

Weekly Economic Update

04 September 2023

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7465 up 1.72%. The 10 year UK gilt yield moved from 4.44% to 4.43%.
- During a recent conference, Huw Pill, the Chief Economist of the Bank of England, expressed a preference for maintaining the current interest rate at 5.25% for an extended period rather than opting to increase rates further.
- UK house prices experienced their most rapid annual decline since 2009, with the prevailing high-interest rate environment acting as a significant obstacle to the property sector. In August, the average house price dropped by 5.3% compared to the corresponding month in the previous year. Furthermore, UK mortgage approvals decreased from 54,600 in June to 49,400 in July, falling below the Reuters poll consensus forecast of 51,000 approvals.

GLOBAL

- In the first half of this year, China's largest private property developer, Country Garden, posted losses amounting to \$6.7 billion. These losses underscore the ongoing challenges faced by an industry, which contributes to over a quarter of China's economic activity.
- GDP in Latin America's largest economy, Brazil, expanded 0.9% compared to the previous quarter, surpassing analysts' projections of 0.3% growth. This robust growth was driven by strong performance in both industrial and service sectors.
- Last week, Turkey's Central Bank surprised many by implementing a significantly larger-than-anticipated hike in its key interest rate, the one-week repo rate. The rate was raised from 17.50% to 25.00%.
- UBS has declared its intention to retain Credit Suisse's domestic business. Since finalizing the acquisition of Credit Suisse, UBS's shares have surged by 30 percent.
- 10 drugs were named by the US government as falling in scope of its new price regulations regime. This regime gives the government the ability to pay lower prices for some of the most expensive drugs purchased by Medicare, the taxpayer funded healthcare system for retirees. This is one of the biggest overhauls seen in the industry in decades.
- Last week, it was announced that Australia would hold a referendum that has the potential to enhance the lives of its Aboriginal population. If the majority of the population votes "yes," there will be the establishment of an advisory body on indigenous affairs and broader constitutional change.

Equity Markets	Index Level 1 Sep 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4069	0.2%	2.9%	7.6%
FTSE 100	7465	0.3%	3.4%	8.5%
FTSE 250	18537	-0.4%	0.6%	3.5%
MSCI World	2990	0.7%	12.1%	7.3%
MSCI World EM	986	1.1%	1.3%	-4.6%

Bond Markets	Yield 1 Sep 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.56	-0.4%	-3.6%	-8.8%
FTA All Stock ILG index	1.03	-0.6%	-4.7%	-14.3%
FTA Over 5 Year ILG index	1.03	-0.7%	-6.1%	-17.1%
FTA Under 5 Year FIG Index	4.71	0.0%	0.2%	-0.2%
FTA Over 15 Year FIG Index	4.60	-1.1%	-8.7%	-18.3%

Interest Rates & Yields	Yield 1 Sep 23	Yield 31 Aug 23	Yield 31 Dec 22	Yield 1 Sep 22
UK 10 Year Gilt Yield	4.43	4.36	3.67	2.88
UK 15 Year Gilt Yield	4.66	4.59	3.99	3.29
US 10 Year Treasury Yield	4.18	4.11	3.87	3.25
German 10 Year Yield	2.55	2.47	2.57	1.56
Spanish 10 Year Yield	3.58	3.48	3.66	2.77
Greek 10 Year Yield	3.83	3.77	4.57	4.19
Japan 10 Year Yield	0.63	0.64	0.41	0.24

Currencies Exchange Rate	1 Sep 23	31 Aug 23	31 Dec 22	1 Sep 22
GBP / USD	1.26	1.27	1.21	1.15
GBP / EURO	1.17	1.17	1.13	1.16
GBP / YEN	183.99	184.25	158.48	161.52

Commodities	Price Level 1 Sep 23	Price Level 31 Aug 23	Price Level 31 Dec 22	Price Level 1 Sep 22
Oil - WTI \$	85.55	83.63	80.26	86.61
Gold \$	1,940.06	1,940.19	1,824.02	1,697.52
Wheat \$	567.50	573.00	792.00	775.50

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
08/09/2023	GE	CPI YoY	6.10%	--	6.10%
08/09/2023	GE	CPI MoM	0.30%	--	0.30%
08/09/2023	JN	GDP SA QoQ	1.40%	--	1.50%
08/09/2023	JN	GDP Annualized SA QoQ	5.60%	--	6.00%
08/09/2023	JN	BoP Current Account Balance	¥2245.9b	--	¥1508.8b
09/09/2023	CH	CPI YoY	0.20%	--	-0.30%
09/09/2023	CH	PPI YoY	-3.00%	--	-4.40%
07/09/2023	US	Initial Jobless Claims	234k	--	228k

Source: Bloomberg

Important Information

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