

# Monthly Market Wrap

| October 2021

## Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+6.9%	+4.8%	+10.1%	+22.6%	+40.8%	+69.8%	+116.6%	15.3%
MSCI World	+5.6%	+3.4%	+8.0%	+18.0%	+38.5%	+57.0%	+87.8%	14.9%
MSCI World Small Cap	+3.5%	+2.5%	+2.6%	+16.1%	+43.6%	+50.2%	+79.9%	18.3%
MSCI Europe	+4.5%	+3.1%	+8.8%	+19.2%	+38.7%	+28.8%	+37.2%	14.2%
MSCI EM	+0.9%	-1.0%	-6.1%	-2.1%	+14.6%	+32.3%	+39.7%	16.6%
MSCI AC Asia	0.0%	-0.0%	-4.4%	-1.4%	+14.8%	+31.9%	+41.8%	13.8%
SEMDEX	+5.6%	+10.8%	+28.4%	+28.8%	+44.6%	-5.2%	+17.8%	15.5%
DEMEX	+6.2%	+9.0%	+29.2%	+42.0%	+55.3%	+29.2%	+53.4%	10.6%

## Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-0.2%	-2.4%	-1.1%	-4.3%	-1.2%	+14.3%	+13.2%	4.5%
Barclays US Aggregate Bond	-0.0%	-1.1%	+1.1%	-1.6%	-0.5%	+17.8%	+16.5%	3.3%
Barclays High Yield bond	-0.5%	-1.0%	+0.2%	+1.2%	+8.8%	+19.8%	+29.3%	8.7%
JP Morgan EMU IG Bond	-0.6%	-2.3%	-0.2%	-3.7%	-3.4%	+10.0%	+8.5%	3.8%
JP Morgan EM Bond	+0.0%	-1.2%	+1.3%	-1.8%	+4.2%	+21.6%	+22.5%	9.4%
FTSE Asian Broad Bond	-1.0%	-1.7%	-1.0%	-2.3%	-0.1%	+19.5%	+20.2%	4.6%

## Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	83.57	+11.4%
Brent Crude Oil / Bbl	84.38	+7.5%
Natural Gas / mmBtu	5.43	-7.5%
Copper / oz	436.80	+6.8%
Silver / oz	23.90	+7.8%
Gold / oz	1,783.38	+1.5%

## SEMDEX sector performance (%)

Index	Weight	1M
Financials	39.4%	+4.5%
Commerce	16.5%	+4.0%
Industry	7.7%	+1.3%
Investments	23.3%	+10.3%
Leisure & Hotels	6.5%	+10.4%
Property	5.6%	+2.3%
Sugar	0.4%	-1.7%
Transport	0.3%	-0.5%
Foreign	0.2%	0.0%

## Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	0.60%	0.80%	0.91%	2.37%	3.06%	4.43%	4.65%	4.87%
-1M	0.57%	0.77%	0.96%	2.39%	2.87%	4.36%	4.54%	4.81%

**Disclaimer:** The information contained in this document does not constitute an offer, or a solicitation of an offer, to purchase or sell any investment or other specific product by SBM NBFC Holdings Ltd and/or its subsidiary SBM Mauritius Asset Managers Ltd. Although all information stated in this document are based on sources deemed to be reliable and in good faith, no representation or warranty, expressed or implied, is made or should be construed as to its accuracy and completeness and reliability. Past performance is not necessarily a guide to future performance or returns. The price, value or income of the investment can go up or down. Rates of exchange may cause the value of investments to fluctuate. Investors may not get back the amount they invest. Readers are advised to consult their professional advisor/s before taking any decision or making an investment. SBM NBFC Holdings Ltd and/or its subsidiary SBM Mauritius Asset Managers Ltd disclaims all liability as regards any direct or consequential loss arising from any use of this message or the information contained therein.

## 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	58.40	60.70	58.70	54.90	113.80	109.80	6.2%	0.00%-0.25%	4.6%
Germany	57.80	58.40	52.40	56.20	NA	NA	4.5%	0.00%	5.5%
France	53.60	55.00	56.60	56.20	99.00	101.00	2.6%	0.00%	8.0%
UK	57.80	57.10	59.10	55.40	-17.00	-13.00	3.1%	0.10%	4.5%
Japan	53.20	51.50	50.70	47.80	39.20	37.90	0.2%	-0.10%	2.8%
China	50.60	50.00	53.80	53.40	NA	121.20	1.5%	4.35%	3.9%
India	55.90	53.70	58.40	55.20	NA	NA	4.4%	4.00%	7.8%

\*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	214.98	+0.2%	+0.9%	+2.8%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.79	-0.2%	+1.2%	-5.1%	7.4%
SBM Universal Fund	MUR	Multi-asset	32.43	+3.1%	+4.1%	+17.4%	7.7%
SBM Growth Fund	MUR	Global equities	14.44	+5.0%	+5.6%	+24.6%	12.4%
SBM India Fund (Class B)	USD	Indian equities	143.33	+1.0%	+6.8%	+24.4%	28.8%

## Commentary

Local equity indices posted positive performances in September with the SEMDEX and DEMEX closing the month at 2,123.80 and 303.57 points, equivalent to respective returns of +5.6% and +6.2%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MCBG, CIEL and ROGERS while the main laggards were LOTO, HMALLAC and POL. The top three gainers in terms of price returns were NMH (+36.8%), ROGERS (+29.8%) and CIEL (+20.6%) and the top three losers were HMALLAC (-10.0%), LOTO (-5.6%) and UDL (-4.6%). The price-earnings ratio and dividend yield of the SEMDEX stood at 15.43x and 2.85%, respectively, as at 29 October against corresponding figures of 14.75x and 2.94% as at 30 September. Net foreign disinvestments of MUR 185.9mn were driven by the sell-offs in the MCBG, PBL and Afrexim.

International equities ended the month in positive territory, buoyed by upbeat corporate earnings and easing investor concerns around China's property sector despite the inflation worries spurred by an energy crunch and pandemic-related supply chains bottlenecks; the MSCI World index registered a return of 5.6% MoM.

The S&P500 reached new all-time highs in October as the earnings season continued to roll on - the index posted 6.9% MoM. The IHS Markit Purchasing Managers' Index (PMI) edged down from 60.7 in September to 58.4 in October as material shortages hampered output growth and concerns over the supply chain disruptions and inflation continued to weigh on business sentiment.

Eurostoxx 50 added 5.0% MoM. The CAC 40 and FTSE MIB indices recorded respective returns of 4.8% and 4.6% while the DAX index registered 2.8%. The Eurozone manufacturing sector's growth remained strong following a PMI reading of 58.3 in October against 58.6 in the previous month. The slightly softer expansion was mainly attributable to supply-side issues while intensified inflationary pressures led to input costs and output prices rising sharply. In the UK, the FTSE 100 index recorded 2.1% in October, supported by a robust start in earnings reporting season. PMI rose to 57.8 in October against 57.1 in September, boosted by stronger growth in new orders.

Japanese equities lagged its global peers after the Nikkei 225 posted a return of -1.9%. Growth in manufacturing output and new order inflows rose in October with PMI edging up to 53.2 (September 2021: 51.5) following easing of Covid-19 restrictions. The ongoing shortages in materials and delivery delays held back the indicator.

Emerging equities underperformed developed markets during the month with the MSCI Emerging Markets index adding only 0.9%. The CSI 300 index delivered a monthly return of 0.9% in local currency terms and 1.5% in USD terms. China Evergrande Group pulled back from the brink of default at the end of the month, as it paid an overdue interest payment before the expiry of the grace period. Manufacturing sector output improved in October backed by stronger domestic demand conditions - PMI marginally rose from 50.0 in September to 50.6 in October. In India, the BSE Sensex registered 0.3% in October. The Indian manufacturing sector continued to gather momentum with PMI rising from 53.7 in September to 55.9 in October. Output and new orders expanded at their sharpest rates in seven months, driven by upbeat market confidence and rising international demand.

At fixed income level, the Barclays Global Aggregate Bond index posted a return of -0.2% MoM as markets factored monetary policy tightening in the light of rising inflationary pressures. The US Federal Reserve (Fed) left the target Fed Funds rate unchanged at 0%-0.25% and maintained the monthly bond purchase of USD 120bn. The US 10-year Treasury yields rose to 1.55% in October against 1.49% in September. The European Central Bank (ECB) kept the interest rate unchanged on the main refinancing operations, the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.50%, respectively and reaffirmed its views on inflation being transitory.

On the commodity side, the S&P GSCI index registered 5.8% in October, buoyed by the global supply crunch and persistently high inflation. Brent and WTI posted respective returns of 7.5% and 11.4% MoM, remaining above USD 80/barrel as the strong demand combined with a power crisis from Europe to Asia drove prices to record highs. Following strong gains in September, natural gas posted a return of -7.5% in October. Industrial metals registered solid performances with silver and copper posting corresponding returns of 7.8% and 6.8%. Regarding precious metals, gold ended the month with a return of 1.5%.

Hotline: 202 1111 | E: [sbm.assetm@sbmgroup.mu](mailto:sbm.assetm@sbmgroup.mu) | W: [nbfc.sbmgroup.mu/mam](http://nbfc.sbmgroup.mu/mam)