FG ASSET MANAGEMENT

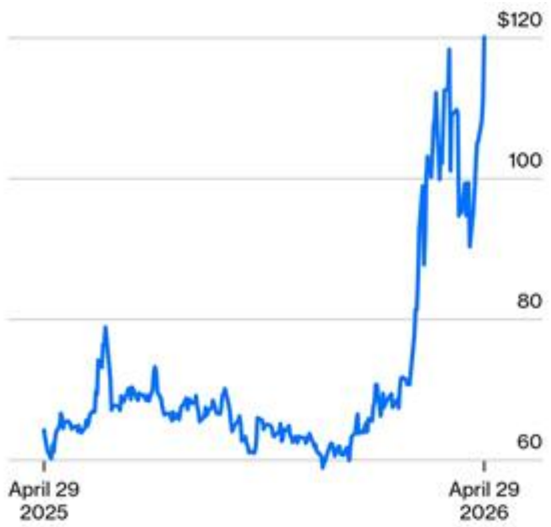
ECONOMIC EXPRESS

APRIL 2026

April was dominated by geopolitics, with the unresolved conflict between Iran and the US/Israel shaping market sentiment. The Strait of Hormuz, through which roughly 20% of global oil supply passes, remained central to developments. Any news tied to the conflict acted as a catalyst for oil prices and broader market moves.

The month began on a constructive note as a ceasefire was agreed on April 8, paving the way for initial negotiations between the US and Iran on April 11. Although these talks ended without resolution, the ceasefire fostered cautious optimism that progress could be made in the future. Oil prices tracked the news flow closely, swinging between positive and negative headlines, and Brent crude ultimately reached a conflict-era high of $120 per barrel by month-end.

Figure 1: Brent Crude Oil



Source: Bloomberg (Apr 2025 to Apr 2026)

Global equity markets diverged depending on their reliance on oil imports from the region. Most major markets ended higher, with the US particularly buoyed by upward corporate earnings revisions and enthusiasm around artificial intelligence. In contrast, South African equities underperformed peers, weighed down by elevated energy costs and lingering uncertainty over domestic energy supply.

Overall, geopolitics remained the primary driver of markets in April. While no resolution was achieved, the ceasefire marked a tentative step toward de-escalation, and the Strait of Hormuz continues to be a critical chokepoint for global oil flows.

Headline US inflation rose from 2.4% to 3.3% in April, driven primarily by a 12.5% increase in energy costs. Core inflation, which excludes food and energy, moved slightly higher to 2.6% compared with a year earlier. At its most recent meeting, the Federal Reserve under Chairman Jerome Powell left interest rates unchanged in the range of 3.5% to 3.75% for the third consecutive time. This meeting marked Powell's final session as Chair. He will continue to serve as a governor for the remaining two years of his term under the new Chairman Kevin Warsh. Although it is unusual for an outgoing Chair to remain on the Board, Powell's decision reinforces the independence of the Federal Reserve at a time when President Trump has been pressing for lower interest rates.

At the end of April, US GDP data showed the economy expanding by 2% in the first quarter, slightly below expectations of 2.3% and down from the previous quarter. The standout driver of growth was business investment in artificial intelligence, which surged 10.4%, marking the fastest pace in nearly three years. Consumer spending, which accounts for more than two-thirds of GDP, rose by 1.6%.

South Africa's annual inflation rose to 3.1% in March from 3%, in line with consensus expectations. The increase was largely driven by rental inflation, which climbed to 4%, its highest level since 2019. The impact of higher fuel prices was not yet reflected in the March data, as the adjustment only took effect at the start of April. To ease pressure on consumers, National Treasury introduced a R3 fuel tax cut. Officials have indicated that this relief can be extended into May, after which the tax reduction will be halved in June.

There was no monetary policy meeting held in April however the SARB (South African Reserve Bank) has reaffirmed the 3% inflation objective. The market is now pricing in interest rate hikes for the rest of the year, a change from the expectations of interest rate reduction before the Iran conflict started.

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Index	Asset Class	APRIL 2026
STEFI Composite Index	Local Cash	0.54%
FTSE/JSE All Bond (Total Return)	Local Bonds	3.27%
FTSE/JSE SA Listed Property (Total Return)	Local Property	5.40%
FTSE/JSE Africa All Share (Total Return)	Local Equities	1.65%
Bloomberg Global Aggregate (USD)	Global Bonds	1.25%
FTSE EPRA/NAREIT Global Index (USD)	Global Property	8.81%
MSCI AC World (USD)	Global Equities	10.21%

Source: Morningstar

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