

**August 2022**

For further enquiries, please contact the Aon (Mauritius) Investment Consulting Team on [investment@aonhewitt.mu](mailto:investment@aonhewitt.mu)

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 31 August)

**Foreign Equity Indices**

	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years* <i>*annualised</i>
<b>MSCI EM (Emerging Markets)</b>	501.9	0.4%	-17.5%	-21.8%	2.7%	0.6%
<b>MSCI World Index</b>	8,021.0	-4.2%	-17.8%	-15.1%	8.8%	7.9%
<b>MSCI All Country World Index</b>	320.0	-3.7%	-17.8%	-15.9%	8.0%	7.0%
<b>MSCI EFM Africa</b>	1,009.8	-3.7%	-12.0%	-16.0%	-0.6%	-3.5%
<b>MSCI ACWI ESG Leaders Index</b>	2,159.6	-4.5%	-19.7%	-17.2%	7.8%	7.1%
<b>S&amp;P 500</b>	3,955.0	-4.2%	-17.0%	-12.6%	10.6%	9.9%
<b>S&amp;P 500 ESG Index</b>	446.7	-4.3%	-15.9%	-9.5%	14.1%	13.1%

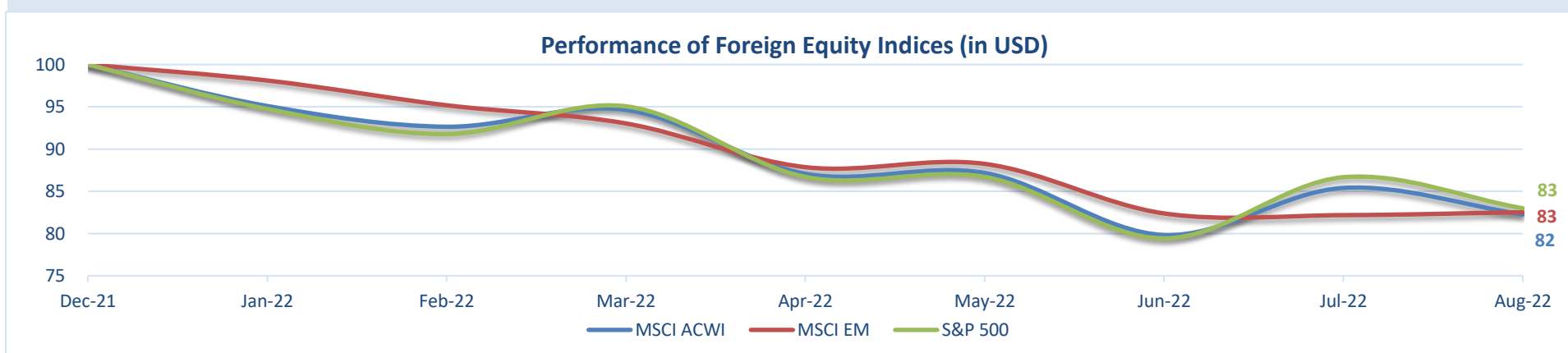
  

<b>EuroStoxx 50 (in EUR)</b>	3,517.3	-5.1%	-18.2%	-16.2%	0.9%	0.6%
<b>FTSE 100 (in GBP)</b>	7,284.2	-1.9%	-1.4%	2.3%	0.4%	-0.4%

Foreign Equities began August on a good note. The US July labour report was better than expected, with the economy adding 528,000 jobs, and it had a positive impact on the global equity markets. However, the equity markets moved into negative territory towards the end of the month. Increasing inflation and recession fears prevailed after the US Federal Reserve hinted that further substantial interest rate rises may be needed to tame inflation. The MSCI All Country World Index and the MSCI World Index shed 3.7% and 4.2%, respectively in August. The MSCI Emerging Markets Index contrastingly made modest gains of 0.4% during the month.

In US, the benchmark stock market index, the S&P 500 fell by 4.2% in August. The tech-heavy, Nasdaq Composite Index also lost 4.6% over the same period. The possibility of higher interest rate hikes weighed negatively on rate-sensitive growth stocks.

The European stock markets were not spared. Amid ongoing worries over inflation, particularly in the form of high gas and electricity prices, the EuroStoxx 50 lost 5.1% during the month. The UK blue-chip index, the FTSE 100 also fell by 1.9%. While the energy and banking sectors held strong in UK, consumer focused sectors underperformed. With the resignation and forthcoming appointment of a new UK Prime Minister, political uncertainty also weighed on investors' sentiment. It is to be noted that the FTSE 100 has performed relatively well on a year-to-date basis (-1.4%) when compared to the other major equity indices.



Year-to-date, all the major foreign equity indices remained in the red. The MSCI All Country World Index was down by nearly 18% since the beginning of this year.

**Currencies**

In MUR	Current Value (MUR)	Past Month	Last month	Year-to-Date	Last 12 Months	Last 3 Years* <i>*annualised</i>
<b>GBP</b>	52.21	55.05	-5.2%	-10.5%	-10.5%	6.0%
<b>USD</b>	44.79	45.29	-1.1%	3.0%	5.2%	7.4%
<b>EUR</b>	44.90	46.16	-2.7%	-8.2%	-10.3%	4.2%

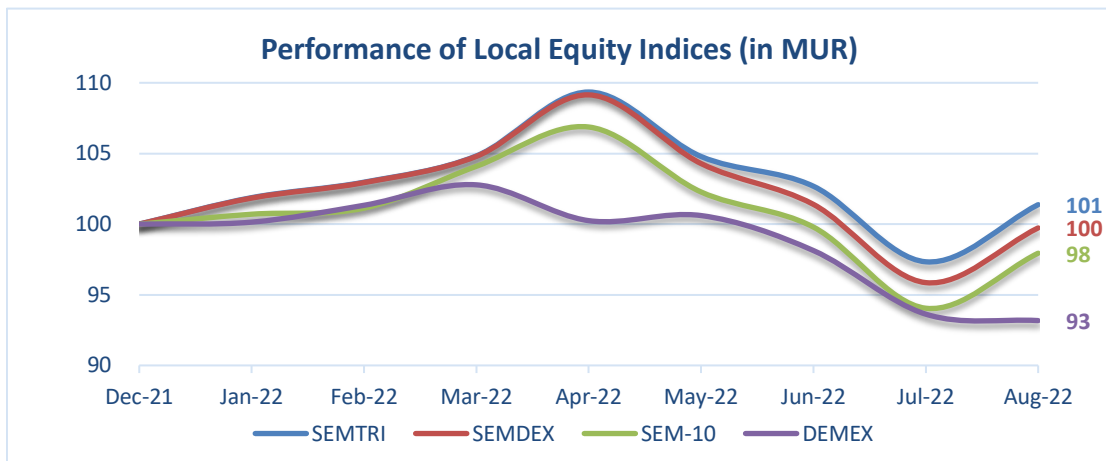
During the month of August, all the three currencies (the Pound, the US Dollar and the Euro) depreciated relative to the Mauritian Rupee. The largest depreciation was recorded by the Pound, which lost 5.2% over the past month and 10.5% on the year-to-date basis against the MUR.

The US Dollar fell by 1.1% during August. However, since the beginning of 2022, it gained 3.0% relative to the local currency.

On 05 September, the Euro touched its lowest level in 22 years against the US Dollar and was trading below USD 0.99.

### Local Equity Indices

	Current Value (in MUR)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*
SEMDEX	2,092.3	4.0%	-0.3%	7.1%	-1.1%	-0.9%
SEM-10	380.0	4.1%	-2.1%	6.1%	-3.5%	-2.1%
DEMEX	280.3	-0.6%	-8.3%	1.5%	5.5%	5.0%
SEMTRI	8,460.2	4.2%	1.4%	10.5%	1.3%	1.7%
DEMTRI	428.1	-0.5%	-6.8%	3.5%	7.8%	7.9%
SEMSI	111.9	4.9%	-2.0%	6.4%	-3.2%	-1.9%



The Official Market registered positive returns during the month of August. The local equity indices benefitted from the maintenance of the bank ratings by Moody's, good occupancy rates in the hotels as well as higher tourist arrivals being expected for the year.

The SEMDEX and the SEMTRI gained 4.0% and 4.2%, respectively. The SEM-10 was also up by 4.1%.

The Secondary Market however fell slightly during the month, with the DEMTRI losing 0.5%.

Year-to-date, the SEMTRI (which is a total return index, inclusive of dividends) rose by 1.4%. Note that the SEMDEX (which is price index only) was down by 0.3% over the same period.

As at end-August, the Price Earnings Ratio and the Dividend Yield on the Official Market stood at 12.25x and 3.48%, respectively.

### Local Yields & Inflation Rate

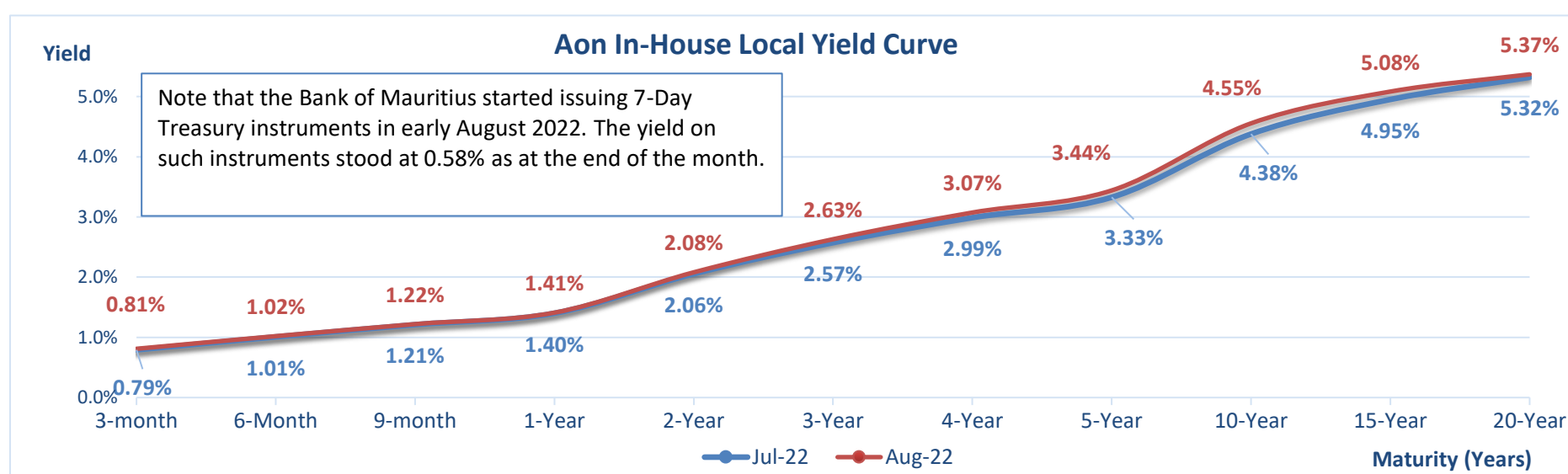
#### Consumer Price Index (Mauritius)

	Current Value	Last month	Year-to-Date	Last 12 months	Last 3 Years*
Inflation Rate	187.5	0.3%	9.8%	11.5%	6.3%

Repo Rate	2.25%
Deposit Rate *	0.64%

\*Weighted Average Deposit Rate of Banks as at August 2022

The above figures represent the CPI as at end-August 2022. Year-on-year inflation stood at 11.5% in August 2022, compared to 6.0% in August 2021. Headline inflation, calculated as the annual average over the 12-months ending August 2022 worked out to 8.8%. (source: Statistics Mauritius)



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

Local yields move slightly higher during the month. The 1-Year yield on the Government of Mauritius Bond stood at 1.41% as at end-August 2022.

On Page 3, we compare the 10-Year yields offered on Government instruments around the world.

Local Bond Index	Current Value (in MUR)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*
S&P Mauritius Sovereign Bond Index	164.39	0.3%	-0.3%	0.7%	3.8%	4.1%

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. Amid rising local yields, the index fell by 0.3% since the start of the year.

### Commodities & Other Investments

	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years* <i>*annualised</i>
Gold	1,726.2	-3.0%	-6.0%	-5.1%	4.1%	5.5%
Oil	95.6	-13.1%	23.0%	31.0%	16.5%	12.8%
S&P GSCI Index	3,665.5	-2.7%	32.1%	42.2%	15.9%	10.2%

Amid a strong US Dollar and higher bond yields, the price of Gold fell by 3.0% during August. Note that the metal does not provide any income stream and therefore, holding gold would represent an opportunity cost to investors, in terms of yields foregone. On the year-to-date basis, gold price lost 6.0%.

Affected by demand concerns, the oil price fell sharply by 13.1% during the month under review. Year-to-date, it was however up by 23%.

The S&P GSCI Index recorded a negative performance of 2.7% in August, driven by weaker energy and precious metal prices. Energy was the worst-performing component of the index. Since the start of the year, the index gained 32.1%.

Alternatives: Foreign Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years* <i>*annualised</i>
S&P Global Property	504.2	-5.4%	-18.6%	-15.9%	-0.7%
S&P Listed Private Equity	426.6	-5.9%	-24.4%	-20.4%	9.0%
S&P Global Infrastructure	6,213.1	-1.5%	1.9%	0.6%	4.9%

Government bond yields rose sharply during August, meaning that prices fell, as inflation remained elevated and central banks reaffirmed a commitment to further rate hikes.

The 10-Year Yield on US Treasury Bonds rose from 2.7% as at end-July to 3.2% as at end-August.

The Bloomberg Global Aggregate Total Return Index dropped by 3.9% during the month, bringing its year-to-date losses to 15.6%.

Foreign Bond Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years* <i>*annualised</i>
S&P Africa Sovereign Bond	993.9	-0.1%	2.1%	4.3%	8.7%
S&P 500 Bond Index	465.0	-2.7%	-13.8%	-14.0%	-1.6%
S&P International CBI	110.7	-7.4%	-23.4%	-26.4%	-5.7%
Bloomberg Global Aggregate Total Return Index	449.6	-3.9%	-15.6%	-17.6%	-4.4%

Other Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years* <i>*annualised</i>
Renaissance IPO Index	353.3	-1.7%	-44.4%	-51.8%	2.1%

August was a quiet month for Initial Public Offerings (IPO) in the US. The Renaissance IPO Index, which tracks the newly listed companies, was down 1.7% in August and had lost 44.4% on a year-to-date basis. In comparison, the S&P 500 Index fell by around 17%.

### Analysis: 10-Year Yields around the World

10-Year Yield on Government Instruments	31 December 2021	31 August 2022	Year-to-Date Change
Mauritius	4.00%	4.55%	↑ 0.55%
United States	1.51%	3.20%	↑ 1.69%
United Kingdom	0.97%	2.83%	↑ 1.86%
France	0.19%	2.16%	↑ 1.97%
Germany	-0.18%	1.54%	↑ 1.72%
South Africa	9.35%	10.44%	↑ 1.09%
India	6.45%	7.19%	↑ 0.74%
China	2.78%	2.65%	↓ -0.13%

Source: Investing.com

Note that the yields for each country are in their respective local currencies.

We note that except in China, yields across different economies have generally been trending upwards since the start of 2022.

**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, MSCI, Bloomberg, Investing, etc.