

A Difficult Call for 2026 – Market Commentary

The SA market returned +2.9% in USD in November, comfortably outperforming Emerging Markets which were negative at -2.4%. The ALSI was driven by Gold and Platinum, as has been the case for most of 2025, with other shares mixed.

The local market is now at +50.0% for the year in USD terms vs EMs at +29.7%.

The US market was flat at +0.2%, measured by the S&P 500 but the Nasdaq was down -1.6%, led, as might be expected, by the Mag 7. There was some intra-month volatility with the Mag 7 down -8.9% from the end of October to 20 November but a recovery before month-end led to a near-neutral monthly result.

As would also be expected Growth underperformed, weighed down by Tech, while Value was up +2.1%. For the year-to-date the MSCI World Large Cap Growth Index is up +21.2%, while Value is up +18.8%. Mag 7 outperformance masks a strong year for non-US Value in the global market aggregates.

The MSCI World ex-USA i.e. the rest of the world, was up +1.0%, with various non-US markets mixed e.g. Australia down -3.4% vs Switzerland up +4.4%.

The various market returns are summarised in Table 1 below.

Table 1. South African and global equity returns (USD) for November 2025*

	Nov-25	YTD 2025
FTSE/JSE ALSI (ZAR)	1.7%	36.2%
FTSE/JSE ALSI (USD)	2.9%	50.0%
MSCI World	0.3%	20.1%
MSCI World ex-US	1.0%	28.0%
MSCI EM	-2.4%	29.7%
MSCI Value	2.1%	18.8%
MSCI Growth	-1.3%	21.2%
S&P 500	0.2%	17.4%
Nasdaq 100	-1.6%	21.8%

*Total return indices, Source: Factset

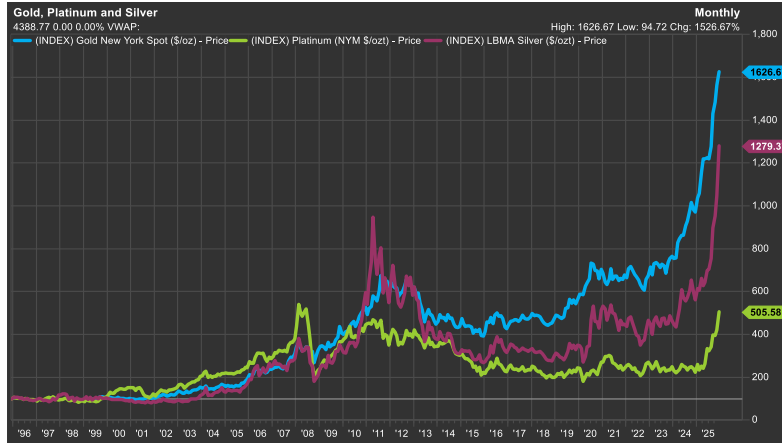
We think a major driver of ALSI performance in 2026 will (again) be the performance of Gold and Platinum shares, though potentially not in the same direction as has so strongly been the case in 2025. At the time of writing in December, we estimate that Gold shares comprise 17% of the market index, while Platinum shares account for a further 9.3%, for a combined total of 26.3%. For perspective the other large Resources shares i.e. BHP, Anglo and Glencore, and smaller companies e.g. Kumba, Exxaro, African Rainbow Minerals etc account for only another ca 5% in index market cap, though of course this has a lot to do with free float restrictions in the local market.

We expect Gold and Platinum to continue to be volatile, and now at a weight of 26% will likely have even greater influence on our market's movements than was the case at the start of 2025 when the Precious Metals Index went on to return +204.6%. Why so?

A co-ordinated rise

Chart 1 below presents the commodity price movements of Gold, Silver and Platinum. Silver is not directly very relevant to the SA market but quite relevant in the context of Precious Metals movements during the year.

Chart 1. Gold, Platinum and Silver



Source: Factset

Chart 1 above presents the historical relative returns for the three metals. The co-ordinated rise in 2025 is clear to see, as is the stronger correlation between Gold and Silver, but less so for Gold and Platinum.

As usual in public market matters commentary is wide-ranging. The Platinum price rise for instance is (in some cases) being explained by the EU’s recent lifting of its ban on Petrol and Diesel-engined cars post-2035. Even from Chart 1 above however it is evident that Platinum prices have been rising for most of the year, preceding the EU’s regulatory relaxation.

Gold is the leader

Interestingly, per Chart 2 below, Platinum and Silver are both far ahead of Gold for the year-to-date. Yet we think these metals are rising solely because of Gold and catching up on past performance.

Chart 2. Gold, Platinum and Silver for the year-to-date



Source: Factset

Over and above traditional supply and demand considerations, investors benchmark Gold against Silver, Platinum, Oil and, these days, Bitcoin, among others. We think these measures are not necessarily useful or insightful apart from, potentially, when they reach extremes. Even then perhaps not much i.e. is an extreme really an extreme? A cursory glance at Chart 1 should quickly convince that the historical Gold/Platinum ratio, for example, would hardly have been very helpful in anticipating price movements.

We present the Gold/Silver ratio in Chart 3 below for perspective.

Chart 3. Gold/Silver ratio



Source: Factset

Without reproducing the Gold/Oil ratio we note this is currently said to have reached a historic high leading to an expectation that either Gold will decline or Oil will rise or both. In response we cannot help but think that perhaps the ratio reflects a historically high difference in Gold and Oil prices based on current supply and demand conditions and this signals nothing at all about the future. We are probably wrong in this thinking though.

What caused the Gold rise in 2025?

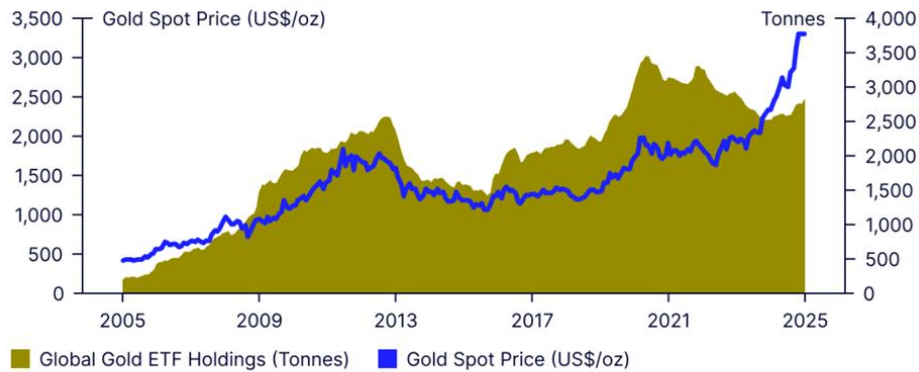
The Gold price movement was so sharp in 2025 that one is inclined to think it was sentiment-driven as global media coverage caught retail investors' attention. Examination of the data however suggests this is not the case. Chart 4 below compares the Gold price to ETF holdings in tonnes.

Perhaps surprisingly, per Chart 4, ETF demand appears to have had less to do with the price rise in 2025. We also note that, interestingly, ETF demand was falling in the early years of the bull market.

So if ETF demand was not a primary driver then what was?

Western sources and markets i.e. Comex and LBMA, and ETF demand, do not present the full picture. One needs to reach out to China to look for answers.

Chart 4. Gold price vs ETF holdings in tonnes

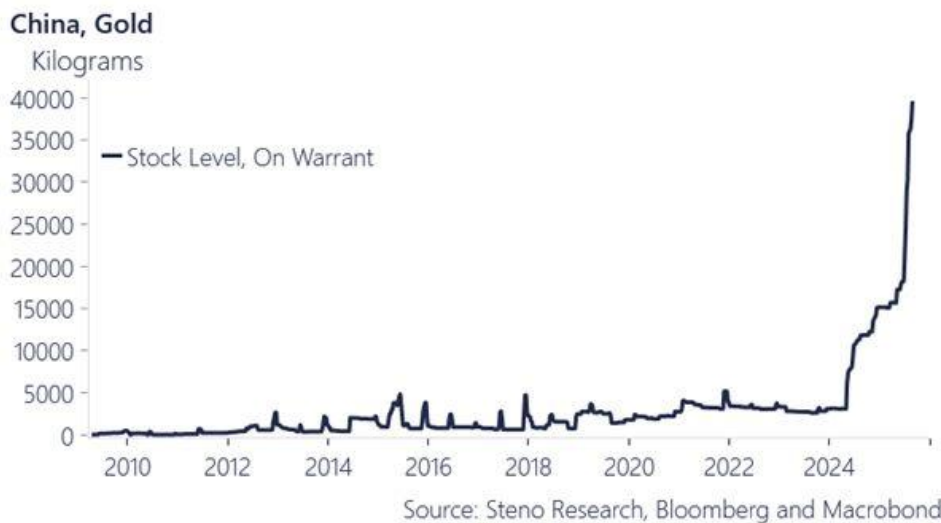


Source: Bloomberg Finance L.P., State Street Investment Management (2005–June 2025). Past Performance is not a reliable indicator of future performance.

Chart 5 below illustrates the dramatic rise of physical bullion holdings on the Shanghai Gold Exchange, evidently strongly correlated to price movements both in 2024 and 2025.

The primary buyers on the Shanghai Gold Exchange are the Chinese Central Bank, state-owned Chinese banks and a mix of domestic institutional and individual investors.

Chart 5. Shanghai Gold Exchange physical holdings



Source: Steno Research, Bloomberg and Macrobond

Why is Gold a difficult call in 2026?

South African gold mining shares are leveraged to underlying commodity movements. The +67.2% movement in Gold led to a +298.0% movement for AngloGold and similar movements for other Gold shares. The reverse holds as well.

At 26% of the index Gold and Platinum, which we think are currently moving in a related manner, will be primary determinants of market performance in 2026.

An underweight, or no Gold and Platinum exposure, will lead to significant outperformance if the Gold price declines. On the other hand if Precious Metals continue to perform similarly to 2025, low or no exposure will lead to (another year of) material underperformance.

Some market commentary has suggested that following the sharp movements in 2025, the price is sure to reverse and the best position is no Gold. We prefer to be more cautious

and circumspect. UBS has recently pronounced most Gold models “dead” – evidence, we think, that over-reliance on history in investments comes with the possibility of painful surprises when history doesn’t repeat and refuses to rhyme.