

MEDIA RELEASE

PSA disappointed by South African Reserve Bank's missed opportunity to stimulate economy and support vulnerable households

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EMBARGO

None

ENQUIRIES

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The Public Servants Association (PSA) is disappointed by the South African Reserve Bank's (SARB) decision to keep the repo rate unchanged at 6.75% following the Monetary Policy Committee (MPC) meeting on 29 January 2026.

The decision, reached by a split vote, with two MPC members preferring a 25-basis-point reduction, comes at a time when public servants and vulnerable South Africans continue to face significant economic pressures, including rising living costs, weak investment activity, increase in medical costs and high household debt burdens. Whilst the PSA acknowledges the SARB's concerns regarding inflation risks and global uncertainties, the Union believes that the current economic environment warrants a more proactive monetary policy stance. Improving inflation indicators, strengthened currency performance, and stabilising global commodity markets created reasonable space for a modest rate cut that could have provided much-needed relief. Households continue to grapple with elevated food prices, rising electricity tariffs, and stagnant wages. Even a small reduction in interest rates would have eased the repayment burden for public servants, many of whom are already struggling under the weight of high loan instalments on mortgages, vehicles, and other credit facilities. Current borrowing costs remain a major constraint on household consumption, which has been a key driver of South Africa's modest economic recovery.

The PSA is particularly concerned that maintaining the current rate offers no immediate relief for lower-income and vulnerable persons hardest hit by inflationary pressures and economic stagnation. As the SARB itself noted, the economy's recent growth has been fragile, and investment levels remain weak, especially in the first half of 2025. These conditions called for decisive measures to stimulate demand, encourage investment, and support employment. The PSA therefore urges the SARB to adopt a more balanced approach in future deliberations, one that carefully weighs inflation control against the urgent need to revive economic activity, reduce unemployment, and protect vulnerable households. Monetary policy should work alongside broader fiscal measures to ensure inclusive and sustainable growth.

The PSA is committed to advocating for the economic well-being of public servants and will continue engaging relevant authorities to ensure that future decisions reflect the lived realities of workers and their families.

END