# Leading Indicators

Knight Frank

knightfrank.co.uk/research

Key economic and financial metrics, updated weekly

9th December 2025

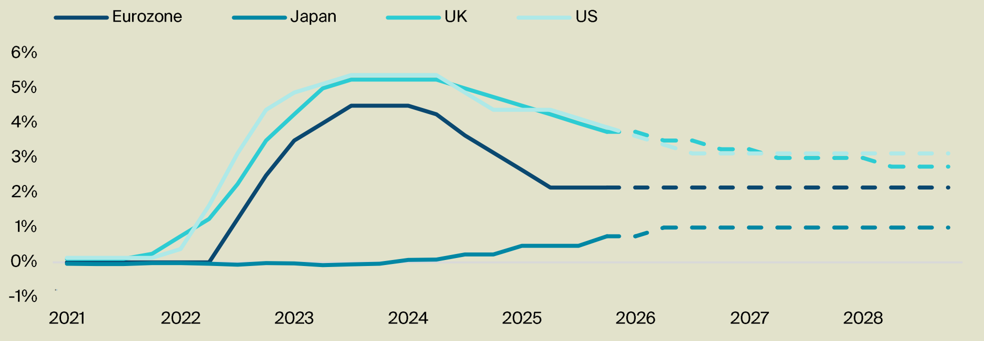
## Turning the page: navigating the road to 2026

### 3.75%

As inflation trends lower, markets are increasingly focused on the depth, rather than the timing of next year's rate cuts. Capital Economics expects 25bps cuts from both the BoE and the Fed in December, with the ECB likely to hold. For 2026, they forecast 3 further BoE cuts, taking the base rate to 3.00% by Q4, while markets anticipate a more modest 50bps of easing and an end-year rate near 3.25%. A shift towards less-restrictive policy would typically push gilt yields lower, though the extent will depend on how durable the disinflation trend proves.

### Interest rates: what's next for 2026?

Global base rates and forecasts (%)



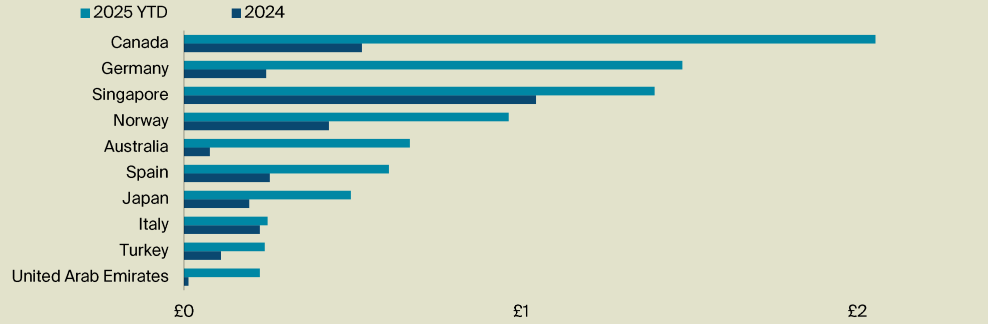

Source: Knight Frank Insight, Oxford Economics, Capital Economics

### £40.1bn

UK CRE investment remained resilient in 2025, with preliminary YTD volumes at £40.1bn. With several deals still progressing, full-year totals could finish close to last year. Cross-border capital has been central to activity, supported by renewed interest in core sectors (offices, retail and industrial), where volumes are up +3% YTD. This has been reinforced by stronger overseas inflows, with the UAE (+1631%), Australia (+769%) and Germany (+505%) already surpassing 2024 levels.

### Global capital steps back into the UK

UK CRE Inbound Investment Volumes (excl. US) (£bn)



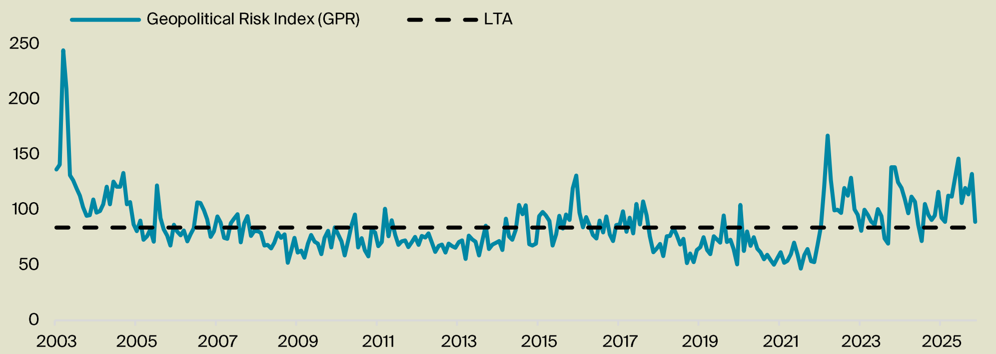

Source: Knight Frank Insight, MSCI RCA

### -33%

Geopolitical tensions were a defining headwind in H1 2025, with tariffs and trade disputes weighing on confidence and slowing investment. Since mid-year, however, the backdrop has shifted. The Geopolitical Risk (GPR) Index fell -33% in November to its lowest level since February, indicating that much of the earlier uncertainty has eased. Heading into 2026, the question is whether this calmer tone can hold. For now, lower geopolitical stress points to a more stable backdrop - supportive of cross-border appetite and UK CRE sentiment.

### From turbulence to calm - geopolitical risk falls back

World, Geopolitical Risk Index (GPR)

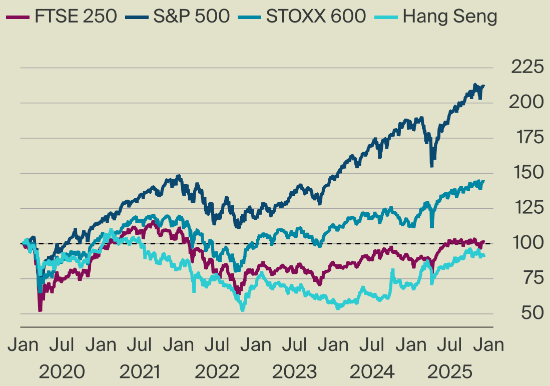



Source: Knight Frank Insight, Macrobond

# Equities

## Equity markets

Price return index, Jan 2020 = 100, US$

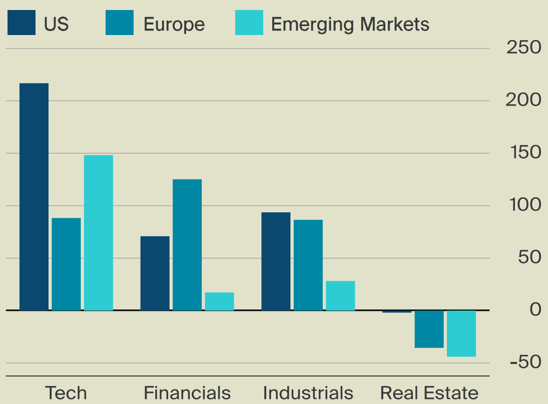



Source: Knight Frank, Macrobond

| Index<br>Original value and base | Last | 1 day | Percentage change since<br>1 week | 1 month | Jan '20 | YTD<br>% |
|---|---|---|---|---|---|---|
| DAX 30 | 10,470 | 0.3 | 1.1 | 2.1 | 58.2 | 31.9 |
| FTSE 250 | 29,178 | -1.1 | -0.6 | 1.7 | 0.7 | 12.7 |
| Hang Seng | 3,269 | -2.4 | -2.2 | -4.0 | -9.6 | 26.5 |
| IBEX 35 | 19,424 | -0.6 | 2.3 | 4.4 | 81.2 | 61.0 |
| MIB | 50,480 | -0.6 | 0.4 | 1.6 | 91.7 | 42.3 |
| S&P 500 | 6,847 | -0.2 | 0.0 | 1.9 | 111.9 | 16.4 |
| STOXX 600 | 672 | -0.5 | 0.5 | 2.6 | 44.0 | 27.3 |
| TOPIX | 22 | 0.3 | 1.0 | 0.3 | 37.6 | 22.5 |

## Equity regional sectors

Price return index percentage change since Jan 2020

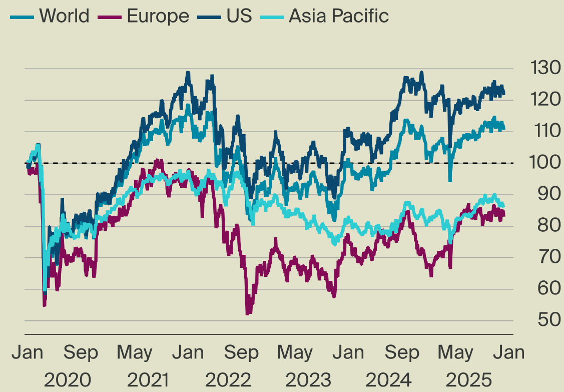



Source: Knight Frank, Macrobond

| | Percentage change since Jan 2020<br>US | Europe | World |
|---|---|---|---|
| Tech | 216.8% | 88.3% | 148.3% |
| Financials | 70.9% | 125.2% | 17.3% |
| Industrials | 93.7% | 86.6% | 28.2% |
| Real Estate | -1.9% | -54.2% | -59.0% |

## REITs by region

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

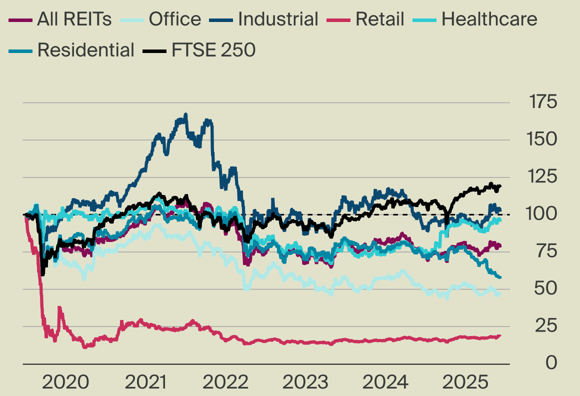



Source: Knight Frank, Macrobond

| Index, total return<br>Original value and base | Last | 1 day | Percentage change since<br>1 week | 1 month | Jan '20 | YTD<br>% |
|---|---|---|---|---|---|---|
| US | 2,907 | -1.1 | -2.7 | -0.3 | 21.6 | 2.42 |
| Europe | 2,367 | -2.2 | -2.5 | -1.7 | -17.0 | 21.58 |
| World | 3,553 | -1.1 | -2.4 | -0.6 | 10.6 | 7.06 |
| Asia Pacific | 3,375 | -0.3 | -1.7 | -2.2 | -14.0 | 6.01 |

## UK REITs by sector

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



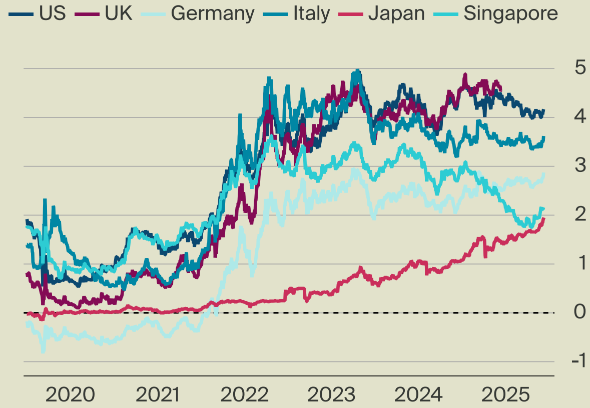

Source: Knight Frank, Macrobond

| 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 | 798 | -2.7 | -2.9 | -3.7 | -22.0 | 7.5 |
| Office | 1,362 | -2.8 | -3.4 | -8.1 | -54.0 | -6.8 |
| Industrial | 1,265 | -1.9 | -2.4 | -3.8 | 2.0 | 10.2 |
| Retail | 66 | -2.2 | -2.8 | 1.0 | -81.7 | 13.1 |
| Healthcare | 2,160 | -2.5 | -2.2 | -1.0 | -4.7 | 25.2 |
| Residential | 872 | -1.3 | -2.5 | -5.7 | -42.8 | -21.0 |
| FTSE 250 | 20,197 | -0.7 | -1.0 | 0.4 | 18.5 | 10.1 |

# Bonds & Rates

## Government bond yields

10 year government bond yields, %

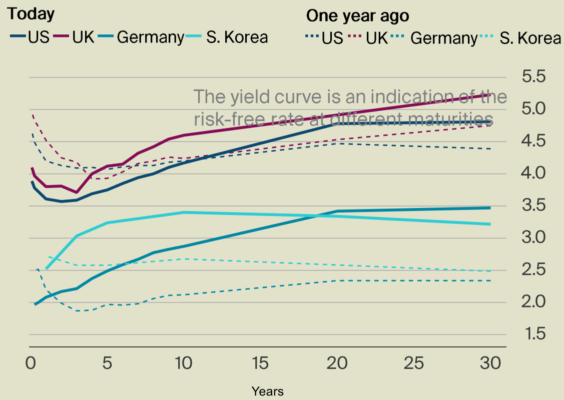



Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|---|---|---|---|---|---|
| Italy | 3.62 | 3.62 | 3.52 | 3.43 | 1.40 |
| Japan | 1.95 | 1.93 | 1.86 | 1.68 | -0.03 |
| Singapore | 2.16 | 2.16 | 2.15 | 1.93 | 1.74 |
| UK | 4.60 | 4.60 | 4.55 | 4.52 | 0.74 |
| US | 4.17 | 4.17 | 4.09 | 4.11 | 1.92 |

## Yield curves

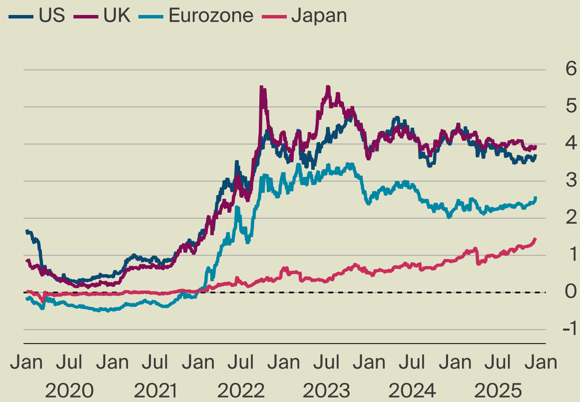
Latest nominal yield curves vs one year ago, %




Source: Knight Frank, Macrobond

## Interest rate swaps

5 year swap rates, %

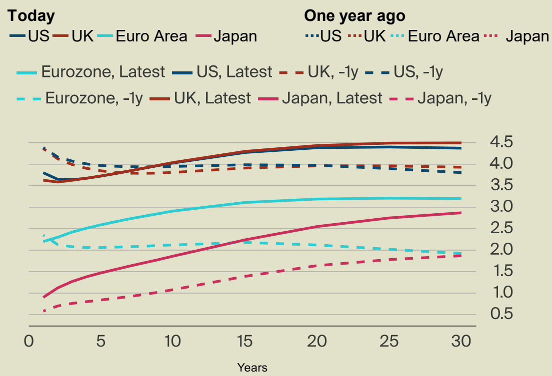



Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|---|---|---|---|---|---|
| Eurozone | 2.59 | 2.49 | 2.46 | 2.37 | -0.13 |
| Japan | 1.47 | 1.45 | 1.39 | 1.25 | 0.03 |
| UK | 3.97 | 3.91 | 3.90 | 3.89 | 0.88 |
| US | 3.72 | 3.68 | 3.64 | 3.61 | 1.70 |

## Swap curves

Latest swap curves vs one year ago, %



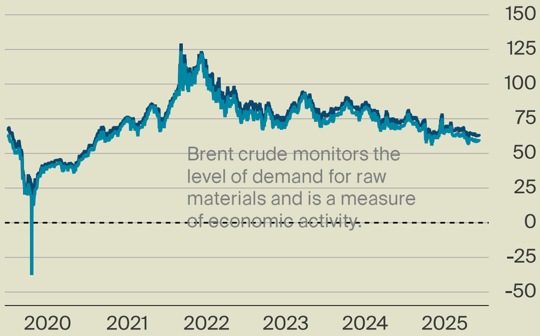

Source: Knight Frank, Macrobond

# 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 | 62.4 | 62.4 | 62.3 | 63.6 | 66.0 | -16.5 |
| WTI, $ per barrel | 58.7 | 58.7 | 58.5 | 59.8 | 61.1 | -18.0 |

## Baltic dry index

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

— Baltic dry index

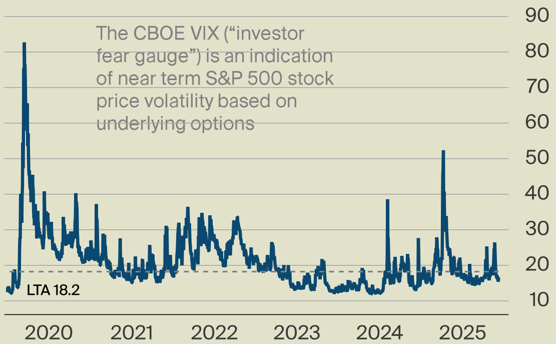

Source: Knight Frank, Macrobond

| | Last | Percentage change since | | | | |
|---|---|---|---|---|---|---|
| | | 1 day | 1 week | 1 month | Jan '20 | YTD % |
| Baltic Dry | 2557 | -6.23 | -1.65 | 21.5 | 135 | 156 |

## 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 | 16.7 | 16.7 | 16.6 | 19.1 | 13.8 | -3.98 |
| Euro Stoxx 50 VIX | 16.1 | 16.1 | 17.1 | 21.4 | 14.0 | -5.24 |
| Nikkei VIX | 28.0 | 28.4 | 28.6 | 35.5 | 14.8 | 28.68 |
| KOSPI VIX | 27.9 | 27.3 | 29.7 | 41.9 | 14.7 | 31.84 |

## Systemic stress

Measures FX, money, sovereign and bond yield volatility

— New ECB Composite Indicator of Systemic Stress (CISS)

- - - Long term average

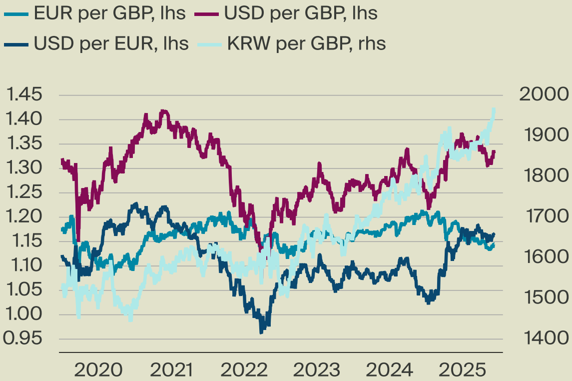

Source: Knight Frank, Macrobond

| | 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

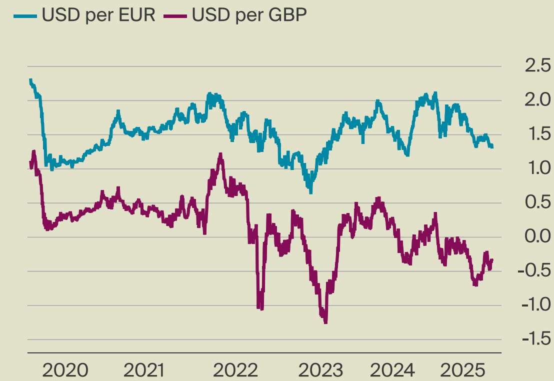



Source: Knight Frank, Macrobond

| | Last | 1 day | 1 week | 1 month | Jan '20 |
|---|---|---|---|---|---|
| EUR per GBP | 1.145 | 1.145 | 1.140 | 1.137 | 1.177 |
| KOR per GBP | 1,956 | 1,964 | 1,944 | 1,923 | 1,525 |
| USD per GBP | 1.331 | 1.334 | 1.325 | 1.315 | 1.321 |
| USD per EUR | 1.164 | 1.164 | 1.162 | 1.158 | 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 | 1.30 | 1.35 | 1.37 | 1.42 | 2.32 |
| USD to GBP | -0.35 | -0.33 | -0.36 | -0.37 | 1.12 |

### Inflation and monetary policy

| | Inflation rate (%) | | | | Interest rates (%) | | Asset purchasing | |
|---|---|---|---|---|---|---|---|---|
| | Nov | Oct | Sep | Aug | Last | Jan '24 | Latest ($) | 1m change (%) |
| Australia[1] | n/a | 3.9 | 3.6 | 3.2 | 3.60 | 4.35 | 0.25 tn | -5.9 |
| Canada | n/a | 2.2 | 2.4 | 1.9 | 2.25 | 5.00 | 169 bn | -0.2 |
| China | n/a | 0.0 | -0.5 | -0.6 | 4.35 | 4.35 | 6.62 tn | -0.2 |
| Euro Area | 2.2 | 2.1 | 2.2 | 2.0 | 2.15 | 4.50 | 7.14 tn | -0.5 |
| France | 0.9 | 0.9 | 1.2 | 0.9 | 2.15 | 4.50 | 1.76 tn | 0.0 |
| Germany | 2.2 | 2.2 | 2.4 | 2.3 | 2.15 | 4.50 | 2.66 tn | -0.6 |
| India | n/a | 0.3 | 1.4 | 2.1 | 5.25 | 6.50 | 466 bn | -3.5 |
| Italy | 1.2 | 1.2 | 1.6 | 1.6 | 2.15 | 4.50 | 1.3 tn | -0.2 |
| Japan | n/a | 3.0 | 2.9 | 2.7 | 0.50 | -0.10 | 4.47 tn | 0.4 |
| Saudi Arabia | n/a | 2.2 | 2.2 | 2.3 | 4.50 | 6.00 | 509 bn | -1.1 |
| South Korea | 2.4 | 2.4 | 2.1 | 1.7 | 2.50 | 3.50 | 410 bn | 2.1 |
| Spain | n/a | 3.1 | 3.0 | 2.7 | 2.15 | 4.50 | 487 bn | -0.8 |
| Sweden | n/a | 0.9 | 0.9 | 1.1 | 1.75 | 4.00 | 98.6 bn | -0.8 |
| UK | n/a | 3.6 | 3.8 | 3.8 | 4.00 | 5.25 | 1.16 tn | -0.7 |
| US | n/a | n/a | 3.0 | 2.9 | 4.00 | 5.50 | 6.54 tn | -0.6 |

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

Source: Knight Frank, Macrobond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