14 September 2020

Summary

- Internal and key client use only
- COVID-19: The total number of recorded cases globally reached 29 million, with 924k reported deaths according to Johns Hopkins University & Medicine. Meanwhile, the World Health Organisation reported 307,930 new confirmed cases on Sunday, a new daily record.
- Lockdown: Israel is the first country to announce a second nationwide lockdown, which will commence on Friday and will last three weeks. Meanwhile in New Zealand, restrictions will be lifted across the country on 21st September, except for in Auckland.
- Equities: In Europe, the FTSE 250 and the CAC 40 are up +0.2% over the morning, while the DAX and STOXX 600 are both flat. Stocks closed higher in Asia, with the KOSPI adding +1.3% on close and with year to date gains of +10%. The Topix (+0.9%), S&P / ASX (+0.7%), Hang Seng (+0.6%) and CSI 300 (+0.5%) also closed higher. In the US, futures for the S&P 500 are up +0.7%.
- VIX: After decreasing -9.6% on Friday, the CBOE market volatility index is down a further -0.5% this morning to 26.8. However, this remains elevated compared to its long term average (LTA) of 19.8. In Europe, the Euro Stoxx 50 volatility price index is up +0.3% to 23.8, just below its LTA of 23.9.
- Bonds: The UK 10-year gilt yield, US 10-year treasury yield and the German 10-year bund yield have all compressed -1bp to 0.18%, 0.66% and -0.50%. The Italian 10-year bond yield is down -3bps to 1.01%.
- **Currency:** Sterling and the euro are currently at \$1.28 and \$1.19, respectively. Hedging benefits for US dollar denominated investors into the UK and the eurozone are 0.32% and 1.14% per annum on a five-year basis.
- Oil: Brent Crude and the West Texas Intermediate (WTI) remain below \$40 at \$39.46 and \$36.97 per barrel. This comes as BP modelled three scenarios for global transition to cleaner fuels in the next 30 years. Its 'business as usual case' found that oil demand should rebound from the pandemic before plateauing in the early 2020s.
- Baltic Dry: The Baltic Dry declined -0.2% on Friday to 1,267, bringing cumulative declines over the last 13 trading sessions to -16%. The index remains -35% down from the peak in July, albeit +16% higher than it was in January.

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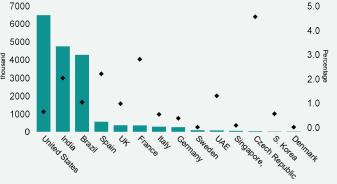
14 September 2020

COVID-19

Cumulative number of global cases •World excl US •US 30 25 20 15 10 5 0 5 1219264 1118251 8 152229 6 132027 3 1017241 8 152229 5 1219262 9 16 2020 Fel2020 Mar 2020 Apr 2020 Mag020 Jun 2020 Jul 2020 Aug Source: Knight Frank, Macrobord, Last modified: 13 September 2020 12:00 GMT.

The number of total confirmed cases reached 28.6 million on the 13 September, an increase of 308k new cases over the day prior.

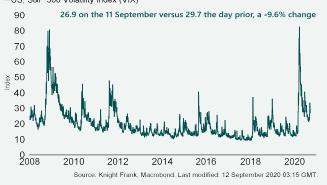




Source: Knight Frank, Macrobond, Last modified: 13 September 2020 00:00 GMT.

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 –US, S&P 500 Volatility Index (VIX)



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, Ihs-Non-Ferrous Metals Index, USD, rhs 2250 180 2000 160 1750 Gold Price USD/Troy Ounce 140 1500 120 1250 100 1000 80 750 500 60 2020 2008 2010 2012 2014 2016 2018 Source: Knight Frank, Macrobond. Last modified: 13 September 2020 00:00 GMT %)

	11 Sep	D/D (%)	YTD (%)
Gold, USD	1940	-0.3	27.9
Non-Ferrous Metals, USD	115	-1.2	3.6

Brent Crude and West Texas Intermediate oil price

-Brent Crude - West Texas Intermediate (WTI)



Source: Knight Frank, Macrobond. Last modified: 13 September 2020 23:20 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)

nde

-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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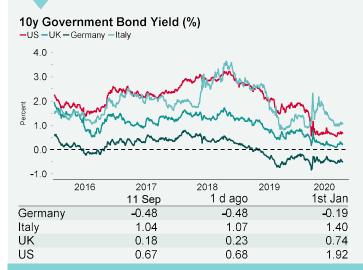
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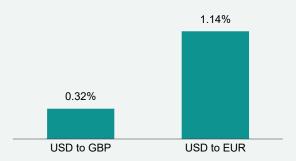
Bonds and currencies



FX Spot Rates -EUR per GBP -USD per GBP



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



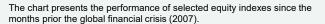
Source: Knight Frank, Investing.com

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

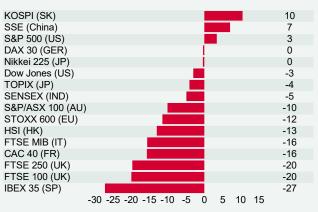
Equity and REIT

Equity performance: since previous cycle (1st Jan 2007 = 100) -FTSE 250 - DAX - S&P 500 - STOXX 600 - Hang Seng - MIB - IBEX 35 - TOPIX 275 250 225 200 175 100 125 100 75 50 250 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

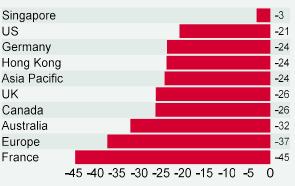
Source: Knight Frank, Macrobond. Last modified: 11 September 2020 19:05 GMT.



Equity performance: YTD (%) Local currencies



REIT performance: YTD (%) Local currencies



Source: Knight Frank, Macrobond

Source: Knight Frank, Macrobond

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14 September 2020

US indicators

US Unemployment

-Monthly Unemployment Rate, rhs New Weekly Jobless Claims, Ihs 7 15.0 6 12.5 55 10.0 ģ́4 7.5 🗟 ₫ 3 5.0 9 2.5 1 0 1 0.0 2019 2020 2018

2020 Presidential Winner (probability of winning, %) -Trump -Biden



59%

58%

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

Source: Knight Frank, Macrobond. Last data for the week commencing the 31 August.

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	4.50%	7.25%	-275 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

59%

	Lastest (\$)	MoM (%)	YoY (%)	-
Advanced Economies	=======================================			1
Australia	218 bn	9.5%	85.9%	
	405 bn		351.0%	
Canada		4.8%		
Euro Area	7.65 tn	1.8%	47.9%	
France	1.87 tn	4.8%	44.3%	
Germany	2.72 tn	1.9%	38.9%	F
taly	1.51 tn	1.5%	32.7%	
Sweden	146 bn	2.8%	53.5%	
Japan	6.44 tn	2.1%	20.1%	
Jnited Kingdom	777 bn	-0.2%	-2.2%	
United States	7.01 tn	0.8%	86.1%	
Developing Economies				5
Brazil	571 bn	7.9%	3.9%	
China	5.11 tn	-0.6%	-1.7%	
ndia	377 bn	6.1%	31.3%	
Mexico	220 bn	1.1%	11.1%	
Russia	684 bn	5.3%	5.6%	
Saudi Arabia	483 bn	0.3%	-6.1%	
South Korea	443 bn	-6.0%	5.7%	H
Turkey	101 bn	-2.9%	-2.8%	

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	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 billon, 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 4th 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 would provide businesses with "all the liquidity they 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

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

,	Confirmed Cases 0	Confirmed Deaths	Lockdown Index	Internal Movement	Public Events	Public Transport	
ope aly	286,297	35,603					
rance	373,911	30,910	44				
oland	73,650	2,182	38				
tugal	63,310	1,860	55				
ermany	259,428 1,057,362	9,349 18,484	60				_
ussia nited Kingdom	1,057,362 365,174	41,623					
Spain	566,326	29,747	63				
lorway	11,866	265	31				
Belgium	91,443	9,919	49				
Bulgaria	17,891	717	39				
eece	13,036	302	56				
enmark vitzerland	19,216 46,595	629 1,742	53		_		
kraine	151,859	3,103	43				
nland	8,512	337	32				
Czech Republic	35,401	453	36				
Netherlands	80,937	6,244	47				
Sweden	86,505	5,846	37				
ricas	700 001	00.704					
Colombia Canada	708,964 136,141	22,734 9,170	62				
vrgentina	535,690	11,206	64				
Jnited States	6,486,108	193,701	67				
/enezuela	59,630	477	82				
Nexico	663,973	70,604	75				
azil	4,315,687	131,210	64				
Peru	722,832	30,593	85				
a Middle East	35,969	619					
enya outh Africa	648,214	15,427	70				
Qatar	121,523	205					
United Arab Emirates		399	36				
Turkey	289,635	6,999	53				
srael	153,217	1,103	34				
ran	399,940	23,029	63				
raq	286,778	7,941	73				
Jordan	3,062 6,635	22 107	61				
Tunisia Morocco	84,435	1,553	24				
Egypt	100,856	5,627	63				
Pacific	,500	-,					
Hong Kong	4,938	100	67				
lingapore	57,357	27	52				
Japan	75,218	1,439	31				
Indonesia	214,757	8,650	60				
Taiwan South Korea	445 22,176	358	19				
China	90,168	4,734	54				
Philippines	257,863	4,292	56				
India	4,754,356	78,586	81				
Vietnam	1,060	35	75				
Australia	26,607	803	75				
New Zealand	1,446	24	35				
hailand	3,473 9,868	58 128	46				
Valaysia			57				
		vn Index key & Scale	and the second se	Internal movements	Public events	Public transport	Value
		ictions: 0 – 25			o Measure	No measure	0
	Recomm	ended Restrictions: 26 - 50			ecommended	Recommended	
	Enforced	Restrictions: 51 – 75			ecommenaea equired	Required	1
		Restrictions / Ban: 76 – 100		Resulction R	equileu	Required	2
	2						

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, Argentina and Colombia have some of the highest 'lockdown index' scores. For most countries, public transport has the most relaxed restrictions. Taiwan, 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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