SBM Mauritius Asset Managers Ltd

Monthly Market Wrap | September 2022

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	-9.3%	-5.3%	-20.9%	-24.8%	-16.8%	+20.5%	+42.3%	18.1%
MSCI World	-9.5%	-6.6%	-22.1%	-26.4%	-20.9%	+9.1%	+18.9%	17.5%
MSCI World Small Cap	-10.5%	-5.7%	-22.3%	-27.6%	-26.2%	+3.6%	+4.7%	20.8%
MSCI Europe	-6.4%	-4.5%	-14.3%	-19.3%	-13.4%	-1.6%	-0.4%	15.5%
MSCI EM	-11.9%	-12.5%	-23.3%	-28.9%	-30.1%	-12.5%	-19.0%	17.7%
MSCI AC Asia	-12.4%	-12.1%	-23.0%	-28.1%	-29.6%	-11.2%	-13.8%	15.5%
SEMDEX	+1.1%	-0.5%	-3.8%	+0.8%	+5.2%	-0.5%	-5.1%	16.1%
DEMEX	-1.0%	-6.3%	-11.4%	-9.2%	-3.0%	+17.2%	+23.9%	11.0%

Selected economic data*

Index	Manufacturing PMI		Service PMI		Consumer confidence		CPI YoY	Policy rate	Unemployment
	Current	-1M	Current	-1M	Current	-1M	Current	Current	Current
US	52.00	51.50	49.30	43.70	108.00	103.60	8.2%	3% - 3.25%	3.5%
Germany	47.80	49.10	45.00	47.70	74.00	81.00	10.0%	1.25%	5.5%
France	47.70	50.60	52.90	51.20	79.00	82.00	5.6%	1.25%	7.4%
UK	48.40	47.30	50.00	50.90	-49.00	-44.00	10.1%	2.25%	3.5%
Japan	50.80	51.50	52.20	49.50	31.00	31.90	3.0%	-0.10%	2.5%
China	48.10	49.50	49.30	55.00	NA	87.00	2.8%	4.35%	4.0%
India	55.10	56.20	54.30	57.20	NA	NA	7.4%	5.90%	6.4%

**based on latest available data*

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-5.1%	-6.9%	-14.6%	-19.9%	-20.4%	-16.2%	-11.1%	6.0%
Barclays US Aggregate Bond	-4.3%	-4.8%	-9.2%	-14.6%	-14.6%	-9.5%	-1.3%	4.8%
Barclays High Yield bond	-5.1%	-2.7%	-14.3%	-19.1%	-19.7%	-9.6%	-4.8%	10.1%
JP Morgan EMU IG Bond	-3.7%	-4.8%	-11.7%	-16.2%	-16.6%	-17.5%	-7.7%	5.5%
JP Morgan EM Bond	-6.7%	-4.9%	-16.4%	-24.7%	-24.9%	-20.4%	-13.1%	11.1%
FTSE Asian Broad Bond	-4.2%	-4.0%	-9.0%	-15.1%	-15.9%	-10.0%	-0.7%	5.5%

SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	1Y	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	223.11	+0.4%	+1.1%	+4.0%	0.3%
SBM Yield Fund	MUR	Global fixed income	11.60	-0.4%	-0.4%	+1.1%	7.5%
SBM Universal Fund	MUR	Multi-asset	29.87	-2.4%	-2.5%	-3.9%	8.0%
SBM Growth Fund	MUR	Global equities	12.29	-5.4%	-5.8%	-10.7%	13.1%
SBM India Fund (Class B)	USD	Indian equities	130.24	-4.4%	+7.6%	-8.3%	28.8%

Commodity prices

Commodity	Current $	1M
WTI Crude Oil / Bbl	79.49	-11.2%
Brent Crude Oil / Bbl	87.96	-8.8%
Natural Gas / mmBtu	6.77	-25.9%
Copper / oz	341.25	-3.0%
Silver / oz	19.03	+5.8%
Gold / oz	1,660.61	-2.9%

Exchange rates

	Current	-1M
EUR/USD	0.98	1.01
USD/JPY	144.74	138.96
GBP/USD	1.12	1.16
USD/MUR	45.75	44.55
EUR/MUR	44.89	44.46
GBP/MUR	51.13	51.76

SEMDEX sector performance (%)

Index	Weight	1M
Financials	39.8%	+0.7%
Commerce	16.5%	+3.4%
Industry	7.2%	+0.3%
Investments	22.8%	-0.2%
Leisure & Hotels	8.0%	+3.9%
Property	5.0%	+0.4%
Sugar	0.4%	+0.6%
Foreign	0.2%	0.0%

Top 3 Gainers - SEMDEX

Stock	1M
Sun Limited	+20.0%
Medine Limited	+8.3%
Promotion and Development Ltd	+5.3%

Top 3 Losers - SEMDEX

Stock	1M
National Investment Trust Ltd	-10.2%
Alteo Limited	-9.2%
Harel Mallac Ltd	-6.1%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	0.97%	1.15%	1.28%	2.93%	3.49%	4.68%	5.00%	5.20%
-1M	0.90%	1.09%	1.25%	2.91%	3.43%	4.65%	4.99%	5.20%

Commentary

Local equity indices posted mixed performances in September with the SEMDEX and DEMEX closing the month at 2,115.51 and 277.40 points, equivalent to respective returns of 1.1% and -1.0%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were IBLL, SUN and MCBG while the main laggards were ALTG, ENLG and SBMH. The top three price gainers SUN (+20.0%), MEDINE (+8.3%) and PAD (+5.3%) while the top three losers were NIT (-10.2%), ALTG (-9.2%) and HMALLAC (-6.1%). The price-earnings ratio and dividend yield of the SEMDEX stood at 10.72x and 3.43% respectively, as at 30 September against corresponding figures of 12.25x and 3.48% as at 31 August. The stock market registered net foreign inflows of MUR 16.7M during the month, mainly driven by NIT, SBMH and MEDINE.

International equities remained choppy in September amid fears that central banks will continue raising interest rates until inflation is tamed, hence increasing the risk of a global recession. The MSCI World index posted a return -9.5% MoM.

The S&P 500 index recorded a return -9.3% MoM with US equities posting their third straight quarter losses for the first time since 2009. All the 11 major industry groups ended the month in negative territory with Real Estate, Communication Services and Information Technology being among the top decliners. The S&P Global US Purchasing Managers' Index (PMI) posted a slight uptick from 51.3 in August to 52.0 in September amid renewed expansions in output and new orders. Despite operating conditions remaining subdued, an increase in client demand led to a return to growth in new orders for the first time in four months. The strength of the greenback is translating into lower import costs and the easing supply-chain conditions are expected to moderate the pressure on firms' costs and customers.

The Eurostoxx 50 index posted a return -5.7% with the FTSE MIB and DAX indices recording respective MoM returns of -4.2% and -5.6% while the CAC 40 registered -5.9%. The Eurozone manufacturing sector fell further into contraction territory as PMI edged down to 48.4 in September, its lowest level since June 2020 (August 2022: 49.6). The downturn in operating conditions was primarily driven by the rising price pressures and slumping demand. Business confidence slipped back to negative territory, mainly attributable to the energy crisis, ongoing war in Ukraine and rising recession fears. In the UK, the FTSE 100 index posted a return of -5.4%. The sterling sank to a record low against the US dollar following UK's mini budget which triggered an emergency intervention from the Bank of England to avoid a systemically significant meltdown in the bond market. Despite PMI edging up slightly from 47.3 in August to 48.4 in September, the manufacturing sector remained in contraction zone.

In Japan, the Nikkei 225 index registered a return of -7.7%. Operating conditions came under pressure as high inflation and slowing global market conditions weighed on orders; PMI declined from 51.5 in August to 50.8 in September, reaching its lowest since January 2021. The depreciation of the Japanese Yen is pushing imported inflation higher and driving domestic price pressures upward.

Emerging equities underperformed developed markets with the MSCI Emerging Markets index posting a return of -11.9% in September. The CSI300 index registered a return of -6.7% MoM in local currency and -9.7% in USD. In China, Covid-19 restrictions weighed on both demand and production with PMI declining to 48.1 in September against 49.5 in August, marking the second straight month of contraction. In India, the BSE Sensex index recorded a return of -3.5% during the month. The Indian manufacturing sector continued to expand, albeit at a weaker pace, with PMI edging down to 55.1 in September against 56.2 in August.

At fixed income level, the Barclays Global Aggregate Bond index posted a return of -5.1% MoM as the bond market weighed in the determination of the Fed to counter high inflation through aggressive rate hikes. The 10-year US Treasury yields increased by 64bps, closing at 3.83% in September (August 2022: 3.19%), as elevated inflation and the aggressive tightening stance of the Fed extended the bond rout. The Fed raised the target Fed Funds rate by 75bps for the third consecutive time to the 3.00%-3.25% range. The ECB decided to raise key interest rates by 75bps at its September meeting. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility increased to 1.25%, 1.50% and 0.75%, respectively.

On the commodity side, the S&P GSCI index posted -7.8% MoM. Oil prices maintained the downward trajectory with Brent and WTI prices registering corresponding returns of -8.8% and -11.2%. The price of natural gas moved by -25.9% MoM as EU set out a framework detailing its intervention to tackle the energy crisis by reducing electricity demand. Industrial metals recorded mixed performances with copper and silver posting -3.0% and 5.8%, respectively. Regarding precious metals, gold remained on the downtrend in September, posting a return of -2.9%.

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