

Weekly Economic Update

23 June 2023

FOR PROFESSIONAL ADVISERS ONLY



Mobius Life

UK

- The FTSE 100 closed the week at 7462 down 2.37%. The 10 year UK gilt yield moved from 4.41% to 4.32%.
- The Bank of England raised rates by 50bps last week, due to signs of stubborn inflation persisting (core inflation rose to a 30-year high). The extent of this move surprised many, investors now expect the Bank of England rate to peak at 6%, Bloomberg estimates that the British economy would shrink by 0.3% this year and 1.4% in 2024 if rates were to get to this level.
- UK Chancellor Jeremy Hunt held meetings with CEOs of major UK retail banks last week. As a result, on Friday, Santander, Lloyds, Nationwide, Natwest, and Virgin Money announced that they would postpone home repossession for borrowers who are behind on mortgage payments for 12 months. This commitment enables mortgage extensions without impacting credit ratings. The government's existing "pre-action protocol" already states that property repossession should be a last resort after exhausting all other reasonable solutions.

GLOBAL

- Last week, a historic event occurred in US markets as cash, bond, and stock yields converged for the first time. Investment grade corporate bonds yield around 5.25%, the expected 12-month forward earnings yield on the S&P 500 is approximately 5.1%, and a three-month US Treasury Bill yields around 5.2%.
- The Turkish central bank brought its era of ultra-loose monetary policy to an end as it rose rates by 650bps to 15%. The official figure of inflation is approximately 40 per cent, but many expect the actual number to be much higher.
- Analysts at Moody cautioned that \$1.4 trillion of private credit faces a "serious challenge" as loans underwritten at the top of the market in 2021 continue to come under strain of rising interest rates.
- Starbucks stocks lost 2.5% on Friday as a Union representing workers announced a strike in response to the company not allowing Pride decorations. 3,500 workers and 150 stores plan to join in the demonstrations.
- The whereabouts of Yevgeny Prigozhin, leader of the Wagner Group, is uncertain after his rebellion against Russian army leaders. Leading a march towards Moscow, his group shot down at least 12 Russian troops on route.

Equity Markets	Index Level 23 Jun 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4054	-0.1%	1.5%	8.6%
FTSE 100	7462	0.4%	2.3%	10.4%
FTSE 250	18062	-3.2%	-2.6%	-0.2%
MSCI World	2902	1.2%	7.6%	12.1%
MSCI World EM	992	1.3%	0.1%	-0.8%

Bond Markets	Yield 23 Jun 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.43	-0.3%	-3.4%	-14.6%
FTA All Stock ILG index	0.93	2.6%	-3.1%	-18.8%
FTA Over 5 Year ILG index	0.91	3.2%	-3.8%	-22.0%
FTA Under 5 Year FIG Index	4.99	-1.0%	-1.3%	-3.5%
FTA Over 15 Year FIG Index	4.38	1.3%	-6.0%	-25.7%

Interest Rates & Yields	Yield	Yield	Yield	Yield
	23 Jun 23	31 May 23	31 Dec 22	23 Jun 22
UK 10 Year Gilt Yield	4.32	4.18	3.67	2.32
UK 15 Year Gilt Yield	4.49	4.44	3.99	2.61
US 10 Year Treasury Yield	3.73	3.64	3.87	3.09
German 10 Year Yield	2.35	2.28	2.57	1.43
Spanish 10 Year Yield	3.31	3.33	3.66	2.52
Greek 10 Year Yield	3.58	3.75	4.57	3.76
Japan 10 Year Yield	0.37	0.43	0.41	0.23

Currencies Exchange Rate	23 Jun 23	31 May 23	31 Dec 22	23 Jun 22
GBP / USD	1.27	1.24	1.21	1.22
GBP / EURO	1.17	1.16	1.13	1.16
GBP / YEN	182.69	173.08	158.48	164.79

Commodities	Price Level	Price Level	Price Level	Price Level
	23 Jun 23	31 May 23	31 Dec 22	23 Jun 22
Oil - WTI \$	69.16	68.09	80.26	104.27
Gold \$	1,921.20	1,962.73	1,824.02	1,822.77
Wheat \$	733.25	594.25	792.00	937.25

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

Index Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2022. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" is a trade mark(s) of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent.

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
30/06/2023	UK	GDP QoQ	0.10%	--	0.10%
30/06/2023	UK	GDP YoY	0.20%	--	0.20%
26/06/2023	GE	IFO Business Climate	90.7	88.5	91.7
29/06/2023	GE	CPI YoY	6.30%	--	6.10%
29/06/2023	GE	CPI MoM	0.20%	--	-0.10%
30/06/2023	FR	CPI YoY	4.60%	--	5.10%
27/06/2023	IT	Manufacturing Confidence	101	--	101.4
28/06/2023	IT	CPI EU Harmonized YoY	6.80%	--	8.00%
29/06/2023	SP	CPI YoY	1.70%	--	3.20%
29/06/2023	SP	CPI EU Harmonised YoY	1.50%	--	2.90%
30/06/2023	JN	Industrial Production MoM	-1.00%	--	0.70%
30/06/2023	JN	Jobless Rate	2.60%	--	2.60%
30/06/2023	JN	Tokyo CPI Ex-Fresh Food YoY	3.40%	--	3.20%
30/06/2023	CH	Manufacturing PMI	49	--	48.8
27/06/2023	US	Conf. Board Consumer Confidence	104	--	102.3
27/06/2023	US	Durable Goods Orders	-0.90%	--	1.10%
28/06/2023	US	MBA Mortgage Applications	--	--	0.50%
29/06/2023	US	Initial Jobless Claims	265k	--	264k
29/06/2023	US	GDP Annualized QoQ	1.40%	--	1.30%
30/06/2023	US	U. of Mich. Sentiment	63.9	--	63.9

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.

Mobius Life Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered in England and Wales at: 3rd Floor, 20 Gresham Street, London EC2V 7JE. Registered No. 3104978. For your security telephone conversations may be recorded.

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