

**January 2023**

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Note: The charts below show the performance of local and foreign equity indices on a time-series basis since 01 January 2022.

**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)	524	7.9%	7.9%	-12.1%	1.4%	-1.5%
MSCI World Index	8,551	7.1%	7.1%	-7.5%	7.6%	6.5%
MSCI All Country World Index	340	7.2%	7.2%	-8.0%	6.8%	5.5%
MSCI EFM Africa	1,124	4.2%	4.2%	-7.5%	2.0%	-4.3%
MSCI ACWI ESG Leaders Index	2,311	7.4%	7.4%	-9.1%	6.6%	5.8%
S&P 500	4,077	6.2%	6.2%	-9.7%	8.1%	7.6%
S&P 500 ESG Index	466	6.5%	6.5%	-7.8%	11.3%	11.0%
EuroStoxx 50 (in EUR)	4,163	9.7%	9.7%	-0.3%	4.6%	2.9%
FTSE 100 (in GBP)	7,772	4.3%	4.3%	4.1%	2.2%	0.6%

\*annualised

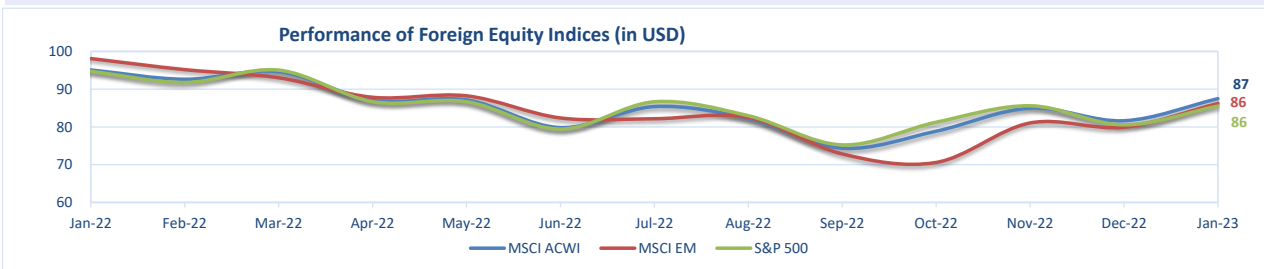
Foreign Equities markets posted strong gains in January. The main factors driving investors' optimism were an indication of cooling inflationary pressures, lower energy prices, announcement of good corporate earnings by the technology firms and the re-opening of the Chinese economy after the removal of the zero-covid policy. Signs that inflation is easing from its highs were noted in several major regions. This supported hopes that central banks may be close to the peak of their rate hiking cycle.

The International Monetary Fund (IMF) also lifted its global economic growth forecast from 2.7% to 2.9% for 2023 following resilient US spending and China's re-opening.

The MSCI All Country World Index and the MSCI Emerging Markets Index gained 7.2% and 7.9% (in USD terms), respectively in January 2023. India, however generated negative returns, with the MSCI India Index falling by 3.0% (in USD terms) amid allegations of fraud and share price manipulation by the Adani Group, revealed in a US-based short seller, Hindenburg report (source: Bloomberg).

The US Federal Reserve (Fed) raised its benchmark interest rate on 01 February 2023, by 0.25% to a target range of 4.5%-4.75%, the highest since October 2007. However, the Fed also gave a slight indication that it is nearing the end of this hiking cycle (source: BBC). The S&P 500 Index and the Dow gained 6.2% and 2.8%, respectively during the month under review. The tech-heavy Nasdaq Composite Index soared by almost 11%, marking its best month since July 2021 and its best January performance since 2001. Note that this index had fallen by over 32% during the past year (source: Nasdaq).

Eurozone shares were among the best regional performers in January. The Eurostoxx 50 gained 9.7% over the month. The top performing sectors included economically-sensitive areas of the market such as information technology and consumer discretionary. Within consumer discretionary, luxury goods stocks were particularly strong following the news of China's economic reopening.



**Currencies**

In MUR	Current Value (MUR)	Past Month	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
GBP	55.11	52.70	4.6%	4.6%	-4.7%	4.8%
USD	44.85	43.93	2.1%	2.1%	3.6%	6.8%
EUR	48.41	46.61	3.8%	3.8%	0.5%	6.3%
USD/EUR	1.07	1.04	2.9%	-5.9%	-5.9%	-4.5%

\*annualised

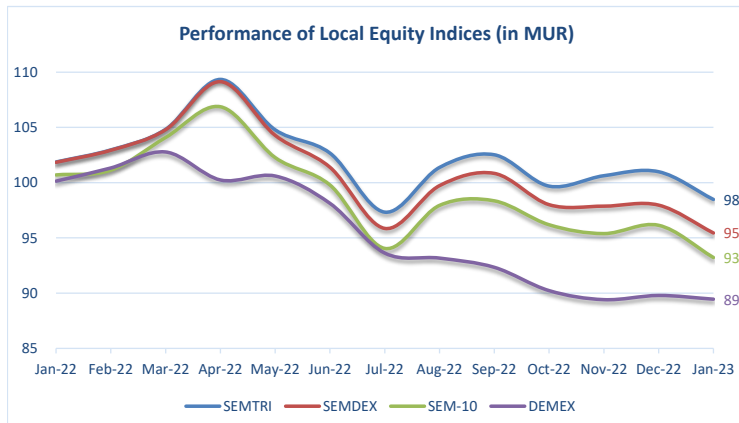
The Pound, the US Dollar and the Euro all appreciated relative to the Mauritian Rupee in January 2023. Over the month, the Pound saw the largest appreciation of 4.6%, followed by the Euro which gained 3.8% against the Rupee. The US Dollar also appreciated by 2.1%.

On the international market, the greenback however lost ground against other major currencies. The US Dollar Index fell by 1.4% in January after the Fed's Chair Jerome Powell spoke of making progress in bringing down inflation pressures (source: CNBC).

### Local Equity Indices

	Current Value (in MUR)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years**
SEMDEX	2,002.4	-2.6%	-2.6%	-6.3%	-3.3%	-2.4%
SEM-10	361.7	-3.0%	-3.0%	-7.4%	-6.1%	-3.5%
DEMEX	264.6	-0.7%	-0.7%	-13.5%	3.8%	2.5%
SEMTRI	8,218.1	-2.5%	-2.5%	-3.3%	-1.0%	0.3%
DEMTRI	411.0	-0.4%	-0.4%	-10.7%	6.3%	5.2%
SEMSI	107.1	-3.2%	-3.2%	-7.8%	-5.5%	-3.3%

\*annualised



Locally, the Official Market and DEM indices ended the first month of 2023 in the red. The SEMTRI and the SEM-10 were down by 2.5% and 3.0% respectively, during the month under review.

As at end-January, the Price Earnings Ratio and the Dividend Yield on the Official Market stood at 10 times and 3.7% respectively.

### New Monetary Policy Framework

The Bank of Mauritius (BoM) has introduced a new Monetary Policy Framework effective as from 16 January 2023. The headline inflation has been set within a range of 2%-5% with the aim of achieving the mid-point of 3.5% over the medium term (source: Bank of Mauritius, 13 January 2022).

With the new framework, the existing Key Repo Rate is being replaced by the Key Rate as the policy rate to be determined by the Monetary Policy Committee. Therefore, the Key Rate currently stands at 4.5%.

### Local Yields & Inflation Rate

#### Consumer Price Index (Mauritius)

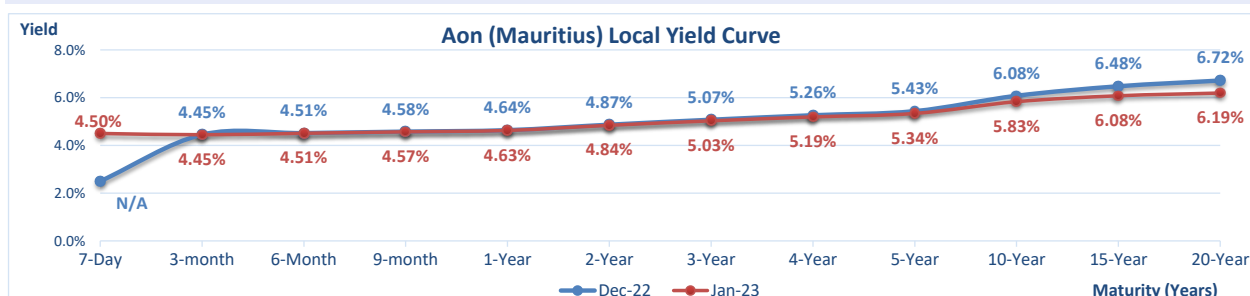
	Current Value	Last month	Year-to-Date	Last 12 months	Last 3 Years*
Inflation Rate	193.6	1.1%	1.1%	11.8%	6.7%

\*annualised

Key Rate (as at 16/01)	4.50%
Deposit Rate *	2.15%

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

Year-on-year inflation (measured as the year-on-year change in the Consumer Price Index (CPI)) worked out to 11.8% in January 2023, compared to 7.4% in January 2022. Headline inflation for the 12-months ending January 2023 stood at 11.1%. (source: Statistics Mauritius)



Note: Key information for the yield curve is obtained from primary dealers and Bank of Mauritius.

Local yields of shorter maturities except the 7-day treasury bills remained relatively flat during the month. Longer-term yields moved slightly down in January.

The yield on the 7-day Bank of Mauritius Bills stood at 4.50% as at end-January 2023, compared to 2.50% as at end of the previous month.

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	158.21	2.1%	2.1%	-4.5%	1.3%	3.0%

\*annualised

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. The index gained 2.1% over the month.

### Commodities & Other Investments

	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*
Gold	1,929.5	5.7%	5.7%	7.1%	6.8%	7.5%
Oil	84.5	-1.7%	-1.7%	-7.4%	13.3%	4.1%
S&P GSCI Index	3,492.7	-0.1%	-0.1%	12.8%	14.8%	5.7%

\*annualised

Amid a weaker US Dollar, gold price gained by 5.7% during January 2023, recording its third consecutive monthly rise (source: Reuters).

Oil was down by 1.7% over the month under review. US inventory data and doubts about the speed of China's economic recovery weighed down on oil prices.

The S&P GSCI Index fell slightly by 0.1% in January. Energy and livestock were the worst-performing components of the index, while industrial metals and precious metals achieved strong gains. Industrial metals went sharply higher in January, in anticipation of increasing demand.

Volatility Index	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*
CBOE Volatility Index (VIX)	19.4	-10.5%	-10.5%	-21.9%	1.0%	7.5%

The CBOE Volatility Index (VIX Index), also known as the fear gauge, is one of the most recognized measures of volatility. It is a real-time index that represents the market's expectations for the relative strength of near-term price changes of the S&P 500 Index. It sank by nearly 11% in January. **Note that VIX Index values below 20 generally correspond to more stable, less stressful periods in the markets.**

Alternatives: Foreign Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
S&P Global Property	513.5	8.3%	8.3%	-12.7%	-1.8%
S&P Listed Private Equity	453.1	11.7%	11.7%	-14.6%	6.0%
S&P Global Infrastructure	6,392.5	5.0%	5.0%	2.2%	2.8%

\*annualised

Volatility remained high in the bond market. This volatility is characterised by growth concerns and monetary policy uncertainty. The yield on the benchmark 10-Year US Treasury Bonds stood at 3.5%, down from the December 2022 level of 3.9%.

The Bloomberg Global Aggregate Total Return Index gained 3.3% in January.

Foreign Bond Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
S&P Africa Sovereign Bond	1,017.0	-0.1%	-0.1%	3.4%	7.5%
S&P 500 Bond Index	474.7	4.0%	4.0%	-8.5%	-1.9%
S&P International CBI	117.5	4.4%	4.4%	-15.7%	-5.2%
Bloomberg Global Aggregate Total Return Index	460.6	3.3%	3.3%	-11.7%	-3.9%
Bloomberg US Aggregate Total Return Value Unhedged	2,111.8	3.1%	3.1%	-8.4%	-2.3%

Other Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
Renaissance IPO Index	315.7	15.8%	15.8%	-38.1%	-3.7%

The Bloomberg US Aggregate Total Return Index is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. During the month under review, the index appreciated by 3.1% in USD terms.

The Renaissance IPO Index, which tracks the newly listed companies, started off strong with a gain of 15.8%, outperforming the S&P 500 which returned 6.2%. After the challenges faced in 2022, the initial public offerings market is showing signs of life in early 2023 that may set the stage for gradual recovery later this year. Seven IPOs raised USD 313m in January 2023 (source: Renaissance Capital).

### General News: IMF World Economic Outlook Update - January 2023

Global growth is projected to fall from an estimated 3.4% in 2022 to 2.9% in 2023, then rise to 3.1% in 2024. The forecast for 2023 is 0.2% higher than predicted in the October 2022's World Economic Outlook but below the historical (2000–19) average of 3.8%. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity.

Global inflation is also expected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024. However, these forecasts are still above pre-pandemic (2017–19) levels of about 3.5%.

The balance of risks remains tilted to the downside, but adverse risks have moderated since the October 2022 according to the IMF. On the upside, a stronger boost from stronger demand in numerous economies or a faster fall in inflation are plausible.

**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.*