



## MARCH 2020 MARKET UPDATE

What a difference a few weeks makes. Following a very strong 2019, the North American equity markets continued their advance forward until the middle of February, at which time hit a wall. That wall was global fears around COVID-19. The wall was not COVID-19 itself, it was the fear and uncertainty, leading in some situations to panic, about what the virus means to the world in the future. Up to now, any negative economic impact globally is a result of government and corporate response to the uncertainty of the virus. Mass quarantines, shutting of factories, banning public gatherings is impacting many effected industries (i.e. travel and restaurants) in the short term. In several ways, COVID-19 resembles a very bad seasonal flu year. To date, many more people have suffered from the season flu, and thousands have died from the flu. Society has a long history of dealing with seasonal flus through vaccines and drugs. COVID-19 is new and we do not have the knowledge of how to deal with it. Society has however, dealt with previous global virus outbreaks (SARS, H1N1) and we deal with it and learn from it.

Canada's economy has been dealt another, and possibly longer-term negative blow. The blockades were intended to bring about economic damage, and those blockades have been successful with their actions. This is not meant to be a political rant, but Canada's political leadership needs to come out from their offices and recognize the importance of a strong and viable economy. Otherwise, Canada's reputation as a trusting partner and place to do business will suffer long term harm. To steal a phrase from a previous U.S. Presidential election: "It's the economy stupid!"

One of the responses to COVID-19 and the resulting economic slowdown has been the lowering of interest rates. The U.S. Federal Reserve dropped their base rates 0.50% early last week and the Bank of Canada followed with a 0.50% decline in the bank rate. This is the lowest interest rate level in Canada since June 2018. The lowering of interest rates has no immediate benefit either to the economy or to finding a vaccine for COVID-19. The objective of the central bankers is that when the virus dissipates (and history has shown us it very likely will) that businesses and individuals will take advantage of the lower rates and buy things.

On top of these issues, the price of oil is down 20% today (March 9) as a result of a dispute between Saudi Arabia and Russia over the supply of oil into the global markets. Hopefully this dispute can be resolved quickly. Canada's energy companies get hurt in this disagreement.

In the meantime, the extreme volatility of the investment markets will continue. When the virus is seen to be spreading at a slower pace, the confidence in the markets will start to return, and the hoarding of toilet paper will end.

Patience is required to get through the next several days/ weeks/ possibly months. Remember that we are investors for 2021 and beyond, we are not speculators for April. This sell off is seeing value return to many areas of the equities market. Optimism for the future allows us to take advantage of the panic in others.

On other topics - 2019 Income Taxes. Remember to ensure you have received all of your tax slips prior to filing. The Trust Units along with REITs (Real Estate Investment Trusts) have until the end of March to report on the issuance of their T3 slips. Please note, you can find your duplicate tax slips issued by CIBC World Markets via your online access. Of course, you are welcome to call us to confirm whether you have received all of your tax slips prior to completing your income tax. We are also happy to work with you and your tax preparer if and when applicable.

If you are concerned about your investment portfolio, we can, and should have a conversation to help realize some comfort. Please reach out to us at any time via telephone or email.

As always, remain optimistic, yet cautious.

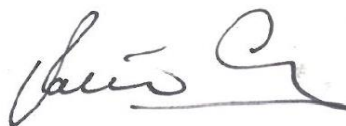
**Best regards,**

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