

# Monthly Market Report

July 2025

Index	Open	Close	% Change
JSE FTSE ALSI Top 40	88 757.81	90 781.37	2.28%
S&P 500	6 204.95	6 339.39	2.17%
Nasdaq Composite	20 369.73	21 122.45	3.70%
Dow Jones Industrial	44 094.77	44 130.98	0.08%
FTSE 100	8 760.96	9 132.81	4.24%
Nikkei	40 487.39	41 069.82	1.44%
Hang Seng	24 072.28	24 773.33	2.91%
DAX	23 909.61	24 065.47	0.65%
CAC 40	7 665.91	7 771.97	1.38%

Commodity	Open	Close	% Change
Gold	3 303.14	3 289.93	-0.40%
Platinum	1 359.42	1 293.05	-4.88%
Iron Ore	94.30	99.41	5.42%
Brent Crude Oil	67.61	72.53	7.28%

Currency	Open	Close	% Change
USD-ZAR	17.712	18.218	2.86%
EUR-ZAR	20.875	20.795	-0.39%
GBP-ZAR	24.323	24.057	-1.09%

Source: Bloomberg

## Local and Global Macro Economic Perspectives



### South Africa

26.1029°S, 28.0576°E

In July, the JSE/FTSE gained 2.28%, hitting all-time highs and breaking through the key psychological level of 100,000 points.

In late July, the South African Reserve Bank cut its benchmark repo rate by 25 basis points to 7%, a unanimous decision made in response to ongoing economic pressures. Governor Lesetja Kganyago pointed to weaker growth prospects, citing recent downward revisions to GDP and the risk of hefty US tariffs of up to 30% on some South African exports. Inflation remains firmly within the target range, with headline CPI steady at 3% and core inflation at 2.9%, helped by a stronger Rand and easing inflation expectations. Importantly, the Monetary Policy Committee indicated it now wants to steer inflation closer to 3%, down from the previous midpoint of 4.5%, aiming for the bottom of the official 3 to 6% band. Government bonds rallied on the announcement of the lower inflation target, reflecting investor confidence in tighter price stability ahead. Kganyago stressed that while shocks are inevitable,

adopting a lower inflation target can help South Africa bounce back faster and pave the way for sustainably lower interest rates. He also emphasized that domestic reforms are critical to supporting this shift and ensuring long-term price stability.

In May, South Africa's mining production grew a modest 0.2% YoY, weighed down by declines in manganese ore, coal, and copper, while gold, iron ore, and chromium posted modest gains. This small increase came despite recent US tariffs on many South African exports - tariffs that notably exclude precious metals like gold and platinum, which are vital to high-tech sectors such as AI and semiconductors.

In May, South Africa's manufacturing output saw a slight 0.5% year-on-year rise - the first positive sign after six straight months of decline. Metals and machinery led the way with solid growth, while other sectors like glass, textiles, and professional equipment also improved. That said, key areas including automotive, petroleum, chemicals, and food continued to struggle. This modest bounce comes despite the added strain of 30% US tariffs on many South African exports, which threaten to slow production and cost jobs.



## United States

40° 42' 24.7572" N, 74° 0' 40.554" W

In July, U.S. stocks delivered gains as the Nasdaq surged 3.7%, driven by tech strength, while the S&P 500 rose a solid 2.17%. The Dow Jones, however, barely moved, edging up just 0.08%, weighed down by more cyclical stocks. Tech stocks, in particular, continue to act as a refuge for investors navigating ongoing economic and geopolitical uncertainties.

In late July, the Federal Reserve held its benchmark interest rate steady at 4.5%, resisting mounting political pressure from the Trump administration to ease policy. The decision exposed a rare split on the board, with two Trump-appointed governors voting in favour of a cut — the first such dissent in over three decades. Fed Chair Jerome Powell described the economy as solid but cautioned it was still too early to gauge the full impact of tariffs, which continue to inject uncertainty into the outlook. While second-quarter GDP surprised to the upside, the Fed and several private economists expect growth to lose steam in the second half of the year. Meanwhile, inflation remains persistent: the latest PCE reading rose to 2.6% year-on-year from 2.4%, and headline CPI accelerated to 2.7% from 2.4%, both pointing to a renewed inflationary pulse.

The June U.S. jobs report came in stronger than expected, with nonfarm payrolls rising by 147,000 compared to forecasts of 110,000. While the headline gain suggests resilience, the details reveal a more mixed picture. Government hiring contributed nearly half the total, with 73,000 jobs added, largely in education, while private sector payroll growth slowed to just 74,000, in line with the softer tone of the ADP report. The unemployment rate fell to 4.1% from 4.2%, helped by a decline in labour force participation, which slipped to 62.3%, its lowest level since December 2022. Wage growth also moderated, with average hourly earnings rising 0.2% MoM and 3.7% YoY, both below expectations. Although participation among prime-age workers ticked higher and healthcare hiring remained firm, the broader trend points to a labour market that is holding up but gradually losing momentum beneath the surface.

U.S. consumer confidence improved in July, with the Conference Board's Consumer Confidence Index rising to 97.2 from a revised 95.2 in June. The rebound reflects a shift in sentiment around future economic conditions, even as views on the present remained mixed. The Expectations Index, which tracks short-term outlooks for income,

business conditions, and employment, rose to 74.4 from 69.9, signalling reduced pessimism, though it remains below the 80-point threshold often linked to recession concerns.



## United Kingdom

*51°30'32.39" N, 0°05'33.90" E*

The UK's FTSE 100 rose 4.24% in July, boosted by expectations of a Bank of England rate cut.

The UK economy unexpectedly contracted by 0.1% in May, following a 0.3% decline in April, defying expectations for a modest rebound. Weakness was concentrated in industrial production (-0.9%) and construction (-0.6%), partly offset by slight growth in services. The slowdown follows a strong Q1, which was boosted by frontloaded activity ahead of US tariffs and the expiry of a property tax break. Trade headwinds persist, with UK goods exports to the US slipping back to pre-pandemic levels despite a recent trade deal. Business sentiment remains cautious amid rising employer costs and lingering uncertainty from US trade policies. Economists now expect flat Q2 GDP, with any contraction in June likely to tip the quarter negative. This reinforces expectations for a 25bps Bank of England rate cut in August, even as inflation remains elevated. Markets are pricing an 80% probability of easing, though policymakers are likely to move gradually given sticky price pressures.

UK inflation rose to 3.6% year-on-year in June, its highest level in 18 months and above expectations of 3.4%. The upside surprise was largely driven by higher motor fuel, transport fares, food, and clothing prices, suggesting businesses are passing on rising costs such as higher employer national insurance contributions. Core inflation also increased to 3.7%, while services inflation remained elevated at 4.7%. Analysts expect inflation to peak near 3.7% in September before easing as energy prices decline, though lingering strength in services poses a risk to the disinflation path.

Composite PMI improved to 52.0 in June vs a May reading of 50.3, signalling a second consecutive month of growth and the fastest pace since September last year. The improvement was largely services-led, offsetting ongoing weakness in manufacturing. The services sector PMI increased to 52.8, supported by stronger domestic demand and the fastest rise in new orders since late 2024. However, employment continued to contract amid rising payroll costs, while backlogs of work fell for a 13th consecutive month. Input and output price inflation eased, with charges rising at their slowest pace in over four years. In contrast, the Manufacturing sector recorded a softer contraction with a PMI print of 47.7 (May: 46.4). Weak market conditions, geopolitical uncertainty, and tariffs weighed on demand, with export orders declining and job cuts extending for an eighth month. Input costs continued to climb, driven by shipping and labour expenses.



## Eurozone

*51°30'32.39" N 0°05'33.90" E*

The German DAX edged up 0.65% in July, while the French CAC 40 gained 1.38%, as investors weighed mixed economic signals across the region.

The ECB kept interest rates at 2% on Thursday after delivering eight cuts over the past year, opting for a wait-and-see approach as Brussels and Washington work toward a potential trade deal aimed at reducing ongoing tariff

uncertainty. Markets trimmed expectations for further rate cuts after President Christine Lagarde offered what was largely seen as a positive outlook for the region's economy. With inflation now back at the ECB's 2% target and expected to remain there in the near term, policymakers opted to pause as EU-U.S. trade talks entered what appears to be their final phase. Reports indicate a potential agreement involving a 15% tariff on U.S. imports of EU goods.

Eurozone consumer price inflation rose slightly to 2% year-on-year in June from May's eight-month low of 1.9% and aligning with the European Central Bank's target. Services inflation picked up slightly to 3.3% from May's three-year low of 3.2%, while the pace of energy price declines slowed to 2.6% from 3.6%. Inflation moderated for non-energy industrial goods (0.5% vs. 0.6%) and for food, alcohol, and tobacco (3.1% vs. 3.2%). Core inflation, which excludes energy, food, alcohol, and tobacco, remained steady at 2.3%, its lowest level since January 2022.

The HCOB Eurozone Manufacturing PMI inched up to 49.8 in July from 49.5 in June, slightly above market expectations of 49.7, supported by a slight increase in output and the slowest pace of job losses since June 2023. Growth in the eurozone's key services sector returned in June with the HCOB Eurozone Services PMI confirmed at 50.5, rising from 49.7 in May. The expansion was modest as weak demand persisted despite improving business confidence. The composite PMI, which combines manufacturing and services, rose to 50.6 in June from 50.2, hitting a three-month high but still signalling only modest growth. The index showed that overall new business fell for the 13th consecutive month, though the pace of decline slowed to a marginal level at 49.7. Despite this, service providers continued to add jobs for a fourth consecutive month, extending a hiring streak that has lasted nearly four and a half years.



### China

31° 14' 12.3" N, 121° 30' 31.5" E

The Hang Seng climbed 2.91% in July, supported by optimism around China's economic recovery.

China's economy grew faster than expected in Q2 despite ongoing trade tensions with the US, buoyed by stronger exports to non-US markets. GDP expanded 5.2% YoY in Q2, slightly above the 5.1% consensus forecast, but slower than the 5.4% growth recorded in Q1. This brings first-half GDP growth to 5.3% YoY. Exports rose 5.8% YoY in June, exceeding expectations, while imports grew 1.1% which was the first increase since February. Exports to ASEAN surged over 18%, with Vietnam playing a key role in rerouting goods to avoid US tariffs. However, exports to the US fell 16.1% YoY in June and are down 9.9% YTD. Rare earth exports jumped 32% YoY after Beijing resumed approvals following talks with Washington. Despite surpassing the halfway mark towards its "around 5%" annual growth goal, China will likely struggle to meet the target without further policy support, given domestic weaknesses and the impact of tariffs imposed by US President Donald Trump.

The People's Bank of China (PBOC) maintained the 1-year loan prime rate (LPR) at 3.0% and the 5-year LPR, a key mortgage benchmark, at 3.5%. There is limited urgency for cuts given that GDP remains above target and current rates are already low. Fiscal measures may be more effective in boosting demand and the PBOC is likely holding off on further easing to preserve room for action if U.S. tariffs worsen conditions.

China's consumer price index (CPI) returned to positive territory in June for the first time since January, rising 0.1% year-on-year from May's -0.1%, surpassing market expectations of a 0.03% drop. Food prices remained in deflation for the fifth consecutive month, down 0.3% YoY, driven mainly by sharp declines in pork (-8.5%) and eggs (-7.7%).

However, some categories bucked the trend, with aquatic products up 3.4% and fruits up 6.1%. Non-food inflation improved slightly, posting a 0.1% YoY increase, partly offsetting food price weakness. The “other supplies and services” category saw the steepest rise at 8.1% YoY, while most other non-food segments were subdued. Clothing (1.6%) and education, culture, and entertainment (1.0%) showed modest annual gains, but both declined 0.1% month-on-month, indicating lingering downward pressures. Meanwhile, producer price index (PPI) inflation sank deeper into deflation at -3.6% YoY, its 33rd consecutive month of declines and the lowest in 23 months.

China’s manufacturing sector contracted more than anticipated in July as extreme weather disruptions largely offset the benefits of improving trade ties with the United States. The Manufacturing PMI came in at 49.3, below expectations for it to hold steady at 49.7, marking the fourth consecutive month of contraction. While manufacturing showed some recovery in June following a U.S.-China trade deal, July’s figures underscored continued pressure on the sector. China still faces around 50% tariffs on exports to the U.S., while weakening global demand, driven by U.S. trade measures, has added further strain. The non-manufacturing PMI fell to 50.1 in July, missing forecasts of 50.3 and down from 50.5 in June, hovering just above expansion territory, while the composite PMI slipped to 50.2 from 50.7 in the previous month.



### Japan

35° 40' 34.55" N, 139° 46' 26.21" E

The Nikkei gained 1.44% in July, lifted by steady private sector growth and firmer business confidence amid cautious optimism on the economic outlook.

The Bank of Japan (BOJ) kept short-term interest rates unchanged at 0.5% in its latest policy meeting but adopted a more optimistic tone, revising up its core inflation forecast for the current fiscal year to 2.7% (from 2.2%). The central bank maintained its pledge to hike rates if economic and price trends evolve as expected, citing rising wages and food costs as potential drivers of underlying inflation. Governor Kazuo Ueda noted that Japan’s recent trade deal with the U.S., which reduces tariffs on key exports such as vehicles, has eased economic uncertainty and improved prospects for reaching the BOJ’s 2% inflation target. However, he cautioned that the broader impact of U.S. trade policy remains unclear, prompting the BOJ to retain a cautious stance.

Japanese consumer inflation eased in June, with both headline and core CPI slowing to 3.3% y/y (from 3.5% and 3.7%, respectively), marking their lowest levels in several months but remaining above the Bank of Japan’s (BOJ) 2% target. The moderation was largely driven by softer electricity and gas prices following the resumption of fuel subsidies, while housing, transport, and healthcare costs also eased. Food inflation accelerated to 7.2%, led by a sharp rise in rice prices (+100.2% y/y) despite government stockpile releases. The “core-core” measure, which excludes both fresh food and energy, edged higher to 3.4%, underscoring persistent underlying price pressures.

Japan’s private sector strengthened in June, with the au Jibun Bank Composite PMI rising to 51.5 (from 50.2), its highest since February, marking a third straight month of expansion. Growth was driven by the first manufacturing uptick since May 2024 and continued services sector expansion. Manufacturing output (50.1) improved, and employment rose, but demand remained weak, with new orders and exports declining amid newly imposed U.S. tariffs. Input costs ticked higher on raw material, energy, and labour expenses, pushing output price inflation to a three-month high. The services sector (51.7) benefitted from faster growth in new orders and overseas sales, alongside the sharpest employment gains since January. Input cost inflation eased to a six-month low, though firms raised output prices at the fastest pace in 14 months. Overall, business sentiment strengthened across sectors, supported by stronger hiring, new product launches, and expectations of firmer activity ahead.