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Economies at a glance | September 2025

Global and local growth prospects:
Green shoots and dry roots

As spring arrives in the Southern Hemisphere, green shoots and dry roots capture the fragility of the global economy this September. Growth forecasts are inching higher, markets are showing signs of stabilisation, and new trade deals are helping to cushion the blow of United States (US) tariff pressures. Emerging markets, particularly in Asia and Africa, are benefiting from increased export diversification. Yet the roots show signs of strain: political turmoil in France, rising European bond yields, and tariff-induced trade frictions threaten to sap momentum.

Global green shoots: Positive signs of recovery

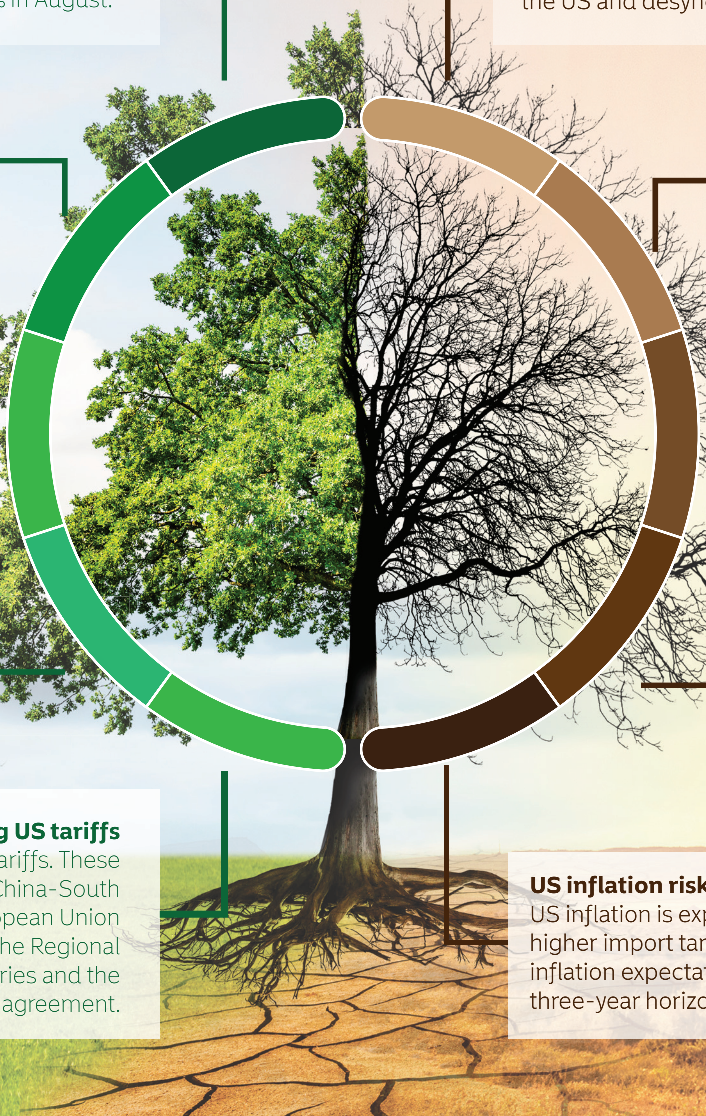
Lower recession risk
Using the yield curve (10-year less three-month Treasury rate), the Federal Reserve Bank of New York (New York Fed) suggested that the risk of a recession in the US in the next 12 months has fallen from over 70% following the Liberation Day announcement in April to 29% in August.

Upward revisions to growth
The International Monetary Fund upwardly revised its 2025 global growth forecast from 2.8% to 3% between April and July 2025, largely owing to upward revisions to its growth forecast on emerging and developing economies from 3.7% to 4.1% in the same period.

Some reprieve in trade policy uncertainty
The Federal Reserve Board's Trade Policy Uncertainty Index rose in August 2025 but remained 50% below its April 2025 peak, coinciding with the US weighted average tariff rate reaching 29.1% on 9 April, before declining to 17.1% by August and 16.9% by 5 September 2025.

China export diversification
Although China's export growth slowed to its weakest rate in six months, given a slump in shipments to the US, an increase in sales to alternate markets (including Africa, Southeast Asia and Europe) left China with a record trade surplus of US$785 billion, year to date in August 2025, up more than 30% from the same period in 2024.

Trade deals offsetting US tariffs
Non-US trade pacts have emerged to offset the impact of US tariffs. These include the ASEAN Upgraded Trade in Goods Agreement, the China-South Korea-Japan Trilateral Free Trade Agreement, the Indonesia-European Union Comprehensive Economic Partnership Agreement, the Regional Comprehensive Economic Partnership amongst Asia-Pacific countries and the second phase of the Africa Continental Free Trade Area agreement.



Global brown shoots: Emerging risks and headwinds

Caution over growth in the remainder of the year
Despite higher-than-anticipated growth momentum in the first half of the year, driven partly by frontloaded trade, this momentum is likely to slow in the remainder of the year. Trade barriers, lingering geopolitical tensions, inflationary pressures in the US and desynchronised policy responses are expected to dampen activity.

Elevated global debt
High levels of public and private debt, which exceed 256% of global gross domestic product, globally, have been worsened by rising long-term government bond yields, raising debt-service costs and straining public finances.

France's political crisis
France's snap elections and governance deadlock threaten "sick man of Europe" status, with economic instability driving underperforming assets and widening sovereign spreads. Falling confidence in President Emmanuel Macron, amid plummeting approval ratings, further hampers recovery efforts.

Rising European bond yields
Rising European bond yields signal investor concerns over fiscal sustainability and policy risks, including US tariffs, budget deficits, and political instability such as France's governance crisis and the United Kingdom's welfare reform reversals. Higher borrowing costs could strain government budgets and slow economic growth.

US inflation risks
US inflation is expected to rise into year-end, driven by retailers passing through higher import tariffs to consumers and by climbing gasoline prices. Median consumer inflation expectations, as surveyed by the New York Fed, remained sticky at 3% for the three-year horizon in August 2025 (and 2.9% for the five-year horizon).

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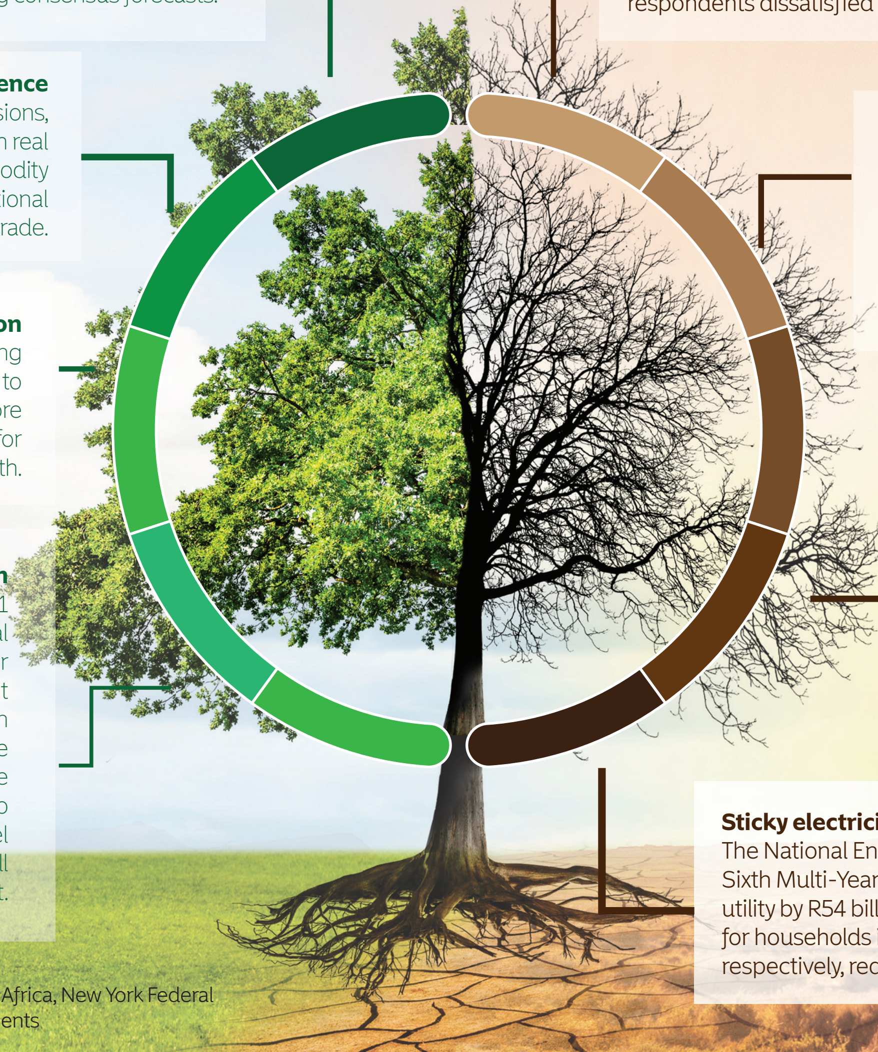
Local green shoots: Positive signs of recovery

Second-quarter growth surprise
South Africa's (SA) economy delivered stronger-than-expected growth in the second quarter of 2025, with the country's real gross domestic product expanding by 0.8% quarter-on-quarter–up sharply from the meagre 0.1% print in the first quarter and surpassing consensus forecasts.

Rand resilience
Despite lingering risks from US tariffs and global trade tensions, the rand has held up relatively well, supported by high real interest rates and stronger prices for SA's key commodity exports, while contained oil prices have offered additional support to the country's terms of trade.

Moderate inflation
Headline inflation ticked lower to 3.3% for August 2025, falling short of market expectations for a rise from 3.5% in July to 3.6%, driven by subdued food price pressures. The more favourable-than-expected print supports prospects for further interest rate cuts and will aid consumption-led growth.

Structural reform momentum
Transnet's selection of 11 private train operators to access 41 freight rail routes, targets 20 million tonnes of annual capacity and R100 billion in investment. The Request for Qualifications for the first tranche of Independent Transmission Projects under the National Transmission Company of SA was launched in late July, targeting the construction of 1 164 km of 400 kV power lines across the Northern Cape, North-West and Gauteng provinces to integrate renewables. Meanwhile, the Electronic Travel Authorisation (ETA) system, rolling out in mid-October will ease visa processes, boosting tourism and investment.



Local brown shoots: Emerging risks and headwinds

Business sentiment slump
The RMB/BER Business Confidence Index slipped further by one point to 39 in the third quarter, following a five-point decline in the second quarter of 2025, implying sentiment (particularly in manufacturing) remained stuck in low gear, with just over 60% of respondents dissatisfied with prevailing business conditions.

Middle-income consumers feel the pinch
The third quarter drop in the FNB/BER Consumer Confidence Index was most notable for the middle-class segment (those earning between R5 000 and R20 000 a month), where confidence tanked from negative seven to negative 16 on the index, largely on the back of fading two-pot withdrawals and higher personal income taxes.

Tariff turmoil
Strained ties with the US, highlighted by the imposition of 30% reciprocal tariffs on SA exports, threaten to shave up to 0.2 percentage points off growth. While just over a third of exports remain exempt (including critical minerals, platinum, copper, pharmaceuticals, semiconductors, stainless steel scrap and energy products), the tariffs have nonetheless prompted efforts to diversify export products and markets to limit the fallout.

Sticky electricity tariffs
The National Energy Regulator of SA (NERSA) noted errors in Eskom's Sixth Multi-Year Price Determination (MYPD6) that shortchanged the utility by R54 billion over three years. This will push up total tariff hikes for households in 2026/27 and 2027/28 to 8.76% and 8.83%, respectively, reducing consumer purchasing power.

Sources: Bloomberg, Bureau for Economic Research, Statistics South Africa, New York Federal Reserve, Standard and Poor's Global Ratings and Momentum Investments momentum investments

September 2025

UNITED STATES

The United States (US) economy proved more resilient than previously thought in the second quarter of 2025. The Bureau of Economic Analysis revised GDP growth upward to an annualised 3.8%, from an initial 3.3%, largely on the back of stronger consumer spending, which expanded at a 2.5% annualised pace against the earlier 1.6% estimate. Despite firm growth, the US Federal Reserve (Fed) cut interest rates for the first time this year, lowering the federal funds rate by 25 basis points to a 4.0%–4.25% range. The move reflected mounting concern over a cooling labour market, with job creation averaging just 29 000 a month in the past three months, compared with a monthly average of 168 000 in 2024. Even so, unemployment has only inched up to 4.3%, partly due to immigration curbs. The Fed has signalled scope for further easing, aligning with futures markets pricing in nearly four additional cuts by the end of 2026.

Forecast 2025:
GDP: 1.8%
Core PCE Inflation: 2.9%
Forecast 2026:
GDP: 1.7%
Core PCE Inflation: 2.8%

EUROZONE

France has a new prime minister; its fifth in two years. François Bayrou, who lasted just nine months in the job, was forced out after failing to muster support for deficit-cutting measures. His plans united an unlikely alliance of opponents, stretching from the far left to Marine Le Pen's far right. French President Emmanuel Macron has turned to Sébastien Lecornu, a trusted loyalist often dubbed the president's 'fixer'. Lecornu inherits a hung parliament where Macron's centrist alliance lacks a majority and the Socialists hold the balance of power. Though his style may differ, his appointment is unlikely to shift the arithmetic that has repeatedly stymied reform. The new prime minister has pledged a 'more creative, technical and serious' approach to talks with opposition parties, but passing a budget, to reduce a fiscal deficit of 5.8% of GDP (2024), will prove tricky with the Socialists demanding no freeze in social spending and increased budgets for education and health.

Forecast 2025:
GDP: 1.2%
HICP Inflation: 2.1%
Forecast 2026:
GDP: 1.0%
HICP Inflation: 1.8%

UNITED KINGDOM

Britain's bond market is once again testing the nerves of policymakers. In September, long-dated gilt yields climbed to heights last seen in 1998, with the 30-year yield touching 5.75%. The move mirrored a broader sell-off in sovereign debt across developed economies, as investors demanded juicier returns to absorb the flood of government issuance. The gilt market has also lost a once-reliable buyer: pension funds, which are scaling back demand for long-term paper. That retreat has added to the upward pressure on government bond yields, squeezing bond prices and raising borrowing costs. The Bank of England, wary of further disruption, has slowed the pace of quantitative tightening to avoid unsettling already skittish markets. Higher yields feed uncomfortably into the Treasury's ledger. For Chancellor Rachel Reeves, a steeper cost of servicing the national debt narrows the fiscal room for manoeuvre.

Forecast 2025:
GDP: 1.2%
Inflation: 3.4%
Forecast 2026:
GDP: 1.1%
Inflation: 2.4%

JAPAN

Japan's political landscape has been upended. In September, the Liberal Democratic Party (LDP), the country's dominant force for decades, lost its majority in both houses of parliament. Households have endured three years of inflation above the Bank of Japan's 2% target, while wages have lagged. Rising living costs, once a slow-burning concern, have become an explosive political issue and the fallout has been profound. The LDP is preparing for an emergency leadership contest to choose Japan's next prime minister. Yet a change of faces may do little to ease the deeper discontent. Inflation has eroded purchasing power, corporate Japan has been reluctant to raise pay, and the electorate's patience is thinning. For an economy where the LDP is accustomed to hegemony, political uncertainty now clouds policymaking just as economic headwinds stiffen. Japan's ruling party is learning the hard way that even in a country once thought tolerant of stagnation, inflation bites at the ballot box.

Forecast 2025:
GDP: 1.1%
Inflation: 3.0%
Forecast 2026:
GDP: 0.7%
Inflation: 1.8%

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CHINA

China's economy remains trapped in a rut. Domestic demand is sputtering even as factories and exporters hum. Retail sales rose by just 3.4% in August, the weakest pace this year, despite government subsidies for cars and appliances. Growth in industrial output and investment is losing steam too, with growth in fixed-asset spending registering below 1% for the first eight months of the year. Property, the economy's Achilles heel, is still in crisis after four bruising years. Home sales and prices keep sliding, deepening the debt woes of local governments. Beijing's attempts to rein in corporate price wars have done little to revive consumption, while trade frictions with the US have dragged exports into double-digit declines. Growth is set to weaken further into the end of the year, while deflationary pressures linger. Consumer prices fell in August, while producer price deflation persisted.

Forecast 2025:
GDP: 4.7%
Inflation: 0.0%
Forecast 2026:
GDP: 4.3%
Inflation: 0.7%

EMERGING MARKETS

In its September 2025 Interim Economic Outlook, the Organisation for Economic Co-operation and Development (OECD) struck a cautious note on emerging markets (EM). Growth in EMs in 2025 is forecast at 3.7%, below the decade's average, as global trade strains weigh. Escalating US tariffs and policy uncertainty are proving the fiercest headwinds. EMs showed resilience in the first half of the year, helped by front-loaded trade, but momentum is set to fade. Disinflation, once a tailwind, is stalling, leaving EM central banks with less room to manoeuvre, though many have begun cutting interest rates to shore up activity. Trade diversification offers some relief. Indonesia's recent deals with the European Union and Canada are examples of how to buffer against protectionism. EM debt burdens have eased a touch thanks to a weaker dollar, but the OECD warns that vigilance remains vital in an unsettled world. Meanwhile, trade tensions between the US and China and commodity price volatility remain key risks.

Forecast 2025:
GDP: 4.1%
Inflation: 3.1%
Forecast 2026:
GDP: 4.0%
Inflation: 2.8%

SOUTH AFRICA

South Africa's (SA) economy showed mixed signals in September. Consumer confidence soured, with the FNB/Bureau for Economic Research's Consumer Confidence Index slipping to negative 13 in the third quarter, from negative 10, as middle-income households fretted over higher tax burdens and the pace of two-pot withdrawals slowed, which bodes ill for household spending. Yet, headline inflation eased to 3.3% in August, on lower-than-anticipated food inflation. A more favourable inflation reading has further stoked expectations of interest rate cuts. The SA Reserve Bank nevertheless struck a cautious tone at its September interest rate policy meeting, keeping the repo rate at 7%, while upwardly revising its headline inflation forecast from 3.3% to 3.4% for 2025 and from 3.3% to 3.6% for 2026. Policymakers cited global uncertainties, including US tariffs, but nudged up their 2025 GDP forecast to 1.2% from a previous 0.9%, after stronger second-quarter growth data. On the world stage, President Cyril Ramaphosa used the United Nations (UN) General Assembly to press for multilateralism. He condemned the violence in Gaza, reiterating calls for a Palestinian state along the 1967 borders and demanding UN Security Council reform to give Africa a bigger voice. At the Biennial Summit for a Sustainable, Resilient and Inclusive Global Economy, he lamented the US$4 trillion shortfall in financing the UN's development goals and railed against the weaponisation of trade.

Forecast 2025:
GDP: 1.0%
Inflation: 3.4%
Forecast 2026:
GDP: 1.4%
Inflation: 4.2%

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Indices summary for September 2025

	One month	Three months	One year	Three years	Four years	Five years	Six years	Seven years	Ten years
Equity indices									
FTSE/JSE All-Share Index (Alsi)	6.61%	12.88%	28.92%	23.42%	18.12%	19.12%	16.08%	13.93%	11.70%
FTSE/JSE Shareholder Weighted Index (Swix)	6.61%	12.88%	28.92%	21.93%	15.98%	17.33%	13.82%	11.77%	9.87%
FTSE/JSE Capped Swix All Share index	6.53%	12.77%	28.13%	21.59%	16.11%	18.83%	14.47%	11.89%	9.61%
FTSE/JSE All Share Top 40 Index	7.85%	14.65%	32.51%	24.67%	18.99%	19.24%	16.85%	14.58%	12.03%
FTSE/JSE Mid Cap Index	4.26%	7.09%	16.08%	17.25%	12.02%	17.32%	11.19%	10.30%	8.78%
FTSE/JSE Small Cap Index	0.88%	5.95%	15.46%	19.30%	17.43%	27.66%	18.68%	13.75%	10.44%
FTSE/JSE Resources Index	25.45%	46.80%	86.45%	24.22%	21.52%	20.77%	21.84%	19.73%	18.50%
FTSE/JSE Financials Index	-1.74%	1.04%	6.32%	21.49%	15.12%	21.39%	10.51%	8.28%	7.17%
FTSE/JSE Industrials Index	1.32%	3.69%	19.83%	24.09%	16.57%	16.65%	14.49%	12.59%	9.45%
FTSE/JSE Research Affiliates Fundamental Indices 40 Index (Rafi)	10.85%	17.95%	34.08%	21.96%	18.21%	22.41%	16.85%	14.28%	13.27%
FTSE/JSE Research Affiliates Fundamental Indices All Share Index	9.30%	15.74%	29.99%	21.12%	17.46%	21.92%	16.30%	13.75%	12.75%
FTSE/JSE SA Listed Property Index (Sapy)	-0.96%	6.65%	11.36%	23.93%	14.80%	21.81%	6.34%	5.00%	3.03%
FTSE/JSE All Property Index (ALPI)	-1.00%	5.45%	11.43%	23.84%	14.35%	21.99%	6.09%	4.01%	1.70%
Interest-bearing indices									
FTSE/JSE All Bond Index (Albi)	3.32%	6.94%	14.51%	15.70%	11.97%	12.07%	10.61%	10.72%	9.79%
FTSE/JSE All Bond Index 1-3 years (Albi)	0.68%	2.34%	8.91%	10.05%	8.34%	7.47%	8.19%	8.47%	8.32%
FTSE/JSE Inflation-linked Index (Ili)	3.04%	5.15%	7.61%	7.94%	7.79%	9.37%	7.31%	6.79%	5.67%
Short-term Fixed Interest Composite Index (Stefi)	0.58%	1.81%	7.80%	7.96%	7.10%	6.43%	6.39%	6.53%	6.77%
Commodities									
NewGold Exchange-Traded Fund	9.37%	13.83%	46.24%	29.91%	25.64%	15.70%	19.40%	21.32%	15.34%
Gold price (in rands)	8.80%	13.11%	46.28%	29.88%	25.83%	15.76%	19.63%	21.58%	15.63%
Platinum Exchange-Traded Fund	14.00%	14.96%	61.30%	19.99%	16.62%	12.19%	11.86%	12.53%	7.64%
Platinum price (in rands)	15.73%	14.14%	61.23%	20.84%	16.80%	12.93%	11.30%	12.83%	7.88%
Currency movements									
Rand/euro movements	-2.08%	-2.81%	5.44%	4.83%	3.84%	0.72%	3.46%	3.04%	2.77%
Rand/dollar movements	-2.45%	-2.90%	0.16%	-1.35%	3.48%	0.67%	2.17%	2.88%	2.24%
Inflation index									
Consumer Price Index (CPI)			3.29%	4.17%	5.02%	5.00%	4.67%	4.63%	4.80%

Important notes
1. Sources: Momentum Investments, IRESS, www.msci.com, www.yieldbook.com, www.ft.com.
2. Returns for periods exceeding one year are annualised.
3. The return for 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).
4. The MSCI World index (All Countries) returns are adjusted to correspond with global investment prices received.
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