

Summary

- **Equities:** Globally, stocks are lower. In Europe, declines have been recorded this morning by the STOXX 600 (-0.6%), FTSE 250 (-0.8%), DAX (-0.7%) and CAC 40 (-0.4%). In Asia, the CSI 300 (-3.1%), Hang Seng (-2.2%), KOSPI (-1.3%), TOPIX (-1.0%) and S&P / ASX 200 (-0.8%) were all down on close. In the US, futures for the S&P 500 and Dow Jones Industrial Average (DJIA) are -0.6% and -0.3%, respectively.
- **VIX:** After increasing +11% over Wednesday, the CBOE market volatility index is up a further +3.6% this morning to 27.6, remaining elevated compared to its long term average (LTA) of 19.9. The Euro Stoxx 50 volatility index is also higher this morning, up +8.4% to 23.5, albeit remaining below its LTA of 23.9.
- **Bonds:** The UK 10-year gilt yield has compressed -2bps to 0.76%, while the US 10-year treasury yield is down -1bp to 1.47 and the German 10-year bund yield has held steady at -0.30%.
- **Currency:** Sterling and the euro have depreciated to \$1.39 and \$1.20, respectively. Hedging benefits for US dollar denominated investors into the Eurozone have increased to 1.59% per annum on a five-year basis, up from 1.51% last week and 1.37% one month ago. Meanwhile, hedging benefits into the UK on a five-year basis are currently 0.51%, higher than 0.47% one week ago but lower than 0.57% last month
- **Baltic Dry:** The Baltic Dry increased for the second consecutive session Wednesday, up +5.4% to 1763, its highest daily increase in over two weeks. The index is now -5% below the four-month high seen in January 2021.
- **UK Economy:** The OBR forecasts the UK economy to grow +4% in 2021 and to return to pre pandemic levels by mid 2022, with growth of 7.3% next year, falling to 1.7% growth by 2023, then 1.6% and 1.7% growth for the two years after. Unemployment is expected to peak in 2022 at 6.5%, lower than the 11.9% previously forecast. The UK will borrow £355bn this financial year, a new peacetime record, with steadily reduced levels of new borrowing subsequent years. The Chancellor reaffirmed the principle that over the medium term debt should not increase and announced future increases of Corporation Tax (CT) for large corporates (defined based on profitability) to 25% from 2023. While an increase, this remains the lowest CT rate in the G7. Eight freeports with low tax zones will also be created across England.

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

Important Notice

© Knight Frank LLP 2020 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.

Economic Dashboard

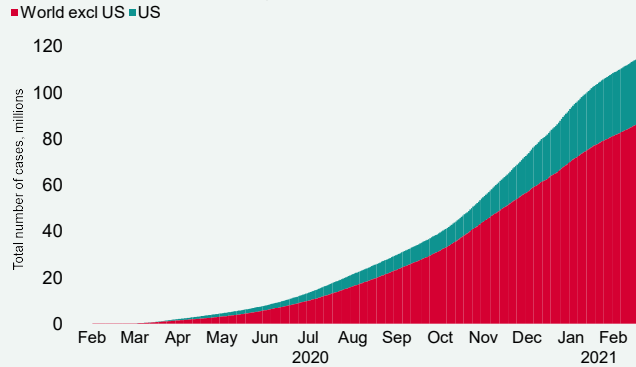


04 March 2021

Internal and key client use only

COVID-19

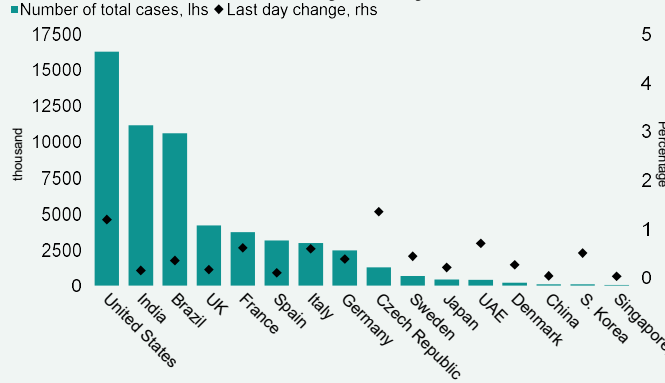
Cumulative number of global cases



Source: Knight Frank, Macrobond. Last modified: 03 March 2021 10:51 GMT.

The number of total confirmed cases reached 114.3 million on the 3 March, an increase of 175k new cases over the day prior.

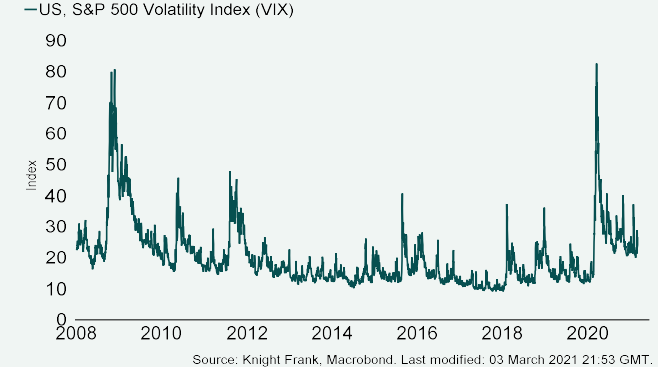
Cumulative number of cases by country



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

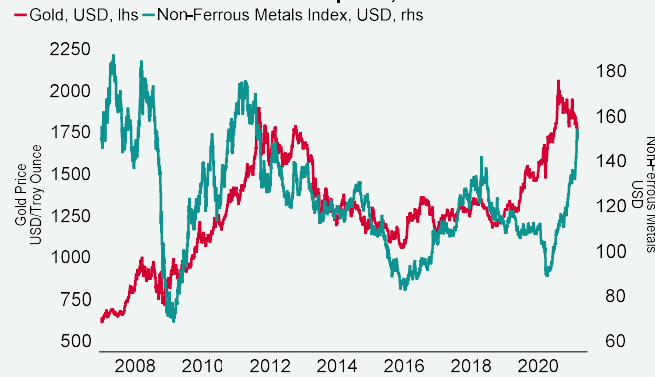


Source: Knight Frank, Macrobond. Last modified: 03 March 2021 21:53 GMT.

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

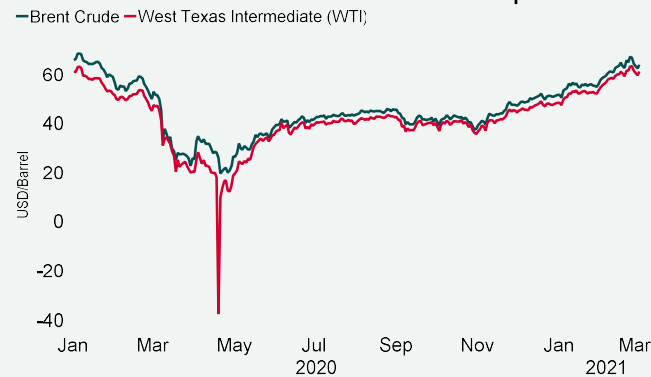
Gold and non-ferrous metals price, USD



Source: Knight Frank, Macrobond. Last modified: 03 March 2021 23:00 GMT.

	03 Mar	D/D (%)	YTD (%)
Gold, USD	1715	-0.5	-9.6
Non-Ferrous Metals, USD	149	-0.1	15.0

Brent Crude and West Texas Intermediate oil price



Source: Knight Frank, Macrobond. Last modified: 03 March 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)



Source: Knight Frank, Macrobond. Last modified: 03 March 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.

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

Important Notice

© Knight Frank LLP 2020 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.

Economic Dashboard

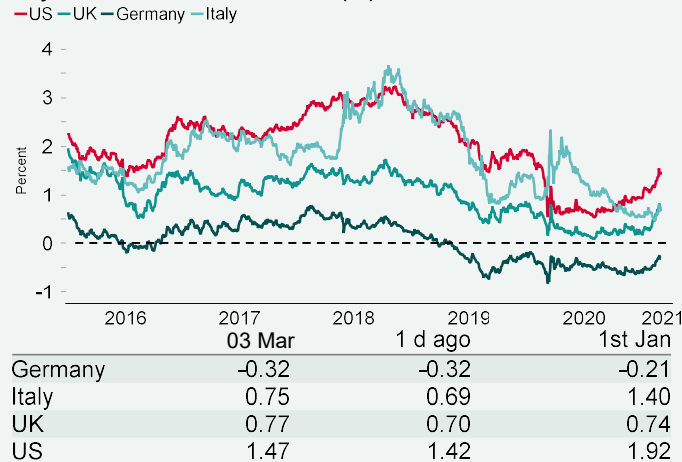


04 March 2021

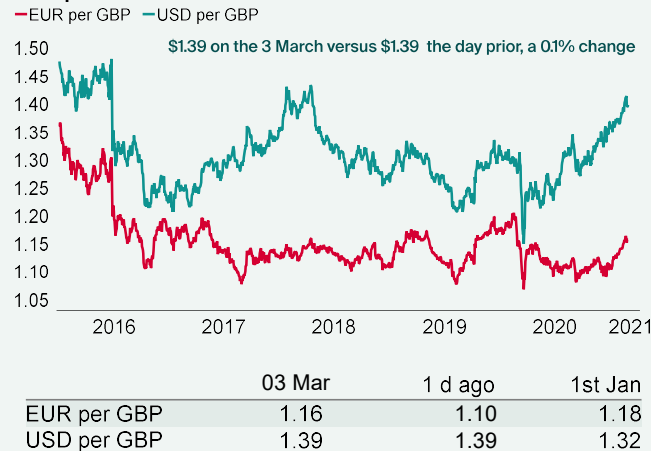
Internal and key client use only

Bonds and currencies

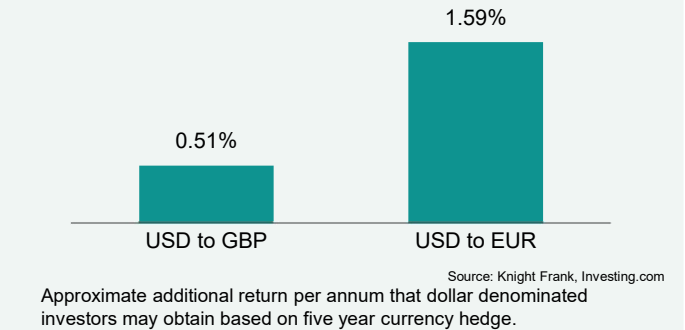
10y Government Bond Yield (%)



FX Spot Rates



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

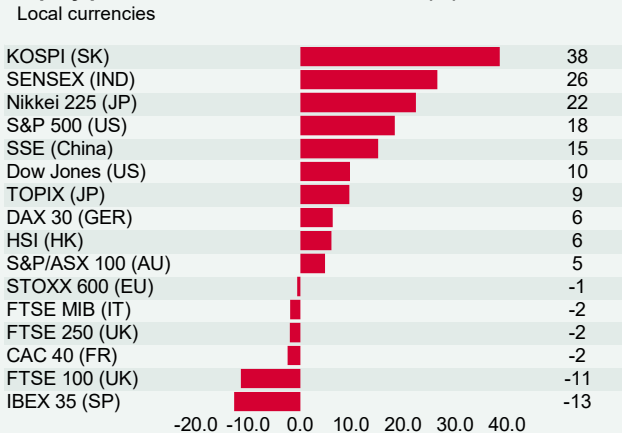


Equity and REIT

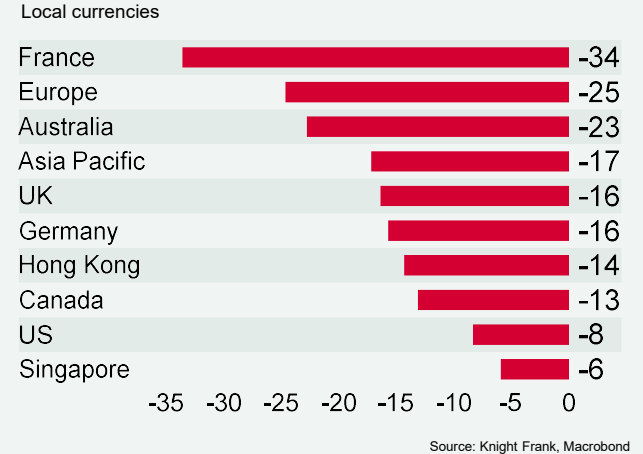
Equity performance: since previous cycle (1st Jan 2007 = 100)



Equity performance: since 1st Jan 2020 (%)



REIT performance: since 1st Jan 2020 (%)



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

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

Important Notice

© Knight Frank LLP 2020 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.

Economic Dashboard

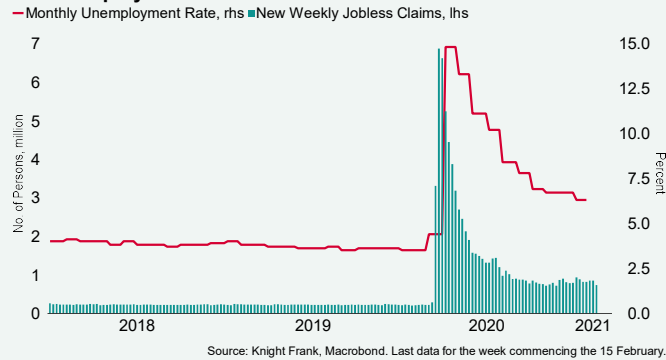


04 March 2021

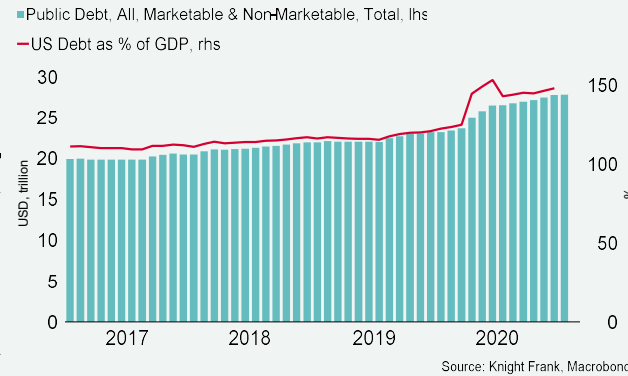
Internal and key client use only

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	8.63 tn	1.2%	69.5%
France	2.1 tn	-1.5%	69.1%
Germany	3 tn	0.2%	62.9%
Italy	1.66 tn	-0.5%	48.5%
Sweden	161 bn	1.4%	72.7%
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	111 bn	-3.1%	-3.0%

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

Important Notice

© Knight Frank LLP 2020 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.

Economic Dashboard

04 March 2021



Internal and key client use only

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

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

Important Notice

© Knight Frank LLP 2020 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.

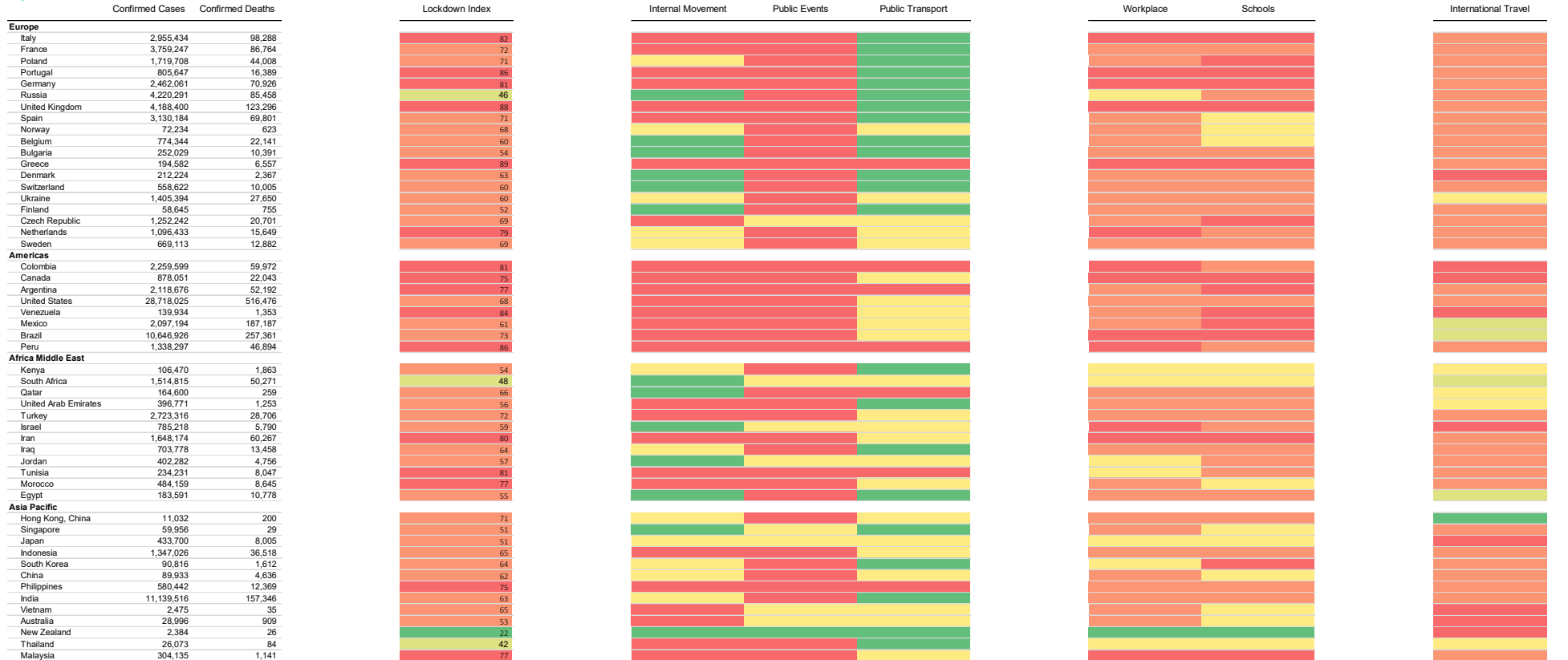
Economic Dashboard

04 March 2021



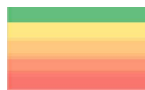
Internal and key client use only

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

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

Important Notice

© Knight Frank LLP 2020 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.