Mid-year market update
What you need to know in 2026

As we reach the halfway mark of 2026, global markets are navigating a mix of resilience, uncertainty, and shifting opportunities. While some economies are performing better than expected, others are facing pressure from rising costs and global events.

Understanding these trends can help you make more informed financial decisions.

Global economy: Steady, but not without challenges

The global economy continues to grow, but unevenly. Some regions are performing well, while others face pressure from inflation, higher interest rates, and geopolitical tensions. These factors continue to shape market performance and investor confidence.

United States: Strong growth, but signs of strain

The US economy started the year strongly, supported by:

- Investment in technology and AI
- Government spending
- Consumer activity

However:

- Households are relying more on borrowing and savings
- High interest rates are raising borrowing costs
- Housing and other sensitive sectors remain under pressure

The Federal Reserve has paused rate increases for now but may raise rates if inflation rises again.

What this means for you:

The US remains a key growth driver, but higher rates could slow momentum and affect global markets.

China: slower growth ahead

China's economy is still expanding, but at a slower, more sustainable pace.

- Growth is supported by manufacturing, exports, and government spending
- The property sector remains weak
- Risks include softer global demand, energy prices, and geopolitical tensions

Government support and investment in technology and renewable energy are helping stabilise the outlook.

What this means for you:

China remains important globally, but slower growth may affect emerging markets and trade.

Europe: Holding up better than expected

Europe has shown resilience, with modest growth continuing despite global pressures.

- Businesses and consumers are adapting
- Energy costs and geopolitical risks remain key concerns

Even small shifts in energy prices or growth can influence confidence and markets.

What this means for you:

Europe supports global stability but remains vulnerable to external shocks.

South Africa: Modest growth, rising costs

South Africa's economy is growing slowly, with ongoing pressure from rising living costs.

Economic Growth: Slow but Positive

The economy expanded slightly in early 2026, supported by:

- Agriculture, finance, and trade
- Consumer and government spending

However, manufacturing is still weak, and overall growth remains limited.

Inflation: Higher, but driven by fuel costs

Inflation rose to **4.5%**, mainly due to fuel prices.

- Transport and electricity costs increased
- Core inflation remains relatively stable

Some easing may occur if global energy prices settle, although short-term pressure remains.

What this means for you:

Higher fuel and energy costs may affect your budget, but overall inflation is still contained.

Markets: A mixed picture

Markets have been volatile, reflecting uncertainty around inflation and interest rates.

Global markets

- Equities and bonds faced short-term pressure
- Performance varies across regions and sectors

Short-term volatility is likely to continue, although longer-term trends remain intact.

Domestic markets

- The JSE declined for a second month
- Mining shares were the biggest drag
- Property, financials, and bonds performed better

The rand weakened against the US dollar but strengthened against other currencies.

What this means for you:

Market volatility is normal, and diversification remains essential for managing risk.

Key takeaways for investors

- Global growth continues, but unevenly
- Interest rates remain a key influence
- Inflation persists, mainly due to energy prices
- Markets are volatile, but opportunities exist
- Diversification is essential

Why this matters for your financial plan

Market ups and downs are a normal part of investing. While uncertainty can create risks, it can also bring opportunities.

Staying focused on your long-term goals and maintaining a well-diversified plan can help you stay on track, even when markets are unpredictable.

for your future