

SELECT MANAGER

Newsletter

October 2026

MARKETS AND ECONOMICS

Global markets were driven by a pullback in artificial intelligence (AI)-related technology shares, which extended to emerging markets and precious metals, while government bonds rallied as investors moved towards safer assets. The MSCI World Index fell 0.8% in United States (US) dollars, and the MSCI Emerging Markets Index fell 8.0%. Global equities returned 0.2% in rand, helped by the rand's 1.7% depreciation.

The Middle East conflict continued to drive energy markets. Attacks on commercial shipping in the Gulf increased, and Brent crude rose 15.7%. Higher energy costs kept US inflation elevated, with consumer prices rising 3.7% year-on-year in September (above expectations), while the US economy grew at an annualised 3.4% in the third quarter. The Federal Reserve (Fed) held rates at 3.75% to 4.00% at its October meeting. Two members voted for an increase, and investors raised their expectations of a hike in December.

Results from Alphabet, Amazon, and Intel at month-end renewed questions about the scale of AI investment. Alphabet fell 12.6% after results missed expectations, and Intel fell 28.6% after a weak outlook. The Nasdaq Composite fell 5.3%. Although the decline was concentrated in technology, the S&P 500 fell 0.9%, while the Dow Jones Industrial Average gained 1.7%.

As technology shares declined, investors moved into government bonds. Despite high inflation readings, the US 10-year Treasury yield fell from 5.29% to 4.94%, its largest monthly decline since December 2023. Lower yields supported listed property, with global property returning 4.3%. Precious metals also declined. Gold fell 5.2%, and platinum fell 15.9%, both weighed down by expectations of further Fed tightening.

Technology-heavy Asian markets were most affected. South Korea and Taiwan declined notably, with Korea's KOSPI falling about 16% and Taiwan's TAIEX falling 5.7%. Japan's Nikkei 225 fell 5.2% as chip-related shares declined. Chinese equities also weakened, with the CSI 300 falling 8.5% as weak corporate earnings and limited fiscal support weighed on sentiment. In contrast, United Kingdom equities gained.

Locally, South African equities declined 0.4%, as losses in gold and platinum shares more than offset gains in other sectors. South African bonds returned 2.1%, supported by the fall in global yields and by the Medium-Term Budget Policy Statement. In it, National Treasury stated that debt had peaked at 78.4% of gross domestic product and announced new fiscal rules.

Other highlights for the month included:

+ **South African inflation edged up to 4.5%:** Annual consumer inflation rose to 4.5% in September, from 4.4% in August. This was below the expected 4.7%. Government announced temporary fuel levy relief of R3.00 per litre on diesel and R1.50 per litre on petrol from 4 November to 1 December.
+ **French bond yields rose above 5%:** France's 10-year yield crossed 5% for the first time since 2002, amid social unrest and a stalled budget that raised concerns about public finances.
+ **The European Central Bank (ECB) held rates:** The ECB left its deposit rate at 2.50% at its October meeting, after increases in June and September.

JSE All Share - 0,39% | 107 621,67	**MSCI World (USD)** - 0,77% | 4 862,38	**MSCI EM (USD)** - 8,05% | 1 566,63
SA Bonds 2,13% | 1 448,51	**SA Property** 1,98% | 492,74	**CPI (y/y)** 4,50% | 108,10
Gold - 5,21% | 3 975,37	**Platinum** - 15,87% | 1 442,64	**Oil** 15,71% | 113,43
$/R 1,72% | 16,71	**€/R** 0,19% | 18,64	**£/R** 2,71% | 22,37

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