Leading Indicators

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Key economic and financial metrics impacting property markets

Nov-26

RBA hikes cash rate by 25 bps as inflation remains high

INFLATION REMAINS ELEVATED

Q3 inflation data came in as expected, with trimmed mean at 1.0% for the quarter and 3.7% for the year. For the month of September, headline inflation was 4.3%. Q3 inflation data showed the broad breadth of inflationary pressure, almost 60% of the basket is growing at an annual rate of 3.5% or higher in Q3, while almost 87% of the CPI basket has grown by 3% or more over the past year.

RBA RAISES CASH RATE BY 25BPS

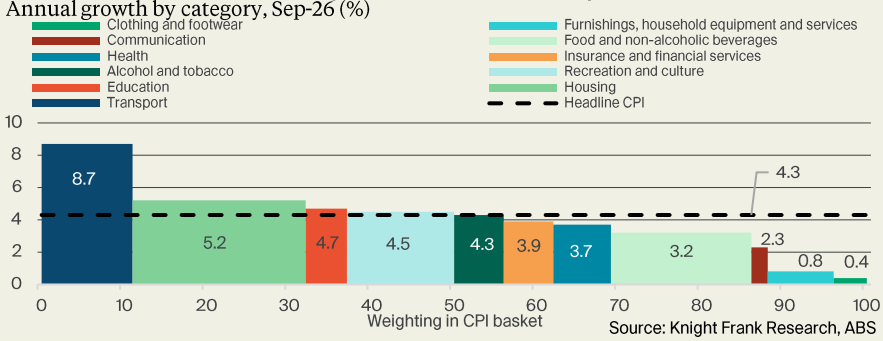
The RBA raised the cash rate by 25bps in November. In the statement, the RBA pointed to higher commodity prices from the Middle East conflict, tighter domestic capacity pressures, and AI-related investment as key drivers keeping inflation elevated. The RBA emphasised that their new forecasts have inflation returning to target in late-2027 which they see as presenting a risk that higher inflation expectations become embedded. Market pricing has a 30-40% chance of one more rate hike in early 2027.

IMF UPGRADES GROWTH OUTLOOK

The IMF's October World Economic Outlook upgraded world economic growth and inflation forecasts for 2027. The IMF described the global economy as proving resilient but unevenly so, with the relatively stable global aggregates masking a reallocation of growth across economies. Countries with limited exposure to the war and strong exposure to AI investment, and energy exporters outside the Middle East are expected see activity hold or rise, while energy importing economies with minimal exposure to the technology value chain face difficulties.

Inflation pressures remain high across several categories

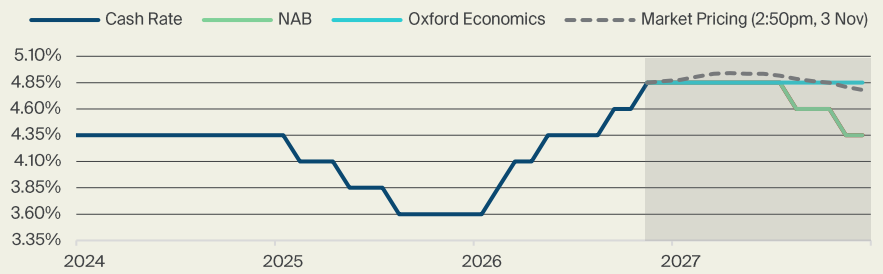
Annual growth by category, Sep-26 (%)



Source: Knight Frank Research, ABS

RBA raises cash rate by 25bps

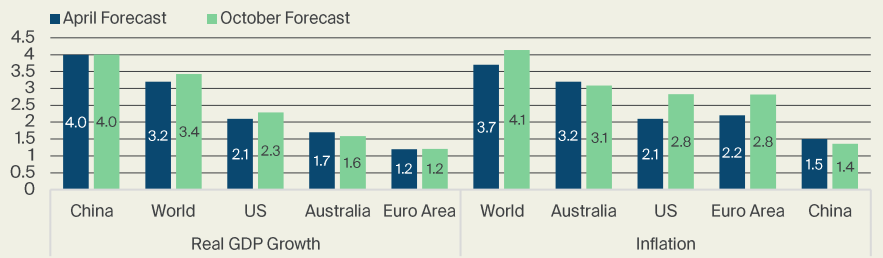
Cash rate - historical, market pricing and forecasts by source (%)



Source: Knight Frank Research, ASX, RBA, NAB, Oxford Economics, Westpac

Global growth and inflation revised higher

Real GDP growth and inflation forecasts by country and forecast vintage,2027 (%)



Source: Knight Frank Research, IMF

Australia key forecasts

	Real GDP growth *(Q2 2026, y/y %)*	Unemployment rate *(September 2026, %)*	Core CPI inflation *(September 2026, y/y %)*	Cash rate target *(November 2026, %)*	10-year bond yield *(30 October 2026, %)*
Latest	2.1	4.7	3.6	4.85	5.1
Year-end 2027* (f)	1.4	4.9	3.2	4.85	5.3

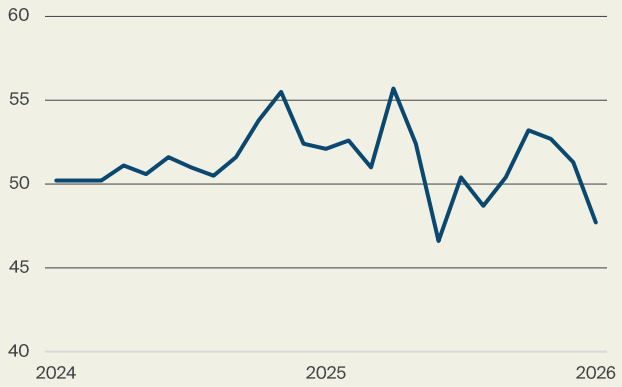
Source: Knight Frank Research, *Oxford Economics, ABS, RBA

Business indicators

Business conditions soften with accelerating input cost inflation, unemployment rises

PMI's fall, with weaker demand for services

Composite PMI Output Index (above 50 indicates expansion)



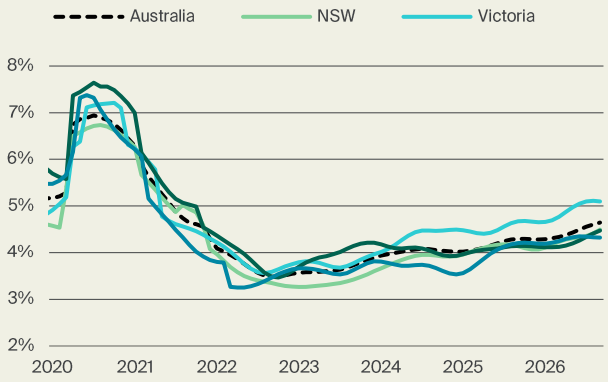
Source: Knight Frank Research, Macrobond

	Latest	Last quarter			1 year ago
	Oct-26	Jul-26	Apr-26	Jan-26	Oct-25
Australia	47.7	53.2	50.4	55.7	52.1
China	52.4*	50.8	53.1	51.6	51.8
Euro Area	51.9	52.0	48.8	51.3	52.5
Japan	52.3	52.7	52.2	53.1	51.5
UK	53.1	52.2	52.6	53.7	52.2
US	57.6	54.5	51.7	53.0	54.6

*Sep-26

Labor market continues to soften

Unemployment rate (trend adjusted)

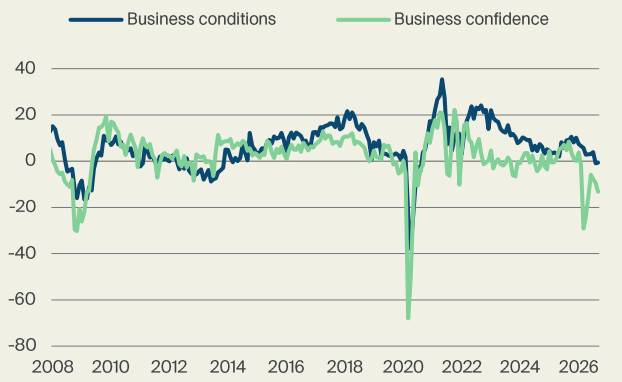


Source: Knight Frank Research, Macrobond

	Sep-26	Jun-26	Mar-26	Dec-25	Sep-25
Australia	4.6	4.5	4.3	4.3	4.3
NSW	4.5	4.3	4.2	4.1	4.1
Vic	5.1	5.1	4.8	4.7	4.7
Qld	4.5	4.3	4.1	4.1	4.1
WA	4.3	4.3	4.2	4.2	4.2

Business conditions aligning with soft confidence

NAB survey, balance of positive and negative responses



Source: Knight Frank Research, NAB, Macrobond

Forward orders hold steady

Forward orders index, balance of positive and negative responses

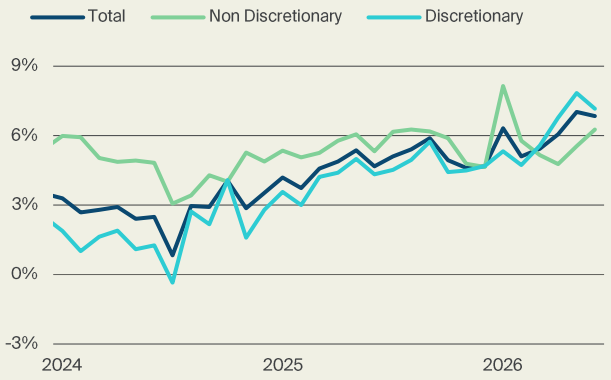


Source: Knight Frank Research, NAB

Consumer indicators

Consumer confidence remains weak, signalling that headwinds soon slow consumption

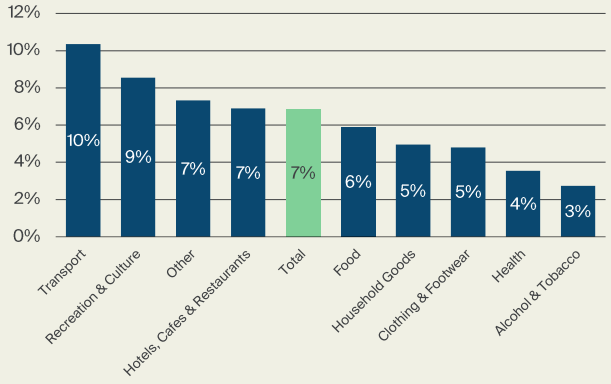
Signs of stabilisation in household spending
Annual growth in household spending



Source: Knight Frank Research, ABS

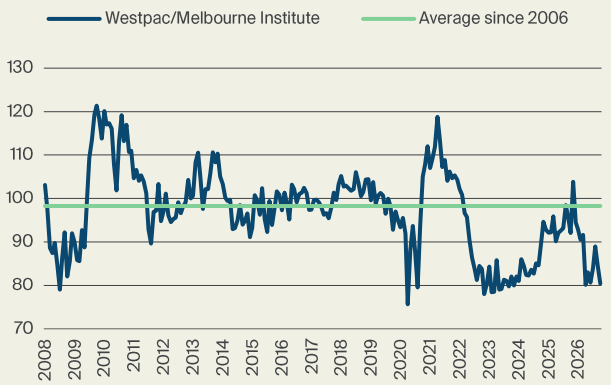
	Aug-26	May-26	Feb-26	Nov-25	Aug-25
Household spending, current prices (m/m)	0.0	1.2	0.3	1.0	0.2
Household spending, current prices (y/y)	6.8	5.4	4.7	5.9	4.7

Higher fuel prices increase spending
Annual growth in value of spending by category (%)



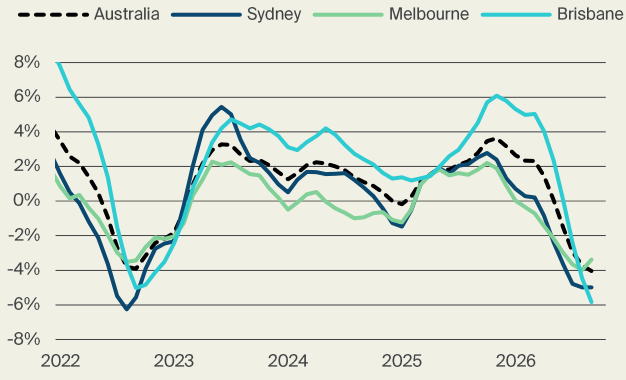
Source: Knight Frank Research, Macrobond

Consumer confidence remains low
Confidence index, value above 100 signal optimism



Source: Knight Frank Research, Macrobond

Dwelling prices continue to fall swiftly
3-month rolling dwelling price growth - major cities (m/m %)



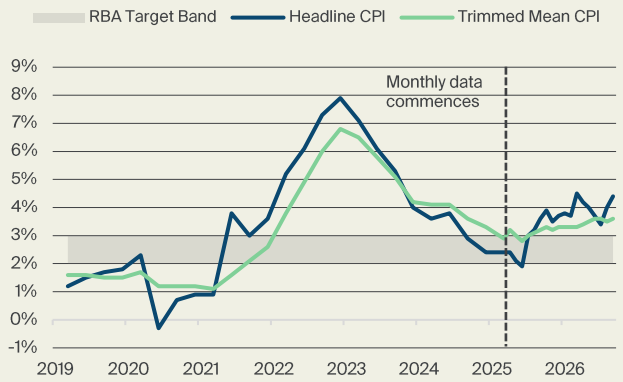
Source: Knight Frank Research, Cotality

Inflation & interest rates

The RBA hikes rates by 25 bps following elevated inflation in Q3

Inflation remains well above RBA target

Annual growth headline and trimmed mean inflation (y/y %)

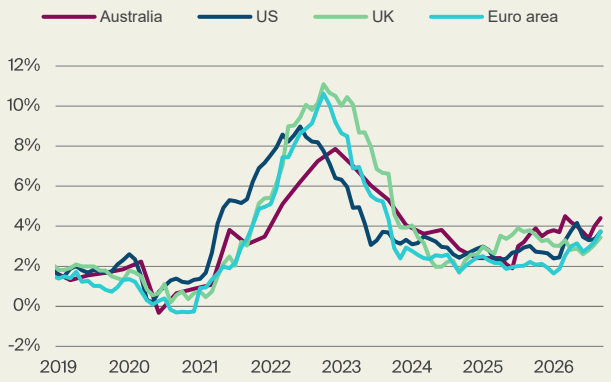


Source: Knight Frank Research, ABS
Note: Data transitions from quarterly to monthly in April 2025.

	Sep-26	Jun-26	Mar-26	Dec-25	Sep-25
Headline CPI (m/m, %)	0.6	0.0	1.0	0.2	0.2
Headline CPI (y/y, %)	4.4	3.7	4.5	3.7	3.6
Trimmed mean inflation (y/y, %)	3.6	3.6	3.3	3.3	3.2

Inflation accelerating in most economies

Headline CPI (y/y, %)

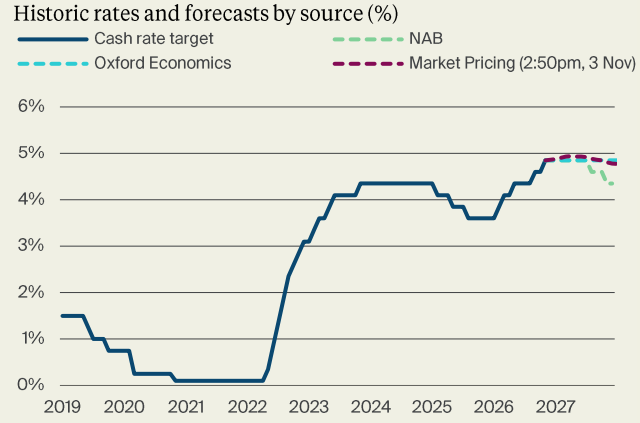


Source: Knight Frank Research, Macrobond

	Sep-26	Jun-26	Mar-26	Dec-25	Sep-25
Australia (y/y, %)	4.4	3.7	4.5	3.7	3.6
US (y/y, %)	3.7	2.1	3.3	2.7	3.0
UK (y/y, %)	3.4	2.6	3.3	3.3	3.8
Euro area (y/y, %)	3.8	2.7	2.5	1.9	2.2

RBA hikes rates in November

Historic rates and forecasts by source (%)



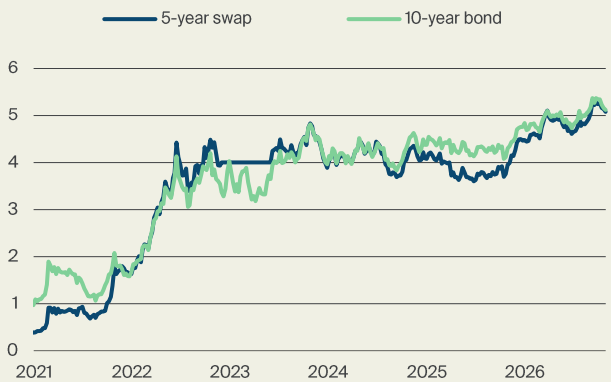
Source: Knight Frank Research, NAB, Oxford Economics, ASX

	Nov-26	Feb-27	May-27	Aug-27	Nov-27
Cash rate target	4.85*				
Oxford Economics		4.85	4.85	4.85	4.85
NAB		4.85	4.85	4.60	4.35
Market pricing		4.91	4.94	4.89	4.81

Month-end, *at 3 November.

Yields fall in October

Australian yield by swap/bond duration (%)



Source: Knight Frank Research, Macrobond

	Oct-26	Jul-26	Apr-26	Jan-26	Oct-25
5-year swap	5.20	4.77	4.92	4.49	3.81
10-year bond	5.27	4.92	5.00	4.77	4.21

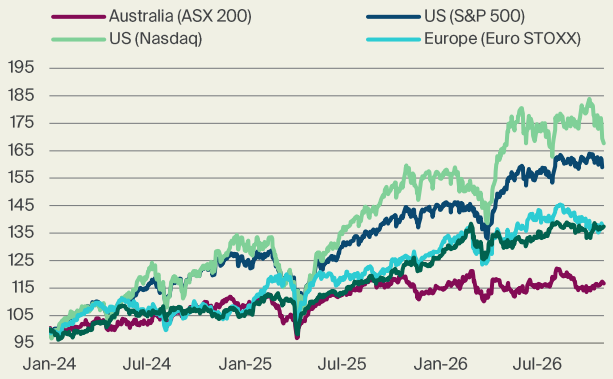
Monthly average

Financial markets

Oil prices remain elevated, global bond yields pullback from recent highs

Tech declines weigh on equity performance

Global equities, price indices, 1 Jan 2024 = 100



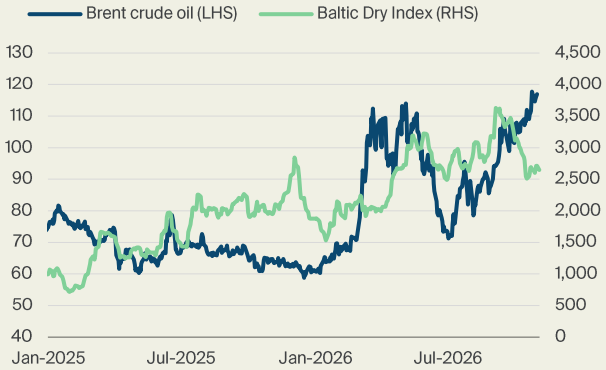
Source: Knight Frank Research, Macrobond

	Percentage change from				
	Sep-26	**Jul-26**	**Apr-26**	**Jan-26**	**Oct-25**
ASX 200	-0.4	-0.7	-0.5	-0.4	-2.2
S&P 500	0.7	3.3	11.3	11.6	14.7
Nasdaq	0.6	4.2	13.2	13.6	16.1
Euro STOXX 50	-2.2	-2.4	3.7	3.8	9.6
FTSE 350	-0.5	0.4	2.4	5.2	11.6

Monthly average

Oil prices climb higher, shipping prices fall

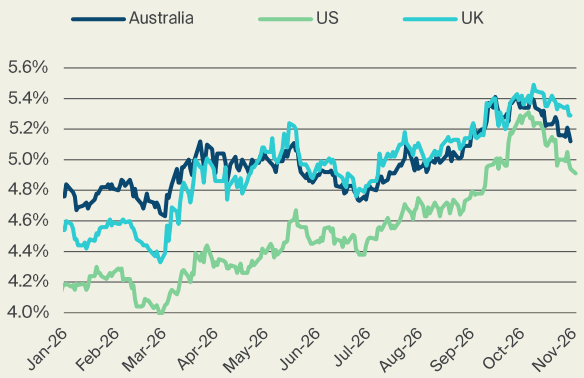
Brent crude $US/b (LHS), Shipping rates - Baltic Exchange Dry Index (RHS)



Source: Knight Frank Research, Macrobond

Bond yields pullback in October

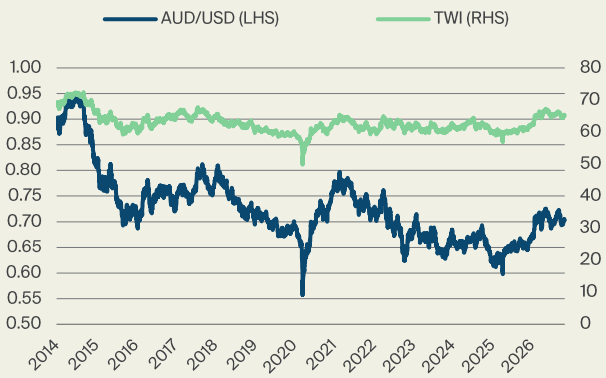
10-year government bond yields (%)



Source: Knight Frank Research, Macrobond

AUD holds steady in October

AUD vs USD (LHS) and trade-weighted index (RHS)

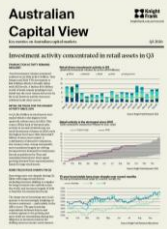


Source: Knight Frank Research, Macrobond

	Latest				
	Oct-26	**Jul-26**	**Apr-26**	**Jan-26**	**Oct-25**
USD per AUD	0.70	0.70	0.71	0.68	0.65
		Percentage change from			
Trade weighted index	64.8	-0.6	-1.4	3.0	6.3

Monthly average

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