DESTINY
RETIREMENT FUNDS

Economies at a Glance

July 2026

UNITED STATES

The fragile ceasefire between the United States (US) and Iran collapsed in July as strikes resumed. Regional escalation swiftly spread to a second vital chokepoint, the Bab el-Mandeb Strait, where Iran-aligned Houthi forces declared a naval blockade of Saudi Arabia, targeting tankers and energy infrastructure along the Red Sea. The dual disruption temporarily propelled Brent crude oil prices past US$100 a barrel. American public support is meanwhile crumbling. A Reuters/Ipsos poll, conducted between 10 and 12 July, showed that 79% of respondents expect a protracted conflict, only 37% endorse the strikes, and half judge the war as not worth the costs incurred. US President Donald Trump's approval remains pinned near second-term lows. Economic data brought little cheer during the month. Though June inflation eased to 3.5%, lingering energy risks and fresh tariffs on 60 trading partners compound economic uncertainty.

Forecast 2026:
GDP: **2.2%**
Core PCE Inflation: **3.2%**
Forecast 2027:
GDP: **2.2%**
Core PCE Inflation: **2.5%**

EUROZONE

The European Central Bank (ECB) opted for a tactical pause in July, holding its deposit rate at 2.25% following June's 25-basis point hike, while pointedly leaving the door open to further tightening. The ECB reaffirmed its forecasts of 3.0% inflation in 2026 and 2.3% in 2027. ECB President Christine Lagarde delivered a stark warning that the full inflationary impact of the Middle Eastern energy shock has yet to bite, even as input costs continue to rise. Survey data offered a rare bright spot. The Eurozone composite purchasing managers' index (PMI) ticked up to 51.9 points in July, a five-month high, as both manufacturing and services edged back into growth territory. Yet physical and geopolitical headwinds continue to gather. Severe heatwaves and wildfires raging across France and Spain disrupted agriculture, tourism and critical infrastructure, underscoring the escalating fiscal burdens of climate adaptation, while fresh American tariffs threaten to choke off an already fragile export recovery.

Forecast 2026:
GDP: **0.4%**
HICP Inflation: **2.8%**
Forecast 2027:
GDP: **1.2%**
HICP Inflation: **2.3%**

UNITED KINGDOM

Britain turned another political page in July as Andy Burnham became its seventh prime minister in a decade, offering promises of stability, cost-of-living respite and a 10-year blueprint to rebuild the economy. His announcements included lower electricity levies, a reduced cap on bus fares, and a 20% property-based business rate cut aimed at rescuing pubs and clubs. A warm summer, the FIFA World Cup and the change at Number 10 buoyed consumer spirits, pushing the GfK confidence index to a post-January high of -17 points. Retail sales volumes surprised pleasantly with a 1.0% bounce in June, driven by spending on sports merchandise, summer apparel and air-conditioning units. However, this brief feel-good factor faces escalating Middle Eastern hostilities, which threaten to drive energy prices higher and further complicate the interest rate outlook. Meanwhile, energy bailouts and pledges for increased defence spending are muddying fiscal consolidation prospects.

Forecast 2026:
GDP: **1.0%**
Inflation: **3.1%**
Forecast 2027:
GDP: **1.2%**
Inflation: **2.6%**

JAPAN

Japan's retreat from an era of ultra-cheap money accelerated as the Bank of Japan raised its benchmark rate by 25 basis points to 1.0%, a three-decade high. The hike signals growing confidence in solid wage growth and persistent inflation, even as sluggish private consumption argues for a measured path ahead. Prime Minister Sanae Takaichi's cabinet unveiled a bold fiscal playbook, committing ¥370 trillion (US$2.3 trillion) in combined public and private investment through 2040. Targeted at artificial intelligence, semiconductors and space technology, the initiative aims to propel gross domestic product to ¥1,100 trillion, although its vast scale has unsettled bond markets and reignited fears over long-term fiscal discipline. The transition to higher borrowing costs has carried inevitable casualties. The collapse of Osaka-based payment processor Zentoshin, offered a warning for small merchants who are bracing for contagion.

Forecast 2026:
GDP: **0.7%**
Inflation: **2.0%**
Forecast 2027:
GDP: **1.0%**
Inflation: **2.3%**

CHINA

China's growth lost momentum in the second quarter, expanding by a lower-than-expected 4.3% year on year. The slowdown, which was the sharpest in over three years, has exposed a macroeconomic divergence between a lagging domestic consumer and an aggressive export machine. Retail sales limped to a 1.0% expansion in June, while exports surged 27%, propelled by sustained global demand for semiconductors, artificial-intelligence components and electric vehicles. Asset markets have reflected the gloom. A brutal two-week equity rout wiped out roughly 10 trillion yuan (US$1.4 trillion) in market value, prompting state-backed "national team" funds to deploy 60 billion yuan in intervention purchases as regulators scrambled to reassure nervous institutions. Meanwhile, factory-gate inflation surged to a four-year high of 4.1% in June, driven by elevated raw-material costs. However, consumer prices rose by just 1.0%, revealing that the corporate sector is being forced to absorb rising input costs.

Forecast 2026:
GDP: **4.5%**
Inflation: **1.0%**
Forecast 2027:
GDP: **4.5%**
Inflation: **0.9%**

EMERGING MARKETS

Emerging markets faced a more hostile trade and investment backdrop after the US imposed fresh duties of 10% to 12.5% across 60 trade partners, with some Brazilian exports hit by cumulative, punitive levies as high as 37.5%. In Latin America's largest economy, the economic blow quickly turned political ahead of October's presidential election. President Luiz Inácio Lula da Silva decried the measures as overt political interference, while his conservative rival, Flávio Bolsonaro, scrambled to distance himself from his allies in Washington. Voters appeared unmoved, with polling continuing to place Lula ahead in a second-round runoff. Meanwhile in Indonesia, MSCI deferred a decision on whether to downgrade the country to frontier-market status to November, pointing to opaque ownership structures, poor free-float visibility and suspected market manipulation. Compounding foreign jitters, the unexpected resignation of Bank Indonesia's governor, Perry Warjiyo, sparked fresh doubts over central bank independence, following renewed concerns over executive pressure on monetary policy.

Forecast 2026:
GDP: **3.7%**
Inflation: **3.5%**
Forecast 2027:
GDP: **4.3%**
Inflation: **3.3%**

SOUTH AFRICA

The South African Reserve Bank (SARB) unexpectedly held its repo rate at 7.0%, judging monetary policy to be sufficiently restrictive even as the war continues to lift international oil prices. A split 4–2 vote laid bare the central bank's dilemma, as prolonged Middle Eastern energy disruptions threaten to push up inflation expectations further. The SARB raised its 2026 growth forecast to 1.4% following a larger-than-expected first-quarter growth outcome. However, we see downside risks to this figure, with external demand coming under pressure. Trade pressures intensified once again after the US imposed 12.5% tariffs on select SA exports over alleged forced labour enforcement lapses, an assertion SA has disputed. Crucially, key line items including motor vehicles, platinum group metals, critical minerals, citrus and pharmaceuticals remain exempt. While these exclusions soften the immediate blow to headline export volumes, the remaining duties still raise input costs for manufacturers and smaller agricultural producers, with lingering trade uncertainty threatening to delay capital investment and hiring. Although institutional accountability is gradually tightening, SA's economic recovery remains tightly bound by municipal decay, in addition to trade friction and imported price shocks. National Treasury temporarily withheld transfers from Johannesburg and 68 other municipalities to enforce compliance with financial rules. Although the short intervention was not expected to disrupt services, it exposed weak cash buffers and persistent governance failures, while conditional releases aimed to ensure that creditors were paid.

Forecast 2026:
GDP: **1.2%**
Inflation: **4.2%**
Forecast 2027:
GDP: **1.5%**
Inflation: **3.5%**

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Indices summary for July 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)	1.18%	-2.80%	17.16%	16.32%	17.07%	14.49%	16.49%	14.24%	11.58%
FTSE/JSE All Share Top 40 Index	1.35%	-3.45%	17.48%	15.78%	17.41%	14.62%	16.37%	14.61%	12.12%
FTSE/JSE Mid Cap Index	1.39%	-4.29%	9.88%	14.82%	13.32%	11.72%	15.28%	10.46%	6.78%
FTSE/JSE Small Cap Index	-0.37%	2.29%	19.66%	22.61%	18.26%	20.13%	26.17%	17.72%	10.92%
FTSE/JSE Resources Index	2.06%	-15.05%	38.20%	20.93%	16.70%	13.24%	16.27%	18.05%	17.68%
FTSE/JSE Financials Index	1.34%	5.08%	27.93%	22.09%	20.62%	20.71%	22.18%	12.90%	9.81%
FTSE/JSE Industrials Index	0.30%	1.87%	-2.50%	9.26%	14.12%	10.74%	12.56%	10.90%	8.25%
FTSE/JSE Research Affiliates Fundamental Indices 40 Index (RAFI)	3.38%	-2.81%	26.47%	17.80%	17.95%	17.57%	20.49%	15.60%	13.16%
FTSE/JSE Research Affiliates Fundamental Indices All Share Index	2.94%	-2.70%	23.90%	17.97%	17.40%	16.84%	19.99%	15.09%	12.68%
FTSE/JSE SA Listed Property Index (SAPY)	2.30%	6.78%	26.68%	26.61%	20.37%	18.17%	19.82%	8.24%	4.51%
FTSE/JSE All Property Index (ALPI)	2.24%	6.79%	26.11%	26.78%	20.17%	17.93%	23.74%	5.42%	1.20%
S.A. interest-bearing indices									
FTSE/JSE All Bond Index (ALBI)	-1.38%	3.01%	16.62%	16.39%	14.25%	11.88%	12.22%	11.04%	10.36%
FTSE/JSE All Bond Index 1-3 years (ALBI)	0.69%	2.21%	7.72%	9.32%	9.14%	8.00%	7.43%	8.05%	8.27%
FTSE/JSE Inflation-Linked Government Index	-0.24%	1.80%	18.94%	11.28%	9.39%	9.28%	10.48%	8.22%	6.23%
Short-term Fixed Interest Composite Index (SteFI)	0.57%	1.69%	7.02%	7.85%	7.66%	6.97%	6.45%	6.48%	6.77%
Commodities									
NewGold Exchange-Traded Fund	0.91%	-13.40%	11.79%	23.87%	22.65%	19.84%	11.86%	18.23%	13.22%
Gold price (in rands)	0.66%	-13.90%	11.60%	24.06%	23.13%	20.05%	12.31%	18.48%	13.49%
Platinum Exchange-Traded Fund	5.55%	-17.36%	15.62%	16.53%	15.96%	11.78%	9.49%	11.46%	5.06%
Platinum price (in rands)	5.63%	-15.59%	14.78%	17.36%	15.58%	11.35%	9.45%	11.39%	5.28%
Currency movements									
Rand/euro movements	1.61%	-2.82%	-8.24%	-0.98%	2.87%	1.87%	-0.93%	2.71%	2.07%
Rand/dollar movements	0.98%	-0.91%	-8.83%	-2.36%	-0.18%	2.50%	-0.47%	2.23%	1.79%
S.A. inflation index									
Consumer Price Index (CPI)			4.98%	4.36%	4.61%	5.17%	5.12%	4.69%	4.70%
Global indices									
MSCI World Index (All Countries)	0.60%	3.12%	9.44%	15.11%	16.70%	13.16%	13.52%	15.57%	14.08%
MSCI Developed Markets Index	1.50%	3.38%	9.78%	15.34%	16.75%	13.97%	14.32%	16.28%	14.84%
MSCI Emerging Markets Index	-7.29%	-3.65%	15.86%	14.19%	14.33%	9.02%	8.30%	10.87%	10.41%
Global Property Research (GPR) 250 REIT Index	5.39%	3.50%	0.18%	5.62%	5.48%	8.67%	7.53%	9.81%	8.18%
MSCI Africa Index	0.86%	-5.02%	12.21%	12.81%	12.62%	9.31%	9.32%	7.38%	5.01%
FTSE World Government Bond Index	0.34%	-1.35%	-7.80%	-0.24%	0.59%	-0.65%	-3.20%	1.08%	1.32%
Three-month US dollar LIBOR rate	1.31%	0.00%	-5.34%	2.10%	4.24%	6.17%	2.52%	5.06%	4.18%
ICE LIBOR 1 Month USD ZAR converted	1.31%	0.00%	-5.34%	2.21%	4.46%	6.85%	5.47%	4.20%	4.52%
FTSE EPRA/NAREIT Developed Index	2.43%	2.77%	6.80%	7.05%	4.75%	4.28%	5.96%	5.40%	4.96%

Note:

1. Source: Momentum Multi-Manager, IRESS, www.msci.com, www.yieldbook.com, www.ft.com.
2. Returns for periods exceeding one year are annualised.
3. 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).
4. The MSCI World Index (All countries) returns are adjusted to correspond with global investment prices received.
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