

Economies at a Glance

July 2025

UNITED STATES

Public criticism from President Donald Trump reignited concerns over the Federal Reserve's (Fed) independence. Trump's comments, including that Chair Jerome Powell's "termination cannot come fast enough," and his call for steep rate cuts of up to three percentage points, raised fears of political interference in monetary policy. Treasury Secretary Scott Bessent confirmed that the process to choose Powell's successor—whose term ends in May 2026—is already underway, fuelling speculation about a more compliant appointee. In a joint op-ed, former Fed Chairs Ben Bernanke and Janet Yellen warned that such political pressure risks "lasting and serious economic harm" by undermining the Fed's credibility and ability to maintain price stability. They stressed that the Fed's autonomy, anchored by its institutional structure and long-term appointments, is vital to effective policymaking. Market concerns rose on the prospect of higher long-term inflation expectations and currency volatility.

Forecast 2025:

GDP: **1.6%**

Core PCE Inflation: **3.0%**

Forecast 2026:

GDP: **1.7%**

Core PCE Inflation: **2.7%**

EUROZONE

The European Union (EU) and the United States (US) reached a high-stakes trade compromise in July, easing tensions that had threatened a more disruptive escalation. The US will apply a 15% tariff on 70% of EU exports, valued at €780 billion, including key sectors like autos, semiconductors and pharmaceuticals. Though higher than previous rates, this is below the 30% initially floated by Trump. In return, the EU avoided direct retaliation but both sides agreed to eliminate tariffs on €70 billion worth of goods, including aircraft parts and critical raw materials. The EU pledged to buy US\$750 billion in US energy, invest US\$600 billion in the US economy, and open more of its agricultural market. US steel and aluminium tariffs will remain at 50%. While the deal prevented a deeper rift, reactions in Europe were mixed. European Commission President Ursula von der Leyen said the agreement should hold for the remainder of Trump's presidency.

Forecast 2025:

GDP: **1.0%**

HICP Inflation: **2.1%**

Forecast 2026:

GDP: **1.0%**

HICP Inflation: **1.7%**

UNITED KINGDOM

In July, Prime Minister Keir Starmer adopted a firmer stance on the Gaza conflict, calling for an immediate ceasefire and release of hostages. The United Kingdom (UK) pledged £60 million in humanitarian aid and joined 31 international partners in condemning civilian casualties. Trade talks with Israel were suspended, and sanctions imposed on hardline Israeli ministers. While foreign policy remained in focus, structural shifts in the UK's trade profile continued. According to the Financial Times, goods exports fell to a record low of 40.8% of total exports by May, down from two-thirds in 2000, while services climbed to 59.2%, led by finance and consulting. This tilt reflects Brexit-related barriers, global demand changes and the UK's longer-term pivot away from manufacturing, prompting concern that persistent weakness in goods exports could weigh on growth and worsen an already precarious fiscal situation.

Forecast 2025:

GDP: **1.1%**

Inflation: **3.3%**

Forecast 2026:

GDP: **1.2%**

Inflation: **2.3%**

JAPAN

Japan faced a wave of political and financial turbulence in July. The ruling Liberal Democratic Party (LDP) suffered a historic defeat in elections on 20 July, losing its majority in both parliamentary houses for the first time since 1955. Voter dissatisfaction was driven by soaring living costs—especially a doubling in rice prices—rising immigration, and fears over US tariffs. Prime Minister Shigeru Ishiba admitted the country faced a "national crisis." Political uncertainty rippled through the bond market, with demand at a 40-year bond auction on 23 July hitting a 14-year low. Traders cited caution amid speculation over Ishiba's resignation and broader policy instability. Japan also struck a trade deal with the US on the day of the bond auction, securing tariff reductions and agreeing to open markets to American autos and rice. Tokyo also pledged US\$550 billion in US investment. While the deal offered relief, it further unsettled long-term bond investors wary of fiscal strain ahead.

Forecast 2025:

GDP: **0.8%**

Inflation: **2.8%**

Forecast 2026:

GDP: **0.7%**

Inflation: **1.8%**



CHINA

Forecast 2025:

GDP: **4.7%**

Inflation: **0.1%**

Forecast 2026:

GDP: **4.2%**

Inflation: **0.8%**

The International Monetary Fund (IMF) raised its 2025 growth forecast on China from 4.0% in April to 4.8%, citing stronger-than-expected domestic demand driven by targeted policy support and higher export growth to regions other than the US. Trade tensions nevertheless continue to cast a growth shadow. Both the EU and US are intensifying efforts to reshape their trade relationships with China. Negotiations between the two Western blocs resumed in July after a lengthy stalemate, with exchanged proposals highlighting a shared interest in reducing reliance on Chinese supply chains, particularly for critical raw materials and pharmaceuticals. The EU is also weighing new tariffs on allegedly subsidised Chinese exports, while the US seeks to use trade agreements to curtail Chinese market dominance. These developments suggest a shifting trade architecture increasingly shaped by strategic, rather than purely commercial, concerns.

EMERGING MARKETS

In its July update, the IMF maintained a broadly constructive view on emerging markets (EMs), forecasting growth of 4.1% in 2025 and 4.0% in 2026. Emerging Asia remains the standout performer, with growth projected at 5.1% in 2025, led by upward revisions for China and steady momentum in India. Latin America and the Caribbean are expected to decelerate to 2.2% in 2025 before modestly rebounding. Sub-Saharan Africa is forecast to grow at 4.0%, rising to 4.3% in 2026, while the Middle East and Central Asia are set to expand by around 3.5%. A weaker US dollar has helped to loosen financial conditions, ease local currency yields and attract capital inflows. However, risks persist. Trade policy uncertainty, geopolitical tensions, supply chain disruptions and commodity price swings could weigh on growth. The IMF urges EMs to pursue structural reforms—particularly in labour, education and regulation—while cautioning central banks to remain vigilant in managing inflation and financial stability.

Forecast 2025:

GDP: **4.0%**

Inflation: **3.1%**

Forecast 2026:

GDP: **3.9%**

Inflation: **2.9%**

SOUTH AFRICA

Forecast 2025:

GDP: **1.2%**

Inflation: **3.3%**

Forecast 2026:

GDP: **1.6%**

Inflation: **4.1%**

South Africa (SA) grappled with pivotal political and economic developments in July. The Madlanga Commission, set to begin hearings in August, will investigate corruption and maladministration within the SA Police Service leadership, with three- and six-month mandates. Public skepticism lingers due to commission fatigue, but transparency from the Commission and a parliamentary ad hoc committee may yield meaningful change—though findings could further damage the African National Congress (ANC), already bruised by past inquiries. Tensions between the ANC and the Democratic Alliance remain high, exposing weak dispute resolution mechanisms, even as the Government of National Unity (GNU) passed the vital Appropriation Bill, authorising government spending for the fiscal year. Consensus growth forecasts remain stagnant at 1%, according to Reuters' July Economist, amid weak investment, constrained fiscal space and fragile trade ties with the US. The Automotive Business Council (NAAMSA) reported an 82% plunge in SA vehicle exports to the US in the first half of 2025, even before a potential 30% Liberation Day tariff has been applied to SA exports to the US. While the possibility remains for minerals to be exempt from tariffs and although formal proceedings to negotiate on trade matters have begun with the US, final tariffs could exceed current levels, emphasising the need for SA to relook at non-tariff barriers, the range of products exported and the level of diversification of our export markets.



Indices summary for July 2025

Indices	One Month	Three Month	One Year	Three Years	Four Years	Five Years	Six Years	Seven Years	Ten Years
Local equity indices									
FTSE/JSE All-Share Index (ALSI)	2.27%	7.97%	23.20%	17.04%	13.83%	16.36%	13.75%	12.03%	10.31%
FTSE/JSE Shareholder Weighted Index (SWIX)	2.27%	7.97%	23.20%	15.93%	12.85%	14.42%	11.56%	9.65%	8.34%
FTSE/JSE Capped SWIX All Share Index	2.24%	7.60%	22.33%	15.64%	13.47%	16.07%	12.23%	9.84%	8.08%
FTSE/JSE All Share Top 40 Index	2.31%	8.01%	23.86%	17.38%	13.92%	16.14%	14.14%	12.34%	10.50%
FTSE/JSE Mid Cap Index	3.30%	11.18%	18.21%	14.49%	12.18%	16.39%	10.56%	9.38%	7.93%
FTSE/JSE Small Cap Index	3.11%	8.71%	23.17%	17.79%	20.25%	27.51%	17.40%	13.23%	9.78%
FTSE/JSE Resources Index	5.06%	12.37%	24.58%	10.30%	7.74%	12.33%	14.99%	15.21%	13.36%
FTSE/JSE Financials Index	1.76%	5.27%	16.31%	18.28%	18.97%	21.07%	10.58%	8.12%	6.73%
FTSE/JSE Industrials Index	1.18%	7.75%	27.93%	20.27%	14.32%	15.84%	13.31%	11.22%	9.14%
FTSE/JSE Research Affiliates Fundamental Indices 40 Index (RAFI)	4.08%	14.05%	21.19%	15.24%	15.44%	19.33%	13.88%	12.02%	11.24%
FTSE/JSE Research Affiliates Fundamental Indices All Share Index	3.82%	12.87%	20.10%	15.32%	15.14%	19.22%	13.69%	11.88%	10.91%
FTSE/JSE SA Listed Property Index (SAPY)	4.75%	6.25%	24.37%	18.34%	16.13%	18.50%	5.44%	4.66%	2.96%
FTSE/JSE All Property Index (ALPI)	4.38%	7.41%	25.70%	18.26%	15.97%	18.55%	5.62%	3.84%	1.78%
Local interest-bearing indices									
FTSE/JSE All Bond Index (ALBI)	2.73%	7.95%	16.97%	13.47%	10.73%	11.36%	10.14%	9.84%	9.36%
FTSE/JSE All Bond Index 1-3 years (ALBI)	0.74%	2.44%	9.46%	9.62%	8.07%	7.37%	8.11%	8.37%	8.29%
FTSE/JSE Inflation-Linked Government Index	0.52%	1.63%	5.94%	6.39%	6.99%	8.86%	6.54%	6.13%	5.08%
Short-term Fixed Interest Composite Index (SteFI)	0.62%	1.86%	7.98%	7.87%	6.96%	6.34%	6.39%	6.52%	6.76%
Commodities									
NewGold Exchange-Traded Fund	2.19%	-3.02%	35.04%	26.50%	21.94%	11.88%	19.34%	20.29%	15.36%
Gold price (in rands)	2.23%	-2.73%	34.57%	27.22%	22.26%	12.45%	19.67%	20.60%	15.67%
Platinum Exchange-Traded Fund	-1.32%	29.55%	30.85%	16.07%	10.84%	8.30%	10.78%	11.04%	6.12%
Platinum price (in rands)	-1.00%	32.19%	35.45%	15.84%	10.50%	8.42%	10.84%	11.33%	6.43%
Currency movements									
Rand/euro movements	-0.56%	-1.93%	5.35%	6.86%	4.57%	0.60%	4.66%	4.41%	4.06%
Rand/dollar movements	2.14%	-2.43%	-0.25%	2.88%	5.54%	1.29%	4.20%	4.77%	3.73%
Local inflation index									
Consumer Price Index (CPI)			3.02%	4.49%	5.22%	5.15%	4.65%	4.62%	4.83%
Global indices									
MSCI World Index (All Countries)	4.40%	10.13%	18.02%	19.22%	14.11%	14.35%	16.63%	15.69%	14.07%
MSCI Developed Markets Index	3.45%	9.19%	15.43%	19.17%	15.04%	15.24%	17.39%	16.66%	14.72%
MSCI Emerging Markets Index	4.43%	11.49%	19.20%	13.82%	7.38%	6.85%	10.06%	9.50%	9.93%
Global Property Research (GPR) 250 REIT Index	3.25%	-3.10%	3.85%	7.31%	10.90%	9.07%	11.50%	14.01%	12.29%
MSCI Africa Index	3.40%	7.86%	24.18%	12.76%	8.60%	8.75%	6.60%	5.14%	4.14%
FTSE World Government Bond Index	0.70%	-2.84%	4.18%	3.56%	1.23%	-2.26%	2.65%	4.17%	4.16%
Three-month US dollar LIBOR rate	2.49%	-1.41%	4.26%	7.64%	9.26%	4.16%	6.90%	7.27%	5.82%
ICE LIBOR 1 Month USD ZAR converted	2.49%	-1.41%	4.34%	7.94%	9.54%	4.37%	7.07%	7.60%	5.96%
FTSE EPRA/NAREIT Developed Index	3.14%	2.14%	4.68%	4.08%	3.66%	5.79%	5.16%	7.03%	6.68%

Note:

- Source: Momentum Multi-Manager, IRESS, www.msci.com, www.yieldbook.com, www.ft.com.
- Returns for periods exceeding one year are annualised.
- The return for the Consumer Price Index (CPI) is to the end of the previous month. Due to the reweighting of the CPI from January 2009, this number reflects a compound of month-on-month CPI returns.
The historical numbers used are the official month-on-month numbers based on a composite of the previous inflation series (calculations before January 2009) and the revised inflation series (calculations after January 2009).
- The MSCI World Index (All countries) returns are adjusted to correspond with global investment prices received.
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The macro research desk

Sanisha Packirisamy
Chief Economist



Tshiamo Masike
Economist



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