

Weekly Economic Update

20 July 2022

FOR PROFESSIONAL ADVISERS ONLY



Mobius Life

UK

- The FTSE 100 closed the week at 7159, down 0.51%. The 10 year UK gilt yield moved from 2.33% to 2.09%.
- This week, reports suggest the UK Government will offer public sector workers pay rises averaging 5%. The pay review will cover roughly 2.5 million workers, which is 45% of the public sector workforce. Ministers believe this offer will help ease the cost-of-living crisis for those workers particularly at risk from rising inflation such as nurses, prison staff and teachers. However, there are fears that this latest offer will not be enough to ward off strikes with inflation set to reach 11% this autumn. Strike action is not only a threat in public sector but also the private sector, with BT facing its first industrial action in 35 years with strikes set to take place on July 29th and August 1st.
- Last week, HMRC announced plans to publish estimates of the amount of tax evaded by UK residents holding money offshore. HMRC plans to publish what they will call the "standalone offshore tax gap" in 2023. This follows criticism of the UK tax authority for admitting that it had "no idea" how much tax was being evaded by UK residents holding money offshore. HMRC will use data obtained under the Common Reporting Standards rules from more than 100 countries dating back as far as 2017.

GLOBAL

- The US consumer price index for June came in at 9.1%, well above the median forecast of 8.8%. With prices rising 1.3% in June alone, inflation now stands at its highest level since 1981. Much of this latest rise in inflation can be attributed to the continued increase in energy and food prices. With the increasing disparity between current levels of inflation and the Fed's 2% target, policymakers are now facing pressure to approve another interest rate increase.
- Last week, US markets hit their lowest intraday levels since June 2022 but rallied sharply towards the end of the week, suggesting markets might already be looking past the inflation peak to the likelihood for slower economic growth and lower interest rates. Propelled by the solid gains in Apple, technology stocks were among the best performers across indices. In other equity news, Oil and Energy stocks have underperformed as oil prices fell meaningfully to prices seen for the first time since Ukraine's invasion, as fears of a global recession weighed on energy demand.

Equity Markets	Index Level 15 Jul 22	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3941	0.1%	-4.5%	1.9%
FTSE 100	7159	-0.1%	-1.0%	6.0%
FTSE 250	18834	1.0%	-18.6%	-14.3%
MSCI World	2569	3.7%	-8.1%	0.4%
MSCI World EM	962	-0.9%	-9.1%	-14.2%

Bond Markets	Yield 15 Jul 22	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	2.43	0.2%	-13.9%	-14.2%
FTA All Stock ILG index	-0.76	-0.8%	-22.7%	-18.8%
FTA Over 5 Year ILG index	-0.74	-1.0%	-25.7%	-21.8%
FTA Under 5 Year FIG Index	1.88	0.1%	-2.0%	-2.8%
FTA Over 15 Year FIG Index	2.58	-0.4%	-25.1%	-24.5%

Interest Rates & Yields	Yield 15 Jul 22	Yield 30 Jun 22	Yield 31 Dec 21	Yield 15 Jul 21
UK 10 Year Gilt Yield	2.09	2.23	0.97	0.66
UK 15 Year Gilt Yield	2.57	2.57	1.15	0.98
US 10 Year Treasury Yield	2.92	3.01	1.51	1.30
German 10 Year Yield	1.13	1.34	-0.18	-0.33
Spanish 10 Year Yield	2.29	2.42	0.57	0.31
Greek 10 Year Yield	3.50	3.61	1.32	0.69
Japan 10 Year Yield	0.23	0.23	0.07	0.01

Currencies Exchange Rate	15 Jul 22	30 Jun 22	31 Dec 21	15 Jul 21
GBP / USD	1.19	1.22	1.35	1.38
GBP / EURO	1.18	1.16	1.19	1.17
GBP / YEN	164.24	165.22	155.71	152.14

Commodities	Price Level 15 Jul 22	Price Level 30 Jun 22	Price Level 31 Dec 21	Price Level 15 Jul 21
Oil - WTI \$	97.59	105.76	75.21	71.65
Gold \$	1,708.17	1,807.27	1,829.20	1,829.47
Wheat \$	776.75	868.75	770.75	672.00

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

Index Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group").
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Date	Region	Event	Survey	Actual	Prior
20/07/2022	UK	CPI YoY	9.30%	9.40%	9.10%
25/07/2022	GE	Ifo Business Climate	--	--	92.3
22/07/2022	FR	S&P Global France Manufacturing PMI	51	--	51.4
27/07/2022	IT	Manufacturing Confidence	--	--	110
27/07/2022	US	Initial Jobless Claims	240k	--	244k
27/07/2022	US	FOMC Rate Decision (Upper Bound)	2.50%	--	1.75%
27/07/2022	US	Durable Goods Orders	0.00%	--	0.80%

Source: Bloomberg

Important Information

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