

UK

- The FTSE 100 closed the week at 6894, down 1.78%. The 10 year UK gilt yield moved from 3.83% to 4.09%.
- Last week demonstrated the impact of how UK Chancellor Kwasi Kwarteng's mini budget hit the UK economy, with what is now defined to be one of the worst historic falls in gilt prices. The yield on 10-year gilts surged following Kwarteng's announcement last Friday, soaring from 3.5% to 4.3% then falling back following the intervention from the Bank of England. To stabilise the market and protect Defined Benefit pension schemes, The Bank of England took urgent action to reduce turmoil by announcing a two-week £65bn purchase program for long dated bonds. As liquid assets are often used to meet collateral calls for Liability Driven Investment Funds (LDI's), DB schemes risked falling into insolvency as margin calls accelerated. Without the BOE's intervention, the sensitivity of these strategies to gilt yields would have led to approximately 90% of the UK's pension funds running out of collateral.
- Kwarteng's fiscal package that was delivered last week drove the pound to record lows, losing 20% of its value in the last year. With the recent decline attributed mostly to tax cuts and concerns regarding UK's debt sustainability, the long-term valuation of the pound has come under pressure as fears that the currency will settle at parity with the dollar grows. Whilst the currency chaos for the UK heightens, it comes against the wider backdrop driven by the dollar's 2 decade high.
- UK asset managers are rolling out new measures to manage heavy demand from investors seeking to withdraw from property funds, as challenges to meet redemptions requests continue to rise. Volatile market conditions within UK bond markets pushed some pension schemes into a liquidity crunch forcing them to request the sale of less liquid assets in order to meet demands for collateral. Deferral of these requests is set to allow for the orderly sell-off of assets in these extreme market conditions.

GLOBAL

- Over the last few weeks, market volatility has reemerged significantly for US indices as financial markets price in a base horizon with higher probabilities of a recession. Shares in Europe plunged in a similar manner as corporate earnings showed disappointing figures and fears of a recession continued to weigh in. Last week displayed a negative trend for Japanese equity markets as Japanese shares ended with a 3-month low. Markets have been weighed down by fears regarding the outlook for the global economy as investors have begun scaling back on their forecasts for third quarter earnings that are scheduled to start releasing mid-October.

Equity Markets	Index Level 30 Sep 22	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3763	-5.9%	-7.9%	-4.0%
FTSE 100	6894	-5.2%	-3.7%	0.9%
FTSE 250	17168	-9.7%	-25.3%	-23.5%
MSCI World	2379	-5.2%	-9.0%	-2.3%
MSCI World EM	876	-7.7%	-11.1%	-12.7%

Bond Markets	Yield 30 Sep 22	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	3.91	-8.0%	-25.1%	-23.3%
FTA All Stock ILG index	-0.13	-7.1%	-29.3%	-25.9%
FTA Over 5 Year ILG index	-0.13	-7.8%	-32.9%	-29.3%
FTA Under 5 Year FIG Index	4.36	-3.1%	-7.0%	-7.3%
FTA Over 15 Year FIG Index	3.74	-11.1%	-38.9%	-35.5%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	30 Sep 22	31 Aug 22	31 Dec 21	30 Sep 21
UK 10 Year Gilt Yield	4.09	2.80	0.97	1.02
UK 15 Year Gilt Yield	4.21	3.18	1.15	1.24
US 10 Year Treasury Yield	3.83	3.19	1.51	1.49
German 10 Year Yield	2.11	1.54	-0.18	-0.20
Spanish 10 Year Yield	3.29	2.74	0.57	0.46
Greek 10 Year Yield	4.84	4.09	1.32	0.85
Japan 10 Year Yield	0.24	0.22	0.07	0.07

Currencies Exchange Rate	30 Sep 22	31 Aug 22	31 Dec 21	30 Sep 21
	GBP / USD	1.11	1.16	1.35
GBP / EURO	1.14	1.16	1.19	1.16
GBP / YEN	161.07	161.24	155.71	150.00

Commodities	Price Level	Price Level	Price Level	Price Level
	30 Sep 22	31 Aug 22	31 Dec 21	30 Sep 21
Oil - WTI \$	79.49	89.55	75.21	75.03
Gold \$	1,660.61	1,711.04	1,829.20	1,756.95
Wheat \$	921.50	809.00	770.75	725.50

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
04/10/2022	US	Durable Goods Order	-0.20%	--	-0.20%
05/10/2022	FR	Industrial Production MoM	0.00%	--	-1.60%
05/10/2022	FR	S&P Global France Services PMI	53	--	53
06/10/2022	US	MBA Mortgage Applications	--	--	-3.70%
07/10/2022	US	Initial Job Claims	202k	--	193k
07/10/2022	US	Change in Nonfarm Payrolls	263k	--	315k
07/10/2022	US	Unemployment Rate	3.70%	--	3.70%

Source: Bloomberg

Important Information

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