ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

India, the US, and the uneasy lesson for investors at the edge of the world

For most of the past 70 years, India was the global economy's great 'almost'. It had scale, democracy, and ambition, but never grew. Economists even coined a term for it: The "Hindu rate of growth", a pace so slow that it feels culturally ordained. Today, something different is happening. And for South African investors, watching from another large, complex, often-frustrated emerging market, India's story is more than a curiosity; it is a mirror.

India is growing at more than 8%, inflation has collapsed to near 1%, and fiscal deficits are shrinking. This is happening despite tariffs from Donald Trump, a weak currency, and foreign investors selling down Indian equities. The usual excuses (hostile global conditions, volatile capital flows, and political risk) are all present. And yet growth persists. Why? Because India has quietly aligned three forces that rarely move together: Luck, discipline, and reform.

Let us start with luck. Good monsoon rains matter more than most investors realise. Food makes up nearly half of India's inflation basket. Two strong agricultural years pushed food prices down, lifted real incomes, and gave consumers room to spend. Lower inflation also flatters real gross domestic product growth. This reminds us how fragile growth can be when it depends on the weather rather than on institutions.

The second force is discipline. India cut its budget deficit from pandemic-era excesses and resisted the temptation to spend its way out of trouble. Even when tariffs hit, the response was targeted: Simplify taxes, bring forward infrastructure spend, and ease monetary policy only because inflation allowed it. The Reserve Bank of India allowed the currency to weaken rather than to burn reserves or to defend a political line in the sand. This is a reminder that sometimes flexibility, not stubbornness, is the more credible form of monetary discipline.

The third, and most important, shift is structural reform. India has cleaned up its banks, digitised payments, simplified labour laws, opened sectors to private capital, and, crucially, started dismantling its own protectionism. Tariffs are coming down, quality-control barriers are being rolled back, and trade deals are being signed.

Here is the uncomfortable truth: United States (US) tariffs forced India to reform faster. When easy growth disappeared, political resistance weakened. Reform became less risky than stagnation. That is a lesson many countries learn only after wasting a decade. Now, contrast this with the US, the supposed anchor of global markets: Investors complain endlessly about US deficits, trade wars, and political chaos. And yet money keeps flowing in. US equities dominate global portfolios. US bonds still attract buyers. Why? Because productivity, earnings growth, and technological leadership outweigh institutional decay. Markets are amoral. They follow cashflows, not constitutions.

This creates a global paradox. India is reforming into relevance. The US is drifting politically, but still compounding economically. Europe, stuck in between, is scrambling for trade partners and strategic autonomy. For investors, this means the world is not divided into 'safe' and 'risky' markets anymore. Risk now lies in complacency; in assuming yesterday's winners will always be tomorrow's.

For South Africans, the parallels are striking. Like India, we are (relatively) large, unequal, democratic, and administratively complex. Like India, we have world-class firms alongside failing institutions. And like India, we face a choice: Reform early and painfully, or drift until crisis removes the choice altogether.

India's experience suggests something hopeful, but demanding. Growth is not primarily a function of ideology, foreign capital, or slogans. It comes from boring, persistent work: Fiscal restraint, credible central banks, functioning infrastructure, and rules that make investment easier rather than harder. Luck helps, but only if institutions are ready to receive it. Markets will forgive a lot. They will tolerate messy politics, noisy leaders, and even tariffs, until productivity falters. When this happens, the rotation out of assets is brutal. India is betting that reform now is cheaper than rescue later. Investors would do well to pay attention, not just to where growth is today, but to where discipline is being built for tomorrow.

IN CLOSING

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

Kind regards
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YOUR WEEKLY ECONOMIC UPDATE

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UPDATE

Global Indices, Currencies and Commodities, 27 January 2026

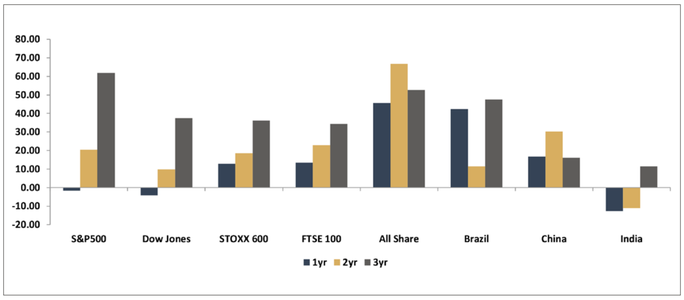
GLOBAL INDICES

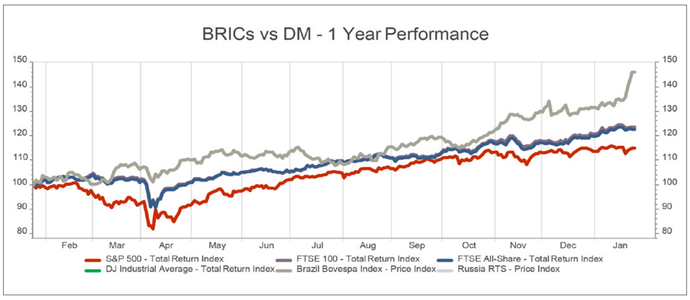
South Africa	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	122281.28	4.9%	46%	29%	14%
Top 40	114357.72	4.9%	51%	31%	14%
Mid Cap	123411.33	9.0%	40%	27%	13%
Small Cap	111605.25	3.7%	24%	24%	20%
Resource 20	146664.81	14.4%	150%	68%	19%
Industrial 25	134415.03	-2.5%	16%	15%	9%
Financial 15	25482.77	3.2%	27%	22%	17%

Europe	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	10143.44	2.6%	18%	16%	9%
DAX 30	24900.71	2.3%	16%	22%	12%
CAC 40	8143.05	0.5%	3%	5%	8%
STOXX 600	608.34	3.3%	15%	14%	8%
Russia RTS	955.46	0.0%	0%	0%	-8%

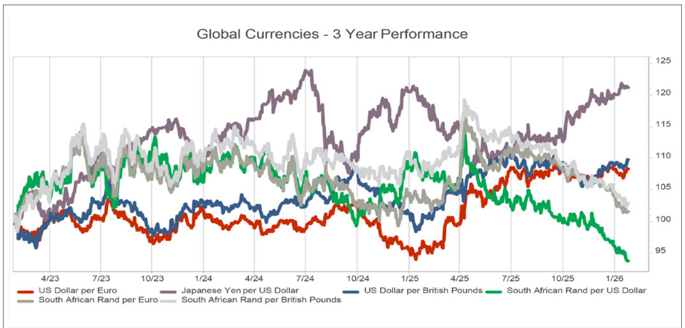
Asia	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	53846.87	6.8%	35%	21%	13%
Hang Seng	26749.51	3.8%	36%	32%	-2%
Shanghai	4136.164	5.5%	28%	22%	3%
India SENSEX	81537.7	-4.7%	7%	8%	11%

Americas	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	49098.71	1.4%	10%	14%	10%
S&P 500	6915.61	0.1%	13%	19%	12%
Nasdaq	23501.244	-0.3%	17%	23%	12%
Russsel 1000	49098.71	1.4%	10%	14%	10%
Brazil Bovespa	178858.55	11.5%	46%	18%	9%

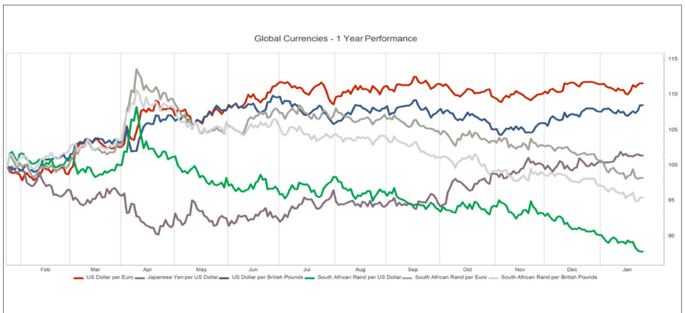


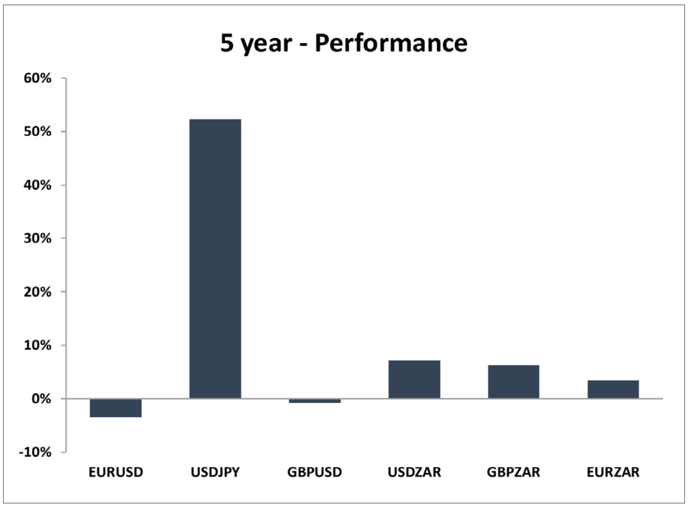


CURRENCIES



Currencies	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	16.15	-3.1%	-12%	-7%	1%
GBP/ZAR	21.90	-2.7%	-4%	-4%	1%
EUR/ZAR	18.99	-3.3%	-2%	-3%	1%
AUD/ZAR	11.10	-0.9%	-4%	-5%	-1%
EUR/USD	1.18	-0.2%	12%	4%	-1%
USD/JPY	158.12	1.1%	2%	3%	9%



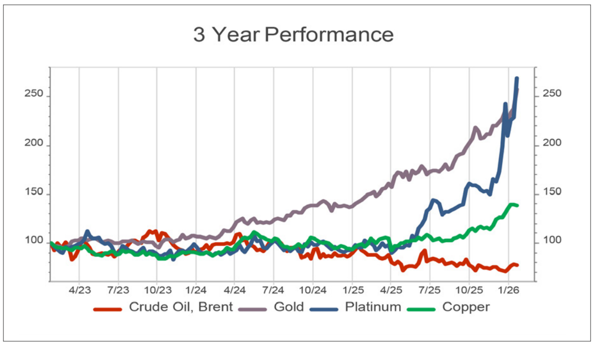


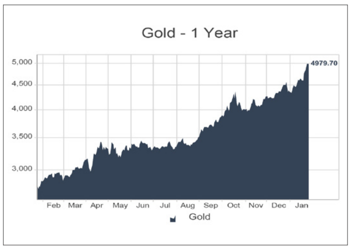
EFFICIENT CORPORATE SOLUTIONS

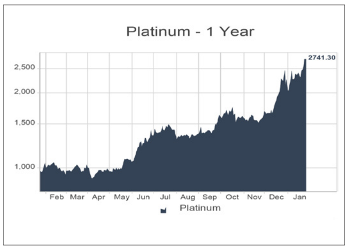
Global Indices, Currencies and Commodities, 27 January 2026

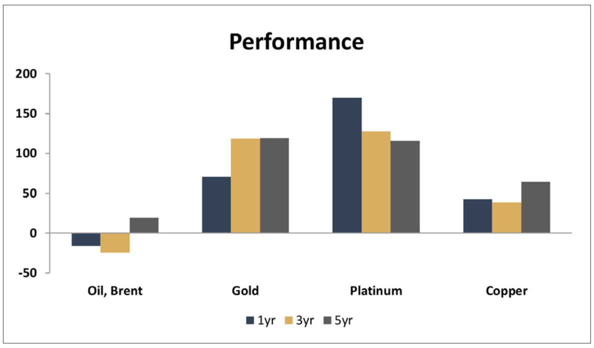
COMMODITIES

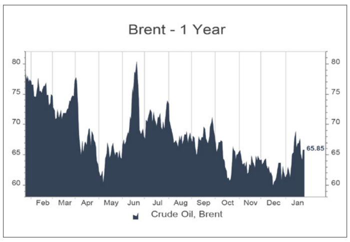
Commodities	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	4979.70	10.5%	71%	48%	14%
Platinum	2741.30	18.9%	169%	66%	10%
Silver	101.33	42.4%	211%	101%	18%
Brent Crude	65.85	3.4%	-16%	-10%	2%
Copper	12920.50	7.0%	43%	25%	10%

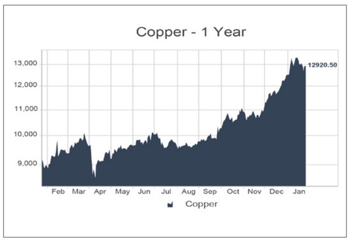






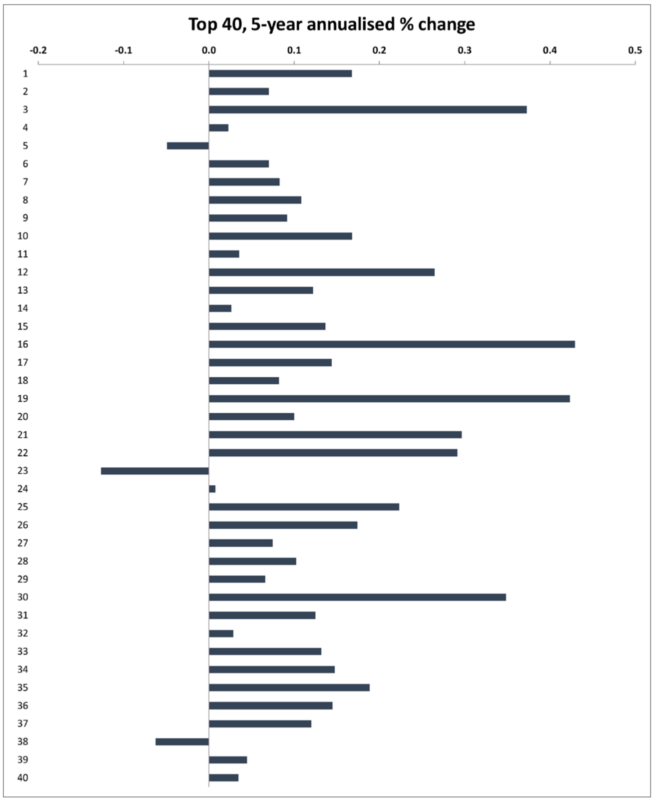






TOP 40

Top 40		Close	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	249.60	5.5%	35%	26%	17%
2	ANGLO AMERICAN PLC	741.60	10.9%	30%	31%	7%
3	ANGLO GOLD ASHANTI	1661.75	12.0%	221%	128%	37%
4	ANHEUSER-BUSCH INBEV	1119.79	4.5%	26%	-3%	2%
5	ASPEN	112.91	18.9%	-34%	-24%	-5%
6	BHP Group Limited	540.60	5.9%	19%	-4%	7%
7	BID CORP LTD	404.36	-3.0%	-12%	-4%	8%
8	BRITISH AMERICAN TOBACCO PLC	944.40	-0.5%	38%	31%	11%
9	BIDVEST GROUP LIMITED	243.15	4.8%	-6%	0%	9%
10	COMPAGNIE FINANCIERE	3167.79	-11.6%	-8%	10%	17%
11	CLICKS GROUP	314.70	-5.8%	-10%	2%	4%
12	CAPITEC	4358.58	4.4%	49%	45%	26%
13	DISCOVERY	230.54	1.6%	25%	31%	12%
14	EXXARO RESOURCES LTD	188.40	6.3%	23%	-1%	3%
15	FIRSTRAND	91.44	2.0%	19%	16%	14%
16	GOLDFIELDS LTD	851.51	10.3%	184%	84%	43%
17	GLENCORE PLC	109.52	23.2%	29%	6%	14%
18	GROWTHPOINT	17.85	4.5%	45%	25%	8%
19	HARMONY GOLD MINING	380.67	5.8%	95%	87%	42%
20	IMPLATS	349.31	28.6%	266%	117%	10%
21	INVLTD	131.09	6.6%	8%	2%	30%
22	INVESTECP	131.24	5.8%	8%	2%	29%
23	MONDI PLC	191.55	-4.8%	-30%	-26%	-13%
24	MR PRICE GROUP LTD	176.00	3.2%	-32%	6%	1%
25	MTN GROUP	176.18	6.9%	57%	29%	22%
26	NEDBANK	273.55	4.4%	-1%	13%	17%
27	NASPERS -N	1023.04	-8.7%	38%	30%	7%
28	NEPI ROCKCASTLE PLC	147.39	2.4%	8%	9%	10%
29	OLD MUTUAL LTD	15.16	3.0%	29%	11%	7%
30	OUTSURANCE	70.38	-2.3%	9%	32%	35%
31	PEPKOR HOLDINGS LTD	26.55	1.5%	1%	21%	12%
32	PROSUS NV	956.91	-7.5%	43%	31%	3%
33	REMGRO	181.39	1.4%	29%	8%	13%
34	REINET INVESTMENTS SCA	569.75	-0.8%	24%	10%	15%
35	STANBANK	295.84	3.5%	37%	22%	19%
36	SHOPRITE	268.63	0.1%	-6%	1%	14%
37	SANLAM	102.49	3.9%	24%	20%	12%
38	SASOL	117.03	11.8%	34%	-15%	-6%
39	Sibanye Stillwater Ltd	77.79	22.7%	364%	89%	4%
40	VODACOM GROUP LIMITED	147.01	5.9%	37%	18%	3%



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