MONTH IN REVIEW | JULY 2026

LOCAL MARKETS

- JSE RESILIENT

The JSE outperformed many of its global peers, with the All Share Index advancing by 1.1% in July (-3.7% YTD). Rand-hedge and resources shares dominated, while the domestic-facing consumer companies featured prominently among the month's laggards. Higher precious metals prices supported the resources sector, with the Resi-10 rising 2.2% in July (-13.7% YTD). The SA Listed Property Index gained 1.9% MoM (+4.2% YTD), financials advanced 1.2% MoM (Fini-15 +6.5% YTD), while industrials delivered a more muted 0.3% MoM return (Indi-25 -5.7% YTD).

Among the largest companies by market cap, BHP Group gained 4.1% MoM, AB InBev rose 4.5%, Richemont advanced 3.6%, while investment conglomerates Naspers and Prosus were up 5.7% and 7.8%, respectively. The rand weakened 0.9% MoM against the US dollar, although it remained marginally stronger YTD at 0.2%. The currency came under pressure following the South African Reserve Bank's (SARB) surprise decision to hold the repo rate at 7%, as well as amid continued geopolitical tensions in the Middle East.

Rand-hedge and resources shares dominate the list of top performers on the JSE for July. Mondi Plc emerged as the best-performing share with a gain of 32.6%. The share price rallied following a positive 1H26 trading update, which highlighted improved trading momentum, stronger operating cash flows, and reduced capital expenditure guidance. Karooooo Ltd, the owner of Cartrack, was the second best-performing share, rising 30.7% MoM following the release of strong 1Q27 results. Sappi, which has been a significant underperformer this year, staged a notable recovery in July, with its share price rising 27.5% MoM.

Infrastructure development and construction materials Group, Raubex (-15.5% MoM), was July's worst-performing share, followed by business process outsourcing (BPO) and credit-lifecycle management Group, Nutun, which declined by 13.4% MoM. Famous was in 3rd place with a month on month decline of 10.6%.

INFLATION HIGHER, FOREIGN RESERVES DECLINE

SA headline inflation moved higher to 5.0% YoY in June, up from 4.5% in May. Core inflation, excluding food, fuel and energy, climbed to 4.1% YoY from 3.8%. The country's net foreign reserves fell to US$71.3bn at the end of June from US$73.5bn in May, while gross reserves decreased to US$74.1bn in June from US$76.6bn in the prior month.

South Africa's seasonally adjusted Absa Purchasing Managers' Index (PMI) dropped to 46.8 in July 2026 from 47.3 in June, contracting for a second consecutive month. Domestic demand and production continued to recover, with shorter supplier delivery times. Inventories declined further as firms remain uncertain that strong demand will persist, although some firms could be delaying purchases expecting lower input costs in the future. Input cost pressures remain elevated relative to the pre-war period, with increases in diesel prices expected to put renewed pressures on costs.

The composite leading business cycle indicator of the Reserve Bank decreased further by 0.3% in May 2026, as decreases in 5 of the 10 available component time series outweighed increases in the other 5 components. The largest negative contributors were a deterioration in the RMB/BER Business Confidence Index and a decrease in the number of residential building plans approved.

VEHICLE SALES CONTINUE UPWARD TREND

South Africa's new vehicle market entered the second half of 2026 on a resilient footing, supported by substantial fuel price reductions in July that provided much-needed relief to motorists and businesses.

Aggregate domestic new vehicle sales in July 2026 reached 57,708 units, representing an increase of 6,150 units, or 11,9%, compared to the 51,558 vehicles sold in July 2025. In contrast, export volumes reached 32,801 units, a decrease of 11,6% relative to the 37,114 units shipped in July 2025. Overall, out of the total reported industry sales of 57,708 vehicles, an estimated 48,949 units, or 84,8%, represented dealer sales, an estimated 11,2% represented sales to the vehicle rental industry, 2,2% to government sales, and 1,8% to industry corporate fleets.

The July 2026 new passenger car market at 40,912 units, reflected the best monthly passenger figures since September 2014, with an increase of 4,558 units, or 12,5%, compared to the 36,354 new cars sold in July 2025.

INTERNATIONAL MARKETS

- GLOBAL TURBULENCE IN JULY

July proved to be a tale of two halves for global equity markets (MSCI World +0.50% MoM/+9.4% YTD), which experienced a highly volatile and fragmented month as the dominant narrative shifted from unbridled optimism around artificial intelligence (AI) to heightened concerns over valuations. Persistent inflation, the resumption of Middle East hostilities (US–Iran relations under President Donald Trump seem to be operating in a repetitive loop of extreme escalation followed by sudden de-escalation), and the US Federal Reserve's (Fed) hawkish hold on rates all weighed on investor sentiment.

Semiconductor and AI-related hardware shares came under significant pressure mid-month amid growing concerns about the scale of AI-related capital expenditure, before recovering somewhat towards month-end as robust US tech earnings restored some confidence.

In the US, strong aggregate 2Q26 earnings growth and a resilient economy provided a solid foundation as the late July earnings reports from tech giants such as Amazon and Microsoft helped reassure bruised investors and supported a recovery during the final trading sessions of the month.

Unfortunately, it was insufficient to push all three major averages into positive territory. The tech-heavy Nasdaq fell 3.2% MoM (+9.2% YTD), recording its steepest monthly pullback since March 2025 as the semiconductor sell-off and tech valuation worries weighed heavily on sentiment. The S&P 500 declined 0.1% MoM (+9.4% YTD), with geopolitical concerns capping market rallies. The Dow Jones (+0.3% MoM/+9.2% YTD) was the strongest performer among the three majors, reaching an all-time high of 53,055 on 6 July before retreating to end the month at 52,485.

US economic data provided a mixed bag. June headline inflation slowed to 3.5% YoY from 4.2% in May, marking the largest monthly inflation decline since April 2020. Core inflation, which excludes food and energy, was unchanged at 2.9%. Much of the decline in headline inflation was driven by easing energy and services costs, particularly housing. Economic growth moderated, with GDP growth slowing from 2.1% in 1Q26 to 1.5% in 2Q26, below consensus expectations.

EUROPEAN AND UK MARKETS CLOSE HIGHER

European equity markets were similarly volatile, edging lower in mid-July as higher energy prices, concerns around supply constraints and hawkish interest rate guidance from the European Central Bank dampened investor enthusiasm. However, a constructive 2Q26 earnings season offered some green shoots, with the Euro Stoxx 50 rising 0.6% MoM (+12.3% YTD), its fourth consecutive month of gains. France's CAC advanced 1.3% MoM (+4.4% YTD), and Germany's DAX increased 2.5% MoM (+4.7% YTD). June eurozone inflation declined to 2.8% vs May's 3.2%, once again primarily driven by energy price developments, with energy price inflation easing to 8.5% YoY from 10.8% in May.

UK equity markets delivered a particularly strong performance in July, supported by a record-setting advance in the blue-chip FTSE 100 Index, resilient corporate earnings, and the market's appeal as a relative haven from the volatility affecting global tech shares. The FTSE 100 gained 3.5% MoM (+9.4% YTD), reaching a new all-time intraday high of 10,956 on 30 July, before closing the month at 10,868. June UK inflation eased to 2.6% YoY from 2.8% in May, with lower petrol and diesel prices providing the largest downward contribution. In line with expectations, the Bank of England left its key rate unchanged at 3.75%.

ASIAN MARKETS MIXED

Chinese equities began July under pressure with macroeconomic sentiment weakened by the 2Q26 GDP data print of 4.3%, below Beijing's full-year target range of 4.5%-5.0%. Global tech valuation concerns and shifting expectations around the Politburo's end-of-month stimulus discussions also weighed on sentiment. However, following a brief mid-month period of consolidation, the Hang Seng rallied strongly to close July 13.1% higher, although its YTD return remained modest at 1.0%. The Shanghai Composite, in contrast, declined 6.4% MoM and is down 3.4% YTD. July's official manufacturing Purchasing Managers' Index (PMI) also slipped into contraction territory, falling to 49.2 from 50.3 in June.

This marked a five-month low and placed the index below the 50-point threshold separating expansion from contraction. The non-manufacturing PMI, including services and construction, also contracted, declining to 49.0 vs 50.2 in June. Japan's equity market experienced a sharp reversal in July, breaking a multi-month bullish run. The Nikkei declined 8.1% MoM, although it remained up 27.9% YTD.

A combination of the global technology correction and sudden currency intervention drove the sell-off. June headline inflation increased to 1.7% from 1.5% in May, primarily reflecting higher energy and commodity costs. The Bank of Japan (BoJ) left rates unchanged at 1.0%. The BoJ warned of significant upside risks to inflation, while a prominent board member dissented in favour of an immediate 25-bpts increase to 1.25%. The prospect of potentially faster and more restrictive interest rate hikes added to pressure on Japanese equities.

The Iran conflict, which has continued to roil energy markets over the past four months, lurched through another cycle of ceasefire euphoria and military flare-ups with Brent crude surging 23.6% in July (+48.1% YTD). Gold (+1.0% MoM/-6.3% YTD) recorded modest gains while platinum group metals (PGMs) prices also advanced. Platinum jumped 6.2% MoM (-20.0%YTD), with palladium up 5.9% MoM (-20.8% YTD) and rhodium increasing by 6.5% MoM (-10.1% YTD).

Sources: Anchor Capital; Naamsa; Trading Economics; SA Reserve Bank

SMART TIP

UPDATE YOUR DETAILS

Please remember to communicate with your wealth manager if any of your details or circumstances have changed. Life events like a divorce or the death of a spouse may impact your financial strategy and a change of employment may mean that your contact information is outdated. Update any changes to ensure that your strategy is aligned with your needs.

CONTACT ANY OF OUR HIGHLY QUALIFIED FINANCIAL ADVISORS AT OUR NINE OFFICES COUNTRYWIDE TO DISCUSS YOUR INVESTMENT STRATEGY

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