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NYDA Monthly Economic Intelligence Brief

Covering selected high-frequency data released in

June 2026

Contents

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Purpose of the Publication

The NYDA Monthly Economic Intelligence Brief provides timely insights into the South African economy, drawing on high-frequency monthly economic data and focusing on how current economic conditions affect youth employment, enterprise development, and economic participation. 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 shifts 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 affect 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 young people's 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 and strengthening the NYDA's ability to anticipate and respond to change.

Key Highlights

- The Absa Purchasing Managers' Index (PMI) remained in expansionary territory at 50.8 in May 2026, signalling continued improvement in manufacturing activity.
- Manufacturing production declined by 2.9 per cent year-on-year in April 2026, reflecting weaker output across several manufacturing industries.
- Mining production grew by 8.2 per cent year-on-year in April 2026, supported by strong gains in platinum group metals, gold and manganese ore.
- Consumer inflation accelerated from 4.0 per cent in April to 4.5 per cent in May 2026, driven mainly by higher electricity, fuel and transport costs.
- Retail sales increased by 1.3 per cent year-on-year in April 2026, supported by stronger sales of household goods and other retail categories.
- Domestic vehicle sales increased by 12.8 per cent year-on-year to 51,071 units in May 2026, marking the strongest May performance since 2013.
- Income in the food and beverages sector declined by 2.1 per cent year-on-year in April 2026, as weaker demand weighed on restaurants, coffee shops and catering services.
- The South African Reserve Bank increased the repo rate by 25 basis points to 7.0 per cent in May 2026, citing rising inflation risks.

Key Highlights (Cont.)

- Consumer confidence deteriorated sharply during the second quarter of 2026, largely driven by the US-Iran conflict.
- Wholesale trade sales increased by 3.3 per cent year-on-year in April 2026, although growth slowed from the strong March performance.
- Private sector credit extension increased by 8.6 per cent year-on-year in May 2026, remaining above 8 per cent for a fourth consecutive month.
- Producer price inflation accelerated from 4.8 per cent in April to 7.8 per cent in May 2026, driven mainly by higher petroleum and chemical-related costs.
- South Africa recorded a R190.7 billion current account surplus in the first quarter of 2026, the largest since the third quarter of 2021.
- The SACCI Business Confidence Index increased to 124.1 in May 2026, supported by stronger vehicle sales and merchandise exports.
- While economic activity showed signs of improvement across several sectors, employment indicators remain weak, reinforcing concerns that economic growth continues to be insufficiently labour-absorbing to significantly reduce youth unemployment.

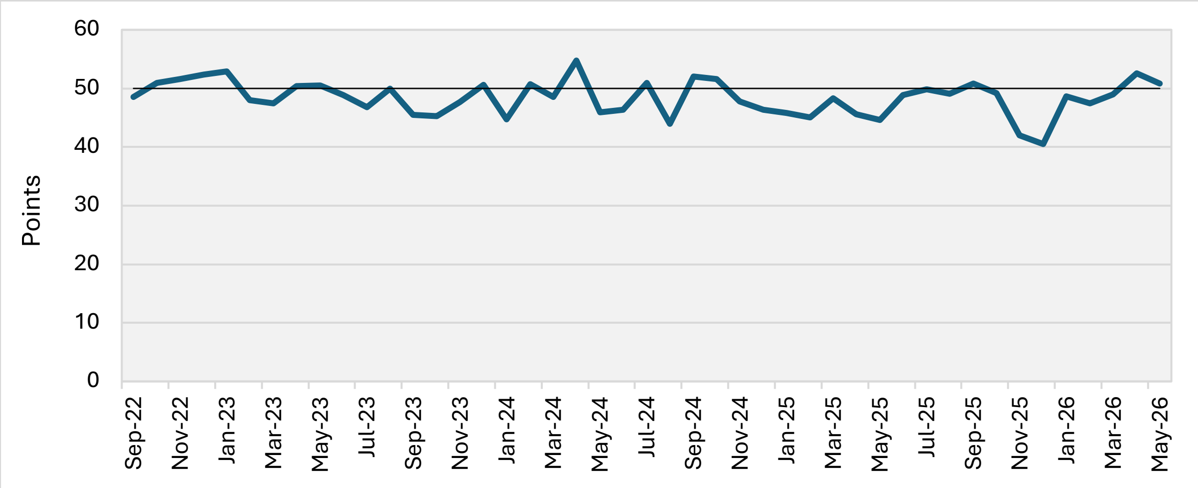
1. Industrial Conditions and Implications for Young People

1.1. ABSA Purchasing Managers' Index (PMI)

The Absa Purchasing Managers' Index (PMI), a leading indicator of manufacturing sector activity, fell 1.8 points from 52.6 in April to 50.8 in May 2026, indicating a second consecutive month of expansion, though notably lower than April's strong increase. This remains above the neutral 50-point mark. A reading above 50 indicates expansion in manufacturing activity, while a reading below 50 signals contraction.

This slight decrease was mainly driven by a moderation in demand and business activity following April's strong performance. The strong increase recorded in April was partly driven by a temporary uplift in demand, as firms accelerated orders in anticipation of potential price increases. However, this front-loading of demand was not sustained into May, resulting in a moderation in new sales orders. This pattern highlights the uneven nature of demand conditions and underscores the manufacturing sector's vulnerability to short-term fluctuations, which may, in turn, constrain the creation of stable and sustainable opportunities for youth employment.

Figure 1: ABSA Purchasing Managers' Index (PMI)



Source: ABSA

In May, this temporary boost faded, with both production and new sales orders contracting again. This suggests that underlying demand remains weak, raising concerns about the durability of the recovery. At the same time, firms continued to increase inventory levels, reflecting precautionary buying amid ongoing cost pressures and supply chain uncertainties, rather than confidence in future growth.

Encouragingly, the employment index improved, although it remains below the neutral level. This suggests that although job losses may be slowing, manufacturers are still not expanding their workforce, highlighting persistent labour market weakness.

The latest PMI results offer cautious optimism. The return to expansionary territory suggests that parts of the manufacturing sector may be stabilising after a difficult period. However, weak employment growth, rising production costs, declining export demand, and lingering business uncertainty indicate that the recovery remains fragile. The findings reinforce the importance of supporting youth-owned enterprises within manufacturing value chains, while continuing to identify opportunities in sectors that are more labour-absorbing and capable of generating sustainable employment for young people.

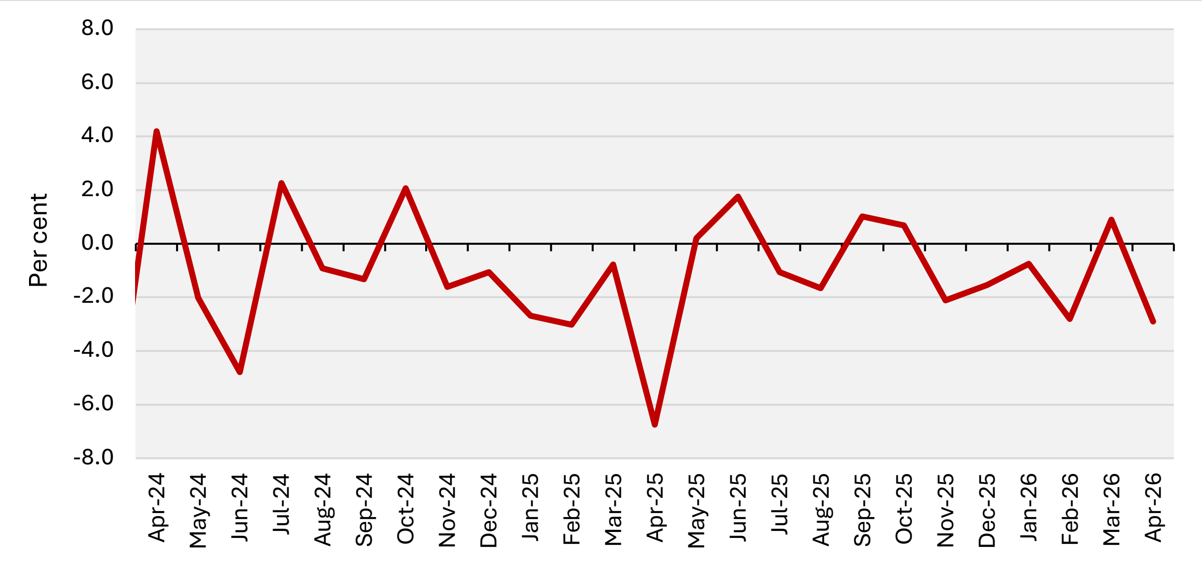
Overall, while the May PMI signals an improvement in business conditions, it is too early to conclude that a sustained manufacturing recovery is underway. The coming months will be critical in determining whether stronger activity reflects a genuine improvement in demand or merely a temporary response to anticipated cost increases.

1.2. Manufacturing Production

Statistics South Africa (Stats SA) reported that manufacturing production fell by 2.9 per cent year-on-year in April 2026. The decline was driven primarily by falls in basic iron and steel, non-ferrous metal products, metal products, wood and wood products, paper, publishing and printing, motor vehicles, parts and accessories, and other transport equipment. These industries are vital to production networks across the economy, and their slowdown points to a broader loss of industrial momentum. This underscores the view that South Africa's industrial sector remains under pressure and has not yet returned to a sustained growth path.

Over the three months ended April 2026, seasonally adjusted manufacturing production fell by 1.3 per cent compared with the previous three months. Most manufacturing divisions recorded negative growth over this period, indicating persistent weakness in the sector rather than a temporary setback.

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



Source: Stats SA

On a month-on-month basis, seasonally adjusted manufacturing production fell 2.7 per cent in April 2026 compared with March 2026, reversing the 1.2 per cent increase recorded in March. This suggests that the modest improvement seen in the previous month was not sustained and that manufacturing activity remains volatile. The decline points to continued weakness in short-term production conditions, with firms still facing an uneven operating environment and limited momentum in the sector.

Manufacturing sales data present a slightly more encouraging picture, with some short-term improvement but not enough to signal a strong recovery. On a month-on-month basis, seasonally adjusted manufacturing sales rose by 0.7 per cent in April 2026 compared with March 2026, following a 2.2 per cent increase in March and no change in February. The main support came from basic iron and steel, non-ferrous metal products, metal products and machinery, motor vehicles, parts and accessories, and other transport equipment. This suggests that some parts of the sector are still generating sales momentum despite broader industrial weakness.

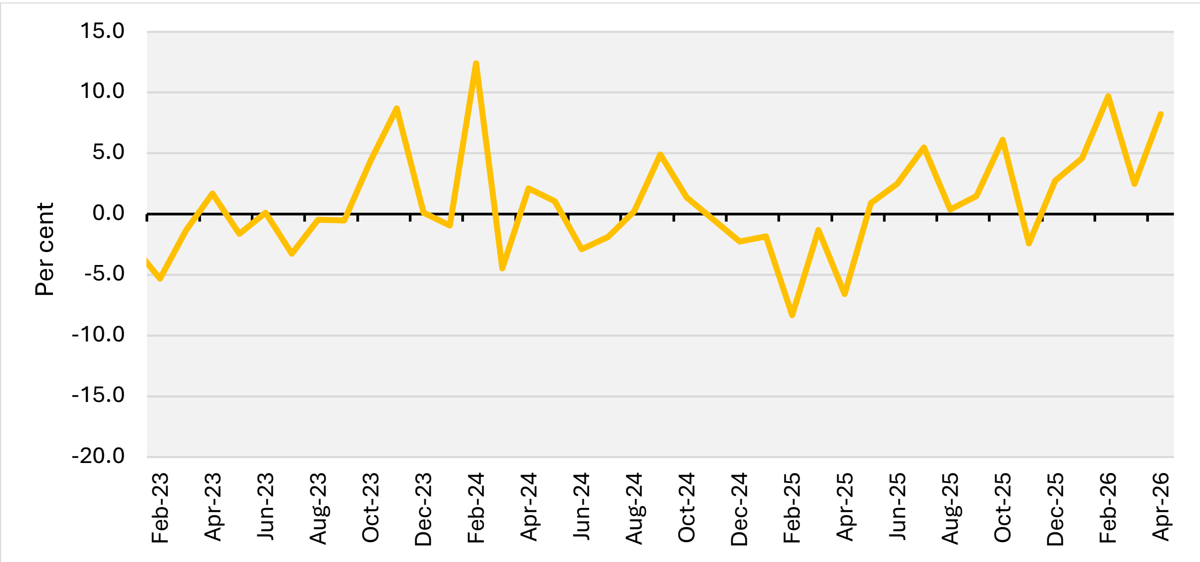
The manufacturing sector remains important for its potential to create employment opportunities and support youth-owned enterprises across industrial value chains. The data suggest that although some manufacturing firms may still be finding markets for their goods, the sector remains uneven and under strain. This means opportunities for youth employment, supplier participation, and youth-owned enterprise growth may improve in some subsectors, but the overall environment is still too fragile to support a confident recovery narrative.

Overall, sales improved slightly, suggesting that parts of the sector are still generating demand, but the overall picture remains one of fragility rather than recovery. Production declined, indicating that the sector remains under pressure and that the recovery is fragile. The decline in output, particularly in key industries such as metals and machinery, chemicals and plastics, and transport equipment, points to weakening momentum across important production networks in the economy. For the NYDA, this signals a constrained industrial environment in which opportunities for youth employment, enterprise participation, and skills development are likely to remain limited unless stronger, more broad-based growth emerges.

1.3. Mining Production

Mining production rose by 8.2 per cent year-on-year in April 2026, marking the fifth consecutive month of growth in the sector. This marks a faster pace than the 2.5 per cent increase recorded in March, suggesting that mining activity continues to support economic growth in the second quarter of the year. The increase in mining output was primarily driven by platinum group metals (PGMs), which expanded by 36.5 per cent, contributing 8.8 percentage points to overall mining growth. Manganese ore production also recorded strong growth of 19.0 per cent, while chromium ore increased by 17.5 per cent. These gains helped offset weakness in several other mineral categories.

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



Source: Stats SA

Despite the positive headline result, growth across the sector was uneven. Production growth accelerated markedly in several key mineral groups, including PGMs, manganese ore and nickel, while output continued to contract in coal, iron ore, diamonds, copper, and other metallic minerals. Coal production declined by 5.8 per cent, the single largest drag on overall mining performance during the month. This highlights the ongoing challenges facing parts of South Africa's mining industry, including operational constraints, infrastructure bottlenecks, global commodity market volatility, and weaker external demand.

On a month-on-month basis, seasonally adjusted mining production rose by 3.3 per cent in April 2026, after a 4.8 per cent decline in March and a 3.0 per cent increase in February. This suggests that mining activity recovered in April after weakening in March, although short-term output trends remained volatile. Over the three months ended April 2026, seasonally adjusted mining production rose by 2.4 per cent compared with the previous three-month period, indicating a modest improvement in overall sector activity. PGMs and gold were the main positive contributors to this three-month growth, while coal and other metallic minerals weighed on performance.

The mining sector remains a critical component of the South African economy, contributing to export earnings, investment, and economic activity across several provinces. However, the sector's capital-intensive nature means that increased production does not always translate directly into significant job creation. The latest data reinforces the importance of identifying opportunities for youth participation across mining value chains, including mining services, equipment maintenance, engineering support, environmental rehabilitation, logistics, beneficiation, and mineral processing.

Overall, the April 2026 mining data points to a firmer recovery in the sector, but one that remains uneven and narrowly based. This suggests that although mining activity strengthened in April, the gains were not yet broad-based across the sector. While the sector continues to record positive annual growth and contributes to economic activity, the slowdown in momentum, broad-based weakness across several mineral categories, and declining monthly production suggest that the recovery remains fragile. Sustained growth in mining output, combined with greater downstream beneficiation and local value addition, will be important for translating resource-sector activity into broader economic and employment opportunities for young people.

2. Consumer Spending Trends and Implications for Young People

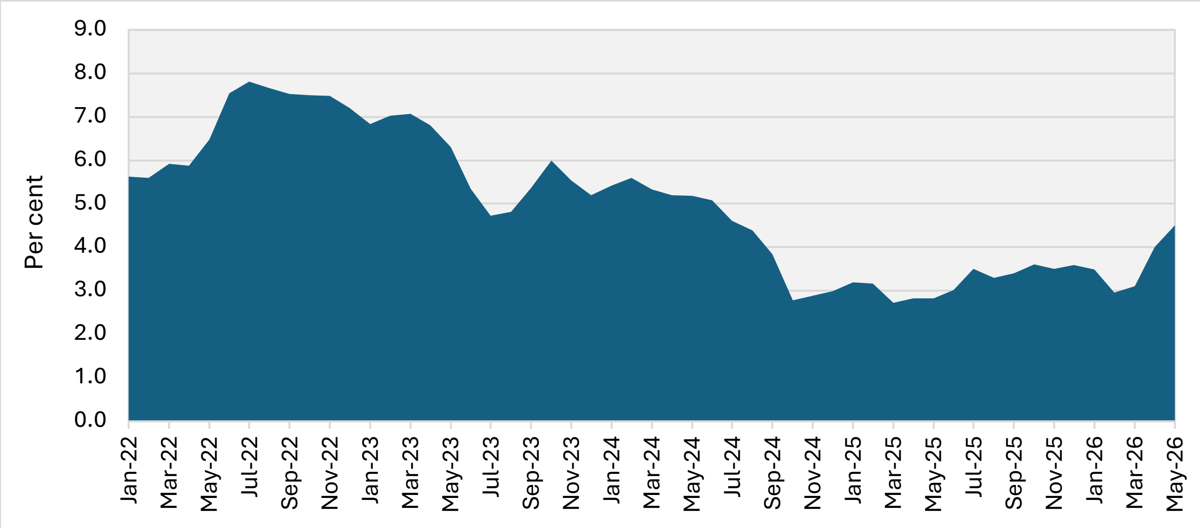
2.1. Consumer Price Index[1] (Inflation)

South Africa's annual inflation rate rose to 4.5 per cent in May 2026, up from 4.0 per cent in April and marking the highest level since August 2024. The increase moved inflation further from the South African Reserve Bank's preferred 3 per cent target and reflected renewed price pressures across several key expenditure categories. The Consumer Price Index (CPI) rose by 0.7 per cent month-on-month, the largest monthly increase since July 2022.

The acceleration in inflation was primarily driven by housing and utilities, which rose by 5.3 per cent and contributed 1.3 percentage points to the headline inflation rate. Rising electricity tariffs were a significant factor behind this increase. Transport costs also rose sharply, up 9.4 per cent, compared with a 4.9 per cent expansion in March. The increase was largely driven by higher fuel prices following petrol price adjustments and the lagged impact of elevated global oil prices. Together, housing and transport accounted for the largest share of the increase in headline inflation during the month.

[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

Encouragingly, food inflation continued to moderate, easing from 2.9 per cent in April to 1.9 per cent in May. Strong agricultural output and improved supply conditions helped contain food price pressures, providing some relief to households. Price growth also slowed in restaurants and accommodation services. However, inflationary pressures became more broad-based, with core inflation rising to 3.8 per cent from 3.6 per cent in April, indicating that underlying price pressures are beginning to strengthen beyond food and fuel-related factors.

The rise in transport and utility costs is particularly pronounced because these expenditures affect a wide range of economic activities and household budgets. Rising fuel and electricity costs increase the cost of commuting, running businesses, transporting goods, and providing services. These costs are often passed on to consumers over time, potentially putting further upward pressure on prices in other sectors of the economy.

For the NYDA, the latest inflation data presents a mixed picture. The moderation in food inflation is positive, particularly for low-income households and unemployed young people, who spend a larger share of their income on basic necessities. However, rising transport and electricity costs may place additional pressure on young jobseekers, entrepreneurs, and youth-owned enterprises. Higher transport costs can increase the cost of searching for work, accessing education and training opportunities, and participating in economic activities, while rising utility costs may affect the viability of small businesses and informal enterprises.

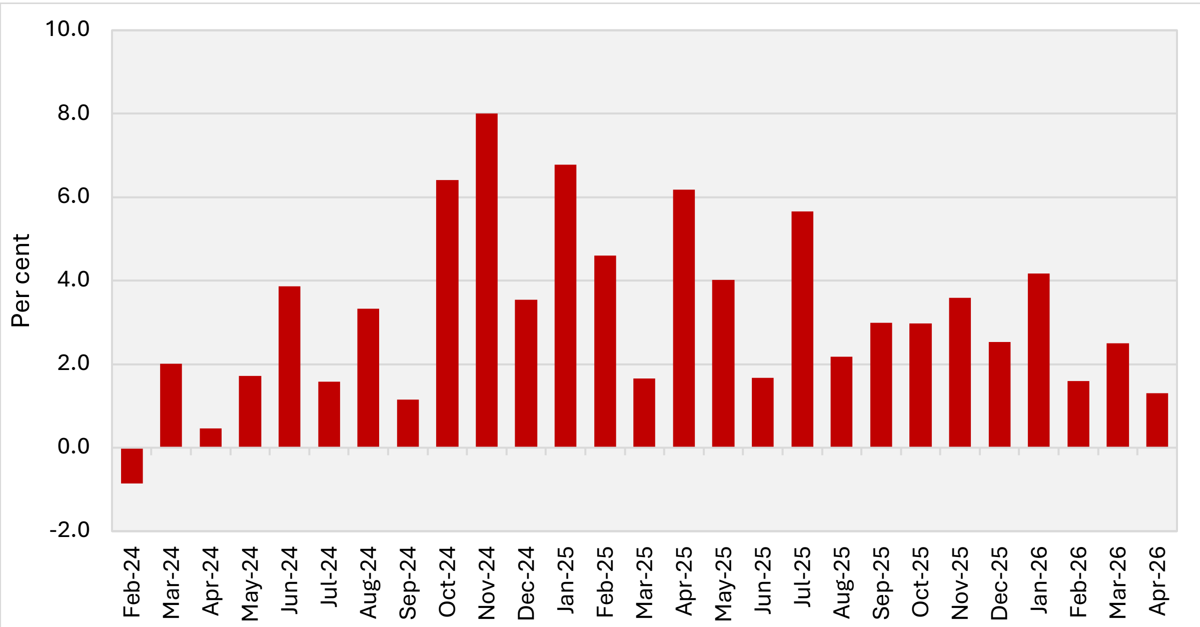
Overall, inflation (4.5 per cent) was above the South African Reserve Bank's upper target range of 4 per cent. The sharp May increase indicates that inflationary pressures have re-emerged. The combination of rising administered prices, higher fuel costs, and increasing core inflation warrants close monitoring. Sustained increases in the cost of living could undermine household purchasing power and place additional pressure on youth economic participation, particularly amid persistently high unemployment and weak income growth.

2.2. Retail Trade Performance

Retail sales increased by 1.3 per cent year on year in April 2026, a sharp slowdown from the 2.5 per cent recorded in March 2026. This marks the weakest retail performance in several months and suggests that earlier momentum in consumer spending is beginning to ease. The slowdown was driven mainly by weaker growth in key retail categories. Sales of textiles, clothing, footwear, and leather goods, as well as household furniture, appliances, and equipment, 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. These trends indicate that both discretionary and essential spending are coming under pressure.

On a seasonally adjusted basis, retail trade sales rose by 0.9 per cent in April compared with March, after a 0.1 per cent increase in the previous month. Although the monthly rise was modest, it suggests that consumer spending stabilised after weakening earlier in the quarter. Looking at broader trends, retail sales increased by 2.4 per cent in April 2026 compared with the same period in 2025. The largest contributors to this month's overall growth were retailers in textiles, clothing, footwear, and leather goods (0.4 per cent), household furniture, appliances and equipment (0.4 per cent), and other retailers (0.8 per cent).

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



Source: Stats SA

The retail sector remains one of the largest employers in South Africa and is particularly important for absorbing young workers into the labour market. Retail businesses often provide entry-level roles in sales, customer service, merchandising, logistics, warehousing, digital commerce, and business administration. Improved retail activity therefore has positive implications for youth employment prospects, particularly if stronger consumer demand can be sustained over the coming months.

The latest retail data points to potential opportunities for youth employment and entrepreneurship. Growth in clothing, furniture, household goods, and general retailing may create opportunities for young people to enter retail value chains as employees, suppliers, distributors, digital marketers, delivery service providers, or entrepreneurs. The continued expansion of other retail categories also highlights opportunities linked to e-commerce, online retail platforms, and township-based retail enterprises.

Overall, the April retail sales data presents a cautiously positive picture of domestic economic activity. While consumer spending remains under pressure from rising living costs and a challenging labour market, the continued growth in retail sales suggests that household demand has remained relatively resilient. Sustained improvements in retail activity could support broader economic growth and create additional opportunities for young people, particularly in labour-intensive retail and service-related sectors.

2.3. New Vehicle Sales

New vehicle sales remained robust in May 2026, reflecting continued resilience in domestic demand despite a challenging economic environment. According to Naamsa, total domestic new vehicle sales rose 12.8 per cent year-on-year to 51,071 units, marking the strongest May performance since 2013. The sustained growth suggests that households and businesses continued to invest in vehicle purchases, supported by improved access to finance and relatively resilient economic activity.

Passenger vehicles recorded the strongest growth, with sales up 16.3 per cent year on year to 36,871 units, indicating sustained consumer demand despite ongoing cost-of-living pressures. Light commercial vehicles, including bakkies and minibuses, also grew by 2.5 per cent, while medium, heavy and extra-heavy commercial vehicles increased by 13.6 per cent, 8.9 per cent and 16.1 per cent, respectively. The broad-based increase across most vehicle categories suggests that both household spending and business investment in transport assets remained relatively resilient.

Export performance weakened over the month, with total vehicle exports down 4.8 per cent year-on-year. The decline was driven primarily by a 49.5 per cent contraction in light commercial vehicle exports, pointing to weaker demand in key export markets and ongoing adjustments in global automotive production. Although passenger and heavy commercial vehicle exports remained relatively strong, softer external demand continues to pose downside risks to South Africa's automotive industry.

The automotive sector remains one of South Africa’s most important industries, contributing approximately 5.2 per cent of GDP, accounting for 22.6 per cent of manufacturing output, and supporting nearly 500,000 jobs across the economy through direct and indirect linkages. As a result, developments in the sector have significant implications for employment, investment, exports, and economic growth.

The latest vehicle sales data indicate continued resilience in domestic economic activity, with strong vehicle demand reflecting confidence among consumers and businesses. However, weaker export performance highlights the challenges posed by slowing global demand and external economic uncertainty. Given the automotive sector's significant contribution to manufacturing, exports and employment, sustained domestic demand will be important for supporting production and preserving jobs. At the same time, the sector continues to offer opportunities for young people across manufacturing, component production, logistics, vehicle maintenance, vehicle retail and transport services, making it an important area for youth employment and enterprise development.

2.4. New Food and Beverages Sector Performance

The food and beverages sector recorded a weaker performance in April 2026, with real income down 2.1 per cent year-on-year, reflecting softer consumer demand across the industry. This marks a clear shift in momentum from earlier in the year, with growth easing from 5.7 per cent in January 2026 to 4.2 per cent in February, before turning negative in April.

This pattern indicates a steady loss of momentum over the period, suggesting mounting pressure on consumer-facing services amid constrained household finances and a challenging economic environment. This outcome may also have been influenced by higher fuel costs and broader input price pressures, which typically weigh on transport-related food distribution costs and disposable income, thereby affecting overall spending patterns in the sector.

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

Type of enterprise	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Restaurants and coffee shops	7.7	8.5	2.8	4.6	5.4	-0.9	-3.5
Takeaway and fast-food outlets	8.8	4.2	6.4	9.1	4.1	5.8	0.0
Catering services	-0.6	3.1	-12.4	-0.5	0.2	2.5	-3.0
Total	**7.0**	**6.1**	**2.5**	**5.7**	**4.2**	**2.2**	**-2.1**

Source: Stats SA

The performance of takeaway, fast-food, and catering services continues to highlight significant opportunities for youth-owned enterprises in the food economy. These opportunities extend beyond direct food preparation and sales to include delivery services, digital ordering platforms, catering operations, food production, event management, packaging, and broader supply chain activities. However, April 2026 data indicates that these opportunities are emerging in a more constrained environment, as the sector recorded a 2.1 per cent year-on-year decline in real income, reflecting softer consumer demand and reduced purchasing power.

This weakening in performance may have been influenced by broader economic cost pressures, including rising inflation during the period, which tends to erode household disposable income and shift spending away from non-essential consumption. Higher living costs can therefore reduce the frequency and value of discretionary spending on food services, particularly affecting small and youth-owned enterprises that depend on consistent daily demand.

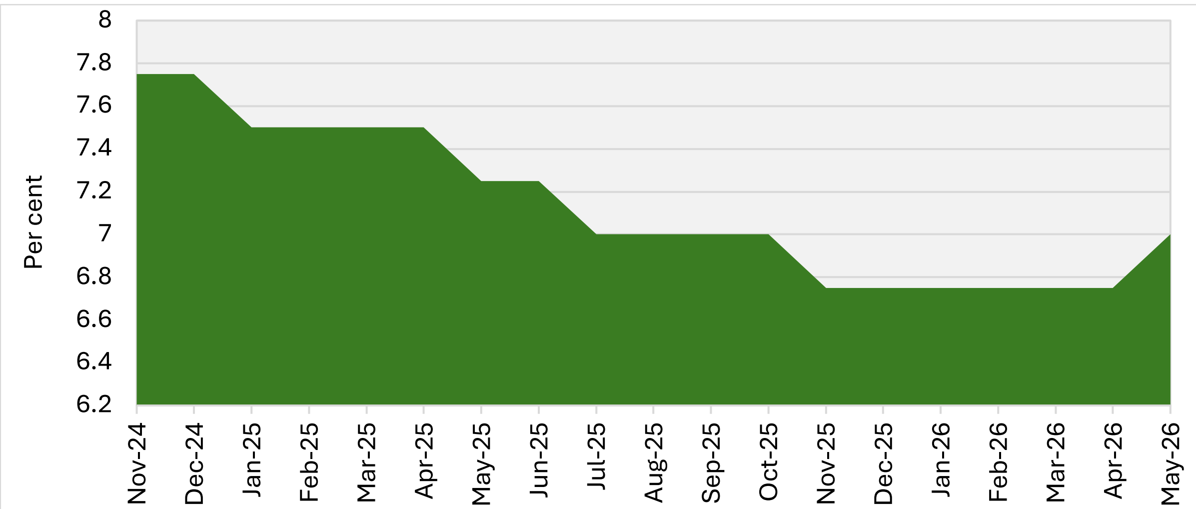
For young entrepreneurs, this environment presents both risks and adjustment pressures. Slower demand may lead to tighter profit margins, heightened competition, and greater vulnerability for informal and survivalist businesses. While takeaway and fast-food services remain relatively more resilient due to their affordability and convenience, overall conditions suggest that youth-owned enterprises may increasingly need to rely on efficiency, pricing strategies, and digital platforms to sustain operations.

Despite these challenges, the food and beverages sector remains a key entry point for youth participation in economic activity, particularly given its relatively low barriers to entry. However, the April outcome highlights that sustainability is increasingly dependent on adaptability and innovation in response to weaker demand and persistent cost pressures in the broader economy.

2.5. SARB's Interest Rate Decision

The South African Reserve Bank (SARB) increased the repo rate by 25 basis points to 7.0 per cent on 28 May 2026, marking the first interest rate rise since 2023. The decision reflects growing concerns about inflation risks, particularly those linked to the ongoing conflict in the Middle East, higher global oil prices, and the potential for these shocks to feed through into broader price increases across the economy. The decision follows a notable rise in inflation, which increased from 3.1 per cent in March to 4.0 per cent in April. Rising fuel and electricity costs, along with services inflation, have contributed to accelerating price pressures. The SARB noted that while the initial inflation shock was largely driven by energy costs, there is a growing risk that higher costs could spread more broadly through the economy, affecting wages, inflation expectations, and the prices of other goods and services.

Figure 6: Repurchase (repo) rate set by the SARB



Source: SARB

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In response to these concerns, the SARB revised its inflation forecasts higher. Headline inflation is now expected to average 4.4 per cent in 2026, up from the previous forecast of 3.7 per cent, while the 2027 forecast was revised from 3.3 per cent to 3.7 per cent. At the same time, the Bank lowered its economic growth forecasts, with GDP growth expected to reach only 1.2 per cent in 2026 and 1.7 per cent in 2027. This points to a more difficult economic environment, characterised by slower growth and higher inflation.

The Monetary Policy Committee noted that the South African economy is facing a mix of external shocks, including elevated oil prices, global uncertainty, and weather-related risks that could affect food production. The Bank's scenario analysis indicated that a prolonged closure of the Strait of Hormuz, drought conditions linked to El Niño, or stronger cost pass-through to consumers could lead to even higher inflation and further interest rate increases.

The rise in interest rates poses both challenges and risks for young people and youth-owned enterprises. Higher rates increase borrowing costs for households and businesses, reducing disposable income and potentially weakening consumer spending. This may place additional pressure on small businesses, particularly those in sectors that rely on discretionary spending. Higher financing costs may also discourage private-sector investment and slow job creation at a time when youth unemployment remains exceptionally high.

The combination of slower economic growth, rising inflation, and higher interest rates is likely to create a more challenging environment for youth economic participation. While the SARB's decision aims to protect price stability and prevent inflation from becoming entrenched, tighter monetary conditions may weigh on economic activity in the short term.

Overall, the latest interest rate decision reflects the increasingly complex economic environment facing South Africa. The balance of risks has shifted towards higher inflation and weaker growth, reinforcing the need for targeted interventions to support youth employment, entrepreneurship, and economic inclusion. For the Agency, this emphasises the importance of strengthening support for youth-owned enterprises, facilitating access to markets and productive assets, and leveraging partnerships to expand economic opportunities for young people in a more constrained economic environment.

2.6. Consumer Confidence

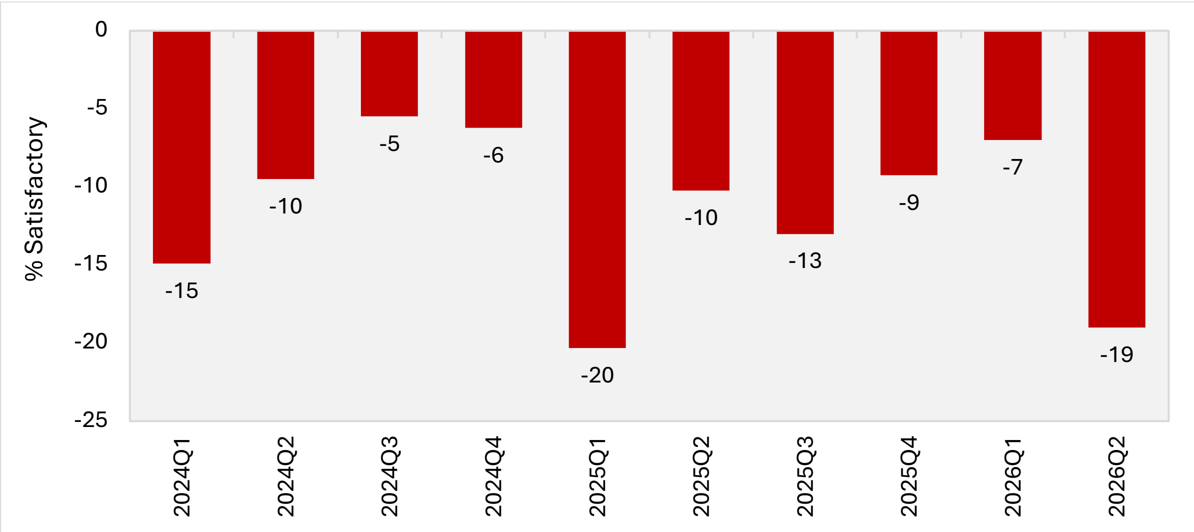
Consumer confidence deteriorated sharply during the second quarter of 2026, with the FNB/BER Consumer Confidence Index (CCI[2]) falling from -7 in the first quarter to -19 in the second quarter, its weakest level since early 2025. The decline was largely driven by the impact of the US-Iran conflict, which disrupted global oil markets, pushed up domestic fuel prices, increased transport costs and heightened uncertainty about the economic outlook.

All three components of the index weakened. Consumers became significantly more pessimistic about South Africa's economic prospects, household financial conditions deteriorated, and

[2] The FNB/BER Consumer Confidence Index is a quarterly survey that measures how South African households feel about the economy and their finances. It reflects expectations about economic conditions, household finances, and spending. Positive values indicate optimism, while negative values reflect pessimism, making it a useful indicator of future consumer behaviour.

fewer households considered it an appropriate time to purchase durable goods such as vehicles, furniture and household appliances. Higher fuel prices and rising borrowing costs are expected to place further pressure on discretionary spending in the coming months.

Figure 7: FNB/BER Consumer Confidence Index



Source: FNB/BER

Weaker consumer confidence has important implications for young people. Slower household spending is likely to reduce demand for goods and services, placing additional pressure on businesses and potentially delaying hiring, particularly in youth-intensive sectors such as retail, hospitality and services. Lower consumer demand may also reduce opportunities for young entrepreneurs, especially those operating small, informal businesses that depend on household spending. This underscores the need for continued investment in youth entrepreneurship, employment creation and targeted support measures to strengthen young people's economic resilience during periods of heightened uncertainty.

While easing geopolitical tensions and lower international oil prices could provide some relief later in the year, consumer spending is expected to remain under pressure in the near term, limiting the pace of South Africa's economic recovery.

3. Trade and Business: Implications for Young People

3.1. Wholesale Trade Sales

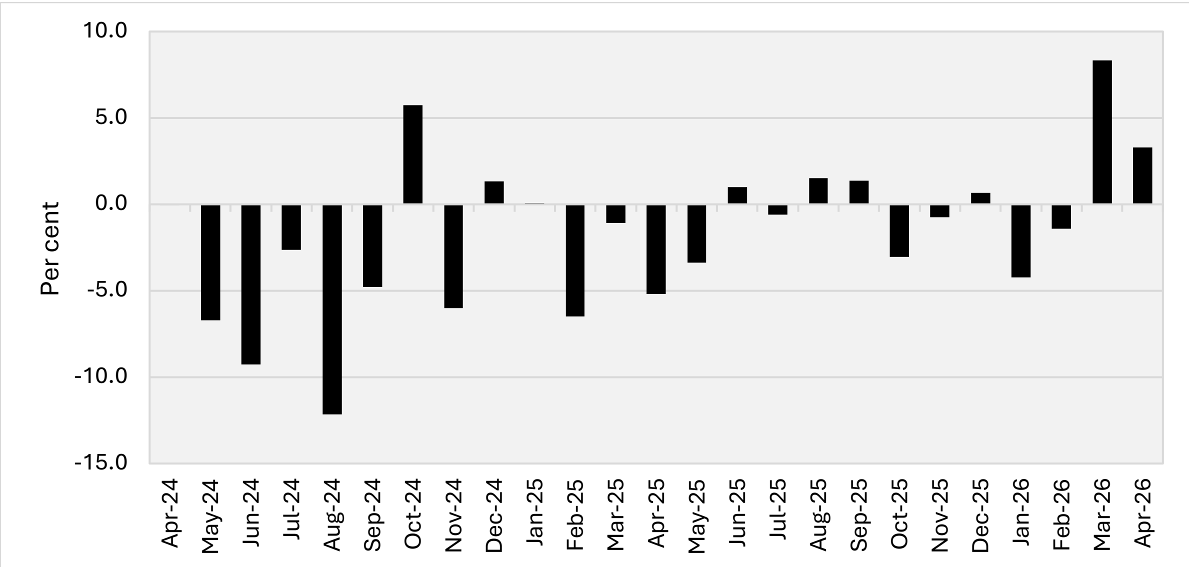
Wholesale trade sales, an important indicator of demand across supply chains and business activity, continued to expand in April 2026, although growth moderated from the strong performance in March 2026. Measured in real terms, wholesale trade sales increased by 3.3 per cent year-on-year, compared with 8.3 per cent in March 2026. Seasonally adjusted sales declined by 2.4 per cent year-on-year in April 2026, reversing the 5.5 per cent growth recorded in the previous month.

The contraction suggests weaker business activity and softer demand across supply chains following the strong rebound in March. Business activity during the month was also affected by higher operating costs, particularly after the April 2026 fuel price increase, which raised transport and distribution costs across the wholesale sector. Higher fuel costs, together with ongoing economic uncertainty and cautious business spending, likely put pressure on trading activity and demand.

In nominal terms, wholesale trade sales rose by 10.9 per cent year on year in April 2026, matching the rate recorded in March 2026. The sustained growth reflects continued demand across key segments of the wholesale sector, although performance varied across industries. The strongest growth was recorded among dealers in solid, liquid, and gaseous fuels and related products, which increased by 33.7 per cent and contributed 8.0 percentage points to overall growth.

This was followed by dealers in other intermediate products, waste and scrap, which grew by 20.7 per cent, and dealers in other goods, which increased by 10.4 per cent. The strong performance of fuel wholesalers was likely supported by the fuel price increases implemented in April 2026, which raised the nominal value of fuel sales. In contrast, wholesale sales of food, beverages and tobacco declined by 1.2 per cent, while machinery, equipment and supplies decreased by 1.7 per cent, indicating softer demand in these segments.

Figure 8: Wholesale Trade Sales (year-on-year)



Source: Stats SA

The wholesale sector's continued strength remains encouraging, as it supports economic activity across key industries and strengthens supply chains that underpin retail, manufacturing and logistics. Although growth in real wholesale trade moderated in April 2026, sustained activity in the sector continues to create employment and entrepreneurial opportunities for young people, particularly in transport, warehousing, distribution, e-commerce and supply chain services.

The strong growth in fuel-related wholesale trade reflects the impact of higher fuel prices, which have increased the nominal value of fuel sales. However, rising fuel prices also raise transportation and distribution costs for businesses, putting pressure on operating margins, particularly for youth-owned and emerging enterprises with limited financial resources. For young entrepreneurs, higher transport costs can make it more expensive to procure inputs, deliver goods and access markets, reducing business competitiveness and limiting opportunities for growth.

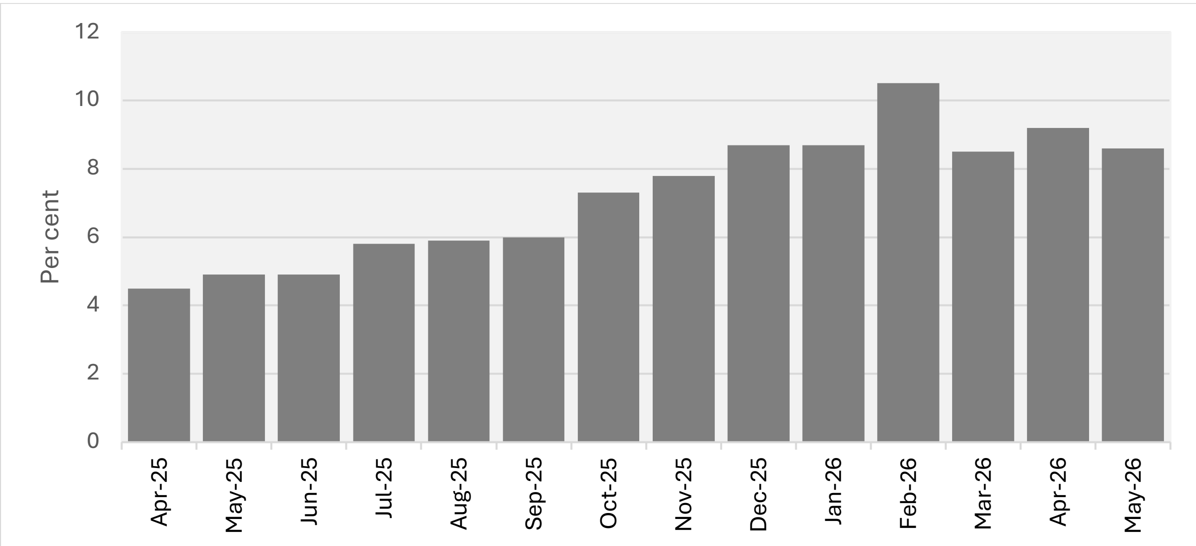
Higher transport costs also affect young job seekers, many of whom rely on public transport to attend interviews, training sessions and workplaces. As transport costs rise, the financial burden of job searching also increases, which may discourage job-seeking efforts or limit access to employment opportunities, particularly for young people from low-income households. These developments reinforce the importance of targeted interventions that improve market access, strengthen youth-owned enterprises, and expand skills development, while reducing barriers that prevent young people from fully participating in economic activity and emerging value chains.

3.2. Private Sector Credit Extension

Private Sector Credit Extension, which measures the amount of credit provided by banks and other financial institutions to households and businesses, increased by 8.6 per cent year-on-year in May 2026. Credit growth has remained above 8 per cent for the past four months, indicating that lending to the private sector continues to support economic activity despite a challenging operating environment. The sustained pace of credit extension suggests that businesses and households continue to access finance to support investment, business operations and consumer spending. Although moderating, credit growth remains well above the inflation rate, continuing to support economic activity.

The moderation in private-sector credit growth points to a more cautious lending environment. Investment-related credit showed signs of weakening. The value of investments fell by 13.4 per cent in May 2026 compared with February 2026, suggesting that businesses are adopting a more measured approach to longer-term investment decisions amid ongoing economic uncertainty and higher operating costs.

Figure 9: Private sector credit extension (year-on-year)



Source: SARB

At the same time, total loans and advances grew by 8.3 per cent year-on-year in May 2026, reflecting sustained demand for credit to support business operations and household expenditure. Mortgage advances and instalment sales credit also increased, indicating continued demand for housing finance and consumer credit.

Broad money supply (M3) increased by 9.6 per cent year-on-year in May 2026, maintaining strong growth and signalling that liquidity within the financial system remained supportive of lending activity. Claims on the domestic private sector exceeded R5.3 trillion, underscoring sustained access to credit for businesses and households.

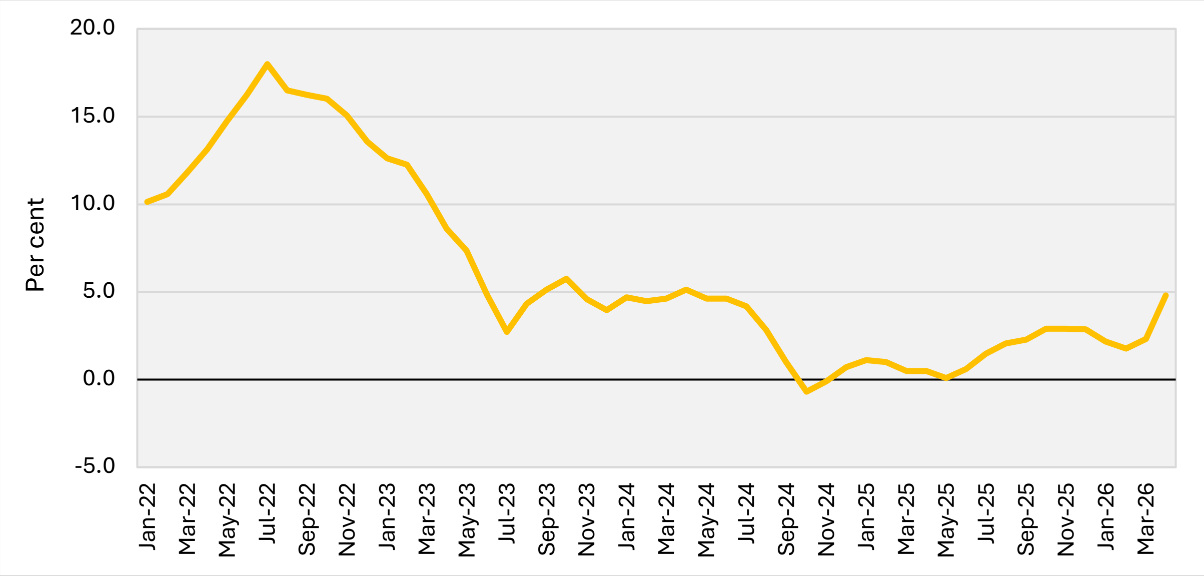
The latest credit data presents a mixed picture for the economy, while the credit environment remains a key forward-looking indicator of economic momentum and employment creation. Continued credit extension supports short-term stability in production and consumption, particularly in sectors linked to household borrowing and operational finance. However, subdued investment activity may dampen medium-term growth prospects and limit the economy's capacity to generate sustained employment opportunities. In this environment, the Agency should continue to strengthen partnerships with Development Finance Institutions, provincial youth funds, commercial financiers, and private sector investment platforms to improve access to funding for youth-owned enterprises. At the same time, targeted efforts are required to identify and integrate young entrepreneurs into sectors where credit demand and economic activity remain resilient, particularly within consumer-driven and finance-supported value chains.

3.3. Producer Price Inflation

Annual producer price inflation rose to 7.8 per cent in May 2026, up from 4.8 per cent in April, reflecting a marked build-up in upstream cost pressures across the economy. On a monthly basis, producer prices rose by 2.6 per cent, indicating a significant rise in production costs. The acceleration was driven mainly by coke, petroleum, chemical, rubber and plastic products, which recorded a strong 22.0 per cent year-on-year increase and contributed 4.7 percentage points to the headline rate. Mining prices also remained elevated at 28.1 per cent, up from 24.9 per cent in April, reflecting sustained commodity-driven pressures, while electricity and water rose by 12.3 per cent year-on-year, slightly lower than 12.5 per cent in April but still contributing to overall input cost inflation. These increases largely reflect higher global oil prices and supply disruptions linked to ongoing geopolitical tensions in the Middle East.

Additional upward pressure came from paper and printed products (8.7 per cent) and from food products, beverages and tobacco (2.1 per cent), although growth in these categories remained more contained. Metals, machinery, equipment and computing equipment also contributed positively, increasing by 2.9 per cent. These developments suggest that cost pressures are becoming more widespread across the economy and are no longer confined to energy-related products.

Figure 10: Producer price index for final manufactured goods (year-on-year)



Source: Stats SA

The sharp rise in producer prices is significant because it may eventually translate into higher consumer inflation if businesses pass on higher costs to customers. Rising fuel, energy, transport, packaging, and production costs can pressure profit margins, particularly for small and emerging businesses that often have limited ability to absorb higher input costs. This could lead to higher prices for goods and services, lower business profitability, and weaker consumer demand over time.

The latest PPI data signals a more challenging operating environment for youth-owned enterprises. Many small businesses rely heavily on transport, fuel, packaging, and imported inputs, making them particularly vulnerable to rising production costs. Higher input prices may reduce profitability and limit businesses' ability to expand, hire additional workers, or invest in productive assets. The data therefore reinforces the importance of supporting youth enterprises to improve productivity, strengthen business resilience, and adapt to a more inflationary environment.

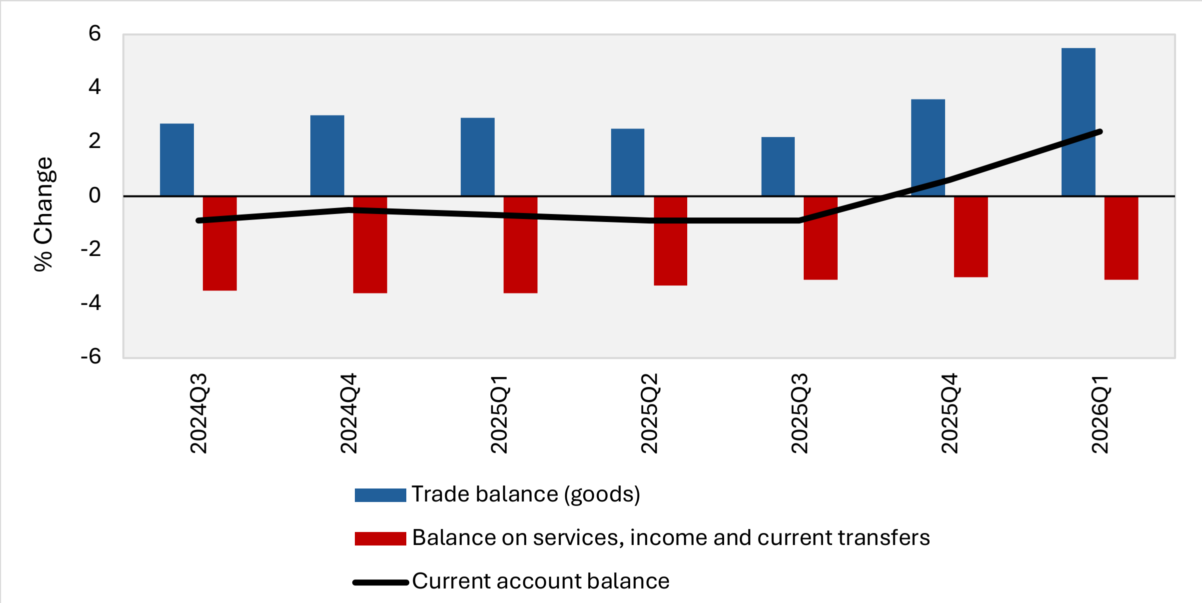
Overall, the May producer price data point to a renewed build-up of inflationary pressures on the production side of the economy. While consumer inflation remains below historical highs, the sharp rise in producer prices suggests cost pressures will likely remain elevated in the coming months. This could place further pressure on businesses and households, potentially slowing economic activity and affecting the pace at which employment and entrepreneurial opportunities are created for young people.

3.4 Current Account

South Africa's current account recorded a surplus of R190.7 billion in the first quarter of 2026, the widest since quarter three 2021, up from R50.2 billion in the previous quarter. This marks the second-highest surplus since 2023 and reflects an improvement in the country's external position. On an annual basis, the current account deficit also narrowed, indicating some strengthening in South Africa's trade performance.

The trade surplus surged to R 437.9 billion in Q1, up from R 282.2 billion in Q4 2025, driven by a 3.2 per cent rise in merchandise and net gold exports, while merchandise imports fell 4.3 per cent. Meanwhile, the shortfall on the services, income and current transfer account widened to ZAR 247.2 billion in Q1 from ZAR 232.1 billion in Q4 2025, reflecting larger deficits on the primary income and current transfer accounts, partly offset by a narrower services deficit. As a share of GDP, the country's current account surplus widened to 2.4 per cent in Q1 from 0.6 per cent in Q4 2025.

Figure 11: Current account balance as a percentage of GDP



Source: SARB

The improvement was driven mainly by a significant widening of the trade surplus, supported by higher export earnings and a decline in imports. Stronger commodity exports, including gold, contributed to higher export revenues. This suggests that global demand and favourable prices for certain commodities have supported South Africa's external balance. However, this positive trend is partially offset by continued financial outflows. Payments related to income, services, and transfers remain elevated, limiting the overall size of the surplus. As a result, despite the strong trade performance, the current account surplus remains relatively modest.

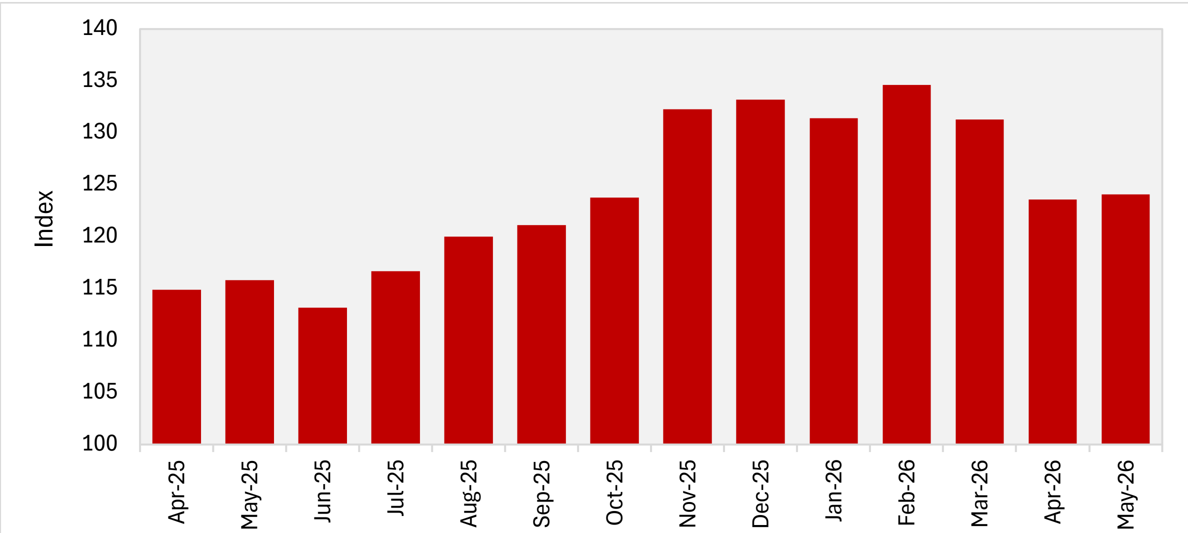
From a NYDA perspective, this development presents a mixed picture. On the one hand, stronger export performance supports overall economic activity and can contribute to growth in sectors linked to mining, manufacturing, and logistics. This may create indirect opportunities for young people, particularly within value chains connected to export-oriented industries. On the other hand, the benefits of this improvement are not evenly distributed across the economy. The sectors driving export growth are typically capital-intensive and do not generate employment at the scale required to absorb large numbers of young people. In addition, the continued outflow of income limits the extent to which these gains translate into broader domestic economic benefits.

Overall, while the improvement in the current account reflects a more favourable external position, its impact on youth employment and enterprise development remains limited. For the Agency, this underscores the need to strengthen linkages between export-driven sectors and youth participation, while continuing to support more labour-absorbing areas of the economy that can deliver inclusive growth.

3.5 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 May 2026, the Index increased to 124.1 from a seven-month low of 123.6 in the prior month. The improvement was mainly driven by stronger new vehicle sales and higher merchandise exports, with imports also making a modest positive contribution as businesses adjusted to the oil price shock associated with the Middle East conflict. However, business confidence remained constrained by a notable decline in overseas tourist arrivals, which weighed negatively on the index, while rising inflation continued to pose a concern for the business sector.

Figure 12: SACCI Business Confidence Index



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

The improvement in confidence remained constrained by several downside pressures. A decline in overseas tourist arrivals weighed significantly on the index, pointing to weaker activity in tourism-related industries and reduced external demand for services. Rising inflation also remained a major concern, as higher fuel and input costs continued to put pressure on business operating expenses, pricing decisions, and profit margins. These conditions suggest that while business sentiment improved slightly, the broader operating environment remained challenging.

The slight increase in business confidence signals an improvement in the operating environment. When business confidence strengthens, firms are generally more willing to invest, expand production, and take on additional workers, which can help support job creation and broaden economic opportunities for young people. This is particularly significant for youth-owned enterprises, which tend to benefit from stronger demand conditions, improved market sentiment, and a more supportive environment for business growth and sustainability.

Overall, the data suggests a stabilising business environment. The modest increase in confidence reflects resilience in trade-related and consumer-facing sectors. For young people, this means that while opportunities may still exist in areas such as vehicle-related services, trade, logistics, retail, and export-linked activities, the uncertain outlook and persistent cost pressures may continue to constrain hiring, investment, and expansion across the wider economy.

Conclusion

The high-frequency economic data released in June 2026 show a mixed picture, with a marginal improvement in South Africa's economic performance. Economic activity appears resilient, with strong growth in mining production, vehicle sales, wholesale trade, business confidence, private credit extension, and the current account. However, other signs, such as a dip in manufacturing output, falling retail sales, weak performance in the food and beverage industry, rising inflation, and high consumer price pressures, suggest that the recovery remains uneven and fragile and is vulnerable to further pressures.

Across the data, one important point is that gains in economic activity are not translating into robust employment growth. Pockets of growth are present in some sectors, but in many others, these are either capital-intensive, prone to volatility, or lack sufficient linkages to job creation to significantly impact youth unemployment. This indicates that while some economies are becoming more stable, the overall picture for young people seeking jobs, wanting to run a small enterprise, or seeking greater involvement in the economy remains tough.

Also, escalating inflationary pressures and the expected tightening of monetary policy are posing growing risks. Rising fuel, electricity, transport and production costs are putting pressure on household and business budgets, and higher interest rates could further constrain spending, borrowing and investment. Youth-owned businesses, informal workers and young people seeking employment will likely be hardest hit by these conditions because they have less financial cushion and are more vulnerable to cost shocks.

For the NYDA, the June 2026 data calls for a focused and practical response. However, opportunities remain in other sectors, including retail-related services, logistics, food services, trade, selected manufacturing niches, the mining value chain, and export-related activities. But the opportunities will need better support to be significant avenues for youth inclusion. This involves deeper access to finance, markets, skills development, enterprise support and partnerships to enable young people to participate in value chains and develop resilient businesses.

Overall, the June 2026 data indicate that parts of the economy are making a comeback, but the more entrenched structural issues persist. Labour absorption remains subdued, youth unemployment is high, prices are surging, and business confidence remains weak, all of which continue to constrain inclusive growth. Sustainable gains will be achieved not only through improvements in activity, but through deeper, more inclusive economic growth, with productive investment, youth economic participation, enterprise development, and employment creation as its major pillars.