

UK

- The FTSE 100 closed the week at 7550, up 0.65%. The 10 year UK gilt yield moved from 2.11% to 2.41%.
- Data released last week confirmed the UK's rate of inflation rose to 10.1% for July. This latest rise was the first time the UK had registered an annual double digit increase in more than 40 years. The increase from 9.4% in June was primarily driven by higher food and non-alcoholic beverage prices. As the inflation numbers continue to rise, we are seeing the UK begin to lag other G7 nations. Inflation in the US, Canada, Germany, and Italy slowed in July.
- Last week saw the Government budget deficit come in at £4.9bn for July according to the data released by the Office for National Statistics. This was a cause for concern for many economists as the figures were higher than forecasts from the Office of Budget Responsibility. Although the July figures showed an £800mn improvement compared with July 2021 borrowing was still £4.7bn higher than forecasts. As inflation continues to rise there is concern that Government tax revenues will not keep pace as many food products are zero rated for VAT, with electricity and natural gas only incurring a 5% rate of VAT.

GLOBAL

- Stocks marched higher last week after markets began to price in a slowing Fed hiking cycle, as both headline and core CPI moderated in July. A portion of these early gains were erased on Friday, snapping the string of weekly gains for US indices as stocks slipped following heightened concerns around weaker than expected economic data. July's data showed price gains in the US cooling, but perhaps unlikely to fulfil Jay Powell's definition of "compelling" evidence that inflation is under control and moving back towards the target of 2%.
- Friday afternoon saw the value of the Euro fall as low as \$1.0035, bringing the Dollar and Euro to a near parity level. Now Euro has reached its lowest level since 2002, exacerbated by concerns around the energy crisis and the resurfacing of rate hikes.
- Water now serves to be at the forefront in ESG investment as severe droughts in Europe worsened last week, compounding fears surrounding food production and energy supply in the continent. This summer has now been one of the driest in Europe, with the water deficit now leaving hydropower plants unable to function and drying up hydroelectric dams. Climate change studies have warned extreme heat events are likely to pose as 'the new normal' as water stress threats heighten.

Equity Markets	Index Level 19 Aug 22	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4158	1.9%	1.5%	6.0%
FTSE 100	7550	2.5%	5.2%	11.0%
FTSE 250	19888	-1.2%	-13.8%	-13.7%
MSCI World	2788	4.6%	0.1%	7.2%
MSCI World EM	1001	4.1%	-4.6%	-3.0%

Bond Markets	Yield 19 Aug 22	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	2.62	-4.0%	-15.3%	-17.6%
FTA All Stock ILG index	-0.88	-2.1%	-19.6%	-20.0%
FTA Over 5 Year ILG index	-0.86	-2.6%	-22.5%	-23.2%
FTA Under 5 Year FIG Index	2.37	-1.5%	-3.0%	-4.0%
FTA Over 15 Year FIG Index	2.69	-5.9%	-26.5%	-29.2%

Interest Rates & Yields	Yield 19 Aug 22	Yield 31 Jul 22	Yield 31 Dec 21	Yield 19 Aug 21
UK 15 Year Gilt Yield	2.75	2.32	1.15	0.83
US 10 Year Treasury Yield	2.97	2.65	1.51	1.24
German 10 Year Yield	1.23	0.82	-0.18	-0.49
Spanish 10 Year Yield	2.39	1.92	0.57	0.22
Greek 10 Year Yield	3.69	2.95	1.32	0.55
Japan 10 Year Yield	0.20	0.18	0.07	0.01

Currencies Exchange Rate	19 Aug 22	31 July 22	31 Dec 21	19 Aug 21
GBP / EURO	1.18	1.19	1.19	1.17
GBP / YEN	161.86	162.23	155.71	149.89

Commodities	Price Level 19 Aug 22	Price Level 31 July 22	Price Level 31 Dec 21	Price Level 19 Aug 21
Gold \$	1,747.06	1,765.94	1,829.20	1,780.38
Wheat \$	753.25	807.75	770.75	727.50

Source: Mobius Life, Bloomberg
Please Note: Past performance is not a guide to future performance

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Date	Region	Event	Survey	Actual	Prior
23/08/2022	US	New Home Sales	575k	--	590k
25/08/2022	US	Initial Jobless Claims	252k	--	250k
26/08/2022	US	Personal Spending	0.40%	--	1.10%
23/08/2022	FR	S&P Global France Manufacturing PMI	49	--	49.5
25/08/2022	US	GDP Annualized QoQ	-0.70%	--	-0.90%

Source: Bloomberg

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