

Weekly Economic Update

16 October 2023

FOR PROFESSIONAL ADVISERS ONLY



Mobius Life

UK

- The FTSE 100 closed the week at 7600 up 1.40%. The 10 year UK gilt yield moved from 4.57% to 4.39%.
- The Bank of England is advocating for higher liquidity requirements for money market funds. Last Tuesday, financial stability experts of the bank revealed that they intend to propose guidelines for money market funds to hold 50-60% of their allocations in assets that can be liquidated within 7 days, up from the current threshold of 30%.

GLOBAL

- Euro area industrial production fell by 5.1% in August compared to the same time last year. Global demand for manufactured goods continues to weaken.
- Chinese exports have experienced a decline for the fifth month in a row, while the annual headline inflation rate has dropped to 0%, raising worries about the potential for deflation. According to a report in the Financial Times last week, Chinese officials are contemplating the establishment of a stock market stabilisation fund aimed at bolstering investor confidence. The fund is expected to primarily invest in domestic equities through financial institutions and professionally managed funds.
- The IMF raised its projected global inflation rate for the upcoming year to 5.8% from 5.2%. Simultaneously, the institution revised its global economic growth forecast for next year to 2.9%, which is a 0.1% reduction from its estimate in July. China's growth forecast was adjusted from 5.2% to 5% for 2024, while the US saw an increase in its growth projection from 1% to 1.5%.
- Following 21 months of uncertainty, Microsoft successfully completed its \$75 billion acquisition of Activision Blizzard after receiving approval from the UK regulator. However, in the US, antitrust authorities have pledged to persist with their legal challenge against the transaction.
- Steve Scalise has withdrawn his candidacy for the position of the next Speaker of the House of Representatives. This development has raised additional concerns about whether the Republicans can reach a consensus on a new speaker, following the sudden removal of Kevin McCarthy two weeks ago. The inability to reach an agreement on a new speaker could potentially lead to legislative gridlock and a federal government shutdown.

Equity Markets	Index Level 13 Oct 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4096	-0.7%	3.8%	13.9%
FTSE 100	7600	-0.1%	5.4%	15.3%
FTSE 250	17454	-4.4%	-4.9%	6.5%
MSCI World	2862	0.9%	11.6%	13.2%
MSCI World EM	951	0.4%	1.7%	7.1%

Bond Markets	Yield 13 Oct 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.64	0.4%	-3.7%	2.7%
FTA All Stock ILG index	1.27	-0.2%	-7.3%	10.1%
FTA Over 5 Year ILG index	1.28	-0.3%	-9.6%	10.5%
FTA Under 5 Year FIG Index	4.53	0.2%	1.2%	3.0%
FTA Over 15 Year FIG Index	4.76	0.6%	-10.6%	1.0%

Interest Rates & Yields	Yield 13 Oct 23	Yield 30 Sep 23	Yield 31 Dec 22	Yield 13 Oct 22
UK 10 Year Gilt Yield	4.39	4.44	3.67	4.20
UK 15 Year Gilt Yield	4.69	4.75	3.99	4.55
US 10 Year Treasury Yield	4.61	4.57	3.87	3.94
German 10 Year Yield	2.74	2.84	2.57	2.29
Spanish 10 Year Yield	3.88	3.93	3.66	3.45
Greek 10 Year Yield	4.29	4.34	4.57	4.87
Japan 10 Year Yield	0.76	0.77	0.41	0.25

Currencies Exchange Rate	13 Oct 23	30 Sep 23	31 Dec 22	13 Oct 22
GBP / USD	1.21	1.22	1.21	1.13
GBP / EURO	1.16	1.15	1.13	1.16
GBP / YEN	181.55	182.36	158.48	166.84

Commodities	Price Level 13 Oct 23	Price Level 30 Sep 23	Price Level 31 Dec 22	Price Level 13 Oct 22
Oil - WTI \$	87.69	90.79	80.26	89.11
Gold \$	1,932.82	1,848.63	1,824.02	1,666.37
Wheat \$	579.75	541.50	792.00	892.25

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
18/10/2023	UK	CPI YoY	6.60%	--	6.70%
18/10/2023	UK	CPI MoM	0.50%	--	0.30%
18/10/2023	UK	CPI Core YoY	6.00%	--	6.20%
17/10/2023	GE	ZEW Survey Expectations	-9	-1.1	-11.4
17/10/2023	GE	ZEW Survey Current Situation	-80.8	-79.9	-79.4
18/10/2023	CH	GDP YoY	4.50%	--	6.30%
17/10/2023	US	Retail Sales Advance MoM	0.30%	0.70%	0.60%
18/10/2023	US	MBA Mortgage Applications	--	--	0.60%
19/10/2023	US	Initial Jobless Claims	210k	--	209k

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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