

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

Chips, central banks, and capital

Markets are being pulled in multiple directions: Technology supply chains are under strain, central banks are caught between inflation and growth, and new financial hubs are emerging. Each shift illustrates how politics and policy increasingly shape market outcomes.

Nvidia in the crosshairs

Beijing's restrictions on Nvidia's H20 chip (a weaker, China-specific processor) highlight how sovereignty now defines technology. The move followed blunt remarks by United States (US) Commerce Secretary Howard Lutnick, who said that America would never sell China its "best" chips. Chinese regulators quickly urged companies (like Alibaba and ByteDance) to pause or shrink Nvidia orders, favouring domestic producers (such as Huawei and Cambricon). For Nvidia, already barred from selling its most advanced processors in China, the setback underscores how geopolitics trumps commercial logic. For investors, the lesson is clear: Chips are no longer just about performance but also about national security. This politicisation of supply chains will continue to shape valuations and global capital flows.

The Fed's stagflation puzzle

While technology divides the US and China, America's central bankers face their own challenge. Economic data indicate slowing job growth, stubborn inflation, and tariffs that increase costs while reducing demand. Minutes from the Federal Reserve's (Fed's) July meeting revealed a split: Some urged patience while others said cuts could not wait for "complete clarity" on tariff effects. Markets now expect a quarter-point cut in September. Yet, the Fed risks either reigniting inflation by easing too soon or tipping demand into contraction by holding steady. It is the classic stagflation dilemma (weak growth with persistent price pressures), echoing the 1970s. Adding to the pressure is fiscal dominance: Governments leaning on central banks to contain surging debt costs. In the US, President Trump openly demands lower rates to ease servicing burdens. Elsewhere, higher long-term yields in the United Kingdom, Germany, and Japan reflect the same tension between fiscal policy and monetary independence.

Europe's resilience

Across the Atlantic, the eurozone showed unexpected momentum. The HCOB Eurozone Purchasing Managers' Index rose to 51.1 in August, its eighth month above 50 and the strongest since May 2023. Both manufacturing and services expanded despite new US tariffs. However, inflationary pressures in services remain elevated, complicating the European Central Bank's decisions. For now, markets expect rates to stay on hold, reflecting Frankfurt's cautious stance.

Abu Dhabi: A rising capital of capital

While Western policymakers wrestle with inflation and debt, the Gulf is deploying financial firepower. Abu Dhabi, with \$1.7 trillion in sovereign wealth, is positioning itself as the "capital of capital". Hedge funds (such as Brevan Howard) and asset managers (like BlackRock and Nuveen) have opened offices in the Abu Dhabi Global Market (ADGM) financial district. Unlike Dubai's banking hub, Abu Dhabi focuses on asset managers seeking proximity to sovereign wealth funds. Registrations at ADGM surged 41% in the past year. With tax advantages, regulatory flexibility, and regional stability, the emirate has become a magnet for global financiers searching for growth beyond New York or London.

Indonesia's warning

Not all economies are moving forward. Indonesia, once a manufacturing engine, is slipping into "premature deindustrialisation". Manufacturing's share of gross domestic product has fallen from 32% in 2002 to 19% today. The collapse of textile giant Sritex, alongside closures of suppliers to global brands, has left tens of thousands unemployed. Instead, investment has shifted to commodities such as nickel and palm oil. These capital-heavy industries generate fewer jobs and leave household demand weaker. Growth still hovers near 5% but purchasing power is eroding, the middle class is shrinking, and informal work is rising. For a country once seen as a demographic powerhouse, the risks are mounting.

What does all of this mean?

From Beijing's chip restrictions to the Fed's policy dilemma, from Europe's quiet resilience to Abu Dhabi's rise, and Indonesia's struggles, the global economy is being reshaped by politics as much as by markets. Some regions are adapting while others are faltering. For investors, the rule is simple: Fundamentals matter but in today's world, politics, power, and perception often move markets first.

Kind regards
Marius du Toit
Managing Executive: Efficient Benefit Consulting



YOUR WEEKLY ECONOMIC UPDATE

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t: 021 007 1550 | t: 087 944 7999
e: info@efcorporate.co.za

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UPDATE

Global Indices, Currencies and Commodities, 26 August 2025

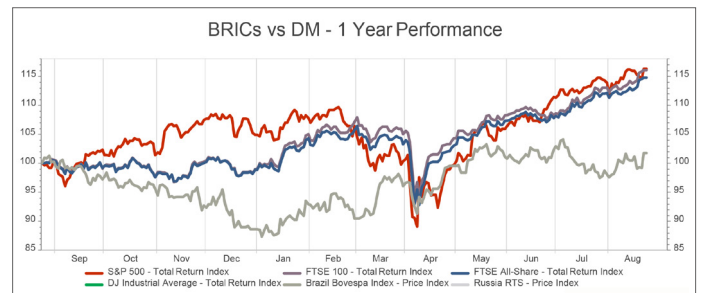
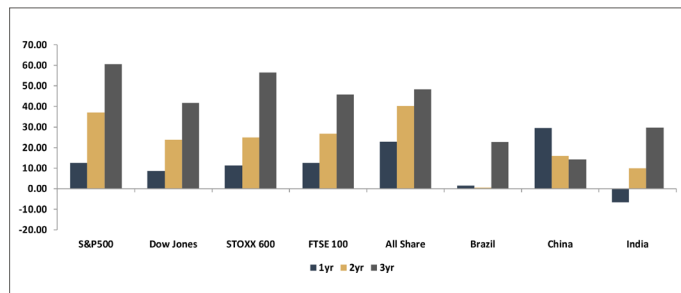
GLOBAL INDICES

| South Africa | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|---------------|-----------|-------|----------|----------|----------|
| All Share | 102723.5 | 3.4% | 23% | 18% | 13% |
| Top 40 | 95066.86 | 3.8% | 24% | 18% | 13% |
| Mid Cap | 100716.43 | -0.2% | 15% | 16% | 12% |
| Small Cap | 97243.37 | 2.9% | 17% | 19% | 21% |
| Resource 20 | 87427.97 | 2.8% | 46% | 26% | 9% |
| Industrial 25 | 141908.48 | 3.0% | 25% | 18% | 14% |
| Financial 15 | 22255.3 | 5.4% | 10% | 15% | 17% |

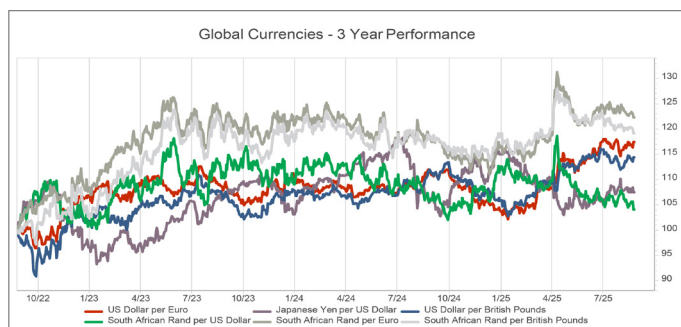
| Europe | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|------------|----------|------|----------|----------|----------|
| FTSE 100 | 9321.4 | 3.3% | 12% | 13% | 9% |
| DAX 30 | 24363.09 | 1.3% | 32% | 25% | 14% |
| CAC 40 | 7969.69 | 2.9% | 6% | 5% | 10% |
| STOXX 600 | 561.3 | 3.1% | 9% | 11% | 9% |
| Russia RTS | 955.46 | 0.0% | 0% | 0% | -5% |

| Asia | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|--------------|-----------|-------|----------|----------|----------|
| Nikkei 225 | 42633.29 | 7.2% | 12% | 16% | 13% |
| Hang Seng | 25339.14 | 0.8% | 44% | 19% | 0% |
| Shanghai | 3825.7593 | 6.8% | 34% | 11% | 3% |
| India SENSEX | 81306.85 | -1.1% | 0% | 12% | 16% |

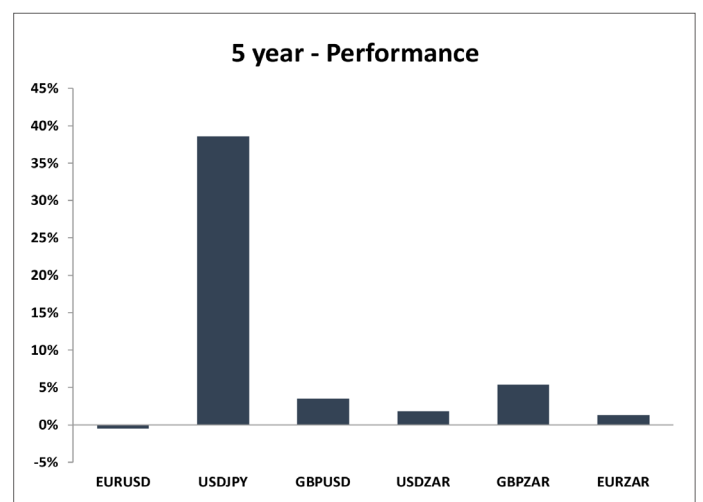
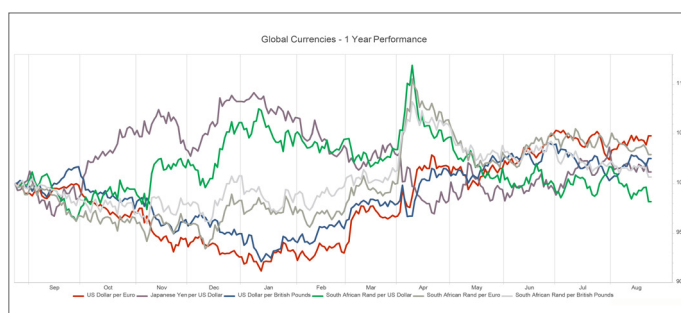
| Americas | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|----------------|-----------|------|----------|----------|----------|
| Dow Jones | 45631.74 | 2.5% | 12% | 15% | 10% |
| S&P 500 | 6466.91 | 2.5% | 16% | 21% | 14% |
| Nasdaq | 21496.535 | 2.9% | 22% | 26% | 14% |
| Russel 1000 | 45631.74 | 2.5% | 12% | 15% | 10% |
| Brazil Bovespa | 137968.16 | 2.9% | 2% | 9% | 6% |



CURRENCIES

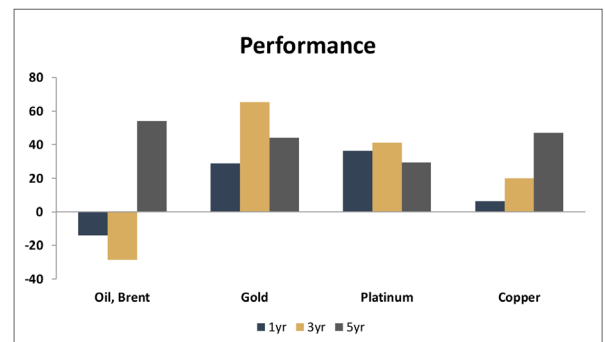
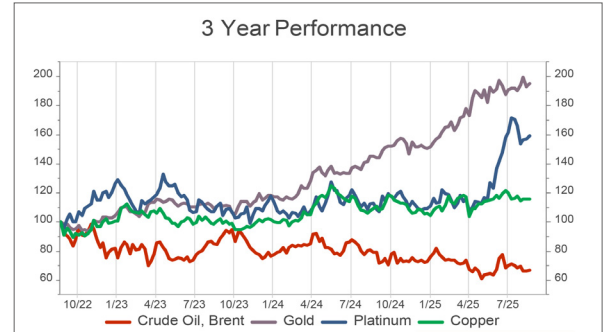
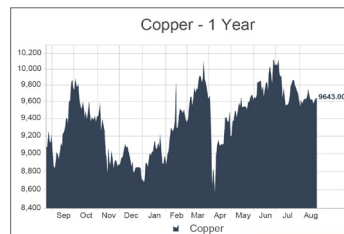
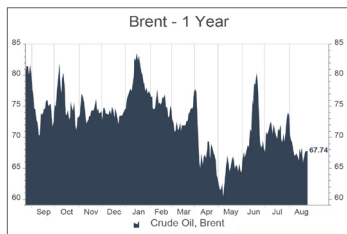
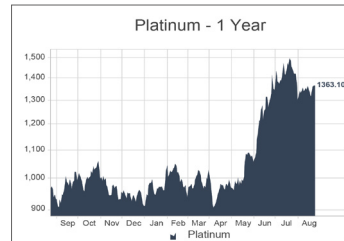
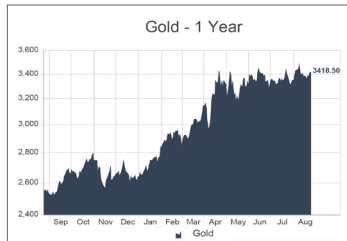


| Currencies | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|------------|--------|-------|----------|----------|----------|
| USD/ZAR | 17.46 | -1.8% | -2% | -3% | 1% |
| GBP/ZAR | 23.61 | -1.1% | 1% | 0% | 1% |
| EUR/ZAR | 20.46 | -1.9% | 3% | 1% | 1% |
| AUD/ZAR | 11.34 | -2.8% | -6% | -3% | -1% |
| EUR/USD | 1.17 | -0.1% | 5% | 4% | 0% |
| USD/JPY | 146.86 | -0.6% | 1% | 0% | 7% |



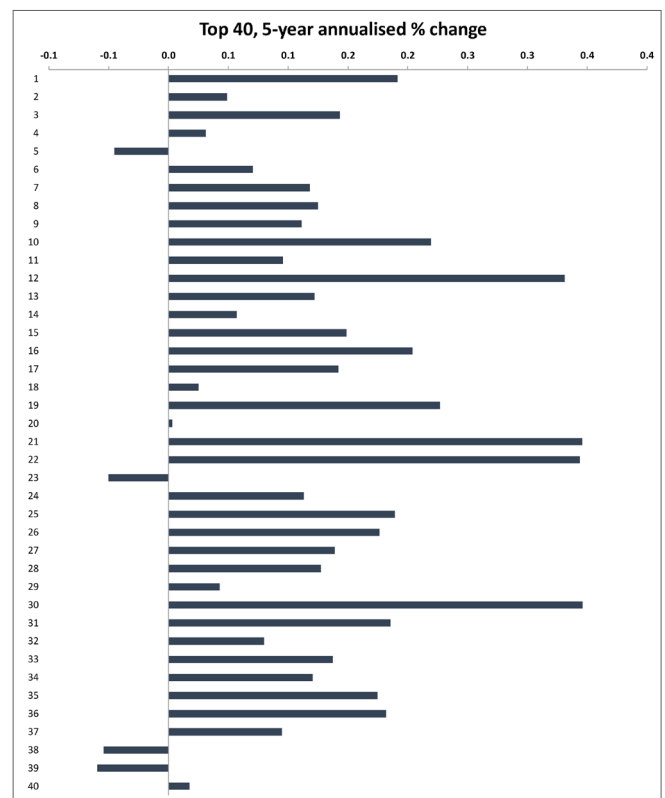
COMMODITIES

| Commodities | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|-------------|---------|-------|----------|----------|----------|
| Gold | 3418.50 | -2.4% | 29% | 26% | 3% |
| Platinum | 1363.10 | -8.0% | 36% | 16% | -2% |
| Silver | 39.05 | -1.3% | 27% | 22% | -1% |
| Brent Crude | 67.74 | -2.8% | -14% | -11% | 11% |
| Copper | 9643.00 | -1.8% | 6% | 8% | 6% |



TOP 40

| Top 40 | | Close | 1M % | 1 Year % | 2Y Ann % | 5Y Ann % |
|--------|------------------------------|---------|--------|----------|----------|----------|
| 1 | ABSA GROUP LTD | 193.16 | 10.8% | 16% | 4% | 19% |
| 2 | ANGLO AMERICAN PLC | 521.58 | -6.2% | 1% | 5% | 5% |
| 3 | ANGLO GOLD ASHANTI | 947.34 | 4.7% | 71% | 77% | 14% |
| 4 | ANHEUSER-BUSCH INBEV | 1109.79 | -8.7% | 1% | 3% | 3% |
| 5 | ASPEN | 104.05 | -11.0% | -56% | -26% | -5% |
| 6 | BHP Group Limited | 486.26 | 1.7% | -1% | -3% | 7% |
| 7 | BID CORP LTD | 471.37 | 4.3% | 9% | 8% | 12% |
| 8 | BRITISH AMERICAN TOBACCO PLC | 1019.40 | 12.0% | 56% | 30% | 12% |
| 9 | BIDVEST GROUP LIMITED | 245.42 | 3.9% | -12% | -4% | 11% |
| 10 | COMPAGNIE FINANCIERE | 2980.00 | -3.6% | 2% | 7% | 22% |
| 11 | CLICKS GROUP | 386.18 | 5.9% | 7% | 19% | 10% |
| 12 | CAPEITC | 3679.46 | 6.3% | 29% | 49% | 33% |
| 13 | DISCOVERY | 218.14 | 1.2% | 44% | 22% | 12% |
| 14 | EXXARO RESOURCES LTD | 186.75 | 3.5% | 12% | 10% | 6% |
| 15 | FIRSTRAND | 78.07 | 3.6% | -6% | 4% | 15% |
| 16 | GOLDFIELDS LTD | 539.74 | 18.2% | 90% | 57% | 20% |
| 17 | GLENORE PLC | 69.62 | -9.7% | -27% | -15% | 14% |
| 18 | GROWTHPOINT | 14.97 | 4.5% | 11% | 13% | 3% |
| 19 | HARMONY GOLD MINING | 280.89 | 5.7% | 46% | 107% | 23% |
| 20 | IMPLATS | 163.18 | -13.0% | 90% | 32% | 0% |
| 21 | INVLT | 133.91 | 1.6% | 2% | 11% | 35% |
| 22 | INVESTCP | 133.50 | 1.5% | 1% | 11% | 34% |
| 23 | MONDI PLC | 254.63 | -5.7% | -25% | -9% | -5% |
| 24 | MR PRICE GROUP LTD | 214.31 | -0.3% | -8% | 25% | 11% |
| 25 | MTN GROUP | 156.39 | 8.5% | 74% | 11% | 19% |
| 26 | NEDBANK | 233.18 | -2.4% | -19% | 6% | 18% |
| 27 | NASPERS -N | 5811.92 | 3.7% | 57% | 35% | 14% |
| 28 | NEPI ROCKCASTLE PLC | 147.49 | 7.8% | 6% | 13% | 13% |
| 29 | OLD MUTUAL LTD | 13.33 | 5.5% | 8% | 2% | 4% |
| 30 | OUTSURANCE | 74.67 | -2.0% | 58% | 40% | 35% |
| 31 | PEPKOR HOLDINGS LTD | 25.68 | -4.7% | 23% | 26% | 19% |
| 32 | PROSUS NV | 1096.62 | 6.7% | 65% | 36% | 8% |
| 33 | REMGRO | 173.00 | 4.1% | 25% | 6% | 14% |
| 34 | REINET INVESTMENTS SCA | 541.99 | 5.0% | 15% | 14% | 12% |
| 35 | STANBANK | 255.00 | 11.8% | 10% | 15% | 17% |
| 36 | SHOPRITE | 271.12 | -1.2% | -11% | 2% | 18% |
| 37 | SANLAM | 90.75 | 4.7% | 8% | 20% | 9% |
| 38 | SASOL | 108.86 | 21.1% | -24% | -32% | -5% |
| 39 | Sibanye Stillwater Ltd | 36.74 | -12.9% | 93% | 12% | -6% |
| 40 | VODACOM GROUP LIMITED | 146.17 | 1.7% | 32% | 15% | 2% |



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