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LOCAL MARKETS
- JSE LOWER DESPITE REACHING NEW HIGHS

The JSE All Share Index retreated 0.02% last month (+2.2% YTD) despite reaching several all-time highs in February (including closing at 8,9061.67 on 18 February). In stark contrast to January, precious metals miners were the biggest underperformers, with industrials (Indi-25 +3.4% MoM/+4.3% YTD) doing most of the heavy lifting, while the Resi-10 was down 6.2% MoM (+10.6% YTD). Financials rose (Fini-15 +0.8% MoM/-1.9% YTD), and property shares declined (SA Listed Property Index -0.3% MoM/-2.6% YTD). The rand weakened by 0.1% against the US dollar (+0.8% YTD).

In February, the JSE's standout performer was global brewer Anheuser-Busch InBev (AB InBev), with a MoM gain of 20.9% after delivering robust results, which showed a strong margin improvement in the key South America region and better-than-expected cash generation. AB InBev was followed by Blue Label Telecoms (+17.4% MoM) in second spot and AECI (+14.4% MoM) in third place.

While commodities companies performed well in January, the opposite was true last month, and most of February's worst-performing shares were materials shares. Northam Platinum was the overall worst performer, with a MoM decline of 23.6%. Gold and Platinum Group Metals company Sibanye Stillwater (-21.8% MoM) was the second-worst performer, followed by Thungela Resources (-19.2% MoM).

NATIONAL BUDGET POSTPONED

SA January headline inflation rose slightly to 3.2% vs 3.0% in December, while core inflation eased for a fourth consecutive month to 3.5% YoY vs 3.6% in December (this is the first release since Stats SA updated its consumer price basket).

The unprecedented, last-minute postponement of the Budget (set for 19 February) caught many by surprise. At the heart of the dispute within the Government of National Unity (GNU) is a proposed two-percentage-point VAT increase intended to fund additional spending on social grants and the public sector. The Budget is now set for 12 March.

SA's economy grew 0.6% in the fourth quarter of 2024, according to a report by Stats SA, offering a modest rebound after the revised 0.1% contraction recorded in the third quarter. This brings full-year growth for 2024 to 0.6%, slightly lower than the 0.7% expansion recorded in 2023.

SA's manufacturing sector remained under pressure in February, with the Absa purchasing managers index (PMI) declining slightly by 0.6 points to 44.7, according to data released by Absa and the Bureau for Economic Research (BER). This marked the fourth consecutive month of contraction.

A new report by Stats SA paints a grim picture of joblessness among SA's youth population, with unemployment increasing significantly over the past decade despite improvements in university attendance.

The percentage of young people actively seeking work but unable to find a job rose from 36.8% in 2014 to 45.5% in 2024, while the number of young people not in employment, education or training increased by five percentage points.

OPTIMISM FOR MOTOR INDUSTRY

Cautious optimism about growth in new-vehicle sales may be strengthening but it is too soon to talk confidently of sustainable market recovery, WesBank marketing head Lebo Gaoaketse said after the release of the sales figures for February, as reported in Business Day.

The figures released by motor industry association Naamsa showed that 47,978 cars and commercial vehicles were sold last month. That was 7.3% more than the 44,723 of February 2024. After two months of 2025, aggregate sales of new vehicles totalled 94,968 — 9.5% more than the 86,746 at the same stage last year. This growth comes on top of a strong final quarter of 2024. Cars once again led the way in February. Sales of 33,757 were 16.8% stronger than the 28,903 of a year earlier. Light commercial vehicles, mainly bakkies and minibus taxis, lost ground, however, by 11.4%. Sales of medium-sized and heavy trucks grew by 15.2% and 26.8% respectively but extra-heavies lost ground by 22.1%.

INTERNATIONAL MARKETS

- THE TRUMP EFFECT IMPACTS MARKETS

Global equity markets, especially the US, struggled in February (MSCI World -0.7%) as economic uncertainties mounted, and risk-off sentiment prevailed, with investors anxious about the potential negative economic impact of the Trump administration's policies. The latest US consumer confidence data recorded its biggest drop since August 2021, while a jump in jobless claims also subdued sentiment. Since taking office in January, Trump has proposed a flurry of tariffs and other market-moving policy changes.

Following initial confusion regarding timing, he said last week that tariffs would go ahead on 4 March. This weighed on US equities as the Trump tariff offensive and mounting global geopolitical and economic uncertainty around looming trade wars threatened to trigger a worldwide wave of inflation. Higher-for-longer interest rates were also front of mind, as inflation concerns delayed the US Federal Reserve's (Fed) urgency to ease rates. Testifying before Congress, Fed Chair Jerome Powell reiterated that there would be no rush to cut rates again and said the US economy remains strong but acknowledged that uncertainty around future policies remains.

The three major US averages recorded monthly losses, with the S&P 500 down 1.4% (+1.2% YTD) and the Dow falling by 1.6% (+3.0% YTD). The tech-heavy Nasdaq was the worst performer for the month – ending 4% lower (-2.4% YTD). January headline inflation, as measured by the Consumer Price Index (CPI), came in at 3.0% YoY – higher than expected across the board and signalling renewed price pressures. Core CPI, which excludes food and energy, rose 3.3% YoY.

GAINS FOR EUROPEAN MARKETS

While European equities were also under pressure after Trump said he would impose 25% tariffs on the EU, major European markets managed to end February with a tenth straight week of gains, outperforming the US. Germany's DAX gained an impressive 3.8% (+13.3% YTD), while France's CAC closed 2.0% higher MoM (+9.9% YTD). January eurozone headline inflation rose for a fourth straight month – 2.5% YoY vs December's 2.4%. Germany held elections, with Friedrich Merz set to become the next chancellor as his opposition centre-right Christian Democratic Union (CDU) and its sister party won 28.6% of the vote. Following the election results, Merz warned that Europe should seek 'independence' from the US, as Trump continues to upend Europe and US relations in favour of Russia.

The UK market also ended strong, with the FTSE 100 gaining 1.6% (+7.8% YTD). January UK inflation unexpectedly shot up to 3.0% (the fastest rate since March 2024) from 2.5% in December. Core inflation also rose – 3.7% YoY in January from 3.2% in December.

ASIAN MARKETS CLOSE HIGHER

China's equity markets whipsawed for most of February as the Trump administration took aim at China with a series of moves involving investment, trade and other issues that have raised the risk that relations between the two countries would worsen. However, equity markets rebounded as China's government stepped up rescue efforts, including President Xi Jinping's meeting with many of the country's top private sector leaders, which was welcomed as a sign that the private sector is key to reviving China's economy. Hong Kong's Hang Seng rose 13.4% (+14.4% YTD), while the Shanghai Composite rose 2.2% (-0.9% YTD). February's official manufacturing PMI beat expectations, expanding to 50.2 vs January's 49.1. The non-manufacturing PMI, which includes services and construction, climbed to 50.4 from 50.2 in the prior month.

SLOWDOWN IN JAPAN

Japan's benchmark Nikkei recorded its biggest monthly decline in two years in February (-6.1% MoM/ -6.9% YTD), led by a sell-off in chip-related companies and concerns over tariffs. January core inflation rose 3.2% YoY, surpassing expectations and reinforcing concerns about persistent price pressures. Including fresh food, overall inflation printed at 4.0%, the highest since June 2023.

In commodities, Brent crude fell 4.7% MoM (-2.0% YTD) as weak economic data from the US and Germany fed fears of slowing demand. Gold (+2.1% MoM/+8.9% YTD) hit another all-time high on 20 February of US$2,955/oz before cooling slightly to close at US$2,937/oz on 21 February as escalating global trade tensions, heightened US tariff threats and the wars in Gaza and Ukraine fuel gold's safe-haven demand. Among platinum group metals (PGMs), platinum lost 3.4% MoM (+4.6% YTD), palladium plummeted 9.3% MoM (+1.0% YoY), and rhodium gained 1.6% MoM (+3.3% YoY). Sources: Anchor Capital; Business Day

Brenthurst Wealth has expanded its tax services to meet growing client demand and accommodate our broader investment offerings across jurisdictions. We've welcomed **experienced tax practitioner, Kim Doolan**, to our Val de Vie, Paarl office. She will collaborate with the financial director and qualified advisors to assist with tax matters. ***Speak to your advisor about your tax requirements.***