

March in Review

After a terrific start to the year, solid market performance continued in March, completing an unusually strong quarter. In March U.S. equities were up 1.94%, led higher by the Real Estate, Information Technology, and Consumer Technology sectors. Canadian equities were up 0.99%, led by Information Technology, Utilities, and Real Estate. Canadian bonds were up 2.35% in the month. Commodities performance was mixed. Oil continued its recent strong performance, up 4.39%, and now up 29.31% year-to-date. Natural Gas, Gold, and Copper were down 5.70%, 1.83%, and 0.41% for the month. Throughout the month we saw increased evidence that the global economy is slowing, with central banks adjusting their plans accordingly, becoming increasingly dovish. Brexit uncertainty continued throughout the month. Consensus continued to elude the UK Parliament, as many different factions push for different outcomes. The deadline for a decision has been moved from March to April. News from China continues to move markets. Investors are optimistic negotiators are making progress in the U.S. – China trade dispute, while trade tensions have recently escalated between Canada and China. Here are some of March's most notable headlines:

Brexit uncertainty continues. The Brexit situation in the U.K. continues to provide a market overhang, as the outcome remains uncertain. March was eventful. Members of Parliament voted down Prime Minister Theresa May's most recently negotiated deal to leave the European Union. They also rejected the idea of leaving the EU without a deal in place under any circumstance, although this outcome is still possible. Following this, the U.K. officially requested a delay to Brexit. The EU has granted this delay, with conditions, until April 12. The U.K. has until this date to either seek a longer extension to the deadline, or to leave the EU without a deal. A variety of outcomes is possible, including everything from a hard Brexit to the possibility of another referendum.

Central banks show increased dovishness on interest rates. In the light of economic data that is showing evidence of slowing global economic growth, central banks around the world are backing away from further interest rate increases in 2019. In March we saw examples of this in statements from the Bank of Canada, the U.S. Federal Reserve (Fed), the European Central Bank (ECB), and the Bank of England (BOE). Central banks have generally held rates steady, cut growth forecasts, and made statements announcing their shift of perspective. The Fed has recently stated that it now expects to raise borrowing costs only once more through 2021, and no longer anticipates the need to guard against inflation with restrictive monetary policy. Like Brexit, markets will likely ebb and flow with continuing monetary policy developments and other economic indicators.

Trade tensions between Canada and China. Canada and China have been locked in a trade and political dispute since the chief financial officer of Chinese telecom giant Huawei Technologies Co. Ltd. was arrested in Vancouver late last year on a U.S. extradition request. In March this dispute escalated, with China first cancelling Canadian agribusiness Richardson International Ltd.'s registration to ship canola to China, and later widening its ban on Canadian canola imports to include shipments from Viterra Inc. China accounts for about 40 percent of Canada's canola seed, oil and meal exports with seed exports to China worth about CAD \$2.7 billion a year.

Did you know?

In Q1 2019 equities markets had their best performance in about 10 years. The S&P/TSX Composite Index gained 13.27%, while the S&P 500 was up 13.65%. The strong performance was a swift recovery from the fourth quarter correction, and was driven by moderating views on monetary policy, a strong bounce in commodity prices and the continued solid performance of the global economy. The last time we saw performance this strong on a quarterly basis was in 2009 when equities rallied off the valuation lows of the financial crisis. Both periods provide a reminder that corrections often provide an excellent opportunity to invest in quality investments at discounted prices.

INDEX [†]	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE Canada 60 Day T-Bill)	0.13	0.39	1.47	163
Bonds (FTSE Canada Universe Bond)	2.35	3.91	5.27	1093
Canadian Equities (S&P/TSX Composite)	0.99	13.27	8.09	16,102
U.S. Equities (S&P 500, US\$)	1.94	13.65	9.48	2,834
Global Equities (MSCI World, US\$)	1.37	12.65	4.67	2,108
Emerging Markets (MSCI Emerging Markets, US\$)	0.83	9.90	-6.98	1,058

CURRENCIES [†]	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	-1.29	2.17	-3.49	0.75
C\$/Euro	0.04	4.43	5.83	0.67
C\$/Pound	0.40	0.02	3.79	0.57
C\$/Yen	-1.81	3.27	0.52	83.04

COMMODITIES (US\$) [†]	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	-1.83	0.33	-4.86	1,298.50
Oil WTI (\$/barrel)	4.39	29.31	0.79	60.14
Natural Gas (\$/MMBtu)	-5.70	-0.37	1.06	2.66

[†]Total Return, as at March 29, 2019. Indices are quoted in their local currency. Source: Bloomberg

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