



Monthly market commentary | February 2026

Despite another season of strong earnings, equity investors continued to rotate out of mega-cap US technology stocks. Concerns about the return on investment in artificial intelligence (AI) meant that the market punished the hyperscalers, the world's largest cloud service providers, for announcing even more capital expenditure. The S&P 500 ended February with its first negative return in nine months, down 0.8%¹ in US dollar (USD) terms. The Nasdaq Composite also followed suit, moving in the negative direction and falling 3.3%¹ in USD terms.

Overall, global equities (MSCI ACWI) continued their positive streak for the year, up 1.3%¹ in USD terms. Markets reacted positively to the election victory of Japanese prime minister Sanae Takaichi, winning with the first two-thirds supermajority since the Second World War. The Japan TOPIX was the strongest performing regional market for the month, up 9.1%¹ in USD terms.

Emerging markets (MSCI EM) also had another strong month and outperformed its developed market counterparts for the third consecutive month, 5.5%¹ higher in USD terms. Emerging markets were supported by an easing US dollar earlier in February, and renewed enthusiasm for the physical supply chain behind global AI investment. South Korea was the standout and Latin American delivered steady gains, but Chinese equities lagged the broader EM rally. Global property (FTSE EPRA Nareit) ended the month up 6.8%¹ in USD terms.

Global bonds (FTSE WGBI) ended the month 1.3%¹ higher in USD terms, impacted by volatile equity markets and growing geopolitical risks. The rand continued to strengthen marginally on the back of improving fiscal indicators, ending the month 0.2%¹ stronger against the US dollar.

Local equities (FTSE/JSE Capped All Share) outperformed their developed market counterparts once again, ending the month 7.2%¹ higher, for a significant return of 55.3%¹ over the last 12 months. The Resources sector continued to drive performance, up 13.3%¹ for February and a stellar return of 166.7%¹ over the last 12 months. Precious metals producers continued to benefit from supportive gold and platinum prices amid sustained global demand for safe-haven assets.



Industrials were the worst-performing sector in February, up only 0.1%¹ for the month. This was due largely to poor performance from heavyweights Prosus and Naspers. Financials had another strong month, 7.2%¹ higher, supported by the prospect of lower interest rates and a better-than-expected economic backdrop. Listed property (FTSE/JSE All Property) posted a positive return of 6.6%¹ for the month and an impressive 44.7%¹ over the last 12 months, supported by company updates that reaffirmed resilient fundamentals, as well as lower bond yields.

Local bonds (FTSE/JSE All Bond) continued their strong run, posting their fourteenth positive monthly return. The asset class was supported by continued rand strength and a positive response to the national budget, up 1.7%¹ for the month and 28.2%¹ over the last 12 months. The most significant contribution was again from bonds in the 12+ year spectrum, up 2.8%¹ for the month. Shorter-dated instruments in the one to 3-year and three to 7-year maturities ended the month 0.6%¹ and 0.8%¹ higher, respectively, while bonds in the seven to 12-year spectrum ended the month 1.2%¹ higher. Local cash (STeFI Composite) was 0.5%¹ higher in February and 7.4%¹ over the last 12 months.

Prepared by Equilibrium

Enabling your advice outcomes

¹ Morningstar

For more information and the latest DFM updates

Website: eqinvest.co.za

LinkedIn: <https://www.linkedin.com/company/eq-invest/>

Disclaimer: Reasonable steps have been taken to ensure the validity and accuracy of the information in this document. However, Equilibrium does not accept any responsibility for any claim, damages, loss, or expense, howsoever arising out of or in connection with the information in this document, whether by a client, investor or intermediary. The content used in this document is sourced from various media publications, the Internet, and Momentum Investments. For further information, please visit us at eqinvest.co.za.

Equilibrium Investment Management (Pty) Ltd (Equilibrium) is an authorised financial services provider (FSP32726) and part of Momentum Group Limited, rated B-BBEE level 1. EQ-CL-41879-AZ-06