

# South Africa 2026:

## A Turning Point or a Market Mirage?

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The stock market is often viewed as a barometer for the overall health of an economy. The Johannesburg Stock Exchange (JSE) concluded 2025 with a total return of 42%, marking the strongest annual performance for the local exchange since 2006. While this headline figure suggests a major improvement in the national outlook, a closer look reveals that the recovery remains fragile.

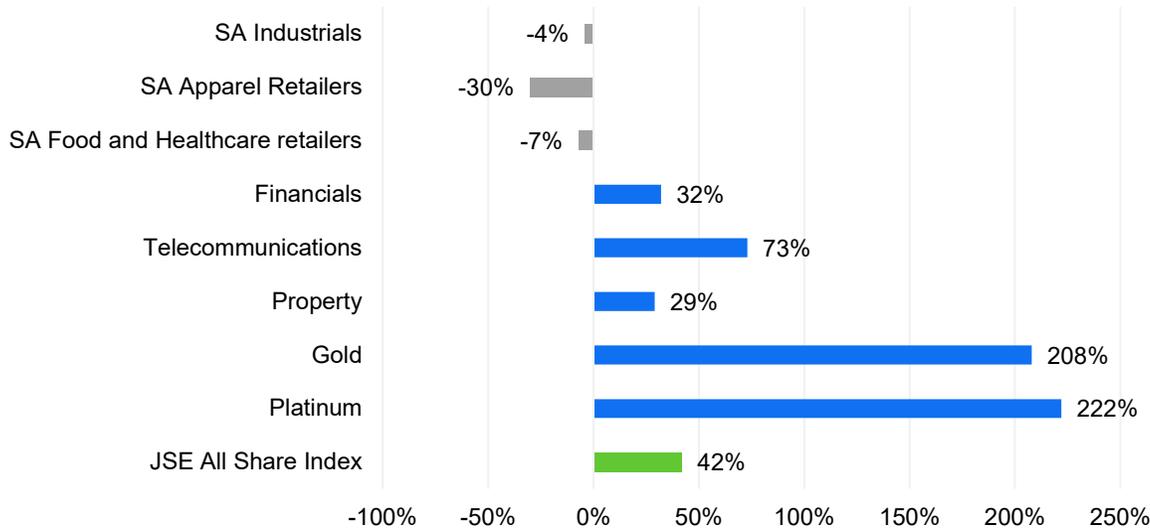
Just two years ago, the national discourse focused on low growth, political instability, a weakening currency, persistent power cuts, and failing state-owned entities. As of January 2026, many of those specific constraints have eased. However, returns attribution indicates that the stock market rally was driven primarily by international factors rather than a broad recovery of the domestic economy.



## Sector Performance Comparison

The disconnect between the stock market and the local economy becomes clear when comparing performance across sectors. Companies tethered to the South African consumer remained laggards throughout the year, reflecting the ongoing strain on domestic pockets. Consumer staples grew by a modest 9.5%, while the consumer discretionary and SA industrial sectors fell by 6% and 7% respectively. These figures stand in stark contrast to the abnormally high returns generated by precious metals and technology, which continue to decouple from the broader domestic reality.

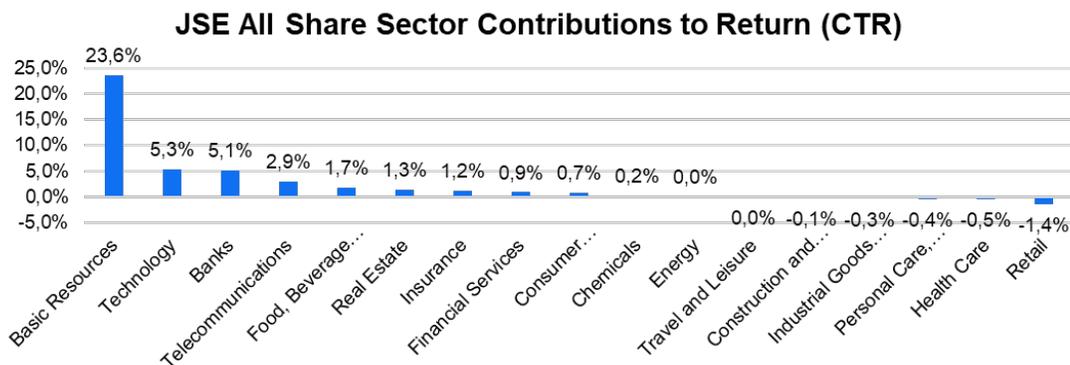
## 2025 Performance of Select JSE Sectors



## Precious Metals the Primary Engine

The most significant contributor to the 2025 bull market was the precious metals sector. Record-high prices for gold and platinum group metals (PGMs) provided the necessary momentum for the JSE. Gold prices surged past the \$4,000 per ounce mark in late 2025, driven by global safe-haven demand and aggressive central bank purchases.

This commodity boom resulted in extraordinary gains for JSE-listed miners. Companies like Gold Fields and AngloGold Ashanti saw their share prices nearly triple over the year. Meanwhile, the PGM basket price doubled, lifting the likes of Impala Platinum and Valterra (formerly Anglo Platinum) by 201% and 172% respectively. This mining rally accounted for the vast majority of the total market return as seen in the next chart.



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## Technology and Telecommunications Drivers

While mining was the primary engine, the technology and telecommunications sectors also posted strong results in 2025. Naspers and Prosus, the largest weights on the JSE, benefited from a recovery in Tencent. As the Chinese internet giant improved its profitability, the value of the Naspers and Prosus stakes rose accordingly.

Similarly, the telecommunications sector experienced a massive year, with the broader index up 57%. Performance was led by MTN and Vodacom, both of which saw strong operational improvements in Nigeria, Ghana, Egypt, and Kenya. These offshore revenues offset a more competitive and slower-growing domestic market. The performance of these sectors reinforces the trend of JSE returns being tied to international assets rather than local activity.

## Strength in the Bond Market

The bond market provided a more direct signal of improving domestic fiscal stability. The yield on the benchmark 10-year government bond fell to 8.2% by the end of 2025, a significant decline from the 12% levels seen in 2024. This rally was supported by the removal of South Africa from the FATF grey list in late 2025 and a subsequent sovereign credit rating upgrade from S&P.

## The JSE in Global Terms

For international investors, the returns were even more substantial due to currency movements. The Rand strengthened by 14% against the US Dollar in 2025 to end the year at approximately R16.60. When local equity gains are converted into US Dollars, the total return for the year exceeded 50 percent. This made South Africa one of the best performing emerging markets globally. In 2025, foreign investors were net buyers of South African assets, contributing nearly R100 billion in inflows.

## Global Volatility and Gold

The start of 2026 has brought new international risks, specifically the United States military intervention in Venezuela. This event has caused volatility in energy and commodity markets. For South African investors, this situation highlights the importance of maintaining exposure to gold, which serves as a practical hedge when global diplomatic and military tensions increase.

## The Verdict

The data suggests that South Africa has moved from a state of crisis to a state of stabilization. However, the 2025 market rally was heavily reliant on gold and PGM prices, the recovery of Tencent, and offshore telecoms earnings. For 2026 to be a true turning point, the economic recovery must broaden into the retail and manufacturing sectors. The 2026 Local Government Elections will be the next major test. If policy reforms continue after the polls, the 2025 performance may eventually be seen as the beginning of a long-term economic structural recovery.