

Weekly Economic Update

14 August 2023

FOR PROFESSIONAL ADVISERS ONLY



Mobius Life

UK

- The FTSE 100 closed the week at 7524 down 0.53%. The 10 year UK gilt yield moved from 4.38% to 4.53%.
- In the UK, the Office for National Statistics (ONS) announced that GDP for the recent period exceeded expectations at 0.2%, surpassing the 0.1% recorded in the previous quarter. Strong consumer spending, manufacturing, and construction contributed. In contrast, UK house prices fell 2.4% YoY in July, driven by high inflation and interest rates, which have diminished the affordability of housing financing, as reported by Halifax.
- UK discounter Wilko collapsed into administration last week, which puts 12,000 jobs at risk. This comes after rescue talks with potential buyout candidates failed.

GLOBAL

- Data out last week shows China is experiencing deflation as consumer prices fell by 0.3% in July. This follows a report revealing significant declines in both exports (14.5% drop) and imports (12.4% drop) in the region for July, which was a considerable downside surprise for markets.
- The Italian government surprised the markets with an announcement that it would tax banks 40% on their increase in net interest income. This led to significant declines in regional banking stocks, the largest since March. Subsequently, and likely due to market reaction, the government revised the tax plan, capping the tax at a maximum of 0.1% of risk-free assets, diverging from the earlier cap of 25% of shareholder equity.
- Taiwan Semiconductor Manufacturing Company will proceed with a subsidized \$10 billion Dresden plant, in collaboration with Bosch, NXP, and Infineon, as jointly declared. This move enables the world's leading chipmaker to globalise production amid heightened Taiwan-China geopolitical concerns.
- Paypal announced last week that it is launching a stablecoin. This digital currency (called Paypal USD) will be linked 1:1 to the US dollar.
- The Electoral Commission (UK's election watchdog) suffered a cyber attack by "hostile actors". This information was revealed last week, the attack was in August 2021, but was not discovered until October of last year.
- Fernando Villavicencio Ecuadorian Presidential candidate, was assassinated last week in Quito. His platform targeted crime and corruption. Unlike its neighbours, Ecuador has largely evaded years of drug-related violence and cartel conflicts, yet crime has surged recently.

Equity Markets	Index Level 11 Aug 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4106	-1.7%	3.5%	3.2%
FTSE 100	7524	-1.7%	3.9%	4.8%
FTSE 250	18800	-1.6%	1.8%	-4.2%
MSCI World	2973	-1.6%	10.4%	4.5%
MSCI World EM	998	-3.3%	1.6%	-2.1%

Bond Markets	Yield 11 Aug 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.65	-1.9%	-4.6%	-16.6%
FTA All Stock ILG index	1.16	-3.0%	-6.0%	-22.7%
FTA Over 5 Year ILG index	1.14	-3.7%	-7.5%	-26.4%
FTA Under 5 Year FIG Index	4.86	0.0%	-0.4%	-2.8%
FTA Over 15 Year FIG Index	4.66	-4.2%	-9.8%	-30.0%

Interest Rates & Yields	Yield 11 Aug 23	Yield 31 Jul 23	Yield 31 Dec 22	Yield 11 Aug 22
UK 15 Year Gilt Yield	4.74	4.50	3.99	2.44
US 10 Year Treasury Yield	4.15	3.96	3.87	2.89
German 10 Year Yield	2.62	2.49	2.57	0.97
Spanish 10 Year Yield	3.64	3.52	3.66	2.06
Greek 10 Year Yield	3.89	3.75	4.57	3.22
Japan 10 Year Yield	0.59	0.60	0.41	0.19

Currencies Exchange Rate	11 Aug 23	31 Jul 23	31 Dec 22	11 Aug 22
GBP / EURO	1.16	1.17	1.13	1.18
GBP / YEN	183.93	182.75	158.48	162.32

Commodities	Price Level 11 Aug 23	Price Level 31 Jul 23	Price Level 31 Dec 22	Price Level 11 Aug 22
Gold \$	1,913.76	1,965.09	1,824.02	1,789.72
Wheat \$	626.75	665.75	792.00	810.75

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
15/08/2023	UK	Jobless Claims Change	--	--	25.7k
16/08/2023	UK	CPI YoY	6.70%	--	7.90%
16/08/2023	UK	CPI MoM	-0.50%	--	0.10%
16/08/2023	UK	CPI Core YoY	6.80%	--	6.90%
15/08/2023	GE	ZEW Survey Expectations	-14.7	--	-14.7
15/08/2023	GE	ZEW Survey Current Situation	-63	--	-59.5
15/08/2023	JN	Industrial Production MoM	--	--	2.00%
15/08/2023	JN	GDP SA QoQ	0.80%	--	0.70%
15/08/2023	JN	GDP Annualized SA QoQ	2.90%	--	2.70%
17/08/2023	JN	Core Machine Orders MoM	3.50%	--	-7.60%
15/08/2023	US	Retail Sales Advance MoM	0.40%	--	0.20%
16/08/2023	US	MBA Mortgage Applications	--	--	-3.10%
17/08/2023	US	Initial Jobless Claims	240k	--	248k

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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