



Monthly market commentary | July 2025

Investor sentiment improved in July as the political noise was toned down to a degree, with markets gaining more clarity regarding future US trade and fiscal policy. The Trump administration announced several trade agreements, and although the new tariff rates are significantly higher than the average rate prior to Trump's presidency, equity markets responded positively to the fact that the new deals reduce the risk of an escalating and indefinite trade war. The NASDAQ Composite index continued to lead global equity markets for the third consecutive month, delivering a return of 3.7%¹ in US dollar (USD) terms.

Emerging market equities (MSCI EM) rose 1.9%¹ in USD terms for the month, outperforming developed markets. China and Korea boosted the region with further support from price increases in iron and steel. Developed market equities (MSCI World) were resolute and delivered another positive return of 1.3%¹ in USD terms. Global property (FTSE EPRA Nareit) was 1%¹ lower in USD terms.

In fixed income markets, global government bond yields rose (yields move inversely to prices) amid continued unease over fiscal positions in advanced economies. As a result, global bonds (FTSE WGBI) delivered a negative return of 1.8%¹ in USD terms for the month. The rand weakened against the USD and ended the month down 2.1%¹. This helped to offset some of the losses in rand terms, as the global bonds asset class delivered -0.1% in rand terms, ending the month virtually flat.

Local equities (FTSE/JSE Capped SWIX) outperformed their developed market peers and marginally lagged that of emerging markets, ending the month 2.2%¹ higher. Resources performed strongly again in July, up 5.1%¹ for the month. Listed property (ALPI) was a close second, delivering a solid return of 4.4%¹. Financials followed suit, ending the month 1.8%¹ higher with Industrials marginally up, returning 1.2%¹.



Local bonds (FTSE/JSE ALBI) returned an impressive 2.7%¹ in July, 1.2% of that coming in the last two trading hours after the decision of the South African Reserve Bank to lower its inflation target to 3% at its monetary policy committee (MPC) meeting. Shorter-dated instruments in the one to 3-year and three to 7-year maturities ended the month 0.7%¹ and 1.9%¹ higher, respectively, while bonds in the seven to 12-year spectrum ended the month 3.0%¹ higher. Bonds in the 12+ year spectrum delivered yet another consecutive positive return of 3.9%¹. Local cash (STeFI) continued to deliver inflation-beating returns, with a return of 0.6%¹ for the month and 8%¹ over the last year.

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¹ Morningstar

² Momentum Investments

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