

Weekly Economic Update

23 October 2023

FOR PROFESSIONAL ADVISERS ONLY



Mobius Life

UK

- The FTSE 100 closed the week at 7402 down 2.61%. The 10 year UK gilt yield moved from 4.39% to 4.65%.
- UK inflation held steady in September at a rate of 6.7%, surpassing the anticipated figure of 6.6%. However, core inflation did show a slight decrease, at 6.1% down from 6.2%. Nonetheless, even this drop in core inflation was less than the predicted fall to 6%.
- In the three months leading up to August, wage growth in the UK experienced a mild deceleration. The Office for National Statistics indicated that average total pay decreased from 8.5% in the previous month to 8.1%. Similarly, regular pay, excluding bonuses, dropped from 7.9% to 7.8%. Continued high wage growth will likely pose ongoing challenges in the fight against inflation and will not provide much comfort to the central bank, as labour market pressures appear to persist.
- In the UK, on a year-on-year basis, private rents surged by 5.7% in September, following a 5.6% increase in July. These increments mark the most substantial rises since national records began in 2016. London experienced the most significant surge in rental prices its seen, with data on the area going as far back as 2006.

GLOBAL

- China's GDP expanded by 4.9% in the third quarter, surpassing the anticipated growth rate of 4.5%. On a quarterly basis, the economy recorded a 1.3% increase, a notable improvement compared to the 0.5% growth seen in the second quarter.
- S&P has raised Greece's credit rating from junk status to investment-grade level, marking the first time this has occurred since 2010. This upgrade is attributed to substantial budgetary improvements. The Greek government anticipates 2.3% economic growth in 2023 and a 3% expansion in 2024.
- On Monday, Italy's right-wing coalition government successfully passed its budget. Italian Prime Minister Giorgia Meloni reaffirmed their dedication to allocating €24 billion for the purpose of reducing taxes for individuals in the middle and lower income brackets, increasing public sector wages, and offering assistance to working mothers.
- In Poland, the financial markets responded favourably to the victory of the pro-European candidate Donald Tusk and his coalition in Sunday's general election. On Tuesday, the Polish Zloty appreciated by approximately 0.25% against the euro, and the benchmark WIG20 index also rose strongly.

Equity Markets	Index Level 20 Oct 23	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	3991	-3.2%	1.2%	9.3%
FTSE 100	7402	-2.6%	2.7%	10.8%
FTSE 250	17033	-6.6%	-7.1%	1.2%
MSCI World	2791	-1.7%	8.7%	8.7%
MSCI World EM	926	-2.4%	-1.2%	2.2%

Bond Markets	Yield 20 Oct 23	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.89	-1.6%	-5.6%	-4.4%
FTA All Stock ILG index	1.51	-3.3%	-10.2%	-10.4%
FTA Over 5 Year ILG index	1.52	-4.2%	-13.2%	-13.6%
FTA Under 5 Year FIG Index	4.61	0.1%	1.0%	1.9%
FTA Over 15 Year FIG Index	5.04	-3.7%	-14.4%	-13.8%

Interest Rates & Yields	Yield 20 Oct 23	Yield 30 Sep 23	Yield 31 Dec 22	Yield 20 Oct 22
UK 10 Year Gilt Yield	4.65	4.44	3.67	3.91
UK 15 Year Gilt Yield	4.98	4.75	3.99	4.17
US 10 Year Treasury Yield	4.91	4.57	3.87	4.23
German 10 Year Yield	2.89	2.84	2.57	2.40
Spanish 10 Year Yield	4.00	3.93	3.66	3.53
Greek 10 Year Yield	4.36	4.34	4.57	5.04
Japan 10 Year Yield	0.84	0.77	0.41	0.25

Currencies Exchange Rate	20 Oct 23	30 Sep 23	31 Dec 22	20 Oct 22
GBP / USD	1.22	1.22	1.21	1.13
GBP / EURO	1.15	1.15	1.13	1.15
GBP / YEN	182.14	182.36	158.48	168.72

Commodities	Price Level 20 Oct 23	Price Level 30 Sep 23	Price Level 31 Dec 22	Price Level 20 Oct 22
Oil - WTI \$	88.75	90.79	80.26	85.98
Gold \$	1,981.40	1,848.63	1,824.02	1,628.02
Wheat \$	586.00	541.50	792.00	849.25

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
24/10/2023	UK	Jobless Claims Change	--	20.4k	0.9k
24/10/2023	UK	S&P Global/CIPS UK Manufacturing PMI	44.7	45.2	44.3
24/10/2023	GE	HCOB Germany Manufacturing PMI	40.1	40.7	39.6
25/10/2023	GE	IFO Business Climate	86	--	85.7
24/10/2023	FR	HCOB France Manufacturing PMI	44.5	42.6	44.2
24/10/2023	FR	HCOB France Services PMI	45	46.1	44.4
27/10/2023	IT	Manufacturing Confidence	96	--	96.4
24/10/2023	JN	Jibun Bank Japan PMI Mfg	--	48.5	48.5
27/10/2023	JN	Tokyo CPI Ex-Fresh Food YoY	2.50%	--	2.50%
24/10/2023	US	S&P Global US Manufacturing PMI	49.5	--	49.8
25/10/2023	US	MBA Mortgage Applications	--	--	-6.90%
26/10/2023	US	Initial Jobless Claims	207k	--	198k
26/10/2023	US	GDP Annualized QoQ	4.50%	--	2.10%
26/10/2023	US	Durable Goods Orders	1.80%	--	0.10%
27/10/2023	US	U. of Mich. Sentiment	63	--	63

Source: Bloomberg

Important Information

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