

Economies at a Glance

January 2026

Forecast 2026:

GDP: **2.5%**
Core PCE Inflation: **2.9%**

Forecast 2027:

GDP: **2.0%**
Core PCE Inflation: **2.3%**

EUROZONE

The euro area enters 2026 still searching for momentum. While sentiment indicators have stabilised, activity remains subdued. The IMF expects Eurozone growth to slow this year relative to last, underscoring the bloc's chronic underperformance. Germany's industrial base shows tentative signs of life, but this has yet to translate into a broad-based recovery across the currency union. Southern Europe remains constrained by weak productivity, while France's fiscal slippage is re-emerging as a market concern.

Inflation has fallen back toward the European Central Bank's (ECB) 2% target, offering some relief to households. Yet disinflation owes as much to weak demand as to policy success. With growth fragile and labour markets only gradually cooling, the ECB is mindful that stimulus risks reigniting price pressures without delivering lasting expansion. Absent structural reform and stronger external demand, Europe risks another year of low growth and fiscal strain.

Forecast 2026:

GDP: **1.1%**
Inflation: **2.2%**

Forecast 2027:

GDP: **1.4%**
Inflation: **2.1%**

JAPAN

Japan enters 2026 with greater scope for growth than in recent years, as political change tilts policy toward stimulus. The IMF nudged its growth forecast up slightly to 0.7% this year, still slower than in 2025 and emblematic of an economy recovering rather than sprinting. Inflation is set to moderate toward the Bank of Japan's 2% target, helped by softer agricultural commodity prices and fiscal support. Prime Minister Sanae Takaichi's expansionary budget, which is part of a broader 'Sanaeonomics' push, aims to buttress consumption and investment, but the payoff remains measured. Large fiscal outlays cushion households but do little to address long standing productivity and demographic constraints, while external demand is dampened by slowing global growth and tariff frictions. Monetary policy is quietly normalising. The Bank of Japan has raised rates from decades of ultralow settings, keeping a close eye on wage dynamics and the yen's weakness, even as underlying demand stays tepid.

UNITED STATES

The American economy begins 2026 with momentum that refuses to fade. The Atlanta Fed's GDPNow estimate points to growth running above 5% in the fourth quarter of 2025, underscoring an expansion that has proved durable in spite of a prolonged government shutdown. The International Monetary Fund's (IMF) January 2026 World Economic Outlook update concurs, projecting United States (US) growth of 2.4% for 2026, supported by consumer spending, public investment and a robust technology cycle. Inflation, however, remains the fly in the ointment. The IMF expects price pressures to ease only gradually, with US core inflation only reaching the Federal Reserve's (Fed) target of 2% in 2027. That stickiness explains why policymakers remain cautious. Recent Fed commentary has emphasised that interest rates are still restrictive, yet increasingly data dependent as labour market momentum cools at the margin. Abroad, President Donald Trump's trade brinkmanship and revived Monroe-Doctrine instincts have added uncertainty to global supply chains and investor confidence.

Forecast 2026:

GDP: **1.1%**
HICP Inflation: **1.8%**

Forecast 2027:

GDP: **1.4%**
HICP Inflation: **1.9%**

UNITED KINGDOM

The United Kingdom enters 2026 with growth ticking up, rather than taking off. The IMF expects growth to slow modestly this year, to 1.3%, leaving Britain stuck in the middle lane. Services activity continues to do most of the heavy lifting, while business investment remains subdued and productivity gains are hard to find. The labour market is softening, easing wage pressures but also dulling household spending power. Inflation has fallen sharply from its post-pandemic peak and is expected to drift back toward the Bank of England's 2% target, helped by lower energy prices and weaker demand. That opens the door to gradual interest rate cuts, though policymakers remain wary of declaring victory too soon, given lingering services inflation and fiscal uncertainty. Public finances, strained by high debt and rising interest costs, leave little room for fiscal largesse. Britain's external position, moreover, remains vulnerable. Trade frictions, slowing global demand and policy uncertainty abroad mean exports are unlikely to provide much propulsion.

Forecast 2026:

GDP: **0.9%**
Inflation: **1.8%**

Forecast 2027:

GDP: **0.9%**
Inflation: **2.0%**



CHINA

Forecast 2026:
GDP: **4.5%**
Inflation: **0.5%**
Forecast 2027:
GDP: **4.5%**
Inflation: **0.8%**

The IMF forecasts growth of 4.5% this year, a deceleration from the 5% pace of 2025 but still reasonably robust by global standards, buoyed by sustained external demand and strategic policy support. China's traditional engine, exports, remained surprisingly resilient even amid uneven global demand and tariff pressures, helping keep the broader expansion intact. Domestic inflation is teetering on deflation and is set to rise only modestly, highlighting persistent slack in consumption and services. Beijing's new policy thrust under the 15th five-year plan leans into technology, AI adoption and higher value-added manufacturing, while targeted fiscal support seeks to bolster consumption and ease the deflationary drag. But structural headwinds, including weak household spending, a soft property sector and an ageing workforce, temper the outlook, keeping growth anchored in manufacturing and trade rather than a broad-based domestic upswing.

EMERGING MARKETS

The IMF expects emerging market (EM) growth to outpace advanced economies again this year, supported by easing inflation, more credible policy frameworks and selective fiscal space. Latin America has moved furthest through the interest rate cutting cycle, offering relief to domestic demand, though growth remains constrained by weak productivity and political noise. In East and South Asia, momentum is stronger. Manufacturing investment, supply-chain diversification and digitalisation continue to support the expansion, even as China's slowdown caps regional positive spillovers. Eastern Europe faces a more complex mix. Lower inflation and support from the European Union have helped to stabilise activity, but geopolitical risks and tight fiscal constraints linger. In the Middle East and North Africa, growth remains anchored by energy revenues and public investment, though diversification efforts are still uneven. Financial conditions have improved markedly, but capital is becoming more discerning. As global interest rates ease and the dollar softens, investors are rewarding EMs with sound fundamentals and credible policy, while weaker credits remain sidelined.

Forecast 2026:
GDP: **1.6%**
Inflation: **3.2%**
Forecast 2027:
GDP: **2.0%**
Inflation: **3.2%**

Forecast 2026:
GDP: **4.3%**
Inflation: **2.6%**
Forecast 2027:
GDP: **4.1%**
Inflation: **2.7%**

SOUTH AFRICA

The formation of the Government of National Unity (GNU) has lowered near-term political risk and improved investor sentiment, but translating stability into sustained growth remains the central test for South Africa (SA). Economic activity is expected to strengthen modestly, supported by easing inflation, a gentler interest rate environment and incremental improvements in electricity supply. Yet growth is likely to remain constrained, with logistics failures, weak fixed investment and persistent skills shortages continuing to cap potential growth output. Fiscal constraints remain binding. Although revenue performance has been buoyed by commodity-related revenues and value-added tax receipts, debt levels remain high. Similarly, interest costs still absorb around a fifth of revenue despite a lower risk premium and reduced bond yields. In our view, energy reform, private sector participation in infrastructure and noticeable improvements in network industries offer tangible upside if momentum is maintained from here. Politically, the GNU is moving beyond its awkward infancy. Having already navigated difficult budgetary, legislative and policy trade-offs, the coalition is beginning to find its footing, showing a capacity for compromise. This has reduced the risk of abrupt policy swings and reassured markets that institutional guardrails remain intact. But consensus politics comes at a cost. Decision-making is slower, reform is more incremental and internal tensions are persistent, particularly as electoral incentives re-emerge. Externally, SA remains exposed to rising geopolitical fragmentation, protectionism and volatile capital flows, with strained US relations and slow progress on alternative trade deals underscoring the limits of strategic non-alignment.



Indices summary for January 2026

Indices	One Month	Three Month	One Year	Three Years	Four Years	Five Years	Six Years	Seven Years	Ten Years
S.A. equity indices									
FTSE/JSE All-Share Index (ALSI)	3.72%	10.31%	44.35%	18.90%	17.09%	18.42%	17.76%	16.18%	13.14%
FTSE/JSE All Share Top 40 Index	3.98%	10.41%	48.69%	19.07%	17.52%	18.64%	18.46%	16.89%	13.45%
FTSE/JSE Mid Cap Index	6.26%	16.44%	38.13%	19.27%	15.78%	17.59%	12.61%	12.15%	10.58%
FTSE/JSE Small Cap Index	1.07%	8.35%	28.68%	21.83%	19.16%	24.97%	21.26%	16.81%	12.93%
FTSE/JSE Resources Index	12.49%	30.30%	118.65%	24.44%	21.04%	22.86%	24.34%	23.73%	24.03%
FTSE/JSE Financials Index	2.70%	12.24%	34.59%	22.95%	19.17%	22.46%	14.67%	10.77%	10.04%
FTSE/JSE Industrials Index	-3.43%	-6.30%	13.45%	11.80%	11.53%	12.10%	13.31%	12.77%	8.57%
FTSE/JSE Research Affiliates Fundamental Indices 40 Index (RAFI)	7.39%	17.98%	60.42%	19.92%	18.82%	22.96%	19.91%	17.33%	15.75%
FTSE/JSE Research Affiliates Fundamental Indices All Share Index	7.14%	17.32%	54.67%	19.52%	18.30%	22.29%	19.29%	16.80%	15.34%
FTSE/JSE SA Listed Property Index (SAPY)	0.98%	8.86%	35.00%	23.67%	17.98%	21.64%	9.69%	6.71%	5.52%
FTSE/JSE All Property Index (ALPI)	1.08%	9.12%	36.08%	24.11%	17.64%	21.60%	9.46%	6.25%	4.08%
S.A. interest-bearing indices									
FTSE/JSE All Bond Index (ALBI)	1.95%	8.32%	26.11%	16.52%	13.91%	12.80%	12.02%	11.51%	11.19%
FTSE/JSE All Bond Index 1-3 years (ALBI)	0.74%	2.52%	9.99%	9.42%	8.79%	7.85%	8.31%	8.24%	8.53%
FTSE/JSE Inflation-Linked Government Index	1.32%	8.15%	17.57%	10.92%	9.24%	9.79%	9.19%	7.92%	6.47%
Short-term Fixed Interest Composite Index (SteFI)	0.57%	1.73%	7.44%	8.01%	7.37%	6.66%	6.39%	6.52%	6.79%
Commodities									
NewGold Exchange-Traded Fund	12.91%	16.47%	54.86%	33.96%	30.34%	23.43%	22.48%	24.04%	16.01%
Gold price (in rands)	11.36%	14.48%	51.91%	33.38%	30.08%	23.05%	22.46%	24.03%	16.13%
Platinum Exchange-Traded Fund	9.82%	32.26%	100.35%	27.53%	23.07%	17.09%	16.54%	18.43%	9.83%
Platinum price (in rands)	2.93%	26.64%	77.66%	24.83%	20.66%	15.13%	14.99%	17.36%	9.17%
Currency movements									
Rand/euro movements	-2.13%	-4.87%	-1.56%	0.26%	2.37%	0.84%	2.39%	3.25%	1.02%
Rand/dollar movements	-3.53%	-7.76%	-14.18%	-2.77%	0.81%	1.26%	1.16%	2.72%	0.07%
S.A. inflation index									
Consumer Price Index (CPI)			3.60%	3.91%	4.72%	4.96%	4.63%	4.55%	4.78%
Global indices									
MSCI World Index (All Countries)	-0.65%	-3.40%	4.75%	16.22%	13.16%	13.08%	14.18%	16.54%	12.74%
MSCI Developed Markets Index	-1.37%	-4.67%	2.63%	16.01%	12.87%	14.30%	14.61%	17.01%	13.19%
MSCI Emerging Markets Index	6.98%	1.96%	24.46%	13.71%	10.49%	6.72%	10.20%	11.49%	10.64%
Global Property Research (GPR) 250 REIT Index	-4.12%	-11.32%	-17.61%	-0.07%	2.80%	8.49%	5.27%	10.12%	5.49%
MSCI Africa Index	4.06%	11.04%	47.79%	17.54%	12.96%	11.93%	10.78%	9.28%	7.11%
FTSE World Government Bond Index	-2.55%	-6.43%	-7.08%	-0.30%	-1.07%	-1.87%	-0.25%	2.38%	0.58%
Three-month US dollar LIBOR rate	-3.25%	-6.92%	-10.66%	1.86%	4.85%	4.53%	3.95%	5.47%	2.27%
ICE LIBOR 1 Month USD ZAR converted	-3.25%	-6.92%	-10.66%	2.02%	5.18%	4.72%	4.04%	5.61%	2.43%
FTSE EPRA/NAREIT Developed Index	-0.29%	-3.15%	-4.01%	2.32%	0.95%	4.76%	2.14%	5.27%	4.27%

Note:

- Source: Momentum Multi-Manager, IRESS, www.msci.com, www.yieldbook.com, www.ft.com.
- Returns for periods exceeding one year are annualised.
- The return for the Consumer Price Index (CPI) is to the end of the previous month. Due to the reweighting of the CPI from January 2009, this number reflects a compound of month-on-month CPI returns.
The historical numbers used are the official month-on-month numbers based on a composite of the previous inflation series (calculations before January 2009) and the revised inflation series (calculations after January 2009).
- The MSCI World Index (All countries) returns are adjusted to correspond with global investment prices received.
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