

## Economies at a Glance

June 2025

### UNITED STATES

The proposed "Big Beautiful Bill" is raising alarms, with over 90% of economists surveyed by the Financial Times and the Kent A. Clark Centre expressing concern over the United States (US) dollar's safe-haven status over the next five to ten years. The bill narrowly passed the Republican-controlled House after intense negotiations and now faces a critical Senate vote. It extends President Donald Trump's first-term tax cuts, and boosts military and border security spending, but slashes healthcare and social welfare programmes, adding an estimated US\$3.2 trillion to the national debt over a decade, according to the Congressional Budget Office. Senate passage would require House approval of any amendments before reaching the president's desk. Amid this, the 119<sup>th</sup> Congress is grappling with 7 511 bills, with only about 7% expected to become law by 3 January 2027, highlighting the contentious legislative environment shaping the US economic outlook.

#### Forecast 2025:

GDP: **0.9%**

HICP Inflation: **2.1%**

#### Forecast 2026:

GDP: **1.0%**

HICP Inflation: **1.7%**

#### Forecast 2025:

GDP: **1.5%**

Core PCE Inflation: **3.0%**

#### Forecast 2026:

GDP: **1.7%**

Core PCE Inflation: **2.9%**

### EUROZONE

In June 2025, European ports, particularly Rotterdam (77 hours to load containers), Antwerp-Bruges (66 hours) and Hamburg, faced severe congestion—the worst since the COVID-19 pandemic—due to Trump's effective 51.1% tariffs on Chinese goods, redirecting surplus exports like electric vehicles to Europe, resulting in a 7% year-on-year increase in container volumes from Asia to Europe. The Financial Times reported strained port infrastructure, exacerbated by low river levels, risking price hikes across the European Union (EU). Meanwhile, a 12-day Israel-Iran conflict raised fears of oil supply disruptions through the Strait of Hormuz. Despite EU agreement on de-escalation, member states failed to unify on a diplomatic approach toward Iran and Israel, neither improving ties with Israel nor bolstering credibility as a broker with Iran. Failed nuclear talks in Geneva on 20 June 2025, involving the United Kingdom (UK), France and Germany, highlighted this weakness.

#### Forecast 2025:

GDP: **1.1%**

Inflation: **3.1%**

#### Forecast 2026:

GDP: **1.2%**

Inflation: **2.2%**

### UNITED KINGDOM

Chancellor Rachel Reeves grappled with fiscal challenges, balancing Labour's fiscal rules amid political turmoil. A Uturn on means-testing pensioners' winter fuel payments, costing £1.25 billion, and a watered-down welfare reform bill, applying only to new disability claimants from November 2026, created a £4.25 billion budget hole. These concessions, forced by a rebellion of over 120 Labour MPs, heightened the likelihood of future tax rises targeting businesses and wealth creators. The Spending Review 2025 prioritised modest increases for health and education but constrained local government budgets sparked concerns over public service delivery. For Prime Minister Keir Starmer, these fiscal retreats severely undermined his authority, complicating efforts to pass tough legislation. With party unity strained and MPs emboldened, Starmer faces mounting challenges to deliver Labour's spending promises.

#### Forecast 2025:

GDP: **0.8%**

Inflation: **2.8%**

#### Forecast 2026:

GDP: **0.7%**

Inflation: **1.7%**

### JAPAN

Japan faced persistent challenges from inflation and US tariffs. The Bank of Japan maintained interest rates at 0.5%, reflecting caution amid an uncertain trade climate, while reducing Japanese government bond purchases to stabilise yields. Inflation surged, with headline inflation, excluding fresh food prices, hitting 3.7% year-over-year. This was driven by a 102% spike in rice prices, prompting the release of emergency rice stockpiles. The government issued warnings on rising bond yields and shifting debt ownership, signalling fiscal strain. Adding to debt concerns, is a US\$6.3 billion fiscal package that was approved in May 2025 to shield Japanese businesses and consumers from US auto tariffs, which have already cost Toyota US\$1.6 billion in profits. Politically, Prime Minister Ishiba's minority government navigated a supplementary budget and is preparing for a critical Upper House election in July 2025, in which 50 seats is the critical number for the ruling coalition to win.



## CHINA

China and the US finalised a trade framework in London, building on a May 2025 deal in Geneva. The Geneva framework reduced US tariffs on Chinese goods from 145% to 55% and Chinese tariffs on US goods from 125% to 10% for 90 days. US Treasury Secretary Scott Bessent highlighted that the latest June 2025 deal facilitates American firms' access to Chinese magnets and rare earths essential for manufacturing, microchip production and green technologies, like wind turbines. The US reciprocated by relaxing specific technology export controls and halting student visa revocations. China's exports to the US fell 35% in May from a year earlier. Still, exports to Southeast Asia and the EU remained robust, growing by 14.8% and 12% year-on-year, respectively, with sharp increases to Thailand, Vietnam, Indonesia and Germany. This level of export diversification has kept China's trade resilient amid the ongoing trade war.

### Forecast 2025:

GDP: **4.5%**

Inflation: **0.1%**

### Forecast 2026:

GDP: **4.1%**

Inflation: **0.7%**

## EMERGING MARKETS

Emerging markets face a challenging 2025, with growth forecasts downgraded across regions due to escalating trade tensions and policy uncertainty, according to the World Bank's June 2025 Global Economic Prospects. Growth in the East Asia and Pacific region is projected to slow to 4.5%, driven by trade barriers impacting export-reliant economies and the indirect effects of a weaker external environment. South Asia, led by India's robust performance, is expected to grow at 5.8% this year (3.6% excluding India), though rising global uncertainties temper optimism. Latin America and the Caribbean face the weakest outlook at 2.3%, constrained by high trade barriers and structural issues in countries like Brazil and Argentina. Meanwhile, in the Middle East and North Africa, growth is forecast at 2.7%, bolstered by oil production increases in Saudi Arabia, but conflicts and lower commodity demand pose risks. Sub-Saharan Africa is projected to grow at 3.5% this year, although conflict-affected nations will lag.

### Forecast 2025:

GDP: **1.2%**

Inflation: **3.3%**

### Forecast 2026:

GDP: **1.6%**

Inflation: **4.1%**

## SOUTH AFRICA

South Africa's political landscape faces heightened tension within the Government of National Unity (GNU) following President Cyril Ramaphosa's dismissal of Democratic Alliance (DA) Deputy Agriculture Minister Andrew Whitfield, triggered by an unauthorised US trip during a sensitive diplomatic period. The DA claims Whitfield sought approval, which was ignored, and views the dismissal as disproportionate compared to allegations against African National Congress (ANC) officials, such as Thembi Simelane's VBS scandal ties and Nobuhle Nkabane's misleading of Parliament. The DA alleges Whitfield was targeted for opposing corruption and transformation policies and issued a 48-hour ultimatum demanding the dismissal of allegedly compromised ANC ministers, threatening "grave consequences" if unmet. However, Ramaphosa is unlikely to comply, potentially forcing the DA to either exit the GNU or retract, risking its credibility. Despite tensions, the GNU is expected to endure due to mutual incentives, as instability could bolster opposition parties like the uMkhonto weSizwe (MK) Party, which rose to 18% (from 12% in the February 2025 poll) in the Social Research Foundation's June 2025 survey of 1,004 registered voters, assuming a voter turnout of 58%. The DA's support inched up to 26% (from 25%) and the ANC recovered to 40% (from 32%), while the Economic Freedom Fighters dropped to 3% (from 6%). The Inkatha Freedom Party and Patriotic Alliance rose to 5% (from 3%) and 3% (from 2%), in the June poll, respectively.



## Indices summary for June 2025

Indices	One Month	Three Month	One Year	Three Years	Four Years	Five Years	Six Years	Seven Years	Ten Years
<b>Local equity indices</b>									
FTSE/JSE All-Share Index (ALSI)	2.35%	10.15%	25.18%	17.78%	14.36%	16.42%	12.88%	11.63%	10.12%
FTSE/JSE Shareholder Weighted Index (SWIX)	2.35%	10.15%	25.18%	16.14%	12.67%	14.44%	10.73%	9.32%	8.08%
FTSE/JSE Capped SWIX All Share Index	2.15%	9.70%	24.56%	15.86%	13.56%	16.24%	11.23%	9.72%	7.85%
FTSE/JSE All Share Top 40 Index	2.63%	10.32%	25.54%	18.03%	14.53%	16.17%	13.20%	11.93%	10.35%
FTSE/JSE Mid Cap Index	1.98%	10.04%	20.26%	14.89%	12.04%	16.03%	9.60%	8.96%	7.39%
FTSE/JSE Small Cap Index	2.09%	9.54%	25.96%	18.83%	18.99%	27.06%	16.90%	12.45%	9.38%
FTSE/JSE Resources Index	4.23%	9.16%	25.12%	8.96%	9.40%	13.16%	13.03%	14.17%	11.81%
FTSE/JSE Financials Index	0.95%	8.66%	20.32%	19.36%	18.13%	20.74%	9.04%	8.55%	6.95%
FTSE/JSE Industrials Index	2.48%	11.83%	29.02%	22.08%	14.26%	15.27%	13.32%	10.72%	9.14%
FTSE/JSE Research Affiliates Fundamental Indices 40 Index (RAFI)	3.86%	11.83%	20.47%	14.99%	15.50%	18.71%	12.39%	11.73%	10.61%
FTSE/JSE Research Affiliates Fundamental Indices All Share Index	3.36%	11.36%	18.86%	15.20%	15.21%	18.71%	12.29%	11.54%	10.32%
FTSE/JSE SA Listed Property Index (SAPY)	-0.87%	9.12%	23.95%	19.85%	14.61%	16.64%	4.42%	3.89%	2.99%
FTSE/JSE All Property Index (ALPI)	-0.24%	10.77%	25.89%	20.00%	14.62%	16.74%	4.41%	3.00%	1.90%
<b>Local interest-bearing indices</b>									
FTSE/JSE All Bond Index (ALBI)	2.28%	5.88%	18.36%	13.37%	10.21%	10.89%	9.51%	9.79%	9.18%
FTSE/JSE All Bond Index 1-3 years (ALBI)	0.87%	2.76%	10.39%	9.44%	8.12%	7.48%	7.99%	8.40%	8.26%
FTSE/JSE Inflation-Linked Government Index	0.61%	0.88%	7.29%	5.74%	6.97%	8.49%	6.44%	6.09%	5.24%
Short-term Fixed Interest Composite Index (SteFI)	0.60%	1.86%	8.07%	7.79%	6.88%	6.30%	6.39%	6.52%	6.75%
<b>Commodities</b>									
NewGold Exchange-Traded Fund	-1.36%	1.63%	37.47%	25.05%	23.07%	13.22%	19.30%	18.70%	14.78%
Gold price (in rands)	-0.60%	2.19%	36.65%	25.33%	23.36%	13.76%	19.63%	18.91%	15.12%
Platinum Exchange-Traded Fund	23.89%	29.31%	29.06%	16.86%	11.45%	10.15%	12.08%	10.17%	5.69%
Platinum price (in rands)	28.11%	31.66%	33.65%	16.25%	11.26%	10.73%	12.22%	10.48%	5.98%
<b>Currency movements</b>									
Rand/euro movements	2.51%	4.98%	6.66%	6.77%	5.36%	1.35%	4.45%	3.85%	4.42%
Rand/dollar movements	-0.91%	-3.41%	-2.65%	2.74%	5.63%	0.47%	3.92%	3.77%	3.88%
<b>Local inflation index</b>									
Consumer Price Index (CPI)			2.81%	4.76%	5.20%	5.20%	4.66%	4.63%	4.84%
<b>Global indices</b>									
MSCI World Index (All Countries)	3.18%	7.01%	12.69%	19.96%	13.99%	14.50%	16.04%	14.69%	13.98%
MSCI Developed Markets Index	3.36%	7.68%	13.17%	21.55%	15.28%	15.09%	16.92%	15.92%	14.96%
MSCI Emerging Markets Index	4.37%	6.78%	13.19%	12.41%	5.35%	7.43%	9.23%	8.82%	9.08%
Global Property Research (GPR) 250 REIT Index	-1.82%	-4.82%	6.23%	10.33%	12.65%	8.32%	11.28%	12.16%	13.29%
MSCI Africa Index	3.41%	8.07%	25.79%	12.22%	7.99%	8.72%	5.60%	4.60%	3.53%
FTSE World Government Bond Index	0.69%	0.90%	5.36%	4.60%	2.10%	-2.10%	2.52%	3.39%	4.45%
Three-month US dollar LIBOR rate	-0.59%	-2.40%	1.83%	7.38%	9.26%	3.25%	6.58%	6.23%	5.95%
Three-month Euro LIBOR rate	2.68%	5.56%	9.87%	10.00%	7.55%	2.92%	5.72%	4.88%	5.05%
ICE LIBOR 1 Month USD ZAR converted	-0.59%	-2.40%	1.88%	7.72%	9.53%	3.44%	6.76%	6.56%	6.11%
FTSE EPRA/NAREIT Developed Index	-0.92%	0.49%	8.28%	5.66%	4.23%	5.43%	5.03%	5.74%	7.06%

### Note:

- Source: Momentum Multi-Manager, IRESS, [www.msci.com](http://www.msci.com), [www.yieldbook.com](http://www.yieldbook.com), [www.ft.com](http://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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