

# Economic Dashboard

12 January 2021



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## Summary

- **Equities:** In Europe, stocks are mixed this morning, with the STOXX 600 +0.1% higher, the FTSE 250 down -0.2%, while the DAX and CAC 40 are both flat. In Asia, the CSI 300 (+2.9%) and the Hang Seng (+1.3%) both closed higher, while the Kospi (-0.7%) and the S&P / ASX 200 (-0.3%) were lower on close. In the US, S&P 500 futures are up +0.3%.
- **VIX:** Following a +10.8% increase over Monday, the CBOE market volatility index has decreased -3.5% this morning to 23.2, which remains above the long term average (LTA) of 19.5. The Euro Stoxx 50 volatility index has also decreased this morning, down -2.8% to 21.4, below its LTA of 23.9.
- **Bonds:** The UK 10-year gilt yield has softened +3bps to 0.34%, while both the US 10-year treasury yield and the German 10-year bund yield have increased +2bps to 1.16% and -0.48%, respectively. The US 10-year treasury yield is now at its highest level since 19<sup>th</sup> March 2020.
- **Currency:** Sterling has appreciated to \$1.36, while the euro is currently \$1.22. Hedging benefits for US dollar denominated investors into the UK and the eurozone are 0.69% and 1.43% per annum on a five-year basis.
- **Oil:** Brent Crude and the West Texas Intermediate (WTI) have increased +1.5% and +1.3% to \$56.47 and \$52.94 per barrel, respectively. Both Brent Crude and the WTI are currently at their highest levels since February 2020.
- **Baltic Dry:** The Baltic Dry increased for the ninth consecutive session on Monday, up +9.7% to 1,761, the highest it has been since 12<sup>th</sup> October. The main driver of this growth are capsize rates, which increased +16% yesterday and are now also at their highest since mid October.
- **Gold:** The price of gold decreased for the fourth consecutive session on Monday, down -0.1% to \$1,847.

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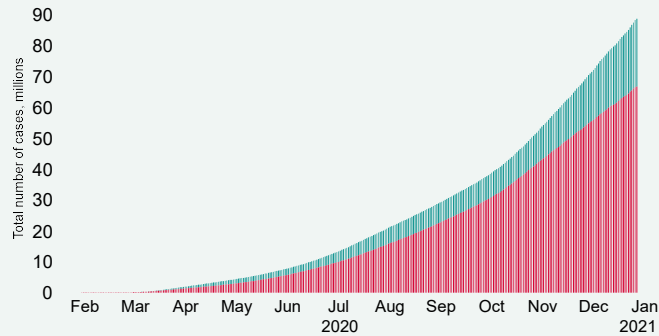


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## COVID-19

### Cumulative number of global cases

■ World excl US ■ US

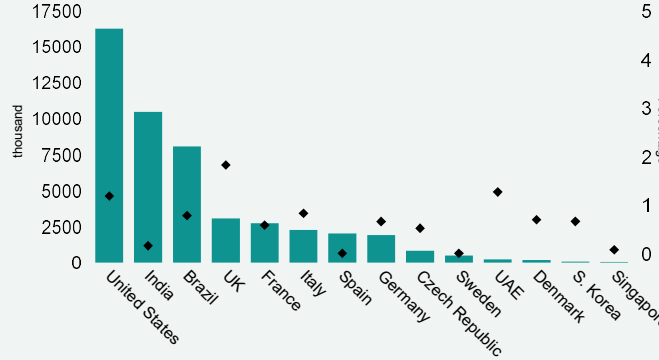


Source: Knight Frank, Macrobond. Last modified: 11 January 2021 11:21 GMT.

The number of total confirmed cases reached 88.8 million on the 11 January, an increase of 445k new cases over the day prior.

### Cumulative number of cases by country

■ Number of total cases, lhs ◆ Last day change, rhs

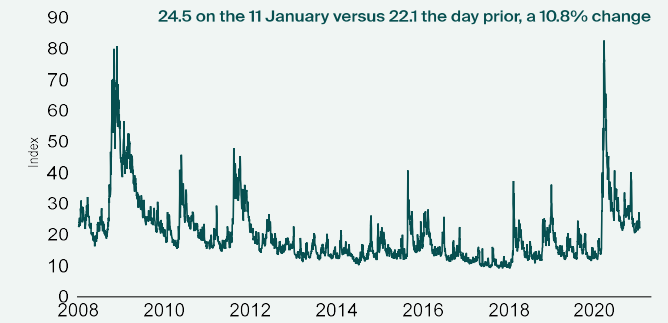


Source: Knight Frank, Macrobond.

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

—US, S&P 500 Volatility Index (VIX)



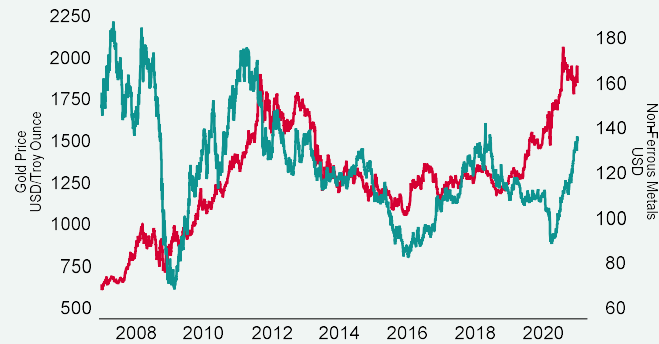
Source: Knight Frank, Macrobond. Last modified: 11 January 2021 19:46 GMT.

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

—Gold, USD, lhs —Non-Ferrous Metals Index, USD, rhs

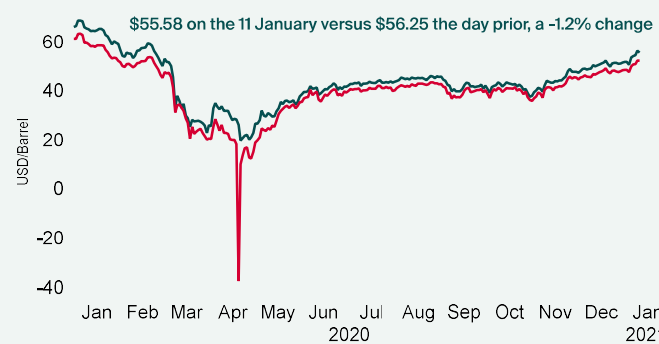


Source: Knight Frank, Macrobond. Last modified: 11 January 2021 23:00 GMT.

	11 Jan	D/D (%)	YTD (%)
Gold, USD	1847	-3.5	-2.6
Non-Ferrous Metals, USD	135	-0.7	4.2

### Brent Crude and West Texas Intermediate oil price

—Brent Crude —West Texas Intermediate (WTI)

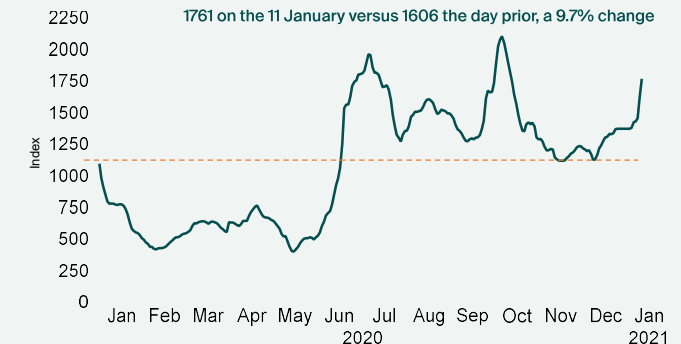


Source: Knight Frank, Macrobond. Last modified: 12 January 2021 00:30 GMT.

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)

—World, Baltic Exchange, Shipping, Dry Index (BDI), USD



Source: Knight Frank, Macrobond. Last modified: 11 January 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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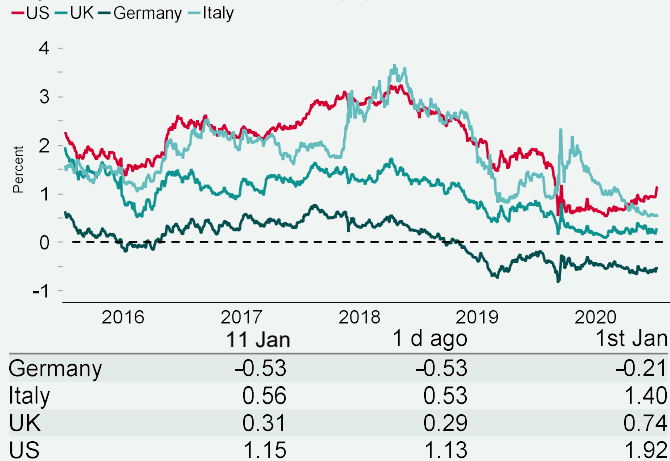
12 January 2021



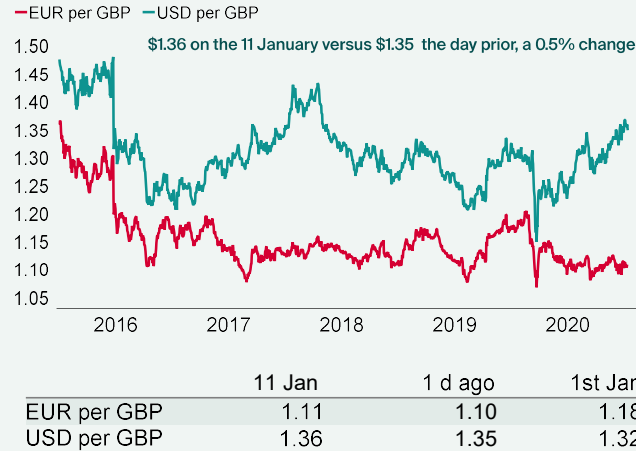
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## Bonds and currencies

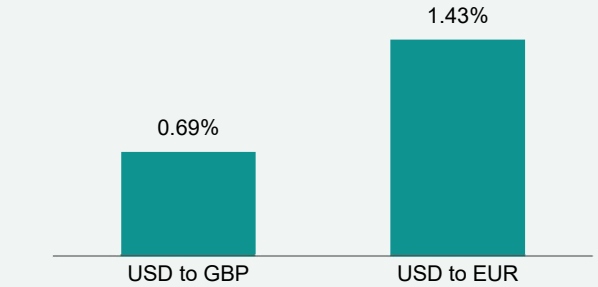
### 10y Government Bond Yield (%)



### FX Spot Rates



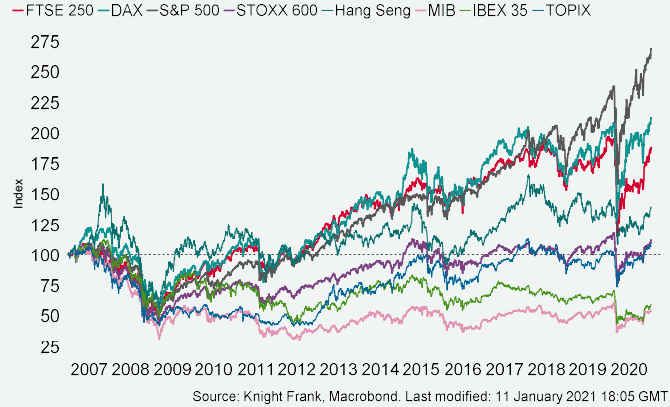
### Currency hedging benefit p.a. based on a five year forward



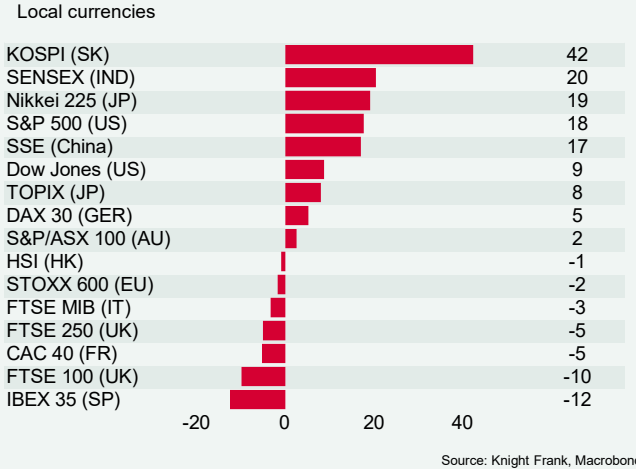
Source: Knight Frank, Investing.com  
Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.

## Equity and REIT

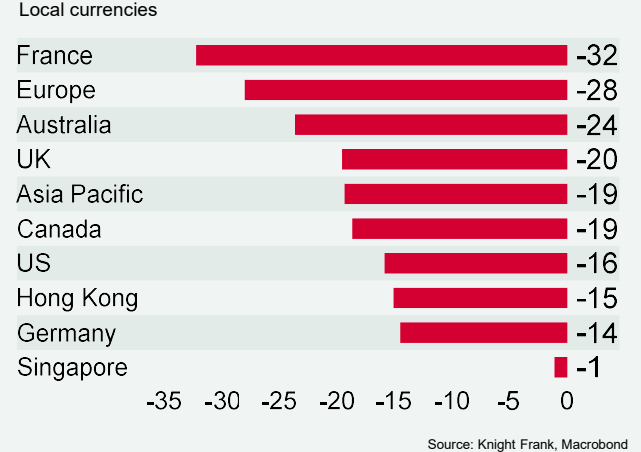
### Equity performance: since previous cycle (1st Jan 2007 = 100)



### 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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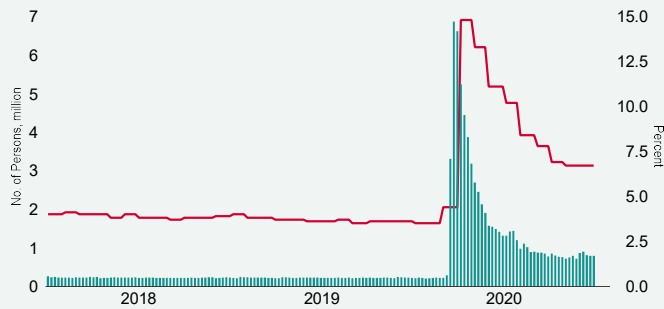


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## US unemployment

### US Unemployment

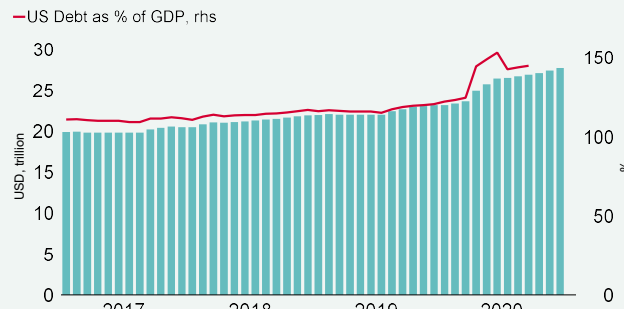
— Monthly Unemployment Rate, rhs ■ New Weekly Jobless Claims, lhs



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

### US Public Debt

■ Public Debt, All, Marketable & Non-Marketable, Total, lhs



Source: Knight Frank, Macrobond

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).

## Monetary policy

### Central Banks Policy Rates

	Current Rate	Rate at 1/1/2020	YTD Change
<b>Advanced Economies</b>			
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
<b>Developing Economies</b>			
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

### Central Bank Assets Purchasing Programme

	Lastest (\$)	MoM (%)	YoY (%)
<b>Advanced Economies</b>			
Australia	252 bn	9.2%	113.9%
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	1.67 tn	4.5%	50.0%
Sweden	158 bn	-2.0%	64.0%
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%
<b>Developing Economies</b>			
Brazil	480 bn	-3.1%	-1.8%
China	5.81 tn	4.9%	12.5%
India	398 bn	0.9%	38.4%
Mexico	231 bn	-1.2%	14.3%
Russia	669 bn	-1.5%	0.0%
Saudi Arabia	496 bn	2.1%	-3.2%
South Korea	471 bn	1.4%	12.2%
Turkey	109 bn	4.6%	-0.5%

## Fiscal policy

### Fiscal measures details

<b>UK</b>	<b>£330bn+</b> : 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.
<b>USA</b>	<b>\$3.0tn</b> : 2 <sup>nd</sup> package passed 23 <sup>rd</sup> April, worth \$483 billion, increasing US stimulus to \$3 trillion (15% GDP).
<b>EU</b>	<b>€1.35tn</b> : This includes €240bn to the European Stability Mechanism, and €200bn in EIB guarantees. On 4 <sup>th</sup> June, the ECB extended the pandemic purchase programme (PEPP) until June 2021, purchasing an additional €600bn in bonds, taking total stimulus to €1.35tn. <b>€750bn</b> : a new recovery package for EU member states announced in July including €390bn in grants and €360 in interest free loans.
<b>Germany</b>	<b>€880bn</b> : The emergency aid measure approved on Monday 23 <sup>rd</sup> 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.
<b>Italy</b>	<b>€400bn</b> : The stimulus announced on the 7 <sup>th</sup> April <b>€25bn</b> : Emergency package to support businesses and families.
<b>France</b>	<b>€100bn</b> : The stimulus announced on the 3 <sup>rd</sup> September <b>€45bn</b> : The aid package for SMEs and other hard-hit sectors announced by the French government on 17 <sup>th</sup> of March. Includes deferred corporate tax, social security charges and two months state payments to laid off workers. <b>€300bn</b> : government backed loans.
<b>Spain</b>	<b>€200bn</b> : 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.
<b>Japan</b>	<b>\$2.2tn</b> : 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.
<b>Hong Kong</b>	<b>HK\$10k</b> for every adult citizen (c.£7bn).

Source: Knight Frank, various sources

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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



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, Poland, 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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