RJL PCS: INSIGHTS & STRATEGIES

MAY 5, 2025 | 1:13 PM EDT

RJL Investment Strategy (Canada) | RJLInvestment.StrategyCanada@raymondjames.ca
Neil Linsdell, CFA, Head of Investment Strategy | 438.843.0150 | Neil.Linsdell@raymondjames.ca
Eve Zhou, CFA, Senior Investment Strategy Analyst | 647.577.8766 | eve.zhou@raymondjames.ca
Taha Aamir, Investment Strategy Associate | 647.837.2259 | Taha.Aamir@RaymondJames.ca

May 2025 Insights & Strategies: Are we past peak 'shock and awe'?

Macro Highlights for April

- The Canadian economy is estimated to have grown 1.5% in 1Q25, partly helped by exports as U.S. companies rushed to import goods ahead of tariffs coming into effect. Expectations are for growth to stall to effectively zero in 2Q25 as the export rush normalizes, the effect of tariffs start to kick in, and overall uncertainty in the economy puts a damper on decision-making, growth plans, and hiring commitments.

- U.S. GDP contracted for the first time in three years, by 0.3% (annualized) in 1Q25, as tariffs start to impact hard data. The biggest detractor in the quarter was the rush of imports to front-run tariffs, which we would expect to normalize going forward. Job growth was a positive surprise at 177k for April. Consumer spending is still positive, but weakening. Soft data continues to flash warning signs for the U.S. economy. The University of Michigan Consumer Sentiment Index dropped another 8% in April, to its fourth lowest level since 1952. Concerns about U.S. tariffs slowing the economy and increasing the possibility of a resurgence in inflation are becoming more widespread. Our U.S. economics team has reduced its GDP growth forecast for 2025 from 2.4% to only 1.0% growth.

- Inflation has continued to be sticky above 2% targets, but with some concerns that tariffs could put more upward pressure, more so in the U.S. than in Canada. Both central banks are expected to continue lowering rates through the remainder of 2025, although cautiously.

Financial Markets in April

- In April, the TSX Composite, Canada's main stock market index, recorded a -0.3% price return and a -0.1% total return, with an intra-month drawdown of 11.1%. Meanwhile, the S&P 500, after experiencing a 12.1% decline following “Liberation Day” and significant volatility, posted a -0.8% price return and a -0.7% total return, all in local currency.

- The forward-looking EPS for the S&P 500 in 1Q25 is currently US$64, down from US$66 in 4Q24, but up approximately 12% from US$57 in 1Q24. Although the 1Q25 earnings season is still unfolding (with 364 out of 500 companies having reported), if this figure holds, it will reaffirm the solid fundamentals of U.S. large-cap corporations, implying some resilience in weathering the tariff storm.

- Within the TSX Composite, Consumer Staples and Utilities, both defensive sectors, were the top performers in April. Despite temporary tariff relief, the effects of tariffs are continuing to unfold, and with a slowing U.S. economy, Canada will face additional economic pressures. Thus, the market may continue to favour defensive sectors in the near term.

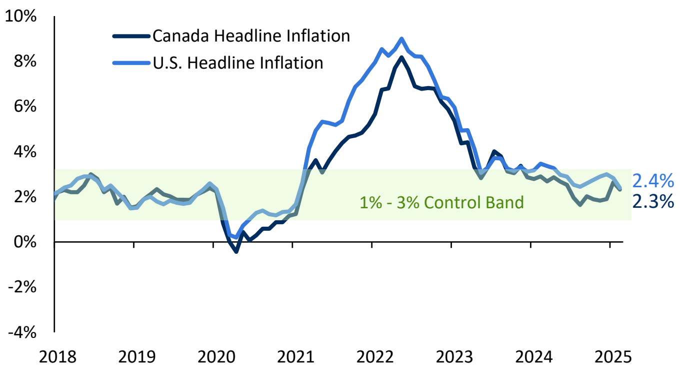
Upcoming

- With the Canadian federal election in the rear-view mirror, all eyes will turn to the tone following conversations and live meetings between President Trump and Prime Minister Mark Carney. Investors will look for clues as to how quickly and within what framework a new stable environment between Canada and the U.S. can be established regarding trade and border security, including the evolution of rhetoric about Canada becoming part of the U.S.

- The next U.S. Federal Reserve rate decision will be on May 7. While expectations for a rate cut are low, what will be most interesting will be the comments on U.S. economic growth and how tariffs are impacting the outlook. Our U.S. team is forecasting 2-3 cuts this year, from the current 4.5% level, with the first cut on June 18.

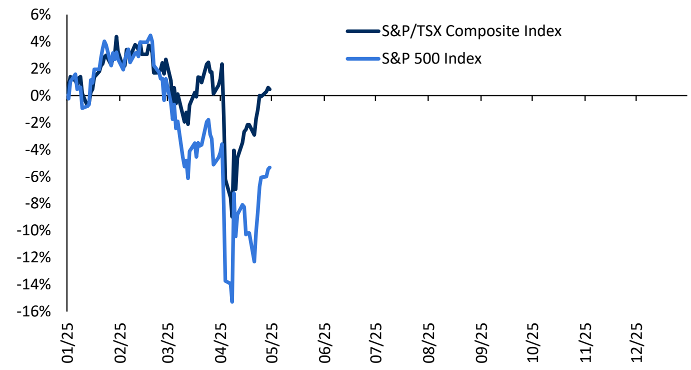
- We are now into 1Q25 earnings season and are watching for forward-looking commentary and guidance from companies that might be most impacted by rising input costs due to Canadian retaliatory tariffs, and those with export markets that might be impacted by U.S. tariffs. With a weaker U.S. economy and margin compression from higher costs to U.S. companies, our U.S. team has reduced its S&P 500 EPS forecast to US$250-255, from US$265. Our S&P 500 target has similarly been reduced to 5,800, from 6,375. We will have a better idea about the longevity of these tariffs over the next days and weeks, although given the U.S. administration’s goals of generating extra government revenue and enticing companies to commit to multi-year projects to move manufacturing operations, the initial intent seems to be that these will be effectively permanent, but with room for negotiation as to the rates. We will similarly weigh adjustments to our TSX target as the longevity and breadth of tariffs become more certain, with consideration to the potential impact to the Canadian economy from a slowing U.S. economy, and quarterly earnings results and guidance. For now, however, our TSX Composite year-end target has remained unchanged at 26,300.

Chart 1 - Canada and U.S. Headline Inflation



Source: FactSet, Raymond James Ltd.; Data as of March 31, 2025. Not seasonally adjusted.

Chart 2 - S&P/TSX Composite and S&P 500 2025 Performance



Source: FactSet, Raymond James Ltd.; Data as of April 30, 2025. Price return in local currency.

Executive Summary

Predicting anything related to President Trump might be fraught with peril, yet we are somewhat confident that we have passed peak ‘shock and awe’. That is not to suggest that the tariff conflicts will be resolved quickly from here. We just expect that the chaotic environment in April, prompted by the excessive tariff schedule from Liberation Day followed by an astonishingly rapid escalation with China, and threats to fire the Fed Chair, will mark the high-water-mark in headline ‘shock and awe’. From here on out, we expect the real-world impacts of tariffs to slowly unfold, punctuated by concessions, negotiations, further rhetoric, and a few threats, but overall, we expect the temperature to settle down. These real-world impacts, beyond the podiums and social media commentaries, will work their way into GDP growth numbers, consumer spending, and employment statistics over the coming quarters and years. There’s a lot that still depends on the ultimate level and longevity of these tariffs, but for the most part, we see reductions from the tariff levels announced on April 2, with further delays and exemptions possible. While we are optimistic of a relatively favourable outcome for Canada, with the likely advanced renegotiation of the USMCA agreement, and what looks initially as a promising relationship between President Trump and Prime Minister Carney, the conflict to watch, that will have the most impact on the U.S. economy, is the current stand-off with China.

April Recap

Not surprisingly, tariffs continued to be the hot topic in April. It was only a month ago that President Trump announced his April 2, Liberation Day reciprocal tariff plan, which seemed arbitrarily derived and with levels much higher than anyone anticipated. The key reason for the surprise was that rather than being determined by rates charged by other countries on U.S. imports, they were based on the U.S. trade deficits with each country, and even countries that the U.S. has trade surpluses with were hit with a 10% universal tariff. The S&P500 sold off dramatically before a 90-day pause was announced April 9 for countries other than China because of an escalation war which has effectively turned into a near trade embargo.

Canada fared relatively well on April 2, as it was excluded from the new round of tariffs. Unfortunately, Canada is still operating under the cloud of the 25% tariffs on USMCA non-compliant products, as well as industry specific tariffs on automotive products, steel, and aluminum. Plus, we could still be caught up in subsequent waves of tariffs, which are expected to include pharmaceuticals and minerals. While just under 40% of Canadian exports to the U.S. are considered formally USMCA-compliant, it is believed that many exporters just never went through the process to get their products approved, instead just accepting the previously minimal rates or operating in a segment that was exempt from tariffs anyway. Now that those non-compliant products could be hit with 10-25% tariffs, we expect a rush to get these products certified, so that compliance rates will certainly rise, potentially to the 75-80% range.

Economic growth forecasts have been on the decline as consumers and businesses react to tariffs and uncertainty. The U.S. tipped into contraction in 1Q25 (-0.3%), although that was primarily due to a rush of imports to front-run tariffs. Canada will likely show benefits in 1Q25 from a corresponding export surge, yet growth in 2Q25 will likely stall as the tariff impacts become more impactful. The level and extent of the economic slowdowns in both countries will mostly be determined by President Trump's determination to continue with his tariff strategy.

The conclusion of the Canadian federal election brings the hope that efforts to resolve the situation with the U.S. can be advanced and that a renegotiated USMCA agreement can bring more surety for businesses in Canada.

Equity markets have been jittery on the uncertainty around tariff threats since the beginning of the year, yet the Liberation Day reciprocal tariff plan unleashed a whole new level of stress, leading to a 2-day drop of over 10% in the S&P 500, before a spike in bond yields likely helped to prompt a 90-day pause in the plan. Despite the ongoing conflict now focused on China, markets seem more confident that negotiations will result in a more palatable tariff structure in the next few months. The S&P 500 index recovered somewhat to end April down just 5.3% YTD, while the TSX Composite index ended up 0.5% YTD.

Tariffs

As with every month so far this year, and likely many months to follow, we provide an update on the rapidly evolving environment of tariffs.

Tariffs — the story so far

President Trump has lobbed multiple tariff threats on multiple fronts, with sometimes conflicting messages as to the justification and timing of each wave. Here, we track the most significant tariffs, from the Canadian perspective. It is also worth noting that so far, President Trump has indicated that various tariffs will be cumulative (with some exceptions, notably for the auto sector), such that a 25% country-specific tariff combined with a 25% industry-specific tariff would generally imply an overall tariff impact of 50% on that specific sector, from that specific country. Again, the auto industry remains a key focus, as Canada-specific tariffs, plus steel and aluminum tariffs, plus automotive product tariffs, have the potential to dramatically increase the cost of vehicles in the U.S. This would then affect their demand from consumers, followed by reductions in sales volumes and lower orders for parts or finished products from Canada. While these tariffs are intended to entice manufacturers to purchase from U.S. suppliers, the reality is that after years of investment and partnership in integrated cross-border supply chains, moving production or finding qualified substitutes in a few weeks or months is just not realistic.

April 2 — Liberation Day tariffs

On April 2, President Trump announced sweeping tariffs on most countries. While termed "reciprocal" tariffs based on each country's tariff and non-tariff trade barriers to U.S. products, the rates displayed were instead based on U.S. trade deficits with each country in 2024, divided by the value of U.S. imports from that country. This rate was then halved to derive the tariff rate that the U.S. would apply against each country, subject to a minimum rate of 10%, but escalating to as high as 50%. These rates stacked on existing rates however, such that the 34% "reciprocal" rate on China was stacked onto the 20% rate that was previously announced under the 'fentanyl' tariffs, for a combined rate of 54%. On April 9, the reciprocal tariffs over the universal base-rate of 10% were put on hold for 90-days, except for China.

China tariffs

After China retaliated to the April 2 tariff plan, which imposed a 34% tax on all goods entering the U.S., a back-and-forth escalation ensued before ending up with a 145% tariff on U.S.-bound products and 125% tariff on China-bound products. This equates to a near trade embargo. After one analyst crunched the numbers and published that the price of an iPhone forced to be produced in the U.S. would be approximately US $3,500, President Trump carved out exemptions for electronics such as smartphones and computers, although there are questions as far as how permanent these exemptions are. While President Trump has assured everyone that China's President Xi has called him and that they are in daily negotiations, such that the tariff rate will come down significantly, China is claiming that no such call was made and that no discussions are or will occur before all tariffs are dropped. Freight vessel traffic from China to the U.S. for arrival in May 2025 is down 44% from last year and speculation is that U.S. shoppers could start seeing empty shelves in stores within weeks, although advanced ordering and inventory builds may have already created a buffer for larger retailers, which may also be partially responsible for the current slowdown in cargo.

De minimis exemption

Wrapped up in the tariff discussion, and very much leveraged to trade with China, is the 'de minimis' exemption. A major tax-loophole for American consumers had a dramatic overhaul on Friday. Previously, shipments by mail that were valued under US$800 were exempt from duties. Now, Americans using e-commerce sites, many of which were primarily sourcing from China, such as Temu and Shein, are going to have to cover taxes, which as in the case of shipments from China, is currently 145%. In 2022, 80% of all U.S. bound e-commerce shipments were covered by the 'de minimis' exemption, with the vast majoring coming from China, and last year, U.S. Customs and Border Protection (CBP) processed 1.36 billion 'de minimis' exempt packages.

Fentanyl-driven tariffs

After lots of threats both before and after the election, the first real salvo was fired by President Trump on February 1 with an executive order for 25% tariffs on all goods entering the U.S. from Canada and Mexico (with a reduced 10% tariff on Canadian energy — oil, natural gas, electricity, coal, and uranium), and a 10% tariff on Chinese goods. This round of tariffs was primarily justified as addressing the issue of the influx of fentanyl into the United States.

After various delays and temporary exemptions, this wave settled down to a 25% tariff imposed on USMCA non-compliant goods, except for energy and potash, which have a 10% tariff. This took effect starting March 7. Canada responded with retaliatory tariffs on $155 billion of targeted U.S. goods.

Steel & aluminum tariffs

On March 12, a 25% tariff was placed on steel & aluminum products imported into the U.S., including from Canada. This tariff is on raw metals and finished goods made of steel and aluminum, which is quite an exhaustive list of products. There's an exemption for the finished product if the steel or aluminum is "melted and poured" in the U.S. This tariff threat seems similar to a June 2018 action where President Trump enacted a 25% tariff on steel and 10% tariff on aluminum in his first term. That round resulted in Canadian exports to the U.S. falling approximately 20% over the following year before rebounding after the USMCA ratification in May 2019. Canada is the most exposed economy to this specific tariff as it represents approximately 20% of such U.S. imports and 90% of Canada's exports of these goods, equivalent to approximately US$24.4 billion, or roughly 1% of Canada's GDP. China, by comparison, was already subject to a 47.5% tariff on steel and 32.5% tariff on aluminum and so any incremental tariff there would be of negligible impact, although that country still sold US$15.4 billion of steel and aluminum into the U.S. last year.

In retaliation for the steel and aluminum tariffs, Canada has imposed 25% tariffs on $29.8 billion of U.S. goods such as tools, computer, servers, display monitors, and sports equipment.

Lumber

Canada and the U.S. have had a long-standing dispute over softwood lumber. The U.S. objects to the fees that the Canadian government charges the forestry industry, deeming them too low and effectively sees them as the government providing unfair subsidies. The U.S. raised the duty on softwood lumber from 8% to around 14.5% last year. An investigation into global lumber imports and derivative products was launched on March 1, and is to be completed within 270 days. After that, a final determination will be made on tariffs (likely 25%). The expectation is for an increase in anti-dumping duties on Canadian softwood lumber to 20.07%, in combination with countervailing duties of 6.74%.

Tariffs on automobiles

As of April 3, the U.S. placed 25% tariffs on finished vehicles, while key parts, such as engines, engine parts, transmissions and powertrain parts, and electrical components, to be tariffed starting May 3. For now, tariffs on vehicles from Canada and Mexico, covered by the USMCA, will only apply to the non-US made content, and the tariff will not apply to parts imported from Canada and Mexico that are USMCA-compliant. These are likely to be short-term exemptions until the U.S. establishes a process to apply the tariff to all the value of the non-US content.

On April 29, President Trump held a rally in Michigan and announced some modest relief in the auto sector by reducing duties on imported parts used in U.S.-manufacturer cars, as well as removing the stacking effect when auto levies are compounded by metal tariffs. Additional relief included a 3.75% reimbursement on tariffs paid on auto parts by U.S. automakers, which is scaled back to 2.5% after one year, and is eliminated in year three.

Upcoming sector threats

President Trump has threatened that more sector-specific tariffs would be coming for semiconductors, pharmaceuticals, and Canadian dairy. An investigation into copper imports is also in process, with the expectation that tariffs similar to the ones of steel and aluminum could be in the works.

Table 1 - Summary of U.S. Tariff Announcements Affecting Canada as of May 3, 2025

Date	Targeted Countries	Targeted Products	Status	Tariff Rate	Affected Canada's Export to the U.S. (USD, Bln, 2023)
Mar 07, 2025	Canada, Mexico	Non-USMCA Compliant goods (excl. potash, Canadian energy)	Implemented	25%	Close to 80% of imports from Canada entered the U.S. free of duty in 2024, of which about half are USMCA compliant. We expect most of the other half, as well as most Canadian crude oil, will be registered as compliant too. *(Bloomberg Economics)*
Mar 07, 2025	Canada, Mexico	Non-USMCA Compliant goods (potash, Canadian energy)	Implemented	10%	
Mar 12, 2025	All	Steel & Aluminum	Implemented	25%	~21
April 3, 2025 / May 3, 2025	All	Autos / Autos Parts	Implemented	25%	~58; Auto parts tariffs are not stacked with Canada and Mexico fentanyl tariffs, nor with the steel and aluminum tariffs. USMCA-compliant auto parts are exempt from tariffs
TBD	All	Pharma	Threatened	25%	~7
TBD	All	Copper	Threatened	25%	~4
TBD	All	Timber and Lumber	Threatened	25%	~12

Source: Raymond James Ltd.; Bloomberg Economics.

Possible GDP impacts of tariffs in Canada

In our report from April 16, Market Perspectives: BoC pauses rate cuts, to hold at 2.75%, proceeding cautiously due to "pervasive uncertainty", we provide details on the Bank of Canada's analysis on various scenarios for Canada's economy based on how long tariffs remain in effect, and to their levels. The scenarios lie between a quick stalling in 2Q25, followed by a return to growth if tariffs are negotiated away, and a scenario where the trade war persists, and we see a mild recession in Canada with GDP contraction averaging 1.2% over the next 4 quarters. Our expectation is somewhere in between, as we see a lot of leverage in Canada's position.

A reminder on how tariffs work

Contrary to how tariffs are being portrayed by certain commentators, tariffs are not paid by the exporting nation (for example Canada). Tariffs are collected by the importing nation's government (in this case the U.S.) as a tax, although it is possible that the (U.S.) retailer, (U.S.) distributor, or (Canadian) manufacturer might decide to reduce their profits and absorb some of the impact, so as not to increase prices dramatically for the (U.S.) consumer. If these parties don't absorb some of this impact, then the end (U.S.) consumer sees the entirety of the price increase and then has the option to accept the higher price, not purchase the product at all, or seek a lower cost alternative. Domestic (U.S.) manufacturers therefore are deemed to have an advantage if this now makes their product cheaper by comparison, although it can also entice a domestic manufacturer to increase their price to this new higher level, therefore driving up the price for all of the products. In the case of products that are imported because of a specialized nature, such as a medical device or aircraft part, importers might be facing a lack of alternatives, or long processes to get an alternative manufacturer certified or ramped-up for volumes required, and therefore they have to continue purchasing the tariffed piece for the immediate future and perhaps are willing to accept the heightened price in the short-term if the tariffs are expected to be over a limited time frame. As such, this may not affect the volume or value of goods being exported (from Canada), but ultimately still raise their costs and likely lead to price increases for (U.S.) consumers in one way or another.

One of the factors that somewhat offsets the impact of tariffs on the (U.S.) consumer, is that tariffs in this case would be likely to put upward pressure on the USD and downward pressure on the CAD. Therefore, if the Canadian exporter left its CAD price unchanged, the USD importer could see some of the tariff burden alleviated by the increased purchasing power of the USD. Unfortunately, this has the opposite impact on a U.S. exporter as their product becomes more expensive in international markets because of the change in foreign exchange rate, plus the possibility of retaliatory tariffs. This ends up putting pressure on U.S. based manufacturers right as the U.S. is trying to advantage those same companies.

Will the USMCA renegotiation mark the end of this?

Just to recap here, the United States-Mexico-Canada (USMCA) trade agreement was actually President Trump's deal from his first administration, replacing the North American Free Trade Agreement (NAFTA). USMCA was structured with a review and renegotiation planned for mid-2026. A complete collapse of USMCA would have further negative consequences for all (3) countries, in part due to the impact on cross-border services. As an example, USMCA currently allows services to be sold in a jurisdiction without requiring a physical presence in that region. Our generally accepted expectation at this point is that the USMCA renegotiation will set a new playing field for trade between the U.S., Mexico, and Canada, and will likely bring a more wholesome treaty that will allow all parties to move forward with more certainty, although likely not without pain for some. We are also inclined to think that timing of these negotiations will be advanced, but that before and through these negotiations, tariff threats will be increasingly used to extract concessions on key areas, which we already expect to include defence spending and critical minerals.

Economics

Canada — from tariff uncertainty to tariff ripple effects

Canada was among the first nations targeted by U.S. tariffs starting February 1 this year. Despite faring relatively well, being spared from the April 2 reciprocal tariffs, and benefiting from USMCA-compliant products remaining exempt, certain industries remain significantly impacted by sector-specific tariffs, specifically auto, steel, and aluminum. Still, the negative impact of ongoing tariffs, threats, and general uncertainty, has been gradually reflected in the data. February's GDP growth showed early signs of weakening, contracting by 0.2% compared to January, which was worse than expected. Retail sales in February also declined by 0.4%, particularly in the durable goods sector, indicating that households postponed major purchases due to economic uncertainty. The labour market has also continued to cool as businesses defer new hiring, with March employment dropping by 33,000, marking the first decrease since January 2022. Additionally, there is renewed weakness in the housing market, especially in Ontario, which has been most affected by U.S. tariffs. We maintain our projection that the Bank of Canada will continue to lower its policy rate throughout the year, albeit at a slower pace, ending the year at 2.25%, down from 2.75% currently.

GDP growth so far in 1Q25 and outlook for the rest of 2025

We are expecting GDP growth of approximately 1.5% in 1Q25, helped in part by exports as U.S. companies rushed to import goods ahead of impending tariffs. Fresh results showed that February's GDP contracted by 0.2% compared to January, which was worse than expected. However, the preliminary estimate of a 0.1% rebound in March may reduce fears that the economy is rapidly deteriorating (Chart 3).

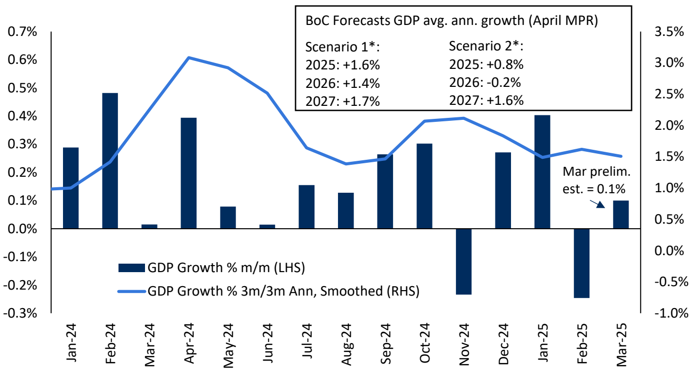
In February, 12 out of 20 industrial sectors declined. The most significant detractor was the mining, quarrying, and oil and gas extraction sector, which fell by 2.5%, partly due to harsh weather conditions in the North Atlantic. On the other hand, the manufacturing sector saw a 0.6% increase, primarily driven by durable-goods manufacturing industries. This rise may be attributed to the fulfillment of advanced orders for durable goods, such as motor vehicle parts, from American firms ahead of the anticipated tariffs.

Entering 2Q25, the economy is likely to be weaker, as tariff uncertainty constrains business and household spending, and the boost from the pull-forward of exports unwinds. In the April Monetary Policy Report (MPR), the BoC provided scenarios ranging from economic growth stalling temporarily in 2Q25, versus a year-long recession. The possible outcomes are summarized in Chart 4, with the mild economic impact of Scenario 1, to the longer-term economic contraction reflected in Scenario 2. More details and context can be found in our Market Perspectives report published on April 16.

We are aligned with Bank of Canada projections that essentially call for a stalling of the economy in 2Q25, although the path beyond that point will hinge to a great extent on U.S. tariff policies. In our optimistic scenario, the Canadian economy will bounce back as of 3Q25 and continue to strengthen as Canada moves towards a more stable playing field with the U.S. Under our pessimistic scenario, we expect a mild recession, lasting up to a year, with some industries considerably weakened. Although the U.S. administration is committed to tariffs beyond just negotiation leverage, there have been multiple adjustments to ease the burden on various U.S. industries (such as exclusions for the automotive industry and USMCA-compliant goods). Given Canada’s significant role in many U.S. supply chains, we consider Canada to be less likely to face substantial negative impacts compared to many other nations.

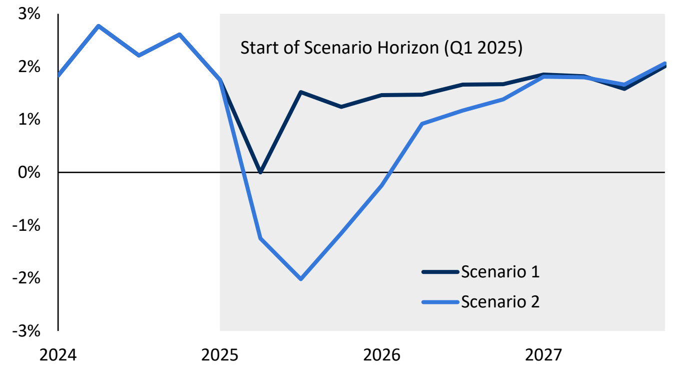
However, the uncertainty around tariffs has undoubtedly put a damper on business investment in Canada, which has already been a concern for years. Business investment is crucial for productivity growth and GDP per capita growth, a common measure of living standards. Therefore, the current pause or reduction in business investment could lead to a long-term slowdown in economic growth. The extent of the impact will largely depend on when a stable trading relationship with the U.S. can be re-established, likely through renegotiation of the USMCA deal, and/or when Canada finds other opportunities to boost demand for domestic goods and services. The Liberals, who have just won their fourth term, have included several strategies to achieve this in their key election promises, and we will see how effective these strategies are as they play out.

Chart 3 - GDP Contracted in February, But Expected to Rebound Slightly in March



Source: Statistics Canada, Raymond James Ltd.; Data as of February 28, 2024.

Chart 4 - Bank of Canada's Projections on GDP Growth



Source: Monetary Policy Report – April 2025, Bank of Canada. QoQ percentage change at annual rates, quarterly data

Inflation cools down in March, after a surge in February

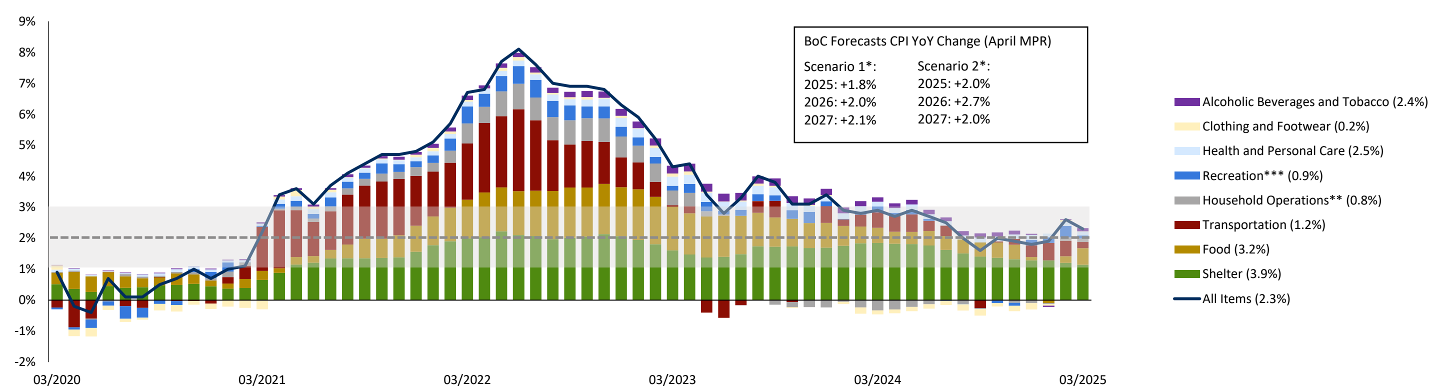
After an unexpected surge in headline inflation to 2.6% in February, March's rate dropped to 2.3% (Chart 5). February's increase was mainly due to the price increases in travel tours to the U.S., which we already expected to subside in March as Canadians significantly pulled back on trips to the U.S., with land crossings into the U.S. from Canada down 32% y/y in March, while air travel dropped 14%. Lower gasoline prices in March also helped bring the inflation rate down. Excluding gasoline the inflation rate would have been 2.5%.

The Consumer Price Index (CPI) for March indicates that progress towards the BoC's 2% target remains on track, staying within the 1-3% comfort zone (Charts 5 & 6). This provides the BoC with more leeway to ease its policy rate to stimulate economic growth. However, it is important to note that the less volatile core measures, which the BoC prioritizes, still remain near the upper limit of the comfort range. Specifically, CPI-trim decreased slightly to 2.8% in March, from 2.9% in February, while CPI-median remained steady at 2.9%.

The results from the recent BoC Market Participants Survey (conducted from March 13 to 20) indicate a stable outlook for price levels in the medium term. By the end of 2025, the median of expected headline CPI inflation was 2.4%. For the end of 2026, and 5 years ahead, the median expectation is for inflation to remain around the 2% target level. In the April MPR, the BoC has also revised its 2025 headline inflation projection downward from its 2.3% forecast in the January MPR. Under scenario 1, it expects inflation to temporarily drop to the 1.5% level through the remainder of 2025 and into 2026 before stabilizing back just above 2% through 2027. In scenario 2, CPI averages around 2% until early 2026 before rising above 3% in 2026 as prices react to tariffs, and then normalize to the 2% level in 2027.

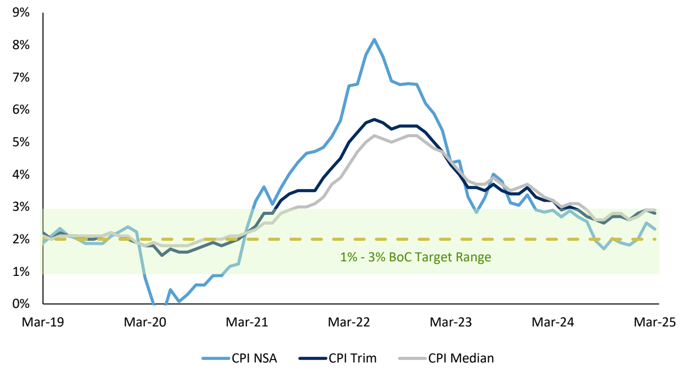
Our expectation is that the inflation rate of most CPI components will not remain elevated for long before the index resumes its normalizing path, given that (1) consumer sentiment and wage growth expectations have declined, and (2) the slower pace of rate easing will help stabilize inflation. Additionally, the removal of consumer-facing carbon taxes is expected to lower the level of the consumer price index by 0.7% from April 2025 to March 2026.

Chart 5 - Major Components' Contributions to Canada CPI (Stacked Bars) and Latest Monthly CPI (Bracket Beside the Legend)



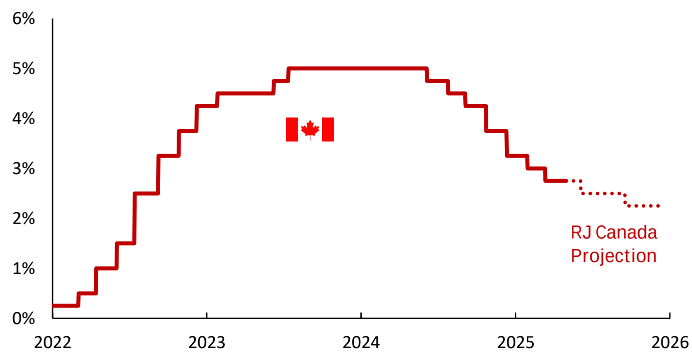
Source: Statistics Canada, Raymond James Ltd.; Data as of March 31, 2025. *Assumptions for both scenarios are in "Possible GDP impacts of tariffs in Canada" section; **Household operations, furnishing and equipment; ***Recreation, education and reading.

Chart 6 - CPI Inflation Rate Drops in March, After the Surge in February



Source: Statistics Canada, Raymond James Ltd.; Data as of March 31, 2025.

Chart 7 - Rate Easing Cycle to Continue Despite April 16 Pause



Source: FactSet, Raymond James Ltd.; Data as of April 30, 2025.

BoC pauses rate cuts, to hold at 2.75%, proceeding cautiously due to "pervasive uncertainty"

On April 16, the Bank of Canada (BoC) held its policy rate steady at 2.75%, marking the first pause after seven successive rate cuts, totaling 2.25%, since June 2024 (Chart 7). The BoC's decision was largely anticipated by the market, as the uncertainty surrounding the U.S.-imposed tariffs on Canada has temporarily eased. Canada turned out as one of the relative winners, excluded from the reciprocal tariffs announced on April 2. Most goods exported to the U.S. can still be tax-free if they are USMCA-compliant, although certain industries, such as auto, steel, and aluminum, still face significant challenges from sector-specific tariffs.

With the peak of tariff uncertainty in Canada seemingly passed, at least for the next few months, and the economy remaining stable, the BoC has enough leeway to wait out more information as the situation develops. Some easing on the headline inflation looks positive, although core measures leave CPI-trim and CPI-median measures near the upper end of the comfort range, and so it seems reasonable for the BoC to pause its easing for now. This pause also maintains the policy rate spread between the U.S. and Canada, providing additional support to the CAD/USD exchange rate, which is currently at 0.72 compared to the year-to-date low of 0.69.

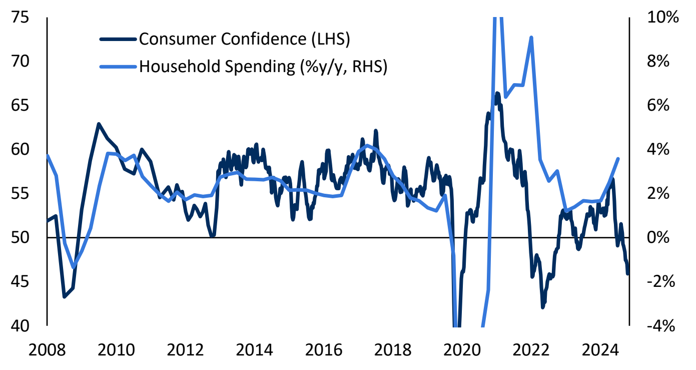
Looking ahead, we maintain our projection that the BoC will continue to lower the policy rate throughout the remainder of the year, albeit at a slower pace, ending the year at 2.25%. Besides the external macro and geopolitical impacts, let's not overlook the domestic challenges, such as slower population growth, ongoing issues with residential/business investment, and weak productivity growth, which would bring additional downward pressure on the policy rate. These topics are likely to return to the main stage in the second half of the year once the tariff situation in Canada stabilizes.

Economic uncertainty results in delayed big-ticket purchases

Retail sales in Canada continued the downward trend in February, declining by 0.4% to $69.3 billion. Sales decreased in four of nine subsectors, with the largest drop, similar to January, observed at motor vehicles and parts dealers (-2.6%) particularly at new car dealers. This continues to be unsurprising, as consumers typically delay big-ticket purchases during periods of economic uncertainty. Core retail sales, which exclude gasoline stations, fuel vendors, and motor vehicle and parts dealers, rose by 0.5% in February, primarily driven by a 2.8% increase in sales at food and beverage retailers. Within the core retail sales, there was a decline of 2.9% at furniture, home furnishings, electronics, and appliances retailers, indicating that consumers remain hesitant to spend on big-ticket items.

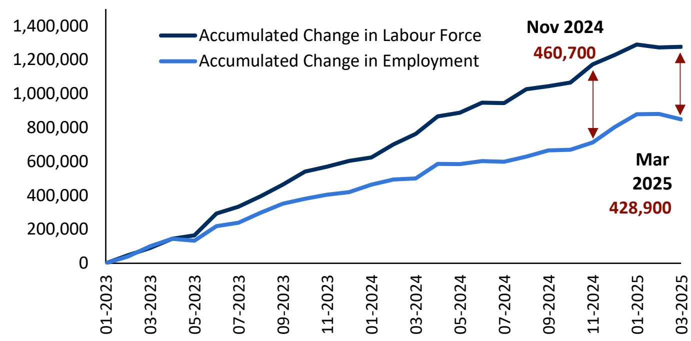
Soft data, such as consumer confidence, which has historically been a reliable leading indicator of real household spending, suggests that the outlook may remain gloomy for some time (Chart 8). Consumer confidence has dropped from 51.6 at the end of January to 44.8 at the end of April, reflecting concerns about the economy's strength, job security, and personal financial situations amid the implementation and threats of tariffs.

Chart 8 - Weakening Consumer Confidence



Source: Statistics Canada, Bloomberg Economics, Raymond James Ltd.; Data as of April 11, 2025.

Chart 9 - Decline in Employment Widens the Gap Again



Source: Statistics Canada, Raymond James Ltd.; Data as of March 31, 2025.

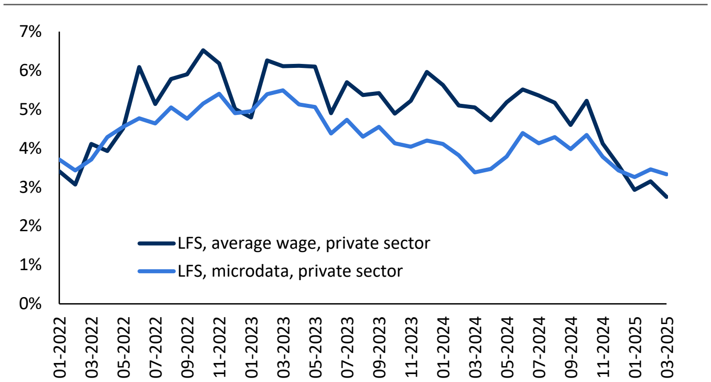
Muted job creation and labour force

The results from the March Labour Force Survey indicate signs of economic uncertainty reflected in the hard data. Canada's unemployment rate rose to 6.7% in March, with employment declining by 33k, marking the first decrease since January 2022. This decline followed minimal change in February and three consecutive months of growth in November, December, and January, totaling 211k. The largest employment decreases were seen in wholesale and retail trade (-29k), and information, culture and recreation (-20k). Most of the job losses came from a drop in full-time work (-62k). Conversely, employment gains were observed in services such as personal and repair services (+12k), and utilities (+4.2k). Overall, average hourly wages among employees were up 3.6% y/y in March, following growth of 3.8% in February (not seasonally adjusted).

Due to tightened immigration policies, the labour force growth remained modest but the significant decline in employment widened the gap again between the cumulative increase in the labour force and employment (Chart 9).

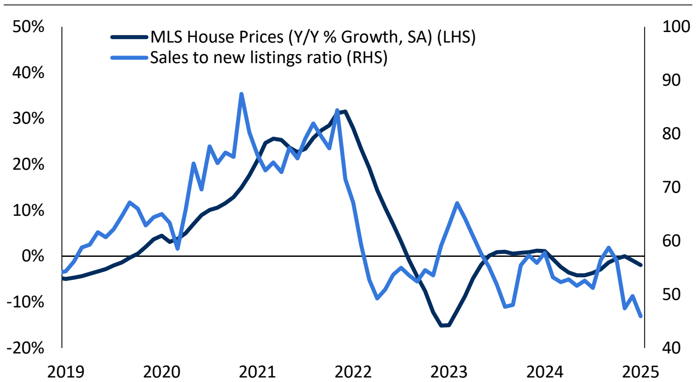
Statistics Canada also noted that long-term unemployment has increased, with the proportion of individuals searching for work for 27 weeks or more rising to 23.7% in March 2025, up from 18.3% in March 2024. The weakening labour market may show that the turmoil around tariff uncertainty is starting to play out. Even under our base case assumption that each round of threats can be managed with negotiations or that enacted tariffs will be relatively short-lived, it will, unfortunately, cause layoffs and deferrals in adding workers, and we are not expecting any significant improvements in this metric over the short term.

Chart 10 - Wage Growth Continues to Show Signs of Moderating



Source: Monetary Policy Report – April 2025, Bank of Canada. YoY percentage change.

Chart 11 - National Sales-to-New Listings Ratio Ticked Lower in March



Source: CREA, Raymond James Ltd.; Data as of March 31, 2025

Housing market continues to struggle

Canadian home sales saw another decline in March, dropping by 4.8% compared to the previous month. Meanwhile, the number of new listings increased by 3% month-over-month. As a result, the national sales-to-new listings ratio fell to 45.9% in March, down from 49.7% in February (Chart 11). The ongoing tariffs and market uncertainty continue to be the primary factors behind the renewed weakness in the housing market. This is demonstrated by the fact that home price declines were heavily concentrated in Ontario, due to the province's heightened vulnerability to U.S.

tariffs, especially impacting automotive plants.

Although the market is still anticipating two more 25 basis point cuts in 2025 and the tariff situation in Canada has somewhat stabilized with hopes for further easing in auto tariffs, slower population growth and the disruptions caused by tariffs may keep the housing market subdued for a bit longer.

The U.S. — Economics concerns transition from “soft” to “hard” data as economy contracted in 1Q25

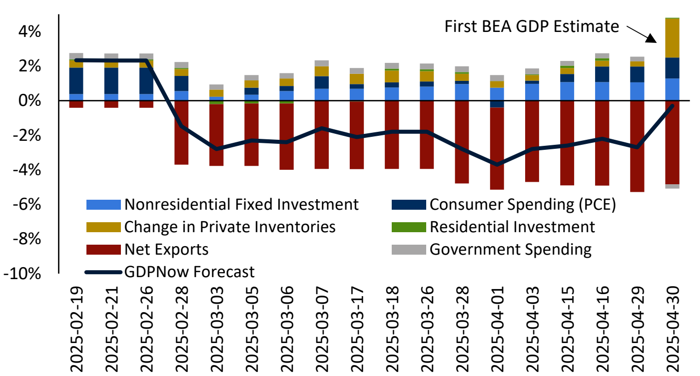
The first significantly negative hard data was released on April 30, showing that the U.S. economy contracted by 0.3% (annualized) in 1Q25 (Chart 12). This was the first contraction in three years and was significantly impacted by an increase of imports as U.S. firms rushed to build inventories and consumers advanced purchases before tariffs kicked in. Imports increased 41%, which pushed the ‘net export’ component of GDP to -4.8% in the quarter. Having more imports than exports drags down GDP, and this massive surge was the highest since record-keeping began in 1947. Our U.S. economics team has reduced its GDP growth forecast for 2025 from 2.4% to only 1.0% growth.

The good news (or rather not as bad news) in the 1Q25 report was that consumer spending, which represents 70% of GDP, was still up 1.8%, although down from 4% growth in 4Q25. Soft data continues to flash warning signs for the U.S. economy. The University of Michigan Consumer Sentiment Index dropped another 8% in April, to its fourth lowest level since 1952 (Chart 13). Concerns about U.S. tariffs slowing the economy and increasing the possibility of a resurgence in inflation are becoming more widespread.

Otherwise, business investment was up 9.8% in 1Q25, likely to get ahead of the tariffs, although government spending declined 5.1%. Lastly, ‘final sales to private domestic purchasers’, which is a gauge of economic health and underlying demand rose 3.0% from 2.9% last quarter.

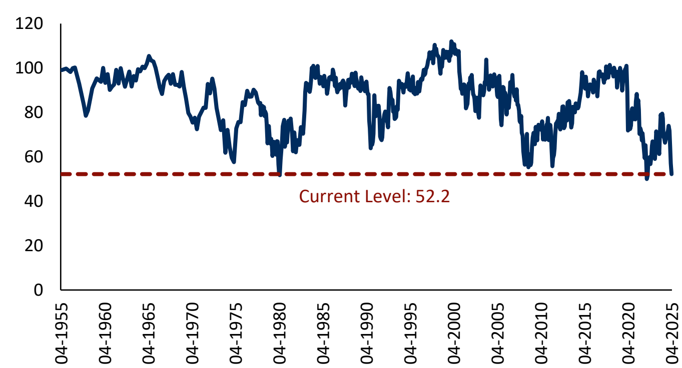
Despite the contraction in the U.S. economy, the data does not yet indicate a recession, as that would require a more prolonged downturn, with broader impacts to consumer spending, employment and industrial activity.

Chart 12 - Atlanta Fed GDPNow Tracker for 2025: Q1, Contributions to Growth



Source: Federal Reserve Bank of Atlanta; Data as of April 30, 2025.

Chart 13 - U.S. Consumer Sentiment Continues to Weaken



Source: FactSet, Raymond James Ltd.; Data as of April 30, 2025.

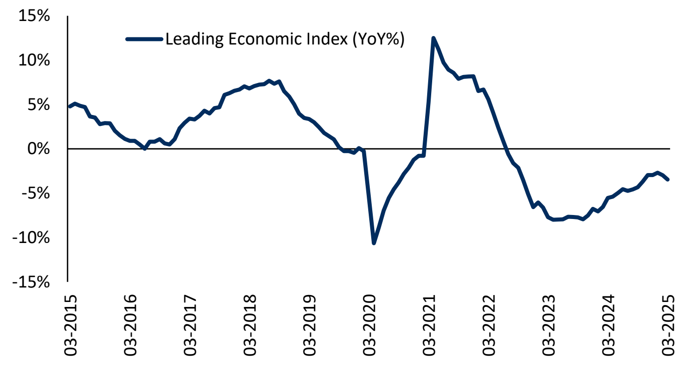
The Leading Economic Index (LEI) developed by The Conference Board, which provides an early indication of significant turning points in the business cycle and near-term economic direction, presents a similar outlook. The LEI fell by 0.7% in March following a 0.2% decline in February (Chart 14). The components that weighed most heavily on the index in March were consumer expectations for future business conditions and manufacturing new orders. The Conference Board indicated that, while it does not anticipate a recession, it expects a slowdown in economic activity, with the economy projected to grow by 1.5% this year. This outlook is slightly more optimistic than our U.S. economics team's forecast but remains below the potential growth rate of the U.S. economy.

Inflation eases ahead of tariffs

The consumer price index (CPI) increased 2.4% year-over-year in March, down from the 2.8% rise in February (Chart 15). Similarly, the core CPI's year-over-year growth eased from 3.1% in February to 2.8% in March. The personal consumption expenditures (PCE) price index rose 2.3% in March, which was higher than the consensus forecast of 2.1%, but down from the 2.7% increase in February. The Fed's preferred inflation metric, core PCE, which excludes food and energy, was up 2.6%, higher than the 2.5% consensus, versus 2.8% in February.

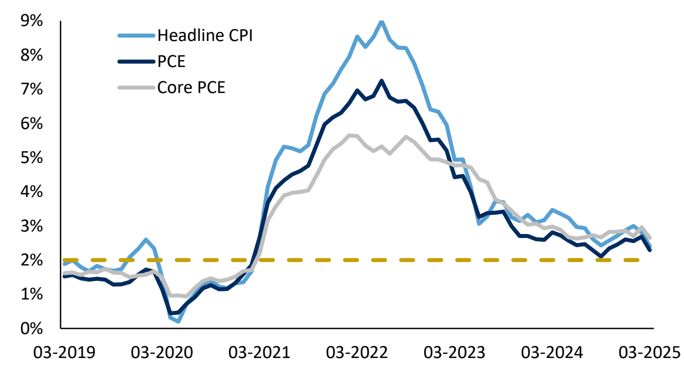
While the inflation figures from March are encouraging, it is important to note that they do not account for the “reciprocal” tariffs implemented on April 2nd. In the coming months, we anticipate that the tariff-related price increases will begin to exert upward pressure on inflation in the U.S.

Chart 14 - Leading Economic Index (LEI) Continues to Decline



Source: The Conference Board, Raymond James Ltd.; Data as of March 31, 2025.

Chart 15 - US Inflation (Y/Y Percentage Change)



Source: Factset, Raymond James Ltd.; Data as of March 31, 2025.

Fed holding rates for now

While the expectation is still for the Federal Reserve to continue cutting rates through the end of 2025, it is likely to hold its current rate at its May 7 meeting as it watches how the economy slows, as inflation is still slightly above the 2% target, and as the unemployment rate remains low. We think that a key trigger for the Fed to move would be a spike in the unemployment rate.

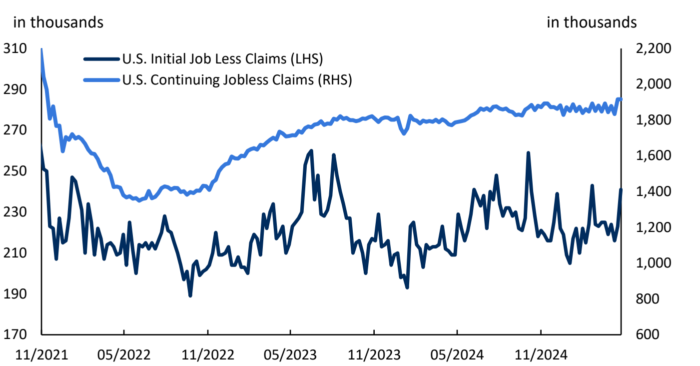
Labour market healthy for now, but data shows signs of a slowdown in hiring

The April employment report came in stronger than expected, with the unemployment rate unchanged at a historically low 4.2% with 7.2 million unemployed people, indicating a still healthy labour market. This survey ran to April 12, and therefore includes the period following the April 2 tariff announcement, but may still not reflect any business altering decisions that might come about as the impact of tariffs settle in.

The report noted that 177k jobs were added to the U.S. economy in April, although revisions for the previous two months showed a downward adjustment of 58k jobs. In the following weeks, as the impact of tariffs and uncertainty continue to grow in the economy, we expect that to impact the employment data. This is indicated by the more recent data as well. Last week's initial jobless claims increased to 241k, above the consensus expectation of 225k, while continuing jobless claims reached 1.92 million for the week ending April 19, marking the highest level since November 2021 (Chart 16). In simple terms, an increase in continuing claims is a sign that those out of work are taking longer to find new jobs. This shows that although layoffs have remained low so far, there is a slowdown in hiring as the uncertain environment in the U.S. puts many businesses into wait-and-see mode (Chart 17).

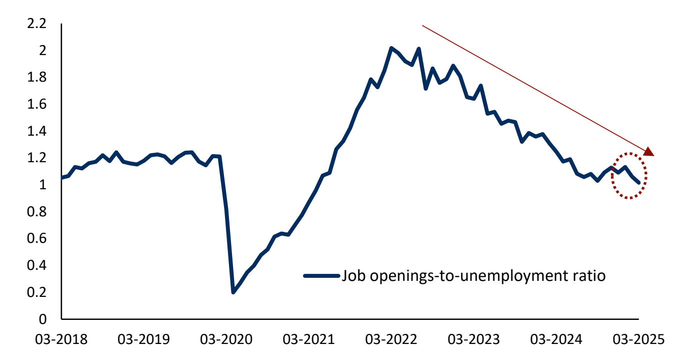
In the most recent payroll data from ADP (which excludes government sectors that are included in the Bureau of Labor Statistics survey data above), employers added only 62k jobs in April, well below the consensus expectation of 134k, and down sharply from 147k in March. Layoffs and quits have remained low as employers that fought so hard to build staff post-COVID are likely hesitant to lose people during what might be a temporary slowdown.

Chart 16 - Continuing Jobless Claims Hit Highest Level Since November 2021



Source: FRED, Raymond James Ltd.; Data as of April 26, 2025.

Chart 17 - Slow Hiring Has Led to a Decline in Job Openings Per Job Seeker Ratio



Source: FRED, Raymond James Ltd.; Data as of March 31, 2025.

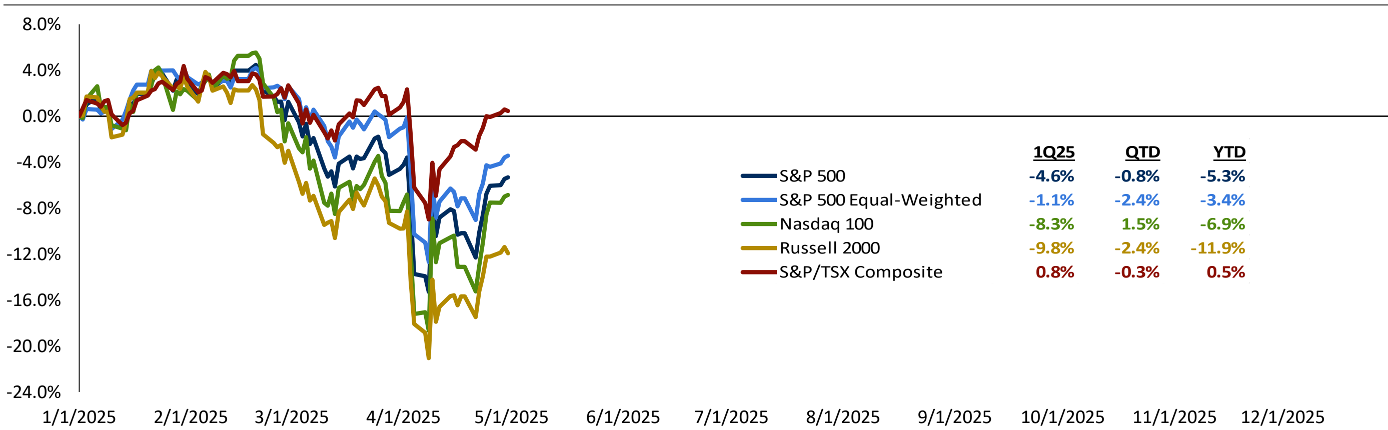
Financial Markets

April was an extremely volatile month, mostly around the April 2 tariff announcements and 90-day pause announced on April 9. Both the TSX Composite, Canada's main stock market index, and the S&P 500, the U.S. large-cap benchmark, ended the month with slight negative returns. The TSX Composite saw a -0.3% price return and a -0.1% total return, with an intra-month drawdown of 11.1%. Meanwhile, the S&P 500, after experiencing a 12.1% decline following "Liberation Day" and significant volatility, posted a -0.8% price return and a -0.7% total return, all in local currency.

Within the TSX Composite, Consumer Staples and Consumer Discretionary sectors were top performers as tariff tensions between Canada and the U.S. eased. However, being one of the first countries targeted by U.S. tariffs, it would not be correct to say that Canada are unaffected by these developments. Concerns about Canada's economic condition have continued to fuel the outperformance in the defensive Utilities sector, while exerting downward pressure on Real Estate and Industrials. Materials and Energy are two sectors more integrated into global markets. The TSX Materials sector, primarily driven by gold, still delivered a decent return in April. However, if President Trump makes more progress in tariff negotiations, gold prices may enter a period of consolidation as uncertainty decreases. Energy continues to struggle, reflecting market worries about a global economic slowdown and increasing supply concerns.

For the S&P 500, Info Tech, Consumer Staples, and Communication Services fared the best in the month, while Energy was the big loser, followed by Health Care and Materials. For the full year-to-date, two defensive sectors, Consumer Staples and Utilities, continued to outperform. The performance of the "Magnificent Seven" stabilized towards the end of April, partially recovering, but still far from their previous highs. Nonetheless, this helped the Nasdaq 100 and the S&P 500 market-cap-weighted index outperform the S&P 500 equal-weighted in April, closing some of the year-to-date performance gap. Meanwhile, the U.S. small-cap index, Russell 2000, continued to struggle due to negative sentiment surrounding the U.S. economy.

Chart 18 - Selected Indices Price Returns



	1Q25	QTD	YTD
S&P 500	-4.6%	-0.8%	-5.3%
S&P 500 Equal-Weighted	-1.1%	-2.4%	-3.4%
Nasdaq 100	-8.3%	1.5%	-6.9%
Russell 2000	-9.8%	-2.4%	-11.9%
S&P/TSX Composite	0.8%	-0.3%	0.5%

Source: FactSet, Raymond James Ltd.; Data as of April 30, 2025. Price return in local currency.

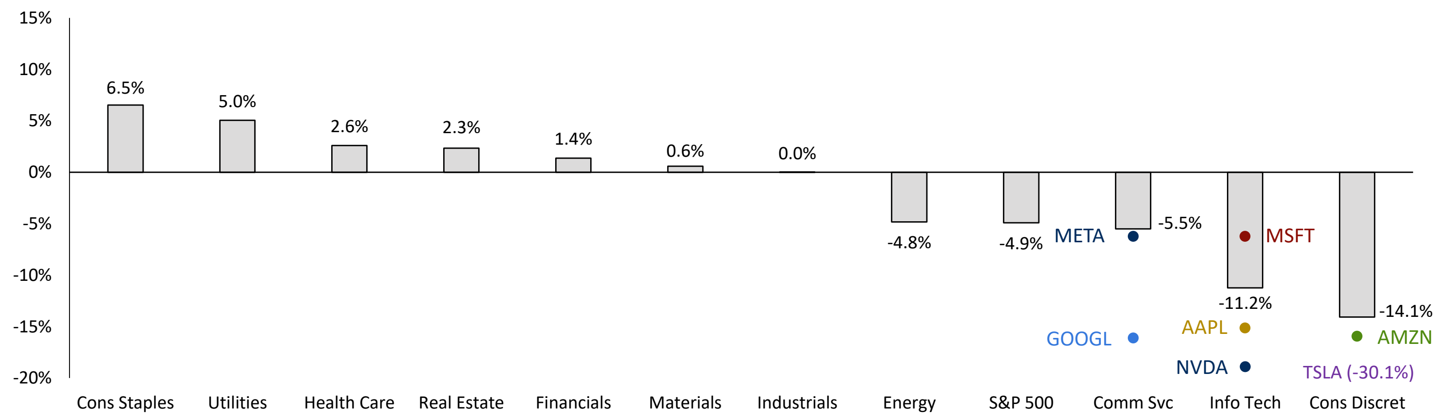
U.S. Equity Markets: Stocks Suffer in "Transition" Period

As of the time of writing this report, we are more than halfway through the 1Q25 earnings season, with 364 out of 500 companies in the S&P 500 having reported. The forward-looking EPS for 1Q25 is currently US$64, down from US$66 in 4Q24, but reflecting an increase of about 12% compared to US$57 in 1Q24. While 1Q25 earnings season continues to unfold, if trends hold, it will reaffirm the solid fundamentals of U.S. large-cap corporations, and their potential to weather the tariff storm. The 2025 calendar year EPS estimate, which factors in more tariff impacts, has been revised downward from US$273 at the beginning of the year to US$265 at the end of April, still representing approximately 8% growth from calendar year 2024. The S&P 500 is currently trading at a Price-to-Earnings (P/E) ratio of 20.4x, down from 22.5x in December 2024.

To shed light on what U.S. large-cap corporations are currently focusing on, we analyzed the topic trends in earnings call transcripts of S&P 500 companies. Unsurprisingly, there has been a spike in mentions of "tariffs", particularly in the Industrials, Health Care, Information Technology, and Consumer Discretionary sectors. However, the topics of "reshoring", "supply chain disruptions", and "job cuts" have remained steady. There are also relatively few mentions of "regulation" and "tax rate". Amid the tariff impacts, the earnings estimates for the rest of 2025 could be higher or lower, depending on how quickly President Trump can redirect tariff revenue back into the economy, fulfill his promises of deregulation, and implement corporate tax cuts.

However, it is crucial to remember that rather than trying to time the market and reacting to short-term fluctuations, investors are generally better off sticking to well-established plans that align with their return objectives and risk tolerance. Waiting for EPS to bottom before entering the market might result in missing out on any initial robust market recovery, as the stock market often anticipates future developments, which is partly reflected in the P/E ratio (more details can be found in our April 23 Market Perspectives).

Chart 19 - S&P 500 Sector and "Magnificant Seven" Year-to-Date Total Returns



Source: FactSet, Raymond James Ltd.; Data as of April 30, 2025.

Canadian Equity Markets

Canada experienced temporary relief by being spared from the April 2 reciprocal tariffs and benefiting from the exemption of USMCA-compliant products. As a result, despite an 11% intra-month drawdown, the TSX Composite Index nearly rebounded to its pre-"Liberation Day" level by the end of April, achieving a year-to-date index price increase of 0.5% and total return (including dividends) of 1.4%. Looking ahead, given our expectations of an economic slowdown in Canada, the market is likely to continue favouring defensive sectors and industries.

Top 3 Sectors (April 2025):

- **Consumer Staples:** this sector has greatly benefited from the reduction in trade tensions with the U.S. Concerns about grocers' profit margins due to potential retaliatory tariffs are gradually diminishing. However, challenges such as shifts in consumer spending towards discounts and promotions continue to weaken grocers' pricing power and profits. These issues may worsen as the economy slows. Despite this, we believe Consumer Staples remains well-positioned in the next few months as a defensive sector.
- **Utilities**: We have been favouring Utilities since the start of the year, as most companies in this sector are service providers, making them less affected by tariffs and the ongoing tariff threats, which primarily target goods. Market reactions on February 3, March 4 and April 2 have also indicated that utilities are more insulated from tariffs than most other sectors. Additionally, as a traditionally defensive sector, utilities benefit from a potential shift in economic narrative—from an economy turning the corner (favouring cyclical sectors) to one potentially facing recession due to tariff wars (favouring defensive sectors), which has been the case so far in 2025. Furthermore, as the policy rate easing cycle continues, the dividend yields of utility stocks become gradually more attractive compared to government bond yields.
- **Consumer Discretionary:** Although the Consumer Discretionary sector delivered a positive return in April, this was almost entirely due to the outperformance of discount stores, which we view as a defensive element within a cyclical sector. The outlook for the rest of the sector remains concerning. The automobile components industry appears to be the hardest hit directly by U.S. tariffs, while apparel, leisure products, and specialty retail are likely to face pressure as the derivative impacts of tariffs slow down the economy.

Bottom 3 Sectors (April 2025):

- **Energy:** As a sector highly integrated with the global market, the April 2 reciprocal tariff announcement, which raised concerns about a global economic slowdown, hammered its performance. Any upside risk to oil prices will primarily stem from supply-side factors, such as tightened conditions due to sanctions or rising geopolitical tensions, while demand, aside from speculators, remains relatively muted.

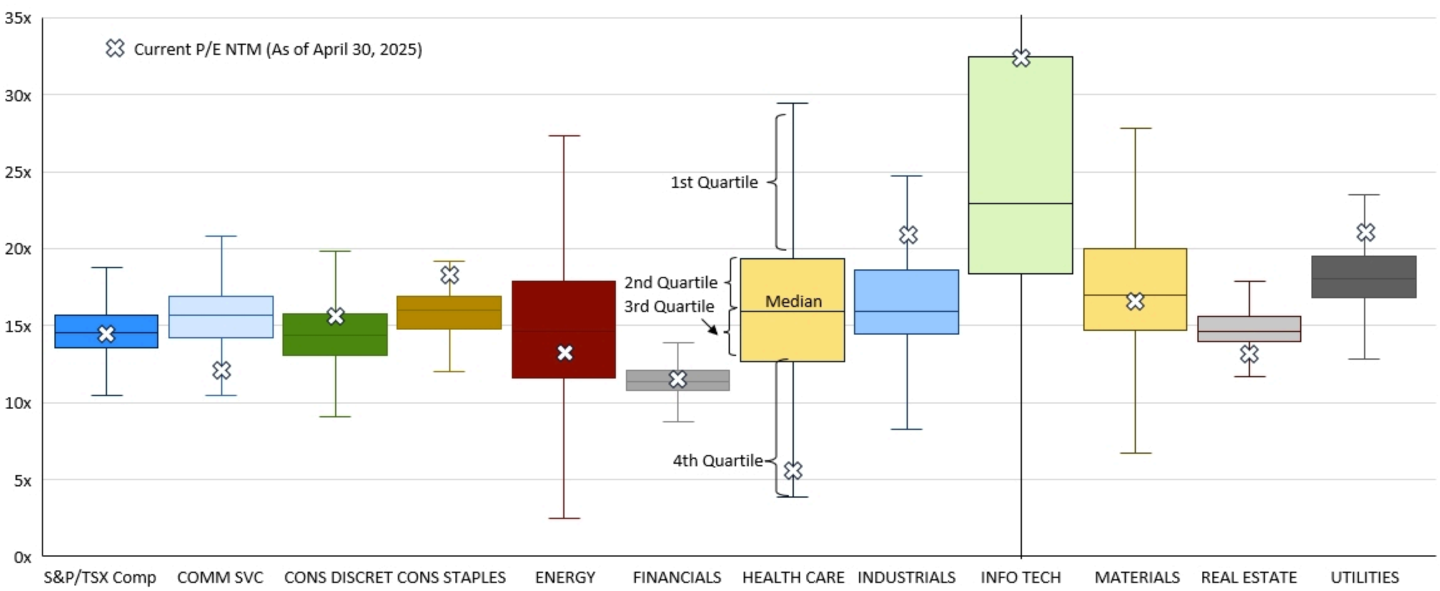
- **Communication Services:** Although this sector is relatively well-insulated from the impact of tariffs, intensified rivalry remains a strong headwind, resulting in reduced pricing power and consequently weaker revenue. With slower population growth this year, a strong recovery in this sector seems unlikely in the near future.
- **Industrials:** Although trade tensions have eased somewhat recently, changes in trade policy are likely to negatively impact cross-border traffic for ground transportation and passenger airlines. Additionally, as a cyclical sector, its performance may be more noticeably affected by the economic slowdown. One exception could be the general waste collection industry, which adds some defensive qualities to the sector.

Table 2 - S&P/TSX Composite Sector Performance and Valuations (Ranked by Quarter-to-Date Total Return)

Sector Name	Sector Weight	YTD Total Return	QTD Total Return	1M Total Return	Current P/E NTM	Historical P/E NTM
Consumer Staples	4.1%	5.0%	5.6%	5.6%	18.3	16.0
Utilities	4.1%	7.6%	2.6%	2.6%	21.3	18.0
Consumer Discretionary	3.3%	1.6%	1.8%	1.8%	16.1	14.4
Materials	13.9%	22.4%	1.7%	1.7%	16.2	17.0
Financials	32.6%	0.4%	1.6%	1.6%	11.4	11.4
Information Technology	9.4%	-6.7%	0.8%	0.8%	32.7	22.9
S&P/TSX Composite	--	1.4%	-0.1%	-0.1%	14.9	14.5
Real Estate	1.8%	-2.5%	-0.9%	-0.9%	13.4	14.6
Industrials	12.1%	-3.0%	-1.0%	-1.0%	21.1	15.9
Communication Services	2.3%	-0.3%	-2.5%	-2.5%	12.3	15.7
Energy	16.2%	-3.8%	-6.3%	-6.3%	14.0	14.6
Health Care	0.3%	-15.1%	-6.8%	-6.8%	5.7	15.9

Source: FactSet, Raymond James Ltd.; Data as of April 30, 2025. The S&P/TSX Healthcare sector has been excluded from the performance commentary due to its minimal representation in the S&P/TSX Composite Index.

Chart 20 - S&P/TSX Composite Sector Current vs. Historical P/E NTM



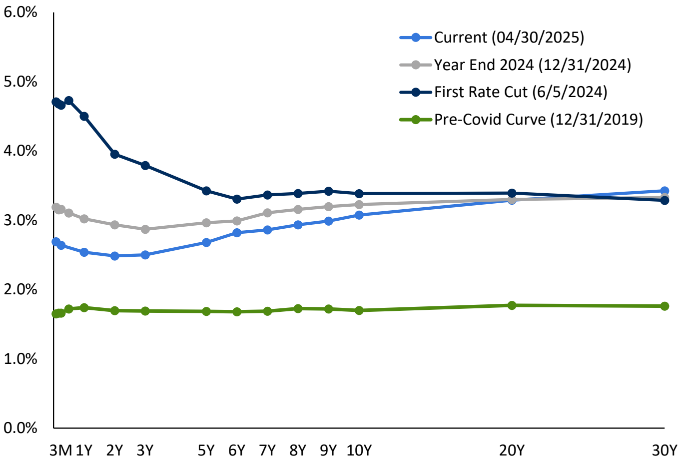
Source: FactSet, Raymond James Ltd.; Data as of April 30, 2025. Historical P/E: 1/1/2000 – 04/30/2025. Excluding outliers.

Fixed Income & Treasury Yields

U.S. Treasury yields have come under a lot of scrutiny lately. Short-term yields have been down (bull steepening) as investors anticipate the Fed lowering rates, while longer-term rates, driven by various factors such as growth expectations, inflation expectations, and the supply of Treasury issuances were rising (bear steepening), before settling back down towards the end of the month. The rise in yields for longer-dated Treasuries has been a concern for the White House, as it pushes up the cost off issuing the increasing amount of debt that will be required for the administration's spending and tax cutting goals. For equity markets, the 10-year Treasury also acts as the base for discounting future cash flows and therefore a higher yield makes equities less appealing. Although yields have eased off somewhat through the later half of April, the recent rise in long-term yields and decline in the value of the U.S. dollar signals that international investors may be looking at more opportunities outside the U.S., compared to the last few years when the U.S. looked like the safest place to park funds.

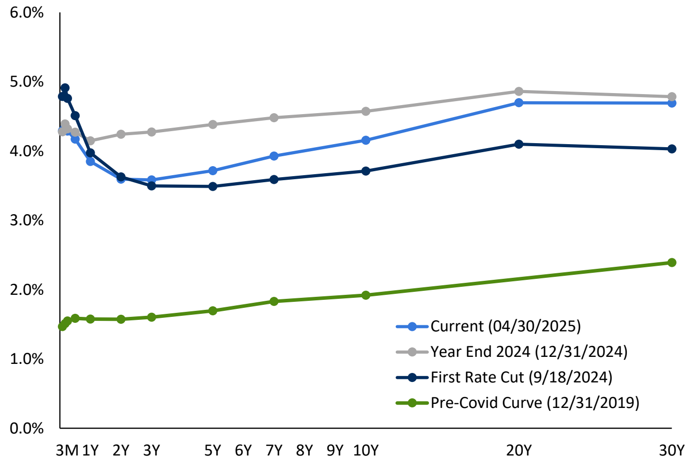
For Canada, despite some fluctuations due to the tariff announcement in April, the front end of the government yield curve has now returned to roughly the same level as at the end of March. This reflects the slower pace of rate cuts by the Bank of Canada and the market's calm response to the potential short-term disruptions from tariffs on Canada's economy, which does not foresee a severe recession. Meanwhile, the mid and long ends continued to rise modestly.

Chart 21 - Canada Government Yield Curves



Source: Factset, Raymond James Ltd.; Data as of April 30, 2025.

Chart 22 - U.S. Treasury Yield Curves



Source: Factset, Raymond James Ltd.; Data as of April 30, 2025.

Table 3 - Global Equities Performance

Select Global Equity Indices	Apr (in LCL)	Apr (in USD)	Apr (in CAD)	3 Mo (in LCL)	3 Mo (in USD)	3 Mo (in CAD)	YTD (in LCL)	YTD (in USD)	YTD (in CAD)	Current PE NTM	Historical PE Median	Premium (RED) / Discount (GREEN)
Major Aggregates												
World (Global)*	0.8	0.8	-3.3	-4.1	-4.1	-8.5	-0.8	-0.8	-4.7	17.9	15.7	2.3
EAFE (DM ex U.S. & Canada)*	4.0	4.0	-0.2	7.0	7.0	2.1	12.3	12.3	7.9	14.0	13.4	0.6
EM (Emerging Markets)*	0.5	0.5	-3.5	2.5	2.5	-2.3	4.4	4.4	0.3	12.0	11.8	0.2
Selected Developed Markets												
Nikkei 225 (Japan)	1.2	6.1	1.8	-8.1	-0.2	-4.8	-8.8	0.5	-3.5	16.2	16.8	-0.6
Euro STOXX 50 (Europe)	-1.1	3.5	-0.7	-1.5	6.7	1.8	6.5	15.7	11.1	15.0	13.2	1.8
FTSE 100 (U.K.)	-0.7	2.4	-1.7	-0.7	5.3	0.4	5.4	10.9	6.5	12.3	12.3	-0.1
CAC 40 (France)	-2.0	3.1	-1.0	-3.9	5.1	0.3	3.7	13.8	9.3	15.3	13.5	1.8
DAX (Germany)	1.5	6.8	2.5	3.5	13.2	8.0	13.0	24.0	19.1	14.8	12.7	2.2
Hang Seng (Hong Kong)	-4.0	-3.7	-7.6	10.1	10.6	5.5	11.4	11.6	7.2	10.1	11.9	-1.8
Selected Emerging Markets												
CSI 300 (China)	-2.9	-3.0	-6.9	-1.1	-1.1	-5.6	-3.3	-0.3	-7.2	12.9	13.8	-0.9
Nifty 50 (India)	3.5	4.7	0.5	3.7	6.3	1.4	3.2	4.6	0.4	20.8	18.9	1.9

Source: FactSet, Raymond James Ltd; Total returns, data as of April 30, 2025. LCL: listed in local currency. Historical P/E Median: 1/1/2000 – 4/30/2025. *Indices are represented by their corresponding iShares ETFs, serving as proxies.

IMPORTANT INVESTOR DISCLOSURES

Complete disclosures for companies covered by Raymond James can be viewed at: Disclosures https://raymondjames.bluematrix.com/sellside/Disclosures.action

This newsletter is prepared by the Private Client Services team (PCS) of Raymond James Ltd. (RJL) for distribution to RJL's retail clients. It is not a product of the Research Department of RJL.

All opinions and recommendations reflect the judgement of the author at this date and are subject to change. The author's recommendations may be based on technical analysis and may or may not take into account information in fundamental research reports published by RJL or its affiliates. Information is from sources believed to be reliable, but accuracy cannot be guaranteed. It is for informational purposes only. It is not meant to provide legal or tax advice; as each situation is different, individuals should seek advice based on their circumstances. Nor is it an offer to sell or the solicitation of an offer to buy any securities. It is intended for distribution only in those jurisdictions where RJL is registered. RJL, its officers, directors, agents, employees and families may, from time to time, hold long or short positions in the securities mentioned herein and may engage in transactions contrary to the conclusions in this newsletter. RJL may perform investment banking or other services for, or solicit investment banking business from, any company mentioned in this newsletter. Securities offered through Raymond James Ltd., Member-Canadian Investor Protection Fund. Financial planning and insurance offered through Raymond James Financial Planning Ltd., not a Member-Canadian Investor Protection Fund.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual funds. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The results presented should not and cannot be viewed as an indicator of future performance. Individual results will vary and transaction costs relating to investing in these stocks will affect overall performance.

Securities mentioned in this publication may entail higher risk. Clients should contact their Financial Advisor to determine if the securities are compatible with their risk tolerance and investment objectives.

Information regarding High, Medium, and Low-risk securities is available from your Financial Advisor.