

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

The Trump/Musk breakup: A strategic misdirect?

In June 2025, global headlines announced a dramatic falling out between United States (US) President Donald Trump and tech billionaire Elon Musk. Once close allies, the two have publicly exchanged insults, with Trump threatening to cut Musk's government contracts and Musk criticising Trump's spending policies. For South African investors, this rift might raise concerns about economic stability and global markets. However, a closer look suggests that this breakup could be a strategic misdirect, designed to protect their reputations and Musk's business interests while allowing their joint efforts to continue with less scrutiny.

The rise of DOGE

The Trump/Musk partnership is centred around the Department of Government Efficiency (DOGE), an initiative to streamline US federal spending and eliminate waste. Led by Musk, DOGE aimed to slash trillions from the federal budget, boost transparency, and expose corruption. Despite facing legal challenges and criticism for its bold tactics, DOGE's mission (to make government operations more accountable) struck a chord with those seeking fiscal responsibility. For South African investors, who see the US economy as a driver of global markets, such reforms could signal long-term economic stability.

The benefits of DOGE's work

DOGE focused on cutting federal spending, enhancing transparency, and streamlining operations. By auditing federal agencies, it pinpointed areas of waste (such as redundant programmes and fraudulent payments) with claims of uncovering "hundreds of billions" in inefficiencies. Though detailed public evidence is scarce, the emphasis on transparency aligns with global demands for accountable governance, a priority for South African investors concerned about corruption. DOGE's efforts to modernise government information technology systems and reduce bureaucracy could also set a global standard for efficiency, potentially stabilising the US economy and benefiting South African markets through stronger trade ties.

The cost of a high-profile alliance

The Trump/Musk alliance, while effective, was not without challenges. Both are polarising figures: Musk for his unorthodox business style and Trump for his divisive politics. Their close ties meant that one's controversies could harm the other. For Musk, being linked to Trump's administration risked alienating customers and investors in markets where Trump is unpopular, such as Europe and Asia, which are vital for Tesla and SpaceX. Tesla's stock, for example, fell 14% amid the feud, highlighting the financial risks. For Trump, aligning with a billionaire could weaken his image as a champion of the 'common man'. The intense scrutiny of their partnership also magnified DOGE's controversies, making it harder to enact reforms against resistance from entrenched institutions. These institutions, who are used to minimal oversight, likely saw DOGE's transparency as a threat.

A strategic breakup?

The public breakup may be a calculated move. By parting ways, Trump and Musk can protect their brands and pursue their goals with less baggage. Musk can refocus on his businesses, reassuring investors and customers that he is not a political figure. His role in DOGE was always temporary, with plans to return to Tesla and SpaceX. The breakup allows him to exit cleanly, avoiding deeper involvement in Trump's political battles. Trump, meanwhile, can reinforce his independence by showing voters that he is not swayed by wealth. By stepping back, Musk also dims the spotlight on DOGE, potentially allowing it to continue under new leadership with less resistance. This could ease the path for reforms that challenge inefficient systems, benefiting the US economy and global markets.

Implications for South African investors

For South African investors, the Trump/Musk breakup might initially seem like a sign of economic uncertainty. However, if it is a strategic misdirect, it could enable DOGE's reforms to persist. A more efficient US government could strengthen the dollar, stabilise trade, and create opportunities for South African markets, especially in sectors like mining and technology that rely on US demand. DOGE's anti-corruption focus also echoes South Africa's governance challenges, potentially offering a model for local reforms to boost investor confidence. Still, without concrete evidence, investors should stay cautious, diversifying portfolios to hedge against volatility.

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 WEEKLY ECONOMIC UPDATE

11 June 2025

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UPDATE

Global Indices, Currencies and Commodities, 11 June 2025

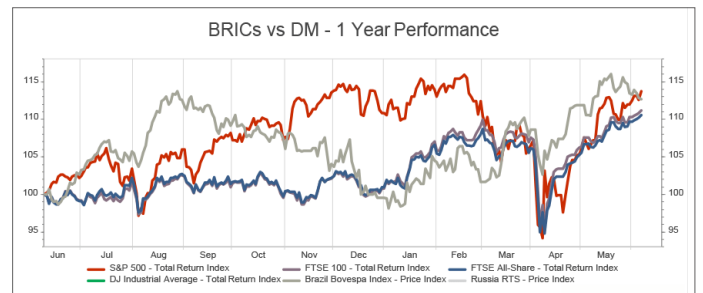
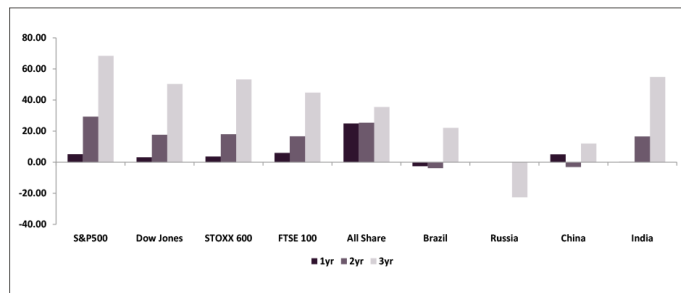
GLOBAL INDICES

| South Africa | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|---------------|-----------|------|----------|----------|----------|
| All Share | 96366.08 | 4.7% | 25% | 12% | 12% |
| Top 40 | 88597.09 | 4.8% | 25% | 11% | 12% |
| Mid Cap | 96801.28 | 6.9% | 25% | 14% | 10% |
| Small Cap | 91963.53 | 2.1% | 25% | 16% | 20% |
| Resource 20 | 75667.14 | 6.6% | 25% | 4% | 9% |
| Industrial 25 | 136082.86 | 4.2% | 24% | 14% | 13% |
| Financial 15 | 21350.32 | 4.3% | 30% | 19% | 13% |

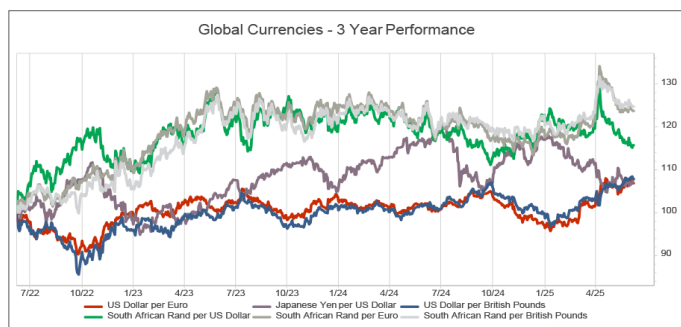
| Europe | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|------------|----------|------|----------|----------|----------|
| FTSE 100 | 8837.91 | 2.8% | 7% | 8% | 6% |
| DAX 30 | 24304.46 | 4.5% | 30% | 23% | 14% |
| CAC 40 | 7804.87 | 1.4% | -3% | 4% | 8% |
| STOXX 600 | 553.64 | 3.2% | 6% | 10% | 8% |
| Russia RTS | 955.46 | 0.0% | 0% | 0% | -6% |

| Asia | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|--------------|----------|------|----------|----------|----------|
| Nikkei 225 | 37741.61 | 2.5% | -2% | 8% | 11% |
| Hang Seng | 23792.54 | 5.0% | 29% | 12% | -1% |
| Shanghai | 3385.358 | 2.1% | 11% | 3% | 3% |
| India SENSEX | 82188.99 | 1.9% | 9% | 14% | 19% |

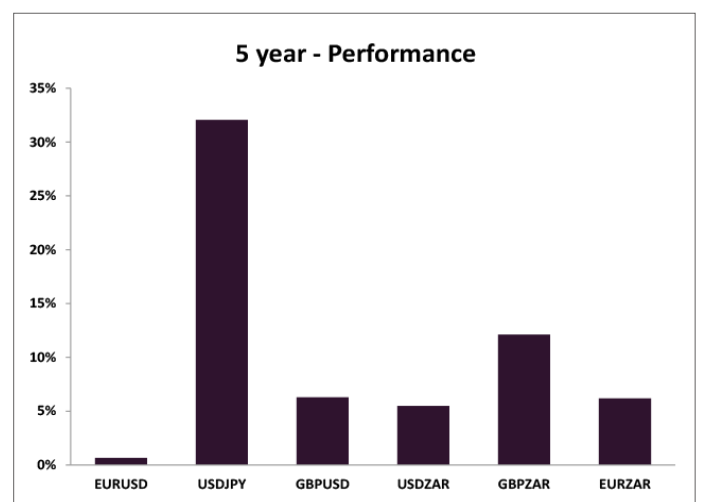
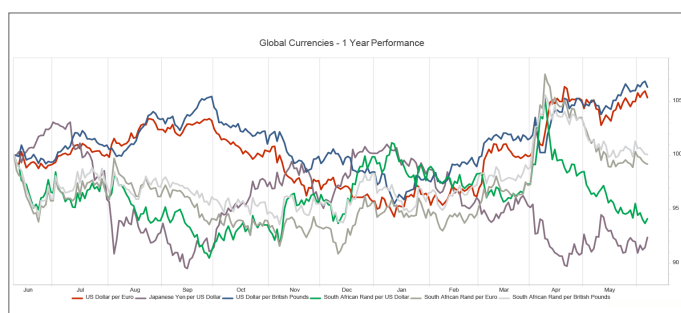
| Americas | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|----------------|-----------|-------|----------|----------|----------|
| Dow Jones | 42762.87 | 4.7% | 10% | 13% | 10% |
| S&P 500 | 6000.36 | 7.0% | 12% | 18% | 13% |
| Nasdaq | 19529.953 | 10.4% | 14% | 21% | 15% |
| Russel 1000 | 42762.87 | 4.7% | 10% | 13% | 10% |
| Brazil Bovespa | 136102.1 | 1.9% | 11% | 9% | 8% |



CURRENCIES

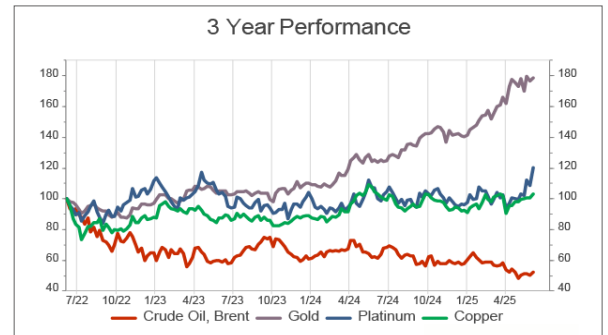
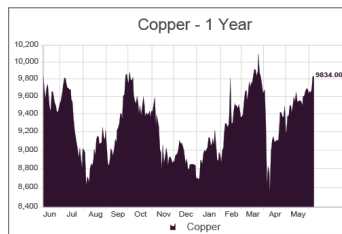
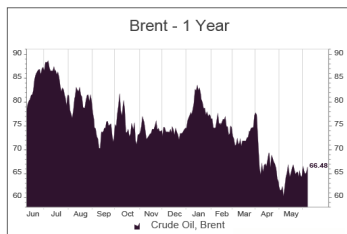
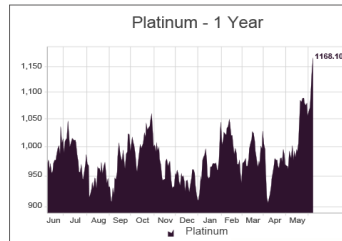
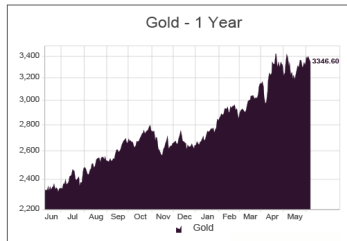


| Currencies | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|------------|--------|-------|----------|----------|----------|
| USD/ZAR | 17.79 | -2.6% | -6% | -2% | 1% |
| GBP/ZAR | 24.06 | -0.9% | 0% | 1% | 3% |
| EUR/ZAR | 20.26 | -1.5% | -1% | 0% | 1% |
| AUD/ZAR | 11.54 | -1.6% | -7% | -4% | 0% |
| EUR/USD | 1.14 | 1.1% | 5% | 3% | 0% |
| USD/JPY | 144.93 | -0.1% | -8% | 2% | 6% |



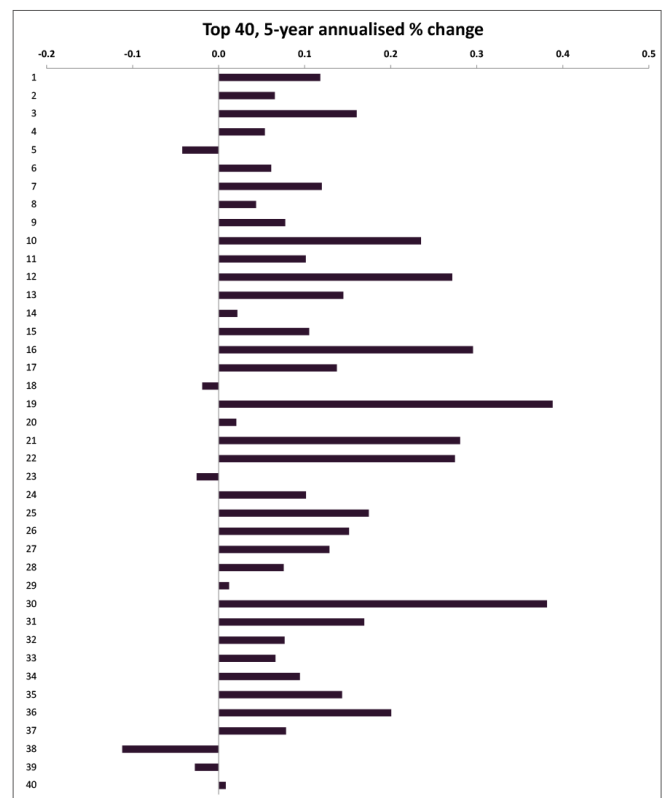
COMMODITIES

| Commodities | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|-------------|---------|-------|----------|----------|----------|
| Gold | 3346.60 | -3.0% | 32% | 23% | 6% |
| Platinum | 1168.10 | 17.7% | 10% | 1% | 0% |
| Silver | 36.14 | 8.3% | 9% | 17% | 7% |
| Brent Crude | 66.48 | 6.6% | -14% | -7% | 13% |
| Copper | 9834.00 | 3.5% | -1% | 9% | 9% |



TOP 40

| Top 40 | | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|--------|------------------------------|---------|--------|----------|----------|----------|
| 1 | ABSA GROUP LTD | 178.30 | 4.6% | 20% | 6% | 12% |
| 2 | ANGLO AMERICAN PLC | 532.74 | 7.4% | -6% | -4% | 7% |
| 3 | ANGLO GOLD ASHANTI | 813.33 | 3.4% | 81% | 31% | 16% |
| 4 | ANHEUSER-BUSCH INBEV | 1259.08 | 5.4% | 5% | 9% | 5% |
| 5 | ASPEN | 121.00 | 0.8% | -48% | -17% | -4% |
| 6 | BHP Group Limited | 440.75 | -0.6% | -21% | -12% | 6% |
| 7 | BID CORP LTD | 464.60 | -1.3% | 8% | 7% | 12% |
| 8 | BRITISH AMERICAN TOBACCO PLC | 846.24 | 5.4% | 44% | 16% | 4% |
| 9 | BIDVEST GROUP LIMITED | 244.72 | 1.8% | 0% | -2% | 8% |
| 10 | COMPAGNIE FINANCIERE | 3280.00 | 1.7% | 4% | 4% | 24% |
| 11 | CLICKS GROUP | 379.73 | -3.1% | 27% | 24% | 10% |
| 12 | CAPITEC | 3514.43 | 3.9% | 62% | 59% | 27% |
| 13 | DISCOVERY | 218.45 | 5.3% | 100% | 23% | 14% |
| 14 | EXXARO RESOURCES LTD | 150.40 | -0.3% | -14% | -5% | 2% |
| 15 | FIRSTRAND | 76.24 | 5.7% | 22% | 10% | 11% |
| 16 | GOLDFIELDS LTD | 438.30 | 3.7% | 47% | 20% | 30% |
| 17 | GLENORE PLC | 69.28 | 14.9% | -40% | -16% | 14% |
| 18 | GROWTHPOINT | 13.53 | 2.1% | 23% | 6% | -2% |
| 19 | HARMONY GOLD MINING | 260.52 | -12.7% | 52% | 71% | 39% |
| 20 | IMPLATS | 142.85 | 25.5% | 58% | -5% | 2% |
| 21 | INVLT | 125.87 | 11.2% | 2% | 8% | 28% |
| 22 | INVESTEC | 127.25 | 11.4% | 2% | 9% | 27% |
| 23 | MONDI PLC | 293.79 | 8.0% | -20% | -2% | -3% |
| 24 | MR PRICE GROUP LTD | 242.99 | 2.1% | 39% | 36% | 10% |
| 25 | MTN GROUP | 130.14 | 8.5% | 58% | 1% | 17% |
| 26 | NEDBANK | 255.50 | 3.8% | 16% | 10% | 15% |
| 27 | NASPERS -N | 5358.39 | 5.5% | 37% | 31% | 13% |
| 28 | NEPI ROCKCASTLE PLC | 135.58 | -4.0% | 1% | 8% | 8% |
| 29 | OLD MUTUAL LTD | 12.00 | 7.9% | 17% | 2% | 1% |
| 30 | OUTSurance | 80.56 | 5.6% | 93% | 57% | 38% |
| 31 | PEPKOR HOLDINGS LTD | 29.00 | 9.2% | 70% | 40% | 17% |
| 32 | PROSUS NV | 954.59 | 6.1% | 36% | 24% | 8% |
| 33 | REMGRO | 158.00 | -0.5% | 29% | 6% | 7% |
| 34 | REINET INVESTMENTS SCA | 487.75 | 1.0% | 0% | 9% | 9% |
| 35 | STANBANK | 234.06 | 3.5% | 30% | 21% | 14% |
| 36 | SHOPRITE | 285.38 | 0.7% | 14% | 18% | 20% |
| 37 | SANLAM | 90.58 | 7.7% | 28% | 28% | 8% |
| 38 | SASOL | 82.80 | 33.5% | -31% | -42% | -11% |
| 39 | Sibanye Stillwater Ltd | 29.88 | 35.2% | 39% | -7% | -3% |
| 40 | VODACOM GROUP LIMITED | 136.28 | -0.1% | 46% | 9% | 1% |



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