

Roxburgh Market Summary

FEBRUARY 2025

MARKET INDICES (% in ZAR) (*ANNUALISED)

	1 month	3 months	YTD	1 year	3 years*	5 years*	7 years*
FTSE/JSE All Share	-0.01	2.01	2.30	22.56	8.15	15.21	9.58
FTSE/JSE SA Listed Property	-0.29	-2.23	-2.63	19.69	13.93	8.81	2.27
FTSE/JSE All Bond	0.07	0.16	0.51	17.63	9.93	9.42	8.59
STeFI (Cash)	0.59	1.92	1.25	8.35	7.44	6.20	6.50
MSCI World	-1.24	2.92	1.16	11.94	17.18	17.76	17.92
MSCI EM	-0.04	5.02	0.67	6.57	6.81	7.78	8.00
Oil Price	-5.09	3.40	-2.74	-15.52	-4.59	11.26	8.28
Gold Price	0.27	9.93	6.93	33.99	21.28	15.76	19.03

MARKET COMMENTARY

February was marked by significant uncertainty surrounding both US economic conditions and foreign policy, which dominated news flow this month. These factors, combined with stretched valuation levels across key developed markets, led to heightened volatility and a particularly weak US equity market performance, underperforming both Developed and Emerging Market indices. While risk assets in the US saw declines in February, we saw the opposite trend in the US bond market as US Treasury yields saw their steepest monthly decline since July last year. As a result, longer-dated US Treasuries performed well, as falling yields led to an increase in bond prices. Turning to other markets, Emerging Market (EM) equities produced a standout performance relative to Developed Market peers, with a strong performance from China and Korea coupled with a weaker dollar led the emerging market basket higher this month. On the other hand, EM bonds lagged behind their Developed Market (DM) counterparts.

South African equities ended the month flat, underperforming the EM composite despite the strong performance of index heavy weights Prosus (+11.6%) and Naspers (+12.3%). The Resources sector (-6.2%) ended the month in negative territory giving up some of the strong January gains. Key detractors were Sibanye Stillwater (-21.8%), Thungela Resources (-19.2%) and African Rainbow Minerals (-16.6%). Both the Industrials and Financial sector ended the month with a positive performance, with AB InBev (+20.3%) and Discovery (+14.3%) contributing to performance for the respective sectors. SA Retailers, including Shoprite (-3.8%), Spar (-5.1%), Foschini (-4.4%) and Truworths (-8.5%), faced challenges throughout the month following reports that the Treasury was considering a 2% VAT increase. This potential hike raised concerns about reduced discretionary spending, which could negatively impact retailers' future cash generation opportunities. Lastly, the property sector ended the month down -0.3%, extending a YTD decline to -2.6%. South African bond yields rose for the third consecutive month in February. However, the accrued interest income from these bonds was sufficient to offset the decline in bond prices, resulting in a marginally positive return for the month. The publication of the budget, which was ultimately not tabled and subsequently postponed, highlighted that South Africa's fiscal challenges are unlikely to be resolved soon.

SA's headline year-on-year inflation for January, released in February, increased to 3.2%, up from 3.0% in December, in line with consensus forecasts. The reweighted basket of goods used to calculate inflation had a minimal effect on this increase, with the new weights expected to show a more significant effect once the revised categories are surveyed. The rise in headline inflation was largely driven by base effects from fuel, increasing by 0.9% in January compared with December, which saw its price increase for the third consecutive month. Economic data for December, released in February, showed modest growth of 0.6% in Q4, rebounding from a contraction in Q3. However, much of the improvement can be attributed to the "normalisation" of the agriculture sector. Among the six sectors for which monthly data is available, accounting for 41% of GDP, mining, manufacturing and electricity had a negative impact on quarterly growth, while transport, wholesale trade and retail contributed positively. The retail sector also benefited from the boost provided by the two-pot redemption. The South African Cabinet has delayed the tabling of the 2025 Budget Speech by Minister of Finance, Enoch Godongwana, to 12 March 2025. The Minister was originally set to present the government's key financial, economic and social priorities for the upcoming fiscal year. However, in an unprecedented move, the speech has been postponed for further deliberation.

The **JSE All Share Index** (+0.0%) ended February flat, with mixed performance coming from the underlying constituents. **Resources** (-7.1%) detracted positively from performance, driven by broad-based weakness, particularly in gold and platinum stocks, which recorded negative returns for the month. In contrast, **Financials** (+1.0%) ended the month in positive territory. **Industrials** (+2.8%) also ended the month positively, with index heavyweights Naspers and Prosus delivering strong returns over the month. **Listed Property** (-0.3%) ended the month slightly negative territory, lagging the broader equity market. SA bond yields ended the month slightly higher, thus pushing prices down. However, accrued interest income was sufficient to offset the loss. Subsequently, **Local bonds** (+0.1%) recorded a marginally positive return in February. The rand displayed mixed performance against most of the major currencies this month. The currency appreciated against the **US dollar** (+0.5%) and the **euro** (+0.5%) and weakened against the **pound sterling** (-0.8%).

*All data is sourced from Morningstar Direct as at 2025/02/28. The performance of South African asset classes is quoted in rands.

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Sources: Morningstar Direct.

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