SARB Sees Limited Effect of U.S. Tariffs

On August 8, 2025, the South African Reserve Bank (SARB) addressed the potential fallout from new U.S. trade measures that place a 30% duty on goods coming from South Africa.

While the move initially raised concerns about growth and inflation, SARB Governor Lesetja Kganyago said the overall effect on South Africa's economy would be "modest."

The U.S. is South Africa's second-largest trading partner, with key exports like citrus and automobiles potentially hit. Still, the SARB noted that South Africa's diversified trade links with China, Europe, and SADC countries will help cushion the blow. Inflation is expected to stay within the 3–6% target range, despite June's consumer price index rising to 3% on higher food costs.

The SARB has already cut its interest rate twice in 2025 and left the door open for further reductions, depending on global conditions. While tariffs add uncertainty, the bank believes the economy is resilient enough to withstand short-term disruptions.

Analysts caution, however, that a deeper slump in U.S. demand or further tariff escalations could strain industries and weaken growth forecasts. The SARB's next Monetary Policy Committee meeting will signal whether it continues easing rates or adopts a more cautious stance.

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