



WEEKEND READING

Shedding the light on what's happening - our world - our finances - our times

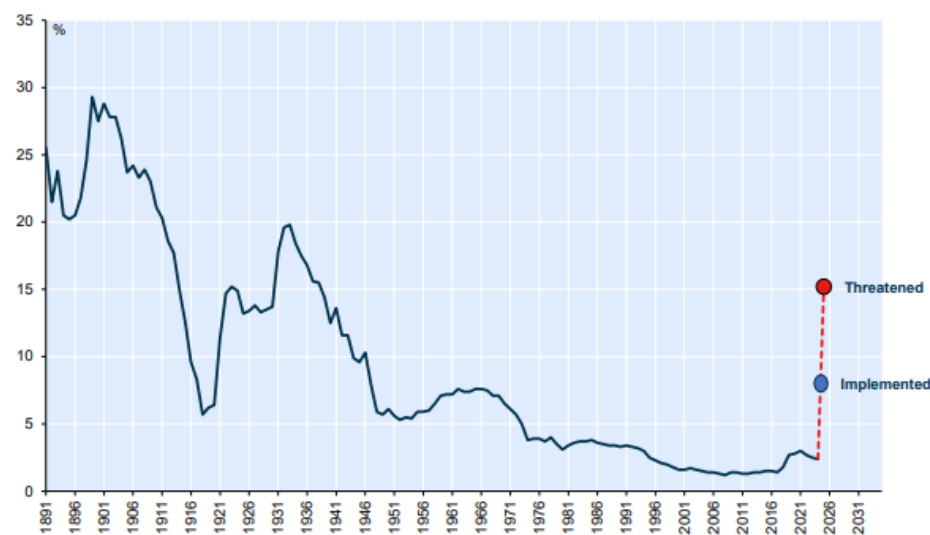
Liberation Day... returns stocks to their rightful owners.

Donald Trump was elected US President Monday Nov 4, 2025. The S&P500 closed Friday, Nov 1, 2024 at 5,728.80. Investors followed the Trump election by pricing in (up) less regulation, lower taxes, less government and a vague tariff effect. The S&P500 rallied 7% from the pre-election close, hitting an intra-day high of 6147 Feb 19, 2025. NBF was cautious.

Monthly Equity Monitor April: Warning signals flash for U.S. economy – Natl Bank March 31, 2025

US: Back to the 1930s?

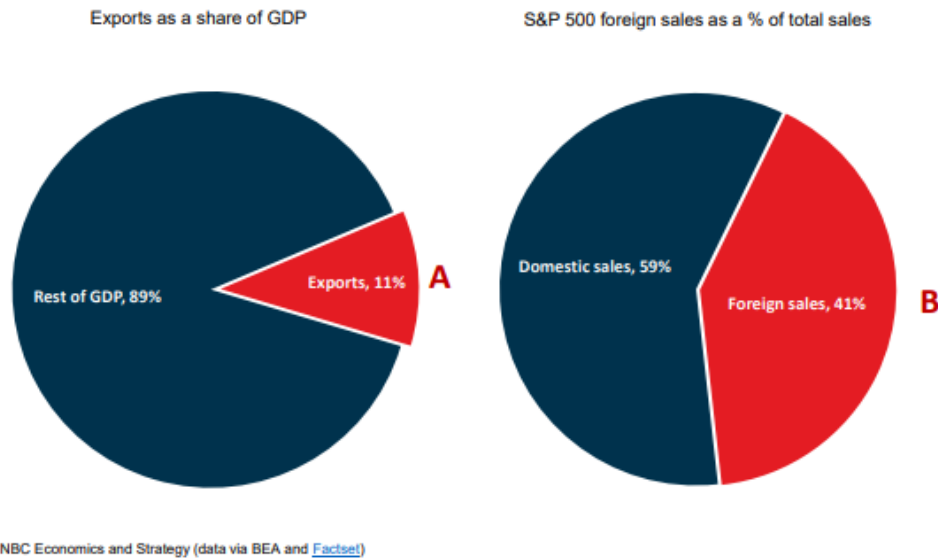
Historical average effective US tariff rate: Implemented and threatened



NBF Economics and Strategy (data via Bloomberg)



S&P 500: Equity market is highly exposed to a trade war



Full Report: [Warning signals flash for U.S. economy](#)

THE FOLLOWING SECTION WAS WRITTEN MONDAY MARCH 31, 2025

The Trump administration claims the US is well positioned to 'win' a trade war, citing exports as being 'only' 11% of GDP giving room to enforce industrial policy (can one force good trade?). In his address to a joint session of Congress March 4, 2025 Trump stated...

"And I also want to make interest payments on car loans tax deductible, but only if the car is made in America. Oh, and by the way, we're going to have growth in the auto industry like nobody's ever seen. Plants are opening up all over the place. Deals are being made like never seen. That's a combination of the election win and tariffs. It's a beautiful word, isn't it? That that along with our other policies will allow our auto industry to absolutely boom. It's going to boom. Spoke to the majors today. All three, the top people and they're so excited. In fact, already numerous car companies have announced that they will be building massive automobile plants in America, with Honda just announcing a new plant in Indiana, one of the largest anywhere in the world. And this has taken place since a great victory on November 5th, a date which will hopefully go down as one of the most important in the history of our country. In addition, as part of our tax cuts, we want to cut taxes on domestic production and all manufacturing. And just as we did before, we will provide 100% expensing. It will be retroactive to January 20th, 2025. I also want to make interest payments on car loans tax deductible, but only if the car is made in America." "And by the way, we're going to have growth in the auto industry like nobody's ever seen."

Source: <https://www.whitehouse.gov/remarks/2025/03/remarks-by-president-trump-in-joint-address-to-congress/>

What constitutes a 'made-in-America' car?

American-Made Index by Cars.com

Note: Cars.Com factors vehicles and/or parts made in Canada in their 'American Made' list. Calculations based on assembly/components made strictly within US international borders would reduce the percentage of 'Made-In-America' cars (and reduce any tax breaks).

<https://www.cars.com/articles/2024-cars-com-american-made-index-which-cars-are-the-most-american-484903/>

The car with the highest percentage of 'Made-In-America' (components and assembly) is the Tesla Model Y. Tesla describes the Model 3 as made 75% in North America. They define 'made in North America' as manufactured in US and Canada (Mexico is in North America – never mind). Tesla doesn't break out the Canadian content. It won't escape our reader's attention Mr. Musk has been close to the White House.

The most popular passenger vehicle sold in the USA is [the Ford F150](#). According to Cars.Com, out of the top 100, the F-150 lands at # 58 (see NOTE above)

Cars.com calculates no vehicle manufactured in the USA has less than 30% components made outside the country (again see NOTE above!). They state 51% of vehicles purchased in the United States are assembled there. The Auto Industry has warned 25% tariffs will lead to increased costs on imported components, increased costs to consumers resulting on slowing sales, lower profits, less profit sharing with Unions and layoffs. Make Stagflation Great Again?

Trump says he 'couldn't care less' if auto prices rise because of tariffs – CNN March 30, 2025

<https://www.cnn.com/2025/03/29/business/trump-auto-prices-tariffs/index.html>

Meanwhile back home, media pundits piled on against Canada's future.

'Get ready for an economic shock of historic proportions and a loonie below 63 US cents' David Rosenberg special to the Globe & Mail March 6.

<https://www.theglobeandmail.com/investing/markets/inside-the-market/article-david-rosenberg-get-ready-for-an-economic-shock-of-historic/>

In his March 6 missive, Mr. Rosenberg stated Trump had overreached, predicting the GOP losing of control of at least one of the houses Congress, gridlock and blocking of his policies. We agree on these points. Prior to arrival at gridlock, Mr. Rosenberg predicted *"an economic shock of historic proportions and a loonie below 63 cents"*. The Loonie traded around 69.5 cents USD at the time. Here is the Loonie prior to the article.



\$1 CDN in US funds (\$0.6992 USD at 6-Mar-2025) daily ranges 12 mos.



Source: Thomson-One, NBF, Hilberry

We parted company with Mr. Rosenberg on the near-term direction of the Loonie. We believed he was predicting the past. We've repeated Canadian assets, including the Loonie were pricing in more pain than appeared likely. Here is a chart of the Loonie for the past two weeks, spanning Wednesday Apr 2, 2025 tariff announcements.

\$1 CDN in US funds (\$0.7043 USD at 4-Apr-2025) 15 min intervals – 2 weeks



Source: Thomson-One, NBF, Hilberry

Wednesday the Loonie traded at \$0.6990 USD. In the stare-down with Canada, Trump blinked. The Loonie rallied. We've regularly thrown cheap shots at Mr. Rosenberg for being a perma-bear. In his defense, we agree with him on US tariff policy.

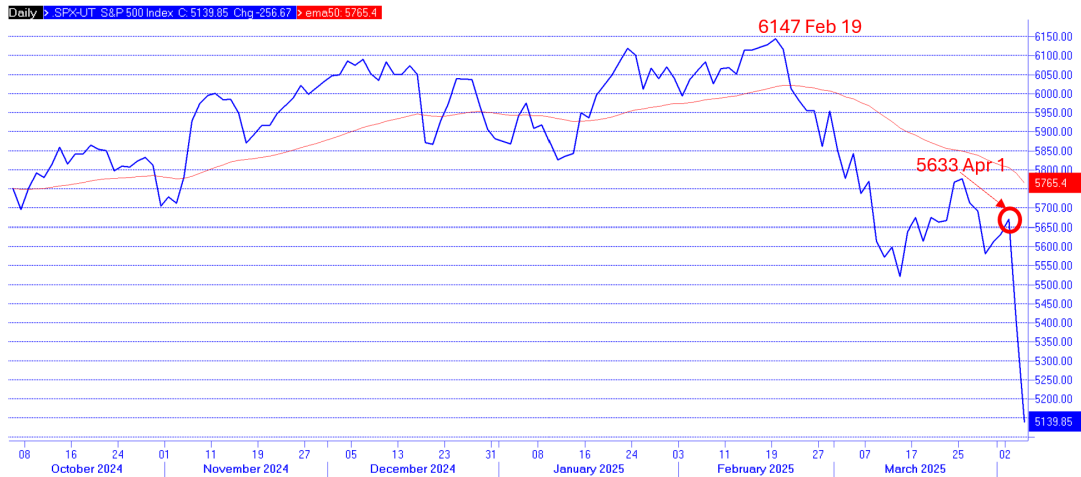
David Rosenberg on Trump admin: 'These people don't understand what a tariff is' BNN 'The Open' YouTube Apr 3, 2025

[Trump Admin doesn't understand tariffs](#)

Liberation Day arrived

Branded 'Liberation Day' by Mr. Trump, Wednesday April 2, saw the detail of US tariffs to be applied against major trading partners. Liberated from optimism (and money), markets quickly passed judgement: "We are not amused".

S&P 500 Comp Index (5142 -mid-session Apr 4, 2025) daily ranges – 6 mos



Source: Thomson-One, NBF, Hilberry

At this writing mid-session Friday April 4, the S&P has declined 16.3% from the high, well past a 10% 'correction', approaching a 20% 'bear market'. Investors are now pricing for a recession. The S&P500 is now the worst performing global major market index.

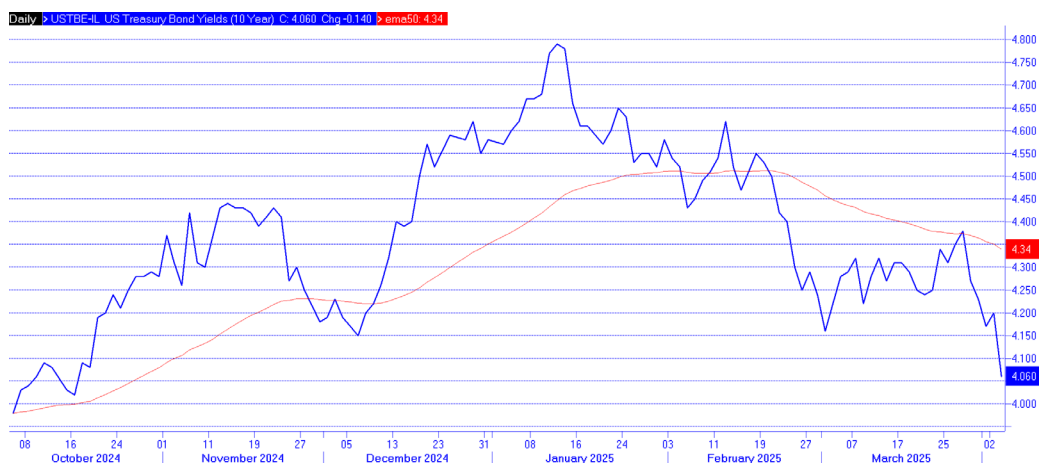
US Dollar Index: (DXY-\$1.0314) daily ranges – 6 mos



Source: Thomson-One, NBF, Hilberry

The US dollar has declined 6.4% from the Jan, 2025 highs, pricing in a less robust economy.

US Fed Treasury Bond – 10 year yield (3.97%)– daily ranges – 6 mos



Source: Thomson-One, NBF, Hilberry

US Treasuries are now pricing in lower inflation, agreeing with stocks that a recession is likely. We watch this latter metric closely. We fear tariffs could bring on an economic slowdown while keeping inflation elevated. The classic 1970's Stagflation. Mr. Trump lived through the 1970's stagflation as a young adult. He may have forgotten. He hasn't forgotten his (mis)-understanding of tariffs.

The Oprah Winfrey Show 1988.

[Donald Trump Oprah Winfrey - Tariffs - 1988 YouTube](#)

NBF tariff information center:

<https://cbnbnbccs.sharepoint.com/sites/WMPortal/SitePages/Increase-in-U.S.-Tariffs.aspx>

'U.S. Announces New Reciprocal Tariffs: Canada and Mexico Largely Spared' NBF Economics Apr 2, 2025

<https://nbf.bluematrix.com/links2/pdf/86e7be7c-e43d-4dd9-a806-f3942a1dc5e9>

Where are we?

We were net sellers in Dec, Feb and March. Our equity cash position is in the low teens for both our US and CDN equity portfolios. Our next major move is to buy. Not today.

We'll assign Bob Farrell Market Rules to Remember:

- Rule #1. "Markets tend to return to the mean over time".
- Rule #2. "Excesses in one direction will lead to an opposite excess in the other direction".
- Rule #3. "There are no new eras — excesses are never permanent".
- Rule #4. "Exponential rapidly rising or falling markets usually go further than you think, but they do not correct by going sideways".
- Rule #5. "The public buys the most at the top and the least at the bottom".
- Rule #6. "Fear and greed are stronger than long-term resolve".
- Rule #7. "Markets are strongest when they are broad, and weakest when they narrow to a handful of blue-chip names".
- Rule #8. "Bear markets have three stages — sharp down, reflexive rebound, and a drawn-out fundamental downtrend".
- Rule #9. "When all the experts and forecasts agree — something else is going to happen".
- Rule #10. "Bull markets are more fun than bear markets".

"If you wait for the robins, spring will be over" – Warren Buffet – New York Times 'Opinion - Warren Buffet: 'Buy American. I am' Oct 16, 2008

Have a Great Weekend

Steve & Anna Hilberry



Steve Hilberry
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FOR THE RECORD Apr 3, 2025 close

DOW INDUSTRIALS:	40,545
S&P 500:	5,396
S&P/TSX COMP:	24,335
WTI:	\$62.12
LOONIE IN \$USD:	\$0.7035 \$US



April 4, 2025

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