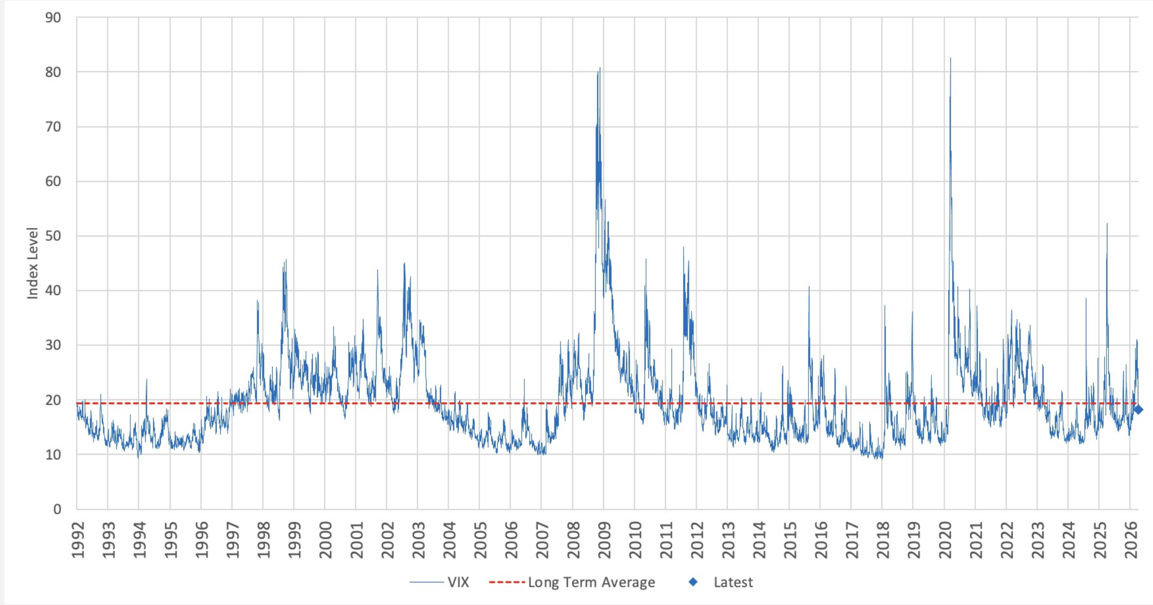
Volatility Comes with the Ticket

Have you ever been on a rollercoaster that promises to be fun but turns your stomach as soon as you hit the first loop?

Many clients currently feel this way-trying to remain focused on longterm investing goals while also navigating heightened market volatility driven by the geopolitical situation in the Middle East.

The news flow around the war has been overwhelming, with peace talks initiated and then again just collapsing several times. This has naturally translated into significant volatility across all asset classes and commodities. As an example, the JSE All Share Index dropped 10.5% in March, but has bounced up by 5.4% for April thus far to partly recoup the loss. Moves like these feel dramatic in real time, but they are not unusual in equity markets, particularly during periods of elevated uncertainty.

How does current market turbulence stack up against the last 30 years or so? Is this familiar territory or uncharted ground? One measure to look at is the well-known VIX volatility index, which measures how much investors expect the S&P 500 US equity index to fluctuate over the next 30 days. In other words, a real-time barometer of investor fear and uncertainty.



Source/s: Seed Investments (2026)

The chart above shows us that the recent spike in volatility is certainly not unprecedented. The takeaway here is not the specific level of the index, but rather how quickly sentiment swings.

The Asian Crisis (1998), Dot-Com Crash (2002), Global Financial Crisis (2009) and Covid-19 Pandemic (2020) have all produced higher levels of volatility than the present.

As advisors one of our primary responsibilities is to help clients cut out noise, remain focused on fundamentals and maintain a long term perspective. Still, many clients are tempted to look at their monthly returns during these uncertain times. A relatable measure for these investors would be the degree of monthly ups-and-downs in their investment values.

On a very short term basis, the Feb to Apr period (+7.0%, -10.5%, +5.4%) has been one of the rockiest, but zooming out to one year and beyond shows below average volatility numbers.

This should reassure clients that indeed – we have seen this before.

The US has the most rollercoasters in the world, with around 700 tracks offering an estimated 200 million rides per year. Injuries are extremely rare, showing that it pays to stay put and just ride it out! Come next time – and it will - it will be a lot easier to stomach the twists and turns.

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If you have any questions, Cor and our team would love to hear from you on investmentteam@seedinvestments.co.za.

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