

Monthly Market Wrap

I April 2023

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+1.5%	+2.3%	+7.7%	+8.6%	+0.9%	+43.2%	+57.5%	18.6%
MSCI World	+1.6%	+1.8%	+11.3%	+9.0%	+1.4%	+38.1%	+35.9%	18.1%
MSCI World Small Cap	-0.3%	-5.2%	+5.9%	+3.6%	-3.5%	+37.2%	+14.2%	21.6%
MSCI Europe	+2.0%	+3.1%	+13.3%	+10.1%	+4.2%	+38.0%	+20.6%	16.1%
MSCI EM	-1.3%	-5.3%	+15.2%	+2.2%	-9.2%	+5.6%	-16.1%	18.9%
MSCI AC Asia	-1.1%	-4.5%	+17.7%	+2.9%	-5.0%	+8.4%	-8.0%	17.0%
SEMDEX	-1.7%	-3.8%	-6.3%	-6.3%	-16.0%	+22.5%	-15.8%	16.2%
DEMEX	-1.7%	-4.5%	-6.4%	-5.2%	-17.2%	+21.3%	+4.9%	11.2%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	+0.4%	+0.2%	+8.9%	+3.5%	-2.3%	-11.3%	-4.6%	6.8%
Barclays US Aggregate Bond	+0.6%	+0.5%	+6.9%	+3.6%	-0.4%	-9.1%	+6.0%	5.5%
Barclays High Yield bond	+0.6%	-0.4%	+9.7%	+3.8%	+0.7%	+10.4%	+6.4%	10.6%
JP Morgan EMU IG Bond	-0.1%	-0.0%	+0.0%	+2.3%	-8.0%	-15.5%	-9.0%	6.2%
JP Morgan EM Bond	+0.5%	-0.9%	+10.7%	+2.4%	-1.2%	-2.1%	-1.1%	11.8%
FTSE Asian Broad Bond	+0.9%	+0.5%	+10.6%	+3.6%	+0.4%	-2.8%	+8.3%	6.4%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	76.78	+1.5%
Brent Crude Oil / Bbl	79.54	-0.3%
Natural Gas / mmBtu	2.41	+8.8%
Copper / oz	387.00	+5.5%
Silver / oz	25.05	+4.0%
Gold / oz	1,990.00	+1.1%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	43.3%	-1.3%
Commerce	16.4%	-1.3%
Industry	7.2%	+1.6%
Investments	20.4%	-3.6%
Leisure & Hotels	7.4%	-4.9%
Property	4.5%	-3.1%
Sugar	0.6%	+2.4%
Foreign	0.2%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	4.04%	4.39%	4.54%	4.62%	4.85%	5.40%	5.71%	5.88%
-1M	2.99%	4.11%	4.33%	4.61%	4.83%	5.70%	6.00%	6.05%

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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	50.2	49.2	53.6	52.6	101.3	104.0	4.9%	5.00%-5.25%	3.4%
Germany	44.5	44.7	56.0	53.7	92.0	91.0	7.2%	3.75%	5.5%
France	45.6	47.3	54.6	53.9	83.0	82.0	5.9%	3.75%	7.1%
UK	47.8	47.9	55.9	52.9	-30.0	-36.0	8.7%	4.50%	3.9%
Japan	49.5	49.2	55.4	55.0	34.6	33.5	3.5%	-0.10%	2.8%
China	49.5	50.0	56.4	57.8	NA	94.9	0.1%	4.35%	4.0%
India	57.2	56.4	62.0	57.8	NA	NA	4.7%	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	228.82	+0.6%	+1.3%	+4.3%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.42	+0.5%	+0.9%	+0.5%	7.7%
SBM Universal Fund	MUR	Multi-asset	30.81	-0.4%	-0.4%	-2.1%	8.2%
SBM Growth Fund	MUR	Global equities	13.12	-1.8%	-1.1%	-3.6%	13.5%
SBM India Fund (Class B)	USD	Indian equities	131.70	+3.6%	+0.8%	-1.3%	28.5%

Commentary

Local equity indices maintained their downtrends in April with both the SEMDEX and DEMEX registering -1.7% to close the month at 1,926.35 and 252.71 points, respectively. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were UBP, PBL and SHEL while the main laggards were SBMH, MCBG and IBLL. The top three price gainers were MCFI (+25.7%), UBP (+4.5%) and MTMD (+2.4%) while the main detractors were NIT (-30.0%), HML (-16.7%) and POL (-12.4%). The price-earnings ratio and dividend yield of the SEMDEX stood at 8.62x and 3.73%, respectively, as at 30 April against corresponding figures of 8.87x and 3.82% as at 31 March. During the month, foreigners turned net sellers to the tune of MUR 69.6M (vs. net inflows of MUR 75.5M in Mar-23), mainly driven by MCBG, GAMMA and FINCORP.

International equities maintained their uptrends in April as better-than-anticipated earnings and some resilient economic data boosted investor sentiment despite the resurgence of banking woes in the US towards the month's end; the MSCI World index posted 1.6% MoM.

The S&P 500 index registered 1.5% in April, supported by optimism that the Fed would hike rates by another 25 basis points before pausing its policy tightening. 8 of the major industry groups ended in positive territory, led by Communication Services, Consumer Staples and Energy. The main laggards were Industrials, Consumer Discretionary and Materials. The S&P Global US Manufacturing PMI rose from 49.2 in March to 50.2 in April, breaching the 50-mark threshold for the first time in six months. The sector gained momentum following an uptick in domestic demand and improved supply chains. Inflationary pressures remained a concern amid steeper rises in input costs.

The Eurostoxx 50 index gained 1.0% MoM after upbeat corporate earnings helped shrug off some weak economic data. Manufacturing PMI dropped to a 35-month low of 45.8 in April from 47.3 in March amidst deteriorations in domestic and international demand. In UK, the FTSE 100 index rebounded strongly by 3.1%, supported by energy stocks. The Manufacturing PMI ticked down to a 3-month low of 47.8 in April, from 47.9 in March following a decrease in new order inflows, softer demand and efforts to trim excess stock.

In Japan, the Nikkei 225 index posted 2.9% after the Bank of Japan kept its rate unchanged during the first monetary policy committee chaired by the new governor, Kazuo Ueda. Yen weakness resulting from the dovish tone of the new Governor continued to support equities. Manufacturing PMI rose from 49.2 in March to 49.5 in April following a slower reduction in total new order inflows and the normalisation of supply chain conditions.

Emerging equities trailed its developed market peers, largely driven by weaknesses in Chinese stocks; the MSCI Emerging Markets index posted -1.3% in April. The CSI 300 index registered -0.5% in local currency and -1.2% in USD terms as manufacturing data led to rising concerns over the Chinese economic recovery. Inherent risks including geopolitical tensions and signs of stress in the property sector also soured investor sentiment. Manufacturing PMI slipped from the neutral level of 50.0 in March to 49.5 in April as softer demand conditions dented customer spending. In India, the BSE Sensex posted 4.5%, mainly led by strong foreign inflows, a robust corporate earnings season and the Reserve Bank of India pulling the plug on consecutive rate hikes. Manufacturing PMI grew at its fastest pace since the start of the year after it rose from 56.4 in March to 57.2 in April. The sector benefitted from robust and quicker expansions in new orders, enhanced international sales and improving supply chain conditions.

At fixed income level, the Barclays Global Aggregate Bond index surged by 0.4% in April mainly on account of falling US yields. The US Federal Reserve (Fed) raised the target Fed Funds rate by 25 bps to the 5.00%-5.25% range at its May meeting. In the UK, the Bank Rate stood at 4.25% as no Monetary Policy Committee (MPC) meeting was held in April. CPI inflation tumbled to 10.1% in March from 10.4% in February, whilst core inflation remained unchanged at 6.2%. The European Central Bank (ECB) maintained its key interest rates since no monetary policy meeting was held. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility stood at 3.50%, 3.75% and 3.00%, respectively.

On the commodity side, the S&P GSCI index registered -0.8% in April following weaker performances from agriculture, industrial metals and energy. Within the energy segment, Brent and WTI crude oil posted contrasting returns of -0.3% and 1.5%. The price of natural gas increased by 8.8% MoM, supported by forecasts of cooler weather. Copper and zinc mainly dragged down the performance of the industrial metal segment by registering returns of -5.5% and -9.7%, respectively. On the other hand, silver returned to the limelight, gaining 4.0% amid a rise in industrial demand, especially from China. With regards to precious metals, renewed concerns about the banking sector and the US debt ceiling uncertainty led to a flight to safe-haven gold, with the yellow metal registering a return of 1.1% MoM.

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