

- / Global equity returns weakened in February, with markets down steeply after sharp falls in the final week of the month – the worst week for stocks since the global financial crisis. Investor sentiment was affected by intensifying concerns about the spread of the coronavirus and its potential effect on the global economy.
- / For UK investors, the pattern was similar – equities remained buoyant until a final-week slump caused by worries about the coronavirus wiped out gains.
- / Economic news was mixed in the UK, with consumer price inflation unexpectedly higher at 1.8% (from 1.3%). However, GDP growth was flat for the final quarter of 2019. Sterling's strength against global currencies was also tested by coronavirus concerns, along with the inconclusive nature of Brexit negotiations.
- / In the US, equity markets were down over the month. Stocks were boosted initially by positive sentiment stemming from signs of economic health: employment figures were encouraging, with 225,000 jobs added in January and US consumer price inflation moved closer to the Federal Reserve's target of 2.0%. However, concerns about the coronavirus intensified towards month-end, erasing the gains. Meanwhile, the Democratic presidential primaries did not identify a clear frontrunner for the 2020 election.
- / European equities were also down sharply in February, reflecting the impact of the coronavirus. This was despite markets having hit highs earlier in the month, thanks in part to a recovery in Italian banking stocks and a boost in sentiment from supportive Chinese policies. Inflation in the eurozone reached 1.4% annual growth in January, the strongest rise since April 2019. Less positively, data releases showed that 2019 had been German manufacturing's worst year for a decade.
- / Japanese markets did not escape the global sell-off, amid concerns that the coronavirus spread could escalate into a pandemic. Meanwhile, Japan's GDP was down 1.6% in the final quarter of 2019, with a 6.3% annualised fall – this drop reflected the after-effects of the consumption-tax increase implemented in October 2019.
- / Asia ex-Japan markets were marginally up as a whole, despite concerns over the spread of the coronavirus. Having been boosted by the interventionist policies of the People's Bank of China, Chinese equities bucked the global trend by rising for the month.
- / Emerging market equities were also caught up in the coronavirus-related sell-off. In Latin America, the Brazilian real hit a succession of all-time lows, despite the central bank intervening to attempt to prop up the currency.
- / Sovereign bond markets gained ground, outperforming equities as concerns about the effects of the coronavirus curbed the 'risk on' tone. The US 10-year Treasury yield hit a new low of 1.126%, while the 10-year gilt yield moved down from 0.52% to 0.45%. Corporate bonds also benefited from the decreased risk appetite.

Asset market return



Sterling-denominated market performance, 31.12.18–31.12.19 and 31.01.20–29.02.20, total return performance figures.

Past performance is not a reliable indicator of future results.

Source: Thomson Reuters Datastream, MSCI; please see important information

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