

Leading Indicators

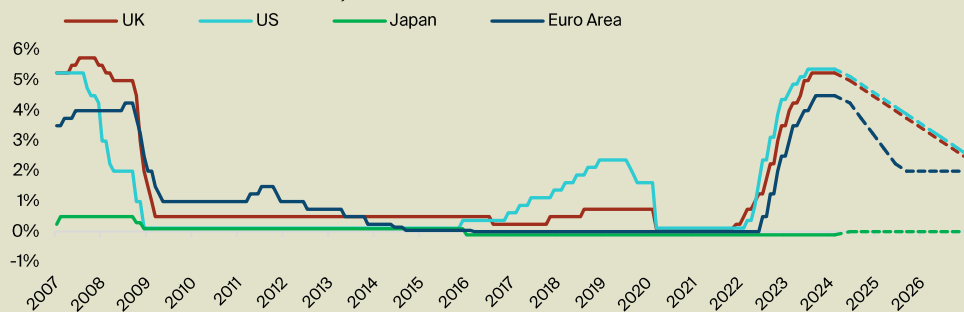
Taking pause: rate cuts unlikely for the Fed and BoE this week

0-0.1%

It is expected that the central banks in the US and UK will keep interest rates unchanged this week. However, the Bank of Japan implemented its first rate hike since 2007 today and ended a seven-year run of negative interest rates, lifting its base rate to a range of 0.0% - 0.1%.

US Fed and BoE are expected to keep interest rates unchanged this week, while the Bank of Japan implemented its first rate hike since 2007

Central bank interest rate forecasts, %



Source: Knight Frank Research, Macrobond, Oxford Economics

6.1%

While the BoE is expected to maintain its 5.25% base rate in March, the softening labour market may indicate impending rate cuts. UK wage growth slowed to a 15-month low (+6.1%) in January, while job vacancies declined and payrolled employees contracted.

Is the labour market starting to soften? UK wages grow at their slowest pace since October 2022 in January

Average weekly earnings annual growth rate, %



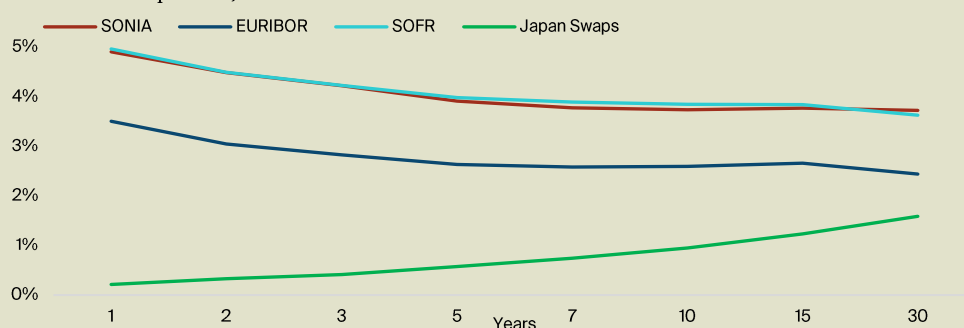
Source: Knight Frank Research, ONS

3.94%

The UK 5-year SONIA swap rate is currently 3.94%, up +32bps since the beginning of the year. US swaps are also elevated and are mostly in line with the UK's swap rate.

Cost of debt in the UK aligns with the US, but remains elevated

Interest rate swap curve, %



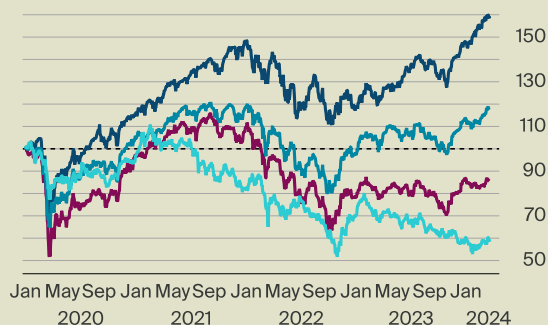
Source: Knight Frank Research, Chatham Financial, Macrobond

Equities

Equity markets

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

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



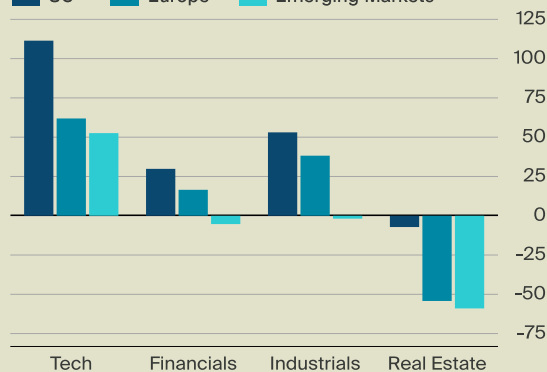
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
DAX 30	7,695	-0.1	0.0	6.3	16.3
FTSE 250	24,801	-0.2	-1.7	3.2	-14.4
Hang Seng	2,114	-1.1	-0.3	1.2	-41.6
IBEX 35	11,529	0.9	2.1	7.9	7.6
MIB	36,928	0.4	0.9	8.3	40.3
S&P 500	5,149	0.0	0.5	2.4	59.4
STOXX 600	548	-0.6	-0.5	4.3	17.5
TOPIX	18	3.0	1.6	5.6	16.8

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



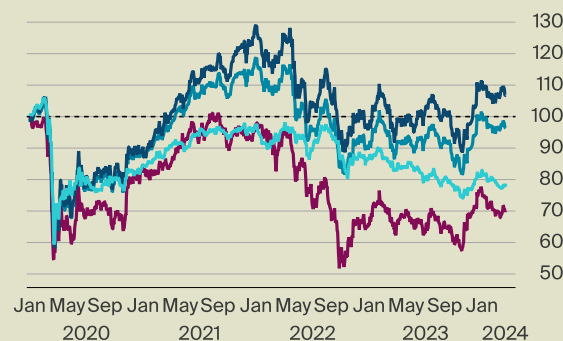
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	111.4%	61.9%	52.6%
Financials	29.8%	16.5%	-5.3%
Industrials	53.1%	38.2%	-1.9%
Real Estate	-7.2%	-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

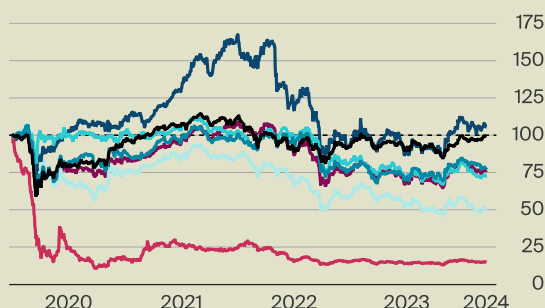
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
US	2,551	-0.1	-2.8	-0.8	6.7
Europe	1,999	0.1	-2.3	0.7	-29.9
World	3,094	-0.2	-2.5	-0.6	-3.7
Asia Pacific	3,053	-0.6	-0.5	-1.6	-22.2

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

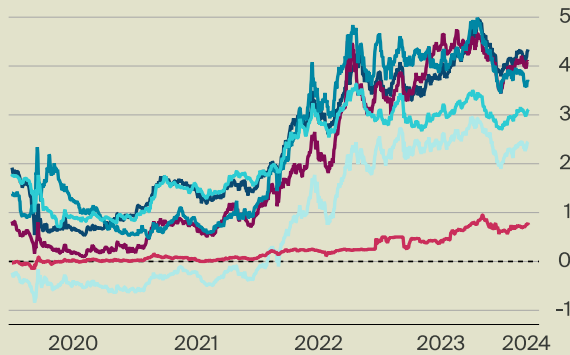
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
All REITs	783	0.4	-1.3	0.4	-23.5
Office	1,518	1.3	-1.0	3.5	-48.8
Industrial	1,308	-0.3	-2.3	1.9	5.5
Retail	54	0.5	-0.9	-0.1	-85.1
Healthcare	1,649	0.9	-1.3	0.5	-27.3
Residential	1,195	0.9	-0.8	-3.0	-21.7
FTSE 250	16,878	0.0	-0.5	2.3	-0.9

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



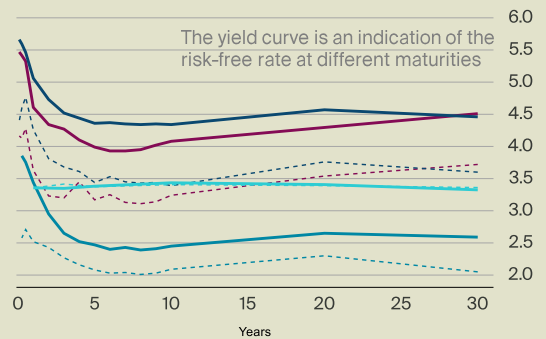
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.68	3.68	3.59	3.89	1.40
Japan	0.75	0.78	0.76	0.72	-0.03
Singapore	3.11	3.10	3.00	3.08	1.74
UK	4.09	4.09	3.95	4.11	0.82
US	4.34	4.34	4.16	4.30	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

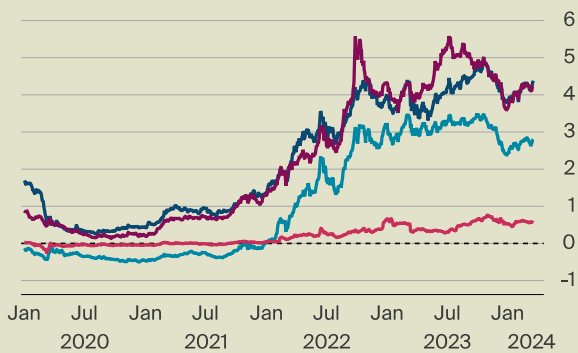


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



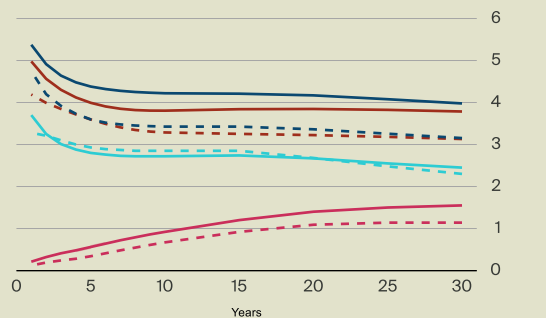
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.80	2.79	2.65	2.79	-0.13
Japan	0.56	0.57	0.58	0.61	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.23	4.24	4.11	4.26	0.88
US	4.38	4.35	4.12	4.33	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



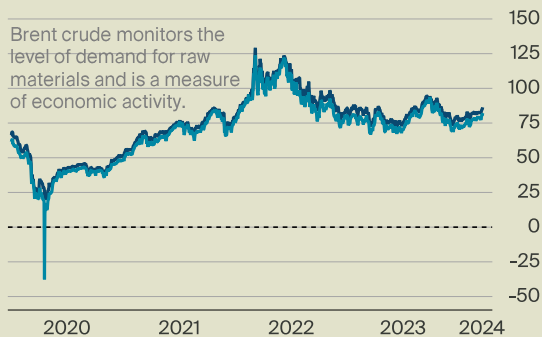
Source: Knight Frank, Macrobond

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	86.3	86.3	82.1	82.8	66.0
WTI, \$ per barrel	82.2	82.2	77.3	78.1	61.1

Baltic dry index

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

— Baltic dry index



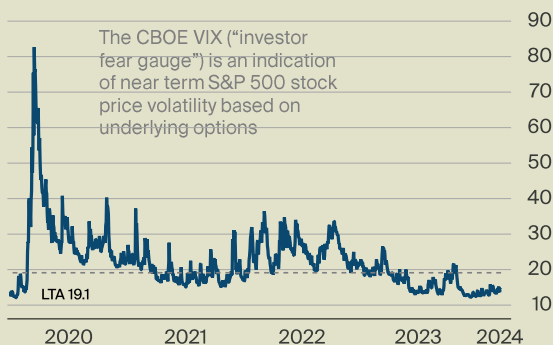
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	2392	0.758	3.33	46.8	119

Volatility index

Near term stock price volatility indicator

— CBOE Volatility Index (VIX) --- Long term average



Source: Knight Frank, Macrobond

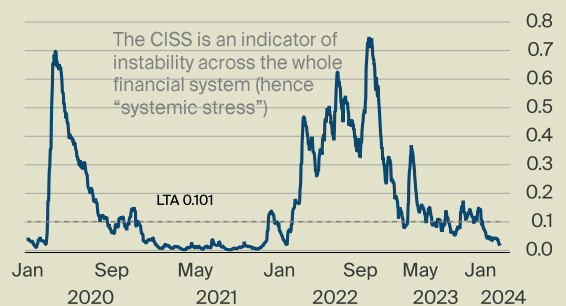
	Last	1 day	1 week	1 month	Jan '20
CBOE VIX	14.3	14.3	13.8	14.2	13.8
Euro Stoxx 50 VIX	13.4	13.4	13.7	14.1	14.0
Nikkei VIX	19.5	20.2	21.5	19.9	14.8
KOSPI VIX	16.8	17.1	17.8	18.0	14.7

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



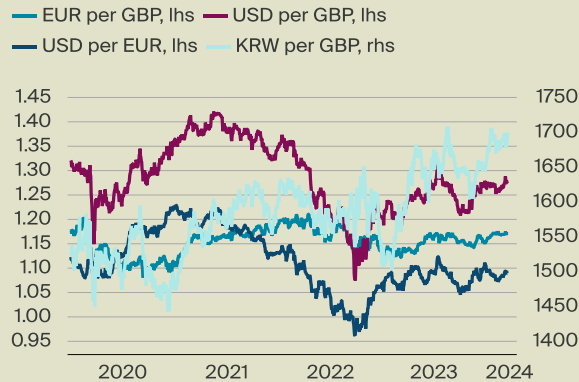
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.058	0.054	0.074	0.023
Equity markets stress sub index	0.032	0.021	0.017	0.009
Bond markets stress sub index	0.040	0.040	0.048	0.02
FX markets stress sub index	0.010	0.015	0.011	0.004

Currencies & Monetary Policy

Currencies

Spot prices

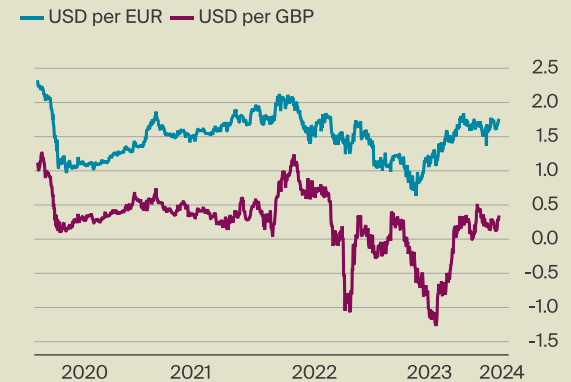


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.170	1.170	1.172	1.168	1.177
KOR per GBP	1,700	1,696	1,680	1,679	1,525
USD per GBP	1.273	1.274	1.281	1.258	1.321
USD per EUR	1.089	1.089	1.093	1.077	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	1.76	1.75	1.66	1.77	2.32
USD to GBP	0.35	0.31	0.18	0.26	1.12

Inflation and monetary policy

Inflation rate (%)

	Feb	Jan	Dec	Nov
Australia ¹	n/a	n/a	4.0	4.0
Canada	2.8	2.9	3.4	3.1
China	0.7	-0.8	-0.3	-0.4
Euro Area	2.6	2.8	2.9	2.4
France	3.0	3.1	3.7	3.5
Germany	2.6	2.9	3.7	3.2
India	5.1	5.1	5.7	5.6
Italy	0.8	0.8	0.6	0.7
Japan	n/a	2.2	2.6	2.8
Saudi Arabia	1.8	1.6	1.5	1.7
South Korea	3.1	2.8	3.2	3.3
Spain	2.8	3.4	3.2	3.3
Sweden	4.5	5.4	4.4	5.8
UK	n/a	4.0	4.0	3.9
US	3.2	3.1	3.3	3.1

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

Interest rates (%)

	Last	Jan '23
	4.35	3.10
	5.00	4.25
	4.35	4.35
	4.50	2.50
	4.50	2.50
	4.50	2.50
	6.50	6.25
	4.50	2.50
	0.10	-0.10
	6.00	5.00
	3.50	3.25
	4.50	2.50
	4.00	2.50
	5.25	3.50
	5.50	4.50

Asset purchasing

	Latest (\$)	1m change (%)
	0.35 tn	-1.3
	232 bn	-2.5
	6.19 tn	-2.4
	7.44 tn	-0.4
	1.73 tn	-0.3
	2.66 tn	-0.6
	399 bn	-2.6
	1.35 tn	-0.2
	5.16 tn	-0.1
	484 bn	0.5
	383 bn	-4.7
	487 bn	-1.1
	119 bn	-1.8
	1.37 tn	-0.5
	7.54 tn	-1.2

Source: Knight Frank, Macrobond



The London series – The key drivers of London's occupational market

As the noise from the great global workplace experiment gives way to stronger signals, occupier requirements are changing not evaporating. We have identified three key aspects of the occupier mindset that are combining with three dominant deal drivers to shape occupier activity in London.

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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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