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YOUR WEEKLY ECONOMIC UPDATE

28 July 2026

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

The world is richer than ever, and that might be the problem

The world has become astonishingly wealthy, at least on paper. Global wealth exceeded $600 trillion in 2025, more than five times the annual global gross domestic product (GDP). Household wealth rose by roughly $40 trillion in a single year. But, here is the uncomfortable question: How much of that increase came from building anything new? The answer: Very little.

Most of the gain came from rising asset prices. Shares became more expensive. Property values increased. Existing wealth was marked up, even though the world's stock of factories, ports, power stations, machinery, skills, and intellectual property did not expand at the same pace. This distinction is crucial. A higher share price makes an investor richer, but it does not automatically make the economy more productive. Financial wealth is a claim on future income. Real wealth is the productive capacity that must eventually generate that income.

The imbalance is now extreme. United States (US) equities are worth roughly 3.7 times of the US' GDP, far above the level reached during the dotcom bubble. Perhaps extraordinary profits and artificial intelligence will eventually justify those valuations. But, there is another possibility: Investors have already brought a large portion of tomorrow's returns into today's prices.

This matters for South African investors. Strong global markets can make retirement portfolios look healthier, but rising valuations are not the same as rising underlying productivity. When asset prices increase faster than economic output, expected future returns often fall, while vulnerability to inflation, interest rates, and shocks rises.

Oil is now testing this vulnerability. Renewed disruption around the Strait of Hormuz, the Red Sea, and the Black Sea has pushed crude oil prices sharply higher. For South Africa (SA), an oil shock travels quickly. It raises fuel prices, increases transport and food costs, worsens inflation, weakens household spending, and complicates the South African Reserve Bank's interest-rate decisions. It can also pressure the rand and government bond yields at precisely the wrong moment.

The same strain is visible elsewhere. Japan is finally emerging from decades of deflation, but it carries public debt exceeding 200% of GDP. Higher interest rates may be economically appropriate, yet they also increase the cost of servicing that debt. Supporting the bond market risks weakening the yen; defending the currency can push yields higher and send pressure into other global bond markets.

This is the inheritance of the cheap-money era. Governments borrowed. Investors stretched for returns. Asset prices surged. Now, inflation has proved more persistent than expected, energy markets are unstable, and the cost of capital is no longer negligible.

The world may restore balance in one of three ways. Productivity and economic growth could accelerate enough to validate current asset prices. Inflation could quietly reduce the real value of financial claims. Or, markets could fall until valuations better reflect the underlying economy. None of these adjustments will be painless.

This also changes how we should think about inequality and wealth. The most important distinction is not simply between rich and poor, but between productive and extractive wealth. A fortune built by creating useful products, employing people, and improving productivity is economically different from one built through political access, protected markets, or the inflation of scarce assets.

SA too often confuses the redistribution of existing wealth with the creation of new wealth. We argue endlessly about who should own the pie while electricity failures, weak logistics, poor education outcomes, municipal decay, and low investment prevent the pie from growing. The lesson from the world's distorted balance sheet is simple: An economy cannot value itself into prosperity. Sooner or later, financial claims must be supported by real production. SA's priority should, therefore, be brutally clear, not merely to reprice, tax, or redistribute what already exists, but to build what does not.

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, 28 July 2026

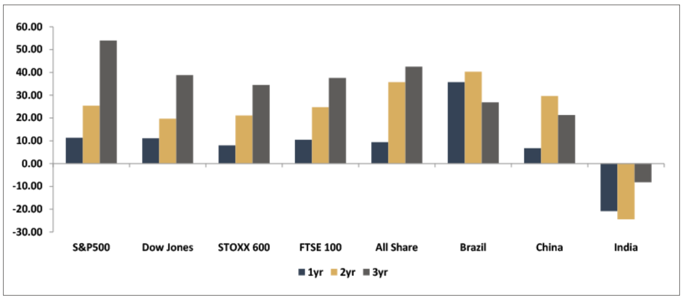
GLOBAL INDICES

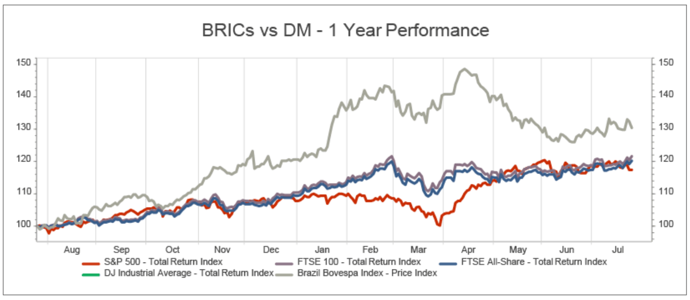
South Africa	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	109398.05	-0.2%	-0.4%	9%	17%	10%
Top 40	101433.72	0.2%	-0.1%	10%	17%	10%
Mid Cap	103236.55	-1.8%	-1.6%	2%	10%	7%
Small Cap	106103.78	-2.4%	-2.7%	12%	15%	13%
Resource 20	106963.08	5.5%	4.3%	28%	32%	10%
Industrial 25	127009.56	-3.2%	-2.1%	-10%	9%	7%
Financial 15	25736.19	-1.3%	-2.2%	21%	16%	15%

Europe	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	10736.23	1.3%	2.6%	17%	15%	9%
DAX 30	25099	1.1%	1.4%	3%	17%	10%
CAC 40	8372.28	0.4%	-0.2%	7%	6%	5%
STOXX 600	644.51	0.5%	1.5%	17%	12%	7%

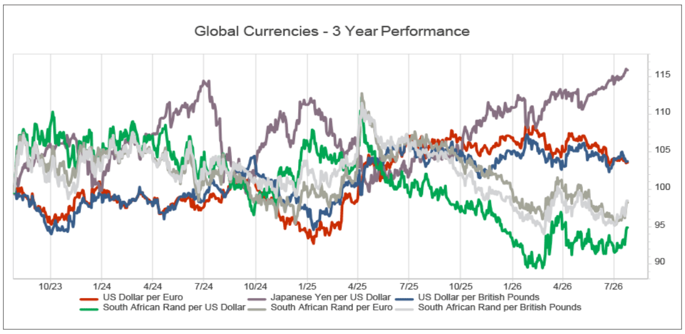
Asia	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	64611.15	0.7%	-6.6%	54%	28%	19%
Hang Seng	24963.23	1.6%	6.6%	-3%	20%	-2%
Shanghai	3814.1978	1.3%	-7.2%	6%	15%	1%
India SENSEX	76059.77	-2.7%	-1.2%	-7%	-3%	8%

Americas	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	51947.25	-0.4%	0.2%	16%	14%	8%
S&P 500	7411.98	-0.6%	0.7%	16%	17%	11%
Nasdaq	24975.824	-2.1%	-2.0%	19%	20%	11%
Brazil Bovespa	174041.95	0.2%	2.1%	30%	17%	7%

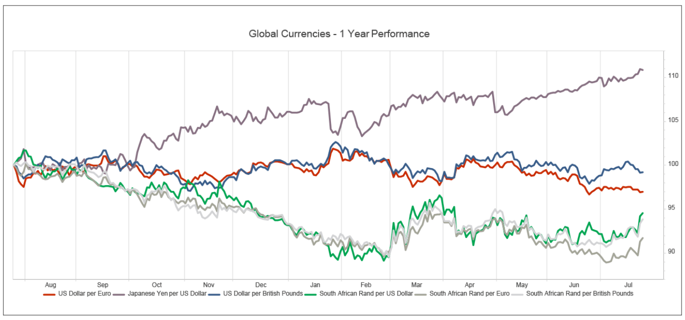


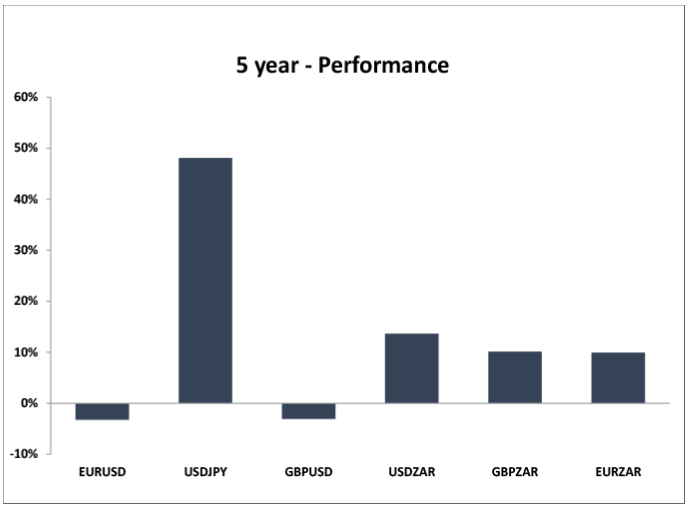


CURRENCIES



Currencies	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	16.81	2.0%	2.1%	-5%	-4%	3%
GBP/ZAR	22.41	0.9%	3.1%	-6%	-2%	2%
EUR/ZAR	19.13	1.3%	2.0%	-8%	-2%	2%
AUD/ZAR	11.75	2.0%	3.5%	1%	-1%	1%
EUR/USD	1.14	-0.6%	-0.1%	-3%	2%	-1%
USD/JPY	163.75	0.9%	1.2%	11%	3%	8%





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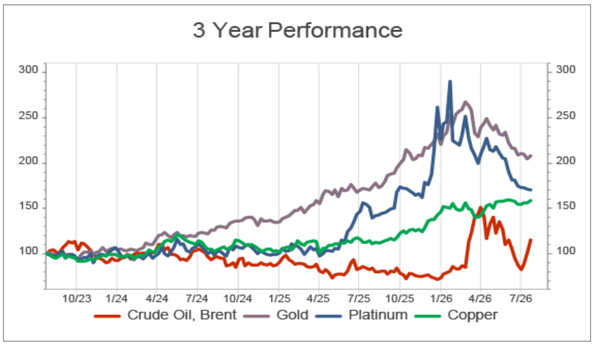
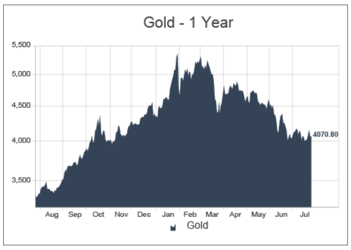
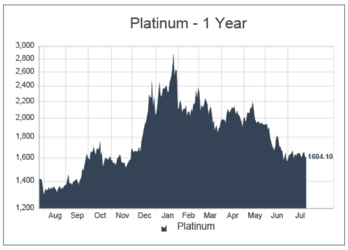
Global Indices, Currencies and Commodities, 28 July 2026

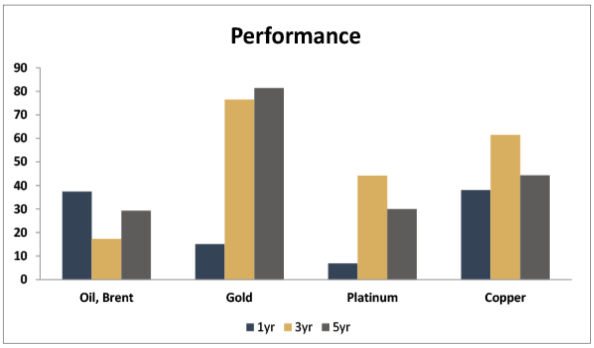
COMMODITIES

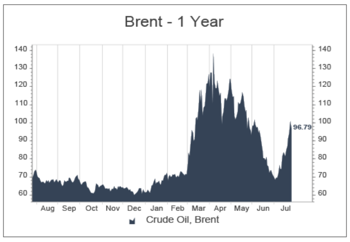
Commodities	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	4070.80	1.3%	1.5%	15%	23%	15%
Platinum	1604.10	-0.5%	0.4%	7%	23%	11%
Silver	58.91	4.6%	0.6%	43%	35%	18%
Brent Crude	96.79	13.9%	34.3%	37%	8%	-4%
Copper	13617.00	1.8%	3.3%	38%	23%	6%

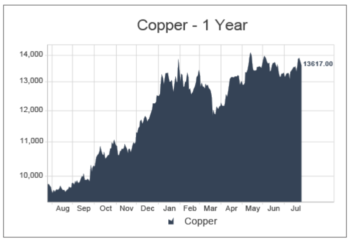






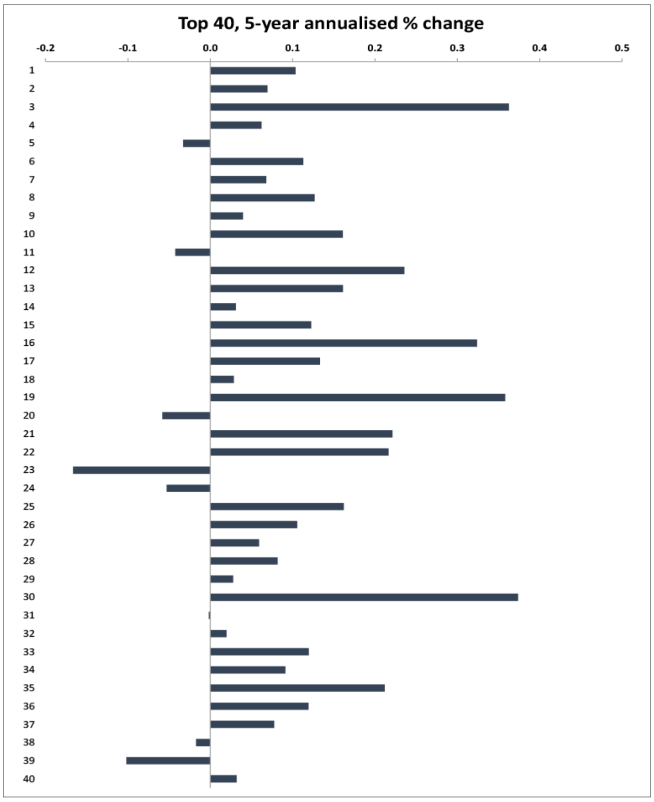






TOP 40

Top 40		Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	219.37	1.0%	-10.4%	24%	17%	10%
2	ANGLO AMERICAN PLC	830.88	10.0%	5.4%	49%	27%	7%
3	ANGLO GOLD ASHANTI	1332.38	6.1%	2.1%	49%	60%	36%
4	ANHEUSER-BUSCH INBEV	1367.61	2.0%	-1.9%	10%	11%	6%
5	ASPEN	146.01	-2.9%	-3.8%	20%	-22%	-3%
6	BHP Group Limited	698.62	5.5%	4.8%	46%	18%	11%
7	BID CORP LTD	440.57	0.2%	0.6%	-1%	0%	7%
8	BRITISH AMERICAN TOBACCO PLC	1024.89	-0.7%	0.9%	10%	30%	13%
9	BIDVEST GROUP LIMITED	235.74	-1.1%	-2.7%	-1%	-7%	4%
10	COMPAGNIE FINANCIERE	3939.60	-1.0%	4.4%	27%	20%	16%
11	CLICKS GROUP	212.27	-7.4%	-7.7%	-42%	-21%	-4%
12	CAPITEC	4609.14	-2.2%	-1.3%	32%	30%	24%
13	DISCOVERY	255.05	0.3%	-11.4%	19%	37%	16%
14	EXXARO RESOURCES LTD	203.82	1.4%	1.6%	17%	3%	3%
15	FIRSTRAND	95.87	-1.9%	-0.4%	28%	11%	12%
16	GOLDFIELDS LTD	548.93	4.1%	4.3%	26%	33%	32%
17	GLENCORE PLC	120.70	6.4%	6.7%	56%	8%	13%
18	GROWTHPOINT	16.82	-4.3%	-3.2%	17%	18%	3%
19	HARMONY GOLD MINING	268.22	11.5%	10.2%	7%	25%	36%
20	IMPLATS	177.00	0.1%	3.6%	-5%	39%	-6%
21	INVLTD	137.61	1.5%	2.8%	2%	0%	22%
22	INVESTECP	140.61	2.4%	3.2%	4%	1%	22%
23	MONDI PLC	162.32	-3.5%	5.4%	-42%	-34%	-17%
24	MR PRICE GROUP LTD	160.84	-8.8%	-7.5%	-23%	-13%	-5%
25	MTN GROUP	227.19	-2.5%	0.9%	59%	72%	16%
26	NEDBANK	272.81	-0.3%	-0.8%	13%	2%	11%
27	NASPERS -N	789.60	-6.0%	-3.5%	-33%	7%	6%
28	NEPI ROCKCASTLE PLC	148.92	-0.5%	2.5%	9%	6%	8%
29	OLD MUTUAL LTD	12.66	-5.6%	-5.5%	1%	3%	3%
30	OUTSURANCE	80.83	-1.2%	4.9%	5%	32%	37%
31	PEPKOR HOLDINGS LTD	20.60	-3.6%	-6.1%	-24%	2%	0%
32	PROSUS NV	700.53	-3.9%	-2.6%	-35%	5%	2%
33	REMGRO	188.50	-0.2%	-3.0%	15%	19%	12%
34	REINET INVESTMENTS SCA	447.85	0.8%	-3.1%	-14%	-1%	9%
35	STANBANK	320.17	-0.6%	0.6%	39%	23%	21%
36	SHOPRITE	276.30	-2.4%	-7.4%	2%	-3%	12%
37	SANLAM	85.07	-3.3%	-4.7%	-2%	4%	8%
38	SASOL	200.20	6.4%	14.4%	110%	18%	-2%
39	Sibanye Stillwater Ltd	35.18	7.6%	-2.0%	-18%	30%	-10%
40	VODACOM GROUP LIMITED	153.72	-2.1%	3.4%	13%	27%	3%



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