

08 May 2026

# WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS



FRONTLINE AFRICA  
— ADVISORY —

## ECONOMIC UPDATES

### ABSA PURCHASING MANAGERS' INDEX (PMI)

- On 4 May, Absa released its Purchasing Managers' Index (PMI) for April, showing a rebound in South Africa's manufacturing sector as the index rose to 52.6 from 49.0 in March, crossing the key 50-point expansion threshold for the first time since September 2025;
- The 3.6-point increase was driven by stronger business activity, an increase in new sales orders, and faster output growth, pointing to a more positive start to the second quarter after a slightly weaker first quarter;
- However, the uptick came with conditions, as many respondents indicated that orders were front-loaded in anticipation of further cost increases linked to elevated global oil prices and a weaker rand amid the ongoing Middle East conflicts;
- Domestic demand improved, though export orders remained weak, highlighting an uneven recovery vulnerable to external pressures. Inventories also rose above the neutral level as firms engaged in stock-building ahead of expected price hikes;
- Input costs increased sharply, with the purchasing price index reaching 85.6, weighing heavily on profit margins and raising risks to the sustainability of the improvement. The employment index stayed in contractionary territory, and the sub-index for expected business conditions rose higher but remained below 50, reflecting subdued confidence;
- The data offers cautious optimism for industrial activity, while warning that persistent cost pressures could limit longer-term momentum.



## GOVERNMENT UPDATES

### RAMAPHOSA HOLDS BILATERAL TALKS WITH MOZAMBIQUE'S CHAPO

- On 05 May, Presidents Cyril Ramaphosa and Daniel Francisco Chapo of Mozambique held bilateral talks at Mahlamba Ndlopfu in Pretoria;
- Mozambique remains one of South Africa's most important trading partners on the continent, and the discussions focused on practical steps to expand bilateral trade, attract fresh investment and generate jobs on both sides of the border;
- The leaders identified key areas for closer cooperation, including energy, mining, infrastructure development, agriculture, tourism and enhanced transport links;
- They also exchanged views on peace and security across southern Africa, with particular attention to stabilisation efforts in Mozambique's Cabo Delgado province, alongside broader African Union priorities such as climate change, food security and economic development;
- The engagement was designed to sustain momentum generated by earlier Bi-National Commission (BNC) meetings, which have already produced concrete results in trade, energy and security cooperation.



### HIGHLIGHTS FROM CABINET MEETING BRIEFING



- On 06 May 2026, Minister in the Presidency, Khumbudzo Ntshavheni, announced that Cabinet directed the Minister of Mineral and Petroleum Resources, in coordination with the Minister of International Relations and Cooperation, to lead a regional SADC response aimed at ensuring secure supplies of fuel and fertiliser across southern Africa;
- The Minister also noted that the Inter-Ministerial Fuel Task Team will continue assessing additional interventions to lessen the impact of the ongoing global fuel and fertiliser shortages on South Africans;
- Cabinet welcomed the positive results of President Cyril Ramaphosa's recent official visit to Spain, which yielded over €2.1 billion in investment commitments for South Africa's just energy transition, particularly in green hydrogen, electric vehicles, renewable energy and grid infrastructure;

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- On the issue of illegal immigration, Cabinet highlighted ongoing work to strengthen border management through the Border Management Authority (BMA), accelerate deportations, tackle criminality in affected communities and prioritise job opportunities for South Africans;
- To protect local employment, Cabinet instructed the Department of Employment and Labour to step up workplace inspections in vulnerable sectors including hospitality, agriculture, trucking and construction;
- Cabinet also called on municipalities to rigorously enforce trading by-laws and urged ordinary South Africans to stop sub-leasing business licences, emphasising that all citizens have a role in safeguarding economic opportunities.

## POLITICAL UPDATES

### MICHALAKIS ELECTED DA PARLIAMENTARY CAUCUS LEADER

- On 7 May 2026, the Democratic Alliance (DA) elected George Michalakis as its new parliamentary caucus leader during a party caucus meeting in the National Assembly;
- Michalakis, who has served as the DA's chief whip since June 2024 following the May 2024 general elections, emerged victorious in a contest that also featured Andrew Whitfield and Kevin Mileham;
- The vacancy arose after DA leader Geordin Hill-Lewis chose not to take up a seat in Parliament, opting instead to continue serving as Mayor of Cape Town alongside his national party leadership role;
- The party stated that Michalakis will now spearhead its legislative agenda in line with the commitments made to voters in the last election, with a focus on rescuing South Africa through targeted reforms;
- Among the key priorities he will drive are the DA's proposed bill to replace Broad-Based Black Economic Empowerment (BEE) legislation and a measure to bar impeached officials from serving in Parliament;
- The election of Michalakis has created a further vacancy in the DA's National Assembly caucus, specifically for the position of chief whip.



## LEGISLATIVE/REGULATORY UPDATES

### DEPARTMENT OF WATER AND SANITATION'S (DWS) ANNUAL PLAN



- On 5 May, the Portfolio Committee on Water and Sanitation in Parliament considered and adopted the Department of Water and Sanitation (DWS) and its entities' Annual Performance Plan (APP) and draft report for Budget Vote 41 for the 2026/27 financial year;
  - The committee reviewed targets for infrastructure development, catchment management, water resource quality, and municipal support at a time when many communities continue to face water shortages and infrastructure backlogs;
  - Discussions focused on budget constraints, including reductions in the overall DWS allocation and the Regional Bulk Infrastructure Grant, prompting MPs to question the feasibility of meeting urgent water challenges. The Department attributed the adjustments to National Treasury allocations and indicated plans to seek additional funding in future budget cycles;
- Entities such as Catchment Management Agencies presented their priorities around pollution control and infrastructure projects. Some opposition members raised concerns that the plans lacked sufficient ambition and urgency in tackling the national water crisis;
  - The adoption of the report and plans forms part of standard parliamentary oversight ahead of the budget vote process. The committee also addressed other matters such as the arrangements for upcoming public participation hearings.

### EKURHULENI MUNICIPALITY AUDIT OUTCOMES

- On 6 May, the Standing Committee on Public Accounts (SCOPA) held a detailed hearing with the Ekurhuleni Metropolitan Municipality on its latest audit outcomes for the year ended June 2025 and ongoing Special Investigating Unit (SIU) investigations;
- Audit outcomes indicated a regression from previous results, driven largely by weaknesses in IT and ICT controls, alongside issues of financial sustainability, revenue collection shortfalls, and irregular expenditure;

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- The municipality reported a downward budget adjustment of R2 billion and provided updates on audit action plans, contract management improvements, and responses to prior findings;
- A major focus was the SIU probe into the fraudulent transfer of 208 municipal properties valued at around R58 million, involving falsified documents and unauthorised actions by an attorney, which resulted in 208 criminal referrals plus reports to SARS and other agencies;
- SCOPA members pressed for specifics on root causes, timelines for consequence management, and steps to strengthen governance and procurement processes. Ekurhuleni's leadership, including the Executive Mayor, committed to improved transparency and cooperative governance;
- These developments reflect ongoing parliamentary scrutiny of economic indicators, critical service delivery sectors such as water, and municipal financial accountability amid South Africa's broader fiscal and governance challenges.



## BILLS APPROVED BY CABINET



- On 7 May, Minister in the Presidency, Khumbudzo Ntshavheni, announced that Cabinet approved a number of important policy and legislative proposals aimed at improving service delivery, strengthening local government, and advancing South Africa's long-term energy security;
- Key among these is the Revised White Paper on Local Government 2026 that seeks to address persistent weaknesses in municipalities by creating a more modern, capable, and responsive local government system that can deliver services more effectively and sustainably to communities;
- Initiated to respond to current developmental, economic, spatial, and environmental realities, the Revised White Paper focuses on key priority areas including institutional culture in municipalities, political leadership and accountability, improved intergovernmental coordination, greater citizen involvement, financial and fiscal reforms, and the role of traditional leadership;

- In the energy sector, Cabinet approved the publication of the Draft Nuclear Energy Amendment Bill, 2025 for public consultation. The Bill updates the Nuclear Energy Act of 1999 to address regulatory gaps arising from global and domestic developments in the nuclear landscape;
- It modernises terminology, aligns the Act with current international standards, and strengthens oversight of nuclear materials, goods, and related activities across the value chain, thereby supporting safer operations, investment, and South Africa's broader energy diversification goals;
- Cabinet also approved the submission to Parliament of the Children's Act Amendment Bill, 2026, which streamlines early childhood development (ECD) regulation under the Department of Basic Education, and the National Building Regulations and Building Standards Amendment Bill, 2026 for public participation, aimed at promoting uniformity and quality in construction across municipalities;
- Collectively, these decisions reflect government's continued push to reform local governance, improve accountability and service delivery, and strengthen strategic sectors such as energy and infrastructure to support long-term economic resilience and development. The proposals will now move through public consultation and parliamentary processes before implementation.

## AFRICA WATCH

### BOUTBIG ELECTED PRESIDENT OF THE PAN-AFRICAN PARLIAMENT



- On 30 April, the Pan-African Parliament (PAP), the legislative organ of the African Union (AU), elected Fateh Boutbig of Algeria as its new President following an Extraordinary Session held in Midrand, South Africa;
- Boutbig will serve as President representing North Africa, heading a Bureau completed by Honourable Zanetor Agyeman-Rawlings of Ghana (West Africa) as Second Vice-President, Honourable Djidda Mamar Mahamat of Chad (Central Africa) as Third Vice-President, and Honourable Dr Arlete Borges of Angola (Southern Africa) as Fourth Vice-President;
- With the new leadership now in place, the PAP further reaffirmed its commitment to advancing the aspirations of Agenda 2063, "The Africa We Want", and to strengthening its role as a more responsive, transparent and citizen-oriented institution within the AU;
- The successful vote also opens the way for the renewal of other key parliamentary structures, including the Bureaus of Permanent Committees and the Regional and Thematic Caucuses.

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## ALLIANCE OF SAHEL STATES LAUNCHES JOINT AIRSTRIKES IN MALI

- On 1 May 2026, the Alliance of Sahel States (AES), formed by Mali, Burkina Faso and Niger, carried out intense joint air campaigns in Malian territory in its most coordinated military response to date;
- The strikes targeted key hotspots including Gao, Menaka and Kidal after al-Qaeda-linked jihadists and Tuareg separatists launched their largest assault on Mali in nearly 15 years, capturing Kidal and killing Defence Minister Sadio Camara;
- The AES formally deployed up to 15,000 troops under a joint anti-jihadist force that had been scaled up from an initial 5,000 in mid-April;
- Authorities in Niger, which announced the operation, have accused external actors, primarily France, of sponsoring the weekend attacks, a charge that Paris has firmly denied;
- While the alliance has vowed to hunt down those responsible, rebel groups have issued counter-claims and battlefield updates, indicating that multiple actors and expanding fronts are rapidly turning the crisis into a wider Sahel conflict with no immediate resolution in sight.



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