

GLOBAL

Price pressures moderate in the US as Core CPI drops to the lowest level since 2021

LOCAL

Market-friendly budget speech strengthens the Rand

MACRO LANDSCAPE

February brought renewed optimism for South Africa, following an encouraging Budget Speech, with both equity and bond markets sustaining their upward momentum. Debt stabilisation remains a central focus, easing at a gradual pace supported by the recent credit rating upgrade and a growing primary surplus. This has lowered borrowing costs and bolstered investor sentiment, creating a more stable foundation for real GDP growth, which is now projected to accelerate to 2.0% by 2028. Growth is being supported by structural reforms in energy and logistics through Operation Vulindlela, as well as improved household consumption resulting from a lower inflationary environment. However, a disappointment was the slower-than-projected pace of deficit reduction over the next three years, as outlined in the Medium-Term Budget Policy Statement. Progress has been made to accelerate capital expenditure, improve efficiency, and attract private investment, although these efforts remain at an early stage. Tax collections saw an overshoot, supported by a rally in metal prices and the ongoing economic recovery.

Unemployment eased slightly to 31.4% in Q4, against a backdrop of an increase in discouraged job seekers, a moderate rise in employment, and a significant decline in the labour force. Retail sales dipped slightly at the end of December 2025; however, this followed a quarterly increase in QoQ performance, supported by rising real incomes and lower debt service costs. Inflation moderately softened to 3.5% in January 2026, driven by a sharp decline in fuel prices, which benefited from the lower global oil prices, before the US-Israel attack on Iran, as well as a firmer rand.

US headline inflation eased to 2.4% in January, while core inflation dropped to its lowest reading since 2021. Price pressures moderate, with energy prices falling as gasoline costs decline. Industrial production increased in January, aided by higher manufacturing output. In contrast, industrial production in the EU ended the year on a sombre note, contracting sharply in 2025 due to a decline in capital goods, energy, and non-durable goods. Despite weakness in industrial production, the EU economy grew 0.3% QoQ in Q4, with easing inflation and lower interest rates providing support.

EQUITIES

Emerging markets continue to be a sweet spot and a destination for investors rotating away from the concentrated US market. We continue to see emerging markets outperform developed markets, with the MSCI EM Index up 5.5%. This was underpinned by stellar performance in Korea and Taiwan, both up double digits at 19.7% and 10.5% respectively. Korea's performance was achieved despite a major selloff by foreigners as profit-taking ensued after the index reached significant highs of 48.6% YTD, which could offer clues to sentiment going forward. A month-end rebalancing of benchmarks and profit-taking after the breakneck rally triggered the pullback. Capital is currently being drawn into the region because of market-friendly tax and regulatory reforms, alongside a booming semiconductor industry that keeps pace with growing artificial intelligence appeal.

7.01%

FTSE/JSE ALL
Share Index

1.31%

MSCI ACWI
Index

1.74%

FTSE/JSE All
Bond Index

1.28%

WGBI

6.63%

FTSE/JSE All
Property Index

\$72.48

Brent Crude Oil
Price/Barrel

R15.93

USDZAR

As at close 27 Feb 2026



Taiwan's rally was largely driven by Taiwan Semiconductor Manufacturing Company (TSMC), with AI-driven demand for memory chips and semiconductor firms continuing to outperform, benefiting from sustained global demand for AI infrastructure and advanced computing applications. The local landscape also showed strength, with the FTSE/JSE All Share Index up 7.0%, met with a positive Budget Speech later in the month, as well as strong gold and platinum prices boosting the resources-dominated index. Further to this, the National Budget provided households with relief on some taxes. China, although positive, returned relatively weakly as local investors restructured portfolios after the Chinese New Year, hoping that the upcoming National People's Congress will back technology and innovation. Despite India, earnings are stabilising, and tariff pressures are easing, the NSE Nifty 50 Index declined by 0.4% for the month.

Developed markets, on the other hand, were up only 0.8%, with the US S&P 500 Index delivering a negative return of 0.8%. Sentiment was dampened as Fed rate cuts appear delayed, following strong jobs data. Adding to this was the weakness of the "Magnificent 7" stocks, which make up a significant portion of the index, showing much weakness down, 7.3% for the month, resulting from a major selloff triggered by the last six earnings reports. In Europe, the STOXX 600 managed to gain 3.9%, as earnings expectations were supported by stabilisation in European economies. A standout in developed markets was Japan, with the Nikkei 225 Index up 10.4%, driven by political optimism and fiscal expansion. The mood was also boosted by market speculation that the Bank of Japan would not raise policy rates as early as anticipated.

The theme that continued in February across global markets was the outperformance of value stocks over growth stocks. The MSCI World Value Index rose 3.0%, outpacing the MSCI Growth Index's -1.6% return.

FIXED INCOME

The fixed income market continues in its strength, with the local landscape offering better yields than global markets. The World Government Bond Index returned 1.3%, while the Bloomberg EuroAgg Index was up 1.2% and Bloomberg's US Aggregate Bond Index delivered 1.6%. Over the month, traders flocked to government bonds, driven by the potential disinflationary power of artificial intelligence, rising geopolitical tensions, and worries about hidden dangers in private credit. Treasury yields rose modestly intramonth on steady growth expectations and heightened fiscal uncertainty amid shifting tariff policies, however ended the month lower with the US 10 Year yield at 3.94%. Locally, the FTSE/JSE All Bond Index managed to sustain its upward momentum, up 1.7%, aided by a positive Budget Speech, while inflation-linked bonds delivering 3.6%. There was a surge in demand for government bonds prior to the budget, as sentiment on the fiscal trajectory improved, with investors willing to extend duration on the back of contained fiscal and inflationary risks. The SA Current 10 Year Nominal Bond Real Yield increased by 8 basis points, from the previous month, while inflation-linked yields fell by 34 basis points.

PROPERTY

February was a positive month for the property market across the board, with the Nareit Global REITs up 6.1%. US REITs stood out at 7.9%, aided by the market pricing in rate cuts in 2026, which would lower borrowing costs for REITs often operating with high leverage and enhance the relative appeal of their dividend yields. Local markets saw the FTSE/JSE All Property Index up 6.6%, continuing to gain momentum from easing inflation and expectations of further interest rate cuts. The local property market is seeing a continued recovery in office property, as well as an uptick in multi-family residential. Europe's STOXX 600 Real Estate Index gained 7.6% for the month, signalling a sector rebound as monetary policies stabilise and liquidity and sentiment improve.

COMMODITIES

The commodity market, tracked by the Bloomberg Commodity Index, returned 1.1%, masking divergent performance across underlying commodities. Gold was up 7.9% from the previous month, as holdings in gold-backed ETFs remained sticky, reflecting its continued appeal as a safe haven amid volatility. Palladium and platinum were up 4.4% and 7.9% respectively, aided by increased demand from the automotive sector.



Iron ore experienced downward pressure, returning -3.8% for the month, as expectations for production cuts in steel heightened, slowing raw material demand.

Brent Crude Oil delivering 2.5% on a month-end basis, experiencing significant volatility during the month. Oversupply remains a concern, along with signals that US-Iran talks could re-emerge after previously failing to reach an agreement. However, meetings sparked fears of a new conflict in the Middle East surging, particularly after the US announced it would send a second aircraft carrier to the region. On the Saturday morning (1 March 2026), a joint attack on Iran by the US and Israel saw that oil prices wouldn't wait for clarity on the regime, seeing it open with a big spike at \$81.57/bbl.

CURRENCY

The rand continued its strength against major economies. Notably, dollar weakness does not necessarily translate into rand strength, with the converse applying, as seen with the rand appreciating against the US dollar by 1.3%, while the dollar showed strength during the month, with the Dollar Spot Index up 0.6% for February. Optimism around the Budget Speech assisted the rand's strength, seeing it break under the R16.00/\$ level, which also sparked hopes for an upgrade by Fitch and Moody's at the end of the year, provided GDP growth improves. The rand managed to appreciate 2.7% against the British pound, 1.5% against the euro, and 2.2% against the Japanese yen.



MAJOR ASSET CLASS PERFORMANCE

28 February 2026 (Local Currency)	1M	3M	YTD	1 Year	3 Year (annualised)	5 Year (annualised)	10 Year (annualised)
FTSE/JSE ALSI Total Return	7.0%	16.1%	11.0%	54.5%	22.5%	18.7%	13.8%
S&P 500 Total Return	-0.8%	0.7%	0.7%	17.0%	21.8%	14.2%	15.5%
STOXX 600 Total Return	3.9%	10.2%	7.2%	16.8%	14.2%	12.2%	9.4%
Nikkei 225 Total Return	10.4%	17.3%	17.0%	61.5%	31.5%	17.5%	16.1%
MSCI World Total Return	0.8%	3.9%	3.0%	21.8%	21.1%	13.0%	13.9%
MSCI ACWI Total Return	1.3%	5.5%	4.3%	24.7%	21.3%	12.2%	13.5%
MSCI EM Total Return	5.5%	18.3%	14.9%	50.8%	22.1%	6.8%	11.1%
MSCI World Value Index	3.0%	9.7%	7.8%	23.5%	17.7%	13.1%	11.7%
MSCI World Growth Index	-1.6%	-2.0%	-1.9%	19.3%	24.2%	12.3%	15.6%
MSCI World Small Cap Index	3.9%	10.9%	9.9%	32.2%	16.1%	8.2%	11.8%
Shanghai Shenzhen CSI 300 Index	0.2%	4.5%	1.9%	24.5%	8.0%	0.0%	7.5%
Korea Stock Exchange KOSPI Index	19.7%	59.8%	48.6%	150.9%	39.8%	17.9%	14.8%
Taiwan Stock Exchange Weighted Index	10.5%	28.4%	22.3%	58.1%	35.7%	21.1%	19.6%
NSE Nifty 50 Index	-0.4%	-3.7%	-3.4%	15.3%	14.9%	13.2%	15.3%
Ibovespa Brasil Sao Paulo Stock Exchange Index	4.1%	18.7%	17.2%	53.7%	21.6%	11.4%	16.0%
Bloomberg Magnificent 7 Total Return Index	-7.3%	-6.1%	-6.8%	24.5%	46.6%	27.2%	38.2%
STEFI	0.5%	1.7%	1.1%	7.3%	8.0%	6.7%	6.8%
ALBI	1.7%	6.5%	3.7%	28.2%	17.5%	13.2%	11.5%
IGOV	3.6%	7.9%	5.0%	20.6%	12.1%	10.1%	6.8%
WGBI	1.3%	2.3%	2.2%	7.9%	4.0%	-2.4%	0.3%
Bloomberg US Agg Total Return	1.6%	1.6%	1.7%	6.3%	5.1%	0.4%	2.0%
Bloomberg US Corporate High Yield TR Index	0.2%	1.3%	0.7%	7.2%	9.4%	4.5%	6.7%
FTSE/JSE All Property Index	6.6%	7.9%	7.8%	44.7%	26.9%	20.9%	4.6%
MSCI US REIT Total Return	7.9%	8.6%	11.2%	9.3%	10.4%	8.0%	7.2%
STOXX 600 Real Estate Total Return	7.6%	10.9%	11.4%	11.7%	6.9%	0.3%	1.2%
FTSE EPRA Nareit Global REITs TR Index	6.1%	8.1%	9.4%	13.7%	8.9%	5.7%	5.5%
Crude Oil	2.5%	14.7%	19.1%	-1.0%	-4.8%	1.9%	7.3%
Aluminium	-0.1%	9.5%	4.8%	20.5%	9.8%	7.8%	7.2%
Copper	1.4%	19.3%	7.4%	42.6%	14.2%	8.0%	11.0%
Gold	7.9%	24.5%	22.2%	84.7%	42.4%	24.9%	15.6%
Platinum	7.9%	41.8%	15.0%	149.5%	35.3%	14.7%	9.8%
Nickel	-0.6%	20.5%	6.9%	15.6%	-10.4%	-0.9%	7.6%
Palladium	4.4%	22.9%	10.4%	93.9%	8.0%	-5.1%	13.7%
Iron Ore	-3.8%	-1.3%	-4.1%	1.2%	-5.2%	-9.6%	7.9%
Bloomberg Commodity Index Total Return	1.1%	11.2%	11.6%	23.3%	9.7%	11.1%	7.2%
USDZAR	-1.3%	-6.9%	-3.8%	-14.7%	-4.6%	1.1%	0.0%
GBPZAR	-2.7%	-5.1%	-3.7%	-8.6%	-0.9%	0.4%	-0.3%
EURZAR	-1.5%	-5.1%	-3.2%	-3.0%	-1.0%	0.6%	0.9%
JPYZAR	-2.2%	-6.8%	-3.4%	-17.7%	-8.8%	-6.4%	-3.2%
Dollar Index Spot	0.6%	-1.9%	-0.7%	-9.3%	-2.4%	1.4%	-0.1%

Source: Bloomberg

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