

Market commentary – July 2025

Global markets

Global equities rallied in July, mainly driven by the strong performance from the US's 'Magnificent 7' tech stocks, with Nvidia becoming the world's first \$4 trillion company. In the US, GDP growth accelerated to 3.0% in Q2, mainly driven by precautionary inventory expansion ahead of tariff-related price increases. Meanwhile, President Trump signed the One Big Beautiful Bill Act (OBBBA) into law on the 4th of July, extending the 2017-era tax cuts and introducing a wide range of fiscal provisions.

In inflation news, UK's annual inflation for June rose to 3.6% year-on-year (y-o-y), up from 3.4% (y-o-y) in May. The economy contracted by 0.1% in May after a 0.3% decline in April. Eurozone inflation remained at 2.0% (y-o-y); the European Central Bank kept interest rates unchanged. The US Federal Reserve continued with its cautious stance and kept its policy rate unchanged. However, US inflation accelerated to 2.7% (y-o-y) in June, up from 2.4% (y-o-y) in May.

The MSCI World Index (representing developed markets) returned 1.3% in USD terms for the month. The US S&P 500 Index returned a positive 2.2%. Emerging markets, through the MSCI Emerging Market Index, gained 2.0% in USD terms, outperforming developed markets. As the US dollar strengthened against major currencies by 3.2% over the month, gold declined by 0.4%.

SA markets

Locally, markets remained resilient and closed the month in positive territory. However, with no trade agreement reached, South Africa now faces 30% tariffs on exports of certain goods to the US, effective 1 August. On a more positive front, South Africa has made meaningful progress toward exiting the Financial Action Task Force (FATF) grey list, having completed all 22 prescribed action items aimed at strengthening its framework against money laundering and terrorist financing.

The SA Reserve Bank (SARB) cut the repo rate by a further 25 basis points in July - the third consecutive rate cut this year. The SARB revised its GDP growth lower to 0.9% from 1.2%, reflecting mounting headwinds as US-SA relations deteriorate further. The repo rate now sits at 7.0%. Year-on-year inflation increased to 3.5% in July.

The local equity market continued to produce strong returns, with the FTSE/JSE Capped SWIX returning 2.2% for the month. All three major equity sectors were positive. Industrials and financials returned 1.2% and 1.3%, respectively, and resources returned 5.1%. The rand depreciated by 1.8% against the US dollar in July but remains stronger year-to-date, by 4.2%. Conversely, the rand appreciated against the Euro and the Pound by 0.8% and 1.7%, respectively, in July. The local bond market also ended the month in positive territory, with the All-Bond Index returning 2.7%.

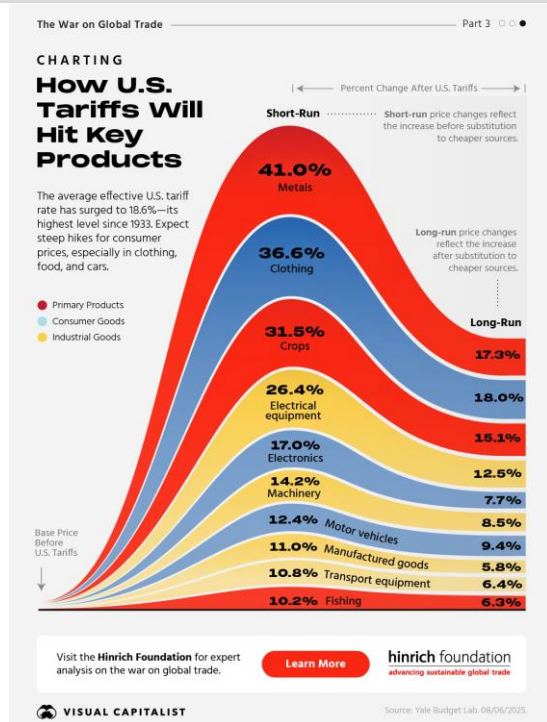
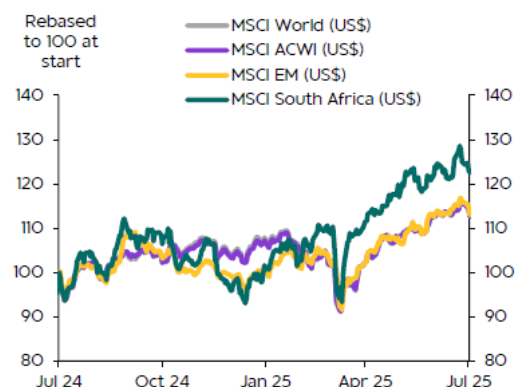


Figure 24: MSCI World, EM and SA indices (USD)



Source: Bloomberg, RMB Global Markets Research (data as of 31 July 2025)

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