12 January 2021

Summary

**(**night Internal and key client use only

- **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 12th 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.

#### Research

William Matthews Partner, Head of Commercial Research +44 20 3909 6842 william.matthews@knightfrank.com

Daniel Tomaselli Senior Research Analyst, Capital Markets Partner, Capital Markets Research +44 20 8106 1392 victoria ormond@knightfrank.com daniel.tomaselli@knightfrank.com

Victoria Ormond

+44 20 7861 5009

Antonia Haralambous Research Analyst, Capital Markets +44 20 3866 8033 antonia.haralambous@knightfrank.com

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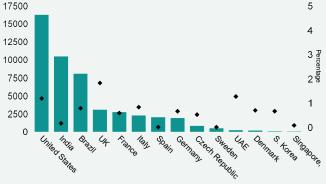
## 12 January 2021

## COVID-19

Cumulative number of global cases World excl US US 90 80 70 60 50 40 30 <sup>₽</sup>20 10 0 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan 2020 2021 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.

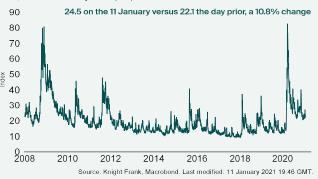
#### Cumulative number of cases by country ■Number of total cases, lhs ◆Last day change, rhs



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)



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, Ihs-Non-Ferrous Metals Index, USD, rhs 2250 180 2000 160 1750 Gold Price USD/Troy Ounce 140 1500 USD 120 D 1250 100 1000 80 750 500 60 2008 2020 2010 2012 2014 2016 2018 Source: Knight Frank, Macrobond, Last modified: 11 January 2021 23:00 GMT. 11 Jan D/D (%) YTD (%) Gold, USD 1847 -3.5 -2.6

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)

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



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.

#### Research

William Matthews Partner, Head of Commercial Research +44 20 3909 6842 william.matthews@knightfrank.com

Non-Ferrous Metals, USD

 Victoria Ormond
 Danie

 Partner, Capital Markets Research
 Senior I

 +44 20 7861 5009
 +44 20

 victoria.ormond@knightfrank.com
 daniel.tt

135

Daniel Tomaselli Senior Research Analyst, Capital Markets +44 20 8106 1392 daniel.tomaselli@knightfrank.com

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Antonia Haralambous Research Analyst, Capital Markets +44 20 3866 8033 antonia.haralambous@knightfrank.com Important Notice © Kright Frank LLP 2020 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in reliant to particular properties or projects. Reproduction of this report, in which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.



## 12 January 2021

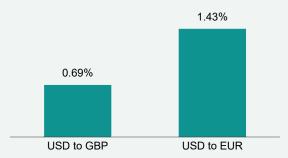
## **Bonds and currencies**



#### FX Spot Rates -EUR per GBP -USD per GBP



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

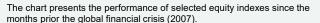


Source: Knight Frank, Investing.com

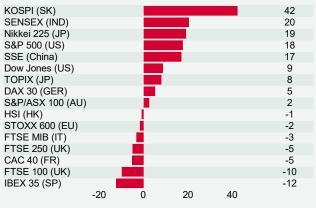
Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.

Equity performance: since previous cycle (1st Jan 2007 = 100) -FTSE 250 -DAX -S&P 500 -STOXX 600 -Hang Seng -MIB -IBEX 35 -TOPIX 275 250 225 200 175 p 150 125 100 75 50 25 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

Source: Knight Frank, Macrobond. Last modified: 11 January 2021 18:05 GMT.



#### Equity performance: since 1<sup>st</sup> Jan 2020 (%) Local currencies



#### REIT performance: since 1<sup>st</sup> Jan 2020 (%) Local currencies

France								-32
Europe								-28
Australia								-24
UK								-20
Asia Pacific	2							-19
Canada								-19
US								-16
Hong Kong	l							-15
Germany								-14
Singapore								<b>-</b> 1
	-35	-30	<b>-</b> 25	-20	-15	-10	-5	0
Canada US Hong Kong Germany	-	-30	-25	-20	-15	-10	-5	-19 -16 -15 -14

#### Source: Knight Frank, Macrobond

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#### Research

#### William Matthews Partner, Head of Commercial Research +44 20 3909 6842

william.matthews@knightfrank.com

Victoria Ormond Partner, Capital Markets Research +44 20 7861 5009 victoria.ormond@knightfrank.com

Daniel Tomaselli Senior Research Analyst, Capital Markets +44 20 8106 1392 daniel.tomaselli@knightfrank.com

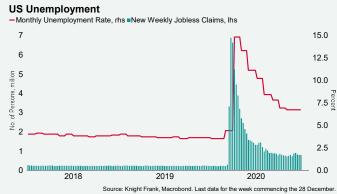
#### Antonia Haralambous

Research Analyst, Capital Markets +44 20 3866 8033 antonia.haralambous@knightfrank.com Important Notice © Knight Frank LLP 2020 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this presented in this topol, in the sponsion of th list of members' names



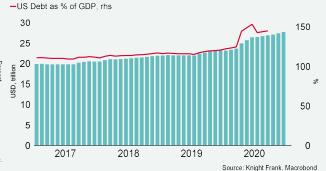
#### 12 January 2021

#### US unemployment



#### US Public Debt

Public Debt, All, Marketable & Non-Marketable, Total, Ihs



The chart presents the amount of American government debt (left axis)

compared to debt as a percentage of total US GDP (right axis).

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

#### Central Bank Assets Purchasing Programme

		-		
	Lastest (\$)	MoM (%)	YoY (%)	
Advanced Economies				
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	<b>-</b> 2.0%	64.0%	
Japan	6.81 tn	0.6%	29.1%	
Jnited 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	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%	

#### Research

#### William Matthews Partner, Head of Commercial Research +44 20 3909 6842 william.matthews@knightfrank.com

Victoria Ormond Partner, Capital Markets Research +44 20 7861 5009 victoria.ormond@knightfrank.com

Daniel Tomaselli rch Senior Research Analyst, Capital Markets +44 20 8106 1392 daniel.tomaselli@knightfrank.com

#### lmı us ©∤

Antonia Haralambous Research Analyst, Capital Markets +44 20 3866 8033 antonia.haralambous@knightfrank.com

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## iscal policy

#### Fiscal measures details

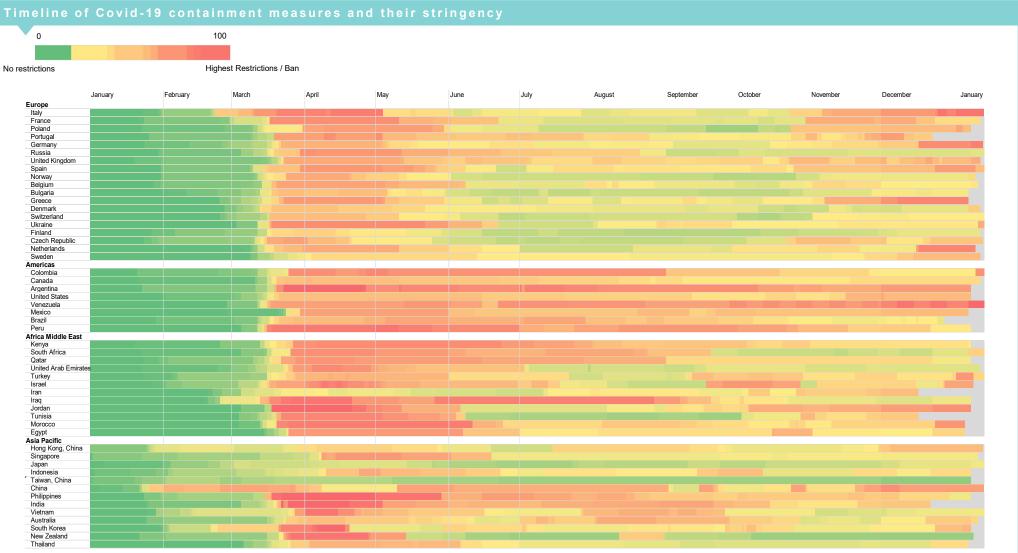
	Fiscal measures details						
	UK	£330bn+: Government backed loans and guarantees equivalent to 15% of UK GDP. SMEs given access to cash grants. Support for furloughed employees of 80% salary ≤£2,500 per month. Furlough scheme extended until October 2020 with employers sharing the cost from August. Taxable grant for self-employed <£50k trading profit, worth 80% of monthly profits up to £2.5k, paid as a lump sum.					
	USA	<b>\$3.0tn:</b> 2 <sup>nd</sup> package passed 23 <sup>rd</sup> April, worth \$483 billon, increasing US stimulus to \$3 trillion (15% GDP).					
	EU	<ul> <li>€1.35tn: 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.</li> <li>€750bn: a new recovery package for EU member states announced in July including €390bn in grants and €360 in interest free loans.</li> </ul>					
	Germany	€880bn: 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.					
)	Italy	<b>€400bn:</b> The stimulus announced on the 7 <sup>th</sup> April <b>€25bn:</b> Emergency package to support businesses and families.					
9	France	€100bn: : The stimulus announced on the 3 <sup>rd</sup> September €45bn: 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. €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	<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.					
	Hong Kong	HK\$10k for every adult citizen (c.£7bn).					

Source: Knight Frank, various sources



#### 12 January 2021





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

#### Research

William Matthews Partner, Head of Commercial Research

Partner, Head of Commercial Research +44 20 3909 6842 william.matthews@knightfrank.com Victoria Ormond Partner, Capital Markets Research +44 20 7861 5009 victoria.ormond@knightfrank.com

Daniel Tomaselli Senior Research Analyst, Capital Markets +44 20 8106 1392 daniel.tomaselli@knightfrank.com

## Antonia Haralambous

Research Analyst, Capital Markets +44 20 3866 8033 antonia baralambous@knightfrank.com Important Notice (c) Knjpht Frank LLP 2020 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or lability whatsoever can be accepted by Knjpht Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this raterial does not necessarily represent the view of Knjpht Frank LLP in relianto no particular properties or projects. Reproduction of this report is whole or in parts is not allowed without prior writinght Frank LLP in entiation to particular properties or projects. Reproduction of this report is whole or in parts is not allowed without prior writinght Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' mans.

#### 12 January 2021



#### 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
	Commed Cases Commed Deaths	Lockdown index		Workplace Scribbis	
rope Italy	2,289,021 79,203	00			
rance	2,781,503 67,690	64			
oland	1,390,385 31,264	71			
Portugal	489,293 7,925	68			
iermany	1,941,116 41,799	85			
ussia	3,389,733 61,389	50			
nited Kingdom pain	3,118,518 81,960 2,111,782 52,275	75			
orway	55,903 478	/1			
elgium	665,223 20,122	62			
ulgaria	209,131 8,232	57			
reece	145,179 5,302	84			
enmark	182,725 1,597	68			
witzerland	484,506 8,364	60			
kraine	1,154,850 20,719	75			
nland zech Republic	<u>38,790</u> 597 835,454 13,272	52			
etherlands	878,263 12,411	84			
weden	489,471 9,433	71			
ericas					
olombia	1,801,903 46,451	81			
anada	672,931 17,096	64			
rgentina	1,730,921 44,654	79			
inited States	22,613,784 376,060 116,983 1,073	/2			
exico	1,541,633 134,368	72			
razil	8,131,612 203,580	58			
eru	1,035,184 38,280	61			
ca Middle East					
enya	98,334 1,713	59			
outh Africa atar	1,246,643 33,579 146,068 246	67			
nited Arab Emirates	146,068 246 232,982 711	49			
urkey	2,336,476 22,981				
srael	501,073 3,704	77			
an	1,292,614 56,262	71			
aq	603,739 12,906	54			
ordan	308,670 4,043	81			
unisia Iorocco	162,350 5,284 452,988 7,767	69			
gypt	150,753 8,249	81			
Pacific	130,133 0,248	00			
long Kong, China	9,283 159	71			
ingapore	58,929 29	56			
apan	293,746 3,898	55			
donesia	836,718 24,343	64			
outh Korea	69,651 1,165 87,591 4,634	62			
nina nilippines	489,736 9,416	/8			
dia	10,479,179 151,327	69			
etnam	1,515 35	56			
istralia	28,634 909	65			
ew Zealand	2,222 25	22			
hailand	10,834 67	64			
lalaysia	138,224 555	67			
	Lockdown Index key & Scale		Internal movements Public events Public transport Value	Workplace Schools Value	International travel
	No Restrictions: 0 – 25		No measure No Measure No measure 0	No measure No measure 0	No measure
	Recommended Restrictions: 26 – 50		Recommended Recommended 1	Recommended Recommended 1	
	Enforced Restrictions: 51 – 75		Restriction Required Required 2	Some level of	Screening Quarantine arrivals from
	Highest Restrictions / Ban: 76 – 100			Required closure of schooling required to	high risk regions
				some sectors close 2 Pequired closure for all All schools required to	Ban on high risk regions

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

Total border closure

#### Research

William Matthews Partner, Head of Commercial Research +44 20 3909 6842 william.matthews@knightfrank.com 
 Victoria Ormond
 Da

 Partner, Capital Markets Research
 Ser

 +44 20 7861 5009
 +44

 victoria.ormond@knightfrank.com
 dan

Daniel Tomaselli Senior Research Analyst, Capital Markets +44 20 8106 1392 daniel.tomaselli@knightfrank.com

#### Antonia Haralambous

Research Analyst, Capital Markets +44 20 3866 8033 antonia.haralambous@knightfrank.com Important Notice (c) Knjpht Frank LLP 2020 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or lability whatsoever can be accepted by Knjpht Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this raterial does not necessarily represent the view of Knjpht Frank LLP in relianto no particular properties or projects. Reproduction of this report is whole or in parts is not allowed without prior writinght Frank LLP in entiation to particular properties or projects. Reproduction of this report is whole or in parts is not allowed without prior writinght Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' mans.

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