



Market Update – February 2021

Inflation fears sent yields surging in February, triggering a sell-off in equity markets that had offered solid gains during the first half of the month. The yield on the US 10Yr, below 1% at the start of the year and far lower in the summer, briefly broke through the 1.60% mark in the final days of February. The accelerating roll-out of vaccines in the US, along with the size of the proposed \$1.9tn fiscal stimulus package, have raised expectations of a stronger and swifter economic recovery than previously anticipated following the pandemic. All eyes now turn to the Fed. Any sign that they are wavering on their commitment to an ultra-dovish stance could trigger further volatility and accelerate a sell-off in equities that still trade on elevated multiples.