

Monthly Market Wrap

I August 2026

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+2.6%	+1.4%	+11.7%	+12.3%	+19.0%	+70.5%	+69.9%	15.8%
MSCI World	+2.5%	+2.1%	+9.0%	+12.1%	+18.9%	+66.4%	+58.1%	15.2%
MSCI World Small Cap	+2.8%	+1.8%	+5.8%	+16.0%	+21.1%	+54.4%	+30.7%	17.8%
MSCI Europe	+0.3%	+4.1%	+2.8%	+10.1%	+18.4%	+41.4%	+40.0%	12.5%
MSCI EM	+3.2%	-1.9%	+6.7%	+22.4%	+36.6%	+75.4%	+31.4%	18.4%
MSCI AC Asia	+3.1%	+0.2%	+6.4%	+22.2%	+31.5%	+71.6%	+37.9%	17.3%
SEMDEX	+0.1%	+1.7%	-1.3%	-3.9%	-6.5%	+9.9%	+17.2%	10.3%
DEMEX	+0.8%	+2.2%	+0.5%	-0.5%	+0.2%	-15.7%	-19.1%	6.7%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	+0.5%	-0.8%	-2.3%	-0.3%	+0.6%	+11.3%	-8.4%	7.7%
Barclays US Aggregate Bond	+0.4%	-0.7%	-2.0%	-0.3%	+1.9%	+12.8%	-1.4%	6.4%
Barclays High Yield bond	+1.0%	+0.9%	+1.7%	+2.9%	+5.9%	+34.5%	+23.1%	7.8%
JP Morgan EMU IG Bond	-0.6%	-1.9%	-3.1%	-1.1%	-0.3%	+5.8%	-12.4%	6.3%
JP Morgan EM Bond	+0.8%	-0.0%	+0.1%	+1.7%	+6.7%	+31.1%	+8.5%	9.6%
FTSE Asian Broad Bond	+0.5%	-0.3%	-1.0%	+0.5%	+2.5%	+19.8%	+5.1%	5.9%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	85.76	+1.3%
Brent Crude Oil / Bbl	90.49	+0.4%
Natural Gas / mmBtu	2.94	+6.8%
Copper / oz	659.35	+2.0%
Silver / oz	66.58	+15.6%
Gold / oz	4,437.38	+9.7%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	51.7%	+2.4%
Commerce	9.4%	-4.0%
Industry	6.1%	+1.3%
Investments	16.1%	-2.1%
Leisure & Hotels	9.7%	-2.7%
Property	3.2%	-5.5%
ICT	3.3%	-0.4%
Sugar	0.4%	+2.8%
Foreign	0.1%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	3.96%	4.15%	4.37%	4.76%	4.96%	5.51%	5.73%	5.93%
-1M	4.00%	4.18%	4.43%	4.84%	4.97%	5.57%	5.73%	5.86%

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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	Current	Current	Current
US	53.9	53.9	56.5	54.6	89.4	90.2	3.4%	3.5% - 3.75%	4.1%
Germany	54.3	52.2	49.7	49.8	88.0	86.0	2.9%	2.7%	6.3%
France	51.1	49.8	48.0	49.6	86.0	86.0	2.4%	2.7%	8.3%
UK	51.7	51.9	52.5	52.1	-14.0	-17.0	3.1%	3.8%	4.9%
Japan	54.9	54.5	52.5	51.2	35.3	34.6	1.9%	1.0%	2.4%
China	51.5	50.9	51.4	50.4	NA	89.2	0.8%	4.4%	4.0%
India	52.8	53.5	54.1	53.3	NA	NA	4.8%	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	260.21	+0.3%	+1.0%	+4.2%	0.3%
SBM Universal Fund	MUR	Multi-asset	40.35	+1.2%	+2.0%	+8.0%	5.9%
SBM Growth Fund	MUR	Global equities	20.41	+1.8%	+1.9%	+12.4%	10.1%
SBM India Opportunities Fund (Class B)	USD	Indian equities	92.28	+2.9%	+7.0%	-2.5%	

Commentary

The local equity market extended its positive momentum in August, with the SEMDEX and DEMEX closing at 2,288.83 and 223.48 points respectively, equivalent to corresponding returns of 0.1% and 0.8%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MCBG, GML and MUAL while the main laggards were IBLL, ASCE and NRL. The top three price gainers were HWF (+5.8%), LOTO (+5.5%) and GML (+4.9%) while the main detractors were SHL (-20.0%), ASL (-19.7%) and NRL (-8.8%). The price-earnings ratio and dividend yield of the SEMDEX stood at 7.10x and 5.53%, respectively as at 31 August against corresponding figures of 7.28x and 5.42% as at 31 July. During the month, foreign investors remained net buyer to the tune of MUR 152.4M (vs. MUR 91.8M in Jul-26), driven mainly by MCBG, ERL and ANGM.

The MSCI World index gained 2.5% in August, supported by resilient corporate earnings, renewed optimism surrounding AI and broadly positive economic data. Investor sentiment also benefited from an improvement in global manufacturing activity, particularly across Europe and Asia, although geopolitical tensions in the Middle East, elevated energy prices and uncertainty surrounding global trade policies remained key sources of risk.

The S&P 500 index added 2.6% in August, driven by renewed interest in AI-related companies, generally resilient corporate earnings, and rising capex. Performance among mega-cap technology and semiconductor companies remained differentiated, although strong results from several industry leaders reinforced confidence in the AI investment cycle. Growth stocks outperformed their value counterparts, returning 3.2% versus 1.9%, as momentum in technology stocks resumed after the sharp July sell-off. 5 out of the 11 major industry groups recorded positive returns, led by Energy, Information Technology and Materials. The S&P Global US Manufacturing remained unchanged at 53.9 in August, firmly in expansionary territory. While production and new orders continued to increase, their respective growth rates moderated amid softer sales, persistent cost pressures and ongoing supply-chain disruptions. Demand from AI infrastructure, aerospace and defence-related industries, however, remained supportive.

European equities closed August in positive territory, with the Euro Stoxx 50 index gaining 1.0%, supported by resilient corporate earnings and a further improvement in manufacturing activity. The DAX 30 and FTSE MIB indices advanced 2.5% and 0.8%, respectively, while the CAC 40 declined 2.1% weighed down by weakness in luxury and industrial stocks, alongside concerns over France's fiscal position and political uncertainty ahead of Fitch's sovereign-rating review. The S&P Global Eurozone Manufacturing PMI rose to 52.7 in August from 51.9 in July, its highest level in more than four years. New orders increased at their fastest pace since early 2022, supported by stronger export demand, while output growth accelerated and manufacturing employment broadly stabilised following more than three years of decline. In the UK, the FTSE 100 index declined 0.4%. The S&P Global UK Manufacturing PMI eased to 51.7 in August from 51.9 in July, signalling a slower but sustained improvement in operating conditions. Output growth moderated as precautionary inventory accumulation faded, although manufacturers increased employment at the fastest pace in more than two years.

Japanese equities were the strongest performers across developed markets in August, with the Nikkei 225 index advancing 3.0%. The market rebounded from the semiconductor-led sell-off recorded in July, supported by renewed optimism surrounding AI-related demand, resilient corporate earnings and a stronger manufacturing backdrop. The S&P Global Japan Manufacturing PMI rose to 54.9 in August from 54.5 in July, its highest reading since April, as output and new orders expanded at stronger rates. Demand for semiconductors and AI-related products remained an important source of growth, while improved export demand supported the broader manufacturing recovery.

Emerging-market equities outperformed developed markets, with the MSCI Emerging Markets index posting a return of 3.2% MoM. Performance was supported by renewed demand for Asian technology and semiconductor companies, improved manufacturing conditions across the region and resilient investor appetite for risk assets. In China, the CSI 300 index returned 0.8% in local currency and 1.3% in USD. The RatingDog China General Manufacturing PMI rose to 51.5 in August from 50.9 in July, exceeding expectations and signalling a faster improvement in operating conditions. Output and new orders expanded at stronger rates, supported by the fastest increase in export sales in six months, while employment broadly stabilised. In India, the BSE 500 index shed 0.2% MoM, as pressure from elevated crude-oil prices and weakness among certain index heavyweights offset resilient corporate earnings and renewed foreign investor inflows. The HSBC India Manufacturing PMI declined to 52.8 in August from 53.5 in July, marking its weakest reading in five years. Although output and new orders continued to expand, both recorded their slowest growth since August 2021 amid softer demand and challenging market conditions. Export orders also increased at a slower rate, while manufacturing employment declined for the first time in two-and-a-half years.

Within fixed income, the Barclays Global Aggregate Bond index returned 0.5% MoM. US 10-year treasury yields closed August at 4.75%, 2bps higher than the earlier month's reading, as persistent inflationary pressures and resilient economic activity reinforced expectations that US interest rates could remain elevated. The Federal Reserve did not hold a policy meeting during the month, leaving the federal funds target range at 3.50%–3.75%. At the Jackson Hole Symposium, Fed Chair Kevin Warsh acknowledged the resilience of the US economy but reiterated that inflation remained elevated, reinforcing expectations that rates could remain higher for longer. The ECB also did not hold a monetary policy meeting in August, with its deposit facility, main refinancing operations and marginal lending facility rates remaining at 2.25%, 2.40% and 2.65%, respectively. Minutes from its July meeting, however, indicated that another rate hike could be warranted unless the inflation outlook improved, while maintaining a data-dependent approach.

Commodity markets maintained their upward trend in August, with the S&P GSCI index gaining 6.1%. Energy markets posted more moderate gains compared to the previous month, with Brent and WTI advancing 0.4% and 1.3%, respectively, while natural gas increased 6.8%. Within industrial metals, copper rose 2.0%, supported by improving global manufacturing activity and stronger demand expectations. Precious metals recorded particularly strong gains, with silver rallying 15.8% and gold advancing 9.7%, as geopolitical and macroeconomic uncertainty, persistent inflation concerns and continued demand for safe-haven assets supported prices.

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