

COVID-19 Dashboard

8 July 2020



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Summary

- **Equities:** In Europe, the STOXX 600 is down -0.3%, while the FTSE 250 and the DAX have seen decreases of -0.5% and -0.3%. In the US, futures for the S&P 500 and the Dow Jones Industrial Average are +0.3% and +0.2%. In Asia, the S&P / ASX 200 (-1.5%), Topix (-0.9%) and the Kospi (-0.2%) were all down on close. However, the CSI 300 closed +1.6% higher, with year to date (YTD) gains of +16.5% on the back of positive sentiment around China's economic recovery.
- **VIX:** The CBOE market volatility index and the Euro Stoxx 50 volatility price index are currently 29.92 and 28.66, respectively. Both indices remain elevated, indicating further expectations of near-term volatility.
- **Bonds:** The UK 10-year gilt yield and the German 10-year bund yield have slightly compressed this morning to 0.16% and -0.44%, while the US 10-year treasury yield has softened by 1bp to 0.65%.
- **Currency:** Sterling is up over the morning to \$1.26, with the euro static at \$1.13. Hedging benefits for US dollar denominated investors into the UK and the eurozone are 0.29% and 1.08% per annum on a five-year basis.
- **Baltic Dry:** The Baltic Dry index has declined for the first time in 27 sessions, down -0.4% to 1,949. The increase in supramax and panamax rates was offset by the second consecutive session of contraction in the capsize index.
- **Oil:** Brent Crude and the West Texas Intermediate (WTI) are currently at \$43.11 and \$40.62 per barrel.
- **US Election:** Predictit, the online political futures market currently indicates a 42% likelihood of President Trump being re-elected in November, compared to a 38% likelihood one week ago. The current probability of Joe Biden winning the election is 60%, down from 61% last week.
- **ECB Asset Purchase Scheme:** Christine Lagarde, president of the European Central Bank (ECB) has committed to using its €2.8 trillion asset purchasing scheme to pursue green objectives. The ECB will become the first central bank to use its flagship bond-buying programme to do this. As a part of the ECB's strategic review, the bank is considering ways to address climate change. The ECB is not alone in its focus, with the Bank of England having previously committed to targeting climate change.

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COVID-19 Dashboard

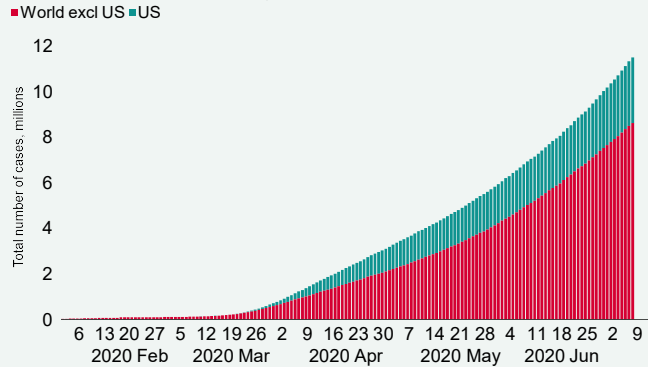
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COVID-19

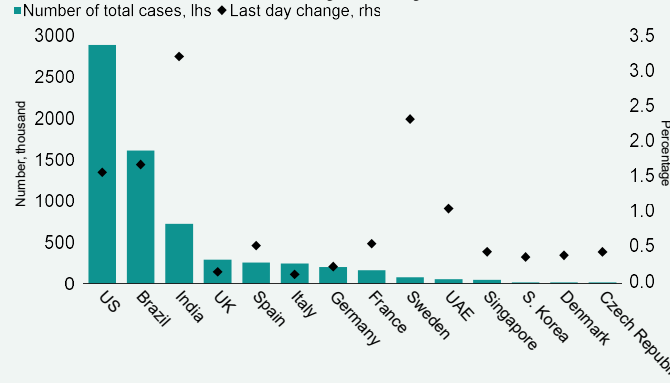
Cumulative number of global cases



Source: Knight Frank, Macrobond. Last modified: 07 July 2020 17:20 GMT.

The number of total confirmed cases reached 11.5 million on the 7 July, an increase of 173k new cases over the day prior.

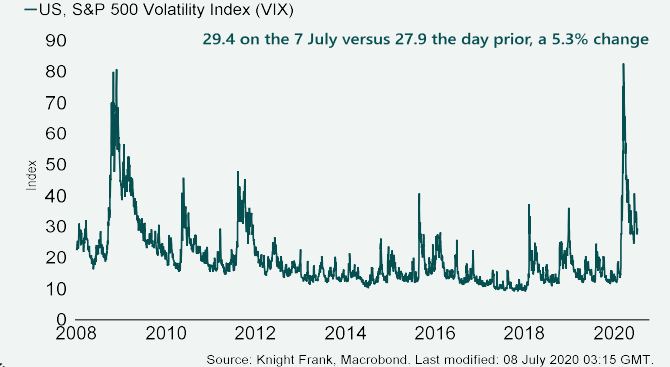
Cumulative number of cases by country



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

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

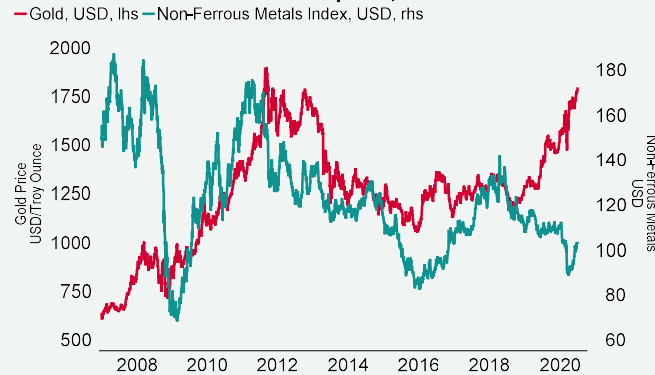


Source: Knight Frank, Macrobond. Last modified: 08 July 2020 03:15 GMT.

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

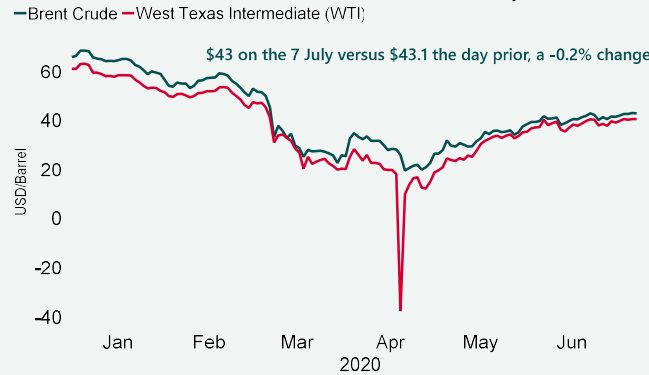
Gold and non-ferrous metals price, USD



Source: Knight Frank, Macrobond. Last modified: 08 July 2020 00:00 GMT.

	7 Jul	D/D (%)	YTD (%)
Gold, USD	1797	1.3	18.4
Non-Ferrous Metals, USD	103	0.2	-7.2

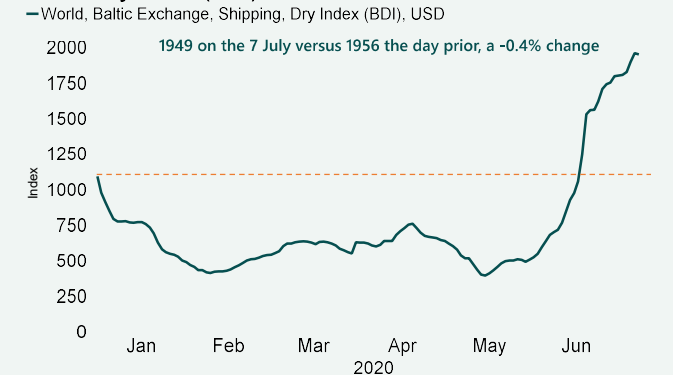
Brent Crude and West Texas Intermediate oil price



Source: Knight Frank, Macrobond. Last modified: 07 July 2020 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)



Source: Knight Frank, Macrobond. Last modified: 07 July 2020 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.

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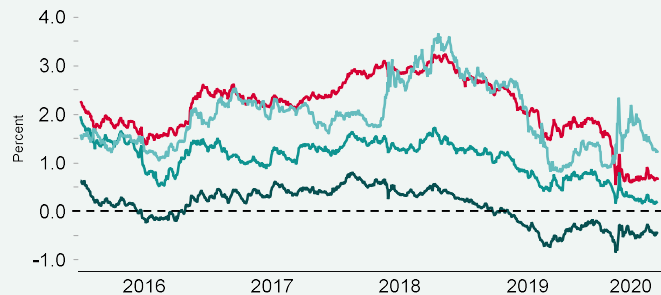


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Bonds and currencies

10y Government Bond Yield (%)

—US —UK —Germany —Italy



	7 Jul	1 d ago	1st Jan
Germany	-0.46	-0.45	-0.19
Italy	1.21	1.23	1.40
UK	0.22	0.24	0.74
US	0.65	0.69	1.92

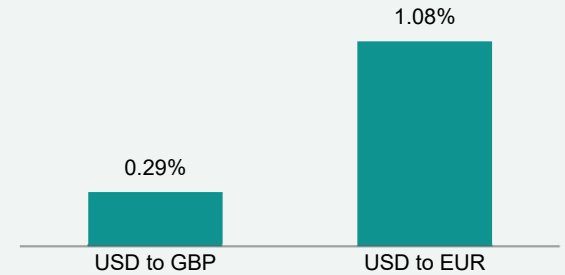
FX Spot Rates

—EUR per GBP —USD per GBP



	7 Jul	1 d ago	1st Jan
EUR per GBP	1.11	1.11	1.18
USD per GBP	1.25	1.25	1.32

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



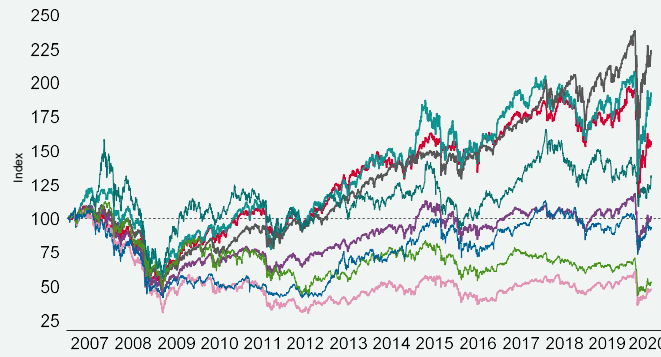
Source: Knight Frank, Investing.com

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)

—FTSE 250 —DAX —S&P 500 —STOXX 600 —Hang Seng —MIB —IBEX 35 —TOPIX

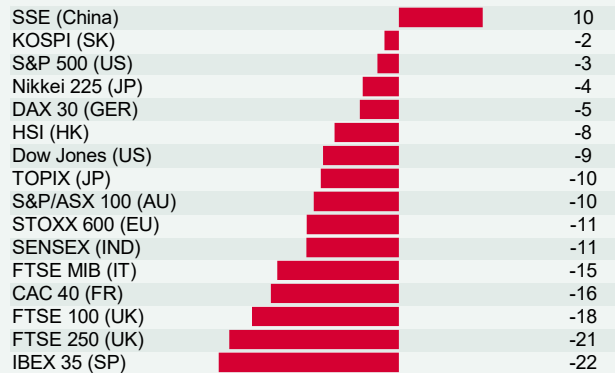


Source: Knight Frank, Macrobond. Last modified: 07 July 2020 19:05 GMT.

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

Equity performance: YTD (%)

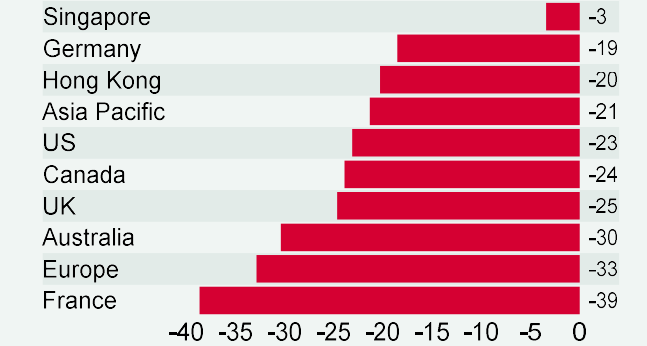
Local currencies



Source: Knight Frank, Macrobond

REIT performance: YTD (%)

Local currencies



Source: Knight Frank, Macrobond

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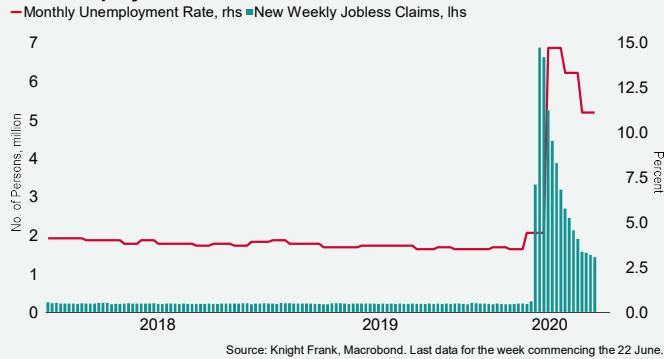
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US indicators

US Unemployment



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, %)



	8 Jul	1 week ago	1 month ago
Trump	42%	38%	46%
Biden	60%	61%	55%

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
Germany	€880bn : The emergency aid measure approved by the German Cabinet 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 April to help businesses hurt by a national lockdown. €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	2.25%	4.50%	-225 bps
China	4.35%	4.35%	0 bps
India	4.00%	5.15%	-115 bps
Mexico	5.00%	7.25%	-225 bps
Russia	4.50%	6.25%	-175 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	194 bn	3.5%	54.0%
Canada	340 bn	22.2%	293.3%
Euro Area	7.01 tn	14.7%	31.9%
France	1.54 tn	3.8%	25.8%
Germany	2.46 tn	13.2%	23.2%
Italy	1.39 tn	9.3%	23.0%
Sweden	131 bn	3.3%	29.5%
Japan	6.02 tn	2.4%	14.7%
United Kingdom	745 bn	-0.6%	-6.2%
United States	7.01 tn	-1.9%	83.6%
Developing Economies			
Brazil	517 bn	7.6%	-7.0%
China	5.15 tn	1.2%	-0.9%
India	349 bn	-2.0%	33.7%
Mexico	218 bn	5.7%	6.4%
Russia	631 bn	-1.8%	1.2%
Saudi Arabia	468 bn	1.5%	-10.6%
South Korea	433 bn	3.8%	1.0%
Turkey	107 bn	-2.2%	13.9%

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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 and Taiwan have 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, Hong Kong 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, Italy and Iran are the exceptions, where international travel is freely permitted with no measures implemented.

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

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