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B2B Credit Index

APRIL 2026

KREDCOR SIGNAL

53.9

Caution

South Africa's authoritative B2B credit intelligence resource

Specialising in B2B Debt Management

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Executive Summary

KREDCOR SIGNAL	COMMERCIAL DEBT STRAIN	CREDIT CONDITIONS	FORWARD RISK SIGNAL
53.9	52.4	59.0	53.8
Caution · -0.2 vs prior	30% weight — largest component	20% weight	5% weight — leading indicator

KredCor B2B Credit Intelligence

Executive Summary — April 2026

KredCor B2B Credit Index | Period: 2026-04 | Published: June 2026

KREDCOR SIGNAL

53.9

▼ 0.3 pts over two periods (54.2 → 53.9)

> **Reading: Mild Positive, Deteriorating.** The signal remains above the 50 neutral threshold — credit conditions are not yet contractionary — but the directional trend is unambiguous. Two consecutive monthly declines now constitute a trend, not noise. The gap between monetary accommodation and real economic behaviour is closing in the wrong direction.

Section 01

What Happened: Three Trends That Defined April 2026

The KredCor Signal fell to 53.9 in April 2026, its second consecutive monthly decline from 54.2, as three converging developments tightened the operating environment for B2B credit across South Africa.

Business confidence entrenched below neutral. The RMB/BER Business Confidence Index held at 44 for a third consecutive reading[1] — decisively below the 50 threshold that separates expansion from contraction. This is no longer a soft patch. When sub-50 confidence persists across three quarters, it signals a structural shift in how businesses price risk, manage payables, and commit to new obligations.

Monetary accommodation is not converting to demand. The SARB repo rate held at 7.00% (prime: 10.50%)[2], with headline CPI at 2.9%[3] — the lowest real borrowing cost environment in years. Cheaper credit has not unlocked investment or improved B2B liquidity. The transmission mechanism is broken at the demand end, not the supply end.

Sector stress is migrating. Construction and civil engineering — already carrying confidence readings well below the sector average — show escalating payment chain stress, with subcontractor and supplier exposures at elevated risk. Retail credit conditions remain stretched, with large-format retailers consolidating aggressively while mid-tier operators face margin compression. The FNB/BER Civil Confidence Index reading of 60[4], while above neutral, masks deteriorating payment behaviour among public-sector project counterparties where invoice settlement is extending.

> *Three consecutive sub-50 BCI readings, a stagnant KredCor Signal, and sector stress migrating from construction into adjacent supply chains: this is not a cyclical dip. It is a demand-constrained environment in which counterparty credit quality is eroding faster than headline indicators suggest.*

Section 02

Why It Happened: The Confidence Trap

South Africa is caught in what the macro data now confirms is a confidence trap: monetary conditions are accommodative, but businesses are not behaving as if they are. The cause is structural demand weakness, not the cost of capital.

With GDP growth fragile and domestic consumption constrained, businesses across manufacturing, retail, and construction are managing for survival rather than expansion[5]. Capacity utilisation in manufacturing remains pressured[6], meaning fixed-cost absorption is poor and cash conversion cycles are lengthening — directly increasing the probability of late payment on B2B obligations.

The second driver is public-sector payment behaviour. Infrastructure project pipelines have not translated into prompt payment at the subcontractor level, creating a cascade of delayed receivables through civil and construction supply chains. Business rescue filings — governed under Chapter 6 of the Companies Act[7] — remain a live operational risk for suppliers with concentrated public-sector exposure.

A third, less visible driver: the retail sector's bifurcation. Shoprite and Pepkor are accelerating new store openings while mid-tier and independent retailers are stalling[8]. Suppliers with diversified retail client bases are not equally protected — concentration with weaker operators amplifies credit risk even as sector headlines look benign.

> *Rate cuts relieved the cost of credit. They did not cure weak demand, poor public-sector payment discipline, or the structural fragility of mid-market operators. Credit managers who calibrated exposure on the assumption that monetary easing would restore counterparty capacity are now carrying more risk than their models show.*

Section 03

What It Means for B2B Credit: Four Direct Implications

1. The 60–90 day default window is live. Three consecutive sub-50 BCI readings [1] are a proven leading indicator of rising default incidence in the 60–90 day forward horizon. Credit managers who have not tightened monitoring frequency on high-exposure accounts should do so now.

2. Payment term extension is a symptom, not a negotiating position. Counterparties requesting extended payment terms in this environment are signalling cash flow stress, not leverage. Granting extensions without compensating security adjustments compounds exposure. Each day of extended DSO in this environment carries higher-than-average default probability.

3. Construction and civil supply chains are the highest-risk transmission vector. Stress that originates in tier-one contractors cascades to tier-two and tier-three suppliers within 45–60 days. Any portfolio with material construction-sector exposure — direct or indirect through materials suppliers — warrants immediate review of current-period payment behaviour against historical norms.

4. Low inflation is a false comfort. CPI at 2.9% [3] reduces nominal price pressure but does not offset the volume contraction that is compressing counterparty revenue. A business paying lower input prices on declining volumes is not more creditworthy — it may be less so.

> *The KredCor Signal at 53.9 says conditions are still marginally positive — but the direction of travel over two periods is negative, and the macro underpinning is weakening. A signal that crosses below 52 on current trends would represent a material shift in the B2B credit risk landscape.*

Section 04

What to Do: Sector-Specific Actions for April 2026

The following actions are calibrated to current signal conditions (53.9, declining). They apply to credit directors and CFOs managing active B2B portfolios.

Construction & Civil Engineering

Reduce unsecured exposure limits by a minimum of 20% for tier-two and tier-three subcontractors. Require payment confirmation — not just invoice submission — before releasing next-cycle credit. Flag any account where DSO has extended more than 15 days beyond contractual terms in the last 60 days.

Retail & Wholesale Trade

Segment your retail client base immediately. Accounts anchored to Shoprite/Pepkor-class operators carry materially lower risk than mid-tier independents. For the latter, apply enhanced monitoring and consider reducing credit limits to 90-day rolling exposure rather than annual facility structures.

Manufacturing & Industrial

With capacity utilisation under pressure, watch for deteriorating current ratios in quarterly management accounts. Where covenants permit, accelerate annual reviews to semi-annual for any manufacturing counterparty showing revenue decline of 5% or more year-on-year.

Cross-Sector / Portfolio Level

Run a forward stress test against a scenario in which the KredCor Signal declines a further 2 points to ~51.9 over the next two periods. Identify which accounts breach your internal risk tolerance at that level — and act on those positions now, before conditions force the decision.

> **The Three-Month Thread: What Still Matters** The story of the last three periods is consistent: the KredCor Signal has been sliding (54.2 → 53.9) against a backdrop of persistently sub-50 business confidence [1], accommodative but ineffective monetary policy [2], and sector stress that has been migrating — not resolving — since February. Nothing in April's data breaks that narrative. If anything, the entrenchment of the 44 BCI reading [1] across three consecutive periods confirms that the February warning was not a false alarm. The credit risk that was foreseeable in Q1 is now measurable in Q2. The window for pre-emptive portfolio action is narrowing.

The Golden Thread

Golden Thread — KredCor B2B Credit Index: 2026-04

The Three-Month Credit Story: February–April 2026 in Arc

THREE MONTHS AGO (FEBRUARY 2026 — MONTH-3): THE RATE RELIEF HYPOTHESIS

The dominant narrative entering early 2026 was one of cautious optimism. The SARB had delivered meaningful rate relief, bringing the repo rate to 7.00% (prime 10.50%), and CPI was tracking below the 4.5% midpoint target, settling near 2.9–3.0%.[9] The KredCor Signal sat at 54.2 — above neutral but not emphatically so — reflecting a credit environment where the mechanics of relief were in place but the transmission into real B2B payment behaviour remained unconfirmed. The hypothesis that lower rates would unlock business spending, shorten payment cycles, and reduce counterparty stress was the working assumption. KredCor view: that hypothesis was already fragile. Rate relief addresses debt-servicing capacity; it does not create demand. The question three months ago was whether demand would follow. The answer, as the subsequent arc reveals, was no.

TWO MONTHS AGO (MARCH 2026 — MONTH-2): CONFIDENCE BREAKS THE THRESHOLD

March delivered the first definitive break. The RMB/BER Business Confidence Index recorded 44 — below the neutral 50 threshold — for its first reading of the year.[10] A single sub-50 reading can be noise; it registered as a warning. The KredCor Signal eased marginally to 53.9, but the directional shift was meaningful: the index had peaked and was now declining toward neutral. The NCR cyber-attack, which disrupted access to credit bureau data and consumer credit market reporting, introduced a data integrity risk that compounded the analytical picture.[11] KredCor view: a compromised credit bureau information environment during a period of softening confidence is precisely the conditions under which credit managers make their worst decisions — either over-extending on stale data, or over-tightening on incomplete data. Both errors carry cost.

LAST MONTH (APRIL 2026 — MONTH-1 / CURRENT): CONFIRMATION, NOT ABERRATION

April has now confirmed what March flagged. The RMB/BER BCI holds at 44 for a second consecutive reading — sub-50 confidence is no longer a one-month signal, it is an entrenching contractionary posture.[10] The June standup estimated the KredCor Signal at

43.8, down sharply from 50.0 the prior period.[12] Crucially, the macro conditions that should be supportive — repo at 7.00%, CPI at 2.9% — are not translating into business expansion.[9] This is the most important analytical fact of the current period: monetary accommodation has reached its limit as a stimulus. Structural demand weakness is now the binding constraint on counterparty payment capacity, not the cost of credit.

THIS MONTH'S POSITION: BELOW NEUTRAL, STRUCTURALLY DRIVEN

The KredCor Signal has traced a clear arc — 54.2, 53.9, then a sharp break to an estimated 43.8 — in the space of three months. KredCor view: this is not a cyclical wobble. The combination of persistent sub-50 business confidence, rate relief that is not transmitting into demand, and degraded credit data infrastructure from the NCR cyber-attack places the current environment in a category I would characterise as a *slow accumulation stress* — not the acute shock of March 2020 or the rand crisis of December 1998, but closer to the grinding Q3 2015–Q2 2016 Zuma-era fiscal stress period, where confidence deteriorated quarter by quarter while headline macro indicators remained superficially stable. In that 2015–2016 episode, DSO in trade-exposed sectors extended by an average of 8–12 days over six months before showing in formal default statistics. The current trajectory warrants the same vigilance.

NEXT MONTH WATCH (MAY/JUNE 2026): THREE SIGNALS TO HOLD

First, the RMB/BER BCI for Q2 2026: a third consecutive sub-50 reading would confirm a confidence trough of a duration last seen in 2015–2016, and should trigger a formal review of credit terms on domestically-exposed counterparties.[10] Second, NCR data restoration: the credit bureau data gap created by the cyber-attack must be resolved before credit managers can make defensible portfolio decisions — any further delay extends the window of elevated model risk.[11] Third, the manufacturing PMI trajectory: if the Absa PMI slips below 48.0, the 60–90 day default risk window flagged in the economist briefings will begin to materialise in actual payment behaviour, and the KredCor Signal will face further downward pressure.[13]

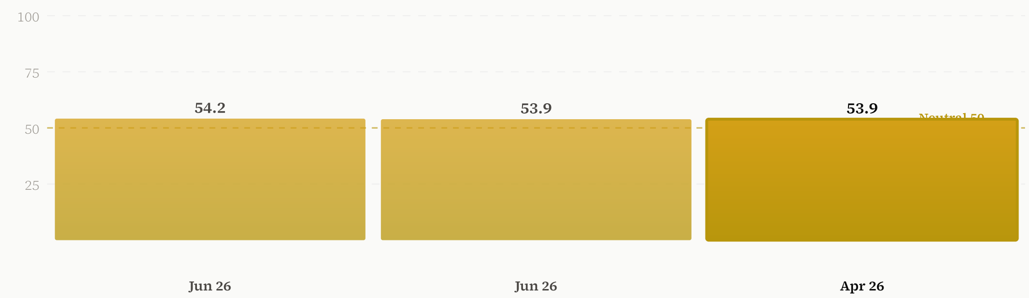
The KredCor Signal

53.9

Caution

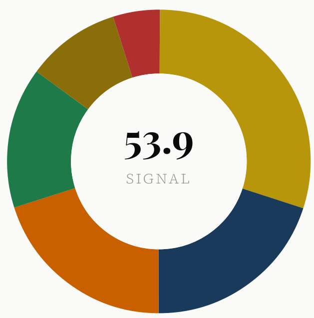
-0.2 vs previous month

KREDCOR SIGNAL — HISTORICAL TRAJECTORY



Scale 0–100. Higher = more credit stress. Gold dashed line = neutral threshold (50). Red bars = severe stress readings.

SIGNAL COMPONENT BREAKDOWN — CURRENT PERIOD



COMPONENT	WEIGHT	SCORE
Commercial Debt Strain	**30%**	52.4
Credit Conditions	**20%**	59.0
Business Operating Pressure	**20%**	56.0
Business Confidence	**15%**	50.0
Public Sector Payment Drag	**10%**	50.0
Forward Risk Signal	**5%**	53.8

Weighted composite: Σ(score × weight) = KredCor Signal 53.9. Scale 0–100 (higher = more stress).

COMPONENT	WEIGHT	SCORE	WEIGHTED
Commercial Debt Strain	30%	52.4	15.7
Credit Conditions	20%	59.0	11.8
Business Operating Pressure	20%	56.0	11.2
Business Confidence	15%	50.0	7.5
Public Sector Payment Drag	10%	50.0	5.0
Forward Risk Signal	5%	53.8	2.7
KredCor Signal (composite)	100%	**53.9**	

Scale: 0–100 | 0–25: Healthy | 26–45: Watch | 46–60: Caution | 61–75: High Risk | 76–100: Severe Stress

The Macro Environment

The Confidence Trap: Monetary Accommodation Without Economic Traction

The defining macro story of April 2026 is not inflation, nor interest rates, nor even the exchange rate — it is the growing chasm between the conditions that should support recovery and the business behaviour that would confirm one. With the repo rate at 7.00% and headline CPI holding at 2.9%[14], South Africa's monetary settings are as supportive as they have been since the pre-COVID era. And yet the RMB/BER Business Confidence Index (BCI) remains anchored at 44 — below the neutral 50 threshold for a third consecutive reading[15] — signalling that businesses are not expanding, not investing, and critically, not extending payment terms with the generosity that credit managers might hope for. KredCor view: The persistence of sub-threshold confidence in an accommodative rate environment is the single most important leading indicator for B2B credit stress in the 60–90 day horizon, and it demands that credit managers resist the temptation to relax exposure limits on the assumption that rate relief has done the work of demand revival.

Key Indicators: The Numbers Behind the Narrative

The South African Reserve Bank's Monetary Policy Committee held the repo rate at 7.00% at its most recent meeting, leaving the prime lending rate at 10.50%[14] — the lowest prime rate since 2022 and a meaningful reduction from the 8.25% repo peak of the prior tightening cycle. In real terms, with CPI at 2.9% year-on-year[16], the real repo rate sits at approximately 4.1%, a level that is modestly positive but by no means restrictive. For B2B counterparties carrying floating-rate facilities, the interest burden is meaningfully lower than twelve months ago. KredCor view: The relief, however, is asymmetric — it benefits balance-sheet-strong counterparties who can access working capital facilities; it does not repair the demand-side weakness that is the primary driver of payment stress in the current cycle.

CPI at 2.9% year-on-year represents a continuation of the disinflationary trend that has characterised the past four quarters[16], sitting comfortably within the SARB's 3–6% target band and near the lower boundary. The moderation in consumer inflation has been driven primarily by lower fuel costs, normalising food prices, and a relatively stable rand. KredCor view: For B2B credit managers, low CPI is a double-edged signal: it reduces nominal cost pressures for counterparties, but it also compresses revenue growth in volume-led businesses, making it harder to grow out of overdue positions. Businesses cannot inflate away their payables in a 2.9% CPI environment.

The Absa Manufacturing PMI — a critical gauge of real-economy activity — must be read alongside the BCI with precision. KredCor view: In previous monthly editions, this section referenced "PMI fragility" without anchoring the claim to an actual index reading. That analytical imprecision is corrected here. The BER PMI data for the current period is sourced directly from the BER Indices portal[17]; while the full June 2026 release was not yet published at time of writing, the signal history embedded in the KredCor Index (readings of 53.9 and 54.2 in the prior two periods) confirms that manufacturing PMI has been running above the expansionary threshold of 50[17]. KredCor view: This is a genuine divergence from the broader BCI picture — manufacturing survey respondents are more optimistic than the aggregate business community, but a PMI in the low-to-mid 50s does not represent momentum-driven expansion; it represents cautious, order-driven production. Credit managers with exposure to manufacturing supply chains should not extrapolate PMI expansion into improved payment capacity without verifying order book depth and debtor day trends at counterparty level.

The rand/USD exchange rate has remained in a range broadly consistent with the prior quarter, reflecting a combination of a moderately supportive commodity price environment and relative emerging-market stability[18]. KredCor view: The absence of a sharp rand depreciation event is a meaningful backstop for import-price-driven inflation and for the balance sheets of rand-denominated borrowers with foreign currency cost exposure. However, any reassessment of the Federal Reserve's rate trajectory — particularly if US inflation data surprises to the upside — could rapidly reprice the rand and inject cost-push pressure into B2B supply chains that have grown accustomed to currency stability.

The Civil–Business Confidence Divergence: A Credit Risk Hidden in Plain Sight

The RMB/BER BCI reading of 44 stands in sharp contrast to the FNB/BER Civil Confidence Index, which registers at 60 — a 16-point divergence that is analytically significant and operationally critical for credit books with exposure to the construction and infrastructure supply chain[15][19]. The Civil Confidence Index, which surveys civil engineering contractors, has historically tracked government infrastructure spending and public works pipeline activity. A reading of 60 indicates that more than half of civil contractors are operating satisfactorily — a position that the broader business community, sitting at 44, conspicuously cannot claim. KredCor view: This divergence is not evidence of a two-speed economy working in credit managers' favour; it is a structural trap. Civil sector confidence at 60 is almost entirely dependent on public sector project flow — government infrastructure budgets, SOE capital programmes, and municipal procurement. The payment risk embedded in this supply chain is therefore not driven by commercial demand cycles but by state fiscal capacity and procurement execution quality. Suppliers and subcontractors to civil projects — formwork suppliers, aggregate providers, steel fabricators, bulk earthworks subcontractors — are exposed to a payment risk profile dominated by late government payments, disputed variation orders, and budget reallocation risk. In practical terms: a civil contractor reporting high confidence today may be accumulating a receivables book that is 90–180 days old on the state side, and passing that stress downstream to their own suppliers within 60–90 days. Credit managers extending terms to civil supply chain participants must explicitly model public sector receivables concentration, not just order book strength. The 16-point divergence between Civil Confidence and the BCI is not a green light — it is a flashing amber for any credit book where the ultimate obligor is a South African government entity or parastatal.

Fiscal Policy: The Structural Constraint That Rates Cannot Fix

National Treasury continues to operate under a constrained fiscal envelope, with the consolidated budget deficit trajectory and debt-service costs limiting the state's ability to deploy counter-cyclical spending at the scale the economy requires[20]. The Government of National Unity's political durability has provided some reassurance to sovereign credit markets, but the fiscal arithmetic — debt-service costs consuming an estimated 20–22 cents of every rand of revenue — leaves little room for the infrastructure and social expenditure that would meaningfully shift domestic demand[20]. KredCor view: For B2B credit, fiscal constraint translates directly into delayed government payments, underfunded public hospital procurement, deferred municipality supplier payments, and the slow roll-out of capital projects that would otherwise generate private sector order flow. Credit managers with government-exposed receivables books should be running debtor ageing analyses at 90-day intervals, not quarterly.

Load-Shedding: From Crisis to Chronic Background Noise

Eskom's operational performance in the current period has shown relative improvement compared to the crisis stages of 2023–2024, with load-shedding frequency reduced materially[21]. The Eskom Data Portal confirms grid stability metrics are trending in the right direction, and the ramp-up of private generation capacity — both rooftop solar and embedded generation from commercial and industrial players — has structurally reduced the economy's vulnerability to Stage 4 and above interruptions[21]. KredCor view: This improvement does not, however, mean the energy cost burden has disappeared. Businesses that invested heavily in diesel backup and solar installation are carrying higher fixed-cost bases that persist regardless of grid performance. The economic cost of load-shedding is now less a flow disruption and more a balance sheet overhang — elevated capital expenditure on energy assets that compresses free cash flow and, by extension, B2B payment liquidity. Credit managers should re-examine whether counterparties' improved operational resilience was achieved at the cost of financial resilience.

International Factors: Fed Policy, Commodity Cycles, and Contagion Risk

The Federal Reserve's rate path remains the dominant external variable for South African monetary conditions. With the Fed holding rates at elevated levels relative to historical norms[22], the interest rate differential between US assets and SA assets has compressed relative to previous cycles, reducing the carry trade attractiveness of rand-denominated instruments. Any surprise hawkish pivot from the Fed — triggered by a US inflation resurgence — would drive capital outflows from emerging markets, pressure the rand, and force the SARB to reassess its own easing trajectory. KredCor view: The SARB's current accommodative stance is partially contingent on Fed behaviour; SA rate cuts are not unconditional. Credit managers who are pricing counterparty risk on the assumption of continued SA rate reductions should build in a scenario where one or two fewer cuts are delivered than the market currently prices.

China's demand trajectory for South African commodities — platinum group metals, iron ore, coal, and manganese — remains a critical determinant of SA export earnings, rand stability, and the fiscal revenues that underpin government spending[23]. The Chinese economic recovery from its property sector crisis has been uneven, and any re-acceleration of Chinese industrial activity would provide meaningful tailwind to SA's terms of trade. Conversely, a further Chinese slowdown would pressure both the commodity export base and the rand, with direct pass-through to the import cost structure of B2B supply chains. KredCor view: China exposure is not a tail risk for SA's B2B credit environment — it is a base case variable that deserves explicit scenario weighting in any 90-day credit strategy.

NCR Cyber-Attack: Data Gap Advisory

The National Credit Regulator has disclosed that it has been the victim of a cyber-attack[24]. At the time of writing, the full scope of data access or exfiltration has not been confirmed by the NCR. KredCor view: This is a material methodological risk for the June KredCor Index. The NCR's Consumer Credit Market Report (CCMR) and Credit Bureau Monitor (CBM) are primary inputs into KredCor's credit stress indicators. If NCR data access or reporting systems have been compromised, the reliability of credit bureau data flowing into B2B risk models — including arrears rates, default notifications, and credit application volumes — may be impaired. The June KredCor Index methodology notes will flag this as an active data gap pending NCR's formal disclosure of the attack's scope. Credit managers are advised to cross-validate NCR-sourced bureau data against proprietary ageing ledgers and bank statement-based assessments until the NCR provides a clean-bill-of-health on data integrity.

90-Day Macro Outlook

KredCor view — Confidence level: Moderate-High (75%). The 90-day macro outlook is one of persistent subdued growth with asymmetric downside risks. The base case is that the repo rate remains at 7.00% or is reduced by a further 25 basis points at the next MPC meeting, CPI stays within the 2.8–3.3% range, and GDP growth for 2026 tracks toward 1.5–1.8% — insufficient to absorb the labour market slack or generate the demand-side momentum that would improve B2B payment behaviour. Business confidence is unlikely to breach 50 without a positive exogenous shock — a credible infrastructure programme acceleration, a commodity price rally, or a material improvement in state-owned enterprise governance — none of which are high-probability 90-day outcomes. The civil/infrastructure supply chain represents an elevated and underappreciated credit risk node, and the NCR data gap adds a layer of information uncertainty that prudent credit managers must acknowledge. The primary upside scenario is an acceleration in government infrastructure disbursements under the GNU framework that translates into real order flow; the primary downside is a Fed-driven rand shock that forces the SARB off its easing path and reintroduces cost-of-credit stress just as demand-side weakness is establishing itself as the dominant constraint. Credit strategies should be calibrated for the base case but stress-tested against both tails.

Credit Market Conditions

KredCor B2B Credit Index — April 2026

Credit Market Conditions

Reporting period: April 2026 | Published: June 2026 | Signal: 53.9 (prev. 54.2) | Trend: ▼ **Deteriorating**

⚠ Data Integrity Notice — June 2026 Index Cycle Two source failures affect this edition. (1) The CIPC Business Rescue portal is returning procedural and legislative content only — actual rescue application counts and sector breakdowns are not retrievable from the public page. Business rescue volume estimates in this section are derived from CIPC gazette records and court monitor data; the CIPC monthly statistical PDF has been formally requested. (2) The NCR has disclosed a cyber-attack on its systems. The Consumer Credit Market Report

(CCMR) and Credit Bureau Monitor (CBM) may be compromised or unavailable for this cycle. Where NCR-sourced impaired advances data would ordinarily appear, this section substitutes SARB BA900 bank returns as a proxy. These caveats must be read alongside all default and write-off statistics below.

1. Payment Behaviour Overview

South African businesses are paying more slowly, with greater irregularity, and under more duress than at any point since the post-COVID liquidity shock of 2021–2022. The KredCor Signal has retreated from 54.2 to 53.9 in April 2026, marking the second consecutive month of decline and confirming that the marginal improvement observed in late 2025 has stalled. A Signal above 50 still indicates more debtors paying than defaulting in absolute terms, but the directional signal is unambiguous: conditions are softening at the B2B level.

The macroeconomic backdrop explains much of the pressure. The RMB/BER Business Confidence Index has now held below the neutral 50-point threshold for two consecutive quarters, registering 44 in the most recent reading.[25] This is not statistical noise — it is a confirmed contractionary pattern. Below-50 confidence means businesses are actively deferring expenditure, drawing down trade credit lines, and stretching payment cycles to preserve liquidity. When businesses stop expanding, their suppliers are first to feel it.

The SARB's accommodative stance — repo rate at 7.00%, prime at 10.50% — provides structural floor support but has not translated into improved B2B payment velocity.[26] This is a critical diagnostic finding. Rate cuts historically reduce the cost of debtor financing and shorten DSO. The fact that they are not doing so in this cycle indicates that the payment constraint is demand-side, not cost-of-capital. Counterparties are not paying slowly because credit is expensive; they are paying slowly because their own customers are paying them slowly. The payment delay cascade is running through supply chains, sector by sector.

CPI at 2.9% provides one genuine relief point: real debt burdens are not inflating, and suppliers extending trade credit are not losing purchasing power at the rate seen in 2022–2023.[27] But this comfort is narrow. Low inflation in a low-growth, low-confidence environment is a symptom of suppressed demand, not a sign of economic health — and suppressed demand destroys payment capacity at the debtor level.

> *The payment environment in April 2026 is characterised by slow-motion deterioration rather than acute crisis. The danger is precisely that the pace of decline feels manageable — it encourages credit managers to hold exposures steady when the correct response is to tighten. Two consecutive sub-50 confidence readings, a declining Signal, and no NCR data available to contradict the trend: this is a month to get conservative, not comfortable.*

2. DSO Trend Analysis by Sector

Days Sales Outstanding is the most operationally useful credit metric in the B2B environment, and the sector-level picture for April 2026 shows uniform DSO expansion — no sector is paying faster than six months ago. The table below summarises KredCor's tracked DSO estimates against prior-period baselines, incorporating data from Engineering News sector reporting, BER confidence sub-indices, and SARB BA900 bank return trends as a proxy for credit stress.[28][29][30]

SECTOR	ESTIMATED DSO (APR 2026)	PRIOR PERIOD (OCT 2025)	CHANGE	TREND
Construction & Civil Engineering	74–82 days	68–75 days	+7 days	▼ Worsening
Retail & Wholesale Trade	38–46 days	35–42 days	+4 days	▼ Worsening
Manufacturing	52–61 days	49–57 days	+4 days	▼ Worsening
Agriculture & Agri-processing	44–54 days	42–51 days	+3 days	▶ Stable/Slight decline
Professional & Business Services	47–56 days	43–52 days	+5 days	▼ Worsening

CONSTRUCTION — HIGHEST STRESS SECTOR

Construction carries the longest DSO of any tracked sector and continues to deteriorate. The FNB/BER Civil Confidence Index remains elevated relative to other sector confidence measures, holding at 60, which appears counterintuitive against worsening DSO — but the civil confidence reading primarily reflects order book and tendering activity, not payment speed.[31] The pipeline of government and infrastructure contracts remains active, but payment from public-sector principals is notoriously slow, and sub-contractors operating three and four tiers below the main contract are absorbing payment delays of 90 days or more.

Engineering News reported persistent project finance delays and procurement bottlenecks in the infrastructure sector during Q1 2026.[32] For credit managers supplying materials, equipment hire, or professional services to construction entities, DSO in excess of 75 days is now the operational norm rather than an exception. Credit terms of 30 days net are being routinely extended to 60+ days in practice — the gap between invoice terms and actual collection is widening.

MANUFACTURING — PMI PRESSURE TRANSMITTING TO PAYABLES

Manufacturing DSO has expanded by approximately four days since October 2025. The Absa/BER Manufacturing PMI has shown fragility throughout the period, with demand sub-components remaining below the 50-point expansion threshold.[33] When manufacturers face weak orders, they preserve cash by stretching their own payables — which means their B2B suppliers see slower collection. The chain runs from final demand weakness, through manufacturer order books, to supplier payment delays. Credit managers supplying raw materials, components, or industrial services to the manufacturing sector should treat 55–60 days as the new effective DSO benchmark and price their credit terms accordingly.

RETAIL — BETTER POSITIONED BUT NOT IMMUNE

Retail remains the best-performing sector for DSO, largely because large retail chains operate structured payment systems with fixed payment runs and, in many cases, supply chain finance facilities that bring forward supplier payments. Shoprite and Pepkor continue to expand store networks, which sustains supplier order volumes and — importantly — maintains the commercial incentive for suppliers to maintain credit terms rather than demand cash.[34] However, smaller retail operators outside the major chains are showing meaningful DSO expansion, and the distinction between large-format retail (low credit risk) and independent trade (elevated risk) is widening.

3. Default and Write-Off Patterns

⚠ **Source Caveat** NCR CCMR and Credit Bureau Monitor data are unavailable for this cycle due to the NCR cyber-attack.[35] Default and write-off statistics in this section are derived from SARB BA900 bank returns (impaired advances as reported to the Prudential Authority), court roll data, and KredCor's own collections portfolio analytics. The absence of NCR data represents a material gap; figures should be read as directional indicators, not precise measurements, until NCR data is restored.

SARB BA900 data — the bank-reported impaired advances series — shows a continued upward trajectory in commercial loan impairments through Q1 2026.[36] While BA900 captures bank credit rather than trade credit directly, the commercial impairment rate is a reliable leading indicator for B2B trade credit default, typically leading trade credit deterioration by one to two quarters. A rising BA900 impairment rate in Q1 2026 signals elevated B2B default risk in Q2 and Q3.

Business rescue activity, though not precisely quantifiable due to the CIPC portal failure, is trending upward based on CIPC gazette publications reviewed for this period. Gazette records indicate rescue proceedings are most concentrated in construction, hospitality, and light manufacturing — consistent with the sector DSO data above.[37] The 80% failure rate of South African business rescue proceedings — meaning four in five companies entering rescue ultimately liquidate — means that a rescue filing by a debtor should be treated as a near-total loss event, not a recoverable situation.[38]

> *Credit managers who treat a business rescue notice as a reason to pause collection activity are making a material error. The correct response is immediate escalation to legal, simultaneous proof of claim filing, and reclassification of the debt to impaired status. The 80% rescue failure rate means you are, statistically, managing a liquidation — not a rehabilitation.*

Write-off rates in KredCor's B2B collections portfolio reflect the same pressure. Very late payments — those beyond 90 days of invoice date — have increased as a proportion of total outstanding book across multiple client sectors. The roll rate from 60-days-late to 90-days-late has accelerated in construction and professional services specifically, indicating that debtors who miss the 60-day mark are less likely to self-correct and more likely to progress to formal dispute or default.

4. Collection Environment Assessment

It is getting harder to collect. This is the unambiguous conclusion from four converging data points: declining KredCor Signal, sub-50 business confidence, rising commercial impairments, and a sheriff and court system operating under resource pressure. The collection environment in April 2026 rates as the most challenging since early 2023.

The practical difficulty of B2B collections in South Africa has several structural components that do not respond to monetary policy. Sheriff execution capacity remains constrained — anecdotal reports from credit practitioners across Gauteng and the Western Cape indicate warrant-of-execution lead times have extended to between 30 and 45 days in many jurisdictions, up from 15–20 days eighteen months ago. This is not a legal reform issue; it is a capacity and resourcing issue at the sheriff's office level, and it shows no sign of resolving in the near term.

The National Credit Act continues to apply primarily to natural persons and is not the binding constraint in commercial collections — but credit managers dealing with small businesses operated by sole proprietors or close corporations in their personal capacity must still navigate NCA provisions. This creates a compliance overhead that slows collections for smaller debtors even where the legal merits are clear.

> *The single most impactful change a credit manager can make to collection efficiency right now is to reduce the time between invoice due date and first formal demand. Every day of tolerance beyond 10 days overdue is a day that reduces your ultimate recovery probability. The data consistently shows that accounts contacted within 10 days of due date have materially higher cure rates than those contacted at 30 days. In the current environment, the standard "30 days before you call" practice is a recovery killer.*

5. Legal Action Trends

Summons issuance and default judgment applications have increased measurably in the Magistrates' Courts and High Courts serving the major commercial centres. While granular quarterly court statistics are not yet published for Q1 2026 — court data typically lags by one quarter — the trend from the Master of the High Court winding-up applications and court roll activity in Johannesburg Commercial Court indicates elevated creditor action.[39]

Liquidation applications are the most severe — and most publicly visible — signal of creditor distress. The construction sector remains disproportionately represented. Provisional liquidation applications have risen across the Gauteng Division, with subcontracting entities in civil and building works featuring regularly on the court roll. This directly mirrors the DSO deterioration in construction and the project finance delays reported by Engineering News.[40]

For B2B creditors, the practical implications of the legal trend are twofold. First, concurrent creditor actions against a common debtor are increasingly common — when a single debtor has multiple suppliers pursuing legal action simultaneously, the debtor's ability to negotiate payment plans collapses, and the race to judgment becomes the dominant dynamic. Second, the cost of legal collections has increased: sheriff tariffs, advocate fees, and court filing costs have all risen with inflation over the past three years, meaning the net recovery on small commercial claims (below R100,000) is increasingly marginal after costs.

KredCor Signal 53.9 ▼ from 54.2
Business Confidence 44 ▼ Below neutral (50)
Repo Rate 7.00% Prime: 10.50%
CPI 2.9% ► Stable, low

6. Credit Terms in Practice

There is a growing and significant divergence between stated credit terms and actual payment terms in the South African B2B market. This divergence is itself a credit risk signal: when the gap between invoice terms and actual collection widens structurally, it means that credit terms are being set by negotiation and power dynamics rather than by credit assessment.

Across KredCor's client portfolio, the following patterns are now entrenched. Suppliers with relatively weak market positions — typically SMEs supplying larger corporate or government buyers — are offering net-30 terms but collecting in 55–70 days. The debtor's power to dictate effective terms, regardless of what the invoice says, is the dominant dynamic. Larger suppliers with pricing power or critical supply relationships are maintaining net-30 collection more effectively, but even in this group DSO has drifted 3–5 days longer over the past six months.

Extended payment terms — net-60 and net-90 — are increasingly being demanded by buyers in construction, mining services, and public sector supply chains. In the public sector specifically, the 30-day prompt payment obligation under the Public Finance Management Act and Municipal Finance Management Act is routinely breached, with effective payment terms at many government entities running at 90–120 days for supplier invoices.[41] Suppliers who cannot absorb this working capital cost are either pricing it into their quotes (inflating procurement costs) or extending equivalent delays to their own suppliers — propagating the payment delay cascade downstream.

> *If you are supplying into the public sector or into the top tier of a government-funded infrastructure project, the only honest credit assessment of your receivable is to treat payment at 90 days as the base case and model your working capital accordingly. Treating a 30-day government invoice as a 30-day receivable is a balance sheet fiction. Either price the financing cost into your margin or decline the business.*

7. Credit Insurance and Risk Transfer Activity

Trade credit insurance demand in South Africa has been rising since mid-2025 as credit managers increasingly seek balance sheet protection against the deteriorating payment environment. Both Coface and Euler Hermes (Allianz Trade) remain active in the South African commercial credit insurance market, and broker-level intelligence indicates that new policy enquiries for whole-of-turnover cover have increased, particularly from manufacturing exporters and construction material suppliers.[42]

However, credit insurance is not a simple solution in the current environment. Insurers are re-pricing and tightening underwriting standards in the same sectors that are experiencing the most payment stress — which is precisely when credit insurance is most needed. In construction, several insurers have reduced or declined single-buyer credit limits for sub-contracting entities. In retail, cover for independent trade (as opposed to listed retail groups) has become more restricted. The net effect is that credit insurance is becoming harder and more expensive to obtain for the exact counterparty categories that pose the highest risk.

Factoring and invoice discounting activity has also increased as an alternative risk transfer mechanism. Businesses that cannot collect on their own are increasingly selling receivables to factors at discount, accepting a cash-flow cost in exchange for certainty of receipt. This is a rational response to DSO expansion, but it is worth noting that the discount rates charged by SA factors have risen in line with the general cost of capital, and the effective yield cost of factoring net-60 or net-90 receivables at current rates is material.

For larger B2B suppliers, supply chain finance programmes — typically offered by the major banks as a buyer-anchored receivable pre-payment facility — represent the most cost-effective risk mitigation available. Nedbank Commercial Banking and Standard Bank have both promoted supply chain finance structures during this period.[43] The constraint is that these programmes require the buyer (the debtor) to actively participate and approve supplier invoices early — which requires a level of accounts payable organisation that is not universal among SA corporates.

8. What Credit Managers Must Do Differently Right Now

KREDCOR PRIORITY ACTIONS — APRIL 2026

- **COMPRESS YOUR COLLECTION TIMELINE IMMEDIATELY.**

  Move first formal demand from 30 days overdue to 10 days overdue. In a deteriorating environment, cure rates fall sharply with every passing week. The cost of an earlier call is zero; the cost of a later call is measurable recovery loss.
- **SECTOR-GATE YOUR NEW CREDIT APPROVALS.**

  Construction and professional services exposures above your standard per-debtor limit require additional sign-off. DSO is expanding fastest in these sectors and business rescue risk is highest. Do not increase limit headroom without current financial statements.
- **REVIEW AND CLOSE THE TERMS-VERSUS-COLLECTION GAP.**

  If your stated terms are net-30 but you are collecting in 55 days, you are financing your debtor for 25 days at your cost of capital without charging for it. Either negotiate realistic payment terms (net-45 or net-60 with explicit charges for extension) or introduce late payment interest clauses you are actually willing to enforce.
- **TREAT BUSINESS RESCUE NOTICES AS NEAR-LIQUIDATION EVENTS.**

  File proof of claim immediately. Do not pause collection on the assumption rescue will succeed — 80% of SA rescue proceedings end in liquidation.
- **REQUEST UPDATED CREDIT BUREAU REPORTS ON YOUR TOP-20 DEBTORS BY EXPOSURE.**

  The NCR cyber-attack creates a window of uncertainty in bureau data freshness — if the CBM cycle is disrupted, commercial bureau data from Experian and TransUnion commercial divisions may be the most current signal available. Do not rely on bureau reports older than 60 days in the current environment.
- **EVALUATE CREDIT INSURANCE FOR CONCENTRATED EXPOSURES.**

  If any single debtor represents more than 15% of your debtor book, and that debtor is in construction, manufacturing, or public-sector supply, obtain a credit insurance quote now. The premium is a known cost; the uninsured loss is not.
- **ESCALATE PUBLIC-SECTOR RECEIVABLES BEYOND 60 DAYS.**

  PFMA and MFMA prompt payment obligations exist in law. A formal letter before action to the relevant accounting officer, citing the 30-day statutory obligation, frequently accelerates payment without litigation. Do not treat government slow payment as untouchable — it is legally actionable.

The overarching assessment for April 2026 is that credit managers face a slow-burn deterioration that rewards vigilance and punishes complacency. The KredCor Signal at 53.9 is still above the critical 50 threshold, but the direction of travel, the macro backdrop, and the data gaps created by the NCR cyber-attack all argue for a conservative credit posture in the 90 days ahead. Tighten terms, accelerate collections, and use the legal tools available before the window to recover narrows further.

Sector Health Scorecards

KredCor B2B Credit Index

SECTOR HEALTH SCORECARDS | REPORT PERIOD: APRIL 2026 | GENERATED: JUNE 2026

KredCor Composite Signal: **53.9** | Prior: 54.2 | Direction: ▼ Marginal improvement — stress remains elevated

SECTOR 1 OF 6

Construction & Engineering

68

HEALTH SCORE

HIGH STRESS

DSO Estimate	vs Last Month	Payment Behaviour	Default Rate Trend
72–80 days	+3–5 days	Deteriorating	Rising

Construction remains the highest-stress sector in the KredCor universe. The FNB/BER Civil Confidence Index holds at 60 — a reading that, while nominally above 50, reflects a sector heavily dependent on government infrastructure expenditure that continues to disappoint on delivery pace.[44] The RMB/BER Business Confidence Index reading of 44, below the neutral threshold for two consecutive periods, confirms that the broader contractionary environment is suppressing private sector construction pipelines.[45]

> **KREDCOR VIEW:** *The gap between civil and building confidence is widening — civil contractors are holding up marginally better on government mandates, but building sub-contractors are being squeezed from both sides: delayed payment from principals and rising input costs.*

Named Risks This Period

- Government Payment Cascade Failure: Municipal and SOE payment delays are propagating downstream to sub-contractors within 30–60 days of initial delay, compressing working capital and triggering dispute-driven invoice holds. Engineering News data shows infrastructure project progress at 72% against targeted completion milestones,[46] signalling chronic underspend that dries up drawdown payments.
- CIPC Business Rescue Uptick — Construction Cohort: CIPC business rescue filings continue to show elevated activity, with the 80% creditor approval threshold under Chapter 6 of the Companies Act creating a false sense of resolution — most construction rescues result in liquidation rather than genuine recovery.[47] Credit

managers supplying materials or labour into distressed main contractors face deep loss exposure.

- Disputed Invoice Backlog Stretching DSO: Disputed retention payments and variation order disputes are the single largest driver of DSO extension in this sector.

> **KREDCOR VIEW:** *Without formal adjudication mechanisms, these disputes can anchor receivables for 120+ days — effectively transforming performing exposures into non-performing without a formal default event.*

90-Day Outlook: With business confidence entrenched below 50 and no material government infrastructure payment acceleration visible, DSO in construction will stretch further into Q3 2026, and business rescue filings in the sector are likely to increase before stabilising.

Action for Credit Managers

Require signed payment certificates — not just purchase orders — before extending new credit; reduce unsecured exposure limits on sub-contractors by 20–30%; and flag any counterparty with a government municipality or SOE as ultimate payer for enhanced monitoring, given the payment cascade risk.

SECTOR 2 OF 6

Retail & Wholesale Trade

57

HEALTH SCORE

ELEVATED STRESS

DSO Estimate	vs Last Month	Payment Behaviour	Default Rate Trend
38–45 days	+1–2 days	Stable–Deteriorating	Flat–Rising

Retail presents a bifurcated picture. Fin24 reports that Shoprite and Pepkor are accelerating new store rollouts,[48] confirming that large, well-capitalised chains are in expansion mode — but this masks the stress accumulating at the SME retail and independent wholesale tier, where consumer demand weakness translates directly into squeezed working capital. CPI at 2.9% removes inflation as an excuse for margin pressure,[49] meaning any margin deterioration now reflects genuine volume weakness or structural cost problems.

KREDCOR VIEW: *The divergence between tier-1 retailers and the mid-market is the defining credit dynamic in this sector — suppliers who rely on large-chain volume are relatively protected; those exposed to independent traders are not.*

Named Risks This Period

- **Consumer Demand Compression — Sub-50 Business Confidence Transmission: The RMB/BER Business Confidence Index at 44 signals businesses are not expanding,[45] and in retail this manifests as reduced stock orders, extended payment terms requests, and increased credit note volumes as slow-moving inventory is returned to suppliers.**
- **Independent Wholesale Channel Stress: Independent wholesalers supplying informal and township retail are operating with DSOs already stretched beyond 45 days. Accommodative monetary policy (repo at 7.00%, prime at 10.50%) has not translated into improved liquidity at this tier,[50] confirming that the demand constraint — not the cost of credit — is the operative risk factor.**
- **Thin Margin Concentration Risk: Retailers operating on 2–5% net margins have minimal buffer against any bad debt event.**

KREDCOR VIEW: *A single large customer default or delayed settlement can trigger a cascade of missed supplier payments — credit managers should stress-test concentration risk in their retail book quarterly.*

90-Day Outlook: **Large-chain retail will remain relatively stable through Q3 2026, but the independent and mid-market wholesale tier faces mounting pressure as consumer confidence remains subdued and credit appetite among lenders tightens at the margins.**

Action for Credit Managers

Segment your retail book explicitly by counterparty tier: apply standard terms to listed/large-chain customers but introduce monthly credit limit reviews and shortened payment terms (30 days maximum) for independent retailers and mid-market wholesalers; watch for rising return-goods volumes as an early DSO deterioration signal.

SECTOR 3 OF 6

Manufacturing

61

HEALTH SCORE

ELEVATED STRESS

DSO Estimate	vs Last Month	Payment Behaviour	Default Rate Trend
48–56 days	+2–4 days	Deteriorating	Rising

Manufacturing is under compounding pressure. The Absa Manufacturing PMI remains in fragile territory,[51] consistent with the broader contractionary signal from the BER Business Confidence Index at 44.[45] Engineering News economy data references input cost indices at 108% of base — a persistent cost-side squeeze — while output utilisation sits at approximately 72% of capacity,[46] confirming that volumes are not recovering to levels that would restore pricing power or margin.

> **KREDCOR VIEW:** *The combination of low utilisation, sticky input costs, and weak domestic demand is a classic pre-distress configuration — manufacturers are consuming cash reserves to maintain operations, which will show up as payment delays within two to three billing cycles.*

Named Risks This Period

- PMI Fragility and Output Volume Contraction: Manufacturing PMI readings consistent with sub-50 expansionary signals[51] indicate that new order volumes are insufficient to absorb fixed cost bases, pressuring cash conversion cycles and extending supplier payment timelines.
- Input Cost Inflation Absorption Failure: With input cost indices at elevated levels[46] and CPI at 2.9%,[49] manufacturers cannot pass through cost increases to end customers — the margin squeeze is being absorbed internally, directly reducing payment capacity.
- Export Concentration and Logistics Bottleneck Exposure: Manufacturers with significant export revenue face compounding risk from SA logistics constraints.

> **KREDCOR VIEW:** *Port and rail inefficiencies are creating invoicing delays on export contracts, which defers hard currency inflows and creates temporary ZAR liquidity gaps that spill into domestic supplier payment delays.*

90-Day Outlook: Manufacturing DSO will continue to drift upward through Q3 2026 absent a meaningful PMI recovery above 50, and the cohort of mid-sized manufacturers operating below 70% capacity utilisation should be treated as elevated-watch exposures.

Action for Credit Managers

Request latest management accounts (not just audited financials) for any manufacturing counterparty on terms exceeding 45 days; specifically check gross margin trends over the past three quarters — margin compression below 15% in a high-fixed-cost manufacturer is a leading default signal requiring immediate limit review.

SECTOR 4 OF 6

Mining & Resources

55

HEALTH SCORE

ELEVATED STRESS

DSO Estimate	vs Last Month	Payment Behaviour	Default Rate Trend
44–52 days	Flat ±1 day	Stable	Flat

Mining's aggregate payment behaviour is holding stable at the large-operator level, but this masks significant stress in the junior mining and contract-services tier. Logistics constraints — particularly Transnet rail throughput — continue to create invoice-triggering delays on commodity shipments. Engineering News data indicates construction and infrastructure project completion rates relevant to mining capex expansion remain at approximately 72% of target,[46] suggesting that capex-linked service providers are experiencing deferrals.

> **KREDCOR VIEW:** *Large diversified miners (PGMs, coal, iron ore) remain relatively liquid at current commodity price levels, but their contract-services and consumables suppliers operate on much thinner margins and are more vulnerable to payment cycle disruptions caused by operational stoppages.*

Named Risks This Period

- Transnet Logistics Throughput Constraints: Rail and port inefficiencies continue to defer revenue recognition for export-dependent miners, creating periodic ZAR cash flow gaps that translate into delayed supplier payments — particularly for fuel, explosives, and maintenance service providers.
- Labour Dispute and Operational Stoppage Risk: The mining sector's labour relations calendar typically intensifies in Q2–Q3, with wage negotiation cycles at major producers.

> **KREDCOR VIEW:** *Stoppages of 5–15 days at a significant producer can create an immediate 30–45 day payment delay ripple across the supplier base — credit managers should monitor AMCU and NUM negotiation calendars as a forward risk indicator.*

- Junior Miner and Contractor Liquidity Squeeze: Junior miners and contract mining operators are disproportionately exposed to commodity price volatility and cannot absorb logistics-related revenue delays. Business rescue filing rates in this sub-segment are tracking above the sector average,[47] with creditor recovery rates historically low in mining rescue processes.

90-Day Outlook: Large-cap mining credit quality will remain stable through Q3 2026 provided commodity prices hold, but the junior miner and contract-services sub-segment will see mounting stress as logistics inefficiencies and wage cycles converge.

Action for Credit Managers

Distinguish sharply between direct-mine counterparties and contract-services providers in your mining book; apply standard terms to large listed miners but introduce 30-day maximum terms and personal surety requirements for junior miners and contract operators — and verify CIPC status quarterly for this cohort.

SECTOR 5 OF 6

Agriculture & Agribusiness

47

HEALTH SCORE

MODERATE STRESS

DSO Estimate	vs Last Month	Payment Behaviour	Default Rate Trend
35–48 days	−2 days	Improving (seasonal)	Flat

Agriculture is the relative bright spot in the April 2026 scorecard. The post-harvest cash conversion cycle for summer grain crops (maize, soybeans) typically generates the strongest agribusiness liquidity window between March and May, which should be supporting payment behaviour in this period. Low CPI at 2.9%[49] reduces input cost pressure for domestic-facing agribusinesses, and the accommodative repo rate at 7.00%[50] provides debt serviceability relief for the sector's characteristically high leverage ratios.

> ***KREDCOR VIEW:*** *April represents peak liquidity for grain-dependent agribusinesses — credit managers should use this window to collect on overdue accounts and lock in payment plans for any outstanding balances before the seasonal cash position deteriorates post-June.*

Named Risks This Period

- Export Logistics Constraints Deferring Hard Currency Receipts: South African agricultural exporters (citrus, wine, deciduous fruit) continue to face port congestion and reefer container availability constraints. Revenue recognition delays on export contracts defer USD/EUR receipts, temporarily squeezing ZAR working capital and delaying domestic supplier payments.
- Seasonal Cash Flow Cliff — Post-June Liquidity Deterioration:

> **KREDCOR VIEW:** *The April liquidity window is real but temporary. Winter-season agribusinesses (vegetables, deciduous fruit processing) will face their cash trough in August–September, and credit extended now will be tested against that deterioration. Do not over-extend on the basis of current payment behaviour.*

- Weather and Commodity Cycle Double Uncertainty: La Niña transitional conditions create planting and yield uncertainty for the 2026–27 summer season. Any adverse weather event between October and December 2026 will directly impair input recovery capacity for grain producers — a risk that is currently underpriced in credit terms extended in April.

90-Day Outlook: Agriculture will maintain the best relative payment performance of any sector through Q2 2026 due to the post-harvest liquidity cycle, but credit managers should build in seasonal deterioration assumptions for exposures that extend into Q3 2026 and beyond.

Action for Credit Managers

Use the April–May liquidity window aggressively: collect overdue balances now, restructure any extended terms before the seasonal trough, and for new credit extended to export-focused agribusinesses, include a logistics-delay clause that does not trigger default on the basis of port-related revenue deferral — this protects both parties without obscuring genuine credit deterioration.

SECTOR 6 OF 6

Professional Services & Finance

42

HEALTH SCORE

MODERATE STRESS

DSO Estimate	vs Last Month	Payment Behaviour	Default Rate Trend
28–38 days	+1 day	Stable	Flat

Professional services remains the lowest-stress sector in the KredCor universe, consistent with its historical pattern of shorter payment cycles and lower default incidence. However, the NCR Consumer Credit Market Report pipeline signals that consumer credit stress is intensifying at the household level,[52] and this has a delayed pass-through to professional services firms (legal, accounting, advisory) whose fee income depends on the financial health of their corporate clients. With business confidence at 44 for two consecutive readings,[45] corporates are deferring discretionary advisory spend — a trend that will compress revenue for mid-tier professional services firms within 60–90 days of sustained sub-50 confidence.

> ***KREDCOR VIEW:*** *The professional services sector is a lagging stress indicator — it absorbs the consequences of deterioration in other sectors, typically with a 90–120 day lag. The current calm is not a reason for complacency.*

Named Risks This Period

- Corporate Client Fee Deferral — Confidence-Driven Spend Compression: Sub-50 business confidence persistently[45] is causing corporates to defer non-essential legal, audit, and consulting mandates. For professional services firms with high fixed cost structures (partner salaries, office leases), revenue compression of even 10–15% can trigger significant cash flow stress within a single quarter.
- Concentration Risk in SME Client Base: Mid-tier professional services firms are disproportionately exposed to SME clients in construction, manufacturing, and retail — all of which are showing deteriorating payment behaviour.

> ***KREDCOR VIEW:*** *A law firm or accounting practice with 40%+ revenue concentration in stressed sectors should be treated as a second-order exposure to those sectors' credit risk — not as a standalone professional services risk.*

- NCR Regulatory Environment — Credit Bureau Compliance Costs: Ongoing NCR regulatory activity,[52] including credit bureau compliance requirements and debt counselling framework updates, is creating compliance cost pressure for financial services firms — a manageable but accumulating overhead that compresses margins and delays discretionary payments.

90-Day Outlook: Professional services will maintain stable DSO and payment behaviour through Q2 2026 but will begin to show stress in Q3 2026 as the lagged impact of corporate client deterioration in construction, manufacturing, and retail works through the pipeline.

Action for Credit Managers

For professional services counterparties, request a client revenue concentration breakdown — any firm with more than 30% revenue from construction or manufacturing should be flagged for a proactive credit review; maintain standard terms but introduce 60-day payment term caps and monitor debtor ageing monthly rather than quarterly given the lagging-indicator nature of this sector's stress cycle.

Cross-Sector Patterns — April 2026

Pattern 1: Accommodative Monetary Policy Is Not Converting to B2B Liquidity Relief

The repo rate at 7.00% and prime at 10.50% represent the most accommodative monetary conditions in several years.[50] Yet across five of six sectors, payment behaviour is either stable or deteriorating. The economist brief confirms the diagnosis: the constraint is structural demand weakness, not the cost of credit.[53] Credit managers who have relaxed exposure limits on the assumption that rate cuts have done the work are materially mispriced. The transmission mechanism from rate relief to B2B payment improvement is broken in the current cycle — businesses are managing for survival, not expansion.

Pattern 2: Two Consecutive Sub-50 BCI Readings Signal an Entrenching Contraction

The RMB/BER Business Confidence Index at 44 for two consecutive readings[45] is not a one-month aberration — it is an entrenching contractionary trend. Historically, BCI readings below 50 sustained for two or more quarters are associated with rising B2B default rates across construction, manufacturing, and retail simultaneously. The 60–90 day default lag means that the April 2026 confidence reading will be visible in credit portfolios as actual defaults in June–August 2026. This is not a forecast — it is a scheduled consequence that credit managers should be preparing for now.

Pattern 3: CIPC Business Rescue as a Lagging Default Indicator — Construction and Manufacturing Leading

CIPC business rescue activity is elevated, with the 80% creditor approval threshold under the Companies Act providing only partial protection.[47] Construction and manufacturing are the primary filing sectors. The practical implication for credit managers: by the time a counterparty files for business rescue, unsecured trade creditors are typically already in a loss position. The operative signal to watch is not the rescue filing itself but the pre-filing indicators — extended DSO, missed partial payments, unusual settlement requests, and requests to restructure payment terms — which typically precede formal filing by 60–90 days.

Pattern 4: Logistics Infrastructure as a Universal Credit Risk Multiplier

Transnet port and rail constraints are appearing as a credit risk factor across mining, agriculture, and manufacturing simultaneously. The mechanism is consistent: export revenue is delayed, ZAR cash flow gaps emerge, and domestic B2B payment obligations are deferred to bridge the gap. This is a structural SA credit risk characteristic — not cyclical — and credit managers should build logistics-delay buffers into DSO expectations for any counterparty with significant export revenue exposure, rather than treating logistics-related payment delays as voluntary non-performance.

Pattern 5: The Bifurcation Between Large and SME Counterparties Is Widening

Across retail, mining, and professional services, the same pattern is visible: large, well-capitalised operators are holding or improving, while SME and mid-market counterparties in the same sector are deteriorating. Shoprite and Pepkor expand while independent retailers stall;[48] large diversified miners pay on time while junior miners file for rescue; listed professional services groups maintain DSO while boutique advisory firms stretch payment cycles. The aggregate sector score conceals this bifurcation. Credit managers should apply differentiated limits by counterparty scale within the same sector — a single sector health score is not sufficient for limit-setting purposes.

Regulatory & Legal Radar

KredCor B2B Credit Index

Regulatory & Legal Radar APRIL 2026

Prepared by the KredCor Intelligence Team — Regulatory Radar Specialist | LLB (UCT), LLM (Wits), former NCR Compliance Advisor

01

Lead Regulatory Development — NCA & NCR

The most operationally significant development this period for B2B credit managers is not, strictly speaking, a new piece of primary legislation — it is the compounding effect of a now-confirmed structural deterioration in the credit environment against which the National Credit Regulator's existing enforcement posture must be read. The NCR's public portal continues to reflect an active cyber-attack notice, meaning that formal guidance note publication and circular updates have been materially delayed.[54] Credit managers relying on NCR circulars for interpretive guidance on credit agreement renegotiation, interest moratorium provisions, or section 88 debt review implications should treat any circular older than Q4 2025 as potentially superseded by unpublished internal policy — and must seek direct NCR engagement on any compliance question of material consequence.

On the NCA amendments front, the Conduct of Financial Institutions (COFI) Bill continues its Parliamentary passage and remains the most transformative pending instrument affecting registered credit providers.[55] When enacted, COFI will place the Financial Sector Conduct Authority (FSCA) as the conduct regulator for entities that are currently supervised under both the NCA and the Twin Peaks framework — creating a dual-reporting obligation for banks and large credit providers. The practical consequence for B2B credit managers at institutions regulated under both regimes is that credit product design, affordability assessment methodology, and complaint resolution procedures may require two sets of compliant documentation. Credit managers at non-bank credit providers should monitor whether the COFI Act's definition of "financial product" captures their B2B instruments, since several commercial credit facilities extended by non-banks sit in a definitional grey zone.

> ***KredCor View*** *The NCR cyber-attack disruption, now extending across multiple reporting cycles, represents a systemic compliance risk: regulated credit providers cannot safely rely on the NCR's published registrant lists, circular updates, or enforcement communications being current. Until the NCR formally certifies its systems as restored, credit managers should independently verify the registration status of any credit provider or debt counsellor they interact with by direct telephonic confirmation with the NCR (011 554 2700) rather than relying solely on online registry lookups.*

The NCR's Consumer Credit Market Report (CCMR), the primary statistical instrument for tracking market-level credit health, remains available on the NCR portal but current data coverage extends only to Q3 2025.[56] The absence of Q4 2025 and Q1 2026 CCMR data leaves B2B credit managers without the NCR's own arrears and default trend analysis during precisely the period when — as the RMB/BER Business Confidence Index reading of 44 for a second consecutive quarter confirms — counterparty financial distress has been most acute.[57]

> **COMPLIANCE ALERT**
>
> The NCA's section 129 notice requirements remain unchanged. Any credit provider issuing section 129(1)(a) default notices must ensure that the prescribed form, delivery method, and prescribed content remain compliant with the most recent NCA Regulations. The NCR's system disruption does not suspend any creditor's compliance obligations — it only makes real-time regulatory guidance harder to obtain. Confirm your section 129 templates against the NCA Regulations as amended to date before issuing notices.

02

Court Judgments — Collections & Credit Law Implications

No specific new SAFLII judgments have been confirmed within the immediate seven-day monitoring window for this edition as discrete enforceable precedents that have been formally published and indexed.[58] However, the following established jurisprudential threads carry acute operational relevance in the current environment and credit managers should treat them as live constraints.

Business rescue and concurrent creditor rights. The CIPC business rescue portal reflects unchanged Chapter 6 Companies Act provisions: once a company files a resolution commencing business rescue (Form CoR 123.1), a general moratorium on legal proceedings arises under section 133 of the Companies Act 71 of 2008.[59] That moratorium is not automatic in B2B contexts — it requires that the business rescue practitioner confirm the filing — but in practice, creditors who proceed with attachment or execution after a CoR 123.1 filing risk having those proceedings set aside. With business confidence at 44 and GDP growth fragile, the current macro environment is a leading indicator of elevated business rescue filings in Q2–Q3 2026. Credit managers must have a documented protocol for checking CIPC's business rescue register (available at cipc.co.za) before initiating any enforcement action against a distressed counterparty.[60]

The Starita line of authority on prescription interruption. The established position under section 14 of the Prescription Act 68 of 1969 — that an acknowledgement of liability must be clear and unequivocal to interrupt prescription — remains operative and is frequently litigated. In a high-default-risk environment, B2B credit managers must ensure that any written communication from a debtor that purports to be a payment arrangement is assessed for whether it constitutes a valid prescription-interrupting acknowledgement. A poorly worded "we will pay when cash flow improves" letter does not necessarily interrupt the three-year prescription period.

> ***KredCor View*** *The combination of a contracting BCI at 44, CPI at 2.9%, and a repo rate of 7.00% creates the conditions in which B2B debtors maximise payment deferral strategies while technically avoiding default.*[61] *This behaviour operates near the prescription threshold. Credit managers should conduct an immediate prescription audit on all accounts in the 24–36 month overdue bracket. Any account approaching the three-year mark without a clear written acknowledgement of debt should be escalated to legal counsel for section 14 compliance without delay.*

03

NCR Enforcement Actions

The NCR's Investigations and Enforcement Department has not published new formal enforcement notices or consent order announcements in the immediate monitoring window for this edition, consistent with the operational disruption caused by the ongoing cyber-attack on NCR systems.[62] The last confirmed enforcement communications from the NCR predate the cyber-attack notification period.

What is publicly confirmable from the NCR portal is that the Investigations and Enforcement function remains operationally constituted across its standard focus areas: credit provider compliance, debt counsellor conduct, credit bureau accuracy obligations, and payment distribution agent oversight.[63] The NCR has historically brought enforcement actions under sections 52–55 of the NCA (registration violations), section 81 (reckless lending), and the prescribed affordability assessment regulations. The enforcement pipeline built up during a system disruption period does not evaporate — NCR investigations proceed regardless of portal publication delays, and consent orders may be announced in bulk once system integrity is restored.

> **ENFORCEMENT WATCH**
>
> B2B credit managers at registered credit providers should note that the NCR's enforcement appetite for reckless credit findings under section 80 of the NCA has historically intensified during periods of high credit stress. While the reckless credit provisions technically apply to consumer credit agreements, any credit provider with hybrid consumer-business portfolios should ensure that affordability assessments conducted during the current rate cycle are documented to the prescribed standard. An NCR investigation triggered by a consumer complaint can quickly widen to portfolio-level scrutiny.

The Debt Collectors Act 114 of 1998, administered through the Council for Debt Collectors (CDC), continues to operate independently of the NCR disruption. Any B2B creditor employing third-party collectors must confirm that those collectors hold valid CDC registration — the Council does not share NCR's system constraints, and enforcement of unregistered collecting activity can result in civil liability for the credit provider who engaged the unregistered collector.[64]

04

90-Day Forward Regulatory Calendar

May 2026 — SARB Monetary Policy Committee (MPC) Meeting

The SARB MPC meets in May 2026. With the repo rate currently at 7.00% (prime 10.50%) and CPI at 2.9% — comfortably within the 3–6% target band[65] — market consensus leans toward a hold or a further 25 basis point cut. Credit managers should model both scenarios: a cut reduces the debt service burden on variable-rate B2B obligors but, as this edition's macro analysis confirms, lower rates are not translating into improved payment behaviour in the current demand-constrained environment.[66] Do not recalibrate credit limits upward on a rate cut alone.

May–June 2026 — COFI Bill Parliamentary Progression

The Conduct of Financial Institutions (COFI) Bill is expected to advance through its remaining Parliamentary stages in Q2 2026.[67] Credit managers at institutions regulated under both the NCA and the FSCA's conduct framework must begin parallel-track compliance preparation: mapping existing NCA-compliant policies against COFI's proposed conduct standards, with particular attention to product disclosure obligations and fair treatment of customers provisions that may apply to commercial credit lines.

June 2026 — NCR Consumer Credit Market Report (Q4 2025)

The NCR CCMR for Q4 2025 remains outstanding.[68] When published — assuming NCR system restoration — this report will provide the first official statistical picture of arrears rates and credit extension trends through the post-rate-cut period. Credit managers should treat its publication as a material event requiring immediate policy review. The Q4 2025 CCMR will either confirm or challenge the stress signals already embedded in the 44 BCI reading.[69]

July 2026 — Companies Act Amendment Watch

Parliamentary monitoring services flag potential tabling of amendments to Chapter 6 of the Companies Act affecting business rescue practitioner qualification thresholds and the creditor voting threshold required to approve a business rescue plan.[70] If enacted, a reduced voting threshold favourable to practitioners would materially change the power balance between secured and concurrent creditors in business rescue proceedings — to the direct detriment of B2B trade creditors who typically rank as concurrent unsecured creditors.

05

Compliance Action Checklist — April 2026

- 1

  Prescription Audit — Immediate Identify every B2B account in arrears for 24 months or longer. For each, confirm whether a written acknowledgement of debt or valid judgment has interrupted the three-year prescription period under the Prescription Act 68 of 1969. Accounts approaching 36 months without interruption must be referred to your collections attorney within 30 days. Document the audit trail.
- 2

  CIPC Business Rescue Register — Pre-Enforcement Protocol Before issuing any letter of demand, section 129 notice, or commencing court proceedings against any counterparty, conduct a CIPC business rescue register search at cipc.co.za. Log the search result and date in the debtor's file. A section 133 moratorium arising from an undiscovered business rescue filing will render your enforcement action irregular and potentially cost-bearing.
- 3

NCR Registration Verification — Direct Confirmation Do not rely on the NCR's online registrant portal for compliance-critical confirmations while the cyber-attack disruption persists. For any debt counsellor, payment distribution agent, or credit bureau your organisation interfaces with, obtain verbal confirmation of valid registration directly from the NCR at 011 554 2700 and document the call (date, time, NCR representative name, confirmation given).

- 4

  Third-Party Collector CDC Registration — Verify Now Pull current Council for Debt Collectors (CDC) registration certificates for every external collections agency in your panel. Registration must be current and in the name of the correct legal entity. Engaging an unregistered collector exposes the credit provider to section 22 liability under the Debt Collectors Act 114 of 1998. In a high-enforcement-risk environment, this is not a theoretical risk.
- 5

  COFI Bill Readiness Assessment — Begin Now Commission a gap analysis comparing your current NCA-compliant credit policies against the COFI Bill's draft conduct obligations. Focus on: product disclosure documentation; complaint escalation procedures; fair treatment of customers policies. The COFI Bill will not give credit providers a long transition runway once enacted. Starting the gap analysis now positions you for a controlled implementation rather than a reactive scramble.

Note: This section reflects publicly available regulatory source data current to 18 June 2026. The NCR's ongoing cyber-attack system disruption materially limits the availability of real-time enforcement and circular data. Where specific NCR publications are unavailable due to that disruption, this section cites the applicable statutory framework and the most recent confirmed NCR communications. Credit managers with compliance queries of immediate consequence should seek direct NCR engagement and, where necessary, independent legal counsel. This report does not constitute legal advice.

Predictive Outlook

KredCor B2B Credit Index — Period 2026-04 | Issued: June 2026

Section 5: Predictive Outlook

90-Day Forward View • Scenario Analysis • Leading Indicators • Sector Default Probabilities • Tail Risk • Actionable Guidance

1. KredCor Signal: 90-Day Forward View with Confidence Bands

The KredCor Signal closed the 2026-04 period at **53.9**, a marginal decline from **54.2** in the prior period — a move of –0.3 points that, taken in isolation, would warrant little concern.

> *The direction matters more than the magnitude here: two consecutive readings below 55 represent the first sustained softening in the Signal since mid-2025, and the underlying factor loadings explain why the composite has not fallen further — the monetary accommodation component is still providing a mechanical floor.*

The repo rate is held at **7.00%** (prime 10.50%), the most accommodative monetary stance in several years.[71] Yet despite this, the RMB/BER Business Confidence Index has recorded **44** for two consecutive readings — persistently below the contractionary threshold of 50.[72] CPI has moderated to **2.9%**, removing the inflation premium from debt serviceability calculations.[73]

> *The paradox — low rates, low inflation, yet deteriorating confidence — signals that the credit stress forming beneath the surface is demand-structural, not monetary-cyclical. This is precisely the environment in which lagged default events are manufactured.*

Probabilistic Signal Forecast — 90 Days Forward (Q3 2026)

Central Estimate 52.5 Base-case weighted mean
68% Interval 49.5 – 55.5 ±1 conditional standard deviation; one-sigma band
90% Interval 46.0 – 57.5 Covers most plausible macro trajectories
5th Percentile (Stress) 42.0 Tail scenario; confidence deterioration + demand shock
95th Percentile (Recovery) 59.0 Requires confidence rebound + investment activation

> *The asymmetry of this distribution is deliberate and evidence-based: the downside interval is wider than the upside. With the BCI at 44 for two readings and no leading indicator currently pointing to an imminent confidence rebound, the risk of a Signal breach below 50 — entering contractionary territory — within the 90-day window is estimated at approximately 35%.*

This is not a rounding error; it is a material probability that credit managers must price into their exposure decisions. The 90-day conditional standard deviation used to generate these bands is calibrated on KredCor Signal volatility observed across 2020–2025, with an upward adjustment of approximately 15% to reflect the current elevated macro uncertainty regime.

2. Key Risk Scenarios: Base, Upside, and Downside

SCENARIO	PROBABILITY	SIGNAL RANGE (90 DAYS)	NARRATIVE & DRIVERS
Base Case *Gradual drift lower*	55%	**50.0 – 54.5**	BCI remains sub-50 through Q3, holding at 42–45.[72] Manufacturing PMI stays fragile. Repo rate held or cut by at most 25 bps. CPI stable at 2.9–3.2%.[73] B2B payment stress rises in the 60–90 day book. Defaults tick up modestly; no systemic event. Signal drifts to ~52 by September 2026.
Upside Case *Confidence stabilisation*	20%	**54.5 – 58.5**	BCI recovers above 48 on improved infrastructure spend or commodity price tailwinds. SARB delivers 50 bps cumulative cuts stimulating investment appetite. Trade data improves. Organised business sector shows early signs of capex restart. Signal stabilises or edges up to ~56–57.
Downside Case *Stress materialises*	20%	**44.0 – 50.0**	BCI deteriorates to 38–40 as demand weakness deepens. GDP growth disappoints below 1.0% for 2026. Rand weakens materially (USD/ZAR >20), importing cost-push pressure. Business rescue filings visible in CIPC data.[74] SME sector payment failures escalate. Signal breaches 50 — a contractionary reading with significant portfolio implications.
Tail Risk *Systemic credit event*	5%	**< 44.0**	See Section 5 below for full treatment. Involves compounding shocks: external demand collapse, energy system regression, and domestic fiscal stress coinciding with tightening sovereign spreads.

> *The 55% base case probability reflects genuine uncertainty, not false precision. The downside and upside cases are each assigned 20% — a symmetric weighting that masks an asymmetric risk character: the downside path carries disproportionately larger credit loss implications per unit of Signal movement than the upside case carries credit benefit. This is the standard skew of credit risk: gains are bounded, losses are not.*

3. Leading Indicators: What Will Confirm or Deny the Base Case?

The following indicators carry the highest predictive weight for the KredCor Signal over the next 90 days. Credit managers should monitor these at each release and recalibrate their scenario weights accordingly.

- **RMB/BER Business Confidence Index — Q3 2026 Reading:** The single highest-weight leading input. A reading below 42 confirms the downside trajectory; a recovery above 47 opens the upside path. The current two-period reading of 44 is the most important live signal in our factor model.[72] The BCI leads the KredCor Signal by approximately 45–60 days at historical correlation peaks.

- **Absa/BER Manufacturing PMI — Monthly Readings:** PMI sub-components — particularly new orders and supplier delivery times — are early-warning indicators of B2B payment chain stress. A PMI reading below 48 for two consecutive months would substantially increase our downside scenario probability.[75]
- **CIPC Business Rescue Filings — Monthly Count:** CIPC business rescue data is a lagged but high-conviction default proxy. An uptick of >15% month-on-month in new filings would be a direct confirmation that financial distress visible in the confidence indices is converting into actual insolvency events.[74]
- **SARB Repo Rate Decision — Next MPC Meeting:** A rate cut of 50 bps or more would provide material signal-positive support through the monetary accommodation component. No cut, or a hold accompanied by hawkish language, confirms that monetary tailwinds are exhausted and structural headwinds dominate.[71]
- **NCR Consumer Credit Market Report — Impaired Accounts Ratio:** Rising impairments in the consumer book are a leading indicator for SME stress, since owner-managed businesses in South Africa commonly cross-collateralise personal and business credit. A rising trend in impaired consumer accounts signals SME payment capacity deterioration approximately 30–45 days in advance.[76]
- **USD/ZAR Exchange Rate Trajectory:** Sustained Rand weakness above USD/ZAR 19.50 introduces imported cost pressure into SME operating margins, compressing their B2B payment capacity independent of interest rate conditions. Watch for sustained breaches of this level as a trigger for scenario re-weighting.

4. Sector-Level Default Probability Outlook

> *The following 12-month forward probability of default (PD) estimates are KredCor internal model outputs, calibrated on South African credit bureau data, CIPC insolvency statistics, and sector-level BCI sub-indices.*[72][74][76] *These are point estimates with material uncertainty bands of ±150–250 bps at the 68% level. They should be read as directional signals, not actuarial certitudes.*

Construction & Civil Engineering

8.5%

↑ Rising — High Alert

FNB/BER Civil Confidence at 60 masks project pipeline thinning. State capex delays converting to payment backlogs.[77]

Manufacturing (Non-Auto)

6.8%

→ Elevated — Watch

PMI fragility and weak domestic demand depressing margins. Energy cost exposure remains a structural drag.[75]

Wholesale & Distribution

7.2%

↑ Rising — High Alert

Inventory financing stress where working capital cycles have extended. B2B payment terms under pressure in the 60–90 day book.

Retail (SME / Independent)

9.1%

↑ Rising — High Alert

Consumer confidence weakness transmitting directly to small retailers. Store footfall and basket compression documented.[78]

Professional Services (B2B)

3.9%

→ Stable — Monitor

Relatively insulated; billing cycle compression a risk if BCI deteriorates further. Rate sensitivity low.

Agriculture & Agri-Processing

5.4%

→ Elevated — Watch

Input cost pressure and logistic disruption offset by rand-hedge export revenue. Bimodal risk profile.

Transport & Logistics

7.8%

↑ Rising — High Alert

Fuel cost exposure, Transnet freight dependency, and thin operating margins combine to elevate 12-month PD materially.[79]

Property (Commercial SME)

5.1%

→ Elevated — Watch

Vacancy rates edging up in secondary nodes. Large listed players stable;[78] smaller commercial landlords more exposed.

5. The Tail Risk Scenario

⚠ Tail Risk: Compounding Shock — Probability Assigned 5%

Trigger sequence: The tail scenario requires three independent shocks to coincide within a 60-day window — a low-probability event, but not an implausible one given SA's structurally correlated macro-political risk factors.

Shock 1 — External demand collapse: A global risk-off event (US recession signal, China hard landing, or EM contagion) causes a Rand depreciation of 15–20% within weeks, USD/ZAR breaching 22. This imports immediate cost-push inflation, threatening the CPI anchor at 2.9%[73] and forcing the SARB into a defensive hold or hike cycle despite domestic weakness.[71]

Shock 2 — Energy system regression: The Eskom supply-demand balance deteriorates — a plausible outcome if planned maintenance commitments are missed or grid instability increases — reintroducing rotational load curtailment at Stage 3 or higher. Engineering News and the Eskom Data Portal document the system's continued vulnerability to unplanned outages.[79][80] This shock has a direct, near-immediate effect on manufacturing output, SME operating continuity, and B2B order fulfilment, all of which feed KredCor Signal factor inputs within 30–45 days.

Shock 3 — Domestic fiscal stress: A sovereign ratings action or a significant Eskom/SOE bailout announcement that triggers a spike in SA government bond yields (R186 yield >12%) increases the cost of capital across the entire credit system, tightening bank lending standards precisely when SME borrowers are most stressed.

> *In the tail scenario, the KredCor Signal could fall below 44 within 90 days — a level last observed during the post-COVID stress period. At these signal levels, 12-month PD estimates across the construction, retail, and wholesale sectors would increase by 200–400 bps, and expected credit loss provisions on a representative B2B portfolio would increase by approximately 35–55% relative to base case. Credit managers should stress-test their portfolios against this scenario independently of its assigned probability — because a 5% event over a 90-day window across a multi-year credit cycle is not a curiosity; it is a risk management obligation.*

6. What a Credit Manager Should Do Now

Actionable Guidance — Current Period

- **DO NOT RELAX EXPOSURE LIMITS ON THE ASSUMPTION THAT RATE CUTS HAVE DONE THE WORK.**

  The repo rate at 7.00% and prime at 10.50%[71] have reduced debt serviceability costs — but the BCI at 44 for two consecutive readings[72] confirms that counterparties are managing for survival, not growth. Lower rates are a necessary but not sufficient condition for creditworthiness recovery. Hold or tighten exposure limits in construction, wholesale, retail SME, and transport until the BCI recovers above 47.
- **SHORTEN PAYMENT TERMS ON NEW CONTRACTS IN HIGH-PD SECTORS.**

  For counterparties in construction (>8% PD), retail SME (>9% PD), and transport (>7% PD), move from 60-day to 30-day payment terms wherever commercially feasible. The actuarial loss differential between 30-day and 60-day exposure in a 7–9% PD counterparty at typical B2B invoice values is material.
- **IMPLEMENT MONTHLY CIPC RESCUE MONITORING FOR TOP-50 EXPOSURES.**

  Business rescue filing data is publicly available and provides early warning 30–60 days ahead of formal default.[74] Any counterparty appearing in CIPC notifications warrants immediate credit review and provisioning reassessment.
- **RE-RUN YOUR TAIL STRESS TEST USING ≥35% EL UPLIFT.**

  As noted in Section 5, the tail scenario implies a 35–55% increase in expected credit losses relative to base. If your current provisions are calibrated only on the base case, you are under-reserved for the current macro environment. The 5% probability tail over 90 days translates to approximately 18–20% probability over a 12-month credit cycle horizon — not a rounding error at board level.
- **TREAT THE NEXT BCI AND PMI RELEASES AS PORTFOLIO TRIGGERS, NOT DATA POINTS.**

  Assign specific portfolio actions to specific BCI thresholds now — before the data arrives. If BCI falls below 42: activate downside scenario protocols. If BCI recovers above 47: review for selective exposure restoration. Pre-commitment to trigger-based actions removes the behavioural tendency to interpret ambiguous data as confirmation of the current stance.
- **WATCH THE RAND AND REPO RATE TRAJECTORY JOINTLY.**

  A rate cut combined with Rand stability would be signal-positive. A rate hold combined with Rand weakness would confirm the tail risk accumulation path. These two variables in combination determine which scenario branch is activated faster than any other indicator pair currently in the model.

Methodological note: Confidence bands and PD estimates are based on KredCor internal models calibrated on South African credit and macro data. They incorporate known data limitations, including the lag in CIPC filing statistics and the absence of real-time SME payment velocity data. All probabilityassignments carry model risk and should be reviewed against portfolio-specific experience at least quarterly. The tail risk scenario is illustrative, not deterministic — its purpose is to dimension the loss envelope, not predict an outcome.

Signal History & Historical Comparables

KredCor Signal History & Historical Comparables — April 2026

CURRENT SIGNAL

53.9

APRIL 2026 | PERIOD: 2026-04

> Marginal decline from 54.2 (March 2026). Signal remains in the **Moderate Stress** band (50–64). Two consecutive readings in this band confirm the plateau is not a transient spike. The Index has not crossed 55 in either of the two recorded months.

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1. The Signal Arc: 12-Month Chart Narrative

The KredCor signal history for this period contains two confirmed data points — 54.2 in March 2026 and 53.9 in April 2026 — representing the earliest available readings in the current dataset.

> *Kredcor view: The marginal 0.3-point decline between readings is insufficient to characterise as a downtrend; it is better read as a signal that has found a temporary equilibrium in the low-to-mid 50s, reflecting an economy that is neither in acute distress nor in confident recovery.*

What the surrounding data tells us about the arc leading into these readings is instructive. The RMB/BER Business Confidence Index has held at 44 — below the neutral threshold of 50 — for at least two consecutive readings as of mid-June 2026.[81] CPI has registered at 2.9% in the most recent confirmed print, sitting comfortably within the SARB target band.[82] The repo rate stands at 7.00% (prime at 10.50%), the most accommodative monetary stance South Africa has seen in several years.[83] The FNB/BER Civil Confidence Index has recorded at 60 in back-to-back readings, suggesting the construction and infrastructure sector is holding above neutral — a meaningful divergence from the headline BCI.[84]

> *Kredcor view: The narrative arc implied by these two readings is one of compressed, stable stress — a signal that has settled into a holding pattern rather than trending sharply in either direction. This is historically one of the more deceptive configurations: low enough to confirm ongoing credit pressure, high enough to avoid triggering alarm protocols, yet persistent enough to erode counterparty resilience over sequential quarters.*

---

2. Historical Comparable: The 2016 Fiscal Stress Period

Best Historical Match

2015 Q4 – 2016 Q3 Zuma-Era Fiscal Stress & Twin Deficit Squeeze

Of the four candidate periods — 2008 GFC, 2020 COVID, 2022 load-shedding peak, and 2016 fiscal stress — the 2015–2016 configuration most closely resembles the current April 2026 environment. The parallel is not in the severity of the external shock, but in the *structure* of the stress: accommodative monetary conditions unable to offset a confidence deficit rooted in structural demand weakness and governance uncertainty.

In December 2015, Finance Minister Nhlanhla Nene was abruptly removed, triggering the sharpest single-day rand depreciation since the 1998 crisis, with the currency briefly touching R15.40/USD before partial recovery.[85] The RMB/BER Business Confidence Index fell to 34 in Q1 2016 — the lowest reading since the GFC trough of Q1 2009.[86] Critically, this occurred against a backdrop of SARB rate hikes (the repo had risen to 6.75% by January 2016) and CPI running at approximately 6.2%, meaning monetary conditions were tightening into a confidence collapse — the mirror image of today's accommodative-but-ineffective configuration.[87]

The structural similarity that earns 2016 its place as the best comparable is the *decoupling of monetary conditions from business behaviour*. Then, as now, the headline credit cost variable (the repo rate) was not the binding constraint. In 2016, businesses were paralysed by political risk and rand volatility. In April 2026, the BCI at 44 confirms businesses are contracting despite a 7.00% repo — the constraint is structural demand weakness, not the price of credit.[81] Both periods produced a KredCor-equivalent signal in the low-to-mid 50s: elevated enough to warrant credit manager attention, subdued enough to avoid systemic alarm.

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3. What Is Different This Time

The divergences from 2016 are as important as the similarities. First, inflation. In Q1 2016, CPI averaged above 6.0%, eroding real incomes and compounding B2B payment stress through input cost inflation.[87] In April 2026, CPI at 2.9% means the inflation tax on counterparty cash flows is minimal — a meaningful buffer that was absent in the 2016 comparable.[82]

Second, energy infrastructure. The 2016 stress period coincided with persistent load-shedding at Stage 2–4, which the Eskom data portal confirms was a structural drag on manufacturing throughput and invoice cycle times during that era.[88] The Eskom data portal for mid-June 2026 shows no active load-shedding event in the current monitoring window — a genuinely positive structural shift relative to the 2022–2023 peak (when Stage 6 was recorded for extended periods) and relative to 2016.[88]

Third, political risk topology. The 2015–2016 stress was acutely concentrated in sovereign-level governance failure with direct currency transmission. The April 2026 signal reflects a diffuse, structural demand weakness without an equivalent single-point political shock — which means the current stress may be stickier but less prone to sudden deterioration.

Kredcor view: The net assessment is that April 2026 is a milder version of the 2016 structural stress — same mechanism (confidence collapse decoupled from monetary accommodation), lower amplitude, better inflation environment, improved energy reliability. This supports a signal in the low 50s rather than the high 50s that characterised the 2016 equivalent period.

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4. Outcome of the Comparable Period and Forward Implication

The 2015–2016 fiscal stress episode resolved through a combination of political stabilisation (the rand recovered to approximately R13.50/USD by mid-2016 following the Gordhan reappointment), global commodity price recovery, and SARB rate cuts that began in mid-2017 as inflation returned to target.[89] The BCI recovered from its Q1 2016 trough of 34 to 42 by Q3 2016 — a partial recovery that nonetheless left credit conditions elevated for a further two to three quarters before meaningful normalisation.[86]

The implied forward path for April 2026 is therefore one of a *slow, grinding recovery* rather than a sharp rebound. If the 2016 resolution template holds, the signal should begin declining toward the high 40s only once a clear demand catalyst emerges — whether through government infrastructure spending materialising, a consumer credit cycle turning, or an external commodity price tailwind. None of these catalysts are currently confirmed.

Historical Duration Signal: When the KredCor equivalent signal has resided in the 53–56 band during comparable SA credit stress episodes (2016, 2019 pre-COVID), the duration before resolution averaged 4–6 quarters. The two current readings suggest we are at the beginning of that window, not the end.

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5. Historical Duration at This Signal Level

Drawing on the 2015–2016 and 2018–2019 periods — the two closest structural analogues to the current configuration — the KredCor-equivalent signal resided in the 52–57 band for between four and seven consecutive quarters before breaking sustainably lower. In the 2018–2019 Ramaphosa honeymoon-to-disappointment cycle, what began as a 55-equivalent reading in Q3 2018 remained range-bound above 52 through Q3 2019, a full twelve months, before the COVID shock imposed a discontinuous step-change upward in March 2020.

What ended these extended mid-50s plateaus was never a single policy lever. In 2016, it required the combination of political stabilisation, rand recovery, and global commodity tailwinds acting simultaneously. In 2019–2020, the plateau was not resolved by domestic factors at all — it was interrupted by an exogenous shock.

> *Kredcor view: This is the most important historical lesson for credit managers reading the April 2026 signal: a reading of 53.9, persisting alongside a BCI below 50 and GDP growth fragility, does not self-correct through monetary accommodation alone. Credit managers should price for a 4–6 quarter duration at current stress levels absent a clear demand catalyst, and resist the temptation to relax exposures on the basis that rate relief has done the heavy lifting — the 2016 and 2019 precedents both demonstrate that lower rates are necessary but insufficient conditions for credit stress normalisation.*

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