

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

Markets at a crossroads: Why 2026 will reward discipline, not drama

Every new year arrives with forecasts, bravado, and bold promises. Yet, this year does not seem like a year for noise. It seems like a year for judgement.

Markets enter 2026 shaped less by crisis and more by transition. The era defined by emergency policy, shock inflation, and aggressive tightening is giving way to something subtler: A recalibration of growth, capital costs, and expectations. For investors, this is not a moment for panic or euphoria, but for clarity.

The first theme shaping 2026 is interest rates: Not where they are, but how they will normalise from here. The tightening cycle that dominated the past few years has already turned. Both the Federal Reserve and the South African Reserve Bank have begun easing policy, acknowledging that inflation has moderated meaningfully from its peaks. The debate is no longer about whether cuts will happen, but about how far rates can fall without reigniting price pressures or destabilising currency and capital flows. The most likely outcome remains a gradual, data-dependent path: Supportive of asset prices, but unlikely to deliver the kind of liquidity surge seen after previous crises. Markets will reward patience and positioning, not rate-cut speculation.

Secondly, global growth is fragmenting rather than collapsing. The United States continues to surprise on the upside, supported by productivity gains, fiscal investment, and corporate adaptability. Europe remains uneven, but for different reasons than in recent years. Energy prices, particularly in Germany, have come down sharply, easing inflationary pressure and restoring some industrial competitiveness. The more persistent constraints now lie in demographics, productivity, and fiscal flexibility. China, meanwhile, is no longer a reliable engine of global acceleration, but a stabilising force navigating structural rebalancing. For investors, this fragmentation reinforces a key reality: Returns will be driven less by global beta and more by regional and sectoral selection.

Closer to home, South Africa enters the year with measured optimism and familiar limits. Improved energy availability, incremental reform, and pragmatic fiscal signals matter, not because they guarantee high growth, but because they restore a degree of policy credibility. Markets respond less to promises than to follow-through. For investors, this means focusing on resilience: Businesses and assets that can compound value even when domestic growth remains constrained.

A third defining theme is the repricing of risk, quality, and execution, particularly in the age of artificial intelligence (AI). The era of 'growth at any price' has given way to a far more demanding environment. Capital is increasingly selective about how technology translates into earnings. AI is no longer rewarded simply as a concept; it must practically improve productivity, margins, or competitive positioning. Balance sheets matter again. Cash flow matters. Governance matters. This is especially important as global equity indices sit near all-time highs, driven by a narrow concentration of mega-cap leaders. The opportunity set is not disappearing; it is becoming more unforgiving of weak fundamentals and vague narratives.

Technology remains a powerful long-term force, but the next phase belongs to companies that integrate innovation into real economic outcomes, not those that merely promise disruption. Investors should expect dispersion to increase: Winners will separate themselves decisively from the rest.

What should investors expect from the year ahead?

Not runaway returns, but solid, risk-adjusted outcomes. Not smooth progress, but periodic volatility that creates opportunity. Not a single winning asset class, but the steady compounding of diversified, well-constructed portfolios.

For investors, more broadly, the priorities remain consistent: Protect purchasing power, grow real wealth over time, and retain flexibility. This requires global exposure, disciplined asset allocation, and the humility to accept that markets will surprise us (as they always do).

The greatest risk in 2026 is not volatility, but complacency. The greatest advantage is being prepared.

In a world adjusting to lower (but not cheap) capital, uneven growth, and higher expectations of quality, this will be a year that rewards discipline far more than drama.

IN CLOSING

Attached, please find our latest update on global indices, currencies, and commodities, as provided by Efficient Private Clients.

Kind regards
Marius du Toit
Managing Executive: Efficient Benefit Consulting



YOUR WEEKLY ECONOMIC UPDATE

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t: 021 007 1550 | t: 087 944 7999
e: info@efcorporate.co.za

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UPDATE

Global Indices, Currencies and Commodities, 20 January 2026

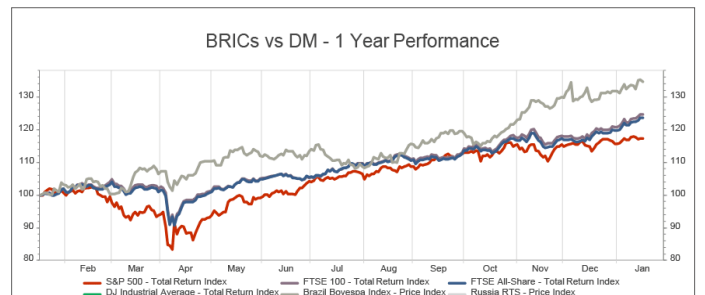
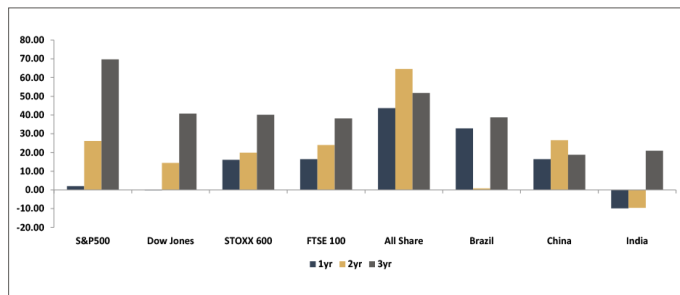
GLOBAL INDICES

South Africa	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	120169.74	6.5%	44%	28%	14%
Top 40	112264.85	6.6%	49%	30%	14%
Mid Cap	118100.46	8.9%	32%	24%	12%
Small Cap	110497.93	3.9%	23%	24%	20%
Resource 20	136868.66	14.2%	135%	62%	16%
Industrial 25	138602.17	2.1%	21%	18%	11%
Financial 15	25186.78	3.9%	25%	21%	16%

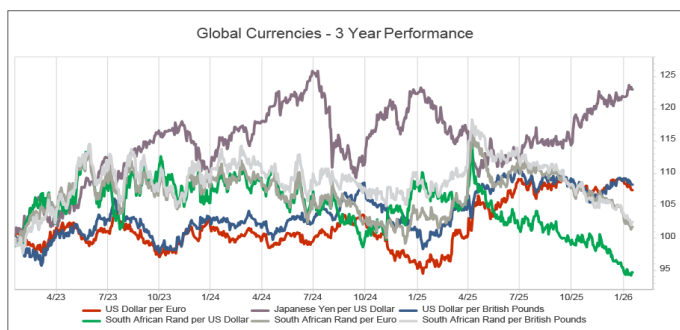
Europe	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	10235.29	5.7%	22%	16%	9%
DAX 30	25297.13	5.1%	22%	24%	13%
CAC 40	8258.94	1.9%	8%	6%	8%
STOXX 600	614.38	6.0%	18%	14%	9%
Russia RTS	955.46	0.0%	0%	0%	-8%

Asia	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	53936.17	9.2%	40%	23%	14%
Hang Seng	26844.96	6.4%	38%	30%	-1%
Shanghai	4101.9126	7.2%	27%	19%	3%
India SENSEX	83570.35	-1.3%	8%	7%	11%

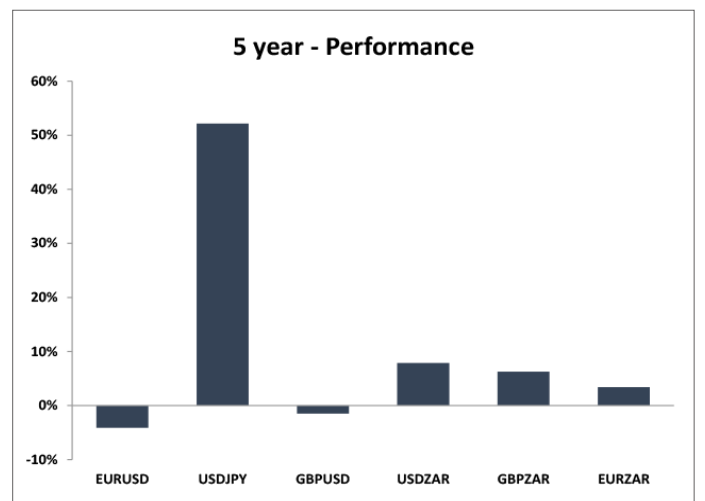
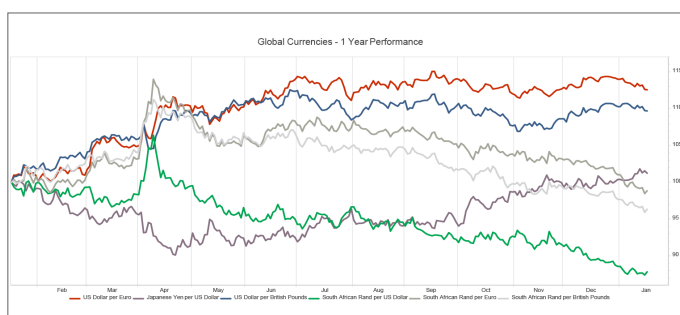
Americas	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	49359.33	2.6%	14%	15%	10%
S&P 500	6940.01	2.1%	17%	21%	13%
Nasdaq	23515.389	1.7%	22%	25%	13%
Russel 1000	49359.33	2.6%	14%	15%	10%
Brazil Bovespa	164799.98	3.9%	36%	13%	6%



CURRENCIES

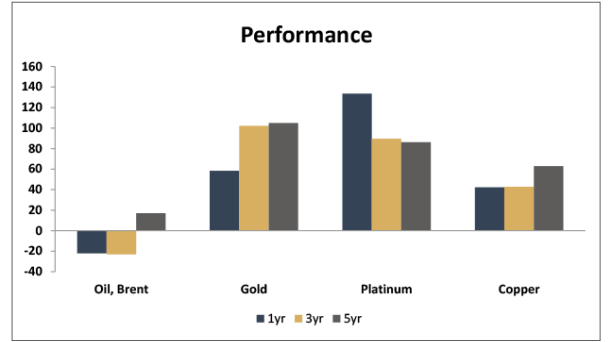
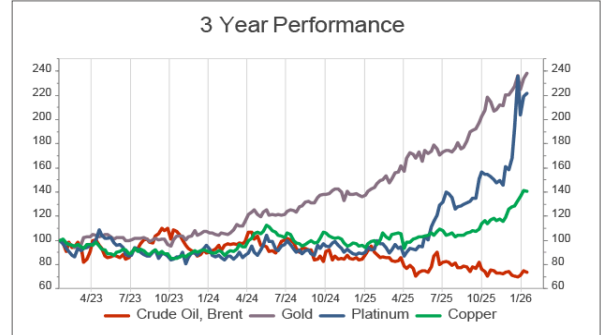
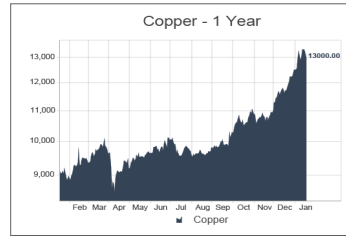
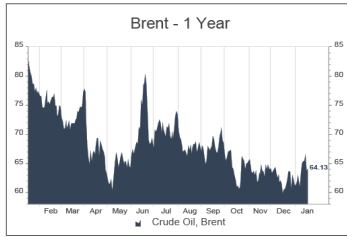
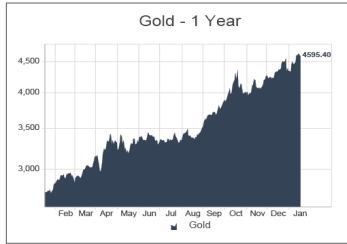


Currencies	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	16.43	-1.8%	-13%	-7%	2%
GBP/ZAR	21.98	-2.1%	-5%	-4%	1%
EUR/ZAR	19.04	-3.3%	-2%	-4%	1%
AUD/ZAR	10.97	-1.2%	-6%	-6%	-1%
EUR/USD	1.16	-1.5%	13%	3%	-1%
USD/JPY	158.06	2.1%	2%	4%	9%



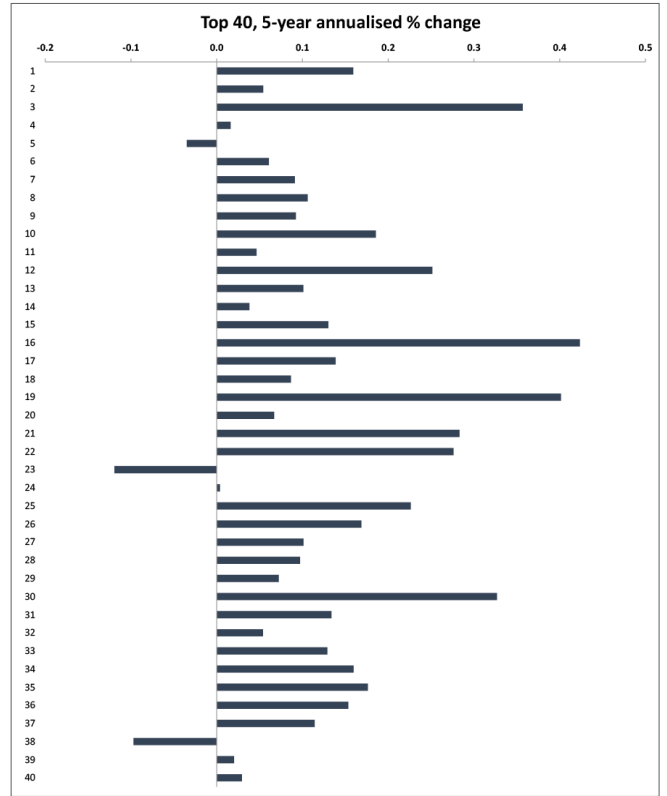
COMMODITIES

Commodities	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	4595.40	6.1%	58%	42%	14%
Platinum	2322.70	22.9%	134%	53%	10%
Silver	88.54	39.8%	164%	85%	18%
Brent Crude	64.13	7.0%	-22%	-11%	2%
Copper	13000.00	11.7%	42%	25%	9%



TOP 40

Top 40	Company	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	245.00	5.6%	30%	25%	16%
2	ANGLO AMERICAN PLC	708.68	10.9%	28%	29%	5%
3	ANGLO GOLD ASHANTI	1605.89	13.3%	211%	124%	36%
4	ANHEUSER-BUSCH INBEV	1126.29	3.0%	28%	-4%	2%
5	ASPEN	120.99	27.0%	-28%	-23%	-3%
6	BHP Group Limited	531.49	7.4%	14%	-5%	6%
7	BID CORP LTD	409.29	-1.0%	-9%	-4%	9%
8	BRITISH AMERICAN TOBACCO PLC	948.86	-1.4%	42%	30%	11%
9	BIDVEST GROUP LIMITED	244.92	7.5%	-6%	-1%	9%
10	COMPAGNIE FINANCIERE	3313.00	-6.1%	0%	18%	19%
11	CLICKS GROUP	346.65	2.0%	-7%	7%	5%
12	CAPITEC	4312.89	6.0%	42%	46%	25%
13	DISCOVERY	227.85	0.0%	20%	30%	10%
14	EXXARO RESOURCES LTD	185.15	8.4%	19%	-2%	4%
15	FIRSTRAND	91.16	4.2%	22%	16%	13%
16	GOLDFIELDS LTD	818.50	10.6%	180%	82%	42%
17	GLENCORE PLC	105.40	22.9%	24%	0%	14%
18	GROWTHPOINT	17.71	4.7%	43%	25%	9%
19	HARMONY GOLD MINING	366.16	7.7%	98%	83%	40%
20	IMPLATS	297.60	30.2%	202%	101%	7%
21	INVLT	130.98	9.8%	8%	2%	28%
22	INVESTEC	131.40	9.6%	7%	1%	28%
23	MONDI PLC	198.38	0.5%	-27%	-24%	-12%
24	MIR PRICE GROUP LTD	166.00	-8.5%	-40%	3%	0%
25	MTN GROUP	179.18	13.6%	81%	28%	23%
26	NEDBANK	272.42	4.9%	-2%	13%	17%
27	NASPERS -N	1090.33	0.9%	49%	37%	10%
28	NEPI ROCKCASTLE PLC	146.05	2.5%	6%	10%	10%
29	OLD MUTUAL LTD	14.78	2.8%	24%	11%	7%
30	OUTSURANCE	69.55	-2.2%	4%	30%	33%
31	PEPKOR HOLDINGS LTD	25.17	-4.5%	-8%	15%	13%
32	PROSUS NV	1014.20	-2.6%	52%	37%	5%
33	REMGRO	180.84	1.9%	27%	8%	13%
34	REINETS INVESTMENTS SCA	588.57	5.3%	32%	14%	16%
35	STANBANK	288.62	2.9%	32%	20%	18%
36	SHOPRITE	275.59	3.2%	-5%	3%	15%
37	SANLAM	99.40	1.5%	17%	17%	11%
38	SASOL	101.91	-0.8%	9%	-22%	-10%
39	Sibanye Stillwater Ltd	69.33	23.0%	311%	75%	2%
40	VODACOM GROUP LIMITED	143.41	7.4%	38%	15%	3%



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