

Weekly Economic Update

27 January 2023

FOR PROFESSIONAL ADVISERS ONLY



Mobius Life

UK

- The FTSE 100 closed the week at 7765 down 0.08%. The 10 year UK gilt yield moved from 3.38% to 3.32%.
- The UK's PMI, used to gauge production activity, fell from 49 in December to 47.8 in January, marking the sharpest decrease in business activity since January 2021. (Note: a PMI below 50 indicates contraction, above 50 indicates expansion).
- During the week, the Debt Management Office issued a 2053 conventional gilt, its final issuance for the 2022-23 program, with £6bn nominal value. The orders amounted to £68bn for this gilt.
- The Bank of England is predicted to increase rates by 0.50% to 4% on Thursday.
- Amazon workers at a warehouse in Coventry went on strike due to a pay dispute, becoming the first UK Amazon strike in history.
- In an address to the group, Rolls-Royce CEO Tufan Erginbilgic mentioned historic poor performance, paving the way for reform. He said "every investment destroys value" and that they financially "underperform all competitors". As reported by the Financial Times.

GLOBAL

- The US showed an annualized GDP growth rate of 2.9% in the last quarter of 2022, exceeding predictions.
- In the week ending 21st January, unemployment benefit claims dropped in the US, coming in at 186,000, below expectations and the lowest since April 2022.
- The Federal Reserve is predicted to slow its rate hike pace and raise rates by 25bp at its Wednesday meeting due to indications of slowing inflation.
- J.P. Morgan stated in a note to clients on Friday, that the debt ceiling dispute in congress could be the most crucial concern for the US economy in 2023. (FT)
- Europe's S&P Global Flash Eurozone Composite PMI came in at 50.2 in January, the first growth reading since June 2022.
- South Korea's pension fund predicts depletion by 2055, reflecting the nation's challenge of an aging population. The working population, 71.7% in 2021, is expected to decrease to 51.3% by 2050 (government figures).
- Microsoft released its earnings update, reporting 2% yearly revenue growth for the last quarter, the lowest in 6 years. However, excluding the dollar's impact, sales for Azure (Microsoft's cloud computing division) increased by 38%.

Equity Markets	Index Level 27 Jan 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4259	4.6%	4.6%	4.3%
FTSE 100	7765	4.3%	4.3%	6.7%
FTSE 250	20035	6.4%	6.4%	-5.7%
MSCI World	2786	4.6%	4.6%	3.9%
MSCI World EM	1051	7.4%	7.4%	-1.6%

Bond Markets	Yield 27 Jan 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	3.58	2.6%	2.6%	-19.6%
FTA All Stock ILG index	0.26	3.7%	3.7%	-30.3%
FTA Over 5 Year ILG index	0.25	4.5%	4.5%	-34.2%
FTA Under 5 Year FIG Index	3.29	0.9%	0.9%	-3.0%
FTA Over 15 Year FIG Index	3.68	4.1%	4.1%	-34.5%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	27 Jan 23	31 Dec 22	31 Dec 22	27 Jan 22
UK 10 Year Gilt Yield	3.32	3.67	3.67	1.23
UK 15 Year Gilt Yield	3.68	3.99	3.99	1.38
US 10 Year Treasury Yield	3.50	3.87	3.87	1.80
German 10 Year Yield	2.24	2.57	2.57	-0.06
Spanish 10 Year Yield	3.23	3.66	3.66	0.67
Greek 10 Year Yield	4.24	4.57	4.57	1.84
Japan 10 Year Yield	0.48	0.41	0.41	0.16

Currencies Exchange Rate	27 Jan 23	31 Dec 22	31 Dec 22	27 Jan 22
	GBP / USD	1.24	1.21	1.21
GBP / EURO	1.14	1.13	1.13	1.20
GBP / YEN	161.00	158.48	158.48	154.31

Commodities	Price Level	Price Level	Price Level	Price Level
	27 Jan 23	31 Dec 22	31 Dec 22	27 Jan 22
Oil - WTI \$	79.68	80.26	80.26	86.61
Gold \$	1,928.04	1,824.02	1,824.02	1,797.43
Wheat \$	750.00	792.00	792.00	777.00

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
31/01/2023	UK	Mortgage Approvals	45.0k	--	46.1k
01/02/2023	UK	Nationwide House PX MoM	-0.40%	--	-0.1%
01/02/2023	UK	S&P Global/CIPS UK Manufacturing PMI	46.7	--	46.7
02/02/2023	UK	Bank of England Bank Rate	4.00%	--	3.50%
31/01/2023	GE	Unemployment Change (000's)	5.0k	--	-13.0k
31/01/2023	FR	CPI YoY	6.10%	--	5.90%
31/01/2023	FR	GDP QoQ	0.00%	--	0.20%
01/02/2023	FR	S&P Global France Manufacturing PMI	50.8	--	50.8
03/02/2023	FR	S&P Global France Services PMI	49.2	--	49.2
01/02/2023	IT	CPI EU Harmonized YoY	10.70%	--	12.30%
01/02/2023	IT	S&P Global Italy Manufacturing PMI	49.5	--	48.5
30/01/2023	SP	CPI YoY	5.00%	5.80%	5.70%
01/02/2023	SP	S&P Global Spain Manufacturing PMI	48	--	46.4
30/01/2023	JN	Industrial Production MoM	-1.00%	--	0.20%
30/01/2023	JN	Jobless Rate	2.50%	--	2.50%
31/01/2023	US	Conf. Board Consumer Confidence	109	--	108.3
02/01/2023	US	FOMC Rate Decision (Upper Bound)	4.75%	--	4.50%
02/01/2023	US	MBA Mortgage Applications	--	--	7.00%
02/01/2023	US	S&P Global US Manufacturing PMI	46.8	--	46.8
02/02/2023	US	Initial Jobless Claims	197k	--	186k
03/02/2023	US	Unemployment Rate	3.60%	--	3.50%
03/02/2023	US	Change in Nonfarm Payrolls	185k	--	223k
31/01/2023	CH	Manufacturing PMI	50.1	--	47

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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