31 March 2021

## Summary



- Equities: Globally, stocks are mixed this morning. In Europe, the Stoxx 600, the FTSE 250 and the DAX remained unchanged so far, while the CAC 40 (-0.1%) is marginally down. In Asia the TOPIX (-1.2%) was the worst performing index, followed by the CSI 300 (-0.9%), the Hang Seng (-0.8%) and the KOSPI (-0.3%), while the S&P / ASX 200 (+0.8%) closed higher. In the US, futures for the S&P 500 and the Dow Jones Industrial Average are both down -0.1% so far this morning.
- VIX: The CBOE market volatility index increased slightly to 20.0, in line with its long term average of 19.9. The Euro Stoxx 50 volatility decreased by -1.8% to 18.1, below its LTA of 23.9.
- Bonds: The UK 10-year gilt yield and the German 10-year bund yield remained stable at 0.83% and -0.28% respectively. The US 10-year treasury yield softened +2bps to 1.73%, following the 14-month high of 1.78% reached yesterday.
- Currency: Sterling and the euro are currently \$1.38 and \$1.17, respectively. Currency hedging benefits for US dollar denominated investors into the UK and Eurozone are 0.67% and 1.77% on a five year basis.
- Oil: Oil is trading up today, ahead of the OPEC and allies meeting scheduled for tomorrow. Brent Crude and the West Texas Intermediate (WTI) are +0.5% and +0.4% higher this morning at \$64.5 and \$60.8, respectively.
- Baltic Dry: The Baltic Dry declined on Tuesday, down by -2.7% to 2,103. This level is -9% below the 22nd March peak of 2,319, but remains at a rate last seen in September 2019.
- Gold: After two days of decline, Gold remained stable this morning at \$1,685 per troy ounce, a level which is -11% below where it was at the start of the year.
- UK economy: The UK GDP grew +1.3% in the last quarter of 2020, revised up from a previous estimate of 1.0%. The annual figure for 2020 was also revised up to -9.8% from a -9.9%, but it still remains the largest fall in UK GDP ever recorded. Despite the last two quarters of growth, GDP remains -7.3% below its pre-pandemic level.

## Research

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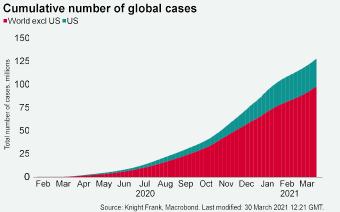
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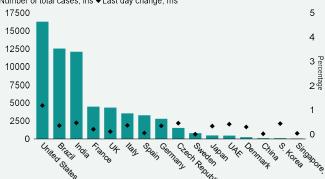
## 31 March 2021

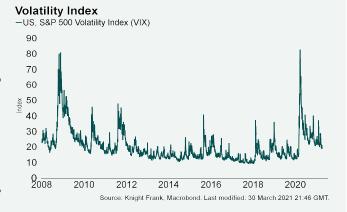
## COVID-19



The number of total confirmed cases reached 127.3 million on the 30 March, an increase of 428k 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.

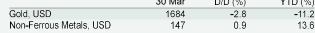
The chart presents the number of cumulative cases (left axis) and the percentage change of new cases against the day before (right axis).

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 2250 180 2000 160 1750 Gold Price USD/Troy Ounce 140 1500 USD 120 1250 100 1000 80 750 500 60 2016 2018 2008 2010 2012 2014 2020 Source: Knight Frank, Macrobond. Last modified: 31 March 2021 00:01 GMT 30 Mar D/D (%) YTD (%)



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



Source: Knight Frank, Macrobond, Last modified: 30 March 2021 23:10 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



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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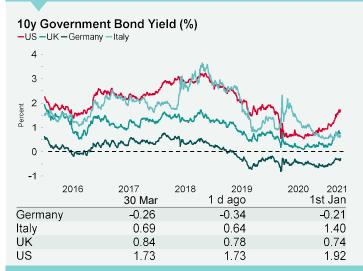
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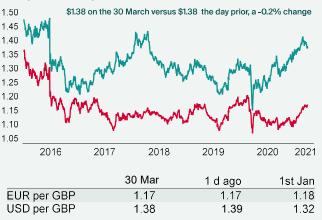


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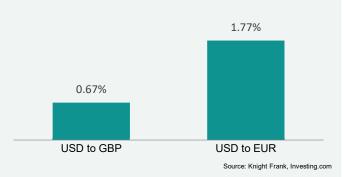
## **Bonds and currencies**



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



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

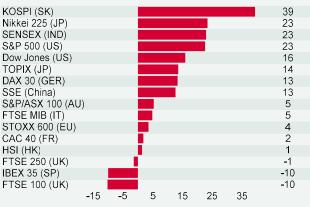


Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.



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

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



Important Notice

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

France								-31
Europe								-23
Australia								-23
UK								-15
Germany								-15
Asia Pacific	2							-14
Hong Kong								-12
Canada								-11
US								-4
Singapore								<b>-</b> 2
	-35	-30	-25	-20	-15	-10	-5	0

#### Source: Knight Frank, Macrobond

Source: Knight Frank, Macrobond

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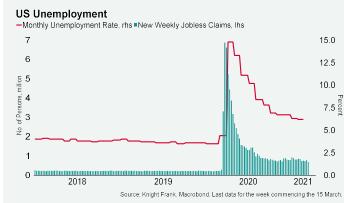
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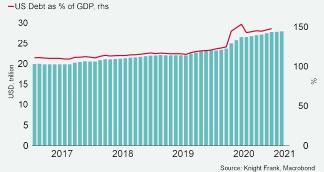


## 31 March 2021



**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)

## **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	<b>-</b> 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	4.50%	6.25%	25 bps	
Saudi Arabia	1.00%	2.25%	0 bps	
South Korea	0.50%	1.25%	0 bps	
Turkey	19.00%	12.00%	200 bps	

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## **Central Bank Assets Purchasing Programme**

	-	-		
	Lastest (\$)	MoM (%)	YoY (%)	-
Advanced Economies				
Australia	299 bn	7.1%	96.9%	
Canada	458 bn	4.1%	395.9%	
Euro Area	8.88 tn	2.9%	62.4%	
France	2.1 tn	-0.1%	69.4%	
Germany	3.01 tn	0.3%	52.8%	
Italy	1.66 tn	0.0%	50.4%	
Sweden	162 bn	0.0%	81.3%	
Japan	6.6 tn	-2.1%	23.7%	
United Kingdom	1.09 tn	0.0%	91.0%	
United States	7.72 tn	1.7%	49.3%	
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	489 bn	-0.9%	-3.2%	
South Korea	482 bn	-2.2%	15.6%	
Turkey	105 bn	-4.6%	1.2%	

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## Fiscal measures details

FISCAL Me	asures 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	<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

## 31 March 2021





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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## 31 March 2021



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

					Public Events		Workplace	Schools	_	
rope	0.504.040	100.070								
Italy France	3,561,012 4,553,481	108,879 94,769	69							
Poland	2,288,826	52,392	75							
Portugal	821,104	16,845	81							
Germany	2,818,630	76,389	75							
Russia	4,486,078	96,817	40							
United Kingdom	4,341,736	126,670	76							
Spain	3,275,819	75,305	69							
Norway	95,208	661	70							
Belgium	876,842	22,966	60							
Bulgaria	338,426	13,068	61							
Greece	260,077	8,017	88							
Denmark	229,902	2,417	63							
Switzerland	598,713	10,322	60							
Ukraine	1,713,684	34,043	59							
Finland	76,845	826	52							
Czech Republic	1,523,668	26,222	81							
Netherlands Sweden	1,264,983 796,445	16,509 13,430	75							
nericas	190,440	13,430	66							
Colombia	2,397,731	63,255	83							
Canada	980,080	22,892	72							
Argentina	2,332,765	55,736	70							
United States	30,393,001	550,967	59							
Venezuela	159,149	1,589	88							
Mexico	2,232,910	202,633	47							
Brazil	12,658,109	317,646	71							
Peru	1,533,121	51,635	83							
rica Middle East										
Kenya	132,646	2,147	58							
South Africa	1,546,735	52,788	48							
Qatar	179,184	289	60							
United Arab Emirates	459,360	1,492	54							
Turkey	3,277,880	31,385	72							
Israel Iran	832,639	6,193	51							
	1,875,234 844,260	14,286	80							
Iraq Jordan	605,007	6,747	75							
Tunisia	252,171	8,788	62							
Morocco	495,421	8,813	77		and the second					
Egypt	201,432	11,956	51							
ia Pacific		.,								
Hong Kong, China	11,461	205	71							
Singapore	60,347	30	51							
Japan	471,777	9,112	43							
Indonesia	1,505,775	40,754	69							
South Korea	103,088	1,731	58							
China	90,201	4,636	50							
Philippines	741,181	13,191	75							
India	12,095,855	162,468	66							
Vietnam	2,594	35	63							
Australia	29,304	909	45							
New Zealand	2,497	26	47							
Thailand Malaysia	28,821 344,018	94 1,265	4/							
	Lockdown li	ndex key & Scale		Internal movements	Public events	Public transport Value	Workplace	Schools	Value	International travel
	No Restriction					measure 0				No measure
	Recommend	led Restrictions: 26 – 50					No measure	No measure	0	
		strictions: 51 – 75				commended 1	Recommended	Recommended	1	Screening
		trictions / Ban: 76 – 100		Restriction Re	equired Rec	quired 2		Some level of		Quarantine arrivals from high risk regions

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.

some sectors

but essential work close

Source: Knight Frank, Macrobond, Oxford University

Ban on high risk regions

Total border closure

3

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