

## March in Review

Equities experienced a precipitous decline in March, as the world's economies began to reckon with the global spread of the COVID-19 virus. Major parts of the global economy effectively shut down, as many non-essential companies closed and numerous countries encouraged citizens to stay at home. At the same time, oil prices plummeted 54% from the dual forces of declining global demand and increasing supply as OPEC+ negotiations collapsed. As investors digested events, developed and emerging markets felt the brunt of indiscriminate selling across virtually every sector. In Canada, the S&P/TSX Composite declined 17.28%, led lower by the Energy, Real Estate, and Consumer Discretionary sectors, which were down a dizzying 30.80%, 29.31%, and 25.71%, respectively. In the U.S., the Dow Jones Industrial Average shed 13.62% while the more broad-based S&P 500 declined 12.35%. International stocks fell sharply, with the MSCI EAFE down 13.27% and the MSCI Emerging Markets Index falling 14.26%. Bonds also generally declined in March, with the FTSE Canadian index down 2.00%.

Here are some of March's most notable headlines:

**Oil prices plunged on OPEC-led price war and declining demand.** Demand for oil has plummeted, as large parts of the economy shut down to minimize the spread of the COVID-19 virus. Amid the decline, OPEC (Organization of the Petroleum Exporting Countries) proposed significant production cuts in order to stabilize prices, contingent upon participation from Russia. As talks collapsed between the two factions, Saudi Arabia slashed its official selling prices and OPEC cancelled planned production cuts. Oil prices plunged on the news, with WTI crude falling 25% on March 9, and then continuing to decline throughout the month.

**Central banks take action with a dramatic shift in policy.** Numerous central banks reacted to the economic impact of the COVID-19 virus with bold moves. The U.S. Federal Reserve (The Fed), Bank of Canada, Reserve Bank of Australia, and Hong Kong Monetary Authority all lowered interest rates in March, some more than once. The Fed lowered its target federal funds rate by 150 basis points to a range of 0-0.25%, while the Bank of Canada lowered its key rate by 150 basis points to 0.25%. A number of central banks also injected liquidity into the financial system, with increased repurchase operations and bond-buyback programs.

**Governments announce huge fiscal spending plans.** The U.S. government announced a massive \$2 trillion fiscal stimulus program, the largest of its kind in U.S. history to help shore up businesses, individuals and the broader economy. A centerpiece of the legislation includes direct financial assistance for American households based on their earned income. The package also includes measure to help the hardest hit industries (including airlines), small business loans, and expanded unemployment benefits. In Canada, the federal government announced a substantial aid package, including a 75% wage subsidy for businesses that were impacted by COVID-19, and financial assistance to workers who lose their source of income.

### Did you know?

In the moment, every bear market feels challenging and long-lasting. It's impossible to say how long the current situation will continue, but we can draw some comforting lessons from previous market and economic downturns. Remember, financial markets have been challenged before, returned to pre-selloff levels and risen to new highs over time. From the 1997 Currency Crisis and 2000 Technology Bubble to the 2008 Global Financial Crisis, the conditions that drove past selloffs were unique. What unites each is the successive recovery and relatively short duration compared to bull markets. Those who remained invested long enough to experience the inevitable recovery were typically better off.

INDEX†	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE Canada 60 Day T-Bill)	0.29	0.59	1.87	166
Bonds (FTSE Canada Universe Bond)	-2.00	1.56	4.46	1141
Canadian Equities (S&P/TSX Composite)	-17.38	-20.90	-14.21	13,379
U.S. Equities (S&P 500, US\$)	-12.35	-19.60	-6.99	2,585
Global Equities (MSCI World, US\$)	-13.18	-20.93	-9.87	1,853
Emerging Markets (MSCI Emerging Markets, US\$)	-15.41	-23.59	-17.42	849

CURRENCIES†	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	-4.79	-7.65	-5.10	0.71
C\$/Euro	-4.79	-6.15	-3.50	0.64
C\$/Pound	-1.65	-1.39	-0.37	0.57
C\$/Yen	-5.19	-8.55	-7.90	76.48

COMMODITIES (US\$)†	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	1.58	4.01	19.73	1,596.60
Oil WTI (\$/barrel)	-54.43	-65.85	-65.33	20.48
Natural Gas (\$/MMBtu)	-5.31	-25.05	-36.31	1.64

†Total Return, as at March 31, 2020. Indices are quoted in their local currency. Source: Bloomberg

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