



Neil's Monthly Update - February 2025

Expect the unexpected!

The days of the new tariff world are early and the rules, structures, and impacts are still grossly unknown. After all the meetings and announcements, we still don't know if tariffs will be implemented. Still without a functioning government, Canada has chosen to play along with some of the asks but ultimately, we do not know where we will end up a month from now. Unfortunately, no one wins a trade war, so we hope that much of the noise we hear is posturing for negotiations. What is clear is that the new President has a full mandate to do what is best for America, regardless of historic trading partnerships.

Lost in the political media storm since the inauguration was the fact that a number of companies were reporting earnings. The numbers were solid but what was interesting is the

continuing decline in forecasted earnings. Something that we will be watching very closely. If this trend continues, we may have to adjust our asset allocation mix. Another concern is that prices are starting to rise again in the US. While it is early, this is a concern particularly for US interest rates. If the US is holding on rates and Canada is forced to continue to lower rates because of our weak economy, then our dollar comes under even more pressure.

We raised cash twice last year and we are glad to have some flexibility. The unexpected will be the new normal, so we feel it is only prudent to remain cautious! Hopefully, when we emerge from this deep freeze, we have a better sense of which direction markets are headed.

In the meantime, just a little reminder that a Superbowl victory for the NFC (Eagles) is one of the best indicators of a coming bull market. Besides, does anyone really want to cheer for KC?! If you're a football fan, enjoy the game - let's hope it's a good one!

All the best from your team at Bosch Investment Group.

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