

Leading Indicators

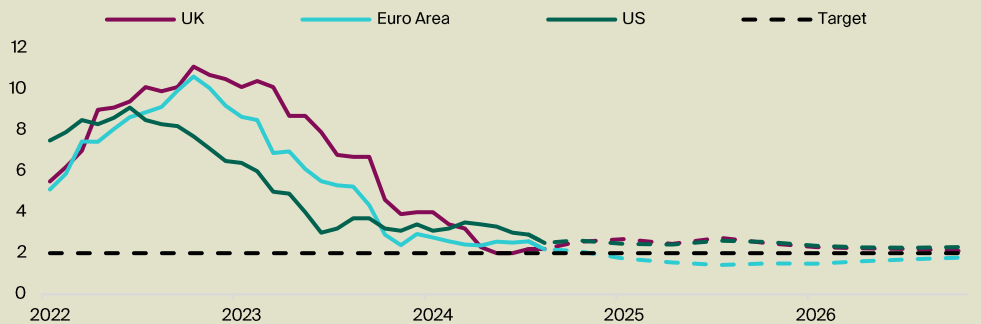
Inflation Stability, Office Revival, and the UK's Misery Index

2.2%

UK inflation held steady at 2.2% in August, below the BoE's forecast of 2.4% and in line with market expectations. Notably, services inflation rose from 5.2% to 5.6%. Eurozone inflation matched the UK at 2.2%, and US inflation slowed for the fifth consecutive month to 2.5%. Oxford Economics predicts that UK inflation will pick up to 2.5% by year-end, driven by the fading drag from energy price effects.

UK inflation remains unchanged at 2.2% in August

Inflation Rate forecasts, % change y/y



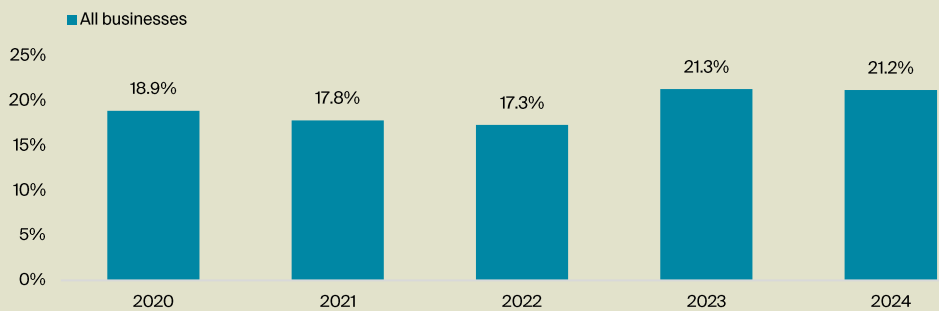
Source: Knight Frank Research, Macrobond, Oxford Economics

21.2%

The latest ONS BIC survey reveals that only 21.2% of businesses currently adopt or plan to implement remote working as a long-term strategy, a figure that has seen minimal change over the past 4 years. Despite the possibilities of remote work, we see a clear shift to office-centric workstyles – either hybrid or office-only approaches such as that announced by Amazon last week, which will see a five-day a week return to office from January 2025.

Are we seeing a shift in remote working?

Businesses using or intending to use increased homeworking permanently, September %



Source: Knight Frank Research, ONS BIC Survey

6.3

The Misery Index, a 1970s economic indicator combining unemployment and inflation, has reached its lowest level since early 2021, driven by easing inflation and a softening labour market. This decline, coupled with potential interest rate cuts, may set a favourable economic stage for the Labour government as they prepare to unveil their key fiscal strategies ahead of conference season.

UK Economic Misery dips to its lowest level since early 2021

Misery Index (CPI + Unemployment)



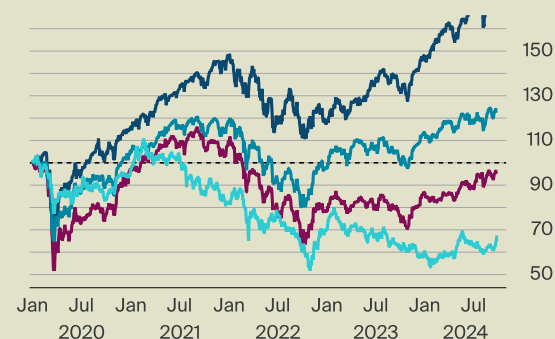
Source: Knight Frank Research, Macrobond

Equities

Equity markets

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

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



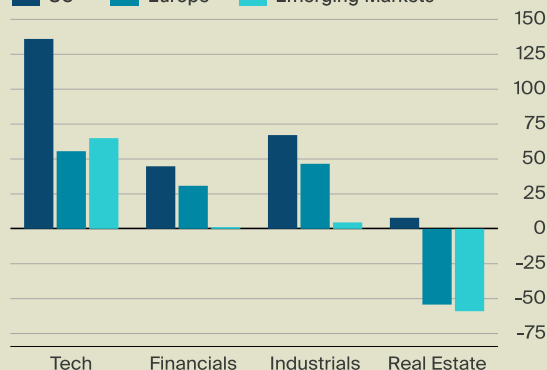
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		Original value and base	1 day	1 week	1 month
DAX 30	8,057	-0.9	1.1	2.1	21.7
FTSE 250	27,816	-0.9	1.3	0.6	-4.0
Hang Seng	2,441	4.2	9.2	7.9	-32.5
IBEX 35	13,129	0.1	2.6	5.9	22.5
MIB	37,480	-1.1	0.7	1.3	42.4
S&P 500	5,719	0.1	1.6	2.7	77.0
STOXX 600	575	-1.1	0.4	0.3	23.1
TOPIX	18	1.0	1.1	1.2	17.1

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



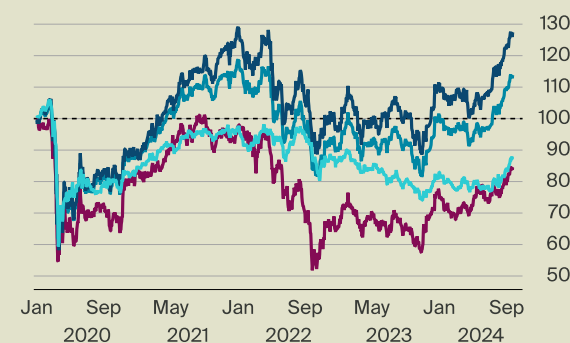
Source: Knight Frank, Macrobond

Sector	Percentage change since Jan 2020		
	US	Europe	World
Tech	136.0%	55.6%	64.9%
Financials	44.8%	30.8%	1.3%
Industrials	67.1%	46.6%	4.6%
Real Estate	7.9%	-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

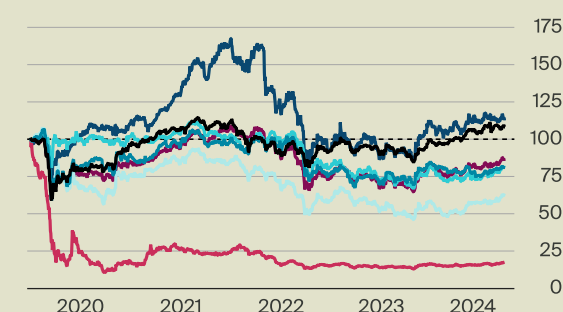
Index, total return	Last	Percentage change since			
		Original value and base	1 day	1 week	1 month
US	3,045	0.8	0.1	5.9	27.4
Europe	2,408	0.0	-0.2	5.9	-15.5
World	3,656	0.3	0.1	6.1	13.8
Asia Pacific	3,406	-1.3	-0.2	6.4	-13.2

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

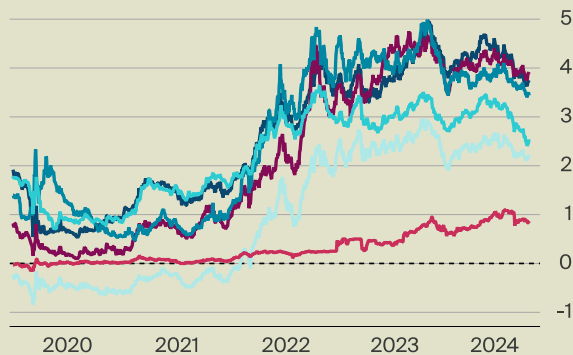
Index, total return	Last	Percentage change since			
		Original value and base	1 day	1 week	1 month
All REITs	883	-0.7	-1.7	3.2	-13.6
Office	1,843	-0.9	-1.5	4.1	-37.8
Industrial	1,412	-0.8	-2.7	1.0	13.9
Retail	63	1.5	2.0	8.3	-82.4
Healthcare	1,838	-0.9	-0.1	2.8	-18.9
Residential	1,236	-0.7	-1.6	1.0	-19.0
FTSE 250	18,421	-1.5	-0.2	-1.0	8.1

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



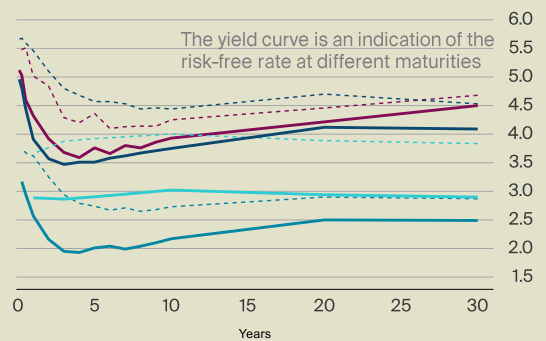
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.44	3.44	3.42	3.56	1.40
Japan	0.87	0.86	0.85	0.88	-0.03
Singapore	2.54	2.54	2.41	2.74	1.74
UK	3.92	3.92	3.77	3.91	0.82
US	3.75	3.75	3.65	3.81	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

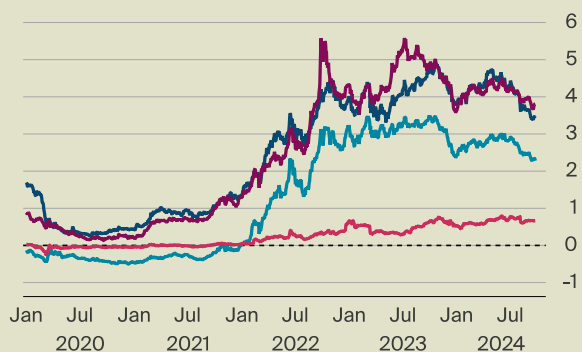


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



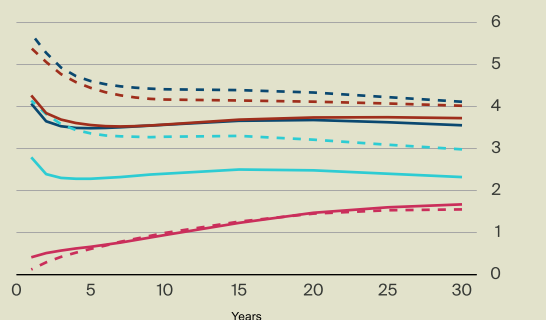
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.28	2.34	2.28	2.44	-0.13
Japan	0.66	0.66	0.67	0.66	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	3.81	3.81	3.66	3.93	0.88
US	3.48	3.47	3.38	3.63	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



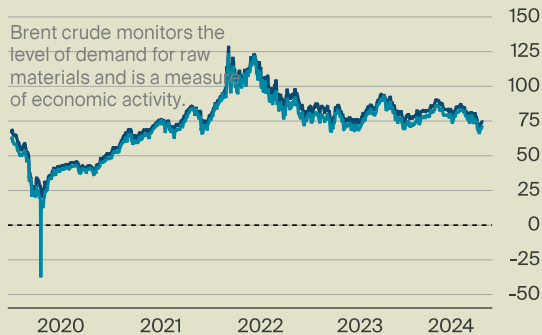
Source: Knight Frank, Macrobond

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	74.2	74.2	73.7	79.1	66.0
WTI, \$ per barrel	70.5	70.5	69.9	75.3	61.1

Baltic dry index

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

— Baltic dry index



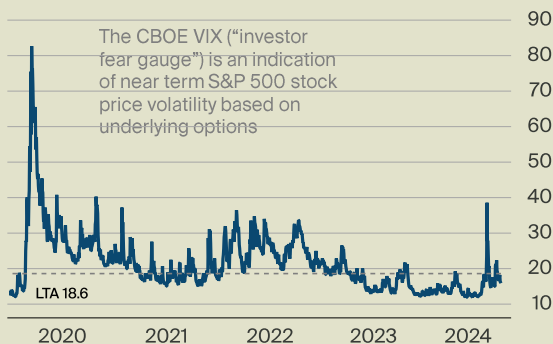
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	2014	1.87	5.94	14.3	84.8

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	15.9	15.9	17.6	15.9	13.8
Euro Stoxx 50 VIX	16.4	16.4	16.6	15.3	14.0
Nikkei VIX	26.6	24.3	27.8	25.4	14.8
KOSPI VIX	22.3	21.5	21.7	21.3	14.7

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



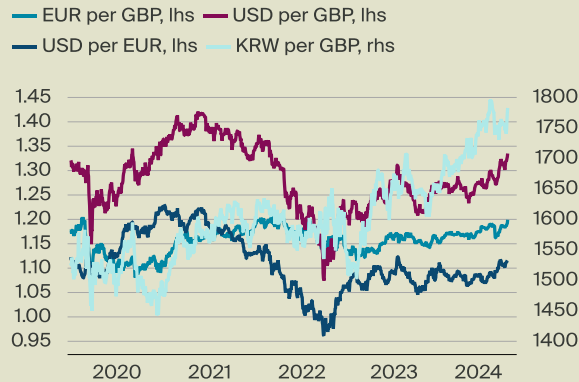
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.079	0.077	0.069	0.023
Equity markets stress sub index	0.104	0.087	0.086	0.009
Bond markets stress sub index	0.047	0.046	0.047	0.02
FX markets stress sub index	0.031	0.013	0.040	0.004

Currencies & Monetary Policy

Currencies

Spot prices

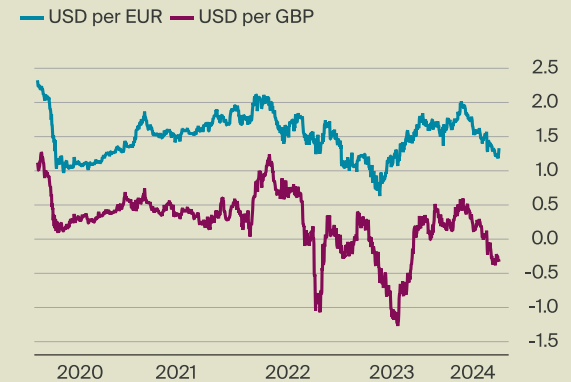


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.199	1.192	1.187	1.180	1.177
KOR per GBP	1,783	1,775	1,743	1,754	1,525
USD per GBP	1.335	1.328	1.320	1.319	1.321
USD per EUR	1.116	1.116	1.112	1.118	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	1.33	1.26	1.22	1.32	2.32
USD to GBP	-0.33	-0.30	-0.25	-0.30	1.12

Inflation and monetary policy

Inflation rate (%)

	Aug	Jul	Jun	May
Australia ¹	n/a	n/a	3.8	3.8
Canada	2.0	2.5	2.7	2.9
China	0.7	0.6	0.3	0.3
Euro Area	2.2	2.6	2.5	2.6
France	1.8	2.3	2.2	2.3
Germany	1.8	2.3	2.2	2.4
India	3.7	3.6	5.1	4.8
Italy	1.1	1.3	0.8	0.8
Japan	3.0	2.8	2.8	2.8
Saudi Arabia	1.6	1.5	1.5	1.6
South Korea	2.0	2.6	2.4	2.7
Spain	2.2	2.7	3.4	3.6
Sweden	1.9	2.6	2.6	3.7
UK	2.2	2.2	2.0	2.0
US	2.6	2.9	3.0	3.3

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
	3.50	2.50
	5.00	3.50
	5.00	4.50

Asset purchasing

	Latest (\$)	1m change (%)
	0.29 tn	-2.6
	215 bn	0.1
	6.16 tn	0.6
	7.15 tn	-0.4
	1.69 tn	1.0
	2.66 tn	-0.6
	432 bn	4.0
	1.28 tn	-0.3
	5.36 tn	0.3
	493 bn	-2.4
	391 bn	-4.2
	487 bn	-0.8
	120 bn	-1.0
	1.26 tn	-1.2
	711 tn	-0.7

Source: Knight Frank, Macrobond



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