

# Monthly Market Highlights

Monthly edition | March 2025 recap

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# Monthly market recap | March in review

## Market news

- Prices of final manufactured goods in South Africa are projected to increase during the year, despite a moderation in Producer Price Inflation (PPI) in February. Data released by Statistics South Africa revealed that PPI eased to 1% y/y in February from 1.1% in January.
- China's economy showed a modest pick-up for the first two months of the year, according to data published by the National Bureau of Statistics. Retail sales increased by 4% between January and February from a year ago, compared with 3.7% y/y growth in December.
- The US economy expanded at an annualised rate of 2.4% in Q4 2024, marking a deceleration from the previous quarter's 3.1% growth.
- The Purchasing Managers' Index (PMI) for UK manufacturing dropped to a 14-month low of 46.9 from 48.3 in January. The PMI has remained at a sub-50 level, signaling ongoing contraction, for five months in a row.
- Japan revised its Q4 Gross Domestic Product (GDP) growth down to 2.2%, which was slower than the 2.8% initially reported. On a quarterly basis GDP expanded 0.6% compared to the initial estimate of 0.7%.

## International markets

MSCI World (\$)	-4.45%
Global Bonds (\$)	0.62%
Global Property (\$)	-2.16%
MSCI EM (\$)	0.67%
FTSE (£)	-2.25%
S&P 500 (\$)	-5.63%

## Bond market

All Bond	0.19%
Bonds 1-3 years	0.80%
Bonds 3-7 years	0.97%
Bonds 7-12 years	0.41%
Bonds 12+ years	-0.66%

## Local markets

FTSE/JSE All Share	3.55%
Industrials	-2.17%
Resources	18.37%
Property	-0.90%
Financials	0.18%
Cash	0.64%

## Currency

Rand vs USD	0.98%
Rand vs EURO	-2.78%
Rand vs GBP	-1.49%
Rand vs JPY	-0.55%
Rand vs AUD	-0.002%

# SARB holds rates steady

- The South African Reserve Bank (SARB) kept the benchmark repo rate at 7.5% following the Monetary Policy Committee (MPC) meeting in March.
- South Africa's prime interest rate for commercial banks stays at 11%.
- The SARB paused its rate-cutting cycle due to risks stemming from US President Donald Trump's global trade war and SA's deadlocked national budget, which have overshadowed its success in keeping inflation low.
- The next MPC meeting takes place on 29 May 2025.



SOUTH AFRICAN RESERVE BANK

## MPC March 2025: Summary

**The Monetary Policy Committee keeps the repurchase rate unchanged at 7.5%.**



**Inflation is at 3.2%**

Inflation remains contained, and within the lower half of our target range of 3-6%.



**Inflation outlook**

The forecast included the proposed VAT increases, which add about 0.2pp to inflation. However, due to better fuel price projections and a lower-than-expected electricity tariff increase, the inflation outlook was slightly lower relative to the January MPC forecast, with headline inflation now projected at 3.6% in 2025 and 4.5% in 2026.



**Global Outlook**

The global economy remains highly uncertain, with rising trade tensions and abrupt shifts in long-standing geopolitical relationships. In advanced economies, inflation is expected to stay above target for longer.

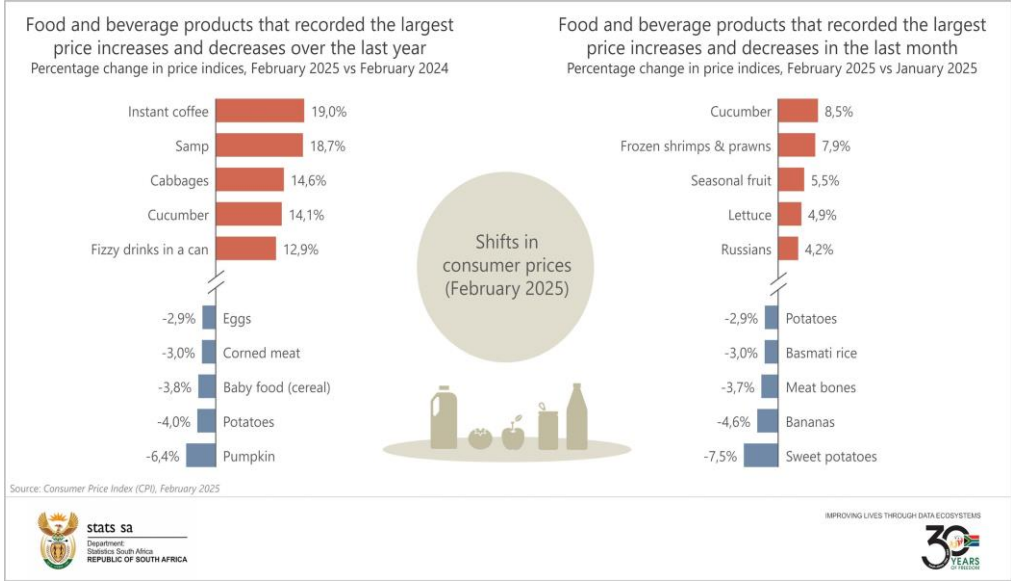
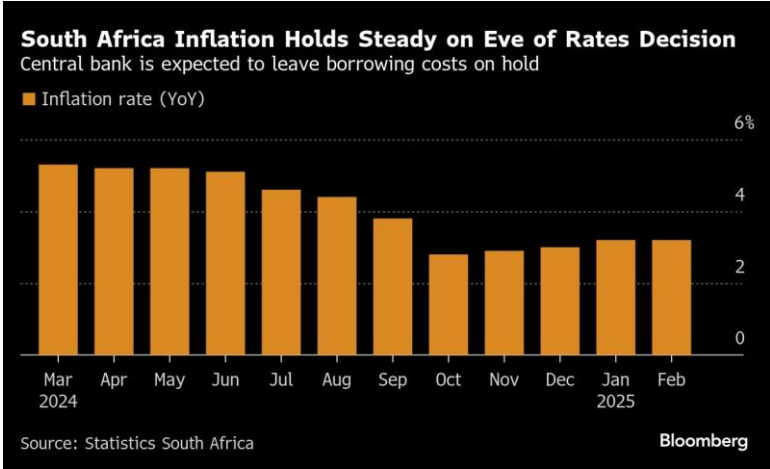


**Economic Outlook**

We have revised down South Africa's 2025 growth forecast slightly, from 1.8% to 1.7%, due to weaker demand and ongoing supply challenges. The risks are to the downside, meaning growth could be lower.

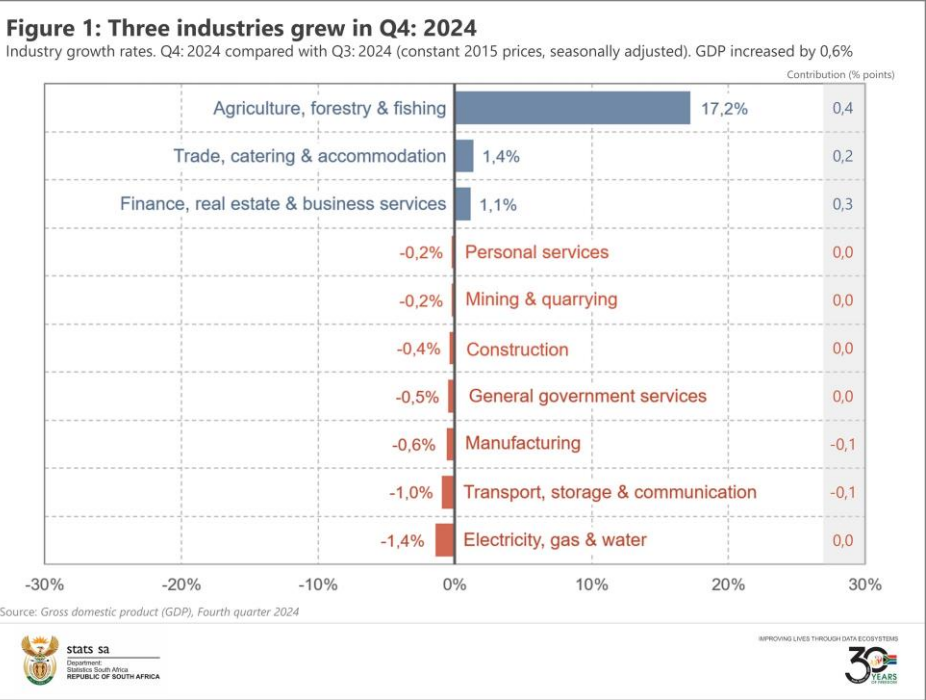
# SA inflation holds steady

- South Africa's consumer price inflation remained steady at 3.2% y/y in February, consistent with January's figure. However, the m/m increase of 0.9% indicates continued inflationary pressures in key sectors.
- Core inflation — which excludes food, non-alcoholic beverages, fuel, and energy — fell to 3.4%, its lowest since December 2021.



# SA economy expands in Q4 2024

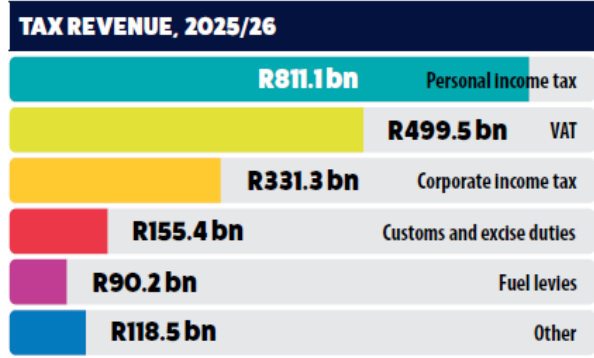
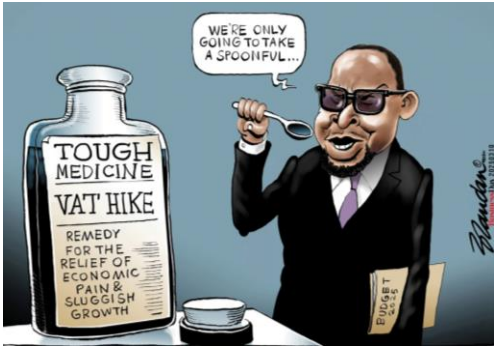
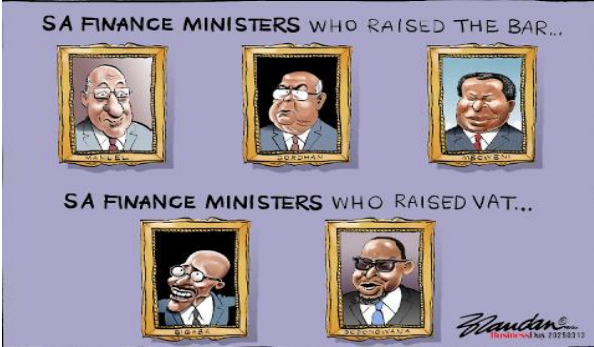
- South Africa’s economy expanded by 0.6% in Q4 2024, following a 0.1% contraction in the previous quarter. It was largely driven by growth in the agricultural sector.
- Three industries recorded positive growth between the third and last quarter of 2024, according to data published by Statistics South Africa (Stats SA).
- Stats SA said the economy grew by 0.6% for the whole of 2024, compared with an increase of 0.7% the previous year.
- The agriculture, construction, trade, transport, manufacturing and general government services industries recorded negative growth last year.



Source: Statistics SA, CartoonStock, Mail & Guardian – March 2025

# SA: Budget 2025 highlights

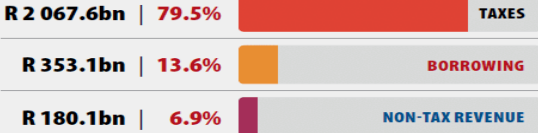
- Finance Minister Enoch Godongwana delivered the 2025 National Budget Speech on 12 March 2025.
- The budget addressed several key areas, including the country's current economic conditions, growth forecasts, significant debt servicing obligations, proposed increases in VAT and sin taxes, and the continuation of the social relief grant.
- A primary point of contention leading up to the budget was the VAT increase, which has been implemented at a revised 1% over the next two fiscal years.
- To offset the VAT hike, Finance Minister Godongwana highlighted that personal income tax brackets and medical aid tax credits would not be adjusted for inflation.
- Despite sluggish growth over the past decade, the minister projected South Africa's economy would grow at an average rate of 1.8% from 2025 to 2027.



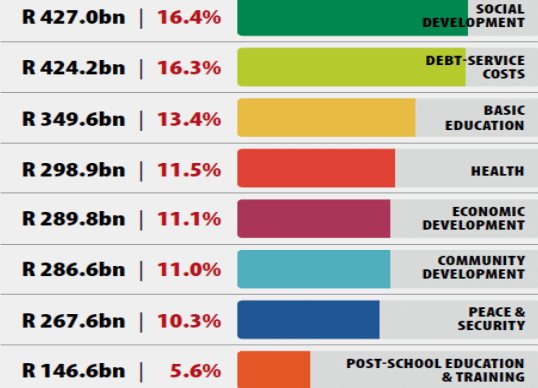
Source: BusinessTech, Business Day, Daily Maverick – March 2025

# SA: Budget 2025 highlights

## 1 SOURCES OF GOVERNMENT INCOME IN 2025/26



## 2 GOVERNMENT SPENDING IN 2025/26



## 3 SOCIAL GRANTS

	2024/25	2025/26
OLD AGE GRANT	R2 185	R2 335
WAR VETERANS GRANT	R2 205	R2 355
DISABILITY GRANT	R2 185	R2 335
FOSTER CARE GRANT	R1 180	R1 260
CARE DEPENDENCY GRANT	R2 185	R2 335
CHILD SUPPORT GRANT	R530	R580
GRANT-IN-AID	R530	R580



**19.3 million**  
people to receive social grants by  
March 2028

*The Budget will increase the values of permanent grants above inflation.*

# US inflation eased in February

- The Bureau of Labor Statistics reported that prices of goods and services rose less than anticipated in February, offering some relief amid concerns from consumers and businesses regarding the potential inflationary impact of impending tariffs.
- The Consumer Price Index (CPI) ticked up by a seasonally-adjusted 0.2% in February, putting the annual inflation rate at 2.8%.
- Excluding food and energy prices, core CPI also rose 0.2% m/m and was at 3.1% y/y, the lowest reading since April 2021.

### Tracking US inflation: How recent numbers compare to the last decade

The Consumer Price Index fell to **2.8%** for the last 12 months ending in February.



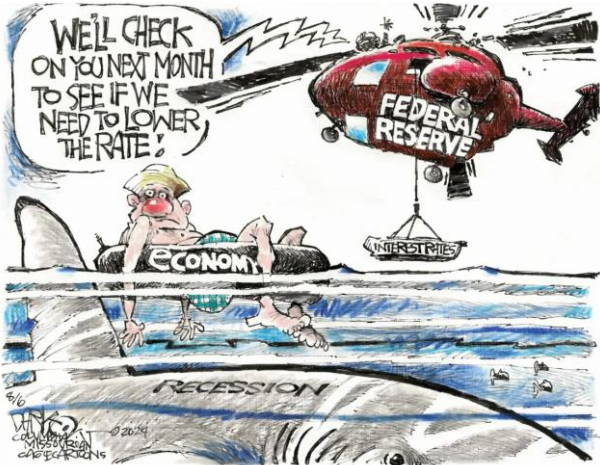
Notes: Data current through February 2025 as of March 24, 2025 at 10 p.m. ET. Figures not adjusted for seasonal swings.

Source: U.S. Bureau of Labor Statistics  
Graphic: Matt Stiles, CNN



# US: Interest rates unchanged

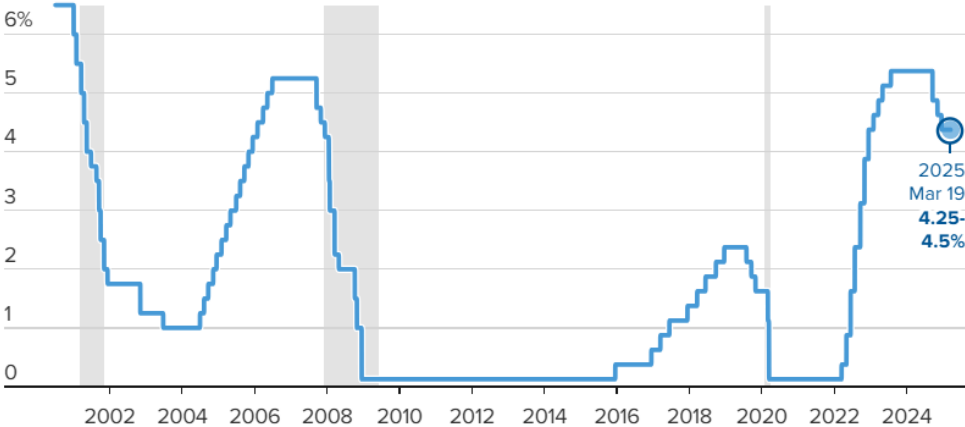
- The Federal Reserve held interest rates steady, though still indicated that reductions are likely later in the year.
- Faced with pressing concerns about the impact tariffs will have on a slowing economy, the Federal Open Market Committee kept its key borrowing rate targeted in a range between 4.25% and 4.5%, where it has been since December 2024.



## U.S. federal funds target rate

July 2000–March 2025

*The Federal Open Market Committee chose to hold rates steady at its March meeting.*



Note: From December 2008 to present, the chart reflects the **midpoint** of the Federal Reserve's target range. The target rate began in 1982.

**Shaded areas** indicate recessions as defined by the [National Bureau of Economic Research](#).

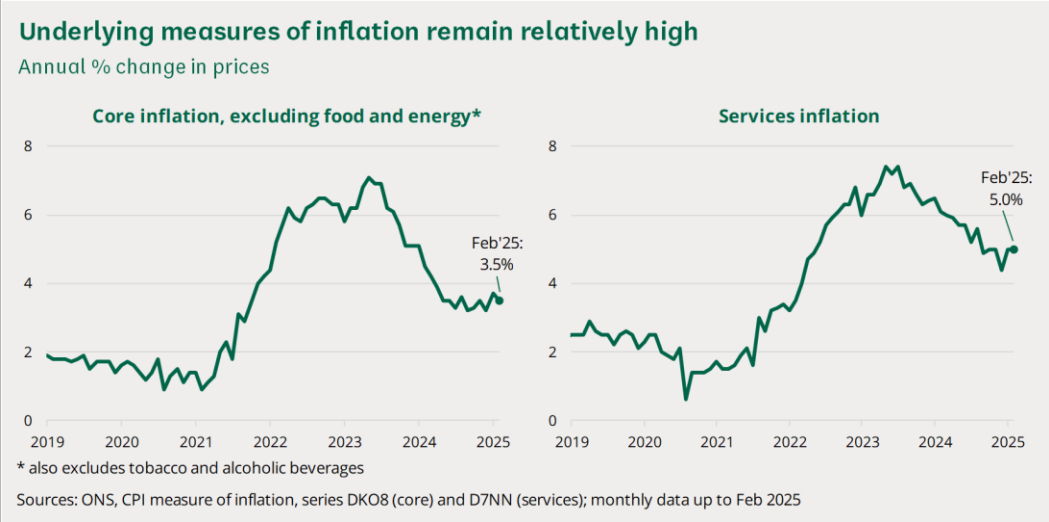
Source: [Federal Reserve Bank of New York](#)

Target rate as of March 19, 2025



# UK: Inflation cools in February

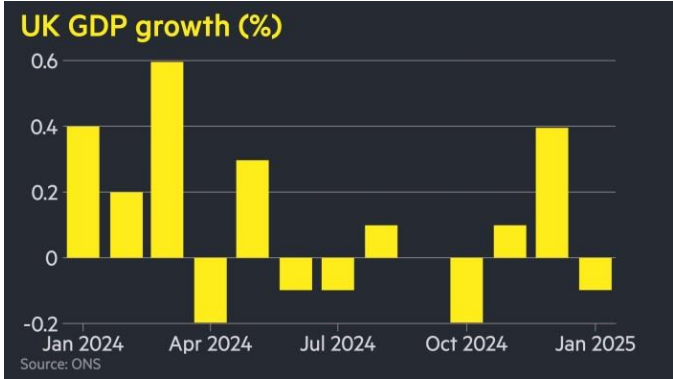
- UK inflation eased more than anticipated in February, providing some relief to consumers ahead of an expected rebound in price growth.
- The inflation rate fell slightly to 2.8% y/y in February, according to data released by the Office for National Statistics. The rate of inflation rose sharply to 3% in January, after falling to a lower-than-expected 2.5% in December 2024.



# UK economy unexpectedly contracts

- The UK economy unexpectedly contracted by 0.1% m/m in January. Britain's Office for National Statistics (ONS) said the fall was mainly due to a contraction in the production sector.
- Growth has largely stalled since May, hitting tax revenues, after the UK economy rebounded from a technical recession at the beginning of 2024.
- As per ONS data, the UK economy grew by 0.1% in Q4 2024, beating expectations, and flatlined in the third quarter of 2024.

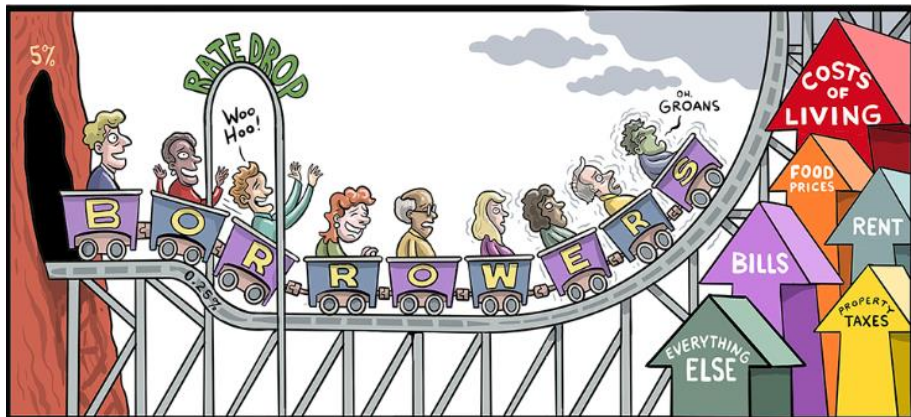
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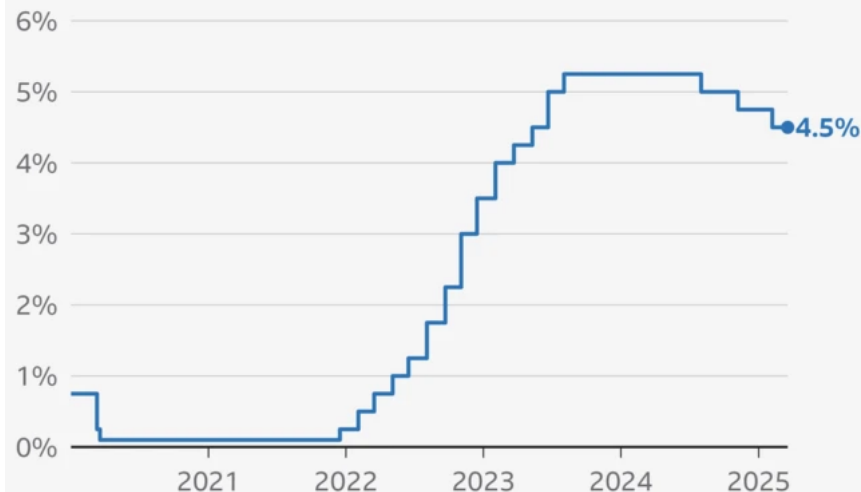
"Due to current economic conditions, I can only grant you one wish and this circular offering an array of discount coupons!"

# BoE keeps rates on hold

- The Bank of England held interest rates at 4.5% and warned against assumptions that it would cut rates at its next few meetings as it grappled with deep uncertainty hanging over the British and world economies.
- Noting the escalation of global trade tensions initiated by the US, the Monetary Policy Committee (MPC) voted 8-1 to keep rates on hold.
- Global trade policy uncertainty intensified after the US made a range of import tariff announcements which prompted retaliation from some other countries.



## UK interest rate held at 4.5%

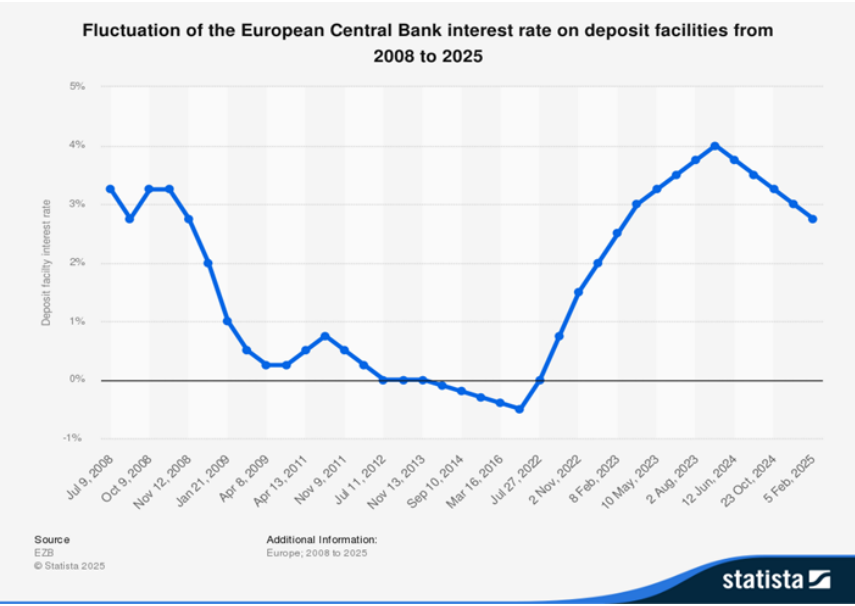


Source: Bank of England. Last update: 20 Mar 2025



# ECB cuts interest rates

- The European Central Bank lowered interest rates by 25 bps in March, bringing the deposit rate to 2.5%.
- This marks the second rate cut for the year and the sixth cut in the last nine months across the 20-member eurozone.
- The bank stuck to its plan to lower rates in the face of economic challenges, including threats of US tariffs and plans to boost European military spending.

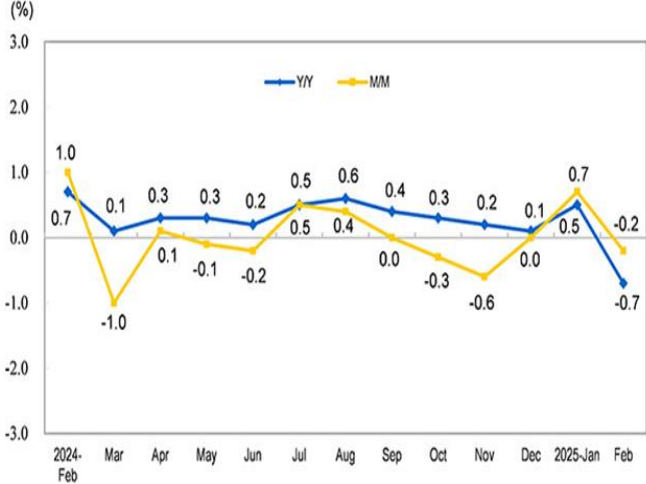


# China's CPI turns negative

- In February, China's Consumer Price Index (CPI) turned negative for the first time since January 2024, primarily due to declines in food, tobacco, and alcohol prices.
- CPI dropped 0.7% y/y, reversing the 0.5% gain seen in January, according to data from the National Bureau of Statistics. On a m/m basis, CPI declined by 0.2% compared to the 0.7% increase in January.
- Beijing revised its annual CPI target to "around 2%" — the lowest in over two decades — from the previous target of 3% or higher, as reported by the Asia Society Policy Institute.



Consumer Price Index in February



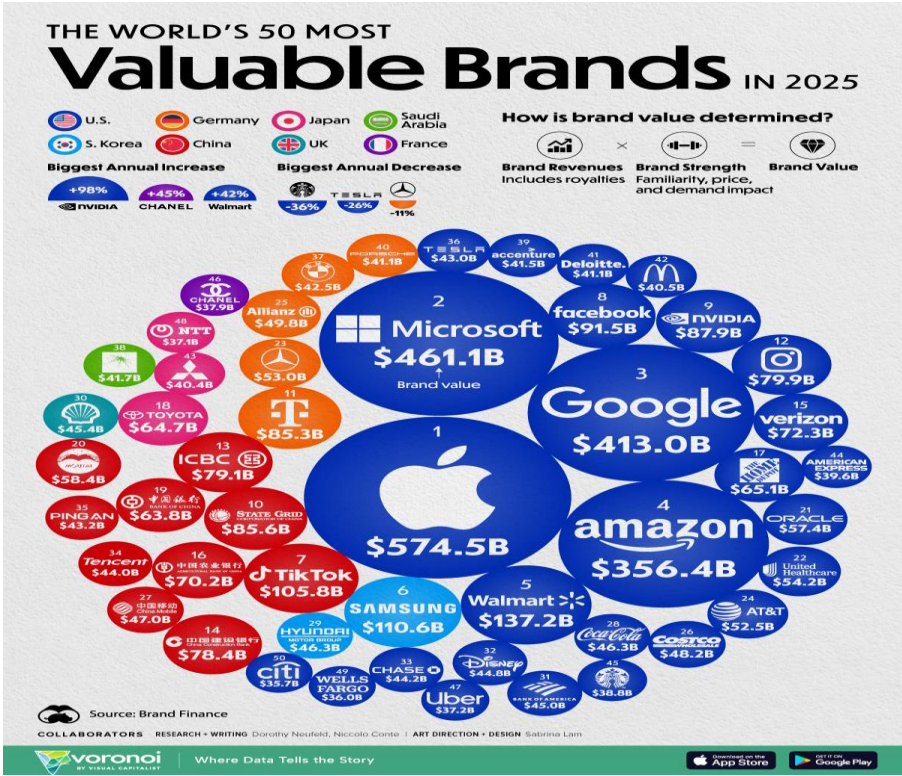
# Of interest | China launches a special action plan

- China announced a “Special Action Plan to Boost Consumption” in a bid to prop up domestic consumption in the world’s second-largest economy.
- The General Office of the Central Committee, an office directly under China’s ruling party, said the plan was to vigorously boost consumption, expand domestic demand, and “enhance consumption capacity by increasing income and reducing burdens”.
- The wide-ranging release also outlined other steps, such as taking “multiple measures” to stabilise the stock market and developing more bond products suitable for individual investors.
- The plan calls for actions to increase incomes of both urban and rural residents, as well as farmers, such as employment support plans and continuing to implement the unemployment insurance policy.



# Of interest | The most valuable brands in 2025

- The value of brands, together with other intangible assets such as intellectual property and research and development, stands at an all-time high of \$80 trillion globally.
- Apple ranks first globally, with its brand valued at \$574.5 billion in 2025.
- Nvidia entered the top 10 for the first time, with its brand value jumping 98% over the year.
- Both Starbucks and Tesla saw the steepest declines in their brand value across the top 50 rankings.

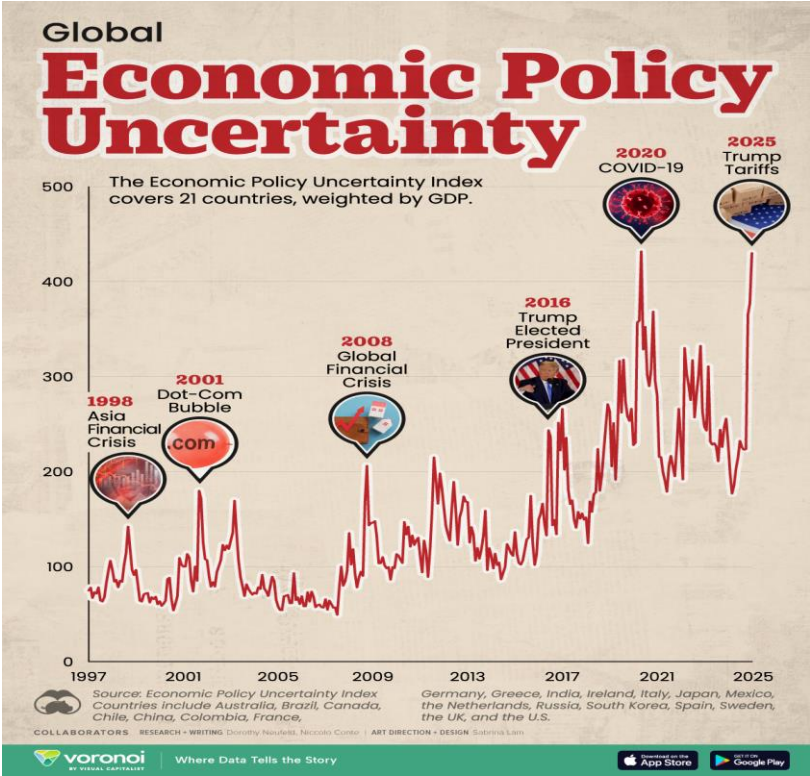


Source: Visual Capitalist – March 2025



# Of interest | The most valuable brands in 2025

- In January, the Economic Policy Uncertainty Index surged to 428.9, hovering near COVID-19 highs.
- This index has tracked global economies since 1997, leveraging a variety of metrics ranging from media coverage of trade to differences in economic forecasts by the US Federal Reserve
- New trade wars are driving up uncertainty, as a range of consumer goods — from groceries to automotives — could rise in price.
- As the trade war escalates, Trump has hit Canada, the European Union, Mexico, and China with tariffs.
- So far, Canada and Europe have hit the US with retaliatory tariffs while businesses around the world are looking to diversify supply chains as they brace for tariffs.



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