

Market Review

Domestic Overview

Light at the End of the Tunnel

South Africa's state power utility, Eskom, reported a profit before tax of R23.9 billion for the year ended 31 March 2025, a sharp turnaround from a R25.5 billion loss recorded the previous year. This marks Eskom's first return to profitability since 2017. Revenue rose 15.2% to R341 billion, supported by government debt relief, revised tariffs, improved operations, and cost optimisation. On the credit ratings front, Fitch affirmed South Africa's BB- rating with a stable outlook.

The S&P Global South Africa PMI edged down to 50.1 in August, remaining in expansionary territory for the fourth consecutive month. New orders and output improved, though export sales remained weak. Retail trade sales rose 5.6% year-on-year, up from 1.7% in June, led by textiles, clothing, footwear, and leather goods. The Absa Manufacturing PMI increased by 2.7 points to 52.2 points in September 2025 and returned to expansionary territory for the second time this year.

Market Performance (ZAR)

Index total returns in ZAR (%)	September	YTD	12-m	Q3
All Share	6,6	31,7	28,9	12,9
Capped SWIX 40	7,8	36,1	31,2	14,6
Preference Share Index	-3,2	11,8	17,5	0,8
All Bond	3,4	14,0	14,5	6,9
Inflation Linked Bonds	3,0	6,8	7,7	5,1
Cash	0,6	5,7	7,8	1,8
Indices				
Top 40	7,9	37,2	32,5	14,7
Mid Cap	4,3	17,9	16,1	7,1
Small Cap	0,9	7,8	15,5	6,0
Resource 10	28,1	121,4	99,1	50,8
Industrial 25	1,7	21,7	21,0	4,2
Financial 15	-1,6	6,9	5,0	0,9
SA Listed Property	-1,0	12,3	11,4	6,6
Best sectors				
Precious Metals and Mining	32,9	181,9	155,3	58,2
Industrial Metals and Mining	11,4	11,8	3,1	18,1
Software & Computer Services	8,2	51,5	51,5	14,9
Worst sectors				
Industrial Metals	-20,4	-50,6	-49,8	-22,3
Alternative Energy	-9,7	-58,3	-63,6	-14,0
Chemicals	-8,9	22,4	-3,4	22,7

Source: Refinitiv

The economy showed signs of recovery in Q2 2025, with real GDP increasing by 0.8%, up from 0.1% in Q1. Annual growth eased to 0.6% year-on-year, down from 0.8%. Growth was driven by the manufacturing, trade and mining sectors, while transport was the largest detractor. Household and government consumption supported demand, while net exports and gross fixed capital formation weighed on it.

Headline inflation for the year ending August 2025 eased to 3.3%, down from 3.5% in July, marking the second highest print this year. The main contributors were housing and utilities, as well as food and non-alcoholic

beverages. Core inflation, which excludes volatile food and energy prices, rose slightly to 3.1% year-on-year.

Annual producer inflation accelerated to 2.1% in August from 1.5% in July, marking a one-year high. Mainly driven by food, beverages, tobacco products. Within food products, meat and meat products were the main contributors, remaining elevated at 18.5% year-on-year, reflecting the impact of the foot-and-mouth outbreak.

The SARB held interest rates at 10.5% in September, after cutting rates by cumulative 125 basis points over the past year. The SARB will pause to assess the impact of previous rate cuts and monitor inflation risks. Following its announcement of a preferred 3% inflation target at the July MPC meeting, the SARB and National Treasury issued a joint statement reaffirming that any changes to the inflation targeting framework will be evidence-based.

The rand strengthened against major currencies, closing at R17.27 to the dollar, up 2.7% for the quarter amid dollar weakness. It also gained 4.8% against the pound and 3.2% against the euro.

Equities outperformed bonds during the quarter, gaining 12.9%, while bonds returned 6.9%. The yield on the 10-year government bond declined to 9.18%, supported by the proposed lower inflation target and South Africa's proposed upweighting in the JPM Emerging Market Bond Index. Equity performance was driven by the resources sector, which gained 50.8%, supported by rising gold and platinum prices. Valterra Platinum was the best-performing share last month, driven by rising platinum prices and the completion of its demerger from Anglo American. In mining M&A, Anglo American and Canada's Teck Resources announced plans to merge, creating a leading copper producer in what would be the largest mining sector deal in over a decade.

Economic indicators

Economic indicators	Month	Latest	Previous
CPI (y/y)	August	3,3	3,5
PPI (y/y)	August	2,1	1,5
Repo rate	September	7,00	7,25
GDP (q/q, sa, not annualised)			
GDP (nsa, y/y)	Q2 2025	0,8	0,1
PSCE (y/y)	Q2 2025	0,6	0,8
M3 (y/y)	August	5,9	5,8
Net reserves (US\$bn)	August	5,6	5,7
Trade balance (Rbn)	August	65,9	65,1
Current a/c (% GDP)	September	3,97	19,6
Current a/c (% GDP)			
Manufacturing production (Y/Y)	Q2 2025	-1,1	-0,6
Absa Manufacturing PMI	July	-1,2	1,4
S&P Markit South Africa PMI	September	52,2	49,5
SACCI Business Confidence Index	August	50,1	50,3
Retail sales (constant, y/y)	July	116,7	113,2
Vehicle sales (y/y)	July	5,6	1,7
	September	18,7	15,6

Source: Refinitiv



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