

July 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 31 July)

Foreign Equity Indices

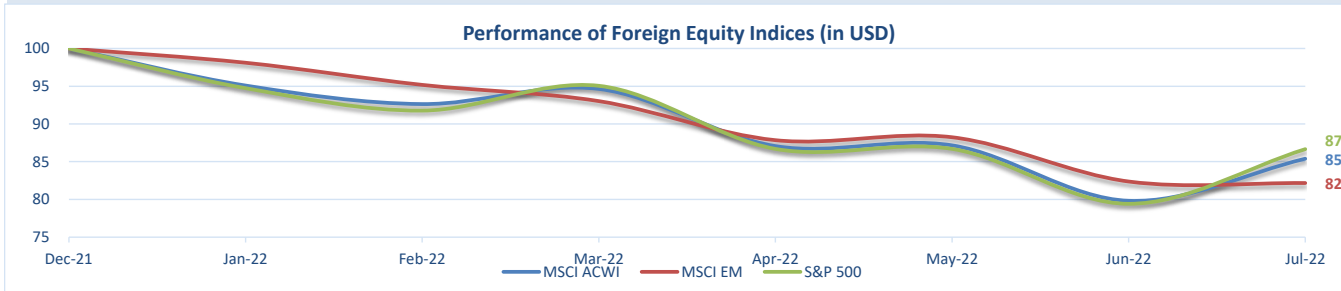
	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years* *annualised
MSCI EM (Emerging Markets)	499.8	-0.2%	-17.8%	-20.1%	0.9%	1.0%
MSCI World Index	8,371.0	7.9%	-14.2%	-9.2%	9.6%	8.8%
MSCI All Country World Index	332.2	7.0%	-14.6%	-10.5%	8.5%	7.9%
MSCI EFM Africa	1,049.0	0.3%	-8.5%	-12.1%	-2.1%	-2.1%
MSCI ACWI ESG Leaders Index	2,261.9	6.3%	-15.9%	-10.9%	8.8%	8.1%
S&P 500	4,130.3	9.1%	-13.3%	-6.0%	11.5%	10.8%
S&P 500 ESG Index	466.6	9.0%	-12.2%	-2.5%	15.2%	14.2%
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EuroStoxx 50 (in EUR)	3,708.1	7.3%	-13.7%	-9.3%	2.3%	1.5%
FTSE 100 (in GBP)	7,423.4	3.5%	0.5%	5.6%	-0.7%	0.1%

July brought some relief after the global financial markets had endured a difficult first half of the year. While the same economic factors (such as rising inflation, higher interest rates and the risk of a global recession) that caused turmoil during the prior months continued to cast uncertainty on the future, better-than-expected corporate earnings drove stocks higher. Except for the emerging markets, the major foreign equity indices recorded their best month since the beginning of 2022. The MSCI All Country World Index gained 7.0% (in USD terms) during July.

Amid another interest rate hike by the US Federal Reserve and publication of GDP numbers, US stock markets also rallied. The S&P 500 Index rose by 9.1% in July. The Nasdaq Composite Index gained 12.3%, marking the technology benchmark's strongest month since April 2020.

On 27 July, the US Federal Reserve raised its benchmark rate by 0.75%, the 4th increase of the year to combat inflation. This was in line with the market expectations and was received rather positively by investors. For the second quarter, the US economy contracted by 0.9% (for comparison, for the first quarter of 2022, GDP fell by 1.6%) and it is now in a technical recession. Much is due to a fall in consumer spending and business investment. Nevertheless, the markets were comforted by positive labour reports, which pointed towards 11mln job openings and a very low unemployment rate of 3.6% in the US.

The EuroStoxx 50 also ended the month in positive territory and rose by 7.3% in July. On 21 July, the European Central Bank raised interest rates by 0.5% in the Eurozone for the first time in 11 years.



While the markets rebounded in July, the major foreign equity indices remained in the red on a year-to-date basis. It is to be noted that the MSCI All Country World Index has lost nearly 15%, year-to-date in USD terms.

Currencies

In MUR	Current Value (MUR)	Past Month	Last month	Year-to-Date	Last 12 Months	Last 3 Years* *annualised
GBP	55.05	54.82	0.4%	-5.6%	-6.9%	8.0%
USD	45.29	45.33	-0.1%	4.2%	6.3%	7.9%
EUR	46.16	47.25	-2.3%	-5.7%	-8.4%	4.9%

Over the month of July, the US Dollar and the Euro lost 0.1% and 2.3%, respectively relative to the Rupee. On the other hand, the British Pound appreciated by 0.4%. Year-to-date, the Dollar gained +4.2% against our local currency. However, the Euro has weakened by nearly 6% against the Rupee.

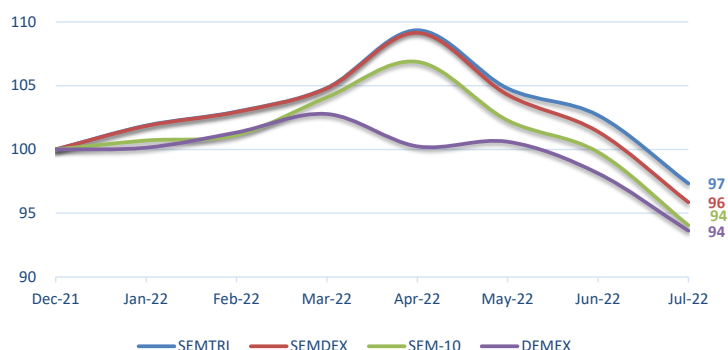
Dollar-Euro Parity

On 12 July, a US dollar was worth about as much as a Euro. It was the first time that the two currencies had reached price parity at international level since December 2002. This was also a sign that investors were worried about a potential economic crisis in Europe.

Local Equity Indices

	Current Value (in MUR)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years* <i>*annualised</i>
SEMDEX	2,011.0	-5.5%	-4.1%	4.9%	-2.4%	-1.6%
SEM-10	364.9	-5.8%	-6.0%	2.4%	-4.7%	-3.1%
DEMEX	282.0	-4.7%	-7.7%	1.3%	6.9%	5.6%
SEMTRI	8,122.6	-5.2%	-2.7%	8.2%	0.0%	1.0%
DEMTRI	430.2	-4.6%	-6.4%	3.4%	9.4%	8.5%
SEMSI	106.7	-6.2%	-6.6%	2.6%	-4.3%	-2.6%

Performance of Local Equity Indices (in MUR)



In the backdrop of rising inflation, selling by foreign investors and economic uncertainty at global level, the Official Market lost ground during the month. The SEMTRI and the SEM-10 Index were down by 5.2% and 5.8%, respectively. The DEM also faced a similar fate, with the DEMTRI falling by 4.6%. During the month, foreign investors on the Official Market were net sellers for nearly MUR 372mln.

International Monetary Policy (IMF) Staff Report for 2022

In its July 2022 Press Release, the IMF projects the real Mauritius GDP to grow by 6.1% in 2022, primarily driven by the tourism sector. However, the paper also concludes that the outlook for Mauritius is subject to downside risks, including the impacts from the war in Ukraine, rising global inflation and reduction in real disposable income.

Moody's downgrades Mauritius's rating to Baa3

On 28 July, Moody's downgraded the Government of Mauritius's long-term foreign and local currency issuer ratings to Baa3 from Baa2, and changed the outlook to stable from negative. The rating has been lowered by one notch and represents the lowest rating in the "investment grade" category. This downgrade initially had a negative impact on the local stock market. The SEMDEX fell by 1.3% following the announcement of the downgrade.

On 29 July, Moody's then announced that it was maintaining the ratings of 3 Mauritian Banks (MCB, SBM and ABSA). On top of that, Moody's changed the outlook of MCB and SBM from negative to stable. This announcement has then reassured investors. MCB Group share price closed at MUR 308 on 08 August (up by around 9% since 29 July).

Local Yields & Inflation Rate

Consumer Price Index (Mauritius)

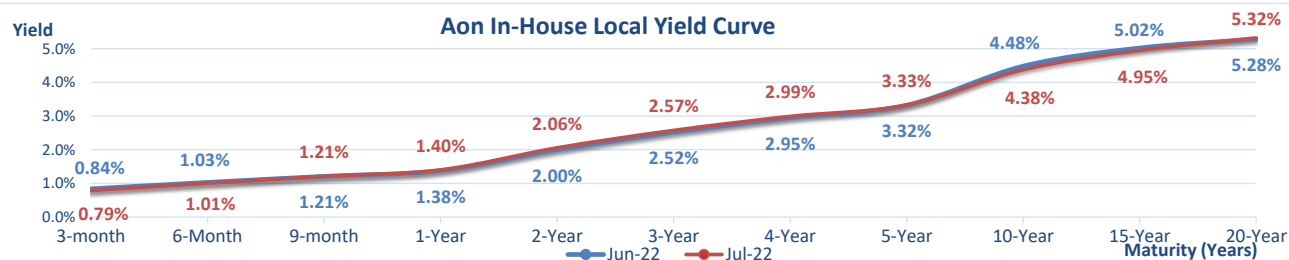
	Current Value	Last month	Year-to-Date	Last 12 months	Last 3 Years* <i>*annualised</i>
Inflation Rate	186.9	1.6%	9.4%	11.0%	6.2%

Recent Issues by the BoM

Weighted Average	T-Bill Yield
91-Day	1.00%
182-Day	1.12%
364-Day	1.30%
Repo Rate	2.25%
Deposit Rate *	0.63%

**Weighted Average Deposit Rate of Banks as at June 2022*

The above figures represent the CPI as at end-July 2022. Year-on-year inflation stood at 11.0% in July 2022, compared to 6.5% in July 2021. Headline inflation, calculated as the annual average over the 12-months ending July 2022 worked out to 8.4%. (source: Statistics Mauritius)



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

Local yields remained range-bound and well below the inflation rate across all maturities during July.

Local Bond Index

	Current Value (in MUR)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years* <i>*annualised</i>
S&P Mauritius Sovereign Bond Index	163.86	0.1%	-0.6%	-0.3%	3.9%	3.9%

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 0.6% 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*
Gold	1,778.8	-1.6%	-3.1%	-2.1%	7.4%	7.0%
Oil	110.0	-4.2%	41.4%	44.1%	19.1%	15.9%
S&P GSCI Index	3,766.4	0.0%	35.7%	42.7%	14.8%	10.7%

Gold price was down by 1.6% for the month of July. Amid another rate hike by the US Fed, the opportunity cost of holding the non-yielding metal rose, pulling down its price. Year-to-date, gold has lost 3.1%.

Recession concerns weighed on oil prices, down by 4.2% in July, their first two-month losing streak since October 2020. (source: Financial Times) Weak economic data from China, which is the world's largest crude oil importer, negatively impacted the price of oil. Year-to-date, oil price was still significantly up by 41.4%. On 05 August, the oil price was trading below the USD 100 per barrel, losing more than 13%, month-to-date.

Oil and other key commodities came under renewed pressure in July. The commodity index, S&P GSCI Index remained range-bound during July. The index however held on to a gain of nearly 36%, year-to-date.

Food and Agriculture Organisation (FAO) Food Price Index

The FAO Food Price Index registered a steep loss in July. The index dropped by 8.6% from June, marking the 4th consecutive monthly decline. Nevertheless, over the past 12 months, it was up by 13.1%. The July decline was the steepest monthly fall in the value of the index since October 2008, led by significant drops in vegetable oil and cereal indices.

Alternatives: Foreign Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
S&P Global Property	533.3	6.8%	-13.9%	-9.4%	1.5%
S&P Listed Private Equity	453.3	12.3%	-19.6%	-13.8%	11.2%
S&P Global Infrastructure	6,308.7	4.0%	3.5%	5.0%	5.6%

Despite another policy rate hike by the Fed, the US 10-Year yield (which is considered as a major benchmark) fell during July. The yield on a 10-Year US Treasury Bond stood at 2.7% as at end-July 2022, down from 3.0% as at end of the previous month.

The fall in yields came from expectations of a slowdown in inflation during the second half of this year. Moreover, markets are speculating that the Fed might respond with smaller interest rate hikes in the coming meetings.

Foreign Bond Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
S&P Africa Sovereign Bond	994.6	0.5%	2.2%	6.0%	9.0%
S&P 500 Bond Index	477.8	3.3%	-11.4%	-11.8%	0.3%
S&P International CBI	119.5	3.3%	-17.3%	-21.4%	-3.2%
Bloomberg Global Aggregate Total Return Index	468.1	2.1%	-12.1%	-14.6%	-2.4%

Other Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
Renaissance IPO Index	359.4	8.4%	-43.4%	-47.7%	0.8%

The Bloomberg Global Aggregate Total Return Index was up by 2.1% during July. Year-to-date, it posted negative returns of around 12.1%.

General News

Global Growth Forecasts

The IMF dropped the global growth forecasts to 3.2% in 2022 and 2.9% in 2023 from the previous estimates of 3.6% growth in each year. Global inflation forecasts were also raised to 8.3% and 5.7% respectively in 2022 and 2023.

The IMF also lowered its economic growth forecasts for the euro area to 2.6% this year and 1.2% percent next year, reflecting inflationary spill-overs.

GDP Numbers in the Eurozone

The Eurozone economy expanded by 0.7% in the second quarter. A surge in tourism due to relaxed Covid-19 restrictions supported the economy. Meanwhile, Eurozone inflation hit an all-time high of 8.9% over the year to July. This was mainly driven by continued supply chain disruptions due to the Russia-Ukraine conflict and the associated increases in the energy and food prices.

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.