

Weekly Economic Update

26 February 2024

FOR PROFESSIONAL ADVISERS ONLY



Mobius Life

UK

- The FTSE 100 closed the week at 7706 down 0.08%. The 10 year UK gilt yield move from 4.11% to 4.04%.
- Andrew Bailey, the Governor of the Bank of England, hinted that rate cuts might take place before inflation reaches the 2% target level. It appears increasingly probable that such rate cuts will happen this year, as in discussions last week the governor displayed a dovish tone.
- UK business output was reported at a level stronger than expected. Services PMI came in at 54.3, a higher level than that of the eurozone. This provides strong evidence that the recession from the second half of 2023 might not extend into this year.
- UK house prices experienced a 16% increase compared to the same period last year, it could be a strong year for the UK housing market, particularly if interest rates begin to decline.
- Ofgem, the UK's energy regulator, declared that the energy price cap will decrease by 12% in April to £1,690. However, this will mean prices will still remain above pre-pandemic levels.

GLOBAL

- In Europe, natural gas prices have benefited from unexpectedly warm weather. According to JPMorgan, European gas contracts have decreased by more than half in value over the past four months. These declines are expected to eventually impact consumer prices.
- A strong earnings report from semiconductor maker Nvidia led to its market capitalisation reaching \$277 billion on Thursday and this appeared to inspire a strong global market rally for the so-called "magnificent seven" stocks and the wider tech sector. Goldman Sachs research have revised up their estimates for the US market, now predicting annual growth of 4%. This adjustment aligns with S&P's upgraded forecast for US growth, now projected to reach 2.4% as opposed to the previous estimate of 1.5%.
- In China, the central bank injected 500 billion RMB into the banking system. There was also a significant reduction in the five-year loan prime rate, down 25 basis points to 3.95%. However, the one-year rate remained unchanged. These measures coincide with ongoing challenges in the property sector within the region, as evidenced by a 0.30% decline in house prices across 70 cities, marking the seventh consecutive month of contraction according to local statistics.

Equity Markets	Index Level 23 Feb 24	Total Return (Sterling)		
		MtD	YtD	1 Year
FTSE All Share	4203	1.1%	-0.3%	1.2%
FTSE 100	7706	1.4%	0.1%	1.3%
FTSE 250	19180	-0.7%	-2.3%	0.3%
MSCI World	3334	4.5%	6.1%	17.7%
MSCI World EM	1028	5.8%	1.3%	1.5%

Bond Markets	Yield 23 Feb 24	Index % Change (Sterling)		
		MtD	YtD	1 Year
FTA All Stock Gilt Index	4.37	-1.3%	-3.5%	-0.1%
FTA All Stock ILG index	1.17	-1.7%	-6.1%	-4.2%
FTA Over 5 Year ILG index	1.19	-2.0%	-7.5%	-6.2%
FTA Under 5 Year FIG Index	4.17	-0.5%	-0.7%	3.1%
FTA Over 15 Year FIG Index	4.52	-2.1%	-6.9%	-4.8%

Interest Rates & Yields	Yield 23 Feb 24	Yield 31 Jan 24	Yield 31 Dec 23	Yield 23 Feb 23
UK 15 Year Gilt Yield	4.35	4.17	3.92	3.94
US 10 Year Treasury Yield	4.25	3.91	3.88	3.88
German 10 Year Yield	2.36	2.17	2.02	2.48
Spanish 10 Year Yield	3.25	3.09	2.99	3.44
Greek 10 Year Yield	3.40	3.20	3.05	4.35
Japan 10 Year Yield	0.72	0.73	0.62	0.50

Currencies Exchange Rate	23 Feb 24	31 Jan 24	31 Dec 23	23 Feb 23
GBP / USD	1.27	1.27	1.28	1.20
GBP / EURO	1.17	1.17	1.15	1.13
GBP / YEN	190.69	186.14	179.76	161.77

Commodities	Price Level 23 Feb 24	Price Level 31 Jan 24	Price Level 31 Dec 23	Price Level 23 Feb 23
Gold \$	2,035.40	2,039.52	2,062.98	1,822.28
Wheat \$	573.50	595.25	628.00	738.25

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
01/03/2024	UK	S&P Global UK Manufacturing PMI	47.1	--	47.1
29/02/2024	GE	CPI YoY	2.60%	--	2.90%
29/02/2024	FR	CPI YoY	2.80%	--	3.10%
01/03/2024	FR	HCOB France Manufacturing PMI	46.8	--	46.8
28/02/2024	IT	Manufacturing Confidence	88.7	--	88.3
01/03/2024	IT	CPI EU Harmonized YoY	1.00%	--	0.90%
29/02/2024	SP	CPI YoY	2.80%	--	3.40%
29/02/2024	SP	CPI EU Harmonised YoY	2.80%	--	3.50%
28/02/2024	JN	Industrial Production MoM	-6.80%	--	1.40%
29/02/2024	JN	Jobless Rate	2.40%	--	2.40%
01/03/2024	CH	Manufacturing PMI	49.1	--	49.2
01/03/2024	CH	Caixin China PMI Mfg	50.7	--	50.8
27/02/2024	US	Conf. Board Consumer Confidence	115	--	114.8
27/02/2024	US	Durable Goods Orders	-5.00%	--	0.00%
28/02/2024	US	GDP Annualized QoQ	3.30%	--	3.30%
28/02/2024	US	MBA Mortgage Applications	--	--	-10.60%
29/02/2024	US	Initial Jobless Claims	210k	--	201k
01/03/2024	US	ISM Manufacturing	49.5	--	49.1
01/03/2024	US	U. of Mich. Sentiment	79.6	--	79.6

Source: Bloomberg

Important Information

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