



Prosperity

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Private Clients
by  Old Mutual Wealth



PODCAST

MARKETS & MEANING

We're pleased to introduce Markets & Meaning, our new monthly podcast by Sean Ashton, Head of Investments.



Each month, Sean steps back from the headlines to focus on the forces shaping markets and what they mean for long-term investors.

FEB '26: GROWTH, RISK AND THE FUTURE OF TECHNOLOGY INVESTING

In the first episode, Sean unpacks why elevated US equity valuations do not automatically signal a bubble, and what today's market concentration really means for investors. From the dominance of the 'Magnificent Seven' and the shift to capital-intensive AI investment, to diverging signals from Meta and Microsoft, the conversation cuts through the noise. He also explores geopolitics, productivity, and where selective long-term opportunities are emerging as investors look ahead to 2026.

LISTEN NOW 

ECONOMIC UPDATE

Anyone hoping for a quiet start to 2026 would have been disappointed. Just a month into the year, investors are already navigating heightened geopolitical risk and shifting confidence in global institutions.

The US launched a raid on Venezuela, captured its president and now appears to be running the country. Shortly thereafter, President Trump declared that Greenland should fall under US control for security reasons, a move firmly rejected by Denmark and other European nations. Initial US threats of tariffs against these long-standing allies, all Nato members, were later withdrawn. While equity markets recovered swiftly, the US dollar did not, pointing to a further erosion of confidence in the US as the anchor of the global financial system. Gold benefitted from this uncertainty, briefly surging above US\$5 000 per ounce before pulling back.

Tensions escalated further as US warships moved from the Venezuelan coast to the Persian Gulf, raising concerns of renewed military action against Iran following weeks of violent protests. Brent crude oil prices jumped by around US\$10 a barrel, though they remain below the average levels of the past three years.

It is not just US foreign policy that is causing anxiety. The White House continues to pressure the Federal Reserve to cut interest rates, including through a criminal investigation into cost overruns linked to the renovation of the Fed's headquarters. Fed Chair Jerome Powell has framed this as a direct challenge

to central bank independence. With Powell's term ending in May, he is set to be replaced by Kevin Warsh, a former Fed governor historically known as a policy hawk, though his recent commentary suggests a softer stance. At its January meeting, the Fed left rates unchanged, citing a solid economy and some improvement in the labour market. Inflation, however, remains above the 2% target, leaving policymakers with limited room to manoeuvre.

Despite the noise, the global economy entered 2026 on relatively sound footing. The International Monetary Fund expects global growth of 3.3% this year, in line with long-term averages. US tariffs and related policy uncertainty have not derailed the expansion. Most countries refrained from retaliation, effective tariff rates proved lower than feared and global trade held up. Lower interest rates, supportive fiscal policy and continued investment in AI remain key growth drivers.

South Africa's economic outlook has also improved. The rand strengthened to its best level in four years against the US dollar, supported by rising precious metal prices. This has underpinned strong performance in local equities and bonds. While the Reserve Bank held the repo rate steady in January, two to three rate cuts over the year remain likely, which should support consumer spending. A sustained improvement in growth, however, will depend on a recovery in fixed investment, supported by ongoing reforms in electricity and logistics and improved business confidence.

MARKET UPDATE

Markets opened the year with mixed returns and elevated volatility as investors navigated policy uncertainty and shifting risk sentiment. Geopolitical tensions and changes in US monetary leadership unsettled markets early on, while a stronger US dollar triggered reversals across equities and commodities towards month-end.

US equity markets posted modest gains despite the volatility. The S&P 500, Nasdaq and Dow Jones rose 1.37%, 1.20% and 1.73% respectively. Earnings were broadly supportive, although weaker results from parts of the technology and cloud sectors limited broader market momentum.

European equities made a steady start to the year, supported by resilient corporate earnings, with the DAX, CAC 40 and FTSE 100 recording modest gains.

Asian markets were among the stronger performers. Manufacturing activity expanded across major economies, signalling firm export demand. Japan's Nikkei 225 reached new all-time highs during the month, while the Kospi and other regional indices advanced steadily.

Commodity markets were particularly volatile. After reaching record levels earlier in the month, precious metals and energy prices sold off sharply as risk appetite faded. Gold and silver ended January at approximately US\$4 860 and US\$84 respectively, while oil and industrial metals also saw pronounced swings.

Locally, the JSE All Share Index briefly surpassed 125 000 before retreating as resource stocks came under pressure from the commodity sell-off.

GLOBAL EQUITIES



ASML

ASML Holdings reported a strong fourth quarter, with revenue up 5% year-on-year to €9.7bn and gross margin improving to 52.2%, both ahead of expectations, supported by the sale of two High Numerical Aperture systems. Order intake was particularly robust at €13bn, with memory rising to 56% of orders from 47% in the prior quarter, prompting management to upgrade its 2026 outlook to around 12% revenue growth and gross margins of 51% – 53%. Despite this, the share price was volatile, reversing from an initial 5% gain to close down 2% after management flagged a reorganisation involving 1 400 job cuts and acknowledged capacity constraints. Recent updates from customers such as Taiwan Semiconductor and Intel point to continued supply tightness and an AI-driven capex cycle extending into the medium term, positioning ASML well as the sole provider of EUV systems.

[Click here](#) to read more about our long-term investment case for ASML.



Danaher

Danaher delivered better-than-expected results for Q4 2025, with revenue up 4.5% year-on-year to US\$6.84bn and EPS of US\$2.23, ahead of guidance and consensus. Management guided to 7% – 9% EPS growth in 2026, which we view as conservative given Danaher's track record, with earnings growth likely returning to double digits following a challenging 2025. Biotechnology led divisional performance with 6% organic growth, while Life Sciences and Diagnostics posted modest recoveries. Free cash flow remained a standout at US\$1.8bn, with conversion above 100% of net income, and leverage stayed conservative at ~1.8x net debt to EBITDA. This balance sheet strength positions Danaher well to pursue organic growth and acquisitions as life sciences markets normalise.



Meta

Meta reported a strong Q4 2025, beating expectations on both revenue and earnings. Revenue rose 24% year-on-year to US\$59.9 bn, above the top end of guidance, while EPS came in at US\$8.88. Costs were slightly higher due to investments in AI and infrastructure, but strong revenue helped offset margin pressures, with EBIT reaching \$24.7 bn. For FY26, Meta expects higher spending on growth and technology, but revenue momentum and currency gains suggest margins may hold up better than feared.



Microsoft

Microsoft reported strong fiscal results, with total revenue of US\$81.3bn, up 17% from a year ago and above analyst expectations. Growth was led by the cloud business, with Azure and other cloud services up 38%, though slightly slower than the previous quarter. Demand for Azure remains high, and the company expects to stay capacity-constrained through the year. Productivity tools, including Microsoft 365, also contributed to growth, while personal computing revenue was slightly lower. Investments in AI infrastructure drove record capital spending of US\$37.5bn supporting long-term growth but putting some pressure on margins. Despite shares falling 10% on the day, the result reflects strong underlying demand, a large commercial backlog, and continued momentum in cloud and AI initiatives.

LOCAL EQUITIES



Naspers

Reported strong half-year 2026 results, with revenue up 20% to US\$4.1bn, core headline earnings growth of 13%, improved free cash flow and eCommerce profits more than doubling. Performance was driven by Tencent, disciplined execution across the eCommerce portfolio and an ongoing share buyback programme that has created over US\$63bn in value. The discount to NAV widened after management signalled a slower pace of buybacks in H2, with annualised repurchases of US\$6bn–US\$7bn, funded more flexibly through cash, lower-return assets and Tencent shares. With US\$11bn of cash on hand, US\$8bn earmarked for M&A and US\$2bn deployed into acquisitions including Despegar and La Centrale, management remains committed to its three-year plan to scale profitable eCommerce growth through disciplined capital allocation.



Prosus

Prosus delivered strong half-year 2026 results, with revenue rising 22% to US\$3.6bn, core headline earnings up 13%, improved free cash flow and eCommerce profits nearly doubling. Results were supported by Tencent, solid execution across the portfolio and an ongoing share buyback programme that has generated over US\$63bn in value. The NAV discount widened post results as management indicated a moderation in buybacks into H2, with annualised spend of US\$6bn – US\$7bn, alongside plans to increase funding flexibility through cash and non-core asset sales, including up to US\$2bn in FY26. With US\$11bn in cash, US\$8bn allocated to M&A and disciplined portfolio reshaping underway, Prosus remains focused on its three-year strategy to double eCommerce revenue and triple adjusted EBITDA.

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