

Monthly Market Wrap

I February 2024

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+5.2%	+11.6%	+13.1%	+6.8%	+28.4%	+33.7%	+83.0%	18.3%
MSCI World	+4.1%	+10.4%	+11.8%	+5.3%	+22.9%	+22.4%	+60.0%	18.1%
MSCI World Small Cap	+3.2%	+9.8%	+6.3%	+0.3%	+6.8%	-2.5%	+29.6%	21.7%
MSCI Europe	+1.8%	+7.1%	+7.9%	+3.3%	+7.4%	+23.7%	+31.9%	15.8%
MSCI EM	+4.6%	+3.4%	+4.1%	-0.3%	+5.9%	-23.8%	-2.9%	19.0%
MSCI AC Asia	+3.9%	+6.6%	+6.7%	+2.1%	+9.5%	-16.3%	+9.0%	17.0%
SEMDEX	+0.7%	+0.1%	-0.8%	+1.4%	+2.6%	+29.3%	-6.4%	16.5%
DEMEX	-0.2%	+0.4%	+0.8%	-0.1%	+2.0%	+17.2%	+13.2%	11.4%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-1.3%	+1.4%	+2.2%	-2.6%	+3.1%	-15.7%	-5.0%	7.5%
Barclays US Aggregate Bond	-1.4%	+2.1%	+2.3%	-1.7%	+3.3%	-9.2%	+2.8%	6.2%
Barclays High Yield bond	+0.8%	+4.7%	+7.5%	+0.6%	+12.3%	+1.2%	+15.1%	10.8%
JP Morgan EMU IG Bond	-1.1%	+1.9%	+2.6%	-1.6%	+5.2%	-14.5%	-7.0%	6.6%
JP Morgan EM Bond	+1.0%	+4.7%	+6.2%	-0.3%	+9.7%	-7.7%	+2.5%	12.1%
FTSE Asian Broad Bond	-0.3%	+3.1%	+5.0%	-0.0%	+6.0%	-6.5%	+8.0%	6.7%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	78.26	+2.2%
Brent Crude Oil / Bbl	83.62	+2.3%
Natural Gas / mmBtu	1.86	+11.4%
Copper / oz	383.45	-1.8%
Silver / oz	22.68	-1.2%
Gold / oz	2,044.30	+0.2%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	44.2%	+2.3%
Commerce	16.0%	+1.3%
Industry	6.2%	-1.2%
Investments	20.3%	-0.3%
Leisure & Hotels	8.8%	-2.5%
Property	3.7%	-2.6%
Sugar	0.6%	-0.9%
Foreign	0.2%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	3.27%	3.50%	3.70%	4.57%	4.79%	5.23%	5.41%	5.65%
-1M	3.29%	3.50%	3.69%	4.30%	4.58%	4.86%	5.16%	5.39%

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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	52.2	50.7	52.3	52.5	106.7	110.9	3.2%	5.25% - 5.5%	3.9%
Germany	42.5	45.5	48.3	47.7	89.0	88.0	2.5%	4.5%	5.8%
France	47.1	43.1	48.4	45.4	89.0	91.0	3.0%	4.5%	7.5%
UK	47.5	47.0	53.8	54.3	-21.0	-19.0	3.4%	5.3%	3.9%
Japan	47.2	48.0	52.9	53.1	38.0	37.3	2.8%	-0.1%	2.4%
China	50.9	50.8	52.5	52.7	NA	88.9	0.7%	4.4%	4.0%
India	56.9	56.5	60.6	61.8	NA	NA	5.1%	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	236.35	+0.3%	+0.9%	+4.3%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.50	-0.4%	+1.5%	+3.2%	7.9%
SBM Universal Fund	MUR	Multi-asset	33.28	+2.1%	+4.6%	+8.8%	8.4%
SBM Growth Fund	MUR	Global equities	15.07	+3.5%	+8.0%	+13.7%	13.9%
SBM India Fund (Class B)	USD	Indian equities	174.31	+2.9%	+12.3%	+37.3%	27.2%

Commentary

Local indices posted contrasting performances in February with the SEMDEX inching higher to reach 2,065.79 points while the DEMEX headed south to close at 267.23 points, equivalent to respective returns of +0.7% and -0.2%. The main leaders, that is, companies which contribute to the positive performance of the SEMDEX were MCBG, IBLL and SUN while the main laggards were LUX, SBMH and NMHL. The top price gainers were SUN (+5.8%), CIM (+3.8%) and MCBG (+3.2%) while the main detractors were ASL (-21.0%), CAUDAN (-11.8%) and LUX (-7.7%). The price-earnings ratio and dividend yield of the SEMDEX stood at 6.59x and 4.22%, respectively as at 29 February against corresponding figures of 6.53x and 4.27%, as at January 2024. Foreigners remained net seller on the local bourse with foreign flows to the tune of MUR 135.8M (vs. MUR 102.0M in Jan-24). PBL was the main driver behind net foreign sales, followed by MCBG and NMHL.

International equity markets registered a fourth straight month of gains amidst expectations of a "Goldilocks" scenario, fading US recession fears and signs of improvement in the euro zone economy; the MSCI World index added 4.1% MoM. The Fed's preferred gauge of inflation came in line with forecasts, increasing the probability that the Fed would lower interest rates by June.

The S&P 500 index notched an all-time high, buoyed by tech stocks; the index gained 5.2% MoM. All the major industry groups recorded positive returns led by Consumer Discretionary, Industrials and Materials. Growth stocks outperformed their value counterparts, with the S&P Growth index registering 7.2% against 2.8% for the S&P Value index. Manufacturing activity improved after the S&P Global US Purchasing Managers' Index (PMI) clocked 52.2 in February against 50.7 in January. The upturn in operating activity stemmed from favourable demand conditions, uptick in workforce and new order inflow rising at its sharpest rate since May 2022.

The Eurostoxx 50 index added 4.9% MoM, supported by corporate earnings. The DAX 30 and CAC 40 indices recorded respective performances of 4.6% and 3.5% while the FTSE MIB index posted 6.0%. PMI signalled the second-slowest deterioration in operating conditions as the downturn in demand cooled for a fourth consecutive month, with new orders declining at the slowest rate since March 2023. The headline index edged down to 46.5 in February against 46.6 in January. UK equities continued to lag its global peers after the FTSE 100 index registered a flat performance in February. Manufacturing output growth remained in the sub-5.0 mark for the twelve consecutive month as weak demand from both the domestic and overseas markets adversely impacted output and new order intakes; PMI stood at 47.5 in February (January 2024: 47.0).

In Japan, the Nikkei 225 index gained 7.9% MoM, breaching levels last seen in 1989 and closing near the 40,000 mark. February's PMI reading of 47.2 (versus 48.0 in January) indicated another month of deteriorating operating conditions amid depressed demand in both domestic and overseas markets. On the supply front, delivery times lengthened amid logistical disruptions caused by the Red Sea crisis as well as machinery shutdowns. However, while price pressures remained elevated on account of higher raw material, energy and labour costs, input cost inflation eased to a seven-month low.

Emerging markets' equities outperformed developed markets after the MSCI Emerging Markets index posted 4.6% in February. The CSI 300 index recorded the best monthly performance among broad market indices, rallying by 9.4% in local currency and 9.1% in USD. Growth in the Chinese manufacturing activity was supported by sustained upturns in both production and new export orders; PMI ticked up from 50.8 in January to 50.9 in February. In India, the BSE Sensex index registered 1.0% MoM. Manufacturing output growth remained strong, fuelled by the sharpest expansion in new export orders in 21 months. PMI rose from 56.5 in January to 56.9 in February, reflecting the uptick in growth momentum amid robust demand and positive business conditions.

At fixed income level, the Barclays Global Aggregate Bond index registered -1.3% MoM. The 10-year US Treasury yield increased by 34bps to 4.25% in February as the Fed's hawkish comments suggested that the latter might start cutting rates later than what the market priced. No Monetary Policy Committee was held in February, hence the Fed funds target range remained unchanged at 5.25%-5.50%. 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 added 0.9% MoM amid steady oil prices. The corresponding price of Brent and WTI increased by 2.3% and 3.2% following expectations that OPEC+ will extend its production cuts through at least the second quarter of 2024. The price of natural gas remained on the downturn, declining by 11.4%, amid warmer temperatures. Within industrial metals, the price of copper fell by 1.8% while silver shed 1.2% MoM. Gold prices edged 0.2% higher, driven by the weakness in the US dollar and an increase in gold purchases by global central banks.

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