



Monthly market commentary | April 2025

Market volatility continued in April as the implications of the United States (US) trade policy further impacted stocks, bonds and currencies. US equity markets sold off aggressively over the first week of the month but managed to recover most of the losses by month end, with the S&P 500 ending the month only 0.7%¹ lower in US dollar (USD) terms. The NASDAQ Composite index delivered the first positive return in three months and was 0.9%¹ higher in USD terms. European markets benefitted from the European Union's (EU) decision to suspend retaliatory tariffs in an effort to create conditions for negotiations with the US administration, with the MSCI Europe (ex UK) 4.9%¹ higher in USD terms.

With "Liberation Day" tariff announcements fuelling economic policy uncertainty further during April, market volatility increased to levels last seen during the COVID-19 pandemic and the 2008 Global Financial Crisis. Despite the hasty escalation of tension between the US and China, emerging markets were resilient in comparison to their counterparts, with Brazil and Mexico outperforming relatively. Developed market equities (MSCI World) ended the month 0.9%¹ higher in USD terms. Emerging market equities (MSCI EM) continued to outperform developed markets, 1.3%¹ higher in USD terms, as investors continue to seek alternative investment destinations. Chinese equities (MSCI China), however, came under pressure amid the escalating trade tension, 4.3%¹ lower in USD terms. Global property (FTSE EPRA Nareit) recovered from the previous month's volatility, ending the month 1.2%¹ higher in USD terms.

In bond markets, the confidence shock triggered by the tariff announcements impacted the asset class. The flight to safety pushed euro government bond yields down, contributing positively to the return of global bond indices. Global bonds (FTSE WGBI) delivered a sturdy return, 3.3%¹ higher for the month in USD terms. The rand remained relatively steady, weakening by 1.4%² to end the month at R18.57 against the US dollar.

South African (SA) equities (FTSE/JSE Capped SWIX) had another strong month, ending the month 4.2%¹ higher. Listed property (ALPI) was the main driver of local equity returns, delivering 7.6%¹ in April and 29.9%¹ over the last year. Financials were 5%¹ higher after a flat month in March, while Industrials also followed suit, ending the month 5%¹ higher. Resources returned 2.1%¹ for the month and 13.9%¹ over the last year.



SA bonds (FTSE/JSE ALBI) ended the month in positive territory, 0.8%¹ higher. Bonds sold off in the initial part of the month, suffering from increased risk aversion and domestic budget uncertainty, but recovered losses with the short end of the yield curve performing strongly as prospects of an interest rate cut improved. Shorter dated instruments in the one to 3-year and three to 7-year maturities ended the month 1.1%¹ and 1.8%¹ higher, respectively, while bonds in the seven to 12-year spectrum ended the month 0.8%¹ higher. Bonds at the long end of the curve, in the 12+ year spectrum, remained under pressure for the third consecutive month, ending the month 0.3%¹ lower. Local cash (STeFI) continued to deliver inflation-beating returns, returning 0.6%¹ for the month and 8.2%¹ over the last year.

During sharp market movements, caution and patience are required. Even though April saw sharp swings driven by intensifying concerns over tariffs, unsettling markets and elevating volatility, a diversified approach to portfolio construction remains the best tool to navigate uncertainty.

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¹ Morningstar

² RMB Global Markets

³ Momentum Investments

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