

# European Leading Indicators



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Key economic and financial metrics, updated weekly

15<sup>th</sup> April 2024

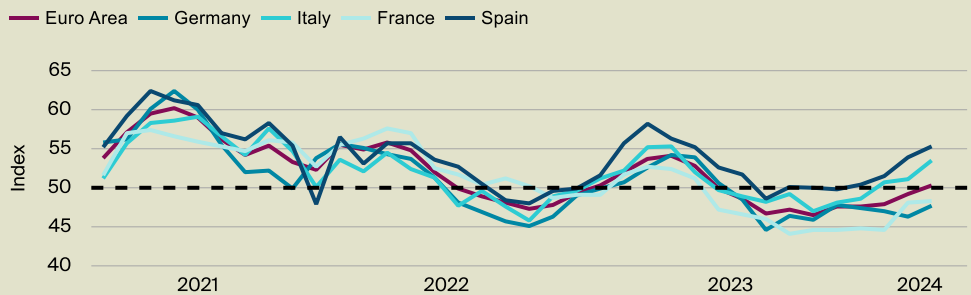
## Will the ECB cut rates before the Fed?

### 50.3

The Composite PMI for the Eurozone rose to 50.3 in March and exceeded the 50 threshold for the first time in 10 months, indicating economic activity is expanding. Spain and Italy remain the best performers, driven by healthy improvements in the services sector.

### The Eurozone composite PMI is in expansionary territory for the first time since May 2023

Composite PMI, Index (neutral = 50)



Source: Knight Frank Research, Macrobond

### 4.0%

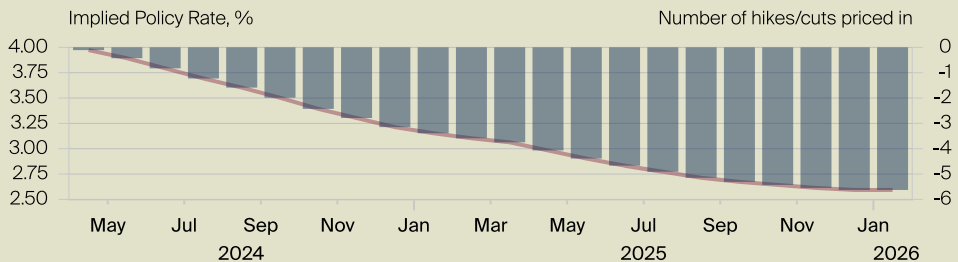
The ECB left the deposit facility rate at 4.0% but signalled a cut in June. Following higher US inflation, markets slashed rate cut expectations for the Fed and ECB. Eurozone inflation has moved closer to 2%, but the pace and extent of rate reductions could be sensitive to Fed policy.

### Future markets now expect less rate cuts than before

Implied number of hikes/cuts from the ECB

Assuming uniform 0.25 ppt hikes/cuts

Based on €STR futures and the spread between ECB Deposit Facility Rate and €STR of 0.093



■ Number of implied hikes/cuts, rhs — Implied effective ECB rate, lhs

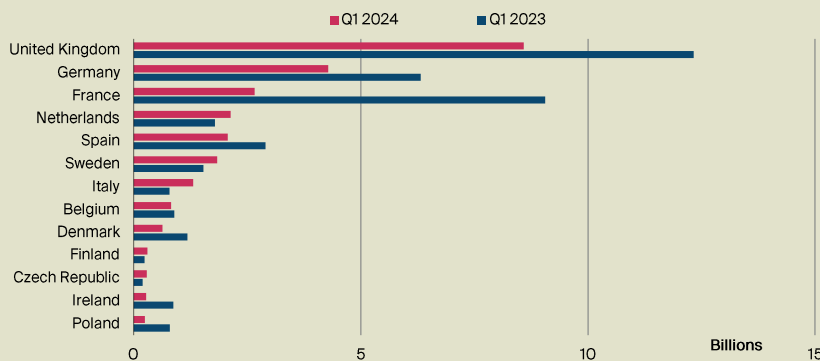
Source: Knight Frank Research, Macrobond

### +66%

Italy recorded an increase in investment of 66% compared to Q1 2023, while the Netherlands and Sweden saw an improvement of ca. 20%, respectively. Forecasters expect the first ECB rate cut in June, which could help stoke transactional activity in more markets.

### Several European markets saw a recovery in investment activity

Total European CRE investment volumes by country, € billions (Q1 2024 figures are preliminary)



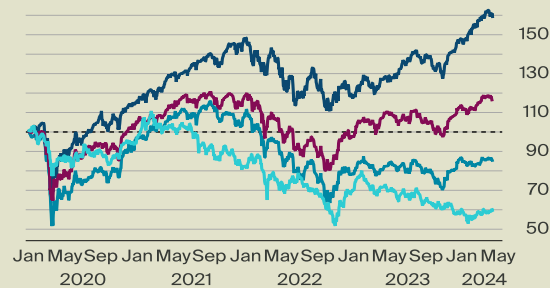
Source: Knight Frank Research, Capital Economics

# Equities

## Equity markets

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

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

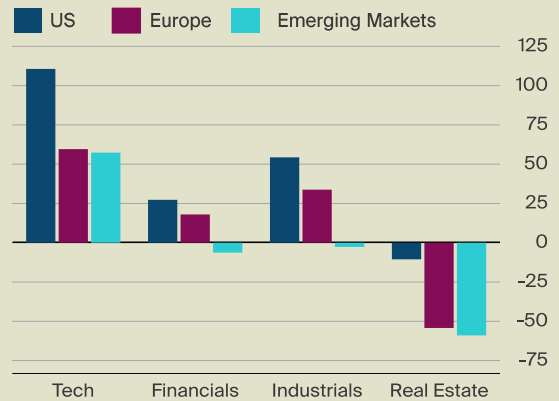


Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
PX50	65	-0.2	-0.5	3.2	33.0
OMXC25	272	-1.2	-3.5	-4.9	44.5
DAX 40	7,504	-2.2	-4.9	-1.9	13.4
FTSE 250	24,541	-1.3	-2.5	-1.8	-15.3
MIB	35,900	-1.9	-4.1	-1.4	36.4
Hang Seng	2,134	-2.5	-0.1	0.6	-41.0
IBEX 35	11,406	-2.9	-4.5	1.0	6.4
S&P 500	5,123	-0.7	-0.5	0.1	58.6
STOXX 600	540	-1.6	-2.1	-2.0	15.8
TOPIX	18	0.5	0.2	-0.6	14.3

## Equity regional sectors

Price return index percentage change since Jan 2020



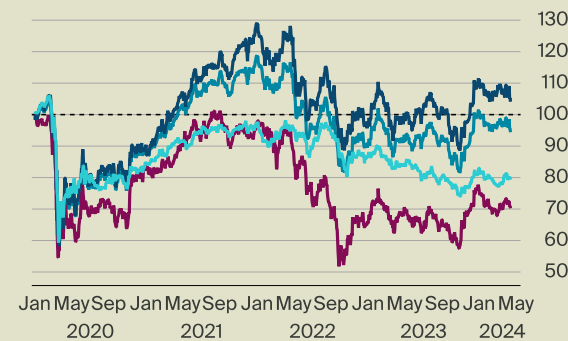
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	110.6%	59.6%	57.4%
Financials	27.3%	18.0%	-6.3%
Industrials	54.3%	33.8%	-2.7%
Real Estate	-10.6%	-54.2%	-59.0%

## REITs by region

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

— World — Europe — US — Asia Pacific



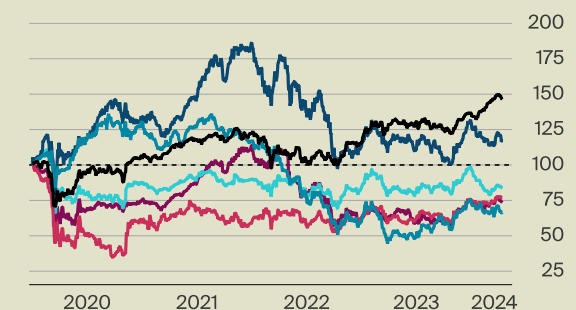
Source: Knight Frank, Macrobond

Index, total return	Last	Percentage change since			
		Original value and base	1 day	1 week	1 month
US	2,488	-0.9	-1.3	-4.8	4.1
Europe	2,003	-0.7	-3.3	-1.9	-29.8
World	3,033	-1.2	-1.8	-4.0	-5.6
Asia Pacific	3,114	-1.2	-0.5	1.3	-20.7

## Euro Area REITs by sector

EPRA gross total return index, Jan 2020 = 100, € EUR

— Eurotop REITs — Office — Industrial — Retail — Residential — FTSE Euro 100



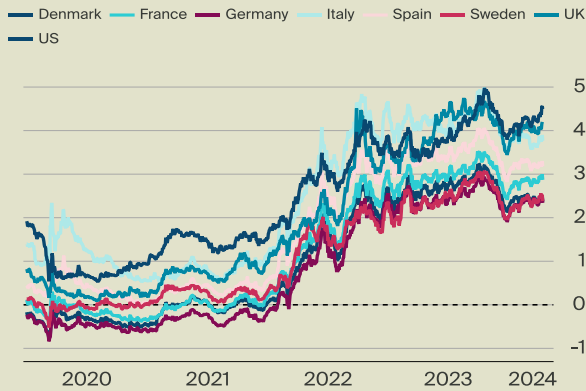
Source: Knight Frank, Macrobond

Index, total return	Last	Percentage change since			
		Original value and base	1 day	1 week	1 month
Eurotop REITs	1,923	-0.2	-2.7	-1.9	-27.2
Office	1,720	0.1	-1.2	0.6	-17.1
Industrial	5,447	0.6	-3.7	0.0	15.8
Retail	1,340	0.2	0.3	2.6	-23.7
Residential	1,232	0.4	-2.1	-5.8	-34.2
FTSE Euro 100	3,674	-0.7	-1.9	0.8	45.1

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

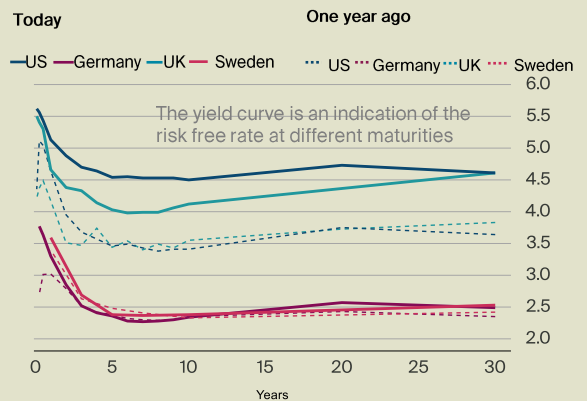


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Denmark	2.37	2.50	2.44	2.38	-0.17
France	2.87	3.00	2.93	2.77	0.11
Germany	2.34	2.48	2.40	2.32	-0.23
Italy	3.77	3.90	3.83	3.59	1.40
Spain	3.18	3.30	3.24	3.13	0.45
Sweden	2.38	2.53	2.48	2.26	0.14
United Kingdom	4.20	4.20	4.07	3.95	0.82
United States	4.50	4.56	4.39	4.16	1.92

## Government bond yield curves

Latest nominal yield curves vs one year ago, %

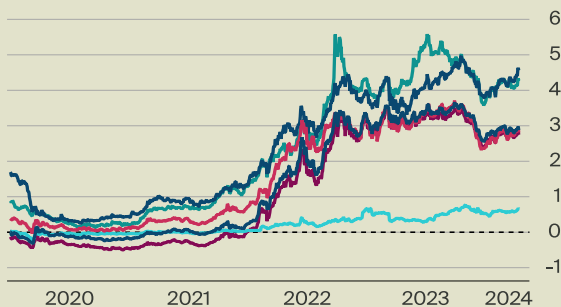


Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

Legend: Eurozone, UK, US, Japan, Sweden, Denmark



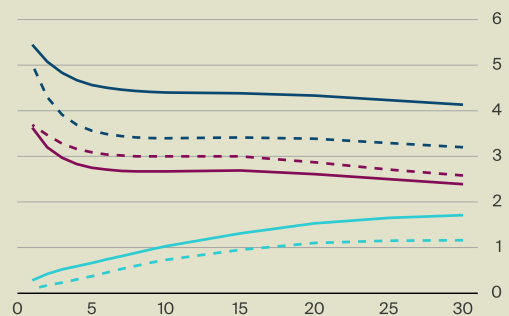
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.75	2.85	2.74	2.68	-0.13
Denmark	2.88	2.98	2.88	2.82	0.01
Japan	0.66	0.68	0.60	0.57	0.03
Sweden	2.81	2.96	2.84	2.63	0.39
United Kingdom	4.27	4.34	4.14	4.09	0.88
United States	4.57	4.64	4.38	4.19	1.70

## Swap curves

Latest swap curves vs one year ago, %

Legend: Today (US, Eurozone, Japan), One year ago (US, Eurozone, Japan)



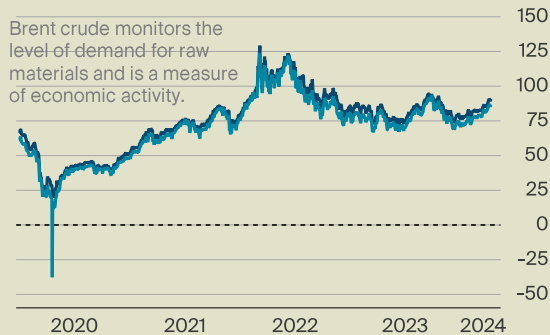
Source: Knight Frank, Macrobond

# Commodities & Volatility

## Energy

Oil spot prices, \$ per barrel

— Brent Crude — West Texas Intermediate (WTI)



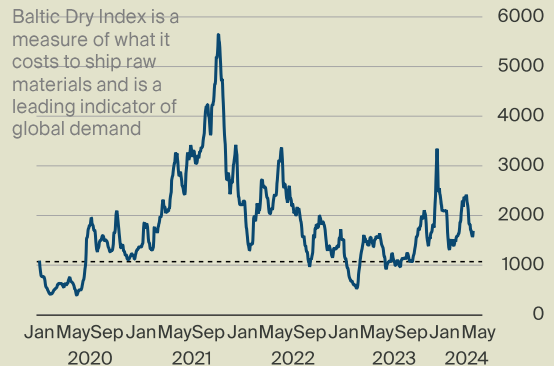
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Brent, \$ per barrel	90.6	90.6	91.0	82.2	66.0
WTI, \$ per barrel	86.2	86.2	86.6	77.9	61.1

## Baltic dry index

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

— Baltic dry index



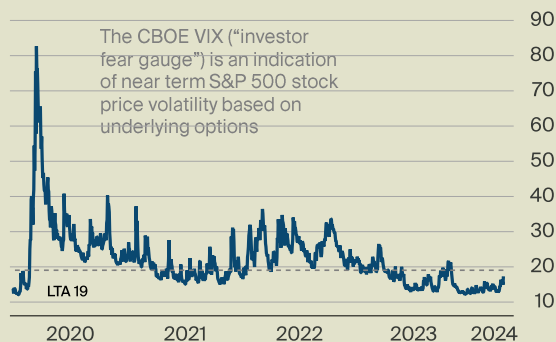
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Baltic Dry	1690	764	1.26	-28.9	55

## 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	17.3	14.9	16.0	13.8	13.8
Euro Stoxx 50 VIX	16.7	16.7	16.1	13.7	14.0
Nikkei VIX	20.0	20.7	21.5	21.5	14.8
KOSPI VIX	17.6	18.0	18.1	17.8	14.7

## Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



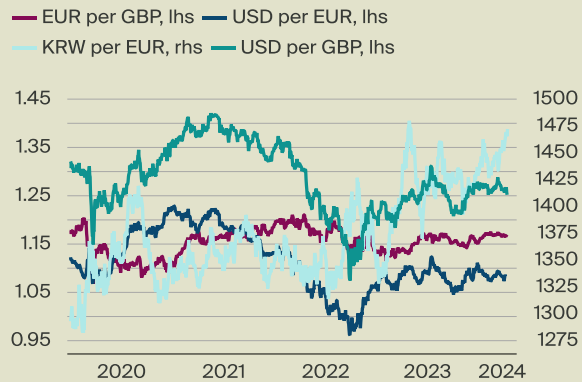
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.058	0.046	0.057	0.023
Equity markets stress sub index	0.026	0.017	0.015	0.009
Bond markets stress sub index	0.040	0.029	0.039	0.02
FX markets stress sub index	0.009	0.002	0.008	0.004

# Currencies & Monetary Policy

## Currencies

Spot prices

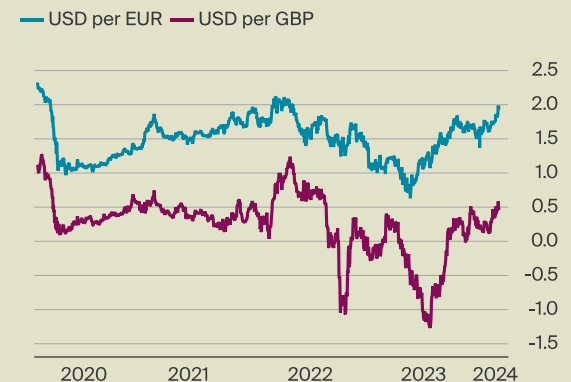


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
USD per EUR	1.063	1.071	1.082	1.092	1.121
USD per GBP	1.252	1.252	1.262	1.278	1.321
GBP per EUR	0.8544	0.8551	0.8579	0.8541	0.8456
SEK per EUR	11.59	11.54	11.52	11.19	10.5
KRW per EUR	1472	1465	1466	1433	1293

## 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	1.98	1.93	1.81	1.70	2.32
USD to GBP	0.50	0.46	0.44	0.29	1.12

## Inflation and monetary policy

	Inflation rates (%)				Interest rates (%)		Asset purchasing	
	Mar	Feb	Jan	Dec	Last	Jan '21	Latest (\$)	1m change (%)
Belgium	3.2	3.2	1.8	1.4	4.50	0.00	367 bn	-3.5
Czech Republic	2.0	2.0	2.3	6.9	5.75	0.25	147 bn	2.3
Denmark	0.9	0.8	1.2	0.7	3.75	0.05	98.3 bn	0.1
Eurozone	2.4	2.6	2.8	2.9	4.50	0.00	713 tn	-3.3
Finland	n/a	3.0	3.3	3.6	4.50	0.00	188 bn	7.2
France	2.3	3.0	3.1	3.7	4.50	0.00	1.72 tn	-0.3
Germany	2.2	2.5	2.9	3.7	4.50	0.00	2.66 tn	-0.6
Ireland	2.8	3.5	4.1	4.6	4.50	0.00	188 bn	-1.8
Italy	1.3	0.8	0.8	0.6	4.50	0.00	1.26 tn	-6.1
Netherlands	3.1	2.8	3.2	1.2	4.50	0.00	489 bn	-1.7
Norway	3.9	4.5	4.7	4.8	4.50	0.00	1.69 tn	3.9
Poland	2.1	3.0	3.9	6.1	5.75	0.10	229 bn	-0.9
Romania	6.6	8.1	7.4	6.6	7.00	1.50	79.4 bn	2.1
Spain	3.2	2.8	3.4	3.1	4.50	0.00	1.03 tn	0.3
Sweden	4.1	4.5	5.4	4.4	4.00	0.00	117 bn	1.6
Switzerland	1.0	1.2	1.3	1.7	1.50	-0.75	933 bn	2.5
United Kingdom	n/a	3.4	4.0	3.9	5.25	0.10	1.37 tn	0.0
United States	3.5	3.2	3.1	3.3	5.50	0.25	744 tn	-1.4

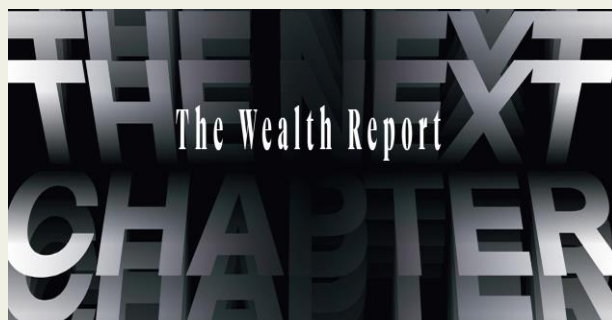
Source: Knight Frank, Macrobond



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##### Dutch office market report

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##### Ireland Living Sectors

Knight Frank assess the evolving living sector in Ireland, demand, supply and key challenges.

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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