

2020-05-01 Market Update

To our valued clients, we hope you have had a good week and are doing well. In an effort to continue to keep you informed in the current environment, this letter includes a recap of what took place in the markets this week.

Market developments

North American stock markets continued to climb, gaining momentum as a growing number of European countries and U.S. states continued easing measures put in place to enforce social distancing.

- U.S. oil prices began to recover slightly due to slowing growth in U.S. inventories and optimism that demand would increase as restrictions on businesses and the movement of people are lifted.
- Gilead Sciences announced positive data from clinical trials of its antiviral drug remdesivir, with the Food and Drug Administration set to make it available to COVID-19 patients as soon as possible.
- The U.S. announced weekly jobless claims of 3.839 million, bringing total job losses to over 30 million in the last six weeks.
- The U.S. Federal Reserve left interest rates near zero and stated it intends to keep them at that level until the economy returns to full employment and 2% inflation.
- On April 29, The U.S. Bureau of Economic Analysis provided an advanced estimate that real gross domestic product (GDP) contracted at an annual rate of 4.8% in the first quarter of 2020.
- Germany's rate of COVID-19 infections began to rise shortly after the country began easing lockdown measures, raising concerns that restrictions would have to be re-imposed.

How do these developments affect your investments?

North American stock markets have rebounded smartly from their recent lows reached in late March, despite the increasingly poor economic data. This shows why it is important to keep in mind that in the short term, no one knows which way markets will move.

While several jurisdictions around the world are lifting their lockdowns, there are still many unknown variables that could affect the pandemic and the outlook for the economy and the markets.

Our message here is this: just as it was wise not to panic when markets rapidly declined during the virus's outbreak, it is also helpful to remain cautious as events progress. Sticking with the long-term plan we have built together is the key to navigating both the good times and the bad.

We would be happy to discuss your investment plans at any time. Please do not hesitate to contact us.

Sincerely,

James, Ahmed and Steve.

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