

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

The comfort trap: When “truthiness” becomes policy

Markets love a simple promise: When things get tough, someone will step in. In the United States (US) that promise has a name: The “Fed put”. This refers to the belief that the central bank will cushion losses and keep the cycle alive. This belief is again being tested as President Donald Trump nominates Kevin Warsh to lead the Federal Reserve (Fed).

Warsh’s critique has a certain “truthiness”: “Money on Wall Street is too easy, and credit on Main Street is too tight”. He has also argued for shrinking the Fed’s balance sheet, a move that can push up longer-term borrowing costs even if the policy rate falls. But the same storyline often smuggles in a second promise: That an artificial intelligence-driven productivity boom is close enough to let rates drop without inflation returning. Investors should be careful. Productivity miracles are not policy tools; they are outcomes. Betting today’s valuations on tomorrow’s productivity is how “truthiness” becomes strategy.

The deeper issue is not who chairs the Fed. It is that modern economies have become addicted to stabilisers. Over the past few decades, recessions have become rarer and expansions longer. This is partly because policymakers learned to fight every fire with rate cuts, emergency liquidity, fiscal cheques, and regulatory flexibility. Over time, this rewires incentives. When downturns are postponed repeatedly, risk does not disappear; it migrates. It shows up as higher leverage, thinner equity buffers, and companies that survive on refinancing rather than profits. Markets get trained to buy every dip because the referee hates drawdowns. The paradox is that the more stability you manufacture, the bigger the eventual repricing can be, because everyone is positioned for rescue.

Now widen the lens. The world is shifting from globalisation as the default to industrial policy as the default. The European Union (EU) is preparing “made in Europe” rules that would tilt parts of public procurement towards local production in green technologies. India, long a protectionist, is moving towards major trade deals with the US and the EU to accelerate export-led manufacturing. And the race for critical minerals is turning Brazil into a geopolitical auction house, with Washington backing a \$565 million financing deal for Serra Verde, a Brazilian rare earths miner.

These trends reconnect the real economy to the financial one. Industrial policy is expensive. It reshapes supply chains. It can be inflationary in the short term, even if it is disinflationary later. And it creates a temptation: If the transition is bumpy, lean on the central bank to smooth it.

South Africa sits inside the same comfort trap. The South African Reserve Bank has held the repo rate at 6.75%, but the inflation story is not only about Consumer Price Index prints. Electricity is a policy variable: Nersa’s revised Eskom increases (8.76% in April 2026 and 8.83% in April 2027) remind us that administered prices can reintroduce pressure just as investors start pricing in easing. Add the rand’s sensitivity to US rates and global risk appetite, and the “Fed put” reaches your household budget.

So, what should a South African investor take from this?

First, stop treating “puts” as permanent laws of nature. They are political choices, and politics change. Second, favour resilience over narratives: Strong balance sheets, real pricing power, and business models that do not require cheap funding to exist. Third, diversify across regimes, not just assets. The last decade rewarded a tidy regime with abundant liquidity, smooth supply chains, and low inflation. The next may reward a messier mix: Strategic reshoring, resource constraints, and a higher premium on credible policy and cash flow. Avoiding recessions is not free. If we keep paying for stability with debt, subsidies, and central-bank balance sheets, we are not eliminating cycles; we are storing them.

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, 11 February 2026

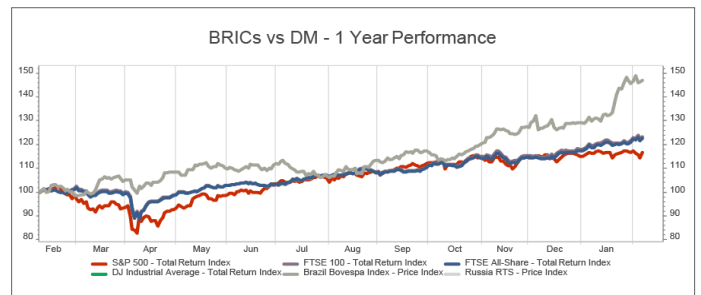
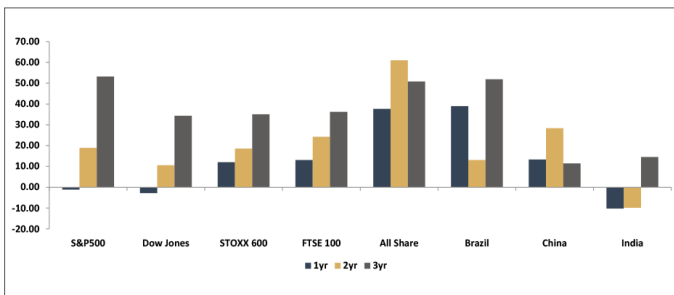
GLOBAL INDICES

South Africa	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	120051.24	1.1%	38%	27%	13%
Top 40	112034.29	1.0%	41%	28%	14%
Mid Cap	117006.53	0.2%	30%	23%	11%
Small Cap	110396.74	1.3%	24%	23%	18%
Resource 20	137337.55	5.5%	118%	62%	18%
Industrial 25	132958.48	-5.0%	10%	13%	9%
Financial 15	26069.22	3.1%	28%	23%	16%

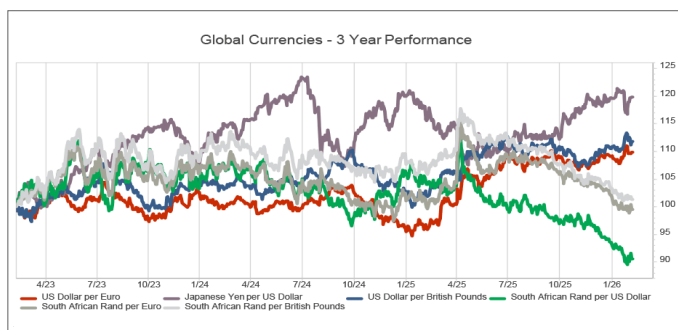
Europe	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	10369.75	2.4%	19%	16%	10%
DAX 30	24721.46	-0.7%	13%	20%	12%
CAC 40	8273.84	0.4%	3%	4%	8%
STOXX 600	617.12	2.0%	13%	13%	9%
Russia RTS	955.46	0.0%	0%	0%	-8%

Asia	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	54253.68	3.3%	39%	22%	14%
Hang Seng	26559.95	-0.6%	27%	28%	-2%
Shanghai	4065.5835	-0.4%	24%	21%	3%
India SENSEX	83580.4	-1.7%	7%	8%	11%

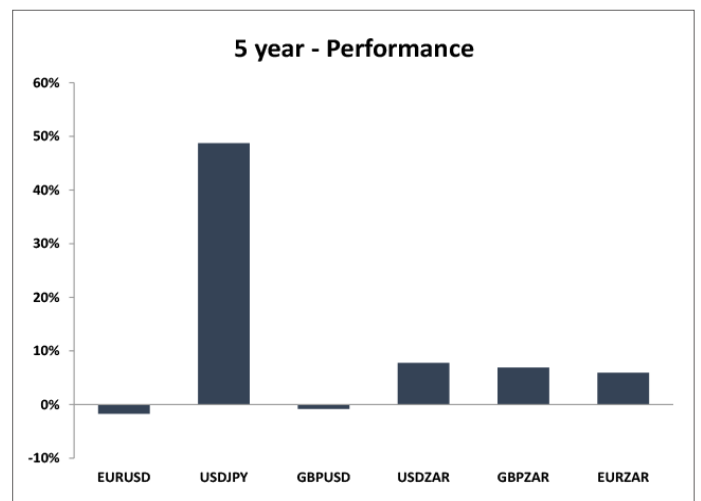
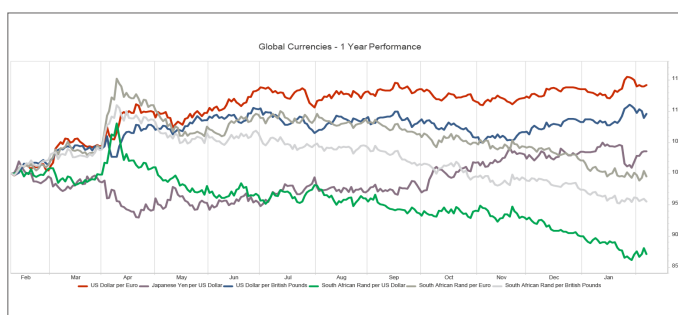
Americas	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	50115.67	1.3%	12%	14%	10%
S&P 500	6932.3	-0.2%	14%	18%	12%
Nasdaq	23031.213	-2.2%	16%	21%	11%
Russel 1000	50115.67	1.3%	12%	14%	10%
Brazil Bovespa	182949.78	11.8%	45%	18%	9%



CURRENCIES

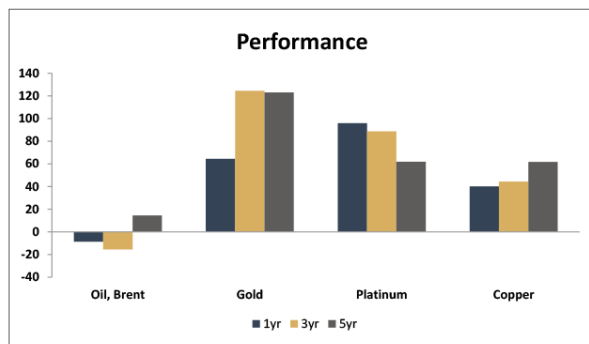
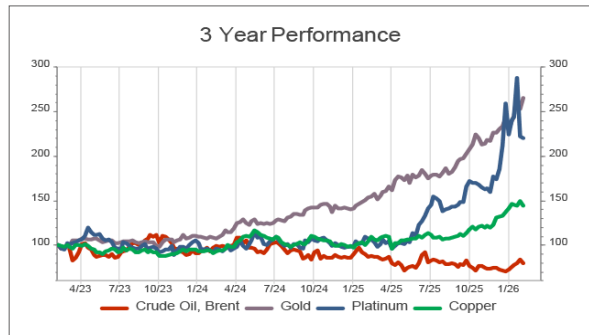
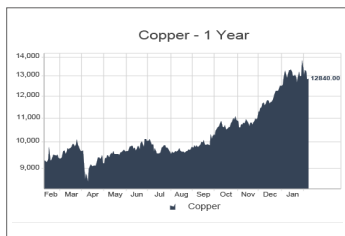
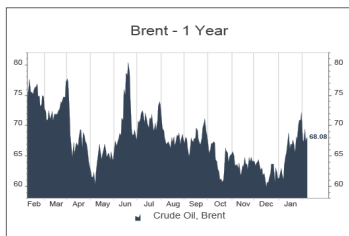
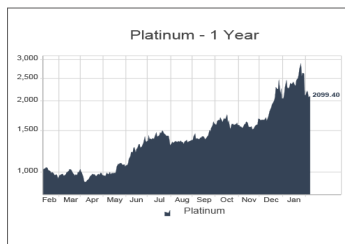
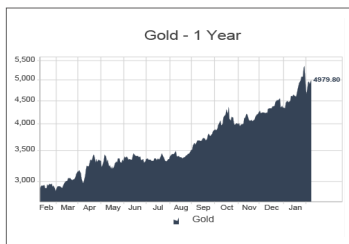


Currencies	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	16.05	-2.5%	-13%	-8%	2%
GBP/ZAR	21.85	-1.1%	-4%	-5%	1%
EUR/ZAR	18.97	-1.0%	0%	-4%	1%
AUD/ZAR	11.24	2.2%	-3%	-5%	0%
EUR/USD	1.18	1.5%	14%	5%	0%
USD/JPY	156.86	-0.6%	4%	2%	8%



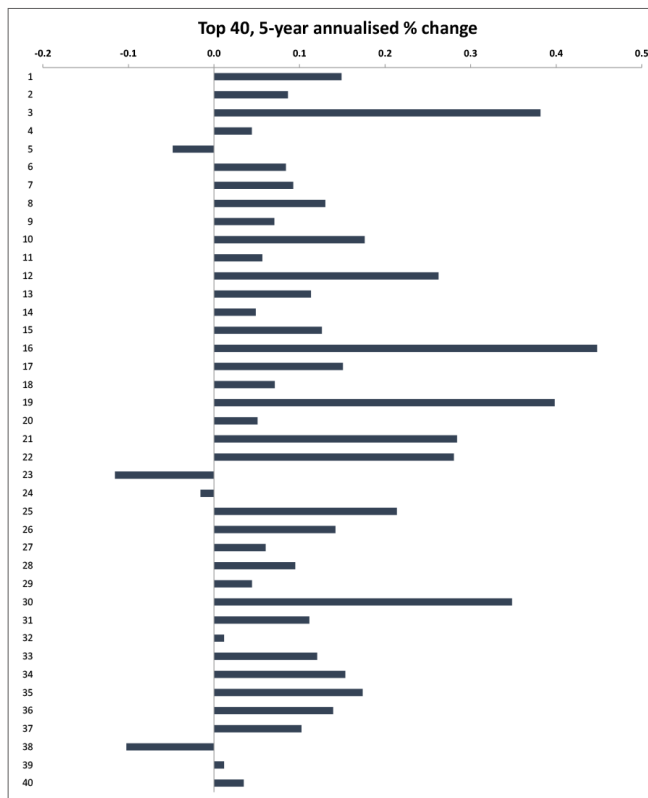
COMMODITIES

Commodities	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	4979.80	10.0%	65%	48%	14%
Platinum	2099.40	-14.4%	96%	45%	10%
Silver	76.90	-5.1%	123%	75%	16%
Brent Crude	68.08	9.6%	-9%	-8%	1%
Copper	12840.00	-3.2%	40%	25%	10%



TOP 40

Top 40		Close	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	256.50	5.4%	37%	25%	15%
2	ANGLO AMERICAN PLC	748.84	5.6%	34%	32%	9%
3	ANGLO GOLD ASHANTI	1674.38	12.5%	187%	122%	38%
4	ANHEUSER-BUSCH INBEV	1218.91	17.4%	30%	2%	4%
5	ASPEN	111.24	-2.8%	-35%	-25%	-5%
6	BHP Group Limited	554.46	5.3%	17%	-1%	8%
7	BID CORP LTD	429.50	5.1%	-10%	-5%	9%
8	BRITISH AMERICAN TOBACCO PLC	1003.67	12.3%	31%	34%	13%
9	BIDVEST GROUP LIMITED	243.32	-0.3%	-6%	2%	7%
10	COMPAGNIE FINANCIERE	3203.12	-9.2%	-12%	7%	18%
11	CLICKS GROUP	325.60	-3.5%	-8%	4%	6%
12	CAPITEC	4452.45	6.2%	40%	48%	26%
13	DISCOVERY	238.00	3.3%	27%	32%	11%
14	EXXARO RESOURCES LTD	196.73	6.2%	11%	4%	5%
15	FIRSTRAND	94.25	2.4%	24%	19%	13%
16	GOLDFIELDS LTD	865.60	14.6%	151%	79%	45%
17	GLENORE PLC	105.50	11.8%	28%	4%	15%
18	GROWTHPOINT	18.68	4.8%	54%	25%	7%
19	HARMONY GOLD MINING	330.60	-4.8%	50%	68%	40%
20	IMPLATS	275.25	-4.6%	176%	100%	5%
21	INVLT	133.54	6.3%	12%	5%	28%
22	INVESTCP	134.33	6.8%	12%	5%	28%
23	MONDI PLC	193.76	-3.2%	-35%	-23%	-12%
24	MIR PRICE GROUP LTD	170.90	-0.2%	-33%	0%	-2%
25	MTN GROUP	184.16	4.7%	59%	39%	21%
26	NEDBANK	269.76	-2.3%	-2%	11%	14%
27	NASPERS -N	957.19	-15.8%	19%	19%	6%
28	NEPI ROCKCASTLE PLC	146.82	0.6%	5%	8%	10%
29	OLD MUTUAL LTD	15.75	2.3%	27%	13%	4%
30	OUTSURANCE	73.50	4.9%	12%	33%	35%
31	PEPKOR HOLDINGS LTD	26.17	-0.3%	-4%	16%	11%
32	PROSUS NV	876.12	-16.9%	19%	22%	1%
33	REMGRO	184.19	-0.2%	27%	9%	12%
34	REINET INVESTMENTS SCA	552.86	-3.6%	17%	9%	15%
35	STANBANK	309.44	5.0%	40%	24%	17%
36	SHOPRITE	264.03	-3.8%	-7%	-1%	14%
37	SANLAM	100.73	-1.6%	23%	18%	10%
38	SASOL	113.73	4.7%	39%	-15%	-10%
39	Sibanye Stillwater Ltd	65.74	1.6%	253%	72%	1%
40	VODACOM GROUP LIMITED	153.95	5.2%	27%	27%	3%



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