

Summary

- **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 26th January 2021.
- **US Unemployment:** There were 770k new unemployment applications in the week to 13th 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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Economic Dashboard



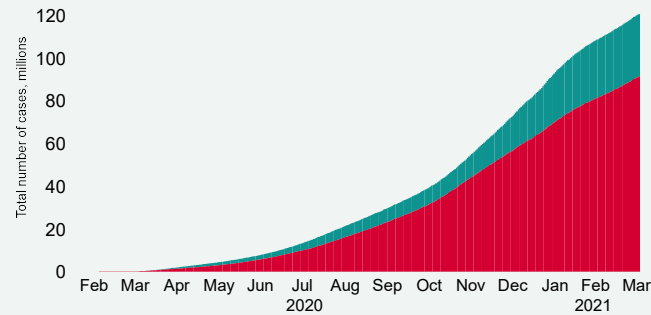
19 March 2021

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COVID-19

Cumulative number of global cases

■ World excl US ■ US

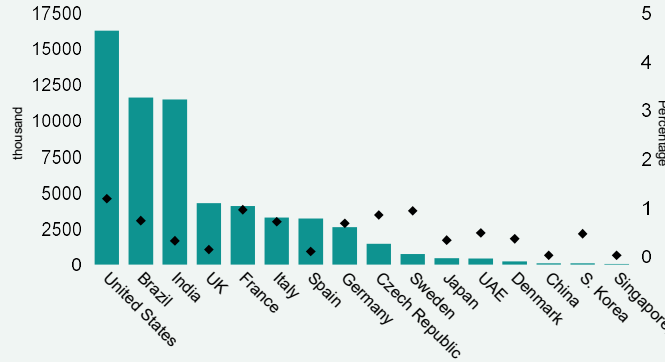


Source: Knight Frank, Macrobond. Last modified: 18 March 2021 14:23 GMT.

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

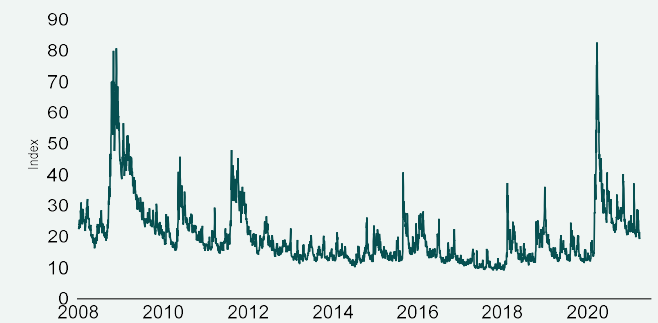


Source: Knight Frank, Macrobond.

The chart presents the number of cumulative cases (left axis) and the percentage change of new cases against the day before (right axis).

Volatility Index

—US, S&P 500 Volatility Index (VIX)



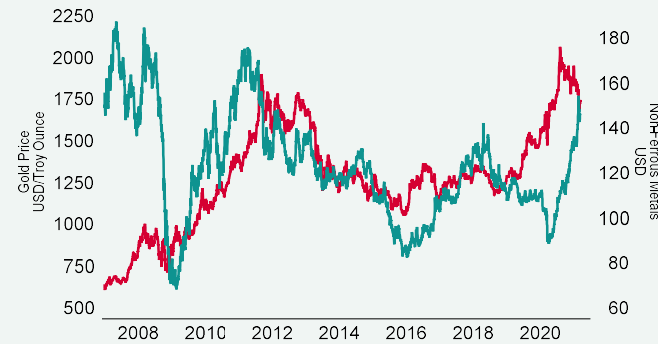
Source: Knight Frank, Macrobond. Last modified: 18 March 2021 21:51 GMT.

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

—Gold, USD, lhs —Non-Ferrous Metals Index, USD, rhs

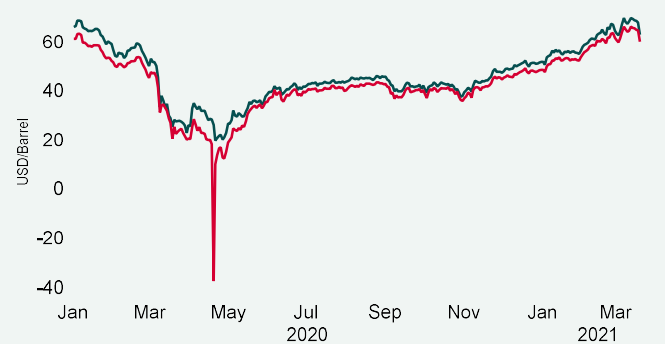


Source: Knight Frank, Macrobond. Last modified: 18 March 2021 23:00 GMT.

	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)

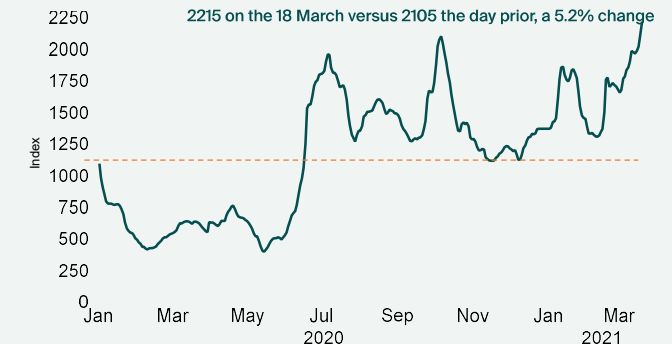


Source: Knight Frank, Macrobond. Last modified: 18 March 2021 22:10 GMT.

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)

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



Source: Knight Frank, Macrobond. Last modified: 18 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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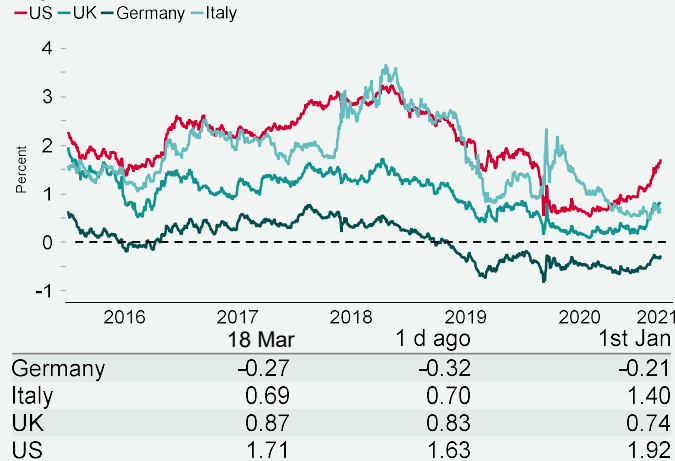


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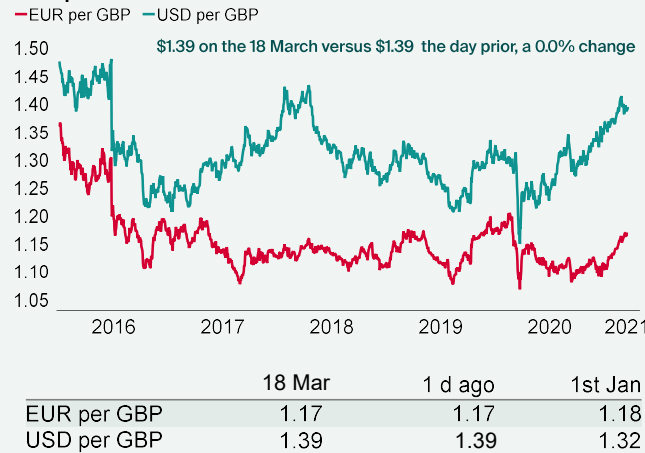
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Bonds and currencies

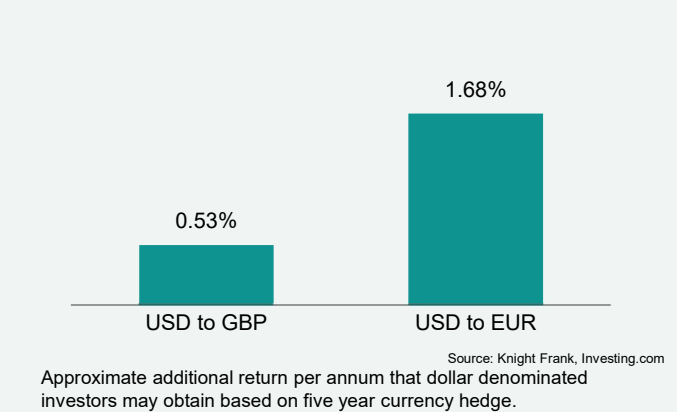
10y Government Bond Yield (%)



FX Spot Rates

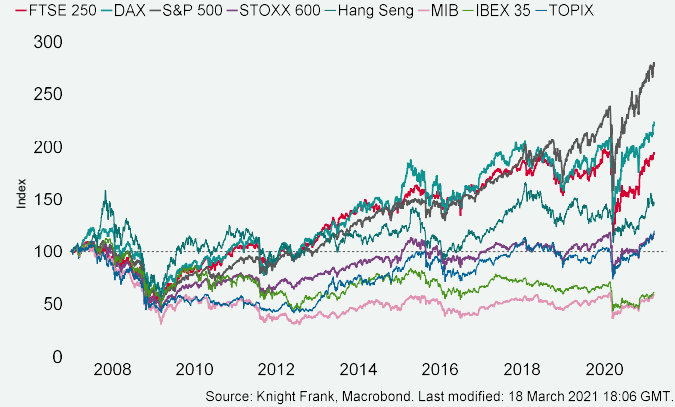


Currency hedging benefit p.a. based on a five year forward

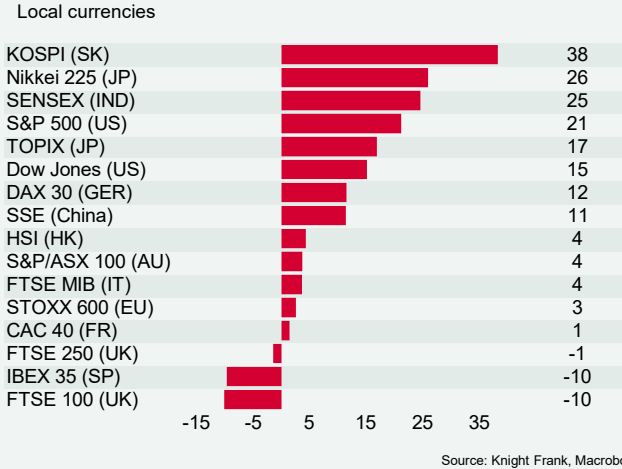


Equity and REIT

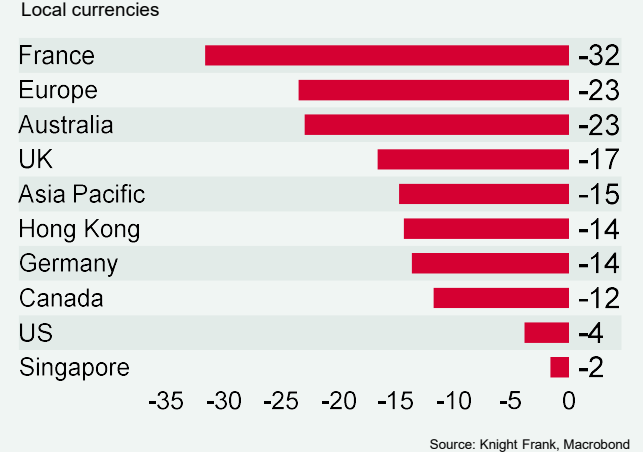
Equity performance: since previous cycle (1st Jan 2007 = 100)



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).

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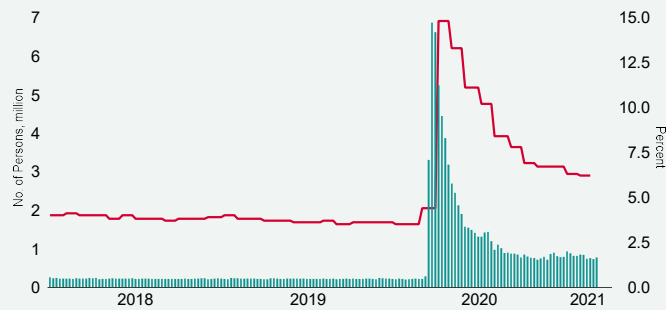
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US unemployment

US Unemployment

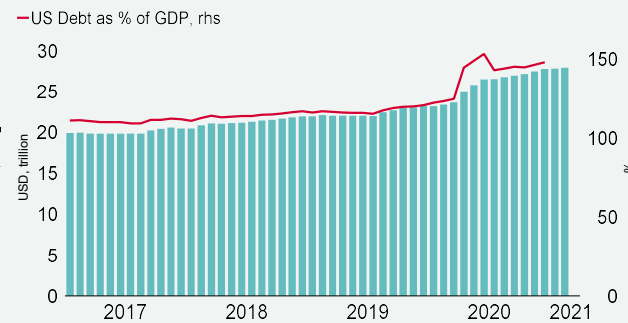
— Monthly Unemployment Rate, rhs ■ New Weekly Jobless Claims, lhs



Source: Knight Frank, Macrobond. Last data for the week commencing the 8 March.

US Public Debt

■ Public Debt, All, Marketable & Non-Marketable, Total, lhs



Source: Knight Frank, Macrobond

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	2.75%	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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Economic Dashboard

19 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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Economic Dashboard

19 March 2021



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



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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