

# Weekly Economic Update

7 July 2023

FOR PROFESSIONAL ADVISERS ONLY



Mobius Life

## UK

- The FTSE 100 closed the week at 7257 down 3.65%. The 10 year UK gilt yield moved from 4.39% to 4.65%.
- As reported by the FT, the UK conducted an auction of its two-year government bonds, selling £4 billion worth at an average yield of 5.668%. This yield represents the highest for this maturity since the beginning of the century. The surge in short-dated yields can be attributed to investors grappling with persistent inflation in the country and re-evaluating their predictions regarding the trajectory of interest rates.
- New research delivered by the IFS revealed that 48% of people who retired in 2020-21 are now in relative poverty. It is likely that many people retired early due to the pandemic.
- According to Halifax UK house prices fell by 2.6% in June which is the biggest monthly drop since 2011.

## GLOBAL

- The US treasury curve hit the highest level of inversion in decades last week. The interest rate on two-year notes exceeded the 10-year rate by 111 basis points. Despite the Federal Reserve temporarily halting rate adjustments, recent strong economic indicators have prompted discussions about potentially resuming monetary tightening. For instance, US GDP grew by 2% in the first quarter, surpassing the expected level of 1.3%.
- Toyota made a significant announcement on Tuesday regarding their solid-state lithium battery capability, marking a significant advancement. According to Toyota, the breakthrough will result in batteries that are half the size, cost, and weight, of current batteries while also providing a charging time of 1,200 km in 10 minutes or less. The company has set a target to achieve full commercialization of this technology by 2027.
- Mark Zuckerberg, the CEO of Meta, revealed that 30 million users have registered for Threads, their recently launched competitor to Twitter. Threads, a social media platform similar to Twitter, distinguishes itself with a 500-character limit, in contrast to Twitter's 280 characters. The platform's objective is to offer a more amicable and welcoming alternative to Twitter.
- In March of this year, during their meeting, Chinese President Xi Jinping reportedly cautioned Vladimir Putin about the use of nuclear weapons in Ukraine, as per reports from the FT.
- The Shanghai Cooperation Organization (SCO), an economic and security union spearheaded by Russia and China, recently declared Iran as its newest member.

Equity Markets	Index Level 07 Jul 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3957	-3.4%	-0.9%	3.7%
FTSE 100	7257	-3.6%	-0.5%	4.8%
FTSE 250	18004	-2.2%	-2.8%	-1.5%
MSCI World	2924	-2.4%	7.2%	7.4%
MSCI World EM	981	-1.6%	-1.6%	-4.7%

Bond Markets	Yield 07 Jul 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.71	-2.0%	-5.4%	-16.9%
FTA All Stock ILG index	1.13	-3.6%	-6.1%	-20.8%
FTA Over 5 Year ILG index	1.11	-4.2%	-7.3%	-24.3%
FTA Under 5 Year FIG Index	5.25	-0.2%	-1.6%	-4.2%
FTA Over 15 Year FIG Index	4.63	-4.3%	-9.8%	-29.0%

Interest Rates & Yields	Yield 07 Jul 23	Yield 30 Jun 23	Yield 31 Dec 22	Yield 07 Jul 22
UK 10 Year Gilt Yield	4.65	4.39	3.67	2.13
UK 15 Year Gilt Yield	4.81	4.53	3.99	2.53
US 10 Year Treasury Yield	4.06	3.84	3.87	2.99
German 10 Year Yield	2.64	2.39	2.57	1.32
Spanish 10 Year Yield	3.69	3.39	3.66	2.41
Greek 10 Year Yield	3.95	3.65	4.57	3.53
Japan 10 Year Yield	0.45	0.40	0.41	0.25

Currencies Exchange Rate	07 Jul 23	30 Jun 23	31 Dec 22	07 Jul 22
GBP / USD	1.28	1.27	1.21	1.20
GBP / EURO	1.17	1.16	1.13	1.18
GBP / YEN	182.60	183.54	158.48	163.35

Commodities	Price Level 07 Jul 23	Price Level 30 Jun 23	Price Level 31 Dec 22	Price Level 07 Jul 22
Oil - WTI \$	73.86	70.64	80.26	102.73
Gold \$	1,925.05	1,919.35	1,824.02	1,740.16
Wheat \$	639.50	636.25	792.00	824.50

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
11/07/2023	UK	Jobless Claims Change	--	25.7k	-13.6k
13/07/2023	UK	Industrial Production MoM	-0.40%	--	-0.30%
13/07/2023	FR	CPI YoY	4.50%	--	4.50%
11/07/2023	GE	ZEW Survey Expectations	-10.6	--	-8.5
11/07/2023	GE	ZEW Survey Current Situation	-62	--	-56.5
11/07/2023	GE	CPI YoY	6.40%	6.40%	6.40%
11/07/2023	IT	Industrial Production MoM	0.60%	--	-1.90%
12/07/2023	SP	CPI YoY	1.90%	--	1.90%
12/07/2023	SP	CPI EU Harmonised YoY	1.60%	--	1.60%
12/07/2023	JN	PPI YoY	4.40%	--	5.10%
12/07/2023	JN	Core Machine Orders MoM	1.00%	--	5.50%
14/07/2023	JN	Industrial Production MoM	--	--	-1.60%
12/07/2023	US	CPI MoM	0.30%	--	0.10%
12/07/2023	US	CPI YoY	3.10%	--	4.00%
12/07/2023	US	MBA Mortgage Applications	--	--	-4.40%
13/07/2023	US	Initial Jobless Claims	250k	--	248k
14/07/2023	US	U. of Mich. Sentiment	65.5	--	64.4

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.

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