

On February 3, 2025, I sent out a note to you discussing Trump's imposition of tariffs. After the note went out, he delayed the imposition for 30 days. During those 30 days our politicians implemented processes and procedures to improve the reduction of Fentanyl and immigrants crossing the border. Our politicians met with their opposites in the U.S. to discuss the interconnectedness of the U.S. economy with Canada and how tariffs would penalize the U.S. as much as Canada. It became clear that no matter what was said or done Trump was still going to impose tariffs, which he did on March 4, 2025.

Over the last 30 plus days, the press and various commentators have focused on Trump and his every comment and action. I think for many it has become an addiction: if you see the word 'Trump', you must read or listen. This overwhelming obsession is creating anxiety and depression - not dissimilar to what happened during COVID. Yes, you need to know what is happening, but we need to moderate our consumption and look for balance.

What do we know and what can we control?

Historically, tariffs have always been a bad idea. They triggered the depression in the 1930s.

Trump thinks, mistakenly, that McKinley in 1890 created prosperity with his global tariffs, but what happened was a recession. The Republicans lost the majority in the House of Representatives during the mid-term elections. The recession ended in 1894 when the tariff war stopped.

Talking of mid-terms, yes, it's two years to wait but the mid-terms are in 2026. The Republicans only have a three-seat majority in the House of Representatives. Trump's current actions of tariffs and shutting down whole government offices will create inflation and are certainly increasing the unemployment rate. This is not fixing America, and he could lose the majority in the House of Representatives. Many Republicans may start rethinking their current support of Trump and his appointees.

Trillions of dollars from the world have been invested in the US stock markets and assets. A trade war could result in having these funds repatriated back to their countries, creating a bear market.

The resulting exodus of funds could result in rising interest rates and inflation, which is something that Trump says he was going to stop.

Canada and other countries will hit back with their own tariffs.

What you can control:

- Reduce listening/reading the news. We need to put things in perspective. Yes, we could experience a recession in Canada and the US. But...
- We are a very resourceful country and, as seen during Covid, are good at creating opportunities for new businesses.
- We know that federal and provincial support will be in place for businesses affected by the tariffs.
- The US needs our resources, utilities, and other things to keep their economy going. We can fight back with those as our tools.
- A strong movement has developed to support Canadian businesses. Apps are available showing where a product is produced. Stores are posting 'made in Canada' signs. It also includes US companies that have plants in Canada and employ Canadians, for example, Heinz ketchup and Costco.
- Interprovincial barriers - which have long been a damper on Canadian economic growth - are being removed. This means produce and workers can move freely between provinces.
- Red tape that has caused issues for many industries to develop will be reduced.

COVID created market and emotional turmoil. We had an exceedingly difficult few years, dealing with many unknowns, but we surmounted them and carried on.

In the current situation, we are dealing with known factors, and we have tools available to help get through this situation.

*As stated in my January 2025 letter and February 2025 note, due to political actions there is the potential of inflation returning or a recession in 2025. It will be a volatile year.*

*There are economic cycles, inflation to recession, and back again. Since 1970 there have been eight severe market declines, and there will be more in the years to come.*

*Despite these periods of stock market volatility, the markets regroup and continue to move upwards. Companies continue to increase earnings and dividends. Early December, the S&P/TSX, Dow Jones and S&P 500 reached all-time highs.*

*We are not trading or speculating in the choice of investments and thus can look past the noise and confusion of current events. I work to develop a portfolio for your future. What we all need to consider is what a realistic, sustainable expectation for returns on investments is. Over the long term, statistics indicate 4-6%, excluding dividend increases, is reasonable. There will be years such as 2000, 2008, 2015 and 2020, where markets will be in negative territory, and years like 2024 that are stellar, and over the long term it smooths out to an upward line.*

*As 2025 unfolds, we will continue to monitor the economic conditions, tax issues, and your future needs to ensure that your portfolio continues to be diversified and the companies that we invested in will be able to ride through the forthcoming political and economic cycles. Stay fully invested (or close to it). Equities over the long term are the best place to be – they are tax-efficient and generally good for growth in capital and income.*

As always, if you have any questions or concerns, please do not hesitate to contact me or Rosemary by phone or email.

P.S. An expression is gaining its popularity due to its recent use by Mike Myers – a true Canadian - on *Saturday Night Live*. "Elbows Up". Not being a hockey fan, I did not know what it meant. You may not either, so I checked it out.

### **What Elbows Up Really Means**

I have seen this phrase a lot lately, mostly in the comments section about taking on Trump. It's a reference to Gordie Howe, the big lad from Floral, Saskatchewan – one of the greatest players ever to play the game. Gordie led the famous "Production line" of the Detroit Red Wings. This was not a team to be messed with.

The expression was personified in the style of play that gave Gordie the moniker "*Mr. Elbows*". The way he explained it, when someone dared mess with one of his teammates, he "put the elbows up."

When Gordie put the elbows up, guys lost teeth or ended up with black eyes.

On *SNL*, with the world watching, Canadians everywhere were sent a message from a venerable Canadian comic:

Now is not the time to be restrained.

Now is not the time to hope for the best.

**Now is the time for elbows up.**

A big surprise is coming for guys like Pete Navarro, J. D. Vance, and the Trump trolls who think they can bully, threaten and push us around.

---

### **Susan Howson**

Vice President, Director, Portfolio Manager

Research Capital Corporation

416-860-7605 or 1-800-749-6663

[showson@researchcapital.com](mailto:showson@researchcapital.com)

<http://www.susanhowson.com>

### **Rosemary Valencia**

Sales Assistant

Research Capital Corporation

416-860-7633

[rvalencia@researchcapital.com](mailto:rvalencia@researchcapital.com)

Research Capital is a national investment firm with offices in Vancouver, Calgary, Regina, Toronto and Montreal.

The opinions, estimates and projections contained herein are those of the author as of the date hereof and are subject to change without notice and may not reflect those of Research Capital Corporation ("RCC"). The information and opinions contained herein have been compiled and derived from sources believed to be reliable, but no representation or warranty, expressed or implied, is made as to their accuracy or completeness. Neither the author nor RCC accepts liability whatsoever for any loss arising from any use of this report or its contents. Information may be available to RCC which is not reflected herein. This report is not to be construed as an offer to sell or a solicitation for an offer to buy any securities. This newsletter is intended for distribution only in those jurisdictions where both the author and RCC are registered to do business in securities. Any distribution or dissemination of this newsletter in any other jurisdiction is strictly prohibited. RCC and its officers, directors, employees and their families may from time to time invest in the securities discussed in this newsletter.

© 2025 Research Capital Corporation. Member-Canadian Investor Protection Fund / member-fonds canadien de protection des épargnants.

Research Capital Corporation (RCC) makes no representations whatsoever about any other website which you may access through this one. When you access a non-RCC website please understand that it is independent from RCC and that RCC has no control over the content on that website. The content, accuracy, opinions expressed, and other links provided by these resources are not investigated, verified, monitored, or endorsed by RCC.