

		<u>Jan 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	-0.04%	-0.04%	21.68%	14.54%	12.37%	13.97%
U.S Mid Cap Equities	Russell Midcap	-0.80%	-0.80%	16.89%	10.87%	9.50%	13.49%
U.S. Small Cap Equities	Russell 2000	-3.21%	-3.21%	9.21%	7.28%	8.23%	11.88%
Master Limited Partnerships (MLP)	Alerian MLP	-5.61%	-5.61%	-10.70%	-7.75%	-7.49%	3.53%
U.S. Real Estate Equities	Dow Jones U.S. Select REIT Index	0.42%	0.42%	10.95%	7.41%	5.12%	12.28%
Global Equities	MSCI All Country World Index	-1.10%	-1.10%	16.04%	11.03%	8.51%	9.15%
International Developed Equities	MSCI EAFE	-2.09%	-2.09%	12.10%	7.76%	5.12%	5.76%
Emerging Market Equities	MSCI Emerging Markets	-4.66%	-4.66%	3.81%	7.88%	4.48%	3.78%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	1.92%	1.92%	9.64%	4.62%	3.01%	3.79%
U.S. Tax-Exempt Fixed Income	Barclay's Municipal Aggregate	1.80%	1.80%	8.65%	5.12%	3.53%	4.47%
High Yield Fixed Income	Barclay's U.S. Corporate High Yield	0.03%	0.03%	9.40%	5.87%	6.00%	7.44%
Floating Rate Loans	S&P/LSTA Leveraged Loan	0.56%	0.56%	6.54%	4.35%	4.49%	4.85%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	0.76%	0.76%	3.94%	3.97%	2.16%	1.61%

- Global equity markets began the month well, but shifted lower toward the end of the month amid considerably higher volatility.
- Growing coronavirus concerns voided any positivity following the signing of a phase one trade deal between the U.S. and China.
- Tensions that developed previously between the U.S. and Iran appeared to swiftly dissipate, and had no real impact on global markets.
- Global economic data appeared to show broad signs of improvement, with minimal U.S. recession risk and adequate monetary stimulus.
- The U.S. equity markets was negative in January, but remained the best performing global equity region on a relative basis.
- Foreign equity markets were affected by the coronavirus outbreak, especially emerging markets equities, which fell 4.7%.
- International developed equities contended with the official exit of the United Kingdom from the European Union, effective 1/31/2020.
- A combination of factors, including coronavirus, Brexit and the U.S. impeachment hearing, resulted in a “safe haven” rally.
- U.S. investment grade taxable and municipal bond indexes gained 1.9% and 1.8%, respectively; yield moved proportionately lower.
- U.S. high yield bonds and loans were affected by the equity market losses, but still managed to record small unrealized gains in January.
- Global bonds gained 0.8% in January as sovereign bond yields moved lower; the U.S. dollar strengthened 1.0%.

## Economic Update

- The U.S. dollar strengthened 2.0% against the Canadian dollar in January.
- The Bank of Canada did not adjust its benchmark rate when it met in January, maintaining a 1.75% interest rate.
- The decision to maintain rates came as a surprise amid weaker economic guidance:
  - Consumer spending slowed during the second half of 2019 and the short-term forecast shows additional weakness.
  - There is a meaningful downside risk to the outlook for inflation.
  - Prices linked to short-term interest rates put the odds of a rate cut in 2020 at nearly zero.
  - On the bright side, the jobless rate is historically low, wages are rising and the housing market has stabilized.
  - However, the Bank of Canada slashed its forecast for fourth quarter growth to an annual rate of only 0.3% (1.6% 2020 forecast).



Date Range	CAD to USD	+/-
January 2020	0.7714-0.7563	-2.0%
1-Year	0.7609-0.7563	-0.6%
3-Years	0.7673-0.7563	-1.4%

**\$USD 1,000,000**  
 =  
**\$CAD 1,328,921**  
 @1.3289  
 (02/05/2020)

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 February 5, 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 a correction in January, moving \$0.28 lower in terms of price per pound, or a 10% decline.

The steep January price drop, the largest negative monthly price movement since 2015, was the direct result of the coronavirus.

China is in the midst of evaluating how it may contain the spread of the virus, and preliminary efforts, such as city-level quarantines, have severely dampened the outlook for copper prices.

China is considered the engine-room of global manufacturing, and the implications of the coronavirus, and how it may handcuff the Chinese economy and the manufacturing sector are still being digested by economists.

At this time the outlook for copper prices is negative. Any headway made to combat the virus will improve the near-term outlook.