



## Monthly market commentary | January 2026

January was quite a volatile month for financial markets, following the US operation to remove Venezuelan President Maduro, and President Trump's threats to impose tariffs on several European countries that sought to oppose his plans to take over Greenland. Global equities, however, continued to deliver positive returns in US dollar (USD) terms. The US Federal Reserve (Fed) interest rate cut was pushed out further, while the heightened geopolitical risks and some speculative activity led to a further rise in precious metal prices.

US equity markets lagged as returns continued to broaden outside the US tech sector, with twenty-seven of the major thirty equity markets recording new highs. The "Magnificent Seven" tech stocks had a mixed month, with clear signs of underperformance relative to the S&P 500. The S&P 500 closed the month with a moderate return of 1.4%<sup>1</sup> in USD terms. The Nasdaq Composite also had a positive month, after two negative months at the end of 2025, and was up 1%<sup>1</sup> in USD terms.

Overall, global equities (MSCI ACWI) started the year well, 3%<sup>1</sup> higher in USD terms. The Japan Topix index delivered its strongest start to a new year in nearly four decades. The index was the best performer in January, up 6.3%<sup>1</sup> in USD terms, driven by persistent yen weakness, corporate reforms and AI-related earnings growth. Emerging markets (MSCI EM) had another very strong month and outperformed their developed market counterparts, ending the month 8.9%<sup>1</sup> higher in USD terms. Global property (FTSE EPRA Nareit) ended the month 4%<sup>1</sup> higher in USD terms.

Global bonds (FTSE WGBI) rose only marginally by 0.9%<sup>1</sup> for the month in USD terms, impacted by much improved risk appetite, better activity data and some country-specific developments. The rand continued to strengthen against the USD, ending January 3.5%<sup>1</sup> stronger and a significant 14.2%<sup>1</sup> stronger over the last 12 months.

Local equities (FTSE/JSE Capped ALSI) again outperformed their developed market counterparts, ending the month 3.9%<sup>1</sup> higher, for a return of 44.4%<sup>1</sup> over the last 12 months. The Resources sector continued to drive performance, up 12.5%<sup>1</sup> for the month and a solid 118.6%<sup>1</sup> over the last 12 months. Industrials were the worst-performing sector in January, down 3.4%<sup>1</sup> for the month.



Financials ended the month 2.7%<sup>1</sup> higher, supported by the prospect of lower interest rates and a better-than-expected economic backdrop. Listed property (ALPI) posted a marginal gain of 1.1%<sup>1</sup> for the month, closing out a stellar 36.1%<sup>1</sup> return for the last 12 months.

Local bonds (FTSE/JSE ALBI) continued their strong run, posting their thirteenth positive monthly return. The asset class was supported by continued rand strength and better fiscal outcome expectations from investors, up 2%<sup>1</sup> for the month and 26.1%<sup>1</sup> over the last 12 months. The most significant contribution was again from bonds in the 12+ year spectrum, up 2.8%<sup>1</sup> for the month. Local cash (STeFI) was 0.6%<sup>1</sup> higher in January and 7.4%<sup>1</sup> over the last 12 months.

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<sup>1</sup> Morningstar

<sup>2</sup> Momentum Investments

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