



## ECONOMIC COMMENTARY

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*For every one to attain  
financial well-being*

### A FASTER, CHEAPER, MORE FRAGILE WORLD

The global economy is starting to resemble a machine that is getting faster even though its bolts are becoming loose. Payments are becoming cheaper, and artificial intelligence (AI) promises productivity gains. Yet, beneath this progress sits a harder reality: Debt is swelling, monetary control is weakening, trade tensions are hardening, and the next financial shock could move faster than regulators can respond. This should matter to South Africans because we live in an open, financially-exposed economy. When the global system shifts, we feel it in our fuel prices, bond yields, food inflation, and investor confidence.

Let us start with stablecoins. Their appeal is clear: They allow money to move quickly and cheaply, often outside traditional banking. For households in countries with weak currencies, they can look like a lifeboat. Why hold money that keeps losing value when a dollar-linked digital asset is just a click away? But, convenience can become a warning. The more citizens save, trade, and think in dollar stablecoins, the more domestic monetary authorities start to thin out. Central banks lose traction. Capital controls become easier to evade. Tax collection becomes harder. And financial crime finds new channels. The real question is not whether stablecoins are useful. It is what happens when private digital dollars begin doing work once reserved for sovereign money. At this point, innovation is no longer just improving finance; it is relocating power.

Then there is AI. Much of the debate focuses on jobs, and rightly so. But, the deeper macroeconomic issue is whether AI becomes a disinflationary force. If firms can produce more with fewer delays, lower administration costs, and better systems, prices may come under pressure. Central banks could find themselves fighting yesterday's inflation battle in tomorrow's productivity boom.

Still, that is only half the story. A technology that cuts costs can also deepen inequality, weaken labour's bargaining power, and accelerate financial reactions. If banks and asset managers rely on similar AI models, the next shock may not unfold over weeks. It may unfold in hours. A more efficient economy is not automatically a more stable one. South Africa (SA), with its unemployment and social strain, should be careful not to confuse productivity with shared prosperity.

Now, place that next to the United States (US). The world treats US Treasury debt as the bedrock of global finance. Yet, America's debt keeps climbing, deficits remain entrenched, and conflict is adding new spending pressures. The danger is not simply that Washington owes too much. It is that the global system depends so heavily on a borrower whose fiscal discipline appears increasingly political rather than structural. When US yields rise, emerging markets rarely get a vote. They just get the consequences.

China offers a different version of the same fragility. Its large trade surplus is often read as proof of industrial strength. In truth, it also reflects weak domestic demand. China is producing more than it is comfortably absorbing at home, so the excess spills outward. The result is more tariffs, more suspicion, and more fragmentation in world trade. For SA, that is not an abstract geopolitical contest. It shapes export demand, prices, and growth.

Put these trends together and a striking possibility emerges: The world may be entering an era in which efficiency rises while resilience falls. Money moves faster, but states control less of it. Technology lowers costs, but can also compress jobs and amplify shocks. Great powers produce more, borrow more, and trust one another less.

This is no reason for panic. But, it is a reason for seriousness. SA cannot control these forces. It can decide how exposed it wants to be to them. Stronger institutions, credible public finances, better infrastructure, faster reform, and a financial system that can innovate without losing oversight are no longer nice-to-haves. They are the price of resilience in a world that may become cheaper, smarter, and more dangerous at the same time.

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