BUREAU of Market Research

BMR/UNISA ECONOMIST OF THE YEAR – JULY 2026 ESTIMATES

FOR RELEASE: 11 August 2026

South African growth holds steady, but inflation and jobs cloud July outlook

Economists keep the 2026 growth forecast at 1.2% as official data show continued expansion, higher near-term inflation and a difficult labour market.

South Africa's 44 leading economists participating in the BMR/Unisa Economist of the Year Competition continue to expect modest economic growth in 2026, despite renewed geopolitical tensions and persistent global uncertainty.

The July consensus remains broadly stable, with most of the ten key macroeconomic forecasts unchanged from June, while inflation expectations edged higher and anticipated employment growth softened. The results point to an economy that is proving resilient, but still lacks the momentum needed for faster, job-rich growth.

Economic outlook: June 2026 vs July 2026

PRESS RELEASE

SOUTH AFRICA ECONOMIC OUTLOOK UPDATE
JUNE 2026 vs JULY 2026

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Key Economic Indicators	June	July	Change	Economic interpretation
Real GDP growth (2026)	1.2%	1.2%	↔ No change	Growth outlook remains subdued but stable.
Consumer inflation (CPI)	4.1%	4.2%	↑ 0.1 pp	Inflation expectations increased marginally.
Prime interest rate (Q4 2026)	10.5%	10.5%	↔ No change	Interest rate expectations unchanged.
ZAR/USD exchange rate (Q4 2026)	R16.50	R16.50	↔ No change	Rand expected to remain resilient.
Brent crude oil price (Q4 2026)	US$77.50	US$75.00	↓ US$2.50	Oil price expectations eased slightly.
Real household consumption expenditure growth	1.8%	1.8%	↔ No change	Household spending outlook unchanged.
Long-term government bond yield	8.63%	8.60%	↓ 0.03 pp	Bond yield expectations eased slightly.
Current account balance (% GDP)	-0.8%	-0.8%	↔ No change	Current account deficit expected to remain the same.
Global GDP growth	2.8%	2.8%	↔ No change	Global growth outlook unchanged.
Employment growth (Q4 2026)	0.7%	0.6%	↓ 0.1 pp	Employment growth expected to slow slightly.

Note: pp = percentage points

Source: BMR/Unisa Economist of the Year Competition - July 2026 Forecast Round.

Most forecasts remain unchanged

Compared with June, economists made relatively few adjustments. The consensus forecast for real GDP growth remains at 1.2%, while expectations for household spending, the rand/dollar exchange rate, the prime lending rate, the current account balance and global growth are unchanged.
The most notable revisions are:

- Consumer inflation rises slightly from 4.1% to 4.2%.
- Brent crude oil eases from US$77.50 to US$75.00 a barrel.
- The long-term government bond yield declines marginally from 8.63% to 8.60%.
- Employment growth softens from 0.7% to 0.6%.

Official data sharpen the South African picture

Recent official releases broadly support the competition's picture of modest resilience, while highlighting the risks around prices and employment. Real GDP expanded by 0.5% quarter-on-quarter in the first quarter of 2026, the sixth consecutive quarterly increase. Finance, agriculture, trade and transport were the main positive contributors, although manufacturing contracted by 0.8%.

Headline CPI reached 5.0% year-on-year in June, up from 4.5% in May, largely because of fuel and transport costs. The South African Reserve Bank consequently kept the policy rate at 7.0% in July and described the inflation risks as tilted to the upside. Price pressures have strengthened in the near term, although the latest monthly inflation reading is not directly comparable with the competition's average forecast. The competition's 4.2% CPI figure is forecast average inflation rate for Q4 of 2026, whereas the 5.0% figure is the latest monthly year-on-year reading.

The labour market remains the clearest domestic constraint. The official unemployment rate rose to 32.7% in the first quarter, with employment falling by 345 000 from the previous quarter. This gives added significance to the slight downward revision in expected employment growth, particularly for household demand and inclusive growth.

There are nevertheless important offsets. Eskom reported more than 400 consecutive days without load-shedding by early July and a marked improvement in generation availability. The National Treasury's 2026 Budget forecast of 1.6% growth is more optimistic than the competition's 1.2% consensus, underscoring both the upside from continued reform and the caution among participating economists.

What is influencing economists' forecasts?

Renewed conflict in the Middle East remains the dominant external concern. Economists and the South African Reserve Bank have both highlighted the implications for oil prices, supply chains, inflation and global growth. Volatile energy prices could lift domestic transport costs, slow the easing of inflation and keep borrowing conditions restrictive for longer.

At home, weak private investment, logistics constraints and subdued job creation continue to limit the pace of expansion. A resilient rand, improved electricity availability, stronger activity in several service industries and supportive reform momentum offer a more constructive medium-term backdrop, provided global risks subside and implementation continues.

Overall, the consensus view is one of cautious resilience: South Africa continues to grow but remains vulnerable to external shocks and domestic structural constraints.

Expert perspective

According to Ms Jacolize Meiring, an adjudicator of the BMR/Unisa Economist of the Year Competition, the July outlook remains broadly unchanged from the previous month, although differing forecasts for Brent crude oil, the rand and South Africa's current account reflect ongoing uncertainty.

> *"The main source of uncertainty remains renewed tensions in the Middle East. Economists remain concerned that renewed oil-price pressures could place upward pressure on inflation and reduce the likelihood of further interest rate cuts, while geopolitical risks continue to weigh on the global outlook. Despite this, South Africa has demonstrated resilience through a relatively stable political environment, a resilient rand and improved electricity supply. However, weak investment and logistics constraints continue to limit stronger economic growth. Overall, the outlook remains one of cautious resilience, although downside risks continue to outweigh the upside until geopolitical tensions ease."*

Understanding the bigger picture

Professor Carel van Aardt, Project Lead of the BMR/Unisa Economist of the Year Competition, says the competition provides valuable insight into how South Africa's leading economists interpret rapidly changing conditions.

> *"Economic forecasting is not simply about predicting future outcomes; it provides businesses, policymakers, investors and households with an informed view of the risks and opportunities shaping the economy. The BMR/Unisa Economist of the Year Competition offers an independent monthly benchmark of expert opinion that contributes meaningfully to evidence-based decision-making and informed public debate."*

The value of the BMR/Unisa Economist of the Year Competition

The competition is a national platform that tracks changing expectations throughout the year while recognising forecasting excellence among South Africa's leading economists. It:

- Provides an independent monthly consensus forecast across ten key macroeconomic indicators.
- Captures expert insight into the domestic and international factors shaping the economy.
- Promotes informed discussion about economic trends and policy developments.
- Offers businesses, investors, policymakers and researchers an evidence-based planning benchmark.
- Encourages forecasting excellence and transparency by measuring accuracy over time.

By combining quantitative forecasts with qualitative insight, the BMR/Unisa Economist of the Year Competition strengthens understanding of South Africa's outlook and supports better public- and private-sector decisions.

Issued by: Bureau of Market Research (BMR) - Host of the Economist of the Year Competition
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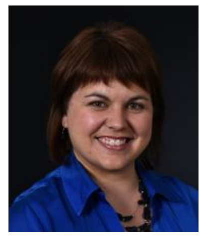

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