

# Weekly Economic Update

16 June 2023

FOR PROFESSIONAL ADVISERS ONLY



## UK

- The FTSE 100 closed the week at 7643 up 1.07%. The 10 year UK gilt yield moved from 4.24% to 4.41%.
- Data released last week showed that the UK economy witnessed the addition of 250,000 jobs, accompanied by a remarkable 6.5% growth in average earnings, while unemployment unexpectedly decreased. These robust labour market indicators provide a strong case for the Bank of England to raise rates further. As a result, UK bond yields rallied.
- Company insolvencies in England and Wales in May were 40% higher than in the same month last year and around double pre-pandemic levels. Between January and April bar and pub insolvencies rose by 40%, Furniture manufacturers 44% and food and beverage producers 60%.
- Recent data reveals that the British economy rebounded in April, with robust consumer spending compensating for a decline in construction and manufacturing sectors. GDP experienced a 0.2% increase during April. Both the British Chambers of Commerce and the Confederation of British Industry have revised their earlier predictions of a recession and are now forecasting a modest growth in UK GDP for this year.

## GLOBAL

- In the US, new data revealed a more significant decline in US inflation than anticipated, as it reached its lowest point in over two years. In May, inflation stood at 4%, a decrease from April's 4.9%. Core inflation, which excludes volatile factors, decreased to 5.3% in May, down from April's 5.5%. The persistence of core inflation can be attributed to rising house prices, although there are signs of stability in the US housing market, which may positively impact this figure moving forward. The equity market rose on this good news and the decision by the Federal Reserve to maintain interest rates.
- In contrast, the European Central Bank (ECB) raised its rates to 3.5%, reaching the highest level since 2001.
- Surprising the markets, China implemented its first interest rate cut in 10 months, signalling concerns among officials regarding sluggish economic growth and the need for stimulus measures to support the recovery. In May, industrial production, fixed asset investment, and retail sales all fell short of expectations.
- According to the Financial Times, Russian President Vladimir Putin is preparing legislation that would enable the Russian state to acquire Western assets located in Russia at substantial discounts.

Equity Markets	Index Level 16 Jun 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4168	2.7%	4.3%	11.2%
FTSE 100	7643	2.8%	4.7%	12.7%
FTSE 250	19031	1.9%	2.6%	4.9%
MSCI World	2962	2.2%	8.7%	17.4%
MSCI World EM	1030	4.0%	2.8%	2.0%

Bond Markets	Yield 16 Jun 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.50	-0.9%	-4.0%	-13.7%
FTA All Stock ILG index	0.93	1.9%	-3.8%	-18.8%
FTA Over 5 Year ILG index	0.91	2.3%	-4.6%	-22.1%
FTA Under 5 Year FIG Index	4.87	-0.8%	-1.1%	-2.9%
FTA Over 15 Year FIG Index	4.46	-0.1%	-7.4%	-24.9%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	16 Jun 23	31 May 23	31 Dec 22	16 Jun 22
UK 10 Year Gilt Yield	4.41	4.18	3.67	2.52
UK 15 Year Gilt Yield	4.58	4.44	3.99	2.73
US 10 Year Treasury Yield	3.76	3.64	3.87	3.20
German 10 Year Yield	2.47	2.28	2.57	1.71
Spanish 10 Year Yield	3.39	3.33	3.66	2.89
Greek 10 Year Yield	3.76	3.75	4.57	4.25
Japan 10 Year Yield	0.40	0.43	0.41	0.26

Currencies Exchange Rate	16 Jun 23	31 May 23	31 Dec 22	16 Jun 22
GBP / USD	1.28	1.24	1.21	1.24
GBP / EURO	1.17	1.16	1.13	1.17
GBP / YEN	181.95	173.08	158.48	163.18

Commodities	Price Level	Price Level	Price Level	Price Level
	16 Jun 23	31 May 23	31 Dec 22	16 Jun 22
Oil - WTI \$	71.78	68.09	80.26	117.59
Gold \$	1,957.98	1,962.73	1,824.02	1,857.33
Wheat \$	688.00	594.25	792.00	1,078.25

Source: Mobius Life, Bloomberg  
Please Note: Past performance is not a guide to future performance

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### Mobius Life Limited

3rd Floor, 20 Gresham Street, London EC2V 7JE

t +44 (0) 20 7847 3300 f +44 (0) 20 7847 3399

e enquiries@mobiuslife.co.uk

www.mobiuslife.co.uk

Date	Region	Event	Survey	Actual	Prior
21/06/2023	UK	CPI YoY	8.40%	--	8.70%
21/06/2023	UK	CPI MoM	0.50%	--	1.20%
21/06/2023	UK	CPI Core YoY	6.80%	--	6.80%
22/06/2023	UK	Bank of England Bank Rate	4.75%	--	4.50%
23/06/2023	UK	S&P Global/CIPS UK Manufacturing PMI	46.8	--	47.1
23/06/2023	FR	HCOB France Manufacturing PMI	45.3	--	45.7
23/06/2023	FR	HCOB France Services PMI	52.1	--	52.5
23/06/2023	GE	HCOB Germany Manufacturing PMI	43.5	--	43.2
20/06/2023	JN	Industrial Production MoM	--	0.70%	-0.40%
23/06/2023	JN	Jibun Bank Japan PMI Mfg	--	--	50.6
23/06/2023	JN	Natl CPI YoY	3.20%	--	3.50%
20/06/2023	US	Housing Starts	1400k	1631k	1401k
21/06/2023	US	MBA Mortgage Applications	--	--	7.20%
22/06/2023	US	Initial Jobless Claims	260k	--	262k
23/06/2023	US	S&P Global US Manufacturing PMI	48.5	--	48.4

Source: Bloomberg

### Important Information

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#### Mobius Life Limited

3rd Floor, 20 Gresham Street, London EC2V 7JE  
 t +44 (0) 20 7847 3300 f +44 (0) 20 7847 3399  
 e enquiries@mobiuslife.co.uk  
 www.mobiuslife.co.uk