

NEWS OF THE WEEK

THE UK ECONOMY IS SLIDING INTO RECESSION AND EUROPE IS SET TO FOLLOW

- The Bank of England warned last week that the UK economy could experience its longest recession since the 1940s. And the third quarter contraction contrasts with expansion of 0.2% in France and Germany, and growth of 0.5% in Italy. But the picture in Europe is also changing.
- The European Commission warned last Friday that high inflation and rising interest rates are likely to tip the euro zone into recession in the fourth quarter. It now expects inflation to peak at the end of the year at a rate of 8.5%.
"As inflation keeps cutting into households' disposable incomes, the contraction of economic activity is set to continue in the first quarter of 2023," the Commission said in a statement.
- Still, the Commission expects GDP growth in the euro area to remain positive next year and in 2024. By contrast, the Bank of England forecast last week that the third quarter would be the start of a recession lasting two years in the United Kingdom.
- That would be the longest since World War II and eclipse the downturn that followed the 2008 global financial crisis, though the central bank said that any declines in GDP heading into 2024 would likely be relatively small.
- Last Friday's GDP figures "solidify the picture that the economy is moving towards recession, if not already in one," David Bharier, head of research at the British Chambers of Commerce said in a statement.

MARKET NEWS

- US consumer prices rose less than expected in October, pushing the annual increase to 7.7% for the first time in eight months, down from 8.2% in September, indicating that the worst of the post-pandemic price spike is over and bolstering hopes that the Federal Reserve will begin scaling back its hefty interest rate increases. Stripping volatile food and energy prices out of the measurement — something economists believe presents a truer picture of the overall direction of prices in the U.S. — had prices rising by just 0.3% in October, significantly slower than the 0.6% measured a month before.
- The number of Americans filing first-time unemployment claims last week rose by 7,000 to 225,000, according to US Department of Labor figures released. With the latest data, the four-week moving average stood at 218,750, a decrease of 250 from the previous week's revised average. The US economy generated 261,000 jobs in October, but the unemployment rate rose to 3.7%, from 3.5% in September.
- According to Destatis, German consumer price index rose 10.4% year-on-year last month, compared to 10.0% in September. Georg Thiel, president of the Federal Statistical Office, said: "Enormous price rises for energy products still are the main reason for the high inflation. But we observe more and more price increases also for many other goods and services: what has become particularly notable for households is rising food prices."
- UK GDP contracted by 0.2% quarter on quarter in the three months to September, official figures showed. A recession has been widely expected in the UK due to the prices of goods such as food, fuel and energy soaring, which is down to several factors, including the war in Ukraine. The Bank of England last week forecast the country's longest recession since records began, suggesting the downturn that began in the third quarter will likely last deep into 2024 and send unemployment to 6.5% over the next two years.

Sources: Bloomberg, Refinitiv Eikon, CNN, FT, Statista, OECD, Morningstar, WWF, IMF, WSJ, Freddie Mac, Fannie Mae, Economic Times, ThinkAdvisor, Yahoo!News

MARKET DATA

Equity Indices	11-Nov-22	4-Nov-22	Weekly Change	YTD Change	Forex	11-Nov-22	4-Nov-22	Weekly Change	YTD Change
Dow Jones (INDU)	33,747.86	32,403.22	4.15%	-7.13%	BBG Dollar Index	1,275.89	1,321.74	-3.47%	8.73%
Nasdaq (CCMP)	11,323.33	10,475.25	8.10%	-33.04%	BBG Euro Index	851.45	835.25	1.94%	-5.42%
S&P 500	3,992.93	3,770.55	5.90%	-20.89%	BBG Pound Index	622.01	612.33	1.58%	-8.91%
Euro Stoxx 50	3,868.50	3,688.33	4.88%	-14.19%	JPM Asia Dollar Index	99.00	97.01	2.05%	-8.38%
FTSE 100	7,318.04	7,334.84	-0.23%	-0.67%	JPM Emerging Market Index	50.04	49.44	1.21%	-4.81%
CAC 40	6,594.62	6,416.44	2.78%	-10.30%	USD MUR	43.81	44.44	-1.42%	0.88%
DAX	14,224.86	13,459.85	5.68%	-15.27%	Commodity	11-Nov-22	4-Nov-22	Weekly Change	YTD Change
Nikkei 225	28,263.57	27,199.74	3.91%	-5.53%	Gold	1,705.65	1,648.80	3.45%	-6.29%
Hang Seng	17,325.66	16,161.14	7.21%	-30.93%	Brent Crude	93.49	99.89	-6.41%	20.69%
BSE Sensex	61,795.04	60,950.36	1.39%	4.63%	Commodity excl. Precious Metals Ind	109.64	112.38	-2.44%	22.53%
SEMDEX	2,041.69	2,038.37	0.16%	-2.84%	Credit Suisse Fear Barometer	11-Nov-22	Lowest (1Yr)	Highest (1Yr)	Average (1Yr)
Bond Yields	11-Nov-22	4-Nov-22	Weekly Change	YTD Change	Fear Index	12.33	11.35	41.26	23.13
US 10-Year Treasury*	3.81%	4.16%	-35.00%	230.00	Interest Rate Forecast	Current	1Yr	3Yrs	5Yrs
UK 10-Year Gilt*	3.26%	3.54%	-28.00%	229.00	BBG Swap Curve: SOFR	3.780%	4.681%	3.999%	3.659%
Germany 10-Year Bund*	2.16%	2.30%	-14.00%	234.00	BBG Swap Curve: EONIA	1.487%	2.673%	2.678%	2.618%
Japan 10-Year Govt Bond*	0.24%	0.26%	-2.00%	17.00	BBG Real GDP YoY%	2022	2023	2024	
Mtius 5-Year Govt Bond*	3.53%	3.53%	0.00%	59.00	United States	1.80%	0.40%	1.40%	
BBG Emerg. Mkt. Sovereign Index	326.22	316.37	3.11%	-21.13%	European Union	3.10%	0.30%	1.80%	
BBG US Corporate Index	2,899.89	2,825.83	2.62%	-17.70%	BRICS	2.60%	4.20%	4.60%	
BBG Pan European Agg. Corp. Index	214.19	210.38	1.81%	-14.61%	Africa	3.10%	3.30%	3.70%	
BBG Global Agg. Index	435.67	422.28	3.17%	-18.17%					

* Basis points

Investment Idea
Structured Deposit linked to MS Global Brands Fund

Investment Objective

- Long term growth of your investment.

Investment Approach

- The investment team believes that high quality companies built on dominant market positions and underpinned by powerful intangible assets can generate attractive returns over the long term. ESG analysis and active, portfolio manager-led engagement are fundamental to the investment process.
- At least 70% of the Fund's investments will be in company shares.

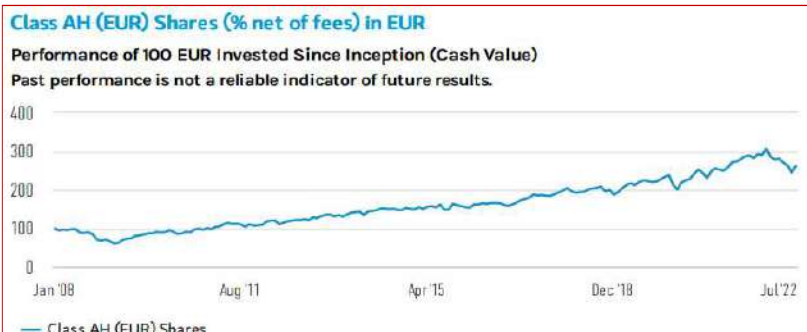
Investment Policy

- To invest in companies based in developed countries, whose success is based on intangible assets (eg brand names, copyrights, methods of distribution).
- Investments shall not knowingly include any company involved in the manufacturing or production of fossil fuels, and controversial weapons.
- The Fund will measure its performance against the MSCI World Net Index (the "Benchmark"). The Fund is actively managed and is not designed to track the Benchmark. Therefore, the management of the Fund is not constrained by the composition of the Benchmark.

Share Class	CLASS AH (EUR)
Currency	Euro
ISIN	LU0335216932
Bloomberg	MORGBAH LX
Inception date	14 January 2008
Net asset value	€ 101.92
Fund Facts	
Launch date	30 October 2000
Base currency	U.S. dollars
Index	MSCI World Net Index
Total net assets	\$ 21.5 billion
Structure	Luxembourg SICAV
SFDR Classification [†]	Article 8
Charges (%)	
Max Entry Charge	5.75
Ongoing Charges	1.87
Management Fee	1.60

Participate in the performance of this fund without any Entry or Management fees!

Benchmark Index: The MSCI World Net Index is a free float adjusted market capitalization weighted index that is designed to measure the global equity market performance of developed markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends. The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index.



Investment Performance (% net of fees) in EUR

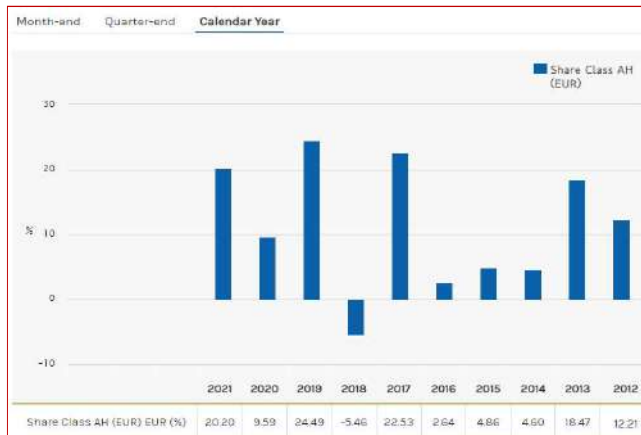
	Cumulative (%)				Annualised (% p.a.)			
	1 M	3 M	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class AH (EUR) Shares	7.00	-3.12	-14.70	-8.79	5.27	7.00	8.26	6.85

Calendar Year Returns (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Class AH (EUR) Shares	20.20	9.59	24.49	-5.46	22.53	2.64	4.86	4.60	18.47	12.21

All performance data is calculated NAV to NAV, net of fees, and does not take account of commissions and costs incurred on the issue and redemption of units. The sources for all performance and Index data is Morgan Stanley Investment Management.

The value of the investments and the income from them can go down as well as up and an investor may not get back the amount invested.



Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. All performance data is calculated NAV to NAV, net of fees, and does not take account of commissions and costs incurred on the issue and redemption of units. The sources for all performance and Index data is Morgan Stanley Investment Management.

Investment Idea

Structured Deposit linked to MS Global Brands Fund

The proposed structure allows investors to participate in the positive return of the Morgan Stanley Global Brands Fund AH (EUR) VT 8% SD 1% at a strike level of 100% with a given capital protection level at maturity.

Issuer	AfrAsia Bank Limited (ABL)			Morgan Stanley Global Brands Fund	USD/MUR	EUR
Maturity	5 years					Final Deposit Return Plus Protected Capital
Underlying	Morgan Stanley Global Brands Fund					
Currency/Issue Price	USD 100	MUR 100	EUR 100	50%	138.00%	125.00%
Strike Level	100%			30%	118.00%	105.00%
Participation	100%			15%	103.00%	90.00%
Capital Protection at Maturity	88.00%	88.00%	75.00%	5%	93.00%	80.00%
Notional	Minimum USD 5 mio or Equiv. per note			0% and below	88.00%	75.00%

- 🔔 Capital Protection Level as per Currency of Investment
- 🔔 Investors participate in the positive return of the underlying
- 🔔 Subject to credit risk of the issuer i.e. AfrAsia Bank
- 🔔 Additional Market Risk if not held to maturity
- 🔔 Risk of no coupon payment
- 🔔 The Price Return of Structured Deposit will be readjusted for any Forex movement (Applicable for MUR Structures)

Terms and Conditions apply

CONTACT DETAILS : STRUCTURING TEAM

Ashvind K. Boobun - T: (+230) 403 7354/ M: (230) 5253 4898 Khirita Ajoodeha - T: (230) 403 5500

Raveen Ramlakan - T: (230) 403 5500

Ashvind.Boobun@afasiabank.com

Khirita.Ajoodeha@afasiabank.com

Raveen.Ramlakan@afasiabank.com

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