

# Monthly Market Wrap

| September 2023

## Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	-4.9%	-3.6%	+4.3%	+11.7%	+19.6%	+27.5%	+47.2%	19.0%
MSCI World	-4.4%	-3.8%	+2.2%	+9.6%	+20.0%	+20.5%	+30.6%	18.5%
MSCI World Small Cap	-5.5%	-4.8%	-2.3%	+1.5%	+12.0%	+14.6%	+8.0%	22.1%
MSCI Europe	-1.6%	-2.5%	-1.6%	+6.2%	+16.1%	+26.6%	+17.1%	16.2%
MSCI EM	-2.8%	-3.7%	-3.8%	-0.4%	+8.8%	-11.9%	-9.1%	19.2%
MSCI AC Asia	-2.9%	-3.6%	-2.9%	+1.0%	+13.3%	-7.5%	-4.8%	17.3%
SEMDEX	+2.9%	+8.9%	+9.3%	+4.2%	+1.3%	+42.1%	-4.8%	16.4%
DEMEX	+3.1%	+8.2%	+6.4%	+2.6%	-1.4%	+38.2%	+15.6%	11.4%

## Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-2.9%	-3.6%	-5.1%	-2.2%	+2.2%	-19.4%	-7.9%	6.9%
Barclays US Aggregate Bond	-2.5%	-3.2%	-4.0%	-1.2%	+0.6%	-14.8%	+0.5%	5.6%
Barclays High Yield bond	-1.6%	-0.2%	+1.8%	+5.0%	+13.4%	-0.3%	+7.7%	10.6%
JP Morgan EMU IG Bond	-2.6%	-2.4%	-2.4%	-0.0%	-2.1%	-19.8%	-9.7%	6.2%
JP Morgan EM Bond	-2.9%	-2.7%	-0.9%	+1.0%	+9.5%	-14.3%	-2.4%	11.8%
FTSE Asian Broad Bond	-1.3%	-2.0%	-1.5%	+1.2%	+4.8%	-11.3%	+5.2%	6.4%

## Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	90.79	+8.6%
Brent Crude Oil / Bbl	95.31	+9.7%
Natural Gas / mmBtu	2.93	+5.8%
Copper / oz	373.75	-0.9%
Silver / oz	22.18	-9.3%
Gold / oz	1,848.63	-4.7%

## SEMDEX sector performance (%)

Index	Weight	1M
Financials	43.2%	+5.0%
Commerce	15.5%	+1.9%
Industry	6.3%	-0.0%
Investments	20.5%	+1.4%
Leisure & Hotels	9.8%	+3.2%
Property	4.0%	-1.4%
Sugar	0.6%	-6.3%
Foreign	0.2%	0.0%

## Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	3.24%	3.32%	3.48%	3.73%	3.95%	4.37%	4.65%	4.98%
-1M	3.11%	3.19%	3.32%	3.63%	3.85%	4.30%	4.54%	4.71%

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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	49.8	47.9	50.1	50.5	103.0	108.7	3.7%	5.25%-5.50%	3.8%
Germany	39.6	39.1	50.3	47.3	NA	89.0	4.5%	4.5%	5.7%
France	44.2	46.0	44.4	46.0	83.0	85.0	4.9%	4.5%	7.2%
UK	44.3	43.0	49.3	49.5	-21.0	-25.0	6.7%	5.3%	4.3%
Japan	48.5	49.6	53.8	54.3	35.2	35.5	3.2%	-0.1%	2.7%
China	50.6	51.0	50.2	51.8	NA	86.5	0.1%	4.4%	4.0%
India	57.5	58.6	61.0	60.1	NA	NA	6.8%	6.5%	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	232.95	+0.4%	+1.1%	+4.4%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.46	-2.2%	+0.1%	+1.6%	7.8%
SBM Universal Fund	MUR	Multi-asset	31.58	-1.2%	+0.6%	+7.2%	8.3%
SBM Growth Fund	MUR	Global equities	13.72	-3.0%	-0.8%	+11.6%	13.7%
SBM India Fund (Class B)	USD	Indian equities	150.26	+1.6%	+5.4%	+15.4%	27.2%

## Commentary

Local indices maintained its uptrend in September with the SEMDEX and DEMEX closing the month at 2,142.48 and 273.51 points, equivalent to respective returns of 2.9% and 3.1%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MCBG, NMHL and ENLG while the main laggards were TERA, SUN and FINCORP. The top three price gainers were NMHL (+15.4%), ENLG (+11.9%) and SBMH (+6.7%) while the main detractors were POLICY (-12.9%), FINCORP (-8.0%) and MTMD (-6.3%). The price-earnings ratio and dividend yield of the SEMDEX stood at 7.20x and 4.07%, respectively, as at 30 September against corresponding figures of 9.24x and 3.77%, as at 31 August. Foreign flows remained negative to the tune of MUR 186.1M (vs. MUR 215.5M in Aug-23), mainly driven by MCBG, SBMH and TERA.

International equities closed in negative territory, with September being the worst-performing month for the broader market since December 2022. Impending fear of a government shutdown and worries that the Fed will keep interest rates higher for longer weighed on risky assets; the MSCI World index posted -4.4% MoM.

The S&P 500 index wrapped up its biggest monthly drop for the calendar year 2023, registering a return of -4.9% in September. Concerns over the potential impact of a government shutdown and the surge in treasury yields spurred a risk-off sentiment. All the major industry groups registered negative performances except for Energy which posted 2.5%. Value stocks outperformed their growth counterparts, with the S&P Value index posting -4.8% against -5.0% for the S&P Growth index. The S&P Global US Purchasing Managers' Index (PMI) slightly increased from 47.9 in August to 49.8 in September after improved hiring activity and easing supply helped factories complete backlog orders.

The Eurostoxx 50 index registered -2.8% MoM. The CAC 40 and DAX 30 indices recorded respective performances of -2.5% and -3.5%, while the FTSE MIB index posted -2.0%. The Eurozone manufacturing output remained in contraction territory amidst sharp declines in new orders and output, along with sustained reductions in employment. Manufacturing PMI dropped from 43.5 in August to 43.4 in September, marking the fifteen successive months of the indicator being under the 50 threshold. In the UK, the FTSE 100 index gained 2.3% MoM, leading its global peers – the considerable tilt in energy stocks supported the index after oil prices rose sharply. Manufacturing PMI stood at 44.3 in September against 43.0 in August as weaknesses in both domestic and international markets adversely impacted output and new orders.

In Japan, the Nikkei 225 index registered -2.3% in September. Operating conditions deteriorated with the PMI declining from 49.6 in August to 48.5 in September following steeper reductions in output and new orders. Besides the notable weakness in manufacturing output, input price inflation accelerated for a second consecutive month, running to a four-month high.

Emerging markets' equities outperformed developed markets after the MSCI Emerging Markets index registered -2.8% in September. The CSI 300 index posted -2.0% in local currency and -2.5% in USD, as ongoing concerns over the property sector weighed on sentiment. The manufacturing sector continued its slow recovery, with the rate of output growth improving to a four-month high – PMI stood at 50.6 in September against 51.0 in August. Overseas demand, however, remained weak after the gauge for new export orders flashed a sub-50 reading, suggesting that the overall rise in output was largely driven by the domestic market. In India, the BSE Sensex index rebounded by 1.5% MoM. Despite manufacturing PMI reaching a 5-month low of 57.5 in September from 58.6 in August, the indicator remained well above its long-run average of 53.9. Strong demand and positive market dynamics led to a steep growth in new orders underpinning sustained expansions in factory output.

At fixed income level, the Barclays Global Aggregate Bond index registered -2.9% in September as treasury yields surged to multi-year highs following the Fed's hawkish stance and the surge in oil prices. The 10-year US Treasury yield rose from 4.11% in August to 4.57% in September. The European Central Bank (ECB) raised its key ECB interest rates by 25bps in view of bringing down inflation further. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility stood at 4.50%, 4.75% and 4.00%, respectively.

On the commodity side, the S&P GSCI index rallied by 4.1% MoM, mainly driven by the energy component. The corresponding price of Brent and WTI surged by 9.7% and 8.6% as investors focused on the tight global supply outlook. Within the agricultural segment, prices of wheat and soybean declined by 5.5% and 6.3%, respectively. Industrial metals recorded negative performances, after the corresponding price of silver and copper declined by 9.3% and 0.9%, respectively. Gold maintained its downtrend, posting -4.7% MoM; the yellow

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