



WEEKEND READING

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

The Trump cometh.

Donald Trump will be sworn in on Monday Jan 20, 2025.

'How Trump's Oligarchs Bought the Presidency' – The Rest is Politics - US Jan 17, 2025.

Will the Democrats land punches on Trump's cabinet picks? Is money affecting appointments? Will the cabinet picks result in a creative 'team of rivals'? Will there be a high turnover in appointments? Who will take the mantle for Republicans in 2028? How has Trump used the LA fires as a chance to attack the Democrats?

<https://www.youtube.com/watch?v=DEnpIE1bVYQ>

Mr. Trump has been keeping the airwaves busy. We're focusing on macro energy and trade this week. Following up on last week's note regards Canada's contribution to North American energy...

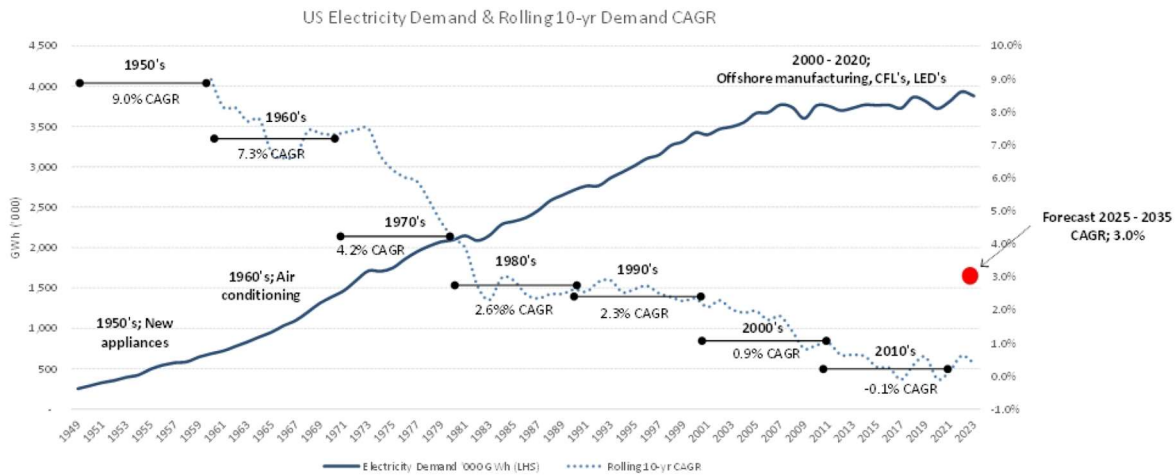
Energy and Electrification: Natural Gas as a Transition Fuel; Aiding Renewables in Powering Fortress North America's Electricity Ambitions – NBF Jan 12, 2025

"Canada is uniquely positioned to benefit not only our own economy, but the electrification of Fortress North America in the coming five years with the classification of Natural Gas as a transition fuel which alongside renewables, will reduce the risk of the United States reactivating (or delaying planned retirements of) coal-fired power as electricity demand inflects higher.

After two decades of stagnant (+/- 0.5%) electricity demand growth, North America is on the precipice of a dramatic inflection, with forecasts calling for 3% - 4% annual energy demand growth through to the end of the decade and beyond. This growth in US energy demand from ~700 GWh to 950 GWh is predominantly driven (1) data centres (70%) (2) onshoring of

manufacturing (15%) and (3) electrification of everything (heat pumps, water heaters, EV charging, etc.) (15%).”

Exhibit 1 - A brief history of energy demand in the U.S.; 30 years (1950-1980) of large 4%-9% annual growth, 20 years (1980-1990) of just over population growth (~2.5%), followed by a generation at close to zero CAGR with the offshoring of manufacturing and energy efficiency despite material growth in both U.S. population and GDP per capita

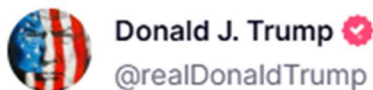


Full report here:

<https://nbf.bluematrix.com/links2/secure/html/121712c2-5d5c-40f5-9a33-2a13dce50e67>

Trump on windpower

With no lack of it personally, this week US president-elect Donald Trump tweeted about wind power on Truth Social.



Windmills are an economic and environmental disaster. I don't want even one built during my Administration. The thousands of dead and broken ones should be ripped down ASAP. Most expensive energy, only work with massive government subsidies, which we will no longer pay!

Source-Truth Social

Elon Musk has become the world's richest man largely due to subsidies from US Federal and State governments His electric cars consume power predominantly sourced from hydrocarbon generation. This will be interesting.



We note Mr. Trump owns a majority interest in Truth Social a wholly owned subsidiary of Trump Media & Technology Group (TMTG) majority owned by Mr. Trump. By 'tweeting' on Truth Social Mr. Trump is driving attention to his platform, increasing revenues. Once in office, will he continue using Truth Social as a de facto government information platform? Self-dealing is corrosive to capitalism.

Last week we took issue with the narrative that a future energy transition way from hydrocarbon fuels to electrical energy would see hydrocarbon use decline sharply. This narrative says the industry, banking lenders and investors must shun the development of hydrocarbon energy or face huge losses from 'stranded asset value trap'. This narrative was supported by Canada's current leadership dismissing Germany's request for natural gas shipped from Canada's East Coasts as having no business case. For a reminder.....

<https://www.ctvnews.ca/politics/touting-clean-energy-pm-trudeau-questions-business-case-for-exporting-liquefied-natural-gas-to-europe-1.6037556>

As we noted, investors in conventional energy have disagreed with this assessment (see our charts from last week. OPEC posted on the subject Jan 12, 2025. (thanks to NBF's Josh Ochman for the story).

Redefining energy transitions

https://www.opec.org/opec_web/en/7438.htm

Much has been written about China's dominance of rare earth minerals and Lithium. Key to mining assets is a willingness to explore for and develop mines. If policy dissuades exploration, finding new supply is unlikely (duh!)! China has shown minimal concern for local environmental impact of mining. This has been lacking in Canada for sometime. The US appears to be more willing.

Massive Lithium Discovery Could Transform U.S. Energy Landscape

<https://oilprice.com/Metals/Commodities/Massive-Lithium-Discovery-Could-Transform-US-Energy-Landscape.html>

'We need to be prepared' for tariffs, Alberta premier says after Trump meeting – CBC Jan 13, 2025

<https://www.cbc.ca/news/canada/calgary/alberta-premier-danielle-smith-donald-trump-kevin-o-leary-1.7429546>

This article features a link to a YouTube interview with previous Canadian Prime Minister Stephen Harper. Mr. Harper takes the Trudeau Government to task but also lambasts Trump.



'Canada: the 51st State?!' – Interview with Stephen Harper - YouTube

<https://www.youtube.com/watch?v=y9TiRwwKrEw>

Staying with tariffs and trade. Inter-provincial trade tariffs/barriers are often much higher than that applied to US trade. NBF looks at inter-provincial trade this week.

'Canada: A playbook for scoring on your own goal' NBF HotCharts

Canada Watch By Stéfane Marion

“As Canadians grow increasingly concerned about the prospect of a tariff war with the U.S., it’s worth reflecting on the following: Since Canada signed its first free trade agreement with the United States in 1989, it has entered into free trade agreements with over 40 countries. However, progress in liberalizing internal trade within Canada has been slow. In many cases, international trade agreements have given foreign companies better access to Canadian markets than Canadian businesses themselves. Unsurprisingly, interprovincial trade has declined relative to international trade (from 50% to 40%). A 2019 IMF [study](#)—widely regarded as the most comprehensive analysis of internal trade barriers— estimated the average tariff equivalent of non-geographic internal trade barriers in Canada at 21%. As today’s Hot Chart shows, this is significantly higher than the 3% that these same barriers impose on the U.S. According to the IMF, removing these barriers could boost interprovincial trade volumes to levels comparable with international trade. Such reforms could also make Canada more attractive to investors by providing easier access to the entire domestic market. One potential approach to accelerating progress is a “coalition of the willing” among provinces. This is especially critical given the ongoing decline in Canada’s manufacturing sector ([see NBF Economics report here](#)). As Daniel Schwanen, Senior VP at the C.D. Howe Institute, pointed out to us, the removal of internal trade barriers could raise Canada’s standard of living and increase GDP per capita by an estimated 3.8% across the country. It’s time to stop scoring own goals and start unlocking our full economic potential.

Full link here:

<https://nbf.bluematrix.com/links2/pdf/ddfbc36a-5c13-4309-84c6-15a194259f61>

links provided in the posting:

IMF Internal Trade Barrier link:

<https://www.imf.org/en/Publications/WP/Issues/2019/07/22/Internal-Trade-in-Canada-Case-for-Liberalization-47100>

NBF’s ‘The atrophy of the Canadian manufacturing sector has gone too far’ link:

https://www.nbc.ca/content/dam/bnc/taux-analyses/analyse-eco/etude-speciale/special-report_241223.pdf

What a difference a decade makes...

'Ontario plans to build a new nuclear power plant in Port Hope. Here is why some experts think it could just be the beginning.' CP24 Jan 16, 2025

<https://www.cp24.com/local/2025/01/16/ontario-plans-to-build-a-new-nuclear-power-plant-in-port-hope-here-is-why-some-experts-think-it-could-just-be-the-beginning>

Investors have been betting demand for Uranium will skyrocket.

Canadian uranium producer Cameco has been bid up. NBF updated their Cameco opinion

Cameco Corporation Outperform – target \$87.

<https://nbf.bluematrix.com/links2/secure/html/045c1405-55b7-4397-ab66-aeb9d86683bd>

Cameco (CCO-TSX-\$ 75.21) 2 years – weekly ranges.



Source: Refinitiv, NBF, Hilberry

Note the 15% decline at the far right of the chart from around \$88 in Dec/2024. While this could just be profit-taking there may be more to it. Mr. Trump will be inaugurated next Monday. Given his above tweets on subsidized wind power, does this imply his view on the future source of US energy (electrical or otherwise) should be driven by current cost economics (pulling subsidies) versus climate concerns? If so, the argument for nuclear energy has some challenges. Natural gas fired steam turbine electrical generation is much, much cheaper to build and install, with likely less local opposition than asking a community to accept a nuclear power station. This also circles back to Mr. Musk’s holdings in Tesla.



Tesla Motors (TSLA-\$435.27) 2 years weekly ranges



If government policy shifts away from subsidizing electric cars and wind to power them what of Mr. Musk’s wealth? We watch this space closely

DISCLOSURE: We do not hold Cameco or Tesla personally, for family members or for client accounts over which we have trading authority. That’s too bad! They’ve both been rocket ships.

Have a Great Weekend

Steve & Anna Hilberry



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FOR THE RECORD Jan 16, 2025 close

DOW INDUSTRIALS:	43,153
S&P 500:	5,937
S&P/TSX COMP:	24,846
WTI:	\$679.35
LOONIE IN \$USD:	\$0.6919 \$US



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