

		<u>April 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	4.05%	18.25%	13.49%	14.87%	11.63%	15.32%
U.S. Mid Cap Equities	Russell Midcap	3.81%	20.97%	10.69%	12.82%	9.75%	15.65%
U.S. Small Cap Equities	Russell 2000	3.40%	18.48%	4.61%	13.60%	8.63%	14.10%
Master Limited Partnerships (MLP)	Alerian MLP	-1.33%	15.27%	5.08%	1.61%	-5.78%	8.83%
U.S. Real Estate Equities	Dow Jones U.S. Select REIT Index	-0.19%	15.50%	17.76%	6.27%	8.10%	15.17%
Global Equities	MSCI All Country World Index	3.38%	15.96%	5.06%	11.36%	6.96%	11.11%
International Developed Equities	MSCI EAFE	2.81%	13.07%	-3.22%	7.24%	2.60%	7.95%
Emerging Market Equities	MSCI Emerging Markets	2.11%	12.21%	-5.04%	11.25%	4.04%	7.50%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	0.03%	2.97%	5.29%	1.90%	2.57%	3.72%
U.S. Tax-Exempt Fixed Income	Barclay's Municipal Aggregate	0.38%	3.28%	6.16%	2.59%	3.56%	4.55%
High Yield Fixed Income	Barclay's U.S. Corporate High Yield	1.42%	8.78%	6.74%	7.69%	4.84%	10.15%
Floating Rate Loans	S&P/LSTA Leveraged Loan	1.69%	5.71%	4.24%	5.55%	3.94%	7.26%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	-0.61%	0.90%	-2.51%	0.08%	-0.64%	2.28%

- Global equities were generally positive in April, as markets climbed across most regions amid renewed optimism for equities.
- The gains were supported by accommodative central banks, an improved outlook for Chinese growth, and trade negotiation progress.
- U.S. equities advanced 4.1% in April, with cyclicals (growth) outperforming defensives (value), in response to surprisingly positive first quarter corporate earnings results, and new job creation, which brought the U.S. employment rate down to 3.6%; a 50-year low.
- U.S. energy infrastructure and real estate investments stalled in April, but fundamentals support additional growth.
- Foreign equity investment gained between 2% and 3% during the month, due in large part to China's 6.4% first quarter year-over-year GDP growth, which was well above market expectations. Chinese industrial production growth also rose from 5.3% to 8.5% y/y in March.
- Despite the positive year-to-date results, we see a multitude of headwinds that could pressure foreign equities.
- U.S. fixed income markets were broadly positive in April, with high yield and leveraged loans outperforming invest grade bonds.
- In terms of pricing, investment grade bonds are trading at a premium while high yield and loans are at \$97.7 and \$96.4, respectively.
- Non-U.S. bonds fell 0.6% in April, a result of higher sovereign yield in the largest issuance markets, and a slightly stronger U.S. dollar.

## Economic Update

- The Canadian economy hit a soft patch and stalled in late 2018. However, the economy got off to a strong start in early 2019 and posted its largest output gain in eight months.
- There are reasons for optimism that the economy will reaccelerate in the coming quarters.
- Job trends have been stellar and have tilted towards private sector and full-time positions, and the temporary weakness in the energy sector is likely to reverse as oil production returns following mandated cuts.
- Further clarity on the trade front and a healthy US demand backdrop are expected to entice a revival in investment and export activity.

## Interest Rate Update

The Canadian economy contracted slightly in February and fell short of forecast. This was likely due to the particularly harsh winter weather that directly impacted the Canadian Pacific Railway. This result has fueled expectations that the Bank of Canada will keep interest rates on hold through the rest of this year. The Bank of Canada held its benchmark interest rate steady at 1.75% when it met in late March.

Date Range	CAD to USD	+/-
April	0.749-0.744	-0.6%
Year-to-Date	0.732-0.744	+1.6%
1-Year	0.780-0.744	-4.6%
USD to CAD	30-Days	90-Days
High	1.349	1.349
Low	1.331	1.309
Average	1.338	1.332
Volatility	0.27%	0.30%



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 May 2, 2019, is \$2.78 per pound. Copper opened the year priced at \$2.62 per pound and hit a high/low of \$2.97/\$2.57 on April 17<sup>th</sup> and January 3<sup>rd</sup>, respectively. Copper has gained 6.1% year-to-date.



## Copper Price Outlook

Copper prices had increased 13.4% through mid-April, before falling sharply from \$2.97 to \$2.78 over the course of two weeks.

The 6.4% price decline was attributable to thin market conditions, as most European markets were on holiday.

Additionally, it appears a combination of factors, including technical selling, a modest rebound in the U.S. dollar, and below guidance U.S. manufacturing activity, likely exacerbated the downward price movement.

According to *Business Insider*, “The weaker U.S. manufacturing result adds to commodity demand concerns already weighed down by disappointing manufacturing growth in China last month.”

Looking ahead, most guidance suggests a recovery in prices, amid higher volatility.