Market Update April 2025

Earlier this week the Trump administration in the United States surprised global markets with the implementation of reciprocal tariffs across the globe for all major trading partners. The level of tariffs which came, was a surprise to most financial markets for all countries involved.

Donald Trump's tariffs are widely criticized by economists and market experts, with the Wall Street Journal calling it the "stupidest trade war ever." The tariffs could also harm the Republican Party, as public opposition grows, and Trump's economic approval ratings drop. There is a chance the GOP could lose the House in 2026, and despite pleas from Republicans, Trump made the tariffs tougher.

This tariff experiment will likely be remembered as an immense failure. American voters will likely be shocked by the impact of these policies on their daily lives and cost of living; tarnishing the reputation of trade protectionism for years to come.

All in all, we would expect that the announcements made two days ago will have some inflationary pressures and will have also some negative consequences for global growth.

You will likely be hearing the term ‘stagflation’ in the media. I bring this up only because it may sound alarming, however it is actually quite normal for the circumstances.

Historical evidence suggests that tariffs tend to have a disinflationary effect over time, with a more significant impact on economic growth than on inflation in the long run. However, in the short term (such as a period of 6 to 12 months), tariffs can indeed exert inflationary pressures, affecting certain industries more than others. At this juncture, I should mention, you do not own cars, car parts, steel or aluminum production or potash in your portfolio which are all subject to recent tariffs.

So, what are the implications for you and your investment portfolio? We expect to see a lot of volatility over the coming days; however, we expect markets to settle as we get further through the month of April and details become a bit more well known.

I advise you to refrain from making any significant changes to your portfolio during this period of high volatility. Typically, this is a losing proposition, and such actions result in unfavourable outcomes. Turbulent markets can cause rapid fluctuations that affect investments both negatively and positively within a short timeframe.

If you have a history as an investor, you will know from past corrections, such as the 2008 financial crisis, the 2020 global pandemic, or more recently, the 2022 market correction, that all of these events had significant impacts on valuations near term but to a much lesser extent on the level of income generated by your portfolio.

Our team has taken time in the days and weeks leading up to these announcements to determine our market positioning and have discussed this with many of you. We have been writing calls to lock in premiums for additional income and downside protection, which smooth market fluctuations over time, and we are seeking opportunities where we could potentially be buyers where others are selling.

Additionally, we have been identifying where to allocate capital in industries and companies with a more stable earnings profile, stronger balance sheets, and returns on invested capital, as well as testing dividend expectations. These activities have been ongoing since the beginning of the year.

While this might be a volatile period in the short term; the important principle remains not to act in haste and to stick to our disciplines which have proved to be efficient and profitable for decades.

We will be working to provide you with the best picture of what’s to come, not for the coming weeks, but for the coming year or two. By extending our view beyond the immediate, we can make more informed decisions, provide more efficient and optimal outcomes for your portfolio, and as always, staying true to what your portfolio goals are.

2024 tax returns must be filed by April 30th.

Enjoy the spring weather.

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. This commentary reflects my opinions alone and may not reflect the views of National Bank Financial Group. In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial.

Best,

National Bank Financial

Rob Hunter
Senior Wealth Advisor

Campbell Hunter
Wealth Advisor CIM®

Sources: Reuters, AGF, Fidelity, The Wall Street Journal