

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

Profit surprises, political deals, and shifting global growth

Last week's headlines highlighted the contrast between technological optimism and geopolitical turbulence. As Alphabet posted a 20% surge in quarterly profits, Tesla saw its profits slide by 23% amid weakening sales and intensifying global competition. The diverging fates of these giants reflect a broader trend: Growth is increasingly tied to digital infrastructure and data, while traditional manufacturing faces mounting pressure from tariffs, input costs, and political realignments.

Alphabet's stellar earnings were not without controversy: Its capex spend soared 70% year-on-year, with an additional \$10 billion earmarked for artificial intelligence (AI)-related data centre expansion by the end of 2025. This surge in tech spending is not without consequences: It contributes to a global arms race in computing power, one that is colliding with export restrictions, black markets, and regulatory uncertainty.

This is particularly evident in the case of Nvidia. Despite tight US export controls, more than \$1 billion worth of Nvidia's top-tier AI processors reportedly entered China through intermediaries. These chips are being sold in plug-and-play racks across Chinese social media platforms. While United States (US) policymakers attempt to rein in Chinese access to high-end tech, distributors are proving just as agile and determined to profit as the companies that they supply.

Meanwhile, Donald Trump's return to tariff diplomacy is shaking up the global auto and trade landscapes. Japan became the second country, after the United Kingdom (UK), to ink a new tariff deal with the US. Auto tariffs were reduced from 25% to 15%, leading to a surge in Japanese equities. This move is being interpreted as both a signal of sectoral flexibility and a precursor to further deals. Unsurprisingly, the Euro Stoxx auto index climbed 3.8% in anticipation that the European Union might soon secure similar concessions.

However, not all Asian manufacturers are celebrating. Mitsubishi Motors and Hyundai both reported sharp drops in quarterly profits (22% and nearly 100%, respectively). For Hyundai, which manufactures domestically in the US, relief came from local production. Mitsubishi, in contrast, faces stiff headwinds, not only from US levies but also from intensifying competition in third markets for cheaper Chinese electric vehicle alternatives. The result? A price war that may further compress global margins.

In the UK, the economy remains anaemic. Business activity slowed in July, with hiring decreasing at the fastest pace since February. Rachel Reeves' 2024 Autumn Budget continues to cast a long shadow. UK households, already grappling with high mortgage costs and rising inflation, are in savings mode: 34% now say it is a "good time to save" (the highest percentage since 2007). This retrenchment in consumer spending, combined with weaker business confidence, reinforces expectations that the Bank of England will cut rates in August.

That being said, the global macro landscape is shifting. With inflation easing in many parts of the world, central banks have begun to lower interest rates. Yet, the path to the 2% inflation target remains thorny. Rising wholesale energy prices, persistent core inflation, and geopolitical uncertainty are all adding friction to what might otherwise be a smoother disinflationary path.

Back in the US, Trump's "One Big Beautiful Bill" has rekindled conversations about growth and productivity. With the Congressional Budget Office estimating that raising total factor productivity by just 0.5% annually could increase incomes by 20% and shrink debt-to-GDP by 42%, the stakes are high. Infrastructure reform, zoning changes, permitting simplification, and skilled immigration are all back on the policy agenda; not because they are politically convenient but because the economy may depend on them.

In summary, the past week reminded us that global growth is no longer just a story about interest rates or central banks. It is about geopolitics, policy agility, and the ability to adapt. As AI continues to reshape capital expenditure, as tariffs realign trade routes, and as households bunker down against uncertainty, investors and policymakers are facing new rules: Ones that reward speed, resilience, and foresight over tradition.

Kind regards
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YOUR WEEKLY ECONOMIC UPDATE

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Global Indices, Currencies and Commodities, 29 July 2025

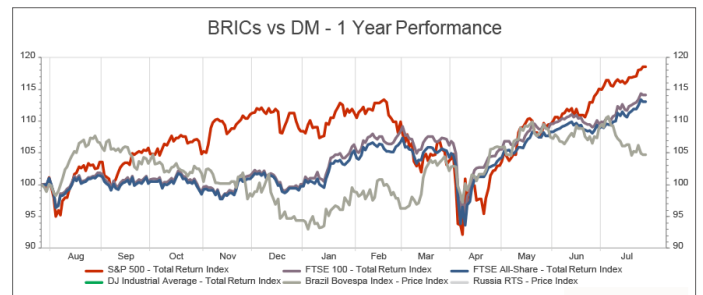
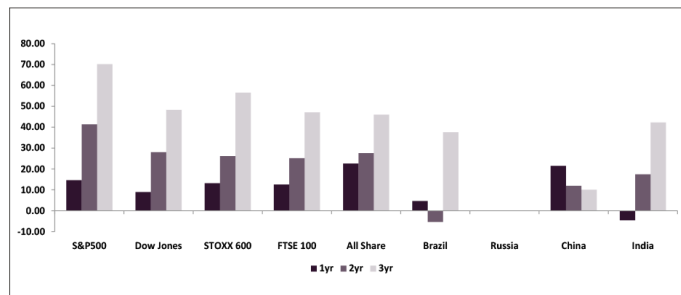
GLOBAL INDICES

South Africa	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	98918.87	3.8%	23%	13%	12%
Top 40	91303.4	4.0%	24%	12%	12%
Mid Cap	100227.08	5.5%	19%	14%	12%
Small Cap	93824.01	2.4%	17%	18%	21%
Resource 20	82228.35	10.1%	38%	12%	8%
Industrial 25	139353.1	2.7%	29%	15%	14%
Financial 15	21105.9	0.8%	9%	12%	15%

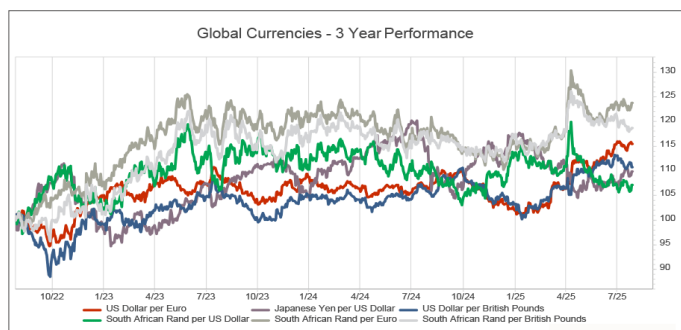
Europe	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	9120.31	4.6%	11%	9%	8%
DAX 30	24217.5	3.1%	32%	22%	14%
CAC 40	7834.58	3.7%	5%	3%	10%
STOXX 600	549.95	2.4%	8%	8%	8%
Russia RTS	955.46	0.0%	0%	0%	-5%

Asia	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	41456.23	6.5%	9%	13%	13%
Hang Seng	25388.35	3.7%	49%	14%	1%
Shanghai	3593.6553	4.0%	24%	5%	2%
India SENSEX	81463.09	-1.6%	2%	11%	16%

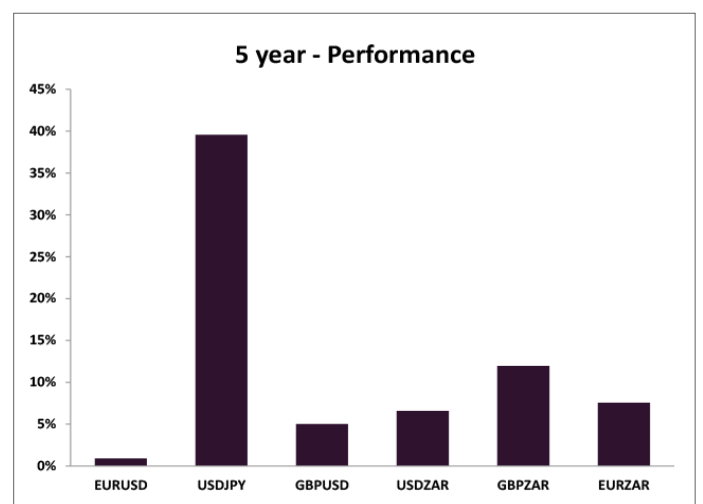
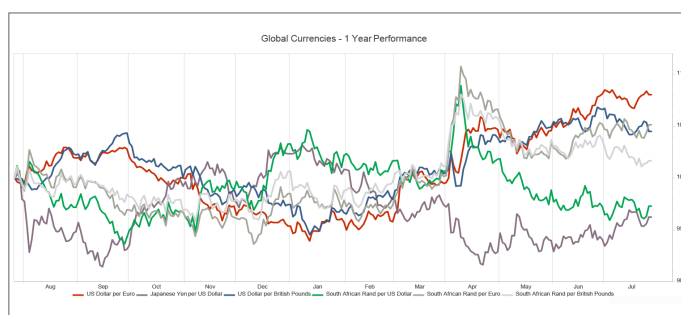
Americas	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	44901.92	4.5%	12%	13%	11%
S&P 500	6388.64	4.9%	18%	18%	15%
Nasdaq	21108.316	5.7%	23%	22%	15%
Russel 1000	44901.92	4.5%	12%	13%	11%
Brazil Bovespa	133524.19	-1.7%	6%	5%	5%



CURRENCIES

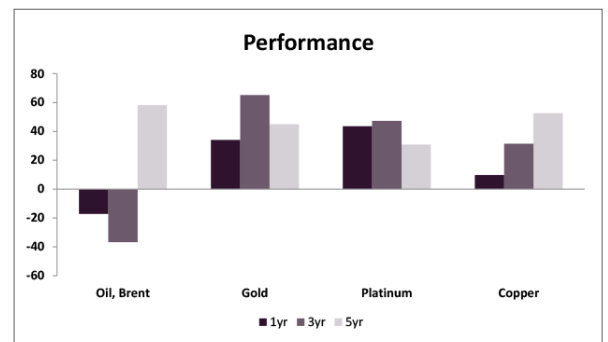
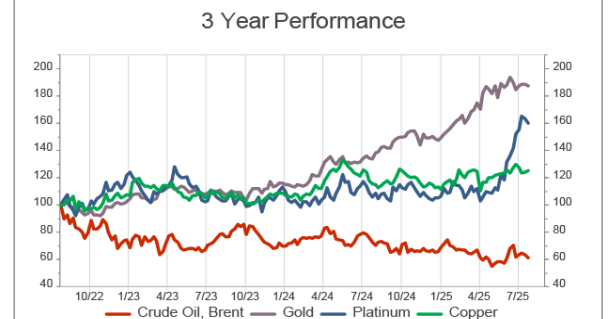
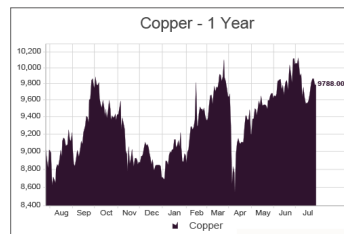
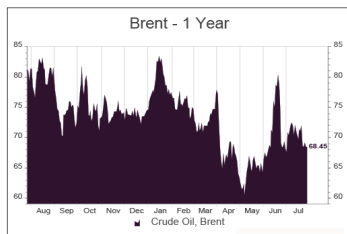
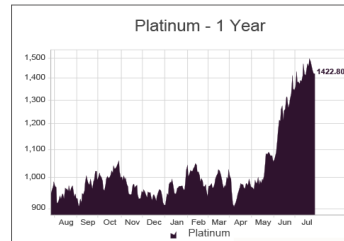
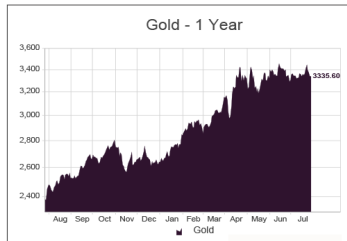


Currencies	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	17.78	-0.3%	-3%	0%	1%
GBP/ZAR	23.88	-2.3%	2%	3%	2%
EUR/ZAR	20.85	-0.2%	5%	4%	1%
AUD/ZAR	11.66	0.2%	-3%	0%	0%
EUR/USD	1.17	0.1%	8%	3%	0%
USD/JPY	147.75	2.0%	-4%	3%	7%



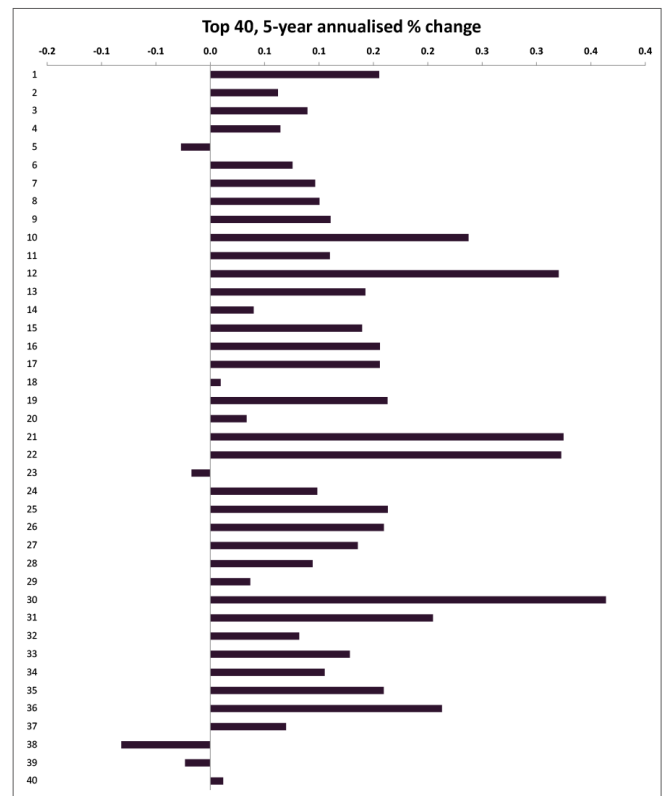
COMMODITIES

Commodities	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	3335.60	-0.2%	34%	23%	3%
Platinum	1422.80	5.9%	44%	15%	-3%
Silver	38.37	5.3%	30%	17%	2%
Brent Crude	68.45	0.1%	-17%	-9%	11%
Copper	9788.00	-0.2%	10%	7%	6%



TOP 40

Top 40		Close	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	174.81	1.2%	7%	-2%	16%
2	ANGLO AMERICAN PLC	548.22	12.1%	5%	-1%	6%
3	ANGLO GOLD ASHANTI	886.01	6.7%	79%	50%	9%
4	ANHEUSER-BUSCH INBEV	1241.76	1.6%	11%	10%	6%
5	ASPEN	120.48	1.9%	-50%	-21%	-3%
6	BHP Group Limited	469.56	13.2%	-6%	-9%	8%
7	BID CORP LTD	441.50	-3.9%	-1%	3%	10%
8	BRITISH AMERICAN TOBACCO PLC	928.82	11.0%	45%	25%	10%
9	BIDVEST GROUP LIMITED	232.79	-0.4%	-14%	-7%	11%
10	COMPAGNIE FINANCIERE	3099.41	-5.2%	14%	5%	24%
11	CLICKS GROUP	365.37	0.0%	7%	17%	11%
12	CAPITEC	3489.29	-0.4%	26%	45%	32%
13	DISCOVERY	212.22	-1.4%	55%	18%	14%
14	EXXARO RESOURCES LTD	166.58	14.2%	-14%	-1%	4%
15	FIRSTRAND	74.99	0.1%	-6%	3%	14%
16	GOLDFIELDS LTD	433.70	1.6%	46%	26%	16%
17	GLENORE PLC	75.89	13.8%	-25%	-15%	16%
18	GROWTHPOINT	14.20	7.0%	16%	7%	1%
19	HARMONY GOLD MINING	247.88	-0.2%	57%	76%	16%
20	IMPLATS	182.69	18.9%	99%	19%	3%
21	INVLT	133.43	7.2%	-3%	10%	32%
22	INVESTEC	133.06	8.1%	-5%	10%	32%
23	MONDI PLC	283.24	0.7%	-22%	-3%	-2%
24	MR PRICE GROUP LTD	201.93	-7.6%	-4%	17%	10%
25	MTN GROUP	141.45	7.2%	84%	2%	16%
26	NEDBANK	237.04	-1.8%	-11%	2%	16%
27	NASPERS -N	5816.90	5.6%	69%	32%	14%
28	NEPI ROCKCASTLE PLC	137.65	2.7%	3%	13%	9%
29	OLD MUTUAL LTD	12.57	6.1%	5%	0%	4%
30	OUTSURANCE	77.07	-1.9%	64%	43%	36%
31	PEPKOR HOLDINGS LTD	26.76	-1.4%	37%	26%	20%
32	PROSUS NV	1076.00	8.6%	71%	32%	8%
33	REMGRO	164.79	6.3%	23%	3%	13%
34	REINET INVESTMENTS SCA	527.28	4.5%	13%	12%	11%
35	STANBANK	228.44	0.2%	5%	11%	16%
36	SHOPRITE	263.94	-5.3%	-10%	2%	21%
37	SANLAM	85.85	-2.6%	10%	16%	7%
38	SASOL	89.89	13.3%	-37%	-39%	-8%
39	Sibanye Stillwater Ltd	41.72	35.1%	111%	14%	-2%
40	VODACOM GROUP LIMITED	136.12	0.5%	38%	8%	1%



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