



MONTHLY COMMENTARY

March 2021

Alfred Lam, MBA, CFA

Senior Vice-President & Chief Investment Officer
CI GAM | Multi-Asset Management

Richard J. Wylie, MA, CFA

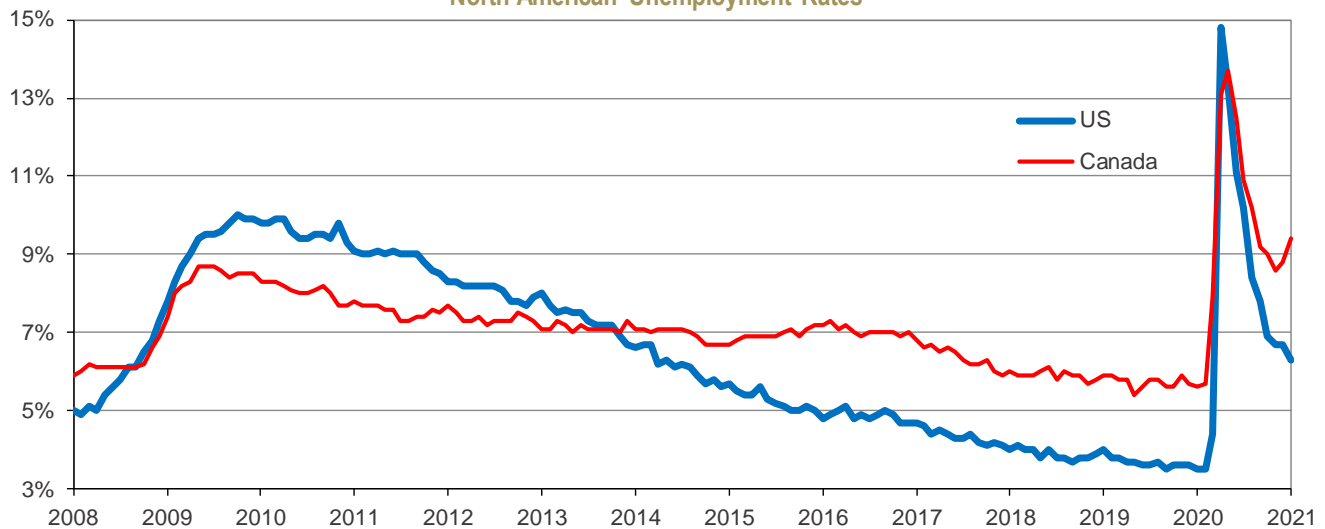
Vice-President, Investment Strategy
CI Assante Wealth Management

Toshi K. Okada, B.MOS

Analyst, Investment Strategy
CI Assante Wealth Management

North American jobs recovery still on the horizon

North American Unemployment Rates



Source: U.S. Bureau of Labor Statistics; Statistics Canada.

MARKET FOCUS

Canadian labour market stalls in January

According to Statistics Canada, February 2020 was the cyclical peak for employment during the last business cycle. Still, even then, the jobs market was contending with rail disputes and labour disruptions in education. The additional shock of the COVID-19 pandemic and the associated shuttering broadly across segments of the economy saw businesses shed a record three million jobs in March and April 2020. This was more than seven times

the cumulative 414,400 jobs lost during the 2008-09 financial crisis. By May 2020, the unemployment rate soared to a record high of 13.7%. As seen in the chart above, the economy saw a seven-month improvement between May and November 2020. Over that period, 2.4 million jobs were recovered, which lowered the unemployment rate to 8.6%. However, December 2020 and January 2021 saw the economy reverse, shedding more than 265,000 jobs as the unemployment rate rose



back to 9.4%. It took the economy 19 months to recover the jobs lost from the financial crisis and 10 years to lower the unemployment rate to the 45-year low of 5.4%. With concerns rising over the pace of the vaccine rollout, it remains to be seen what the labour market recovery will look like this time around.

U.S. unemployment continues to fall

The U.S. jobs market continues to show clear signs of recovery in early 2021, as referenced by the U.S. Bureau of Labor Statistics. The COVID-19 pandemic produced approximately 22.4 million job losses during March and April 2020. Not surprisingly, this also took the unemployment rate to an all-time high of 14.8%. As in Canada, these U.S. figures far exceed the 8.7 million jobs lost and the 10.0% unemployment rate seen during the financial crisis. Nevertheless, American businesses have added back around 12.5 million individuals to their payrolls in the nine months leading up to January 2021. These job recoveries have prompted a steady decline in the unemployment rate, which fell to 6.3% in January. The steady rollout of a vaccine appears to have dramatically altered the U.S. COVID-19 case count, and more progress is anticipated. A return to the 3.5% unemployment rate in February 2020 (a 50-year low) remains on the horizon, but progress is being made.

Recovery stays its course in robust Australian jobs market

The most recent data from the Australian Bureau of Statistics shows a continued recovery in the labour market for the new year. The economy added 29,100 jobs in January 2021, as a fresh wave of monetary stimulus —

coupled with large fiscal packages — fuelled spending and further accelerated hiring. After suffering some 877,600 job losses between March and May 2020, Australian employment now sits at only 64,000 people below its pre-pandemic level. By comparison, it took over one-and-a-half years to recover the cumulative 330,700 jobs lost during its last recession in the early 1990s. Not surprisingly, the economic recovery over the past eight months has led to a gradual decline in the unemployment rate, which has fallen to a 10-month low of 6.4%. However, risks still lie ahead as the federal wage subsidy program is set to expire at the end of March. Nevertheless, the Reserve Bank of Australia forecasts the unemployment rate to fall close to levels seen early last year by the end of 2022.

LONGER VIEW

Markets are searching for any certainty around the potential fallout from the spread of COVID-19. With economic activity shut down around the globe, central banks and governments are doing “whatever it takes” to keep the economic system functioning. Central banks have responded by cutting interest rates, creating programs to keep credit flowing and increasing the size of their asset purchasing programs, which effectively means printing money to buy assets. On the fiscal side, governments are expected to provide “helicopter money” to individuals who have been forced out of work. While we are not sure of the exact timeline, we are confident that this period of stress will eventually pass and investors with long-term horizons have an excellent opportunity to purchase stocks at bargain prices.



For more information, we encourage you to speak to your advisor or visit us at [assante.com](https://www.assante.com)

The information contained herein consists of general economic information and/or information as to the historical performance of securities, is provided solely for informational and educational purposes and is not to be construed as advice in respect of securities or as to the investing in or the buying or selling of securities, whether expressed or implied. These statements reflect what CI Assante Wealth Management (“Assante”) and the authors believe and are based on information currently available to them. Forward-looking statements are not guarantees of future performance. We caution you not to place undue reliance on these statements as a number of factors could cause actual events or results to differ materially from those expressed in any forward-looking statement, including economic, political and market changes and other developments. Neither Assante nor its affiliates, or their respective officers, directors, employees or advisors are responsible in any way for any damages or losses of any kind whatsoever in respect of the use of this report or the material herein. This report may not be reproduced, in whole or in part, in any manner whatsoever, without the prior written permission of Assante. CI Assante Wealth Management is a registered business name of Assante Wealth Management (Canada) Ltd., a wholly owned subsidiary of CI Financial Corp. (“CI”). The principal business of CI is the management, marketing, distribution and administration of mutual funds, segregated funds and other fee-earning investment products for Canadian investors through its wholly owned subsidiary CI Global Asset Management. If you invest in CI products, CI will, through its ownership of subsidiaries, earn ongoing asset management fees in accordance with applicable prospectus or other offering documents. CI GAM | Multi-Asset Management is a division of CI Global Asset Management. CI Global Asset Management is a registered business name of CI Investments Inc. Copyright © 2021 CI Assante Wealth Management. All rights reserved.