

Economic Review

April 2026

US nonfarm payrolls slightly improved in April, with job gains coming in above market forecasts, while average hourly earnings also rose more than anticipated. China's exports staged a strong rebound during the month despite heightened tensions in the Middle East, significantly widening the country's trade surplus with the US. In the UK, economic activity picked up in April after stagnating in March, although price pressures intensified at a pace not seen in the survey period outside the pandemic. Locally, the International Monetary Fund (IMF) has downgraded its 2026 growth outlook for South Africa, underscoring the economic impact of ongoing Middle East tensions on the domestic economy.

US nonfarm payrolls jump more than expected in April

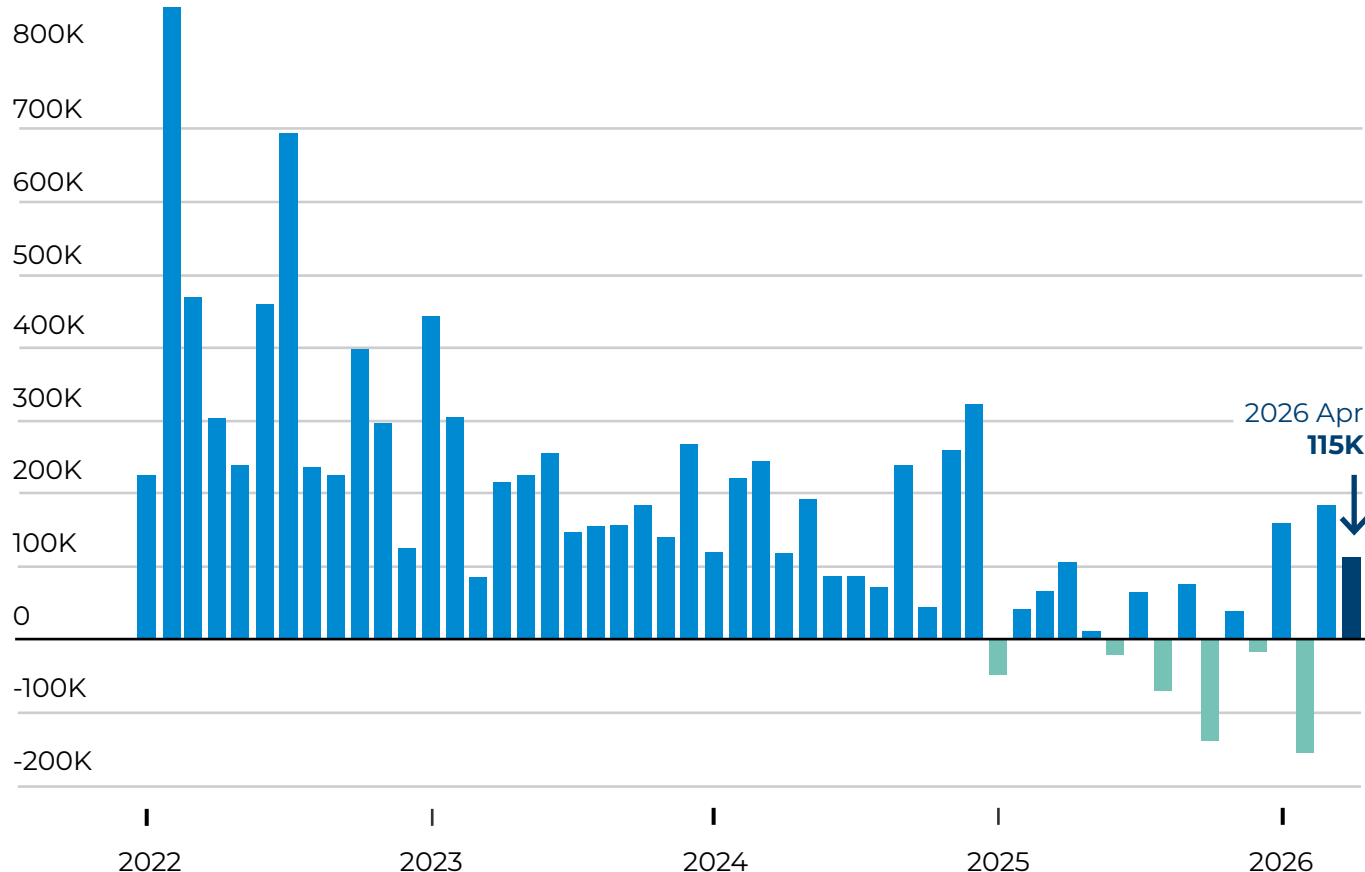
US nonfarm payrolls increased by a seasonally adjusted 115 000 in April, easing from the unusually strong gain of 185 000 in March but comfortably exceeding the Dow Jones consensus forecast of 55 000. Although job growth surpassed subdued expectations, the Bureau of Labor Statistics noted several signs suggesting the labour market may slow later this year.

The unemployment rate was unchanged at 4.3%, reinforcing the view that only limited job creation

is required to keep unemployment stable amid minimal labour force growth. The figures arrive at a sensitive moment for the Federal Reserve (US Fed), which has faced unusual internal divisions over the direction of monetary policy. While layoffs continue to hover near multi-decade lows, economists increasingly see slower hiring – rather than job cuts – as the main driver of cooling conditions. Hard economic data remains resilient, but survey-based indicators point to modest hiring intentions in both the manufacturing and service sectors.

Monthly job creation in the US

Jan. 2022 - April 2026



Source: US Bureau of Labor Statistics

Average hourly earnings, a key indicator of labour market conditions, grew less than expected, rising 0.2% month on month and 3.6% year-on-year (y/y), below forecasts of 0.3% and 3.8%. April also marked another contraction in the labour force and a reduction in technology-sector employment, reflecting the low-hire, low-fire environment that has characterised the market since early 2025. The household survey used to calculate the unemployment rate showed a decline of 226 000 employed individuals, while the participation rate slipped to 61.8%, its lowest level since October 2021.

Fed policy has also grown more complex amid the Iran war and the impact of tariffs. The Fed is expected to soon have a new chair, with former Governor Kevin Warsh awaiting Senate confirmation. Financial markets anticipate interest rates will remain unchanged through the year as the economy contends with persistently elevated inflation and a labour market that, while no longer expanding at the rapid pace of previous years, has remained relatively resilient.

China April exports rebound strongly

China's export growth accelerated in April as

manufacturers rushed to fulfil a surge in orders from AI-related sectors and other customers building up inventories amid concerns that the Iran war could drive global input costs even higher. The strong export performance, which has pushed China's trade surplus with the US to US\$87.7 billion so far this year, will come under scrutiny when President Donald Trump visits Beijing for a leaders' summit expected to extend last year's trade truce.

Although Chinese exporters have so far absorbed the impact of the Middle East conflict, economists caution that a prolonged war and rising energy prices could eventually weaken overseas demand, leaving weak domestic consumption unable to compensate. For now, analysts are closely tracking the strength of the AI manufacturing boom and whether exports of related equipment can continue to underpin China's export momentum.

Customs data showed exports rose 14.1% y/y in US dollar terms, well above the 2.5% increase in March and exceeding economists' expectations of a 7.9% gain. Separate factory data indicated new export orders reached a two-year high in April. Imports also posted another strong increase over the same period, climbing 25.3% compared with 27.8% in

March, surpassing forecasts of 15.2%. As a result, China's trade surplus widened to US\$84.8 billion last month from US\$51.13 billion in March.

Overall economic momentum remained firm in the first quarter, with GDP growing 5% from a year earlier — the upper end of the government's annual target range — reducing the immediate need for additional stimulus. Still, despite long-standing criticism from trading partners over subsidised, low-cost manufacturing, China is not immune to the erosion of buyers' purchasing power as fuel and transport costs rise. Factory data published in April showed that input prices stayed elevated, particularly for refined products, petroleum, coal and chemicals.

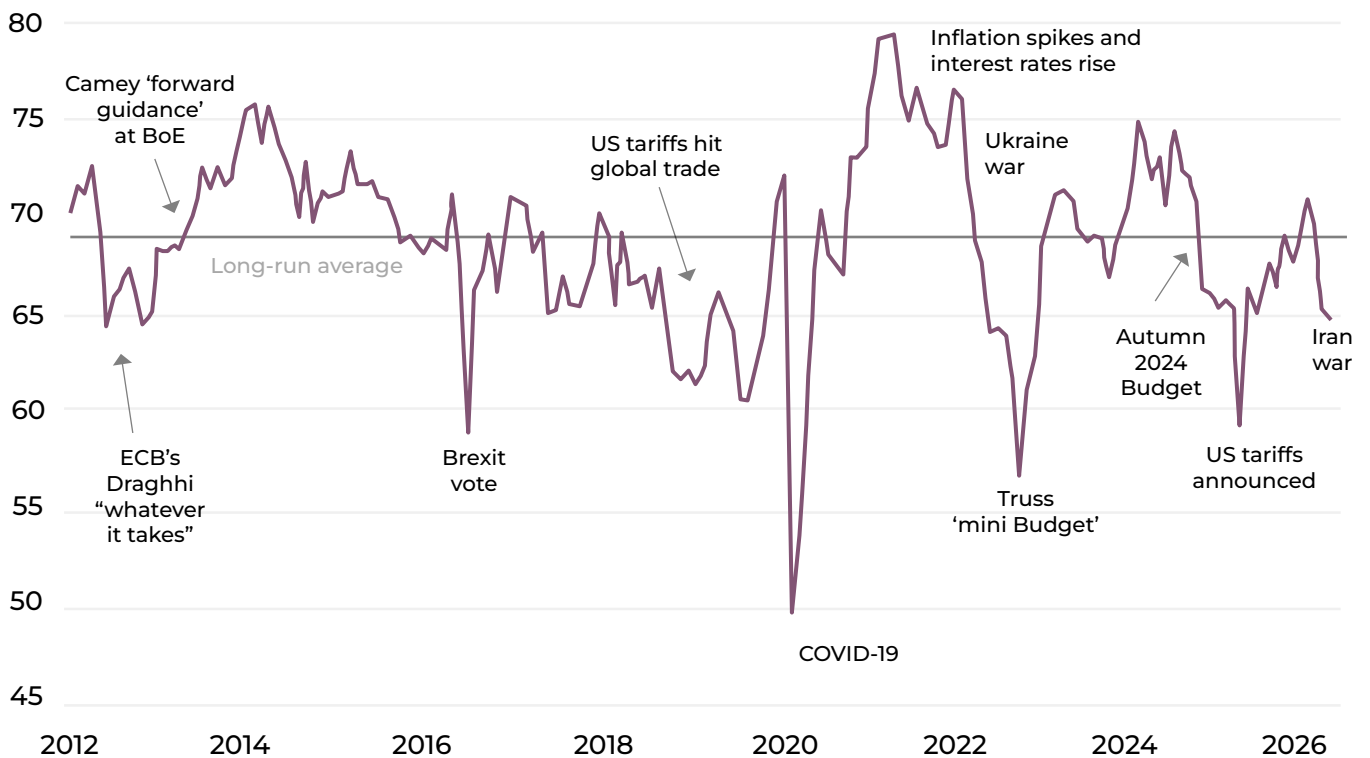
UK growth picks up in April, but inflation and supply disruptions spike

The UK economy regained some momentum in

April after growth stalled in March following the initial shock of the Middle East conflict, though the rebound comes with a catch. Part of the stronger performance reflects a temporary lift from businesses and consumers rushing to make purchases ahead of anticipated price increases and supply disruptions linked to the war.

Prices have surged at a pace not seen in the survey outside the pandemic period, signalling that inflation may climb more sharply than many forecasters had expected. The rise is being driven not only by soaring energy costs but also by higher charges across a broad range of goods and services, often fuelled by supply-side concerns. Reports of supply delays have jumped to their highest level on record when excluding the pandemic. Meanwhile, the ongoing conflict has weighed on business confidence and hiring, raising the risk that economic growth will soften in the months ahead just as inflationary pressures intensify.

UK PMI future output expectations



Source: S&P Global PMI

Another indication of economic strain came from a further decline in business confidence regarding the outlook for the next year. Expectations for future output fell to their lowest level since April 2025, when sentiment was undermined by news of additional US tariffs, and dropped further below the survey's long-term average. The slide in confidence over the past two months represents a sharp reversal from the improvement seen earlier

in the year. That said, the index remains well above some of the weakest readings recorded in the survey's history, pointing to a degree of underlying resilience in business sentiment. This resilience may, however, be supported by stronger-than-expected current demand, partly driven by precautionary spending as firms seek to get ahead of potential price increases or supply disruptions in the coming months.

For your interest:

1. UK economy rebounds in April, but cost pressures cloud outlook

- The UK services PMI business activity index ticked up to 52.0 points from 50.5 in March, ahead of the 50-point consensus. The manufacturing output index moved into growth territory at 51.8 points, improved from 49.2 the month prior. The manufacturing PMI reached its highest level in 47 months, rising to 53.6 points in April from 51.0 in March, and ahead of consensus, which had forecast a decline to 49.9 points.
- Business confidence and employment levels also suggest less cause for optimism, with sentiment at its second weakest since December 2022, surpassed only by the slump resulting from US tariff announcements in April. Private sector employment also decreased for the nineteenth consecutive month.

(Source: London South East, April 2026)

2. Eurozone inflation soars to 3% as Iran war drives energy prices

- Eurozone consumer prices rose by 3% y/y in April across the single currency bloc, up from 2.6% in March and 1.9% in February. That took inflation further above the 2% target set by the European Central Bank, which left interest rates across the eurozone on hold.
- Energy prices across the euro area surged by 10.9% y/y, up from 5.1% in March. Services inflation slowed to 3.0%, while food, alcohol and tobacco prices rose by 2.5% and industrial goods prices increased by 0.8%.

(Source: The Guardian, April 2026)

3. China continues to buy the dip in gold

- The People's Bank of China continues to see lower gold prices as a buying opportunity, as the central bank bought 8.1 tonnes of gold in April, following its 5-tonne purchase in March 2026.
- China has been a dominant player in the gold market in recent years, increasing its official gold reserves for the last 18 consecutive months. At the same time, the pace of purchases is at its highest level since December 2024. Analysts have said that it is difficult to be short gold when the market continues to see consistent demand from the official sector.

(Source: Kitco News, April 2026)

4. SA retail sales upbeat in April

- SA retail trade sales remained upbeat, growing by 1.6% y/y in February. Five of the seven retail groups were stronger, with the miscellaneous category, all 'other' retailers, the most significant positive contributor.
- This category – which includes online stores and retailers specialising in jewellery, stationery and sports goods – grew by 9.4%, contributing 1 percentage point to the overall growth. The textiles and clothing category was the second largest positive contributor, rising by 3.9% and contributing 0.6 of a percentage point.

(Source: Stats SA, April 2026)

IMF lowers South Africa's growth outlook amid mounting war-linked energy crisis

The IMF has lowered its forecast for South Africa's economic growth in 2026 to 1%, down from the 1.4% projected in January, warning that the outbreak of war in the Middle East risks derailing the global economy and imposing significant costs on oil-importing nations. The IMF also trimmed its growth projection for sub-Saharan Africa, revising it down to 4.3% from 4.6%.

South Africa is heavily dependent on imported fuel, including supplies from countries affected by shipping disruptions in the Strait of Hormuz. Recent moves in oil prices and the exchange rate point to further fuel price increases in the coming months, with diesel facing particularly sharp hikes. In April, the government moved to soften what would have been steeper increases by introducing a temporary R3-per-litre cut to the general fuel levy and appointing a Cabinet task team to evaluate short- and medium-term responses to supply risks

and price shocks. However, since the late-March announcement of the April fuel levy reduction, the task team has not issued any public updates.

In its World Economic Outlook released on 14 April 2026, the IMF also reduced its global growth projections and raised its inflation forecasts. Under its most optimistic "reference" scenario, global growth is now expected to reach 3.1%, down from 3.3% in January, while inflation is projected at 4.4% in 2026. The reference scenario replaces the IMF's traditional baseline and assumes the conflict is relatively contained, with disruptions easing by mid-2026. However, IMF chief economist cautioned that uncertainty remains elevated, warning that without a swift end to the war, the global economy could steadily move toward weaker growth and higher inflation. In the IMF's "adverse" scenario, global growth slows to 2.5% with inflation rising to 5.4%, while its "severe" scenario points to growth of just 2% and inflation reaching 6%.

MACRO OVERVIEW

Global overview


Global equities bounced back strongly in April with the MSCI World Index gaining 9.59% month-on-month (m/m) in dollar terms, despite March's loss of -6.37% m/m. The US mega-cap tech shares were amongst the best performers for the month. The initial driver for the surge in equities was the US announcement on 7 April of a two-week ceasefire with Iran, while robust US corporate earnings helped sustain the positive momentum. Emerging markets (EM) also started the second quarter of 2026 positively, with the MSCI EM Index ending at 14.73% m/m in dollars, boosted by currency tailwinds, which saw the US dollar weaker against most major currencies in the month. The FTSE 100 ended April in positive territory at 2.77% m/m from March's losses of -6.68% m/m in pound sterling terms. The S&P 500 gained 10.49% in April from March with losses of -4.98% m/m, both in dollars. Global bonds were in positive territory at 1.25% m/m from March's -3.07% m/m in dollars. From significantly declining in March, Global Property ended April positively at 8.52% m/m in dollars. The Euro Stoxx 50 Index outperformed for the month at 6.34% m/m from the previous month's underperformance of -9.14% m/m in euros. The Dow Jones Index also ended April in positive territory at 7.24% m/m in dollars from the previous month's losses. The Nikkei rebounded from March losses of -12.68% m/m, to become one of the biggest gainers for April at 16.10% m/m in yen terms.

Local overview

The JSE did enough in April to nudge the bourse back into positive territory from the previous month's losses, with the FTSE/JSE All Share Index ending at 1.65% m/m in rand terms. The performance of the JSE in April 2026 was largely defined by a recovery attempt following a severe March downturn, driven by fluctuating commodity prices and high volatility caused by geopolitical tensions. Resources' March underperformance continued into April, ending at -2.30% m/m. Both Property and Financials outperformed in April at 5.40% m/m and 4.25% m/m respectively, from the previous month's losses of -11.41% m/m and -9.65% m/m respectively, in rand terms. The Industrials sector was in positive territory for April at 2.52% m/m from March's negative figure of -6.55% m/m. Cash continued with its positive figure from March to April, ending at 0.54% m/m in rand terms and 3.06% m/m in dollar terms. Local bonds recovered from the March sell-off, and the FTSE/JSE All Bond Index ended positively 3.27% m/m in rand terms. Bonds of 1-3 years were positive at 0.58% m/m, along with bonds of 3-7 years at 1.56% m/m. Bonds of 7-12 years were also positive at 3.25% m/m, and bonds of 12 years and above were positive at 4.78% m/m. The rand strengthened against the US dollar and euro at 2.50% m/m and 0.68% m/m respectively, but weakened against the British pound at -0.53% m/m.

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