

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

What AI, rare earths, and dollar wobbles mean for global markets

At Google's recent I/O Conference, co-founder Sergey Brin declared that artificial intelligence (AI) will be "vastly more transformative" than the internet or the mobile phone. Meanwhile, global markets grappled with a very different kind of transformation: The visible unravelling of United States (US) fiscal dominance and the dollar's once-unassailable safe-haven status. In a world shaped by technological breakthroughs and shifting geopolitical alliances, investors must now prepare for a multi-polar, multi-risk economic landscape.

Consider the US Federal Reserve (Fed): For the first time in modern history, it is operating at a structural loss. Its balance sheet remains bloated with pandemic-era treasuries and mortgage-backed securities, while interest paid on bank reserves (now its main policy tool) has outpaced returns. The Fed experienced a loss of \$114 billion in 2023 and another significant shortfall in 2024. While these are accounting anomalies in theory, they erode the central bank's political capital and challenge its independence at a moment when clarity and authority are desperately needed. At the same time, long-term US Treasury yields have again breached 5%, and the dollar has posted its steepest weekly decline since April's renewed trade tensions with the European Union and China. Talk of "de-dollarisation" is no longer restricted to fringe corners of the market. Moody's downgrade of the US credit rating, combined with ballooning deficits, has injected long-dormant risk into what used to be the world's safest assets.

Europe, meanwhile, is watching carefully. The euro's role as a reserve and trade currency is under fresh scrutiny. Policymakers are beginning to advocate for proactive steps: Promoting euro invoicing in global trade deals, deepening sovereign bond markets, and expanding euro swap lines. A more assertive Eurozone could prove appealing as investors seek stability without the political dysfunction plaguing Washington.

Trade policy is also reshaping the global investment calculus. China's new export restrictions on seven rare earth minerals (key to manufacturing everything from electric vehicles to fighter jets) have throttled supply chains across Europe and the US. While some export licenses are trickling through, many multinationals warn that the pace is far too slow to avoid production disruption. The message is clear: Strategic materials are now geopolitical leverage, not just economic input.

Ironically, even amid these tensions, capital is flowing into Asia. Hong Kong markets have surged, outperforming mainland peers by the widest margin since 2008. The catalyst? A wave of interest in AI firms, led by DeepSeek's claims of efficiency gains in computing power, and a broader shift as investors reposition toward liquid, tech-heavy stocks listed in the region.

Google's announcement of "AI mode" for its core search engine (a full integration of generative AI into its browser, search bar, and apps) signals its most decisive pivot since the mobile-first revolution. The stakes are massive: \$198 billion in search-driven ad revenue is at risk if AI reshapes how users engage online. Google is betting on subscription pricing, ad placements in chat responses, and a full ecosystem upgrade via tools like Gemini, Veo, and Project Mariner.

For South African investors — and Efficient clients — these are not distant curiosities. They are signals. The US no longer offers frictionless safety. China is using supply chains to enforce political will. The euro may re-emerge as a credible alternative. And the AI arms race is not just about chatbots; it is about who controls the infrastructure of knowledge, consumer attention, and data. We are entering a new era of competition for credibility, capital, and control. Central banks, tech firms, and trading blocs alike are adapting their playbooks. And so must we.

At Efficient, we continue to evaluate global developments not as noise but as inputs into a resilient, forward-looking investment strategy. Our approach is grounded in stewardship, clarity, and adaptability: The very qualities that matter most when the old rules no longer apply.

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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EFFICIENT

CORPORATE SOLUTIONS



UPDATE

Global Indices, Currencies and Commodities, 27 May 2025

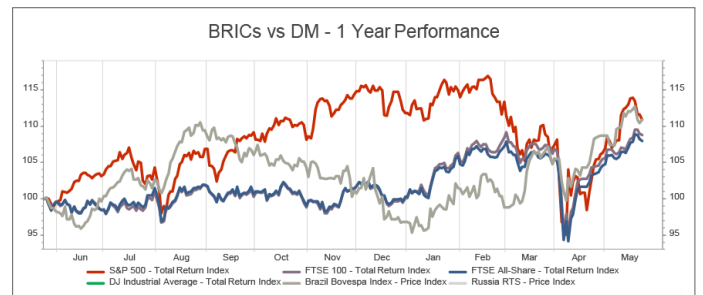
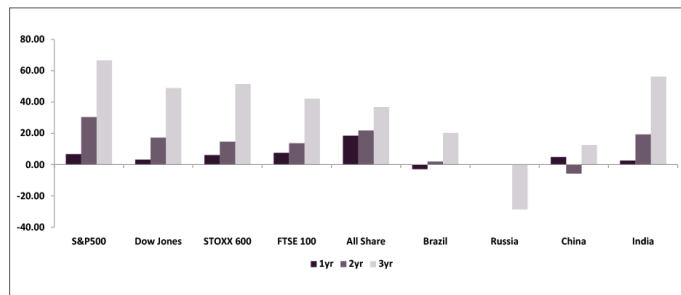
GLOBAL INDICES

South Africa	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	93528.74	4.1%	18%	10%	13%
Top 40	85934.52	4.0%	18%	10%	13%
Mid Cap	94287.5	6.1%	16%	13%	13%
Small Cap	89838.88	3.5%	22%	16%	24%
Resource 20	73781.35	3.8%	19%	4%	10%
Industrial 25	132226.6	5.2%	20%	12%	13%
Financial 15	20590.27	2.7%	20%	18%	17%

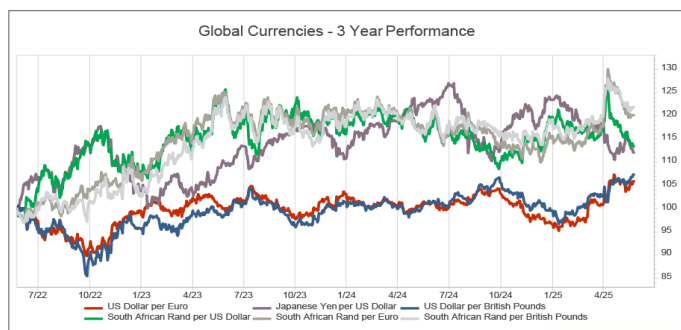
Europe	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	8717.97	3.7%	5%	6%	8%
DAX 30	23629.58	7.6%	26%	21%	16%
CAC 40	7734.4	3.4%	-5%	2%	12%
STOXX 600	545.13	5.5%	5%	8%	10%
Russia RTS	955.46	0.0%	0%	0%	-4%

Asia	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	37160.47	6.6%	-5%	10%	13%
Hang Seng	23601.26	6.9%	25%	10%	1%
Shanghai	3348.3716	1.6%	7%	2%	4%
India SENSEX	81721.08	2.0%	8%	15%	22%

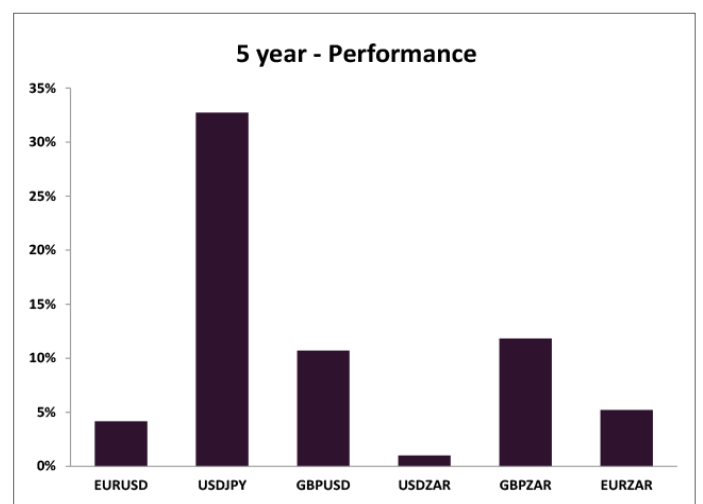
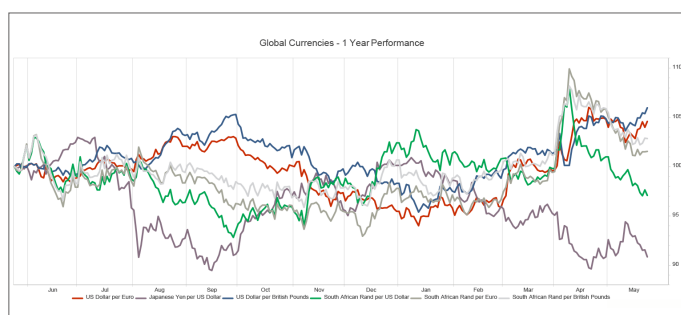
Americas	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	41603.07	5.0%	6%	12%	11%
S&P 500	5802.82	7.9%	10%	18%	14%
Nasdaq	18737.207	12.1%	12%	22%	15%
Russel 1000	41603.07	5.0%	6%	12%	11%
Brazil Bovespa	137824.3	4.2%	10%	12%	11%



CURRENCIES

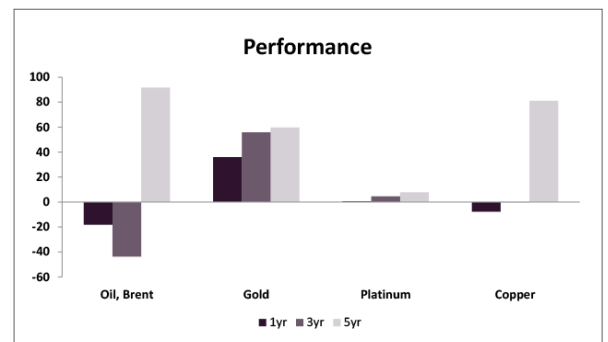
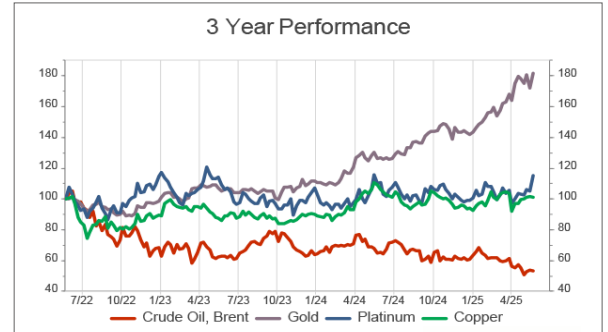
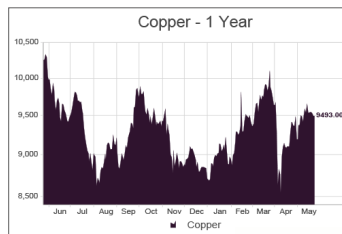
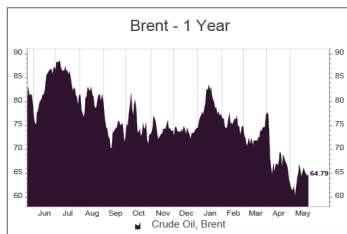
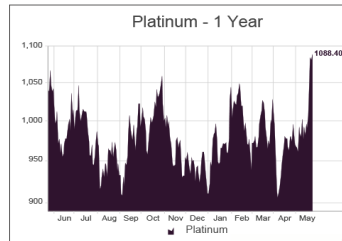
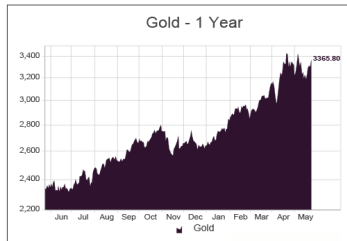


Currencies	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	17.89	-4.0%	-3%	-3%	0%
GBP/ZAR	24.14	-2.4%	3%	1%	2%
EUR/ZAR	20.29	-4.0%	2%	-1%	1%
AUD/ZAR	11.58	-3.0%	-5%	-5%	0%
EUR/USD	1.13	0.0%	5%	3%	1%
USD/JPY	142.66	0.0%	-9%	1%	6%



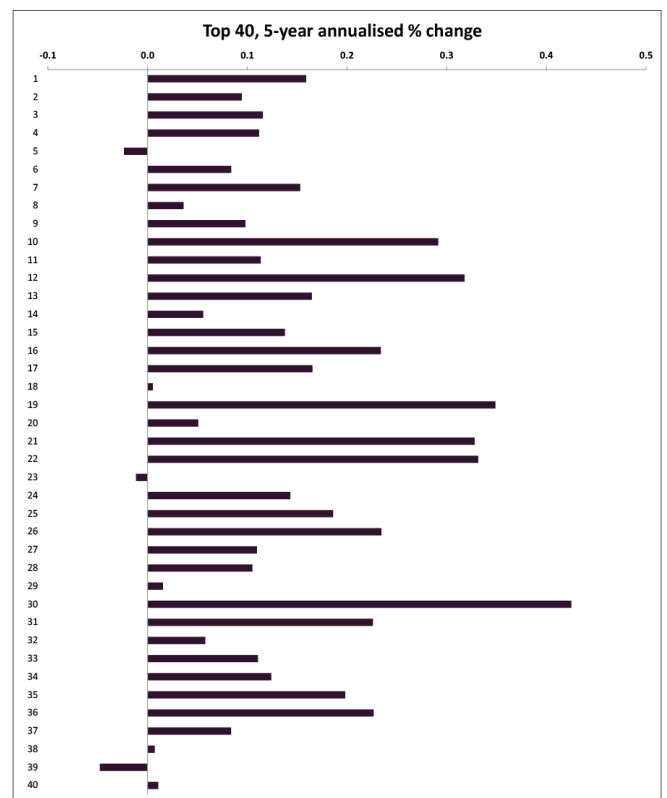
COMMODITIES

Commodities	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	3365.80	2.2%	36%	23%	5%
Platinum	1088.40	11.1%	1%	-3%	-2%
Silver	33.61	-0.8%	4%	13%	7%
Brent Crude	64.79	-5.1%	-18%	-8%	17%
Copper	9493.00	0.8%	-8%	9%	11%



TOP 40

Top 40		Close	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	167.24	0.5%	9%	2%	16%
2	ANGLO AMERICAN PLC	530.25	1.0%	-15%	-3%	9%
3	ANGLO GOLD ASHANTI	791.69	4.6%	78%	31%	12%
4	ANHEUSER-BUSCH INBEV	1232.38	0.4%	3%	4%	11%
5	ASPEN	119.32	6.5%	-48%	-17%	-2%
6	BHP Group Limited	443.88	-2.7%	-18%	-11%	8%
7	BID CORP LTD	467.07	1.1%	11%	8%	15%
8	BRITISH AMERICAN TOBACCO PLC	804.73	2.8%	42%	11%	4%
9	BIDVEST GROUP LIMITED	234.65	1.7%	-7%	-1%	10%
10	COMPAGNIE FINANCIERE	3404.30	4.4%	19%	4%	29%
11	CLICKS GROUP	380.84	-1.7%	24%	25%	11%
12	CAPITEC	3420.00	2.8%	51%	54%	32%
13	DISCOVERY	210.00	6.1%	79%	25%	16%
14	EXXARO RESOURCES LTD	142.86	-8.7%	-22%	-9%	6%
15	FIRSTRAND	72.00	2.2%	6%	8%	14%
16	GOLDFIELDS LTD	408.78	-0.9%	41%	18%	23%
17	GLENORE PLC	64.93	-2.7%	-43%	-18%	17%
18	GROWTHPOINT	12.97	5.0%	16%	5%	1%
19	HARMONY GOLD MINING	281.88	-5.3%	64%	74%	35%
20	IMPLATS	145.28	20.8%	41%	-7%	5%
21	INVLT	123.48	9.5%	2%	9%	33%
22	INVESTEC	124.00	8.8%	1%	8%	33%
23	MONDI PLC	285.50	2.1%	-23%	-4%	-1%
24	MR PRICE GROUP LTD	240.00	6.5%	29%	34%	14%
25	MTN GROUP	121.76	9.5%	42%	3%	19%
26	NEDBANK	253.45	3.1%	6%	9%	23%
27	NASPERS -N	5153.39	8.0%	32%	26%	11%
28	NEPI ROCKCASTLE PLC	136.08	-2.3%	4%	11%	11%
29	OLD MUTUAL LTD	11.35	3.9%	1%	1%	2%
30	OUTSURANCE	76.04	4.8%	76%	54%	43%
31	PEPKOR HOLDINGS LTD	26.52	0.8%	44%	32%	23%
32	PROSUS NV	915.47	7.2%	32%	20%	6%
33	REMGRO	159.00	3.9%	26%	9%	11%
34	REINET INVESTMENTS SCA	491.01	3.8%	4%	9%	12%
35	STANBANK	226.57	-0.5%	20%	20%	20%
36	SHOPRITE	283.39	0.1%	7%	19%	23%
37	SANLAM	85.78	5.8%	16%	28%	8%
38	SASOL	79.95	20.6%	-39%	-42%	1%
39	Sibanye Stillwater Ltd	27.35	21.6%	18%	-13%	-5%
40	VODACOM GROUP LIMITED	136.88	7.0%	44%	11%	1%



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