

Summary

- **Equities:** In Europe, stocks are higher, with gains recorded by the FTSE 250 (+1.1%), DAX (+0.7%), STOXX 600 (+0.5%) and CAC 40 (+0.2%) this morning. Meanwhile in Asia, the Hang Seng (-3.0%), CSI 300 (-2.5%), KOSPI (-2.4%), TOPIX (-1.8%) and S&P / ASX 200 (-0.9%) were all lower on close. In the US, futures for the S&P 500 are +0.1% this morning.
- **VIX:** After decreasing -1% over Tuesday, the CBOE market volatility index is broadly flat this morning at 23.1, remaining above its long term average (LTA) of 19.9. Meanwhile, the Euro Stoxx 50 volatility index is lower, down -1.3% to 21.8, below its LTA of 23.9.
- **Bonds:** the UK 10-year gilt yield has softened +4bps to 0.75%, while the US 10-year treasury yield is up +2bps to 1.37% and the German 10-year bund yield has held steady at -0.32%. The US treasury yield, UK gilt yield and German bund remain at their highest levels since February, March and June 2020, respectively.
- **Currency:** Sterling and the euro have appreciated to \$1.41 and \$1.22, the highest they have been since January 2018 and April 2018, respectively. Hedging benefits for US dollar denominated investors into the UK and the eurozone are at 0.46% and 1.46% per annum on a five-year basis.
- **Oil:** The West Texas Intermediate (WTI) remains above \$60 per barrel this morning after increasing +0.5% to \$61.95, while Brent Crude has decreased -0.8% to \$64.88.
- **Baltic Dry:** The Baltic Dry increased for the second consecutive session on Tuesday, up +1.1% to 1727. The index is currently -7% below the four-month high seen in mid January 2021. Prices have been pushed upwards by supramax rates, which increased to their highest level since records began in April 2017, according to Refinitiv.
- **German Economy:** Strong exports and robust construction activity helped the German economy to increase by +0.3% in Q4 2020, higher than previous estimates of +0.1%. Full year GDP was also revised from -5.0% to -4.9% for 2020. The German budget deficit reached €139.6 billion or 4.2% of GDP in 2020, marking the country's first deficit since 2011 and the second-highest since German reunification.

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Economic Dashboard

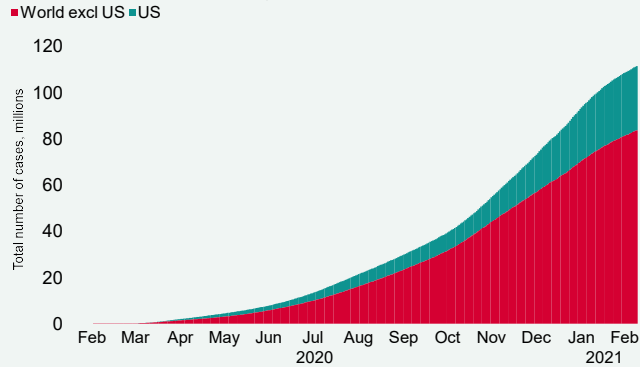


24 February 2021

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COVID - 19

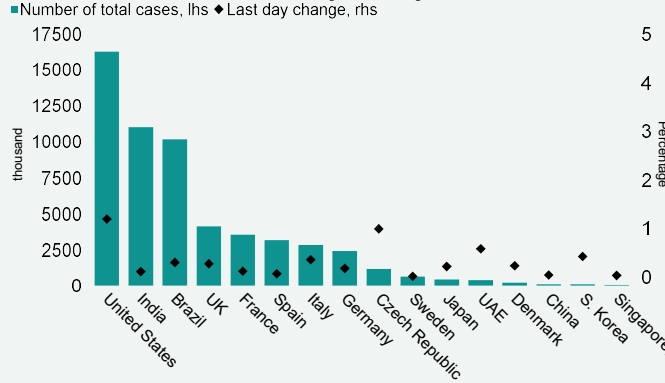
Cumulative number of global cases



Source: Knight Frank, Macrobond. Last modified: 23 February 2021 10:11 GMT.

The number of total confirmed cases reached 111.4 million on the 23 February, an increase of 281k new cases over the day prior.

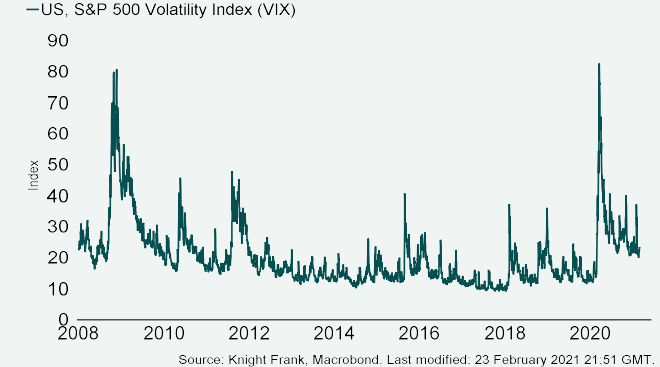
Cumulative number of cases by country



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

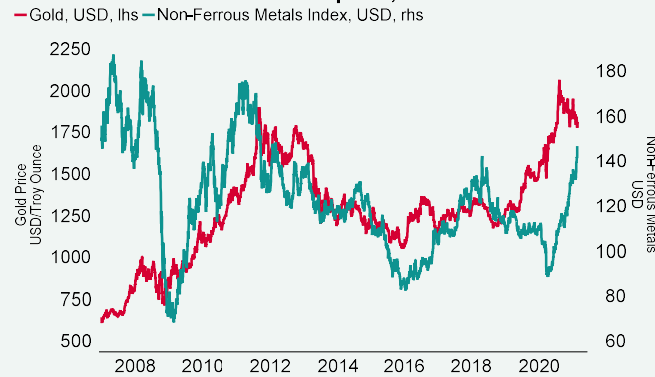


Source: Knight Frank, Macrobond. Last modified: 23 February 2021 21:51 GMT.

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

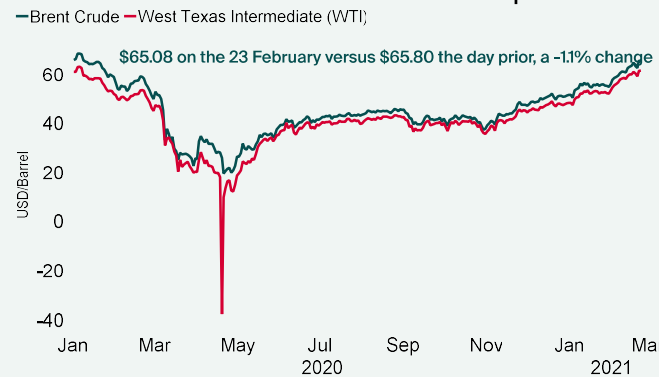
Gold and non-ferrous metals price, USD



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

	23 Feb	D/D (%)	YTD (%)
Gold, USD	1805	1.2	-4.8
Non-Ferrous Metals, USD	147	3.2	13.0

Brent Crude and West Texas Intermediate oil price



Source: Knight Frank, Macrobond. Last modified: 23 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: 23 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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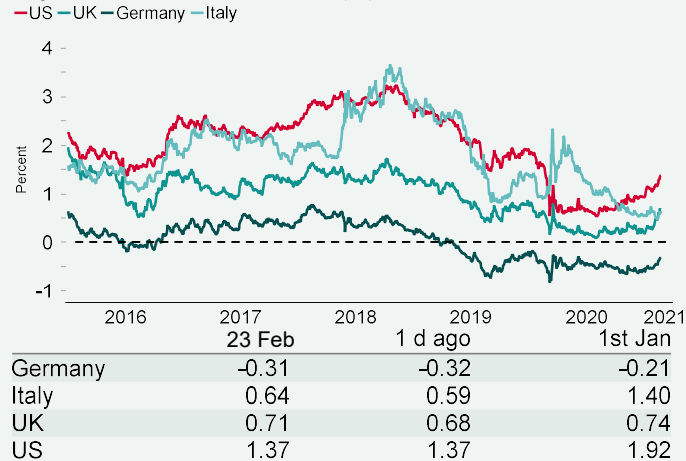


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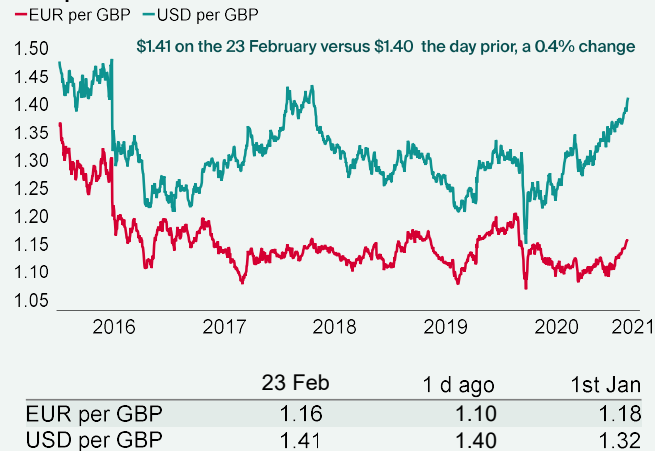
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Bonds and currencies

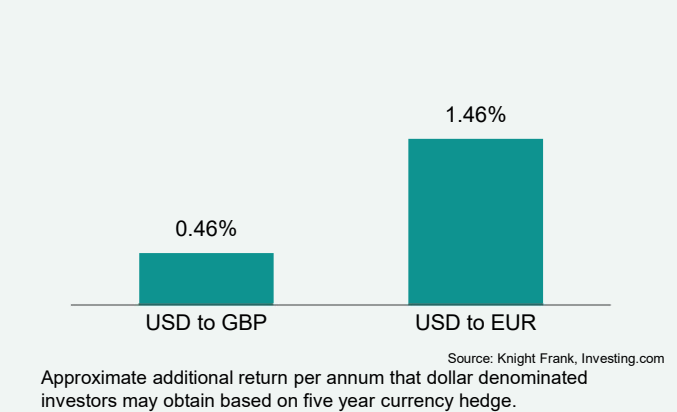
10y Government Bond Yield (%)



FX Spot Rates



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

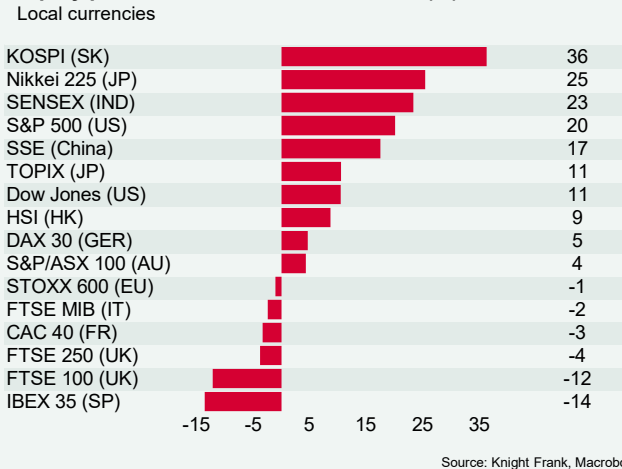


Equity and REIT

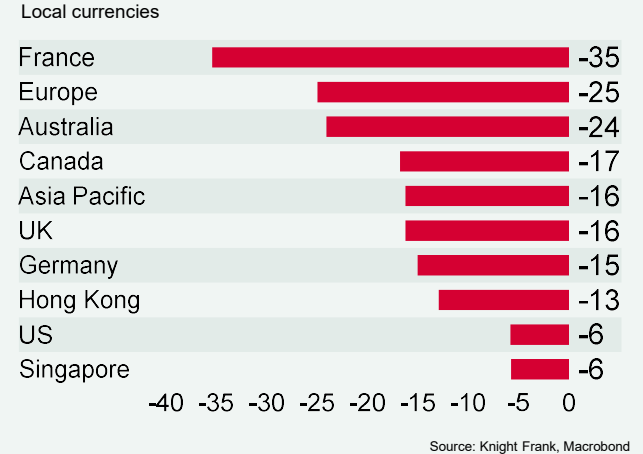
Equity performance: since previous cycle (1st Jan 2007 = 100)



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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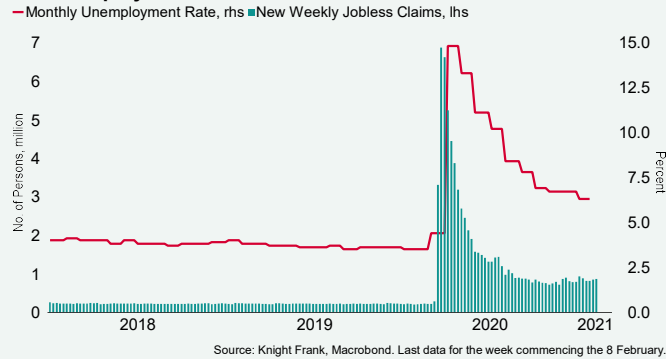


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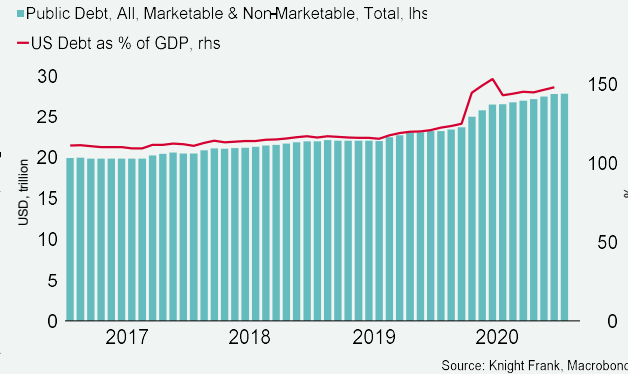
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US unemployment

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	8.61 tn	1.0%	69.4%
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	6.74 tn	-0.4%	30.0%
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	111 bn	0.4%	-0.4%

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Economic Dashboard

24 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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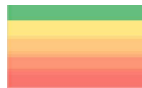
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Overview of the severity of Covid-19 and the resulting containment measures

Confirmed Cases	Confirmed Deaths	Lockdown Index	Internal Movement	Public Events	Public Transport	Workplace	Schools	International Travel
Europe								
Italy	2,832,162	96,348	82					
France	3,608,271	84,610	64					
Poland	1,648,962	42,436	71					
Portugal	799,106	16,086	75					
Germany	2,405,263	68,785	83					
Russia	4,142,126	82,666	46					
United Kingdom	4,134,639	121,305	86					
Spain	3,161,432	68,079	71					
Norway	69,148	608	73					
Belgium	757,696	21,956	60					
Bulgaria	240,391	9,978	54					
Greece	182,783	6,343	79					
Denmark	208,556	2,343	67					
Switzerland	551,355	9,930	60					
Ukraine	1,358,871	26,690	55					
Finland	54,532	734	52					
Czech Republic	1,168,481	19,537	69					
Netherlands	1,064,598	15,343	79					
Sweden	642,099	12,713	69					
Americas								
Colombia	2,233,589	59,118	81					
Canada	857,403	21,761	75					
Argentina	2,077,228	51,510	68					
United States	28,259,987	502,594	68					
Venezuela	136,986	1,325	88					
Mexico	2,052,266	181,809	57					
Brazil	10,257,875	248,529	73					
Peru	1,286,757	45,263	86					
Africa Middle East								
Kenya	104,500	1,837	51					
South Africa	1,505,586	49,413	48					
Qatar	161,344	257	66					
United Arab Emirates	375,535	1,145	56					
Turkey	2,655,833	28,213	72					
Israel	759,572	5,834	57					
Iran	1,590,605	59,663	80					
Iraq	675,982	13,311	64					
Jordan	372,417	4,589	57					
Tunisia	229,781	7,843	81					
Morocco	481,709	8,574	77					
Egypt	179,407	10,443	55					
Asia Pacific								
Hong Kong, China	10,896	197	71					
Singapore	59,883	29	51					
Japan	426,828	7,595	50					
Indonesia	1,298,608	35,014	65					
South Korea	88,120	1,576	60					
China	89,863	4,636	60					
Philippines	564,865	12,107	63					
India	11,030,176	156,567	58					
Vietnam	2,403	35	77					
Australia	28,939	909	53					
New Zealand	2,365	26	56					
Thailand	25,692	83	42					
Malaysia	288,229	1,076	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
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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