

2022: a turn of events with the war in Ukraine, inflation and monetary tightening

IAA 80 fails to outperform MSCI Europe and loses 12.5%

After a significant rebound of 16.5% in 2021, the Unigrains index fell by 12.5% in 2022, underperforming the MSCI Europe (-11.4%). **Equity indices across the board have been strongly impacted** by the Russian-Ukrainian conflict, the rise in inflation that it triggered and, in turn, the monetary tightening initiated by Western central banks.

This underperformance is unusual for the IAA 80, which generally displays lower volatility. It can be explained by several factors. The food industry is doubly affected by the **war in Ukraine**: not only is it hurt by the energy shock, but it is also taking the full brunt of soaring agricultural commodity prices. Furthermore, **it is no longer supported by its big stocks** which, after a spectacular rise in 2021, are returning to more normal levels as the positive impact of the Covid and/or the post-Covid reopening fades and the potential for earnings growth, while remaining positive, diminishes. **Nestlé** and **Diageo**, two index heavyweights and defensive stocks par excellence, lost 12.5% (vs. +26% in 2021) and 22.6% (vs. +60.7%) respectively for the year.

The Food (-12.1%) and Beverage (-13.2%) components both fall, with few stocks recording rises

The Beverage component is negatively affected by both the normalisation of post-Covid consumption conditions and investors' fears of reduced demand. Only four stocks were up, for reasons of their own: **AB InBev** (+2.5%) and **Marie-Brizard** (+70.2%) benefited from the structural improvement of their business model and their robust financial health, while **Laurent-Perrier** (+23.7%) was rewarded for the growth of its sales volume, fuelled by the strong recovery of exports but also by market share gains. **JDE Peet's** (+0.9%) was stable due to its revaluation; investors were first circumspect about the stock, but ultimately this caution turned out to be excessive.