

Summary

- **Equities:** In Europe, the DAX (-1.6%), STOXX 600 (-1.2%) and CAC 40 (-0.5%) are down, while the FTSE 250 is up +0.8% this morning. In Asia, the CSI 300 and KOSPI both closed -0.3% down, while the Hang Seng (+1.0%) and S&P / ASX 200 (+0.9%) were higher on close. In the US, futures for the S&P 500 are -0.5% this morning.
- **VIX:** After increasing +6% over Monday, the CBOE market volatility index has added a further +7.6% this morning to 25.2, above its long term average (LTA) of 19.9. Meanwhile, the Euro Stoxx 50 volatility index is closed.
- **Bonds:** the UK 10-year gilt yield and German 10-year bund yield have both softened +4bps to 0.72% and -0.31%, while the US 10-year treasury yield has held steady at 1.37%. The US treasury yield and UK gilt yield remain at their highest levels since February and March 2020, respectively.
- **Currency:** Sterling and the euro are currently \$1.40 and \$1.21, respectively. Hedging benefits for US dollar denominated investors into the UK have returned to normal levels, currently at 0.49% per annum on a five-year basis, following yesterdays dip to 29%. Hedging benefits into the Eurozone on a five-year basis remain high, currently at 1.49%.
- **Oil:** The West Texas Intermediate (WTI) has increased back above \$60 per barrel this morning, up +1.1% to \$62.16, while Brent Crude has decreased -0.7% to \$64.80.
- **Copper:** Copper, an important industrial metal, surpassed \$9,000 a tonne for the first time since 2011 on Monday, driven by increased demand following the Lunar New Year and a supply deficit. Year to date, the metal is up +15%.
- **UK Unemployment:** Unemployment reached 5.1% in the three months to December, an increase of +0.4% compared to the previous quarter and in line with expectations. The employment rate was 75%, -1.5% lower than the year prior, with circa 541k less people in employment.
- **England Lockdown:** Boris Johnson has outlined a phased roadmap out of Lockdown, which will see measures start to ease on a data conditional basis, in staggered phases from 8th March to 21st June. All eligible adults are to be offered their first vaccination by 31st July 2021.

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Economic Dashboard

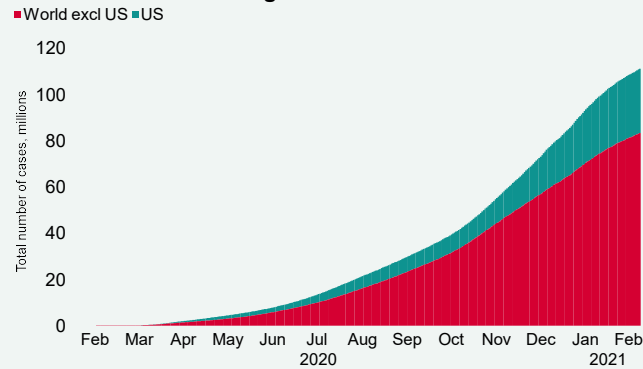


23 February 2021

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COVID - 19

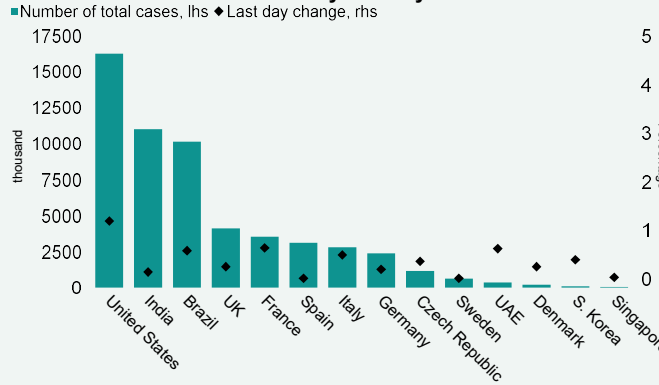
Cumulative number of global cases



Source: Knight Frank, Macrobond. Last modified: 22 February 2021 11:11 GMT.

The number of total confirmed cases reached 111.1 million on the 22 February, an increase of 338k new cases over the day prior.

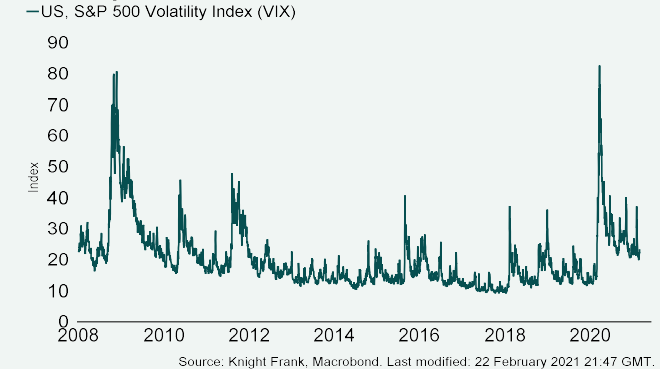
Cumulative number of cases by country



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

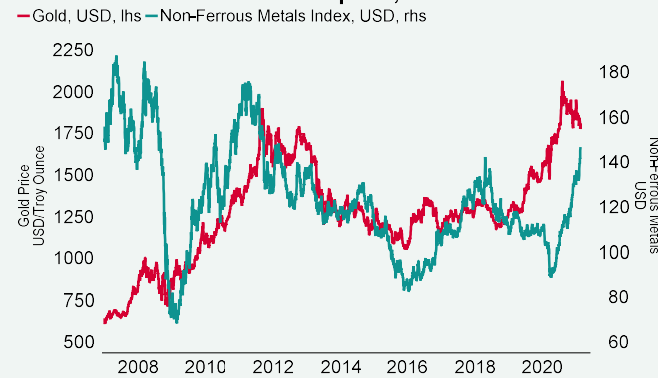


Source: Knight Frank, Macrobond. Last modified: 22 February 2021 21:47 GMT.

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

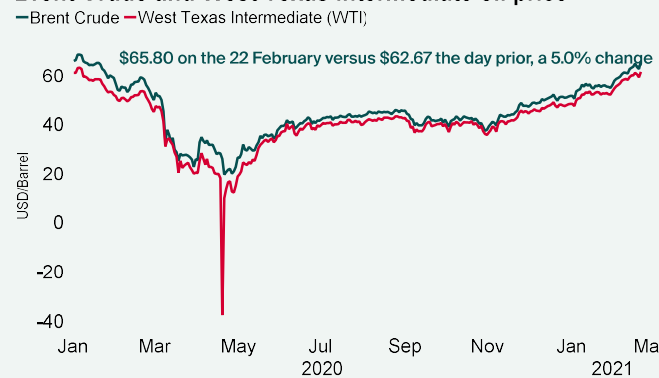
Gold and non-ferrous metals price, USD



Source: Knight Frank, Macrobond. Last modified: 22 February 2021 23:00 GMT.

	22 Feb	D/D (%)	YTD (%)
Gold, USD	1808	1.9	-4.7
Non-Ferrous Metals, USD	147	3.2	13.0

Brent Crude and West Texas Intermediate oil price



Source: Knight Frank, Macrobond. Last modified: 22 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: 22 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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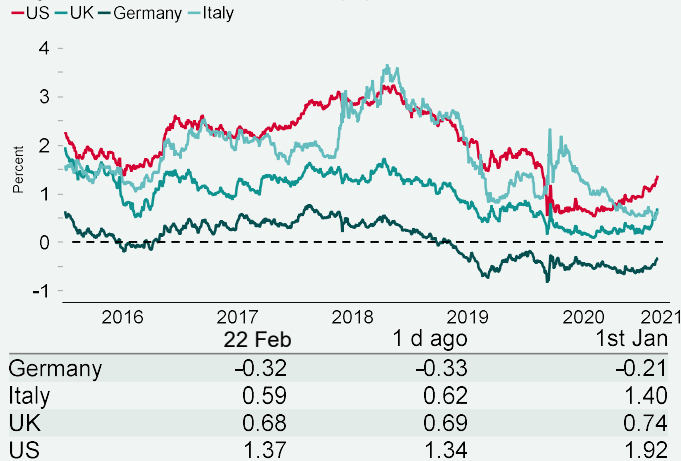


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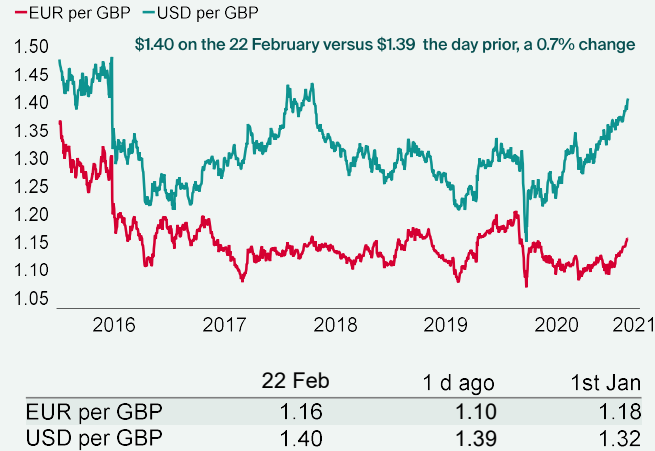
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Bonds and currencies

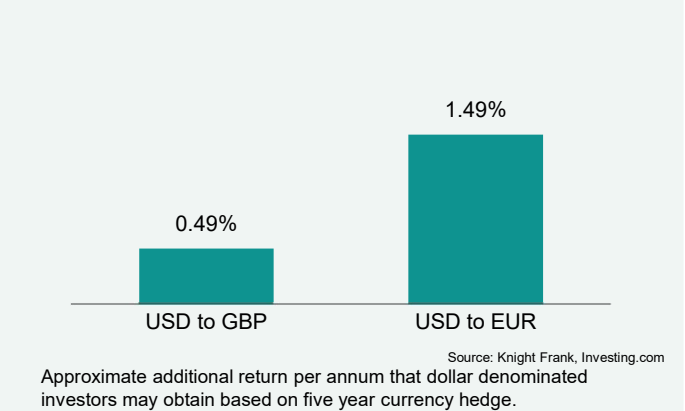
10y Government Bond Yield (%)



FX Spot Rates

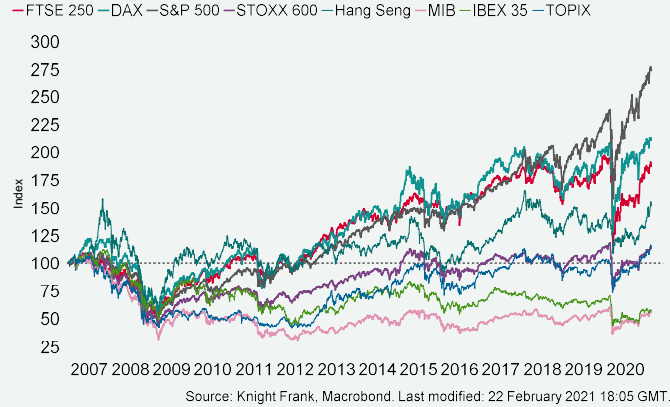


Currency hedging benefit p.a. based on a five year forward

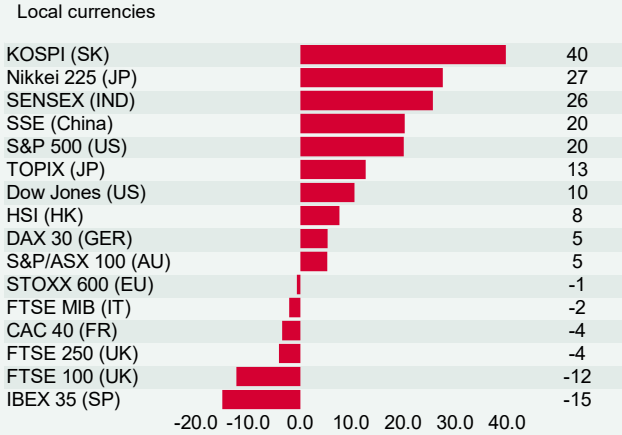


Equity and REIT

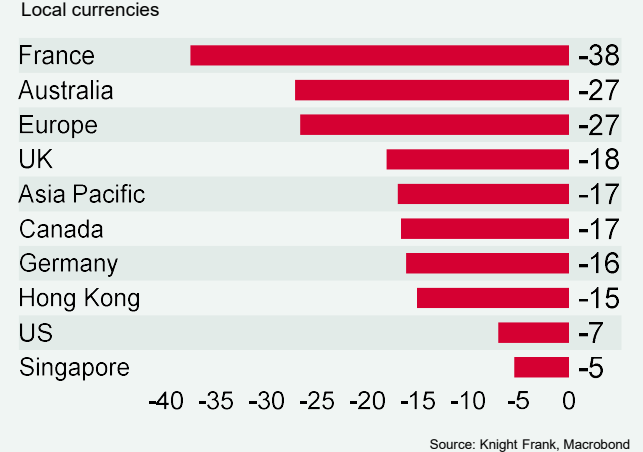
Equity performance: since previous cycle (1st Jan 2007 = 100)



Equity performance: since 1st Jan 2020 (%)



REIT performance: since 1st Jan 2020 (%)



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

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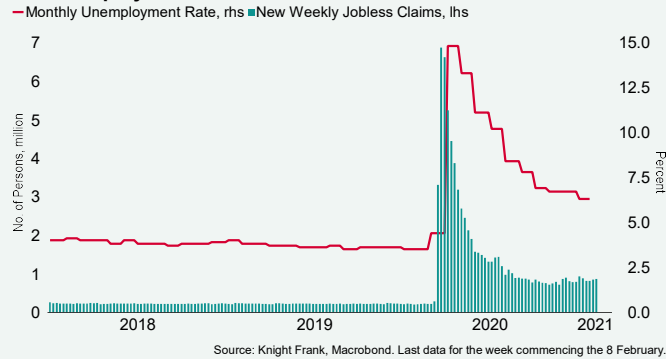


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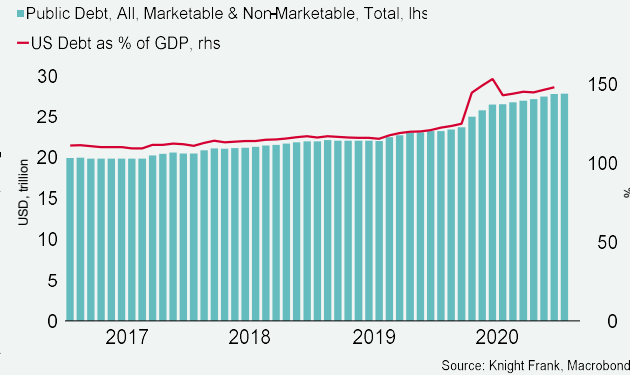
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US unemployment

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	271 bn	7.0%	140.0%
Canada	441 bn	3.0%	389.7%
Euro Area	8.58 tn	0.4%	68.0%
France	2.1 tn	-1.5%	69.1%
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	1.07 tn	3.9%	85.1%
United States	7.56 tn	2.4%	81.0%
Developing Economies			
Brazil	455 bn	-1.1%	-7.1%
China	6.02 tn	1.4%	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	112 bn	1.6%	0.6%

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Economic Dashboard

23 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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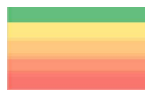
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Overview of the severity of Covid-19 and the resulting containment measures



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
Required closure of some sectors	Some level of 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

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