RMB GLOBAL MARKETS RESEARCH

REALITY. REFORM. RECOVERY

KEABETSWE “KB” MOJAPELO

ACTUARIAL SOCIETY OF SOUTH AFRICA

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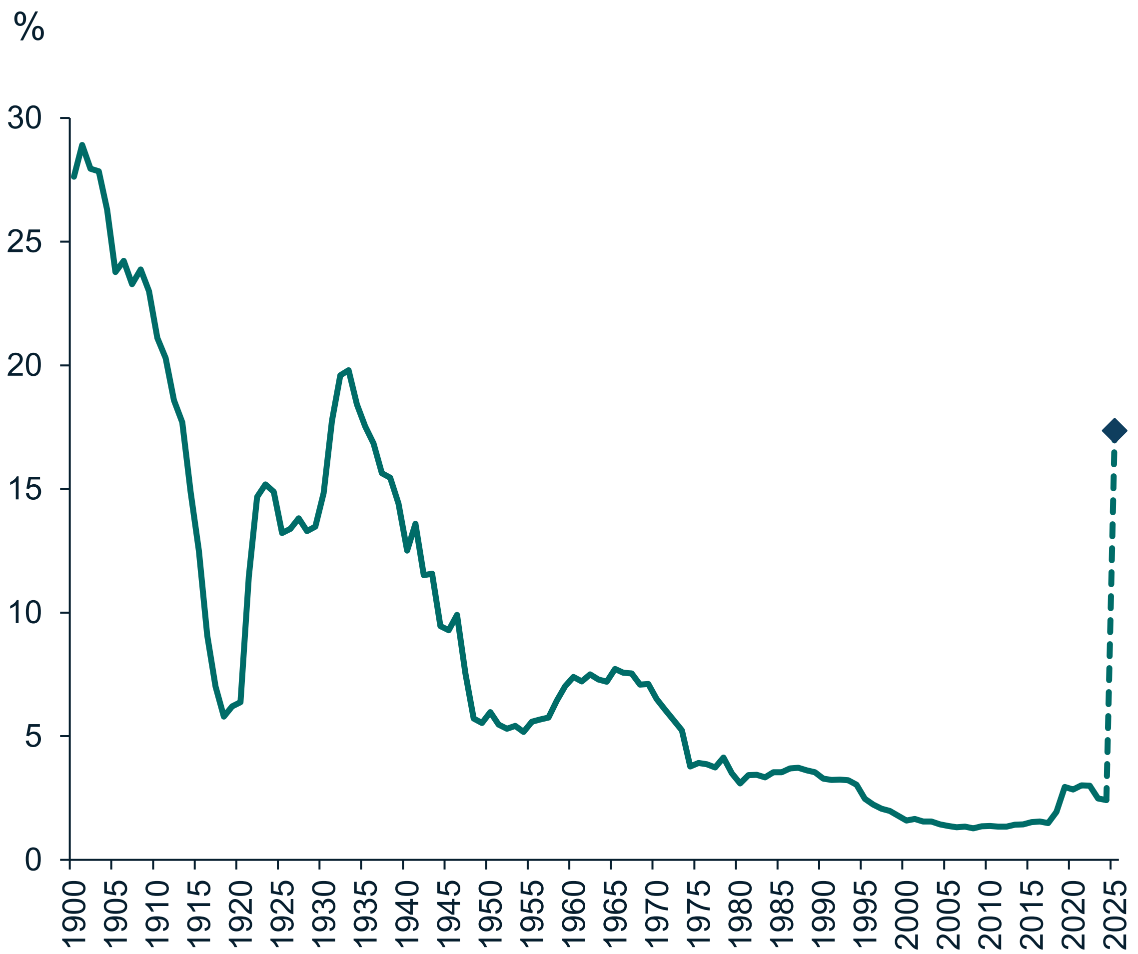
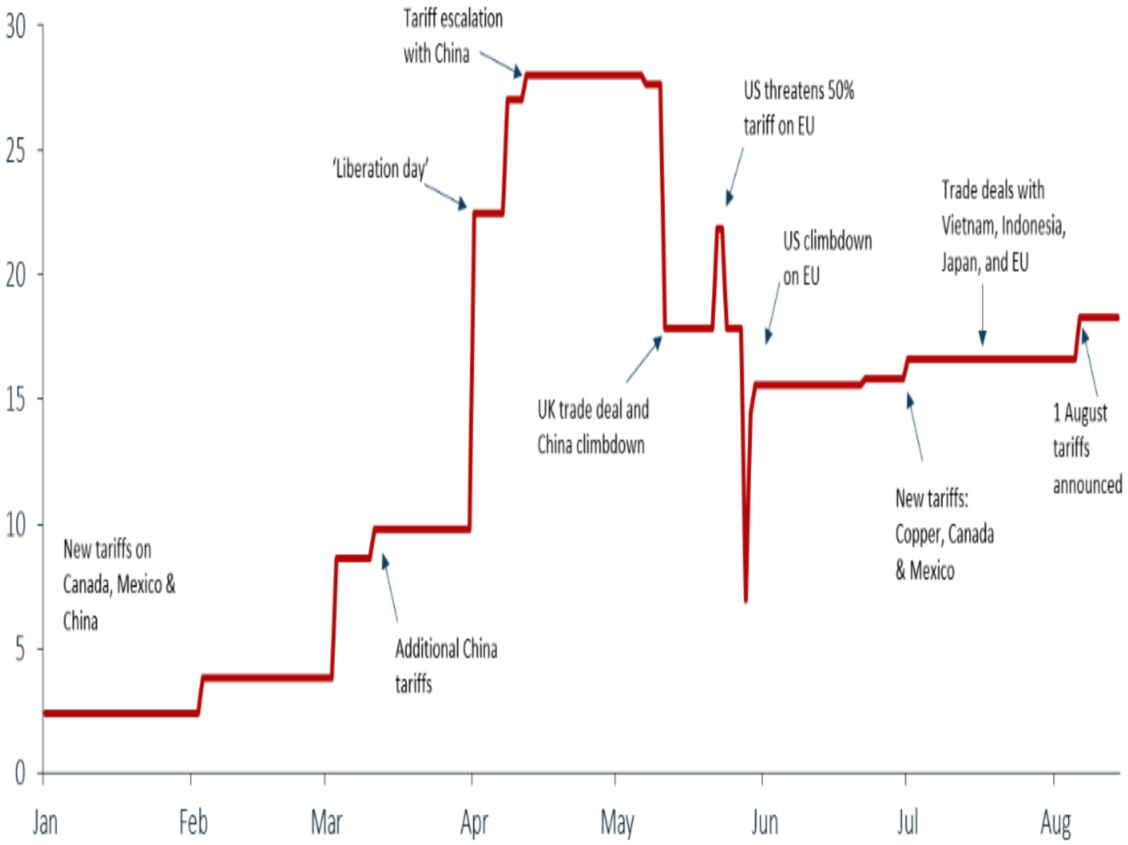
US TARIFF HIKES IN 2025…

Average effective US tariff rate

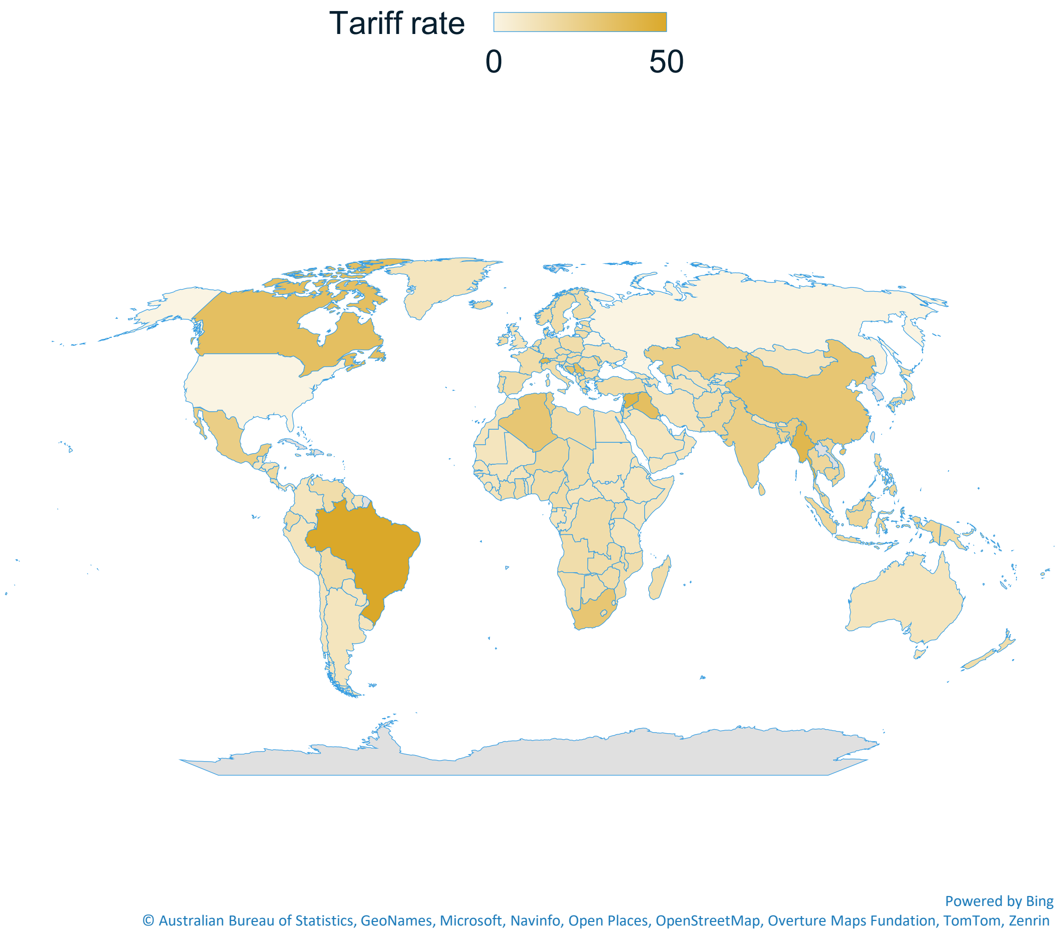




Source: Yale Budget Lab, Financial Times. Note: Dotted line represents latest estimates

SIGNIFICANT TARIFFS FOR MANY ECONOMIES

Announced tariff rate, by country (%)

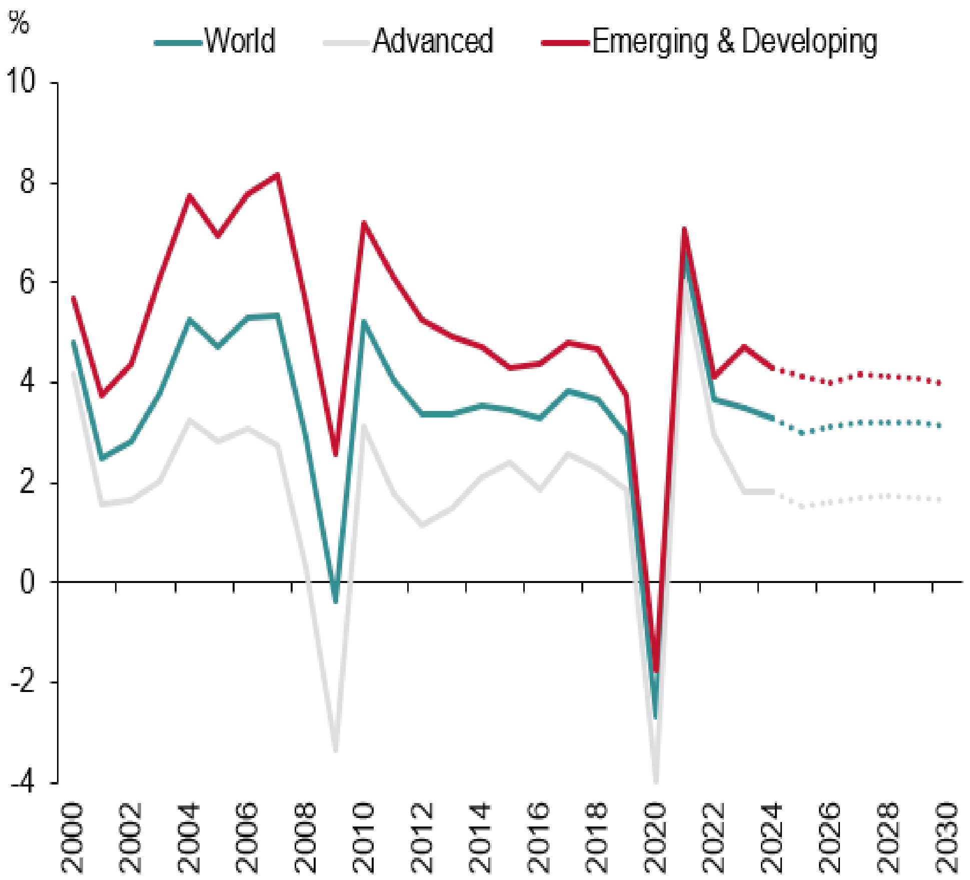


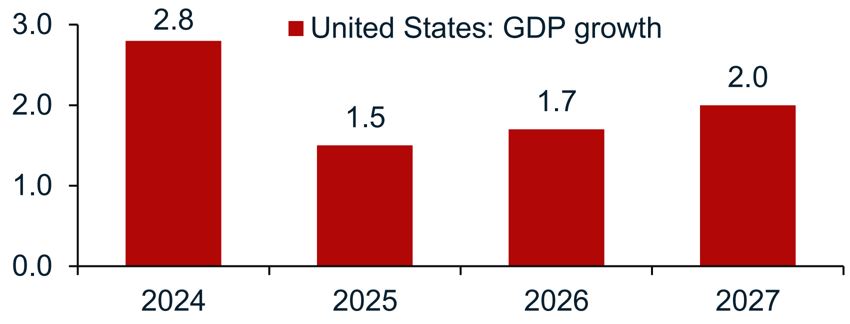
Trade Partner	% of total US imports	Tariff
India	2.70%	50%
Brazil	1.30%	50%
Canada	12.60%	35%
China	13.80%	30%
South Africa	0.40%	30%
Mexico	15.20%	25%
Vietnam	4.20%	20%
Taiwan	3.50%	20%
European Union	15.95%	15%
Japan	4.50%	15%
South Korea	4.00%	15%
United Kingdom	2.10%	10%

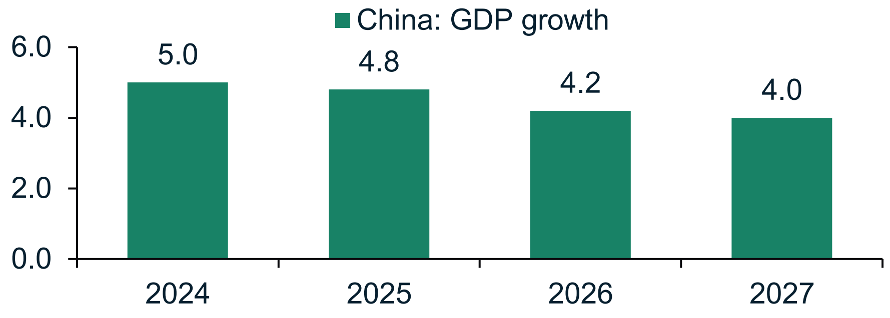
Source: Yale Budget Lab, Financial Times

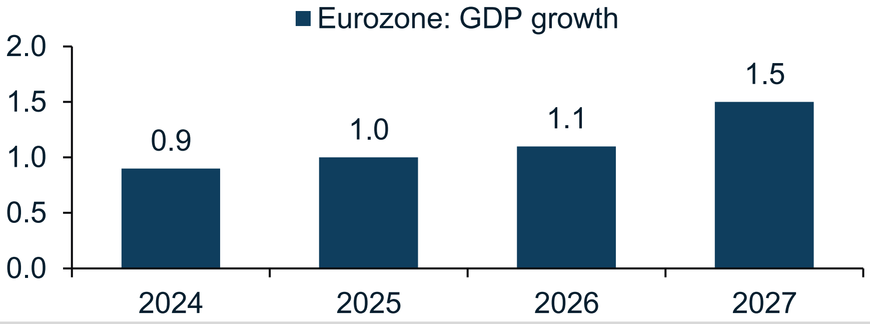
THE GLOBAL ECONOMY SHOWS RESILIENCE…

Real GDP forecast





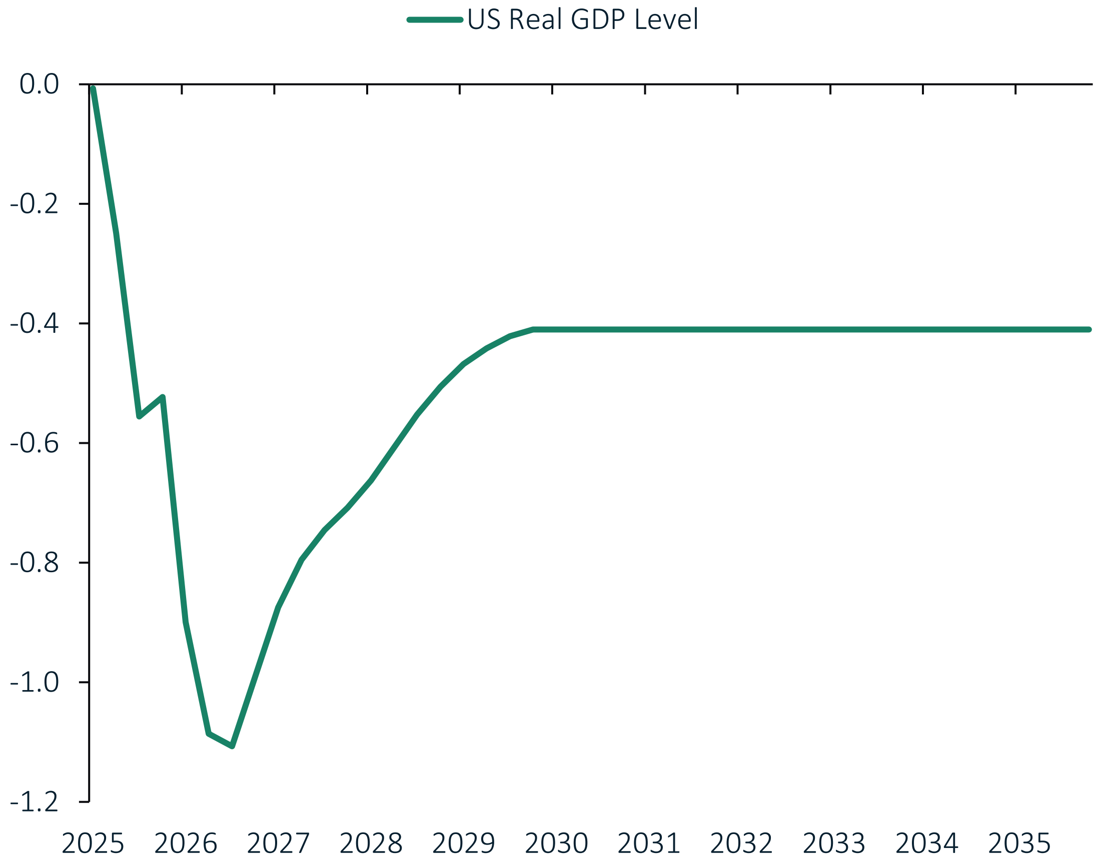


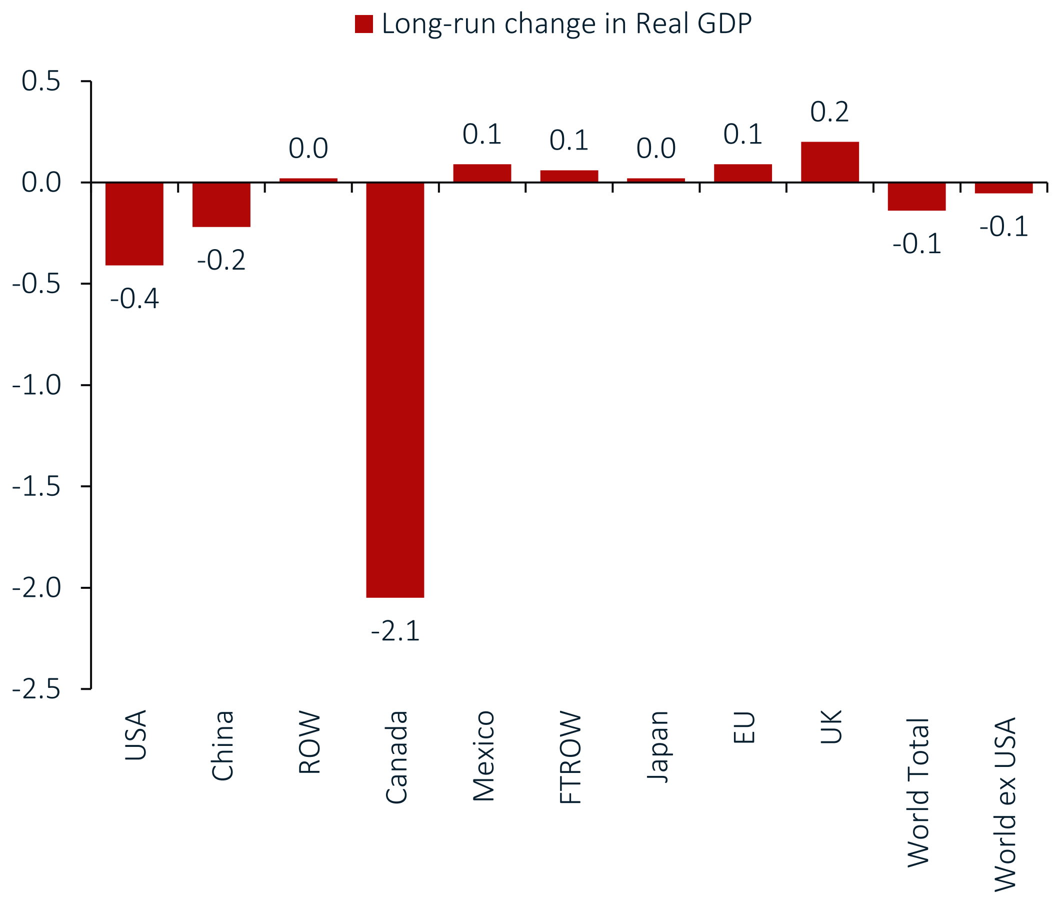


Source: IMF, Bloomberg. Note: Dotted lines represent forecast

GROWTH COSTS OF TARRIFF LIKELY TO SHOW

The GDP impact of 2025 tariffs to date

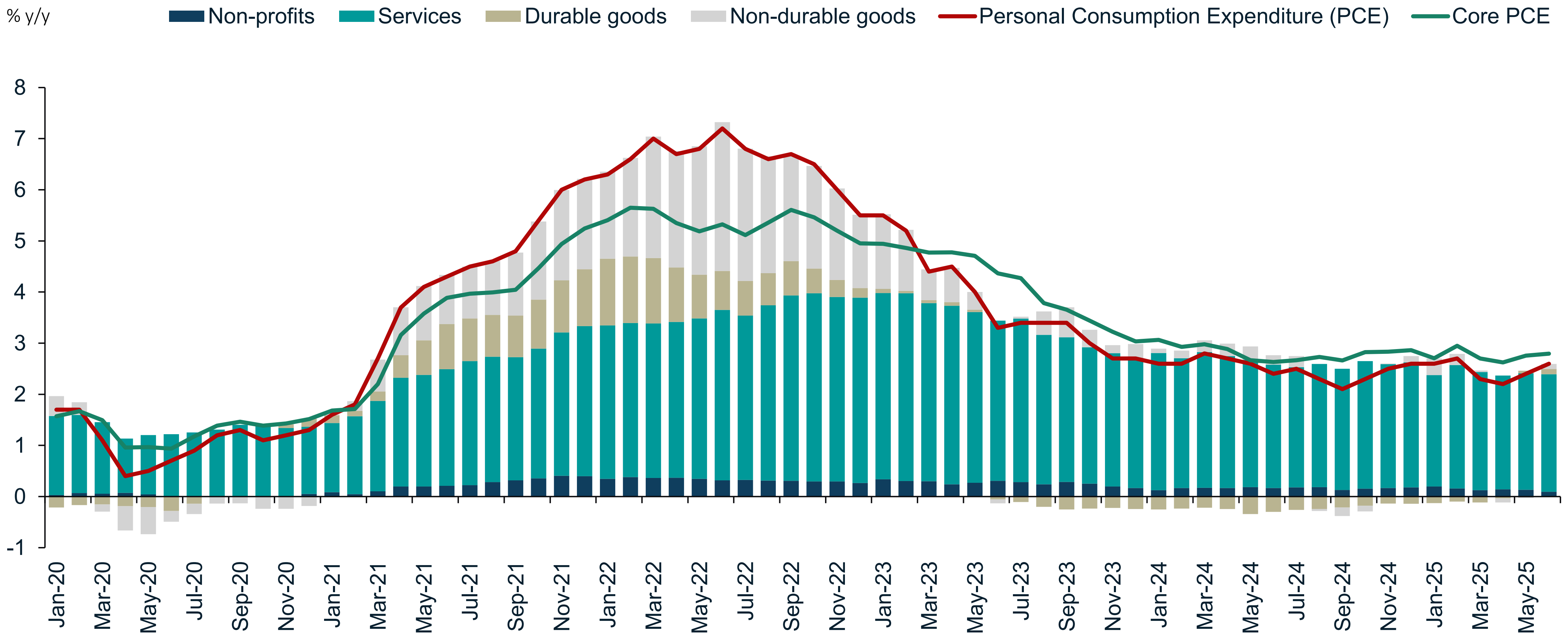




Source: Yale Budget Lab

INFLATION IS STICKY AND ABOVE THE 2% TARGET

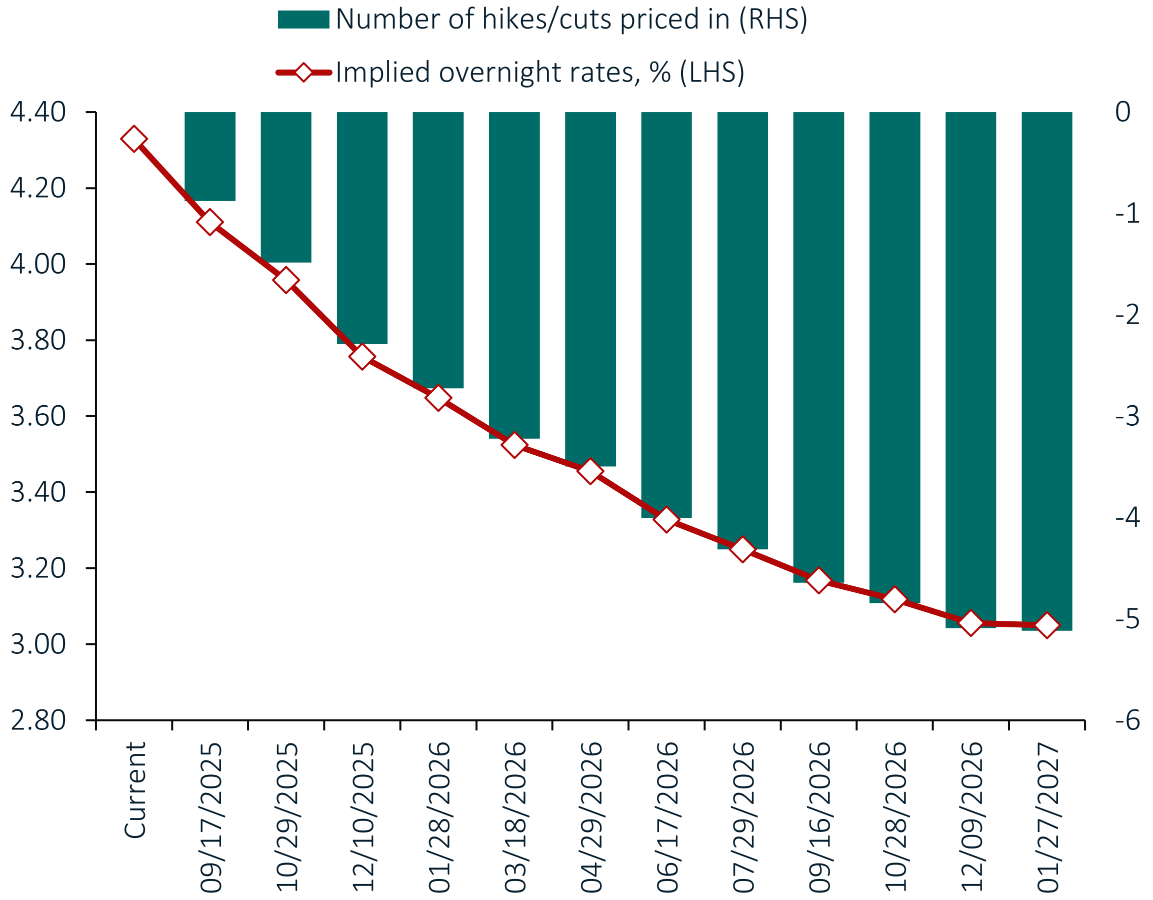
US personal consumption expenditure (PCE) inflation



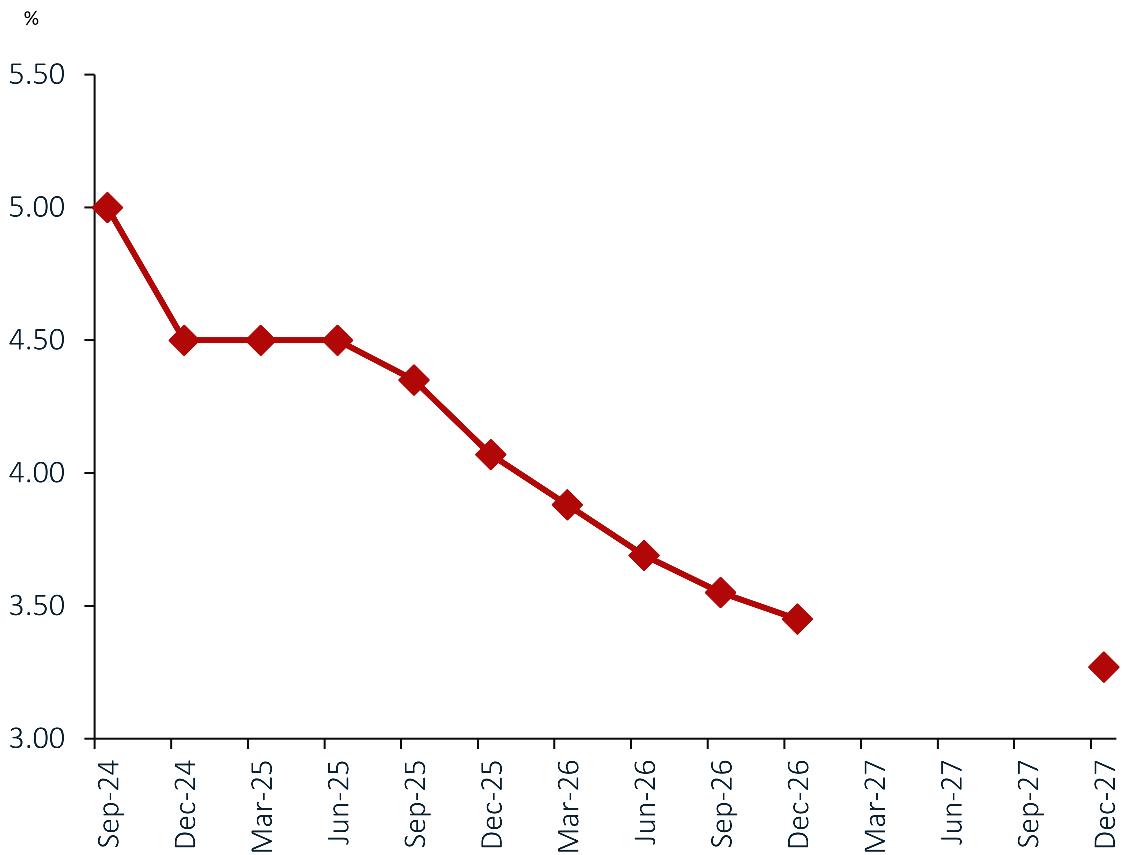
Source: Bloomberg, RMB Global Markets Research

MARKETS STILL PRICING FED RATE CUTS

Fed Funds Futures price in five cuts by end-2026

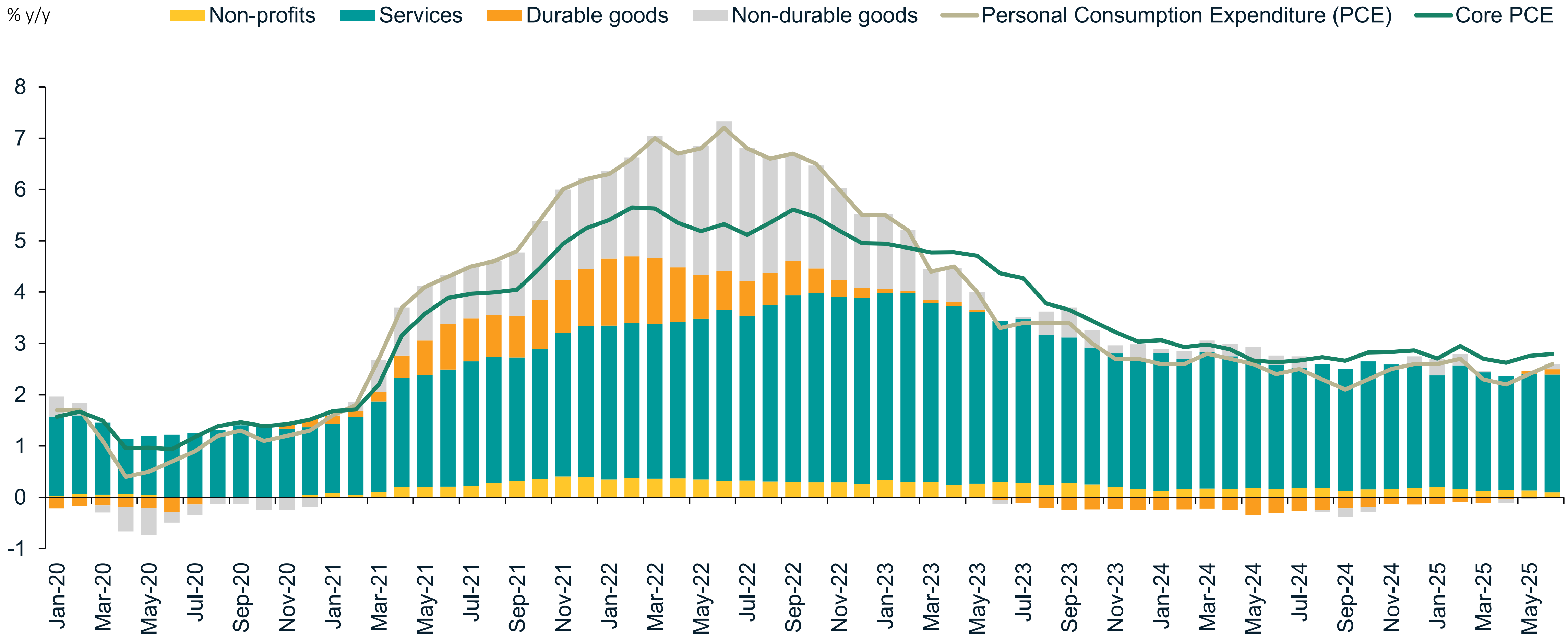


Consensus expectations are for four cuts



Source: Bloomberg, RMB Global Markets Research

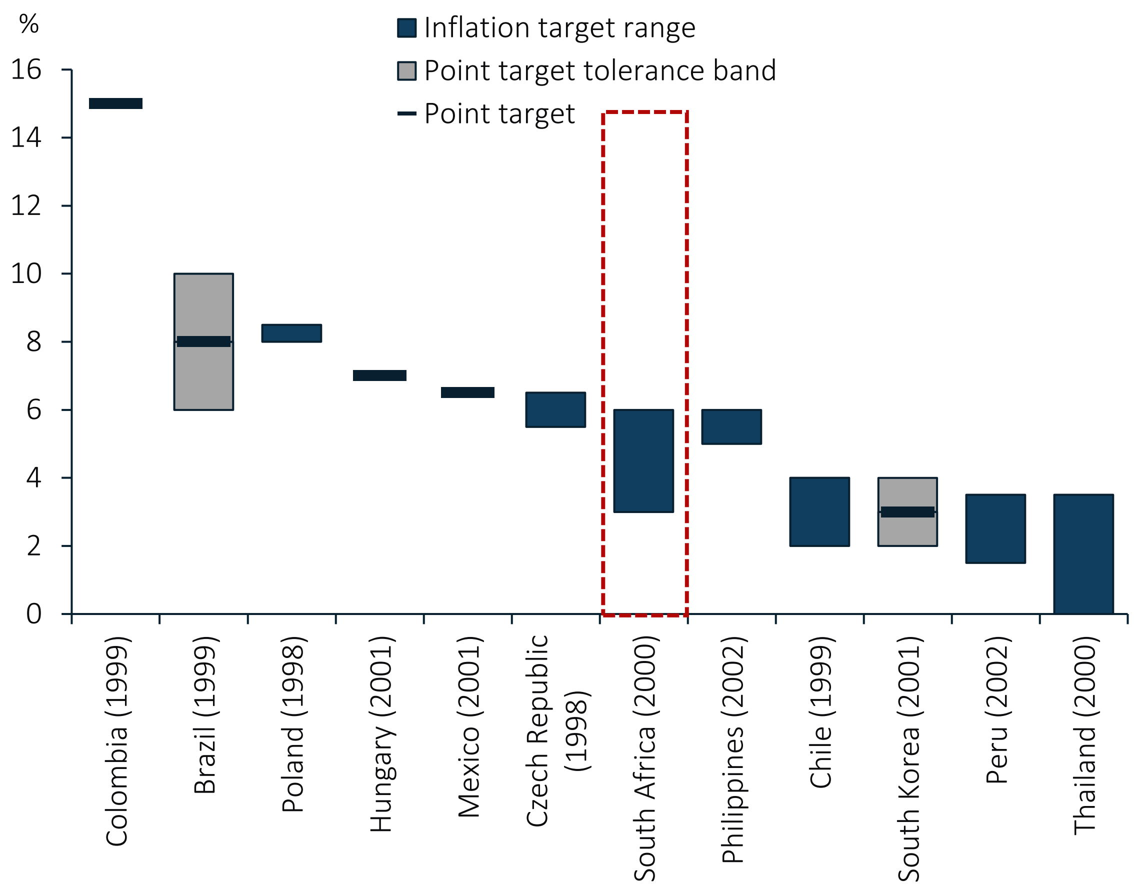
US INFLATION IS STICKY AND ABOVE THE 2% TARGET



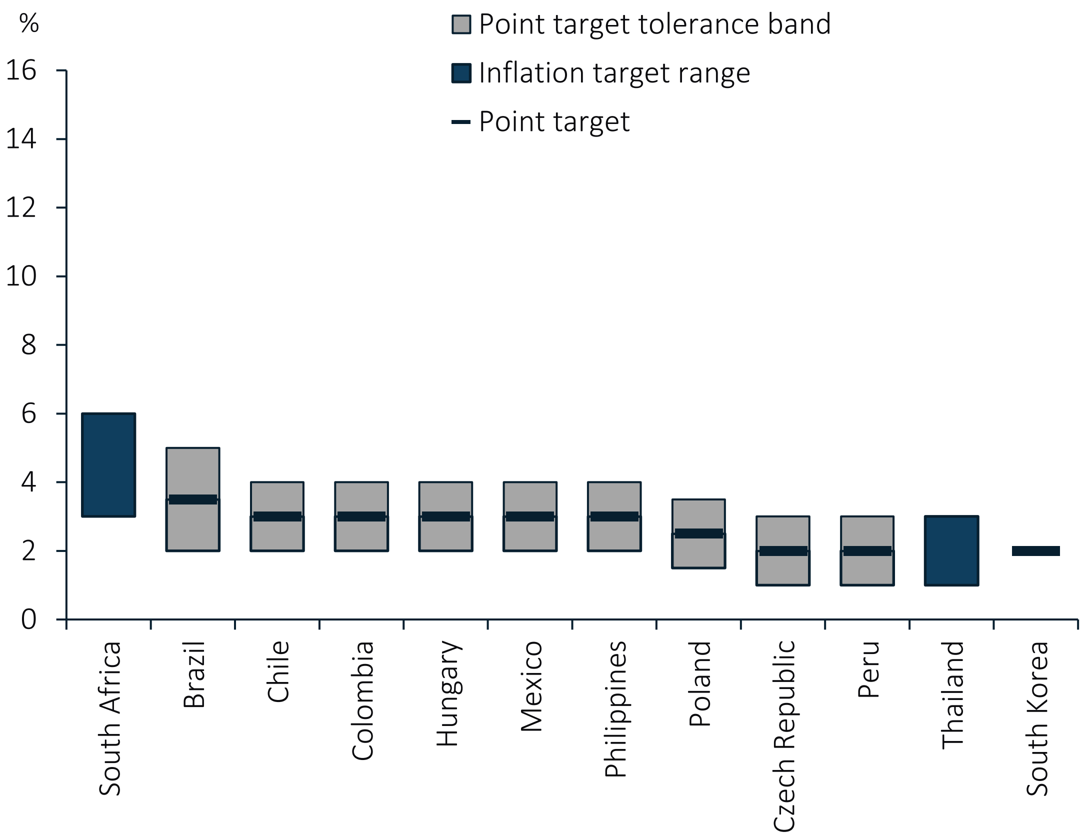
Source: Bloomberg; RMB Global Markets Research

SA IS AN INFLATION TARGETING OUTLIER

Emerging markets inflation targets: Starting

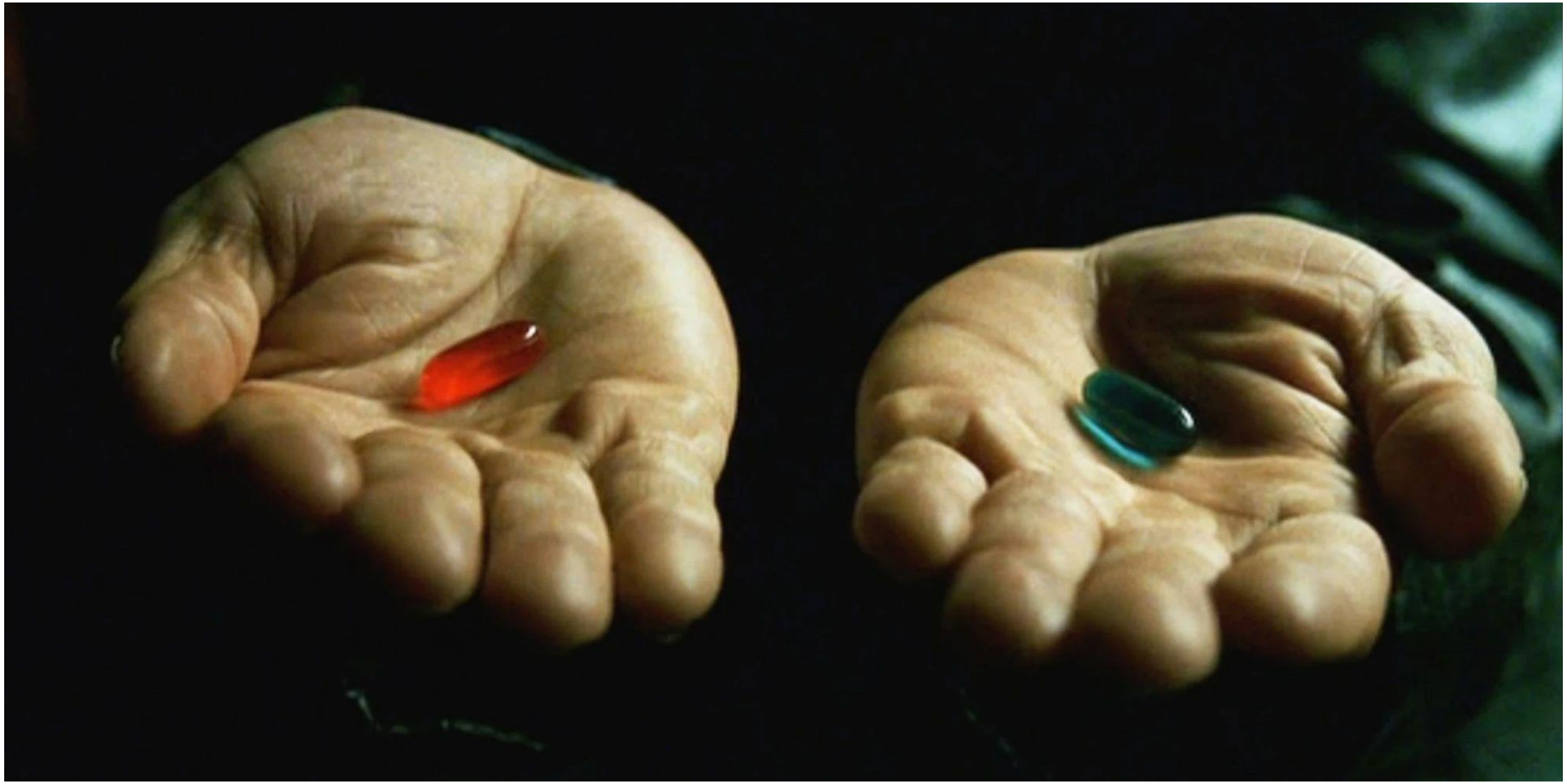


Emerging markets inflation targets: Current



Source: BIS, RMB Global Markets Research

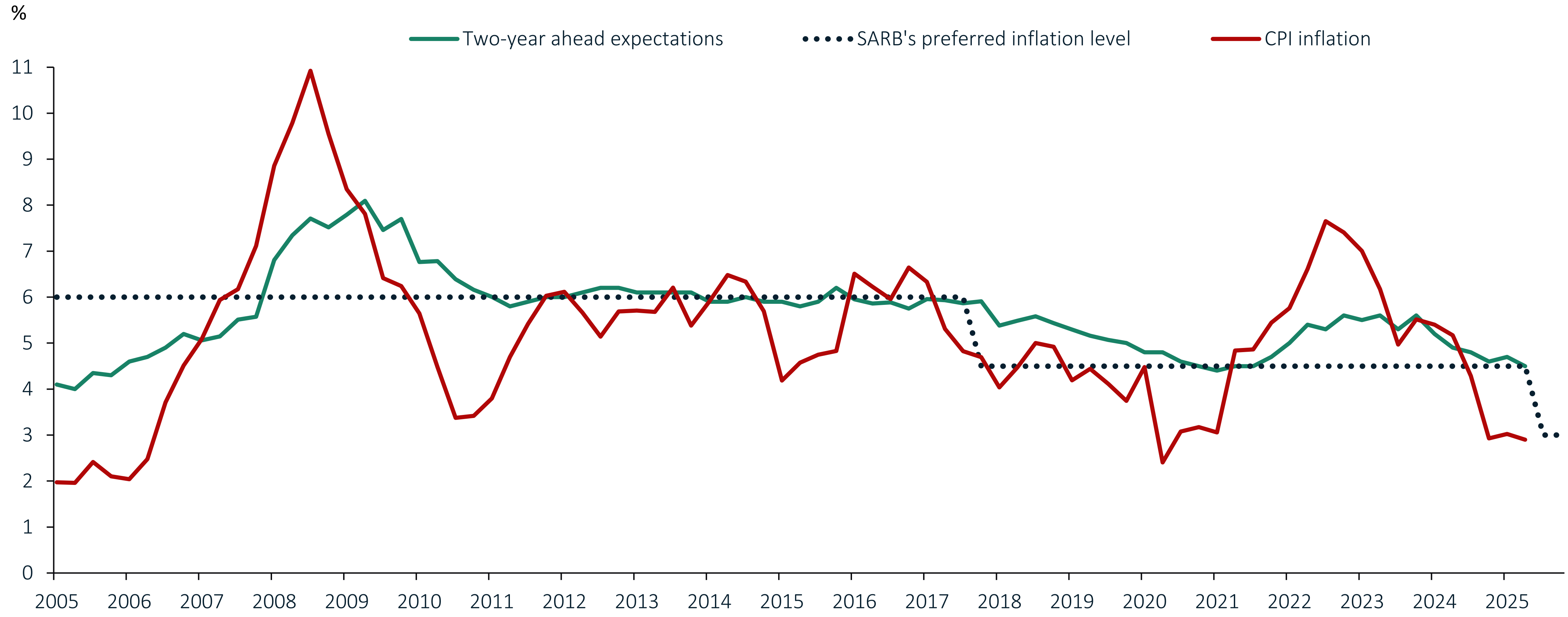
SARB MPC CHOSE THE RED PILL



Source: Wachowski, L., & Wachowski, L. (1999). The Matrix. Warner Bros.

INFLATION IS STICKY AND ABOVE THE 2% TARGET

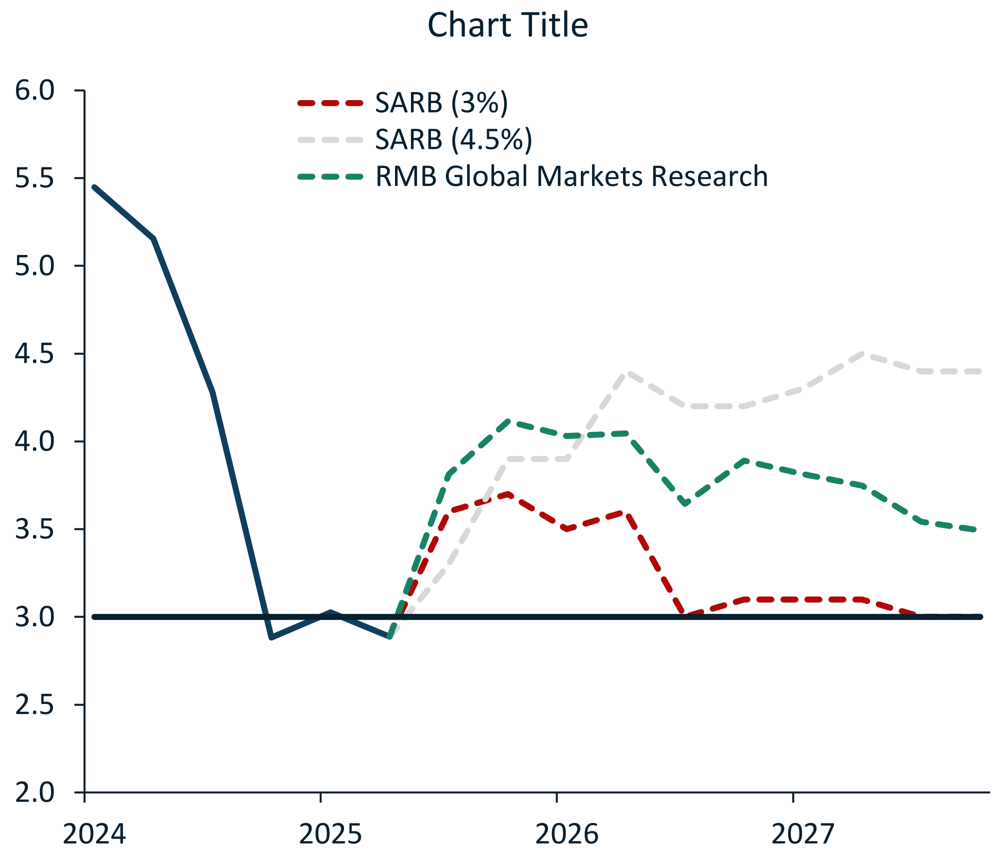
US personal consumption expenditure (PCE) inflation



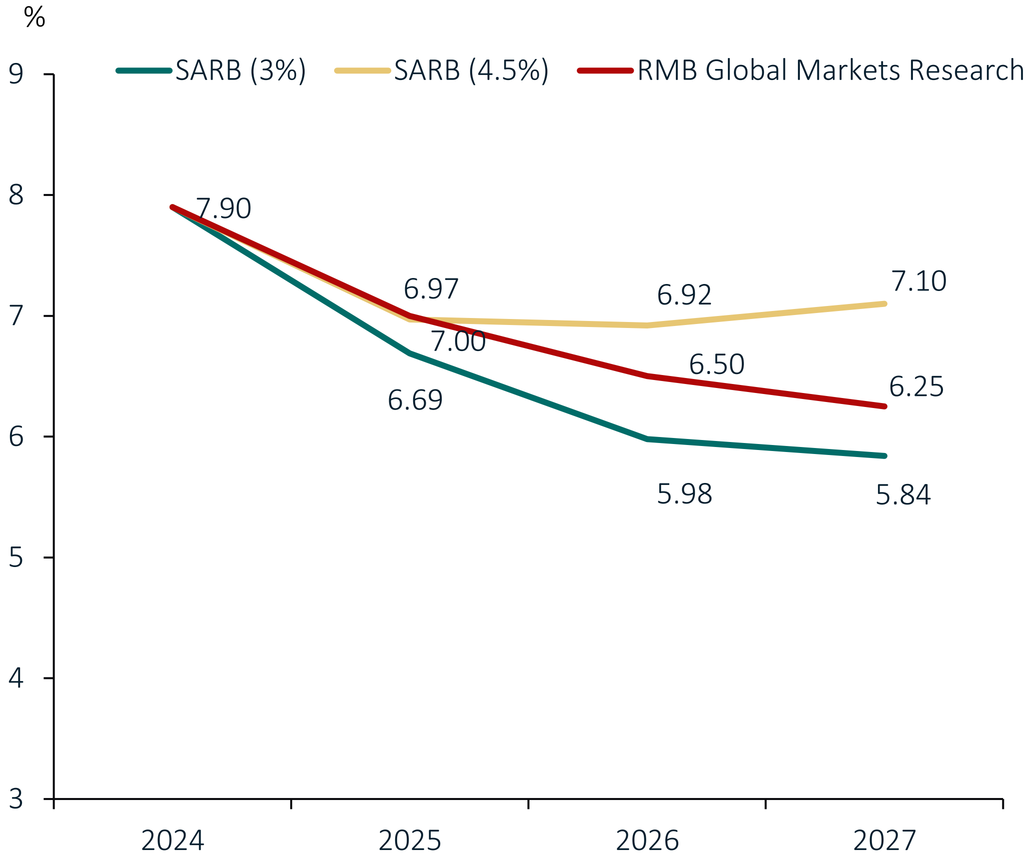
Source: BER; StatsSA, RMB Global Markets Research

INFLATION DRIFTS LOWER…WITH RATE CUTS

Emerging markets inflation targets: Starting



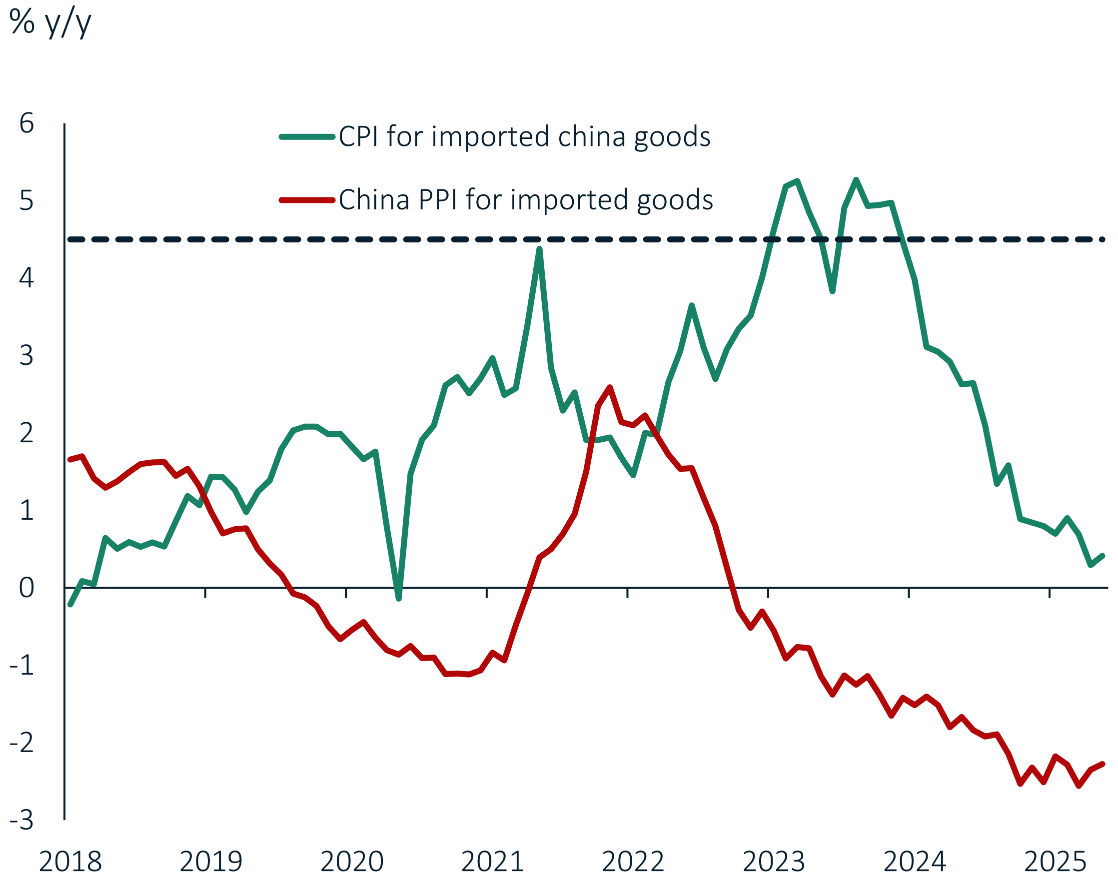
Emerging markets inflation targets: Current



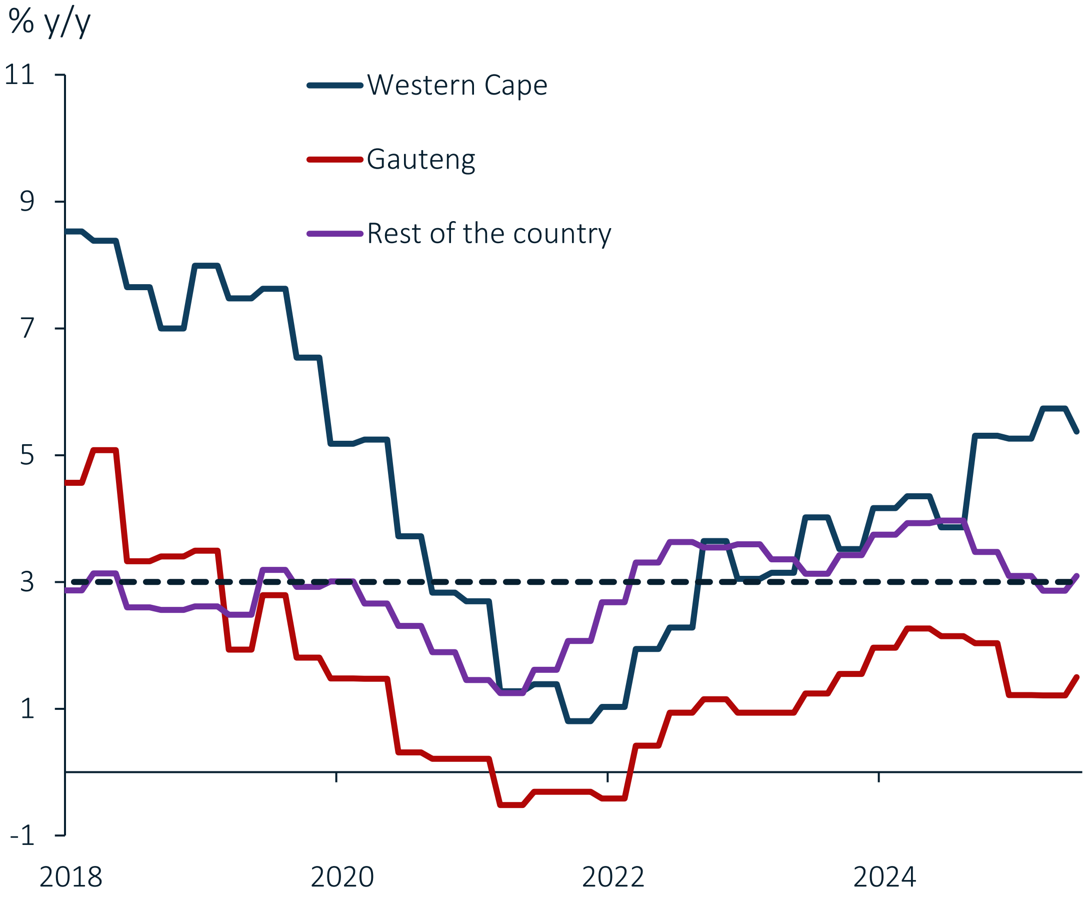
Source: StatsSA; SARB; RMB Global Markets Research

DISINFLATION DRIVER…

Imported Chinese deflation pulling prices down



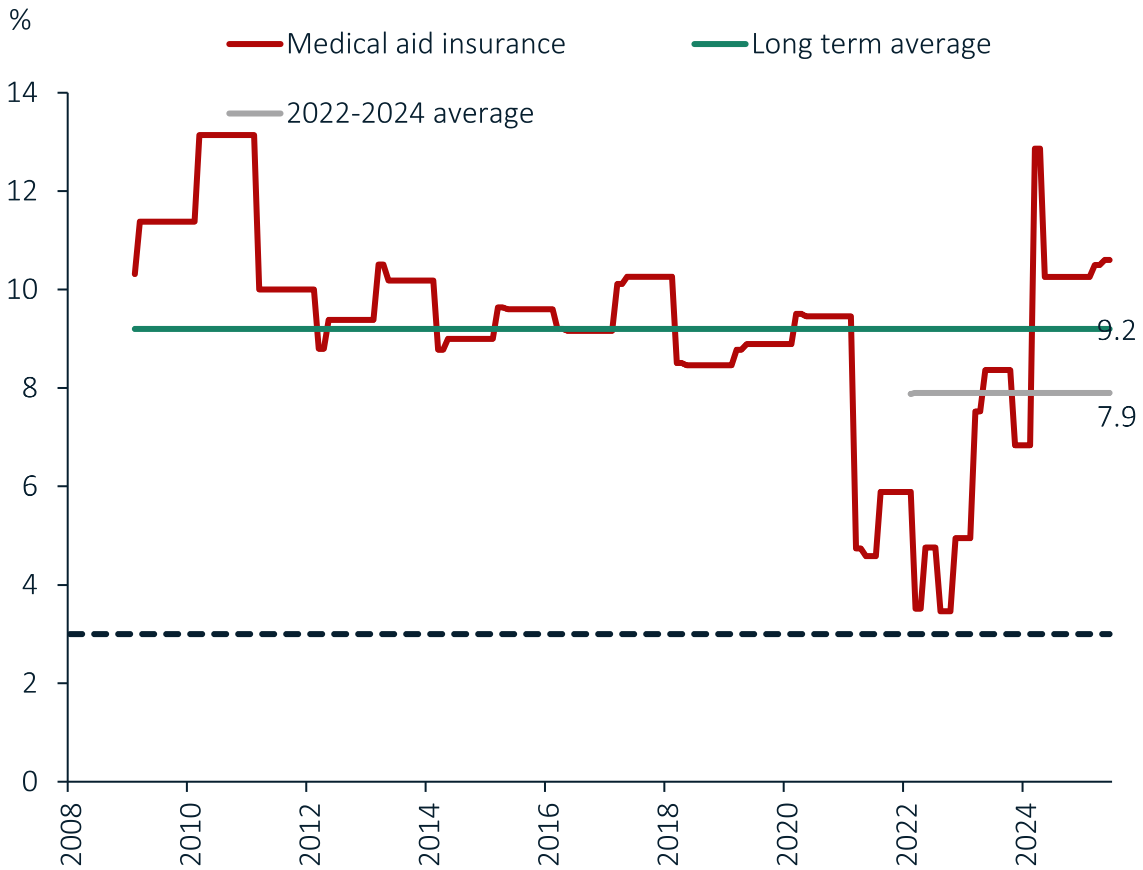
Geographical divergence suppressing rent inflation



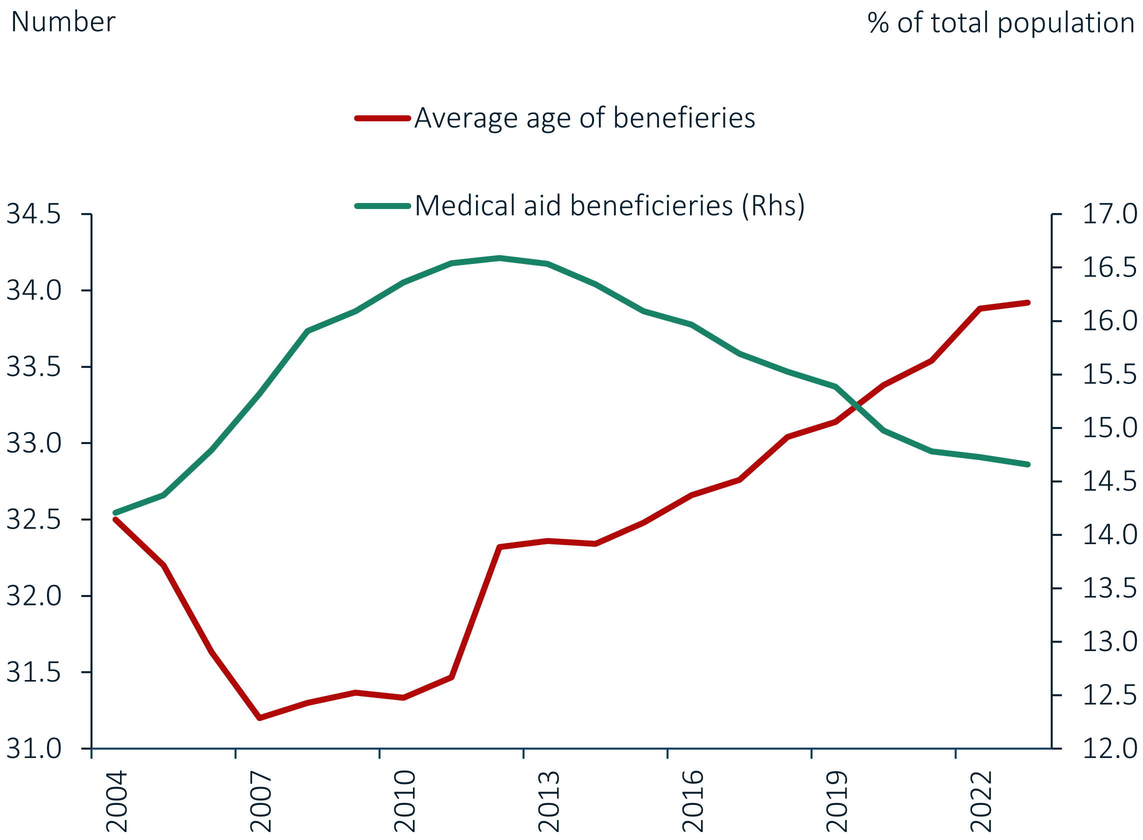
Source: StatsSA, National Bureau of Statistics China, RMB Global Markets Research

SOME COMPONENTS ARE CHRONICALLY HIGH

Chronic overshoot in medical aid inflation



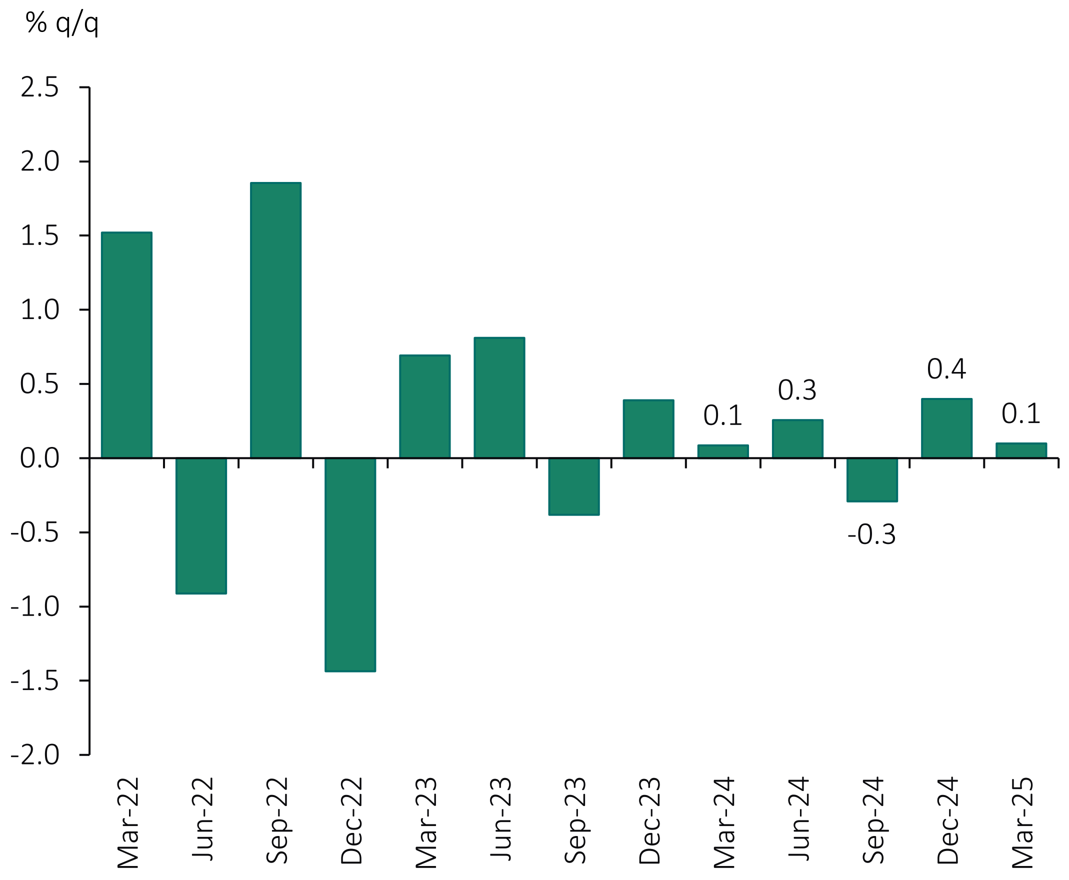
Emerging markets inflation targets: Current



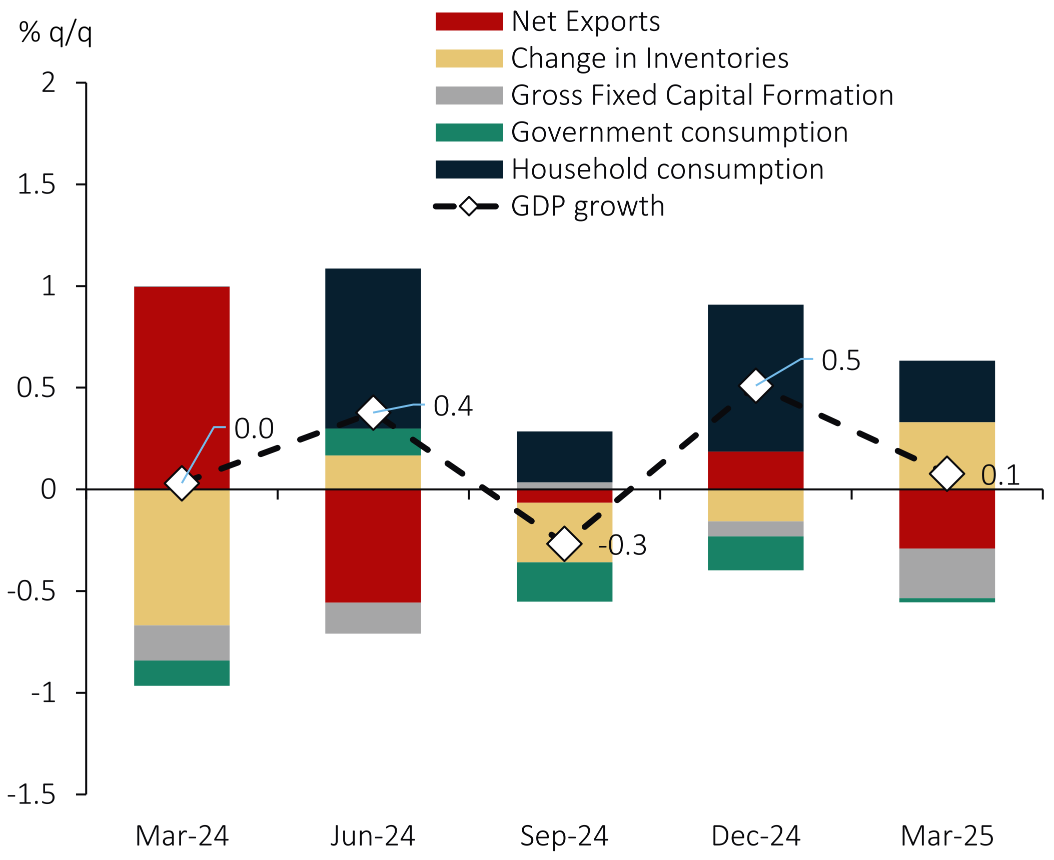
Source: StatsSA; Council for Medical Schemes; Global Markets Research

REALITY BITES FOR THE DOMESTIC ECONOMY

Real GDP remains muted



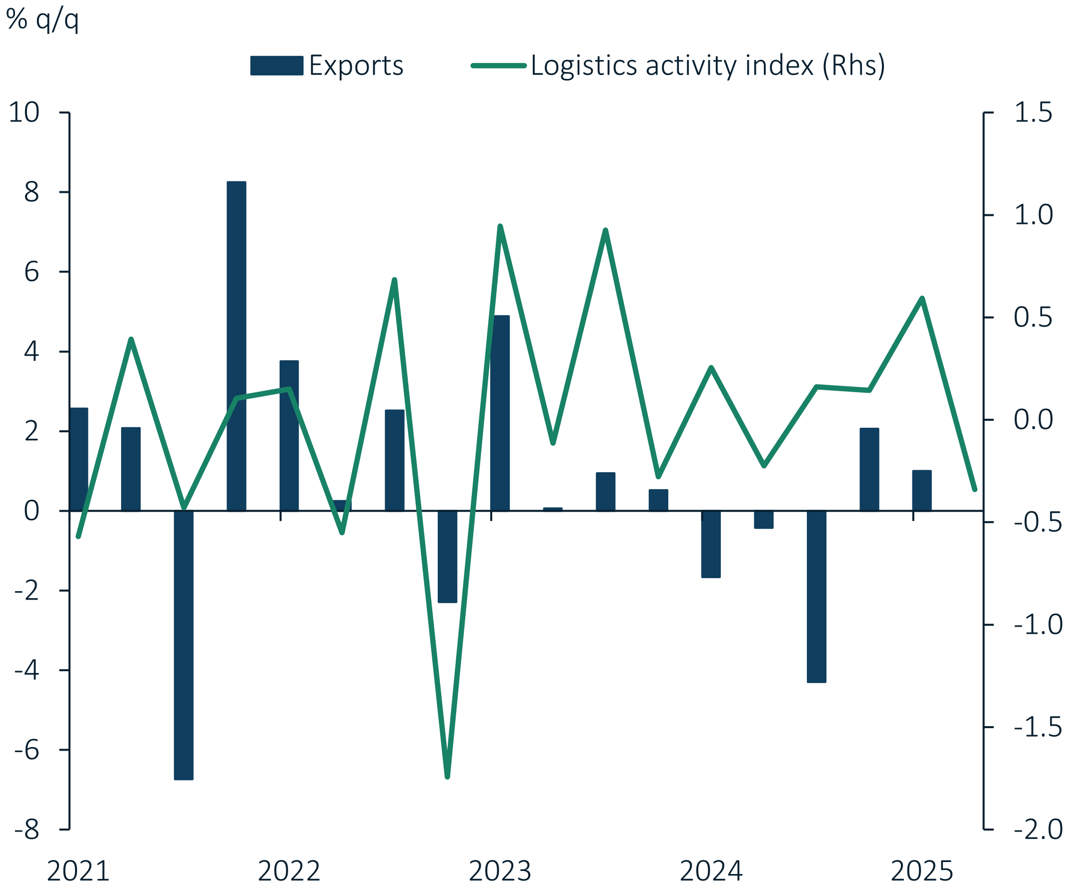
Driven by suppressed investment and external sector



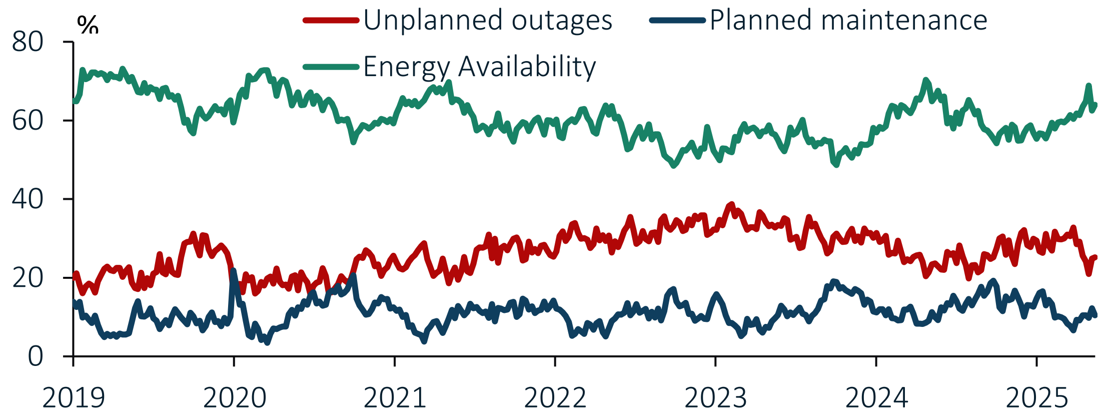
Source: StatsSA; Global Markets Research

RAIL AND PORTS STILL HINDERING GROWTH

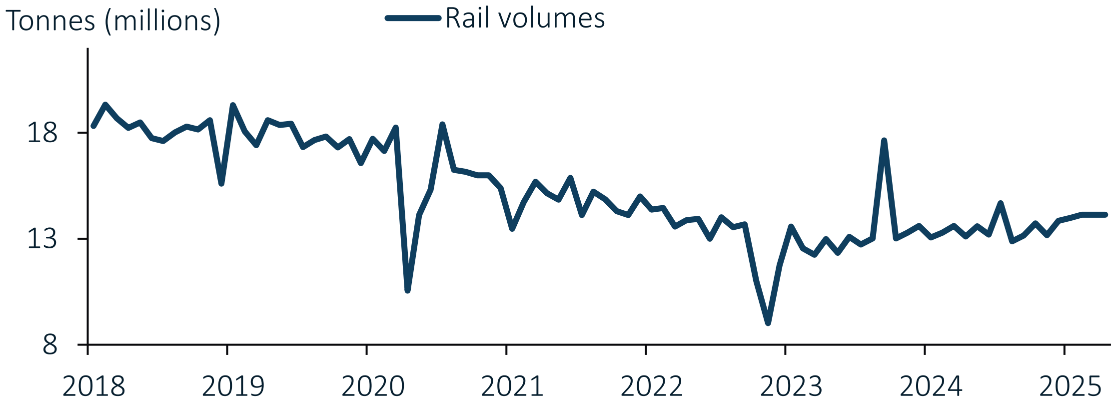
Supply chain bottlenecks continue to drag growth



Energy availability remains satisfactory



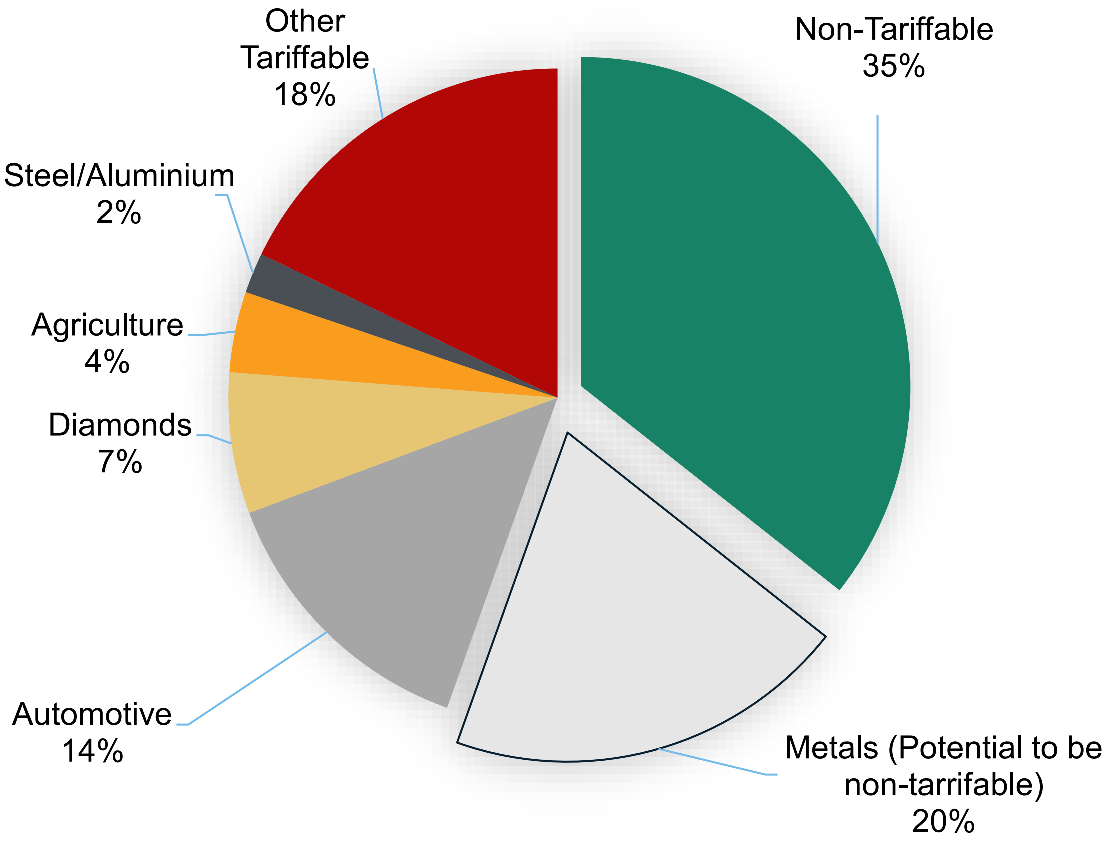
Rail volumes remain low



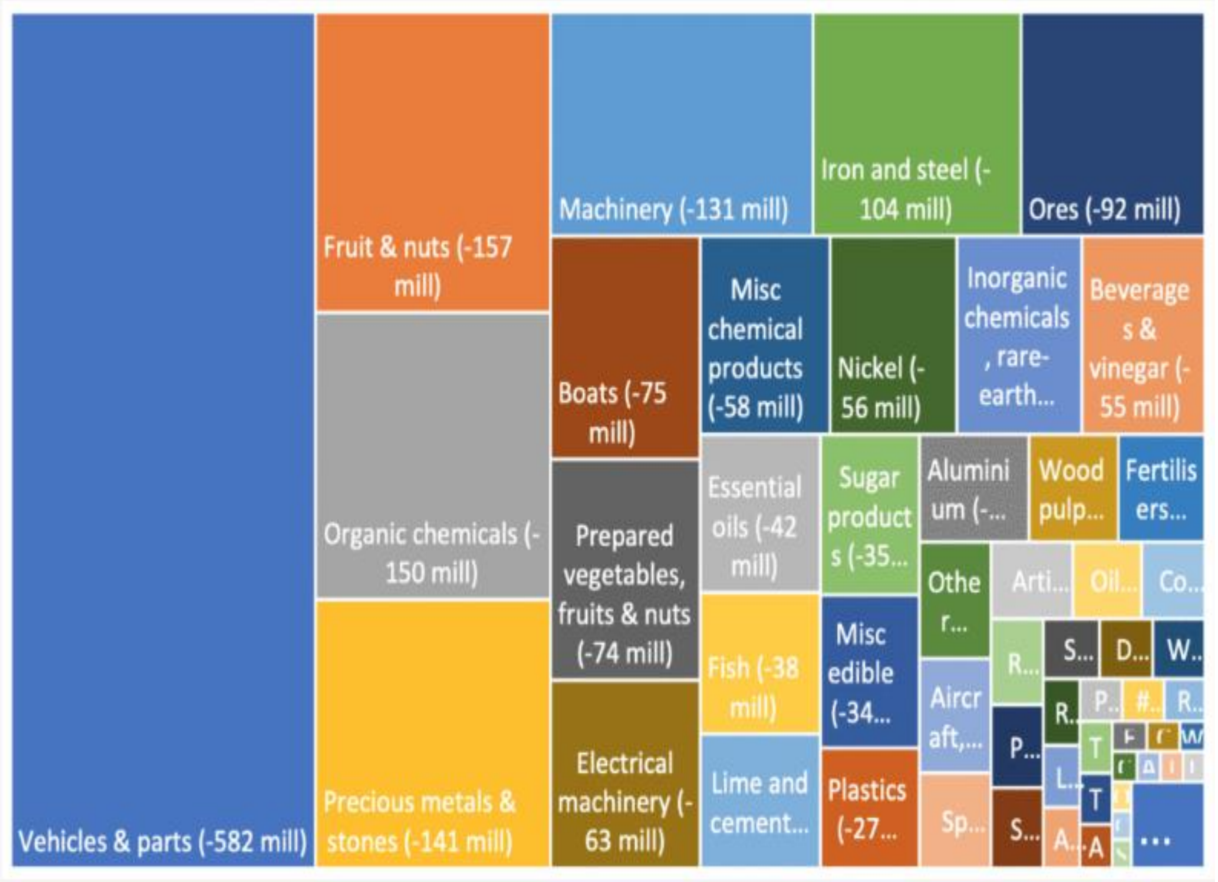
Source: StatsSA; Eskom; Transnet; Global Markets Research

US TARIFFS ACT AS ANOTHER HEADWIND…

Composition of SA exports to the US (2024)



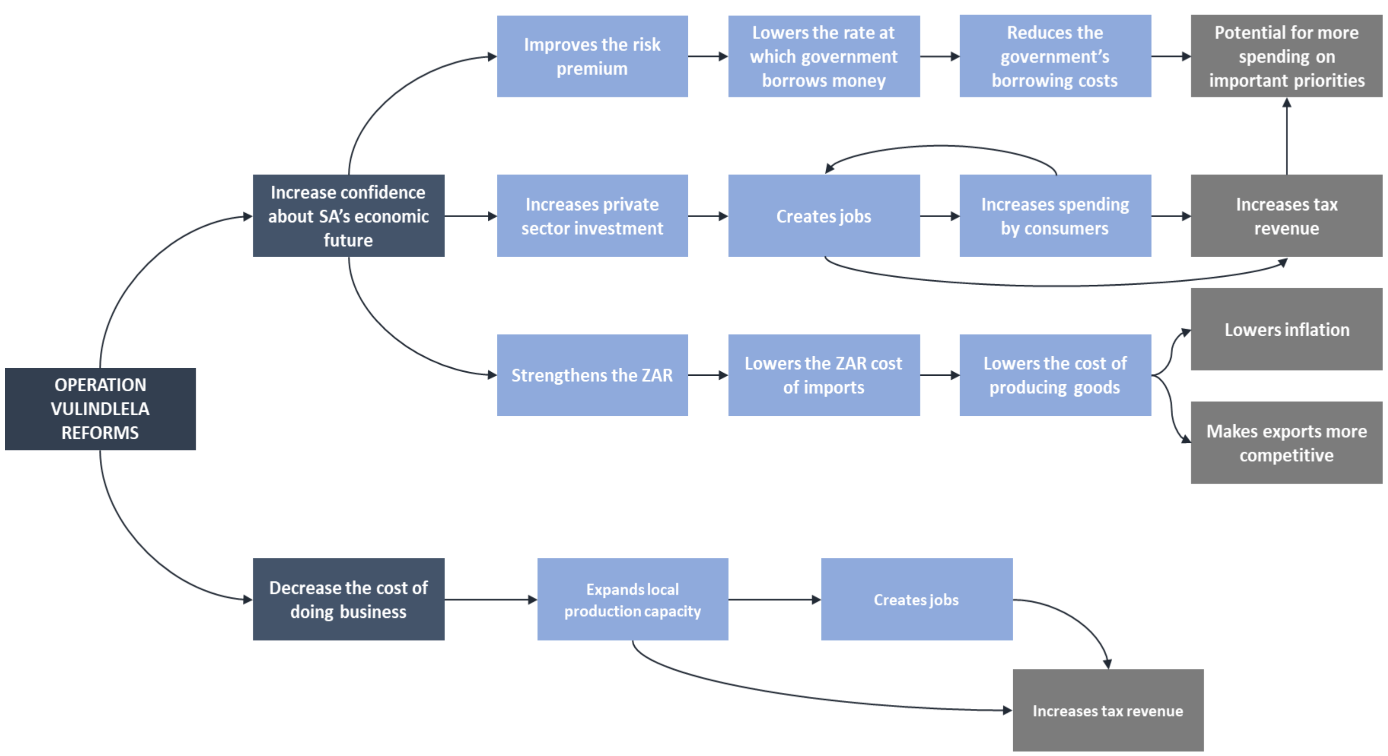
Export losses will be concentrated in vehicles



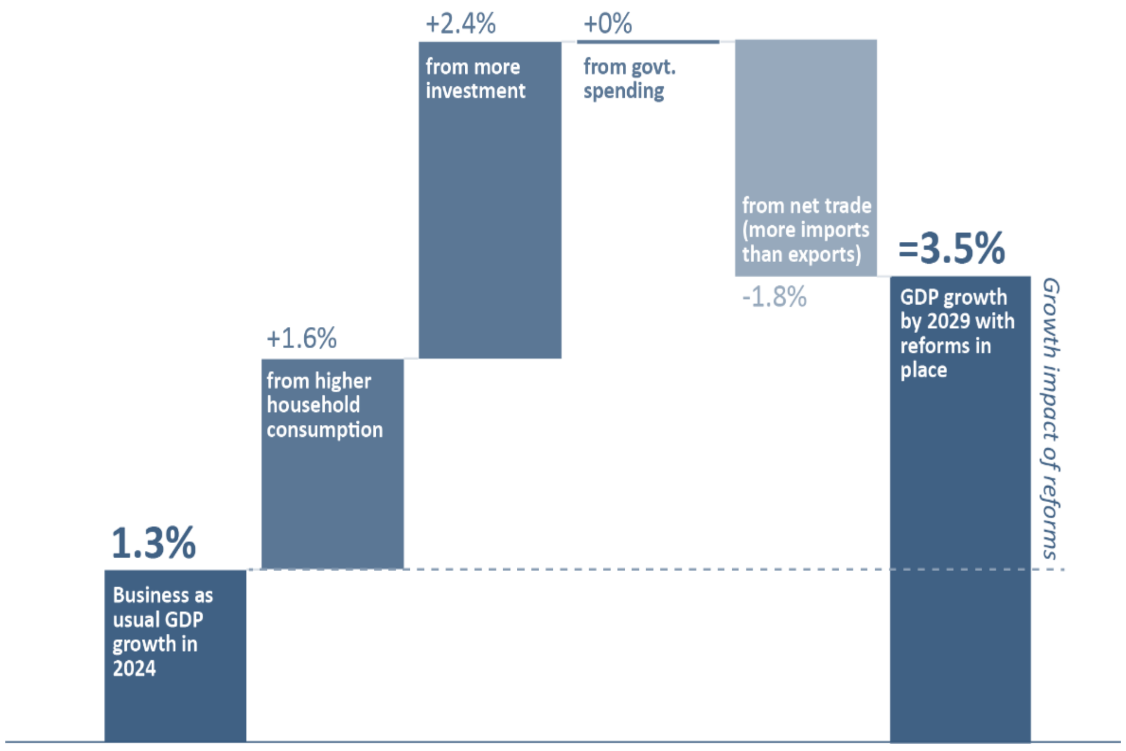
Source: Edwards, L. and Jing Chien (July 2025) South Africa Exports at Risk as US Tariff Hiatus Nears End, ERSA Economic; United Nations COMTRADE; SARS; RMB Global Markets Research

STRUCTURAL REFORMS TO FIX THE ECONOMY

The logic of economic reforms



OV reforms could boost growth to 3.5% by 2029



Source: Bureau of Economic Research (BER) 2024, "Redefining South Africa's economic trajectory

FOCUS AREAS FOR OV-II

Following through on existing reforms

Transform the electricity sector to achieve energy security

Create a world-class logistics system to support export growth

Ensure a secure and reliable supply of water

Reform the visa system to attract skills and investment

Expanding to new reform areas

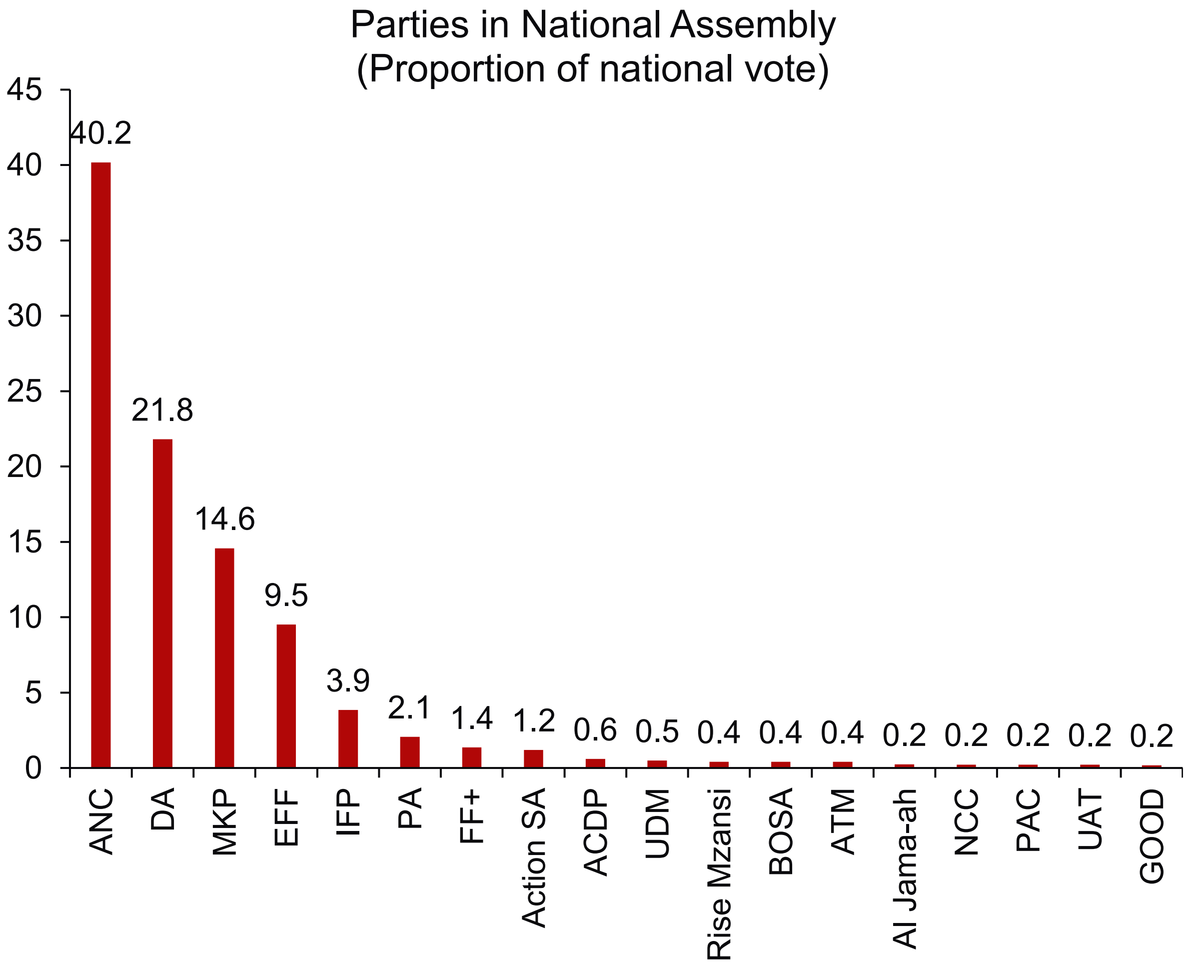
Create dynamic and integrated cities to enable economic activity

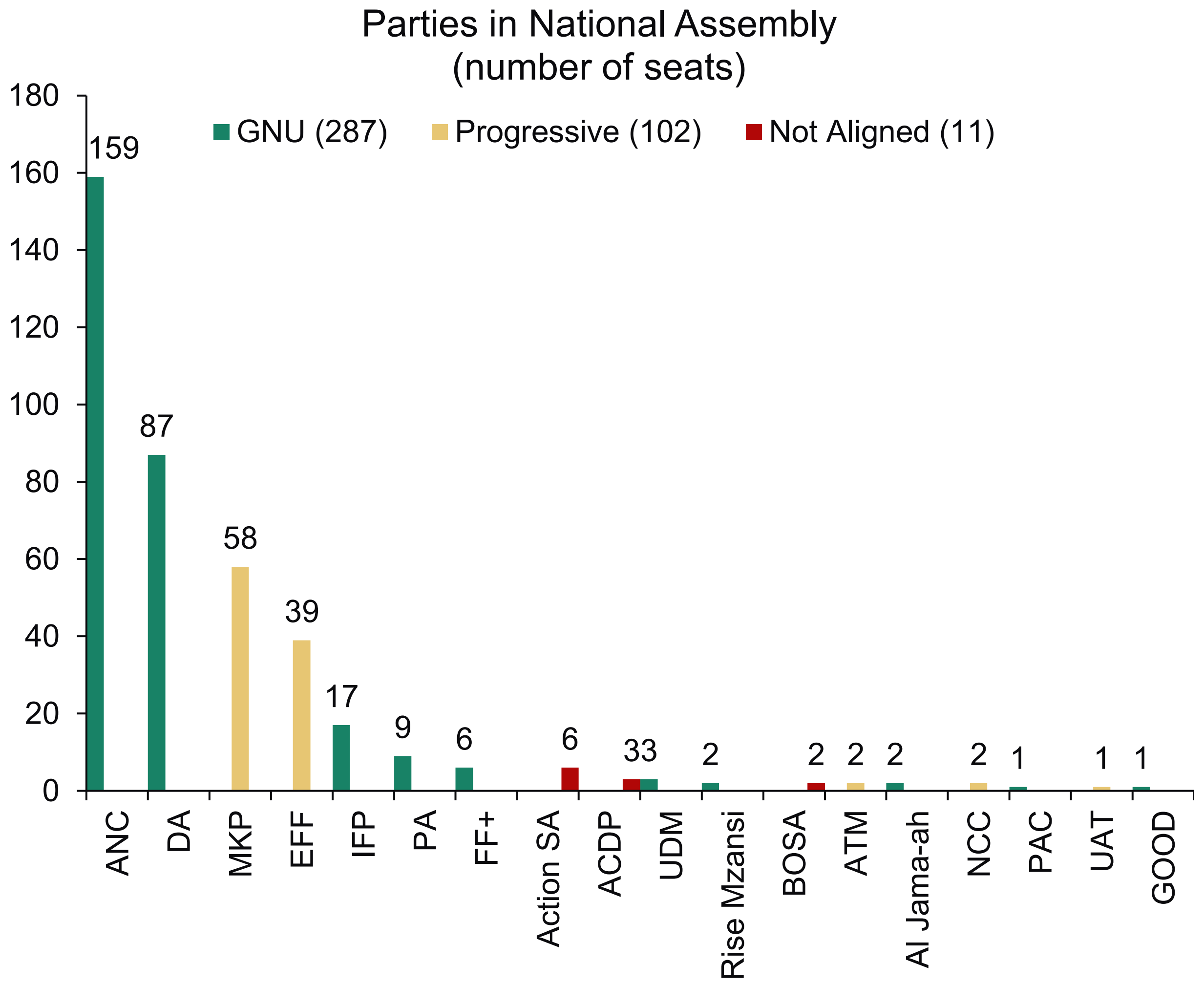
Harness digital public infrastructure as a driver of growth and inclusion

Strengthen local government and improve the delivery of basic services

Source: Adapted from Bureau of Economic Research (BER) 2024, "Redefining South Africa's economic trajectory

NEED FOR POLITICAL WILL…





Source: Adapted from Bureau of Economic Research (BER) 2024, "Redefining South Africa's economic trajectory

THANK YOU

ANY QUESTIONS?

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