

The spread and impact of the Coronavirus has been the focus of the world and financial markets in February. Equity markets fell in response to uncertainty as to the immediate consequence for the global economy and whether it may potentially have longer term implications. There is clear anticipation of governmental and central bank intervention.

Equity markets continued their ascent for the first 3 weeks of February effectively ignoring the growing risk of the Coronavirus. When it became obvious that the spread of the virus was not contained there was broad-based selling, with the MSCI World declining 8.1%<sup>1</sup> over the month, 11.1% in the final week. The 11.5% fall in the S&P500 in the last week of February can be compared with weeks during the Great Depression (-10% to -19%), Black Monday (-14%), Tech Bubble bursting (-11%) and the week in which the 9/11 attacks (-12%) took place.

In the UK the FTSE All Share declined 8.9% over the month (-10.8% in the final week), with Oil & Gas, Basic Materials and Consumer Services sectors major detractors. The Utility sector was the only area of the market that provided some relative respite, declining 3% in the month. No style of investing provided any protection during the market fall. The Coronavirus has somewhat overshadowed the start of negotiations on the future relationship between UK and EU, although that has not stopped reports that each side are hardening their position. Sterling has taken notice, falling to 1.28 (GBP/USD) by month end a decline of 3% since January.

Japan's stock market was the worst affected falling 9.6% over the month. The growth of the Coronavirus in Japan was such that Prime minister Shinzo Abe urged all schools to close until 8 April to contain the epidemic. Italy has been the most affected by the virus in Europe so far, with the FTSE MIB falling 13.7% since its mid-month high. MSCI Europe ex UK fell 7.6% for the month, with German market falling 8.7% over the month.

Chinese markets have been surprisingly resilient, recovering from a fall mid-January, although this may reflect a degree of government interference. MSCI Asia ex Japan declined 3.0% and MSCI Emerging Markets fell 3.8% over the month.

Across the world we have seen a significant increase in the prices of short and longer dated government bond prices, none more so than in US Treasuries. The benchmark US 10 year government bond yield fell to 1.17% (the lowest ever) at month end from 1.52% in January and the US 30 Year government bond fell to 1.65% having never traded below 1.9% before. Markets are pricing in more than two (0.25%) cuts by the US Federal Reserve. Likewise, in Europe Germany's 10 year Government bond yield fell to -0.61% and the UK 10 year government bond to 0.44%. The yield on 30 year German bonds is 0%, which is extraordinary.

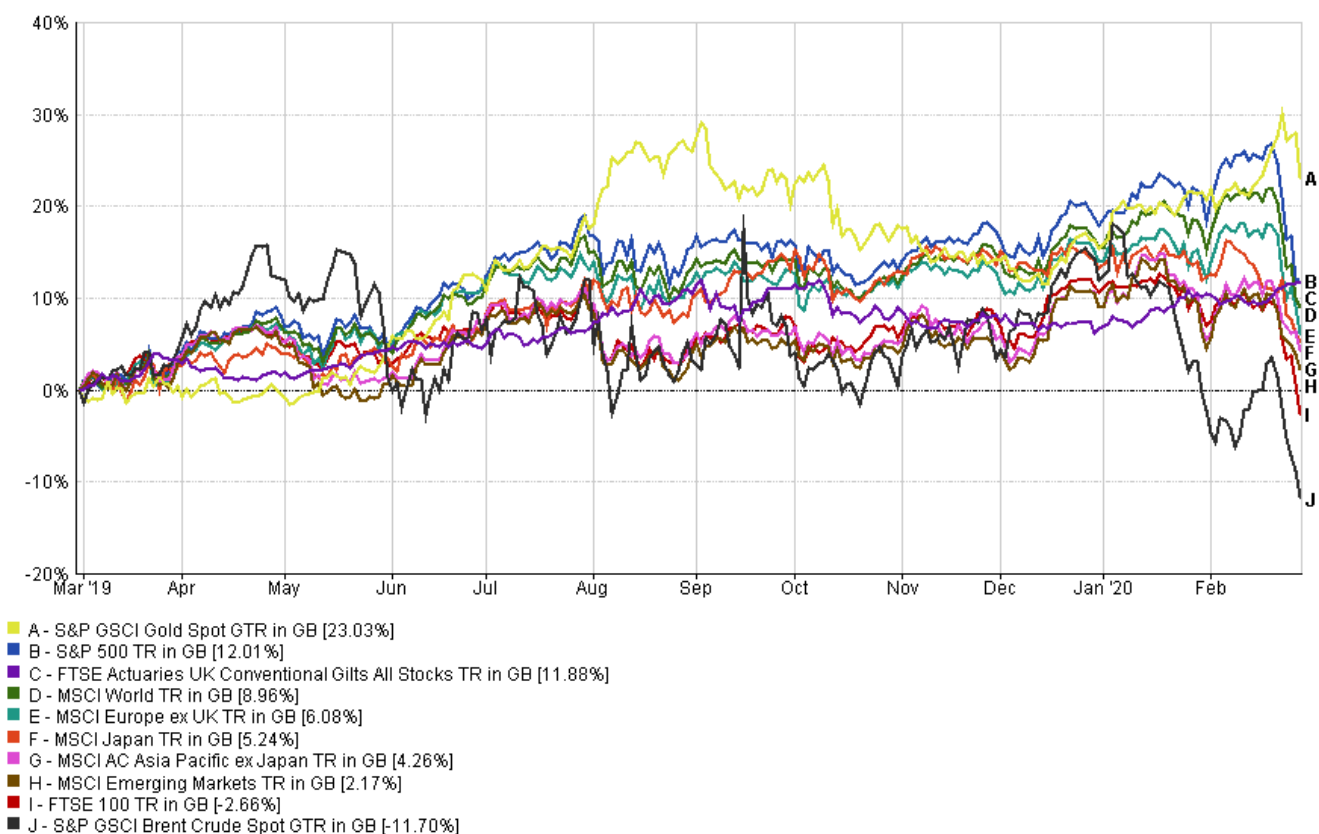
Given the fear and increased volatility in equity markets the gold spot price rose to a high of \$1,689 (per Troy Ounce) during the month, before falling to \$1,585 (per Troy Ounce) by month end, a loss of \$1 (per Troy Ounce) since January.

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<sup>1</sup> All performance data is total return and in local currency, unless otherwise stated.

## 1-Year Performance in Sterling Terms to 29 February 2019

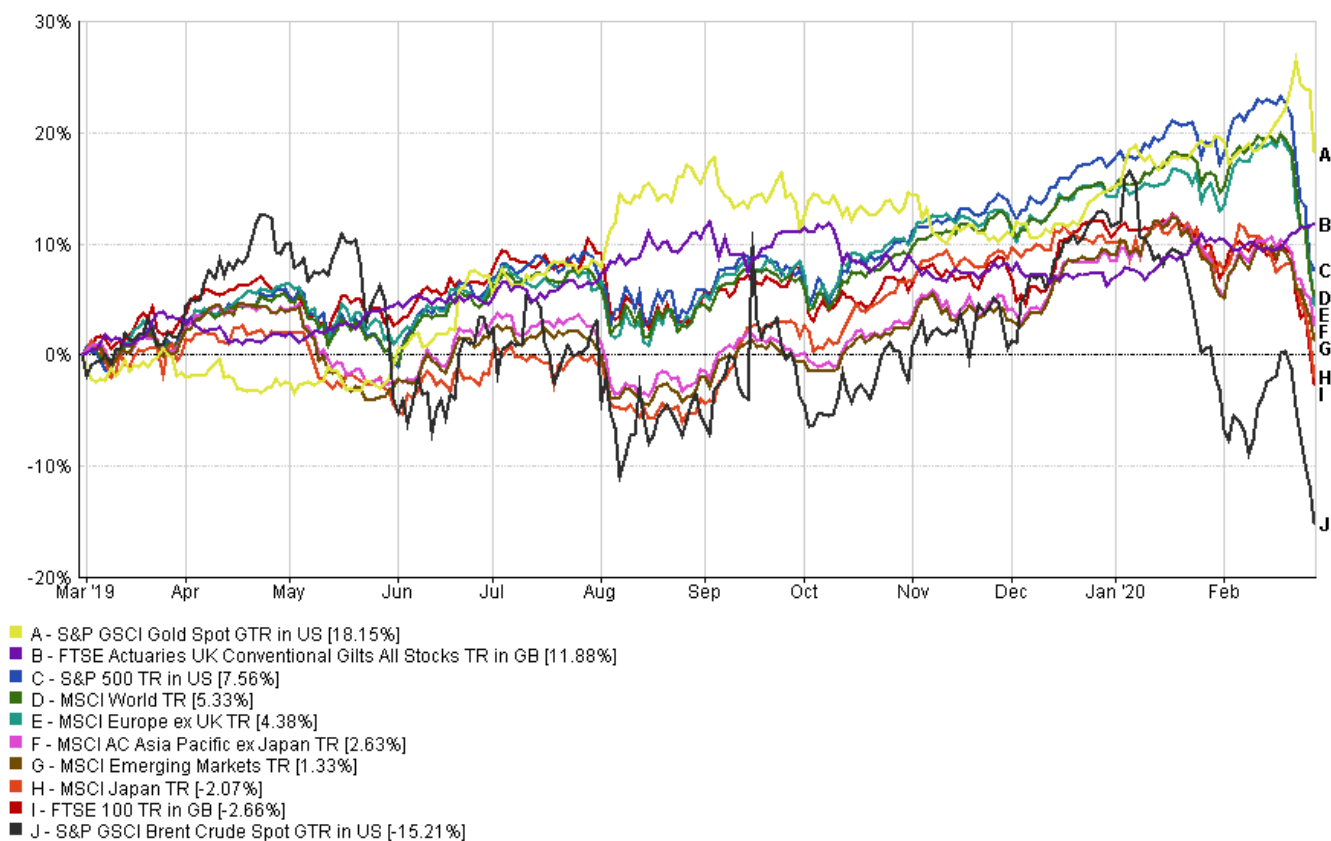


## Cumulative Performance in Sterling Terms to 29 February 2020

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	1.2%	3.4%	1.3%	11.9%	13.8%	26.8%
MSCI World	-5.5%	-5.1%	-3.8%	9.0%	17.8%	61.0%
FTSE 100	-9.0%	-9.6%	-7.0%	-2.7%	1.2%	16.5%
S&P 500	-5.3%	-4.4%	-3.1%	12.0%	23.9%	82.4%
MSCI Europe ex UK	-5.4%	-6.0%	-5.1%	6.1%	11.5%	35.0%
MSCI Asia Pacific ex Japan	-1.2%	-1.2%	-1.1%	4.3%	14.2%	44.8%
MSCI Emerging Markets	-2.2%	-1.7%	-1.9%	2.2%	11.0%	38.4%
MSCI Japan	-6.2%	-7.4%	-4.3%	5.2%	7.0%	44.8%
S&P GSCI Gold Spot	1.9%	7.7%	-2.4%	23.0%	18.2%	50.8%
S&P GSCI Brent Crude Spot	-9.7%	-14.7%	-14.5%	-11.7%	1.0%	-16.7%

Source: Financial Express

## 1-Year Performance in Local Currency Terms to 29 February 2019



## Cumulative Performance in Local Currency Terms to 29 February 2019

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	1.2%	3.4%	1.3%	11.7%	13.8%	26.8%
MSCI World	-8.1%	-6.2%	0.8%	4.7%	21.1%	35.3%
FTSE 100	-9.0%	-9.6%	-7.0%	-3.1%	1.2%	16.5%
S&P 500	-8.3%	-5.6%	1.6%	6.8%	28.5%	50.8%
MSCI Europe ex UK	-7.6%	-7.4%	-0.7%	3.8%	12.0%	15.0%
MSCI Asia Pacific ex Japan	-3.0%	-1.4%	4.0%	2.2%	23.2%	27.5%
MSCI Emerging Markets	-3.8%	-1.7%	3.4%	1.1%	21.5%	27.2%
MSCI Japan	-9.6%	-9.9%	2.0%	-2.6%	5.1%	8.0%
S&P GSCI Gold Spot	-1.2%	6.4%	2.4%	19.7%	22.6%	24.6%
S&P GSCI Brent Crude Spot	-12.5%	-15.7%	-10.3%	-13.6%	4.8%	-31.2%

Source: Financial Express

## Calendar Performance in Sterling Terms to 29 February 2019

	2020	2019	2018	2017	2016	2015
FTSE Actuaries UK Conventional Gilts All Stocks	4.8%	6.9%	0.6%	1.8%	10.1%	0.6%
MSCI World	-5.6%	22.7%	-3.0%	11.8%	28.2%	4.9%
FTSE 100	-12.0%	17.3%	-8.7%	11.9%	19.1%	-1.3%
S&P 500	-5.0%	25.7%	1.0%	10.6%	32.7%	6.6%
MSCI Europe ex UK	-6.9%	20.0%	-9.9%	15.8%	18.6%	5.1%
MSCI Asia Pacific ex Japan	-4.3%	14.6%	-8.6%	25.1%	27.3%	-4.1%
MSCI Emerging Markets	-6.3%	13.9%	-9.3%	25.4%	32.6%	-10.0%
MSCI Japan	-7.1%	15.0%	-7.5%	13.3%	22.1%	15.9%
S&P GSCI Gold Spot	6.5%	13.5%	3.2%	3.0%	28.5%	-5.7%
S&P GSCI Brent Crude Spot	-21.2%	32.4%	-10.0%	5.5%	53.2%	-42.5%

Source: Financial Express

## Calendar Performance in Local Currency Terms to 29 February 2019

	2020	2019	2018	2017	2016	2015
FTSE Actuaries UK Conventional Gilts All Stocks	4.8%	6.9%	0.6%	1.8%	10.1%	0.6%
MSCI World	-8.3%	27.3%	-7.4%	18.5%	9.0%	2.1%
FTSE 100	-12.0%	17.3%	-8.7%	11.9%	19.1%	-1.3%
S&P 500	-8.4%	30.7%	-4.9%	21.1%	11.2%	0.7%
MSCI Europe ex UK	-8.6%	26.4%	-11.3%	13.6%	2.3%	8.3%
MSCI Asia Pacific ex Japan	-5.4%	19.0%	-10.6%	30.2%	7.4%	-4.1%
MSCI Emerging Markets	-7.0%	18.1%	-10.1%	30.6%	9.7%	-5.8%
MSCI Japan	-11.0%	18.5%	-15.1%	19.7%	-0.7%	9.9%
S&P GSCI Gold Spot	2.7%	18.0%	-2.8%	12.8%	7.7%	-10.9%
S&P GSCI Brent Crude Spot	-24.0%	37.7%	-15.3%	15.5%	28.5%	-45.7%

Source: Financial Express

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