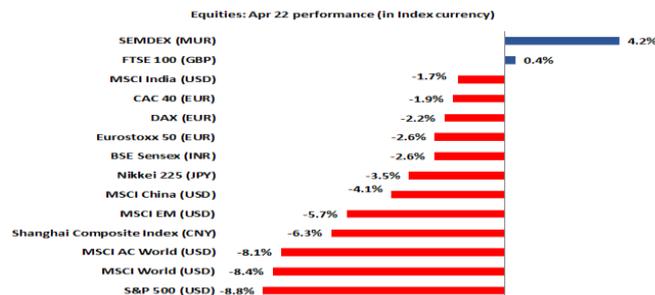


## MARKET SUMMARY



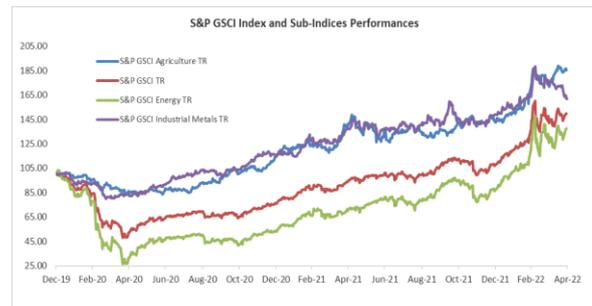
- Global equity markets ended April sharply lower.
- US equity markets led the way, as investors digested a more hawkish stance of the Fed and corporate earnings were below-expectations. The latest GDP figures, showing a fall of 1.4% y-o-y, caught investors by surprise as they were expecting an increase.
- China expanded 4.8% y-on-y in Q1 2022 despite lockdowns in several important regions impacting economic activities.
- The Mauritian equity markets continue to surf on improving corporate earnings, with the SEMDEX posting hefty positive returns for the 5<sup>th</sup> consecutive month.

### GLOBAL COMMODITY CRISIS

- Demand for commodities has been trending up since mid-2020, fueled by the progress in the reopening of some of the world's largest economies. The war in Ukraine led to major supply disruptions and a surge in prices in global commodity markets.
- The graph illustrates the performance of the S&P GSCI Index and some of its sub-Indices. Data have been rebased at 100 on the 31<sup>st</sup> of December 2019.
- According to the World Bank, most commodity prices are expected to be higher in 2022 compared to 2021 and to remain at elevated levels in 2023-2024. Energy and non-energy prices are expected to increase by 50% and 20% respectively in 2022.

#### Soft Commodity

- The S&P GSCI Agriculture index has gained 29% since the beginning of the year. Corn and soybeans prices are at near record levels and have increased by 37% and 26% respectively so far this year (as at end of April 2022). Wheat prices soared to an all-time high at the beginning of March and are up 37% year to date. Soybeans have been impacted by severe drought and record temperatures in Brazil while corn supplies have been affected by the La Niña weather pattern in the US and the war in Ukraine.



- Over 82% of the world's soybean production comes from the U.S, Brazil and Argentina whereas the US and Ukraine account for over 33% and 15% respectively of the world's corn exports. Russia's invasion of Ukraine threatens a significant portion of the global wheat supply as Ukraine accounts for approximately 10% of the world's wheat export.

#### Energy

- The S&P GSCI Energy index has posted a total return of 156% since January 2022.
- Brent crude is estimated to average \$100/bbl in 2022 vs \$70/bbl in 2021, an increase of 42% from last year. The supply in the oil market was already tight, even before Russia invaded Ukraine, as OPEC+ and major non-OPEC+ members have been slow to ramp up output following the COVID-19 pandemic.
- Natural gas prices are expected to be significantly higher in 2022 (after reaching an all-time high in March), with natural gas prices in Europe estimated to be more than double their 2021 levels. Europe imports a significant amount of its energy from Russia, including natural gas (35%) and crude oil (20%), but it is planning to reduce its dependence on Russian natural gas.

#### Industrial Metals

- The S&P GSCI Industrial metals has climbed by almost 9% since the beginning of this year and is up by 18% over a year. Metals such as aluminium and copper hit new highs in early March.
- Aluminium and copper supplies have been affected by production curtailments, due to high energy costs, sanctions on Russia and lockdown measures in China. Aluminium and copper prices are projected to increase by 38% and 8% respectively in 2022 before easing in 2023.
- The war in Ukraine, geopolitical tensions and the COVID-19 pandemic have triggered a global commodity crisis and food insecurity.
- PeaQ has positioned clients' portfolios defensively to navigate the market turmoil.

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For more information about our services, please contact:

**André Chung Shui**  
Managing Director  
+230 52 51 22 16  
ac@peaqadvisors.com

**Michael Yap San Min**  
Investment Advisor  
+230 55 00 90 88  
my@peaqadvisors.com

**Ishrat Cheeroo**  
Investment Advisor  
+230 55 01 29 00  
ic@peaqadvisors.com



Source: World Bank, WSI, US Department of Agriculture, Farmdocdaily, S&P Dow Jones Indices, Bloomberg, SEMDEX.

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