## 24 August 2020

## Summary



- COVID-19: The total number of recorded cases globally reached 23.4 million, with 809k reported deaths according to Johns Hopkins University & Medicine. In the UK, daily new confirmed cases remains above 1,000 for the fourth consecutive day, according to the Department of Health and Social Care.
- Equities: In Europe, the STOXX 600 is up +1.7%, driven by the CAC 40 (+2.2%) and the DAX (+2.1%), while the FTSE 250 is up 1.0%. In the US, futures for the S&P 500 are also positive (+0.7%). In Asia, the Hang Seng (+1.7%) and the Kospi (+1.1%) were the best performing indexes, followed by the CSI 300 (+0.8%), the S&P / ASX 200 (+0.3%) and the TOPIX (+0.2%).
- VIX: While the CBOE market volatility index remained flat at 22.7 so far this morning, the Euro Stoxx 50 volatility price index has increased 1.3% to 24.34, above its long term average of 23.3.
- Bonds: The US 10-year treasury yield and the German 10-year bund yield have softened +1bps and +2bps to 0.64% and -0.49% respectively. The UK 10-year gilt yield remained stable so far today at 0.21%.
- **Currency:** Both sterling and the euro remained stable at \$1.31 and \$1.18. Hedging benefits for US dollar denominated investors into the UK and the eurozone are 0.30% and 1.10% per annum on a five-year basis.
- **Oil:** Brent Crude and the West Texas Intermediate (WTI) are currently \$45.25 and \$42.66 per barrel.
- Baltic Dry: The Baltic Dry index decreased a further -2.4% yesterday to 1,481. However, the index is +36% above where it was in January.
- **Gold:** The price of gold is up 0.4% so far today to \$1,940 per troy ounce, which is -6.0% lower than the record high reached earlier this month.
- US Election: Predictit, the online political futures market currently indicates a 44% likelihood of President Trump being re-elected in November, unchanged on one week ago but higher than 40% one month ago. The current probability of Joe Biden winning the election is 60%, up from 57% last week but down from 63% one month ago.

## Research

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

 Partner, Capital Markets Research
 Seni

 +44 20 7861 5009
 +44

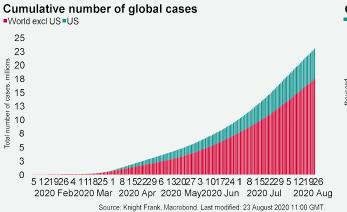
 victoria.ormond@knightfrank.com
 danii

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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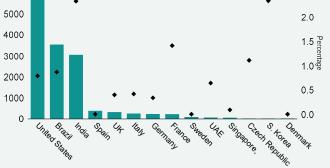
## 24 August 2020

## COVID-19



The number of total confirmed cases reached 23.1 million on the 23 August, an increase of 290k new cases over the day prior.





Source: Knight Frank, Macrobond, Last modified: 23 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).

#### Volatility Index –US, S&P 500 Volatility Index (VIX)

2.5



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



Brent Crude and West Texas Intermediate oil price -Brent Crude - West Texas Intermediate (WTI)



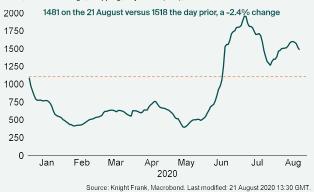
Source: Knight Frank, Macrobond. Last modified: 23 August 2020 23:10 GMT

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)

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.

### Research

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

Non-Ferrous Metals, USD

 Victoria Ormond
 Daniel T

 Partner, Capital Markets Research
 Senior Res

 +44 20 7861 5009
 +44 20 810

 victoria.ormond@knightfrank.com
 daniel.toma

111

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

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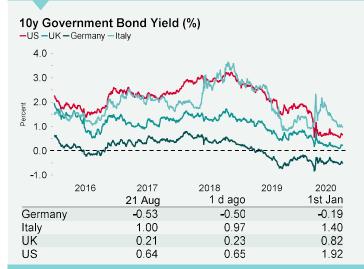
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## 24 August 2020

## **Bonds and currencies**



### FX Spot Rates -EUR per GBP -USD per GBP



#### 1 18 EUR per GBP 1 1 1 1 1 1 USD per GBP 1.31 1.31 1.32

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



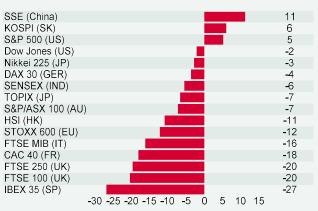
Source: Knight Frank, Investing.com

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

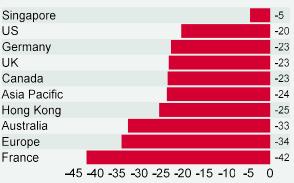
## Equity performance: since previous cycle (1st Jan 2007 = 100) -FTSE 250 -DAX -S&P 500 -STOXX 600 -Hang Seng -MIB -IBEX 35 -TOPIX 250 225 200 175 150 125 100 75 50 25 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 Source: Knight Frank, Macrobond. Last modified: 21 August 2020 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



### **REIT performance: YTD (%)** Local currencies



Source: Knight Frank, Macrobond

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## Research

#### William Matthews Partner, Head of Commercial Research +44 20 3909 6842

william matthews@knightfrank.com

Victoria Ormono 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 Important Notice © Knight Frank LLP 2020 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this presented in this topol, in the sponsion of th list of members' names



## 24 August 2020

## **US** indicators

**US Unemployment** -Monthly Unemployment Rate, rhs New Weekly Jobless Claims, Ihs 7 15.0 6 12.5 55 10.0 ຂໍ 4 7.5 🗟 ₫ 3 5.0 9 2 2.5 1 0 0.0 2020 2018 2019 Source: Knight Frank, Macrobond. Last data for the week commencing the 10 August. 2020 Presidential Winner (probability of winning, %) -Trump -Biden

#### 70 60 50 te 40 Per 30 20 10 0 Feb Mar Jul Apr Mav Jun Aι 2020 Source: Knight Frank Macrobond. Last modified: 24 August 2020 07:00 24 Aug 1 week ago 1 month Trump 44% 44% Biden 60% 57%

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

## Monetary policy

### **Central Banks Policy Rates**

	Current Rate	Rate at 1/1/2020	YTD Change	
Advanced Economies				
Australia	0.25%	0.75%	-50 bps -150 bps	
Canada	0.25%	1.75%		
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	
<b>Developing Economies</b>				
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	

	Lastest (\$)	MoM (%)	YoY (%)	
Advanced Economies				
Australia	205 bn	4.8%	77.8%	
Canada	405 bn	4.8%	351.0%	
Euro Area	7.56 tn	5.2%	44.8%	
France	1.78 tn	15.4%	40.7%	
Germany	2.69 tn	8.2%	37.0%	
Italy	1.49 tn	7.3%	33.1%	
Sweden	144 bn	6.0%	52.3%	
Japan	6.31 tn	3.4%	17.6%	
United Kingdom	786 bn	-0.1%	-1.1%	
United States	7.01 tn	0.7%	85.9%	
Developing Economies				
Brazil	571 bn	7.9%	3.9%	
China	5.11 tn	-0.6%	-1.7%	
India	377 bn	6.1%	31.3%	
Mexico	218 bn	3.7%	13.2%	
Russia	650 bn	2.9%	3.1%	
Saudi Arabia	481 bn	2.9%	-7.8%	
South Korea	471 bn	5.9%	8.2%	
Turkey	104 bn	-2.3%	0.5%	

### Research

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

 Partner, Capital Markets Research +44 20 7861 5009
 Senic +44 2 +44 2

 victoria.ormond@knightfrank.com
 danie

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

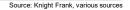
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## **Fiscal measures details**

	Fiscal measures details					
~~ <del>^</del>	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	<b>\$3.0tn:</b> 2 <sup>nd</sup> package passed 23 <sup>rd</sup> April, worth \$483 billon, increasing US stimulus to \$3 trillion (15% GDP).				
.ug <sup>10 GMT.</sup> <b>адо</b> 40% 63%	EU	<ul> <li>€1.35tn: 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.</li> <li>€750bn: a new recovery package for EU member states announced in July including €390bn in grants and €360 in interest free loans.</li> </ul>				
0078	Germany	<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.				
(%)         8%         .0%         8%         .7%         .0%         1%         .9%         9%         7%         .3%         .2%         1%         .2%	Italy	<b>€400bn:</b> The stimulus announced on the 7 <sup>th</sup> April <b>€25bn:</b> Emergency package to support businesses and families.				
	France	<ul> <li>€45bn: 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.</li> <li>€300bn: government backed loans.</li> </ul>				
	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	<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.				
5%	Hong Kong	HK\$10k for every adult citizen (c.£7bn).				





## 24 August 2020





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

## 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

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

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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	258,136 35,430	51			
France	238,002 30,512	44			
Poland	61,181 1,951 55,211 1,792	40			
Portugal Germany	232,864 9,269	57			
Russia	951,897 16,310	63			
United Kingdom	324,601 41,423	65			
Spain	<u>386,054</u> <u>28,838</u> 10,197 <u>264</u>	63 34			
Norway Belgium	10,197 264 81,374 9,988	56			
Bulgaria	15,131 539	31			
Greece	8,381 240	56			
Denmark	16,127 621	56			
Switzerland Ukraine	<u>39,526</u> 1,719 102,971 2,244	45 54			
Finland	7,871 334	38			
Czech Republic	21,790 411	36			
Netherlands	66,034 6,191	45			
Sweden Americas	86,068 5,810	37			
Colombia	533,103 16,968	87			
Canada	124,629 9,071	67			
Argentina	336,789 6,848	88			
United States Venezuela	5,668,105 176,362 38,957 323	69			
Mexico	<u>38,957</u> <u>323</u> 556,216 <u>60,254</u>	71			
Brazil	3,582,362 114,250	64			
Peru	585,236 27,453	81			
Africa Middle East	32,118 542	72			
Kenya South Africa	32,118 542 607,045 12,987	/3			
Qatar	116,765 193	78			
United Arab Emirates		30			
Turkey	257,032 6,102 102,080 819	48 34			
Israel Iran	356,792 20,502	63			
Iraq	201,050 6,353	93			
Jordan	1,576 11	56			
Tunisia	2,738 68	24			
Morocco Egypt	50,812 858 97,237 5,243	57			
Asia Pacific					
Hong Kong	4,682 77	67			
Singapore	<u>56,266</u> <u>27</u> 61,747 1,176	52			
Japan Indonesia	151,498 6,594	63			
Taiwan	445 7	19			
South Korea	17,399 309	56			
China	89,654 4,711	82			
Philippines India	<u>187,249</u> 2,966 3,044,940 56,706	80			
Vietnam	1,014 26	81			
Australia	24,602 485	79			
New Zealand	1,324 22	69 49			
Thailand Malaysia	3,395 58 9,257 125	49			
manayola	0,200 120				
	Lockdown Index key & Scale		Internal movements Public events Public transport Value	Westerlage Calculate Mature	International travel Value
	No Restrictions: 0 – 25		No measure No Measure No measure 0	Workplace         Schools         Value           No measure         No measure         0	No measure 0
	Recommended Restrictions: 26 – 50		Recommended Recommended 1	Recommended Recommended 1	Screening 1
	Enforced Restrictions: 51 – 75		Restriction Required Required 2	Some level of	Quarantine arrivals from
	Highest Restrictions / Ban: 76 – 100			Required closure of schooling required to	high risk regions 2
					J

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 3

Total border closure

## 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 cch Senior Research Analyst, Capital Markets +44 20 8106 1392 m daniel.tomaselli@knightfrank.com

#### Antonia Haralambous

Research Analyst, Capital Markets +44 20 3866 8033 antonia.haralambous@knightfrank.com Important Notice (c) Knjpht Frank LLP 2020 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or lability whatsoever can be accepted by Knjpht Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this raterial does not necessarily represent the view of Knjpht Frank LLP in relianto no particular properties or projects. Reproduction of this report is whole or in parts is not allowed without prior writinght Frank LLP in entiation to particular properties or projects. Reproduction of this report is whole or in parts is not allowed without prior writinght Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' mans.

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