February 19, 2020, marked the stock market peak before the outbreak of the COVID-19 pandemic triggered a freefall in share prices.

spanning roughly the first month of the crisis, saw historically large and rapid declines across all sectors. Recall that early in the pandemic, all news was bad, uncertainty was extraordinary, and the downside seemed unlimited. The tide started to turn after mid-March as governments began responding with record stimulus packages, and by early June some sectors, such as pharmaceuticals and biotechnology, fully regained their market losses. But the recovery was far from even, and many industries—notably aerospace, air and travel, banking, insurance, and oil and gas—remained down significantly from their prepandemic peaks.

Through the middle of the year, this dispersion grew, with the high-performing sectors gaining strongly and widening their lead on the lagging industries. Seven months after markets had bottomed out, almost half the sectors had fully bounced back—although banking remained 19 percent below the pre-COVID-19 high, indicating concerns about the health of the wider economy.

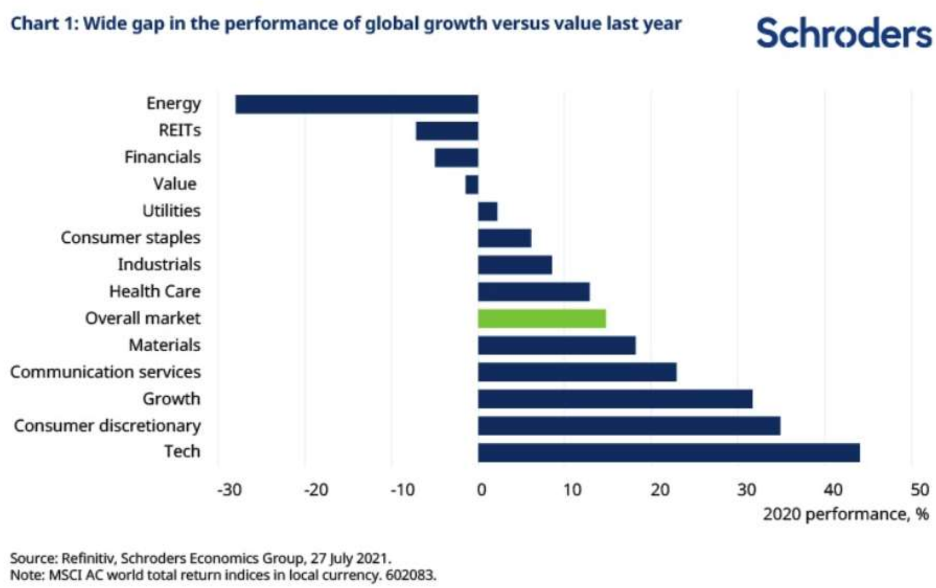
Over the past year, 25 companies have recorded market-capitalization gains that put them in a category of their own. 22 of the Mega 25 fall into four sector categories: North American technology, Chinese and Asian technology, electric vehicles, and semiconductors. The remaining three companies benefited from China's strong consumer demand.

A look at the trends driving the economy today shows a pattern of great acceleration: few new trends emerged over the past year. Online shopping, remote education, telemedicine, and even geopolitical tensions are not new, but the COVID-19 crisis has intensified these forces like an earthquake releasing pent-up energy. This acceleration is reflected in the market value that various sectors have generated.

After the initial selloff in stock markets, global equities - as measured by the MSCI AC World index - went on to deliver a 15% return in 2020.

On the opposite side of the spectrum, the more economically sensitive and value-oriented sectors, such as energy and financials, suffered losses. In particular, the energy complex had the worst performance year since the Global Financial Crisis (GFC).

from late October to today, news of imminent vaccines led to the anticipation of recovery, with the worst-hit industries partially regaining their market losses while those that thrived through the pandemic continued to advance strongly. While the average returns rose in each successive act, the spread between the best- and worst-performing sectors also grew, from 27 percentage points in mid-March to xxx percentage points today—the widest in recent history.



Despite having one of the highest numbers of confirmed Covid-19 cases in the world, the US' S&P 500 by far outperformed the rest of its developed peers. By contrast, markets with greater exposure to value-orientated sectors, like Europe and Australia, lagged in terms of performance. While Australia has been one of the success stories in the management of the virus (prior to the roll-out of the vaccine worldwide), the stock market ended 2020 on a relatively flat note.

Has the vaccine roll-out mattered to investing across countries?

But looking at equity performance across countries, the success of the vaccine roll-out has not necessarily meant stronger equity returns via expectations on earnings growth and economic activity. Some of the countries with higher vaccination rates have been the best and worst performing stock markets. Instead, exposure to the sector winners mattered more. Russian equities, for instance, surged thanks to robust oil prices despite a large part of the population being unvaccinated.

the volatility spillover between the Chinese and US stock markets has been higher during the COVID-19 period compared to the pre-COVID-19 one.