



NATIONAL YOUTH DEVELOPMENT AGENCY
OUR YOUTH. OUR FUTURE.



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NYDA Monthly Economic Intelligence Brief

**Covering selected
high-frequency data
released in
April 2026**

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Prepared by the Economic Research Unit within the Office of the CEO

For enquiries:

Mr Tshepo Moloi

Head of Economic Research

Tshepo.moloi@nyda.gov.za

Purpose of the Publication

The NYDA Monthly Economic Intelligence Brief provides timely insights into the South African economy, with a strong focus on how current economic conditions affect youth employment, enterprise development, and economic participation, based on high-frequency monthly economic data. It goes beyond simply reporting data by explaining what is happening in the economy and why it matters for young people and for the work of the NYDA.

The publication links broader economic trends, such as changes in demand, the rising cost of living, business conditions, and access to finance, to the everyday realities young people face. It emphasises how these shifts influence job opportunities, the sustainability of youth-owned businesses, and young people's ability to earn an income. It also highlights deeper structural challenges that continue to restrict youth participation in the economy.

Within the organisation, the Brief supports better decision-making by helping managers and leadership understand the economic environment, enabling more responsive, targeted, and effective programmes while strengthening the NYDA's ability to anticipate and respond to change.

Key Highlights

- The Absa PMI improved to 49.0 in March (from 47.4), but remained below the 50-point level, indicating continued weakness in manufacturing activity.
- Manufacturing production declined by 2.2 per cent month-on-month and 2.8 per cent year-on-year in February, reflecting persistent pressure across the industrial sector.
- Mining production increased by 9.7 per cent year-on-year, supported by PGMs, gold, and chromium, although gains remain uneven across commodities.
- Inflation edged up to 3.1 per cent in March (from 3.0 per cent), with further increases expected as fuel and energy costs rise.
- Retail sales growth slowed to 1.6 per cent year-on-year in February (from 4.4 per cent), with a 1.0 per cent monthly decline, indicating weakening consumer demand.
- New vehicle sales remained strong, increasing by 17.3 per cent year-on-year in March, indicating resilience in domestic demand.
- Business confidence declined to 131.3 in March (from 134.6), reflecting growing concerns about global uncertainty and rising costs.
- Private sector credit growth moderated to 8.5 per cent year-on-year in March (from 10.5 per cent), pointing to more cautious lending conditions.
- Producer price inflation increased to 2.3 per cent in March (from 1.8 per cent), with a 1.1 per cent monthly rise, signalling renewed cost pressures.
- The overall economic environment is becoming more constrained, with rising costs and slowing demand likely to limit youth employment and enterprise growth.

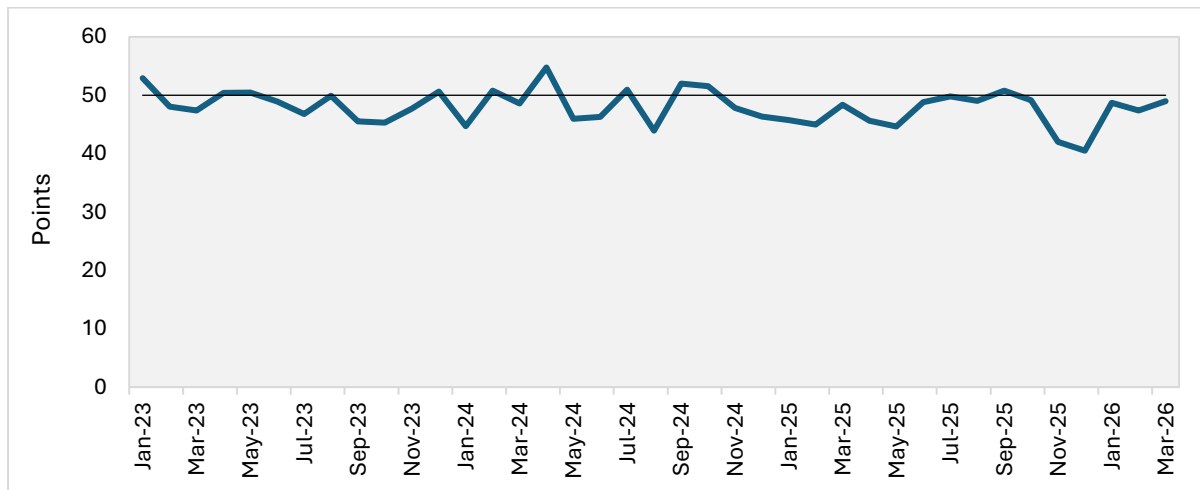
1. Industrial Conditions and Implications for Young People

1.1. ABSA Purchasing Managers' Index (PMI)

The Absa Purchasing Managers' Index improved slightly from 47.4 in February to 49.0 in March but remains below the neutral 50-point level. This means that while there has been a modest improvement in activity, the manufacturing sector is still in contraction. The increase was mainly driven by a small recovery in business activity and a sharp rise in supplier delivery times. However, the latter reflects ongoing supply chain challenges rather than stronger demand.

Business activity showed only a limited improvement and remains weak overall. While the first-quarter performance is slightly better than at the end of 2025, the recovery is not strong enough to signal sustained growth. New sales orders declined further, with export demand weakening after a brief improvement in February. Some firms also indicated that orders may have been brought forward, raising concerns that demand could fall back in the coming months.

Figure 1: ABSA Purchasing Managers' Index (PMI)



Source: ABSA

Supply chain conditions remain a key constraint. The increase in supplier delivery times points to delays rather than increased demand, reflecting ongoing logistical challenges. There are also growing risks that these pressures could intensify if global shipping routes are disrupted by geopolitical tensions, particularly in the Middle East.

Employment conditions in the sector remain weak. Although there was a slight improvement, the employment index is still well below the neutral level, indicating that firms are not hiring at scale. This continues to limit opportunities for young people, as manufacturing is traditionally an entry point into the labour market.

Cost pressures increased significantly in March. Input prices rose sharply, driven by a weaker currency and higher oil-related costs. With fuel price increases already taking effect, these pressures are expected to continue, placing strain on businesses and reducing their ability to expand or hire. Rising costs also increase the risk of higher prices across the economy.

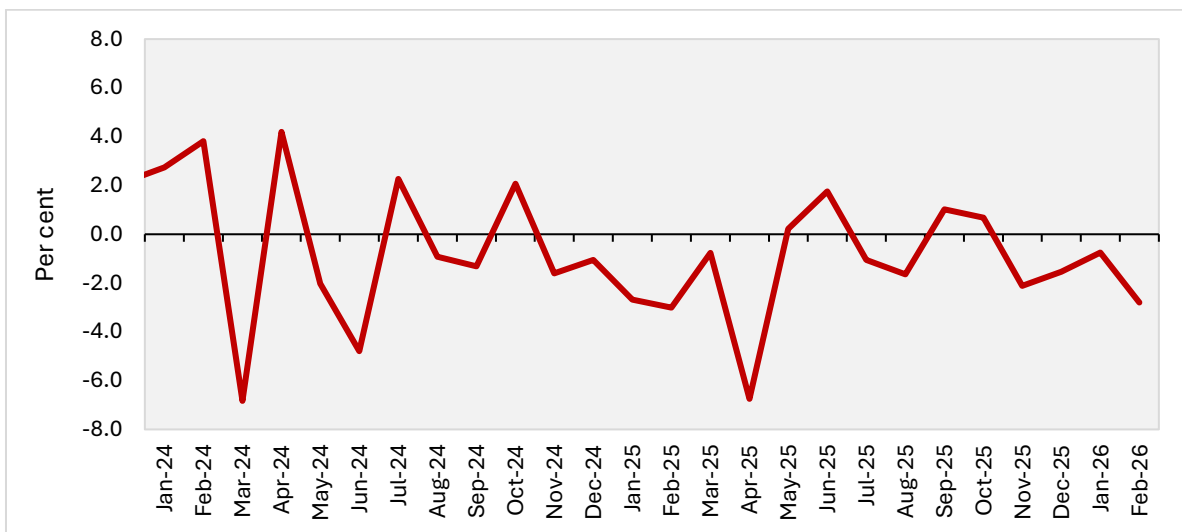
Business confidence deteriorated sharply, with expectations for the next six months falling to their lowest levels on record. Many firms expressed concern about the impact of global developments, particularly the ongoing conflict in the Middle East, on both demand and input costs.

These developments point to a highly constrained environment for youth economic participation in the industrial sector. While there has been a slight improvement in activity, weak demand, rising costs, and declining confidence suggest that conditions are likely to remain challenging. This reinforces the need for the Agency to carefully target support, strengthen resilience among youth enterprises, and consider alternative sectors that offer more stable and inclusive opportunities for young people.

1.2. Manufacturing Production

Manufacturing production declined by 2.2 per cent in February compared to January, reversing the gains recorded at the start of the year. On a year-on-year basis, output fell by 2.8 per cent, confirming that the sector remains under pressure and has not yet returned to a sustained growth path. The decline was broad-based, with key sectors driving the contraction. Food and beverages, wood and paper-related industries, and metals and machinery all recorded significant decreases. These are important sectors within the manufacturing value chain, and their slowdown signals weaker production activity across the economy.

Figure 2: Manufacturing production (year-on-year)



Source: Stats SA

Over the three months to February, manufacturing output fell further, with most divisions recording negative growth. This points to a persistent weakness in the sector rather than a temporary setback. Key industries, including metals, transport equipment, and food production, all contributed to the decline, reflecting weak demand and ongoing structural challenges.

Sales data presents a similar picture. While manufacturing sales increased slightly in February, overall sales declined over the three-month period. The sharp drop in sales in the motor vehicle

and transport equipment sector is particularly concerning, given its importance to industrial activity and its linkages to other parts of the economy.

These developments once again highlight a difficult operating environment in the industrial sector. Declining production and weak sales reduce the potential for job creation and limit opportunities for youth-owned enterprises to participate in manufacturing value chains. The broad-based nature of the decline suggests that the challenges are not confined to a few sectors but reflect deeper issues in demand and production conditions.

This environment highlights the need for the Agency to target support carefully towards sectors that are more stable and labour-absorbing. At the same time, youth enterprises already operating within manufacturing value chains may require additional support to remain viable amid weak demand and rising operational pressures.

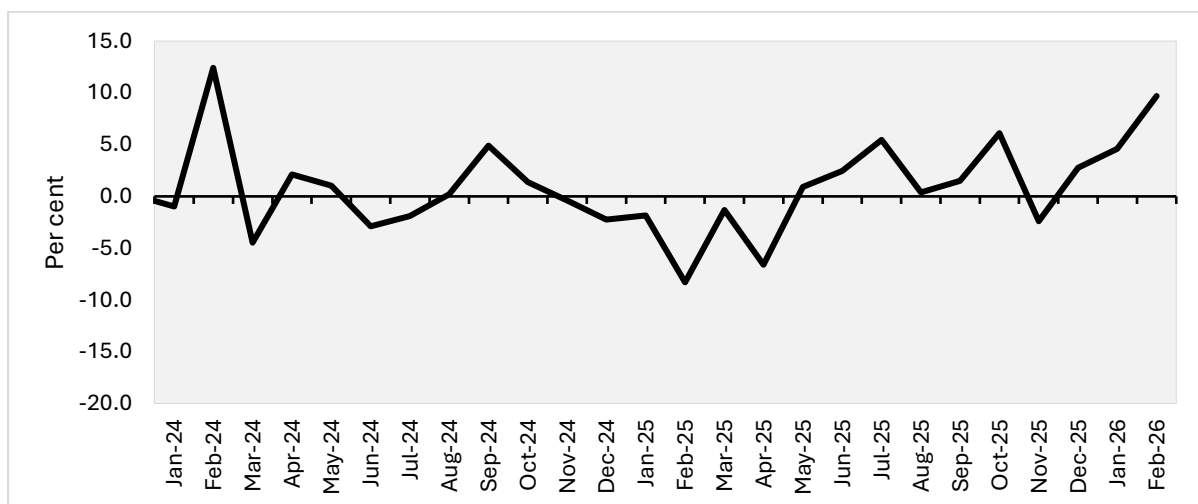
Overall, the data suggests that manufacturing is unlikely to provide strong support for youth employment and enterprise development in the near term, highlighting the need for a more diversified approach to expanding economic opportunities for young people.

1.3. Mining Production

Mining production increased by 9.7 per cent year-on-year in February 2026, indicating a strong recovery in the sector. The growth was mainly driven by increased output in platinum group metals, chromium ore, manganese ore, and gold. These commodities benefited from favourable global demand and prices, supporting overall production.

However, the performance was uneven across the sector. Iron ore and coal recorded declines, making the largest negative contributions to overall output. This reflects shifting global demand patterns, including slower demand from key markets and the ongoing transition away from coal.

Figure 3: Mining production (year-on-year)



Source: Stats SA

On a month-to-month basis, mining production also increased, suggesting some short-term momentum. However, over the three months to February, output declined compared to the previous period.

This indicates that while recent data shows improvement, the broader trend remains unstable. Declines in iron ore and platinum group metals during the quarter highlight ongoing volatility in the sector.

Mineral sales showed a much stronger performance. Sales increased significantly year-on-year, driven largely by gold, platinum group metals, and chromium ore. This reflects the impact of higher commodity prices, which have boosted export earnings and overall sector revenue. Sales also increased on a monthly and quarterly basis, indicating improved market conditions for key minerals.

The mining sector presents a mixed outlook. While strong production and sales support economic activity and export earnings, the sector remains capital-intensive and does not generate employment on the scale needed to absorb large numbers of young people. As a result, even strong performance in mining does not necessarily translate into meaningful job creation.

There may be indirect opportunities for young people, particularly in logistics, services, and maintenance linked to mining operations. However, these opportunities are often constrained by barriers such as access to finance, technical requirements, and procurement constraints.

Overall, while the mining sector is benefiting from favourable commodity conditions, its contribution to inclusive growth remains limited. For the Agency, this emphasises the need to focus on more labour-absorbing sectors while also identifying targeted opportunities for youth participation within mining-related value chains.

2. Consumer Spending Trends and Implications for Young People

2.1. Consumer Price Index¹ (Inflation)

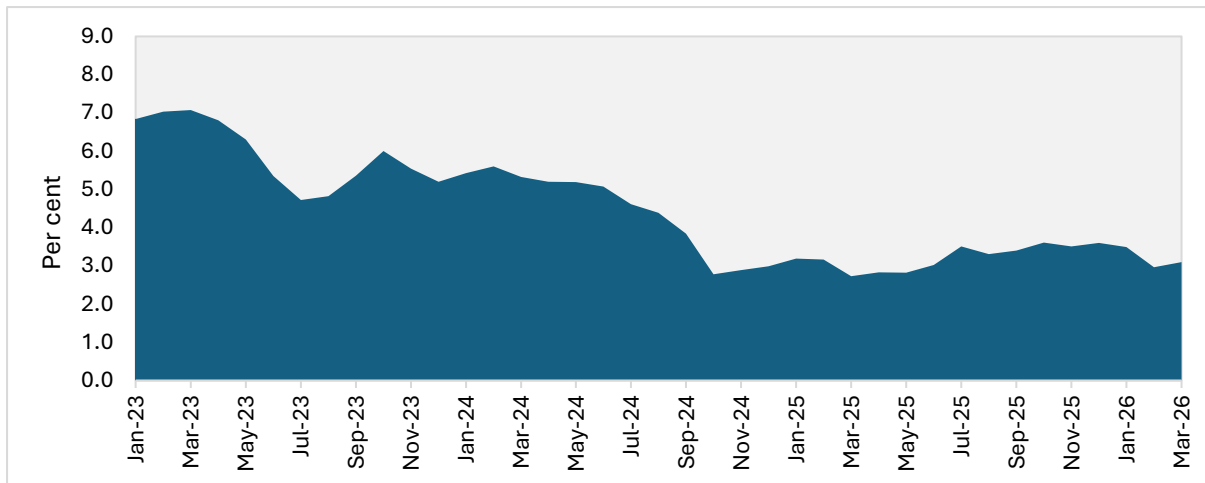
South Africa's annual inflation rate increased slightly to 3.1 per cent in March 2026, up from 3.0 per cent in February. While the increase is modest, it signals a turning point after a period of easing inflation and is likely to mark the end of relatively low-price pressures in the short term. The increase in inflation was mainly driven by rising costs for housing and utilities, which remain among the largest contributors to overall price pressures. Other categories, such as services, including education and restaurants, also recorded increases, indicating that cost pressures are becoming more broad-based across the economy.

Importantly, the March data does not yet reflect the full impact of rising fuel prices. Data collection took place before the sharp April increase in fuel costs, which is linked to higher global oil prices following escalating conflict in the Middle East. As a result, inflation is expected to rise more significantly in the coming months as these cost pressures filter through the economy.

For young people, this signals increasing pressure on the cost of living. Higher transport and energy costs are likely to push up the price of goods and services, reducing disposable income and straining already constrained household budgets. For young-owned businesses, rising input and operating costs may further erode profitability and sustainability.

¹ The Consumer Price Index (CPI) measures the average change over time in prices paid by consumers for a basket of goods and services, serving as a key indicator of inflation. It is used to adjust income payments, analyse economic stability, and guide monetary policy by central banks.

Figure 4: Consumer Inflation (year-on-year)



Source: Stats SA

For the NYDA, this suggests a shift from a period of relative price stability to one of increasing cost pressures. While inflation remains within target, the outlook is becoming more uncertain and challenging. This underscores the need to support young people in managing rising costs, while ensuring that programmes remain responsive to changing economic conditions.

Overall, the increase in inflation, combined with expected future price pressures, points to a tightening economic environment. The key risk is that rising costs will not be matched by improvements in income or employment, which would further limit youth economic participation and enterprise growth.

2.2. Retail Trade Performance

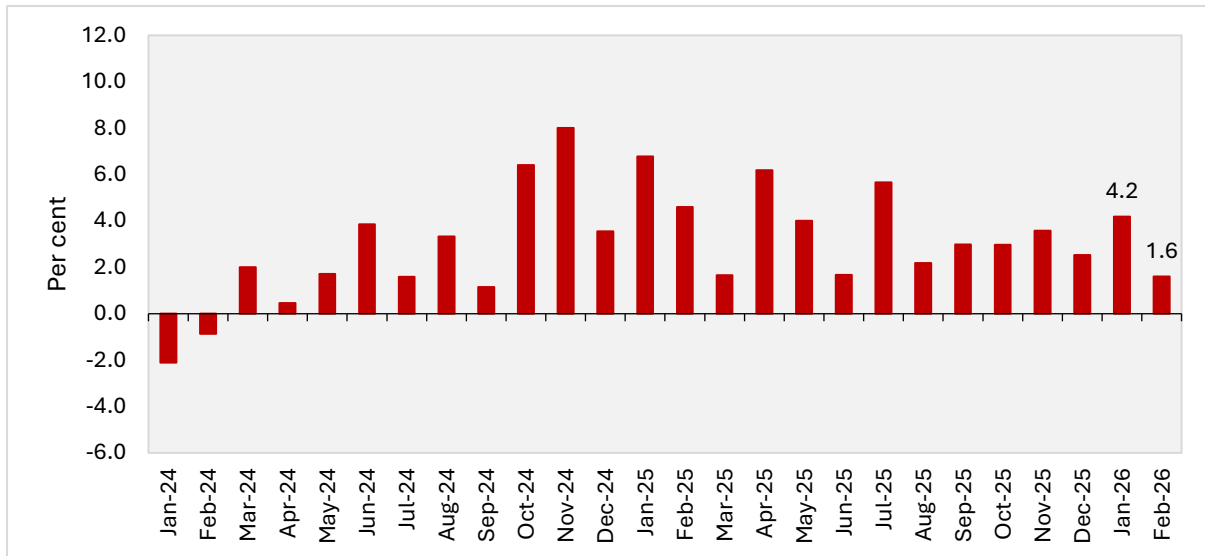
Retail sales increased by 1.6 per cent year-on-year in February 2026, slowing significantly from the strong growth recorded in January. This marks the weakest retail performance in several months and suggests that the earlier momentum in consumer spending is beginning to ease. The slowdown was mainly driven by weaker growth in key retail categories. Sales in textiles, clothing, footwear, and leather goods grew at a much slower pace, while sectors such as hardware, paint, and glass showed almost no growth. In addition, sales of food, beverages, and tobacco through specialised stores declined, as did sales among general dealers. These trends indicate that both discretionary and essential spending are coming under pressure.

On a monthly basis, retail sales declined, reversing gains made in the previous month. This suggests that consumer demand is weakening in the short term. However, over a three-month period, retail sales still show moderate growth, indicating that while conditions are slowing, they have not yet fully deteriorated.

The latest retail data points to a more constrained consumer environment. Retail is a key sector for youth employment and small business activity, particularly in township and informal economies. A slowdown in retail growth means fewer opportunities for young people in entry-level jobs and reduced income potential for youth-owned enterprises. The decline in both essential and non-essential spending is particularly concerning.

It suggests that households are becoming more cautious, likely due to rising cost-of-living pressures and limited income growth. This creates a challenging environment for youth businesses that depend on consistent consumer demand.

Figure 5: Retail sales (year-on-year)



Source: Stats SA

Overall, the data indicate that the earlier recovery in retail activity is losing momentum. For the Agency, this underlines the need to support youth enterprises in navigating weaker demand conditions, while continuing to strengthen interventions that improve market access and business sustainability.

2.3. New Vehicle Sales

According to Naamsa, South Africa’s new vehicle sales continued to perform strongly in March 2026, with domestic sales reaching 58,060 units, the highest March level since 2007. This represents a significant 17.3 per cent increase compared with the same period last year, indicating sustained momentum in domestic demand. The growth in sales was broad-based across key segments. Passenger vehicle sales increased strongly, while light commercial vehicles such as bakkies and minibuses also recorded solid growth. Medium and heavy commercial vehicles also showed positive performance, reflecting improving conditions in sectors such as logistics, construction, and infrastructure-related activities.

From a NYDA perspective, this sector’s performance is an important signal for economic activity. The automotive sector is closely linked to broader economic conditions and supports a wide range of value chains. Increased demand for vehicles, particularly light commercial vehicles, may create opportunities for young people in areas such as transport services, delivery businesses, logistics, and vehicle-related services. However, the outlook is becoming more uncertain. While domestic demand remains strong, export sales declined, reflecting weaker global demand and ongoing geopolitical pressures. This highlights the sector’s exposure to external conditions and the risk that current gains may not be sustained.

Rising cost pressures are also expected to affect future demand. Higher fuel prices, driven by global developments including tensions in the Middle East, are likely to increase transport and operating costs. Although temporary measures such as fuel levy relief may provide short-term support, the overall cost of vehicle ownership is expected to rise.

For young people, this creates a mixed outlook. While strong domestic sales may support short-term opportunities, increasing costs and global uncertainty could limit the sustainability of this recovery. Youth-owned businesses that depend on transport and logistics are likely to face higher operating costs, which may affect profitability and growth.

Overall, the data suggest that while the automotive sector remains a key driver of economic activity, the environment is becoming increasingly constrained. For the Agency, this highlights the need to support youth participation in transport and related value chains while preparing for a potential slowdown as cost pressures weigh on demand.

2.4. New Food and Beverages Sector Performance

Recent data from Stats SA indicate that the food and beverage sector continues to grow, albeit at a slower pace. Total income in the sector increased by 2.3 per cent year-on-year in February 2026. Performance across the sector is uneven. Restaurants and coffee shops, as well as takeaway and fast-food outlets, remained the main drivers of growth, each contributing positively to overall income. In contrast, catering services declined by 4.5 per cent year-on-year, highlighting weaker demand in more formal and event-driven segments of the market.

Table 1: Change in food and beverages income at constant 2019 prices by type of enterprise (year-on-year)

Type of enterprise	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
Restaurants and coffee shops	4.4	7.7	8.5	2.8	4.6	3.4
Takeaway and fast-food outlets	9.2	8.8	4.2	6.4	9.1	3.4
Catering services	4.7	-0.6	3.1	-12.4	-0.5	-4.5
Total	6.3	7.0	6.1	2.5	5.7	2.3

Source: Stats SA

Despite this growth, there are clear signs of moderation. On a monthly basis, seasonally adjusted income fell by 2.5 per cent, indicating that demand is becoming more uneven and more sensitive to broader economic pressures. This reflects a shift from stronger growth earlier in the cycle to a more constrained consumer environment.

Over a three-month period, the sector still recorded moderate growth, indicating that although conditions are slowing, activity has not fully deteriorated. However, the combination of slowing annual growth and declining monthly performance points to increasing fragility in consumer demand.

This sector remains critical to youth economic participation. The food and beverages industry is one of the most accessible entry points for young people into employment and entrepreneurship, particularly in township and informal economies. Growth in takeaway and restaurant activity continues to create opportunities for youth-owned enterprises, especially those operating in high-frequency, lower-cost segments. However, the slowdown in overall growth and the decline in certain sub-sectors pose clear risks. Youth-owned businesses in catering and more formal segments may face reduced demand, while rising cost pressures and weaker consumer spending may affect sustainability across the sector.

These trends suggest the need for a more targeted approach to support. There is an opportunity to strengthen youth participation in segments that continue to grow, while also supporting businesses in adapting to changing demand conditions. This includes improving access to markets, supporting cost management, and enabling business models that are responsive to constrained consumer spending.

Overall, the data indicate that while the sector continues to offer opportunities for young people, the operating environment is becoming more challenging. Strengthening resilience and supporting sustainable growth in youth-owned enterprises will be key to ensuring continued participation in this important sector.

3. Trade and Business: Implications for Young People

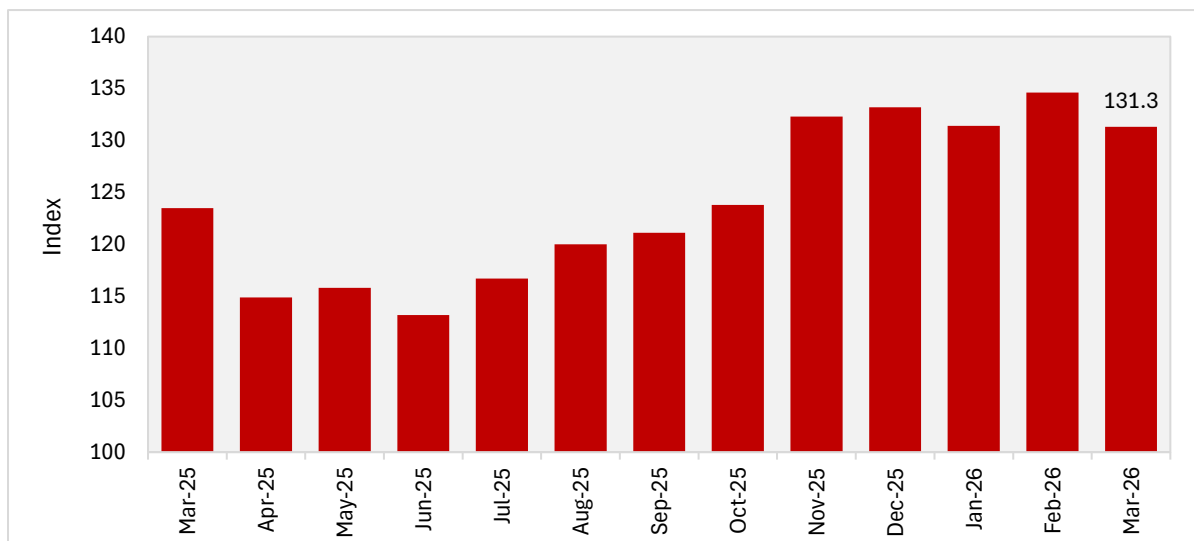
3.1. SACCI Business Confidence Index

The SACCI Business Confidence Index is a composite measure that combines and standardises key economic indicators, such as exchange rates, interest rates, trade activity, and share prices, into a single index to track the overall business environment over time. In March 2026, the Index declined to 131.3, down from 134.6 in February, marking its lowest level in several months. The decline reflects growing pressure on businesses, largely driven by global developments, particularly the ongoing conflict in the Middle East, which is increasing uncertainty and raising energy costs.

Business sentiment was weighed down by weaker trade volumes, a more volatile exchange rate, lower share prices, and falling commodity prices. These factors point to a more challenging environment for firms, particularly those exposed to global markets. At the same time, some positive developments, including lower inflation earlier in the quarter, improving new-vehicle sales, and stronger tourism activity, helped partially offset the decline in confidence.

Despite the recent drop, business confidence remains, on average, higher than in the same period last year. This suggests that, over the longer term, there has been some improvement in the overall business environment, even though short-term conditions have become more uncertain.

Figure 6: SACCI Business Confidence Index



Source: South African Chamber of Commerce and Industry (SACCI)

The decline in business confidence signals a more cautious operating environment. When confidence weakens, businesses are less likely to invest, expand, or hire, directly affecting job creation and opportunities for young people. This is particularly important for youth-owned enterprises, which are more vulnerable to shifts in market conditions and business sentiment.

The combination of rising costs, global uncertainty, and weaker trade conditions is likely to constrain business activity in the near term. For young entrepreneurs, this may translate into reduced demand, tighter operating margins, and more limited access to opportunities.

Overall, the data suggests that while the business environment has improved compared to last year, current conditions are becoming more challenging. For the Agency, this fortifies the need to support youth enterprises in navigating uncertainty and to strengthen programmes that promote resilience, market access, and sustainable business growth.

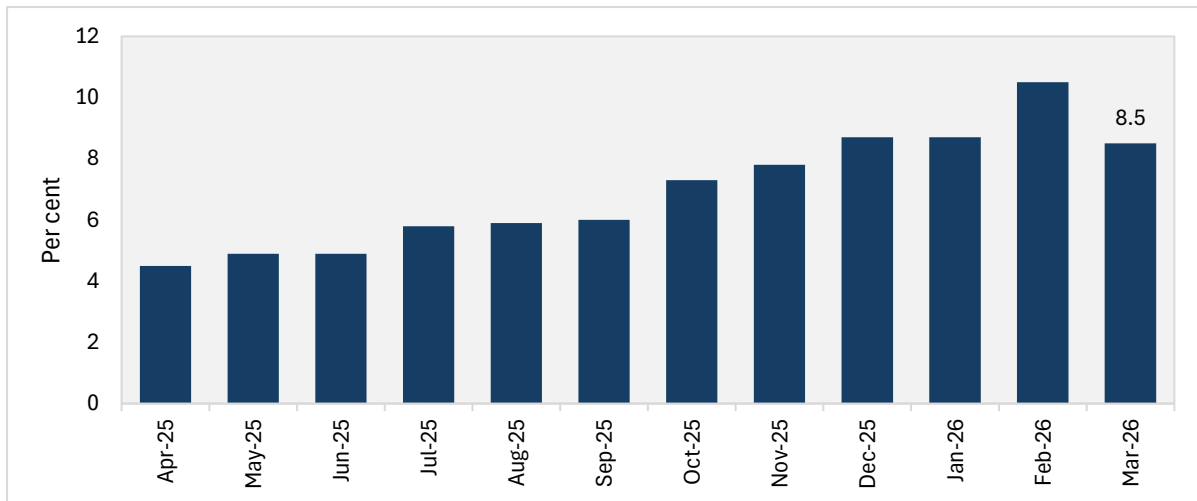
3.2. Private Sector Credit Extension

Private sector credit extension increased by 8.5 per cent year-on-year in March 2026, slowing from the stronger growth recorded in February. This suggests that while borrowing by households and businesses remains elevated, the pace of credit expansion is beginning to moderate.

For the Agency, this reflects a shift from rapid credit growth to more cautious lending conditions. Earlier increases in credit were supported by improved financial conditions and demand from both households and firms, but the recent slowdown indicates growing uncertainty in the economic environment.

The moderation in credit growth may signal that businesses are becoming more cautious about expanding, while households may be limiting borrowing due to rising cost pressures and uncertainty around future income. This is particularly important in the current context of increasing fuel prices and global economic risks, which are likely to affect both demand and business confidence.

Figure 7: Private sector credit extension (year-on-year)



Source: SARB

For young people, access to finance remains a key challenge. Even during periods of strong credit growth, young entrepreneurs often face barriers such as limited collateral, lack of credit history, and higher perceived risk. A slowdown in credit extension may further constrain access to funding, making it more difficult for youth-owned enterprises to start, grow, or sustain their operations.

Overall, while credit conditions remain supportive compared with previous years, the easing of growth points to a more cautious financial environment. For the NYDA, this emphasises the need to strengthen targeted financial support mechanisms and improve access to inclusive and affordable finance for young people through partnerships with various stakeholders, including Development Finance Institutions (DFIs).

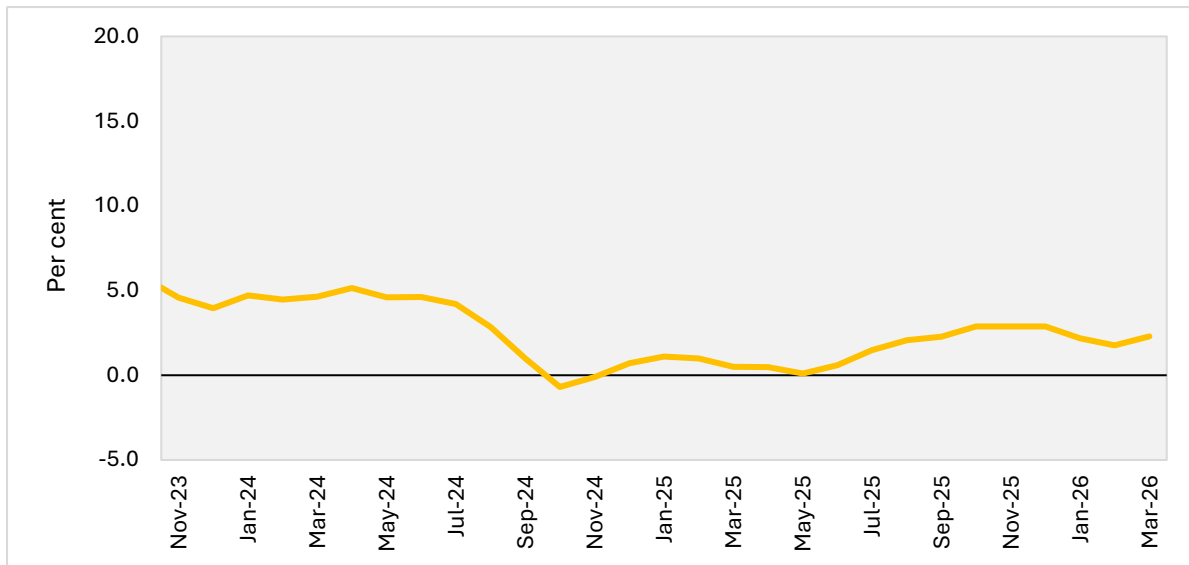
3.3. Producer Price Inflation

Producer price inflation (PPI), which measures the cost of goods at the factory gate, increased to 2.3 per cent in March 2026, up from 1.8 per cent in February. This marks a reversal of the recent easing of input costs and signals that production-level price pressures are beginning to rise again. The increase was driven by higher prices in key sectors such as food, beverages and tobacco, as well as furniture and other manufacturing. Additional upward pressure came from non-metallic mineral products, electrical equipment, and transport-related goods. At the same time, while prices for coal and petroleum products continued to decline, the pace of decline slowed, reducing the earlier relief from lower fuel costs.

On a monthly basis, producer prices increased sharply, indicating a notable rise in input costs for businesses. This is the strongest monthly increase in a year and suggests that cost pressures are building more rapidly.

The latest PPI print signals a shift towards a more challenging cost environment for businesses. Rising producer prices are likely to be passed on to consumers over time, contributing to higher inflation and increasing the cost of living. For youth-owned enterprises, higher input costs reduce profit margins and make it harder to sustain and grow operations.

Figure 8: Producer price index for final manufactured goods (year-on-year)



Source: Stats SA

Young entrepreneurs, particularly those operating in manufacturing, retail, and service sectors, may face higher costs for goods, materials, and transport. In a context where consumer demand is already under pressure, this creates a difficult balance between maintaining affordability and covering rising expenses.

Overall, the increase in producer price inflation suggests that cost pressures are re-emerging in the economy. For the NYDA, this strengthens the need to support youth enterprises in managing rising input costs and to strengthen interventions that improve efficiency, market access, and long-term sustainability.

4. Conclusion

The latest high-frequency data confirms that the economic environment is becoming more constrained and uncertain. While there are still areas of resilience, such as strong vehicle sales and pockets of growth in services, the broader trend points to slowing demand, rising costs, and weakening business conditions.

A key shift in this period is the return of cost pressures. Inflation has started to increase again, producer prices are rising, and fuel-related costs are expected to intensify further due to global developments. At the same time, consumer activity is losing momentum, as reflected in slower retail sales and uneven performance in sectors such as food and beverages. This combination suggests that households are becoming more cautious and that demand conditions are tightening.

Business conditions are also becoming more fragile. Declining business confidence and moderating credit growth indicate that firms are likely to adopt a more cautious approach to investment, expansion, and hiring. In the industrial sector, weak manufacturing activity and persistent structural constraints continue to limit the potential for large-scale job creation.

For young people, these dynamics present a difficult environment. Opportunities remain uneven and, in many cases, limited. Rising costs are placing pressure on both households and youth-owned enterprises, while weaker demand is affecting income generation and business sustainability. Even in sectors that are performing relatively well, such as mining and automotive, the translation into broad-based employment remains limited.

Given the current environment, the NYDA requires a more focused and responsive approach. The Agency should prioritise support for youth enterprises operating in a constrained-demand context, particularly through targeted grants that enable businesses to acquire essential equipment, stock, and productive assets. In a more cautious credit environment, the NYDA should continue to play a facilitative role by improving access to finance through strategic partnerships with Development Finance Institutions, provincial youth funds, and other investment platforms. At the same time, there is a need to actively identify and support sectors and value chains that can provide more inclusive and sustainable opportunities for young people.

Overall, the data point to an economy that is not contracting sharply but is also not generating sufficient momentum to meaningfully expand youth economic participation. This affirms the importance of aligning programmes more closely with economic realities, strengthening resilience among young people, and ensuring that interventions are targeted towards areas with the greatest potential for impact.