

## Summary

- **Equities:** In Europe, stocks are mixed this morning, with the DAX (-0.6%) and FTSE 250 (-0.3%) both lower, while the STOXX 600 and the CAC 40 are both flat. In Asia, most markets are closed due to the Lunar New Year holiday, however, the S&P / ASX 200 (-0.6%) was down on close. Futures for the S&P 500 are currently -0.2%.
- **VIX:** Following a -3% decrease over Thursday, the CBOE market volatility index has increased +2.3% this morning to 21.7, remaining above its long term average (LTA) of 19.5. Meanwhile, the Euro Stoxx 50 volatility index is flat at 21.2, remaining below its LTA of 23.9.
- **Bonds:** The UK 10-year gilt yield, US 10-year treasury yield and German 10-year bund yield have all compressed -1bps this morning to 0.46%, 1.15% and -0.47%. Meanwhile, the Italian 10-year bond yield has compressed -2bps this morning to 0.44%, a new record low.
- **Currency:** Sterling and the euro are currently \$1.38 and \$1.21, respectively. Hedging benefits for US dollar denominated investors into the UK and the eurozone are at 0.46% and 1.36% per annum on a five-year basis.
- **Baltic Dry:** The Baltic Dry increased for the first time in four sessions on Thursday, up +0.8% to 1313. The index is currently -29% below the four-month high seen in mid January 2021.
- **Oil:** Brent Crude and the West Texas Intermediate (WTI) have both declined this morning, down -0.6% and -0.7% to \$60.78 and \$57.86, respectively. The latest Baker Hughes rig count found there were 392 active oil rigs in the US as at 5<sup>th</sup> February 2021, compared to 790 one year ago. Internationally, the number of active oil rigs in January stood at 677, compared to 689 in the month prior.
- **UK GDP:** UK GDP increased an estimated +1.0% in Q4 2020, following a +16.1% increase in Q3 2020, according to the ONS. Over the year, the economy declined -9.9% in 2020, its largest contraction on record. Over December 2020, GDP increased +1.2%, following a -2.3% decline in November 2020.
- **Lockdown:** From tonight, Victoria in Australia will go into its third lockdown, until Wednesday. In England, from Monday, hotel quarantine for UK/Irish nationals and permanent residents arriving from 'red list' countries will begin.

## Research

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# Economic Dashboard

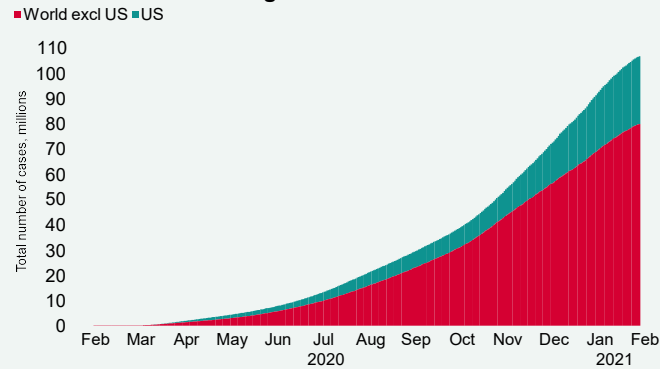


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## COVID-19

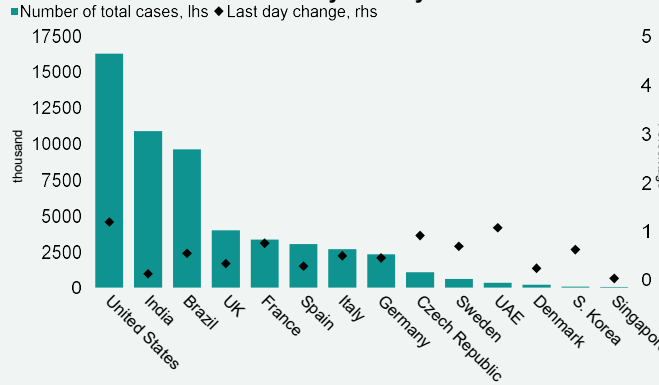
### Cumulative number of global cases



Source: Knight Frank, Macrobond. Last modified: 11 February 2021 11:21 GMT.

The number of total confirmed cases reached 106.8 million on the 11 February, an increase of 242k new cases over the day prior.

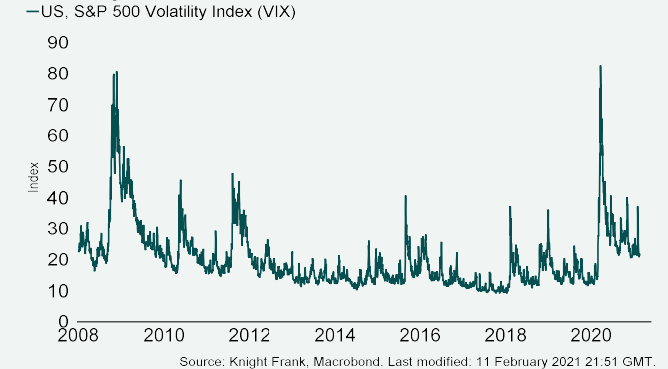
### Cumulative number of cases by country



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

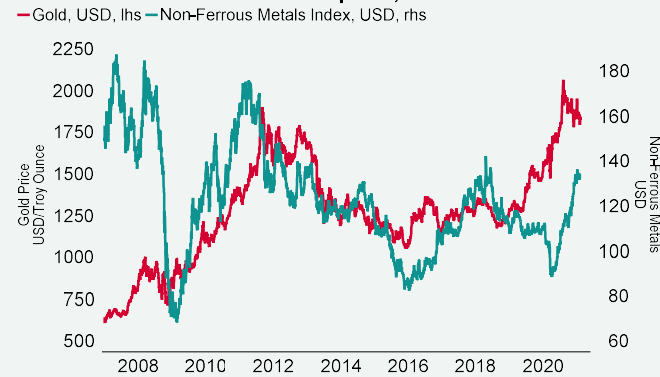


Source: Knight Frank, Macrobond. Last modified: 11 February 2021 21:51 GMT.

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

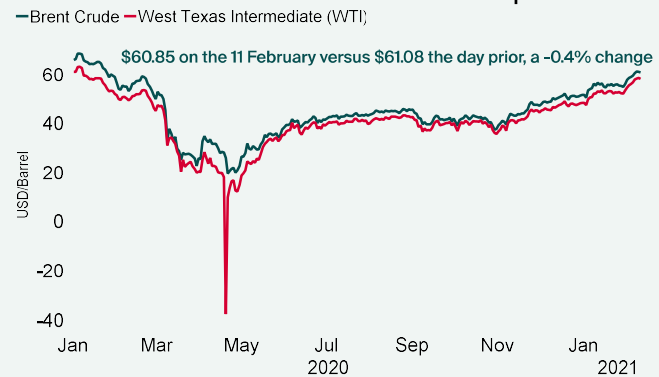
### Gold and non-ferrous metals price, USD



Source: Knight Frank, Macrobond. Last modified: 11 February 2021 23:00 GMT.

|                         | 11 Feb | D/D (%) | YTD (%) |
|-------------------------|--------|---------|---------|
| Gold, USD               | 1825   | -0.7    | -3.8    |
| Non-Ferrous Metals, USD | 134    | 1.3     | 3.3     |

### Brent Crude and West Texas Intermediate oil price



Source: Knight Frank, Macrobond. Last modified: 11 February 2021 23:15 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: 11 February 2021 13:30 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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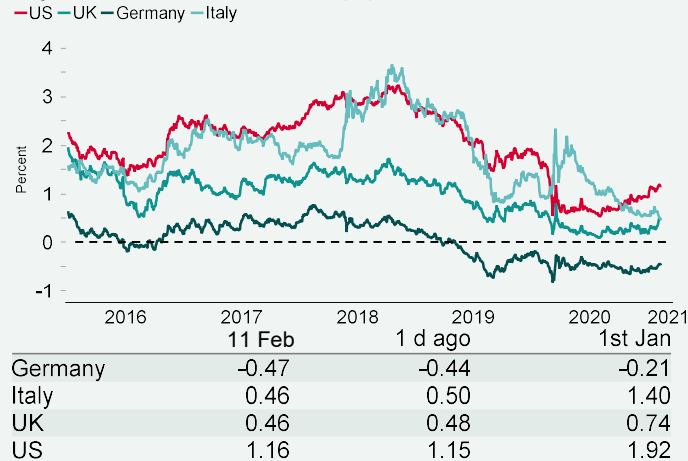


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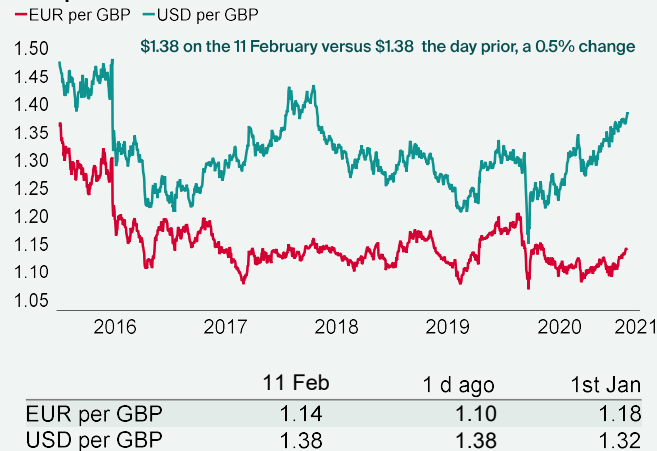
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## Bonds and currencies

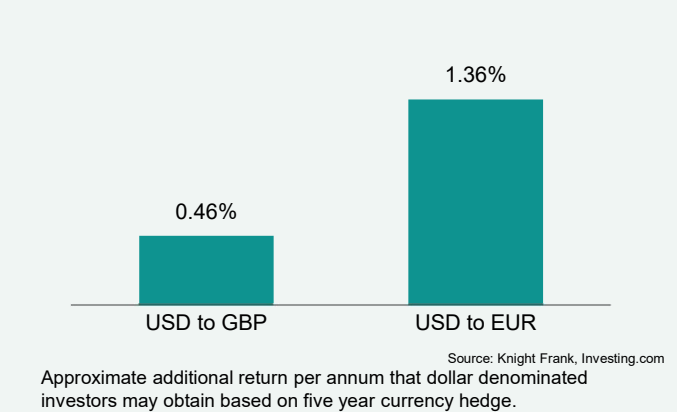
### 10y Government Bond Yield (%)



### FX Spot Rates



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



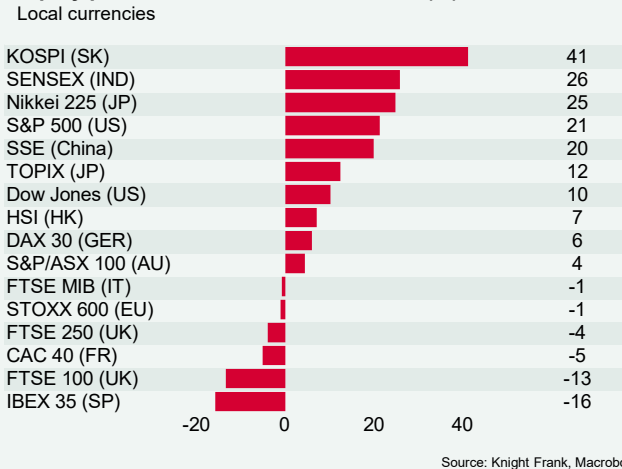
## Equity and REIT

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

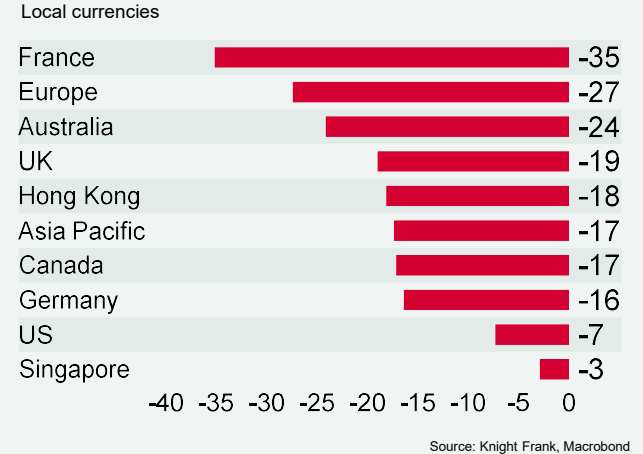


The chart presents the performance of selected equity indexes since the months prior to the global financial crisis (2007).

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



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



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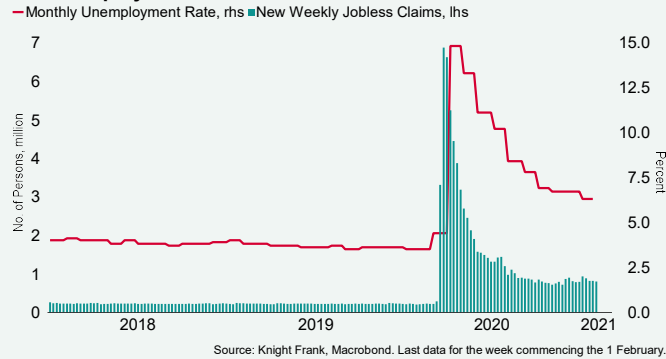


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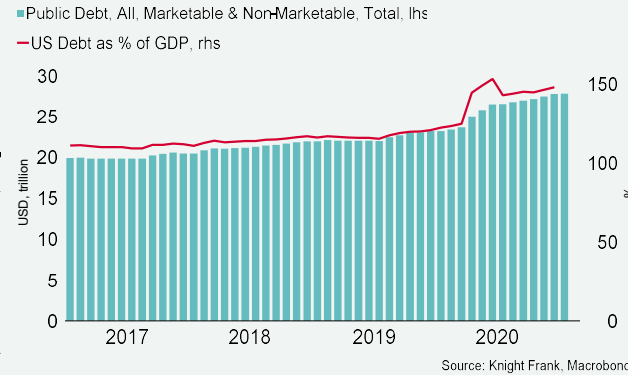
## US unemployment

### 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.<br><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<br><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<br><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.<br><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                      | 4.00%        | 7.25%            | -25 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                   | 268 bn       | 6.6%    | 138.1%  |
| Canada                      | 428 bn       | 4.1%    | 368.0%  |
| Euro Area                   | 8.48 tn      | -0.9%   | 65.1%   |
| France                      | 2.14 tn      | 6.7%    | 66.7%   |
| Germany                     | 2.96 tn      | -4.2%   | 57.0%   |
| Italy                       | 1.66 tn      | -0.5%   | 48.5%   |
| Sweden                      | 159 bn       | 0.9%    | 66.8%   |
| Japan                       | 6.78 tn      | -0.4%   | 27.0%   |
| United Kingdom              | 1.05 tn      | 3.1%    | 82.3%   |
| United States               | 7.44 tn      | 1.5%    | 78.1%   |
| <b>Developing Economies</b> |              |         |         |
| Brazil                      | 460 bn       | -4.3%   | -1.2%   |
| China                       | 5.94 tn      | 2.2%    | 11.8%   |
| India                       | 405 bn       | 0.9%    | 35.6%   |
| 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                      | 114 bn       | 4.7%    | 3.9%    |

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# Economic Dashboard

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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



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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