



## OIL PRICE DECLINE AND CORONAVIRUS

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On the weekend, Saudi Arabia cut its official crude selling prices for April, effectively launching an oil price war against Russia. The price cut was a result of Russia and Saudi Arabia failing to agree on terms surrounding further production restrictions that were slated to begin April 1<sup>st</sup>. In response to the Saudi price cut, oil prices have declined by 25%, further exacerbating the falling oil demand due to reduced global travel from coronavirus fears. Investors are concerned that cuts in global energy capital expenditures will be another drag on global GDP growth.

On the coronavirus front, the news that Italy has effectively quarantined 14 regions of the Northern part of the country has investors worried that the virus is spreading globally. On a positive note, China and South Korea recorded a slowdown in new coronavirus cases.

As in past market turbulence, we expect further global interest rate cuts and government spending aimed at supporting the global economy.

### Matco Portfolios

As we mentioned in our last two client updates, we have immaterial exposure to the energy sector and specifically no exposure to producers or oilfield services. In terms of the tourism sectors, which are seeing a significant contraction due to coronavirus, we have no exposure to direct airlines, hotels, casinos, or entertainment parks.

Each of our clients has their own long-term strategic asset mix based on their unique financial situation. Your strategic asset mix is developed and reviewed regularly with your Matco Portfolio Manager and is based on factors such as your investment time horizon, risk tolerance, return objectives, tax situation and income needs. This strategic asset mix is your beacon during times of market volatility to ensure that together we stick to the long-term plan to preserve and build your wealth. For many clients this strategic asset mix includes Canadian federal, provincial and corporate bonds. These bonds have rallied significantly and performed very well over the last few weeks, in turn providing a nice cushion to equity market volatility.

We recommend investors stick to their long-term strategic asset mix during this market turmoil. If you would like to review your strategic asset mix, or have any questions please contact your Matco Portfolio Manager.

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## MATCO FINANCIAL INC.

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Our mission is to simplify the investment world for our clients by understanding their needs and providing exceptional investment solutions that preserve and grow capital.

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