

Weekly Economic Update

31 July 2023

FOR PROFESSIONAL ADVISERS ONLY

UK

- The FTSE 100 closed the week at 7694 up 0.39%. The 10 year UK gilt yield moved from 4.28% to 4.33%.
- The Bank of England is to receive help from former federal reserve chair Ben Bernanke. He will lead a review of the banks forecasting capabilities following criticism of the bank over the last couple of years.
- The Chief Executives of NatWest and Coutts bank resigned last week due to the closure of Nigel Farage's account based on his political views. Many have been concerned around the initial false disclosure with both the BBC and government involved in early discussions with the bank. Some have called it a potential abuse of power considering that there was no court authority or law in place allowing the dissemination of personal customer information to these authorities.
- The owner of British Airways and Air France-KLM (IAG) announced profits for both companies last week as robust demand for flights met an industry-wide shortage of planes.

GLOBAL

- The FED raised interest rates by 0.25% to a target range of 5.25% to 5.50% - the highest level in 22 years. Traders are 50/50 split on whether there will be a further rate hike by the central bank at the next meeting in September. Goldman Sachs research analysts believe that this is the end of the hikes.
- The European Central bank also raised rates by a quarter of a percentage point, taking interest rates to 3.75% matching their all-time high in the region.
- The Bank of Japan amended its long-term policy this week, It is now allowing long-term interest rates to deviate by an unspecified amount. However the yield on 10 year government bonds will continue to be capped at 0.5%. Bond yields went higher in the region. The Japanese are a major buyer of US and UK treasuries, so it will be interesting to see how this policy deviation will play out in the long-term.
- Credit Suisse has been fined \$388m by UK and US regulators for failures over the collapse of Archegos Capital in 2001.
- General Abdourahmane Tchiani declared himself leader following a military coup in Niger to the condemnation of the international community. This means the removal of former leader Bazoum. Bazoum was democratically elected in 2021 and has been a key ally for the west in the continuing battle against the spreading threat from groups linked to ISIS and Al-Qaeda.

Equity Markets	Index Level 28 Jul 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4195	2.5%	5.2%	7.2%
FTSE 100	7694	2.3%	5.6%	8.8%
FTSE 250	19124	4.0%	3.4%	-0.6%
MSCI World	3058	1.9%	11.9%	8.7%
MSCI World EM	1043	4.6%	4.6%	1.8%

Bond Markets	Yield 28 Jul 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.43	0.5%	-3.0%	-16.1%
FTA All Stock ILG index	0.97	-0.6%	-3.2%	-19.9%
FTA Over 5 Year ILG index	0.94	-0.9%	-4.1%	-23.2%
FTA Under 5 Year FIG Index	4.79	1.0%	-0.4%	-3.5%
FTA Over 15 Year FIG Index	4.42	-0.6%	-6.3%	-27.7%

Interest Rates & Yields	Yield 28 Jul 23	Yield 30 Jun 23	Yield 31 Dec 22	Yield 28 Jul 22
UK 15 Year Gilt Yield	4.52	4.53	3.99	2.37
US 10 Year Treasury Yield	3.95	3.84	3.87	2.68
German 10 Year Yield	2.49	2.39	2.57	0.83
Spanish 10 Year Yield	3.52	3.39	3.66	1.99
Greek 10 Year Yield	3.81	3.65	4.57	2.92
Japan 10 Year Yield	0.54	0.40	0.41	0.20

Currencies Exchange Rate	28 Jul 23	30 Jun 23	31 Dec 22	28 Jul 22
GBP / USD	1.29	1.27	1.21	1.21
GBP / EURO	1.17	1.16	1.13	1.19
GBP / YEN	181.33	183.54	158.48	163.16

Commodities	Price Level 28 Jul 23	Price Level 30 Jun 23	Price Level 31 Dec 22	Price Level 28 Jul 22
Gold \$	1,959.49	1,919.35	1,824.02	1,755.84
Wheat \$	704.25	636.25	792.00	817.00

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
03/08/2023	UK	Bank of England Bank Rate	5.25%	5.25%	5.00%
04/08/2023	IT	Industrial Production MoM	-0.30%	--	1.60%
03/08/2023	FR	HCOB France Services PMI	47.4	47.1	47.4
03/08/2023	US	Initial Jobless Claims	225k	227k	221k
03/08/2023	US	Durable Goods Orders	4.70%	4.60%	4.70%
04/08/2023	US	Change in Nonfarm Payrolls	200k	--	209k
04/08/2023	US	Unemployment Rate	3.60%	--	3.60%

Source: Bloomberg

Important Information

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