

Summary

- **Equities:** In Europe, stocks are higher, with gains recorded by the STOXX 600 (+0.5%), FTSE 250 (+0.3%), CAC 40 and DAX (both +0.2%). In Asia, the CSI 300 (-1.3%), Hang Seng (-1.2%), TOPIX and S&P / ASX 200 (both -0.4%) all closed lower. The KOSPI was the exception, up +1.3% on close. In the US, futures for the S&P 500 and Dow Jones Industrial Average (DJIA) are -0.4% and -0.2%, respectively.
- **VIX:** After decreasing -16% over Monday, the CBOE market volatility index has increased +0.7% this morning to 23.5, remaining elevated compared to its long term average (LTA) of 19.9. Meanwhile, the Euro Stoxx 50 volatility index is lower, down -1.3% to 21.9, below its LTA of 23.9.
- **Bonds:** The UK 10-year treasury yield, US 10-year treasury yield and German 10-year bund yield have all softened +1bp to 0.76%, 1.44% and -0.32%, respectively.
- **Currency:** Sterling and the euro have depreciated to \$1.39 and \$1.20, respectively. Hedging benefits for US dollar denominated investors into the UK and the eurozone are at 0.49% and 1.59% per annum on a five-year basis.
- **Oil:** Brent Crude is broadly flat over the morning at \$63.72, while the West Texas Intermediate (WTI) is up +0.2% to \$60.74 per barrel.
- **Baltic Dry:** The Baltic Dry declined for the fourth consecutive session on Monday, down -1.4% to 1651, a near two week low. Prices have been pushed lower by capesize rates which were down -2.2% yesterday.
- **US Manufacturing:** The US manufacturing PMI stood at 60.8 in February, above market expectations of 58.8 and higher than January's reading of 58.7. The manufacturing PMI is now at its highest level since February 2018. However, factories are facing higher costs, with the survey's measure of prices increasing from 82.1 in January to 86.0 in February, its highest level since July 2008.
- **UK House Prices:** UK house prices were up +6.9% year on year in February, compared to +6.4% in January, according to Nationwide.

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Economic Dashboard

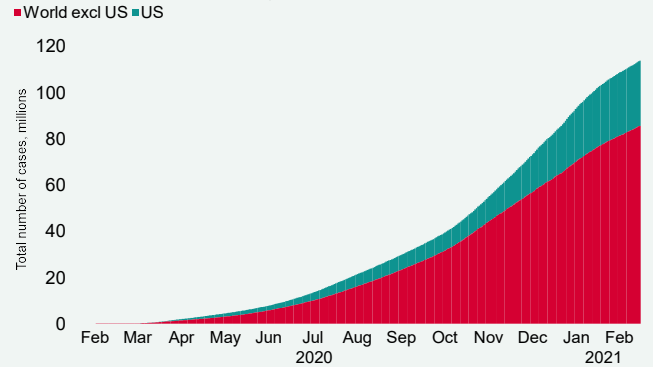


02 March 2021

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COVID-19

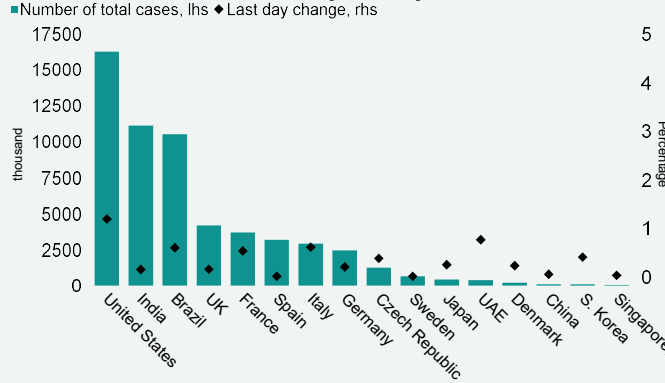
Cumulative number of global cases



Source: Knight Frank, Macrobond. Last modified: 01 March 2021 12:42 GMT.

The number of total confirmed cases reached 113.7 million on the 1 March, an increase of 228k new cases over the day prior.

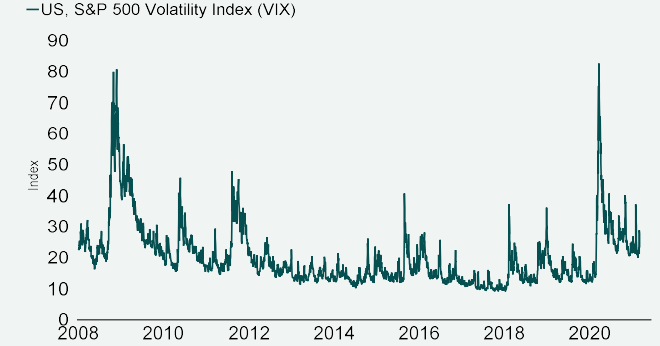
Cumulative number of cases by country



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

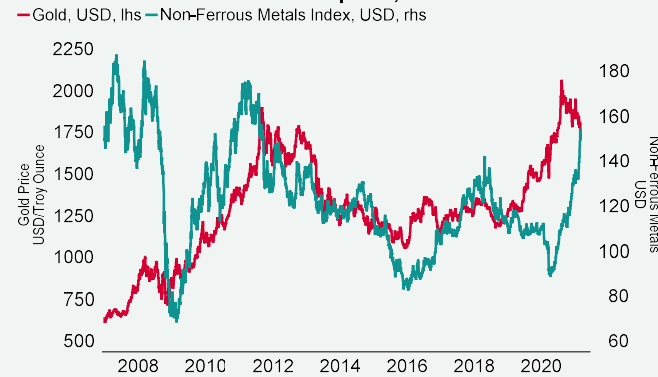


Source: Knight Frank, Macrobond. Last modified: 01 March 2021 21:47 GMT.

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

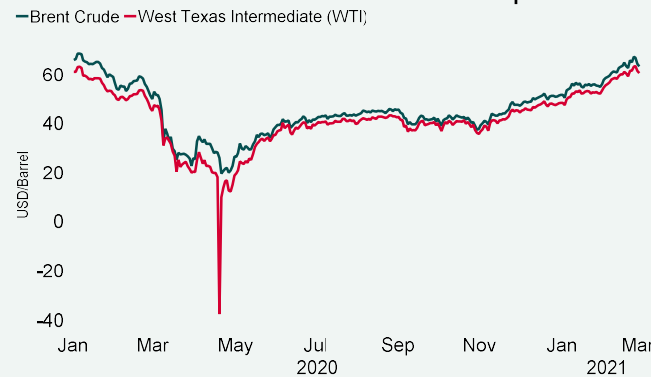
Gold and non-ferrous metals price, USD



Source: Knight Frank, Macrobond. Last modified: 01 March 2021 23:00 GMT.

	01 Mar	D/D (%)	YTD (%)
Gold, USD	1722	-2.7	-9.2
Non-Ferrous Metals, USD	149	-0.1	15.0

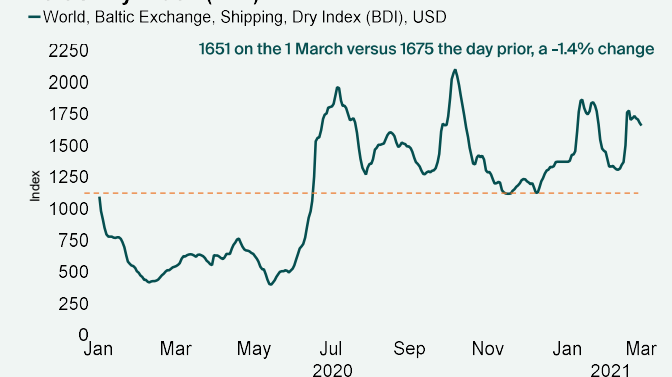
Brent Crude and West Texas Intermediate oil price



Source: Knight Frank, Macrobond. Last modified: 01 March 2021 23:15 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)



Source: Knight Frank, Macrobond. Last modified: 01 March 2021 13:30 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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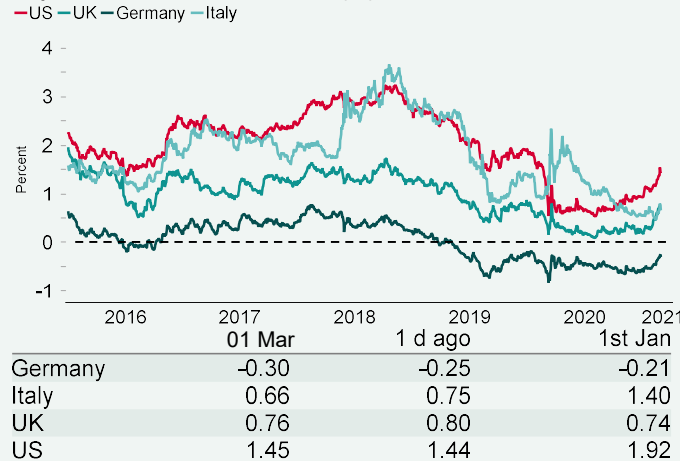


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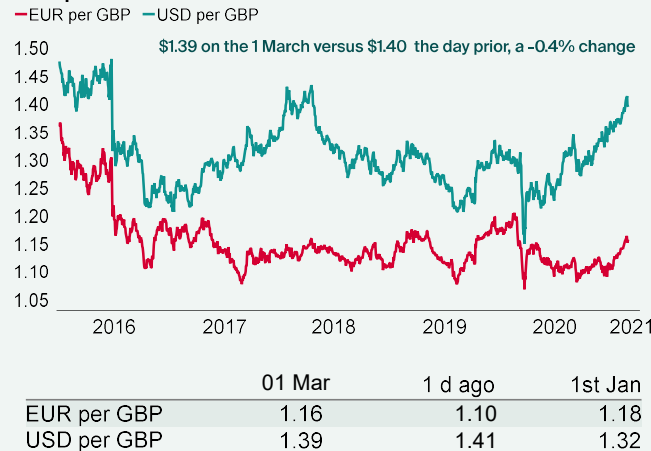
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Bonds and currencies

10y Government Bond Yield (%)



FX Spot Rates

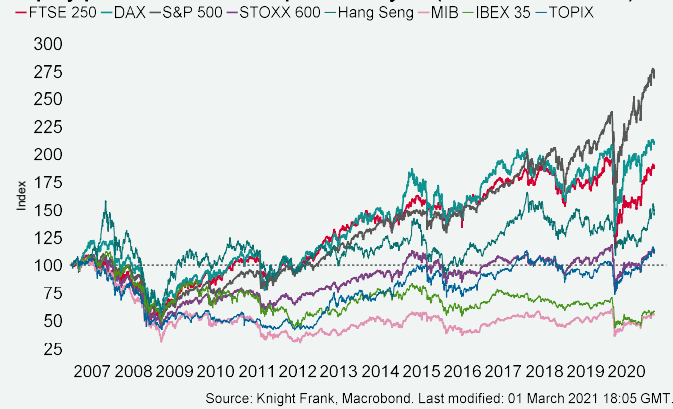


Currency hedging benefit p.a. based on a five year forward



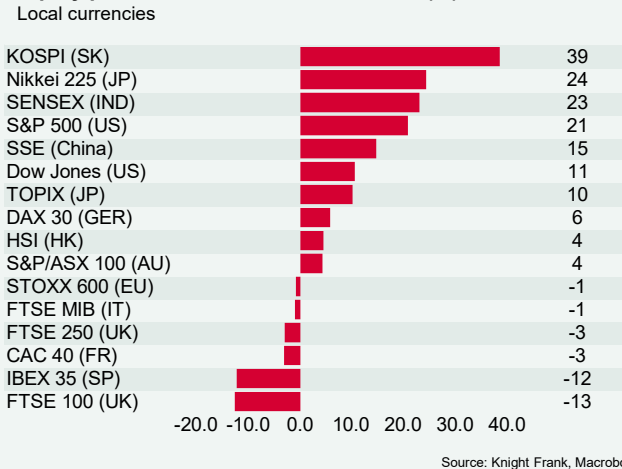
Equity and REIT

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

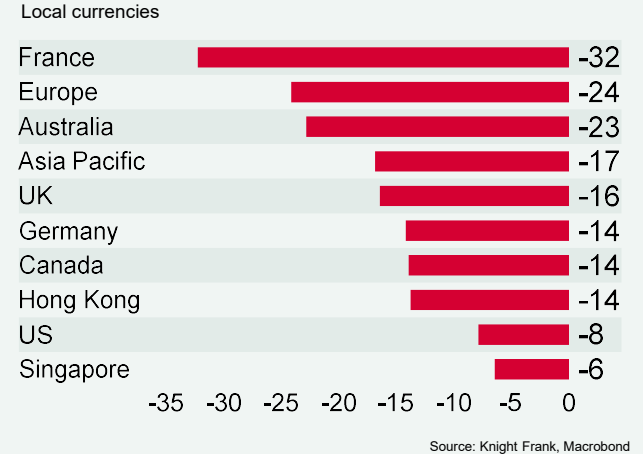


The chart presents the performance of selected equity indexes since the months prior to the global financial crisis (2007).

Equity performance: since 1st Jan 2020 (%)



REIT performance: since 1st Jan 2020 (%)



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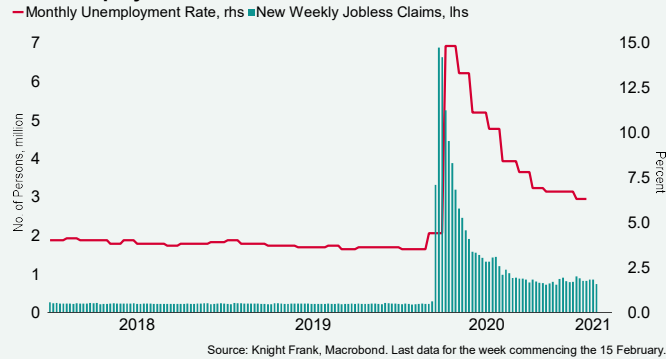


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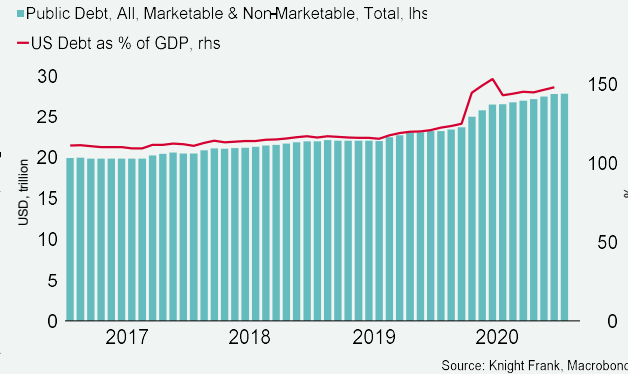
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US unemployment

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).

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	4.00%	7.25%	-25 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	279 bn	9.0%	138.5%
Canada	441 bn	3.0%	389.7%
Euro Area	8.61 tn	1.0%	69.4%
France	2.1 tn	-1.5%	69.1%
Germany	3.01 tn	0.2%	63.6%
Italy	1.66 tn	-0.5%	48.5%
Sweden	162 bn	2.6%	74.8%
Japan	6.69 tn	-1.2%	29.0%
United Kingdom	1.09 tn	5.4%	88.5%
United States	7.59 tn	2.4%	82.4%
Developing Economies			
Brazil	455 bn	-1.1%	-7.1%
China	6.02 tn	1.4%	11.8%
India	405 bn	0.9%	35.6%
Mexico	232 bn	0.6%	14.2%
Russia	669 bn	-1.5%	0.0%
Saudi Arabia	493 bn	0.3%	-3.3%
South Korea	493 bn	0.4%	16.2%
Turkey	110 bn	-3.2%	-4.8%

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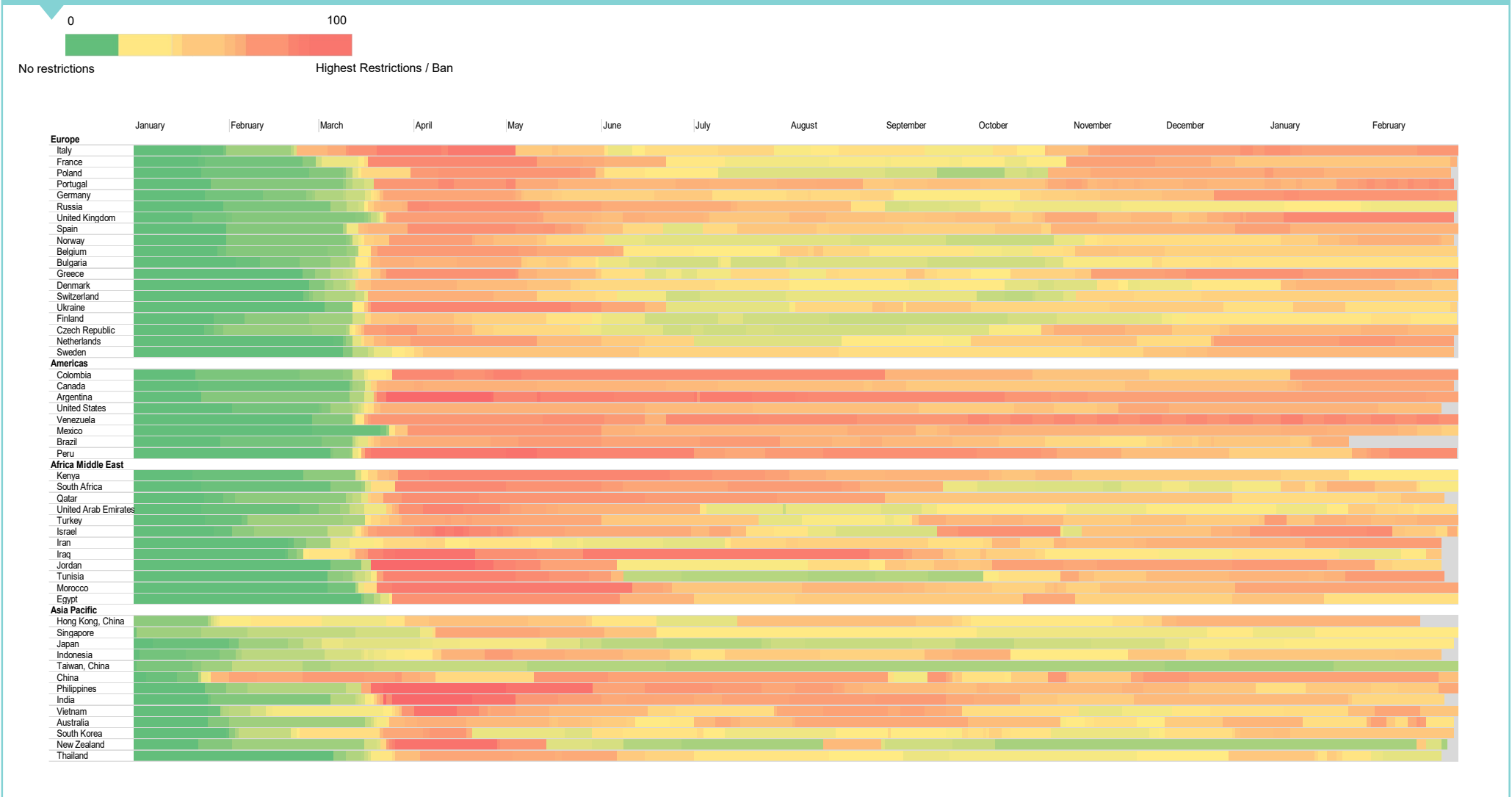
Economic Dashboard

02 March 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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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	2,938,371	97,945	82						
France	3,736,390	86,347	72						
Poland	1,711,772	43,793	71						
Portugal	804,956	16,351	86						
Germany	2,455,569	70,514	81						
Russia	4,209,850	85,025	46						
United Kingdom	4,182,009	122,953	88						
Spain	3,204,531	69,609	71						
Norway	71,735	623	68						
Belgium	772,294	22,106	60						
Bulgaria	249,626	10,308	54						
Greece	192,270	6,534	89						
Denmark	211,692	2,365	63						
Switzerland	557,492	9,988	60						
Ukraine	1,399,934	27,480	60						
Finland	58,064	750	52						
Czech Republic	1,240,051	20,469	69						
Netherlands	1,092,452	15,584	79						
Sweden	657,309	12,826	69						
Americas									
Colombia	2,255,260	59,866	81						
Canada	875,388	22,014	75						
Argentina	2,112,023	52,077	77						
United States	28,663,108	514,522	68						
Venezuela	139,545	1,348	84						
Mexico	2,089,281	186,152	61						
Brazil	10,587,001	255,720	73						
Peru	1,329,805	46,494	86						
Africa Middle East									
Kenya	106,125	1,859	54						
South Africa	1,513,959	50,077	48						
Qatar	164,137	259	66						
United Arab Emirates	394,050	1,238	56						
Turkey	2,711,479	28,638	72						
Israel	779,958	5,760	59						
Iran	1,639,679	60,181	80						
Iraq	699,088	13,428	64						
Jordan	397,158	4,727	57						
Tunisia	233,669	8,022	81						
Morocco	483,766	8,637	77						
Egypt	183,010	10,736	55						
Asia Pacific									
Hong Kong, China	11,019	200	71						
Singapore	59,948	29	51						
Japan	432,778	7,940	51						
Indonesia	1,341,314	36,325	65						
South Korea	90,372	1,606	64						
China	89,923	4,636	62						
Philippines	578,381	12,322	75						
India	11,112,241	157,157	58						
Vietnam	2,448	35	65						
Australia	28,986	909	53						
New Zealand	2,382	26	22						
Thailand	26,031	83	42						
Malaysia	302,580	1,135	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
Some level of closure	Some level of closure	2
Required closure of some sectors	Required closure of some sectors	3
Required closure for all but essential work	Required closure for all but essential work	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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