

# Monthly Market Report

## February 2026

Index	Open	Close	% Change
JSE FTSE ALSI Top 40	112229	120296.30	7.19
S&P 500	6939.03	6878.88	-0.87
Nasdaq Composite	23461.82	22668.21	-3.38
Dow Jones Industrial	48892.47	48977.92	0.17
FTSE 100	10223.54	10910.55	6.72
Nikkei	53322.85	58850.27	10.37
Hang Seng	27387.11	26630.54	-2.76
DAX	24538.81	25284.26	3.04
CAC 40	8126.53	8580.75	5.59

Commodity	Open	Close	% Change
Gold	4894.23	5278.93	7.86
Platinum	2195.31	2369	7.91
Iron Ore	103.79	98.36	-5.23
Brent Crude Oil	70.69	72.48	2.53

Currency	Open	Close	% Change
USD-ZAR	16.14	15.94	-1.24
EUR-ZAR	19.11	18.82	-1.52
GBP-ZAR	22.09	21.49	-2.72

Source: Bloomberg

## Local and Global Macro Economic Perspectives



### South Africa

26.1029°S, 28.0576°E

South Africa entered February with macro momentum supported by both Budget 2026 and favourable inflation dynamics. Finance Minister Enoch Godongwana's budget speech outlined what he described as a fiscal turning point, emphasising a stabilisation of public debt for the first time in 17 years, falling debt-service costs, and a narrowing fiscal deficit. The budget reaffirmed government's commitment to structural reforms, improved efficiency in sub-national fiscal management, and inflation-indexed adjustments to personal income tax brackets, while withdrawing previously planned tax increases. Collectively, the budget underscored restored policy credibility and renewed investor confidence, reflected in the country's recent credit rating upgrade and removal from the FATF grey list.

On the data front, January CPI eased to 3.5% YoY, returning to its November 2025 level. Lower fuel prices and stable food inflation were the key contributors to this moderation, while monthly CPI growth held steady at 0.2%. Given

this backdrop, the South African Reserve Bank opted to keep the repo rate unchanged at 6.75% in January, maintaining a cautious tone despite improved inflation outcomes and the establishment of its new 3% inflation target. Nonetheless, the combination of lower inflation, stable macro fundamentals, and credible fiscal execution strengthened the case for medium-term rate cuts should inflation expectations continue to drift downward.



## United States

*40° 42' 24.7572" N, 74° 0' 40.554" W*

U.S. economic activity was impacted by the lingering effects of the late 2025 government shutdown, which delayed key data releases and shaved approximately 1.0 percentage point off Q4 growth. According to the advance estimate released by the Bureau of Economic Analysis, real GDP increased at an annual rate of 1.4% in the fourth quarter of 2025. This marked a sharp deceleration from the 4.4% growth seen in the third quarter, reflecting a downturn in government spending and exports, though consumer spending and private investment remained positive contributors to the overall expansion.

Inflationary pressures showed signs of moderation during the month, though they remained above the Federal Reserve's long-term targets. The Consumer Price Index (CPI) for January rose 2.4% on a YoY basis, down from 2.7% in December and the lowest reading since mid-2025. Core CPI, which excludes volatile food and energy costs, eased to 2.5% annually. While the cooling trend was encouraging, driven largely by falling energy prices and a slowdown in shelter costs, the monthly core increase of 0.3% suggested that "sticky" inflation remains a concern for policymakers.

Against this backdrop, the Federal Reserve elected to hold the federal funds rate steady at a range of 3.50% to 3.75%. This decision paused a series of rate cuts that had begun in late 2024, as the Fed sought "greater confidence" that inflation was moving sustainably toward its 2% objective. Chair Jerome Powell emphasised a data-dependent, meeting-by-meeting approach, noting that while the balance of risks to the dual mandate was improving, the labour market remained resilient despite a slow rise in the unemployment rate to 4.3%.

The ISM Manufacturing PMI registered 52.4, indicating expansion in the sector for the second consecutive month. Although this was a slight dip from January's 52.6, strong new orders and a jump in the Prices Index highlighted both demand resilience and renewed cost pressures for manufacturers. Meanwhile, the services sector continued to lead the expansion; the ISM Services PMI remained robust at 53.8, supported by steady business activity and production even as new order growth softened slightly.



## United Kingdom

*51°30'32.39" N, 0°05'33.90" E*

In the UK, the Bank of England's February Monetary Policy Report signalled a subtly dovish shift, as the MPC voted 5–4 to hold the Bank Rate at 3.75%, with four dissenters favouring an immediate cut to 3.50%. Policymakers projected that inflation would fall back to around the 2% target from April, aided by energy base effects, easing wage growth, and softer services inflation. January CPI dropped to 3.0% YoY, declining 0.3% month-on-month as transportation and energy categories contributed to the downside. However, the broader macro backdrop remained mixed with weak GDP growth in late 2025 and a rising unemployment rate. The manufacturing PMI for February came in at 51.7, only slightly below January's 17-month high of 51.8, marking the fourth consecutive

month of expansion. Growth in manufacturing output hit a 17-month high, underpinned by rising domestic orders and a surge in export orders at the fastest rate in 4.5 years.



## Eurozone

51°30'32.39" N 0°05'33.90" E

Eurozone headline inflation came in at 1.7% YoY in January, its lowest level since April 2021, while core inflation eased to 2.2%, continuing the bloc's multi-month disinflation trend. On the policy front, the ECB's February meeting kept rates on hold, emphasising that January's low inflation reinforced the case for patience. With services inflation still sticky, but overall price dynamics moving decisively downward, the Governing Council stressed the need for a continued cautious approach. January's HCOB Eurozone Manufacturing PMI rose to 49.5, up from December's contractionary levels, signalling that the sector was nearing stabilisation as new orders and output declines became less pronounced, and business sentiment improved from late-2025 lows. This rebound accelerated into February with the flash Eurozone Manufacturing PMI climbing to 50.8, a 44-month high, marking the region's first return to expansion since mid-2022.



## China

31° 14' 12.3" N, 121° 30' 31.5" E

China's January inflation print reflected a continuation of disinflationary momentum, underscoring the economy's struggle to generate sustained demand as it entered the new year. Official data showed the manufacturing PMI falling back into contraction at 49.3, with authorities noting that "effective market demand remained insufficient," a soft backdrop that helps explain the subdued price environment. Complementing this, structural price components were mixed: while input costs climbed—suggesting early upstream pressures—the broader domestic demand picture remained weak, preventing these cost increases from meaningfully lifting consumer prices. On the consumer side, the clearest read-through came from the non-manufacturing PMI, which slipped to 49.4, its lowest level since December 2022, signalling soft service-sector activity and reinforcing the narrative of demand-side fragility. Together, the January indicators point to an inflation landscape still anchored by sluggish domestic spending, with pricing power remaining limited across both goods and services.



## Japan

35° 40' 34.55" N, 139° 46' 26.21" E

Japan entered February 2026 with a clear continuation of its disinflation trend, as national CPI for January slowed sharply to 1.5% YoY, down from 2.1% in December and marking the lowest reading since March 2022, driven by steep declines in food and energy inflation, with electricity prices falling -1.7% and gas -2.0%, and a broad deceleration across household goods, transport, and healthcare categories. Core inflation also eased to around 2.0%, placing it right at the Bank of Japan's (BoJ) target. On the activity side, Japan's manufacturing sector showed only tentative signs of strength. The latest PMI figures continued to reflect a fragile operating environment, business surveys overall still pointed to limited demand-side momentum. Consequently, the BoJ is expected to maintain its patient, data-dependent stance, likely holding steady until the Spring wage negotiations (Shunto) provide a definitive signal on the sustainability of domestic consumption.



## India

20° 35' 16" N, 78° 57' 46" E

The RBI kept the repo rate at 5.25% at their February meeting, unanimously maintaining a neutral stance and signalling confidence in India's macro stability amid benign headline inflation and robust domestic demand. The Committee highlighted that headline inflation had remained low through late-2025, with projections for FY25–26 inflation at just 2.1%. On the growth side, forward-looking commentary was notably upbeat: the RBI projected FY25–26 real GDP growth at 7.4%, citing resilient private consumption, solid fixed-investment trends, high capacity-utilisation levels, and improving credit flows. With trade agreements expected to support export demand over the medium term, and with inflation firmly anchored near 2%, the policy debate shifted to the timing of potential future easing. Yet the RBI maintained that while conditions were improving, it would remain data-dependent, balancing strong growth with its objective of preserving external and financial stability amid a volatile global environment.