Leading Indicators

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Key economic and financial metrics, updated weekly

12th August 2026

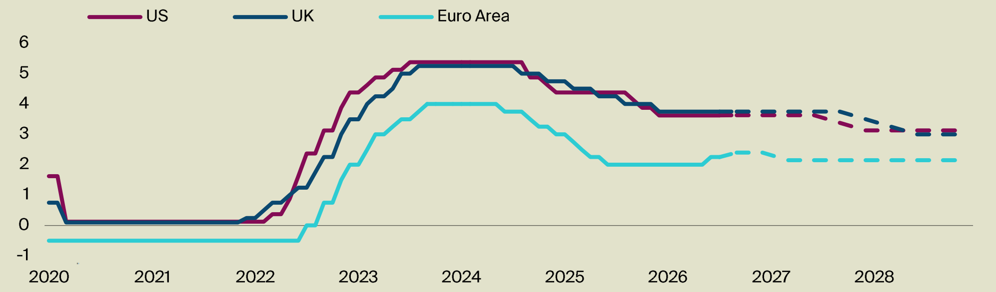
Signs of resilience, scope for caution

3.75%

The BoE has maintained the base rate at 3.75% through the first half of 2026, reflecting softer labour market conditions and easing underlying inflation pressures. While energy prices remain the key upside risk, tentative progress towards reopening the Strait of Hormuz could help alleviate near-term inflation concerns. Although markets continue to price in one further 25bp increase, the BoE's latest forecasts suggest scope for additional tightening remains limited.

We still expect the BoE to maintain a holding bias over further rate increases

Interest Rate Forecasts (%)



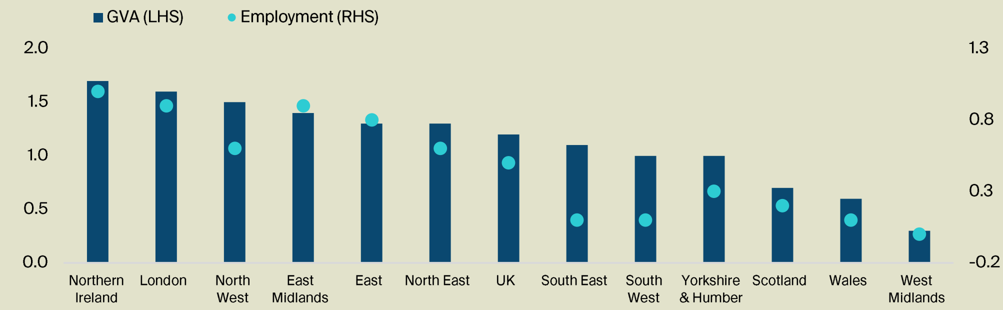
Source: Knight Frank Insight, Oxford Economics

1.2%

UK regional growth prospects have improved following stronger-than-expected economic data in H1, suggesting regional economies have been more resilient to the recent energy price shock than initially feared. Oxford Economics now forecasts UK GVA growth of 1.2% in 2026 (+30bps), with London and Northern Ireland expected to outperform due to stronger labour markets and greater exposure to growth sectors. Manufacturing-led regions, however, continue to face headwinds from elevated energy costs and weaker industrial demand.

UK regions see 2026 GVA and employment outlooks upgraded - a sign of resilience?

GVA and Employment Growth, 2026 (% y/y)



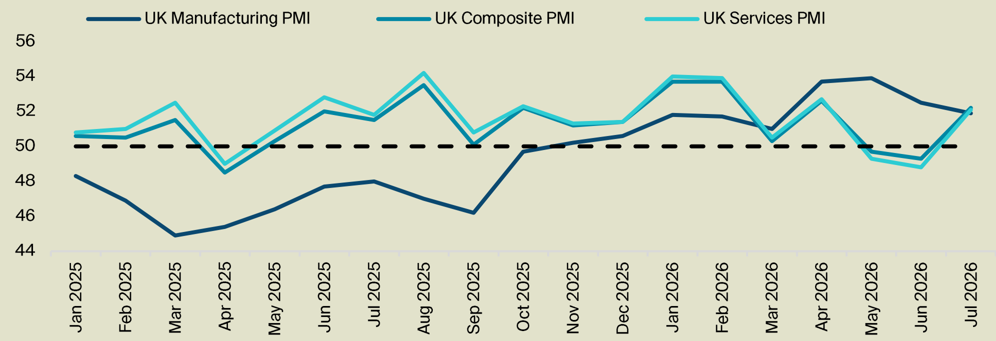
Source: Knight Frank Insight, Oxford Economics

52.2

July's PMI data point to a rebound in activity heading into Q3, with the Composite PMI rising to 52.2 and the Services PMI returning to expansionary territory at 52.1, up from 48.8 in June. However, the outlook for H2 remains more challenging, with inflation likely having passed its low point and Ofgem's 13% increase in the energy price cap set to add renewed upward pressure. Against this backdrop, a gradual moderation in growth over the coming months appears the more likely scenario.

Business activity rebounds heading into Q3, but a softer H2 remains likely

S&P Global UK Purchasing Managers Index

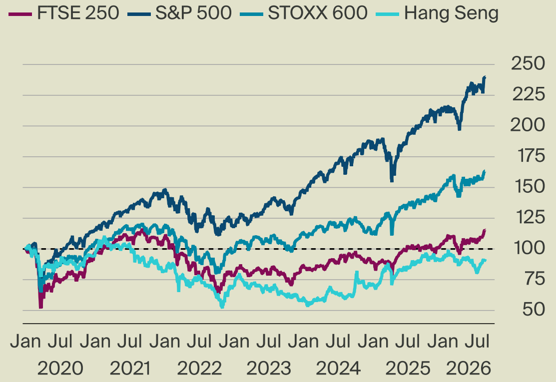


Source: Knight Frank Insight, S&P Global

Equities

Equity markets

Price return index, Jan 2020 = 100, US$

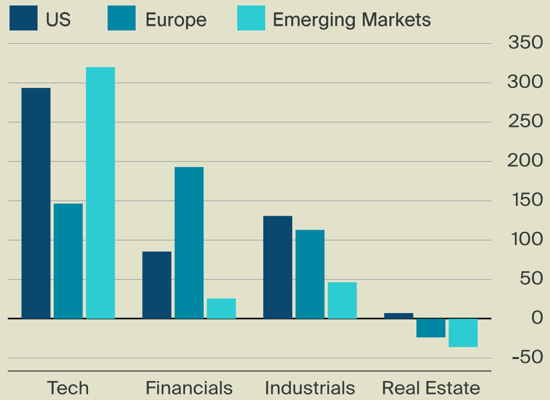


Source: Knight Frank, Macrobond

Index Original value and base	Last	1 day	Percentage change since 1 week	1 month	Jan '20	YTD %
DAX 30	11,096	0.8	3.2	5.9	67.7	2.882
FTSE 250	33,448	0.6	3.7	7.5	15.4	10.686
Hang Seng	3,270	-0.1	-1.4	6.6	-9.6	-0.701
IBEX 35	23,297	0.1	2.4	5.5	117.4	14.724
MIB	61,975	0.1	3.3	3.5	135.4	17.304
S&P 500	7,753	0.6	3.5	2.8	140.0	13.258
STOXX 600	763	0.5	2.2	4.1	63.4	9.775
TOPIX	26	0.6	2.6	4.2	63.4	18.310

Equity regional sectors

Price return index percentage change since Jan 2020

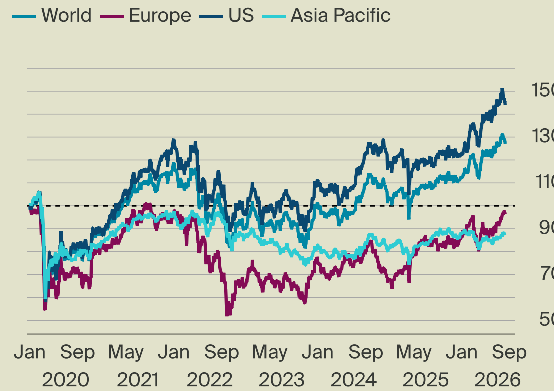


Source: Knight Frank, Macrobond

	Percentage change since Jan 2020 US	Europe	World
Tech	293.5%	146.4%	320.0%
Financials	85.5%	193.0%	25.9%
Industrials	130.7%	113.0%	46.4%
Real Estate	7.2%	-54.2%	-59.0%

REITs by region

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

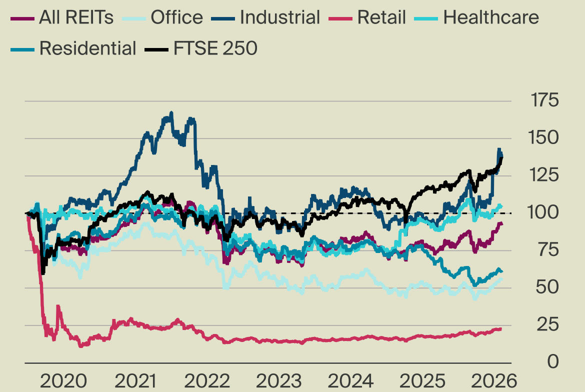


Source: Knight Frank, Macrobond

Index, total return Original value and base	Last	1 day	Percentage change since 1 week	1 month	Jan '20	YTD %
US	3,439	-0.9	-2.0	-0.2	43.9	17.949
Europe	2,746	-0.7	-0.7	4.4	-3.7	10.964
World	4,083	-0.7	-1.6	0.6	27.1	13.441
Asia Pacific	3,426	-0.4	-0.8	2.0	-12.7	-0.518

UK REITs by sector

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



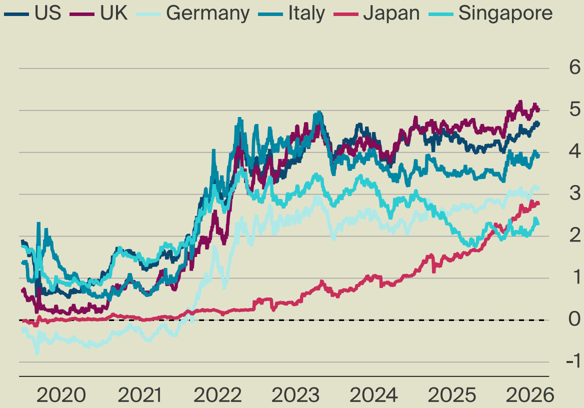
Source: Knight Frank, Macrobond

Index, total return Original value and base	Last	1 day	Percentage change since 1 week	1 month	Jan '20	YTD %
All REITs	941	-0.9	-0.7	4.9	-8.0	13.4
Office	1,650	0.7	0.4	4.9	-44.3	15.5
Industrial	1,700	-1.5	-1.8	7.6	37.1	29.5
Retail	81	-0.2	-1.2	0.4	-77.6	18.0
Healthcare	2,361	-0.3	0.8	2.2	4.1	6.4
Residential	923	-1.0	-1.5	1.4	-39.5	0.3
FTSE 250	23,311	0.2	3.3	6.7	36.8	12.5

Bonds & Rates

Government bond yields

10 year government bond yields, %

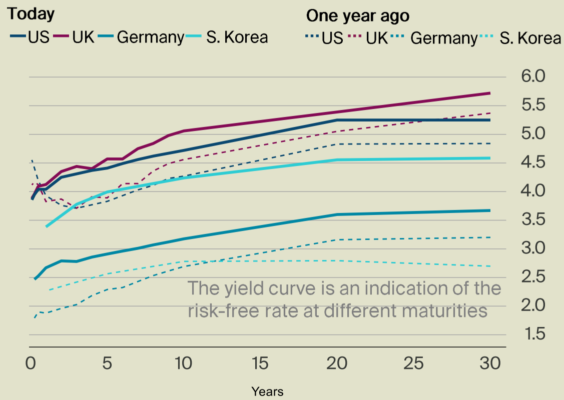


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.96	3.90	3.93	3.81	1.40
Japan	2.79	2.75	2.78	2.86	-0.03
Singapore	2.31	2.31	2.35	2.13	1.74
UK	5.06	5.00	5.03	4.96	0.74
US	4.72	4.65	4.70	4.56	1.92

Yield curves

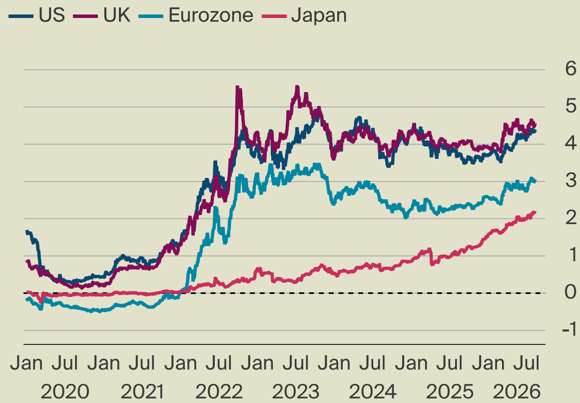
Latest nominal yield curves vs one year ago, %



Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

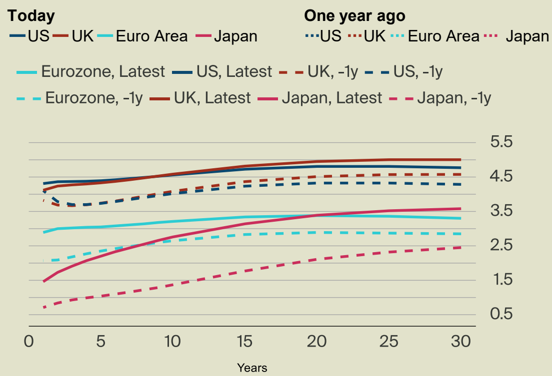


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	3.05	3.00	3.03	2.91	-0.13
Japan	2.20	2.17	2.18	2.03	0.03
UK	4.56	4.50	4.52	4.43	0.88
US	4.39	4.33	4.39	4.28	1.70

Swap curves

Latest swap curves vs one year ago, %

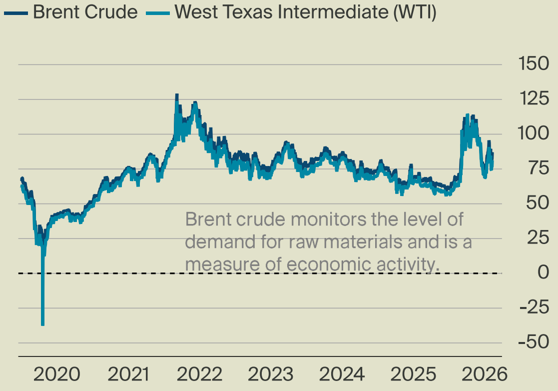


Source: Knight Frank, Macrobond

Commodities & Volatility

Energy

Oil spot prices, $ per barrel

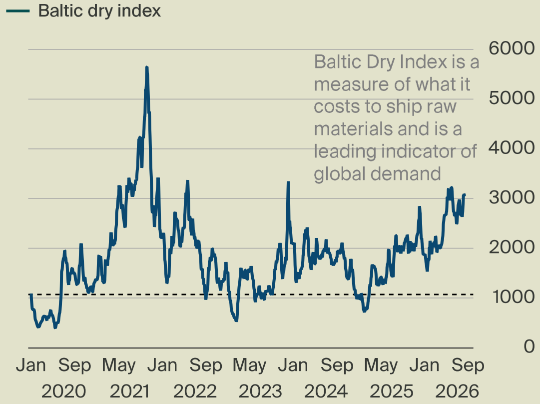


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20	YTD %
Brent, $ per barrel	87.1	87.1	78.5	76.0	66.0	43.0
WTI, $ per barrel	81.3	81.3	74.4	73.6	61.1	41.8

Baltic dry index

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

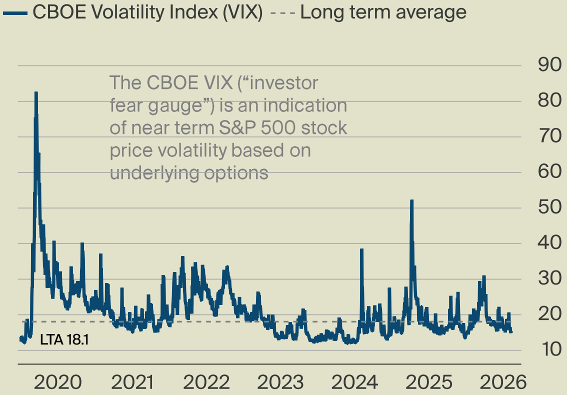


Source: Knight Frank, Macrobond

	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD %
Baltic Dry	3046	-1.39	3.75	3.46	179	62.3

Volatility index

Near term stock price volatility indicator

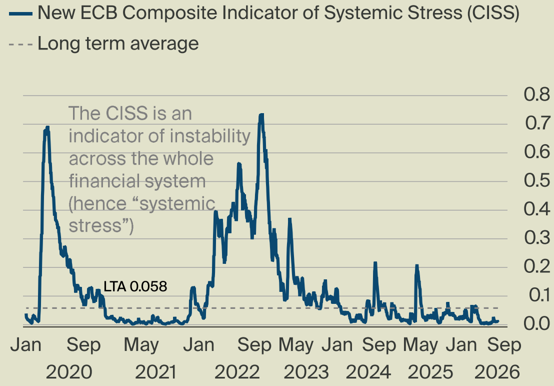


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20	YTD
CBOE VIX	15.5	15.5	16.5	15.0	13.8	3.41
Euro Stoxx 50 VIX	15.6	15.6	15.8	16.9	14.0	6.05
Nikkei VIX	25.0	25.0	34.3	38.1	14.8	5.13
KOSPI VIX	61.7	69.6	82.1	78.2	14.7	113.80

Systemic stress

Measures FX, money, sovereign and bond yield volatility



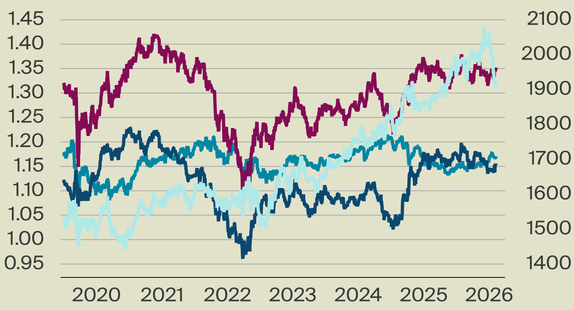
Source: Knight Frank, Macrobond

	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	1.170	1.168	1.167	1.174	1.177
KOR per GBP	1,917	1,902	1,920	2,015	1,525
USD per GBP	1.352	1.349	1.344	1.341	1.321
USD per EUR	1.156	1.156	1.138	1.144	1.123

Inflation and monetary policy

	Inflation rate (%)				Interest rates (%)		Asset purchasing	
	Jul	Jun	May	Apr	Last	Jan '25	Latest ($)	1m change (%)
Australia[1]	n/a	3.7	4.0	4.2	4.35	4.35	0.25 tn	-0.9
Canada	n/a	2.8	3.2	2.8	2.25	3.25	163 bn	0.4
China	0.7	1.2	1.4	1.3	4.35	4.35	7.28 tn	2.2
Euro Area	n/a	n/a	n/a	n/a	2.40	3.15	6.83 tn	-0.9
France	2.1	1.8	2.4	2.2	2.40	3.15	1.64 tn	-1.8
Germany	2.7	2.3	2.7	2.8	2.40	3.15	2.66 tn	-0.6
India	n/a	4.4	3.9	3.5	5.25	6.50	488 bn	4.3
Italy	2.8	3.0	3.2	2.7	2.40	3.15	1.21 tn	-0.7
Japan	n/a	1.6	1.5	1.4	1.00	0.25	4.04 tn	0.7
Saudi Arabia	n/a	1.8	1.8	1.7	4.25	5.00	524 bn	1.5
South Korea	2.8	3.2	3.1	2.6	2.75	3.00	400 bn	0.1
Spain	n/a	3.2	3.3	3.2	2.40	3.15	487 bn	-0.3
Sweden	n/a	0.7	0.8	-0.1	1.75	2.75	92.6 bn	0.0
UK	n/a	2.6	2.8	2.8	3.75	4.75	1.11 tn	-0.5
US	n/a	3.5	4.2	3.8	3.75	4.50	6.75 tn	0.3

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

Source: Knight Frank, Macrobond

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Traditional commercial real estate investors are widening their universe to real assets, with infrastructure, and particularly energy, moving centre stage.

View report

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View report

Recent research

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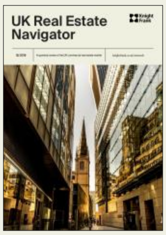
Our compendium, bringing together all our insights and market views into one document, arrives at a time when the character – rather than the direction – of the market is changing.



UK Real Estate Navigator: Q2 2026

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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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