



27 MARCH 2026

WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

ECONOMIC UPDATES

FNB/BER CONSUMER CONFIDENCE INDEX (CCI)



- On 24 March, the FNB/BER released the Consumer Confidence Index (CCI) for the first quarter of 2026 showing a modest improvement, rising two points to -7 from -9 in the fourth quarter of 2025;
- This marks the second consecutive quarterly gain and the highest level since the fourth quarter of 2024, when households withdrew approximately R40 billion from pension funds under the two-pot retirement savings system;
- The increase was driven primarily by high-income households (earning over R20,000 per month), whose confidence surged from -12 to -4, supported by lingering benefits from two-pot withdrawals, lower interest rates, strong JSE performance, a firmer rand, reduced fuel prices, personal income tax relief, and slightly brighter economic prospects;
- Middle-income households (R5,000–R20,000 per month) edged up one point to -7, while low-income households (under R5,000 per month) slipped from -8 to -12 amid disappointing employment growth and tighter social grant enforcement;
- Sub-indices: the economic outlook improved from -19 to -14 and household finances rose from 5 to 12, but the time-to-buy durables index fell from -14 to -21, reflecting persistent sensitivity to borrowing costs; the survey was conducted before the sharp escalation of the US-Iran conflict in late February;
- FNB chief economist Mamello Matikinca-Ngwenya noted that gains among higher earners stemmed from a range of positive domestic developments but warned that low-income confidence was negatively impacted by low job creation (only 44,000 jobs added in Q4 2025) and tighter grant compliance measures. She also cautioned that ripple effects from the Middle East conflict could reverse recent gains in the second quarter, with further interest rate cuts now off the table.

MPC STATEMENT ON INTEREST RATES

- On 26 March, the South African Reserve Bank's Monetary Policy Committee (MPC) announced its unanimous decision to keep the repo rate unchanged at 6.75%, describing the current policy stance as "moderately restrictive" and appropriate in the face of heightened risks;
- The decision was driven primarily by the ongoing US-Israel war on Iran, which has triggered a supply shock through higher global commodity prices for oil, gas and fertiliser, introducing significant upside risks to domestic inflation while simultaneously weakening demand and growth prospects;
- The MPC noted that "the standard response to a supply shock is to look through first-round effects, which are unavoidable and cannot be stopped by interest rate changes," while remaining vigilant against potential second-round effects on wages and broader inflation expectations;
- Headline inflation eased to 3.0% year-on-year in February and core inflation also stood at 3.0%. However, the MPC expects inflation to accelerate to around 4% in the near term, with fuel inflation projected to exceed 18% in the second quarter due to the April fuel price adjustment, before gradually returning toward the 3% target late next year;
- Growth forecasts were largely unchanged, with real GDP having expanded 1.1% in 2025 and projected to average around 2% over the next few years. However, the committee highlighted downside risks to the outlook from supply-chain disruptions, rising costs and the potential interruption of recent green shoots in confidence and investment;
- The MPC modelled two adverse scenarios linked to the Middle East conflict: a shorter war with oil near US\$100 per barrel and a 5% weaker rand could push inflation above 4% and require one rate hike, while a prolonged conflict with oil above US\$100 and a 10% weaker rand could drive inflation over 5%, necessitating several hikes, with inflation only returning to target in 2028;
- The MPC emphasised that its previous cautious approach had proven prudent, and it now sees inflation risks tilted firmly to the upside. The Quarterly Projection Model assumes rates will remain unchanged for longer than previously projected, with decisions taken meeting-by-meeting and a commitment to act as needed to anchor inflation expectations at the 3% target.





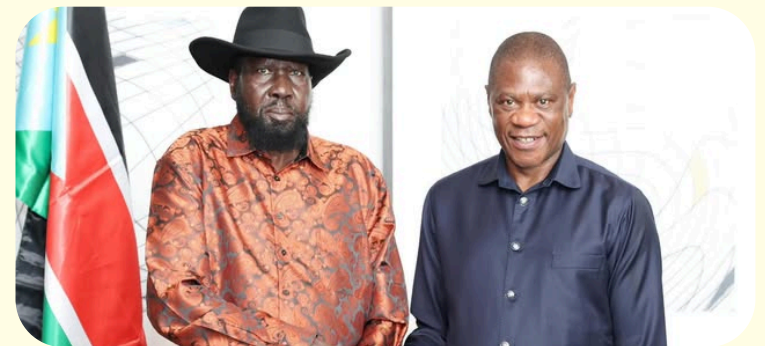
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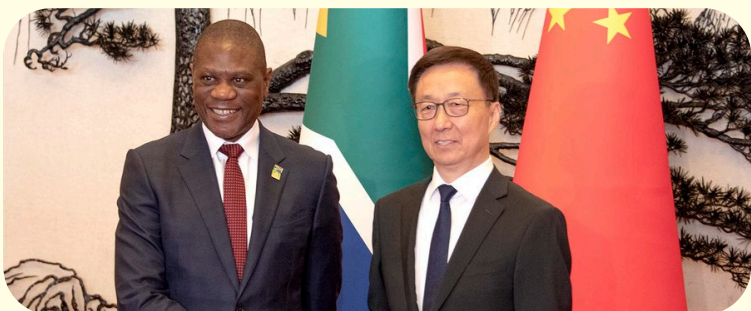
GOVERNMENT UPDATES

SOUTH AFRICA–SOUTH SUDAN BILATERAL ENGAGEMENT

- On 20 March, Deputy President Paul Mashatile, in his capacity as South Africa's Special Envoy to South Sudan, concluded a high-level bilateral meeting with South Sudan President Salva Kiir Mayardit during the latter's working visit to Pretoria;
- The discussions centred on advancing bilateral cooperation, reviewing progress in South Sudan's peace and political processes, and implementing follow-up steps from recent African Union High-Level Ad Hoc Committee for South Sudan (C5) regional engagements;
- Both leaders committed to expanding collaboration in strategic economic sectors such as mining, transport and tourism, and agreed to co-host a South Africa–South Sudan Business and Investment Conference in Juba between May and June 2026 to drive trade and unlock new investment flows;
- They also addressed key priorities emerging from the C5 process, including support for inclusive political participation, greater civil-society involvement ahead of elections, and potential technical assistance from South Africa's Electoral Commission for electoral preparations;
- Mashatile reaffirmed South Africa's commitment to maintaining a sustained diplomatic and technical presence in South Sudan to underpin ongoing peace efforts, while urging South African companies to actively explore commercial opportunities in the country.
- This engagement signals Pretoria's continued investment in stabilising South Sudan while positioning South African business interests for long-term gains in a post-conflict market.



SOUTH AFRICA–CHINA BNC



- On 26 March, Deputy President Paul Mashatile hosted Chinese Vice President Han Zheng and his delegation in Cape Town for the ninth session of the South Africa–China Bi-National Commission (BNC), the countries' highest-level structured mechanism for advancing diplomatic, economic and sectoral cooperation;
- Mashatile highlighted the continued relevance of the BNC in providing strategic direction for the partnership, particularly in implementing the Ten-Year Strategic Programme for Cooperation (2020–2029);
- This year's meeting was the first since President Xi Jinping announced that China will fully implement zero-tariff treatment for 53 African countries, including South Africa, from 1 May;
- China expressed readiness to fast-track early-harvest arrangements under the Framework Agreement on Economic Partnership for Shared Development so that South Africa can secure long-term, stable benefits from the new tariff-free regime;
- Vice President Han Zheng encouraged greater Chinese enterprise investment across Africa while urging Pretoria to foster a stable and predictable business environment for those companies, describing it as a model for mutually beneficial China-Africa cooperation.
- The discussions reflect South Africa's determination to translate Beijing's tariff concessions into tangible economic gains, even as both sides stress the need for reciprocal commitments on investment climate and practical delivery.

POLITICAL UPDATES

MK PARTY TO HOST NATIONAL POLICY CONFERENCE

- On 25 March, uMkhonto weSizwe (MK) Party confirmed it will convene a national policy conference in June 2026 as a critical step in gearing up for the local government elections and laying the groundwork for national and provincial contests in 2029;
- Party secretary-general Sibonelo Nomvalo told media and supporters in Johannesburg on Wednesday that the conference will produce a comprehensive policy framework to guide public representatives, sharpen ideological cohesion and equip the party for decisive electoral battles;
- Nomvalo emphasised that the gathering will strengthen the party's policy certainty and tactical readiness, enabling it to enter the local polls with clearly defined positions;
- He added that the conference will also focus on building a "capable election machinery" while reinforcing unity within the movement;
- The announcement comes despite the party still lacking an elective conference to formalise its internal leadership structures.
- The move reflects MK Party's strategic pivot toward institutional readiness, though its ability to translate policy cohesion into electoral machinery will ultimately determine its performance at the ballot box.





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LEGISLATIVE/REGULATORY UPDATES

UFS STUDY ON CHEMICALS IN SANITARY PADS

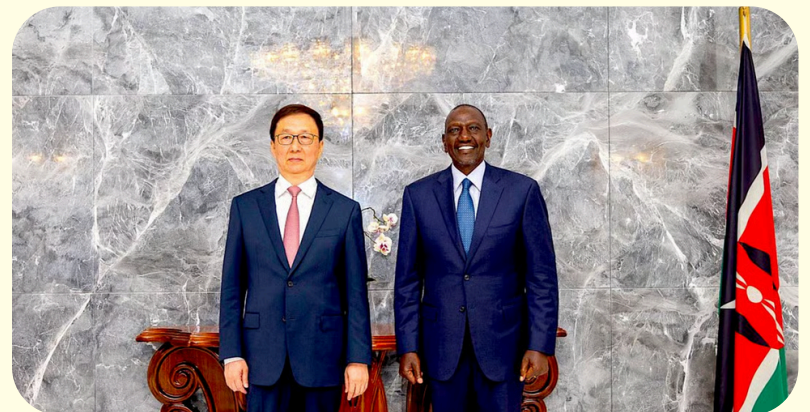


- On 24 March, the Portfolio Committee on Women, Youth and Persons with Disabilities received a briefing from the University of the Free State (UFS) research team and the South African Bureau of Standards (SABS) on the UFS study into endocrine-disrupting chemicals (EDCs) in sanitary pads and panty liners;
 - The committee noted the UFS findings which detected the presence of certain hormone-disrupting chemicals such as phthalates, parabens and bisphenols in all 16 sanitary pad brands and seven panty liner brands tested, but welcomed the university's clarification that the research was a baseline chemistry study, not a human health risk assessment, and was not intended to cause public alarm or suggest that the products are unsafe for use;
 - UFS Deputy Vice-Chancellor for Research, Innovation and Postgraduate Studies, Professor Vasu Reddy, emphasised that the study aimed to provide scientific facts and highlight a previously under-researched area of potential cumulative exposure, while the SABS outlined existing voluntary standards for menstrual hygiene products;
- Following robust discussions, the committee resolved to pursue stronger regulatory measures to protect the health and dignity of women, girls and persons who menstruate. Key policy recommendations include:
- A call for the compulsory enforcement of SABS standards on sanitary products, moving away from the current voluntary compliance regime;
 - Support for enhanced regulatory oversight and transparency in the manufacturing, labelling and importation of menstrual hygiene products;
 - A directive to engage relevant departments (including Health, Trade, Industry and Competition, and the National Consumer Commission) to assess and close gaps in the regulatory framework;
 - Commitment to ongoing monitoring and further research into the long-term health implications of chemical exposure from menstrual products.
 - It was stressed that, given the critical importance of safe menstrual products, stricter compulsory guidelines are needed, while reaffirming that the briefing helped clarify public concerns and that the committee does not criticise the scientific work itself. The committee will continue to monitor progress on these regulatory improvements in follow-up engagements.

AFRICA WATCH

KENYA SECURES EXPANDED TRADE ACCESS WITH CHINA

- On Tuesday, Kenya and China signed four memoranda of understanding covering economic partnership, agriculture, livestock development and broader trade during talks between President William Ruto and Chinese Vice President Han Zheng in Nairobi;
- A flagship component of the package grants Kenyan products duty-free and quota-free entry into the Chinese market from May, building on Beijing's existing tariff-free scheme extended to dozens of African countries to boost exports of coffee, tea and horticultural produce;
- The agreements also deepen cooperation in digital innovation, intelligent transport systems, green energy, manufacturing, industrialisation, healthcare and education;
- The pacts were concluded against the backdrop of intensifying US-China competition for African markets, where China remains the continent's dominant trading partner with annual exchanges exceeding \$280 billion;
- Zheng's visit followed a day after US Secretary of State Marco Rubio telephoned President Ruto to explore commercial opportunities and ways to further strengthen Kenya–United States ties.
- The timing and substance of the deals underscore Nairobi's pragmatic balancing act between its two largest external partners, even as geopolitical rivalry on the continent continues to accelerate.



INTERNATIONAL AFFAIRS UPDATES

US-ISRAEL WAR ON IRAN

- On 27 March, U.S President Donald Trump announced a 10-day extension of the pause on Iran's energy plant destruction until Monday 6 April, claiming indirect talks via intermediaries were progressing and that the 15-point U.S proposal was under review in Tehran;
- The 15-point ceasefire plan covers the dismantling of Iran's nuclear programme and opening of the Strait of Hormuz, in return, the U.S will lift international sanctions against Iran, and assist the country in advancing its civilian nuclear program, including electricity generation;



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- In return, Iran issued its demands, including, guarantees that the U.S and Iran will not launch any further strikes on it, financial compensation for the damage caused by U.S-Israeli strikes, and closure of U.S military bases in the Gulf region;
- It remains to be seen how the negotiations will proceed with China urging parties to "create conditions for starting truly meaningful and sincere peace talks";
- The conflicting statements from the U.S and Iran create further uncertainty, with oil prices increasing and the risk of fuel shortages becoming greater by the day.

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