



GLOBAL

Court ruling Liberation Day reciprocal tariffs illegal. The US and China come to a truce, ceasing tariffs for a 90-day period.

LOCAL

SARB decreasing borrowing rates by 25bps to 7.5%. Positive sentiment for the move of a single-digit inflation target of 3%.

MACRO LANDSCAPE

May had global markets traversing a labyrinth, navigating the perplexities of the US Trade policy uncertainties, which cast huge concerns on inflation and growth expectations worldwide.

On the home front, the South African Reserve Bank's Monetary Policy Committee played a harmonious tune, unanimously voting to decrease the repo rate by 25bps to 7.25% (although one maverick member playing a 50bps cut solo). Uncertainty remains, but positive sentiment signals for the move to a single-digit inflation target of 3%, rise. Across the pond, the Bank of England waltzed in step, also trimming borrowing rates by 25bps to 4.25% resulting from an improving disinflation pace. The Federal Reserve Bank however kept rates unchanged, as committee members were concerned that the pace of declining inflation had slowed and would await the inflationary and growth impact resulting from the trade policy uncertainties, before acting out.

Globally, the mood brightened as US consumer confidence bounced back in May from sharp declines however the survey's timing was just after the US and China called a temporary tariff truce, which may have given it a little extra spring. Upbeat earnings and a US trade court ruling (declaring most Liberation Day tariffs illegal) added to the sentiment.

A diplomatic duet saw an intertwining of worlds as Cyril Ramaphosa and Donald Trump managed a surprisingly harmonious exchange with the openness of trade and investment talks displayed. Meanwhile, the US and China struck a 90-day tariff ceasefire on the hefty tariffs imposed on each other, proving that even the fiercest rivals can agree on a time-out.

EQUITIES

May was a veritable fiesta for risk assets, as most regions saw their stock market performance end in positive territories. Developed Markets led the charge as the MSCI World Index surged 6.0%, flipping the YTD performance into the green at 5.2%. The US stock market outperformed most of its peers, seeing a style switcheroo from earlier in the year as growth stocks significantly outperform value stocks, up 8.7% and 3.2% respectively. Despite mid-month tariff jitters, the S&P 500 strutted to a 6.3% gain, turbocharged by the healthcare and information technology sector (a key highlight was the Bloomberg Magnificent 7 Total Return Index up 13.4% in May). To this, was a soar of earnings with the likes of Nvidia and Ulta Beauty, although consumer spending played coy and easing inflation offered some relief.

The European markets saw STOXX 600 up 3.7%, as the cyclical sectors outperformed, largely driven by the healthcare and oil & gas sectors rally, even as the macro backdrop hummed a gloomier tune, with GDP growth forecasts downgraded and inflation expectations softening to approximately 2.1%. Japan's Nikkei 225 was up 5.3% for the month, although YTD performance remains in negative territories. Within the month, the Bank of Japan left borrowing rates unchanged as it is concerned about sustainable wage

3.14%

FTSE/JSE ALL
Share Index

5.81%

MSCI ACWI
Index

2.73%

FTSE/JSE All
Bond Index

-0.65%

WGBI

2.32%

FTSE/JSE
SAPY

\$63.90

Brent Crude Oil
Price/Barrel

R18.00

USDZAR

As at close 30 May
2025



growth that is yet to materialise. Furthermore, April's Manufacturing PMI printed in May showcases an improvement although it remains in contraction, currently sitting at 48.5.

Emerging Markets also performed well, with the MSCI EM Index jumping 4.3%, pushing the YTD performance to roughly 9%. Strong gains were seen particularly in Korea and Taiwan, up 5.6% and 5.5% respectively. China was up 2%, benefitting from the trade deals but continues to nurse economic fragility with April's Manufacturing PMI confirming industrial activity was still in a slump. Not to be outshone, the SA equity market continues to deliver remarkable performance, with the FTSE/JSE All Share Index up 3.1% moving the YTD performance to 14%, however, the rally was a concentrated one. There is some improvement in underlying sectors, such as financials and industrials, with resources not being the only sector to lead the pack.

FIXED INCOME

Global bonds wobbled in May as Moody's downgraded the US Sovereign credit rating from AAA to AA1, due to concerns about inflating government debt, which translated to a rise in yields. But as trade tensions eased and inflation jitters mellowed, a late-month recovery saw the World Government Bond Index dip by 0.65% and the Bloomberg Global Aggregate Index down by 0.72%, although YTD performance remains a sprightly 5.3% and 2.4% respectively.

In the SA bond market, both nominal and inflation-linked bonds delivered positive returns, up 2.7% and 0.5% respectively. SA's current 10-year nominal yield edged up 14.2bps from the previous month, while the current 10 inflation-linked yield crept up 7.7bps.

PROPERTY

Both local and global property markets ended May in positive territories, as the Global REITs index sits at 2.7%, while the European property market delivered the strongest gains up 3.7% which pushed YTD performance to 9%, buoyed by the reduction of trade-related tariff risk. MSCI US REITs also up 2.1% recovering the previous month's performance as YTD lands at a muted 0.5%. SA property market continues in its upward trajectory up 2.3%, with the YTD performance up 6.2%, the sector locally remains undervalued as it currently sits 40% below its peak on an index level, as underlying subsectors grow, whilst vacancy rates decline.

COMMODITIES

The commodity market was a bit of a shaky one, with the broader market ending the month weaker, as the Bloomberg Commodity index declined by 0.6%. Iron Ore and Nickel were partial detractors to this performance, down 1.3% and 1.2% respectively whilst the yellow metal remained unchanged near the \$33 00 level. Platinum was up 9.1% in the month, which pushed the YTD performance to 16.6% with Copper and Palladium up 4.1% and 3.2% respectively. Crude Oil rose by 1.2% in the month, where the spike was seen on the day of the US court ruling. Although recovering from the midmonth fall, investors are on their toes on whether OPEC+ will go forward with increased supply as planned, concerned that another accelerated output hike could suffocate prices and see them lower again.

CURRENCY

The dollar's slump persisted as the Dollar Spot Index declined 0.1% in the month, bringing the YTD Performance to a depressing -8.4%, while the rand cut a rug, as strength was displayed across major currencies. The rand appreciated 3.2% against the US dollar 3.9% against the Japanese yen, 3.1% against the Euro and 2.3% against the Sterling.



MAJOR ASSET CLASS PERFORMANCE

31 May 2025 (Local Currency)	1M	3M	YTD	1 Year	3 Year (annualised)	5 Year (annualised)	10 Year (annualised)
FTSE/JSE ALSI Total Return	3.1%	11.4%	14.0%	27.3%	13.7%	17.6%	9.8%
S&P 500 Total Return	6.3%	-0.4%	1.1%	13.5%	14.4%	15.9%	12.9%
STOXX 600 Total Return	4.8%	0.1%	10.1%	8.8%	10.3%	12.2%	6.0%
Nikkei 225 Total Return	5.3%	3.0%	-4.0%	0.6%	13.9%	13.8%	8.4%
MSCI World Total Return	6.0%	2.3%	5.2%	14.2%	13.7%	14.7%	10.5%
MSCI ACWI Total Return	5.8%	2.7%	5.5%	14.2%	12.8%	13.9%	9.8%
MSCI EM Total Return	4.3%	6.4%	8.9%	13.6%	5.6%	7.5%	4.3%
MSCI World Value Index	3.2%	0.6%	6.9%	11.7%	9.6%	13.7%	7.9%
MSCI World Growth Index	8.7%	3.8%	3.6%	16.7%	17.8%	15.3%	12.8%
MSCI World Small Cap Index	5.9%	2.7%	2.8%	7.7%	7.2%	11.0%	7.5%
Shanghai Shenzhen CSI 300 Index	2.0%	-1.0%	-1.9%	10.8%	0.6%	2.3%	-0.1%
Korea Stock Exchange KOSPI Index	5.6%	7.4%	14.0%	4.6%	2.4%	8.1%	4.6%
Taiwan Stock Exchange Weighted Index	5.5%	-7.2%	-7.0%	3.3%	12.2%	18.1%	12.2%
NSE Nifty 50 Index	1.9%	12.1%	5.2%	11.2%	15.8%	22.6%	12.9%
Ibovespa Brasil Sao Paulo Stock Exchange Index	1.5%	11.6%	13.9%	12.2%	7.2%	9.4%	10.0%
Bloomberg Magnificent 7 Total Return Index	13.4%	2.4%	-4.2%	28.4%	35.4%	35.6%	37.2%
STEFI	0.6%	1.9%	3.1%	8.1%	7.7%	6.3%	6.7%
ALBI	2.7%	3.7%	4.2%	21.8%	11.4%	10.1%	8.9%
IGOV	0.5%	0.3%	0.9%	9.9%	5.2%	8.2%	5.2%
WGBI	-0.7%	3.4%	5.3%	6.5%	0.0%	-2.7%	0.3%
Bloomberg US Agg Total Return	-0.7%	-0.3%	2.4%	5.5%	1.5%	-0.9%	1.5%
Bloomberg US Corporate High Yield TR Index	1.7%	0.6%	2.7%	9.3%	6.8%	5.8%	5.0%
SAPY Total Return	2.3%	9.1%	6.2%	32.5%	15.9%	19.8%	3.0%
MSCI US REIT Total Return	2.1%	-4.1%	0.5%	12.7%	3.0%	9.4%	5.9%
STOXX 600 Real Estate Total Return	3.7%	5.3%	9.0%	5.3%	-2.9%	0.8%	-0.3%
FTSE EPRA Nareit Global REITs TR Index	2.7%	0.0%	4.3%	11.6%	1.3%	7.4%	4.0%
Crude Oil	1.2%	-12.7%	-14.4%	-21.7%	-19.6%	12.6%	-0.3%
Aluminium	1.9%	-6.2%	-4.2%	-7.9%	-4.3%	9.6%	3.5%
Copper	4.1%	1.5%	8.3%	-5.4%	0.2%	12.1%	4.7%
Gold	0.0%	15.1%	25.3%	41.3%	21.4%	13.7%	10.7%
Platinum	9.1%	11.4%	16.6%	1.9%	3.0%	4.8%	-0.5%
Nickel	-1.2%	-1.4%	-0.4%	-22.8%	-19.0%	4.2%	1.8%
Palladium	3.2%	5.6%	6.7%	6.2%	-21.3%	-12.9%	2.3%
Iron Ore	-1.3%	-6.0%	-2.9%	-14.3%	-11.4%	-0.4%	4.2%
Bloomberg Commodity Index Total Return	-0.6%	-1.6%	3.0%	1.7%	-4.4%	12.6%	1.9%
USDZAR	-3.2%	-3.7%	-4.5%	-4.2%	4.8%	0.5%	4.0%
GBPZAR	-2.3%	3.0%	2.8%	1.1%	7.1%	2.2%	2.7%
EURZAR	-3.1%	5.1%	4.7%	0.1%	6.8%	0.9%	4.3%
JPYZAR	-3.9%	0.7%	4.3%	4.6%	1.0%	-5.1%	2.5%
Dollar Index Spot	-0.1%	-7.7%	-8.4%	-5.1%	-0.8%	0.2%	0.2%

Source: Bloomberg

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