

# Weekly Economic Update

04 November 2022

FOR PROFESSIONAL ADVISERS ONLY



Mobius Life

## UK

- The FTSE 100 closed the week at 7335, up 4.07%. The 10 year UK gilt yield moved from 3.48% to 3.54%.
- The Bank of England raised interest rates last week by 75bps to 3% in line with market expectations. The bank was dovish in its comments, suggesting that rates wouldn't need to rise as high as the markets were expecting, with a peak of around 4.5-5%. The monetary policy committee expects inflation to begin falling back early next year. The committee also forecasted unemployment would rise to 6.4% by the end of 2025, up from 3.5% in the latest data.

## GLOBAL

- In contrast to the BoE, the Federal Reserve struck a more hawkish tone, with Jay Powell suggesting that rates would peak at a higher level than previously expected, he did maintain however, that the pace of tightening could begin to slow down. The Federal Reserve increased its interest rate target by 75bps to 3.75-4.00%. This move was expected by the markets.
- The unusually warm weather across Europe and ensuing lower gas prices continued last week. There is now over 30 liquified natural gas tankers waiting off the coast of Europe. The traders who control the tanks are holding out for higher prices. The warmer weather has reduced demand for heating, this in turn has helped keep storage sites full and caused falling prices. Storage sites in Europe were at 94 per cent capacity, with Belgium reaching 100 per cent, France 99 per cent and Germany 98 per cent.
- Volodymyr Zelenskyy said that following Russia's attacks on energy infrastructure, 4.5 million Ukrainians are currently without power. On a more positive note, Russia has agreed to re-join the agreement that allows safe passage of Ukrainian grain, this should help ease pressures on global food supplies to some extent.
- China's National Health Commission attempted to quell the developing rumours last week, reaffirming that the country's zero-covid policy would persist and that the winter flu season was likely to aggravate the situation. Continuation of this policy will help to ease pressure on commodity prices. However, this will continue to cause supply-side disruption, with delays in global shipments persisting.
- Ethiopia signed a truce with The Tigray People's Liberation Front (TPLF) last week, bringing to an end a two-year civil war that has killed hundreds of thousands of people and displaced millions.

Equity Markets	Index Level 04 Nov 22	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4002	3.2%	-1.9%	-0.4%
FTSE 100	7335	3.4%	2.6%	4.5%
FTSE 250	18342	2.6%	-20.0%	-19.7%
MSCI World	2507	-0.4%	-5.6%	-5.5%
MSCI World EM	885	5.6%	-11.7%	-14.2%

Bond Markets	Yield 04 Nov 22	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	3.66	-0.4%	-23.1%	-23.0%
FTA All Stock ILG index	0.11	1.0%	-31.7%	-32.8%
FTA Over 5 Year ILG index	0.14	1.1%	-35.9%	-37.1%
FTA Under 5 Year FIG Index	3.20	0.6%	-4.2%	-4.5%
FTA Over 15 Year FIG Index	3.74	-2.1%	-38.7%	-38.4%

Interest Rates & Yields	Yield 04 Nov 22	Yield 31 Oct 22	Yield 31 Dec 21	Yield 04 Nov 21
UK 10 Year Gilt Yield	3.54	3.52	0.97	0.94
UK 15 Year Gilt Yield	3.94	3.86	1.15	1.13
US 10 Year Treasury Yield	4.16	4.05	1.51	1.53
German 10 Year Yield	2.30	2.14	-0.18	-0.22
Spanish 10 Year Yield	3.35	3.23	0.57	0.46
Greek 10 Year Yield	4.71	4.60	1.32	1.10
Japan 10 Year Yield	0.25	0.25	0.07	0.07

Currencies Exchange Rate	04 Nov 22	31 Oct 22	31 Dec 21	04 Nov 21
GBP / USD	1.13	1.15	1.35	1.35
GBP / EURO	1.14	1.16	1.19	1.17
GBP / YEN	166.60	170.44	155.71	153.39

Commodities	Price Level 04 Nov 22	Price Level 31 Oct 22	Price Level 31 Dec 21	Price Level 04 Nov 21
Oil - WTI \$	92.61	86.53	75.21	78.81
Gold \$	1,681.87	1,633.56	1,829.20	1,792.04
Wheat \$	847.75	882.25	770.75	773.75

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
11/11/2022	UK	GDP QoQ	-0.50%	--	0.20%
11/11/2022	UK	Industrial Production MoM	-0.30%	--	-1.80%
07/11/2022	GE	Industrial Production SA MoM	0.10%	0.60%	-0.80%
11/11/2022	GE	CPI YoY	10.40%	--	10.40%
10/11/2022	IT	Industrial Production MoM	-1.50%	--	2.30%
08/11/2022	JN	BoP Current Account Balance	¥250.0b	--	¥58.9b
10/11/2022	JN	PPI YoY	8.80%	--	9.70%
14/11/2022	JN	GDP SA QoQ	0.30%	--	0.90%
09/11/2022	CH	CPI YoY	2.40%	--	2.80%
10/11/2022	US	CPI MoM	0.60%	--	0.40%
10/11/2022	US	Initial Jobless Claims	220k	--	217k
11/11/2022	US	U. of Mich. Sentiment	59.5	--	59.9

Source: Bloomberg

### Important Information

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