

# Monthly Market Wrap

I December 2025

## Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	-0.1%	+2.3%	+10.3%	+16.4%	+16.4%	+78.3%	+82.3%	15.0%
MSCI World	+0.7%	+2.9%	+10.0%	+19.5%	+19.5%	+70.2%	+64.7%	14.3%
MSCI World Small Cap	+0.8%	+2.5%	+10.9%	+18.0%	+18.0%	+42.8%	+30.6%	17.0%
MSCI Europe	+2.6%	+5.9%	+9.3%	+16.3%	+16.3%	+38.7%	+49.6%	11.8%
MSCI EM	+2.7%	+4.3%	+14.9%	+30.6%	+30.6%	+46.8%	+8.8%	15.5%
MSCI AC Asia	+2.0%	+3.2%	+11.9%	+25.3%	+25.3%	+46.2%	+13.9%	14.3%
SEMDEX	-0.3%	-3.2%	+3.2%	-0.9%	-0.9%	+15.9%	+44.5%	10.8%
DEMEX	+0.7%	+0.3%	+0.3%	-4.8%	-4.8%	-15.7%	+5.1%	10.0%

## Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	+0.3%	+0.2%	+0.8%	+8.2%	+8.2%	+12.4%	-10.3%	7.7%
Barclays US Aggregate Bond	-0.1%	+1.1%	+3.2%	+7.3%	+7.3%	+14.6%	-1.8%	6.3%
Barclays High Yield bond	+1.0%	+2.2%	+4.9%	+12.1%	+12.1%	+39.5%	+23.0%	7.6%
JP Morgan EMU IG Bond	-0.6%	+0.3%	+0.1%	+0.7%	+0.7%	+9.7%	-13.2%	6.2%
JP Morgan EM Bond	+0.7%	+3.1%	+7.9%	+13.9%	+13.9%	+34.1%	+7.2%	9.5%
FTSE Asian Broad Bond	-0.0%	+1.0%	+3.8%	+8.4%	+8.4%	+22.2%	+5.1%	5.8%

## Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	57.42	-1.9%
Brent Crude Oil / Bbl	60.85	-3.7%
Natural Gas / mmBtu	3.69	+24.0%
Copper / oz	568.20	+9.6%
Silver / oz	71.66	+26.8%
Gold / oz	4,319.37	+1.9%

## SEMDEX sector performance (%)

Index	Weight	1M
Financials	49.4%	-0.2%
Commerce	10.9%	+4.1%
Industry	5.4%	-0.4%
Investments	17.7%	+0.1%
Leisure & Hotels	9.6%	+1.8%
Property	3.1%	-0.5%
ICT	3.4%	+3.5%
Sugar	0.4%	+4.4%
Foreign	0.1%	0.0%

## Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	4.30%	4.56%	4.86%	5.11%	5.35%	5.61%	5.85%	5.97%
-1M	4.33%	4.57%	4.89%	5.10%	5.31%	5.57%	5.82%	5.95%

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## Selected economic data\*

Index	Manufacturing PMI		Service PMI		Consumer confidence		CPI YoY	Policy rate	Unemployment
	Current	-1M	Current	-1M	Current	-1M			
US	51.8	52.2	52.5	54.1	89.1	92.9	2.7%	3.50% - 3.75%	4.4%
Germany	47.0	48.2	52.7	53.1	90.0	91.0	1.8%	2.2%	6.3%
France	50.7	47.8	50.1	51.4	90.0	89.0	0.8%	2.2%	7.7%
UK	50.6	50.2	51.4	51.3	-16.0	-19.0	3.4%	3.8%	5.1%
Japan	50.0	48.7	51.6	53.2	36.8	36.9	2.1%	0.8%	2.6%
China	50.1	49.9	52.0	52.1	NA	90.3	0.8%	4.4%	4.0%
India	55.0	56.6	58.0	59.8	NA	NA	1.3%	5.3%	7.7%

\*based on latest available data

## SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	1Y	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	253.08	+0.3%	+1.0%	+3.8%	0.3%
SBM Universal Fund	MUR	Multi-asset	38.30	+0.3%	+1.2%	+5.9%	5.9%
SBM Growth Fund	MUR	Global equities	18.88	+0.4%	+1.9%	+8.4%	9.8%
SBM India Opportunities Fund (Class B)	USD	Indian equities	96.31	-1.2%	+1.9%	-3.9%	

## Commentary

The SEMDEX and DEMEX closed at 2,381.78 and 224.70 points, respectively, equivalent to returns of -0.3% and +0.7%. The main leaders, that is, companies which contributed to the positive performances of the SEMDEX were CIBM, SBMH and EMLT while the main laggards were MCBG, IBL and SHEL. The top three price performers were BLL (+8.5%), ASL (+7.8%) and BMH (+6.9%), while HML (-5.4%), IBL (-4.7%) and SHEL (-3.5%). The price-earnings ratio and dividend yield of the SEMDEX stood at 7.26x and 4.77%, respectively as at 31 December against corresponding figures of 7.34x and 4.73%, as at 30 November. During the month, foreign investors remained net seller to the tune of MUR 470.2M vs. MUR 337.8M in Nov-25, led mainly by MCBG, PBL and SBMH.

Global equities advanced modestly in December, with the MSCI World index rising 0.7% MoM, supported by year-end positioning and a more stable macro backdrop. Cooling inflationary pressures and reduced volatility in global bond markets helped improve risk sentiment, while expectations of a gradual policy normalisation cycle provided support to equity valuations. Gains however remained contained as investors balanced improved disinflation trends against slowing global growth momentum, ongoing geopolitical uncertainties, and mixed economic signals from Europe and China, resulting in a cautious close to the year.

US equities ended December broadly flat, with the S&P 500 index closing the month marginally lower at -0.1% MoM. Value stocks outperformed their growth counterparts, recording 0.2% vs -0.2% MoM. 5 out of 11 major industry groups recorded positive returns, led by Financials, Materials and Industrials while the main detractors were Utilities, Real Estate and Consumer Staples. The S&P Global US Manufacturing PMI eased to 51.8 in December, from 52.2 in November, marking the weakest expansion in 5 months, with new orders declining for the first time in a year. International sales continued to contract, partly reflecting the impact of tariffs, while cost pressures remained historically elevated despite input and output prices rising at their slowest pace in 11 months.

European equities ended 2025 on a positive note, supported by easing inflation pressures and improved confidence around the eurozone's monetary policy outlook. The Euro Stoxx 50 index advanced 2.2% MoM, with broad-based gains across major markets. Italy outperformed, as the FTSE MIB index rose 3.7%, while the DAX 30 index gained 2.7%, rebounding from prior weakness despite still-soft industrial momentum. The CAC 40 index added a modest 0.3%, reflecting more subdued performance amid mixed corporate developments. The Eurozone Manufacturing PMI declined to 48.8 in December (November 2025: 49.6), marking the lowest reading since March 2025. Production output fell for the first time since February, while new orders fell at the fastest pace in almost a year, reflecting weakening demand. In the UK, the FTSE 100 index gained 2.2% MoM. The S&P Global UK Manufacturing PMI rose to 50.6 in December, from 50.2 in November, marking its highest level in 15 months and remaining above the 50.0 expansion threshold for a second consecutive month. Output increased for the third straight month, while new orders rose for the first time since September 2024, signalling improving demand conditions.

Japanese equities were broadly flat during the month with the Nikkei 225 index registering 0.2% as supportive domestic policy conditions were balanced by growing uncertainty around future monetary normalisation. The S&P Global Japan Manufacturing PMI rose to 50.0 in December, from 48.7 in November, signalling a stabilisation in manufacturing conditions and ending a five-month period of contraction. The improvement was driven by a much slower decline in new orders, the weakest since May 2024, while output remained broadly stable. However, input cost inflation accelerated to its highest level since April, feeding through to higher output prices, while export orders continued to decline, reflecting weaker demand across Asia, particularly in semiconductors.

Emerging markets outperformed developed markets' equities with the MSCI Emerging Markets index posting 2.7% MoM. The CSI 300 index gained 2.3% MoM in local currency and 3.5% in USD terms, supported by renewed optimism around policy support measures. China's manufacturing conditions improved modestly in December, with the headline PMI rising to 50.1, from 49.9 in November. Manufacturing output was supported by higher domestic new orders, while export demand remained weak, with new export orders falling for the second time in three months. In India, the BSE 500 index recorded -0.2% in December. The HSBC India Manufacturing PMI eased to 55.0 in December, from 56.6 in November, marking the weakest improvement in sector conditions in two years, though remaining well above its long-run average.

Within fixed income, the Barclays Global Aggregate Bond index registered 0.3% MoM. The 10-year US yield closed the month at 4.17%, 16bps above the earlier month's reading. The FOMC lowered the federal funds target range by 25bps to 3.50%–3.75%, marking the third rate cut in 2025 as policymakers responded to moderating inflation and softening labour market conditions. While the Committee signalled its readiness to support the economy, its post-meeting statement emphasised caution on the timing and pace of further easing, reflecting lingering uncertainty around inflation dynamics and growth prospects into 2026. The ECB kept its key policy rates unchanged at its December meeting, maintaining the deposit rate at 2.00%, the main refinancing operations rate at 2.15%, and the marginal lending facility rate at 2.40%.

On the commodity side, the S&P GSCI index posted -0.3% MoM, driven largely by the softness in energy prices. Crude oil prices remained under pressure as Brent and WTI registered -3.7% and -1.9% respectively, reflecting concerns over slowing global demand and ample supply conditions. Natural gas price declined sharply by 24.0% MoM pressured by milder-than-seasonal weather and elevated storage levels. Within industrial metals, the price of copper rallied by 9.6% MoM, while silver gained 26.8%, benefiting from a combination of industrial demand optimism and safe-haven flows. Gold reached a new record high in December after rising 1.9% to USD 4,319.37 per ounce.

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