

Leading Indicators

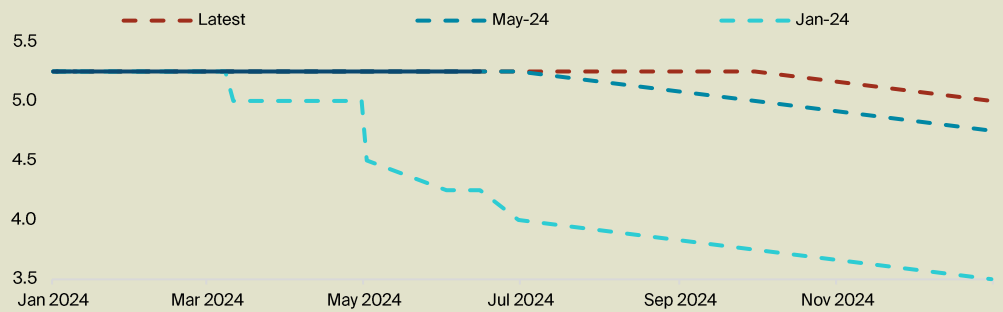
Interest rate cuts postponed, a cooling labour market, and the UK's growing population

5.00%

UK inflation held steady at 2% in June, albeit sticky services inflation has led money markets to reconsider the likelihood of a rate cut next month. Markets are now pricing in a 30% chance of an August rate cut, down from 50% two weeks ago. Since January, market expectations of anticipated rate cuts have dropped from six to just one currently.

Money markets are pricing in just one rate cut from the BoE in 2024

Money market expectations for the Bank of England base rate, %



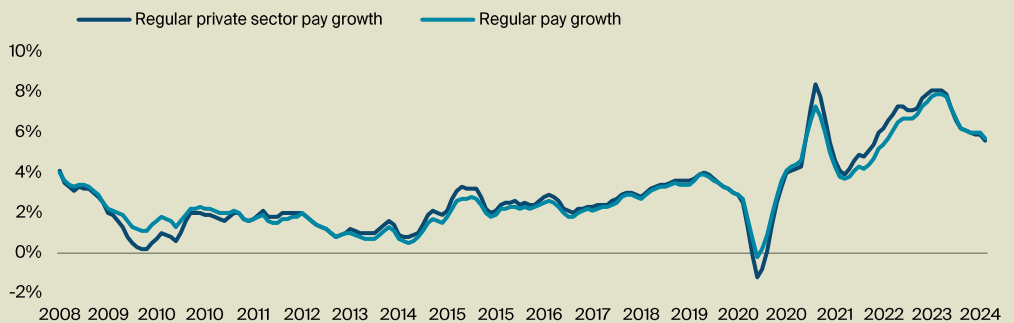
Source: Knight Frank Research, Macrobond, Bloomberg

+5.6%

Private sector wage growth, a measure closely monitored by the BoE for indications of a tight labour market, slowed to 5.6% in the three months to May 2024, from 5.9% in the three-month period prior. Meanwhile, average earnings (excl. bonuses) fell to 5.7%, its lowest level since 2022.

UK wage growth declines to lowest level since 2022

UK private sector wage growth and regular pay growth, %



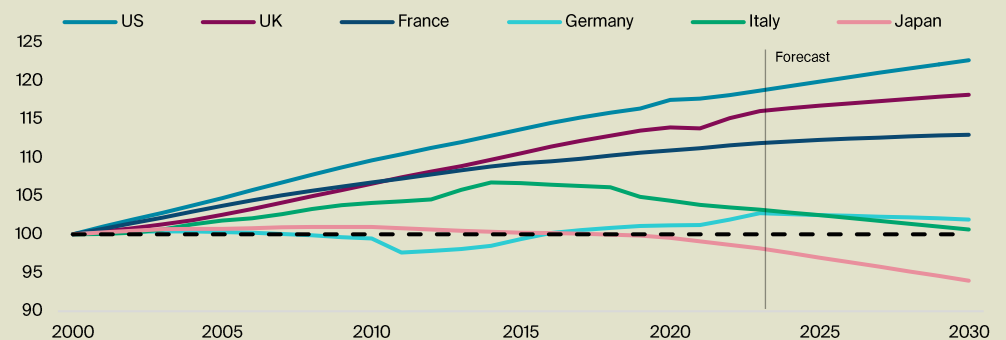
Source: Knight Frank Research, ONS

+0.6%

The UK population is expanding, with growth averaging +0.6% y/y from 2000 - 2022. This highlights the demographic advantage that Britain has gained over other European countries. In contrast to Germany, Italy, and Japan, for which the World Bank predicts stagnant or shrinking populations, the UK is forecast to see robust growth.

The UK's population is expected to grow faster than most G7 nations

Population growth index, 2000 = 100



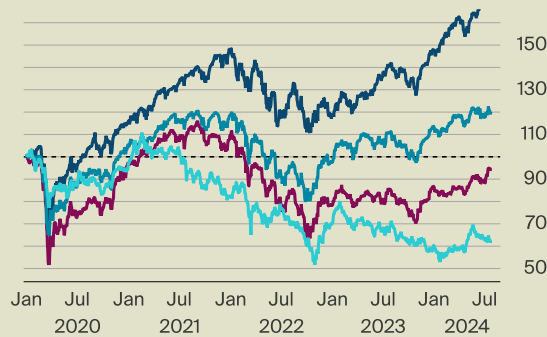
Source: Knight Frank Research, World Bank, Bloomberg

Equities

Equity markets

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

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



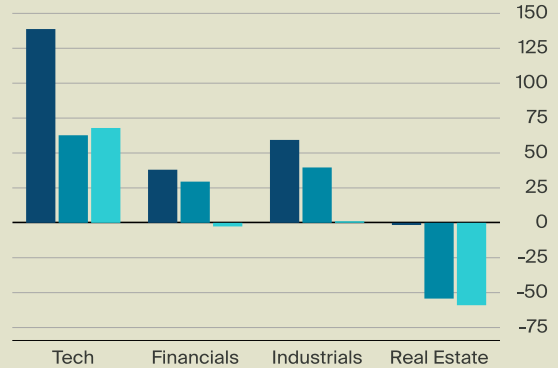
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		Original value and base	1 day	1 week	1 month
DAX 30	7,698	0.0	-2.0	2.4	16.3
FTSE 250	27,307	-0.9	-0.8	5.0	-5.8
Hang Seng	2,259	-0.8	-3.6	-3.9	-37.6
IBEX 35	12,131	-0.3	-1.2	1.4	13.2
MIB	37,682	0.0	-0.1	4.4	43.1
S&P 500	5,564	0.4	-0.9	1.7	72.2
STOXX 600	560	-0.1	-2.0	0.7	20.1
TOPIX	18	-0.7	-1.5	5.2	14.4

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



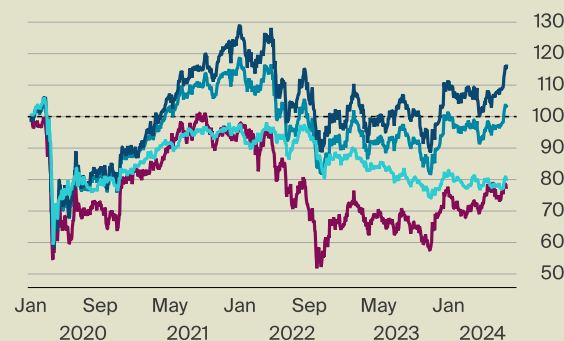
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	138.8%	62.7%	67.9%
Financials	38.0%	29.5%	-2.6%
Industrials	59.4%	39.6%	1.2%
Real Estate	-1.6%	-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

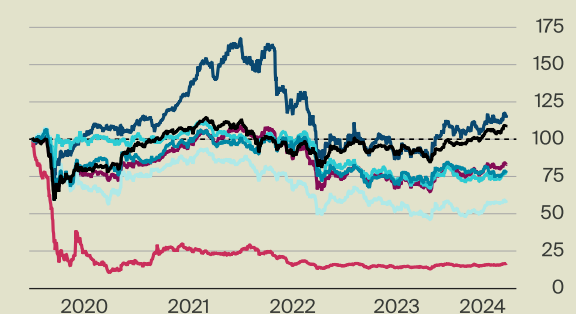
Index, total return	Last	Percentage change since			
		Original value and base	1 day	1 week	1 month
US	2,786	1.1	2.9	8.4	16.5
Europe	2,209	-1.2	-1.4	3.6	-22.5
World	3,333	0.4	1.8	7.1	3.7
Asia Pacific	3,122	-1.8	-0.8	1.6	-20.5

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

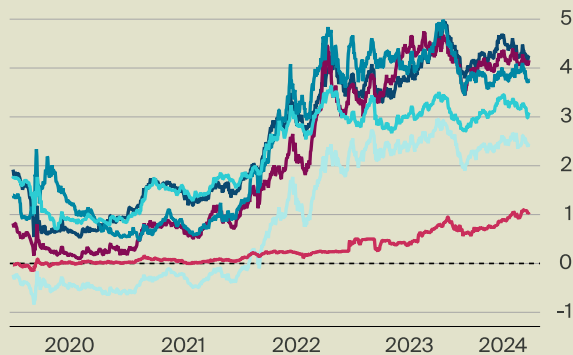
Index, total return	Last	Percentage change since			
		Original value and base	1 day	1 week	1 month
All REITs	849	-0.8	-1.1	2.2	-17.0
Office	1,698	-2.5	-3.2	-1.0	-42.7
Industrial	1,437	-0.2	-1.0	3.6	15.9
Retail	60	1.4	1.5	7.7	-83.2
Healthcare	1,738	-1.0	-1.3	4.1	-23.3
Residential	1,182	-1.3	-1.4	1.4	-22.6
FTSE 250	18,554	-0.4	-0.3	3.3	8.9

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



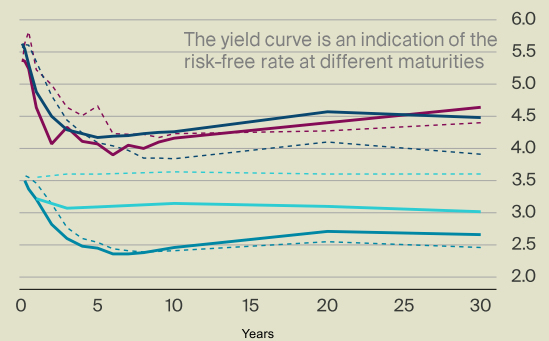
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.75	3.75	3.71	3.93	1.40
Japan	1.05	1.04	1.05	0.94	-0.03
Singapore	3.09	3.09	2.98	3.16	1.74
UK	4.16	4.16	4.05	4.08	0.82
US	4.26	4.26	4.17	4.25	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

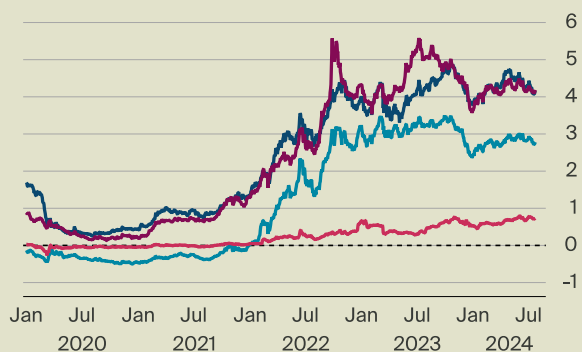


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



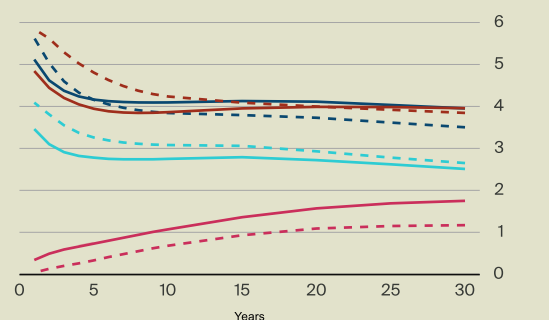
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.78	2.75	2.76	2.82	-0.13
Japan	0.73	0.72	0.72	0.68	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.19	4.14	4.12	4.14	0.88
US	4.16	4.13	4.09	4.29	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



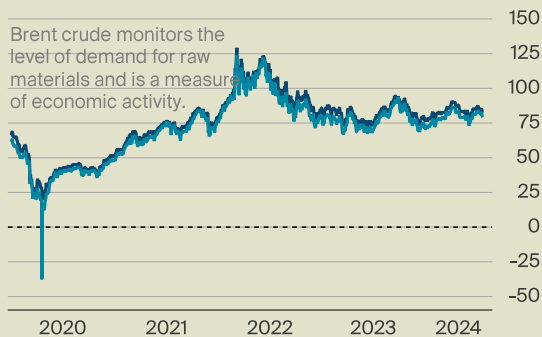
Source: Knight Frank, Macrobond

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	82.2	82.6	84.9	85.0	66.0
WTI, \$ per barrel	79.1	79.7	81.9	80.6	61.1

Baltic dry index

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

— Baltic dry index



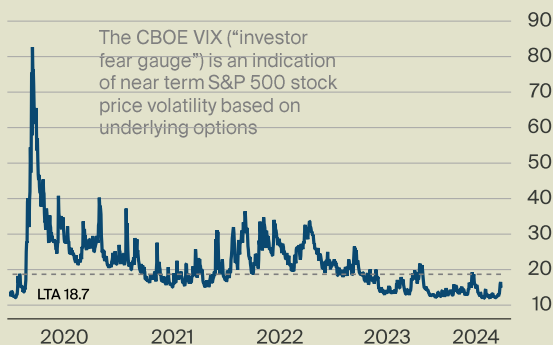
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	1896	-0.837	-4.87	-5.06	73.9

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	14.9	14.9	13.2	13.2	13.8
Euro Stoxx 50 VIX	15.7	15.7	13.9	17.6	14.0
Nikkei VIX	19.1	20.6	17.9	16.3	14.8
KOSPI VIX	17.5	18.4	16.3	16.5	14.7

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



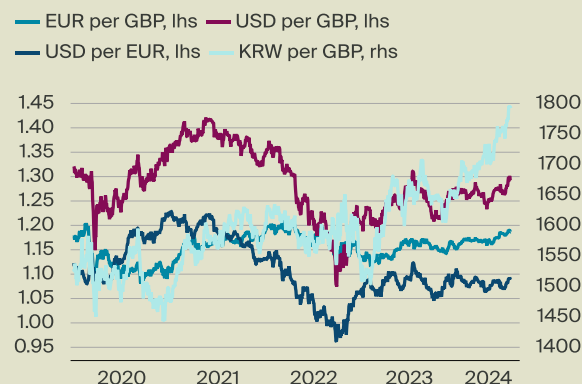
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.053	0.058	0.069	0.023
Equity markets stress sub index	0.053	0.086	0.068	0.009
Bond markets stress sub index	0.040	0.049	0.059	0.02
FX markets stress sub index	0.010	0.020	0.033	0.004

Currencies & Monetary Policy

Currencies

Spot prices

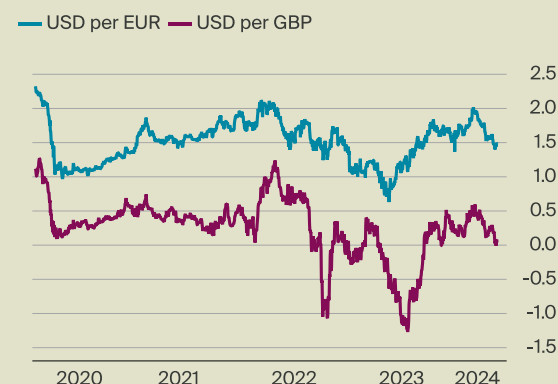


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.186	1.186	1.189	1.182	1.177
KOR per GBP	1,792	1,795	1,796	1,756	1,525
USD per GBP	1.291	1.292	1.298	1.263	1.321
USD per EUR	1.089	1.089	1.091	1.069	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	1.49	1.50	1.45	1.59	2.32
USD to GBP	0.04	0.08	0.05	0.26	1.12

Inflation and monetary policy

Inflation rate (%)

	Jun	May	Apr	Mar
Australia ¹	n/a	n/a	n/a	3.6
Canada	2.7	2.9	2.7	2.9
China	0.3	0.3	0.2	0.0
Euro Area	2.5	2.6	2.4	2.4
France	2.2	2.3	2.2	2.3
Germany	2.2	2.4	2.2	2.2
India	5.1	4.8	4.8	4.9
Italy	0.8	0.8	0.8	1.2
Japan	2.8	2.8	2.5	2.7
Saudi Arabia	1.5	1.6	1.6	1.6
South Korea	2.4	2.7	2.9	3.1
Spain	3.4	3.6	3.3	3.2
Sweden	2.6	3.7	3.9	4.1
UK	2.0	2.0	2.3	3.2
US	3.0	3.3	3.4	3.5

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

Interest rates (%)

	Last	Jan '23
	4.35	3.10
	4.75	4.25
	4.35	4.35
	4.25	2.50
	4.25	2.50
	4.25	2.50
	6.50	6.25
	4.25	2.50
	0.10	-0.10
	6.00	5.00
	3.50	3.25
	4.25	2.50
	3.75	2.50
	5.25	3.50
	5.50	4.50

Asset purchasing

	Latest (\$)	1m change (%)
	0.28 tn	-6.7
	200 bn	-3.6
	6.01 tn	1.6
	7.03 tn	-0.6
	1.61 tn	-2.0
	2.66 tn	-0.6
	403 bn	-0.9
	1.24 tn	-0.8
	4.83 tn	1.0
	510 bn	5.0
	380 bn	1.6
	487 bn	-0.1
	117 bn	0.5
	1.37 tn	-0.5
	7.21 tn	-0.6

Source: Knight Frank, Macrobond



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