

IAA 80 down since January, war in Ukraine accelerates correction

With inflation and the Ukrainian crisis, global indices and the IAA 80 are heading back down

At the end of 2021 good corporate earnings had contributed to a strong rebound in stock prices. At the time, the rise in inflationary pressures was seen mainly as a temporary corollary of the global economic recovery. However, **in the first quarter of 2022, concerns came back to the front.** From January onwards, the lack of visibility on future operating performance drove prices down. Then stock market indices, including the IAA 80, accelerated their downside trend when the Russian-Ukrainian war started at the end of February.

The prospect of the ECB introducing rate hikes only gradually and the announcement of generally good annual results contributed to the **recovery in prices since March.** That said, **the expected deterioration of the economic environment and in purchasing power put the brakes on the rebound.**

The IAA 80 dropped by 8.2% in the first quarter, underperforming the MSCI Europe (-6.4%)

The Beverage component fell by 10.3%, while the Food component fell by a more moderate 6.8%. In the Beverage sector, the **brewers** most exposed to Russia (Carlsberg, Heineken and Olvi Oyj) suffered some of the heaviest losses. Major international players in **Wine & Spirits** such as Diageo (-12.8%), Pernod Ricard (-5.7%) and Davide Campari (-16.7%) are trending down for the first time since November 2020. This weighs on the decline in the component. At +18.1%, the **Seafood** sub-sector is swimming against the tide of the Food component, buoyed by the surge in salmon prices and the recovery in the Foodservice sector.

Over one year, the performance of the IAA 80 (+6.6%) remains positive and in line with the MSCI Europe (+6.3%). The Beverage component is benefiting from the surge of **Wine & Spirits** (+24.3%) while the Food