OPINION PREMIUM

NICK VAN RENSBURG | Lesson one: not everything that happens matters to markets

Investors should focus on where money is moving and not just on the headlines

July 13, 2026 at 5:00 am • 5 min read

Nick van Rensburg

The AI investment boom has driven investors towards semiconductor manufacturers such as SK Hynix, creating sharp gains in a handful of technology stocks. File photo: (REUTERS/Kim Hong-Ji)

The clock speed of change is accelerating.

It is hard to believe that since the start of the year, we have witnessed the overthrow of Nicolás Maduro in Venezuela; the rupture of US-European relations over Greenland; the cementing of the multipolar world at Davos; the war in Iran; somehow surviving the largest oil crisis in history with limited equity market damage; a significant deleveraging in the gold market; and the largest AI capex boom in history driving record earnings in South Korea Taiwan and the US, while Ukraine has taken the war to the Russians. And the interest rate cutting cycle turned into a hiking cycle.

Geostrategist Tina Fordham coined it the "geopolitical supercycle".

Rapid change requires rapid learning and regular adaptation. So, what have we learnt so far this year?

First, not everything that happens matters to markets. Markets tend to focus on one dominant narrative at a time, and this year has undoubtedly been AI capex and, to a lesser extent, the largest oil crisis in history. While Iran did dominate the headlines for three months, AI has been dominating all year.

AI is creating steeper and more concentrated sector bubbles. And it suppresses sectors we might not expect.

How does this happen? The zeitgeist identified that the next sector to benefit from concentrated AI capex demand would be high-bandwidth memory. If we asked our AI models for the stocks most likely to benefit from this new demand, it would return the oligopoly of SK Hynix, Samsung and Micron.

For a different query, like which companies are most likely to benefit from the adoption of AI in South Africa, different models will produce roughly the same list of stocks. Concentration, groupthink.

Global investors then crowd into these same stocks, pushing them up more steeply.

For most investment funds, the purchases must be funded by sales of existing holdings. What did they sell when they bought SK Hynix?

Hong Kong technology stocks such as Alibaba and Tencent. Emerging market and Asia Pacific investors sold Hong Kong stocks to buy South Korean high-bandwidth memory stocks while Chinese investors sold them to fund purchases of Chinese A-share semiconductors on the mainland. A double hit.

As a result, Alibaba fell 52% from its September high and Tencent fell 40% from its October high. Ironically, Alibaba is a major beneficiary of the China A-share rally and Hong Kong initial public offerings, with unrealised investment gains estimated at $30bn.

South Korea and Taiwan became the largest countries by equity market value in emerging markets, overtaking China. South Korean GDP being a tenth of that of China. While Taiwan and South Korea, collectively, contribute less than 3% of global GDP, their importance to the global AI trade cannot be understated.

And what about Iran? The closure of the Strait of Hormuz caused a shortage in oil, petroleum products, fertiliser, sulphuric acid and LNG. Yet oil prices never reached the worst-case forecasts.

Why not?

We entered the war with high oil inventories. March to May is a seasonally lower demand period, the Saudi East-West pipeline boosted supply, the US increased production, countries released oil from strategic petroleum reserves, and, surprisingly, China cut its oil imports in half during May and June, drawing down its vast strategic reserve.

Meanwhile, US President Donald Trump destroyed oil speculators via 39 peace-is-near declarations.

What are the lessons from Iran?

In a desperate situation, countries will do whatever it takes.

And when Trump wants to get out of a situation, he will also do whatever it takes. This time it was “the most favourable deal to any country, ever”. Iran would get to sell oil unsanctioned, see the return of its frozen assets and get a massive reconstruction fund. The combined value of these is more than 100% of Iranian GDP. The Marshall Plan to rebuild Europe looks small in comparison.

Despite “the best deal in history”, the Islamic Revolutionary Guard Corps overplayed its hand by attacking ships in the Omani channel of the Strait. As a result, the war re-escalated last week, though technical negotiations are continuing.

Starting conditions for re-escalation are a bit more precarious this time around. July and August are the peak northern hemisphere demand season and inventories are much lower now.

Many countries learnt that they need to be less dependent on oil from the Middle East. China is ramping up alternative energy production and coal to liquids production. About 20 countries have announced new energy efficiency policies. This will be supportive of commodity demand as global infrastructure spend will rise for years to come.

What did Europe learn from Davos and the Greenland episode? That they cannot trust the US anymore and need to be much more self-sufficient. It takes a crisis to move Europeans and they have had two crises this year.

A March Politico poll in Europe saw only 12% of Europeans identify the US as a close ally. This will have repercussions for global capital flows as domestic budget deficits rise to fund domestic defence, self-sufficiency in energy and infrastructure. Capital will need to go home.

In summary, we have learnt that AI will focus positioning like a laser, creating steep gains for beneficiaries and steep losses for funding positions. We not only have to ask which companies will win but also which companies could lose fundamentally, or from flow going elsewhere. Capital flows are more important than ever.

Van Rensburg is strategist at All Weather Capital.

Business Day Comment Policy

We welcome comments that are civil and considered. Any comments that are racist, bigoted or vulgar are not allowed.

Got it

Please read our Comment Policy before commenting.

1 Comment mark@allweather.co.za ▾

M Join the discussion…

♡ 2 Share Best Newest Oldest

W **Warwick Lucas**

2 days ago

The next US president could be the most diplomatic fellow ever and there will be no course correction from Europe. A bell has been rung - loudly, and cannot be unheard.

0 0 Reply

Subscribe Privacy Do Not Sell My Data

EDITOR'S CHOICE

1 NEWS ANALYSIS: Grocers bet you will ask the algorithm

2 RICHARD CALLAND | Tafelberg ruling puts inclusive cities at the heart of South Africa's local elections

3 LETTERS TO THE EDITOR

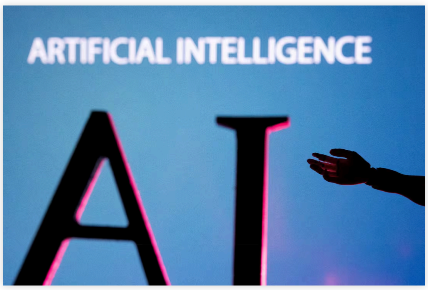
4 ISMAIL LAGARDIEN | Turkey serves Nato well, but Europe keeps the door shut

5 JABULANI SIKHAKHANE | Why a little inconvenience may be good for society

RELATED ARTICLES

ABEL SAKHAU | Building the financial rails that let SMEs power a just transition

ROB NOBLE | AI will reward retailers that predict customer intent



OPINION | AI set to make South Africa's inequality worse

MAAHIR JAKOET | Shari'ah investing and ESG: similar outcomes, different foundations

DAVID CROSOER | Smart investing starts with keeping what works

RUFARO MAFINYANI | Privatising the upside, indexing the downside

MICHAEL MARÉ | Understand your retirement benefits and responsibilities

PEARLENE GOVENDER | How global megatrends are reshaping offshore investment strategies

SESETHU CEKESHE | Tax literacy the missing layer in fintech innovation

BusinessDay

SECTIONS

- News
- Politics
- Opinion
- Companies
- Economy
- Markets
- World
- Business Times
- Lifestyle
- Motoring
- Sport
- BDTV
- E-Edition

READ MORE

- About Business Day
- Contact us
- Advertise
- Terms & conditions
- Terms of service
- Privacy policy
- Cookie policy
- Comments policy
- Newsletters
- Subscriptions
- FAQs
- RSS feeds

OUR NETWORK

- Financial Mail
- Wanted Online
- Sunday Times
- TimesLIVE
- Sowetan
- The Herald
- Daily Dispatch
- SA Home Owner
- The Home Channel
- Arena Events
- Careers and Tenders
- Empire Entertainment