seed investments

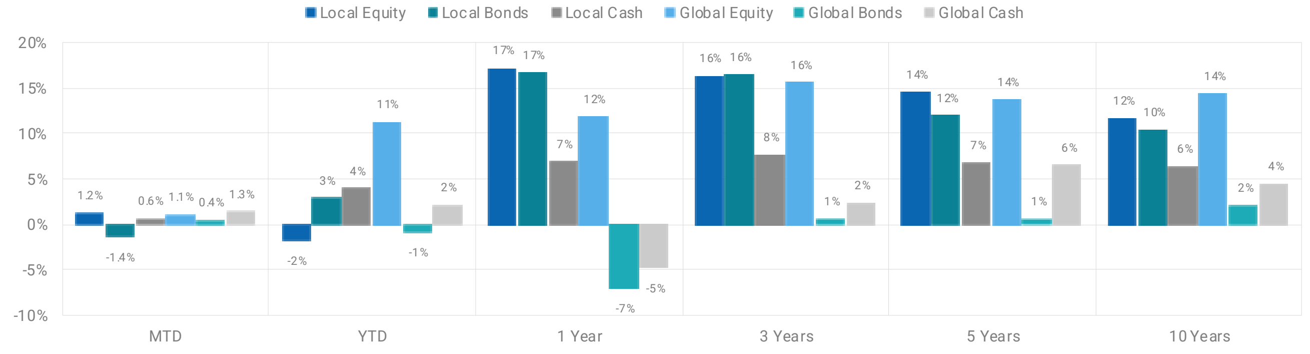
Investor Market Overview

July 2026

Market Commentary

- South African equities reversed two months of losses, with the FTSE/JSE All Share Index gaining 1.2% in July. After a period of pronounced weakness since March this year, the resources sector showed signs of a change in direction, supported by higher precious metal prices. The Resi-10 Index gained 2.1% during the month.
- The FTSE/JSE All Bond Index declined by 1.4% in July, as South African government bonds came under pressure. The 10-year government bond yield rose over the month, ending at 8.75%.
- Domestic headline inflation increased to 5.0% year-on-year in the latest reading, up from 4.5% in May and above the SARB's 3% target, with a 1% tolerance band. Higher fuel and insurance costs were the main contributors, while food inflation remained relatively contained. The South African Reserve Bank kept the repo rate unchanged at 7% at its July meeting, contrary to market expectations for further tightening in response to inflation remaining above target.
- The rand weakened marginally against the US dollar during July. The SARB's decision to leave rates unchanged contributed to some pressure on the currency.
- Geopolitical tensions between the US and Iran intensified in July, pushing Brent crude up around 24% to approximately US$90 per barrel.
- Developed market equities rose 0.5%, although this masked significant volatility during the month. Technology and semiconductor shares came under pressure amid concerns over the scale of AI-related spending, before recovering towards month-end on stronger US technology earnings. Emerging market equities struggled in July, with the MSCI EM Index declining 3.1%. Weakness from Korean semiconductor manufacturers, specifically Samsung Electronics and SK Hynix, weighed heavily on the index.
- US headline inflation eased to 3.5% year-on-year in June from 4.2% in May. However, economic growth slowed, with US GDP expanding 1.5% in Q2, down from 2.1% in Q1 and below expectations.
- The US Federal Reserve kept rates unchanged at its July meeting, with the decision supported by a 9–3 vote. Kevin Warsh reiterated the central bank's commitment to bringing inflation back towards its 2% target.
- The US 10-year Treasury yield climbed to 4.74% per annum, its highest level in 18 months.

Asset Class Returns (ZAR)



Source: Morningstar (31 July 2026)

Asset Class Views

Our asset class rankings remained unchanged. We remain constructive on SA equities, where valuations remain attractive, although the interest rate environment is becoming less supportive, with markets now pricing in three further 25 basis point hikes from now until the end of Q1 2027. We remain underweight local bonds. With the SA 10-year yield rising to 8.75%, we view weakness as an opportunity to top up bond exposure, although prospective returns remain below those expected from local equities. Cash remains defensive, but its real yield has compressed to 2% as annual headline inflation rose to 5% in June.

We maintain a neutral view on global equities. While the growth outlook remains supportive, valuations are elevated and the concentration in technology stocks presents a key risk. We see scope for emerging markets to benefit as growth outside the US catches up and global trade recovers, though returns are likely to remain uneven given how much recent performance has been driven by a narrow set of semiconductor stocks.

Global bonds remain less attractive, with real yields improving modestly but not yet sufficiently compelling given the risk of further yield increases while inflation remains above target.