

Summary

- **Lockdown:** From Monday, passengers flying into the UK will need a valid negative COVID-19 test on arrival. Similarly, in the US, from the 26th January, all international arrivals must be in receipt of a negative COVID-19 test. Restrictions in Tunisia, Lebanon, Portugal, Denmark and Scotland have also tightened.
- **Equities:** Globally, stocks are higher. In Europe, gains have been recorded by the FTSE 250 (+0.9%), DAX (+0.5%) STOXX 600 (+0.4%) and the CAC 40 (+0.3%). In Asia, the Hang Seng (+0.9%), Topix (+0.5%), S&P / ASX 200 (+0.4%) and Kospi (+0.1%) all closed higher. The CSI 300 was the exception, closing -1.9% down. In the US, futures for the S&P 500 and Dow Jones Industrial Average (DJIA) are +0.2% and +0.4%, respectively.
- **VIX:** Following a -7.1% decline over Wednesday, the CBOE market volatility index decreased -0.4% this morning to 22.1, close to its long term average (LTA) of 19.9. The Euro Stoxx 50 volatility index has also decreased this morning, down -6.7% to 19.9, the lowest it has been since February 2020 and below its LTA of 23.9.
- **Bonds:** The German 10-year bund yield has compressed -1bp to -0.53%, while the US 10-year treasury yield has softened +2bps to 1.11% and the UK 10-year gilt yield has held steady at 0.31%.
- **Currency:** Sterling and the euro are currently \$1.37 and \$1.22, respectively. Hedging benefits for US dollar denominated investors into the UK and the eurozone are 0.61% and 1.41% per annum on a five-year basis.
- **Oil:** Brent Crude and the West Texas Intermediate (WTI) have both decreased -0.1% to \$55.99 and \$52.86 per barrel, respectively.
- **Baltic Dry:** The Baltic Dry increased for the 11th consecutive session on Wednesday, up +0.4% to 1,856, which remains the highest it has been since mid October. The index has increased +40% over the past 11 sessions, however it remains -11% below the \$2,097 peak recorded on 6th October 2020.
- **Eurozone Industrial Production:** Industrial production for the eurozone increased +2.5% over the month to November, leaving production less than -1.0% below pre-pandemic levels.

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

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Economic Dashboard

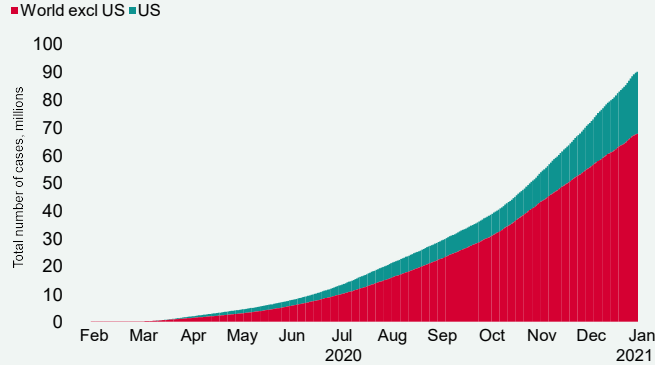


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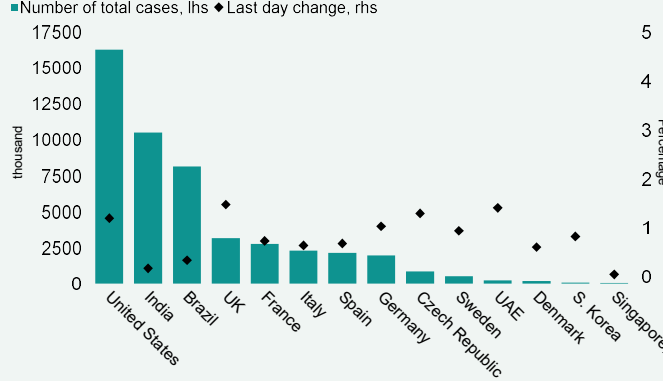
COVID-19

Cumulative number of global cases



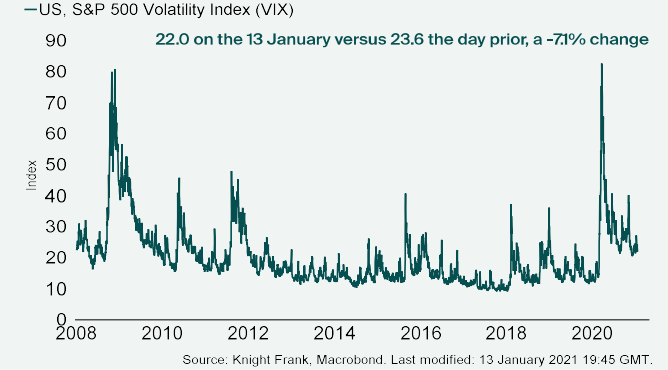
The number of total confirmed cases reached 90.1 million on the 13 January, an increase of 348k new cases over the day prior.

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).

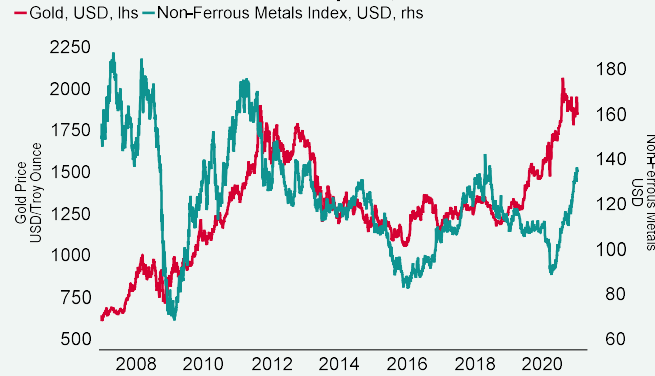
Volatility Index



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.

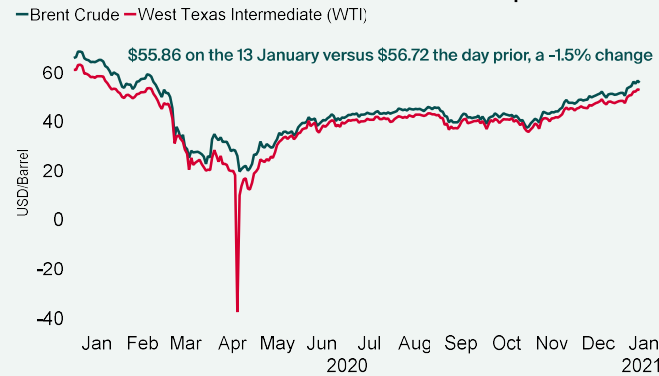
Commodities

Gold and non-ferrous metals price, USD



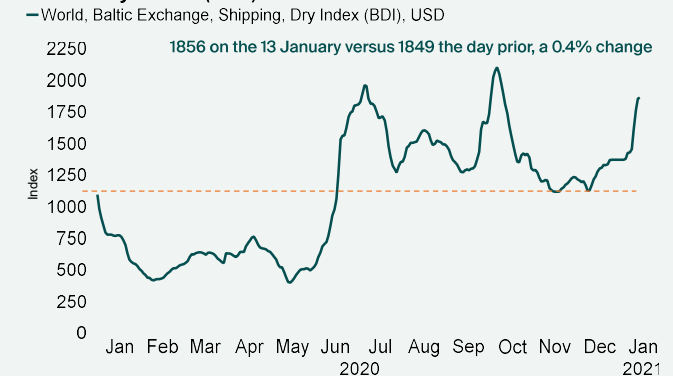
	13 Jan	D/D (%)	YTD (%)
Gold, USD	1852	0.5	-2.4
Non-Ferrous Metals, USD	135	-0.7	4.2

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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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
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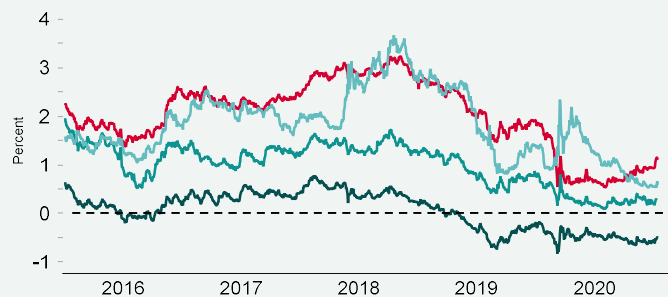


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Bonds and currencies

10y Government Bond Yield (%)

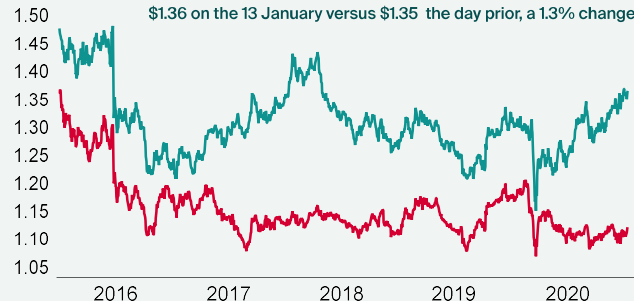
—US —UK —Germany —Italy



	13 Jan	1 d ago	1st Jan
Germany	-0.49	-0.48	-0.21
Italy	0.58	0.66	1.40
UK	0.31	0.36	0.74
US	1.10	1.15	1.92

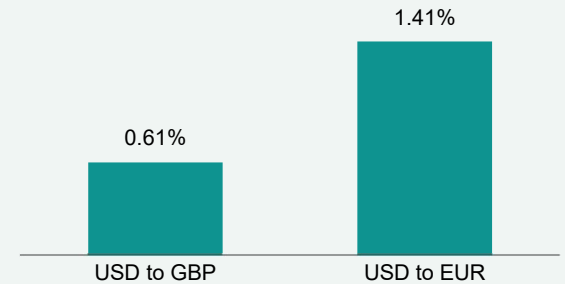
FX Spot Rates

—EUR per GBP —USD per GBP



	13 Jan	1 d ago	1st Jan
EUR per GBP	1.12	1.10	1.18
USD per GBP	1.36	1.35	1.32

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

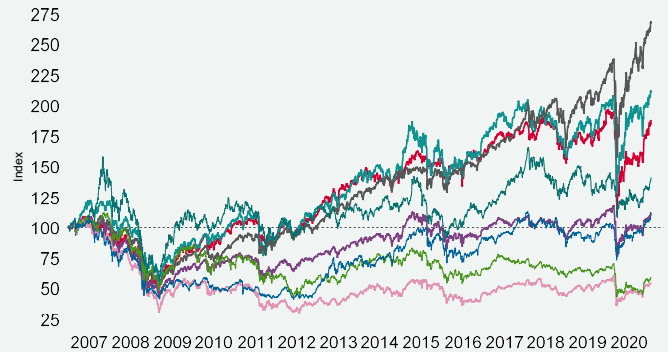


Source: Knight Frank, Investing.com
Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.

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

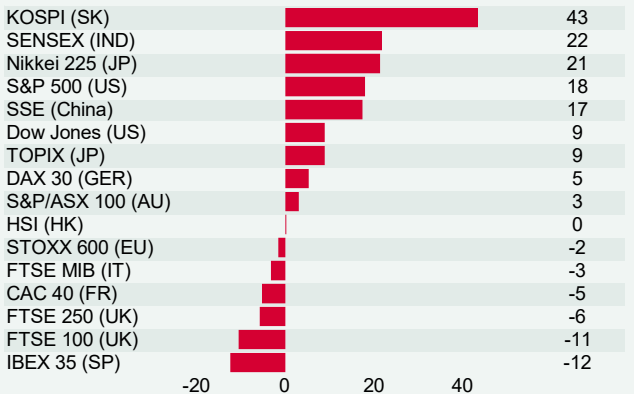


Source: Knight Frank, Macrobond. Last modified: 13 January 2021 18:09 GMT.

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 (%)

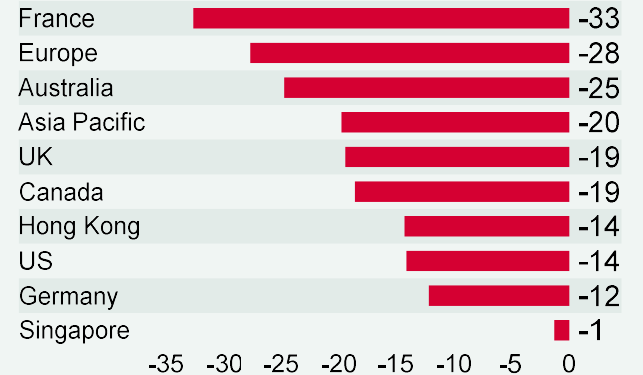
Local currencies



Source: Knight Frank, Macrobond

REIT performance: since 1st Jan 2020 (%)

Local currencies



Source: Knight Frank, Macrobond

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

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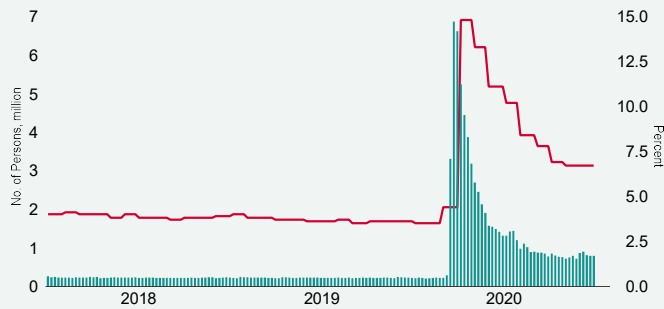


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US unemployment

US Unemployment

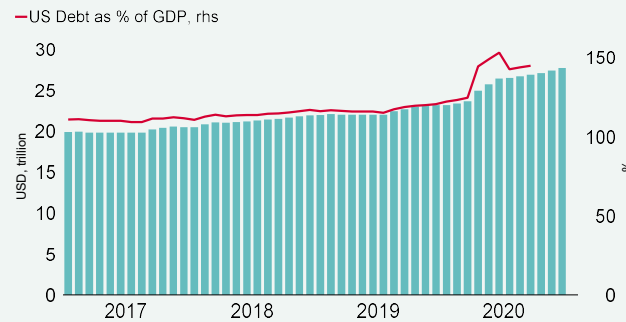
— Monthly Unemployment Rate, rhs ■ New Weekly Jobless Claims, lhs



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).

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	4.25%	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	3.03 tn	1.3%	56.4%
Italy	1.67 tn	4.5%	50.0%
Sweden	158 bn	1.3%	65.5%
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	109 bn	3.2%	-0.4%

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

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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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William Matthews
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+44 20 3909 6842
william.matthews@knightfrank.com

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Partner, Capital Markets Research
+44 20 7861 5009
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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, 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