

Summary

- **Currency:** Sterling and the euro are at \$1.22 and \$1.09, respectively, with the euro having seen slight depreciation against the dollar. Hedging benefits for US dollar denominated investors into the UK have moderated slightly to circa 0.23% per annum on a five-year basis. The currency hedging benefit of US dollar denominated investors into the Eurozone is 1.06% per annum on a five-year basis.
- **Bonds:** Bonds have largely stabilised this morning, following fluctuation earlier in the week. The UK 10 year government bond is currently 0.24%, the German 10-year bund yield is at -0.46% and the US 10-year treasury bond yield 0.69%.
- **Baltic Dry:** The Baltic Dry index appreciated for its third consecutive session yesterday, increasing by +6.1% to \$453. This follows eighteen sessions of declines, from an index of \$757 on 20th April. As lockdowns continue to ease, demand for raw materials could see a cautious increase.
- **Oil:** The West Texas Intermediate (WTI) is up +0.28% this morning at \$32.05 a barrel, despite the June futures contract expiring yesterday. Prices therefore avoided a repeat of the significant sell off that occurred prior to the May contract expiry. Brent Crude is currently \$34.63 a barrel. The American Petroleum Institute (API) estimated that US crude oil inventories fell by 4.8 million barrels for the week ending May 15, which was contrary to market expectations of a 1.2 million barrel inventory build.
- **Inflation:** The UK's inflation rate hit its lowest in three and a half years in April, declining to 0.8% from 1.5% in March. This is the first reading below 1% since 2016. The ONS attribute the lower inflation due to a decline in petrol and diesel prices, in tandem with changes to the domestic energy price cap. Across the eurozone and in the US, consumer prices slowed to 0.3% in April.
- **Car sales:** Car sales in China have risen for the first time in circa two years in April, up +4.4% from the same month in 2019. Meanwhile, Volvo report a +20% increase in premium car sales compared to 2019. According to the FT, while congestion in major Chinese cities was back to 90% of pre-lockdown levels, subway use is circa 50% of what it was pre-coronavirus.

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COVID-19 Dashboard

20 May 2020

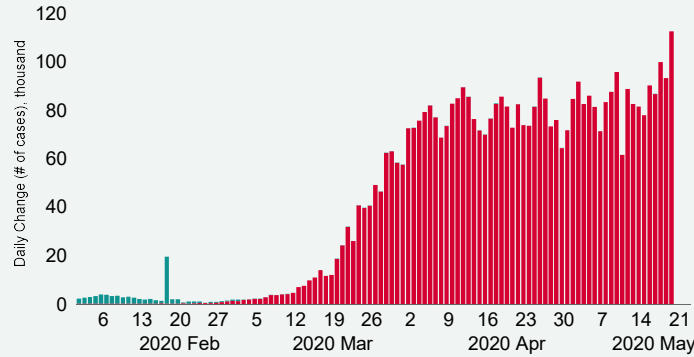


Internal and key client use only

COVID-19

New cases per day

■ World (ex-China) ■ China

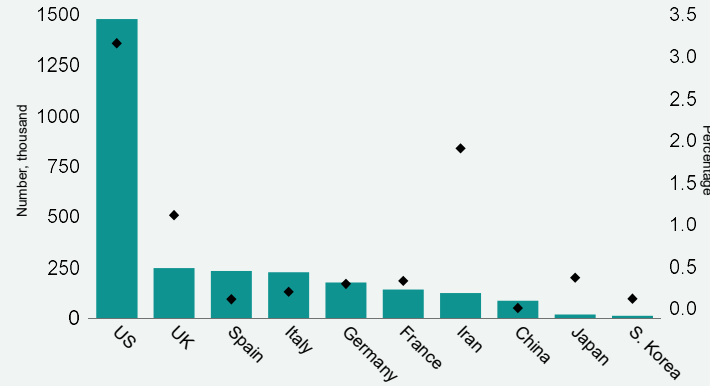


Source: Knight Frank, Macrobond. Last modified: 19 May 2020 18:47, 19 May 2020 18:47 GMT.

The number of total confirmed cases reached 4731k on the 19 May, an increase of 113k new cases over the day prior.

Cumulative number of cases

■ Number of total cases, lhs ◆ Last day change, rhs



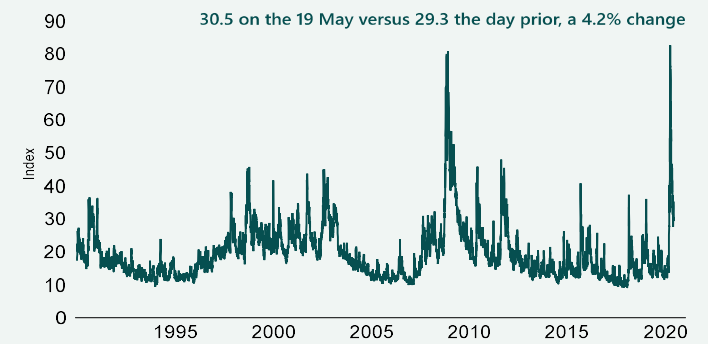
Source: Knight Frank, Macrobond. Last modified: 19 May 2020 00:00 GMT.

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

Investor sentiment

Volatility Index

— US, S&P 500 Volatility Index (VIX)



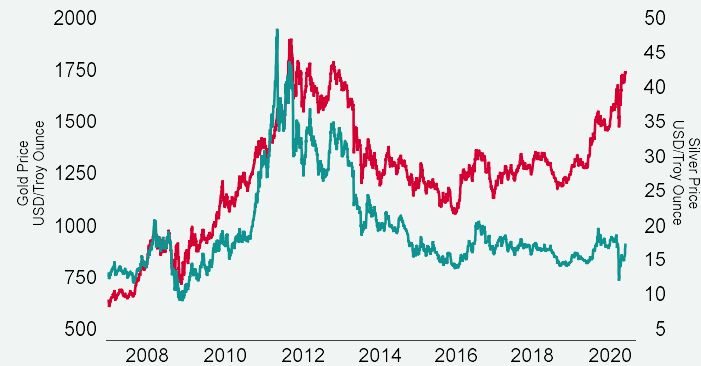
Source: Knight Frank, Macrobond. Last modified: 20 May 2020 06:47 GMT.

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 silver price, USD

— Gold, USD, lhs — Silver, USD, rhs

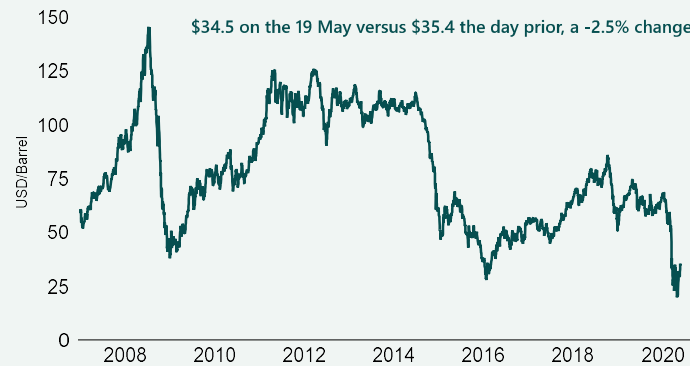


Source: Knight Frank, Macrobond. Last modified: 20 May 2020 08:05 GMT.

	19 May	D/D (%)	YTD (%)
Gold, USD	1744	0.2	15.0
Silver, USD	17.3	4.4	-2.8

Brent crude and global commodity price index

— Crude Oil, Brent

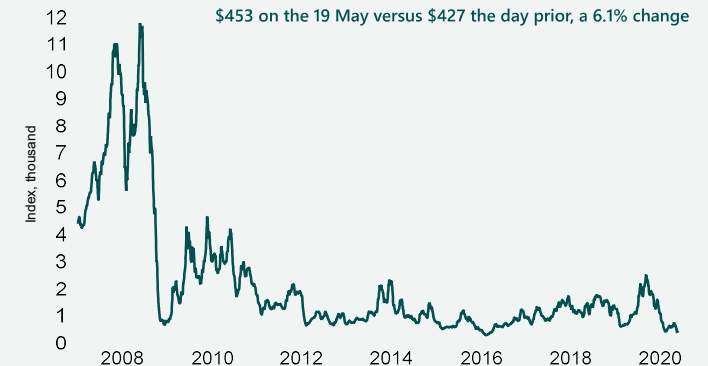


Source: Knight Frank, Macrobond. Last modified: 20 May 2020 07:53 GMT.

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: 20 May 2020 07:53 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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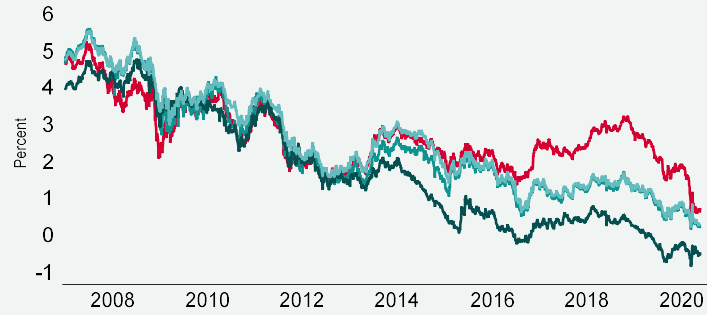


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Bonds and currencies

10y Government Bond Yield (%)

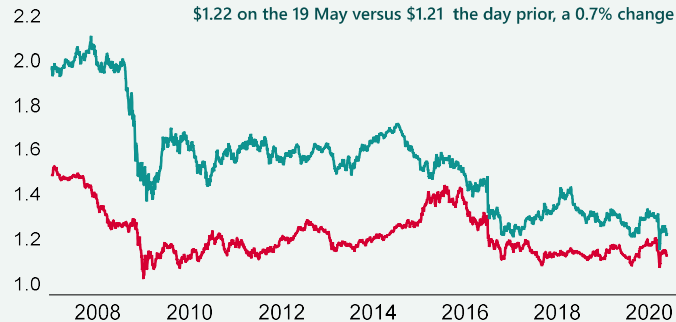
—US —UK —Germany —United Kingdom, Bank of England



	19 May	1 d ago	1st Jan
Germany	-0.46	-0.54	-0.19
UK	0.25	0.25	0.74
US	0.70	0.73	1.92

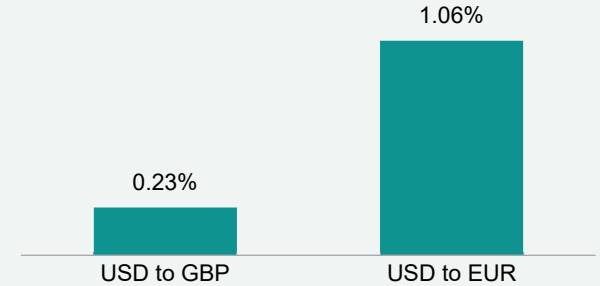
FX Spot Rates

—EUR per GBP —USD per GBP



	19 May	1 d ago	1st Jan
EUR per GBP	1.12	1.12	1.18
USD per GBP	1.22	1.21	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 —FTSE 100 —S&P 500 —STOXX 600

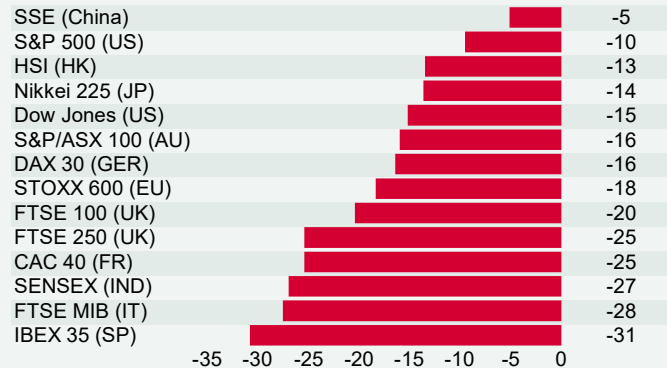


Source: Knight Frank, Macrobond. Last modified: 19 May 2020 19:05 GMT.

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

Equity performance: YTD (%)

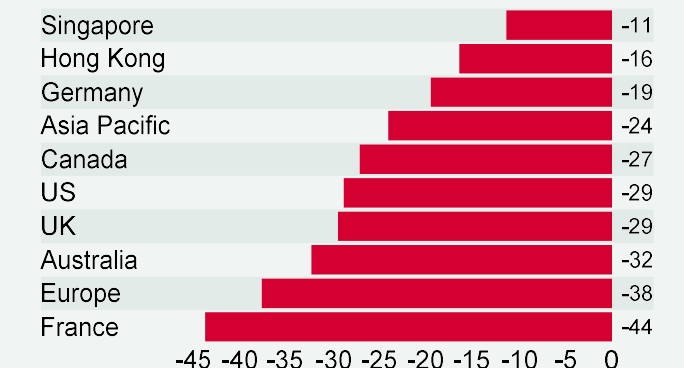
Local currencies



Source: Knight Frank, Macrobond

REIT performance: YTD (%)

Local currencies



Source: Knight Frank, Macrobond

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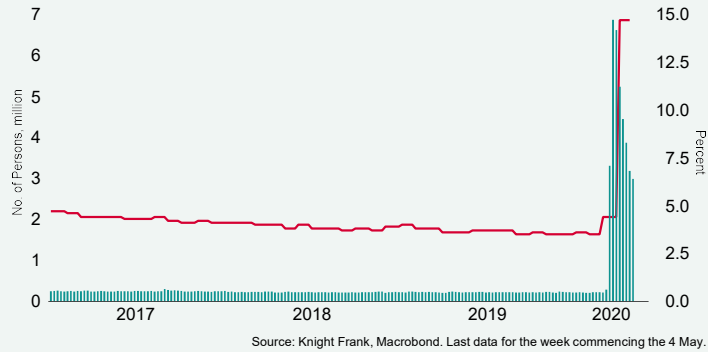


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US indicator

US Unemployment

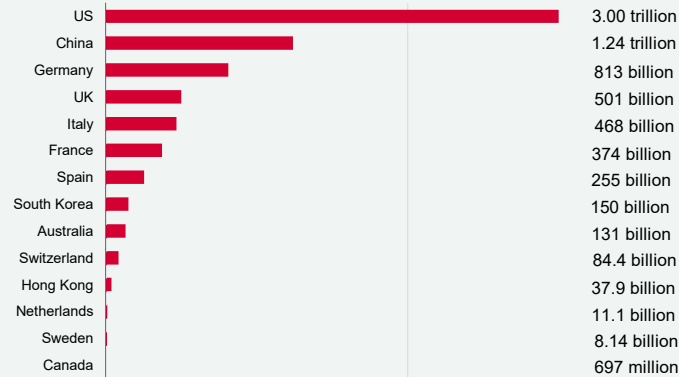
— Monthly Unemployment Rate, rhs ■ New Weekly Jobless Claims, lhs



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

Fiscal policy

Fiscal measures by selected governments (YTD total, \$)



Source: Knight Frank, Macrobond.

Fiscal measures details

UK	£330bn+ : Government backed loans and guarantees equivalent to 15% of UK GDP. SMEs will be granted access to cash grants of more than £25k to tackle the crisis. Support for furloughed employees of 80% salary ≤£2,500 per month. Furlough has been extended until October 2020, with employers to start 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 in June.
USA	\$3.0tn : 2 nd package passed 23 rd April, worth \$483 billion, increasing US stimulus to \$3 trillion (15% GDP).
EU	€500bn : The EU member states passed this stimulus package, which includes €240bn to the European Stability Mechanism, as well as €200bn in guarantees from the European Investment Bank.
Germany	€750bn : The emergency aid measure approved by the German Cabinet on Monday 23 rd of March.
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	\$10bn : The aid package issued in early March for SMEs and self-employed workers. Additional economic stimulus measures are expected.
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	3.00%	4.50%	-150 bps
China	4.35%	4.35%	0 bps
India	4.40%	5.15%	-75 bps
Mexico	5.50%	7.25%	-175 bps
Russia	5.50%	6.25%	-75 bps
Saudi Arabia	1.00%	2.25%	-125 bps
South Korea	0.75%	1.25%	-50 bps
Turkey	8.75%	12.00%	-325 bps

Central Bank Assets Purchasing Programme

	Lastest (\$)	MoM (%)	YoY (%)
Advanced Economies			
Australia	172 bn	1.7%	44.9%
Canada	278 bn	103.7%	223.1%
Euro Area	5.96 tn	3.7%	13.5%
France	1.39 tn	11.7%	11.6%
Germany	2.16 tn	2.5%	8.3%
Italy	1.22 tn	3.0%	11.2%
Sweden	123 bn	6.4%	28.7%
Japan	5.82 tn	3.5%	13.2%
United Kingdom	795 bn	0.2%	2.5%
United States	6.93 tn	10.3%	79.1%
Developing Economies			
Brazil	480 bn	-0.6%	-14.3%
China	5.09 tn	-1.2%	-1.7%
India	351 bn	8.6%	33.2%
Mexico	206 bn	3.2%	4.5%
Russia	684 bn	-0.6%	12.9%
Saudi Arabia	485 bn	-3.8%	-3.8%
South Korea	417 bn	0.7%	-5.4%
Turkey	100 bn	1.0%	11.3%

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COVID-19 Dashboard

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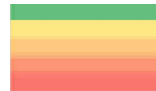
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Overview of the severity of Covid-19 and the resulting containment measures

	Confirmed Cases	Confirmed Deaths	Lockdown Index	Internal Movement	Public Events	Public Transport	Workplace	Schools	International Travel
Europe									
Italy	224,760	31,763	69						
France	142,291	27,625	85						
Poland	18,257	915	88						
Portugal	28,810	1,203	81						
Germany	174,355	7,914	71						
Russia	272,043	2,537	84						
United Kingdom	240,161	34,466	73						
Spain	230,698	27,563	83						
Norway	8,197	232	63						
Belgium	54,989	9,005	75						
Bulgaria	2,211	108	64						
Greece	2,819	162	74						
Denmark	10,858	543	79						
Switzerland	30,489	1,601	72						
Ukraine	17,858	497	92						
Finland	6,286	297	66						
Czech Republic	8,455	296	60						
Netherlands	43,870	5,670	77						
Sweden	29,677	3,674	47						
Americas									
Colombia	14,939	562	91						
Canada	75,853	5,679	68						
Argentina	7,792	363	92						
United States	1,467,884	88,754	68						
Venezuela	504	10	86						
Mexico	47,144	5,045	85						
Brazil	233,142	15,633	67						
Peru	88,541	2,523	97						
Africa Middle East									
Kenya	830	50	94						
South Africa	14,355	261	89						
Qatar	30,972	15	91						
United Arab Emirates	22,627	214	75						
Turkey	148,067	4,096	80						
Israel	16,608	268	83						
Iran	118,392	6,937	58						
Iraq	3,260	121	80						
Jordan	607	9	72						
Tunisia	1,035	45	91						
Morocco	6,741	192	93						
Egypt	11,719	612	89						
Asia Pacific									
Hong Kong	1,055	4	68						
Singapore	27,356	22	85						
Japan	16,285	744	44						
Indonesia	17,025	1,089	71						
Taiwan	440	7	29						
South Korea	11,050	262	46						
China	84,044	4,638	64						
Philippines	12,305	817	95						
India	90,927	2,872	76						
Vietnam	318	-	69						
Australia	7,036	98	68						
New Zealand	1,149	21	38						
Thailand	3,028	56	81						

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 29, indicating the restrictions in place are generally recommendations and are not enforced. Countries including Kenya, Russia and Peru have some of the highest 'lockdown index' scores.

For most countries, public transport has the most relaxed restrictions. Sweden is the only country where there are no measures implemented on public events. Meanwhile, across the world, there is some measure of restriction on international travel. However, the UK, Jordan and Iran are the exceptions, where international travel is freely permitted with no measures implemented.

Source: Knight Frank, Macrobond, Oxford University. Last Updated: 20/05/2020

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