# 19 March 2021

# Summary

- Internal and key client use only
- Equities: Globally, stocks are mostly lower. In Europe, declines have been recorded by the FTSE 250 (-0.6%), CAC 40 (-0.5%), STOXX 600 (-0.3%) and DAX (-0.2%) this morning. In Asia, the CSI 300 (-2.6%), Hang Seng (-1.4%), KOSPI (-0.9%) and S&P / ASX 200 (-0.6%) all closed lower. The TOPIX was the exception, up +0.2% on close. In the US, futures for the S&P 500 are currently flat, while the Dow Jones Industrial Average is up +0.2%.
- VIX: After increasing +12% over Thursday, the CBOE market volatility index is currently down -2.4% this morning to 21.1, above its long term average (LTA) of 19.9. The Euro Stoxx 50 volatility index is also higher, up +6.0% to 18.5, albeit, remaining below its LTA of 23.9.
- Bonds: The UK 10-year gilt yield has compressed -5bps to 0.83%, the German 10-year bund yield is down -3bps to -0.31% and the US 10-year treasury yield is -1bp lower at 1.69%.
- Currency: Sterling has depreciated to \$1.39, while the euro is currently \$1.19. Hedging benefits into the UK and the Eurozone are 0.53% and 1.68% on a five-year basis.
- Oil: Both Brent Crude and the West Texas Intermediate (WTI) declined -7% over Thursday, however, this morning they have since increased +1.1% and +1.3% to \$63.95 and \$60.76 per barrel, respectively.
- Baltic Dry: The Baltic Dry increased for the fourth consecutive session on Thursday, up +5.2% to 2215, its largest daily increase in over a month and its highest level in 18 months. Panamax rates have pushed prices higher, up +9.3% yesterday to their highest level since September 2010. Capesize rates were also higher, up +5.3%, their strongest level since 26<sup>th</sup> January 2021.
- US Unemployment: There were 770k new unemployment applications in the week to 13<sup>th</sup> March, above market expectations of 700k and higher than 725k last week. This is the highest reading in a month.
- UK Debt: Public sector net borrowing (excluding public sector banks) totalled £19.1bn in February, £17.6bn higher than a year prior and the highest February figure since ONS records began. With one month of the fiscal year left, 2020 2021 borrowing is currently £278.8bn, below the £355bn forecast by the OBR for the full fiscal year.

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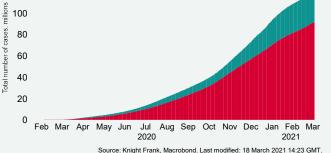
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Cumulative number of global cases

### 19 March 2021

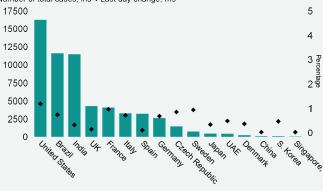
# COVID-19

• World excl US = US 120 120 100



The number of total confirmed cases reached 120.7 million on the 18 March, an increase of 279k new cases over the day prior.

#### Cumulative number of cases by country Number of total cases, lhs Last day change, rhs



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).

# 90 80 70 60 50 40 30 20



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

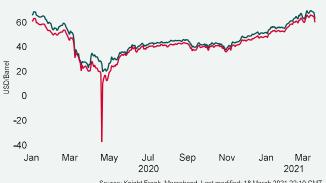
### Gold and non-ferrous metals price, USD

- Gold, USD, Ihs - Non-Ferrous Metals Index, USD, rhs



	18 Mar	D/D (%)	YTD (%)
Gold, USD	1735	0.2	-8.5
Non-Ferrous Metals, USD	146	1.2	12.2

#### Brent Crude and West Texas Intermediate oil price -Brent Crude --West Texas Intermediate (WTI)



Source: Knight Frank, Macrobond. Last modified: 18 March 2021 22:10 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)

Volatility Index

10

US, S&P 500 Volatility Index (VIX)

-World, Baltic Exchange, Shipping, Dry Index (BDI), USD



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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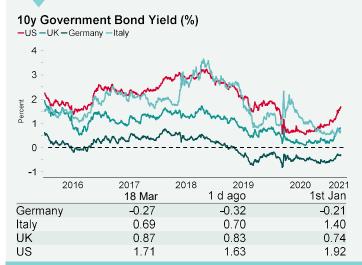
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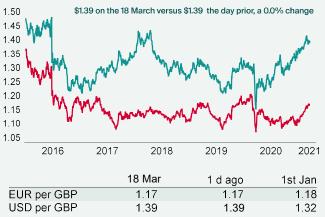


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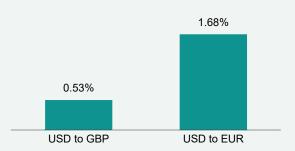
# Bonds and currencies



#### FX Spot Rates -EUR per GBP -USD per GBP



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



Source: Knight Frank, Investing.com

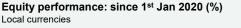
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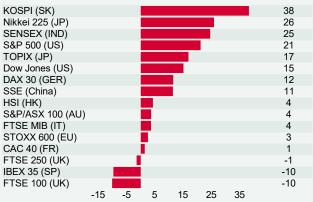
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Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.

# 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 300 250 200 150 g 100 50 0 2008 2010 2016 2018 2020 2012 2014 Source: Knight Frank, Macrobond. Last modified: 18 March 2021 18:06 GMT.





### REIT performance: since 1<sup>st</sup> Jan 2020 (%) Local currencies

France								-32
Europe								-23
Australia								-23
UK								-17
Asia Pacific	2							-15
Hong Kong								-14
Germany								-14
Canada								-12
US								-4
Singapore								<b>-</b> 2
	-35	-30	<b>-</b> 25	<b>-</b> 20	<b>-</b> 15	-10	-5	0

Source: Knight Frank, Macrobond

Source: Knight Frank, Macrobond

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The chart presents the performance of selected equity indexes since the

months prior the global financial crisis (2007).

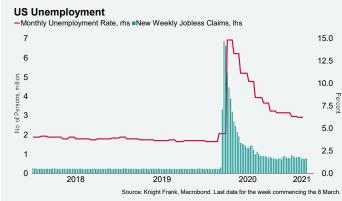
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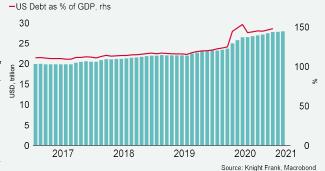
# 19 March 2021

### US unemployment



### US Public Debt

Public Debt, All, Marketable & Non-Marketable, Total, Ihs



The chart presents the amount of American government debt (left axis)

compared to debt as a percentage of total US GDP (right axis).

The chart presents the number of Americans that each week file for unemployment benefits (left axis) and the overall monthly unemployment rate (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	2.75%	4.50%	75 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	19.00%	12.00%	200 bps

### **Central Bank Assets Purchasing Programme**

	Lastest (\$)	MoM (%)	YoY (%)
Advanced Economies			
Australia	298 bn	10.0%	130.5%
Canada	458 bn	4.1%	395.9%
Euro Area	8.49 tn	-1.0%	60.2%
France	2.1 tn	-1.5%	69.1%
Germany	2.95 tn	-2.2%	50.1%
Italy	1.66 tn	0.0%	50.4%
Sweden	162 bn	-1.5%	76.5%
Japan	6.56 tn	-3.3%	15.6%
United Kingdom	1.09 tn	2.0%	91.3%
United States	7.69 tn	1.8%	66.6%
Developing Economies			
Brazil	436 bn	-4.2%	-10.5%
China	5.93 tn	-1.4%	15.0%
India	407 bn	1.0%	33.7%
Mexico	228 bn	-1.6%	10.8%
Russia	701 bn	0.0%	-0.9%
Saudi Arabia	493 bn	0.3%	-3.3%
South Korea	482 bn	-2.2%	15.6%
Turkey	108 bn	-3.8%	-1.5%

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# Fiscal polic

### Fiscal measures details

FISCAL me	asures detalls
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	<b>\$3.0tn:</b> 2 <sup>nd</sup> package passed 23 <sup>rd</sup> April, worth \$483 billon, increasing US stimulus to \$3 trillion (15% GDP).
EU	<ul> <li>€1.35tn: This includes €240bn to the European Stability Mechanism, and €200bn in EIB guarantees. On 4<sup>th</sup> June, the ECB extended the pandemic purchase programme (PEPP) until June 2021, purchasing an additional €600bn in bonds, taking total stimulus to €1.35tn.</li> <li>€750bn: a new recovery package for EU member states announced in July including €390bn in grants and €360 in interest free loans.</li> </ul>
Germany	€880bn: The emergency aid measure approved on Monday 23 <sup>rd</sup> 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	<b>€400bn:</b> The stimulus announced on the 7 <sup>th</sup> April <b>€25bn:</b> Emergency package to support businesses and families.
France	€100bn: : The stimulus announced on the 3 <sup>rd</sup> September €45bn: The aid package for SMEs and other hard-hit sectors announced by the French government on 17 <sup>th</sup> 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	<b>\$2.2tn</b> : 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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# 19 March 2021

Italy



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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# 19 March 2021



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

(	Confirmed Cases Conf	firmed Deaths
Europe		
Italy France	3,306,711 4,152,604	103,855 91,148
Poland	4,152,604 1,984,248	48,388
Portugal	816,055	16,743
Germany	2,639,258	74,402
Russia	4,378,656	92,266
United Kingdom	4,280,882	125,926
Spain	3,212,332	72,910
Norway	84,553	648
Belgium	822,801	22,624
Bulgaria	295,777	11,817
Greece	230,317 223,415	7,297 2,397
Denmark Switzerland	223,415 578,861	10,183
Ukraine	1,553,659	30,811
Finland	69,497	805
Czech Republic	1,439,019	24,117
Netherlands	1,179,612	16,198
Sweden	738,537	13,236
Americas		
Colombia	2,319,293	61,636
Canada	928,283	22,577
Argentina	2,226,753	54,386
United States	29,665,679	539,698
Venezuela Mexico	148,208	1,467
Mexico Brazil	2,182,188 11,780,820	196,606 287,499
Peru	1,435,598	49,523
rica Middle East	1,400,000	-10,020
Kenya	117,535	1,954
South Africa	1,533,961	51,724
Qatar	172,200	270
United Arab Emirates	434,465	1,424
Turkey	2,950,603	29,777
Israel	825,562	6,069
Iran	1,778,645	61,581
Iraq	779,458	13,896
Jordan	514,107	5,627
Tunisia	243,935	8,490
Morocco	490,575	8,748
Egypt	193,482	11,472
sia Pacific Hong Kong, China	11,350	203
Singapore	60,152	30
Japan	452,147	8,750
Indonesia	1,443,853	39,142
South Korea	97,757	1,690
China	90,083	4,636
Philippines	640,984	12,887
India	11,514,331	159,370
Vietnam	2,570	35
Australia	29,183	909
New Zealand	2,444	26
Thailand	27,494	89
Malaysia	328,466	1,223
		Index key & Scale
	No Restricti	
	Recommen	ded Restrictions: 26 – 50
		estrictions: 51 – 75
		strictions / Ban: 76 – 100

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

Total border closure

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