

JANUARY 2026

Monthly Economic and Market Overview



MENTNOVA

GLOBAL

Consumer spending remains lively despite a stalled US labour market

LOCAL

SARB holds repo rate unchanged at 6.75%, weighing out current risks

MACRO LANDSCAPE

The opening month of 2026 was marked by significant geopolitical action, with US President Donald Trump authorising a substantial military operation in Venezuela. Capturing the President Nicolás Maduro and his family to face US federal charges of drug trafficking and narcotics distribution. Concurrently, President Trump announced his second presidency as acting president for Venezuela to also manage oil production in the country. Despite these tensions, the US economy demonstrated resilience, registering a robust 4.8% quarter-on-quarter growth in Q3 2025. This expansion was primarily consumer-driven, though supported increasingly by credit utilisation as labour market momentum showed signs of stalling. Consumer sentiment, while edging higher, remains fragile; the University of Michigan's index reflects persistent household anxiety over elevated price levels.

The International Monetary Fund (IMF) revised its growth forecast for the South African economy upward, citing steady global demand and an improved, though still logistically challenged, domestic environment. Inflationary pressures have moderated, with a marginal December uptick to 3.6% attributed to rising food and transport costs, the latter exacerbated by foot-and-mouth disease impacts. The falling interest rate was also an aid to growth prospects, after seeing a 100bps cumulative cut in 2025. The Monetary Policy Committee (MPC) held the repo rate steady at 6.75% in January, adopting a cautious stance due to global volatility and ongoing risks to the price trajectory of services, food, and electricity. The MPC views the late 2025 inflation increase as temporary, projecting headline inflation to average 3.3% in 2026. Key risks to this outlook include exchange rate volatility, global oil prices, inflation expectations, and the ongoing foot-and-mouth disease, putting a damper on meat prices, which translates to food inflation.

EQUITIES

Emerging Market equities sustained their outperformance relative to Developed Markets in January, with the MSCI EM Index advancing 8.86%. Leadership within EM was pronounced in South Korea, where the KOSPI Index surged 23.97%, reaching levels that have never been seen before since the dot.com bubble, propelled by the success of technology giants as well as a global artificial intelligence and robotics boom. South African equities continued in their positive trajectory, with the FTSE/JSE All Share Index gaining 3.72%, buoyed by rising precious metal prices and a marked improvement in foreign investor risk appetite, which turned the net SA equity sales to foreigners positive. Chinese equities posted a modest 1.77% return amid subdued domestic demand, though export sectors remained a relative bright spot. Global currency volatility, characterised by a surging Yen and a weaker US Dollar, placed pressure on the Yuan. India's Nifty 50 Index declined 3.02% despite the Reserve Bank of India's December rate cut, seeing commercial bank lending rates fall further.

3.72%

FTSE/JSE ALL
Share Index

2.98%

MSCI ACWI
Index

1.95%

FTSE/JSE All
Bond Index

0.91%

WGBI

1.08%

FTSE/JSE
SAPY

\$70.69

Brent Crude Oil
Price/Barrel

R16.15

USDZAR

As at close 30 Jan 2026



In Developed Markets, the MSCI World Index returned a steady 2.26%. The US S&P 500 Index gained 1.45%, supported by strong banking sector earnings and economic indicators, including consumer spending, travel demand, and industrial production, that suggest above-trend expansion with limited near-term risks. Japan's Nikkei 225 rose 5.93%, fuelled by investor optimism surrounding Prime Minister Sanae Takaichi's pro-growth fiscal reforms and a narrowing trade balance, with imports growing faster than exports. In Europe, the STOXX 600 Index advanced 3.22%, aided by improving Purchasing Managers' Index (PMI) readings in Germany and a broad, albeit modest, recovery in eurozone private sector activity.

A notable theme across global markets was the outperformance of value stocks over growth stocks. The MSCI World Value Index rose 4.74%, outpacing the MSCI Growth Index's -0.28% return. This rotation likely reflects a reassessment of equity risk premia and a preference for sectors with more immediate cash flows and attractive valuations amid a fluid macroeconomic backdrop.

FIXED INCOME

South African bond yields trended lower, with the Current 10 Year Nominal Bond Real Yield declining to 4.55%, supported by a firmer Rand, a benign inflation trajectory, and a stable near-term fiscal outlook. This environment catalysed a shift to net positive bond sales to foreigners. The FTSE/JSE All Bond Index returned 1.95% for the month.

Globally, bond markets were volatile. Japanese Government Bond yields surged on concerns that the government's expansive fiscal spending plan could prompt capital repatriation and a search for higher yields. This contributed to the return for the FTSE World Government Bond Index (WGBI), which was up 0.91% in January. US Treasury yields traded within a range, with the Federal Reserve navigating persistent inflationary pressures, ending the month at 4.24% (10-Year Yield (US)). Inflation-linked bonds offered valued protection against higher future inflation, with the IGOV returning 1.32%.

PROPERTY

Global property markets delivered positive, although subdued, returns in January. Domestically, the FTSE/JSE All Property Index gained 1.08%, with the market characterised by high dividend yields and sustained earnings fundamentals. Internationally, the FTSE EPRA/Nareit Global REITs Index rose 3.05%. The US REIT sector, as measured by the MSCI US REIT Index, advanced 3.07%, with many constituents trading at discounts to Net Asset Value, leading analysts to anticipate a potential sector rebound. European real estate outperformed, with the STOXX 600 Real Estate Index climbing 3.53%, reflecting cautious optimism driven by ongoing rental growth in select markets.

COMMODITIES

Commodity markets registered significant gains, with the Bloomberg Commodity Index soaring 10.36%. Geopolitical uncertainty triggered a surge in safe-haven demand, propelling gold prices to an intramonth high near the \$5,500/oz mark before lowering amid a pronounced fear-of-missing-out (FOMO) rally. Oil markets were rattled by escalating Middle East tensions, including US threats against Iranian military bases, causing the Brent Crude oil to spike and end the month with a 16.17% return. Platinum and palladium followed suit, delivering returns of 6.54% and 5.71%, respectively. Iron ore was rather flat for the month at 0.52%, balancing a seasonal restocking demand and persistent structural oversupply concerns.

CURRENCY

The South African Rand drew sustained support from robust precious metal prices and broad-based US Dollar weakness. The local currency strengthened intramonth, breaching R15.89/USD, its firmest level since mid-2022. It recorded consistent appreciation against major economies, appreciating 1.23% against the Japanese Yen, largely on divergent policy outlooks, while appreciating 0.99% against the British Pound and an appreciation of 2.50% against the US Dollar on a month-end basis. The Dollar Spot Index (DXY) itself



weakened further for January, down 1.35%, having weathered significant intramonth volatility driven by shifting interest rate expectations and geopolitical developments.

MAJOR ASSET CLASS PERFORMANCE

31 January 2026 (Local Currency)	1M	3M	YTD	1 Year	3 Year (annualised)	5 Year (annualised)	10 Year (annualised)
FTSE/JSE ALSI Total Return	3.7%	10.3%	3.7%	44.4%	18.9%	18.4%	13.1%
S&P 500 Total Return	1.5%	1.8%	1.5%	16.3%	21.1%	15.0%	15.6%
STOXX 600 Total Return	3.2%	7.1%	3.2%	16.3%	13.4%	11.9%	8.8%
Nikkei 225 Total Return	5.9%	1.9%	5.9%	37.4%	27.4%	16.3%	14.0%
MSCI World Total Return	2.3%	3.4%	2.3%	20.1%	19.9%	13.4%	13.7%
MSCI ACWI Total Return	3.0%	4.1%	3.0%	22.4%	19.6%	12.5%	13.3%
MSCI EM Total Return	8.9%	9.5%	8.9%	43.7%	17.3%	5.8%	10.5%
MSCI World Value Index	4.7%	8.9%	4.7%	21.9%	15.4%	13.5%	11.3%
MSCI World Growth Index	-0.3%	-1.6%	-0.3%	17.9%	24.1%	12.8%	15.7%
MSCI World Small Cap Index	5.7%	8.6%	5.7%	23.0%	13.8%	8.4%	11.5%
Shanghai Shenzhen CSI 300 Index	1.8%	1.8%	1.8%	26.6%	7.2%	-0.1%	7.3%
Korea Stock Exchange KOSPI Index	24.0%	27.6%	24.0%	111.5%	31.4%	14.0%	12.7%
Taiwan Stock Exchange Weighted Index	10.8%	13.8%	10.8%	40.3%	31.9%	20.0%	18.8%
NSE Nifty 50 Index	-3.0%	-1.4%	-3.0%	9.1%	14.3%	14.8%	14.4%
Ibovespa Brasil Sao Paulo Stock Exchange Index	12.6%	21.3%	12.6%	43.8%	16.9%	9.5%	16.2%
Bloomberg Magnificent 7 Total Return Index	0.6%	0.1%	0.6%	22.6%	53.5%	28.7%	38.9%
STEFI	0.6%	1.7%	0.6%	7.4%	8.0%	6.7%	6.8%
ALBI	2.0%	8.3%	2.0%	26.1%	16.5%	12.8%	11.2%
IGOV	1.3%	8.1%	1.3%	17.6%	10.9%	9.8%	6.5%
WGBI	0.9%	1.3%	0.9%	8.0%	2.4%	-3.1%	0.5%
Bloomberg US Agg Total Return	0.1%	0.6%	0.1%	6.8%	3.6%	-0.2%	1.9%
Bloomberg US Corporate High Yield TR Index	0.5%	1.7%	0.5%	7.7%	8.9%	4.5%	6.8%
FTSE/JSE All Property Index	1.1%	9.1%	1.1%	36.1%	24.1%	21.6%	4.1%
MSCI US REIT Total Return	3.1%	2.9%	3.1%	5.0%	5.9%	7.2%	6.4%
STOXX 600 Real Estate Total Return	3.5%	3.2%	3.5%	4.3%	3.6%	-1.6%	0.1%
FTSE EPRA Nareit Global REITs TR Index	3.1%	3.6%	3.1%	9.9%	5.2%	5.3%	4.9%
Crude Oil	16.2%	8.6%	16.2%	-7.9%	-5.8%	4.8%	7.4%
Aluminium	5.0%	9.0%	5.0%	21.2%	5.9%	9.7%	7.5%
Copper	5.9%	20.8%	5.9%	45.4%	12.6%	10.9%	11.2%
Gold	13.3%	22.3%	13.3%	74.9%	36.4%	21.5%	15.9%
Platinum	6.5%	39.5%	6.5%	123.4%	29.3%	15.3%	9.7%
Nickel	7.5%	18.1%	7.5%	18.2%	-16.2%	0.1%	7.5%
Palladium	5.7%	19.0%	5.7%	68.5%	1.2%	-5.2%	13.1%
Iron Ore	0.5%	3.0%	0.5%	4.5%	-3.9%	-7.7%	9.7%
Bloomberg Commodity Index Total Return	10.4%	13.5%	10.4%	22.9%	7.6%	12.3%	7.0%
USDZAR	-2.5%	-6.8%	-2.5%	-13.5%	-2.5%	1.3%	0.2%
GBPZAR	-1.0%	-3.1%	-1.0%	-4.5%	1.0%	1.2%	-0.2%
EURZAR	-1.7%	-4.4%	-1.7%	-1.2%	0.3%	0.7%	1.0%
JPYZAR	-1.2%	-7.2%	-1.2%	-13.1%	-7.9%	-6.3%	-2.3%
Dollar Index Spot	-1.4%	-2.8%	-1.4%	-10.5%	-1.7%	1.4%	-0.3%

Source: Bloomberg

NEO SITHOLE, BSC(Hons)

C +27 60 685 2419 T +27 11 447 7716

F 086 272 1177 E nsithole@Mentenova.co.za

A 3rd Floor. Oxford & Glenhove Building 2.

114 Oxford Road. Rosebank. www.Mentenova.co.za