Leading Indicators

Key economic and financial metrics, updated weekly

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23rd September 2026

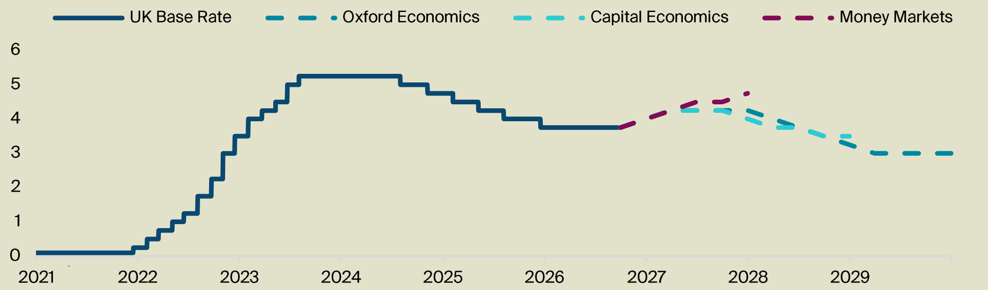
The Budget comes first: why fiscal policy could shape the BoE's next move

+25bps

The BoE held rates at 3.75% last week, but persistent tensions in the Middle East have triggered a rise in energy prices, adding to near-term inflationary pressures. Economists now expect a +25bp hike in November, taking rates to 4.00% by year-end, though we believe markets are overpricing a move to 4.75%. Continued labour-market weakness should limit domestic inflation persistence, supporting rate cuts from late 2027 or 2028.

Persistent Middle East tensions have tipped the balance towards a rate hike

UK base rate forecast (%)



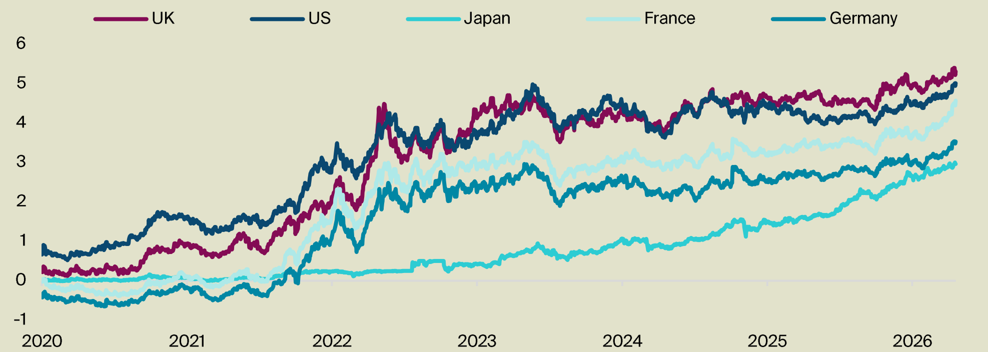
Source: Knight Frank Insight, Oxford Economics, Bloomberg, Capital Economics

5.19%

Global bond yields remain elevated amid a broad sell-off across developed markets. US 30-year treasury yields have topped 5.3% in recent weeks for the first time since 2007, while UK 10-year gilt yields are around 5.2%. Although higher oil prices and Budget-related fiscal risks could keep yields elevated in the near term, we expect UK gilt yields to fall over the next 12 months as markets scale back expectations for further BoE tightening. A slower pace of gilt sales by the BoE should also provide a more supportive backdrop for government bonds.

Increasing global bond yields put pressure on fiscal headroom

Global 10-year government bond yields (%)



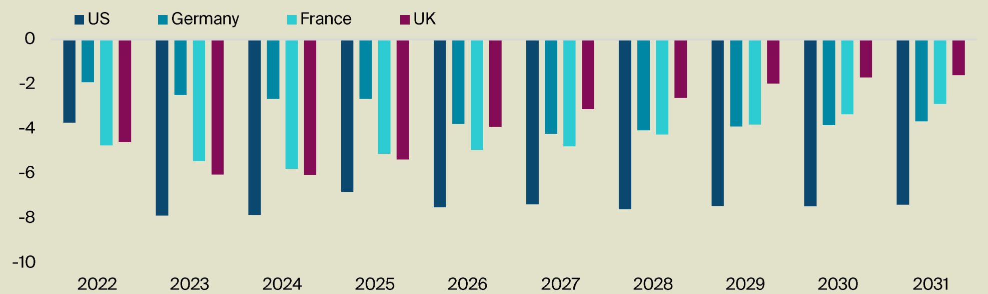
Source: Knight Frank Insight, Macrobond

1.6%

The UK is expected to deliver one of the more ambitious fiscal consolidations among major economies, with IMF forecasts showing the deficit narrowing to around 1.6% of GDP by 2031. The October Budget will be a key test of that trajectory, but the market's reaction may prove just as important as the measures themselves. With the BoE's next policy decision following a week later, any resulting move in government borrowing costs could influence the outlook for monetary policy.

With the Budget landing just a week before the next BoE policy meeting, the market's reaction will take on greater importance

Fiscal balance (% of GDP)

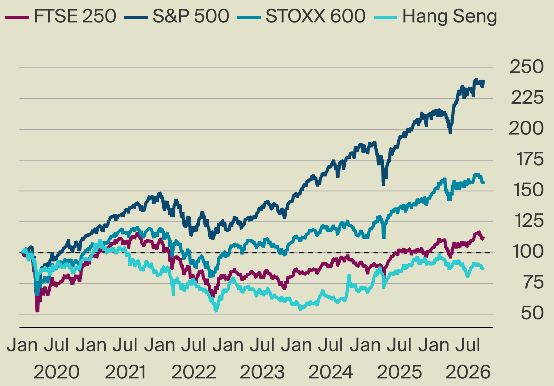


Source: Knight Frank Insight, IMF

Equities

Equity markets

Price return index, Jan 2020 = 100, US$

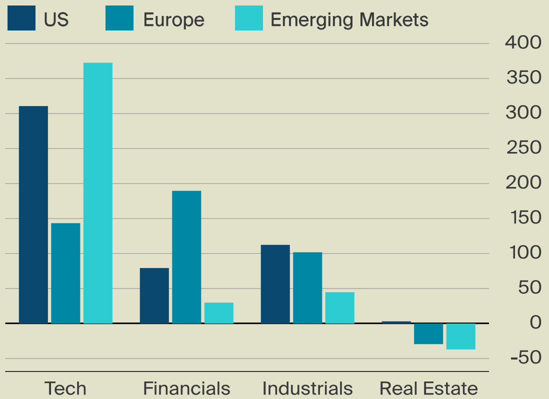


Source: Knight Frank, Macrobond

Index Original value and base	Last	1 day	1 week	1 month	Jan '20	YTD %
		Percentage change since				
DAX 30	10,709	-0.7	-1.2	-3.4	61.8	-0.709
FTSE 250	32,751	0.7	1.0	-2.0	13.0	8.382
Hang Seng	3,198	1.4	0.7	-2.4	-11.6	-2.890
IBEX 35	22,628	-0.7	-1.8	-2.3	111.1	11.426
MIB	60,080	-0.2	-1.5	-2.4	128.2	13.718
S&P 500	7,765	1.7	1.4	1.6	140.3	13.428
STOXX 600	736	-0.2	-0.8	-3.1	57.8	5.987
TOPIX	26	-0.7	-1.3	-0.9	64.8	19.332

Equity regional sectors

Price return index percentage change since Jan 2020

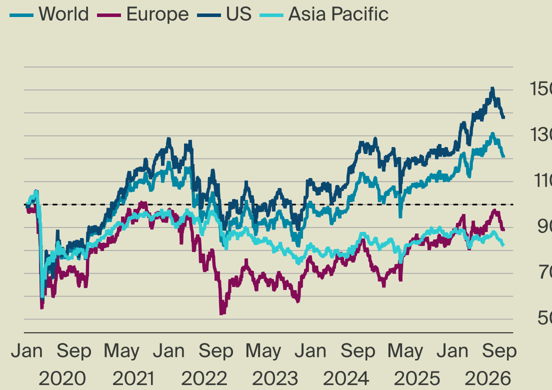


Source: Knight Frank, Macrobond

	Percentage change since Jan 2020		
	US	Europe	World
Tech	310.7%	143.4%	372.6%
Financials	79.3%	189.6%	29.9%
Industrials	112.4%	101.8%	44.8%
Real Estate	3.1%	-54.2%	-59.0%

REITs by region

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

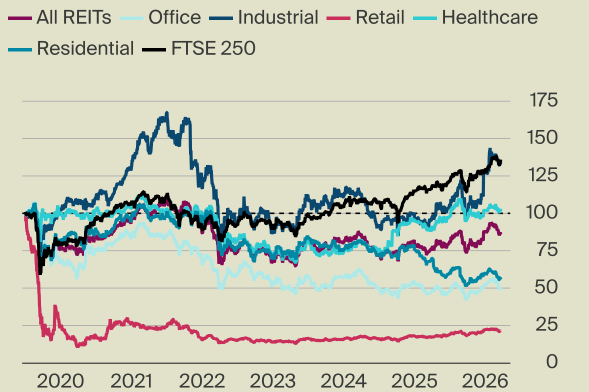


Source: Knight Frank, Macrobond

Index, total return Original value and base	Last	1 day	1 week	1 month	Jan '20	YTD %
		Percentage change since				
US	3,317	0.0	-0.9	-4.8	38.8	13.74
Europe	2,546	-0.4	-0.7	-7.0	-10.7	2.88
World	3,903	-0.2	-1.1	-5.1	21.5	8.46
Asia Pacific	3,217	-1.1	-1.2	-4.1	-18.1	-6.61

UK REITs by sector

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



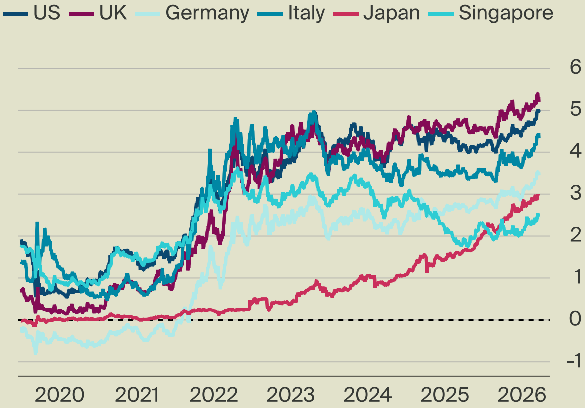
Source: Knight Frank, Macrobond

Index, total return Original value and base	Last	1 day	1 week	1 month	Jan '20	YTD %
		Percentage change since				
All REITs	892	-0.1	1.4	-4.1	-12.8	7.5
Office	1,488	-0.6	0.4	-7.0	-49.8	4.2
Industrial	1,665	0.1	1.4	-2.5	34.3	26.9
Retail	77	-0.7	2.0	-3.4	-78.6	12.9
Healthcare	2,336	0.3	2.6	-0.8	3.0	5.3
Residential	869	0.0	2.6	-5.3	-43.0	-5.5
FTSE 250	23,163	0.6	2.2	0.2	35.9	11.8

Bonds & Rates

Government bond yields

10 year government bond yields, %

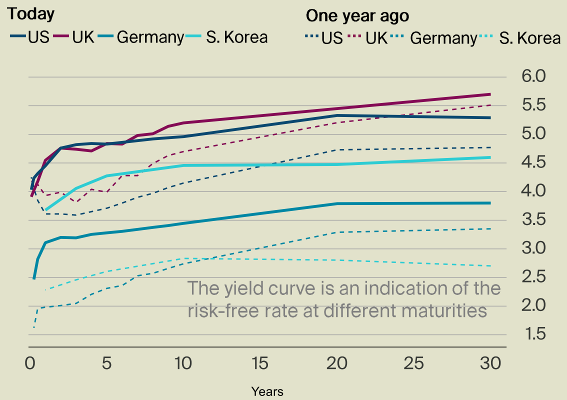


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Italy	4.33	4.45	4.42	4.08	1.40
Japan	2.96	2.96	2.96	2.83	-0.03
Singapore	2.44	2.44	2.47	2.36	1.74
UK	5.20	5.31	5.40	5.13	0.74
US	4.96	5.01	4.97	4.74	1.92

Yield curves

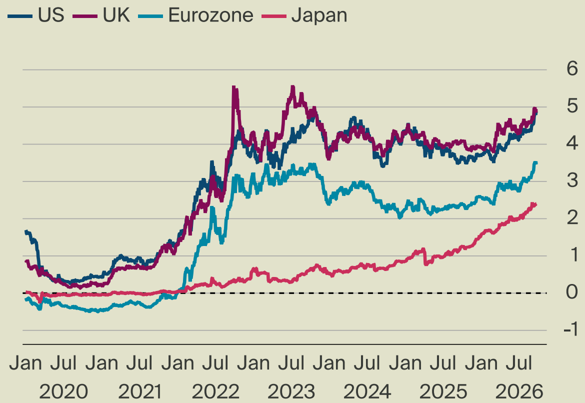
Latest nominal yield curves vs one year ago, %



Source: Knight Frank, Macrobond

Interest rate swaps

5 year swap rates, %

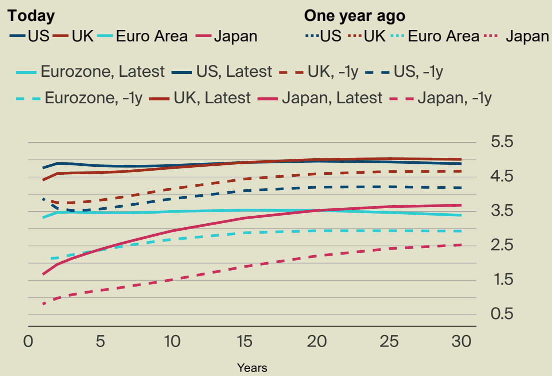


Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20
Eurozone	3.46	3.54	3.51	3.12	-0.13
Japan	2.40	2.40	2.38	2.26	0.03
UK	4.85	4.94	4.98	4.60	0.88
US	4.83	4.87	4.81	4.41	1.70

Swap curves

Latest swap curves vs one year ago, %



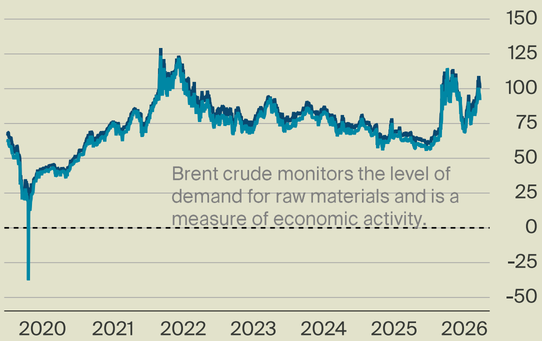
Source: Knight Frank, Macrobond

Commodities & Volatility

Energy

Oil spot prices, $ per barrel

— Brent Crude — West Texas Intermediate (WTI)



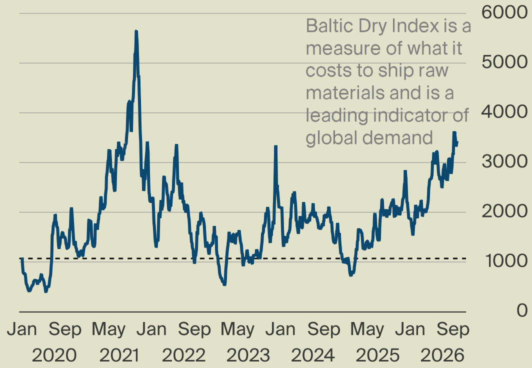
Source: Knight Frank, Macrobond

	Last	1 day	1 week	1 month	Jan '20	YTD %
Brent, $ per barrel	100.4	100.4	109.1	92.2	66.0	64.9
WTI, $ per barrel	91.8	91.8	101	85.6	61.1	60.1

Baltic dry index

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

— Baltic dry index



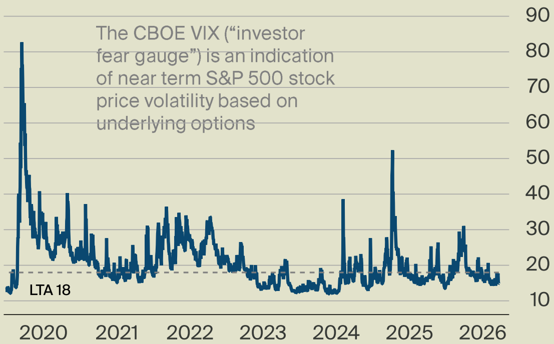
Source: Knight Frank, Macrobond

	Last	Percentage change since				
		1 day	1 week	1 month	Jan '20	YTD %
Baltic Dry	3432	1.84	2.14	20.8	215	82.8

Volatility index

Near term stock price volatility indicator

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



Source: Knight Frank, Macrobond

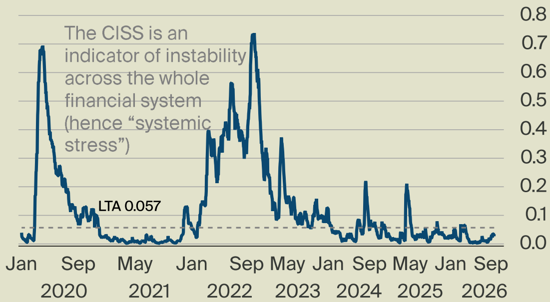
	Last	1 day	1 week	1 month	Jan '20	YTD
CBOE VIX	14.9	14.9	17.2	15.1	13.8	-0.535
Euro Stoxx 50 VIX	17.4	17.4	20.4	15.9	14.0	18.219
Nikkei VIX	24.2	n/a	30.7	28.4	14.8	1.935
KOSPI VIX	42.4	43.0	45.6	58.0	14.7	47.036

Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

- - - Long term average



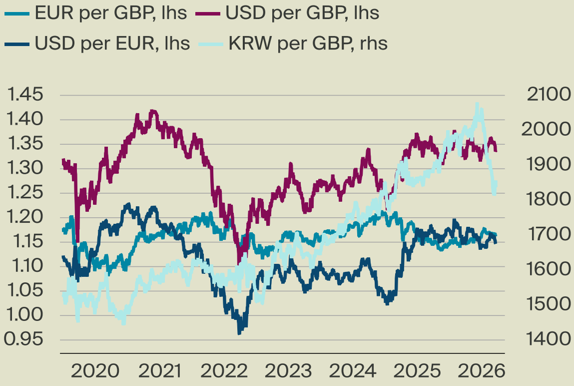
Source: Knight Frank, Macrobond

	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	1.166	1.166	1.168	1.167	1.177
KOR per GBP	1,837	1,856	1,816	1,888	1,525
USD per GBP	1.337	1.336	1.348	1.363	1.321
USD per EUR	1.146	1.146	1.155	1.168	1.123

Inflation and monetary policy

	Inflation rate (%)				Interest rates (%)		Asset purchasing	
	Aug	Jul	Jun	May	Last	Jan '25	Latest ($)	1m change (%)
Australia[1]	n/a	3.5	3.7	4.0	4.35	4.35	0.25 tn	-0.9
Canada	3.0	3.0	2.8	3.2	2.25	3.25	167 bn	-0.7
China	1.1	0.7	1.2	1.4	4.35	4.35	7.42 tn	-0.7
Euro Area	n/a	n/a	n/a	n/a	2.65	3.15	6.81 tn	-0.3
France	2.4	2.1	1.8	2.4	2.65	3.15	1.66 tn	1.1
Germany	2.9	2.7	2.3	2.7	2.65	3.15	2.66 tn	-0.6
India	4.8	4.5	4.4	3.9	5.25	6.50	534 bn	8.4
Italy	3.3	2.9	3.0	3.2	2.65	3.15	1.26 tn	1.8
Japan	1.9	1.9	1.6	1.5	1.25	0.25	4.19 tn	0.2
Saudi Arabia	1.8	1.8	1.8	1.8	4.50	5.00	518 bn	-1.4
South Korea	3.1	2.8	3.2	3.1	3.00	3.00	438 bn	-4.8
Spain	4.3	3.6	3.2	3.3	2.65	3.15	487 bn	-1.7
Sweden	0.3	0.2	0.7	0.8	1.75	2.75	90.2 bn	0.3
UK	3.1	2.9	2.6	2.8	3.75	4.75	1.1 tn	-0.5
US	3.4	3.3	3.5	4.2	4.00	4.50	6.75 tn	-0.1

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

Retail Renaissance 2026

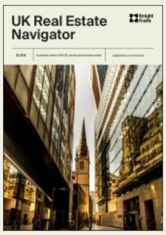
Retail is back, but it’s still tough at the top. A six-part series exploring the reset shaping today’s market.

View report

Recent research

The London Series 2026: A Compendium

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

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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