

MEDIA RELEASE	PSA welcomes SA Reserve Bank's intention to revise inflation target to support economic growth
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The Public Servants Association (PSA) welcomes the willingness of the South African Reserve Bank (SARB) to consider revisiting its inflation target approach, which it had previously rigidly maintained.

The PSA has continuously called on the SARB to explore measures, including policy shift, to support economic growth to alleviate financial pressures on consumers. The need to enhance South Africa's economic competitiveness and align with global standards cannot be overstated, noting the economic pressure the country is facing. Moving towards the lower end of the current range instead of the midpoint could lead to greater price stability, which is synonymous to lower inflation, and reduce the volatility that complicates investment and economic planning. Lower inflation targets can also bolster the SARB's credibility, thus making its monetary policy more predictable and transparent. It can further foster a more conducive environment for sustainable economic growth by reducing uncertainty and encouraging investment, making the economy more resilient to external shocks.

The South African economy faces structural challenges, such as high unemployment and inequality, which could complicate the transition to a lower inflation target. This should, however, not deter the SARB to boldly embark on such a move, which will put the country in a group of many advanced economies and emerging markets that have settled on maintaining inflation targets at around 2% and 3%, respectively. This shift reflects a global trend towards lower inflation targets to enhance economic stability and growth potential.

The PSA is aware that the SARB and National Treasury have been working on revisiting the inflation goal for almost a year, with discussions expected to continue. The ongoing debate highlights the importance of aligning monetary policy with evolving economic realities and global standards. The PSA calls for transparent engagements with experts in the field of economics to ensure that South Africa is placed on a positive economic trajectory. The PSA further calls for government and the SARB to consider the implementation of policies to address the spiralling cost-of-living to support policy interventions to ensure sustainable economic recovery.

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