



THROGMORTON
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Monthly Market Commentary



March 2020

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February Market Update

“Equity markets were initially able to reach new all-time highs, before fears of delayed global growth recovery led markets to new recent lows”



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For the second consecutive month, fears over the impact of the spreading coronavirus drove market performance in February. The month began with positive news. Firstly, the pace of growth of new infections in China slowed, and secondly a better than expected U.S. earnings season, provided hope of an imminent recovery in global growth. Equity markets were able to reverse the losses in January and reach new all-time highs.

However, as new cases of coronavirus outside of China began to grow, concerns over a broader pandemic and a delayed economic recovery caused equity markets to fall to new recent lows. The MSCI All-Country World Index finished the month down over 7%. Global bond markets also remained very sensitive to the negative growth news, but still produced positive returns. Equity prices fell across sectors and geographies.

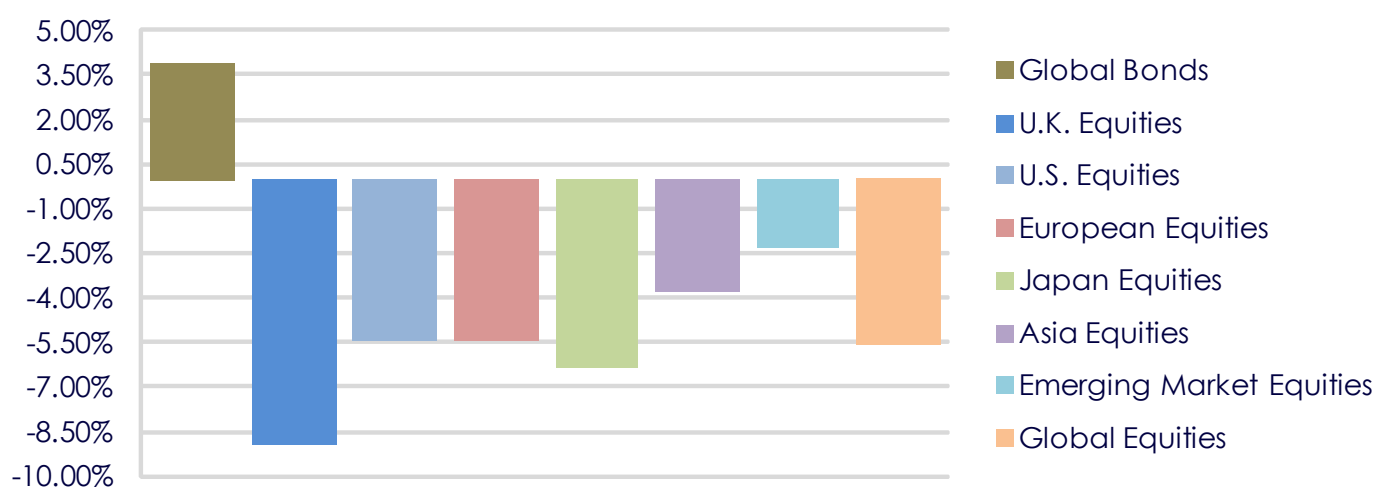
Coronavirus seems poised to remain the central risk to markets for the foreseeable future, as investors focus on how far the virus will spread geographically and how long it will affect business and consumer behaviour.

On the one hand, the virus seems to be running its course in China as the growth pace of new infections has slowed considerably and is consistent with predictions that new infections will peak around mid-March. Moreover, when spring brings warmer weather in the northern hemisphere it could impact the the transmission of the virus if it behaves like a typical flu.

Pessimists see the continued spread of the virus to other regions as a threat that could push back the peak of global infections. Some also worry that a resumption of economic activity in China will cause the pace of infections to increase in the region. The outlook for both public health and economic growth is uncertain. Albeit it is likely to impact global growth over the first quarter or even first half of 2020, many forecast that this should also rebound quickly later in 2020.

Economic data is only just beginning to capture the immediate effects of the viral outbreak, and to date it is not as bad as might have been feared. Furthermore, central banks remain accommodative in the current environment, with a view to supporting both markets and business, which has led to government bonds staging a significant rally.

Discrete Monthly Performance as at 29/02/2020



All investment involves risk. It is important you understand that past performance is not a guarantee of future performance. The value of investments and any income derived from them may go down as well as up and you might not get back the full amount you invested.

Cumulative Performance and Annualised Volatility as at 29/02/2020

	1 Year %	3 Years %	5 Years %	Volatility % ²
Global Bonds	12	11	40	9.63
U.K. Equities	-1.43	4.66	19.12	10.69
U.S. Equities	12.01	26.93	82.44	11.57
European Equities	5.77	13.67	35.08	10.99
Japan Equities	5.24	7.56	44.77	11.59
Asia Equities	2.53	10.98	44	12.94
Emerging Market Equities	2.17	12.42	38	14.48
Global Equities	8.96	20.15	61.03	10.64

Data source FE Analytics 29/02/2020. Indices used: Global Bonds: Bloomberg Barclays Global Aggregate, UK Equities: FTSE All Share, US Equities S&P500, European Equities: FTSE Developed Europe (Ex UK), Japan Equities: MSCI Japan, Asia Equities: FTSE World Asia Pacific (Ex Japan), Emerging Markets Equities: MSCI Emerging Markets, Global Equities: MSCI World. Volatility annualised over 5 years.

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