Cost of Capital in the Current Environment
COVID-19 Update – September 18, 2020

6.0% D&P Recommended U.S. ERP
2.5% Normalized U.S. Risk-Free Rate

For more information, visit: https://www.dufandphelps.com/costofcapital

Global 10-Year Government Bond Yields
Data as of August 31, 2020

- Canada: 0.63%
- Japan: 0.31%
- Eurozone: 3.01%
- UK: 0.72%
- China: 0.42%
- Japan: 0.07%
- UK: 7.17%
- Canada: 6.12%
- China: 0.99%

Sources: Bloomberg (Brazil, India), Capital IQ (other countries)

YTD 2020 Stock Market Index Comparison
Data as of August 31, 2020

- S&P 500: 8.34%
- MSCI All Country World Index: 7.98%
- STOXX Europe 600: -11.86%

Source: Capital IQ

VIX® Index and U.S. Corporate Credit Spreads*
Data as of August 31, 2020

*U.S. Corporate Credit Spreads based on the difference in effective yields between the ICE BofA US High Yield Index and the ICE BofA US Corporate Bond Index, long-term average based on data released in December 2019 and early January of 2020. After COVID-19 median estimate based on data available as of the date noted above.

MAX during 2008 Global Financial Crisis: 80.9
MAX during COVID-19 Crisis: 82.7
Long-term Average: 19.9
Current Level: 26.4

Source: Capital IQ, FRED Economic Data

Tracking COVID-19
Updated: September 17, 2020

Confirmed Cases by Country
- United States: 8,833,746
- India: 5,141,905
- Brazil: 4,421,685
- Russia: 1,085,281
- Peru: 744,400
- Colombia: 736,377
- Mexico: 690,331
- South Africa: 563,444
- Spain: 614,360
- Argentina: 599,012

Sources: OECD, IMF, World Bank, Blue Chip Economic Indicators, Global Economics, S&P Global Ratings, Credit Suisse, World Bank, IHS Markit, The World Bank, Embassy of India in the United States

Before COVID-19 median estimates based on data released in December 2019 and early January of 2020. After COVID-19 median estimates based on data available as of the date noted above.

Difference due to rounding

Top 10

Global COVID-19 Confirmed Cases
- 30.1 million

- Recovered
- Active
- Deaths

Sources: Michigan University’s Index of Consumer Confidence, OECD’s Business Confidence Index, Worldometers.com

U.S. Consumer Sentiment vs. Business Confidence
Data as of August 31, 2020

Pre-Covid-19 (Feb 28, 2020)

Consumer Sentiment

- 101.0
- 74.1

Business Confidence

- 99.0
- 100.7

Long-term average

- 86.6 (1962-2020)
- 11.0 (1960-2020)

Source: Michigan University’s Index of Consumer Confidence, OECD’s Business Confidence Index

U.S. Unemployment Rate
Data as of August 31, 2020

- December 2019: 3.5%
- March 2020: 4.4%
- June 2020: 11.1%
- August 2020: 8.4%

Source: U.S. Bureau of Labor Statistics

Source: Worldometers.com