

# WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS



FRONTLINE AFRICA  
— ADVISORY —

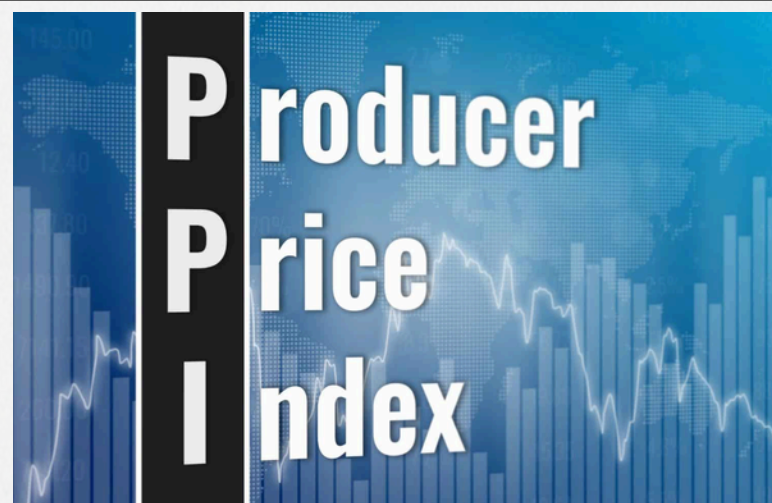
## LOCAL GOVERNMENT ELECTIONS WATCH

- On 23 May, GOOD leader Patricia de Lille publicly endorsed Lukhona Mnguni as RISE Mzansi's mayoral candidate for the City of Johannesburg;
- On 27 May, by-elections were held in Gauteng and North-West provinces. In Gauteng, DA's Maki Emily Tshabalala won Ward 28 in Emfuleni with 32.08% of the votes. In North-West, ANC's Emmanuel Olebogeng Magano retained Ward 02 in Mafikeng with a strong 72.65% of the votes.

## ECONOMIC UPDATES

### PRODUCER PRICE INDEX (PPI)

- On 28 May, Statistics South Africa (StatsSA) released the April 2026 Producer Price Index (PPI), showing that headline inflation for final manufactured goods rose sharply to 4.8% year-on-year from 2.3% in March;
- The PPI increased by 3.0% month-on-month, with key contributors being petroleum, chemical, rubber and plastic products, contributing 2.5 percentage points, food products, beverages and tobacco products, contributing 0.6 of a percentage point, and paper and printed products, contributing 0.5 of a percentage point;
- Intermediate manufactured goods annual inflation rose to 10.0% from 9.1%, while electricity and water decreased to 12.5% from 17.9%, mining declined to 24.9% from 33.0%, and agriculture, forestry and fishing recorded deflation of 6.5% compared to 2.9% previously;
- The increase in producer prices, particularly driven by energy-related and chemical products amid global oil price volatility and domestic factors, comes as the South African economy navigates ongoing cost pressures following recent CPI trends and geopolitical tensions;
- The PPI provides an early signal of potential pass-through effects to consumer prices in the coming months, highlighting the need for continued monitoring of supply chain and energy cost dynamics.



## MONETARY POLICY COMMITTEE STATEMENT



South African Reserve Bank

- On 28 May, South African Reserve Bank (SARB) Governor Lesetja Kganyago issued the Statement of the Monetary Policy Committee (MPC), announcing an increase in the repo rate by 25 basis points to 7.0%, effective 29 May;
- The decision was taken by a 4-2 majority vote, with the MPC citing intensified upside risks to inflation amid the ongoing Middle East conflict, which has kept oil prices around USD 100 per barrel, disrupted the Strait of Hormuz, and driven up global energy and food costs;
- Headline CPI inflation rose to 4.0% in April from 3.1% in March, largely due to a sharp 11.4% increase in fuel prices, while services inflation rose to 4.6%. The MPC revised its inflation forecasts higher, now projecting headline inflation to average 4.4% this year and 3.7% in 2027, and returning to the 3% target in 2028;
- Kganyago noted that the MPC sees downside risks to economic growth, with forecasts lowered for the next two years due to reduced household disposable income, weaker investment and consumption, recent provincial floods, and heightened global uncertainty. However, he emphasised that South Africa's economic fundamentals remain resilient, supported by favourable terms of trade, ongoing domestic reforms, and a positive credit rating outlook from Moody's;
- The MPC highlighted the potential for second-round effects into wages and broader prices, while exploring adverse scenarios including a prolonged crisis, El Niño weather impacts, and amplified pass-through to consumers, all of which point to higher inflation and the need for further possible tightening;
- The Governor reaffirmed the SARB's commitment to anchoring inflation expectations and returning inflation to the 3% target over time, balancing support for economic activity with price stability in a challenging global environment;
- The decision to increase the repo rate comes against the backdrop of the increase in producer prices and aims to prevent higher inflation from becoming entrenched while acknowledging the limits of monetary policy in addressing supply-side shocks.

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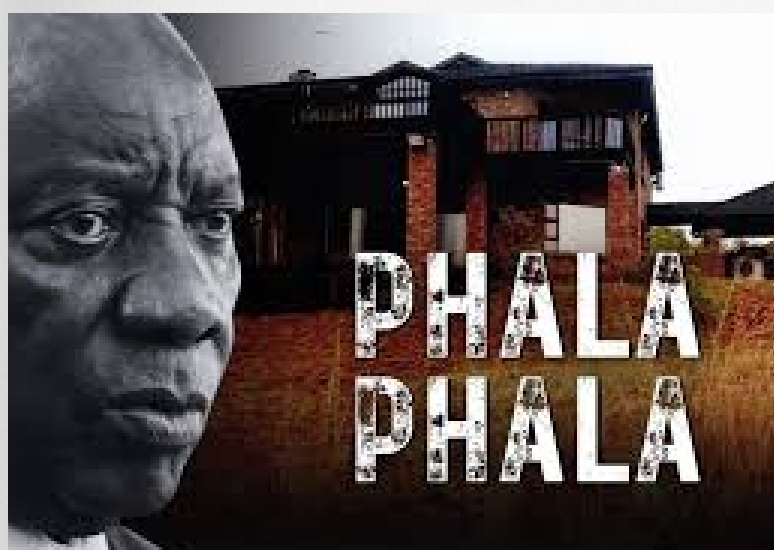
## GOVERNMENT UPDATES

### JCPS MINISTERS ADDRESS RISING SOCIAL TENSIONS

- On 25 May the Justice, Crime Prevention and Security Cluster met at the Union Buildings to finalise a framework linked to the National Action Plan to Combat Racism, Racial Discrimination, Xenophobia and Related Intolerance, amid mounting tensions surrounding undocumented migration, anti-immigration mobilisation and broader social instability;
- The JCPS Cluster announced the deployment of Deputy Ministers into affected communities to monitor developments, strengthen visible governance and report back on intervention measures ahead of a follow-up meeting scheduled for 11 June;
- However, the interventions stopped short of announcing concrete implementation measures regarding deportations, documentation verification systems or expanded border enforcement, potentially reinforcing perceptions of inadequate state responsiveness among anti-immigration groups and affected communities;
- The developments follow signs of escalating social tensions and sporadic lawlessness linked to anti-immigration sentiment, including unrest in Rocklands township in the Free State, where foreign-owned shops were reportedly looted and approximately 100 individuals arrested;
- The apparent spread of anti-immigration mobilisation beyond Gauteng, KwaZulu-Natal and the Eastern Cape suggest increasing risks of localised instability across economically distressed communities, particularly amid elevated unemployment, weak service delivery and declining social trust;
- Groups linked to the March and March Movement indicated that government has until the end of June to address concerns surrounding undocumented migration. Continued protest activity and the potential escalation of violent confrontations may increasingly disrupt retail, logistics and transport operations in affected areas, while also contributing to perceptions of deteriorating social stability and heightened medium-term investor risk.



### RAMAPHOSA CHALLENGES PHALA PHALA REPORT



- On 26 May President Cyril Ramaphosa lodged an application in the Western Cape High Court seeking a review and setting aside of recommendations contained in paragraph 264 of the Independent Panel report into the Phala Phala matter;
- The application further seeks to review and set aside any steps taken by the National Assembly pursuant to the report, raising the prospect of an institutional confrontation between the executive, judiciary, and Parliament over the scope of accountability processes;
- In the application, Ramaphosa argued that the Independent Panel “misconceived its mandate, misjudged the information placed before it and misinterpreted the four charges advanced against me”;
- GNU partner the Democratic Alliance (DA) intensified pressure on 27 May, arguing that the parliamentary impeachment process should continue irrespective of the court review application. DA Parliamentary Leader George Michalakis stated that Parliament “must be allowed to conduct its oversight and accountability role unobstructed”, while warning that attempts to interdict Parliament would amount to delay tactics and could damage the institution’s credibility;
- The developments follow the establishment of an impeachment committee process in Parliament, increasing the political significance of the matter and potentially deepening tensions within the GNU, particularly between the ANC and DA over constitutional accountability mechanisms;
- Opposition parties, are likely to use the matter to sustain political pressure on Ramaphosa ahead of the 2026 local government elections;
- The dispute risks contributing to perceptions of institutional fragmentation and political uncertainty at a time when the GNU remains fragile. While the matter is unlikely to trigger immediate policy paralysis, prolonged conflict between coalition partners over executive accountability may contribute to short- to medium-term investor caution regarding reform continuity, fiscal coordination, and broader political stability.

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## POLITICAL UPDATES

### DA LIMPOPO ELECTS NEW LEADERSHIP

- On 23 May 2026, the Democratic Alliance (DA) in Limpopo elected its new provincial leadership at a congress held in Polokwane, positioning the party for the 4 November 2026 local government elections;
- Jacques Smalle MPL was elected as the new Provincial Leader, succeeding Lindy Wilson after her three-year term;
- Beyers Smit MP was elected Provincial Chairperson, while Cllr. Glanda Furumele was chosen as Provincial Deputy Leader;
- The three Provincial Deputy Chairpersons elected were Cllr. Portia Moropane (1st), Cllr. Dinga Motshwene (2nd) and Cllr. Mashudu Mariba (3rd);
- The DA in Limpopo, which has historically struggled for significant support in the province, has set its sights on rebuilding its base and increasing its presence in key municipalities ahead of the upcoming polls;
- The new leadership team was described as ready to serve the people of Limpopo and lead the party into the local government elections with a renewed focus on safety, accountability and effective service delivery.



### ANC NEC ACTS ON DISCIPLINE AND MIGRATION ISSUES



- On 27 May, the African National Congress (ANC) National Executive Committee (NEC) concluded a special meeting with several major outcomes, which Secretary-General Fikile Mbalula outlined to the media;
- The NEC endorsed integrity committee reports and referred five senior members, including former ministers Sisisi Tolashe and Bheki Cele, as well as ANC Sedibeng Regional Secretary, Jason Mkhwane, Free States' Thanduxolo Khalipha and Johannesburg MMC Sithembiso Zungu, to the national disciplinary committee for bringing the party into disrepute;
- Tolashe was cited over the alleged misuse of luxury vehicles donated to the ANC Women's League and irregular staff appointments, with the referrals forming part of the ANC's ongoing organisational renewal drive;

- Mbalula used the same briefing to address rising public protests against illegal immigration, calling on demonstrators to operate strictly within the law and to guard against infiltration by "third force" elements;
- On the same theme of migration, Mbalula confirmed that President Cyril Ramaphosa will table a continental migration compact at the African Union's mid-year coordination meeting scheduled for June in Egypt;
- The proposed compact seeks to establish a shared-responsibility framework among African states to manage undocumented migration flows more effectively and reduce pressure on national borders;
- Mbalula described illegal immigration as a serious national security issue for South Africa while cautioning that enforcement must remain lawful, balanced and regionally coordinated;
- The NEC decisions signal the ANC's attempt to project internal discipline and proactive leadership on a highly emotive national issue ahead of the 4 November 2026 local government elections.

## LEGISLATIVE/REGULATORY UPDATES

### DTIC BUDGET VOTE



- On 26 May, Minister of Trade, Industry and Competition (DTIC) Parks Tau delivered his Budget Vote 39 speech during the Mini Plenary session in the National Assembly, outlining the department's R11.7 billion allocation for the 2026/27 financial year and its consolidated resources of approximately R130.6 billion over the medium term to drive industrialisation, economic transformation, investment, and job creation;
- To advance localisation, the department is targeting R100 billion in locally manufactured goods and services for the current year, securing investment pledges and supporting inclusive growth through black economic empowerment, SMME development, and sector-specific interventions amid challenges like energy constraints and global headwinds;

- Main programmes that the DTIC is directing its funds to include:
  - The Incentives Programme, covering manufacturing development, industrial financing, and sector support,
  - The Transformation and Competition Programme, focusing on economic transformation, BEE, and competition oversight,
  - The Sectors Programme, targeting key industries such as renewable energy, automotive and EV components, agro-processing, advanced manufacturing, aerospace, and green industries;
- These priorities aim to build export markets, combat illegal imports, foster township and rural economies, and catalyse a R700 billion investment pipeline, particularly in energy, manufacturing, and logistics, while balancing support for established businesses with opportunities for emerging black-owned enterprises;
- Although the budget was passed, opposition parties raised concerns around implementation efficiency, bureaucratic hurdles, and the pace of job creation amid high unemployment.

## AFRICA WATCH

### COMESA, EAC AND SADC PUSH INCLUSIVE TRIPARTITE TRADE



- On 25 May, the Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and Southern African Development Community (SADC) Tripartite Youth and Women Trade Policy Dialogue Forum ended in Nairobi with a strong commitment to more inclusive implementation of the Tripartite Free Trade Area (TFTA);
- The forum focused on removing barriers faced by youth and women in agribusiness and cross-border trade, including limited information, high costs, non-tariff barriers and difficult border procedures;
- Delegates called for faster rollout and easier access to the Tripartite Simplified Trade Regime (TSTR) to bring informal traders into the formal economy;
- The gathering produced the Tripartite Youth and Women Trade Declaration, which will be submitted to the Tripartite Heads of State Summit in July 2026;
- Key recommendations include expanded e-commerce, interoperable digital payments, policy harmonisation and better market access for small-scale entrepreneurs;

- Leaders from the three regional blocs described the outcome as a deliberate shift to position youth and women as active drivers of regional trade and economic integration.

### TINUBU SECURES APC TICKET FOR 2027 RE-ELECTION

- On 24 May, Nigeria's President Bola Ahmed Tinubu won the All-Progressives Congress (APC) presidential primary by a landslide, securing the party's ticket for the 2027 general elections;
- Tinubu polled nearly 11 million votes against his sole challenger and was formally presented with the certificate of return in Abuja;
- The decisive victory demonstrated strong consolidation within the APC, with governors, national lawmakers and senior party structures closing ranks behind the incumbent;
- Following the win, Tinubu pledged to intensify security reforms, including the establishment of state police, as a flagship campaign promise;
- The smooth primary process suggests the APC has largely overcome earlier internal divisions and is now projecting unity ahead of the 2027 poll;
- However, the party still confronts significant headwinds, as many Nigerians remain frustrated by persistent inflation, widespread insecurity and high living costs under Tinubu's administration;
- Meanwhile, a small but vocal group of Nigerians continues to call for the return of former President Goodluck Jonathan as an alternative candidate in 2027.



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## INTERNATIONAL UPDATES

### U.S. AND INDIA SIGN CRITICAL MINERALS FRAMEWORK



- On 26 May, the United States and India finalised a “Securing of Supply in the Mining and Processing of Critical Minerals and Rare Earths” framework aimed at strengthening bilateral cooperation in critical minerals investment, mining, processing and recycling;
- The agreement forms part of broader efforts by both countries to diversify critical minerals supply chains amid concerns over China’s dominance in rare earth processing and midstream mineral refining capacity;
- The framework also aligns with wider strategic cooperation under the Quad Critical Minerals Initiative, potentially improving long-term financing and technological support for India’s mining and processing sectors;
- India’s deepening cooperation with the U.S. in strategically sensitive sectors may introduce further internal policy contradictions within BRICS, particularly as member states adopt increasingly divergent positions on supply-chain security and economic alignment;

- Increased U.S.-India coordination in the critical minerals sector may intensify global competition for strategic mineral access and contribute to heightened supply-chain and trade tensions with China in the short to medium term;
- For investors, the framework may support increased Indian engagement in African critical minerals markets, particularly manganese and other battery-related mineral supply chains, while intensifying competition for strategic upstream mineral assets.

### EU FOREIGN MINISTERS SIGNAL HARDENING SECURITY POSTURE

- On 27-28 May, EU Foreign Ministers met in Cyprus for the informal Gymnich meeting, where discussions focused primarily on Middle East security tensions involving Iran, Gaza and Lebanon, as well as the Russo-Ukraine war and broader European security concerns;
- The meeting included engagements with the Saudi and Indian Foreign Ministers, with EU High Representative for Foreign Affairs Kaja Kallas highlighting ongoing diplomatic efforts to preserve the Iran-related ceasefire framework and reopen the Strait of Hormuz, signalling continued international coordination around energy security and freedom of navigation;
- Kallas further indicated that any preliminary agreement between the U.S. and Iran would likely need to progress toward more technically complex negotiations concerning Iran’s nuclear stockpiles and regional security posture, potentially complicating the sustainability of any mediated settlement process;
- The ministers also discussed the deteriorating ceasefire situation in Lebanon, alongside possible restrictions linked to Israeli settlements and prospective sanctions on Israeli ministers, reflecting growing European pressure on Israel that may strain EU-Israel relations in the medium term;
- Regarding Ukraine, the EU reaffirmed its strong support for Kyiv, while Kallas accused Russia of escalating attacks and rejecting meaningful peace efforts, reinforcing the EU’s increasingly securitised and non-neutral posture toward the conflict;
- Overall, the meeting reflected a relatively unified but materially constrained EU approach centred on regional security stabilisation, energy security and strategic deterrence, although the bloc’s overt alignment on Russia and Iran may increasingly complicate its diplomatic positioning across parts of the Global South in the longer term.



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