

Market Commentary

April 2026

GLOBAL MARKET THEMES

- Global equities rallied strongly in April 2026, with the MSCI World Index gaining 9.6% (USD) and the MSCI Emerging Markets Index advancing 14.7% (USD), as trade tensions eased and risk appetite recovered.
- US equity markets surged to all-time highs, with the S&P 500 rising 10.5% (USD) supported by a robust first-quarter earnings season in which approximately 84% of companies exceeded expectations.
- European and UK central banks held rates steady, with the ECB maintaining its main refinancing rate at 2.15% and the Bank of England holding at 3.75%, while euro area inflation rose to 3.0% year-on-year in April.
- Japanese equities outperformed, with the Nikkei 225 gaining 16.1% (JPY), while the Bank of Japan held its policy rate at 0.75% in a 6-3 vote and raised its core inflation forecast for fiscal year 2026 to 2.8%.
- Emerging market equities delivered exceptional returns, led by South Korea which surged 38.2% (USD) and Taiwan, which advanced 26.2% (USD), while China's CSI 300 Index gained 8.2% (CNY) amid continued domestic policy support.
- Commodity markets were mixed, with Brent crude oil gaining 6.2% to close at \$110.40 per barrel, while gold declined 1.1% to \$4 617.85 per troy ounce; the South African rand strengthened 2.4% against the US dollar, closing at R16.70.

SOUTH AFRICAN MARKET THEMES

- The FTSE/JSE All Share Index gained 1.7% (ZAR) in April, with financials advancing 4.3% (ZAR) and industrials rising 3.2% (ZAR), while resources declined 2.3% (ZAR) as gold producers retreated.
- Financials, select industrials and logistics counters led JSE performance, with Montauk Renewables, Grindrod, and KAP among the top performers, while gold miners and coal producers lagged.
- The All Bond Index gained 3.3% (ZAR) and listed property surged 5.8% (ZAR), while the rand strengthened 2.4% against the US dollar, closing at R16.70.
- South African headline consumer price inflation rose to 3.1% year-on-year in March 2026, within the SARB's revised 2%-4% tolerance band, while producer price inflation rose to 2.3% year-on-year.

Global market themes

Global equity markets rallied sharply in April 2026, recovering materially from the trade-driven weakness of the prior month. The MSCI World Index gained 9.6% (USD), while the MSCI Emerging Markets Index outperformed significantly, advancing 14.7% (USD). The improvement in risk sentiment was supported by a de-escalation in US trade policy rhetoric, a resilient US corporate earnings season, and continued monetary policy support across key central banks. Emerging market equities benefited disproportionately from US dollar weakness and renewed investor appetite for higher-risk assets, with North Asian markets, particularly South Korea and Taiwan, delivering exceptional gains. Commodity markets were mixed, with energy prices supported by Middle East supply concerns, while precious metals retreated from elevated levels.

The US economy posted preliminary first-quarter 2026 GDP growth of 2.0% annualised, below the consensus expectation of 2.3% but a marked improvement from the prior quarter's contraction. Consumer spending growth moderated to 1.6% annualised, while business equipment investment rose strongly at 10.4% annualised. Headline consumer price inflation rose to 3.3% year-on-year in March, up from 2.4% in the prior month, driven largely by energy prices which advanced 12.5% year-on-year. Core CPI edged higher to 2.6% year-on-year. The labour market remained resilient, with non-farm payrolls increasing by 178 000 jobs in March and the unemployment rate declining slightly to 4.3%. The Federal Reserve held the federal funds rate unchanged at 3.50%-3.75% at its April meeting. The decision was carried by an 8-4 vote, the highest number of dissents since October 1992, reflecting growing internal debate over the appropriate pace of further easing.

US equity markets surged, with the S&P 500 rising 10.5% (USD) and the Dow Jones Industrial Average gaining 7.1% (USD). The S&P 500 reached all-time highs, supported by a strong first-quarter earnings season in which approximately 84% of companies beat earnings estimates and aggregate S&P 500 earnings per share grew an estimated 14.5% year-on-year.

European equity markets advanced in April, supported by improved global risk sentiment and a weaker US dollar, even as domestic economic conditions remained subdued. The STOXX Europe 600 gained, with European ex-UK equities rising 5.7% in local currency terms. The European Central Bank held its main refinancing rate at 2.15% and the deposit facility rate at 2.00% at its April meeting, with the decision unanimous. Euro area headline inflation rose to 3.0% year-on-year in April on a preliminary basis, up from 2.6% in March, driven in part by energy prices which rose 10.9% year-on-year. Eurozone PMI data pointed to contraction in overall business activity, highlighting ongoing structural headwinds to growth.

In the United Kingdom, the Bank of England held its base rate at 3.75%, with the Monetary Policy Committee voting 8-1 to hold. The single dissent was in favour of an increase to 4.0%. UK headline consumer price inflation rose to 3.3% year-on-year in March, up from 3.0%, driven by transport and energy costs. Services activity expanded modestly, while manufacturing remained under pressure. The FTSE 100 gained 2.3% (GBP) over the month.

Japanese equities delivered strong outperformance in April, with the Nikkei 225 advancing 16.1% (JPY), supported by improved global trade sentiment and a rotation into export-oriented markets. The Tokyo Stock Price Index (Topix) gained 6.6% (JPY). The Bank of Japan held its policy rate at 0.75% at its April meeting, with the vote split 6-3. The three dissenting members, Hajime Takata, Naoki Tamura, and Junko Nakagawa, all preferred an immediate increase to 1.00%, signalling growing hawkish momentum within the committee. The Bank of Japan revised its fiscal year 2026 core consumer price inflation forecast upward to 2.8% from 1.9% previously, while trimming its fiscal year 2026 GDP growth forecast to 0.5% from 1.0%, reflecting trade uncertainty. Japan's flash manufacturing PMI for April printed at 54.9, its fastest rate of expansion in four years. Headline consumer price inflation rose to 1.5% year-on-year in March from 1.3%, with transport costs rising at their fastest pace in four months. Core inflation, excluding food and energy, stood at 1.8% year-on-year, marginally below the Bank of Japan's 2.0% target.

Chinese equity markets advanced in April, with the CSI 300 Index gaining 8.2% (CNY) and the MSCI China Index rising 3.6% (USD), supported by domestic policy measures and improving manufacturing activity. China's official manufacturing PMI for April rose to 50.3, its strongest reading since 2020, pointing to a broadening recovery in industrial output. Consumer price inflation eased to 1.0% year-on-year in March from 1.3%, reflecting subdued domestic demand and the effect of fuel price controls, while core inflation held at 1.1% year-on-year. The People's Bank of China maintained its one-year and five-year loan prime rates at 3.0% and 3.5% respectively.

Elsewhere within emerging markets, the MSCI Emerging Markets Index's exceptional performance was driven disproportionately by North Asian markets. South Korea surged 38.2% (USD) and Taiwan advanced 26.2% (USD), as global technology and semiconductor equities experienced a strong re-rating. India's Sensex rose 6.9% (INR), recovering from recent weakness, while Brazil's Bovespa was broadly flat, declining 0.1% (BRL).

Commodity markets delivered a mixed performance in April. Brent crude oil rose 6.2% over the month, closing at \$110.40 per barrel, supported by heightened geopolitical risk in the Middle East, which disrupted shipping through the Strait of Hormuz and tightened supply expectations. Brent reached an intraday high of approximately \$126 per barrel during the month. Gold declined 1.1% (USD) to close at \$4 617.85 per troy ounce, retreating marginally from exceptional levels as some safe-haven demand unwound in line with improved risk sentiment. Silver fell 1.9% (USD) to \$73.75 per troy ounce. Copper

advanced 5.3% (USD) to \$12 910.76 per metric tonne, reflecting improving global industrial activity signals. Platinum rose 1.8% (USD) to \$1 987.75 per troy ounce and palladium gained 3.6% (USD) to \$1 533.07 per troy ounce. Iron ore advanced 1.5% (USD) to \$107.02 per metric tonne, while coal gained 2.4% (USD) to \$113.00 per metric tonne. The US dollar weakened broadly during the month, with the DXY Index declining as risk appetite improved.

The South African rand strengthened 2.4% against the US dollar, closing at \$16.70 per US dollar, supported by improved emerging market sentiment, firmer commodity prices, and broad US dollar weakness.

South African market themes

South African equities delivered modest positive returns in April, with the FTSE/JSE All Share Index gaining 1.7% and the Capped All Share Index also rising 1.7%. In terms of market capitalisation, the Small Cap Index outperformed, rising 3.5%, followed by the Top 40 Index, which advanced 1.6%, while the Mid Cap Index rose 0.9%. Sectoral performance was led by financials, which advanced 4.3%, reflecting positive sentiment toward domestic income-generating and rate-sensitive assets. Industrials gained 3.2%, supported by improved domestic risk appetite and rand strength which benefited import-exposed businesses. Resources declined 2.3% over the month, weighed by a retreat in gold equities despite elevated bullion prices, as the sector partially reversed the prior-month's outperformance. Overall market performance reflected a rotation from commodity-linked rand-hedge counters toward domestically oriented financials, logistics, and industrial businesses.

Among notable individual equity movers in April, Montauk Renewables was the standout performer, rising 33.7% over the month. Logistics group Grindrod advanced 19.7%, and KAP Industrial Holdings gained 19.1%, reflecting improved sentiment toward domestically focused industrial and logistics businesses. On the downside, coal producer Thungela was the weakest performer, declining 13.4%, reflecting ongoing pressure on coal prices and export volumes. Afrimat fell 11.1% and Mondi declined 9.4%.

South African fixed income markets performed strongly in April. The All Bond Index gained 3.3% as nominal yields declined across the curve, reflecting lower global risk premia and improved domestic sentiment. Inflation-linked bonds advanced 4.3%, while STeFI cash returned 0.5% for the month. Listed property continued its recovery, with the FTSE/JSE All Property Index surging 5.8%, supported by lower long-end bond yields and improved domestic growth expectations.

The South African rand strengthened 2.4% against the US dollar during April, closing at R16.70 per US dollar. The rand's appreciation was supported by broad US dollar weakness, firmer commodity prices, and improved emerging market risk appetite. On a year-to-date basis, the rand remained marginally weaker against the US dollar, reflecting the volatility experienced during the first quarter of 2026.

South African consumer price inflation edged higher in March 2026. Headline CPI rose to 3.1% year-on-year from 3.0% in the prior month, remaining comfortably within the South African Reserve Bank's revised 2%-4% target band. On a month-on-month basis, headline CPI rose 0.6%. Core inflation, which

excludes food, non-alcoholic beverages, petrol, and energy, rose to 3.2% year-on-year from 3.0% previously. Key contributors to headline inflation included housing and utilities, and insurance and financial services.

On the producer side, South Africa's producer inflation (PPI) rose to 2.3% year-on-year in March 2026 from 1.8% in February, driven primarily by gains in food, beverages and tobacco, alongside continued strength in furniture and broader manufacturing. Additional upward pressure came from non-metallic minerals, electrical machinery, and transport equipment, while the drag from coal and petroleum products eased. On a monthly basis, PPI increased by 1.1%, the strongest rise in a year, signalling a modest reacceleration in upstream price pressures.