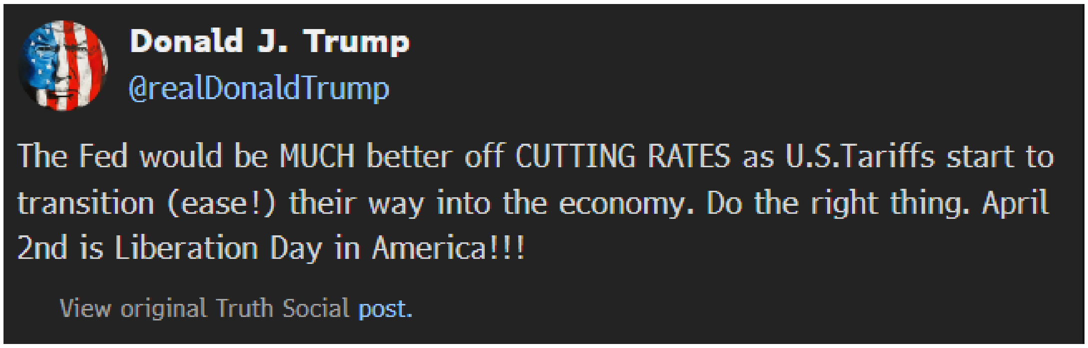
HILBERRY GROUP
WEALTH MANAGEMENT

Mar 21, 2025

April Showers bring…tariffs

Donald Trump appears to have gone all in on tariffs.



Source: Truth Social

We're assigning some history lessons.

Deutsche Bank US Economic Chart Book Jan 2025 'Tariffs Primer'

Deutsche Bank took a deep dive into the history of US protectionism in January. Spoiler. Trump is following a long tradition of US protectionism that has had unfavorable results. We suspect a repeat.

Full report here: US Historical Ta riff Primer Deutsche Bank

Morgan Stanley Global Multi-Asset Macro Musings '2025- a Pivotal Year'

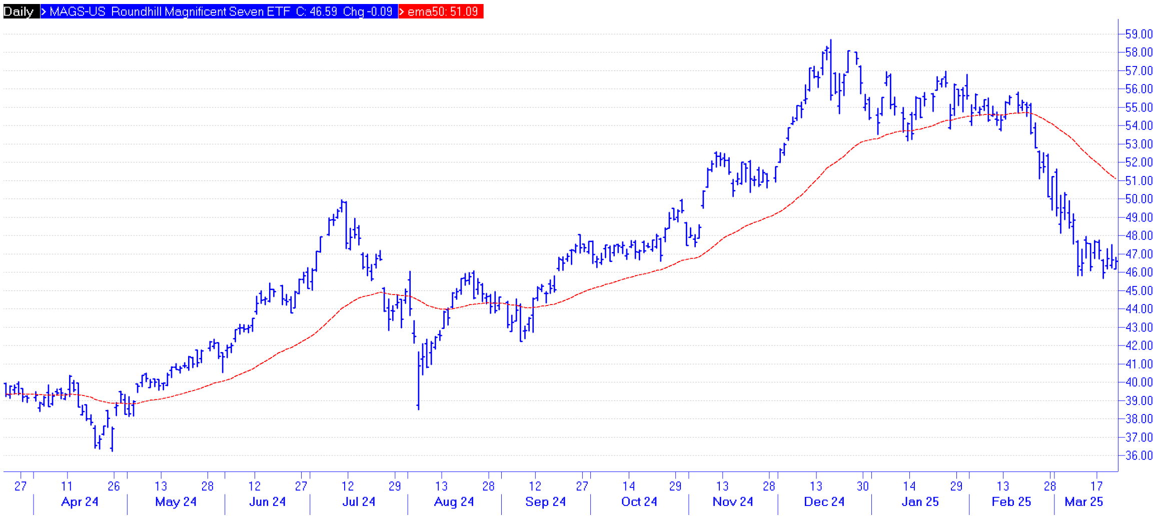
Morgan Stanley's Global Multi-Asset strategy team argued US equities and the US dollar are over-loved. They were cautious in Dec 2024 as well (see their related links at the bottom of the website link below).

Full report here: Morgan Stanley Macro-Musings: 2025 A Pivotal Year

The Magnificent Seven share prices were down…again…this week.

From the Nov 6, 2024 election of Donald Trump to Dec 18, 2024, the MAG-7 rallied 15.5%. to the $58.08 high. Mid-session on Friday this week, the group is down -20% from the high and -7.8% from Mr. Trump's election.

Roundhill Magnificent 7 ETF (MAGS-US-$46.69 Mar 20, 2025) daily 12-mos.



Maybe foreign relations are a thing to consider?

'Dutch parliament calls for end to dependence on US software companies' Reuters March 18, 2025

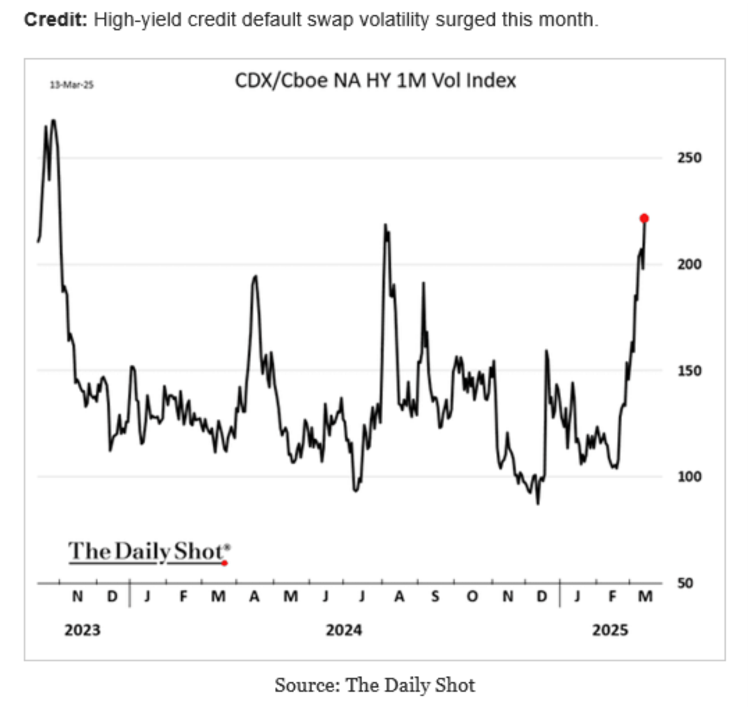
"The question we as Europeans must ask ourselves is: do we feel comfortable with people like Trump, (Meta (META.O), CEO Mark) Zuckerberg and (X owner Elon) Musk ruling over our data?" said Marieke Koekkoek of the pro-European Volt party, who authored one of the eight motions, in an email to Reuters.

[Dutch parliament calls for end to dependence on US software companies Reuters]

For those of us keeping score, the S&P500 intraday high was 6,147 Feb 19, 2025. At this writing mid-session on Friday the S&P trades around 5,626, -8.4% from the high. The recent low of 5,504 was hit March 13, 2025. The peak-to-trough decline was -10.4%. The S&P500 is now -4.9% below the Nov 6, 2024 close. Given the parabolic price gains for the MAG-7 in 2024 and the concentration of value on those names within the S&P500, a decline was due. A -10% drop is a garden-variety correction. Investors haven't hit the panic button yet. The Trump Administration's lack of policy clarity isn't helpful. Tariff implantation is the elephant in the room.

DISCLOSURE: We do not hold, and have not held, the Magnificent Seven group in our managed portfolios. We have clients who have purchased selected names on their own initiative. We have traded in some of the names within the past 60 days on client request. We do not hold the Roundhill MAGS security on our books.

Signs of US Stress? Ensuring US high yield risks are going up



Source: Daily Shot March 14, 2025

NBC Monthly Economic Monitor: March 'Tariff threat jolts China and the Eurozone into action'

Tariff threat jolts China and the Eurozone into action'

Weekly Economic Watch March 14, 2025 National Bank

Weekly Economic Watch March 14, 2025

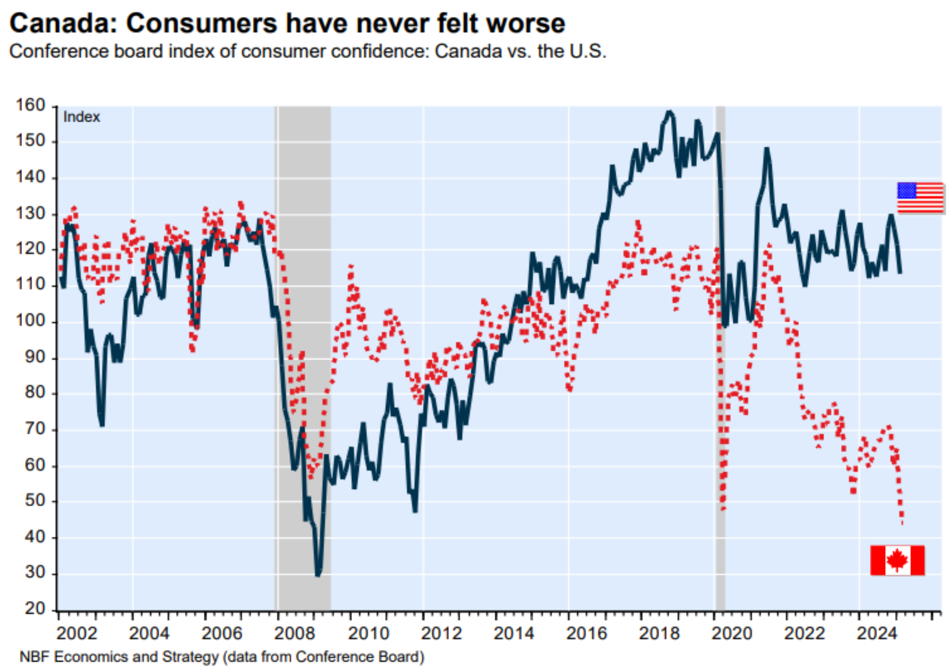
Monthly Fixed Income Monitor March 2025 National Bank

National Bank sees moderately lower lending rates by the end of 2026. They see US short-term rates falling from the current 4.2% to 3.2% while Canadian short-term rates hold around the current 2.7%. This could provide support for real estate (see below).

Monthly Fixed Income Monitor March 2025

Canada Watch By Stéfane Marion & Daren King NBF HotCharts Mar 18, 2025

Canadian consumers are in a foul mood. In fact, their optimism in March has plummeted to the lowest level in modern history—surpassing even the depths of the COVID recession. As today's Hot Chart illustrates, the gap between Canadian and U.S. consumer sentiment remains one of the worst ever. Job insecurity and an unwillingness to make major purchases—such as a home or a car—are at extreme levels. Consumers have also taken note of the tariff imbroglio that is paralyzing the business plans of many corporations and the economic downside it entails. This sets the stage for weaker consumer spending and slower economic growth in the months ahead. If this trend holds, the recent uptick in consumer inflation—confirmed again this morning for February ([see our note here]())—is likely to be temporary."



[Canada Watch - HotCharts Mar 18, 2025 full report]()

Moving on to the Canadian property markets…

Teranet-National Bank House Price Index Mar 19, 2025

Canada: Uncertainty curbs home prices in February

"The Teranet-National Bank composite index decreased by 0.1% for a second consecutive month in February. This decline in prices comes at a time when the resale housing market has slowed sharply in recent months, due in part to uncertainty surrounding trade tensions with the United States. Consumer confidence is in free fall and the most recent data on their willingness to make major purchases (such as a property) indicate that the slowdown could continue (top graph). On a year-on-year basis, the increase in home prices is now limited to just 2.9%, with notable regional differences. Indeed, it is interesting to note that the highest price increases have been observed in the most affordable markets in the country, while the most expensive markets are at the bottom of the list (bottom graph). Unless the current trade war is resolved quickly, home prices are expected to remain under pressure,

particularly in the least affordable markets. Although the Bank of Canada's recent interest rate cuts will provide some support to the real estate market, the inflation situation makes additional support increasingly uncertain, at least in the short term. This, combined with a significant moderation in population growth in a context of a less vigorous labour market than previously thought, represents a headwind for real estate asset prices in Canada."

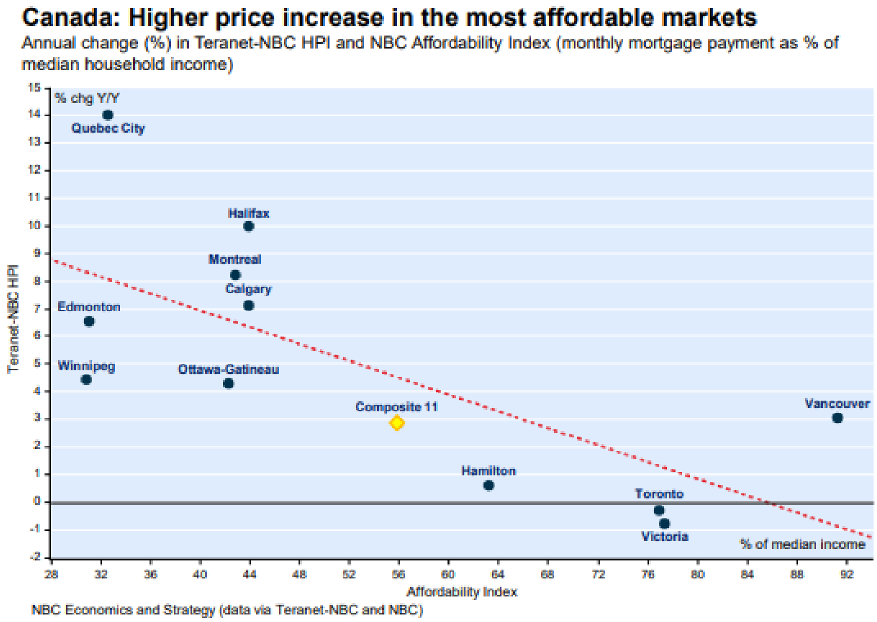


Chart Source: NBC Teranet House Price Index Mar 19, 2025

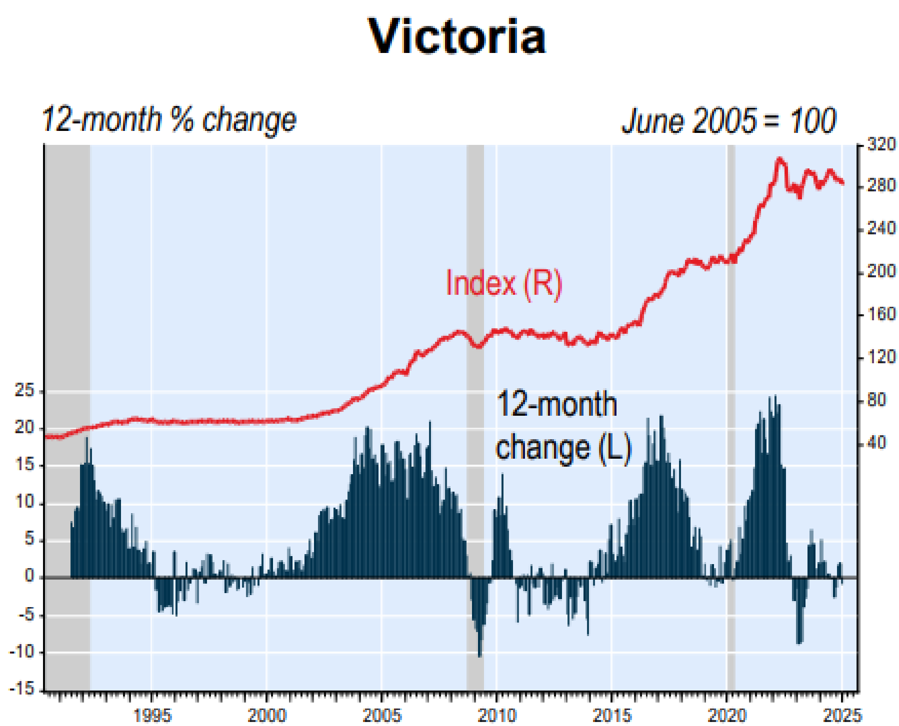


Chart Source: NBC Teranet House Price Index Mar 19, 2025

The Feb, 2025 Teranet House Price Index for Victoria (284.48) remains -6.3% below the May, 2022 peak. From base-100 June 2005, Victoria's index 20-year price gain averaged 5.4% per year before financing, taxes, maintenance and upkeep costs. For perspective, this week we examine the Victoria area 10-year house price changes May 31, 2005 to Feb 28, 2025 vs. equity market alternatives.

The Victoria Real Estate Board (VREB) provides historical data on house sales and prices on their [Victoria Real Estate Board - Historical Statistics] website. VREB average prices derive from dividing the total dollar value of homes sold in an area that month by the number of units sold to arrive at an 'average cost'. An average price based on volumes can be skewed by a small number of high-dollar value property sales. With these caveats, in 2005 the average selling price for a single-family home in the greater Victoria area was $463,399 $CDN. The average prices ranged from $348,599 in Sooke to $720,301 in North Saanich. We're using the VREB's arithmetic average for comparisons to broad indices as we put the house price changes into perspective. The inflation data is sourced here: Bank of Canada Inflation Calculator

VREB: Avg single family dwelling vs North American Equity Index Total Returns:

VREB avg cost: May 31, 2005 (Teranet Base $100) $463,399 |

- End Market Value Feb 28, 2025: $1,306,345
- Gross price gain*: $842,946 = 5.39% avg return
  Inflation adjusted gain*: $591,737 = 4.25%

* Excludes - finance, conveyance, maintenance & property tax costs. Victoria area property taxes have average approximately 0.5% per year (2024 avg 0.4741%). Some banks may use a 1% heating cost in the lending qualification calculations . While the assumed maintenance cost is generally an additional 1%-3%, the latter is not typically considered in mortgage applications. Govt of Canada Mortgage Qualifier Tool . From an investment return perspective, owner/occupier maintenance dollar (and sweat equity) are often ignored.

- May 31, 2005 S&P/TSX Composite Total Return Index invest $463,399 $CDN:
- End Market Value: $2,176,268
- Gross Price Gain**: $1,712,869 = 8.15% avg return
- Inflation adjusted gain: $1,461,660 = 7.48%**

- S&P500 Total Return Index $CDN: invest $463,399 $CDN
- End Market Value: $3,919,004
- Gross Price Gain**: $3,455,606 = 11.42% avg return
- Inflation adjusted gain: $3,204,397 = 11.04%**

**Excludes exchange & management expenses all income reinvested.

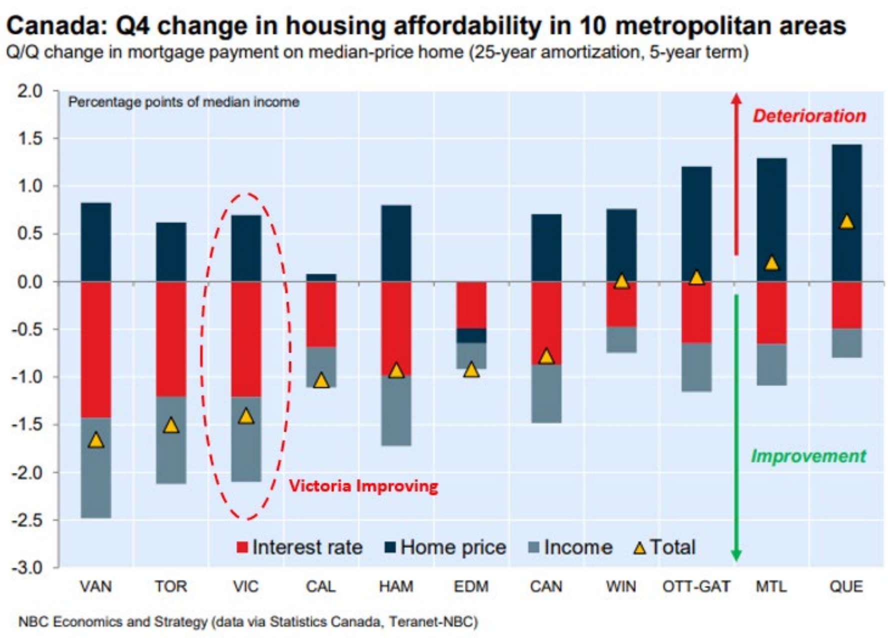
Victoria prices have provided inflation protection to an owner/occupier. If they've lived there long enough, when they decide to sell the place, they're likely to receive their original outlay back, adjusted for inflation. With luck, they might receive all their original outlay plus ongoing maintenance and when they sell taxes back. If the house was their principal residence, they avoid tax on the gain. The seller receives a large lump of money, maybe getting their money back, providing liquidity. This is an assumption for retirees and can be a form of forced savings. You can't live in an index fund. Compared to equity market alternatives, Victoria property price gains have not provided superior investment returns. Rental income was required to bump up the returns. Being a landlord is not passive and the tax treatment of both rental income and capital gains changes. On the other hand, provided one can cover any rental short-fall and deal with unexpected damages, bad renters, etc. the ability to leverage a small downpayment can magnify price gains over time. Be careful. Canada has a history of excess leverage destroying real estate fortunes (Google: Robert Campeau, Peter Pocklinton, the Reichmans, etc.) Staying with Canadian housing...

NBF HotCharts Canada: Population growth back in line with construction capacity March 19, 2025

https://nbf.bluematrix.com/links2/pdf/83b5ab5e-8256-41c5-b22d-e7d4ab74388f

NBC Housing Affordability Monitor March 20 2025

Victoria housing is becoming (somewhat) more affordable. Prices were up more than average but interest rate cost and expanding income helped tilt the balance towards buyers.



Page 2 of the **Affordability Monitor** (link below) breaks down metropolitan area average incomes. (Victoria $89,405) vs. average dwelling qualifying income (Victoria: Condo $135K House: $235K) providing details of average mortgage service, overhead & carrying costs vs.

average rents. Only Montreal and Vancouver have lower single-family dwelling home ownership rate than Victoria's 48%.

CONCLUSION: Metro Victoria home prices are still a long way from 'affordable'. Rising incomes + lower taxes, less regulatory burdens leading to lower maintenance & overhead while boosting construction, lower inflation begetting lower interest rates would help correct this imbalance.

Full Report here: Affordability improves for a fourth consecutive quarter in Q4 2024

Moving on to interest rates.

NBC Economics and Strategy:

Fed Policy Monitor - Sticking with the status quo in the face of uncertainty March 19, 2025

Bottom Line:

"There was no doubt the Fed would hold today but the messaging (particularly via the dot plot) was uncertain. Ultimately, there was no change to the median expectation of the rate path, although there was a bit of upward dot drift in 2025 (there are now 8 of 19 participants who see one cut or no cuts this year). While that might be interpreted as marginally hawkish, the downward revisions to the growth outlook say otherwise, as 2025, 2026 and 2027 were all marked down. It's true that the inflation outlook was also nudged up but the 2.7% expectation for inflation this year gives way to (effectively) on-target inflation next year. On balance, the full suite of communications reads dovish to us, relative to expectations going into the decision. That was certainly the market's interpretation too based on the significant decline in yields (-10 bps in 2s) and the rally in equity markets.

As for how we see things playing out, we expect the Fed to react more to slowing growth rather than upside inflation risks. We therefore continue to forecast three cuts this year (one more than is in the dot plot), assuming our projection for slower growth materializes. That said, inflation and its expectations bear close monitoring. If price pressures remain firm and consumers /businesses/ markets anticipate faster price increases, the Fed could have to resist the urge to cut that much. That's not our base case and Powell's remarks about longer run expectations being well anchored reinforce that. Nonetheless, it is a risk worth acknowledging. What we see as even less likely is the Fed being prevented from cutting because of sticky inflation and above-potential growth continuing. We think those days are behind us." (emphasis SH)

Full report here: NBC Fed Policy Monitor: Sticking with status quo in face of uncertainty

National Bank's CEO Laurent Ferreira on Canada's energy leadership

Laurent Ferreira · 2nd
President and CEO at National Bank of Cana...
2h ·

+ Follow

Canada has what the world needs: responsible energy, world-class innovation, and the talent to lead. As one of the most reliable and ethical nations, our energy sector is essential for addressing global challenges—from security to sustainability.

To unlock this potential, we must make bold choices: streamline regulation, reduce barriers, and empower Canadian businesses to act with confidence and agility.

Canada's energy sector can and should be a key player on the world stage.

As a leading financial institution, we are committed to supporting this critical sector of our economy.

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Le Canada a ce que le monde recherche : une énergie responsable, une innovation de classe mondiale et le talent pour prendre les devants. En tant que l'un des pays les plus fiables et les plus éthiques, notre secteur de l'énergie est essentiel pour faire face aux grands enjeux mondiaux, qu'il s'agisse de sécurité ou de durabilité.

Pour réaliser cette ambition, nous devons poser des gestes audacieux : alléger la réglementation, réduire les obstacles et donner aux entreprises canadiennes les moyens d'agir avec confiance et agilité.

Le secteur canadien de l'énergie peut et doit occuper une place de choix sur la scène internationale.

En tant qu'institution financière de premier plan, nous sommes déterminés à appuyer ce secteur stratégique de notre économie.

Source: LinkedIn (NBF Before the Bell repost)

With energy, the gloves come off…between Canadian politicians...

Danielle Smith
@ABDanielleSmith

At his request, I met with Prime Minister Mark Carney @MarkJCarney today. We had a very frank discussion in which I made it clear that Albertans will no longer tolerate the way we've been treated by the federal Liberals over the past 10 years.

I provided a specific list of demands the next Prime Minister, regardless of who that is, must address within the first six months of their term to avoid an unprecedented national unity crisis.

This includes:

- Guaranteeing Alberta full access to oil and gas corridors to the north, east, and west
- Repealing Bill C-69 (aka. "no new pipelines act")
- Lifting the tanker ban off the BC coast
- Eliminating the oil and gas emissions cap, which is a production cap
- Scrapping the so-called Clean Electricity Regulations
- Ending the prohibition on single use plastics
- Abandoning the net-zero car mandate
- Returning oversight of the industrial carbon tax to the provinces
- Halting the federal censorship of energy companies

I also made it clear that Alberta, as owner of the resource, will not accept an export tax or restriction of Alberta's oil and gas to the United States, and that our province is no longer agreeable to subsidizing other large provinces who are fully capable of funding themselves. Lastly, I made it clear that federal mismanagement of Jasper and Banff national parks resulted in last year's tragic wildfire in Jasper and is endangering Banff, and the situation must be rectified immediately.

With the federal election about to be called, I encourage all Albertans to get involved in what is likely one of the most pivotal and important elections in our nation's history, and to support the party and candidates that have consistently advocated for freeing Alberta from federal overreach and the repeated economic attacks our province has faced from Ottawa over the past 10 years.

Source: X

About that 'no business case' for east coast energy infrastructure thing…

'DIVERSIFYING OUR EXPORTS BY BUILDING ENERGY INFRASTRUCTURE IN QUEBEC' MEI March 2025

Diversifying oil exports—Energy East

In 2024, nearly four million barrels of Canadian oil per day were exported to the United States. The Energy East project, with a maximum capacity of 1.1 million barrels per day, could have transported a substantial portion of this production toward Eastern Canada, passing through Quebec. By increasing the capacity to export Canadian oil to countries other than the United States, redirecting 27.7% of the oil currently sent south of the border, this project would have represented a value of $36.7 billion annually, based on the total value exported in 20247

Diversifying gas exports—GNL Québec

In 2024, Canada exported the equivalent of 237 million cubic metres of natural gas per day south of the border. With a daily capacity of 46 million m3, the GNL Québec project would have allowed for a reduction of nearly 20% of these exports toward the American market, representing an annual value of $1.7 billion.8 This could have reduced the portion of Canadian natural gas production exported to the United States to about a third, rather than 45%, based on 2024 figures.

In total, over $38 billion of oil and gas per year could thus have been redirected toward other markets if we had built Energy East and GNL Québec. Moreover, these projects would have generated nearly $30 billion of capital investments for their construction, according to initial estimates.

Full Report: [MEI Diversifying Exports by building energy infrastructure in Quebec]

As to President Trump's claim in late January [the US does not need Canadian lumber, vehicles or crude] when it comes to crude oil, Ed Conway explains, "Yes they do" with some great charts and graphs.

'America still needs Canadian oil. Here's why' Ed Conway Feb 2, 2025

[America still needs Canadian oil. Here's why - Conway]

CONCLUSIONS: We think raising cash in Q4, 2024 and early this year has been the right move. We think US tariffs will prove a mistake, and that Mr. Trump appears determined to find out the hard way. We suspect the American electorate will not be amused. We're not anticipating a 35% plus sell-off, and we're not predicting an equally strong rally either. We think we'll get a chance to spend our cash in 2025.

Have a Great Weekend

Steve & Anna Hilberry

Steve Hilberry
Wealth Management Advisor, CIM

Anna Hilberry
Wealth Management Advisor, CIM

FOR THE RECORD Mar 20, 2025 close

DOW INDUSTRIALS:	41,953
S&P 500:	5,662
S&P/TSX COMP:	25,060
WTI:	$68.32
LOONIE IN $USD:	$0.6969 $US

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