SBM Mauritius Asset Managers Ltd

# Monthly Market Wrap | September 2024

## Equity index returns (% local currency)

| Index | 1M | 3M | 6M | YTD | 1Y | 3Y | 5Y | 5Y Std Dev |
|---|---|---|---|---|---|---|---|---|
| S&P 500 | +2.0% | +5.5% | +9.7% | +20.8% | +34.4% | +33.8% | +93.6% | 18.0% |
| MSCI World | +1.7% | +6.0% | +8.3% | +17.5% | +30.5% | +23.8% | +70.8% | 17.8% |
| MSCI World Small Cap | +1.6% | +8.9% | +5.4% | +9.6% | +22.8% | +1.6% | +42.6% | 21.6% |
| MSCI Europe | -0.5% | +2.0% | +1.9% | +9.0% | +15.7% | +16.3% | +32.2% | 15.5% |
| MSCI EM | +6.4% | +7.8% | +12.2% | +14.4% | +22.9% | -6.6% | +17.0% | 18.6% |
| MSCI AC Asia | +4.6% | +8.0% | +10.3% | +15.1% | +24.0% | -1.1% | +24.7% | 16.7% |
| SEMDEX | +4.9% | +11.1% | +8.9% | +14.9% | +9.3% | +16.5% | +10.1% | 16.9% |
| DEMEX | +0.4% | -3.7% | -9.3% | -12.9% | -14.9% | -18.5% | -1.6% | 11.8% |

## 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 | 47.3 | 47.9 | 55.2 | 55.7 | 99.2 | 105.6 | 2.4% | 4.75% - 5% | 4.1% |
| Germany | 40.6 | 42.4 | 50.6 | 51.2 | 90.0 | 91.0 | 1.6% | 3.4% | 6.0% |
| France | 44.6 | 43.9 | 49.6 | 55.0 | 95.0 | 92.0 | 1.1% | 3.4% | 7.3% |
| UK | 51.5 | 52.5 | 52.4 | 53.7 | -20.0 | -13.0 | 1.7% | 5.0% | 4.0% |
| Japan | 49.7 | 49.8 | 53.1 | 53.7 | 36.6 | 36.5 | 2.5% | 0.3% | 2.4% |
| China | 49.3 | 50.4 | 50.3 | 51.6 | 85.7 | 85.8 | 0.4% | 4.4% | 4.0% |
| India | 56.5 | 57.5 | 57.7 | 60.9 | NA | NA | 5.5% | 6.5% | 7.7% |

**based on latest available data*

## Fixed income index returns (% local currency)

| Index | 1M | 3M | 6M | YTD | 1Y | 3Y | 5Y | 5Y Std Dev |
|---|---|---|---|---|---|---|---|---|
| Barclays Global Aggregate Bond | +1.7% | +7.0% | +5.8% | +3.6% | +12.0% | -8.9% | -4.1% | 7.6% |
| Barclays US Aggregate Bond | +1.3% | +5.2% | +5.3% | +4.4% | +11.6% | -4.1% | +1.7% | 6.3% |
| Barclays High Yield bond | +2.0% | +6.2% | +7.3% | +9.6% | +19.0% | +8.3% | +22.0% | 10.8% |
| JP Morgan EMU IG Bond | +1.3% | +3.9% | +2.6% | +1.9% | +9.1% | -11.0% | -11.8% | 6.4% |
| JP Morgan EM Bond | +1.9% | +6.5% | +6.8% | +8.7% | +19.3% | -1.9% | +4.0% | 12.1% |
| FTSE Asian Broad Bond | +1.5% | +4.9% | +5.7% | +6.7% | +13.5% | +0.0% | +7.0% | 6.7% |

## SBM Fund performance (% local currency)

| Fund | Currency | Strategy | NAV | 1M | 3M | 1Y | 5Y Std Dev |
|---|---|---|---|---|---|---|---|
| SBM Perpetual Fund | MUR | Local fixed income | 241.51 | +0.3% | +1.0% | +3.7% | 0.4% |
| SBM Yield Fund | MUR | Global fixed income | 11.62 | +0.1% | +0.4% | +3.6% | 7.9% |
| SBM Universal Fund | MUR | Multi-asset | 35.94 | +1.7% | +4.2% | +15.8% | 8.5% |
| SBM Growth Fund | MUR | Global equities | 17.09 | +2.2% | +4.3% | +24.6% | 14.1% |
| SBM India Opportunities Fund (Class B) | USD | Indian equities | 108.02 | *Following share split on 10-Jul-24, return as at 30-Sep-24: +8.0%* | | | |

## Commodity prices

| Commodity | Current $ | 1M |
|---|---|---|
| WTI Crude Oil / Bbl | 68.17 | -7.3% |
| Brent Crude Oil / Bbl | 71.77 | -8.9% |
| Natural Gas / mmBtu | 2.92 | +37.4% |
| Copper / oz | 455.30 | +9.8% |
| Silver / oz | 31.16 | +8.0% |
| Gold / oz | 2,634.58 | +5.2% |

## Exchange rates

| | Current | -1M |
|---|---|---|
| EUR/USD | 1.11 | 1.10 |
| USD/JPY | 143.63 | 146.17 |
| GBP/USD | 1.34 | 1.31 |
| USD/MUR | 45.91 | 46.51 |
| EUR/MUR | 51.34 | 51.56 |
| GBP/MUR | 61.49 | 61.36 |

## SEMDEX sector performance (%)

| Index | Weight | 1M |
|---|---|---|
| Financials | 47.0% | +5.3% |
| Commerce | 12.8% | -0.1% |
| Industry | 5.0% | +0.3% |
| Investments | 19.1% | +5.8% |
| Leisure & Hotels | 8.8% | +3.4% |
| Property | 3.5% | +20.2% |
| ICT | 3.3% | +10.8% |
| Sugar | 0.4% | 0.0% |
| Foreign | 0.1% | 0.0% |

## Top 3 Gainers - SEMDEX

| Stock | 1M |
|---|---|
| MUA Ltd | +48.0% |
| Caudan Development Ltd | +47.7% |
| Ascencia Ltd (Ordinary shares ) | +20.2% |

## Top 3 Losers - SEMDEX

| Stock | 1M |
|---|---|
| Lottotech Ltd | -5.9% |
| The Mauritius Development Investmer | -3.3% |
| Innodis Ltd | -2.5% |

## Secondary market yields - GoM

| Tenor | 91D | 182D | 364D | 3Y | 5Y | 10Y | 15Y | 20Y |
|---|---|---|---|---|---|---|---|---|
| Current | 2.81% | 3.03% | 3.22% | 3.76% | 4.09% | 4.47% | 4.71% | 5.00% |
| -1M | 3.22% | 3.46% | 3.71% | 4.43% | 4.69% | 5.05% | 5.28% | 5.48% |

## Commentary

Local indices rose in September with the SEMDEX and DEMEX closing at 2,342.17 and 232.89 points, equivalent to respective returns of 4.9% and 0.4%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MCBG, ASCE and MUAL, while the main laggards were LOTO, GML and HWF. The top three price gainers were MUAL (+48.0%), CAUDAN (+47.7%) and ASCE (+20.2%) while the main detractors were LOTO (-5.9%), MDIT (-3.3%) and HWF (-2.5%). The price-earnings ratio and dividend yield of SEMDEX stood at 6.94x and 4.29%, respectively as at 30 September against corresponding figures of 7.16x and 4.37% as at 31 August. Foreigners turned net seller to the tune of MUR 7.0M (vs. net buyer of MUR 23.3M), skewed by a significant outflow from CMDC Notes. Excluding this transaction, the net foreign flows were positive to the amount of MUR 35.5M, driven mainly by MCBG, LFL and ENLG.

International equities surged as the Federal Reserve (Fed) embarked on the long-anticipated rate-cutting cycle and Chinese policymakers announced larger-than-expected economic stimulus. Despite the downside risks related to the ongoing geopolitical tensions, political uncertainty and carry trade unwinds, the MSCI World index gained 1.7% MoM.

The S&P 500 index surged by 2.0% as the Fed lowered the federal funds rate (FFR) by a larger-than-anticipated 50bps and signalled further easing. With inflation converging towards the 2% target, the Fed is focused on keeping a lid on the unemployment rate. 8 out of 11 major industry groups recorded positive returns, led by Consumer Discretionary, Utilities and Communication Services. Growth stocks outperformed their value counterparts, with the S&P Growth index registering a gain of 2.8% versus 0.9% for the S&P Value index. The S&P Global US Purchasing Managers' Index (PMI) edged down to 47.3 in September against 47.9 in August, indicating the most pronounced deterioration in the health of the manufacturing sector since June 2023. Production and new orders fell at faster rates amid a weakness in demand and political uncertainty.

Eurostoxx 50 index added 1.7% MoM as cooling inflation prompted the European Central Bank (ECB) to lower the deposit facility rate by 25bps at its September meeting. The CAC 40 and FTSE MIB indices recorded respective performances of 0.1% and -0.7% while the DAX 30 index posted 2.2%. The Eurozone manufacturing sector slid into deeper contraction as key indicators, including production, new orders, and employment, all declined at faster rates. The manufacturing PMI fell to 45.0 in September from 45.8 in August, weighed down by Germany. In the UK, the FTSE 100 index registered -1.7% MoM after hotter-than-expected retail sales data and a surge in the GBP pressured export-oriented companies. The upturn in manufacturing activity continued at a slower pace into September, supported by demand in the domestic market. The headline PMI fell to 51.5 in September from a 26-month high of 52.5 in August but remained above the neutral 50.0 mark. Input costs surged at the fastest pace since January 2023 primarily on account of supply chain constraints.

The Nikkei 225 index slid by 1.9% MoM following the surprise selection of Shigeru Ishiba as Japan's next prime minister (PM). The yen appreciated against the USD on the news that the new PM is known for his hawkish views. Manufacturing conditions worsened slightly with PMI data slowing from 49.8 in August to 49.7 in September. Manufacturing output and new orders dipped into contraction territory while job creation slowed. Business sentiment remains positive, but the level of optimism eased to its softest level since the end of 2022.

Emerging markets equities outperformed developed markets after the MSCI Emerging Markets index gained 6.4% in September. The CSI 300 index registered 21.0% MoM in local currency and 22.2% in USD, after the authorities announced a range of fiscal and monetary stimulus measures. Manufacturing activity deteriorated, with new orders declining at the fastest pace in two years – PMI fell below the 50 neutral mark, from 50.4 in August to 49.3 in September. In India, the BSE Sensex gained 2.4% MoM. The Indian manufacturing sector continued to expand in September at a slightly moderating pace, driven by softer increases in output and exports; PMI stood at 56.5 in September against a previous reading of 57.5. The indicator remained well above the historical average of 54.0, signalling a significant improvement in operating conditions.

At fixed income level, the Barclays Aggregate Bond index gained 1.7% in September. The 10-year US Treasury decreased by 12bps to 3.90% in September amid a slowdown in job growth and softer inflation print. The Federal Reserve decided to lower the target Fed Funds rate by 50bps to the 4.75%-5.00% range at its September meeting. Fed Chairman Jerome Powell emphasised that the slowdown in job gains prompted the larger 50bps rate cut, instead of the more standard 25bps. At its September meeting, the ECB decided to lower the deposit facility rate by 25bps to 3.50%. The interest rates on the main refinancing operations and the marginal lending facility fell to 3.65% and 3.90%, respectively.

On the commodity side, the S&P GSCI index maintained its downtrend, retreating by 0.1% and mainly driven by falling oil prices. Brent and WTI posted -8.9% and -7.3%, respectively, on account of the rising supplies from OPEC+ and weak demand from China. The price of natural gas surged by 37.4% amid concerns of potential supply disruptions at the Russian-Ukrainian border due to the ongoing conflict. Within industrial metals, the price of copper rallied by 9.8% while silver rose by 8.0% MoM. Gold gained further momentum, reaching a new all-time high of $2,635 an ounce and closing the month 5.2% higher. Monetary policy easing by major central banks and the continuous central bank buying fuelled the rally in the price of the yellow metal.

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