

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

Global markets navigate conflict, oil, and central bank limbo

The global economy is, once again, walking a tightrope. Over the past month, a volatile mix of geopolitical conflict, oil price shocks, and unclear central bank signals has tested the nerves of investors and policymakers alike. While markets have remained broadly stable, the risk landscape has shifted in subtle but significant ways.

Tensions between Israel and Iran intensified after Israel struck nuclear and military targets in Iran. The market's immediate reaction was sharp: Brent crude increased by more than 12% in early trading to \$78.50 per barrel. While prices quickly lowered to around \$73.00, this knee-jerk response highlighted how exposed global supply chains remain to geopolitical shocks. The Strait of Hormuz, through which roughly a third of the world's seaborne oil passes, remains a flashpoint. Yet, historical context seems to temper fear. Previous crises, from 9/11 to the Russian invasion of Ukraine, have caused similar oil spikes that later subsided. Even during the 1980s tanker war, oil prices stabilised within weeks. Unless a significant supply disruption materialises, history suggests that oil markets could calm down.

Still, this uncertainty complicates the already difficult job of central banks. The United States (US) Federal Reserve (Fed), Bank of England, and European Central Bank have all been inching toward rate cuts in the second half of 2025. However, oil-driven inflation could now delay those plans. The memory of post-COVID inflation lingers and central banks remain wary of being caught off guard again.

US monetary policy, in particular, faces conflicting data. Headline inflation has eased but geopolitical risks and lingering wage pressure cloud the picture. The Fed, which kept interest rates steady at its last meeting, may continue to hold rates through the third quarter. Some policymakers fear that cutting rates too soon, particularly with oil prices rising, could reignite inflation expectations and undo the hard-won credibility of recent years. Adding to the complexity is US President Donald Trump, who reopened debate at the G7 Summit in Canada. Trump criticised the continued exclusion of Russia from the G7 and suggested that the group should include China. These remarks, while unsurprising from Trump, highlight a broader trend: The weakening of traditional global alliances and institutions. With rising trade barriers and ideological fragmentation, the rules of engagement in global trade and diplomacy are increasingly being rewritten.

China's economy, meanwhile, offers a study in contrasts. Industrial output slowed to 5.8% in May, its weakest performance of 2025, largely owing to declining exports and the weight of ongoing trade tensions. At the same time, retail sales exceeded expectations, growing 6.4%, thanks in part to a pulled-forward shopping festival. Still, consumer confidence remains shaky. Home prices declined again in May, and property investment continues to contract. Stimulus efforts are ongoing but analysts remain sceptical that Beijing's interventions can fully offset long-term structural pressures.

Locally, the South African Reserve Bank (SARB) cut its benchmark repo rate by 25 basis points, bringing the prime lending rate down to 10.75%. Easing inflation and a stronger rand gave policymakers room to act. While this will not dramatically boost growth, it will ease debt burdens and signal confidence in the inflation trajectory. This stands in contrast to global peers, where the tone remains cautious. The SARB's action highlights the value of fiscal and monetary discipline in times of global flux. However, the sustainability of this advantage hinges on continued rand strength, contained wage pressures, and a benign oil environment (none of which can be guaranteed).

For investors, the message is clear: Geopolitical shocks are not always economically catastrophic but they do demand vigilance. The coming months will test the resolve of central banks, the durability of global alliances, and the resilience of emerging markets. Diversification, attention to fixed-income opportunities, and careful consideration of commodity markets remain prudent strategies. In an age of uncertainty, fundamentals – more than forecasts – should guide investment decisions.

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

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UPDATE

Global Indices, Currencies and Commodities, 18 June 2025

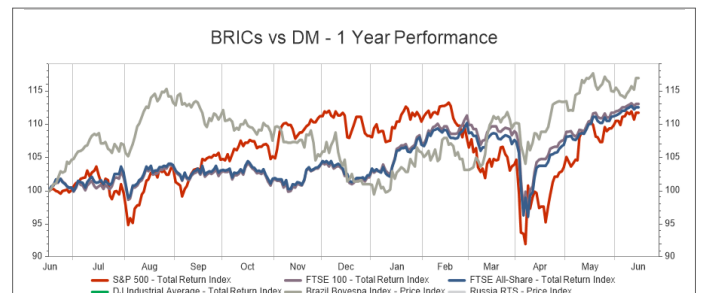
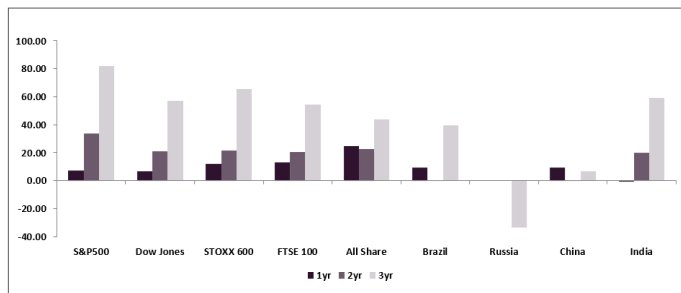
GLOBAL INDICES

South Africa	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	95324.34	2.9%	25%	11%	12%
Top 40	87856.89	3.2%	25%	10%	13%
Mid Cap	94513.01	3.3%	19%	11%	11%
Small Cap	90478.31	0.9%	21%	14%	20%
Resource 20	78288.56	18.7%	41%	6%	10%
Industrial 25	133711.86	-0.4%	25%	13%	13%
Financial 15	20676.76	-2.0%	15%	13%	15%

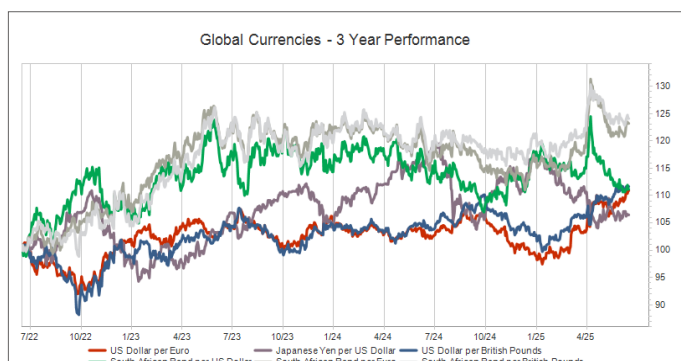
Europe	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	8875.22	2.2%	9%	8%	7%
DAX 30	23699.12	-0.3%	32%	20%	14%
CAC 40	7742.24	-1.8%	3%	2%	9%
STOXX 600	546.91	-0.4%	7%	8%	9%
Russia RTS	955.46	0.0%	0%	0%	-5%

Asia	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	38311.33	1.5%	-1%	7%	11%
Hang Seng	24060.99	3.1%	34%	10%	0%
Shanghai	3388.7292	0.6%	12%	2%	3%
India SENSEX	81796.15	-0.6%	6%	14%	19%

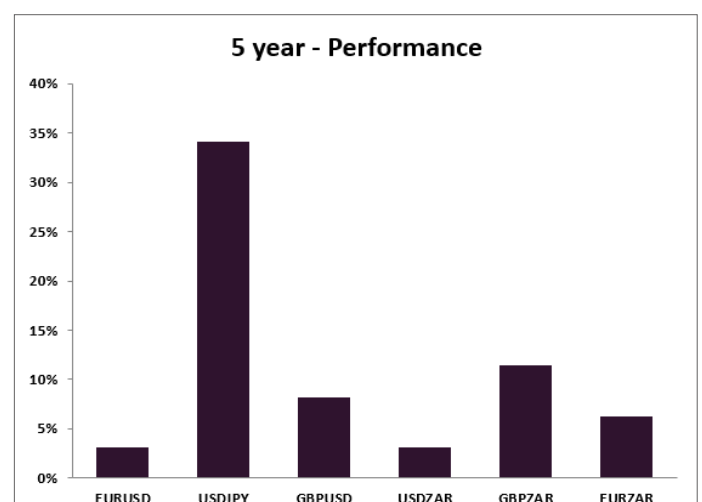
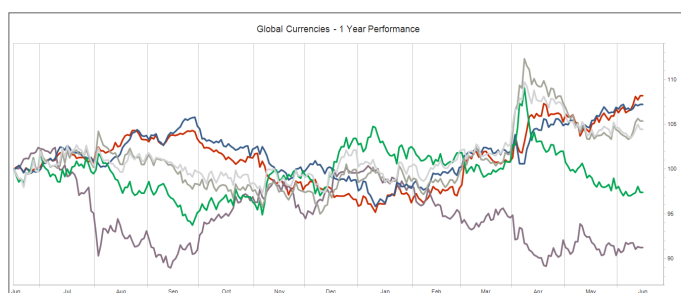
Americas	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	42515.09	-0.3%	10%	11%	10%
S&P 500	6033.11	1.3%	11%	17%	14%
Nasdaq	19701.213	2.6%	11%	20%	15%
Russel 1000	42515.09	-0.3%	10%	11%	10%
Brazil Bovespa	139255.9	0.0%	16%	8%	8%



CURRENCIES

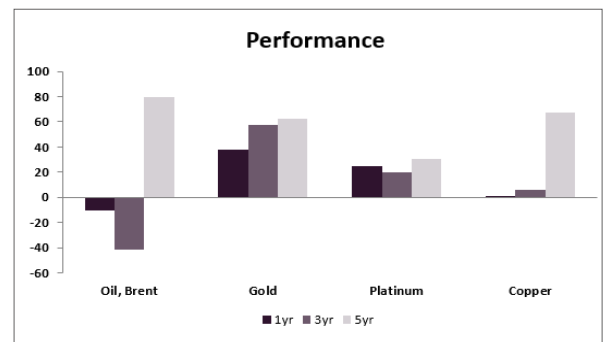
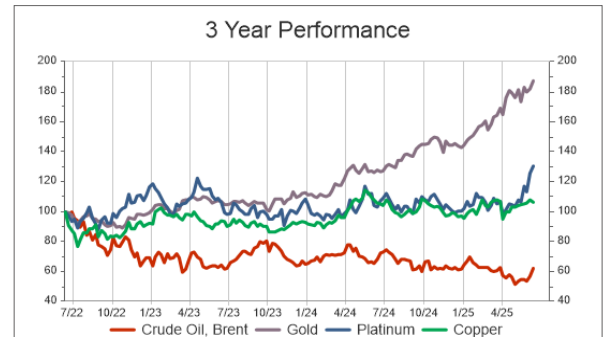
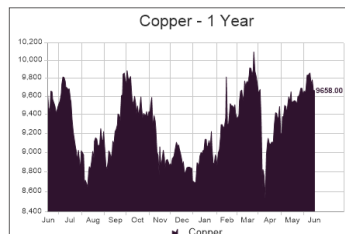
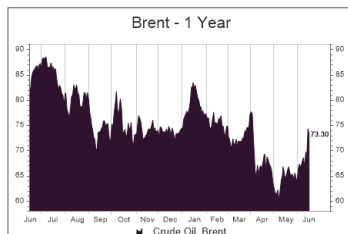
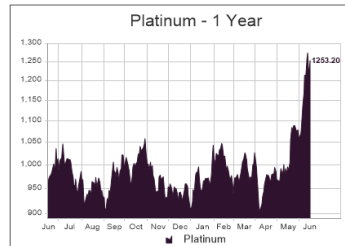
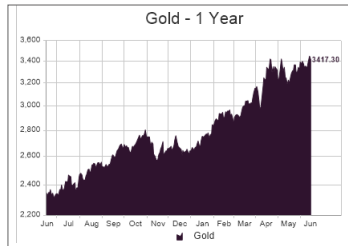


Currencies	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	17.78	-1.9%	-3%	-1%	1%
GBP/ZAR	24.17	0.6%	4%	2%	2%
EUR/ZAR	20.61	2.0%	5%	2%	1%
AUD/ZAR	11.63	0.3%	-3%	-4%	0%
EUR/USD	1.16	3.9%	8%	3%	1%
USD/JPY	144.05	-1.3%	-9%	1%	6%



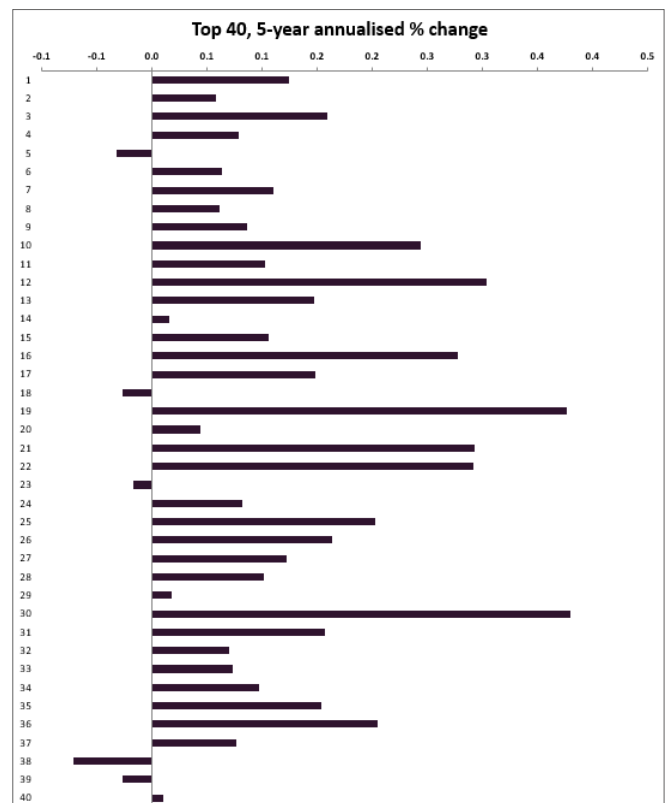
COMMODITIES

Commodities	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	3417.30	6.3%	38%	24%	5%
Platinum	1253.20	26.6%	24%	8%	-1%
Silver	36.45	12.7%	17%	16%	7%
Brent Crude	73.30	12.4%	-10%	-2%	13%
Copper	9658.00	1.3%	0%	6%	9%



TOP 40

Top 40		Close	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	172.28	1.2%	10%	3%	12%
2	ANGLO AMERICAN PLC	507.25	-5.0%	-8%	-6%	6%
3	ANGLO GOLD ASHANTI	897.00	19.4%	114%	41%	16%
4	ANHEUSER-BUSCH INBEV	1275.00	5.6%	15%	11%	8%
5	ASPEN	119.36	-5.0%	-47%	-19%	-3%
6	BHP Group Limited	434.02	-6.7%	-17%	-13%	6%
7	BID CORP LTD	443.87	-6.9%	8%	2%	11%
8	BRITISH AMERICAN TOBACCO PLC	874.00	18.3%	56%	20%	6%
9	BIDVEST GROUP LIMITED	227.38	-5.1%	-8%	-7%	9%
10	COMPAGNIE FINANCIERE	3295.22	-3.9%	9%	4%	24%
11	CLICKS GROUP	362.55	-5.5%	20%	17%	10%
12	CAPITEC	3451.43	-1.3%	53%	53%	30%
13	DISCOVERY	215.96	3.9%	82%	22%	15%
14	EXXARO RESOURCES LTD	148.40	0.9%	-13%	-7%	2%
15	FIRSTRAND	72.25	-2.5%	5%	3%	11%
16	GOLDFIELDS LTD	451.52	21.5%	75%	27%	28%
17	GLENCORE PLC	69.92	6.1%	-35%	-17%	15%
18	GROWTHPOINT	13.04	-0.4%	15%	4%	-3%
19	HARMONY GOLD MINING	266.67	0.7%	71%	76%	38%
20	IMPLATS	149.15	36.8%	73%	-2%	4%
21	INVLT	121.06	2.1%	-6%	5%	29%
22	INVESTEC	122.34	2.4%	-4%	5%	29%
23	MONDI PLC	284.27	-2.2%	-17%	-1%	-2%
24	MR PRICE GROUP LTD	213.25	-14.5%	17%	21%	8%
25	MTN GROUP	132.50	9.9%	70%	-4%	20%
26	NEDBANK	245.39	-4.3%	4%	4%	16%
27	NASPERS -N	5312.50	-0.5%	38%	30%	12%
28	NEPI ROCKCASTLE PLC	134.50	-3.1%	1%	10%	10%
29	OLD MUTUAL LTD	11.90	0.9%	13%	0%	2%
30	OUTSURANCE	79.27	4.6%	89%	53%	38%
31	PEPKOR HOLDINGS LTD	27.10	-1.5%	49%	27%	16%
32	PROSUS NV	955.00	1.8%	40%	24%	7%
33	REMGRO	153.34	-4.9%	19%	4%	7%
34	REINET INVESTMENTS SCA	476.14	-1.2%	2%	7%	10%
35	STANBANK	227.46	-2.5%	20%	16%	15%
36	SHOPRITE	270.44	-3.0%	7%	9%	20%
37	SANLAM	86.75	-0.2%	18%	21%	8%
38	SASOL	96.56	40.5%	-18%	-39%	-7%
39	Sibanye Stillwater Ltd	30.60	43.9%	54%	-4%	-3%
40	VODACOM GROUP LIMITED	135.09	3.2%	49%	6%	1%



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