

Summary

- **US presidency:** On his first day in office, President Biden signed 17 executive actions on migration, climate change, pandemic response and equality, including the re-joining of the Paris climate agreement and the World Health Organization. Further executive actions are expected in the coming weeks.
- **Equities:** Globally, stocks are higher over the morning. In Europe, the DAX and STOXX 600 are up +0.4%, followed by the FTSE 250 (+0.3%) while the CAC 40 remains steady. In Asia, the CSI 300 (+1.6%), Kospi (+1.5%), S&P / ASX 200 (+0.8%) and Topix (+0.6%) all closed higher, while the Hang Seng was marginally down -0.1%. In the US, the rise in the S&P 500 on Wednesday (+1.4%) was the biggest for any presidential inauguration day since 1985. However, the index remained stable so far this morning at 3,851.
- **VIX:** Following a -11.3% decline over the past two days, the CBOE market volatility index has decreased a further -0.9% this morning to 21.4, just above its long term average (LTA) of 19.9. The Euro Stoxx 50 vix is also lower this morning, down -2.7% to 19.7, remaining below its LTA of 23.9.
- **Bonds:** The UK 10-year gilt yield, the German 10-year bund yield and the US 10-year treasury yield have all held steady at 0.30%, -0.53% and 1.08% respectively.
- **Currency:** Sterling and Euro have both appreciated to \$1.37 and \$1.21 respectively, given the prospect of further US deficit spending. Hedging benefits for US dollar denominated investors into the UK and the eurozone are 0.57% and 1.36% per annum on a five-year basis.
- **Gold:** The price of gold remained stable today at 1,871 but it is up +1.1% week on week.
- **Baltic Dry:** The Baltic Dry increased +3.5% on Wednesday to 1,828. Cumulative gains over the last 15 sessions are currently +34%, however, the index remains -13% below the \$2,097 peak recorded on 6th October 2020.
- **Eurozone Inflation:** Eurozone annual inflation was -0.3% in December for the fourth consecutive month. The annual core inflation (excl. energy, food, alcohol & tobacco) which the ECB looks in its policy decisions, was also unchanged at +0.2% in December, the lowest level on record.

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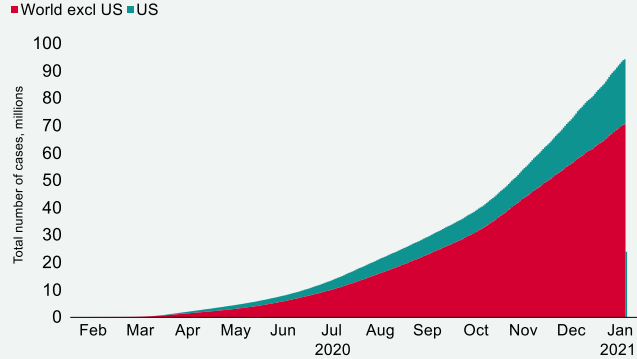
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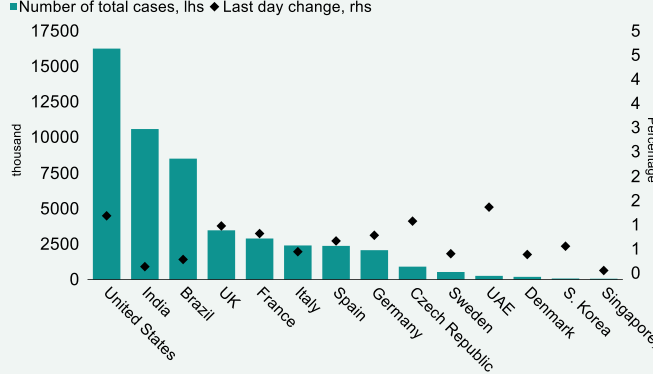
COVID-19

Cumulative number of global cases



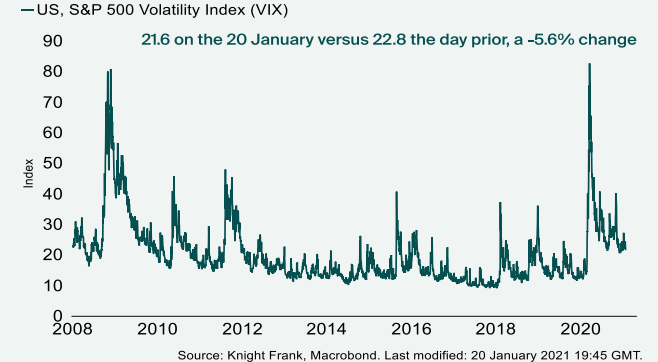
The number of total confirmed cases reached 95.0 million on the 20 January, an increase of 496k new cases over the day prior.

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).

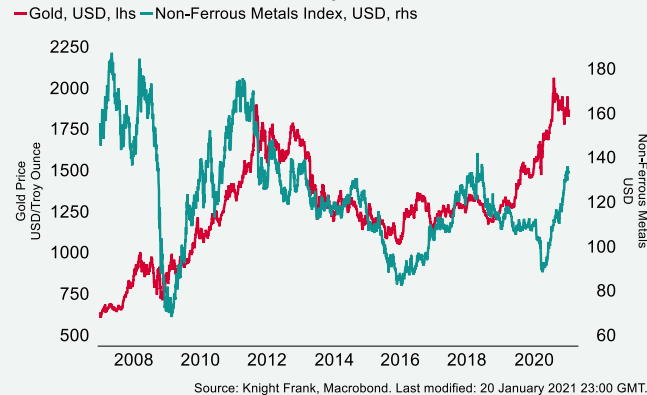
Volatility Index



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.

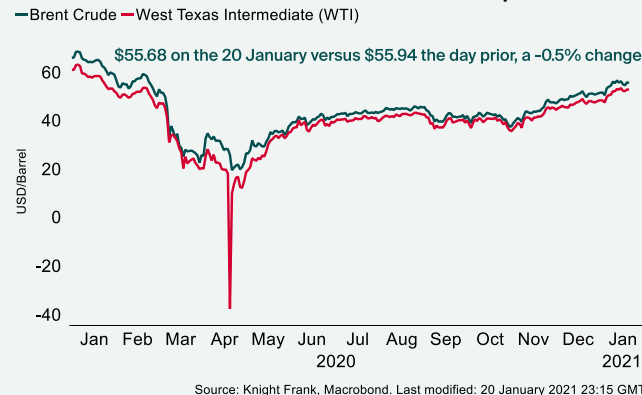
Commodities

Gold and non-ferrous metals price, USD



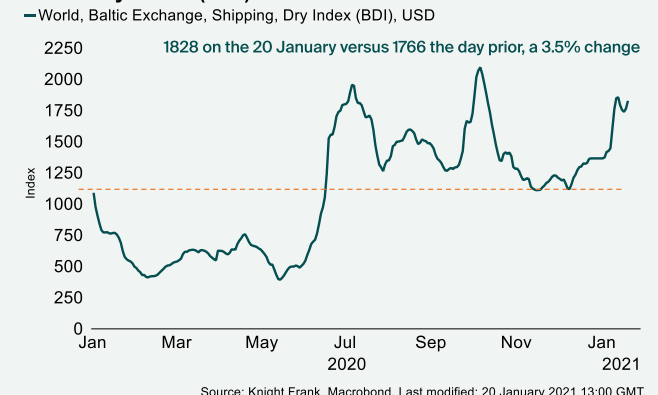
	20 Jan	D/D (%)	YTD (%)
Gold, USD	1870	1.8	-1.4
Non-Ferrous Metals, USD	133	0.0	2.8

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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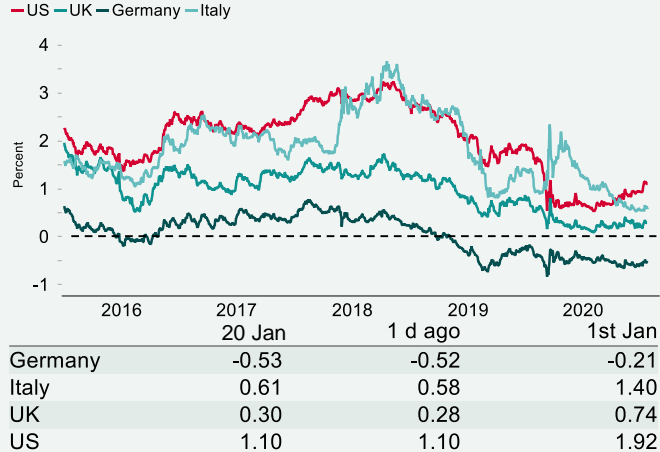
Economic Dashboard

21 January 2021

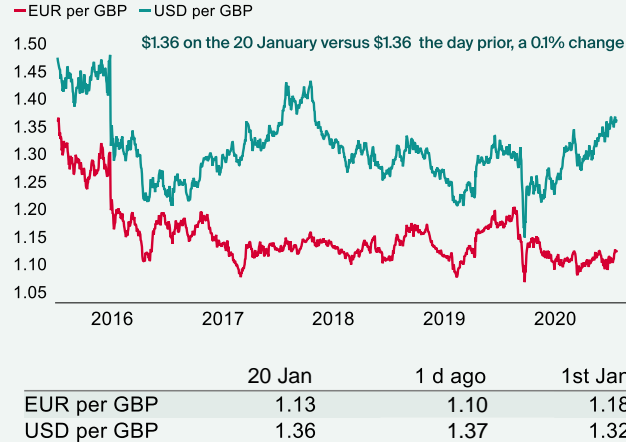
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Bonds and currencies

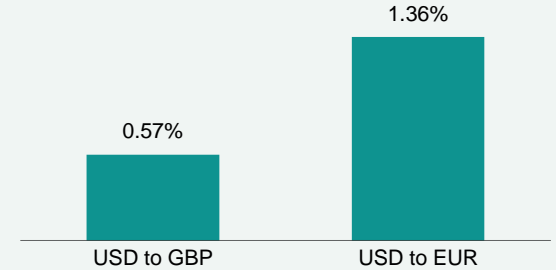
10y Government Bond Yield (%)



FX Spot Rates



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



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

Source: Knight Frank, Investing.com

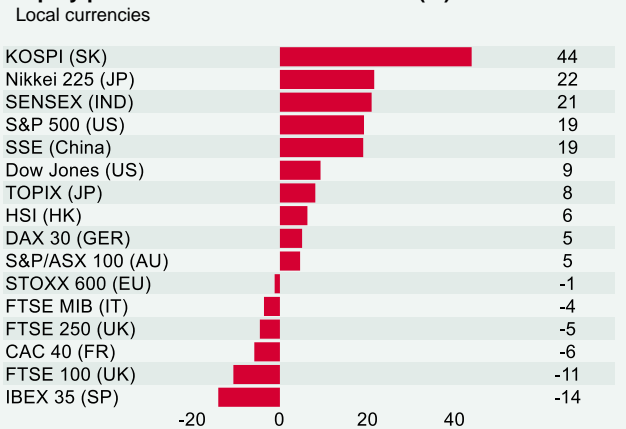
Equity and REIT

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



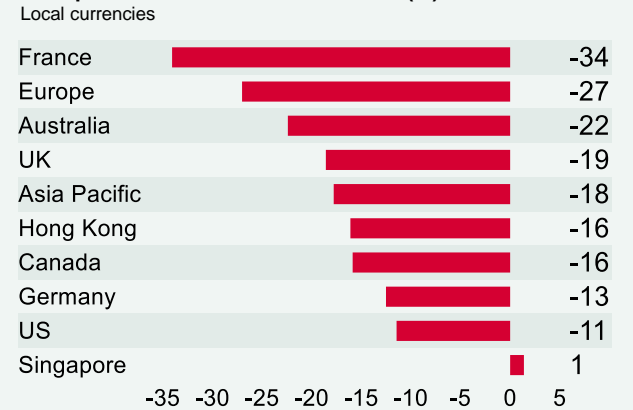
The chart presents the performance of selected equity indexes since the months prior the global financial crisis (2007).

Equity performance: since 1st Jan 2020 (%)



Source: Knight Frank, Macrobond

REIT performance: since 1st Jan 2020 (%)



Source: Knight Frank, Macrobond

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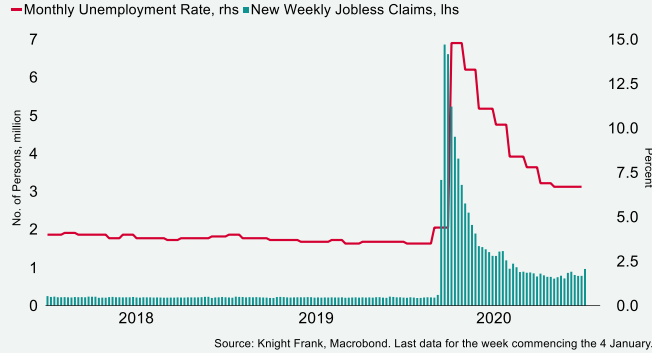
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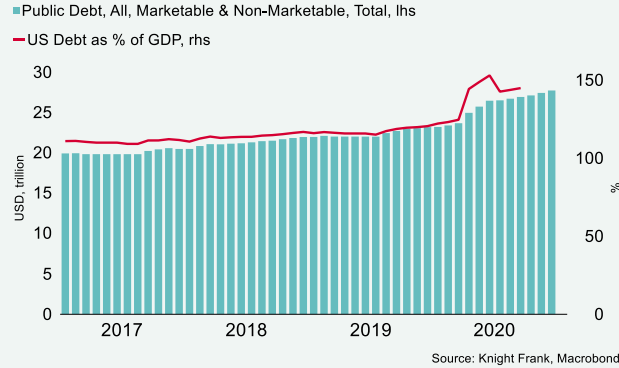
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US unemployment

US Unemployment



US Public Debt



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	251 bn	5.3%	122.9%
Canada	411 bn	4.3%	365.4%
Euro Area	8.52 tn	0.4%	64.4%
France	2.01 tn	1.0%	64.0%
Germany	3 tn	1.1%	58.7%
Italy	1.67 tn	4.5%	50.0%
Sweden	155 bn	-1.1%	63.4%
Japan	6.75 tn	-0.7%	29.1%
United Kingdom	1.02 tn	3.0%	74.6%
United States	7.33 tn	0.3%	75.9%
Developing Economies			
Brazil	460 bn	-4.3%	-1.2%
China	5.94 tn	2.2%	11.8%
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	107 bn	-3.1%	-1.3%

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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Economic Dashboard

21 January 2021



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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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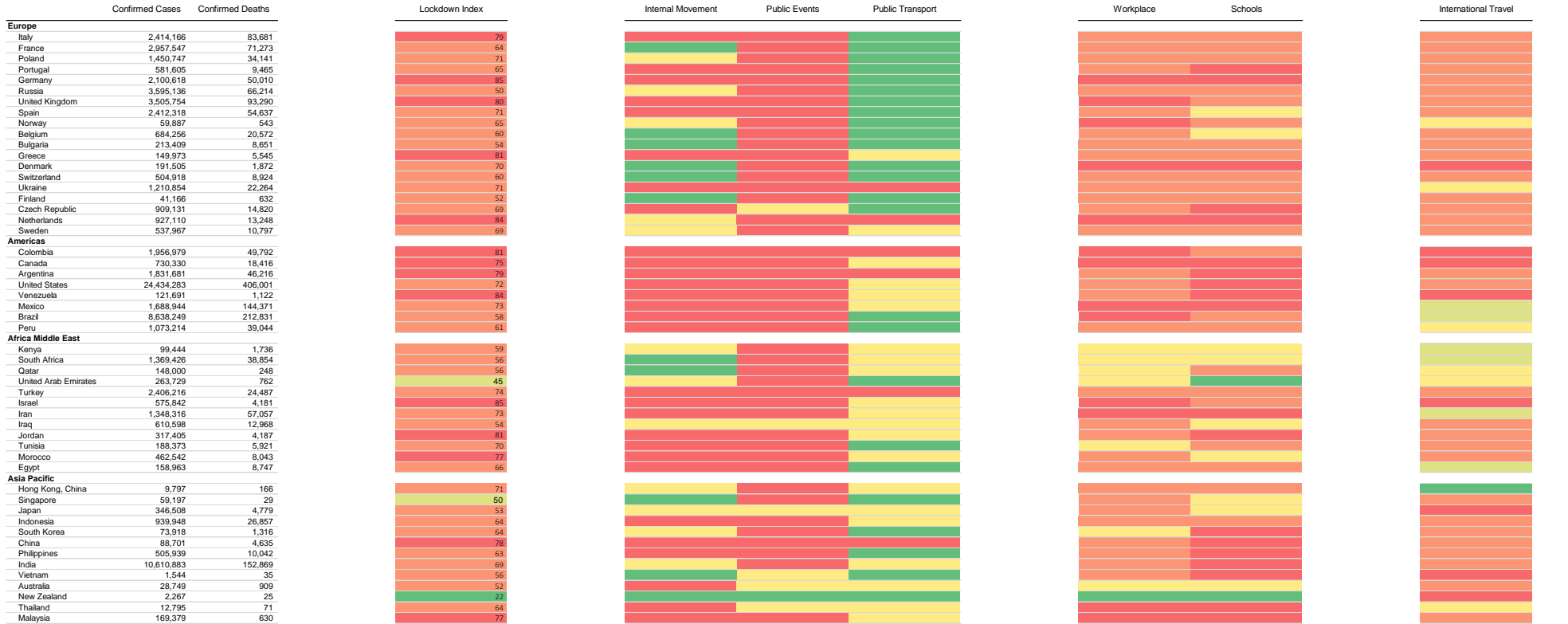
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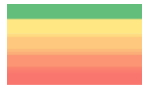


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Overview of the severity of Covid-19 and the resulting containment measures



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
Required closure of some sectors	Some level of 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, 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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