

Weekly Economic Update

9 October 2023

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7495 down 1.49%. The 10 year UK gilt yield moved from 4.44% to 4.57%.
- Prime Minister Rishi Sunak cancelled the northern leg of HS2 at the Conservative Party conference last week, citing a £36 billion cost saving. The Labour Party won't reverse this decision if they come to power, they cited concerns around the difficulties of reversing land sales and resource reallocation.
- Last week, the UK Chancellor, Jeremy Hunt, unveiled a £1 billion initiative aimed at reducing the size of the civil service. He announced a hiring freeze, citing the presence of 66,000 more civil servants than before the pandemic.
- Metro Bank witnessed a substantial decline in its shares following the confirmation of its pursuit of approximately £600 million in emergency capital to bolster its financial position. Speculation has arisen regarding potential interest from major UK retail banks in either acquiring Metro Bank or securing substantial ownership stakes in the company.
- Starting in 2025, UK insurance companies will be subjected to a "dynamic" stress test by the UK's Prudential Regulation Authority (PRA), designed to test resilience against a series of adverse events.

GLOBAL

- In the US Bureau of Labour Statistics data revealed the creation of 336,000 new jobs last month, a figure that greatly exceeded predictions. This further intensifies the pressure on the US Federal Reserve to maintain higher interest rates for an extended period.
- The Italian government successfully raised over €17 billion by issuing retail bonds directly to households, in a bid to fund its growing borrowing requirements. This move follows a similar initiative several months ago, which raised €18 billion from retail investors. There are increasing concerns among international investors about Italy's substantial debt levels.
- Kristina Georgieva, the Managing Director of the IMF, expressed her endorsement for reforms aimed at granting China greater voting authority within the organisation, allowing the IMG to access more resources.
- Israel has declared a state of war after a deadly Hamas attack in southern Israel, which has already caused at least 1,000 confirmed casualties.

Equity Markets	Index Level 6 Oct 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4056	-1.7%	2.8%	10.0%
FTSE 100	7495	-1.5%	3.9%	11.3%
FTSE 250	17732	-2.9%	-3.4%	3.9%
MSCI World	2845	-0.5%	10.0%	6.9%
MSCI World EM	937	-1.8%	-0.6%	-3.3%

Bond Markets	Yield 6 Oct 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.83	-1.3%	-5.4%	-0.4%
FTA All Stock ILG index	1.44	-2.8%	-9.7%	-5.4%
FTA Over 5 Year ILG index	1.45	-3.4%	-12.5%	-8.1%
FTA Under 5 Year FIG Index	4.59	0.0%	0.9%	3.4%
FTA Over 15 Year FIG Index	4.98	-2.9%	-13.7%	-6.7%

Interest Rates & Yields	Yield 6 Oct 23	Yield 31 Aug 23	Yield 31 Dec 22	Yield 6 Oct 22
UK 10 Year Gilt Yield	4.57	4.44	3.67	4.17
UK 15 Year Gilt Yield	4.89	4.75	3.99	4.42
US 10 Year Treasury Yield	4.80	4.57	3.87	3.82
German 10 Year Yield	2.88	2.84	2.57	2.09
Spanish 10 Year Yield	4.01	3.93	3.66	3.28
Greek 10 Year Yield	4.38	4.34	4.57	4.75
Japan 10 Year Yield	0.80	0.77	0.41	0.25

Currencies Exchange Rate	6 Oct 23	31 Aug 23	31 Dec 22	6 Oct 22
GBP / USD	1.22	1.22	1.21	1.11
GBP / EURO	1.16	1.15	1.13	1.14
GBP / YEN	182.64	182.36	158.48	161.53

Commodities	Price Level 6 Oct 23	Price Level 31 Aug 23	Price Level 31 Dec 22	Price Level 6 Oct 22
Oil - WTI \$	82.79	90.79	80.26	88.45
Gold \$	1,833.01	1,848.63	1,824.02	1,712.53
Wheat \$	568.25	541.50	792.00	879.00

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
12/10/2023	UK	Industrial Production MoM	-0.10%	-0.70%	-0.70%
13/10/2023	FR	CPI YoY	4.90%	--	4.90%
13/10/2023	SP	CPI YoY	3.50%	--	3.50%
13/10/2023	SP	CPI EU Harmonised YoY	3.20%	--	3.20%
12/10/2023	JN	PPI YoY	2.40%	2.00%	3.20%
12/10/2023	JN	Core Machine Orders MoM	0.60%	-0.50%	-1.10%
13/10/2023	CH	CPI YoY	0.20%	--	0.10%
13/10/2023	CH	PPI YoY	-2.40%	--	-3.00%
12/10/2023	US	Initial Jobless Claims	210k	209k	207k
12/10/2023	US	CPI MoM	0.30%	0.40%	0.60%
12/10/2023	US	CPI YoY	3.60%	3.70%	3.70%
13/10/2023	US	U. of Mich. Sentiment	67	--	68.1

Source: Bloomberg

Important Information

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