



Market Commentary

January 2025

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Global market themes



Global markets rally post-Trump inauguration

Global markets experienced broadly positive performance in January, following Donald Trump's official inauguration. His administration vowed to impose tariffs on some of its major trading partners, including a 25% levy on imports from Mexico and Canada and a 10% levy on products from China. Despite this, global growth for 2025 is currently forecasted to be 3.3%, unchanged from the forecast in October 2024. Global headline inflation is anticipated to drop to 4.2% over the year.

1.8% for the month, though Japan's Nikkei 225 fell by -0.8%. The Bank of Japan (BOJ) raised its short-term policy interest rate from 0.25% up to 0.5% in January. This reflects the BOJ's view that wages will continue to rise and inflation can be maintained around the 2% mark. The STOXX All Europe jumped up by 6.2%.



Federal Reserve holds rates steady at 4.25%-4.5%

The Federal Reserve held its key interest rate steady at a range of 4.25%-4.5%. Indicators have shown that economic activity has increased at a steady rate while unemployment rates, currently at 4.1%, have stabilised at a low level. However, inflation is still elevated at a rate of 2.9% year-on-year. US Treasury yields had notable fluctuations throughout January. The 10-year Treasury yield reached a high of 4.8% mid-month and eventually settled around 4.5%. The total return on global bonds subsequently also had a volatile month, influenced by inflation rates, central bank policies, and political developments. European shares and the gold price remained at elevated levels.

The Eurozone's inflation rate ticked up to 2.5%, largely driven by increases in energy prices. The European Commission extended the equivalence (for the UK's legal and supervisory framework) for UK central counterparties (CCPs) until 20 June 2028. This will help to support financial stability and provide a longer period in which to work on the implementation of the infrastructure regulations. Following growth and expansion plans, AstraZeneca scrapped its £450m vaccine plant expansion in Liverpool, citing a cut in government funding.



Eurozone inflation rises to 2.5% amid energy costs

Chinese market performance was volatile over January driven by economic data, geopolitical tensions, and the proposed 10% tariff on Chinese exports to the US added more pressure to investor sentiment. The MSCI China Index entered a bear market during the month, however there were some signs of recovery towards month-end. China's official purchasing managers' index (PMI) was up to 49.2 in January compared to 49 in December. China's Consumer Price index (CPI) increased by just 0.1% year-on-year in December 2024, reflecting ongoing deflationary pressures.

In technology news, DeepSeek, a Chinese rival product to ChatGPT, caused significant market disruption when it released R1, a reasoning model behind its chatbot that can be developed at a fraction of the cost of its competitors. This wiped nearly \$1 trillion off the tech-heavy NASDAQ, although it recovered some of this in subsequent days. Sam Altman, OpenAI's CEO, responded to the news with an announcement of launching a new artificial intelligence model for free.



DeepSeek caused market disruption with cost-efficient AI model 'R1'

Following Trump's return to the Presidency, the Panama Canal has been a central point of controversy regarding which country controls its operations. In anticipation of a visit by US diplomat Marco Rubio to Panama in early February, Panamanian President Jose Raul Mulino reiterated his firm opposition to any negotiations regarding foreign control or influence over the operations of the Panama Canal.



Panama Canal tensions escalate under US-Panama disputes

Major indices performed as follows: the Dow Jones Industrial Average jumped up by 4.8%, the S&P 500 increased by 2.8%, and the Nasdaq Composite rose by 1.7%. The MSCI World Index increased by 3.5%, while the MSCI All-Country World Index gained 3.4%. The MSCI Emerging Markets Index increased by

Mexico's GDP is expected to reflect growth of 1.2% in 2025, a decrease from 1.6% last year. Factors which contributed towards this include elevated interest rates and lower private spending and investment.



Mexico's GDP growth slows to 1.3% from 3.2%

India's fiscal growth at end of September 2024 came in at 6%, below the Reserve Bank's projection of 6.8%, likely due to disruptive weather affecting the secondary sector. However, the services industry has continued to be a key driver to growth, along with manufacturing exports of electronics, pharmaceuticals, and other high value components.



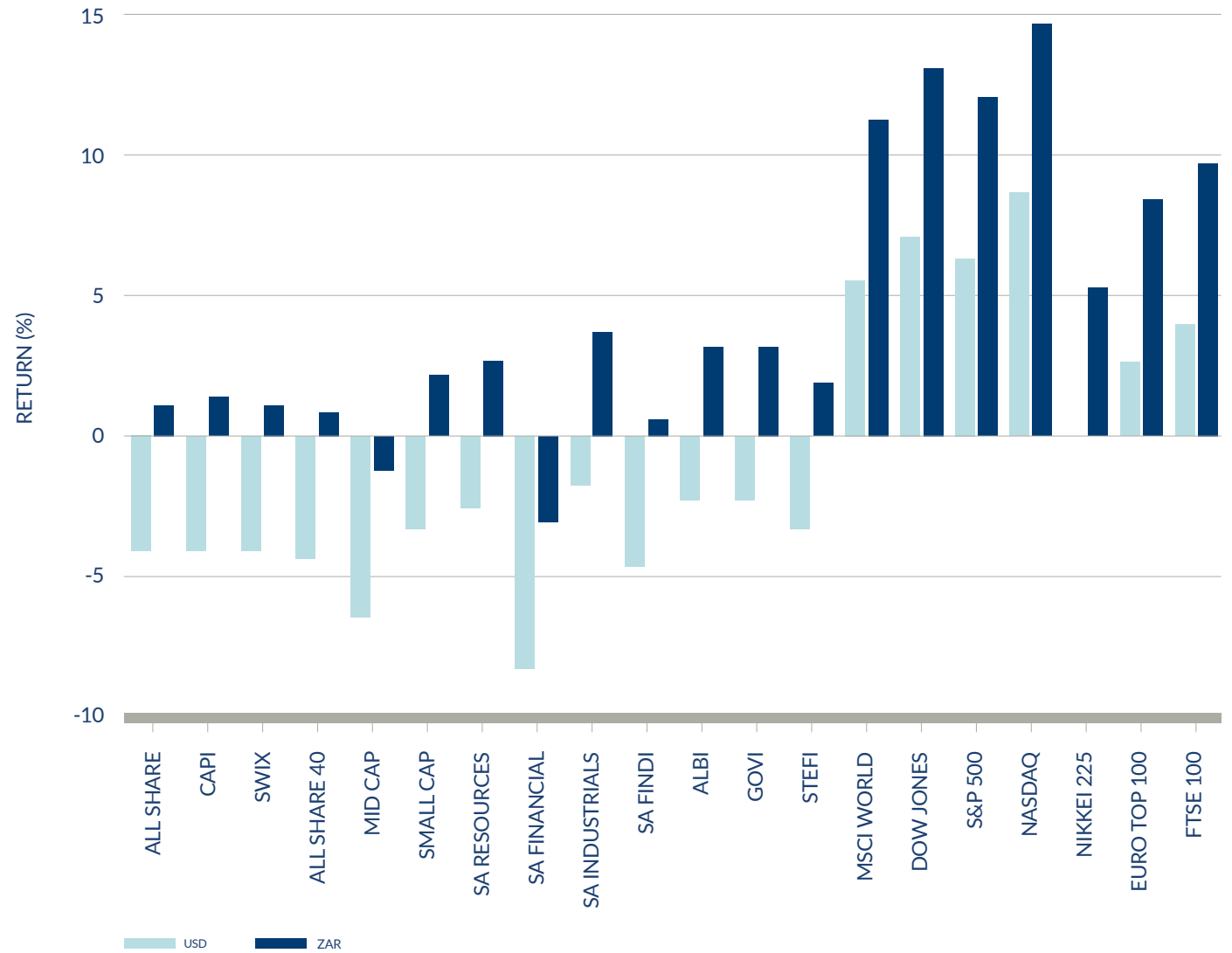
Escalating rebel conflict disrupts key mining operations in the DRC

In the Democratic Republic of Congo (DRC), M23 rebels backed by Rwandan troops took control of the city of Goma, prompting the DRC government to call for international sanctions against Rwanda for supporting the M23. The ongoing conflict adds pressure and disruptions to the mining operations of numerous resources such as cobalt, lithium, gold, copper, and tin.

Commodity markets rose over January. Brent crude oil settled at \$75.67 per barrel. Gold, Platinum, and Palladium all increased by 6.6%, 8.3%, and 11.4% respectively. Copper and Silver both increased by 3.2% and 8.3% respectively. The price of Iron Ore rose by 4.7%. The USD/ZAR exchange rate ended the month at R18.67.

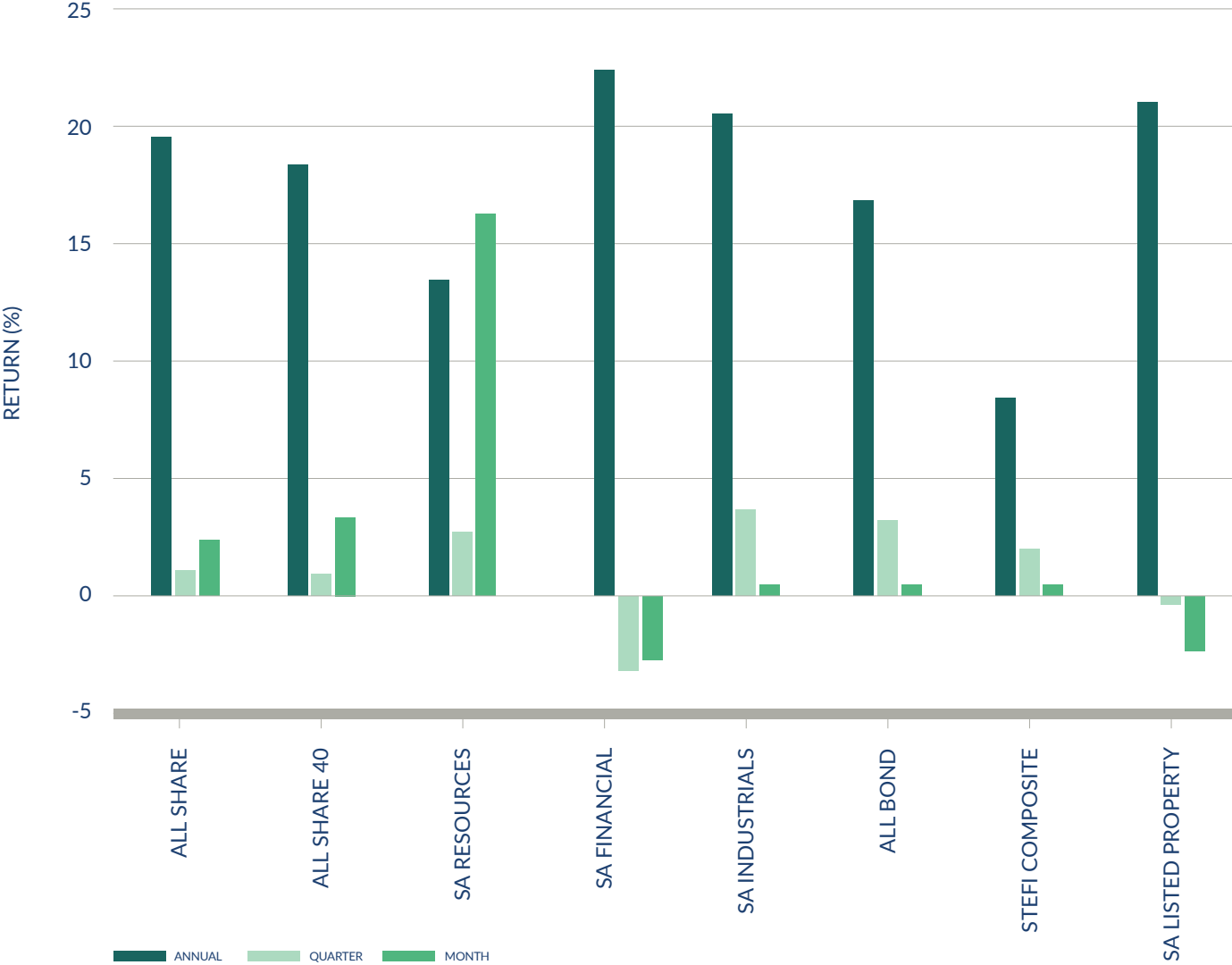
World Market Indices Performance

QUARTERLY RETURN OF MAJOR INDICES



South African Market Indices Performance

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