

Nedbank revises economic growth downwards, cites Middle East strife

Bank warns inflation may shoot up to 5% if conflict drags on

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As the economic outlook for South Africa worsens due to the conflict in the Middle East, which has spiked oil prices, banking group Nedbank has revised the economic outlook, predicting a spike in inflation, no interest rate cuts in 2026 and economic growth of just 1.3%.

Jason Quinn, Nedbank chief executive, said they had initially expected a gradual recovery in South Africa, which was supported by stable inflation and lower borrowing costs. At the release of its annual results in March, South Africa's fourth largest bank by assets said it expected conditions to improve, with GDP set to expand by 1.5% and 1.8% between 2026 and 2028.



Jason Quinn

At the time, inflation was expected to remain contained to create room for further rate cuts and supporting credit demand, but the global shock has changed the domestic outlook, with fuel hikes expected to feed into food and other prices and slow down economic activity.

Brent Crude oil surged past \$100 a barrel after the US and Israel launched attacks on Iran, sending fuel price shock waves across the world. On Saturday



The reopening of the Strait of Hormuz and a two week ceasefire has seen the price of oil drop slightly / Getty Images

morning, Brent was trading at just above \$90 following declaration of a two week cease fire and the reopening of the Strait of Hormuz, through which a quarter of the world's oil passes.

"Following our initial assessment of developments in the Middle East, which have resulted in significantly higher oil prices, we now expect inflation to increase above 4% in 2026, and potentially 5% in a worse-case scenario, and as a result, we are not likely to see any interest rate cuts this year. Our GDP growth forecast for 2026 has also been trimmed to 1.3%," said Quinn.

The bank further expects inflation to climb to 4%, at the upper band of the tolerance level set by the Reserve Bank and Treasury, and even shoot up to 5% if there is no

resolution to the conflict.

At the presentation of the budget in February, Treasury said it expected a slight recovery in real GDP growth, increasing to 1.6% in 2026 from 1.4% in 2025, and reaching 2% by 2028. This outlook was backed by structural reforms, lower interest rates and stronger investor confidence, although problems such as logistics delays and infrastructure shortages are still major risks. However, this forecast did not factor in the war in Iran.

Professor Raymond Parsons of the North West University's School of Business and Governance told *Sunday World* South Africa may only manage to avoid small setback to growth and a short period of higher inflation this year.

He said Nedbank's scenario showed that adjusting to major global economic shock is never easy or without cost.

"However, compared to Nedbank, the IMF this week cut its 2026 growth forecast for South Africa in 2026 from 1.4% to only 1%, which is a more pessimistic outcome. Whether the Nedbank 'worst case' scenario materialises will depend on how much longer the Middle East conflict lasts, what interest rates will do, and what further steps the government takes to cushion the impact," said Parsons.

This highlighted the urgency of the ministerial task team that was appointed to coordinate government's response to rising living costs, fuel prices and food security, he added.

Dawie Roodt, chief economist of Efficient Group, said the government's 1.6% growth forecast for 2026 was too optimistic as he had always believed that growth would be around 1.3%, but that was before war broke in Iran.

"I initially understood that our GDP will grow by 1.3%, and with the ongoing Middle East war I forecast that growth will be around 1% or less. Inflation should go up to 5% around May and this may be considered good or bad news because if it goes up we get to cover up the costs of the war, and it will help us drop it by this time next year.

"What I mean is that we should expect a better economy only next year because I expect the war to end in the coming weeks but this would not mean an immediate recovery. Even with fuel, it might take at least eight months after the war for Brent crude to drop to less than \$80 a barrel, things may look tough now but next year looks better," said Roodt.

While Nedbank signalled the repo rate will remain unchanged for the rest of the year, Roodt said it might go up by 50 basis points, separated into two 25 basis points increases. He said it would then be expected to drop the following year.

Oil drops 9% as Strait of Hormuz reopens

US, Iran make progress in negotiations to end war

Oil prices settled down by around 9% on Friday after Iran said passage for all commercial vessels through the Strait of Hormuz was open for the remaining ceasefire period and US President Donald Trump said Iran has agreed to never close the strait again.

Brent crude futures settled down \$9.01, or 9.07%, to \$90.38 a barrel, after falling to a session low of \$86.09. US West Texas Intermediate crude futures settled down \$10.48, or 11.45%, at \$83.85 a barrel, after touching a low of \$80.56.

Both contracts made their largest daily declines since April 8.

All ships can sail through the Strait of Hormuz but this needs to be coordinated with Iran's Islamic Revolutionary Guard Corps, a senior Iranian official told Reuters, adding that unfreezing Iranian funds was part of the deal.

"With the market now rapidly unwinding the extreme risk premium built over the past two weeks, crude is shifting back toward pricing actual flow normalisation

rather than disruption risk," Gelber & Associates analysts said in a note.

Around 20 ships were seen moving from the Gulf towards the exit via the Strait of Hormuz, according to ship tracking data.

The US and Iran have made progress in the negotiations over a three-page memorandum of understanding to end the war, according to an Axios reporter on X.

Trump said on Friday during a phone interview with Reuters that the U.S. will enter Iran at a "leisurely pace" to recover its enriched uranium and bring it back to the US.

Prices had already fallen earlier in the session as possible further talks between the US and Iran over the weekend and a 10-day ceasefire between Lebanon and Israel raised investors' hopes the war in the Middle East could be nearing an end.

Addressing a sticking point in the talks, Trump said Tehran had offered to not possess nuclear weapons for more than 20 years.

"We're going to see what happens. But I think we're very close to making a deal with Iran," Trump told reporters outside the White House on Thursday. *Reuters*

THEMBISILE HANI LOCAL MUNICIPALITY

BIDS ARE HEREBY INVITED FOR THE FOLLOWING PROJECTS:

Tender No	Description	Price Per Bid Document	Technical Enquiries	Availability of Tender Documents	Closing Date
THLM/SCM18/2025-2026/L01	Appointment of a Panel for Provision of Professional Legal, Advisory, Governance, Compliance and Regulatory Services for Thembeisile Hani Local Municipality as and when required for a period of 36 months (re-advert).	R 1 543.68	Judas Skosana T: 013 986 9138 E: SkosanaJ@thembeisilehanilm.gov.za	22 April 2026 @ 08H00	25 May 2026 @ 12H00
THLM/SCM09/2025-2026/CSD02	Appointment of a Service Provider for Supply and Delivery of Traffic Roadblock Trailer for Thembeisile Hani Local Municipality (re-advert).	R 500.63	Abednigo Nkwanyana T: 013 986 9101 E: NkwanyanaA@thembeisilehanilm.gov.za	22 April 2026 @ 08H00	25 May 2026 @ 12H00

Prospective Service Providers are encouraged to download the tender documents from the E-Tenders Portal according to the dates indicated above at www.etenders.co.za. The only time hard copies will be made available is if there are technical challenges from the E-Tenders portal.

Cash and EFT payments will be accepted and must be made payable to Thembeisile Hani Local Municipality only for hard copy tender documents, any tender documents which are downloaded from the E-Tender portal are free of charge, the price per document is not applicable to them. Sealed envelopes marked with the tender number as indicated above, must be placed in the bid box at the Municipality's Offices, Stand Number 24, Mthombomuhle (Kwaggafontein C), no later than 12h00 on the above-mentioned dates.

Please take note that no bid documents will be given to couriers unless the courier company is in the possession of a letter on an official letterhead, confirming on behalf of the company the full details of the specific bid(s) to be collected and the payment of the full amount payable for bids is required.

The Council reserves the rights to either accept the whole or part of any bid, or not to appoint. Facsimiles or e-mailed documents will not be accepted. No awards will be made to a person who;

- Is in the service of the state,
- If that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of state, and/or
- Who is an advisor or consultant contracted with the municipality or municipal entity.

A Preferential Point system shall apply whereby a contract will be allocated to a bidder in accordance with the Preferential Procurement Policy Framework Act, Act No 5 of 2000 and as defined in the Conditions of Tender in the tender document, read in conjunction with the Supply Chain Management Policy of Thembeisile Hani Local Municipality and the Preferential Procurement Regulations of 2022 where 80/ 20 points system will be applied wherein 80 points are for price and 20 for Specific Goals.

SCM Enquiries: Mr. G.M. Rapolai through 013 986 9233, Email: MadimetsaR@thembeisilehanilm.gov.za.

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