

TO ALL MEDIA/ NEWS EDITORS
JOHANNESBURG, GAUTENG
FRIDAY, 27 MARCH 2026

NYDA CALLS FOR A YOUTH-CENTRED ECONOMIC RESPONSE AMID RISING GLOBAL UNCERTAINTY AND DOMESTIC CONSTRAINTS

The National Youth Development Agency (NYDA) notes the latest Monetary Policy Committee (MPC) decision by the South African Reserve Bank to keep the repo rate unchanged at 6.75 per cent, against a backdrop of heightened global uncertainty and emerging economic risks.

The MPC highlighted that the recent outbreak of conflict in the Middle East has caused a significant global supply shock, leading to higher prices for oil, gas, and fertilisers while dampening global growth prospects. These developments are expected to push inflation upwards in the short term, while also limiting economic activity.

Domestically, although economic growth has shown modest improvement with output increasing by 1.1 per cent in 2025, it remains well below the levels needed to tackle the country's structural challenges, especially youth unemployment. The NYDA emphasises that the current growth trajectory is not sufficiently inclusive and continues to exclude large segments of young people from meaningful economic participation.

Inflation remains contained at around 3 per cent but is expected to rise temporarily due to higher energy prices, with fuel inflation projected to increase sharply in the coming months. While this reflects external cost pressures, it will have direct consequences for young people, particularly through rising transport and food costs, which disproportionately affect low-income households.

The decision to keep interest rates steady reflects a cautious approach to monetary policy amid these uncertainties. However, the NYDA warns that monetary policy alone cannot address the structural challenges facing the South African economy. Notably, the combination of weak economic growth, rising costs, and limited employment prospects risks further deepening the socio-economic vulnerabilities of young people.

From a developmental perspective, the current economic environment underscores the necessity for a more coordinated and growth-oriented policy response. Supply-side shocks, such as those caused by global conflicts, cannot be resolved solely through interest rate adjustments. Instead, they require complementary fiscal, industrial, and social policy interventions that strengthen domestic resilience and expand productive capacity.

The NYDA therefore calls for:

- Accelerated public investment, particularly in infrastructure and sectors with strong employment potential.
- Targeted support for youth-owned enterprises to mitigate the impact of rising input and operating costs.
- Strengthening of programmes that provide work experience, skills development, and pathways into the labour market.
- Greater alignment between macroeconomic policy and youth development objectives.

The NYDA further emphasises that South Africa's youth unemployment crisis is structural and requires deliberate policy action that goes beyond short-term stabilisation. Economic recovery must be measured not only by inflation outcomes, but by the extent to which it creates jobs, supports enterprise development, and improves the economic participation of young people.

The NYDA remains committed to advancing evidence-based policy solutions that place youth at the centre of South Africa's economic response and long-term development trajectory.

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