



April 2020 MONTHLY RECAP

We trust you are safe and healthy during this very challenging period in all of our lives. We hope you find this monthly summary educational and informative.

Probate Planning

In Canada, we do not have estate taxes. Rather, at death, probate fees are charged on the value of one's estate. Minimizing probate fees payable to the government should be everyone's goal. To help you, this [report](#) identifies a number of useful strategies to minimize these fees.

Portfolio Update

At the end of February, the North American stock markets failed to hold important support levels. This was due to institutional investors globally re-evaluating true value in the markets as the virus quickly changed the outlook for the global economy. As a result, on February 26, 27 and March 3, we significantly reduced our stock exposure.

The Multi Asset portfolios remain in their most defensive positions at the end of March. The equity components are at their minimums, and we have replaced those positions with cash, provincial/federal Canadian and U.S. bonds.

We will look to re-employ funds into equities in the near future if adequate demand returns. This will be dependent on the upcoming developments with the virus and its impact on the global economy.

You can view the current portfolio structures [here](#).

Market Round Up - Stocks Deliver Worst Quarter Since Financial Crisis as Coronavirus Takes Hold

Wall Street and global stocks closed out their worst quarter since the 2008 financial crisis after the rapidly evolving coronavirus pandemic dragged global markets into bear territory. Equity markets sunk



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to three-year lows in March as oil prices touched 18-year lows, marking a stunning reversal from the start of the year.

Coronavirus Becomes Global Pandemic

After months of speculation, the World Health Organization (WHO) finally declared coronavirus to be a global pandemic on March 11.¹ By that time, the novel disease had already spread across Asia, Europe and North America. By March 31, more than 855,000 people had been infected – a figure that's expected to rise steadily throughout April.²

By the end of March, the United States had become the major epicenter for the outbreak, overtaking China where the virus originated. Other major hot spots include Italy, France and Spain. The caseload in each of these countries has surpassed 50,000.

Stocks Plunge

The Dow Jones Industrial Average and S&P 500 Index each declined more than 12% during the month of March. Peak to trough, the two major indexes were off by as much as 37% and 31%, respectively. Analysts described the sell-off as the fastest bear market in history.³

Canadian stocks also crossed into bear market territory in March. The S&P/TSX Composite Index recorded a monthly drop of 17.7% but was down as much as 36% from its February high.

Equities recovered in the final week of March after the U.S. Congress passed a \$2.2 trillion stimulus package designed to shield the economy against coronavirus. However, the major stock indexes remain well off record highs.

Saudi-Russia Oil-Price War

March was one of the most volatile months on record for crude oil after Saudi Arabia initiated a price war against Russia. This culminated on March 8 when the Saudis slashed their crude prices for buyers. Oil prices immediately tanked by as much as 30%, en route to multi-decade lows.⁴

Brent crude futures would eventually bottom at \$21.65 a barrel, declining by as much as 67% since the start of the year. The West Texas Intermediate (WTI) benchmark for U.S. crude futures bottomed at \$19.27 a barrel.

The price war was launched after Saudi Arabia and Russia failed to agree on new output quotas in the wake of the coronavirus outbreak. Russian Deputy Energy Minister Pavel Sorokin said coronavirus has reduced global oil demand by between 15 million to 20 million barrels per day.⁵

Looking Forward

The coronavirus pandemic will be top of mind for investors at the start of the second quarter. Goldman Sachs sees U.S. gross domestic product (GDP) contracting 34% in Q2 and unemployment spiking to 15% due to the outbreak. That's far worse than anything the economy has experienced since the Second World War.⁶

Advanced industrialized nations in Europe, North America and Asia face similar trajectories as the pandemic disrupts businesses, supply chains and consumer spending.

As always, if you have any questions regarding this summary or your investments, please call us.

Sincerely,

[Ferrie Petruccelli Wealth Management Group](#)

David Ferrie, Portfolio Manager, Managing Director
T: 416-590-7667 david.ferrie@nbpcd.com

Anthony Petruccelli, Portfolio Manager, Financial Planner
T: 416-590-7675 anthony.petruccelli@nbpcd.com

Teresa Hoang, Administrative Assistant
T: 416-590-7605 teresa.hoang@nbpcd.com

Katrina Umali, Administrative Assistant
T: 416-590-7689 makatrina.umali@nbpcd.com

Our Partners

Tim Simpson, Estate & Insurance Advisor
T: 416-359-7798 timothy.simpson@nbpcd.com

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¹ Jamie Gumbrecht and Jacqueline Howard. “WHO declares novel coronavirus outbreak a pandemic.” CNN.

² John Hopkins. Coronavirus COVID-19 Global Cases.

³ Lu Wang and Vildana Hajric (March 12, 2020). “Fastest-Ever Bear Market Opens Book on Century of Bottom Fishing.” Bloomberg

⁴ Natasha Turak (March 8, 2020). “Oil nose-dives as Saudi Arabia and Russia set off ‘scorched earth’ price war.” CNBC.

⁵ Reuters (March 27, 2020). “Oil drops nearly 5% as demand fears overshadow stimulus hopes.” CNBC.

⁶ Alaa Shahine (March 31, 2020). “Goldman Sachs Sees 34% Plunge in U.S. GDP and 15% Unemployment.” Bloomberg.