

# Leading Indicators



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Key economic and financial metrics, updated weekly

19th November 2024

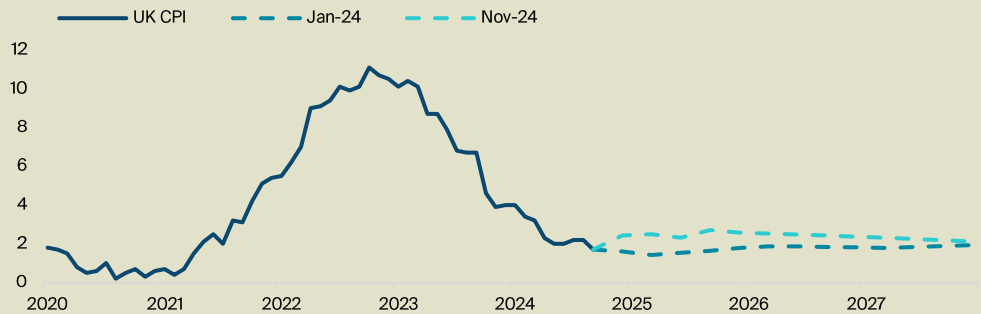
## Aftershocks: Assessing inflation, pension reforms, and market reactions post Trump's victory

### 2.2%

Tomorrow's UK inflation data release is expected to climb above the Bank of England's 2% target, with economists projecting CPI to rise to 2.2% in October, an increase from 1.7% in the month prior. US inflation also accelerated m/m to 2.6% in October. Rising inflation will likely strengthen the case for policymakers to take a cautious approach to rate cuts.

### Will UK inflation rise above the BoE's 2% target tomorrow?

UK CPI and forecasts, % y/y



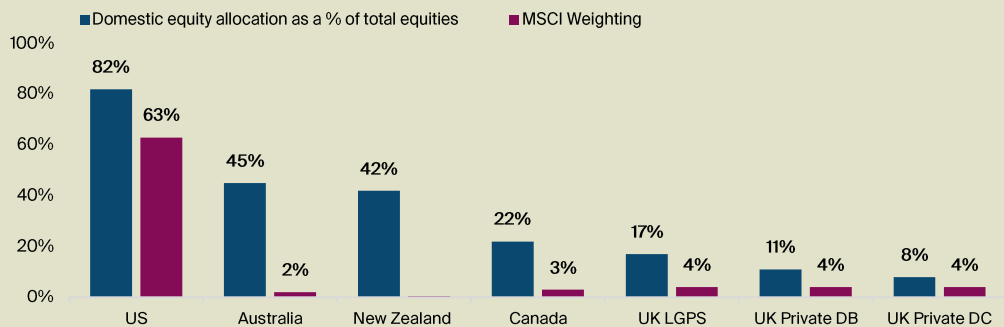
Source: Knight Frank Research, Macrobond, Oxford Economics

### £80bn

Last week, Rachel Reeves delivered her inaugural Mansion House speech, announcing plans to reform the pension system through the creation of 'megafunds'. This initiative aims to unlock £80 billion of private capital, targeted at infrastructure and start-up businesses. Crucially, some of this capital could be directed towards UK CRE.

### Equity exposure in UK pensions remains below international levels

Domestic equity allocation as a % of total equities



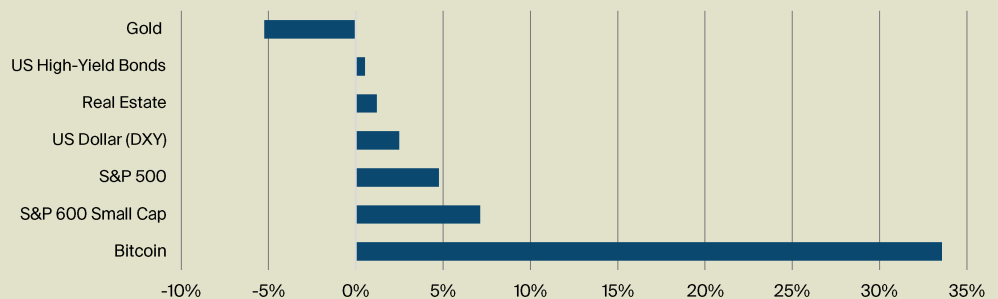
Source: Knight Frank Research, GOV.UK

### +1.21%

Trump's victory sparked significant rallies across key asset classes. This was led by Bitcoin, which reached a new all-time high. US equities performed well, with small-cap stocks outperforming. Real Estate also reacted positively, rising +1.21%.

### Trump's election victory and its impact on asset class performance

Change since 05/11/24 as of 14/11/24, %



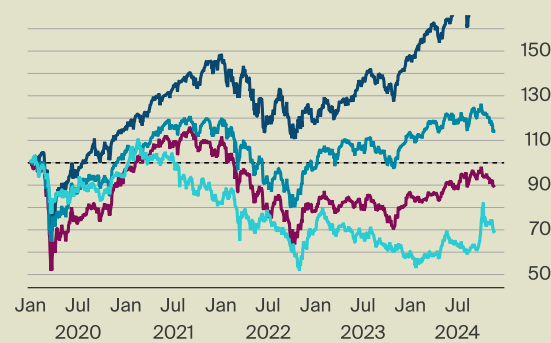
Source: Knight Frank Research, Macrobond, LBMA, MSCI, FTSE Russell, S&P Global

# Equities

## Equity markets

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

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



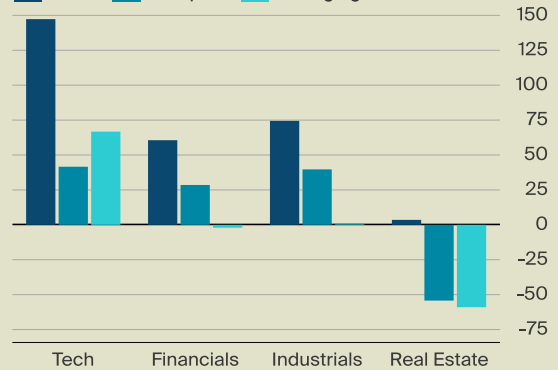
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
DAX 30	7,790	-0.4	-1.8	-4.4	17.7
FTSE 250	25,784	-1.1	-2.9	-6.0	-11.0
Hang Seng	2,526	1.2	-3.8	-2.2	-30.2
IBEX 35	12,337	1.3	-0.6	-4.3	15.1
MIB	35,674	-1.7	-1.8	-6.0	35.5
S&P 500	5,894	-0.9	-1.7	0.9	82.4
STOXX 600	531	-0.8	-2.4	-6.3	13.9
TOPIX	17	-0.2	-1.8	-2.5	10.7

## Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



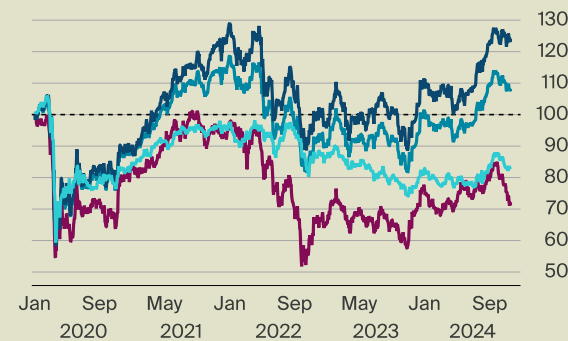
Source: Knight Frank, Macrobond

Sector	Percentage change since Jan 2020		
	US	Europe	World
Tech	147.3%	41.6%	66.7%
Financials	60.6%	28.5%	-2.1%
Industrials	74.4%	39.7%	0.4%
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



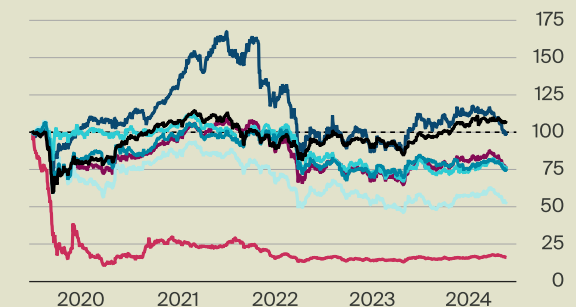
Source: Knight Frank, Macrobond

Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
US	2,968	0.8	-1.3	-1.6	24.2
Europe	2,028	-1.3	-4.3	-11.7	-28.9
World	3,475	0.6	-1.4	-3.4	8.2
Asia Pacific	3,271	0.6	0.9	-3.9	-16.7

## 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

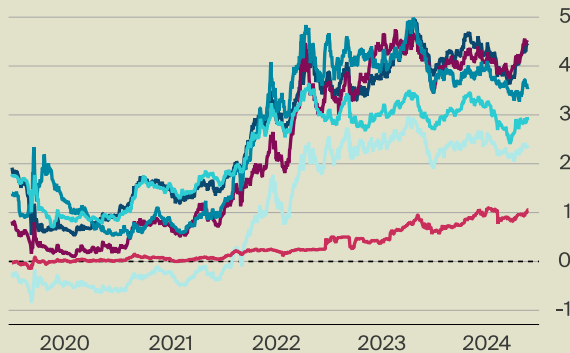
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
All REITs	773	-1.1	-2.9	-10.4	-24.4
Office	1,544	-0.8	-4.1	-11.1	-47.9
Industrial	1,214	-1.7	-2.9	-11.0	-2.1
Retail	58	0.4	-3.2	-10.0	-83.9
Healthcare	1,710	-0.8	-2.2	-6.5	-24.6
Residential	1,129	-1.0	-2.5	-8.0	-26.0
FTSE 250	18,092	-0.6	-0.5	-3.1	6.2

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

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



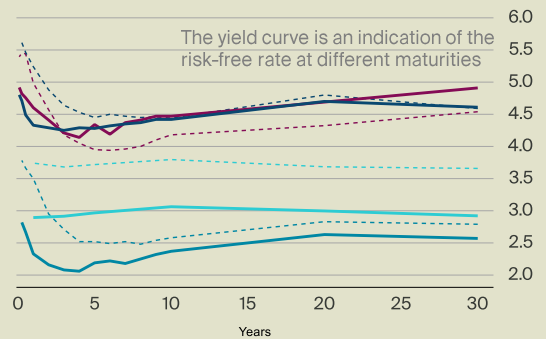
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.56	3.56	3.62	3.27	1.40
Japan	1.06	1.06	0.99	0.96	-0.03
Singapore	2.89	2.89	2.86	2.82	1.74
UK	4.47	4.47	4.50	4.06	0.82
US	4.42	4.42	4.43	4.08	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

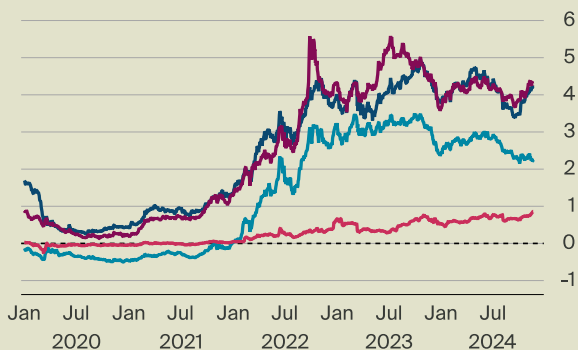


Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



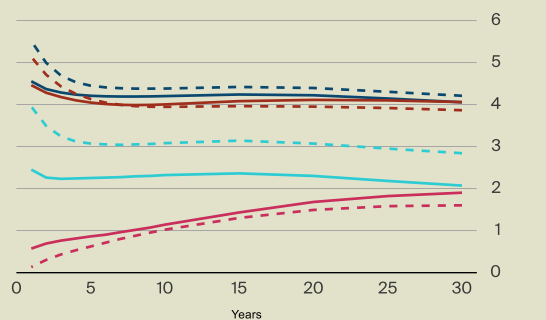
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.25	2.22	2.23	2.23	-0.13
Japan	0.86	0.86	0.79	0.75	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.29	4.28	4.27	3.91	0.88
US	4.21	4.22	4.13	3.83	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



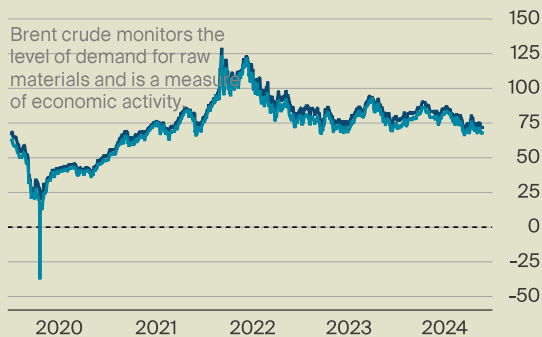
Source: Knight Frank, Macrobond

# 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	72.9	70.9	71.8	72.9	66.0
WTI, \$ per barrel	68.9	66.9	68.1	68.8	61.1

## Baltic dry index

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

— Baltic dry index



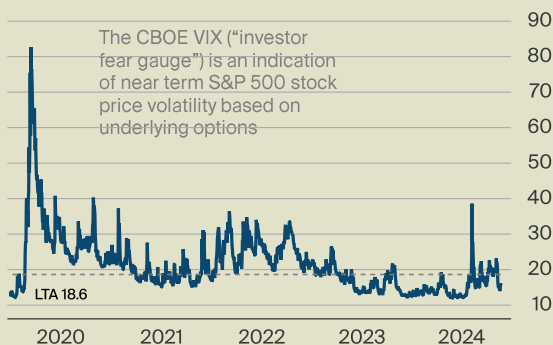
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	1756	3.78	12.7	11.4	61.1

## 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	15.6	15.6	14.7	18.0	13.8
Euro Stoxx 50 VIX	17.8	17.8	17.9	17.3	14.0
Nikkei VIX	24.7	26.1	23.1	26.4	14.8
KOSPI VIX	20.0	21.1	21.6	20.8	14.7

## Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



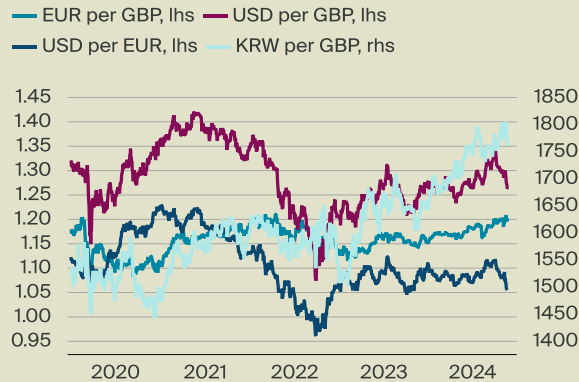
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.071	0.087	0.041	0.023
Equity markets stress sub index	0.083	0.083	0.032	0.009
Bond markets stress sub index	0.031	0.038	0.021	0.02
FX markets stress sub index	0.031	0.045	0.007	0.004

# Currencies & Monetary Policy

## Currencies

### Spot prices

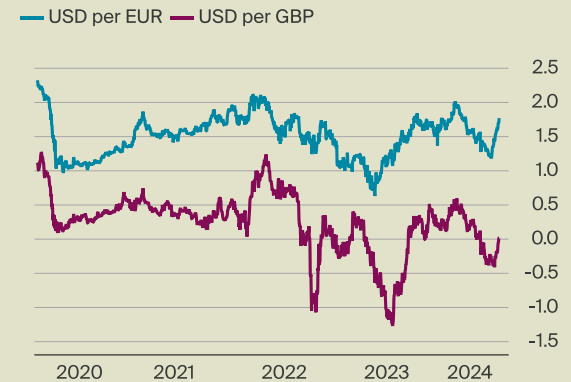


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.195	1.199	1.209	1.201	1.177
KOR per GBP	1,761	1,765	1,804	1,785	1,525
USD per GBP	1.264	1.263	1.287	1.304	1.321
USD per EUR	1.055	1.055	1.071	1.085	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	1.77	1.71	1.62	1.33	2.32
USD to GBP	0.02	0.02	-0.11	-0.33	1.12

## Inflation and monetary policy

### Inflation rate (%)

	Oct	Sep	Aug	Jul
Australia <sup>1</sup>	n/a	2.9	2.9	2.9
Canada	n/a	1.6	2.0	2.5
China	0.3	0.5	0.7	0.6
Euro Area	2.0	1.7	2.2	2.6
France	1.2	1.1	1.8	2.3
Germany	2.1	1.6	1.8	2.3
India	6.2	5.5	3.7	3.6
Italy	0.9	0.7	1.1	1.3
Japan	n/a	2.5	3.0	2.8
Saudi Arabia	1.9	1.7	1.6	1.5
South Korea	1.3	1.6	2.0	2.6
Spain	1.8	1.5	2.2	2.7
Sweden	1.6	1.6	1.9	2.6
UK	n/a	1.7	2.2	2.2
US	2.6	2.4	2.6	2.9

### Interest rates (%)

	Last	Jan '23
	4.35	3.10
	3.75	4.25
	4.35	4.35
	3.40	2.50
	3.40	2.50
	3.40	2.50
	6.50	6.25
	3.40	2.50
	0.25	-0.10
	5.25	5.00
	3.25	3.25
	3.40	2.50
	2.75	2.50
	4.75	3.50
	4.75	4.50

### Asset purchasing

	Latest (\$)	1m change (%)
	0.28 tn	-1.7
	201 bn	0.2
	6.28 tn	-1.7
	6.91 tn	-0.7
	1.67 tn	-1.5
	2.66 tn	-0.6
	425 bn	-6.8
	1.23 tn	0.7
	4.96 tn	0.3
	499 bn	-2.4
	426 bn	1.5
	487 bn	0.3
	106 bn	0.3
	1.2 tn	-1.2
	6.97 tn	-1.1

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

Source: Knight Frank, Macrobond



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Explore the current trends in UK commercial real estate with the latest edition of our UK Real Estate Navigator, available now.

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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