

September 2022

For further enquiries, please contact the Aon (Mauritius) Investment Consulting Team on 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 30 September)

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)	443.1	-11.7%	-27.2%	-28.1%	-2.1%	-1.8%
MSCI World Index	7,275.4	-9.3%	-25.4%	-19.6%	4.6%	5.3%
MSCI All Country World Index	289.4	-9.6%	-25.6%	-20.7%	3.7%	4.4%
MSCI EFM Africa	923.2	-8.6%	-19.5%	-19.8%	-3.2%	-4.1%
MSCI ACWI ESG Leaders Index	1,951.4	-9.6%	-27.4%	-21.8%	3.5%	4.6%
S&P 500	3,585.6	-9.3%	-24.8%	-16.8%	6.4%	7.3%
S&P 500 ESG Index	403.9	-9.6%	-24.0%	-14.2%	9.6%	10.4%

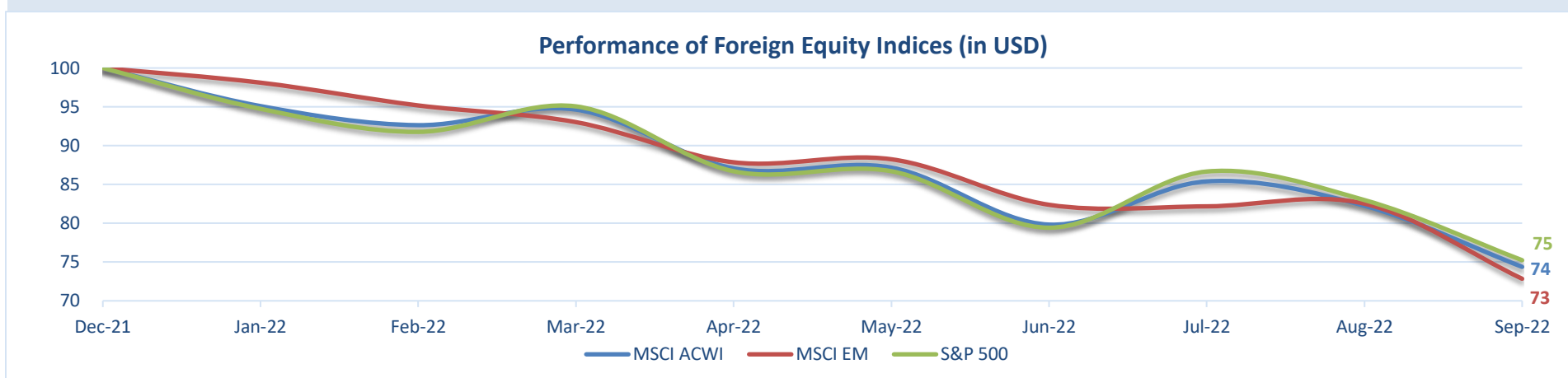
EuroStoxx 50 (in EUR)	3,318.2	-5.7%	-22.8%	-18.0%	-2.4%	-1.6%
FTSE 100 (in GBP)	6,893.8	-5.4%	-6.6%	-2.7%	-2.4%	-1.3%

Other than the MSCI Emerging Markets Index, the major foreign equity indices maintained their negative trend during September 2022. Over the month under review, the MSCI All Country World Index fell by 9.6% in USD terms. In an attempt to curb inflation, the US Federal Reserve increased interest rates by 0.75% for a third consecutive time this year. This had an adverse impact on equities. Consequently, the MSCI Emerging Markets Index also lost 11.7%.

In the backdrop of high inflation, rising interest rates and risk of an economic recession, the US stock market benchmark index, the S&P 500 ended the month in red, marking its steepest September decline of 9.3% in two decades. Among the eleven S&P 500 sector indices, the technology sector was the major underperformer. The tech-heavy Nasdaq Composite Index shed 10.5% during the month.

In the first 9 months of 2022, the US stock markets suffered 3 quarterly declines in a row, the longest losing streak for the S&P 500 and the Nasdaq since 2008 (source: Reuters).

European stocks continued to be under significant pressure as they have been more affected by the war in Ukraine and the escalating energy crisis. The EuroStoxx 50 fell by 5.7% in September.



All 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 26% in USD terms.

Currencies

In MUR	Current Value (MUR)	Past Month	Last month	Year-to-Date	Last 12 Months	Last 3 Years* <i>*annualised</i>
GBP	50.00	52.21	-4.2%	-14.3%	-12.4%	3.9%
USD	45.16	44.79	0.8%	3.9%	5.9%	7.4%
EUR	44.14	44.90	-1.7%	-9.8%	-10.4%	3.6%

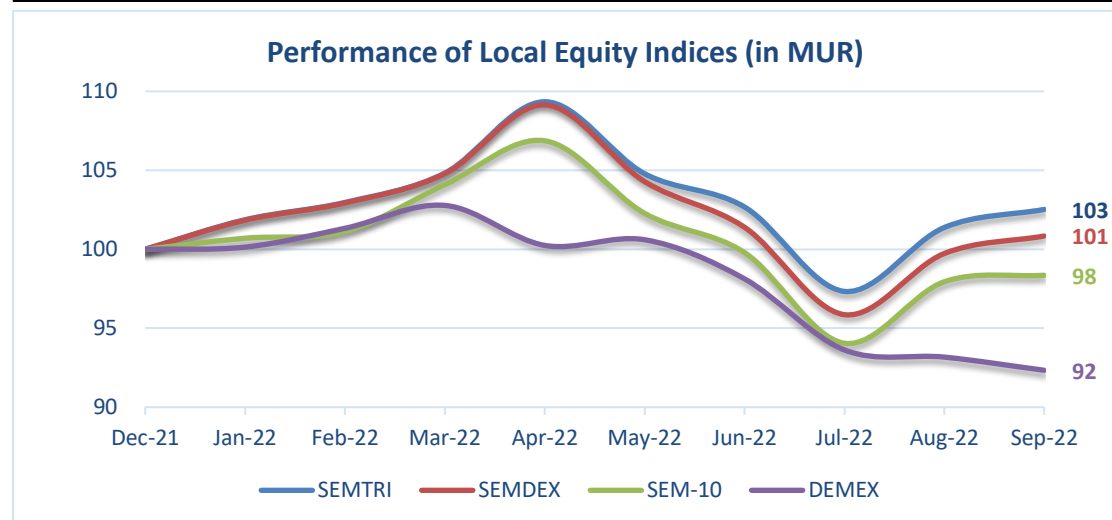
For the month of September, the Pound and the Euro depreciated relative to the Mauritian Rupee. On the other hand, the US dollar appreciated by 0.8% relative to our local currency.

The largest depreciation was recorded by the Pound, which lost 4.2% over the past month and 14.3% on the year-to-date basis against the MUR. Note that the Pound lost ground following the announcement of the biggest tax cuts since 1972 by the new UK Government.

The US Federal Reserve raised interest rates faster than the European Central Bank. The widening of the interest rate differential has made dollar assets more attractive to global investors and hence contributed to the appreciation of the US Dollar.

Local Equity Indices

	Current Value (in MUR)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*
SEMDEX	2,115.5	1.1%	0.8%	5.2%	-0.2%	-1.0%
SEM-10	381.6	0.4%	-1.6%	3.3%	-3.3%	-2.5%
DEMEX	277.4	-1.0%	-9.2%	-3.0%	5.4%	4.4%
SEMTRI	8,555.8	1.1%	2.5%	8.6%	2.2%	1.6%
DEMTRI	424.2	-0.9%	-7.7%	-0.9%	7.8%	7.3%
SEMSI	114.3	2.2%	0.1%	4.9%	-2.2%	-1.3%



Investors were comforted by the publication of improved financial results, good performance of the tourism and banking sectors and higher dividend declarations by some local companies. The Official Market registered positive returns for the month of September. The SEMDEX and the SEMTRI both gained 1.1% each. The SEM-10 rose by 0.4% during the month.

The Secondary Market however, posted negative returns during the month, with the DEMEX losing -1.0%.

The SEMTRI (which is a total return index, inclusive of dividends) rose by 2.5% on a year-to-date basis. The SEMDEX (which is price index only) was up by 0.8% over the same period.

As at end-September, the Price Earnings Ratio and the Dividend Yield on the Official Market stood at 10.72 times and 3.43%. To note that the Price Earnings Ratio stood at 12.25 times as at end of August 2022.

Rebalancing of the SEM-10 Index

The new constituent of the SEM-10 Index is Grit Real Estate Income Group Ltd, replacing Lux Island Resorts Ltd in the list for the quarter starting 05 October 2022.

Local Yields & Inflation Rate

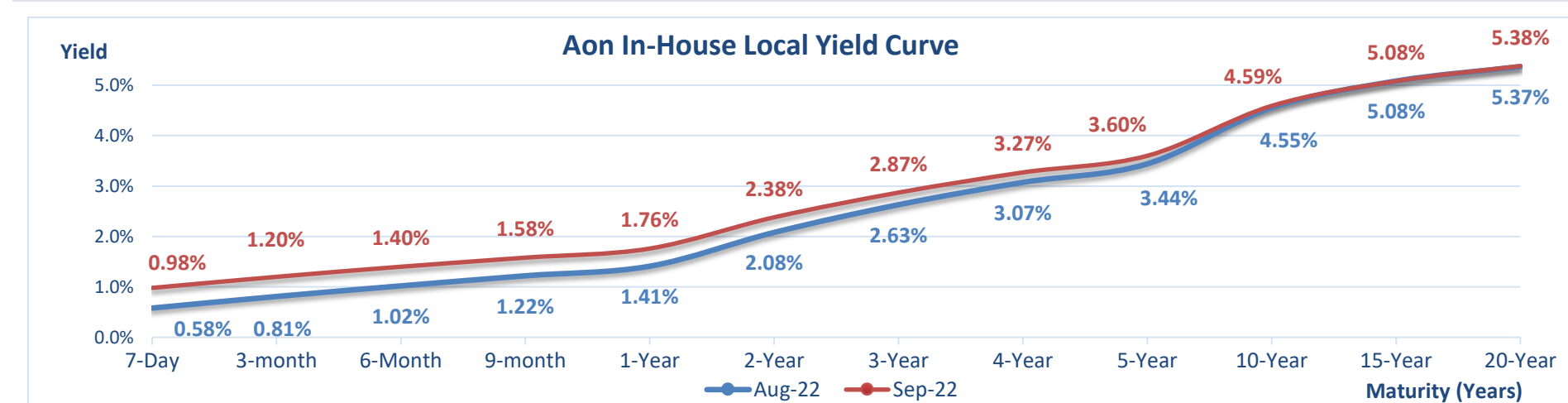
Consumer Price Index (Mauritius)

	Current Value	Last month	Year-to-Date	Last 12 months	Last 3 Years*
Inflation Rate	188.4	0.5%	10.3%	11.9%	6.6%

Repo Rate	3.00%
Deposit Rate *	0.64%

*Weighted Average Deposit Rate of Banks as at September 2022

The above figures represent the CPI as at end-September 2022. Year-on-year inflation stood at 11.9% in September 2022, compared to 5.4% in September 2021. Headline inflation, calculated as the annual average over the 12-months ending September 2022 worked out to 9.4%. (source: Statistics Mauritius)



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

Local yields move higher during the month. The 1-Year yield on the Government of Mauritius Bond stood at 1.76% as at end-September 2022, up by 0.35% from 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	164.45	0.0%	-0.3%	1.0%	3.5%	3.7%

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 remained flat during the month.

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	1,672.0	-3.1%	-8.9%	-4.8%	4.2%	5.4%
Oil	88.0	-8.0%	13.1%	12.0%	14.0%	8.9%
S&P GSCI Index	3,379.6	-7.8%	21.8%	23.6%	12.2%	7.8%

Amid a strong US dollar and higher bond yields, the price of Gold fell further by 3.1% in September 2022. Readers will recall that according to theory, Gold Price and the US Dollar Index are inversely correlated. Year-to-date, the yellow metal (usually viewed as a safe haven asset) was down by 8.9%, in spite of several economic uncertainties.

During September, the price of oil dropped by 8.0%. However, it was up by 13.1% on a year-to-date basis. Multiple factors have contributed to declining oil prices. The dollar's strong performance, soaring inflation rates and fears of a global economic downturn have dampened its demand.

The S&P GSCI Index recorded a negative performance of 7.8% during the month under review, triggered by the worsening energy crisis associated with the Russia-Ukraine conflict. Since the start of the year, the Index gained 21.8%.

Alternatives: Foreign Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years* <i>*annualised</i>
S&P Global Property	441.4	-12.5%	-28.7%	-22.7%	-5.7%
S&P Listed Private Equity	362.6	-15.0%	-35.7%	-29.9%	2.2%
S&P Global Infrastructure	5,481.1	-11.8%	-10.1%	-9.2%	-0.1%

The benchmark US Treasury 10-Year yield closed the month at 3.83%, its highest since October 2008.

The Bloomberg Global Aggregate Total Return Index dropped by 5.1% during the month, bringing its year-to-date losses to 19.9%.

Foreign Bond Indices

S&P Africa Sovereign Bond	987.8	-0.6%	1.5%	3.8%	8.1%
S&P 500 Bond Index	441.7	-5.0%	-18.1%	-17.5%	-3.1%
S&P International CBI	101.7	-8.1%	-29.6%	-30.2%	-8.2%
Bloomberg Global Aggregate Total Return Index	426.5	-5.1%	-19.9%	-20.4%	-5.7%

Other Indices

Renaissance IPO Index	312.6	-11.5%	-50.8%	-55.7%	0.8%
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The Renaissance IPO Index, which tracks newly listed companies, was down by 11.5% in September. It has lost nearly 51% on a year-to-date basis, compared to the S&P 500 index's drop of 25%.

Initial public offerings by US technology companies have sunk to their lowest levels since the global financial crisis of 2008, as stock market volatility, soaring inflation, and interest rate hikes have investor discontented towards new listings. *(source: Reuters)*

General News

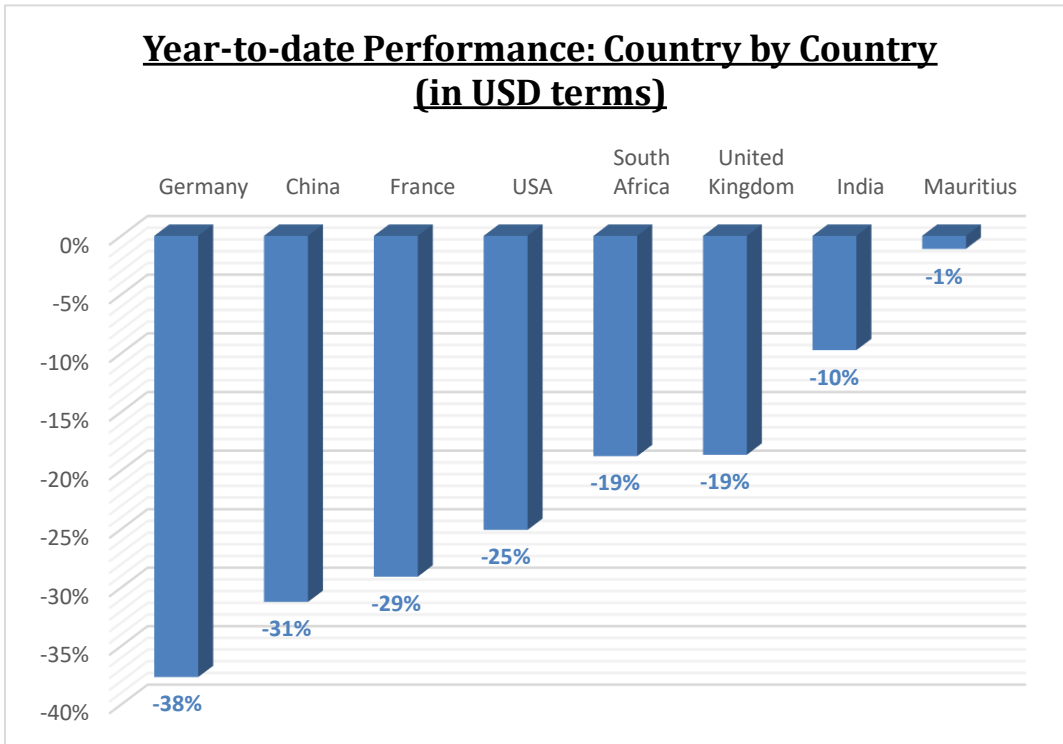
World Bank: "Global Rate Hikes Could Trigger 2023 Recession"

The World Bank warned that interest rate hikes by central banks around the world could trigger a global recession in 2023. Central banks have raised rates "with a degree of synchronicity not seen over the past five decades" to fight inflation. Raising rates makes borrowing more expensive. This can potentially slow economic growth. On 15 September, the World Bank also indicated that the global economy was in its steepest slowdown following a post-recession recovery since 1970. The world's three largest economies (US, China and the Eurozone) have been slowing sharply this year.

The US Yield Curve Inverted

An inverted yield curve illustrates that long-term interest rates are lower than short-term rates. Economists usually interpret this inversion as a warning sign for a recession in the economy. The benchmark yield on the 10-Year US Treasury Bond stood at 3.83% as at 30 September, its highest point since April 2010. As at the same date, the yield on a 2-Year US Treasury Bond was higher at 4.27%. Over the recent months and following the recent hikes by the US Federal Reserve, the gap between the yield on the 2-year and 10-year US Treasuries has been widening, leading to a steeply inverted yield curve.

Year-to-Date Performance of Stock Markets Around the World: Country by Country



The year-to-date performance was analysed for some of the major emerging and developed markets along with Mauritius, as at end-September. For comparative purposes, the performance has been analysed in US Dollar to ignore the currency effects.

In our sample, Germany's broader stock market fell the most by 38% (in USD terms), followed by the Chinese and French stock markets. The main factors hampering investors' sentiment were rising inflation, higher interest rates and fears of an economic recession.

We note that the year-to-date performance of our local market (calculated using SEMTRI in USD terms) was negative but significantly better, at -1.11%, compared to the other markets. Some of our local stocks fared well following the publication of improved financial results. Moreover, the better reported performance of hotel and banking stocks had a positive impact the local stock market indices.

According to MSCI, the top 5 performing countries were Lebanon (57%), Oman (29%), Jordan (22%), Bahrain (17%) and Turkey (17%) in USD terms since the start of this year.

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.