



SELECT MANAGER

Newsletter

September 2026

MARKETS AND ECONOMICS

September saw a sharp repricing towards a higher-for-longer interest rate environment, as investors increasingly focused on the interplay between persistent inflation, rising energy costs, and tighter monetary policy. Higher oil prices complicated disinflation and prompted increasingly hawkish central bank communication, weighing on both bond and equity valuations.

The conflict in the Middle East remained an important driver of markets through the energy channel. Early-month attacks on shipping disrupted supply flows, pushing Brent crude above \$100 per barrel and to a mid-month close of \$109.80, its highest level since May. Supply conditions improved towards the end of the month as Saudi exports resumed, allowing oil prices to retreat modestly. Nevertheless, Brent still ended the month approximately 9% higher, reinforcing concerns that renewed energy price pressures could prolong inflation and delay monetary easing.

This backdrop complicated the policy response, particularly in Europe, where inflation accelerated sharply towards month-end. The European Central Bank responded by raising interest rates for the second time this year, taking its deposit rate to 2.50%. The Federal Reserve also tightened policy, raising its target range by 25 basis points to 3.75%-4.00%, marking its first rate increase since 2023. The renewed focus on inflation and the prospect of rates remaining elevated for longer pushed global bond yields materially higher.

This repricing was most evident in United States Treasuries, with the 10-year yield rising 54 basis points to a four-year high of 5.29%, while the 30-year yield increased 34 basis points to 5.62%. The sharp rise in discount rates created a significant

valuation headwind for equities, with the MSCI World declining 1.2%, while European equities bore the brunt of the weakness, falling 2.4%. Higher global yields also weighed on emerging markets, particularly commodity-exporting economies, as weaker metal prices compounded the pressure from tighter financial conditions.

Locally, the backdrop was particularly challenging. South Africa's (SA's) economy contracted 0.2% in the second quarter, ending six consecutive quarters of expansion. Against this weaker growth backdrop, persistent inflationary pressures constrained the South African Reserve Bank's policy flexibility, with the Bank raising the policy rate by 25 basis points to 7.25%. Subsequently, the equity market declined 5.8%, with the weakness concentrated in resource counters (-9.3%), amid softer metal prices and higher bond yields.

Other highlights for the month included:

- + SA headline inflation edged higher to 4.4%:** Annual consumer inflation edged higher to 4.4% in August 2026, from 4.3% in July. The key development was a reversal in food inflation, which increased for the first time in nine months, rising to 1.1% from 0.9%.
- + The United Kingdom (UK) economy grew at its fastest pace in 18 months:** The UK economy grew 0.4% month-on-month and 1.6% year-on-year, its fastest annual pace in 18 months.

JSE All Share - 5,82% 108 506,88	MSCI World (USD) - 1,19% 4 902,65	MSCI EM (USD) - 0,56% 1 704,87
SA Bonds 0,01% 1 418,32	SA Property 0,46% 489,62	CPI (y/y) 4,40% 107,70
Gold - 5,66% 4 193,72	Platinum - 5,48% 1 714,70	Oil 8,33% 98,03
\$/R 1,91% 16,42	€/R - 0,59% 18,61	£/R - 0,22% 21,78