

# Market Commentary

April 2025

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## South African market themes



GDP growth for 2025 is forecast at a modest 2%



The VAT rate remained unchanged at 15% amid political pressure



South Africa rose to 7th in the global FDI index



Employment edged up slightly, though key sectors reported job losses

South Africa's consumer price inflation (CPI) lowered to 2.7% year-on-year in March. This reflected a drop from 3.2% in February. Key contributing factors included lower fuel costs and a softer rise in educational fees. The annual rate for food and non-alcoholic beverages (NAB) also dropped slightly by 2.7% in March from 2.8% in February. GDP growth for South Africa has been forecasted at 2% in 2025. This follows on from an uplift in the agricultural sector after improved rainfall and enhanced management of animal diseases.

South Africa has experienced turbulence around setting the VAT rate. After considerable public concerns and political tensions, the VAT rate was confirmed to remain at 15% from 1 May 2025. Following the various adjustments and amendments surrounding the National Budget, the Finance Minister Enoch Godongwana also announced that the revised budget will be tabled on 21 May, with a new budgetary process to be developed ahead of October's Medium-Term Budget Policy Statement (MTBPS).

The National Treasury reported a budget deficit of R13.11 billion for the month of March. This shows increased spending by the government and lower revenue streams. The Absa Purchasing Managers' Index (PMI) dipped to 44.7 in April, down from 48.7 in March, indicating contraction in the manufacturing sector, potentially due to international trade tensions and domestic political volatility.

In the latest Kearney's Global Business Policy Council's 2025 Foreign Direct Investment (FDI) Confidence Index, South Africa rose to seventh position, up from eleventh. This Index ranks investor sentiment for future FDI flows (for three years). Primary factors that influence investor decisions include efficient legal and regulatory processes, economic performance, and technological innovation and capabilities.

Employment statistics showed a welcomed and modest gain of 12 000 jobs in the non-agricultural sector in Q4 2024, reflecting a 0.1% increase. The full-time employment numbers saw an increase of 10 000 jobs in the last quarter of 2024, increasing from 9,477 million to 9,487 million. Industries that had declining numbers included the construction sector, community services, manufacturing, and mining.

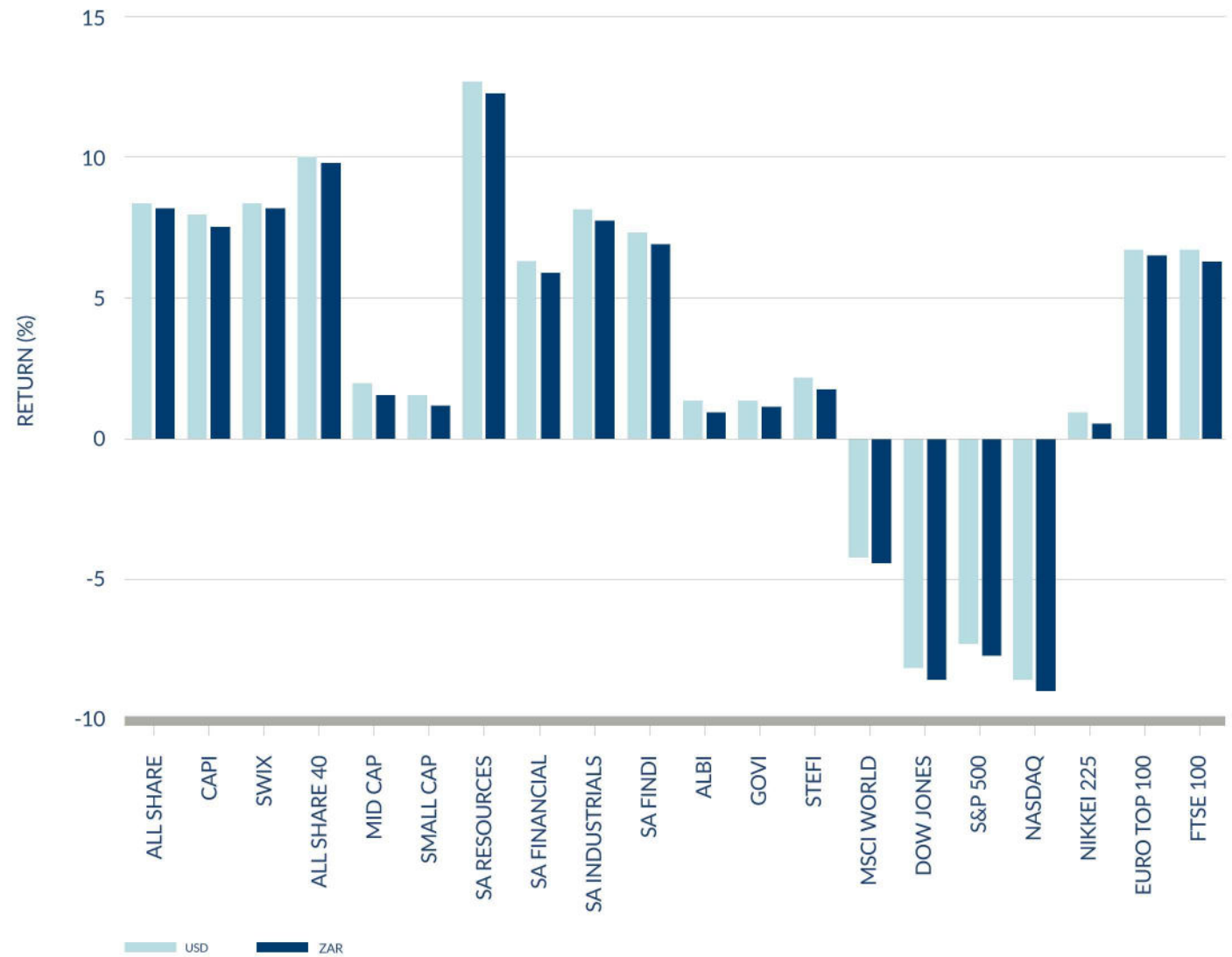
Equity markets performed well: April saw an uptick of +4.2% in the Capped SWIX, +4.3% in the SWIX, and +0.76% in the ALBI, with the latter up +19.4% on a year-to-date basis. Financials, Industrials, and Resources all increased for the month, up +4.6%, +5.0% and +2.1% respectively. Mid-Caps and Large-Caps were also up by +2.2% and +4.5%, while Small-Caps gained +3.9%.

In its interim results (six months to December 2024), Remgro reported a strong increase of 39% in its headline earnings and 20% increase in its dividends per share (96 cents). This uptick is due to a stronger performance from its investee companies and Heineken Beverages returning to its profitability phase.

STANLIB announced growth plans to expand its Kenyan and Ugandan business units. This expansion into East Africa, follows the same path as Standard Bank. STANLIB seeks to diversify its income streams and build on existing East African operations.

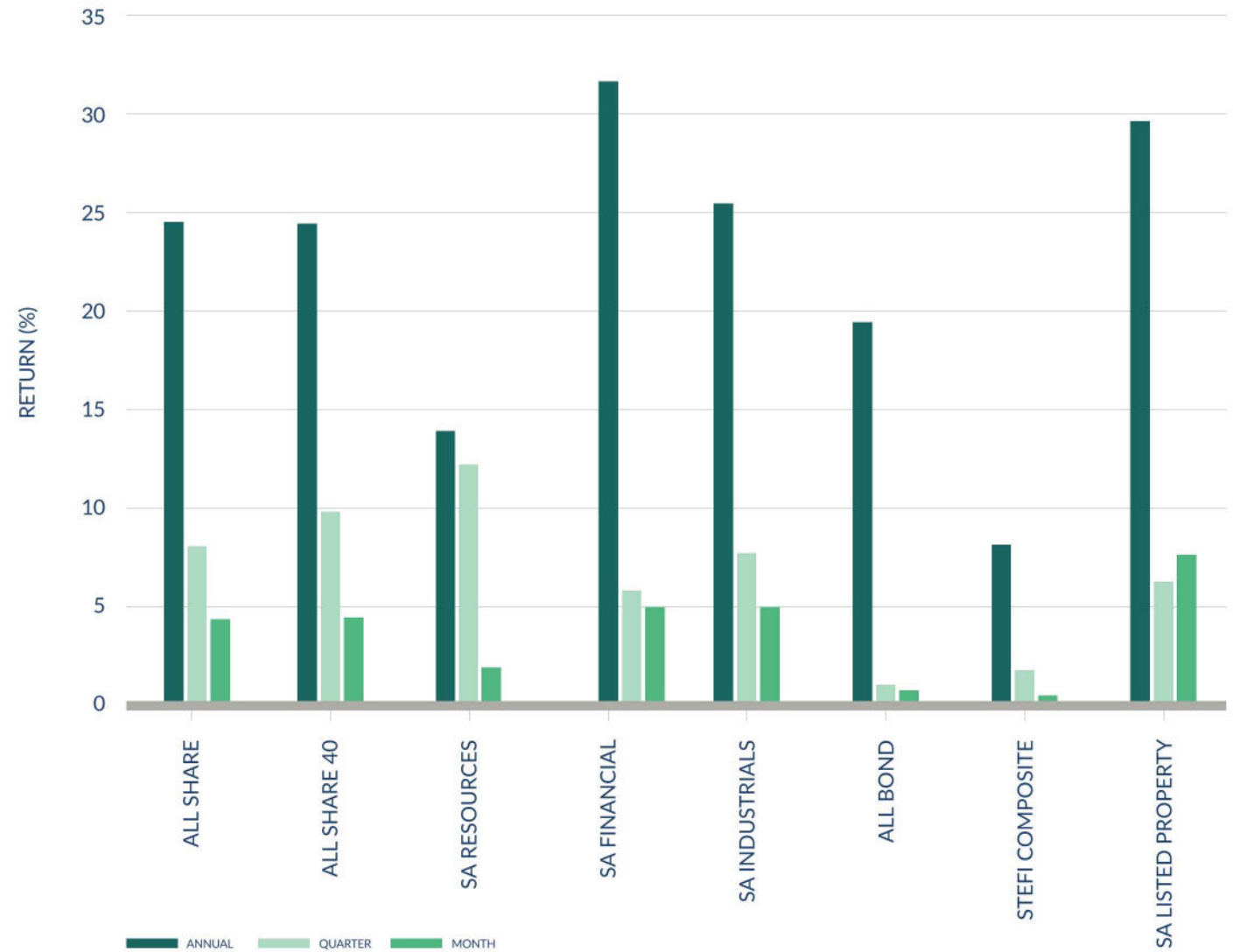
## World Market Indices Performance

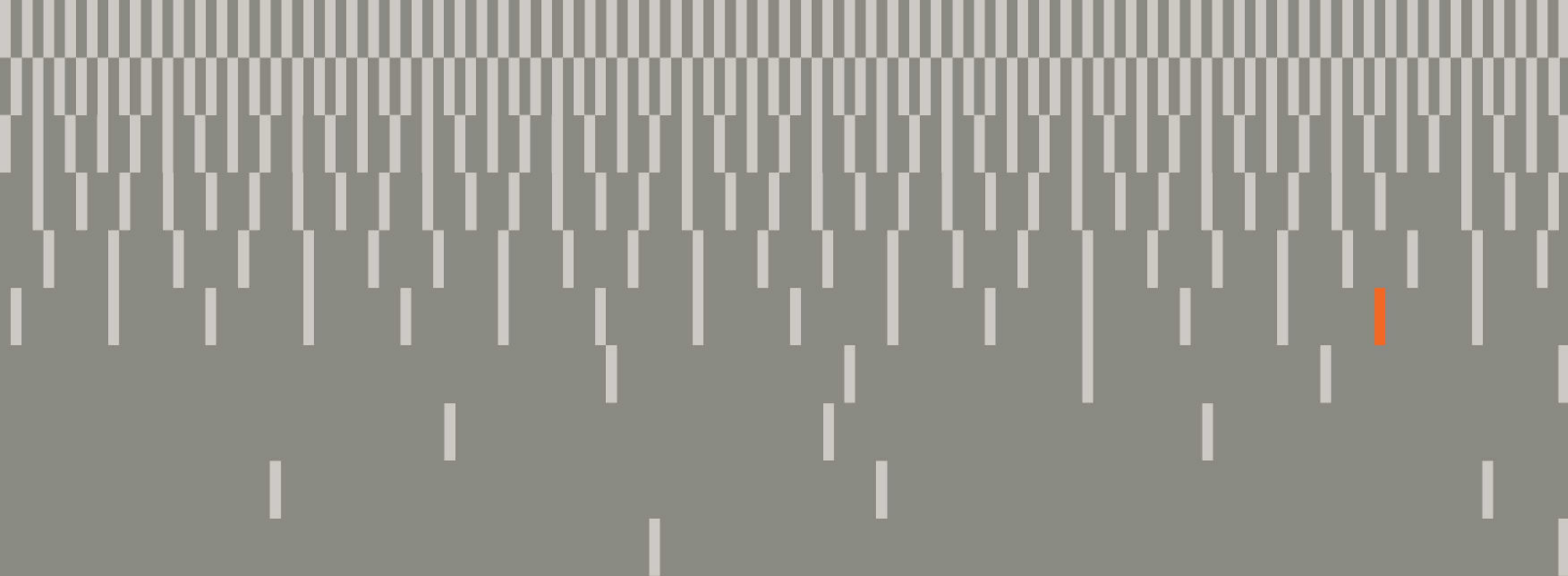
QUARTERLY RETURN OF MAJOR INDICES



## South African Market Indices Performance

RETURNS OF THE FTSE/JSE SECTORS AND INDICES





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