

Weekly Economic Update

13 January 2023

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7844 up 1.88%. The 10 year UK gilt yield moved from 3.47% to 3.37%.
- The UK economy grew in November against expectations. The Office of National Statistics (ONS) reported 0.1% GDP growth month-on-month.
- The British Retail Consortium reported a 6.5% increase in retail spending this December compared to last year. Deloitte report this to be partially driven by a consumption boost from the FIFA Men's Football World Cup.
- Marks & Spencer Food, Tesco and Sainsbury's reported profits in line with forecasts for 2022, supported by rising grocery sales.
- The Financial Conduct Authority have reported that 770,000 UK households are at risk of defaulting on their mortgages due to rising interest rate payments.
- Following a slowdown in the UK housing market, Home-builders in the UK such as Taylor Wimpey and Persimmon announced cutbacks to new projects in 2023.

GLOBAL

- The US Reported CPI of 6.5% for December, a slowdown from November's 7.1% measure. Core CPI advanced 0.3% from November and 5.7% from a year ago - the slowest rise since December 2021. The market now expects the Federal Reserve to hike rates by only 0.25% at its next meeting on 1 February.
- Euro area unemployment fell to 10.8m in November, the lowest since records began (1998). These tight labour market conditions may contribute to inflation and then ensuing higher ECB interest rates. Despite this, Goldman Sachs have revised their eurozone forecast. They now predict a 0.6% expansion in the region, compared to the 0.1% contraction previously estimated.
- Rising interest rates (amongst other factors) are causing a slowdown in merger and acquisition activity and lower asset prices creating a general uncertain outlook for markets. This is prompting many in the investment banking industry to cut their costs. According to BCG Expand research, M&A and equity and debt issuance dropped by 38% in 2022. Goldman Sachs announced on Monday that the firm is cutting 6.5% of their workforce (eliminating 3,200 positions) in one of the biggest job cuts in recent times in the industry. Blackrock announced cuts to the tune of 500 jobs.
- Amazon announced the closure of three UK warehouses in addition to 18,000 job cuts. This is due to falling demand and increasing financial costs.

Equity Markets	Index Level 13 Jan 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4291	5.3%	5.3%	4.1%
FTSE 100	7844	5.3%	5.3%	7.6%
FTSE 250	19953	5.9%	5.9%	-10.6%
MSCI World	2736	4.2%	4.2%	-1.4%
MSCI World EM	1030	6.7%	6.7%	-5.3%

Bond Markets	Yield 13 Jan 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	3.57	2.5%	2.5%	-20.9%
FTA All Stock ILG index	0.27	2.9%	2.9%	-31.9%
FTA Over 5 Year ILG index	0.27	3.5%	3.5%	-36.0%
FTA Under 5 Year FIG Index	3.33	0.7%	0.7%	-3.6%
FTA Over 15 Year FIG Index	3.66	4.4%	4.4%	-36.1%

Interest Rates & Yields	Yield 13 Jan 23	Yield 31 Dec 22	Yield 31 Dec 22	Yield 13 Jan 22
UK 10 Year Gilt Yield	3.37	3.67	3.67	1.11
UK 15 Year Gilt Yield	3.71	3.99	3.99	1.27
US 10 Year Treasury Yield	3.50	3.87	3.87	1.70
German 10 Year Yield	2.17	2.57	2.57	-0.09
Spanish 10 Year Yield	3.17	3.66	3.66	0.59
Greek 10 Year Yield	4.10	4.57	4.57	1.51
Japan 10 Year Yield	0.50	0.41	0.41	0.13

Currencies Exchange Rate	13 Jan 23	31 Dec 22	31 Dec 22	13 Jan 22
GBP / USD	1.22	1.21	1.21	1.37
GBP / EURO	1.13	1.13	1.13	1.20
GBP / YEN	155.92	158.48	158.48	156.41

Commodities	Price Level 13 Jan 23	Price Level 31 Dec 22	Price Level 31 Dec 22	Price Level 13 Jan 22
Oil - WTI \$	79.86	80.26	80.26	82.12
Gold \$	1,920.23	1,824.02	1,824.02	1,822.54
Wheat \$	743.75	792.00	792.00	746.75

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
17/01/2023	UK	ILO Unemployment Rate 3Mths	3.70%	--	3.70%
17/01/2023	UK	Jobless Claims Change	--	--	30.5k
18/01/2023	UK	CPI YoY	10.50%	--	10.70%
18/01/2023	UK	CPI MoM	0.30%	--	0.40%
18/01/2023	UK	CPI Core YoY	6.20%	--	6.30%
17/01/2023	GE	CPI YoY	8.60%	--	8.60%
17/01/2023	GE	CPI MoM	-0.80%	--	-0.80%
17/01/2023	IT	CPI EU Harmonized YoY	12.30%	--	12.30%
18/01/2023	JN	Industrial Production MoM	--	--	-0.10%
19/01/2023	JN	Natl CPI YoY	4.00%	--	3.80%
17/01/2023	CH	GDP YoY	1.60%	--	3.90%
17/01/2023	CH	Industrial Production YoY	0.10%	--	2.20%
17/01/2023	CH	Retail Sales YoY	-9.00%	--	-5.90%
18/01/2023	US	Retail Sales Advance MoM	-0.90%	--	-0.60%
18/01/2023	US	MBA Mortgage Applications	--	--	1.20%
18/01/2023	US	Industrial Production MoM	-0.10%	--	-0.20%
19/01/2023	US	Initial Jobless Claims	214k	--	205k
19/01/2023	US	Housing Starts	1357k	--	1427k
20/01/2023	US	Existing Home Sales	3.95m	--	4.09m

Source: Bloomberg

Important Information

The value of investments, and the income from them, may go down as well as up and investors may not get back the amount originally invested. This document has been prepared by Mobius Life Limited for professional advisers only. Opinions expressed are those of Mobius Life Limited and are not investment research. Mobius Life Limited is unable to provide advice and can only provide information on its own products and services.

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