

October 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 October)

Foreign Equity Indices

	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years* <i>*annualised</i>
MSCI EM (Emerging Markets)	429.3	-3.1%	-29.4%	-31.0%	-4.4%	-3.1%
MSCI World Index	7,797.848	7.2%	-20.1%	-18.5%	6.1%	6.4%
MSCI All Country World Index	306.8	6.0%	-21.1%	-20.0%	4.8%	5.2%
MSCI EFM Africa	945.5	2.4%	-17.6%	-18.1%	-3.4%	-4.0%
MSCI ACWI ESG Leaders Index	2,057.4	5.4%	-23.5%	-22.6%	4.4%	5.2%
S&P 500	3,872.0	8.0%	-18.8%	-15.9%	8.4%	8.5%
S&P 500 ESG Index	439.7	8.9%	-17.2%	-13.7%	11.8%	11.8%

EuroStoxx 50 (in EUR)	3,617.5	9.0%	-15.8%	-14.9%	0.1%	-0.3%
FTSE 100 (in GBP)	7,094.5	2.9%	-3.9%	-2.0%	-0.7%	-1.1%

October was a rather good month for global stocks. Most of the foreign equity indices rebounded and registered positive returns for the month under review. The MSCI All Country World Index gained 6.0 % in USD terms. The MSCI Emerging markets Index, however fell by 3.1%. The continued decline in emerging risk assets was largely driven by political concern.

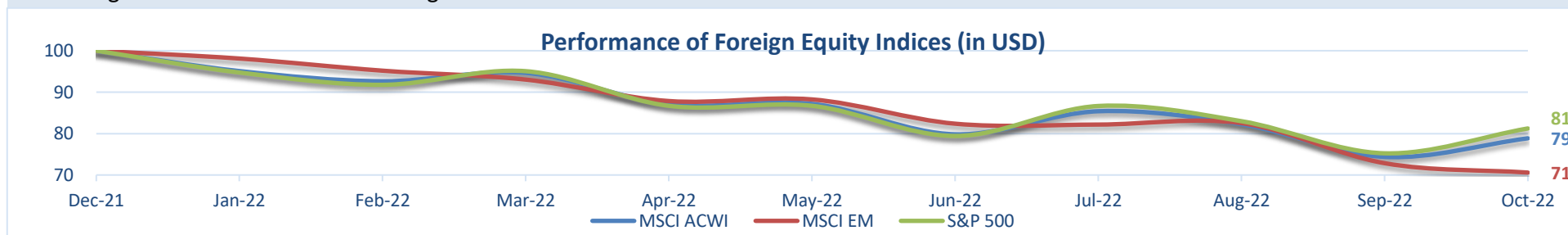
Supported by better-than-expected third quarter earnings by some major companies, the S&P 500 went up by 8.0% during the month. 10 of the 11 sectors of the S&P 500 rose during October, with energy stocks leading the way higher. The Dow Jones Industrial Average logged its best month since 1976, rising by 14.0%. The tech-heavy Nasdaq Composite Index also posted gains of 3.9% during the month.

In an attempt to control rising inflation, the US Federal Reserve (Fed) further raised key rates by 0.75%, the fourth hike in a row this year on 03 November 2022. The market subsequently reacted negatively to this announcement and the possibility of future hikes.

On 27 October, the European Central Bank (ECB) hiked rates by another 0.75% and scaled back support for European banks. Growth in the Eurozone slowed significantly in the third quarter. Moreover, inflation soared to a record high in October. Nevertheless, European stocks marked their first monthly gain in three months on the back of good corporate earnings and hopes of slowdown in interest rate hikes. The EuroStoxx 50 gained 9.0% (in EUR terms) during October.

The Bank of England also matched moves made by the Fed and the ECB and raised interest rates by 0.75%, the biggest hike in 33 years. This also marked its 8th interest rate hike in less than a year, taking its benchmark rate to 3%, the highest it has been since November 2008. (source: CNN)

On 20 October, the UK Prime Minister Liz Truss resigned following a failed tax-cutting budget. Truss was in office for just 44 days, making her the shortest serving prime minister in British history. Rishi Sunak has subsequently taken over and will officially become UK's 3rd prime minister in seven weeks. The FTSE 100 gained 2.9% in GBP terms during the month.



Year-to-date, the major foreign equity indices remained in the red. The MSCI All Country World Index was down by 21.1%.

Currencies

In MUR	Current Value (MUR)	Past Month	Last month	Year-to-Date	Last 12 Months	Last 3 Years* <i>*annualised</i>
GBP	50.85	50.00	1.7%	-12.9%	-13.5%	2.9%
USD	43.98	45.16	-2.6%	1.2%	2.7%	6.7%
EUR	43.69	44.14	-1.0%	-10.7%	-12.2%	2.7%

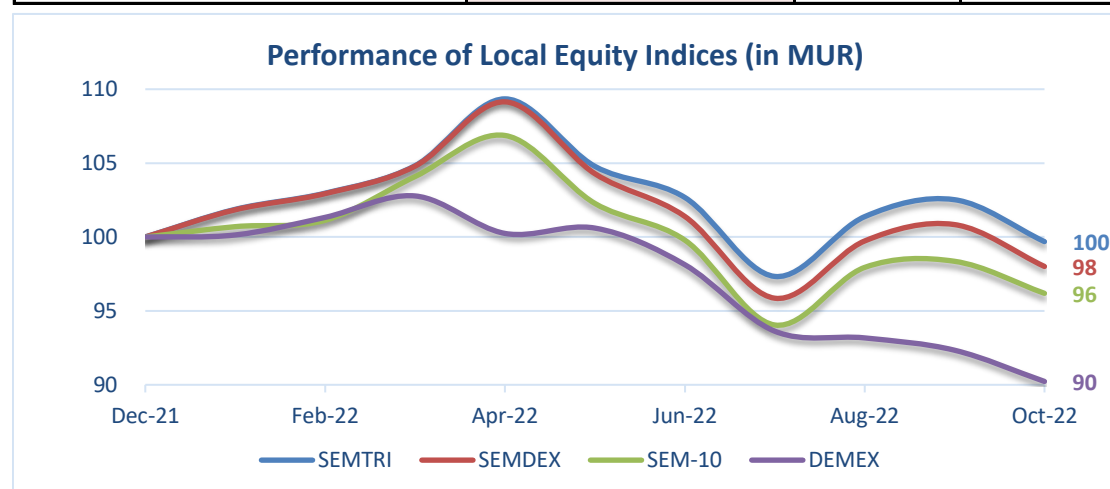
The Pound appreciated by 1.7% relative to our local currency following the resignation of Liz Truss and appointment of the new Prime Minister in October. However, year-to-date, it registered the biggest depreciation of nearly 13% against the MUR.

The US Dollar and the Euro depreciated relative to the Mauritian Rupee, during the month of October. The US dollar weakened against most major currencies during October 2022, amid signs that Federal Reserve rate hikes were slowing the world's biggest economy. The US Dollar Index lost 0.5%. Year-to-date, the US Dollar was still up by 1.2% relative to the Rupee.

On 09 November, the Bank of Mauritius intervened on the Domestic Foreign Exchange Market for an amount of USD 100 million at the market-determined rate of Rs 43.80 per USD. This latest intervention aims at further containing inflation in the country.

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	2,056.1	-2.8%	-2.0%	-3.2%	-1.0%	-1.3%
SEM-10	373.2	-2.2%	-3.8%	-5.0%	-3.7%	-2.3%
DEMEX	270.1	-2.6%	-11.6%	-11.0%	5.3%	3.7%
SEMTRI	8,319.1	-2.8%	-0.3%	-0.1%	1.4%	1.3%
DEMTRI	414.5	-2.3%	-9.8%	-8.8%	7.7%	6.6%
SEMSI	111.3	-2.6%	-2.5%	-3.7%	-2.8%	-1.7%



Locally, the equity indices were on a decline. Similar to most other countries, Mauritius is also experiencing rising inflation. The possibility of a global recession might also have adverse repercussions on the prospects of local economy in the coming months. Foreign investors remained net sellers in October. The SEMDEX and SEMTRI were down by 2.8% each. The SEM-10 also dropped by 2.2%.

Key Repo Rate

On 04 November 2022, the Monetary Policy Committee (MPC) of the Bank of Mauritius raised the Key Repo Rate by 1% to reach 4%, in an attempt to contain inflationary pressures.

The Central Bank moreover forecasts inflation in the range of 5%-6% for 2023 while growth rate is projected to remain strong at above 7% for 2022 and 5% for 2023. *(source: Bank of Mauritius)*

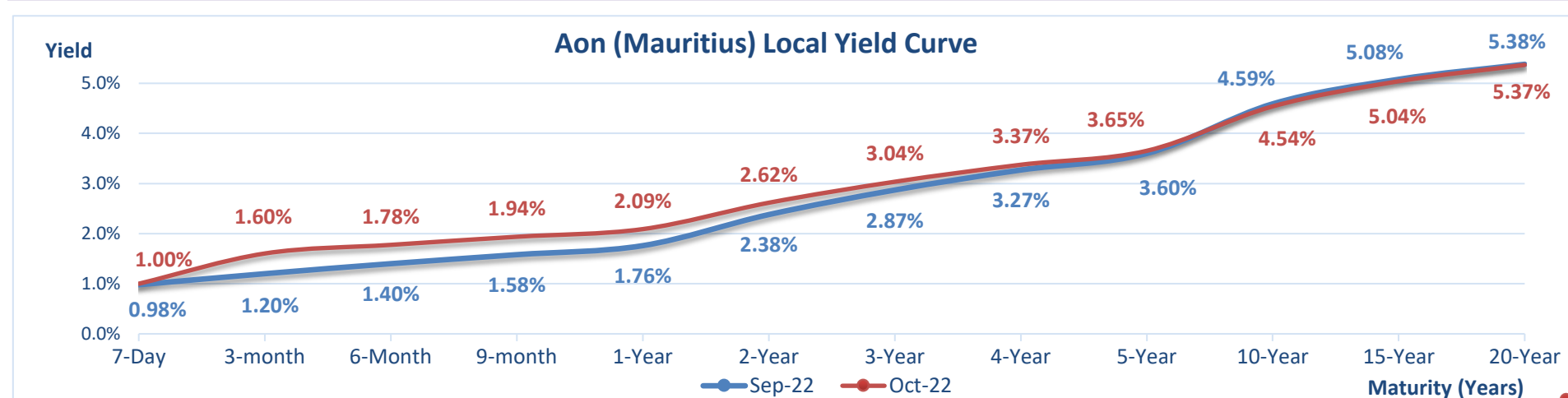
Local Yields & Inflation Rate

Consumer Price Index (Mauritius)

	Current Value	Last month	Year-to-Date	Last 12 months	Last 3 Years* <i>*annualised</i>
Inflation Rate	189.4	0.6%	10.9%	11.9%	6.9%

Repo Rate (as at 04/11)	4.00%
Deposit Rate *	0.91%
<i>*Weighted Average Deposit Rate of Banks as at September 2022</i>	

The above figures represent the CPI as at end-October 2022. Year-on-year inflation stood at 11.9% in September 2022, compared to 5.8% in October 2021. Headline inflation, calculated as the annual average over the 12-months ending September 2022 worked out to 9.9%. *(source: Statistics Mauritius)*



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

Local yields on treasury instruments having maturities of less than 10 years rose during the month. The yield on 1-Year Government of Mauritius Bond stood at 2.09% as at end-October 2022, up by 0.33% for the month. With the 1% increase in the repo rate, we might expect bond yields rising further during November.

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	164.74	0.2%	-0.1%	1.1%	3.5%	3.7%

The S&P Mauritius Sovereign Bond Index tracks the performance of local currency denominated sovereign debt publicly issued by the government of Mauritius in its domestic market. Over the last month, the index gained 0.2%. However, on a year-to-date basis, it has lost 0.1%.

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	1,640.7	-1.9%	-10.6%	-8.0%	2.5%	5.2%
Oil	94.8	7.8%	21.9%	12.4%	16.3%	9.1%
S&P GSCI Index	3,603.2	6.6%	29.9%	24.6%	14.1%	8.3%

The US Federal Reserve's aggressive moves had an adverse impact on the price of the gold. In October, it fell by 1.9%, bringing its year-to-date losses to 10.6%.

The oil price rose by 7.8% in October, overcoming demand concerns in the world's largest oil consumer (China). The fall in the US Dollar made the dollar-denominated oil less expensive for other currency holders, thus helping to push prices higher. Since the beginning of the year, the oil price rose by 21.9%.

Driven by increases in commodity and energy prices, the S&P GSCI Index finished the month up by 6.6%, bringing its year-to-date gains to nearly 30%.

Alternatives: Foreign Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years* <i>*annualised</i>
S&P Global Property	449.9	1.9%	-27.4%	-24.7%	-5.9%
S&P Listed Private Equity	396.1	9.3%	-29.8%	-30.4%	4.6%
S&P Global Infrastructure	5,757.7	5.0%	-5.6%	-7.9%	1.0%

Foreign Bond Indices

S&P Africa Sovereign Bond	988.8	0.1%	1.6%	3.7%	7.8%
S&P 500 Bond Index	438.6	-0.7%	-18.7%	-18.2%	-3.5%
S&P International CBI	104.8	3.0%	-27.5%	-28.5%	-8.1%
Bloomberg Global Aggregate Total Return Index	423.6	-0.7%	-20.4%	-20.8%	-6.2%

Other Indices

Renaissance IPO Index	308.5	-1.3%	-51.4%	-59.0%	-1.3%
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The benchmark 10-Year US Treasury yield was above 4.2% on 24 October for first time since 2008. As at end of the month, it stood at 4.1%.

As central banks such as the Federal Reserve engage in one of the biggest interest-rate-hike campaigns in decades, the Bloomberg Global Aggregate Total Return Index was down by 20.4% since the beginning of 2022.

Amid uncertainties in the financial market, investors remained reluctant to take their chance on new companies. The Renaissance IPO Index, a basket of the largest, most liquid US listed newly public companies, fell by 1.3% in October. Only two companies went public during the past month. According to data from IPO research firm Renaissance Capital, this was the slowest October for the IPO market since 2011.

General News

International Monetary Fund (IMF) : Inflation and Uncertainty

Global economic activity is experiencing a sharper-than-expected economic slowdown, with inflation higher than seen in several decades. The stagflation risk seems real with the cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0% 2021 to 3.2% in 2022 and 2.7% in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Growth in the three largest economies (US, China and Eurozone) are expected to stall too. *(source: IMF World Economic Outlook, October 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.