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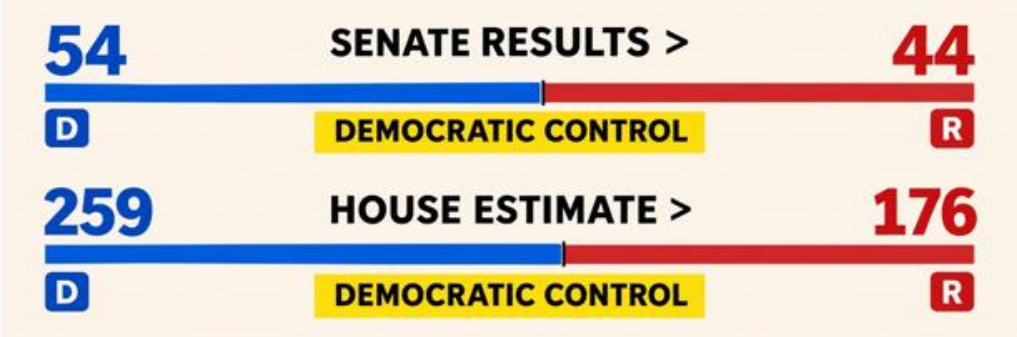
NEWSLETTER

NOVEMBER 2026

From the Ballot Box to the Markets

Recent elections in both the United States and South Africa have highlighted a changing political landscape, with voters expressing growing dissatisfaction with incumbent administrations and demanding greater accountability. The results in both countries will have important implications for policy direction, political stability and investor confidence.

United States: A Democratic Sweep Constrains Trump's Agenda



Source: The Associated Press

The US midterm elections delivered a significant setback for President Donald Trump, with the Democratic Party securing control of both the House of Representatives and the Senate. The scale of the victory exceeded expectations, representing the largest congressional majority for a party since 1974 and reflecting voter dissatisfaction with the administration's handling of the cost of living, trade policy, immigration and its involvement in the conflict with Iran.

Implications for policy and governance

The result significantly changes the balance of political power in Washington. Although Trump remains President and retains considerable executive authority, the Democrats will now have greater influence over the legislative agenda, government spending and congressional oversight.

The most immediate consequence is likely to be increased scrutiny of the administration and a greater risk of legislative gridlock. Democrats are expected to focus on investigations into government conduct, corporate relationships and the administration's use of public resources. Affordability and healthcare are also likely to feature prominently, with scope for bipartisan cooperation on selected issues.

However, a Democratic majority does not mean that Trump's policies can simply be reversed. The President retains veto powers, and Democrats do not have the two-thirds majority required to override them. Furthermore, executive powers over areas such as trade and foreign policy remain largely intact. Consequently, a wholesale reversal of tariffs or an immediate change in America's international relationships should not be expected.

An area likely to attract increased attention is artificial intelligence. Opposition to the rapid expansion of data centres became a prominent election issue, particularly in states experiencing significant infrastructure development. Greater regulatory scrutiny and more restrictive approval processes could slow future data centre investment.

Market implications

A potential easing of trade tensions would also be positive for global businesses, particularly those exposed to international supply chains. Meanwhile, lower oil prices following the election have improved inflation expectations, potentially reducing pressure on central banks to maintain restrictive interest rates.

However, the market reaction should be viewed with some caution. The conflict with Iran remains unresolved, and Trump retains considerable authority over military decisions. Any renewed escalation could quickly reverse the recent decline in oil prices and reignite inflationary concerns.

US Political Shift

- Democrats secure House and Senate
- Trump's legislative freedom reduced
- Greater congressional oversight expected
- Legislative gridlock risk increases

Global Market Impact

- Trade tensions could ease
- Lower oil prices support inflation outlook
- Geopolitical risks remain elevated
- US fiscal position remains a concern

SA Municipal Elections

- ANC support declines significantly
- Fewer councils under ANC control
- Coalition municipalities increase sharply
- Major metros face coalition negotiations

Coalition Outlook

- Stability will be critical
- Infrastructure remains a key priority
- Municipal finances need improvement
- Private-sector partnerships increasingly important

Market implications - Continued

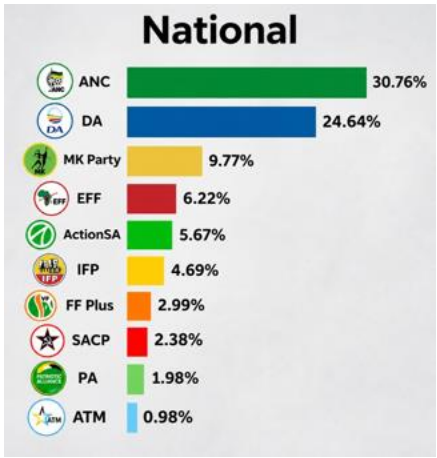
The longer-term outlook also remains complicated by America's deteriorating fiscal position. With government debt above 120% of GDP, disagreements over government spending and the debt ceiling could create further volatility in Treasury markets. A divided political environment may make it increasingly difficult to address these structural fiscal challenges.

Ultimately, the Democratic victory represents a potential shift towards greater political restraint rather than a fundamental change in US economic policy, however institutional credibility, fiscal sustainability and geopolitical uncertainty remain important risks.

South Africa: Coalition Politics Will Determine the Economic Outcome

South Africa's 2026 municipal elections delivered another significant blow to the ANC, which lost support in every province as voters expressed growing frustration with deteriorating municipal services and poor local governance.

The ANC's decline was substantial. Having controlled 122 of the country's 213 municipal councils following the 2021 elections, it will now govern just 54. Meanwhile, the number of municipalities requiring coalition arrangements has increased to 138, almost double the previous election.



Source: IEC

Implications for local policy and governance

The immediate focus now shifts to coalition negotiations, particularly in Johannesburg, Tshwane, Ekurhuleni and eThekwini. The stability of these arrangements will be critical, as previous coalition governments have often been undermined by political infighting, leadership changes and disagreements over policy.

The most constructive outcome would be pragmatic coalitions that prioritise municipal performance over political differences. Regardless of the political composition, the policy priorities should be relatively clear. Improving water and electricity infrastructure, maintaining roads, strengthening municipal financial management and improving revenue collection will be essential. Municipalities will also need to rely more heavily on private-sector partnerships to address infrastructure backlogs and improve operational efficiency.

Market Implications

Constructive coalition arrangements, particularly in Gauteng's major economic centres, could improve investor confidence and create a more favourable operating environment for businesses. More reliable municipal services and infrastructure would support private-sector investment, employment and property values, with positive implications for economic growth over time.

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