

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

The US economy is thriving, but its consumers are not

The most revealing recent signal about the United States (US) economy did not come from the Federal Reserve (Fed). It came from Walmart.

The US' largest retailer increased revenue, beat profit expectations, and raised its annual forecast. Its shares, however, plunged 9.2%. The problem was hiding beneath the headline: Same-store sales grew by just 2.6%, the weakest performance since 2019, while sales inside physical stores declined. Walmart is now using most of a \$2.9 billion tariff refund to cut prices because its customers need relief.

This hardly sounds like an overheating economy. National retail sales fell by 0.6% in July, grocery spending declined after inflation, and US food prices are roughly 25% higher than in 2020. Consumers are watching every dollar. Yet, the US economy may not be cooling at all. It may simply be booming somewhere that ordinary Americans cannot feel.

Consider employment. Hiring has slowed sharply, and total employment declined in July. But the US' labour force is 1.3 million people less than a year ago, while the number employed is still more than 300 000 higher. Unemployment claims remain low, and there is roughly one unemployed person for every available job. An ageing population and large-scale deportations are further shrinking labour supply. The US may not have too few jobs; it may have too few workers.

Something similar is happening with spending. Household consumption generated roughly three-quarters of the country's post-pandemic growth. Now, government and artificial intelligence (AI) are taking over. In recent quarters, AI-related investment has contributed about as much to economic growth as personal consumption. This sounds impressive, but it creates a contest for scarce capital. Household debt has fallen from nearly 63% of gross domestic product (GDP) in 2022 to below 58%. Federal borrowing moved the other way, while technology companies began raising enormous sums for chips, data centres, and power generation. Large tech firms have recently issued about \$75 billion in bonds. Nvidia alone has pledged up to \$100 billion towards a giant AI project in Ohio. Government and AI are, therefore, outbidding households for money. The price of that money, the interest rate, remains high. Home loans, vehicles, and credit become less affordable, leaving consumers to cut back even while the economy expands. The war in Iran and restricted oil flows add another squeeze through higher fuel and freight costs.

Bond investors have noticed. The 30-Year US Treasury Yield recently exceeded 5.3%, its highest level since 2007. Federal debt has crossed \$40 trillion, and the deficit is around 6% of GDP. Crucially, yields are rising mainly because real returns demanded by lenders are increasing, not simply because inflation expectations have exploded. A few softer economic releases may encourage the Fed to cut interest rates, but they cannot manufacture workers, energy, or savings.

The stock market is telling a far happier, and narrower, story. The S&P 500 has gained roughly 12% this year, yet Nvidia alone constitutes about 8% of the index. If its share price moves 3% while the other 499 companies remain unchanged, the entire index shifts by about 0.25%. Investors may think they own 500 companies. Increasingly, they own one dominant story: AI.

For South Africans, this is not distant theatre. High US real yields support the dollar, pressure the rand, increase global funding costs, and constrain the South African Reserve Bank's room to cut interest rates. They also make two popular assumptions dangerous: That weak American consumers guarantee lower interest rates, and that buying the S&P 500 automatically provides broad diversification.

Perhaps the AI build-out will unlock extraordinary productivity, making today's sacrifice worthwhile. But, if expected returns fail to arrive, the US will have squeezed its consumers and raised the world's cost of capital to finance an exceptionally concentrated bet. The greatest risk may not be the recession everyone keeps anticipating. It may be a boom too narrow to feel, and too expensive to sustain.

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, 25 August 2026

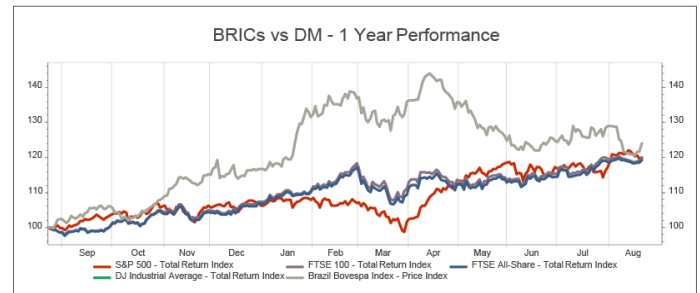
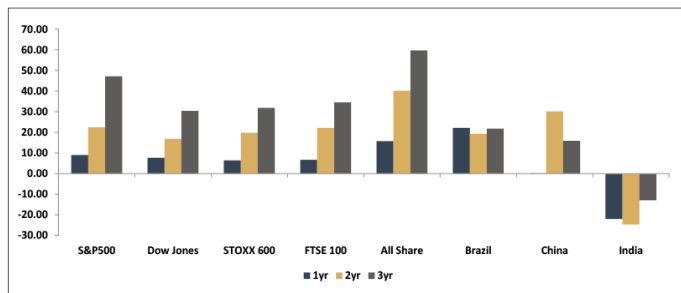
GLOBAL INDICES

South Africa	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	117747.8	3.2%	8.0%	16%	18%	12%
Top 40	110387.07	3.9%	9.5%	17%	20%	13%
Mid Cap	105881.77	0.1%	2.0%	6%	10%	7%
Small Cap	105368.66	-1.2%	-2.3%	9%	13%	13%
Resource 20	140031.02	13.9%	36.3%	59%	51%	17%
Industrial 25	122553.13	-1.4%	-4.8%	-13%	4%	8%
Financial 15	25997.25	-1.8%	0.4%	19%	13%	13%

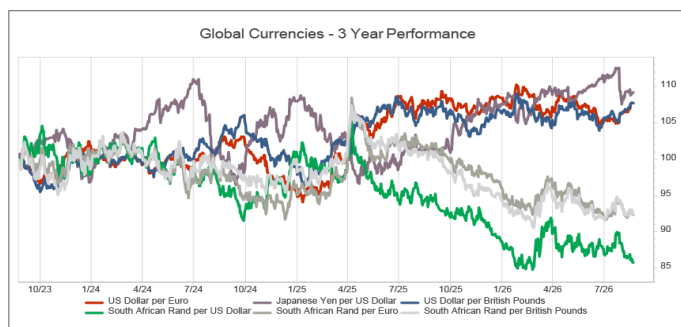
Europe	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	10816.56	0.6%	2.2%	16%	14%	9%
DAX 30	26136.56	-1.1%	4.5%	8%	19%	11%
CAC 40	8484.43	-1.8%	1.5%	7%	6%	5%
STOXX 600	654.18	-0.6%	1.7%	17%	13%	7%

Asia	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	66016.36	-3.9%	-0.3%	55%	32%	20%
Hang Seng	26009.46	3.6%	3.5%	4%	22%	1%
Shanghai	3905.2026	-0.6%	1.1%	4%	17%	3%
India SENSEX	77540.83	-0.6%	0.1%	-5%	-2%	7%

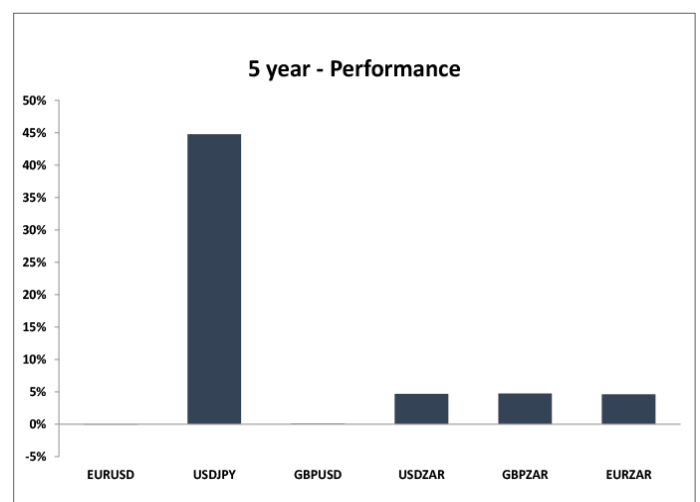
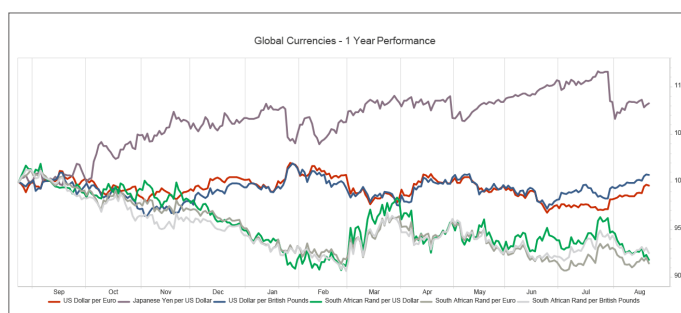
Americas	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	53277.01	-0.8%	2.0%	19%	14%	9%
S&P 500	7674.37	-1.4%	2.2%	20%	17%	12%
Nasdaq	26180.455	-2.1%	1.3%	24%	21%	12%
Brazil Bovespa	171031.73	2.5%	-1.3%	27%	12%	8%



CURRENCIES

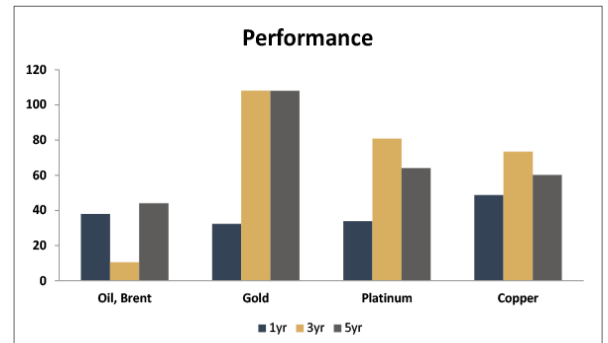
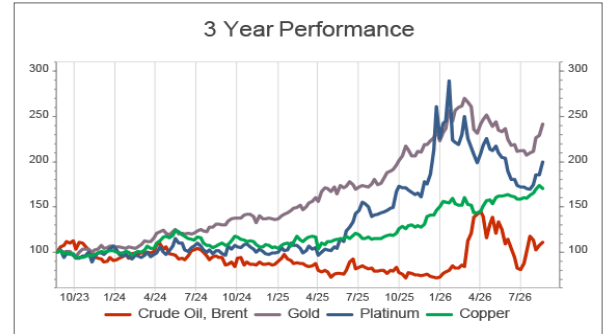
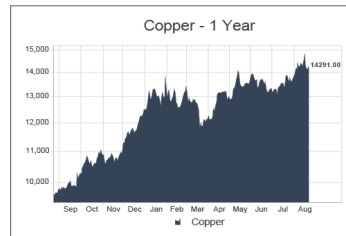
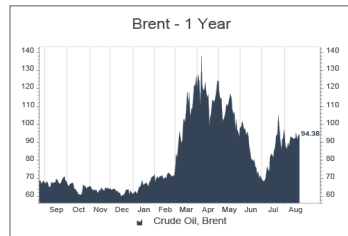
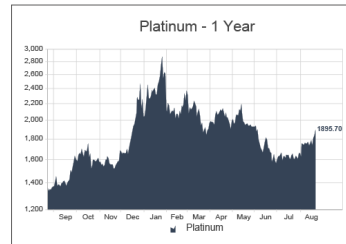
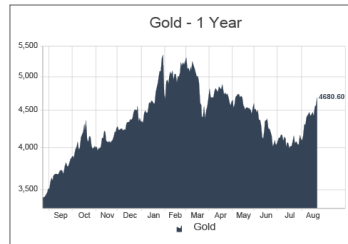


Currencies	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	16.03	-1.0%	-4.7%	-8%	-5%	1%
GBP/ZAR	21.84	-0.3%	-2.5%	-7%	-3%	1%
EUR/ZAR	18.71	0.0%	-2.2%	-9%	-3%	1%
AUD/ZAR	11.48	0.2%	-2.3%	1%	-2%	1%
EUR/USD	1.17	0.9%	2.6%	0%	2%	0%
USD/JPY	158.97	-0.2%	-2.9%	8%	5%	8%



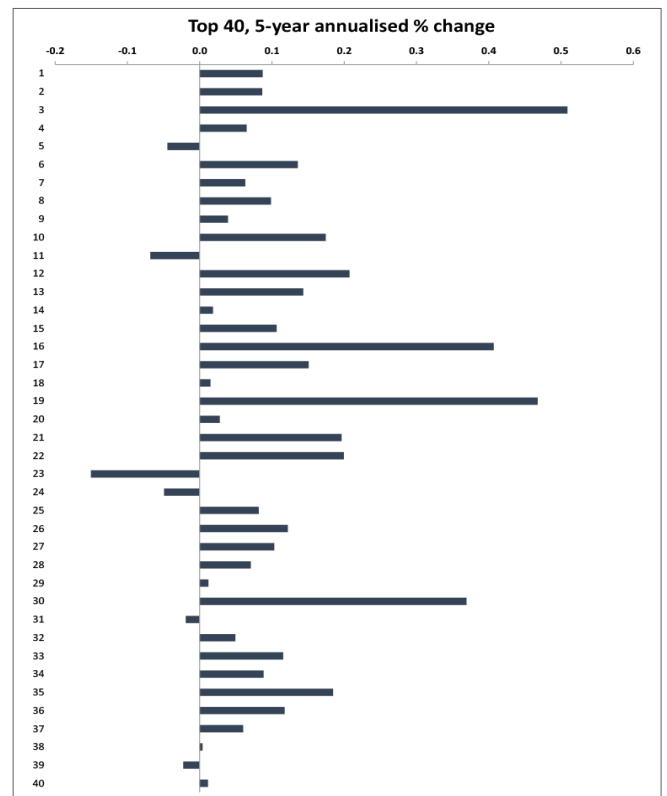
COMMODITIES

Commodities	Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	4680.60	5.5%	13.1%	32%	29%	15%
Platinum	1895.70	7.9%	15.7%	34%	34%	13%
Silver	69.53	6.8%	17.6%	74%	46%	20%
Brent Crude	94.38	2.6%	0.6%	38%	9%	-1%
Copper	14291.00	-1.7%	3.1%	49%	25%	7%



TOP 40

Top 40		Close	1W %	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	227.00	1.2%	3.0%	21%	16%	9%
2	ANGLO AMERICAN PLC	891.77	4.9%	16.5%	72%	30%	9%
3	ANGLO GOLD ASHANTI	1902.40	22.1%	49.6%	99%	83%	51%
4	ANHEUSER-BUSCH INBEV	1256.57	-2.1%	-6.5%	12%	8%	6%
5	ASPEN	147.63	2.7%	2.8%	32%	-21%	-4%
6	BHP Group Limited	765.23	7.8%	12.9%	61%	25%	14%
7	BID CORP LTD	430.96	-0.8%	-1.3%	-7%	0%	6%
8	BRITISH AMERICAN TOBACCO PLC	906.55	-1.4%	-10.8%	-13%	18%	10%
9	BIDVEST GROUP LIMITED	242.00	-1.4%	2.2%	2%	-7%	4%
10	COMPAGNIE FINANCIERE	3703.17	-3.4%	-6.9%	25%	14%	17%
11	CLICKS GROUP	209.01	-0.7%	-8.2%	-45%	-24%	-7%
12	CAPITEC	4702.58	-2.9%	0.2%	30%	28%	21%
13	DISCOVERY	246.88	-4.8%	-2.3%	16%	28%	14%
14	EXXARO RESOURCES LTD	185.33	0.0%	-7.9%	4%	6%	2%
15	FIRSTRAND	97.87	-1.2%	1.9%	27%	8%	11%
16	GOLDFIELDS LTD	759.35	17.0%	44.3%	40%	61%	41%
17	GLENORE PLC	129.68	7.3%	11.8%	86%	16%	15%
18	GROWTHPOINT	16.47	-4.9%	-4.7%	11%	11%	1%
19	HARMONY GOLD MINING	375.91	19.1%	50.1%	33%	37%	47%
20	IMPLATS	237.00	12.9%	33.6%	43%	61%	3%
21	INVITD	135.55	-6.5%	0.3%	4%	1%	20%
22	INVESTEC	137.99	-6.6%	0.1%	7%	2%	20%
23	MONDI PLC	188.49	-2.0%	18.5%	-25%	-25%	-15%
24	MR PRICE GROUP LTD	170.40	-4.5%	2.0%	-20%	-15%	-5%
25	MTN GROUP	193.00	-0.6%	-13.6%	23%	47%	8%
26	NEDBANK	303.23	2.5%	10.7%	32%	1%	12%
27	NASPERS -N	784.76	-0.2%	-4.6%	-31%	3%	10%
28	NEPI ROCKCASTLE PLC	147.36	-2.1%	-1.3%	1%	3%	7%
29	OLD MUTUAL LTD	12.65	-3.3%	-3.2%	-2%	1%	1%
30	OUTSurance	79.75	-2.7%	-0.9%	7%	29%	37%
31	PEPKOR HOLDINGS LTD	20.42	-4.2%	-2.6%	-20%	-1%	-2%
32	PROSUS NV	716.28	1.9%	-0.8%	-34%	4%	5%
33	REMGRO	191.22	-1.0%	0.8%	14%	17%	12%
34	REINET INVESTMENTS SCA	436.05	-1.6%	-0.3%	-18%	-4%	9%
35	STANBANK	317.50	-0.9%	-1.1%	27%	16%	18%
36	SHOPRITE	295.75	-4.5%	4.3%	9%	-1%	12%
37	SANLAM	84.65	-2.6%	-2.3%	-4%	0%	6%
38	SASOL	200.00	7.3%	5.7%	85%	21%	0%
39	Sibanye Stillwater Ltd	50.16	15.3%	46.6%	36%	59%	-2%
40	VODACOM GROUP LIMITED	146.43	-2.4%	-4.0%	2%	16%	1%



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