

**Aon Hewitt Investment Dashboard - April 2020**

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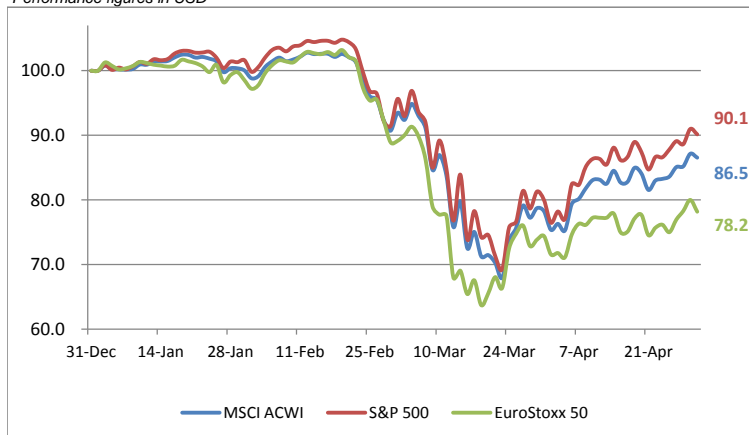
Note: (1) All returns are annualised, except for YTD which covers the period 01 Jan 20 to 30 Apr 20.

(2) The charts below show the YTD performance of local and foreign equity indices on a time-series basis.

**Foreign Equity Indices**

30/04/2020	Performance (USD)					
	Current Value (USD)	Last month	Year-to-Date (YTD)	Last 12 Months	Last 3 Years *	Last 5 Years *
MSCI EM (Emerging markets)	439.97	9.2%	-16.6%	-12.0%	0.6%	-0.1%
MSCI The World Index	6,051.00	10.9%	-12.4%	-4.0%	5.0%	4.9%
MSCI All Country World Index	245.78	10.7%	-12.9%	-5.0%	4.5%	4.4%
S&P 500	2,912.43	12.7%	-9.9%	-1.1%	6.9%	6.9%
EuroStoxx 50	2,925.05	4.9%	-21.9%	-16.8%	-6.3%	-4.2%
FTSE 100	5,901.21	4.0%	-21.8%	-20.4%	-6.4%	-3.2%
MSCI EFM Markets Africa	783.36	12.0%	-31.7%	-32.5%	-10.7%	-9.0%

Performance figures in USD



After the major sell-off witnessed in March, April proved to be a positive month. The MSCI All Country World Index rallied by 10.7%. The MSCI World and the MSCI Emerging Markets also gained 10.9% and 9.2% respectively.

The S&P 500 gained 12.7%, marking its best month since 1987. The Dow Jones rose by 11.1%. It is moreover interesting to note that the Dow Jones and S&P 500 have actually appreciated by more than 30% from their March coronavirus lows. We also note that the S&P 500 has outperformed the MSCI AC World and Eurostoxx 50 on a YTD basis (see chart on left).

Optimism prevailed as the Federal Reserve further pledged to continue to support the US economy in this challenging time. Equities have also rallied on good news of virus containment and policy stimulus.

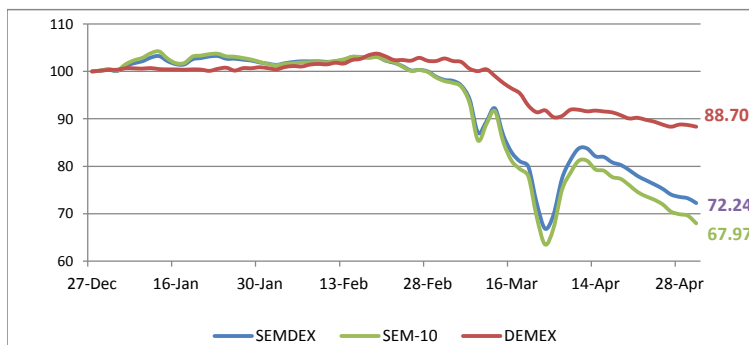
Moreover, markets also benefitted from a sharp rise in the share prices of technology firms. Companies such as Microsoft, Facebook, Apple and Alphabet reported better-than-expected earnings and hinted towards minimal impact on sales due to the pandemic. Gains by these large cap technology shares drove the rally in US stock markets. **The Nasdaq 100 returned +15.2% in April.** It should be highlighted that the **Nasdaq 100 (which is heavily concentrated with technology companies) has registered positive returns of 3.1% , on a YTD basis.**

Signs that France, Italy and Spain are planning to ease their lockdowns benefitted the European stock markets. **The EuroStoxx 50 gained 4.9% in April.** Sentiment was further helped as the European Central Bank reassured that it was fully prepared to increase emergency support measures by as much as necessary and for as long as needed to support the economy.

Given the positive performances registered in the major equity markets during April, investors may be anticipating that the COVID-19 outbreak will eventually subside. The number of new Covid-19 cases registered has come down in several countries. **As at the time of writing, there were 3,917,944 cases of Covid-19 registered around the world including 270,740 deaths.**

**Local Equity Indices**

30/04/2020	Performance (MUR)					
	Current Value (MUR)	Last month	Year-to-date (YTD)	Last 12 Months	Last 3 Years *	Last 5 Years *
SEMDEX	1,572.75	0.1%	-27.8%	-26.6%	-8.0%	-4.3%
SEM-10	292.17	-1.9%	-32.0%	-30.1%	-9.3%	-4.7%
DEMEX	208.26	-4.4%	-11.3%	-10.5%	-0.4%	0.7%
SEMTRI	6,026.83	0.3%	-27.5%	-24.1%	-5.2%	-1.3%
DEMTRI	302.48	-4.2%	-10.9%	-7.8%	3.0%	3.9%
SEMSI	84.58	-1.8%	-32.0%	-30.4%	-7.3%	N/A
ALEX 20	781.16	-2.6%	-30.1%	-28.3%	-8.7%	-4.1%
ALCAPEX 12	1,158.31	-0.6%	-25.8%	-22.7%	-8.1%	-2.8%



On 1st May 2020, the sanitary curfew in Mauritius was further extended to 1st June, with certain economic activities expected to resume on 15th May. As at the time of writing, the number of Covid-19 cases registered in Mauritius amount to 332 cases, including 3 active cases, 10 deaths and 319 recovered.

Trading on the local stock market resumed on 6th April.

During the month, **SEMDEX and SEMTRI remained range bound.**

**SEM-10, DEMEX and DEMTRI** however all lost ground and fell by 1.9%, 4.4% and 4.2% respectively.

**YTD, all local indices registered negative returns, with the SEM-10 and SEMSI reporting the highest losses of around 32%.**

The constituents of the SEM-10 for the second quarter of 2020 are as follows: MCB Group, IBL, SBM Holdings, Grit Real Estate Income Group, Phoenix Beverages, CIEL, ENL, Rogers & Co, Vivo Energy and NMH. **Lux Island Resorts has been replaced by Vivo Energy Ltd in the list.**

On 16th April, the Monetary Policy Committee (MPC) of the Bank of Mauritius further reduced the key repo rate from 2.85% to 1.85% per annum.

On 22 April, the Board of Directors of Air Mauritius Ltd took the decision to place the Company under voluntary administration in order to safeguard the interest of the Company and that of all its stakeholders. The Stock Exchange of Mauritius has therefore suspended all dealings in securities of Air Mauritius with immediate effect.

## Commodities

30/04/2020	Current Value (USD)	% Change in				
		Last month	Year-to-date (YTD)	Last 12 Months	Last 3 Years *	Last 5 Years *
Gold	1,694.20	6.1%	11.2%	31.8%	10.1%	7.5%
Oil	25.27	11.1%	-61.7%	-65.3%	-21.2%	-17.8%
Sugar	10.39	-0.3%	-22.6%	-13.3%	-13.5%	-4.6%

**Gold price** gained +6.1% in April on favourable safe-haven demand.

In April, **oil prices rose by 11.1%** amid hopes of a pickup in demand going forward as the US states start to ease Covid-19 related restrictions. Oil prices however remained highly volatile. During the month, Brent crude oil plummeted to its lowest level since 1999 as fears over the collapse in oil demand continued to prevail. The West Texas Intermediate crude futures also moved into negative territory (-USD 37.63/barrel) for the first time. On a YTD basis, the oil price has collapsed by nearly 62%.

**Sugar price** lost 0.3% during the month due to fall in sales following to the lockdown.

30/04/2020	Weighted Average:	T-Bill Yield
91-Day		Not issued
182-Day		0.50%
364-Day		0.74%

30/04/2020		
Repo Rate		1.85%
Deposit Rate *		1.56%

\*Weighted Average Deposit Rate of Banks as at February 2020

Credit markets sold off significantly during March and this resulted in higher yields. In April, the trend reversed. Tumbling yields globally contributed to a surge in bond prices. In April, the Bloomberg Barclays Global Aggregate Bond Index rose by 2.0%.

30/04/2020	Current Value (USD)	Last month	YTD	Last 12 Months	Last 3 Years
<b>Foreign Indices</b>					
S&P Global Property	423.64	7.2%	-22.1%	-15.3%	-0.6%
S&P Listed Private Equity	279.18	14.3%	-24.8%	-11.0%	2.3%
S&P Global Infrastructure	4,481.68	9.4%	-22.5%	-14.5%	-0.9%
S&P 500 ESG Index	309.22	12.8%	-8.1%	3.5%	10.3%

## Foreign Bond Indices

S&P International CBI	131.61	6.9%	-3.5%	1.3%	2.7%
S&P Africa Sovereign Bond	813.21	3.2%	0.7%	9.2%	10.1%
S&P 500 Bond Index	500.07	4.8%	2.1%	10.1%	5.7%
Barclays Global Aggregate Bond Index	520.01	2.0%	1.6%	6.6%	3.8%

## Currencies

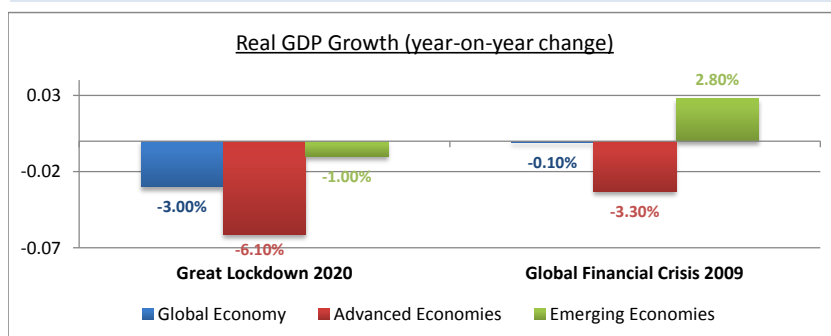
30/04/2020	In MUR		% Change in		
	Current Value	Last month	Year-to-date (YTD)	Last 12 Months	Last 3 Years *
GBP	49.74	3.1%	4.8%	10.2%	3.1%
USD	40.07	2.0%	10.1%	14.3%	4.3%
EUR	43.32	0.5%	6.9%	11.1%	4.3%

On a YTD basis, **several currencies have appreciated sharply against the Mauritian Rupee**. The Pound, Japanese Yen, US Dollar and Euro have strengthened by 4.8%, 12.4%, 10.1% and 6.9% respectively. In contrast, the South African Rand weakened by nearly 15% against the Rupee on a YTD basis.

## Article: The Great Lockdown

With the outbreak of the pandemic, the world is witnessing a crisis like no other. This health emergency has led to extreme containment measures that translated into considerable output losses globally. Lockdowns and restrictions imposed are having a sizable toll on economic activity. This has been reduced to the provision of essential services only. Even though the number of new cases has come down in many affected countries, signs of economic recovery remain faded. The persistent and severe uncertainty associated with the duration of this pandemic makes it more challenging. Lowered investors' and consumers' confidence are likely to further weigh on economic prospects.

In April, the International Monetary Fund (IMF) published its latest growth forecasts for the global economy. **The global economy is projected to shrink dramatically by 3% in 2020**. These outcomes are far worse from those during the 2009 financial crisis, when growth was at -0.1%. This is illustrated in the below chart.



The world fears its worst recession, commonly being termed as the Great Lockdown. In a baseline scenario, assuming that the virus is contained by mid-2020, the global economy is projected to grow by 5.8% in 2021. (source: World Economic Outlook, The International Monetary Fund, April 2020)

Advanced economies are forecasted to contract by 6.1% in 2020 and rebound by 4.5% in 2021. The level of Gross Domestic Product in 2021 is however, estimated to be below the pre-virus level, with the **strength of the rebound still remaining blurry**.

Several advanced economies, including US, Japan, UK and Germany are experiencing widespread outbreaks. In parts of Europe, the outbreak has been as severe as in China.

For the Mauritian economy, the IMF expects a contraction of 7% in 2020, followed by a growth of 6% in 2021. During the year, domestic activity is expected to remain disrupted due to tightening in global financial conditions. According to the IMF, Emerging Asia is the only region with a positive growth rate of 1% in 2020. However, there still remains considerable uncertainty around this forecast and the associated economic fallout. The pandemic could prove more persistent than assumed. The complete effects are yet to be seen. Extended firm closures and unemployment could have more devastating effects on the global financial health.

While the containment of the virus remains the immediate priority, the economic recovery phase is also crucial. Due to confinement measures, stimulating activity is even more challenging. It is vital for policymakers to ensure that while the economy is shut down, people and businesses are still able to meet their needs. This will help them pick up once the acute phases of the pandemic pass. Policymakers in many countries have responded in terms of generous fiscal and monetary stimulus to support confidence and limit the amplification of the shock. However, economic recovery will depend much on the extent of supply disruptions, shifts in spending patterns and behavioural changes amongst consumers.

31/03/2020	% Change in				
	Current Value	Last Month	Last 3 Months	Last 12 Months	Last 3 Years (Annualised)
CPI	161.84	0.8%	4.0%	2.9%	2.7%

The above figures represent the CPI as at March 2020. The year-on-year inflation rate for March 2020, as measured by the change in the CPI for March 2020 relative to March 2019 works out to 2.9%. (Source: Statistics Mauritius). As at the time of writing, April figures were not yet available.

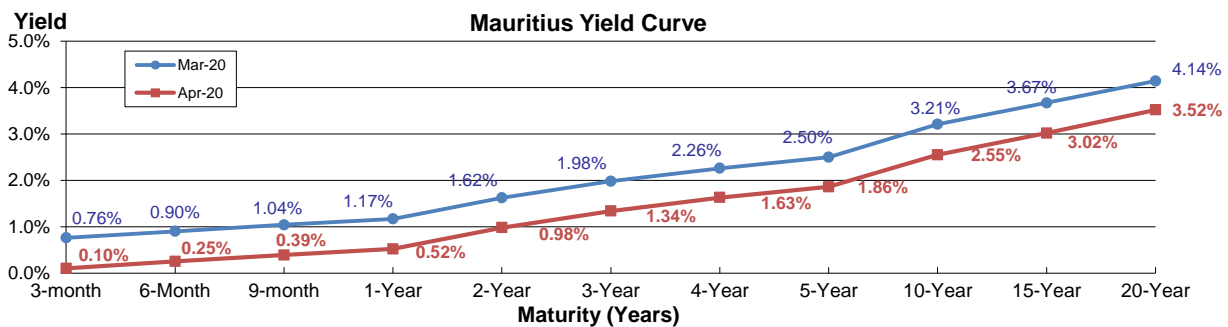
**General News**

**Reduced Growth and Rising unemployment around the globe**

The US economy shrank by 4.8% on an annualised basis in the first quarter of 2020. This is the worst decline since the fourth quarter of 2008. This is expected to get worse, as pandemic restrictions only took hold in March. Unemployment in the US is on a rise. Nearly 18 million Americans are currently collecting unemployment benefits. This is the highest level in history. The Federal Reserve has launched the CARES Act, providing enhances jobless pay for these individuals. (Source: CNBC)

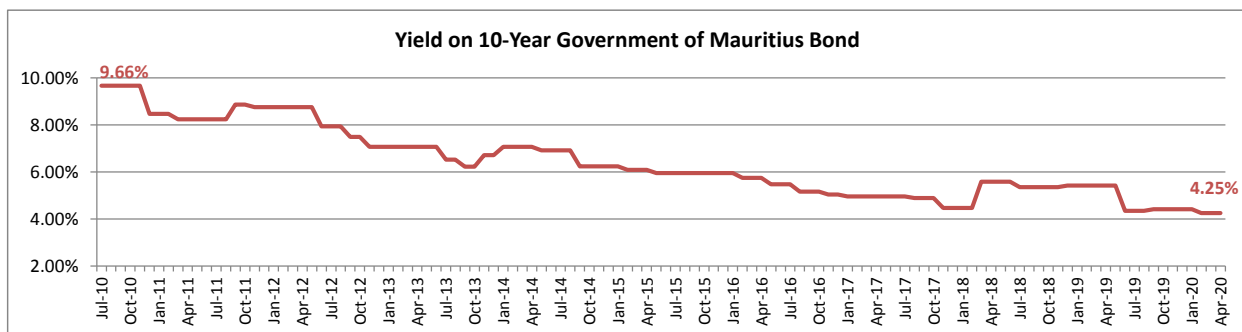
British employers have put more than a million staff on temporary leave. More and more businesses are applying to access the £300 billion government scheme set-up to support businesses struggling through the current shutdown.

In emerging markets, South Africa announced a stimulus package worth USD 26bln to support the economy, as the government turned to the IMF for emergency health-care funding. Note that in March, Moody's has cut South Africa's sovereign credit rating to junk as a result of poor economic forecasts.



Aon Hewitt has developed an in-house Yield Curve based on average buy-and-sell yields for Government of Mauritius instruments. Key information is obtained from primary dealers. Following a further cut in the repo rate in April, local yields also fell sharply. As at end-April, the yield on the 1-year treasury bill stood at 0.52%, falling sharply by 0.65% during the month.

It should be highlighted that the last auction for 364 day Government of Mauritius Treasury Bills took place on 03 April. The weighted yield was then 0.74%. This is nearly 77% lower than the weighted yield at end-December 2019.



The chart above plots the weighted average yield on the 10-Year Government Of Mauritius Bond over the past 10 years (source: Bank of Mauritius). It can be seen that the yield has dropped sharply since 2010.

**Disclaimer:** Nothing in this document should be considered as being financial advice. Past performance is not a guide to the future. Our investment consultants will be pleased to answer questions on its contents but cannot give individual financial advice.

\* All performance figures in this document have been annualised for 3 and 5 years.  
 Source: Stock Exchange of Mauritius, Bank of Mauritius, Statistics Mauritius, Axys Stockbrokers, MSCI, Bloomberg, etc.