

		<u>Sept. 2019</u>	<u>Q3</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	1.87%	1.70%	20.55%	4.25%	13.39%	10.84%	13.24%
U.S. Mid Cap Equities	Russell Midcap	1.97%	0.48%	21.93%	3.19%	10.69%	9.10%	13.07%
U.S. Small Cap Equities	Russell 2000	2.08%	-2.40%	14.18%	-8.89%	8.23%	8.19%	11.19%
Master Limited Partnerships (MLP)	Alerian MLP	0.71%	-5.02%	11.08%	-8.13%	-2.46%	-8.65%	6.25%
U.S. Real Estate Equities	Dow Jones U.S. Select REIT Index	2.71%	6.83%	24.64%	16.41%	6.48%	9.70%	12.69%
Global Equities	MSCI All Country World Index	2.10%	-0.03%	16.20%	1.38%	9.71%	6.65%	8.35%
International Developed Equities	MSCI EAFE	2.87%	-1.07%	12.80%	-1.34%	6.48%	3.27%	4.90%
Emerging Market Equities	MSCI Emerging Markets	1.91%	-4.25%	5.90%	-2.02%	5.97%	2.33%	3.37%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	-0.53%	2.27%	8.52%	10.30%	2.92%	3.38%	3.75%
U.S. Tax-Exempt Fixed Income	Barclay's Municipal Aggregate	-0.80%	1.58%	6.75%	8.55%	3.19%	3.66%	4.16%
High Yield Fixed Income	Barclay's U.S. Corporate High Yield	0.36%	1.33%	11.41%	6.36%	6.07%	5.37%	7.94%
Floating Rate Loans	S&P/LSTA Leveraged Loan	0.48%	1.03%	6.79%	3.10%	4.53%	3.98%	5.22%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	-1.42%	-0.58%	4.38%	5.33%	0.43%	0.87%	1.27%

- Global equity markets were broadly positive in September, and volatility remained surprisingly low, despite numerous disruptive factors.
- The factors primarily included weaker U.S. jobs data and manufacturing results, political instability, and soaring oil futures.
- Also of concern, the Fed was forced to bail out the repo market by making available \$75 billion per day over a two week period.
- U.S. stocks benefitted from a 0.25% interest rate cut (1.75%-2.00% target); value stocks gained 3.6% compared to 0.0% for growth stocks.
- Energy infrastructure equities rebounded, improving the year-to-date return to 11.1%; Alerian MLP Index is 0.77% correlated to S&P 500.
- U.S. REITs gained 2.7% in September and are now up 24.6% year-to-date; public REITs yield 3.6% and have a 0.66% correlation to S&P 500.
- Foreign equity markets ended the third quarter positive, but remain under considerable macroeconomic and fiscal pressure.
- U.S. investment grade bond markets declined in September; market interest rates and bond price typically move in opposite directions.
- U.S. high yield bonds and loans were positive in September, reflecting the positive gains recorded in the U.S. equity market.
- Global investment grade fixed income markets were negative in September, with the index declining 1.4%. The negative result is attributable to a combination of a stronger U.S. dollar and modestly higher sovereign bond yields.

## Economic Update

- The Canadian economy stalled in July following four months of growth.
- The growth plateau was a result of contraction in the mining, quarrying, and oil and gas sectors.
- Canada will have a national election on October 21<sup>st</sup>, with cost-of-living serving as a key campaign topic.

## Interest Rate Update

- The Bank of Canada announced no change to its benchmark interest rate when it last met, holding steady at 1.75%.
- The central bank has maintained a 1.75% target interest rate since October 2018, when it was increased by 0.25%
- The Bank of Canada has two remaining opportunities to amend its policy interest rate target -- October and December.
- Analyst views suggest that growth over the second half of the year is likely to be slightly lower than the first half.

Date Range	CAD to USD	+/-
September	0.7507 – 0.7551	+0.6%
Year-to-Date	0.7329 - 0.7551	+3.0%
1-Year	0.7751 - 0.7551	-2.6%

USD to CAD	30-Days	90-Days
High	0.76226	0.76752
Low	0.74964	0.74964
Average	0.75552	0.75714
Volatility	0.34%	0.28%

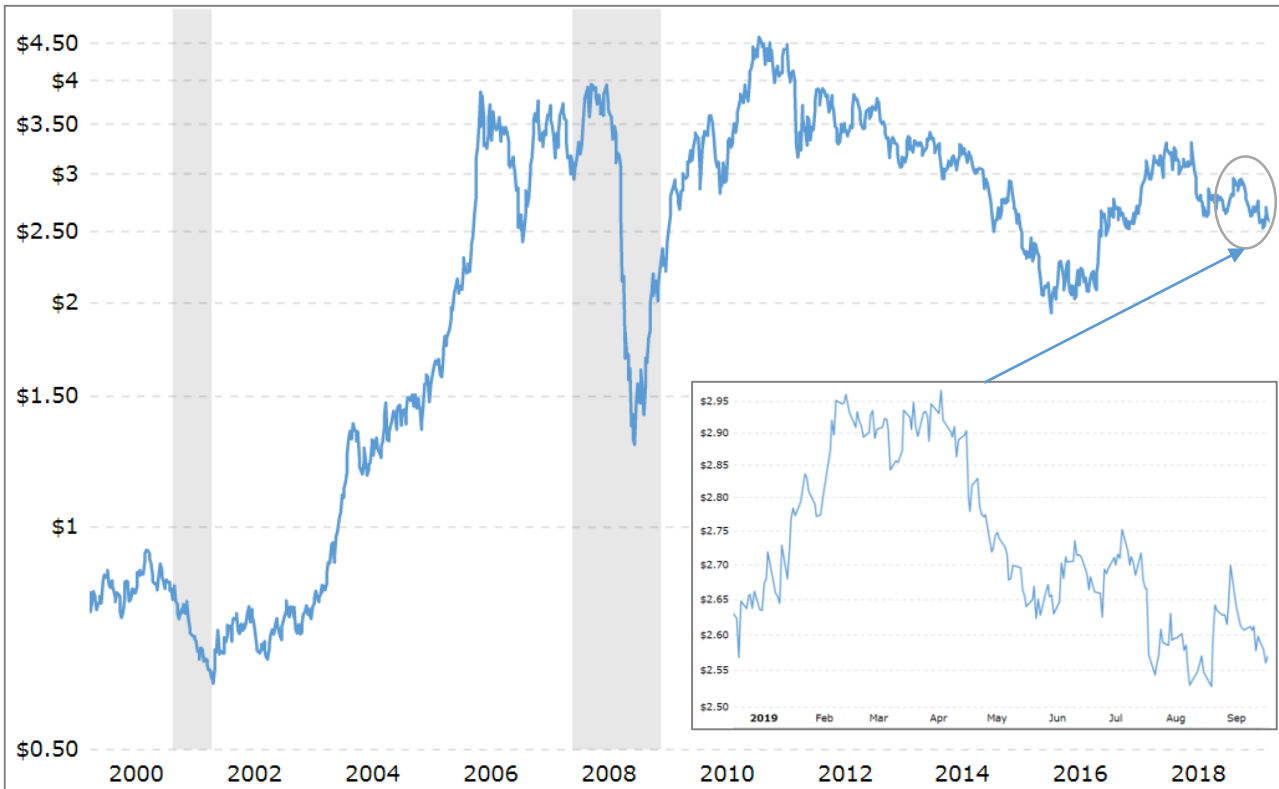
\$USD 1,000,000 = \$CAD 1,332,430 (10/3/19 @ 1.3324)



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 October 3, 2019, is \$2.57 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 1.9% year-to-date.**



## Copper Price Outlook

Copper prices were volatile in September, surging to 2.70% mid-month before sliding back down to below to \$2.58. A stronger U.S. dollar, U.S./China tensions, and thin trading due to the Chinese holiday, all influenced the price trajectory.

Copper prices peaked in April at nearly \$3.00, but since then the commodity has sold off sharply, having fallen 13.5%, or nearly \$0.40 per pound.

Copper prices have historically served as a lead indicator for economic deceleration. For example, leading up to 2000, 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.

Copper prices, considered a bellwether for economic strength and weakens, are expected to decline over the near-term amid weaker Chinese demand and lower global growth expectations.

