Weekly Market Wrap

21/05/2026

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Market Drivers

Global Market Drivers

- Japan growth edges higher (2.1% YoY in Q1 2026) as inflation keeps BoJ pressure alive.
- UK retail sales slide (-1.3% MoM in April) as fuel prices and weak demand hit consumers.
- Taiwan stocks hit record highs as tech rally lifts risk appetite.
- Inflation signals split as UK and Japan cool, while Eurozone prices re-accelerate.
- Nasdaq fast-entry rules could boost IPOs as passive funds are forced to buy.

SA Market Drivers

- SA inflation jumps (4.0% YoY in April) as fuel shock squeezes households and tests SARB patience.
- SA unemployment worsens (32.7% in Q1 2026) as job losses expose weak growth beneath the surface.
- SA retail sales beat forecasts (+2.6% YoY in March) as household spending shows pockets of resilience.
- Moody’s expected to stay cautious leaving SA’s rating & outlook unchanged (Ba2) in scheduled sovereign rating review today (22nd May).

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Charts That Matter

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Tech has been the Driving Force behind EM Equity Returns

EM equities have had a strong start to 2026, but the rally has been narrow. Korea and Taiwan have led the gains, helped by AI-related capital spending and strong earnings upgrades across technology companies.

Tech now makes up close to 40% of the MSCI Emerging Markets Index. That means EM equity returns are increasingly being driven by global AI sentiment, not just traditional emerging-market growth dynamics.

The opportunity is real, but so is the concentration risk. EM equities still offer attractively priced exposure to the AI theme, but the index is more vulnerable to a reversal in tech enthusiasm.

%, weight of the tech sector in MSCI Emerging Markets

Source: MSCI, J.P. Morgan Asset Management. Data as of 13 May 2026.

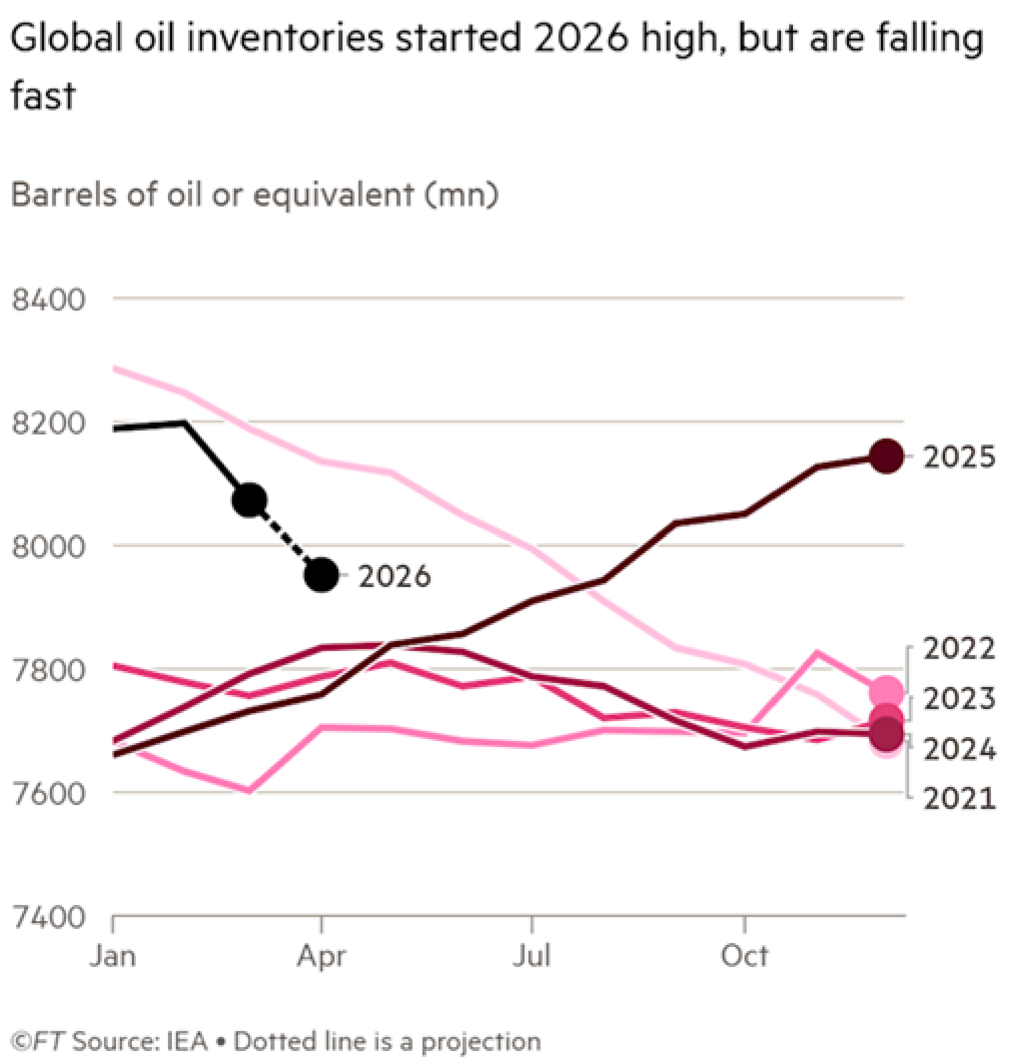
Source: PortfolioMetrix, Bloomberg

Oil Inventories Are Buying Time, Not Removing the Risk

Global oil inventories started 2026 at elevated levels, helping cushion the initial shock from higher geopolitical risk and tighter physical supply. This has prevented an immediate oil crunch, despite ongoing uncertainty around the Middle East conflict.

The problem is that inventories are now falling quickly. The IEA data suggests oil and refined-product stocks are being drawn down at an unusually fast pace, leaving markets increasingly sensitive to any further supply disruption.

For investors, oil remains an inflation risk rather than just a commodity story. If energy prices stay elevated, they could keep pressure on households, corporate margins and central banks, particularly in economies already struggling with sticky inflation.



Source: PortfolioMetrix, Bloomberg

The ECB Has Less Policy Cushion Than the Fed or BoE

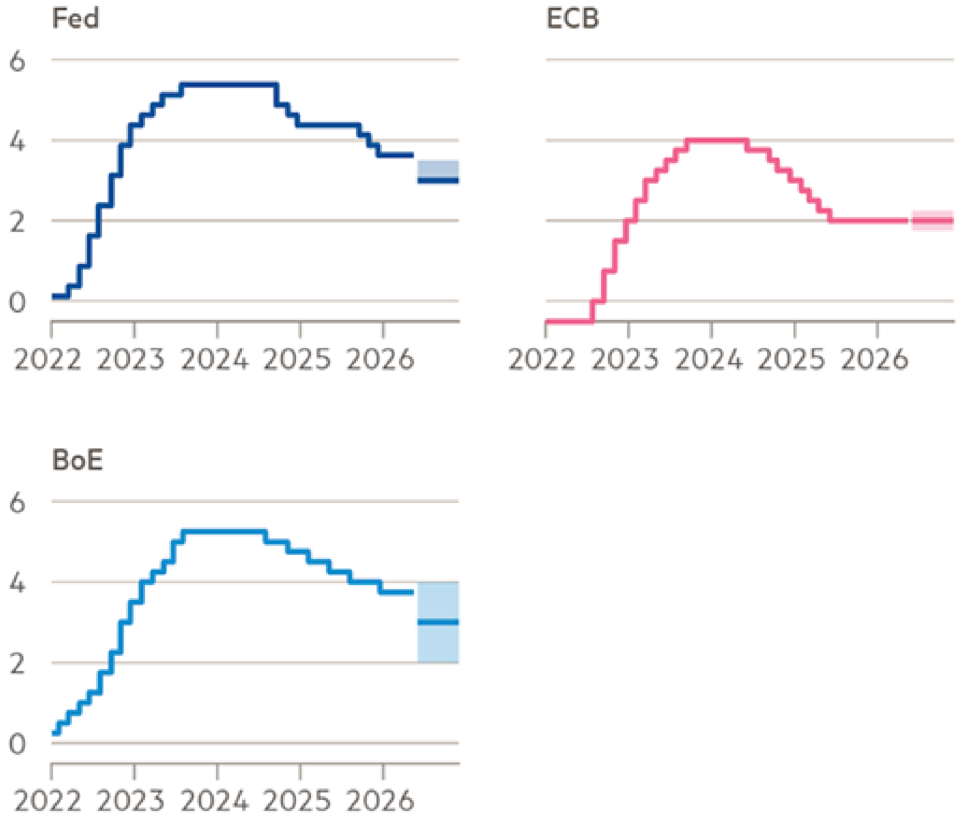
The chart compares current policy rates with each central bank's estimate of neutral. Neutral is the level where rates are neither clearly stimulating nor restricting the economy.

The Fed and BoE still appear to be running policy above neutral, giving them more anti-inflation cushion. By contrast, the ECB's policy rate is much closer to its estimated neutral level.

That matters if energy prices stay high. A renewed oil shock could lift inflation expectations, and the ECB may have less room to "look through" the shock without risking credibility.

The ECB's monetary stance is less restrictive than that of the BoE or Fed

Policy rates of leading central banks and their estimates of neutral range and midpoint (%)



Sources: Fed, ECB, BoE

Source: PortfolioMetrix, Bloomberg

Index Performance

19/05/2026

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SA Indices

South African Asset Classes (ZAR)

Offshore Indices

	Global Equities	US Equities	Developed Equities	EM Equities	Global Gov Bonds	Global Corps	Global Infra	Global Property
1 Week	0.4%	0.8%	0.8%	-1.9%	0.1%	0.3%	0.9%	0.3%
1 Month	5.7%	7.1%	5.5%	6.9%	1.5%	1.6%	3.0%	2.4%
3 Months	8.6%	11.3%	8.5%	9.2%	0.7%	1.2%	3.4%	4.9%
6 Months	9.4%	7.7%	8.4%	17.4%	-3.3%	-2.6%	9.7%	6.5%
1 Year	16.2%	14.7%	14.4%	31.3%	-6.8%	-2.9%	10.3%	1.7%
3 Years	14.3%	15.9%	14.1%	15.0%	-3.6%	0.3%	7.9%	3.2%
5 Years	15.1%	17.0%	15.7%	11.0%	-0.2%	3.4%	11.5%	5.7%
10 Years	13.3%	15.6%	13.6%	11.2%	-0.3%	2.6%	10.1%	4.9%

Local Indices

	SA Listed Property	SA Bonds	STeFI +1%	C-SWIX / C-ALSI	ALSI
1 Week	0.2%	-1.1%	0.1%	-2.6%	-2.6%
1 Month	-2.3%	-3.9%	0.6%	-6.0%	-6.0%
3 Months	-5.1%	-4.1%	1.9%	-5.3%	-5.2%
6 Months	3.5%	2.7%	3.9%	4.0%	3.5%
1 Year	27.4%	20.1%	8.2%	28.2%	27.2%
3 Years	25.4%	17.5%	9.0%	19.1%	17.4%
5 Years	17.7%	11.8%	7.9%	15.3%	16.0%
10 Years	4.6%	10.7%	7.8%	9.9%	11.9%

SA Equity Indices

	SA Financials	SA Industrials	SA Resources	SA Small Cap	SA Mid Cap	SA Large Cap
1 Week	0.3%	1.9%	-9.4%	0.1%	-1.4%	-2.8%
1 Month	-3.4%	-1.4%	-12.7%	-1.5%	-4.8%	-6.5%
3 Months	-5.6%	-0.9%	-8.8%	-2.6%	-7.3%	-5.3%
6 Months	7.8%	-6.7%	11.7%	5.3%	3.7%	3.2%
1 Year	25.5%	0.8%	82.2%	25.6%	23.4%	28.6%
3 Years	25.3%	9.3%	23.0%	23.3%	18.2%	17.1%
5 Years	19.8%	11.9%	17.2%	19.6%	13.1%	16.4%
10 Years	9.6%	8.1%	19.5%	10.9%	8.1%	12.3%

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Note: periods longer than a year are annualised.
Source: PortfolioMetrix, Morningstar

Global Indices

Global Asset Classes (USD)

Global Equity Regions

	Global Equities	Developed Equities	US Equities	UK Equities	Europe ex-UK Equities	Japan Equities	Pacific ex-Japan Equities	EM Equities	EM Asia Equities	EM Europe Equities	EM Lat Am Equities
1 Week	-0.9%	-0.6%	-0.5%	-0.1%	-0.3%	-1.7%	-1.7%	-3.2%	-3.3%	-3.6%	-4.3%
1 Month	1.9%	1.7%	3.2%	-4.2%	-3.4%	1.7%	-2.6%	3.1%	5.4%	-8.3%	-9.2%
3 Months	4.7%	4.6%	7.3%	-2.6%	-2.7%	-1.8%	-2.2%	5.3%	7.5%	-3.1%	-3.9%
6 Months	12.4%	11.3%	10.6%	12.7%	10.1%	17.5%	14.7%	20.6%	23.0%	14.2%	19.0%
1 Year	25.3%	23.3%	23.6%	21.5%	15.6%	31.0%	21.9%	41.5%	45.6%	31.0%	40.2%
3 Years	20.1%	20.0%	21.8%	16.5%	14.2%	18.1%	12.4%	20.9%	22.6%	25.2%	16.4%
5 Years	11.1%	11.7%	13.0%	9.9%	8.2%	8.9%	5.6%	7.1%	7.3%	-9.9%	11.0%
10 Years	12.7%	13.0%	15.0%	8.1%	9.8%	9.4%	8.6%	10.6%	11.6%	-0.2%	8.9%

Global Fixed Income

	Global Gov Bonds	Global Corps	Global High Yield	EM Bonds	Global ILBs
1 Week	-1.3%	-1.1%	-0.7%	-1.2%	-1.1%
1 Month	-2.2%	-2.1%	-1.1%	-1.6%	-1.5%
3 Months	-2.9%	-2.5%	-0.6%	-1.7%	-1.5%
6 Months	-0.7%	0.1%	2.1%	0.2%	1.9%
1 Year	0.4%	4.6%	6.7%	7.7%	4.4%
3 Years	1.4%	5.5%	9.3%	7.3%	3.2%
5 Years	-3.7%	-0.2%	3.7%	1.1%	-2.4%
10 Years	-0.8%	2.0%	5.5%	3.3%	1.1%

Global Alternatives

	Global Property	Global Infra
1 Week	-1.1%	-0.5%
1 Month	-1.4%	-0.7%
3 Months	1.1%	-0.4%
6 Months	9.4%	12.7%
1 Year	9.6%	18.8%
3 Years	8.4%	13.4%
5 Years	2.0%	7.6%
10 Years	4.3%	9.5%

Note: periods longer than a year are annualised.
Source: PortfolioMetrix, Morningstar

Global Indices

Global Equity Factors & Sector Performance (USD)

Global Factors

	Global Equities	Global Equities - Value	Global Equities - Momentum	Global Equities - Quality	Global Equities - Min Vol	Global Equities - Small Cap
1 Week	-0.9%	-0.2%	-4.0%	-1.9%	0.8%	-1.5%
1 Month	1.9%	2.5%	4.7%	0.4%	-0.9%	0.6%
3 Months	4.7%	3.3%	12.5%	3.4%	-1.4%	2.7%
6 Months	12.4%	17.1%	27.0%	13.1%	3.2%	13.1%
1 Year	25.3%	36.6%	40.9%	24.4%	4.5%	18.4%
3 Years	20.1%	21.5%	31.6%	21.8%	10.8%	15.4%
5 Years	11.1%	12.2%	16.8%	10.4%	6.6%	7.5%
10 Years	12.7%	11.6%	17.0%	13.0%	8.6%	9.9%

Global Sectors

	Comm Services	Consumer Cyclical	Consumer Defensive	Energy	Financials	Healthcare	Industrials	Tech	Real Estate	Utilities	Basic Materials
1 Week	0.3%	-2.2%	1.8%	4.1%	-0.5%	0.6%	-3.6%	-1.0%	-2.5%	-2.0%	-6.0%
1 Month	2.5%	-3.7%	3.2%	8.0%	-2.7%	-2.7%	-3.3%	10.2%	-2.5%	-3.6%	-6.5%
3 Months	9.4%	-1.5%	-2.1%	11.3%	-1.5%	-7.5%	-3.6%	19.6%	-2.3%	-2.0%	-5.1%
6 Months	9.7%	0.5%	10.6%	32.2%	6.8%	-2.5%	15.8%	22.4%	7.8%	5.8%	17.6%
1 Year	32.6%	4.7%	6.4%	47.3%	13.4%	9.9%	24.1%	47.7%	8.1%	17.2%	32.3%
3 Years	28.2%	12.3%	6.1%	18.9%	22.3%	4.3%	20.2%	33.0%	8.8%	15.9%	12.3%
5 Years	10.9%	3.6%	4.6%	18.5%	11.4%	3.5%	11.3%	20.8%	1.2%	9.3%	5.2%
10 Years	11.0%	9.9%	6.3%	9.8%	12.3%	7.6%	12.2%	24.0%	4.0%	9.1%	10.9%

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Note: periods longer than a year are annualised.
Source: PortfolioMetrix, Morningstar

Glossary of Terms

Weekly Time Frame

- The Weekly Wrap is compiled every Thursday afternoon and thus the timeframe on charts will run from the prior Wednesday close to the current Wednesday close.

Global and SA Headlines

- The major headlines across the global dailies that had or have a direct impact on markets around the globe.

Macro Events

- The major macroeconomic releases over the week that help shape economic views and market movements.

Charts - Price Returns

- Bar charts depict price returns for the week to close of day Wednesday, as well as the prior week (shaded) in the currency as designated.

SA - US yield spreads

- This difference, or interest carry, is the SA risk spread this is guided by the interest rate differentials (and the levers that drive these expectations) between the two countries as well as providing a forecast of expected
- Rand depreciation over the 10-year period.

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Full calculation methodology available on request.