

February 4, 2025

## **TARIFF COMMENTS**

I hope this update finds you well.

I'm glad I waited until today to send this note! President Trump sure knows how to get attention. If this keeps up, we could face some challenging times ahead for Canada and the United States, both individually and collectively.

I wanted to let you know that I continue to evaluate our holdings, raise some extra cash, shore up income, and look for opportunities in the face of this challenge. We are prepared for this extra volatility. Uncertain times like this are the reason I whole-heartedly believe in and run diversified portfolios.

There is a great deal of noise and differing opinion right now and it is important to look at what we do know. Last week and yesterday's market action indicate that the market considers the tariff chatter as a negotiating tactic. This was reinforced by the tariff delay announced yesterday for both Mexico and Canada. Based on the comments from multiple economic experts, including recent comments from the US Treasury Secretary Scott Bessent, we should not be surprised by at least lower tariffs being implemented. Lower tariffs in the range of 2-5% are nothing to be too concerned about. We also know that President Trump is sensitive to market action and is likely to be constrained by negative market movements. As a result, I continue to look for new buying opportunities that arise.



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## **SPECIAL NOTE**

## **RRSP SEASON**

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We don't know how long this negotiating will last or where it will end up. American elected officials are not united in this attack, especially with mid-term elections down the road. We are also seeing lobbying against the Trump tariffs from some of the largest industry leaders including Farmers for Free Trade, The US Industry Leaders Association, The Auto Sector, and Steel and Aluminum Manufacturers.

Bi-lateral trade with the United States is worth over 700 billion dollars annually and we are the number one export market for over 30 states, including Michigan, New-York, Ohio, Texas, and Illinois.

Raising tariffs on Mexico is also problematic for the United States because they may cause a Mexican recession which will force migrant workers to cross the US border looking for work, which flies in the face of Trump's immigration reform.

I do believe that there will ultimately be a solution. However, in the meantime Canada has the opportunity to make some difficult decisions toward a more resilient future.

Please reach out with any questions.