

March in Review

Equity markets generally climbed higher in March, driven by expectations for a strong economic recovery in 2021 and buoyed by confirmation of additional fiscal stimulus in the U.S. In Canada, the S&P/TSX Composite gained 3.9%, with particular strength in the Consumer Staples, Telecom, and Energy sectors, which were up 9.4%, 7.5%, and 7.3%, respectively. U.S. markets moved higher, as the S&P 500 climbed 4.4% and the Dow Jones Industrial Average moved up 6.8%. The EAFE index, representing international developed markets, gained 2.4%. However, the MSCI Emerging Markets index dipped 1.5%, impacted by the weak performance of Chinese stocks. After rallying dramatically over the past year, WTI crude oil and copper pulled back in March, down 3.4% and 2.4%, respectively, although both are up strongly year-to-date. Gold slipped 0.9% during the month, while natural gas dropped 2.4%. Bond yields continued to move higher on growing optimism for a robust economic recovery. As a result, bond prices moved lower, with FTSE Canadian Universe Bond index down 1.5% in March, now down 5.0% year-to-date.

Here are some of March's most notable headlines:

U.S. President Biden signed the \$1.9 trillion American Rescue Plan into law. After previously being approved by both the Senate and the House of Representatives, President Biden signed the bill into law. This plan will send aid to millions of Americans still struggling from the COVID-19 pandemic. This stimulus will provide \$1,400 direct payments to individuals making up to \$75,000 annually, in addition to aid for state and local governments. There will be \$14 billion for vaccine distribution, and \$130 billion to assist with the safe reopening of elementary, middle, and high schools. Distribution of the funds began immediately.

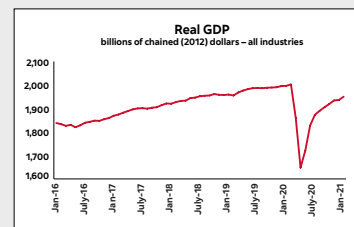
U.S. Federal Reserve reiterated the plan to maintain low interest rates. Federal Reserve (the Fed) Chair Jerome Powell stated again last week that the Fed will not raise interest rates until there is tangible evidence that the U.S. economy has fully recovered from the COVID-19 pandemic. Powell stated he will need to see significant proof of progress on the Fed's employment and inflation goals before reducing its monthly \$120 billion of bond purchases. Investors continue to express skepticism, as bond yields continue to climb. The Fed's outlook has improved, with expectations that by the end of 2021 the U.S. unemployment rate will dip to 4.5%, with inflation of 2.4%.

Massive cargo ship blocked Suez Canal. The Ever Given, a Panama-flagged ship that carries cargo between Asia and Europe, ran aground in the Suez Canal in March. The ship blocked the passageway, disrupting a major shipping route and supply chains around the world. Each day the Suez Canal is closed disrupts an estimated U.S. \$9 billion of goods that would normally pass through the canal. Dredgers, tugboats and backhoes worked to free the enormous cargo ship, and eventually freed it after six days. The event caused problems for global supply chains in the near term, and also highlighted the vulnerabilities of key infrastructure needed for global trade.

Did you know?

Canadian real gross domestic product (GDP) increased by 0.7% in January, following growth of 0.1% in December, and ahead of estimates of 0.5% growth. After a huge drop in GDP in March and April of 2020, Canada has now experienced nine consecutive months of growth, although January GDP remains about 3% below the February 2020 level. Preliminary data indicates an increase of approximately 0.5% in real GDP for February.

January growth was particularly noteworthy in wholesale trade, up 3.9%, led by machinery, equipment and supplies wholesaling, along with building materials and supplies wholesaling. The manufacturing sector was also strong, up 1.9%, helped by increases in sales and inventory buildup of both durable and non-durable goods. Mining and oil and gas extraction also showed strong growth, up 2.7% in January, with particularly good performance from oil sands extraction in Alberta, as well as metal ore mining.



Source: Statistics Canada

INDEX†	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE Canada 60 Day T-Bill)	0.02	0.02	0.17	166
Bonds (FTSE Canada Universe Bond)	-1.49	-5.04	1.62	1,160
Canadian Equities (S&P/TSX Composite)	3.87	8.06	44.25	18,701
U.S. Equities (S&P 500, US\$)	4.38	6.17	56.33	3,973
Global Equities (MSCI World, US\$)	3.38	5.04	54.83	2,812
Emerging Markets (MSCI Emerging Markets, US\$)	-1.51	2.21	58.85	1,316

CURRENCIES†	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	1.41	1.38	11.98	0.80
C\$/Euro	4.37	5.55	5.31	0.68
C\$/Pound	2.52	0.50	0.87	0.58
C\$/Yen	5.36	8.63	15.24	88.13

COMMODITIES (US\$)†	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	-0.92	-9.84	7.17	1,716
Oil WTI (\$/barrel)	-3.38	21.50	64.79	59.16
Natural Gas (\$/MMBtu)	-7.16	2.07	11.93	2.61

† Total Return, as at March 31, 2021. Indices are quoted in their local currency. Source: Bloomberg

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