

Weekly Economic Update

24 March 2023

FOR PROFESSIONAL ADVISERS ONLY



Mobius Life

UK

- The FTSE 100 closed the week at 7405 up 0.95%. The 10 year UK gilt yield remained at 3.28%.
- The Bank of England (BOE) raised interest rates from 4.00 to 4.25% despite banking turmoil, demonstrating its 11th consecutive rate rise. The rate rise came in a day after annual inflation data came in at 10.4%, jumping from January's figure of 10.1%.
- Minutes from Bank of England's meeting last week judged the UK banking system to be "resilient" and mentioned that it "maintains robust capital and strong liquidity positions".
- According to the Financial Times, Tax paid by free lancers (also known as IR35) is set to double to £1.35bn a year, amid the government's decision 2 years ago to tighten to these tax advantages.
- Government borrowing in February rose its highest level since 1993, arriving at £16.7bn last month. This figure was reported to be accelerated by energy support schemes for households.

GLOBAL

- The Federal Reserve (The Fed) raised interest rates by 25bps. Although Jeremy Powell announced that it was "too soon" to tell how monetary policy should respond to banking turmoil, references to further rate hikes were removed from the official statement. Fed officials also revised the GDP growth forecast downwards.
- Switzerland and Norway hiked interest rates on Thursday as a means of tackling inflation, despite banking turmoil and tightening credit conditions. The Swiss National Bank (SNB), which helped orchestrate the buyout of Credit Suisse, hiked interest rates by 50bps to 1.5%, demonstrating its fourth consecutive rate rise. Norway's central bank followed suit, hiking rates by 25bps to 3.0%.
- A Reuters poll showed Egypt's central bank is forecast to hike its overnight interest rates by 200bps on Thursday, March 30th 2023, amid tackling soaring inflation. The central bank kept interest rates unchanged during its last meeting last month, having raised rates by a total of 800bps in 2022.
- In other economic news, Japan's core consumer price index rose 3.1% year on year, down from its previous 4.2% in January.
- Italy's government appeared to show a slowing down of its initiatives to meet previously agreed transition goals, following the war in Ukraine and the energy crisis which has caused a collision with its international climate agreements.

Equity Markets	Index Level 24 Mar 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4040	-5.7%	0.1%	0.7%
FTSE 100	7405	-5.4%	0.4%	2.9%
FTSE 250	18494	-6.8%	-1.4%	-8.8%
MSCI World	2693	-1.7%	2.8%	-2.5%
MSCI World EM	972	0.0%	0.9%	-4.8%

Bond Markets	Yield 24 Mar 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	3.54	4.4%	3.6%	-14.7%
FTA All Stock ILG index	0.36	5.0%	3.1%	-26.7%
FTA Over 5 Year ILG index	0.36	5.7%	3.6%	-30.4%
FTA Under 5 Year FIG Index	3.31	1.4%	1.4%	-1.8%
FTA Over 15 Year FIG Index	3.67	7.3%	4.9%	-27.6%

Interest Rates & Yields	Yield 24 Mar 23	Yield 28 Feb 23	Yield 31 Dec 22	Yield 24 Mar 22
	UK 10 Year Gilt Yield	3.28	3.83	3.67
UK 15 Year Gilt Yield	3.63	4.12	3.99	1.86
US 10 Year Treasury Yield	3.38	3.92	3.87	2.37
German 10 Year Yield	2.13	2.65	2.57	0.53
Spanish 10 Year Yield	3.19	3.60	3.66	1.41
Greek 10 Year Yield	4.06	4.43	4.57	2.79
Japan 10 Year Yield	0.28	0.50	0.41	0.23

Currencies Exchange Rate	24 Mar 23	28 Feb 23	31 Dec 22	24 Mar 22
GBP / USD	1.22	1.21	1.21	1.32
GBP / EURO	1.14	1.14	1.13	1.20
GBP / YEN	159.82	164.32	158.48	161.11

Commodities	Price Level 24 Mar 23	Price Level 28 Feb 23	Price Level 31 Dec 22	Price Level 24 Mar 22
	Oil - WTI \$	69.26	77.05	80.26
Gold \$	1,978.21	1,826.92	1,824.02	1,957.69
Wheat \$	688.50	691.50	792.00	1,085.75

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
28/03/2023	IT	Manufacturing Confidence	103	--	102.8
30/03/2023	SP	CPI EU Harmonised YoY	3.70%	--	6.00%
30/03/2023	GE	CPI YoY	7.30%	--	8.70%
30/03/2023	US	Initial Jobless Claims	196k	--	191k
30/03/2023	US	GDP Annualized QoQ	2.70%	--	2.70%
31/03/2023	JN	Industrial Production MoM	2.70	--	-5.30%
31/03/2023	CH	Manufacturing PMI	51.6	--	52.6
31/03/2023	UK	GDP YoY	0.40%	--	0.40%
31/03/2023	FR	CPI YoY	5.50%	--	6.30%
31/03/2023	IT	CPI EU Harmonized YoY	8.90%	--	9.80%

Source: Bloomberg

Important Information

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