SBM Mauritius Asset Managers Ltd

Monthly Market Wrap

January 2023

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+6.2%	+5.3%	-1.3%	+6.2%	-9.7%	+26.4%	+44.4%	18.7%
MSCI World	+7.0%	+9.3%	+1.4%	+7.0%	-9.0%	+18.9%	+25.8%	18.2%
MSCI World Small Cap	+9.2%	+11.7%	+4.3%	+9.2%	-5.5%	+17.5%	+16.2%	21.6%
MSCI Europe	+6.7%	+9.8%	+3.5%	+6.7%	-2.8%	+10.4%	+14.0%	16.3%
MSCI EM	+7.9%	+21.6%	+3.8%	+7.9%	-14.6%	-2.9%	-17.8%	18.8%
MSCI AC Asia	+7.8%	+23.3%	+4.7%	+7.8%	-9.1%	+1.3%	-8.7%	16.9%
SEMDEX	-2.6%	-2.6%	-0.4%	-2.6%	-6.3%	-9.5%	-11.2%	16.2%
DEMEX	-0.7%	-2.0%	-6.2%	-0.7%	-13.5%	+12.0%	+12.9%	11.1%

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	46.90	46.20	46.80	44.70	107.10	109.00	6.4%	4.50%-4.75%	3.4%
Germany	47.30	47.10	50.70	49.20	89.00	84.00	8.7%	3.00%	5.5%
France	50.50	49.20	49.40	49.50	80.00	81.00	6.0%	3.00%	7.2%
UK	47.00	45.30	48.70	49.90	-45.00	-42.00	10.1%	4.00%	3.7%
Japan	48.90	48.90	52.30	51.10	30.90	30.60	4.0%	-0.10%	2.5%
China	49.20	49.00	52.90	48.00	NA	88.30	2.1%	4.35%	4.0%
India	55.40	57.80	57.20	58.50	NA	NA	6.5%	6.50%	7.1%

**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	+3.3%	+8.7%	-1.6%	+3.3%	-11.7%	-11.1%	-6.1%	6.5%
Barclays US Aggregate Bond	+3.1%	+6.4%	-2.4%	+3.1%	-8.4%	-6.9%	+4.4%	5.2%
Barclays High Yield bond	+4.2%	+10.1%	+5.1%	+4.2%	-6.7%	-1.8%	+4.9%	10.6%
JP Morgan EMU IG Bond	+2.4%	+0.1%	-8.2%	+2.4%	-15.1%	-16.8%	-7.7%	6.0%
JP Morgan EM Bond	+3.3%	+11.7%	+3.1%	+3.3%	-13.1%	-14.0%	-3.7%	11.8%
FTSE Asian Broad Bond	+3.1%	+10.1%	+1.7%	+3.1%	-7.2%	-6.6%	+6.1%	6.3%

SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	1Y	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	225.99	+0.7%	+1.0%	+4.2%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.51	+3.1%	+0.2%	-0.4%	7.7%
SBM Universal Fund	MUR	Multi-asset	30.93	+3.1%	+3.1%	-2.6%	8.2%
SBM Growth Fund	MUR	Global equities	13.27	+5.3%	+6.8%	-5.7%	13.5%
SBM India Fund (Class B)	USD	Indian equities	130.62	-1.2%	-1.5%	-8.1%	28.7%

Commodity prices

Commodity	Current $	1M
WTI Crude Oil / Bbl	78.87	-1.7%
Brent Crude Oil / Bbl	84.49	-1.7%
Natural Gas / mmBtu	2.68	-40.0%
Copper / oz	422.60	+10.9%
Silver / oz	23.73	-0.9%
Gold / oz	1,928.36	+5.7%

Exchange rates

	Current	-1M
EUR/USD	1.09	1.07
USD/JPY	130.09	131.12
GBP/USD	1.23	1.21
USD/MUR	44.95	44.31
EUR/MUR	48.82	47.34
GBP/MUR	55.35	53.48

SEMDEX sector performance (%)

Index	Weight	1M
Financials	42.2%	-0.2%
Commerce	16.9%	-4.6%
Industry	6.8%	-4.0%
Investments	20.9%	-2.9%
Leisure & Hotels	7.8%	-5.7%
Property	4.7%	-8.6%
Sugar	0.5%	+16.3%
Foreign	0.2%	-3.1%

Top 3 Gainers - SEMDEX

Stock	1M
Omnicane Ltd	+16.3%
CIM Financial Services Ltd	+9.5%
National Investment Trust Ltd	+3.1%

Top 3 Losers - SEMDEX

Stock	1M
Automatic Systems Ltd	-11.2%
United Basalt Products Ltd	-10.7%
New Mauritius Hotels Ltd	-10.1%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	2.54%	3.82%	4.26%	4.54%	4.96%	5.81%	5.90%	6.01%
-1M	3.58%	4.28%	4.76%	5.09%	5.48%	5.90%	6.54%	6.77%

Commentary

Domestic equities suffered a slow start to the year 2023 with both the SEMDEX and DEMEX retreating to 2,002.36 and 264.63 points respectively, equivalent to corresponding returns of -2.6% and -0.7% for the month of January. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were CIM, MTMD and MEDINE, while the main laggards were IBLL, ASCE and SBMH. The top three price gainers were MTMD (+16.3%), CIM (+9.5%) and NIT (+3.1%) while the main detractors were ASL (-11.2%), UBP (-10.7%) and NMHL (-10.1%). The price-earnings ratio and dividend yield of SEMDEX stood at 10.01x and 3.70%, respectively, as at 31 January against corresponding figures of 10.20x and 3.62% as at 30 December. During the month, foreigners were heavy sellers on the local market to the tune of MUR 202M (vs. net outflows of MUR 5.6M in Dec-22), mainly driven by MCBG, CIEL and LUX.

International equities rebounded sharply in January, buoyed by easing inflation, slowing job growth, the reopening of the Chinese economy and prospects of a less hawkish Fed. Investors continued to assess the impact of Fed's fight against inflation and the possibility of a "soft landing scenario". The MSCI World index posted a growth of 7.0% MoM.

The S&P 500 index gained 6.2%, fuelled by better-than-expected earnings and slowing wage growth amid easing price pressures. 8 of the major industry groups ended in positive territory, led by Consumer Discretionary, Communication Services and Real Estate. The S&P Global US Purchasing Managers' Index (PMI) stood at 46.9 in January against 46.2 in December, representing its third consecutive month of contraction and one of the lowest levels recorded since the global financial crisis. The deterioration in operating conditions was driven by weak demand conditions across domestic as well as export markets. The labour market remained strong with unemployment rate falling to 3.4% in January, the lowest level in 54 years.

The Eurostoxx 50 index rallied by 9.7% MoM after signs of cooling inflation, declining gas prices and China's reopening lifted investor sentiment. The DAX and CAC 40 indices recorded respective returns of 8.7% and 9.4% while the FTSE MIB index registered 12.2%. The Eurozone manufacturing sector downturn eased with PMI edging up from 47.8 in December to 48.8 in January after easing supply-chain conditions helped companies reduce their backlogs and ramp up production. In the UK, the FTSE 100 index posted a return of 4.3%. Operating conditions contracted on account of subdued demand, elevated inflation and supply constraints. PMI remained below the 50-mark threshold, at 47.0 in January against a previous reading of 45.3.

In Japan, the Nikkei 225 index lagged its global peers, registering a return of 4.7% MoM. Manufacturing conditions stabilised in January as PMI data pointed to only a modest reduction in output and new orders levels, with the rates of decline being the slowest since October 2022 - PMI remained unchanged at 48.9. Business confidence improved at the start of 2023 amid hopes of sustained stabilisation in supply-chain conditions.

Emerging equities outperformed developed markets after the MSCI Emerging Markets index posted a return of 7.9% in January as China's reopening triggered a rebound across the region. The CSI300 index advanced by 7.4% in local currency and 9.6% in USD. The shift in Covid-19 control policies lessened the pressure on China's manufacturing sector with operating conditions moving closer to stabilisation; PMI edged up from 49.0 in December to 49.2 in January. External demand remained weak amid rising recession risks, with new orders contracting for the sixth consecutive month. In India, the BSE Sensex registered -2.1% for the month. The manufacturing sector continued to sustain a strong growth momentum, buoyed by a robust increase in new work intakes; PMI stood at 55.4 in January (December 2022: 57.8). The main source for new business growth remained the domestic market while growth in international sales remained below its long-run trend.

At fixed income level, the Barclays Global Aggregate Bond index gained 3.3% MoM as easing price pressures led to a decline in yields and a dialling back of the Fed's rate hike expectations. The 10-year US Treasury yields declined to 3.51%, 37bps lower than its previous reading, as Fed officials indicated a slower pace of rate hikes amid easing inflationary pressures. There was no MPC meeting held during the month, hence the Feds Fund rate range remained unchanged at 4.25%-4.50%. The European Central Bank (ECB) maintained key interest rates since no monetary policy meeting was held during the month, with the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility remaining unchanged at 2.50%, 2.75% and 2.00%, respectively.

On the commodity side, the S&P GSCI index posted -0.1% MoM. Oil prices were on the downtrend with both Brent and WTI crude oil registering -1.7% in January. The price of natural gas fell by 40.0% MoM amid the warmest January recorded since 2006. Industrial metals recorded mixed performances with copper posting gains of 10.9% while silver fell by 0.9%. Aluminium rallied by 11.4% as China's reopening boosted demand expectations. Regarding precious metals, the price of gold increased by 5.7% amid a weakening US dollar and expectations of a slower pace of rate hikes from the US Fed.

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