Weekly Monitor

ECONOMICS | SOUTH AFRICA

NEDBANK

Review of 9 to 13 November and preview of 16 to 20 November 2026

- The rand weakened amid dollar strength and softer precious metal prices.
- The unemployment rate rose to its highest level since mid-2022 in Q3.
- Mining output contracted for a 5th consecutive month and will make a negative contribution to Q3 GDP growth.
- While the weakness in manufacturing production persisted, it is set to make a negative contribution to GDP growth in Q3.
- Inflation remained sticky in the US, while China's consumer inflation stayed subdued despite rising producer prices.
- China's trade surplus widened, supported by robust technology-related exports and imports, while Germany's trade surplus narrowed as imports outpaced exports.
- The UK economy expanded in Q3, driven by the services sector.

Currencies

The rand depreciated throughout the week as precious metal prices fell. Locally, the weak output trend in the export-oriented manufacturing and mining sectors added to the pressure on the local unit. The local unit has dropped to its weakest level since the third week of July.

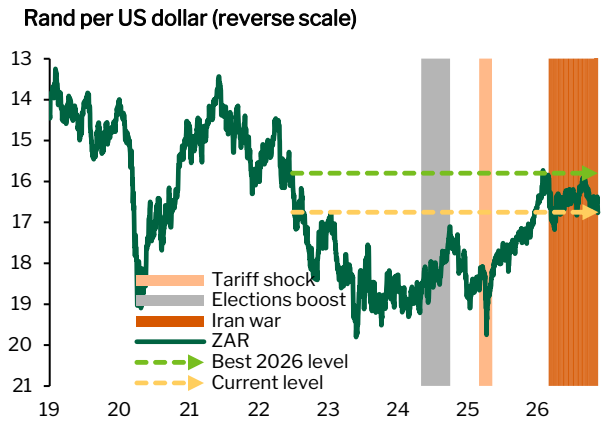
The US dollar was boosted by hotter-than-expected inflation data and the hawkish comments by some members of the Federal Reserve. These developments drove US Treasury yields higher and prompted the market to sharply raise expectations for another 25-basis-point interest rate hike in December, with some factoring in the possibility of a larger 50-basis-point move. The greenback also gained against the euro and the pound while the Japanese yen weakened to around ¥159.

Table 1: The currency markets

	This week	Previous week	%Change
Rand			
USDZAR	16.77	16.52	-1.49
EURZAR	18.51	18.40	-0.59
GBPZAR	22.13	21.93	-0.89
Dollar			
EURUSD	1.105	1.114	-0.81
GBPUSD	1.323	1.335	-0.91
USDJPY	159.85	158.45	0.88

Source: LSEG

Chart 1: The rand's recent performance



Source: LSEG

Equities, bonds, and commodities

Locally, the JSE All Share Index was broadly unchanged, gaining modestly week-on-week, as basic materials dropped by 1.2%. Financials and industrials recorded marginal increases.

US equities were volatile as investors digested strong corporate earnings and inflation data showing that prices remain elevated, rising Treasury yields, and a sharp sell-off in AI bellwether Nvidia following a leadership turmoil that led to the ouster of CEO Jensen Huang and could result in tighter controls on the sale of the company's microchips to China. The Dow led the decline, while Nasdaq and S&P 500 also fell. In contrast, European stocks outperformed, supported by positive corporate earnings and better-than-expected UK's Q3 GDP numbers. The Nikkei dropped by 1.5% compared to the previous week.

In commodity markets, Brent crude oil prices moderated and settled around $95 per barrel. Prices initially dropped to multi-week lows on Monday, with Brent crude briefly dipping below $90 per barrel after US President Donald Trump told a media conference that a peace deal with Iran, mediated by Qatar, was imminent. Data showing higher OPEC+ production led by Saudi Arabia in

October and an unexpected buildup in US inventories helped to moderate energy prices. However, the market reversed course on Thursday after Houthi militants claimed drone attacks on Saudi energy infrastructure. At the same time, Iran's military reported explosions hitting four oil tankers in the Strait of Hormuz. President Trump then stated that Washington no longer needed a deal with Tehran as he ordered Vice President J.D. Vance to abandon the peace talks and direct his attention to domestic matters. Meanwhile, precious metals were broadly weak, with gold dropping roughly 5%, pushing it below $4 000 level, while platinum fell slightly.

In the bond markets, the yield on the SA benchmark 10-year government bond rose in line with the weaker exchange rate, edging higher from 8.32% last Friday to 8.58%. In the US, worse-than-expected inflation data lifted the 10-year Treasury yield from 4.87% to 5.13%.

Table 2: Equities

	This week	Previous week	%Change
Local (JSE)			
ALSI	112894.87	112739.38	0.14
Industrials	127640.97	126501.83	0.90
Financials (LHS)	26812.80	26623.86	0.71
Basic materials	79878.04	80877.32	-1.24
Global Equities			
S&P500	7619.38	7688.62	-0.90
Nasdaq Composite	25466.19	25736.51	-1.05
Dow Jones	52486.49	53356.12	-1.63
German DAX	26662.77	26437.67	0.85
France CAC	8332.87	8177.89	1.90
UK FTSE	10835.47	10829.21	0.06
Nikkei	61248.59	62188.63	-1.51
Commodities			
Brent crude ($/barrel)	95.90	97.97	-2.11
Gold ($/ounce)	3876.35	4065.63	-4.66
Platinum ($/ounce)	1518.58	1533.28	-0.96

Source: LSEG

Chart 2: JSE Equities

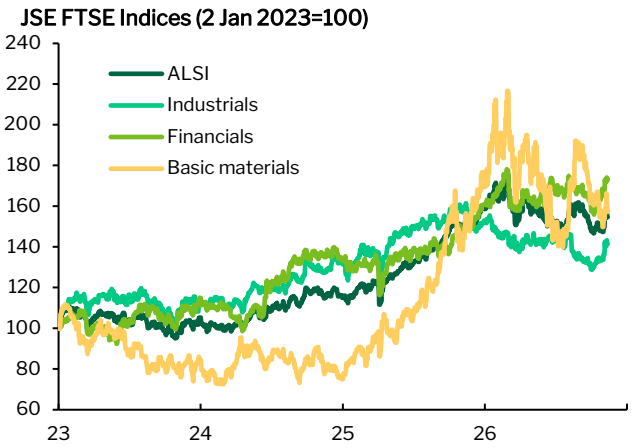
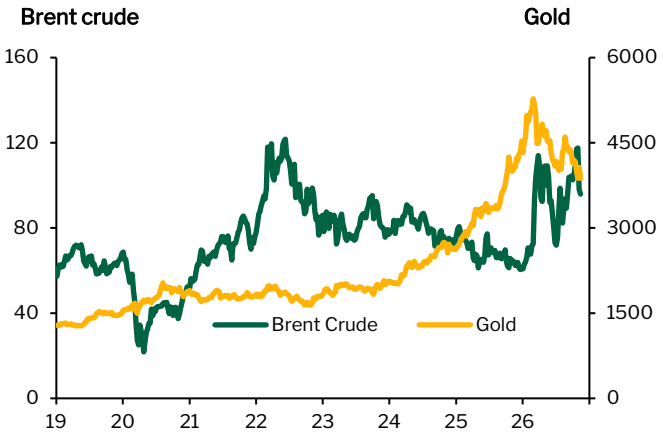


Chart 3 Commodities



Source: LSEG

Economic developments

Domestic economic releases and events

The Quarterly Labour Force Survey (QLFS) showed that labour market conditions remained mixed in Q3 as subdued economic growth continued to constrain the pace of job creation. Soft domestic demand, elevated transport and fuel costs, and heightened global uncertainty weighed on business activity and hiring intentions. However, positive employment gains in several sectors suggest that firms remained willing to hire, albeit at a pace that was insufficient to prevent a rise in unemployment. Against this backdrop, the number of unemployed people rose by 97 000 (1.1% qoq) to 8.6 million in Q3, slightly above Q2's 8.5 million. The increase was largely driven by growth in the labour force, which expanded by 198 000 as more individuals entered the job market despite an increase in discouraged workers. At the same time, employment posted a modest gain of 101 000, with strong hiring in the formal sector more than offsetting losses in the household and informal sectors. However, employment growth remained insufficient to absorb the expanding labour supply. Consequently, the unemployment rate edged up from 33.6% to 33.7%, its highest level since Q2 2022.

At a sectoral level, labour market performance was more resilient than expected, with a number of industries recording employment gains despite the challenging operating environment. The finance sector led job creation, adding 111 000 jobs. Meanwhile, the surprise was the improvement in mining and manufacturing, adding 31 000 and 33 000 jobs respectively, followed by gains in community and social services. These gains were partly offset by employment losses in agriculture and construction, which shed 34 000 and 8 000 jobs respectively.

Overall, the data suggest that while employment creation remained positive, it was not strong enough to keep pace with the growing number of labour market entrants. Furthermore, the resilience shown by several sectors indicates that higher fuel and transportation costs may have had a less severe impact on hiring decisions than initially anticipated. However, broader labour market conditions remain weak.

Production side indicators confirmed that mining will subtract from Q3 GDP growth data, while manufacturing will also be a negative contributor, albeit to a lesser extent than the dip in mining. **Mining output** contracted for a 5th consecutive month, falling 10.7% yoy in September. Iron ore (-23.7%, contributing -3.4 ppts); coal (-13.4%, contributing -3.3 ppts); PGMs (-9.9%, contributing -2.9 ppts); and diamonds (-63.1%, contributing -1.1 ppts) were the largest drags. Over Q3, seasonally adjusted output fell 6.0% qoq. The most significant negative contributors were: PGMs (-12.5%, contributing -3.5 ppts); iron ore (-6.5%, contributing -0.9 ppts); and coal (-3.5%, contributing -0.9 ppts). Softer commodity prices, port constraints, and high input costs, exacerbated by elevated fuel prices, explain the weakness.

Manufacturing's contraction eased from 4.1% yoy in August to 3.5% in September. Motor vehicles, parts and accessories and other transport equipment; wood and wood products, paper, publishing and printing; furniture and 'other' manufacturing; and basic iron and steel, non-ferrous metal products, metal products and machinery made the largest negative contributions, together shaving 3.8 ppts off the total. Over the quarter, output rose from -1.6% qoq in Q2 to 0.9% in Q3, with food and beverages and basic iron and steel contributing 1.5 ppts. The sector still faces mounting cost pressures, including operational inefficiencies, high electricity tariffs and other administered price increases, which erode competitiveness. High US tariffs on key manufactured exports, elevated fuel prices, and supply shortages linked to disruptions to shipping through the Strait of Hormuz have added further strain.

International economic releases and events

Key data out of the US confirmed that the labour market was stronger than initially reported in recent months, supporting the case for a Federal Reserve interest rate hike on 9 December. **Nonfarm payrolls** rose by a better-than-expected 165 000 in October, against the market consensus of 65 000 in a Reuters survey. The increase was comfortably above the average monthly gain of 48 000 over the previous 12 months, after the September gain was revised higher to 60 000 from 29 000. The unemployment rate remained unchanged at 4.1%, while the labour force participation rate held steady at 61.9%. Average hourly earnings growth moderated from 3.2% yoy to 3.1%, suggesting that wage pressures remain contained.

On the inflation front, price pressures remained sticky in the US, while China's consumer inflation was still subdued despite rising producer prices. **US price increases** moderated from 0.6% mom in September to 0.4% in October, above the market forecast of 0.3%, while **core inflation** was unchanged at 0.3% mom. The moderation was largely driven by slower energy price growth (0.7% from 1.3%), while food inflation rose slightly (0.5% from 0.4%) and shelter costs remained unchanged at 0.3%, continuing to exert upward pressure on overall inflation. Although annual **inflation** was not published due to missing October 2025 data following the federal government shutdown, monthly data pointed to CPI remaining close to 3.7%. In **China, inflation** eased from 0.9% yoy to 0.7% in October due to a sharp decline in food prices (-2.9% from -1.7%), reflecting ample pork supplies and weak consumer demand. Non-food inflation was unchanged at 1.5%, as higher transport costs (5.3% from 4.3%) linked to rising fuel prices were offset by softer clothing and healthcare inflation. Meanwhile, **core inflation** slowed from 1% to 0.8%. **Producer price inflation** accelerated from 5% to 5.7% yoy, reflecting the higher energy costs and stronger industrial demand, particularly in coal, oil and gas-related industries.

Monthly trade data showed that China continued to benefit from robust demand for technology-related goods, while Germany's trade surplus narrowed as imports outpaced exports. **China's trade surplus** widened to $105.3 billion in October, up from $95.3 billion in the same period last year. However, **exports** eased from 36.3% yoy in September to 35.2%. Export growth continued to be supported by robust global demand for semiconductors and AI-related products. At the same time, **imports** accelerated sharply from 31% yoy to 41.6% yoy, driven by strong demand for technology products and industrial commodities. As a result, China's cumulative trade surplus exceeded $1 trillion in the first ten months of 2026. In **Germany,** the story was slightly different, with the **trade surplus** narrowing from €17.9 billion in August to €15.6 billion in September as **imports** increased 4.2% mom, outpacing **export** growth of 2% mom. While exports to EU markets strengthened, shipments to major markets, including the US, China and the UK declined, highlighting softer external demand.

The **UK economy** grew from 0.5% qoq in Q2 to 0.7% in Q3 in line with market expectations. The expansion was led by the services sector, while manufacturing returned to growth, offsetting weakness in mining and utilities. On the demand side, investment rose

1.7%, while household and government spending both increased by 0.6%. Exports grew by 1.6%, while imports rose by slightly faster 1.8%. Over the year, GDP growth accelerated to 1.9%.

Next week's focus: Key economic releases and events

Domestic

Next week's attention will be on the **Reserve Bank's Monetary Policy Committee (MPC) meeting**, with the interest rate decision expected on Thursday. The last policy meeting of 2026 promises to be another cliffhanger. Again, there are two choices on the table: hold or hike. We think a reasonable case can be made for both options. On balance, we see the need for another 25 bps hike in this cycle, but the timing is difficult to pin down. Both headline and core inflation remain above the Reserve Bank's 3% target and 4% tolerance band. Our forecast suggests that headline inflation will increase further, rising above 5% in Q4 2026 and Q1 2027. The initial pressure will come from the enormous petrol and diesel price hikes in October. Thereafter, the low base established in Q1 2026 will amplify the impact of fuel and increasingly food prices on the year-on-year inflation rate. If our forecasts roughly materialise, inflation would then have been above target for over a year, raising the risk that price and wage setting behaviour could change for the worse. Finally, the balance of risks to the inflation outlook remains tilted to the upside. The threat posed by the energy shock looks less ominous. The restoration of significant oil flows through the Strait of Hormuz, and weaker global demand, has eased the global supply squeeze, leading to a 22% drop in the Brent crude oil price to just above $90 per barrel since the start of November. The course of the war itself also remains unclear. While the global oil shock appears to be fading, other upside risks remain. Firstly, global price pressures have increased and broadened, with adverse implications for import prices. Secondly, the rand has been weaker and faces considerable downside risks over the short term as the US Federal Reserve is widely expected to tighten monetary policy further, and perhaps more aggressively than initially anticipated. Thirdly, the South African Weather Service (SAWS) confirmed that the country is currently in a strong El Niño state, which is expected to strengthen further and to last throughout the summer 2026/27. At this stage, SAWS predicts below-average rainfall this summer, which could hurt food production, potentially placing more severe upward pressure on food prices than we currently anticipate. El Niño is also affecting rainfall and planting conditions in the rest of the Southern Hemisphere, which could lead to higher prices on certain imported food products. Given inflation's likely prolonged spell above target and the persistent upside risks to the inflation outlook, we expect the MPC may conclude that tighter monetary policy is needed to contain the impact of potential upside risks and ensure inflation's expedient return to target.

Data releases include **consumer inflation (CPI)** for October and **retail sales** for September. We forecast CPI to accelerate from 4.5% yoy in September to 5.6% in October, primarily reflecting higher transport costs arising from a sharp increase in fuel prices. Petrol prices rose by 12.3% mom in October, driven by a substantial increase in Brent crude oil prices, which climbed by 13.6% mom amid an escalation of conflict in the Middle East and a continued decline in global oil inventories. Meanwhile, the rand lost 1.8% mom against a strengthening US dollar. Consequently, fuel inflation is expected to have accelerated sharply from 27.9% in September to 43.4% in October. Food inflation is also projected to have increased moderately, from 1.0% to 1.4%, as favourable base effects continue to normalise. Additional upward pressure is expected from selected services categories surveyed in October, including funeral-related expenses and insurance policies, gym membership fees, and local bus fares. Core inflation, which excludes food and energy prices, is also expected to firm, rising from 4.0% yoy in September to around 4.5% yoy in October, suggesting that higher fuel costs are increasingly feeding through to broader categories of goods and services across the economy.

We expect **retail sales** growth to moderate from 3.3% yoy in August to around 2.5% yoy in September. Retailers are likely to continue benefiting from resilient consumer demand, with increasing financial pressures offset by rising demand for credit and stable interest rates (interest rates for most of September were at the same level as the previous year). However, household spending is likely to show some signs of caution. The moderation in sales growth is expected to reflect the impact of higher fuel prices, which have increased transport costs. Rising fuel costs tend to weigh on consumer confidence, prompting households to become more selective in their purchasing decisions.

International

Minutes of the **Federal Open Market Committee (FOMC)** will be closely watched for the committee members' assessment of the inflation outlook and the likely path of interest rates following the 10–2 vote to keep the US policy rate unchanged at the last meeting. Markets are primarily hoping for reassurance that the Federal Reserve favours a gradual, measured approach rather than an aggressive rate-hiking cycle. Specifically, investors want to see that officials view recent inflation spikes as largely driven by temporary energy shocks and tariffs. Still on monetary policy, the **People's Bank of China** is expected to leave its **one-year** and **five-year Loan Prime Rates** unchanged at 3.0% and 3.5%, respectively.

In the **US**, **retail sales** growth is forecast to slow sharply from 0.8% mom in September to no growth (0%) in October, suggesting softer consumer spending momentum. Meanwhile, **manufacturing output** is expected to increase by 0.5% mom, while capacity utilisation is projected to remain broadly stable at 76.8%.

In **Japan**, the economy will likely expand by 0.1% qoq in Q3, while annualised GDP growth is forecast to slow to 0.3% from 1.4% in the previous quarter. Also due are inflation releases from the **UK** and the **EU**, with headline inflation expected to remain broadly unchanged, suggesting that underlying price pressures remain relatively stable.

Table 3: Release Calendar

Date	Country/Region	Indicator Name	Period	Reuters Poll	Prior	Unit
16 Nov 2026	Japan	GDP (qoq)	Q3	0.1	0.4	%
	Japan	GDP (qoq) Annualised	Q3	0.3	1.4	%
	China (Mainland)	Industrial Output (yoy)	Oct	5.3	5.5	%
	China (Mainland)	Retail Sales (yoy)	Oct	0.8	1.1	%
	EU	Industrial Production (mom)	Sep	-0.4	-0.5	%
	EU	Industrial Production (yoy)	Sep	-0.6	-1.1	%
17 Nov 2026	Germany	ZEW Economic Sentiment	Nov	15.9	28.1	Index
	Germany	ZEW Current Conditions	Nov	-36.0	-35.9	Index
	US	Retail Sales (mom)	Oct	0.0	0.8	%
	US	Retail Sales (yoy)	Oct	6.5	6.3	%
	US	Capacity Utilization SA	Oct	76.8	76.9	%
	US	Manuf Output (mom)	Oct	0.5	0.3	%
	US	Industrial Production (yoy)	Oct	2.4	2.3	%
18 Nov 2026	Japan	Exports (yoy)	Oct		16.7	%
	Japan	Imports (yoy)	Oct		18.9	%
	Japan	Trade Balance Total Yen	Oct		-536.6	Billion
	UK	Core CPI (mom)	Oct		0.2	%
	UK	Core CPI (yoy)	Oct		2.8	%
	UK	CPI (mom)	Oct		0.4	%
	UK	CPI (yoy)	Oct	3.7	3.5	%
	US	Minutes of Fed	Oct			
	SA	CPI (mom)	Oct		0.4	%
	SA	CPI (yoy)	Oct		4.5	%
	SA	Core Inflation (mom)	Oct		0.2	%
	SA	Core Inflation (yoy)	Oct		4.0	%
	EU	HICP Final (mom)	Oct	0.6	0.6	%
	EU	HICP Final (yoy)	Oct	4.0	4.0	%
	SA	Retail Sales (yoy)	Sep		3.3	%
19 Nov 2026	Japan	Machinery Orders (mom)	Sep		5.2	%
	Japan	Machinery Orders (yoy)	Sep		18.6	%
	SA	Prime Rate	Nov		10.75	%
	SA	Repo Rate	Nov		7.25	%
20 Nov 2026	Japan	CPI, Core Nationwide (yoy)	Oct	2.6	2.1	%
	Japan	CPI, Overall Nationwide	Oct		2.1	%
	China (Mainland)	Loan Prime Rate 1Y	Nov	3.0	3.0	%
	China (Mainland)	Loan Prime Rate 5Y	Nov	3.5	3.5	%
	UK	Retail Sales (mom)	Oct		-0.4	%
	UK	Retail Sales (yoy)	Oct		0.8	%
	France	Business Climate Mfg	Nov	102.0	105.0	Index
	France	Business Climate Overall	Nov	95.0	97.0	Index
	US	U Mich Sentiment Final	Nov	51.0	51.0	Index
	US	U Mich Conditions Final	Nov	51.0	51.0	Index
	US	U Mich Expectations Final	Nov	50.9	50.9	Index
	US	U Mich 1Yr Inf Final	Nov	4.3	4.3	%
	US	U Mich 5-Yr Inf Final	Nov	3.4	3.4	%

Source: LSEG/Trading Economics

GROUP ECONOMIC UNIT

Busisiwe Nkonki	+27 10 233 2966	busisiwenkon@nedbank.co.za
Isaac Matshego	+27 10 234 8358	isaacmat@nedbank.co.za

DISCLAIMER

The information furnished in this report (the "report"). which information may include opinions. estimates. indicative rates. terms. price quotations and projections. reflects the existing judgment of the author(s) and the prevailing market conditions as at the date of this report. which judgment and conditions are subject to change without notice. modification or amendment. This report does not necessarily reflect the opinion of Nedbank Limited ("Nedbank"). The information herein has been obtained from various sources. the accuracy and/or completeness of which Nedbank does not guarantee and for which Nedbank accepts no liability.

Any prices or levels contained herein are preliminary and indicative only and do not represent bids or offers. These indications are provided solely for your information and consideration. The information contained in this publication may include results of analyses from a quantitative model which represent potential future events that may or may not be realised. and is not a complete analysis of every material fact representing any product. Any estimates included herein constitute Nedbank's judgment as of the date hereof and are subject to change without any notice. Nedbank and/or its affiliates may make a market in these instruments for our customers and for our own account. Accordingly. Nedbank's may have a position in any such instrument at any time.

Nedbank recommends that independent tax. accounting. legal and financial advice be sought should any party seek to place any reliance on the information contained herein. This report is intended for use by professional and business investors only. It may not be considered as advice. recommendation or an offer to enter into or conclude any transactions. This report has been prepared for general dissemination and information purposes only and may not be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction. Any additional information relative to any financial instruments and/or financial products reviewed in this report is available upon request.

All rights reserved. Any unauthorised use or disclosure of this report is prohibited. This report may not be reproduced without the prior written consent of Nedbank. The information contained in this note is intended solely for the recipient and may not be distributed by the recipient.

All trademarks. service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of Nedbank or its affiliates.