

Summary

- **Equities:** In Europe stocks are lower, with the DAX (-2.8%), CAC 40 (-2.7%) and the FTSE 250 (-1.5%) all recording losses over the morning. The European benchmark, the STOXX 600, which is down -2.0% over the morning, has experienced three consecutive days of declines and is now at its lowest level since May. In Asia, stocks were mixed, with the Hang Seng and the Topix both closing -0.3% lower, while the CSI 300 (+0.8%), Kospi (+0.6%) and the S&P / ASX 200 (+0.1%) were all higher on close. In the US, futures for the S&P 500 are down -1.2%.
- **VIX:** The CBOE market volatility index and the Euro Stoxx 50 volatility index have increased +8.1% and +10.6% over the morning to 36.1 and 36.2, respectively. This is the highest both indices have been since June, with both indexes elevated compared to their long term averages of 19.9 and 23.9.
- **Bonds:** The UK 10-year gilt yield and the German 10-year bund yield have both compressed -2bps this morning to 0.21% and -0.64%, while the US 10-year treasury yield declined -1bp to 0.76%.
- **Currency:** Sterling and the euro are currently \$1.30 and \$1.18, respectively. Hedging benefits for US dollar denominated investors into the UK and the eurozone are at 0.39% and 1.25% per annum on a five-year basis.
- **Baltic Dry:** The Baltic Dry increased +0.8% yesterday to 1,413. Over the last 16 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) remains below \$40 per barrel after declining -3.8% over the morning to \$38.06. Brent Crude is also down, decreasing -2.0% to \$40.38 per barrel.
- **Gold:** Gold was priced at \$1,907 per troy ounce on Tuesday, +0.3% on the day prior and +25.7% up on the price at the start of the year.
- **US Election:** Predictit, the online political futures market currently indicates a 42% likelihood of President Trump being re-elected in November, unchanged from one week ago and down from a 45% likelihood one month ago. The current probability of Joe Biden winning the election is 63%, down from 65% one week ago and up from 59% last month.

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COVID-19 Dashboard

28 October 2020

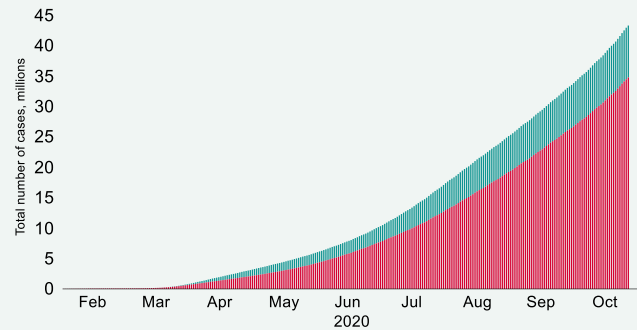


Internal and key client use only

COVID-19

Cumulative number of global cases

■ World excl US ■ US

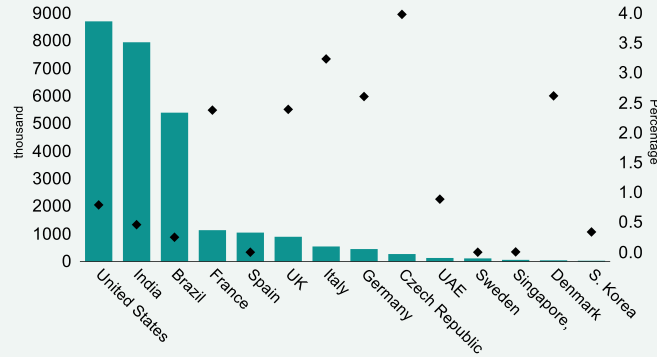


Source: Knight Frank, Macrobond. Last modified: 27 October 2020 10:51 GMT.

The number of total confirmed cases reached 43.3 million on the 27 October, an increase of 358k new cases over the day prior.

Cumulative number of cases by country

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

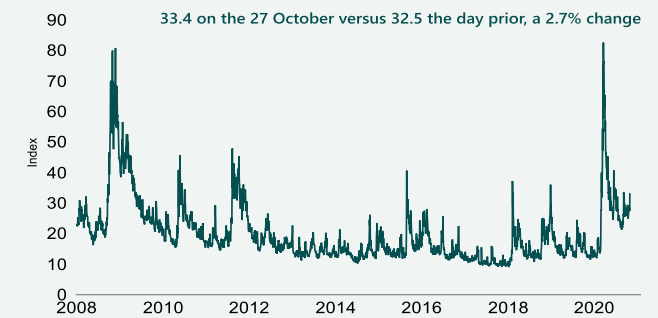


Source: Knight Frank, Macrobond.

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)



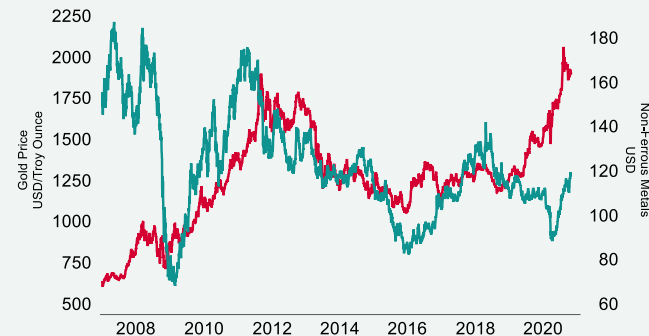
Source: Knight Frank, Macrobond. Last modified: 28 October 2020 02:15 GMT.

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

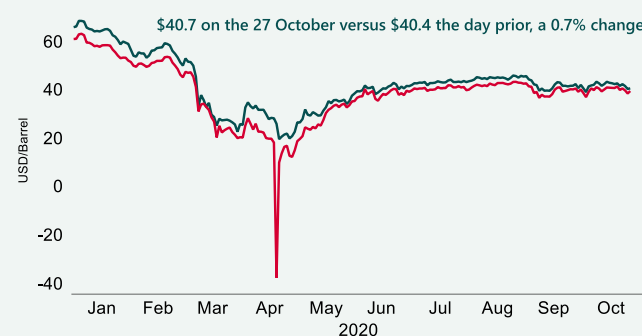
— Gold, USD, lhs — Non-Ferrous Metals Index, USD, rhs



Source: Knight Frank, Macrobond. Last modified: 27 October 2020 23:00 GMT.

Brent Crude and West Texas Intermediate oil price

— Brent Crude — West Texas Intermediate (WTI)

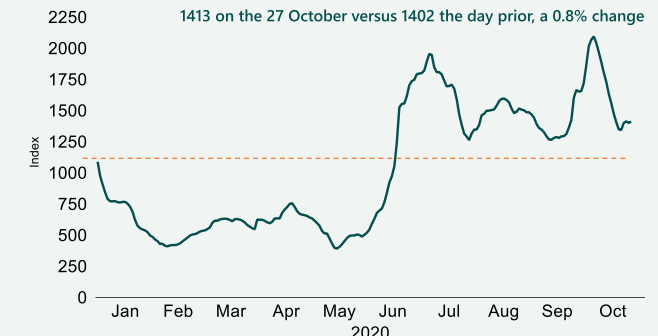


Source: Knight Frank, Macrobond. Last modified: 27 October 2020 22:10 GMT.

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: 27 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.

	27 Oct	D/D (%)	YTD (%)
Gold, USD	1907	0.3	25.7
Non-Ferrous Metals, USD	119	-0.9	6.9

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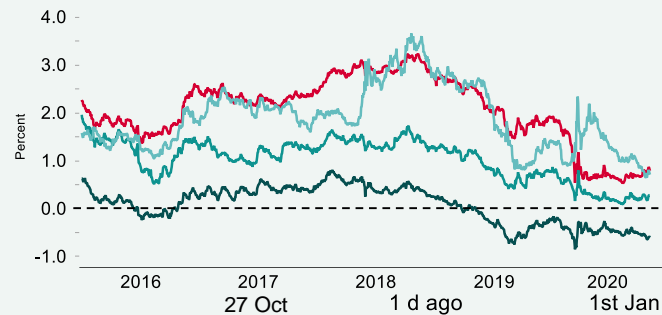


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Bonds and currencies

10y Government Bond Yield (%)

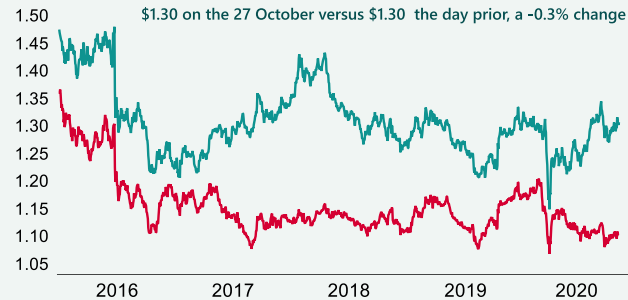
— US — UK — Germany — Italy



	27 Oct	1 d ago	1st Jan
Germany	-0.60	-0.59	-0.19
Italy	0.71	0.73	1.40
UK	0.24	0.28	0.74
US	0.79	0.81	1.92

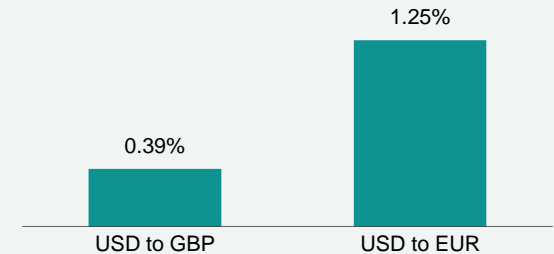
FX Spot Rates

— EUR per GBP — USD per GBP



	27 Oct	1 d ago	1st Jan
EUR per GBP	1.10	1.10	1.18
USD per GBP	1.30	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

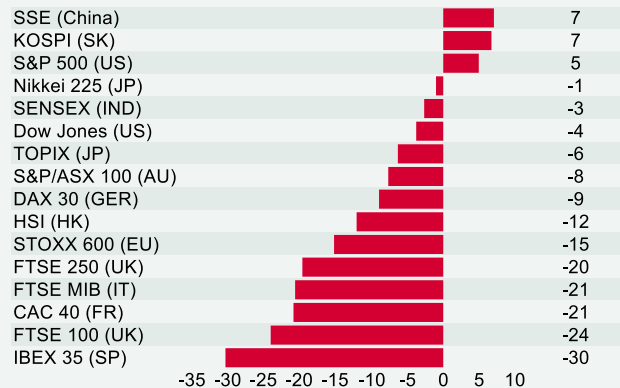


Source: Knight Frank, Macrobond. Last modified: 27 October 2020 18:05 GMT.

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

Equity performance: YTD (%)

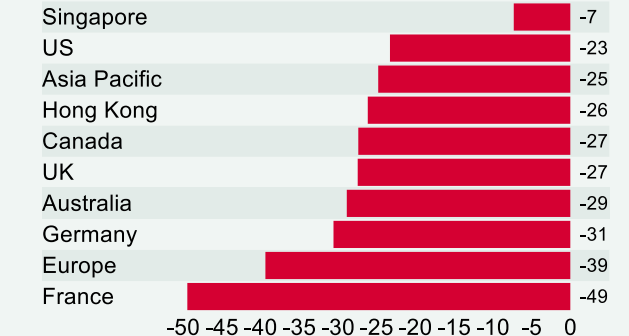
Local currencies



Source: Knight Frank, Macrobond

REIT performance: YTD (%)

Local currencies



Source: Knight Frank, Macrobond

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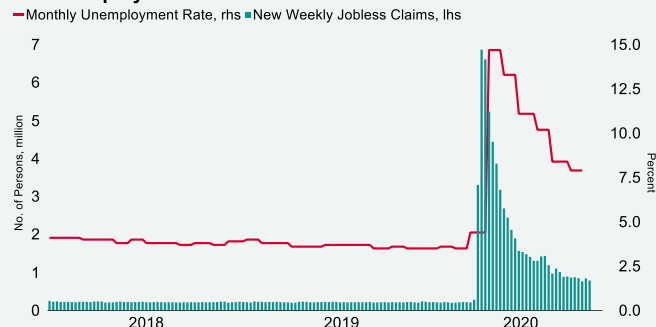
28 October 2020



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US indicators

US Unemployment



Source: Knight Frank, Macrobond. Last data for the week commencing the 12 October.

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, %)



Source: Knight Frank, Macrobond. Last modified: 28 October 2020 08:00 GMT.

	28 Oct	1 week ago	1 month ago
Trump	42%	42%	45%
Biden	63%	65%	59%

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

Central Bank Assets Purchasing Programme

	Lastest (\$)	MoM (%)	YoY (%)
Advanced Economies			
Australia	210 bn	-2.1%	83.5%
Canada	398 bn	-3.7%	351.6%
Euro Area	8.02 tn	4.9%	54.4%
France	1.91 tn	2.6%	55.4%
Germany	2.84 tn	3.7%	44.6%
Italy	1.53 tn	1.4%	36.7%
Sweden	154 bn	6.7%	59.9%
Japan	6.54 tn	-1.1%	24.0%
United Kingdom	781 bn	-0.1%	-1.7%
United States	7.18 tn	1.3%	80.9%
Developing Economies			
Brazil	513 bn	1.8%	2.7%
China	5.5 tn	3.9%	8.3%
India	366 bn	-3.0%	33.9%
Mexico	216 bn	-2.0%	6.2%
Russia	677 bn	-1.0%	5.0%
Saudi Arabia	490 bn	1.4%	-5.4%
South Korea	453 bn	2.3%	9.6%
Turkey	101 bn	2.9%	-6.7%

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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

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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	542,789	37,479	50						
France	1,165,278	35,018	50						
Poland	263,929	4,483	35						
Portugal	121,133	2,343	57						
Germany	449,275	10,098	47						
Russia	1,547,774	26,589	45						
United Kingdom	894,690	44,998	66						
Spain	1,098,320	35,031	66						
Norway	17,908	279	29						
Belgium	333,624	10,899	53						
Bulgaria	40,132	1,136	35						
Greece	31,496	581	52						
Denmark	41,412	708	42						
Switzerland	120,680	1,913	35						
Ukraine	348,924	6,464	59						
Finland	14,970	354	38						
Czech Republic	268,370	2,365	48						
Netherlands	301,249	7,062	62						
Sweden	110,594	5,933	37						
Americas									
Colombia	1,025,052	30,348	66						
Canada	220,213	9,973	61						
Argentina	1,102,288	29,301	83						
United States	8,704,524	225,735	66						
Venezuela	90,047	777	88						
Mexico	895,326	89,171	72						
Brazil	5,409,854	157,397	63						
Peru	890,574	34,197	82						
Africa Middle East									
Kenya	49,997	920	65						
South Africa	716,759	19,008	40						
Qatar	131,432	230	65						
United Arab Emirates	126,234	480	53						
Turkey	363,999	9,874	68						
Israel	310,851	2,453	74						
Iran	574,856	32,953	64						
Iraq	455,398	10,671	66						
Jordan	55,055	624	79						
Tunisia	52,399	983	41						
Morocco	199,745	3,373	66						
Egypt	106,707	6,211	76						
Asia Pacific									
Hong Kong	5,303	105	50						
Singapore	57,973	28	50						
Japan	97,498	1,725	35						
Indonesia	392,934	13,411	50						
Taiwan	-	-	19						
South Korea	26,043	460	55						
China	91,175	4,739	62						
Philippines	371,630	7,039	47						
India	7,946,429	119,502	64						
Vietnam	1,169	35	52						
Australia	27,527	905	65						
New Zealand	1,585	25	22						
Thailand	3,746	59	44						
Malaysia	27,805	236	66						
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		International travel	
No measure				No measure		0		No measure	
Recommended				Recommended		1		Screening	
Required closure of some sectors				Some level of schooling required to close		2		Quarantine arrivals from high risk regions	
Required closure for all but essential work				All schools required to close		3		Ban on high risk regions	
								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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