

		<u>Aug. 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	-1.58%	18.34%	2.92%	12.70%	10.11%	13.45%
U.S Mid Cap Equities	Russell Midcap	-2.85%	19.57%	0.54%	10.05%	7.94%	13.48%
U.S. Small Cap Equities	Russell 2000	-4.94%	11.85%	-12.89%	7.89%	6.41%	11.59%
Master Limited Partnerships (MLP)	Alerian MLP	-5.51%	10.30%	-10.20%	-2.09%	-9.06%	6.67%
U.S. Real Estate Equities	Dow Jones U.S. Select REIT Index	2.37%	21.35%	10.25%	4.81%	7.82%	13.16%
Global Equities	MSCI All Country World Index	-2.37%	13.80%	-0.28%	9.17%	5.51%	8.61%
International Developed Equities	MSCI EAFE	-2.59%	9.66%	-3.26%	5.91%	1.89%	5.00%
Emerging Market Equities	MSCI Emerging Markets	-4.88%	3.92%	-4.36%	5.76%	0.38%	4.07%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	2.59%	9.10%	10.17%	3.09%	3.35%	3.91%
U.S. Tax-Exempt Fixed Income	Barclay's Municipal Aggregate	1.58%	7.61%	8.72%	3.30%	3.85%	4.62%
High Yield Fixed Income	Barclay's U.S. Corporate High Yield	0.40%	11.00%	6.56%	6.17%	4.85%	8.50%
Floating Rate Loans	S&P/LSTA Leveraged Loan	-0.29%	6.28%	3.31%	4.66%	3.76%	5.50%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	1.59%	5.89%	5.71%	1.25%	0.29%	1.70%

- August was a volatile period for global financial markets, largely due to the abandonment of the U.S./China trade ceasefire, but also as a result of pessimism surrounding the mid-August yield curve inversion which has resulted in media-driven recession fears.
- Global equity markets turned negative with the MSCI ACWI falling 2.4%; investor sentiment waned and profit-taking accelerated.
- In the U.S., investors debated the positive effects of a 0.25% July rate cut and the implications of additional tariffs on economic growth.
- The energy infrastructure equity index declined 5.5% in August amid a \$3.48 reduction, or 5.9%, in the price of crude oil (to ~\$55/barrel).
- U.S. REITs gained 2.4% in August and lead all equity segments YTD; REIT returns have been positive in the past seven of eight months.
- Foreign equities underperformed U.S. equities in August as both international developed and emerging market economies remained pressured by weak economic data, deflated consumer confidence, political uncertainty (Brexit) and escalating trade concerns.
- In fixed income markets, U.S. investment grade taxable and municipal bond markets gained in August as yields fell.
- Lower quality sectors, including corporate high yield and bank loans, lagged amid a moderate flight to quality.
- Global investment grade fixed income markets were positive in August, with the index gaining 1.6%. This was a result of increased demand for safe havens, which brought global bond yields lower (the market for negative yielding debt exceeded \$16 trillion).

## Economic Update

- Canada appears to be trading water at the moment, with adequate stimulus to sustain growth.
- Exports of non-energy goods and services have been unfavorable and second quarter business investment in machinery and equipment was poor. However, inflation is currently at target, hiring is strong, wage growth is positive, and the housing market has stabilized, all of which aided Canadian policy makers with their decision to postpone a rate cut.
- Canada is slightly buffered from the global slowdown, as most of its trade is with the U.S., where domestic spending is still strong.

## Interest Rate Update

The Bank of Canada announced no change to its benchmark interest rate when it met this week, holding steady at 1.75%. However, consensus suggests the Bank of Canada will cut interest rates by year-end (but not before the end of October). The rationale supporting a delayed rate cut is that Canadian policy makers feel there is adequate stimulus in the economy to counter the effects of the global trade war for two more months.

Date Range	CAD to USD	+/-
August	0.7609 – 0.7507	-1.3%
Year-to-Date	0.7329 - 0.7507	+2.4%
1-Year	0.7646 - 0.7507	-1.8%

USD to CAD	30-Days	90-Days
High	1.334	1.342
Low	1.321	1.303
Average	1.328	1.321
Volatility	0.29%	0.27%

\$USD 1,000,000 = \$CAD 1,323,443 (9/4/19)



Source: www.xe.com

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

The chart embedded in the bottom right hand corner provides a zoomed image of the year-to-date price movement of the commodity. The current price of copper, as of September 4, 2019, is \$2.53 per pound. Copper opened the year 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. **Copper has declined 3.4% year-to-date.**



## Copper Price Outlook

Copper prices continued to slide in August, dropping \$0.12 per pound, or 4.5%. This marks a two-year low for the commodity, as U.S. factory activity contracted unexpectedly in August for the first time in three years. Copper prices are also declining as a result of Chinese currency pressure.

Copper prices peaked in April at nearly \$3.00, but since then the commodity has sold off sharply, having fallen 14.8%, or nearly \$0.44 per pound.

Copper prices have historically served as a lead indicator for economic deceleration. For example, leading up to 2008, the price of copper declined 14.0% in a six month period, and leading up to 2008 copper prices declined 20.0% in a seven month period.

The near-term outlook for copper is neutral to negative, with a consensus 2019 average price target range of \$2.47-\$2.88 (\$USD per pound).

