

CIBC World Markets Inc.
730 View Street
9th Floor
Victoria BC V8W 1J8

Tel: 250 388-5131
Fax: 250 385-5669
Toll Free: 800 561-5864

March 2019 Market Update

What a difference a couple of months make. In December, we were watching the investment markets experiencing a sharp sell-off. Our December month end statements were to be feared and avoided. Now here we are in early March, and the late 2018 correction has recovered just as quickly. As we wrote about in the January Update, the reasons/excuses for the late year sell-off included global trade concerns, rising interest rates, and political dysfunction in many industrialized nations. In these early days of 2019, the global trade disputes have eased (at least some of the political chest-beating rhetoric). The threat of Canada and U.S. central banks sharply and aggressively raising interest rates has also cooled down. However, we expect that political dysfunction will be with us for the foreseeable future.

So, can we breathe a sigh of relief that the world did not end in December? Can we assume that all is good in the investment world and continue going forward with no fear?

No we shouldn't. We have written and mentioned on numerous occasions in the past, the risk of volatility has increased in the investment markets. There are many reasons for this increased volatility, but we'll save that topic for another day. The market weakness in 2018 made it seem as if we had gone into a major recession (aka 2008).

This scenario did not happen and thus, a bounce back up in stock prices occurred. Still, economic recessions are a part of the economic cycle, and we will experience more recessions in our life time. Whether the next recession begins in 2020 or as late as 2024, I am confident that what we went through in 2008 is not a current threat to the economy. It is also important to remember that the average economic recession lasts anywhere from 10 - 14 months. It may seem like they last years, but this is not typical. Where are we right now? This recent market bounce has been very much appreciated. Equities in general are neither expensive nor under-valued at these levels. Both the Canada and U.S. economics have slowed down in recent months. The way forward continues with slow, plodding growth in the economy. I expect that a reasonably good year lies ahead for investors, but there will be challenges, and the markets will not always go up. We need to continue to proceed cautiously with our investments, and with an emphasis on quality.

*****As we are heading into the heart of tax season, a few key points to remember.**

- Duplicate CIBC Wood Gundy tax slips are available online through your Accounts Online access. This gives you access to your tax slips.
- Please ensure you have all of your tax slips before filing your income tax. Do note that T3s (i.e. mutual funds, REITS, Limited partnerships) have until March 31 to mail tax slips to shareholders.
- Your CIBC Wood Gundy T5, indicates whether you still have tax slips to arrive.

As always, remain optimistic, yet cautious.

Best regards,
CIBC Wood Gundy



Ron A. McQuarrie
Investment Advisor

250 361-2267
ron.mcquarrie@cibc.ca
www.cibcwg.com/ron-mcquarrie



Valerie Charron, FMA
Financial Associate

250 361-2266
valerie.charron@cibc.ca

Disclaimers

Clients are advised to seek advice regarding their particular circumstances from their personal tax and legal advisors. This information, including any opinion, is based on various sources believed to be reliable, but its accuracy cannot be guaranteed and is subject to change. CIBC and CIBC World Markets Inc., their affiliates, directors, officers and employees may buy, sell, or hold a position in securities of a company mentioned herein, its affiliates or subsidiaries, and may also perform financial advisory services, investment banking or other services for, or have lending or other credit relationships with the same. CIBC World Markets Inc. and its representatives will receive sales commissions and/or a spread between bid and ask prices if you purchase, sell or hold the securities referred to above. © CIBC World Markets Inc. 2019. If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor. Clients are advised to seek advice regarding their particular circumstances from their personal tax and legal advisors.

CIBC Private Wealth Management consists of services provided by CIBC and certain of its subsidiaries, including CIBC Wood Gundy, a division of CIBC World Markets Inc. Insurance services are available through CIBC Wood Gundy Financial Services Inc. In Quebec, insurance services are available through CIBC Wood Gundy Financial Services (Quebec) Inc. "CIBC Private Wealth Management" is a registered trademark of CIBC, used under license. "Wood Gundy" is a registered trademark of CIBC World Markets Inc. CIBC Wood Gundy is a division of CIBC World Markets Inc., a subsidiary of CIBC and a Member of the Canadian Investor Protection Fund and Investment Industry Regulatory Organization of Canada.