

# Monthly Market Wrap

| December 2021

## Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+4.4%	+10.6%	+10.9%	+26.9%	+26.9%	+90.1%	+112.9%	15.4%
MSCI World	+4.2%	+7.5%	+7.1%	+20.1%	+20.1%	+71.5%	+84.5%	15.1%
MSCI World Small Cap	+3.6%	+2.0%	+0.2%	+14.4%	+14.4%	+62.4%	+66.5%	18.5%
MSCI Europe	+5.5%	+7.4%	+7.7%	+22.4%	+22.4%	+41.6%	+32.0%	14.2%
MSCI EM	+1.6%	-1.7%	-10.4%	-4.6%	-4.6%	+27.6%	+42.9%	16.6%
MSCI AC Asia	+1.8%	-2.1%	-7.1%	-3.4%	-3.4%	+31.6%	+43.0%	13.8%
SEMDEX	+4.3%	+4.3%	+12.5%	+27.3%	+27.3%	-5.4%	+16.0%	15.8%
DEMEX	+0.4%	+6.9%	+7.5%	+43.0%	+43.0%	+29.8%	+50.3%	10.6%

## Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-0.1%	-0.7%	-1.5%	-4.7%	-4.7%	+11.2%	+18.0%	4.0%
Barclays US Aggregate Bond	-0.3%	+0.0%	+0.1%	-1.5%	-1.5%	+15.1%	+19.2%	3.1%
Barclays High Yield bond	+1.9%	-0.7%	-1.1%	+1.0%	+1.0%	+21.7%	+28.9%	8.7%
JP Morgan EMU IG Bond	-1.6%	-0.5%	-0.5%	-3.5%	-3.5%	+8.5%	+9.7%	3.9%
JP Morgan EM Bond	+1.6%	-0.2%	-1.0%	-2.1%	-2.1%	+20.3%	+26.0%	9.3%
FTSE Asian Broad Bond	+0.1%	-1.0%	-2.0%	-2.2%	-2.2%	+17.2%	+23.1%	4.5%

## Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	75.21	+13.6%
Brent Crude Oil / Bbl	77.78	+10.2%
Natural Gas / mmBtu	3.73	-18.3%
Copper / oz	446.35	+4.3%
Silver / oz	23.31	+2.1%
Gold / oz	1,829.20	+3.1%

## SEMDEX sector performance (%)

Index	Weight	1M
Financials	39.5%	+6.7%
Commerce	16.9%	+1.2%
Industry	7.7%	-0.4%
Investments	23.1%	+4.0%
Leisure & Hotels	6.1%	+8.1%
Property	5.7%	+1.5%
Sugar	0.4%	-1.1%
Transport	0.3%	+28.9%
Foreign	0.2%	0.0%

## Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	0.53%	0.65%	0.73%	2.21%	2.93%	4.21%	4.52%	4.73%
-1M	0.56%	0.70%	0.84%	2.28%	3.01%	4.25%	4.55%	4.74%

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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	57.70	58.30	57.60	58.00	115.80	111.90	7.0%	0.00%-0.25%	3.9%
Germany	57.40	57.40	48.70	52.70	95.00	98.00	5.3%	0.00%	5.3%
France	55.60	55.90	57.00	57.40	100.00	98.00	2.8%	0.00%	8.1%
UK	57.90	58.10	53.60	58.50	-15.00	-14.00	5.1%	0.25%	4.2%
Japan	54.30	54.50	52.10	53.00	38.90	39.30	0.6%	-0.10%	2.8%
China	50.90	49.90	53.10	52.10	NA	119.50	1.5%	4.35%	3.9%
India	55.50	57.60	55.50	58.10	NA	NA	5.6%	4.00%	7.9%

\*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	216.28	+0.3%	+0.8%	+3.4%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.84	+0.5%	+1.0%	-4.0%	7.4%
SBM Universal Fund	MUR	Multi-asset	32.57	+2.2%	+3.6%	+17.9%	7.8%
SBM Growth Fund	MUR	Global equities	14.49	+3.3%	+5.3%	+25.0%	12.5%
SBM India Fund (Class B)	USD	Indian equities	142.34	+3.5%	+0.3%	+23.6%	28.6%

## Commentary

Local equity indices posted positive performances in December with the SEMDEX and DEMEX closing the month at 2,097.89 and 305.67 points, equivalent to respective returns of +4.3% and +0.4%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MCBG, SBMH and ALTG while the main laggards were PBL, SWAN and SHEL. The top three price gainers were AML (+28.9%), CIM (+16.6%) and NMH (+14.5%) while the top three price losers were PIM (-3.4%), SWAN (-2.9%) and HWF (-2.9%). The price-earnings ratio and dividend yield of the SEMDEX stood at 14.03x and 2.85%, respectively, as at 31 December against corresponding figures of 14.86x and 2.94% as at 30 November. Net foreign disinvestments of MUR 322.1M were mainly driven by the sell-offs in MCBG, Afrexim and AML.

International equities ended the month in positive territory as investors reassessed the impact of the Omicron variant on the global recovery; the MSCI World index registered a return of 4.2% MoM.

The S&P500 gained 4.4% as signs of a resilient economy helped investors shrug off concerns about the latest surge in the number of Covid-19 cases and the risks posed by the Omicron variant. The IHS Markit Purchasing Managers' Index (PMI) edged down to 57.7 in December (November 2021: 58.3) on account of a slower upturn in new orders. Output expansion was muted as severe material shortages and supplier delays dragged on. Inflation accelerated at its fastest pace since 1982 with the US Consumer Price Index rising to 7.0% in December against a preceding reading of 6.8% in November.

Eurostoxx 50 registered 5.8% in December despite the record surge in Covid-19 cases across various European countries. Gains were supported by investors' optimism about the economic recovery and the waning Omicron fears. The DAX and FTSE MIB indices recorded respective MoM returns of 5.2% and 5.9% while the CAC 40 registered 6.4%. Despite the modest alleviation in supply chain pressures in the Eurozone, PMI edged down from 58.4 in November to 58.0 in December. In the UK, the FTSE 100 index added 4.6% in December. Manufacturing sector growth momentum remained subdued with the on-going supply chain constraints and weak export performance – the PMI stood at 57.9 in December (November 2021: 58.1).

The Nikkei 225 posted a return of 3.5% as worries over the Omicron virus strain eased. PMI dipped from 54.5 in November to 54.3 in December amid moderate growth in output and new orders. Material shortages and delivery delays continued to hinder production and sales.

Emerging equities underperformed developed markets during the month with the MSCI Emerging Markets index posting a return of 1.6%. The CSI 300 index gained 2.2% in local currency and 2.4% in USD. Operating conditions slightly improved in December as an upturn in sales led to the quickest rate of output growth for the year 2021 – PMI rebounded to 50.9 in December (November 2021: 49.9). Overseas demand remained lackluster amid the rising logistics costs and the pandemic's impact on foreign countries. In India, the BSE Sensex registered a performance of 2.1% in December. The Indian manufacturing sector continued to expand, albeit at a weaker pace, with PMI edging down to 55.5 in December against 57.6 in November. Business confidence deteriorated amid concerns over elevated price pressures and lingering supply chain disruptions.

At fixed income level, the Barclays Global Aggregate Bond index posted a return of -0.1% MoM with bond investors harboring losses as many central banks move towards tighter monetary settings to fight the rising inflation pressures. Yields climbed across the curve, led by the US 10-year Treasury yields rising to 1.51% in December against 1.44% in November. The Federal Reserve announced that it will ramp up the speed of its taper, wrapping up its asset purchase program by the end of March 2022 – the monthly pace of net asset purchases will be reduced by USD 20Bn for Treasury securities and USD 10Bn for agency mortgage-backed securities. The European Central Bank also announced its plans to dial back on stimulus, reducing its PEPP program in Q1 2022. The net asset purchases under the PEPP will be discontinued at the end of March 2022.

On the commodity side, the S&P GSCI index gained 7.6% in December after oil prices bounced back from the fading concerns on the Omicron variant. Brent and WTI witnessed corresponding returns of 10.2% and 13.6% MoM, buoyed by strong global demand and reduced oil production. Natural gas posted a return of -18.3% MoM. Industrial metals registered positive performances with silver and copper gaining 2.1% and 4.3%, respectively. Regarding precious metals, gold ended the month with a return of 3.1%.

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