



# Prosperity

September 2025

- Economic and Market Overview
- Local Equities

Private Clients  
by  Old Mutual Wealth

## ECONOMIC UPDATE

The most notable economic development in September was the US Federal Reserve's decision to resume its interest rate cutting cycle. The widely anticipated 25-basis-point reduction was far from an easy call. Inflation in the US has been edging higher, moving away from the Fed's 2% target, with elevated import tariffs a key driver. Yet price pressures have also emerged in sectors unaffected by tariffs, such as non-housing services – a sign of underlying inflation persistence. The Fed is wary of businesses using tariffs as cover for broader price increases.

At the same time, jobs growth has been losing momentum, partly due to uncertainty surrounding trade policy, which has prompted many businesses to delay hiring. While the unemployment rate remains low at 4.5%, this largely reflects a shrinking labour force, with more than a million immigrant workers having left the workforce since the start of the year. The Fed now believes that the risk of rising unemployment outweighs the threat of runaway inflation, justifying a cautious restart of rate cuts. The situation is complicated further by political pressure from the Trump administration, while the federal government shutdown (as Republicans and Democrats clash over the budget) will delay the release of key economic data, further muddying the waters. Given the circumstances, the Fed is likely to proceed with caution.

Falling interest rates in the US and elsewhere continue to support both financial markets and economic activity. A weaker US dollar also provides a welcome boost to countries outside the US. Meanwhile, fiscal policy remains expansionary across major regions. Rising government debt in the US, China and Europe will eventually pose challenges, but for now it is underpinning growth and helping the global economy remain resilient despite ongoing trade headwinds.

Back home, the SA Reserve Bank's Monetary Policy Committee kept the repo rate unchanged at 7% in September, although two of the six members voted for a cut. The MPC's decision was more straightforward than the Fed's. Inflation remains well contained around 3%, while economic growth is showing modest signs of improvement.

The SARB's decisions are guided by its recent move to focus on the lower end of the 3% - 6% inflation target range. The MPC also noted it wanted to fully assess the impact of the 125 basis points in rate cuts delivered over the past year. The Bank's latest forecasts show inflation averaging 3.4% this year, and 3.6% next year before declining to 3% in 2027. The projected decline in inflation should eventually pave the way for further rate cuts.

GDP growth rose to 0.8% quarter-on-quarter in the second quarter, following a near-stagnant first quarter. Early third-quarter indicators, such as vehicle sales, credit growth and retail sales, suggest that the upward momentum has continued. Reflecting this, the SARB nudged its 2025 growth forecast higher to 1.2% (from 0.9% previously) and expects growth to reach 1.9% by 2027. While still modest by global standards, this would represent a notable improvement compared with the sluggish performance of the past decade.

## MARKET UPDATE

September defied its usual reputation as a softer month for markets, ending the quarter on a strong note. The long-anticipated US rate cut, along with resilient economic data and easing inflation concerns, helped lift sentiment globally. The MSCI World Index rose 3.3% for the month.

In the US, equities surged as investors welcomed the Fed's policy shift. The S&P 500 gained 3.5% in September, reaching a record during the month. The Nasdaq extended its winning streak to a sixth month, advancing 5.6%, while the Dow added 1.9%. In the UK, stable inflation supported a 1.8% gain for the FTSE 100.

Across Asia, Chinese markets surprised on the upside despite continued economic headwinds. Technology shares were the standout performers, lifting the Hang Seng Index 7.1% higher, while the Shanghai Composite edged up 0.6% for the month. Japan's Nikkei also impressed, rising 5.2% on the back of solid earnings and improving investor sentiment.

In SA, the JSE All Share Index delivered its seventh straight monthly gain, advancing 6.0% in September. Resource shares dominated the rally, particularly precious metals miners, as stronger gold and platinum prices fuelled performance. The Resi-10 jumped 27.4%, while the Fini-15 slipped 2.8% and the Indi-25 added 1.3%.

The rand strengthened 2.2% against a weaker US dollar. Oil prices remained volatile, with Brent briefly topping US\$70 per barrel before retreating late in the month on expectations of an OPEC+ production increase. It ended 0.6% lower at US\$67.02. Gold stole the spotlight, surging 11.9% to close September at US\$3 858.51.

## LOCAL EQUITIES



STADIO  
— HOLDINGS —

### Stadio Holdings

Stadio Holdings reported a strong interim performance, driven by STADIO Higher Education, AFDA, and Milpark. Revenue rose 16% to R957 million, with contact and distance learning up 15% and 16% respectively. Student enrolments increased 9% to 51 197 by June and 54 487 by August, while earnings per share jumped 28% to 20.8 cents.

The group offers 96 qualifications, with 34 more in development, across 10 campuses and six distance learning centres. At least eight new programmes are planned for 2026. Management targets 56 000 students by year-end 2026, with a long-term goal of 80 000 by 2030.

Stadio continues to expand its scalable online and contact learning offerings, optimise campuses, and invest in flagship facilities, supported by low leverage and operational efficiencies, positioning it to meet growing demand for quality higher education. The company was recently added to our local equity portfolio.



### Shoprite

Shoprite reported a strong 2025 full-year performance, with group sales up 8.9%, led by RSA supermarkets (+9.5%). Checkers and Checkers Hyper grew 13.6%, LiquorShop 17.1%, and Sixty60 47.7%, now accounting for 8.9% of RSA supermarket sales. Checkers remained the fastest-growing grocer for the fifth consecutive year. Shoprite and USave delivered 5.3% growth, while liquor sales rose 11.5%, underpinned by strong volumes despite internal inflation easing to 2.3%. The group extended market share gains for a sixth year.

Gross margin expanded 40bps to 24.3%, trading profit rose 16.6%, and trading margin improved to 5.9%. The full dividend per share increased 9.7% y-o-y. Shoprite acquired full control of Pingo Delivery and progressed exits from furniture operations in select countries.

Capex of R7.9bn is planned for FY26 to fund 309 new stores, refurbishments, and technology. Management targets a 6% trading margin, supported by scale, market share growth, and expansion into higher-margin consumer segments.



### Sanlam

Sanlam reported solid interim 2025 results, with net results from financial services (NRFFS) up 14% to R8.1bn. Adjusted for corporate actions, NRFFS grew 20%. New business volumes rose 7%, led by a 15% increase in general insurance, while life and investment flows were softer. Net value of new business (VNB) declined 18%, largely due to the Capitec exit and reduced stakes in SanlamAllianz, though on a normalised basis VNB fell only 3%.

Strategic acquisitions are progressing well. Assupol's integration is improving adviser productivity, volumes, and persistency, helping offset the Capitec loss. Stakes in SanlamAllianz and Shriram in India were increased, and the UK portion of the Ninety-One transaction was completed, with the SA leg expected this year.

Sanlam is well capitalised and positioned for growth across Africa, with partnerships and acquisitions supplementing organic growth. A Capital Markets day in October will outline long-term targets.



### FirstRand

FirstRand, including FNB, Wesbank, RMB, and the UK's Aldermore and MotoNovo, reported full-year 2025 earnings up 10%, despite subdued retail credit demand and additional UK motor finance provisions. Return on equity improved to 20.2% (21.2% ex-UK provisioning), at the upper end of management's target. Strong capital ratios supported a 12% dividend increase.

The credit loss ratio remained low at 85bps, providing room to stimulate lending. Management expects loan growth to lift net interest income, while non-interest revenue should grow in the low-to-mid teens. Expansion into SMEs and the informal market, along with cross-selling via FNB's digital platform and eBucks loyalty programme, is expected to drive medium-term growth and profitability.

The group remains well capitalised, with CET1 and total capital adequacy ratios of 14% and 16.9%, respectively.

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