

Monthly Market Wrap

I April 2024

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	-4.2%	+3.9%	+20.1%	+5.6%	+20.8%	+20.4%	+70.9%	18.5%
MSCI World	-3.9%	+3.1%	+19.4%	+4.3%	+16.6%	+12.5%	+51.7%	18.2%
MSCI World Small Cap	-5.3%	+1.3%	+17.7%	-1.5%	+8.2%	-9.6%	+24.7%	21.8%
MSCI Europe	-1.4%	+3.9%	+16.1%	+5.4%	+8.0%	+17.1%	+28.3%	15.9%
MSCI EM	+0.3%	+7.2%	+14.3%	+2.2%	+7.1%	-22.4%	-3.1%	19.0%
MSCI AC Asia	-1.5%	+4.6%	+15.7%	+2.9%	+8.7%	-15.6%	+7.3%	17.0%
SEMDEX	-0.1%	+4.8%	+4.1%	+5.4%	+11.6%	+29.9%	+0.4%	16.6%
DEMEX	+0.8%	-3.4%	-4.7%	-3.2%	+2.4%	+10.1%	+11.2%	11.6%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-2.5%	-3.2%	+4.4%	-4.6%	-2.5%	-16.8%	-7.8%	7.6%
Barclays US Aggregate Bond	-2.5%	-3.0%	+5.0%	-3.3%	-1.5%	-10.2%	-0.8%	6.2%
Barclays High Yield bond	-0.8%	+1.5%	+11.0%	+1.3%	+11.3%	+0.9%	+14.4%	10.8%
JP Morgan EMU IG Bond	-1.4%	-1.5%	+4.5%	-2.0%	+2.5%	-14.0%	-9.0%	6.6%
JP Morgan EM Bond	-2.2%	+0.8%	+10.8%	-0.5%	+7.7%	-9.1%	+0.6%	12.1%
FTSE Asian Broad Bond	-1.5%	-0.8%	+6.6%	-0.6%	+3.3%	-6.8%	+4.6%	6.7%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	81.93	+1.5%
Brent Crude Oil / Bbl	87.86	+0.4%
Natural Gas / mmBtu	1.99	+12.9%
Copper / oz	456.45	+13.9%
Silver / oz	26.29	+5.3%
Gold / oz	2,286.25	+2.5%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	46.2%	-1.0%
Commerce	15.1%	-0.2%
Industry	5.8%	-2.8%
Investments	19.8%	+1.3%
Leisure & Hotels	9.0%	+5.1%
Property	3.4%	-2.9%
Sugar	0.5%	-4.8%
Foreign	0.1%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	3.21%	3.55%	3.91%	4.84%	5.18%	5.52%	5.56%	5.60%
-1M	3.23%	3.53%	3.85%	4.80%	5.13%	5.27%	5.37%	5.59%

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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	50.0	51.9	51.3	51.7	97.0	103.1	3.4%	5.25% - 5.5%	3.9%
Germany	42.5	41.9	53.2	50.1	92.0	90.0	2.2%	4.5%	5.9%
France	45.3	46.2	51.3	48.3	90.0	91.0	2.2%	4.5%	7.5%
UK	49.1	50.3	55.0	53.1	-19.0	-21.0	2.3%	5.3%	4.3%
Japan	49.6	48.2	54.3	54.1	37.8	39.1	2.7%	0.1%	2.6%
China	51.4	51.1	52.5	52.7	NA	89.4	0.3%	4.4%	4.0%
India	58.8	59.1	60.8	61.2	NA	NA	4.8%	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	237.70	+0.3%	+0.9%	+3.9%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.38	-1.6%	-0.9%	+1.8%	7.9%
SBM Universal Fund	MUR	Multi-asset	33.98	-1.1%	+4.2%	+11.8%	8.5%
SBM Growth Fund	MUR	Global equities	15.50	-2.2%	+6.4%	+18.1%	14.1%
SBM India Fund (Class B)	USD	Indian equities	181.83	+4.4%	+7.3%	+38.1%	26.4%

Commentary

Local indices registered contrasting performances in April with the SEMDEX closing marginally lower at 2,149.12 points while the DEMEX recouped part of its previous month's losses to end at 258.79 points, equivalent to respective returns of -0.1% and +0.8%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were SUN, CIEL and MCBG while the main laggards were SBMH, GML and MUAL. The top three price gainers were SUN (+16.4%), PIM (+9.4%) and LUX (+5.4%) while the main detractors were ASL (-9.9%), GML (-9.6%) and BLL (-9.3%). The price-earnings ratio and dividend yield of SEMDEX stood at 6.75x and 4.09%, respectively, as at 30 April against corresponding readings of 6.74x and 4.04% as at 31 March. During the month, foreigners turned net buyer on the local bourse to the tune of MUR 31M (vs. net outflows of MUR 45M in Mar-24), mainly driven by MCBG, PBL and FINCORP.

International equities ended in negative territory for the first time in six months as markets slashed bets on rate cuts by the Federal Reserve following hawkish comments from Fed officials. Geopolitical uncertainty in the Middle East reverberated through equity markets, adding more layers of risk and denting sentiment. The MSCI World index posted -3.9% MoM.

The S&P 500 index closed out its first monthly decline of 2024, registering -4.2% in April amidst rising concerns that sticky inflation will further delay monetary easing. All the major industry groups except Utilities recorded negative returns, led by Real Estate, Information Technology and Health Care. Value stocks proved to be relatively resilient versus their growth counterparts, registering -3.9% vs -4.4% MoM. The S&P Global US Purchasing Managers' Index (PMI) declined to the 50-threshold against a previous reading of 51.9, as firms scaled back production in response to the fall in new order inflows. Operating conditions stagnated for the first time in 2024 following subdued market conditions driven by reduced demand for semi-manufactured goods.

The Eurostoxx 50 index posted -3.2% MoM. The CAC 40 and FTSE MIB indices recorded respective performances of -2.7% and -2.9%, while the DAX 30 index recorded -3.0%. The Eurozone manufacturing sector remained in contraction territory with factory orders declining at a sharp rate while stockpiles depleted at a sustained trend. The headline index signalled a deterioration in business conditions with PMI edging down to a 4-month low, from 46.5 in March to 45.7 in April. UK equities were the best performer among developed economies after the FTSE 100 index added 2.4% in April. Manufacturing activity suffered a renewed downturn and slipped back into the sub-50 zone amidst declines in both output and new orders; PMI clocked at 49.1 in April, down from the 20-month high of 50.3 in March. Supply-chain disruptions related to the ongoing Red Sea crisis hindered opportunities for expansion, contributing to the contraction.

The Nikkei 225 index registered -4.9% MoM as investors assessed the risk of further interest rate hikes in Japan. US policy outlook and geopolitical tensions dented investor sentiment. April marked another month of progress in manufacturing output as output and new orders fell at slower rates. Although remaining below the neutral 50-threshold, the headline index posted its highest level in 8 months, with PMI edging up from 48.2 in March to 49.6 in April. Input prices rose to the sharpest rate since the start of the year, with inflation remaining above trend.

Emerging markets' equities outperformed developed markets after the MSCI Emerging Markets index added 0.3% in April. The CSI 300 index gained 1.9% in local currency and 1.6% in USD. The improvement in the Chinese manufacturing activity extended in April, supported by the sharpest rise in new order inflows from domestic as well as international markets; PMI rose to its highest reading since February 2023, notching up to 51.4 in April against a preceding reading of 51.1. In India, the BSE Sensex index registered 1.1% MoM, climbing for a third straight month, boosted by earnings outlook. Manufacturing PMI remained above its long-run average at 58.8 in April (March 2024: 59.1), signalling the second-fastest improvement in operating conditions in three and a half years. Output and new orders expanded sharply, buoyed by strong demand from both domestic and external clients. Despite inflation remaining below the historical average, higher raw material prices and labour costs led to an uptick in input prices.

At fixed income level, the Barclays Aggregate Bond index registered -2.5% MoM. The 10-year US Treasury yield increased by 48bps to 4.68% in April following renewed concerns that stubborn inflation will lead to "higher for longer" interest rates. The US Federal reserve (Fed) held rates steady at 5.25%-5.50% at its April 30 - May 1 meeting and signalled that the Fed funds target range will be kept unchanged until inflation moderates to the 2% target. The European Central Bank (ECB) maintained the three key ECB interest rates unchanged at its April meeting, in line with market expectations. 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 clocked in a fourth straight positive month and added 1.2% MoM. Oil prices registered mixed performance with Brent adding 0.4% MoM while the price of WTI declined by 1.5%. The price of natural gas surged by 12.9%, amid slower storage builds. Within industrial metals, silver rose by 5.3% MoM while the price of copper soared by 13.9% driven by the recent ban on Russian-origin metals at major commodity exchanges. Gold pushed towards fresh record, edging higher to close to \$ 2,286 per ounce, equivalent to a gain of 2.5% MoM, as demand for the safe haven asset grew on escalating tensions in the Middle East.

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