

Summary

- **COVID-19:** The total number of cases recorded globally has surpassed 43 million, with circa 1.15 million reported deaths according to Johns Hopkins University & Medicine.
- **Lockdown:** Italy announced on Sunday that all bars and restaurants will have to close at 6pm, with gyms, swimming pools, theatres and cinemas to shut altogether for at least a month. In Spain, a nationwide curfew has been introduced from 11pm – 6am, following the announcement of a ‘state of alert’, last invoked at the beginning of March.
- **Equities:** Globally, stocks are lower. In Europe, declines were led by the DAX which has contracted -2.1% over the morning. The STOXX 600 (-0.6%), FTSE 250 and the CAC 40 (both -0.5%) are also down. In Asia, the Kospi (-0.7%), CSI 300 (-0.6%), Topix (-0.4%) and the S&P / ASX 200 (-0.2%) were all lower on close. In the US, futures for the S&P 500 are down -0.9%.
- **VIX:** The CBOE market volatility index and the Euro Stoxx 50 volatility index have increased +8.9% and +8.6% this morning, to 30.0 and 30.6, respectively. This is the highest both index’s have been since early September, with both indices elevated compared to their long term averages of 19.9 and 23.9.
- **Bonds:** The US 10-year treasury yield has compressed -3bps to 0.81%, while the UK 10-year gilt yield has decreased -2bps to 0.26% and the German 10-year bund yield has contracted -1bp to -0.58%.
- **Currency:** Sterling has depreciated to \$1.30, while the euro is currently \$1.18. Hedging benefits for US dollar denominated investors into the UK and the eurozone are at 0.37% and 1.24% per annum on a five-year basis.
- **Baltic Dry:** The Baltic Dry increased for the second time on Friday, following an 11-session rout on 11th October, up +1.0% to 1,414. Over the last 13 sessions, the index has seen cumulative declines of -33%, albeit the Baltic Dry remains +30% higher than it was at the beginning of the year.
- **Oil:** The West Texas Intermediate (WTI) has fallen below \$40 per barrel after declining -2.6% over the morning to \$38.81. Brent Crude is also down, contracting -1.6% to \$41.09 per barrel.

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COVID-19 Dashboard

26 October 2020

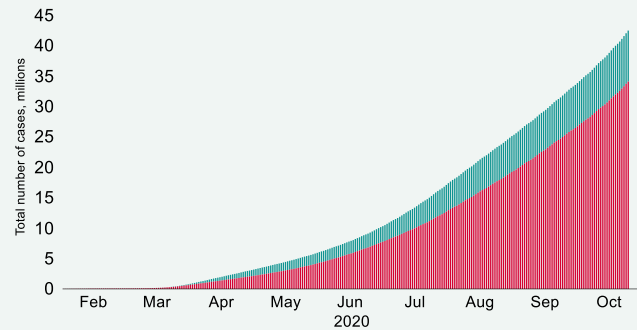


Internal and key client use only

COVID-19

Cumulative number of global cases

■ World excl US ■ US

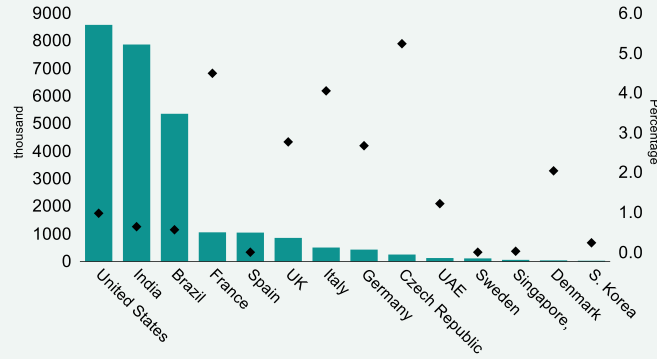


Source: Knight Frank, Macrobond. Last modified: 25 October 2020 11:41 GMT.

The number of total confirmed cases reached 42.5 million on the 25 October, an increase of 439k new cases over the day prior.

Cumulative number of cases by country

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

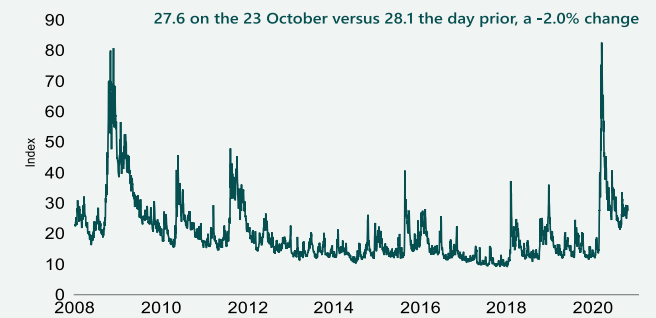


Source: Knight Frank, Macrobond.

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)



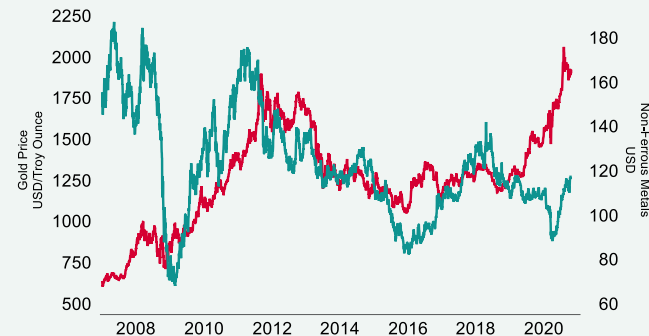
Source: Knight Frank, Macrobond. Last modified: 24 October 2020 03:15 GMT.

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

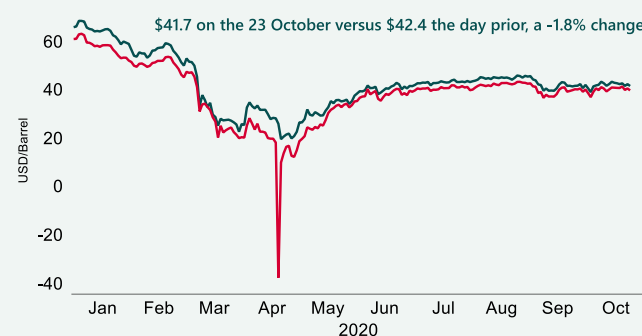
— Gold, USD, lhs — Non-Ferrous Metals Index, USD, rhs



Source: Knight Frank, Macrobond. Last modified: 25 October 2020 00:00 GMT.

Brent Crude and West Texas Intermediate oil price

— Brent Crude — West Texas Intermediate (WTI)

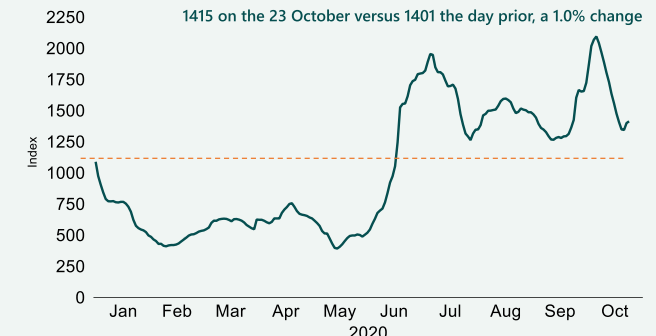


Source: Knight Frank, Macrobond. Last modified: 25 October 2020 22:10 GMT.

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)

— World, Baltic Exchange, Shipping, Dry Index (BDI), USD



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

	23 Oct	D/D (%)	YTD (%)
Gold, USD	1901	-1.2	25.3
Non-Ferrous Metals, USD	118	1.2	6.5

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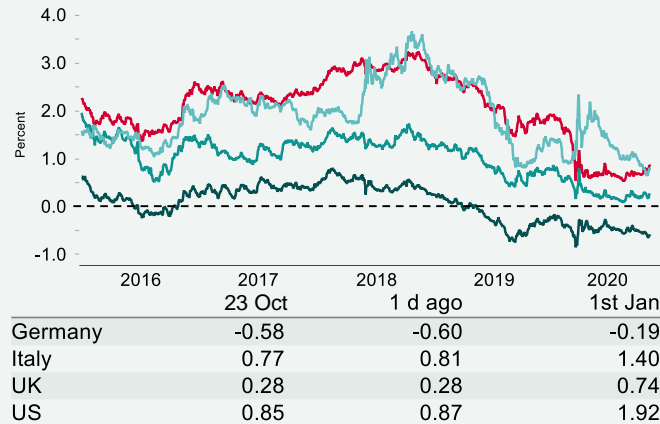


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Bonds and currencies

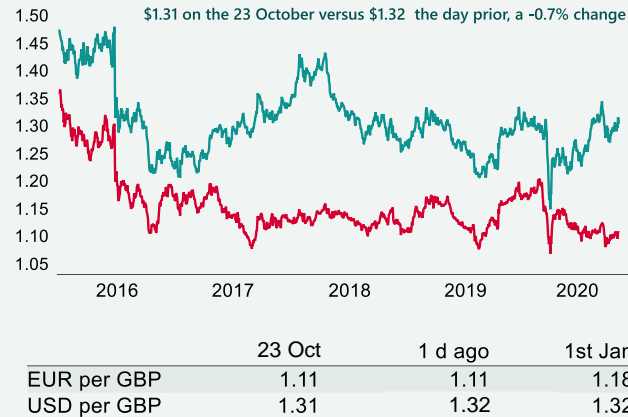
10y Government Bond Yield (%)

— US — UK — Germany — Italy

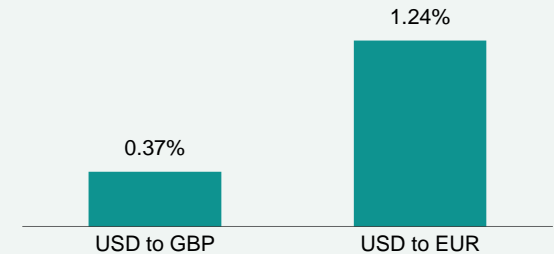


FX Spot Rates

— EUR per GBP — USD per GBP



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

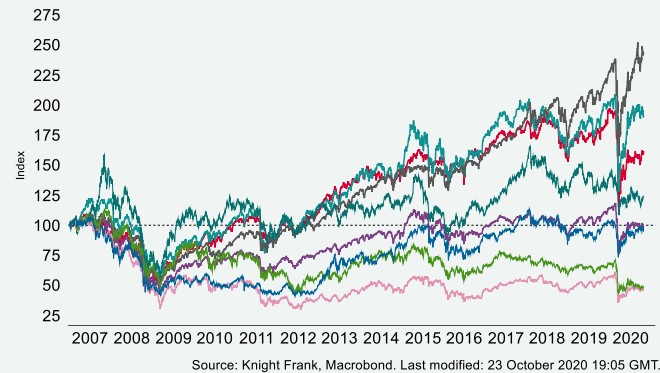


Source: Knight Frank, Investing.com
Approximate additional return per annum that dollar denominated investors may obtain based on five year currency hedge.

Equity and REIT

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

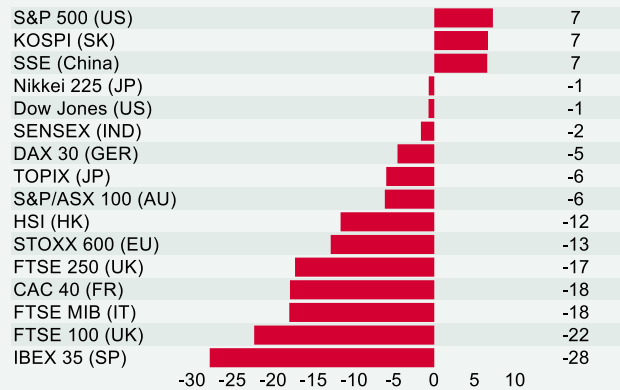
— FTSE 250 — DAX — S&P 500 — STOXX 600 — Hang Seng — MIB — IBEX 35 — TOPIX



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

Equity performance: YTD (%)

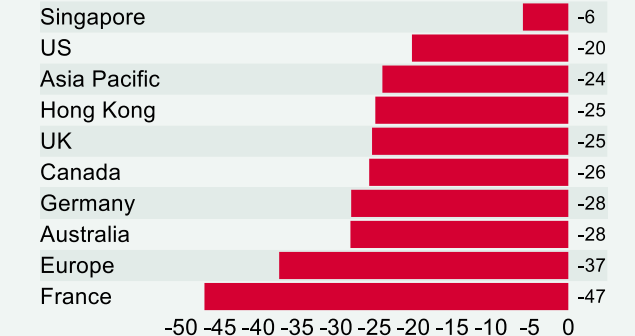
Local currencies



Source: Knight Frank, Macrobond

REIT performance: YTD (%)

Local currencies



Source: Knight Frank, Macrobond

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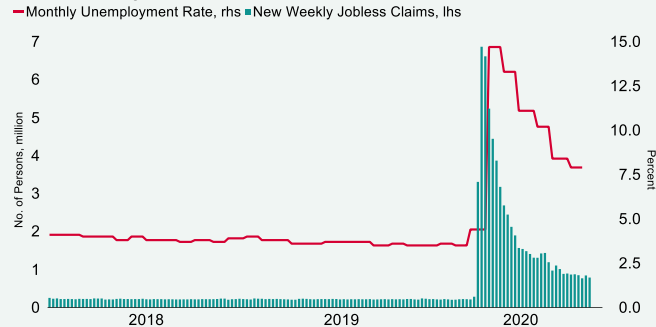
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US indicators

US Unemployment



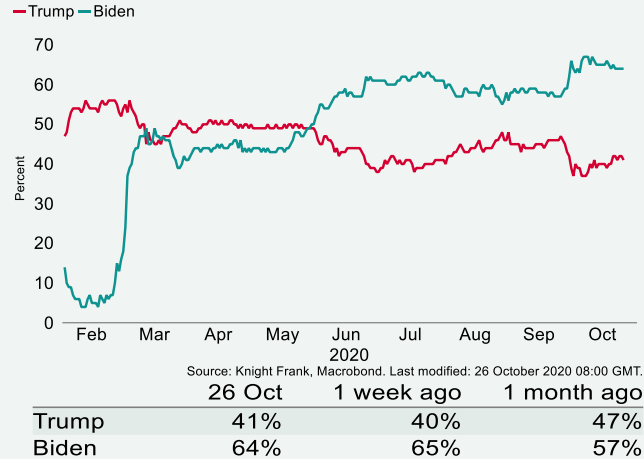
The chart presents the number of Americans that each week file for unemployment benefits (left axis) and the overall monthly unemployment rate (right axis)

Monetary policy

Central Banks Policy Rates

	Current Rate	Rate at 1/1/2020	YTD Change
Advanced Economies			
Australia	0.25%	0.75%	-50 bps
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	2.00%	4.50%	-250 bps
China	4.35%	4.35%	0 bps
India	4.00%	5.15%	-115 bps
Mexico	4.25%	7.25%	-300 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	10.25%	12.00%	-175 bps

2020 Presidential Winner (probability of winning, %)



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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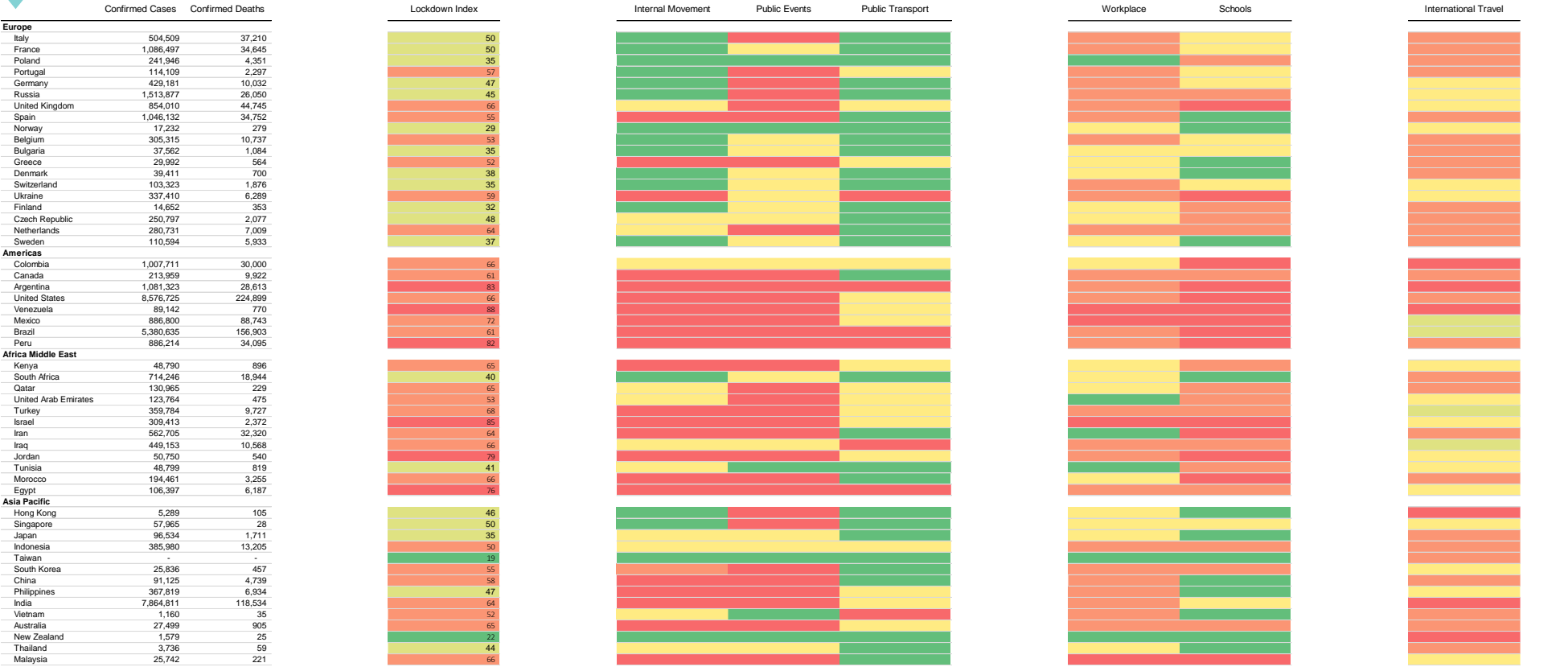
COVID-19 Dashboard

26 October 2020



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Overview of the severity of Covid-19 and the resulting containment measures



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	Some level of 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 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.

Source: Knight Frank, Macrobond, Oxford University

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