

April 2022

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Note: The charts below show the performance of local and foreign equity indices on a time-series basis, year-to-date (from 1 January to 30 April)

Foreign Equity Indices

	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*
MSCI EM (Emerging Markets)	534.4	-5.6%	-12.1%	-18.3%	2.2%	4.3%
MSCI World Index	8,484.3	-8.3%	-13.0%	-3.5%	10.4%	10.2%
MSCI All Country World Index	338.7	-8.0%	-12.9%	-5.4%	9.4%	9.5%
MSCI EFM Africa	1,185.0	-11.7%	3.3%	-3.0%	0.7%	1.5%
MSCI ACWI ESG Leaders Index	2,319.7	-7.9%	-13.7%	-5.0%	10.0%	9.9%
S&P 500	4,131.9	-8.8%	-13.3%	-1.2%	11.9%	11.6%
S&P 500 ESG Index	463.7	-9.2%	-12.7%	2.5%	15.8%	15.0%

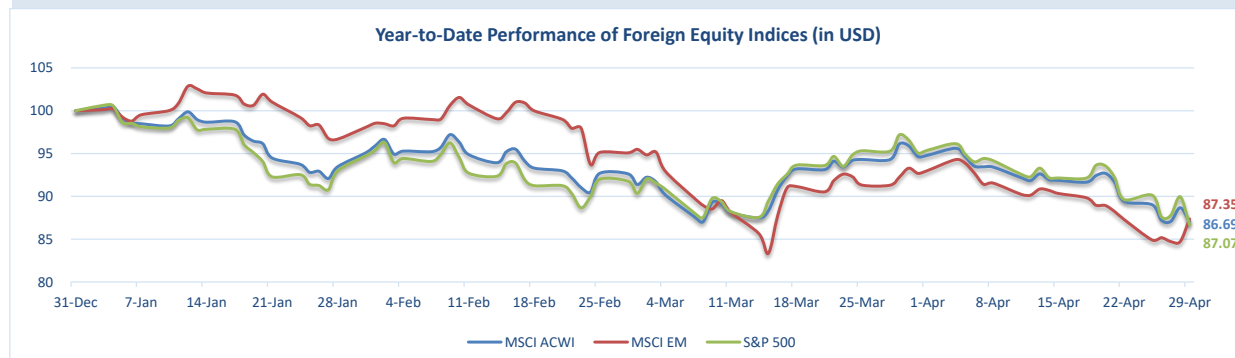
*annualised

EuroStoxx 50 (in EUR)	3,802.9	-2.6%	-11.5%	-4.3%	2.7%	1.3%
FTSE 100 (in GBP)	7,544.6	0.4%	2.2%	8.2%	0.6%	0.9%

In April, foreign stocks closed their worst month since March 2020 amid monetary tightening from the US Federal Reserve, rising interest rates, worsening inflation, lower corporate earnings and weakened outlook for the global economy. Moreover, severe Covid-19 lockdowns in China and the ongoing Ukraine-Russia war worsened disruptions in the flow of goods across borders, contributing to rising food and energy prices, and threatening corporate profits. Most of the foreign equity indices were in the red. The MSCI All Country World Index fell by 8.0% (in USD terms). The MSCI Emerging Markets Index and the MSCI Emerging and Frontier Markets Africa Index also lost 5.6% and 11.7%, respectively.

The S&P 500 shed 8.8% for the month, and was down more than 13% in 2022. In April, technology giants (like Amazon and Apple) reported their financial results for the first quarter of 2022, crystallising fears of rising costs. The Nasdaq Composite was the biggest laggard, sliding by 13.3% in April alone, marking the index's worst month since the financial crisis in October 2008.

In Europe, the EuroStoxx 50 lost 2.6% in April as concerns over China's Covid-19 resurgence outweighed sentiment surrounding President Macron's re-election.



On 4 May, the US Federal Reserve increased its benchmark interest rate by 0.5%, its biggest hike in 22 years as it toughens its fight against fast rising prices. In addition, the central bank outlined a program in which it eventually will reduce its bond holdings by USD 95bn a month (source: CNBC). The market was prepared for this move but remained volatile in May as well.

Currencies

In MUR	Current Value (MUR)	Past Month	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
GBP	53.51	58.04	-7.8%	-8.3%	-4.4%	5.8%
USD	42.98	44.42	-3.2%	-1.1%	6.6%	7.0%
EUR	45.09	49.40	-8.7%	-7.8%	-7.3%	4.9%

*annualised

In April, the Bank of Mauritius intervened on the domestic foreign exchange market to sell foreign currencies.

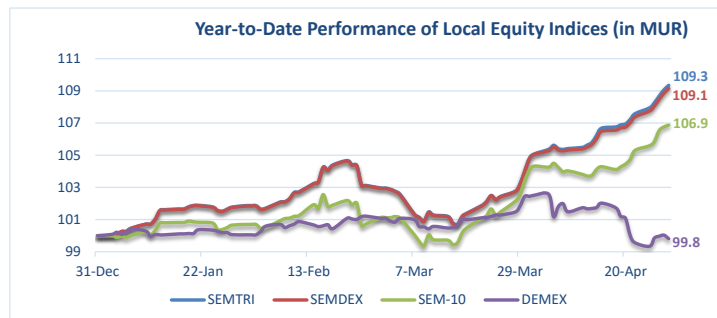
The Pound, the US Dollar and Euro fell relative to the Mauritian Rupee during the month. Year-to-date, the Pound registered the biggest depreciation of 8.3% relative to the MUR.

Note that on the foreign market, the US Dollar (viewed as a safe-haven currency during times of market volatility) rose relative to other major currencies. In April, the US Dollar Index, which measures the greenback relative to a basket of other currencies, gained 4.53%.

On 5 May, the dollar hit a 20-year high against a basket of currencies as sharp stocks sell-offs boosted demand for the safe-haven currency and as the Federal Reserve announced another interest rate hike. (source: Reuters)

Local Equity Indices

	Current Value (in MUR)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years* ^{*annualised}
SEMDEX	2,289.8	4.2%	9.1%	38.4%	2.3%	2.6%
SEM-10	414.7	2.7%	6.9%	34.1%	-0.3%	1.2%
DEMEX	305.1	-2.6%	-0.2%	29.8%	9.4%	7.7%
SEMTRI	9,125.1	4.3%	9.3%	42.7%	4.8%	5.3%
DEMTRI	460.6	-2.5%	0.2%	32.5%	12.0%	10.7%
SEMSI	123.6	3.9%	8.2%	37.4%	0.5%	0.3%



Local Equities climbed higher in April. Investors were comforted by the publication of sound financial results by some local companies for the first quarter of the year.

The SEMDEX and the SEMTRI gained 4.2% and 4.3%, respectively. The SEM-10 also rose by 2.7%.

However, the DEM indices lost some ground during the month under review. The DEMEX lost 2.6%.

Year-to-date, the Official Market registered positive returns. The SEMTRI registered the largest gain of 9.3%.

The Price Earnings Ratio and Dividend yield of the Official Market stood at 13.3x and 3.1% as at end-April 2022.

Local Yields & Inflation Rate

Consumer Price Index (Mauritius)

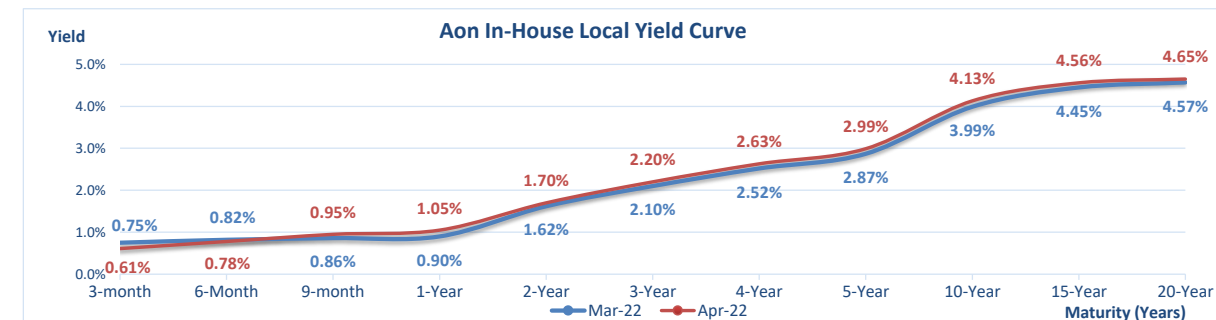
	Current Value	Last month	Year-to-Date	Last 12 months	Last 3 Years* ^{*annualised}
Inflation Rate	181.0	2.1%	6.0%	10.7%	4.8%

The above figures represent the CPI as at end-April 2022. Year-on-year inflation rose to 11.0% in April 2022, compared to 0.2% in April 2021. Headline inflation, calculated as the annual average over the 12-months ending April 2022 worked out to 7.0%. (source: Statistics Mauritius)

Recent Issues by the BoM

Weighted Average	T-Bill Yield
91-Day	0.75%
182-Day	0.92%
364-Day	1.05%
Repo Rate	2.00%
Deposit Rate*	0.48%

*Weighted Average Deposit Rate of Banks as at March 2022



Note: Key information for the yield curve is obtained from primary dealers.

The yields on treasury instruments with maturity exceeding 9 months moved slightly higher during April. However, these yields remained significantly below inflation as at end-April 2022.

Local Bond Index	Current Value (in MUR)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years* ^{*annualised}
S&P Mauritius Sovereign Bond Index	165.82	-0.2%	0.6%	-0.9%	5.3%	5.1%

The S&P Mauritius Sovereign Bond Index tracks the performance of Rupee-denominated sovereign debt publicly issued by the Government of Mauritius in its domestic market. Over last month, the index lost 0.2%.

Commodities & Other Investments

	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*
Gold	1,911.7	-1.9%	4.5%	8.1%	14.2%	8.6%
Oil	109.3	1.3%	40.6%	64.0%	14.5%	16.1%
S&P GSCI Index	3,883.0	5.1%	39.9%	59.8%	14.2%	11.6%

*annualised

In April, the price of gold weakened by 1.9% due to a stronger dollar. The dollar moved higher against other major currencies given expectations of a more aggressive US Federal Reserve. This in turn weighed on gold, which bears no interest. Moreover, while gold is considered a hedge against inflation and economic uncertainties, rapid US interest rate hikes increase the opportunity cost of holding the non-yielding metal.

Geopolitical tensions continued to drive oil price movements. Possible European Union sanctions on Russian oil raised the prospect of tighter oil supply and outweighed demand concerns from China. Oil price rose by 1.3% in April. Year-to-day, oil was up by 40.6%.

The S&P GSCI Index, a benchmark of 24 commodities in agriculture, energy and metals, gained 5.1% in April. The war in Ukraine has led to the largest commodity price shock since the 1973 oil crisis, according to a new World Bank report, elevating prices for years to come. *Read more about why commodity prices are rising in this month's article (Page 3-4).*

Alternatives: Foreign Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
S&P Global Property	568.0	-5.1%	-8.3%	1.4%	4.3%
S&P Listed Private Equity	457.0	-10.5%	-19.0%	-4.8%	13.4%
S&P Global Infrastructure	6,338.0	-3.3%	4.0%	5.6%	6.5%

*annualised

With the US Federal Reserve pursuing more aggressive interest rate hikes, the yield on the 10-Year US Treasury Bond climbed higher (from 2.3% as at end-March to 2.9%) during April.

Foreign Bond Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
S&P Africa Sovereign Bond	995.5	-0.1%	2.3%	10.1%	10.2%
S&P 500 Bond Index	472.0	-5.2%	-12.5%	-9.7%	1.3%
S&P International CBI	123.0	-7.7%	-14.9%	-18.2%	-1.8%
Bloomberg Global Aggregate Total Return Index	472.3	-5.5%	-11.3%	-12.6%	-1.1%

Bond prices are inversely related to yields. The Bloomberg Global Aggregate Total Return Index dropped 5.5% in April.

Year-to-date, the index was down by 11.3%.

Other Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
Renaissance IPO Index	390.2	-19.2%	-38.5%	-42.8%	4.9%

On 9 May, the benchmark 10-Year US yield broke above 3% to its highest level since November 2018 amid concerns of surging inflation pressures and slowing economic growth.

General News

French Elections

On 22 April, Emmanuel Macron was re-elected as the President of France.

Economic Growth

The US economy shrank by 1.4% in the first quarter of 2022. This marks the first negative print since March 2020. The contraction was driven by surging imports and lower inventories. Moreover, declines in fixed investment, defense spending and the record trade imbalance weighed on growth.

In the Euro area, the economy grew by 0.2% in Q1, supported by growth in the German economy.

Warren Buffett's company, Berkshire Hathaway Inc. continued to buy shares (amounting to around USD 41bln) during Q1 2022.

Despite the war and high inflation, the billionaire investor went on his biggest stock buying spree for at least a decade. His company expanded the conglomerate's stakes in Chevron Corp. and Activision Blizzard Inc. He made USD 41 billion in net stock purchases in the first quarter. That's the most in data going back to 2008. (source: Bloomberg)

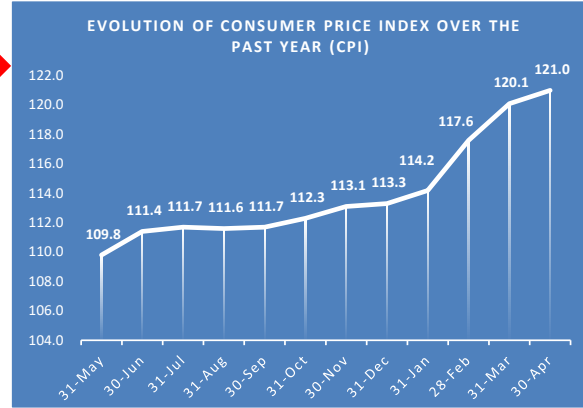
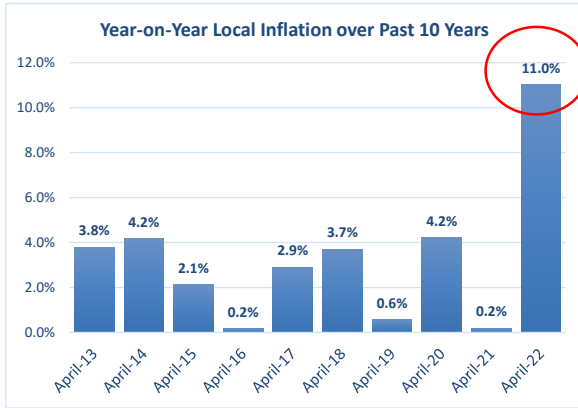
This month's Article

Rising inflation, Food and Commodity Prices

Inflation is running at its fastest pace in decades, threatening to eat into corporate profits and curb consumer spending. The annual rate of inflation worldwide estimated by the International Labour Organisation (ILO) accelerated to 9.2% in March 2022, more than twice the rate of 3.7% in March 2021. The overall rise in inflation reflects the effects of the COVID-19-related lockdowns in 2020 and 2021. More recently though, it has been largely driven by a surge in energy and food prices, especially since the start of the Russia-Ukraine war in February 2022.

This conflict has led to a major shock in the commodity markets, disrupting global patterns of trade, production and consumption in ways that are likely to keep prices at high levels for a while. Energy prices have seen particularly significant increases owing to Russia's status as a major exporter of oil and gas. For importing countries like ours, these price increases present a significant obstacle to economic growth and livelihood.

The effects of rising food and commodity prices were also felt in the Mauritian economy. Local inflation rate has significantly surged since the beginning of 2022. The chart on the next page shows the year-on-year inflation rate (computed as the change in the local Consumer Price Index (CPI)) over the past 10 years.



source: Statistics Mauritius

As at end-April 2022, the year-on-year inflation rate rose to 11.0%, its highest since June 2007. As the pandemic-related restrictions were gradually eased over the past year, growing demand coupled with higher energy and shipping costs led to a rapid increase in local consumer prices. The surge in the local inflation rate is expected to adversely impact the living standards of households, especially lower-income earners, who tend to spend a larger share of their income on food and other necessities.

Food prices are surging. This was the case prior to the start of the Ukraine-Russia war. Restrictions and lockdowns related to the pandemic were already pushing up production costs. The war has further aggravated the pre-existing tensions in the global supply chain, increasing price pressure, especially in markets for staple grains and vegetable oils. It is worth noting that Ukraine was a major food supplier for Africa and the Middle East. The FAO Food Price Index peaked to an all-time high in March and was up by nearly 30% over the past 12 months ended April 2022 (source: Food and Agriculture Organisation of the United Nations). The Index tracks monthly changes in the international prices of a basket of commonly traded food commodities.

According to the World Bank, the war in Ukraine has led to the largest commodity price shock since the 1973 oil crisis, elevating prices for years to come. However, it is not just Russia. China is also contributing to higher inflation worldwide by raising import tariffs on fertilisers, pork and steel.

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.

Source: Stock Exchange of Mauritius, Bank of Mauritius, Statistics Mauritius, Axys Stockbrokers, MSCI, Bloomberg, Investing, etc.