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NEWSLETTER

JUNE 2026

MARKETS AND ECONOMICS

June opened with elevated risk aversion, as escalating tensions in the Middle East drove oil prices higher and reignited global inflation concerns. However, optimism returned later in the month as ceasefire negotiations eased fears of prolonged supply disruptions, reducing the energy risk premium and supporting a recovery in global risk appetite.

In the United States (US), hotter-than-expected inflation (May Consumer Price Index +4.2% year-on-year and Producer Price Index +6.5% year-on-year) reinforced the Federal Reserve's higher-for-longer narrative. While policymakers left interest rates unchanged, they signalled that further rate hikes remained a possibility should inflationary pressures persist. In Europe, the European Central Bank delivered a widely anticipated 25 basis points rate hike, lifting its deposit rate to 2.25% in an effort to subdue energy-driven inflation. In Japan, the Bank of Japan continued its policy normalisation, raising its policy rate to 1.0%, its highest level since 1995, as persistent yen weakness and inflationary pressures prompted further tightening. Meanwhile, the Bank of England kept rates unchanged, adopting a more balanced tone that revived expectations for future policy easing.

Against this backdrop, developed markets delivered mixed performances. US equities came under pressure as elevated interest rate expectations weighed on valuations, while European and United Kingdom (UK) equities proved more resilient. Japanese equities outperformed, supported by continued investor demand for artificial intelligence (AI) and technology-related companies.

Emerging markets lagged behind their developed market counterparts, weighed down primarily by weakness in Chinese equities amid persistent domestic economic challenges. In contrast, Taiwan benefitted from sustained demand for semiconductor and AI-related companies, while India saw further inflows on the back of resilient domestic growth. Closer to home, South African equities weakened as softer commodity prices and tighter global financial conditions weighed on resource shares and broader market sentiment.

Other highlights for the month included:

+ **Fitch upgraded South Africa's (SA's) sovereign credit rating from BB- to BB:** SA received its first upgrade in 21 years from Fitch, which boosted investor confidence. All three major rating agencies now rate the country just two notches below investment grade.
+ **The UK suffered another leadership blow:** UK Prime Minister Keir Starmer announced his resignation amid rising internal Labour Party pressure. He conceded that party members no longer believed that he was best placed to lead.

JSE All Share - 3,68% | 110 313,85 ▼	**MSCI World (USD)** - 0,01% | 4 825,50 ▼	**MSCI EM (USD)** - 1,41% | 1 722,89 ▼
SA Bonds 1,50% | 1 428,08 ▲	**SA Property** 3,74% | 498,78 ▲	**CPI (y/y)** 4,50% | 106,70 ▲
Gold - 10,86% | 4 032,79 ▼	**Platinum** - 17,46% | 1 586,60 ▼	**Oil** - 19,94% | 72,95 ▼
$/R 1,05% | 16,39 ▲	**€/R** - 1,02% | 18,72 ▼	**£/R** - 0,41% | 21,74 ▼

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