



FG ASSET MANAGEMENT

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Global growth assets showed weakness during the month but managed a partial recovery toward its close. The US government shutdown, which began in October, extended to a record 43 days, the longest in history. This prolonged shutdown curtailed the release of key economic data, leaving markets with limited visibility on the trajectory of economic activity and prompting a cautious stance. Concerns also persisted around the elevated valuations of U.S. equities, which account for roughly 60–70% of the MSCI World Index. Meanwhile, earnings reports from major global technology firms once again highlighted the unprecedented scale of their capital expenditures and raised questions about whether such investments can ultimately translate into sustainable profits. The recovery into month end was driven by supportive comments by US Federal officials which the market took as support for a rate cut from the US Fed in December. In addition, there were weak consumer data which further supported this view.

The U.S. government shutdown concluded on November 12 after Congress approved a temporary spending plan, enabling affected institutions to reopen. Over the prior two months, the shutdown had restricted the release of key economic data, and its full impact may take time to resolve. Notably, September's unemployment figures were published 1.5 months late, showing an uptick in the jobless rate from 4.3% to 4.4%, alongside downward revisions to earlier payroll numbers. Despite the data's staleness, markets interpreted it as supportive of potential interest rate cuts at the December monetary policy meeting. This view was reinforced by weaker retail sales and declining consumer confidence, which added to expectations of a more accommodative stance.

South African assets delivered strong performance in November, supported by constructive developments in the Medium-Term Budget Policy Statement (MTBPS) and a reduction in interest rates that bolstered investor sentiment. Confidence was further reinforced when S&P Global Ratings upgraded South Africa's sovereign credit rating by one notch, adding momentum to the positive outlook.

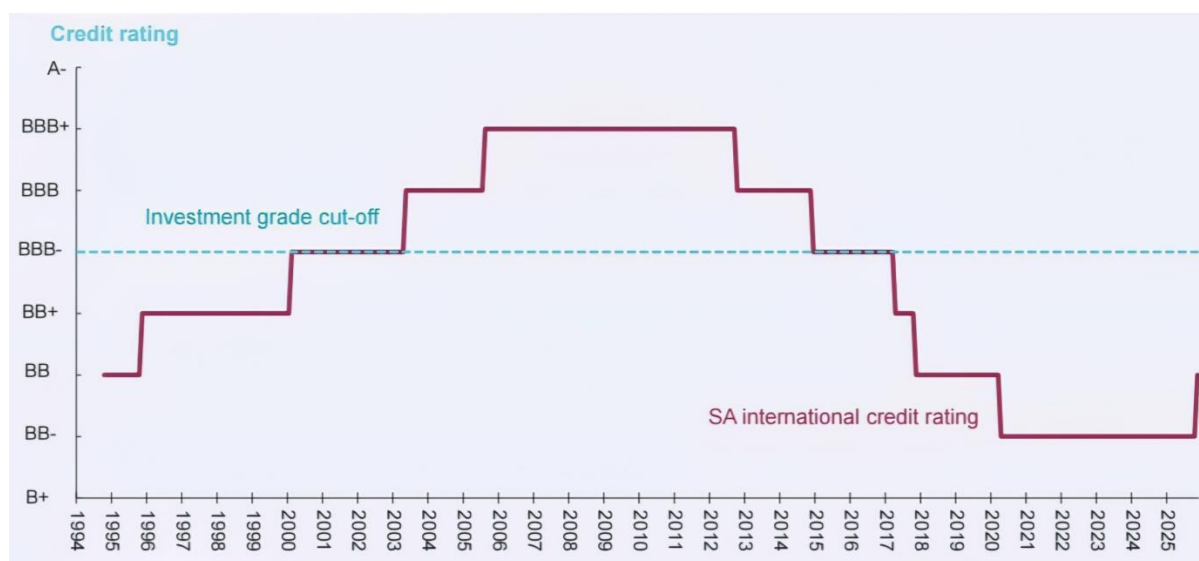
The Medium-Term Budget Policy Statement (MTBPS), delivered by Finance Minister Enoch Godongwana, was well received by markets. The statement formally endorsed a 3% inflation target with a 1% tolerance band, aligning with the South African Reserve Bank's (SARB) July signal, which focused exclusively on projections under a 3% target scenario. The MTBPS revised the 2025 growth forecast downward to 1.2% from the 1.4% estimate in February, while projecting an increase to 1.8% over the next two years—conditional on the successful implementation of growth



enhancing reforms. National Treasury also reaffirmed its commitment to fiscal consolidation, with debt expected to stabilize at 77.9% of GDP within the next three years.

S&P Global Ratings upgraded South Africa’s sovereign credit rating by one notch while maintaining a positive outlook. The local currency rating was raised to BB+, and the foreign currency rating to BB, marking the agency’s first upgrade for South Africa in two decades. The decision was underpinned by stronger-than-expected tax revenues, a firm commitment to fiscal consolidation, and expectations of reduced financial support for state-owned enterprises (SOEs).

Figure 1: South Africa’s credit rating by S&P



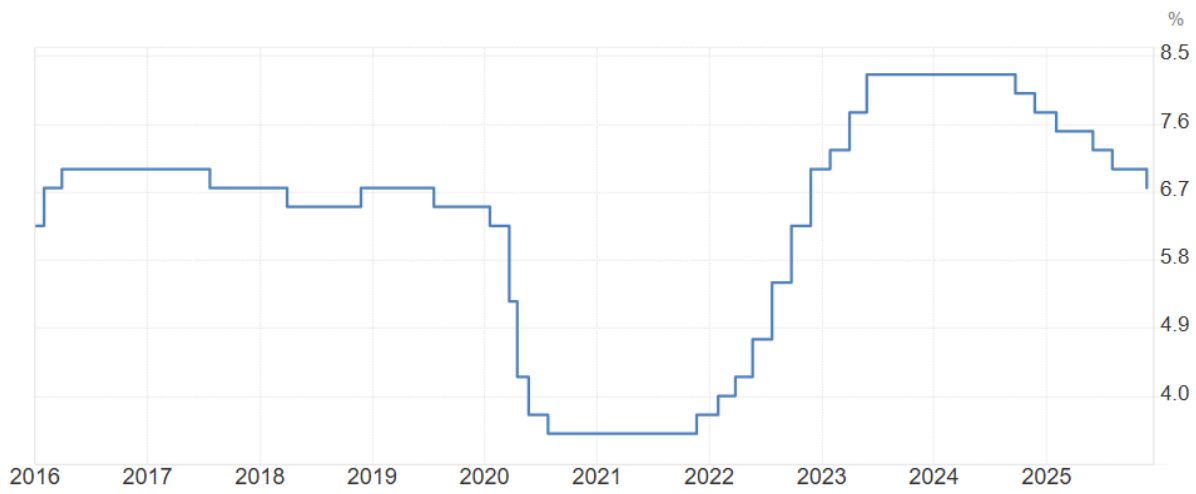
Source: S&P Global Ratings, STANLIB (1994 to 2025)

Headline annual inflation rose from 3.4% in September to 3.6% in October, partly driven by energy prices, which recorded their first positive contribution in 12 months, shifting from -2.2% to 3.3%. Despite the uptick, the overall inflation print came in below expectations due to an unexpected decline in food prices during the month. Core inflation, which excludes the more volatile energy and food components, eased slightly from 3.2% to 3.1%, signalling a moderation in underlying price pressures.

The South African Reserve Bank (SARB) held its sixth and final policy meeting of 2025 on November 20, where the Monetary Policy Committee (MPC) unanimously voted to cut the repo rate by 25 basis points to 6.75%. The move, widely anticipated by markets, brings the cumulative reduction in this easing cycle—initiated in September last year—to 150 basis points, lowering rates to their lowest level in three years.



Figure 2: South African repo rate:



Source: South African Reserve Bank, www.tradingeconomics.com (2016 to 2025)

Index	Asset Class	NOVEMBER 2025
STEFI Composite Index	Local Cash	0.57%
FTSE/JSE All Bond (Total Return)	Local Bonds	3.45%
FTSE/JSE SA Listed Property (Total Return)	Local Property	7.71%
FTSE/JSE Africa All Share (Total Return)	Local Equities	1.70%
Bloomberg Global Aggregate (USD)	Global Bonds	-1.18%
FTSE EPRA/NAREIT Global Index (USD)	Global Property	1.70%
MSCI AC World (USD)	Global Equities	0.31%

Source: Morningstar