



## WEEKEND READING

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

### MEGA: Make Europe Great Again?

#### Canadians head to the polls:

Excerpt from NBF's 'Before The Bell' energy desk notes March 24, 2025 commenting on Mark Carney's call for building the strongest economy in the G7 March 23



Mark Carney ✓  
@MarkJCarney



I have just asked the Governor General to dissolve Parliament and call a federal election on April 28.

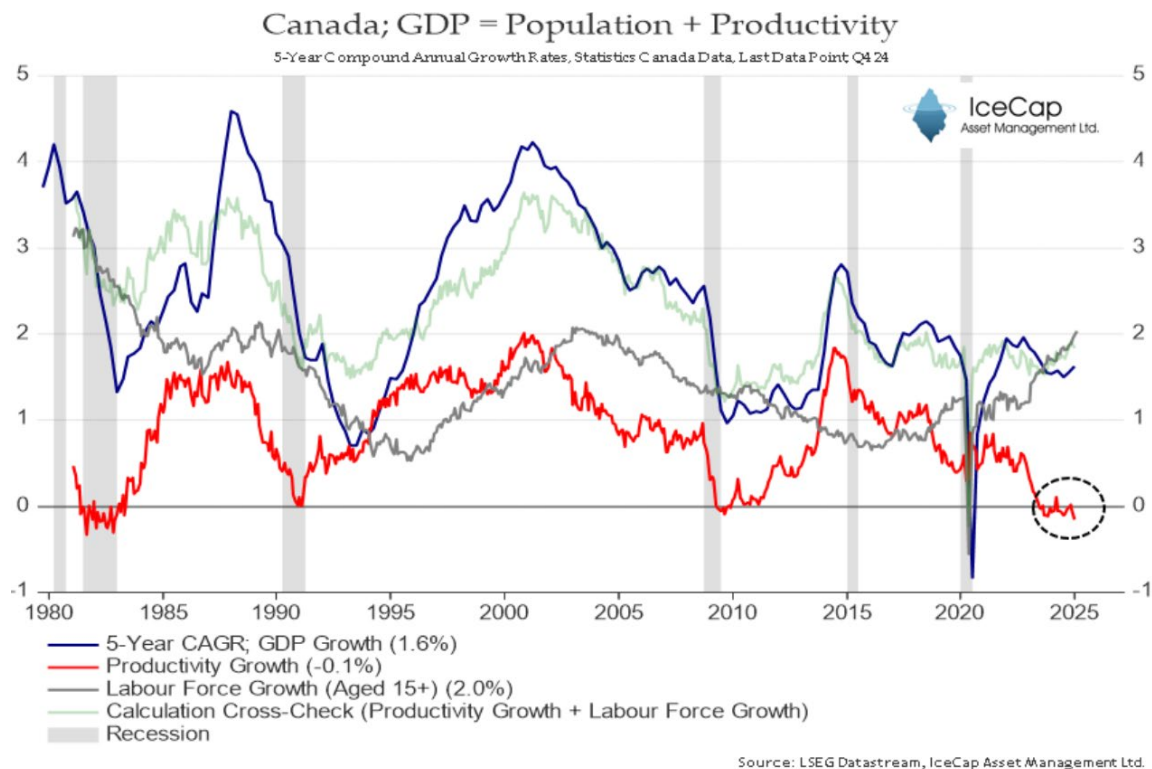
We need to build the strongest economy in the G7. We need to deal with President Trump's tariffs. Canadians deserve a choice about who should lead that effort for our country.

Source: X March 23, 2025

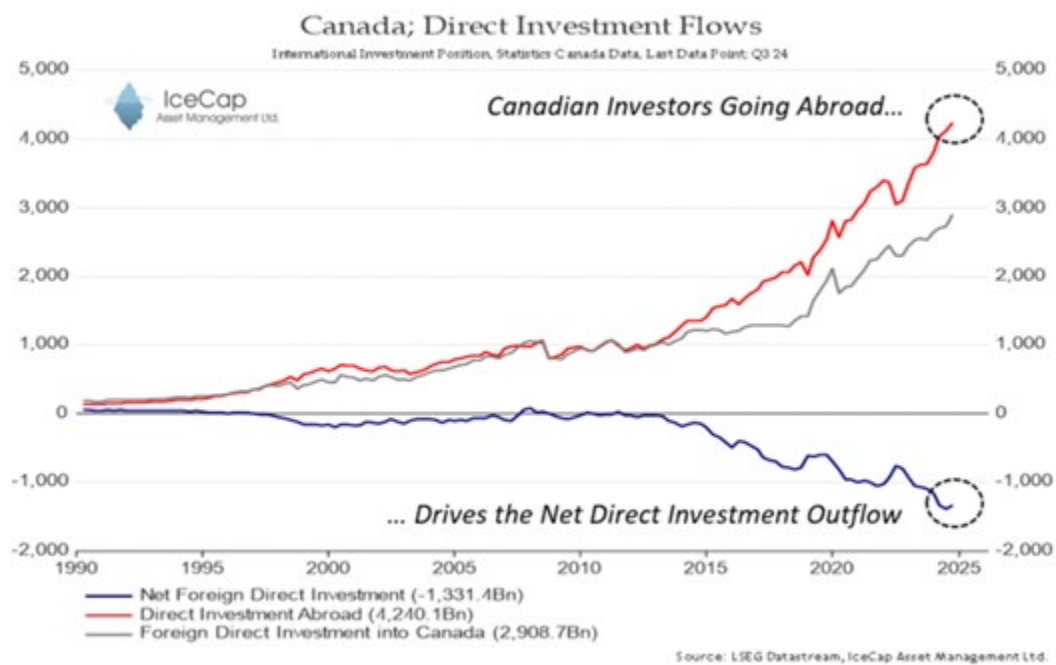
**Political party ideology and policy that up to this point has been entirely incompatible with "the strongest economy in the G7". And that statement is an incredibly tall order IMO. Charts below do the talking...so what have we learned as a country in the past 10+ years? Will political parties evolve their respective platforms and policy stance to reflect the challenges facing Canada? While tariff risks will be among the focal points on the campaign trail in Canada ahead of the April election, tariff associated risks have only further brought to light Canada's vulnerable position and relatively weak economic and competitive footing, certainly when compared to the US. One could argue that whichever political party is set to lead Canada after the election will need to put a MUCH greater emphasis on addressing the need for a dramatic overhaul on policy (incl. tax) and regulation in the country aimed at growing the economy: i) attracting investment into Canada, ii) keeping investment dollars in Canada, and iii) leaning into the country's natural resource advantage.**

The following charts are from Richard Dias' X feed. [Richard Dias' X feed](#)

Mr. Dias works with Canadian firm IceCap Asset Management.

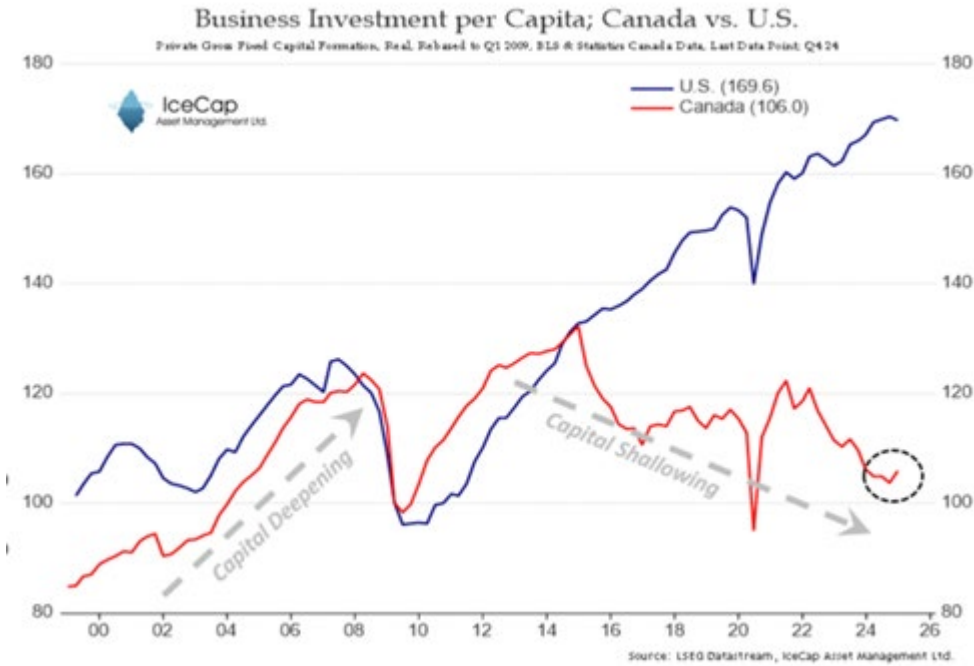


@RichardDias\_CFA, IceCap Asset Management

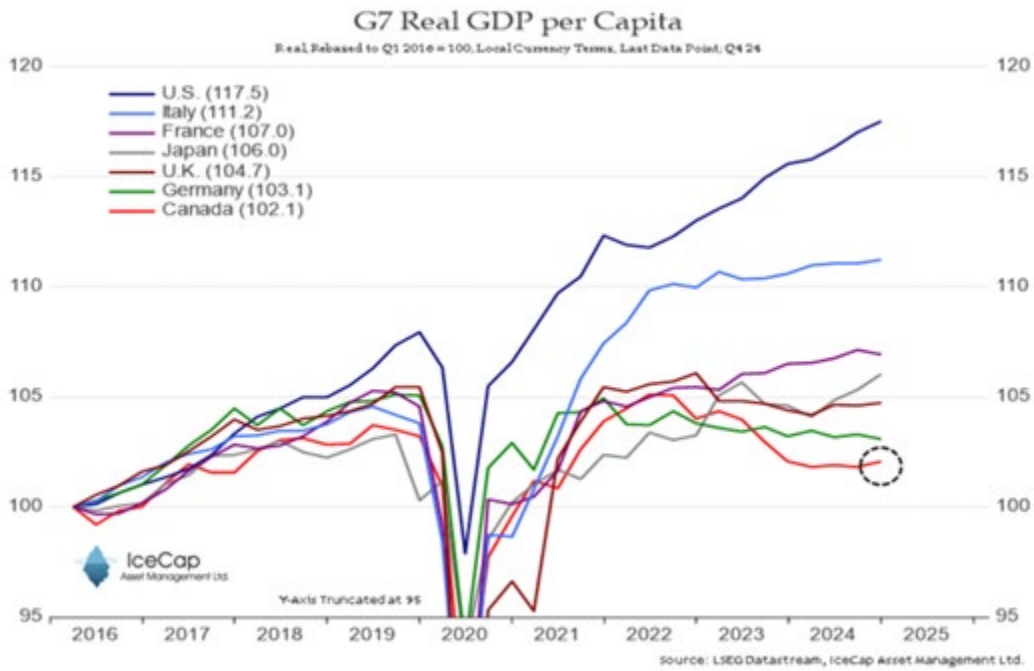


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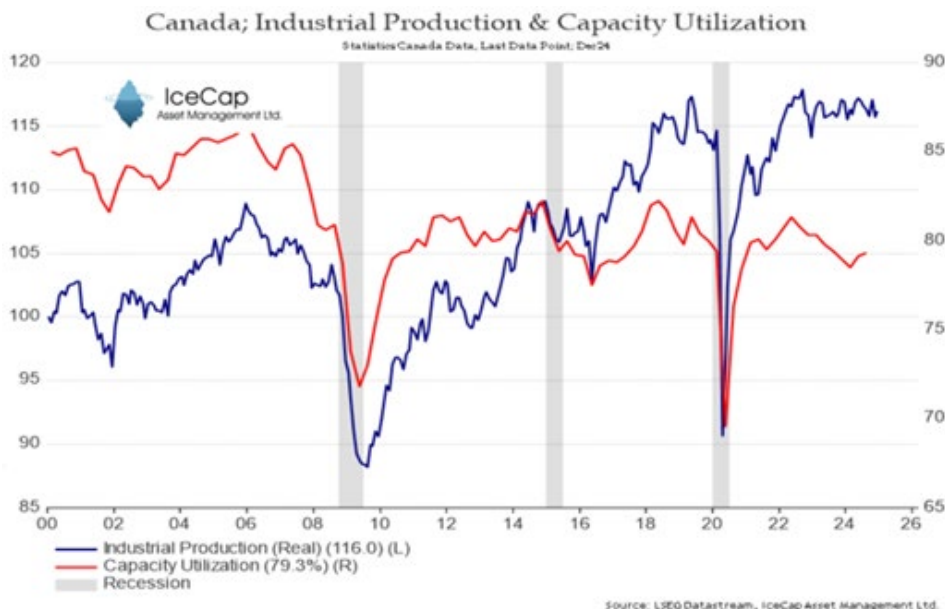
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**To clarify: We are not supporting any political party in the upcoming election.**

## Canadian Opinion Polls

Politics is Canada’s second favorite sport. Here are a few polling links.

### Leger 360

Leger was rated as Canada’s most accurate pollster in the 2021 election. Leger provides a handy weekly summary. We’ve bookmarked the site.

Main website: [Leger 360 Home](#)

Insights on trending polls: [Leger 360 Insights](#)

March 24 election polls: [Leger360.com: Federal politics week of March 24, 2025](#)

### Angus-Reed Canadian Election Tracker:

[Angus-Reed Canadian Election Tracker](#)

### CBC Election Poll Tracker

[CBC 2025 Election Poll Tracker](#)

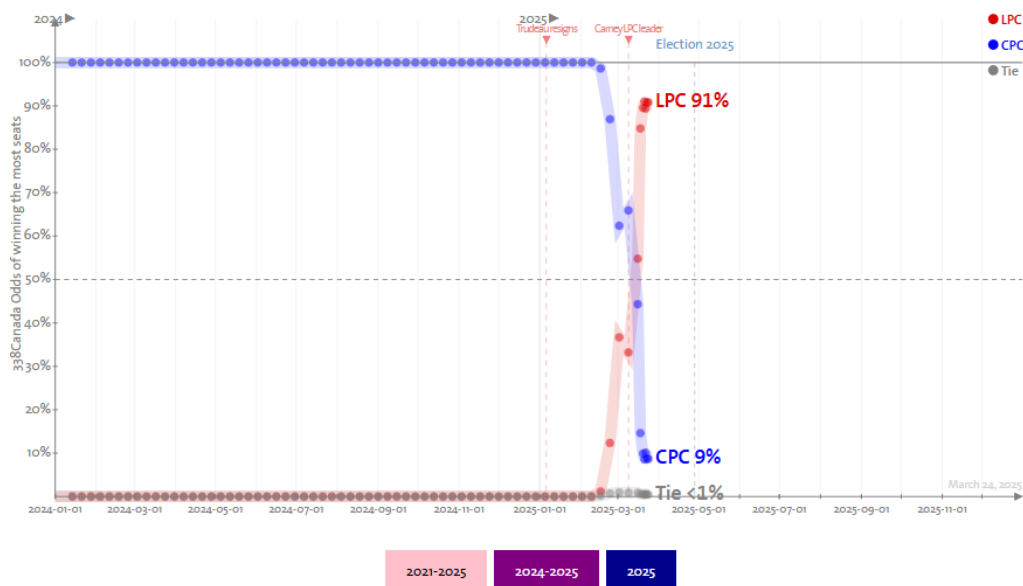
### 383 Canada Poll aggregator

[338 Canada.Com: Poll aggregator](#)

383’s chart on the next page finds the chances of the PC’s winning the most seats has collapsed from 100% in September to 9% (!). It’s early days.



### 338Canada Odds of Winning the Most Seats



Source: 383.com

### Monthly Economic Monitor Canada: Solid growth, fragile future

**Summary** Canada is more than ever caught between a rock and a hard place, tensions running high with its main trading partner, whose protectionist bent is now undeniable. We still hold out some hope that the US administration will recognize Canada as a trading partner of choice and grant it preferential status.

This current uncertainty is unfortunate, as the conditions seemed ripe for a soft landing for the economy, with the central bank having been able to cut its policy rate by 225 basis points since June 2024. Indeed, the economic recovery has recently exceeded economists' expectations, with the Citi Economic Surprise Index reaching its highest level in almost three years.

But the upturn is likely to be short-lived, if consumer confidence level is anything to go by, which was at a record low in February. It turns out that the context of tariff uncertainty has pushed insecurity related to the job market and major purchases (house, car, etc.) to extreme levels. A weakening of the Canadian labour market is even more likely as consumer pessimism is shared by business owners.

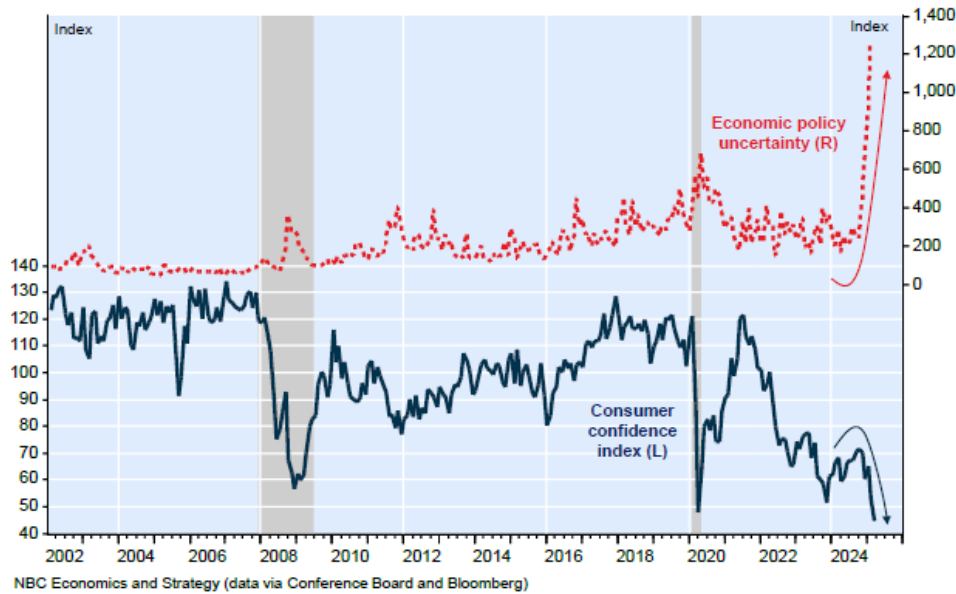
We maintain GDP growth of just 1.2% in 2025. A better starting point than previously estimated is offset by a significant weakening of the economy in the second and third quarters. As a result, the unemployment rate is expected to rise in the 7.0% to 7.5% range over the next few months (6.6% in February).

While the news media has generally been glum (when is it otherwise?) here are some reasons for optimism in this month's report.



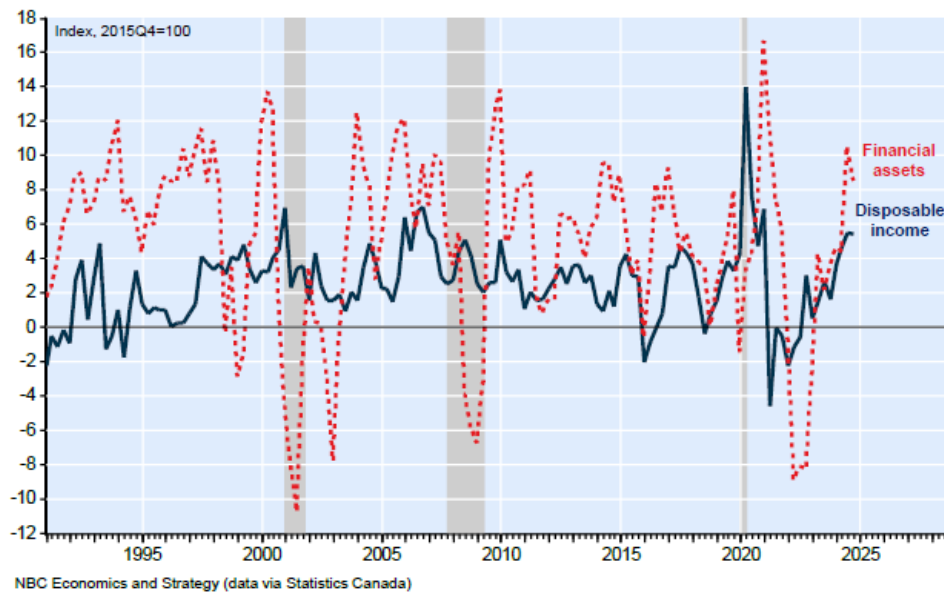
**When Bad is Good: We're seeing a bull market in pessimism.**

**Canada: Consumers have never felt worse as trade war loom**  
Consumer confidence index and economic policy uncertainty



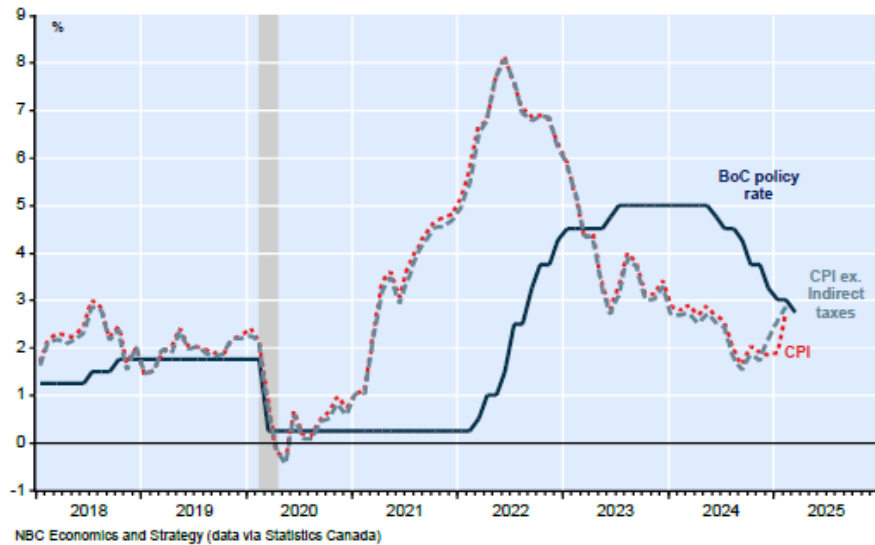
**While Canadian consumers are understandably feeling angry and glum... they have close to record buying power.**

**Canada: Consumers with deep pockets**  
Real disposable income and real financial assets



**In the background inflation is likely to fall, taking shorter-term rates lower.**

**Canada: The rise in inflationary pressures may be temporary**  
Policy rate and annual inflation



Full NBC Report here: [Monthly Economic Monitor Canada: Solid growth, fragile future](#)

**Podcast: Battlelines: Trump’s ‘51<sup>st</sup> State’: Canadian reaction**

This two-part podcast series includes interviews and commentary on Canadian’s responding to Trump’s ‘51<sup>st</sup> State’ flexing on Canadian politicians.

**BattleLines: Trump Edition 1: ‘Annexing Canada, negotiating with Russia and containing China’ - PodCastAddict**

This first podcast interviews Canadians with the decidedly minority view supporting annexation by the US. The Canadian section is in the first half. The latter half is interesting but not germane to the issue. WARNING: The interviews with minority annexation supporters, predictably, enraged many ‘Battlelines’ Canadian podcast subscribers. The flood of responses encouraged Battlelines to run a second podcast interviewing the 90% majority of Canadians opposing US Annexation. We urge readers to recall all forms of media rely on attention....

[BattleLines: Trump Edition 1: Annexing Canada - minority opinion](#)

**Battle Lines: Trump edition 2: ‘The Canadians fighting back against annexation’ – PodCastAddict**

[Battle Lines: Trump edition 2: The Canadians resisting annexation](#)

**Can Europe fundamentally reshape its economies to focus on defence? - World Economic Forum (WEF) Feb 19, 2025**

<https://www.weforum.org/stories/2025/02/can-europe-fundamentally-reshape-its-economies-to-focus-on-defence/>



## Trump's 'Peace through Strength': Pricing the US Defense industry?

### Dow Jones US Select Aerospace & Defense Industry Total Return Index – weekly 2 years .



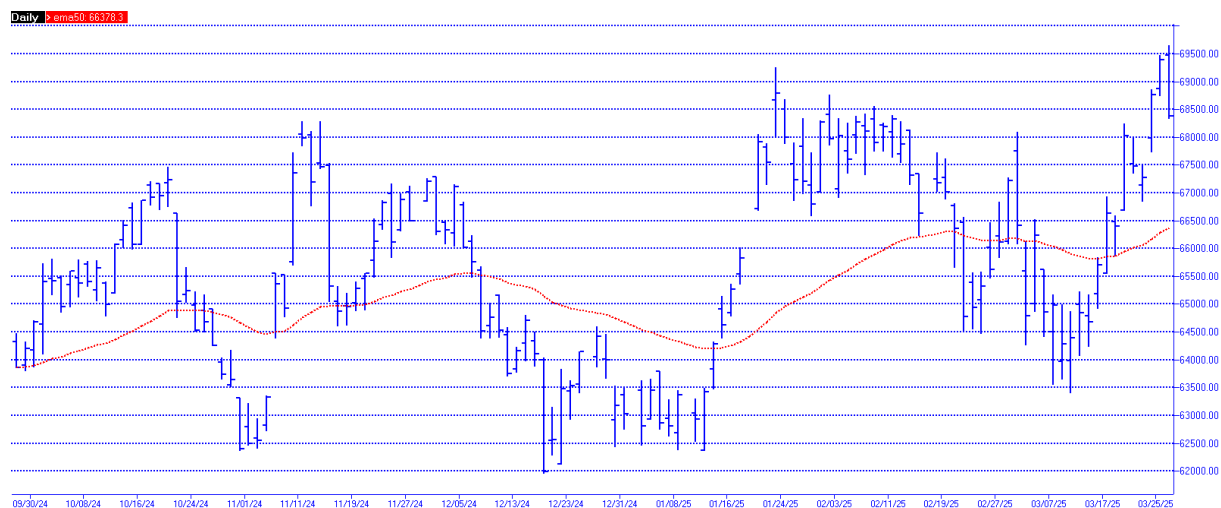
Source: Thomson One, NBF, Hilberry

Investors continue to bid up the price of US defense industry stocks. This implies....

1. Despite the current US Administration's scaring off Europe's potential defense hardware purchases, just when many Allies are finally opening their wallets, the US defence industry will see increased demand.
2. Global conflicts are unlikely to abate.

Recently this confidence has been lumpy...

### Dow Jones US Select Aerospace & Defense Industry Total Return Index – daily 6 mos.



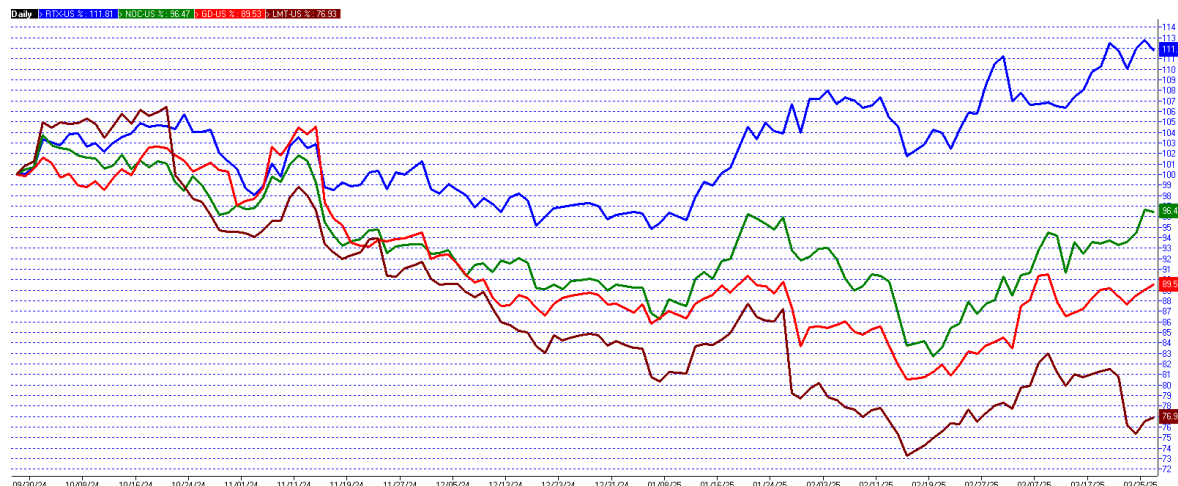
Source: Thomson One, NBF, Hilberry

The US Defense Sector index gains have not been shared equally...





**RTX Corp [RTX-blue] Northrup Grumman [NOC-green] General Dynamics [GD-red]  
Lockheed Martin [LMT-Burgundy]. % Chg. based 100 daily – 6 mos. March 26, 2025**



Source: Thomson One, NBF, Hilberry

Since Sept/2024, RTX Corp (Raytheon) share price gained 11.6% while Lockheed’s declined 23.2%. Lockheed’s flop may reflect concern the F35 jet program (\$80 million to \$108 million USD per jet) that was well underway with Canadian and European procurement, will see unexpected cancellations and competition from European Jet manufacturers. The main competitor featured in the media has been Saab’s JAS Gripen J39. Canada’s new PM Mark Carney has directed Defense Minister Bill Blair [to review the Lockheed Martin F35 contract](#).

Financial Post: [Carney reviews Canada's order of F-35 jets amid rift with U.S.](#)

Is the SAAB Gripen a viable option?

**‘F-35 vs. JAS 39 Gripen Is the Ultimate Fighter Showdown’  
NineteenFortyfive.com Mar 19, 2025.**

The US Defense industry dominates global arms sales. 1945.com is a defense industry commentary website based in Maryland, USA. 1945.com makes the argument that Canada originally selected the F35 Lightning II for good reasons.

**“Summary and Key Points:**

- Canada and Portugal are reconsidering their F-35 fighter jet purchases amid tensions over Trump’s foreign policy and trade disputes.
- Although the F-35 has proven itself in combat, notably through Israel’s successful missions, both countries might switch to Sweden’s JAS 39 Gripen, a cheaper and capable alternative.
- However, the Gripen lacks the advanced stealth, software adaptability, drone integration capabilities, and extensive global supply chain of the F-35.



-Shifting to Gripen would complicate logistics, training, and operations. Despite geopolitical concerns, **Canada remains the crucial test case, potentially signaling a significant shift in global fighter procurement, impacting U.S. defense diplomacy.**"

NOTE 2: SAAB is majority controlled by Sweden's Wallenburg family's [Investor AB](#) holding company.

**Story here:** [F-35 vs. JAS 39 Gripen Is the Ultimate Fighter Showdown](#)

China's J-20 Mighty Dragon has also been touted as a true 5<sup>th</sup> generation (IE stealth) competitor to Lockheed's F35 Lightning II.

**DISCLOSURE: We hold General Dynamics, Lockheed Martin and RTX Corp personally, for family members and for client accounts over which we have trading authority. We have traded in all three securities within the past 60 days.**

## **Are the US Mag-7 confirming a recession or a correction of exuberance?**

### **Solactive Magnificent Seven Price Index:**

- Peak Dec 18, 2024: 23,722.92
- Following Low March 18, 2025: 18,551.92. Peak to low: **-21.8%** .
- Mar 26 last close: 19,566.40. Peak to Mar 26 close: **-17.5%**.

### **NASDAQ Index:**

- Peak Dec 16, 2024: 20,204.58
- Following low March 13, 2025: 17,238.24. Peak to low: **-14.7%** .
- Mar 26 close: 17,899.02. Peak to Mar 26 close: **-11.4%**.

### **S&P500:**

- Peak Feb 19, 2025: 6147.43
- Following low March 11, 2025: 5,504.65. Peak to low: **-10.5%** .
- Mar 26 close: 5,712.20. Peak to Mar 26 close: **-7.1%**.

### **S&P/TSX Composite (Canadian large cap index)**

- Peak Dec 9, 2024: 25,843.20
- Following low March 13, 2025: 24,145.59. Peak to low: **-6.6%** .
- Mar 26 close: 25,161.06. Peak to Mar 26 close: **-2.6%**.

*Data Source: Thomson-One NBF, Hilberry*

We've been pointing to Mag-7 concentration risk in the S&P500. We've advised avoiding these and other US high-priced 'darling' stocks in favor of boring, out-of-favor, lower P/E's US dividend paying large caps. Over the past two quarters we shifted allocations from US stocks/US dollars to Canadian dollar stocks and CDN dollar cash. This has reduced losses. We remind readers: "Making money is one thing. Keeping it is another"



What are US home builder stocks saying about that economy?

**Home Depot (HD-\$357.89 mid-session March 28, 2025) daily – 6 mos.**



Source: Thomson One, NBF, Hilberry

Home Depot’s 6-month chart says things are slowing down. Or does it?

**Home Depot (HD-\$357.89 mid-session March 28, 2025) weekly 2-years.**



Source: Thomson One, NBF, Hilberry

The two-year chart shows a ‘correction’ of the Trump Bump back to the mid-1994 ranges. The general trend remains up... for now.

What about the Wall Street money center Banks?



## JP Morgan (JPM-US-\$243.67 mid-session Mar 28, 2025) weekly – 2 years.

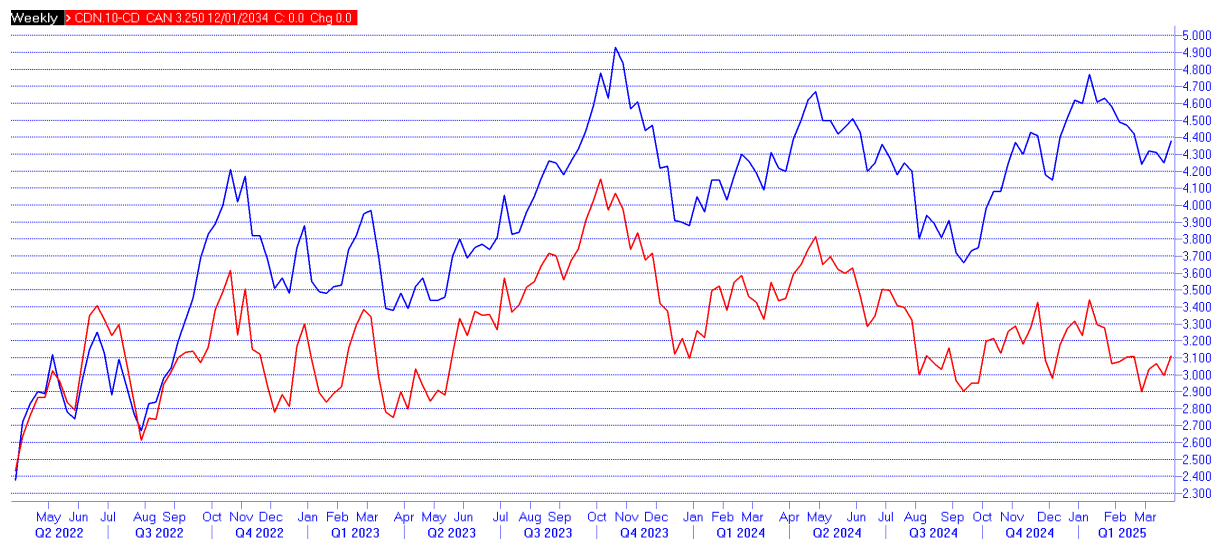


Source: Thomson One, NBF, Hilberry

As with Home Depot, JP Morgan investors priced out the Trump Bump. The stock is not priced for a recession... yet.

Bond yield update:

## US Fed Govt 10-yr yield (blue 4.38%) vs Canada 10-yr yield (red 3.11%) weekly 3 years



Source: Thomson One, NBF, Hilberry

In early April, 2022 (left hand axis) both yield sets were close to 2.45%. Today's Canadian yields at 3.11% are mostly sideways. US yields are up 77%. Canadian yields are not pricing in the collapse of the country's economy or the end of the nation. Canadian yields are pricing slowing growth or at minimum less risk of repayment. US yields are pricing for inflation.





**CONCLUSION:**

While it's early yet, we get the sense US financial assets are beginning to price in a slowing economy paired with stubborn inflation. Back to that 70's show, Stagflation? Europe has awoken to risks it assumed long past. Canada is facing a historic reassessment of national priorities. We're confident Canadians will rise to the challenge. We've faced down worse. President Trump remains the unpredictable wildcard. Recent trends appear to result from Presidential signatures and pronouncements. While those can be easily reversed, what damage will be done first?

We're sticking with our cash horde for now.

**Have a Great Weekend**

**Steve & Anna Hilberry**



**FOR THE RECORD Mar 27, 2025 close**

DOW INDUSTRIALS:	42,299
S&P 500:	5,693
S&P/TSX COMP:	25,161
WTI:	\$69.26
LOONIE IN \$USD:	\$0.6997 \$US

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