

ECONOMIC COMMENTARY - DR. FRANCOIS STOFBERG

Earnings are up, but is the economy really healthy?

After months of political noise, market volatility, and endless debate over tariffs and artificial intelligence (AI), the United States' (US) corporate engine seems to be humming again. Third-quarter results show that US company earnings are growing at their fastest pace in four years, defying gloomy predictions that President Donald Trump's trade war would stifle growth.

Across the broad Russell 3000 Index, median earnings grew by about 11% year-on-year, up from 6% in the previous quarter. It is the strongest growth since 2021. Six of the eleven major S&P 500 sectors posted positive earnings growth (up from only two earlier in the year). Corporate America, it seems, has learned to absorb higher tariffs and higher costs without losing profitability.

The tech sector, once again, dominates the story. AI-related investments and data-centre expansion have driven valuations sky-high. Yet, the same week that investors celebrated strong earnings, more than \$900 billion was wiped off the market value of eight of the most expensive AI-linked companies. This whiplash reflects a deeper question: Have markets begun to mistake momentum for value?

As long as macroeconomic data are limited by the ongoing US government shutdown, corporate earnings are the best clues we have to the real state of the economy. The numbers look good, but the narrative underneath them is more complex. Consumer-facing companies are warning that demand is softening, particularly among lower-income households. The University of Michigan's latest Consumer Sentiment Index has fallen to a three-year low. The top 40% of US households now control almost 85% of total wealth and, unsurprisingly, they are the ones still spending. This widening divide between the "haves" and "have-nots" poses a subtle threat to the apparent resilience of the world's largest economy. It is not that the US has stopped growing, it is that fewer Americans are participating in that growth.

China's slowdown

Meanwhile, China is slowing. Retail sales grew just 2.8% in October, down from 3% in September. Industrial output growth also eased, and fixed-asset investment actually turned negative. Beijing's push to stimulate consumer demand through subsidies and trade-in incentives has had only a temporary effect. Analysts now expect China's growth to hover near 5% in 2025, sustained less by organic demand and more by state-directed investment. The long-promised shift to consumption-led growth remains elusive. For South Africa and other commodity exporters, this matters as weaker Chinese demand means softer export prices, slower trade, and a tougher growth outlook.

The uneasy co-existence between wealth and want

The irony of 2025 is that the global economy appears both strong and fragile at the same time. Markets are near record highs, yet affordability remains the dominant concern of ordinary citizens across the world. In the United Kingdom, the Bank of England is considering its first rate cut in more than a year, even as inflation remains above target. In the US, the Federal Reserve faces what one official called "a balancing act" between buoyant equity prices and rising hardship among low-income households. And in China, the state is tightening control just when the private sector most needs confidence and the freedom to invest.

A lesson for South Africans

For South Africans, these global tremors matter not only because of what they say about growth, but because of what they reveal about value. When profit becomes detached from real well-being (when markets reward speculation more than stewardship and wealth creation), economies begin to drift from their purpose. The world is still expanding in nominal terms, but the deeper question is whether it is creating value that lasts. As investors, we need to look beyond quarterly earnings to ask: Are companies building something that will endure, or are they merely inflating another cycle of exuberance? Economic history teaches us that markets can price risk, but cannot price meaning. That task – defining what is truly valuable – remains ours.

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, 12 November 2025

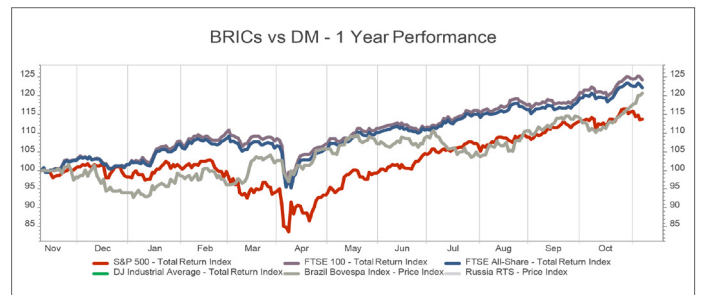
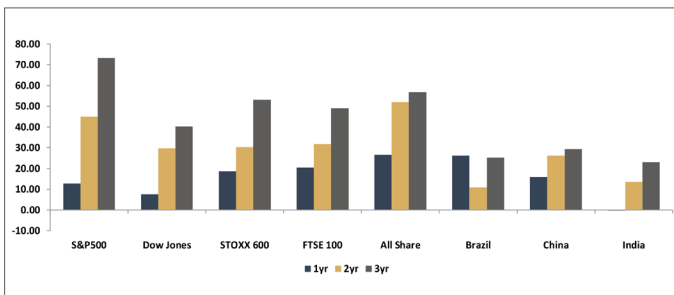
GLOBAL INDICES

South Africa	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
All Share	108846.44	-0.6%	27%	23%	14%
Top 40	101451.33	-0.9%	30%	24%	14%
Mid Cap	103574.93	-0.7%	13%	19%	12%
Small Cap	101924.09	2.4%	16%	23%	21%
Resource 20	104719.15	-7.1%	76%	38%	15%
Industrial 25	143528.22	0.0%	24%	21%	12%
Financial 15	22867.07	4.8%	8%	19%	18%

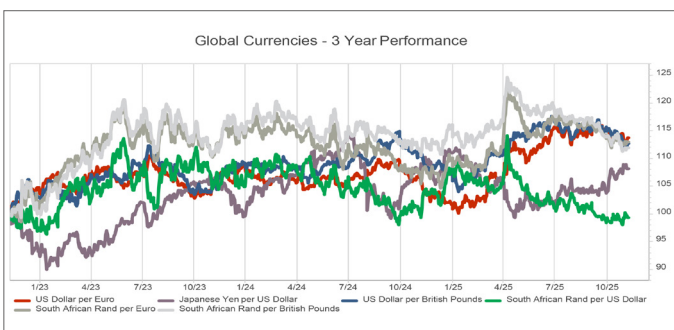
Europe	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
FTSE 100	9682.57	2.1%	19%	14%	10%
DAX 30	23569.96	-3.3%	22%	25%	14%
CAC 40	7950.18	-0.3%	7%	7%	10%
STOXX 600	564.79	-0.8%	11%	13%	9%
Russia RTS	955.46	0.0%	0%	0%	-4%

Asia	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Nikkei 225	50276.37	4.8%	28%	25%	16%
Hang Seng	26241.83	-2.7%	25%	22%	0%
Shanghai	3997.5557	3.0%	15%	14%	4%
India SENSEX	83216.28	1.6%	5%	13%	15%

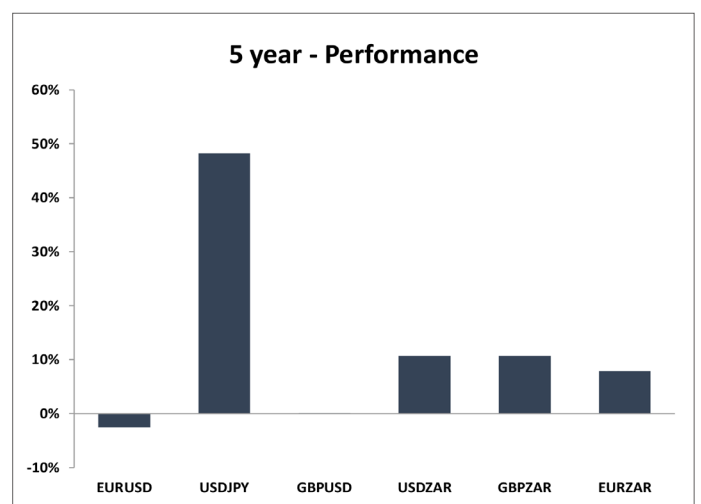
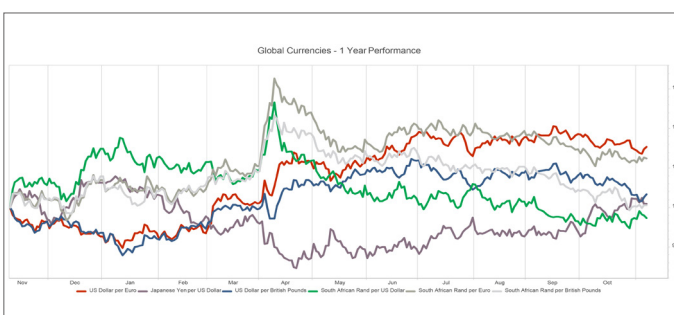
Americas	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Dow Jones	46987.1	0.8%	7%	17%	11%
S&P 500	6728.8	0.2%	13%	24%	14%
Nasdaq	23004.537	0.9%	19%	30%	14%
Russel 1000	46987.1	0.8%	7%	17%	11%
Brazil Bovespa	154063.53	9.0%	19%	14%	9%



CURRENCIES

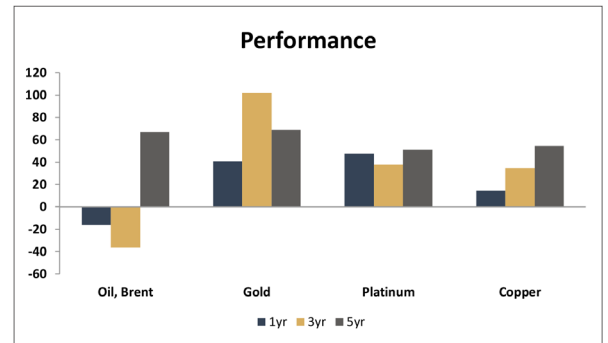
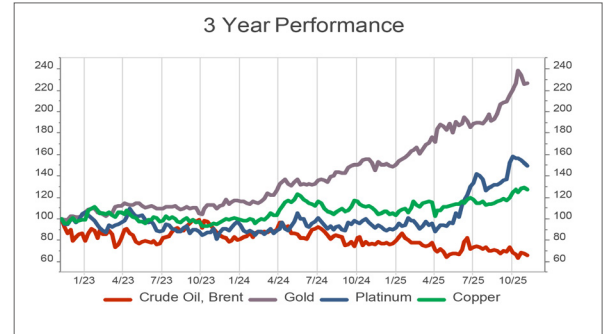
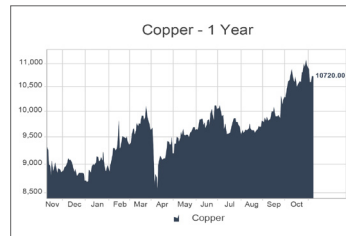
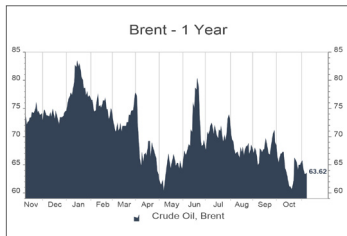
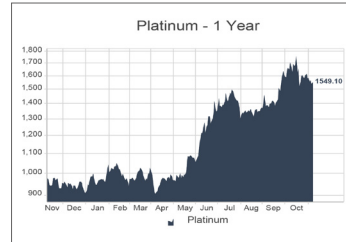
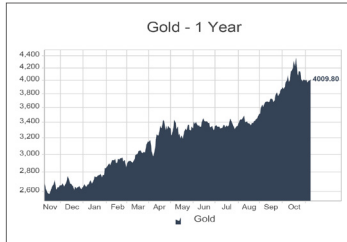


Currencies	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
USD/ZAR	17.33	0.0%	-1%	-4%	2%
GBP/ZAR	22.80	-1.1%	0%	0%	2%
EUR/ZAR	20.06	-0.1%	6%	0%	2%
AUD/ZAR	11.22	-1.0%	-3%	-3%	0%
EUR/USD	1.16	-0.1%	8%	4%	0%
USD/JPY	153.15	0.5%	0%	1%	8%



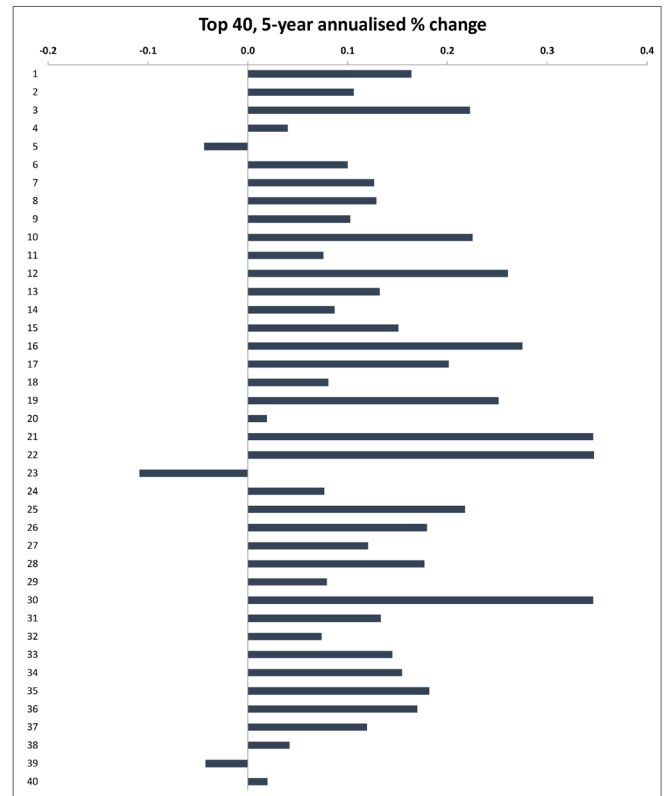
COMMODITIES

Commodities	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
Gold	4009.80	0.1%	41%	35%	3%
Platinum	1549.10	-6.1%	47%	25%	-2%
Silver	48.14	1.3%	43%	38%	0%
Brent Crude	63.62	-5.2%	-16%	-13%	14%
Copper	10720.00	0.7%	14%	15%	5%



TOP 40

Top 40	Company	Close	1M %	1 Year %	2Y Ann %	5Y Ann %
1	ABSA GROUP LTD	196.73	3.6%	16%	6%	16%
2	ANGLO AMERICAN PLC	630.92	-3.6%	15%	15%	11%
3	ANGLO GOLD ASHANTI	1185.84	-7.1%	146%	88%	22%
4	ANHEUSER-BUSCH INBEV	1091.50	6.5%	8%	1%	4%
5	ASPEN	96.80	1.1%	-46%	-24%	-4%
6	BHP Group Limited	472.06	-1.6%	-6%	-5%	10%
7	BID CORP LTD	429.06	1.0%	-1%	3%	13%
8	BRITISH AMERICAN TOBACCO PLC	945.66	6.4%	53%	28%	13%
9	BIDVEST GROUP LIMITED	224.96	4.1%	-21%	-8%	10%
10	COMPAGNIE FINANCIERE	3345.34	0.1%	31%	22%	23%
11	CLICKS GROUP	358.01	2.2%	-8%	13%	8%
12	CAPIPEC	3942.00	9.8%	19%	45%	26%
13	DISCOVERY	218.58	8.9%	19%	29%	13%
14	EXXARO RESOURCES LTD	185.24	8.7%	12%	0%	9%
15	FIRSTRAND	80.40	-0.9%	2%	14%	15%
16	GOLDFIELDS LTD	672.77	-6.4%	139%	67%	28%
17	GLENCORE PLC	81.94	-0.3%	-13%	-8%	20%
18	GROWTHPOINT	16.75	10.4%	27%	28%	8%
19	HARMONY GOLD MINING	284.44	-9.5%	58%	82%	25%
20	IMPLATS	187.78	-15.9%	57%	51%	2%
21	INVLTD	131.87	3.8%	-6%	12%	35%
22	INVESTPCP	131.90	3.1%	-6%	11%	35%
23	MONDI PLC	185.86	-6.0%	-33%	-22%	-11%
24	MR PRICE GROUP LTD	203.86	-3.3%	-18%	21%	8%
25	MTN GROUP	164.74	11.0%	96%	31%	22%
26	NEDBANK	245.74	8.0%	-18%	9%	18%
27	NASPERS -N	1217.05	-4.4%	47%	39%	12%
28	NEPI ROCKCASTLE PLC	142.30	2.7%	2%	18%	18%
29	OLD MUTUAL LTD	13.46	4.5%	6%	6%	8%
30	OUTSURANCE	70.53	-4.8%	16%	30%	35%
31	PEPKOR HOLDINGS LTD	26.36	5.8%	18%	20%	13%
32	PROSUS NV	1185.89	-3.8%	60%	46%	7%
33	REMGRO	173.09	2.4%	13%	11%	14%
34	REINET INVESTMENTS SCA	549.41	9.0%	12%	17%	15%
35	STANBANK	258.00	4.9%	5%	17%	18%
36	SHOPRITE	289.37	3.6%	-8%	9%	17%
37	SANLAM	91.42	6.9%	3%	16%	12%
38	SASOL	111.93	8.6%	5%	-30%	4%
39	Sibanye Stillwater Ltd	45.70	-9.5%	117%	39%	-4%
40	VODACOM GROUP LIMITED	136.19	2.0%	31%	14%	2%



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