4 August 2020



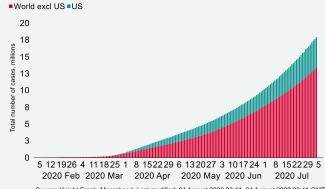
Summary

- **Equities:** In Asia, stocks had a strong trading session with the Topix and Hang Seng both adding +2.1% over the day, while the S&P / ASX 200 increased by +1.9%, the Kospi by +1.3% and the CSI 300 by +0.1%. In Europe, trading is mixed, with the STOXX 600 and Dax down by -0.3% and -0.5% over the morning, while the CAC 40 (+0.3%) and FTSE 250 (+0.2%) run higher. In the US, futures for the S&P 500 and the Dow Jones Industrial Average are both down -0.3% and -0.2%.
- VIX: The CBOE market volatility index is currently 26.7 and the Euro Stoxx 50 volatility price index is 25.8. Both indices remain above their long term averages, indicating further expectations of near-term volatility.
- **Bonds:** The Italian 10-year bond yield is currently 1.03%, down -4bps this morning, while the US 10-year treasury yield and the German 10-year bund yield have both compressed -1bp to 0.55% and -0.54%. The UK 10-year gilt yield is 0.09%.
- **Currency:** Both sterling and the euro are holding steady at \$1.31 and \$1.18. Hedging benefits for US dollar denominated investors into the UK and the eurozone are 0.30% and 1.05% per annum on a five-year basis.
- **Baltic Dry:** The Baltic Dry index increased for the fourth consecutive session yesterday, up +2.6% to 1,385. The index is 27% above where it was in January, albeit, it is -29% lower than recent highs of 1,956 in early July.
- Oil: Brent Crude and the West Texas Intermediate (WTI) are both -1.0% lower over the morning to \$43.72 per barrel and \$40.59 per barrel, respectively.
- **Gold:** The price of gold appreciated by +0.1% yesterday, to another record high of \$1,976 per troy ounce. This price is +29% higher than it was in January.
- **Aviation:** Supported by a passenger load of 84% in July, easyJet is expected to increase its scheduled flights to 40% of normal capacity over the three months to September, up from the initially scheduled 30%. Between April and June 2020, the airline operated 709 flights compared to 165,656 over the same period the year prior.



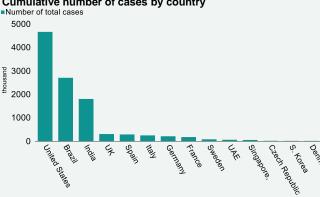


COVID-19 Cumulative number of global cases Volatility Index Cumulative number of cases by country ■World excl US ■US ■Number of total cases -US, S&P 500 Volatility Index (VIX) 5000 20



Source: Knight Frank, Macrobond. Last modified: 04 August 2020 03:41, 04 August 2020 03:41 GMT.

The number of total confirmed cases reached 17.9 million on the 3 August, an increase of 258k new cases over the day prior.



Source: Knight Frank, Macrobond. Last modified: 03 August 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).



2016 Source: Knight Frank, Macrobond. Last modified: 04 August 2020 03:15 GMT

2018

2020

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.

2014

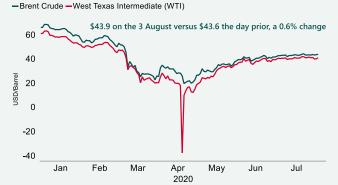
Gold and non-ferrous metals price, USD



1976

110

Brent Crude and West Texas Intermediate oil price



Source: Knight Frank, Macrobond. Last modified: 03 August 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)

2010

2012

20

10 0 2008



Source: Knight Frank, Macrobond. Last modified: 03 August 2020 13:30 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.

Research

Partner, Head of Commercial Research +44 20 3909 6842 william.matthews@knightfrank.com

Gold, USD

Non-Ferrous Metals, USD

Victoria Ormond Partner, Capital Markets Research victoria.ormond@knightfrank.com

Daniel Tomaselli Senior Research Analyst, Capital Markets +44 20 8106 1392 daniel.tomaselli@knightfrank.com

1.1

-0.3

30.3

-1.0

Antonia Haralambous Research Analyst, Capital Markets +44 20 3866 8033 antonia.haralambous@knightfrank.com

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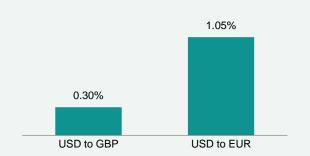
Bonds and currencies

10y Government Bond Yield (%) -US -UK -Germany -Italy 4.0 3.0 -1.0 2016 2020 2017 2018 2019 3 Aug 1 d ago 1st Jan Germany -0.54-0.57 -0.191.07 1.07 Italy 1.40 UK 0.10 0.10 0.82 US 1.92 0.56 0.55

FX Spot Rates -EUR per GBP -USD per GBP 1.50 \$1.31 on the 3 August versus \$1.30 the day prior, a 0.8% change 1.45 1.40 1.35 1.30 1.25 1.20 1.15 1.10 1.05 2016 2017 2018 2019 2020

	3 Aug	1 d ago	1st Jan
EUR per GBP	1.11	1.11	1.18
USD per GBP	1.31	1.30	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

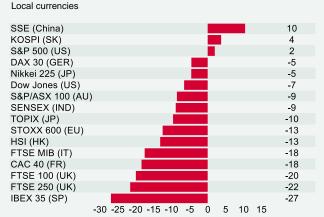
Equity performance: since previous cycle (1st Jan 2007 = 100) -FTSE 250 -DAX -S&P 500 -STOXX 600 -Hang Seng -MIB -IBEX 35 -TOPIX

250 225 200 175 150 125 100 75 50 25 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

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

Source: Knight Frank, Macrobond. Last modified: 03 August 2020 19:05 GMT.

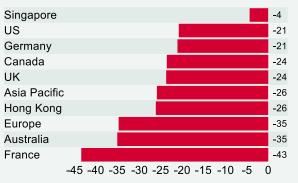
Equity performance: YTD (%)



Source: Knight Frank, Macrobond

REIT performance: YTD (%)

Local currencies



Source: Knight Frank, Macrobond

Research

William Matthews Partner, Head of Commercial Research +44 20 3909 6842 william.matthews@knightfrank.com

Daniel Tomaselli Senior Research Analyst, Capital Markets +44 20 8106 1392 daniel.tomaselli@knightfrank.com

Antonia Haralambous Research Analyst, Capital Markets +44 20 3866 8033 antonia.haralambous@knightfrank.com

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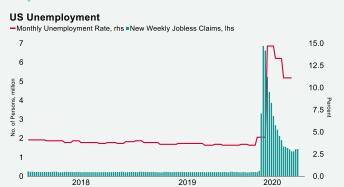
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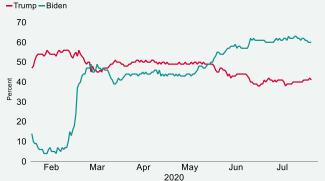
US indicators



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 20 July.

2020 Presidential Winner (probability of winning, %)



Source: Knight Frank, Macrobond. Last modified: 04 August 2020 07:00 GMT. 4 Aug 1 week ago 1 month ago Trump 41% 40% 41% Biden 60% 61% 61%

Fiscal policy

UK

Fiscal measures details

£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.

\$3.0tn: 2nd package passed 23rd April, worth \$483 billon, USA increasing US stimulus to \$3 trillion (15% GDP).

> €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 23rd 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.

ΕU

€400bn: The stimulus announced on the 7th April €25bn: Emergency package to support businesses and families

rance

€45bn: The aid package for SMEs and other hard-hit sectors announced by the French government on 17th of March. Includes deferred corporate tax, social security charges and two months state payments to laid off workers.

€300bn: government backed loans.

bain

€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.

apan

\$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.

HK\$10k for every adult citizen (c.£7bn). Source: Knight Frank, various sources

Central Banks Policy Rates

		D-t+ 4/4/0000	VTD Ob	
	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	4.25%	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	

Central Bank Assets Purchasing Programme

	Lastest (\$)	MoM (%)	YoY (%)	
Advanced Economies				Italy
Australia	196 bn	1.6%	64.9%	
Canada	387 bn	14.3%	335.9%	
Euro Area	7.36 tn	8.0%	40.6%	
France	1.78 tn	15.4%	40.7%	
Germany	2.58 tn	12.6%	30.1%	Franc
Italy	1.39 tn	9.3%	23.0%	
Sweden	139 bn	4.4%	41.2%	
Japan	6.3 tn	4.7%	20.3%	
United Kingdom	779 bn	-0.2%	-2.0%	
United States	6.95 tn	-1.3%	83.5%	
Developing Economies				Spain
Brazil	529 bn	2.6%	-4.1%	
China	5.14 tn	-0.2%	-2.7%	
India	357 bn	1.2%	32.2%	
Mexico	210 bn	-3.5%	10.3%	
Russia	631 bn	-1.8%	1.2%	Japai
Saudi Arabia	481 bn	2.9%	-7.8%	
South Korea	445 bn	2.9%	7.7%	
Turkey	106 bn	-1.1%	6.3%	Hong

Research

William Matthews Partner, Head of Commercial Research +44 20 3909 6842 william.matthews@knightfrank.com

Victoria Ormond Partner, Capital Markets Research +44 20 7861 5009 victoria.ormond@knightfrank.com

Daniel Tomaselli Senior Research Analyst, Capital Markets +44 20 8106 1392 daniel.tomaselli@knightfrank.com

Antonia Haralambous Research Analyst, Capital Markets +44 20 3866 8033

antonia.haralambous@knightfrank.com

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Research

William Matthews

Partner, Head of Commercial Research +44 20 3909 6842 william.matthews@knightfrank.com

Victoria Ormond Partner, Capital Markets Research +44 20 7861 5009 victoria.ormond@knightfrank.com

Daniel Tomaselli Senior Research Analyst, Capital Markets +44 20 8106 1392 daniel.tomaselli@knightfrank.com

Antonia Haralambous

Research Analyst, Capital Markets +44 20 3866 8033 antonia.haralambous@knightfrank.com

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Source: Knight Frank, various sources



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Table 1	Cor	nfirmed Cases Co	infirmed Deaths	Lockdown Index	Internal Movement	Public Events	Public Transport	Workplace	Schools	Inte
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France 1.770				36						
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19 19 19 19 19 19 19 19										
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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, Kenya and Peru have some of the highest 'lockdown index' scores.

For most countries, public transport has the most relaxed restrictions. Taiwan, Tunisia, Norway, Poland, Netherlands, Ukraine, 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, France and Egypt are the exceptions, where international travel is freely permitted with no measures implemented.

Source: Knight Frank. Macrobond. Oxford University. Last Updated: 04/08/2020

Research

Antonia Haralambous Research Analyst, Capital Markets +44 20 3866 8033

antonia.haralambous@knightfrank.com

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