SBM Mauritius Asset Managers Ltd

Monthly Market Wrap | November 2023

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+8.9%	+1.3%	+9.3%	+19.0%	+12.0%	+26.1%	+65.5%	19.0%
MSCI World	+9.2%	+1.3%	+8.0%	+16.2%	+11.1%	+17.1%	+48.1%	18.6%
MSCI World Small Cap	+9.2%	-3.2%	+3.5%	+3.9%	+0.2%	+1.9%	+22.2%	22.1%
MSCI Europe	+6.3%	+0.7%	+2.1%	+8.8%	+4.9%	+20.0%	+28.1%	16.3%
MSCI EM	+7.9%	+0.7%	+3.0%	+3.2%	+1.5%	-18.1%	-0.8%	19.1%
MSCI AC Asia	+7.7%	+0.1%	+2.4%	+4.2%	+3.7%	-14.3%	+5.6%	17.2%
SEMDEX	+0.0%	-0.8%	+4.0%	+0.5%	+0.6%	+28.8%	-7.6%	16.5%
DEMEX	-2.0%	+0.4%	+5.8%	-0.2%	-0.4%	+30.5%	+12.9%	11.4%

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	49.4	50.0	50.8	50.6	101.0	99.1	3.1%	5.25% - 5.5%	3.7%
Germany	42.6	40.8	49.6	48.2	NA	89.0	3.2%	4.5%	5.7%
France	42.9	42.8	45.4	45.2	87.0	84.0	3.5%	4.5%	7.4%
UK	47.2	44.8	50.9	49.5	-24.0	-30.0	3.9%	5.3%	4.3%
Japan	48.3	48.7	50.8	51.6	35.5	35.4	3.3%	-0.1%	2.5%
China	50.7	49.5	51.5	50.4	NA	87.9	-0.5%	4.4%	4.0%
India	56.0	55.5	56.9	58.4	NA	NA	5.6%	6.5%	7.7%

**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	+5.0%	+0.8%	+0.1%	+1.5%	+2.0%	-17.9%	-3.6%	7.3%
Barclays US Aggregate Bond	+4.5%	+0.3%	-0.8%	+1.6%	+1.2%	-12.8%	+3.6%	6.0%
Barclays High Yield bond	+5.4%	+2.7%	+6.8%	+9.6%	+10.3%	-1.0%	+15.6%	10.8%
JP Morgan EMU IG Bond	+3.0%	+0.7%	+0.7%	+3.3%	-1.3%	-18.0%	-7.2%	6.4%
JP Morgan EM Bond	+6.0%	+1.4%	+3.9%	+5.5%	+5.8%	-14.0%	+5.1%	12.1%
FTSE Asian Broad Bond	+4.0%	+1.9%	+1.4%	+4.4%	+5.6%	-9.6%	+9.3%	6.6%

SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	1Y	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	234.23	+0.3%	+0.9%	+4.3%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.39	+1.2%	-2.2%	+2.2%	7.9%
SBM Universal Fund	MUR	Multi-asset	31.83	+3.1%	-0.5%	+5.1%	8.4%
SBM Growth Fund	MUR	Global equities	13.96	+5.7%	-1.3%	+7.8%	13.9%
SBM India Fund (Class B)	USD	Indian equities	155.26	+7.6%	+4.9%	+12.1%	27.3%

Commodity prices

Commodity	Current $	1M
WTI Crude Oil / Bbl	75.96	-6.2%
Brent Crude Oil / Bbl	82.83	-5.2%
Natural Gas / mmBtu	2.80	-21.6%
Copper / oz	382.90	+4.9%
Silver / oz	25.27	+10.6%
Gold / oz	2,036.41	+2.6%

Exchange rates

	Current	-1M
EUR/USD	1.09	1.06
USD/JPY	148.20	151.68
GBP/USD	1.26	1.22
USD/MUR	44.11	44.51
EUR/MUR	48.03	47.08
GBP/MUR	55.67	54.08

SEMDEX sector performance (%)

Index	Weight	1M
Financials	43.5%	+0.5%
Commerce	16.1%	-0.1%
Industry	6.5%	-0.1%
Investments	20.4%	+0.1%
Leisure & Hotels	9.1%	-1.4%
Property	3.7%	-2.3%
Sugar	0.6%	+3.9%
Foreign	0.2%	0.0%

Top 3 Gainers - SEMDEX

Stock	1M
Mauritius Chemical & Fertilizer Indust	+8.7%
CIEL Limited	+4.5%
United Basalt Products Ltd	+4.0%

Top 3 Losers - SEMDEX

Stock	1M
Automatic Systems Ltd	-7.6%
BlueLife Limited	-5.3%
Lux Island Resorts Ltd	-4.7%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	3.73%	3.88%	4.07%	4.31%	4.48%	4.70%	4.96%	5.26%
-1M	3.29%	3.47%	3.64%	3.95%	4.08%	4.53%	4.84%	5.09%

Commentary

Local indices posted contrasting performances in November with the SEMDEX trading mostly unchanged at 2,064.63 points while the DEMEX headed south to close at 266.14 points, equivalent to respective returns of +0.0% and -2.0%. The main leaders, that is, companies which contributed to the positive performances of the SEMDEX were CIEL, MCBG and SBMH while the main laggards were LUX, ENLG and ASCE. The top three price gainers were MCFI (+8.7%), CIEL (+4.5%) and UBP (+4.0%) while the main detractors were ASL (-7.6%), BLL (-5.3%) and LUX (-4.7%). The price-earnings ratio and dividend yield of the SEMDEX stood at 6.53x and 4.22%, respectively as at 30 November against corresponding figures of 6.54x and 4.18%, as at October 2023. The local bourse witnessed a significant drop in foreign flows during the month with foreigners being net seller to the tune of MUR14.3M (vs. net inflow of MUR148.4M in Oct-23), driven mainly by MCBG, ENLG and SBMH.

International equities notched their best monthly gain in three years, fuelled by expectations that the monetary policy inflection point is close and that the Federal Reserve will initiate rate cuts in 2024. Latest data supported the view that central banks may have reached the end of their aggressive hiking campaign. Consequently, the MSCI World index posted 9.2% MoM.

The S&P 500 index gained 8.9% in November, registering its second-best November since 1980. 10 of the major industry groups recorded positive performances, led by Information Technology, Real Estate and Consumer Discretionary. Value stocks outperformed their growth counterparts, with the S&P Value index posting 9.3% against 8.6% for the S&P Growth index. The S&P Global US Purchasing Managers' Index (PMI) edged down to 49.4 in November against 50.0 in October, signalling renewed deteriorations in operating conditions; new domestic orders contracted on account of waning demand. Cost pressures softened during the month with input prices rising at the slowest pace in over 3 years.

The Eurostoxx 50 index surged by 7.9% MoM as the latest eurozone inflation print suggested easing price pressures, thereby lifting market sentiment. The CAC 40 and FTSE MIB indices recorded respective performances of 6.2% and 7.2% while the DAX 30 index posted 9.5%. The Eurozone manufacturing output remained in contraction territory though the latest PMI reading pointed to easing contractions in new orders and output; PMI stood at 44.2 in November against 43.1 in October 2023. In the UK, the FTSE 100 index recorded 1.8%. The downturn in manufacturing activity eased significantly in November with PMI edging up to 47.2 in November against 44.8 in October. Firms remained cautious about weaker inflows of new business and scaling back of production, resulting in cutbacks in staffing.

In Japan, the Nikkei 225 index rallied by 8.5% MoM. Operating conditions for the manufacturing sector remained downbeat with PMI declining from 48.7 in October to 48.3 in November. Further contractions in output and sustained declines in new orders amid weakening demand in the international and domestic markets contributed to deteriorations in the sector's health. Cost pressures remained elevated on account of higher raw material prices and unfavourable exchange rate movements.

Emerging markets' equities trailed developed markets after the MSCI Emerging Markets index registered 7.9% in November, weighed down by China's lingering underperformance in 2023. The CSI 300 index lagged the broad market indices, posting -2.1% in local currency and 0.3% in USD. The manufacturing PMI rose from 49.5 in October to 50.7 in November, hitting a 3-month high and indicating an improvement in the operating conditions. In India, the BSE Sensex index recorded a return of 4.9% for the month. Following a deceleration in October, the manufacturing output regained momentum with the PMI increasing to 56.0 in November (October 2023: 55.5). Output growth ticked higher amid a rise in new sales and healthy demand.

At fixed income level, the Barclays Global Aggregate Bond index registered 5.0% in November. Global bonds soared towards its biggest monthly gain since 2008, driven by easing inflationary pressures and expectations that the Fed is done with its rate hiking cycle and might start cutting interest rates in 2024. The 10-year US Treasury yield dropped 60bps to 4.33% in November as weaker-than-expected inflation data spurred the bond rally. The US Federal Reserve (Fed) kept its target Fed Funds rate steady at its range of 5.25%-5.50% at its November meeting. The ECB maintained key interest rates since no monetary policy meeting was held during the month. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility stood at 4.50%, 4.75% and 4.00%, respectively.

On the commodity side, the S&P GSCI index posted -3.6% MoM following a decline in oil prices. The corresponding price of Brent and WTI declined by -5.2% and -6.2% amid an increase in US oil production. The price of natural gas fell by 21.6% MoM following expectations of lower demand driven by mild weather and higher storage levels in Europe. Regarding industrial metals, Silver recorded gains of 10.6% MoM following growing supply deficits while the price of Copper rose by 4.9% amidst improving industrial activity in China. The dwindling supply from Panama and Peru further lifted the price. Gold reached $ 2,035, equivalent to a gain of 2.6% MoM, following the weakening of the dollar and bets on rate cuts.

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