

# MARKET SUMMARY

As of 2025/07/31

## MARKET INDICES

	1 month	3 months	1 year	3 years	4 years	5 years
FTSE/JSE All Share	2.27	7.97	23.20	17.04	13.83	16.36
FTSE/JSE Capped SWIX All Share	2.24	7.60	22.33	15.64	13.47	16.07
FTSE/JSE SA Listed Property	4.75	6.25	24.37	18.34	16.13	18.50
All Bond Index	2.73	7.95	16.97	13.47	10.73	11.36
STeFI (Cash)	0.62	1.86	7.98	7.86	6.96	6.34
MSCI World	3.06	8.76	15.02	19.04	14.93	15.15
MSCI EM	3.73	9.52	16.48	13.56	7.45	6.67
Oil Price	9.16	11.67	-8.76	-10.55	4.10	12.21

## MARKET COMMENTARY

Despite elevated policy uncertainty, economic growth across major economies has remained resilient. This strength, in addition to better-than-expected earnings, provided key support for most equity markets this month. As a result, most major stock market indices – including those in the U.S. – reached new all-time highs in July. In the U.S., nearly 80% of S&P 500 companies that reported results exceeded consensus expectations for both earnings and revenue growth, surpassing long-term averages. Emerging Market (EM) equities outperformed their Developed Market (DM) counterparts over the month, largely driven by strong performance from Greater China and South Korea. However, a stronger U.S. dollar acted as a modest headwind to EM allocations, as the USD strengthened against most EM currencies. Another key theme for the month was the strong performance posted by Technology stocks. The “Magnificent Seven” tech giants reported strong earnings growth, with revenue growth across the broader sector outpacing the rest of the market. Global bond markets, on the other hand, posted weak returns as rising yields pushed bond prices down. UK Gilts were particularly weak, with renewed concerns over fiscal stability in the UK pushing yields higher and driving bond prices lower over the month.

South African equities (+2.3%) continued their positive momentum and posted strong returns in July, outperforming their DM peers and marginally lagging their EM peers. Local equities reached all-time highs on the back of improved investor sentiment this month. The Resources sector (+5.1%) was the best-performing sector over the month, despite muted performance from underlying commodity prices. Financials (+1.3%) and Industrials (+1.2%) also delivered positive returns, with index heavyweights such as Prosus (+5.0%), British American Tobacco (+14.7%) and MTN (+8.9%) posting strong returns. Richemont (-10.6%) and AB InBev (-12.4%) were notable laggards. Property (+4.8%) had a strong month, with broad-based strength across the sector.

South African bonds (+2.7%) defied the global trend in July, with yields declining over the month, even as most other markets experienced rising yields. Notably, nearly half of these monthly gains were realised towards the very end of the month, following the South African Reserve Bank’s (SARB) Monetary Policy Committee (MPC) meeting, where the committee unofficially lowered its inflation target to 3%. The rally in bonds was particularly impressive given the challenging backdrop for the rand, which depreciated by 1.8% against the U.S. dollar in July – its weakest monthly performance YTD.

The SARB’s MPC voted unanimously to cut the repo rate by 0.25%, lowering it from 7.25% to 7.00%. This marks the third rate cut in 2025, totalling 0.75% of rate cuts for the year, and subsequently bringing the repo rate to its lowest level since late 2022. The decision reflects the SARB’s response to persistently subdued inflation and a stagnant domestic growth environment. In a notable shift, the SARB omitted its usual inflation forecast at this meeting and published projections only under a 3.0% inflation target scenario, having previously presented this scenario alongside its standard 3-6% forecast. This move effectively signals an informal reduction in the Bank’s inflation target to 3%, reinforcing a more dovish policy stance going forward. On the inflation front, headline consumer inflation rose to 3.0% (year-on-year to the end of June 2025), its highest level in four months, up from 2.8% in April and May. However, core inflation edged down slightly to 2.9%, its lowest level since April 2021, suggesting underlying price pressures remain muted.

The **JSE All Share Index** (+2.3%) delivered solid returns in July, supported by broad-based gains across major sectors. The local market lagged outperformed most major Developed Market indices, while marginally underperforming the broader Emerging Market index. **Resources** (+5.1%) was the best-performing local sector for a second consecutive month, even though the underlying precious metal commodities posted lacklustre returns in July. Furthermore, both **Financials** (+1.3%) and **Industrials** (+1.2%) posted positive returns over the month. Some standout performers for the month were **Prosus** (+5.0%), **British American Tobacco** (+14.7%) and **MTN** (+8.9%). Whereas **Richemont** (-10.6%) and **AB InBev** (-12.4%) were notable laggards. **Listed Property** (+4.8%) posted positive performance this month, as Index heavyweight **Growthpoint** (+6.6%) led the way higher. South African bonds had yet another strong month in July, as a broad-based decline in yields drove bond prices higher across the curve. **Local bonds** (+2.7%) subsequently posted positive returns for the month. **Cash** (+0.6%) remained a stable investment option, highlighting the relatively attractive yields available on conservative allocations.

\*All data is sourced from Morningstar Direct as at 2025/07/31. The performance of South African asset classes is quoted in rands.

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