

Leading Indicators



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Key economic and financial metrics, updated weekly

8th October 2024

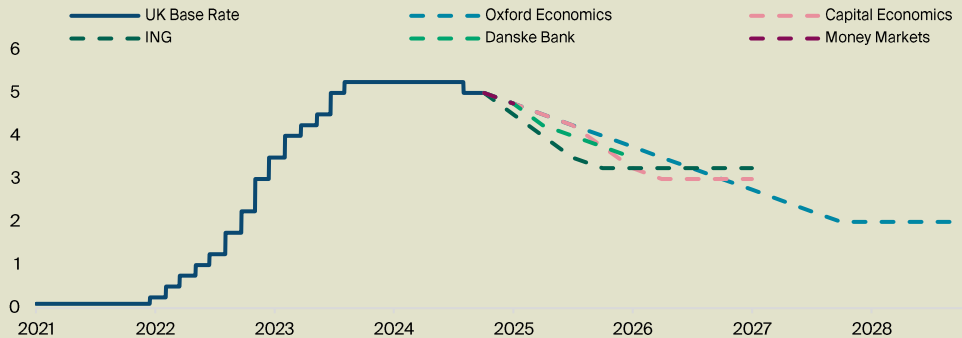
Interest rates, rising oil prices and AI...

4.75%

Recent messaging by Governor Bailey hints at a more aggressive rate-cutting approach by the BoE. Markets now anticipate a quarter-point rate cut in November and a likely follow-up in December. Meanwhile, the UK 10-year gilt yield has spiked, reflecting market concerns over the Chancellor's potential plans to ease borrowing rules in the upcoming budget.

BoE set to resume easing cycle next month

UK Base Rate and forecasts, %



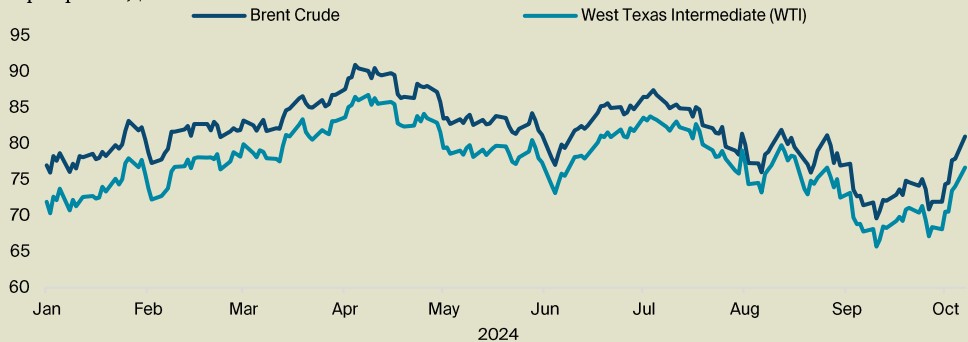
Source: Knight Frank Research, Macrobond, Bloomberg, Oxford Economics, Capital Economics, ING, Danske Bank

\$81.07

Amid ongoing geopolitical tensions, oil prices have surged, with Brent Crude rising over +13% from last week, now exceeding \$80 per barrel, its highest level since August. Despite much uncertainty, inflationary risks remain skewed to the downside, though much larger and sustained increases in oil prices could impact financial markets.

Elevated oil prices

Oil spot prices, \$



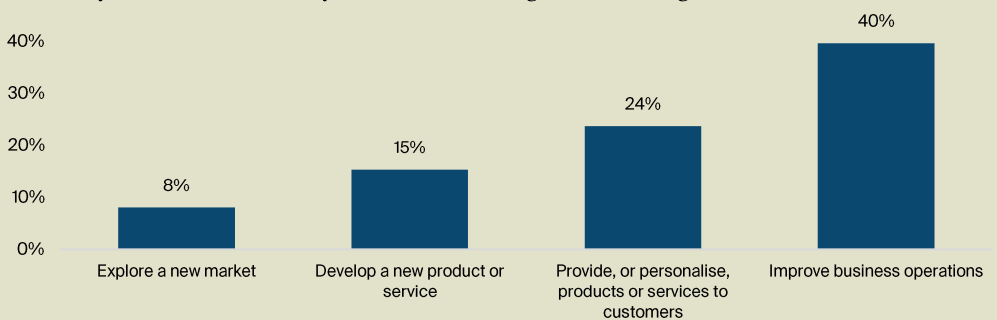
Source: Knight Frank Research, Macrobond

40%

In the latest ONS BIC survey, 40% of All Businesses reported using AI primarily to enhance their operations. Additionally, 24% of businesses are utilising AI to provide or personalise products for their customers. Last week, Keir Starmer also expressed his ambition to position London as the global AI capital.

How are businesses leveraging AI?

'What does your business currently use artificial intelligence technologies for?', % of All Businesses



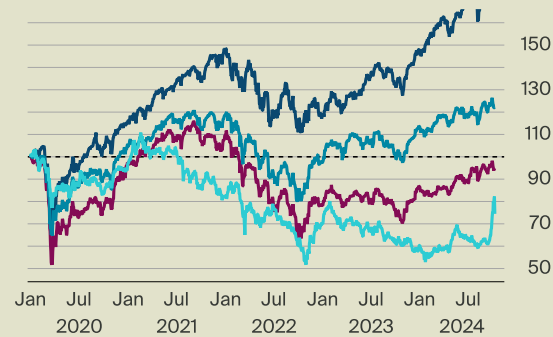
Source: Knight Frank Research, ONS BICs 3rd October

Equities

Equity markets

Price return index, Jan 2020 = 100, US\$

— FTSE 250 — S&P 500 — STOXX 600 — Hang Seng



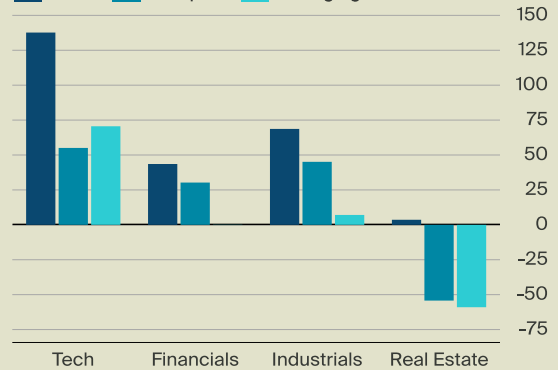
Source: Knight Frank, Macrobond

Index	Last	Percentage change since				
		Original value and base	1 day	1 week	1 month	Jan '20
DAX 30	8,056		0.1	-3.6	1.8	21.7
FTSE 250	27,280		0.3	-4.2	-0.2	-5.9
Hang Seng	2,695		-8.0	-1.0	20.4	-25.5
IBEX 35	12,862		0.5	-3.8	2.9	20.0
MIB	37,118		1.6	-4.3	-0.6	41.0
S&P 500	5,696		-0.1	-0.7	3.5	76.3
STOXX 600	570		0.2	-3.3	0.5	22.2
TOPIX	18		0.4	-1.4	0.0	15.4

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



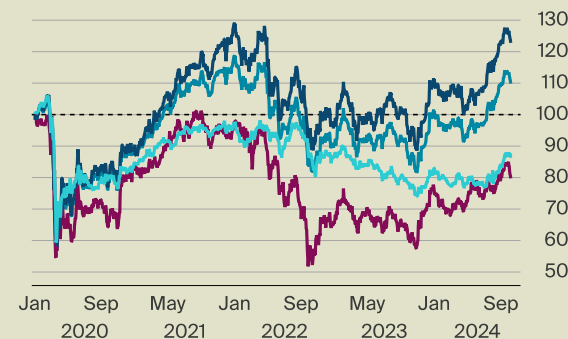
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	137.7%	55.1%	70.6%
Financials	43.5%	30.3%	-0.2%
Industrials	68.7%	45.1%	7.1%
Real Estate	3.6%	-54.2%	-59.0%

REITs by region

EPRA/NAREIT total return index, Jan 2020 = 100, US\$

— World — Europe — US — Asia Pacific



Source: Knight Frank, Macrobond

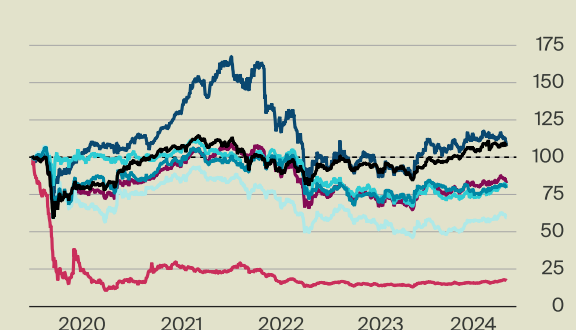
Index, total return	Last	Percentage change since				
		Original value and base	1 day	1 week	1 month	Jan '20
US	2,935		-1.1	-2.3	0.0	22.8
Europe	2,274		-1.6	-6.2	-2.4	-20.3
World	3,529		-1.3	-2.9	0.1	9.8
Asia Pacific	3,386		-1.6	-1.9	2.7	-13.7

UK REITs by sector

UK EPRA gross total return index, Jan 2020 = 100, GBP£

— All REITs — Office — Industrial — Retail — Healthcare

— Residential — FTSE 250



Source: Knight Frank, Macrobond

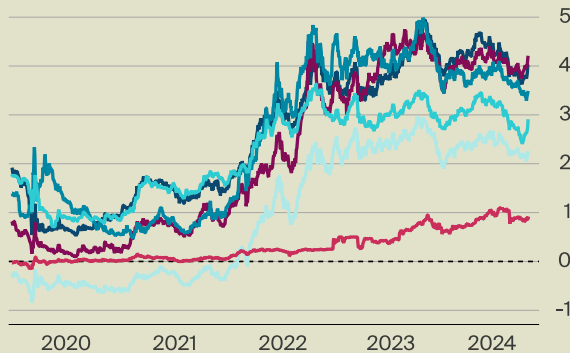
Index, total return	Last	Percentage change since				
		Original value and base	1 day	1 week	1 month	Jan '20
All REITs	845		-1.7	-4.4	-2.4	-17.4
Office	1,762		-0.1	-4.3	-1.6	-40.6
Industrial	1,335		-2.4	-5.2	-4.1	7.7
Retail	62		-1.1	-3.4	3.1	-82.8
Healthcare	1,828		-1.2	-2.3	2.3	-19.4
Residential	1,211		-0.9	-3.4	-0.8	-20.6
FTSE 250	18,448		0.5	-1.8	0.7	8.3

Bonds & Rates

Government bond yields

10 year government bond yields, %

— US — UK — Germany — Italy — Japan — Singapore



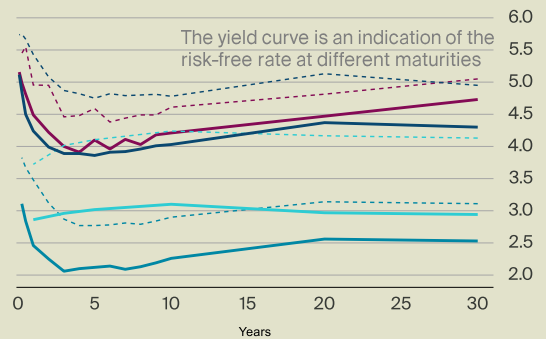
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.49	3.49	3.29	3.54	1.40
Japan	0.92	0.88	0.89	0.88	-0.03
Singapore	2.91	2.91	2.63	2.57	1.74
UK	4.21	4.21	3.94	3.89	0.82
US	4.03	4.03	3.74	3.72	1.92

Yield curves

Latest nominal yield curves vs one year ago, %

Today — US — UK — Germany — S. Korea One year ago ...US ...UK ...Germany ...S. Korea

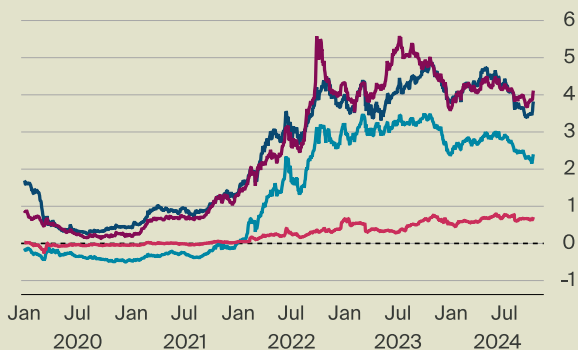


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



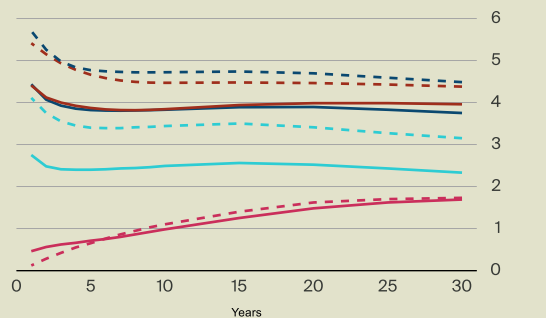
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.40	2.34	2.22	2.35	-0.13
Japan	0.71	0.67	0.67	0.65	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.11	4.03	3.88	3.84	0.88
US	3.82	3.73	3.50	3.45	1.70

Swap curves

Latest swap curves vs one year ago, %

Today — US — UK — Euro Area — Japan One year ago ...US ...UK ...Euro Area ...Japan



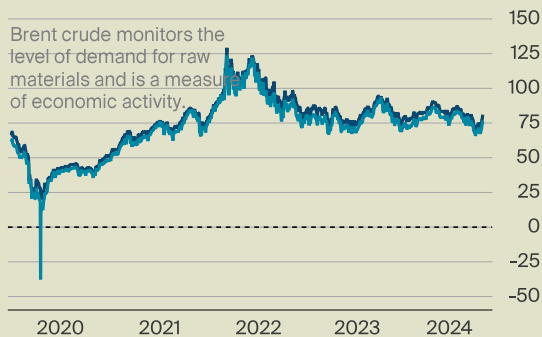
Source: Knight Frank, Macrobond

Commodities & Volatility

Energy

Oil spot prices, \$ per barrel

— Brent Crude — West Texas Intermediate (WTI)



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Brent, \$ per barrel	81.1	81.1	74.4	71.5	66.0
WTI, \$ per barrel	76.8	76.8	70.6	67.8	61.1

Baltic dry index

Baltic Exchange, Shipping Dry index (BDI), US\$

— Baltic dry index



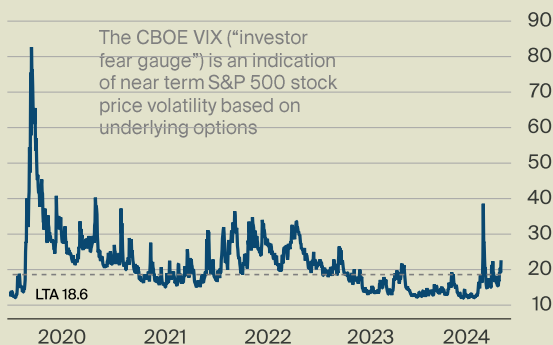
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	1860	-3.53	-8.37	-4.17	70.6

Volatility index

Near term stock price volatility indicator

— CBOE Volatility Index (VIX) --- Long term average



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
CBOE VIX	22.6	22.6	19.3	22.4	13.8
Euro Stoxx 50 VIX	20.2	20.2	21.1	22.6	14.0
Nikkei VIX	33.5	30.2	24.8	29.1	14.8
KOSPI VIX	25.6	25.4	25.4	26.8	14.7

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



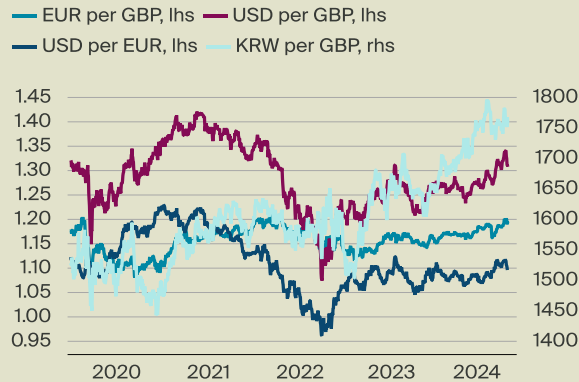
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.080	0.086	0.056	0.023
Equity markets stress sub index	0.076	0.103	0.057	0.009
Bond markets stress sub index	0.056	0.058	0.036	0.02
FX markets stress sub index	0.053	0.054	0.013	0.004

Currencies & Monetary Policy

Currencies

Spot prices

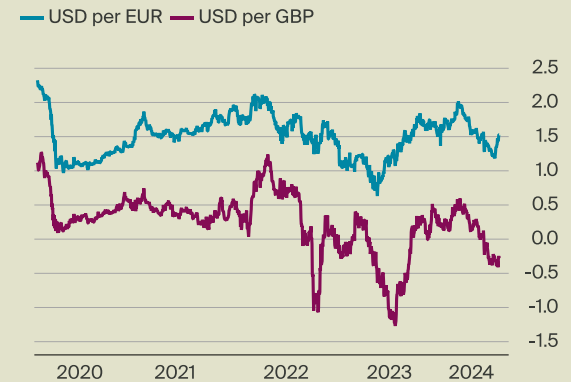


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.192	1.195	1.202	1.185	1.177
KOR per GBP	1,758	1,768	1,762	1,755	1,525
USD per GBP	1.308	1.311	1.341	1.316	1.321
USD per EUR	1.096	1.096	1.115	1.109	1.123

Hedging benefits

Hedging benefit p.a. on a 5 year forward



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
USD to EUR	1.53	1.53	1.47	1.22	2.32
USD to GBP	-0.28	-0.25	-0.33	-0.38	1.12

Inflation and monetary policy

Inflation rate (%)

	Sep	Aug	Jul	Jun
Australia ¹	n/a	n/a	n/a	3.8
Canada	n/a	2.0	2.5	2.7
China	n/a	0.7	0.6	0.3
Euro Area	1.8	2.2	2.6	2.5
France	1.2	1.8	2.3	2.2
Germany	1.6	1.8	2.3	2.2
India	n/a	3.7	3.6	5.1
Italy	0.7	1.1	1.3	0.8
Japan	n/a	3.0	2.8	2.8
Saudi Arabia	n/a	1.6	1.5	1.5
South Korea	1.6	2.0	2.6	2.4
Spain	1.5	2.2	2.7	3.4
Sweden	n/a	1.9	2.6	2.6
UK	n/a	2.2	2.2	2.0
US	n/a	2.6	2.9	3.0

1. Australia Inflation rate is only available on a quarterly basis.

Interest rates (%)

	Last	Jan '23
	4.35	3.10
	4.25	4.25
	4.35	4.35
	3.65	2.50
	3.65	2.50
	3.65	2.50
	6.50	6.25
	3.65	2.50
	0.25	-0.10
	5.50	5.00
	3.50	3.25
	3.65	2.50
	3.25	2.50
	5.00	3.50
	5.00	4.50

Asset purchasing

	Latest (\$ 1m change (%))	
	0.30 tn	2.8
	215 bn	0.1
	6.16 tn	0.6
	7.15 tn	-1.1
	1.69 tn	1.0
	2.66 tn	-0.6
	439 bn	4.1
	1.26 tn	-1.7
	5.26 tn	-1.3
	512 bn	3.9
	391 bn	-4.2
	487 bn	0.3
	117 bn	-3.7
	1.24 tn	-1.2
	7.05 tn	-1.0

Source: Knight Frank, Macrobond



Quantifying Technology in Real Estate

Quantifying Technology in Real Estate explores how emerging technologies are transforming the real estate landscape. This report examines key trends across sectors, highlighting how technological integration is driving innovation and influencing real estate strategies for the future.

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We like questions, if you've got one about our research, or would like some property advice, we would like to hear from you



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