



Cytonn Q1'2022 Markets Review

Global Markets Review

Global Economic Growth:

The world economy is projected to register a slower growth in 2022 than earlier envisaged, with the International Monetary Fund (IMF) **projecting** a 4.4% growth in 2022 down from the initial projection of a 4.9% growth. The downward revision is mainly attributable to:

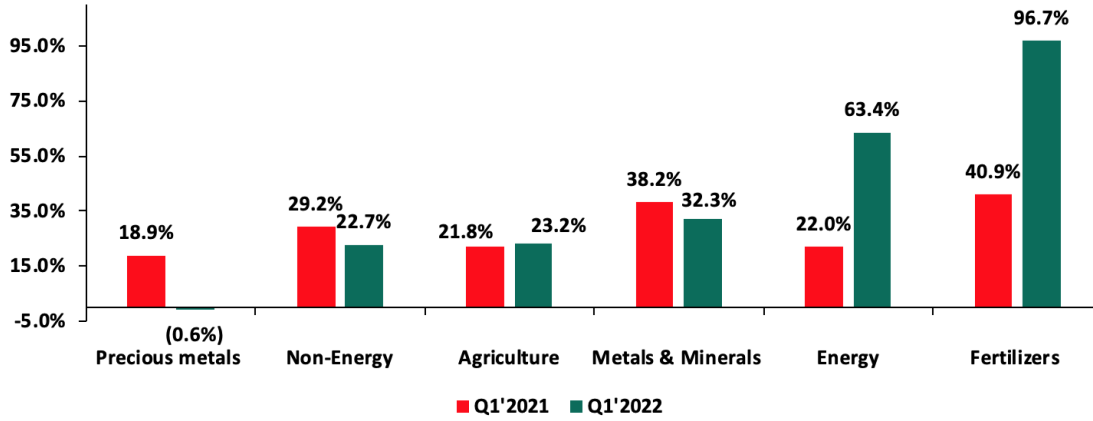
- i. Inflationary pressures around the globe and more so in developed economies that has resulted in hiking of interest rates to tame inflation and rolling back of stimulus packages,
- ii. Supply chain constraints that were in existence due to the COVID-19 pandemic have been worsened by the Russia-Ukraine conflict. As a result, prices of key manufacturing inputs for majority of the economies such as energy have increased, exerting higher inflationary pressures and currency depreciation as demand for dollars goes up,
- iii. COVID-19 remains a constraining factor for global economic growth due to emergence of new strains, and resurgence in infections in some economies such as China which have necessitated imposition of lockdowns, and,
- iv. High debt levels in developing economies, with governments having borrowed heavily to revive economies in 2020, and the increase in the poverty levels in some regions such as the Sub-Saharan Africa is also expected to dampen the economic outlook.

Economic growth will however be supported by the increased access to vaccines and high vaccination rates that have curbed the increase in COVID-19 infection rates. Cumulatively, 58.5% of the world's population has been fully vaccinated, against the World Health Organisation's global target of 70.0% by H1'2022.

Global Commodities Market Performance:

Global commodity prices registered mixed performance in Q1'2022, with prices of precious metals declining by 0.6% largely driven by reduced demand for safe haven assets in Q1'2022, as compared to a similar period last year. Fertilizer prices recorded the highest increase, gaining by 96.7% in Q1'2022, mainly attributable to mismatch between demand and supply arising from supply chain constraints, as a result of the Russian government's decision to halt fertilizer exports in a retaliatory move following sanctions for their role in the Russia - Ukraine conflict. Key to note, Russia is the single largest producer of fertilizers. Below is a summary performance of various commodities:

World Bank Commodity Price Index



Source: World Bank

Global Stock Market Performance:

Global stock markets recorded mixed performance in Q1'2022, with most of the markets recording declines, attributable to capital outflow from the equities markets as investors sought less risky markets such as government papers. The Mauritius SEMDEX index was the only gainer, recording a 1.1% year to date gain as at 31st March 2022, while the Shanghai Composite index was the worst-performing index with losses of 10.5% YTD. Below is a summary of the performance of key indices:

