

Market Commentary

June 2025

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Global market themes



Middle East conflict spiked in June, ending quickly with a ceasefire



Precious metals and oil prices gained as the rand weakened further



Major indices and sectors posted gains, with technology leading the surge



Fitch upgraded 2025 global GDP growth forecast amid easing global tensions

Market performance in June was volatile, especially due to geopolitical tensions in the Middle East. On 22 June, the US carried out military strikes, which were retaliated by Iran on 23 June. A ceasefire was announced the same day, though political tensions remained high across the Middle East region.

Despite this volatile period, the month ended off with performance being higher across the different markets. During June, Fitch released its real GDP global growth forecast which reflected an upwards revision of 2.2% for 2025. This followed the easing of US and China tensions.

The US real gross domestic product (GDP) for Q1 2025 decreased by 0.5% from Q4 2024. The revision downwards was largely influenced by the increase in imports and reduced government spending. This was also partially offset by increased investment and consumer spending. Food prices rose by 0.3% over the month.

Following the Federal Open Market Committee (FOMC) meeting on 18 June 2025, the Federal Reserve decided to leave the policy rate unchanged. The Federal Reserve expressed confidence in its current monetary policy stance, while remaining prepared to adjust to potential developments if needed.

In June, major indices performed as follows: the Dow Jones Industrial Average ticked up by 0.6%, the S&P 500 increased by 0.5%, and the Nasdaq Composite also increased by 0.5%. On a sector level in the US, Technology had a strong month jumping 9.9%, followed by Consumer Discretionary with growth of 7.3%. Conversely, Consumer Staples fell by 1.6%. In USD terms, the MSCI World Index increased by 4.3%, while the MSCI All-Country World Index increased by 4.5%. The MSCI Emerging Markets Index increased by 6.0% for the month. Japan's Nikkei 225 ticked up by 6.8%, while the STOXX All Europe Index dropped by 0.9%.

The UK economy grew by 0.7% for Q1 2025, up from 0.1% in Q4 2024. This was the fastest quarterly pace the UK has experienced in a year. Services, admin, and retail sectors performed strongly over the quarter. Manufacturing also recovered well after a mediocre 2024. The Eurozone's inflation rate grew in line with the European Central Bank's (ECB) estimate of 2% in June, while core inflation (excluding energy, food, tobacco, and alcohol) remained unchanged at 2.3%.

In China, factory activity moved into expansion phase. The Caixin/S&P Global manufacturing PMI results for June indicated an increase from 48.3 in May to 50.4 in June, surpassing the 50-mark, and signalling improved demand, trade conditions, and promotional activities.

Japan's inflation rate has remained above its target, however the Bank of Japan (BOJ) is still not intervening as it believes it is a temporary spike. The data that came in during May 2025 showed headline inflation at 3.5%, core inflation (excluding fresh food but including energy) at 3.7%, and core-core inflation (excluding both) at 3.3%. During May, the price of rice increased drastically by 101.7%.

Mexico's economy is forecast to grow by 0.4% in 2025 and by 1.1% in 2026. Inflation has been easing, and the unemployment has been ticking slightly lower. The agricultural sector recovered well after weather disruptions in 2024. Brazil recorded a 1.4% growth in its GDP for Q1 2025, beating expectations. This was largely thanks to the strong performance in agribusiness. Brazil is the world's largest exporter of soy, coffee, cotton, sugar, beef, chicken, maize, and pork. It was recently recognised as a country free of foot-and-mouth disease, which contributed to a boost in exports.

Libya will host a bidding round for oil exploration. Bidders in this round include ExxonMobil, Chevron, TotalEnergies, and Eni. Libya is looking to offer 22 blocks for exploration and development,



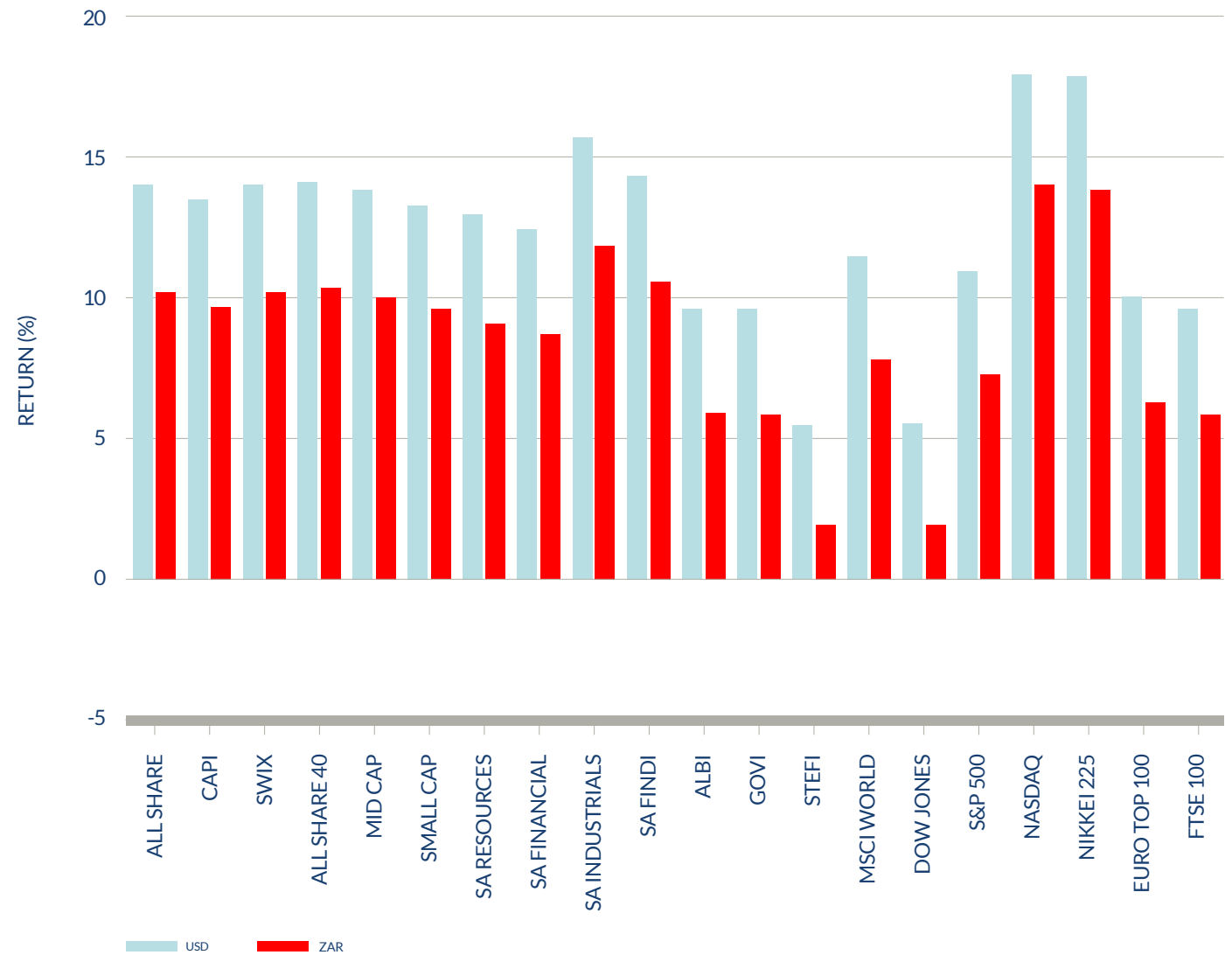
The Federal Reserve kept interest rates unchanged, signalling cautious economic confidence

including 11 offshore and 11 onshore areas. The country hopes to sign contracts by the end of 2025 and is estimated to hold around 91 billion barrels of oil equivalents. BP recently signed a memorandum of understanding (MoU) with Libya's National Oil Corporation (NOC), and Shell has also reached an agreement to evaluate hydrocarbon prospects in certain fields, after the bidding process for oil exploration opened up earlier this year.

Commodity prices were largely up over June. The Brent crude oil price increased over the month and settled at \$66.74 per barrel. Precious metals gained for the month: gold, copper, and silver were all up for the month at 0.4%, 5.3%, and 9.5% respectively. Palladium increased by 13.6% and platinum surged by 25.5%. The price of Iron ore dropped by 1.4%. The USD/ZAR exchange rate weakened, ending the month at R17.77.

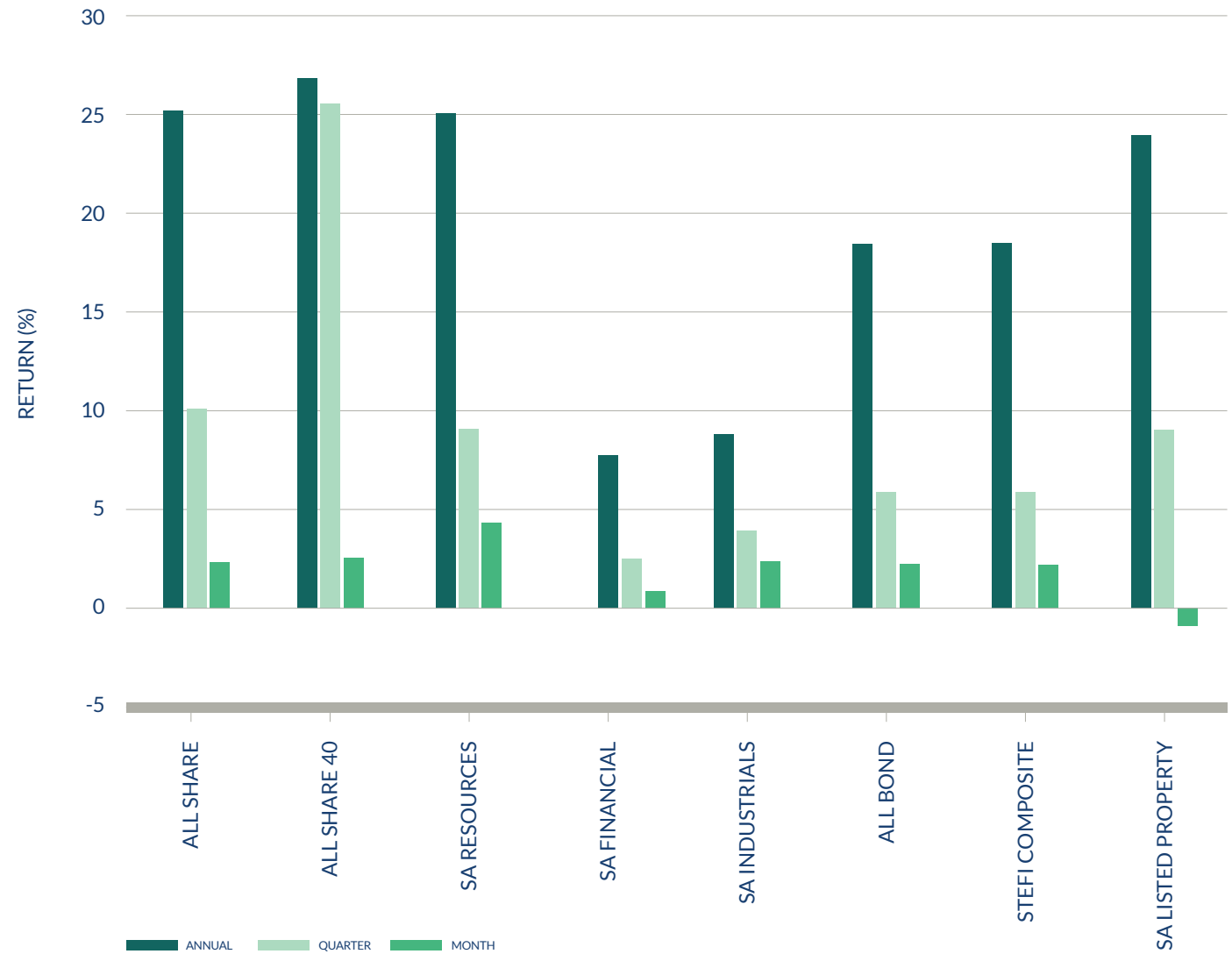
World Market Indices Performance

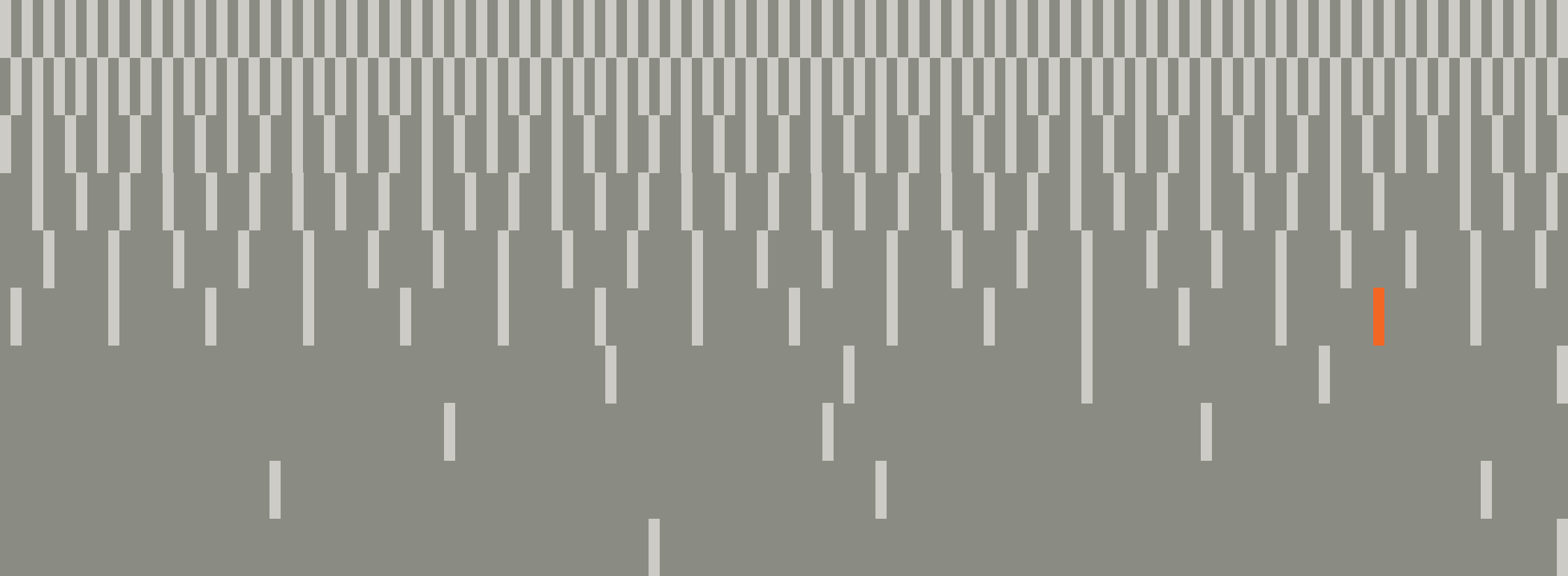
QUARTERLY RETURN OF MAJOR INDICES



South African Market Indices Performance

RETURNS OF THE FTSE/JSE SECTORS AND INDICES





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