is the total number of the potential labour force and other outside the labour force, increased by 248 000 to 17,1 million in Q4 of 2025;
- Formal sector jobs increased by 320,000, but informal sector employment dropped by 293,000;
- Increases were seen in sectors like community/social services +46,000, construction +35,000, and finance +32,000, while declines hit trade -98,000 and manufacturing -61,000;
- Youth unemployment (15-34 years) edged up slightly to 43.8%. Youth unemployment continued to account for a disproportionate share of the unemployed, reinforcing concerns about skills mismatches and limited entry-level opportunities;
- Labour underutilisation (LU2) which is the combined rate of unemployment and time-related underemployment decreased 34,3%, LU2 which is the combined rate of unemployment and potential labour force reduced by 0,3% to 42,1% in the fourth quarter, LU4 which combines time-related underemployment, unemployment and potential labour force as a proportion of extended labour force was 44,5% in the fourth quarter of 2025;
- The government welcomed the resilience but noted ongoing challenges, including structural issues and seasonal factors.



CONSUMER PRICE INDEX (CPI)

- On 18 February, Statistics South Africa (StatsSA) published the Consumer Price Index (CPI) announcing that it rose to 103.80 points in January 2026, up from 103.60 in December 2025. Reflecting a month-on-month increase of 0.2%, driven primarily by food and non-alcoholic beverages, housing and utilities, and transport costs;
- Annual headline inflation decreased slightly to 3.5% from 3.6% in December 2025, remaining within the South African Reserve Bank's 3-6% target range;
- Food and non-alcoholic beverages, held steady at 4.4%. beef had the sharpest increase with steak beef at +31.2%, stewing beef at + 30.3%, beef mince at +28.0%, and beef offal at +17.2%;
- Fuel prices dropped by -3.7% year-on-year, with petrol dropping by -3.0% monthly and diesel by -5.4%. Fuel price adjustments and administered prices, including electricity and municipal tariffs, contributed to upward pressure on household expenditure;
- The inflation trajectory remains a key consideration for the South African Reserve Bank ahead of its upcoming Monetary Policy Committee meeting, particularly in balancing inflation containment with economic growth support. The CPI results reflect ongoing cost-of-living pressures on lower-income households.

GOVERNMENT UPDATES



POLICE MINISTER OUTLINES SANDF DEPLOYMENT

- On 17 February, during the debate on President Cyril Ramaphosa's State of the Nation Address (SONA), Acting Minister of Police Professor Firoz Cachalia announced that plans are being finalised for the deployment of the South African National Defence Force (SANDF) to support the South African Police Service (SAPS) in combating gang violence and organised crime;
- Cachalia further announced that the deployment will expand beyond the President's initial focus on the Western Cape (targeting gang violence) and Gauteng (addressing illegal mining and related crime) to include the Eastern Cape, responding to escalating violent crime and gang activity in areas such as Nelson Mandela Bay;
- To complement the SANDF support, the SAPS National Commissioner Fanie Masemola, has been directed to strengthen Anti-Gang Units and deploy additional specialised units, emphasising intelligence-driven strategies to dismantle criminal networks;



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- Multi-disciplinary task teams, comprising the National Prosecuting Authority (NPA), experienced detectives, officials from the Special Investigating Unit (SIU), and the South African Revenue Service, will specifically target the leadership, finances, firearms, and logistics of organised crime syndicates;
- In response, the Economic Freedom Fighters (EFF), welcomed the intervention, but stated that it is confirmation of the SAPS's challenges in addressing gangsterism in townships;
- These steps reflect the Government of National Unity's (GNU) intensified push to restore safety amid persistent gang-related killings, extortion, and organised crime threats, although sustained success will depend on effective coordination, and addressing root causes beyond temporary military support.

POLITICAL UPDATES



IFP-NFP TALKS EASE COALITION EXIT THREAT

- On 16 February, senior representatives of the Inkatha Freedom Party (IFP), met with the National Freedom Party (NFP) in Durban following the NFP's public threat to withdraw from the KwaZulu-Natal's Government of Provincial Unity (GPU) coalition unless its grievances were urgently addressed;
- The discussions were characterised as constructive, with IFP Provincial Chairperson Thami Ntuli confirming that the IFP is fully committed to resolving the NFP's concerns, adding that the NFP had raised no extreme demands and that the parties had agreed to reconvene for further engagement;
- Ntuli pointed to limited ongoing communication among coalition partners as a key factor behind recent fractures, stressing the importance of regular meetings to keep all parties aligned and prevent misunderstandings;
- Despite the strains, the GPU coalition remains intact, highlighted by the outsized influence of the NFP: although it holds just one seat in the 80-seat KwaZulu-Natal Legislature, its continued support is essential to preserving the GPU's narrow majority, and any shift, particularly toward the uMkhonto weSizwe Party (MKP), would immediately collapse the arrangement;
- The episode underscores persistent fragility in the KZN GPU amid competing political interests and historical rivalries, with sustained dialogue now viewed as critical to averting further instability or realignment risks in the province ahead of future electoral pressures.

LEGISLATIVE/REGULATORY UPDATES



PUBLIC SERVICE COMMISSION BILL

- On 17 February, the Select Committee on Cooperative Governance and Public Administration held a key meeting where the Department of Public Service and Administration (DPSA) and Parliamentary Legal Services responded to oral presentations and written public submissions on the Public Service Commission Bill;
- The Public Service Commission Bill, a section 76 bill, seeks to create a more accountable, ethical and professional public service by combating cadre deployment and strengthening the independence of the Public Service Commission (PSC);
- Aligned with President Cyril Ramaphosa's vision for a capable, ethical, and developmental state, the legislation responds to his calls for reform by repealing the outdated 1997 Public Service Commission Act and establishing the PSC as a fully independent constitutional body which is separate from the DPSA, with enhanced powers to promote efficiency, enforce ethical conduct, and ensure accountability across national, provincial, and potentially local government spheres, including municipalities;
- The bill passed the National Assembly in March 2025 and was transmitted to the National Council of Provinces (NCOP) for consideration;
- Discussions emerging from the oral presentations and submissions focused on bolstering the PSC's independence in line with Section 196 of the Constitution;
- Supporters emphasised positive reforms, such as creating a dedicated, executive-independent Secretariat to support the PSC; improving transparency and merit-based processes for appointing commissioners; and extending oversight to local government and public entities to enhance governance, reduce political interference in appointments, and promote qualified senior positions;
- Other proponents, hailed the bill as a vital step toward diminished cadre deployment, greater transparency and a unified, professional public service at national and provincial levels;
- However, concerns arose from stakeholders, including groups like the Institute of Race Relations, who argued that expanding the PSC's jurisdiction into municipal affairs could infringe on constitutional protections granting local government autonomy over administration, budgeting and staffing;
- Other critics labelled this a potential overreach or power grab that might undermine the distinct roles of government spheres and raise questions about lawfulness;
- If amendments are proposed, the bill would return to the National Assembly for concurrence before proceeding to the President for assent.



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AFRICA WATCH



39TH AFRICAN UNION SUMMIT

- On 15 February, the 39th Ordinary Session of the Assembly of the African Union (AU) concluded at the AU Headquarters in Addis Ababa, Ethiopia, following two days of high-level deliberations by Heads of State and Government;
- The Assembly formally launched the AU Theme of the Year 2026: “Ensuring sustainable water availability and safe sanitation systems to achieve the goals of Agenda 2063,” emphasising water and sanitation as critical for development, peace, and climate resilience;
- Key outcomes included the adoption of various decisions, declarations, and resolutions, such as a Memorandum of Understanding on the African Standby Force with Regional Economic Communities to enhance coordination and readiness;
- The session reaffirmed Africa's Common Position on the United Nations' Security Council reform for equitable representation, expressed concerns over ongoing conflicts, terrorism, unconstitutional changes of government, and humanitarian crises, while committing to zero tolerance for such changes and sustainable financing for peace operations;
- Progress was noted on Agenda 2063 priorities, including the African Continental Free Trade Area (AfCFTA), agricultural transformation via the Comprehensive Africa Agriculture Development Programme (CAADP), climate adaptation, digitalisation, energy, infrastructure and youth and women empowerment;
- Additional focus areas encompassed institutional reforms for a more efficient and people-centred AU, G20 engagement on global issues like climate, debt, food security, and solidarity with Palestine, alongside consideration of historical injustices related to colonisation and slavery;
- Leaders expressed appreciation to outgoing Chair Lourenço for his service and pledged support to incoming Chair Ndayishimiye, while thanking Ethiopia for its hospitality. The summit reiterated a collective commitment to an integrated, prosperous, peaceful, and globally influential Africa.



CHINA'S ZERO-TARIFFS TREATMENT FOR 53 AFRICAN STATES

- On 14 February, Chinese state media reported that China will implement zero-tariff treatment for all imports from 53 African countries maintaining diplomatic relations with Beijing, with the policy taking effect on 1 May 2026;
- This decision, announced via a message from President Xi Jinping to the 39th African Union (AU) Summit in Addis Ababa, fulfils an earlier pledge to grant 100% duty-free access across tariff lines for these nations;
- It excludes eSwatini, the sole African country that recognises Taiwan diplomatically;
- Beyond eliminating tariffs, China plans to advance negotiations on joint economic partnership agreements and broaden market access for African exports through enhanced facilitation measures, such as upgraded green channels;
- The United Nations Secretary-General Antonio Guterres praised the initiative at the AU summit, urging other developed nations and major economies to adopt similar zero-tariff policies toward Africa;
- This development holds substantial significance for African economic growth and expansion, as it provides unprecedented, tariff-free entry to China's vast market, one of the world's largest consumer bases, for a wide range of African goods, including agricultural products, raw materials, and manufactured items;
- By reducing trade barriers, the policy could boost export revenues, stimulate industrial diversification, create jobs, and attract investment in value-added sectors, thereby accelerating continental integration under frameworks like the African Continental Free Trade Area (AfCFTA) and fostering more balanced, sustainable economic ties amid global trade uncertainties.

INTERNATIONAL AFFAIRS UPDATES



CONDEMNATION OF ISRAEL'S OCCUPATION OF THE WEST BANK

- On 18 February, 85 UN member states, including nations like Australia, Canada, China, France, Russia, Saudi Arabia, South Korea, UAE, the EU, League of Arab States, and Organisation of Islamic Cooperation, issued a joint statement condemning Israel's recent measures to deepen control over the occupied West Bank;
- The statement reflects growing multilateral pressure regarding developments in the West Bank and broader concerns about the viability of a negotiated settlement to the Israeli-Palestinian conflict;
- They described Israel's unilateral decisions, such as land registration processes in Area C, easing land sales to non-Muslims, and transferring planning authority, as aimed at expanding Israel's "unlawful presence," amounting to de facto annexation and risking widespread Palestinian dispossession;
- The statement reaffirmed support for a two-state solution based on pre-1967 borders, with East Jerusalem as the capital of a future Palestinian state;



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- Signatories urged restraint, de-escalation of violence, and the protection of civilian populations, particularly amid rising tensions and humanitarian pressures;
- The group emphasised the need for renewed diplomatic efforts under UN support to revive credible peace negotiations;
- The statement strongly opposed any form of forceful land acquisition, calling for immediate reversal, and warned it erodes prospects for a two-state solution. UN officials echoed concerns over the "gradual de facto annexation."



US-IRAN NEGOTIATIONS UPDATE

- On 17 February, senior officials from the United States and Iran convened in Geneva for negotiations aimed at de-escalating tensions and exploring pathways toward reviving elements of the 2015 nuclear agreement;
- Iranian Foreign Minister Abbas Araghchi described the "good progress" compared to prior rounds, noting an agreement on a set of "guiding principles" to guide future discussions and a clearer path ahead, with plans to exchange draft texts;
- Both sides acknowledged remaining gaps requiring reconciliation. A U.S. official confirmed progress, but stressed details still needed addressing, with Iran expected to provide detailed proposals within two weeks to bridge differences;
- The talks occurred amid heightened tensions, including U.S. military deployments in the region and Iranian Supreme Leader Khamenei's rejection of demands to halt uranium enrichment or limit ballistic missiles;
- Further meetings are expected in the coming weeks, although significant political and trust deficits remain unresolved.

Munich Security Conference 2026



MUNICH SECURITY CONFERENCE 2026

- From 13-15 February, the 2026 Munich Security Conference (MSC) convened global leaders, defence officials, and policy experts in Munich, under the theme "Wind of Change 2.0" indicating a shift in global security and power dynamics;
- Discussions at the conference focused on pressing international security challenges, including the war in Ukraine, Middle East instability, and strategic competition between major powers;
- The 2026 MSC report titled "Under Destruction" noted that post World War II international order is weakening under the current geopolitical climate. Leading to discussions around how multilateral frameworks and alliances are being tested and, in some cases, challenged;
- Europe's role in its own defence was a central theme, with calls for greater strategic autonomy, even as NATO remains a key security pillar;
- Differing views emerged regarding the future of U.S.-Europe relations, with some advocating for a renewed partnership while others called for more European independence within security and defence structures;
- Calls were made for strengthened transatlantic coordination, particularly in addressing Russian aggression and managing relations with China;
- There was widespread consensus amongst leaders that Russia is unlikely to seek a negotiated peace without significant pressure. European leaders thus pledged to increase political, financial, and military assistance to Ukraine;
- Attendees noted a broader shift from cooperative globalization to strategic rivalry and re-pricing of global power, especially in technology, defence, and industry supply chains;
- Critical technologies such as AI, semiconductors, and cyber infrastructure were discussed as new strategic assets reshaping international competition and alliances;
- The conference underscored growing concerns over fragmentation in the global order and the weakening of multilateral institutions. The forum reaffirmed the importance of diplomatic engagement alongside deterrence measures in navigating complex global crises.



UN SECRETARY-GENERAL ON SECURITY COUNCIL REFORM

- On 14 February, following the 2026 African Union Summit, the Secretary-General of the United Nations reiterated called for urgent reform of the UN Security Council to better reflect contemporary geopolitical realities and Africa's representation;
- He declared the absence of permanent African seats "indefensible," stating: "This is 2026 – not 1946. Whenever decisions about Africa and the world are on the table, Africa must be at the table." He emphasized Africa's need for equitable representation in global governance, alongside reforms to the international financial architecture.
- The Secretary-General acknowledged longstanding African demands under the Ezulwini Consensus for at least two permanent seats with veto powers and five non-permanent seats for Africa on the Council;
- He emphasised that the credibility and legitimacy of the multilateral system depend on more equitable regional representation, particularly given Africa's prominence on the Council's agenda;
- The AU Summit reaffirmed Africa's unified negotiating position and called for accelerated intergovernmental negotiations;
- The reform debate occurs amid heightened global tensions and criticism of the Security Council's perceived paralysis on major conflicts;
- The Secretary-General urged member states to move from rhetorical support to concrete negotiation frameworks to advance structural reform. The AU Assembly reaffirmed Africa's Common Position on Security Council reform, demanding permanent seats and a greater voice for the continent.