

Summary

- **Equities:** In Europe, stocks are mixed this morning, with the DAX (-0.5%) and the STOXX 600 (-0.3%) both down, while the FTSE 250 is +0.3% higher and the CAC 40 is flat. In Asia, the CSI 300 (+2.2%), Hang Seng (+0.5%) and TOPIX (+0.1%) all closed higher, while the S&P / ASX 200 (-0.9%) and KOSPI (-0.2%) closed lower. Futures for the S&P 500 and Dow Jones Industrial Average (DJIA) are both currently -0.1%.
- **VIX:** Following a +2% increase over Monday, the CBOE market volatility index is up a further +2.9% this morning to 21.9, remaining above its long term average (LTA) of 19.5. The Euro Stoxx 50 volatility index is also higher, up +1.5% to 20.7, albeit below its LTA of 23.9.
- **Bonds:** The US 10-year treasury yield has compressed -3bps to 1.15%, while both the UK 10-year gilt yield and the German 10-year bund yield are down -1bp this morning to 0.47% and -0.45%.
- **Currency:** Sterling and the euro have appreciated to \$1.38 and \$1.21, respectively. Hedging benefits for US dollar denominated investors into the UK and the eurozone are at 0.49% and 1.38% per annum on a five-year basis.
- **Baltic Dry:** The Baltic Dry declined for the first time in three sessions on Monday, down -1.2% to 1317, its lowest level in over a month. The index remains -29% below the four-month high seen in mid January. Declines have been driven by capesize rates, which were down -4.8% yesterday to a near two-month low.
- **Oil:** Brent Crude remains above \$60 per barrel following a +0.4% increase over the morning to \$60.77. The West Texas Intermediate (WTI) is also higher, up +0.2% to \$58.11. Both Brent Crude and the WTI are at their highest prices since January 2020.
- **German Exports:** German exports increased for their eighth consecutive month in December and were up +2.7% compared to the same month in 2019. However, the eight month rally did not offset the initial impact of the pandemic, with German exports down -9.3% over the whole of 2020. China overtook France as Germany's second largest export market, behind the US in 2020. Exports from Germany to the UK declined -15.9% over the year.

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Economic Dashboard

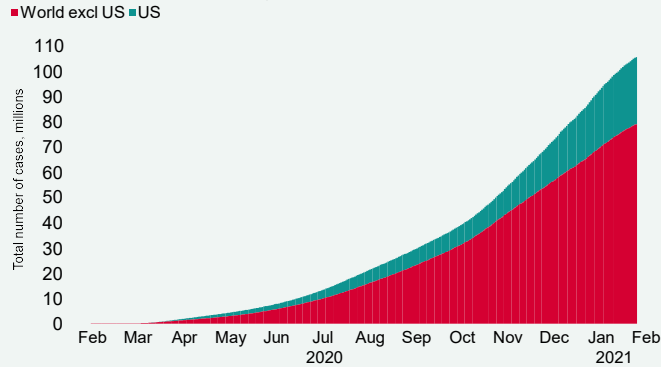


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COVID-19

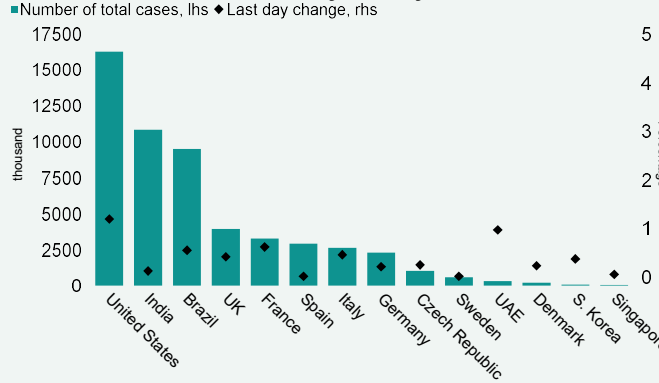
Cumulative number of global cases



Source: Knight Frank, Macrobond. Last modified: 09 February 2021 02:33 GMT.

The number of total confirmed cases reached 105.7 million on the 8 February, an increase of 264k new cases over the day prior.

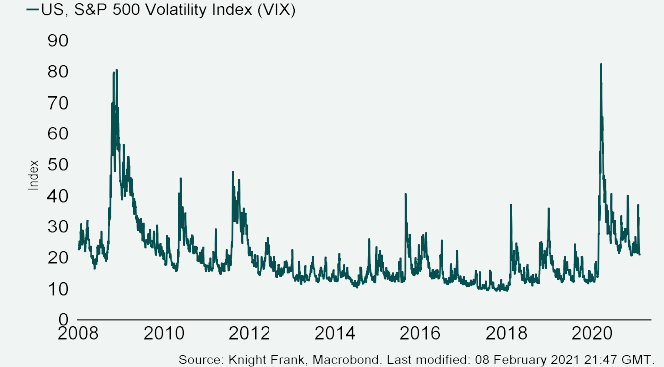
Cumulative number of cases by country



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

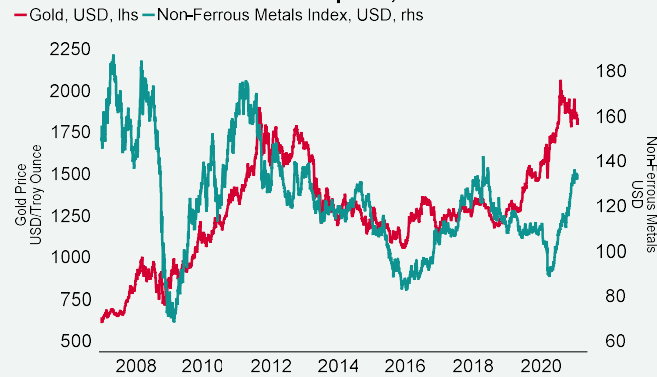


Source: Knight Frank, Macrobond. Last modified: 08 February 2021 21:47 GMT.

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

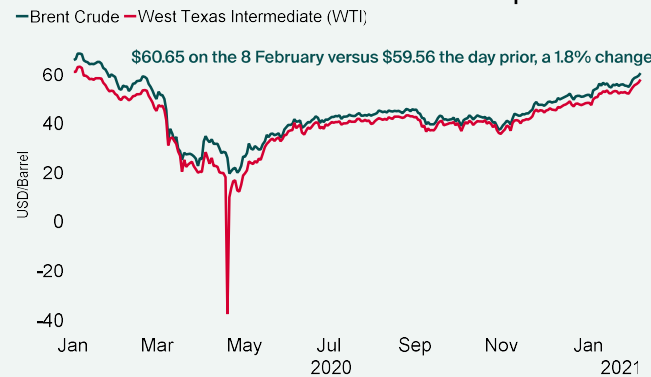
Gold and non-ferrous metals price, USD



Source: Knight Frank, Macrobond. Last modified: 08 February 2021 23:00 GMT.

	8 Feb	D/D (%)	YTD (%)
Gold, USD	1832	2.2	-3.4
Non-Ferrous Metals, USD	134	1.3	3.3

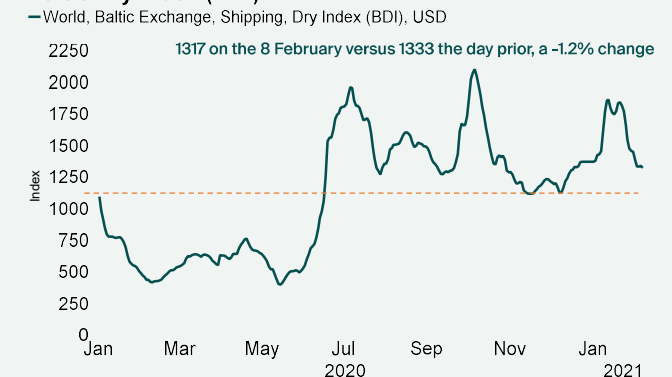
Brent Crude and West Texas Intermediate oil price



Source: Knight Frank, Macrobond. Last modified: 08 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: 08 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.

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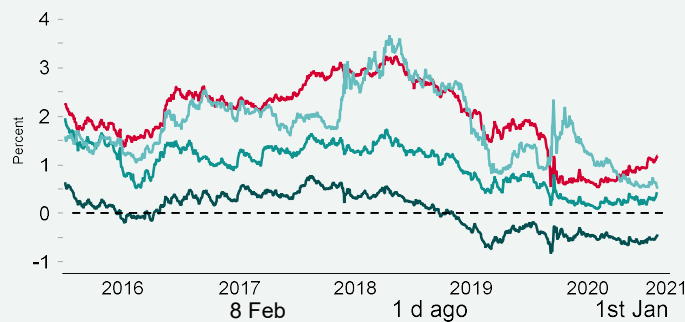
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Bonds and currencies

10y Government Bond Yield (%)

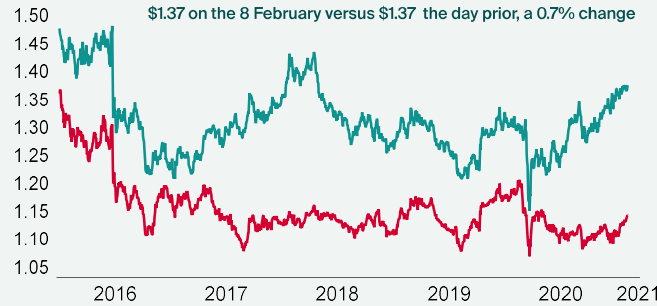
—US —UK —Germany —Italy



	8 Feb	1 d ago	1st Jan
Germany	-0.43	-0.46	-0.21
Italy	0.51	0.53	1.40
UK	0.48	0.49	0.74
US	1.19	1.19	1.92

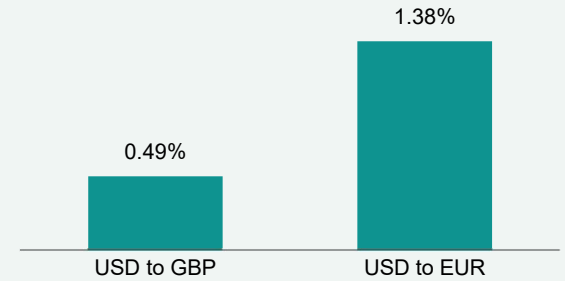
FX Spot Rates

—EUR per GBP —USD per GBP



	5 Feb	1 d ago	1st Jan
EUR per GBP	1.14	1.10	1.18
USD per GBP	1.37	1.37	1.32

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

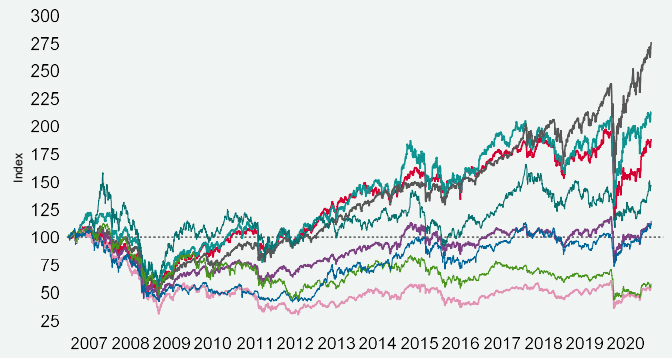


Source: Knight Frank, Investing.com
Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.

Equity and REIT

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

—FTSE 250 —DAX —S&P 500 —STOXX 600 —Hang Seng —MIB —IBEX 35 —TOPIX

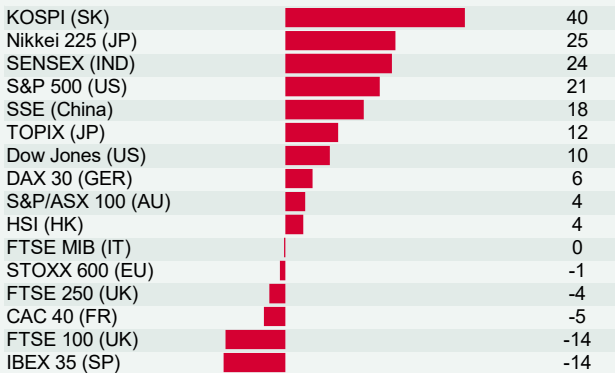


Source: Knight Frank, Macrobond. Last modified: 08 February 2021 18:05 GMT.

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 (%)

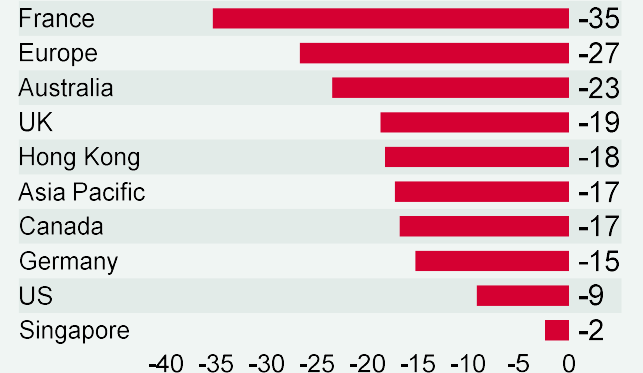
Local currencies



Source: Knight Frank, Macrobond

REIT performance: since 1st Jan 2020 (%)

Local currencies



Source: Knight Frank, Macrobond

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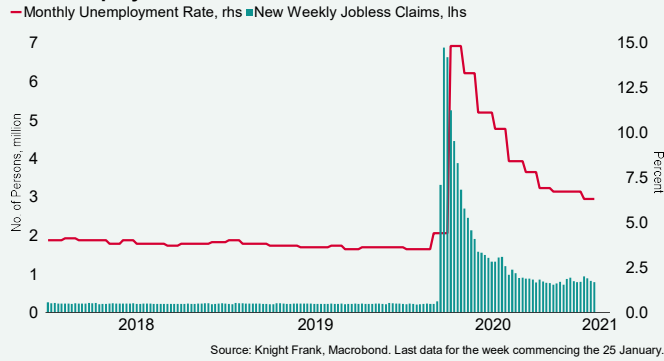


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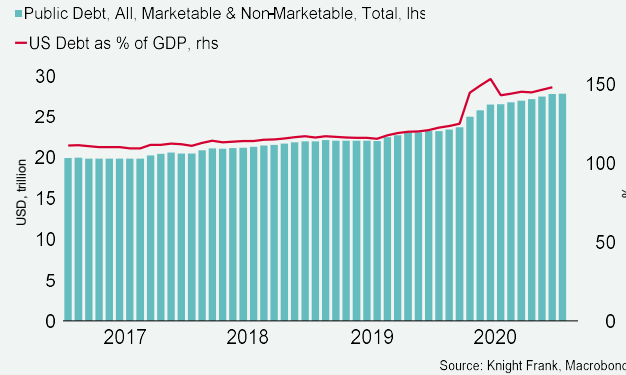
US unemployment

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	1.66 tn	-0.5%	48.5%
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	232 bn	0.6%	14.2%
Russia	669 bn	-1.5%	0.0%
Saudi Arabia	492 bn	-0.7%	-3.5%
South Korea	491 bn	4.3%	17.3%
Turkey	115 bn	5.1%	2.3%

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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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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	2,644,707	91,580	79						
France	3,327,305	79,030	64						
Poland	1,552,686	39,132	71						
Portugal	767,919	14,354	73						
Germany	2,296,323	62,191	83						
Russia	3,939,162	75,828	46						
United Kingdom	3,959,784	112,798	81						
Spain	2,989,085	62,295	71						
Norway	65,118	582	70						
Belgium	726,483	21,423	60						
Bulgaria	224,849	9,420	48						
Greece	164,575	5,997	81						
Denmark	202,051	2,216	67						
Switzerland	535,153	9,651	60						
Ukraine	1,291,025	24,884	55						
Finland	47,969	688	52						
Czech Republic	1,037,405	17,333	72						
Netherlands	1,007,981	14,428	94						
Sweden	588,062	12,115	69						
Americas									
Colombia	2,161,462	56,200	81						
Canada	812,804	20,830	75						
Argentina	1,985,501	49,398	79						
United States	27,094,014	464,941	68						
Venezuela	130,596	1,240	88						
Mexico	1,936,013	166,731	72						
Brazil	9,524,640	231,534	73						
Peru	1,186,698	42,308	81						
Africa Middle East									
Kenya	101,944	1,786	51						
South Africa	1,477,511	46,473	72						
Qatar	154,525	251	56						
United Arab Emirates	329,293	930	58						
Turkey	2,539,559	26,900	68						
Israel	696,528	5,171	84						
Iran	1,473,756	58,536	75						
Iraq	630,263	13,126	44						
Jordan	336,839	4,385	76						
Tunisia	217,753	7,257	69						
Morocco	475,589	8,408	77						
Egypt	170,207	9,699	55						
Asia Pacific									
Hong Kong, China	10,667	186	71						
Singapore	59,721	29	54						
Japan	406,992	6,507	53						
Indonesia	1,166,079	31,763	64						
South Korea	81,487	1,482	64						
China	89,720	4,536	78						
Philippines	538,965	11,231	61						
India	10,847,304	155,158	69						
Vietnam	2,050	35	68						
Australia	28,860	909	53						
New Zealand	2,322	25	22						
Thailand	23,557	79	58						
Malaysia	245,552	896	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