

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

Inflation cools and regulation loosens: But are we out of the woods?

The global economy is again sending mixed signals. On the one hand, inflation in the United States (US) continues to ease, offering hope that the worst of the price surge is behind us. On the other hand, persistent structural challenges remind investors that disinflation does not necessarily mean stability.

The latest US inflation report delivered what markets wanted to see: Another modest decline. Consumer price growth remains above the Federal Reserve's (Fed's) 2% target but the overall trend is heading lower. Durable goods and core services registered softer readings. However, the details tell a more complicated story. Once you remove the unusually low prices of new and used vehicles, core goods inflation is still running above 4%. And if you exclude the lagging 'shelter' category (which takes months to reflect changes in housing costs), so-called 'supercore' services inflation also hovers near 4%. The headlines, in other words, flatter the fundamentals.

This uneven progress explains why the Fed remains cautious. For inflation to truly return to target, price pressures in the services sector (particularly in transport, insurance, and leisure) must cool further. Only then will the Fed feel confident enough to begin a series of rate cuts. Until that happens, expectations of cheaper credit are likely premature.

Another uncertainty is how firms will respond to renewed tariff pressures. In sectors such as apparel and furniture, importers have largely absorbed the extra costs rather than pass them on to consumers. But that restraint may not last. If companies begin to protect margins by raising prices, the inflation battle could prove more drawn out than markets anticipate.

Europe's quiet deregulation moment

Across the Atlantic, Europe faces a different dilemma. Years of complex environmental, social, and corporate reporting rules have weighed on productivity and investor sentiment. Policymakers have finally acknowledged the need for reform, though they prefer to call it 'simplification' rather than deregulation. The European Union's (EU's) new 'Omnibus' packages aim to lighten the load on small businesses by exempting them from some sustainability reporting obligations and simplifying investment-fund disclosures. Proponents say that these measures will boost competitiveness and make European capital markets more dynamic. Critics fear that they could water down environmental and social commitments that were hard-won over the past decade.

The bigger story lies beyond the paperwork. Brussels has now set 2028 as the final deadline for completing the Single-Market Integration Strategy, a symbolic echo of 1992, when the EU first launched its common market. If successful, the initiative could unify fragmented national regimes for pensions, savings, and investment accounts, creating a deeper pool of European capital that can fund European growth. Such moves are also pragmatic. After nine years of negotiation, the EU recently signed a free-trade agreement with Indonesia, quietly relaxing some of its regulatory demands to make the deal possible. The message is clear: In a more competitive world, Europe is willing to bend to grow.

A tale of two adjustments

Together, these developments sketch a picture of an economic order that is cautiously adjusting to reality. The US is fighting to anchor inflation without crushing demand. Europe is trimming red tape to revive growth without abandoning its social ambitions. Both are trying to strike a balance between control and flexibility, and both face political constraints that make lasting reform difficult.

Investors should resist the temptation to read short-term optimism as a turning point. Inflation may be slowing but the underlying forces that drove it have not disappeared. And while deregulation can lift productivity, it can also undermine trust if it goes too far or too fast.

The next phase of the global cycle will depend less on the data of a single month and more on whether policymakers can maintain credibility while navigating these trade-offs. If they succeed, markets could enjoy a period of steady disinflation and renewed investment. If not, volatility may become the new normal. For now, the world seems to be moving in the right direction: Just not as quickly, or as smoothly, as many would like.

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, 28 October 2025

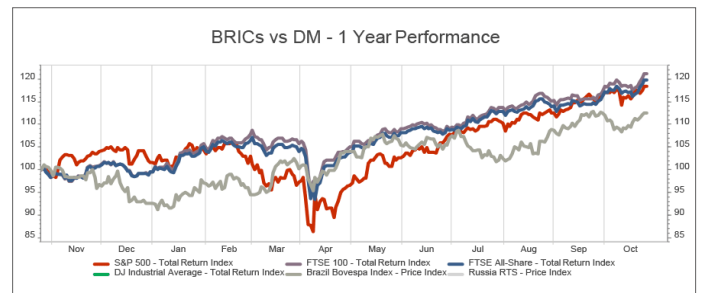
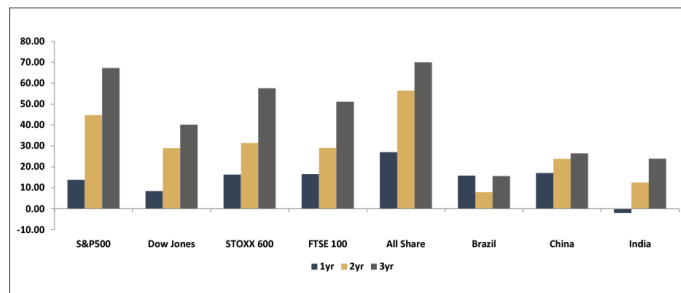
GLOBAL INDICES

South Africa	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	110443.73	3.5%	27%	25%	15%
Top 40	103114.2	3.7%	31%	26%	15%
Mid Cap	105684.61	2.7%	14%	22%	12%
Small Cap	101887.5	3.7%	15%	24%	21%
Resource 20	108090.16	-0.3%	73%	39%	16%
Industrial 25	145246	4.4%	25%	24%	14%
Financial 15	23083.03	6.4%	8%	21%	16%

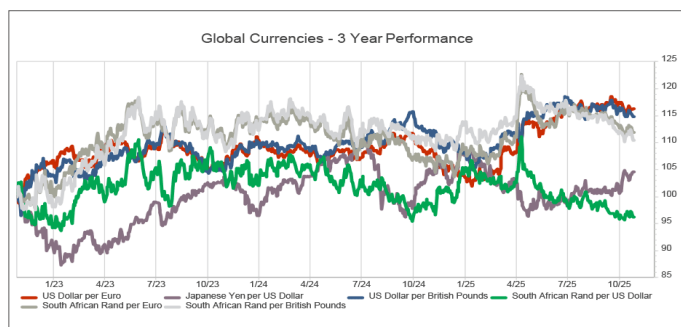
Europe	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	9645.62	4.3%	17%	14%	10%
DAX 30	24239.89	2.4%	25%	28%	14%
CAC 40	8225.63	5.1%	10%	9%	11%
STOXX 600	575.76	4.0%	11%	15%	10%
Russia RTS	955.46	0.0%	0%	0%	-4%

Asia	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	49299.65	8.0%	29%	26%	16%
Hang Seng	26160.15	-1.4%	28%	24%	1%
Shanghai	3950.3115	2.5%	20%	15%	4%
India SENSEX	84211.88	3.1%	5%	14%	16%

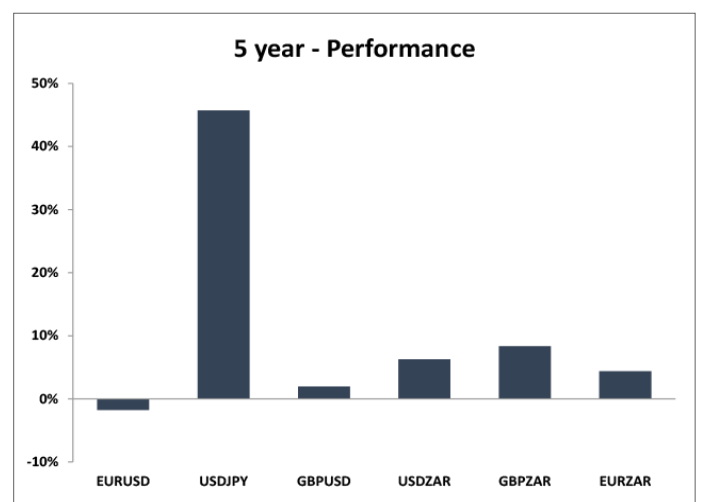
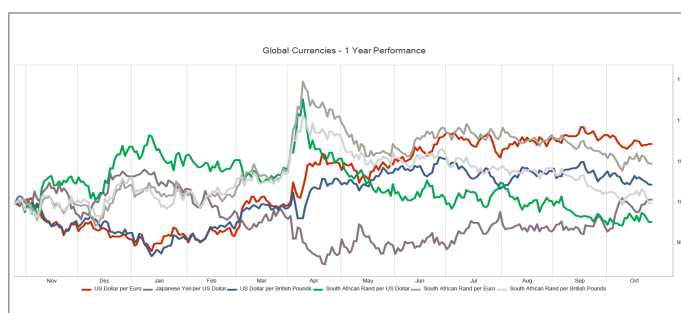
Americas	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	47207.12	2.4%	11%	19%	11%
S&P 500	6791.69	2.3%	17%	26%	14%
Nasdaq	23204.867	3.1%	26%	33%	15%
Russel 1000	47207.12	2.4%	11%	19%	11%
Brazil Bovespa	146172.2	-0.2%	12%	13%	8%



CURRENCIES

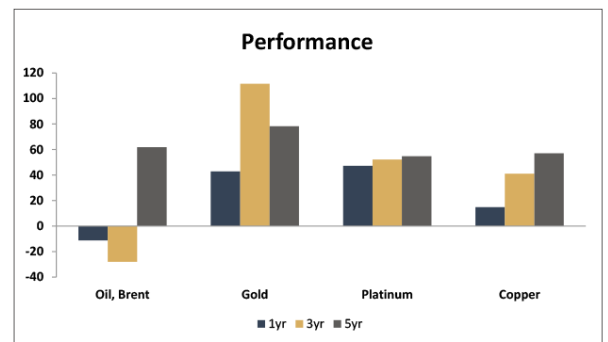
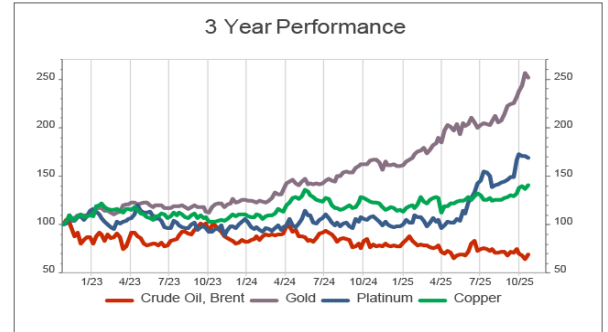
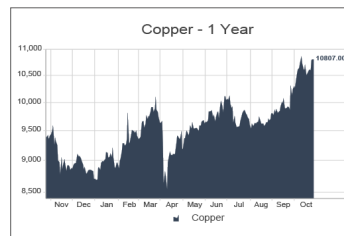
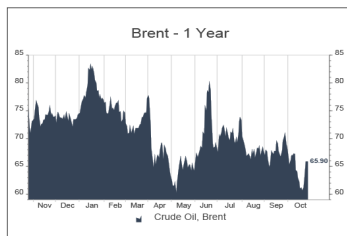
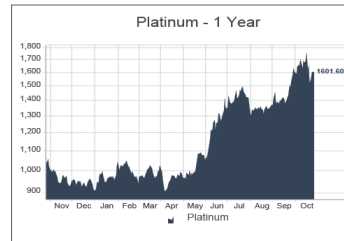
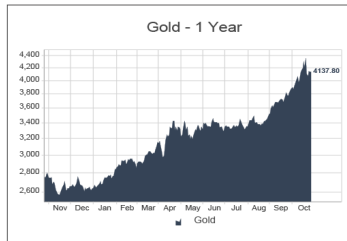


Currencies	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	17.24	-0.7%	-2%	-4%	1%
GBP/ZAR	22.93	-1.5%	0%	0%	2%
EUR/ZAR	20.04	-1.3%	5%	0%	1%
AUD/ZAR	11.20	-1.4%	-4%	-3%	-1%
EUR/USD	1.16	-0.6%	7%	5%	0%
USD/JPY	152.78	2.2%	0%	1%	8%



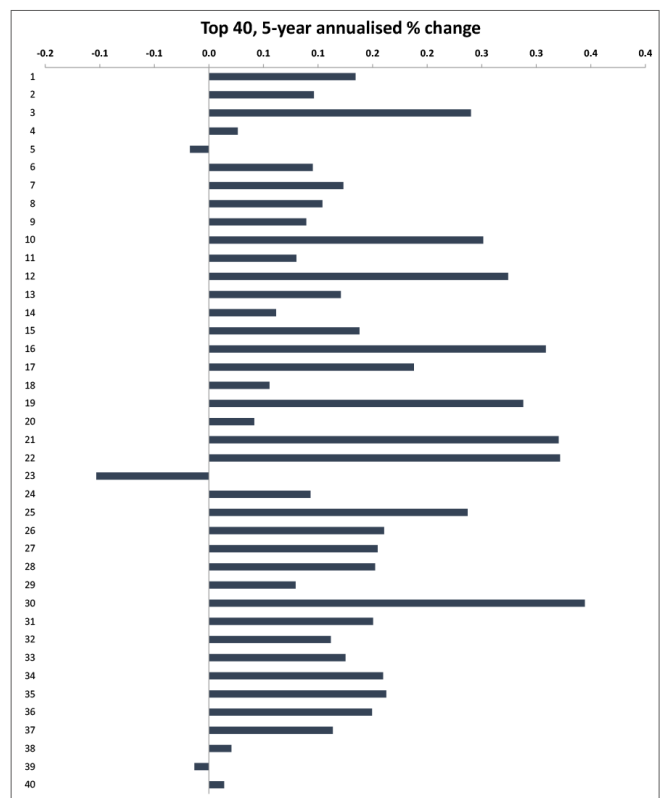
COMMODITIES

Commodities	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	4137.80	9.8%	43%	37%	4%
Platinum	1601.60	6.5%	47%	28%	-2%
Silver	48.59	9.9%	36%	37%	0%
Brent Crude	65.90	-5.4%	-11%	-13%	13%
Copper	10807.00	9.6%	15%	17%	5%



TOP 40

Top 40		Close	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	193.90	5.6%	15%	6%	13%
2	ANGLO AMERICAN PLC	651.04	9.4%	20%	17%	10%
3	ANGLO GOLD ASHANTI	1187.61	-0.3%	123%	84%	24%
4	ANHEUSER-BUSCH INBEV	1056.48	4.0%	-8%	2%	3%
5	ASPEN	102.31	2.4%	-43%	-21%	-2%
6	BHP Group Limited	478.45	4.0%	-3%	-5%	10%
7	BID CORP LTD	446.18	3.8%	4%	4%	12%
8	BRITISH AMERICAN TOBACCO PLC	892.40	-2.0%	46%	26%	10%
9	BIDVEST GROUP LIMITED	226.77	6.2%	-20%	-6%	9%
10	COMPAGNIE FINANCIERE	3455.33	4.3%	32%	22%	25%
11	CLICKS GROUP	375.42	4.6%	-1%	24%	8%
12	CAPITEC	4030.05	11.5%	25%	54%	27%
13	DISCOVERY	222.11	13.3%	26%	30%	12%
14	EXXARO RESOURCES LTD	170.93	-5.0%	1%	-5%	6%
15	FIRSTRAND	82.94	3.3%	0%	17%	14%
16	GOLDFIELDS LTD	706.10	-2.6%	123%	65%	31%
17	GLENORE PLC	78.94	4.5%	-14%	-12%	19%
18	GROWTHPOINT	15.70	3.5%	17%	27%	6%
19	HARMONY GOLD MINING	306.23	-3.7%	50%	84%	29%
20	IMPLATS	202.04	-1.6%	68%	64%	4%
21	INVLT	132.46	1.3%	-3%	13%	32%
22	INVESTEC	133.13	1.0%	-2%	13%	32%
23	MONDI PLC	195.44	-17.5%	-32%	-19%	-10%
24	MR PRICE GROUP LTD	218.70	3.2%	-13%	28%	9%
25	MTN GROUP	166.70	20.9%	87%	26%	24%
26	NEDBANK	240.95	13.2%	-19%	10%	16%
27	NASPERS -N	1236.50	4.1%	50%	44%	15%
28	NEPI ROCKCASTLE PLC	139.73	-0.5%	-3%	18%	15%
29	OLD MUTUAL LTD	13.95	0.5%	13%	8%	8%
30	OUTSURANCE	73.75	-1.4%	25%	36%	34%
31	PEPKOR HOLDINGS LTD	26.69	5.7%	17%	28%	15%
32	PROSUS NV	1190.50	2.7%	60%	49%	11%
33	REMGRO	173.00	-1.5%	9%	9%	13%
34	REINET INVESTMENTS SCA	562.00	9.5%	17%	21%	16%
35	STANBANK	256.17	6.4%	7%	17%	16%
36	SHOPRITE	289.43	3.7%	4%	10%	15%
37	SANLAM	94.19	11.4%	6%	19%	11%
38	SASOL	114.26	6.8%	8%	-33%	2%
39	Sibanye Stillwater Ltd	48.16	5.4%	133%	41%	-1%
40	VODACOM GROUP LIMITED	136.70	3.2%	25%	15%	1%



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