

		<u>Feb 2020</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	-8.23%	-8.27%	8.19%	9.87%	9.23%	12.65%
U.S Mid Cap Equities	Russell Midcap	-8.69%	-9.42%	2.34%	6.57%	6.37%	11.91%
U.S. Small Cap Equities	Russell 2000	-8.42%	-11.36%	-4.92%	3.52%	5.12%	10.41%
Master Limited Partnerships (MLP)	Alerian MLP	-14.05%	-18.87%	-23.46%	-12.41%	-10.62%	1.52%
U.S. Real Estate Equities	Dow Jones U.S. Select REIT Index	-8.41%	-8.02%	0.66%	3.12%	4.04%	10.68%
Global Equities	MSCI All Country World Index	-8.08%	-9.09%	3.89%	6.96%	5.55%	8.10%
International Developed Equities	MSCI EAFE	-9.04%	-10.94%	-0.57%	3.92%	1.96%	4.83%
Emerging Market Equities	MSCI Emerging Markets	-5.27%	-9.69%	-1.88%	4.89%	2.73%	3.18%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	1.80%	3.76%	11.68%	5.01%	3.58%	3.93%
U.S. Tax-Exempt Fixed Income	Barclay's Municipal Aggregate	1.29%	3.11%	9.46%	5.32%	4.01%	4.51%
High Yield Fixed Income	Barclay's U.S. Corporate High Yield	-1.41%	-1.38%	6.10%	4.86%	5.19%	7.27%
Floating Rate Loans	S&P/LSTA Leveraged Loan	-1.34%	-0.79%	3.47%	3.71%	3.92%	4.68%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	-0.20%	0.55%	4.83%	3.80%	2.28%	1.60%

- Global equity markets sold off sharply in the second half of February, a direct result of coronavirus contagion fears.
- Investor concern over contraction of COVID-19 was enhanced by the unknown impact of the outbreak on global business lines.
- The U.S. stock market experienced a correction, falling 12.4% between February 14<sup>th</sup> and month-end.
- Energy infrastructure equity losses were compounded by a 13% decline in crude oil prices, bringing the YTD price decline to 27%.
- The combination of global business disruption as a result of travel restrictions, downgraded global earnings growth guidance, and oil prices below \$50 per barrel, had the market preparing for central bank accommodation (the Fed cut rates by 0.50% in March).
- U.S. investment grade bond markets were positive in February as a result of a massive flight to quality.
- The expectation of central bank accommodation sent government bond yields lower by month-end.
  - The U.S. 10-year Treasury yield ended February at 1.1% (historic low), which is 2.1% lower than the recent peak in October 2018.
- High yield bonds and bank loans declined, as these lower-quality investments have a higher correlation to U.S. equities.
- Global bonds were slightly negative, but held up reasonably well as sovereign bond yields fell and the dollar surged and then fell.

### Economic Update

- The U.S. dollar strengthened 1.4% against the Canadian dollar in February.
- **UPDATE:** The Bank of Canada reduced its benchmark interest rate from 1.75% to 1.25% on March 4, 2020, in an effort to offset the economic impact of the coronavirus outbreak.
- The Bank of Canada's reasoning for the 0.50% rate cut included the following:

"The bank had said in January this year that the global economy was showing signs of stabilizing. In a statement today, the bank said it is becoming clear the Canadian economy is unlikely to grow as much as previously estimated for the first quarter of this fiscal year, and added that it may further adjust its key rate if the situation calls for it." – Nasdaq.com



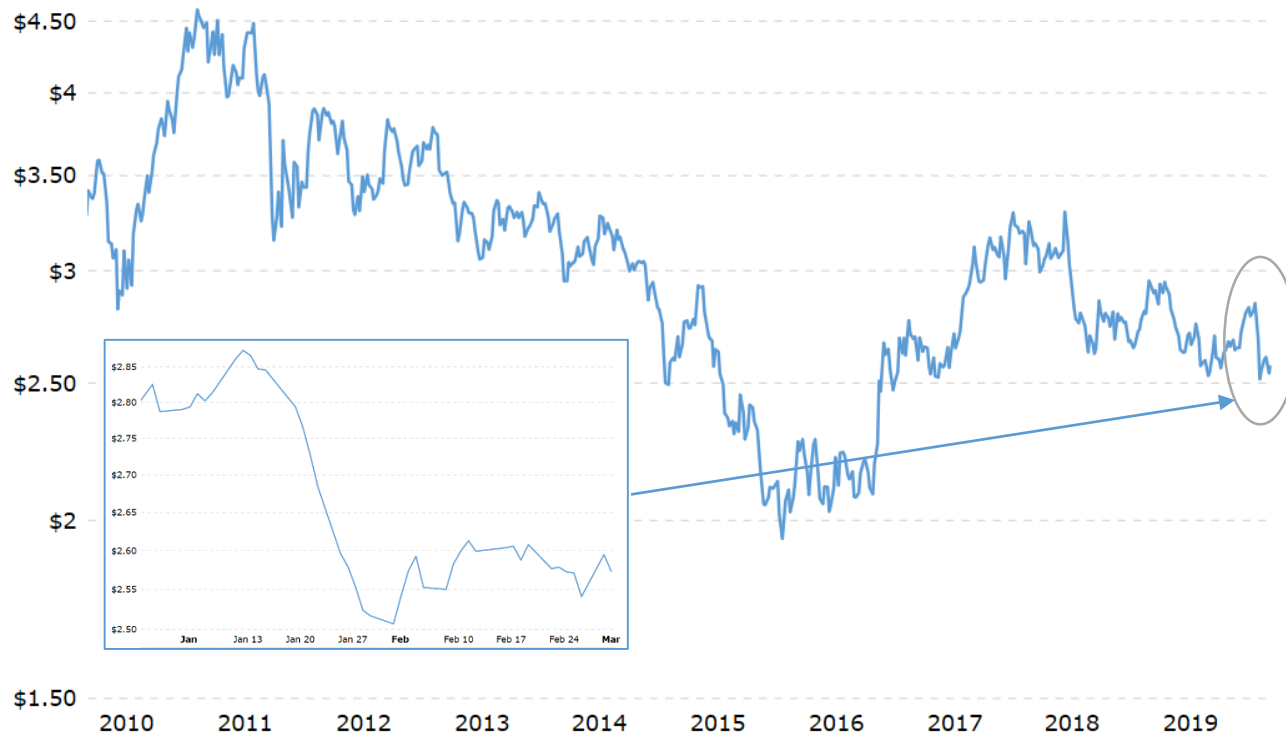
Date Range	CAD to USD	+/-
February 2020	0.7563-0.7456	-1.4%
1-Year	0.7595-0.7456	-1.8%
3-Years	0.7548-0.7456	-1.2%

**\$USD 1,000,000**  
 =  
**\$CAD 1,339,136**  
 @1.33914  
 (03/04/2020)

CAD Profile	
Inflation Rate	1.60%
Interest Rate	1.75%
Information	<a href="http://www.bankofcanada.ca">http://www.bankofcanada.ca</a>

The larger chart below shows the historical daily COMEX copper price, which is displayed in U.S. dollars per pound. The chart provides ten years of price history, and would include shaded columns to reflect past U.S. economic recessions, though there has been no recession over the past decade.

The chart embedded in the bottom left hand corner provides a zoomed-in image of January's price movement of the commodity. The current price of copper, as of March 4, 2020, is \$2.57 per pound. Copper began 2019 priced at \$2.62 per pound and hit a high/low of \$2.97/\$2.53 on April 17<sup>th</sup> and August 23<sup>rd</sup>, respectively. **However, copper hit a new low of \$2.51 on February 3, 2020.**



## Copper Price Outlook

Copper prices experienced minimal price volatility in February, beginning and ending the month within \$0.02. The price stability was unexpected, as most other commodities, including oil, experienced significant price movement.

Copper prices are tied in large part to the Chinese manufacturing segment, and while fears of business line interruption resulted in a global flight-to-quality, copper prices appeared unsusceptible to the headline risk, perhaps as a result of data that suggested more cases of the virus were appearing outside of China.

Both copper and oil are used as projectors of equity market movement. While oil prices signaled a “bear rally,” or a steep decline with an inability to rally, copper prices appear to have passed that test after recovering from the January low point. The market will likely remain sentiment driven in the near-term. If fears can be quelled, it is likely copper prices will inch higher.