

## Newsletter

### MARKETS AND ECONOMICS

Global markets defied gravity in June, climbing to new record highs despite a gloomy backdrop of rising trade protectionism, disappointing macro-economic prints, and intensifying geopolitical turbulence that would normally shake the markets. A preliminary trade deal reached early in the month between the United States (US) and China seemed to leave markets turning a blind eye, as the fragile truce between the two economies boosted optimism and supported equity indices.

Geopolitical tensions were, once again, in focus as Israel and the US conducted military strikes on Iranian nuclear infrastructure sites, prompting Tehran to threaten closure of the passage through the Strait of Hormuz, which would effectively choke off a fifth of the world's oil supply. As a result, Brent Crude oil prices surged 30% towards \$80 a barrel, before a swift ceasefire was initiated and contained the shock.

With regards to monetary policy, most major central banks exhibited a clear pattern during the month. The US Federal Reserve, Bank of England, and Bank of Japan opted to keep interest rates unchanged, reflecting caution against premature easing. The European Central Bank, however, cut interest rates by another 25 basis points as Eurozone inflation softened and energy prices weakened. While market dynamics made it difficult to differentiate between signals and noise, developed markets staged their second-largest monthly gain of the year (+4.3%), led by Japanese equities (+6.7%) and the US (+6.4%).

On the local front, conflict among the Government of National Unity coalition partners was again a national headline. This came after President Cyril Ramaphosa fired Democratic Alliance (DA) Deputy Minister Andrew Whitfield (Trade, Industry, and Competition) following an unauthorised international trip to the US. Nevertheless, the coalition remains intact, with the DA still to announce its nomination for a replacement deputy minister. Despite political noise, local assets delivered strong returns for the month, while the rand also appreciated significantly in the face of a weaker US dollar.

Other highlights during the month included:

- + **Donald Trump's Big Beautiful Bill to add \$3.3 trillion to US debt:** The "One Big Beautiful Bill", passed by the Senate, is projected by the nonpartisan Congressional Budget Office to add between \$3.3 trillion and \$3.4 trillion to the US federal debt over the next decade.
- + **South African rand rebounded on the de-escalation in the Middle East:** The rand regained its lost ground against the US dollar, peaking at R17.58/USD before settling at R17.70/USD at the end of June.
- + **Foreign investors are returning to the South African market:** Foreign investors bought R33.8 billion in South African bonds.

<b>JSE All Share</b> 2,35%   96 429,74 ▲	<b>MSCI World (USD)</b> 4,32%   4 026,44 ▲	<b>MSCI EM (USD)</b> 6,01%   1 222,78 ▲
<b>SA Bonds</b> 2,28%   1 175,58 ▲	<b>SA Property</b> -0,87%   405,87 ▼	<b>CPI (y/y)</b> 2,80%   102,10 ▲
<b>Gold</b> 0,14%   3 294,06 ▲	<b>Platinum</b> 30,28%   1 365,49 ▲	<b>Oil</b> 6,31%   66,74 ▲
<b>\$/R</b> -1,67%   17,70 ▼	<b>€/R</b> 2,15%   20,87 ▲	<b>£/R</b> 0,38%   24,32 ▲