BRENTHURST WEALTH

LOCAL MARKETS
- STRONG PERFORMANCE FOR JSE

The JSE delivered a strong performance in August, with the All Share Index climbing 4.3% (+0.4% YTD). The rally was driven primarily by strong commodity prices, particularly across gold and platinum group minerals, alongside improving sentiment towards selected areas of the local market. Resources were the clear outperformers, with the Resi-10 soaring 25.4% MoM (+8.2% YTD).

Corporate activity also supported the mining sector, most notably Northam Platinum's multi-billion-rand takeover offer. By contrast, financials, industrials, and the SA Listed Property Index underperformed. The Fini-15 declined 1.7% (+4.7% YTD), the Indi-25 fell 5.8% (-11.2% YTD), and the Listed Property Index lost 3.9% MoM (+0.1% YTD). As with global markets, the JSE faced strong headwinds during the final trading stretch of August as a more hawkish Fed outlook and fresh Middle East tensions spiked oil prices while weighing on commodity prices. The rand strengthened 2.6% against the US dollar in August (+2.7% YTD), supported by a weaker dollar and continued strength in SA's key commodity exports.

AngloGold Ashanti (+43.9% MoM) was the strongest-performing share for the month. Its rally was driven by a combination of strong results, aggressive shareholder returns strategies, and a higher gold price, which at one stage exceeded the US$4,600/oz mark during the month. Pan African Resources (+42.5% MoM), a mid-tier gold mining company that extracts gold from both underground mines and surface tailings retreatment plants, ranked second, followed by Gold Fields (+37.7%).

SPAR Group Ltd (-20.4%) was the weakest-performing share in August, as governance concerns weighed heavily on investor confidence. AECI and Oceana Group followed, declining by 18.4% and 14.1%, respectively.

INFLATION LOWER, MANUFACTURING SENTIMENT DECLINES

SA economic data remained mixed. Headline inflation slowed to 4.3% YoY in July from 5.0% in June, although core inflation, which excludes the volatile food and energy components, remained sticky at 4.2% YoY from 4.1% previously. The latest Quarterly Labour Force Survey (QLFS) highlighted continued weakness in the domestic labour market. SA's official unemployment rate rose to 33.6% in 2Q26 from 32.7% in the previous quarter.

South African manufacturing sentiment deteriorated as a slowdown in production momentum weighed on output and local demand came under pressure. Absa’s Purchasing Managers’ Index, compiled by the Bureau for Economic Research, remained in contractionary territory for a third month.

The gauge fell to 45.8 in August from 46.8 a month earlier. The index was largely dragged down by significantly weaker business activity, with a sub-index slumping to 40.2 from 48.8 and signalling a sharp deterioration in factory output.

The SACCI’s Business Confidence Index appears to have bottomed around 124 since the sharp decline in April 2026, with the BCI recording 125.4 in July 2026. The BCI was still 8.7 index points higher than in July 2025. The most significant positive monthly impacts on the BCI in July were made by the number of new vehicle sales, merchandise export volumes and lower energy prices. A substantial negative impact on the BCI was made by higher inflation and the decrease in the global precious metal prices.

VEHICLE SALES RETAIN MOMENTUM

South Africa's new vehicle market sustained strong momentum in August 2026, with aggregate sales increasing by 11.4% year-on-year to 57,898 units. However, vehicle exports declined by 11.9% to 35,091 units, reinforcing the need to strengthen industrial competitiveness and translate improving domestic demand into local production, localisation, investment and employment.

The August 2026 new passenger car market reached 41,216 units, reflecting an increase of 4,269 units, or 11.6%, compared to the 36,947 new cars sold in August 2025. Car rental sales accounted for 17.2% of new passenger vehicles sold during the month. Domestic sales of new light commercial vehicles (bakkies and minibuses) reached 13,727 units during August 2026, recording an increase of 1,358 units, or 11.0%, compared to the 12,369 units sold in August 2025.

Sales in the medium and heavy commercial vehicle segments reflected positive structural dynamics. Medium commercial vehicles reached 805 units in August 2026, showing a gain of 113 units, or 16.3%, compared to the 692 units sold in August 2025; while heavy trucks and buses at 2,150 units in August 2026 reflected a gain of 198 units, or 10.1%, compared to the 1,952 units sold in August 2025.

INTERNATIONAL MARKETS

- GOOD MONTH FOR GLOBAL MARKETS

August was a strong month for global equity markets, with the MSCI World gaining 2.6%, bringing its YTD return to 13.4%. However, this positive performance masked a sharp increase in volatility towards month-end as renewed geopolitical tensions, higher oil prices and a more hawkish tone from the US Federal Reserve (Fed) weighed on investor sentiment. Bond markets also came under pressure during the month.

On 19 August, concerns over rising US government debt (surpassing the US$40trn milestone), heavy international selling by countries like Japan, and persistent inflationary pressures linked to the conflict in the Middle East triggered a major bond market sell-off. This rout was temporarily halted and reversed after a direct US Treasury intervention, which eased selling pressure, stabilising the market and causing an immediate drop in yields. However, by 20 August, underlying fiscal deficit worries and inflation anxieties resurfaced, causing bond yields to surge back up and entirely wipe out the intervention’s gains.

Towards month-end, renewed Middle East tensions, following US strikes on Iranian rocket launchers, pushed crude oil higher, adding to market concerns. At the same time, newly appointed Fed Chair Kevin Warsh delivered a notably hawkish speech at the 2026 Jackson Hole Economic Policy Symposium, raising concerns that further rate hikes may be necessary before the end of this year. Market-implied expectations for a late-2026 rate hike increased sharply, pushing bond yields higher and creating additional headwinds for equities. Technology stocks experienced greater volatility and rotation as investors scrutinised returns on artificial intelligence (AI) infrastructure spending.

In the US, the strong 2Q26 earnings season helped drive equity markets higher. The three major US averages experienced a two-phase performance: strong gains and record highs through the middle of the month were followed by a sharp pullback as geopolitical and inflation concerns intensified towards month-end. Still, all three indices ended August higher. The tech-heavy Nasdaq rose 3.6% MoM (+13.1% YTD), the Dow gained 1.4% MoM (+10.7% YTD), and the S&P 500 advanced by 2.5% MoM (+12.1% YTD).

US economic data proved a mixed bag. July headline inflation moderated slightly to 3.4% YoY from 3.5% in June, while core inflation, which excludes food and energy, slowed to 2.5% vs June’s 2.9%.

EUROPEAN MARKETS MIXED

European equity markets were volatile and highly fragmented entering August near all-time highs on the back of strong corporate earnings but buckling under month-end macro shocks (Euro Stoxx 50 +1.0% MoM/+13.5% YTD). Brent crude moving above US$90/bbl raised concerns about a renewed energy shock and its implications for inflation. Hawkish commentary from the Fed reinforced these worries. Among the major country benchmarks, Germany’s DAX (+2.5% MoM/+7.2% YTD) outperformed the rest of the continent, reaching a fresh all-time high. However, France’s CAC declined (-2.1% MoM/+2.3% YTD), weighed down by weakness in luxury stocks following softer international demand data. July eurozone inflation advanced to 2.9% vs June’s 2.8%, continuing to be primarily driven by higher energy prices. Despite inflationary pressures, the eurozone economy performed better than expected, expanding by 0.4% in 2Q26, twice as fast as expected.

UK equities lagged, recording a slightly negative performance, with the flagship FTSE 100 Index ticking down 0.4% MoM (+9.0% YTD). The index had briefly approached record levels earlier in the month, supported by global investors rotating capital away from high-flying, volatile US tech stocks into traditional, defensive “old economy” UK value assets. However, late-month gains were pared by macroeconomic pressures.

SHANGHAI INDEX UP, HONG KONG LOWER

China’s equity markets diverged in August, with mainland equities recording solid gains while Hong Kong-listed stocks declined. The Shanghai Composite Index rose 4.0% MoM (+0.4% YTD), while the Hang Seng Index shed 1.2% (-0.2% YTD). Hong Kong equities remained under pressure from continued weakness in the property sector and uncertainty surrounding an impending policy overhaul, which triggered a sharp pullback in real estate stocks. August’s official manufacturing Purchasing Managers’ Index (PMI) improved to 49.8 from 49.2 in July but remained below the 50-point mark separating expansion from contraction.

Japanese equities experienced strong gains, although volatility increased sharply on the final trading day of the month. The Nikkei rose 3.0% MoM (+31.7% YTD). July headline inflation hit 1.9% from 1.7% in June, the highest level this year, and primarily reflected an increase in energy costs amid the Iran war.

Among commodities, Brent crude rose 0.4% MoM (+48.7% YTD), driven by geopolitical supply risks, primarily from the ongoing Iran war and severe maritime disruptions in the Strait of Hormuz. Rapid inventory drawdowns further tightened supply, with Brent crude prices moving above US$90/bbl towards the end of the month.

Gold gained 9.7% in August (+2.8% YTD), benefitting from safe-haven demand amid geopolitical uncertainty and expectations that softer US economic data could support a more accommodative Fed policy. The yellow metal reached an intra-month high of US$4,690/oz on 21 August, before retreating in the final sessions of the month following the Fed's more hawkish tone at Jackson Hole, which reinforced expectations that rates could remain restrictive for longer. Platinum group metals (PGMs) recorded strong gains, supported by tightening supply-demand fundamentals. Platinum spiked 9% MoM (-12.8% YTD), while palladium advanced c. 6.3% (-15.8% YTD), and rhodium rose 9.7% MoM (-1.4% YTD).

Sources: Anchor Capital; Naamsa; BusinessTech; SACCI

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