

May 2023

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Note: The charts below show the performance of local and foreign equity indices on a time-series basis over the past 12 months.

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)	491	-1.7%	1.1%	-8.5%	3.5%	-0.7%
MSCI World Index	8,667	-1.0%	8.5%	2.1%	11.0%	7.8%
MSCI All Country World Index	342	-1.1%	7.7%	0.9%	10.1%	6.8%
MSCI EFM Africa	945	-12.4%	-12.4%	-20.5%	5.7%	-4.8%
MSCI ACWI ESG Leaders Index	2,328	-0.9%	8.2%	0.8%	9.6%	7.2%
S&P 500	4,180	0.2%	8.9%	1.2%	11.1%	9.1%
S&P 500 ESG Index	487	1.0%	11.3%	4.5%	14.6%	12.7%
EuroStoxx 50 (in EUR)	4,218	-3.2%	11.2%	11.3%	11.4%	4.4%
FTSE 100 (in GBP)	7,446	-5.4%	-0.1%	-2.1%	7.0%	-0.6%

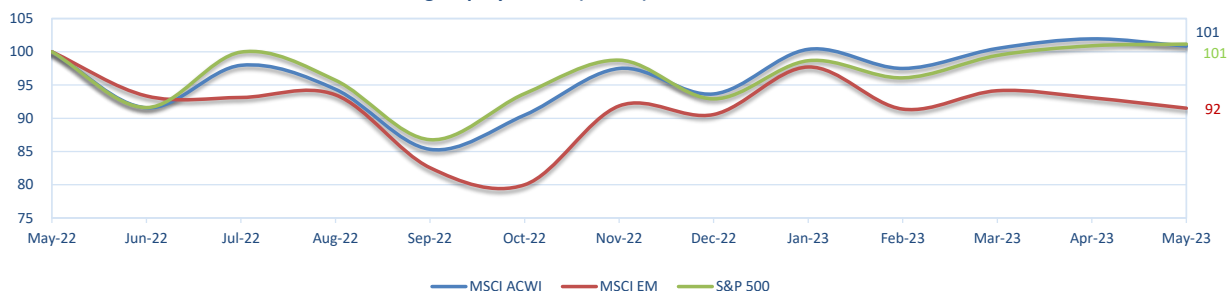
Foreign equity markets gave back some of their recent gains in May as investor expectations regarding the economic outlook worsened. Concerns over the US debt ceiling (the limit of the total amount of money that the US Government could borrow to pay its bills) made headlines over the month. President Joe Biden signed the legislation lifting the debt ceiling bill on 2 June 2023 (source: Reuters). Moreover, speculation of possible further interest rate hikes by the US Federal Reserve (Fed) in June continues to dominate investor thinking. Over the month, the MSCI All Country World and the MSCI Emerging Markets indices lost 1.1% and 1.7% respectively in USD terms. Within the emerging markets, South Africa was the weakest market amid allegations that the country sold weapons to Russia (source: Insider).

The S&P 500 was up by 0.2% in May, bringing its year-to-date to 8.9%. Gains from the information technology sector (9.5%) led the returns of US benchmark indices (source: Nasdaq). The Nasdaq Composite and Nasdaq-100 returned 5.9% and 7.7% respectively in May, outperforming the S&P 500 and Dow Jones Industrial Average amid enthusiasm over Artificial Intelligence-boosted technology stocks. Nvidia, a multinational technology company, was the first chipmaker to join the trillion-dollar club on 25 May 2023. Its high-end chips are used to power the datacentres used by the new wave of generative AI products such as ChatGPT. Its share price rose by nearly 45% over the month. Energy and materials stocks were among the weakest performers in May, with concerns over the demand outlook. The S&P 500 ESG Index posted monthly returns of 1.0%, outperforming the S&P 500 during the month.

The EuroStoxx 50 lost 3.2% over the month. All the sectors fell except information technology. This was in the wake of higher than expected sales projections from some US chipmaker peers (source: Reuters).

The UK's FTSE 100 was also down by 5.4% in May. The Bank of England also increased interest rates by 0.25% to 4.5% in May. The large UK-quoted diversified energy and basic materials groups were among the weakest performers while technology was the only sector to record a positive return. The FTSE 100 returned -0.1% on a year-to-date basis.

Performance of Foreign Equity Indices (in USD)



Currencies

In MUR	Current Value (MUR)	Past Month	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
GBP	56.32	55.88	0.8%	6.9%	3.1%	4.6%
USD	45.61	44.94	1.5%	3.8%	5.0%	4.4%
EUR	48.58	49.20	-1.3%	4.2%	4.3%	3.2%
USD/EUR	1.07	1.10	-3.0%	-0.1%	-0.4%	3.2%

The US Dollar registered the largest appreciation of 1.5% against the Rupee in May. The Pound also appreciated by 0.8% relative to the local currency while the Euro depreciated by 1.3% relative to the MUR over the month.

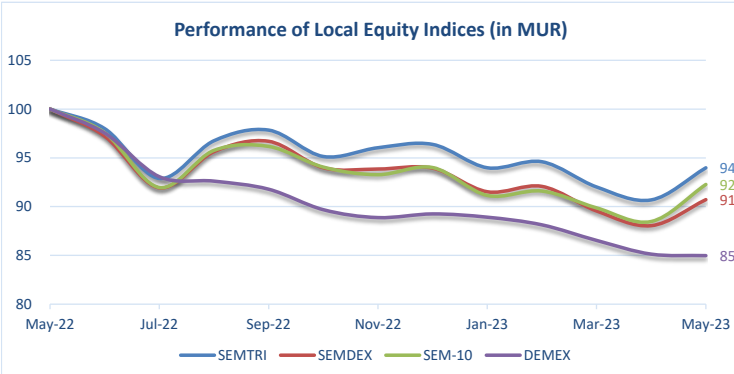
The rebound of the US Dollar was supported by stronger than expected U.S data that suggested possible further interest rate hikes by the US Federal Reserve in June. The reassessment of the outlook for monetary tightening by the Fed and concerns about the U.S. debt ceiling standoff also helped lifting the US Dollar.

The Euro depreciated by 3.0% against the US Dollar. Over the year, the Pound registered the largest appreciation to nearly 7.0% relative to the MUR.

Local Equity Indices

	Current Value (in MUR)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*
SEMDEX	1,984.7	3.0%	-3.4%	-9.3%	7.0%	-2.5%
SEM-10	366.1	4.3%	-1.8%	-7.7%	5.7%	-3.2%
DEMEX	251.5	-0.5%	-5.7%	-17.6%	8.2%	0.9%
SEMTRI	8,217.9	3.6%	-2.5%	-6.0%	9.7%	0.2%
DEMTRI	392.8	-0.2%	-4.8%	-15.0%	10.9%	3.7%
SEMSI	107.0	4.4%	-3.3%	-8.7%	6.0%	3.6%

**annualised*



Locally, most of the equity indices posted positive returns in May. However, the secondary market indices were in the red.

The SEMTRI and the SEM-10 were up by 3.6% and 4.3% respectively over the month.

The DEMEX and the DEMTRI lost 0.5% and 0.2% respectively in May.

Returns on all the local indices were however negative on a year-to-date basis, with the DEMEX posting the largest negative returns of -5.7%.

Price Earnings Ratio and Dividend Yield

As at end-May, the Price Earnings Ratio and the Dividend Yield on the Official Market stood at 8.90 times and 3.66% respectively.

Budget 2023-2024

The Minister of Finance, Economic Planning and Development, Dr. the Honourable Renganaden Padayachy, presented the Budget 2023-2024, 'To Dare & To Care', on 02 June 2023. The focus of the budget revolved around the three main pillars: strengthening, continuing and sustaining the local economy and "building the future that we deserve". The key forecasts are highlighted below:

- GDP is forecasted to grow by 8.0% for 2023-2024.
- Budget deficit is expected to decrease from 3.9% to 2.9% of GDP.
- Public sector debt is estimated to fall from 86% in June 2022 to 79% by June 2023 and 72% by end-June 2024.
- 1.4mln tourists and MUR 100bln in tourism receipts are expected for year 2023/2024.

Our colleagues from the Actuarial Consulting Team has recently circulated a news alert on the budget.

Local Yields & Inflation Rate

Consumer Price Index (Mauritius)

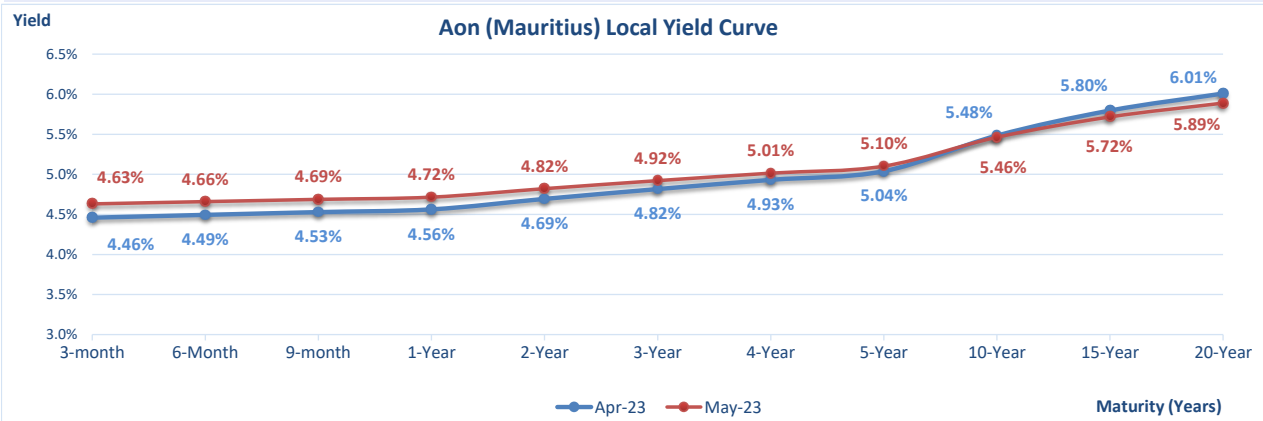
	Current Value	Last month	Year-to-Date	Last 12 months	Last 3 Years*
Inflation Rate	197.7	0.2%	3.2%	7.9%	6.9%

**annualised*

Key Rate (as at 16/01)	4.50%
Deposit Rate *	2.50%

**Weighted Average Deposit Rate of Banks as at April 2023*

Year-on-year inflation (measured as the year-on-year change in the Consumer Price Index (CPI)) worked out to 7.9% in May 2023, compared to 10.7% in May 2022. Headline inflation for the 12-months ending May 2023 stood at 10.6% (source: Statistics Mauritius).



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

Yields on treasury instruments having a maturity of less than 5 years moved up slightly in May when compared to end-April yields. The yield on the 1-Year Treasury Bill stood at 4.72% as at end-May 2023. However, longer-term yields fell slightly during the month under review.

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	162.6	0.6%	4.9%	-1.2%	0.6%	3.9%

*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 was up by 0.6% over the month and gained 4.9% year-to-date.

Commodities & Other Investments

	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*
Gold	1,982.1	-0.9%	8.5%	7.2%	4.5%	8.8%
Oil	72.7	-8.6%	-15.4%	-40.8%	27.2%	-1.3%
S&P GSCI Index	3,096.4	-6.1%	-11.4%	-24.1%	25.4%	2.2%

*annualised

The commodity markets showed signs of weakness during the month. Oil posted the largest negative returns of -8.6% amid macroeconomic uncertainties, weakening demand and a stronger dollar over the month.

Gold ended the month in the red due to the strengthening of the US Dollar. However, it has gained 8.5% over the past 12 months.

The S&P GSCI Index recorded a negative performance of 6.1% in May with all components of the index ending the month in negative territory. Energy was the worst-performing component of the index, with sharp falls in the price of natural gas and crude oil.

Volatility Index	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*
CBOE Volatility Index (VIX)	17.9	13.7%	-17.2%	-31.5%	-13.3%	3.1%

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 was up by 13.7% in May. **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	463.3	-4.5%	-2.3%	-14.7%	2.9%
S&P Listed Private Equity	432.4	-1.2%	6.6%	-6.4%	12.7%
S&P Global Infrastructure	6,132.2	-5.5%	0.8%	-10.1%	9.1%

*annualised

Bond markets were in the red over the month, amid expectation of future interest rate hikes by the Fed and concerns about the debt-ceiling bill.

The US 10-year Treasury yield increased from 3.42% to 3.63%, with the two-year rising from 4.01% to 4.40% (source: Financial Times).

The Bloomberg Global Aggregate Total Return Index lost 2.0% in May.

Foreign Bond Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
S&P Africa Sovereign Bond	1,004.9	-1.3%	-1.3%	0.8%	6.3%
S&P 500 Bond Index	469.5	-1.4%	2.8%	-1.4%	-2.5%
S&P International CBI	114.7	-3.2%	1.9%	-6.6%	-4.8%
Bloomberg Global Aggregate Total Return Index	452.3	-2.0%	1.4%	-4.5%	-4.7%
Bloomberg US Aggregate Total Return Value Unhedged	2,099.1	-1.1%	2.5%	-2.1%	NA

Other Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
Renaissance IPO Index	329.2	7.6%	20.7%	-3.7%	-6.2%

The Bloomberg US Aggregate Total Return Index is a broad-based, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. Over the month, the index was down by 1.1% in USD terms.

The Renaissance IPO Index, which tracks the newly listed companies, was up by 7.6%.

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.