

# Economic Dashboard

6 January 2021



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## Summary

- **Equities:** In Europe, stocks are higher this morning with gains recorded by the DAX (+0.8%), STOXX 600 (+0.7%), CAC 40 (+0.7%) and the FTSE 250 (+0.2%). In Asia, the CSI 300 (+0.9%), Topix (+0.3%) and Hang Seng (+0.2%) all closed higher, however the S&P / ASX 200 (-1.1%) and the Kospi (-0.7%) were down on close. In the US, S&P 500 futures are -0.3%.
- **VIX:** Following an -8.5% decline over yesterday, the CBOE market volatility index has decreased a further -0.9% this morning to 25.1. This remains above its long term average (LTA) of 19.5. The Euro Stoxx 50 volatility index has also decreased this morning, down -8.9% to 23.0, below its LTA of 23.9.
- **Bonds:** The US 10-year treasury yield has softened +7bps to 1.03%, the first time it has been above 1.00% since March 2020. The UK 10-year gilt yield and the German 10-year bund yield have also increased +5bps and +3bps to 0.26% and -0.55%, respectively.
- **Currency:** Sterling has appreciated to \$1.37, while the euro is currently \$1.23. Hedging benefits for US dollar denominated investors into the UK and the eurozone are 0.57% and 1.34% per annum on a five-year basis.
- **Baltic Dry:** The Baltic Dry increased +3.2% on Tuesday to 1,418, its highest reading since mid October and the largest daily increase in over three weeks. The growth in the index was supported by capesize rates, which increased +4.5% yesterday to their highest level in over two months.
- **Oil:** Brent Crude and the West Texas Intermediate (WTI) have increased +1.9% and +1.2% to \$54.59 and \$50.53 per barrel, respectively.
- **Rhodium:** The price of Rhodium, a metal used in catalytic converters necessary to meet stricter clean air legislation, has hit a record high of \$17,790 an ounce, an increase of more than +200% since the March 2020 low.
- **Control of US Senate:** In the wake of the Georgia run-off elections, the probability of the US Republican Party maintaining control of the US Senate is currently 4%, down from 64% last week, according to Predictit. The likelihood of the US Democratic Party gaining control of the Senate is 96%, up from 39% one week ago.

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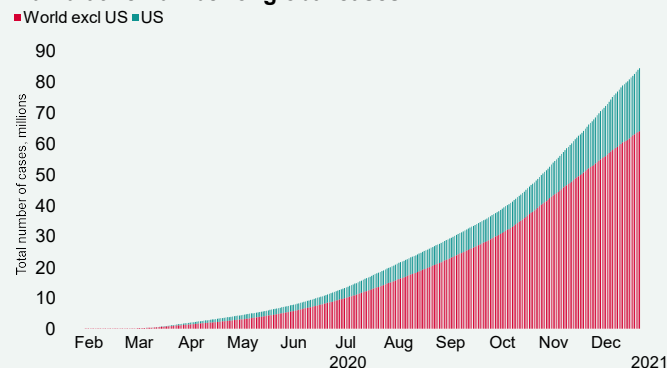


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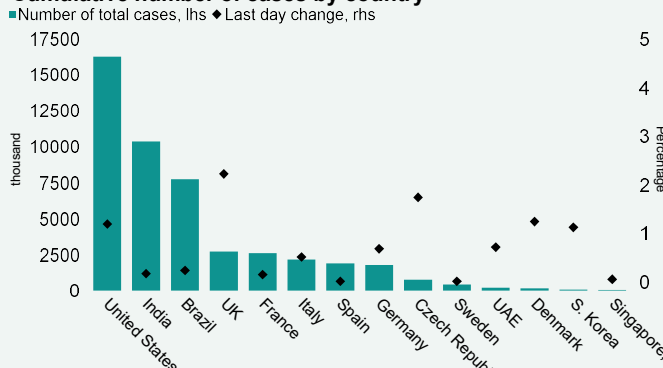
## COVID-19

### Cumulative number of global cases



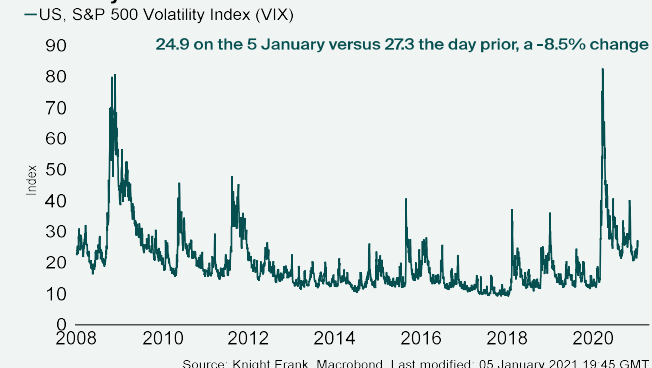
The number of total confirmed cases reached 84.5 million on the 5 January, an increase of 542k new cases over the day prior.

### 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).

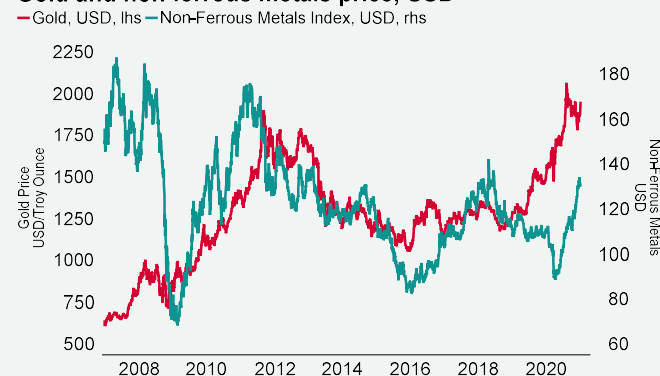
### Volatility Index



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



	05 Jan	D/D (%)	YTD (%)
Gold, USD	1950	2.8	2.8
Non-Ferrous Metals, USD	130	-1.2	0.0

### 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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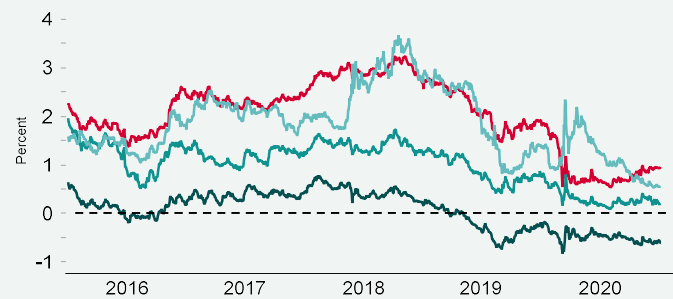


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## Bonds and currencies

### 10y Government Bond Yield (%)

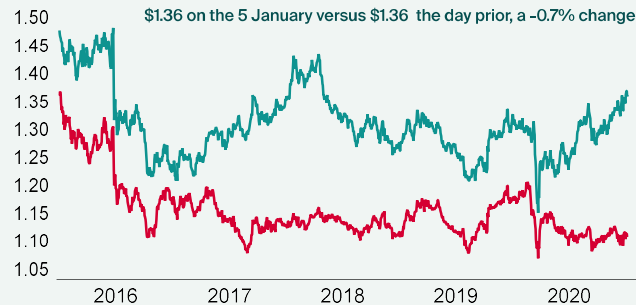
—US —UK —Germany —Italy



	05 Jan	1 d ago	1st Jan
Germany	-0.60	-0.61	-0.21
Italy	0.56	0.55	1.40
UK	0.21	0.19	0.74
US	0.96	0.93	1.92

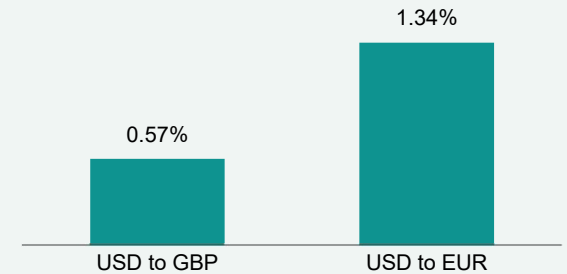
### FX Spot Rates

—EUR per GBP —USD per GBP



	045Jan	1 d ago	1st Jan
EUR per GBP	1.11	1.10	1.18
USD per GBP	1.36	1.36	1.32

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

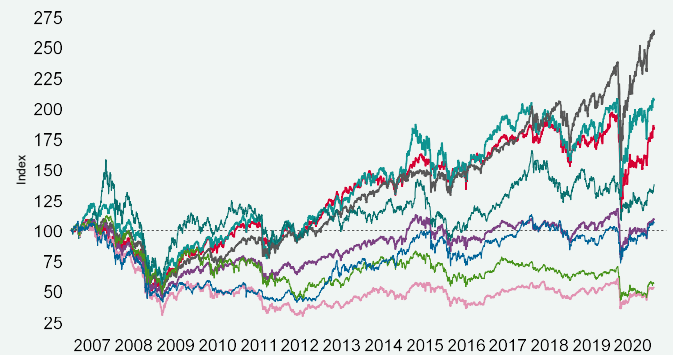


Source: Knight Frank, Investing.com  
Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.

## 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

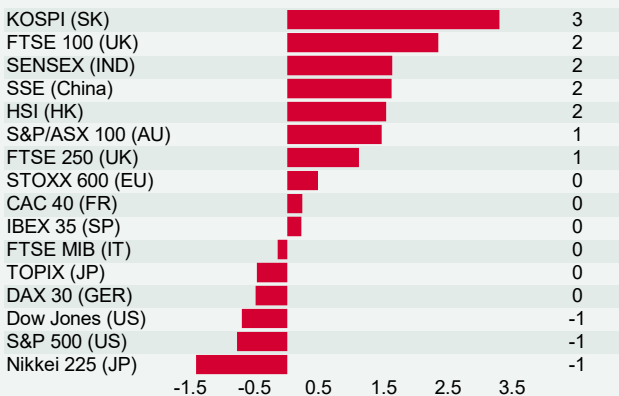


Source: Knight Frank, Macrobond. Last modified: 05 January 2021 18:05 GMT.

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

### Equity performance: YTD (%)

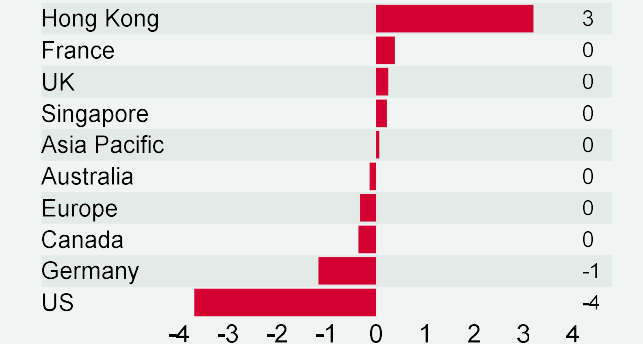
Local currencies



Source: Knight Frank, Macrobond

### REIT performance: YTD (%)

Local currencies



Source: Knight Frank, Macrobond

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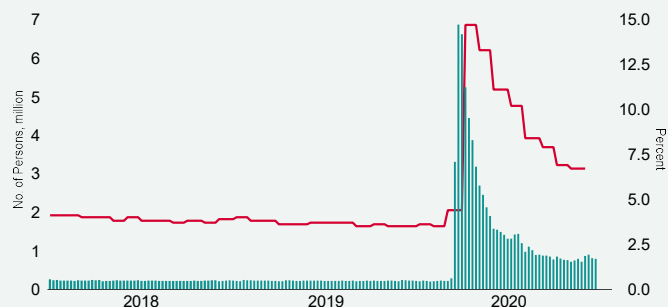


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## US unemployment

### US Unemployment

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

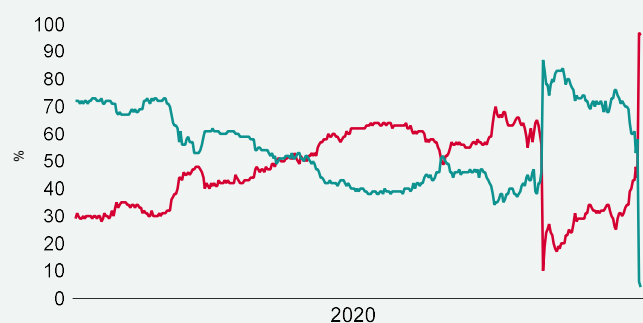


Source: Knight Frank, Macrobond. Last data for the week commencing the 21 December.

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

	6 Jan	1 week ago	1 month ago
Democratic	96%	39%	32%
Republican	4%	64%	72%

## Monetary policy

### Central Banks Policy Rates

	Current Rate	Rate at 1/1/2020	YTD Change
<b>Advanced Economies</b>			
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
<b>Developing Economies</b>			
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 (%)
<b>Advanced Economies</b>			
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	6.81 tn	0.6%	29.1%
United Kingdom	1.01 tn	3.5%	73.1%
United States	7.36 tn	2.0%	76.5%
<b>Developing Economies</b>			
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	111 bn	5.9%	0.6%

## Fiscal policy

### Fiscal measures details

<b>UK</b>	<b>£330bn+</b> : 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.
<b>USA</b>	<b>\$3.0tn</b> : 2 <sup>nd</sup> package passed 23 <sup>rd</sup> April, worth \$483 billion, increasing US stimulus to \$3 trillion (15% GDP).
<b>EU</b>	<b>€1.35tn</b> : This includes €240bn to the European Stability Mechanism, and €200bn in EIB guarantees. On 4 <sup>th</sup> June, the ECB extended the pandemic purchase programme (PEPP) until June 2021, purchasing an additional €600bn in bonds, taking total stimulus to €1.35tn. <b>€750bn</b> : a new recovery package for EU member states announced in July including €390bn in grants and €360 in interest free loans.
<b>Germany</b>	<b>€880bn</b> : The emergency aid measure approved on Monday 23 <sup>rd</sup> 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.
<b>Italy</b>	<b>€400bn</b> : The stimulus announced on the 7 <sup>th</sup> April <b>€25bn</b> : Emergency package to support businesses and families.
<b>France</b>	<b>€100bn</b> : The stimulus announced on the 3 <sup>rd</sup> September <b>€45bn</b> : The aid package for SMEs and other hard-hit sectors announced by the French government on 17 <sup>th</sup> of March. Includes deferred corporate tax, social security charges and two months state payments to laid off workers. <b>€300bn</b> : government backed loans.
<b>Spain</b>	<b>€200bn</b> : 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.
<b>Japan</b>	<b>\$2.2tn</b> : 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.
<b>Hong Kong</b>	<b>HK\$10k</b> for every adult citizen (c.£7bn).

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
<b>Europe</b>										
Italy		2,181,619	76,329	88						
France		2,676,195	65,915	64						
Poland		1,330,543	29,502	71						
Portugal		436,579	7,286	68						
Germany		1,814,565	36,757	82						
Russia		3,250,713	58,706	48						
United Kingdom		2,774,479	76,305	71						
Spain		1,982,544	51,430	71						
Norway		52,180	452	53						
Belgium		652,735	19,827	60						
Bulgaria		205,390	7,902	57						
Greece		141,453	5,051	84						
Denmark		172,779	1,420	52						
Switzerland		465,981	8,018	60						
Ukraine		1,117,256	19,929	62						
Finland		37,218	576	50						
Czech Republic		759,635	12,257	69						
Netherlands		834,064	11,826	56						
Sweden		469,748	8,985	71						
<b>Americas</b>										
Colombia		1,702,966	44,428	60						
Canada		623,384	16,253	64						
Argentina		1,662,730	43,785	79						
United States		21,046,195	357,258	72						
Venezuela		114,662	1,042	84						
Mexico		1,466,490	128,822	72						
Brazil		7,810,400	197,732	52						
Peru		1,019,475	37,830	61						
<b>Africa Middle East</b>										
Kenya		97,127	1,690	59						
South Africa		1,127,759	30,524	50						
Qatar		144,852	245	56						
United Arab Emirates		216,699	685	49						
Turkey		2,270,101	21,879	80						
Israel		456,139	3,496	73						
Iran		1,255,620	55,748	71						
Iraq		599,126	12,856	54						
Jordan		301,303	3,940	81						
Tunisia		147,061	4,934	69						
Morocco		445,439	7,581	81						
Egypt		144,583	7,918	66						
<b>Asia Pacific</b>										
Hong Kong, China		9,049	153	71						
Singapore		58,749	29	56						
Japan		253,571	3,548	52						
Indonesia		779,548	23,109	64						
South Korea		65,818	1,027	62						
China		87,215	4,634	78						
Philippines		479,693	9,321	55						
India		10,374,932	150,114	69						
Vietnam		1,504	35	55						
Australia		28,536	909	68						
New Zealand		2,186	25	22						
Thailand		9,331	66	64						
Malaysia		122,845	509	67						
<b>Lockdown Index key &amp; Scale</b>										
No Restrictions: 0 – 25										
Recommended Restrictions: 26 – 50										
Enforced Restrictions: 51 – 75										
Highest Restrictions / Ban: 76 – 100										
<b>Internal movements</b>										
No measure										
Recommended										
Restriction										
<b>Public events</b>										
No Measure										
Recommended										
Required										
<b>Public transport</b>										
No measure										
Recommended										
Required										
<b>Value</b>										
0										
1										
2										
<b>Workplace</b>										
No measure										
Recommended										
Required closure of some sectors										
Required closure for all but essential work										
<b>Schools</b>										
No measure										
Recommended										
Some level of schooling required to close										
All schools required to close										
<b>Value</b>										
0										
1										
2										
3										
<b>International travel</b>										
No measure										
Screening										
Quarantine arrivals from high risk regions										
Ban on high risk regions										
Total border closure										
<b>Value</b>										
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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