

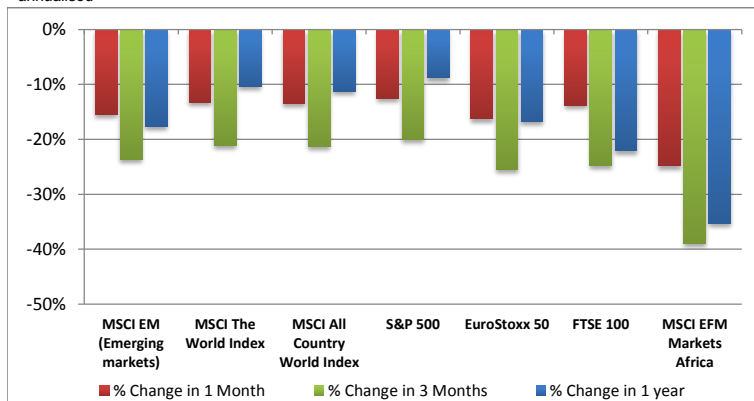
Aon Hewitt Investment Dashboard - March 2020

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Foreign Equity Indices

31/03/2020	Current Value (USD)	Performance (USD)				
		Last month	Last 3 months	Last 12 Months	Last 3 Years *	Last 5 Years *
MSCI EM (Emerging markets)	403.06	-15.4%	-23.6%	-17.7%	-1.6%	-0.4%
MSCI The World Index	5,455.06	-13.2%	-21.1%	-10.4%	1.9%	3.2%
MSCI All Country World Index	222.00	-13.5%	-21.4%	-11.3%	1.5%	2.8%
S&P 500	2,584.59	-12.5%	-20.0%	-8.8%	3.0%	4.6%
EuroStoxx 50	2,788.55	-16.2%	-25.5%	-16.8%	-7.3%	-5.5%
FTSE 100	5,671.96	-13.8%	-24.8%	-22.1%	-8.2%	-3.5%
MSCI EFM Markets Africa	699.56	-24.8%	-39.0%	-35.3%	-12.5%	-10.1%

Performance figures in USD
 *annualised



The end of the first quarter of 2020 was marked by massive losses in the global equities markets.

Despite all attempts to slow down the spread of the virus, the number of Covid-19 infected cases across the world continues to increase significantly. As at the time of writing, the number of confirmed cases exceeded 1.2 million worldwide. While China has been showing signs of recovery, the picture for the rest of the world still looks extremely gloomy, with the US now having the greatest number of infected cases.

With most economic activity coming to a halt, foreign equity indices saw historic quarterly drops. The **MSCI All Country Index** plunged by 13.5%, followed by **MSCI World Index** falling by 13.2% during March.

While the **MSCI Emerging Markets** dropped by 15.4%, the **MSCI EFM Markets Africa** recorded the biggest drop of 24.8% in March.

Despite monetary and financial stimulus, US stock prices remained suppressed during the month. The **S&P 500** lost 12.5% in March. Over the past three months, S&P 500 fell by 20%, recording its worst loss in a quarter since the financial crisis. The **Dow Jones Industrial Average** also registered its largest quarterly drop since 1987, plunging by 23%.

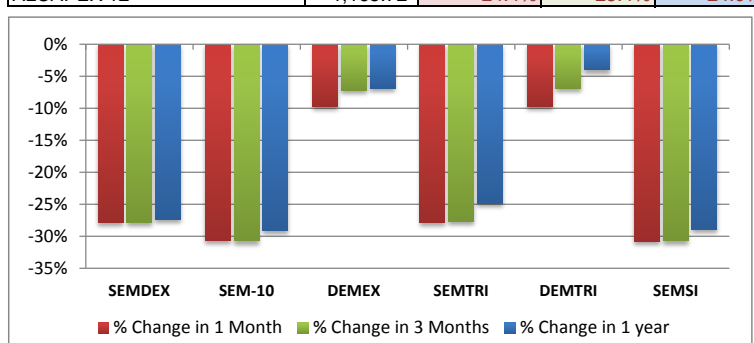
However, in anticipation of the relief bill in the US, the Dow had soared by over 11% on 24th March, making its biggest one-day gain since 1933. On that day, S&P 500 also rallied to post its best one-day gain of 9.4% since October 2008 (Source: CNBC).

During the month, market volatility remained elevated due to the lack of visibility on the duration and economic implications of Covid-19 globally. **Year-to-date (YTD), the Volatility Index (VIX) spiked by 327%**, highlighting heightened volatility in markets since the outbreak of the virus. Note that the index is a measure of market risk and investors' sentiments.

Amid negative outlook for global growth in 2020 and growing unemployment rates due to businesses shutting down, the **FTSE 100** and **Eurostoxx 50** also dropped by 13.8% and 16.2%.

Local Equity Indices

31/03/2020	Current Value (MUR)	Performance (MUR)				
		Last month	Last 3 months	Last 12 Months	Last 3 Years *	Last 5 Years *
SEMDEX	1,571.04	-27.8%	-27.8%	-27.4%	-6.7%	-4.5%
SEM-10	297.75	-30.7%	-30.7%	-29.2%	-7.1%	-4.6%
DEMEX	217.87	-9.8%	-7.2%	-6.9%	1.2%	1.3%
SEMTRI	6,011.36	-27.8%	-27.7%	-24.9%	-3.8%	-1.5%
DEMTRI	315.81	-9.8%	-7.0%	-4.0%	4.5%	4.5%
SEMSI	86.10	-30.8%	-30.7%	-28.9%	-5.7%	N/A
ALEX 20	802.21	-28.4%	-28.3%	-27.5%	-6.8%	-3.9%
ALCAPEX 12	1,165.72	-24.4%	-25.4%	-24.0%	-6.5%	-3.2%



On 18th March, the Prime Minister of Mauritius declared the **first cases of Covid-19 in Mauritius**. Strict measures were quickly put in place in order to stop the spread of the virus. On 20th March, a complete lockdown at country-level was established, followed by a curfew order two days later. **As at the time of writing, Mauritius registered 227 cases of infected persons and 7 deaths.**

On 20th March, all trading operations on the Stock Exchange of Mauritius (SEM) were temporarily suspended following the announcement of the lockdown. In view of the curfew order, on 27th March, the Financial Services Commission (FSC) ordered the SEM to cease all securities transactions until 2nd April.

However, in its communiqué dated 2nd April, the FSC instructed the SEM to remain closed for securities transactions until further notice. On 3rd April evening, the FSC subsequently revoked the order of temporary cessation of the operations of the SEM. **Trading activities on SEM will therefore resume on Monday 6th April.**

The **SEMDEX and SEMTRI both plunged by 27.8%**. Alongside with transport, leisure and hotel sectors, all local stocks were heavily impacted. While Air Mauritius has stopped commercial flights until 30th April, several hotels have been converted into quarantine centres.

The **SEM-10** fell by 30.7% during March.

The DEM markets were not spared from the negative impact of the Covid-19. Both the **DEMEX and the DEMTRI were down by around 10%** during the month under review.

Note that the local equity indices information used for our analysis relates to 19th March (last trading day).

Commodities 31/03/2020	% Change in					
	Current Value (USD)	Last month	Last 3 months	Last 12 Months	Last 3 Years *	Last 5 Years *
Gold	1,596.60	1.9%	4.8%	23.5%	8.5%	6.2%
Oil	22.74	-55.0%	-65.5%	-66.7%	-24.5%	-16.2%
Sugar	10.42	-27.9%	-22.4%	-16.8%	-14.7%	-2.8%

Despite high volatility in prices, **gold** recorded positive returns of 1.9% in March. However, during the month, uncertainties surrounding the duration and the severity of the impact of the Covid-19 on global economies led investors to sell gold. Moreover, gold price further came under pressure due to the strengthening of the USD.

Brent crude oil price dropped dramatically by 55% during March. Oil prices witnessed such a huge drop due to the on-going price war and gloomy industrial demand as a result of reduced economic activity around the world.

Sugar prices were also down by 27.9% in March.

31/03/2020	Weighted Average:	T-Bill Yield
91-Day		0.91%
182-Day		0.85%
364-Day		1.44%

31/03/2020		
Repo Rate		2.85%
Deposit Rate *		1.56%

*Weighted Average Deposit Rate of Banks for the previous month

During March, **foreign bond prices also weakened despite falling yields globally**. The Bloomberg Barclays Global Aggregate Bond Index fell by 2.2% over the month.

31/03/2020	Current Value (USD)	Last month	Last 3 months	Last 12 Months	Last 3 Years
Foreign Indices					
S&P Global Property	395.20	-21.3%	-27.4%	-22.0%	-2.4%
S&P Listed Private Equity	244.28	-28.6%	-34.2%	-17.3%	-0.6%
S&P Global Infrastructure	4,095.81	-23.0%	-29.2%	-21.1%	-3.2%
S&P 500 ESG Index	274.01	-11.5%	-18.6%	-4.3%	6.2%
HFRX Global Hedge Fund	1,203.20	-6.6%	-7.0%	-1.4%	-0.6%

Foreign Bond Indices					
S&P International CBI	123.12	-8.6%	-9.8%	-6.7%	1.2%
S&P Africa Sovereign Bond	787.70	-4.6%	-2.5%	6.9%	9.4%
S&P 500 Bond Index	477.33	-5.9%	-2.6%	5.6%	4.4%
Barclays Global Aggregate Bond Index	510.00	-2.2%	-0.3%	4.2%	3.6%

Currencies 31/03/2020	In MUR		% Change in		
	Current Value	Last month	Last 3 months	Last 12 Months	Last 3 Years *
GBP	48.25	0.7%	1.6%	6.4%	2.9%
USD	39.29	5.0%	8.0%	12.6%	3.3%
EUR	43.09	5.3%	6.3%	10.6%	4.4%

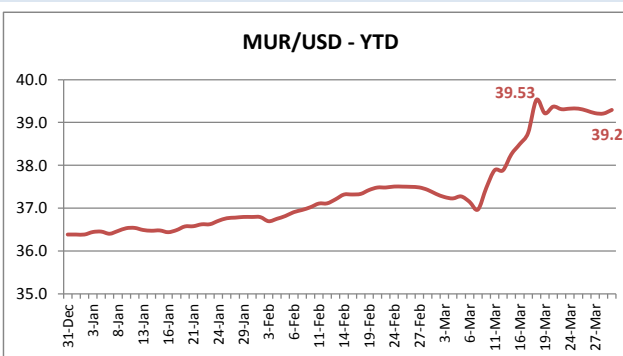
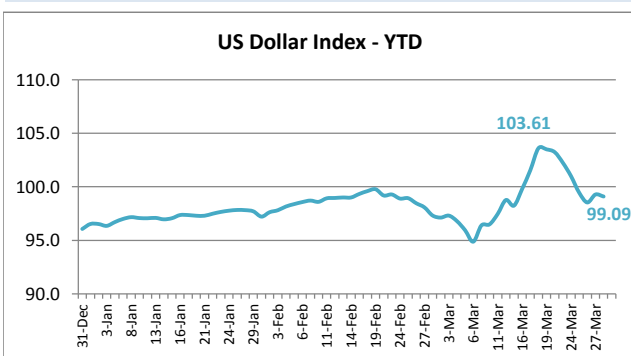
Over the month under review, the **USD** appreciated by 5.0% against the MUR. *Read more about the dollar appreciation in our article for this month!*

While **GBP** appreciated slightly by 0.7% relative to the MUR, **EUR** gained 5.3% during March.

Article: The US Dollar: A safe-haven currency?

The outbreak of a global pandemic, Covid-19 caused a significant strengthening of the US Dollar (USD). The outbreak was first detected in Wuhan, China in December 2019 and has now spread across the World, with the **US now having the greatest number of infected people** (337,135 persons as at the time of writing). With Covid-19 rapidly spreading across the globe, financial markets have suffered significant losses. **However, in March, the USD rallied sharply amidst higher demand**. This might indicate that investors are turning to the USD in an attempt to mitigate risks.

The chart below shows the **rising trend of the USD against other currencies including the MUR, year-to-date (YTD)**.



Source: Data is obtained from Investing.com and Bank of Mauritius. Note that MUR/USD rates above are computed as an average of buying and selling rates.

The **US Dollar Index** weighs the relative value of the USD against a basket of top 6 currencies including: Euro, Japanese Yen, Pound, Swedish Krona, Canadian Dollar and Swiss Franc. The index is publicly-traded through futures and option strategies and is widely used as a benchmark to track the value of the greenback. The above graph illustrates the year-to-date (YTD) performance of the index. On 17th March, the index peaked at 103.6. The subsequent drop in USD was following the surge in the number of Americans filling up claims for unemployment benefits as businesses were shut down in an attempt to curb the spread of the virus.

Over the last month, the US Dollar Index gained 1.0%, implying that the USD appreciated on average by 1.0% relative to a basket of other currencies. YTD, the index has risen by 3.2%. On 18th March, Bloomberg's Dollar spot index, which also measures the greenback against a basket of currencies, hit an all-time high (Source: The Economist).

On the local side, the **USD appreciated by 5.0% over the month of March and was selling at an average of MUR 39.72 based on the Bank of Mauritius figures, a new high since April 2002.** YTD, the USD gained 8.0% relative to MUR.

With the ever increasing cases of Covid-19 and subsequent falls in equity markets globally, investors' appetite for risk has significantly fallen. **This is driving investors to seek haven in USD.** Risk aversion also led some investors to trim their exposure to other assets (including stocks, bonds, gold and other commodities) and hold more cash in this crisis period. In response to the current distress, similar to how consumers started a run on toilet paper, institutions and investors around the world want to hold more USD than they immediately need. This has created a shortage of USD, driving its appreciation against other major currencies.

Moreover, in an attempt to uplift financial markets, the Federal Reserve (Fed) has undertaken a number of stimulus measures. The Fed has cut policy rates to nearly zero and committed to provide unlimited liquidity in light of the economic threats posed on the US economy due to coronavirus. These **quantitative easing measures** by the Fed have largely helped the greenback regain market interest.

In light of the above, it would seem that the USD rose on concerns of the economic turmoil caused by the Covid-19 pandemic. The USD is often viewed as the world's reserve currency and is widely regarded as a safe store of value by investors. This had also been witnessed during the global financial crisis of 2008. However, the fact remains that we are still in a highly unstable economic environment with yet no signs of fully containing the virus in the near future. **Financial markets, including currencies, are all therefore likely to remain volatile.**

Consumer Price Index (Mauritius)	% Change in				
	Current Value	Last Month	Last 3 Months	Last 12 Months	Last 3 Years (Annualised)
29/02/2020	120.78	0.7%	3.4%	2.1%	2.7%
CPI					

The above figures represent the CPI as at February 2020. The year-on-year inflation rate for February 2020 was at 2.1%. March figures will be published on 7th April by Statistics Mauritius.

General News

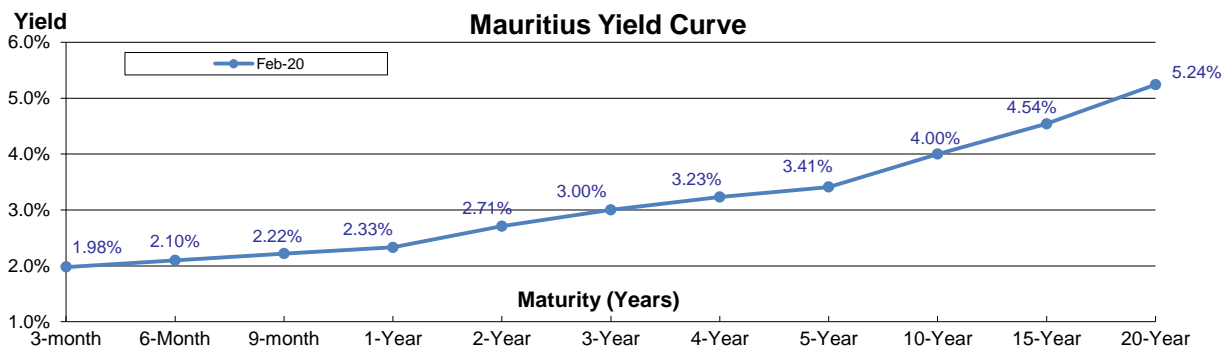
Stimulus measures by Central Banks across the world

The US Federal Reserve has committed to unlimited quantitative easing in order to sustain businesses and financial markets.

The Bank of England also cut interest rates to 0.1% in an emergency move to support the UK economy. This has been the lowest level in the Bank's 325-year history (Source: BBC). In a coordinated global response, the European Central Bank has launched a bond-buying programme estimated at EUR 750bln. It is also providing ultra cheap loan facilities to businesses and banks.

Surge in the number of claims of unemployment benefits

With many businesses shutting down due to the Covid-19, around 6.6mln people in US registered to claim unemployment benefits in a week, the highest number of weekly claims since 1982.



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. **The yields above are as at end-February 2020.** Yield on a 1-year government bond stood at 2.33% as at 28 February 2020.

Note that with the outbreak of Covid-19 in Mauritius and the subsequent cut in the key repo rate to 2.85%, **yields have considerably fallen over the month.** On 20th March, 1-year treasury bills were issued at a weighted average yield of 1.44% by the Bank of Mauritius.

Disclaimer: Nothing in this document should be considered as being financial advice. 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.