

# Leading Indicators



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Key economic and financial metrics, updated weekly

1st July 2025

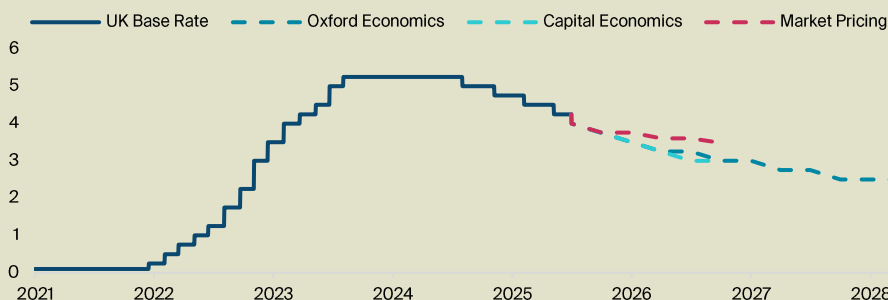
## Momentum reignited: Markets reposition as rates fall, confidence climbs, and capital accelerates

### 3.00%

The latest PMI data supports the view that economic activity is cooling, which should help ease inflation pressures. As a result, CPI is now expected to return to the 2.0% target in 2026 and remain below it through most of 2027. In line with this softer outlook, economists have lowered their interest rate forecasts, now projecting the base rate to fall to 3.00% by 2026. This implies a faster pace of rate cuts than current market pricing, which could help unlock demand and support activity ahead.

### UK interest rates set to decline faster than previously anticipated

UK Base Rate and Forecasts, %



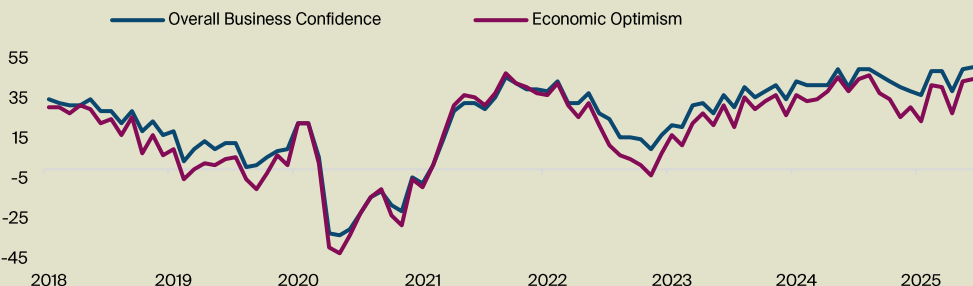
Source: Knight Frank Insight, Macrobond, Capital Economics, Oxford Economics

### 51%

The Lloyds Business Barometer rose to +51% in June, its highest level in nine years and well above the long-term average of +29%, signalling strong business confidence. This extends May's sharp rebound, supported by easing global trade tensions and a decline in economic uncertainty. Additionally, Lloyds Economic Optimism rose to 45%, its highest level since August 2024.

### Sentiment strengthens: UK business confidence hits 9-year high

Lloyds Business Barometer



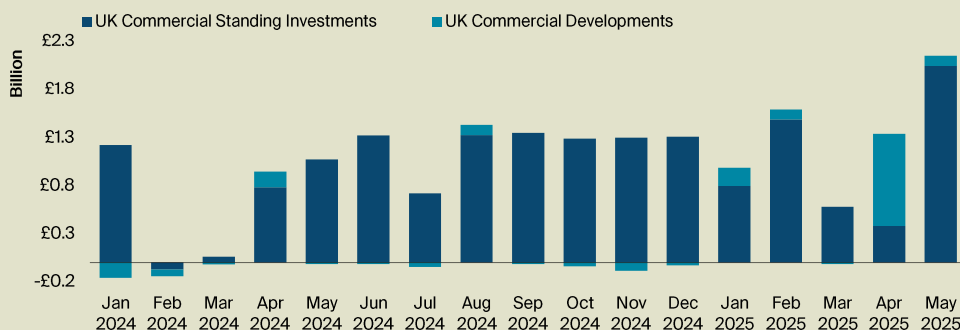
Source: Knight Frank Insight, Lloyds Banking Group

### £2.15bn

Net lending to UK commercial real estate remained strong in May, totalling £2.15 billion, the highest monthly figure in five years. The increase was driven by a sharp rise in lending to standing developments, which jumped to £2bn from £380m in April. Rising confidence that capital values have stabilised is driving a pickup in lending, including riskier development finance. With rate cuts expected and credit conditions easing, lending should support a gradual rise in investment over H2 2025.

### Net lending to UK CRE gains momentum...

Net Lending to UK CRE, £bn



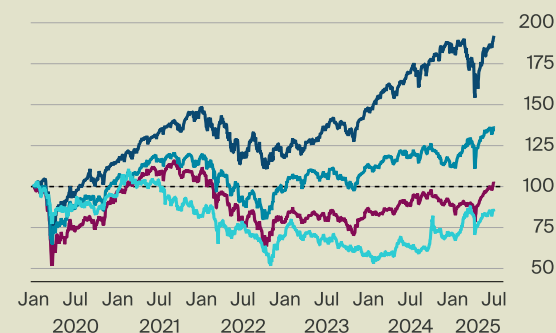
Source: Knight Frank Insight, Bank of England

# Equities

## Equity markets

Price return index, Jan 2020 = 100, US\$

— FTSE 250 — S&P 500 — STOXX 600 — Hang Seng



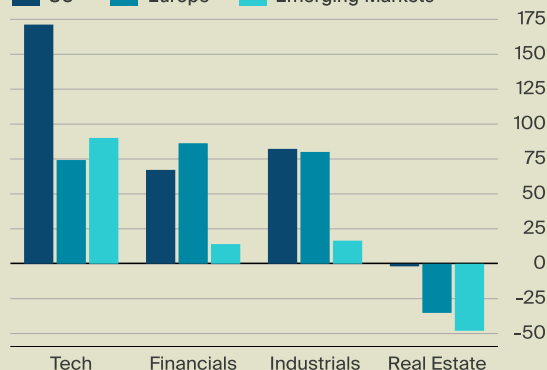
Source: Knight Frank, Macrobond

Index	Last	Percentage change since				
Original value and base	1 day	1 week	1 month	Jan '20	YTD %	
DAX 30	10,514	1.3	4.3	3.2	58.9	32.4
FTSE 250	29,629	0.4	4.0	4.6	2.2	14.5
Hang Seng	3,067	-1.0	2.3	2.0	-15.2	18.7
IBEX 35	16,422	1.5	2.9	2.4	53.2	36.1
MIB	46,704	1.4	3.4	2.9	77.4	31.6
S&P 500	6,205	1.0	4.0	5.0	92.1	5.5
STOXX 600	635	1.0	2.8	2.1	36.1	20.3
TOPIX	20	0.0	4.1	0.7	24.2	10.7

## Equity regional sectors

Price return index percentage change since Jan 2020

■ US ■ Europe ■ Emerging Markets



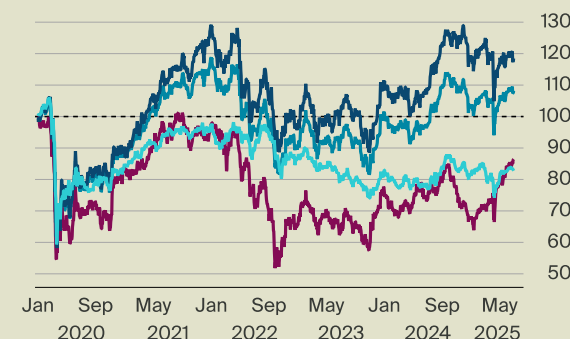
Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	171.2%	74.2%	90.1%
Financials	67.2%	86.3%	14.1%
Industrials	82.3%	80.1%	16.6%
Real Estate	-1.9%	-54.2%	-59.0%

## REITs by region

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

— World — Europe — US — Asia Pacific



Source: Knight Frank, Macrobond

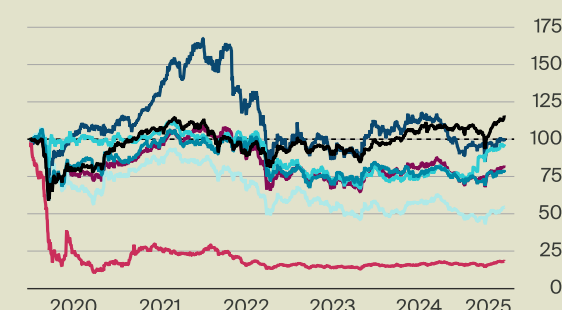
Index, total return	Last	Percentage change since				
Original value and base		1 day	1 week	1 month	Jan '20	YTD %
US	2,831	0.9	-0.5	-0.6	18.4	-0.249
Europe	2,465	0.5	2.1	2.7	-13.5	26.585
World	3,476	0.7	0.1	0.5	8.2	4.747
Asia Pacific	3,249	-0.5	-0.8	0.4	-17.2	2.051

## UK REITs by sector

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

— All REITs — Office — Industrial — Retail — Healthcare

— Residential — FTSE 250



Source: Knight Frank, Macrobond

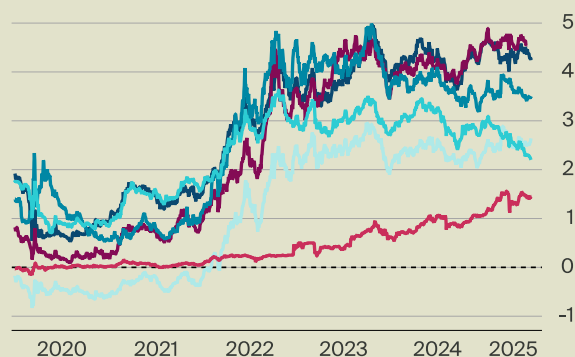
Index, total return	Last	Percentage change since				
Original value and base	1 day	1 week	1 month	Jan '20	YTD %	
All REITs	832	-0.2	0.0	1.3	-18.6	12.2
Office	1,616	0.6	1.0	4.8	-45.5	10.5
Industrial	1,222	-1.0	-1.1	-1.4	-1.5	6.5
Retail	65	-0.4	1.1	2.3	-81.9	12.2
Healthcare	2,163	-0.5	-1.3	1.3	-4.6	25.3
Residential	1,192	-0.8	-0.8	0.2	-21.9	7.9
FTSE 250	19,606	0.7	2.4	3.4	15.1	6.9

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

— US — UK — Germany — Italy — Japan — Singapore



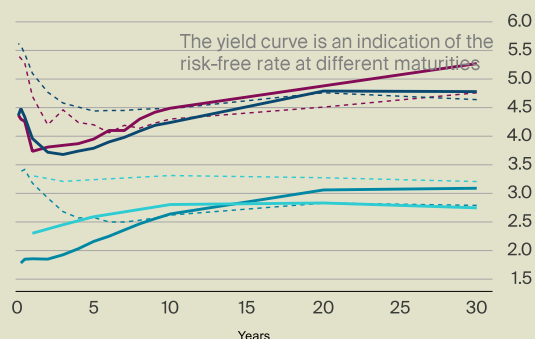
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	3.46	3.46	3.45	3.50	1.40
Japan	1.45	1.45	1.41	1.51	-0.03
Singapore	2.20	2.20	2.25	2.44	1.74
UK	4.55	n/a	n/a	4.65	0.82
US	4.24	4.24	4.30	4.41	1.92

## Yield curves

Latest nominal yield curves vs one year ago, %

Today — US — UK — Germany — S. Korea One year ago ...US ...UK ...Germany ...S. Korea

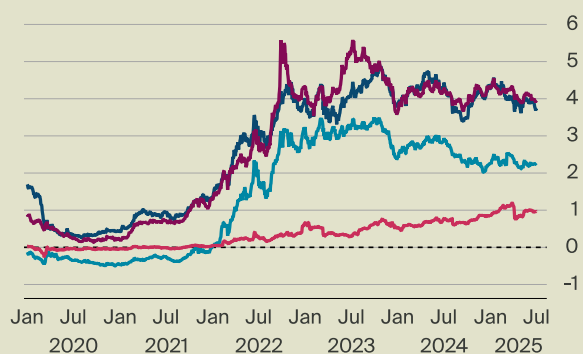


Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

— US — UK — Eurozone — Japan



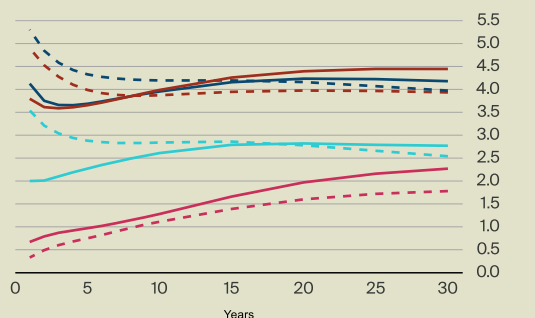
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	2.27	2.26	2.22	2.18	-0.13
Japan	0.97	0.98	0.96	1.00	0.03
Singapore	3.66	n/a	n/a	n/a	1.50
UK	3.90	3.92	3.97	4.10	0.88
US	3.69	3.73	3.81	3.87	1.70

## Swap curves

Latest swap curves vs one year ago, %

Today — US — UK — Euro Area — Japan One year ago ...US ...UK ...Euro Area ...Japan



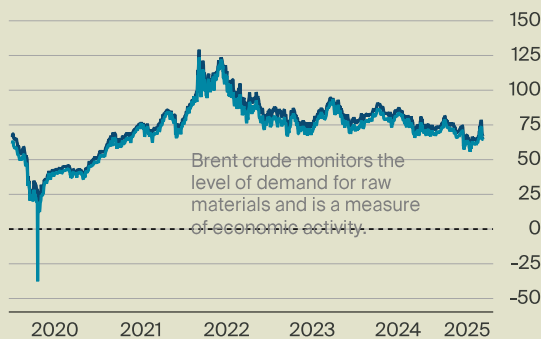
Source: Knight Frank, Macrobond

# Commodities & Volatility

## Energy

Oil spot prices, \$ per barrel

— Brent Crude — West Texas Intermediate (WTI)



Source: Knight Frank, Macrobond

## Baltic dry index

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

— Baltic dry index



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20	YTD %
Brent, \$ per barrel	66.6	66.4	70.5	62.6	66.0	-11.0
WTI, \$ per barrel	64.3	64.6	65.6	61.5	61.1	-10.1

	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD
						%
Baltic Dry	1489	-4.12	-11.1	5.01	36.6	49.3

## Volatility index

Near term stock price volatility indicator

— CBOE Volatility Index (VIX) --- Long term average



Source: Knight Frank, Macrobond

## Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS) --- Long term average



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20	YTD
CBOE VIX	16.7	16.7	17.5	18.6	13.8	-3.57
Euro Stoxx 50 VIX	17.7	17.7	18.9	19.2	14.0	3.94
Nikkei VIX	24.3	24.6	23.9	23.7	14.8	11.29
KOSPI VIX	24.0	24.0	25.8	22.6	14.7	13.34

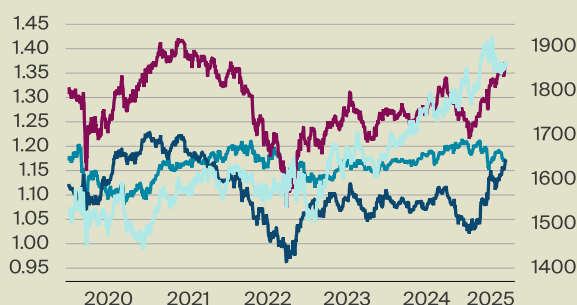
	Last	1 week	1 month	Jan '20
Systemic stress composite	0.094	0.117	0.073	0.023
Equity markets stress sub index	0.078	0.095	0.064	0.009
Bond markets stress sub index	0.032	0.033	0.014	0.02
FX markets stress sub index	0.024	0.039	0.021	0.004

# Currencies & Monetary Policy

## Currencies

### Spot prices

EUR per GBP, lhs    USD per GBP, lhs  
USD per EUR, lhs    KRW per GBP, rhs



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
EUR per GBP	1.167	1.170	1.170	1.188	1.177
KOR per GBP	1,855	1,867	1,862	1,861	1,525
USD per GBP	1.370	1.372	1.349	1.348	1.321
USD per EUR	1.172	1.172	1.154	1.135	1.123

## Hedging benefits

### Hedging benefit p.a. on a 5 year forward

USD per EUR    USD per GBP



Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
USD to EUR	1.63	1.65	1.77	1.89	2.32
USD to GBP	-0.23	-0.24	-0.18	-0.25	1.12

## Inflation and monetary policy

### Inflation rate (%)

	June	May	Apr	Mar
Australia <sup>1</sup>	n/a	n/a	n/a	2.4
Canada	n/a	1.7	1.7	2.3
China	n/a	-0.2	-0.1	-0.1
Euro Area	2.0	1.9	2.2	2.2
France	0.9	0.7	0.8	0.8
Germany	2.0	2.2	2.0	2.2
India	n/a	2.8	3.2	3.3
Italy	1.7	1.6	1.9	1.9
Japan	n/a	3.5	3.6	3.6
Saudi Arabia	n/a	2.2	2.3	2.3
South Korea	n/a	1.9	2.1	2.1
Spain	n/a	2.0	2.3	2.1
Sweden	n/a	0.2	0.3	0.5
UK	n/a	3.4	3.5	2.6
US	n/a	2.4	2.3	2.4

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

### Interest rates (%)

	Last	Jan '24
	3.85	4.35
	2.75	5.00
	4.35	4.35
	2.15	4.50
	2.15	4.50
	2.15	4.50
	5.50	6.50
	2.15	4.50
	0.50	-0.10
	5.00	6.00
	2.50	3.50
	2.15	4.50
	2.00	4.00
	4.25	5.25
	4.50	5.50

### Asset purchasing

	Latest (\$)	1m change (%)
	0.26 tn	1.7
	184 bn	0.9
	6.26 tn	-0.9
	7.19 tn	-0.8
	1.71 tn	-1.1
	2.66 tn	-0.6
	461 bn	3.9
	1.25 tn	-0.5
	4.91 tn	-2.2
	533 bn	4.2
	392 bn	-5.0
	487 bn	-0.2
	102 bn	-4.2
	1.19 tn	-0.7
	6.66 tn	-0.3

Source: Knight Frank, Macrobond



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Explore the current trends in UK commercial real estate with the latest edition of our UK Real Estate Navigator, available now.

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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