

Monthly Market Wrap

I November 2022

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+5.4%	+3.2%	-1.3%	-14.4%	-10.7%	+29.9%	+54.1%	18.4%
MSCI World	+6.8%	+3.6%	-2.5%	-15.8%	-12.3%	+18.7%	+31.0%	18.0%
MSCI World Small Cap	+6.0%	+2.5%	-2.9%	-17.1%	-14.1%	+12.0%	+15.7%	21.2%
MSCI Europe	+6.7%	+6.1%	-0.3%	-8.6%	-3.6%	+8.0%	+13.3%	16.0%
MSCI EM	+14.6%	-2.2%	-9.8%	-21.1%	-19.8%	-6.5%	-13.2%	18.9%
MSCI AC Asia	+14.8%	-1.3%	-7.7%	-19.0%	-17.6%	-4.5%	-8.2%	16.8%
SEMDEX	-0.1%	-1.9%	-6.1%	-2.1%	+2.1%	-3.4%	-5.8%	16.2%
DEMEX	-1.0%	-4.6%	-12.5%	-12.6%	-12.2%	+15.8%	+18.1%	11.1%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	+4.7%	-1.4%	-6.3%	-16.7%	-16.8%	-12.8%	-8.2%	6.3%
Barclays US Aggregate Bond	+3.7%	-2.1%	-4.1%	-12.6%	-12.8%	-7.6%	+1.0%	5.1%
Barclays High Yield bond	+5.0%	+1.8%	-3.5%	-13.3%	-11.7%	-3.8%	+1.7%	10.4%
JP Morgan EMU IG Bond	+2.3%	-1.3%	-4.2%	-14.1%	-15.5%	-13.6%	-6.8%	5.6%
JP Morgan EM Bond	+7.9%	+0.9%	-4.0%	-18.5%	-17.3%	-13.8%	-6.4%	11.7%
FTSE Asian Broad Bond	+5.5%	-2.0%	-4.2%	-13.1%	-13.0%	-8.6%	+1.3%	6.2%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	80.55	-6.9%
Brent Crude Oil / Bbl	85.43	-9.9%
Natural Gas / mmBtu	6.93	+9.0%
Copper / oz	372.95	+10.5%
Silver / oz	22.19	+15.8%
Gold / oz	1,768.52	+8.3%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	41.3%	-1.4%
Commerce	16.7%	+0.2%
Industry	7.2%	-4.5%
Investments	20.8%	+2.6%
Leisure & Hotels	8.2%	+3.9%
Property	5.1%	-3.2%
Sugar	0.5%	+13.6%
Foreign	0.2%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	2.39%	2.48%	3.19%	3.81%	4.44%	5.24%	5.33%	5.31%
-1M	1.52%	1.67%	1.85%	3.09%	3.59%	4.70%	5.10%	5.21%

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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	47.70	50.40	46.20	47.80	100.20	102.20	7.1%	4.25% - 4.50%	3.7%
Germany	46.20	45.10	46.10	46.50	NA	75.00	10.0%	2.50%	5.5%
France	48.30	47.20	49.30	51.70	83.00	82.00	6.2%	2.50%	7.3%
UK	46.50	46.20	48.80	48.80	-44.00	-47.00	10.7%	3.50%	3.7%
Japan	49.00	50.70	50.30	53.20	29.40	30.70	3.7%	-0.10%	2.6%
China	49.40	49.20	46.70	48.40	NA	86.80	1.6%	4.35%	4.0%
India	55.70	55.30	56.40	55.10	NA	NA	5.9%	6.25%	8.0%

*based on latest available data

SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	1Y	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	224.58	+0.3%	+1.0%	+4.2%	0.3%
SBM Yield Fund	MUR	Global fixed income	11.45	-0.3%	-1.1%	-0.1%	7.5%
SBM Universal Fund	MUR	Multi-asset	30.70	+2.4%	+0.3%	-2.5%	8.1%
SBM Growth Fund	MUR	Global equities	12.94	+4.2%	-0.3%	-7.7%	13.2%
SBM India Fund (Class B)	USD	Indian equities	138.46	+4.4%	+1.6%	+0.7%	28.7%

Commentary

Local indices closed marginally lower in November with the SEMDEX and DEMEX ending the month at 2,053.32 and 267.30 points, equivalent to respective returns of -0.1% and -1.0%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were ALTG, SBMH and CIEL while the main laggards were MCBG, MUAL and PBL. The top three price gainers were ALTG (+20.0%), MCFI (+16.9%) and MTMD (+13.6%) while the main detractors were POLICY (-24.8%), MDIT (-17.9%) and HWF (-10.5%). The price-earnings ratio and dividend yield of SEMDEX stood at 10.20x and 3.63%, respectively, as at 30 November against corresponding figures of 10.73x and 3.52% as at 31 October. During the month, foreigners turned net buyer on the local bourse to the tune of MUR 13M (vs. net outflow of MUR 353M in Oct-22), mainly driven by SBMH, ENLG and MEDINE.

International equities ended the month on a strong note mainly on account of expectations that the pace of rate hikes will ease after the latest comments from the Fed. The MSCI World index recorded a return of 6.8% MoM.

The S&P 500 index notched the second straight month of gains in 15 months after it registered a return of 5.4% in November. The rally was fuelled by Fed Chair Jerome Powell's comment that downshifts in the pace of rate hikes may come as soon as December. All the 11 major industry groups ended in positive territory, led by Materials, Industrials and Communication Services. Growth stocks continued to underperform with the S&P Growth index posting 5.0% MoM compared with 5.8% for the S&P Value index. The S&P Global US Purchasing Managers' Index (PMI) was down to 47.6 in November (October 2022: 50.4), its sharpest downturn since May 2020. The deterioration in operating conditions was driven by declines in both output and new orders. Growing recession fears, high borrowing costs and the rising cost of living dented demand. Cost pressures however eased in November amid softening price inflation.

The Eurostoxx 50 index posted a performance of 9.6% MoM after softening inflation data lifted investor sentiment. The DAX and FTSE MIB indices both recorded a return of 8.6% while the CAC 40 registered 7.5%. The Eurozone manufacturing sector remained in contraction territory with PMI standing at 47.1 in November against 46.4 in October. Improved supply-chain conditions helped alleviate cost pressures for manufacturers. In the UK, the FTSE 100 index gained 6.7% in November. Operating conditions contracted further on account of weaker inflows of new business, supply-chain issues, declining export sales and reduced employment; PMI declined to 46.5 in November (October 2022: 46.2).

In Japan, the Nikkei 225 index registered a return of 1.4%, underperforming its global peers. Manufacturing conditions worsened in November amid sharp declines in output and new orders, steering a decline in the PMI reading below the neutral 50.0 threshold. Weak domestic and international demand as well as sustained cost pressures contributed to the downturn.

Emerging equities outperformed developed markets after the MSCI Emerging Markets index posted a return of 14.6% in November. The CSI300 index gained 9.8% MoM in local currency and 13.1% in USD amid speculation that the unrest in China would pressurize authorities to speed up the easing of the Covid-19 restrictions. The ongoing Covid-19 restrictions and Covid-19 outbreaks curtailed manufacturing activity; PMI stood at 49.4 in November, marginally up from a previous reading of 49.2 in October. In India, the BSE Sensex recorded a return of 3.9% for the month. The manufacturing sector continued to sustain a strong growth momentum, buoyed by the solid upturn in new order intakes; PMI edged up from 55.3 in October to 55.7 in November.

At fixed income level, the Barclays Global Aggregate Bond index advanced 4.7% MoM. The 10-year US Treasury yields decreased by 44 bps, closing at 3.61% in November. The Fed raised the target Fed Funds rate by 75 bps for the fourth consecutive time to the range of 3.75%-4.0% at its November meeting. The Federal Open Market Committee (FOMC) continued reducing its holdings of Treasury securities, agency debt, and agency mortgage-backed securities, with the cap set at USD 95Bn for November. The ECB kept the interest rate unchanged on the main refinancing operations, the marginal lending facility and the deposit facility at 2.00%, 2.25% and 1.50%, respectively.

On the commodity side, the S&P GSCI index fell by 1.7% MoM, mainly driven by the decline in oil prices. Brent and WTI prices fell by 9.9% and 6.9%, respectively amid concerns of weakened demand. The price of natural gas surged by 9.0% MoM as the colder weather spurred a surge in demand. Industrial metals recorded positive performances with copper and silver posting corresponding monthly gains of 10.5% and 15.8%. Regarding precious metals, gold price rebounded in November, registering a return of 8.3%.

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