EFFICIENT CORPORATE SOLUTIONS

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ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

YOUR WEEKLY ECONOMIC UPDATE

26 May 2026

The end of free insurance

For years, investors lived in a world where bad news was often good news. If markets fell hard enough, central banks would soften their tone, governments would open the fiscal taps, and asset prices would recover before the economy had absorbed the shock. The result was a powerful habit: Buy the dip, because policymakers would not allow the dip to become a crisis. This habit may now be dangerous.

The world has not become less interventionist. In fact, the opposite is true. Governments are everywhere. They are subsidising energy, protecting strategic industries, tightening trade rules, funding defence, restricting critical minerals, screening foreign investment, and rebuilding supply chains. But, this is no longer the old safety net designed mainly to calm financial markets. It is a new, more political form of state capitalism. This distinction matters.

Old policies were broad, fast, and market friendly. They rescued liquidity, restored confidence, and pushed investors back into risk assets. New policies are narrower, slower, and more selective. They do not save everyone. They favour industries considered strategic, companies with political weight, technologies linked to national security, and sectors justified under the language of resilience, energy transition, or sovereignty.

Europe shows this shift clearly. Once the defender of open competition and strict state-aid rules, it is now debating how much public money is needed to keep steel, energy-intensive manufacturing, and green technology alive. The argument is understandable. European firms face high energy costs, subsidised Chinese competition, and an America that has embraced industrial policy with enthusiasm. But, the risk is equally obvious. If Germany and France can subsidise more aggressively than smaller member states, Europe may protect industry from China while weakening its own single market from within.

China, meanwhile, is playing a longer game. It is not only exporting cheap goods. It is exporting overcapacity, buying consumer brands, controlling critical parts of supply chains, and using its industrial base as strategic leverage. Its domestic economy is under pressure, but its companies are becoming global competitors in clothing, electric vehicles, batteries, consumer brands, and technology-enabled retail. This is not simply commerce. It is economic power looking for new channels.

Then, there is also the security dimension. Japan is rearming because China is more assertive. China condemns Japan's military spending while expanding its own defence budget year after year. Taiwan remains a flashpoint. Rare earth minerals are no longer just inputs; they are bargaining chips. Shipping lanes, energy corridors, and semiconductor supply chains have become investment variables.

What does this mean for South Africa (SA)?

First, we should stop assuming that globalisation will remain neutral and based on rules. The world that SA trades with is becoming more transactional, subsidised, and geopolitical. Market access, energy security, logistics performance, and diplomatic alignment will matter more, not less.

Second, we cannot copy Europe's subsidy model. We do not have the fiscal space. A South African subsidy race would probably protect incumbents, reward political proximity, and deepen the debt problem. We need fewer permanent handouts and more disciplined, performance-based support.

Third, our real industrial policy is not a speech, a master plan, or a slogan. It is electricity that works, ports that move goods, rail that lowers costs, crime control that reduces risk, and regulations that allow private capital to invest with confidence. Without these basics, any subsidy is just an expensive decoration.

For investors, this new world requires a different mindset. The question is no longer only whether central banks will cut rates or whether governments will intervene. The sharper question is: Who will they intervene for, who will be left exposed, and who will pay?

The old world rewarded faith in rescue. The new world may reward resilience in the form of strong balance sheets, pricing power, policy credibility, and the ability to execute. For SA, the challenge is clear: We cannot afford to build an economy that survives only when global markets are generous, commodity prices are kind, or government finds another temporary support package. Our advantage must come from fixing the basics (electricity, logistics, security, regulation, and investment confidence), so that growth depends less on rescue and more on performance.

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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UPDATE

Global Indices, Currencies and Commodities, 26 May 2026

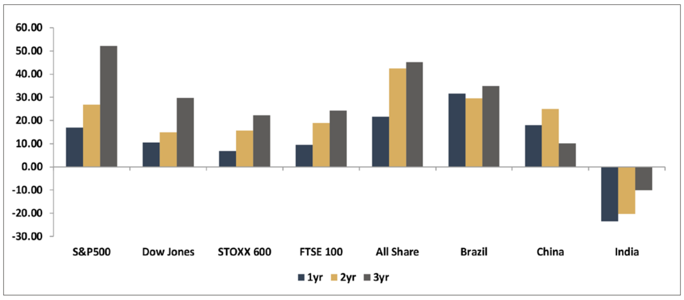
GLOBAL INDICES

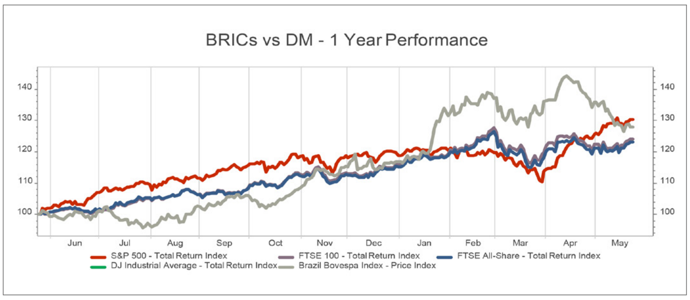
South Africa	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	113215.96	-1.2%	-4.1%	22%	19%	11%
Top 40	105378.37	-1.4%	-4.4%	23%	20%	12%
Mid Cap	108501.21	-0.8%	-5.0%	16%	15%	8%
Small Cap	108059.29	0.9%	0.1%	21%	21%	14%
Resource 20	121209.54	-4.6%	-10.1%	69%	38%	13%
Industrial 25	127663.34	-0.9%	-2.2%	-4%	8%	9%
Financial 15	25303.54	1.8%	-0.8%	23%	21%	15%

Europe	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	10466.26	2.7%	-0.1%	20%	12%	8%
DAX 30	24888.56	3.9%	2.9%	4%	15%	10%
CAC 40	8115.75	2.1%	-0.5%	3%	0%	5%
STOXX 600	625.12	3.0%	1.8%	14%	10%	7%

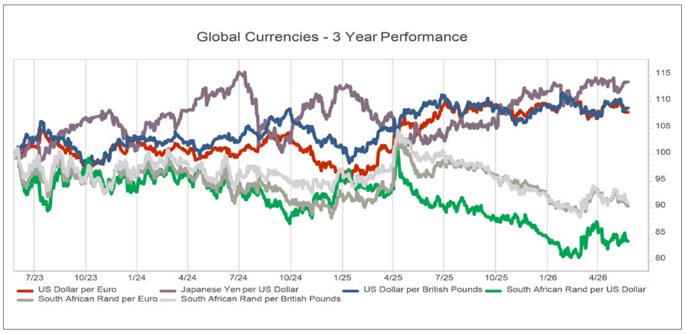
Asia	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	63339.07	3.1%	6.3%	71%	28%	17%
Hang Seng	25606.03	-1.4%	-2.1%	9%	15%	-2%
Shanghai	4112.8994	-0.5%	0.2%	22%	14%	3%
India SENSEX	75415.35	0.2%	-3.9%	-7%	1%	8%

Americas	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	50579.7	2.1%	2.2%	21%	13%	8%
S&P 500	7473.47	0.9%	4.7%	28%	19%	12%
Nasdaq	26343.97	0.5%	6.8%	39%	25%	14%
Brazil Bovespa	176209.61	-0.6%	-8.6%	28%	18%	8%

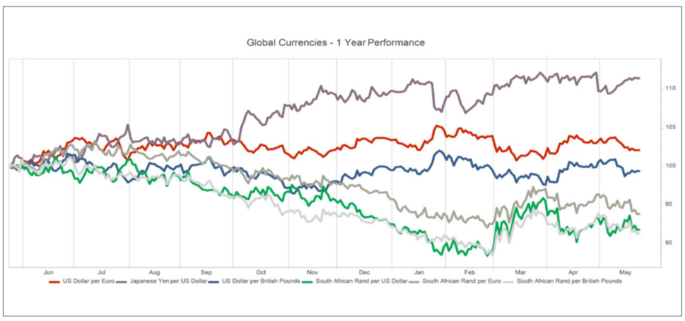


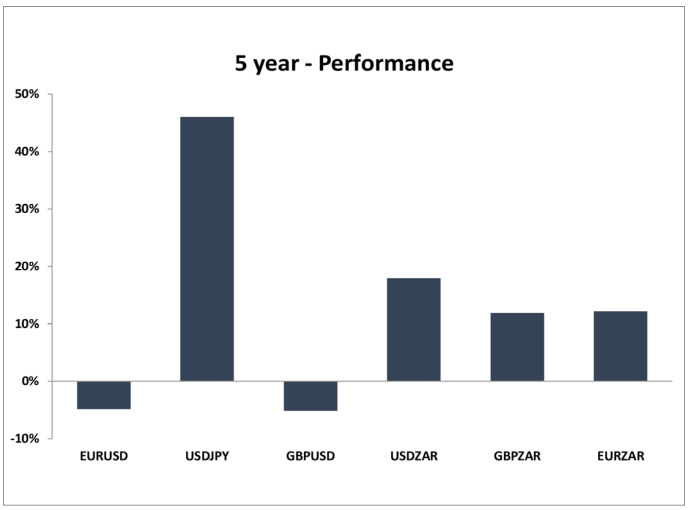


CURRENCIES



Currencies	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	16.44	-1.3%	-0.1%	-9%	-5%	3%
GBP/ZAR	22.08	-0.5%	-0.6%	-9%	-2%	2%
EUR/ZAR	19.07	-1.6%	-1.1%	-6%	-2%	2%
AUD/ZAR	11.72	-1.6%	-0.5%	2%	-2%	2%
EUR/USD	1.16	-0.2%	-1.0%	3%	3%	-1%
USD/JPY	159.12	0.3%	-0.2%	11%	1%	8%

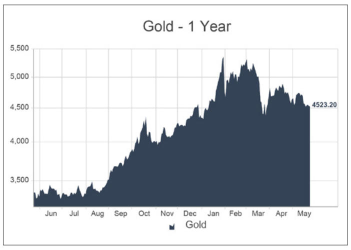


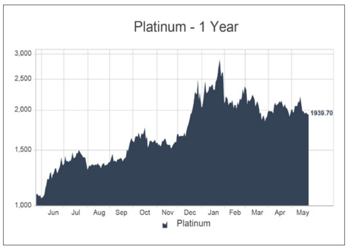


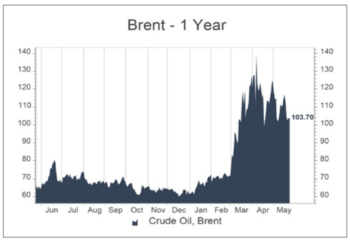
Global Indices, Currencies and Commodities, 26 May 2026

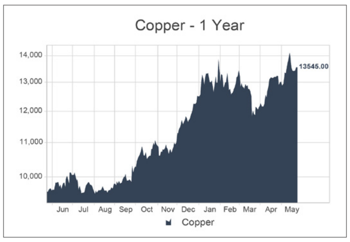
COMMODITIES

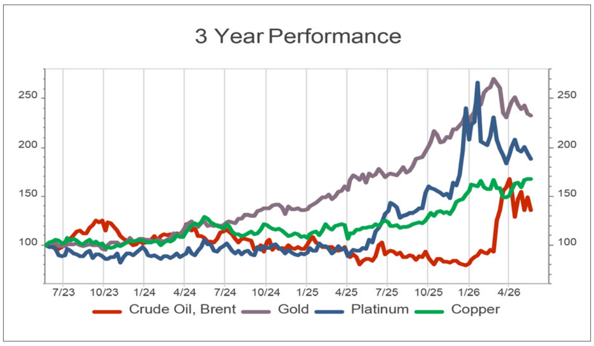
Commodities	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	4523.20	-0.8%	-4.8%	31%	30%	14%
Platinum	1939.70	-2.6%	-7.1%	72%	30%	9%
Silver	76.20	-1.7%	-3.0%	118%	47%	16%
Brent Crude	103.70	-9.0%	-8.6%	60%	14%	-2%
Copper	13545.00	-0.1%	2.6%	43%	14%	5%

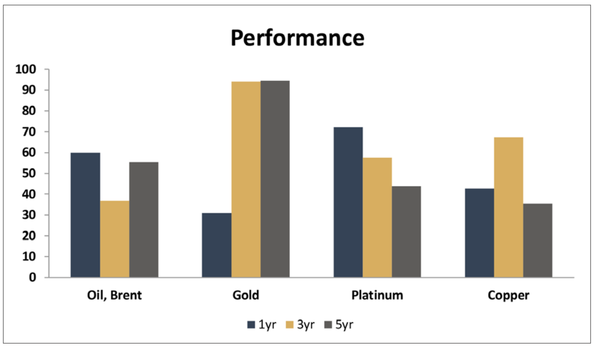






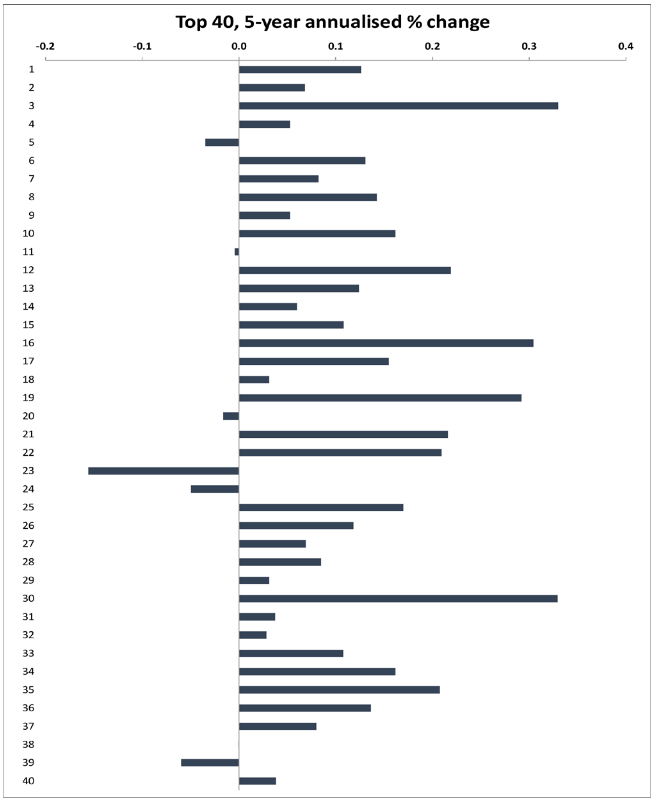






TOP 40

Top 40		Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	234.12	1.7%	-2.0%	40%	22%	13%
2	ANGLO AMERICAN PLC	844.81	-0.4%	5.0%	68%	18%	7%
3	ANGLO GOLD ASHANTI	1470.91	-5.5%	-11.2%	90%	79%	33%
4	ANHEUSER-BUSCH INBEV	1367.14	1.7%	14.1%	11%	7%	5%
5	ASPEN	135.49	-3.5%	0.4%	13%	-23%	-3%
6	BHP Group Limited	691.32	-1.8%	5.3%	56%	13%	13%
7	BID CORP LTD	424.18	2.2%	1.1%	-9%	0%	8%
8	BRITISH AMERICAN TOBACCO PLC	1074.74	-0.5%	17.6%	35%	37%	14%
9	BIDVEST GROUP LIMITED	236.89	1.4%	0.2%	1%	-4%	5%
10	COMPAGNIE FINANCIERE	3262.18	-1.3%	2.3%	-6%	8%	16%
11	CLICKS GROUP	246.12	-1.1%	-18.2%	-35%	-10%	0%
12	CAPITEC	4404.67	2.8%	0.0%	28%	39%	22%
13	DISCOVERY	268.05	1.2%	2.8%	28%	51%	12%
14	EXXARO RESOURCES LTD	205.98	-2.0%	-2.6%	47%	5%	6%
15	FIRSTRAND	89.63	2.1%	1.5%	23%	14%	11%
16	GOLDFIELDS LTD	639.18	-5.8%	-16.0%	61%	46%	30%
17	GLENCORE PLC	125.87	-1.3%	1.3%	96%	6%	16%
18	GROWTHPOINT	16.49	0.2%	-3.0%	27%	23%	3%
19	HARMONY GOLD MINING	274.56	3.6%	-2.3%	0%	23%	29%
20	IMPLATS	222.19	-8.4%	-13.4%	63%	44%	-2%
21	INVLTD	136.16	3.7%	-2.7%	12%	3%	22%
22	INVESTECP	138.65	4.1%	-2.5%	13%	4%	21%
23	MONDI PLC	162.44	-3.2%	-12.8%	-44%	-33%	-16%
24	MR PRICE GROUP LTD	153.11	0.4%	-5.1%	-37%	-9%	-5%
25	MTN GROUP	208.10	0.0%	3.1%	73%	53%	17%
26	NEDBANK	255.66	-0.1%	-4.5%	2%	3%	12%
27	NASPERS -N	842.81	-2.9%	-8.9%	-20%	4%	7%
28	NEPI ROCKCASTLE PLC	142.42	0.5%	-1.2%	5%	4%	8%
29	OLD MUTUAL LTD	13.02	1.8%	-4.5%	14%	8%	3%
30	OUTSURANCE	70.34	0.8%	-2.5%	-6%	27%	33%
31	PEPKOR HOLDINGS LTD	22.00	0.5%	-5.1%	-17%	8%	4%
32	PROSUS NV	746.00	-2.2%	-8.8%	-20%	4%	3%
33	REMGRO	190.95	2.1%	-3.3%	22%	23%	11%
34	REINET INVESTMENTS SCA	578.71	1.3%	2.1%	19%	11%	16%
35	STANBANK	313.98	2.6%	-1.2%	39%	29%	21%
36	SHOPRITE	294.19	0.4%	2.0%	5%	5%	14%
37	SANLAM	84.51	-1.3%	-2.9%	-1%	6%	8%
38	SASOL	219.34	-2.4%	0.8%	168%	28%	0%
39	Sibanye Stillwater Ltd	46.75	-8.1%	-13.3%	74%	39%	-6%
40	VODACOM GROUP LIMITED	151.68	-1.5%	4.9%	11%	25%	4%



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