# 08 February 2021

# Summary

- Internal and key client use only
- COVID-19: The total number of cases recorded globally has surpassed 106 million, according to Johns Hopkins University & Medicine. Circa 101.6 million people globally have been vaccinated, an increase of +27% over the week. Reported deaths have reached 2.3 million.
- Equities: In Europe, stocks are mostly higher this morning, with gains recorded by the CAC 40 (+0.6%), STOXX 600 (+0.4%) and DAX (+0.3%). However, the FTSE 250 is currently down -0.3%. In Asia, the TOPIX (+1.7%), CSI 300 (+1.5%), S&P / ASX 200 (+0.6%) and Hang Seng (+0.1%) were all up on close. Meanwhile, the KOSPI closed -0.9% down. Futures for the S&P 500 and Dow Jones Industrial Average (DJIA) are currently +0.3% and +0.4%, respectively.
- VIX: Following a -4% decline over Friday, the CBOE market volatility index has increased +4.5% this morning to 21.8, remaining above its long term average (LTA) of 19.5. The Euro Stoxx 50 volatility index is also higher, up +1.5% to 20.9, below its LTA of 23.9.
- Bonds: The UK 10-year gilt yield has softened +3bps to 0.52%, while the US 10-year treasury yield and the German 10-year bund yield are both up +2bps this morning to 1.19% and -0.43%. The UK and US 10-year bond yields are at their highest levels since January and February 2020, respectively, while Germany's 10-year bund yield has reached a five-month high.
- Currency: Sterling and the euro are currently \$1.37 and \$1.20, respectively. Hedging benefits for US dollar denominated investors into the UK and the eurozone are at 0.45% and 1.37% per annum on a five-year basis.
- Baltic Dry: The Baltic Dry increased +0.5% on Friday to 1333, the first session in eleven to record a daily increase. The index remains -28% below the four-month high seen in mid January.
- Oil: Brent Crude has increased above \$60 per barrel for the first time since 1<sup>st</sup> January 2020, pre-pandemic, following a +1.2 increase this morning. The West Texas Intermediate (WTI) has also increased to levels last seen in January 2020, up +1.1% to \$57.48.

### Research

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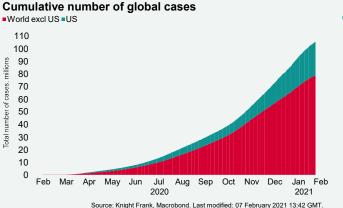
 
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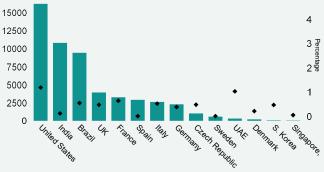
# COVID-19



The number of total confirmed cases reached 105.2 million on the 7 February, an increase of 293k new cases over the day prior.

# Cumulative number of cases by country

■Number of total cases, lhs ◆Last day change, rhs 17500



 US, S&P 500 Volatility Index (VIX) 90 80 70 60 50 40 30 20 10 2008 2012 2010 2014 2016 2018 2020 Source: Knight Frank, Macrobond, Last modified: 08 February 2021 06:30 GMT

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).

\$59.56 on the 5 February versus \$59.02 the day prior, a 0.9% change

Sep

Source: Knight Frank, Macrobond, Last modified: 07 February 2021 23:16 GMT

Nov

Jan

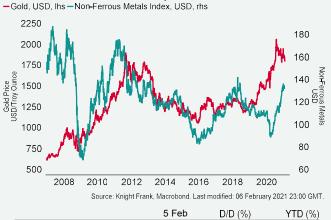
2021

Brent Crude and West Texas Intermediate oil price

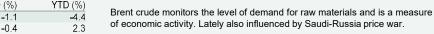
-Brent Crude - West Texas Intermediate (WTI)

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.

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



1813 -1.1 133



60

40

20

0

-20

-40

Jan

Mar

May

Jul

2020

USD/Barrel

#### Baltic Dry Index (BDI)

Volatility Index

5

-World, Baltic Exchange, Shipping, Dry Index (BDI), USD



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.

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Gold, USD

Non-Ferrous Metals, USD

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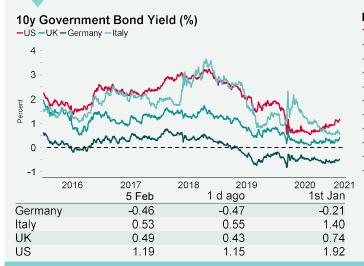
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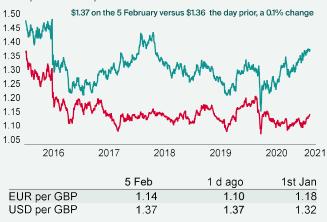


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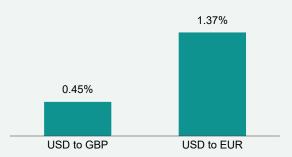
# **Bonds and currencies**



#### FX Spot Rates -EUR per GBP -USD per GBP



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

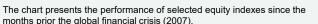


Source: Knight Frank, Investing.com

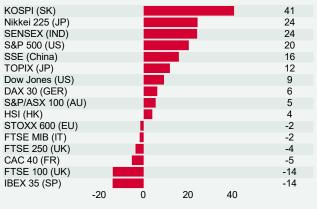
Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.



Source: Knight Frank, Macrobond. Last modified: 05 February 2021 18:06 GMT.



#### Equity performance: since 1<sup>st</sup> Jan 2020 (%) Local currencies



#### REIT performance: since 1<sup>st</sup> Jan 2020 (%) Local currencies

France								-35
Europe								-26
Australia								-23
UK								-18
Asia Pacific	;							-18
Hong Kong								-18
Canada								-17
Germany								-14
US								-10
Singapore								<b>-</b> 2
	-35	-30	<b>-</b> 25	<b>-</b> 20	-15	-10	-5	0

Source: Knight Frank, Macrobond

Source: Knight Frank, Macrobond

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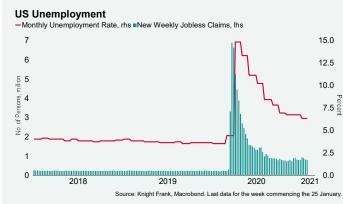
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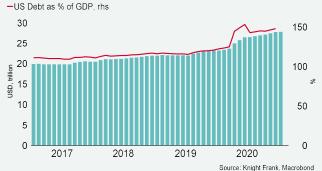
## 08 February 2021

#### US unemployment



#### US Public Debt

Public Debt, All, Marketable & Non-Marketable, Total, Ihs



The chart presents the amount of American government debt (left axis)

compared to debt as a percentage of total US GDP (right axis).

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

### 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	1.66 tn	-0.5%	48.5%	
Sweden	159 bn	0.7%	70.5%	
Japan	6.78 tn	-0.4%	27.0%	
Jnited 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%	1.7%	

# **Fiscal policy**

#### **Fiscal measures details**

	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	<b>\$3.0tn:</b> 2 <sup>nd</sup> package passed 23 <sup>rd</sup> April, worth \$483 billon, increasing US stimulus to \$3 trillion (15% GDP).			
	EU	<ul> <li>€1.35tn: 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.</li> <li>€750bn: a new recovery package for EU member states announced in July including €390bn in grants and €360 in interest free loans.</li> </ul>			
	Germany	€880bn: 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>)</b>	Italy	<b>€400bn:</b> The stimulus announced on the 7 <sup>th</sup> April <b>€25bn:</b> Emergency package to support businesses and families.			
	France	<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.			
	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	<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.			
	Hong Kong	HK\$10k for every adult citizen (c.£7bn).			

#### Source: Knight Frank, various sources

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# 08 February 2021





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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# 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
оре					
aly	2,636,738 91,273	79			
rance	3,322,988 78,572	64			
oland	1,550,255 39,087	71			
Portugal	765,414 14,158	73			
ermany	2,291,673 61,708	83			
ussia	3,923,461 75,430	46			
nited Kingdom	3,945,680 112,465	81			
pain	2,941,990 61,386	71			
lorway elgium	64,772 582 725,610 21,389				
ulgaria	223,734 9,331	54			
reece	163,946 5,972	81			
enmark	201,621 2,216	64			
vitzerland	531,873 9,613	60			
kraine	1,288,669 24,828	55			
nland	47,616 688	52			
zech Republic	1,034,975 17,235	72			
etherlands	1,005,760 14,403	90			
weden	588,062 12,115	69			
ricas					
olombia anada	2,157,216 55,993 809,001 20,760	81			
anada rgentina	1,980,347 49,171	/5			
nited States	27,004,715 463,437	79			
enezuela	130,116 1,233	72			
lexico	1,932,145 166,200	72			
razil	9,524,640 231,534	73			
eru	1,186,698 42,308	81			
ca Middle East					
enya	101,819 1,779	51			
outh Africa	1,476,135 46,290	72			
atar	154,098 250	56			
Inited Arab Emirates	326,495 921 2,531,456 26,797	51			
urkey srael	2,531,456 26,797 692,101 5,121	68			
an	1,466,435 58,469	72			
aq	628,550 13,120	44			
ordan	335,154 4,379	76			
unisia	217,086 7,214	69			
orocco	475,355 8,394	77			
gypt	169,640 9,651	55			
Pacific					
ong Kong, China	10,635 186	71			
ngapore	59,699 29	54			
apan	405,765 6,424	53			
donesia outh Korea	1,157,837 31,556 81,185 1,474	64			
hina	89,706 4,636	64			
hilippines	537,310 11,179	61			
dia	10,838,194 155,080	69			
etnam	2,001 35	68			
ustralia	28,857 909	75			
ew Zealand	2,320 25	22			
nailand	23,557 79	58			
alaysia	242,452 872	77			
	Lockdown Index key & Scale		Internal movements Public events Public transport Value	Workplace Schools Value	International travel
	No Restrictions: 0 – 25		No measure No Measure No measure 0	No measure No measure 0	No measure
	Recommended Restrictions: 26 – 50		Recommended Recommended 1	Recommended Recommended 1	Screening
	Enforced Restrictions: 51 – 75		Restriction Required Required 2		Quarantine arrivals from
	Highest Restrictions / Ban: 76 – 100			Some level of	high risk regions
	-			Required closure of schooling required to	
				some sectors close 2 Required closure for all All schools required to	Ban on high risk regions

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

Total border closure

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Required closure for all All schools required to

but essential work close