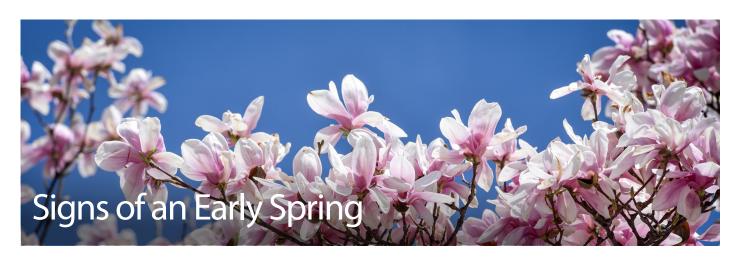
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"No winter lasts forever; no spring skips its turn" - Hal Borland

From a northern hemisphere perspective, Spring 2021 formally begins on Saturday 20 March however - for both recent weather and economic watchers - February showed some real progress that boosted signs of optimism for the rest of the year.

Of course there were days of freezing weather in parts of the U.K., Europe and the United States which surprised and impacted many. Similarly, the challenges of continued COVID-19 lockdowns still induce great concerns. However the rise of vaccine jabs has continued to make huge progress, a point made by the British Prime Minister in his update a week ago, highlighting the scope for change. Given such trends in the U.K. and many other countries, it was not a surprise to see most global equity markets make gains during the month, led by the financial, energy, consumer and materials sectors. And whilst regional large cap markets did rise, gains were higher from the mid and small-caps, reflecting advanced hopes for economic improvement. The scope for further gains in equity markets is still apparent. Inevitably the realities around company profitability always matters the most over time. Hopes improved during February, based on a wide range of insights from corporate updates looking ahead over the next year.

Unsurprisingly, global bond yields did rise during February reflecting the impact of a perceived economic improvement. For longer-term bond investors this will be no surprise centred on equity and bond markets performing differently to each other. However, the last twelve years has been a different time for many global bond markets, reflecting a substantial rise in central bank support via the printing of money and purchasing of bond investments.

Economic recovery as countries move away from widespread lockdowns is likely to see increased bond yields. Partially, it will reflect some building inflationary pressures as the history of bond markets suggests that investors generally anticipate a yield level slightly above inflation levels. Of course the other fear from any period of rising inflation would start to build worries about a future need for higher general interest rates.

So how about reality today? Despite the overall gains during February for equity markets, there was a building of volatility near the end of the month as bond yields rose in many countries. Fortunately shorter-term pressures for this year on this front is likely to be reduced, as central banks and governments want to keep on providing stimulus measures. Medium-term all economies - especially outside the population and wealth growing parts of the emerging markets - need to make decisions about how to deal with higher debt levels from the impact of the

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COVID-19 crisis. Fortunately for equity markets, the news around vaccine roll outs and economic improvement will continue to help today.

In short, spring is in the air and the scope for a different summer also remains a positive influence. Companies, governments and central banks do still have plenty of challenges, but the reality of both warmer weather and progress towards the ending of lockdowns is a positive. 'No winter lasts forever; no spring skips its turn'

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