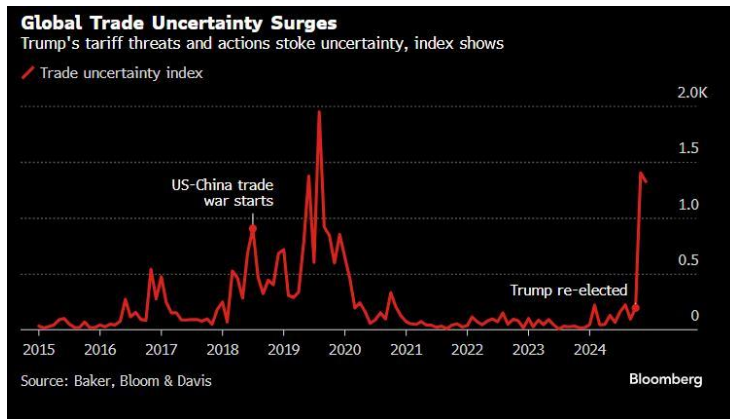


Market commentary – February 2025

Global markets

The Trump administration is well underway, with tariffs and executive orders being the business of the day. The US announced tariffs of 10% for China and 25% for Canada and Mexico, which were later postponed. This resulted in global markets having to navigate a complex landscape of economic uncertainties, volatility and increased fears of global trade wars. Consumer confidence in the US declined which indicated growing concerns about the US' economy's trajectory.



Inflation presented a mixed picture. The UK and the US edged higher, with both reaching 3.0% year-on-year (y-o-y) in January. The Bank of England (BoE) cut interest rates by 25 basis points at its February meeting. The Euro Area's inflation rate was at 2.5% (y-o-y) for January, though concerns over energy costs remain.

Chinese equity markets had a strong month as AI stocks rallied, boosted by the introduction of DeepSeek and stimulus measures as the economy signalled recovery. The global bond market generally showed gains as bond yields fell.

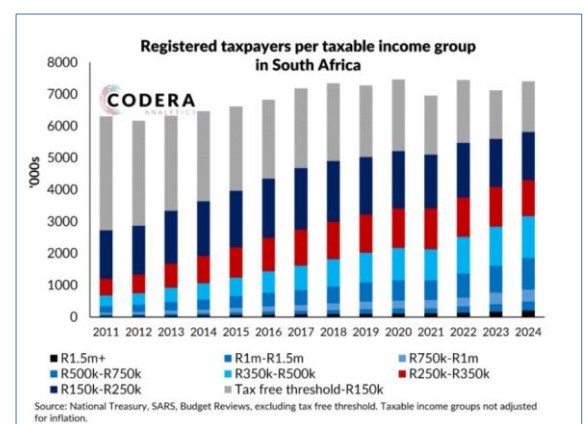
Global equity markets had a turbulent month. The MSCI World delivered a negative 0.7% in USD terms. The broader US S&P 500 returned a negative 1.3% in USD terms. Emerging markets, through the MSCI Emerging Market index gained 0.5% in USD terms, outperformed developed markets as Chinese stocks rallied and the US Dollar weakened.

SA markets

The 2025 National Budget Speech was unexpectedly delayed for further deliberation to the 12th of March. This was an unprecedented move, due to disagreements over proposed tax increases, particularly a VAT hike of 2% - from 15% to 17%. This delay initially dampened investor sentiment but this was quickly reversed with an appreciation of further dialogues to come. On the other hand, political tensions escalated between the US and South Africa, regarding land policies and international legal stances. President Trump issued an executive order to suspend all US funding to SA, this includes aid to the President's Emergency Plan for AIDS Relief programme (PEPFAR).

Annual inflation continued to edge higher to 3.2% (y-o-y) in January 2025, from 3.0% the previous month, which is still on the lower end of the Reserve Bank's target range. The economy grew by 0.6% in the last quarter of 2024. Conversely, the country was unexpectedly plunged into Stage 6 loadshedding during the month, as Eskom battled with multiple unit failures.

Local equity markets for the month struggled and ended in negative territory, with the JSE Capped SWIX returning -0.4%. In terms of the underlying sectors, they had a mixed month. Financials and Industrials were up by 1.0% and 2.8%, respectively. Resources were the major detractor, returning -7.1%, reversing some of the previous month's good gains. The Rand had a mixed month of performance against all major currencies. Appreciating by 0.5% against the US dollar and the Euro. It depreciated against the Pound by 0.8%.



Disclaimer

This document is confidential and issued for the information of the addressee and of clients of Mila Risk Management Solutions (Mila Risk) (Registration No. 2016/082078/07) only. It is subject to copyright and may not be reproduced in total or in part without the prior written consent of Mila Risk. There are risks involved in buying or selling any financial product and past performance of a financial product is not necessarily indicative of the future performance. The value of financial products can increase as well as decrease over time, depending on the value of the underlying securities and market conditions. Mila Risk is an Authorized Financial Services Provider in terms of the Financial Advisory and Intermediary Services Act, No. 37 of 2002, FSP No. 48090

Mila Risk Management Solutions (Pty) Ltd

www.milarisk.com

Thornhill Office Park, Building 9, 94 Bekker Road, Midrand, 1686

Directors: ZN Mankai (Independent Chair), HR Miyambo, M Moahloli, M Selepeng

Company Registration: 2016/082078/07

FSP no: 48090