

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

The credibility premium: When markets start pricing the referees

Most market weeks feel like a tug of war between growth and inflation. Yet, 2026 is increasingly about a third variable that does not sit neatly in a spreadsheet, namely institutional credibility. This is not about policy itself, but rather about whether institutions that set policy can still commit to it when political incentives change.

In the United States (US), this question has been highlighted through a confrontation that began with tariffs and ended at the Federal Reserve's (Fed's) doorstep. A Fed-linked study has argued that the bulk of tariff costs has been borne at home rather than by foreign exporters. The White House's response on this has been unusually direct: Senior officials have attacked the work and called for the authors to be "disciplined". Fed policymakers have pushed back, warning that pressure on research is, in practice, pressure on independence. When the referee becomes part of the campaign, markets pay attention.

This matters far beyond Washington because independence is not a moral ornament. It is a pricing input. When investors believe a central bank is insulated, long-dated yields can be lower because the future path of rates is more credible. When investors suspect policy is being leaned on for electoral timing, a credibility premium appears. It shows up as a higher term premium, jumpier auctions, and a market that demands more compensation for tail risks that used to be dismissed as political theatre.

Here is the nuance that South African investors should not miss: The dollar's reaction is not automatic. If credibility fears flip into global risk-off dynamics, the dollar often strengthens because the world reaches for dollar cash and safe collateral. Emerging markets then take the punch through weaker currencies and wider spreads. But, if the shock is perceived as US institutional damage (confidence in US policymaking itself), the dollar can weaken even as US yields reprice higher. Either way, global financial conditions tighten; the channel just changes.

Tariffs are an accelerant because they impose costs unevenly. Large multinationals can reroute supply chains, renegotiate contracts, and hedge. Mid-sized firms usually cannot. Evidence from US banking research suggests that tariff payments by mid-market businesses have surged sharply even as the headline trade deficit has barely shifted. That combination is politically combustible: Visible costs, an unclear payoff, and pressure to keep borrowing costs low to protect sentiment. A resilient gross domestic product print can, therefore, co-exist with growing micro-level strain, which is exactly the kind of environment where institutional guardrails get tested.

Europe offers a revealing contrast: A decade ago, the eurozone's so-called periphery (Portugal, Ireland, Italy, Greece, and Spain) was shorthand for fiscal stress. Yet, in recent years, these economies have narrowed bond spreads, improved budget discipline, and outgrown parts of the traditional "core". Their recovery has not been magic. It has been the slow compounding return of credibility: Reforms that stuck, budgets that became less improvisational, and institutions that regained the benefit of the doubt in capital markets.

Europe's current competitiveness debate adds a second lesson: Businesses can live with regulation; what they struggle to price is regulatory whiplash. Leaders call for deregulation while simultaneously telling businesses to invest for the long term. Those promises collide when rules are announced, capital is committed, and then policies are diluted to placate whoever shouts the loudest. Predictability is a form of capital. Remove it, and you raise the cost of doing business without ever announcing a tax.

For South Africans, this is not distant theatre. We live with a currency that reprices quickly when global term premia rise, and a bond curve that reflects not only inflation expectations but trust in medium-term fiscal arithmetic and institutional restraint. The investing question for 2026 is, therefore, less about what the Fed will do next and more about what will happen if markets start doubting who the Fed is allowed to be. Markets can digest bad news. They struggle with politicised referees. Trust, once discounted, is expensive to buy back, and emerging markets usually pay the surcharge first.

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, 24 February 2026

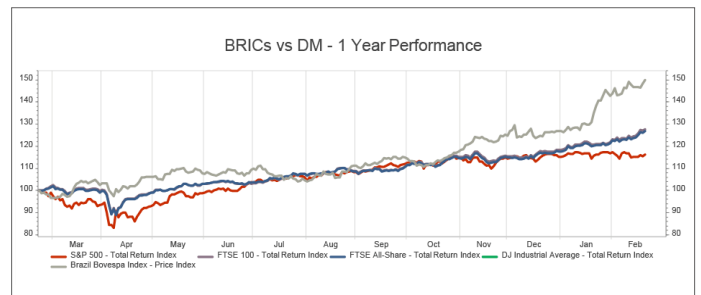
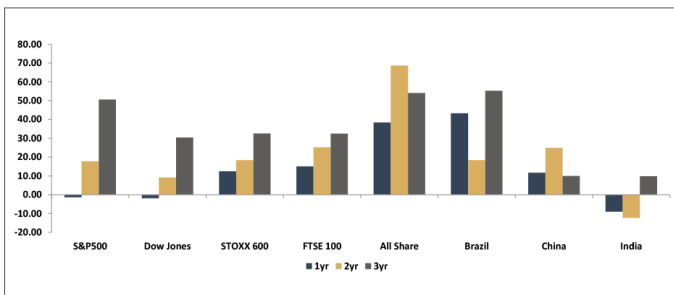
GLOBAL INDICES

| South Africa | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|---------------|-----------|-------|----------|----------|----------|
| All Share | 123022.03 | 2.1% | 38% | 30% | 13% |
| Top 40 | 114829.51 | 1.9% | 41% | 31% | 13% |
| Mid Cap | 120298.99 | 1.3% | 35% | 26% | 12% |
| Small Cap | 112339.95 | 2.0% | 27% | 26% | 18% |
| Resource 20 | 142479.55 | 0.3% | 125% | 68% | 16% |
| Industrial 25 | 132533.97 | -2.1% | 4% | 14% | 8% |
| Financial 15 | 27090.73 | 8.0% | 33% | 25% | 17% |

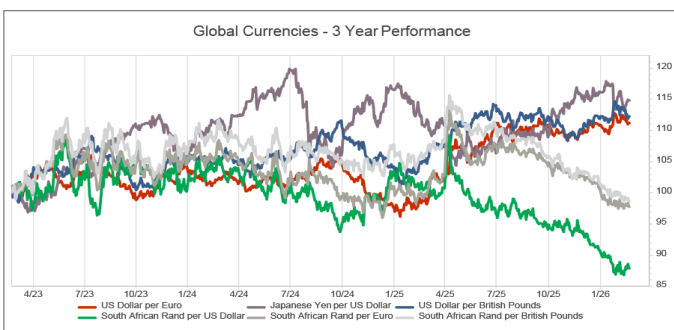
| Europe | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|-----------|----------|------|----------|----------|----------|
| FTSE 100 | 10686.89 | 5.5% | 23% | 18% | 10% |
| DAX 30 | 25260.69 | 2.3% | 13% | 22% | 13% |
| CAC 40 | 8515.49 | 5.6% | 5% | 5% | 8% |
| STOXX 600 | 630.56 | 4.6% | 14% | 13% | 9% |

| Asia | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|--------------|-----------|-------|----------|----------|----------|
| Nikkei 225 | 56825.7 | 7.2% | 47% | 22% | 14% |
| Hang Seng | 26413.35 | -0.3% | 17% | 28% | -3% |
| Shanghai | 4082.0725 | -1.4% | 22% | 19% | 2% |
| India SENSEX | 82814.71 | 0.8% | 9% | 6% | 10% |

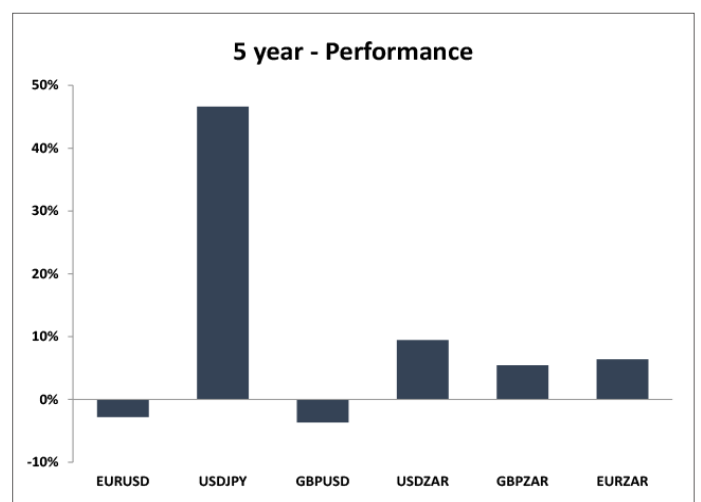
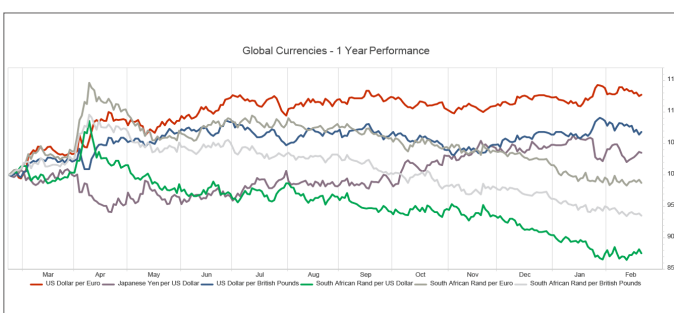
| Americas | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|----------------|-----------|-------|----------|----------|----------|
| Dow Jones | 49625.97 | 2.3% | 12% | 13% | 10% |
| S&P 500 | 6909.51 | 1.7% | 13% | 18% | 12% |
| Nasdaq | 22886.068 | -0.3% | 15% | 21% | 11% |
| Brazil Bovespa | 190534.42 | 14.6% | 49% | 21% | 10% |



CURRENCIES

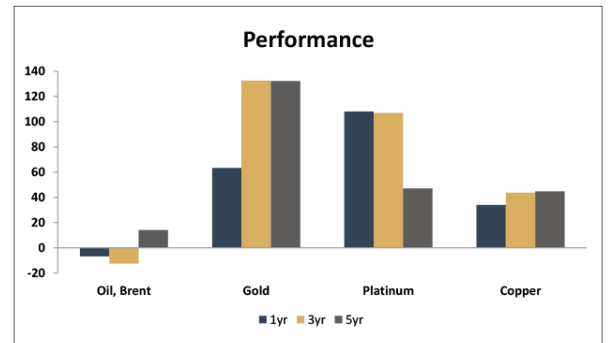
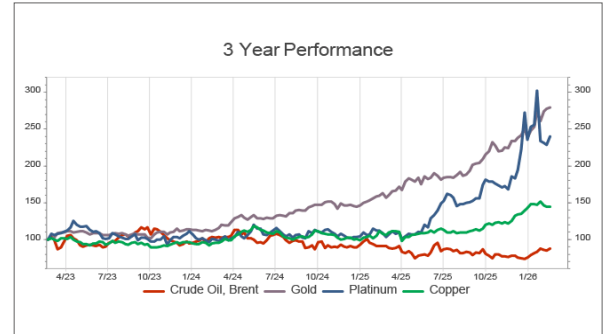
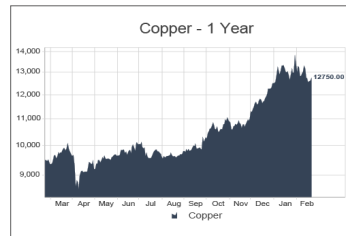
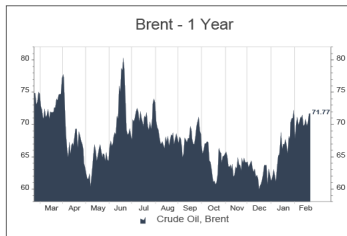
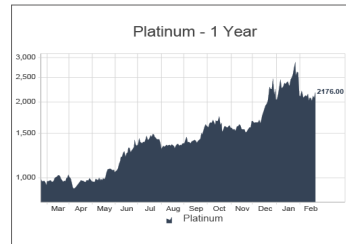
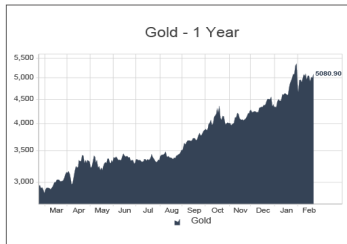


| Currencies | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|------------|--------|-------|----------|----------|----------|
| USD/ZAR | 16.04 | -0.6% | -12% | -9% | 2% |
| GBP/ZAR | 21.66 | -1.1% | -6% | -6% | 1% |
| EUR/ZAR | 18.91 | -0.4% | -1% | -5% | 1% |
| AUD/ZAR | 11.37 | 2.4% | -3% | -5% | 0% |
| EUR/USD | 1.18 | 0.3% | 13% | 4% | -1% |
| USD/JPY | 154.87 | -2.1% | 4% | 1% | 8% |



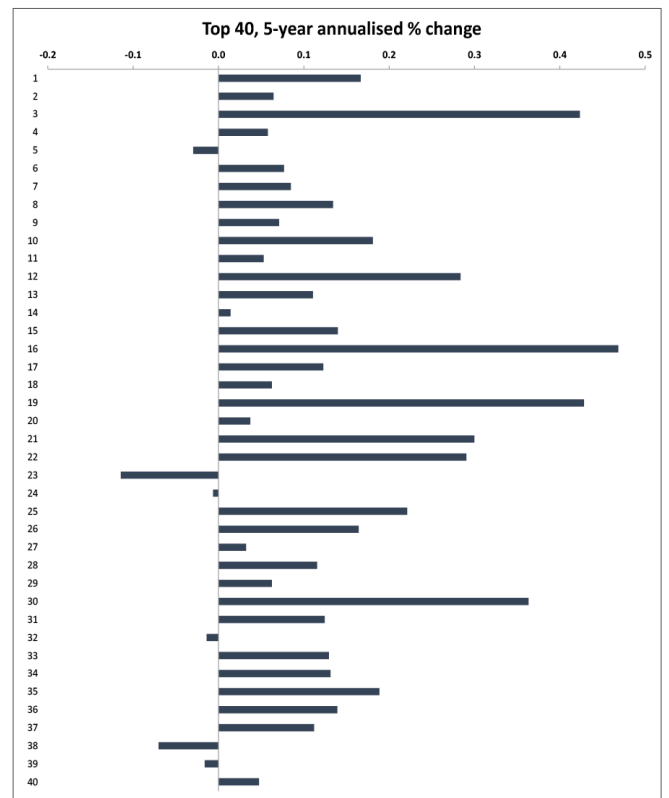
COMMODITIES

| Commodities | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|-------------|----------|--------|----------|----------|----------|
| Gold | 5080.90 | 5.9% | 63% | 50% | 15% |
| Platinum | 2176.00 | -11.2% | 108% | 47% | 7% |
| Silver | 82.34 | -13.0% | 133% | 78% | 16% |
| Brent Crude | 71.77 | 6.0% | -7% | -8% | 0% |
| Copper | 12750.00 | -2.4% | 34% | 23% | 7% |



TOP 40

| Top 40 | | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|--------|------------------------------|---------|--------|----------|----------|----------|
| 1 | ABSA GROUP LTD | 268.43 | 8.5% | 44% | 27% | 17% |
| 2 | ANGLO AMERICAN PLC | 785.64 | 11.6% | 40% | 38% | 6% |
| 3 | ANGLO GOLD ASHANTI | 1791.02 | 3.7% | 201% | 129% | 42% |
| 4 | ANHEUSER-BUSCH INBEV | 1260.74 | 12.8% | 30% | 3% | 6% |
| 5 | ASPEN | 125.74 | 8.6% | -26% | -20% | -3% |
| 6 | BHP Group Limited | 604.00 | 15.7% | 26% | 5% | 8% |
| 7 | BID CORP LTD | 433.77 | 6.4% | -8% | -1% | 8% |
| 8 | BRITISH AMERICAN TOBACCO PLC | 992.59 | 7.1% | 41% | 32% | 13% |
| 9 | BIDVEST GROUP LIMITED | 246.18 | 0.1% | -2% | 3% | 7% |
| 10 | COMPAGNIE FINANCIERE | 3327.60 | 2.6% | -9% | 7% | 18% |
| 11 | CLICKS GROUP | 323.09 | -8.1% | -7% | 4% | 5% |
| 12 | CAPIPEC | 4727.87 | 11.3% | 52% | 52% | 28% |
| 13 | DISCOVERY | 240.93 | 6.5% | 16% | 33% | 11% |
| 14 | EXXARO RESOURCES LTD | 191.50 | 3.8% | 15% | 3% | 1% |
| 15 | FIRSTRAND | 98.04 | 8.6% | 36% | 23% | 14% |
| 16 | GOLDFIELDS LTD | 857.50 | -0.6% | 138% | 81% | 47% |
| 17 | GLENORE PLC | 109.92 | 3.4% | 44% | 8% | 12% |
| 18 | GROWTHPOINT | 18.56 | 3.2% | 50% | 28% | 6% |
| 19 | HARMONY GOLD MINING | 333.00 | -11.2% | 54% | 76% | 43% |
| 20 | IMPLATS | 289.78 | -5.5% | 193% | 110% | 4% |
| 21 | INVLT | 138.00 | 5.8% | 11% | 6% | 30% |
| 22 | INVESTPC | 138.41 | 6.4% | 12% | 6% | 29% |
| 23 | MONDI PLC | 202.29 | 7.7% | -31% | -22% | -11% |
| 24 | MR PRICE GROUP LTD | 172.50 | 2.7% | -28% | 1% | -1% |
| 25 | MTN GROUP | 197.45 | 11.8% | 75% | 51% | 22% |
| 26 | NEDBANK | 283.20 | 3.6% | 1% | 11% | 16% |
| 27 | NASPERS -N | 899.17 | -13.4% | -8% | 18% | 3% |
| 28 | NEPI ROCKCASTLE PLC | 152.97 | 4.2% | 7% | 11% | 12% |
| 29 | OLD MUTUAL LTD | 16.07 | 8.1% | 30% | 17% | 6% |
| 30 | OUTSURANCE | 76.22 | 10.6% | 15% | 36% | 36% |
| 31 | PEPKOR HOLDINGS LTD | 26.00 | 2.9% | -1% | 16% | 12% |
| 32 | PROSUS NV | 828.80 | -15.8% | -5% | 20% | -1% |
| 33 | REMGRO | 188.97 | 4.9% | 31% | 13% | 13% |
| 34 | REINET INVESTMENTS SCA | 552.00 | -3.3% | 18% | 7% | 13% |
| 35 | STANBANK | 320.03 | 10.4% | 48% | 25% | 19% |
| 36 | SHOPRITE | 271.18 | 2.0% | -1% | 1% | 14% |
| 37 | SANLAM | 106.22 | 7.8% | 23% | 21% | 11% |
| 38 | SASOL | 141.00 | 38.6% | 68% | -1% | -7% |
| 39 | Sibanye Stillwater Ltd | 63.08 | -10.9% | 269% | 73% | -2% |
| 40 | VODACOM GROUP LIMITED | 159.09 | 10.7% | 39% | 31% | 5% |



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