

# Monthly Market Wrap

1 October 2024

## Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	-1.0%	+3.3%	+13.3%	+19.6%	+36.0%	+23.9%	+87.8%	18.0%
MSCI World	-2.0%	+2.1%	+10.3%	+15.1%	+31.7%	+14.9%	+63.3%	17.8%
MSCI World Small Cap	-2.7%	-0.8%	+8.2%	+6.6%	+27.4%	-4.6%	+35.1%	21.7%
MSCI Europe	-3.3%	-2.5%	-0.0%	+5.4%	+16.1%	+7.5%	+26.8%	15.6%
MSCI EM	-4.4%	+3.2%	+7.0%	+9.4%	+22.3%	-11.5%	+7.4%	18.6%
MSCI AC Asia	-4.6%	+1.4%	+6.8%	+9.9%	+23.5%	-5.6%	+14.1%	16.8%
SEMDEX	+5.0%	+16.3%	+14.4%	+20.6%	+19.1%	+15.8%	+16.0%	17.0%
DEMEX	-0.0%	-2.5%	-10.0%	-13.0%	-14.3%	-23.3%	+0.6%	11.7%

## Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-3.4%	+0.6%	+4.9%	+0.1%	+9.5%	-11.7%	-7.9%	7.8%
Barclays US Aggregate Bond	-2.5%	+0.2%	+5.3%	+1.9%	+10.5%	-6.5%	-1.1%	6.4%
Barclays High Yield bond	-0.6%	+3.5%	+7.5%	+8.9%	+19.4%	+8.2%	+20.3%	10.8%
JP Morgan EMU IG Bond	-0.9%	+0.7%	+3.0%	+1.0%	+7.7%	-11.2%	-11.7%	6.4%
JP Morgan EM Bond	-1.9%	+2.4%	+7.1%	+6.6%	+18.7%	-3.8%	+1.6%	12.2%
FTSE Asian Broad Bond	-1.3%	+1.6%	+5.9%	+5.3%	+12.9%	-0.3%	+5.1%	6.8%

## Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	69.26	+1.6%
Brent Crude Oil / Bbl	73.16	+1.9%
Natural Gas / mmBtu	2.71	-7.4%
Copper / oz	434.00	-4.7%
Silver / oz	32.66	+4.8%
Gold / oz	2,743.97	+4.2%

## SEMDEX sector performance (%)

Index	Weight	1M
Financials	46.1%	+3.0%
Commerce	12.1%	-0.4%
Industry	5.0%	+6.2%
Investments	21.1%	+15.8%
Leisure & Hotels	8.9%	+5.8%
Property	3.1%	-6.0%
ICT	3.1%	-1.4%
Sugar	0.4%	0.0%
Foreign	0.1%	0.0%

## Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	2.69%	2.89%	3.11%	3.67%	4.06%	4.46%	4.67%	4.75%
-1M	2.81%	3.03%	3.22%	3.76%	4.09%	4.47%	4.71%	5.00%

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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	48.5	47.3	55.0	55.2	108.7	99.2	2.4%	4.50% - 4.75%	4.1%
Germany	43.0	40.6	51.6	50.6	NA	90.0	2.0%	3.4%	6.0%
France	44.5	44.6	49.2	49.6	94.0	95.0	1.2%	3.4%	7.3%
UK	49.9	51.5	52.0	52.4	-21.0	-20.0	1.7%	4.8%	4.0%
Japan	49.2	49.7	49.7	53.1	35.7	36.6	2.5%	0.3%	2.4%
China	50.3	49.3	52.0	50.3	NA	85.7	0.4%	4.4%	4.0%
India	57.5	56.5	58.5	57.7	NA	NA	5.5%	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	242.06	+0.2%	+0.9%	+3.6%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.52	-0.5%	0.0%	+4.4%	8.0%
SBM Universal Fund	MUR	Multi-asset	36.50	+1.5%	+6.1%	+20.3%	8.5%
SBM Growth Fund	MUR	Global equities	17.37	+1.7%	+7.1%	+31.6%	14.1%
SBM India Opportunities Fund (Class B)	USD	Indian equities	102.08	-5.5%	-0.8%		

## Commentary

Local indices posted divergent returns with the SEMDEX maintaining its uptrend to close at 2,458.60 points, while the DEMEX headed marginally lower to 232.81 points, equivalent to respective returns of +5.0% and -0.0%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MCBG, ROGERS and MEDINE, while the main laggards were MUAL, ASCE and NRL. The top three price gainers were POLICY (+34.4%), MEDINE (+33.3%) and ROGERS (+25.1%) while the main detractors were MUAL (-13.9%), ASCE (-6.3%) and NRL (-5.1%). The price-earnings ratio and dividend yield of SEMDEX stood at 7.06x and 4.13%, respectively as at 31 October against corresponding figures 6.94x and 4.29% as at 30 September. Foreign flows turned net buyer to the tune of MUR 8.8M (vs. net seller of MUR 7.0M), driven mainly by PBL, MCBG and PHIN.

International equities pulled back in October as escalating geopolitical tensions in the Middle East, uncertainty around the US presidential election outcome and mixed Q3 earnings season spurred a risk-off sentiment. The MSCI World index registered -2.0% MoM.

The S&P 500 index posted -1.0% despite more than a third of the companies reporting earnings and beating consensus expectations. 8 out of the 11 major industry groups ended the month in red, led by Health Care, Materials and Real Estate. Growth stocks were relatively resilient versus their value counterparts, registering -0.7% against -1.4% MoM. The manufacturing downturn in the US extended into a fourth successive month with the S&P Global US Purchasing Managers' Index (PMI) remaining under the 50-threshold at 47.3 in September against 48.5 in October.

Eurostoxx 50 index declined by -3.5% MoM amidst concerns on economic growth outlook. The CAC 40 and DAX 30 indices recorded respective performances of -3.7% and -1.3% while the FTSE MIB index posted 0.5%. The Eurozone manufacturing sector remained in contraction territory as production volumes decreased for a nineteenth straight month, weighed down heavily by the two largest economies in the Eurozone, Germany and France. The headline index however reflected a slight easing of deterioration with the PMI edging up from 45.0 in September to 46.0 in October. In the UK, the FTSE 100 index registered -1.5% MoM. Manufacturing activity suffered a renewed downturn and slipped back into the sub-50 zone amidst reduced new order intakes, reflecting the generally lacklustre environment and the economic slowdown; PMI clocked at 49.9 in October, down from 51.5 in September.

The Nikkei 225 index was the top performer among global peers, gaining 3.1% MoM amid the weakness in the Japanese Yen following the ruling coalition's failure to secure a parliamentary majority in the recent elections. Operating conditions deteriorated in October as a steep fall in new orders led to the renewed decline in production levels. New order volumes contracted at the steepest rate in three months, mainly attributable to weaker demand in domestic as well as international markets, notably in semiconductors and autos. PMI tumbled to 49.2 in October against 49.7 in September.

Emerging markets equities underperformed developed markets after the MSCI Emerging Markets index slid by 4.4% in October. The CSI 300 index ended the month in red, registering -3.2% MoM in local currency and -4.5% in USD as the widely anticipated fiscal stimulus was not implemented as expected. The expansion in the Chinese manufacturing activity resumed in October as new order inflows increased at the quickest pace in four months, driven by improved demand conditions – the headline index came in at 50.3 in October (September 2024: 49.3). External demand remained subdued, with the indicator for new export orders staying in contraction for the third consecutive month, highlighting the sluggish global economic conditions. In India, the BSE Sensex ended in negative territory, declining by 5.8% MoM, spurred by FI outflows. Lower-than-anticipated company earnings weighed on sentiment. The manufacturing sector regained its growth momentum, buoyed by robust demand from both increasing new orders and strong growth in international sales; PMI rose from September's eight-month low of 56.5 to 57.5 in October.

At fixed income level, the Barclays Aggregate Bond index recorded a negative performance of -3.4% in October, as the resilience of the US economy and uncertainty surrounding the post-election fiscal policy changes in the US prompted market participants to dial back rate cut expectations. The Fed Fund rate remained unchanged at 4.75%-5.00% range given there was no FOMC meeting in October. The Fed is however expected to lower the policy rates by 25bps at its upcoming meeting in November. The 10-year US Treasury surged by 50bps to 4.28% in October amid sticky core inflation and strong labour market data. At its October meeting, the ECB decided to lower the deposit facility rate by 25bps to 3.25%. The interest rates on the main refinancing operations and the marginal lending facility fell to 3.40% and 3.65%, respectively.

On the commodity side, the S&P GSCI index posted 0.5%. Brent and WTI prices nudged higher during the month, registering 1.9% and 1.6%, respectively, driven by the escalating geopolitical tensions. The price of natural gas fell by 7.4% on account of mild weather outlook while on the other hand, inventories remained high. Within industrial metals, the price of copper declined by 4.7% while silver rallied by 4.8% MoM. Gold maintained its streak of record highs, reaching \$2,744 an ounce and closing the month 4.2% higher, fuelled by the looming US election uncertainties and ongoing conflict in the Middle East.

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