

BMR/UNISA ECONOMIST OF THE YEAR – FEBRUARY 2026 ESTIMATES

FOR RELEASE: 11 March 2026

ECONOMIC GROWTH TO REMAIN MODEST IN 2026, ECONOMISTS FORECAST

Overview

The Bureau of Market Research (BMR) has released the latest results of the BMR/Unisa Economist of the Year forecasts, indicating that South Africa's economy is expected to grow at a modest pace in 2026. These forecasts were compiled prior to the escalation of the current Middle East conflict. While geopolitical developments may affect specific variables, the 2026 projections reflect the most probable economic trajectory based on available information at the time.

Consensus Economic Forecasts - February 2026

Key Economic Indicators		Forecast	Economic interpretation
	Real GDP growth (2026)	1.6%	Economic growth is expected to recover modestly but remains below the level required to meaningfully reduce unemployment.
	Consumer inflation (CPI)	3.4%	Inflation is projected to remain within the SARB's new 2% to 4% target band, close to the 3% objective, creating scope for limited monetary easing.
	Prime interest rate (Q4 2026)	9.8%	Interest rates are expected to ease slightly as inflation pressures remain contained.
	ZAR/USD exchange rate (Q4 2026)	R16.50	The rand is supported by a weaker US dollar but remains vulnerable to global financial market volatility.
	Brent crude oil price (Q4 2026)	\$64	Oil prices are forecast to remain moderate, reflecting relatively balanced global supply and demand conditions.
	Real household consumption expenditure growth	2.1%	Consumer spending is expected to recover gradually, supported by lower inflation and modest interest rate easing, although household finances remain under pressure.
	Long-term government bond yield	8.55%	Bond yields are expected to remain relatively elevated, reflecting continued tight financing conditions and fiscal risks.

	Current account balance	-1.0%	The current account is projected to remain in deficit as import demand gradually recovers.
	Global GDP growth	3.1%	The global economy is expected to expand at a steady but moderate pace.
	Employment growth (Q4 2026)	1.0%	Employment growth is expected to remain modest, reflecting the subdued pace of economic expansion.

Note: Forecasts were compiled prior to the escalation of the Middle East conflict and may be affected by geopolitical developments, particularly through energy prices and global financial markets.

According to the February forecast results, real gross domestic product (GDP) is forecast to increase by 1.6% in 2026. Consumer inflation is expected to average 3.4%, while the prime interest rate is projected to remain relatively high at 9.8% in the fourth quarter of the year.

Growth and Domestic Outlook

Real economic growth is expected to improve slightly compared to recent years, supported by lower inflation, prior interest rate reductions and improved relative stability in electricity supply and port operations. However, growth remains well below the level required to meaningfully reduce unemployment.

Real household consumption expenditure is projected to grow by 2.1%, slightly outpacing overall real economic growth. Several participants expect real disposable income growth to exceed GDP growth, supported by subdued inflation, moderate wage gains and two repo rate cuts of 25 basis points during the remainder of 2026. This combination could provide measured support to credit-driven consumption, residential property activity and selected investment segments.

Employment is forecast to increase by 1.0% year-on-year in the fourth quarter of 2026, indicating gradual improvement in labour market conditions. However, persistently high unemployment remains a major structural concern.

Participating economists broadly emphasise that monetary policy is likely to remain only mildly supportive rather than strongly expansionary. While inflation moderation creates space for limited additional easing, borrowing costs remain elevated in real terms and credit conditions relatively tight.

Importantly, structural constraints continue to weigh on the growth outlook. Some constraints mentioned by participants include infrastructure maintenance backlogs, water and logistics bottlenecks, governance weaknesses, uneven policy implementation, and limited productivity growth. Progress in energy reform, private sector participation initiatives and Operation Vulindlela are viewed positively, but the pace and depth of reform remain critical to unlocking higher growth.

External Environment and Financial Conditions

The global backdrop is viewed as supportive but fragile. Global economic growth is projected at 3.1% , with slower expansion in advanced economies and steady growth in emerging markets.

A softer or pressured US dollar is seen as supportive for the rand, which is expected to average R16.50 to the US dollar in the fourth quarter of 2026. However, economists caution that global financial market volatility, trade protectionism and geopolitical tensions may result in renewed currency fluctuations.

Brent crude oil is projected at US\$64 per barrel , reflecting expectations of adequate global supply. Nonetheless, heightened geopolitical risk increases the probability of price volatility during 2026.

High precious metal prices are widely regarded as providing a buffer to the domestic economy. Elevated prices could strengthen mining output, boost tax receipts and create limited fiscal space for infrastructure expenditure. However, several economists caution that the recent strength in commodity prices may moderate over time, and reliance on commodity cycles presents risks.

South Africa's current account balance is forecast to remain in deficit at -1.0% of GDP, reflecting structural competitiveness challenges and potential external trade pressures. Long-term government bond yields are projected at 8.55%, reflecting relatively tight financing conditions despite improving inflation dynamics.

Areas of Differing Views

While there is broad agreement by the participating economists on the overall direction of the economy, differences remain regarding the strength of the consumption rebound and the investment outlook.

Some economists expect household finances to strengthen more visibly as inflation moderates and interest rates decline, supporting real household consumption expenditure growth above 2%. Others remain cautious, citing high unemployment, tight credit conditions and ongoing political and policy uncertainty.

Views on fixed investment also differ. More optimistic forecasts assume gradual progress in structural reforms in transport, water and energy, alongside improved private-sector participation and enhanced confidence. More cautious perspectives highlight risks associated with policy direction, governance concerns, biosecurity challenges in agriculture, and uncertainty linked to domestic political developments, including the local government elections.

External risks noted by participants include growing trade protectionism, uncertainty surrounding US economic and monetary policy, geopolitical tensions and potential volatility in commodity markets.

Professor Carel van Aardt, COO of the BMR, commented: *“The forecast of 1.6% growth suggests some cyclical improvement, supported by lower inflation and moderate monetary easing. However, growth remains constrained by structural weaknesses. Without sustained improvements in productivity, competitiveness and service delivery, cyclical support is unlikely to translate into stronger long-term expansion.”*

Prof Deon Tustin, CEO of the BMR, noted that the combination of moderate inflation and relatively high interest rates points to a cautiously improving but still constrained environment.

“Inflation at 3.4% provides some relief to households, and there may be scope for limited rate adjustments. However, financing conditions remain relatively tight, as reflected in the projected prime rate of 9.8% and bond yields of 8.55%. Employment growth of 1.0% also indicates that labour market recovery will be gradual.”

He added that political developments, progress in structural reform and global conditions will remain important influences on domestic economic performance in 2026.

About the BMR/Unisa Economist of the Year Competition

The BMR/Unisa Economist of the Year Competition brings together leading economists to provide independent forecasts on key economic indicators. A total of 43 economists are participating in the 2026 competition. The initiative promotes informed public discussion and supports evidence-based decision-making in business, government and civil society. By presenting expert economic expectations in a structured and accessible format, the competition contributes to greater transparency and understanding of South Africa’s economic outlook.

Professional enquiries:

Prof CJ van Aardt
Chief Operating Officer
Bureau of Market Research
University of South Africa



Professional enquiries:

Prof DH Tustin
Chief Executive Officer
Bureau of Market Research (Pty) Ltd
University of South Africa



Other enquiries:

Ms M Goetz
Research Administration Manager
Bureau of Market Research (Pty) Ltd

E-mail : madeleine.goetz@bmr.co.za
