Weekly Monitor

ECONOMICS | SOUTH AFRICA

NEDBANK

Review of 2 to 6 November and preview of 9 to 13 November 2026

- The rand recovered amid high precious metals prices and broad-based dollar weakness.
- The trade surplus widened in September as higher precious metal exports more than offset the impact of higher crude oil prices.
- The Bank of England raised its Bank Rate by 25 basis points as expected.
- The Central Bank of Brazil maintained rates unchanged amid a deterioration in inflation expectations.
- US new orders for manufactured goods accelerated, driven by transport equipment.
- Eurozone inflation rose to its highest level since September 2023, supporting the case for another interest rate hike.
- Global economic activity remained resilient in October, although the pace of expansion slowed amid heightened uncertainty.

Currencies

The rand recovered from its weakness last week, which had been driven by broad-based US dollar strength. The local currency reversed the losses as the dollar softened following the Democratic Party's overwhelming victory in the US mid-term elections. Additional support came from firm gains in precious metal prices, with the local unit trading at a three-week high of R16.41/$ on Wednesday before giving up some of the gains on Thursday as global risk appetite fell. Despite the improved sentiment towards commodity-linked currencies, the Brazilian real is still under pressure following last week's win by President Lula Inácio da Silva, trading at BRL5.30/$ from BRL5.43 last week. The Korean won has been hit by the technology-stock sell-off, plunging to KRW1 355.28/$ this morning to be down by 1.6% for the week.

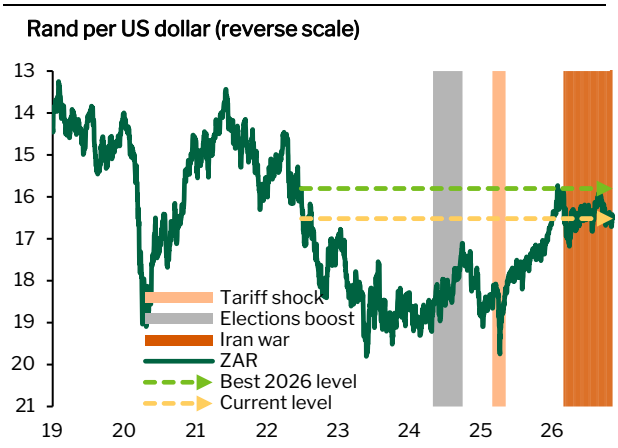
The US dollar has surrendered for the first time in three weeks, as the sweeping win for the Democrats raised the prospect of deadlocks between the Trump administration and Congress. Investors also fretted about tighter regulation of the AI industry, which could slow the strong technology investments that have underpinned firm US economic growth in recent years. The euro drew more support from expectations of further monetary policy tightening following the higher-than-expected inflation outcomes. The pound was supported by the Bank of England's interest rate hike and inflation forecasts pointing to another hike early next year. Meanwhile, the Japanese yen was broadly unchanged.

Table 1: The currency markets

	This week	Previous week	%Change
Rand			
USDZAR	16.47	16.71	1.47
EURZAR	18.47	18.62	0.79
GBPZAR	22.10	22.24	0.64
Dollar			
EURUSD	1.122	1.116	0.54
GBPUSD	1.345	1.339	0.43
USDJPY	157.66	157.53	0.08

Source: LSEG

Chart 1: The rand's recent performance



Source: LSEG

Equities, bonds, and commodities

Locally, the JSE All Share Index jumped by 5.3%, boosted by higher precious metals prices. All the sub-indices recorded significant gains, with industrials leading by 7.1% while basic materials and financials also surged by 5.2%and 4.7%, respectively.

US equities have swayed widely since the mid-term elections on Tuesday. On Wednesday, markets rose strongly, buoyed by the Democratic clean sweep which suggested that President Donald Trump's ability to advance the trade war and the war against Iran

would be curtailed. However, the gains were wiped out on Thursday as technology stocks fell sharply as investors digested evidence that groups opposed to the construction of data centres in their localities had strongly backed the Democrats, pointing to the prospect of tighter regulation of the artificial intelligence sector. The Nasdaq was the biggest loser in Thursday's rout, shedding 5.5% to take it down by more than 3% for the week. European markets have held on to their gains from early in the week despite weakness in technology shares, supported by broadly positive investor sentiment and gains in consumer and industrial stocks. Meanwhile, the Nikkei dropped as weakness in global technology stocks weighed on Asian markets. This morning, losses continued in East Asia, with the Nikkei down by 6%, while in South Korea and Taiwan trading was briefly halted to contain the rout after markets slipped by more than 8% at the open.

In commodity markets, Brent crude declined from last week's high, trading around $99.32 per barrel as markets anticipated a possible easing in geopolitical tensions following the US election outcome. Expectations that a Democratic-controlled Congress could reduce the likelihood of further escalation in the Iran conflict weighed on crude prices. President Trump's request for more defence spending is likely to be blocked by the Democratic majority, with another deadlock over the debt ceiling looming in early 2027. However, oil price losses were limited by ongoing supply concerns after a series of attacks on oil tankers in the Gulf and Strait of Hormuz reignited fears of disruptions to Middle Eastern oil exports. Precious metals prices surged this week, with gold rising by 5.5% while platinum increased by 6%.

In the bond markets, the yield on the SA benchmark 10-year government bond fell from 8.59% on Friday last week to 8.29% on Thursday, but it has risen marginally to 8.34% this morning as the rand gave up some of its gains and oil prices rose marginally. The US 10-year Treasury yield has eased from 4.95% to 4.84% as the lower oil prices dimmed inflationary fears.

Table 2: Equities

	This week	Previous week	%Change
Local (JSE)			
ALSI	113286.18	107621.67	5.26
Industrials	128676.78	120148.67	7.10
Financials (LHS)	26783.25	25570.04	4.74
Basic materials	80078.30	76130.89	5.19
Global Equities			
S&P500	7688.62	7743.98	-0.71
Nasdaq Composite	25736.51	26549.85	-3.06
Dow Jones	53356.12	52475.10	1.68
German DAX	26437.67	25704.02	2.85
France CAC	8177.89	7886.96	3.69
UK FTSE	10829.21	10694.50	1.26
Nikkei	62188.63	63954.19	-2.76
Commodities			
Brent crude ($/barrel)	99.32	117.55	-15.51
Gold ($/ounce)	4087.34	3875.02	5.48
Platinum ($/ounce)	1517.03	1431.22	6.00

Source: LSEG

Chart 2: JSE Equities

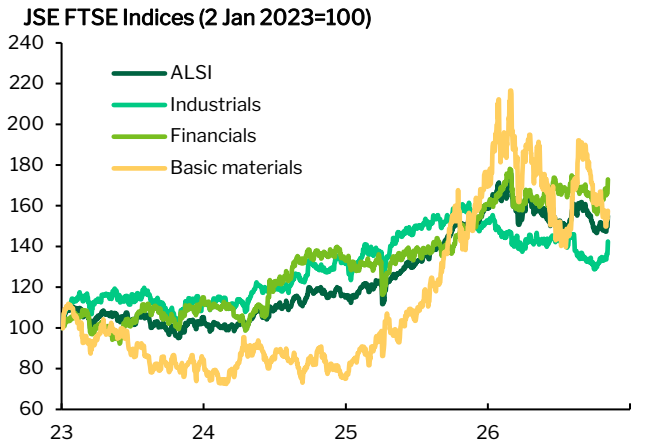
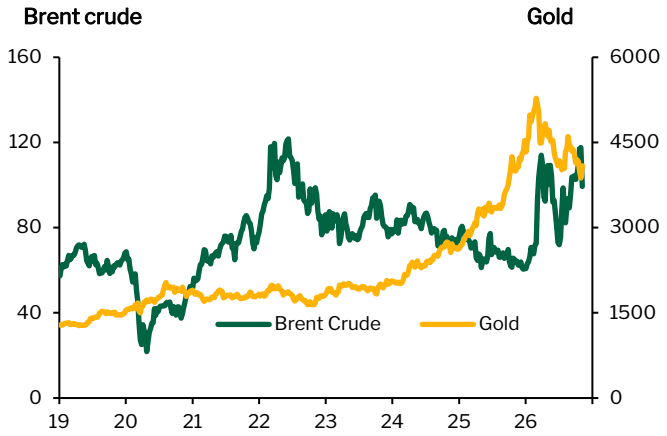


Chart 3 Commodities



Source: LSEG

Economic developments

Domestic economic releases and events

Growth in new vehicle sales moderated from 12.7% yoy in September to 10.4% in October, taking total sales to 61 890 units. Passenger vehicles rose 13.6% yoy to 45 084 units, with the rental industry accounting for 21.4% of the total. Light commercials (bakkies and mini-buses) grew 2.2% yoy and heavy commercials rose by 8.1%, while medium commercials contracted by 0.9%.

The moderation reflects tighter financial conditions and higher interest rates. Even so, volumes remain robust, supported by a wider range of affordable entry-level models and attractive financing options. Vehicle exports increased 6.3% yoy to 38 117 units, driven by stronger performances in selected segments, particularly light and extra-heavy commercial vehicles. Looking ahead, the outlook for vehicle sales remains relatively positive. Sales are likely to stay robust but continue to moderate as higher interest rates take effect and steep fuel prices add to financial pressures.

South Africa recorded a preliminary **trade surplus** of R19.8 billion in September, compared to the revised surplus of R19 billion in August. This reflected a 5.1% mom increase in exports to R190.6 billion, while imports rose by 5.2% mom to R170.8 billion. On the **export** side, the boost came from a surge in shipments of precious metals and stones (21% from -9.2%), base metals (17% from -1.6%) and mineral products (4.3% from 9.8%). The detail shows that higher exports of platinum group metals (PGMs), gold, and zinc ores and concentrates drove earnings. However, these gains were partly offset by lower exports of machinery and electronics (-7.8% from -3.1%) and vehicles and transport equipment (-10.3% from -1.1%). On the **import** side, mineral products recorded the largest increase, rising by 37% after three consecutive months of contraction. Imports of vehicles and transport equipment also increased (9% from -7.9%). However, lower imports of prepared foodstuffs, original equipment components, and machinery and electronics contained the rise in imports. Meanwhile, stronger imports of petroleum oils (excluding crude oil), aeroplanes, and computers contributed significantly to the overall increase in imports. As a result, the cumulative trade surplus for January to September 2026 widened to R169 billion, compared with R117.5 billion during the corresponding period in 2025.

South Africa's **trade balance** will remain supported by resilient exports amid firm prices of the country's key commodities. However, the outlook remains subject to risks. Elevated and volatile oil prices, driven by ongoing geopolitical tensions, are likely to keep the fuel import bill elevated. At the same time, subdued global growth, potentially weaker demand from major trading partners, and persistent domestic logistics constraints could weigh on export volumes and earnings. Consequently, while favourable commodity-market conditions should continue to support the trade surplus, elevated import costs and external trade uncertainties may limit further gains.

International economic releases and events

As expected, the **Bank of England (BoE)** hiked its **Bank Rate** by 25bps to 4%, marking the first increase since August 2023. The decision was backed by an 8-1 majority, with Catherine Mann favouring a larger 50bp hike, underscoring concerns among some policymakers that inflationary pressures may prove more persistent than previously anticipated. The increase reflects a worsening inflation outlook, with inflation projected to accelerate from the current 3.5% to around 5% by mid-2027. The **Central Bank of Brazil** halted its rate-cutting cycle, leaving the **Selic Rate** unchanged at 13.75% as inflation expectations continued to deteriorate. Citing persistent inflationary pressures and a less favourable risk balance, policymakers adopted a more cautious stance and revised their expected rate path higher, signalling rates will remain restrictive for longer. The committee now sees the Selic rate at 13.5% next month, 12.5% by end-2027, and 11% by end-2028. It also increased its 2027 inflation forecast from 3.9% to 4.7% and shifted its policy horizon to Q2 2028 inflation of 3.5%.

This week's high-frequency releases showed that **US factory orders** rose to their highest level since April, accelerating from 0.3% mom in August to 1.8% in September. The increase was primarily driven by transport equipment, with orders for civilian aircraft and parts surging 28.3% and defence aircraft and parts rising 5.8%. Motor vehicle orders recorded a modest 0.1% gain, while orders for ships and boats declined sharply by 9.9%.

In the **Eurozone,** higher crude oil prices pushed **inflation** to its highest reading in three years. CPI rose from 3.8% yoy in September to 4% in October, the highest level since September 2023. Energy costs rose by 20.8% as the effects of the war continued to exert price pressures. Costs also increased for services (3.3% from 3.2%) and unprocessed food (4.6% from 4%). Meanwhile, **core inflation** was unchanged at 2.5%.

Germany's latest **retail sales** numbers suggest that consumers are starting to feel the squeeze. Volumes dropped by 2% mom in September from a 1.2% increase in August, against the market consensus of a 0.4% increase. Sales declined for food (-1.3%) and non-food (-2.4%). Also contributing were online and mail-order sales. Over the year, sales contracted by 2.3%.

Purchasing Managers' Indices (PMIs) pointed to global economic activity remaining resilient in October, although the pace of growth slowed amid heightened uncertainty. The **J.P. Morgan Global Composite PMI** eased from 54.3 to 53.2, reflecting slower growth in both services and manufacturing activity. New orders and output continued to increase, while business confidence softened. Global trade remained supportive, with export orders rising for a third consecutive month across both sectors. Although activity moderated, inflationary pressures eased slightly as input and output price growth slowed. The **manufacturing PMI** declined marginally from 53 to 52.6. Output and new orders continued to grow at rates above their long-run averages, supported by improving export demand. Manufacturing production expanded for a fifteenth consecutive month, while backlogs of work continued to rise amid reports of capacity constraints, material shortages and longer supplier delivery times.

In the **US**, economic activity remained robust despite easing from recent highs. **Manufacturing** and **services PMIs** moderated to 54.9 and 56.1 respectively, supported by strong demand, rising employment and continued growth in new orders. However, firms faced elevated input costs linked to higher energy, transport and tariff-related expenses.

Eurozone activity slowed at the start of the fourth quarter, with the Composite PMI falling from 53.1 to 51.7. New business growth weakened significantly, although export demand remained supportive. Germany continued to outperform, benefiting from stronger manufacturing output and export sales, while France returned to contraction territory.

Elsewhere, China's services sector grew modestly, with the Services PMI easing from 51.6 to 50.8. New business and export orders continued to expand, supporting further hiring and helping firms reduce outstanding workloads. The UK recorded stronger growth in both manufacturing and services activity, supported by improving demand and higher new orders. In Japan, economic activity remained positive but moderated, with softer growth in manufacturing output and new orders partly offset by a modest improvement in services activity.

Next week's focus: Key economic releases and events

Domestic

The focus next week will be on the release of manufacturing and mining production for September, and the Quarterly Labour Force Survey (QLFS) for Q3. The QLFS is likely to show a modest deterioration in the unemployment rate. The operating environment remained challenging during the quarter, with higher oil and fuel prices increasing input, transportation and distribution costs for businesses, placing pressure on profitability and weighing on business confidence. Against the backdrop, firms may have adopted a more cautious approach to hiring, delaying expansion and recruitment plans. We expect the weakness in mining and manufacturing production to persist into September as high input costs, compounded by steep fuel prices, and structural constraints continue to weigh on both sectors. We forecast mining output to contract by 7% yoy in September, slightly better than the 12.7% drop recorded in August. We also expect a shallower decline in manufacturing of 2.4% yoy, compared to the 4.3% contraction recorded in August.

International

This afternoon the focus will be on US employment data. Non-farm payrolls, due on Friday, are forecast to increase by 40 000 in October from 29 000 in September, while the unemployment rate is expected to remain unchanged at 4.2%.

Next week will be dominated by inflation, GDP, and trade data. In the US, headline inflation is expected to remain elevated at 3.7% yoy in October, while core inflation is projected to hold at 2.6% yoy, suggesting that underlying price pressures remain relatively sticky. In Europe, final inflation data from Germany and France are likely to confirm that CPI remained elevated in October, with Germany's harmonised inflation rate holding at 2.8% yoy and France's at 3.8%. Meanwhile, China's CPI is forecast to remain subdued at 0.9% yoy, while producer price inflation is estimated to accelerate slightly from 5% to 5.2%, pointing to persistent upstream price pressures.

On the growth front, the preliminary UK GDP numbers are likely to show an acceleration in growth from 1.4% yoy in Q2 to 1.7% in Q3, although quarterly growth is projected to slow modestly. In the euro area, the flash GDP estimate is forecast to show annual growth holding steady at 1.3% in Q3, while quarterly growth is expected to ease slightly from 0.4% to 0.3%, indicating a modest loss of momentum in economic activity.

On the trade front, China's trade surplus is expected to widen from $133.5 billion in September to $135.0 billion in October, underpinned by robust export and import demand. In Germany, the trade surplus is projected to narrow from €19.5 billion to €15.9 billion in September, suggesting softer trade flows amid a challenging global environment.

Table 3: Release Calendar

Date	Country/Region	Indicator Name	Period	Reuters Poll	Prior	Unit
9 Nov 2026	China (Mainland)	PPI (yoy)	Oct	5.2	5.0	%
	China (Mainland)	CPI (yoy)	Oct	0.9	0.9	%
	China (Mainland)	CPI (mom)	Oct	0.2	0.2	%
	SA	Net $Gold & Forex Res	Oct		72.3	Billion
	SA	Gross $Gold & Forex Res	Oct		75.4	Billion
	Germany	Exports (mom) SA	Sep		-0.8	%
	Germany	Imports (mom) SA	Sep		0.9	%
	Germany	Trade Balance, EUR, SA	Sep	15.9	19.5	Billion
10 Nov 2026	SA	Unemployment Total	Q3		8.48	Million
	SA	Unemployment Rate	Q3		33.6	%
	SA	Manuf Production (mom)	Sep		-3.1	%
	SA	Manuf Production (yoy)	Sep		-4.3	%
	US	Core CPI (mom), SA	Oct	0.2	0.3	%
	US	Core CPI (yoy), NSA	Oct		2.6	%
	US	CPI (mom), SA	Oct	0.3	0.6	%
	US	CPI (yoy), NSA	Oct		3.7	%
	China (Mainland)	Exports (yoy)	Oct		36.3	%
	China (Mainland)	Imports (yoy)	Oct		31.0	%
	China (Mainland)	Trade Balance USD	Oct	135.0	133.5	Billion
11 Nov 2026	Germany	HICP Final (mom)	Oct	-0.1	-0.1	%
	Germany	HICP Final (yoy)	Oct	2.8	2.8	%
12 Nov 2026	UK	Industrial Output (mom)	Sep	0.2	0.8	%
	UK	Industrial Output (yoy)	Sep	0.4	1.6	%
	UK	Manufacturing Output (mom)	Sep	0.1	1.2	%
	UK	Manufacturing Output (yoy)	Sep	2.3	3.0	%
	UK	GDP Prelim (qoq)	Q3	0.4	0.5	%
	UK	GDP Prelim (yoy)	Q3	1.7	1.4	%
	SA	Gold Production (yoy)	Sep		-5.7	%
	SA	Mining Production (yoy)	Sep		-12.7	%
	US	Existing Home Sales	Oct	3.98	3.99	Million
	US	Exist. Home Sales % Chg	Oct	0.3	1.5	%
13 Nov 2026	France	CPI (EU Norm) Final (mom)	Oct	0.4	0.4	%
	France	CPI (EU Norm) Final (yoy)	Oct	3.8	3.8	%
	EU	GDP Flash Estimate (qoq)	Q3	0.3	0.4	%
	EU	GDP Flash Estimate (yoy)	Q3	1.3	1.3	%

Source: LSEG/Trading Economics

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