



SELECT MANAGER

Newsletter

August 2025

MARKETS AND ECONOMICS

Financial markets extended their gains in August, despite various headwinds from trade tensions, sticky inflation, and renewed geopolitical uncertainty. Developed equity markets advanced broadly, supported by positive earnings surprises from technology and cyclical stocks. Artificial intelligence (AI) darling NVIDIA reported Quarter 2 results that modestly missed expectations, owing to weaker sales in China, prompting a brief dip in its share price. However, strength in gaming and AI personal computer revenues reinforced confidence in the broader sector's growth trajectory. Japanese equities emerged as the standout performer among advanced economies, reaching new record highs during the month on the back of easing trade frictions with the United States (US), supportive currency dynamics, and firmer domestic economic data. While emerging markets underperformed, Chinese equities delivered their third consecutive month of gains, aided by targeted stimulus and liquidity injections that helped offset still weak macro indicators.

In bond markets, yields generally drifted higher as investors weighed persistent price pressures, fiscal stimulus, and a heavy sovereign supply pipeline. While some central banks, including the Bank of England, eased interest rates by 25 basis points, long-dated bonds came under pressure. South African bonds outperformed, as inflation remained anchored at the lower end of the South African Reserve Bank's target band, raising expectations that monetary policy will remain accommodative through to the end of 2025.

In terms of trade policy, uncertainty resurfaced after the US imposed 50% tariffs on a wide range of Indian exports, including gems, jewellery, apparel, and chemicals. The move significantly heightened near-term risks to India's export sector and added complexity to global supply chains, though India signalled a willingness to negotiate de-escalation.

Geopolitical risk also remained in focus. A mid-month summit between Presidents Trump and Putin re-opened dialogue on the Ukraine conflict but yielded no binding outcomes. Subsequent talks in Washington between Trump, President Zelenskyy, and a European Union delegation proved fractious, highlighting divisions over territorial concessions and security guarantees. The lack of progress reinforced market caution.

Other highlights during the month included:

- + **US Federal Reserve independence under pressure as Governor Lisa Cook is removed:** In an unprecedented move, President Trump ousted Governor Cook, citing alleged mortgage-related misconduct. Cook filed a suit countering that Trump lacks legal authority to remove her except "for cause". The action triggered a legal and political firestorm over central bank independence, with courts, economists, and market participants bracing for its implications.
- + **Eurozone manufacturing activity accelerated to a 15-month high:** According to the Hamburg Commercial Bank's Flash Composite Purchasing Managers' Index, business activity in Europe expanded at the fastest pace in 15 months, driven by a rebound in new orders for the first time since May 2024. The index rose to 51.1, beating forecasts and marking a third consecutive month of growth.
- + **Gold bull run not showing signs of slowing:** Precious metals markets remained bullish, with gold prices briefly touching \$3 578/oz before a modest pullback, supported by safe-haven demand and prospects of US monetary easing.

JSE All Share 3,53% 101 835,59 ▲	MSCI World (USD) 2,61% 4 177,72 ▲	MSCI EM (USD) 1,28% 1 258,44 ▲
SA Bonds 0,75% 1 216,77 ▲	SA Property 2,80% 435,50 ▲	CPI (y/y) 3,50% 103,30 ▲
Gold 3,25% 3 412,07 ▲	Platinum 2,72% 1 349,42 ▲	Oil - 5,89% 67,48 ▼
\$/R - 3,02% 17,67 ▼	€/R - 0,74% 20,65 ▼	£/R - 0,82% 23,86 ▼