Cost of Capital in the Current Environment
COVID-19 Update – September 2021

U.S. Cost of Capital Inputs
Data as of September 12, 2021

- Duff & Phelps' Recommended Equity Risk Premium: 5.5%
- Normalized Risk-Free Rate: 2.5%

Duff & Phelps, A Kroll Business, continues to monitor risk-free rates and the cost of capital inputs closely. If and when long-term investor returns to a level that approaches the Duff & Phelps-recommended U.S. normalized risk-free rate (big differences are lower than 50 bps), and there is evidence that this increase in yield spread is not temporary, we will fully consider opportunities for providing clients with solutions to address the unique needs and challenges they face. In the interim, we recommend our recommended U.S. Risk-Free Premium.

Global Market Volatility
Data as of September 12, 2021

- Global Volatility Index (VIX) on U.S. Stock Markets: 26.6
- VSTOXX (Europe): 7.1%

The Delta variant is leading to downward revisions in real GDP growth for some geographies.

Global Credit Spreads
Data as of September 12, 2021

- U.S. Corporate Credit Spreads: 14.9%
- Eurozone Corporate Credit Spreads: 18.0%

Global 10-Year Government Bond Yields
Data as of September 12, 2021

- United States: 1.32%
- Japan: 0.16%
- Germany: 0.07%

For additional information, see www.duffandphelps.com/en/covid-19.

Stock Market Performance Since the Wuhan Lockdown*
Data as of September 12, 2021

- Hang Seng All Country World Index: 25.8%
- S&P 500: 32.2%
- Stoxx Europe 600: 10.3%

Global 10-Year Government Bond Yields
Data as of September 12, 2021

- United States: 1.32%
- Japan: 0.16%
- Germany: 0.07%

For additional information, see www.duffandphelps.com/en/covid-19.

Real GDP Growth – Q1 and Q2 2021
Data as of September 12, 2021

- United States: 2.6%
- Eurozone: 1.0%
- China: 1.9%
- Japan: 1.1%

Global Real GDP Growth (%)
Data as of September 12, 2021

- World: 2.6%
- United States: 5.7%
- China: 5.7%

For additional information, see www.duffandphelps.com/en/covid-19.

Risk has subsided since the outbreak of COVID-19, but economic recovery is still progressing at different speeds across regions. The Delta variant is leading to downward revisions in real GDP growth for some geographies.

References:
1. Duff & Phelps’ Managing Director, Duff & Phelps, A Kroll Business