SELECT MANAGER

Newsletter

July 2026

MARKETS AND ECONOMICS

Global markets navigated a volatile macro-environment in July as investors balanced easing inflation expectations with renewed geopolitical risks and a sharp re-assessment of trade in artificial intelligence (AI). While softer inflation data in the United States (US) reinforced expectations that the Federal Reserve (Fed) would maintain its pause, escalating tensions in the Middle East kept energy prices elevated, tempering optimism around the global disinflation narrative.

Despite these headwinds, robust corporate earnings and continued investment in AI infrastructure supported risk sentiment in selected markets. However, enthusiasm for AI-related equities backtracked somewhat throughout the month, as semiconductor supply chain concerns resurfaced, prompting the taking of profits across technology stocks.

Developed market performance was mixed during the month. While the S&P 500 rebounded late in the month on earnings beats from Amazon and Microsoft, losses in Apple and other chip-related stocks tempered the recovery. Notably, Japanese equities declined 8.1%, owing to renewed strength in the yen and a broad sell-off across semiconductor and AI-related stocks, following a strong first half of the year. European equities advanced modestly, while the United Kingdom emerged as the best-performing developed region, supported by easing inflation and growing expectations that the Bank of England was approaching the end of its tightening cycle.

Emerging markets underperformed their developed market peers. Technology-heavy North Asian markets experienced significant weakness, with Korean equities falling 22.2% as investor sentiment towards AI-related stocks deteriorated sharply. Chinese equities bucked the broader trend, gaining 9.0% after policymakers introduced additional measures to stabilise economic growth and to support domestic demand.

Locally, South African equities were also down for the month, as weaker commodity prices and subdued domestic growth expectations continued to weigh on investor confidence.

Other highlights for the month included:

+ **South African inflation accelerated to a two-year high:** Headline inflation climbed to 5% in June, up from 4.5% in May, driven primarily by surging fuel costs. Transport inflation increased to 12.7%, with fuel surging 34.3% year-on-year.
+ **The US Fed kept interest rates unchanged, and the 30-year Treasury yield surged:** The Federal Open Market Committee decided to keep interest rates at 3.5% to 3.75% amidst growing inflation risks from the conflict in the Middle East. The 30-year Treasury yield surged past 5% to reach a 19-year high of about 5.23% following the decision.
+ **Eurozone growth beat forecasts:** The European economy expanded 0.4% quarter-on-quarter for Quarter 2 of 2026, exceeding forecasts of 0.2%. This highlighted better-than-expected resilience despite elevated energy costs.

JSE All Share 1,18% | 111 493,10	**MSCI World (USD)** 0,01% | 4 847,89	**MSCI EM (USD)** - 3,07% | 1 665,89
SA Bonds - 1,38% | 1 408,42	**SA Property** 2,30% | 508,09	**CPI (y/y)** 5,00% | 107,50
Gold 0,26% | 4 043,10	**Platinum** 4,54% | 1 658,70	**Oil** 20,53% | 87,93
$/R 1,04% | 16,56	**€/R** 2,00% | 19,10	**£/R** 2,73% | 22,33