



NATIONAL YOUTH DEVELOPMENT AGENCY
OUR YOUTH. OUR FUTURE.



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NYDA Monthly Economic Intelligence Brief

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

Contents

Purpose of the Publication	2
Key Highlights	2
1. Industrial Conditions and Implications for Young People.....	3
1.1. ABSA Purchasing Managers' Index (PMI).....	3
1.2. Manufacturing Production	4
1.3. Mining Production	6
2. Consumer Spending Trends and Implications for Young People.....	7
2.1. Consumer Price Index (Inflation Rate).....	7
2.2. Retail Sales	9
2.3. New Vehicle Sales.....	10
2.4. Food and Beverages Sector Performance.....	11
2.5. SARB's Interest Rate Decision.....	12
3. Trade and Business: Implications for Young People.....	14
3.1. Wholesale Trade Sales.....	14
3.2. Private Sector Credit Extension.....	15
3.3. Producer Price Index	16
4. Conclusion.....	18

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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 Purchasing Managers' Index (PMI) increased from 49.0 in March to 52.6 in April 2026, returning to expansionary territory for the first time since September 2025, signalling an improvement in manufacturing business conditions.
- Manufacturing production increased by 0.9% year-on-year in March 2026, marking the first annual increase since November 2025, supported by growth in food and beverages, chemicals, plastics, and electrical machinery.
- Mining production grew by 2.5% year-on-year in March 2026, driven by platinum group metals (10.5%), gold (17.1%), and manganese ore (14.4%), although growth slowed from the 9.7% recorded in February.
- Consumer inflation accelerated from 3.1% in March to 4.0% in April 2026, driven primarily by higher electricity tariffs, fuel prices, transport costs, and housing-related expenses.
- Retail sales increased by 2.6% year-on-year in March 2026, supported by growth in general dealers (1.7%), furniture and household goods (11.3%), pharmaceuticals (5.4%), and clothing and footwear (4.0%).
- Domestic vehicle sales increased by 13.0% year-on-year in April 2026 to 47,979 units, recording the strongest April performance since 2013 and indicating continued resilience in consumer and business demand.
- Income in the food and beverages sector increased by 2.2% year-on-year in March 2026, driven mainly by takeaway and fast-food outlets, which grew by 5.8%.

Key Highlights (Cont.)

- The South African Reserve Bank increased the repo rate by 25 basis points to 7.0% in May 2026, citing rising inflation risks linked to higher fuel prices, geopolitical tensions, and growing cost pressures.
- Wholesale trade sales increased by 8.3% year on year in March 2026, representing the strongest growth since late 2024 and reflecting improving activity across supply chains.
- Private sector credit extension remained robust at 9.2% year on year in April 2026, supported by strong corporate borrowing growth of 12.5%, despite a moderation from February's 10.5%.
- Producer price inflation accelerated from 2.3% in March to 4.8% in April 2026, driven by rising fuel, petroleum, chemical, transport, and utility costs.
- 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

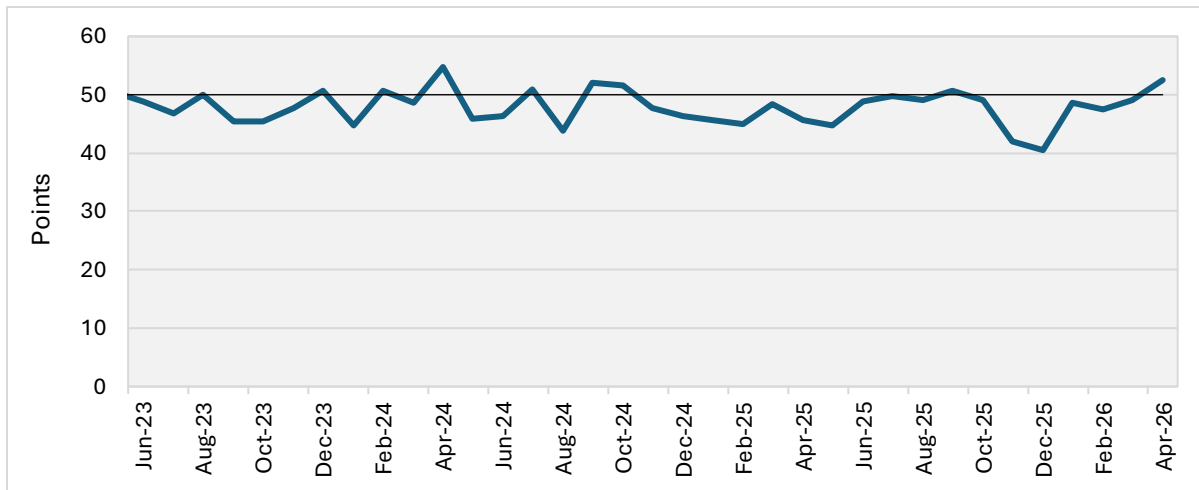
1.1. ABSA Purchasing Managers' Index (PMI)

The Absa Purchasing Managers' Index (PMI), a leading indicator of manufacturing sector activity, increased from 49 in March to 52.6 in April 2026, rising above the neutral 50-point mark for the first time since September 2025. A reading above 50 indicates expansion in manufacturing activity, while a reading below 50 signals contraction.

The improvement was driven by stronger business activity and a sharp increase in new sales orders, suggesting that manufacturing production recovered at the start of the second quarter following a weak first quarter. Encouragingly, the increase in demand was largely supported by domestic market conditions, although export sales continued to decline, indicating that the recovery remains uneven and heavily reliant on local demand.

While the return to expansionary territory is a positive development, there are indications that some of the improvement may be temporary. Several firms reported that customers brought forward orders in anticipation of future price increases. This suggests that some of the current demand may have been pulled forward from future months, potentially resulting in weaker activity later in the year.

Figure 1: ABSA Purchasing Managers' Index (PMI)



Source: ABSA

The data also points to growing cost pressures across the manufacturing sector. Input costs increased sharply for a second consecutive month, driven by higher oil-related costs and a weaker exchange rate. Firms also increased inventory holdings, likely to secure stock before further price increases take effect. While this behaviour supported manufacturing activity in April, it may reflect precautionary buying rather than a sustained improvement in underlying demand.

Importantly, the employment index remained largely unchanged, indicating continued contraction. Despite stronger activity levels, manufacturers remain reluctant to expand their workforce, reflecting ongoing concerns about the durability of the recovery and the broader economic outlook. This means that improvements in production are not yet translating into meaningful employment gains.

The latest PMI results provide 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 suggest that the recovery remains fragile. The findings reinforce the importance of supporting youth-owned enterprises operating 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 April 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.

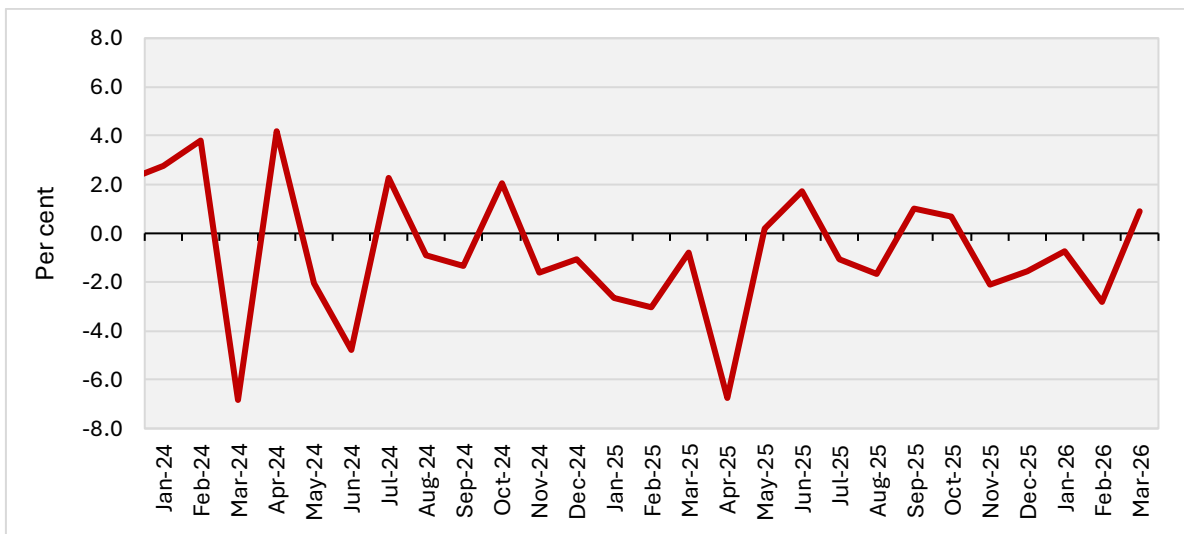
1.2. Manufacturing Production

Statistics South Africa (Stats SA) reported that manufacturing production increased by 0.9 per cent year-on-year in March 2026, marking the first annual increase since November 2025 and

signalling a modest recovery in industrial activity. The improvement follows a 2.3 per cent decline in February and suggests that some manufacturing subsectors have begun to regain momentum after a weak start to the year.

The increase in production was driven primarily by the food and beverages sector, which grew by 3.5 per cent and contributed 0.9 percentage points to overall manufacturing growth. Additional support came from the petroleum, chemical products, rubber and plastic products division, which expanded by 1.8 per cent, as well as the electrical machinery division, which recorded strong growth of 11.9 per cent. These gains helped offset continued weakness in the wood and paper products sector, which remained the largest drag on manufacturing output.

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



Source: Stats SA

On a month-on-month basis, seasonally adjusted manufacturing production increased by 0.8 per cent in March, following a decline of 1.8 per cent in February. This suggests that activity improved during the month and aligns with the improvement observed in other leading indicators such as the Absa Purchasing Managers’ Index.

Despite the improvement in March, the broader picture remains subdued. Manufacturing production declined by 1.0 per cent in the first quarter of 2026 compared with the final quarter of 2025, indicating that the sector continues to face structural and cyclical challenges. Weaknesses in the petroleum and chemical sector, metal products and machinery, and wood and paper products weighed on overall performance during the quarter.

Manufacturing sales data presents a slightly more encouraging picture. Seasonally adjusted manufacturing sales increased by 1.6 per cent in March compared with February and were 2.9 per cent higher than a year earlier, suggesting that demand conditions improved during the month. However, sales growth remains uneven across industries and does not yet point to a broad-based recovery.

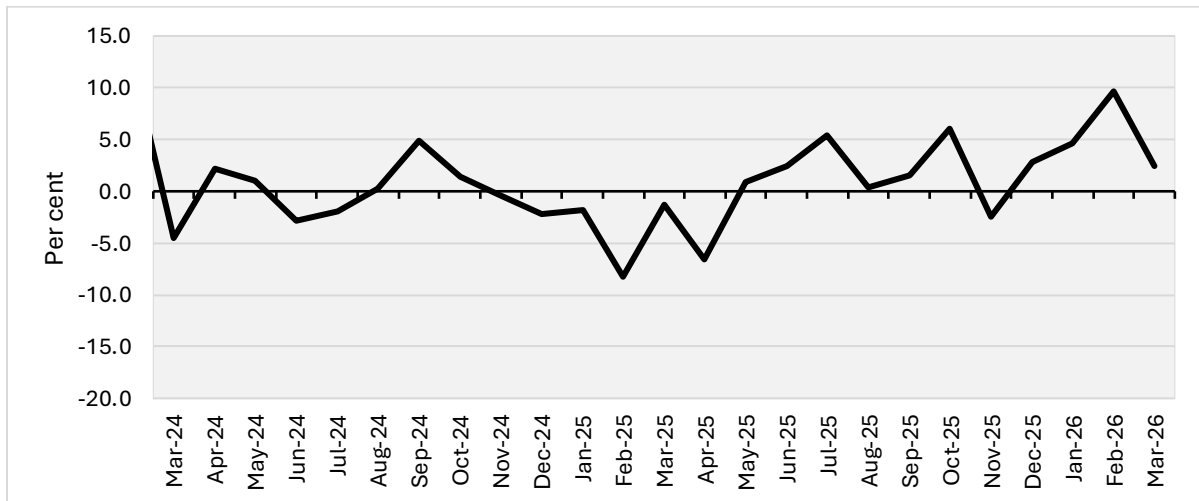
The manufacturing sector remains important because of its potential to create employment opportunities and support youth-owned enterprises across industrial value chains. The recovery in food processing, chemicals, plastics, and electrical machinery may create opportunities for youth participation in production, logistics, maintenance, and related support services. However, the continued weakness in overall manufacturing activity and the sector’s limited employment growth suggest that the recovery remains fragile.

Overall, the March data points to a modest improvement in manufacturing conditions after several months of weakness. While the return to positive annual growth is encouraging, sustained improvements in production, investment, and employment will be required before the sector can make a meaningful contribution to expanding economic opportunities for young people.

1.3. Mining Production

Mining production increased by 2.5 per cent year-on-year in March 2026, marking the fourth consecutive month of positive growth in the sector. Although this represents a slower pace of expansion than the 9.7 per cent increase recorded in February, it suggests that mining activity continued to provide some support for economic growth during the first quarter of the year. The increase in mining output was primarily driven by platinum group metals (PGMs), which expanded by 10.5 per cent, contributing 2.6 percentage points to overall mining growth. Gold production also recorded strong growth of 17.1 per cent, while manganese ore output increased by 14.4 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 slowed considerably 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 9.6 per cent and was the single largest negative contributor to 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 declined by 5.1 per cent in March following increases in January and February. This suggests that some of the momentum observed earlier in the quarter moderated towards the end of the period. Nevertheless, mining production increased by 0.6 per cent in the first quarter of 2026 compared with the final quarter of 2025, indicating a modest improvement in overall sector activity. PGMs and gold were the primary contributors to quarterly growth, while coal and iron ore weighed negatively on performance.

The mining sector remains a critical component of the South African economy, contributing to export earnings, investment, and economic activity in several provinces. However, the sector's capital-intensive nature means that increases in production do not always translate directly into significant employment 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 March mining data presents a mixed picture. While the sector continues to record positive annual growth and contributed modestly to first-quarter 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

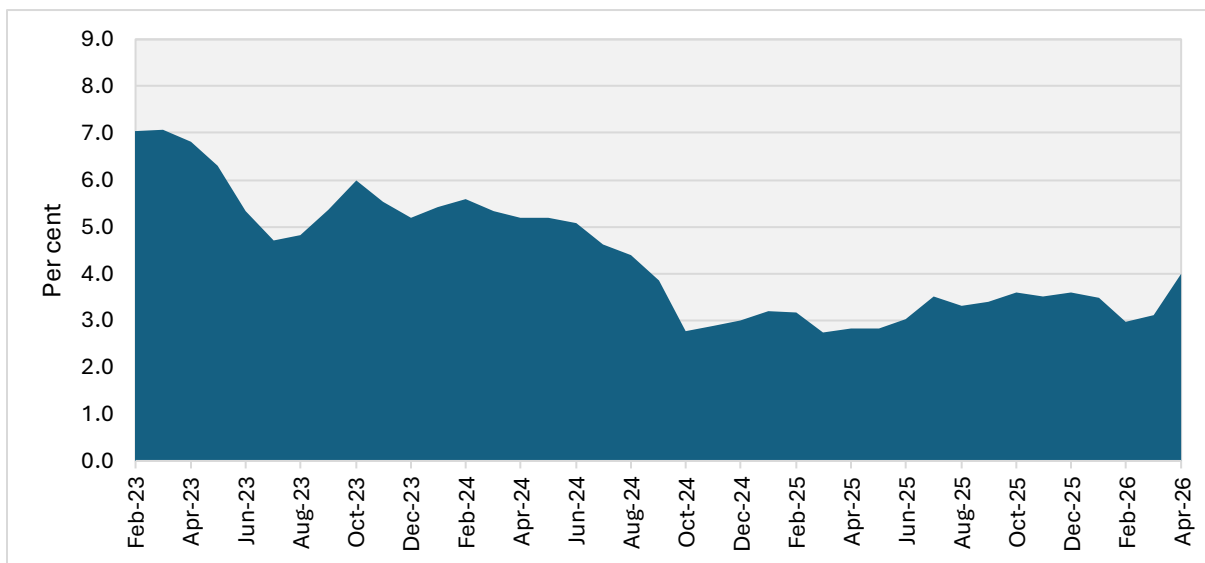
2.1. Consumer Price Index¹ (Inflation)

South Africa's annual inflation rate increased to 4.0 per cent in April 2026, up from 3.1 per cent in March and marking the highest inflation rate since August 2024. The increase moved inflation further away from the South African Reserve Bank's preferred 3 per cent target and reflects renewed price pressures across several key expenditure categories. The Consumer Price Index (CPI) increased by 1.1 per cent month on month, representing the largest monthly increase since July 2022.

The acceleration in inflation was primarily driven by housing and utilities, which increased by 5.2 per cent and contributed 1.2 percentage points to the headline inflation rate. Rising electricity tariffs were a significant factor behind this increase. Transport costs also rose sharply, up 4.9 per cent, compared with a contraction of 1.6 per cent 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 3.6 per cent in March to 2.9 per cent in April. Strong agricultural production 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 3.6 per cent from 3.2 per cent in March, indicating that underlying price pressures are beginning to strengthen beyond food and fuel-related factors.

The increase in transport and utility costs is particularly high because these expenditures affect a wide range of economic activities and household budgets. Rising fuel and electricity costs increase the cost of commuting, operating businesses, transporting goods, and providing services. These costs are often passed on to consumers over time, potentially placing additional 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, while inflation remains within the South African Reserve Bank’s upper target range of 4 per cent, the sharp April increase suggests that inflationary pressures are beginning to re-emerge. 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.

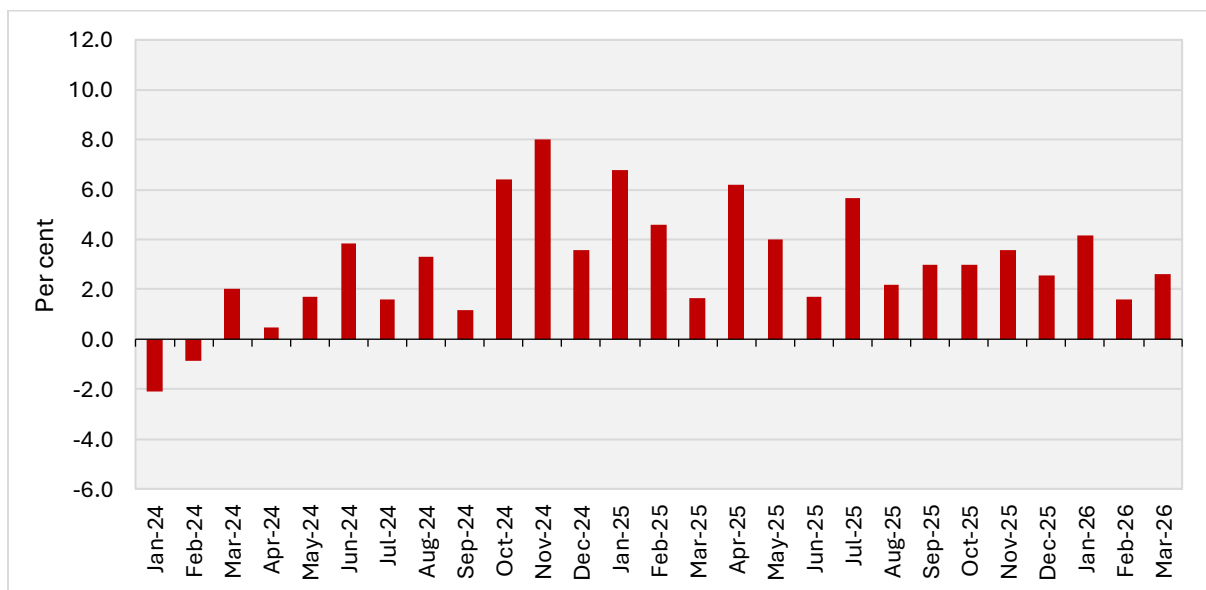
2.2. Retail Trade Performance

Retail sales increased by 2.6 per cent year-on-year in March 2026, up from 1.6 per cent in February and slightly above market expectations. The improvement suggests that consumer spending remained relatively resilient despite ongoing economic pressures, including elevated unemployment, rising transport costs, and increasing household expenses. Retail activity is an important indicator of domestic demand and provides insight into household confidence and spending patterns across the economy.

The increase in retail sales was driven primarily by general dealers, which expanded by 1.7 per cent and contributed 0.8 percentage points to overall retail growth. Strong growth was also recorded among other retailers, which increased by 7.1 per cent, contributing 0.7 percentage points to headline retail sales growth. Additional support came from household furniture, appliances and equipment retailers, which grew by 11.3 per cent, as well as retailers of pharmaceuticals, medical goods, cosmetics and toiletries, which increased by 5.4 per cent. Retailers in textiles, clothing, footwear and leather goods also recorded growth of 4.0 per cent. These gains helped offset a continued decline in sales at specialised food, beverage and tobacco retailers, where sales contracted by 5.6 per cent.

On a seasonally adjusted basis, retail trade sales increased by 0.1 per cent in March compared with February, following a decline of 1.1 per cent in the previous month. While the monthly increase was modest, it suggests that consumer spending stabilised after weakening earlier in the quarter. Looking at broader trends, retail sales increased by 2.8 per cent in the first quarter of 2026 compared with the same period in 2025. The largest contributors to this quarterly growth were retailers in textiles, clothing, footwear, and leather goods, as well as other retailers, each contributing one percentage point to overall growth.

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 employment opportunities in sales, customer service, merchandising, logistics, warehousing, digital commerce, and business administration. The improvement in 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 both youth employment and youth 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 March 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 environment, 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 economic opportunities for young people, particularly in labour-intensive retail and service-related sectors.

2.3. New Vehicle Sales

New vehicle sales remained resilient in April 2026, reflecting continued strength in domestic demand despite a more challenging economic environment. According to Naamsa, total domestic vehicle sales increased by 13.0 per cent year-on-year to 47,979 units, making it the strongest April performance since 2013. The growth was supported by improved financing conditions, earlier interest rate relief, and stronger consumer and business sentiment, which continued to support vehicle purchases despite growing economic uncertainty.

The strongest performance was recorded in the passenger vehicle market, where sales increased by 14.3 per cent year-on-year to 34,414 units. Light commercial vehicle sales, which include bakkies and minibuses, increased by 9.7 per cent, while medium commercial vehicles and heavy trucks and buses recorded growth of 10.5 per cent and 9.9 per cent respectively. The broad-based nature of the growth suggests that demand remained relatively robust across both household and business segments of the market.

However, the operating environment is becoming more challenging. The escalation of geopolitical tensions in the Middle East has contributed to higher global oil prices, increasing fuel costs and raising inflation expectations. These developments are expected to place additional pressure on household finances and business operating costs in the months ahead. At the same time, expectations of further interest rate cuts have weakened as inflationary risks have re-emerged, potentially reducing affordability for consumers seeking vehicle finance.

Export performance also weakened during the month. Vehicle exports declined by 4.0 per cent year-on-year to 30,939 units, reflecting softer demand in key international markets and the impact of ongoing geopolitical uncertainty. A significant contributor to the decline was a 42.9 per cent contraction in light commercial vehicle exports owing to production adjustments linked to a model changeover by a major exporter.

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 important implications for employment, investment, exports, and economic growth.

The continued strength in vehicle sales is an encouraging sign that parts of the economy remain resilient despite growing uncertainty. The automotive value chain offers opportunities for young people across a wide range of activities, including manufacturing, component production, logistics, vehicle maintenance and repairs, sales, transportation services, and entrepreneurship. However, the sector's outlook will depend heavily on how rising fuel costs, inflationary pressures, and global economic conditions evolve over the coming months.

2.4. New Food and Beverages Sector Performance

Stats SA reported that real income generated by the food and beverages industry increased by 2.2 per cent year-on-year in March 2026, indicating continued growth in one of South Africa's key consumer-facing sectors. Although growth slowed from 4.2 per cent in February and 5.7 per cent in January, the sector remained in positive territory, supported by increased spending on food services and catering activities.

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
Restaurants and coffee shops	7.7	8.5	2.8	4.6	5.4	-0.9
Takeaway and fast-food outlets	8.8	4.2	6.4	9.1	4.1	5.8
Catering services	-0.6	3.1	-12.4	-0.5	0.2	2.5
Total	7.0	6.1	2.5	5.7	4.2	2.2

Source: Stats SA

The strongest contributor to growth was the takeaway and fast-food segment, where income increased by 5.8 per cent year-on-year, contributing 2.3 percentage points to overall industry growth. Catering services also recorded a growth of 2.5 per cent. In contrast, income generated by restaurants and coffee shops declined by 0.9 per cent, reflecting ongoing pressure on discretionary consumer spending and the uneven recovery in parts of the hospitality industry.

Looking at broader trends, total food and beverage industry income increased by 4.0 per cent during the first quarter of 2026 compared with the same period in 2025. The main contributors to this growth were takeaway and fast-food outlets, which expanded by 6.4 per cent, and restaurants and coffee shops, which grew by 2.9 per cent over the quarter. This suggests that consumer demand for prepared food and convenience-based services remains relatively resilient despite broader economic challenges.

On a seasonally adjusted basis, total industry income increased by 1.1 per cent in March compared with February, following a decline of 1.5 per cent in the previous month. This points to a modest recovery in activity during March and suggests that demand conditions stabilised after a weaker February performance.

The food and beverages sector plays an important role in South Africa's economy as a significant source of employment, particularly for young people. Restaurants, fast-food outlets, coffee shops, catering companies, and related hospitality businesses often provide entry-level employment opportunities for youth in areas such as food preparation, customer service, administration, logistics, marketing, and business management. The sector also offers relatively low barriers to entry for entrepreneurship and small business development.

The continued growth of takeaway, fast-food, and catering services highlights opportunities for youth-owned enterprises in the food economy. These opportunities extend beyond food preparation and sales to include delivery services, digital ordering platforms, catering services, food production, event management, packaging, and supply chain activities. The sustained growth in these segments suggests that the broader food value chain remains an important avenue for youth entrepreneurship and employment creation.

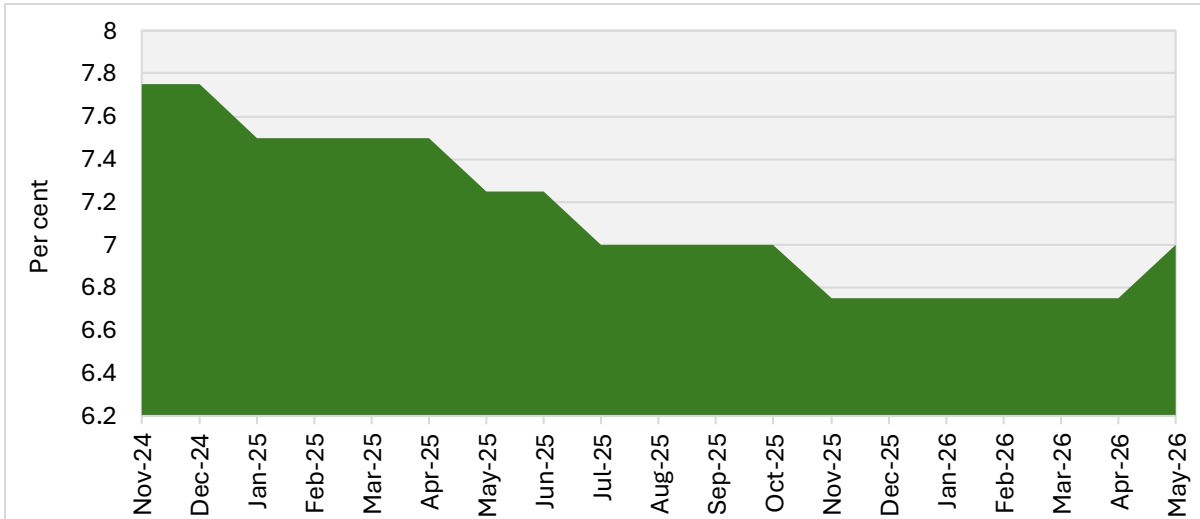
Overall, the March results indicate that the food and beverages sector continues to demonstrate resilience despite a challenging economic environment characterised by rising inflation, higher interest rates, and subdued consumer confidence. While growth has moderated compared with earlier months, the sector remains a potential source of economic opportunities for young people, particularly in areas related to convenience services, catering, and small-business development.

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 increase since 2023. The decision reflects growing concerns about rising 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 increase in inflation, which rose from 3.1 per cent in March to 4.0 per cent in April. Rising fuel prices, electricity costs, and rising 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

Reflecting 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 upwards 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 highlighted that the South African economy is facing a combination of external shocks, including elevated oil prices, global uncertainty, and weather-related risks that could affect food production. The Bank's scenario analysis showed that a prolonged closure of the Strait of Hormuz, drought conditions linked to El Niño, or stronger cost pass-through to consumers could result in even higher inflation and additional interest rate increases.

The interest rate increase presents both challenges and risks for young people and youth-owned enterprises. Higher interest 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 operating in sectors that depend 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 that 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 that can expand economic opportunities for young people in a more constrained economic environment.

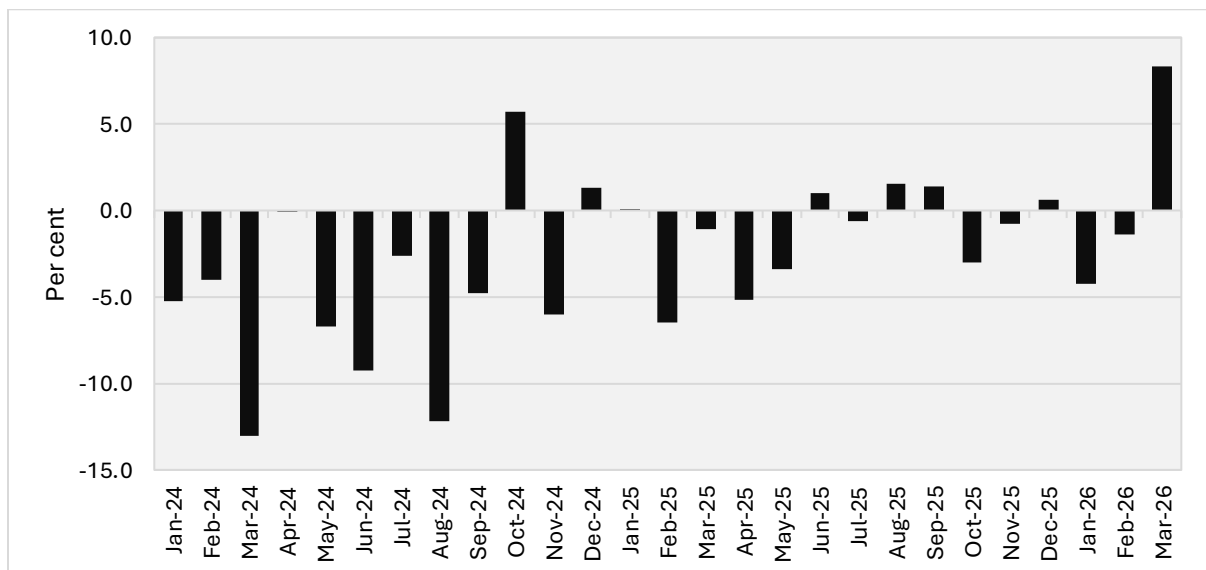
3. Trade and Business: Implications for Young People

3.1. Wholesale Trade Sales

Wholesale trade sales, which provide an important indication of business activity and demand across supply chains, recorded a strong recovery in March 2026 following several months of weak performance. Measured in real terms, wholesale trade sales increased by 8.3 per cent year-on-year in March 2026, while seasonally adjusted sales rose by 5.5 per cent compared with the previous month. This represents the strongest monthly performance since late 2024 and suggests an improvement in economic activity across several sectors.

In nominal terms, wholesale trade sales increased by 9.3 per cent year-on-year in March 2026. The strongest contributors to growth were dealers in solid, liquid and gaseous fuels and related products, which grew by 11.5 per cent and contributed 2.6 percentage points to overall growth. This was followed by food, beverages and tobacco, which increased by 14.6 per cent and contributed 2.2 percentage points, and machinery, equipment and supplies, which expanded by 13.5 per cent and also contributed 2.2 percentage points to overall wholesale trade growth.

Figure 7: Wholesale Trade Sales (year-on-year)



Source: Stats SA

The improvement in wholesale trade activity suggests that businesses are increasing purchases of goods, inputs, fuel, machinery and inventory, which may reflect stronger business confidence, inventory rebuilding, or preparations for future demand. The growth in machinery and equipment sales is particularly encouraging as it may signal ongoing investment activity within parts of the economy. At the same time, the strong performance of food and fuel wholesalers reflects continued demand for essential goods despite broader economic challenges.

Stronger wholesale trade activity may signal emerging opportunities for youth-owned enterprises operating within retail, logistics, transport, distribution, manufacturing supply chains, and business services. Increased demand for goods moving through wholesale channels often creates opportunities for small businesses involved in warehousing, packaging, delivery services, procurement, maintenance, and other supporting activities. The growth in machinery and equipment sales may also indicate opportunities for young entrepreneurs operating in technical, engineering, repair, and equipment-related services.

Overall, the latest wholesale trade data points to a welcome improvement in business activity after a period of subdued growth. While ongoing inflationary pressures, higher interest rates, and global uncertainty continue to pose risks to the economic outlook, the recovery in wholesale sales suggests that parts of the economy remain resilient. For the NYDA, these developments reinforce the importance of identifying sectors where business activity is expanding and supporting young people to participate in emerging value chain opportunities.

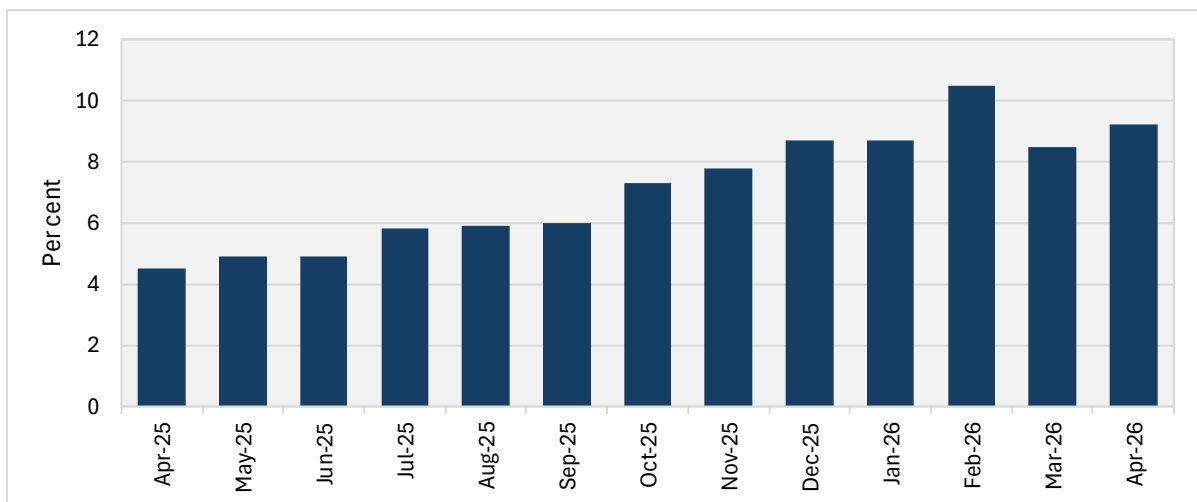
3.2. Private Sector Credit Extension

Private Sector Credit Extension (PSCE), which measures the amount of credit provided by banks and other financial institutions to households and businesses, remained relatively strong in April 2026, although growth moderated from earlier highs. Annual credit growth slowed to 9.2 per cent in April from 10.5 per cent in February, with the February reading representing the fastest pace of credit expansion since 2009. Despite the slowdown, credit growth remains well above inflation and continues to provide support to economic activity.

The moderation in credit growth was largely driven by slower growth in the investment-related component of credit. While the bills and investments category expanded by 33.9 per cent year-on-year in February, growth slowed to 16.3 per cent in April. Excluding this more volatile category, credit growth remained relatively stable at 8.7 per cent in April, suggesting that underlying demand for credit across the economy remains resilient.

A notable feature of the latest data is the divergence between household and business borrowing. Household credit demand increased modestly by 4.6 per cent year-on-year in April, reflecting continued pressure on consumer finances amid rising living costs and a weaker economic outlook. By contrast, corporate credit demand accelerated to 12.5 per cent year-on-year, more than three times the prevailing inflation rate. This suggests that businesses continued to borrow to finance working capital requirements, inventory accumulation, investment activities, and operational costs.

Figure 8: Private sector credit extension (year-on-year)



Source: SARB

General loans and advances, which are among the most accessible forms of business credit, increased by 19.1 per cent year-on-year in April, up from 14.0 per cent in March. This sharp increase may partly reflect businesses building inventories ahead of anticipated price increases linked to higher fuel costs, supply chain disruptions, and broader inflationary pressures. It also points to continued demand for short-term financing despite a more uncertain economic environment.

The latest credit data presents a mixed picture for the economy. On the one hand, strong corporate borrowing suggests that businesses continue to invest, maintain operations, and position themselves for future growth opportunities. On the other hand, relatively weak household credit growth reflects ongoing pressure on consumers, which may constrain spending and limit overall economic expansion.

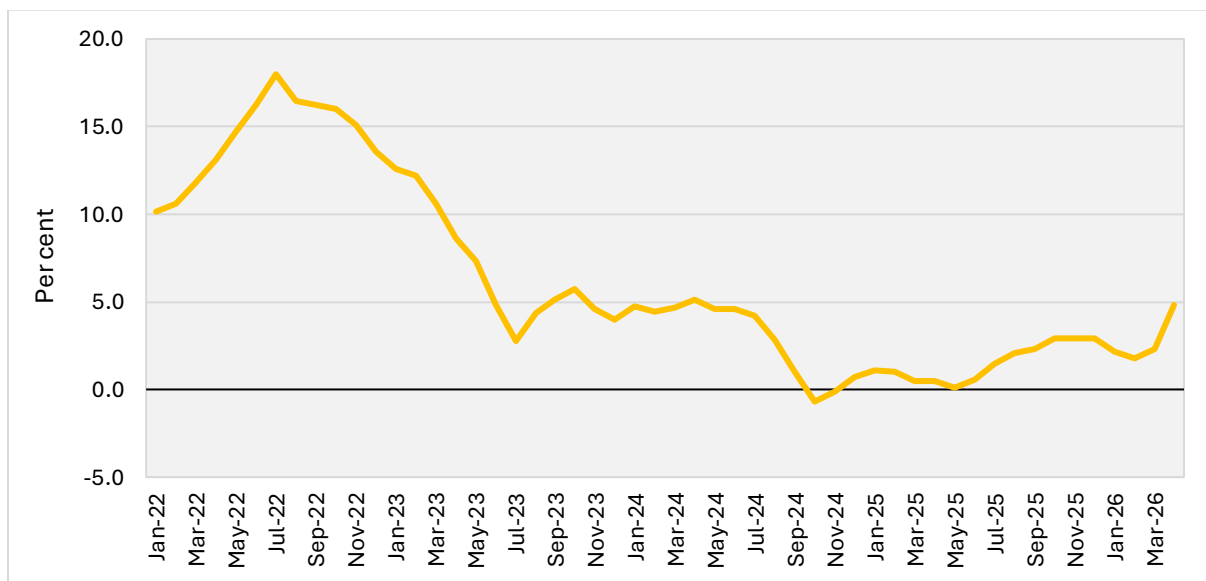
The credit environment remains an important indicator of future economic activity and employment prospects. Continued growth in business borrowing suggests that some sectors of the economy are still investing and expanding, which may support future job creation and enterprise opportunities. However, weaker household demand and higher interest rates could limit growth in sectors that depend heavily on consumer spending. 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 opportunities for youth-owned enterprises. At the same time, there is a need to identify sectors where investment activity remains strong and where young entrepreneurs can participate in the growth of value chains.

3.3. Producer Price Inflation²

Annual producer price inflation accelerated sharply from 2.3 per cent in March to 4.8 per cent in April 2026, marking the highest reading since April 2024. On a monthly basis, producer prices increased by 3.0 per cent, up from 1.1 per cent in March, indicating a significant rise in production costs across the economy. The increase in producer inflation was driven primarily by the coke, petroleum, chemical, rubber, and plastic products category, which rose 11.8 per cent year-on-year and contributed 2.5 percentage points to the headline PPI. Within this category, coal and petroleum products rose by 20.9 per cent, while diesel prices increased by 33.8 per cent and petrol prices by 8.6 per cent. 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 food products, beverages and tobacco products, which increased by 1.9 per cent year-on-year, and paper and printed products, which rose by 6.4 per cent. Producer prices for electricity and water also remained elevated, up 12.5 per cent from a year earlier. These developments suggest that cost pressures are becoming more widespread across the economy and are no longer confined to energy-related products.

Figure 9: Producer price index for final manufactured goods (year-on-year)



Source: Stats SA

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

² The Producer Price Index (PPI) measures changes in the prices received by domestic producers for goods and services before they reach consumers. As a leading indicator of inflation, movements in producer prices often provide an early indication of future consumer price pressures, as higher production costs are frequently passed on to households and businesses 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 April producer price data point to a renewed buildup of inflationary pressures on the production side of the economy. While consumer inflation remains below historical highs, the sharp increase in producer prices suggests cost pressures will likely remain elevated in the coming months. This could place additional pressure on businesses and households, potentially slowing economic activity and affecting the pace at which employment and entrepreneurial opportunities are created for young people.

4. Conclusion

The high-frequency economic data released during May 2026 presents a nuanced picture of the South African economy. While several indicators point to an improvement in economic activity, including stronger manufacturing conditions, positive mining growth, resilient retail sales, expanding wholesale trade, robust vehicle sales, and continued growth in private-sector credit extension, these gains must be interpreted with caution. The data suggests that parts of the economy are recovering from a low base, but the recovery remains uneven, fragile, and insufficiently broad-based to address South Africa's deep structural challenges.

A recurring theme across the data is the disconnect between economic activity and employment creation. While production, sales, and business activity improved in several sectors, employment indicators remain weak, and many industries continue to expand output without a corresponding increase in labour absorption. This reflects a longstanding feature of the South African economy, where growth has increasingly concentrated in capital-intensive sectors and activities that cannot generate employment at the scale needed to address mass unemployment, particularly among young people.

The latest inflation developments also require careful interpretation. While higher fuel and electricity costs have contributed to rising inflation, these pressures are largely supply-side in nature and have been driven by administered prices, global commodity markets, and geopolitical developments beyond South Africa's control. The risk is that policy responses focused primarily on containing inflation through higher interest rates may further weaken domestic demand, increase borrowing costs, and discourage investment at a time when the economy requires stronger growth, productive investment, and job creation.

From a youth development perspective, the data highlights both opportunities and constraints. Encouraging signs are emerging in sectors such as manufacturing, retail trade, food services, logistics, wholesale trade, automotive services, and selected mining value chains. These sectors continue to offer opportunities for youth employment, entrepreneurship, enterprise development, and participation in local value chains. However, the scale of these opportunities

remains insufficient relative to the magnitude of South Africa's youth unemployment challenge, which remains one of the highest in the world.

For the NYDA, the findings reinforce the importance of focusing not only on enterprise support and employability interventions but also on identifying sectors capable of generating large-scale, sustainable employment opportunities. This includes supporting youth participation in productive industries, strengthening local value chains, promoting entrepreneurship in underserved markets, and facilitating access to markets, finance, skills, and economic opportunities through strategic partnerships. Equally important is the need to advocate for a more inclusive growth path that places employment creation, productive investment, industrial development, and economic participation at the centre of economic policy.

Overall, the May 2026 data suggests that while economic activity has shown signs of improvement, the underlying structural constraints facing the economy remain firmly in place. Weak employment growth, persistent inequality, rising living costs, infrastructure challenges, and subdued investment continue to limit the extent to which economic gains translate into improved livelihoods for young people. Sustainable progress will require more than short-term cyclical improvements; it will require a deliberate effort to reshape the economy towards a more labour-absorbing, inclusive, and development-oriented growth trajectory capable of creating meaningful opportunities for South Africa's youth.