



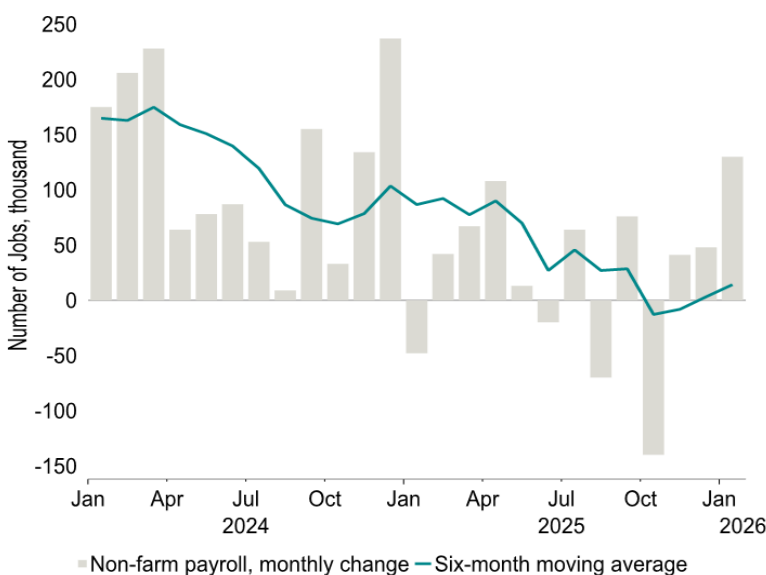
ECONOMIC EXPRESS

FEBRUARY 2026

Global markets delivered a mixed performance in February. Emerging markets, including South African assets, continued to outperform, while developed markets lagged. Locally, equities posted strong gains, led by the resources and financial sectors, marking the 12th consecutive positive month for the JSE All Share Index. The resources sector alone has surged more than 160% over the past year. In contrast, US equities ended the month lower as concerns mounted over the sustainability of artificial intelligence (AI). Investor anxiety about AI's potential disruption in the software industry weighed heavily on large cap US technology stocks, which represent a significant portion of the S&P 500 Index.

The latest US employment report eased concerns about the labour market, coming in stronger than expected. The unemployment rate declined from 4.4% to 4.3%, while nonfarm payrolls rose by 130,000, well above the consensus forecast of 70,000. This figure also stands out against the average monthly gain of just 30,000 over the past year. Job creation was concentrated in the health care and social assistance sectors.

Figure 1: US non-farm payrolls (monthly)

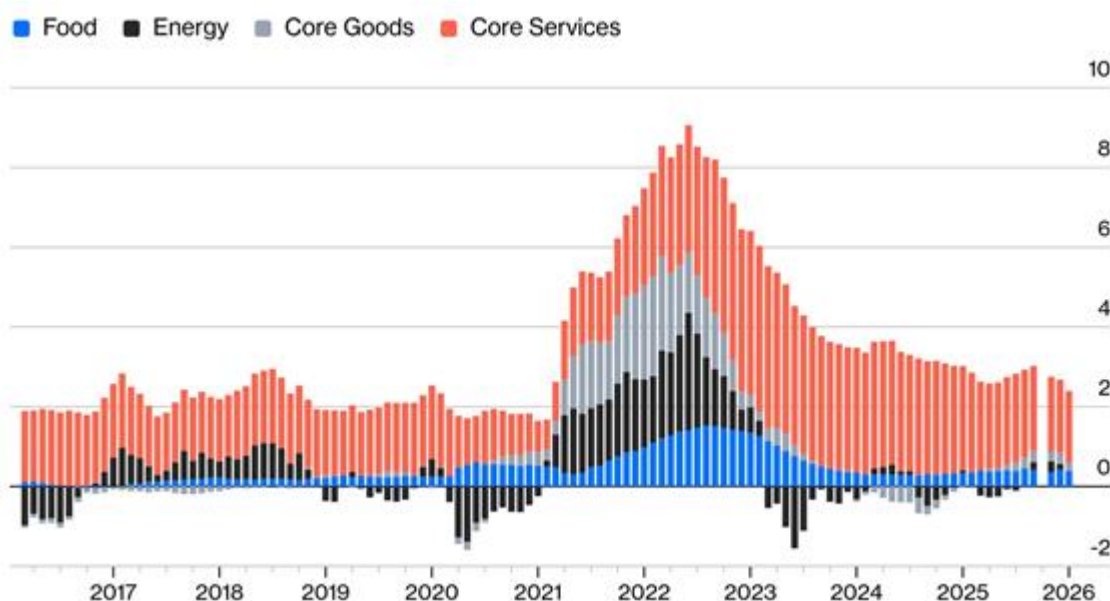


Source: BLS, Macrobond, Investec Economics (01/2024 to 01/2026)



US headline annual inflation surprised to the downside, easing to 2.4% from 2.7%. The decline was largely driven by lower energy prices. Core inflation, which excludes food and energy, also edged down to 2.4% from 2.5%, its lowest level since 2021.

Figure 2: US Headline Inflation breakdown



Source: Bloomberg Economic Analysis (ECAN) (2017 TO 2026)

In February, the US Supreme Court struck down tariffs imposed under the International Emergency Economic Powers Act (IEEPA), ruling that the Act does not grant the president authority to impose tariffs. In response, President Trump announced a blanket 10% tariff effective February 24, with threats to raise it to 15%. The move weighed on investor sentiment. It is estimated that the tariff generated approximately \$130 billion in revenues, which may need to be repaid in the future adding to the fiscal pressure in the US.

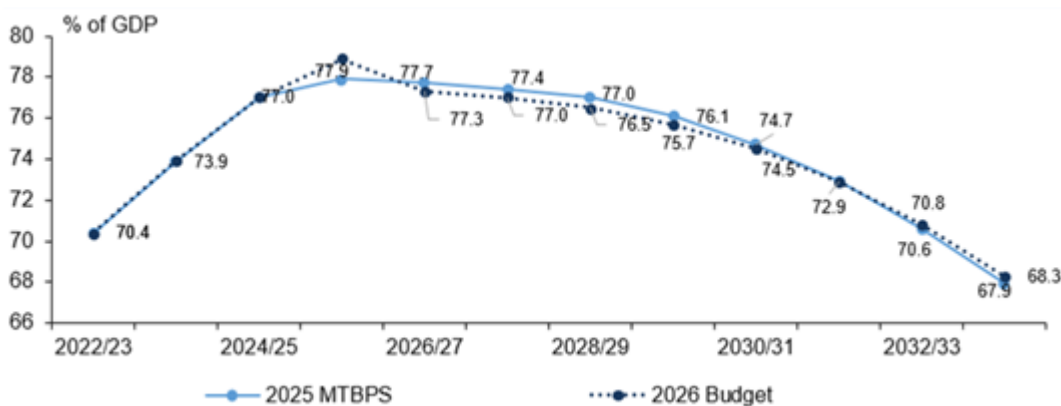
US GDP growth in the fourth quarter came in well below expectations, with the economy expanding just 1.4% compared to consensus forecasts of 3%. The 43 day government shutdown was a major drag, with the Bureau of Economic Analysis estimating it shaved roughly 1 percentage point off growth, with the expectation that it can potentially be reversed again in the first quarter.

Local headline inflation eased slightly to 3.5% from 3.6%, largely reflecting lower fuel prices. The Monetary Policy Committee did not meet in February, with the next meeting scheduled for late March. By month end, markets were pricing in a 0.25% cut in July and assigning a 50% probability to an additional 0.25% cut before year end.



Late in February, the Minister of Finance delivered the 2026 budget, which was well received as National Treasury maintained its conservative stance on government spending. The continued primary budget surplus (revenues exceeding non-interest expenditures) underscores fiscal discipline and supports debt stabilisation, with the debt-to-GDP ratio projected to peak at 78.9% this year. Revenue collections exceeded forecasts by R21 billion, driven mainly by stronger VAT and corporate tax receipts. Looking ahead, Treasury expects GDP growth to average 1.8% over the next three years and inflation to hover around 3.3%, slightly above the 3% target. It is however important to note that the realisation of the growth forecasts is key in achieving the debt and fiscal targets.

Figure 3: Gross debt-to-GDP outlook:



Source: National Treasury, Budget 2026, Investec

Index	Asset Class	FEBRUARY 2026
STEFI Composite Index	Local Cash	0.51%
FTSE/JSE All Bond (Total Return)	Local Bonds	1.74%
FTSE/JSE SA Listed Property (Total Return)	Local Property	6.29%
FTSE/JSE Africa All Share (Total Return)	Local Equities	7.01%
Bloomberg Global Aggregate (USD)	Global Bonds	1.12%
FTSE EPRA/NAREIT Global Index (USD)	Global Property	6.12%
MSCI AC World (USD)	Global Equities	1.31%

Source: Morningstar