



# SELECT MANAGER

## Newsletter

March 2026

### MARKETS AND ECONOMICS

Global risk sentiment deteriorated sharply in March, as markets repriced geopolitical risk alongside shifting expectations for growth, inflation, and monetary policy. Unlike earlier volatility episodes, the sell-off was widespread, with few places to hide across asset classes.

The escalation in the Middle East, particularly Iran's enforcement of the closure of the Strait of Hormuz (a critical artery for global oil supply), triggered a sharp energy shock. This pushed inflation expectations higher and placed sustained pressure on risk assets.

This dynamic fed directly into central banks' communications and decision making. Most major central banks, including the South African Reserve Bank, maintained their policy stance, acknowledging that higher energy prices posed upside risks to inflation. This reinforced a more cautious approach towards easing.

Against this backdrop, developed market equities came under pressure, with Japan bearing the brunt of the sell-off. The earlier dominance of growth and mega-cap technology stocks also reversed, as investors reduced their exposure to crowded positions and shifted towards more defensive allocations.

Emerging markets were impacted most, particularly energy-importing economies, where higher import costs deteriorated trade balances, lifted inflation expectations, and placed pressure on currencies. A stronger United States (US) dollar further amplified these pressures by increasing the burden of dollar-denominated debt and reducing policy flexibility.

South Africa was not spared, as local assets suffered steep losses. The global risk-off environment, combined with a sharp reversal in commodity prices, removed a key pillar of support for the local market, while capital outflows placed additional pressure on the rand and broader sentiment.

Other highlights during the month included:

**+ The US labour market weakened further, complicating the Federal Reserve's decision:**

The labour market surprised to the downside in February, with employment contracting sharply. Job losses were concentrated in healthcare following strikes, with additional weakness in technology and government hiring. The data pointed to a more fragile labour backdrop, which prompted a cautious market reaction.

**+ South African inflation returned to the central bank's target for the first time under the new framework:**

Inflation eased to the central bank's target in February, marking the first print at target under the new framework. The decline was driven by lower fuel prices and delayed medical aid increases, with food inflation also moderating. While this reinforced the disinflation trend, the improvement was partly technical, with risks from administered prices and catch-up adjustments likely to create near-term volatility.

<b>JSE All Share</b> - 10,45%   114 067,56	<b>MSCI World (USD)</b> - 6,37%   4 258,31	<b>MSCI EM (USD)</b> - 13,06%   1 397,20
<b>SA Bonds</b> - 6,83%   1 323,91	<b>SA Property</b> - 11,41%   461,48	<b>CPI (y/y)</b> 3,00%   104,20
<b>Gold</b> - 13,52%   4 564,22	<b>Platinum</b> - 18,25%   1 940,38	<b>Oil</b> 42,68%   103,97
<b>\$/R</b> 6,32%   16,94	<b>€/R</b> 3,92%   19,57	<b>£/R</b> 4,28%   22,41