

Weekly Economic Update

17 February 2023

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 8004 up 1.54%. The 10 year UK gilt yield moved from 3.40% to 3.52%.
- The UK's CPI print came in lower than expected for January at 10.1% compared to the year previous. Core inflation reduced to 5.8% for January versus 6.3% in December.
- Despite benefiting from higher interest rates, Barclays experienced a 4% decline in profits during Q4 2022, with margins being reduced due to a slowdown in deal-making revenues and equity trading. In contrast, NatWest's profits tripled in the same period. This was in line with expectations and was predominantly driven by higher net interest margins. However, the group warned that such margins are likely to remain flat for the remainder of this year.
- As a result of elevated energy prices, Centrica, the parent company of British Gas, announced a profit surge of over £3 billion in 2022, which represents a tripling of its profits.
- Following escalating tensions within the Scottish National Party over independence and the gender reform bill, Nicola Sturgeon stepped down from her position as Scotland's first minister after serving for eight years.

GLOBAL

- US inflation dropped to 6.4% for January. However, this was higher than the 6.2% level expected by economists. Core inflation dropped to 5.5%, again a level higher than expected.
- In response to the increased economic activity in China, White House officials have announced their plan to release the largest amount of strategic oil reserves since the 1970s. This news caused a drop in oil prices.
- According to the European Commission, the European Union is expected to avoid a recession this year, thanks to robust levels of household spending, a decline in energy prices, and expansionary fiscal policies implemented by governments. Additionally, the Commission has lowered its inflation forecast for the year.
- For the first time in 18 months, European natural gas prices have dropped below €50 per megawatt hour, leading the markets to believe that Europe is unlikely to experience shortages this year.
- By imposing limits on the export of electronic components utilized in Russian missiles, drones, and helicopters, the EU has levied additional sanctions on Moscow, amounting to €11 billion.

Equity Markets	Index Level 17 Feb 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4370	2.9%	7.5%	7.5%
FTSE 100	8004	3.2%	7.6%	10.2%
FTSE 250	20089	1.3%	6.8%	-4.1%
MSCI World	2780	2.5%	7.7%	7.0%
MSCI World EM	999	-0.6%	5.3%	-5.8%

Bond Markets	Yield 17 Feb 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	3.80	-1.8%	0.7%	-19.1%
FTA All Stock ILG index	0.49	-3.4%	-0.3%	-31.3%
FTA Over 5 Year ILG index	0.49	-4.1%	-0.4%	-35.6%
FTA Under 5 Year FIG Index	3.52	-0.4%	0.5%	-2.7%
FTA Over 15 Year FIG Index	3.91	-3.6%	0.2%	-34.3%

Interest Rates & Yields	Yield 17 Feb 23	Yield 31 Jan 23	Yield 31 Dec 22	Yield 17 Feb 22
UK 10 Year Gilt Yield	3.52	3.33	3.67	1.46
UK 15 Year Gilt Yield	3.89	3.70	3.99	1.62
US 10 Year Treasury Yield	3.81	3.51	3.87	1.96
German 10 Year Yield	2.44	2.29	2.57	0.23
Spanish 10 Year Yield	3.41	3.28	3.66	1.22
Greek 10 Year Yield	4.28	4.29	4.57	2.60
Japan 10 Year Yield	0.50	0.49	0.41	0.23

Currencies Exchange Rate	17 Feb 23	31 Jan 23	31 Dec 22	17 Feb 22
GBP / USD	1.20	1.23	1.21	1.36
GBP / EURO	1.13	1.13	1.13	1.20
GBP / YEN	161.40	160.47	158.48	156.75

Commodities	Price Level 17 Feb 23	Price Level 31 Jan 23	Price Level 31 Dec 22	Price Level 17 Feb 22
Oil - WTI \$	76.34	78.87	80.26	91.76
Gold \$	1,842.36	1,928.36	1,824.02	1,898.43
Wheat \$	765.50	761.25	792.00	798.00

Source: Mobius Life, Bloomberg
Please Note: Past performance is not a guide to future performance

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Mobius Life Limited

3rd Floor, 20 Gresham Street, London EC2V 7JE
 t +44 (0) 20 7847 3300 f +44 (0) 20 7847 3399
 e enquiries@mobiuslife.co.uk
 www.mobiuslife.co.uk

Date	Region	Event	Survey	Actual	Prior
21/02/2023	UK	S&P Global/CIPS UK Manufacturing PMI	47.5	--	47
21/02/2023	GE	S&P Global/BME Germany Manufacturing PMI	48.1	--	47.3
22/02/2023	GE	CPI YoY	8.70%	--	8.70%
21/02/2023	FR	S&P Global France Manufacturing PMI	51	--	50.5
22/02/2023	IT	CPI EU Harmonized YoY	10.90%	--	10.90%
21/02/2023	JN	Jibun Bank Japan PMI Mfg	--	--	48.9
21/02/2023	US	S&P Global US Manufacturing PMI	47.4	--	46.9
21/02/2023	US	Existing Home Sales	4.10m	--	4.02m
22/02/2023	US	MBA Mortgage Applications	--	--	-7.70%
23/02/2023	US	Initial Jobless Claims	199K	--	194K
23/02/2023	US	GDP Annualized QoQ	2.90%	--	2.90%
24/02/2023	US	New Home Sales	620k	--	616K
24/02/2023	US	Personal Income	1.10%	--	0.20%
24/02/2023	US	Personal Spending	1.30%	--	-0.20%

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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Mobius Life Limited

3rd Floor, 20 Gresham Street, London EC2V 7JE
 t +44 (0) 20 7847 3300 f +44 (0) 20 7847 3399
 e enquiries@mobiuslife.co.uk
 www.mobiuslife.co.uk