

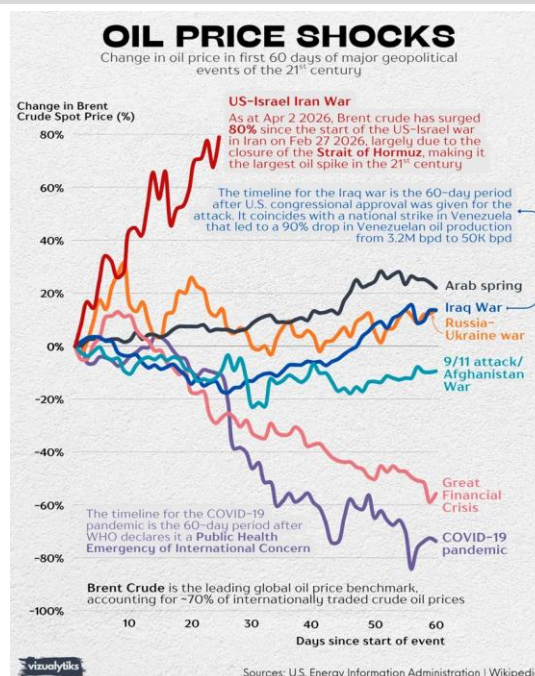
# Market commentary – March 2026

## Global markets

Global markets were sent into a tailspin in March, following the US's initiation of strikes on Iran on 28 February. Iran's subsequent shutdown of the Strait of Hormuz triggered a sharp surge in oil prices, which reached a peak of \$117 (as measured by Brent Crude Oil) on 30 March. Disruptions to oil infrastructure and shipping routes have severely constrained supply out of the Middel East region. With the duration of the conflict uncertain, markets have priced in the likelihood of sustained elevated energy prices, raising concerns around higher global energy and food inflation, and potentially higher global interest rates.

Central banks have thus far adopted a "wait-and-see" approach amid the uncertain timeline of the conflict. The Federal Reserve kept interest rates unchanged, despite US headline inflation remaining relatively sticky at 2.4% year-on-year (y-o-y) for February. Similarly, the European Central Bank (ECB) and the Bank of England (BoE) maintained policy rates, as policymakers assess the evolving inflation and growth outlook.

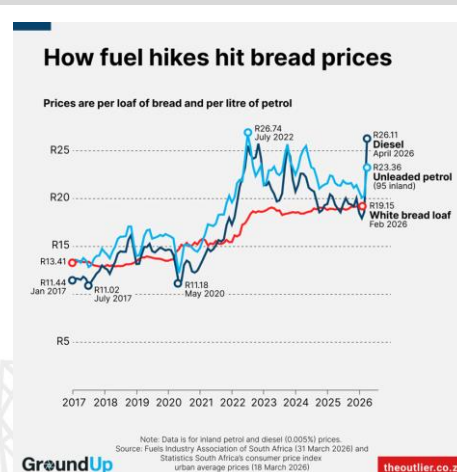
The MSCI World Index (representing developed markets) returned a negative 6.4% in USD terms in March. The US S&P 500 Index detracted and returned a negative 5.0%. Emerging markets, through the MSCI Emerging Market Index, detracted strongly returning 13.1% in USD terms, significantly underperforming developed markets. Bond markets also weakened as yields rose. The US Dollar emerged as the only safe haven, strengthening by 2.4% against major currencies over the month, while gold prices fell.



## SA markets

SA markets followed global markets down over the month, experiencing the worst monthly performance since COVID. This was compounded by currency weakness, with the rand depreciating by 7.5% against the US dollar by month-end, amid broad dollar strength and a retraction from emerging markets. The sharp increase in oil prices further added to domestic pressures, with petrol prices rising by over R3 per litre. This is expected to place upward pressure on inflation.

Consumer inflation for the month of February moderated to 3.0% (y-o-y) down from 3.5% (y-o-y) in January 2026. The Monetary Policy Committee (MPC) kept the repo rate unchanged at 6.75% at its March meeting, with a unanimous decision reflecting elevated geopolitical risk and uncertainty. On a positive note, domestic macroeconomic conditions showed some improvement as the economy grew by 0.4% quarter-on-quarter (q-o-q) over the last quarter of 2025, and by 1.1% for the calendar year.



The local equity market experienced a sharp pullback during the month, with the FTSE/JSE Capped All Share Index declining by 10.6% for the month, reflecting a particularly challenging environment for risk assets. All three major sectors delivered negative returns. Financials and industrials returned -9.7% and -5.2%, respectively. The resources sector returned a negative 15.2%, as commodity prices plummeted. Over the one-year period, resources have still returned an impressive 91.0%. The rand depreciated against all major currencies, reflecting global dynamics. Nominal bonds were down by 6.8% and the inflation-linked bond index (CILI) was down by 5.7% for the month.

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