Cost of Capital in the Current Environment

COVID-19 Update - July 30, 2020

**6.0%**
D&P Recommended U.S. ERP

**2.5%**
Normalized U.S. Risk-Free Rate

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

Global 10-Year Government Bond Yields
Data as of July 22, 2020

- **Canada**: 0.51%
- **Brazil**: 0.12%
- **India**: 2.82%
- **France**: 0.60%
- **Germany**: -0.57%
- **Japan**: 0.02%
- **China**: 6.77%
- **UK**: 5.82%
- **U.S.**: 0.89%

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

YTD 2020 Stock Market Index Comparison
Data as of July 22, 2020

- **S&P 500**: 1.4%
- **MSCI All Country World Index**: -1.5%
- **STOXX Europe 600**: -10.2%

Source: Capital IQ

**VIX** Index and U.S. Corporate Credit Spreads*
Data as of July 22, 2020

- **MAX during 2008 Global Financial Crisis**: VIX Index 80.9
- **MAX during COVID-19 Crisis**: VIX Index 82.7
- **Current Level**: VIX Index 24.3

**U.S. Corporate Credit Spreads**
- **MAX during 2008 Global Financial Crisis**: 14.9%
- **MAX during COVID-19 Crisis**: 6.7%
- **Current Level**: 3.7%

Sources: Capital IQ, FRED Economic Data

**Tracking COVID-19**
Updated: July 30, 2020

**Global COVID-19**
- **Confirmed Cases**
- **36% Recovered**
- **4% Active**
- **60% Deaths**

**Top 10 Confirmed Cases by Country**
- **United States**: 4,033,062
- **Brazil**: 2,206,207
- **India**: 1,632,422
- **Russia**: 834,499
- **South Africa**: 471,123
- **Mexico**: 408,499
- **Peru**: 400,683
- **Chile**: 391,575
- **Spain**: 329,721
- **United Kingdom**: 302,301

Sources: OECD, IMF, World Bank, Blue Chip Economic Indicators, Citi Economics

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

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

Source: Worldometers.com

**U.S. Consumer Sentiment vs. Business Confidence**
Data as of July 22, 2020

- **Pre-Covid19 (Feb 28, 2020)**
  - Consumer Sentiment: 101.0
  - Business Confidence: 99.1

- **Post-Covid19 (July 17, 2020)**
  - Consumer Sentiment: 73.2
  - Business Confidence: 99.3

- **Long-term average**
  - Consumer Sentiment: 86.6 (1985–2020)
  - Business Confidence: 100.0 (1980–2020)

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

Source: Worldometers.com