

**Market Update
March 9 2020**

The volatility on the S&P 500, both up and down last week was unusual (Mon +4.6%, Tues -2.8%, Wed +4.2%, Thur -3.4%, Fri -1.7%). Regardless, after a double digit pullback in the week prior, the broad S&P 500 ended relatively flat for last week.

Here is market reality as of last Friday Mar 6th for a pullback that started Feb 20th...

Nasdaq -12.6%
S&P 500 -11.9%
TSX - 9.9%

Looking at Asian markets and S&P futures prices, I believe markets could potentially pullback another -5% today, Monday Mar 9th, as a result of COVID-19 virus developments.

Perspective. This correction so far, hasn't been that significant. If there is one odd thing about this market cycle, it is that it has had few regular corrections, which on average, should be occurring about every year.

You may recall the last market pullback between September and Christmas week of 2018 when Trump was initiating a trade war with China, resulted in a -17.5% pullback in the S&P 500, which from start to finish lasted around six months.

The problem with this virus, is that it affects the consumer directly and their buying habits. Remove the consumer and you remove economic expansion. People who are afraid tend to pull back, withdraw.

In several months, COVID-19 may not be driving behaviour, but the results of current behaviour will be likely driving near-term earnings.

As always, perspective is a function of time and as investors, we are looking out a few years, not a few weeks.

My perspective is that this correction like any other, will provide opportunity for investment.

(Don't invest in toilet paper. I think it is a short-term fad.)

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. ***This commentary reflects my opinions alone, and may not reflect the views of National Bank Financial Group.*** In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial.

Best,

Rob

National Bank Financial is an indirect wholly-owned subsidiary of National Bank of Canada. The National Bank of Canada is a public company listed on the Toronto Stock Exchange (NA: TSX).

This information was prepared by Rob Hunter, an Investment Advisor with National Bank Financial. The particulars contained herein were obtained from sources that we believe reliable but are not guaranteed by us and may be incomplete.

The opinions expressed are based on our analysis and interpretation of these particulars and are not to be construed as solicitation or offer to buy or sell the securities mentioned herein. National Bank Financial may act as financial advisor, fiscal agent or underwriter for certain of the companies mentioned herein and may receive remuneration for its services. Rob Hunter, National Bank Financial and/or its officers, directors, representatives, and associates may have a position in the securities mentioned herein and may make purchases and / or sales of these securities from time to time in the open market or otherwise.

The opinions expressed herein do not necessarily reflect those of National Bank Financial.

Several of the securities mentioned in this article may not be followed by National Bank Financial's Research department.

The securities mentioned (inclusive of income trusts and option strategies) in this article are not necessarily suitable to all types of investors. Income trusts and preferred shares are equity investments. Please consult your investment advisor to discuss investment risks. All prices and rates are subject to change without notice. Stocks typically fluctuate in value. Stock values can go to zero.

Selling calls against stock (Covered Writing): Shares may need to be sold at the strike price of the option at any time prior to expiration. If the calls are assigned, further opportunity for appreciation in the underlying security above the strike price is foregone. Risk/Reward of the strategy = Strike price minus the purchase price of the underlying plus the premium received from the sale of the call. The maximum loss is the same as holding a long position less the premium received.

The investment advice given only applies to residents of the provinces of British Columbia, Alberta, Manitoba and Ontario.

National Bank Financial is a member of the Canadian Investor Protection Fund.

