

Summary

- **Equities:** In Europe, the FTSE 250 is +0.1% over the morning, the STOXX 600 -0.1% and the DAX remains flat. In the US, futures for the S&P 500 are down -0.4%. In Asia, the Hang Seng (-1.6%), CSI 300 (-1.2%), S&P / ASX 200 (-0.6%) and the Topix (-0.2%) all closed lower, while the Kospi added +0.4%.
- **VIX:** The CBOE market volatility index and the Euro Stoxx 50 volatility price index have increased +2.2% and +0.6% over the morning, to 25.4 and 25.1. Both indices are now above their long term averages, indicating further expectation of near-term volatility.
- **Bonds:** The US 10-year treasury yield has compressed -2bps to 0.52%, while both the UK 10-year gilt yield and the Italian 10-year government bond yield have nudged up +1bp to 0.11% and 1.00%. The German 10-year bund yield is flat at -0.54%.
- **Currency:** Sterling is currently \$1.31 and the euro remains steady at \$1.18. Hedging benefits for US dollar denominated investors into the UK and the eurozone are 0.22% and 1.04% per annum on a five-year basis.
- **Baltic Dry:** The Baltic Dry index gained a further +1.7% yesterday, lifting the index to 1,500. This brings the cumulative gains over the last five trading sessions to +19%.
- **Oil:** Brent Crude and the West Texas Intermediate (WTI) are down -0.3% and -0.4% over the morning, to \$44.94 per barrel and \$41.77 per barrel, respectively. The latest Baker Hughes rig count found there were 251 active oil rigs in the US as at 31st July 2020, compared to 942 one year ago. Internationally, the number of active oil rigs in July stood at 743, compared to 781 one month ago.
- **Gold:** The price of gold appreciated by a further +1% yesterday to a new high of \$2,061 per troy ounce. This price is +35% higher than it was in January.
- **US Unemployment:** There were 1.2 million new unemployment applications in the week to 1st August, below expectations of 1.4 million and the lowest number of new weekly applications since the pandemic started.

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COVID-19 Dashboard

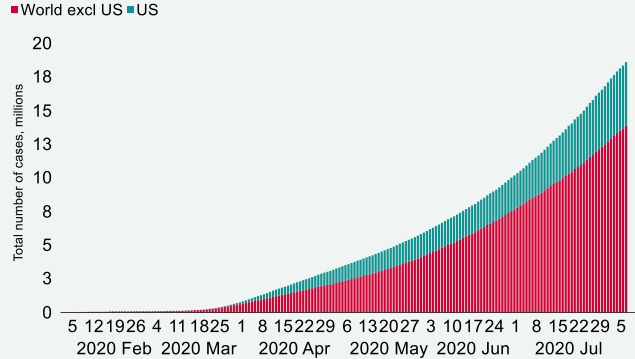
7 August 2020



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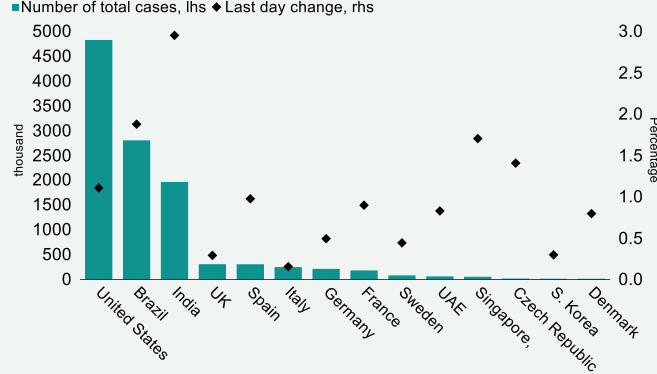
COVID-19

Cumulative number of global cases



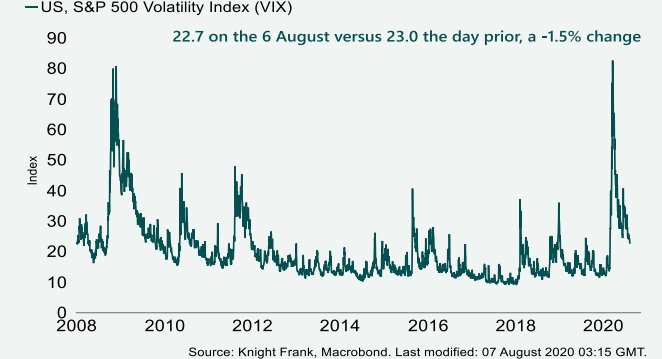
The number of total confirmed cases reached 18.6 million on the 6 August, an increase of 260k new cases over the day prior.

Cumulative number of cases by country



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

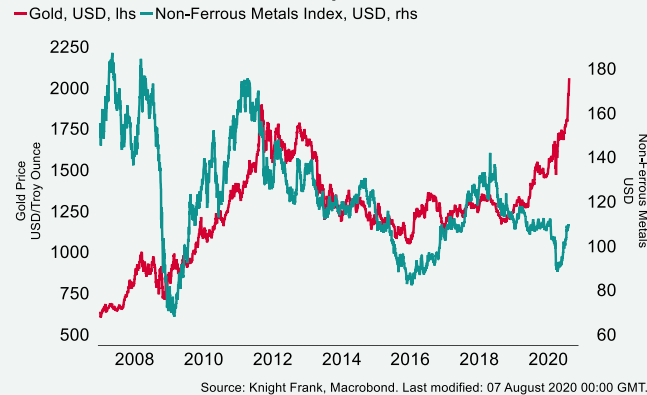
Volatility Index



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.

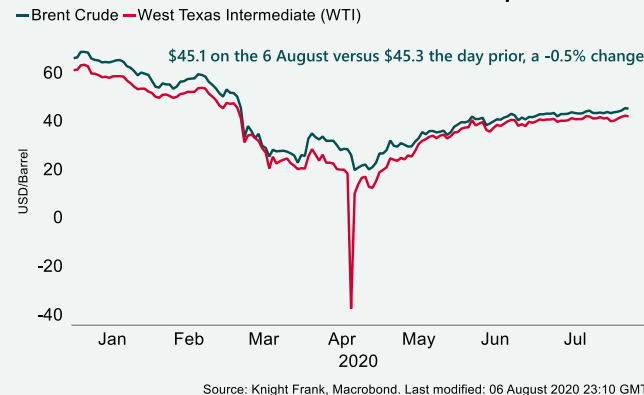
Commodities

Gold and non-ferrous metals price, USD



	6 Aug	D/D (%)	YTD (%)
Gold, USD	2061	2.1	35.9
Non-Ferrous Metals, USD	110	-0.3	-1.0

Brent Crude and West Texas Intermediate oil price



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)



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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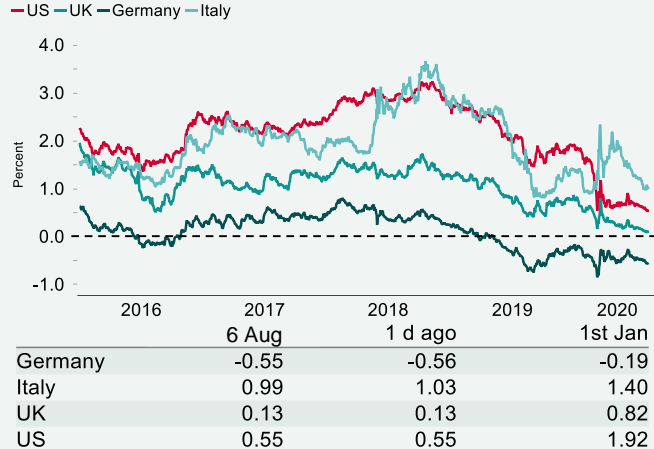
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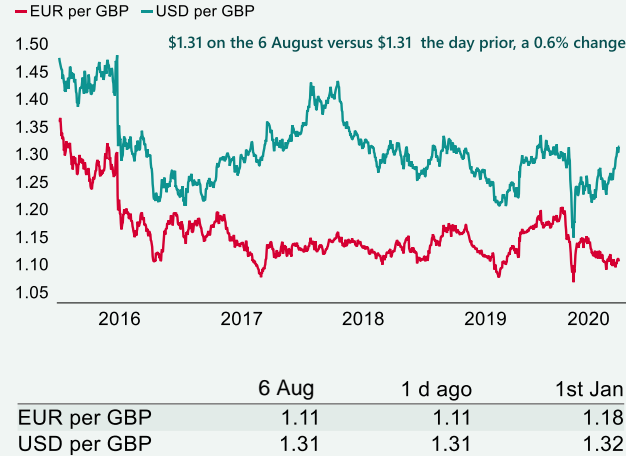
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Bonds and currencies

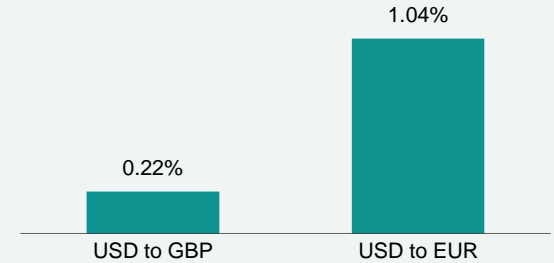
10y Government Bond Yield (%)



FX Spot Rates



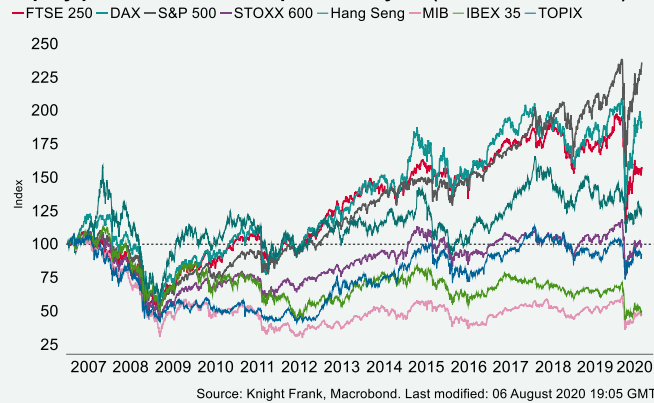
Currency hedging benefit p.a. based on a five year forward



Source: Knight Frank, Investing.com
Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.

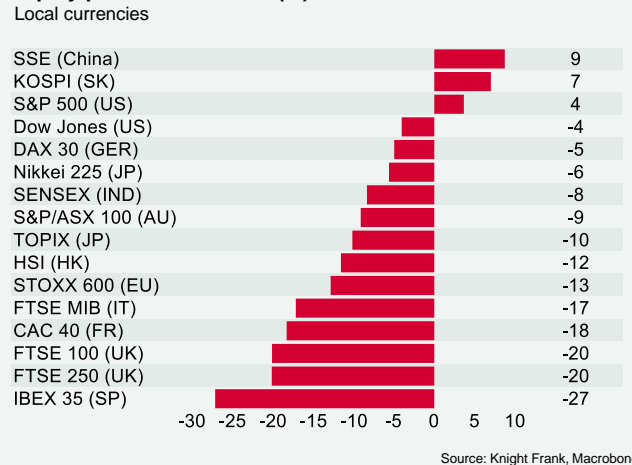
Equity and REIT

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

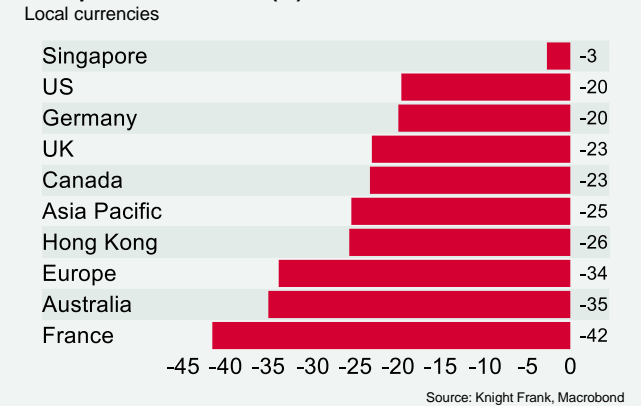


The chart presents the performance of selected equity indexes since the months prior the global financial crisis (2007).

Equity performance: YTD (%)



REIT performance: YTD (%)



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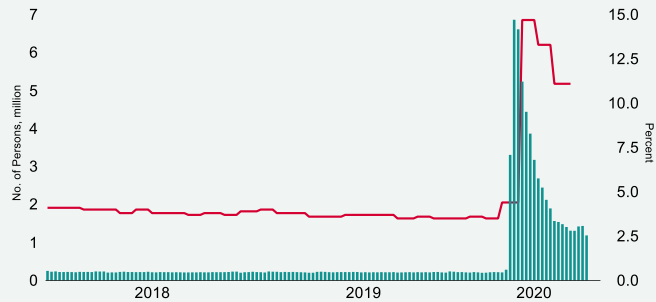


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US indicators

US Unemployment

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

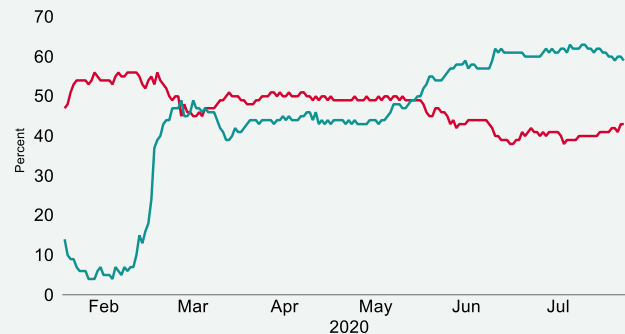


Source: Knight Frank, Macrobond. Last data for the week commencing the 27 July.

The chart presents the number of Americans that each week file for unemployment benefits (left axis) and the overall monthly unemployment rate (right axis)

2020 Presidential Winner (probability of winning, %)

— Trump — Biden



Source: Knight Frank, Macrobond. Last modified: 07 August 2020 09:00 GMT.

	7 Aug	1 week ago	1 month ago
Trump	43%	41%	42%
Biden	59%	61%	60%

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	€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	0.25%	0.75%	-50 bps
Canada	0.25%	1.75%	-150 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%	25 bps
Japan	-0.10%	-0.10%	0 bps
United Kingdom	0.10%	0.75%	-65 bps
United States	0.25%	1.75%	-150 bps
Developing Economies			
Brazil	2.00%	4.50%	-250 bps
China	4.35%	4.35%	0 bps
India	4.00%	5.15%	-115 bps
Mexico	5.00%	7.25%	-225 bps
Russia	4.25%	6.25%	-200 bps
Saudi Arabia	1.00%	2.25%	-125 bps
South Korea	0.50%	1.25%	-75 bps
Turkey	8.25%	12.00%	-375 bps

Central Bank Assets Purchasing Programme

	Lastest (\$)	MoM (%)	YoY (%)
Advanced Economies			
Australia	198 bn	1.7%	69.4%
Canada	387 bn	14.3%	335.9%
Euro Area	7.49 tn	6.3%	43.7%
France	1.78 tn	15.4%	40.7%
Germany	2.67 tn	8.5%	38.2%
Italy	1.39 tn	9.3%	23.0%
Sweden	142 bn	8.2%	49.5%
Japan	6.3 tn	4.7%	20.3%
United Kingdom	785 bn	-0.1%	-1.2%
United States	6.95 tn	-0.2%	83.7%
Developing Economies			
Brazil	529 bn	2.6%	-4.1%
China	5.14 tn	-0.2%	-2.7%
India	357 bn	1.2%	32.2%
Mexico	210 bn	-3.5%	10.3%
Russia	631 bn	-1.8%	1.2%
Saudi Arabia	481 bn	2.9%	-7.8%
South Korea	445 bn	2.9%	7.7%
Turkey	104 bn	-4.6%	0.0%

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COVID-19 Dashboard

7 August 2020



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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, various sources

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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	248,803	35,181			48						
France	194,029	30,305			31						
Poland	48,789	1,756			40						
Portugal	51,848	1,740			72						
Germany	213,067	9,175			52						
Russia	867,343	14,532			63						
United Kingdom	307,184	46,364			68						
Spain	305,767	28,499			59						
Norway	9,362	256			34						
Belgium	71,065	9,859			59						
Bulgaria	12,414	415			36						
Greece	4,973	210			52						
Denmark	14,185	616			56						
Switzerland	35,838	1,705			39						
Ukraine	75,490	1,788			54						
Finland	7,512	331			38						
Czech Republic	17,529	388			36						
Netherlands	56,381	6,153			40						
Sweden	81,540	5,760			39						
Americas											
Colombia	345,714	11,624			87						
Canada	118,172	8,962			67						
Argentina	213,522	4,009			89						
United States	4,823,891	158,256			69						
Venezuela	22,299	195			86						
Mexico	456,100	49,698			71						
Brazil	2,859,073	97,256			81						
Peru	447,624	20,228			81						
Africa Middle East											
Kenya	23,873	391			73						
South Africa	529,877	9,298			69						
Qatar	111,805	178			78						
United Arab Emirates	61,860	355			50						
Turkey	236,112	5,784			48						
Israel	78,324	565			53						
Iran	317,483	17,802			64						
Iraq	137,556	5,094			93						
Jordan	1,231	11			48						
Tunisia	1,601	51			27						
Morocco	28,500	435			65						
Egypt	94,875	4,930			60						
Asia Pacific											
Hong Kong	3,754	43			67						
Singapore	54,254	27			52						
Japan	42,263	1,026			32						
Indonesia	116,871	5,452			63						
Taiwan	445	7			19						
South Korea	14,499	302			49						
China	88,328	4,677			82						
Philippines	115,980	2,123			80						
India	1,964,536	40,699			80						
Vietnam	717	9			75						
Australia	19,444	247			73						
New Zealand	1,219	22			22						
Thailand	3,330	58			49						
Malaysia	9,023	125			52						

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, Taiwan has the lowest 'lockdown index' score at 19, indicating the restrictions in place are generally recommendations and are not enforced. Countries including Iraq, Kenya and Peru have some of the highest 'lockdown index' scores.

For most countries, public transport has the most relaxed restrictions. Taiwan, Tunisia, Norway, Poland, Netherlands, Ukraine, and New Zealand 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 and Egypt are the exceptions, where international travel is freely permitted with no measures implemented.

Source: Knight Frank, Macrobond, Oxford University. Last Updated: 07/08/2020

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