

Monthly Market Report

September 2025

Index	Open	Close	% Change
JSE FTSE ALSI Top 40	94 184.64	100 951.40	7.18%
S&P 500	6 460.26	6 688.46	3.53%
Nasdaq Composite	21 455.55	22 660.41	5.62%
Dow Jones Industrial	45 544.88	46 397.89	1.87%
FTSE 100	9 187.34	9 350.43	1.78%
Nikkei	42 718.47	44 932.63	5.18%
Hang Seng	25 077.62	26 855.56	7.09%
DAX	23 902.21	23 880.72	-0.09%
CAC 40	7 703.90	7 895.94	2.49%

Commodity	Open	Close	% Change
Gold	3 447.95	3 854.96	11.80%
Platinum	1 370.90	1 575.69	14.94%
Iron Ore	103.50	103.70	0.19%
Brent Crude Oil	68.12	67.02	-1.61%

Currency	Open	Close	% Change
USD-ZAR	17.650	17.270	-2.15%
EUR-ZAR	20.630	20.258	-1.81%
GBP-ZAR	23.850	23.220	-2.64%

Source: Bloomberg

Local and Global Macro Economic Perspectives



South Africa

26.1029°S, 28.0576°E

The FTSE/JSE Top 40 Index advanced 7.18% in September, led by robust gains in the mining and financial sectors. Naspers/Prosus also contributed to the rally, buoyed by positive momentum in Chinese technology stocks. In the bond market, foreign investors continued to increase their exposure, with offshore holdings of nominal bonds rising to 33% from 30.9%, concentrated in longer-dated maturities including the R2035, R2037, R2040, R2044, and R2048. Net foreign inflows for the month reached R76.5bn, bringing year-to-date inflows to R163.6bn. Domestically, monetary authorities hold 19% of nominal bonds, while insurers, pension funds, and collective investment schemes account for 47.9%, slightly down from the previous month.

The South African Reserve Bank held the repo rate at 7.00% and the prime rate at 10.50% in September, reflecting a cautious stance amid a split Monetary Policy Committee vote, with four members favouring a hold and two preferring a 25bp cut. Headline inflation eased marginally to 3.3% in August, though upward pressures from rising

electricity and administered costs continue to weigh on household purchasing power. The SARB reiterated that structural reforms, rather than higher interest rates, are key to addressing these challenges, signalling a measured approach to future policy easing as inflation expectations evolve.

Q2 GDP surprised on the upside, expanding 0.8% quarter-on-quarter (0.6% y/y), prompting the SARB to raise its 2025 growth forecast to 1.2%. The rebound was broad-based, supported by manufacturing, mining, trade, and household consumption, while net exports remained a modest drag. Nevertheless, overall momentum remains constrained by structural bottlenecks and rising unemployment, with the recent U.S. tariffs likely to weigh on manufacturing in coming quarters.

Mining production data for July, released in September, showed a 4.4% year-on-year increase, underpinned by iron ore (+12.2%) and platinum-group metals (+6.2%), with additional support from diamonds, chromium, and coal. Other key commodities, including gold, manganese, copper, and nickel, recorded declines, reflecting a mixed performance across the sector.



United States

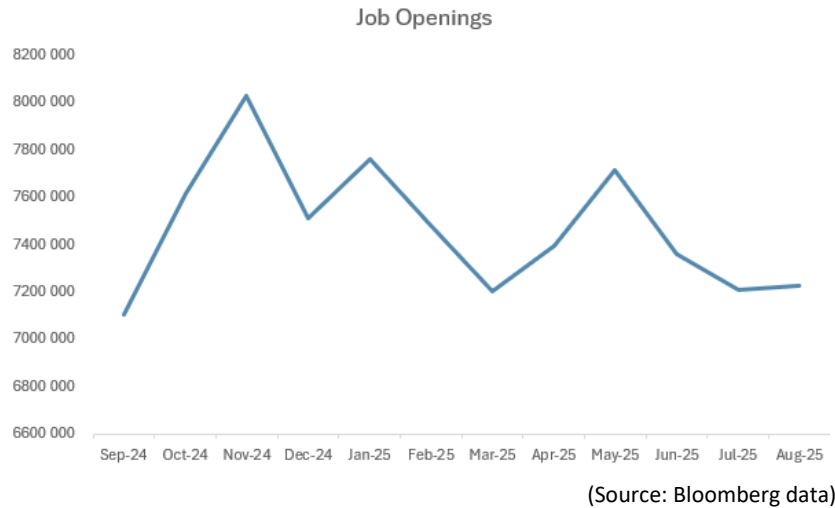
40° 42' 24.7572" N, 74° 0' 40.554" W

U.S. stocks rose in September, with the Nasdaq up 5.62%, the S&P 500 gaining 3.53%, and the Dow Jones advancing 1.87%. Tech and growth shares outperformed, supported by the Fed's rate cut and resilient consumer spending.

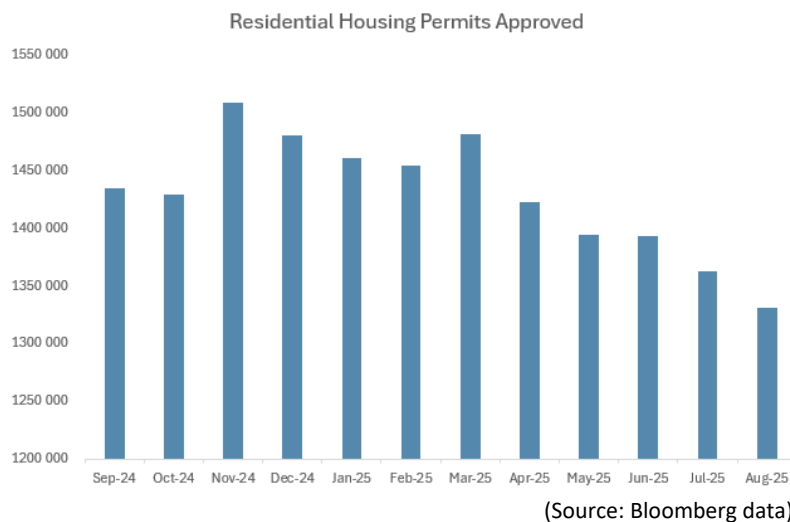
The Federal Reserve delivered a widely expected 25 basis point rate cut at its September meeting, lowering the federal funds target range to 4.00–4.25% and signalling the possibility of two additional cuts before year-end. The decision reflects growing concern over a slowing labour market, with unemployment edging up to 4.3% and job creation falling short of earlier estimates, even as inflation remains elevated. Chair Powell framed the move as a “risk management rate cut,” positioning policy closer to neutral rather than overtly stimulative, while the updated dot plot showed a majority of officials expecting further easing into next year, though views on the pace and extent of cuts remain mixed.

Inflation data presented a mixed picture. Core PCE, the Fed's preferred gauge, held steady at 2.9% year-on-year in August, while headline PCE rose to 2.7% (from 2.6%), reflecting higher food and energy costs. The household savings rate remains elevated at 4.6%, suggesting that consumers continue to support the economy despite tariff-related pressures.

The labour market shows a clear deceleration. Job openings printed marginally higher month-over-month at 7.227 million, but hiring fell by 114,000 to 5.126 million, indicating that businesses are becoming more cautious in adding staff. Nonfarm payroll gains have averaged just 29,000 per month over the past three months, a sharp slowdown from last year's pace, while layoffs have eased modestly. Economists point to a combination of slowing demand, trade-related uncertainty, and reduced labour supply as key factors. For the Fed, these trends reinforce the case for further easing: the labour market is still solid, but the pace of job growth is no longer robust enough to offset broader economic risks.



Against this backdrop, the U.S. housing market continues to struggle. Single-family homebuilding has slipped to a multi-year low, and permits for future construction have declined as builders contend with a persistent inventory overhang. Modestly lower mortgage rates have provided some relief, but tepid hiring and cautious household sentiment continue to weigh on buyer demand. Builders are increasingly offering price cuts and incentives to clear inventory, yet residential construction is expected to remain a drag on economic growth in the months ahead.



U.S. consumer confidence weakened more than anticipated in September, with the Conference Board's index retreating to 94.2, as concerns over job availability hit a multi-year low for the ninth consecutive month.



United Kingdom

51°30'32.39" N, 0°05'33.90" E

The UK economy lost momentum in Q2 2025, with GDP growth easing to 0.3% from 0.7% in Q1, in line with expectations. Annual growth to June was revised up slightly to 1.4% from 1.2%, while GDP per capita rose 0.9% after being flat in 2024. The UK remained the fastest-growing G7 economy in the first half of the year, though some strength reflected one-off factors such as pre-tariff export surges. Looking ahead, growth is expected to slow to 0.2% per quarter in H2 as wage growth moderates and inflation drifts higher towards 4%, double the BoE's target.

Fiscal pressures remain, with speculation mounting that Finance Minister Reeves will raise taxes in the November 26th budget to meet deficit-reduction goals.

The Bank of England (BoE) kept interest rates on hold at 4% in September, pausing a run of cuts that began in August last year. The decision, which saw two of nine Monetary Policy Committee members vote for a 25bp cut, reflects ongoing concerns that inflation remains well above the 2% target, with August CPI steady at 3.8% and food prices rising 5.1% y/y. Governor Andrew Bailey cautioned that “we’re not out of the woods yet,” signalling that any further easing will be gradual and data-dependent. Markets had largely priced in the hold, though expectations for the next move are now more uncertain, with some economists pointing to a possible November cut if inflation eases, while others see scope only by early 2026. Alongside its rate decision, the BoE slowed the pace of quantitative tightening, reducing planned annual bond sales from £100bn to £70bn to minimise disruption to gilt markets.

The S&P Global UK Manufacturing PMI slipped to 47.0 in August (July: 48.0), marking the 11th straight month of contraction and the sharpest decline in three months. Output fell across consumer and investment goods, while new orders dropped more sharply as firms cited weak client confidence, rising labour costs, and higher National Insurance contributions. Employment continued to decline, and input cost inflation accelerated to its highest since May, though only partly passed on to output prices. The Services PMI was revised higher to 54.2 in August (July: 51.8), the strongest expansion since April 2024. Activity was supported by a rebound in domestic and international demand, with new business rising at its fastest pace since September 2024. However, employment continued to contract for an 11th consecutive month, while both input and output prices accelerated. Sentiment improved, with nearly half of firms expecting higher activity in the year ahead.



The Eurozone economy expanded by 0.1% quarter-on-quarter in Q2 2025, the weakest growth since late 2023, down sharply from 0.6% in Q1 and in line with the initial estimate. The loss of momentum reflects the fading boost from tariff front-loading earlier in the year, while ongoing uncertainty over US trade policy has weighed on business activity and consumer confidence. Regionally, output slipped in Germany (-0.1% vs +0.3%), Italy (-0.1% vs +0.3%), and Ireland (-1.0% vs +7.4%), with Finland recording flat growth. Expansions also slowed in the Netherlands (0.1% vs 0.3%), Belgium (0.2% vs 0.4%), Cyprus (0.5% vs 1.4%), and Lithuania (0.2% vs 0.6%). Growth held steady in Austria (0.1%) and Slovakia (0.1%), while France (0.3% vs 0.1%) and Spain (0.7% vs 0.6%) accelerated modestly. Portugal (0.6% vs -0.4%), Estonia (0.5% vs -0.3%), and Slovenia (0.7% vs -0.7%) all rebounded from contraction. On an annual basis, GDP rose 1.4%, slightly below the 1.5% pace in Q1 but in line with the preliminary reading.

The European Central Bank left policy rates unchanged, holding the deposit facility at 2.00%, the main refinancing rate at 2.15%, and the marginal lending rate at 2.40%, in line with expectations. With inflation hovering near the 2% medium-term goal and the overall outlook broadly consistent with June’s assessment, updated staff projections forecast headline inflation at 2.1% in 2025, before easing to 1.7% in 2026 and edging up to 1.9% in 2027. Core inflation, excluding food and energy, is seen at 2.4% in 2025, declining to 1.9% in 2026 and 1.8% in 2027. Growth prospects were revised higher for 2025, with GDP expected to rise 1.2% (previously 0.9%), before slowing to 1.0% in 2026 and picking up to 1.3% in 2027. The Governing Council reiterated its commitment to securing inflation at 2% over the medium term, maintaining a cautious, data-dependent stance and assessing policy on a meeting-by-meeting basis. President Christine Lagarde noted that risks to growth are now more balanced, while the disinflation phase has largely run its course.

Eurozone consumer prices rose by 2.0% in August 2025, just below the flash estimate of 2.1%, as energy costs fell more sharply than expected. This marks the third consecutive month that headline inflation has aligned with the European Central Bank's 2% target, supporting the view that interest rates will likely remain unchanged for now. Unprocessed food inflation inched up to 5.5% from July's 5.4%, while energy prices declined 2.0% after a 2.4% fall the month before. Services inflation softened slightly to 3.1% from 3.2%, and processed food, alcohol, and tobacco rose 2.6%, marginally down from 2.7%. Non-energy industrial goods remained steady at 0.8%. Core inflation, which excludes food, energy, alcohol, and tobacco, was unchanged at 2.3%, its lowest level since January 2022.

The HCOB Eurozone Manufacturing PMI slipped to 49.8 in September 2025 from August's three-year high of 50.7. While the final reading was revised slightly up from the flash estimate of 49.5, it still fell short of market expectations of 50.7, signalling renewed weakness in factory activity. This marked a continuation of the contractionary trend that has persisted since mid-2022, apart from last month's brief expansion. New orders declined again, though at the slowest pace since March, reflecting softer export demand. Despite the renewed downturn, manufacturers maintained a positive outlook, with expectations for higher production over the next year. The HCOB Eurozone Services PMI climbed to 51.3 in September 2025, up from 50.5 in August. Although revised slightly below the flash estimate of 51.4, the reading still exceeded expectations of 50.5 and marked the strongest pace of growth since January, extending the sector's expansion streak to four months.



China

31° 14' 12.3" N, 121° 30' 31.5" E

The People's Bank of China (PBoC) kept its benchmark lending rates unchanged in September, holding them at record lows for a fourth consecutive month, in line with expectations. The one-year Loan Prime Rate, the reference for most business and household loans, stayed at 3.0%, while the five-year rate, which guides mortgage pricing, remained at 3.5%. Both were last trimmed by 10 basis points in May.

China's consumer prices fell 0.4% year-on-year in August 2025, following a flat reading in July and exceeding market expectations of a 0.2% decline. It was the fifth deflationary print this year and the sharpest drop since February. Food prices were the main drag, falling 4.3% after a 1.6% fall in July, the steepest contraction in nearly four years, driven by broad-based declines across categories and a sharper drop in pork prices amid abundant supply, lower production costs, and subdued demand. In contrast, non-food inflation accelerated to 0.5% from 0.3%, supported by Beijing's consumer subsidies. Housing (0.1% vs 0.1%), clothing (1.8% vs 1.7%), healthcare (0.9% vs 0.5%), and education (1.0% vs 0.9%) all posted gains, while transport costs fell 2.4%, a slower decline than July's 3.1%. Core inflation rose 0.9% year-on-year, the fastest pace in 18 months, after a 0.8% increase in July. On a monthly basis, CPI was unchanged, undershooting forecasts of a 0.1% rise and following July's 0.4% gain.

China's manufacturing sector showed an unexpected improvement in August, with the RatingDog (formerly Caixin) PMI rising to 50.5 from 49.5 in July—a five-month high and above forecasts of 49.7. The return to expansion was driven by stronger new orders, which lifted output, boosted inventories, and slowed the decline in export demand. Business confidence also improved, though hiring remained subdued. RatingDog's founder, Yao Yu, cautioned that the rebound may be temporary, as domestic demand is still soft, some export demand appears front-loaded, and profit margins remain under pressure despite rising input and output prices. The official PMI, released separately, remained in contraction at 49.4, little changed from July's 49.3.



Japan

35° 40' 34.55" N, 139° 46' 26.21" E

Japan's economy posted stronger-than-expected growth in the second quarter, expanding 0.5% q/q (annualised 2.2%) after upward revisions to consumption and inventories. This outpaced both consensus forecasts and Q1's modest 0.1% gain. The upside surprise was underpinned by resilient exports, which contributed 0.3pp to growth as the trade deficit narrowed, alongside firmer private consumption (+0.4%) and capex (+0.6%). On a year-on-year basis, GDP rose 1.2%, easing from 1.8% in Q1. Despite the resilience, risks remain tilted to the downside. U.S. tariffs—particularly a 25% levy on automobiles, which make up over a quarter of Japan's exports—are expected to weigh on trade and corporate profitability in the second half of the year. Economists warn that softer investment and external demand could slow momentum, with some cautioning about recession risk if tariff impacts deepen.

The Bank of Japan upgraded its FY2025 growth forecast to 0.6% (from 0.5%) but flagged weaker global demand and domestic profit pressures as key headwinds. While real wage gains support consumption in the near term, tariff-linked pressures on bonuses and investment could limit durability. Political uncertainty following Prime Minister Ishiba's resignation further clouds the outlook, leaving policymakers balancing near-term resilience with medium-term stagnation risks.

Japanese consumer inflation cooled in August, with core CPI rising 2.7% y/y, the slowest pace in nine months and in line with forecasts, though still above the Bank of Japan's 2% target. The broader "core-core" measure, excluding fresh food and energy, held steady at 3.3%, suggesting underlying price pressures remain sticky. Headline inflation eased to 3.1%, its lowest since late 2024, as rice and food price surges began to abate. The moderation offers households some relief, though it highlights the BOJ's delicate balancing act as it holds policy steady at 0.5%. While Governor Ueda has stressed caution amid tariff-related risks, upgraded forecasts now see FY2025 core inflation at 2.7% and core-core at 2.8%, pointing to more sustained price dynamics driven by wage gains.

Japan's manufacturing sector remained under pressure in August, with the S&P Global Manufacturing PMI revised down to 49.7, marking a 13th contraction in 14 months. Output and sales in the sector declined further, led by the sharpest drop in export demand since March 2024, as new U.S. tariffs weighed heavily on trade. Employment growth slowed to modest levels, while backlogs were depleted at the fastest pace since January. By contrast, the services sector remained resilient, with the Services PMI at 53.1, reflecting a fifth month of expansion. Growth was supported by the strongest rise in domestic new orders since February, even as export business recorded its steepest fall in over three years. Staffing levels edged lower for the first time since September 2023, though backlogs rose at a two-year high. Encouragingly, business confidence improved, underpinned by expansion plans and expectations of firmer domestic demand.