

# Weekly Economic Update

7 April 2023

FOR PROFESSIONAL ADVISERS ONLY



## UK

- The FTSE 100 closed the week at 7742 up 1.44%. The 10 year UK gilt yield moved from 3.49% to 3.43%.
- Last week, Hugh Pill, the chief economist of the Bank of England (BOE), mentioned that policymakers are confronted with a difficult decision regarding whether to increase interest rates in May. He highlighted the dilemma between achieving the 2% inflation target and the possible disruption in credit markets that may result from tightening financial conditions.
- The pound reached a 10-month high against the US dollar last week and continues to be the top-performing currency among developed nations in 2023.

## GLOBAL

- The Federal Reserve and European Central Bank cautioned about the likelihood of further interest rate hikes. In New Zealand the decision to increase rates by 50 basis points came as a surprise, as market expectations were for a 25 basis point increase.
- According to T. Rowe Price, house prices in the European Union declined by 1.5% in Q4 last year, marking the first time since 2015 that prices have fallen.
- The Purchasing Managers' Index (PMI) in the US dropped to 46.3, reaching its lowest point since May 2020, when COVID-related lockdowns were enforced.
- According to the Labour Department report, US job openings fell to 9.9 million, the lowest level seen since May 2021. However, voluntary job exits rose to 4 Million. Many analysts focus on this latter statistic, which suggests continued strength in the US labour market.
- Last week there was an unexpected OPEC output cut of over 1 million barrels. This caused a rise in oil prices, adding to existing inflationary pressures.
- Barclays predicts that around \$1.5 trillion will be invested in money market mutual funds in the coming year. The Federal Reserve Bank of New York reports that these funds have passed on approximately 88% of central bank rate increases, while retail bank deposits have only passed on around 26% of these rate increases.
- Tesla beat its Q1 delivery record with 422,875 vehicles delivered, surpassing analysts' expectations. Sales rose by 36% YoY, though their aim is 50% annual growth. Price cuts helped boost sales, but the impact these cuts will have on profit margins will be evident later this month.

Equity Markets	Index Level 7 Apr 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4204	1.2%	4.3%	3.7%
FTSE 100	7742	1.5%	5.1%	6.3%
FTSE 250	18797	-0.5%	0.4%	-8.0%
MSCI World	2790	-0.5%	5.1%	-0.5%
MSCI World EM	987	-0.8%	1.1%	-4.7%

Bond Markets	Yield 7 Apr 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	3.61	1.0%	3.0%	-14.7%
FTA All Stock ILG index	0.29	0.1%	4.4%	-24.1%
FTA Over 5 Year ILG index	0.28	0.1%	5.1%	-27.7%
FTA Under 5 Year FIG Index	3.48	0.3%	1.1%	-1.8%
FTA Over 15 Year FIG Index	3.70	1.8%	4.6%	-27.4%

Interest Rates & Yields	Yield 7 Apr 23	Yield 31 Mar 23	Yield 31 Dec 22	Yield 7 Apr 22
UK 15 Year Gilt Yield	3.72	3.78	3.99	1.92
US 10 Year Treasury Yield	3.39	3.47	3.87	2.66
German 10 Year Yield	2.18	2.29	2.57	0.68
Spanish 10 Year Yield	3.23	3.30	3.66	1.66
Greek 10 Year Yield	4.07	4.19	4.57	2.80
Japan 10 Year Yield	0.46	0.32	0.41	0.23

Currencies Exchange Rate	7 Apr 23	31 Mar 23	31 Dec 22	7 Apr 22
GBP / EURO	1.14	1.14	1.13	1.20
GBP / YEN	164.10	163.93	158.48	161.77

Commodities	Price Level 7 Apr 23	Price Level 31 Mar 23	Price Level 31 Dec 22	Price Level 7 Apr 22
Gold \$	2,007.91	1,969.28	1,824.02	1,931.86
Wheat \$	675.50	692.25	792.00	1,020.00

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
13/04/2023	UK	Industrial Production MoM	0.20%	--	-0.30%
13/04/2023	GE	CPI YoY	7.40%	--	7.40%
14/04/2023	FR	CPI YoY	5.60%	--	5.60%
14/04/2023	SP	CPI YoY	3.30%	--	3.30%
14/04/2023	SP	CPI EU Harmonised YoY	3.10%	--	3.10%
12/04/2023	US	CPI MoM	0.20%	0.10%	0.40%
12/04/2023	US	MBA Mortgage Applications	--	5.30%	-4.10%
13/04/2023	US	Initial Jobless Claims	235k	--	228k
14/04/2023	US	U. of Mich. Sentiment	62	--	62
14/04/2023	US	Retail Sales Advance MoM	-0.40%	--	-0.40%

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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