

Monthly Market Wrap

I May 2024

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+4.8%	+3.6%	+15.5%	+10.6%	+26.3%	+25.5%	+91.8%	18.2%
MSCI World	+4.2%	+3.2%	+13.9%	+8.7%	+23.0%	+15.8%	+68.4%	18.0%
MSCI World Small Cap	+4.3%	+2.4%	+12.5%	+2.7%	+16.4%	-6.3%	+39.5%	21.6%
MSCI Europe	+2.5%	+4.6%	+12.1%	+8.1%	+14.4%	+17.5%	+39.5%	15.6%
MSCI EM	+0.3%	+2.7%	+6.3%	+2.5%	+9.4%	-23.8%	+5.1%	18.6%
MSCI AC Asia	+1.5%	+2.2%	+9.0%	+4.4%	+11.6%	-15.4%	+16.1%	16.8%
SEMDEX	-0.1%	+3.9%	+4.0%	+5.3%	+8.2%	+25.3%	+0.6%	16.6%
DEMEX	-5.4%	-8.4%	-8.0%	-8.4%	-2.6%	-7.2%	+6.9%	11.8%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	+1.3%	-0.7%	+0.7%	-3.3%	+0.8%	-16.5%	-7.8%	7.6%
Barclays US Aggregate Bond	+1.7%	+0.0%	+2.1%	-1.6%	+1.3%	-9.0%	-0.9%	6.2%
Barclays High Yield bond	+1.5%	+2.2%	+6.9%	+2.8%	+14.2%	+1.4%	+17.3%	10.8%
JP Morgan EMU IG Bond	-0.1%	-0.5%	+1.4%	-2.1%	+2.1%	-14.0%	-10.1%	6.5%
JP Morgan EM Bond	+1.9%	+1.7%	+6.5%	+1.5%	+10.7%	-8.4%	+2.2%	12.2%
FTSE Asian Broad Bond	+1.7%	+1.1%	+4.2%	+1.0%	+5.6%	-5.8%	+5.2%	6.7%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	76.99	-6.0%
Brent Crude Oil / Bbl	81.62	-7.1%
Natural Gas / mmBtu	2.59	+29.9%
Copper / oz	460.20	+0.8%
Silver / oz	30.41	+15.6%
Gold / oz	2,327.33	+1.8%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	46.8%	+1.2%
Commerce	15.1%	-0.7%
Industry	5.8%	-1.0%
Investments	19.7%	-0.5%
Leisure & Hotels	8.7%	-3.3%
Property	3.3%	-0.3%
Sugar	0.5%	+15.5%
Foreign	0.1%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	3.17%	3.42%	3.74%	4.46%	4.86%	5.09%	5.35%	5.57%
-1M	3.21%	3.55%	3.91%	4.84%	5.18%	5.52%	5.56%	5.60%

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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	51.3	50.0	54.8	51.3	102.0	97.5	3.3%	5.25% - 5.5%	4.0%
Germany	45.4	42.5	54.2	53.2	NA	92.0	2.4%	4.3%	5.9%
France	46.4	45.3	49.3	51.3	90.0	90.0	2.3%	4.3%	7.5%
UK	51.2	49.1	52.9	55.0	-17.0	-19.0	2.0%	5.3%	4.4%
Japan	50.4	49.6	53.8	54.3	36.2	37.8	2.8%	0.1%	2.6%
China	51.7	51.4	54.0	52.5	NA	88.2	0.3%	4.4%	4.0%
India	57.5	58.8	60.2	60.8	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	238.49	+0.3%	+0.9%	+3.8%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.48	+0.9%	+0.4%	+2.4%	7.9%
SBM Universal Fund	MUR	Multi-asset	34.51	+1.5%	+3.7%	+11.7%	8.4%
SBM Growth Fund	MUR	Global equities	15.86	+2.3%	+5.2%	+18.1%	14.0%
SBM India Fund (Class B)	USD	Indian equities	183.35	+0.8%	+5.2%	+35.1%	26.4%

Commentary

Local bourse retreated during the month of May with the SEMDEX closing marginally lower at 2,146.65 points while the DEMEX slumped to 244.87 points, equivalent to respective returns of -0.1% and -5.4%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MCBG, PAD and BMH while the main laggards were MUAL, CIEL and SBMH. The top three price gainers were BMH (+12.5%), MCFI (+11.3%) and PAD (+6.7%) while the main detractors were NIT (-22.1%), MUAL (-17.6%) and LOTO (-14.8%). The price-earnings ratio and dividend yield of SEMDEX stood at 6.74x and 4.21%, respectively as at 31 May against corresponding figures of 6.75x and 4.09% in April. Foreigners remained net buyers to the tune of MUR 46.3M (vs. MUR 31.4M in Apr-24), driven mainly by MCBG, PBL and FINCORP.

International equities rebounded in May driven by the ongoing bullish sentiment surrounding the economic outlook. Macroeconomic data showed signs of a rebalancing in economic momentum and tempered concerns of overheating in US. The MSCI World index posted 4.2% MoM.

The S&P 500 index advanced 4.8% in May, supported by better-than-expected first quarter earnings. Softer economic data fuelled optimism that the US Federal Reserve could cut rates later this year, driving risk-on assets higher. All the major industry groups except Energy recorded positive returns, led by Information Technology, Utilities and Communication Services. Expectations of falling interest rates favoured growth stocks with the latter registering 6.5% versus 2.7% for value stocks. The S&P Global US Purchasing Managers' Index (PMI) edged up to a 50.9 in May against 50.0 in April, signalling a modest improvement in operating conditions; both output and employment positively contributed to the improved PMI reading.

The Eurostoxx 50 index posted 1.3% MoM driven by an upbeat corporate earnings season. The CAC 40 and FTSE MIB indices recorded respective performances of 0.1% and 2.2%, while the DAX 30 index recorded 3.2%. Although manufacturing output growth remained in the sub-50 mark, the headline index rose from 45.7 in April to 47.3 in May, its highest mark since March 2023. Business confidence remained at its highest level since early 2022 with producers reporting a strong level of optimism towards production expectations over the next 12 months. In the UK, FTSE 100 index registered a monthly gain of 1.6%. Manufacturing activity expanded at its quickest rate in over two years after PMI clocked 51.2 in May against 49.1 in April. The upturn in output stemmed from stronger market conditions, improved workflows on the domestic market and stabilising overseas demand.

The Nikkei 225 index underperformed its global peers, registering 0.2% MoM. Rising yields amid speculations that the Bank of Japan will tighten policy capped gains. Operating conditions improved for the first time in a year, supported by a rise in input stocks and broadly stable volumes of new orders and production. The indicator posted above the 50-mark, up from 49.6 in April to 50.4 May. Cost pressures intensified over the month as the depreciation of the yen weighed on imported item prices.

Emerging markets' equities underperformed developed markets after the MSCI Emerging Markets index added 0.3% in May. The CSI 300 index registered -0.7% both in local currency and in USD, despite Chinese data surprising to the upside. Manufacturing activity continued to improve with output growth reaching a 23-month high, driven by a rise in new orders; PMI stood at 51.7 in May against 51.4 in April. Input price inflation rose to a 7-month high amid an increase in metals, plastics and energy costs. In India, the BSE Sensex index posted -0.7% MoM. Growth momentum in the manufacturing sector moderated following softer rise in both output and new orders amid the intensive heatwave. PMI declined from 58.8 in April to 57.5 in May but remained above its long-run average headline figure.

At fixed income level, the Barclays Aggregate Bond index registered 1.3% MoM. The 10-year US Treasury yield declined by 18bps to 4.50% in May. During its May meeting, the US Federal Reserve (Fed) unanimously voted to keep policy rates unchanged at 5.25% - 5.50%, with Chairman Jerome Powell citing that it will likely take longer than anticipated for the Fed to ease its monetary stance. The Fed confirmed that it would slow the rate at which it is reducing the size of its balance sheet, lowering the Treasury securities monthly redemption cap from \$60bn to \$25bn starting June. 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 4.50%, 4.75% and 4.00%, respectively.

On the commodity side, the S&P GSCI index registered its first negative month for the year, declining by 1.9% following the retreat in oil prices. Brent and WTI registered -7.1% and -6.0% mainly attributed to an increase in US inventory. The price of natural gas rallied by 29.9% in May as weather projections pointed to a shift to warmer-than-expected temperatures. Within industrial metals, silver soared by 15.6% MoM, breaking an 11-year record, while the price of copper marginally rose by 0.8%. Gold prices surged to an all-time high over the month, edging higher by 1.8% amid rate cut optimism. Rising geopolitical tensions in the Middle East also supported the rally.

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