

### ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

#### Navigating a world of strategic uncertainty

In a month marked by trade tensions, political volatility, and local economic policy shifts, global markets and domestic investors have been forced to navigate a maze of uncertainty. For South Africans, the recent interest rate cut by the South African Reserve Bank (SARB) has offered a glimmer of relief, while the broader global economic environment remains unsettled by geopolitical manoeuvring and shifting supply chain strategies.

The SARB announced a 25 basis point cut in the repo rate, lowering it to 7.25%, with the prime lending rate now at 10.75%. While modest, this cut reflects a more favourable inflation outlook and a cautiously optimistic view of domestic growth potential. Inflation has been contained within the SARB's 3% to 6% target range, aided by lower fuel prices, a stronger rand, and global disinflationary trends. SARB Governor Lesetja Kganyago, however, tempered expectations: "The one thing that is certain is that uncertainty is here." For South Africans, the implications are immediate: A lower prime rate slightly reduces the cost of borrowing, which means bond repayments will decrease, freeing up household liquidity and supporting consumption. Yet, with the SARB trimming its gross domestic product forecast to 1.2% for 2025, rising to just 1.8% by 2027, structural challenges remain a weight on economic potential.

Globally, much of the recent volatility centres around the United States' (US) trade policy and its ripple effects across Asia and Europe. President Donald Trump's recent escalation in tariffs, particularly a proposed 50% levy on steel and aluminium imports, has raised concerns in global markets. However, in a significant ruling, a US trade court blocked the across-the-board tariffs, stating that the administration had overstepped its authority. The ruling may delay implementation but the message is clear: Trade remains a political tool, and its unpredictability continues to disrupt investment planning and supply chain confidence.

Meanwhile, China's strategic use of its rare earth mineral dominance has added a new layer of complexity. After imposing new export controls on seven rare earth elements and associated permanent magnets, China has been slow in approving export licenses. While some shipments to Europe have resumed, delays remain substantial. Industry leaders warn that the current pace risks production halts in sectors dependent on these minerals. US companies and European manufacturers have already expressed concern. China's requirement that importers verify non-military end use, and the bureaucratic hurdles involved in securing licenses, reflect a broader trend: Strategic industries are being weaponised in the context of geopolitical rivalry.

In Europe, negotiations with the US are gaining momentum after months of stalemate. The European Union (EU) and US have exchanged negotiation frameworks addressing tariffs, digital trade, and industrial policy. Yet, tensions remain high. European officials insist that they will not accept deals like the recent US-UK agreement, which left steep tariffs in place. The EU has paused retaliatory tariffs in a gesture of good faith but warned that more than €95 billion in countermeasures are being prepared if talks stall.

Despite the global turmoil, equity markets have remained relatively resilient. Investors are betting on a continued dovish stance by the US Federal Reserve, and possibly rate cuts by the European Central Bank later this year. However, caution abounds. Consumer sentiment in the US dropped to its second-lowest level on record, with one-year inflation expectations rising to 7.3% (the highest since 1981) amid ongoing concerns about tariffs and fiscal policy. Locally, the rand has recovered somewhat after recent lows, benefiting from a weaker dollar and expectations of global monetary easing. Still, the SARB remains cautious, citing capital flow volatility and currency sensitivity to global events.

What does all this mean for South African investors? Strategic diversification remains essential. While short-term relief from interest rate cuts provides breathing room, the global macro-economic environment demands vigilance. The interplay between geopolitical shocks, supply chain realignments, and central bank policy will continue to shape investment outcomes. In this climate, we remain committed to guiding you through complexity with sound advice, disciplined planning, and adaptive investment strategies.

#### IN CLOSING

Attached, please find our latest update on global indices, currencies, and commodities, as provided by Efficient Private Clients.

Kind regards

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## YOUR MONTHLY ECONOMIC UPDATE

5 June 2025

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# EFFICIENT

## CORPORATE SOLUTIONS

UPDATE

Global Indices, Currencies and Commodities, 5 June 2025

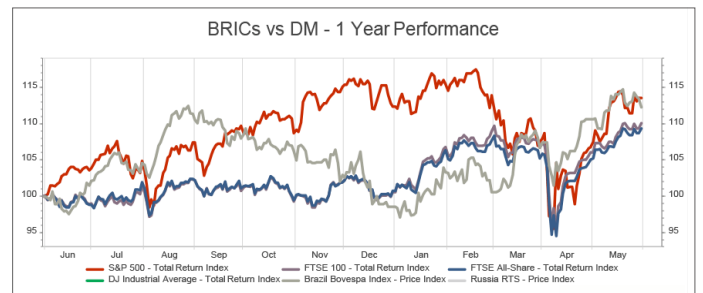
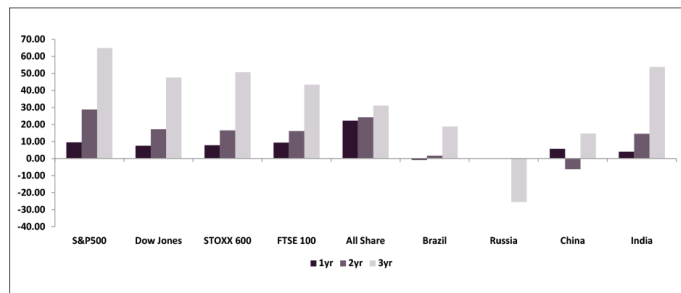
### GLOBAL INDICES

South Africa	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	94330.84	3.0%	22%	11%	13%
Top 40	86553.42	2.8%	22%	10%	13%
Mid Cap	95160.54	5.3%	20%	16%	12%
Small Cap	91531.57	3.2%	25%	18%	23%
Resource 20	71785.93	2.2%	16%	3%	9%
Industrial 25	134173.22	3.9%	24%	13%	14%
Financial 15	21078.38	1.8%	28%	21%	17%

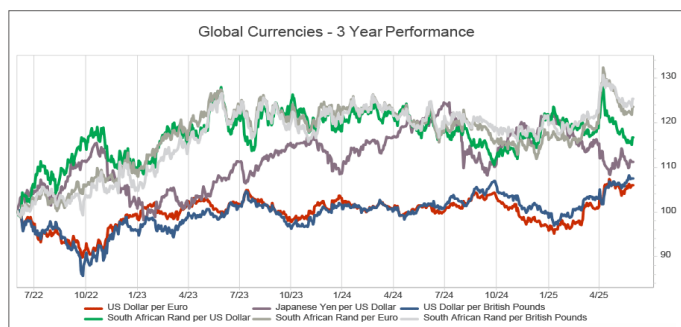
Europe	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	8772.38	3.3%	7%	8%	8%
DAX 30	23997.48	6.7%	30%	23%	16%
CAC 40	7751.89	2.1%	-3%	4%	11%
STOXX 600	548.67	4.0%	6%	10%	9%
Russia RTS	955.46	0.0%	0%	0%	-5%

Asia	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	37965.1	5.3%	0%	10%	12%
Hang Seng	23289.77	5.3%	28%	12%	0%
Shanghai	3347.4873	2.1%	8%	2%	3%
India SENSEX	81451.01	1.5%	10%	14%	20%

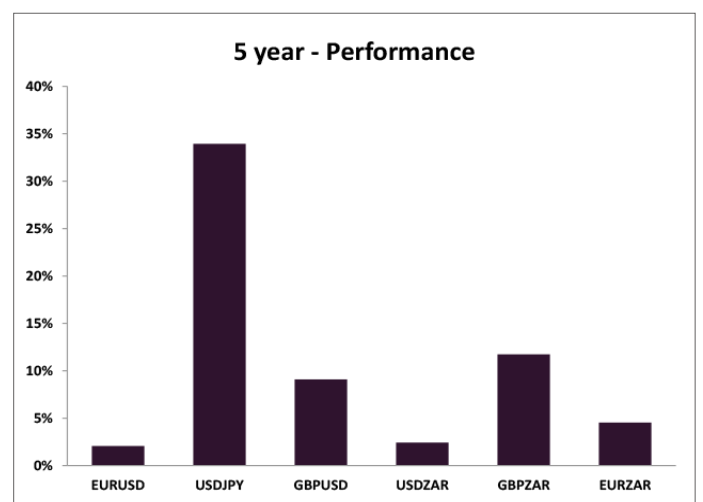
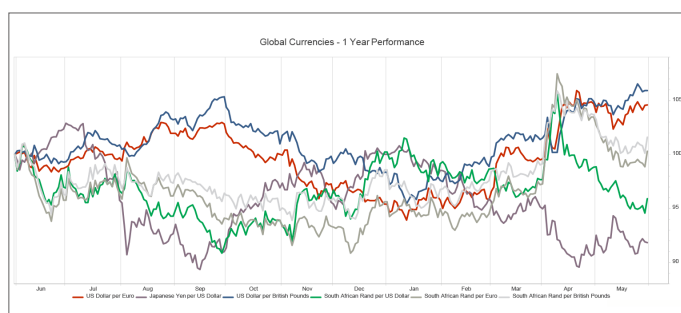
Americas	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	42270.07	3.9%	11%	13%	11%
S&P 500	5911.69	6.2%	13%	19%	14%
Nasdaq	19113.768	9.6%	14%	21%	15%
Russel 1000	42270.07	3.9%	11%	13%	11%
Brazil Bovespa	137026.63	1.5%	12%	12%	9%



### CURRENCIES

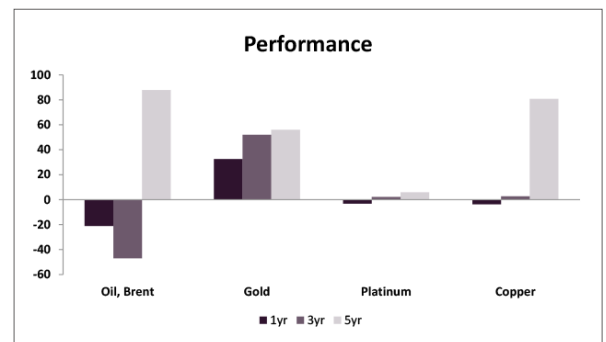
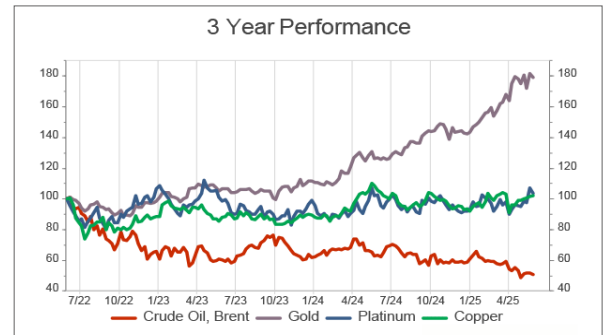
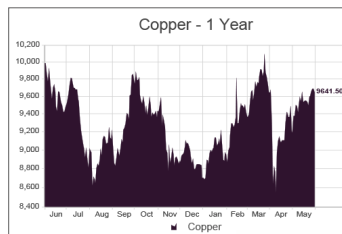
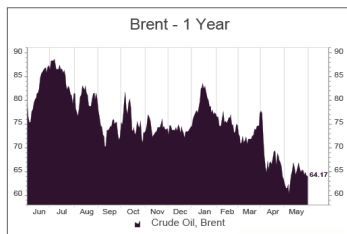
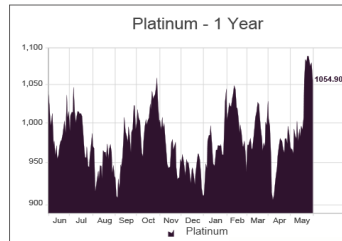
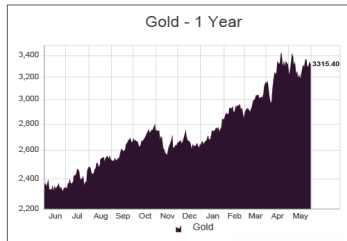


Currencies	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	18.06	-1.7%	-4%	-4%	1%
GBP/ZAR	24.35	-0.5%	2%	0%	3%
EUR/ZAR	20.50	-1.9%	0%	-1%	1%
AUD/ZAR	11.62	-2.2%	-7%	-5%	0%
EUR/USD	1.14	-0.1%	5%	3%	0%
USD/JPY	144.30	0.2%	-8%	2%	6%



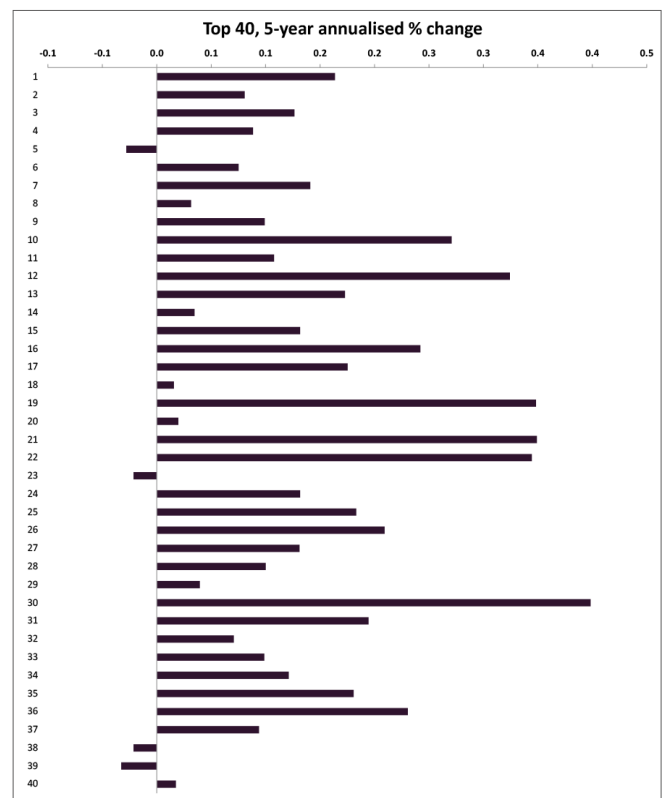
#### COMMODITIES

Commodities	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	3315.40	-0.9%	33%	22%	5%
Platinum	1054.90	8.8%	-3%	-3%	-1%
Silver	33.03	0.6%	-1%	12%	6%
Brent Crude	64.17	1.3%	-21%	-6%	17%
Copper	9641.50	4.9%	-4%	9%	10%



#### TOP 40

Top 40		Close	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	173.32	1.5%	18%	6%	16%
2	ANGLO AMERICAN PLC	609.66	6.8%	-9%	-2%	8%
3	ANGLO GOLD ASHANTI	770.00	-0.8%	68%	28%	13%
4	ANHEUSER-BUSCH INBEV	1266.19	4.7%	9%	8%	9%
5	ASPEN	121.15	-0.5%	-48%	-16%	-3%
6	BHP Group Limited	440.25	0.4%	-20%	-10%	8%
7	BID CORP LTD	476.32	1.9%	13%	7%	14%
8	BRITISH AMERICAN TOBACCO PLC	810.00	0.7%	43%	13%	3%
9	BIDVEST GROUP LIMITED	243.59	3.7%	-1%	1%	10%
10	COMPAGNIE FINANCIERE	3385.00	3.5%	15%	1%	27%
11	CLICKS GROUP	388.18	-1.9%	30%	29%	11%
12	CAPITEC	3446.41	0.1%	59%	59%	32%
13	DISCOVERY	218.08	5.9%	97%	27%	17%
14	EXXARO RESOURCES LTD	147.00	-3.3%	-18%	-4%	3%
15	FIRSTRAND	74.51	2.6%	16%	12%	13%
16	GOLDFIELDS LTD	405.36	-3.3%	35%	18%	24%
17	GLENORE PLC	69.31	16.5%	-39%	-15%	18%
18	GROWTHPOINT	13.49	3.2%	23%	8%	2%
19	HARMONY GOLD MINING	255.75	-13.2%	46%	66%	35%
20	IMPLATS	129.12	16.5%	31%	-9%	2%
21	INVLT	127.30	10.1%	5%	13%	35%
22	INVESTEC	128.69	11.0%	5%	13%	34%
23	MONDI PLC	294.17	5.1%	-21%	-3%	-2%
24	MR PRICE GROUP LTD	241.31	1.8%	35%	39%	13%
25	MTN GROUP	125.00	1.9%	47%	3%	18%
26	NEDBANK	255.50	0.8%	10%	11%	21%
27	NASPERS -N	5163.84	5.6%	36%	30%	13%
28	NEPI ROCKCASTLE PLC	138.29	-3.0%	7%	10%	10%
29	OLD MUTUAL LTD	11.67	3.0%	9%	4%	4%
30	OUTSurance	75.95	-0.5%	86%	56%	40%
31	PEPKOR HOLDINGS LTD	29.19	8.8%	70%	47%	19%
32	PROSUS NV	920.04	6.3%	35%	23%	7%
33	REMGRO	159.48	-0.3%	33%	11%	10%
34	REINET INVESTMENTS SCA	487.24	-0.3%	0%	11%	12%
35	STANBANK	233.24	0.7%	32%	25%	18%
36	SHOPRITE	292.01	2.3%	15%	23%	23%
37	SANLAM	88.62	4.9%	24%	31%	9%
38	SASOL	81.22	26.6%	-34%	-41%	-2%
39	Sibanye Stillwater Ltd	27.42	27.5%	15%	-10%	-3%
40	VODACOM GROUP LIMITED	137.77	0.6%	47%	12%	2%



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