WGA WEALTH GROUP
Growing and Protecting Wealth

OIL PRICES RETREAT AS GEOPOLITICAL TENSIONS

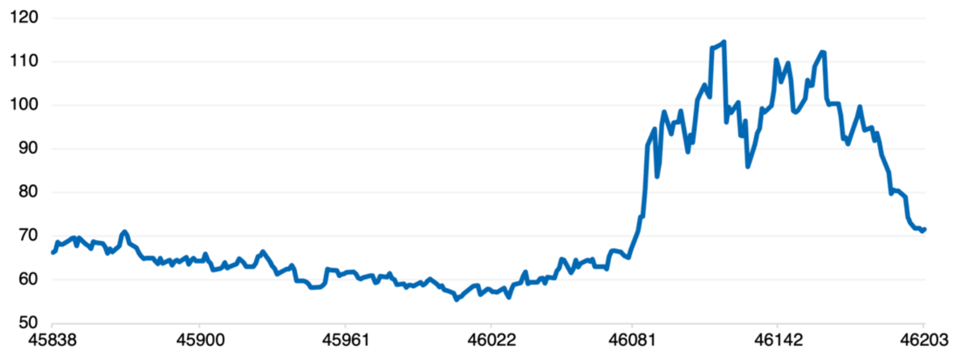
JULY 2026

Oil markets experienced a sharp reversal in June following a deescalation of geopolitical tensions in the Middle East between the US and Iran.

The Strait of Hormuz remains one of the world's most strategically important shipping routes, with more than 20% of global oil and liquefied natural gas exports typically passing through the narrow waterway. The conflict severely disrupted shipping activity, leaving hundreds of merchant vessels stranded in the Gulf and reducing traffic through the strait to a fraction of normal levels.

As tensions subsided, markets quickly repriced the geopolitical risk premium embedded in oil prices. West Texas Intermediate (WTI) crude ended the month at just above US$70 per barrel, representing a decline of more than 30% from its recent highs.

Figure 1. WTI Crude Oil $/barrel



Source: St Louis Fed

While the decline in prices has been welcomed by consumers and central banks concerned about inflation, the outlook for supply remains less certain. Restoring oil production to pre-conflict levels will take time, while the backlog of tankers and merchant vessels waiting to transit the Strait of Hormuz will require months, rather than weeks, to clear. The logistics involved in transporting crude oil to refineries

SPACEX DELIVERS A RECORD-BREAKING MARKET DEBUT

June also witnessed one of the most significant events in capital markets history as SpaceX completed the largest initial public offering (IPO) ever recorded.

Investor demand proved extraordinary, with the offering reportedly more than three times oversubscribed as institutional investors, sovereign wealth funds, hedge funds and retail investors all competed for allocations. Shares surged almost 20% on their first day of trading, giving the company a valuation exceeding US$2 trillion and briefly making it the world's fourth-largest listed stock by market capitalisation, while also cementing Elon Musk as the world’s first trillionaire.

HIGHLIGHTS

Oil Prices Retreat

- Middle East tensions eased during June
- Oil prices fell more than 30% from recent highs
- Lower fuel costs support inflation outlook
- Supply chain disruptions may take months to normalise

South Africa's Credit Upgrade

- Fitch upgraded SA's sovereign credit rating
- First upgrade since 2005
- Improved fiscal discipline recognised
- Energy and logistics reforms gaining traction

Markets & Infrastructure

- SpaceX completed the world's largest IPO
- Strong investor demand for AI-led businesses
- SA ports ranked among world's most improved
- Operational efficiencies continue to improve

Inflation & Interest Rates

- Inflation increased to 4.5%
- Higher fuel prices driving inflation
- Repo rate remains at 7.00%
- Further rate hikes remain possible

CITYWIRE SOUTH AFRICA
PARTNER WITH AN AWARD WINNING DFM
SHAPING TOMORROW'S WEALTH, TOGETHER.

WEALTH GROUP
Growing and Protecting Wealth

SPACEX DELIVERS A RECORD-BREAKING MARKET DEBUT - CONTINUED

Following its debut at US$150 per share, the stock experienced a volatile two weeks of trading before ending the month around US$170 per share. Market makers also reported record levels of retail investor participation, highlighting the exceptional enthusiasm surrounding one of the world's leading aerospace and artificial intelligence companies.

FITCH UPGRADES SOUTH AFRICA'S SOVEREIGN CREDIT RATING

One of the most encouraging developments for South Africa during June was Fitch Ratings' decision to upgrade the country's sovereign credit rating from BB- to BB, marking South Africa's first upgrade from Fitch since 2005

Fitch highlighted South Africa's improved fiscal discipline as a key factor behind the upgrade. The country has maintained an average primary budget surplus of approximately 1% of GDP over the past four years, demonstrating considerably stronger fiscal management than many expected given the weak economic backdrop.

The agency also noted that structural reforms, particularly within the energy and logistics sectors, have begun easing some of the supply-side constraints that have weighed on economic activity in recent years. While economic growth is expected to remain subdued, Fitch forecasts GDP growth to improve gradually from 1.1% in 2025 to around 1.4% by 2027.

Although government debt remains elevated at approximately 80% of GDP, Fitch expects the debt ratio to stabilise over the next two years as continued expenditure restraint and solid revenue collection support fiscal consolidation.

Nevertheless, several structural challenges remain. South Africa continues to experience weak investment, persistent unemployment, high levels of inequality and relatively slow productivity growth. Debt servicing costs also remain high, with interest payments expected to consume close to 19% of government revenue, significantly above the average for similarly rated emerging markets.

SOUTH AFRICAN PORTS SHOW ENCOURAGING OPERATIONAL IMPROVEMENT

The latest World Bank Container Port Performance Index (CPPI) ranked Durban and Coega among the world's most improved container ports in 2025, while Port Elizabeth was recognised as one of the five most improved ports over the past five years.

This represents a remarkable turnaround after previous CPPI reports consistently ranked several South African ports among the world's poorest performers.

The Port of Durban, in particular, recorded meaningful operational improvements. Vessel turnaround times improved considerably during the year, with the number of ships waiting at anchor falling from approximately 20 vessels to effectively zero. At the same time, berth utilisation increased significantly, indicating that more time was being spent loading and unloading cargo rather than waiting offshore. These gains have been supported by equipment upgrades, operational reforms and increased private-sector participation.

INFLATION RISES AS FUEL PRICES DRIVE RENEWED PRICE PRESSURES

South Africa's annual inflation rate increased from 4.0% to 4.5% in June, well ahead of the reserve bank's 3% inflation target. The sharp rise reflects the significant increase in fuel prices during May, together with the normalisation of the fuel levy in July, both of which have filtered through to consumer prices.

The Reserve Bank had anticipated the acceleration in inflation and responded by increasing the repo rate by 25 basis points in May, taking the policy rate to 7.0%. Policymakers have also indicated that a further increase remains possible should evidence emerge that higher fuel costs are feeding into broader inflation through so-called "*second-round effects*".

The information and opinions contained in this document are recorded and expressed in good faith and in reliance on sources believed to be credible. No representation, warranty, undertaking or guarantee of whatever nature is given on the accuracy and/or completeness of such information or the correctness of such opinions. Portfolio Analytics ("Analytics") will have no liability of whatever nature and however arising in respect of any claim, damages, loss or expenses suffered directly or indirectly by an investor acting on the infomation contained in this document. The information in this document is for factual infomation and marketing purposes only and does not constitute any form of advice, guidance or recommendation. Furthermore,due to the fact that . Analytics does not act as your financial advisor, we have not conducted a financial needs analysis and will rely on the needs analysis conducted by your financial advisor. We recommend that you take particular care to consider whether any information contained in this document is appropriate given your objectives, financial situation and particular needs in view of the fact that there may be limitations on the appropriateness of the advice provided. No guarantee of investment performance or capital protection should be inferred from any of the information contained in this document. Portfolio Analytics (Pty) Ltd, FSP No 631, is an authorised financial services provider. Telephone: (011) 463-9600 Fax: (011) 463-8279. Website: www.analytics.co.za. WGA Wealth Group (PTY) Ltd is an Authorised Financial Services Provider. FSP No.49917 Tel: 0837025346 Web: www.wgawealth.co.za

CITYWIRE SOUTH AFRICA
PARTNER WITH AN AWARD WINNING DFM
SHAPING TOMORROW'S WEALTH, TOGETHER.