

# COVID-19 Dashboard

8 June 2020



Internal and key client use only

## Summary

- **Equities:** US stocks rallied on Friday after an unexpected rise in US jobs data. The unemployment rate fell to +13.3% in May, down from +14.7% in April, with the US economy gaining 2.5m jobs. Consensus expectations had been for a loss of 7.5m jobs, putting the rate close to 20%. However, US unemployment remains historically high, up from +3.5% in February, with latest figures failing to tally new unemployment claims. Nevertheless, the Nasdaq reached a record peak during the day according to the FT, increasing +9% over the day. In Europe, news that Germany's industrial output for April slumped by -17.9%, put a dampener on markets, with the STOXX 600 down -0.7% over this morning and Frankfurt's DAX down -0.8%.
- **VIX:** The "investor fear gauge", the CBOE market volatility index, remains below 30, currently at 25.5. The Euro Stoxx 50 volatility price index is also below 30 at 27.7. Both of these indices remain elevated, indicating further expectations of near-term volatility.
- **Bonds:** Following the release of unemployment numbers, US 10-year treasury yields have since increased to +0.91%, the highest level since 20<sup>th</sup> March, as investors sell down their riskless assets. In the UK 10-year gilt yields have decreased by -1bp to +0.35%, whilst the German 10-year bund remained flat at -0.29%.
- **Currency:** Sterling and the euro appreciated slightly, at \$1.27 and \$1.13 respectively. Hedging benefits for US dollar denominated investors into the UK have increased to 0.38% per annum on a five-year basis. The currency hedging benefit of US dollar denominated investors into the Eurozone similarly increased to 1.19% per annum on a five-year basis.
- **Baltic Dry:** The Baltic Dry Index increased for its fifth consecutive session yesterday, up +7.4% to 679, continuing to pare back its losses to 757 recorded on 20<sup>th</sup> April or to 1,090 seen at the end of last year.

## 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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- **Oil:** Oil prices gained as OPEC and Russia agreed a one month extension to production cuts on Sunday. The West Texas Intermediate (WTI) has increased slightly +0.38% to \$39.70, whilst Brent Crude remains above \$40 a barrel, increasing +1.3% to \$42.84.
- **US leveraged loans:** Over the last three months downgrades to US leveraged loans have outweighed upgrades by a ratio of 43 to 1, according to the FT. In excess of one third of the \$1.2tn market now carries a B-minus rating or lower, the highest proportion on record. Additionally, 10% of these leveraged loans are now rated C, double C, or triple C, which commonly signals severe financial distress and could indicate future market weakness.

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william.matthews@knightfrank.com

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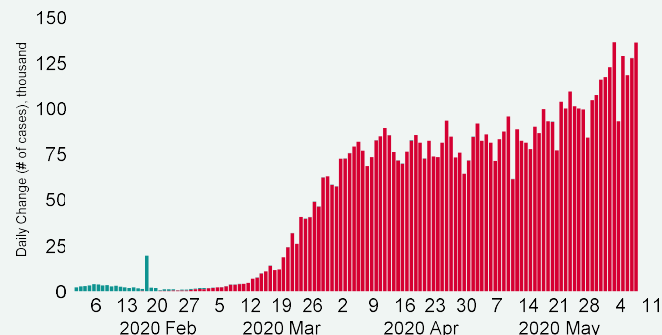


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## COVID-19

### New cases per day

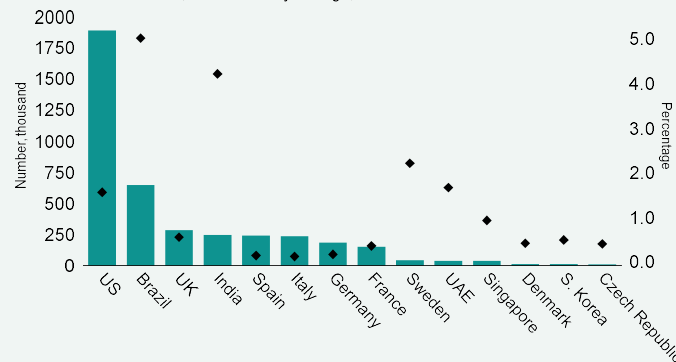
■ World (ex-China) ■ China



The number of total confirmed cases reached 6800k on the 7 June, an increase of 136k new cases over the day prior.

### Cumulative number of cases

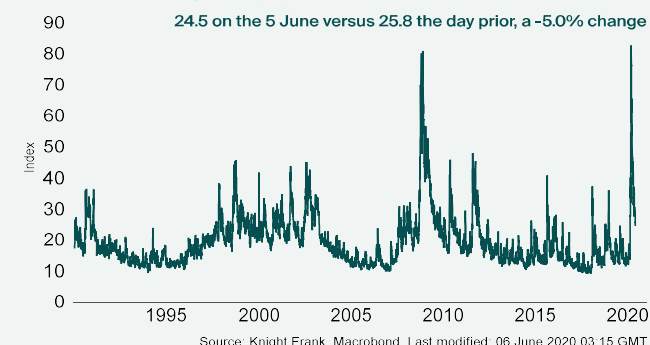
■ Number of total cases, lhs ◆ Last day change, rhs



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 silver price, USD

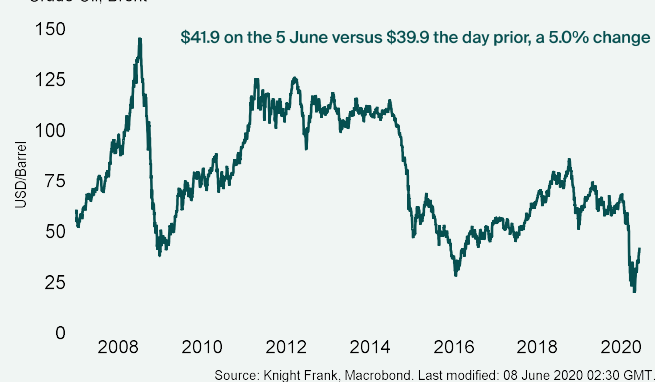
—Gold, USD, lhs —Silver, USD, rhs



	5 June	D/D (%)	YTD (%)
Gold, USD	1684	-0.8	11.0
Silver, USD	17.4	-1.3	-2.5

### Brent crude and global commodity price index

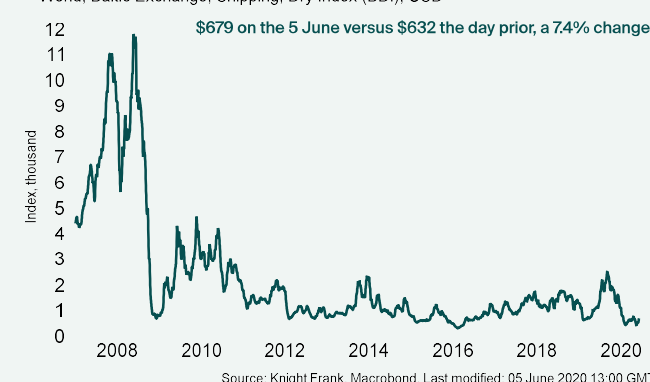
—Crude Oil, Brent



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)

—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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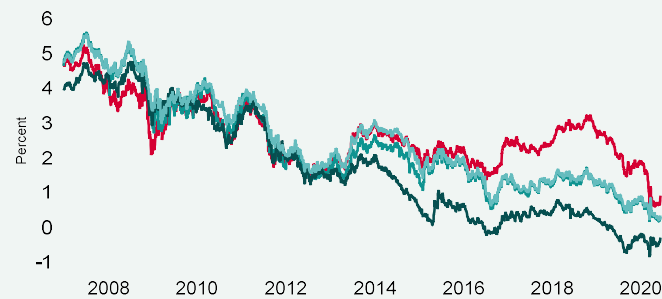


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## Bonds and currencies

### 10y Government Bond Yield (%)

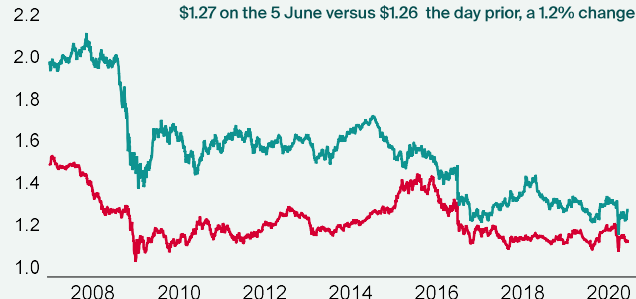
—US —UK —Germany —United Kingdom, Bank of England



	5 Jun	1 d ago	1st Jan
Germany	-0.29	-0.33	-0.19
UK	0.36	0.31	0.74
US	0.91	0.82	1.92

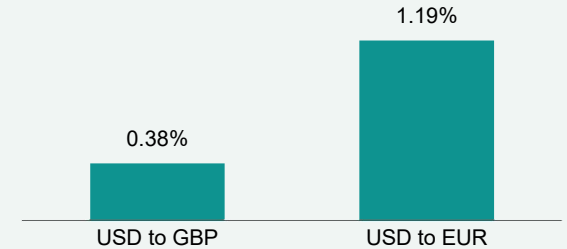
### FX Spot Rates

—EUR per GBP —USD per GBP



	5 Jun	1 d ago	1st Jan
EUR per GBP	1.12	1.11	1.18
USD per GBP	1.27	1.26	1.32

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

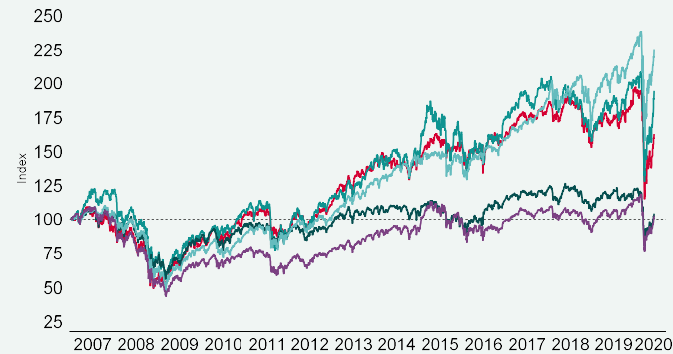


Source: Knight Frank, Investing.com  
Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.

## Equity and REIT

### Equity performance: since previous cycle (1st Jan 2007 = 100)

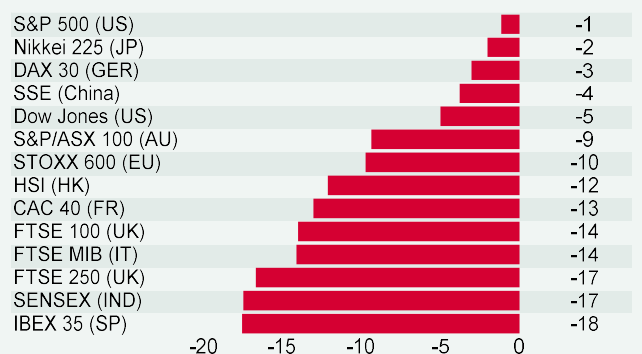
—FTSE 250 —DAX —FTSE 100 —S&P 500 —STOXX 600



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

### Equity performance: YTD (%)

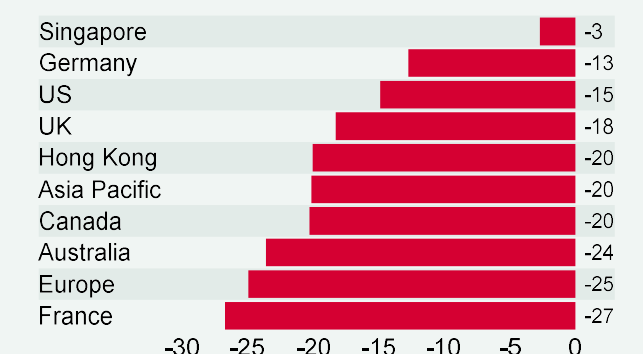
Local currencies



Source: Knight Frank, Macrobond

### REIT performance: YTD (%)

Local currencies



Source: Knight Frank, Macrobond

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

## Research

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

**Victoria Ormond**  
Partner, Capital Markets Research  
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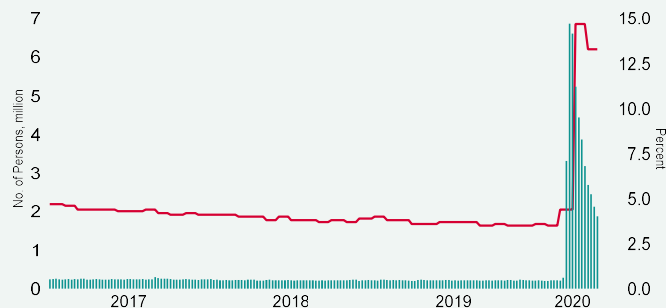


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## US indicator

### US Unemployment

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



Source: Knight Frank, Macrobond. Last data for the week commencing the 25 May.

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

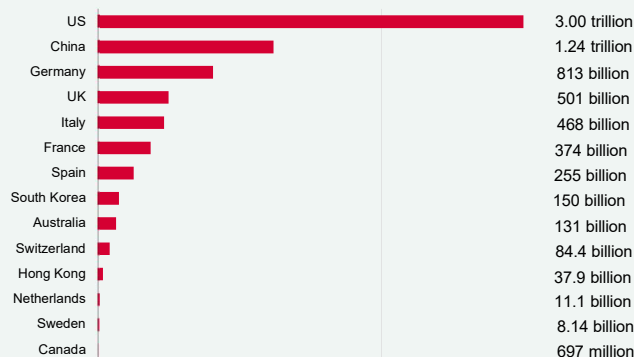
## Monetary policy

### Central Banks Policy Rates

	Current Rate	Rate at 1/1/2020	YTD Change
<b>Advanced Economies</b>			
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
<b>Developing Economies</b>			
Brazil	3.00%	4.50%	-150 bps
China	4.35%	4.35%	0 bps
India	4.00%	5.15%	-115 bps
Mexico	5.50%	7.25%	-175 bps
Russia	5.50%	6.25%	-75 bps
Saudi Arabia	1.00%	2.25%	-125 bps
South Korea	0.50%	1.25%	-75 bps
Turkey	8.25%	12.00%	-375 bps

## Fiscal policy

### Fiscal measures by selected governments (YTD total, \$)



Source: Knight Frank, Macrobond.

### 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>Germany</b>	<b>€750bn</b> : The emergency aid measure approved by the German Cabinet 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 April to help businesses hurt by a national lockdown. <b>€25bn</b> : Emergency package to support businesses and families.
<b>France</b>	<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>\$10bn</b> : The aid package issued in early March for SMEs and self-employed workers. Additional economic stimulus measures are expected.
<b>Hong Kong</b>	<b>HK\$10k</b> for every adult citizen (c.£7bn).

Source: Knight Frank, various sources

### Central Bank Assets Purchasing Programme

	Lastest (\$)	MoM (%)	YoY (%)
<b>Advanced Economies</b>			
Australia	190 bn	12.5%	47.4%
Canada	278 bn	103.7%	223.1%
Euro Area	6.15 tn	5.5%	17.6%
France	1.49 tn	7.7%	20.5%
Germany	2.2 tn	6.7%	9.9%
Italy	1.22 tn	3.0%	11.2%
Sweden	130 bn	8.0%	35.3%
Japan	5.93 tn	2.4%	13.6%
United Kingdom	795 bn	0.2%	2.5%
United States	7.17 tn	7.0%	86.2%
<b>Developing Economies</b>			
Brazil	480 bn	-0.6%	-14.3%
China	5.09 tn	-1.2%	-1.7%
India	351 bn	8.6%	33.2%
Mexico	206 bn	3.2%	4.5%
Russia	642 bn	-6.1%	4.5%
Saudi Arabia	461 bn	-5.1%	-9.9%
South Korea	417 bn	0.7%	-5.4%
Turkey	110 bn	14.9%	16.6%

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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.

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Source: Knight Frank, various sources

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	Confirmed Cases	Confirmed Deaths	Lockdown Index	Internal Movement	Public Events	Public Transport	Workplace	Schools	International Travel
Europe									
Italy	234,801	33,846	60						
France	153,834	29,142	65						
Poland	25,986	1,153	65						
Portugal	34,351	1,474	71						
Germany	183,979	8,668	50						
Russia	458,689	5,725	78						
United Kingdom	284,868	40,465	65						
Spain	241,310	27,135	81						
Norway	8,504	238	55						
Belgium	59,072	9,580	75						
Bulgaria	2,711	160	51						
Greece	2,952	180	69						
Denmark	11,924	587	63						
Switzerland	30,873	1,660	63						
Ukraine	26,514	777	86						
Finland	8,964	322	42						
Czech Republic	9,567	327	29						
Netherlands	47,335	6,011	69						
Sweden	43,887	4,656	46						
Americas									
Colombia	38,027	1,205	87						
Canada	95,046	7,773	71						
Argentina	22,007	648	91						
United States	1,920,061	109,802	73						
Venezuela	2,316	22	85						
Mexico	113,619	13,511	82						
Brazil	645,771	35,026	77						
Peru	191,758	5,301	90						
Africa Middle East									
Kenya	2,600	83	94						
South Africa	45,973	952	84						
Qatar	67,195	51	83						
United Arab Emirates	38,268	275	72						
Turkey	169,218	4,669	79						
Israel	17,783	297	75						
Iran	169,425	8,209	53						
Iraq	11,098	318	82						
Jordan	795	9	78						
Tunisia	1,087	49	77						
Morocco	8,132	208	94						
Egypt	32,612	1,198	84						
Asia Pacific									
Hong Kong	1,106	4	53						
Singapore	37,527	25	81						
Japan	17,141	916	31						
Indonesia	30,514	1,801	68						
Taiwan	443	7	22						
South Korea	11,776	273	57						
China	84,186	4,638	82						
Philippines	21,340	994	78						
India	246,628	6,929	79						
Vietnam	329	-	66						
Australia	7,255	102	59						
New Zealand	1,154	22	33						
Thailand	3,112	58	69						
Malaysia	8,303	117	75						
Lockdown Index key & Scale									
No Restrictions: 0 – 25									
Recommended Restrictions: 26 – 50									
Enforced Restrictions: 51 – 75									
Highest Restrictions / Ban: 76 – 100									
				Internal movements		Public events	Public transport	Value	
				No measure	No Measure	No measure		0	
				Recommended	Recommended	Recommended		1	
				Restriction	Required	Required		2	
				Workplace		Schools	Value		
				No measure	No measure			0	
				Recommended	Recommended			1	
				Required closure of some sectors	schooling required to close			2	
				Required closure for all but essential work	All schools required to close			3	
				International travel		Value			
				No measure				0	
				Screening				1	
				Quarantine arrivals from high risk regions				2	
				Ban on high risk regions				3	
				Total border closure				4	

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 22, indicating the restrictions in place are generally recommendations and are not enforced. Countries including Peru, Argentina and Kenya have some of the highest 'lockdown index' scores.

For most countries, public transport has the most relaxed restrictions. Taiwan is the only country with no measures implemented on public events. Meanwhile, across the world, there is some measure of restriction on international travel. However, the UK and Iran are the exceptions, where international travel is freely permitted with no measures implemented.

Source: Knight Frank, Macrobond, Oxford University. Last Updated: 08/06/2020

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