

# Leading Indicators

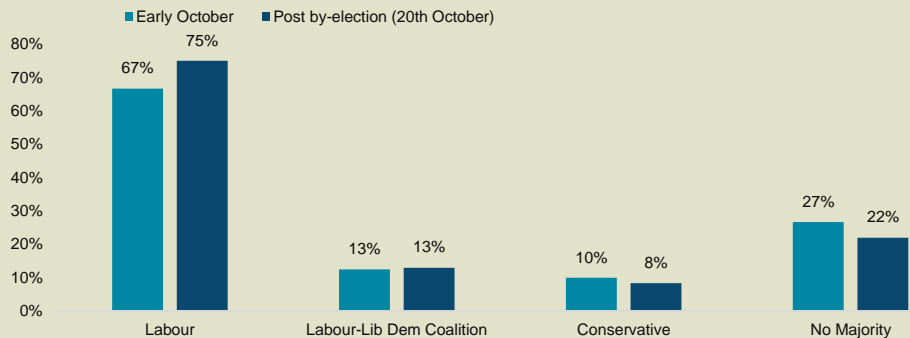
## UK Labour party gains two seats, strengthening betting odds of winning the next general election

**75%**

Likelihood of the Labour party having an overall majority following the next UK general election, according to [bettingodds.com](https://bettingodds.com)

### Betting odds of a Labour majority rise after Labour secure two seats in by-elections

Latest betting odds on the government following the next general election, %



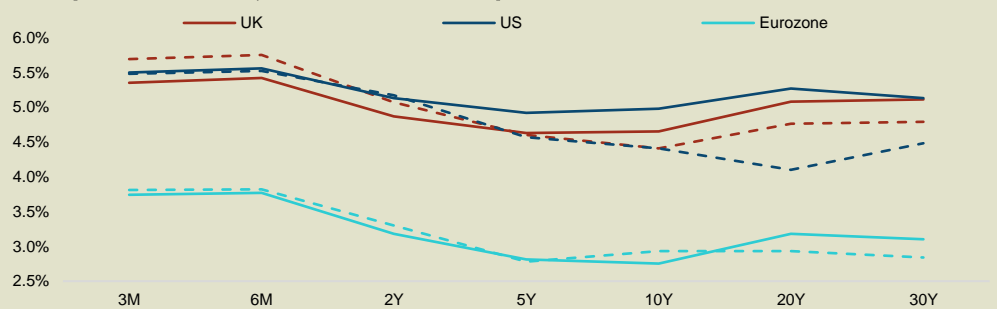
Source: Knight Frank Research, Oddschecker.com

**4.75%**

UK 10-year gilt yield has risen to its highest level since July 2008, which is up +28bps, which is up +28bps over the week and +50bps above its level last month

### Longer dated government bond yields rise as expectation of higher for longer US interest rate intensifies

Latest government bond yield curve vs 1 month ago, %



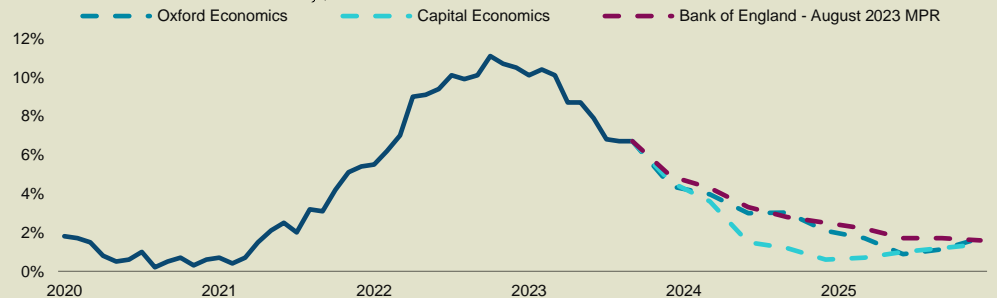
Source: Knight Frank Research, FT

**6.7%**

UK inflation remained unchanged at 6.7% in September, holding at August's 18-month low, but above expectations of a slight decrease to 6.6%

### UK inflation holds steady in September, with the most optimistic forecasts pointing towards target inflation by Q2 2024

UK inflation rate and forecasts, %



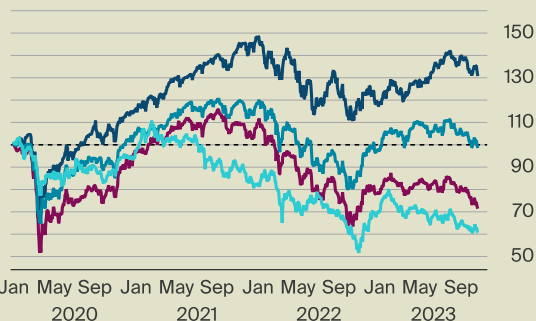
Source: Knight Frank Research, ONS, Oxford Economics, Capital Economics, Bank of England Monetary Policy Report August 2023

# Equities

## Equity markets

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

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



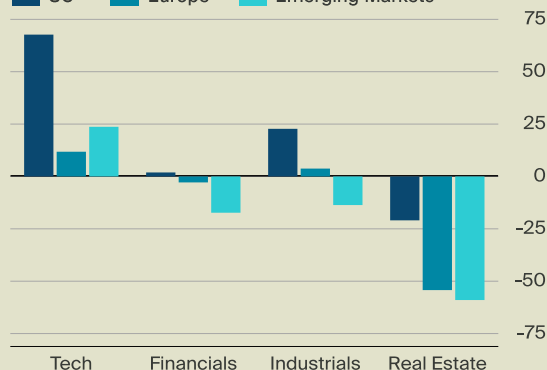
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
<b>Original value and base</b>					
DAX 30	6,208	-1.4	-3.6	-6.3	-6.2
FTSE 250	20,696	-2.1	-5.0	-9.4	-28.6
Hang Seng	2,195	-3.1	-5.9	-4.6	-39.3
IBEX 35	9,572	-1.4	-2.8	-6.0	-10.7
MIB	29,001	-2.2	-3.6	-5.6	10.2
S&P 500	4,224	-2.1	-2.9	-4.9	30.7
STOXX 600	460	-2.0	-4.0	-5.8	-1.5
TOPIX	15	-1.1	-3.2	-7.6	-5.4

## Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



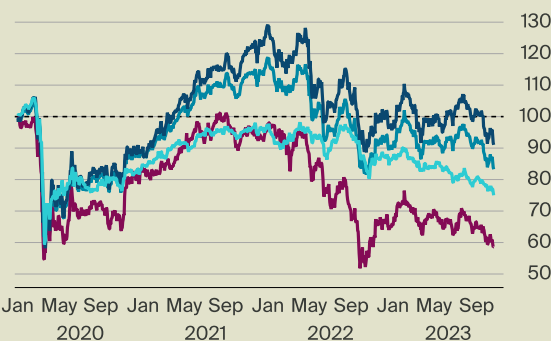
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	67.7%	11.8%	23.7%
Financials	1.9%	-2.8%	-17.3%
Industrials	22.7%	3.8%	-13.6%
Real Estate	-20.9%	-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

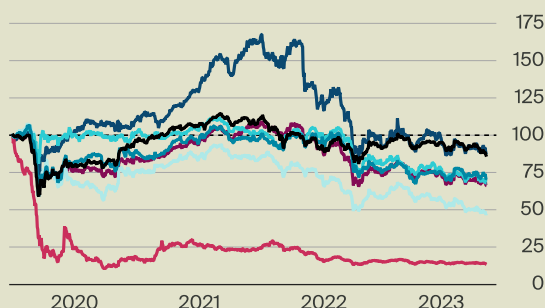
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
<b>Original value and base</b>					
US	2,176	-3.0	-4.1	-9.1	-9.0
Europe	1,672	-1.5	-4.7	-7.5	-41.4
World	2,675	-2.7	-4.1	-8.6	-16.7
Asia Pacific	2,944	-2.5	-3.8	-5.5	-25.0

## 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

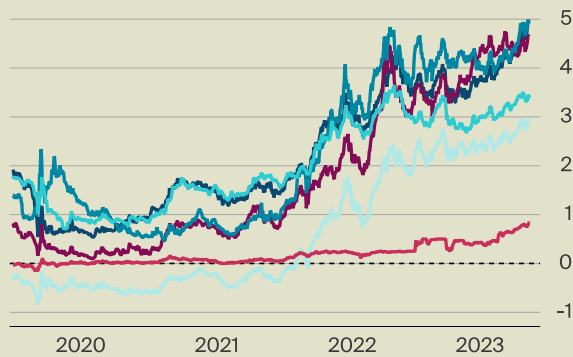
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
<b>Original value and base</b>					
All REITs	677	-2.2	-4.9	-4.3	-33.8
Office	1,405	0.1	-3.3	-4.3	-52.6
Industrial	1,081	-2.5	-5.8	-3.9	-12.8
Retail	48	-3.4	-6.4	-5.3	-86.7
Healthcare	1,538	-1.4	-2.3	-7.4	-32.2
Residential	1,079	-2.1	-4.8	-3.4	-29.3
FTSE 250	14,587	-2.1	-4.4	-7.3	-14.4

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

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



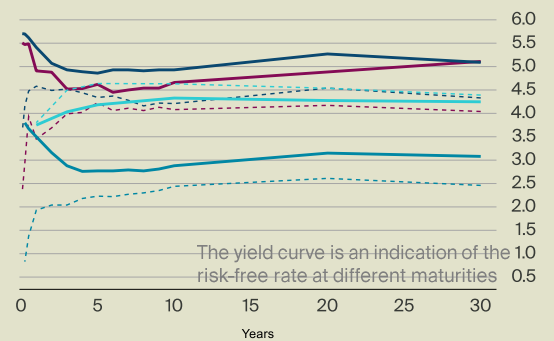
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	4.91	4.91	4.76	4.58	1.40
Japan	0.83	0.84	0.76	0.73	-0.03
Singapore	3.44	3.40	3.33	3.42	1.74
UK	4.65	4.65	4.48	4.25	0.82
US	4.93	4.93	4.71	4.44	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



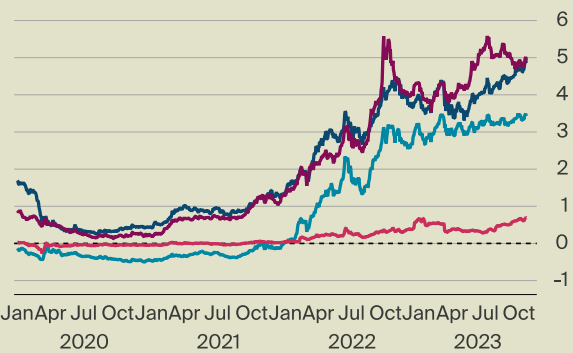
The yield curve is an indication of the risk-free rate at different maturities

Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



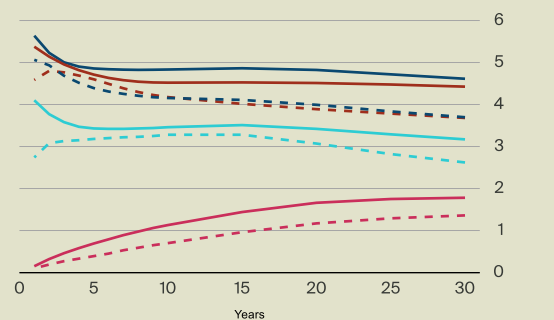
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	3.43	3.49	3.34	3.33	-0.13
Japan	0.69	0.70	0.61	0.59	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.94	5.02	4.77	4.69	0.88
US	4.86	4.97	4.67	4.52	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



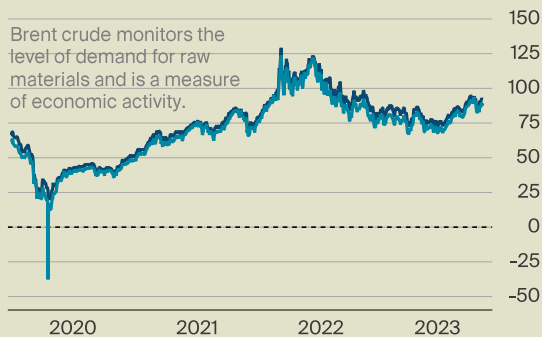
Source: Knight Frank, Macrobond

# 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	92.3	92.3	90.1	92.2	66.0
WTI, \$ per barrel	87.3	88.8	86.7	90	61.1

## Baltic dry index

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

— Baltic dry index



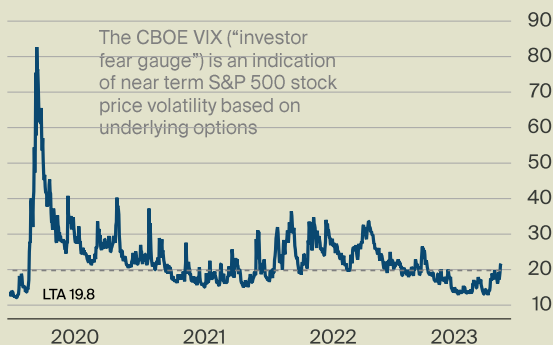
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	2046	-2.8	5.19	29.2	87.7

## 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	21.7	21.7	17.2	17.2	13.8
Euro Stoxx 50 VIX	23.3	23.3	19.9	17.0	14.0
Nikkei VIX	23.5	23.2	21.9	17.8	14.8
KOSPI VIX	19.7	19.5	17.1	14.2	14.7

## Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



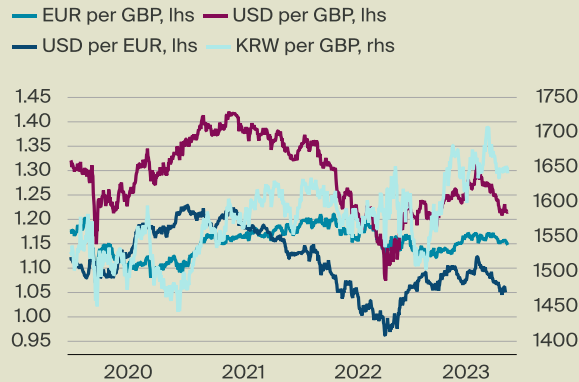
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.158	0.172	0.167	0.023
Equity markets stress sub index	0.077	0.089	0.071	0.009
Bond markets stress sub index	0.076	0.084	0.074	0.02
FX markets stress sub index	0.022	0.029	0.027	0.004

# Currencies & Monetary Policy

## Currencies

### Spot prices

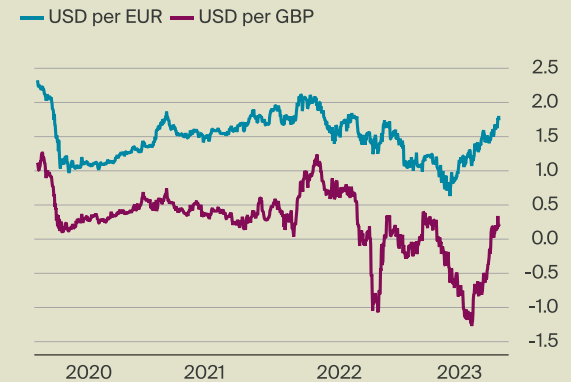


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.148	1.149	1.156	1.157	1.177
KOR per GBP	1,641	1,649	1,643	1,644	1,525
USD per GBP	1.215	1.214	1.214	1.240	1.321
USD per EUR	1.050	n/a	1.050	1.072	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	1.74	1.80	1.62	1.52	2.32
USD to GBP	0.19	0.22	0.17	0.10	1.12

## Inflation and monetary policy

### Inflation rate (%)

	Sep	Aug	July	June
Australia <sup>1</sup>	n/a	n/a	n/a	6.1
Canada	3.8	4.0	3.3	2.8
China	0.1	0.2	-0.2	0.1
Euro Area	4.3	5.2	5.3	5.5
France	4.9	4.9	4.3	4.5
Germany	4.5	6.1	6.1	6.4
India	5.0	6.8	7.4	4.9
Italy	5.3	5.4	5.9	6.4
Japan	3.0	3.2	3.3	3.3
Saudi Arabia	1.7	2.0	2.3	2.7
South Korea	3.7	3.4	2.3	2.7
Spain	3.5	2.6	2.3	1.9
Sweden	6.5	7.5	9.3	9.3
UK	6.7	6.7	6.8	7.9
US	3.7	3.7	3.3	3.1

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

### Interest rates (%)

	Last	Jan '23
	4.10	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 (%)
	0.34 tn	-5.0
	240 bn	-7.4
	5.85 tn	2.6
	7.45 tn	-1.2
	1.81 tn	0.2
	2.63 tn	-2.2
	382 bn	2.4
	1.35 tn	-1.9
	4.99 tn	-0.7
	470 bn	-1.3
	406 bn	-0.6
	487 bn	0.4
	124 bn	-2.5
	1.31 tn	-0.5
	7.93 tn	-1.4

Source: Knight Frank, Macrobond



### Is the Logistics sector delivering on ESG?

The real estate sector is currently experiencing an ESG wake-up call. Recognising its contribution of around a third of total energy consumption and just shy of 40% of CO2 emissions, governments are introducing ESG-focused legislation and strategies to ensure corporations and the real estate sector take action.

[View Report](#)



### Healthcare Development Opportunities 2023

The continued interest in UK healthcare markets is based on strong fundamental drivers such as demographic shifts, secure income and consistency regarding performance – so understanding current and future supply levels is becoming increasingly important.

[View Report](#)

#### Recent research



#### Life Sciences & Innovation Insight – Q2 2023

Record company incorporations, highest ever quarterly life sciences real estate investment and UK Government proposes road to “science superpower”.



#### UK CRE Quarterly Review – August 23

The latest CRE Review analyses the Q2 2023 occupier and investment performance of the UK commercial real estate sectors.

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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