

Economic Dashboard

13 January 2021



Internal and key client use only

Summary

- **Equities:** In Europe, stocks are mostly lower this morning, with declines recorded by the FTSE 250 (-0.3%), DAX (-0.2%) and STOXX 600 (-0.1%), while the CAC 40 is flat. In Asia, The Kospi (+0.7%), Topix (+0.3%) and the S&P / ASX 200 (+0.1%) all closed higher, while the CSI 300 (-0.3%) and the Hang Seng (-0.1%) both closed down. In the US, futures for the S&P 500 and Dow Jones Industrial Average (DJIA) are both -0.1%.
- **VIX:** Following a -3.5% decline over Tuesday, the CBOE market volatility index has decreased a further -0.9% this morning to 23.1, which remains above its long term average (LTA) of 19.5. The Euro Stoxx 50 volatility index has also decreased this morning, down -3.1% to 21.3, below its LTA of 23.9.
- **Bonds:** The German 10-year bund yield has compressed -3bps to -0.50%, while the UK 10-year gilt yield is down -2bps to 0.34% and the US 10-year treasury yield has held steady at 1.12%.
- **Currency:** Sterling has appreciated to \$1.37, the highest it has been since April 2018, while the euro is currently \$1.22. Hedging benefits for US dollar denominated investors into the UK and the eurozone are 0.65% and 1.40% per annum on a five-year basis.
- **Oil:** Brent Crude is steady this morning at \$56.59 per barrel, while the West Texas Intermediate (WTI) have increased +0.1% to \$53.28.
- **Baltic Dry:** The Baltic Dry increased for the 10th consecutive session on Tuesday, up +5.0% to 1,849, which remains the highest it has been since mid October. The main driver of this growth are capsize rates, which increased +7.8% yesterday, which also remain at a three month high.
- **Gold:** The price of gold increased for the first time in five sessions on Tuesday, up +0.7% to \$1,856.
- **UK Retail Sales:** Overall, retail sales declined -0.3% in 2020 compared to 2019, the largest annual decrease since figures began in 1995, according to the British Retail Consortium (BRC). While food sales increased +5.4% on 2019, non-food sales fell -5.0%. Physical non-food stores, including all non-essential retail saw sales decline by -25% over 2020, predominantly due to COVID-19 lockdown measures.

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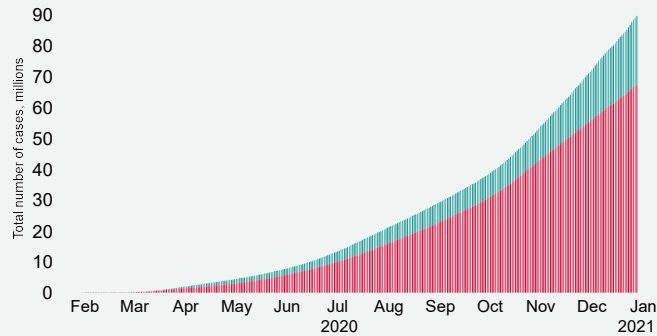


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COVID-19

Cumulative number of global cases

■ World excl US ■ US

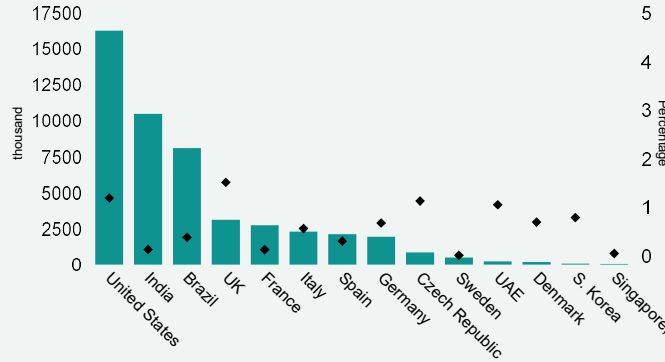


Source: Knight Frank, Macrobond. Last modified: 12 January 2021 10:44 GMT.

The number of total confirmed cases reached 89.7 million on the 12 January, an increase of 566k new cases over the day prior.

Cumulative number of cases by country

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



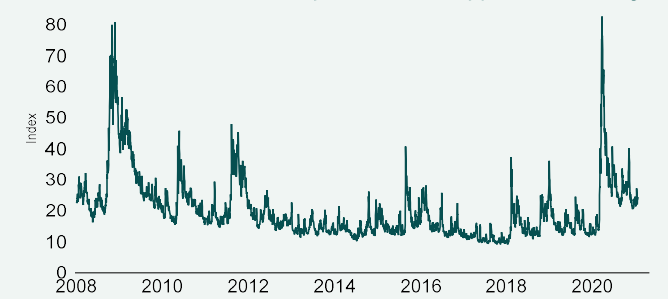
Source: Knight Frank, Macrobond.

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)

23.6 on the 12 January versus 24.5 the day prior, a -3.5% change



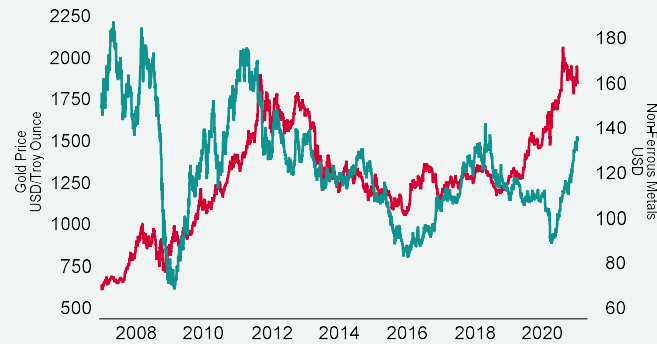
Source: Knight Frank, Macrobond. Last modified: 12 January 2021 19:46 GMT.

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

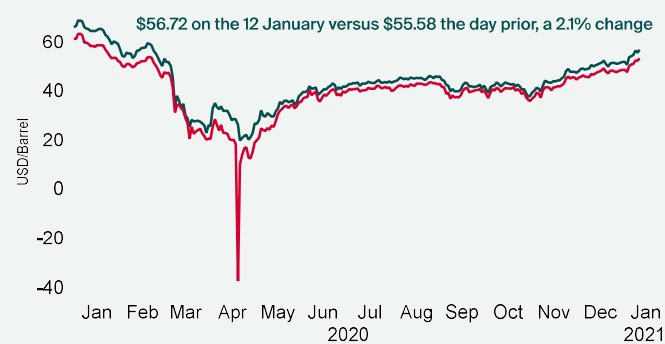


Source: Knight Frank, Macrobond. Last modified: 12 January 2021 23:00 GMT.

	11 Jan	D/D (%)	YTD (%)
Gold, USD	1856	0.4	-2.2
Non-Ferrous Metals, USD	135	-0.7	4.2

Brent Crude and West Texas Intermediate oil price

—Brent Crude —West Texas Intermediate (WTI)

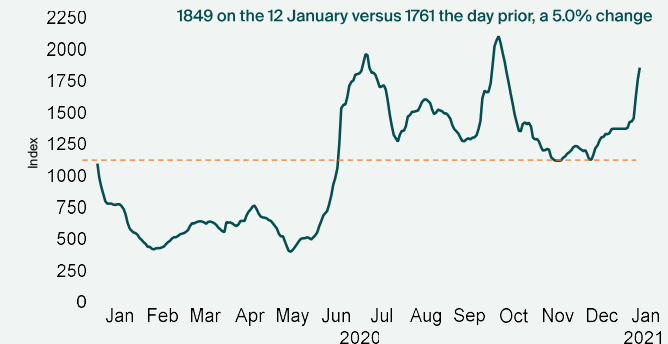


Source: Knight Frank, Macrobond. Last modified: 12 January 2021 23:16 GMT.

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)

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



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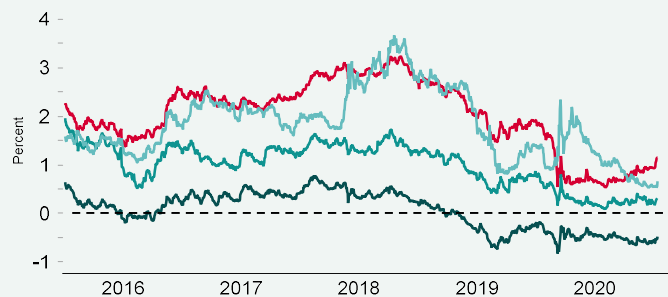


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Bonds and currencies

10y Government Bond Yield (%)

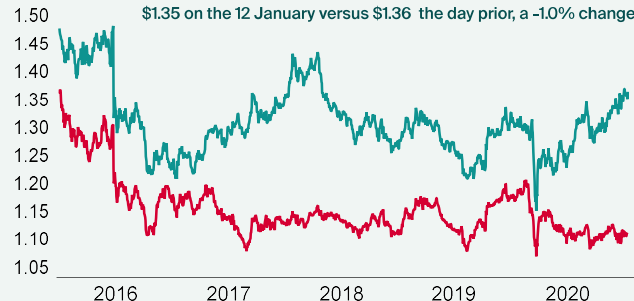
—US —UK —Germany —Italy



	12 Jan	1 d ago	1st Jan
Germany	-0.48	-0.53	-0.21
Italy	0.66	0.56	1.40
UK	0.36	0.31	0.74
US	1.15	1.15	1.92

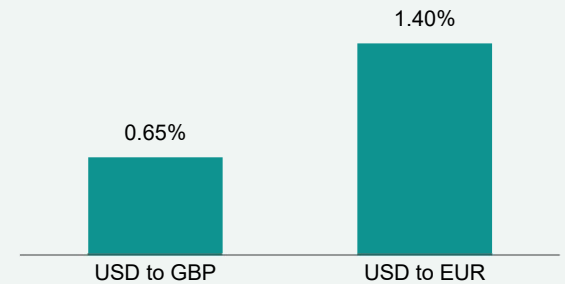
FX Spot Rates

—EUR per GBP —USD per GBP



	12 Jan	1 d ago	1st Jan
EUR per GBP	1.11	1.10	1.18
USD per GBP	1.35	1.36	1.32

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

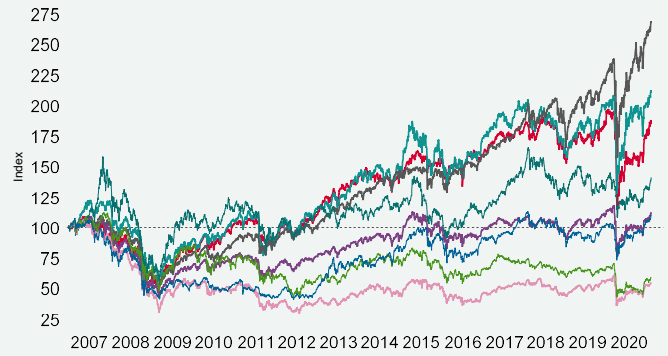


Source: Knight Frank, Investing.com
Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.

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

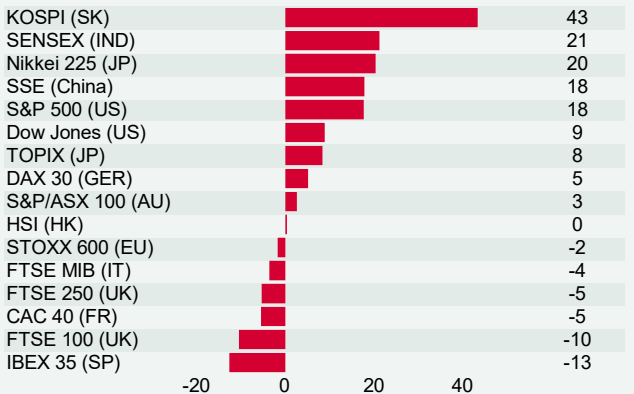


Source: Knight Frank, Macrobond. Last modified: 12 January 2021 18:05 GMT.

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

Equity performance: since 1st Jan 2020 (%)

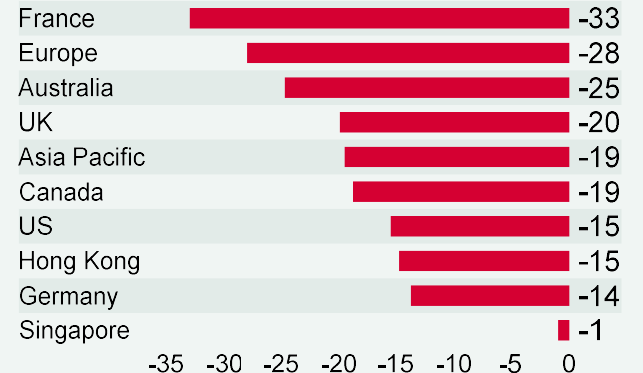
Local currencies



Source: Knight Frank, Macrobond

REIT performance: since 1st Jan 2020 (%)

Local currencies



Source: Knight Frank, Macrobond

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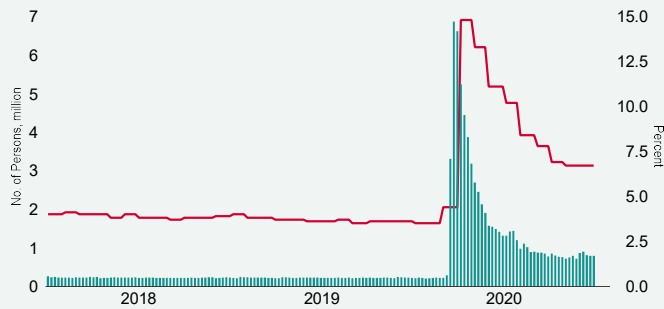


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US unemployment

US Unemployment

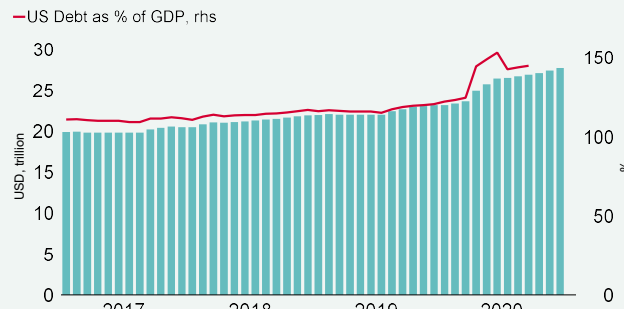
— Monthly Unemployment Rate, rhs ■ New Weekly Jobless Claims, lhs



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

US Public Debt

■ Public Debt, All, Marketable & Non-Marketable, Total, lhs
— US Debt as % of GDP, rhs



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
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	8.57 tn	2.1%	65.1%
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	6.75 tn	-0.7%	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	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	491 bn	4.3%	17.3%
Turkey	108 bn	2.2%	-1.4%

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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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



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
Some level of	Some level of	
Required closure of some sectors	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, 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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