

# Leading Indicators



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Key economic and financial metrics, updated weekly

26<sup>th</sup> March 2024

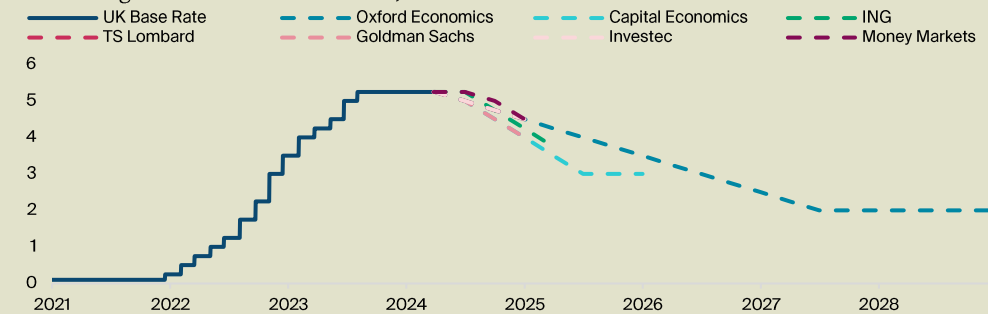
## Brighter days ahead?

### 4.5%

Despite UK inflation falling to 3.4%, its lowest level since September 2021, the Bank of England kept its interest rate at a 16-year high last week. Money markets are currently pricing in three 25bps rate cuts in 2024, with the first move expected in August.

### Rate cuts expected this summer, with interest rate forecasts ranging between 4% - 4.5% by year end

Bank of England interest rate forecasts, %



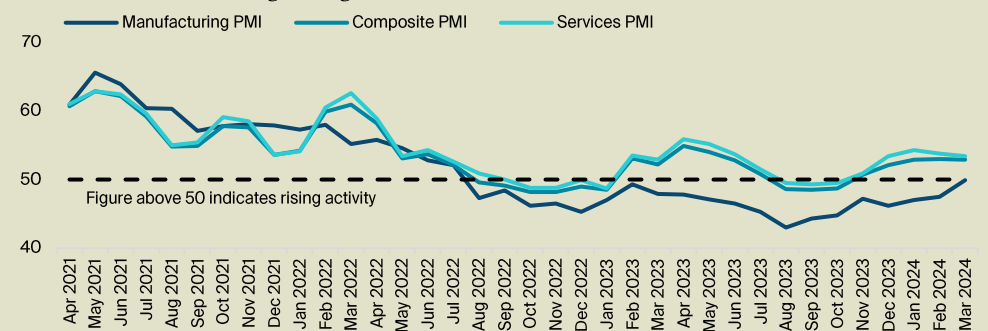
Source: Knight Frank Research, Bloomberg, Capital Economics, Investec, ING, Macrobond, Oxford Economics, Goldman Sachs, TS Lombard

### 49.9

The UK Manufacturing PMI hit 49.9 in March, its strongest level since July 2022, beating market expectations of 47.8. Meanwhile, the UK Services PMI fell to 53.4 in March, its lowest level in three months, but remained expansionary (above 50) for five months.

### The UK Manufacturing PMI lifted to a 20-month high in March

S&P Global UK Purchasing Managers Index



Source: Knight Frank Research, Macrobond, S&P Global

### 2

The outlook for personal finances in the UK increased to two in March 2024, its highest level since November 2021 and the first time above zero in over two years.

### UK households' personal finances outlook hits highest level since 2021

GfK Consumer Confidence Index, personal financial situation over next 12 months



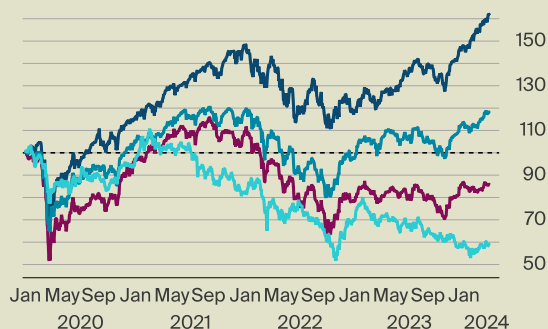
Source: Knight Frank Research, GfK, Macrobond

# Equities

## Equity markets

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

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



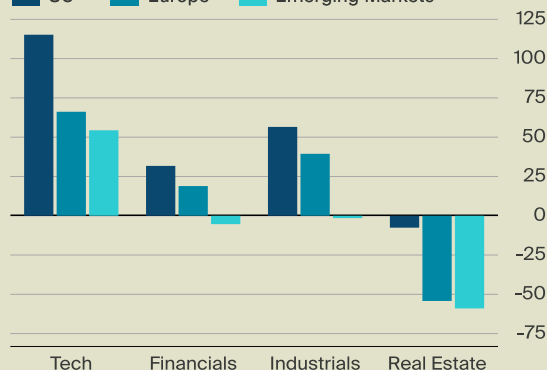
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
DAX 30	7804	0.2	1.4	5.3	17.9
FTSE 250	24,793	-0.9	-0.2	1.9	-14.5
Hang Seng	2,106	-2.3	-1.5	-1.6	-41.8
IBEX 35	11,867	0.5	2.9	8.2	10.7
MIB	37,533	0.6	1.6	7.3	42.6
S&P 500	5,218	-0.4	2.0	2.6	61.5
STOXX 600	552	-0.3	0.6	3.2	18.4
TOPIX	18	-1.2	0.7	3.9	16.3

## Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



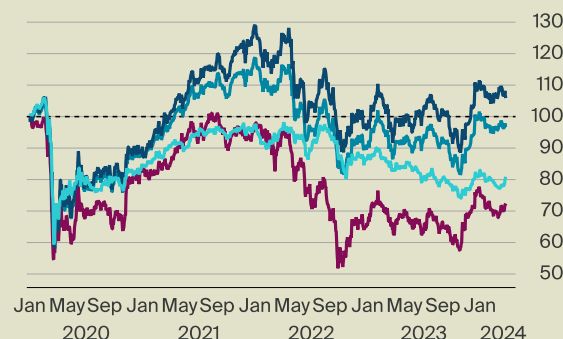
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	115.2%	66.2%	54.4%
Financials	31.7%	18.9%	-5.3%
Industrials	56.5%	39.4%	-1.5%
Real Estate	-7.6%	-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

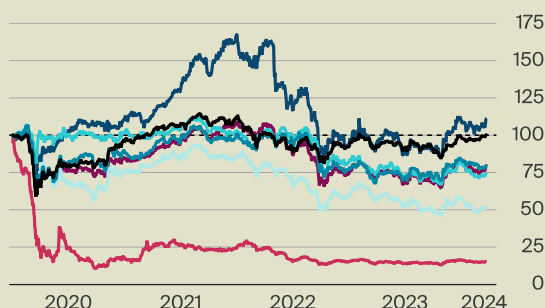
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
US	2,531	-2.1	-0.7	-1.3	5.9
Europe	2,064	0.5	3.6	3.7	-27.6
World	3,104	-1.3	0.2	-0.1	-3.4
Asia Pacific	3,175	1.4	2.9	3.7	-19.1

## 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

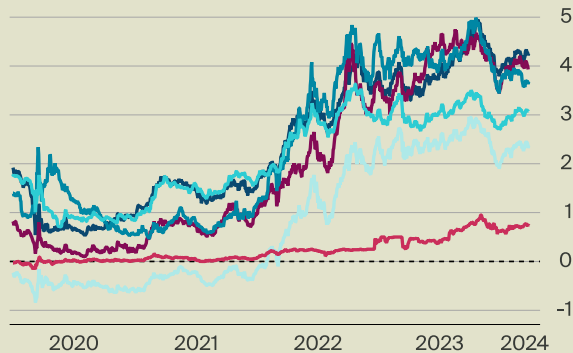
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Original value and base					
All REITs	812	0.5	4.2	4.3	-20.6
Office	1,548	0.0	3.1	6.1	-47.8
Industrial	1,381	1.2	5.5	4.8	11.3
Retail	55	0.7	2.1	2.2	-84.7
Healthcare	1,691	0.9	2.7	2.0	-25.4
Residential	1,210	-0.1	1.9	-1.2	-20.7
FTSE 250	16,993	-0.6	0.5	2.1	-0.3

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

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



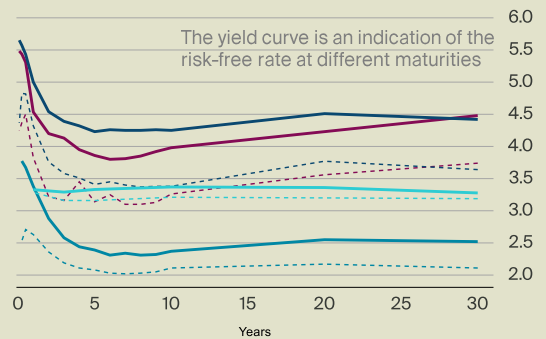
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.68	3.68	3.69	3.88	1.40
Japan	0.73	0.74	0.75	0.71	-0.03
Singapore	3.07	3.07	3.11	3.07	1.74
UK	3.93	n/a	4.06	4.16	0.82
US	4.25	4.25	4.30	4.28	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

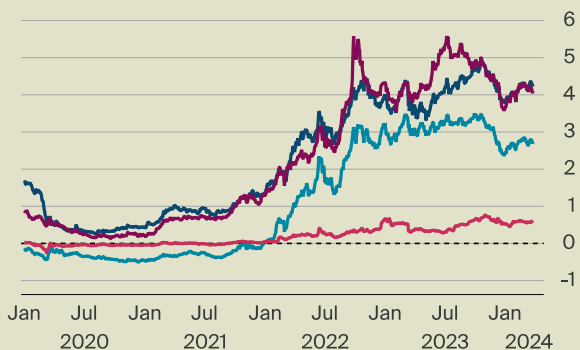


Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



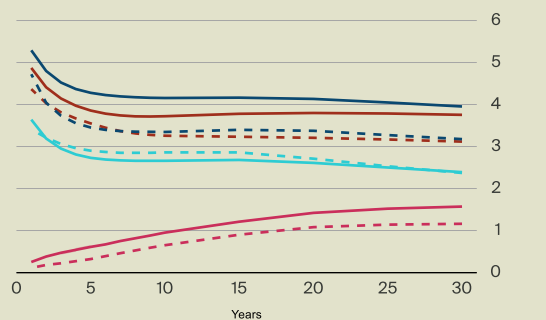
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.73	2.69	2.80	2.76	-0.13
Japan	0.61	0.60	0.56	0.59	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.10	4.04	4.23	4.23	0.88
US	4.28	4.24	4.38	4.29	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



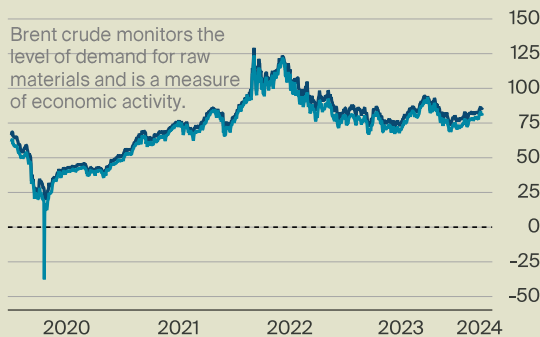
Source: Knight Frank, Macrobond

# Commodities & Volatility

## Energy

Oil spot prices, \$ per barrel

— Brent Crude — West Texas Intermediate (WTI)



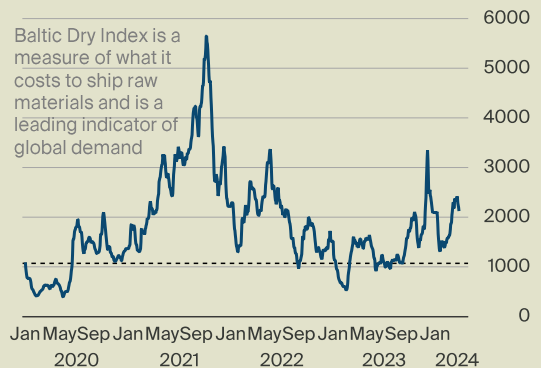
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Brent, \$ per barrel	86.1	85.1	86.3	81.0	66.0
WTI, \$ per barrel	82.0	80.6	82.7	76.5	61.1

## Baltic dry index

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

— Baltic dry index



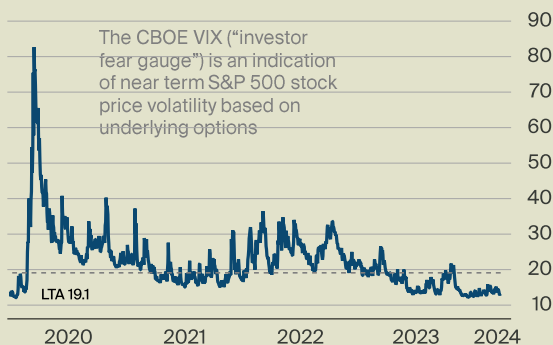
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	2123	-5.22	-12.2	13.8	94.8

## Volatility index

Near term stock price volatility indicator

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



Source: Knight Frank, Macrobond

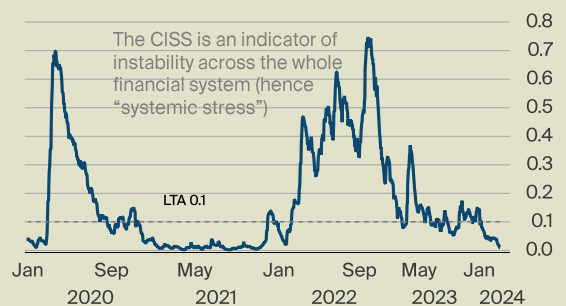
	Last	1 day	1 week	1 month	Jan '20
CBOE VIX	13.2	13.2	13.8	13.7	13.8
Euro Stoxx 50 VIX	12.5	12.5	13.1	13.4	14.0
Nikkei VIX	18.7	19.1	19.5	21.4	14.8
KOSPI VIX	17.3	17.4	16.8	17.9	14.7

## Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



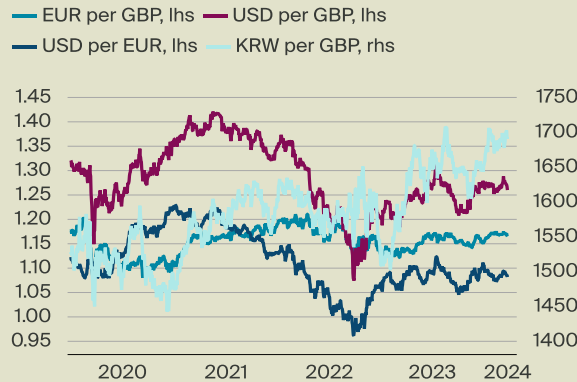
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.042	0.058	0.072	0.023
Equity markets stress sub index	0.012	0.032	0.036	0.009
Bond markets stress sub index	0.035	0.040	0.045	0.02
FX markets stress sub index	0.021	0.010	0.008	0.004

# Currencies & Monetary Policy

## Currencies

### Spot prices

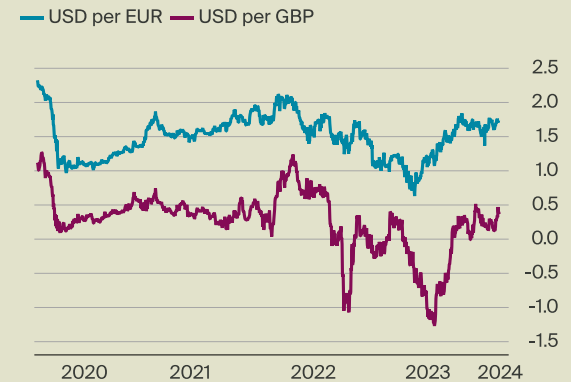


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.165	1.166	1.170	1.168	1.177
KOR per GBP	1,693	1,691	1,696	1,677	1,525
USD per GBP	1.260	1.267	1.274	1.262	1.321
USD per EUR	1.082	1.086	1.089	1.082	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	1.74	1.76	1.75	2.32
USD to GBP	0.37	0.40	0.35	0.26	1.12

## Inflation and monetary policy

### Inflation rate (%)

	Feb	Jan	Dec	Nov
Australia <sup>1</sup>	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	2.8	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	3.4	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 (%)
	0.34 tn	-1.3
	232 bn	-2.5
	6.19 tn	-2.4
	7.44 tn	-0.4
	1.72 tn	-0.3
	2.66 tn	-0.6
	399 bn	-2.6
	1.35 tn	-0.2
	5.09 tn	1.7
	484 bn	0.5
	383 bn	-4.7
	487 bn	-1.1
	117 bn	-1.7
	1.37 tn	-0.5
	7.51 tn	-1.0

Source: Knight Frank, Macrobond



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**William Matthews**  
Partner  
Head of Commercial Research  
+44 20 3909 6842  
william.matthews@knightfrank.com



**Victoria Ormond, CFA**  
Partner  
Head of Capital Markets Research  
+44 20 7861 5009  
victoria.ormond@knightfrank.com



**Antonia Haralambous**  
Associate  
Capital Markets Research  
+44 20 3866 8033  
antonia.haralambous@knightfrank.com



**Khadija Hussain**  
Analyst  
Capital Markets Research  
+44 20 8176 9671  
khadija.hussain@knightfrank.com