

Market Commentary

March 2026

GLOBAL MARKET THEMES

- Global markets sold off sharply, with the MSCI World Index declining 6.4% (USD) and MSCI Emerging Markets falling 13.1% (USD) as geopolitical risk, higher energy prices and rising yields drove a broad risk-off move.
- US markets weakened amid slowing momentum, with Q4 2025 GDP revised down to 0.7%, headline CPI steady at 2.4% year-on-year, unemployment rising to 4.4%, and the S&P 500 and Nasdaq declining 5.0% and 4.7% (USD) respectively.
- Europe and the UK were heavily affected by the energy shock, with euro area inflation rising to 2.5% year-on-year, the STOXX All Europe falling 7.6% (EUR), UK CPI remained elevated at 3.0% year-on-year and the FTSE 100 declining 6.2% (GBP).
- Japanese equities underperformed, with the Nikkei 225 falling 12.6% (JPY) despite easing headline inflation, as global risk aversion and energy-related pressures weighed on sentiment.
- China and broader emerging markets lagged developed markets, with MSCI China down 7.7% (USD), CSI 300 falling 5.5% (CNY), MSCI Emerging Markets declining 13.1% (USD). Brazil was relatively resilient, down 0.7% (BRL), while India fell 11.5% (INR).
- Commodity markets were dominated by energy, with oil rising 42.7% (USD), while gold fell 11.6% (USD), silver declined 19.9% (USD), platinum dropped 17.5% (USD), copper fell 7.8% (USD) and iron ore rose 7.2% (USD).
- Currency markets reflected heightened risk aversion, with the rand weakening 7.5% against the US dollar to R17.12 as energy prices surged and the US dollar strengthened.

SOUTH AFRICAN MARKET THEMES

- South African equities sold off sharply, with the FTSE/JSE All Share Index falling 10.5% and the Capped All Share declining 10.6%, while Mid-Caps fell the most at 11.7%, followed by Large Caps at 10.9% and Small Caps at 8.2%.
- Sector dispersion was pronounced, led by Resources declining 15.2%, Financials falling 9.7% and Industrials down 5.2%, partly offset by gains in Oil, Gas and Coal at 21.2%, Consumer Services at 2.9% and Industrial Transportation at 0.4%.
- Stock-level performance was highly dispersed, with Sasol rising 55.1%, Thungela Resources gaining 51.0% and Exxaro Resources up 13.6%, while Impala Platinum fell 28.4%, Harmony Gold declined 28.7%, Sibanye Stillwater dropped 27.1% and WBHO fell 26.6%.
- Local asset classes weakened alongside equities, as the All Bond Index declined 6.8%, Inflation-Linked Bonds fell 5.7% and the All Property Index dropped 12.2%, while cash remained resilient with STeFI rising 0.6%.
- Inflation remained contained, with headline CPI easing to 3.0% year-on-year and rising 0.4% month-on-month in February, core inflation at 3.0%, fuel prices down 10.1% year-on-year and producer price inflation moderating to 1.8%.
- Domestic growth showed modest improvement, with GDP expanding 0.4% quarter-on-quarter in the fourth quarter of 2025 and full-year growth recorded at 1.1%.
- Policy and currency conditions reflected external pressures, as the SARB held the repo rate at 6.75%, business confidence rose to 47, and the rand weakened 7.54% to R17.12 against the US dollar.

Global market themes

Global financial markets experienced a broad based sell off during March as geopolitical developments, elevated energy prices and rising risk aversion drove a sharp repricing across equities, bonds and currencies. The MSCI World Index declined 6.4% (USD), reflecting weakness across most major developed markets, while the MSCI Emerging Markets Index fell 13.1% (USD), marking a significant divergence between developed and emerging market performance. Equity market volatility increased meaningfully over the month as investors responded to heightened uncertainty around global growth, inflation trajectories and supply side risks stemming from energy markets. Bond markets also weakened as yields rose in response to higher energy prices and inflation concerns, limiting the traditional defensive role of fixed income assets. Global growth indicators softened, with survey data pointing to slowing momentum across several regions and reinforcing the risk off tone that characterised March.

In the United States, macroeconomic data painted a picture of slowing momentum against a still-resilient inflation backdrop, while markets repriced rate expectations and risk premia. Real activity indicators weakened following the downward revision to US growth, with Q4 2025 GDP revised to an annualised 0.7%, materially below the earlier 1.4% estimate. Inflation remained sticky though not accelerating, with February headline CPI steady at 2.4% year-on-year and core CPI at 2.5% year-on-year, alongside a 0.3% month-on-month increase in headline CPI. Labour market conditions softened at the margin, as the

unemployment rate rose to 4.4% in February and non-farm payrolls declined by 92,000. Equity performance was weak, with the S&P 500 falling 5.0% (USD), and the Nasdaq Composite declining 4.7% over the month. Bond markets reflected tighter financial conditions, with the US 10-year yield rising towards 4.38%, consistent with expectations that the policy stance could remain restrictive for longer in the presence of energy-driven inflation risk.

Europe and the UK faced a particularly acute transmission of the energy shock into inflation and confidence, against a backdrop of already modest growth. Euro area inflation rose to 2.5% year-on-year in March from 1.90% in February, driven by an acceleration in energy inflation to 4.9%, while core inflation eased to 2.3% year-on-year. Survey indicators signalled near-stagnation, with the euro area flash composite PMI falling to 50.5 in March. Monetary policy remained on hold in the euro area, with the European Central Bank keeping the main refinancing rate at 2.15%, the deposit facility at 2.00%, and the marginal lending rate at 2.40%, while highlighting heightened uncertainty linked to the conflict. European equities moved lower in line with global risk assets, with the STOXX All Europe Index down 7.6% (EUR) for the month. In the UK, inflation remained elevated, with February CPI at 3.0% year-on-year and core inflation at 3.2% year-on-year, while the Bank of England held the Bank Rate at 3.75% on a unanimous 9-0 vote in favour of no change. UK rates repriced higher, with 10-year gilt yields ending just below 5.00%, and equity markets reflected the risk-off tone, with the FTSE 100 down 6.2% (GBP).

Japan was not insulated from the global repricing, as risk aversion and energy-market dynamics weighed on equities and financial conditions even as domestic inflation momentum eased. Japan's headline inflation eased for a fourth consecutive month in February, supported by stabilising food prices and subsidies, although higher energy costs began to re-emerge as a pressure point. Equity markets reflected the global drawdown, with the Nikkei 225 falling 12.6% (JPY), placing Japan among the weaker major markets in March's risk-off move. The policy backdrop remained shaped by a cautious Bank of Japan stance in the face of trade, energy and currency-related risks, while market commentary also pointed to higher domestic yields and a weaker currency against the US dollar.

China and broader emerging markets faced a challenging combination of external energy shocks and ongoing domestic adjustments, contributing to significant underperformance relative to developed markets. China's inflation print firmed, with CPI rising to 1.3% year-on-year in February and core inflation at 1.8% year-on-year, partly reflecting Lunar New Year effects and a rebound in food prices. Chinese equities declined amid heightened volatility, with MSCI China down 7.7% (USD) and the CSI 300 down 5.5% (CNY). Broader emerging markets sold off sharply, with the MSCI Emerging Markets down 13.1% (USD), consistent with the month's global risk-off tone and the impact of higher energy costs on import-dependent economies. Among key emerging markets, Brazil was comparatively resilient, with the BVSPA down 0.7% (BRL), while India saw a larger decline with the SENSEX down 11.5% (INR).

Commodities and currencies were central to March's cross-asset repricing, with energy markets driving a broad reassessment of inflation trajectories and risk premia, while precious metals reversed from prior strength. Oil rose 42.7% (USD) over the month, ending at \$103.97, reflecting heightened concern over supply and transport disruption risks. Precious metals declined sharply despite elevated uncertainty, with gold falling 11.6% (USD) to \$4,668.06 and silver falling 19.9% (USD) to \$75.17. Platinum and palladium also weakened, with platinum down 17.5% (USD) to \$1,953.65 and palladium down 17.2% (USD) to \$1,480.41. Industrial commodities were mixed, with copper falling 7.8% (USD) to \$12,256.76 while iron ore rose 7.2% (USD) to \$105.48 and coal rose 12.0% (USD) to \$110.40.

Currency moves reflected the month's risk aversion and energy-driven dollar strength, with the rand weakening 7.5% against the US dollar to end the month at R17.12 per USD.

South African market themes

South African equities experienced a sharp drawdown in March as global risk aversion, higher energy prices and a weaker rand weighed on sentiment and equity valuations, particularly in cyclical and resource-linked segments. The FTSE/JSE All Share Index fell 10.5% and the Capped All Share declined 10.6%, pointing to broad-based weakness. Performance across size segments was uniformly negative, with the Mid Cap index declining the most (-11.7%), followed by Large Caps (-10.9%), and Small Caps (-8.2%).

Sector dispersion was notable, with Resources falling the most (-15.2%), while Financials declined 9.7% and Industrials fell 5.2%, consistent with a month in which global growth and inflation uncertainty triggered a broad de-risking move. Within sector groupings, Oil, Gas and Coal rose 21.2%, in line with the spike in global oil prices, while Consumer Services gained 2.9% and Industrial Transportation rose 0.4%. These gains were offset by notable weakness in Industrial Support Services, which fell 11.8%.

JSE performance during March was characterised by sharp stock level dispersion driven primarily by commodity price movements. On the positive side, Sasol was the strongest contributor, with its share price rising 55.1% as it benefited directly from the surge in global oil prices. Coal producers Thungela Resources and Exxaro Resources also gained 51.0% and 13.6% respectively, as higher coal prices supported earnings expectations. In contrast, index performance was weighed down by significant weakness in precious metal producers, with Impala Platinum declining 28.4%, Harmony Gold falling 28.7% and Sibanye Stillwater declining 27.1% as platinum and gold prices retreated sharply. Outside the resources sector, WBHO also detracted from performance after its share price fell 26.6% following earnings disappointment and weaker construction activity.

Local fixed income markets weakened during the month as global bond yields rose and risk premia increased. The All Bond Index declined 6.8%, reflecting pressure across the yield curve. Inflation linked bonds also moved lower, with the Inflation Linked Bond Index falling 5.7%, as higher real yields outweighed inflation protection benefits. Cash remained resilient, with STeFI rising 0.6%. Listed property underperformed significantly, with the All Property Index declining 12.2% amid higher discount rates and weaker risk appetite.

South African inflation data remained subdued in the latest releases, although underlying risks increased as energy prices rose later in the period. Headline consumer price inflation declined to 3.0% year on year in February and increased by 0.4% month on month. Core inflation also eased to 3.0% year on year, indicating limited broad based price pressures at that stage. The decline in inflation was driven largely by transport costs, with fuel prices falling 10.1% year on year, contributing to a 2.1% year on year decline in transport inflation. Food inflation moderated to 3.7% year on year, providing additional disinflationary support. Producer price inflation (PPI) also eased, with PPI declining to 1.8% year on year, supported by lower fuel and food input costs earlier in the period.

Domestic macroeconomic conditions showed modest improvement heading into 2026. Real gross domestic product (GDP) expanded by 0.4% quarter on quarter in the fourth quarter of 2025, supported by a 1.2% increase in household consumption and a 1.3% rise in fixed investment. For 2025 as a whole, economic growth was recorded at 1.1%, representing a gradual recovery from previous years.

The South African Reserve Bank (SARB) maintained the repo rate at 6.75% following a unanimous decision, citing heightened global uncertainty and rising energy prices as key risks to the inflation outlook. Business sentiment improved prior to the escalation in geopolitical tensions, with the RMB/BER Business Confidence Index increasing to 47 in the first quarter of 2026. The overall policy environment remained cautious as authorities balanced moderating domestic inflation against external risks.

Currency markets reflected global dynamics, with the rand weakening 7.54% against the US dollar to R17.12. The depreciation was driven by higher oil prices, capital outflows from emerging markets and a stronger US dollar.