

Monetary Policy Committee forecast report

November 2026 MPC meeting

19 November 2026

South African Reserve Bank

Summary of assumption results November 2026 MPC

** Figures below the assumption in parentheses represents the previous MPC assumption*

1. Foreign sector assumptions

Percentage changes (unless otherwise indicated)	Forecast			
	2026	2027	2028	2029
1. Real GDP growth in South Africa's major trading partner countries	*2,7%*	*2,8%*	*3,0%*	*3,0%*
	(2,6%)	*(2,8%)*	*(3,0%)*	*(3,0%)*
2. Output gap in South Africa's major trading partner countries	*-0,2%*	*-0,3%*	*-0,0%*	*0,3%*
	(-0,3%)	*(-0,2%)*	*(0,1%)*	*(0,2%)*
3. International commodity prices in US$ (excludes oil but includes petroleum products)	*32,1%*	*-14,5%*	*-1,2%*	*-0,2%*
	(29,2%)	*(-12,9%)*	*(-1,3%)*	*(-0,3%)*
4. Brent crude (US$/barrel)	*$90,6*	*$80,0*	*$75,0*	*$73,0*
	($90,0)	*($80,0)*	*($75,0)*	*($73,0)*
5. World food prices (US$)	*3,7%*	*6,2%*	*1,2%*	*-0,6%*
	(4,3%)	*(6,5%)*	*(1,0%)*	*(-0,6%)*
6. International consumer prices	*3,1%*	*2,8%*	*2,2%*	*2,0%*
	(3,1%)	*(2,8%)*	*(2,2%)*	*(2,0%)*
7. International policy interest rate	*2,9%*	*3,4%*	*3,2%*	*2,9%*
	(2,9%)	*(3,4%)*	*(3,2%)*	*(2,9%)*

2. Domestic sector assumptions

Percentage changes (unless otherwise indicated)		Forecast			
		2026	2027	2028	2029
1.	Fuel taxes and levies	*2,5%*	*4,4%*	*1,8%*	*2,6%*
		(4,4%)	*(1,8%)*	*(2,1%)*	*(2,6%)*
2.	Potential growth	*1,3%*	*1,7%*	*1,8%*	*2,0%*
		(1,3%)	*(1,7%)*	*(1,8%)*	*(2,0%)*
3.	Inflation target	*3,0%*	*3,0%*	*3,0%*	*3,0%*
	(end of period i.e. fourth quarter)	*(3,0%)*	*(3,0%)*	*(3,0%)*	*(3,0%)*

Summary of selected QPM forecast results November 2026 MPC

**The forecast remains subject to potential further revisions to historical data*

***Figures below the forecast in parentheses represents the previous MPC forecast*

1. Selected forecast results (quarterly)

Percentage change (year-on-year)		Forecast																	
		26Q4	2026	27Q1	27Q2	27Q3	27Q4	2027	28Q1	28Q2	28Q3	28Q4	2028	29Q1	29Q2	29Q3	29Q4	2029	Steady state
1.	Headline CPI	*5,1*	*4,3*	*5,2*	*3,8*	*3,9*	*3,3*	*4,0*	*3,3*	*3,3*	*3,0*	*3,0*	*3,2*	*3,0*	*3,0*	*3,0*	*3,0*	*3,0*	*3,0*
		(5,4)	*(4,4)*	*(5,3)*	*(3,9)*	*(3,9)*	*(3,1)*	*(4,0)*	*(3,3)*	*(3,3)*	*(3,1)*	*(3,0)*	*(3,2)*	*(3,0)*	*(3,0)*	*(3,0)*	*(3,0)*	*(3,0)*	
2.	Core CPI	*4,0*	*3,8*	*4,2*	*4,0*	*4,0*	*3,9*	*4,0*	*3,7*	*3,4*	*3,2*	*3,1*	*3,3*	*3,1*	*3,1*	*3,0*	*3,0*	*3,0*	*3,0*
		(4,1)	*(3,8)*	*(4,2)*	*(4,1)*	*(4,0)*	*(3,9)*	*(4,0)*	*(3,6)*	*(3,4)*	*(3,2)*	*(3,1)*	*(3,3)*	*(3,1)*	*(3,1)*	*(3,0)*	*(3,0)*	*(3,0)*	
3.	Food CPI	*2,3*	*2,3*	*3,4*	*4,1*	*5,2*	*5,1*	*4,5*	*4,2*	*3,7*	*3,0*	*2,8*	*3,4*	*2,8*	*3,0*	*3,1*	*3,0*	*3,0*	*3,0*
		(3,2)	*(2,7)*	*(4,1)*	*(4,8)*	*(5,6)*	*(5,1)*	*(4,9)*	*(4,2)*	*(3,7)*	*(3,0)*	*(2,7)*	*(3,4)*	*(2,8)*	*(3,0)*	*(3,1)*	*(3,0)*	*(3,0)*	
4.	Fuel CPI	*39,0*	*19,6*	*33,2*	*-3,4*	*-5,6*	*-16,3*	*-0,5*	*-9,0*	*-3,5*	*-1,0*	*0,1*	*-3,5*	*0,8*	*0,3*	*0,0*	*-0,0*	*0,3*	*3,0*
		(40,0)	*(19,7)*	*(31,7)*	*(-5,4)*	*(-7,3)*	*(-18,1)*	*(-2,3)*	*(-8,8)*	*(-2,4)*	*(-0,0)*	*(0,4)*	*(-2,9)*	*(0,0)*	*(-0,1)*	*(0,1)*	*(0,2)*	*(0,1)*	
5.	Electricity CPI	*8,1*	*9,2*	*8,1*	*8,1*	*8,0*	*8,0*	*8,0*	*8,0*	*8,0*	*6,0*	*6,0*	*7,0*	*6,0*	*6,0*	*6,0*	*6,0*	*6,0*	*3,0*
		(8,1)	*(9,2)*	*(8,1)*	*(8,1)*	*(8,0)*	*(8,0)*	*(8,0)*	*(8,0)*	*(8,0)*	*(6,0)*	*(6,0)*	*(7,0)*	*(6,0)*	*(6,0)*	*(6,0)*	*(6,0)*	*(6,0)*	

2. Selected forecast results (annual)

Percentage changes (unless otherwise indicated)		Forecast				
		2026	2027	2028	2029	Steady state
1.	GDP growth	*1,2%*	*1,7%*	*1,9%*	*2,0%*	*2,5%*
		(1,2%)	*(1,7%)*	*(1,9%)*	*(2,0%)*	
2.	Output gap	*-0,4%*	*-0,4%*	*-0,2%*	*-0,1%*	*0,0%*
		(-0,4%)	*(-0,3%)*	*(-0,2%)*	*(-0,1%)*	
3.	Nominal effective exchange rate	*9,0%*	*-3,9%*	*-2,0%*	*-0,1%*	*1,0%*
		(8,9%)	*(-4,1%)*	*(-2,0%)*	*(-0,0%)*	
4.	Real effective exchange rate	*10,2%*	*-2,7%*	*-1,1%*	*0,9%*	*0,0%*
		(10,3%)	*(-2,9%)*	*(-1,0%)*	*(0,9%)*	
5.	Real exchange rate gap	*7,6%*	*3,2%*	*0,2%*	*-0,1%*	*0,0%*
		(7,7%)	*(3,1%)*	*(0,1%)*	*(-0,1%)*	
6.	Unit labour cost	*4,8%*	*5,4%*	*3,5%*	*3,0%*	*3,0%*
		(4,4%)	*(5,4%)*	*(3,5%)*	*(3,0%)*	
7.	SARB policy rate	*7,15%*	*6,39%*	*6,00%*	*5,82%*	*5,50%*
	(end of period i.e. fourth quarter)	*(6,98%)*	*(6,34%)*	*(5,98%)*	*(5,84%)*	
8.	Neutral real interest rate	*2,81%*	*2,90%*	*2,92%*	*2,87%*	*2,50%*
		(2,81%)	*(2,90%)*	*(2,92%)*	*(2,87%)*	
9.	Current account balance	*-0,5%*	*-1,5%*	*-1,7%*	*-1,7%*	
	(ratio to GDP)	*(-0,5%)*	*(-1,4%)*	*(-1,7%)*	*(-1,7%)*	

Notes

1. **Trading partner GDP growth:** is broadly determined via the Global Projection Model "GPM" which is adjusted to aggregate the GDP growth rates of South Africa's major trading partners on a trade weighted basis. Individual projections are done for the six largest trading partners (Eurozone, China, United States, Japan, Great Britain and India). Other countries considered, although with small weights, are Mexico, Brazil and Russia. The remaining trading partners are grouped into the Rest of Countries bloc. Since Sub-Saharan Africa (SSA) is also a major trading region for South Africa (but does not have a bloc in the GPM), it is modelled separately then combined with the aggregate of all countries in the GPM to make up total trading partner GDP growth. The assumption takes account of country specific "consensus" forecasts as well as regional growth prospects.

2. **Commodity price index (excludes oil but includes petroleum products):** is a weighted aggregate price index (2015=100) of the major South African export commodities based on 2024 export basket weights.

3. **International consumer prices:** are also broadly determined via the GPM, the index is an aggregate of the consumer price indices of the G3 countries (euro area, United States and Japan) weighted by their global trade-export weights. Consumer prices are determined for each region discussed above by accounting for expected future price inflation, demand pressures, and pass-through from changes in the relevant exchange rate. Other institutional forecasts for international consumer prices are also considered.

4. **International policy interest rate:** is again broadly determined via the GPM. Interest rates are an aggregate of the policy rates of the G3 countries (euro area, United States and Japan). They are individually determined by a "Taylor-type" monetary policy rule. The communications of the relevant central banks and other institutional forecasts are also considered.

5. **Nominal effective exchange rate:** This is based on the bilateral exchange rates of our three largest trading partners (euro area, United States and Japan). The bilateral exchange rates are weighted by export trade weights.

6. **Nominal effective exchange rate steady state:** This is estimated using the Purchasing Power Parity (PPP) condition, which links the depreciation of the nominal exchange rate to the inflation differential between SA and abroad. Given that the REER depreciation is zero at steady state, the nominal exchange rate will therefore depreciate by 1.0% per year in steady state, reflecting the inflation (target) differential between domestic (3.0%) and foreign (2.0%) inflation.

7. **Real effective exchange rate:** This is the nominal effective exchange rate deflated by the consumer price differential (between South Africa and the trade weighted CPI of euro area, United States and Japan).

8. **SARB policy rate:** End of period refers to the average policy rate for the last quarter of the year. The nominal policy rate steady state is calculated as the sum of SA inflation target (3.0%) and the steady state neutral real interest rate (2.5%).

9. **Neutral real interest rate (NRIR):** The NRIR is the policy rate, minus inflation, which prevails when the economy is fully in balance, with inflation at target and output at potential. The policy stance is measured as either tight or loose based on whether actual rates are above or below this neutral rate, respectively. The steady state NRIR is calculated as the sum of the respective steady states for the G3 neutral real interest rate (0.5%), South Africa's risk premium (2.0%), and the change in the real effective exchange rate REER (0.0%). Before the steady state is reached it is possible for the REER equilibrium to appreciate or depreciate, so this value can have a non-zero value over the medium term. It is nonetheless always zero in the long run.

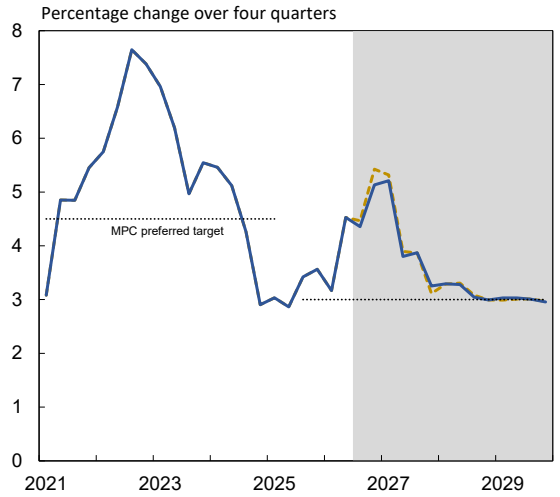
10. **Steady state:** This is the long run value in the model. While model equilibriums can have different values over the medium term, as conditions change, all equilibriums eventually reach a steady state, where they stabilise. For more details on the estimation of steady states, see Botha, De Jager, Ruch and Steinbach (2017) - South African Reserve Bank Working Paper Series No. WP/17/01.

11. **Current account balance as a percentage of GDP:** Forecast is obtained from the SARB's Core macroeconometric model.

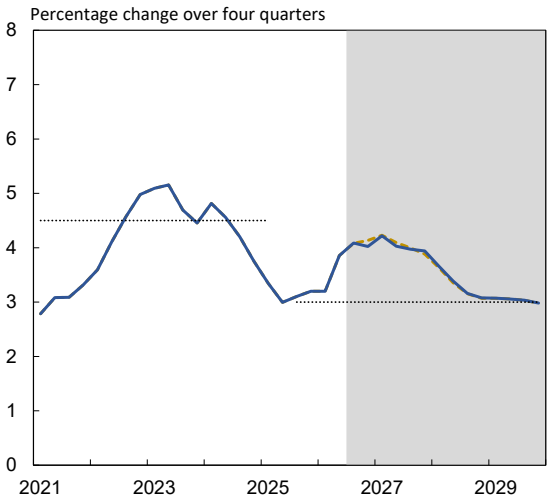
12. **Electricity price:** is an administered price measured at the municipal level with a weight of 3.44 per cent in the headline CPI basket. Electricity price adjustments generally take place in the months of July and August of each year, and the assumed pace of increase over the forecast period reflects the multi-year price determination (MYPD) agreement between ESKOM and NERSA with a slight adjustment for measurement at the municipal level.

QPM selected forecast results

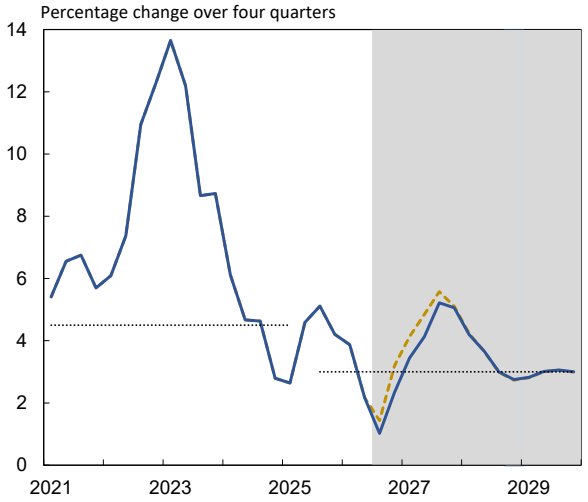
Headline inflation



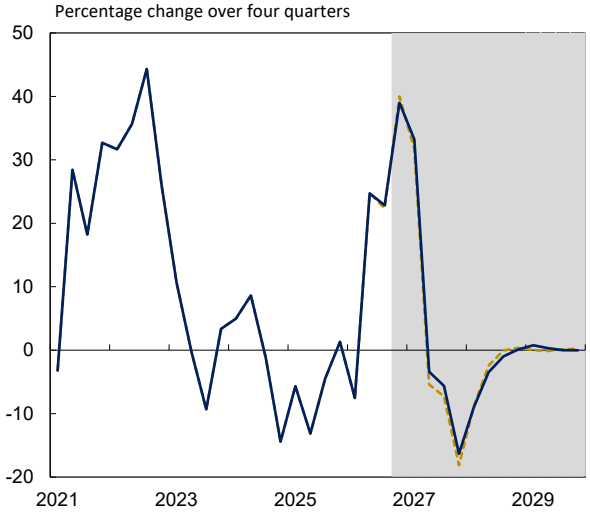
Core inflation



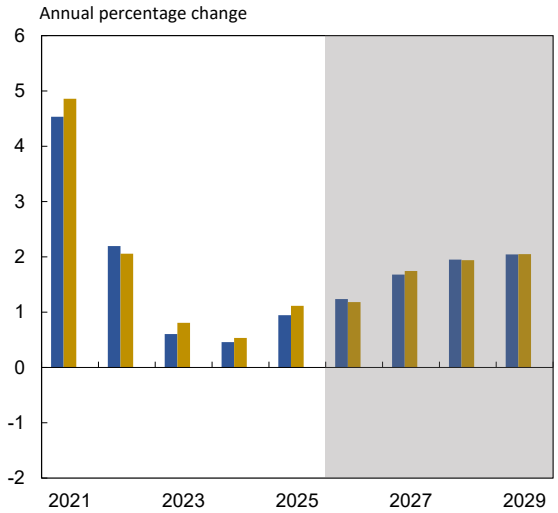
Food inflation



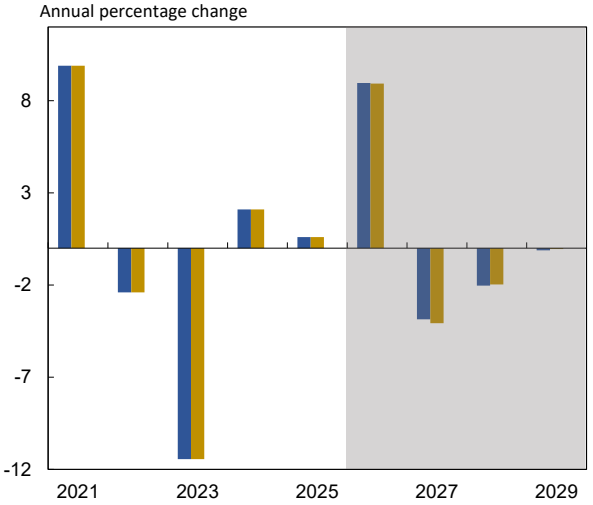
Fuel inflation



Real GDP growth

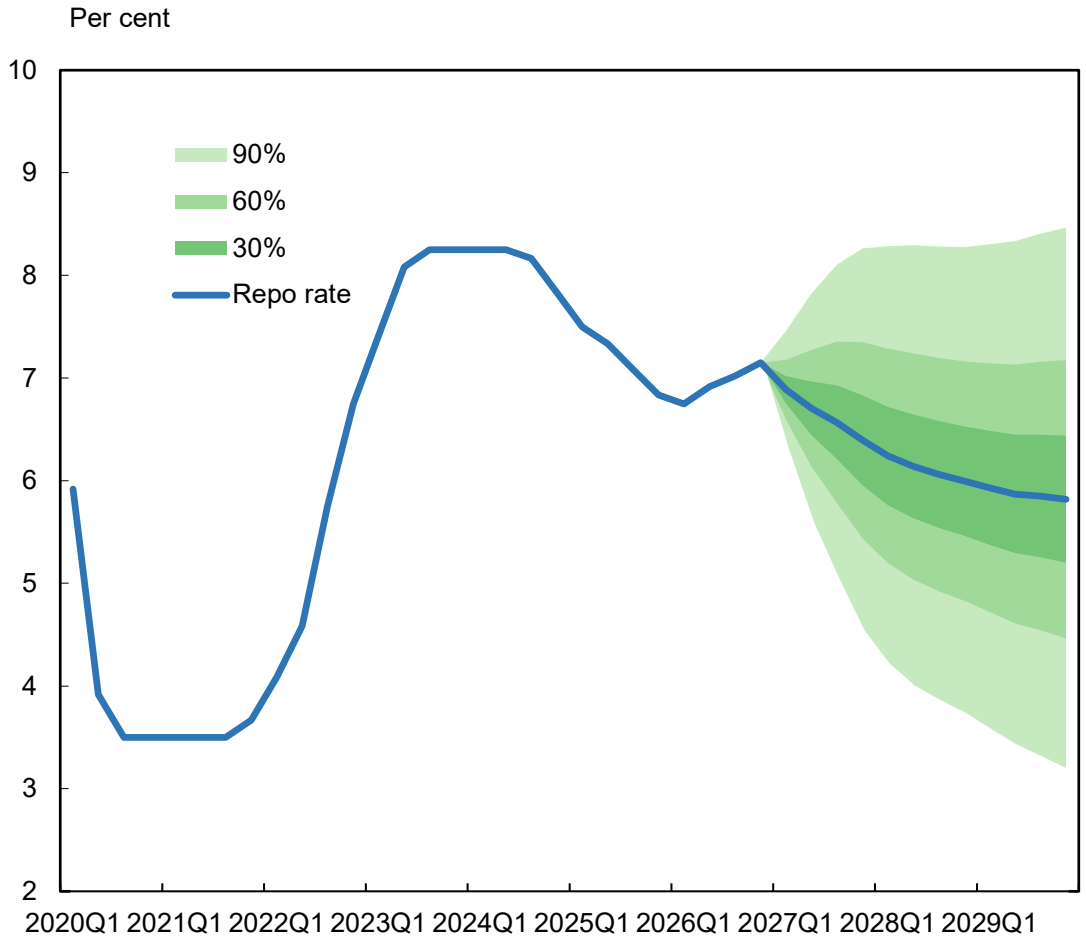


Nominal effective exchange rate





SARB policy rate forecast*



*The uncertainty bands for the policy rate are based on historical forecasting experience and stochastic simulations in the Quarterly Projection Model (QPM). The bands are symmetric, and therefore do not reflect any assessment of upside or downside risk. For details on the QPM see 'Enhancing the Quarterly Projection Model', South African Reserve Bank Working Paper Series No. WP/23/05, June 2023.