



MENTNOVA

# ECONOMIC OVERVIEW

QUARTER 1, 2026



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## MARKET OVERVIEW

The first quarter of 2026 started with a bang, literally. US President Trump authorised a military operation in Venezuela, capturing Venezuelan President Nicolás Maduro and installing himself as acting president to seize control of the country's oil production. Markets absorbed the shock, with risk assets performing well across the globe. The US economy slowed more than the market had expected, with a downward revision in the final quarter's GDP to an annual rate of 0.7% QoQ, stemming from adjustments in consumer and government spending and exports. However, sentiment edged higher but remained fragile, as households remained anxious about elevated price levels.

Then everything changed in March. Iran shut down the Strait of Hormuz, through which one-fifth of global oil flows, in response to US–Israeli strikes. Oil surged above \$100/bbl. Risk assets were sold off, inflation expectations rose, and risk-off became the safer trade. Sentiment across many regions reacted negatively to this, as the Composite and Manufacturing PMIs posted lower compared to the previous quarter.

Major central banks collectively held rates unchanged. The Federal Open Market Committee held steady, with the dot plot now signalling just one cut for 2026 – an indication of patience underpinned by current geopolitical tensions, which will further translate into higher fuel inflation. The European Central Bank (ECB) also held but delivered an uncomfortable dual revision: inflation forecasts were raised, and growth projections were lowered, even signalling the possibility of rate hikes. The Bank of England (BoE) struck a decisively hawkish tone at its March meeting, though signalling rate hikes as a direct consequence of the new supply shock. The South African Reserve Bank (SARB) was in lockstep: a unanimous hold at its March meeting. Governor Kganyago framed the committee's focus squarely on mitigating second-round price effects, advising that initial market reactions should be treated as noise, while the bank prioritises anchoring long-term inflation expectations. Inflationary risks remain elevated, with the escalating US–Iran conflict now the single most consequential supply-side variable.

Before the Hormuz shock, South Africa was quietly improving. The IMF had upgraded its growth forecast. The February Budget speech bolstered sentiment, highlighting debt stabilisation, a growing primary surplus, and a recent credit rating upgrade, which have all lowered borrowing costs. Real GDP growth is now projected to reach 2.0% by 2028, supported by Operation Vulindlela's structural reforms in energy and logistics. That said, the deficit reduction path over the medium term was slower than anticipated. The labour market offered a mixed picture: unemployment eased slightly to 31.4% in Q4 2025, though that drop masks a rise in discouraged job seekers, only a moderate increase in employment, and, more critically, a significant contraction in the labour force.

## EQUITIES

Equity markets saw a sharp reversal in sentiment as the quarter progressed. Despite a strong performance in the first two months, aided by continual positive sentiment surrounding global artificial intelligence (AI) and a sharp rally in gold, March acted as a turning point for risk assets. Geopolitical tensions wiped out early gains, leading developed markets to underperform against emerging markets. The MSCI World Index fell 3.5%, largely due to declines in the US, where the S&P 500 Index fell 4.3% following the largely positive earnings report. This led investors to question the sustainability of current valuations, pushing investors to take profits. Further to this, the "Magnificent Seven" tech stocks tracked by the Bloomberg Magnificent 7 Index lost significant fuel, falling 12.0%, with Microsoft plunging 23.5% as investors questioned whether massive AI capital expenditure would yield immediate cloud growth. Europe's STOXX 600 also trended downwards for the quarter, falling 1.0% on stagflation fears following the escalation of geopolitical tensions in the Middle East. This saw European gas prices skyrocket to levels last seen in 2022, further dampening the growth outlook for the economy. A weaker sterling also provided an additional tailwind for the equity market. Despite weakness in March of -12.6%, Japan's Nikkei 225 remained a bright spot for developed markets, with a 2.2% return. This was supported by a weaker yen and corporate reforms, revealing a perception that this would lead to a growth-boosting stimulus.



Emerging markets' performance was relatively flat for the quarter at -0.1%, masking high regional volatility. South Africa's FTSE/JSE All Share Index declined by 0.6% for the quarter, though March alone saw a 10.5% plunge as resources pulled back sharply, with basic materials falling 15.8% in March alone. The Asian markets of South Korea and Taiwan made strong gains prior to the Middle East conflict due to their critical role in the semiconductor supply chain. However, as trade tensions grew, investors began to de-risk, given the elevated exposure to energy exports that the regions hold. This saw Taiwan's TWSE Index and South Korea's KOSPI Index return -10.3% and -18.8% in March, respectively, though on a quarterly basis they managed to maintain earlier gains, returning 9.8% and 20.6%, respectively. China's CSI 300 Index declined by 3.7% as the conflict's spillover effects and persistent trade tensions weighed on growth. India's Nifty 50 struggled significantly, falling 14.4% following an unexpected hike in securities taxes, in the wake of the federal budget proposing hiking the securities transaction tax on derivatives and offering no major measures to attract foreign investment. In addition to this was widespread sectoral weakness, reflecting cautious investor sentiment across the board.

The rotation away from mega-cap tech names earlier in the quarter helped value stocks beat growth stocks, as the MSCI World Value Index was up 1.3% and the MSCI World Growth Index fell 8.4% for the quarter.

## FIXED INCOME

The bond market mirrored this struggle both locally and globally. The FTSE/JSE All Bond Index (ALBI) declined by 3.4% for the quarter as yields spiked, while South African 10-year yields rose 112 bps as investors factored in a higher risk premium and a weaker rand. The SARB kept lending rates unchanged, although the MPC expressed caution about near-term inflation, stating that it would be higher, which would see secondary pricing of the Middle East conflict translate into inflationary print. Globally, the WGBI delivered a sheepish return of -1.1% for the quarter, as a flight into the safety of US Treasuries provided a slight cushion against the broader sell-off in fixed income. Although both investment-grade and junk bonds struggled over the quarter, with the Bloomberg US Aggregate Total Return Index and Bloomberg US Corporate High Yield Total Return Index down -0.05% and -0.50%, respectively. Government bond markets were volatile throughout the quarter and sold off sharply as higher energy prices fuelled inflation concerns. Short-dated bonds were hit particularly hard, as markets shifted abruptly from pricing rate cuts from many major central banks this year to pricing rate hikes.

## PROPERTY

Property markets saw mixed but largely negative reactions. The FTSE/JSE All Property Index declined by 5.3% over the quarter, with March alone dropping 12.2%, showing the disconnect between physical property fundamentals and listed stock market performance. Despite the physical property market seeing operational green shoots, such as lower vacancy rates and a recovery in rentals, the JSE's listed-property sector had a tough first quarter. However, it remains relatively attractive, trading at a discount to SA equities, while being on par with SA nominal bonds. Offshore, the MSCI US REITs ended the quarter up 4.8%, though a 5.7% decline in March reflected fears of "higher-for-longer" interest rates, posed by current geopolitical tensions. Across the ocean, the STOXX 600 Real Estate Index declined by 4.2%, hampered by high refinancing costs, a downward revision for the Eurozone economy for 2026, as well as the market pricing in the potential of interest-rate hikes.

## COMMODITIES

The commodity market was the standout performer, ending the quarter up 24.4%, despite weakness in March. Brent crude oil surged by 94.5% for the quarter, driven by the US–Iran conflict and the closure of the Strait of Hormuz, which triggered massive supply concerns. In March alone, oil climbed 63.3%. While industrial metals like platinum and palladium struggled, falling 5.2% and 8.6%, respectively, gold rose by 8.1% for the quarter. This followed an earlier rally where gold reached the \$5,400 level before retreating in March to close the quarter slightly above \$4,600 as the US dollar strengthened.



Figure 1: Market overview

31 March 2026 (Local Currency)	1M	3M	YTD	1 Year	3 Year (annualised)	5 Year (annualised)	10 Year (annualised)
FTSE/JSE ALSI Total Return	-10.5%	-0.6%	-0.6%	33.6%	18.6%	15.7%	11.9%
S&P 500 Total Return	-5.0%	-4.3%	-4.3%	17.8%	18.3%	12.1%	14.2%
STOXX 600 Total Return	-7.7%	-1.0%	-1.0%	12.1%	11.3%	9.0%	8.4%
Nikkei 225 Total Return	-12.6%	2.2%	2.2%	45.9%	24.4%	14.0%	14.0%
MSCI World Total Return	-6.3%	-3.5%	-3.5%	19.4%	17.3%	10.8%	12.4%
MSCI ACWI Total Return	-7.1%	-3.1%	-3.1%	20.5%	17.1%	10.0%	11.9%
MSCI EM Total Return	-13.0%	-0.1%	-0.1%	30.3%	15.4%	4.2%	8.2%
MSCI World Value Index	-6.0%	1.3%	1.3%	17.4%	15.5%	10.4%	10.2%
MSCI World Growth Index	-6.6%	-8.4%	-8.4%	20.4%	18.7%	10.6%	14.1%
MSCI World Small Cap Index	-7.6%	1.5%	1.5%	26.8%	14.0%	6.0%	10.0%
Shanghai Shenzhen CSI 300 Index	-5.5%	-3.7%	-3.7%	17.7%	6.1%	0.0%	5.7%
Korea Stock Exchange KOSPI Index	-18.8%	20.6%	20.6%	106.6%	29.2%	12.7%	12.0%
Taiwan Stock Exchange Weighted Index	-10.3%	9.8%	9.8%	57.7%	29.7%	17.8%	17.9%
NSE Nifty 50 Index	-11.3%	-14.4%	-14.4%	-3.8%	10.3%	10.2%	12.7%
Ibovespa Brasil Sao Paulo Stock Exchange Index	-0.7%	16.3%	16.3%	43.9%	22.5%	10.0%	14.1%
Bloomberg Magnificent 7 Total Return Index	-5.7%	-12.0%	-12.0%	30.8%	37.8%	25.2%	36.0%
STEFI	0.6%	1.7%	1.7%	7.3%	8.0%	6.8%	6.8%
ALBI	-6.8%	-3.4%	-3.4%	19.2%	14.3%	12.2%	10.4%
IGOV	-6.0%	-1.3%	-1.3%	13.4%	9.3%	8.7%	6.1%
WGBI	-3.2%	-1.1%	-1.1%	3.7%	1.7%	-2.6%	-0.3%
Bloomberg US Agg Total Return	-1.8%	0.0%	0.0%	4.3%	3.6%	0.3%	1.7%
Bloomberg US Corporate High Yield TR Index	-1.2%	-0.5%	-0.5%	7.0%	8.6%	4.2%	6.1%
FTSE/JSE All Property Index	-12.2%	-5.3%	-5.3%	29.1%	23.1%	17.5%	2.5%
MSCI US REIT Total Return	-5.7%	4.8%	4.8%	6.8%	9.1%	5.8%	5.6%
STOXX600 Real Estate Total Return	-14.0%	-4.2%	-4.2%	0.6%	6.0%	-3.4%	-0.9%
FTSE EPRA Nareit Global REITs TR Index	-7.5%	1.2%	1.2%	7.8%	7.1%	3.3%	3.7%
Crude Oil	63.3%	94.5%	94.5%	58.3%	14.1%	13.2%	11.6%
Aluminium	10.4%	15.7%	15.7%	36.9%	12.8%	9.4%	8.6%
Copper	-7.6%	-0.7%	-0.7%	27.0%	11.1%	7.0%	9.8%
Gold	-11.6%	8.1%	8.1%	49.4%	33.3%	22.3%	14.2%
Platinum	-17.5%	-5.2%	-5.2%	95.8%	25.2%	10.5%	7.2%
Nickel	-4.2%	2.4%	2.4%	7.7%	-10.6%	1.1%	7.2%
Palladium	-17.2%	-8.6%	-8.6%	49.4%	0.4%	-10.8%	10.1%
Iron Ore	3.2%	-1.0%	-1.0%	7.8%	-5.5%	-7.8%	6.8%
Bloomberg Commodity Index Total Return	11.5%	24.4%	24.4%	32.3%	13.9%	14.0%	8.0%
USDZAR	6.3%	2.3%	2.3%	-7.5%	-1.6%	2.8%	1.4%
GBPZAR	4.2%	0.4%	0.4%	-5.4%	0.7%	1.9%	0.5%
EURZAR	4.0%	0.6%	0.6%	-1.2%	0.5%	2.5%	1.5%
JPYZAR	4.6%	1.0%	1.0%	-12.6%	-7.3%	-4.4%	-2.0%
Dollar Index Spot	2.4%	1.7%	1.7%	-4.1%	-0.8%	1.4%	0.6%

Source: Bloomberg

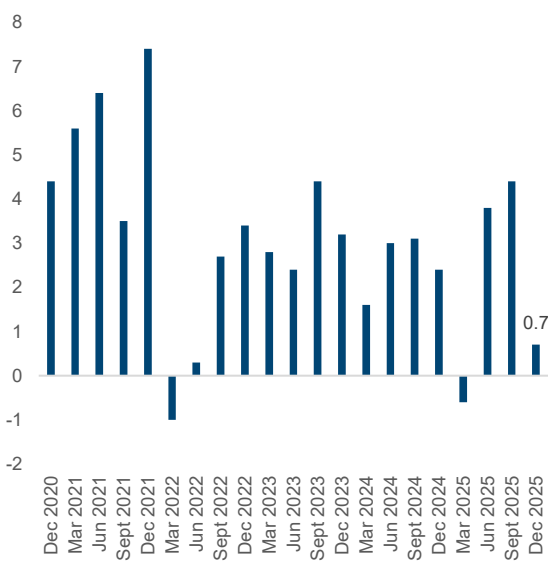


# US

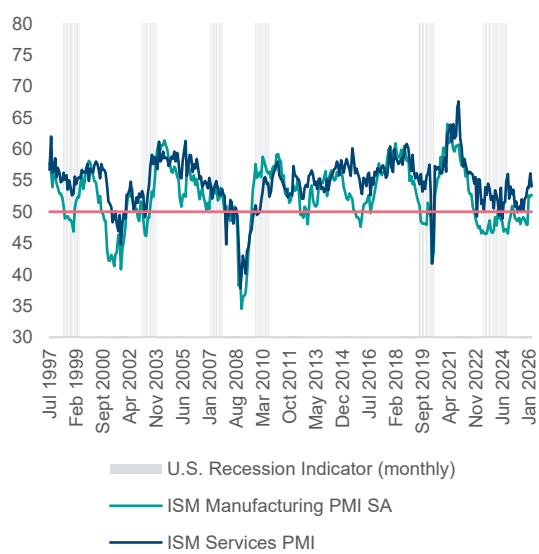
## Growth and economic activity in good shape into the Iran conflict

The US economy entered 2026 with continued resilience, outperforming most developed markets. Q4 2025 GDP did, however, slow from an annualised rate of 4.4% in Q3 to 0.7%, distorted to some extent by the government shutdown, which started in early October and lasted until mid-November, and partly driven by weaker exports, slower consumer spending, and weakened fixed investments. Looking forward, Federal Reserve officials at their March 2026 meeting revised their 2026 GDP growth forecast upwards to 2.4%, a tad higher than their December projection of 2.3%, indicating that the underlying economy should continue to expand at a respectable rate.

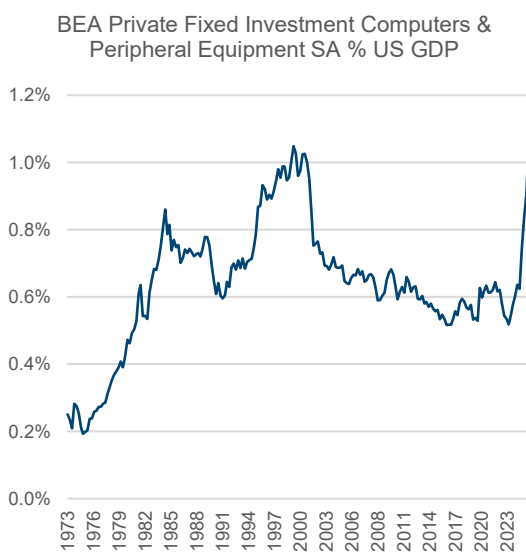
**Figure 2: US GDP growth QoQ annualised**



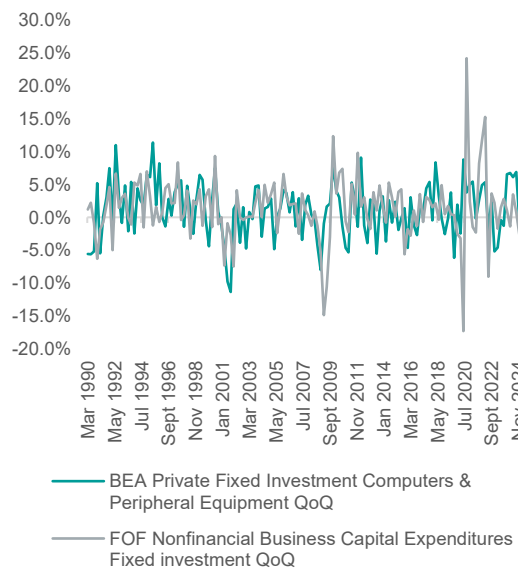
**Figure 3: US Manufacturing and Services PMI**



**Figure 4: Tech fixed investment % GDP**



**Figure 5: US technology and broader capital expenditure QoQ**



Source: Bloomberg



Both the manufacturing sector and the services sector continued to expand, with PMI indices staying in the range of 52 to 54. Business investment, particularly in technology and AI-related infrastructure, continues to provide an important structural underpinning to growth, even as broader capital expenditure shows signs of cyclical moderation.

**Stagnant labour market, with businesses doing more with less**

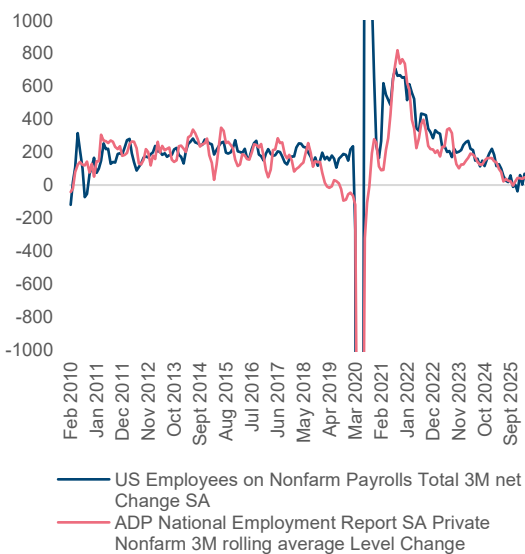
The labour market in Q1 2026 continued to be characterised by a degree of stagnation and episodic volatility. Non-farm payroll data suggest that US employers added an average of just 47000 jobs per month in 2025, marking the weakest pace of hiring outside a recession since 2002. This points to a corporate sector that has largely opted to hold steady, caught between elevated interest rates, policy uncertainty, and unresolved questions about the impact of AI on workforce needs. Layoffs remained subdued but hiring was equally restrained, reinforcing a pattern of labour market inertia that contributed to choppy monthly data.

This volatility was evident in the quarterly prints. Non-farm payrolls declined by 92,000 in February before rebounding sharply to 178,000 in March, well above the consensus expectation of around 65,000. However, the February weakness was significantly distorted by temporary factors, including strike activity in the healthcare sector and severe winter weather, suggesting that underlying labour demand may be somewhat more stable than the headline suggests.

The unemployment rate moved within a narrow range, rising from 4.3% in January to 4.4% in February, before easing back to 4.3% in March. Beneath the surface, youth unemployment remains a point of vulnerability, though there are tentative signs of stabilisation. Wage dynamics, meanwhile, have cooled meaningfully. Average hourly earnings increased by 3.5% year-on-year in March, the slowest pace since May 2021, indicating a continued easing in wage-driven inflation pressures. Despite this, real wage growth remained modestly positive, supported by relatively stable inflation, with gains exceeding 1.0% in February.

Taken together, the labour market reflects an economy that has continued to expand, but in an increasingly “job-light” manner. The strong growth seen in 2025 and the more moderate expansion into 2026 have not translated into commensurate employment gains. Instead, firms appear to be focusing on efficiency, operating in a high-cost, high-interest-rate environment by doing more with less. Productivity improvements have been evident, though these appear to be largely organic at this stage, rather than driven by widespread adoption of AI technologies.

**Figure 6: Non-farm and ADP payroll 3m change**



**Figure 7: Rolling 6m average unemployment rate**

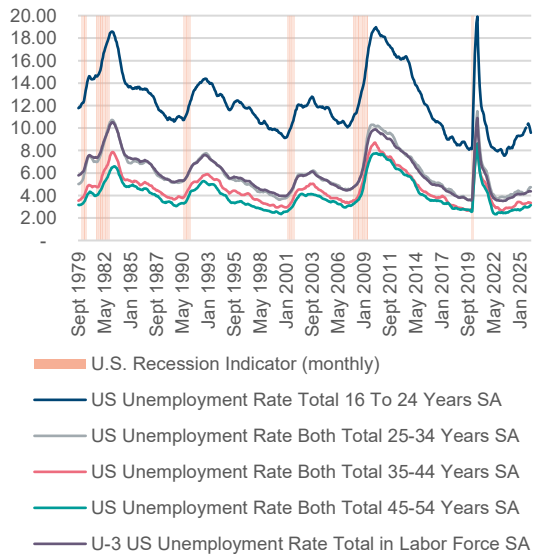




Figure 8: US wage and real wage growth YoY

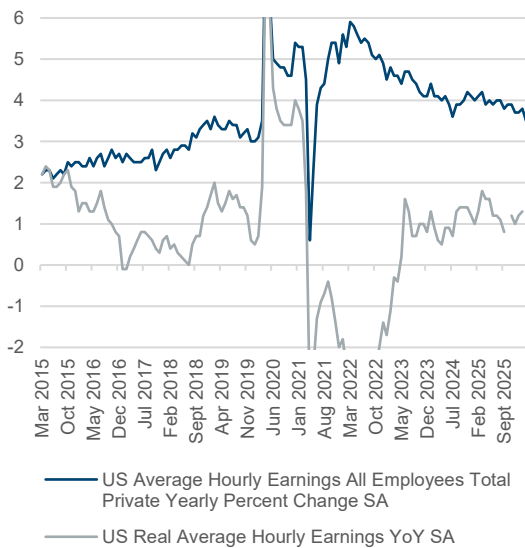
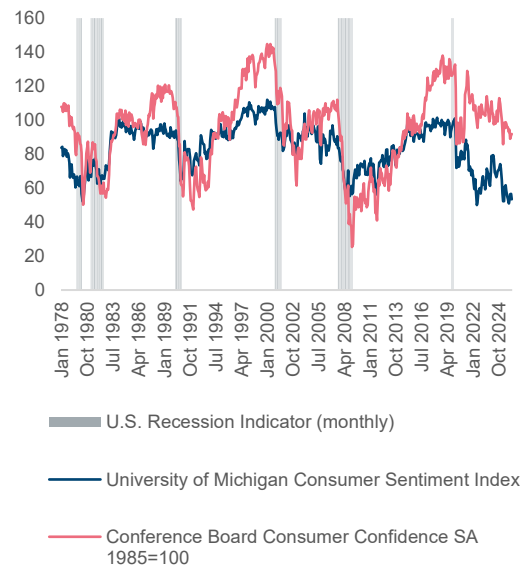


Figure 9: US consumer confidence indices



Source: Bloomberg

US consumer sentiment was, unsurprisingly, dented as consumers fretted about geopolitical tensions, affordability, and the unrelenting trade war, painting a picture of a relatively intact job market but a deteriorating medium-term economic outlook. The Conference Board Consumer Confidence Index fell to 84.5 in January, its lowest reading since 2014, but then recovered to 91.8, with current conditions improving even as expectations for the future remain soft. The University of Michigan Consumer Sentiment Index fell to a final reading of 53.3 in March, the lowest since the 2022 inflationary peak, as energy prices surged and the Middle East conflict intensified. On the trade policy side, in February, the US Supreme Court ruled that the International Emergency Economic Powers Act could not be used to authorise tariffs. This temporarily lowered the average effective tariff rate, but the Trump administration moved quickly to impose new levies under other statutes, pushing the rate back to approximately 12%.

### Inflation softer but above target, with oil and energy price shocks arriving, complicating the rate outlook

Inflation entered Q1 2026 above the Federal Reserve's 2% target but showed a modest easing trend, declining from 2.7% in December 2025 to 2.4% by February 2026. This moderation was partly influenced by lingering tariff pass-through effects and residual statistical distortions stemming from the autumn government shutdown. Core inflation also edged lower over the same period, from 2.6% to 2.5%, suggesting gradual, albeit uneven, underlying disinflation.

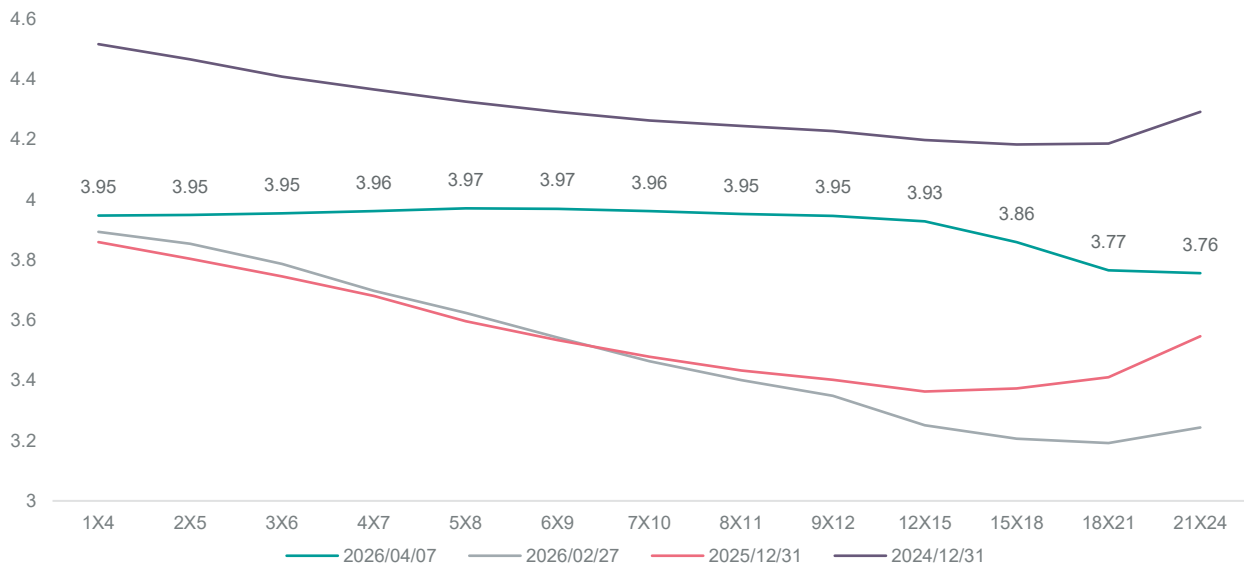
At a component level, goods inflation saw renewed pressure, particularly in the apparel and recreational categories, while services inflation remained firm, driven by medical care and transportation costs. However, the inflation outlook shifted meaningfully towards the end of the quarter. The escalation of the Iran conflict pushed Brent crude oil prices sharply higher, from around \$70 to above \$110 per barrel, setting the stage for a likely rebound in March inflation. Given that energy accounts for approximately 6.3% of the CPI basket, this direct effect is significant, and it does not yet fully capture the broader second-round impacts through higher input costs and increased logistics expenses.

Rising expectations that headline inflation will move meaningfully higher in the months ahead significantly shifted the rate outlook, from pricing in roughly two rate cuts at the beginning of the year to zero rate cuts this year, and even the idea of rate hikes started to float around in the second half of the first quarter. The Fed Chair, Jerome Powell, acknowledged the dilemma plainly – that oil shocks are something the Fed typically looks through – but he emphasised that making sure longer-term inflation expectations stay well anchored remains paramount and that inflation has been slow to fall due to the cumulative impact of tariffs. Kevin Warsh,



who is potentially set to replace Powell as Fed Chair in May, is introducing further uncertainty about the committee's communication style.

**Figure 10: US FRA rates**



Source: Bloomberg

### From AI optimism to a focus on execution, efficiency, and resilience

Lastly, AI optimism was a defining driver of market sentiment in 2025, particularly in US equities, where investors priced in significant productivity gains, strong earnings potential, and the emergence of a new capital expenditure cycle centred on digital infrastructure. This enthusiasm supported multiple notable expansions, especially among large-cap technology firms and AI enablers, with relatively limited scrutiny of near-term monetisation. However, as the cycle progressed into 2026, the narrative began to mature rather than go into outright reversal. Investors increasingly shifted their focus from long-term potential to tangible delivery, questioning the speed at which AI investments could translate into sustainable earnings growth and clear returns on capital. In addition, investors maintained a more cautious tone regarding the disruptive implications of AI as they become more apparent, raising concerns about margin pressure and technological obsolescence in certain sectors.

### Buckle up: two more years of Trump in a late-cycle economy

To conclude, the US economy in Q1 2026 reflected a system that remains fundamentally resilient but is operating under increasing strain. Growth continues to be supported by AI-led investment, affluent consumers, and asset price strength, even as underlying dynamics have shifted towards a more fragile equilibrium. The combination of sticky, tariff-influenced inflation, a structurally slower and more volatile labour market, and the late-quarter oil shock linked to the Iran conflict has complicated the macro-outlook and reinforced expectations of a prolonged pause in monetary policy.

While the US retains its position as the growth leader among developed markets, it is clearly transitioning from late-cycle strength towards more moderate expansion. Against this backdrop, investors must also navigate heightened policy and geopolitical uncertainty, including the volatility associated with a Trump-driven political landscape. However, maintaining discipline remains critical: absent an extreme scenario such as a global conflict, geopolitical shocks have historically tended to generate episodic volatility and tactical opportunities rather than durable shifts in long-term market trajectories.



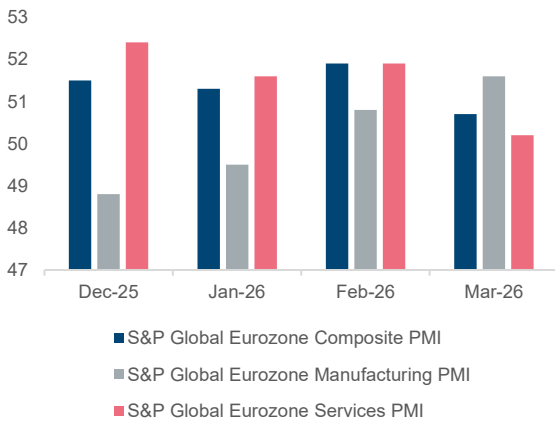
# EUROZONE

## Growth outlook downgraded but not derailed

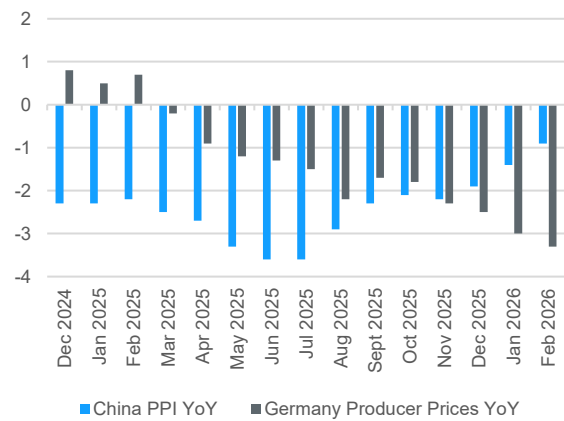
The Eurozone entered 2026 on a gradually improving footing. Q4 2025 GDP grew by 0.2% QoQ and by 1.4% YoY, led by Spain and the Netherlands, followed by Germany, Italy, and France. Based on Bloomberg’s survey of economists, the GDP growth outlook for 2026 has weakened to 1.1%. This is due to expected moderation in household consumption and significant weakening of fixed investments and net exports, driven primarily by the impact of the energy price shock stemming from the Iran war. The European Central Bank (ECB) was less optimistic and cut its 2026 GDP forecast by 0.4 percentage points to 0.8%, with most of the downgrade reflecting the direct hit to real incomes and production costs from higher energy prices.

Despite the economic uncertainty stemming from the escalation in geopolitical tensions, the bloc’s manufacturing sector continued to improve, with the PMI Index increasing from 48.8 in December 2025 to 51.6 in March 2026, on the balance of upbeat sentiment and soft industrial production. Germany’s PPI data suggest modest growth rather than a decisive recovery because, while the anti-involution policies in China have been effective so far in reducing the degree of deflation, Germany’s PPI deflation has widened. At the same time, the services sector weakened, with the PMI readings dropping from 52.4 to 50.2 over the same period, largely due to stunted business activity in the face of high costs and uncertainty. The overall composite slowed but managed to stay marginally above the neutral range of 50. Consumer sentiment also improved into 2026, but then turned negative after the US and Israel launched a joint attack on Iran.

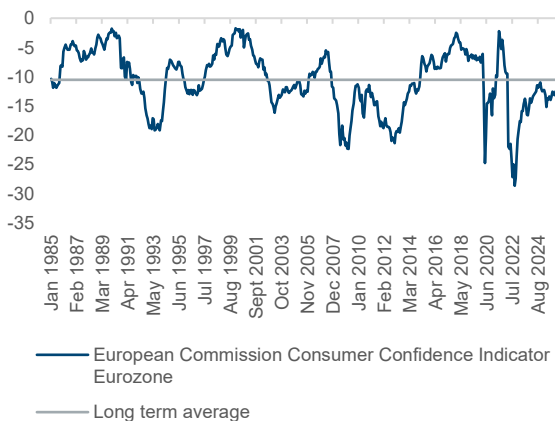
**Figure 11: Eurozone PMI indices**



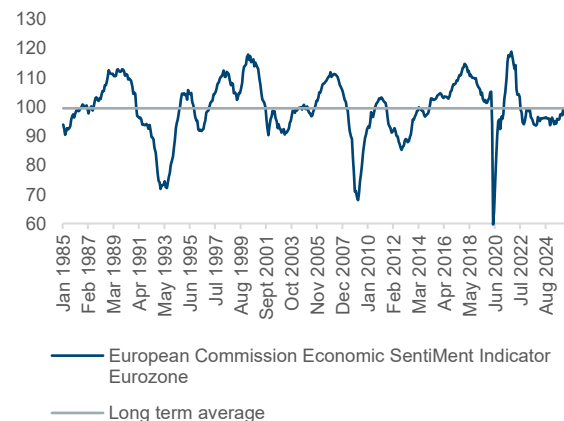
**Figure 12: China and Germany PPI**



**Figure 13: European Commission Consumer Confidence Indicator Eurozone**



**Figure 14: European Economic Sentiment Indicator Eurozone**



Source: Bloomberg

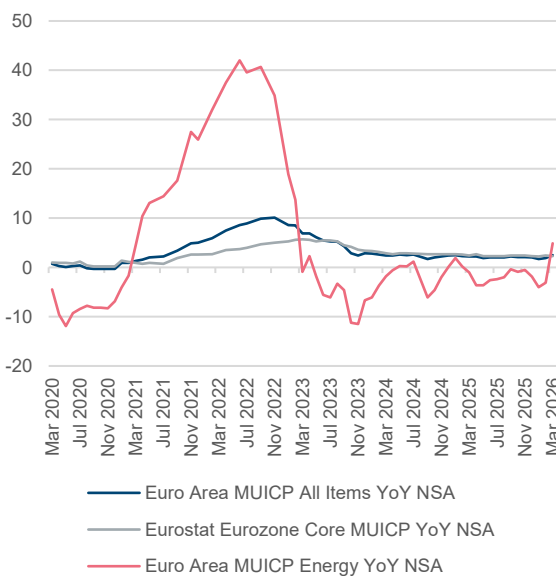


### Inflation making a sharp U-turn, with the ECB showing a hawkish tilt

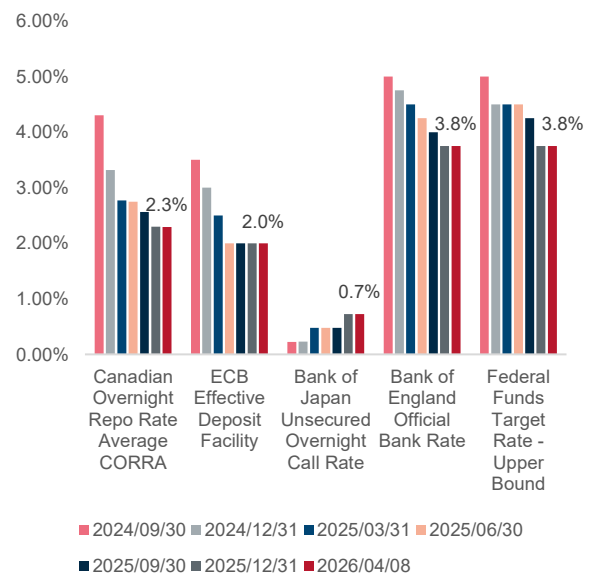
Having spent much of late 2025 near or below the ECB's 2% target, inflation turned sharply in Q1 2026. In January, the CPI YoY declined to 1.7% from 1.9% in December, with energy inflation falling to -4.0% and core inflation easing to 2.2% over the same period. February saw a modest uptick to 1.9%, still comfortably within target. Then came the reversal: a flash estimate from Eurostat placed the Eurozone's annual inflation at 2.5% in March 2026, driven by an energy component that swung from -3.1% in February to 4.9%, its sharpest rise since February 2023. Core inflation, by contrast, continued to cool, easing to 2.3%, while services inflation slowed to 3.2% and non-energy industrial goods fell to 0.5%. The picture heading into Q2 is therefore one of an energy-driven inflation spike sitting atop an otherwise well-behaved underlying price dynamic.

The ECB also entered Q1 2026 having completed its easing cycle, with the deposit facility rate having settled at 2.0%. Interest rates were kept unchanged at the ECB's February meeting, as the Bank expected inflation to stabilise at its 2% target in the medium term, while noting that the outlook remained uncertain owing to global trade policy uncertainty and geopolitical tensions. The ECB did not make any rate changes at its March meeting, but it did shift its stance to a more hawkish one as it projected average headline inflation of 2.6% for 2026, signalling its readiness to raise rates even if the energy-driven surge proved to be short-lived.

**Figure 15: Eurozone CPI, core CPI, and energy CPI**



**Figure 16: Selected benchmark rates**



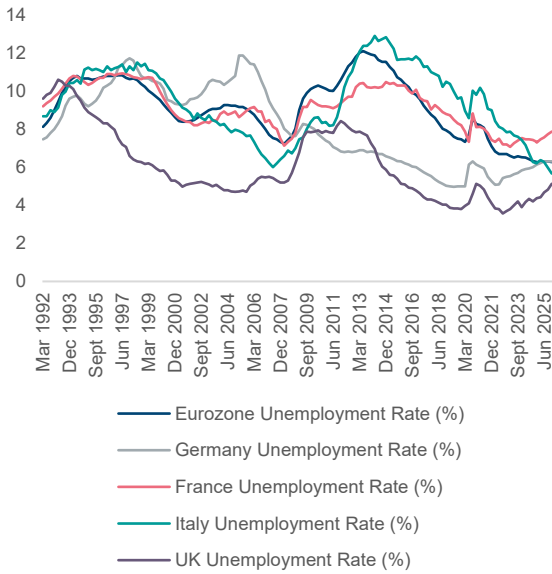
Source: Bloomberg

### Labour market brings some bright spots

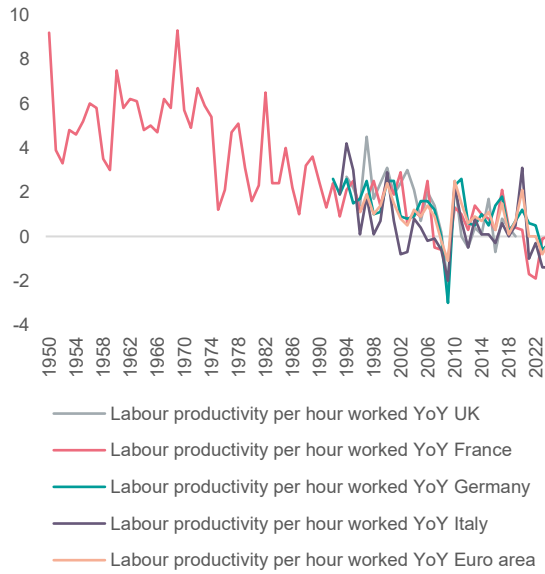
The labour market ended 2025 on a positive note with YoY gains in productivity, while the unemployment rate fell to 6.3% and remained steady into 2026. Youth unemployment for the region also eased from 15.3% in October 2025 to 14.8% in January 2026. Meanwhile, nominal wage growth stayed in the range of 2.2% to 2.95% for 2025 and remained steady at 2.3% for the first two months of 2026, thereby providing something of a cushion for household consumption, as energy costs eroded purchasing power.



**Figure 17: Eurozone unemployment rates**



**Figure 18: Eurozone labour productivity rates**



Source: Bloomberg

In conclusion, the Eurozone’s promising start to 2026 reflects an economy that is holding steady but is still struggling to create meaningful momentum. While near-term turbulence persists, the medium-term outlook is increasingly being shaped by structural forces, including a gradual shift towards domestically driven growth. Expanded fiscal support, particularly through defence and infrastructure spending in core economies such as Germany, alongside remaining EU Recovery and Resilience Facility disbursements in countries like Spain and continued expansionary policies in Greece, should provide a partial offset to external headwinds, such as US tariffs and trade policy uncertainty. At the same time, if the Middle East conflict de-escalates quickly and meaningfully, easing inflationary pressures and improving investment conditions, this will offer a more supportive backdrop, despite near-term limitations on policy flexibility. Overall, provided external shocks, notably from energy markets, remain contained and do not trigger second-round effects, the Eurozone’s recovery appears intact – modest and uneven, but resilient, with progress likely to remain incremental and increasingly reliant on the strengthening of domestic fundamentals rather than external demand.

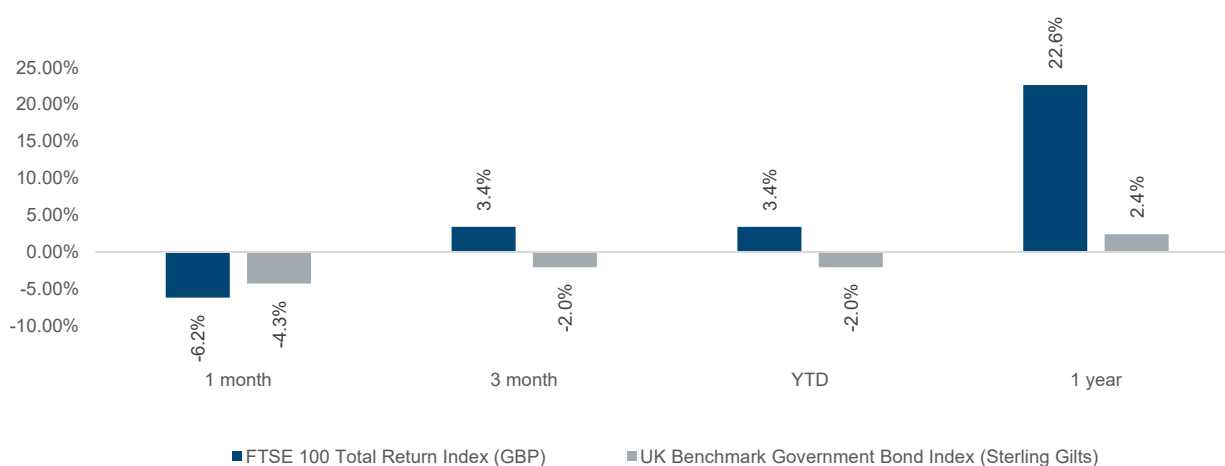


## UNITED KINGDOM

### UK equities and bonds hit by Middle East tensions and rising oil prices

Following last year's impressive performance, UK equities produced positive returns over the first quarter of 2026, with the FTSE 100 Index delivering 3.4% for the quarter. However, this performance was dampened by the -6.2% return in March. The negative one-month performance was largely impacted by heightened geopolitical tensions and a spike in energy prices. This has significant implications for regions such as the UK, which are dependent on imported oil and liquefied natural gas as sources of their energy supply. Additionally, the oil shocks associated with the US–Israel and Iran war raise concerns about the inflation and interest-rate path in the UK, impacting previously positive investor sentiment. This impact is seen in the UK benchmark Government Bond Index, which declined by 4.3% over the one-month period and provided negative returns of 2.0% in Q1 2026.

**Figure 19: UK equities and bonds end in negative territory following heightened geopolitical tensions**



Source: Bloomberg

### The UK economy grew marginally in Q4 2025, but the labour market remains under pressure from rising business costs

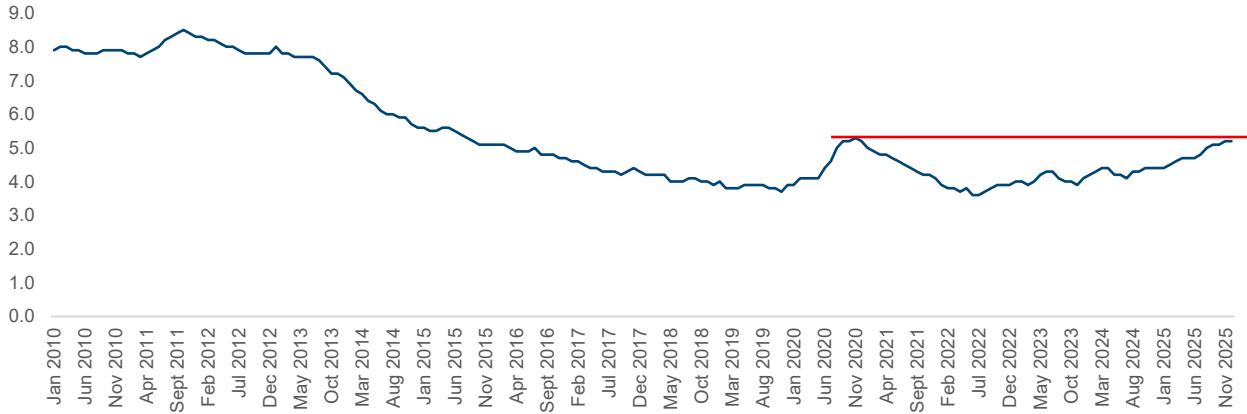
The UK economy remained in expansionary territory in the final quarter of 2025, with 0.1% quarterly growth in GDP, matching the economic growth of Q3 2025, while the Office for National Statistics indicated that the UK economy grew by 1.4% on an annual basis. The sector that drove economic growth in Q4 2025 was manufacturing, with quarter-on-quarter growth of 1.2%, while the construction sector detracted from GDP growth with a decline of 2.0%, combined with the lack of growth witnessed in the services sector. The expenditure components that continue to contribute to GDP growth include real household final consumption and real government consumption, with both components increasing by 0.1% on a quarterly basis, while gross capital formation growth was offset by net trade deficits in precious metals and non-monetary gold.

Even though the UK economy expanded marginally, its labour market continues to struggle, with the unemployment rate remaining at a five-year high of 5.2% from November 2025 to January 2026. Youth unemployment was 14.5%, with those between the ages of 18 and 24 years old being the largest contributors to the unemployment rate. Furthermore, the tight margins faced by businesses as they tried to deal with increases in payroll taxes, national insurance costs, and the minimum wage, combined with increasing automation of tasks by AI, have led to a decline in hiring activity, with close to 1 million unemployed youth. The desperation among youth has led to a surge in military job applications, with the Air Force and Royal Navy applications reaching five-year highs. The increase in military employment, combined with a proposed increase in defence spending of 3.5% to 5% of GDP by Prime Minister Keir Starmer, is aimed at improving the labour



market, security, and the UK’s economic growth over the long term. However, strategic planning surrounding the increased spending would be required to translate this spending into real economic growth.

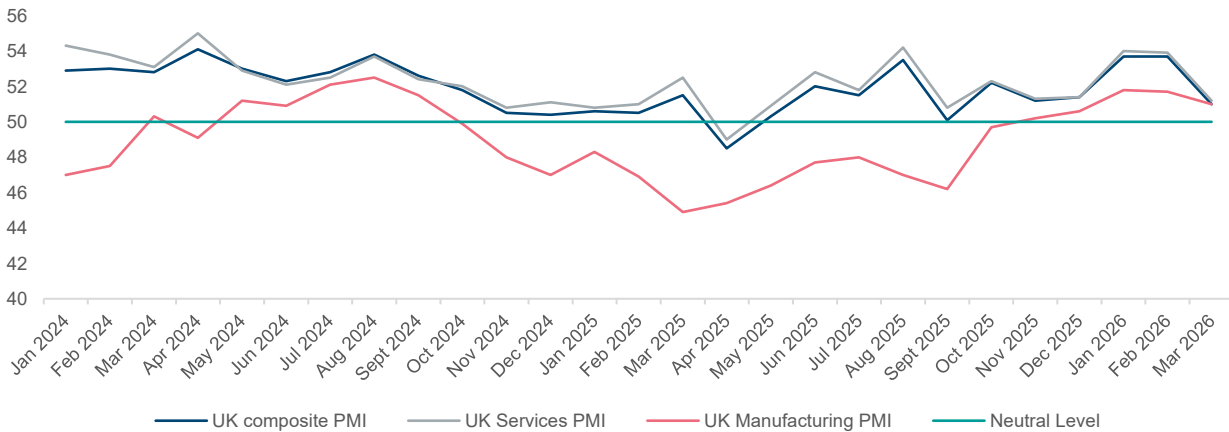
**Figure 20: UK unemployment reaches a five-year high of 5.2% as the labour market continues to struggle**



Source: Office for National Statistics

Furthermore, the heightened geopolitical tensions and spike in oil prices are perceived as negatively impacting the UK economy, given its reliance on imported natural gas and oil. The OECD has reduced its growth forecast for the UK by 0.5% to 0.7%, while also projecting an increase of 1.5% in inflation to 4%, which is above the 2% target rate. Furthermore, the UK Composite PMI and Manufacturing PMI both declined in March 2026 to 51, from 53.7 and 51.8, respectively, in January 2026, while the Services PMI declined from 54 at the start of the first quarter to 51.2 in March, just above the neutral level of 50. This emphasises the struggles faced by businesses associated with both internal and external cost pressures.

**Figure 21: Rising domestic and global costs negatively impacting the UK’s PMI and indicating a fragile economy**



Source: Bloomberg

The inflationary impact of the war has led to estimates among investors of possibly two 25bps rate hikes. However, the Bank of England (BoE) Governor has indicated that markets are pricing in interest-rate increases too early and that this would put further pressure on employment and economic growth. Therefore, similar to many other regions, a change in monetary policy would be applied only if required. However, policymakers are currently focused on navigating ways to support economic growth while controlling inflation, as the BoE has warned that significant volatility in the UK’s fragile economy could lead to a more severe financial crisis. Therefore, given the domestic and global factors impacting the UK’s inflation and economic growth, investors should pay attention to the heightened volatility and possible implications these have for their investments.

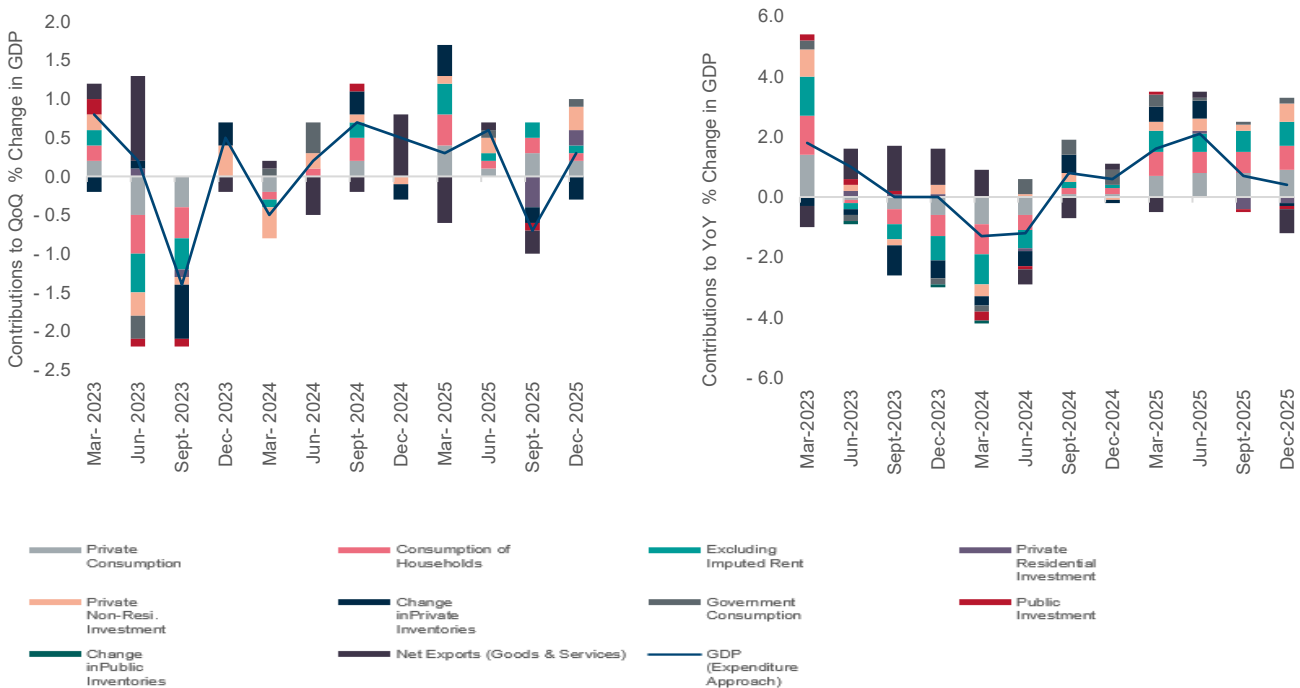


## JAPAN

The first quarter of 2026 saw Japan's economy at a critical juncture, grappling with a complex mix of underwhelming growth data (from the previous quarter), escalating geopolitical tensions in the Middle East, and a shifting monetary policy landscape. While domestic sentiment showed resilience and wage growth provided a foundation for optimism, the external environment and lingering domestic vulnerabilities kept the outlook clouded.

The year began on a weaker-than-expected footing. Q4 2025 GDP growth was revised to a meagre 0.4% YoY and 0.3% QoQ, significantly undershooting the forecast consensus. This anaemic recovery was primarily driven by persistently weak private demand. Household consumption grew by only 0.3% QoQ, while private residential investment edged up by 4.9% QoQ. The drag from private-sector activity was partially offset by a marginal improvement in the external balance, though both public demand and inventory accumulation contributed negatively to the quarter.

**Figure 22: Japan breakdown contribution to QoQ and YoY**



Source: Japan Cabinet Office

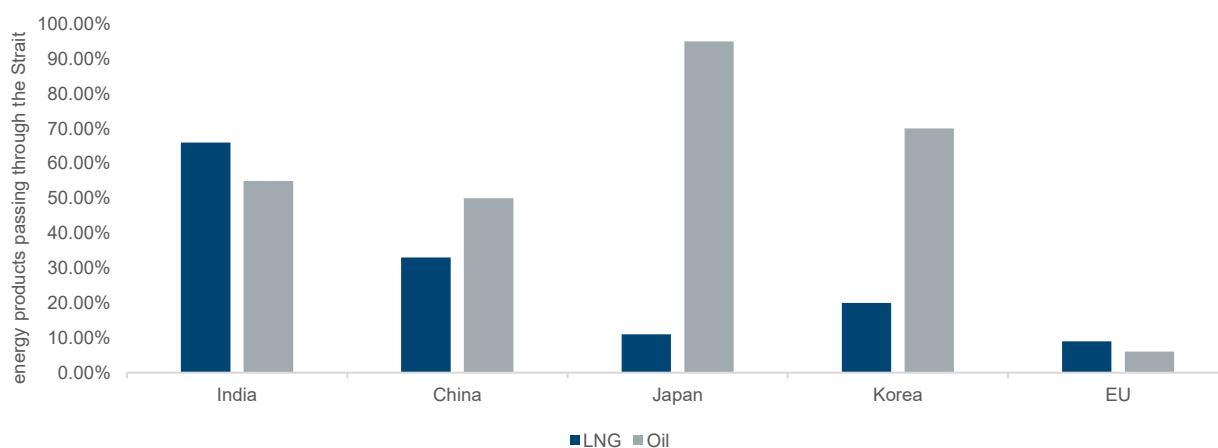
Markets reacted negatively to the growth figures in the middle of February as the weaker-than-expected activity was interpreted as a sign that the economy might require broader government stimulus, potentially delaying the Bank of Japan's (BoJ) path towards policy normalisation. This sentiment emerged even though it did not fully offset the clear improvements noted during the previous weeks.

### Geopolitical tensions test energy security

The economic narrative was quickly overtaken by escalating geopolitical risks. In mid-March, the government announced that it would release 45 days' worth of oil reserves (80 million barrels) starting on 16 March, underscoring Japan's vulnerability, as over 90% of its oil imports originate in the Middle East. While Japan's reliance on LNG imports from the Gulf is comparatively lower than that of other Asian nations, its crude oil dependency remains a critical strategic risk. Officials noted that ample stockpiles existed to protect against potential supply disruptions, with the BoJ prepared to intervene should markets become volatile or the yen weakens further.



**Figure 23: Asian markets are most reliant on Middle East oil and gas supplies**



Source: Reuters and CESifo

In response to these pressures, government officials took proactive steps to shield consumers. These included cutting private stockholding obligations by 15 days and utilising around ¥800 billion (\$5 billion) in reserve funds, aiming to keep gasoline prices capped at around ¥170 a litre.

### Inflation eases, complicating the BoJ's path

The region continues to see a disinflationary trend, with the latest inflation print for February 2026 coming in at 1.3%, down from 2.9% in November 2025 and 2.1% in December 2025. At its March meeting, the BoJ opted to keep its key interest rate unchanged at 0.75%, citing the need to assess the potential inflationary consequences of the geopolitical situation. While the overall policy signal remained hawkish, the lower inflation figure provided the central bank with room to pause and evaluate the economy's performance before committing to further rate hikes.

### Bright spots: sentiment, wages, and the labour market

Despite the growth and geopolitical headwinds, several indicators pointed to underlying strength. The Composite PMI averaged 53.2 in Q1 2026, rising 1.6 points from the previous quarter, signalling robust domestic demand and activity. This was supported by a significant uptick in the Manufacturing Index, which rose 3 points to an average of 52, driven by a recovery in vehicle production.

Crucially, personal income growth continued along a positive trajectory, supported by scheduled contractual wage increases. This improvement bolstered consumer confidence, with expectations of salary gains on the horizon promising to ease household pressure and support purchasing intentions. The labour market also showed signs of stabilisation, although the unemployment rate edged marginally higher to 2.6% in Q4 2025 – the culmination of workers who had voluntarily left their jobs successfully securing new employment.

### Fiscal challenges and market functioning

Despite the positive developments noted above, the fiscal backdrop remains a source of concern. Japan's elevated public debt level is putting pressure on the government bond market. Recent turmoil in the long-dated Japanese bonds highlighted the fragility of the market ahead of the elections, with investors expecting looser fiscal policy. The central bank is, however, more concerned about the upside inflation risks than the downside growth risks stemming from the energy shock.

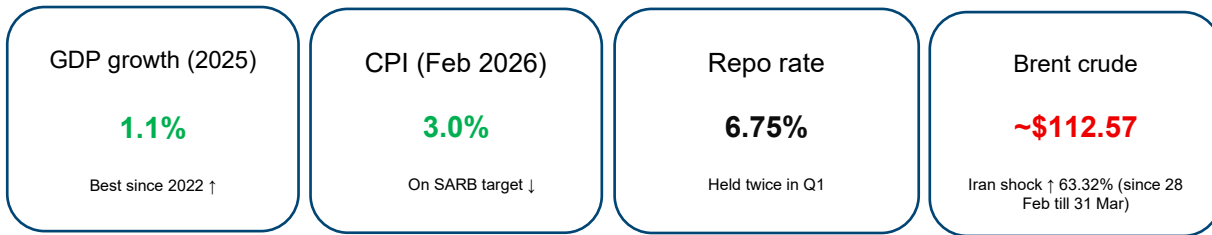
Q1 2026 painted a portrait of a Japanese economy with pockets of genuine strength in sentiment, wages, and industrial activity, but struggling to translate these into robust headline growth. The government found itself in an activist role, deploying fiscal resources to cap energy prices and releasing strategic oil reserves to mitigate geopolitical risks. Meanwhile, the BoJ adopted a cautious stance, keeping its hand on rates in March as it



weighed the competing forces of a disinflationary domestic environment against external price shocks. The path forward hinges on whether sustained wage growth can finally solidify private consumption and whether geopolitical tensions in the Middle East can be contained without significant disruption to Japan's vital energy supplies.



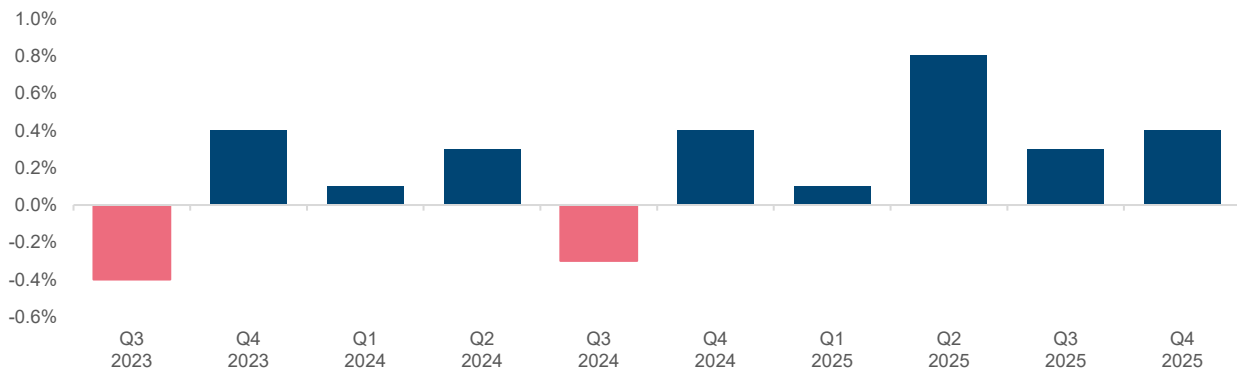
## SA



### Five consecutive quarters of expansion: The best run since 2018

South Africa entered 2026 on its strongest macroeconomic footing in nearly a decade. Annual GDP expanded by 1.1% in 2025, the fastest rate since 2022, driven by five consecutive quarters of positive growth. Q4 2025 extended the run with a 0.4% QoQ expansion, underpinned by robust household consumption (+1.2%), government spending (+0.5%), and fixed investment (+1.3%). The standout sectoral story was agriculture, which surged 17.4% YoY, a remarkable reversal from contractions of 4.6% and 8.7% in 2023 and 2024, respectively. Finance and trade were consistent contributors on the supply side. The drag remained in manufacturing, which contracted 1.2% for the year, with eight out of 10 divisions declining in Q4 2025.

Figure 24: Quarterly GDP growth (QoQ %)



Source: Statistics South Africa, March 2026 release

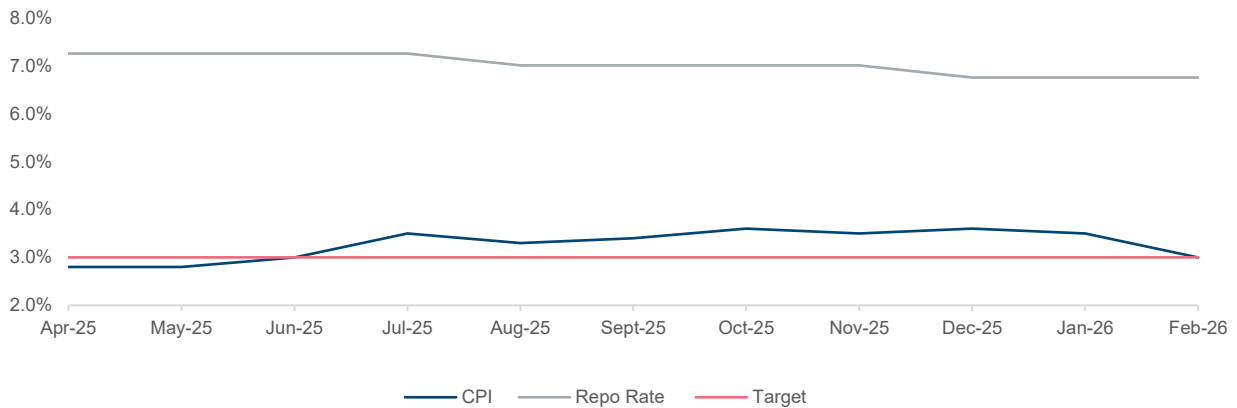
### Inflation hits the 3% target, with the Iran shock potentially threatening the progress made

Consumer price inflation followed a clear downward path through Q1, falling from 3.6% in December 2025 to 3.5% in January 2026 and then hitting 3.0% in February, the first time the new SARB target was met precisely. Goods deflation led the way (goods CPI fell to 1.9% in February), while services remained stickier at 3.8%. Food inflation ran at 4.4% year-on-year in January, though supply conditions suggested moderation ahead. Tech goods provided meaningful relief, with tablet prices down nearly 24% and laptops off 11.3% year-on-year.

However, the Iran war, which erupted in late February, materially altered the inflation outlook heading into Q2. Oil prices surging towards \$120/barrel pushed April fuel and diesel prices up by R3 and R7.50 per litre, respectively, which was after the extent of the hikes was moderated by last-minute relief through a R3/litre cut in fuel taxes. The SARB revised its 2026 inflation forecast upwards from 3.3% to 3.7% and projected that headline CPI could spike towards 4% in Q2 before easing later in the year.



**Figure 25: Monthly CPI vs SARB repo rate (% year-on-year)**



Source: Stats SA CPI releases; SARB MPC decisions Jan & Mar 2026, Bloomberg

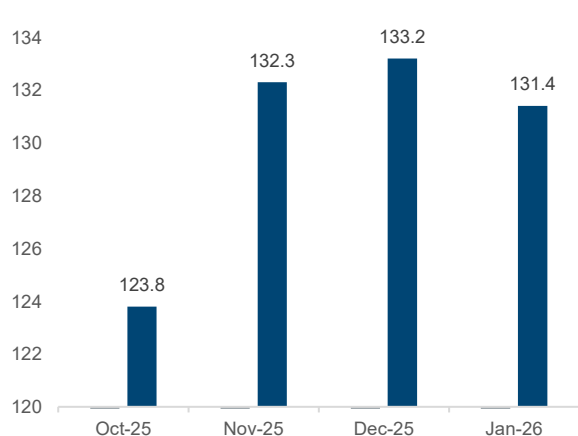
**SARB holds twice: Rate cut path narrows in 2026**

The SARB convened two meetings during Q1. At the 29 January meeting, the MPC voted 4–2 to hold the repo rate at 6.75%, citing the need to anchor inflation expectations under the new 3% target framework, while monitoring electricity tariff risks and global uncertainty. February's CPI print hit 3.0%, dead on target, and briefly opened the door to a March cut. However, the Iran shock closed it. On 26 March, the MPC voted unanimously to hold at 6.75%, with Governor Kganyago declaring, "Now a crisis has hit, this prudent approach is proving appropriate." The Bank revised its 2026 inflation forecast upwards and scaled back its rate-cut projection from two cuts to one. Rate hike risk was previously off the table but re-entered the conversation for the first time since 2024, with forward rate agreements briefly pricing in two to three 25bps hikes through November. The repo rate has now fallen 150bps from its 2024 peak of 8.25%. The full-year 2025 average CPI of 3.2% was a record low, the lowest in 20 years, enabling the shift to the new 3% inflation target framework.

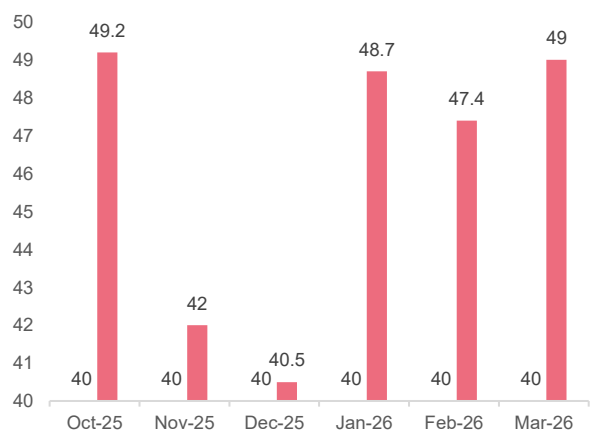
**SACCI and PMI signal a fragile recovery, but confidence remains sensitive to external shocks**

Business confidence at the start of Q1 showed cautious improvement, supported by better electricity supply, logistics reforms under Operation Vulindlela II, and easing borrowing costs. The SACCI Business Confidence Index strengthened into the year-end and, despite a slight dip in January, remained elevated. The Manufacturing PMI reflected a more uneven recovery, rising from deep contraction in late 2025 to near-neutral levels by March (49.0), suggesting cyclical stabilisation. However, the Iran-related oil shock in March weakened forward-looking sentiment, with higher fuel and logistics costs expected to pressure margins and weigh on business planning into Q2.

**Figure 26: SACCI Business Confidence Index**



**Figure 27: PMI Manufacturing Index**



Source: Bloomberg

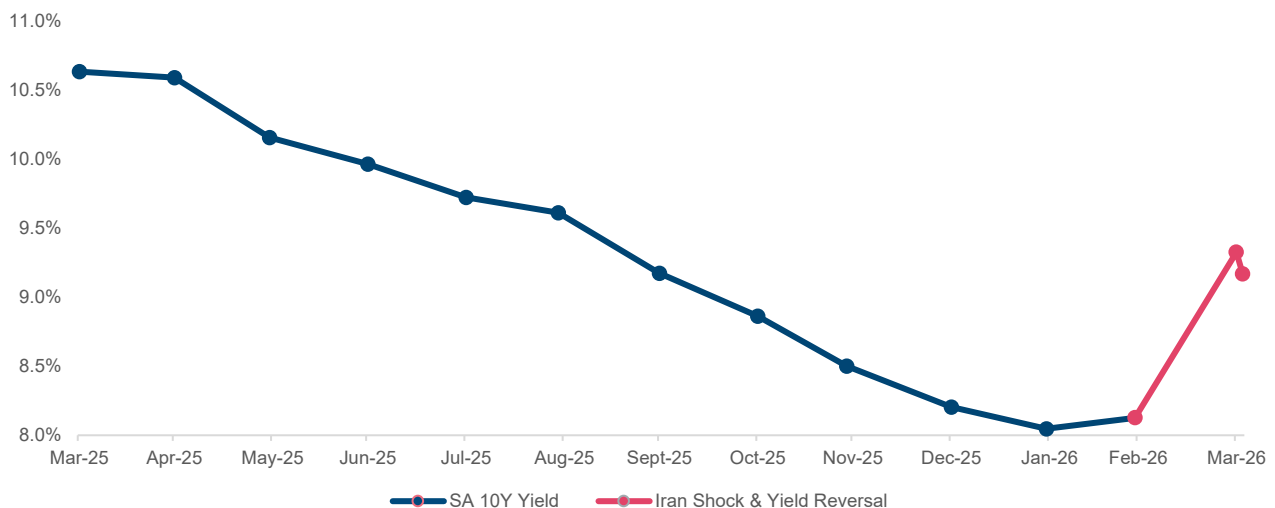


## Budget speech marks a historic turning point, although geopolitics complicates the narrative

The 25 February 2026 Budget speech was the defining policy moment of the quarter. Finance Minister Godongwana delivered what many analysts described as a pivotal budget: for the first time in 17 years, national debt was projected to stabilise and decline, with the budget deficit narrowing from 5.1% of GDP in 2021/22 to a projected 4.5% in 2025/26. The R20 billion in provisional tax increases from the May 2025 budget was withdrawn, replaced by R21.3 billion in upward revenue revisions from stronger VAT, corporate income tax, and dividends receipts. Total planned spending reached R2.67 trillion, with personal income tax brackets adjusted for inflation for the first time in three years, and the small business VAT registration threshold was doubled from R1 million to R2.3 million. Ten-year government bond yields, which had fallen from approximately 10.6% in early 2025 to 8% by January 2026, reflected the sustained improvement in fiscal credibility, anchored by South Africa's credit rating upgrade (the first in 16 years) and removal from the FATF grey list in October 2025. By the end of March 2026, the 10-year bond yield had risen to around 9.2%, as the Iran war and oil shock pushed inflation expectations higher.

On 31 March, as the Iran shock threatened to push fuel prices to their highest levels in nearly two decades, Godongwana announced an emergency R3/litre fuel levy reduction, costing the fiscus approximately R6 billion, to cushion households and protect the inflation trajectory. Treasury confirmed that the measure was designed to be fiscally neutral over the budget framework period.

**Figure 28: 10-year government bond yield indicative trend (%)**



## Outlook: Improving domestic momentum meets external shock

South Africa enters Q2 2026 in a structurally more resilient position than it was in 12 months ago, but the Iran-driven energy shock has introduced meaningful near-term headwinds. The disinflation story, arguably the most important domestic macro development of the past 18 months, faces its first serious test. The SARB's ability to cut rates further in 2026 now hinges on the duration and severity of the Middle East conflict. Analysts who had pencilled in two 25bps cuts for the year have largely revised this to one, with some flagging residual hike risk if oil prices remain elevated and the rand weakens further. Structural tailwinds, improved electricity supply, logistics reform, fiscal consolidation, and the gold and PGM commodity price surge (gold reached \$5,309/oz during the shock, before weakening to around \$4,606/oz by 31 March alongside a stronger dollar) remain intact and are expected to underpin above-consensus growth over the medium term – provided reform momentum is sustained, even as South Africa remains vulnerable to oil price shocks, given its limited strategic reserves and ongoing energy security constraints.



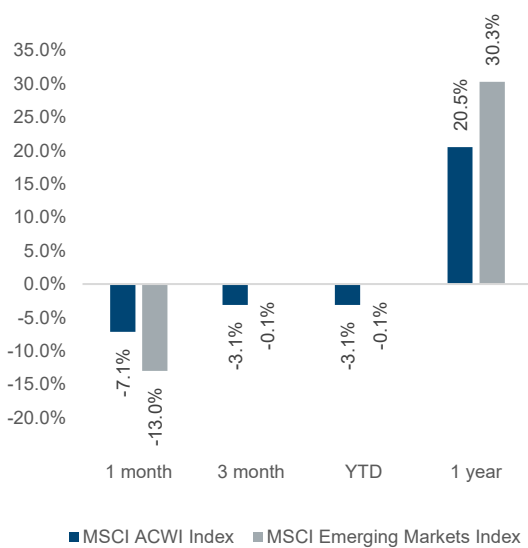
## EMERGING MARKETS

### Emerging markets outperformed developed markets in Q1 2026, despite a weak March

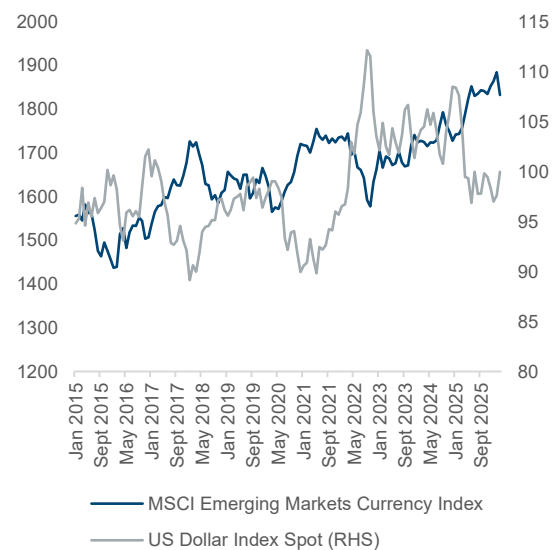
Emerging markets witnessed a significant turnaround in 2025, favoured for their diversification away from US assets and boosting expectations of a continued upward trend in 2026. However, unprecedented US–Israel attacks on Iran towards the end of February and Iran’s subsequent retaliation, including the closure of a major oil shipping channel, sent emerging markets on a downward spiral towards the end of the first quarter of 2026. This is emphasised by the underperformance of the MSCI EM Index over the one-month period, returning -13.0%, compared to the MSCI ACWI Index, which returned -7.1%. However, the positive performance of emerging markets, prior to the heightened Middle East tensions, allowed these markets to maintain the lead over their developed counterparts over the first quarter, with a three-month return of -0.1% compared to the -3.1% quarterly return delivered by the MSCI ACWI Index.

Additionally, escalations in the US–Israel and Iran conflict resulted in investors fleeing to safe-haven assets, as the risk-off sentiment negatively impacted emerging markets’ currencies. In contrast, the dollar gained, reaching highs last seen in July 2025, as oil prices – which are quoted in dollars – soared, combined with the US benefiting as a net exporter of oil. Subsequently, the Dollar Spot Index returned 1.7% over Q1 2026, while the MSCI Emerging Markets Currency Index ended the quarter with a -1.1% three-month return.

**Figure 29: MSCI EM Index displaying significant declines over the quarter**



**Figure 30: Dollar reaching peaks last seen in July 2025**



Source: Bloomberg; returns are based on local currency (i.e. USD)

### AI and semiconductor demand boosts South Korea’s exports, but Middle East conflict raises inflation and spurs extra budget

Focusing on the economies that boosted emerging markets during the first quarter, South Korea continued to benefit from robust demand for AI and semiconductors, with its exports surging 48.3% in March 2026, outpacing the 13.2% growth witnessed in its imports on a year-on-year basis. Furthermore, South Korea’s exports to China increased significantly to 64.1%, compared to the 9.9% seen in December 2025, while its exports to the US grew by 47.1%. Even though government export controls on naphtha used in gasoline and potential petrochemical export restrictions could lead to a reduction in future exports, the continuous demand for semiconductors is set to maintain the upward total export trend.

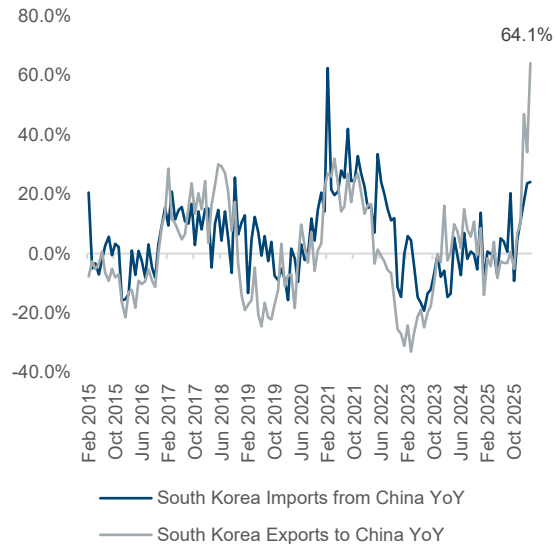


Additionally, South Korea’s economy grew 1.6% in Q4 2025 on a year-on-year basis, while expanding by 1.0% overall in 2025, with inflation initially declining from 2.3% in December 2025 to 2.0% in January and February 2026. However, the rapid 9.9% rise in petroleum prices led to an increase in consumer price inflation to 2.2% in March 2026. Furthermore, to mitigate the economic impacts of the Middle East conflict, the South Korean government proposed an additional budget of 26.2 trillion won, generated from excess tax revenues, intended to assist small businesses and lower-income households faced with surging prices.

**Figure 31: South Korea’s exports outpace imports boosted by robust AI and semiconductor demand**



**Figure 32: Exports from South Korea to China increased significantly in Q1 2026**



Source: Bloomberg

**Taiwan’s economy benefits from the AI boom, but investors should remain cautious about the war’s inflationary impact**

Similar to South Korea, Taiwan’s economy was boosted by the rapid boom in AI, as its GDP experienced annual growth of 12.65% in Q4 2025. Taiwan’s National Development Council Minister also indicated that economic growth is expected to exceed 7% for 2026 on the basis that the Middle East geopolitics will have a limited impact on its development and exports of AI. They further indicated that necessary policy adjustments will be made should the war impact the country’s inflation and economic growth. Its inflation rate as of February 2026 was 1.75%, with its central bank expecting CPI to remain below the 2% level for the rest of the year. However, investors should remain cautious as Taiwan depends on the Middle East for approximately 70% of its crude oil; therefore, a prolonged war could negatively impact its economy over the long term.

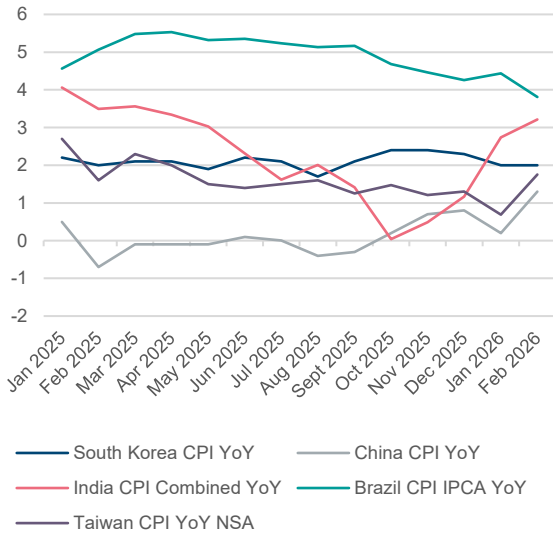
**Brazil’s central bank cuts the Selic rate to 14.75%, but will monitor the impact of oil shocks on inflation and growth**

In addition to the Asian markets, another significant contributor to the performance of emerging markets during the first quarter was Brazil. The Brazilian economy benefited from foreign inflows, as investors were attracted by its liquidity and high real interest rates. Meanwhile, the weakened dollar and commodity rally initially boosted Brazil’s markets, combined with expectations of monetary policy easing. Furthermore, Brazil’s year-on-year CPI declined from 4.26% in December 2025 to 3.81% in February 2026. During March 2026, the Brazilian central bank reduced its Selic rate for the first time in two years to 14.75%, a 0.25% cut. This reduction was less than the 50bps cut expected, as the monetary policy committee had accounted for the uncertainty associated with the war and its impact on both commodity prices and inflation. Even though the president of the Brazilian central bank indicated that Brazil is in a favourable position amid the geopolitical conflicts and oil price volatility, as the country is a net oil exporter and has the ability to further reduce interest rates, the supply

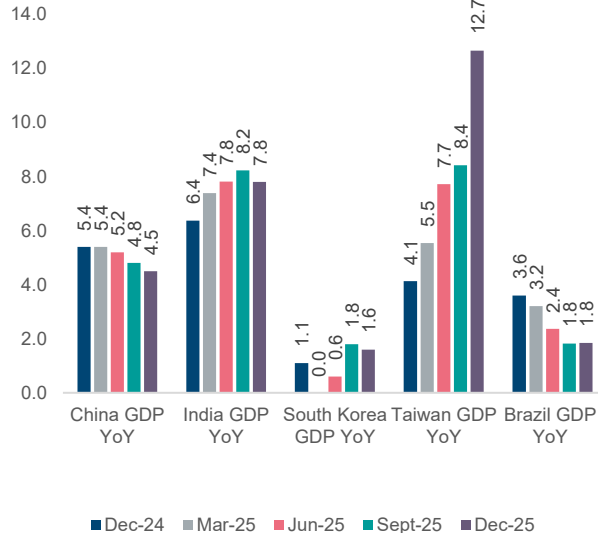


shocks and volatile oil prices may result in higher inflation and lower domestic growth into 2026. Its economic growth for Q4 2025 was identified as 1.84% on a yearly basis.

**Figure 33: Inflation in South Korea and Brazil trended downwards before the war**



**Figure 34: Significant yearly GDP growth in Taiwan, while South Korea's grew by 1.84%**



Source: Bloomberg

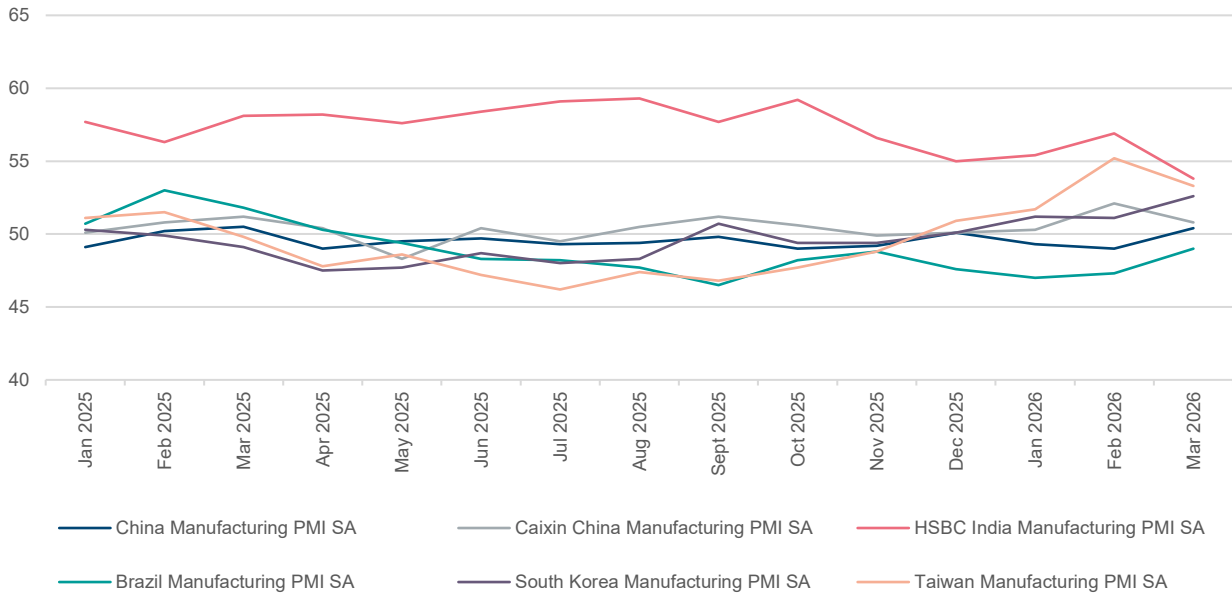
**Oil shocks have a subdued impact on China due to renewable energy diversification, but the property downturn still weighs on growth**

As the second-largest economy, China, unlike other economies, is less impacted by the surging oil prices and supply shocks due to its long-term strategic energy planning and diversification towards renewable energy, which mitigates the impact of volatile oil prices on its economy. Additionally, China is stated to have sufficient oil reserves to last approximately 110 days, should oil imports cease, and has various other sources of oil supply in Russia, Malaysia, and Australia. Even though the impact of the Middle East conflict may be subdued, China’s economic growth continues to suffer from the property market downturn, declining investments, and weak domestic demand from consumers, with GDP growth declining on a yearly basis from 4.8% in Q3 2025 to 4.5% in the final quarter of 2025. Economic indicators for the current year, such as China’s Manufacturing PMI, which measures actual factory activity, indicate some improvement in the first quarter, moving from 49.3 and 49 in January and February, respectively, into expansionary territory of 50.4 in March 2026. Therefore, even though there are signs of some improvement and the war having only a limited impact, investors should still pay attention to the underlying factors that have dampened China’s upside potential.

Given the mixed performances across emerging markets in the wake of the US–Israel and Iran war, combined with supply shocks and a spike in crude oil prices following the closure of the Strait of Hormuz, investors should monitor the inflationary and economic impacts of the war on emerging markets. Furthermore, policymakers in several emerging markets remain cautious in their interest-rate decisions and indicate a hold or possible hikes in their interest-rate path as they assess the inflationary impact of the geopolitical conflict. Emerging markets such as India, South Korea, and Taiwan are expected to maintain steady interest rates in the upcoming months. Investors should pay attention to possible developments in monetary policy decisions, as these influence economic growth and investment performance.



**Figure 35: China’s manufacturing sector is showing signs of improvement as the Manufacturing PMI enters expansionary territory**



Source: Bloomberg



## APPENDIX

### Financial market performance as at 31 March 2026 (in ZAR)

	1 mth	3 mths	YTD	1 yr	3 yr (p.a.)	5 yr (p.a.)	7 yr (p.a.)	10 yr (p.a.)
<b>Local Equity Indices</b>								
FTSE/JSE All-Share Index (ALSI)	-10.5%	-0.6%	-0.6%	33.6%	18.6%	15.7%	14.7%	11.9%
FTSE/JSE Resources 20 Index	-16.5%	7.2%	7.2%	95.6%	29.1%	19.4%	20.9%	21.2%
FTSE/JSE Industrials Index	-5.2%	-8.4%	-8.4%	5.0%	9.6%	10.0%	10.9%	7.7%
FTSE/JSE Financials Index	-9.6%	-0.2%	-0.2%	29.2%	23.4%	20.2%	11.3%	8.7%
FTSE/JSE Capped All Share Index	-10.6%	-0.5%	-0.5%	34.1%	19.2%	15.4%	13.2%	9.7%
FTSE/JSE All-Share Top 40 Index	-10.9%	-0.6%	-0.6%	35.2%	18.5%	15.9%	15.2%	12.3%
FTSE/JSE Mid Cap Index	-11.7%	-1.2%	-1.2%	29.4%	18.3%	14.4%	10.9%	8.2%
FTSE/JSE Small Cap Index	-8.2%	-2.3%	-2.3%	27.7%	21.1%	20.3%	17.2%	10.8%
FTSE/JSE Listed Property Index (SAPY)	-11.4%	-4.9%	-4.9%	28.6%	22.9%	17.9%	6.9%	3.6%
FTSE/JSE Capped Listed Property Index	-12.0%	-5.1%	-5.1%	29.5%	23.2%	17.3%	5.3%	1.3%
FTSE/JSE SA All Property Index	-12.2%	-5.3%	-5.3%	29.1%	23.1%	17.5%	6.3%	2.5%
<b>Local Interest-Bearing Indices</b>								
FTSE/JSE All-Bond Index (ALBI)	-6.8%	-3.4%	-3.4%	19.2%	14.3%	12.2%	10.5%	10.4%
FTSE/JSE All-Bond Index 1 - 3 years	-0.7%	0.6%	0.6%	8.5%	9.0%	7.9%	8.0%	8.4%
FTSE/JSE All-Bond Index 3 - 7 years	-3.9%	-2.2%	-2.2%	13.4%	12.0%	9.8%	10.1%	10.1%
FTSE/JSE All-Bond Index 7 - 12 years	-6.6%	-3.8%	-3.8%	20.9%	15.5%	13.0%	11.6%	11.2%
FTSE/JSE All-Bond Index +12 years	-9.3%	-4.1%	-4.1%	26.7%	17.0%	14.3%	11.2%	10.9%
Inflation Linked Government Bonds (IGOV)	-6.0%	-1.3%	-1.3%	13.4%	9.3%	8.7%	7.7%	6.1%
Short-Term Fixed Interest Composite Index (SteFi)	0.6%	1.7%	1.7%	7.3%	8.0%	6.8%	6.5%	6.8%
<b>Inflation Index</b>								
Consumer Price Index (1 month lagged)	0.4%	0.8%	0.6%	3.0%	3.9%	4.9%	4.5%	4.6%
<b>International Indices</b>								
MSCI World Index	0.2%	-0.9%	-0.9%	10.5%	15.7%	14.0%	15.5%	14.0%
MSCI Emerging Market Index	-7.0%	2.5%	2.5%	20.6%	13.8%	7.2%	9.6%	9.8%
MSCI All Country World Index	-0.7%	-0.5%	-0.5%	11.6%	15.5%	13.1%	14.8%	13.5%
FTSE World Government Bond Index (WGBI)	3.6%	1.6%	1.6%	-3.9%	0.2%	0.2%	1.6%	1.2%
S&P Global Property	-3.3%	2.8%	2.8%	1.8%	6.8%	5.5%	5.0%	5.5%
USA S&P 500	1.6%	-1.8%	-1.8%	9.1%	16.7%	15.3%	17.2%	15.8%
UK FTSE 100	-1.5%	4.3%	4.3%	16.3%	15.1%	14.9%	11.7%	9.9%
Euro STOXX 50	-5.1%	-2.7%	-2.7%	7.4%	12.2%	12.6%	13.2%	10.8%
Japan Nikkei 225	-8.3%	3.5%	3.5%	27.4%	15.5%	9.1%	12.4%	11.7%
<b>Currency Movement</b>								
Rand/Dollar (R17 = 1 Dollar)	7.0%	2.6%	2.6%	-7.4%	-1.4%	2.9%	2.4%	1.5%
Rand/Euro (R19.63 = 1 Euro)	4.5%	0.9%	0.9%	-1.2%	0.6%	2.5%	2.8%	1.6%
JPY/Rand (9.35 Japanese Yen = 1 SA Rand)	-4.8%	-1.2%	-1.2%	14.5%	7.7%	4.5%	2.8%	2.0%
Rand/Pound (R22.47 = 1 Pound)	5.0%	0.9%	0.9%	-5.2%	0.9%	2.0%	2.6%	0.6%

Source: Bloomberg



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