

Monthly Market Wrap

I July 2024







Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+1.1%	+9.7%	+14.0%	+15.8%	+20.3%	+25.6%	+85.3%	18.1%
MSCI World	+1.7%	+8.1%	+11.4%	+12.7%	+16.6%	+16.4%	+63.3%	17.8%
MSCI World Small Cap	+6.8%	+9.1%	+10.5%	+7.4%	+9.4%	-1.4%	+37.4%	21.7%
MSCI Europe	+1.1%	+2.5%	+6.5%	+8.1%	+9.8%	+13.7%	+33.5%	15.6%
MSCI EM	-0.1%	+3.7%	+11.2%	+6.0%	+3.6%	-15.1%	+4.6%	18.5%
MSCI AC Asia	+1.7%	+5.4%	+10.3%	+8.4%	+7.5%	-6.9%	+15.9%	16.7%
SEMDEX	+0.2%	-1.7%	+3.0%	+3.7%	+5.0%	+10.3%	-2.2%	16.6%
DEMEX	-1.3%	-7.7%	-10.8%	-10.7%	-6.2%	-14.2%	+3.5%	11.8%








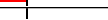

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	+2.8%	+4.3%	+0.9%	-0.5%	+3.0%	-14.4%	-7.0%	7.6%
Barclays US Aggregate Bond	+2.3%	+5.1%	+1.9%	+1.6%	+5.1%	-7.7%	+0.9%	6.3%
Barclays High Yield bond	+2.0%	+3.9%	+5.4%	+5.2%	+11.8%	+3.5%	+15.9%	10.8%
JP Morgan EMU IG Bond	+2.2%	+2.3%	+0.7%	+0.3%	+4.9%	-13.9%	-11.5%	6.4%
JP Morgan EM Bond	+1.9%	+4.6%	+5.4%	+4.1%	+9.0%	-7.2%	-0.1%	12.1%
FTSE Asian Broad Bond	+1.9%	+4.3%	+3.4%	+3.7%	+7.9%	-3.5%	+5.5%	6.7%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	77.91	-4.5% 
Brent Crude Oil / Bbl	80.72	-6.6% 
Natural Gas / mmBtu	2.04	-21.7% 
Copper / oz	417.65	-4.9% 
Silver / oz	29.01	-0.5% 
Gold / oz	2,447.60	+5.2% 

SEMDEX sector performance (%)

Index	Weight	1M
Financials	45.4%	+0.9% 
Commerce	13.9%	+0.4% 
Industry	5.4%	-0.2% 
Investments	19.2%	-0.1% 
Leisure & Hotels	8.3%	-3.2% 
Property	3.4%	+7.0% 
ICT	3.7%	0.0% 
Sugar	0.5%	+5.5% 
Foreign	0.1%	0.0% 

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	3.19%	3.41%	3.66%	4.41%	4.69%	5.04%	5.31%	5.59%
-1M	3.17%	3.42%	3.69%	4.39%	4.67%	5.02%	5.28%	5.55%

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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	49.6	51.6	55.0	55.3	100.3	97.8	3.0%	5.25% - 5.5%	4.3%
Germany	43.2	43.5	52.5	53.1	NA	NA	2.3%	4.3%	5.9%
France	44.0	45.4	50.1	49.6	91.0	90.0	2.3%	4.3%	7.3%
UK	52.1	50.9	52.5	52.1	-13.0	-14.0	2.2%	5.0%	4.2%
Japan	49.1	50.0	53.7	49.4	36.8	36.6	2.8%	0.3%	2.5%
China	49.8	51.8	52.1	51.2	NA	86.2	0.5%	4.4%	4.0%
India	58.1	58.3	60.3	60.5	NA	NA	3.5%	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	239.99	+0.3%	+1.0%	+3.7%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.61	-0.1%	+2.1%	+0.5%	7.9%
SBM Universal Fund	MUR	Multi-asset	35.00	-0.3%	+3.0%	+9.5%	8.4%
SBM Growth Fund	MUR	Global equities	16.22	-1.0%	+4.7%	+13.9%	14.1%
SBM India Fund (Class B)	USD	Indian equities	102.90	Following share split on 10-Jul-24, return as at 31-Jul-24: +2.9%			

Commentary

Local indices registered mixed returns in July as the SEMDEX recouped part of its previous month's losses to close higher at 2,113.49 points while the DEMEX registered its third consecutive losing streaks heading to 238.83 points, equivalent to respective returns of +0.2% and -1.3%. The main leaders, that is, companies which contribute to the positive performance of the SEMDEX were MCBG, ASCE, NMHL while the main laggards were SUN, ROGERS and ALTG. The top three price gainers were NIT (+22.0%), CAUDAN (+20.5%) and BLL (+14.0%) while the main detractors were SUN (-12.0%), ASL (-9.1%) and ALTG (-7.9%). The price-earnings ratio and dividend yield of SEMDEX stood at 6.85x and 4.56%, respectively as at 31 July against corresponding figures of at 6.66x and 4.33% as at 30 June. During the month, foreigners were net buyer on the local bourse to the tune of MUR 58.4M (vs. MUR 21.2M in Jun-24), mainly driven by EMTL, MCBG and SBMH.

International equities maintained its upward momentum in July, driven by a series of soft US economic data which revived hopes of a September rate cut by the Federal Reserve. Gains were however capped as a sell-off within megacaps dragged down the broader market; the MSCI World index posted 1.7% MoM.

The S&P 500 index registered 1.1% MoM, closing out a volatile month amid a rotation out of the tech megacaps into small caps and cyclical sectors. This rate-led rotation steered the largest monthly outperformance of the Russell 2000 index versus the heavy tech-gauge index, Nasdaq 100, in over 20 years. 9 out of the 11 major industry groups recorded positive returns, led by the economically sensitive groups, that is, Real Estate, Utilities and Financials. Value stocks outperformed their growth counterparts, with the S&P Value index registering a gain of 4.6% versus -1.3% for the S&P Growth index. The S&P Global US Purchasing Managers' Index (PMI) signalled a deterioration in the health of the manufacturing sector, with the index falling below the 50-threshold for the first time in seven months; the indicator edged down to 49.6 in July against 51.6 in June following a drop in new orders. Input cost inflation eased for a second month, falling to a one-year low.

Eurostoxx 50 index retreated by 0.4% MoM following a slate of disappointing earnings which raised concerns about the health of the broader economy. The CAC 40 and DAX 30 indices recorded respective performances of 0.7% and 1.5% while the FTSE MIB index added 1.8%. The Eurozone manufacturing sector remained in contraction territory due to the sustained weakness in demand. The slump in new orders led to an acceleration in output contraction with the PMI reading unchanged at 45.8 in July. Input costs data reflected a marked acceleration in cost pressures with prices increasing at the fastest rate in a year and a half. In the UK, the FTSE 100 index registered 2.5% MoM, driven by robust economic data. The first interest rate cut since 2020 by the Bank of England also added to the positive sentiment. The recovery in the manufacturing sector strengthened in July with PMI edging up to a two-year high of 52.1 (June 2024: 50.9), driven by expansions in output, new orders and employment. Input price inflation rose to a 18-month high on account of the Red Sea crisis and related freight issues.

The Nikkei 225 index slid by 1.2% MoM following the sharp rally in the Japanese yen. The Bank of Japan's decision to hike rates also amplified market volatility. Operating conditions deteriorated for the first time in three months as a steep decline in new orders led to the renewed decline in production levels. New order volumes fell at its strongest rate since March, mainly attributable to subdued demand in domestic as well as international markets. PMI tumbled to 49.1 in July against 50.0 in June. Inflationary pressures intensified in the latest survey period with input price inflation rising to the steepest rate in 15 months on account of higher raw material, labour, oil and logistic costs.

Emerging markets' equities underperformed developed markets after the MSCI Emerging Markets index posted -0.1% in July. The CSI 300 index registered -0.6% MoM in local currency and 0.1% in USD. China's manufacturing activity expanded at the slowest pace in nine months amid a renewed fall in new orders – PMI fell to 49.8 in July, down from 51.8 in June. Although market conditions softened, employment remained relatively stable with business confidence improving across the sector. In India, the BSE Sensex gained 3.4% MoM. The manufacturing sector maintained its growth momentum, buoyed by robust demand from both domestic and international markets, resulting in significant upturn in both new order inflows and production; PMI stood at 58.1 in July against a previous reading of 58.3.

At fixed income level, the Barclays Aggregate Bond index registered 2.8%. The 10-year US Treasury declined by 37bps to 4.03% in July as inflationary pressures softened, with markets having priced in a Fed rate cut in September. During its July meeting, the Fed unanimously voted to maintain the Fed Funds Target Rate unchanged at 5.25% - 5.50% with Chairman Jerome Powell strongly hinting at a cut in September unless inflation progress stalls. The European Central Bank (ECB) decided to keep the key ECB interest rates unchanged at its July meeting. Accordingly, the interest rate on the main refinancing operations, on the marginal lending facility and the deposit facility decreased to 4.25%, 4.50% and 3.75%, respectively.

On the commodity side, the S&P GSCI index retreated by 3.5% after oil prices declined. Brent and WTI registered -6.6% and -4.5%, respectively, as the soft global demand outlook outweighed the lower US stockpiles and supply issues arising from the Middle East tensions. The price of natural gas declined by 21.7%. Within industrial metals, the price of copper fell by 4.9% following rising concerns over the demand outlook in China, while silver shed 0.5% MoM. The yellow metal reached a new all-time high, trading at \$2,447 an ounce and closing the month at 5.2%, driven largely by expectations of imminent rate cuts, rising geopolitical risks and central banks increasing their bullion reserves.

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