# Leading Indicators

Knight Frank
knightfrank.co.uk/research

Key economic and financial metrics, updated weekly

20th May 2026

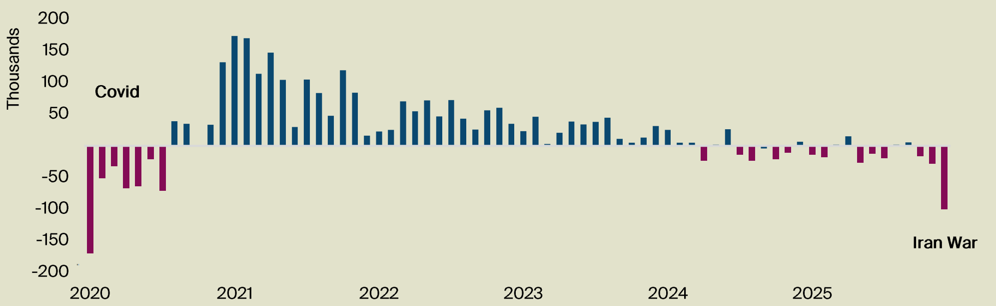
# Energy shocks return, but 2022-style inflation looks less likely

## +3.4%

Labour market indicators are weakening more sharply, pointing to softer underlying demand despite near-term inflation risks. PAYE employment fell by 100,000 in April, following a revised 28,000 decline in March, leaving payrolls -0.7% lower year-on-year. Vacancies slipped to 715,000, while the claimant count rose by 27,000. Although headline earnings rose to 4.1%, bonus effects mask softer underlying growth, with pay excluding bonuses easing to 3.4%. A loosening labour market should limit second-round inflation effects and reduce pressure on rates.

### Labour market loosening suggests the current inflation uptick will be short-lived

Change in payrolled employees, seasonally adjusted



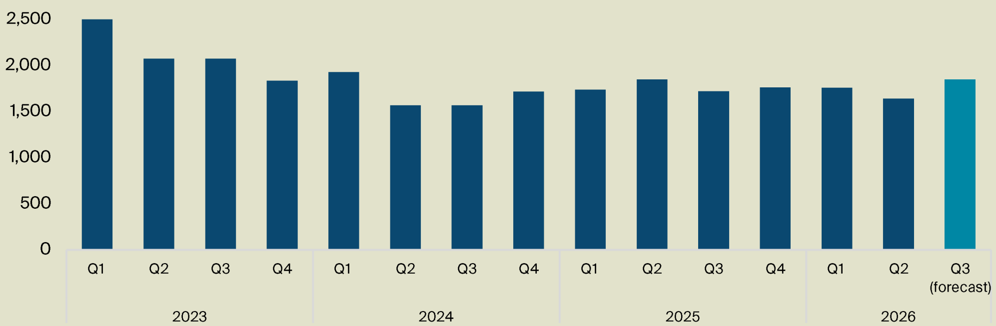

Source: Knight Frank Insight, ONS, PAYE

## £1,850

Energy price expectations have shifted higher, but not as sharply as first feared. The Ofgem cap is now projected to rise +13% to £1,850 in Q3, up from £1,641, broadly in line with April 2025 levels. Despite a 60% increase in wholesale gas prices, the more modest pass-through tempers the inflation outlook at the margin. Coupled with BoE commentary signalling a cautious approach to rate cuts, this reinforces a view of policy remaining restrictive even as growth risks build.

### Household energy costs not as high as initially expected

Ofgem energy price cap by quarter, annualised (£)



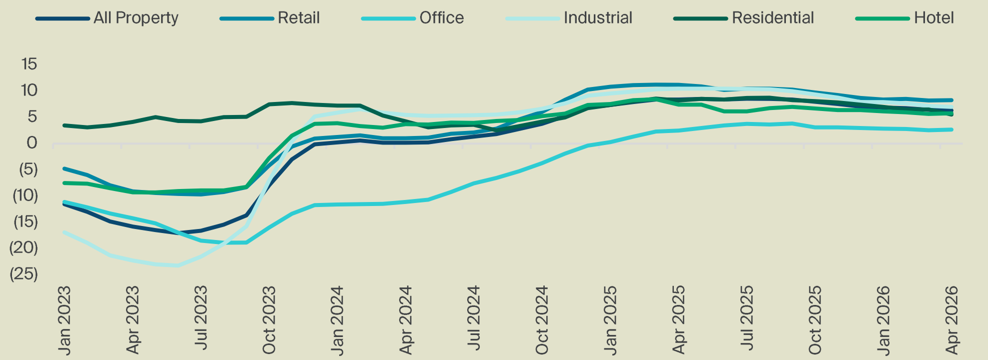

Source: Knight Frank Insight, Ofgem

## +6.33%

UK commercial property delivered an annualised total return of +6.33% in April 2026, with Retail leading performance at +8.27%, followed by Industrial at +7.03% and Hotels at +5.80%. While the period is beginning to reflect some early effects from the Middle East conflict, performance has remained resilient against a more uncertain macro backdrop. Looking ahead, returns are likely to be driven more by income and rental growth than capital appreciation, placing greater emphasis on assets with durable occupier demand, pricing power and resilient income streams.

### UK CRE returns hold firm through early volatility

MSCI UK monthly index, annualised total returns (%)

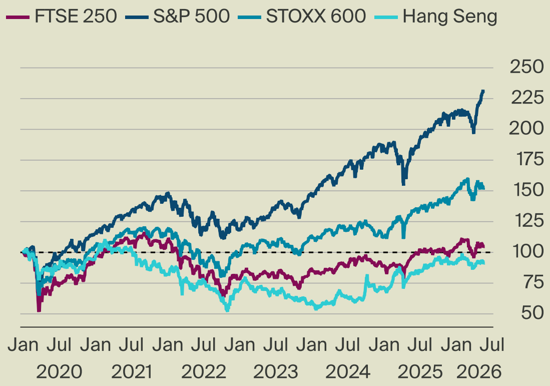



Source: Knight Frank Insight, MSCI RCA

# Equities

## Equity markets

Price return index, Jan 2020 = 100, US$

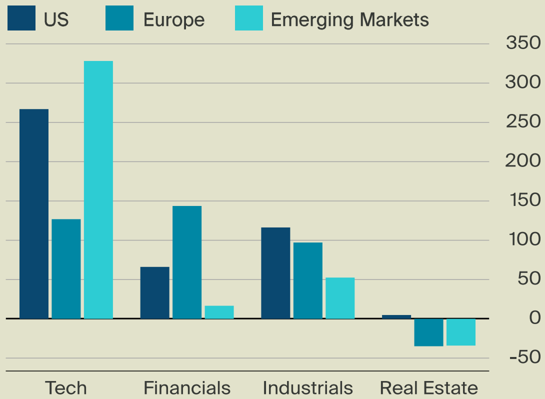



Source: Knight Frank, Macrobond

| Index<br>Original value and base | Last | 1 day | Percentage change since<br>1 week | 1 month | Jan '20 | YTD<br>% |
|---|---|---|---|---|---|---|
| DAX 30 | 10,359 | -1.0 | -1.5 | -2.3 | 56.5 | -3.953 |
| FTSE 250 | 30,266 | -1.7 | -2.7 | -1.8 | 4.4 | 0.157 |
| Hang Seng | 3,294 | -0.6 | -2.3 | -2.3 | -9.0 | 0.046 |
| IBEX 35 | 20,660 | -0.7 | -1.9 | -3.0 | 92.8 | 1.737 |
| MIB | 56,631 | -3.1 | -2.4 | 0.1 | 115.1 | 7.191 |
| S&P 500 | 7,403 | -1.3 | 0.1 | 5.1 | 129.1 | 8.145 |
| STOXX 600 | 710 | -1.3 | -1.5 | -2.3 | 52.1 | 2.185 |
| TOPIX | 24 | -0.5 | -1.0 | 1.2 | 53.5 | 11.136 |

## Equity regional sectors

Price return index percentage change since Jan 2020

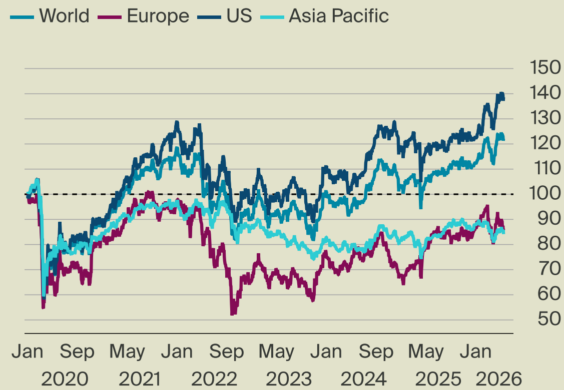



Source: Knight Frank, Macrobond

| | Percentage change since Jan 2020<br>US | Europe | World |
|---|---|---|---|
| Tech | 266.9% | 126.8% | 328.2% |
| Financials | 66.1% | 143.6% | 16.6% |
| Industrials | 116.3% | 97.1% | 52.5% |
| Real Estate | 4.8% | -54.2% | -59.0% |

## REITs by region

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

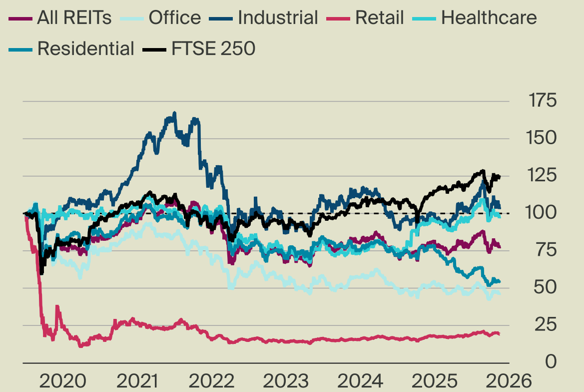



Source: Knight Frank, Macrobond

| Index, total return<br>Original value and base | Last | 1 day | Percentage change since<br>1 week | 1 month | Jan '20 | YTD<br>% |
|---|---|---|---|---|---|---|
| US | 3,312 | -0.7 | -1.1 | 0.9 | 38.6 | 13.591 |
| Europe | 2,459 | -1.4 | -3.6 | -4.8 | -13.7 | -0.632 |
| World | 3,919 | -0.9 | -1.6 | -0.3 | 22.0 | 8.908 |
| Asia Pacific | 3,303 | -1.8 | -1.8 | -2.0 | -15.9 | -4.101 |

## UK REITs by sector

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



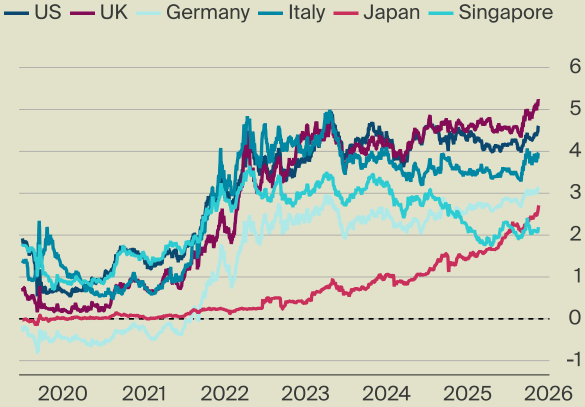

Source: Knight Frank, Macrobond

| Index, total return<br>Original value and base | Last | 1 day | Percentage change since<br>1 week | 1 month | Jan '20 | YTD<br>% |
|---|---|---|---|---|---|---|
| All REITs | 794 | -1.2 | -3.2 | -4.3 | -22.4 | -4.3 |
| Office | 1,373 | -1.2 | -3.5 | -3.6 | -53.7 | -3.8 |
| Industrial | 1,290 | -1.9 | -4.1 | -4.1 | 4.1 | -1.7 |
| Retail | 69 | -1.8 | -3.4 | -3.4 | -80.8 | 1.2 |
| Healthcare | 2,214 | -1.3 | -2.2 | -4.1 | -2.4 | -0.3 |
| Residential | 833 | -0.3 | -1.4 | -3.1 | -45.4 | -9.4 |
| FTSE 250 | 21,148 | -0.9 | -1.0 | -0.4 | 24.1 | 2.0 |

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

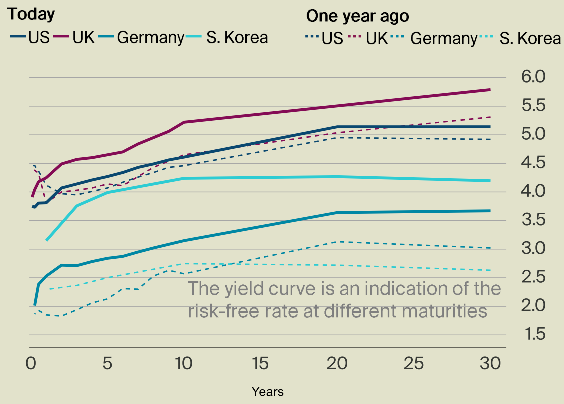



Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|---|---|---|---|---|---|
| Italy | 3.97 | 3.97 | 3.90 | 3.67 | 1.40 |
| Japan | 2.71 | 2.67 | 2.51 | 2.40 | -0.03 |
| Singapore | 2.19 | 2.19 | 2.07 | 2.04 | 1.74 |
| UK | 5.22 | 5.22 | 5.17 | 4.78 | 0.74 |
| US | 4.61 | 4.61 | 4.46 | 4.26 | 1.92 |

## Yield curves

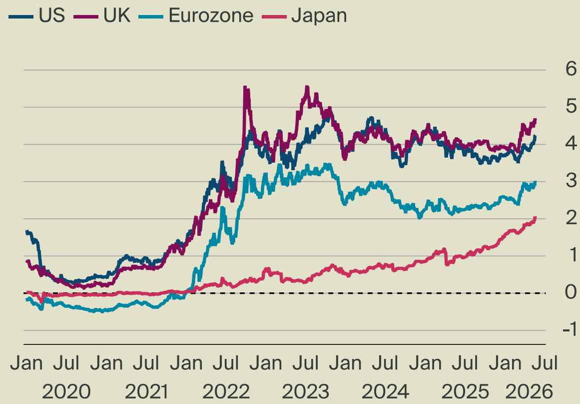
Latest nominal yield curves vs one year ago, %




Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

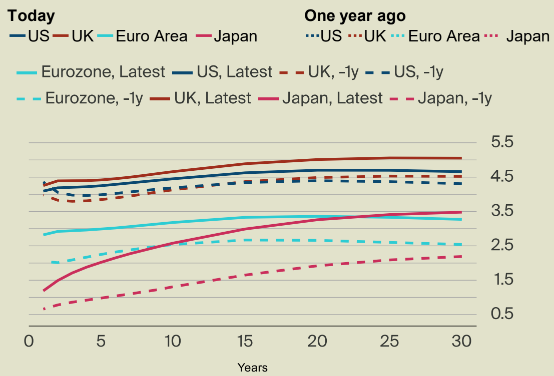



Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|---|---|---|---|---|---|
| Eurozone | 2.99 | 3.01 | 2.87 | 2.74 | -0.13 |
| Japan | 2.02 | 2.06 | 1.92 | 1.83 | 0.03 |
| UK | 4.65 | 4.70 | 4.55 | 4.24 | 0.88 |
| US | 4.25 | 4.24 | 4.05 | 3.81 | 1.70 |

## Swap curves

Latest swap curves vs one year ago, %



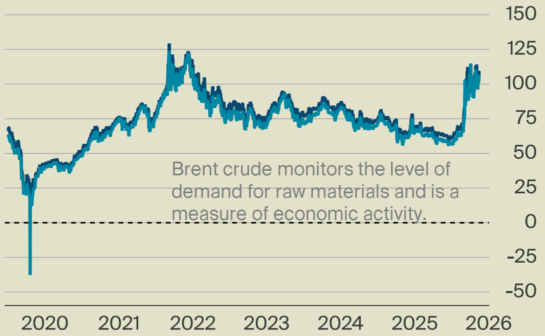

Source: Knight Frank, Macrobond

# Commodities & Volatility

## Energy

Oil spot prices, $ per barrel

— Brent Crude — West Texas Intermediate (WTI)



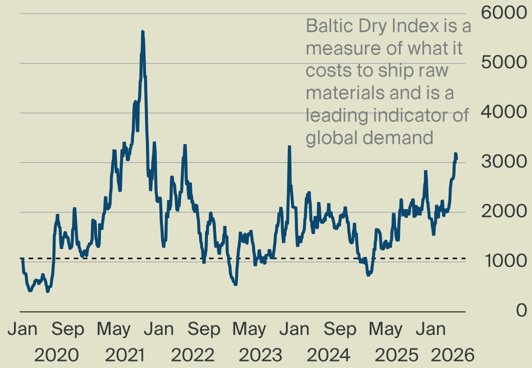

Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 | YTD % |
|---|---|---|---|---|---|---|
| Brent, $ per barrel | 109.6 | 109.6 | 107.6 | 91.5 | 66.0 | 80.1 |
| WTI, $ per barrel | 106.6 | 107 | 103 | 92.2 | 61.1 | 85.9 |

## Baltic dry index

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

— Baltic dry index



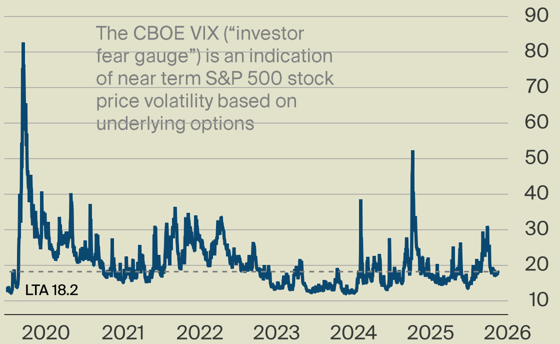

Source: Knight Frank, Macrobond

| | Last | Percentage change since | | | | |
|---|---|---|---|---|---|---|
| | | 1 day | 1 week | 1 month | Jan '20 | YTD % |
| Baltic Dry | 3054 | -3.08 | -0.294 | 19 | 180 | 62.7 |

## Volatility index

Near term stock price volatility indicator

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




Source: Knight Frank, Macrobond

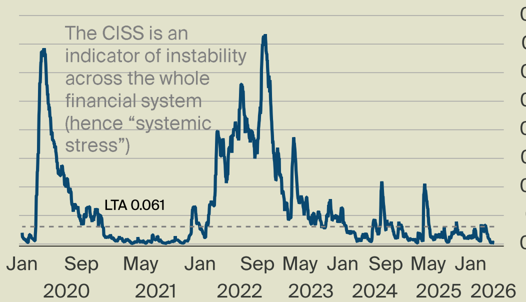
| | Last | 1 day | 1 week | 1 month | Jan '20 | YTD |
|---|---|---|---|---|---|---|
| CBOE VIX | 17.8 | 17.8 | 18.0 | 17.5 | 13.8 | 19.2 |
| Euro Stoxx 50 VIX | 23.2 | 23.2 | 23.3 | 19.4 | 14.0 | 58.0 |
| Nikkei VIX | 30.9 | 30.8 | 31.9 | 28.4 | 14.8 | 30.2 |
| KOSPI VIX | 72.5 | 74.1 | 70.1 | 48.5 | 14.7 | 151.3 |

## Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

- - - Long term average



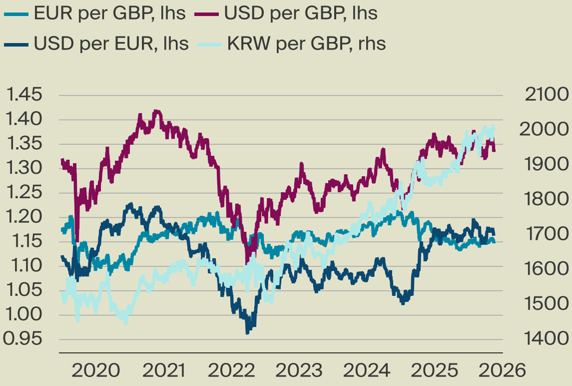

Source: Knight Frank, Macrobond

| | Last | 1 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

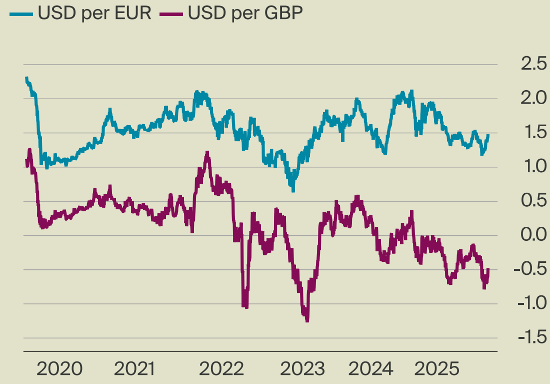



Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|---|---|---|---|---|---|
| EUR per GBP | 1.151 | 1.148 | 1.158 | 1.149 | 1.177 |
| KOR per GBP | 2,005 | 1,999 | 2,004 | 1,980 | 1,525 |
| USD per GBP | 1.339 | 1.335 | 1.364 | 1.357 | 1.321 |
| USD per EUR | 1.163 | 1.163 | 1.178 | 1.180 | 1.123 |

### Hedging benefits

Hedging benefit p.a. on a 5 year forward




Source: Knight Frank, Macrobond

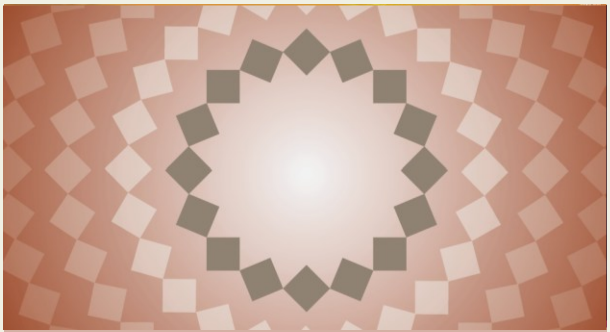
| | Last | 1 day | 1 week | 1 month | Jan '20 |
|---|---|---|---|---|---|
| USD to EUR | 1.48 | 1.42 | 1.38 | 1.27 | 2.32 |
| USD to GBP | -0.48 | -0.60 | -0.69 | -0.59 | 1.12 |

### Inflation and monetary policy

| | Inflation rate (%) | | | | Interest rates (%) | | Asset purchasing | |
|---|---|---|---|---|---|---|---|---|
| | Apr | Mar | Feb | Jan | Last | Jan '25 | Latest ($) | 1m change (%) |
| Australia[1] | n/a | 4.6 | 3.7 | 3.8 | 4.35 | 4.35 | 0.26 tn | -4.8 |
| Canada | 2.8 | 2.4 | 1.8 | 2.3 | 2.25 | 3.25 | 170 bn | 1.8 |
| China | 1.3 | 1.1 | 1.4 | 0.2 | 4.35 | 4.35 | 7.11 tn | -1.1 |
| Euro Area | n/a | n/a | n/a | n/a | 2.15 | 3.15 | 7.24 tn | -0.8 |
| France | 2.2 | 1.7 | 0.9 | 0.3 | 2.15 | 3.15 | 1.75 tn | -3.5 |
| Germany | 2.9 | 2.7 | 2.1 | 2.1 | 2.15 | 3.15 | 2.66 tn | -0.6 |
| India | 3.5 | 3.4 | 3.2 | 2.7 | 5.25 | 6.50 | 508 bn | -4.1 |
| Italy | 2.7 | 1.7 | 1.5 | 1.0 | 2.15 | 3.15 | 1.3 tn | -1.0 |
| Japan | n/a | 1.5 | 1.3 | 1.5 | 0.75 | 0.25 | 4.23 tn | 0.0 |
| Saudi Arabia | 1.7 | 1.8 | 1.7 | 1.8 | 4.25 | 5.00 | 524 bn | 3.2 |
| South Korea | 2.6 | 2.2 | 2.0 | 2.0 | 2.50 | 3.00 | 393 bn | 0.7 |
| Spain | n/a | 3.3 | 2.3 | 2.2 | 2.15 | 3.15 | 487 bn | -0.8 |
| Sweden | -0.1 | 0.5 | 0.5 | 0.5 | 1.75 | 2.75 | 98.3 bn | 0.1 |
| UK | n/a | 3.3 | 3.0 | 3.0 | 3.75 | 4.75 | 1.17 tn | -0.7 |
| US | 3.8 | 3.3 | 2.4 | 2.4 | 3.75 | 4.50 | 6.73 tn | 0.4 |

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

Source: Knight Frank, Macrobond



### Healthcare Development Opportunities

Knight Frank's annual assessment of supply trends and development prospects in the UK Care Home industry.

**View report**

### Data Centres Global Report – 2026

The Global Data Centres Report examines the key market dynamics driving the industry's evolution, covering investment case fundamentals, capital flows, and yield profiles, as well as assessing market performance across primary, secondary, and emerging regions.

**View report**

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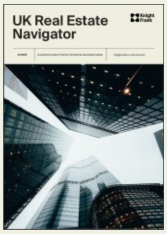
## Recent research


**The Tech for Good Series 2025**

Designing for Innovation: Making Healthcare Real Estate Tech-Ready.




**UK Real Estate Navigator: Q1 2026**

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


William Matthews
Partner
Head of Commercial Insight
+44 20 3909 6842
william.matthews@knightfrank.com

Victoria Ormond, CFA
Partner
Head of Capital Markets Insight
+44 20 7861 5009
victoria.ormond@knightfrank.com

Nik Potter
Associate
Capital Markets Insight
+44 20 7861 5146
nik.potter@knightfrank.com

Khadija Hussain
Analyst
Capital Markets Insight
+44 20 8176 9671
khadija.hussain@knightfrank.com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