OCTOBER 2025

Monthly Economic and Market Overview

MENTENOVA

GLOBAL

Fed cut by another 25bps, although the pace of future easing is unclear

LOCAL

Good news for South Africa after the removal from the grey list

1.64%
FTSE/JSE ALL Share Index

2.26%
MSCI ACWI Index

2.56%
FTSE/JSE All Bond Index

-0.27%
WGBI

7.84%
FTSE/JSE SAPY

$65.07
Brent Crude Oil Price/Barrel

R17.33
USDZAR

As at close 31 Oct 2025

MACRO LANDSCAPE

South Africa's September headline inflation print of 3.4%, edging up from the previous print, underscores the persistent stickiness of housing costs, even as the South African Reserve Bank (SARB) telegraphs an increasingly cautious inflation outlook. A glimmer of hope emerges from the IMF's marginally upgraded 2025 GDP forecast to 1.1%, up from 1% forecasted in July, although lowering the 2026 growth expectation to 1.2% from 1.3%, with the longer-term trajectory remaining underwhelming.

Globally, the theme is one of resilience amid slowdowns. China's Q3 2025 GDP growth of 4.8% on the back of declining fixed investment (which includes real estate) demonstrates a managed cooling, as consumer spending was modest, and retail sales slowed from the previous month to 3% YoY. Despite a slowdown in growth, the People's Bank of China kept the one-year and five-year loan prime rate unchanged in October. The real estate sector remains a palpable drag, yet robust industrial output of 6.5% YoY suggests the rebalancing act is underway. In the Eurozone, higher service costs saw inflation edge higher, while higher transport costs in the UK saw steady inflation prints of 3.8% in the UK.

The US economic narrative in October was one of delayed data and diverging signals. A federal government shutdown temporarily sidelined key data releases, creating a brief period of analytical blindness. After a delay, the key takeaway was the persistence of inflationary pressures, with the September CPI edging up to 3% on the back of volatile energy components. Meanwhile, the consumer sentiment showed cracks; although current conditions improved, the University of Michigan sentiment index was revised down to 53.1, revealing deepening concerns over future buying conditions and personal financial prospects.

Concurrently, the administration's new sanctions on Russia's premier oil producers, accounting for roughly 5% of global output, introduce a fresh geopolitical risk premium into markets. This move will affect the energy-dependent economies like India and China, which purchase 38% and 47% of Russia's crude oil production, respectively.

The month's dominant volatility driver was, unsurprisingly, political. The US-China diplomatic dance, featuring a cancelled meeting, on the back of China introducing export controls on rare earths and critical minerals, and an eventual tariff truce, kept markets on edge as the US reduced tariffs on Chinese goods and China agreed to increase purchases of US agricultural products.

On a global monetary policy stance, the US Federal Reserve Bank cut interest rates by another 25bps, with mixed signals about future rate cuts. The Bank of Canada also reduced its rates, while the Bank of England and Bank of Japan maintained their rates.

EQUITIES

The FTSE/JSE All Share Index demonstrated notable resilience in October, posting a 1.6% gain despite a sharp intramonth correction within the basic materials sector. The resource-heavy benchmark was buffeted by a trifecta of headwinds: a strengthening U.S. dollar, prudent profit-taking, and concerns over softer Chinese demand, which triggered a precipitous single-day sell-off in precious metals. This was reflected in broader mining production data, where output declines were particularly acute across the Platinum Group Metals (PGM) complex.

Strong corporate earnings propelled the S&P 500 Index to a 2.3% monthly gain, elevating its year-to-date performance to an impressive 17.5%. Standouts included General Motors, which surged 14.9%, and a steady 4% climb from Apple. The market's engine, however, was the relentless optimism surrounding digital transformation. This theme powered a broad-based technology and AI rally, catapulting the Bloomberg Magnificent 7 cohort to a collective 4.9% return. The semiconductor heavyweights led the charge, epitomised by Nvidia's landmark achievement of a $5 trillion market valuation.

Across the Atlantic, European equities found firmer footing, with the STOXX 600 advancing 2.6%. The rally was partly fuelled by political tailwinds in France, where the reappointment of Prime Minister Sébastien Lecornu and his pledge to suspend contentious pension reforms buoyed investor sentiment.

Japan’s equity market erupted in October, with the Nikkei 225 skyrocketing 16.7% following the historic appointment of the nation's first female Prime Minister, Sanae Takaichi. While she inherits a trade landscape complicated by regulatory burdens and currency volatility, investors are overwhelmingly focused on her pro-growth agenda. The market is aggressively pricing in anticipated fiscal stimulus, including a pledged increase in defense spending and potential tax cuts, designed to reinvigorate the sluggish economy.

FIXED INCOME

South Africa's local bonds finally captured a long-awaited tailwind, buoyed by the Financial Action Task Force's (FATF) decision to remove the country from its grey list in October, resulting from the two years of concerted structural reform, substantially derisking the sovereign by bolstering its anti-money laundering and counter-terrorism financing frameworks. The delisting is far more than a symbolic victory; it is a fundamental credit-positive event that promises to restore financial credibility, ease cross-border capital frictions, and compress the country's risk premium for the foreseeable future. This optimism translated into tangible market performance, with the SA current 10-year nominal yield declining by 31bps, while the SA inflation-linked bond yield saw a 4bps decline. The FTSE/JSE All Bond Index delivered gains of 2.6% in the month

Offshore, the US 10-year Treasury yield ticked marginally higher intramonth, as markets priced in expectations of a firmer September inflation print. This was compounded by nuanced commentary from the Fed Chair, who vocalised mounting concerns over the tariff inflation translation, introducing a fresh variable into the already complex monetary policy calculus

PROPERTY

The global listed property sector exhibited broad-based weakness in October, with the Nareit Global REITs Index declining 1.3%. The correction was notably led by a thematic rotation out of previously resilient segments, as data center and self-storage REITs, recent darlings of the market, faced notable headwinds. Conversely, office and industrial assets emerged as the relative outperformers, posting the sector's largest gains. This bifurcation was evident across major markets, with the MSCI US REITS Index falling 1.6%, though this was partially offset by a 1.1% advance in Europe's STOXX 600.

Against this depressing global backdrop, South Africa’s listed property market was a veritable standout. The FTSE/JSE SA Listed Property Index’s stellar 7.8% return signals a powerful recovery narrative. This outperformance is underpinned by a palpable stabilisation in asset valuations, demonstrably improved operational performance from leading counters, and a rigorous, investor-friendly sharpening of governance and transparency. Crucially, the sector's strategic realignment with global REIT best practices is effectively rebuilding institutional confidence, positioning it for a potential sustained re-rating.

COMMODITIES

With the US imposing new sanctions on Russia's two largest oil producers (Lukoil and Rosneft), which account for roughly 5% of global oil output, to push Russia to end the war with Ukraine, this saw oil prices decline 2.9% Currently, oversupply remains a concern, thus falling to $65.07 per barrel. Despite gold experiencing sharp declines, with stretched out valuations as well as rallies in the equity market, encouraged profit taking from gold investors, gold prices rebounded to above $4 000 an ounce. Gold was not the only commodity to experience volatility, but platinum and its sister metal palladium are returning -0.1% and 14.1% respectively, pushing the YTD performance to 73.5% and 57.6% respectively. Despite muted demand in Jewellery after the Chinese factory increased its platinum stocks, future performances for the meal will be based on the potential launch of a futures contract with China.

CURRENCY

Buoyed by higher metal prices, the rand touched stronger levels intramonth against major currencies. Further to this, the removal from the Financial Action Task Force's grey list added to the upbeat for the Rand. Thus, seeing it appreciate against major currencies, 3.6% against the Japanese Yen, 1.85% against the British pound and 1.3% against the Euro. However, dollar strength persists in October, with the dollar spot index up 2.1% which saw the rand depreciate 0.36% against the dollar.

MAJOR ASSET CLASS PERFORMANCE

31 October 2025 (Local Currency)	1M	3M	YTD	1 Year	3 Year (annualised)	5 Year (annualised)	10 Year (annualised)
FTSE/JSE ALSI Total Return	1.64%	12.2%	33.9%	32.3%	22.1%	20.7%	11.1%
S&P 500 Total Return	2.34%	8.2%	17.5%	21.5%	22.7%	17.6%	14.6%
STOXX 600 Total Return	2.56%	5.1%	15.4%	16.2%	14.5%	13.6%	7.1%
Nikkei 225 Total Return	16.65%	28.6%	33.8%	36.7%	26.3%	20.2%	12.8%
MSCI World Total Return	2.02%	8.1%	20.2%	22.5%	22.3%	16.1%	12.4%
MSCI ACWI Total Return	2.26%	8.7%	21.5%	23.2%	22.2%	15.1%	11.9%
MSCI EM Total Return	4.19%	13.3%	33.6%	28.7%	21.7%	7.9%	8.1%
MSCI World Value Index	-0.45%	5.0%	17.0%	14.7%	15.7%	15.3%	9.4%
MSCI World Growth Index	4.21%	10.9%	23.0%	30.1%	28.8%	16.4%	15.0%
MSCI World Small Cap Index	0.19%	7.5%	17.3%	17.5%	15.0%	11.8%	9.5%
Shanghai Shenzhen CSI 300 Index	0.19%	14.4%	20.9%	22.6%	12.8%	2.2%	5.1%
Korea Stock Exchange KOSPI Index	19.94%	26.8%	74.0%	64.1%	24.1%	15.1%	9.6%
Taiwan Stock Exchange Weighted Index	9.35%	20.5%	26.0%	27.4%	33.6%	21.4%	16.7%
NSE Nifty 50 Index	4.62%	4.1%	10.2%	7.7%	14.2%	18.8%	13.9%
Ibovespa Brasil Sao Paulo Stock Exchange Index	2.26%	12.4%	24.3%	15.3%	8.8%	9.7%	12.5%
Bloomberg Magnificent 7 Total Return Index	4.93%	16.6%	25.4%	45.9%	58.9%	33.6%	38.7%
STEFI	0.59%	1.8%	6.3%	7.7%	8.0%	6.5%	6.8%
ALBI	2.56%	6.8%	16.9%	20.1%	16.3%	12.4%	9.9%
IGOV	1.49%	6.2%	8.3%	10.4%	8.9%	9.4%	5.6%
WGBI	-0.27%	1.7%	7.1%	4.9%	4.5%	-3.0%	0.4%
Bloomberg US Agg Total Return	0.62%	2.9%	6.8%	6.2%	5.6%	-0.2%	1.9%
Bloomberg US Corporate High Yield TR Index	0.16%	2.2%	7.4%	8.2%	10.2%	5.5%	5.9%
SAPY Total Return	7.84%	9.8%	21.1%	23.6%	22.8%	25.9%	3.6%
MSCI US REIT Total Return	-1.56%	4.0%	3.1%	-0.3%	8.6%	9.5%	5.8%
STOXX 600 Real Estate Total Return	1.08%	-0.6%	4.1%	0.2%	6.4%	0.1%	-1.3%
FTSE EPRA Nareit Global REITs TR Index	-1.30%	3.7%	7.9%	2.9%	8.1%	7.9%	4.2%
Crude Oil	-2.91%	-10.3%	-12.8%	-11.1%	-11.8%	11.7%	2.8%
Aluminium	7.59%	12.4%	13.0%	10.2%	9.1%	9.3%	6.9%
Copper	6.03%	13.3%	24.2%	14.5%	13.5%	10.1%	7.9%
Gold	3.73%	21.7%	52.5%	45.9%	34.8%	16.3%	13.4%
Platinum	-0.09%	21.8%	73.5%	58.3%	19.2%	13.2%	4.8%
Nickel	-0.15%	2.0%	-0.5%	-2.9%	-11.5%	-0.1%	4.1%
Palladium	14.06%	20.0%	57.6%	28.5%	-8.0%	-8.3%	7.8%
Iron Ore	4.03%	6.7%	7.1%	5.8%	9.0%	-2.7%	7.3%
Bloomberg Commodity Index Total Return	2.89%	7.1%	12.5%	14.2%	3.1%	11.9%	4.3%
USDZAR	0.36%	-4.9%	-8.0%	-1.5%	-1.9%	1.3%	2.3%
GBPZAR	-1.85%	-5.3%	-3.3%	0.4%	2.7%	1.6%	0.7%
EURZAR	-1.32%	-3.9%	2.5%	4.2%	3.3%	1.1%	2.8%
JPYZAR	-3.60%	-6.9%	-6.2%	-2.8%	-3.0%	-6.2%	-0.2%
Dollar Index Spot	2.08%	-0.2%	-8.0%	-4.0%	-3.6%	1.2%	0.3%

Source: Bloomberg

NEO SITHOLE, BSC(Hons)
C +27 60 685 2419 **T** +27 11 447 7716
F 086 272 1177 **E** nsithole@Mentenova.co.za

A 3rd Floor. Oxford & Glenhove Building 2.
114 Oxford Road. Rosebank. www.Mentenova.co.za