

# Weekly Economic Update

12 July 2022

FOR PROFESSIONAL ADVISERS ONLY



Mobius Life

## UK

- The FTSE 100 closed the week at 7196, up 0.38%. The 10 year UK gilt yield moved from 2.09% to 2.33%.
- Last week, saw UK Prime Minister Boris Johnson announce his resignation, triggering a leadership contest. The Conservative Party intend to announce a new leader by early September in time for when the House of Commons returns from its summer break. Eleven MP's have now entered the race, including former Chancellor Rishi Sunak, Foreign Secretary Liz Truss and Transport Secretary Grant Shapps. Reports suggest Johnson's decision to resign was warmly welcomed by business leaders who now want a swift transition to a new administration in the face of a growing threat of recession. Post the announcement, the pound rose by almost 0.8 percent against the dollar as well as reaching a 6-week high against the euro.
- Last week, Shell said it expected to revise upwards the value of its oil and gas assets. The company raised its long-term outlook for commodity prices amid the increased demand and disruption to energy flows driven by Russia war in Ukraine. This upward revision comes off the back of major write downs due to the anticipated shift away from oil and gas toward "greener" alternatives and the reduction in the demand for fuel caused by the covid pandemic.

## GLOBAL

- Investors continue to pull money from emerging market bond funds, as monetary tightening in developed economies and the war in Ukraine continue to have an adverse effect on investor confidence in the asset class. Emerging market bonds are typically considered to be riskier than their developed market alternatives. This has led emerging market bond prices to fall as global economic uncertainty continues to rise and investors seek shelter in safer assets. In addition, the rising Federal Reserve rates mean investors can now earn higher fixed returns from holding safer debt.
- Data released last week showed the US job growth continue its strong year with another 372,000 jobs added in June, which was almost 40 percent more than economists were expecting. This means that in the US which is the world's largest economy, available workers are becoming more elusive with almost two job opening for every unemployed American. However, many economists are warning that this strong period of job creation cannot be sustained for much longer. Many expect the Federal Reserve press ahead with a second consecutive 0.75 percent rate increase at the end of July.

Equity Markets	Index Level 08 Jul 22	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3961	0.6%	-4.0%	2.0%
FTSE 100	7196	0.5%	-0.5%	6.3%
FTSE 250	18913	1.4%	-18.3%	-14.5%
MSCI World	2604	3.6%	-8.2%	0.7%
MSCI World EM	1000	1.5%	-6.9%	-10.2%

Bond Markets	Yield 08 Jul 22	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	2.46	-0.1%	-14.2%	-15.0%
FTA All Stock ILG index	-0.77	-0.6%	-22.5%	-19.2%
FTA Over 5 Year ILG index	-0.75	-0.7%	-25.5%	-22.2%
FTA Under 5 Year FIG Index	1.90	0.0%	-2.1%	-3.2%
FTA Over 15 Year FIG Index	2.59	-0.5%	-25.2%	-25.4%

Interest Rates & Yields	Yield 08 Jul 22	Yield 30 Jun 22	Yield 31 Dec 21	Yield 08 Jul 21
UK 10 Year Gilt Yield	2.23	2.23	0.97	0.61
UK 15 Year Gilt Yield	2.63	2.57	1.15	0.95
US 10 Year Treasury Yield	3.08	3.01	1.51	1.29
German 10 Year Yield	1.35	1.34	-0.18	-0.31
Spanish 10 Year Yield	2.42	2.42	0.57	0.35
Greek 10 Year Yield	3.67	3.61	1.32	0.75
Japan 10 Year Yield	0.25	0.23	0.07	0.01

Currencies Exchange Rate	08 Jul 22	30 Jun 22	31 Dec 21	08 Jul 21
GBP / USD	1.20	1.22	1.35	1.38
GBP / EURO	1.18	1.16	1.19	1.16
GBP / YEN	163.68	165.22	155.71	151.24

Commodities	Price Level 08 Jul 22	Price Level 30 Jun 22	Price Level 31 Dec 21	Price Level 08 Jul 21
Oil - WTI \$	104.79	105.76	75.21	72.94
Gold \$	1,742.48	1,807.27	1,829.20	1,802.83
Wheat \$	879.25	868.75	770.75	612.25

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
13/07/2022	UK	Industrial Production MoM	0.00%	--	-0.60%
12/07/2022	GE	ZEW Survey Expectations	-40.5	--	-28
13/07/2022	GE	CPI YoY	7.60%	--	7.60%
13/07/2022	FR	CPI YoY	5.80%	--	5.80%
15/07/2022	IT	CPI EU Harmonized YoY	8.50%	--	8.50%
13/07/2022	SP	CPI YoY	10.20%	--	10.20%
15/07/2022	CH	GDP YoY	1.20%	--	4.80%
14/07/2022	US	Initial Jobless Claims	235k	--	235k
13/07/2022	US	CPI MoM	1.10%	--	1.00%
15/07/2022	US	U. of Mich. Sentiment	50	--	50

### Important Information

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