WEEKLY POLITICAL AND ECONOMIC HIGHLIGHTS

06 NOVEMBER 2026

FRONTLINE AFRICA ADVISORY

LOCAL GOVERNMENT ELECTIONS WATCH



- On 4 November, the IEC recorded that approximately 15.9 million voters participated in the local government elections from 29.2 that were registered, representing an estimated turnout of 54.5% compared with 45.9% in 2021;
- The IEC approved a record 2.66 million special-vote applications, of which approximately 1.43 million were exercised on 2 and 3 November, including 974,852 at voting stations and 451,090 through home visits;
- The elections were administered across 23,696 voting stations, supported by approximately 188,000 IEC officials, with Gauteng recording the highest number of registered voters (6.67 million), followed by KwaZulu-Natal (6.05 million);
- The Northern Cape is the first province to declare all results, with the ANC securing 41.5% and the DA 21.8% of the votes.

ECONOMIC UPDATES



ABSA AND S&P GLOBAL PMI

- On 2 November, the Absa Purchasing Managers' Index (PMI) showed a slight improvement in manufacturing conditions, rising from 48.7 in September to 49.6 in October;
- However, the index remained below 50, indicating that the sector was still contracting;
- The PMI measures business activity through indicators such as production, new orders, employment and supplier deliveries and inventories, providing an early indication of economic conditions;
- All five components of the index improved in October, although production and new orders remained below expansion levels;
- Employment was particularly weak, while purchasing price pressures intensified;
- Separately, the S&P Global PMI released on 5 November remained at 49.0, indicating continued contraction in broader private-sector activity;
- Output and new orders declined, while businesses reported the sharpest decline in employment in six years;
- Business confidence also weakened, with expectations for activity over the next 12 months falling to their lowest level since August 2020;
- Higher fuel costs and disruptions at the Port of Durban added to production and supply-chain pressures;
- The surveys point to continued pressure on sales, operating costs and employment despite modest improvements in manufacturing conditions. Passing higher costs onto customers risks further weakening demand, while weak demand and declining confidence could discourage recruitment and investment, delaying a broader economic recovery.



SARB RENEWS R74 BILLION CURRENCY SWAP WITH CHINA

- On 30 October, the South African Reserve Bank (SARB) announced the renewal of its bilateral currency-swap agreement with the People's Bank of China, effective from 23 October for another five years;
- A currency-swap arrangement allows central banks to temporarily exchange their currencies, providing access to foreign currency when needed;
- The agreement allows the two central banks to exchange up to CNY30 billion (approximately R74 billion) in local currencies, supporting trade and investment between South Africa and China while helping manage short-term foreign-currency shortages;
- It was first signed in 2015, with the same CNY30 billion limit, and its renewal does not represent a new government loan or an immediate transfer of funds;
- The renewal comes as China has become South Africa's largest trading partner in manufactured goods, accounting for 35.7% of South Africa's manufactured imports, highlighting the importance of stable financial arrangements between the two economies;
- For businesses trading with China, the arrangement could help maintain access to Chinese currency during periods of financial pressure, reducing the risk of disruptions to trade payments and supply chains.

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GOVERNMENT UPDATES



OPERATION VULINDLELA PHASE II Q2 PROGRESS REPORT

- On 30 October, the Presidency and National Treasury released the Operation Vulindlela Phase II second-quarter (Q2) progress report for 2026/27, detailing progress in electricity, freight logistics, water, municipal services and digital government, as part of efforts to remove barriers to investment and economic growth;
- In electricity, the report highlighted proposed reforms to electricity pricing and market regulation, while the South African Wholesale Electricity Market entered external testing, alongside ongoing work to establish a transmission system operator independent of Eskom;
- In freight logistics, Transnet reported a R4.6 billion profit for 2025/26, while a revised rail access framework was published to allow private train operators to use the national rail network, with the first operators expected to commence services in 2027;
- In water, government appointed a board for the new South African National Water Resources Infrastructure Agency, which will manage national water infrastructure, while work continued on stronger regulation and partnerships to improve municipal water services;
- Furthermore, the R54 billion Metro Trading Services Reform Programme entered full implementation across eight metropolitan municipalities, linking financial incentives to improvements in the management of water, electricity, sanitation and waste services, with funding allocations for 2027/28 dependent on municipalities meeting reform requirements;
- Digital government reforms also advanced, with MyMzansi, a platform intended to provide easier access to government services, undergoing controlled testing, while the MzansiXchange system for sharing information between government departments is expected to complete its pilot phase in December;
- For businesses, the reforms could create investment opportunities, improve infrastructure reliability and reduce operating costs, although these benefits will depend on effective implementation and measurable improvements in service delivery.



GOVERNMENT WARNS OF POSSIBLE WATER RESTRICTIONS

- On 3 November, the Department of Water and Sanitation warned that rising demand, prolonged heatwaves and anticipated El Niño conditions could place further pressure on water supplies during the 2026/27 summer season, particularly in Gauteng;
- The department reported that Gauteng residents consume approximately 250 litres of water per person daily, compared with an international average of 173 litres, while 47% of municipal water is either lost or not generating revenue, including 27% lost through infrastructure leaks;
- Moreover, the department stated that it could not increase Rand Water's authorised allocation from the Integrated Vaal River System, which supplies much of Gauteng, placing greater pressure on municipalities to reduce consumption and repair leaking infrastructure;
- It also warned that it could reduce the amount of water agricultural, industrial and other users are authorised to draw from rivers and dams if resources become severely stressed, although no nationwide reductions were announced;
- The warning follows Rand Water's decision to restrict supplies to municipalities exceeding their allocations, while Johannesburg Water has proposed tighter restrictions aimed at reducing demand by approximately 15%;
- Worsening water shortages and possible restrictions could disrupt production, increase operating costs and affect agricultural and manufacturing supply chains, particularly for water-intensive industries, making investment in water storage and alternative supply arrangements increasingly important.

POLITICAL UPDATES



MUNICIPAL ELECTIONS UPDATE

- As of 08:00 on 6 November, approximately 71% of votes had been counted, with the results reflecting a fragmented political landscape and growing competition between the country's largest political parties;
- Nationally, the African National Congress (ANC) leads with 31.9% of valid votes, followed by the Democratic Alliance (DA) at 24.49% and the uMkhonto weSizwe Party (MKP) at 9.14%; these were followed by the Economic Freedom Fighters (EFF) at 6.2%, the Inkatha Freedom Party (IFP) at 4.58% and ActionSA at 4.78%;
- The ANC was leading in 63 municipalities and had secured control of 22, compared with the DA's 19 municipalities led and six controlled, while the MKP was leading in 12 municipalities and controlled three;

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- Of the country's 213 municipalities, 77 were classified as hung councils, indicating that no party had secured an outright majority;
- 33 municipalities had been secured outright, while results in a further 103 municipalities had not yet been calculated;
- The results indicate that, although the ANC retains its position as the country's largest political party, its ability to govern municipalities independently remains limited, while the DA and MKP have consolidated their positions as significant competitors; the substantial number of hung councils also points towards continued reliance on coalition arrangements;
- For businesses, the fragmented municipal landscape could prolong uncertainty around local governance, particularly where coalition negotiations delay the formation of municipal administrations or disrupt policy implementation;
- However, the composition and stability of incoming coalitions will ultimately determine the implications for municipal service delivery, infrastructure investment, procurement and regulatory administration.

LEGISLATIVE/REGULATORY UPDATES



TREASURY AND SARS RESPOND TO PROPOSALS

- On 30 October, the Standing Committee on Finance and the Select Committee on Finance received responses from National Treasury and the South African Revenue Service (SARS) to submissions on the 2026 Revised Fiscal Framework and Revenue Proposals;
- The revised fiscal framework sets out the Government's updated multi-year projections for revenue, expenditure and key macroeconomic indicators, allowing Parliament to assess the country's fiscal position and proposed revenue measures;
- The engagement followed public hearings held on 28 October, during which 22 stakeholders presented recommendations on the revised fiscal framework and revenue proposals;
- The proposals form part of Parliament's consideration of the Medium-Term Budget Policy Statement (MTBPS), tabled on 21 October, which revised the 2026/27 revenue estimate upwards by R17.1 billion to R2.144 trillion, while projecting economic growth of 1.2%;
- Both committees are scheduled to deliberate on and adopt their respective reports on 10 and 11 November, which must be submitted to the National Assembly and National Council of Provinces within 30 days of the MTBPS tabling;
- Parliamentary recommendations will help shape the final fiscal framework, with the higher revenue estimate providing some additional fiscal flexibility, although subdued growth and ongoing debt pressures constrain the scope for expanded public spending;
- For businesses, the outcome will influence the fiscal and taxation environment, while stronger revenue collection and enforcement could increase compliance requirements but also improve competitive conditions for firms operating against illicit-market competitors.



ICASA REVIEWS NETWORK LICENSING

- On 30 October, the Independent Communications Authority of South Africa (ICASA) published a Discussion Document under Phase II of its inquiry into Individual Electronic Communications Network Service (I-ECNS) licences, inviting written representations;
- An I-ECNS licence authorises a licensee to roll out and operate an electronic communications network and provide network services on a provincial and/or national basis; these networks can include fixed-line, mobile, fibre-optic and satellite systems;
- Following Phase I, which involved a stakeholder questionnaire, ICASA received 32 submissions by the February 2026 deadline, with a further late submission subsequently accepted, informing its assessment of the existing licensing framework;
- ICASA identified shortcomings in the current framework, noting that 470 I-ECNS licences had been issued, most of which remained inactive or dormant, while approximately 11 ownership or control transfers were approved annually;
- The Authority considers the existing transfer system ineffective in promoting competition, citing high acquisition costs, limited pricing transparency and lengthy approval processes, and is considering direct licence issuance to facilitate market entry;
- Stakeholder positions reflect differing interests: prospective entrants and smaller operators favour more accessible licensing, while established operators highlight persistent barriers such as spectrum access, capital requirements and infrastructure deployment;
- Interested stakeholders have 45 days from the day following publication to submit written representations, ahead of possible public hearings and the eventual publication of findings;
- For businesses, direct licensing could lower acquisition costs and create opportunities for smaller operators, satellite providers and investors seeking to expand connectivity, although market entry will remain dependent on spectrum availability, infrastructure sharing and municipal permitting;
- Established operators could face increased competition but also benefit from new wholesale and infrastructure-sharing opportunities.

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AFRICA WATCH



ESTABLISHMENT OF THE AFRICA ENERGY BANK

- On 31 October, the African Export-Import Bank (Afreximbank) and the African Petroleum Producers' Organisation (APPO) formally established the Africa Energy Bank at its inaugural general meeting in Nigeria, to help finance energy development across the continent;
- The bank was established to address financing shortages in Africa's energy sector, particularly as international lenders reduce support for oil and gas projects, with the continent's energy investment needs estimated at US$200 billion;
- With authorised capital of US$5 billion, the bank will finance energy exploration, production, transportation, processing, refining and distribution, aiming to reduce dependence on imported petroleum products and strengthen energy trade between African countries;
- The bank will seek investment from governments, national oil companies, financial institutions and private investors, although its authorised capital does not represent funding already available for lending;
- The inaugural meeting appointed Helmy Ghazi as the bank's first president and established its board of directors, while APPO has indicated that initial project financing is expected in 2027;
- The bank could help unlock energy projects that have struggled to secure financing, creating opportunities for developers, engineering firms and equipment suppliers while strengthening regional energy supply, although these benefits will depend on the bank raising sufficient capital and financing commercially viable projects.

INTERNATIONAL AFFAIRS UPDATES



AGOA PARTICIPATION TERMINATION

- On 2 November, United States (US) Trade Representative Ambassador Jamieson Greer announced that President Donald Trump had notified Congress and the governments of South Africa and Rwanda of his intention to terminate their participation in the African Growth and Opportunity Act (AGOA), effective 1 January 2027;
- Established in 2000, AGOA provides eligible sub-Saharan African countries with preferential, duty-free access to the US market for thousands of products, including South African automotive and agricultural exports;
- For South Africa, the decision follows deteriorating bilateral relations between the two countries with the Trump Administration citing South African trade and investment barriers, corruption, and alleged threats to US national security and foreign policy interests as grounds for its decision;
- In response, Minister of Trade, Industry and Competition Parks Tau announced that his department would accelerate efforts to diversify South Africa's exports across other markets, including China, the European Union, the African continent and India;
- South Africa exported approximately US$1.7 billion under AGOA in 2025, mainly in automotive and agricultural goods;
- Termination would remove preferential treatment rather than prohibit access to the US market, but affected exporters could face higher tariffs and margin pressures, with possible knock-on effects for employment, investment and associated supply chains.



COMMONWEALTH HEADS OF GOVERNMENT MEETING

- On 4 November, the Commonwealth Heads of Government Meeting (CHOGM) concluded in Antigua and Barbuda, with leaders adopting a joint communiqué focused on expanding trade, attracting investment and strengthening economic cooperation among the Commonwealth's 56 member countries;
- Leaders endorsed the Commonwealth Work Plan on Trade and Investment, committing to reduce unnecessary trade barriers and improve access to markets, while requesting trade ministers to report measurable progress on trade and investment;
- The Commonwealth also launched a Trade Portal to help businesses, particularly smaller enterprises, access information on import duties, market requirements and trade opportunities across member countries, with countries being added to the platform in phases;

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- Furthermore, the Summit called for greater private investment in renewable energy, infrastructure, water security and digital development, while supporting the Commonwealth Critical Minerals Alliance's efforts to promote local processing of minerals and strengthen industrial development;
- Separately, the Commonwealth announced more than US$500 million in financial and in-kind commitments and partnerships covering climate resilience, environmental protection, technology and youth development, although these represent different financing arrangements rather than a single investment fund;
- Stronger Commonwealth trade cooperation could open new export markets, reduce barriers to cross-border trade and create investment opportunities in energy, infrastructure and mineral processing, although the commercial benefits will depend on governments implementing trade reforms and converting financing commitments into viable projects.



G20 FOREIGN MINISTERS MEETING

- On 30 and 31 October, G20 Foreign Ministers met in Atlanta, Georgia, under the United States (US) G20 Presidency to discuss energy security, supply chain resilience and geopolitical tensions, culminating in a US-issued Chair's Statement;
- The G20 is a forum for international economic cooperation comprising 19 countries and two regional bodies, the European Union and African Union; its members represent approximately 85% of global GDP, more than 75% of international trade and about two-thirds of the world's population;
- The US Presidency emphasised returning the G20 to its core economic mandate of addressing global economic challenges, improving living standards and promoting economic prosperity, while identifying energy affordability and supply chain security as priorities;
- On energy security, the US advocated abundant and affordable energy supplies, emphasising national sovereignty over energy choices and identifying civil nuclear technologies, including small modular and microreactors, as potential contributors to meeting growing electricity demand;
- Regarding supply chain resilience, the statement highlighted critical minerals' importance to energy security and advanced manufacturing, calling for greater transparency, private-sector investment, regulatory certainty and expanded processing, refining and recycling capacity;
- Geopolitical discussions emphasised protecting uninterrupted energy flows and maritime routes, particularly through the Straits of Hormuz and Bab al-Mandab, while opposing the use of food and agricultural trade as instruments of economic or political coercion;
- The reliance on a US-issued Chair's Statement, rather than a consensus communiqué, also reflects the difficulty of securing common positions on contentious geopolitical and economic issues within the G20;
- For South Africa, the emphasis on critical minerals, processing capacity and energy security aligns with the country's mineral resource base and industrialisation objectives, creating potential opportunities for investment in beneficiation, refining and diversified energy generation;
- However, realising these benefits will depend on regulatory certainty, infrastructure capacity and the ability to attract long-term private-sector investment.

INTERNATIONAL ELECTIONS HIGHLIGHTS



- On 3 November, the United States (U.S.) Democratic Party secured control of both chambers of Congress, winning 54 Senate seats against the Republicans' 44, and 253 House seats against the Republicans' 157;
- The outcome will constrain President Donald Trump's legislative agenda, strengthen congressional oversight of his administration and potentially complicate his trade and foreign policy priorities, including relations with South Africa;
- On 5 November, Israel's President Isaac Herzog accepted the certified results of last week's parliamentary elections and begun consultations with party leaders on whom to task with forming the next government;
- Once the consultations end, Herzog will choose the candidate he considers best placed to assemble a coalition. He has several days to announce his decision, after which the nominee will have 28 days to form a government, with a possible 14-day extension.

END