Monetary Policy Committee
Scenario report: Tariffs

May 2025 MPC meeting

29 May 2025

South African Reserve Bank

Summary of core model assumptions May 2025 MPC: Tariff scenarios

Change from baseline	Medium scenario		High scenario	
Tariff for South Africa	10% (2025Q2) & 30% (2025Q3 – 2027)		10% (2025Q2) & 30% (2025Q3 – 2027)	
Effective world average tariff rate	7.5%		10%	
	2025	**2026**	**2025**	**2026**
Real GDP growth in South Africa's major trading partner countries	-0.4%	-0.2%	-0.6%	-0.2%
International wholesale prices	+0.2%	+0.1%	+0.30%	+0.15%
International commodity prices in US$	-4.0%	-2.0%	-6.0%	-2.4%
SA exchange rate	-7.5%	-2.0%	-10.0%	-3.0%

1. Selected forecast results: Medium tariff scenario

Percentage changes (unless otherwise indicated)	Actual					Forecast		
	2020	2021	2022	2023	2024	2025	2026	2027
1. GDP growth	-6.2%	5.0%	1.9%	0.7%	0.6%	~~*1.2%*~~ *0.9%*	~~*1.5%*~~ *1.1%*	*1.8%*
2. Repurchase rate (end of period i.e. fourth quarter)	3.50	3.61	6.54	8.25	7.90	~~*7.21*~~ *7.82*	~~*7.16*~~ *7.35*	*7.16*
3. Headline inflation	3.3%	4.6%	6.9%	5.9%	4.4%	~~*3.2%*~~ *3.6%*	~~*4.2%*~~ *4.8%*	*4.4%*
4. Core inflation	3.4%	3.1%	4.3%	4.8%	4.3%	~~*3.4%*~~ *3.7%*	~~*4.0%*~~ *4.7%*	*4.4%*
5. Current account balance (ratio to GDP)	2.0	3.7	-0.5	-1.6	-0.6	~~*-1.0*~~ *-1.3*	~~*-2.0*~~ *-2.8*	~~*-2.2*~~ *-3.9*

1. Selected forecast results: High tariff scenario

Percentage changes (unless otherwise indicated)	Actual					Forecast		
	2020	2021	2022	2023	2024	2025	2026	2027
1. GDP growth	-6.2%	5.0%	1.9%	0.7%	0.6%	~~*1.2%*~~ *0.7%*	~~*1.5%*~~ *0.9%*	*1.8%*
2. Repurchase rate (end of period i.e. fourth quarter)	3.50	3.61	6.54	8.25	7.90	~~*7.21*~~ *7.93*	~~*7.16*~~ *7.47*	*7.16*
3. Headline inflation	3.3%	4.6%	6.9%	5.9%	4.4%	~~*3.2%*~~ *3.7%*	~~*4.2%*~~ *4.9%*	*4.4%*
4. Core inflation	3.4%	3.1%	4.3%	4.8%	4.3%	~~*3.4%*~~ *3.8%*	~~*4.0%*~~ *4.8%*	*4.4%*
5. Current account balance (ratio to GDP)	2.0	3.7	-0.5	-1.6	-0.6	~~*-1.0*~~ *-1.5*	~~*-2.0*~~ *-3.3*	~~*-2.2*~~ *-4.5*