

**Economies at a Glance**  
March 2026

**Forecast 2026:**

GDP: **2.2%**  
Core PCE Inflation: **3.1%**

**Forecast 2027:**

GDP: **2.1%**  
Core PCE Inflation: **2.5%**

**EUROZONE**

Having barely decoupled from Russian piped gas following its protracted invasion of Ukraine (Russian supplies account for just 13% of total gas imports into the European Union, down from 45% in 2021), Europe's pivot toward the global seaborne market has hit a maritime wall. Reliance on Middle Eastern liquefied natural gas and crude oil has left the bloc exposed. According to the International Energy Agency (IEA) and Eurostat, the Eurozone sources up to a tenth of its total gas supply and up to 15% of its crude and refined products via the Strait of Hormuz. Furthermore, the International Food Policy Research Institute notes that around a quarter of the region's fertiliser imports are currently disrupted, threatening a secondary inflationary wave in food prices.

Growth, which was pedestrian to start with, is flatlining as industrial giants in Germany scale back production due to soaring utility bills and input shortages. The European Central Bank must keep the brakes on, even as the possibility of a technical recession rises.

**Forecast 2026:**

GDP: **0.9%**  
Inflation: **2.7%**

**Forecast 2027:**

GDP: **1.3%**  
Inflation: **2.3%**

**JAPAN**

Japan remains the most exposed among energy-importing advanced economies. With nearly 90% of its crude originating from the Persian Gulf, the Iranian flare-up poses a direct threat to its industrial viability. The Bank of Japan (BoJ) finds itself in a constrained position. After decades of fighting deflation, it now faces a surge in cost-push inflation, where price hikes are driven by external supply shocks rather than strengthening domestic demand. This complicates the BoJ's attempt to normalise interest rates. A hawkish move could stifle a fragile domestic recovery, yet maintaining the current accommodative stance risks a further depreciation in the yen as the yield gap with the US widens. Consequently, Japan faces significant margin compression as manufacturing costs escalate. This leaves the economy caught between the necessity of price stability and the preservation of a nascent growth pulse.

**UNITED STATES**

The United States (US) enters the Iranian conflict as a paradoxical power. Since 2019, the US crossed the threshold to become a total net energy exporter. However, it remains tethered to a global price-setter. While shale producers in the Permian Basin are reaping a windfall, the pain at the pump is acting as a regressive tax on the American consumer. Supply-side pressures have effectively re-oxygenated inflation just as it was settling toward the Federal Reserve's (Fed) 2% target. Consequently, Fed Chair Jerome Powell has been forced into a hawkish stance, shelving anticipated rate cuts to defend against a second wave of price hikes. The political stakes are equally high. Surging gasoline prices are fuelling domestic discontent, complicating the outlook for the US midterm elections later this year. Moreover, US manufacturers are struggling under the weight of surging feedstock costs and a tighter credit environment. The result is a grinding growth scenario where the Fed must walk a high-wire, keeping policy punitive enough to anchor expectations without tipping the economy into a growth slump.

**Forecast 2026:**

GDP: **1.0%**  
HICP Inflation: **2.1%**

**Forecast 2027:**

GDP: **1.3%**  
HICP Inflation: **1.8%**

**UNITED KINGDOM**

While the United Kingdom (UK) maintains a less direct physical reliance on the Strait of Hormuz for natural gas than its continental neighbours, it remains highly sensitive to the global Brent benchmark. Just as services inflation began to ease, the surge in transport and utility costs has reignited the squeeze on household disposable incomes. According to the IEA's March 2026 Oil Market Report, jet fuel is the most exposed segment of the global energy complex with little surplus refining capacity to replace lost Middle Eastern volumes. Consequently, primary aviation hubs are bracing for potential physical shortages and significant price surges. The UK government has prioritised the protection of essential supply chains and vulnerable infrastructure over broad stimulus by announcing a £53 million emergency package for 1.5 million households who heat their homes with kerosene. The Bank of England mirrored this caution by maintaining interest rates at 3.75%, citing the risk of second-round effects from energy-led inflation.

**Forecast 2026:**

GDP: **0.7%**  
Inflation: **1.8%**

**Forecast 2027:**

GDP: **0.8%**  
Inflation: **2.0%**



## CHINA

China's industrial machine, already grappling with a property sector hangover, is now facing sharply higher oil prices. While China has cultivated overland insurance via Russian and Central Asian pipelines, the sheer scale of the Hormuz disruption creates an energy deficit that cannot be fully bypassed. However, a massive strategic petroleum reserve, estimated at over 1.1 billion barrels by the IEA, acts as a temporary shock absorber, providing around 100 days of import cover, based on China's current monthly imports. While inflation is less of a concern for the People's Bank of China than growth, the manufacturing sector is seeing its export competitiveness eroded by surging logistics costs. To counter this, we are likely to see a targeted monetary response. Officials are likely to grease the gears of the economy with liquidity injections and specialised credit facilities aimed at the new economy sectors, including electric vehicles, batteries and renewables, to maintain structural growth momentum.

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

## EMERGING MARKETS

The overarching confidence wobble is a universal weight across emerging markets (EMs). As global risk aversion spiked, the cost of carry for EM debt rose across the board. But a larger divergence within EM has opened on the back of the Iranian conflict between resource-wealthy exporters and energy-dependent importers. India and Turkey are witnessing a growing twin deficit, in which both trade gaps are widening and fiscal costs for fuel subsidies are ballooning. Markets are pricing in tighter monetary policy to defend their respective currencies and stem capital flight toward safe havens. Conversely, energy-exporting titans in Latin America and the Middle East are awash in petrodollars, providing a fiscal cushion that masks underlying structural weaknesses. The unintended beneficiary of this disruption, nevertheless, is Russia. Moscow has effectively leveraged the Middle Eastern supply vacuum to rehabilitate its fiscal position following the US Treasury waiver on 12 March. The Financial Times and the Institute for the Study of War have reported that Russia is earning up to an estimated US\$150 million in extra daily budget revenue as a result.

**Forecast 2026:**  
GDP: **4.0%**  
Inflation: **2.9%**  
**Forecast 2027:**  
GDP: **3.9%**  
Inflation: **2.6%**

**Forecast 2026:**  
GDP: **1.4%**  
Inflation: **3.7%**  
**Forecast 2027:**  
GDP: **1.8%**  
Inflation: **3.5%**

## SOUTH AFRICA

The South African Reserve Bank (SARB) had been telegraphing a cautious interest rate cutting cycle before the March meeting, but the petrol-pump pinch has effectively moved the goalposts. As a price-taker in the global oil market, the upward pressure on local fuel prices acts as a significant drag on consumer confidence and raises local transport costs. With the Central Energy Fund having signalled an under-recovery, late in the month, of R5.82/l in the '95 inland price of petrol (the diesel increase was estimated at R10.27/l for the cleaner grade excluding retailer and wholesaler margins), Finance Minister Enoch Godongwana announced a temporary R3/l relief in the fuel levy for April (at a cost of c.R5.25 billion to the fiscus). He noted that government is considering additional measures for May and June. The risk is that this energy-led inflation spike becomes broad-based, filtering into food prices and transport costs, which hits the lower-income deciles the hardest. While fuel only accounts for 3.8% of the consumer inflation basket, food contributes 16.8%. With the Agricultural Business Chamber estimating that 80% of maize is moved by road transport, higher fuel prices bode ill for food inflation in the near term. Moreover, 80% of SA's fertiliser is imported, providing further pressure. The SARB is likely to keep interest rates elevated to protect its new inflation target from geopolitically driven price pressures. Forward-rate agreements have moved from pricing in two interest rate cuts by early 2027, to forecasting three hikes in the same period, but we view this as too aggressive, given the likely negative impact to growth.



## Indices summary for March 2026

Indices	One Month	Three Month	One Year	Three Years	Four Years	Five Years	Six Years	Seven Years	Ten Years
<b>S.A. equity indices</b>									
FTSE/JSE All-Share Index (ALSI)	-10.45%	-0.61%	33.60%	18.59%	15.01%	15.72%	21.36%	14.67%	11.90%
FTSE/JSE All Share Top 40 Index	-10.85%	-0.64%	35.23%	18.54%	15.49%	15.90%	21.52%	15.23%	12.34%
FTSE/JSE Mid Cap Index	-11.74%	-1.16%	29.36%	18.27%	11.70%	14.43%	19.09%	10.93%	8.19%
FTSE/JSE Small Cap Index	-8.17%	-2.30%	27.70%	21.07%	16.62%	20.35%	28.61%	17.16%	10.82%
FTSE/JSE Resources Index	-15.24%	8.05%	90.96%	27.33%	15.75%	18.95%	28.89%	20.72%	21.16%
FTSE/JSE Financials Index	-9.91%	-0.86%	28.91%	23.20%	14.34%	20.49%	22.84%	11.20%	8.62%
FTSE/JSE Industrials Index	-5.20%	-8.37%	4.97%	9.59%	13.46%	10.02%	14.28%	10.93%	7.73%
FTSE/JSE Research Affiliates Fundamental Indices 40 Index (RAFI)	-11.00%	2.59%	49.04%	20.09%	15.49%	19.84%	25.25%	15.78%	13.92%
FTSE/JSE Research Affiliates Fundamental Indices All Share Index	-10.90%	2.00%	44.91%	19.78%	14.81%	19.06%	24.64%	15.25%	13.50%
FTSE/JSE SA Listed Property Index (SAPY)	-11.41%	-4.92%	28.65%	22.92%	15.74%	17.92%	20.53%	6.92%	3.57%
FTSE/JSE All Property Index (ALPI)	-12.16%	-5.32%	29.10%	23.12%	15.36%	17.46%	20.09%	6.29%	2.47%
<b>S.A. interest-bearing indices</b>									
FTSE/JSE All Bond Index (ALBI)	-6.83%	-3.36%	19.24%	14.29%	12.11%	12.16%	12.95%	10.52%	10.40%
FTSE/JSE All Bond Index 1-3 years (ALBI)	-0.69%	0.64%	8.46%	8.99%	8.47%	7.90%	8.24%	8.04%	8.37%
FTSE/JSE Inflation-Linked Government Index	-5.96%	-1.30%	13.42%	9.26%	8.16%	8.67%	9.99%	7.70%	6.06%
Short-term Fixed Interest Composite Index (SteFI)	0.56%	1.66%	7.28%	7.98%	7.47%	6.76%	6.39%	6.51%	6.78%
<b>Commodities</b>									
NewGold Exchange-Traded Fund	-5.88%	9.16%	36.46%	30.49%	28.74%	25.27%	17.94%	22.33%	15.36%
Gold price (in rands)	-6.58%	8.82%	36.04%	30.31%	28.84%	25.35%	18.05%	22.51%	15.20%
Platinum Exchange-Traded Fund	-11.98%	-1.35%	79.33%	22.78%	22.67%	12.96%	16.34%	14.75%	8.23%
Platinum price (in rands)	-13.08%	-1.20%	79.03%	23.07%	21.78%	13.25%	16.20%	14.64%	8.33%
<b>Currency movements</b>									
Rand/euro movements	4.54%	1.31%	-0.80%	0.75%	4.91%	2.59%	0.10%	2.84%	1.63%
Rand/dollar movements	7.09%	3.12%	-7.01%	-1.21%	3.99%	2.99%	-0.71%	2.46%	1.54%
<b>S.A. inflation index</b>									
Consumer Price Index (CPI)			2.96%	3.89%	4.67%	4.86%	4.52%	4.54%	4.61%
<b>Global indices</b>									
MSCI World Index (All Countries)	-2.67%	-2.56%	9.17%	14.85%	13.52%	12.33%	15.45%	14.15%	12.69%
MSCI Developed Markets Index	0.26%	-0.57%	10.56%	15.36%	14.71%	13.57%	15.76%	15.05%	13.52%
MSCI Emerging Markets Index	-6.40%	4.18%	19.65%	14.03%	12.26%	6.97%	11.05%	9.57%	9.57%
Global Property Research (GPR) 250 REIT Index	6.28%	6.67%	-7.63%	4.85%	7.88%	10.07%	7.32%	8.67%	7.27%
MSCI Africa Index	-12.83%	-1.61%	31.36%	16.79%	10.45%	9.55%	14.21%	8.16%	5.76%
FTSE World Government Bond Index	3.58%	1.60%	-3.70%	0.36%	2.69%	0.19%	-2.71%	1.61%	1.26%
Three-month US dollar LIBOR rate	7.40%	3.99%	-3.29%	3.43%	8.31%	6.43%	2.09%	5.23%	3.82%
ICE LIBOR 1 Month USD ZAR converted	7.40%	3.99%	-3.29%	3.61%	8.62%	6.65%	2.25%	5.39%	3.97%
FTSE EPRA/NAREIT Developed Index	-3.06%	2.99%	0.67%	5.63%	2.25%	4.32%	5.74%	3.99%	4.27%

### Note:

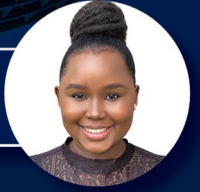
- Source: Momentum Multi-Manager, IRESS, [www.msci.com](http://www.msci.com), [www.yieldbook.com](http://www.yieldbook.com), [www.ft.com](http://www.ft.com).
- Returns for periods exceeding one year are annualised.
- The return for the Consumer Price Index (CPI) is to the end of the previous month. Due 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.
- FTSE/JSE disclaimer: [www.jse.co.za](http://www.jse.co.za).
- The information reproduced in this document has been compiled by or arrived at by investments from sources believed to be reliable.
- Reasonable steps have been taken to ensure the validity and accuracy of the information in this document. However, Momentum Multi-Manager does not accept any responsibility for any claim, damages, loss or expenses, howsoever arising out of or in connection with the information in this document, whether by a client, investor or intermediary.
- The content used in this document is sourced from various media publications, the internet and Momentum Investments. For more information, please visit us at [www.momentum.co.za/business](http://www.momentum.co.za/business).
- Momentum Investments is part of Momentum Metropolitan Life Limited, an authorized financial services and registered credit provider, and rated B-BBEE Level 1.

# The macro research desk

**Sanisha Packirisamy**  
Chief Economist



**Tshiamo Masike**  
Economist



The information used to prepare this document includes information from third-party sources and is for information purposes only. Although reasonable steps have been taken to ensure the validity and accuracy of the information contained herein, Momentum Metropolitan Life Limited does not guarantee the accuracy, content, completeness, legality or reliability of the information contained herein and no warranties and/or representations of any kind, expressed or implied, are given to the nature, standard, accuracy or otherwise of the information provided.

Neither Momentum Metropolitan Life Limited, its affiliates, directors, officers, employees, representatives or agents (the Momentum Parties) have any liability to any persons or entities receiving the information made available herein for any claim, damages, loss or expense, including, without limitation, any direct, indirect, special, incidental, punitive or consequential cost, loss or damages, whether in contract or in delict, arising out of or in connection with information made available herein and you agree to indemnify the Momentum Parties accordingly. For further information, please visit us at [momentum.co.za](http://momentum.co.za). Momentum Multi-Manager is part of Momentum Metropolitan Life Limited, an authorised financial services and registered credit provider, and rated B-BBEE level 1.