

Weekly Economic Update

8 January 2024

FOR PROFESSIONAL ADVISERS ONLY



UK

- The FTSE 100 closed the week at 7690 down 0.56%. The 10 year UK gilt yield moved from 3.54% to 3.79%.
- Business activity picked up in December, the UK's S&P Global Purchasing Manager's Index saw services activity growing at its fastest rate in 6 months, offsetting declines in manufacturing activity.
- In the UK there was a substantial decrease in grocery price inflation. The inflation figure moved to 6.7% in December down from November's 9.1% figure.
- Rishi Sunak has suggested that he may call for a general election in the second half of 2024. January 2025 is the last date that an election could be held.

GLOBAL

- In the US there was increased uncertainty regarding the anticipated timing and extent of interest rate cuts. This uncertainty arose as minutes from the Federal Reserve's last meeting exhibited a relatively hawkish tone. There was also stronger-than-expected growth in nonfarm payrolls.
- In the eurozone, inflation experienced an increase, reaching 2.9% in December compared to the previous figure of 2.4%. This upturn was primarily attributed to higher energy costs. Meanwhile, core inflation, which excludes volatile food and energy items, decreased for the fifth consecutive month. In Germany, inflation surged to 3.8%, a notable rise from the 2.3% figure report in November.
- In China, the most recent data revealed a three-month consecutive contraction in factory activity, with the Purchasing Managers' Index (PMI) declining from 49.4 to 49.0. Services activity also remained in contraction. This underscores the ongoing difficulties in the Chinese economy, prompting questions on whether the government will provide additional fiscal or monetary support.
- Last quarter BYD, the manufacturer of electric cars, surpassed Tesla as the world's largest electric vehicle (EV) company in terms of sales, with over 526,000 units sold. The Chinese company's success is often attributed to the affordability of its models.
- On Sunday it was revealed that the Senate and House had come to an agreement on US government funding for 2024. However, it remains uncertain whether the deal can be concluded and enacted into law within the next two weeks in order to prevent a partial government shutdown.

Equity Markets	Index Level 5 Jan 24	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4196	-0.8%	-0.8%	4.4%
FTSE 100	7690	-0.6%	-0.6%	4.8%
FTSE 250	19210	-2.4%	-2.4%	2.1%
MSCI World	3121	-1.2%	-1.2%	15.0%
MSCI World EM	1002	-1.8%	-1.8%	-1.8%

Bond Markets	Yield 5 Jan 24	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.11	-1.8%	-1.8%	1.3%
FTA All Stock ILG index	0.93	-2.9%	-2.9%	-1.1%
FTA Over 5 Year ILG index	0.94	-3.5%	-3.5%	-2.4%
FTA Under 5 Year FIG Index	3.85	-0.5%	-0.5%	3.4%
FTA Over 15 Year FIG Index	4.27	-3.6%	-3.6%	-2.6%

Interest Rates & Yields	Yield 5 Jan 24	Yield 31 Dec 23	Yield 31 Dec 23	Yield 5 Jan 23
UK 10 Year Gilt Yield	3.79	3.54	3.54	3.55
UK 15 Year Gilt Yield	4.15	3.92	3.92	3.93
US 10 Year Treasury Yield	4.05	3.88	3.88	3.72
German 10 Year Yield	2.16	2.02	2.02	2.32
Spanish 10 Year Yield	3.15	2.99	2.99	3.37
Greek 10 Year Yield	3.31	3.05	3.05	4.42
Japan 10 Year Yield	0.60	0.62	0.62	0.42

Currencies Exchange Rate	5 Jan 24	31 Dec 23	31 Dec 23	5 Jan 23
GBP / USD	1.27	1.28	1.28	1.19
GBP / EURO	1.16	1.15	1.15	1.13
GBP / YEN	184.17	179.76	179.76	158.66

Commodities	Price Level 5 Jan 24	Price Level 31 Dec 23	Price Level 31 Dec 23	Price Level 5 Jan 23
Oil - WTI \$	73.81	71.65	71.65	73.67
Gold \$	2,045.45	2,062.98	2,062.98	1,832.89
Wheat \$	616.00	628.00	628.00	746.75

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
12/01/2024	UK	Industrial Production MoM	0.30%	--	-0.80%
12/01/2024	FR	CPI YoY	3.70%	--	3.70%
11/01/2024	IT	Industrial Production MoM	-0.20%	--	-0.20%
12/01/2024	SP	CPI YoY	3.10%	--	3.10%
12/01/2024	SP	CPI EU Harmonised YoY	3.30%	--	3.30%
08/01/2024	JN	Tokyo CPI Ex-Fresh Food YoY	2.10%	--	2.30%
11/01/2024	JN	BoP Current Account Balance	¥2385.1b	--	¥2582.8b
12/01/2024	CH	CPI YoY	-0.40%	--	-0.50%
12/01/2024	CH	PPI YoY	-2.60%	--	-3.00%
10/01/2024	US	MBA Mortgage Applications	--	--	-10.70%
11/01/2024	US	Initial Jobless Claims	210k	--	202k
11/01/2024	US	CPI MoM	0.20%	--	0.10%
11/01/2024	US	CPI YoY	3.20%	--	3.10%

Source: Bloomberg

Important Information

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