

# Sarb holds steady: Inflation concerns linger for 2024

By  [Katja Hamilton](#)

24 Nov 2023

In line with economists' predictions, the South African Reserve Bank (Sarb) has kept its repo rate unchanged. This was the message of the South African Reserve Bank (Sarb) governor, Lesetja Kganyago at the official public repo-rate announcement on Thursday, 23 November, 2023.



Source: [Pexels](#)

This makes it the second consecutive MPC meeting, in which the Monetary Policy Committee (MPC) has opted to maintain South Africa's repo rate at 8.25%, and concludes an extended period of rate hikes that commenced in November 2021. During this time, interest rates experienced a cumulative increase of 425 basis points, placing the country in a restrictive economic environment.

The MPC's decision was unanimous, and comes on the back of SA's surge in oil prices, high food and transport costs and rising inflationary pressure. South Africa's Consumer Price Index (CPI) rose to 5.9% in October, up from 5.4% in September. Moreover, the country has witnessed a 7.5% rise in local fuel prices in September and a further 4.7% increase in October.

While the trajectory of rate hikes has generally aligned with the global cycle, South Africa's approach ultimately has not matched the aggressiveness seen in the United States or Europe. Nevertheless, the oil-supply shock remains unfavourable for emerging-market currencies, including the rand, as it is anticipated that the strength of the dollar will persist until the end of the year.

This marks the Sarb's last Monetary Policy Committee (MPC) meeting for 2023. And yet the MPC is maintaining a vigilant stance as it monitors inflation trends.

"If you want to know where interest rates are going, look at where inflation is going. The lower the inflation, the lower the interest rates you would have," Kganyago said.

Some economists have forecast that dollar weakness will bring rand strength into 2024. According to a [survey](#) of 13 economists, the central bank is anticipated to maintain its policy unchanged in both January and March 2024, followed by a 25 basis points reduction to 8.00% in May.



### Cost-of-living crisis as CPI races to 5.9%, ahead of rate decision

Ed Stoddard 23 Nov 2023



This contrasts with the previous forecast, which foresaw a cut in the first quarter with no clear consensus on the specific action the central bank will take in May. Among the surveyed economists, five predict a 25 basis points reduction, two anticipate a 50 basis points reduction, and six forecast no change.

However, as policymakers endeavour to manage inflation risks, some economists have observed that the main concern regarding the South African Reserve Bank's (Sarb) first interest-rate cut lies in the possibility of it happening later than anticipated, rather than sooner.

## ABOUT KATJA HAMILTON

Katja is the Finance, Property and Healthcare Editor at Bizcommunity.

- Dubai bounces back: Arabian Travel Market spotlights surging visitor numbers - 8 May 2024
- SA Post Office: Union deal halts layoffs at the 11th hour - 24 Apr 2024
- Transition to ZiG currency sparks trade disruption in Zimbabwe - 11 Apr 2024
- Ntshabeleng Likotsi champions the first majority Black women-owned mutual bank - 18 Mar 2024
- African Bank: Championing youth-led small-business solutions at GEC+ Africa - 14 Mar 2024

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>