

Weekly Economic Update

12 May 2023

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7755 down 0.31%. The 10 year UK gilt yield remained at 3.78%.
- On Thursday, the Bank of England implemented an increase in the base rate to 4.5%, reaching its highest level since 2008. Adopting a firm stance, the bank indicated that further rate hikes might be required, as it adjusted its inflation projections upwards. The bank anticipates that it will take approximately two years for inflation to reach its 2% target once again.
- However, the Bank revised its growth projections upward, no longer anticipating a recession. It now predicts that the economy will expand by 2.25% by mid-2026. Supporting this positive outlook, the Office for National Statistics reported a 0.1% increase in GDP during the first quarter of 2023.
- The UK government abandoned its intentions to repeal all existing European Union legislation.

GLOBAL

- Fresh data from the Federal Reserve (FED) revealed tightening credit conditions. The Senior Loan Officer Opinion Survey (SLOOS), a quarterly assessment of bank lending to individuals and businesses, recently published its findings, indicating that lending requirements have become stricter across all types of loans.
- Bruce Flat, CEO of Brookfield, issued a cautionary statement about potential consolidations within the private equity industry. He highlighted the challenging year experienced by smaller players in the sector, indicating that this could lead to industry-wide mergers and acquisitions.
- Between 2020 and 2022, the population in the European Union experienced a decline of over half a million individuals. Notably, Italy faced the most significant decrease, with a reduction of 253,100 people.
- The United States approved the initial transfer of assets from a sanctioned Russian oligarch to support the reconstruction endeavours in Ukraine.
- In a bid to compete with Microsoft's Bing search engine, Google introduced its own generative AI-powered search engine.
- Legislative proposals put forward by EU parliamentary commissions aim to impose a prohibition on facial recognition technologies used for surveillance and predictive policing. Additionally, these proposals recommend implementing regulations on general-purpose artificial intelligence (AI).

Equity Markets	Index Level 12 May 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4224	-1.1%	5.3%	9.6%
FTSE 100	7755	-1.2%	5.8%	11.4%
FTSE 250	19188	-1.1%	3.0%	1.6%
MSCI World	2809	0.2%	5.9%	6.6%
MSCI World EM	973	0.6%	-0.4%	-0.2%

Bond Markets	Yield 12 May 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.00	-0.6%	-0.2%	-17.1%
FTA All Stock ILG index	0.67	-1.5%	-1.2%	-28.0%
FTA Over 5 Year ILG index	0.67	-1.8%	-1.7%	-31.9%
FTA Under 5 Year FIG Index	3.84	0.1%	0.7%	-2.9%
FTA Over 15 Year FIG Index	4.13	-1.8%	-2.5%	-31.1%

Interest Rates & Yields	Yield 12 May 23	Yield 30 Apr 23	Yield 31 Dec 22	Yield 12 May 22
UK 10 Year Gilt Yield	3.78	3.72	3.67	1.66
UK 15 Year Gilt Yield	4.08	3.99	3.99	1.94
US 10 Year Treasury Yield	3.46	3.42	3.87	2.85
German 10 Year Yield	2.28	2.31	2.57	0.84
Spanish 10 Year Yield	3.36	3.36	3.66	1.88
Greek 10 Year Yield	4.00	4.16	4.57	3.34
Japan 10 Year Yield	0.39	0.39	0.41	0.25

Currencies Exchange Rate	12 May 23	30 Apr 23	31 Dec 22	12 May 22
GBP / USD	1.25	1.26	1.21	1.22
GBP / EURO	1.15	1.14	1.13	1.18
GBP / YEN	168.92	170.97	158.48	156.53

Commodities	Price Level 12 May 23	Price Level 30 Apr 23	Price Level 31 Dec 22	Price Level 12 May 22
Oil - WTI \$	70.04	76.78	80.26	106.13
Gold \$	2,010.77	1,990.00	1,824.02	1,821.82
Wheat \$	624.50	619.75	792.00	1,174.50

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
18/05/2023	US	Initial Jobless Claims	251k	242k	264k
18/05/2023	US	Existing Home Sales	4.30m	--	4.44m
19/05/2023	JN	Natl CPI YoY	3.50%	--	3.20%
19/05/2023	JN	Tertiary Industry Index MoM	0.39%	--	0.70%

Source: Bloomberg

Important Information

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