

Monthly Market Wrap

I January 2025

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+2.7%	+5.9%	+9.4%	+2.7%	+24.7%	+33.8%	+87.3%	18.2%
MSCI World	+3.5%	+5.2%	+7.4%	+3.5%	+19.7%	+25.4%	+63.8%	17.9%
MSCI World Small Cap	+3.4%	+3.3%	+2.5%	+3.4%	+13.3%	+8.3%	+34.8%	22.0%
MSCI Europe	+6.4%	+6.8%	+4.1%	+6.4%	+10.8%	+15.6%	+31.2%	15.7%
MSCI EM	+1.7%	-2.3%	+0.8%	+1.7%	+12.0%	-9.5%	+2.9%	18.3%
MSCI AC Asia	+1.4%	-1.1%	+0.3%	+1.4%	+10.6%	-0.3%	+11.1%	16.6%
SEMDEX	+4.5%	+2.1%	+18.8%	+4.5%	+22.4%	+17.5%	+13.5%	17.1%
DEMEX	+0.5%	+1.9%	-0.7%	+0.5%	-11.4%	-22.5%	+0.3%	11.7%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	+0.6%	-1.3%	-0.6%	+0.6%	+0.3%	-10.6%	-10.1%	7.8%
Barclays US Aggregate Bond	+0.5%	-0.1%	+0.2%	+0.5%	+2.1%	-4.5%	-3.0%	6.4%
Barclays High Yield bond	+1.4%	+1.6%	+5.2%	+1.4%	+10.9%	+13.1%	+18.9%	10.8%
JP Morgan EMU IG Bond	-0.1%	+0.7%	+1.4%	-0.1%	+2.1%	-9.8%	-11.6%	6.4%
JP Morgan EM Bond	+1.3%	+1.0%	+3.4%	+1.3%	+9.0%	+0.3%	-0.7%	12.2%
FTSE Asian Broad Bond	+0.8%	+0.3%	+1.8%	+0.8%	+5.3%	+2.3%	+3.0%	6.7%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	72.53	+1.1%
Brent Crude Oil / Bbl	76.76	-2.8%
Natural Gas / mmBtu	3.04	-16.2%
Copper / oz	427.90	+6.3%
Silver / oz	31.30	+8.3%
Gold / oz	2,798.41	+6.6%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	47.2%	+6.1%
Commerce	11.7%	+1.4%
Industry	5.1%	+2.2%
Investments	20.8%	+6.6%
Leisure & Hotels	8.7%	+1.4%
Property	3.0%	-1.0%
ICT	2.9%	-3.2%
Sugar	0.4%	-0.5%
Foreign	0.1%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	3.62%	3.95%	4.04%	4.45%	4.76%	5.10%	5.31%	5.34%
-1M	3.30%	3.54%	3.91%	4.35%	4.68%	5.09%	5.30%	5.42%

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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	51.2	49.4	52.9	56.8	104.1	109.5	3.0%	4.25% - 4.5%	4.0%
Germany	45.0	42.5	52.5	51.2	NA	90.0	2.3%	2.9%	6.1%
France	45.0	41.9	48.2	49.3	92.0	89.0	1.7%	2.9%	7.3%
UK	48.3	47.0	50.8	51.1	-22.0	-17.0	3.0%	4.8%	4.4%
Japan	48.7	49.6	53.0	50.9	34.4	35.4	4.0%	0.5%	2.4%
China	50.1	50.5	51.0	52.2	NA	86.4	0.5%	4.4%	4.0%
India	57.7	56.4	56.5	59.3	NA	NA	4.3%	6.3%	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	244.64	+0.3%	+1.1%	+3.8%	0.3%
SBM Yield Fund	MUR	Global fixed income	11.49	-0.1%	0.0%	+1.2%	8.0%
SBM Universal Fund	MUR	Multi-asset	37.34	+1.8%	+2.3%	+16.6%	8.5%
SBM Growth Fund	MUR	Global equities	17.78	+2.1%	+2.3%	+22.0%	14.1%
SBM India Opportunities Fund (Class B)	USD	Indian equities	92.74	-7.4%	-9.1%		

Commentary

Local indices kicked started the year on a positive footing with the SEMDEX and DEMEX closing at 2,510.23 and 237.16 points respectively, equivalent to corresponding returns of +4.5% and +0.5%. The main leaders, that is, companies which contributed to the positive performances of the SEMDEX were MCBG, SBMH and ROGERS while the main laggards were EMTL, LUX and ASCE. The top three price gainers were SBMH (+15.4%), TERA (+15.4%) and ROGERS (+11.3%) while the main detractors were NIT (-6.7%), ASL (-5.6%) and HWF (-3.3%). The price-earnings ratio and dividend yield of the SEMDEX stood at 7.05x and 4.07%, respectively as at 31 January against corresponding figures of 6.80x and 4.22% as at 31 December. Foreigners turned net sellers with outflows to the tune of MUR 34.4M driven mainly by MCBG, RIVO and TERA.

It was a strong start to 2025 for international equities after the MSCI World index gained 3.5% MoM amidst strong corporate earnings, robust growth indicators and AI advancements. However, tariff threats on imports dented market optimism and wiped out part of the gains.

The S&P 500 index rebounded from December's selloff, closing the month with a gain of 2.7%, buoyed by the release of favourable corporate earnings and solid US economic data. The emergence of DeepSeek Chinese-AI startup towards the end of the month, however, triggered a rout in tech stocks, capping the monthly gains while President Trump's announcement of tariff plans for Canada, Mexico and China further pressured markets. 10 out of the 11 major industry groups recorded positive returns, led by Communication Services, Health Care and Financials. Value stocks outperformed their growth counterparts, registering 2.8% vs. 2.6% MoM. The S&P Global US Purchasing Managers' Index (PMI) edged up from 49.4 in December to 51.2 in January after output and new orders rebounded amidst rising domestic sales.

Eurostoxx 50 index rallied by 8.0% MoM, outperforming its global peers, and supported by improvements in eurozone macro data while the accommodative stance of the European Central Bank (ECB) boosted investor sentiment. The CAC 40 and FTSE MIB indices recorded respective performances of 7.7% and 6.7%, while the DAX 30 index soared by 9.2%. The downturn in the eurozone manufacturing sector eased markedly, stepping closer to stabilisation with PMI ticking up to an 8-month high of 46.6 in January (December 2024: 45.1). New orders as well as output witnessed softer declines while businesses' output growth expectations rose to the strongest in nearly 3 years. In the UK, the FTSE 100 index added 6.1%. The UK manufacturing activity maintained its downtrend as new orders, output and employment further contracted due to weaker market conditions, rising costs and a deteriorating outlook; the headline index stood at 48.3 in January against a previous reading of 47.0.

The Nikkei 225 index registered -0.8% MoM, after the Bank of Japan (BoJ) raised interest rates by 25bps interest rate which led to a stronger currency. Operating conditions deteriorated for the seventh consecutive month, reflective of further contractions in production levels and new order – PMI edged down from 49.6 in December to 48.7 in January. In response to subdued demand conditions, firms decreased their inventories of finished products and raw materials. Inflationary pressures remained elevated on account of higher labour, logistics and raw materials prices.

Emerging lagged developed markets' equities after the MSCI Emerging Markets index recorded 1.7% in January. The CSI 300 index registered -3.0% MoM in local currency and -2.3% in USD. Chinese manufacturing activity expanded slightly following stronger new business inflows and improved business sentiment; the index clocked 50.1 in January against 50.5 in December. On the price front, although the cost of some raw materials was on the uptrend, some suppliers cut prices to promote sales, hence stabilising the gauge for input costs. In India, the BSE Sensex shed 0.8% MoM following weaker corporate earnings. The manufacturing sector continued to expand with new orders rising at the quickest pace since July 2024, fuelled by a steep upturn in international sales growth – PMI rose from 56.4 in December to 57.7 in January, outpacing its long-run average of 54.1.

At the fixed income level, the Barclays Aggregate Bond index recorded 0.6% in January on account of lower-than-expected US inflation, partially offset by higher inflation expectations from President Trump's proposed policies. The Fed concluded its first meeting of 2025 by maintaining the target Fed Funds rate at the 4.25%-4.50% range, in line with expectations. 10-year US Treasury yield declined by 3bps to 4.54% in January. At its January meeting, the ECB lowered the three key interest rates by 25bps. Accordingly, the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility decreased to 2.75%, 2.90% and 3.15%, respectively.

On the commodity side, the S&P GSCI index further strengthened in January, adding 3.3% MoM amid the rise in oil prices. The corresponding price of Brent and WTI rose by 2.8% and 1.1% amid concerns of supply disruptions from US sanctions on Russian oil and possible tariffs on Canadian oil. The price of natural gas plummeted by 16.2% following forecasts of milder-than-expected weather. Within industrial metals, the price of copper rose by 6.3%, while silver rallied by 8.3% MoM supported by a rise in industrial demand. Gold gained 6.6% on the back of President Trump's tariff threats.

Hotline: 202 1111 | E: sbm.assetm@sbmgroup.mu | W: nbfc.sbmgroup.mu/mam