

# Monthly Market Wrap

I May 2021

## Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+0.5%	+10.3%	+16.1%	+11.9%	+38.1%	+55.4%	+100.5%	15.0%
MSCI World	+1.3%	+9.1%	+15.2%	+10.6%	+38.5%	+42.2%	+77.7%	14.8%
MSCI World Small Cap	+0.7%	+6.5%	+22.3%	+14.0%	+54.5%	+34.2%	+77.9%	18.4%
MSCI Europe	+2.1%	+10.1%	+14.4%	+11.9%	+26.7%	+14.4%	+26.4%	14.2%
MSCI EM	+2.1%	+2.8%	+14.2%	+6.6%	+47.9%	+22.8%	+70.4%	16.2%
MSCI AC Asia	+1.3%	+1.2%	+10.5%	+4.6%	+38.8%	+21.4%	+61.8%	13.6%
SEMDEX	+3.6%	+7.2%	+6.9%	+3.9%	+5.6%	-23.8%	-1.9%	14.8%
DEMEX	+12.3%	+15.8%	+29.4%	+23.4%	+33.0%	+9.8%	+36.2%	9.7%

## Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	+0.9%	+0.2%	-1.0%	-2.3%	+4.5%	+13.7%	+16.6%	4.7%
Barclays US Aggregate Bond	+0.3%	-0.1%	-2.2%	-2.3%	-0.4%	+15.9%	+17.3%	3.3%
Barclays High Yield bond	+0.9%	+1.9%	+4.4%	+1.9%	+17.0%	+20.3%	+37.9%	8.7%
JP Morgan EMU IG Bond	-0.0%	-1.0%	-3.3%	-3.5%	+0.5%	+9.7%	+9.6%	4.0%
JP Morgan EM Bond	+1.2%	+2.5%	+0.0%	-1.9%	+10.2%	+19.8%	+30.0%	9.5%
FTSE Asian Broad Bond	+0.6%	+0.3%	-0.0%	-0.7%	+5.7%	+20.6%	+26.3%	4.5%

## Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	66.32	+4.3%
Brent Crude Oil / Bbl	69.32	+3.1%
Natural Gas / mmBtu	2.99	+1.9%
Copper / oz	467.75	+4.4%
Silver / oz	28.03	+8.1%
Gold / oz	1,906.87	+7.8%

## SEMDEX sector performance (%)

Index	Weight	1M
Financials	39.8%	+4.2%
Commerce	19.9%	+1.9%
Industry	9.2%	+1.7%
Investments	23.7%	+1.9%
Leisure & Hotels	5.9%	+1.2%
Property	0.4%	-25.6%
Sugar	0.5%	-1.0%
Transport	0.4%	0.0%
Foreign	0.3%	0.0%

## Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	0.56%	0.80%	1.03%	1.57%	2.30%	2.98%	3.61%	4.08%
-1M	0.45%	0.56%	0.71%	1.29%	1.82%	2.46%	3.02%	3.10%

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## Selected economic data\*

Index	Manufacturing PMI		Service PMI		Consumer confidence		GPI YoY	Policy rate	Unemployment
	Current	-1M	Current	-1M	Current	-1M	Current	Current	Current
US	62.10	60.50	70.40	64.70	117.20	117.50	5.0%	0.00%-0.25%	5.8%
Germany	64.40	66.20	52.80	49.90	96.00	NA	2.5%	0.00%	6.0%
France	59.40	58.90	56.60	50.30	97.00	95.00	1.4%	0.00%	8.0%
UK	65.60	60.90	62.90	60.70	-9.00	-15.00	1.5%	0.10%	4.7%
Japan	53.00	53.60	46.50	49.50	34.30	34.80	-0.1%	-0.10%	2.8%
China	52.00	51.90	55.10	56.30	NA	121.50	1.3%	4.35%	4.2%
India	50.80	55.50	46.40	54.00	NA	NA	6.3%	4.00%	11.9%

\*based on latest available data

## SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	YTD	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	211.99	+0.3%	+0.8%	+1.4%	0.4%
SBM Universal Fund	MUR	Multi-asset	29.39	+1.2%	+4.8%	+5.6%	7.4%
SBM Yield Fund	MUR	Global fixed income	12.19	-2.3%	-4.3%	-2.4%	7.0%
SBM Growth Fund	MUR	Global equities	12.49	+2.4%	+7.0%	+7.8%	11.7%
SBM India Fund	USD	Indian equities	131.13	+9.7%	+8.4%	+13.8%	28.8%

## Commentary

Local equity indices registered positive performances with the SEMDEX and DEMEX closing at 1,713.60 and 263.93 points, equivalent to respective returns of 3.6% and 12.3%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MCBG, CIEL and ENL while on the downside the main laggards were LOTO, BLL and SBMH. The top three gainers in terms of price returns were MEDINE (+13.5%), ENL (+12.4%) and CIEL (+12.4%) and the top three losers were BLL (-25.6%), MCFI (-10.0%) and LOTO (-7.8%). The price-earnings ratio and dividend yield of the SEMDEX stood at 12.03x and 2.20%, respectively, as at 31 May against corresponding figures of 11.82x and 2.23% as at 30 April. Net foreign disinvestments of MUR 52.1Mn were driven by the sell-offs in MCBG, SBMH and MUAL.

International equities edged up marginally with the MSCI World index advancing by 1.3% MoM. Gains were capped following concerns of a significant pickup in inflation and spikes in the number of Covid-19 cases in regions such as Asia. Inflation anxiety, however, started to ease during the last week of May.

The S&P500 index posted only 0.5% following a technology-led selloff that started around mid-month. Sectors with rich valuations tumbled on inflation concerns and the resurgence in the number of Covid-19 cases in some countries raised market volatility. Value-oriented equities dominated the US stock market flows; the Bloomberg US Large Cap Value PR index added 2.6% MoM while the Bloomberg US Large Cap Growth PR index registered -1.2%. Weak jobs data added to the case for ongoing stimulus, suggesting that the Federal Reserve may hold its accommodative stance even longer. Investors however remained cautious about the risk of a scale back in stimulus. The IHS Markit Purchasing Managers' Index (PMI) rose to 62.1 in May compared to a previous reading of 60.5 amid stronger demand and faster expansions in output and new orders.

Eurostoxx 50 posted a return of 1.6% in May, lifted by optimism about an economic recovery and surging commodity prices. The DAX and CAC 40 indices registered respective returns of 1.9% and 2.8% MoM while the FTSE MIB index gained 4.3%. The PMI reached a new record high during the month following stronger demand in the domestic as well as international markets - the indicator rose from 62.9 in April to 63.1 in May. In the UK, the FTSE100 added 0.8%, as easing of lockdown restrictions supported investor sentiment. The UK manufacturing sector grew at its fastest pace in more than two decades with PMI edging up to 65.6 in May (April PMI: 60.9), driven by the easing of pandemic restrictions and stronger demand.

Japanese equities lagged global peers as worries over a slow pace of vaccination and a pandemic-led economic slowdown intensified - the Nikkei 225 registered a return of 0.2% MoM. The growth momentum in the manufacturing sector eased following softer output and new order growth - PMI fell to 53.0 in May against 53.6 in April.

Emerging equities outperformed developed markets with the MSCI Emerging Markets index adding 2.1% in May. In China, the CSI 300 added 4.1% MoM in local currency and 5.8% in USD terms as Chinese policymakers' crackdown on commodity prices led investors piling into stocks. The upturn in the manufacturing sector output gained further momentum with stronger exports and sustained improvement in demand - PMI edged up from 51.9 in April to 52.0 in May. In India, the BSE Sensex advanced by 6.5% MoM amid upbeat earnings and the fall in the number of Covid-19 cases. Manufacturing PMI slid to 50.8 in May against a previous month reading of 55.5 amid a pandemic-led slowdown in output.

At fixed income level, the Barclays Global Aggregate Bond index gained 0.9% over the month. Central Banks downplayed speculation that inflation would translate into a slowdown in their bond-buying programs. Fed officials reiterated that they were expecting a transitory rather than lasting price pressures from the economic rebound, despite the latest minutes flagging the possibility that Fed officials were cautiously optimistic regarding the recovery of the US economy and would scale back in bond purchases at some point.

Regarding commodities, the S&P GSCI index added 2.5% MoM as a rebound in economic activity fueled demand for metals, food and energy. Brent advanced by 3.1% supported by a rise in world fuel consumption and the OPEC+ alliance forecasting a tightening market while WTI oil prices rallied 4.3% as the cyberattack of US biggest pipeline led to acute fuel shortages in certain states. Performances of precious metals surged with Gold and Silver posting 7.8% and 8.1%, respectively.

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