

Weekly Economic Update

11 September 2023

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7478 up 0.17%. The 10 year UK gilt yield moved from 4.43% to 4.42%.
- Andrew Bailey, Governor of the Bank of England mentioned that he expects inflation "to fall quite markedly" this year. He also commented that "we are much nearer the top of the cycle".
- The UK government's annual auction for wind power projects attracted no bidders, amidst rising costs for turbines, financing and labour.
- Ontario Teachers' Pension Plan will acquire a significant stake in UK's Seven Investment Management for £255 million, as Caledonia Investments sells its interests. Seven Investment Management oversees £21 billion in assets for 2,300 financial advisory firms and 7,000 private clients.
- Birmingham city council has declared itself effectively bankrupt. The authority issued a notice announcing that it cannot balance its books this year. The council has suggested it is facing budget shortfalls of £87.4 mm for 2023/24, rising to £164.8 mm in 2024/25.

GLOBAL

- Crude oil prices climbed above \$90 per barrel last week as Russia and Saudi Arabia revealed plans to extend production cuts through year-end. Lower energy costs in 2023 have driven disinflation, most economists and analysts expect inflation to continue to recede over the coming months, however tightening oil markets could threaten this.
- Goldman Sachs have estimated that China's housing downturn will reduce GDP in the region by 1.50% this year. With this development, the continued declining population and other headwinds, Bloomberg now believe it will take until the mid-2040s for China's GDP to exceed the US's. Even then, the prediction is for the lead to be small and short-lived.
- WeWork is in the process of revising its lease agreements globally, prompted by concerns about its ongoing viability. As of June, WeWork operates in 39 countries with 777 locations and has significant long-term lease commitments, totalling over \$13 billion, as reported by the Financial Times. This initiative has the potential to impact the broader commercial real estate sector, which has already been grappling with oversupply issues stemming from the rise of hybrid work arrangements since the pandemic.

Equity Markets	Index Level 8 Sep 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4073	0.4%	3.0%	5.9%
FTSE 100	7478	0.5%	3.6%	7.0%
FTSE 250	18463	-0.7%	0.3%	1.0%
MSCI World	2949	0.4%	11.8%	5.3%
MSCI World EM	974	1.0%	1.2%	-3.4%

Bond Markets	Yield 8 Sep 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.57	-0.4%	-3.6%	-6.6%
FTA All Stock ILG index	1.07	-1.1%	-5.2%	-13.7%
FTA Over 5 Year ILG index	1.07	-1.5%	-6.8%	-16.9%
FTA Under 5 Year FIG Index	4.66	0.2%	0.4%	0.2%
FTA Over 15 Year FIG Index	4.62	-1.4%	-8.9%	-14.6%

Interest Rates & Yields	Yield 8 Sep 23	Yield 31 Aug 23	Yield 31 Dec 22	Yield 8 Sep 22
UK 10 Year Gilt Yield	4.42	4.36	3.67	3.15
UK 15 Year Gilt Yield	4.66	4.59	3.99	3.53
US 10 Year Treasury Yield	4.26	4.11	3.87	3.32
German 10 Year Yield	2.61	2.47	2.57	1.72
Spanish 10 Year Yield	3.65	3.48	3.66	2.84
Greek 10 Year Yield	3.95	3.77	4.57	4.21
Japan 10 Year Yield	0.65	0.64	0.41	0.25

Currencies Exchange Rate	8 Sep 23	31 Aug 23	31 Dec 22	8 Sep 22
GBP / USD	1.25	1.27	1.21	1.15
GBP / EURO	1.16	1.17	1.13	1.15
GBP / YEN	184.15	184.25	158.48	165.49

Commodities	Price Level 8 Sep 23	Price Level 31 Aug 23	Price Level 31 Dec 22	Price Level 8 Sep 22
Oil - WTI \$	87.51	83.63	80.26	83.54
Gold \$	1,919.08	1,940.19	1,824.02	1,708.46
Wheat \$	567.25	573.00	792.00	810.50

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
12/09/2023	UK	Jobless Claims Change	--	0.9k	29.0k
13/09/2023	UK	Industrial Production MoM	-0.70%	--	1.80%
12/09/2023	GE	ZEW Survey Expectations	-15	-11.4	-12.3
12/09/2023	GE	ZEW Survey Current Situation	-75.5	-79.4	-71.3
15/09/2023	FR	CPI YoY	4.80%	--	4.80%
15/09/2023	IT	CPI EU Harmonized YoY	5.50%	--	5.50%
12/09/2023	SP	CPI YoY	2.60%	2.60%	2.60%
12/09/2023	SP	CPI EU Harmonised YoY	2.40%	2.40%	2.40%
13/09/2023	JN	PPI YoY	3.30%	--	3.60%
14/09/2023	JN	Industrial Production MoM	--	--	-2.00%
14/09/2023	JN	Core Machine Orders MoM	-0.80%	--	2.70%
13/09/2023	US	CPI MoM	0.60%	--	0.20%
13/09/2023	US	CPI YoY	3.60%	--	3.20%
13/09/2023	US	MBA Mortgage Applications	--	--	-2.90%
14/09/2023	US	Initial Jobless Claims	225k	--	216k
14/09/2023	US	Retail Sales Advance MoM	0.10%	--	0.70%
15/09/2023	US	U. of Mich. Sentiment	69	--	69.5

Source: Bloomberg

Important Information

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