

# Market commentary – August 2025

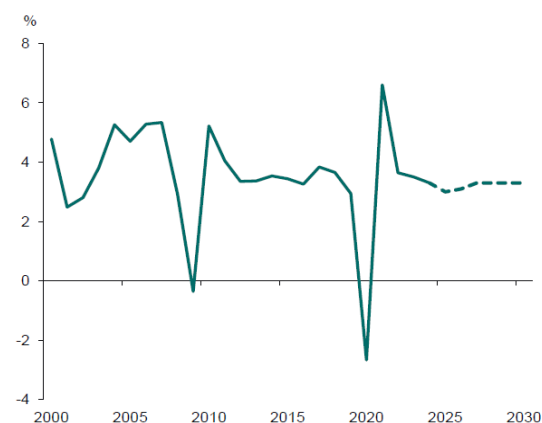
## Global markets

Global equities continued to deliver positive returns in August, although sentiment was unsettled mid-month following President Donald Trump’s controversial announcement to dismiss US Federal Reserve Governor Lisa Cook - one of the key policymakers on the interest rate setting board - on allegations of mortgage fraud. In other market news, renewed volatility emerged after India was subjected to a 50% tariff on its exports, raising concerns over escalating trade tensions.

At the US Fed’s annual conference, Fed Chair Jerome Powell signalled the possibility of a September rate cut after labour market data showed signs of weakness. Meanwhile, US inflation held steady at 2.7% year-on-year (y-o-y) in July and Q2 GDP growth was revised upwards to 3.3% (y-o-y) from the initial estimate of 3.0%, marking a rebound from the 0.5% contraction in Q1.

The MSCI World Index (representing developed markets) returned 2.6% in USD terms for the month. The US S&P 500 Index returned a positive 2.0%. Emerging markets, through the MSCI Emerging Market Index, gained 1.3% in USD terms, underperforming developed markets. Year to date, emerging markets have outperformed developed markets (19.0% versus 13.8%). Gold rallied and gained 4.4% over the month. The dollar index (DXY), which measures the dollar’s performance against major currencies, declined by 2.2% over the month.

Real GDP growth



Global Real GDP growth. Source: RMB, IMF. Note dotted lines represent forecast

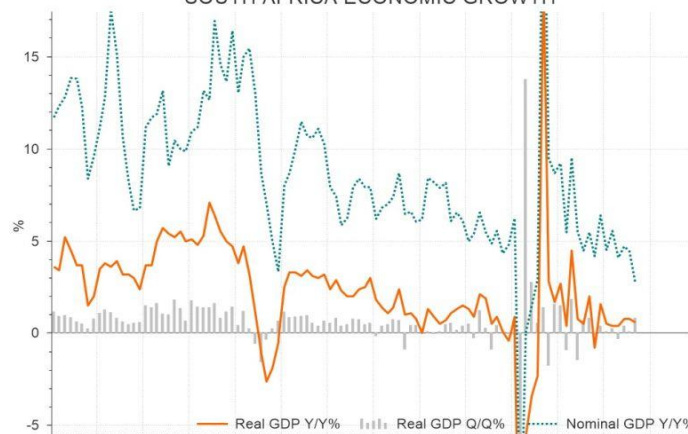
## SA markets

Locally, the broader economic outlook remains challenged. Thirty percent reciprocal tariffs have been implemented on the US impacting trade dynamics in affected industries. The latest ABSA Purchasing Managers’ Index (PMI) slipped to 49.5 in August from 50.8, signalling a contraction in manufacturing activity over the month. Furthermore, labour market conditions remain fragile, with the unemployment rate edging higher to 33.2% in the second quarter of 2025 from 32.9% in Q1. Despite the negative data and newsflow, the local equity market delivered a strong positive return for the month.

GDP expanded by 0.8% quarter-on-quarter (q-o-q) in Q2, a marginal improvement from the marginal 0.1% growth recorded in Q1.

The local equity market (FTSE/JSE Capped SWIX) returned 3.5% for the month. All three major equity sectors were positive. Industrials and financials returned 1.2% and 0.8%, respectively, and resources returned a stellar 11.4%. The rand appreciated by 2.2% against the US dollar and by 0.1% against the pound in August but depreciated against the Euro by 0.1%. The local bond market also closed the month in positive territory, with the All-Bond Index returning a modest 0.7%.

SOUTH AFRICA ECONOMIC GROWTH



Source: LSEG Datastream/ SYMMETRY

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