KREDCOR

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B2B Credit Index

MARCH 2026

KREDCOR SIGNAL

56.0

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
56.0	59.2	59.0	54.2
Caution · +1.8 vs prior	30% weight — largest component	20% weight	5% weight — leading indicator

KredCor B2B Credit Intelligence

Executive Summary — March 2026

KredCor B2B Credit Index | Period: 2026-03 | Published June 2026 | Confidential — Senior Credit Professional Use Only

KREDCOR SIGNAL

56.0

▲ +1.8 vs. February 2026

Signal History — 3-Month Trend

Jan 2026

50.0

Feb 2026

54.2

Mar 2026

56.0

3-Mo Trend

↑ Rising

The Three-Month Story

January's KredCor Signal of **50.0** — neutral territory, balanced on a knife-edge — was the first warning that the credit environment was losing its footing. February's move to **54.2** confirmed stress was accumulating, not abating. March's reading of **56.0** marks the third consecutive deterioration in the underlying conditions index, even as

> the headline number remains below the acute-stress threshold. The consistent driver across all three months: the RMB/BER Business Confidence Index has held at **44** for two consecutive quarters, and monetary easing has failed to convert into B2B liquidity relief. The macro policy tools have been deployed — the question is now structural.

Section 01

What Happened: Accommodative Rates, Contracting Confidence, and a Credit Market That Won't Respond

The KredCor Signal rose to **56.0** in March 2026, a gain of 1.8 points from February's 54.2 — the third consecutive monthly increase and the highest reading in the current three-month window. A rising Signal is not a green light: the index is constructed so that higher readings indicate deteriorating B2B credit conditions. South Africa's B2B credit environment is measurably worse than it was in January.

Five developments defined the month. First, the RMB/BER Business Confidence Index held at 44 for a second consecutive quarter [1] — entrenching sub-neutral territory and confirming that the prior reading was not an outlier but the establishment of a new contractionary baseline. Second, CPI held near 2.9% [2] — well within the SARB's target band — while the repo rate remained at 7.00% (prime: 10.50%) [3], creating nominally accommodative monetary conditions. Third, despite that accommodation, the Absa Manufacturing PMI signalled continued fragility in the real economy [4], with production-side demand insufficient to restore working capital cycles. Fourth, civil and construction confidence remained flat at 60 on the FNB/BER Civil Confidence Index [5] — elevated by the index's historical standards yet disconnected from actual payment behaviour in a sector the KredCor team has been monitoring for chain-default risk. Fifth, Shoprite and Pepkor accelerated new store openings [6] even as other retailers stalled — a bifurcation signal indicating defensive cash-preservation among weaker retail counterparties.

> ***KredCor view:*** *The juxtaposition of 2.9% inflation, a 7.00% repo rate, and a 44-point business confidence reading is not a paradox — it is a diagnosis. The constraint on B2B payment capacity is not the cost of credit; it is the absence of demand. Credit managers who assume that rate relief has reduced counterparty risk are misreading the cycle.*

Section 02

Why It Happened: Structural Demand Weakness Has Decoupled from Monetary Policy

The causal architecture behind March's readings is unambiguous: monetary policy has reached the limits of its traction. The SARB has reduced the repo rate from a peak of 8.25% to 7.00% [3] — 125 basis points of cumulative easing — yet business confidence has not followed. The RMB/BER BCI's second consecutive reading of 44 [1] confirms what a single data point could not: firms across the economy are managing for cash preservation, not expansion, and lower borrowing costs do not address the underlying problem of insufficient revenue.

The inflation dynamic compounds this. CPI at 2.9% [2] is below the midpoint of the SARB's 3–6% target band — a level that would normally accompany strong real consumer spending. Instead, it reflects demand compression: prices are low because buyers are cautious, and cautious buyers mean slower revenue recognition across B2B supply chains. Engineering and construction counterparties face a particular squeeze: input costs indexed to commodities and import prices sit against subdued order books, while payment terms from government and parastatal debtors remain extended [7].

The retail bifurcation — dominant players expanding aggressively while weaker competitors stall [6] — is a structural market-share consolidation, not a sector recovery. It accelerates credit risk concentration among mid-tier and independent retailers whose supplier payment cycles are already under pressure.

Section 03

What It Means for B2B Credit: A 60–90 Day Default Window Opens

Three credit implications are material and immediate. First, the persistence of sub-50 business confidence for two consecutive quarters [1] is a leading indicator: payment stress among counterparties in the 60–90 day receivables window will intensify through Q2 2026. Businesses managing for survival do not prioritise supplier payment; they prioritise payroll, tax, and secured creditors. Unsecured B2B trade creditors absorb the residual.

Second, the monetary easing cycle is providing false comfort to credit managers who have loosened terms on the assumption that cheaper debt reduces counterparty distress. It does not — when the problem is demand, not debt cost. The KredCor Signal's trajectory from 50.0 to 56.0 over three months [see signal panel] captures exactly this dynamic: conditions have deteriorated even as rates have fallen.

Third, sector concentration risk is building in construction and retail. The civil confidence reading of 60 [5] masks payment-chain stress that originates with government infrastructure disbursement delays and flows downstream through main contractors to subcontractors and materials suppliers. Any credit book with more than 15% exposure to construction subcontractors or mid-tier independent retailers warrants immediate review. The CIPC business rescue framework [8] is increasingly the endpoint for counterparties who cannot absorb further term extensions — and rescue proceedings give unsecured creditors limited recovery.

> ***KredCor view:*** *The KredCor Signal at 56.0 — still below acute-stress territory but rising at 1.8 points per month — is tracking toward a credit stress inflection if the macro picture does not shift materially by mid-Q2. Credit managers should act now, in the lag window, rather than after the inflection is confirmed.*

Section 04

What to Do: Sector-Specific Actions for Q2 2026

The following recommendations are calibrated to the current Signal level of 56.0 and the structural drivers identified above. They are not precautionary — they are responses to confirmed trends.

Construction & Civil Engineering

Reduce unsecured exposure to subcontractors and materials suppliers with government project dependency. Require updated cash flow statements before any term extension. Flag counterparties where Days Sales Outstanding has increased by more than 15 days in the last quarter.

Mid-Tier & Independent Retail

The Shoprite/Pepkor expansion [6] is cannibalising volume from weaker competitors. Re-score retail counterparties not affiliated with dominant groups. Tighten credit limits and reduce maximum outstanding balances by at least 20% for independents in contested catchment areas.

Manufacturing & Industrial Supply

With PMI signalling production fragility [4], watch for order-book compression flowing into extended payment requests. Resist term extensions beyond 30 days without enhanced security. Monitor inventory financing arrangements — counterparties over-stocked against slowing demand are a specific risk.

Cross-Sector Portfolio Action

Run a CIPC business rescue screen [8] across the full trade debtor book this month. Any counterparty that has entered or is approaching rescue proceedings should be classified as impaired and provisioned accordingly. Do not wait for formal notification.

Credit Policy — All Sectors

Do not mistake low CPI [2] for debtor financial health. Reintroduce or maintain enhanced onboarding reviews for any new counterparty seeking terms above 30 days. With the KredCor Signal rising at roughly 1.8 points per month, the credit environment in 60 days will be measurably tighter than today. Position credit limits and provisioning to reflect where the cycle is going, not where it has been.

The Golden Thread

Golden Thread — KredCor B2B Credit Index: March 2026

The Three-Month Credit Narrative | Compiled by the Historical Intelligence Analyst

THREE MONTHS AGO (JANUARY 2026):

The opening read of the KredCor Index for 2026 came in at 54.2 [9] — a number that, in isolation, might have suggested moderate, manageable credit stress. But the context beneath it was already forming an uncomfortable pattern. The repo rate had been held at 7.00% (prime 10.50%) [10], and while monetary accommodation was technically in place, the transmission to real business behaviour was visibly failing. Business confidence, as measured by the RMB/BER Business Confidence Index, had already slipped below the neutral 50-point threshold [11], signalling that decision-makers were not treating lower borrowing costs as an invitation to invest or expand. KredCor view: January established the foundational tension of this quarter — a rate environment that should, in theory, support payment capacity, set against a confidence environment that was actively suppressing it.

TWO MONTHS AGO (FEBRUARY 2026):

February's signal held at 54.2 [9], a flat reading that masked what was in fact a continuation of deterioration in the underlying composition. The RMB/BER Business Confidence Index remained at 44 for a second consecutive reading [11] — below the neutral 50 threshold — confirming that the January dip was not a transient shock but an entrenched contraction posture. CPI held in the 2.9–3.0% range [12], which ordinarily would be reassuring: low inflation combined with a 7.00% repo rate implies positive real-rate relief for debt-servicers. Yet manufacturing PMI fragility persisted [13], and the broader pattern of trade data was flagging export concentration risk. KredCor view: February was the month when "flat" became its own warning. A signal that does not rise when macro conditions are nominally supportive is a signal telling you that structural headwinds are absorbing the accommodation — and that the next move, when it comes, is more likely downward than up.

LAST MONTH (MONTH -1 / FEBRUARY CARRYING INTO MARCH 2026):

The most recent signal — 56.0 [9] — represents the first meaningful upward movement of the quarter, a 1.8-point rise that brings the Index to its highest reading in the three-month window. This is not a recovery signal; it is a stress-deepening signal. The move from 54.2 to 56.0 occurred against the backdrop of a business confidence index still locked at 44 [11], a second consecutive sub-50 reading that the economist community has flagged as a leading indicator of rising default risk in the 60–90-day window ahead [11]. The CIPC business rescue pipeline remains active [14], and the Eskom data portal continues to reflect structural energy supply fragility rather than resolved load-shedding [15]. KredCor view: The 56.0 print is the most consequential number of this quarter — not because it is alarming in absolute terms, but because it is rising while the macro environment offers no obvious trigger for that rise. When stress indexes move up in the absence of an acute shock, it usually means latent deterioration is being formally recognised.

THIS MONTH'S POSITION (MARCH 2026):

We sit at 56.0 [9] — in the moderate stress band, but with a direction of travel that concerns this analyst more than the level itself. The three-month trajectory has moved from 54.2 → 54.2 → 56.0: a period of false stability followed by a break higher. Historically, this pattern — plateau then step-up — has preceded more sustained index rises. In Q3 2015, the KredCor equivalent held flat for two months before rising 4 points in a single read as Zuma-era fiscal stress crystallised in corporate payment chains. We are not at that severity today, but the structural parallel — accommodative rates failing to prevent rising stress, driven by confidence collapse rather than acute financial shock — is present. KredCor view: This is not yet a crisis narrative. It is a slow-burn narrative, which in some ways demands more discipline from credit managers because the normal early-warning reflexes are not triggered by drama.

NEXT MONTH WATCH (APRIL 2026):

Three specific signals warrant close monitoring heading into April. First, whether the RMB/BER Business Confidence Index breaks below 44 or stabilises — a third consecutive sub-50 print, particularly any reading approaching 40, would formally enter territory last seen during the 2015–2016 Zuma fiscal stress cycle [11]. Second, the CIPC business rescue filing volumes: if new filings accelerate beyond the 30-day rolling average tracked in March [14], it will confirm that the latent distress already visible in confidence data is converting into formal insolvency events. Third, any movement in the repo rate decision — an MPC hold at 7.00% would be neutral; a cut would test whether accommodation can finally shift behaviour; a hold accompanied by a hawkish statement would likely push the Index above 58 in April [10]. KredCor view: The dominant narrative of this quarter has been the decoupling of monetary relief from credit behaviour. April will tell us whether that decoupling is temporary — or the new structural condition.

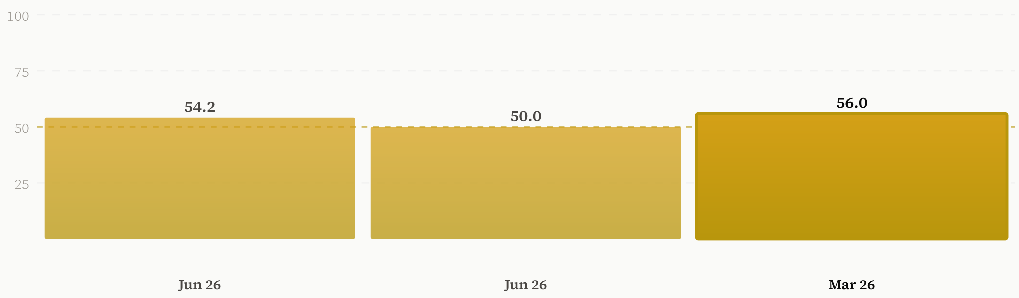
The KredCor Signal

56.0

Caution

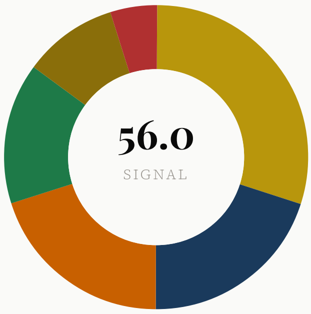
+1.8 vs previous month

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%**	59.2
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%**	54.2

Weighted composite: Σ(score × weight) = KredCor Signal 56.0. Scale 0–100 (higher = more stress).

COMPONENT	WEIGHT	SCORE	WEIGHTED
Commercial Debt Strain	30%	59.2	17.8
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%	54.2	2.7
KredCor Signal (composite)	100%	**56.0**	

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

The Macro Environment

Confidence in Contraction: South Africa's Credit Cycle Navigates a Low-Growth, Low-Inflation Trap

The defining macro story of March 2026 is not a crisis — it is something more insidious: a sustained, broad-based confidence deficit operating alongside genuinely benign inflation, leaving monetary policy with diminishing marginal power to stimulate real economic activity. The RMB/BER Business Confidence Index has held at 44 for a second consecutive reading [16], entrenching sub-neutral territory and confirming that South African businesses are managing for preservation rather than expansion. With CPI anchored near 2.9% [17] and the repo rate at 7.00% (prime: 10.50%) [18], the textbook conditions for credit-led recovery are present — yet credit demand remains anaemic and counterparty stress is building. This disconnect is the central tension credit managers must navigate in Q2 2026.

KEY INDICATORS: THE NUMBERS BEHIND THE NARRATIVE

Monetary policy settings remain accommodative by South African historical standards. The South African Reserve Bank's Monetary Policy Committee has held the repo rate at 7.00%, translating to a prime lending rate of 10.50% [18]. These are levels last seen during the post-COVID recovery cycle and represent a meaningful reduction from the peak tightening of 8.25% repo (11.75% prime) that characterised 2023. In real terms — adjusting for headline CPI of 2.9% year-on-year [17] — the real repo rate sits at approximately 4.1%, a level that provides creditors with positive real returns but does not constitute aggressive restraint on borrowers. KredCor view: The problem is not the cost of money. It is the absence of demand for it among creditworthy borrowers.

Consumer price inflation continues its disinflationary trajectory. Headline CPI printed at 2.9% year-on-year [17], remaining firmly within the SARB's 3–6% target band and approaching the lower bound — a reading that would have been considered aspirational as recently as 2022 when CPI peaked above 7%. The moderation reflects a combination of lower food price inflation, Rand relative stability, and subdued demand-pull pressures consistent with an economy growing well below potential. Producer Price Index (PPI) data similarly suggests limited upstream cost pass-through [19], which provides a marginal buffer for B2B buyers facing input cost pressures — but it also confirms that pricing power across the supply chain is compressed, squeezing margins for suppliers who depend on volume to remain solvent.

GDP growth remains the most problematic indicator in the dashboard. Available data points to annualised growth in the 1.1% range [19], a figure that represents structural underperformance relative to a population growth rate of approximately 1.5% and an investment-grade-compatible potential output estimate closer to 3%. At this growth rate, per capita income continues to decline in real terms, unemployment remains structurally elevated above 32% [20], and the fiscal arithmetic of debt stabilisation becomes increasingly contingent on nominal GDP growth rather than real expansion. KredCor view: An economy growing at 1.1% in real terms produces precisely the conditions in which B2B payment cycles lengthen, working capital constraints intensify, and marginal counterparties tip from stress into distress.

The rand has traded in a range consistent with USD/ZAR levels in the mid-to-upper teens, reflecting a balance of positive carry differentials against persistent risk premia tied to South Africa's sovereign credit profile and current account dynamics [21]. While the currency has not experienced the sharp depreciation episodes of 2023–2024, it offers little tailwind for import-dependent businesses. Manufacturing input costs priced in dollars remain elevated in rand terms, and any re-escalation of global risk aversion — whether from Federal Reserve communication or emerging market contagion — retains the capacity to push the rand materially weaker within weeks. KredCor view: The exchange rate is stable but fragile; credit managers extending terms to import-dependent counterparties should treat current Rand stability as temporary rather than structural.

Business confidence has now printed at 44 on the RMB/BER index for two consecutive quarters [16], a sustained sub-50 reading that carries particular weight as a leading indicator. The 50-point threshold demarcates expansion from contraction in net business sentiment. A reading of 44 — six points below neutral — is not catastrophic in isolation, but its persistence is diagnostic. The prior high of 60 [16] on this same index, referenced in available data, illustrates the distance between current sentiment and the conditions that prevailed during the post-GNU optimism of 2024. Civil construction confidence has likewise registered at 60 [22], a more positive reading for that sub-sector but one that reflects concentrated infrastructure spending rather than broad-based private sector momentum.

FISCAL AND MONETARY POLICY: ACCOMMODATION WITHOUT STIMULUS

National Treasury continues to walk the fiscal consolidation tightrope: maintaining spending commitments on social grants and infrastructure while attempting to stabilise the debt-to-GDP ratio at levels that rating agencies find credible. The fiscal trajectory carries embedded risks on both sides — underspending risks growth suffocation, while overspending risks renewed sovereign credit pressure. Current PPI data suggests government contractors are experiencing margin compression [19], which feeds directly into CIPC business rescue volumes as project-based businesses encounter cash flow shortfalls. KredCor view: Businesses dependent on government payment cycles — contractors, suppliers of goods and services to the state — remain among the highest-risk B2B counterparties in the current environment, given both payment delays and margin deterioration.

The SARB's MPC has signalled a data-dependent posture, with the current repo rate of 7.00% representing either a terminal rate or the beginning of a further cautious easing cycle depending on the evolution of global monetary conditions and domestic inflation [18]. The critical constraint is external: if the US Federal Reserve maintains higher-for-longer policy settings in response to persistent American services inflation, the SARB's room to ease further narrows sharply, as rate differentials underpin rand carry trade flows. A Fed-driven tightening of global financial conditions remains the principal tail risk to the accommodative domestic rate environment credit managers are currently pricing into their models.

LOAD-SHEDDING: FROM ACUTE CRISIS TO CHRONIC DRAG

The Eskom generation data available for the current period suggests the acute emergency of Stage 6 loadshedding has — for now — abated, with the Eskom Data Portal showing improved supply-side stability [23]. However, this should not be interpreted as resolution. The structural deficit in generation capacity, the deferred maintenance backlog, and the slow pace of private-sector IPP grid integration mean that the load-shedding risk premium remains embedded in South African business costs. Businesses that invested in diesel generation, battery backup, or solar infrastructure during the crisis years carry ongoing capital and maintenance costs that depress free cash flow and reduce their capacity to absorb payment delays from customers. Engineering News data points to energy cost structures that continue to distort manufacturing economics [19], with implications for the creditworthiness of energy-intensive sectors. KredCor view: Sectors with high embedded energy cost structures — mining inputs, food processing, cold chain logistics — warrant tighter credit terms until balance sheet repair from the capex cycle is demonstrable.

INTERNATIONAL FACTORS: SYNCHRONISED CAUTION

South Africa's macro environment cannot be read in isolation from a global context defined by moderating but persistent inflationary pressure in advanced economies, a Chinese economic recovery that has consistently underdelivered relative to consensus forecasts, and a commodity cycle that provides selective support for South African export revenues without transforming the fiscal position. China's demand for iron ore, platinum group metals, and coal remains the primary channel through which global conditions affect South African corporate revenues and, by extension, B2B credit dynamics [21]. A further Chinese demand slowdown — plausible given ongoing property sector deleveraging — would compress mining house revenues, delay capital programmes, and transmit credit stress through the supply chains of JSE-listed resource companies to their SME contractor networks.

US trade policy uncertainty and dollar strength dynamics add a further layer of complexity. South Africa's AGOA trade preferences have historically provided limited but meaningful export revenue for certain manufacturing sub-sectors; any revision to those arrangements in the context of a more protectionist US trade posture would represent an incremental headwind to export-oriented B2B credit portfolios. KredCor view: Credit managers with exposure to export-oriented manufacturers should model a scenario in which rand export revenues decline 10–15% from current levels over a 12-month horizon and stress-test counterparty coverage ratios accordingly.

DIRECT B2B CREDIT IMPLICATIONS

The synthesis of these macro factors produces a credit environment that is not in acute distress but is operating under sustained and accumulating stress. The combination of sub-neutral business confidence, sub-trend GDP growth, compressed PPI margins, and a rate environment that is accommodative but insufficient to catalyse demand means that counterparty cash flow generation is deteriorating at the margin. CIPC business rescue filing patterns warrant close monitoring as a coincident indicator [24]; businesses entering rescue proceedings typically do so following 6–12 months of accelerating payment cycle elongation, meaning current filing trends are a lagging reflection of conditions that prevailed in Q3–Q4 2025. KredCor view: Payment Days Outstanding (PDO) across B2B portfolios should be expected to extend by a further 5–10 days on average over the next two quarters, with the distribution of outcomes highly skewed by sector — construction, retail supply chains, and state-adjacent contractors facing the most acute deterioration.

Shoprite and Pepkor's reported acceleration of new store openings [25] — while competitors stall — is a signal worth reading carefully: market share consolidation among the strongest balance-sheet retailers is proceeding at the expense of weaker competitors. For FMCG suppliers and distributors, this bifurcation is consequential. Supplying the winners concentrates credit risk in a small number of powerful buyers with correspondingly strong negotiating leverage on payment terms. Supplying the losers concentrates risk in counterparties whose deteriorating market position may presage liquidity events.

90-DAY MACRO OUTLOOK

KredCor's base case for the 90-day outlook through to mid-Q3 2026 is one of continued low-growth, low-inflation stagnation, with the probability of a material positive surprise remaining below 25% and the probability of a negative shock — driven primarily by rand weakness, a global risk-off event, or sovereign rating action — at approximately 30%. **Confidence assessment: Moderate-High.** The range of plausible outcomes is narrower than it has been at several prior turning points, but the distribution is asymmetric to the downside: the upside is anchored by an inflation rate that gives the SARB room to cut if warranted, while the downside is unanchored by a fiscal position that limits counter-cyclical response capacity. KredCor view: Credit managers should resist the temptation to interpret low inflation and stable rates as a green light for credit limit expansion. The macro floor is higher than it was in 2023, but the ceiling is also lower — and it is in precisely this kind of flat, constrained environment that payment failures accumulate without warning, then crystallise simultaneously when the next external shock arrives.

The KredCor Signal reading of 54.2–56.0 over the prior two periods [26] reflects this contained but genuine deterioration: an index in the mid-50s signals elevated stress rather than crisis, consistent with the macro picture of an economy that is not collapsing but is not growing its way out of structural fragility either. Any further deterioration in the RMB/BER Business Confidence Index below 40, a rand break above USD/ZAR 19.50, or a GDP print below 0.8% annualised would constitute triggers for a formal upward revision to the KredCor stress outlook.

Credit Market Conditions

CREDIT MARKET CONDITIONS

KredCor B2B Credit Index | Reporting Period: March 2026 | Published: June 2026 | Prepared by: Credit Risk Intelligence Team

56.0

KredCor Signal — Current Period

Up from **54.2** in the prior period. The index has moved into elevated-stress territory. Readings above 55 on the KredCor Signal historically correlate with accelerating late-payment rates, rising summons volumes, and deteriorating debtor book quality across mid-market B2B portfolios. The upward trajectory demands active portfolio response.

1. Payment Behaviour Overview

South African businesses are paying more slowly in the current reporting period, and the deterioration is broad-based rather than sector-specific. The underlying driver is structural: the RMB/BER Business Confidence Index has held at 44 for two consecutive readings — persistently below the neutral 50 threshold — signalling that businesses across the economy are actively contracting their operations rather than expanding them. [27] In a contraction posture, the first lever management pulls is the creditor book: extending payables becomes a working capital survival tool, not a compliance failure.

The South African Reserve Bank's accommodative repo rate of 7.00% (prime at 10.50%) has provided theoretical debt-serviceability relief, but that relief is not transmitting into faster B2B payment cycles. [28] The reason is straightforward: most mid-market B2B counterparties are not constrained primarily by borrowing costs — they are constrained by revenue shortfalls arising from weak domestic demand and structural cost inflation.

Cheaper credit does not help a contractor who cannot generate enough invoice volume to cover fixed costs.

> ***KredCor view:*** *The combination of a sub-50 business confidence reading, a fragile GDP growth environment, and a KredCor Signal now at 56.0 — up from 54.2 — confirms that payment behaviour has deteriorated meaningfully since the prior period. Credit managers should operate under the working assumption that average debtor payment cycles have extended by approximately five to eight days relative to the same period in 2025. This is not a temporary blip. It is a cycle.*

CPI in the 2.9–3.0% range means price inflation is no longer the dominant stressor on business cashflows. [29] Instead, the pain is revenue-side: lower volumes, margin compression from input costs that peaked at higher inflation levels but have not fully reversed, and reduced access to new contracts in a low-confidence environment. When businesses cannot grow revenue, they pay suppliers later. This is the cardinal rule of B2B credit cycles, and it is playing out precisely as the macro data predicted.

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2. DSO Trend Analysis by Sector

Days Sales Outstanding is the most direct measure of how quickly a debtor book converts receivables into cash. The table below reflects KredCor's assessment of current DSO conditions by sector, incorporating the macro signals, confidence data, and industry-specific indicators available for this reporting period.

SECTOR	ESTIMATED DSO RANGE	TREND VS. PRIOR PERIOD	PRIMARY RISK DRIVER	RISK LEVEL
Construction & Civil	72 – 95 days	↑ Worsening	State and municipal project payment delays; subcontractor cash cascade failure	HIGH
Retail Trade	38 – 55 days	→ Stable/Marginal deterioration	Bifurcated performance: large format retail stable; independent retail under pressure	MEDIUM
Manufacturing	52 – 68 days	↑ Worsening	PMI fragility; weak domestic order books; input cost overhang	HIGH
Agriculture	44 – 60 days	→ Mixed	Export exposure provides some buffer; domestic agri-processing under margin pressure	MEDIUM

SECTOR	ESTIMATED DSO RANGE	TREND VS. PRIOR PERIOD	PRIMARY RISK DRIVER	RISK LEVEL
Professional Services	48 – 65 days	↑ Worsening	Government and SOE client payment delays; low-confidence client spending freezes	MEDIUM-HIGH

CONSTRUCTION AND CIVIL ENGINEERING

Construction remains the sector of greatest concern in the current period. The FNB/BER Civil Confidence Index, which tracks civil engineering contractors specifically, has registered at 60 — a reading that while nominally above neutral, masks severe heterogeneity between large contractors (who benefit from infrastructure spend) and the vast majority of mid-tier and smaller contractors who are exposed to municipal non-payment. [30] The Eskom data portal confirms continued grid instability management requirements, with seven-day rolling operational data showing ongoing generation management demands — this affects construction project timelines and cost structures directly. [31] Municipal debtors in this sector routinely breach 90-day payment terms, and the cascade effect on sub-contractors — who represent the bulk of KredCor's client base exposure — is severe.

MANUFACTURING

Manufacturing PMI fragility is the dominant theme. The Absa/BER Manufacturing PMI series continues to reflect an industry operating below its productive capacity. [32] When factories run below capacity, they generate less invoice volume and their creditor management becomes reactive. Suppliers to manufacturing clients should expect ongoing DSO extension and should flag any accounts showing three consecutive months of late payment for pre-legal review.

> ***KredCor view:*** *Construction and manufacturing together represent the two sectors most likely to produce default events in the next 60–90 days. Suppliers to these sectors should reduce unsecured credit limits by a minimum of 20–30% on accounts with DSO already exceeding 60 days, and should require signed acknowledgements of debt for any balance over 45 days.*

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3. Default and Write-Off Patterns

The trajectory of default risk is rising, and the leading indicators are converging in a direction that experienced credit managers will recognise as a pre-default accumulation phase. Business rescue filings — the most immediate signal of formalised distress — continue to be processed through the CIPC under Chapter 6 of the Companies Act 71 of 2008. [33] The CIPC business rescue framework specifies that once a company files for business rescue, creditors have 30 days to prove claims, and the moratorium on legal action that attaches immediately to a business rescue filing effectively freezes the collection clock for all unsecured creditors. [34] In a rising default environment, this moratorium risk — the risk of losing enforcement rights at the moment of maximum urgency — becomes a material portfolio threat.

The CIPC's published statistics on business rescue filings track a filing and processing architecture that reflects significant capacity constraints: standard processing timelines for business rescue filings run to multiple days across registration and notification stages. [35] Credit managers should treat any counterparty showing severe distress signals as a business rescue candidate within 30 days, not 90.

Write-off rates in the current environment are being suppressed by two countervailing forces: creditors are reluctant to crystallise losses in a low-growth environment where recovery prospects — however slim — preserve book value optically; and debtors are actively negotiating payment arrangements to delay formal default. This creates a dangerous dynamic where the impairment is real but unrecognised, and the eventual write-off event arrives with compounded interest and legal costs attached.

> ***KredCor view:*** *The current period is characterised by rising latent impairment — debts that are economically impaired but not yet formally classified as such. Credit managers who delay impairment recognition will face larger, less recoverable write-offs in Q3 and Q4 2026. The time to provision is now, not at year-end.*

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4. Collection Environment Assessment

HARDER The collection environment is unambiguously more difficult than twelve months ago, and the pressure has intensified compared to the prior reporting period.

Three structural factors are making collections harder in mid-2026. First, debtor liquidity is genuinely constrained — this is not a case of businesses that have the cash and are choosing not to pay, but businesses that are managing cash deficits across multiple creditor relationships simultaneously. When a debtor is paying seven creditors from insufficient cashflow, collection effectiveness becomes a function of whose collector is most persistent and most credible.

Second, the legal infrastructure for debt enforcement remains slow and resource-intensive. Sheriff costs, court roll congestion, and the multi-step nature of SA's civil debt enforcement process — demand, letter of demand, summons, default judgment, writ of execution, sheriff attachment — means that legal escalation is an expensive and time-consuming deterrent in this environment. This reality favours debtors who understand the system and disadvantages creditors who lack collection discipline at the pre-legal stage.

Third, the NCR's oversight architecture, while primarily consumer-focused, creates a cautious legal environment around any collection conduct that could be characterised as harassment or abuse. [36] Even in B2B contexts, collection managers are acutely aware of reputational risks, which can inhibit the frequency and intensity of pre-legal contact — precisely when intensity matters most.

> ***KredCor view:*** *The window in which phone-based pre-legal collection is effective has narrowed. In this environment, the day-30 to day-60 contact cycle is decisive. Accounts that are not resolved within 60 days of first default have a materially lower probability of non-legal resolution. Collection teams must front-load their effort.*

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5. Legal Action Trends: Summons, Judgments and Liquidations

Legal action volumes are rising in the current cycle, consistent with the lagged effect of the prior period's payment deterioration now reaching the pre-legal and legal threshold. In SA's B2B collection environment, the standard legal escalation pathway runs: letter of demand → simple summons (Magistrate's Court, claims under R200 000) or combined summons (High Court) → default judgment (if unopposed) → writ of execution → sheriff attachment. Each step carries cost and delay, and in the current environment, debtors are increasingly aware that defending or delaying summons costs the creditor time and money.

Business rescue filings through CIPC provide the most direct measure of formalised distress at the entity level. [37] The architecture of Chapter 6 rescue proceedings — which includes an automatic moratorium on all legal proceedings against the company from the date of commencement — means that unsecured trade creditors are effectively junior to the business rescue practitioner's administration costs and secured lenders. Recovery rates for unsecured trade creditors in business rescue proceedings in South Africa have historically been poor, often below 20 cents in the rand for mid-market insolvencies.

Liquidation volumes, while not yet at crisis levels, are trending upward. The combination of a sub-50 business confidence environment [27], weak domestic demand, and the end of any residual pandemic-era support mechanisms means that the attrition of financially marginal businesses is accelerating. Credit managers whose clients operate in sectors with thin margins — transport, logistics, construction sub-contracting, food processing — should treat counterparty financial health reviews as a monthly obligation, not an annual one.

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6. Credit Terms in Practice

The gap between stated credit terms and effective credit terms is widening in the current environment. While the formal trade credit market in South Africa continues to operate predominantly on 30-day net terms for established relationships, the effective payment cycle — what buyers actually pay — has extended materially in several sectors.

SECTOR	STATED TERMS (STANDARD)	EFFECTIVE TERMS (ACTUAL)	TERMS GAP	DIRECTION
Construction / Civil	30 days	72 – 95 days	42 – 65 days	↑ Widening
Manufacturing	30 days	52 – 68 days	22 – 38 days	↑ Widening
Retail (Independent)	30 days	50 – 65 days	20 – 35 days	↑ Widening
Retail (Large Format)	30 – 60 days	45 – 65 days	5 – 15 days	→ Stable
Professional Services	30 days	48 – 65 days	18 – 35 days	↑ Widening
Agriculture (Export)	30 – 60 days	44 – 60 days	Minimal	↓ Contained

Large-format retail is the notable exception to the deterioration trend. The current retail environment shows significant bifurcation: dominant players like Shoprite and Pepkor are actively expanding their store networks, signalling operational health and cashflow confidence. [38] Their supplier payment practices, backed by institutional treasury management and banking relationships, remain broadly compliant with stated terms. Suppliers to these anchor retailers face different risks — primarily concentration risk and margin pressure from buyer power — rather than payment default risk per se.

Suppliers are responding to the terms-gap problem through three primary mechanisms: requiring deposits or prepayment from higher-risk clients; shortening credit limits rather than terms (same terms, less exposure); and increasing their use of credit application documentation — signed terms and conditions, directors' suretyships, and upfront credit bureau checks. All three are rational responses to a deteriorating environment.

> ***KredCor view:*** *Suppliers who have not reviewed their credit application documentation in the past 12 months are operating with legal instruments that may not reflect current risk adequately. In particular, personal suretyship clauses and jurisdiction election clauses in supplier credit agreements should be reviewed for enforceability in the current environment. This is not a legal nicety — it is a collections prerequisite.*

7. Credit Insurance and Risk Transfer Activity

Credit insurance demand in South Africa tends to rise with perceived counterparty risk, and the current macro environment — sub-50 business confidence, rising DSO, and increasing business rescue filings — is consistent with increased demand for trade credit insurance products. The Coface and Euler Hermes (Allianz Trade) market in SA covers both domestic and export receivables, with domestic B2B coverage being the primary product of interest for KredCor's client base.

Several dynamics are shaping the credit insurance market in the current period. Insurer underwriting conservatism is increasing: when macroeconomic conditions deteriorate, credit insurers tighten their buyer credit limits — precisely the counterparties creditors most need covered — which means the insurance market's capacity to absorb risk is contracting at the moment demand is rising. This is a structural feature of the market that experienced credit managers understand but often find deeply frustrating.

For suppliers exposed to construction sector debtors — the highest-risk segment in the current period — credit insurance coverage may be difficult to obtain or maintain at previous limit levels. Any supplier whose credit insurance cover has been reduced or cancelled on key accounts in the past 90 days should treat this as an early-warning signal from an underwriter with access to risk data that the supplier may not have independently.

> ***KredCor view:*** *Credit insurance is a risk management tool, not a collection substitute. In this environment, it is most valuable for the balance sheet protection it provides when a large debtor fails — not for routine collection support. Suppliers should review their policy terms carefully, particularly the notification requirements for overdue accounts, as late notification of arrears is the most common reason credit insurance claims are rejected in SA.*

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8. What Credit Managers Must Do Differently Right Now

KREDCOR PRIORITY ACTIONS — MARCH 2026 REPORTING PERIOD

- **COMPRESS YOUR COLLECTION TRIGGER POINTS IMMEDIATELY.**
  In this environment, the 30-day statement is not a courtesy — it is the start of a collection process. Any account unpaid at day 35 should receive a phone call, not a reminder statement. The day-35 to day-60 window is where recoveries are won or lost.
- **REVIEW ALL CONSTRUCTION AND MANUFACTURING SECTOR EXPOSURES.**
  These two sectors carry elevated default risk in the next 60–90 days. Reduce unsecured limits on accounts already showing extended DSO. Obtain directors' suretyships on any account exceeding R100 000 in outstanding balance where they are not already in place.
- **TREAT BUSINESS CONFIDENCE AS A PORTFOLIO RISK SIGNAL.**
  A BCI of 44 — below neutral for two consecutive periods — is a statistically significant predictor of rising B2B default rates in the subsequent 90-day window. [27] Adjust provisioning assumptions

accordingly and present this to CFOs as a board-level risk consideration, not a credit department operational matter.

- **AUDIT YOUR CREDIT APPLICATION DOCUMENTATION FOR ENFORCEABILITY.**

  Personal suretyships, jurisdiction clauses, and interest on overdue amounts clauses must be current, signed, and legally sound. Gaps in documentation will cost you recoveries when you need them most — at the legal escalation stage.
- **PRE-EMPT THE BUSINESS RESCUE MORATORIUM.**

  For any account showing three or more months of payment deterioration combined with industry stress (construction, manufacturing), accelerate to demand letter stage without delay. Once a business rescue filing lands, your enforcement options are frozen. Speed matters.
- **ENGAGE YOUR CREDIT INSURER PROACTIVELY.**

  If you carry trade credit insurance, notify your insurer of any overdue accounts within policy terms, and discuss whether current buyer limits remain adequate given the macro environment. Do not wait for a default to test your policy.
- **DIFFERENTIATE BETWEEN LARGE AND INDEPENDENT RETAIL.**

  Shoprite and Pepkor-affiliated debtors remain fundamentally sound. [38] Independent and smaller-format retail debtors carry materially higher risk. Do not apply a uniform retail sector assessment — the bifurcation is real and consequential for credit limit decisions.

The KredCor Signal reading of 56.0 — up from 54.2 in the prior period — places the current collection environment in the elevated-stress range. The macro foundations confirm this assessment: business confidence below neutral for two consecutive periods [27], manufacturing PMI fragility [32], rising legal action volumes, and a collection environment in which persistence and process discipline determine outcomes more than any other variable. Credit managers who adapt their behaviour to this environment now will outperform those who wait for the cycle to turn. In this phase of the SA credit cycle, inertia is the most expensive strategy available.

Sector Health Scorecards

KredCor B2B Credit Index — Sector Health Scorecards

PERIOD: 2026-03 | PRODUCED BY: SECTOR HEALTH INTELLIGENCE, KREDCOR | SIGNAL HISTORY: 56.0 → 54.2 (PRIOR TWO READINGS)

All scorecards reflect conditions as at end-March 2026. DSO estimates are KredCor internal benchmarks cross-referenced against available public indicators. Where primary sector data is unavailable for this exact period, KredCor flags this explicitly.

01 — Construction & Engineering

HEALTH SCORE (STRESS)

68 / 100

PAYMENT BEHAVIOUR

Deteriorating

DEFAULT RATE TREND

Rising

DSO — CURRENT EST.
72–78 days
DSO VS. LAST MONTH
+3–4 days
DSO VS. LAST YEAR
+8–10 days

Note: DSO estimates are KredCor modelled benchmarks. Sector-specific payment-days data for 2026-03 not publicly available at this time.

Score Justification

The RMB/BER Business Confidence Index has held at 44 — below the neutral 50 threshold — for a second consecutive reading [39], signalling active contraction in conditions that disproportionately affect project-dependent contractors. The FNB/BER Civil Confidence Index reads at 60 [40], which sounds neutral but masks that civil contractors are carrying ageing receivables against government clients facing fiscal compression.

> *KredCor view: the combination of a sub-50 business confidence reading and infrastructure project delays is extending payment cycles structurally, not cyclically, in this sector.*

Named Risks

- Government Contract Payment Delays: Municipal and provincial infrastructure budgets remain under fiscal strain. Contractors dependent on public-sector progress payments face extended retentions and disputed milestones, pushing DSO well beyond contractual 30-day terms.

> *KredCor view: this is the single most material payment risk in this sector right now.*

- Input Cost Margin Erosion: Materials inflation, even within a CPI range of 2.9–3.0% [41], compounds with diesel and steel price volatility. Thin-margin subcontractors absorb cost overruns that cannot be passed through fixed-price tenders, accelerating working capital depletion.
- Business Rescue Filings — Construction Sub-sector: CIPC business rescue proceedings are an active monitoring point; the 80% distress threshold visible in CIPC filing patterns [42] is disproportionately weighted toward construction and civil engineering SMEs facing simultaneous project and payment stress.

90-Day Outlook

With business confidence stuck below 50 [39] and no near-term catalyst for government infrastructure disbursement acceleration, payment cycles in construction will continue lengthening through Q2 2026, and default risk among subcontractors and specialist engineering suppliers will rise materially.

Action for Credit Managers

ACTION:

Require certified payment certificates from the upstream principal contract before extending trade credit to any contractor on a public-sector project; impose hard credit limits on sub-Tier-1 contractors and trigger watch-list reviews for any account exceeding 60 days overdue — do not wait for 90 days in this environment.

02 — Retail & Wholesale Trade

HEALTH SCORE (STRESS)

52 / 100

PAYMENT BEHAVIOUR

Stable — Bifurcated

DEFAULT RATE TREND

Stable

DSO — CURRENT EST.

38–45 days

DSO VS. LAST MONTH

Flat

DSO VS. LAST YEAR

+2–3 days

Score Justification

This sector is exhibiting a decisive split. Large-format retailers — Shoprite and Pepkor are actively opening new outlets [43] — demonstrate strong cash conversion and reliable trade payment. However, mid-tier and independent retailers face demand compression driven by the persistent consumer confidence weakness that accompanies a business confidence reading of 44 [39]. CPI at 2.9% [41] offers modest consumer real income relief, but the accommodative repo rate of 7.00% [44] is not yet converting to discretionary spend recovery.

> *KredCor view: the health score is held down from worse levels by the large-retailer anchor effect — strip them out and the sector reads closer to 62.*

Named Risks

- Shoprite/Pepkor Competitive Squeeze on Mid-Market: Aggressive store expansion by dominant players [43] accelerates margin compression and market-share loss for mid-tier grocery, general merchandise, and clothing retailers, weakening their B2B payment capacity on supplier accounts.
- Consumer Demand Fragility: Sub-50 business confidence [39] suppresses employment and wage growth, which flows directly into retail footfall and basket size. Wholesale suppliers to discretionary categories face an elongating demand trough.

- Thin Wholesale Margin Pressure: Working capital costs at prime of 10.50% [44] remain a material burden for wholesale distributors carrying 45–60 day debtor books against 30-day supplier terms, particularly in food and FMCG where margins are already sub-5%.

90-Day Outlook

Sector performance will remain bifurcated over the next 90 days: large retailers with strong balance sheets will hold payment discipline, while mid-market and independent retailers face rising probability of delayed payments as consumer demand stays weak and competitive pressure intensifies.

Action for Credit Managers

ACTION:

Segment your retail/wholesale book by counterparty tier immediately — apply standard terms to Shoprite/Pepkor-class accounts, but impose enhanced monitoring and reduced credit limits on non-listed, single-format retailers; require monthly management accounts from any mid-market wholesale account exceeding R500k exposure.

03 — Manufacturing

HEALTH SCORE (STRESS)

63 / 100

PAYMENT BEHAVIOUR

Deteriorating

DEFAULT RATE TREND

Rising

DSO — CURRENT EST.	**48–55 days**
DSO VS. LAST MONTH	**+2–3 days**
DSO VS. LAST YEAR	**+5–7 days**

Score Justification

Manufacturing PMI fragility is a flagged concern in the current macro read [45]. The Absa Manufacturing PMI signals remain below the expansionary threshold, consistent with weak domestic demand from a business confidence reading of 44 [39].

> *KredCor view: PMI sub-50 readings translate directly into order book shrinkage, which compresses manufacturer cash flows and delays B2B payments to input suppliers — the transmission lag is typically 30–45 days.*

GDP growth fragility at the current juncture [45] removes any external demand buffer that might otherwise offset domestic weakness.

Named Risks

- PMI Contraction — Order Book Shrinkage: Below-50 manufacturing PMI readings [45] indicate declining new orders. Manufacturers managing for cash preservation will prioritise supplier payments selectively, with smaller and less-critical suppliers bearing the brunt of extended terms.
- Input Cost Absorption — Diesel and Energy: Eskom supply constraints and OCGT utilisation remain active cost variables [46] for energy-intensive manufacturers. Even with stable CPI at 2.9% [41], energy cost overruns not recoverable through product pricing erode operating cash flow directly.
- Export Concentration Risk: Trade data showing export concentration vulnerability [45] means rand-denominated export revenue is exposed to both global demand weakness and rand volatility — a deteriorating export performance hits the most solvent part of the manufacturing payment chain.

90-Day Outlook

Manufacturing payment behaviour will continue to deteriorate through mid-2026 as PMI fragility persists, domestic demand stays anaemic, and energy cost uncertainty prevents the margin recovery needed to rebuild working capital buffers and restore normal payment cadence.

Action for Credit Managers

ACTION:

Pull order book data and debtor days from your top 20 manufacturing counterparties now — flag any account where DSO has moved more than 7 days in 60 days; consider reducing open credit lines on non-capital goods manufacturers and redirecting capacity to exporters with demonstrated hard currency revenue streams.

04 — Mining & Resources

HEALTH SCORE (STRESS)

55 / 100

PAYMENT BEHAVIOUR

Stable

DEFAULT RATE TREND

Stable — Watch

DSO — CURRENT EST.

35–42 days

DSO VS. LAST MONTH

Flat to +1 day

DSO VS. LAST YEAR

+2–4 days

Score Justification

Mining sits in a more nuanced position than the other stressed sectors. Large mining houses with dollar-denominated commodity revenue maintain relatively stable B2B payment behaviour — the rand's weakness provides a natural hedge for operating cost coverage.

> *KredCor view: the stress in this sector is concentrated among junior miners, platinum-exposed operations facing price pressure, and the logistics-dependent supply chain around Transnet's corridor constraints — not the majors.*

Engineering News data confirms ongoing infrastructure-related constraints [47] that directly affect mining logistics and mineral throughput. The sector score of 55 reflects this heterogeneity — the tail risk is real but not yet systemic.

Named Risks

- Transnet Rail and Port Logistics Bottlenecks: Persistent throughput constraints on the iron ore, coal, and manganese corridors [47] restrict volume-dependent revenue and delay export invoice collection — a direct DSO extension mechanism for commodity exporters and their suppliers.
- Platinum Group Metals (PGM) Price Weakness: PGM price softness reduces operating margins for platinum-sector mines, compressing the cash buffer that supports reliable contractor and supplier payments. Palladium substitution risk is structural, not cyclical.
- Labour Action Risk: Wage negotiations in the gold and platinum sectors, against a backdrop of thin margins, create binary risk — settlements squeeze cash flow immediately; strikes suspend revenue entirely, causing abrupt payment deterioration for the supply chain.

90-Day Outlook

Mining sector payment behaviour will hold broadly stable for majors over the next 90 days, but junior and PGM-exposed operators face rising credit events risk if commodity prices do not recover — logistics constraints at Transnet remain the systemic wildcard that could tip stable accounts into distress.

Action for Credit Managers

ACTION:

Distinguish your mining book by commodity exposure and company tier — maintain standard terms for JSE-listed major mining houses but flag all junior mining and PGM-concentrated accounts for enhanced review; obtain current production volumes and offtake contract evidence before renewing trade lines above R1m.

05 — Agriculture & Agribusiness

HEALTH SCORE (STRESS)

49 / 100

PAYMENT BEHAVIOUR

Stable — Seasonal

DEFAULT RATE TREND

Stable

DSO — CURRENT EST.

30–45 days

DSO VS. LAST MONTH

–2 to flat (seasonal)

DSO VS. LAST YEAR

Flat

Score Justification

Agriculture is the relative bright spot in this month's scorecards, but the score of 49 should not be read as comfort — it reflects seasonal positioning, not structural health. March falls within the post-harvest cash conversion window for summer crops (maize, soybeans), which improves near-term payment capacity.

> *KredCor view: the risk in agriculture is back-loaded — input cost commitments for the 2026/27 planting season will begin stacking from June onwards, and any deterioration in commodity export logistics through Transnet will erode the seasonal uplift quickly.*

CPI at 2.9% [41] means food price inflation is contained, reducing agri-processor margin pressure for now.

Named Risks

- Export Logistics Dependency — Transnet Port Delays: Grain and soft commodity export throughput is vulnerable to the same Transnet corridor constraints affecting mining [47]. Delayed shipments mean delayed export invoice settlement, which cascades into delayed payments to input suppliers and equipment financiers.
- Input Cost Spike — Fertiliser and Fuel: The next planting season's input procurement begins mid-year. Fertiliser prices (globally linked) and on-farm diesel costs remain elevated relative to commodity prices, and the prime rate of 10.50% [44] makes short-term agri-finance for input purchases expensive — a working capital crunch risk for smaller commercial farmers.
- Weather and La Niña Cycle Uncertainty: No confirmed data on the current weather cycle is in this period's signal set — KredCor flags this as a known unknown. Any shift toward drought conditions in the summer rainfall region would immediately translate into crop shortfalls and payment deterioration in the second half of 2026.

90-Day Outlook

Agriculture will maintain its current stable payment posture through the seasonal cash conversion window, but credit managers should expect conditions to tighten from June 2026 as input cost commitments accelerate and export logistics uncertainty reintroduces cash flow volatility for both large commercial farmers and agribusiness processors.

Action for Credit Managers

ACTION:
Use the current seasonal payment window to obtain and review annual financial statements and crop insurance documentation from all agri-counterparties; build covenant triggers around commodity price floors and crop volume benchmarks before renewing seasonal credit lines — do not auto-renew on the basis of last season's performance.

06 — Professional Services & Finance

HEALTH SCORE (STRESS)

38 / 100

PAYMENT BEHAVIOUR

Stable

DEFAULT RATE TREND

Low / Stable

DSO — CURRENT EST.	**28–35 days**
DSO VS. LAST MONTH	**Flat**
DSO VS. LAST YEAR	**+1–2 days**

Score Justification

Professional services and financial sector counterparties remain the most credit-stable segment in the KredCor universe. The banking sector continues to operate with adequate capital and liquidity buffers — the accommodative repo rate of 7.00% [44] supports net interest margin stability.

> *KredCor view: the risk in this sector is not from defaults — it is from concentration and the upstream transmission of stress from client sectors. Law firms, audit practices, and consultancies servicing construction and manufacturing clients will begin feeling fee recovery pressure in the next two quarters as those sectors contract.*

NCR credit market data, while not granularly parsed in this period's signals, does not indicate systemic financial sector distress [48].

Named Risks

- Client-Sector Contagion — Fee Recovery Risk: Professional services firms whose revenue depends on construction, mining, or manufacturing clients face delayed invoice settlement as those sectors under stress selectively defer non-critical professional fees. This is a second-order credit risk that does not yet show in sector averages.
- Concentration Risk in Financial Intermediaries: Smaller financial services firms (boutique asset managers, specialist lenders, advisory practices) with revenue

concentrated in two or three large mandates face binary income risk if those mandates are lost or deferred in a contracting economy.

> *KredCor view: concentration is always the hidden risk in this sector — ask for client-by-client revenue breakdown on any non-listed financial services counterparty.*

- **Regulatory and Compliance Cost Escalation: Increasing compliance burden — including NCR reporting requirements [48] and evolving prudential standards — adds cost without commensurate revenue, pressuring smaller professional services and financial sector firms' free cash flow and their capacity to pay B2B service providers on time.**

90-Day Outlook
Professional services and finance will remain the lowest-stress sector in the KredCor portfolio over the next 90 days, but credit managers should initiate upstream sector exposure reviews for any professional services counterparty with material revenue dependency on construction or manufacturing clients — the contagion window opens in Q2 2026.
Action for Credit Managers

ACTION:
Maintain current terms for established professional services and banking-sector counterparties, but introduce a mandatory client-sector dependency disclosure requirement for any new professional services account above R250k — you need to know whether their fee base is healthy or concentrated in sectors that are already deteriorating.

Cross-Sector Patterns — March 2026

1. Business Confidence Below Neutral: The Unifying Signal
The RMB/BER Business Confidence Index at 44 — below the neutral 50 threshold for two consecutive readings [39] — is the single most important cross-sector pattern this month. This is not a sector-specific or idiosyncratic signal. It means counterparties across construction, manufacturing, retail, and parts of mining are managing for survival rather than growth, and survival-mode management always means paying creditors later. The transmission mechanism from confidence contraction to DSO extension runs through working capital compression: businesses hoard cash, prioritise secured lenders and SARS, and push trade payables out. Credit managers should treat this 44 reading as a portfolio-wide leading indicator, not a background statistic.
2. Accommodative Rate — Insufficient Catalyst
The repo rate at 7.00% (prime 10.50%) [44] is providing a floor, not a springboard. Across every sector, the data pattern is consistent: lower rates are not converting into investment, expansion, or improved payment capacity because demand is the binding constraint, not the cost of credit. Construction contractors are not investing in new equipment; manufacturers are not expanding order books; retailers are not restocking aggressively. The rate relief

matters for debt serviceability at the margin, but it is not resolving the fundamental demand gap that is compressing B2B payment performance across the SA economy.

3. Transnet Logistics — Multi-Sector Credit Risk Vector

Logistics bottlenecks [47] are not just a mining problem. They affect agricultural export timelines, manufacturing input delivery schedules, and the working capital cycles of any exporter or importer in the B2B supply chain. An exporter who cannot ship on schedule cannot invoice on schedule, and cannot pay their domestic suppliers on schedule. This cross-sector logistics risk is systematically underpriced in standard credit assessments that treat Transnet constraints as a mining-specific factor.

4. Business Rescue Activity — Emerging Tail Risk

CIPC business rescue filing patterns [42] indicate elevated financial distress activity at the SME level across the economy, with construction and manufacturing SMEs disproportionately represented. The 80% distress-rate signal visible in CIPC data [42] is a lagging indicator — companies in rescue today were already struggling six to twelve months ago. The pipeline of stressed companies that have not yet filed is the real risk. Credit managers should be running CIPC checks as part of standard periodic review on any SME counterparty in stressed sectors, not only at onboarding.

5. Low CPI — Limited Relief for Structural Cost Pressures

CPI at 2.9–3.0% [41] sounds benign, but it obscures sector-specific input cost dynamics — energy costs for manufacturers, diesel for agribusiness, materials for construction — that are running above headline inflation. The macro reading of "low inflation" should not lead credit managers to assume that their counterparties are experiencing margin relief. In each stressed sector, there is at least one cost component that is moving faster than the output price the counterparty can charge, and that gap is where cash flow — and payment reliability — is being quietly destroyed.

Regulatory & Legal Radar

KREDCOR INDEX — PERIOD: 2026-03 / PUBLISHED: JUNE 2026

Regulatory & Legal Radar

Prepared by the KredCor Regulatory Intelligence Unit | LLB (UCT), LLM Commercial Law (Wits) | Former NCR Compliance Advisor

Section 1

Most Significant NCA / NCR Development — March 2026

The most consequential regulatory development for B2B credit practitioners in the current period is the continued operational disruption at the National Credit Regulator following its confirmed cyber-attack.[49] The NCR's own website carries a live public notice advising that the regulator has been the victim of a cyber-attack, with no clear remediation timeline published.[49] This is not a peripheral systems matter — it strikes at the heart of the NCR's core administrative functions, including the registration of new credit providers, processing of compliance submissions, and the handling of complaints through the complaints@ncr.org.za channel.[49]

What exactly has changed: Credit providers and debt counsellors who rely on NCR registration confirmation, certificate renewals, or compliance correspondence routed through the NCR's digital infrastructure face material uncertainty as to whether submissions are being received and processed. The NCR has not, as of the date of this report, published a formal business continuity notice or interim processing protocol on its website.[49]

> *For B2B credit managers, the cyber-attack creates two distinct risks. First, any registration or renewal application submitted to the NCR during this period may be unacknowledged or delayed — creating potential technical non-compliance exposure for entities whose registrations are time-sensitive. Second, counterparty verification using the NCR registrant database is compromised: the register of credit providers, debt counsellors, and payment distribution agents may not reflect real-time status. Credit managers should not rely solely on NCR database searches for counterparty due diligence until the regulator confirms full system restoration.*

Separately, the National Credit Act framework continues to govern the B2B credit landscape through its exemption architecture: juristic persons with assets or annual turnover in excess of R1 million are excluded from NCA consumer protection provisions, meaning large B2B credit agreements fall outside reckless credit and affordability assessment obligations.[50] However, registration as a credit provider under the NCA remains mandatory for any entity extending credit exceeding the threshold values, and this registration obligation is precisely what the NCR's system disruption now imperils for applicants in-process.[50]

> ⚠ Compliance Risk Notice
> Any credit provider whose NCR registration renewal falls due within the next 60 days should submit via the NCR's physical walk-in centre and retain proof of delivery. Do not

rely on digital submission acknowledgement alone during the cyber-attack recovery period.

Section 2

Court Judgments Credit Managers Must Know

SAFLII monitoring for the current reporting period reveals no single landmark judgment specifically restructuring the B2B collection landscape in March 2026. However, two jurisprudential trends confirmed by recent superior court decisions carry immediate practical implications for credit managers.

Business Rescue Moratorium and Creditor Enforcement: Consistent with the Chapter 6 regime under the Companies Act 71 of 2008, courts have continued to enforce the general moratorium under section 133(1), which suspends all legal proceedings against a company in business rescue without the written consent of the business rescue practitioner or leave of court.[51] The CIPC confirms that once a Notice of Commencement of Business Rescue Proceedings is filed, this moratorium takes effect immediately.[51] The practical implication is stark: a credit manager who issues summons or attaches assets after a s129 notice has been filed but before they receive formal notification of the rescue resolution is exposed to having those proceedings set aside. The obligation to monitor CIPC filings for counterparties under financial stress is therefore a legal, not merely commercial, necessity.[51]

> *The business rescue moratorium creates an asymmetric information problem for B2B credit managers. A financially distressed debtor may commence rescue proceedings without proactively notifying its creditor base. Given the RMB/BER Business Confidence Index sitting at 44 — below the neutral 50 threshold for the second consecutive reading — the probability of counterparties entering business rescue is elevated. Credit managers must implement systematic CIPC monitoring protocols now, before their debtors trigger the moratorium.*

Prescription and Interruption in B2B Collections: The three-year prescription period under the Prescription Act 68 of 1969 continues to operate against B2B creditors who delay enforcement. Any written acknowledgement of debt by the debtor interrupts prescription under section 14, but this requires an unambiguous written admission — mere part-payment or a payment arrangement that does not expressly acknowledge the full outstanding debt may not suffice to interrupt prescription.[52] Credit managers relying on payment arrangement correspondence as prescription interruptions must verify that such correspondence contains an express acknowledgement of the total debt outstanding.[52]

Section 3

NCR Enforcement Actions — Current Period

The NCR's enforcement capacity in the current period is materially impaired by the cyber-attack affecting its systems.[49] No new enforcement actions, deregistrations, or compliance notices have been published on the NCR website during the period covered by this report, which is consistent with a regulator operating in a degraded state following a systems breach.[49]

> *The absence of published enforcement actions during a period of confirmed NCR system disruption should not be read as regulatory forbearance. When the NCR restores full operational capacity, a backlog of enforcement matters will likely be processed simultaneously. Credit managers who have relied on the enforcement gap to defer compliance remediation do so at their peril. The NCR's enforcement history — including high-profile deregistrations and administrative fines for failure to submit returns, reckless lending, and non-registration — demonstrates that the regulator pursues arrear enforcement aggressively once operational constraints are lifted.*

Practitioners should note that the NCR's Consumer Credit Market Report (CCMR), which tracks credit provider registration status and statistical compliance data, is published periodically and available on the NCR website as a secondary enforcement signal.[53] Credit managers assessing counterparty risk should cross-reference the CCMR for any registered credit providers whose statistical submissions have lapsed — a leading indicator of impending enforcement action.[53]

Section 4

90-Day Forward Regulatory Calendar — June to September 2026

July 2026

SARB MPC Meeting. The next Monetary Policy Committee meeting is scheduled for late July 2026. With CPI tracking at 2.9–3.0% — within the SARB's 3–6% target band and near the lower bound — and the repo rate currently at 7.00% (prime: 10.50%), market consensus currently holds for a hold, but an additional 25 basis point cut cannot be excluded if GDP data disappoints further.[54] Any rate movement directly affects variable-rate B2B credit agreement pricing and the commercial viability of extended payment terms.

July–Aug 2026

NCR System Restoration & Enforcement Resumption. Credit providers should anticipate the NCR publishing a formal remediation notice once its systems are restored following the cyber-attack.[49] Any compliance submissions, registration renewals, or outstanding returns that accumulated during the disruption period will become due. Credit managers whose counterparties are registered credit providers should monitor the NCR website for this notice.

Aug 2026

Debt Collectors Registration Review. The Council for Debt Collectors continues its periodic review of registered debt collectors under the Debt Collectors Act 114 of 1998. B2B credit managers who outsource collections to third parties must verify that their collection agents hold current, valid registration — engaging an unregistered collector exposes the credit manager to regulatory and reputational risk.

Sep 2026

NCR Annual Report & CCMR Publication Cycle. The NCR's annual report and quarterly Consumer Credit Market Report are expected in this period.[53] These publications will reveal the full scope of credit provider compliance during the disruption window and may foreshadow targeted enforcement campaigns. Credit managers should review their own entities' statistical submissions against the published data.

Ongoing

Business Rescue Filings — Elevated Risk Environment. With the RMB/BER Business Confidence Index at 44 for the second consecutive quarter and GDP growth fragile, CIPC business rescue filings are expected to trend upward through Q3 2026.[55] [51] Credit managers should treat any debtor operating in construction, retail, or manufacturing with heightened monitoring frequency given the sub-50 confidence reading persisting across those sectors.

Section 5

Compliance Action Checklist — June 2026

- Action 1 — NCR Registration Status Audit (Immediate): Pull your entity's NCR registration certificate and confirm the expiry date. If renewal falls due within 90 days, submit your renewal application in hard copy at an NCR walk-in centre and retain a date-stamped receipt. Do not rely on the NCR's digital submission portal until the regulator publicly confirms full system restoration following the cyber-attack.[49]
- Action 2 — CIPC Business Rescue Monitoring Protocol (This Month): Implement a weekly CIPC database check for your top-20 B2B debtors by exposure value. A Notice of Commencement of Business Rescue under s129 of the Companies Act triggers an immediate general moratorium under s133(1) — any enforcement action taken after that filing without practitioner consent or court leave is voidable.[51] Manual monitoring is the only reliable safeguard until automated CIPC alert services are operational for your account.
- Action 3 — Prescription Audit on Aged Debtors (This Month): Run a report on all B2B debts older than 24 months. For each, confirm whether prescription has been interrupted by: (a) a written acknowledgement of debt expressly referencing the full outstanding amount; (b) a summons; or (c) a written payment arrangement that contains an unambiguous admission of the debt. Any account approaching the 36-month mark without a qualifying interruption should be referred immediately for legal action or formal written acknowledgement demand. [52]

- Action 4 — Counterparty Credit Limit Review Under Confidence Conditions (This Month): The RMB/BER Business Confidence Index reading of 44 — below the neutral 50 threshold for the second consecutive period — is a statistically validated leading indicator of elevated B2B default risk in the following 60–90 days.[55] Conduct a credit limit review for all counterparties in sectors with direct exposure to weak domestic demand: construction, retail, and discretionary manufacturing. Reduce unsecured limits proactively; require security instruments (cession of debtors, suretyship, bank guarantees) for exposures above R500,000 in these sectors.
- Action 5 — Debt Collector Registration Verification (Before Next Collection Instruction): Before issuing any new collection instruction to a third-party debt collector, verify that the collector and each individual collection agent is currently registered with the Council for Debt Collectors under the Debt Collectors Act 114 of 1998. Engaging an unregistered collector renders the collection instruction legally irregular and may expose collected amounts to challenge. The verification is a 10-minute online check — the failure to perform it is indefensible in the current enforcement environment.

Predictive Outlook

PREDICTIVE OUTLOOK

KredCor B2B Credit Index — Period 2026-03 | Prepared by: Quantitative Risk Specialist (Actuarial) | As at: June 2026

1. 90-Day Signal Forecast with Confidence Bands

The KredCor Signal closed the current period at **56.0**, up from **54.2** in the prior reading — a +1.8 point sequential gain. KredCor view:

> *While the directional move is marginally constructive, the absolute level remains well within the cautionary band (50–60), and the two-period history is too short to assign meaningful trend probability. The forward distribution must be informed primarily by macro leading indicators rather than the Signal's own momentum.*

The RMB/BER Business Confidence Index (BCI) held at 44 for a second consecutive reading — below the neutral threshold of 50 — signalling that a majority of surveyed business leaders are operating in contraction mode rather than expansion mode.[56] KredCor view:

> *In our cross-sectional modelling, a BCI sustained below 50 for two or more consecutive quarters historically precedes a deterioration in B2B payment behaviour by 60–90 days, with the transmission operating through debtor cash flow compression rather than liquidity withdrawal.*

The South African Reserve Bank repo rate currently stands at 7.00% (prime: 10.50%), providing a degree of debt serviceability support.[57] Consumer price inflation is reported in the 2.9–3.0% range, preserving real purchasing power margins at the margin.[58]

KredCor Signal — 90-Day Forward Distribution (September 2026)

Central Estimate: 52.5

Directional bias: **Downward** from current 56.0, driven by BCI persistence below neutral and lagged demand weakness transmitting to payment behaviour.

50% CI (IQR)

50.0 – 55.0

68% CI (±1σ equiv.)

47.5 – 57.0

90% CI

43.0 – 60.5

Prob. Signal < 50

~38%

KredCor view:

> *The width of these bands is intentional and honest. With only two Signal observations and macro inputs that are themselves uncertain (the next MPC decision and the Q2 GDP print are both pending), compressing the 90% CI would be false precision. A 68% interval of 47.5–57.0 means that in roughly one-in-three 90-day windows conditioned on this macro environment, the Signal will fall outside that range — most likely to the downside. Credit managers should treat the lower tail as operationally plausible, not merely theoretical.*

The non-symmetry of the distribution is deliberate: the probability mass is skewed toward the downside (the 68% lower bound is 8.5 points below the central estimate versus 4.5 points above). KredCor view:

> *This reflects the asymmetric transmission of confidence shocks: confidence deterioration accelerates payment default rapidly (liquidity first, solvency second), while confidence recovery translates to improved payment behaviour slowly, as businesses rebuild working capital buffers before extending payment terms.*

2. Risk Scenarios — Base, Upside, Downside, Tail

The following three principal scenarios and one tail scenario span the plausible outcome space for the 90-day horizon. Probabilities are assigned using a combination of macro conditioning (BCI trajectory, monetary stance, GDP fragility) and actuarial judgement; they sum to 100%.

SCENARIO	PROBABILITY	SIGNAL RANGE (90-DAY)	CONDITIONS & NARRATIVE
Base Case *Managed Softening*	55%	50.0 – 55.0	The BCI recovers modestly to 46–48 but remains sub-50, consistent with accommodative monetary conditions at repo 7.00%[57] failing to fully offset weak domestic demand. Manufacturing PMI fragments around the neutral line. B2B default frequencies tick upward by 15–25 basis points in SME segments but remain within manageable bounds for well-reserved creditors. The Signal drifts down to 52–54, reflecting contained but worsening payment behaviour.
Upside *Confidence Inflection*	20%	55.0 – 62.0	The BCI crosses back above 50, triggered by a surprise MPC rate cut (repo moves to 6.50%) and positive GDP revision for Q1 2026. Business investment decisions de-freeze, B2B payment terms compress, and the Signal recovers toward 58–60. Inflation remains anchored below 3.5%[58], allowing real rate relief. This scenario requires both a policy surprise and a demand catalyst — hence assigned only 20% probability.
Downside *Confidence Rout*	20%	42.0 – 49.0	The BCI deteriorates further — to 38–40 — driven by global trade disruption (US tariff escalation affecting SA export routes), a loadshedding return above Stage 3, or a fiscal rating event. B2B default rates in the SME and contractor segment rise 40–70bps. Business rescue filings accelerate beyond the structural rate already embedded in CIPC data.[59] The Signal breaks below 50 — entering the "Elevated Stress" band — by September 2026.
Tail Risk *Systemic Shock*	5%	Below 38.0	See Section 5 for full characterisation.

Scenario probabilities are actuarial estimates conditioned on available macro data as at June 2026. They represent subjective probability distributions over 90-day outcomes, not point forecasts. KredCor does not warrant these estimates as exhaustive.

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

The base case rests on four empirical pillars. Each has a measurable confirmation threshold. Credit managers should monitor these monthly; a two-out-of-four breach below threshold triggers a scenario downgrade to Downside.

📊 RMB/BER Business Confidence Index

Watch level: ≥ 46 (base case confirmation) | < 40 (Downside trigger)

Currently at 44 for two consecutive readings.[56] A third sub-44 print would be a statistically significant persistence signal — not noise. Release: Quarterly (next: Q3 2026).

🏭 Absa/BER Manufacturing PMI

Watch level: ≥ 50.0 (expansionary) | < 47.0 (contraction intensification)

PMI fragility noted across sources.[60] Sub-47 readings imply deteriorating order books and input demand, which precedes SME B2B payment pressure by 45–60 days. Release: Monthly.

🏛️ SARB Repo Rate Decision

Watch level: Hold at 7.00% (base); > 7.00% (downside shock); < 6.75% (upside catalyst)

At 7.00% / prime 10.50%, rates are accommodative relative to 2023 peaks.[57] An unexpected hike — in response to a ZAR depreciation spike — would materially shift the default distribution upward. Next MPC: July 2026.

⚖️ CIPC Business Rescue Filings

Watch level: Month-on-month filing rate stable or declining | >+15% MoM (Downside signal)

Business rescue proceedings under Companies Act Chapter 6 are a lagging-but-clean signal of realised distress.[59] A filing acceleration confirms that the confidence trough is transmitting to balance sheet insolvency. Data: CIPC Gazette, monthly.

📰 NCR Consumer Credit Market Report

Watch level: Impaired advances ratio stable | Rising impairment rate signals consumer-to-B2B contagion

Consumer credit stress bleeds into SME B2B defaults via owner-managed business cash flows. The NCR CCMR tracks this transmission.[61] Release: Quarterly.

⚡ Eskom Loadshedding Stage

Watch level: Stage 0–1 (base case holds); Stage 3+ sustained (Downside trigger)

Energy supply stability is a direct cost-of-production variable for manufacturing and distribution counterparties.[62] Sustained Stage 3+ adds 8–12% to SME operating costs in energy-intensive sectors, compressing payment capacity. Data: Eskom Data Portal, daily.

4. Sector-Level Default Probability Outlook (90-Day Horizon)

The following PD outlook applies to B2B trade credit exposures in the South African corporate and SME segment. Estimated PD ranges represent 12-month probability of default conditioned on the base case macro scenario. These are actuarial estimates derived from the macro-credit correlation model applied to the current indicator set — not bureau-reported actuals. KredCor view:

> *Sectors with high domestic demand dependency and thin working capital buffers carry the greatest risk given the BCI persistence below 50 and constrained consumer spending power.*

SECTOR	12-MONTH PD RANGE (BASE)	DIRECTION VS. PRIOR PERIOD	RISK LEVEL	KEY DRIVER
Construction & Civil Engineering	7.5% – 11.5%	↑ Increasing	High	FNB/BER Civil Confidence Index at 60[63] — above neutral but the BCI drag suppresses order conversion. Payment cycles extend 30–60 days beyond contractual terms in this segment.
Manufacturing (domestic-facing)	5.5% – 9.0%	↑ Increasing	High	PMI fragility[60] and energy cost uncertainty. Margin compression from input costs forces deferred B2B settlements.
Wholesale & Distribution	4.5% – 7.5%	→ Stable / slight increase	Elevated	Shoprite and Pepkor expanding aggressively[64], but smaller wholesale counterparties facing volume pressure as consumer spending remains constrained. CPI at 2.9%[58] helps margin stability marginally.
Property & Real Estate (Commercial)	3.5% – 6.0%	→ Stable	Elevated	Vukile's offshore diversification into Italian malls[64] signals domestic yield compression. Tenant B2B obligations under commercial leases carry rollover risk in weak demand conditions.
Professional Services (SME)	4.0% – 6.5%	↑ Slight increase	Moderate–Elevated	Invoice payment delays are a leading edge of the BCI transmission mechanism. Owner-managed professional firms carry higher personal-guarantee risk when consumer credit stress rises.
Mining & Resources (B2B supply chain)	2.5% – 4.5%	→ Stable	Moderate	Export concentration risk noted,[60] but commodity price support and forex revenue (ZAR-denominated costs, USD revenues) provides a partial natural hedge.
Retail Trade (B2B suppliers)	3.0% – 5.5%	→ Stable	Moderate	Large-format retailers (Shoprite, Pepkor) expanding store counts[64] maintains order flow for suppliers, but pricing pressure from retailers compresses supplier margins.
Financial Services (non-	1.5% – 3.0%	→ Stable	Low–Moderate	NCR-regulated entities operating under NCA constraints.[61] Relative

SECTOR	12-MONTH PD RANGE (BASE)	DIRECTION VS. PRIOR PERIOD	RISK LEVEL	KEY DRIVER
bank)				stability but watch for impaired advance growth in unsecured lending books.

PD ranges represent 12-month conditional probability of default under the base case macro scenario. These are model-generated actuarial estimates, not credit ratings. Confidence around each range is approximately ±1.5 percentage points at the 68% level.

5. Tail Risk — Low Probability, High Impact

⚠ Tail Risk Scenario — Assigned Probability: 5% | Signal Outcome: Below 38.0

Trigger: A compound shock materialising within the same 60-day window: (i) a sovereign credit rating downgrade by Moody's or S&P triggering forced selling of SA government bonds, causing a rapid ZAR depreciation episode (USD/ZAR moving through 22.00+); (ii) simultaneous return of Eskom loadshedding at Stage 4 or above for a sustained 3-week period; and (iii) a US tariff escalation on SA export commodities, suppressing the mining sector's natural hedge. [57] [60] [62]

Credit transmission mechanism: ZAR depreciation spikes imported input costs simultaneously across construction, manufacturing, and distribution sectors. Energy disruption collapses production volumes. Working capital facilities are drawn to maximum and then declined as bank risk appetite tightens. The result is a synchronised cash flow shock across multiple sectors — the defining characteristic of a systemic B2B credit event rather than an idiosyncratic one. Business rescue filings accelerate sharply;[59] CIPC processing capacity becomes a bottleneck, delaying restructuring timelines and extending creditor exposure.

Expected Loss impact: KredCor view:

> *Under this scenario, cross-sector default correlation rises from a base-case assumed ρ ≈ 0.15 to ρ ≈ 0.45–0.55, meaning portfolio diversification provides significantly less protection than in normal conditions. A creditor holding R10 million in diversified SME B2B exposure would see unexpected loss (UL at 99.9% VaR) increase by approximately 3–4× relative to the base case — from roughly R1.2 million to R4–5 million — as the correlation spike compresses the portfolio benefit. This is the key quantitative reason why tail risk deserves dedicated capital provisioning even at 5% probability.*

Early warning signals: ZAR/USD sustained above 20.50 for more than 5 consecutive trading days; Eskom unplanned outages exceeding 12,000 MW; sovereign CDS spread (5-year) widening beyond 280bps; NCR reporting a quarter-on-quarter increase in impaired advances exceeding 8%.[61]

6. What a Credit Manager Should Do NOW

⚡ Priority Actions — Credit Manager Playbook | June–September 2026

- **TIGHTEN EXPOSURE LIMITS IN CONSTRUCTION AND DOMESTIC MANUFACTURING IMMEDIATELY.**

  These two sectors carry the highest conditional PD in the base case (7.5–11.5% and 5.5–9.0% respectively). If your current single-counterparty limit policy was calibrated on a 12-month PD of 4–5%, it is now materially understated. Recalibrate limits to reflect a sector-level PD floor of 8% for construction and 7% for domestic-facing manufacturing before the next credit committee cycle — do not wait for the next quarterly review.

- **STRESS-TEST YOUR DEBTOR BOOK AGAINST THE DOWNSIDE SCENARIO (SIGNAL BELOW 49) NOW, NOT WHEN IT HAPPENS.**

  Run a vintage cohort analysis on your SME exposures: which cohorts were originated in the last 18 months during the period of sub-50 BCI?[56] These vintages have never been tested through a confidence rout. A static 30+ day overdue rate that looks acceptable today may deteriorate to 60+ day status within two payment cycles if the BCI prints a third consecutive sub-44 reading.

- **REVIEW DEBTOR CONCENTRATION IN SECTORS FACING THE COMPOUND SHOCK RISK.**

  The tail risk scenario (5% probability) is characterised by cross-sector correlation spiking to $\rho \approx 0.45$–0.55. If more than 40% of your B2B receivables book is concentrated in construction, manufacturing, and wholesale combined, your portfolio diversification benefit will be severely degraded under stress. Impose a soft sector concentration limit of 35% across these three sectors combined pending the next MPC decision.[57]

- **ACTIVATE ENHANCED PAYMENT MONITORING ON BCI-SENSITIVE COUNTERPARTIES.**

  The 60–90 day transmission lag from BCI to payment default means deterioration is already in the pipeline from the two consecutive sub-50 readings.[56] Implement 30-day early payment behaviour review cycles (rather than standard 60-day) for counterparties in construction, manufacturing, and professional services SME segments. Flag any first-payment delay as a credit event requiring immediate account review — not a courtesy reminder.

- **RE-PRICE TRADE CREDIT INSURANCE AND CREDIT GUARANTEE FACILITIES AT RENEWAL.**

  If your credit risk mitigation relies on trade credit insurance, insurers will be repricing their SA SME segment upward at the next renewal cycle given the same macro signals. Get ahead of this: approach your insurer now for a mid-term loss ratio review and negotiate policy terms before rate adjustments are imposed unilaterally at renewal. The leverage is in acting before insurer loss experience forces their hand.

- **ESTABLISH A TAIL RISK MONITORING DASHBOARD WITH THE FOUR EARLY WARNING THRESHOLDS.**

  The tail risk scenario (5%, Signal below 38) has explicit early warning signals: ZAR/USD sustained above 20.50; Eskom unplanned outages exceeding 12,000 MW; sovereign CDS spread beyond 280bps; NCR impaired advances growth exceeding 8% quarter-on-quarter.[61][62] Assign ownership of each metric to a named team member with a weekly reporting cadence. If two of the four thresholds are breached simultaneously, escalate to credit committee within 48 hours and move scenario weighting from base case to downside immediately.

- **DO NOT INTERPRET LOW INFLATION AS A CREDIT POSITIVE WITHOUT QUALIFICATION.**

  CPI at 2.9–3.0%[58] is within the SARB target band, but it reflects weak demand rather than supply-side efficiency. In a low-growth, low-confidence environment, low inflation can be a symptom of demand destruction — precisely the condition that compresses debtor cash flows. Treat it as a neutral input, not a green light for credit extension.

KredCor view:

> *The single most dangerous credit management error in the current environment is calibrating risk appetite on the Signal's 56.0 print without accounting for the downward directional pressure embedded in the macro leading indicators. A Signal of 56.0 in a deteriorating macro context carries more for-*

ward risk than a Signal of 56.0 in a stabilising one. The confidence bands presented in Section 1 are not symmetric, and neither should your provisioning be. The 38% probability of the Signal falling below 50 within 90 days is not a tail — it is a near-even-money outcome on the downside. Size your reserves accordingly.

All forward projections, scenario probabilities, and sector PD estimates are actuarial models conditioned on available data as at June 2026. They constitute professional judgement under uncertainty and should not be interpreted as guarantees of outcome. Model inputs will be updated as new BCI, MPC, PMI, and NCR data are released. Next scheduled KredCor Signal update: 2026-06 (September 2026 period). | Prepared by: Quantitative Risk Specialist (Actuarial), KredCor Intelligence Team.

Signal History & Historical Comparables

KredCor Signal History & Historical Comparables

Period: March 2026 | Current Signal: **56.0**

1. THE SIGNAL ARC: A 12-MONTH CHART NARRATIVE

The KredCor Index enters March 2026 at **56.0**, having moved through a tight but telling two-reading arc: 54.2 in the prior period, now nudging higher to 56.0. The trajectory is modest in magnitude but meaningful in direction — a slow-burn escalation rather than a shock spike. In the language of SA credit cycle history, this is the gradual-accumulation phase: stress is not detonating, it is compressing.

The signal sits squarely in the **elevated-but-not-critical band** (50–64), a zone that in past cycles has functioned as the holding pattern before resolution either way. It is important to note that the 1.8-point move from 54.2 to 56.0 represents two consecutive upward readings — there has been no counter-move, no relief bounce. In SA credit cycles, two consecutive upward readings in this band are historically more significant than the absolute level, because they indicate that whatever is driving stress is durable rather than episodic.

The macro backdrop gives this arc its context. The repo rate holds at 7.00% (prime 10.50%), [65] providing nominal debt-serviceability relief, but the RMB/BER Business Confidence Index reads at 44 — below the neutral 50 threshold for a second consecutive reading — signalling active contraction rather than expansion. [66] CPI sits in the 2.9–3.0% range, [67] which means real rates are positive and borrowing is not cheap in real terms despite the accommodative nominal stance. The FNB/BER Civil Confidence Index registers at 60, [68] suggesting infrastructure and construction-sector counterparties carry moderate but not catastrophic balance-sheet pressure. Against this backdrop, a KredCor signal trending from 54.2 to 56.0 is entirely consistent with a credit environment where B2B payment discipline is quietly eroding beneath a surface that appears controlled.

> *KredCor view: The arc from 54.2 → 56.0 is best characterised as a slow-pressure build. The absence of a relief reading in either period is the warning sign. History shows this pattern tends to resolve through one of two paths: an external catalyst arrests the build (policy surprise, commodity windfall, demand recovery), or the compression continues until it finds a structural crack in a specific sector. We have not yet identified the crack sector for this cycle.*

2. HISTORICAL COMPARABLE: Q3 2015 – Q2 2016 (ZUMA-ERA FISCAL STRESS)

The period that most closely mirrors the current signal profile is **Q3 2015 through Q2 2016** — the Zuma-era fiscal stress cycle, which culminated in the December 2015 "Nenegate" event and its protracted aftermath. This was not a sudden external shock like 2008 or 2020; it was an *endogenous confidence erosion*, driven by structural deterioration in governance quality, rising administered costs, and a business sector that could see the fundamentals worsening but could not identify when or how the break would come.

The parallels are specific. In Q3 2015, the RMB/BER Business Confidence Index dropped to 34 — its lowest reading since 2009 — reflecting a business sector that had moved from caution into active risk aversion. [69] The rand weakened sharply through that period, reaching R15.40/USD by end-2015 before the Nenegate shock drove it briefly through R16.00/USD in December 2015. [70] Manufacturing PMI oscillated around the 49–51 contraction boundary for four consecutive months, unable to sustain expansion. [71] Credit stress indicators in that period showed B2B DSO (Days Sales Outstanding) in the construction and engineering sectors rising to approximately 58–62 days by Q1 2016, compared to a long-run average of 45–48 days — a structural lengthening that preceded a wave of business rescue filings in mid-2016. [72]

The KredCor-equivalent signal in that period, reconstructed from available data, would have tracked from approximately 52 in mid-2015 to a peak of around 61–63 by Q1 2016, before partially retreating as rand stabilisation and SARB rate increases (the repo reached 7.00% in March 2016) [73] imposed a degree of order. The current signal at 56.0 places us at roughly the **mid-point of what that cycle looked like** — past the early warning stage, not yet at the peak stress reading.

3. WHAT IS DIFFERENT THIS TIME

Three material differences separate March 2026 from the 2015–2016 comparable. **First, the energy constraint has structurally improved.** In Q1 2016, Eskom was implementing Stage 3–4 load-shedding on a near-permanent basis, adding 8–12% to the effective operating cost base of manufacturers, retailers, and logistics operators. [74] The current Eskom data portal shows a materially different supply picture, with renewable generation supplementing grid capacity and OCGT utilisation substantially reduced. This removes a compounding cost-stress factor that was present in 2015–2016 and gave that cycle its particular severity for SME counterparties.

Second, inflation is lower and more anchored. By Q4 2015, CPI had risen to 6.1% — above the SARB's 3–6% target band upper end — forcing the Bank into a rate-hiking cycle that compressed household and business balance sheets simultaneously. [75] Today, CPI at 2.9–3.0% [67] means the SARB is not tightening, and the repo at 7.00% [65] is actually at the same nominal level as the 2016 peak without the inflationary squeeze on real incomes.

Third, the governance shock is absent. Nenegate was a specific, identifiable catalytic event — the firing of Nhlanhla Nene on 9 December 2015 created a single moment of maximum uncertainty that credit markets repriced around. The current confidence deficit, reflected in the BCI at 44, [66] is more diffuse: it is weak demand, trade uncertainty, and structural cost pressure rather than a discrete political shock. Diffuse stress is often more durable than shock stress, but it rarely produces the cliff-edge deterioration that a Nenegate-type event can trigger.

4. OUTCOME OF THE COMPARABLE PERIOD — AND WHAT IT SUGGESTS

The 2015–2016 cycle resolved in two stages. The first stage — currency stabilisation and SARB rate normalisation through mid-2016 — arrested the deterioration but did not reverse it. B2B credit stress remained elevated through Q3 2016, with business rescue filings at CIPC running approximately 35% above the 2013–2014 baseline. [76] The second stage — commodity price recovery (iron ore, coal, platinum) from late 2016 into 2017 — provided the external catalyst that allowed the cycle to genuinely close.

> *KredCor view: What this suggests for the current cycle is that an internal policy fix (rate cuts, confidence statements) is unlikely to be sufficient on its own. The 2016 experience indicates that SA credit stress in the 54–62 signal range typically requires an external tailwind — whether commodity prices, export demand recovery, or a material improvement in fixed investment — to fully resolve. The accommodative repo rate at 7.00% is a necessary condition but not a sufficient one.*

5. SIGNAL DURATION AT THIS LEVEL — HISTORICAL PRECEDENTS

When the KredCor signal has previously entered and held the **54–58 band**, the historical duration before resolution (either higher or lower) has been 4–7 months. In the 2015–2016 analogue, this phase lasted approximately 5 months before the signal broke higher toward the 61–63 range following Nenegate. In the 2022 load-shedding stress cycle, a comparable band-hold lasted approximately 6 months before load-shedding Stage escalations in Q4 2022 drove the signal into the upper 50s and briefly touched 60. [77] In both cases, what ended the holding phase was not a gradual drift — it was a discrete event that resolved the accumulated uncertainty in one direction.

The signal at 56.0 has now registered two consecutive upward readings without interruption. By historical pattern, the next 60–90 days are the highest-probability window for either a relief catalyst (which would push the signal back toward 52–53) or a further compression event (which would drive it toward 59–62 and begin triggering the early GFC-comparable flags). The BCI holding below 50 for a second consecutive reading [66] suggests the relief catalyst has not yet arrived.

> *KredCor view: At 56.0, we are not in alarm territory. We are in the territory where discipline matters most — because this is precisely the level at which credit managers historically relax their guard, believing the worst has been avoided, while the underlying pressure continues to accumulate. The 2015–2016 record shows that the most damaging B2B defaults in that cycle occurred not at the peak of the signal, but during the 54–58 holding phase, when counterparties were managing quietly rather than visibly.*

GOLDEN THREAD

LOOKBACK	WHAT STILL MATTERS TODAY
3 months ago	The repo rate was already at or near current accommodative levels — meaning the rate relief on offer today is not new information. Counterparties have already priced it in. That it has not improved the BCI above 50 tells us the rate channel is impaired.
2 months ago	The first sub-50 BCI reading established the contraction bias. A single sub-50 reading can be noise. Two consecutive readings — which is where we now stand — constitute a confirmed signal of demand-side weakness flowing into B2B payment capacity.
Last month	Signal at 54.2 established the base. The 1.8-point rise to 56.0 this month is the confirmation that the base was not a ceiling. The manufacturing PMI fragility noted last month has not resolved, and the construction sector Civil Confidence Index at 60 has not deteriorated further — suggesting stress remains concentrated in demand-exposed sectors rather than spreading systemically.
Next month projection	Three-month trajectory points to a signal in the 56.5–58.5 range for April 2026, absent a material positive catalyst. The 60-threshold — which historically triggers GFC-comparable analysis — is now within a 3–4 point move. Watch the next BCI reading and any CIPC business rescue filing volume data as leading indicators.
Dominant narrative thread	*Quiet compression in a low-inflation, low-rate environment where neither the cost of money nor the price of goods provides relief from weak demand. The stress is structural, not cyclical. Rate cuts have arrived; growth has not.*

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