

Economies at a Glance September 2026

Forecast 2026:

GDP: **2.2%**

Core PCE Inflation: **3.2%**

Forecast 2027:

GDP: **2.2%**

Core PCE Inflation: **2.5%**

EUROZONE

The Eurozone's September data offered a brighter growth picture, even as the energy shock complicated the inflation outlook. The S&P Global flash composite purchasing managers' index rose to 53.1, its highest since April 2023, with activity strengthening across manufacturing and services. The European Central Bank (ECB) raised its growth forecasts to 0.9% for 2026 (from 0.8%) and 1.4% for 2027 (from 1.2%). The ECB likewise lifted its inflation forecasts to 2.5% for 2027 (from 2.3%) but left this year's full-year forecast unchanged at 3%, after seeing the preliminary August inflation figure. This number was finalised at 3.2%, largely reflecting higher energy costs linked to the Middle Eastern conflict. The ECB raised its deposit rate by 25 basis points to 2.5% and warned that inflation could remain above target for some time. The conflict has also exposed longer-term vulnerabilities. A European Court of Auditors review warned that investment in the EU's energy independence plan was lagging, leaving the region vulnerable to future supply shocks.

Forecast 2026:

GDP: **1.2%**

Inflation: **3.1%**

Forecast 2027:

GDP: **1.2%**

Inflation: **2.8%**

JAPAN

Japan entered September with rising borrowing costs and renewed pressure to contain inflation. Its 10-year government bond yield breached 3% for the first time in three decades, reflecting concern about prices, fiscal spending and the weak yen. Headline inflation rose to 2% in August, with higher energy and import costs threatening to spread through the economy. The Bank of Japan raised its policy rate from 1% to 1.25%, citing the risk that inflation could settle above its 2% target as wages and prices continued to rise. The interest rate increase sharpened the tension between the government's ambitions for growth and investors' concerns about the cost of funding them. Prime Minister Sanae Takaichi reshuffled her cabinet while advancing an investment strategy focused on artificial intelligence, semiconductors and economic security. The plan aims to lift Japan's long-term growth potential, but investors remain sensitive to its fiscal cost.

UNITED STATES

The economy gathered pace in September, but that did little to ease pressure on borrowers. The S&P Global flash purchasing managers' index showed business activity expanding at its fastest pace in over five years, while employers added a firm 162 000 jobs in August. Moreover, the Atlanta Fed's GDPNow estimate put annualised third-quarter growth at 5.0%. Persistent inflation and higher oil prices nevertheless unsettled bond markets. The Federal Reserve raised its policy rate by 25 basis points to 3.75–4%, its first increase since 2023. Trade tensions also resurfaced after European Commission president Ursula von der Leyen proposed associate European Union (EU) membership for Canada. President Donald Trump responded by calling the prospect hostile and threatened tariffs on Europe. Meanwhile, an early-September Financial Times poll found that 57% of voters felt financially worse off under Trump's presidency, complicating the Republicans' odds at the upcoming November midterms.

Forecast 2026:

GDP: **0.9%**

HICP Inflation: **3.0%**

Forecast 2027:

GDP: **1.2%**

HICP Inflation: **2.7%**

UNITED KINGDOM

The United Kingdom continues to lose growth momentum while inflation pressures are proving stubborn. The S&P Global flash composite purchasing managers' index fell to 51.7 in September from 52.5 in August, as firms reported rising costs and weaker confidence ahead of the country's budget. The Bank of England held its policy rate at 3.75%, judging that it needed more evidence on how higher energy prices would feed through to inflation. For Prime Minister Andy Burnham and Chancellor John Healey, the economic backdrop leaves little room for an expansive budget on 28 October. Higher borrowing costs are squeezing public finances just as households look for relief from elevated cost of living pressures. The Labour Party's September conference opened with renewed political energy under Burnham, but the challenge for government is to turn that momentum into credible plans for growth without loosening its fiscal constraints.

Forecast 2026:

GDP: **0.8%**

Inflation: **1.9%**

Forecast 2027:

GDP: **0.9%**

Inflation: **2.0%**

CHINA

China's second-quarter GDP growth rate slowed to 4.3% year on year, below the government's 4.5–5% target for 2026. September's data exposed a widening gap between industrial strength and weak domestic demand. Industrial production rose by 5.2% in August and high-tech manufacturing grew rapidly, but retail sales increased by just 0.4%. Property and investment remained under pressure, leaving exports to carry more of the growth burden and adding to trade tensions. President Xi Jinping visited India for the first time in nearly seven years, meeting Prime Minister Narendra Modi at the BRICS summit before travelling to Washington for talks with President Donald Trump. The US and China extended their trade truce by only two months, leaving disputes over tariffs and rare-earth supplies unresolved. Without a firmer recovery in consumption and property, China's reliance on external markets will continue, in our view, to invite resistance from trading partners.

Forecast 2026:

GDP: **3.7%**

Inflation: **3.4%**

Forecast 2027:

GDP: **4.3%**

Inflation: **3.2%**

EMERGING MARKETS

The BRICS summit in India captured both the ambitions and the divisions among emerging markets (EMs). Leaders called for restraint in the Middle East, criticised unilateral sanctions and agreed to continue work on cross-border payments. They did, however, stop short of endorsing a common currency. A tentative thaw between India and China offered a diplomatic opening, although their economic and strategic rivalry continues to limit closer cooperation. Financial markets told a similarly varied story. Pakistan raised a record US\$3 billion through an international bond sale, while European investment in Latin American equity funds reached a 15-year high. In Brazil, slowing growth gave the central bank room to cut its policy rate to 13.75%, though inflation and fiscal concerns remained in focus ahead of October's presidential election. Turkey faced a more difficult balance. Its central bank held rates at 37% to sustain progress against inflation, while a sharp stock-market sell-off prompted regulators to liquidate 131 investment funds linked to alleged share-price manipulation. While these developments show that EMs are gaining influence, investor confidence remains uneven.

Forecast 2026:

GDP: **1.2%**

Inflation: **4.2%**

Forecast 2027:

GDP: **1.5%**

Inflation: **3.7%**

SOUTH AFRICA

South Africa's (SA) data exposed the gap between national policy credibility and weak delivery on the ground. GDP contracted by 0.2% in the second quarter, confirming a weak first half of the year, while higher oil prices and global bond yields clouded the outlook. Amid renewed inflation risks, the SA Reserve Bank raised the repo rate by 25 basis points to 7.25%. Municipal governance remained a pressing concern. On 7 July, National Treasury temporarily withheld transfers to Johannesburg and 68 other municipalities over financial management failures. It released the funds from 31 July to protect basic services, making clear that release did not amount to compliance. Councils must report corrective action by 30 September, including progress towards a 25% reduction in unauthorised, irregular, fruitless and wasteful expenditure. Failure to improve could put December's transfers at risk. Moody's maintained a positive outlook for Johannesburg but warned that delays in filing its audited statements pointed to weaker governance than it had previously assessed. Electoral complications added uncertainty ahead of the 4 November local elections. A botched nomination process left 181 African National Congress (ANC) candidates off the ballot, including Johannesburg mayoral hopeful Frank Chikane. Public safety also moved up the campaign agenda. Killings of women in Ekurhuleni, gang violence in the Western Cape and mass shootings near Johannesburg and Cape Town sharpened voters' focus on safer streets and more reliable services.



Indices summary for September 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)	-5.82%	-0.27%	4.62%	18.68%	18.43%	15.29%	16.57%	14.37%	11.50%
FTSE/JSE All Share Top 40 Index	-6.45%	0.25%	3.70%	18.82%	19.06%	15.76%	16.50%	14.87%	12.00%
FTSE/JSE Mid Cap Index	-1.91%	-0.70%	3.81%	15.82%	13.73%	10.33%	14.95%	10.11%	7.00%
FTSE/JSE Small Cap Index	1.72%	-0.84%	15.89%	22.53%	18.44%	17.12%	25.62%	18.28%	10.55%
FTSE/JSE Resources Index	-9.34%	15.16%	11.60%	29.11%	20.94%	19.46%	19.19%	20.32%	18.69%
FTSE/JSE Financials Index	-3.12%	-3.38%	22.84%	22.24%	21.83%	16.63%	21.63%	12.19%	9.50%
FTSE/JSE Industrials Index	-4.87%	-9.97%	-14.60%	8.60%	13.02%	9.54%	10.74%	9.80%	7.27%
FTSE/JSE Research Affiliates Fundamental Indices 40 Index (RAFI)	-4.78%	2.74%	10.91%	20.53%	19.10%	16.71%	20.41%	15.98%	13.08%
FTSE/JSE Research Affiliates Fundamental Indices All Share Index	-4.53%	1.93%	10.05%	20.19%	18.25%	15.94%	19.86%	15.39%	12.53%
FTSE/JSE SA Listed Property Index (SAPY)	0.46%	-1.14%	20.24%	26.54%	22.99%	15.87%	21.55%	8.23%	4.56%
FTSE/JSE All Property Index (ALPI)	0.49%	-1.47%	20.30%	26.49%	22.95%	15.51%	21.71%	8.01%	3.80%
S.A. interest-bearing indices									
FTSE/JSE All Bond Index (ALBI)	0.01%	-0.68%	12.82%	17.68%	14.97%	12.14%	12.19%	10.92%	10.31%
FTSE/JSE All Bond Index 1-3 years (ALBI)	0.47%	1.92%	7.32%	9.56%	9.36%	8.14%	7.44%	8.06%	8.25%
FTSE/JSE Inflation-Linked Government Index	0.68%	1.44%	15.62%	12.18%	9.81%	9.31%	10.39%	8.46%	6.38%
Short-term Fixed Interest Composite Index (SteFI)	0.56%	1.72%	6.97%	7.78%	7.71%	7.08%	6.52%	6.48%	6.75%
Commodities									
NewGold Exchange-Traded Fund	-4.66%	2.85%	2.28%	24.44%	22.37%	20.57%	13.34%	16.79%	13.77%
Gold price (in rands)	-7.14%	3.36%	3.57%	24.60%	22.73%	21.02%	13.64%	17.19%	14.07%
Platinum Exchange-Traded Fund	-3.76%	8.54%	2.07%	16.91%	15.23%	13.55%	10.44%	10.41%	6.56%
Platinum price (in rands)	-3.68%	8.28%	2.05%	18.06%	15.84%	13.69%	11.04%	9.93%	6.85%
Currency movements									
Rand/euro movements	-0.61%	-0.59%	-8.14%	-2.27%	1.43%	1.32%	-0.82%	1.71%	1.87%
Rand/dollar movements	1.63%	0.05%	-4.97%	-4.52%	-2.27%	1.73%	-0.29%	1.12%	1.79%
S.A. inflation index									
Consumer Price Index (CPI)			4.36%	4.02%	4.22%	4.89%	4.89%	4.63%	4.64%
Global indices									
MSCI World Index (All Countries)	0.25%	2.53%	11.54%	16.24%	18.51%	13.38%	13.75%	14.86%	14.22%
MSCI Developed Markets Index	0.42%	1.93%	9.51%	15.91%	18.78%	13.83%	14.22%	15.22%	14.88%
MSCI Emerging Markets Index	0.71%	0.45%	23.15%	18.77%	18.16%	10.82%	10.30%	11.65%	10.90%
Global Property Research (GPR) 250 REIT Index	-2.58%	-5.66%	-6.58%	1.25%	3.69%	5.96%	6.57%	5.24%	7.67%
MSCI Africa Index	-7.78%	-0.14%	0.25%	16.36%	14.21%	9.51%	9.82%	7.72%	5.29%
FTSE World Government Bond Index	-0.89%	-2.67%	-7.49%	-1.54%	0.32%	-1.25%	-3.21%	-0.58%	0.98%
Three-month US dollar LIBOR rate	1.91%	0.94%	-1.51%	-0.27%	2.09%	5.48%	2.79%	3.94%	4.23%
ICE LIBOR 1 Month USD ZAR converted	1.91%	0.94%	-1.51%	-0.17%	2.28%	5.71%	2.97%	4.09%	4.39%
FTSE EPRA/NAREIT Developed Index	-4.30%	-7.02%	-1.40%	5.13%	5.45%	2.26%	4.77%	2.54%	4.42%

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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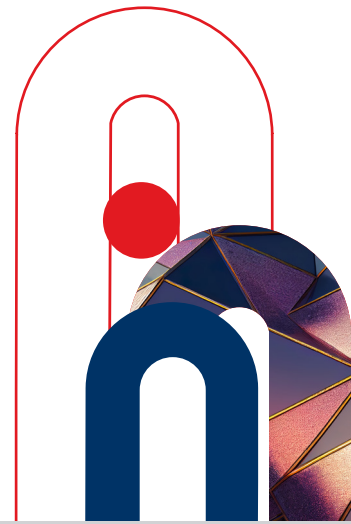
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