



# Market Commentary

February 2025

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## Global market themes

Market performance was mixed across different markets, with some indices gaining, while others declining over February. US policy and trade relations have remained in the spotlight, particularly the proposed tariffs between the US, Canada and Mexico, which were paused, helping to ease tensions. The forecast for real GDP global growth for 2025 remains at 2.6%, but projections for Brazil, the UK, and Russia have been revised downward due to tighter monetary policy in Brazil, the UK implementing tighter fiscal policy measures, and reduced export prospects for Russia.

In February major indices performed as follows: the Dow Jones Industrial Average dipped by 1.4%, the S&P 500 dropped by 1.3%, and the Nasdaq Composite fell by a larger 3.9%. The MSCI World Index dropped by 0.7%, while the MSCI All-Country World Index decreased by 0.6%. The MSCI Emerging Markets Index increased by 0.5% for the month, though Japan's Nikkei 225 fell by 6.1%. The STOXX All Europe jumped up by 3.2%. On a sector level, Consumer Staples had a strong month with an increase of 5.2%, while the laggard was Consumer Discretionary that dipped by 7.0%.

GDP growth in the UK grew by 0.9% in 2024, after 0.4% growth in 2023. The UK showed to be the best performing major economy over the fourth quarter in Europe. This is after Germany and France showed some shrinkage, and while Italy remained stagnant over the same quarter. However, after adjusting the UK growth figure by the rising population growth, it highlights ongoing pressure on public finances and living standards.

Factory activity in China showed modest recovery in February, with the Caixin Manufacturing Purchasing Managers' Index rising to 50.8, an increase from 50.1 in January, as per a private-sector survey. This also beat the Reuters poll forecast of 50.3.

This increase was driven by stronger demand from foreign clients. The Chinese official PMI rose to 50.2 in February, up from 49.1 in January. When viewing this through the lens of the non-manufacturing PMI segment (including services and construction), there was also a slight rise from 50.2 in January to 50.4 in February. Chinese equities, as measured by the MSCI China Index, had a strong run for the month, rising by 11.8% (in USD terms). The equity market has benefitted from the stimulus measures put in place by the government. Notably, Alibaba saw a surge in its stock price following earnings results that surpassed market expectations. From the end of January to the end of February, the share jumped by 67% in US dollar terms.

In China, meetings between President Xi Jinping and business leaders, including Jack Ma, signalled continued support for private investment and innovation. Furthermore, targeted measures to ease financing conditions and boost consumer spending, combined with advancements in AI, helped drive performance, resulting in a stellar 11.8% month-on-month return for the MSCI China Index.

On 9th February, Japan's Sakurajima volcano in the Osaka region erupted. The Japan Meteorological Agency (JMA) issued a Level 2 warning and warned residents within a 1km radius against flows and falling rocks. Despite adverse weather conditions, Japan's service activity recorded solid growth in the six months ending in February. The au Jibun Bank Japan Services Business Activity Index increased from 53.0 in January to 53.7 in February. This reflects new export businesses and high demand from Taiwan and Vietnam. Japan's core inflation rate hit a 19-month high at 3.2% over January. February data is to still follow, however Tokyo's inflation rate increased by 2.2% to date. The January rate is above the central bank's target of 2%. This will likely support the case for the central bank to keep raising interest rates.



Global GDP growth forecast remains steady at 2.6% for 2025



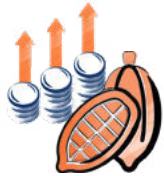
The UK economy outperformed Europe but faces public finance pressure



China's stock market surges by 11.8% thanks to strong government economic stimulus



Japan's inflation rises, supporting its case for interest rate hikes



Ivory Coast's excessive rainfall has driven cocoa prices to record highs

Mexico's GDP grew by a meagre 0.9% for the last quarter of 2024. The slowdown in economic growth stems from lower investment and a contracting energy sector. As the Mexican peso weakened against the US dollar, there was a slowdown of imported machinery and equipment. Interest rates remain high, and employment rates have been flat, further dampening economic activity.



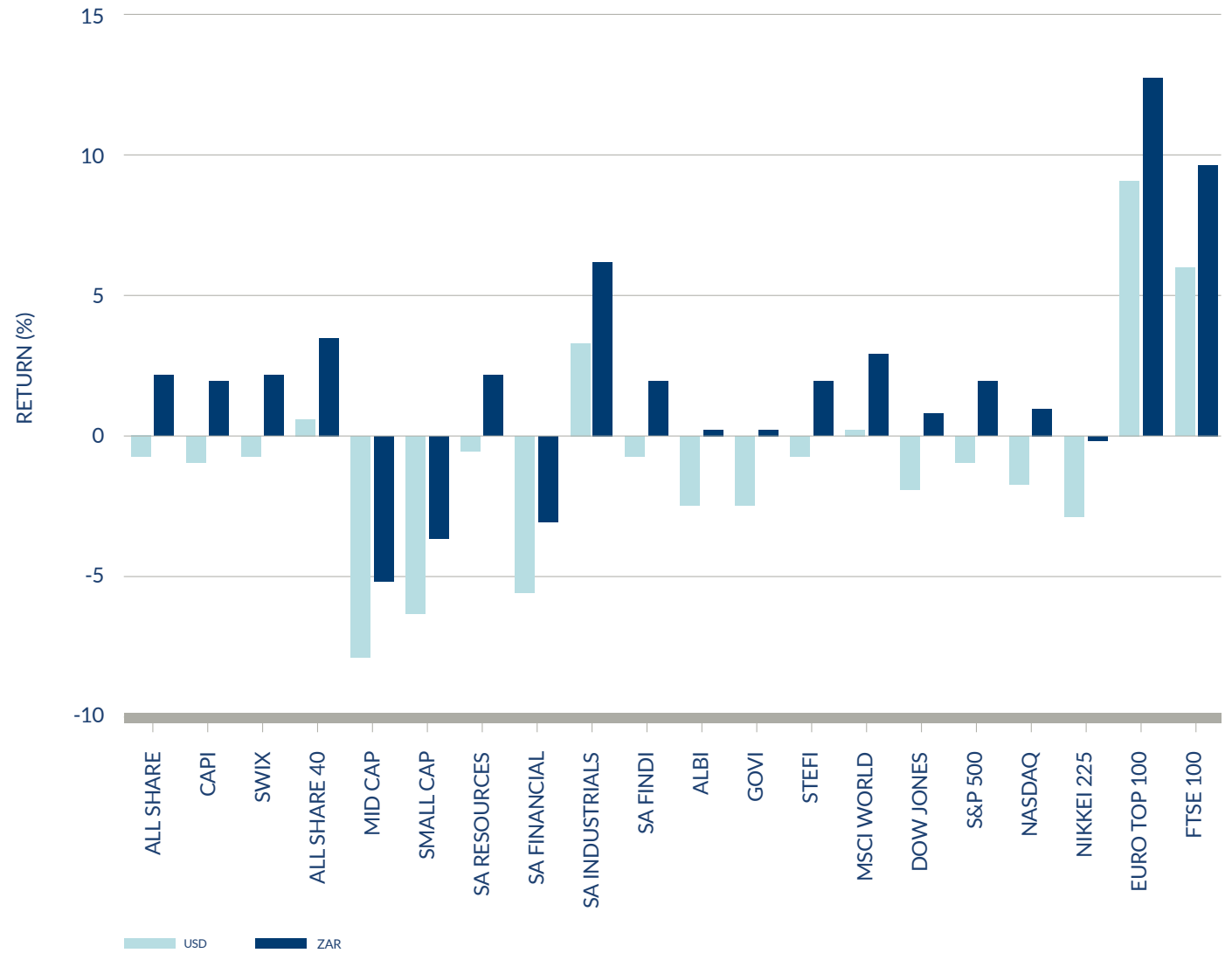
Libya announces plans to open bidding for first oil exploration in 17 years

Libya has announced plans for its first bidding round for oil exploration. This news comes after an almost 17-year break from exploration activities. Libya is Africa's second-largest oil producer and is also a member of Organization of the Petroleum Exporting Countries (OPEC). The potential increase in production capacity could boost the country significantly, however investors are still wary of the political backdrop. Meanwhile, Ivory Coast, which supplies around 40% of the world's cocoa, has been devastated by severe rainfall which has damaged cocoa plants. This will result in the expected harvest being 3 to 4 times smaller than last year. This has suspended cocoa exports and driven the price up to \$10.75/kg by the end of January.

Commodity markets were mixed over February. The Brent crude oil price declined over the month and settled at \$72.81 per barrel. Gold and Copper increased by 2.1% and 4.6%, respectively. Silver, Platinum and Palladium all decreased by 0.5%, 3.4% and 9.3%. The price of Iron Ore dropped by 3.1%. The USD/ZAR exchange rate strengthened, ending the month at R18.57.

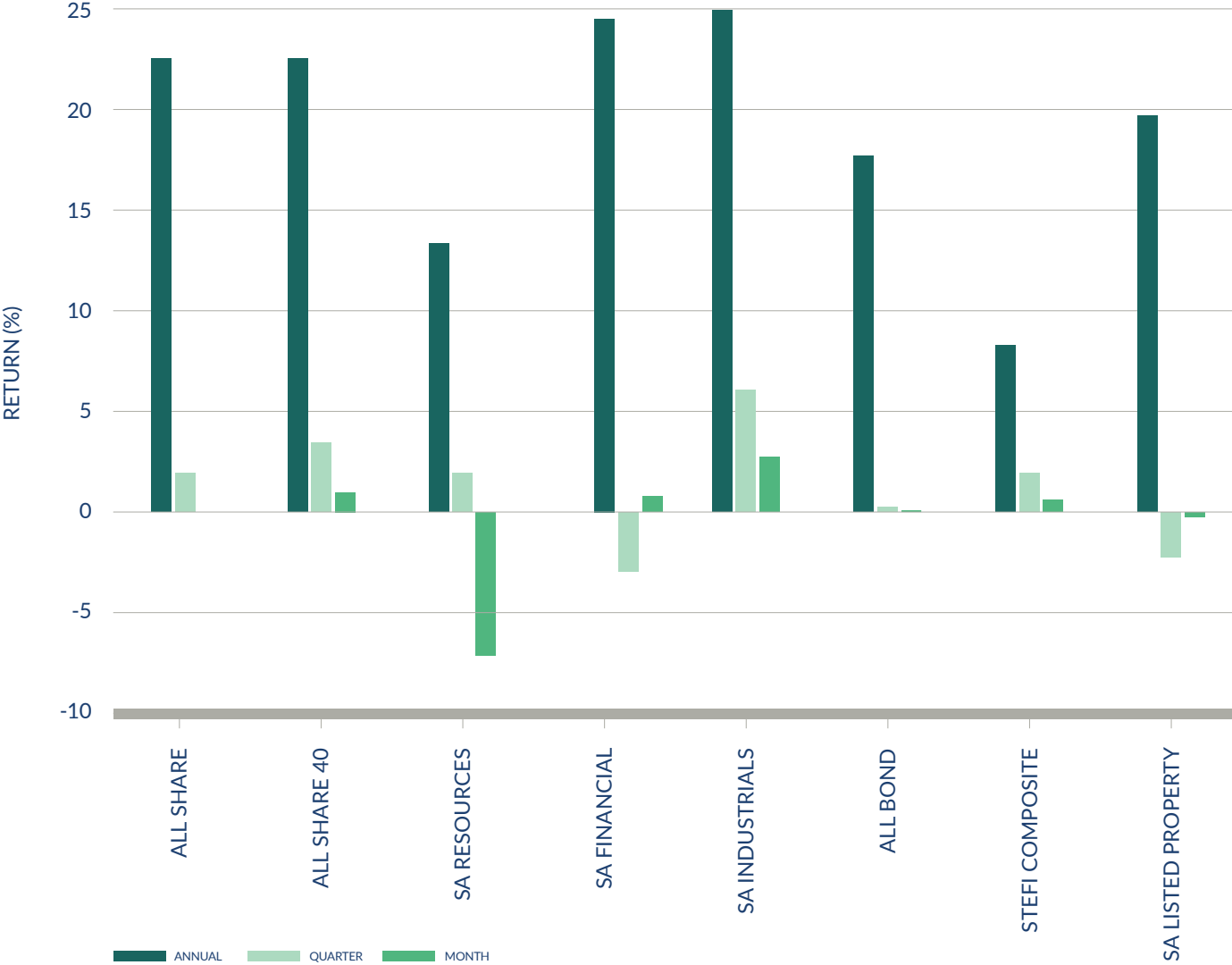
# World Market Indices Performance

QUARTERLY RETURN OF MAJOR INDICES



# South African Market Indices Performance

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