

Weekly Economic Update

3 February 2023

FOR PROFESSIONAL ADVISERS ONLY



Mobius Life

UK

- The FTSE 100 closed the week at 7902 up 1.76%. The 10 year UK gilt yield moved from 3.32% to 3.06%.
- The Bank of England raised rates by 50bps to 4.00%. References to future rate rises were more muted than the federal reserve. The bank also revised up its forecast for UK GDP in 2023, they now expect a fall of 0.5% as opposed to the fall of 1.5% previously forecasted. UK 10-year government bond yields experienced a significant drop of approximately 30 basis points in one afternoon, ending the week at 3.06%. The value of sterling fell 2.70% against the dollar and 2.30% against the euro over the course of the week.
- The UK government unveiled plans to oversee cryptocurrency trading and lending after the collapse of FTX last year.
- Shell reported record profits of \$40 billion for 2022, exceeding expectations.

GLOBAL

- The Federal Reserve raised the federal funds rate by 25 basis points to 4.5-4.75% last week, in line with market expectations. The Fed pointed to easing inflation pressures but reiterated the need for future rate hikes.
- In the US last month, nearly 520,000 more jobs were created than lost across all industries. This is the biggest gain since December and more than double expectations. In the past five months, nonfarm payrolls have generally been revised up.
- The European Central Bank raised its deposit rate by 50 basis points to 3.0% in the eurozone, marking the highest level since 2008. The ECB also indicated that another 50 basis points increase may occur in March. However, ECB President Lagarde recognized that inflation risks have become "more balanced" and a continued decline in energy prices could lower inflation faster than expected. In January, Eurozone annual inflation decreased to 8.5%, lower than economists' predictions, but core inflation stayed constant at 5.2%.
- In the fourth quarter of 2022, the euro area saw an unexpected growth of 0.1%, driven by expansion in countries such as Spain and France.
- In January, several key cryptocurrencies saw a surge, with Bitcoin experiencing a growth of over 40% due to the belief that US interest rates are close to peaking.
- PayPal announced that it will cut 2,000 jobs, bringing the total number of tech sector layoffs to approximately 200,000.

Equity Markets	Index Level 3 Feb 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4340	2.0%	6.6%	6.5%
FTSE 100	7902	1.7%	6.1%	8.9%
FTSE 250	20593	3.8%	9.4%	-3.5%
MSCI World	2821	3.4%	8.7%	6.4%
MSCI World EM	1039	2.8%	8.9%	0.0%

Bond Markets	Yield 3 Feb 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	3.42	1.7%	4.3%	-17.1%
FTA All Stock ILG index	0.17	2.1%	5.3%	-27.6%
FTA Over 5 Year ILG index	0.17	2.3%	6.3%	-31.5%
FTA Under 5 Year FIG Index	3.00	0.7%	1.7%	-1.9%
FTA Over 15 Year FIG Index	3.56	2.4%	6.4%	-31.5%

Interest Rates & Yields	Yield 3 Feb 23	Yield 31 Dec 22	Yield 31 Dec 22	Yield 3 Feb 22
UK 15 Year Gilt Yield	3.48	3.70	3.99	1.50
US 10 Year Treasury Yield	3.52	3.51	3.87	1.83
German 10 Year Yield	2.19	2.29	2.57	0.14
Spanish 10 Year Yield	3.12	3.28	3.66	0.94
Greek 10 Year Yield	4.00	4.29	4.57	2.07
Japan 10 Year Yield	0.48	0.49	0.41	0.18

Currencies Exchange Rate	3 Feb 23	31 Dec 22	31 Dec 22	3 Feb 22
GBP / EURO	1.12	1.13	1.13	1.19
GBP / YEN	158.24	160.47	158.48	156.31

Commodities	Price Level 3 Feb 23	Price Level 31 Dec 22	Price Level 31 Dec 22	Price Level 3 Feb 22
Gold \$	1,864.97	1,928.36	1,824.02	1,804.85
Wheat \$	756.75	761.25	792.00	751.75

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
10/02/2023	UK	GDP QoQ	0.00%	--	-0.30%
10/02/2023	UK	Industrial Production MoM	-0.20%	--	-0.20%
09/02/2023	GE	CPI YoY	8.90%	--	8.60%
10/02/2023	IT	Industrial Production MoM	0.20%	--	-0.30%
09/02/2023	JN	PPI YoY	9.70%	--	10.20%
08/02/2023	US	MBA Mortgage Applications		7.40%	-9.00%
10/02/2023	CH	PPI YoY	-0.50%	--	-0.70%

Source: Bloomberg

Important Information

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