

Economies at a Glance

March 2025

UNITED STATES

The United States (US) Federal Reserve (Fed) lowered its growth but raised its inflation, projections while keeping the benchmark interest rate steady at between 4.25% and 4.5%. The 'dot plot'—showing policymakers' predictions for the trajectory of rates—suggests potential rate cuts twice this year. The Fed expects GDP to grow by 1.7% this year, down from 2.1% in December, and revised projected growth lower for 2026 to 1.8%. Inflation is forecasted to rise by 2.7% this year, up from a previous estimate of 2.5%. Meanwhile, the Organisation for Economic Cooperation and Development (OECD) downgraded its US growth forecast to 2.2% for 2025 from 2.4% and to 1.6% for 2026 from 2.1%. Inflation forecasts were raised by 0.7 and 0.6 percentage points (pp) for 2025 and 2026, respectively. In a simulation, the OECD noted that a 10% universal tariff on imports (with retaliatory measures) could reduce the baseline GDP level by 0.75% and raise inflation by 0.7pp in three years.

Forecast 2025:

GDP: **2.2%**

Core PCE Inflation: **2.7%**

Forecast 2026:

GDP: **1.7%**

Core PCE Inflation: **2.5%**

EUROZONE

Germany's economic outlook brightened after its February 2025 election, with Friedrich Merz's Christian Democrats (CDU/CSU) and the Social Democrats (SPD) likely to form a grand coalition, poised to boost spending. Their €500 billion fiscal plan, unveiled in March, relaxes the debt brake, exempts defence spending and plans to fund infrastructure and climate initiatives. This shift promises stronger growth, with spillovers for the Euro Area, though US tariff risks loom and could detract up to 0.2% from the baseline level of GDP in three years, according to the OECD. The stimulus altered the market's expectations for interest rate cuts, from a previously anticipated 3.4 in February to two in March by the end of 2025.

Previously dovish, after an interest rate cut to 2.5% on 6 March, the European Central Bank may adopt a more cautious stance as it pauses to assess the fiscal impact on growth and inflation, balancing stimulus-driven optimism against trade uncertainties.

Forecast 2025:

GDP: **1.1%**

Inflation: **3.2%**

Forecast 2026:

GDP: **1.3%**

Inflation: **2.2%**

JAPAN

Japan celebrated a record-breaking tourism surge, with 36.9 million visitors in 2024, escalating to over 3.2 million in February 2025 alone—a 16.9% jump from the previous year. This boom was driven by winter sports and the Chinese new year holiday. A surge in visitors was seen from South Korea (847 300 visitors) and China (722 700), while there was also strong US and Australian demand. Trump's tariff threats nevertheless cast a shadow. He criticised Japan for allegedly weakening the yen, hinting at 25% tariffs on auto imports by April, risking a US\$69 billion trade deficit fix. Reuters reported that Sony—a leading Japanese electronics firm—and beverage producer Suntory are amassing stockpiles in the US, while other companies are adjusting production or rerouting supply chains to counter the growing risk of US tariffs. In line with these global uncertainties and their potential to disrupt inflation stability and export growth, the Bank of Japan held its policy rate steady at 0.5% in March.

UNITED KINGDOM

In her spring statement on 26 March, Chancellor Rachel Reeves adjusted the budget amid an economic slowdown and rising borrowing costs. Facing a £9.9 billion fiscal headroom erosion due to higher debt interest and weaker growth forecasts, Reeves announced £10 billion in spending cuts, including welfare reforms, to maintain her 'non-negotiable' fiscal rules—balancing day-to-day spending with tax revenue and reducing the debt ratio by 2029/30. Public sector net debt rose to its highest since the 1960s, borrowing overshooting forecasts by £20.4 billion through February. This pressures the deficit ratio, which is projected to rise unless growth rebounds. Moreover, foreign affairs risks loom large, particularly from proposed tariffs, which the Office for Budget Responsibility warns could shrink GDP by 1% in 2026/27, potentially increasing borrowing by £47.6 billion by the end of the decade, further straining fiscal stability.

Forecast 2025:

GDP: **1.2%**

Inflation: **2.9%**

Forecast 2026:

GDP: **0.9%**

Inflation: **1.9%**

CHINA

The National People's Congress (NPC) concluded on 11 March, setting China's economic and political tone for the year. Premier Li Qiang announced a 2025 growth target of 'around 5%', matching 2024's goal, despite a sluggish 5% expansion last year—the weakest in decades outside COVID times. Key reforms focused on economic stabilisation and a focus on artificial intelligence, with a 10 trillion yuan (US\$1.4 trillion) package to ease local government debt to spur growth. President Xi Jinping pushed self-reliance, prioritising domestic consumption over exports and defence spending, amid US tariff threats. No sweeping structural reforms emerged; instead, incremental steps like tax cuts for tech firms and rural investment signalled caution. Politically, the Communist Party tightened its grip, with no leadership shake-ups, projecting stability as trade tensions and a faltering property sector test Beijing's fiscal balancing act.

Forecast 2025:

GDP: **4.4%**

Core PCE Inflation: **0.4%**

Forecast 2026:

GDP: **2.4%**

Inflation: **0.8%**

EMERGING MARKETS

In March 2025, emerging markets navigated choppy economic currents, with US tariff threats under Trump's reciprocal trade policy looming ominously. In Sub-Saharan Africa, South Africa (SA) and Nigeria face reduced direct tariff risk due to lower US trade surpluses, though commodity exports could suffer indirectly. Latin America's Mexico, which is tied to the US-Mexico-Canada agreement, is expected by the OECD to contract by 1.3% in 2025 and a further 0.6% in 2026 based on the assumption that bilateral tariffs between Mexico and the US will be raised by 25pp on all merchandise imports by April. Exports to the US account for more than 25% of Mexico's GDP, amplifying the impact of tariffs. In the Europe, Middle East and Africa region (EMEA), Turkey and Poland are less exposed, but tariff uncertainty persists. Asia, meanwhile, bears one of the heaviest exposures to negative trade developments, with the OECD noting that Asia has brought forward a lot of trade in anticipation of tariffs, limited shipping capacity and extended transit.

Forecast 2025:

GDP: **4.2%**

Inflation: **3.4%**

Forecast 2026:

GDP: **4.1%**

Inflation: **3.1%**

SOUTH AFRICA

A February 2025 poll by the Social Research Foundation (SRF), that surveyed over 1 000 demographically and geographically representative registered voters, found that support for the African National Congress (ANC) had fallen from 45% in September 2024 to 32% in February 2025 (58% turnout assumed) when asked who they would vote for, if they could vote 'today'. Support for the Democratic Alliance rose from 24% to 25%, while support for the uMkhonto we Sizwe (MK) Party and the Economic Freedom Fighters steadied at 12% and 6%, respectively. The SRF suggests that the sharp drop in support for the ANC is linked to the fact that the bulk of SA opinion (51%) tends to agree with the notion that the ANC is dictating the agenda of the government of national unity (GNU) and have largely assigned the responsibility for the GNU's agenda to the ANC. This ratio jumped to 76% for respondents earning R80 000 a month but was as low as 50% for those earning between R2 001 and R5 000 a month. Just under half of the respondents suggested that the GNU is working very or quite well in February 2025, ranging from 45% of Black respondents agreeing with the above to 62% of Whites. Three-quarters of White respondents agreed that the GNU would succeed, relative to 58,7% of Blacks. The delay in the February national budget and tepid economic performance may have contributed to signs of apparent incoherence among GNU members and declining trust in the coalition's inclusivity.

Forecast 2025:

GDP: **1.6%**

Inflation: **3.9%**

Forecast 2026:

GDP: **2.0%**

Inflation: **4.3%**

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Indices summary for March 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)	3.55%	5.94%	22.95%	9.41%	11.64%	19.06%	11.79%	10.80%	9.04%
FTSE/JSE Shareholder Weighted Index (SWIX)	3.55%	5.94%	22.95%	8.33%	9.47%	16.82%	9.47%	8.13%	7.03%
FTSE/JSE Capped SWIX All Share Index	3.60%	5.85%	22.87%	8.20%	11.14%	18.67%	10.05%	8.15%	6.84%
FTSE/JSE All Share Top 40 Index	4.06%	8.49%	22.83%	9.57%	11.52%	18.95%	12.20%	11.32%	9.35%
FTSE/JSE Mid Cap Index	3.66%	0.06%	19.71%	6.37%	10.98%	17.13%	8.12%	6.34%	5.67%
FTSE/JSE Small Cap Index	-0.27%	-7.07%	27.33%	13.14%	18.58%	28.79%	15.49%	10.27%	8.54%
FTSE/JSE Resources Index	18.37%	27.89%	18.76%	-2.04%	5.67%	19.14%	11.84%	15.67%	10.28%
FTSE/JSE Financials Index	0.01%	-2.03%	28.34%	9.86%	18.48%	21.66%	8.49%	6.32%	5.82%
FTSE/JSE Industrials Index	-0.27%	3.10%	21.38%	16.44%	11.32%	16.24%	11.96%	9.57%	8.11%
FTSE/JSE Research Affiliates Fundamental Indices 40 Index (RAFI)	4.83%	6.82%	16.24%	6.08%	13.48%	20.97%	11.01%	10.34%	9.35%
FTSE/JSE Research Affiliates Fundamental Indices All Share Index	3.93%	4.28%	17.15%	6.24%	13.35%	20.94%	10.93%	10.14%	9.05%
FTSE/JSE SA Listed Property Index (SAPY)	-0.90%	-3.51%	19.83%	11.74%	15.39%	18.97%	3.67%	2.28%	1.44%
FTSE/JSE All Property Index (ALPI)	-1.54%	-4.25%	20.13%	11.11%	14.72%	18.37%	2.90%	1.43%	0.42%
Local interest-bearing indices									
FTSE/JSE All Bond Index (ALBI)	0.19%	0.70%	20.16%	9.83%	10.46%	11.73%	9.13%	8.30%	8.41%
FTSE/JSE All Bond Index 1-3 years (ALBI)	0.80%	2.08%	11.03%	8.47%	7.77%	8.20%	7.97%	8.02%	8.07%
FTSE/JSE Inflation-Linked Government Index	-0.01%	0.63%	8.94%	6.46%	7.52%	9.31%	6.77%	5.24%	5.29%
Short-term Fixed Interest Composite Index (SteFI)	0.64%	1.89%	8.28%	7.54%	6.63%	6.21%	6.38%	6.51%	6.72%
Commodities									
NewGold Exchange-Traded Fund	9.52%	17.03%	36.28%	26.26%	22.62%	14.55%	20.12%	19.96%	14.41%
Gold price (in rands)	8.51%	16.36%	36.10%	26.53%	22.81%	14.75%	20.39%	20.30%	14.75%
Platinum Exchange-Traded Fund	5.45%	6.78%	5.70%	8.09%	0.63%	6.70%	6.52%	7.18%	2.47%
Platinum price (in rands)	4.39%	6.53%	9.18%	7.11%	1.00%	6.58%	6.43%	7.13%	2.54%
Currency movements									
Rand/euro movements	3.22%	1.49%	-3.00%	6.89%	3.45%	0.28%	3.46%	4.53%	4.32%
Rand/dollar movements	-0.49%	-2.49%	-3.01%	7.95%	5.66%	0.60%	4.13%	6.49%	4.27%
Local inflation index									
Consumer Price Index (CPI)			3.15%	5.24%	5.35%	4.83%	4.80%	4.70%	5.02%
Global indices									
MSCI World Index (All Countries)	-3.47%	-3.75%	4.40%	15.00%	13.14%	16.75%	15.00%	16.09%	13.24%
MSCI Developed Markets Index	-4.92%	-4.24%	3.81%	16.13%	14.33%	16.83%	15.81%	17.46%	14.18%
MSCI Emerging Markets Index	-0.53%	1.85%	6.96%	9.90%	4.02%	9.40%	7.97%	8.47%	8.39%
Global Property Research (GPR) 250 REIT Index	-3.12%	-0.85%	2.64%	13.61%	15.00%	10.58%	11.65%	18.89%	12.94%
MSCI Africa Index	6.45%	10.79%	23.12%	4.25%	4.69%	11.06%	4.71%	3.72%	2.60%
FTSE World Government Bond Index	0.23%	-0.18%	-1.20%	4.91%	1.18%	-2.51%	2.52%	4.85%	4.20%
Three-month US dollar LIBOR rate	-0.16%	-1.51%	1.71%	12.47%	9.00%	3.20%	6.72%	8.94%	6.24%
Three-month Euro LIBOR rate	3.45%	2.18%	0.35%	9.85%	5.42%	1.71%	4.61%	5.48%	4.90%
ICE LIBOR 1 Month USD ZAR converted	-0.16%	-1.51%	2.05%	12.91%	9.28%	3.39%	6.90%	9.26%	6.39%
FTSE EPRA/NAREIT Developed Index	-2.26%	-0.99%	0.37%	2.79%	5.25%	6.79%	4.56%	8.75%	6.15%

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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