

## Market Monitor – January 2021

Global equity markets took a step back in January following strong gains in the previous two months, with the MSCI World declining -0.8% over the month. Caution and uncertainty gathered pace through the month about the pace of various inoculation programs around the world, the availability of vaccines and increasing concern over Covid-19 mutants. Given the uncertainty in the market during January it is surprising to report that fixed income markets did not fair well. The FTSE Actuaries UK Conventional Gilts All Stocks index fell -1.7% over the month, resulting in a six month loss of -2.7%. Likewise, the corporate bond IBOXX UK Sterling Non-Gilts All Maturities declined by -0.9% in January, reducing the return over the last 6 months to 1.8%.

Saudi Arabia pledged to cut a million barrels a day in February and March, which helped Brent Crude reach its highest price since the Covid-19 crisis began. The Brent Crude spot price rose 6.4% in January, a 44.4% return over the last 3 months. Speculation has boosted the price of Silver by 8.2% during the month with Gold moving in the opposite direction declining -2.6% over the period. Gold has now fallen by -7.8% over the past 6 months.

There was strength in the equity markets of Asia and Emerging Markets, primarily driven by China (7.3%), Taiwan (6.2%) and Korea (4.2%). The MSCI Asia Pacific ex Japan index increased 4.9% over the month contributing to the 3 months return of 17.8%. The Chinese asset management industry is going through rapid growth, with assets in the mutual fund industry increasing by \$1tn to \$3.1tn in 2020. An advisor to China's central bank has warned that the risk of asset bubbles will increase if monetary policy is not tightened.

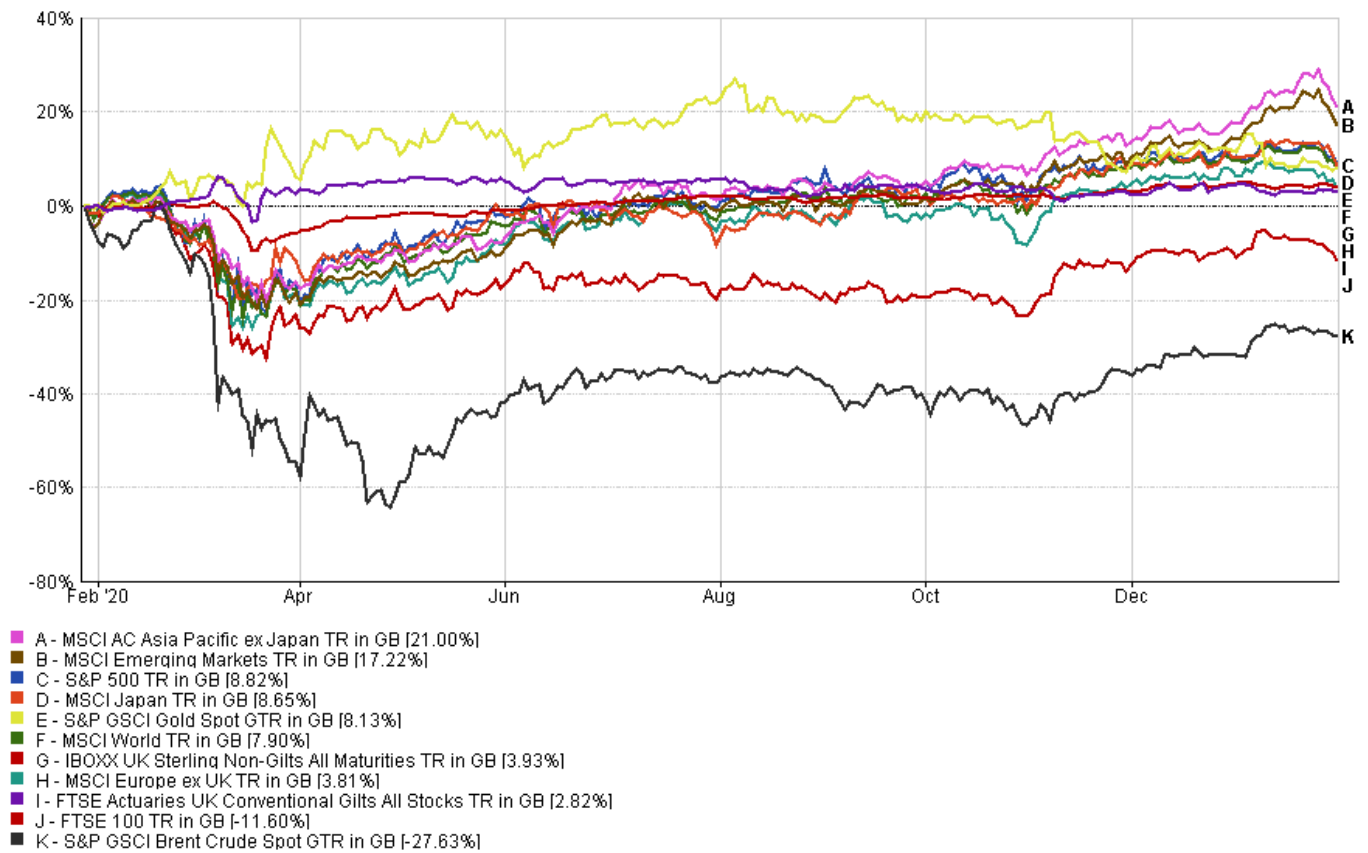
In the US the focus is on whether President Biden's \$1.9tn fiscal stimulus plan will get passed. The S&P500 fell 1.0% over the month, despite strong earnings results from the big technology companies. Energy (3.7%) and Health Care (1.4%) performed well but other sectors fell with Industrials (-4.3%) and Consumer Staples (-5.2%) the main detractors over the month.

Oil & Gas (3.3%) and Materials (2.4%) sectors led the UK market in January, whilst Consumer Goods (-2.9%) and Financials (-2.8%) detracted. Overall, the FTSE All Share fell -0.8% over the month, resulting in a 3 month return of 16.1% and a return of 19.5% since March last year. Over the last 6 months the total return of the FTSE 100 is 10.2%, comprising a capital return of 8.6% and dividends of 1.6%.

The month started positively in Europe, on the back of a positive Brexit deal for the region. However, the market sold off through the month resulting in a negative return for MSCI Europe ex UK (-1.1%). Spain (-3.0%) and Italy (-3.2%) were the main detractors over the period. The EU's procurement and delivery of Covid vaccines came in for criticism towards the end of the month, compounded by ill-judged threats to force the closure of the border between Northern Ireland and the South, and to prevent the export of vaccines out of the bloc.

*Chris Davis,  
Chief Investment Officer*

## 1-Year Performance in Sterling Terms to 31 January 2021

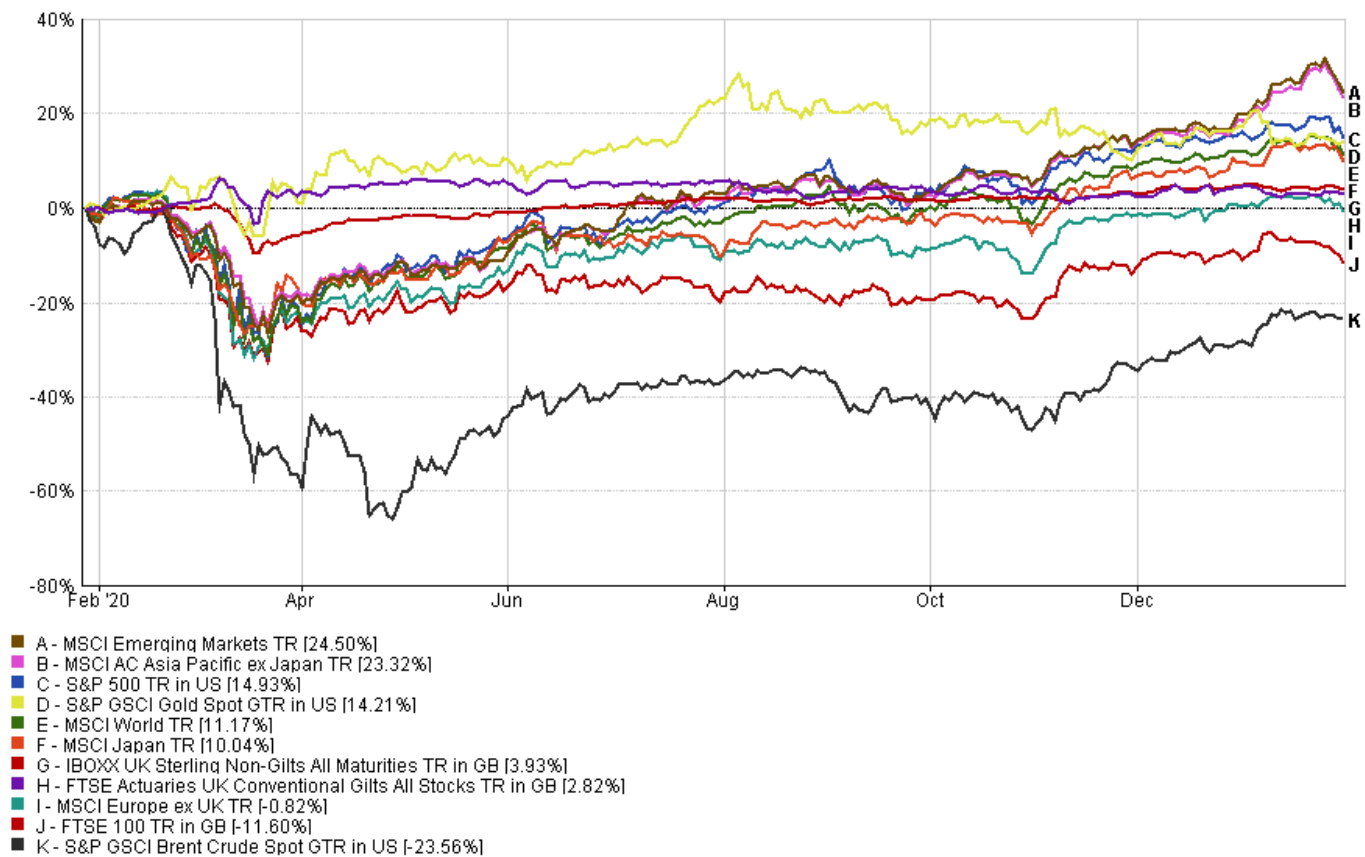


## Cumulative Performance in Sterling Terms to 31 January 2021

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	-1.7%	-0.6%	-2.7%	2.8%	16.8%	23.8%
IBOXX UK Sterling Corporates All Maturities	-0.9%	2.0%	1.8%	4.0%	15.9%	30.9%
MSCI World	-1.4%	9.6%	11.1%	10.8%	31.6%	93.4%
FTSE 100	-0.8%	15.5%	10.2%	-9.2%	-4.2%	28.4%
S&P 500	-1.5%	7.3%	9.1%	11.9%	41.8%	112.0%
MSCI Europe ex UK	-2.2%	13.1%	9.6%	6.8%	12.3%	61.3%
MSCI Asia Pacific ex Japan	3.0%	13.4%	19.6%	26.3%	26.1%	113.1%
MSCI Emerging Markets	2.6%	13.8%	18.6%	22.8%	17.9%	108.0%
MSCI Japan	-1.5%	9.2%	18.5%	10.3%	16.9%	68.7%
S&P GSCI Gold Spot	-3.0%	-7.8%	-11.4%	8.8%	36.8%	61.2%
S&P GSCI Brent Crude Spot	5.9%	36.0%	16.2%	-23.7%	-19.7%	32.8%

Source: Financial Express

## 1-Year Performance in Local Currency Terms to 31 January 2021



## Cumulative Performance in Local Currency Terms to 31 January 2021

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	-1.7%	-0.6%	-2.7%	2.8%	16.8%	23.8%
IBOXX UK Sterling Corporates All Maturities	-0.9%	2.0%	1.8%	4.0%	15.9%	30.9%
MSCI World	-0.8%	15.0%	15.1%	12.9%	28.0%	81.3%
FTSE 100	-0.8%	15.5%	10.2%	-9.2%	-4.2%	28.4%
S&P 500	-1.0%	13.9%	14.2%	16.6%	37.0%	105.3%
MSCI Europe ex UK	-1.1%	15.2%	11.5%	1.4%	10.0%	39.1%
MSCI Asia Pacific ex Japan	3.9%	17.8%	21.3%	26.5%	24.4%	96.5%
MSCI Emerging Markets	3.8%	18.7%	21.0%	27.9%	22.9%	98.3%
MSCI Japan	0.4%	16.1%	22.8%	11.0%	8.3%	41.3%
S&P GSCI Gold Spot	-2.6%	-2.1%	-7.3%	13.3%	32.1%	56.0%
S&P GSCI Brent Crude Spot	6.4%	44.4%	21.5%	-20.5%	-22.4%	28.6%

Source: Financial Express

## Calendar Performance in Sterling Terms to 31 January 2021

	2021	2020	2019	2018	2017	2016
FTSE Actuaries UK Conventional Gilts All Stocks	-1.7%	8.3%	6.9%	0.6%	1.8%	10.1%
IBOXX UK Sterling Corporates All Maturities	-0.9%	7.8%	9.3%	-1.5%	4.3%	10.6%
MSCI World	-1.4%	12.3%	22.7%	-3.0%	11.8%	28.2%
FTSE 100	-0.8%	-11.5%	17.3%	-8.7%	11.9%	19.1%
S&P 500	-1.5%	14.1%	25.7%	1.0%	10.6%	32.7%
MSCI Europe ex UK	-2.2%	7.5%	20.0%	-9.9%	15.8%	18.6%
MSCI Asia Pacific ex Japan	3.0%	18.7%	14.6%	-8.6%	25.1%	27.3%
MSCI Emerging Markets	2.6%	14.7%	13.9%	-9.3%	25.4%	32.6%
MSCI Japan	-1.5%	10.9%	15.0%	-7.5%	13.3%	22.1%
S&P GSCI Gold Spot	-3.0%	17.2%	13.5%	3.2%	3.0%	28.5%
S&P GSCI Brent Crude Spot	5.9%	-37.1%	32.4%	-10.0%	5.5%	53.2%

Source: Financial Express

## Calendar Performance in Local Currency Terms to 31 January 2021

	2021	2020	2019	2018	2017	2016
FTSE Actuaries UK Conventional Gilts All Stocks	-1.7%	8.3%	6.9%	0.6%	1.8%	10.1%
IBOXX UK Sterling Corporates All Maturities	-0.9%	7.8%	9.3%	-1.5%	4.3%	10.6%
MSCI World	-0.8%	13.5%	27.3%	-7.4%	18.5%	9.0%
FTSE 100	-0.8%	-11.5%	17.3%	-8.7%	11.9%	19.1%
S&P 500	-1.0%	17.8%	30.7%	-4.9%	21.1%	11.2%
MSCI Europe ex UK	-1.1%	1.4%	26.4%	-11.3%	13.6%	2.3%
MSCI Asia Pacific ex Japan	3.9%	18.8%	19.0%	-10.6%	30.2%	7.4%
MSCI Emerging Markets	3.8%	19.1%	18.1%	-10.1%	30.6%	9.7%
MSCI Japan	0.4%	8.8%	18.5%	-15.1%	19.7%	-0.7%
S&P GSCI Gold Spot	-2.6%	20.9%	18.0%	-2.8%	12.8%	7.7%
S&P GSCI Brent Crude Spot	6.4%	-35.1%	37.7%	-15.3%	15.5%	28.5%

Source: Financial Express

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