

Summary

- **Equities:** Globally, stocks are mostly lower. In Europe, losses have been recorded by the CAC 40 (-0.6%), STOXX 600 (-0.5%), DAX (-0.4%) and the FTSE 250 (-0.2%) this morning. In Asia, the Hang Seng (-1.6%), KOSPI (-1.5%), TOPIX (-1.0%) and Nikkei 225 (-0.2%) all closed lower, while the S&P / ASX 200 was flat on on close. In the US, futures for the S&P 500 are -0.5% this morning.
- **VIX:** While the CBOE market volatility index was broadly stable over yesterday, this morning it is up +3.8% to 22.3, above its long term average (LTA) of 19.9. Meanwhile, the Euro Stoxx 50 volatility index is lower over the morning, down -0.9% to 21.6, remaining below its LTA of 23.9.
- **Bonds:** The UK 10-year gilt yield has softened +3bps to 0.60%, while the US 10-year treasury yield and the German 10-year bund yield are stable at 1.28% and -0.36%, respectively.
- **Currency:** Sterling and the euro are currently \$1.39 and \$1.21, respectively. Hedging benefits for US dollar denominated investors into the UK and the eurozone are at 0.53% and 1.47% per annum on a five-year basis.
- **Baltic Dry:** The Baltic Dry increased for the fifth consecutive session on Wednesday, up +17.5% to 1756, the highest it has been since 25th January 2021 and its largest daily increase since June 2020. The index is now just -5% below the four-month high seen in mid January 2021. Gains in the index have been buoyed by demand for both the panamax and capesize vessels, after the Chinese New Year. Yesterday, capsize rates increased +28.8% to a near three-week high, while Panamax rates were up +15.9% to their highest level in over ten years.
- **Oil:** Both Brent Crude and the West Texas Intermediate (WTI) remain above \$60 per barrel this morning, despite decreasing -0.1% and -0.2% to \$64.30 and \$61.02, respectively.
- **Loan Loss Provisions:** In Q4 2020, Barclay's loan loss provisions declined by nearly one fifth to £492 million over the quarter, lower than analyst expectations of £689 million and marking the second consecutive quarter of declines. Meanwhile, Santander's loan loss provisions increased +3% to €2.6 billion over the quarter to Q4. For the full year, Santander's loan loss provisions totalled €12.6 billion, while Barclay's reached £4.8 billion.

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Economic Dashboard

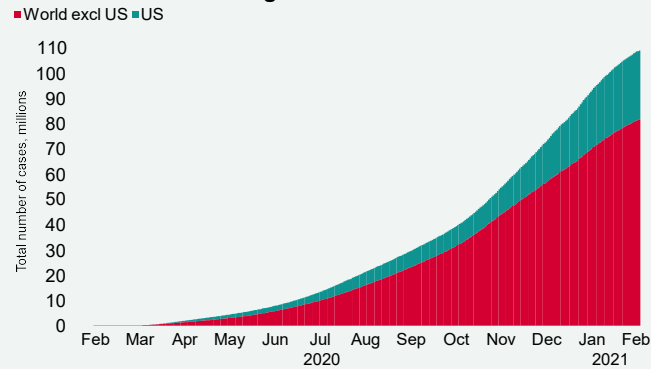


18 February 2021

Internal and key client use only

COVID-19

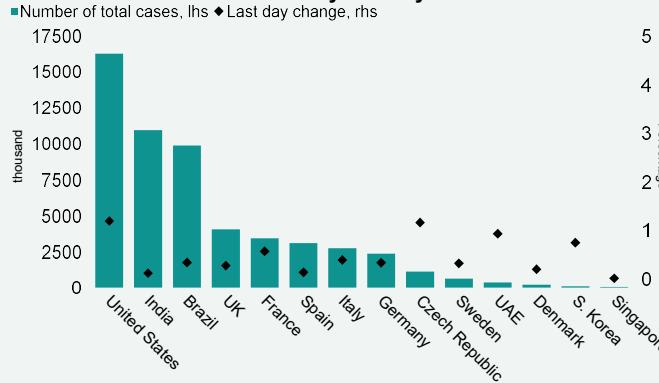
Cumulative number of global cases



Source: Knight Frank, Macrobond. Last modified: 17 February 2021 11:31 GMT.

The number of total confirmed cases reached 109.1 million on the 17 February, an increase of 217k new cases over the day prior.

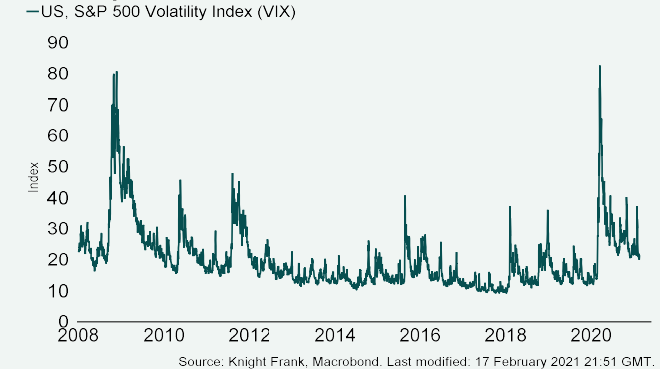
Cumulative number of cases by country



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

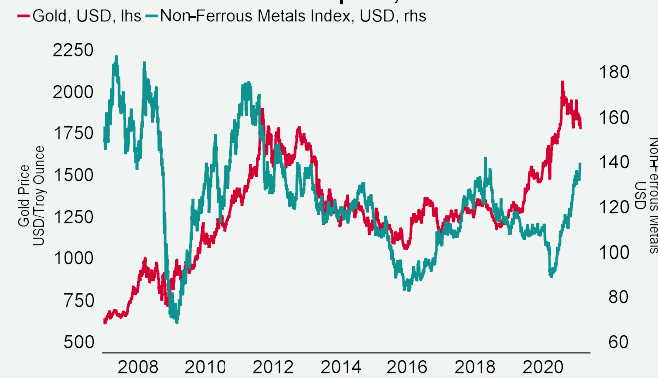


Source: Knight Frank, Macrobond. Last modified: 17 February 2021 21:51 GMT.

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

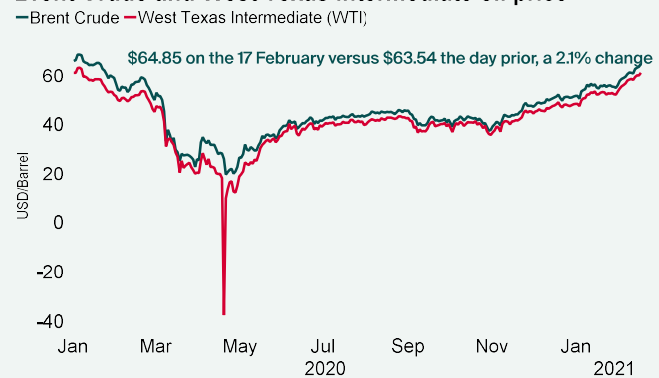
Gold and non-ferrous metals price, USD



Source: Knight Frank, Macrobond. Last modified: 17 February 2021 23:00 GMT.

	16 Feb	D/D (%)	YTD (%)
Gold, USD	1774	-2.4	-6.4
Non-Ferrous Metals, USD	139	0.1	7.2

Brent Crude and West Texas Intermediate oil price



Source: Knight Frank, Macrobond. Last modified: 17 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: 17 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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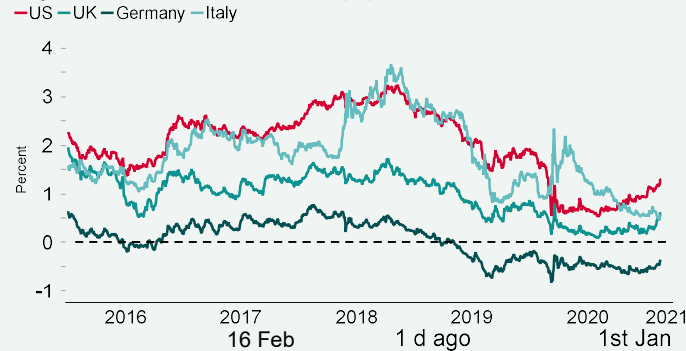


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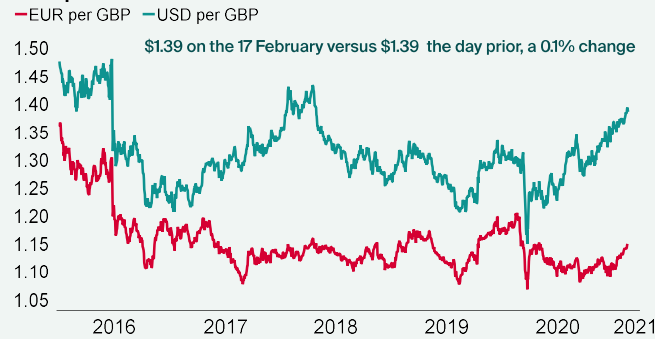
Bonds and currencies

10y Government Bond Yield (%)



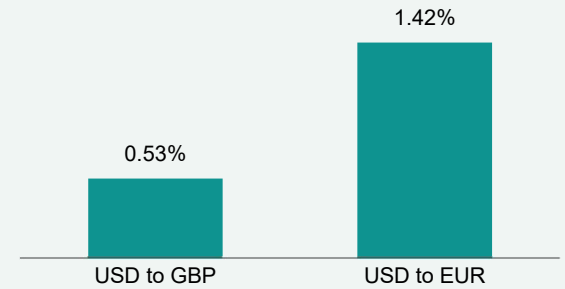
	16 Feb	1 d ago	1st Jan
Germany	-0.36	-0.38	-0.21
Italy	0.58	0.54	1.40
UK	0.57	0.62	0.74
US	1.29	1.30	1.92

FX Spot Rates



	16 Feb	1 d ago	1st Jan
EUR per GBP	1.15	1.10	1.18
USD per GBP	1.39	1.38	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.

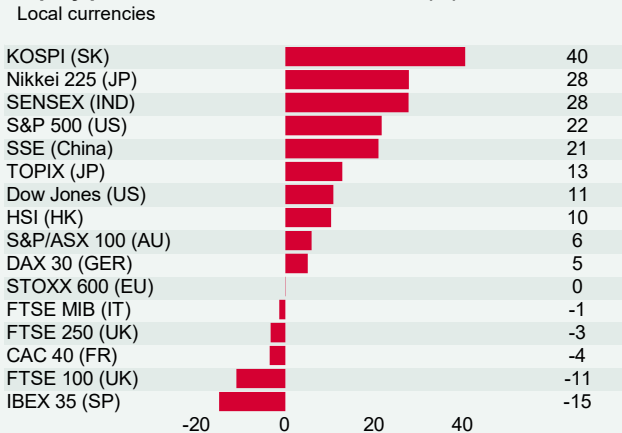
Equity and REIT

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

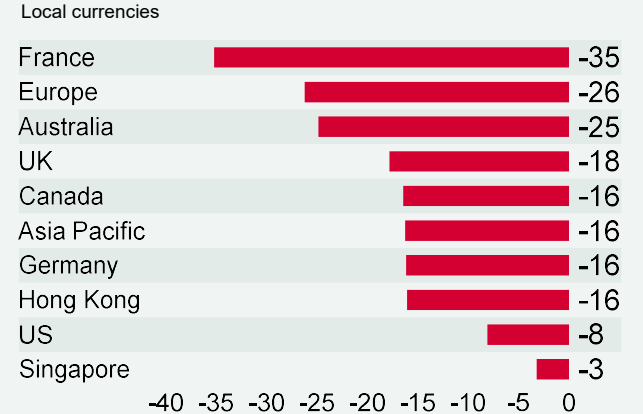


The chart presents the performance of selected equity indexes since the months prior to the global financial crisis (2007).

Equity performance: since 1st Jan 2020 (%)



REIT performance: since 1st Jan 2020 (%)



Source: Knight Frank, Macrobond

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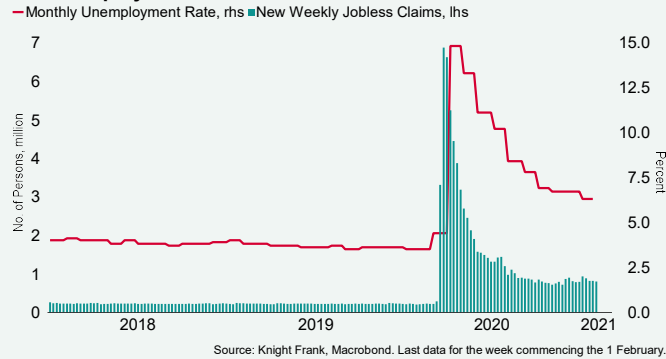


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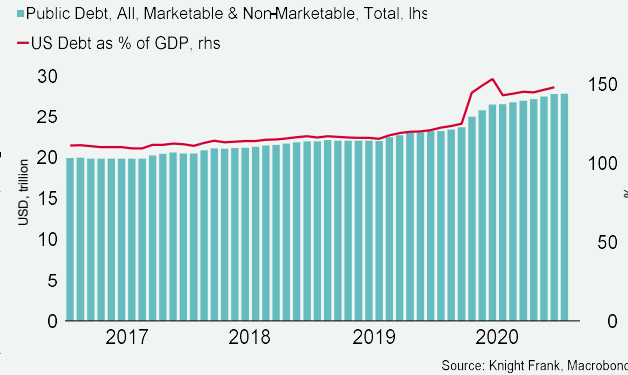
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US unemployment

US Unemployment



US Public Debt



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

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	4.00%	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	6.7%	138.3%
Canada	441 bn	3.0%	389.7%
Euro Area	8.58 tn	0.4%	68.0%
France	2.14 tn	6.7%	66.7%
Germany	3.01 tn	-0.6%	62.2%
Italy	1.66 tn	-0.5%	48.5%
Sweden	164 bn	5.6%	76.3%
Japan	6.79 tn	0.5%	28.5%
United Kingdom	1.05 tn	3.3%	82.6%
United States	7.44 tn	1.5%	78.1%
Developing Economies			
Brazil	455 bn	-1.1%	-7.1%
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	493 bn	0.4%	16.2%
Turkey	113 bn	5.3%	-0.3%

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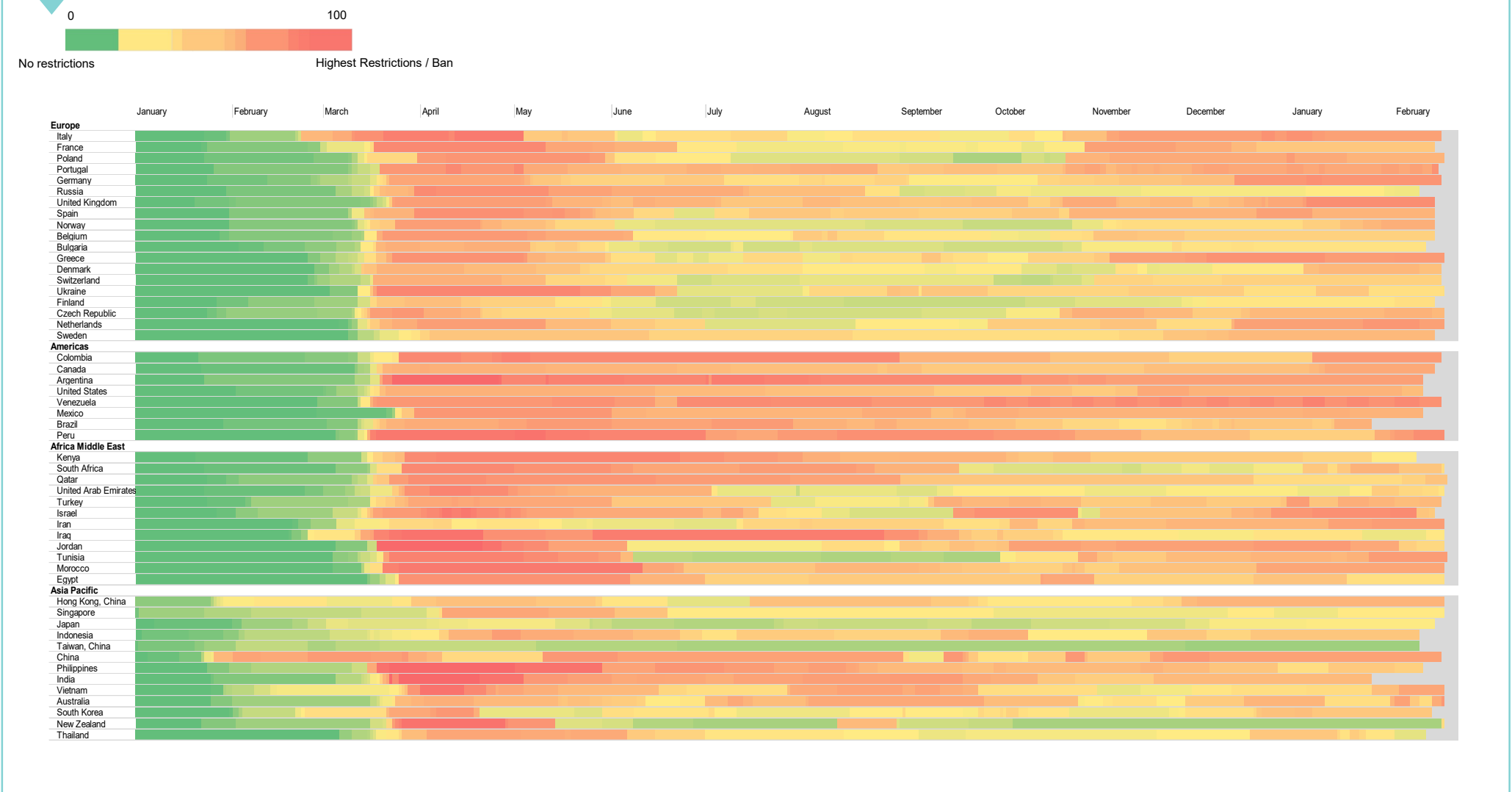
Economic Dashboard

18 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

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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	2,751,657	94,540			79						
France	3,495,775	82,705			64						
Poland	1,605,372	41,308			71						
Portugal	790,885	15,649			84						
Germany	2,362,364	66,732			83						
Russia	4,066,164	80,118			46						
United Kingdom	4,071,185	118,933			86						
Spain	3,107,172	66,316			71						
Norway	67,498	607			73						
Belgium	743,882	21,793			60						
Bulgaria	233,342	9,744			54						
Greece	174,659	6,194			81						
Denmark	205,597	2,316			67						
Switzerland	545,535	9,849			60						
Ukraine	1,326,891	26,017			55						
Finland	51,595	723			55						
Czech Republic	1,112,322	18,596			69						
Netherlands	1,038,156	15,017			79						
Sweden	622,102	12,569			69						
Americas											
Colombia	2,207,701	58,134			81						
Canada	839,155	21,439			75						
Argentina	2,039,124	50,616			79						
United States	27,825,043	490,447			68						
Venezuela	134,319	1,297			84						
Mexico	2,013,563	177,061			72						
Brazil	9,978,747	242,090			73						
Peru	1,244,729	44,056			86						
Africa Middle East											
Kenya	103,332	1,801			51						
South Africa	1,496,439	48,478			56						
Qatar	158,591	256			66						
United Arab Emirates	358,583	1,055			53						
Turkey	2,609,359	27,738			69						
Israel	738,629	5,473			63						
Iran	1,542,076	59,184			80						
Iraq	653,557	13,204			52						
Jordan	355,106	4,503			57						
Tunisia	225,116	7,851			81						
Morocco	479,579	8,517			77						
Egypt	175,677	10,150			55						
Asia Pacific											
Hong Kong, China	10,812	197			71						
Singapore	59,821	29			51						
Japan	419,896	7,218			50						
Indonesia	1,243,646	33,789			64						
South Korea	85,567	1,544			64						
China	99,806	4,836			78						
Philippines	553,424	11,577			61						
India	10,950,201	156,014			69						
Vietnam	2,329	35			77						
Australia	28,912	909			82						
New Zealand	2,344	26			56						
Thailand	24,961	82			42						
Malaysia	272,163	1,005			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 closure	Some level of schooling required to close	2
Required closure for all sectors	Required closure for 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

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