12 February 2021

Summary

- Internal and key client use only
- 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 5th 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.

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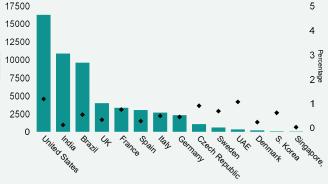
COVID-19

Cumulative number of global cases World excl US US 110 100 90 80 70 g 60 ď 50 40 30 otal 20 10 0 Mar Apr May Jun Sep Oct Nov Dec Feb Jul Aug Jan Feb 2020 2021 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 ■Number of total cases, lhs ◆Last day change, rhs

17500



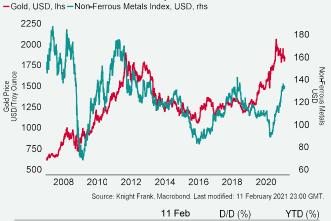
 US, S&P 500 Volatility Index (VIX) 90 80 70 60 50 40 30 20 10 2008 2012 2010 2014 2016 2018 2020 Source: Knight Frank, Macrobond, Last modified: 11 February 2021 21:51 GMT.

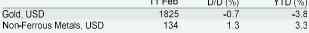
Source: Knight Frank, Macrobond.

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

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





Brent Crude and West Texas Intermediate oil price -Brent Crude - West Texas Intermediate (WTI)



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)

Volatility Index

-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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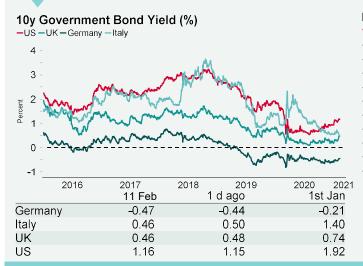
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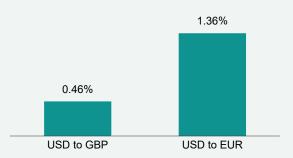
Bonds and currencies



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

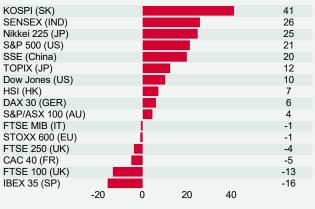
Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.



The chart presents the performance of selected equity indexes since the

months prior the global financial crisis (2007).

Equity performance: since 1st Jan 2020 (%) Local currencies



REIT performance: since 1st Jan 2020 (%) Local currencies

France									-35
Europe									-27
Australia									-24
UK									-19
Hong Kong									-18
Asia Pacific	;								-17
Canada									-17
Germany									-16
US									-7
Singapore									-3
	- 40	- 35	-30	- 25	- 20	- 15	- 10	-5	0

Source: Knight Frank, Macrobond

Source: Knight Frank, Macrobond

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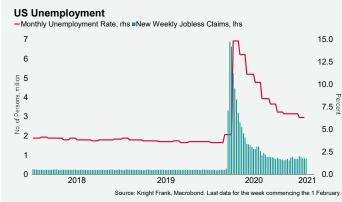
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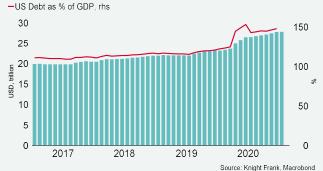
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US unemployment



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	4.00%	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 (%)	-	
Advanced Economies					
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%		
Developing Economies					
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%		

Fiscal policy

Fiscal measures details

	Fiscal me	asures 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 billon, 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 4th 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

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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

С	Confirmed Cases Con	firmed Deaths	Lockdown Index	Internal Movement	Public Events	Public Transport	Workplace	Schools
pe								
ly	2,683,403	92,729	79					
ance bland	3,390,952 1,570,658	80,404 40,177	64					
ortugal	778,369	14,885	71					
ermany	2,321,225	64,224	/5					
ussia	3,983,031	77,415	46					
nited Kingdom	3,998,655	115,529	81					
pain	3,041,454	64,217	71					
orway	65,811	592	70					
elgium	733,100	21,551	60					
Ilgaria	228,044	9,561	54					
ece	168,872	6,056	81					
nmark vitzerland	203,365 539,474	2,269 9,729	67					
raine	1,302,811	25,330						
land	49,165	708	22					
zech Republic	1,064,952	17,772	72					
etherlands	1,017,302	14,662	94					
veden	604,577	12,370	69					
icas								
olombia	2,179,641	56,983	81					
inada	821,932	21,089	75					
gentina	2,008,345	49,874	79					
nited States enezuela	27,390,465 131,828	475,291 1,260	68					
enezuela exico	131,828	1,260	88					
azil	9,713,909	236,201	73					
azii MU	1,203,502	43,045	81					
a Middle East								
enya	102,353	1,794	51					
outh Africa	1,484,900	47,382	72					
tar	155,901	254	60					
nited Arab Emirates	339,667	974	58					
urkey	2,564,427	27,187	68					
ael	714,812	5,283	65					
in iq	1,496,455 636,908	13,144	/5					
rdan	341,984	4,421	76					
unisia	220,478	7,429	69					
procco	477,160	8,440	77					
jypt	171,993	9,857	55					
Pacific								
ong Kong, China	10,731	191	71					
ngapore	59,759	29	54					
pan	412,125 1,191,990	6,800 32,381	53					
donesia outh Korea	1,191,990 82,837	1.507	64					
nina	89,748	4,636	78					
nilippines	543,282	11,469	61					
dia	10,880,603	155,447	69					
etnam	2,140	35	68					
istralia	28,887	909	79					
ew Zealand	2,326	25	22					
ailand	24,279	80	42					
alaysia	254,988	936	77					
	Lockdown	Index key & Scale						
				Internal movements	Public events	Public transport Value	Workplace	Schools
	No Restricti			No measure	No Measure	lo measure 0	No measure	No measure
		ded Restrictions: 26 – 50		Recommended	Recommended I	Recommended 1	Recommended	Recommended
		estrictions: 51 – 75				Required 2		Some level of
	Highest Res	strictions / Ban: 76 – 100				·	Required closure of	schooling required to
							some sectors	close

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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