

		<u>Feb. 2019</u>	<u>YTD</u>	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>10-Years</u>
U.S. Large Cap Equities	S&P 500	3.21%	11.48%	4.68%	15.28%	10.67%	16.67%
U.S. Mid Cap Equities	Russell Midcap	4.30%	15.55%	5.63%	14.46%	8.56%	17.81%
U.S. Small Cap Equities	Russell 2000	5.20%	17.03%	5.58%	16.67%	7.36%	16.60%
Master Limited Partnerships (MLP)	Alerian MLP	0.27%	12.94%	3.57%	7.33%	-5.10%	9.83%
U.S. Real Estate Equities	Dow Jones U.S. Select REIT Index	0.97%	12.49%	20.90%	7.82%	8.48%	18.56%
Global Equities	MSCI All Country World Index	2.67%	10.78%	-0.84%	12.87%	6.28%	12.73%
International Developed Equities	MSCI EAFE	2.55%	9.29%	-6.04%	9.32%	2.07%	9.56%
Emerging Market Equities	MSCI Emerging Markets	0.22%	9.01%	-9.89%	15.04%	4.13%	10.32%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	-0.06%	1.00%	3.17%	1.69%	2.32%	3.71%
U.S. Tax-Exempt Fixed Income	Barclay's Municipal Aggregate	0.54%	1.30%	4.13%	2.28%	3.44%	4.55%
High Yield Fixed Income	Barclay's U.S. Corporate High Yield	1.66%	6.26%	4.31%	9.87%	4.53%	11.50%
Floating Rate Loans	S&P/LSTA Leveraged Loan	1.59%	4.18%	3.44%	6.69%	3.73%	8.15%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	-1.04%	0.80%	-3.45%	2.08%	-0.40%	2.68%

- Global equities advanced for a second consecutive month in February. Investor sentiment was buoyed by improved U.S./China trade communications, and a favorable combination of dovish statements by the U.S. Federal Reserve and the implementation of a Chinese stimulus measure. Through February, the MSCI ACWI and S&P 500 indexes have offset 85% of losses sustained in the 4th quarter of 2018.
- U.S. equities advanced despite the release of fourth quarter GDP results, which showed that growth had moderated to 2.6% (down from 3.4% in the third quarter). This economic growth result is still above-trend, and other factors including the PMI have improved.
- The Alerian MLP Index was only slightly positive in February, but it continues to outperform most U.S. and foreign stocks year-to-date.
- International developed and emerging markets equity indexes were positive in February, but economic data remains soft outside of the U.S. The promise of Chinese stimulus is well received but offset by signs of weakening momentum in Europe and elsewhere.
- U.S. investment grade taxable bonds were broadly negative in February, whereas U.S. municipal bonds performed well, gaining 0.5%.
- High yield and leveraged loans continued recovery following the December risk repricing, gaining 1.7% and 1.6% in February, respectively.
- Global government bonds were impacted by a slightly stronger U.S. dollar (+0.6% February), but performed better in local currency terms.

## Economic Update

The Canadian dollar is currently trading at 0.7514 against the U.S. dollar (March 4, 2019). Year-to-date, the Canadian dollar has strengthened 2.5% against the U.S. dollar; it weakened 7.9% against the USD in 2018.

The movement of the Canadian dollar appears to be tied to oil prices. This is supported by a three-month rolling correlation between the currency and the commodity of nearly 90%. In September of 2018, the correlation between the currency and the commodity was negative.

## Interest Rate Update

The Bank of Canada is widely expected to leave its benchmark interest rate on hold at 1.75% when it meets this week. Oil is one of Canada's primary exports, and weak prices in the fourth quarter of 2018 muted economic growth. However, the economy is expected to get back on track following the oil-related slowdown, and the Canadian central bank may resume its normalization initiative later this year.

Date Range	CAD to USD	+/-
February	0.7609-0.7515	-1.2%
Year-to-Date	0.7329-0.7515	+2.5%
1-Year	0.7764-0.7515	-3.2%
USD to CAD	30-Days	90-Days
High	1.33121	1.37539
Low	1.30907	1.30907
Average	1.32131	1.33241
Volatility	0.36%	0.39%



Source: [www.xe.com](http://www.xe.com)

The chart below shows the historical daily COMEX copper price, which is displayed in U.S. dollars per pound. The current price of copper, as of February 26, 2019, is \$2.94 per pound. The chart provides twenty years of price history, and also includes shaded columns that reflect past U.S. economic recessions.

After plunging 20% in 2018, copper futures rose 5.8% in January, the largest monthly advance since December 2017. As of February 20<sup>th</sup>, the futures settled at a seven-month high of \$2.92 a pound, lifting their year-to-date gain to 11%.

Last year's hefty loss for copper has given way to an impressive start in 2019, with tight supplies and expectations of strong demand pumping up prices. Some analysts see further gains ahead. Others, however, warn that copper's path isn't clearly bullish, given its close ties to demand from China, its biggest consumer. In a report issued in October, the International Copper Study Group, an intergovernmental organization of producing and consuming states, projected refined usage was expected to rise 2.6% this year.



Sources: Barron's, Morgan Stanley, RJO Futures, International Copper Study Group

## Copper Price Outlook

Analyst guidance suggests futures prices stay significantly below their record \$4.629 settlement, hit on February 14, 2011. Morgan Stanley recently forecast a 14% rise in spot prices for copper, to \$3.12 a pound, by year end.

RJO Futures argues that, ultimately, copper will follow Chinese demand, which RJO Futures is not expecting to be a bullish catalyst this year. Their outlook for U.S. and Chinese growth figures is still suggesting that both economies are slowing, and their analysts conclude that they would "...prefer to trade copper with bearish bias until the technicals and fundamentals improve."

