SBM Mauritius Asset Managers Ltd

Monthly Market Wrap | January 2022

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	-5.3%	-2.0%	+2.7%	-5.3%	+21.6%	+67.0%	+98.1%	15.7%
MSCI World	-5.3%	-3.6%	-0.3%	-5.3%	+14.9%	+50.8%	+70.7%	15.3%
MSCI World Small Cap	-7.6%	-9.0%	-6.7%	-7.6%	+3.6%	+36.1%	+50.5%	18.9%
MSCI Europe	-3.2%	-0.6%	+2.4%	-3.2%	+19.4%	+29.1%	+28.2%	14.3%
MSCI EM	-1.9%	-4.5%	-5.4%	-1.9%	-9.1%	+15.1%	+32.9%	16.5%
MSCI AC Asia	-4.4%	-6.3%	-6.4%	-4.4%	-9.4%	+17.9%	+30.3%	13.9%
SEMDEX	+1.8%	+0.6%	+11.5%	+1.8%	+30.4%	-3.4%	+13.6%	15.8%
DEMEX	+0.1%	+0.7%	+9.9%	+0.1%	+34.3%	+29.5%	+50.0%	10.6%

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	55.50	57.70	51.20	57.60	113.80	115.20	7.5%	0.00%-0.25%	4.0%
Germany	59.80	57.40	52.20	48.70	97.00	95.00	4.9%	0.00%	5.3%
France	55.50	55.60	53.10	57.00	99.00	100.00	2.9%	0.00%	7.4%
UK	57.30	57.90	54.10	53.60	-19.00	-15.00	5.5%	0.50%	4.1%
Japan	55.40	54.30	47.60	52.10	36.60	38.90	0.5%	-0.10%	2.7%
China	49.10	50.90	51.40	53.10	NA	119.80	0.9%	4.35%	3.9%
India	54.00	55.50	51.50	55.50	NA	NA	6.0%	4.00%	6.6%

**based on latest available data*

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-2.0%	-2.5%	-4.8%	-2.0%	-5.8%	+7.3%	+14.3%	4.2%
Barclays US Aggregate Bond	-2.2%	-2.1%	-3.2%	-2.2%	-3.0%	+11.4%	+16.4%	3.3%
Barclays High Yield bond	-2.5%	-2.7%	-3.7%	-2.5%	-1.4%	+13.6%	+23.3%	8.7%
JP Morgan EMU IG Bond	-1.1%	-0.9%	-3.2%	-1.1%	-3.9%	+6.1%	+10.8%	3.8%
JP Morgan EM Bond	-3.0%	-3.2%	-4.4%	-3.0%	-3.6%	+11.3%	+20.4%	9.4%
FTSE Asian Broad Bond	-2.3%	-2.2%	-3.9%	-2.3%	-4.4%	+12.2%	+19.2%	4.6%

SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	YTD	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	216.88	+0.3%	+0.9%	+0.3%	0.3%
SBM Yield Fund	MUR	Global fixed income	11.88	+0.3%	+1.4%	+0.3%	7.4%
SBM Universal Fund	MUR	Multi-asset	32.14	-1.3%	-0.9%	-1.3%	7.8%
SBM Growth Fund	MUR	Global equities	14.06	-3.0%	-2.6%	-3.0%	12.6%
SBM India Fund (Class B)	USD	Indian equities	142.15	-0.1%	-0.8%	-0.1%	28.5%

Commodity prices

Commodity	Current $	1M
WTI Crude Oil / Bbl	88.15	+17.2%
Brent Crude Oil / Bbl	91.21	+17.3%
Natural Gas / mmBtu	4.87	+30.7%
Copper / oz	432.45	-3.1%
Silver / oz	22.47	-3.6%
Gold / oz	1,797.17	-1.8%

Exchange rates

	Current	-1M
EUR/USD	1.12	1.14
USD/JPY	115.11	115.08
GBP/USD	1.34	1.35
USD/MUR	43.78	43.75
EUR/MUR	49.08	49.66
GBP/MUR	58.73	59.15

SEMDEX sector performance (%)

Index	Weight	1M
Financials	39.4%	+1.7%
Commerce	16.7%	+0.2%
Industry	7.6%	+0.3%
Investments	23.3%	+2.9%
Leisure & Hotels	6.3%	+5.0%
Property	5.7%	+2.6%
Sugar	0.4%	+1.4%
Transport	0.3%	-1.7%
Foreign	0.2%	0.0%

Top 3 Gainers - SEMDEX

Stock	1M
MUA Ltd	+15.3%
Lux Island Resorts Ltd	+9.3%
Rogers & Company Limited	+7.0%

Top 3 Losers - SEMDEX

Cross	1M
National Investment Trust Ltd	-6.3%
Automatic Systems Ltd	-5.7%
BlueLife Limited	-5.7%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	0.53%	0.65%	0.75%	2.23%	2.96%	4.12%	4.40%	4.63%
-1M	0.53%	0.65%	0.73%	2.21%	2.93%	4.21%	4.52%	4.73%

Commentary

Local equity indices posted positive performances in January with the SEMDEX and DEMEX closing the month at 2,136.55 and 305.84 points, equivalent to respective returns of +1.8% and +0.1%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MUAL, SBMH and LUX while the main laggards were MCBG, ENL and NIT. The top three gainers in terms of price returns were MUAL (+15.3%), LUX (+9.3%) and ROGERS (+7.0%) and the top three losers were NIT (-6.3%), ASL (-5.7%) and BLL (-5.7%). The price-earnings ratio and dividend yield of the SEMDEX stood at 14.19x and 2.83% respectively, as at 31 January against corresponding figures of 14.03x and 2.85% as at 31 December. Net foreign disinvestments of MUR 105.3M were mainly driven by sell-offs in MCBG, PBL and Afrexim.

International equities ended the month in negative territory amid concerns that a more aggressive tightening by the Fed may impact the economic growth outlook and stock valuations. With inflation remaining persistently high and tensions escalating between Russia and Ukraine, the global equity sell-off accentuated towards the end of the month, albeit a pick-up was noted during the last trading sessions – the MSCI World index posted a return of -5.3% MoM.

The S&P500 registered -5.3% in January, its biggest monthly pullback since March 2020. 10 out of the 11 major GICS sectors closed the month with negative returns while the energy sector gained 19.0% MoM amid the rally in oil prices. Despite the lingering concerns over the Fed's hawkish stance, losses were capped as investors shifted their focus on strong earnings beat by the end of the month. The IHS Markit Purchasing Managers' Index (PMI) dropped to its lowest since October 2020, from 57.7 in December 2021 to 55.5 in January, on account of subdued demand and new orders rising at the slowest pace in 16 months. The Omicron Covid-19 variant, raw material and labour shortages weighed on output growth. The labour market report showed that the economy was moving closer to full employment with the unemployment rate standing at 4.0% in January (December 2021: 3.9%) and nonfarm payrolls rising by 467K in January, exceeding the 150K estimate.

Eurostoxx 50 recorded a return of -2.9% MoM spurred by the rising geopolitical tensions and concerns over rising rates. The DAX and CAC 40 indices registered respective MoM returns of -2.6% and -2.2% while the FTSE MIB posted -1.9%. The Eurozone manufacturing sector regained its growth momentum with a PMI reading of 58.7 in January against 58.0 in the previous month – production and new orders both increased at faster rates amid improving demand conditions and further signs of subsiding supply chain issues. The rising geopolitical tensions between Russia and Ukraine, and the energy price crisis however pose as headwinds for the forthcoming months. In the UK, the FTSE 100 index added 1.1%. PMI edged down from 57.9 in December to 57.3 in January, reflecting the slower growth in new orders.

Japanese equities followed the global equity trend with the Nikkei 225 posting a return of -6.2%. The lingering investor concerns about the pace of tightening by the Fed dragged markets. The manufacturing sector signalled a stronger improvement in operating conditions with output and new orders rising at the sharpest pace since February 2014 - PMI rose to 55.4 in January (December 2021: 54.3).

Emerging equities outperformed developed markets during the month with the MSCI Emerging Markets index posting a return of -1.9%. The CSI 300 index delivered a performance of -7.6% MoM in local currency and -7.7% in USD. Operating conditions worsened in China due to the uptick in the number of Covid-19 cases and new restrictions contributing to the deterioration of the manufacturing sector performance - PMI dropped below the 50-mark to 49.1 in January (December 2021: 50.9). While supply chain delays worsened during the month, weaker external demand weighed on overall sales. In India, the BSE Sensex registered a performance of -0.4% in January. The Indian manufacturing sector output momentum was mildly impacted by the new wave of the Omicron variant – PMI edged down to 54.0 in January against 55.5 in December.

At the fixed income level, the Barclays Global Aggregate Bond index posted a return of -2.0% MoM as markets adjusted for heightened inflation risks and aggressive monetary tightening. The latest Federal Reserve meeting revealed a more hawkish stance on interest rates. The Fed kept the target Fed Funds rate unchanged at 0.00%-0.25%. Yields rose in response to hawkish Fed signals - the US 10-year Treasury yields rose to 1.78% in January against 1.51% in December. The European Central Bank 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.

On the commodity side, the S&P GSCI index gained 11.6% MoM against a high inflationary backdrop. Brent and WTI posted corresponding returns of 17.3% and 17.2% MoM amid the Eastern Europe geopolitical tensions and the falling US stockpiles. Natural gas posted a return of 30.7% MoM. Industrial metals registered negative performances with silver and copper posting monthly returns of -3.6% and -3.1%, respectively. Regarding precious metals, gold ended the month with a return of -1.8%.

Hotline: 202 1111 | E: sbm.assetm@sbmgroup.mu | W: nbfc.sbmgroup.mu/mam