MONTHLY MARKET UPDATE

August 2026

August opened with fireworks and closed with a warning. In between, markets hit new highs, gold had one of its best months in a generation, and the world's most powerful central banker made clear that the easy part of this inflation story may be behind us. It was, by any measure, a month worth paying attention to.

THE S&P 500 FINDS ITS FOOTING – BRIEFLY

July ended with markets flat and nervous. August started differently.

On 5 August, the S&P 500 surged 1.8% to a record high of 7,737, its first all-time high in two months, as late-breaking earnings momentum and renewed optimism around Hormuz diplomacy lifted sentiment. The Dow crossed 54,000 for the first time ever. It felt like the clouds were parting.

The good news kept coming. On 12 August, US CPI for July printed at 3.4% year-on-year, easing slightly from 3.5% in June, with the monthly reading rising just 0.1%. Energy fell 1.5% month-on-month as the post-ceasefire oil decline worked its way through the numbers.

Core inflation held at 2.5%. Markets read this as the Fed stepping aside: September rate hike odds dropped to around 42%, stocks rallied further, and the S&P 500 reached a new all-time intraday high of 7,814 in the days that followed.

But August is not a month that rewards complacency. A weaker-than-expected US jobs report landed on 7 August: the economy shed 23,000 nonfarm payroll jobs in July, the first monthly decline since February 2026, against expectations of a gain of around 83,000. The headline was softened somewhat by the detail that private payrolls actually rose 30,000; it was a 53,000 drop in government jobs that dragged the number negative. Still, combined with 103,000 in downward revisions to May and June, the picture of a cooling labour market was hard to ignore.

NVIDIA REWRITES THE AI NARRATIVE

For all the hand-wringing about AI spending and free cash flow that dominated July's earnings season, Nvidia delivered a number on 26 August that silenced most of the sceptics. Revenue came in at $96.2 billion for the quarter, 106% higher than a year earlier, with a hyperscaler backlog of $2.3 trillion suggesting the infrastructure buildout is nowhere near its peak. The stock had been trading around $219 ahead of the report. The result confirmed what the bulls have been arguing: the demand for AI computing power is not a bubble in search of a story. It is the story.

WARSH SPEAKS , MARKETS LISTEN

Then came Jackson Hole. On 28 August, Fed Chair Kevin Warsh delivered the address investors had been waiting for since his somewhat unclear July press conference. The speech, titled "In Our Time," was anything but vague. Warsh said inflation remains above target and that "progress over the past two years has been modest." He made clear that rate hikes may be necessary if prices do not return to 2% "clearly and at sufficient speed." He pointedly refused to provide forward guidance: "you can call it a trail map, just don't call it forward guidance." But the message was unmistakable. September's meeting is live.

Stocks initially rose on the speech before Treasury yields climbed sharply, with the 2-year note hitting 4.31%, its highest since late July. Markets ended August pricing a 55.7% chance of a rate hike at the September meeting. That is a significant shift from where we started the month.

THE MIDDLE EAST: STILL UNRESOLVED

The Iran situation remained exactly that. As of early August, the US had reimposed its naval blockade on Iranian ports following renewed attacks on commercial shipping, with Iran pressing its claim over Hormuz routing. By late August, diplomatic sources in Pakistan and Russia were reporting that Washington and Tehran were nearing a new ceasefire framework, and oil responded:

Brent pulled back toward $86 a barrel on the news. Nothing is signed. But the direction of travel points again toward de-escalation, and the oil market is beginning to reflect that tentatively.

CLOSER TO HOME

GOLD'S POWERFUL RALLY

August 2026

+14.9%

Gold up nearly 15% supported by a weaker dollar the US Treasury's unexpected intervention in the bond market to double buybacks on long-dated debt, and renewed safe-haven flows.

STRENGTHENED RAND

The rand strengthened meaningfully through most of August, tracking gold's surge and benefiting from a softer dollar.

GOLD FUTURES HIT

$4.569

per ounce by late August, their highest since May

RAND / USD

R 15.94

USD/ZAR had pulled well back from the R17 level that spooked markets in July, trading closer to R15.94 by 26 August.

The SARB does not meet again until 23 September. The next domestic flashpoint will be the August CPI release on 17 September, which will capture the full effect of the month's oil price moves, followed by the rate decision the following week. For now, the SARB is watching the same things everyone else is watching: what Warsh does in September, and whether the Hormuz situation finally reaches a durable settlement.

What we're watching into *September*

1

THE FED:
The 15-16 September FOMC meeting is the most consequential in months, with Warsh's Jackson Hole speech having all but confirmed that a hike is being actively considered. Markets will be parsing every piece of US data between now and then.

2

THE SARB:
The SARB's 23 September decision arrives the week after the Fed and will need to navigate a rand that has strengthened sharply and a domestic inflation picture that is improving but still fragile.

3

Gold:
The metal's extraordinary August run has been a significant tailwind for South African miners and the broader JSE. Whether that momentum continues depends heavily on the dollar's direction and how central bank buying holds up if rate hike expectations reassert globally.

August delivered more in a single month than most years manage in a quarter. September may ask us to give some of it back.

Until next time,

Van Zyl du Preez

Director | Chief Investment Officer