

MY TIME TO INVEST

OCTOBER 2026

ECONOMIC AND MARKET OVERVIEW

The US mid-term elections held on 3 November delivered substantial Democratic gains, with the party taking control of both the Senate and the House of Representatives. A small number of races remained uncalled at the time of writing, but the result represents one of the more decisive midterm outcomes in recent US history. The new balance of power will significantly constrain the administration's ability to advance its legislative agenda during the remaining two years of Trump's term.

Global growth remained remarkably resilient, with the International Monetary Fund (IMF) forecasting growth of 3.1% in 2026 in its October World Economic Outlook. This projection was supported, in particular, by strong AI and technology-related investment.

The Middle East conflict became a dominant global economic risk, disrupting energy supplies and pushing oil above US$115 per barrel, which renewed inflationary pressures and weighed on the global growth outlook.

The battle against inflation suffered a setback, with higher energy and food prices prompting the IMF to forecast global inflation of 4.7% for 2026. This reduced the scope for major central banks to ease monetary policy aggressively.

Higher-for-longer interest rates and rising bond yields became another headwind, according to the October outlook from the Bureau for Economic Research. This increased borrowing costs for governments, businesses and households, while elevated debt levels constrained governments' ability to respond to further economic shocks.

South Africa's October Medium-Term Budget Policy Statement delivered some encouraging fiscal news, with the budget deficit projected at 3.9% of GDP and government debt stabilising, although expected economic growth for 2026 was reduced to 1.2%.

Domestic inflation moved higher, reaching 4.5% in September, largely due to sharply higher transport and fuel costs, placing renewed pressure on households and complicating the monetary-policy outlook.

South Africa recorded a preliminary trade surplus of R19.8 billion in September, up from a revised R19.0 billion in August and the largest surplus since March. Exports rose 5.1% month on month, led by platinum group metals and gold, comfortably exceeding market expectations and lending further support to the country's external position.

Global growth remained remarkably *resilient*



MARKET PERFORMANCE

Oil gained a further **13.6%** in October

October proved to be another mixed month for South African investors, although conditions improved considerably from September. The JSE All Share Index declined a modest 0.4%, while South African listed property gained 2.5% and bonds delivered a strong return of 2.1%. The latter two asset classes were supported by lower bond yields and a generally well-received Medium-Term Budget Policy Statement during the month.

Global equity markets experienced a difficult month. In US dollar terms, developed market equities declined 0.8%, while emerging markets fell a much sharper 8.0%. The S&P 500 declined 0.9%, but the most notable reversal occurred in technology shares, with the NASDAQ 100 falling 6.6%. After months of enthusiasm surrounding artificial intelligence, investors became increasingly concerned about the scale of AI-related capital expenditure and whether these investments would ultimately generate adequate returns. This resulted in a marked rotation away from some of the technology companies that had previously led global markets.

Elsewhere, the United Kingdom was one of the few major markets to produce a positive return, with the FTSE 100 gaining 1.3%. Japan's Nikkei 225 declined 5.2%, while the Euro STOXX 50 fell 2.1%, reflecting the broader risk-off environment experienced during the month.

Commodity markets continued to reflect heightened geopolitical uncertainty. Oil gained a further 13.6% in October as tensions in the Middle East and concerns about disruptions to global energy supplies persisted. Gold, however, declined 6.5%, failing to benefit from the usual flight-to-safety demand despite the uncertain geopolitical backdrop.

October once again illustrated how quickly market leadership can change. Technology shares, emerging markets and gold, all areas that had previously attracted strong investor interest, came under considerable pressure, while traditionally more defensive assets, such as South African bonds, and selected value-oriented markets proved more resilient. For investors, the month provided another useful reminder that diversification is not about knowing which asset class will perform best next, but about ensuring that a portfolio does not depend on getting that prediction right.

MARKET INDICES[1]	31 OCTOBER 2026		
(All returns in Rand except where otherwise indicated)	3 months	12 months	5 years[2]
SA equities (JSE All Share Index)	-1.8%	2.5%	14.0%
SA property (S&P SA REIT Index)	-2.2%	16.2%	17.6%
SA bonds (SA All Bond Index)	2.8%	12.3%	12.7%
SA cash (STeFI)	1.7%	7.0%	7.1%
Global developed equities (MSCI World Index)	0.7%	12.5%	11.0%
Emerging market equities (MSCI Emerging Markets Index)	-5.4%	14.4%	7.4%
Global bonds (Bloomberg Barclays Global Aggregate)	-0.6%	-0.8%	-1.5%
Rand/dollar[3]	0.9%	-3.6%	1.9%
Rand/sterling	0.5%	-1.7%	1.4%
Rand/euro	-2.1%	-6.8%	1.2%
Gold Price (USD)	-4.0%	-2.4%	16.9%
Oil Price (Brent Crude, USD)	30.5%	80.8%	6.9%

1. Source: FactSet
2. All performance numbers in excess of 12 months are annualised.
3. A negative number means fewer rands are being paid per US dollar, so it implies a strengthening of the rand.



What if they are playing a different game?

"War does not determine who is right. It merely determines who is left." -

Anonymous, earliest known appearance: 1931

The wars in Ukraine and Iran have understandably dominated headlines, financial markets and geopolitical discussion. We hear constantly about territory gained or lost, military capabilities, sanctions, casualties and the economic consequences of prolonged conflict. But perhaps there is another question worth asking: what does victory look like to each side?

At a recent conference, former British Chief of the Defence Staff General Sir Nick Carter spoke about the changing geopolitical environment and the wars in Ukraine and Iran. During the discussion, this relatively simple question was posed to him: "It is well documented why Ukraine and the United States keep fighting these wars, but what are the ultimate aims of Russia and Iran?"

His answer provided a fascinating perspective.

In Russia's case, Carter referred to an essay published by Vladimir Putin in 2021, "On the Historical Unity of Russians and Ukrainians". In it, Putin argues that Russians and Ukrainians are "one people" and describes Russia and Ukraine as parts of essentially the same historical and spiritual space. He traces Russians, Ukrainians and Belarusians back to Ancient Rus, a civilisation which emerged more than a thousand years ago.

Carter's interpretation was that this historical worldview provides an important insight into Putin's ultimate objective. From that perspective, Ukraine is not simply a neighbouring country over which Russia seeks greater influence. It forms part of a much broader conception of Russian history and identity.

Importantly, this does not make Putin's interpretation of history correct, nor does it justify Russia's invasion of Ukraine. It does, however, help explain why a war that appears extraordinarily costly when measured by conventional economic or military criteria may nevertheless continue. Our definition of a rational outcome may not be the same as his.

Carter offered a similarly thought-provoking perspective on Iran. He suggested that Iran essentially has two objectives: to preserve the Islamic Republic established following the 1979 revolution, and to demonstrate that the United States, despite its overwhelming military superiority, cannot easily impose its desired outcome on Iran.

There is evidence for this interpretation. The International Institute for Strategic Studies argues that Iran has used missiles, drones, geography and disruption of the Strait of Hormuz to create strategic leverage against stronger opponents. Crucially, despite enormous damage to its leadership, military and infrastructure, the Islamic Republic has survived what it regards as an existential challenge. Analysis from Chatham House similarly observes that expectations that military pressure would cause the regime to collapse have thus far not materialised.

That creates an uncomfortable but important insight. Iran does not necessarily have to defeat the United States militarily to believe that it has succeeded. If the regime survives while demonstrating its ability to absorb punishment, disrupt global energy supplies and impose economic and political costs on a vastly more powerful opponent, it may consider that an important strategic achievement. The International Institute for Strategic Studies has highlighted these consequences, particularly Iran's ability to disrupt the Strait of Hormuz and impose broader economic and strategic costs.

Perhaps this is the broader lesson from both conflicts. We naturally evaluate other people's decisions according to our own objectives, incentives and definitions of success. But an opponent who appears irrational may simply be pursuing a very different objective.

The same principle extends well beyond geopolitics. In investing, business and life, one of the easiest mistakes to make is assuming that everybody else is playing the same game, according to the same rules, and trying to achieve the same outcome that we are.

Sometimes understanding what someone is trying to achieve tells us considerably more than trying to predict what they will do next.

Disclaimer

The information provided is of a general nature only and does not take into account investor's objectives, financial situations or needs. The information does not constitute financial product advice and it should not be used, relied upon or treated as a substitute for specific, professional advice. It is, therefore, recommended that investors obtain the appropriate legal, tax, investment and/or other professional advice and formulate an investment strategy that would suit the investor's risk profile prior to acting on such information and to consider whether any recommendation is appropriate considering the investor's own objectives and particular needs. Although the information provided and statements of fact are obtained from sources that MyQ considers reliable, we do not guarantee their accuracy, completeness or currency and any such information may be incomplete or condensed. No guarantee of investment performance should be inferred from any of the information contained in this document. Collective Investment Schemes in Securities ("CIS") are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to future performance.

Any opinions, statements and information made available, whether written, oral or implied are expressed in good faith. Views are subject to change, without prior notice, on the basis of additional or new research, new facts or developments. All data is in base currency terms unless otherwise indicated, and sourced as disclosed.

MyQ Asset Management (Pty) Ltd is an Authorised Financial Services Provider, FSP: 19884
Tel: +27 31 242 5100 **| Address:** C13 Lillies Quarter, 12 Old Main Road, Hillcrest, 3610.

www.myq.co.za