

RUN FOR THE EXITS!!!

In a complete turnaround from last week's universal up-move, investors ran for the exits this past week. **The reason, of course, was the corona virus outbreak and potential effect on global economies and particularly travel.** So, as no surprise, amongst the worst performers for the week were Asian markets, airlines and the price of oil.

The very few gainers of note were, of course, the safe havens of bonds, utility shares and US real estate, which continues to be driven by strong home sales and declining US mortgage rates. Gold also moved up by almost 0.8% which, along with the utility sector, helped Canada's TSX make a modest weekly gain of 0.04%.

Talking of Canada, of more concern, was the Bank of Canada's sharp reversal of its bullish economic stance of just a month or two back. **BOC Chair Poloz characterized economic data as "mixed"** and the central bank's outlook highlighted signs of weakness in exports, business expenditures, job creation, and consumer spending. The comments also moved the needle towards an interest rate cut, something that was given a low percentage chance just a few weeks back. Add the above mentioned fall in oil's price (over 7% for the week) and these comments do not bode well for our economy or our dollar.

After the big move up in share prices over the last few weeks many equity indices, and share prices, were **"stretched"**, to say the least. The uncertainty and duration of the corona outbreak may well be the stimulus for a price pullback in the 5% to 10% range, a sell-off that RBC's and many other technical strategists, had been looking for.

A new wrinkle in the **Wall of Worry** that I wrote about a few weeks back.