

Leading Indicators

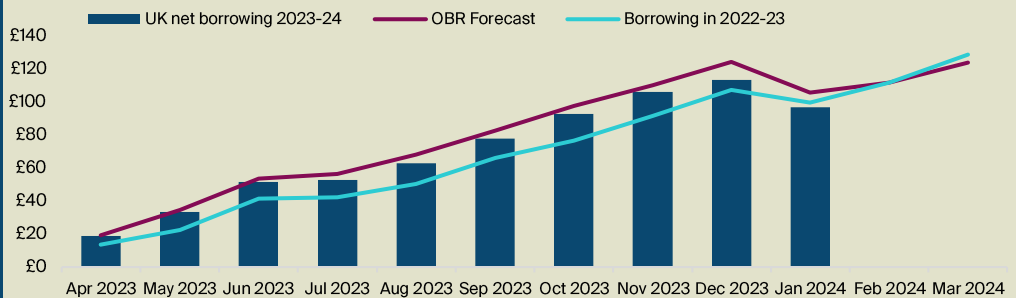
Are tax cuts on the horizon?

£16.7bn

Tax revenue exceeded spending by £16.7bn in January, more than double the surplus a year earlier. The budget deficit in the first 10 months of the fiscal year totalled £96.6bn, £9.2bn below the OBR forecast.

Tax cuts ahead? UK government sees record budget surplus in January, ahead of next week's Spring Statement

UK net borrowing, £ billion



Source: Knight Frank Research, Bloomberg, OBR, ONS

-92%

UK gas prices have moderated to pre-energy crisis levels at 56p per therm. Gas prices are down -92% versus the £6.66 per therm peak in August 2022. Economists expect UK inflation to fall quicker in April, if the Ofgem energy price cap contracts by c.-14% as expected.

Gas prices moderate back to pre-energy crisis levels

Natural gas, ICE, future contracts, front month, £ per therm



Source: Knight Frank Research, Macrobond

1,866

The Baltic Dry Index, which indicates how much it costs to ship raw materials globally, lifted to a seven-week high of 1,866 on Friday.

Global shipping costs accelerate in 2024 due to multiple conflicts in the Middle East

Baltic Dry Shipping Index



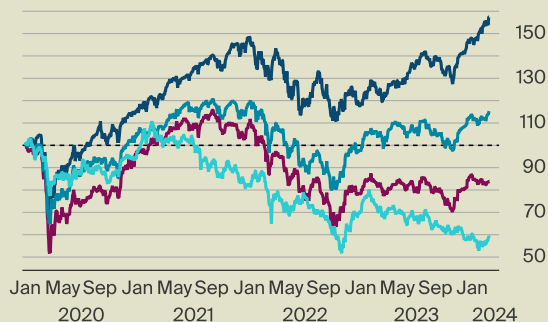
Source: Knight Frank Research, Macrobond

Equities

Equity markets

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

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



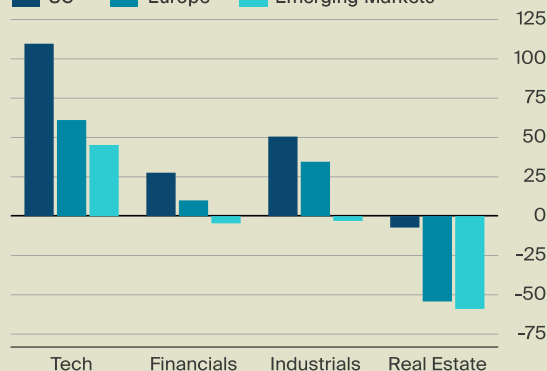
Source: Knight Frank, Macrobond

Index	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
DAX 30	7,437	1.9	2.8	3.5	12.4
FTSE 250	24,312	0.8	1.2	0.3	-16.1
Hang Seng	2,138	1.3	4.8	11.7	-40.9
IBEX 35	10,963	0.4	2.6	1.1	2.3
MIB	35,387	2.3	3.8	7.7	34.4
S&P 500	5,089	2.1	1.2	4.9	57.5
STOXX 600	538	1.4	2.4	4.6	15.3
TOPIX	18	0.5	1.7	3.6	12.5

Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



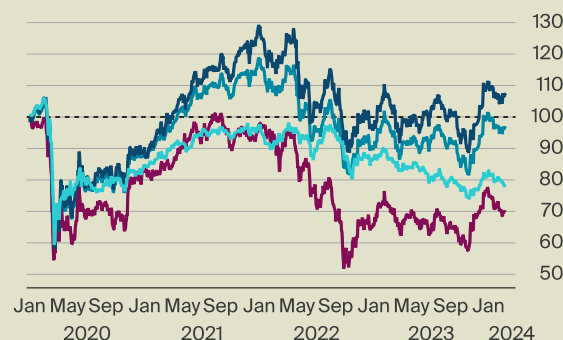
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	109.6%	61.1%	45.2%
Financials	27.6%	10.0%	-4.6%
Industrials	50.6%	34.6%	-3.0%
Real Estate	-7.3%	-54.2%	-59.0%

REITs by region

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

— World — Europe — US — Asia Pacific



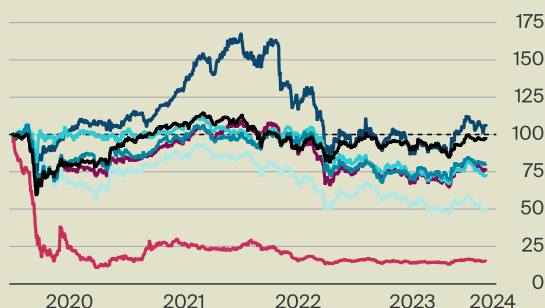
Source: Knight Frank, Macrobond

Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
US	2,556	-0.3	-0.6	-1.0	6.9
Europe	1,987	-0.1	0.1	-2.9	-30.3
World	3,097	-0.3	-0.5	-1.4	-3.6
Asia Pacific	3,056	-0.4	-1.5	-2.8	-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

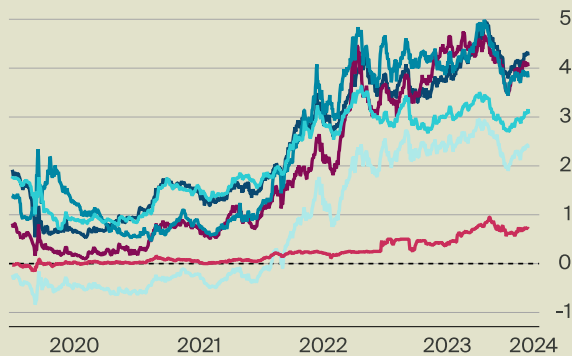
Index, total return	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
All REITs	774	-1.1	-0.7	-2.4	-24.4
Office	1,444	-1.1	-1.5	-7.7	-51.3
Industrial	1,306	-0.7	1.8	0.1	5.4
Retail	53	-1.6	-0.8	-3.1	-85.2
Healthcare	1,641	0.1	0.0	-5.1	-27.6
Residential	1,228	0.4	-0.3	-0.9	-19.5
FTSE 250	16,577	0.4	0.5	0.8	-2.7

Bonds & Rates

Government bond yields

10 year government bond yields, %

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



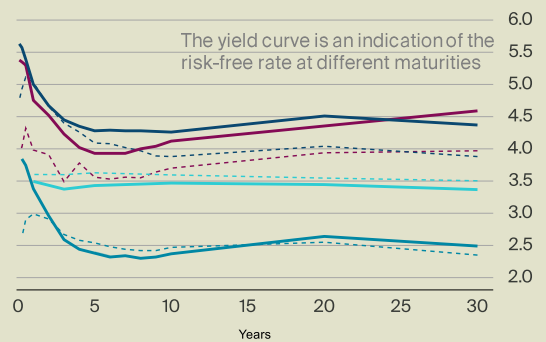
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.81	3.81	3.89	3.82	1.40
Japan	0.71	0.72	0.72	0.74	-0.03
Singapore	3.07	3.16	3.08	2.95	1.74
UK	4.04	4.04	4.11	3.96	0.82
US	4.26	4.26	4.30	4.15	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

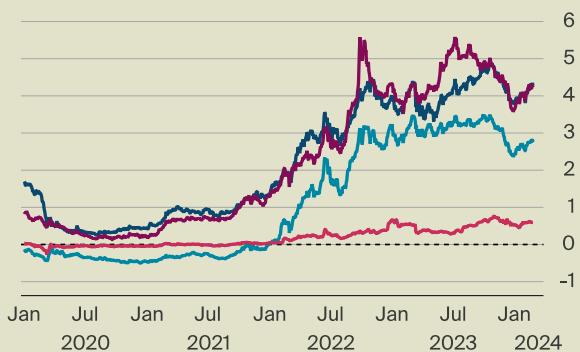


Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



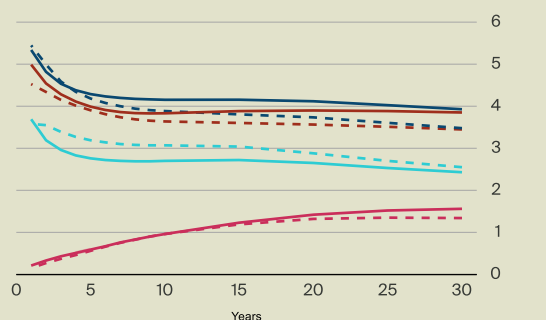
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.76	2.83	2.79	2.71	-0.13
Japan	0.59	0.59	0.61	0.55	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	4.23	4.30	4.26	4.06	0.88
US	4.29	4.35	4.33	4.06	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



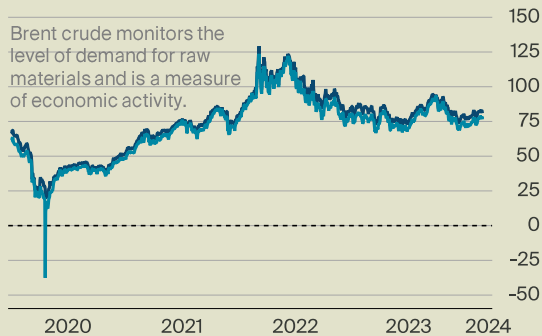
Source: Knight Frank, Macrobond

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	81.0	82.6	82.8	79.4	66.0
WTI, \$ per barrel	76.5	78.6	79.2	74.4	61.1

Baltic dry index

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

— Baltic dry index



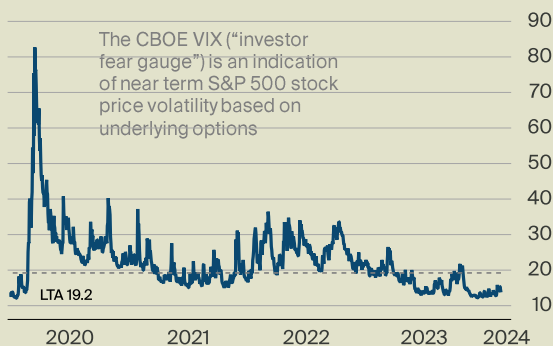
Source: Knight Frank, Macrobond

	Last	Percentage change since			
		1 day	1 week	1 month	Jan '20
Baltic Dry	1866	11.3	15.9	26.7	71.2

Volatility index

Near term stock price volatility indicator

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



Source: Knight Frank, Macrobond

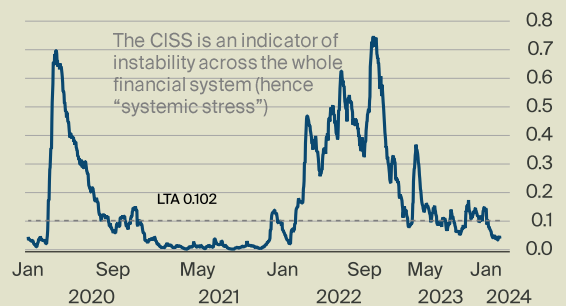
	Last	1 day	1 week	1 month	Jan '20
CBOE VIX	13.8	13.8	14.2	13.3	13.8
Euro Stoxx 50 VIX	13.7	13.7	14.1	13.6	14.0
Nikkei VIX	21.4	19.6	19.9	19.6	14.8
KOSPI VIX	17.9	18.3	18.0	17.0	14.7

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

--- Long term average



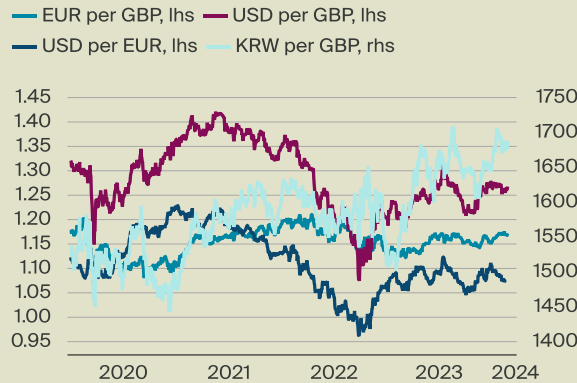
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.071	0.074	0.083	0.023
Equity markets stress sub index	0.035	0.017	0.035	0.009
Bond markets stress sub index	0.044	0.048	0.053	0.02
FX markets stress sub index	0.008	0.011	0.014	0.004

Currencies & Monetary Policy

Currencies

Spot prices



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.172	1.168	1.168	1.169	1.177
KOR per GBP	1,688	1,677	1,679	1,696	1,525
USD per GBP	1.268	1.262	1.258	1.267	1.321
USD per EUR	1.077	n/a	1.077	1.083	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	1.75	1.72	1.77	1.56	2.32
USD to GBP	0.26	0.24	0.26	0.20	1.12

Inflation and monetary policy

Inflation rate (%)

	Jan	Dec	Nov	Oct
Australia ¹	n/a	4.0	4.0	4.0
Canada	2.9	3.4	3.1	3.1
China	-0.8	-0.3	-0.4	-0.1
Euro Area	2.8	2.9	2.4	2.9
France	3.1	3.7	3.5	4.0
Germany	2.9	3.7	3.2	3.7
India	5.1	5.7	5.6	4.9
Italy	0.8	0.6	0.7	1.7
Japan	n/a	2.6	2.8	3.3
Saudi Arabia	1.6	1.5	1.7	1.6
South Korea	2.8	3.2	3.3	3.8
Spain	3.4	3.2	3.3	3.5
Sweden	5.4	4.4	5.8	6.5
UK	4.0	4.0	3.9	4.6
US	3.1	3.3	3.1	3.2

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	0.9
	240 bn	1.7
	6.43 tn	-0.1
	7.36 tn	-0.9
	1.73 tn	-0.3
	2.66 tn	-0.6
	417 bn	0.0
	1.35 tn	-1.7
	5.06 tn	1.1
	482 bn	-0.7
	400 bn	0.1
	487 bn	-0.7
	120 bn	-1.1
	1.37 tn	-0.5
	7.58 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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Our 2024 Future Gazing report explores the lifestyle, demographic and consumer trends that shape our relationship with industrial and logistics property. Our research anticipates that an additional 111.6m sq ft of industrial and logistics space is required to support the growth of retail, manufacturing and service sectors over the next five years.

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Recent research



Life Sciences & Innovation Insight – Q4 2023

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



UK Real Estate Navigator – Q4 23

The latest Real Estate Navigator analyses the Q4 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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