

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

Stabilisation at the bottom

For more than a decade, South Africans have endured declining economic growth, persistent load shedding, and weak governance. Growth in real gross domestic product (GDP) has averaged less than 1% since 2014. It is tempting to think that this decline could continue indefinitely but we have already absorbed the worst shocks. Barring a severe political or service-delivery shock, the probability of a sustained collapse to zero or negative growth is very low.

Electricity: From collapse to stabilisation

Eskom has turned a corner. In 2023, South Africa (SA) experienced nearly 300 days of rolling blackouts but, in 2024, that number fell to 69 days. By mid-2025, the grid had delivered more than 100 consecutive days without load shedding, with the energy availability factor holding in the mid-60s. The electricity crisis is not solved but the structural break risk from total grid failure has eased.

Logistics: Still weak but reforming

Transnet remains a major bottleneck, with freight rail volumes at multi-decade lows. But reform momentum is visible. Government has guaranteed R51 billion to stabilise Transnet's balance sheet, is opening freight rail to private operators, and has launched the concessioning of container terminals. Execution will take years but the reform vector is finally positive.

Institutions still hold

SA is not Zimbabwe or Venezuela. The Reserve Bank's constitutional independence has withstood political pressure; the judiciary continues to check executive overreach; and civil society remains engaged. According to the World Justice Project (2024), SA ranks 57th globally and 5th in Sub-Saharan Africa for the rule of law. This institutional resilience is crucial and makes outright collapse unlikely.

Politics: A centrist drift

The only credible downside risk is a radical political swing to the left. If the Economic Freedom Fighters or uMkhonto we Sizwe were to win a national election, expropriation and nationalisation could become policy, breaking our fragile stability. But the 2024 elections showed how improbable that is. The result of the elections was a centrist Government of National Unity. Across most of the country, voters are increasingly rejecting hate speech and empty promises. Going forward, coalition politics makes a hard-left pivot highly improbable.

Growth: Modest but the only way is up

No one should expect 3% to 5% annual growth soon. High unemployment, poor education outcomes, and low investment keep the ceiling low. But the floor is firming: With electricity stabilising, logistics improving, and coalition politics drifting centre-right, 1% to 2% real GDP growth looks achievable over the next few years. Relative to the global context, that stability matters. The International Monetary Fund projects advanced economies to grow just 1.4%. SA's growth may not dazzle but in a slowing world, it can increasingly look resilient.

The rand's outlook

Currency markets often overshoot on fear. For years, the rand priced in rolling crises. With risks plateauing, the downside diminishes. By August 2025, the rand had touched a nine-month high, with the real effective exchange rate back near its long-run average. If the United States' rates ease and SA sustains incremental reforms, the rand could trend firmer, helping anchor inflation and consumer confidence.

Risks that remain

Two domestic fragilities still deserve caution. First, water infrastructure and municipal finances are weak, with Gauteng already experiencing severe outages. A water crisis could hit growth as hard as Eskom once did. Second, the fiscal path is tight: Debt is projected to peak at 77% of GDP in 2025/2026, and any revenue shortfall or bailout could push this even higher. External risks, such as trade tensions, also need to be monitored.

Stabilisation, not collapse

SA has little chance of a golden era of rapid growth but it also faces minimal risk of collapse into failed-state status. The structural breaks are behind us. With electricity stabilising, logistics reforming, politics consolidating to the centre, and institutions holding, the most likely future is one of slow, steady stabilisation. Growth of 1% to 2% per year may sound modest but it signals that the worst is over. In a slowing world, SA can, once again, look comparatively strong.

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 MONTHLY ECONOMIC UPDATE

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UPDATE

Global Indices, Currencies and Commodities, 4 September 2025

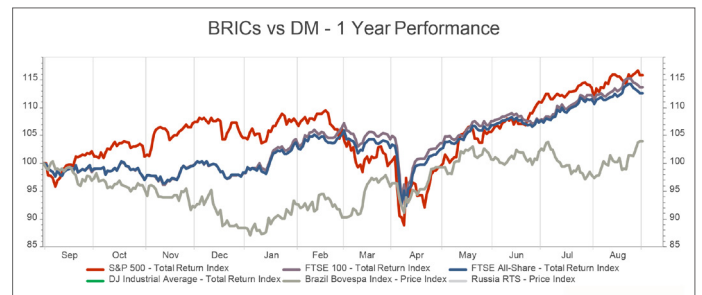
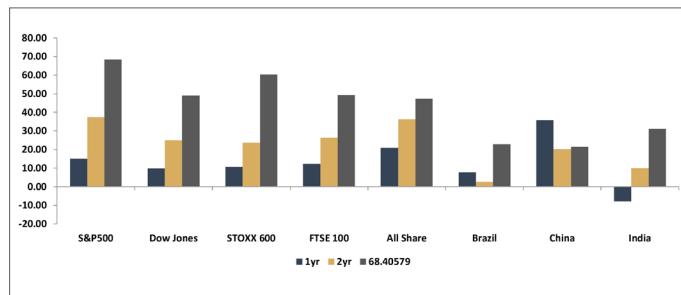
GLOBAL INDICES

South Africa	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	101835.59	2.7%	21%	17%	13%
Top 40	94184.64	2.9%	23%	17%	13%
Mid Cap	99311.85	-1.4%	12%	14%	12%
Small Cap	96858.03	2.6%	13%	18%	21%
Resource 20	88257.95	7.0%	53%	25%	10%
Industrial 25	140242.3	0.6%	23%	16%	13%
Financial 15	21773.55	2.6%	3%	13%	17%

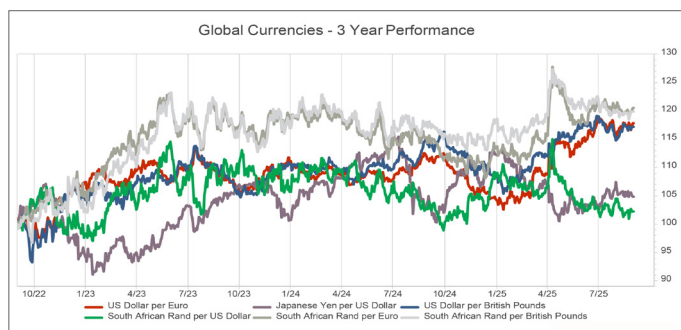
Europe	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	9187.34	0.6%	10%	11%	9%
DAX 30	23902.21	-1.3%	26%	22%	13%
CAC 40	7703.9	-2.0%	1%	2%	9%
STOXX 600	550.14	0.0%	5%	9%	8%
Russia RTS	955.46	0.0%	0%	0%	-5%

Asia	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	42718.47	5.0%	11%	15%	13%
Hang Seng	25077.62	-1.8%	41%	16%	0%
Shanghai	3857.9275	6.9%	37%	11%	3%
India SENSEX	79809.65	-1.9%	-3%	11%	15%

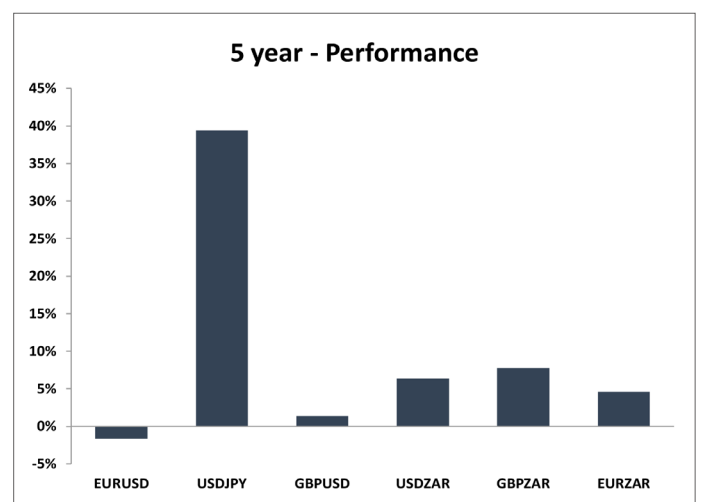
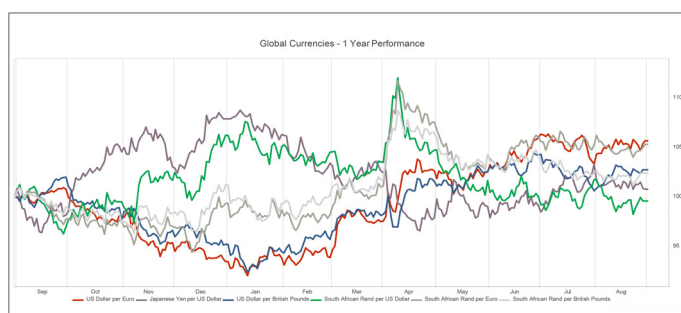
Americas	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	45544.88	2.0%	10%	14%	10%
S&P 500	6460.26	1.4%	16%	20%	13%
Nasdaq	21455.553	1.7%	22%	24%	13%
Russel 1000	45544.88	2.0%	10%	14%	10%
Brazil Bovespa	141422.27	6.6%	4%	9%	7%



CURRENCIES

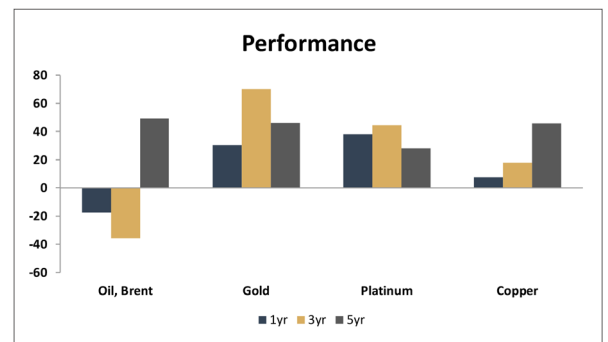
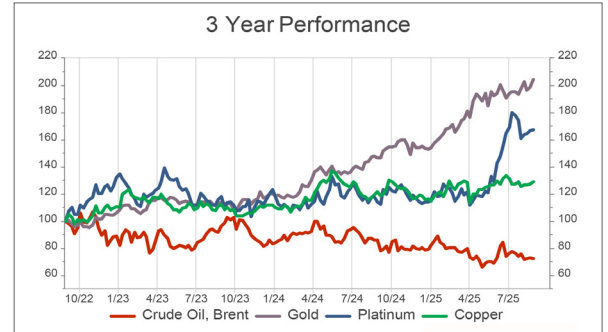
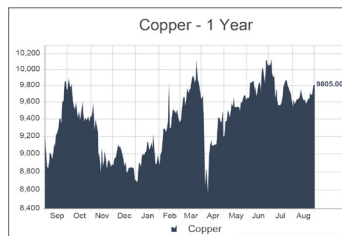
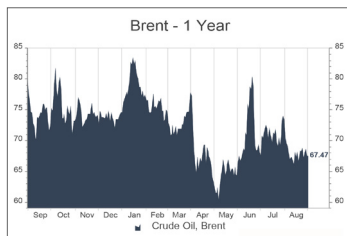
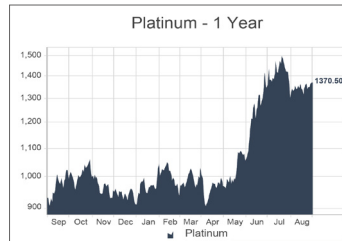
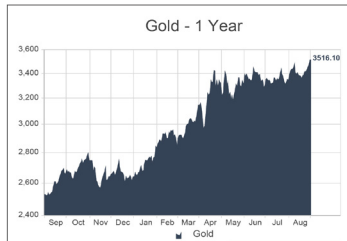


Currencies	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	17.69	-1.3%	0%	-2%	1%
GBP/ZAR	23.91	0.0%	2%	1%	2%
EUR/ZAR	20.71	0.3%	5%	2%	1%
AUD/ZAR	11.58	-0.7%	-4%	-1%	-1%
EUR/USD	1.17	1.6%	6%	4%	0%
USD/JPY	146.83	-1.1%	1%	0%	7%



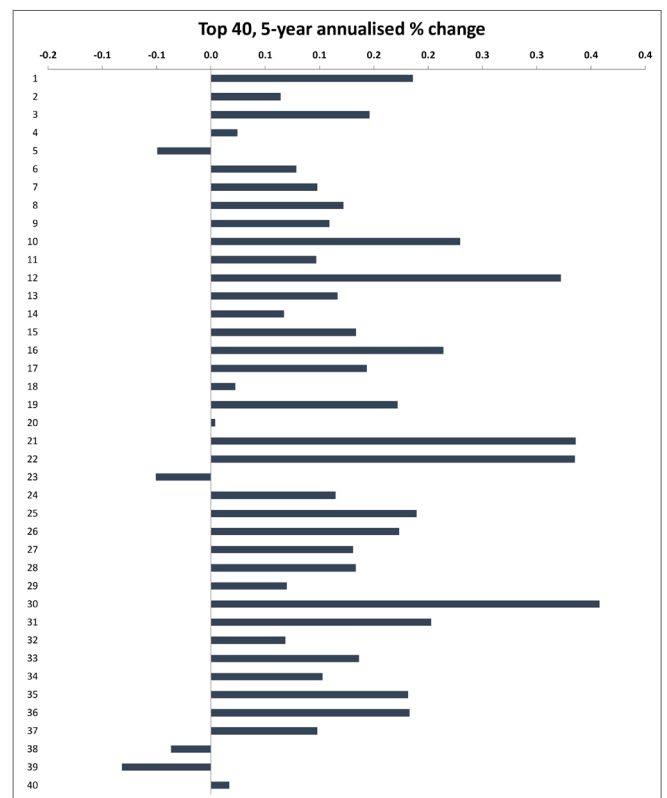
COMMODITIES

Commodities	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	3516.10	4.0%	30%	27%	3%
Platinum	1370.50	-3.5%	38%	12%	-3%
Silver	40.72	5.0%	29%	20%	-2%
Brent Crude	67.47	-7.8%	-17%	-12%	11%
Copper	9805.00	0.7%	8%	8%	5%



TOP 40

Top 40		Close	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	188.80	6.2%	7%	1%	19%
2	ANGLO AMERICAN PLC	542.50	1.9%	5%	6%	6%
3	ANGLO GOLD ASHANTI	985.00	10.8%	83%	76%	15%
4	ANHEUSER-BUSCH INBEV	1109.98	-6.8%	2%	2%	2%
5	ASPEN	105.87	-14.5%	-55%	-25%	-5%
6	BHP Group Limited	493.80	5.4%	1%	-3%	8%
7	BID CORP LTD	461.26	2.8%	1%	7%	10%
8	BRITISH AMERICAN TOBACCO PLC	997.50	6.5%	52%	28%	12%
9	BIDVEST GROUP LIMITED	236.90	0.1%	-20%	-9%	11%
10	COMPAGNIE FINANCIERE	3106.00	1.3%	11%	8%	23%
11	CLICKS GROUP	373.12	0.4%	2%	16%	10%
12	CAPITEC	3568.67	2.5%	21%	49%	32%
13	DISCOVERY	217.00	3.0%	41%	20%	12%
14	EXXARO RESOURCES LTD	192.71	18.1%	18%	7%	7%
15	FIRSTRAND	74.41	-1.1%	-14%	0%	13%
16	GOLDFIELDS LTD	579.71	29.4%	129%	56%	21%
17	GLENORE PLC	69.81	-4.7%	-25%	-15%	14%
18	GROWTHPOINT	14.43	1.3%	3%	9%	2%
19	HARMONY GOLD MINING	235.16	-5.6%	26%	77%	17%
20	IMPLATS	159.46	-12.8%	94%	24%	0%
21	INVLT	130.59	-1.3%	-4%	10%	34%
22	INVESTEC	129.73	-1.9%	-3%	9%	34%
23	MONDI PLC	249.57	-10.7%	-28%	-9%	-5%
24	MIR PRICE GROUP LTD	207.46	-0.2%	-14%	21%	11%
25	MTN GROUP	149.80	2.7%	62%	10%	19%
26	NEDBANK	226.42	-7.9%	-24%	3%	17%
27	NASPERS -N	5808.67	1.0%	62%	34%	13%
28	NEPI ROCKCASTLE PLC	146.51	6.2%	2%	13%	13%
29	OLD MUTUAL LTD	13.90	9.4%	7%	4%	7%
30	OUTSURANCE	75.96	-0.5%	60%	37%	36%
31	PEKOR HOLDINGS LTD	25.40	-5.9%	16%	24%	20%
32	PROSUS NV	1092.21	3.3%	69%	35%	7%
33	REMGRO	169.54	2.6%	16%	3%	14%
34	REINET INVESTMENTS SCA	535.45	1.3%	12%	15%	10%
35	STANBANK	248.86	7.7%	3%	13%	18%
36	SHOPRITE	262.93	-1.3%	-15%	0%	18%
37	SANLAM	91.20	5.8%	2%	17%	10%
38	SASOL	119.22	28.1%	-17%	-30%	-4%
39	Sibanye Stillwater Ltd	33.34	-19.2%	82%	5%	-8%
40	VODACOM GROUP LIMITED	142.17	2.3%	28%	14%	2%



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