

Portfolio Management Monthly update

Feb 2019

Stocks Continue Higher in February

Data Source: chart from Thomson One as of March 05, 2019

Daily > SPX-UT S&P 500 Index C: 2790.37 Chg -2.44



Highlights

- Hopes for a trade deal propel markets
- S&P 500 stalls at 2,800 resistance level
- Global growth slower but no recession
- Chinese stimulus helping commodities

Stock markets continued to rise in February, mainly buoyed by the prospect of continued low interest rates & hopes for a US – China trade deal. Economic growth has definitely weakened, but optimism about the effect of Chinese stimulus has helped commodity prices & stocks. This has helped the Canadian market particularly. With the S&P 500 bumping into overhead resistance at 2800 we expect somewhat of pullback at this point. With reasonable valuations, a lot of money on the sidelines and an increasing likelihood of a positive trade outcome, we don't expect a severe drop in markets. Energy stocks which were the worst performers last year have improved with major supply cutbacks from the Saudis. Signs of global growth stabilizing will likely be necessary for the gains to continue. We continue to favour companies which offer growth at a reasonable price and some yield. For clients more focused on income we like money managers who combine cash flow with risk reduction strategies.

Regards,

Scott Barnum, CFA
V.P. and Portfolio Manager

Don Behan, CFA
V.P. and Portfolio Manager

Monthly updates also available on our website at <https://nesbittburns.bmo.com/don.behan>

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