

Weekly Economic Update

28 April 2023

FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 7871 down 0.54%. The 10 year UK gilt yield moved from 3.76% to 3.72%.
- The UK budget deficit grew £18 billion reaching £139 billion in the year to march, this was smaller than the £152 billion forecasted by the Office for Budget responsibility.

GLOBAL

- US GDP growth in the first quarter of 2023 fell short of economists' projections with an increase of 1.1%, compared to the expected 2%. It's worth noting that this figure may not fully reflect the impact of the mini banking crisis that started in mid-March.
- The S&P 500 information technology index has experienced a significant 20% increase in 2023, compared to the S&P 500's modest 8% gain. This represents the strongest start to a year for the tech sector relative to the broader market since 2009. However, this growth seems to contradict the fundamentals, as US tech earnings have declined by 15% during the first quarter of the year, marking the third biggest drop in earnings among the S&P 500's 11 industry groups. The driving force behind this rally appears to be the hopes of the Fed cutting rates soon.
- Janet Yellen, the US Treasury Secretary, has issued a warning that the US government may exhaust its funds as early as June 1st if congress fails to agree a change to the debt ceiling.
- Based on MSCI data, the level of commercial property transactions in Europe has declined to its lowest point since 2012, with deals totalling €36.5 billion in the quarter, representing a 62% drop from the previous year. There is growing concern within the industry around commercial property generally, with higher interest rates, uncertainties in the banking sector and changing work patterns all causing significant headwinds for the sector.
- JP Morgan announced that it is buying out most of First Republic, the regional bank which had suffered more than 100 billion of deposit outflows. After the news broke, Jamie Dimon (CEO of JP Morgan) claimed that the banking crisis is now over.
- NatWest, Deutsche Bank, and Barclays have exceeded their earnings expectations, which can be attributed to the favourable interest rate environment that has boosted their net interest margins.
- Last week, LVMH, the luxury goods company became the first European company to exceed a market value of \$500 bn.

Equity Markets	Index Level 28 Apr 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4284	3.4%	6.5%	6.5%
FTSE 100	7871	3.4%	7.1%	8.7%
FTSE 250	19425	3.1%	4.2%	-2.8%
MSCI World	2836	0.0%	5.7%	0.5%
MSCI World EM	977	-2.9%	-1.0%	-4.9%

Bond Markets	Yield 28 Apr 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	3.92	-1.7%	0.4%	-15.6%
FTA All Stock ILG index	0.58	-3.9%	0.2%	-25.1%
FTA Over 5 Year ILG index	0.57	-4.6%	0.1%	-28.9%
FTA Under 5 Year FIG Index	3.83	-0.2%	0.5%	-2.3%
FTA Over 15 Year FIG Index	4.01	-3.5%	-0.8%	-29.1%

Interest Rates & Yields	Yield 28 Apr 23	Yield 31 Mar 23	Yield 31 Dec 22	Yield 28 Apr 22
UK 10 Year Gilt Yield	3.72	3.49	3.67	1.88
UK 15 Year Gilt Yield	3.99	3.78	3.99	2.08
US 10 Year Treasury Yield	3.42	3.47	3.87	2.82
German 10 Year Yield	2.31	2.29	2.57	0.90
Spanish 10 Year Yield	3.36	3.30	3.66	1.90
Greek 10 Year Yield	4.16	4.19	4.57	3.18
Japan 10 Year Yield	0.39	0.32	0.41	0.22

Currencies Exchange Rate	28 Apr 23	31 Mar 23	31 Dec 22	28 Apr 22
GBP / USD	1.26	1.23	1.21	1.25
GBP / EURO	1.14	1.14	1.13	1.19
GBP / YEN	170.97	163.93	158.48	163.23

Commodities	Price Level 28 Apr 23	Price Level 31 Mar 23	Price Level 31 Dec 22	Price Level 28 Apr 22
Oil - WTI \$	76.78	75.67	80.26	105.36
Gold \$	1,990.00	1,969.28	1,824.02	1,894.45
Wheat \$	619.75	692.25	792.00	1,074.00

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
02/05/2023	UK	Nationwide House PX MoM	-0.50%	0.50%	-0.80%
02/05/2023	UK	S&P Global/CIPS UK Manufacturing PMI	46.6	47.8	46.6
05/05/2023	FR	Industrial Production MoM	-0.40%	--	1.20%
02/05/2023	GE	HCOB Germany Manufacturing PMI	44	44.5	44
02/05/2023	IT	CPI EU Harmonized YoY	8.00%	8.80%	8.10%
02/05/2023	IT	HCOB Italy Manufacturing PMI	49.5	46.8	51.1
02/05/2023	SP	HCOB Spain Manufacturing PMI	50	49	51.3
03/05/2023	US	MBA Mortgage Applications	--	--	3.7%
04/05/2023	US	Initial Jobless Claims	240k	--	230k
05/05/2023	US	Change in Nonfarm Payrolls	180k	--	236k
05/05/2023	US	Unemployment Rate	3.60%	--	3.5%

Source: Bloomberg

Important Information

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