

Summary

- **Equities:** Globally, stocks are higher. In Europe, gains have been recorded by the CAC 40 (+1.0%), FTSE 250 (+0.6%), STOXX 600 (+0.4%) and the DAX (+0.2%). In Asia, the TOPIX (+1.4%), S&P / ASX 200 (+1.1%), KOSPI (+1.1%), Hang Seng (+0.6%) and CSI 300 (+0.2%) were all up on close. In the US, stocks rose for their fourth consecutive day on Thursday. Futures for the S&P 500 and Dow Jones Industrial Average (DJIA) are both +0.4%.
- **VIX:** Following a -5% decrease over Wednesday, the CBOE market volatility index has declined a further -0.1% this morning to 21.7, remaining above its long term average (LTA) of 19.5. The Euro Stoxx 50 volatility index is also lower, down -2.3% to 20.9, remaining below its LTA of 23.9.
- **Bonds:** Yesterday, a sell-off in 30-year US treasury yields pushed the yield curve to its steepest level since 2015, with the spread between 30-year yields and 5-year yields circa 147.3bps. This morning, the UK 10-year gilt yield and US 10-year treasury yield have both softened +1bp this morning to 0.45% and 1.14%, their highest levels since March 2020 and January 2021, respectively. Meanwhile, the German 10-year bund yield has held steady at -0.46%.
- **Currency:** Sterling appreciated to \$1.37, while the euro is currently \$1.20. Hedging benefits for US dollar denominated investors into the UK and the eurozone are at 0.50% and 1.37% per annum on a five-year basis.
- **Baltic Dry:** The Baltic Dry remained unchanged at 1327 on Thursday, the first session in ten to not record a daily decline. The index therefore remains at its lowest levels since 22nd December and -29% below the four-month high seen in mid January.
- **Oil:** Brent Crude and the West Texas Intermediate (WTI) and have both increased +1.2% this morning to \$59.55 and \$56.91, their highest prices since January 2020.
- **US Unemployment:** There were 779k new unemployment applications in the week to 30th January, below market expectations of 830k and lower than the previous week's reading of 812k. This is the lowest number of jobless claims since the last week of November and the third consecutive week of a decline in applications.

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

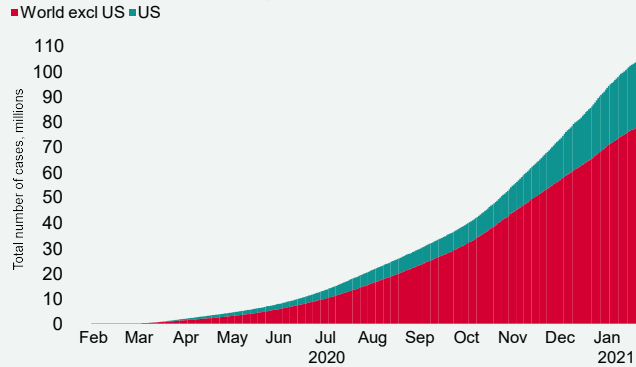


05 February 2021

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COVID-19

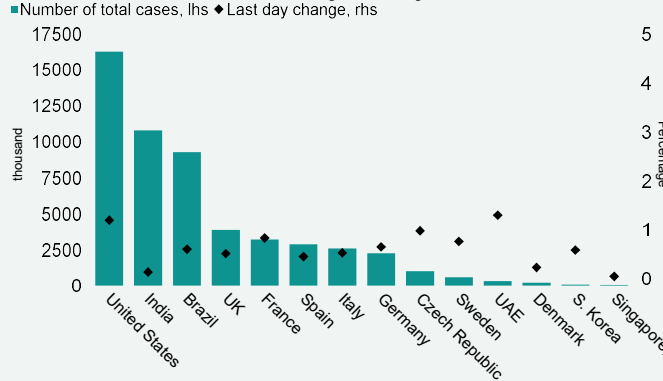
Cumulative number of global cases



Source: Knight Frank, Macrobond. Last modified: 04 February 2021 11:32 GMT.

The number of total confirmed cases reached 103.6 million on the 4 February, an increase of 279k new cases over the day prior.

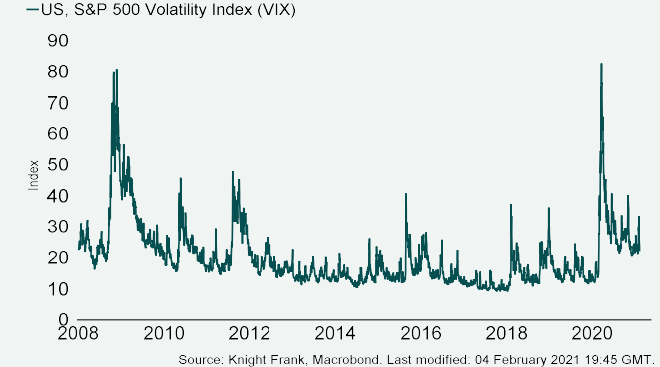
Cumulative number of cases by country



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

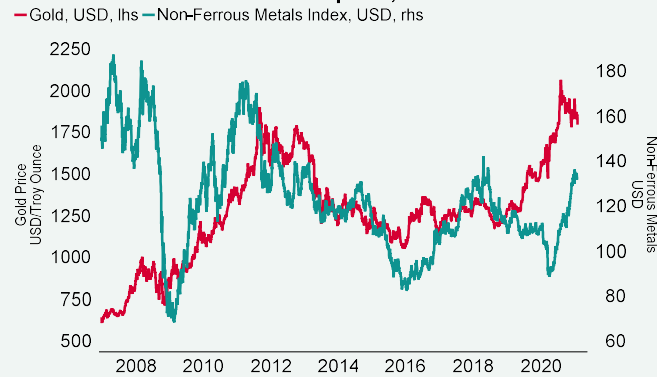


Source: Knight Frank, Macrobond. Last modified: 04 February 2021 19:45 GMT.

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

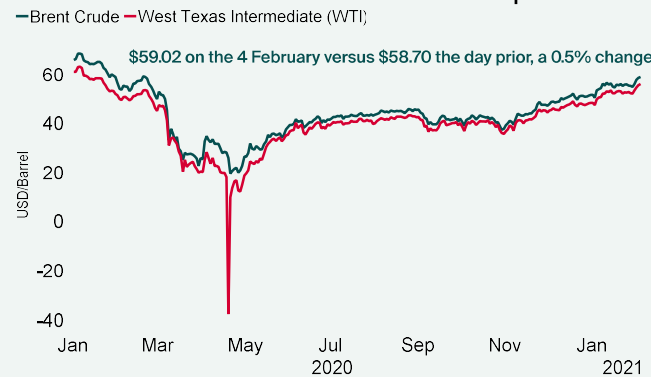
Gold and non-ferrous metals price, USD



Source: Knight Frank, Macrobond. Last modified: 04 February 2021 23:00 GMT.

	4 Feb	D/D (%)	YTD (%)
Gold, USD	1795	-2.3	-5.4
Non-Ferrous Metals, USD	133	-0.4	2.3

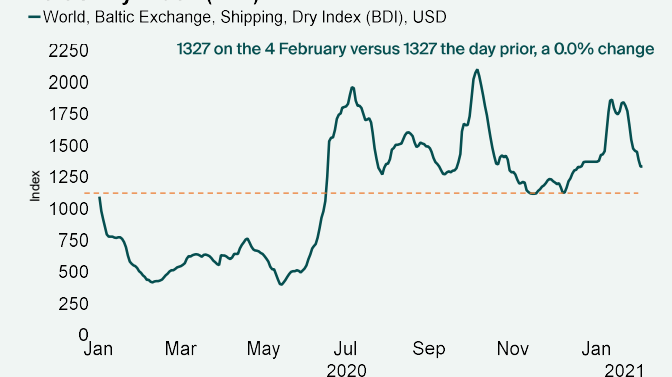
Brent Crude and West Texas Intermediate oil price



Source: Knight Frank, Macrobond. Last modified: 04 February 2021 23:36 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: 04 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
victoria.ormond@knightfrank.com

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

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Research Analyst, Capital Markets
+44 20 3866 8033
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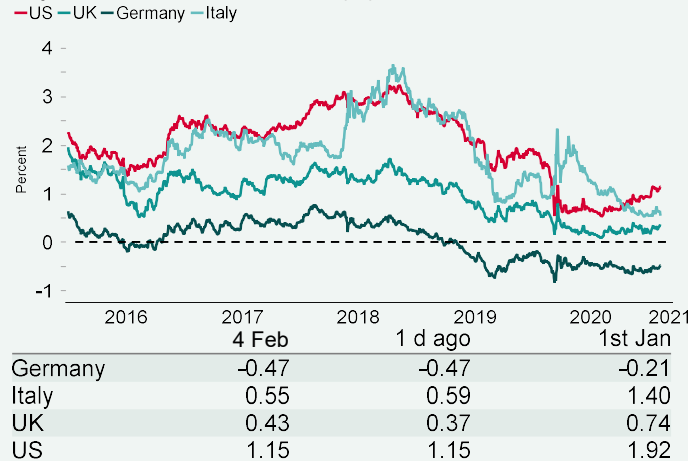


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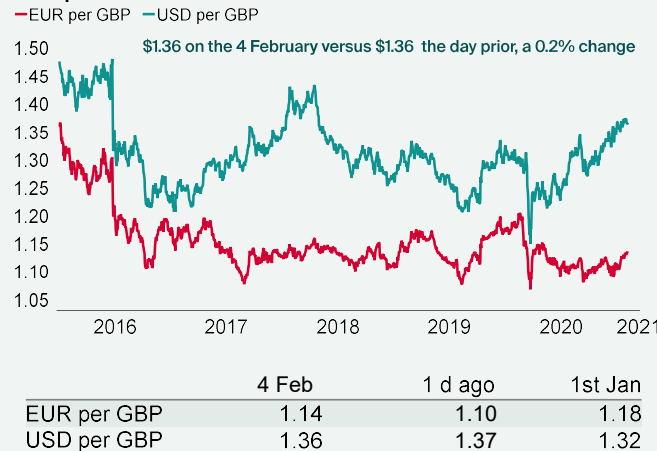
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Bonds and currencies

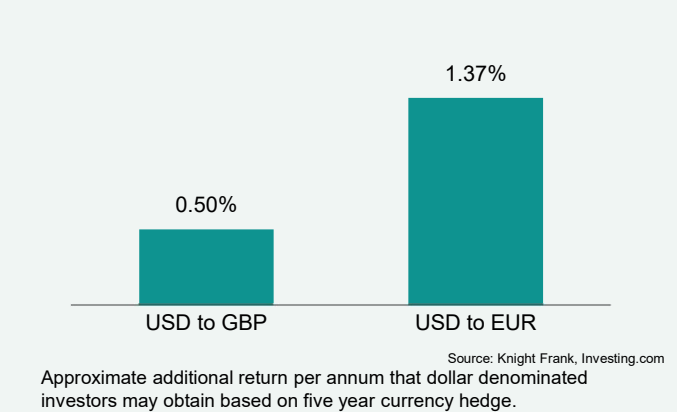
10y Government Bond Yield (%)



FX Spot Rates

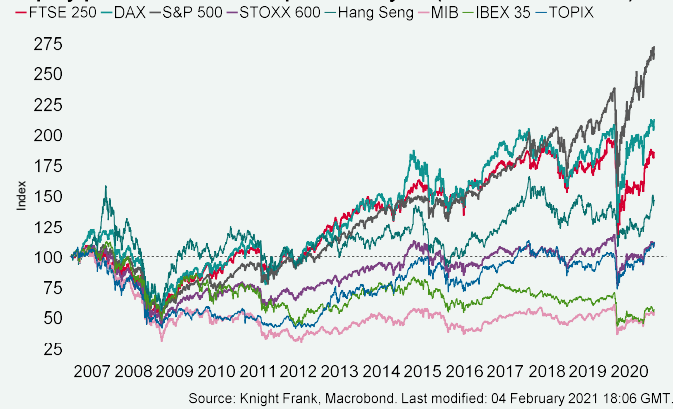


Currency hedging benefit p.a. based on a five year forward



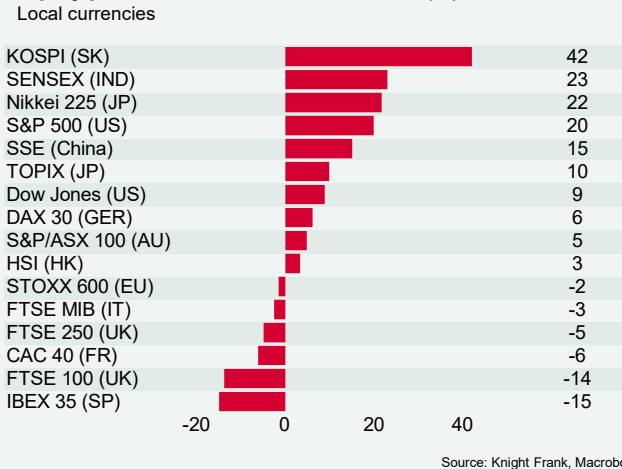
Equity and REIT

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

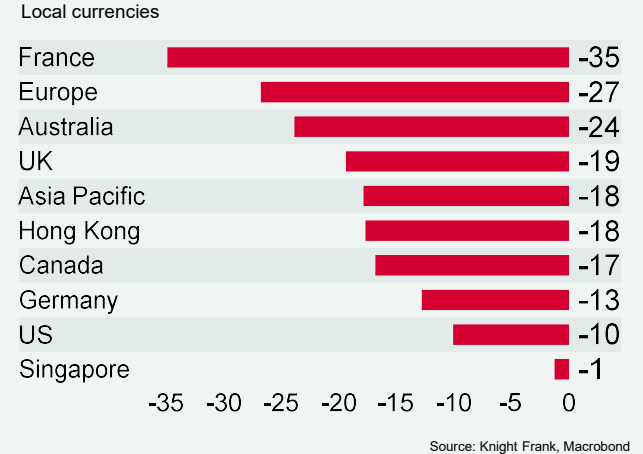


The chart presents the performance of selected equity indexes since the months prior to the global financial crisis (2007).

Equity performance: since 1st Jan 2020 (%)



REIT performance: since 1st Jan 2020 (%)



Research

William Matthews
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
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Antonia Haralambous
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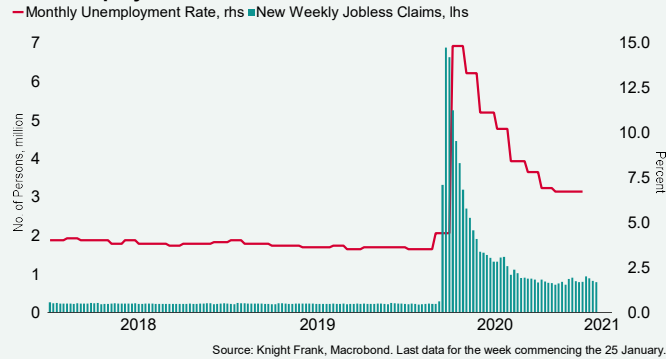


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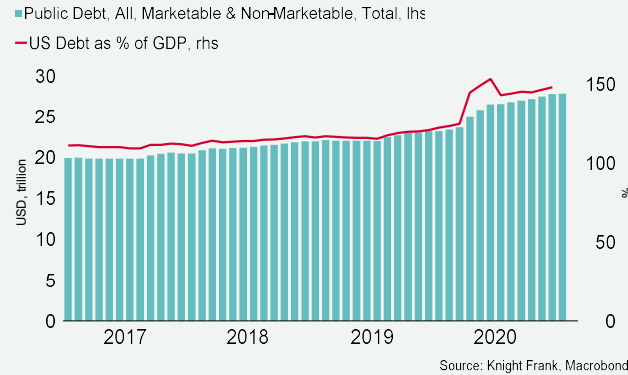
US unemployment

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

UK	£330bn+ : 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.
USA	\$3.0tn : 2 nd package passed 23 rd April, worth \$483 billion, increasing US stimulus to \$3 trillion (15% GDP).
EU	€1.35tn : This includes €240bn to the European Stability Mechanism, and €200bn in EIB guarantees. On 4 th June, the ECB extended the pandemic purchase programme (PEPP) until June 2021, purchasing an additional €600bn in bonds, taking total stimulus to €1.35tn. €750bn : a new recovery package for EU member states announced in July including €390bn in grants and €360 in interest free loans.
Germany	€880bn : The emergency aid measure approved on Monday 23 rd 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.
Italy	€400bn : The stimulus announced on the 7 th April €25bn : Emergency package to support businesses and families.
France	€100bn : The stimulus announced on the 3 rd September €45bn : The aid package for SMEs and other hard-hit sectors announced by the French government on 17 th of March. Includes deferred corporate tax, social security charges and two months state payments to laid off workers. €300bn : government backed loans.
Spain	€200bn : 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.
Japan	\$2.2tn : 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.
Hong Kong	HK\$10k 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
Advanced Economies			
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
Developing Economies			
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 (%)
Advanced Economies			
Australia	262 bn	4.6%	129.9%
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	1.04 tn	2.1%	78.6%
United States	7.41 tn	0.9%	78.0%
Developing Economies			
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	114 bn	2.9%	1.4%

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

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

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Economic Dashboard

05 February 2021



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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

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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Overview of the severity of Covid-19 and the resulting containment measures

Confirmed Cases	Confirmed Deaths	Lockdown Index	Internal Movement	Public Events	Public Transport	Workplace	Schools	International Travel
Europe								
Italy	2,597,446	90,241	79					
France	3,238,798	77,205	64					
Poland	1,533,511	38,344	71					
Portugal	748,858	13,482	79					
Germany	2,265,536	60,634	83					
Russia	3,874,830	74,005	50					
United Kingdom	3,892,459	110,250	81					
Spain	2,913,425	60,802	71					
Norway	64,212	582	70					
Belgium	718,847	21,260	60					
Bulgaria	222,149	9,272	54					
Greece	160,935	5,903	81					
Denmark	200,335	2,184	67					
Switzerland	530,289	9,556	60					
Ukraine	1,275,334	24,429	55					
Finland	46,493	688	52					
Czech Republic	1,013,352	16,826	72					
Netherlands	993,430	14,234	90					
Sweden	584,674	12,028	69					
Americas								
Colombia	2,135,412	55,131	81					
Canada	798,394	20,486	75					
Argentina	1,961,635	48,700	79					
United States	26,676,957	455,738	72					
Venezuela	128,775	1,216	84					
Mexico	1,886,245	161,240	72					
Brazil	9,396,293	228,795	73					
Peru	1,158,337	41,538	74					
Africa Middle East								
Kenya	101,339	1,773	59					
South Africa	1,466,767	45,605	72					
Qatar	152,898	249	56					
United Arab Emirates	316,875	888	51					
Turkey	2,508,988	26,467	74					
Israel	675,618	5,001	84					
Iran	1,445,326	58,256	73					
Iraq	624,222	13,091	44					
Jordan	331,768	4,354	76					
Tunisia	213,949	7,048	69					
Morocco	473,667	8,351	77					
Egypt	168,057	9,512	55					
Asia Pacific								
Hong Kong, China	10,552	186	71					
Singapore	59,624	29	54					
Japan	399,492	6,172	53					
Indonesia	1,123,105	31,001	64					
South Korea	80,131	1,459	64					
China	89,669	4,836	78					
Philippines	531,699	10,997	63					
India	10,802,591	154,823	69					
Vietnam	1,957	35	68					
Australia	28,842	909	75					
New Zealand	2,315	25	22					
Thailand	22,058	79	58					
Malaysia	231,483	826	77					

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
Some level of	Some level of	
Required closure of some sectors	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

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
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