nyda
NATIONAL YOUTH DEVELOPMENT AGENCY
OUR YOUTH. OUR FUTURE.

nyda
NATIONAL YOUTH DEVELOPMENT AGENCY
OUR YOUTH. OUR FUTURE.

NYDA Monthly Economic Intelligence Brief

Covering selected high-frequency data released in October 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 5

1.3. Mining Production 7

2. Consumer Spending Trends and Implications for Young People 9

2.1. Consumer Price Index (Inflation Rate) 9

2.2. Retail Trade Performance 11

2.3. New Vehicle Sales 12

2.4. Food and Beverages Sector Performance 14

2.5. SARB's Interest Rate Decision 16

3. Trade and Business: Implications for Young People 17

3.1. Wholesale Trade Sales 17

3.2. Private Sector Credit Extension 18

3.3. Producer Price Index 20

3.4. SACCI Business Confidence Index 21

4. Conclusion 23

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

For enquiries:

Ms. Lesego Ntatamala

Economist

Lesego.Ntatamala@nyda.gov.za

Ms. Msa Mesatywa

Economist

Msa.mesatywa@nyda.gov.za

Purpose of the Publication

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

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

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

Key Highlights

- Absa Purchasing Managers' Index (PMI) rose by 4.9 points to 50.7 in September 2026, from 45.8 in August.
- Statistics South Africa (Stats SA) reported that manufacturing production fell 4.3 per cent year-on-year in August 2026, after rising 1.1 per cent in July.
- Mining production fell 12.7 per cent year-on-year in August 2026, after a revised contraction of 7.0 per cent in July.
- South Africa's annual consumer inflation rate increased to 4.5 per cent in September 2026, from 4.4 per cent in August, its highest level since June.
- Retail trade sales increased by 3.3 per cent year-on-year in August 2026, measured at constant 2019 prices, slightly below the 3.4 per cent growth recorded in July.
- South Africa's new vehicle market strengthened further in September 2026, with aggregate domestic sales reaching 61,645 units.
- South Africa's food and beverages sector weakened in August 2026, with real income declining by 3.3 per cent year-on-year, reversing the 6.5 per cent growth recorded in July.

Key Highlights (Cont.)

- The South African Reserve Bank (SARB) raised the repurchase rate by 25 basis points to 7.25 per cent, effective from 25 September 2026.
- In real terms, wholesale trade sales decreased by 0.9 per cent year-on-year in August.
- Private Sector Credit Extension (PSCE), which measures the amount of credit provided by banks and other financial institutions to households and businesses, increased by 6.23 per cent year-on-year in September 2026.
- Annual producer price inflation for final manufactured goods accelerated to 6.2 per cent in September 2026, from 5.0 per cent in August.
- The South African Chamber of Commerce and Industry (SACCI) Business Confidence Index (BCI) edged down by 0.8 points to 134.3 in September 2026, from 135.1 in August.
- Overall, South Africa's economic recovery remains fragile and uneven, with improvements in business confidence, retail activity and vehicle sales offset by weak industrial production, rising inflation and slowing credit growth. These conditions continue to constrain youth employment and entrepreneurship through higher operating costs, limited financing and subdued business activity. For the NYDA, the priority remains strengthening youth participation in resilient sectors, improving access to finance and markets, and supporting the sustainability of youth-owned enterprises.

1. Industrial Conditions and Implications for Young People

1.1. ABSA Purchasing Managers' Index (PMI)

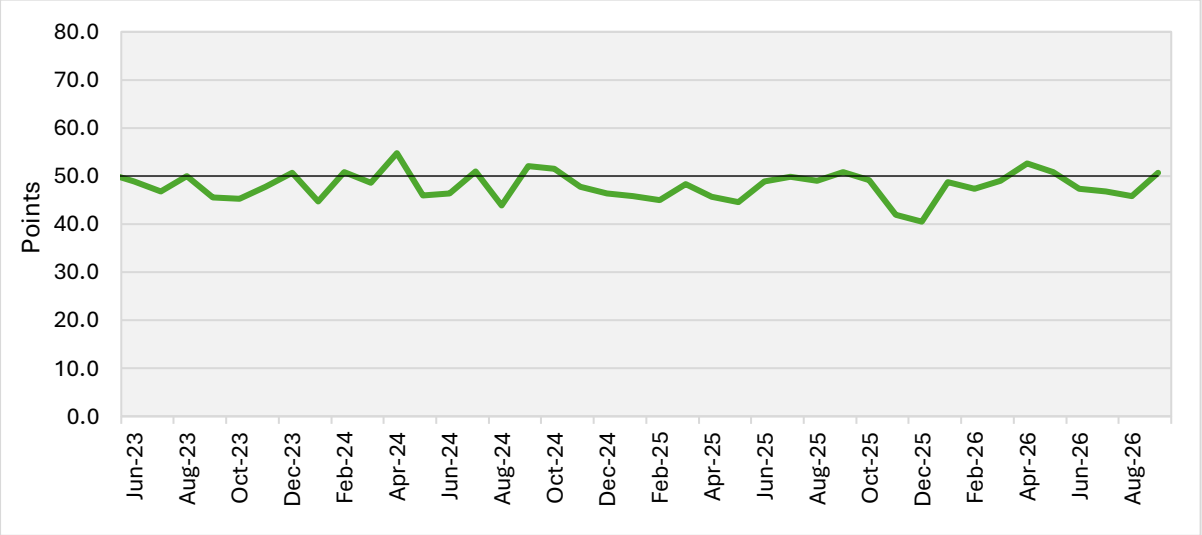
The Absa Purchasing Managers' Index (PMI) increased by 4.9 points to 50.7 in September 2026, from 45.8 in August, moving back into expansionary territory after three consecutive months below the neutral 50-point mark. The improvement was largely driven by a recovery in new sales orders, which rose to 50.8 from 40.3, indicating stronger demand. The business activity index also rebounded to 49.3, from 40.2 in August, although it remained marginally below the neutral threshold, suggesting that the recovery in actual manufacturing activity was still limited. However, the improvement in business conditions has yet to translate into stronger employment prospects. The employment index declined from 46.2 in August to 43.1 in September, almost reversing the gains recorded in the previous month. This suggests the recovery in new orders and business activity has not yet been strong or sustained enough to encourage manufacturers to

expand their workforce. Furthermore, order backlogs remained subdued, while supply-chain constraints, particularly shipping delays at Durban Port, continued to place pressure on manufacturers alongside elevated input costs.

Despite the improvement in new orders and the recovery in business activity from August's sharp decline, manufacturing demand remained uneven, with business activity still marginally below the neutral 50-point threshold and order backlogs subdued. Export orders also strengthened to their highest level since early 2025, although they remained below 50, suggesting that the improvement in demand was not driven solely by domestic conditions. However, manufacturers continued to report weak customer commitments, limited major projects, increased competition from imports, and rising input costs, which further pressured operating margins. For young jobseekers and youth-owned enterprises, the recovery in new orders presents potential opportunities for employment and procurement as production improves. Nevertheless, the mixed demand conditions suggest that the improvement remains fragile and should not yet be interpreted as evidence of a sustained recovery in manufacturing activity.

Manufacturers remained cautiously optimistic about the future. The index measuring expected business conditions in six months' time edged up by 0.6 points to 55.3 in September, from 54.7 in August, remaining above the neutral 50-point mark for a second consecutive month, although still below its long-term average. Together with the rebound in new orders, this suggests that firms expect operating conditions to improve gradually. However, the headline PMI was also supported by the supplier deliveries index, which remained elevated at 58.4, after 58.6 in August. In this instance, the high reading reflected genuine logistics disruptions rather than strong demand, with respondents citing delays at Durban harbour, longer shipping schedules, delays in clearing containers, and sharply higher freight costs. As a result, part of the improvement in the headline PMI should be interpreted with caution.

Figure 1: ABSA Purchasing Managers' Index (PMI)



Source: ABSA

Cost pressures intensified in September. The purchasing price index rose by 3.9 points, from 67.2 to 71.1, reversing its recent downward trend. Respondents cited higher fuel, freight, transport,

logistics and other input costs, including the effect of domestic fuel-price increases at the beginning of September. Firms also reported higher supplier delivery charges, higher paper prices, shortages of some plastic inputs and continued pressure on margins. For smaller and youth-owned enterprises with limited capacity to absorb rising costs, the combination of higher fuel, freight and input prices and intense import competition continues to squeeze operating margins and constrain resources available for expansion or new hiring.

The inventories index rose from 43.6 to 52.2 in September, returning above the neutral 50-point mark. Together with a rise in purchase commitments, this suggests that some manufacturers are rebuilding stocks after recent weakness or preparing for stronger seasonal demand. However, with order backlogs still subdued, it is too early to interpret the inventory build as evidence of a broad-based demand upswing.

For youth-owned enterprises, the September PMI presents both opportunities and risks. The rebound in new orders, inventory rebuilding and preparation for seasonal demand may create opportunities for young enterprises operating in manufacturing supply chains, including packaging, distribution, maintenance, technical services and the supply of inputs. At the same time, logistics disruptions at Durban harbour and higher freight and transport costs highlight the vulnerability of businesses that depend on imported inputs or long supply chains. Youth-owned enterprises that can offer reliable local supply, logistics and support services may therefore be better placed to benefit as manufacturers seek to manage delivery delays and rising costs.

Overall, the September 2026 PMI marks a welcome improvement after a weak winter, with the headline index returning to expansionary territory, supported by a sharp rebound in new orders, a recovery in business activity and improved expectations. However, the signal is not uniformly positive, as business activity remained just below 50, employment weakened, order backlogs stayed subdued, logistics disruptions artificially boosted the supplier deliveries component and purchasing price pressures reaccelerated. For young people and youth-owned enterprises, this points to an environment that is improving but remains fragile. The Agency should therefore continue to approach manufacturing as a sector offering cautious rather than assured opportunities, focusing support on cost resilience, local supply-chain participation and market access, while monitoring whether a sustained move above 50 in the coming months translates into higher production and hiring.

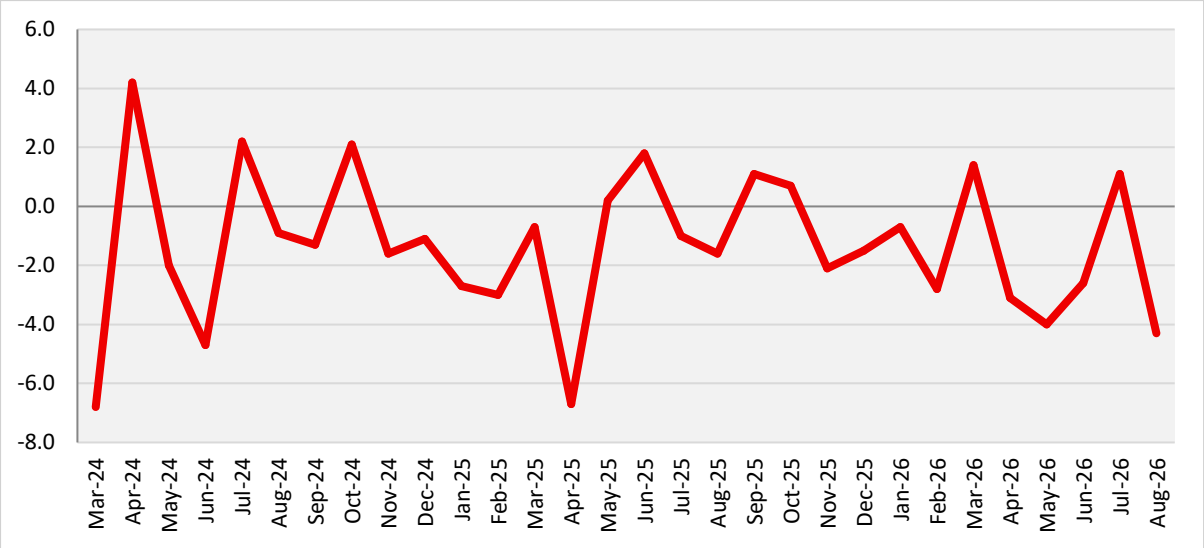
1.2. Manufacturing Production

Statistics South Africa (Stats SA) reported that manufacturing production fell by 4.3 per cent year-on-year in August 2026, after rising 1.1 per cent in July. On a seasonally adjusted month-on-month basis, production declined by 3.1 per cent in August, reversing the 2.2 per cent increase recorded in July. However, production increased by 1.1 per cent in the three months ended August 2026 compared with the preceding three months. This divergence indicates that, despite a modest improvement over the three-month period, factory output weakened considerably in August.

The annual decline was widespread across the sector, with the five largest divisions all contracting. Petroleum, chemical products, rubber and plastic products decreased by 5.0 per

cent and was the largest negative contributor at -1.1 percentage points, driven mainly by a 19.0 per cent fall in basic chemicals. Motor vehicles, parts and accessories and other transport equipment declined by 8.8 per cent, wood and wood products, paper, publishing and printing by 7.0 per cent, and both food and beverages and basic iron and steel, non-ferrous metal products, metal products and machinery by 3.0 per cent, with each of these divisions contributing -0.7 of a percentage point to the annual rate. The simultaneous weakness across these industries points to pressure on a range of manufacturing supply chains.

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



Source: Stats SA

The three-month trend presents a somewhat more favourable, although still fragile, picture. Eight of the ten manufacturing divisions recorded growth in the three months ended August compared with the previous three months. The largest positive contributors came from food and beverages, which grew by 2.5 per cent and contributed 0.6 percentage points to overall growth, while basic iron and steel, non-ferrous metal products, metal products and machinery grew by 1.5 per cent, contributing 0.3 percentage points. Within these activities, beverages and selected machinery categories recorded gains. Although manufacturing production improved over the three-month period, this was largely driven by the strong performance recorded in July. The sharp month-on-month decline in August highlights the uneven nature of the recovery, suggesting that the recent improvement has not been sustained and should not yet be interpreted as evidence of a sustained recovery in manufacturing activity.

Manufacturing sales outperformed production volumes. Seasonally adjusted manufacturing sales at current prices increased by 1.1 per cent month on month in August, following a 5.1 per cent increase in July and a 1.7 per cent decline in June. On a year-on-year basis, sales increased by 2.8 per cent, and sales over the three months ended August were 1.4 per cent higher than in the previous three months. The largest positive contributions over the three-month period came from the motor vehicles, parts and accessories and other transport equipment division, which increased by 8.2 per cent and contributed 1.2 percentage points. This was followed by the petroleum, chemical products, rubber and plastic products division, which rose 2.4 per cent and contributed 0.5 percentage points. In contrast, the basic iron and steel, non-ferrous metal

products, metal products and machinery division recorded a decline of 2.9 per cent, subtracting 0.6 of a percentage point from overall growth, making it the largest negative contributor

Although manufacturing sales have increased, these gains should be treated with caution, as sales are measured at current prices and do not necessarily reflect higher physical production volumes. The rise in sales values alongside declining production volumes suggests that price increases, rather than stronger underlying demand, may have contributed to the growth in sales. This is further supported by annual sales growth, which remains below the 5.0 per cent producer price inflation recorded in August 2026.

The August decline in manufacturing production weakens the near-term outlook for employment and enterprise opportunities in the sector. The contraction was concentrated in large, labour-intensive value chains such as food processing, chemicals, automotive components, metal fabrication, and paper and printing, which are important sources of both direct jobs and supplier opportunities. For young people, this suggests that manufacturing is unlikely to be a strong source of new entry-level employment in the coming months, and that firms may continue to delay hiring until demand conditions improve.

The manufacturing sector remains important for youth economic participation, given its linkages with production, logistics, maintenance, technical services, distribution and enterprise development. The pockets of growth recorded in August, including textiles, plastic products, special-purpose machinery and beverages, together with the stronger performance over the three months ended August, indicate that opportunities still exist in selected value chains. Youth-owned enterprises may find more stable demand in areas such as clothing and textile production, packaging, machinery maintenance and repair, and beverage-related distribution and logistics. At the same time, the sharp declines in chemicals, automotive components, metal products and publishing reinforce the need for targeted rather than broad-based enterprise support, and for youth-owned suppliers to avoid excessive dependence on a single customer or subsector.

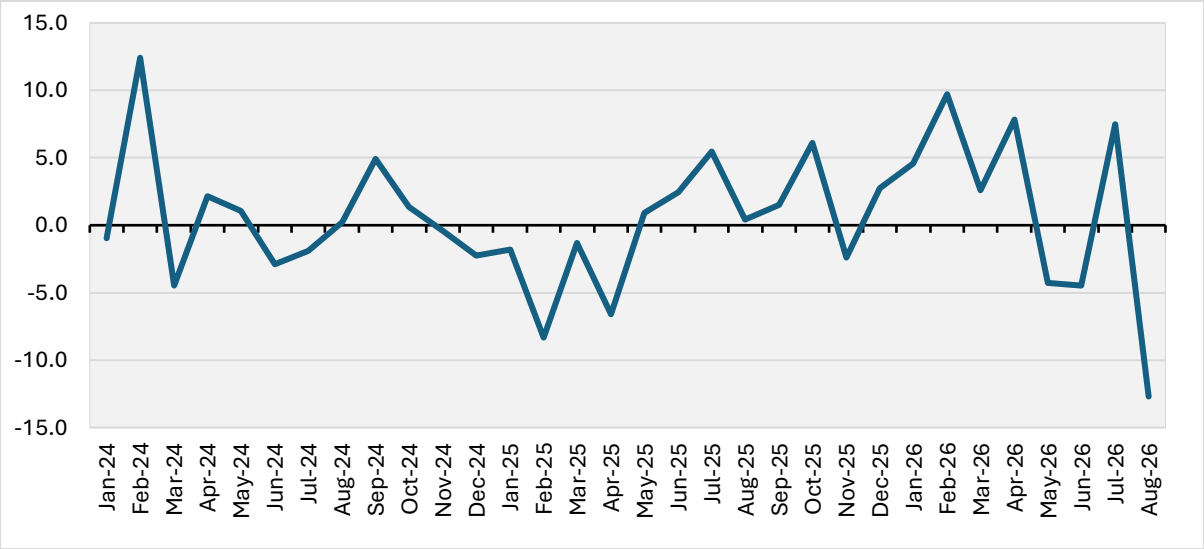
Overall, the August 2026 manufacturing data point to a renewed contraction in production, with output declining both year-on-year and month-on-month, and the improvement recorded in July proving short-lived. The 4.3 per cent annual decline and 3.1 per cent monthly fall point to a fragile industrial environment rather than a broad-based recovery. For the Agency, these developments reinforce the importance of aligning youth employment and enterprise support with demonstrable opportunities in manufacturing value chains showing sustained demand. This requires strengthening the cost resilience, market access and technical capabilities of youth-owned enterprises to position them to benefit from future improvements in manufacturing activity, while closely monitoring whether increased sales translate into sustained growth in production and employment.

1.3. Mining Production

Mining production fell 12.7 per cent year on year in August 2026, after a revised 7.0 per cent contraction in July. On a month-on-month basis, seasonally adjusted mining production declined 5.4 per cent in August, following a 1.9 per cent decline in July and a 0.4 per cent increase in June, bringing the seasonally adjusted production index to 84.7. These results indicate a deepening contraction in mining activity rather than a temporary monthly setback.

The annual decline was again driven by the three largest mineral groups. Platinum group metals (PGMs) fell 22.5 per cent and subtracted 6.1 percentage points, coal fell 11.7 per cent, contributing a negative 3.0 percentage points, and iron ore fell 16.2 per cent, contributing a further negative 2.4 percentage points. The weakness was also evident over the three-month period. PGM production contracted by 14.4 per cent, iron ore by 5.7 per cent, and diamonds by 23.0 per cent, contributing negative 4.1, 0.8, and 0.4 percentage points, respectively. Although some smaller mineral categories recorded gains, these were insufficient to offset the contraction in major mining commodities.

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



Source: Stats SA

The deterioration extended to mineral sales. At current prices, mineral sales fell 15.1 per cent year-on-year in August 2026, following a revised 5.3 per cent decline in July. Seasonally adjusted sales fell 7.9 per cent month-on-month, after a 13.7 per cent contraction in July, and were down 13.3 per cent over the three months ended August. Gold sales recorded the largest annual decrease, falling 48.6 per cent and subtracting 8.6 percentage points from overall sales growth. Iron ore sales fell 23.0 per cent, a negative 2.4 percentage points, while PGM and coal sales declined 7.5 per cent and 7.8 per cent, respectively, each with a negative 1.9 percentage points. The sharp reversal since July indicates that this earlier support from mineral sales is fading.

The simultaneous decline in mining production and mineral sales highlights a challenging environment for employment and enterprise activity, particularly in mining-dependent provinces such as North West, Limpopo, Mpumalanga, and the Northern Cape. Lower production in these mineral groups can reduce demand for labour, contractors, and services, both within mining operations and across linked activities such as processing, transport and logistics, equipment maintenance, construction, and business services. For young people, this may translate into fewer entry-level jobs and apprenticeship opportunities, while youth-owned enterprises could face reduced procurement opportunities, weaker demand, and tighter cash flow. Furthermore, declining mineral sales revenues may prompt mining companies to delay investment and expansion projects, further limiting opportunities for youth participation in the sector. However,

these remain potential economic implications rather than employment outcomes directly measured by the mining data.

For the Agency, the data reinforces the need to target youth enterprise and employment support carefully in mining-intensive regions. Priorities include strengthening the technical and business capabilities of youth-owned suppliers, improving access to procurement opportunities where demand is demonstrable, and supporting transferable skills that enable young people to work across mining-related and other sectors. Monitoring production and sales trends by mineral group can help identify where value-chain demand is stabilising and where diversification support may be more appropriate.

Overall, the August 2026 data point to a marked deterioration in the mining sector. For young people and youth-owned enterprises, this suggests limited near-term scope for broad-based expansion of mining-linked employment and procurement, particularly in mining-dependent economies. The Agency should therefore prioritise resilience, skills development, and targeted interventions to improve young enterprises' access to diversified supply chains, procurement markets, and alternative economic activities in mining regions. It should also track whether any future improvement in mineral demand translates into sustained production and hiring.

2. Consumer Spending Trends and Implications for Young People

2.1. Consumer Price Index[1] (Inflation)

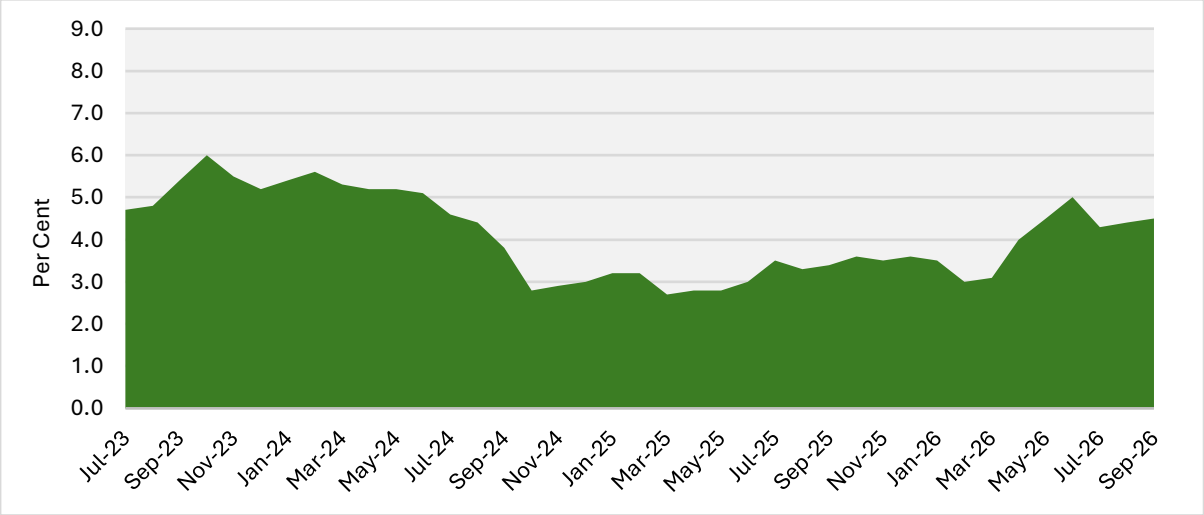
South Africa's annual consumer inflation rate increased to 4.5 per cent in September 2026, from 4.4 per cent in August, its highest level since June. The Consumer Price Index (CPI) increased by 0.4 per cent month-on-month in September. The main contributors to annual inflation were transport at 10.8 per cent, contributing 1.5 percentage points, housing and utilities at 5.2 per cent, contributing 1.3 percentage points, and insurance and financial services at 5.4 per cent, contributing 0.6 percentage points. Goods inflation accelerated to 4.1 per cent from 3.3 per cent in August, while services inflation eased to 4.9 per cent from 5.1 per cent. Core inflation, which excludes food, non-alcoholic beverages, fuel and energy, was 4.0 per cent, while administered prices increased by 13.0 per cent, highlighting the extent to which fuel and other regulated prices are driving headline inflation. The September increase indicates renewed pressure on consumer prices, particularly for transport-related expenditure.

Price developments were uneven across expenditure categories. Food and non-alcoholic beverage prices increased by 1.2 per cent year-on-year in September, slightly higher than the 1.1 per cent recorded in August. Food inflation was 1.0 per cent, with processed food prices 0.7 per cent lower than a year earlier, while unprocessed food prices increased by 2.9 per cent. Cereal products fell 1.9 per cent and fruits and nuts 4.8 per cent, while meat inflation remained low at 0.7 per cent. In contrast, prices increased for fish and other seafood by 8.0 per cent, vegetables by 3.5 per cent, oils and fats by 3.0 per cent, and milk, other dairy products and eggs by 2.4 per

[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.

cent, while non-alcoholic beverages increased by 4.5 per cent. These essential costs continue to weigh on disposable income even where food inflation is comparatively subdued.

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



Source: Stats SA

Transport was the most significant source of renewed inflationary pressure. Annual transport inflation reached 10.8 per cent in September. Transport prices increased by 2.0 per cent month-on-month and accounted for 0.3 of a percentage point of the 0.4 per cent monthly increase in headline CPI. This was driven mainly by fuel, with prices increasing 6.2 per cent between August and September after a sharp fuel price adjustment at the start of the month, lifting annual fuel inflation to 27.9 per cent from 20.0 per cent in August. Passenger transport services, which include taxi and bus fares, increased by 12.3 per cent year-on-year.

For young people, higher transport costs may reduce the affordability of commuting to work, attending interviews, accessing training and seeking employment, particularly for those with limited or irregular incomes. Although relatively modest food inflation offers some relief, continued increases in housing, utilities and transport costs can restrict household purchasing power and reduce spending on other goods and services. Youth-owned enterprises may also face higher delivery, distribution and operating costs, which could squeeze margins or prompt price adjustments in a competitive market. These are potential economic implications of price developments rather than directly measured youth outcomes.

Overall, the September 2026 inflation data point to a modest increase in headline inflation, driven mainly by transport costs, while food price pressures remained comparatively contained. The acceleration in transport and administered prices, together with persistent increases in utility costs, suggests cost-of-living pressures are building again and aligns with the SARB's expectation that inflation will move higher in the coming months. For the Agency, these findings reinforce the need to address rising costs of youth economic participation, particularly transport expenses associated with accessing employment, training, and markets. They also highlight the need to strengthen the cost resilience of youth-owned enterprises through business development support, improved logistics, financial planning, cost-efficiency measures, and access to affordable finance. Continued monitoring of fuel, transport and essential household prices will

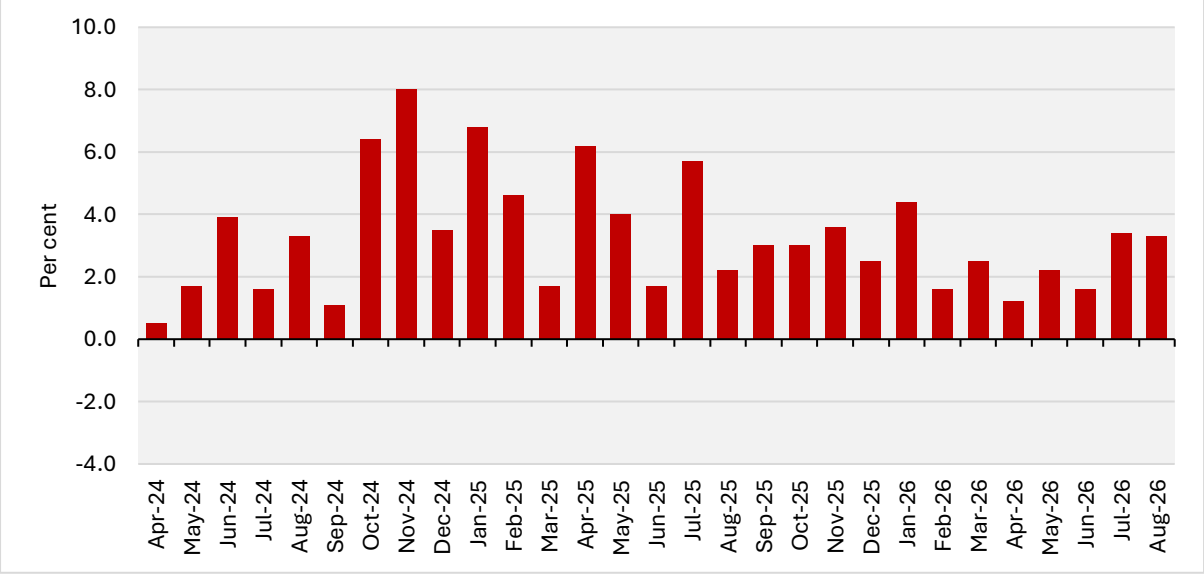
be important in assessing the impact of inflation on youth livelihoods and economic opportunities.

2.2. Retail Trade Performance

Retail trade sales rose by 3.3 per cent year on year in August 2026, measured at constant 2019 prices, slightly below the 3.4 per cent recorded in July. This suggests that the stronger pace of consumer activity seen in July was largely sustained, supported mainly by clothing retailers, all other retailers and general dealers. On a seasonally adjusted basis, however, retail trade sales fell by 0.3 per cent in August compared with July, following a strong 2.4 per cent increase in July and a 0.8 per cent decline in June. The small monthly decline therefore reflects some consolidation after July's sharp increase rather than a material weakening in demand. The divergence between positive annual growth and the monthly decline indicates that consumer spending remained resilient relative to a year earlier, although the latest monthly momentum softened.

The August increase was driven mainly by retailers in textiles, clothing, footwear and leather goods, which grew by 6.5 per cent and contributed 1.0 percentage point to total growth. All other retailers increased by 8.1 per cent, contributing 0.9 percentage points, while general dealers grew by 2.0 per cent, also contributing 0.9 percentage points. Retailers in food, beverages and tobacco in specialised stores rose 5.8 per cent, adding 0.5 of a percentage point and extending their recovery from earlier declines. In contrast, hardware, paint and glass retailers declined by 3.6 per cent, subtracting 0.3 percentage points from total growth and pointing to uneven demand across retail categories.

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



Source: Stats SA

Over the three months ended August 2026, retail trade sales increased by 2.6 per cent compared with the same period in 2025. The largest contributors were general dealers, which increased by 2.2 per cent and contributed 1.0 percentage point, and all other retailers, which increased by 7.3

per cent and contributed 0.8 percentage points. Seasonally adjusted retail trade sales increased by 1.1 per cent over the three months ended August compared with the previous three months. General dealers rose by 1.1 per cent and contributed 0.5 percentage point, specialised food, beverages and tobacco retailers rose by 3.5 per cent and contributed 0.3 percentage point, and all other retailers rose by 2.7 per cent and contributed 0.3 percentage point, making the largest positive contributions. This points to a gradual improvement in underlying retail momentum during the third quarter.

Overall, the August retail data point to sustained consumer activity, with year-on-year sales growth of 3.3 per cent, broadly in line with July, and a positive three-month trend, despite a slight seasonally adjusted monthly decline following July's strong increase. Growth was broad-based across most retail categories, led by clothing and footwear, all other retailers and general dealers, although hardware, paint and glass retailers continued to record weaker sales. Looking ahead, higher fuel prices in September, the repo rate hike, and still-subdued consumer confidence may weigh on household spending in the coming months. For the Agency, this reinforces the importance of continued monitoring of retail activity to assess household demand, employment opportunities and areas of potential youth entrepreneurship, particularly ahead of the festive season.

2.3. New Vehicle Sales

South Africa's new vehicle market strengthened further in September 2026, with aggregate domestic sales reaching 61,645 units, up 12.7 per cent from September 2025. Sales also exceeded the 57,761 units recorded in August, indicating continued strength in domestic vehicle demand. The improvement suggests demand for new vehicles remained resilient, although sales figures alone do not show the extent to which affordability, financing conditions, or business investment contributed to the increase. The performance is notable given the less supportive macroeconomic environment. Headline inflation stood at 4.4 per cent in August, while the South African Reserve Bank (SARB) increased the repo rate by 25 basis points to 7.25 per cent, effective 25 September 2026. These developments could increase financing and operating costs for vehicle buyers and businesses in the coming months. However, the full impact of the interest rate increase may not yet be reflected in September sales, given the time it takes for changes in financing conditions to influence purchasing decisions.

Passenger vehicles led growth, with sales rising 14.7 per cent to 44,291 units. Light commercial vehicles, including bakkies and minibuses, rose 9.6 per cent to 14,361 units, while medium commercial vehicle sales rose 3.4 per cent to 789 units. Heavy trucks and buses declined marginally by 1.1 per cent to 2,204 units, although performance within this segment was mixed. Heavy commercial vehicle sales rose 12.1 per cent to 686 units, while extra-heavy commercial vehicles fell 2.1 per cent to 1,448 units. Bus sales fell by 49.3 per cent to 70 units. The weaker performance in selected heavier vehicle categories may indicate subdued demand in parts of the freight, construction and transport industries, although the sales figures alone do not establish the underlying causes.

For young people, sustained domestic vehicle demand may create opportunities in vehicle retail, sales administration, customer service, finance-related support, servicing, repairs, spare parts distribution and logistics. Growth in selected commercial vehicle categories may also support activity across associated transport and fleet-service value chains. Youth-owned enterprises could benefit through dealership supply chains, automotive maintenance, vehicle detailing, digital marketing, parts supply and other support services. However, stronger vehicle sales do not automatically translate into additional employment, and the extent to which these opportunities benefit young people will depend on recruitment practices, skills requirements and access to supplier networks.

Vehicle exports weakened considerably in September. Exports declined by 18.8 per cent year-on-year to 31,473 units, from 38,782 units in September 2025. The decline was concentrated in light commercial vehicles, where exports fell 35.6 per cent to 10,178 units, while passenger vehicle exports fell 8.2 per cent to 20,896 units. Year-to-date exports were 10.0 per cent lower, at 281,458 units, with light commercial vehicle exports down 29.9 per cent. The divergence between relatively strong domestic sales and weaker exports raises concerns about the performance of the automotive manufacturing base. Weaker export demand could pressure domestic production, component suppliers, and employment in vehicle assembly and related industries.

New Energy Vehicle (NEV) adoption continued to expand, with cumulative sales reaching 18,945 units in the first eight months of 2026, already exceeding the 16,703 units sold in all of 2025. This indicates growing interest in electrified mobility in the domestic market. Rechargeable vehicles, comprising plug-in hybrids and battery electric vehicles, accounted for more than half of NEV sales, pointing to a gradual shift towards more heavily electrified powertrains. Rising fuel costs may further strengthen interest in these technologies, although affordability, charging infrastructure and access to specialised maintenance services will remain important considerations.

The expansion of the NEV market presents emerging opportunities for youth employment and enterprise development. The transition towards electrified mobility could increase demand for technical skills and for businesses specialising in electrical and electronic servicing, charging infrastructure, battery maintenance, vehicle software and diagnostics, and specialised automotive support. However, accessing these opportunities will require appropriate technical training, certification, equipment, and partnerships with established industry players. At the same time, the decline in vehicle exports poses a potential risk to manufacturing employment and to youth-owned enterprises supplying components, logistics and services to vehicle assembly plants, particularly in established automotive clusters such as the Eastern Cape and Gauteng.

Overall, September 2026 new vehicle sales point to continued resilience in domestic demand, led by passenger cars and light commercial vehicles, alongside uneven performance across commercial vehicle categories and a notable decline in exports. The expansion of the NEV market also signals emerging opportunities within the automotive value chain. For the Agency, these developments reinforce the importance of connecting young jobseekers and youth-owned

enterprises to automotive value chains with sustained demand, while strengthening technical skills, market access, business capabilities and supplier readiness. Continued monitoring of domestic sales, exports, production and employment trends will be necessary to assess whether growth in the automotive market translates into sustainable youth employment and enterprise opportunities.

2.4. New Food and Beverages Sector Performance

South Africa's food and beverages sector weakened in August 2026, after the strong improvement recorded in July. According to Statistics South Africa (Stats SA), income measured at constant 2019 prices declined by 3.3 per cent year-on-year in August, reversing the 6.5 per cent increase in July. Seasonally adjusted real income also fell by 3.3 per cent month-on-month, following a 4.0 per cent increase in July. Despite this monthly setback, seasonally adjusted income rose by 0.8 per cent over the three months ended August, compared with the preceding three months. The figures suggest that the recovery remains uneven, with July's gains not sustained in August.

The August decline was concentrated in restaurants and coffee shops, and in takeaway and fast-food outlets. Real income fell by 4.0 per cent year-on-year at restaurants and coffee shops and by 3.9 per cent at takeaway and fast-food outlets, while catering services recorded modest growth of 1.2 per cent. Nevertheless, the three months from June to August 2026 saw real income growth of 1.3 per cent compared with the same period in 2025, supported mainly by restaurants and coffee shops, which grew by 2.7 per cent. This contrast between the latest monthly decline and the positive three-month performance indicates that demand conditions vary across periods and business segments.

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	May-26	Jun-26	Jul-26	Aug-26
Restaurants and coffee shops	7.7	8.5	2.8	4.6	5.4	-0.9	-3.5	-1.7	1.3	10.5	-4.0
Takeaway and fast-food outlets	8.8	4.2	6.4	9.1	4.1	5.8	0.0	2.2	0.0	3.7	-3.9
Catering services	-0.6	3.1	-12.4	-0.5	0.2	2.5	-3.0	-2.9	3.1	2.2	1.2
Total	**7.0**	**6.1**	**2.5**	**5.7**	**4.2**	**2.2**	**-2.1**	**-0.3**	**1.0**	**6.6**	**-3.3**

Source: Stats SA

The difference between nominal and real income highlights continued pressure on the food and beverages sector. Although nominal income rose 3.9 per cent year-on-year in August, real income fell 3.3 per cent, while seasonally adjusted nominal income fell 2.8 per cent month-on-month, indicating that higher revenue did not reflect stronger underlying activity. For young people, weaker demand in restaurants and takeaway outlets may constrain entry-level employment and casual work opportunities, while rising food, fuel and financing costs could place additional pressure on youth-owned businesses. However, continued growth in catering services suggests potential opportunities in corporate, events and institutional catering. These developments reinforce the importance of strengthening the financial resilience, market access, and procurement participation of youth-owned enterprises, while monitoring employment trends across the sector.

Overall, the August 2026 data point to a setback for the food and beverages sector after a strong July, with declines in restaurants and takeaway outlets and a sharp month-on-month fall in real income. However, three-month and year-to-date growth remain positive, and part of the weakness reflects the high base set in August 2025, so the sector does not appear to be in a sustained downturn. For the Agency, this calls for targeted support rather than an assumption of a broad-based recovery. Food services remain valuable entry points for youth employment and entrepreneurship, but opportunities depend on sustained demand. Support for youth-owned enterprises should therefore focus on cost management, pricing and working capital, business planning, food safety and quality standards, and digital ordering and marketing. It should also strengthen their links to more stable demand channels, such as catering contracts, institutional procurement, and established supply chains. Continued monitoring of whether real income stabilises will be important, particularly as higher interest rates and fuel prices weigh on household spending in the final months of 2026.

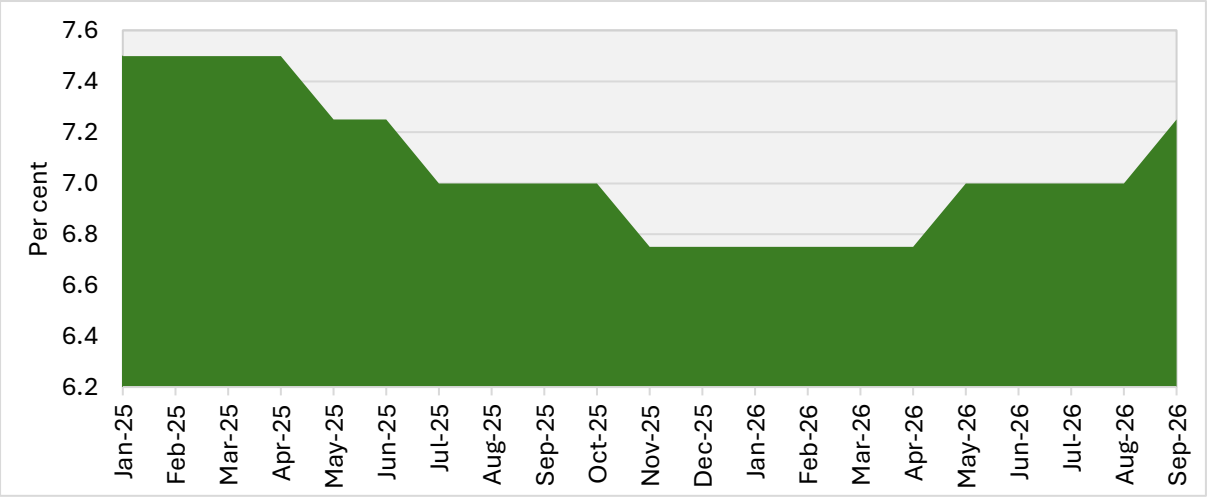
2.5. SARB's Interest Rate Decision

On 23 September 2026, the South African Reserve Bank (SARB) increased the repurchase rate by 25 basis points, from 7.00 per cent to 7.25 per cent, effective from 25 September 2026. The decision marked a shift from the previous rate and was taken amid a more challenging global inflation environment, particularly renewed fuel-price pressures and heightened geopolitical tensions. The SARB noted that the conflict in the Middle East had intensified, disrupting oil flows through the Strait of Hormuz, while fighting in Yemen had interrupted Saudi Arabian oil exports. These developments contributed to global energy supply pressures and increased the risk of further inflationary pressures in South Africa.

The latest domestic inflation data indicates a further acceleration in price pressures. Headline consumer inflation increased to 4.5 per cent in September 2026, from 4.4 per cent in August, while the consumer price index increased by 0.4 per cent month-on-month. Transport inflation accelerated to 10.8 per cent from 8.8 per cent, largely reflecting higher fuel prices. Annual fuel inflation rose sharply to 27.9 per cent, up from 20.0 per cent in August. Food and non-alcoholic beverages inflation also increased to 1.2 per cent from 1.1 per cent. Transport was the largest contributor to headline inflation, adding 1.5 percentage points to the annual rate. These

developments highlight the growing pressure from fuel and transport costs on household budgets and business operating expenses.

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



Source: SARB

Subdued economic growth is also shaping the monetary policy environment. South Africa's economy contracted by 0.2 per cent quarter-on-quarter in the second quarter of 2026, after growing 0.4 per cent in the first quarter. In response to the weaker growth outlook and global economic uncertainty, the SARB revised its 2026 economic growth projection to 1.2 per cent, down from 1.4 per cent. Although the Bank anticipates a recovery during the second half of the year, it identified downside risks to the growth outlook, reflecting the potential impact of continued global shocks on domestic economic activity.

The SARB indicated that inflation is expected to remain elevated into 2027, mainly due to higher fuel prices and persistent services inflation. It expects headline inflation to exceed 5 per cent later in 2026 and in early 2027 before moderating as the fuel-price shock subsides. Inflation is projected to return towards the 3 per cent target towards the end of 2027. The Bank also noted that the rand's resilience helped contain imported inflation, although it provided only partial protection against higher global energy prices.

The repo rate increase has implications for households and businesses, particularly those dependent on credit. Higher interest rates can increase debt-servicing costs for households and raise the cost of financing for businesses. For young entrepreneurs, this may constrain access to working capital, business expansion and investment. At the same time, higher fuel and transport costs place additional pressure on household budgets and increase operating expenses for youth-owned enterprises. The combination of higher financing costs, elevated input prices and subdued economic growth therefore presents a challenging environment for youth employment and entrepreneurship.

For the Agency, the prevailing monetary policy environment reinforces the importance of targeted financial support, market access, productive assets, and business development services for young people. Programmes should remain responsive to changing financing conditions and prioritise interventions that strengthen the resilience and sustainability of youth-owned

enterprises, particularly those operating in sectors exposed to fuel, transport and other input-cost pressures.

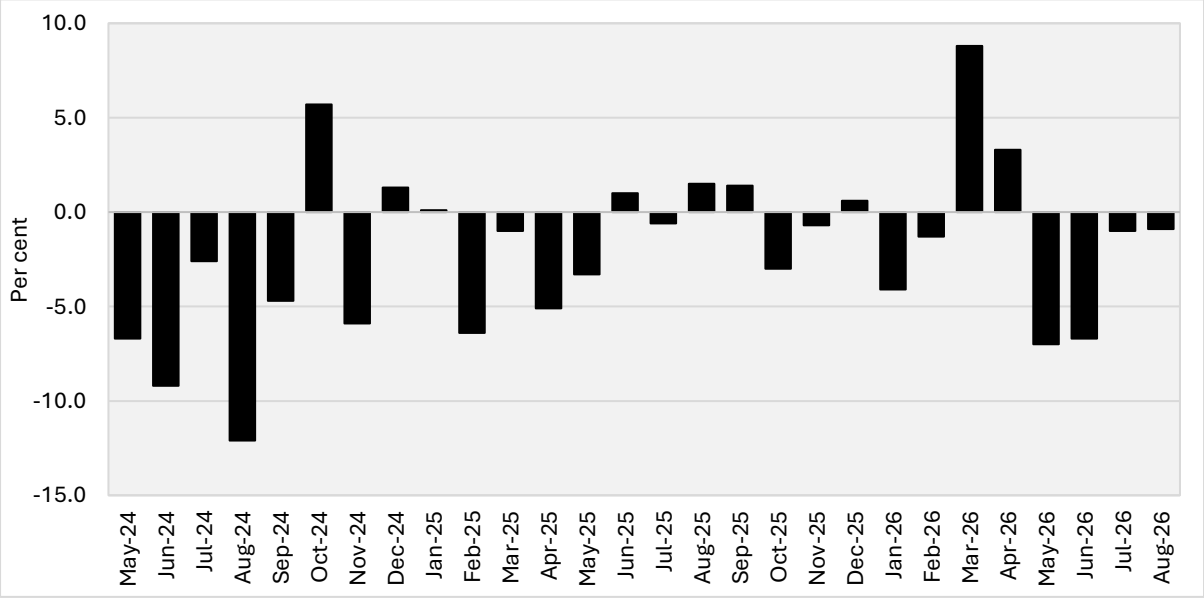
3. Trade and Business: Implications for Young People

3.1. Wholesale Trade Sales

Wholesale trade sales are an important indicator of demand conditions, supply-chain activity and broader business performance. In real terms, wholesale trade sales decreased by 0.9 per cent year-on-year in August, matching the revised decline recorded in July. However, seasonally adjusted real sales increased by 1.2 per cent month-on-month, following a 6.3 per cent increase in July and a 2.5 per cent decline in June. Over the three months ended August, real sales contracted by 4.1 per cent compared with the preceding three months, indicating that the recent monthly rebound has not yet reversed the broader weakness in trading volumes.

In nominal terms, wholesale trade sales increased by 6.6 per cent year-on-year in August 2026, compared with a revised 6.9 per cent in July and 3.8 per cent in June. The main positive contributor was dealers in solid, liquid and gaseous fuels and related products, which increased by 32.2 per cent and contributed 7.0 percentage points to total growth, more than the overall increase in wholesale sales. The strong contribution from fuel-related dealers highlights the importance of distinguishing changes in sales values from changes in physical trading activity.

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



Source: Stats SA

Performance across the other wholesale categories was mixed. Metals and metal ores increased by 10.4 per cent; textiles, clothing and footwear by 4.5 per cent; construction and building materials by 3.9 per cent; and other household goods, other intermediate products, waste and scrap, and machinery, equipment and supplies by 3.7 per cent each. These gains were offset by decreases in sales by dealers on a fee or contract basis by 12.9 per cent, other goods by 10.0 per cent, agricultural raw materials and livestock by 6.2 per cent, and food, beverages and tobacco by 2.2 per cent.

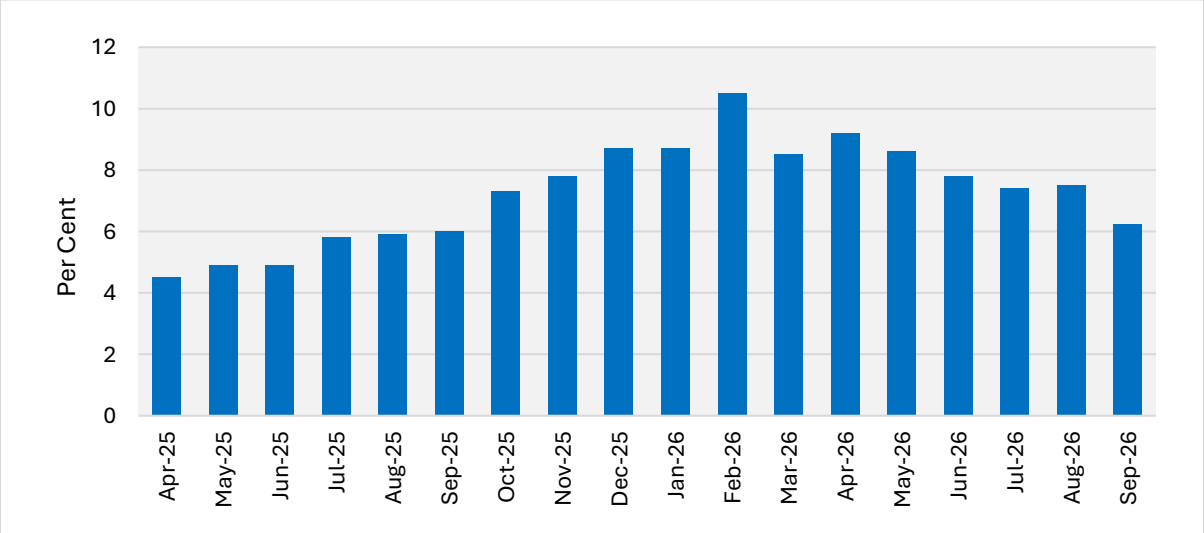
For young people, wholesale trade and its associated activities offer potential entry-level opportunities in warehousing, inventory management, sales, transport, logistics and distribution. The recent monthly improvement may support activity in some supply chains, but negative annual and three-month real trends suggest that firms may remain cautious about expanding operations and hiring. Youth-owned enterprises supplying wholesalers or providing delivery, storage, packaging and business services may therefore face uneven order volumes and continued pressure on cash flow.

Overall, the August figures point to a modest short-term recovery in wholesale activity, despite a still-weak underlying trend. For the Agency, this reinforces the importance of connecting young jobseekers and youth-owned enterprises to wholesale segments with demonstrable demand, while strengthening market access, financial management, logistics capabilities and business resilience. Continued monitoring of real sales, sector-level demand and actual employment outcomes will be essential to determine whether the monthly improvement translates into sustained opportunities for youth economic participation.

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, rose by 6.23 per cent year-on-year in September 2026, slowing from a 7.47 per cent rise in the previous month and marking the softest growth since September 2025. Credit growth has now eased well below the 10.5 per cent recorded in February 2026, and the slowdown reverses the tentative stabilisation seen in August. Over the longer term, private-sector credit in South Africa averaged 12.68 per cent from 1966 to 2026, reaching an all-time high of 35.88 per cent in July 1981 and a record low of -2.35 per cent in May 1966. The current pace therefore remains well below the historical average, although the long-run series also reflects substantially different economic and financial conditions over time.

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



Source: SARB

Total loans and advances also slowed, rising by 6.94 per cent year-on-year in September 2026, from 7.67 per cent in August 2026. Broad money supply (M3) growth likewise moderated, from 8.89 per cent in August 2026 to 7.93 per cent year-on-year in September 2026, pointing to slower liquidity growth in the financial system. Claims on the domestic private sector seasonally adjusted were broadly unchanged at R5.41 trillion, about R7 billion lower than in August, and claims on the private sector added only R10.5 billion to M3 in September, compared with R77.8 billion in August. Total domestic credit extension slowed more sharply, to 5.76 per cent year-on-year from 8.87 per cent in August, as net claims on the government sector declined to R964 billion from R1.01 trillion

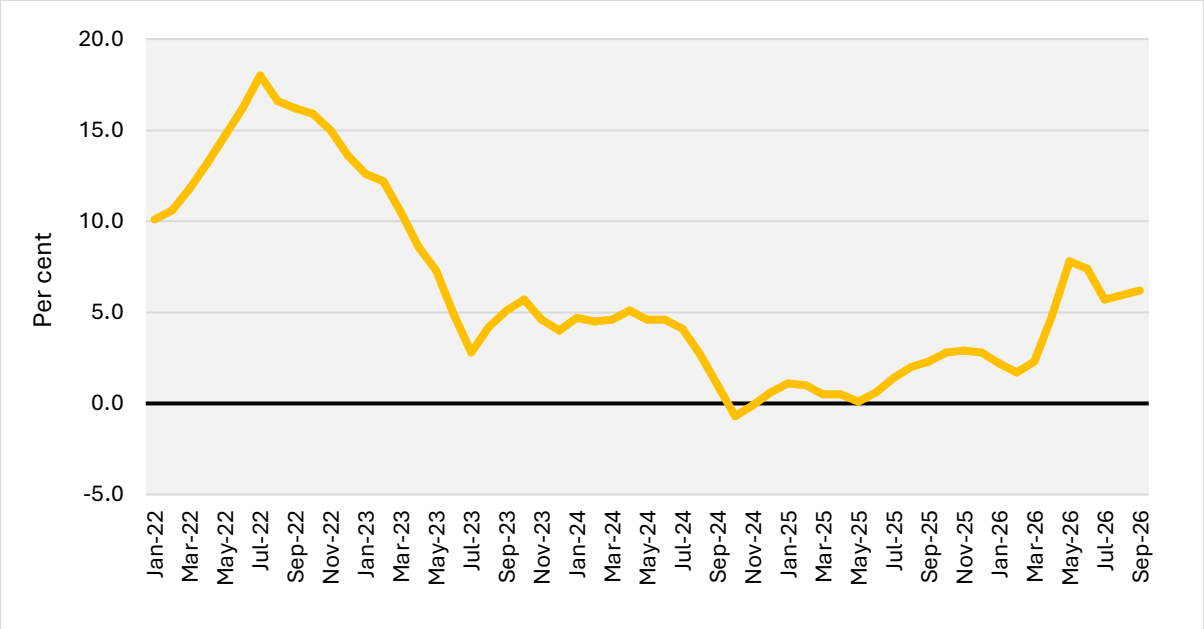
The September figures point to a loss of momentum in private-sector borrowing, with the slowdown evident across private-sector credit, total loans, and advances and M3. For young people, this matters because access to finance remains a key constraint on youth entrepreneurship, enterprise expansion, and participation in productive economic activity. Slower credit growth, together with the higher borrowing costs that may follow the September repo rate increase, could dampen demand for working capital, asset acquisition, and investment among small and emerging businesses. Moderate credit growth also suggests that access to formal finance remains constrained for many youth-owned enterprises, particularly businesses without established financial records, collateral, or stable cash flows. This reinforces the importance of complementary financing mechanisms and business-development support for young entrepreneurs.

Overall, private-sector credit extension slowed in September 2026 to its weakest annual pace in a year, remaining well below its long-term historical average. This suggests that credit demand is softening at the margin, and that the signs of stabilisation seen in August have not been sustained. For the Agency, this signals a continued need to monitor closely how slower credit growth and higher borrowing costs feed through to business investment and youth employment prospects over the coming months. It also strengthens the case for linking youth enterprise support to the broader financial system. Partnerships with commercial banks, development-finance institutions and other financial intermediaries can help improve access to appropriate finance by combining funding with business development, mentorship, and market-access support. Strengthening these linkages can help youth-owned enterprises move beyond grant-dependent models toward sustainable participation in formal financial and commercial markets.

3.3. Producer Price Inflation

Annual producer price inflation for final manufactured goods accelerated to 6.2 per cent in September 2026, from 5.0 per cent in August. On a monthly basis, producer prices increased by 1.0 per cent, reversing the 0.4 per cent decline recorded in August. The annual rate was driven mainly by coke, petroleum, chemical, rubber and plastic products, which rose 19.1 per cent and contributed 4.1 percentage points, followed by metals, machinery, equipment and computing equipment at 3.4 per cent, contributing 0.5 percentage points. Coke, petroleum, chemical, rubber and plastic products were the sole contributors to the monthly increase, rising 4.2 per cent and contributing 1.0 percentage point.

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



Source: Stats SA

Price pressures earlier in the production chain were mixed. Annual inflation for intermediate manufactured goods eased to 7.8 per cent from 8.8 per cent in August, with prices rising by only 0.1 per cent month-on-month. The main contributors were chemicals, rubber and plastic products at 12.7 per cent, contributing 3.6 percentage points, and basic and fabricated metals at 5.4 per cent, contributing 2.7 percentage points. Electricity and water inflation increased to 8.4 per cent from 7.8 per cent, although the index fell by 17.7 per cent month-on-month as seasonal winter electricity tariffs fell away. Mining producer inflation was unchanged at 7.3 per cent, supported by non-ferrous metal ores at 15.0 per cent and coal and gas at 11.1 per cent, while agriculture, forestry and fishing prices returned to positive territory at 2.5 per cent, from a negative 1.8 per cent in August, ending a year of annual deflation. These differences indicate that cost pressures were uneven across sectors rather than rising uniformly.

For young people and youth-owned enterprises, the renewed rise in producer inflation, driven largely by higher fuel prices, is increasing operating costs across transport, logistics, agriculture, construction, and manufacturing. The nearly 52 per cent annual increase in diesel producer prices places particular pressure on smaller businesses with limited capacity to absorb higher costs or pass them on to customers. These pressures, combined with the September increase in the repo rate, may constrain business expansion, investment and hiring, while potentially raising commuting costs and household expenses for young people. However, easing intermediate goods inflation and relatively subdued food producer prices may provide some relief to businesses in these supply chains.

Overall, the September 2026 PPI data pointed to a renewed rise in headline producer inflation after two months of easing, driven mainly by sharp increases in fuel, other petroleum-related products and chemical products. Other producer-price categories moved more unevenly. Producer inflation excluding petroleum products was more moderate, so the outlook depends heavily on the path of international oil prices and the conflict in the Middle East. For the Agency,

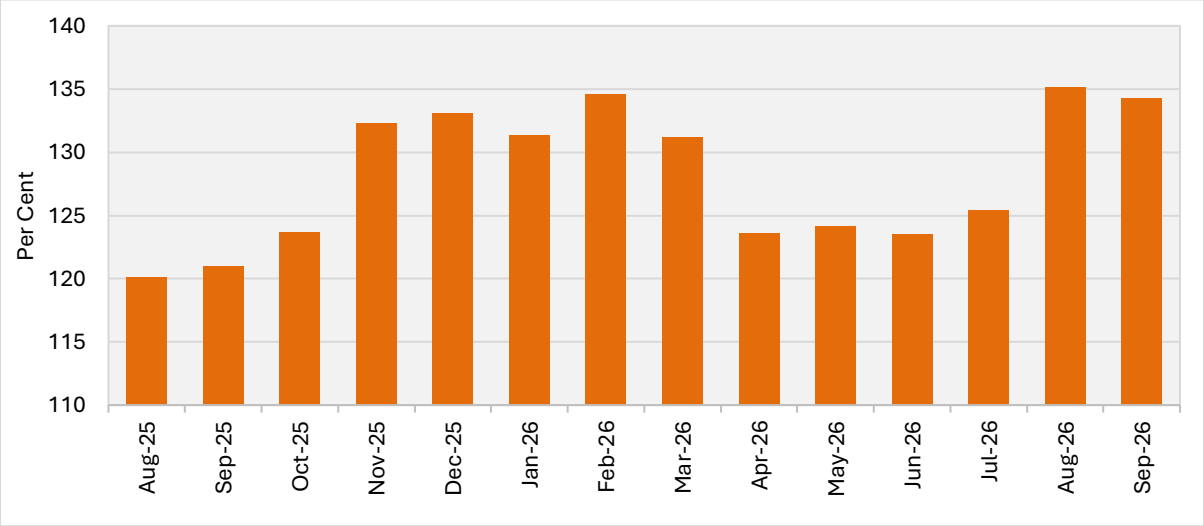
this reinforces the importance of helping youth-owned enterprises strengthen cost management, financial planning, supplier diversification and market access. Support for fuel-intensive sectors should also cover efficient logistics, energy-saving technologies and access to working capital. This support should target the sectors and value chains with the greatest cost exposure, rather than assuming all producers face the same inflation pressures. In addition, the Agency should monitor how higher producer prices pass through to consumer inflation, and whether rising input costs begin to affect the sustainability, investment and hiring of youth-owned enterprises in the months ahead.

3.4. SACCI Business Confidence Index

The South African Chamber of Commerce and Industry (SACCI) Business Confidence Index (BCI) edged down by 0.8 index points to 134.3 in September 2026, from 135.1 in August, but remained close to its highest level since June 2011. The marginal decline followed a strong recovery in recent months. After falling sharply in April 2026 because of the fuel price shock, the index stabilised at 125.4 in July before rising to 135.1 in August, a level higher than before the oil price shock. SACCI attributed the September decline mainly to renewed uncertainty around crude oil prices.

Compared with a year earlier, business confidence was a significant 10.9 index points higher in September 2026. BCI averaged 129.3 in the first nine months of 2026, up from 119.0 in the first nine months of 2025, despite the disruption caused by the sharp rise in crude oil prices in April and its destabilising effect on the global and local economy. The recent improvement was, however, selective, driven mainly by exceptional increases in inward tourism and new vehicle sales, with higher merchandise export volumes and retail sales also contributing positively. Continued high international prices for precious metals also supported business sentiment.

Figure 10: SACCI Business Confidence Index



Source: South African Chamber of Commerce and Industry

Despite this positive movement, the index remains constrained by persistent headwinds. Elevated inflation continues to raise input, transport, and utility costs, while weaker precious

metal prices limit export earnings and dampen activity in parts of the mining sector. These pressures fall disproportionately on smaller and emerging enterprises, which typically have less capacity to absorb rising costs or withstand demand fluctuations. Externally, the ongoing conflict in the Middle East continues to threaten global oil prices and fuel supply, creating uncertainty for business planning and raising the risk that renewed volatility could erode the gains recorded in July.

The improvement in business confidence offers an opportunity to strengthen youth employment and entrepreneurship outcomes. Increased activity in sectors such as automotive, trade, logistics, tourism, exports and business services could create opportunities for young people and youth-owned enterprises to participate in private-sector value chains. However, stronger business confidence does not automatically translate into job creation, particularly given persistent structural unemployment and the capital-intensive nature of some sectors. Therefore, the Agency should focus on converting improved business sentiment into tangible opportunities through stronger private-sector partnerships, supplier development initiatives, market access, and support for finance and business development.

Overall, the July 2026 data present a genuinely positive signal. However, its long-term significance will depend on whether improved business sentiment translates into tangible gains in youth employment and enterprise participation, while safeguarding against renewed cost pressures and geopolitical shocks.

4. Conclusion

South Africa's economy shows a fragile, uneven picture in the latest data rather than a broad recovery. Encouraging signals came from the Absa PMI, which rose to 50.7 in September from 45.8 and returned above the neutral 50-point mark for the first time in four months, from new vehicle sales, which increased by 12.7 per cent year-on-year to 61,645 units, and from business confidence, which at 134.3, remained close to its highest level since June 2011. Retail sales also remained resilient, growing by 3.3 per cent year-on-year in August. However, these gains sit alongside continued weakness in the productive sectors. Manufacturing production fell by 4.3 per cent year-on-year in August, and mining production fell by 12.7 per cent; real wholesale sales remained below their level a year earlier; food and beverages income declined in real terms; and private-sector credit growth slowed to 6.23 per cent in September, its softest pace since September 2025.

The operating environment is also becoming more difficult as cost pressures intensify. Consumer inflation rose to 4.5 per cent in September, its highest level since June, driven by transport inflation of 10.8 per cent and annual fuel inflation of 27.9 per cent. Producer inflation for final manufactured goods accelerated to 6.2 per cent, led by petroleum and chemical products, and the PMI purchasing price index rose to 71.1. The SARB raised the repo rate by 25 basis points to 7.25 per cent, effective 25 September, and expects headline inflation to move above 5 per cent later in 2026 and early in 2027. Smaller and youth-owned enterprises are most exposed, as they have less capacity to absorb higher fuel, freight and input costs, weaker demand or more

expensive finance. For young people, higher transport costs make it more expensive to look for work and travel to jobs, while weakness in manufacturing and mining may limit jobs and enterprise opportunities in dependent communities. Areas showing more resilience, including the automotive and new energy vehicle value chains, retail, logistics, catering and technical services, offer potential entry points, although weaker vehicle exports are a risk for automotive manufacturing.

For the NYDA, the priority is to convert these pockets of resilience into sustainable youth opportunities while helping young enterprises withstand rising costs. This means directing young people and youth-owned enterprises toward sectors and value chains with demonstrable, lasting demand, and strengthening their cost management, financial planning, supplier diversification, and access to markets, assets, and working capital. With credit growth slowing and borrowing costs rising, it also means deepening partnerships with commercial banks, development-finance institutions, and the private sector so funding is combined with business development, mentorship, and market-access support. Continued monitoring will be essential of oil and fuel prices, the pass-through of producer prices to consumer inflation, credit conditions, and whether the PMI sustains a move above 50 and improved business confidence translate into production, hiring and enterprise growth.