

Notes from the Bridge

CANACCORD Genuity
Wealth Management

Benson
Private Wealth

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As we close out a holiday shortened week, North American markets remain in a corrective state and will post their first negative quarterly return since mid-2015.

Just as the economy and capital markets have phases and cycles, so do market corrections. While corrections are normal and healthy for the overall markets, they feel very different than they used to. Much of this can be related to the amount and speed at which information and data flows through the system. The sheer volume of information that comes at us within such a compressed period can make these corrections feel much more acute than they really are.

In very general terms, the typical last leg of any correction is a dumping or flushing out of high momentum stocks. The biggest sentiment change in recent weeks has been the shift toward the technology sector, as the market now rotates out of these previous leaders into new ones where value and opportunity look more attractive. I think we are seeing this last leg now, with the likes of Amazon, Facebook and Tesla experiencing sharp declines over the past number of days.

For some this correction feels more acute than it is for two reasons; first we haven't had one in quite a while, and secondly, the abnormally low volatility over that period made many investors think that the markets just always go up and have no risk. While that may sound like an odd thing to say, you would be surprised at just how often I heard that phrase last year. But the reality of this correction is that North American markets have declined roughly 5%, with some even less this quarter, depending on which one you look at. So, this correction's bark has been much worse than its bite.

Now the question becomes how do we take advantage of these discounted prices. Some things are cheap for a reason and we stay away from that section of the store, and some things have been marked down just because everything else has been, and that is where we want to shop.

Staying with technology, the computer, internet and social media have transformed our everyday life like nothing else since the industrial revolution. Gone are the days of the rotary telephone and rabbit ear TV antennae. Just as heavy industry and manufacturing shaped the 20th century, I think the convergence of those with technology will shape the 21st. With Blockchain technologies, Artificial Intelligence, Robotics and Automation and 5G standards all coming to the fore, I think a very good place to go shopping right now is in that convergence aisle.

Older leaders such as **Microsoft** and **IBM** (among others) are in that aisle, increasingly working with industrial and manufacturing companies to rapidly improve how efficiently they can produce and ship goods we consume every day. Blockchain technologies, for example, are transforming how the world

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manages food safety. As there are several billion people on this planet, consuming an ever-growing range of local and globally sourced foods, companies such as IBM, who provide growers, distribution houses, all the way down to the neighbourhood restaurant with the ability to improve their food safety all at lower costs, stand to gain greatly.

Not suggesting that all we have in our basket is IBM, but anytime we can add a high-quality company, trading at a relatively attractive value while also getting paid a 4% dividend that goes up nearly every year, I would tend to take advantage.

Please feel free to share my commentary as I am always looking to work with new people.

Thank you and have a great Easter weekend with friends and family.

Sincerely,



Erik Benson, CFA, CIM
Benson Private Wealth



TODAY'S STOCK WATCH

S&P/ TSX Composite	15,367
Dow Jones Indus. Avg.	24,103
S&P 500	2,643

Canadian/US Dollar	\$0.7760
US/Canadian Dollar	\$1.2882
Euro / Canadian	\$1.5853

Gold	\$1330.00
Silver	\$16.33
Copper	\$3.03

Brent Crude Oil	\$70.22
WTI Crude Oil	\$64.96
Natural Gas	\$2.74

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