

## Summary

- **Equities:** Globally, equities are mostly up. In Europe, the STOXX 600 and DAX are both +0.5% higher this morning, while the FTSE 250 and CAC 40 have both added +0.3%. In Asia, the TOPIX (+1.3%), KOSPI (+1.1%), S&P / ASX 200 (+0.9%) and Hang Seng (+0.2%) were all up on close. However, the CSI 300 was the exception, down -0.3% on close. In the US, futures for the S&P 500 and Dow Jones Industrial Average (DJIA) are currently +0.3% and +0.1%.
- **VIX:** Following a -14% decrease over Tuesday, the CBOE market volatility index has declined a further-3.8% this morning to 24.6, albeit remaining above its long term average (LTA) of 19.5. The Euro Stoxx 50 volatility index is also lower, down -5.2% to 22.7, now below its LTA of 23.9.
- **Bonds:** The US 10-year treasury yield and German 10-year bund yield have both softened +2bps this morning to 1.11% and -0.47%, respectively. Meanwhile, the UK 10-year gilt yield, softened +1bp to 0.36%.
- **Currency:** Sterling and the euro are currently at \$1.37 and \$1.20, respectively. Hedging benefits for US dollar denominated investors into the UK and the eurozone are at 0.57% and 1.36% per annum on a five-year basis.
- **Baltic Dry:** The Baltic Dry decreased for the eighth consecutive session on Tuesday, down -4.4% to 1,380, its lowest level in a month. The index remains -26% lower than the four-month high seen in mid January. Prices have been pushed down by the capesize index, which contracted -9.5% yesterday, to its lowest level since 16<sup>th</sup> December 2020.
- **Oil:** The West Texas Intermediate (WTI) and Brent Crude have increased +0.5% and +0.7% this morning to \$55.02 and \$57.88, their highest prices since January and February 2020, respectively.
- **UK PMIs:** The UK services PMI declined to 39.5 in January from 49.4 in December, its sharpest contraction since May 2020, with all parts of the UK being in lockdown from January 6<sup>th</sup>. However, this is considerably above the record low of 13.4 in April 2020, during the country's first lockdown. The Manufacturing PMI remains in expansionary territory (figure above 50) at 54.1 in January, albeit down from December's 57.5 reading.

## Research

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

**Victoria Ormond**  
Partner, Capital Markets Research  
+44 20 7861 5009  
victoria.ormond@knightfrank.com

**Daniel Tomaselli**  
Senior Research Analyst, Capital Markets  
+44 20 8106 1392  
daniel.tomaselli@knightfrank.com

**Antonia Haralambous**  
Research Analyst, Capital Markets  
+44 20 3866 8033  
antonia.haralambous@knightfrank.com

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# Economic Dashboard

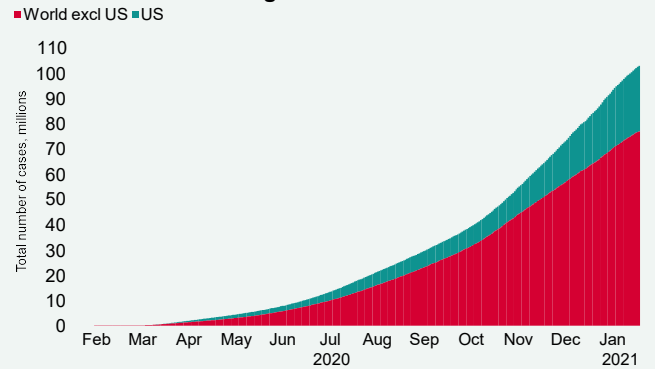


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## COVID-19

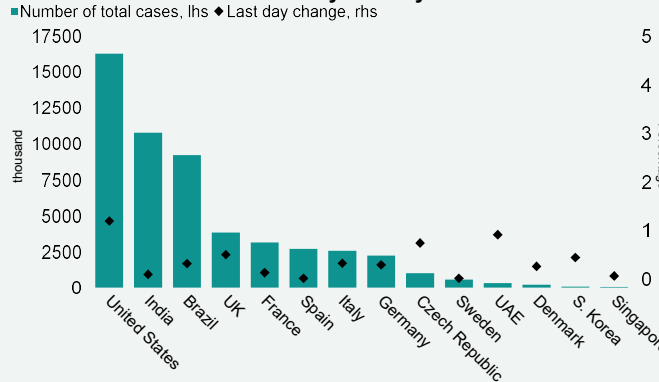
### Cumulative number of global cases



Source: Knight Frank, Macrobond. Last modified: 02 February 2021 19:45 GMT.

The number of total confirmed cases reached 102.9 million on the 2 February, an increase of 349k new cases over the day prior.

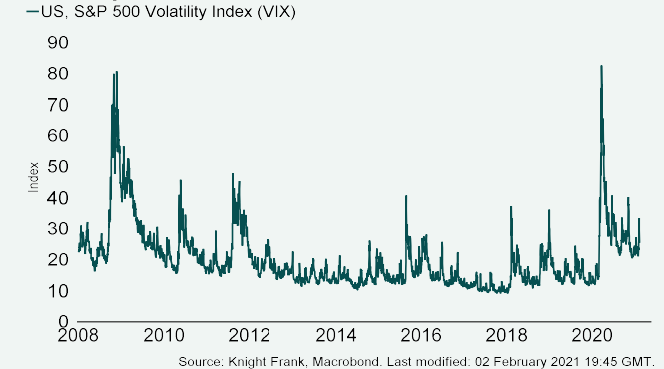
### Cumulative number of cases by country



Source: Knight Frank, Macrobond.

The chart presents the number of cumulative cases (left axis) and the percentage change of new cases against the day before (right axis).

### Volatility Index

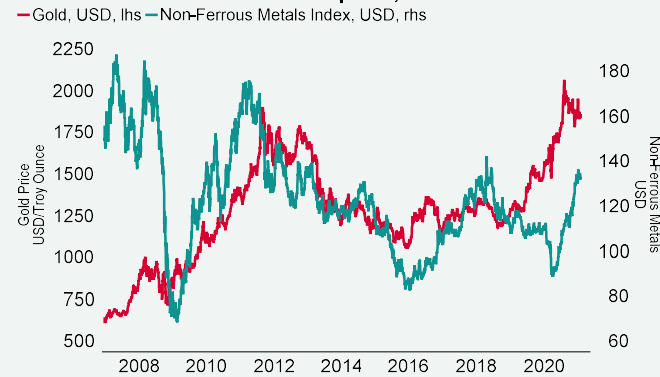


Source: Knight Frank, Macrobond. Last modified: 02 February 2021 19:45 GMT.

The CBOE VIX (colloquially known as the Investor fear gauge) is an indication of near term S&P 500 stock price volatility based on underlying options.

## Commodities

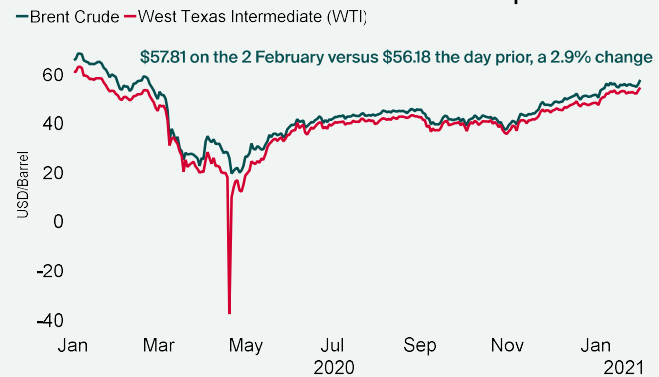
### Gold and non-ferrous metals price, USD



Source: Knight Frank, Macrobond. Last modified: 02 February 2021 23:00 GMT.

	2 Feb	D/D (%)	YTD (%)
Gold, USD	1833	-0.7	-3.3
Non-Ferrous Metals, USD	133	-0.4	2.3

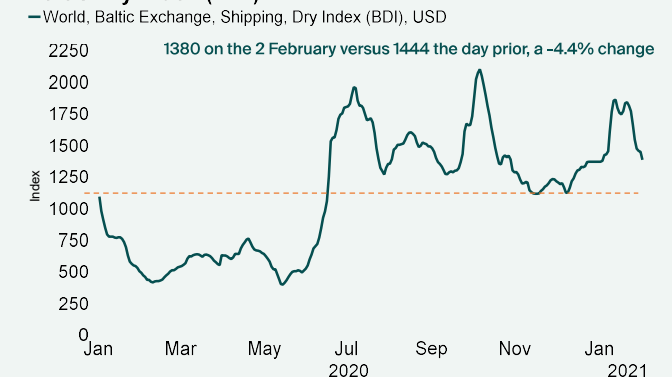
### Brent Crude and West Texas Intermediate oil price



Source: Knight Frank, Macrobond. Last modified: 02 February 2021 23:16 GMT.

Brent crude monitors the level of demand for raw materials and is a measure of economic activity. Lately also influenced by Saudi-Russia price war.

### Baltic Dry Index (BDI)



Source: Knight Frank, Macrobond. Last modified: 02 February 2021 13:00 GMT.

Baltic Dry Index is a measure of what it costs to ship raw materials and is a leading indicator of global demand. A lower value means lower demand.

## Research

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

**Victoria Ormond**  
Partner, Capital Markets Research  
+44 20 7861 5009  
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Senior Research Analyst, Capital Markets  
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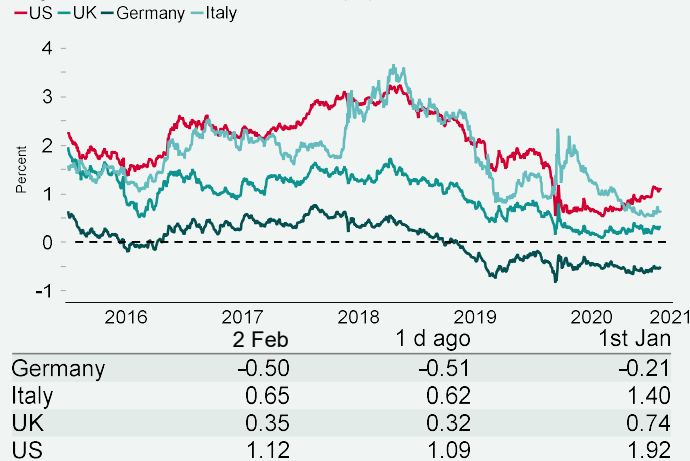


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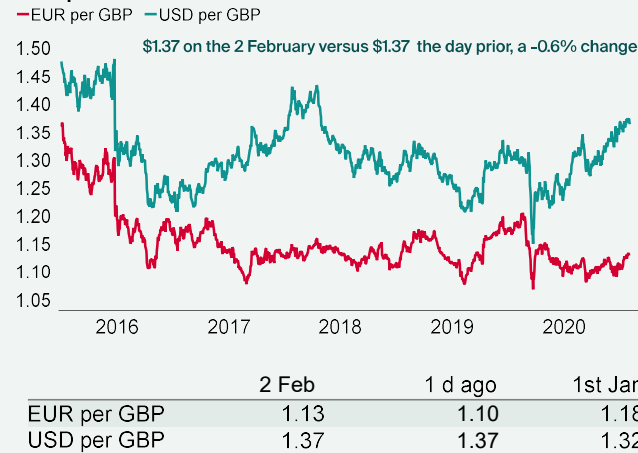
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## Bonds and currencies

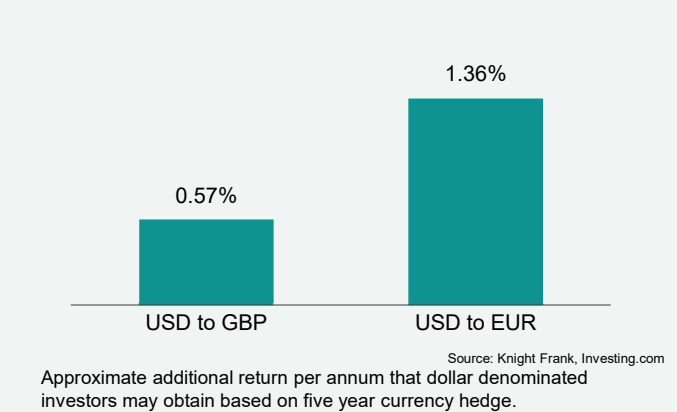
### 10y Government Bond Yield (%)



### FX Spot Rates



### Currency hedging benefit p.a. based on a five year forward



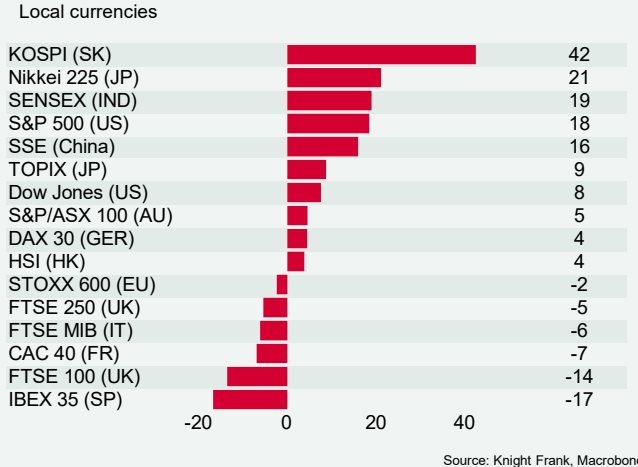
## Equity and REIT

### Equity performance: since previous cycle (1st Jan 2007 = 100)

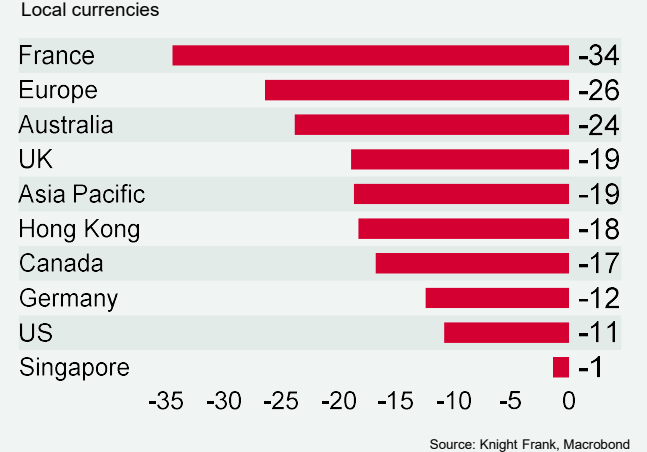


The chart presents the performance of selected equity indexes since the months prior to the global financial crisis (2007).

### Equity performance: since 1st Jan 2020 (%)



### REIT performance: since 1st Jan 2020 (%)



## Research

**William Matthews**  
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william.matthews@knightfrank.com

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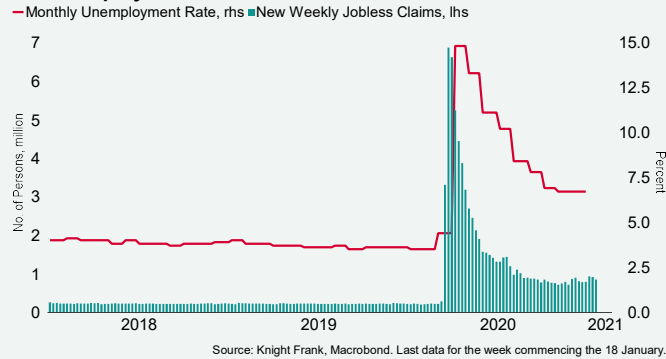


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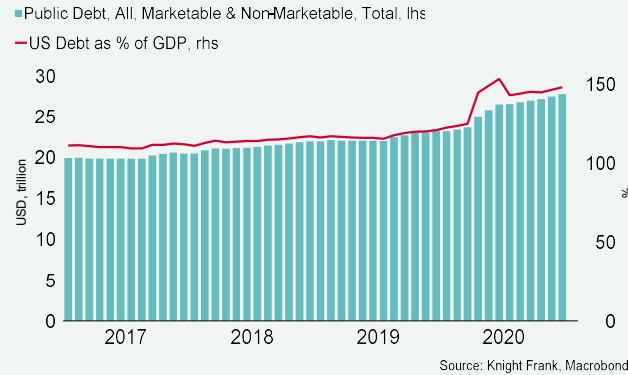
## US unemployment

### US Unemployment



The chart presents the number of Americans that each week file for unemployment benefits (left axis) and the overall monthly unemployment rate (right axis)

### US Public Debt



The chart presents the amount of American government debt (left axis) compared to debt as a percentage of total US GDP (right axis).

## Fiscal policy

### Fiscal measures details

<b>UK</b>	<b>£330bn+</b> : Government backed loans and guarantees equivalent to 15% of UK GDP. SMEs given access to cash grants. Support for furloughed employees of 80% salary ≤£2,500 per month. Furlough scheme extended until October 2020 with employers sharing the cost from August. Taxable grant for self-employed <£50k trading profit, worth 80% of monthly profits up to £2.5k, paid as a lump sum.
<b>USA</b>	<b>\$3.0tn</b> : 2 <sup>nd</sup> package passed 23 <sup>rd</sup> April, worth \$483 billion, increasing US stimulus to \$3 trillion (15% GDP).
<b>EU</b>	<b>€1.35tn</b> : This includes €240bn to the European Stability Mechanism, and €200bn in EIB guarantees. On 4 <sup>th</sup> June, the ECB extended the pandemic purchase programme (PEPP) until June 2021, purchasing an additional €600bn in bonds, taking total stimulus to €1.35tn. <b>€750bn</b> : a new recovery package for EU member states announced in July including €390bn in grants and €360 in interest free loans.
<b>Germany</b>	<b>€880bn</b> : The emergency aid measure approved on Monday 23 <sup>rd</sup> of March. In June an additional €130bn fiscal stimulus programme including VAT rate cut to 16% from 19% and one off 'children's bonus' payment.
<b>Italy</b>	<b>€400bn</b> : The stimulus announced on the 7 <sup>th</sup> April <b>€25bn</b> : Emergency package to support businesses and families.
<b>France</b>	<b>€100bn</b> : The stimulus announced on the 3 <sup>rd</sup> September <b>€45bn</b> : The aid package for SMEs and other hard-hit sectors announced by the French government on 17 <sup>th</sup> of March. Includes deferred corporate tax, social security charges and two months state payments to laid off workers. <b>€300bn</b> : government backed loans.
<b>Spain</b>	<b>€200bn</b> : the aid package includes government loan guarantees to ensure liquidity for SMEs (the government said it would provide businesses with "all the liquidity they need"), other government commitments and private money.
<b>Japan</b>	<b>\$2.2tn</b> : Further stimulus announced in late May added \$1.1 trillion to the country's stimulus package, bringing total stimulus to \$2.18 trillion or 40% of GDP.
<b>Hong Kong</b>	<b>HK\$10k</b> for every adult citizen (c.£7bn).

Source: Knight Frank, various sources

## Monetary policy

### Central Banks Policy Rates

	Current Rate	Rate at 1/1/2020	YTD Change
<b>Advanced Economies</b>			
Australia	0.10%	0.75%	0 bps
Canada	0.25%	1.75%	0 bps
Euro Area	0.00%	0.00%	0 bps
France	0.00%	0.00%	0 bps
Germany	0.00%	0.00%	0 bps
Italy	0.00%	0.00%	0 bps
Sweden	0.00%	-0.25%	0 bps
Japan	-0.10%	-0.10%	0 bps
United Kingdom	0.10%	0.75%	0 bps
United States	0.25%	1.75%	0 bps
<b>Developing Economies</b>			
Brazil	2.00%	4.50%	0 bps
China	4.35%	4.35%	0 bps
India	4.00%	5.15%	0 bps
Mexico	4.25%	7.25%	0 bps
Russia	4.25%	6.25%	0 bps
Saudi Arabia	1.00%	2.25%	0 bps
South Korea	0.50%	1.25%	0 bps
Turkey	17.00%	12.00%	0 bps

### Central Bank Assets Purchasing Programme

	Lastest (\$)	MoM (%)	YoY (%)
<b>Advanced Economies</b>			
Australia	257 bn	4.0%	122.4%
Canada	428 bn	4.1%	368.0%
Euro Area	8.53 tn	-0.2%	65.5%
France	2.14 tn	6.7%	66.7%
Germany	2.99 tn	-1.1%	63.6%
Italy	1.67 tn	4.5%	50.0%
Sweden	159 bn	0.7%	70.5%
Japan	6.78 tn	-0.4%	27.0%
United Kingdom	1.03 tn	2.3%	76.4%
United States	7.4 tn	0.3%	78.4%
<b>Developing Economies</b>			
Brazil	460 bn	-4.3%	-1.2%
China	5.94 tn	2.2%	11.8%
India	398 bn	0.9%	38.4%
Mexico	231 bn	-1.2%	14.3%
Russia	669 bn	-1.5%	0.0%
Saudi Arabia	492 bn	-0.7%	-3.5%
South Korea	491 bn	4.3%	17.3%
Turkey	116 bn	4.8%	3.8%

## Research

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

**Victoria Ormond**  
Partner, Capital Markets Research  
+44 20 7861 5009  
victoria.ormond@knightfrank.com

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Senior Research Analyst, Capital Markets  
+44 20 8106 1392  
daniel.tomaselli@knightfrank.com

**Antonia Haralambous**  
Research Analyst, Capital Markets  
+44 20 3866 8033  
antonia.haralambous@knightfrank.com

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## Timeline of Covid-19 containment measures and their stringency



This chart shows the change in severity of containment measures over time, up to the latest data. Green indicates a score of zero or no restrictions, while the darkest red indicates the highest restrictions or complete bans. Where grey, no new data is available.

Source: Knight Frank, Macrobond, Oxford University

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

**Victoria Ormond**  
Partner, Capital Markets Research  
+44 20 7861 5099  
victoria.ormond@knightfrank.com

**Daniel Tomaselli**  
Senior Research Analyst, Capital Markets  
+44 20 8106 1392  
daniel.tomaselli@knightfrank.com

**Antonia Haralambous**  
Research Analyst, Capital Markets  
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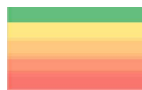
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## Overview of the severity of Covid-19 and the resulting containment measures



### Lockdown Index key & Scale

No Restrictions: 0 – 25  
 Recommended Restrictions: 26 – 50  
 Enforced Restrictions: 51 – 75  
 Highest Restrictions / Ban: 76 – 100



Internal movements	Public events	Public transport	Value
No measure	No Measure	No measure	0
Recommended	Recommended	Recommended	1
Restriction	Required	Required	2

Workplace	Schools	Value
No measure	No measure	0
Recommended	Recommended	1
Required closure of some sectors	Some level of schooling required to close	2
Required closure for all but essential work	All schools required to close	3

International travel	Value
No measure	0
Screening	1
Quarantine arrivals from high risk regions	2
Ban on high risk regions	3
Total border closure	4

In line with some of the fewest reported cases and the smallest reported deaths attributed to COVID-19, New Zealand has the lowest 'lockdown index' score at 22, indicating the restrictions in place are generally recommendations and are not enforced. Countries including Iraq, Argentina and Colombia have some of the highest 'lockdown index' scores.

For most countries, public transport has the most relaxed restrictions. Tunisia, Norway, Poland, Netherlands and Greece are the only countries with no measures implemented on public events. Meanwhile, across the world, there is some measure of restriction on international travel. However, France is the exception, where international travel is freely permitted with no measures implemented.

Source: Knight Frank, Macrobond, Oxford University

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 william.matthews@knightfrank.com

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