

European Leading Indicators



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Key economic and financial metrics, updated weekly

15th February 2024

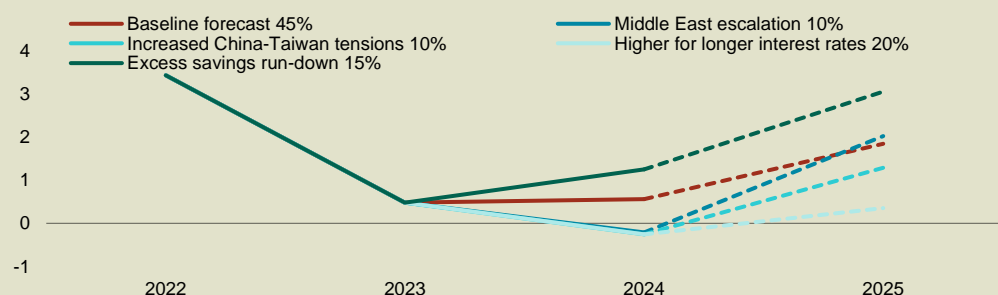
Is the outlook for the Eurozone improving in 2024?

+0.6%

The Eurozone recovery is expected to gain momentum this year, with a predicted GDP growth of 0.6%. The main growth driver will be private consumption as real incomes accelerate amid moderating inflation and resilient labour markets.

Growth outlook is positive but geopolitics present downside risks

Eurozone real GDP growth scenarios, % growth y/y



Source: Knight Frank Research, Oxford Economics

2.72%

The future path of interest rates will be key to the return to investment activity. The 5-year Euro swap rate has been below the 3%-mark since the end of last year. Although with the noise around inflation and geopolitics, this path is unlikely to be smooth.

The Euro swap rate is trending down

5-year Euro swap rate (%)



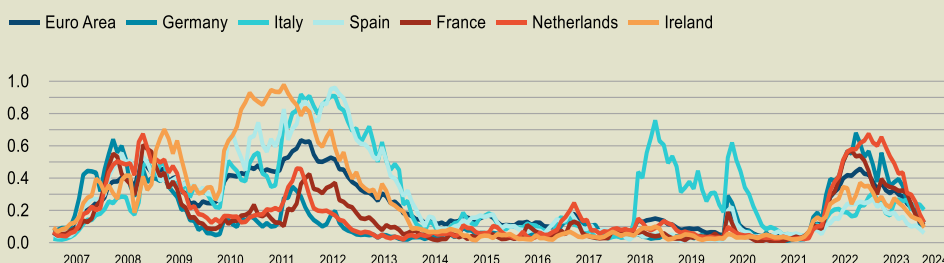
Source: Knight Frank Research, Macrobond

0.1226

The Eurozone Sovereign Stress Composite Indicator, a measure for sovereign bond market stress, fell to 0.1226 in January, down from last year's highs. It is well correlated with real estate and a leading indicator for investment, pointing to an improvement in activity.

Sovereign bond market stress remains elevated but drifting down

Sovereign Stress Composite Indicator

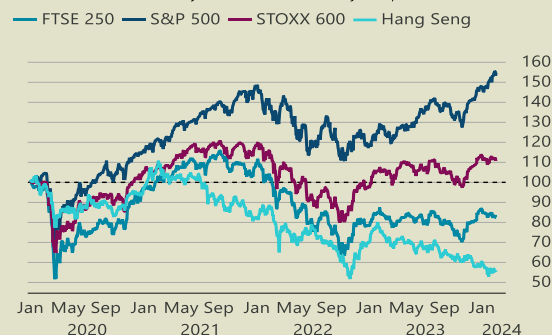


Source: Knight Frank Research, Macrobond

Equities

Equity markets

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

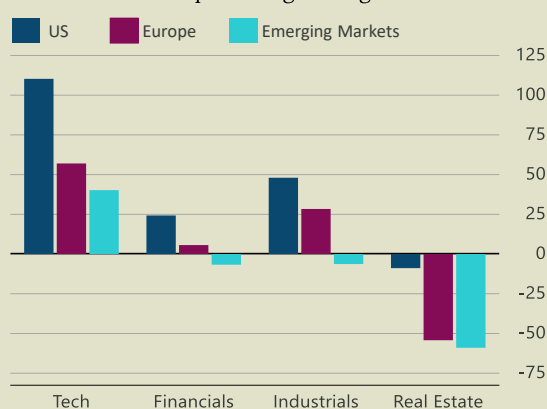


Source: Knight Frank, Macrobond

| Index | Last | Percentage change since Jan 2020 | | | |
|-----------|--------|----------------------------------|--------|---------|--------|
| | | 1 day | 1 week | 1 month | 1 year |
| PX50 | 62 | -0.1 | -0.7 | -3.4 | 27.0 |
| OMXC25 | 271 | -0.6 | 0.7 | -0.6 | 44.2 |
| DAX 40 | 7,169 | -1.0 | -1.0 | 0.0 | 8.3 |
| FTSE 250 | 23,856 | -1.6 | -1.0 | -1.8 | -17.7 |
| MIB | 33,590 | -0.8 | 0.5 | 1.4 | 27.6 |
| Hang Seng | 2,031 | 0.9 | -1.5 | -2.6 | -43.9 |
| IBEX 35 | 10,632 | -1.1 | -1.1 | -2.9 | -0.8 |
| S&P 500 | 5,001 | -0.4 | 0.9 | 4.6 | 54.8 |
| STOXX 600 | 520 | -0.9 | -0.5 | 0.5 | 11.5 |
| TOPIX | 17 | -0.8 | -0.1 | -0.1 | 9.0 |

Equity regional sectors

Price return index percentage change since Jan 2020

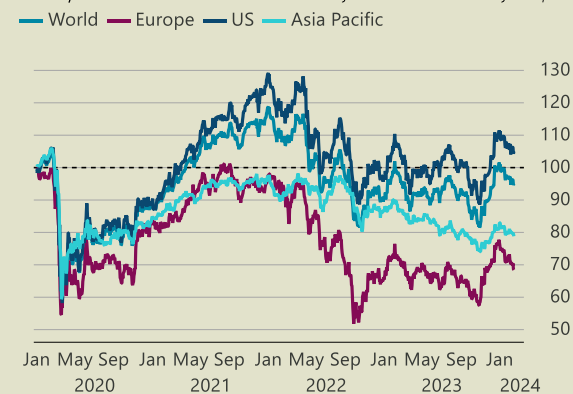


Source: Knight Frank, Macrobond

| | Percentage change since Jan 2020 | | |
|-------------|----------------------------------|--------|--------|
| | US | Europe | World |
| Tech | 110.3% | 57.0% | 40.2% |
| Financials | 24.3% | 5.7% | -6.7% |
| Industrials | 48.0% | 28.4% | -6.3% |
| Real Estate | -8.9% | -54.2% | -59.0% |

REITs by region

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

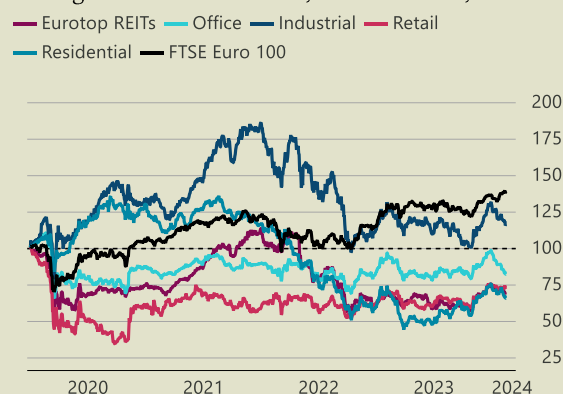


Source: Knight Frank, Macrobond

| Index, total return Original value and base | Last | Percentage change since | | | |
|--|-------|-------------------------|--------|---------|---------|
| | | 1 day | 1 week | 1 month | Jan '20 |
| US | 2,509 | -1.1 | -0.5 | -3.6 | 5.0 |
| Europe | 1,951 | -2.9 | -3.1 | -7.4 | -31.6 |
| World | 3,051 | -1.3 | -0.9 | -4.1 | -5.0 |
| Asia Pacific | 3,094 | -1.1 | -1.5 | -3.5 | -21.2 |

Euro Area REITs by sector

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



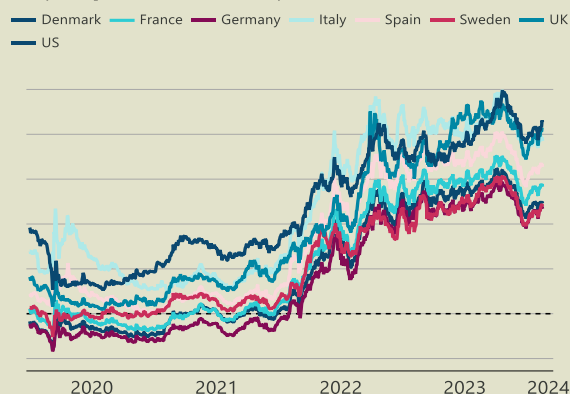
Source: Knight Frank, Macrobond

| Index, total return | Last | Percentage change since | | | |
|-------------------------|-------|-------------------------|--------|---------|---------|
| Original value and base | | 1 day | 1 week | 1 month | Jan '20 |
| Eurotop REITs | 1,787 | -2.9 | -5.4 | -5.6 | -32.3 |
| Office | 1,695 | -2.4 | -3.9 | -9.3 | -18.3 |
| Industrial | 5,429 | -2.2 | -2.6 | -6.8 | 15.4 |
| Retail | 1,255 | -3.6 | 0.0 | -1.8 | -28.5 |
| Residential | 1,224 | -3.0 | -4.9 | -5.8 | -34.7 |
| FTSE Euro 100 | 3,493 | -0.7 | 0.3 | 5.0 | 38.0 |

Bonds & Rates

Government bond yields

10 year government bond yields, %

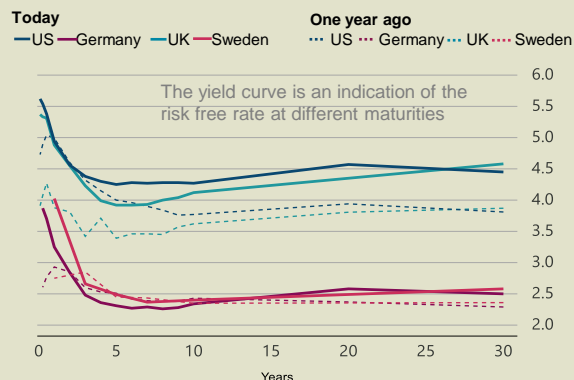


Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|----------------|------|-------|--------|---------|---------|
| Denmark | 2.46 | 2.50 | 2.43 | 2.34 | -0.17 |
| France | 2.83 | 2.89 | 2.80 | 2.68 | 0.11 |
| Germany | 2.34 | 2.39 | 2.29 | 2.15 | -0.23 |
| Italy | 3.85 | 3.93 | 3.86 | 3.73 | 1.40 |
| Spain | 3.27 | 3.34 | 3.27 | 3.09 | 0.45 |
| Sweden | 2.40 | 2.44 | 2.30 | 2.14 | 0.14 |
| United Kingdom | 4.15 | 4.15 | 3.99 | 3.79 | 0.82 |
| United States | 4.27 | 4.31 | 4.09 | 3.96 | 1.92 |

Government bond yield curves

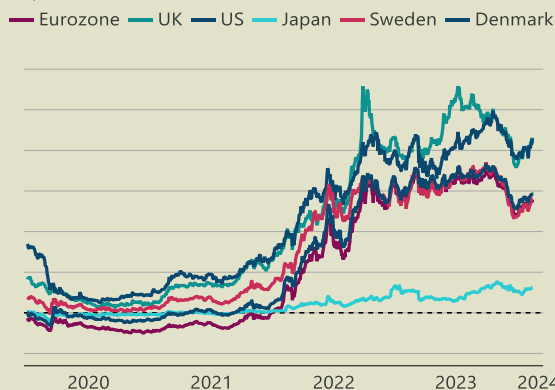
Latest nominal yield curves vs one year ago, %



Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

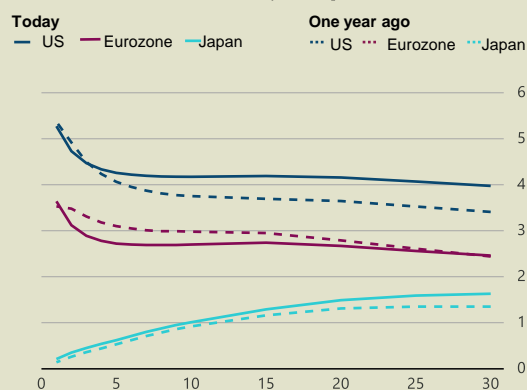


Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|----------------|------|-------|--------|---------|---------|
| Eurozone | 2.72 | 2.78 | 2.68 | 2.53 | -0.13 |
| Denmark | 2.93 | 2.94 | 2.85 | 2.71 | 0.01 |
| Japan | 0.62 | 0.62 | 0.59 | 0.45 | 0.03 |
| Sweden | 2.81 | 2.81 | 2.66 | 2.48 | 0.39 |
| United Kingdom | 4.18 | 4.31 | 4.10 | 3.82 | 0.88 |
| United States | 4.26 | 4.28 | 4.05 | 3.83 | 1.70 |

Swap curves

Latest swap curves vs one year ago, %



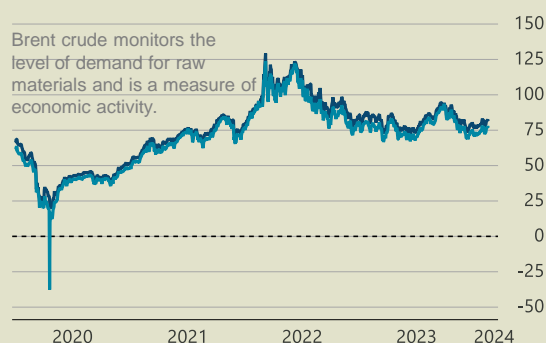
Source: Knight Frank, Macrobond

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 | 81.4 | 82.5 | 79.3 | 78.2 | 66.0 |
| WTI, \$ per barrel | 76.6 | 77.9 | 73.9 | 72.7 | 61.1 |

Baltic dry index

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

— Baltic dry index



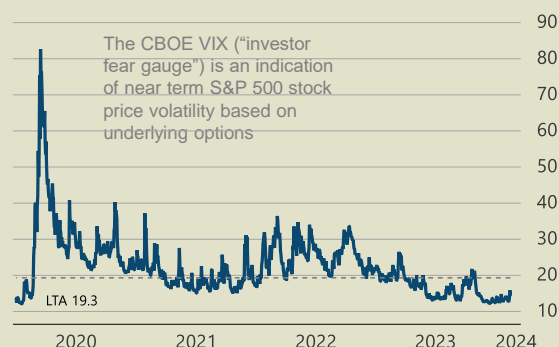
Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|------------|------|-------|--------|---------|---------|
| Baltic Dry | 1582 | 0.636 | 6.39 | 8.36 | 45.1 |

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 | 14.4 | 14.4 | 12.8 | 12.7 | 13.8 |
| Euro Stoxx 50 VIX | 14.4 | 14.4 | 13.8 | 14.1 | 14.0 |
| Nikkei VIX | 19.6 | 19.5 | 19.8 | 22.5 | 14.8 |
| KOSPI VIX | 17.8 | 18.0 | 17.2 | 16.8 | 14.7 |

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS) --- Long term average



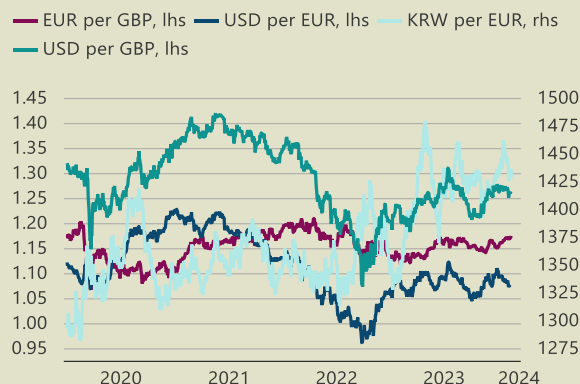
Source: Knight Frank, Macrobond

| | Last | 1 week | 1 month | Jan '20 |
|---------------------------------|-------|--------|---------|---------|
| Systemic stress composite | 0.074 | 0.084 | 0.115 | 0.023 |
| Equity markets stress sub index | 0.017 | 0.019 | 0.071 | 0.009 |
| Bond markets stress sub index | 0.048 | 0.059 | 0.069 | 0.02 |
| FX markets stress sub index | 0.011 | 0.023 | 0.027 | 0.004 |

Currencies & Monetary Policy

Currencies

Spot prices

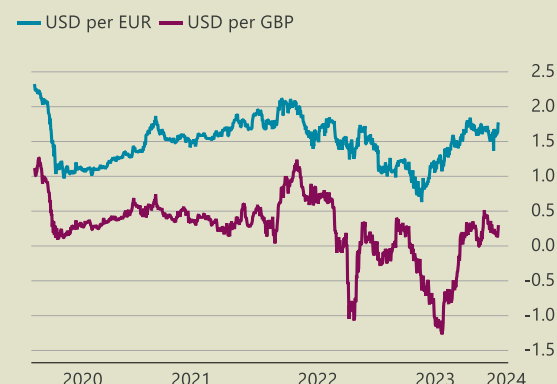


Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|-------------|--------|--------|--------|---------|---------|
| USD per EUR | 1.072 | 1.072 | 1.076 | 1.097 | 1.121 |
| USD per GBP | 1.26 | 1.26 | 1.263 | 1.276 | 1.321 |
| GBP per EUR | 0.8541 | 0.8506 | 0.852 | 0.8592 | 0.8456 |
| SEK per EUR | 11.29 | 11.33 | 11.27 | 11.25 | 10.5 |
| KRW per EUR | 1429 | 1436 | 1429 | 1437 | 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 | 1.77 | 1.75 | 1.59 | 1.54 | 2.32 |
| USD to GBP | 0.30 | 0.22 | 0.14 | 0.24 | 1.12 |

Inflation and monetary policy

Inflation rates (%)

| | Jan | Dec | Nov | Oct |
|----------------|-----|-----|-----|------|
| Belgium | 1.8 | 1.4 | 0.8 | 0.4 |
| Czech Republic | 2.3 | 6.9 | 7.3 | 8.5 |
| Denmark | 1.2 | 0.7 | 0.6 | 0.1 |
| Eurozone | 2.8 | 2.9 | 2.4 | 2.9 |
| Finland | n/a | 3.6 | 3.3 | 4.9 |
| France | 3.1 | 3.7 | 3.5 | 4.0 |
| Germany | 2.9 | 3.7 | 3.2 | 3.7 |
| Ireland | n/a | 4.6 | 3.9 | 5.1 |
| Italy | 0.8 | 0.6 | 0.7 | 1.7 |
| Netherlands | 3.2 | 1.2 | 1.6 | -0.4 |
| Norway | 4.7 | 4.8 | 4.8 | 4.0 |
| Poland | n/a | 6.1 | 6.1 | 6.1 |
| Romania | 7.4 | 6.6 | 6.7 | 8.1 |
| Spain | 3.4 | 3.1 | 3.2 | 3.5 |
| Sweden | n/a | 4.4 | 5.8 | 6.5 |
| Switzerland | 1.3 | 1.7 | 1.4 | 1.7 |
| United Kingdom | 4.0 | 3.9 | 3.9 | 4.6 |
| United States | 3.1 | 3.3 | 3.1 | 3.2 |

Interest rates (%)

| | Last | Jan '21 |
|--|------|---------|
| | 4.50 | 0.00 |
| | 6.25 | 0.25 |
| | 3.75 | 0.05 |
| | 4.50 | 0.00 |
| | 4.50 | 0.00 |
| | 4.50 | 0.00 |
| | 4.50 | 0.00 |
| | 4.50 | 0.00 |
| | 4.50 | 0.00 |
| | 4.50 | 0.00 |
| | 4.50 | 0.00 |
| | 5.75 | 0.10 |
| | 7.00 | 1.50 |
| | 4.50 | 0.00 |
| | 4.00 | 0.00 |
| | 1.75 | -0.75 |
| | 5.25 | 0.10 |
| | 5.50 | 0.25 |

Asset purchasing

| | Latest (\$) | 1m change (%) |
|--|-------------|---------------|
| | 362 bn | 16.6 |
| | 150 bn | 4.5 |
| | 97.5 bn | 2.1 |
| | 7.38 tn | -0.9 |
| | 177 bn | -8.7 |
| | 1.77 tn | -1.8 |
| | 2.66 tn | -0.6 |
| | 203 bn | 5.1 |
| | 1.35 tn | -1.7 |
| | 450 bn | -14.1 |
| | 1.57 tn | 4.4 |
| | 235 bn | -1.4 |
| | 77.3 bn | 1.7 |
| | 1.06 tn | -0.7 |
| | 120 bn | -0.3 |
| | 940 bn | 1.3 |
| | 1.37 tn | 0.0 |
| | 7.63 tn | -0.7 |

Source: Knight Frank, Macrobond



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Warsaw Office Occupier dashboard Q4 2023

Local experts across the Knight Frank network have analysed the latest occupier activity in their region in the second quarter of 2023.

Updated quarterly, the dashboards provide a concise synopsis of occupier activity in Europe's office markets.

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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