



## LOCAL MARKETS

### - POSITIVE MONTH FOR THE JSE

The JSE followed global markets higher in May and the All Share Index closed 3.0% (+12.2% YTD) higher for the month, with broad-based gains, while the Capped SWIX also ended May 3.0% higher (+13.7% YTD). The industrial sector was the star performer (Indi-25 +3.9% MoM/+13.1% YTD) with the largest contributor being Naspers/Prosus, which soared 6% MoM in aggregate as China's Tencent Holdings reported a better-than-expected 13% YoY rise in sales. Industrials were followed by resources shares (Resi-10 +2.2% MoM/+38.3% YTD), primarily due to the Platinum Group Metals shares, as the gold price paused its run. The Listed Property Index rose 1.9% MoM (+4.0% YTD), while financials (Fini-15) gained 1.8% MoM (+2.3% YTD). The rand strengthened by 3.2% MoM against the US dollar (+4.4% YTD).

Blue Label Telecoms was May's best-performing share by far, recording an impressive 41.7% MoM gain as investors cheered news of the company's plans to list its subsidiary Cell C on the JSE. Sibanye Stillwater (+27.5% MoM) was in second position as growing market interest pushed the share price higher. In third place, Sasol's long-languishing share price outperformed in May (+26.6% MoM). The company's share price surged following its capital markets presentation, where Sasol outlined a (well-received) three-year turnaround strategy aimed at restoring its operations to optimal performance.

Nutun Limited (formerly Transaction Capital) is undergoing a two-year restructuring and was May's worst-performing share, declining by 24.3% MoM. Nutun was followed by Harmony Gold and Kumba Iron Ore (Kumba) with MoM losses of 13.2% and 8.9%.

### SLUGGISH ECONOMY CONTINUES

SA's economy expanded by 0.1% in the first quarter of 2025, according to data released by Stats SA at the start of June, placing mining in a "technical recession" after two consecutive quarters of declining mining GDP statistics. The GDP growth figure marks a slowdown from the revised 0.4% growth recorded in the fourth quarter of 2024 and falls just short of the 0.2% market consensus.

The economic struggles are especially evident in the latest information about activity in manufacturing. SA's manufacturing sector dropped to its lowest level since the Covid-19 pandemic, with Absa's purchasing managers' index (PMI) falling 1.6 points to 43.1. This is the seventh consecutive month of contraction, despite a marginal improvement in activity and demand.

South African business confidence fell in the second quarter of 2025, pressured by trade uncertainties due to US President Donald Trump's "Liberation Day" tariffs and local logistical constraints, according to the latest SACCI report. The index dropped to 40 points from 45 in the first quarter, according to a survey by the Rand Merchant Bank (RMB) and compiled by the Bureau of Economic Research.

## SLIGHT UPTICK IN INFLATION

In domestic economic data, April headline inflation edged slightly higher, coming in at 2.8% YoY vs 2.7% in March. Despite this uptick, core inflation eased, slowing to 3.0% YoY in April, down from 3.1% YoY in March, suggesting a continued easing in underlying inflationary pressures across the domestic economy. At its meeting on 29 May, the South African Reserve Bank (SARB) announced it would cut the repo rate by 25 bpts, meaning that the prime lending rate is now at 7.25%

## VEHICLE MARKET SUSTAINS GROWTH

According to industry body Naamsa's latest report aggregate domestic new vehicle sales in May 2025, at 45,308 units, reflected an increase of 8,169 units, or a substantial gain of 22.0%, from the 37,139 vehicles sold in May 2024, buoyed by relatively stable economic fundamentals earlier in the year. Overall, out of the total reported industry sales of 45,308 vehicles, an estimated 40,062 units, or 88.4%, represented dealer sales, an estimated 6.8% represented sales to the vehicle rental industry, 3.0% to industry corporate fleets, and 1.8% to government sales.

The May 2025 new passenger car market at 31,741 units had registered an increase of 7,322 cars, or a gain of 30.0%, compared to the 24,419 new cars sold in May 2024. Car rental sales accounted for 8.5% of new passenger vehicle sales during the month. Domestic sales of new light commercial vehicles, bakkies and minibuses at 10,938 units during May 2025 had recorded an increase of 601 units, or a gain of 5.8%, from the 10,337 light commercial vehicles sold during May 2024.

However, not all indicators moved in the right direction. Vehicle export sales decreased by 5,165 units, or 14.6%, to 30,112 units in May 2025 compared to the 35,277 vehicles exported in May 2024. Vehicle exports for the year to date were still 1.4% ahead of the same period last year.

# INTERNATIONAL MARKETS

## - GLOBAL MARKETS END A VOLATILE MONTH HIGHER

**US and global equity markets (MSCI World +6.0% MoM/+5.2% YTD) ended a volatile month stronger despite bumps along the way as investors looked past trade policy confusion. Markets cheered as the US and China announced a 90-day larger-than-expected reduction in tariffs on 12 May, sparking widespread buying. However, following the China relief rally, Moody's downgraded the US's credit rating on 16 May, triggering a broad selloff. Then, in late May, US President Donald Trump's actions briefly derailed markets again as he threatened to slap 50% tariffs on EU goods just one day after the EU signed a minerals deal with Greenland. True to form for the Trump administration, the EU tariffs were postponed to 9 July to allow for trade negotiations, again boosting market optimism. In another blow to the Trump administration, a US trade court on 28 May blocked most of his tariffs in a sweeping ruling which found he had overstepped his authority by imposing across-the-board duties on imports from US trading partners.**

After declining for three straight months, the S&P 500 jumped 6.3% in May (+1.1% YTD), logging its biggest MoM increase since November 2023. The Dow was up 3.9% MoM (-0.6% YTD), while the tech-heavy Nasdaq surged by 9.6% MoM (-1.0% YTD), its biggest monthly gain since November 2023 and its best May performance since 1997. The VIX, which measures the US stock market's expectation of volatility and is also known as the "fear gauge", closed the month at 18.57, well below the 52.33 level it reached on 8 April but slightly above the 17.35 level it reached on 31 December 2024.

US April headline inflation, as measured by the Consumer Price Index (CPI), printed better-than-expected, at 2.3% YoY vs March's 2.4%. Core CPI, excluding food and energy, rose 2.8% YoY (the lowest core inflation rate since March 2021). Following five consecutive months of declines due to tariff anxiety, US consumer confidence improved in May, rising to 98 from April's 85.7 print.

## EUROPEAN MARKETS ALSO CLOSE HIGHER

European equity markets ended May in the green despite a still uncertain trade environment, buoyed by Germany's historic fiscal spending plans, resilient corporate earnings and attractive valuations, which are making the region an attractive investment destination amid ongoing trade war concerns and runaway US fiscal debt (US\$35trn-plus). Germany's DAX rose 6.7% in May (+20.5% YTD), while France's CAC closed 2.1% higher (+5.0% YTD). Eurozone headline inflation was unchanged at 2.2% in April, while core inflation accelerated to 2.7% vs 2.4% in March.

The UK market also ended higher in May, with the FTSE 100 up 3.3% (+7.3% YTD). April UK inflation rose unexpectedly to 3.5% (its highest level in more than 12 months) from 2.6% in March, while core inflation increased by 3.8% vs March's 3.4%.

## A GOOD MONTH FOR ASIAN MARKETS

Global trade uncertainties (and the Trump administration's plan to broaden its restrictions on China's tech sector) weighed on sentiment towards China. However, markets received a mid-month boost after it was announced that China and the US would materially lower tariffs for three months to allow for negotiations. Hong Kong's Hang Seng rose 5.3% (+16.1% YTD), while the Shanghai Composite was up 2.1% (-0.1% YTD). China's official May manufacturing PMI improved to 49.5 vs April's 49.0 but remained below the 50-mark separating expansion from contraction. The non-manufacturing PMI, which includes services and construction, also fell to 50.3 from 50.4 in the prior month.

Japan's benchmark Nikkei ended May 5.3% higher (-4.8% YTD) despite ongoing concerns over the adverse impact of US tariffs on the country's economy. Japan's April core inflation accelerated to 3.5% YoY (the highest level since 2023) vs March's 3.2%.

Among commodities, after a strong performance YTD (+25.3%), bullion advanced by only 0.01% MoM. Among platinum group metals (PGMs), platinum surged to a two-year high in May (+9.1% MoM/+16.6% YTD). Palladium was up 3.2% MoM (+6.7% YTD), and rhodium rose 1.4% MoM (+19.1% YTD). Brent crude (+1.2% MoM/-14.4% YTD) recorded gains amid supply concerns following news of a decline in the US crude stockpile.

*Sources: Anchor Capital; Business Day; Naamsa*



## NEWSFLASH TAX SEASON STARTS IN JULY

The South African Revenue Service (SARS) announced the official start of the 2025 Filing Season, effective from 07 July 2025 to 20 October 2025.

This season marks an important period where income tax returns of the majority of taxpayers are automatically assessed. **The category of taxpayers who are automatically assessed will receive notification from SARS from 7 to 20 July 2025.**

Taxpayers who do not receive notifications from SARS that they are automatically assessed, are encouraged to submit their tax returns in a timely and accurate manner from 21 July 2025. The Filing Season will close on 20 October 2025 for non-provisional individuals.





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