

# Monthly Market Wrap

I June 2023

## Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+6.5%	+8.3%	+15.9%	+15.9%	+17.6%	+43.5%	+63.7%	18.8%
MSCI World	+5.9%	+6.3%	+14.0%	+14.0%	+16.5%	+34.7%	+42.0%	18.2%
MSCI World Small Cap	+6.1%	+2.6%	+6.6%	+6.6%	+11.0%	+28.9%	+15.2%	21.6%
MSCI Europe	+2.2%	+0.9%	+8.9%	+8.9%	+13.6%	+29.4%	+21.2%	16.1%
MSCI EM	+3.2%	-0.1%	+3.5%	+3.5%	-1.1%	-0.6%	-7.5%	18.9%
MSCI AC Asia	+3.1%	+0.7%	+4.8%	+4.8%	+3.3%	+3.4%	-1.7%	17.0%
SEMDEX	-0.9%	+0.4%	-4.3%	-4.3%	-7.5%	+18.3%	-12.4%	16.2%
DEMEX	+0.5%	-1.7%	-5.2%	-5.2%	-14.6%	+22.2%	+5.4%	11.2%

## Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-0.0%	-1.5%	+1.4%	+1.4%	-1.3%	-14.2%	-5.3%	6.8%
Barclays US Aggregate Bond	-0.4%	-0.8%	+2.1%	+2.1%	-0.9%	-11.4%	+3.9%	5.5%
Barclays High Yield bond	+2.6%	+2.0%	+5.2%	+5.2%	+10.5%	+4.1%	+10.0%	10.0%
JP Morgan EMU IG Bond	-0.2%	+0.1%	+2.5%	+2.5%	-4.5%	-16.4%	-8.5%	6.1%
JP Morgan EM Bond	+2.2%	+1.9%	+3.8%	+3.8%	+7.0%	-9.9%	+2.8%	11.8%
FTSE Asian Broad Bond	+0.2%	+0.5%	+3.2%	+3.2%	+2.6%	-7.4%	+8.4%	6.4%

## Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	70.64	+3.7%
Brent Crude Oil / Bbl	74.90	+3.1%
Natural Gas / mmBtu	2.80	+23.5%
Copper / oz	374.10	+2.9%
Silver / oz	22.77	-3.0%
Gold / oz	1,919.35	-2.2%

## SEMDEX sector performance (%)

Index	Weight	1M
Financials	43.3%	-2.5%
Commerce	16.3%	-1.5%
Industry	6.9%	-0.3%
Investments	20.4%	-0.2%
Leisure & Hotels	8.1%	+8.1%
Property	4.2%	-1.2%
Sugar	0.6%	+3.8%
Foreign	0.2%	0.0%

## Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	3.90%	4.34%	4.55%	4.69%	5.10%	5.32%	5.46%	5.53%
-1M	3.83%	4.44%	4.70%	4.91%	5.16%	5.28%	5.64%	5.92%

## Exchange rates

	Current	-1M
EUR/USD	1.09	1.07
USD/JPY	144.31	139.34
GBP/USD	1.27	1.24
USD/MUR	45.54	45.80
EUR/MUR	49.50	48.89
GBP/MUR	57.67	56.62

## Top 3 Gainers - SEMDEX

Stock	1M
Sun Limited	+19.5%
BlueLife Limited	+15.4%
P. O. L. I. C. Y Ltd	+10.7%

## Top 3 Losers - SEMDEX

Stock	1M
Harel Mallac Ltd	-13.8%
Caudan Development Ltd	-8.5%
Mauritius Oil Refineries Ltd	-8.1%

## 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	46.3	48.4	54.4	54.9	109.7	102.5	3.0%	5% - 5.25%	3.6%
Germany	40.6	43.2	54.1	57.2	90.0	92.0	6.4%	4.00%	5.6%
France	46.0	45.7	48.0	52.5	85.0	83.0	4.5%	4.00%	7.1%
UK	46.5	47.1	53.7	55.2	-24.0	-27.0	7.9%	5.00%	4.0%
Japan	49.8	50.6	54.0	55.9	36.4	35.7	3.3%	-0.10%	2.6%
China	50.5	50.9	53.9	57.1	NA	NA	0.0%	4.35%	4.0%
India	57.8	58.7	58.5	61.2	NA	NA	4.8%	6.50%	7.7%

\*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	230.48	+0.3%	+1.3%	+4.4%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.51	+0.4%	+1.3%	+1.1%	7.7%
SBM Universal Fund	MUR	Multi-asset	31.84	+1.7%	+2.9%	+3.9%	8.3%
SBM Growth Fund	MUR	Global equities	13.83	+3.0%	+3.5%	+6.0%	13.5%
SBM India Fund (Class B)	USD	Indian equities	142.54	+5.0%	+12.1%	+17.8%	28.2%

## Commentary

Local indices posted mixed performances in June as the SEMDEX headed south to close at 1,967.05 points while the DEMEX recouped past month's losses to end higher at 252.67 points, equivalent to respective returns of -0.9% and +0.5%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were SUN, LUX and ROGERS while the main laggards were MCBG, IBLL and MEDINE. The top three price gainers were SUN (+19.5%), BLL (+15.4%) and POLICY (+10.7%) whereas the main three detractors were HMALLAC (-13.8%), CAUDAN (-8.5%) and MOR (-8.1%). The price-earnings ratio and dividend yield of the SEMDEX stood at 8.86x and 3.96%, respectively, as at 30 June against corresponding figures of 8.90x and 3.66% as at 31 May. During the month, foreigners were net buyers on the local bourse to the tune of MUR 214.4M (vs. MUR 124.7M in May-23), mainly driven by MCBG, PHIN and SBMH.

International equities rallied in June despite the hawkish tone from central banks. Resilient US economic data including retail sales and consumer durables along with the rebound in housing activity lifted investor sentiment. The MSCI World index gained 5.9% MoM.

The S&P 500 index posted solid gains of 6.5% MoM. All the major industry groups registered positive performances, led by Consumer Discretionary, Industrials and Materials. Growth stocks marginally lagged their value counterparts, with the S&P Growth index posting 6.3% against 6.7% for the S&P Value index. Weak demand conditions amid a contraction in new orders exacerbated the ongoing manufacturing sector downturn with the S&P Global US Manufacturing Purchasing Managers' Index (PMI) edging down to 46.3 in June, against 48.4 in May.

The Eurostoxx 50 index grew by 4.3% MoM, driven by hopes of more policy stimulus to support China's economic recovery. The DAX and CAC 40 indices recorded respective performances of 3.1% and 4.2% while the FTSE MIB index rallied by 8.4%. The Eurozone manufacturing output remained in contraction territory for a twelve successive month with the PMI reading at 43.4 in June against 44.8 in May, signalling the sharpest deterioration since May 2020. In the UK, the FTSE 100 index recorded 1.1% MoM. PMI dropped to a six-month low of 46.5 in June, down from 47.1 in May, driven by deteriorations in domestic and foreign demand, declining new orders and contraction in employment.

In Japan, the Nikkei 225 index gained 7.5% in June, with the index hitting its highest level since 1989. The manufacturing PMI fell back into contraction zone following declines in both output and new orders; the indicator dropped to 49.8 in June (May 2023: 50.6). Supply chain conditions eased during the month, with supplier's delivery times improving to the highest degree in 7 years.

Emerging equities underperformed developed markets after the MSCI Emerging Markets index posted 3.2% in June. The CSI 300 index registered 1.2% in local currency and -0.8% in USD. Operating conditions eased on account of a mild improvement in new order growth; the PMI index fell to 50.5 in June against 50.9 in May. In India, the BSE Sensex index gained 3.3% as robust foreign inflows, strong corporate balance sheets and moderating inflation supported investor sentiment. The manufacturing sector continued to sustain a strong growth impetus, buoyed by healthy demand from both domestic and international markets; the PMI remained well above the neutral level of 50.0, at 57.8 in June against 58.7 in May.

At fixed income level, the Barclays Global Aggregate Bond index registered a flat performance in June. Treasury yields rose across the curve and the yield on the 10-year US Treasury increased by 19bps, closing at 3.84%. The US Federal Reserve (Fed) held off on rate hikes for the first time in more than a year, keeping the Fed Funds target range at 5.00%-5.25%. The Fed, however, indicated that two more rate hikes are likely if the economy and inflation do not cool further. 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 in June. The European Central Bank (ECB) increased its benchmark interest rate by 25bps as several indicators of the underlying price pressures remained strong. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility increased to 4.00%, 4.25% and 3.50%, respectively.

On the commodity side, the S&P GSCI index advanced by 4.4% MoM, mainly driven by the uptick in the energy segment. The corresponding price of Brent and WTI increased by 3.1% and 3.7% amid concerns of supply constraints as Saudi Arabia announced further production cuts. The price of natural gas surged by 23.5% MoM mainly on account of the shutdown of a key production site in Netherlands and a series of small outages at gas facilities in Norway. Industrial metals recorded mixed performances with copper posting 2.9% while silver registered -3.0%. Gold maintained its downtrend, posting -2.2% MoM, as yields picked up.

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