

Weekly Economic Update

20 January 2023

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7771 down 0.93%. The 10 year UK gilt yield moved from 3.37% to 3.38%.
- Inflation in the UK fell to 10.5% in December down from 10.7%. Core inflation remained unchanged at 6.3%, this was expected to have declined to 6.2%.
- UK unemployment stayed at 3.7% in the three months to November, whilst weekly wages rose above expectations at a rate of 6.4% (annualised) over that same period. There was a 7.2% rise in private sector wages and a 3.3% rise in public sector wages.
- 3,400 jobs will be created by UK retailer Marks and Spencer this year. They announced plans to open 20 new stores.

GLOBAL

- The international energy agency reported that oil demand is set to rise to an all-time high in 2023. They cite Russian supplies slowing due to the impact of sanctions and China's reopening as main contributors.
- Eurozone inflation fell to 9.2% in December down from 10.1% in November. Despite this, Christine Lagarde (ECB President) struck a hawkish tone, saying that the ECB must "stay the course" with higher interest rates to tackle inflation.
- US industrial production and retail sells were both down in December, as major banks continue to debate whether a recession will occur in the region.
- China's fourth quarter output was higher than expected. It came in at a 2.9% GDP growth on a year-to-year basis, higher than the 1.6% level predicted by economists. However, 2020 is the only year since 1976 that GDP growth has been lower than this in the region.
- China has a growing demographic problem. New data showed that the country's population shrank for the first time in six decades. Putting this into economic context, now only 62% of the population are of working age, down from 70% a decade ago according to Bloomberg.
- Japanese core inflation rose to 4.0% in December, its highest level in 41 years according to Deloitte. The Bank of Japan announced that it would stick with its yield curve policy, despite market pressure.
- Argentinean inflation was 94.8% in the 12 months to December, this is the highest its been since 1991. Commodity price increases and loose monetary policy have been cited as causes.

Equity Markets	Index Level 20 Jan 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4250	4.4%	4.4%	3.0%
FTSE 100	7771	4.3%	4.3%	6.3%
FTSE 250	19703	4.6%	4.6%	-10.7%
MSCI World	2725	2.3%	2.3%	-0.6%
MSCI World EM	1036	5.9%	5.9%	-6.1%

Bond Markets	Yield 20 Jan 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	3.58	2.6%	2.6%	-19.7%
FTA All Stock ILG index	0.33	2.4%	2.4%	-30.1%
FTA Over 5 Year ILG index	0.33	3.0%	3.0%	-34.1%
FTA Under 5 Year FIG Index	3.34	0.8%	0.8%	-3.3%
FTA Over 15 Year FIG Index	3.66	4.4%	4.4%	-34.4%

Interest Rates & Yields	Yield 20 Jan 23	Yield 31 Dec 22	Yield 31 Dec 22	Yield 20 Jan 22
UK 10 Year Gilt Yield	3.38	3.67	3.67	1.23
UK 15 Year Gilt Yield	3.71	3.99	3.99	1.39
US 10 Year Treasury Yield	3.48	3.87	3.87	1.80
German 10 Year Yield	2.18	2.57	2.57	-0.02
Spanish 10 Year Yield	3.14	3.66	3.66	0.66
Greek 10 Year Yield	4.14	4.57	4.57	1.69
Japan 10 Year Yield	0.40	0.41	0.41	0.14

Currencies Exchange Rate	20 Jan 23	31 Dec 22	31 Dec 22	20 Jan 22
GBP / USD	1.24	1.21	1.21	1.36
GBP / EURO	1.14	1.13	1.13	1.20
GBP / YEN	160.70	158.48	158.48	155.51

Commodities	Price Level 20 Jan 23	Price Level 31 Dec 22	Price Level 31 Dec 22	Price Level 20 Jan 22
Oil - WTI \$	81.31	80.26	80.26	86.90
Gold \$	1,926.08	1,824.02	1,824.02	1,839.29
Wheat \$	741.50	792.00	792.00	790.25

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
24/01/2023	UK	S&P Global/CIPS UK Manufacturing PMI	45.5	--	45.3
28/01/2023	UK	Nationwide House PX MoM	--	--	-0.10%
24/01/2023	GE	S&P Global/BME Germany Manufacturing PMI	48	--	47.1
26/01/2023	IT	Consumer Confidence Index	102.5	--	102.5
24/01/2023	FR	S&P Global France Manufacturing PMI	49.5	--	49.2
24/01/2023	FR	S&P Global France Services PMI	49.8	--	49.5
24/01/2023	JN	Jibun Bank Japan PMI Mfg	--	--	48.9
26/01/2023	JN	Tokyo CPI Ex-Fresh Food YoY	4.20%	--	4.00%
24/01/2023	US	S&P Global US Manufacturing PMI	46	--	46.2
25/01/2023	US	MBA Mortgage Applications	--	--	27.90%
26/01/2023	US	GDP Annualized QoQ	2.70%	--	3.20%
26/01/2023	CH	New Home Sales	610K	--	640K

Source: Bloomberg

Important Information

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