

Economic Dashboard

4 January 2021



Internal and key client use only

Summary

- **COVID-19 Vaccine:** Rollout of the Oxford University and AstraZeneca vaccine has commenced today in the UK.
- **Equities:** By the end of 2020, the Kospi recorded the highest annual gain of any equity index, increasing +31% over the year to 31st December. The S&P 500, Sensex and Nikkei 225 all recorded annual gains of +16%, while the SSE (+14%), DJIA (+7%), Topix (+5%), DAX (+4%) and S&P / ASX 100 (+1%), also recorded year to date gains. Meanwhile, the IBEX 35 (-15%), CAC 40 (-7%), FTSE 250 (-6%) and the STOXX 600 (-4%) were all down over the year.
- **VIX:** The CBOE market volatility index has increased +1.7% this morning to 23.1, while the the Euro Stoxx 50 volatility index has decreased -1.7% to 23.0. The CBOE vix and the Euro Stoxx 50 vix closed +65% and +68% higher over the year to 31st December, respectively.
- **Bonds:** The UK 10-year gilt yield, US 10-year treasury yield and the German 10-year bund yield are currently 0.18%, 0.93% and -0.60%, respectively.
- **Currency:** Sterling is currently \$1.37, the highest it has been since April 2018, while the euro is \$1.23. Hedging benefits for US dollar denominated investors into the UK and the eurozone are 0.53% and 1.31% per annum on a five-year basis.
- **Baltic Dry:** The final Baltic Dry reading for 2020 was 1366 on 24th December, which equates to a +25% increase over the year. This is the first annual increase in the index in three years, despite the impact of COVID-19.
- **Oil:** Brent Crude and the West Texas Intermediate (WTI) are currently priced at \$51.80 and \$48.30 per barrel. Both Over the year to 31st December, Brent Crude and the WTI declined -22% and -21%, respectively.
- **Gold:** The price of gold closed at \$1,897 on 31st December, a +24% increase compared to January 2020.
- **Control of US Senate:** Prior to the Georgia run-off elections, the probability of the US Republican Party maintaining control of the US Senate is currently 54%, down from 70% last week. The likelihood of the US Democratic Party gaining control of the Senate is 47%, up from 34% one week ago.

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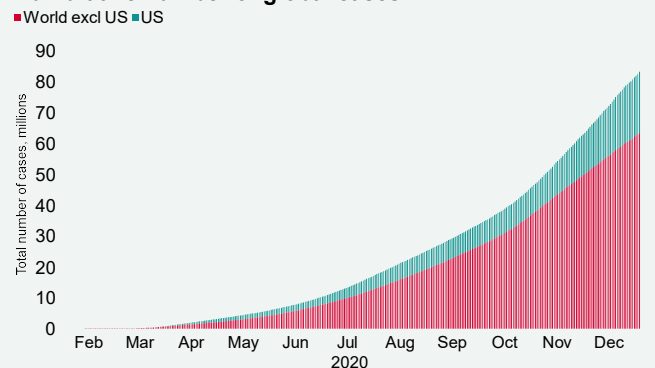


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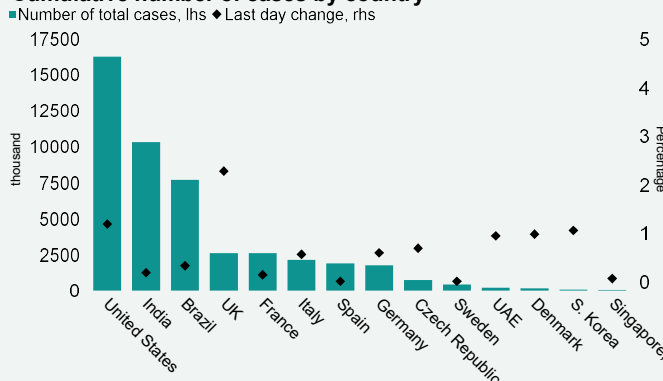
COVID-19

Cumulative number of global cases



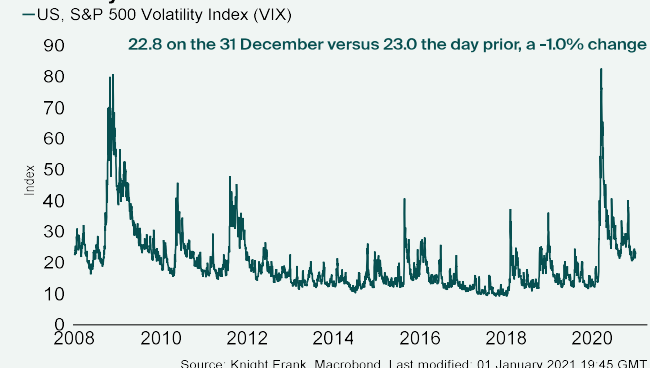
The number of total confirmed cases reached 83.3 million on the 3 January, an increase of 740k new cases over the day prior.

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).

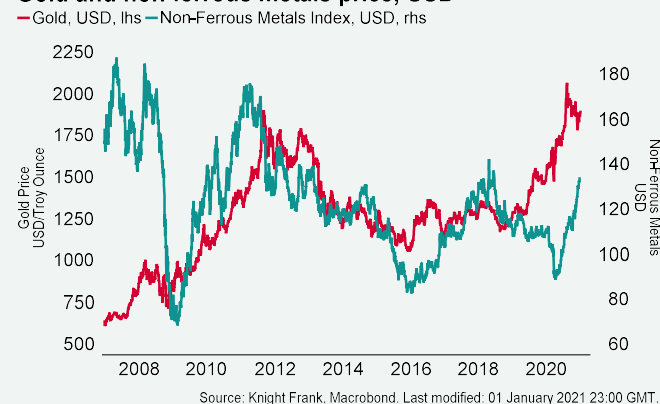
Volatility Index



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



	31 Dec	D/D (%)	YTD (%)
Gold, USD	1897	1.0	25.0
Non-Ferrous Metals, USD	134	1.3	21.0

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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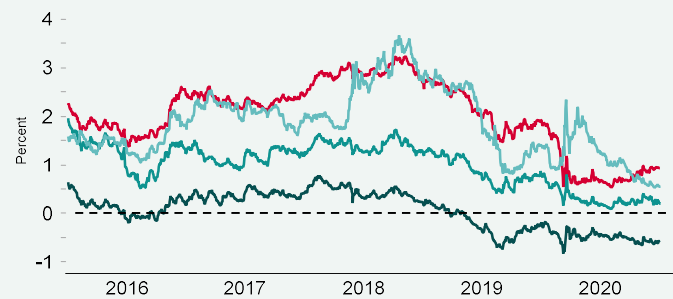


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Bonds and currencies

10y Government Bond Yield (%)

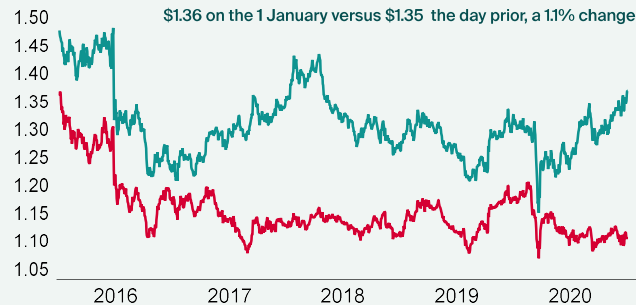
—US —UK —Germany —Italy



	01 Jan	1 d ago	1st Jan
Germany	-0.56	n/a	-0.21
Italy	0.55	0.55	1.40
UK	0.19	0.19	0.74
US	0.93	0.93	1.92

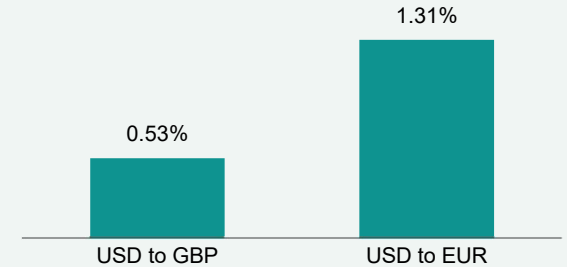
FX Spot Rates

—EUR per GBP —USD per GBP



	01 Jan	1 d ago	1st Jan
EUR per GBP	1.11	1.10	1.18
USD per GBP	1.36	1.35	1.32

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

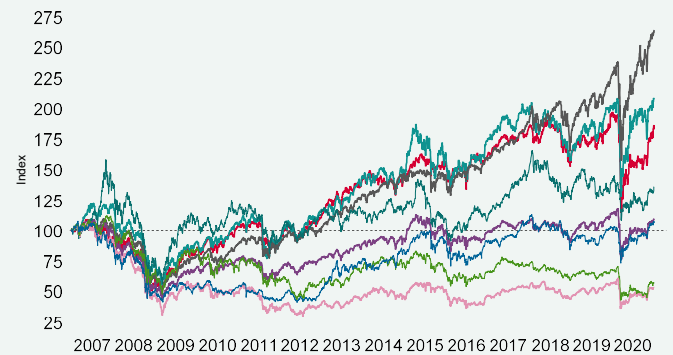


Source: Knight Frank, Investing.com
Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.

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

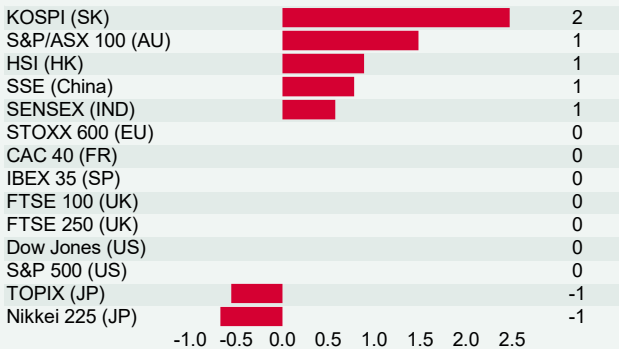


Source: Knight Frank, Macrobond. Last modified: 31 December 2020 18:08 GMT.

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

Equity performance: YTD (%)

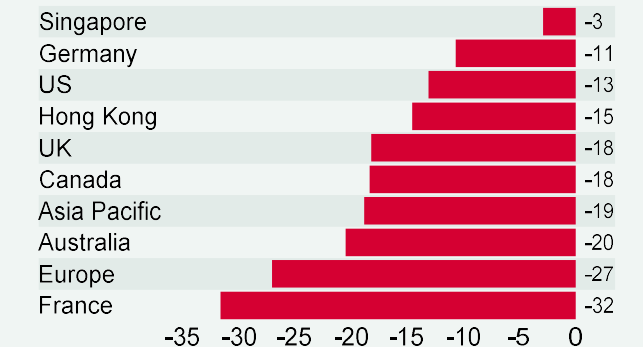
Local currencies



Source: Knight Frank, Macrobond

REIT performance: YTD (%)

Local currencies



Source: Knight Frank, Macrobond

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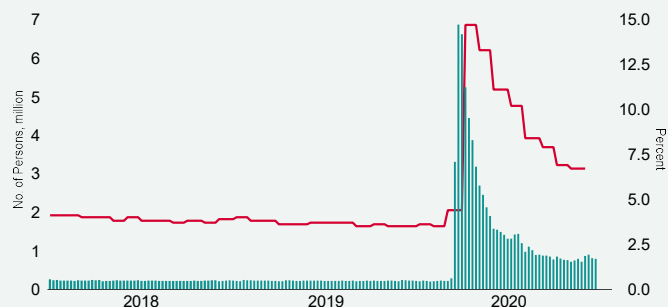


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US unemployment

US Unemployment

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

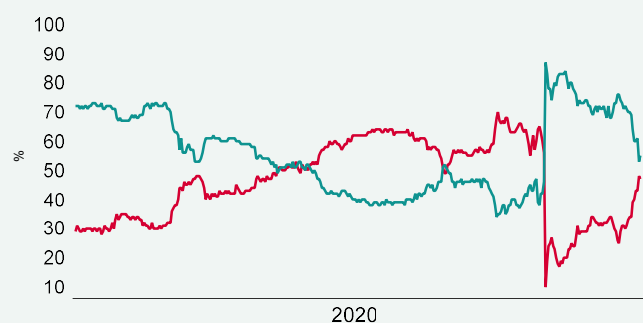


Source: Knight Frank, Macrobond. Last data for the week commencing the 21 December.

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

Probability of Democrats and Republicans Controlling the Senate After 2020 (%)

— Democratic — Republican



Source: Knight Frank, PredictIt, Macrobond

	4 Jan	1 week ago	1 month ago
Democratic	47%	34%	34%
Republican	54%	70%	69%

Monetary policy

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	-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	2.00%	4.50%	0 bps
China	4.35%	4.35%	0 bps
India	4.00%	5.15%	0 bps
Mexico	4.25%	7.25%	0 bps
Russia	4.25%	6.25%	0 bps
Saudi Arabia	1.00%	2.25%	0 bps
South Korea	0.50%	1.25%	0 bps
Turkey	17.00%	12.00%	0 bps

Central Bank Assets Purchasing Programme

	Lastest (\$)	MoM (%)	YoY (%)
Advanced Economies			
Australia	248 bn	10.5%	100.5%
Canada	411 bn	4.3%	365.4%
Euro Area	8.55 tn	4.5%	64.1%
France	2.01 tn	1.0%	64.0%
Germany	3.03 tn	6.0%	57.3%
Italy	1.59 tn	1.6%	43.1%
Sweden	160 bn	1.6%	62.6%
Japan	6.88 tn	2.2%	31.7%
United Kingdom	1.01 tn	3.6%	72.8%
United States	7.36 tn	2.0%	76.5%
Developing Economies			
Brazil	480 bn	-3.1%	-1.8%
China	5.81 tn	4.9%	12.5%
India	393 bn	1.8%	39.0%
Mexico	233 bn	4.6%	11.0%
Russia	669 bn	-1.5%	0.0%
Saudi Arabia	496 bn	2.1%	-3.2%
South Korea	471 bn	1.4%	12.2%
Turkey	113 bn	12.5%	3.0%

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	€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 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

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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, Macrobond, Oxford University

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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		2,155,446	75,332	88						
France		2,651,893	64,671	64						
Poland		1,318,562	29,119	77						
Portugal		427,254	7,118	68						
Germany		1,783,896	34,791	82						
Russia		3,203,743	57,730	37						
United Kingdom		2,654,779	75,024	79						
Spain		1,928,265	50,837	71						
Norway		50,716	436	53						
Belgium		650,011	19,701	60						
Bulgaria		203,051	7,678	57						
Greece		140,099	4,957	84						
Denmark		168,711	1,374	52						
Switzerland		452,296	7,747	60						
Ukraine		1,107,137	19,630	62						
Finland		36,772	561	50						
Czech Republic		740,481	11,960	69						
Netherlands		821,163	11,612	56						
Sweden		437,379	8,727	71						
Americas										
Colombia		1,675,820	43,965	60						
Canada		606,076	15,880	64						
Argentina		1,840,718	43,482	79						
United States		20,636,663	351,580	73						
Venezuela		114,230	1,034	84						
Mexico		1,448,755	127,213	72						
Brazil		7,733,746	196,018	52						
Peru		1,018,099	37,773	68						
Africa Middle East										
Kenya		96,802	1,685	63						
South Africa		1,100,748	29,577	50						
Qatar		144,437	245	56						
United Arab Emirates		213,231	679	49						
Turkey		2,241,912	21,498	80						
Israel		441,542	3,416	74						
Iran		1,243,434	55,540	71						
Iraq		597,774	12,834	48						
Jordan		298,208	3,903	81						
Tunisia		143,544	4,800	69						
Morocco		443,146	7,485	81						
Egypt		142,187	7,805	66						
Asia Pacific										
Hong Kong, China		8,964	150	71						
Singapore		58,697	29	56						
Japan		245,293	3,429	54						
Indonesia		765,350	22,734	64						
South Korea		64,264	981	62						
China		87,150	4,634	78						
Philippines		477,807	9,257	65						
India		10,340,469	149,649	69						
Vietnam		1,494	35	52						
Australia		28,504	909	64						
New Zealand		2,181	25	22						
Thailand		8,439	65	64						
Malaysia		119,077	494	67						
Lockdown Index key & Scale										
No Restrictions: 0 – 25										
Recommended Restrictions: 26 – 50										
Enforced Restrictions: 51 – 75										
Highest Restrictions / Ban: 76 – 100										
Internal movements										
No measure										
Recommended										
Restriction										
Public events										
No Measure										
Recommended										
Required										
Public transport										
No measure										
Recommended										
Required										
Value										
0										
1										
2										
Workplace										
No measure										
Recommended										
Required closure of some sectors										
Required closure for all but essential work										
Schools										
No measure										
Recommended										
Some level of schooling required to close										
All schools required to close										
Value										
0										
1										
2										
3										
International travel										
No measure										
Screening										
Quarantine arrivals from high risk regions										
Ban on high risk regions										
Total border closure										
Value										
0										
1										
2										
3										
4										

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.

Source: Knight Frank, Macrobond, Oxford University

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