

# Monthly Market Wrap

## I March 2023







### Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+3.5%	+7.0%	+14.6%	+7.0%	-9.3%	+59.0%	+55.6%	18.6%
MSCI World	+2.8%	+7.3%	+17.4%	+7.3%	-8.6%	+50.7%	+35.1%	18.1%
MSCI World Small Cap	-2.8%	+3.8%	+14.6%	+3.8%	-10.9%	+55.9%	+15.4%	21.6%
MSCI Europe	-0.5%	+8.0%	+17.9%	+8.0%	+1.1%	+43.3%	+23.1%	16.1%
MSCI EM	+2.7%	+3.5%	+13.1%	+3.5%	-13.3%	+16.7%	-15.4%	18.9%
MSCI AC Asia	+2.6%	+4.1%	+16.7%	+4.1%	-10.2%	+18.5%	-6.2%	17.0%
SEMDEX	-2.7%	-4.7%	-7.4%	-4.7%	-10.9%	+24.7%	-14.4%	16.2%
DEMEX	-1.8%	-3.6%	-7.3%	-3.6%	-17.9%	+18.0%	+7.4%	11.1%








### Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	+3.2%	+3.0%	+7.7%	+3.0%	-8.1%	-9.9%	-6.5%	6.8%
Barclays US Aggregate Bond	+2.5%	+3.0%	+4.9%	+3.0%	-4.8%	-8.1%	+4.6%	5.5%
Barclays High Yield bond	+0.9%	+3.1%	+11.4%	+3.1%	-4.5%	+14.5%	+5.5%	10.6%
JP Morgan EMU IG Bond	+2.3%	+2.4%	+0.3%	+2.4%	-11.4%	-15.0%	-9.3%	6.2%
JP Morgan EM Bond	+1.1%	+1.9%	+10.5%	+1.9%	-7.6%	-0.1%	-3.2%	11.8%
FTSE Asian Broad Bond	+1.2%	+2.7%	+6.3%	+2.7%	-3.3%	-1.7%	+6.7%	6.4%

### Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	75.67	-1.8% 
Brent Crude Oil / Bbl	79.77	-4.9% 
Natural Gas / mmBtu	2.22	-19.3% 
Copper / oz	409.45	-0.1% 
Silver / oz	24.10	+15.2% 
Gold / oz	1,969.28	+7.8% 

### SEMDEX sector performance (%)

Index	Weight	1M
Financials	43.1%	-2.4% 
Commerce	16.3%	-0.8% 
Industry	6.9%	-2.0% 
Investments	20.7%	-4.1% 
Leisure & Hotels	7.7%	-4.5% 
Property	4.6%	-3.2% 
Sugar	0.6%	-8.7% 
Foreign	0.2%	0.0%

### Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	2.99%	4.11%	4.33%	4.61%	4.83%	5.70%	6.00%	6.05%
-1M	3.14%	4.02%	4.38%	4.62%	4.79%	5.78%	6.00%	6.12%

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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	49.20	47.30	52.60	50.60	104.20	103.40	5.0%	4.75% - 5.00%	3.5%
Germany	44.70	46.30	53.70	50.90	91.00	92.00	7.4%	3.50%	5.5%
France	47.30	47.40	53.90	53.10	81.00	82.00	5.7%	3.50%	7.2%
UK	47.90	49.30	52.90	53.50	-36.00	-38.00	10.1%	4.25%	3.8%
Japan	49.20	47.70	55.00	54.00	33.50	30.70	3.3%	-0.10%	2.6%
China	50.00	51.60	57.80	55.00	NA	94.70	0.7%	4.35%	4.0%
India	56.40	55.30	57.80	59.40	NA	NA	5.7%	6.50%	7.8%

\*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	227.50	+0.3%	+1.4%	+4.1%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.48	+0.3%	+3.6%	-0.6%	7.7%
SBM Universal Fund	MUR	Multi-asset	30.94	-0.2%	+3.1%	-3.9%	8.2%
SBM Growth Fund	MUR	Global equities	13.36	+0.8%	+6.0%	-6.6%	13.5%
SBM India Fund (Class B)	USD	Indian equities	127.18	+0.2%	-3.8%	-7.5%	28.6%

### Commentary

Local equity indices headed south in March with the SEMDEX and DEMEX closing the month at 1,959.29 and 257.14 points, equivalent to respective returns of -2.7% and -1.8%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were SBMH, UBP and SHEL while the main laggards were MCBG, CIM and ENLG. The top three price gainers were POL (+9.8%), SBMH (+6.1%) and UBP (+5.8%) while the main three detractors were CAUDAN (-15.7%), MCFI (-12.5%) and CIM (-11.3%). The price-earnings ratio and dividend yield of the SEMDEX stood at 8.87x and 3.82%, respectively, as at 31 March against corresponding figures of 10.12x and 3.66% as at 28 February. During the month, foreigners were net buyer on the local bourse, though to a lower tune of MUR 75.5M (vs. net inflows of MUR 231.7M in Feb-23), mainly driven by MCBG, PBL and ENLG.

The month of March was marked by a series of bank failures in the US and Europe. Notably, Silicon Valley Bank failed on 10th March and US regulators stepped in by guaranteeing deposits and initiating the Bank Term Funding Program to enhance liquidity. A week after, Credit Suisse was on the brink of failure in Europe and was eventually acquired by UBS. Equity markets rebounded amid robust interventions by policymakers and rising optimism over a rate cut by end of 2023; the MSCI World index posted a return of 2.8% MoM.

The S&P 500 index registered 3.5%, strongly rallying during the last week of March, as fears of financial instability waned off. 7 of the major industry groups ended in positive territory, led by Information Technology and Communication Services. The main laggards were Financials and Real Estate sectors. The S&P Global US Manufacturing Purchasing Managers' Index (PMI) remained marginally below the 50-mark threshold at 49.2 in March (vs. 47.3 in February). The index rose for the third consecutive month to signal the slowest deterioration in operating conditions. Cost-cutting initiatives and slower increases in selling prices by firms drove sales higher.

The Eurostoxx 50 index gained 1.8% MoM as easing banking sector concerns boosted investor sentiment. Manufacturing PMI dropped to a four-month low of 47.3 in March from 48.5 in February amid shrinking new export orders across the Eurozone. In the UK, the FTSE 100 underperformed its developed market peers, posting -3.1%, following an unexpected acceleration in CPI print in February. PMI dropped to 47.9 in March, down from February's seven-month high of 49.3, due to subdued market demand, declining new export orders and reduced inventory holdings by companies.

In Japan, the Nikkei 225 index posted 2.2% on the back of a decline in core consumer prices driven mainly by the government subsidies to curb utility bills. PMI rose from 47.7 in February to 49.2 in March after both output and new orders witnessed the softest pace of contraction in the last five months.

Emerging market equities closed marginally lower than its developed counterparts with the MSCI Emerging Markets index posting 2.7%. The CSI 300 index registered -0.5% in local currency and 0.5% in USD terms, clouded by doubts about the durability of its economic recovery after three years of zero-Covid policy. Manufacturing PMI was at the neutral level of 50.0 in March, down from an eight month-high of 51.6 in February, amid a softer rise in new orders while new export business declined. In India, the BSE Sensex recorded 0.3% for the month, led by the Banking and IT services. PMI rose from 55.3 in February to 56.4 in March as growth of factory orders and production rose to the strongest pace in three months.

At fixed income level, the Barclays Global Aggregate Bond index registered 3.2% in March after conditions in the banking sector continued to stabilise and investor concerns receded. The US Federal Reserve (Fed) raised the Fed Fund rates by 25 bps to a range of 4.75%-5.00% at its March meeting, its highest level since 2007. The Fed expressed caution about the recent banking issues and indicated that rate hikes are nearing an end. The European Central Bank (ECB) announced a further rate hike of 50 bps and signalled its support to banks in terms of liquidity supply, amid the recent turmoil in the banking sector. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility increased to 3.50%, 3.75% and 3.00%, respectively. The Bank of England raised the bank rate by 25 bps to 4.25% in March 2023.

On the commodity side, the S&P GSCI index posted -1.1% MoM as concerns over a global slowdown, higher interest rates and a selloff in natural gas dragged the gauge lower. Brent and WTI crude oil registered -4.9% and -1.8% amid lacklustre demand and oil stocks building to levels not seen in 18 months. Industrial metals recorded mixed returns with silver posting double-digit returns of 15.2% while copper recorded -0.1% MoM. With regards to precious metals, the price of gold increased by 7.8% amidst a fall in the US dollar and jitters over the largest US bank failure since the 2008 financial crisis, which drove investors to the safe-haven asset.

Hotline: 202 1111 | E: [sbm.assetm@sbmgroup.mu](mailto:sbm.assetm@sbmgroup.mu) | W: [nbfc.sbmgroup.mu/mam](http://nbfc.sbmgroup.mu/mam)