

MARCH 2025

Monthly Market Overview

3.6%

FTSE/JSE All
Share Index

-3.9%

MSCI ACWI Index

0.2%

FTSE/JSE All
Bond Index

0.7%

WGBI

-0.9%

FTSE/JSE SAPY

\$74.74

Brent Crude Oil
Price/Barrel

R18.32

USD/ZAR

As at close 31 March
2025

GLOBAL

Reciprocal tariffs on the cards.
Major central banks keep rates
unchanged.

LOCAL

Budget 2.0 with a watered-down
VAT increase of 0.5%. SARB
keeps rates at 7.5%.

MACRO LANDSCAPE

As seasons change and leaves begin to fall in the Southern Hemisphere, global markets have been imitating the seasonal trend. This is against the backdrop of a somewhat shaky pro-growth agenda being punted by US President Donald Trump's administration, with US markets continuing to display weakness. The announcement and threatened implementation of US tariffs have added to the commotion, signalling the heating up of trade wars. Still on the subject of wars, Russia and Ukraine appear to be heading towards a ceasefire deal. It is reported that Ukraine is ready to accept a 30-day ceasefire deal, but Russian President Vladimir Putin is likely to drag this out.

Under South African skies, the widely anticipated budget 2.0 arrived – in not too different a form from the proposed budget in mid-February 2025. However, the contentious 2% VAT hike was watered down to 0.5%, with increases spread out over two years and totalling to 1%. Still, this extra tax burden will weigh heavily on consumers. Fiscal consolidation remained a key theme in the budget, which will be realised through taxes and increased spending. In the light of this, there was an increased allocation to infrastructure, and significant steps were taken to invite private-sector participation to help restore the country's ailing freight rail and port infrastructure. Consumer sentiment declined sharply in Q1 2025, with the FNB/BER Consumer Confidence Index (CCI) dropping from -6 to -20 index points over the quarter. This was weighed down by concerns over potential tax hikes and the evident return of loadshedding.

EQUITIES

The weakness in the developed markets persisted as the MSCI World Index underperformed against the MSCI EM Index, delivering -4.4% and 0.7%, respectively. Continued declines were displayed in the US, with the S&P 500 returning -5.6% in March, moving the quarterly performance to -4.3%. This came on the heels of the check engine signals lighting up in the face of US growth concerns due to the impending tariffs.

After some initial delays, Mexico and Canada were hit with the first wave of 25% tariffs, while an additional 10% threatened on China came into play in March. A few regions did not sit back in the face of this move. They pulled a reverse Uno card by imposing reciprocal tariffs on the US, with the likes of China imposing levies up to 15% on some US agricultural products. The tech market continued to experience strain, with the Bloomberg Magnificent 7 Index down 10.2%. European markets performed slightly better than the US market, with the STOXX 600 down 3.8%. This was despite the European Central Bank announcing the



much anticipated 25bps rate cut during the month in the face of a bleak inflation outlook and with the intention of boosting economic growth in the Eurozone.

Closer to home, the FTSE/JSE All Share Index fared better than its developed market counterpart and was up 3.6%, with strong performance in commodity markets, staying with emerging markets the flattened MSCI EM Index was due to the underlying regions' juxtaposed performance, such as Taiwan plunging 10%. Meanwhile, India and Brazil were up 6.3% and 6.1%, respectively. China, in contrast, was relatively flat for the month at -0.1%, against a growth target set at 5% in 2025 and the lowering of its inflation target from 3% to 2%. The latter will require a huge boost as CPI has hovered around 0.2% over the past two years. March was also characterised by value stocks outperforming growth stocks, with the MSCI World Value Index down 1.2%, beating the MSCI World Growth Index, which was down 7.5%.

FIXED INCOME

Bond yields experienced slight volatility in the month, which saw both local and global bonds' 1-month performance come out flat. Global bonds continued to outperform global equities, with the World Government Bond Index ending the month slightly lower with a mere 0.7% return. Locally, the All-Bond Index was up 0.2%, while the IGOV was flat. Following the hawkish tilt at the beginning of the year, the South Africa Reserve Bank (SARB), in line with leading central banks globally – namely the Bank of Japan, the Federal Reserve Bank and the Bank of England – has kept its interest rates steady due to potential upside risks to inflation. The SARB repo rate currently sits at 7.5%. SA's 10-year government bond yields can be used to interpret investors' sentiment; as yields rise, this alert concerns over fiscal risks or even inflation. In March, there was a modest uptick in yield levels, which moved from 10.55 at the end of February to 10.63 on 31 March, reflecting global political instability.

PROPERTY

Property markets experienced slight declines in March and detracted from the performance already accumulated in the year. The SA Listed Property Index declined by 0.9% for the month, reducing the YTD performance to -3.5%. Meanwhile, globally, the FTSE Nareit Global REITS Index was down 2.4%, pushing the YTD performance to 1.7%

COMMODITIES

Certain commodities have benefited from the heightened geopolitical tensions. Commodity markets were a star asset class performer in March, with the Bloomberg Commodity Index up 3.9%, delivering a YTD return of close to 9%. This was attributed to the celebratory base metals and minerals performance which ended in positive territory. Gold continued to stand out at 9.3% and 19% YTD as investors continued to seek safety amidst geopolitical uncertainty and economic instability, hedging for risky market exposure. Palladium and platinum followed suit and were up 7.4% and 5.1%, respectively. The imposition of 25% tariffs on all steel and aluminium imports into the US in March weighed on aluminium's performance, which was down 2.8%. Iron ore also struggled and was down 1.7%. However, the YTD performance remained positive and was up 1.6%. Brent crude oil also gained, rising 2.1% for the month, supported by US tariff threats – particularly secondary sanctions targeting buyers of Venezuelan oil.

CURRENCY

With markets beginning to reprice anticipated rate cuts within the year, dollar weakness prevailed, which supported the rand. The dollar continues to display weakness, with the Dollar Spot Index returning -3.2% for the month, leaving the rand at R18.32/USD by 31 March 2025. The rand remains volatile as international events occur and the market reacts to the news. This, in turn, saw the rand appreciate against the US dollar



by 2% and by 1.5% against the Japanese yen. However, it depreciated against the Euro by 2.1% and by 0.7% against the British pound.

MAJOR ASSET CLASS PERFORMANCE

31 March 2025 (Local Currency)	1M	3M	YTD	1 Year	3 Year (annualised)	5 Year (annualised)	10 Year (annualised)
FTSE/JSE ALSI Total Return	3.60%	5.90%	5.90%	22.90%	9.40%	19.10%	9.00%
S&P 500 Total Return	-5.60%	-4.30%	-4.30%	8.30%	9.10%	18.60%	12.50%
STOXX 600 Total Return	-3.80%	5.80%	5.80%	6.90%	8.20%	13.50%	5.70%
Nikkei 225 Total Return	-3.30%	-9.90%	-9.90%	-10.10%	10.80%	15.70%	8.50%
MSCI World Total Return	-4.40%	-1.70%	-1.70%	7.50%	8.10%	16.70%	10.10%
MSCI ACWI Total Return	-3.90%	-1.20%	-1.20%	7.60%	7.40%	15.70%	9.40%
MSCI EM Total Return	0.70%	3.00%	3.00%	8.60%	1.90%	8.40%	4.10%
MSCI World Value Index	-1.20%	5.00%	5.00%	9.50%	7.90%	15.90%	8.00%
MSCI World Growth Index	-7.49%	-7.71%	-7.71%	5.57%	7.87%	16.84%	11.79%
MSCI World Small Cap Index	-3.69%	-3.61%	-3.61%	0.18%	2.05%	13.97%	7.10%
Shanghai Shenzhen CSI 300 Index	-0.07%	-0.99%	-0.99%	13.55%	-0.08%	3.50%	1.82%
Korea Stock Exchange KOSPI Index	-1.52%	4.54%	4.54%	-7.87%	-1.42%	9.42%	4.05%
Taiwan Stock Exchange Weighted Index	-10.02%	-9.90%	-9.90%	4.53%	9.13%	20.24%	12.02%
NSE Nifty 50 Index	6.31%	-0.26%	-0.26%	6.81%	12.02%	23.96%	12.27%
Ibovespa Brasil Sao Paulo Stock Exchange Index	6.08%	8.29%	8.29%	1.68%	2.77%	12.27%	9.80%
Bloomberg Magnificent 7 Total Return Index	-10.17%	-15.98%	-15.98%	20.02%	19.84%	39.65%	36.74%
STEFI	0.64%	1.89%	1.89%	8.36%	7.54%	6.21%	6.72%
ALBI	0.19%	0.70%	0.70%	20.16%	9.83%	11.73%	8.41%
IGOV	-0.01%	0.63%	0.63%	8.94%	6.46%	9.31%	5.29%
WGBI	0.68%	2.57%	2.57%	2.10%	-2.89%	-2.97%	-0.05%
Bloomberg US Agg Total Return	0.04%	2.78%	2.78%	4.88%	0.52%	-0.40%	1.46%
Bloomberg US Corporate High Yield TR Index	-1.02%	1.00%	1.00%	7.69%	4.98%	7.29%	5.01%
SAPY Total Return	-0.90%	-3.51%	-3.51%	19.83%	11.74%	18.97%	1.44%
FTSE EPRA Nareit Global REITs TR Index	-2.43%	1.74%	1.74%	6.17%	-2.84%	8.52%	3.31%
Crude Oil	2.13%	0.13%	0.13%	-14.56%	-11.52%	26.87%	3.09%
Aluminium	-2.78%	-0.73%	-0.73%	8.39%	-10.14%	10.67%	3.56%
Copper	3.76%	10.74%	10.74%	9.51%	-2.18%	14.42%	4.86%
Gold	9.30%	19.02%	19.02%	40.08%	17.26%	14.64%	10.19%
Platinum	5.10%	9.95%	9.95%	9.49%	0.39%	6.65%	-1.34%
Nickel	2.86%	3.93%	3.93%	-5.19%	-21.17%	6.58%	2.45%
Palladium	7.43%	8.55%	8.55%	-2.54%	-24.12%	-15.96%	3.01%
Iron Ore	-1.66%	1.58%	1.58%	2.11%	-12.07%	3.73%	5.86%
Bloomberg Commodity Index Total Return	3.93%	8.88%	8.88%	12.28%	-0.77%	14.51%	2.77%
USDZAR	-1.97%	-2.76%	-2.76%	-2.96%	7.84%	0.54%	4.21%
GBPZAR	0.68%	0.44%	0.44%	-0.68%	7.23%	1.32%	2.79%
EURZAR	2.09%	1.63%	1.63%	-2.70%	7.02%	0.14%	4.29%
JPYZAR	-1.53%	1.92%	1.92%	-2.08%	0.58%	-5.94%	1.92%
Dollar Index Spot	-3.16%	-3.94%	-3.94%	-0.27%	1.96%	1.02%	0.58%

Source: Bloomberg

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