

Summary

- **Equities:** In Europe, the STOXX 600, CAC 40 and DAX are all down -1.2%, followed by the FTSE 250 (-0.9%). In Asia, the KOSPI (-3.0%), the TOPIX (-1.6%), Hang Seng (-0.9%), S&P / ASX 200 (-0.6%) and the SCI 300 (-0.5%) all closed lower. In the US, the S&P 500 and Dow Jones Industrial Average (DJIA) are currently -1.1% and -0.9%.
- **VIX:** The CBOE market volatility index, has increased a further +13.6% this morning, trading at 33.76. The Euro Stoxx 50 volatility index is also up by +13.3% to 29.4. Both indexes are above their long term average.
- **Bonds:** The UK 10-year gilt yield and the German 10-year bund yield softened by 3bps to 0.32% and -0.51% respectively. The US 10-year treasury yield also softened by 2bps to 1.07%.
- **Currency:** Sterling and Euro are currently \$1.37 and \$1.21. Hedging benefits for US dollar denominated investors into the UK and the eurozone are at 0.56% and 1.36% per annum on a five-year basis.
- **Baltic Dry:** The Baltic Dry decreased for the fifth successive session yesterday, down by -4.5% to 1,470, which is also -20.8% lower than the four-month high seen two weeks ago. Weak Chinese pre-holiday steel consumption may have weighed on sea freight rates.
- **Oil:** Brent Crude is stable this morning, trading at \$55.48 per barrel. The West Texas Intermediate (WTI) is up by 0.3% to \$52.54 per barrel.
- **German GDP:** The German economy declined -3.9% year-on-year in the last three months of 2020. This is slightly better than market expectations of -4.0%, but remains the fourth consecutive quarter of decline, leading to a full 2020 contraction of -5.3%, flash estimates showed.
- **French GDP:** The French economy declined -1.3% quarter-on-quarter in the last three months of 2020, better than market forecasts of -4.0%.
- **Vaccines:** Globally, there have been more than 82 million of COVID-19 vaccinations administered. This is an increase of 28 million (52%) over the last week.

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Economic Dashboard

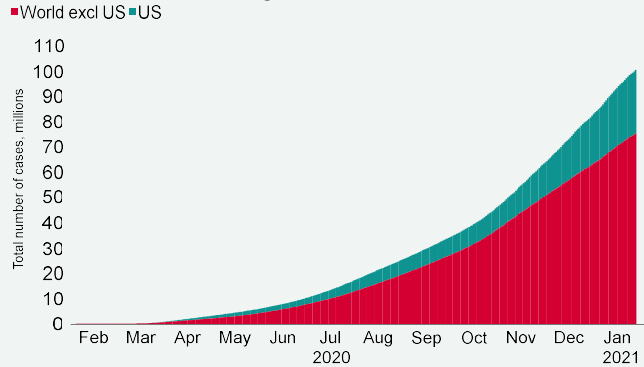


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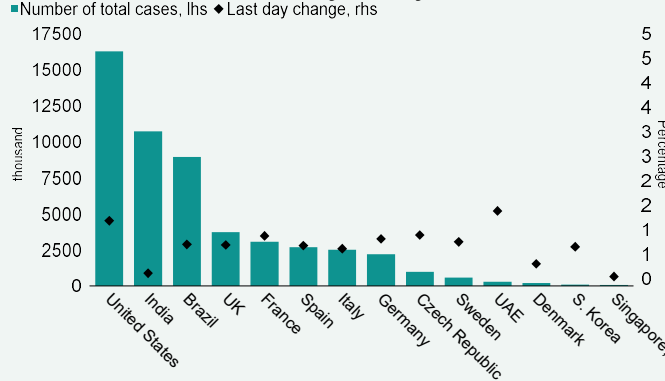
COVID-19

Cumulative number of global cases



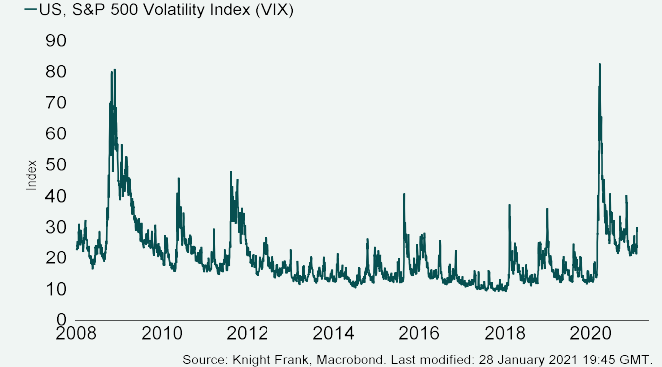
The number of total confirmed cases reached 100.5 million on the 28 January, an increase of 562k new cases over the day prior.

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).

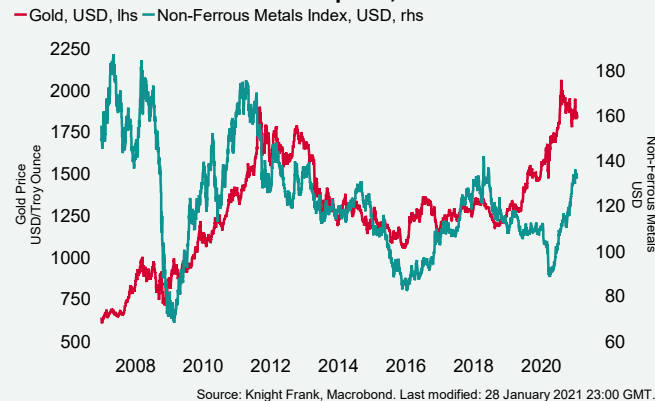
Volatility Index



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.

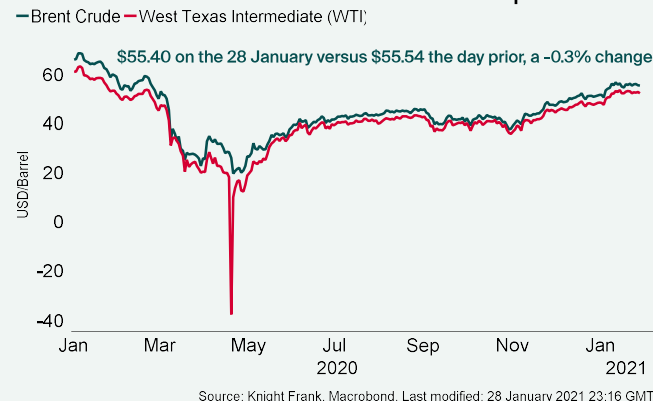
Commodities

Gold and non-ferrous metals price, USD



	28 Jan	D/D (%)	YTD (%)
Gold, USD	1838	-0.5	-3.1
Non-Ferrous Metals, USD	132	-0.8	1.8

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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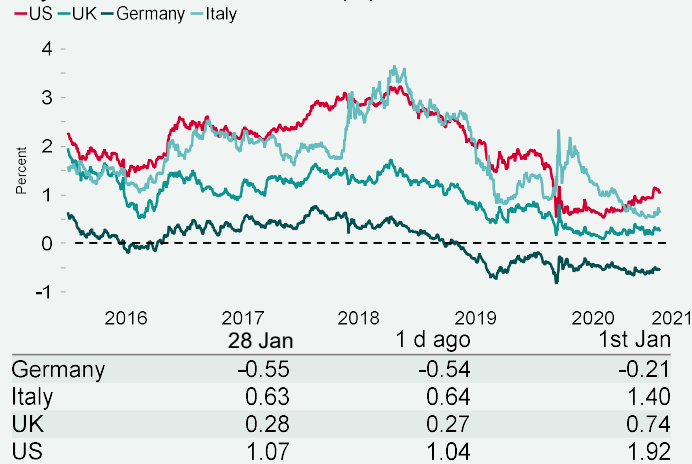


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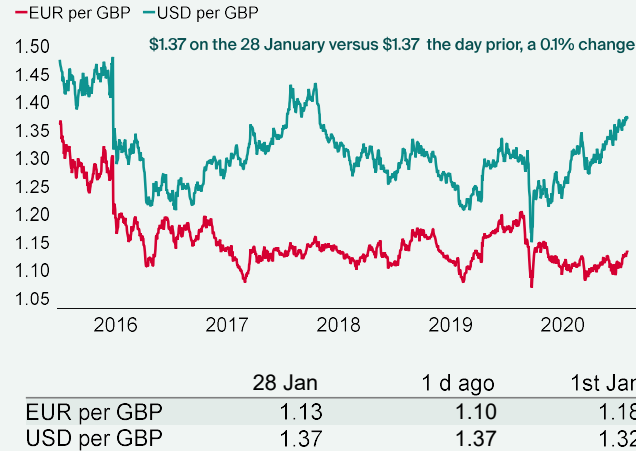
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Bonds and currencies

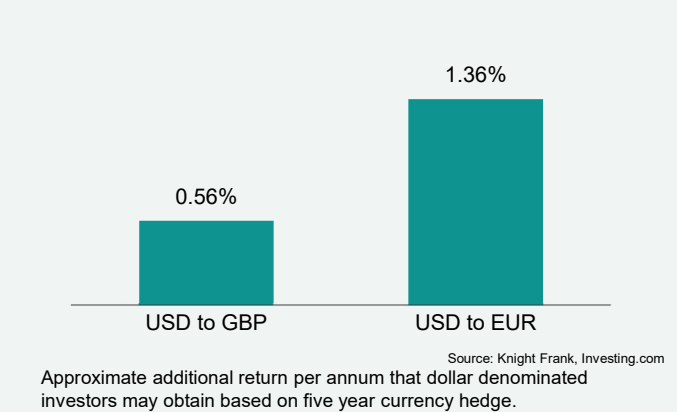
10y Government Bond Yield (%)



FX Spot Rates

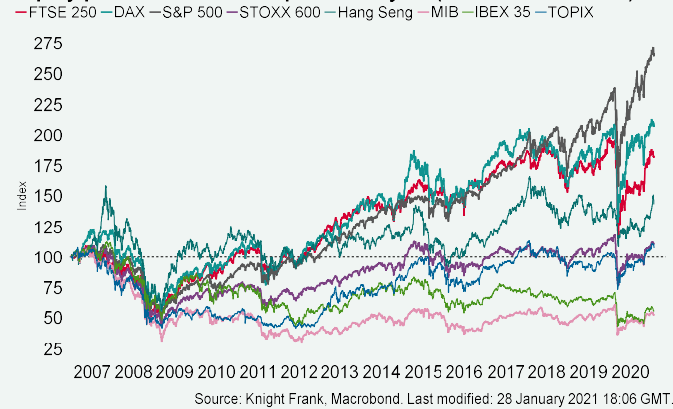


Currency hedging benefit p.a. based on a five year forward



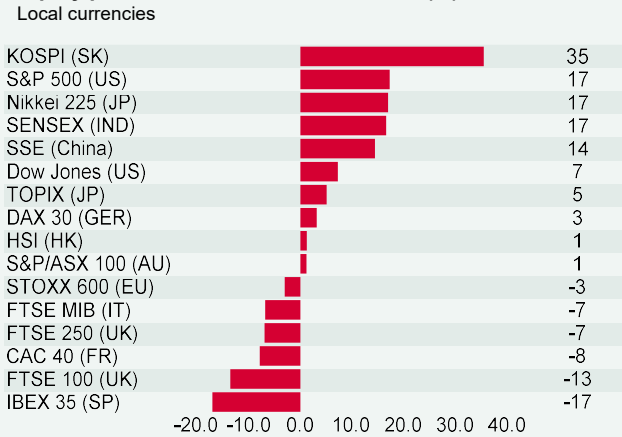
Equity and REIT

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

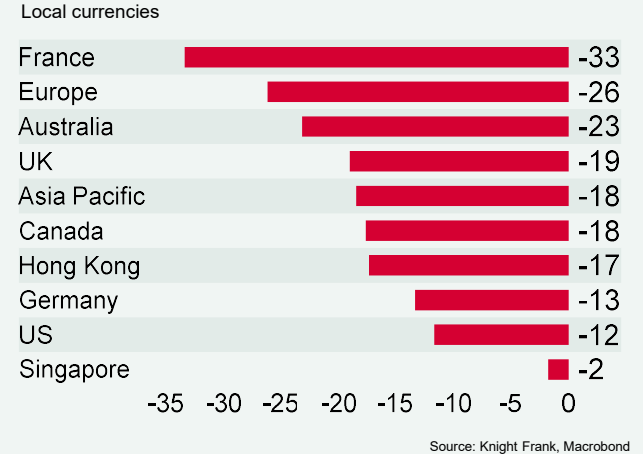


The chart presents the performance of selected equity indexes since the months prior to the global financial crisis (2007).

Equity performance: since 1st Jan 2020 (%)



REIT performance: since 1st Jan 2020 (%)



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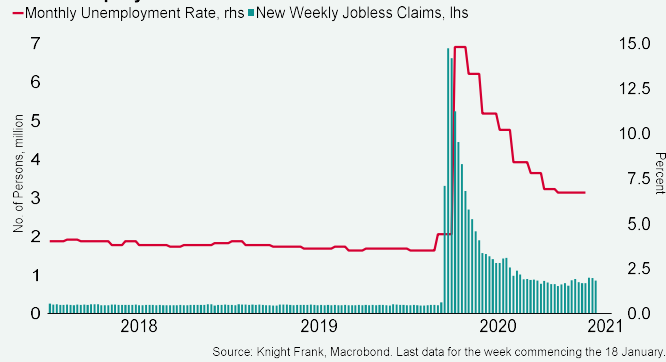


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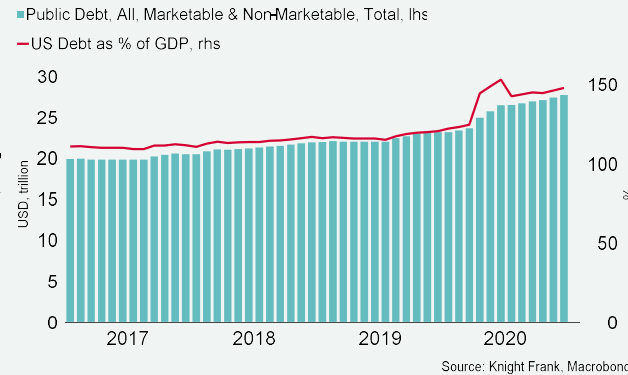
US unemployment

US Unemployment



The chart presents the number of Americans that each week file for unemployment benefits (left axis) and the overall monthly unemployment rate (right axis)

US Public Debt



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	257 bn	4.2%	122.9%
Canada	411 bn	4.3%	365.4%
Euro Area	8.52 tn	-0.3%	64.5%
France	2.14 tn	6.4%	66.7%
Germany	3 tn	-0.4%	59.9%
Italy	1.67 tn	4.5%	50.0%
Sweden	158 bn	-1.3%	68.3%
Japan	6.77 tn	-1.6%	30.0%
United Kingdom	1.03 tn	2.2%	76.2%
United States	7.4 tn	0.3%	78.4%
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	492 bn	-0.7%	-3.5%
South Korea	491 bn	4.3%	17.3%
Turkey	114 bn	0.3%	-0.1%

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Economic Dashboard

29 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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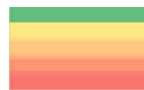
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Overview of the severity of Covid-19 and the resulting containment measures

	Confirmed Cases	Confirmed Deaths	Lockdown Index	Internal Movement	Public Events	Public Transport	Workplace	Schools	International Travel
Europe									
Italy	2,515,507	87,281	79						
France	3,097,374	74,075	64						
Poland	1,496,665	36,443	71						
Portugal	685,383	11,608	65						
Germany	2,194,562	55,883	85						
Russia	3,752,548	70,533	50						
United Kingdom	3,743,734	103,126	81						
Spain	2,705,001	57,806	71						
Norway	62,276	557	70						
Belgium	702,437	20,982	60						
Bulgaria	217,574	8,973	54						
Greece	154,796	5,742	81						
Denmark	197,208	2,071	70						
Switzerland	519,404	9,308	60						
Ukraine	1,247,674	23,469	55						
Finland	44,039	664	49						
Czech Republic	964,660	15,944	69						
Netherlands	966,252	13,816	84						
Sweden	564,557	11,520	69						
Americas									
Colombia	2,067,575	52,913	81						
Canada	770,427	19,659	75						
Argentina	1,905,524	47,601	79						
United States	25,762,726	433,067	72						
Venezuela	125,364	1,171	88						
Mexico	1,825,519	155,145	72						
Brazil	9,058,687	221,547	73						
Peru	1,113,970	40,272	61						
Africa Middle East									
Kenya	100,422	1,753	59						
South Africa	1,437,798	43,105	56						
Qatar	150,280	248	56						
United Arab Emirates	293,052	819	51						
Turkey	2,457,118	25,605	74						
Israel	628,895	4,669	85						
Iran	1,398,841	57,736	73						
Iraq	617,202	13,024	54						
Jordan	324,169	4,269	81						
Tunisia	204,351	6,508	69						
Morocco	469,139	8,224	77						
Egypt	164,282	9,169	66						
Asia Pacific									
Hong Kong, China	10,321	177	71						
Singapore	59,425	29	48						
Japan	380,644	5,503	53						
Indonesia	1,037,993	29,331	64						
South Korea	77,395	1,399	64						
China	89,378	4,636	78						
Philippines	519,575	10,552	63						
India	10,720,046	154,010	69						
Vietnam	1,651	35	56						
Australia	28,799	909	52						
New Zealand	2,305	25	22						
Thailand	16,221	76	58						
Malaysia	198,208	717	77						

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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