

Monthly Market Wrap

I August 2023






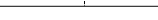
Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	-1.8%	+7.8%	+13.5%	+17.4%	+14.0%	+28.8%	+55.4%	18.8%
MSCI World	-2.6%	+6.6%	+10.0%	+14.7%	+13.7%	+21.6%	+37.3%	18.4%
MSCI World Small Cap	-3.9%	+6.9%	+0.4%	+7.3%	+6.1%	+18.4%	+12.4%	22.0%
MSCI Europe	-2.7%	+1.4%	-0.4%	+8.0%	+10.5%	+26.8%	+19.6%	16.1%
MSCI EM	-6.4%	+2.3%	+1.7%	+2.5%	-1.4%	-11.0%	-7.2%	19.2%
MSCI AC Asia	-5.1%	+2.3%	+2.6%	+4.1%	+2.2%	-6.2%	-2.1%	17.3%
SEMDEX	+3.5%	+4.9%	+3.4%	+1.3%	-0.5%	+32.0%	-6.3%	16.4%
DEMEX	+4.1%	+5.4%	+1.3%	-0.5%	-5.4%	+31.6%	+11.4%	11.3%








Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-1.4%	-0.7%	+0.9%	+0.7%	-0.1%	-17.3%	-5.9%	6.8%
Barclays US Aggregate Bond	-0.6%	-1.1%	+1.0%	+1.4%	-1.2%	-12.6%	+2.5%	5.5%
Barclays High Yield bond	-0.5%	+4.0%	+4.4%	+6.7%	+9.4%	-0.6%	+10.9%	10.6%
JP Morgan EMU IG Bond	+0.3%	-0.1%	+2.5%	+2.6%	-3.2%	-16.5%	-7.5%	6.1%
JP Morgan EM Bond	-1.6%	+2.4%	+3.3%	+4.1%	+5.2%	-13.5%	+2.3%	11.7%
FTSE Asian Broad Bond	-0.9%	-0.5%	+1.0%	+2.5%	+1.7%	-10.7%	+6.3%	6.4%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	83.63	 +2.2%
Brent Crude Oil / Bbl	86.86	 +1.5%
Natural Gas / mmBtu	2.77	 +5.1%
Copper / oz	377.25	 -5.9%
Silver / oz	24.44	 -1.2%
Gold / oz	1,940.19	 -1.3%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	42.3%	 +1.8%
Commerce	15.7%	 -0.4%
Industry	6.5%	 -0.9%
Investments	20.8%	 +4.4%
Leisure & Hotels	9.8%	 +20.6%
Property	4.1%	 +3.6%
Sugar	0.6%	 +8.1%
Foreign	0.2%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	3.11%	3.19%	3.32%	3.63%	3.85%	4.30%	4.54%	4.71%
-1M	3.21%	3.24%	3.34%	3.65%	4.01%	4.33%	4.53%	4.73%

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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	47.9	49.0	50.5	52.3	106.1	114.0	3.7%	5.25% - 5.50%	3.8%
Germany	39.1	38.8	47.3	52.3	89.0	NA	6.1%	4.50%	5.6%
France	46.0	45.1	46.0	47.1	85.0	85.0	4.9%	4.50%	7.2%
UK	43.0	45.3	49.5	51.5	-25.0	-30.0	6.8%	5.25%	4.3%
Japan	49.6	49.6	54.3	53.8	35.5	36.4	3.3%	-0.10%	2.7%
China	51.0	49.2	51.8	54.1	NA	NA	0.1%	4.35%	4.0%
India	58.6	57.7	60.1	62.3	NA	NA	6.8%	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	232.14	+0.3%	+1.1%	+4.4%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.77	-0.3%	+2.7%	+3.5%	7.7%
SBM Universal Fund	MUR	Multi-asset	32.42	+0.1%	+3.6%	+5.9%	8.3%
SBM Growth Fund	MUR	Global equities	14.14	-0.7%	+5.3%	+8.9%	13.6%
SBM India Fund (Class B)	USD	Indian equities	147.95	+0.3%	+9.0%	+8.6%	28.2%

Commentary

Local indices posted solid gains in August with the SEMDEX and DEMEX closing the month at 2,082.01 and 265.19 points, equivalent to respective returns of 3.5% and 4.1%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were NMHL, MCBG and SUN while the main laggards were IBLL, GAMMA & UDL. The top three price gainers were NMHL (+35.1%), ALTG (+24.7%) and SUN (+22.7%) while the main detractors were MOROIL (-5.4%), ASL (-5.3%) and UDL (-5.2%). The price-earnings ratio and dividend yield of the SEMDEX stood at 9.24x and 3.77%, respectively, as at 31 August against corresponding figures of 9.02x and 3.85% as at 31 July. For the first time since Apr-23, foreign flows turned negative to the tune of MUR 215.5M (vs. net purchases of MUR 21.1M in Jul-23). MCBG was the main driver behind net foreign sales, followed by SBMH and CIEL.

Equity markets witnessed heightened volatility during the month, with the MSCI World index posting -2.6%, mainly led by renewed concerns over China's economic slowdown and a surge in sovereign bond yields.

The S&P 500 index registered a return of -1.8%, driven primarily by a surge in 10-year US Treasury yields to the highest level since 2007. All the major industry groups registered negative performances except for Energy, which posted +1.3%. Growth stocks outperformed their value counterparts, with the S&P Growth index posting -0.8% against -3.0% for the S&P Value index. The manufacturing sector maintained its downtrend, with the S&P Global US Purchasing Managers' Index (PMI) falling to 47.9 in August from 49.0 in July. The stronger downturn in operating conditions stemmed from a renewed decline in output and a more pronounced contraction in new orders.

The Eurostoxx 50 index registered -3.9% MoM. The CAC 40 and DAX 30 indices recorded respective performances of -2.4% and -3.0%, while the FTSE MIB index posted -2.7%. The manufacturing sector in the Eurozone remained under duress as a significant fall in new orders coupled with rapidly depleting work backlogs put production activities under strain. While there was a slight increase in the PMI to 43.5 in August from 42.7 in July, it remained under the 50 threshold, marking the fourteenth successive month of contraction. In the UK, the FTSE 100 index posted -3.4 % MoM, mainly led by higher interest rate expectations amid record wage growth data. The manufacturing PMI fell to a 39-month low of 43.0 in August, from 45.3 in July, as operating conditions deteriorated further; output fell for the sixth consecutive month and new orders declined at a faster pace due to weaker domestic and export market conditions.

In Japan, the Nikkei 225 index registered -1.7% in August, leading its global peers. The manufacturing sector's contraction persisted, with the PMI remaining unchanged at 49.6 in August. This trend is attributable to consistent, moderate declines in both production and new orders. Meanwhile, input costs experienced their sharpest increase in three months while output price inflation dipped to its lowest level in over two years.

Emerging markets' equities underperformed developed markets after the MSCI Emerging Markets index registered -6.4% in August. The CSI 300 index posted -6.2% in local currency and -7.7% in USD, reflecting renewed concerns in the Chinese property sector. Manufacturing conditions improved at the fastest pace in six months amid increases in output and new orders. The PMI surged from 49.2 in July to 51.0 in August, driven primarily by more robust domestic demand. In India, the BSE Sensex index posted -2.5% MoM. The manufacturing sector continued its robust growth momentum buoyed by the strong demand; PMI stood at 58.6 in August against 57.7 in July.

At the fixed income level, the Barclays Global Aggregate Bond index registered -1.4% in August, driven by stronger-than-expected economic data and expectations of continued monetary policy tightening by major central banks. Fed Chairman Jerome Powell highlighted that economic resilience might be accompanied by a resurgence in inflation. The 10-year US Treasury yield surged by 15bps from 3.96% in June to 4.11% in August. The European Central Bank (ECB) maintained key ECB interest rates since no monetary policy meeting was held during the month. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility stood at 4.25%, 4.50% and 3.75%, respectively.

On the commodity side, the S&P GSCI index advanced by 0.6% MoM, mainly driven by the increase in energy prices. The corresponding price of Brent and WTI surged by 1.5% and 2.2%. The price of natural gas increased by 5.1% MoM on account of potential LNG strike action in Australia. Within the agricultural segment, prices of wheat and corn declined by -13.9% and -8.5%, respectively. Industrial metals recorded negative performances, with silver and copper posting -1.2% and -5.9%, respectively. Gold posted -1.3% MoM, dragged by a stronger dollar and expectations that the Fed may keep rates higher for longer.

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