

Market commentary – June 2025

Global markets

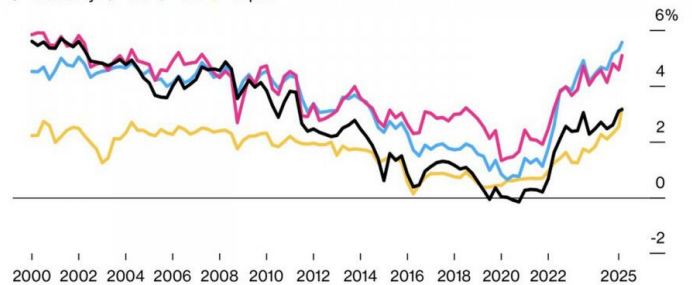
Global markets held firm in June, despite elevated volatility driven by renewed tensions in the Middle East. Hostilities between Israel and Iran intensified, with Israel launching strikes on Iran’s nuclear facilities. The conflict, which spanned 12 days, led to a sharp rise in oil prices, peaking at \$81 per barrel. The US government successfully managed to broker a ceasefire between the two nations and by month end oil prices retreated to \$68 per barrel, easing market concerns.

In the US, annual inflation for May rose slightly to 2.4% year-on-year (y-o-y), up from 2.3% (y-o-y) the previous month. Despite the uptick, the US Federal Reserve (‘Fed’) kept its policy rate unchanged for the fourth consecutive meeting, signalling a cautious approach as it continues to assess underlying inflation dynamics. The Bank of England (BoE) also left interest rates unchanged as UK inflation eased to 3.4% (y-o-y). In contrast, the European Central Bank (ECB) cut its interest rate by 25 basis points. Bond yields in the major advanced economies have risen in 2025, reflecting a loss of appetite for long dated government bonds (see chart). This is driven by concerns around economic and fiscal policy (particularly in the US), and the sustainability of government debt levels.

Long-End Is Suffering

30-year government bond yields are rising globally

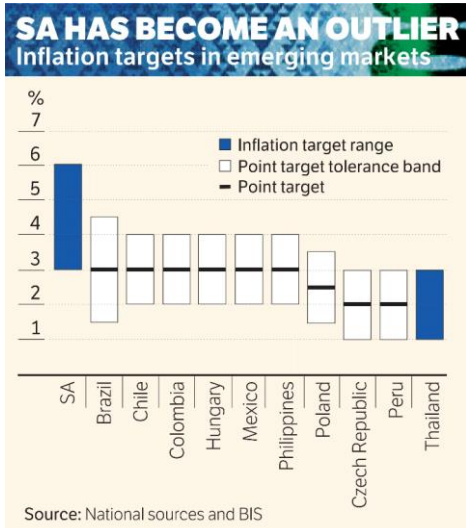
Germany US UK Japan



The MSCI World Index (representing Developed Markets) returned 4.3% in USD terms for the month. The US S&P 500 Index returned a positive 5.1%. Emerging markets, through the MSCI Emerging Market Index, gained a strong 6.0% in USD terms. The US Dollar continued to depreciate, ending the month around 2.6% weaker against major currencies.

SA markets

Locally, markets were driven by global developments and ongoing tensions within the GNU. Looking ahead, anticipation is building around the upcoming G20 Summit in Johannesburg, with markets watching closely for potential signals on investment, infrastructure development, and South Africa’s positioning within the global economic frameworks.



Inflation for May held broadly steady at 2.8% year-on-year (y-o-y) and remained below the South African Reserve Bank’s (SARB) target range of 3%-6%. Meanwhile, the SARB has released a detailed report proposing a revision to the existing inflation target range, suggesting it be lowered to better anchor inflation expectations. The highly debated proposal signals a potentially more conservative approach to future monetary policy.

The local equity market continued its upward trajectory, with the JSE Capped SWIX returning 2.2% for the month. All three major equity sectors were positive. Financials and industrials returned 1.2% and 2.5%, respectively, and . Resources was the best-performing sector, returning 4.2%. The Rand had a mixed month of performance. It appreciated by 1.6% against the US Dollar, depreciated by 1.8% against the Euro and was flat against the Pound. The local bond market also ended the month in positive territory, with the All Bond Index returning 2.3%.

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