The Outlook

February 2026

- Davos confirmed the changing world order.
- Davos – the future of AI.
- AI, a winner takes most market.
- AI and the US market.
- South Africa -the JSE.

Davos confirmed the changing world order.

Most speeches, led by President Trump and Canadian Prime Minister, Carney at the World Economic Forum (WEF) in Davos confirmed that the US dominated world order is "rupturing".

Trump continued to promote his "*America First*" agenda, reminding the audience of America's central role in the world economy, and emphasizing "*bilateral negotiation over multilateral agreements*". Rather than confirming the end of US influence, he suggested a transition from a cooperative, rule-based leadership to one of "*self-reliance and middle power collaboration*".

Carney's speech "Principled and Pragmatic", received a standing ovation. He stated that "*the world's middle powers must unite to resist coercion by aggressive superpowers, warning that traditional assumptions about global order no longer hold". He* dismissed the notion of a global system built around American hegemony as a "fiction*",* arguing that "*multilateralism is fading as institutions including the WTO and the UN are greatly diminished*". Of significance for investors going forward, Carney said*, "Let me be direct. We are in the midst of a rupture, not a transition."*

Macron described the "*endless accumulation of new tariffs as fundamentally unacceptable, even more so when they are used as leverage against territorial sovereignty*". Macron called for "*more global stability and growth*, and then pointing a finger at Trump, said "*we do prefer respect to bullies, science to Plotinism, and rule of law to brutality* ".

The EU's Ursula von der Leyen said, "*Nostalgia will not bring back the old order*", adding that "*a series of recent geopolitical shocks will force the EU to build a more independent Europe".* Von der Leyen noted that the EU had "*acted immediately, whether on energy or raw materials, defence or digital, we're moving fast".* Days after Davos, the EU and India announced a new free-trade deal (20 years in the making) that will affect a combined population of 2 billion people and 25% of global GDP.

Trump has invited over 60 countries to join his Board of Peace that he said, "*might replace the United Nations".* To date, the four other veto-wielding members of the Security Council - China, France, Russia and the United Kingdom - have refused or have not indicated whether they would join Trump's board, as have economic powers such as Japan and Germany.

Davos 2026 concluded with a focus on navigating a "systemic fracture" in the global order, characterized by intense geopolitical rivalry, the rise of "mini-lateral" cooperation, and the urgent integration of AI into the economy.

Davos – the future of AI.

In a WEF article by Jonathan Zanger of Check Point Software Technologies, he referred to research that projected that "*through to 2030 nearly $20tr would be added to global GDP, placing AI as one of the most powerful economic forces of our century". In* his speech, renowned historian Yuval Noah Harari predicted that, "*the future of civilization stands on the brink of being overtaken by Artificial Intelligence (AI)".* Harari stressed that "*AI is no longer a tool, but is an* *agent that has mastered languages and thought. It can learn, change, and make its own decisions and will soon take over legal and financial systems".*

Davos leaders recognized AI as a transformative force comparable to electricity or the internet, driving substantial investment in energy and data centre infrastructure. The real test is which entrepreneurs and businesses will best commercialize their AI endeavors and how many jobs are lost.

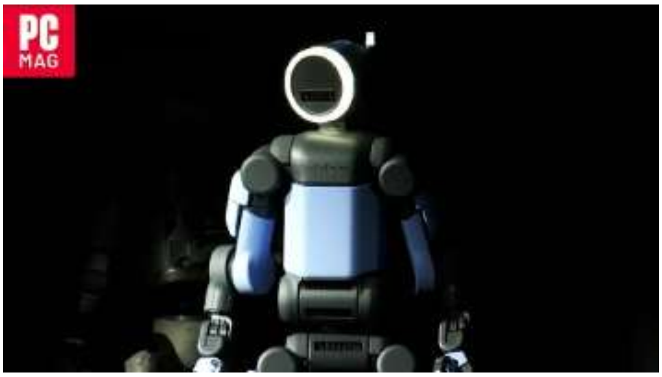
Along the way corporates are going to be challenged by the need for massive amounts of cheap, sustainable power, adequate power grids, critical raw material supply chains, funding, regulatory issues, and cyber-attacks.

AI, a winner takes most market.

As global economies rapidly automate, the labour element of the factors of production will become increasingly inefficient and undesirable. Businesses will be forced to adopt automation to remain competitive relative to their peers and to reduce labour to achieve greater economies of scale.

This is likely to extend the 'Winner Takes All' business model, i.e. hyper scalers like Amazon and Meta, to most of the other sectors in the market. If we consider that labour is paid by business to consume the very goods and services that it produces, then we may need severe price deflation (or near free goods and services), as well as expansion in social support to maintain consumption expenditure growth into the future.

Hyundai Introduces Its Next-Gen Atlas Robot at CES 2026



This is an industrial revolution in its most brutal form, with the usual tell tail signs to boot: civil disruption, debt pressure, demand/supply imbalances, and frenzies for exposure to assets that will dominate in the new world.

Passive investing adds another layer of interesting dynamics to this equation with index skewness at unprecedented levels. Around 20% of the market listings produce the bulk of the excess returns while the other 80% is experiencing immense pressure. Corporates must adapt or die, potentially a death by a thousand cuts.

The balance between supply/demand, political instability, consumer pressure and hype driven valuations has created a landscape where logic and reason are not rewarded with the same elevated returns as that of indiscriminate risk taking. This kind of environment slowly creates a bubble by desensitizing investors and rewarding reckless capital allocation.
One would be forgiven for thinking that corporate tax rates would increase against such a backdrop, in favour of consumer stimulus, yet we have witnessed the exact opposite. As countries compete for corporate citizenship they have been 'business friendly' and cut taxes, the US being a prime example. The value chain in business to business (B2B) has experienced revenue growth and margin expansion where business to consumer (B2C) has been a margin pressure pot with fewer winners taking all.

With Hyundai launching humanoid robots (in partnership with Boston Dynamics), intending to replace humans on the production line by 2030, labour now needs a protective hedge in the production cycle.

Approximately 30 tons of copper are consumed in 2,000 humanoids, that equates to 15kg per humanoid. Note that we have already moved on from intelligent robots to humanoids. The forecasts are wide and varied, with Elon Musk projecting 10bn by 2040. And he is not alone. Let's scale up Bank of America and Goldman Sachs projection of about 1.35bn humanoids. That equates to about 20.3mt of copper per annum, almost 90% of global mine production in 2025. This compares to total 2025 copper demand of about 28mt. The same sort of volume increases applies to nickel, cobalt, graphite, lithium, and neodymium iron boron magnets. Wild and volatile times lie ahead.

AI and the US stock market.

Despite the swing to a world characterized by an increase in the number of wars, economic nationalism, and intense geopolitical competition, Wall Street seems relaxed and is pinning its hopes on the associated AI infrastructure projects that the MAG 7 and others have tabled. Market estimates suggest that over $500bn in AI infrastructure is projected for 2026.

While some fear an AI bubble, many on Wall Street see AI as a structural shift, the beginning of a multi-decade super-cycle.

Over the past five years to December 2025 the Nasdaq and the S&P 500 have compounded annually at 14.3% and 13.1%, respectively. In turn, the gold price and the JSE ALSI (in $), have compounded annually at +18.4% and +11.2%. And importantly, the dollar index has appreciated annually over the 5 years by +1.8%.

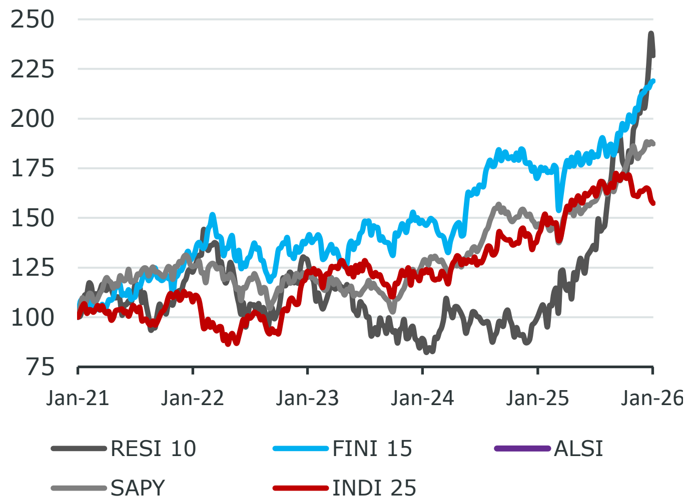
YTD the S&P 500 and Nasdaq are up, respectively, 1.45% and 1.2.%, whilst the dollar index (DXY) is down 1.2%. In turn, the gold price and the JSE ALSI (in $), are respectively, +12.8% and +6.1%.

US, ALSI ($) & gold price (December 2021 = 100)

South Africa – the JSE.

Over the past five years to December 2025 the major JSE indices have compounded annually at the following rates: FINI 15 (16.4%), RESI 10 (15.5%), ALSI (+13.2%), SAPY (13.1%), and the INDI 25 (10.4%), reflecting the positive global influence of our precious metals (gold and PGMs). YTD the performance has been shaped by the explosive run in precious metals with the industrials under pressure: RESI 10 (7.1%), ALSI (3.6%), FINI 15 (2.9%), SAPY (1%), and the INDI 25 (-4.1%).

ALSI and major JSE indices (December 2021 = 100)



As illustrated above, the world is changing at an increasing rate. We are monitoring global changes, supply changes, funding sources and the effect on listed companies daily, balancing portfolios with a focus on exposure to opportunities while mitigating the risks to our daily lives.

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