Leading Indicators

Key economic and financial metrics, updated weekly

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2nd September 2025

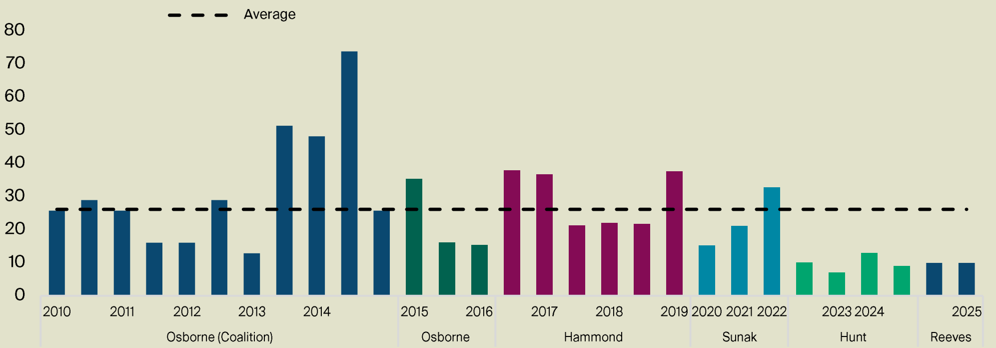
Growth signals strengthen, fiscal space remains tight

£9.9bn

At the next Autumn Budget, expected in late October or November, Chancellor Rachel Reeves will enter with just £9.9 billion of headroom under her fiscal rules, among the smallest margins on record and well below the £26bn average. The earlier erosion of headroom from higher borrowing costs was only partly offset at the Spring Statement, leaving fiscal space constrained. Markets now see limited scope for giveaways and expect the Chancellor to rely on tax rises to keep debt on a sustainable path.

Reeves' fiscal margin remains the third-smallest on record

Headroom against prevailing mandate up to March 2025, £bn



Source: Knight Frank Insight, OBR, HM Treasury

62%

Even with tax rises on the horizon, hiring optimism has strengthened for the fourth consecutive month. According to the Lloyds Business Barometer, 62% of firms (up from 60%) plan to expand headcount over the next year, the highest in a decade. Robust staffing intentions, despite higher payroll taxes and wage costs, point to business confidence in demand even as the wider labour market cools.

Meanwhile, hiring intentions at highest in a decade despite tax pressure

Lloyds Bank Business Barometer, 'Do You Expect to Increase or Decrease Your Staff Levels Over the Next Year Compared with the Past Year?', %

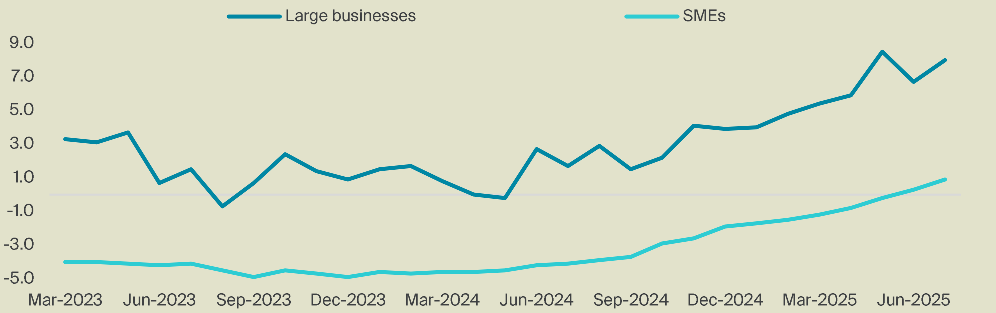
Source: Knight Frank Insight, Lloyds Business Barometer

8.0%

Business borrowing picked up strongly in July, with borrowing by large firms rising from 6.7% to 8.0% and SME's (small and medium-sized enterprises) borrowing up from 0.3% to 0.9% - the strongest since August 2021. The pick-up in SME demand is particularly notable, as smaller firms are more sensitive to financing costs. Sustained momentum in corporate lending should support investment and reinforce the broader growth outlook.

And stronger business credit demand supports investment outlook

Annual Growth of Lending to SMEs and Large Businesses, %

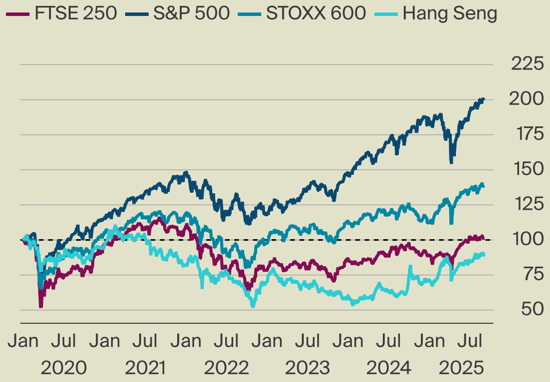


Source: Knight Frank Insight, Bank of England

Equities

Equity markets

Price return index, Jan 2020 = 100, US$

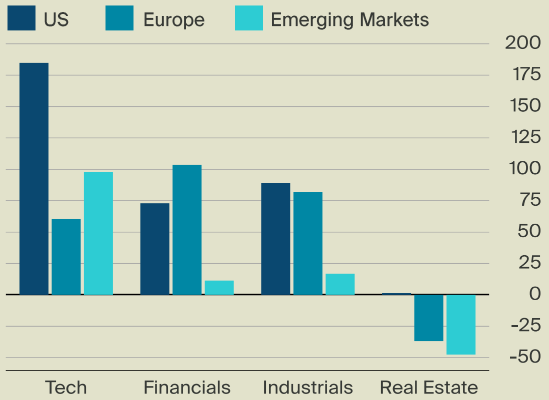


Source: Knight Frank, Macrobond

Index Original value and base	Last	1 day	1 week	1 month	Jan '20	YTD %
		Percentage change since				
DAX 30	10,541	0.3	-1.4	2.2	59.3	32.79
FTSE 250	29,298	-0.3	-1.9	0.8	1.1	13.21
Hang Seng	3,286	2.5	1.3	4.1	-9.2	27.16
IBEX 35	17,487	-0.6	-3.1	6.1	63.2	44.94
MIB	49,643	0.2	-2.2	5.8	88.6	39.91
S&P 500	6,460	-0.3	1.4	1.1	100.0	9.84
STOXX 600	645	-0.1	-1.9	3.3	38.3	22.20
TOPIX	21	-0.1	-0.6	7.0	32.5	18.04

Equity regional sectors

Price return index percentage change since Jan 2020

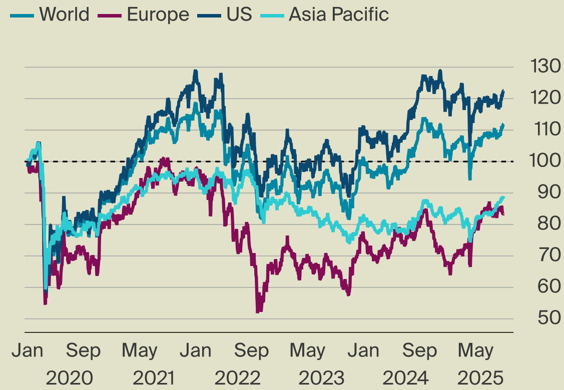


Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	184.8%	60.4%	98.0%
Financials	72.9%	103.6%	11.4%
Industrials	89.3%	82.0%	16.9%
Real Estate	1.4%	-54.2%	-59.0%

REITs by region

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

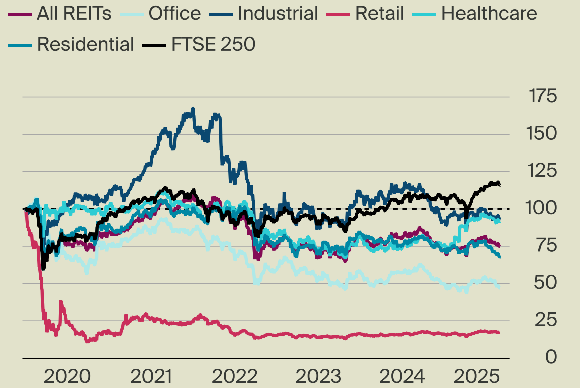


Source: Knight Frank, Macrobond

Index, total return Original value and base	Last	1 day	1 week	1 month	Jan '20	YTD %
		Percentage change since				
US	2,930	0.6	1.0	4.3	22.6	3.22
Europe	2,374	-0.1	-3.1	1.0	-16.7	21.93
World	3,598	0.5	0.7	4.2	12.0	8.42
Asia Pacific	3,483	-0.2	1.3	3.1	-11.3	9.40

UK REITs by sector

UK EPRA gross total return index, Jan 2020 = 100, GBP£



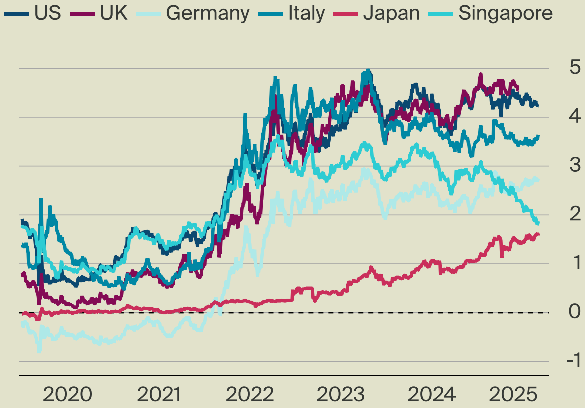
Source: Knight Frank, Macrobond

Index, total return Original value and base	Last	1 day	1 week	1 month	Jan '20	YTD %
		Percentage change since				
All REITs	764	-0.8	-3.0	-3.7	-25.3	2.9
Office	1,394	-0.9	-3.8	-9.1	-53.0	-4.6
Industrial	1,157	-0.7	-2.5	-1.0	-6.7	0.8
Retail	62	-0.3	-1.0	-1.9	-82.8	6.5
Healthcare	2,074	0.2	-1.6	-2.6	-8.5	20.2
Residential	1,033	-0.7	-3.5	-5.1	-32.3	-6.5
FTSE 250	19,744	-0.5	-1.9	-1.1	15.9	7.6

Bonds & Rates

Government bond yields

10 year government bond yields, %

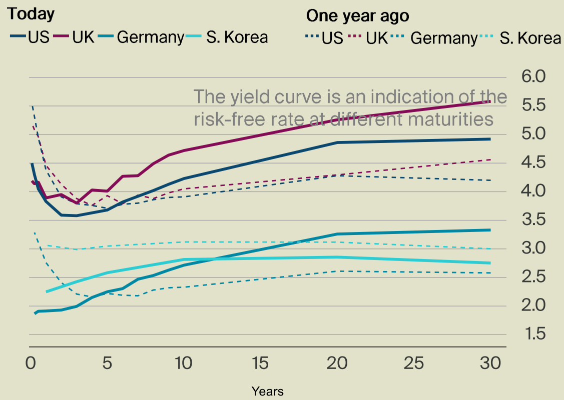


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.64	3.64	3.56	3.49	1.40
Japan	1.61	1.59	1.61	1.55	-0.03
Singapore	1.87	1.87	1.84	2.12	1.74
UK	4.75	4.75	4.74	4.54	0.74
US	4.23	n/a	4.26	4.23	1.92

Yield curves

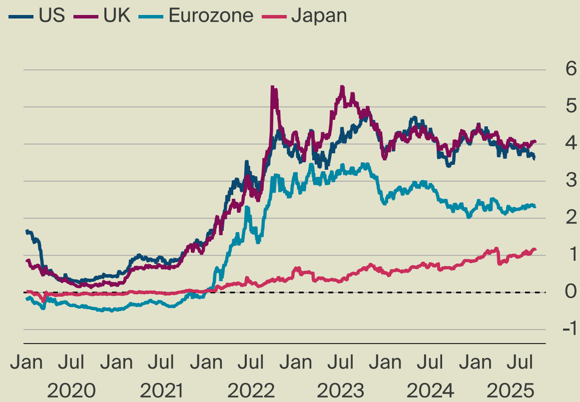
Latest nominal yield curves vs one year ago, %



Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

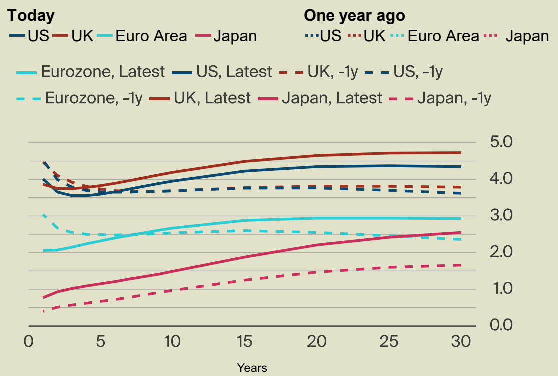


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.33	2.32	2.38	2.34	-0.13
Japan	1.18	1.15	1.16	1.02	0.03
UK	4.09	4.07	4.06	3.92	0.88
US	3.60	3.60	3.69	3.66	1.70

Swap curves

Latest swap curves vs one year ago, %

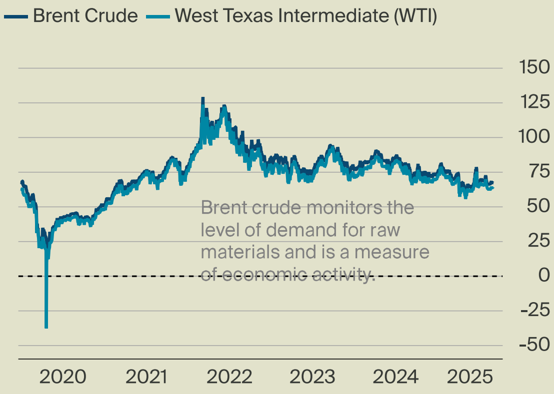


Source: Knight Frank, Macrobond

Commodities & Volatility

Energy

Oil spot prices, $ per barrel

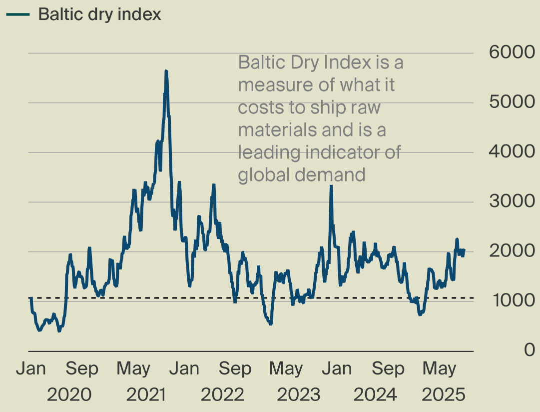


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20	YTD %
Brent, $ per barrel	67.1	67.4	68.7	69.5	66.0	-10.2
WTI, $ per barrel	64.4	63.8	64.6	66.3	61.1	-10.1

Baltic dry index

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

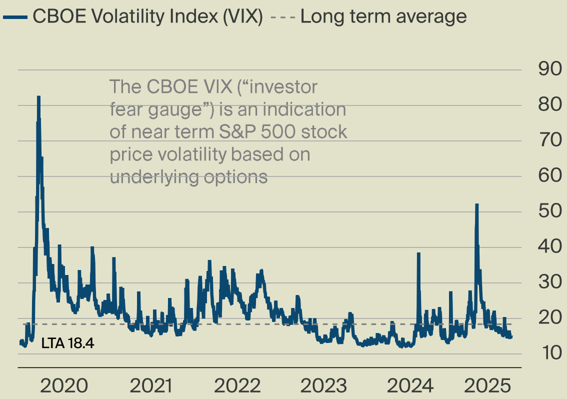


Source: Knight Frank, Macrobond

	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD %
Baltic Dry	2024	0.347	4.12	0.297	85.7	103

Volatility index

Near term stock price volatility indicator

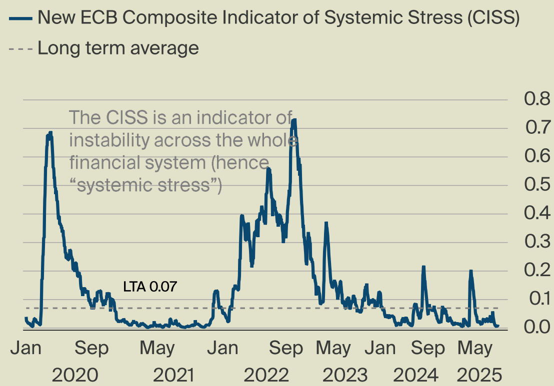


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20	YTD
CBOE VIX	15.4	15.4	14.6	20.4	13.8	-11.47
Euro Stoxx 50 VIX	17.7	17.7	18.0	21.8	14.0	3.82
Nikkei VIX	23.7	24.2	24.0	23.3	14.8	8.77
KOSPI VIX	19.6	20.4	20.4	25.9	14.7	-7.43

Systemic stress

Measures FX, money, sovereign and bond yield volatility



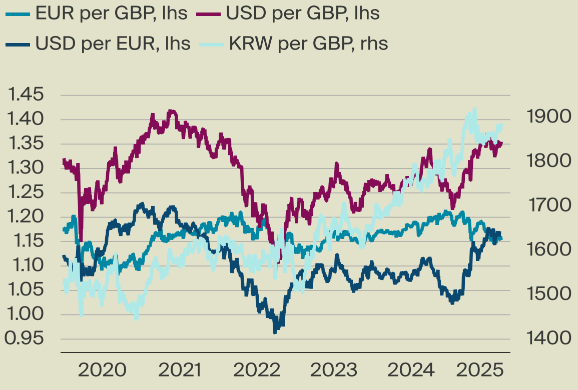
Source: Knight Frank, Macrobond

	Last	1 week	1 month	Jan '20
Systemic stress composite	0.094	0.117	0.073	0.023
Equity markets stress sub index	0.078	0.095	0.064	0.009
Bond markets stress sub index	0.032	0.033	0.014	0.02
FX markets stress sub index	0.024	0.039	0.021	0.004

Currencies & Monetary Policy

Currencies

Spot prices

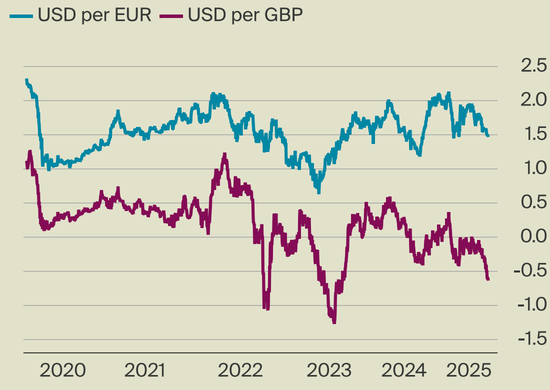


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.157	1.154	1.154	1.148	1.177
KOR per GBP	1,887	1,878	1,868	1,842	1,525
USD per GBP	1.355	1.351	1.353	1.326	1.321
USD per EUR	1.171	n/a	n/a	1.156	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	1.47	1.49	1.50	1.54	2.32
USD to GBP	-0.64	-0.60	-0.49	-0.28	1.12

Inflation and monetary policy

	Inflation rate (%)				Interest rates (%)		Asset purchasing	
	Aug	July	June	May	Last	Jan '24	Latest ($)	1m change (%)
Australia[1]	n/a	n/a	2.0	2.0	3.60	4.35	0.257 tn	0.5
Canada	n/a	1.7	1.9	1.7	2.75	5.00	178 bn	0.0
China	n/a	-0.2	-0.1	-0.2	4.35	4.35	6.4 tn	0.4
Euro Area	2.1	2.0	2.0	1.9	2.15	4.50	7.1 tn	-0.6
France	0.9	1.0	1.0	0.7	2.15	4.50	1.72 tn	0.2
Germany	2.3	2.0	2.0	2.2	2.15	4.50	2.66 tn	-0.6
India	n/a	1.6	2.1	2.8	5.50	6.50	466 bn	2.6
Italy	1.6	1.7	1.7	1.6	2.15	4.50	1.25 tn	0.0
Japan	n/a	3.1	3.3	3.5	0.50	-0.10	4.93 tn	0.4
Saudi Arabia	n/a	2.1	2.3	2.2	5.00	6.00	509 bn	-2.4
South Korea	1.7	2.1	2.2	1.9	2.50	3.50	420 bn	1.6
Spain	n/a	2.6	2.3	2.0	2.15	4.50	487 bn	-1.3
Sweden	n/a	0.8	0.7	0.2	2.00	4.00	103 bn	0.1
UK	n/a	3.8	3.6	3.4	4.00	5.25	1.18 tn	-0.7
US	n/a	2.7	2.7	2.4	4.50	5.50	6.6 tn	-0.7

1. Australia Inflation rate is only available on a quarterly basis.

Source: Knight Frank, Macrobond

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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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