

Weekly Economic Update

2 June 2023

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7607 down 0.26%. The 10 year UK gilt yield moved from 4.33% to 4.16%.
- According to the British Retail Consortium, there was a 9% surge in prices at supermarkets and retail chains in May compared to a year ago. This increase from 8.8% in April was primarily influenced by higher prices of chocolate and coffee. Nevertheless, the BRC highlighted that the rate of food inflation decreased slightly to 15.4% in May, compared to 15.7% in April.
- MPs from various political parties in the UK urged the government to close the gap with EU regulations in order to enhance trade between the UK and the European Union.
- In an attempt to settle a prolonged pay dispute, the UK government proposed a single payment of £1,500 to civil servants.

GLOBAL

- In May, the United States economy experienced the addition of 339,000 jobs, indicating ongoing economic resilience in the world's largest economy. As a result, bond yields increased, reflecting expectations of future interest rate hikes by the Federal Reserve (FED).
- US Congress finally agreed a deal to raise the debt ceiling at least until the 2024 election.
- During the month of May, inflation in the eurozone declined from 7% to 6.1%, primarily driven by decreasing energy expenses. This rate was lower than the projected 6.3% level estimated by economists. Additionally, core inflation experienced a larger decrease than expected, falling from 5.6% to 5.3% in May.
- The most recent Purchasing Managers' Index (PMI) data released on Wednesday indicated a slowdown in China's recovery during the month of May. In fact, the Hang Seng China Enterprises Index, which tracks Chinese shares listed in Hong Kong, has emerged as one of the poorest performers among 92 global equity gauges monitored by Bloomberg. With a decline of over 20% from its peak in January, the index has officially entered bear market territory.
- Around 90% of shareholders in oil majors ExxonMobil and Chevron rejected proposals to tighten emissions targets. This relates specifically to "scope 3" targets. Chevron CEO Mike Wirth argued the scope 3 emissions "result from the use of products by customers, not activities controlled by Chevron".

Equity Markets	Index Level 2 Jun 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4155	2.3%	3.9%	3.5%
FTSE 100	7607	2.3%	4.1%	4.9%
FTSE 250	19149	2.4%	3.0%	-2.6%
MSCI World	2873	2.1%	8.5%	5.5%
MSCI World EM	984	2.2%	1.0%	-3.2%

Bond Markets	Yield 2 Jun 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.33	0.3%	-2.8%	-15.4%
FTA All Stock ILG index	1.02	0.4%	-5.1%	-24.1%
FTA Over 5 Year ILG index	1.01	0.5%	-6.3%	-27.9%
FTA Under 5 Year FIG Index	4.38	0.0%	-0.3%	-2.9%
FTA Over 15 Year FIG Index	4.40	0.7%	-6.6%	-28.1%

Interest Rates & Yields	Yield 2 Jun 23	Yield 31 May 23	Yield 31 Dec 22	Yield 2 Jun 22
UK 10 Year Gilt Yield	4.16	4.18	3.67	2.16
UK 15 Year Gilt Yield	4.41	4.44	3.99	2.43
US 10 Year Treasury Yield	3.69	3.64	3.87	2.91
German 10 Year Yield	2.31	2.28	2.57	1.24
Spanish 10 Year Yield	3.32	3.33	3.66	2.38
Greek 10 Year Yield	3.68	3.75	4.57	3.70
Japan 10 Year Yield	0.41	0.43	0.41	0.24

Currencies Exchange Rate	2 Jun 23	31 May 23	31 Dec 22	2 Jun 22
GBP / USD	1.25	1.24	1.21	1.26
GBP / EURO	1.16	1.16	1.13	1.17
GBP / YEN	174.16	173.08	158.48	163.28

Commodities	Price Level 2 Jun 23	Price Level 31 May 23	Price Level 31 Dec 22	Price Level 2 Jun 22
Oil - WTI \$	71.74	68.09	80.26	116.87
Gold \$	1,947.97	1,962.73	1,824.02	1,868.58
Wheat \$	619.00	594.25	792.00	1,058.25

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
09/06/2023	IT	Industrial Production MoM	0.20%	--	-0.60%
09/06/2023	CH	CPI YoY	0.20%	--	0.10%
09/06/2023	CH	PPI YoY	-4.30%	--	-3.60%
09/06/2023	CH	Money Supply M2 YoY	12.00%	--	12.40%
08/06/2023	JN	GDP SA QoQ	0.50%	0.70%	0.40%
08/06/2023	JN	GDP Annualized SA QoQ	1.90%	2.70%	1.60%
08/06/2023	JN	BoP Current Account Balance	¥1650.0b	¥1895.1b	¥2278.1b
08/06/2023	JN	GDP Deflator YoY	2.00%	2.00%	2.00%
08/06/2023	US	Initial Jobless Claims	235k	261k	232k

Source: Bloomberg

Important Information

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