

# Monthly Market Wrap

| November 2021

## Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	-0.8%	+1.0%	+8.6%	+21.6%	+26.1%	+65.5%	+107.7%	15.3%
MSCI World	-2.3%	-1.3%	+4.2%	+15.3%	+20.1%	+51.9%	+81.2%	15.0%
MSCI World Small Cap	-4.9%	-4.8%	-3.2%	+10.4%	+18.4%	+42.0%	+64.4%	18.5%
MSCI Europe	-2.6%	-1.3%	+3.7%	+16.0%	+18.7%	+26.7%	+32.4%	14.3%
MSCI EM	-4.1%	-7.4%	-11.9%	-6.1%	+0.6%	+21.9%	+40.5%	16.6%
MSCI AC Asia	-3.8%	-6.0%	-9.2%	-5.1%	+0.3%	+23.6%	+39.9%	13.8%
SEMDEX	-5.3%	+2.9%	+17.3%	+22.0%	+25.5%	-10.0%	+11.5%	15.7%
DEMEX	+0.3%	+10.2%	+15.3%	+42.4%	+49.3%	+29.1%	+51.8%	10.6%

## Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-0.3%	-2.3%	-2.3%	-4.6%	-3.3%	+13.6%	+17.6%	4.1%
Barclays US Aggregate Bond	+0.3%	-0.6%	+1.0%	-1.3%	-1.2%	+17.5%	+19.6%	3.1%
Barclays High Yield bond	-2.0%	-3.6%	-2.7%	-0.8%	+1.6%	+18.6%	+28.8%	8.7%
JP Morgan EMU IG Bond	+1.7%	-0.1%	+1.6%	-2.0%	-1.8%	+11.2%	+12.2%	3.8%
JP Morgan EM Bond	-1.8%	-4.0%	-1.7%	-3.6%	-1.7%	+20.0%	+25.7%	9.3%
FTSE Asian Broad Bond	-0.1%	-2.8%	-1.6%	-2.4%	-1.7%	+18.9%	+22.8%	4.5%

## Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	66.18	-20.8%
Brent Crude Oil / Bbl	70.57	-16.4%
Natural Gas / mmBtu	4.57	-15.8%
Copper / oz	427.80	-2.1%
Silver / oz	22.84	-4.5%
Gold / oz	1,774.52	-0.5%

## SEMDEX sector performance (%)

Index	Weight	1M
Financials	38.6%	-7.4%
Commerce	17.5%	+0.2%
Industry	8.1%	+0.1%
Investments	23.2%	-5.9%
Leisure & Hotels	5.9%	-13.9%
Property	5.8%	-1.6%
Sugar	0.5%	-0.3%
Transport	0.2%	+22.1%
Foreign	0.2%	0.0%

## Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	0.56%	0.70%	0.84%	2.28%	3.01%	4.25%	4.55%	4.74%
-1M	0.60%	0.80%	0.91%	2.37%	3.06%	4.43%	4.65%	4.87%

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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	58.30	58.40	58.00	58.70	109.50	111.60	6.8%	0.00%-0.25%	4.2%
Germany	57.40	57.80	52.70	52.40	98.00	102.00	5.2%	0.00%	5.5%
France	55.90	53.60	57.40	56.60	99.00	99.00	2.8%	0.00%	8.1%
UK	58.10	57.80	58.50	59.10	-14.00	-17.00	5.1%	0.10%	4.2%
Japan	54.50	53.20	53.00	50.70	39.30	39.20	0.1%	-0.10%	2.7%
China	49.90	50.60	52.10	53.80	NA	120.20	2.3%	4.35%	3.9%
India	57.60	55.90	58.10	58.40	NA	NA	4.9%	4.00%	7.0%

\*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	215.61	+0.3%	+0.9%	+3.1%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.78	+0.6%	+0.3%	-4.5%	7.4%
SBM Universal Fund	MUR	Multi-asset	31.88	-1.7%	+1.3%	+15.4%	7.8%
SBM Growth Fund	MUR	Global equities	14.03	-2.9%	+0.8%	+21.0%	12.5%
SBM India Fund (Class B)	USD	Indian equities	137.53	-4.0%	-2.7%	+19.4%	28.6%

## Commentary

Local equity indices posted mixed performances in November with the SEMDEX and DEMEX closing the month at 2,010.67 and 304.44 points, equivalent to respective returns of -5.3% and +0.3%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were SWAN, TERRA and MUAL while the main laggards were MCBG, SBMH and CIEL. The top three gainers in terms of price returns were SWAN (+17.3%), TERRA (+3.9%) and MUAL (+3.8%) and the top three losers were NMH (-26.9%), AML (-22.1%) and CIM (-15.5%). The price-earnings ratio and dividend yield of the SEMDEX stood at 14.86x and 2.94% respectively, as at 30 November against corresponding figures of 15.43x and 2.85% as at 29 October. Net foreign disinvestments of MUR 378.1M were mainly driven by the sell-offs in MCBG, Afrexim and SBMH.

International equities ended the month in negative territory as news of the new strain Omicron and persistently high inflation readings triggered a sell-off in riskier assets. The MSCI World index registered a return of -2.3% MoM.

The S&P500 registered -0.8% in November after the Omicron coronavirus strain sent a wave of caution across US markets. The IHS Markit Purchasing Managers' Index (PMI) dropped to an 11-month low of 58.3 in November (October 2021: 58.4) as the US manufacturing sector remained constrained by supply delays, material shortages and softer new orders growth. The US Consumer Price Index rose to its highest reading in 31 years, reaching 6.2% in October against a preceding reading of 5.4% in September.

Eurostoxx 50 recorded a return of -4.4% MoM as the ongoing Covid-19 surge across the EU and news of the new virus strain hurt investor sentiment. European governments reintroduced some restrictions including compulsory shots, mask mandates and remote working. The DAX and FTSE MIB indices recorded respective returns of -3.8% and -4.0% while the CAC 40 registered -1.6%. Manufacturing growth stabilised as strong demand masked the severe supply chain conditions - PMI increased from 58.3 in October to 58.4 in November. In the UK, the FTSE 100 index registered -2.5% in November. Despite the rising supply chain disruptions and inflationary pressures curbing growth, the manufacturing sector expanded; PMI edged up to 58.1 in November against 57.8 in the preceding month. The rate of expansion improved slightly amid a rise in domestic order intakes.

Japanese equities followed the global equity trend with the Nikkei 225 posting a return of -3.7%. Manufacturing sector output improved in November, supported by stronger growth in both output and new orders - PMI rose from 53.2 to 54.5 over the month. Despite the stronger expansion in November, logistical disruptions continued to hinder activity and contributed to a rise in input prices. On the political front, Prime Minister Kishida formed his new cabinet and unveiled a supplementary fiscal stimulus package of 55.7 trillion yen to put the economy on a steady recovery track.

Emerging equities underperformed developed markets during the month with the MSCI Emerging Markets index posting a return of -4.1%. The CSI 300 index delivered a monthly return of -1.6% in local currency terms and -0.9% in USD terms as Covid-19 concerns weighed on investor sentiment. While production disruptions from power supply issues eased during the month, subdued demand and rising input costs stifled the overall output growth - PMI dropped below the 50-mark to 49.9 in November (October 2021: 50.6). In India, the BSE Sensex registered -3.8% in November. The manufacturing sector continued to expand strongly with PMI increasing from 55.9 in October to 57.6 in November. Output and new orders rose sharply over the month, buoyed by pent-up demand and firms increasing their production volumes. Cost inflationary pressures, however, remained elevated amid rising transportation costs and raw material shortages.

At fixed income level, the Barclays Global Aggregate Bond index posted a return of -0.3% MoM. Treasuries gained amid fears the Omicron variant may derail the global economic recovery; the US 10-year Treasury yields fell to 1.44% in November against 1.55% in October. On the policy front, President Joe Biden nominated Jerome Powell for a second term as the Federal Reserve Chairman. The Fed's rhetoric turned increasingly hawkish with the November FOMC Meeting minutes suggesting that the Fed is ready for a quicker taper. The target Fed Funds rate remained unchanged at 0%-0.25%. 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%. Although conceding that the Eurozone inflation will stay elevated for longer than previously expected, the ECB President Lagarde maintained it would moderate by next year and reiterated that the ECB won't rush into any premature monetary policy tightening.

On the commodity side, the S&P GSCI index registered -10.8% in November. Brent and WTI posted respective returns of -16.4% and -20.8% MoM amid worries that the emergence of the Omicron variant could impact global oil demand. Natural gas posted a return of -15.8% MoM. Industrial metals also registered negative performances with silver and copper posting corresponding returns of -4.5% and -2.1%. Regarding precious metals, gold erased its mid-month gains and ended the month with a return of -0.5%.

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