



NATIONAL YOUTH DEVELOPMENT AGENCY
OUR YOUTH. OUR FUTURE.



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NYDA Monthly Economic Intelligence Brief

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

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Purpose of the Publication

The NYDA Monthly Economic Intelligence Brief provides timely insights into the South African economy, focusing 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) further fell to 45.8 in August 2026, from 46.8 in July, marking the third consecutive month of contraction in factory activity and the steepest since last December.
- Stats SA reported that manufacturing production increased 1.1 per cent year-on-year compared with July 2025.
- Mining production decreased by 7.5 per cent year-on-year in July 2026, following a contraction of 4.3 per cent in June.
- South Africa's annual consumer inflation rate increased slightly to 4.4 per cent in August 2026.
- Retail trade sales increased by 3.4 per cent year-on-year in July 2026, strengthening from the 1.1 per cent recorded in June.
- New vehicle market sustained strong momentum in August 2026, with aggregate domestic sales reaching 57,898 units, an increase of 11.4 per cent year-on-year.
- The food and beverages sector recorded a notable improvement in July 2026, with real income increasing by 6.6 per cent year-on-year, following growth of 1.0 per cent in June.

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.
- The FNB/BER Consumer Confidence Index (CCI) improved in the third quarter of 2026, rising to -13 from -19 in the second quarter, which was the lowest reading since the first quarter of 2025.
- Wholesale trade sales decreased by 1.1 per cent year-on-year in July.
- Private Sector Credit Extension (PSCE), which measures the amount of credit provided by banks and other financial institutions to households and businesses, increased by 7.5 per cent year-on-year in August 2026.
- Annual producer price inflation eased further to 5.0 per cent in August 2026, down from 5.7 per cent in July 2026, marking another month of moderation in headline producer price growth.
- The South African Chamber of Commerce and Industry (SACCI) business confidence index rose to 125.4 in July 2026, the highest reading since March, up from 123.5 in June.
- Overall, August 2026 data point to a fragile and uneven recovery. Easing inflation, stabilising credit and stronger business confidence are offset by weak manufacturing, mining and wholesale trade, which still limit job creation for young people. The Agency should focus on channelling youth and youth-owned enterprises into resilient, growing sectors while strengthening their access to finance, markets and support to withstand volatility.

1. Industrial Conditions and Implications for Young People

1.1. ABSA Purchasing Managers' Index (PMI)

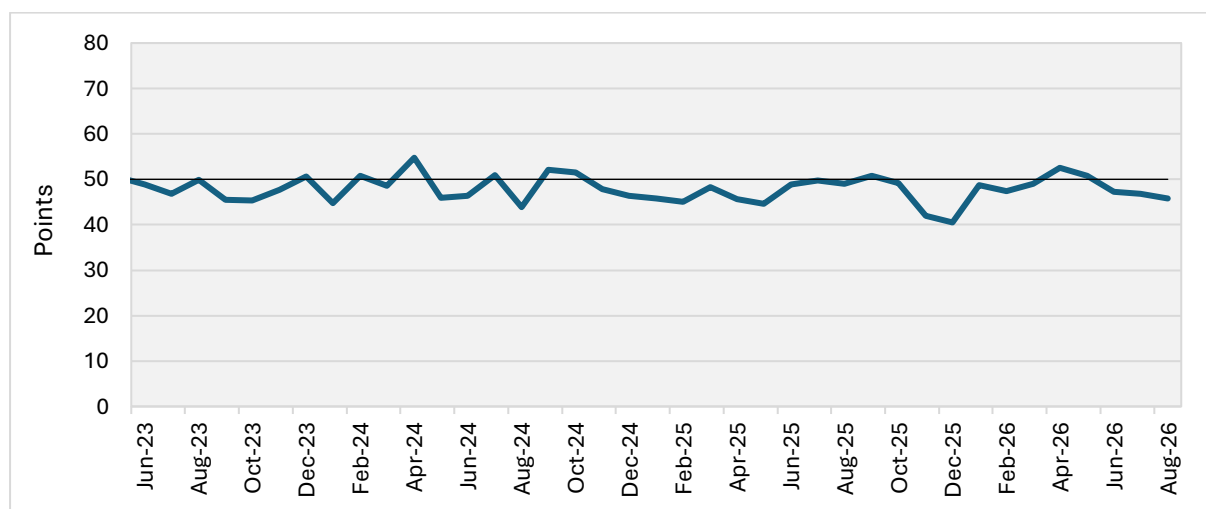
The ABSA Purchasing Managers' Index (PMI) fell to 45.8 in August 2026, down from 46.8 in July, marking the third consecutive month of contraction in factory activity and the steepest decline since last December. The continued decline indicates that the manufacturing sector remains under pressure, with activity below the neutral 50-point threshold. Business activity fell sharply to 40.2, its lowest level of the year, while new orders declined to 40.3, reversing the improvement recorded in July. The deterioration was driven largely by weaker domestic demand, subdued consumer confidence and reduced spending on non-essential goods, although stronger export sales provided some support.

The weakness in domestic demand is particularly significant for manufacturers that depend heavily on the local market. The scale of the decline in business activity and new orders points to a sharper deterioration, suggesting firms face a genuine contraction in demand rather than merely a more cautious operating environment. Respondents reported subdued demand, weak consumer confidence and soft spending on non-essential goods as the main drags on activity, while export sales strengthened slightly during the month. For young people seeking entry-level manufacturing roles, the steep decline in new orders is particularly concerning, as weaker order books typically translate into reduced production runs and more cautious hiring in the months ahead. Furthermore, youth-owned enterprises supplying manufacturers may also face weaker demand if businesses reduce procurement, postpone expansion or adopt more cautious purchasing strategies.

Employment conditions in the manufacturing sector also remained under pressure, although the pace of factory job losses slowed in August. This suggests that firms continue to manage labour costs cautiously in response to weak operating conditions. While the slower pace of job losses indicates some stabilisation, it does not yet signal a meaningful improvement in manufacturing employment. For young jobseekers, who often rely on manufacturing and associated sectors as entry points into the labour market, continued employment weakness limits the extent to which the sector can contribute to reducing youth unemployment in the near term.

The composition of the August PMI also highlights an important distinction between current conditions and expectations. Despite deterioration in business activity and new orders, manufacturers grew more optimistic about the future. The index measuring expectations for business conditions over the next six months rose to 54.7 in August from 49.3 in July, moving back above the neutral 50-point threshold. This improvement suggests that manufacturers may view the current weakness as temporary and anticipate an improvement in operating conditions. However, stronger expectations have yet to translate into higher production or new orders, meaning the recovery remains dependent on a sustained improvement in demand.

Figure 1: ABSA Purchasing Managers' Index (PMI)



Source: ABSA

Cost pressures showed little sign of easing in August. The purchasing price index was unchanged at 67.2, down sharply from a peak of 84.8 in May but still well above the neutral 50-point level. Higher diesel and international oil prices increased input costs during the month, although a stronger rand provided some offsetting relief for imported inputs. For businesses, particularly smaller and youth-owned enterprises with limited capacity to absorb rising costs, this combination of weak demand and elevated input prices continues to squeeze operating margins and constrain the resources available for expansion or new hiring.

The inventories index was broadly unchanged at 43.6 in August, remaining well below the neutral 50-point mark. Although a mechanical increase in the supplier deliveries component helped cushion the headline PMI reading, Absa cautioned that this reflected slower deliveries rather than stronger underlying demand and should not be read as a sign of improving conditions. Persistently weak inventory levels point to continued caution among manufacturers about restocking, consistent with the broader picture of subdued domestic demand and limited near-term appetite for expansion.

For youth-owned enterprises, the combination of weak current demand and improved medium-term expectations presents both constraints and opportunities. In the short term, businesses operating in manufacturing supply chains may continue to face pressure from reduced orders and cautious procurement. However, an eventual recovery in manufacturing activity could create opportunities for young enterprises in areas such as logistics, maintenance, technical services, packaging, distribution, digital services and other manufacturing-related support activities. Strengthening market linkages and productive capabilities during this period of weakness could therefore help position youth-owned enterprises to participate as demand conditions improve.

Overall, the August 2026 PMI indicates that South Africa's manufacturing sector remains in contraction, with weak domestic demand, declining new orders, and subdued employment conditions continuing to constrain activity. At the same time, the improvement in manufacturers' six-month expectations suggests firms anticipate better conditions ahead. For young people and youth-owned enterprises, this points to a difficult near-term environment, particularly for firms reliant on domestic demand and exposed to rising diesel and input costs, although the comparative resilience of export sales may offer more stable opportunities in internationally linked segments of the value chain. This reinforces the need for the Agency to approach manufacturing as a sector offering cautious rather than assured opportunities, with support for youth-owned enterprises focused on strengthening cost resilience and adaptability, while closely monitoring whether improved sentiment translates into a genuine recovery in orders, production and hiring over the coming months.

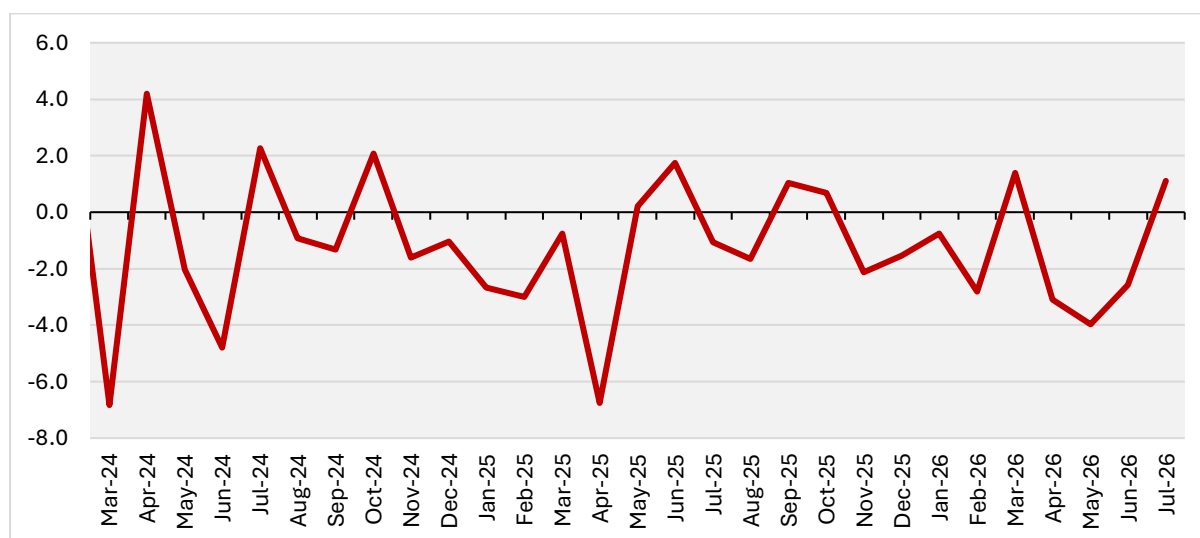
1.2. Manufacturing Production

Stats SA reported that manufacturing production increased by 1.1 per cent year on year in July, compared with July 2025. On a month-on-month basis, seasonally adjusted manufacturing production rose by 2.2 per cent in July, following increases of 0.8 per cent in June and 1.2 per cent in May. Production also increased by 1.0 per cent over the three months ended July 2026,

indicating a modest improvement in manufacturing activity after the weakness recorded in the second quarter.

The improvement in annual production was driven primarily by the food and beverages division, which rose by 4.1 per cent and contributed 1.0 percentage point to overall manufacturing growth. Petroleum, chemical products, rubber and plastic products increased by 3.2 per cent, adding a further 0.6 percentage points. However, these gains were partly offset by continued weakness in wood and wood products, paper, publishing and printing, which declined by 7.3 per cent and was the largest negative contributor to overall production growth.

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



Source: Stats SA

The three-month performance offers a more nuanced picture of the manufacturing sector. Production increased by 1.0 per cent between the three months ended April and those ended July, with the strongest positive contributions coming from petroleum, chemical products, rubber and plastic products, basic iron and steel, non-ferrous metal products, metal products and machinery, and food and beverages. Within these divisions, petroleum and chemical-related manufacturing recorded particularly strong growth, while general-purpose and special-purpose machinery also improved. At the same time, several subsectors continued to contract, highlighting that the recovery remains uneven across manufacturing activities.

Manufacturing sales also improved. Seasonally adjusted manufacturing sales rose 3.9 per cent month on month, after two consecutive monthly declines of 1.5 per cent in May and June. On a year-on-year basis, manufacturing sales increased by 2.5 per cent, although sales over the three months ended July were broadly unchanged from the previous three-month period. The largest positive contributions came from the petroleum, chemical products, rubber and plastic products division, which rose 3.3 per cent, contributing 0.7 of a percentage point, and the motor vehicles, parts and accessories and other transport equipment division, which rose 3.9 per cent, contributing 0.5 of a percentage point. The basic iron and steel, non-ferrous metal products, metal products and machinery division fell by 5.0, contributing a negative 1.0 percentage point, and was the largest negative contributor.

The improvement in manufacturing production and sales provides some support for employment and enterprise opportunities, particularly across value chains linked to food processing, chemicals, machinery, automotive components, logistics and related services. However, the relatively flat three-month trend in manufacturing sales and continued weakness in several subsectors indicate that demand conditions remain uneven. For young people, this suggests that improvements in manufacturing activity may create opportunities in specific value chains rather than generate broad-based employment gains across the sector.

The manufacturing sector therefore remains important for youth economic participation, given its linkages with production, logistics, maintenance, technical services, distribution and enterprise development. The improvement in July production, together with stronger activity in selected manufacturing divisions, creates scope for youth-owned enterprises to participate as suppliers and service providers, particularly in food processing, packaging, machinery maintenance, transport and logistics, automotive components and chemical-related activities. At the same time, continued declines in subsectors such as wood products, paper, publishing and printing indicate the need for targeted rather than broad-based enterprise support.

Overall, the July manufacturing data point to improved production activity, but with an uneven recovery across subsectors. Consecutive monthly increases in seasonally adjusted production and the return to positive year-on-year growth provide some evidence of improved activity, while flat three-month sales performance and continued weakness in selected divisions suggest that underlying demand remains constrained. For the Agency, this reinforces the importance of linking youth enterprise and employment interventions to manufacturing value chains with sustained demand, while strengthening young enterprises' access to markets, technical capabilities, supply chains and productive assets.

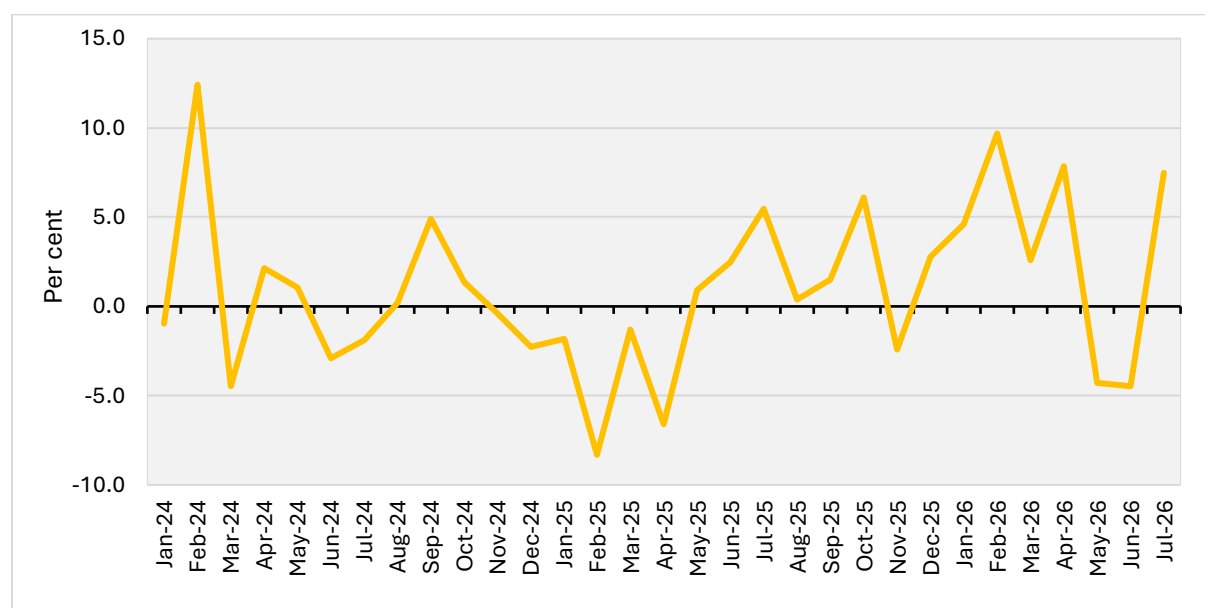
1.3. Mining Production

Mining production fell 7.5 per cent year on year in July 2026, after a 4.3 per cent contraction in June. On a month-on-month basis, seasonally adjusted mining production declined 1.9 per cent in July, following a 0.1 per cent increase in June and a 5.6 per cent decline in May. Mining production also decreased 5.5 per cent over the three months ended July 2026, indicating a deterioration in mining activity. This decline was driven primarily by weaknesses in the major mineral groups. Platinum group metals (PGMs) fell 13.5 per cent and contributed -3.2 percentage points to the overall decline in mining production. Coal production decreased 7.5 per cent, contributing -2.0 percentage points, while iron ore declined 8.1 per cent, contributing a further -1.3 percentage points. These three mineral groups therefore accounted for a substantial share of the overall contraction in mining output in July.

The three-month performance reflects broad-based weakness across key mineral groups, with mining production declining by 5.5 per cent between the three months ended April and those ended July 2026. The decline was driven mainly by a 14.3 per cent contraction in PGMs, which contributed -4.2 percentage points to the overall decline, followed by decreases in manganese ore by 6.7 per cent, gold by 4.6 per cent, and iron ore by 2.7 per cent. Although production

increased in selected mineral groups, including copper, other metallic minerals and coal, these gains were insufficient to offset the declines in the major contributors to overall mining activity.

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



Source: Stats SA

Mineral sales also weakened significantly in July. Mineral sales at current prices fell 5.6 per cent year on year, after a 27.2 per cent increase in June. Gold was the largest negative contributor, with sales down 33.4 per cent and contributing 8.5 percentage points to the overall decline. This was followed by other non-metallic minerals, down 26.0 per cent, and nickel, down 51.7 per cent. In contrast, chromium ore sales rose 20.0 per cent and coal sales 5.0 per cent, providing some offsetting support.

The weakness in mining production and sales has significant implications for employment and enterprise activity, particularly in mining-intensive regions and communities. A sustained contraction in mining output can affect employment demand not only within mining operations but also across linked activities, including transport and logistics, engineering and maintenance, equipment supply, construction, environmental services, catering and other business services. For young people, weaker mining activity may therefore reduce opportunities for both direct employment and participation in mining-related supply chains.

At the same time, the composition of mining activity highlights potential opportunities for youth-owned enterprises to participate in mining value chains beyond direct mineral extraction. These opportunities can include technical and maintenance services, transport and logistics, environmental rehabilitation, waste management, equipment servicing, digital and administrative services, catering and other support activities. However, the decline in overall mining activity suggests these opportunities will likely depend on access to established mining value chains, procurement opportunities, technical capabilities, and young enterprises' ability to meet industry standards.

The mining sector remains relevant to youth economic participation, particularly in provinces where mining is a major part of the regional economy. The current contraction reinforces the need

to support young people and youth-owned enterprises to diversify beyond direct dependence on mineral extraction and position them in related service and supply-chain activities. This approach can also strengthen enterprise resilience by enabling youth businesses to participate in multiple sectors and value chains rather than relying exclusively on mining demand.

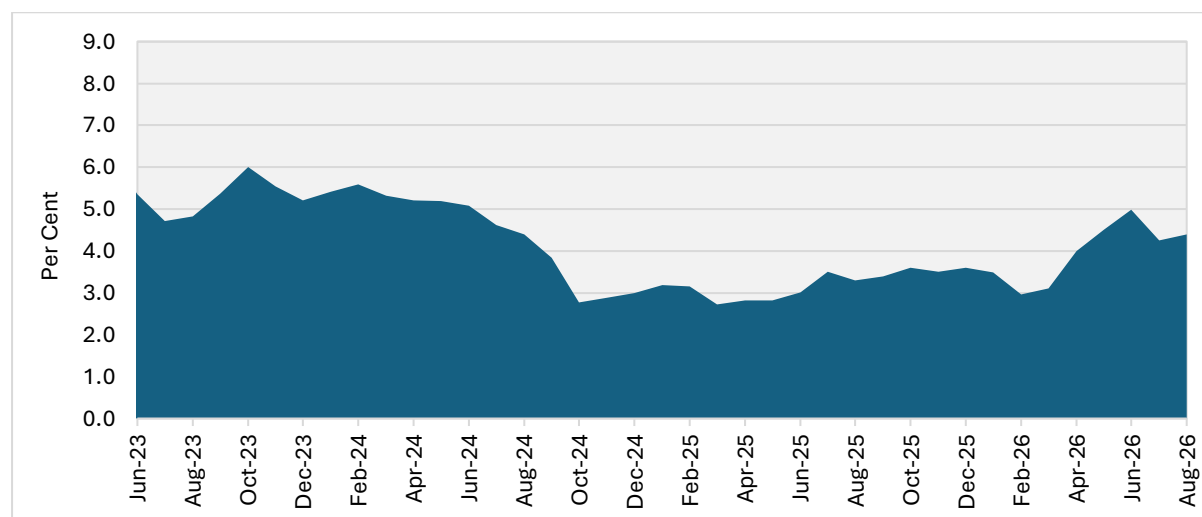
Overall, the July 2026 data indicate that mining conditions deteriorated further, with production declining both year-on-year and over the three months ended July, while mineral sales also fell substantially. The weakness was concentrated in key mineral groups, particularly PGMs, coal, iron ore and gold. For youth employment and enterprise development, contraction constrains opportunities in mining-dependent economies and reinforces the need for targeted interventions that improve young enterprises' access to diversified supply chains, technical capabilities, procurement markets and alternative economic activities.

2. Consumer Spending Trends and Implications for Young People

2.1. Consumer Price Index¹ (Inflation)

South Africa's annual consumer inflation rate rose slightly to 4.4 per cent in August 2026, up from 4.3 per cent in July. The Consumer Price Index (CPI) was unchanged month on month in August, after rising 0.2 per cent in July. Higher food and non-alcoholic beverage prices drove the increase in headline inflation, while fuel inflation continued to moderate. The main contributors to annual inflation were housing and utilities at 5.2 per cent, transport at 8.8 per cent, and insurance and financial services at 5.7 per cent.

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



Source: Stats SA

Food and non-alcoholic beverage inflation rose to 1.1 per cent in August, up from 0.9 per cent in July, marking the first increase in this category since November 2025. The rise was driven mainly by fish and other seafood, fruit and nuts, vegetables, and selected dairy and cereal products.

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.

Meat inflation remained relatively contained, although price movements varied across different meat products.

Transport inflation continued to moderate, easing to 8.8 per cent in August from 8.9 per cent in July. This was largely driven by slower fuel inflation, which fell to 20.0 per cent from 20.6 per cent. Petrol prices fell by 2.0 per cent between July and August, while diesel prices rose by 3.1 per cent. The continued moderation in fuel inflation provides some relief to households and businesses that are sensitive to transport and logistics costs.

The latest inflation developments have significant implications for young people and youth-owned enterprises. The relatively stable CPI and the continued moderation in fuel inflation may provide some relief to household budgets and to the costs of commuting, job searching, accessing education and training, and operating small businesses. However, housing and utility costs remain a significant source of price pressure, while the recent increase in food inflation warrants continued monitoring given the importance of food expenditure for low-income and unemployed young people.

For the Agency, the August data highlights the importance of monitoring changes in the cost of economic participation among young people. While softer fuel inflation provides some relief, persistent increases in housing and utilities, and the renewed movement in food prices, may continue to pressure household purchasing power and youth-owned enterprises. Overall, inflation remained relatively contained at 4.4 per cent in August, although the slight increase from July and continued pressure from housing, utilities and transport suggest that cost-of-living conditions remain an important consideration for youth economic participation.

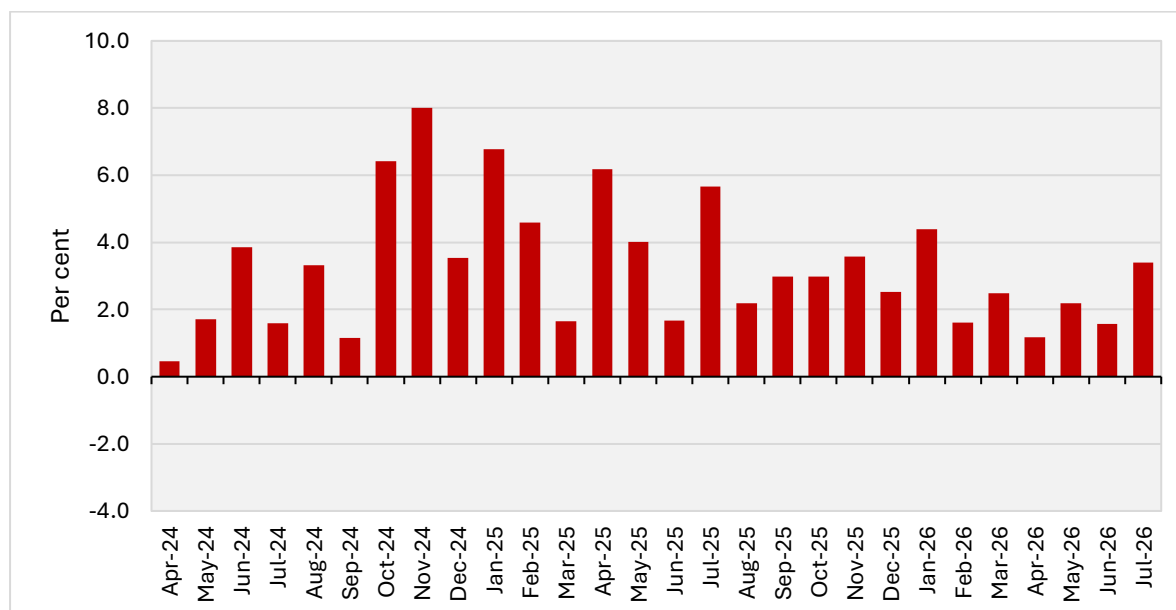
2.2. Retail Trade Performance

Retail trade sales rose by 3.4 per cent year on year in July 2026, up from 1.1 per cent in June. The increase reflects a firmer pace of consumer activity during the month, supported mainly by general dealers and all other retailers. On a seasonally adjusted basis, retail trade sales rose 2.5 per cent in July compared with June, following a 0.8 per cent decrease in June and a 0.1 per cent increase in May.

The July increase was driven mainly by general dealers, which grew by 3.2 per cent and contributed 1.3 percentage points to total growth, and all other retailers, which increased by 6.8 per cent and contributed 0.8 of a percentage point. Retailers in textiles, clothing, footwear and leather goods increased by 2.9 per cent, contributing 0.5 of a percentage point, while retailers in food, beverages and tobacco in specialised stores increased by 4.8 per cent, contributing 0.4 of a percentage point. The July increase was driven mainly by general dealers, which grew by 3.2 per cent and contributed 1.3 percentage points to total growth, and by all other retailers, which increased by 6.8 per cent and contributed 0.8 percentage points. Retailers in textiles, clothing, footwear and leather goods increased by 2.9 per cent, contributing 0.5 percentage points. In contrast, retailers in food, beverages and tobacco in specialised stores increased by 4.8 per cent, contributing 0.4 percentage points. Hardware, paint and glass retailers recorded a 1.1 per cent decrease, partly offsetting gains in other categories.

Over the three months ended July 2026, retail trade sales increased by 2.2 per cent compared with the same period in 2025. The largest contributors were general dealers, which increased by 1.8 per cent and contributed 0.8 percentage points, and all other retailers, which increased by 6.8 per cent and contributed 0.7 percentage points. Seasonally adjusted retail trade sales increased by 1.0 per cent over the three months that ended July compared with the previous three months, with general dealers, specialised food retailers and all other retailers making the largest positive contributions.

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



Source: Stats SA

The retail sector remains important for youth labour market participation, providing entry-level opportunities in sales, customer service, merchandising, logistics, warehousing, distribution and digital commerce. Stronger retail performance in July may support employment opportunities in areas where businesses are experiencing increased demand, particularly across general retail, clothing, food, and other specialised retail activities.

The performance also creates opportunities for youth entrepreneurship. Growth among general dealers and all other retailers may support demand for youth-owned businesses operating as suppliers, distributors, delivery-service providers, digital marketers and small retailers. The continued expansion of retail activity also provides scope for youth enterprises operating through e-commerce, township-based retail and last-mile delivery services.

July retail data point to stronger consumer activity than the previous month, with year-on-year sales growth accelerating to 3.4 per cent and seasonally adjusted sales rising 2.5 per cent month-on-month. The improvement was broad-based across several retail categories, although hardware, paint and glass retailers recorded weaker sales. Continued monitoring of retail activity remains important for assessing household demand, employment opportunities and areas of potential youth entrepreneurship.

2.3. New Vehicle Sales

South Africa's new vehicle market sustained strong momentum in August 2026, with aggregate domestic sales reaching 57,898 units, up 11.4 per cent year on year. The performance reflects continued resilience in domestic vehicle demand, supported by improved macroeconomic conditions, more stable financing conditions, and increased consumer choice. Headline inflation moderated to 4.3 per cent in July, while the repo rate remained at 7.0 per cent, providing a more stable affordability environment for households and businesses. However, elevated borrowing and operating costs continued to influence vehicle purchasing decisions.

Growth was recorded across the major vehicle categories. Passenger vehicle sales increased by 11.6 per cent to 41,216 units, while light commercial vehicle sales, including bakkies and minibuses, increased by 11.0 per cent to 13,727 units. Medium commercial vehicles grew 16.3 per cent to 805 units, while heavy trucks and buses increased 10.1 per cent to 2,150 units. The continued performance of commercial vehicles is particularly relevant to economic activity, as demand for these vehicles is linked to freight, logistics, construction, mining, agriculture and other productive activities.

Domestic vehicle demand remained largely driven by dealer sales, which accounted for an estimated 81.8 per cent of total industry sales, equivalent to approximately 47,364 units. Vehicle rental sales accounted for 13.4 per cent, government purchases 2.4 per cent and industry corporate fleets a further 2.4 per cent. At the same time, vehicle exports remained under pressure, falling by 11.9 per cent year-on-year to 35,091 units, from 39,833 units in August 2025. The continued difference between stronger domestic sales and weaker exports highlights the importance of converting local market demand into increased production, localisation, investment and employment within the domestic automotive industry.

A significant development is the continued acceleration of New Energy Vehicle (NEV) adoption. NEV sales reached 3,096 units in July 2026, more than double the 1,506 units recorded in July 2025. Year-to-date NEV sales reached 16,289 units, an 88.0 per cent increase from the corresponding period in 2025 and already equivalent to 97.5 per cent of total NEV sales recorded during 2025. The 2026 year-to-date NEV mix comprised 8,078 hybrid electric vehicles, 5,851 plug-in hybrid vehicles and 2,360 battery electric vehicles. This indicates growing consumer adoption across different electrified vehicle technologies and an expanding market for alternative propulsion systems.

The expanding NEV market creates new opportunities for youth employment and enterprise development. The transition towards electrified mobility could increase demand for skills and businesses involved in vehicle servicing and maintenance, charging infrastructure, electrical and technical services, component manufacturing, software and data services, logistics and specialised automotive support. Expanding local capabilities in these areas could create opportunities for young people and youth-owned enterprises to participate in new segments of the automotive value chain.

The August vehicle sales data point to continued resilience in domestic demand, with growth across both passenger and commercial vehicle segments. At the same time, the continued weakness in exports highlights the need to strengthen the competitiveness of South Africa's automotive manufacturing base and increase local value creation. The rapid growth in NEV adoption adds another dimension to the sector, creating opportunities for skills development, localisation, technological innovation and youth participation across emerging automotive value chains.

2.4. New Food and Beverages Sector Performance

The food and beverages sector recorded a notable improvement in July 2026, with real income increasing by 6.6 per cent year-on-year, up from 1.0 per cent in June. The July increase marks a significant acceleration from the weak performance in April and May, when real income fell by 2.4 per cent and 0.6 per cent, respectively. On a seasonally adjusted month-on-month basis, real income rose 3.7 per cent in July, after falling 1.7 per cent in June. This indicates a meaningful improvement in activity during the month, although the three-month performance provides a more cautious assessment of the sector's underlying momentum.

The July improvement was broad-based across the major types of food-service enterprises, although restaurants and coffee shops were the strongest contributors. Real income from restaurants and coffee shops rose 10.5 per cent year-on-year; takeaway and fast-food outlets grew 3.7 per cent, adding 1.6 percentage points, while catering services rose 2.2 per cent, adding a further 0.3 percentage points. The particularly strong performance of restaurants and coffee shops represents a significant turnaround from the contractions recorded in April and May and the modest 1.6 per cent increase in June, indicating a meaningful recovery in consumer activity within this segment.

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
Restaurants and coffee shops	7.7	8.5	2.8	4.6	5.4	-0.9	-3.5	-1.7	1.3	10.5
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
Catering services	-0.6	3.1	-12.4	-0.5	0.2	2.5	-3.0	-2.9	3.1	2.2
Total	7.0	6.1	2.5	5.7	4.2	2.2	-2.1	-0.3	1.0	6.6

From a youth development perspective, improved food and beverage activity matters because the sector provides accessible entry points into both employment and entrepreneurship. Stronger activity across restaurants, coffee shops, takeaway outlets and catering services can support demand for young workers in food preparation, customer service, hospitality, administration, logistics, delivery, marketing and related services. The recovery also creates opportunities for youth-owned enterprises across food production, catering, mobile and township-based food businesses, packaging, delivery services, digital ordering and supply-chain activities. However, translating stronger sector activity into sustainable youth economic participation will depend on young entrepreneurs' ability to access finance, markets, suitable business infrastructure, and established hospitality and food-service supply chains.

Overall, the July 2026 data point to a meaningful improvement in South Africa's food and beverages sector, with growth strengthening across all three major enterprise categories and both monthly and three-month indicators moving into positive territory. The particularly strong recovery in restaurants and coffee shops, along with renewed growth in food and discretionary spending, suggests improved consumer-facing hospitality activity. For the Agency, the recovery presents opportunities to strengthen youth participation in food services and related value chains through enterprise development, market access, business development support and linkages to procurement opportunities. However, continued monitoring will be important to determine whether the July improvement develops into a sustained recovery that can support more durable employment and enterprise opportunities for young people.

2.5. SARB's Interest Rate Decision

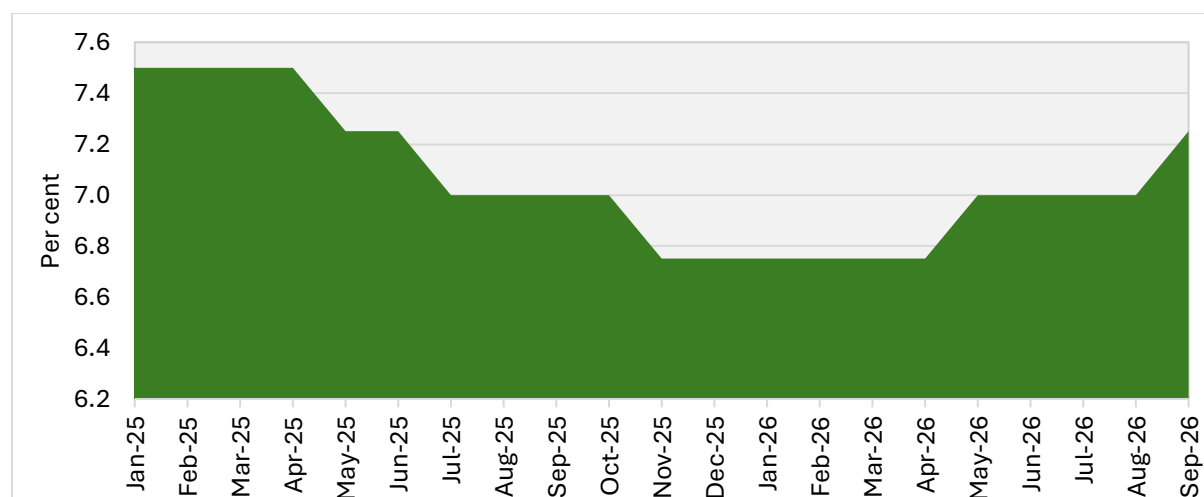
The South African Reserve Bank (SARB) raised the repurchase rate by 25 basis points to 7.25 per cent, effective from 25 September 2026. The decision marked a shift from the previous 7.0 per cent rate. It came amid a more challenging global inflation environment, particularly the renewed increase in fuel prices and heightened geopolitical tensions. The SARB noted that the conflict in the Middle East has intensified, with disruptions to oil flows through the Strait of Hormuz and interruptions to Saudi Arabian oil exports adding to global energy supply pressures. These developments have increased the risk of further inflationary pressure in South Africa.

The latest domestic inflation data also points to continued price pressures. Headline consumer inflation increased to 4.4 per cent in August 2026, from 4.3 per cent in July, while the consumer price index remained unchanged month-on-month. Transport inflation was 8.8 per cent, with fuel inflation at 20.0 per cent, down from 20.6 per cent in July. Food and non-alcoholic beverage inflation increased to 1.1 per cent from 0.9 per cent, marking the first increase in this measure since November 2025.

Weak 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, and the SARB revised its 2026 growth projection to 1.2 per cent, down from 1.4 per cent. The Bank expects some recovery during the second half of the year but identified downside risks to the growth outlook as global shocks continue to affect the domestic economy.

The SARB indicated that inflation is expected to remain elevated into 2027, mainly because of fuel and services inflation. It expects headline inflation to move above 5 per cent later in 2026 and early in 2027 before easing as the fuel-price shock subsides, with inflation projected to return to around the 3 per cent target towards the end of 2027. The Bank also highlighted that services inflation remains elevated, while the stronger rand has helped contain imported inflation.

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



Source: SARB

The repo rate increase has implications for households and businesses, particularly those dependent on credit. Higher borrowing costs can increase monthly debt-servicing costs and make financing more expensive for small and emerging businesses. For young entrepreneurs, this may affect access to working capital, business expansion and investment. At the same time, continued fuel and transport cost pressures increase both household living costs and the operating costs of youth-owned enterprises. The combination of higher financing costs, elevated input prices and subdued economic growth creates a more constrained environment for youth employment and entrepreneurship.

For the Agency, the current 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.

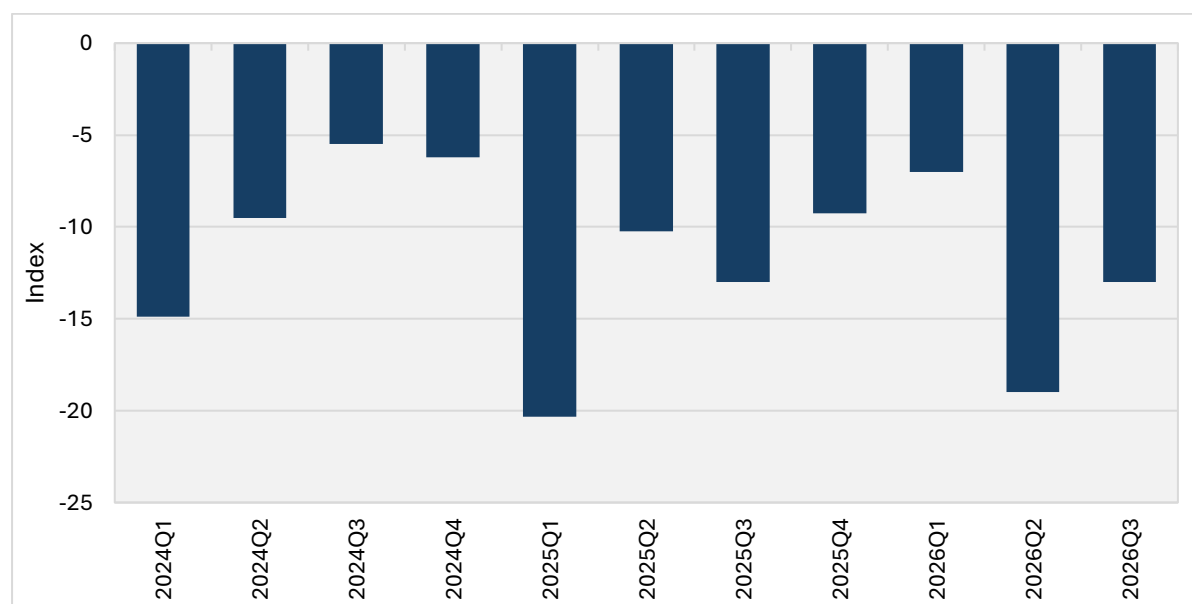
2.6. FNB/BER Consumer Confidence

The FNB/BER Consumer Confidence Index (CCI) improved in the third quarter of 2026, rising to -13 from -19 in the second quarter, which was the lowest reading since the first quarter of 2025. The improvement indicates a moderation in household pessimism following the sharp deterioration recorded in the previous quarter. However, the index remained firmly in negative territory, suggesting that South African households continued to approach economic conditions and spending decisions with caution.

Stronger confidence among lower-income households largely drove the improvement in consumer confidence. These households have had less exposure to recent interest-rate increases and have benefited from moderating food-price pressures. However, confidence among higher-income consumers remained very low, which matters given their larger contribution to overall household consumption. This divergence suggests that the improvement in the headline confidence index does not necessarily translate into a broad-based strengthening of consumer demand.

Consumer spending outlook therefore remains constrained by ongoing economic uncertainty. In particular, uncertainty surrounding the Middle East conflict and the possibility of higher interest rates could weigh on household spending decisions in the months ahead. Higher interest rates would increase debt-servicing costs and reduce disposable income for indebted households, while continued uncertainty may encourage households to adopt a more precautionary approach to consumption. This is likely to lead consumers to prioritise essential goods and services and delay or reduce discretionary purchases.

Figure 7: FNB/BER Consumer Confidence Index



Source: FNB/BER

The expected shift towards more cautious spending is particularly relevant for businesses operating in consumer-facing sectors. Value-oriented retailers and businesses offering affordable goods and services may be better positioned to maintain demand. At the same time, enterprises that depend heavily on discretionary or higher-value consumption could face greater pressure. For youth-owned businesses, particularly small and informal enterprises that rely directly on household spending, weaker discretionary demand could translate into lower sales, tighter margins and increased competition. This aligns with the June brief's observation that weaker consumer confidence can pressure youth-intensive sectors such as retail, hospitality and services.

From a youth employment perspective, subdued consumer spending could constrain hiring in sectors that typically provide accessible entry points into the labour market, including retail,

hospitality, food services, delivery, customer service and other consumer-facing activities. At the same time, changing consumption patterns may create opportunities for young entrepreneurs able to respond to demand for affordability, convenience and essential goods. This includes businesses operating in value retail, local distribution, delivery services, digital commerce, food services and other low-cost consumer markets.

For the NYDA, the improvement in consumer confidence provides a cautiously positive signal. Still, the continued negative reading and divergence across income groups highlight the need for a targeted approach to youth economic participation. Support for youth-owned enterprises should increasingly focus on improving business resilience, market access, pricing strategies, digital channels and participation in value chains that are less dependent on discretionary household spending. Strengthening linkages between youth-owned businesses and established retailers, distributors and digital platforms could also help young enterprises access more stable markets during periods of subdued consumer demand.

Overall, the Q3 2026 improvement in consumer confidence suggests that household pessimism has eased from the sharp deterioration recorded in Q2. However, confidence remains weak, and the low confidence among higher-income consumers, together with geopolitical uncertainty and the prospect of higher interest rates, suggests that consumer spending growth is likely to remain muted in the near term. Households are likely to remain cost-conscious and prioritise necessities over discretionary expenditure, reinforcing the importance of supporting youth enterprises and employment opportunities in affordable, essential and resilient areas of the consumer economy.

3. Trade and Business: Implications for Young People

3.1. Wholesale Trade Sales

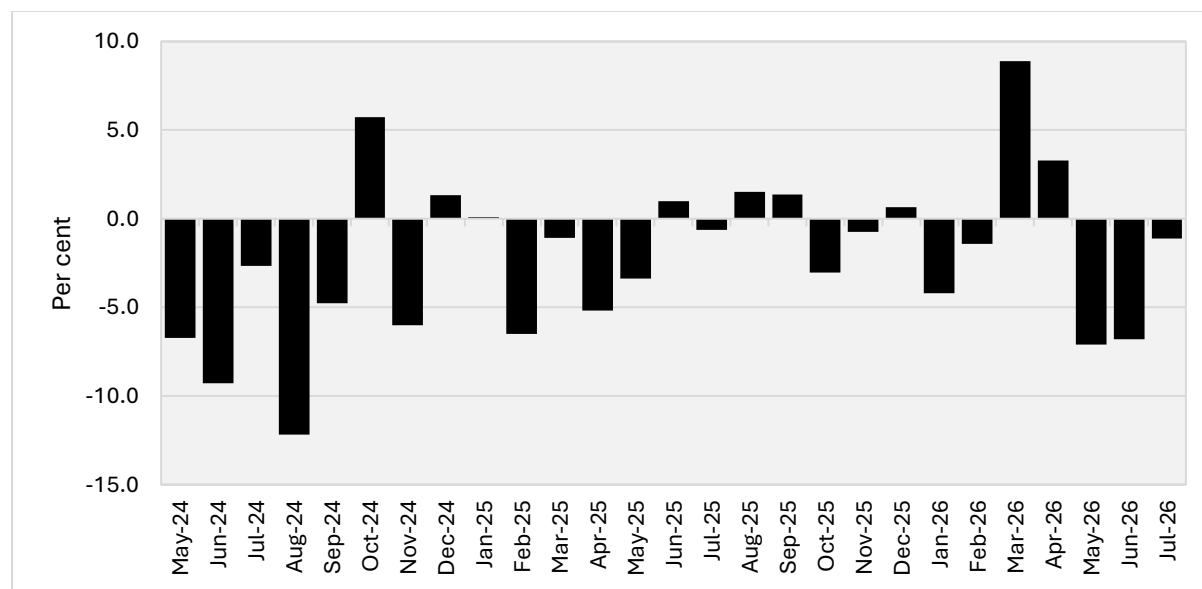
Wholesale trade sales, an important indicator of demand conditions, supply-chain activity, and broader business performance, improved in July 2026, although sales remained below the level recorded a year earlier. In real terms, wholesale trade sales decreased by 1.1 per cent year-on-year in July, compared with a 6.0 per cent decrease in June and a 7.1 per cent decrease in May. On a month-on-month basis, seasonally adjusted wholesale trade sales rose 6.2 per cent in July, after decreases of 2.5 per cent in June and 7.5 per cent in May. Over the three months ended July, seasonally adjusted wholesale trade sales decreased by 6.8 per cent compared with the previous three months.

The July improvement in monthly sales suggests some recovery in wholesale trading activity after the sharp contractions recorded in May and June. However, the year-on-year decline and the three-month contraction through July indicate that wholesale activity remained below levels recorded earlier in the year. The combination of stronger monthly activity and weaker three-month performance therefore points to an uneven recovery in the sector rather than a sustained improvement in trading volumes.

In nominal terms, wholesale trade sales rose 6.7 per cent year-on-year in July 2026, up from 3.8 per cent in June and 3.7 per cent in May. Dealers in solid, liquid and gaseous fuels and related products were the main positive contributor, rising 16.7 per cent and adding 3.9 percentage points to total growth.

Stronger sales across several wholesale categories supported July performance. Construction and building materials rose 16.4 per cent, metals and metal ores rose 19.5 per cent, other intermediate products, waste and scrap rose 9.6 per cent, and machinery, equipment and supplies rose 5.9 per cent. Agricultural raw materials and livestock fell by 15.3 per cent, while other goods fell by 3.9 per cent. Food, beverages and tobacco recorded no year-on-year change.

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



Source: Stats SA

The difference between real and nominal wholesale sales remains important. While nominal sales increased by 6.7 per cent, real sales were 1.1 per cent lower than a year earlier. This suggests that part of the increase in the value of wholesale transactions reflects price movements rather than an equivalent increase in the volume of goods traded. Fuel-related sales remain a significant driver of nominal growth, with the fuel category recording a 16.7 per cent year-on-year increase in July.

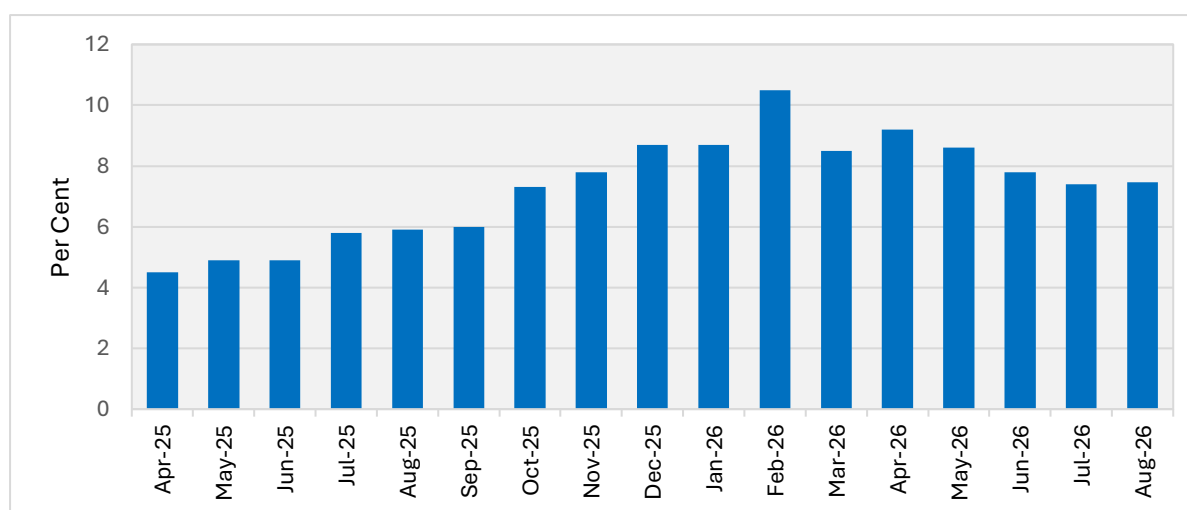
The improvement in seasonally adjusted sales in July suggests stronger short-term activity in wholesale markets. However, the 6.8 per cent contraction over the three months ending July shows trading volumes remained under pressure over a broader period. This has implications for businesses managing inventories, operating costs and cash flow, particularly smaller enterprises with limited capacity to absorb fluctuations in demand.

The implications extend across the wider distribution and supply-chain ecosystem, including transport, warehousing, logistics and delivery services. For young people, these activities provide employment and entrepreneurship opportunities, while youth-owned enterprises can participate as suppliers, distributors, logistics providers and service providers within wholesale value chains. Continued improvement in wholesale activity could therefore support opportunities for youth-owned businesses and employment, although persistently weaker real sales warrant continued monitoring.

3.2. Private Sector Credit Extension

Private Sector Credit Extension (PSCE), which measures the amount of credit banks and other financial institutions provide to households and businesses, increased by 7.47 per cent year-on-year in August 2026, up from 7.41 per cent in July 2026. The July growth rate was the slowest since October 2025, so the marginal improvement in August suggests the recent moderation in credit growth may be beginning to stabilise. However, credit expansion remains significantly below the stronger rates recorded earlier in 2026, indicating that borrowing activity continues to expand at a relatively moderate pace. Over the longer term, private-sector credit growth has averaged 12.69 per cent since 1966, highlighting that the current pace remains below its historical average. However, the long-run series also reflects substantially different economic and financial conditions over time.

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



Source: SARB

Total loans and advances also strengthened, rising 7.7 per cent year-on-year in August 2026 from 7.3 per cent in July 2026, reflecting stronger demand for credit to support business operations and household expenditure. Broad money supply (M3) accelerated further, from 8.6 per cent in July 2026 to 8.9 per cent year-on-year in August 2026, pointing to a pickup in liquidity growth within the financial system alongside stronger lending activity. Claims in the domestic private sector rose further to R5.41 trillion in August, up from R5.37 trillion in July, underscoring continued and strengthening access to credit for businesses and households.

The improvement in credit extension also showed up in household lending. Total claims on households increased to approximately R2.35 trillion in August, while mortgage advances remained the largest component of household credit at R2.03 trillion. This suggests credit demand remains supported by household borrowing, although the pace of expansion remains moderate compared with stronger periods earlier in 2026. At the broader monetary level, M3 growth rose to 8.9 per cent year-on-year in August from 8.6 per cent in July, indicating improved overall liquidity and monetary conditions.

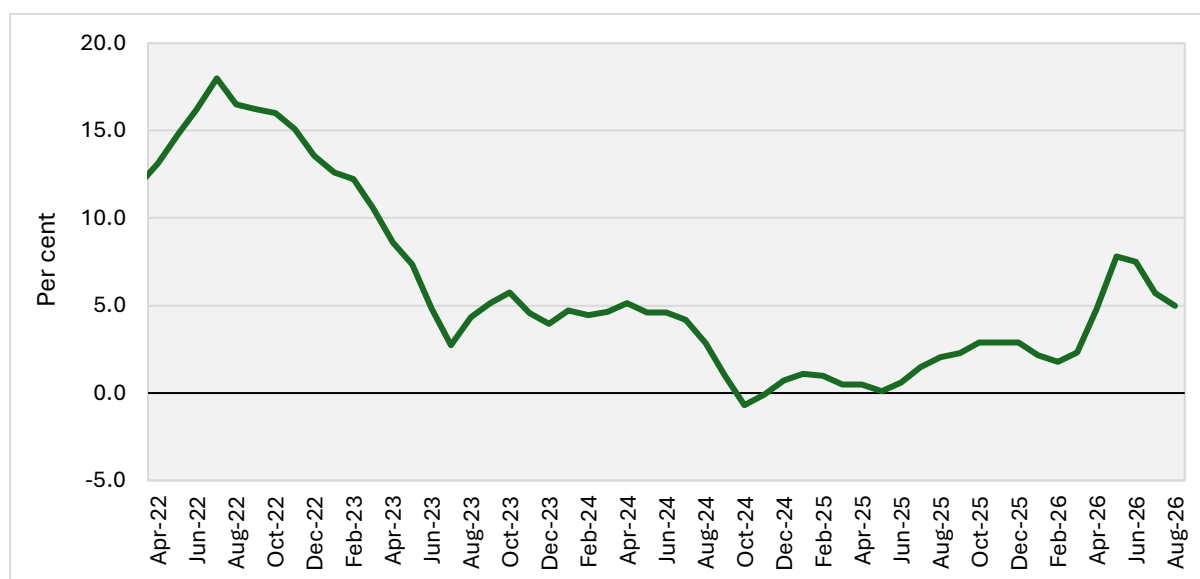
The August figures suggest a modest improvement in private-sector borrowing activity, particularly through the stronger growth in total loans and advances. However, the pace of credit expansion remains below its long-term average, suggesting the improvement should be interpreted as gradual stabilisation rather than a broad-based acceleration in borrowing. For young people, the gradual strengthening in credit extension matters because access to finance remains a key constraint on youth entrepreneurship, enterprise expansion, and participation in productive economic activity. Improved lending conditions can support youth-owned businesses through working capital, asset acquisition and investment in productive capacity. However, moderate credit growth also suggests that access to formal finance remains constrained for many emerging and smaller 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 showed signs of gradual stabilisation in August 2026. Nevertheless, credit growth remains below its long-term historical average, suggesting financing conditions remain relatively moderate. For the Agency, this signals a continued need to closely monitor how the strengthening pace of credit growth feeds through to business investment and youth employment prospects over the coming months, particularly given the scope for renewed volatility should inflationary pressures resurface. This creates an opportunity to strengthen linkages between youth enterprise support and the broader financial system. Partnerships with commercial banks, development-finance institutions, and other financial intermediaries can improve access to appropriate finance while 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 eased further to 5.0 per cent in August 2026, down from 5.7 per cent in July 2026, marking another month of moderation in headline producer price growth. Producer prices fell by 0.4 per cent, a smaller pullback than the 1.0 per cent monthly decline in July. The annual rate remained driven mainly by coke, petroleum, chemical, rubber and plastic products at 13.6 per cent, contributing 2.9 percentage points, and metals, machinery, equipment and computing equipment at 3.4 per cent, contributing 0.5 percentage points. The main negative contributors to the monthly inflation rate were coke, petroleum, chemical, rubber and plastic products at 1.4 per cent, contributing -0.3 percentage points, and food products, beverages and tobacco products at 0.3 per cent, contributing -0.1 percentage point. The August outcome confirms that the substantial cost pressures experienced earlier in the year continue to unwind, even as the pace of moderation has slowed somewhat compared with July.

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



Source: Stats SA

The broader production-cost environment also showed signs of easing in August. Annual inflation for intermediate manufactured goods declined to 8.8 per cent from 9.8 per cent in July, while prices fell by 0.6 per cent month-on-month. Nevertheless, basic and fabricated metals rose 8.7 per cent and added 4.3 percentage points to the annual rate, while chemicals, rubber and plastic products rose 11.6 per cent, adding 3.4 percentage points. Electricity and water inflation increased marginally to 7.8 per cent from 7.5 per cent, although prices declined by 1.7 per cent month-on-month. Mining producer inflation also moderated substantially, from 9.9 per cent in July to 7.3 per cent in August, while agricultural, forestry and fishing prices remained in annual deflation at -1.8 per cent, an improvement from -4.5 per cent in July. Taken together, these movements suggest that the easing in headline PPI is relatively broad, but that significant cost pressures remain embedded in intermediate inputs, metals, chemicals and utilities.

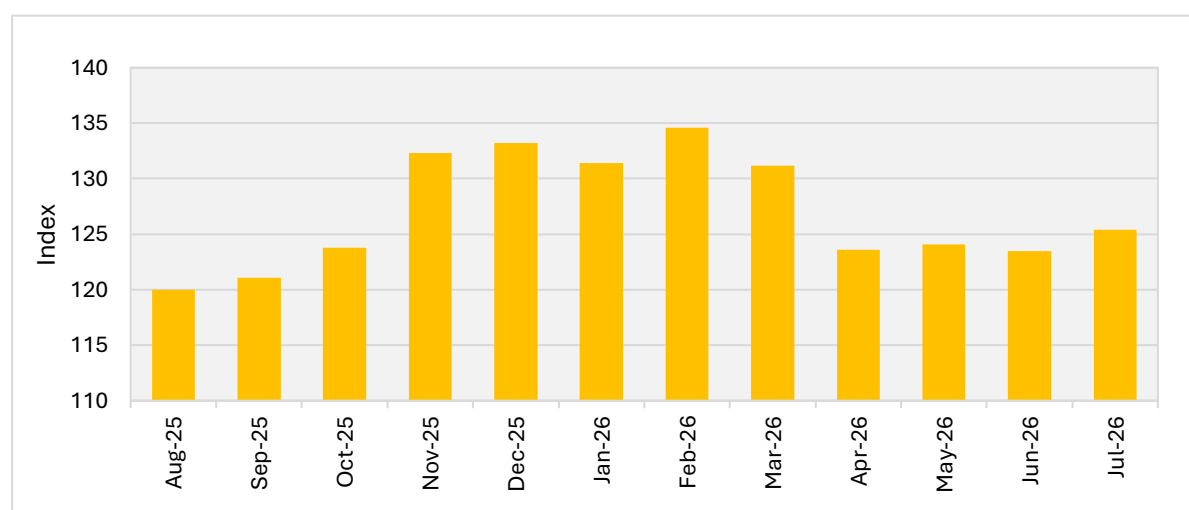
For young people and youth-owned enterprises, moderating producer price inflation improves the operating environment, particularly where lower input costs reduce production expenses and support business margins. However, persistent cost pressures in intermediate manufactured goods, metals, chemicals, and electricity continue to challenge youth-owned enterprises in manufacturing, construction, transport, agriculture, and related value chains, potentially constraining business expansion, investment, and job creation. Against this backdrop, there is a continued need to strengthen NYDA interventions that enhance the productivity, competitiveness and resilience of youth-owned enterprises through targeted business development support, financial management assistance, market access, technical support and opportunities to participate in established procurement and supply-chain networks. If moderation in producer price inflation is sustained, improved cost conditions could create greater scope for youth-owned enterprises to expand production, strengthen profitability, and contribute to job creation.

Overall, the August PPI data confirms a continued, if more gradual, improvement in the producer cost environment, but not a complete normalisation of input costs. The consecutive moderation in the annual rate points to a sustained reduction in near-term cost pressures, even as the pace of improvement slowed compared with July. For young people and youth-owned enterprises operating in transport, logistics and production-linked sectors, this underscores the importance of building resilience to ongoing volatility in fuel and input costs, even as the broader producer cost environment continues to ease. For the Agency, this reinforces the importance of monitoring how changes in producer prices affect the operating costs, competitiveness and employment capacity of youth-owned enterprises, particularly those operating in manufacturing and other input-intensive sectors.

3.4. SACCI Business Confidence Index

The South African Chamber of Commerce and Industry (SACCI) business confidence index rose to 125.4 in July 2026, the highest reading since March, up from 123.5 in June. Higher new vehicle sales, stronger merchandise export volumes, and lower energy prices supported the improvement, while higher inflation and lower precious metal prices weighed on business confidence. SACCI added that the number of foreign travellers to South Africa remained a positive factor despite short-term instability linked to the Middle East conflict. The ongoing war in the Middle East and its destabilising effects on crude oil prices, as well as its impact on fuel supply, are weighing on global economic prospects.

Figure 11: 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 provides 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 employment 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. Still, 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 is showing cautious, uneven improvement rather than a broad recovery. Manufacturing remains under pressure (the Absa PMI fell to 45.8 in August 2026), mining output contracted significantly, and wholesale trade and household confidence are weak. At the same time, manufacturing production, food and beverages, new vehicle sales and business confidence have improved, while easing inflation, moderating producer prices and stabilising private-sector credit offer encouraging signals.

The operating environment nonetheless remains fragile, with elevated costs for some intermediate inputs and utilities, subdued consumer demand and uncertainty in global energy markets. Smaller and youth-owned enterprises are most exposed, as they have less capacity to absorb cost increases, demand swings and expensive finance. For young people, weakness in manufacturing, mining and wholesale may limit jobs and enterprise opportunities in dependent communities. At the same time, resilient areas such as food services, automotive, retail, logistics, new energy vehicles, digital commerce and technical services offer potential entry points.

For the NYDA, the priority is to convert these pockets of resilience into sustainable youth opportunities. This means directing young people and youth-owned enterprises toward sectors and value chains with lasting demand, strengthening access to finance, markets, assets and business support, deepening partnerships with the private sector and development-finance institutions, and building enterprise resilience against input-cost volatility. Continued monitoring of high-frequency economic indicators will be essential to keep programmes responsive.