



Washington's

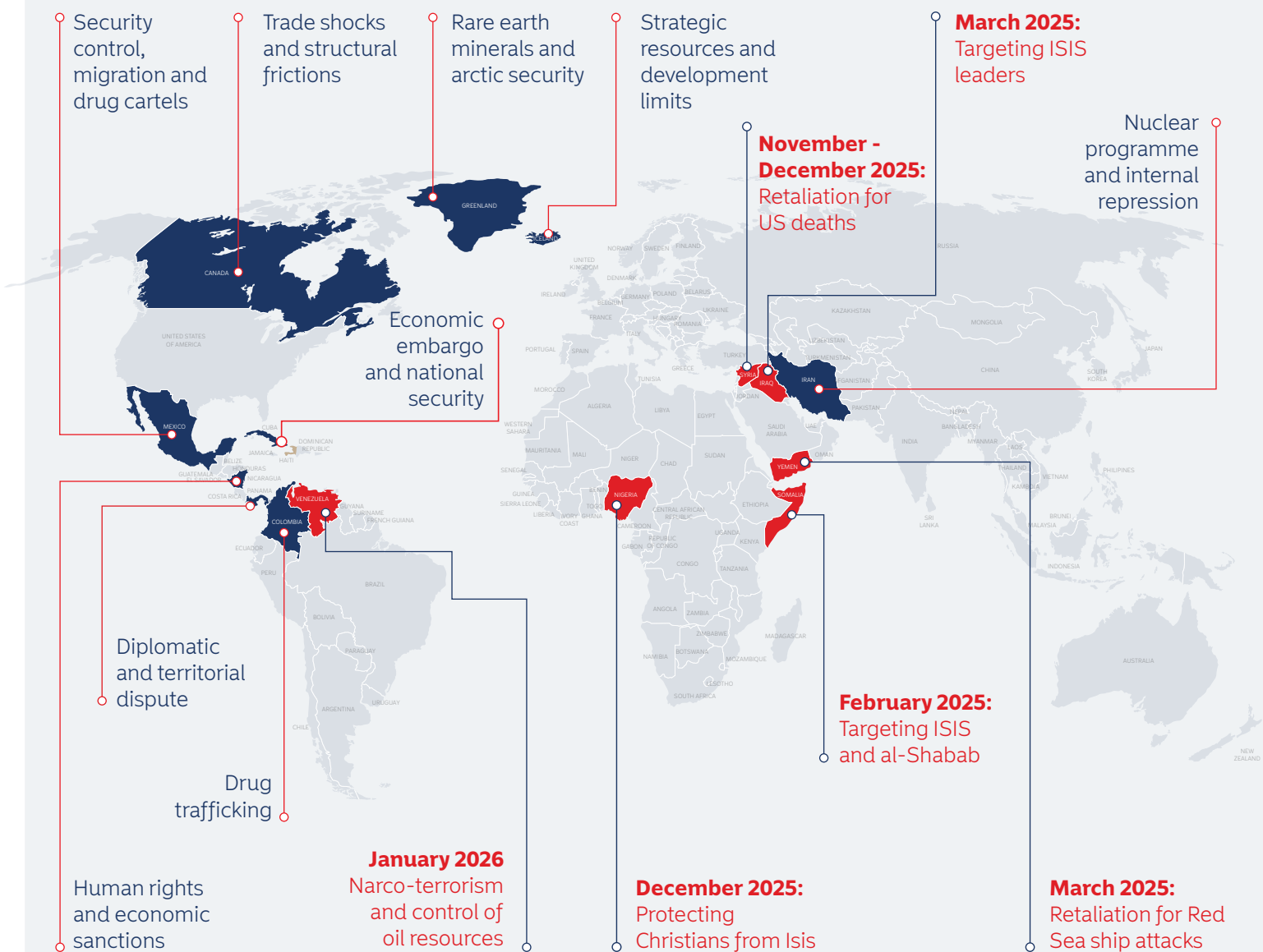
pressure map

January 2026

As global power fractures and geopolitical rivalry sharpens, the United States (US) has moved from selective engagement to a more assertive, region-by-region strategy aimed at securing its immediate neighbourhood, protecting strategic chokepoints and constraining rivals. From sanctions and military signalling to trade leverage and diplomatic coercion, US foreign policy is increasingly shaped by geoeconomics, where influence, supply chains and security are tightly intertwined.

Latin America, Africa and the Middle East have emerged as key pressure zones. In the Western Hemisphere, Washington is reasserting control over migration routes, energy assets and political outcomes close to home. In Africa, competition with China and Russia over minerals, ports and security partnerships has intensified. And in the Middle East, energy security, maritime routes and Iran’s regional influence continue to anchor US involvement. Together, these regions form a shifting map of pressure points, revealing how American power is being redeployed in a more contested, multipolar world.

Recent US interventions and active threats



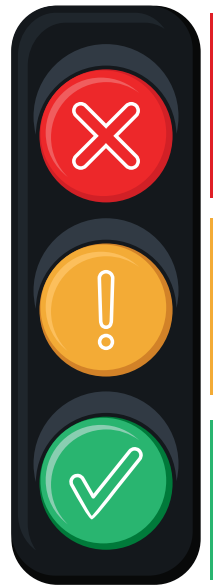


Iran – Sanctions and economic isolation

Economic vulnerabilities:

- Extensive international sanctions targeting the oil and banking sectors
- Crippling inflation and reduced foreign exchange earnings

Scenarios for US action:



Symbolic strike: This would involve targeted action to signal US resolve without crippling Iran's systems. Its purpose would be to demonstrate that Trump is willing to use force and to pressure Iran back to negotiations on foreign policy and the nuclear issue from a stronger US position. However, while it may satisfy the need to act on threats, it would fall short of meeting expectations that the US would actively protect Iranian protesters.

Strike aimed at undermining the regime: A regime-undermining strike would target Iran's security forces and possibly senior leaders, directly backing protesters and weakening the regime's ability to suppress unrest. It would closely match Trump's rhetoric and mirror recent US willingness to target top officials, as seen in Venezuela.

Intensive strikes not directed at mechanisms of repression: An alternative or complementary approach would target Iran's military capabilities (such as its ballistic missile arsenal), serving US strategic interests regardless of regime change, while raising costs and limiting Iran's ability to respond to American pressure.

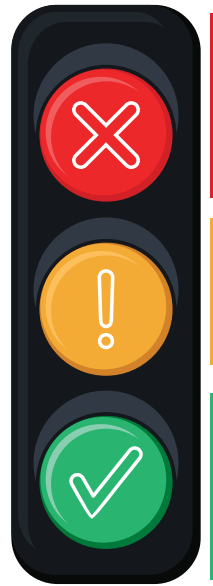


Venezuela – Hyperinflation and institutional fragility

Economic vulnerabilities:

- Deep economic crisis with hyperinflation, food shortages and falling oil output
- Sanctions on officials and financial operations by Western governments
- Poor public services and infrastructure decay

Scenarios for US action:



Dictatorship tutored by a foreign force: This would involve a US-supervised authoritarian transition, in which economic reforms are implemented without genuine political liberalisation. While this could bring short-term stability, it would not deliver democracy and is seen as unlikely due to entrenched corruption within the regime. This would also incur a high political cost for US President Donald Trump to back an outcome that falls short of democratic change.

Open authoritarianism: A system where electoral competition exists but power remains concentrated in the same hands.

A democratic transition and transitional justice: A negotiated democratic transition marked by credible elections, the release of political prisoners, the return of exiles and the revival of civic life. This opening would allow Venezuela to pursue genuine transitional justice, with domestic and international legal processes working in parallel to establish accountability for crimes against humanity, deliver reparations and document political persecution.



Cuba – Embargo and structural stagnation

Economic vulnerabilities:

- Centralised state control limiting innovation and investment
- Tourism and remittances hurt by restrictions
- Global shocks

Scenarios for US action:



Pressure without regime change: In this scenario, Washington escalates economic and diplomatic pressure (oil restrictions, sanctions enforcement and rhetorical threats) but stops short of military action. Economic pain deepens, migration rises and repression intensifies, but the regime holds. The regime remains highly resilient, while opposition capacity is weak in this scenario, leaving the US without the cost and risk of direct intervention.

Targeted US intervention/leadership removal: Here, the US uses limited military or covert action (Maduro-style raid or coercive pressure) to force out the incumbent, backing a more transactional figure within the regime. Leadership changes in this scenario but the system largely survives. Short-term stabilisation is possible, but democracy does not materialise in 2026. This route fits Trump's willingness to use force without committing to nation-building, while avoiding a full occupation.

Full regime shock and uncertain transition: Under this scenario, the US applies overwhelming pressure, including military force, aimed at dismantling the Cuban regime, not just replacing its leader. But this is politically costly and resource-intensive, with no guarantee of a Democratic outcome, due to weak institutions and limited opposition infrastructure.

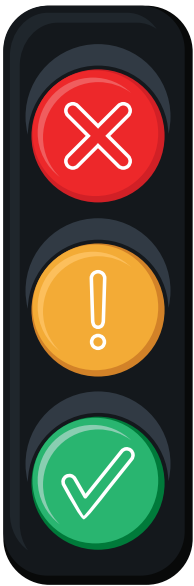


Colombia – Security alignment and drugs

Economic vulnerabilities:

- Commodity dependence (oil and coffee)
- Colombia faces structural pressures, including inequality, internal conflict legacies and global commodity price volatility
- Inequality and social investment gaps

Scenarios for US action:



Sour relations but they remain intact: In this scenario, the US uses non-military tools to pressure the incumbent over drugs and political alignment. This would entail threats of tariffs, sanctions, visa bans and cuts in aid tied to Colombia’s policies or perceived failures. Colombia would face increased economic and political strain, in which the petro government would likely push back. Meanwhile, business and security cooperation would be tested.

Targeted security operations: Here, the US would take limited military action focused on drug trafficking networks but not involving full combat against the Colombian state. The US would trigger strikes on suspected drug transport vessels and production facilities linked to trafficking. Pressure would increase on criminal groups, risking a rise in diplomatic tensions.

Political leverage and election influence: Messaging favouring candidates the administration views as more aligned with US policies would become more apparent in this scenario. The US would leverage diplomatic criticism to weaken political support for incumbents and shift domestic debates on counter-narcotics. Colombia’s 2026 election will become a key battleground, where US influence shapes elite calculations without direct force.



Mexico – Security, migration, trade and sovereignty

Economic vulnerabilities:

- Border security and migration
- Flow of fentanyl and organised crime
- Trade and investment policy disputes

Scenarios for US action:



Muddle through: Here, Washington largely maintains existing policies toward Mexico without deep new commitments or strategic shifts. Cooperation on border issues would stay superficial, with limited investment in infrastructure, technology or shared management. Border management remains inefficient in this scenario, with little improvement in trade facilitation or security coordination. Diplomatic engagement would cycle through familiar talk but would yield few structural reforms.

Hard border: Borders would operate with heightened restrictions, slowing trade and movement, and potentially increasing social and economic friction. Economic sectors that depend on efficient border crossings would suffer and diplomatic relations would become more transactional and fraught.

Long-term cooperation: The border would become a catalyst for prosperity rather than a barrier. This would enable faster trade, better security, environmental benefits and deeper US–Mexico ties. Economic gains would involve increased jobs and trade flows on both sides. Joint border initiatives would strengthen trust and institutional partnerships between the US and Mexico, with enhanced commerce generating significant economic gains.



Canada – Trade and sovereignty tensions

Economic vulnerabilities:

- Low defense spending
- Sovereignty battle with the US
- Security and border friction

Scenarios for US action:



Business as usual with friction: Relations would continue along a familiar path, with close economic ties and cooperation remaining central, but tensions would flare intermittently over trade disputes, tariffs and diplomatic spats. Border cooperation and economic integration would remain strong, but bilateral relations would be marked by occasional conflict and negotiation, requiring continuous diplomatic management.

Economic and strategic decoupling: Traditional Canada–US economic interdependence would erode, leading to strategic realignment as Canada seeks new supply chains, trade partners and security frameworks independent of Washington. US pressures would escalate beyond normal trade disputes to target deeper economic and financial linkages.

Resilient sovereignty and managed competition: In this scenario, Canada preserves sovereignty and autonomy while maintaining robust ties with the US. Collaboration could expand where interests align and Canada would assert independence where they diverge. Canada would strengthen its political and economic institutions, maintain alliances (e.g. NATO and European Union partners), and reinforce domestic resilience, while carefully managing the bilateral relationship.



Panama – Embargo and structural stagnation

Economic vulnerabilities:

- Dependence on the Panama Canal, which is vulnerable to climate shocks
- High external debt
- Strongly linked to North America

Scenarios for US action:



Strategic partnership and canal security: In this scenario, stronger bilateral ties, economic stability, and reinforced Canal operations would ensue. Panama would gain investment and geopolitical backing from the US, mitigating external pressures. This path would preserve US strategic interests, while respecting Panamanian sovereignty. Joint efforts would grow in counter-narcotics, anti-money-laundering, and border security, while trade ties and investment incentives would be enhanced.

Competitive influence: Here, Panama would navigate between US and Chinese interests, while trying to preserve its autonomy. Economic pressures could intensify as US-China rivalry deepens, with Panama seeking to leverage both sides. The resulting uncertainty would likely weigh on growth and investment.

Tension and strategic contestation: Relations would become transactional or adversarial, risking political backlash in Panama, public protests and greater uncertainty for investors. While direct military intervention remains unlikely even in this scenario, heightened tension could slow economic cooperation and impact Panama's strategic role.

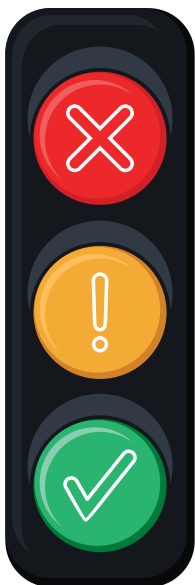


Nicaragua – Growing alignment with US rivals and human rights abuses

Economic vulnerabilities:

- Heavy reliance on remittances
- Trade exposure to the US
- Narrow economic structure

Scenarios for US action:

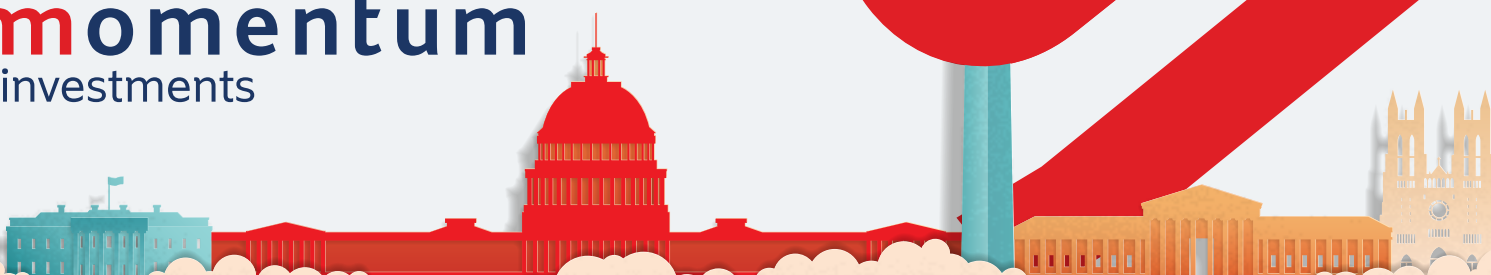


Managed relations and limited pressure: Nicaragua's economy would remain connected to the US, with pressure mostly concentrated on political elites. Remittances and trade would help sustain growth, but structural vulnerabilities would persist. This balanced approach would keep bilateral ties tense but manageable, with continued remittance inflows and modest cooperation in areas like anti-narcotics.

Escalation and economic coercion: Export-dependent sectors would weaken and remittances would shrink under tighter US policies, leaving growth slower. Nicaragua would feel pushed closer to alternative partners (e.g. China or Russia), which would increase geopolitical tension. The regime would face greater fiscal stress and instability would broaden.

Strategic containment and isolation: Here, Nicaragua's economy would face severe external constraints, pushing it to further align with non-Western partners. US-Nicaragua relations would become highly adversarial. Growth would contract sharply, while fiscal balances deteriorate and social pressures would increase substantially.

Sources: US Department of State, Atlantic Council, Council on Foreign Relations, Deutsche Welle, The Independent, Justiceinfo.net and Momentum Investments



January 2026

UNITED STATES

The American economy begins 2026 with momentum that refuses to fade. The Atlanta Fed's GDPNow estimate points to growth running above 5% in the fourth quarter of 2025, underscoring an expansion that has proved durable in spite of a prolonged government shutdown. The International Monetary Fund's (IMF) January 2026 World Economic Outlook update concurs, projecting United States (US) growth of 2.4% for 2026, supported by consumer spending, public investment and a robust technology cycle. Inflation, however, remains the fly in the ointment. The IMF expects price pressures to ease only gradually, with US core inflation only reaching the Federal Reserve's (Fed) target of 2% in 2027. That stickiness explains why policymakers remain cautious. Recent Fed commentary has emphasised that interest rates are still restrictive, yet increasingly data dependent as labour market momentum cools at the margin. Abroad, President Donald Trump's trade brinkmanship and revived Monroe-Docctrine instincts have added uncertainty to global supply chains and investor confidence.

Forecast 2026:

GDP: 1.1%

HICP Inflation: 1.8%

Forecast 2027:

GDP: 1.4%

HICP Inflation: 1.9%

EUROZONE

The euro area enters 2026 still searching for momentum.

While sentiment indicators have stabilised, activity remains subdued. The IMF expects Eurozone growth to slow this year relative to last, underscoring the bloc's chronic underperformance. Germany's industrial base shows tentative signs of life, but this has yet to translate into a broad-based recovery across the currency union.

Southern Europe remains constrained by weak productivity, while France's fiscal slippage is re-emerging as a market concern. Inflation has fallen back toward the European Central Bank's (ECB) 2% target, offering some relief to households. Yet disinflation owes as much to weak demand as to policy success. With growth fragile and labour markets only gradually cooling, the ECB is mindful that stimulus risks reigniting price pressures without delivering lasting expansion. Absent structural reform and stronger external demand, Europe risks another year of low growth and fiscal strain.

Forecast 2026:

GDP: 1.1%

Inflation: 2.2%

Forecast 2027:

GDP: 1.4%

Inflation: 2.1%

JAPAN

Japan enters 2026 with greater scope for growth than in recent years, as political change tilts policy toward stimulus.

The IMF nudged its growth forecast up slightly to 0.7% this year, still slower than in 2025 and emblematic of an economy recovering rather than sprinting. Inflation is set to moderate toward the Bank of Japan's 2% target, helped by softer agricultural commodity prices and fiscal support.

Prime Minister Sanae Takaichi's expansionary budget, which is part of a broader 'Sanaenomics' push, aims to buttress consumption and investment, but the payoff remains measured. Large fiscal outlays cushion households but do little to address long-standing productivity and demographic constraints, while external demand is dampened by slowing global growth and tariff frictions. Monetary policy is quietly normalising. The Bank of Japan has raised rates from decades of ultralow settings, keeping a close eye on wage dynamics and the yen's weakness, even as underlying demand stays tepid.

UNITED KINGDOM

The United Kingdom enters 2026 with growth ticking up, rather than taking off. The IMF expects growth to slow modestly this year, to 1.3%, leaving Britain stuck in the middle lane. Services activity continues to do most of the heavy lifting, while business investment remains subdued and productivity gains are hard to find. The labour market is softening, easing wage pressures but also dulling household spending power. Inflation has fallen sharply from its post-pandemic peak and is expected to drift back toward the Bank of England's 2% target, helped by lower energy prices and weaker demand. That opens the door to gradual interest rate cuts, though policymakers remain wary of declaring victory too soon, given lingering services inflation and fiscal uncertainty. Public finances, strained by high debt and rising interest costs, leave little room for fiscal largesse. Britain's external position, moreover, remains vulnerable. Trade frictions, slowing global demand and policy uncertainty abroad mean exports are unlikely to provide much propulsion.

Forecast 2026:

GDP: 0.9%

Inflation: 1.8%

Forecast 2027:

GDP: 0.9%

Inflation: 2.0%



CHINA

Forecast 2026:

GDP: 4.5%

Inflation: 0.5%

Forecast 2027:

GDP: 4.5%

Inflation: 0.8%

The IMF forecasts growth of 4.5% this year, a deceleration from the 5 % pace of 2025 but still reasonably robust by global standards, buoyed by sustained external demand and strategic policy support. China's traditional engine, exports, remained surprisingly resilient even amid uneven global demand and tariff pressures, helping keep the broader expansion intact. Domestic inflation is teetering on deflation and is set to rise only modestly, highlighting persistent slack in consumption and services. Beijing's new policy thrust under the 15th five-year plan leans into technology, AI adoption and higher value-added manufacturing, while targeted fiscal support seeks to bolster consumption and ease the deflationary drag. But structural headwinds, including weak household spending, a soft property sector and an ageing workforce, temper the outlook, keeping growth anchored in manufacturing and trade rather than a broad-based domestic upswing.

Forecast 2025:

GDP: 4.3%

Inflation: 2.6%

Forecast 2026:

GDP: 4.1%

Inflation: 2.7%

EMERGING MARKETS

The IMF expects emerging market (EM) growth to outpace advanced economies again this year, supported by easing inflation, more credible policy frameworks and selective fiscal space. Latin America has moved furthest through the interest rate cutting cycle, offering relief to domestic demand, though growth remains constrained by weak productivity and political noise. In East and South Asia, momentum is stronger. Manufacturing investment, supply-chain diversification and digitalisation continue to support the expansion, even as China's slowdown caps regional positive spillovers. Eastern Europe faces a more complex mix. Lower inflation and support from the European Union have helped to stabilise activity, but geopolitical risks and tight fiscal constraints linger. In the Middle East and North Africa, growth remains anchored by energy revenues and public investment, though diversification efforts are still uneven. Financial conditions have improved markedly, but capital is becoming more discerning. As global interest rates ease and the dollar softens, investors are rewarding EMs with sound fundamentals and credible policy, while weaker credits remain sidelined.

Forecast 2026:

GDP: 1.6%

Inflation: 3.2%

Forecast 2027:

GDP: 2.0%

Inflation: 3.2%

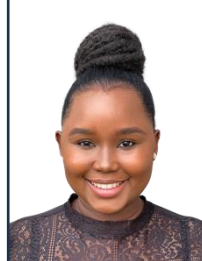
SOUTH AFRICA

The formation of the Government of National Unity (GNU) has lowered near-term political risk and improved investor sentiment, but translating stability into sustained growth remains the central test for South Africa (SA). Economic activity is expected to strengthen modestly, supported by easing inflation, a gentler interest rate environment and incremental improvements in electricity supply. Yet growth is likely to remain constrained, with logistics failures, weak fixed investment and persistent skills shortages continuing to cap potential growth output. Fiscal constraints remain binding. Although revenue performance has been buoyed by commodity-related revenues and value-added tax receipts, debt levels remain high. Similarly, interest costs still absorb around a fifth of revenue despite a lower risk premium and reduced bond yields. In our view, energy reform, private sector participation in infrastructure and noticeable improvements in network industries offer tangible upside if momentum is maintained from here. Politically, the GNU is moving beyond its awkward infancy. Having already navigated difficult budgetary, legislative and policy trade-offs, the coalition is beginning to find its footing, showing a capacity for compromise. This has reduced the risk of abrupt policy swings and reassured markets that institutional guardrails remain intact. But consensus politics comes at a cost. Decision-making is slower, reform is more incremental and internal tensions are persistent, particularly as electoral incentives re-emerge. Externally, SA remains exposed to rising geopolitical fragmentation, protectionism and volatile capital flows, with strained US relations and slow progress on alternative trade deals underscoring the limits of strategic non-alignment.

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Indices summary for January 2026

	One month	Three months	One year	Three years	Four years	Five years	Six years	Seven years	Ten years
Equity indices									
FTSE/JSE All-Share Index (ALSI)	3.72%	10.31%	44.35%	18.90%	17.09%	18.42%	17.76%	16.18%	13.14%
FTSE/JSE Capped All Share Index	3.85%	11.10%	44.41%	18.80%	17.06%	19.21%	18.18%	16.29%	13.17%
FTSE/JSE All Share Top 40 Index	3.98%	10.41%	48.69%	19.07%	17.52%	18.64%	18.46%	16.89%	13.45%
FTSE/JSE Mid Cap Index	6.26%	16.44%	38.13%	19.27%	15.78%	17.59%	12.61%	12.15%	10.58%
FTSE/JSE Small Cap Index	1.07%	8.35%	28.68%	21.83%	19.16%	24.97%	21.26%	16.81%	12.93%
FTSE/JSE Resources Index	12.49%	30.30%	118.65%	24.44%	21.04%	22.86%	24.34%	23.73%	24.03%
FTSE/JSE Financials Index	2.70%	12.24%	34.59%	22.95%	19.17%	22.46%	14.67%	10.77%	10.04%
FTSE/JSE Industrials Index	-3.43%	-6.30%	13.45%	11.80%	11.53%	12.10%	13.31%	12.77%	8.57%
FTSE/JSE Research Affiliates Fundamental Indices 40 Index (RAFI)	7.39%	17.98%	60.42%	19.92%	18.82%	22.96%	19.91%	17.33%	15.75%
FTSE/JSE Research Affiliates Fundamental Indices All Share Index	7.14%	17.32%	54.67%	19.52%	18.30%	22.29%	19.29%	16.80%	15.34%
FTSE/JSE SA Listed Property Index (SAPY)	0.98%	8.86%	35.00%	23.67%	17.98%	21.64%	9.69%	6.71%	5.52%
FTSE/JSE All Property Index (ALPI)	1.08%	9.12%	36.08%	24.11%	17.64%	21.60%	9.46%	6.25%	4.08%
Interest-bearing indices									
FTSE/JSE All Bond Index (Albi)	1.95%	8.32%	26.11%	16.52%	13.91%	12.80%	12.02%	11.51%	11.19%
FTSE/JSE All Bond Index 1-3 years (Albi)	0.74%	2.52%	9.99%	9.42%	8.79%	7.85%	8.31%	8.24%	8.53%
FTSE/JSE Inflation-linked Government Index (Ili)	1.32%	8.15%	17.57%	10.92%	9.24%	9.79%	9.19%	7.92%	6.47%
Short-term Fixed Interest Composite Index (Stefi)	0.57%	1.73%	7.44%	8.01%	7.37%	6.66%	6.39%	6.52%	6.79%
Commodities									
NewGold Exchange-Traded Fund	12.91%	16.47%	54.86%	33.96%	30.34%	23.43%	22.48%	24.04%	16.01%
Gold price (in rands)	11.36%	14.48%	51.91%	33.38%	30.08%	23.05%	22.46%	24.03%	16.13%
Platinum Exchange-Traded Fund	9.82%	32.26%	100.35%	27.53%	23.07%	17.09%	16.54%	18.43%	9.83%
Platinum price (in rands)	2.93%	26.64%	77.66%	24.83%	20.66%	15.13%	14.99%	17.36%	9.17%
Currency movements									
Rand/euro movements	-2.13%	-4.87%	-1.56%	0.26%	2.37%	0.84%	2.39%	3.25%	1.02%
Rand/dollar movements	-3.53%	-7.76%	-14.18%	-2.77%	0.81%	1.26%	1.16%	2.72%	0.07%
Inflation index									
Consumer Price Index (CPI)			3.60%	3.91%	4.72%	4.96%	4.63%	4.55%	4.78%

Important notes

- Sources: Momentum Investments, IRESS, www.msci.com, www.yieldbook.com, www.ft.com.
- Returns for periods exceeding one year are annualised.
- The return for Consumer Price Index (CPI) is to the end of the previous month. Due to the reweighting of the CPI from January 2009, this number reflects a compound of month-on-month CPI returns. The historical numbers used are the official month-on-month numbers based on a composite of the previous inflation series (calculations before January 2009) and the revised inflation series (calculations after January 2009).
- The MSCI World index (All Countries) returns are adjusted to correspond with global investment prices received.
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