

Economic Dashboard

8 January 2021



Internal and key client use only

Summary

- **COVID-19 Vaccine:** The Moderna vaccine is the third to be approved for rollout in the UK.
- **Equities:** Globally, stocks are up. In Europe, gains have been recorded this morning by the FTSE 250 (+0.8%), DAX (+0.7%), STOXX 600 (+0.5%) and CAC 40 (+0.3%). In Asia, the Kospi has recorded year to date gains of +10% after closing +4.0% yesterday. The Topix (+1.6%), Hang Seng (+1.2%) and S&P / ASX 200 (+0.7%) also closed higher. However, the CSI 300 was down -0.3% on close. In the US, S&P 500 futures are +0.2%.
- **VIX:** Following a -5.7% decline over yesterday, the CBOE market volatility index has increased +0.5% this morning to 22.5, which remains above the long term average (LTA) of 19.5. However, the Euro Stoxx 50 volatility index has declined this morning, down -1.0% to 20.8, below its LTA of 23.9.
- **Bonds:** The German 10-year bund yield has softened +2bps to -0.53%, while the UK 10-year gilt yield compressed -1bp to 0.28%. The US 10-year treasury yield has held flat at 1.08%, the highest it has been since 19th March 2020.
- **Currency:** The euro has depreciated to \$1.22, while sterling is currently \$1.36. Hedging benefits for US dollar denominated investors into the UK and the eurozone are 0.62% and 1.40% per annum on a five-year basis.
- **Oil:** Brent Crude and the West Texas Intermediate (WTI) have increased +0.8% and +0.7% to \$54.83 and \$51.16 per barrel, respectively. The latest Baker Hughes rig count found there were 351 active oil rigs in the US as at 30th December 2020, compared to 796 one year ago. Internationally, the number of active oil rigs in November stood at 669, compared to 656 one month prior.
- **Baltic Dry:** The Baltic Dry increased for the seventh consecutive session on Thursday, up +1.6% to 1,448, the highest it has been since 19th October. The main driver of this growth were panamax rates, which increased +2.8% to their highest level in four months and capesize rates which added +1.7% yesterday. Over the first week of the year, the Baltic Dry index has gained +6%.
- **US Unemployment:** There were 787k new unemployment applications in the week to 2nd January, below market expectations of 880k and lower than the previous week's reading of 790k.

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Economic Dashboard

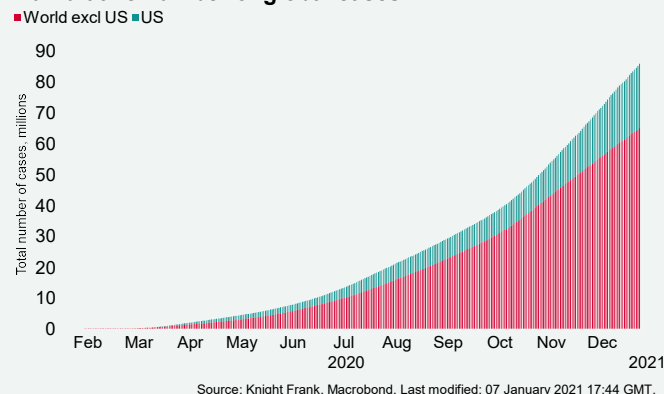
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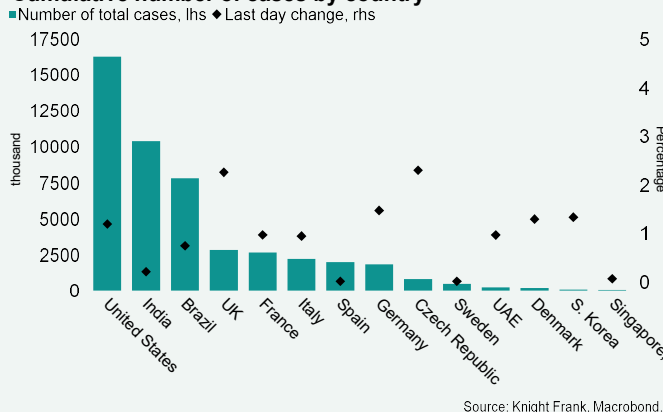
COVID-19

Cumulative number of global cases



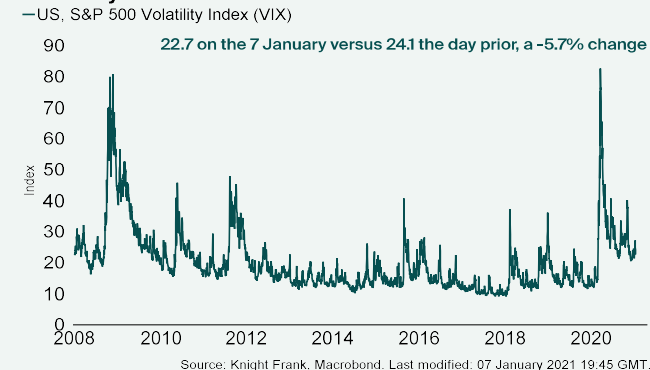
The number of total confirmed cases reached 85.9 million on the 7 January, an increase of 736k new cases over the day prior.

Cumulative number of cases by country



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

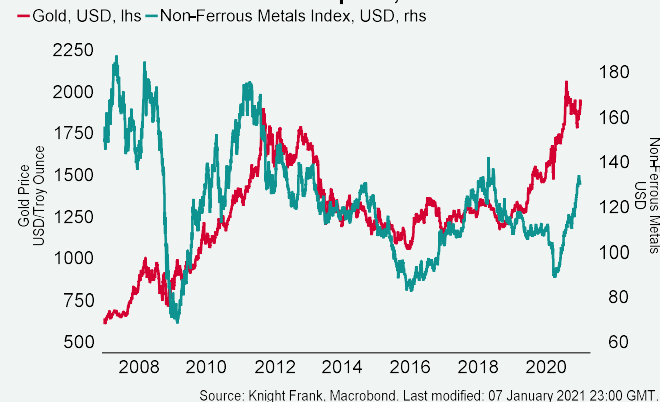
Volatility Index



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.

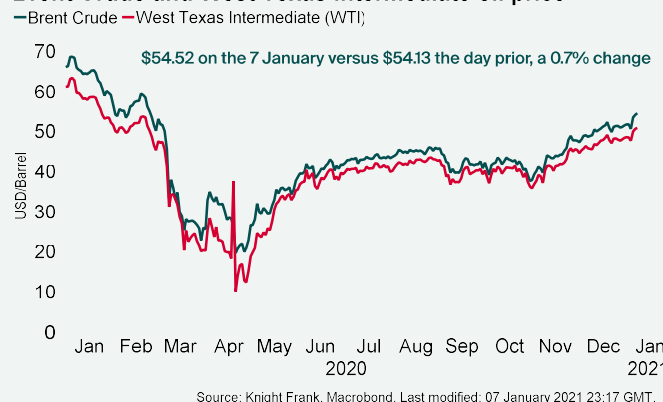
Commodities

Gold and non-ferrous metals price, USD



	07 Jan	D/D (%)	YTD (%)
Gold, USD	1915	-1.8	1.0
Non-Ferrous Metals, USD	130	-1.2	0.0

Brent Crude and West Texas Intermediate oil price



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)



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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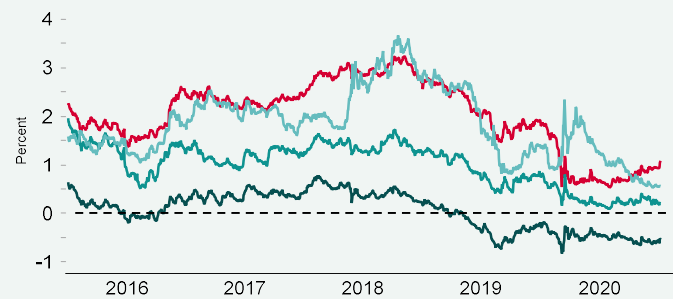


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Bonds and currencies

10y Government Bond Yield (%)

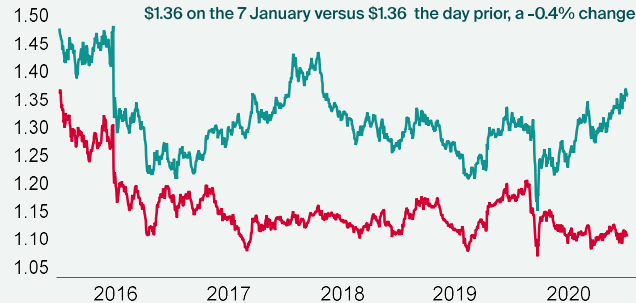
—US —UK —Germany —Italy



	07 Jan	1 d ago	1st Jan
Germany	-0.54	-0.51	-0.21
Italy	0.56	0.57	1.40
UK	0.29	0.24	0.74
US	1.08	1.04	1.92

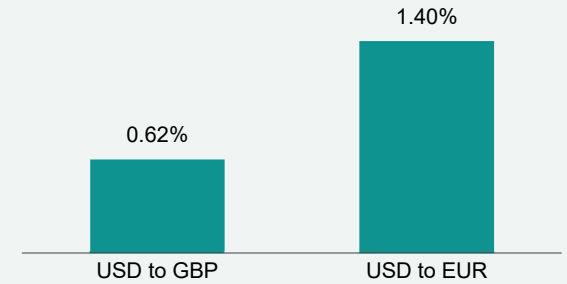
FX Spot Rates

—EUR per GBP —USD per GBP



	07 Jan	1 d ago	1st Jan
EUR per GBP	1.10	1.10	1.18
USD per GBP	1.36	1.36	1.32

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

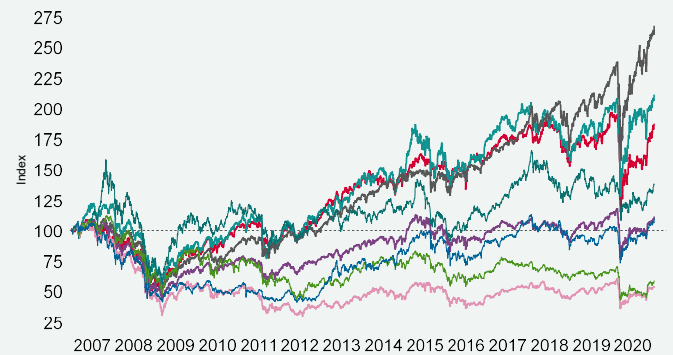


Source: Knight Frank, Investing.com
Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.

Equity and REIT

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

—FTSE 250 —DAX —S&P 500 —STOXX 600 —Hang Seng —MIB —IBEX 35 —TOPIX

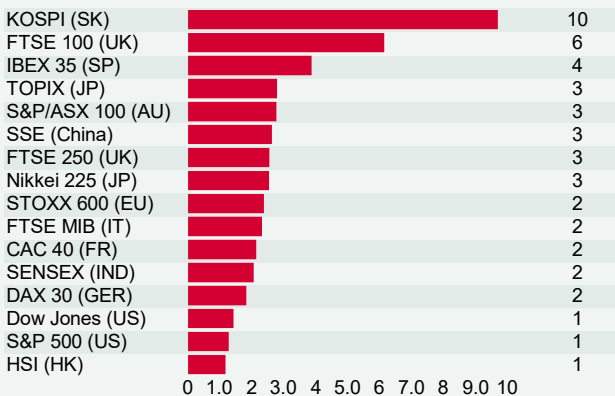


Source: Knight Frank, Macrobond. Last modified: 07 January 2021 18:08 GMT.

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

Equity performance: YTD (%)

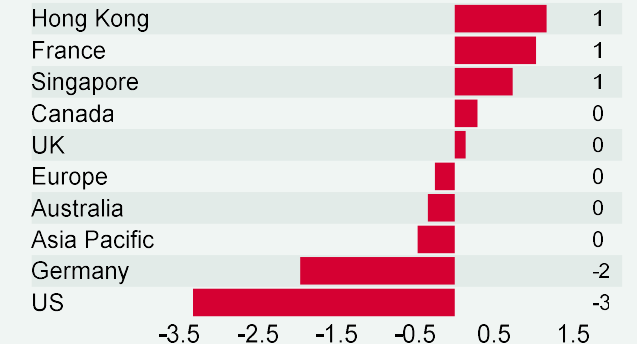
Local currencies



Source: Knight Frank, Macrobond

REIT performance: YTD (%)

Local currencies



Source: Knight Frank, Macrobond

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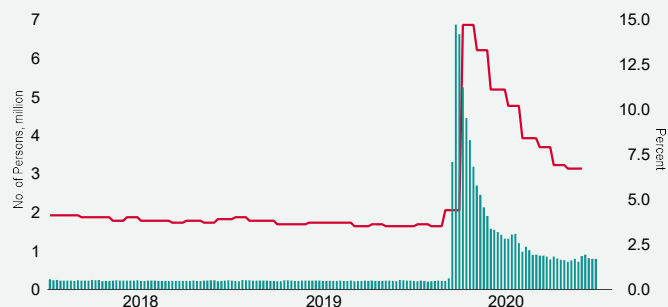


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US unemployment

US Unemployment

— Monthly Unemployment Rate, rhs — New Weekly Jobless Claims, lhs



Source: Knight Frank, Macrobond. Last data for the week commencing the 28 December.

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

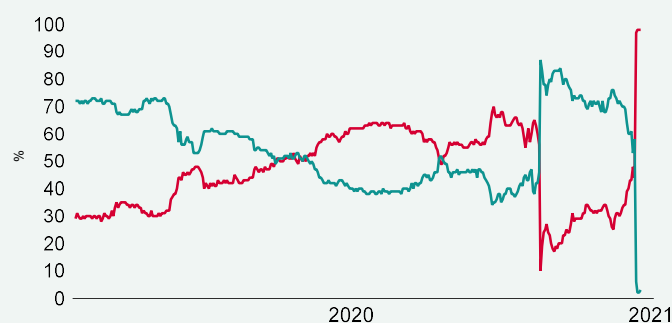
Monetary policy

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	4.25%	7.25%	0 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

Probability of Democrats and Republicans Controlling the Senate After 2020 (%)

— Democratic — Republican



Source: Knight Frank, PredictIt, Macrobond

	8 Jan	1 week ago	1 month ago
Democratic	98%	40%	32%
Republican	3%	60%	70%

Central Bank Assets Purchasing Programme

	Lastest (\$)	MoM (%)	YoY (%)
Advanced Economies			
Australia	251 bn	9.0%	113.3%
Canada	411 bn	4.3%	365.4%
Euro Area	8.54 tn	3.0%	63.6%
France	2.01 tn	1.0%	64.0%
Germany	3.1 tn	5.9%	59.3%
Italy	1.59 tn	1.6%	43.1%
Sweden	160 bn	1.6%	62.6%
Japan	6.81 tn	0.6%	29.1%
United Kingdom	1.02 tn	3.3%	73.1%
United States	7.33 tn	1.4%	76.5%
Developing Economies			
Brazil	480 bn	-3.1%	-1.8%
China	5.81 tn	4.9%	12.5%
India	393 bn	1.8%	39.0%
Mexico	233 bn	4.6%	11.0%
Russia	669 bn	-1.5%	0.0%
Saudi Arabia	496 bn	2.1%	-3.2%
South Korea	471 bn	1.4%	12.2%
Turkey	112 bn	7.0%	4.9%

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

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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		2,220,361	77,291	88						
France		2,701,215	66,197	64						
Poland		1,356,882	30,241	71						
Portugal		456,533	7,472	68						
Germany		1,886,561	38,987	85						
Russia		3,297,833	59,628	48						
United Kingdom		2,889,419	78,508	71						
Spain		2,024,904	51,675	71						
Norway		53,792	467	65						
Belgium		658,655	19,936	62						
Bulgaria		207,259	8,017	57						
Greece		142,777	5,146	84						
Denmark		176,837	1,487	52						
Switzerland		474,764	8,178	60						
Ukraine		1,133,802	20,334	62						
Finland		37,772	584	50						
Czech Republic		794,740	12,621	69						
Netherlands		850,790	12,084	84						
Sweden		482,284	9,262	71						
Americas										
Colombia		1,737,347	45,067	60						
Canada		639,693	16,595	64						
Argentina		1,690,006	44,122	79						
United States		21,574,043	365,208	72						
Venezuela		115,322	1,052	84						
Mexico		1,493,569	131,031	72						
Brazil		7,961,673	200,498	52						
Peru		1,022,018	37,925	61						
Africa Middle East										
Kenya		97,733	1,702	59						
South Africa		1,170,590	31,809	50						
Qatar		145,271	245	56						
United Arab Emirates		221,754	694	49						
Turkey		2,296,102	22,264	80						
Israel		471,048	3,552	77						
Iran		1,268,263	55,933	71						
Iraq		600,755	12,869	54						
Jordan		304,071	3,968	81						
Tunisia		152,254	5,052	69						
Morocco		448,678	7,845	81						
Egypt		146,809	8,029	66						
Asia Pacific										
Hong Kong, China		9,107	154	71						
Singapore		58,813	29	56						
Japan		267,084	3,674	52						
Indonesia		797,723	23,520	64						
South Korea		67,358	1,081	62						
China		87,331	4,834	78						
Philippines		482,083	9,356	55						
India		10,413,417	150,570	69						
Vietnam		1,509	35	55						
Australia		28,571	909	65						
New Zealand		2,188	25	22						
Thailand		9,841	67	64						
Malaysia		128,465	521	67						
Lockdown Index key & Scale										
No Restrictions: 0 – 25										
Recommended Restrictions: 26 – 50										
Enforced Restrictions: 51 – 75										
Highest Restrictions / Ban: 76 – 100										
Internal movements										
No measure										
Recommended										
Restriction										
Public events										
No Measure										
Recommended										
Required										
Public transport										
No measure										
Recommended										
Required										
Value										
0										
1										
2										
Workplace										
No measure										
Recommended										
Some level of										
Required closure of										
some sectors										
Required closure for all										
but essential work										
Schools										
No measure										
Recommended										
Some level of										
schooling required to										
close										
All schools required to										
close										
Value										
0										
1										
2										
3										
International travel										
No measure										
Screening										
Quarantine arrivals from										
high risk regions										
Ban on high risk regions										
Total border closure										
Value										
0										
1										
2										
3										
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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