

06 MARCH 2026

## ECONOMIC UPDATES



### ABSA PURCHASING MANAGERS' INDEX (PMI)

- On 02 March, Absa, in collaboration with the Bureau for Economic Research (BER), released its Purchasing Managers' Index (PMI), indicating a decline to 47.4 points in February from 48.7 in January;
- This drop follows an 8.2-point increase in January. Additionally, the index signifies the fifth consecutive month where the manufacturing sector performed below the neutral 50-point threshold;
- The index reflected ongoing pressure on manufacturing output and demand, with subdued domestic orders and persistent logistical constraints continuing to weigh on production levels and business sentiment within the sector;
- A couple of challenges faced by the sector include severe port and shipping delays, localised power outages, weak domestic and export demand, and broader logistical bottlenecks continue to constrain output and hinder recovery;
- Absa and BER emphasised that the ongoing "stop-start" pattern in manufacturing, remains detrimental to long-term investment, capacity building, job creation, and sustained growth. Noting that the drop from January to February shows an inability to sustain growth within the sector;
- The current PMI highlights the weakened state of South Africa's manufacturing sector, highlighting the need for sustained policy support and infrastructure improvements to stimulate industrial growth and export competitiveness.



### BER'S BUSINESS CONFIDENCE INDEX

- On 04 March, the Bureau of Economic Research's (BER) released its Business Confidence Index (BCI), indicating an increase by three points to 47 in Q1 2026 from 44 in Q4 2025 and marking its highest level since the 50 points in Q2 2021;
- The uptick was attributed to a combination of a stabilising political environment under the Government of National Unity (GNU), a relatively smooth and collaborative 2026 Budget process, recent interest rate reductions providing relief to borrowing costs, favourable exchange rate movements, and an encouraging State of the Nation Address (SONA) that reinforced policy credibility;
- Improvements were noted across various sectors, though tempered by external risks such as escalating geopolitical tensions in the Middle East;
- The BER has described the trend as encouraging, suggesting potential for a rebound in capital expenditure and private investment, but cautioned that translating this sentiment into durable economic growth would require stronger domestic demand, continued structural reforms, and avoidance of major external shocks, highlighting the delicate balance businesses face in converting confidence into tangible expansion amid lingering external uncertainties.

## GOVERNMENT UPDATES



### DP MASHATILE ANSWERS QUESTIONS IN THE NCOP

- On 05 March, Deputy President Paul Mashatile fielded questions in the National Council of Provinces (NCOP) on the government's response to corruption and weaknesses in the criminal justice system;
- Mashatile outlined a range of existing measures to prevent and detect corruption, including the Anti-Corruption Task Team, an integrated technology-driven case management system to limit interference, enhanced forensic and investigative capabilities, and specialised units such as the anti-gang unit and economic infrastructure task force;
- Mashatile also emphasised strengthened accountability through ethics management and fraud prevention strategies overseen by internal committees, alongside improved whistleblower protections;
- In response to questions on the effectiveness of government measures and whether the system had collapsed under government watch, Mashatile stressed that many safeguards were in place before the Madlanga commission was established but acknowledged persistent loopholes, adding that the full recommendations are awaited to enable stronger prevention rather than solely reactive action;
- He further noted that over R11 billion had been recovered by the Anti-Corruption Task Team;
- Addressing concerns over selective implementation or exoneration, Mashatile clarified that no one has been exonerated by the President, with implicated individuals placed on leave pending the full report;
- This NCOP exchange reflects the Government of National Unity's ongoing push to address systemic criminal justice challenges through coordinated reforms, with the forthcoming Madlanga Commission recommendations expected to play a pivotal role in tightening preventative controls ahead of local elections.



06 MARCH 2026



## SA-EU HOLD CLEAN TRADE AND INVESTMENT PARTNERSHIP DIALOGUE

- On 04 March, South Africa and the European Union (EU) held the inaugural business-to-government dialogue under the Clean Trade and Investment Partnership (CTIP), aimed at promoting bilateral trade and investment in clean supply chains;
- The partnership was initially endorsed on 20 November 2025 by European Commission President Ursula von der Leyen and President Cyril Ramaphosa, marking a strategic step to deepen cooperation in green technologies and sustainable development;
- According to the Deputy Minister of Trade, Industry and Competition, the CTIP represents an evolution in the South Africa-EU economic relationship, which remains one of the country's largest trading partnerships, with total trade having grown by 56% since 2016;
- The CTIP is expected to improve the overall trade and investment climate, unlocking both public and private EU investment in South Africa, including by maximising the impact of Global Gateway financing mechanisms while expanding overall trade volumes;
- The dialogue highlighted South Africa's ambitious plans to reform its electricity sector and construct approximately 14,500 km of new transmission lines over the next decade, presenting immense opportunities for investment, where European firms' cutting-edge technology and expertise in clean solutions position them to play a key role in supporting the country's green transition;
- This inaugural engagement highlights the growing momentum in SA-EU relations to align economic priorities with climate goals, potentially accelerating South Africa's just energy transition and attracting substantial foreign direct investment at a time when the Government of National Unity emphasises infrastructure reform and sustainable growth ahead of local elections.

## POLITICAL UPDATES



### DA OPENS NOMINATIONS FOR APRIL ELECTIVE CONGRESS

- On 27 February, the Democratic Alliance (DA) officially opened the nomination period for members to contest senior party positions at the upcoming elective congress in April;
- Nominees will undergo rigorous vetting and interrogation by the DA's Federal Compliance Department, working in close consultation with the Presiding Officers of the Federal Congress and Federal Council elections to ensure procedural integrity;
- The process has already seen strong early momentum, with Cape Town Mayor Geordin Hill-Lewis becoming the first to declare his candidacy by announcing he will stand for party leader following John Steenhuisen's decision not to seek re-election at the conference;
- Building on this, Solly Msimanga confirmed at a media briefing in Pretoria that he has accepted a nomination to contest the position of National Federal Chairperson;
- Basic Education Minister Siviwe Gwarube and the party's national spokesperson and MP Karabo Khakhau, and Tshwane caucus leader Cilliers Brinkwill be vying for Deputy Federal Chairperson roles;
- Deputy Federal Chairperson Solly Malatsi, announced his intention to seek re-election to his current position;
- The diversity of nominees for positions reflects a significant leadership refresh within the DA, and sees relatively young leaders putting up their hands to lead the party into a new era, where being part of national government is a norm.

## LEGISLATIVE/REGULATORY UPDATES



### DOH RESPONDS TO SUBMISSIONS ON THE TOBACCO BILL

- On 04 March, South Africa's Portfolio Committee on Health (DoH) received detailed responses from the Department of Health to stakeholder submissions on the Tobacco Products and Electronic Delivery Systems Control Bill (B33-2022);
- Following concerns by the Committee, DoH indicated a willingness to introduce limited differentiation between combustible tobacco products (such as cigarettes) and non-combustible alternatives (including e-cigarettes) in specific areas like plain packaging requirements and graphic health warnings;
- The bill, initially tabled in 2022, seeks comprehensive regulation of the use, marketing, advertising, promotion, packaging, sale, and trade of all tobacco and electronic delivery systems amid rising vaping uptake among youth and debates over balancing public health protection with evidence-based approaches to smoking cessation;

## 06 MARCH 2026

- Public hearings from 2023-2025 drew thousands of inputs, with key flashpoints including enforcement challenges, risks of illicit trade, potential over-regulation stifling harm reduction, and calls for clearer distinctions to encourage smokers to switch to lower-risk options;
- The committee will now consider the department's concessions, and advance toward a vote on the bill's desirability, after which clause-by-clause deliberations would follow if approved;
- What came out of the sessions with the DoH, is that the Committee has concerns over the bill and will work towards addressing those concerns to ensure that it is enforceable and does not unduly punish users and informal traders.



### THE COMMITTEE OVERSEEING THE PRESIDENCY

- On 28 February, Parliament formally constituted a Committee on the Presidency, to scrutinise the Presidency's budget, administrative operations, performance delivery, policy coordination across government, and overall executive accountability;
- The committee's inaugural session was marked by procedural debates over the election of a chairperson following party nominations. With five votes in her favour, ANC MP Dorries Eunice Mpapane was elected chair;
- The committee comprises of 11 permanent members supplemented by alternates (totalling around 16 representatives), reflecting proportional representation across parties, including key figures from the ANC such as Supra Mahumapelo, Mikateko Mahlaule, and Anthea Ramoboleng; the Democratic Alliance with chief whip George Michalakis and deputy Baxolile Nodada; and the uMkhonto weSizwe Party (MKP) including Mmabatho Mokoena-Zondi and Des van Rooyen;
- The process of selecting committee members highlighted disputes between opposition parties, with the main point of contention being that an ANC chair may not hold the President adequately accountable. Now that Mpapane has been elected as Chair, the next point of order is to define the processes and procedures governing the committee and how it will effectively fulfil its role in enhancing transparency, accountability, and cross-party scrutiny of presidential functions within the evolving parliamentary landscape.

## AFRICA WATCH



### U.S. SANCTIONS RWANDAN ARMY AND SENIOR OFFICIALS FOR SUPPORTING M23 IN DRC

- On 02 March, the United States government announced sanctions on Rwanda's military, the Rwanda Defence Force (RDF), and four senior commanders for their alleged support of the abusive M23 armed group in the Democratic Republic of Congo (DRC);
- The White House highlighted that just days after President Trump presided over the signing of the Joint Declaration of the Washington Accords for Peace and Prosperity with DRC President Félix Tshisekedi and Rwandan President Paul Kagame, Rwanda-backed M23 fighters captured the Congolese city of Uvira in clear violation of the accords;
- The sanctions carry wide-reaching implications, restricting business, financial transactions, arms supplies, equipment, and other dealings with the RDF, as the US emphasised that M23's territorial gains would have been impossible without direct operational involvement from the Rwandan military;
- This is not the first instance of US action against Rwandan officials, with financial and property sanctions previously imposed in February 2025 on then-Minister of State and current senior defence and security adviser to the president, Gen. James Kabarebe, though the latest measures mark the first since the Washington peace deal was signed;
- Rwanda rejected the accusations, asserting that the sanctions unfairly targeted one side, misrepresented the reality of the conflict, and distorted the facts;
- While Kigali continues to deny supporting M23 despite mounting evidence they maintained that any military presence in the region served as a defensive measure against threats from armed groups in eastern DRC;
- This latest US intervention underscores Washington's direct stake in enforcing the Washington Accords it brokered, signalling that the response was anticipated and could prove far-reaching should Rwanda fail to halt support for M23, potentially straining bilateral ties and complicating regional peace efforts amid ongoing instability in the Great Lakes region.

## INTERNATIONAL AFFAIRS UPDATES

### THE ECONOMIC IMPACT OF USA-ISRAEL AND IRAN WAR

- On 03 March, liquefied natural gas (LNG) exporter QatarEnergy halted production at its facilities following attacks from the USA-Israel and Iran conflict. The rapidly escalating conflict has included attacks on shipping and oil facilities, triggering immediate and sharp disruptions to global energy markets. This decision has thus further constricted gas supply and has amplified surges in gas prices;
- European natural gas prices have increased more than 30% since the conflict's intensification, renewing energy crisis fears on the continent and pushing up electricity costs;

# WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS



**FRONTLINE AFRICA**  
— ADVISORY —

## 06 MARCH 2026



- India, the world's fourth-largest LNG buyer and heavily reliant on Middle East imports, faces harsh impacts with companies like Petronet LNG declaring force majeure, an inability to fulfil its contractual duties. This reducing industrial gas supplies by 10-30%, and warning of potential household cooking gas shortages as stocks dwindle and cargoes remain stuck in west of Hormuz;
- Brent crude oil surged upwards of 9-10% and traded around \$79-\$83 per barrel and West Texas Intermediate (WTI Oil) climbing similarly to over \$72-\$76, driven by fears of supply interruptions from Iran, a major OPEC producer;
- Economists and market analysts warned that short-term consequences may include elevated gasoline and fuel prices worldwide, with U.S. retail prices crossing \$3 per gallon in some areas and potential increases of 10-30 cents or more per gallon, added inflationary pressures, higher shipping and insurance costs, and increased volatility in stock markets;
- Longer-term risks depend on the duration and scope of the conflict. If prolonged, it could lead to oil prices reaching \$100 or higher, broader supply chain disruptions, slower global economic growth, higher interest rates to combat inflation, and cascading effects on consumer spending and industrial activity, though high pre-conflict inventories, alternative supplies, and potential OPEC+ responses might mitigate impacts if the situation de-escalates swiftly, emphasising the fragility of energy-dependent global recovery.

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