RIVERSIDE ANALYTICS INC

DATE: April 18, 2025

RIVERSIDE ANALYTICS INC
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Economic Outlook

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Good investing is <u>not</u> an "event" like finding the next growth opportunity or catching the next market turn. Rather, good investing is a disciplined process that converts research and training into a well-tested methodology, and then makes a habit of following that approach day after day.

John P. Hussman, Ph.D
President, Hussman Strategic Advisors

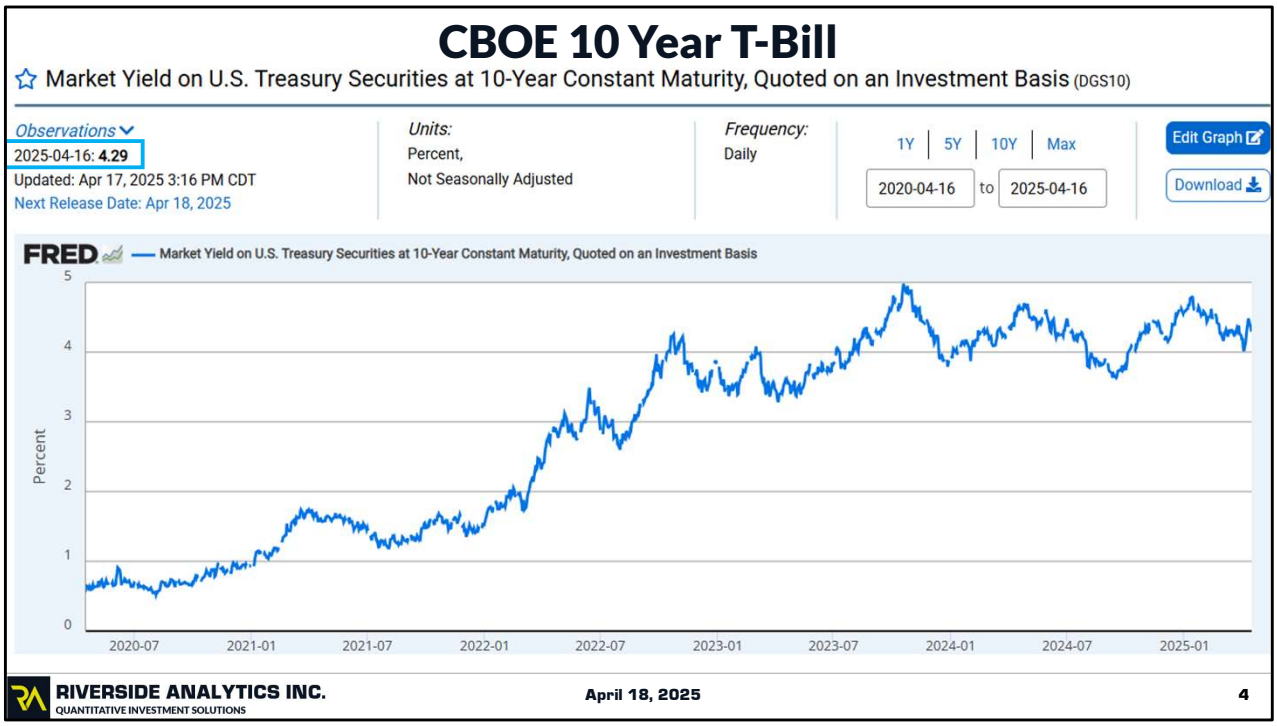
ECONOMIC DATA

Indicator review

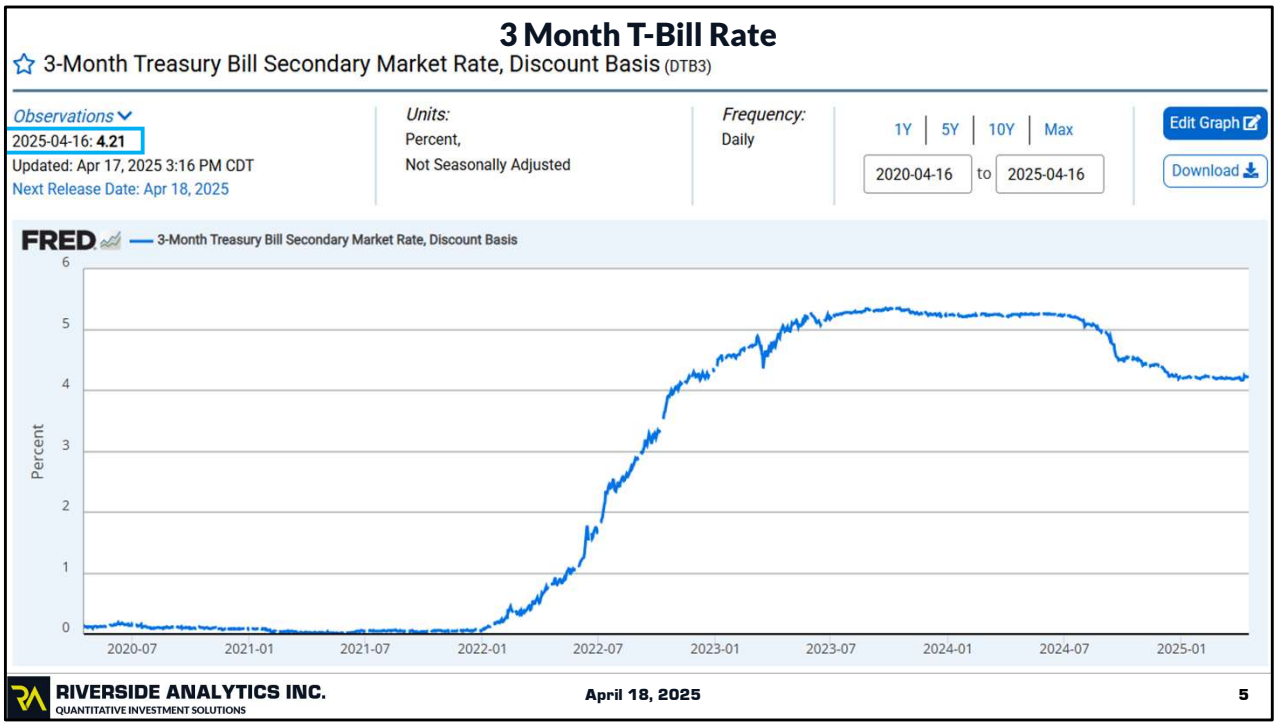
US Drives the bus, when it comes to the Canadian economy.

Please check the notes on each slide.

Short summary, risk of recession has increased.
Trump tariffs continue to upend business planning.
There is very little in the data indicating trouble. Sentiment, and Breadth are the exceptions
United States-Mexico-Canada Agreement (USMCA) is protecting Canadians from many tariffs.



April – Last month was 4.27. There was a dip at the beginning of the month, then it popped up to where it was !

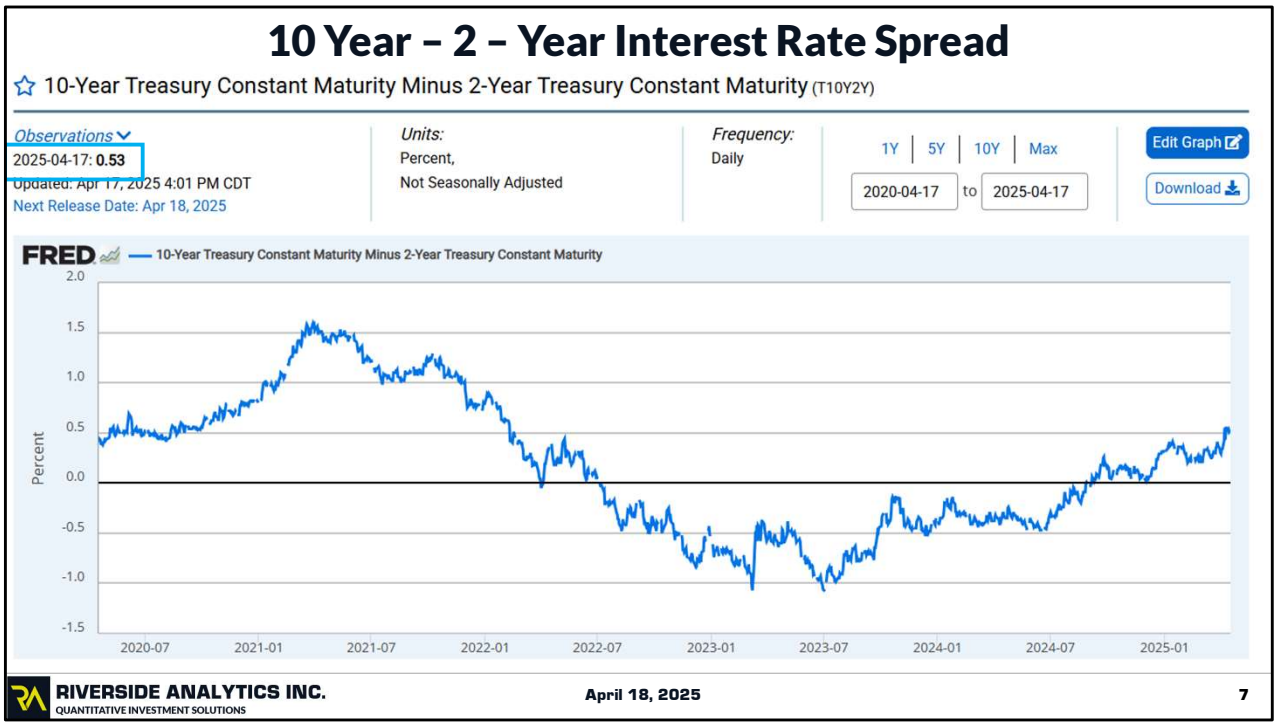


April – About as dead flat as it gets ! It probably stays this way until mid summer.



April - Last month was -0.02, this month, another flat print – 0.0!

Based on previous Riverside analysis, a recession does not occur until AFTER the inversion as righted itself. The Chinese tariffs have escalated on both sides. They are high enough, both sides are stopping goods transfers. Shipping is recording a sharp drop in container traffic.



April – Last month was 0.29. The spread jumped 24 points.

Same comment as last month.

There is some noises in the market suggesting a US recession could happen as early as mid to late July. Time will tell. I want to see data, not opinion media pieces !

If history holds, a recession shows up mid to late second quarter 2025 to mid 3rd quarter. Early rate interest reductions could have helped cushion any slowdown. Now with the tariff noises, the Fed has backed off on interest rate reductions, fearing they may have to raise rates to stave off a new round of inflation.

As you will see later, the Fed is more likely to reduce rates to fight softness in the economy than worry about inflation.

BoC Interest Rates
March 15th



Weekly Wednesday, rates in percentage	CANSIM	2025-02-12	2025-02-19	2025-02-26	2025-03-05	2025-03-12
Prime rate[1]	V80691311	5.20	5.20	5.20	5.20	5.20
Conventional mortgage						
1-year	V80691333	6.99	6.99	6.99	6.99	6.99
3-year	V80691334	6.54	6.54	6.54	6.54	6.54
5-year	V80691335	6.49	6.49	6.49	6.49	6.49

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March – official rates dropped another 25 points, but I do not see that reflected on the website.

CIBC has 5 year fixed – 4.34, down 25 points, Royal – 4.29, down 30 points, TD - 4.59 down 45, and BMO - 4.74 NO CHANGE, however they do have a special on Default insured mortgages at 4.39
BNS has not changed, and continues to make customers work for a discount remains at 6.49, remaining well above all the others.

BoC Interest Rates
April 18th



Weekly Wednesday, rates in percentage	CANSIM	2025-03-19	2025-03-26	2025-04-02	2025-04-09	2025-04-16
Prime rate[1]	V80691311	4.95	4.95	4.95	4.95	4.95
Conventional mortgage						
1-year	V80691333	6.99	6.99	6.79	6.09	6.09
3-year	V80691334	6.54	6.54	6.54	6.54	6.54
5-year	V80691335	6.49	6.49	6.49	6.49	6.49

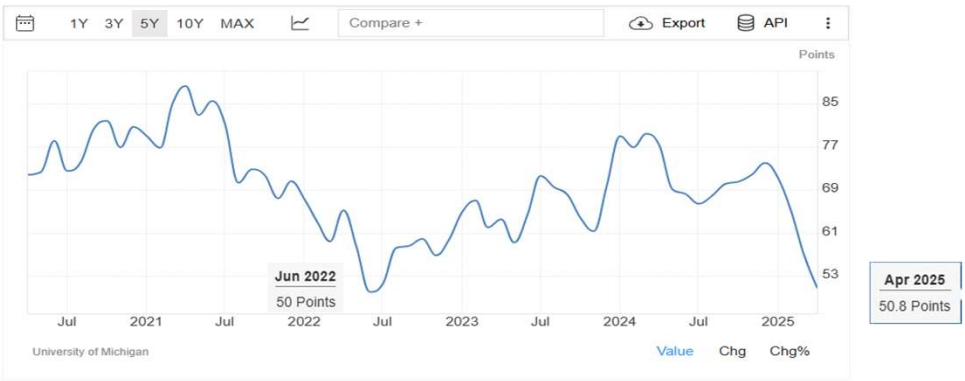
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April – The 1 year dropped from 6.99 to 6.09, 3 and 5 year did not budge.

CIBC has 5 year fixed – 4.34 - No Change, Royal – 4.29 – No Change, TD - 4.54 down 5 points, and BMO - 4.59 down 20 points, however they do have a special on Default insured mortgages at 4.39
BNS moved towards the rest of the banks with a rate of 5.4, still very high relative to competitors.

UoM Sentiment Index

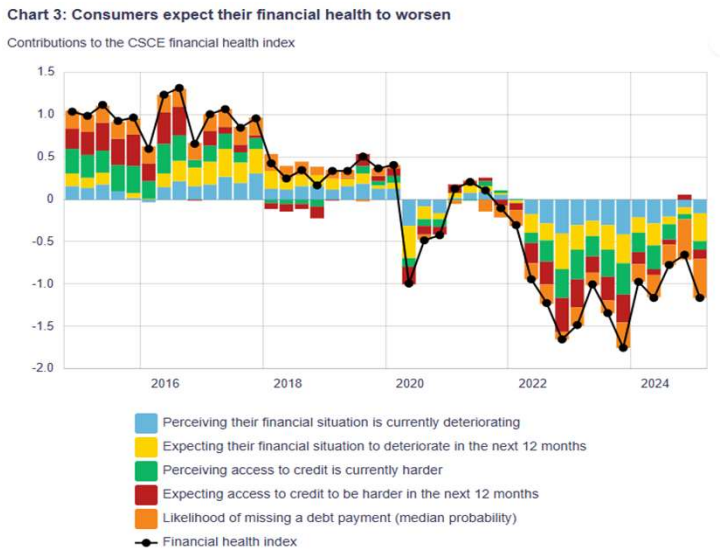
The University of Michigan consumer sentiment for the US plunged to 50.8 in April 2025, the lowest level since June 2022 from 57 in March, well below forecasts of 54.5, preliminary estimates showed. Consumer sentiment fell for the fourth straight month, and has now lost more than 30% since December 2024 amid growing worries about trade war developments that have oscillated over the course of the year. Consumers report multiple warning signs that raise the risk of recession: expectations for business conditions, personal finances, incomes, inflation, and labor markets all continued to deteriorate this month. The gauge for current economic conditions declined to 56.5 from 53.8 and the index measuring expectations fell to 47.2, the lowest since May 1980, from 52.6. Meanwhile, year-ahead inflation expectations surged to 6.7%, the highest reading since 1981, from 5%. The five-year expectations gauge edged up to 4.4% from 4.1%. source: University of Michigan



April – The sharp drop since the US election continues. Very close to the lows recorded summer of 2022.

This particular chart is from the Trading Economics Website.
https://tradingeconomics.com/united-states/consumer-confidence

BoC Consumer Sentiment – Q1 Data Released



Canadian Survey of Consumer Expectations—First Quarter of 2025 - Bank of Canada

April - 2025 Q1 data released

“Consumers have also become more pessimistic about their financial health (Chart 3, black line), largely because they expect their finances to worsen over the next 12 months (Chart 3, yellow bars). This greater pessimism is consistent with growing concerns about job security and a recession. Indeed, the share of consumers anticipating a recession in the coming year increased significantly (67% this quarter compared with 47% last quarter). In addition, consumers again reported a higher-than-average probability of missing a debt payment (Chart 3, orange bars).”

There is lots in this report if you want to dig in !
Canadian Survey of Consumer Expectations—First Quarter of 2025 - Bank of Canada

BoC Inflation Expectations – Q1 Data Released

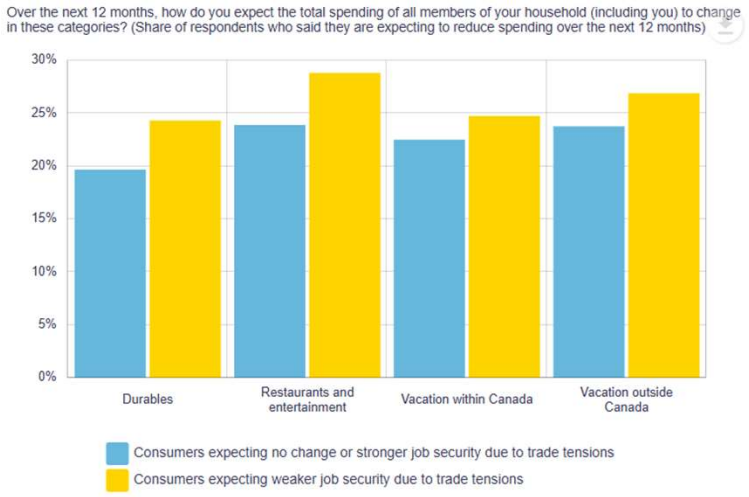


Consumers reported that they view tariffs and the Can$/US$ exchange rate as the most important factors hindering the Bank's ability to control inflation.

April - 2025 – Q1 report has been released !

There is lots in this report if you really want to dig in !
https://www.bankofcanada.ca/2025/04/canadian-survey-of-consumer-expectations-first-quarter-of-2025/

BoC Expectations – cont. Q1 Update



Optimistic (blue) vs Pessimistic (Yellow) spending expectations.

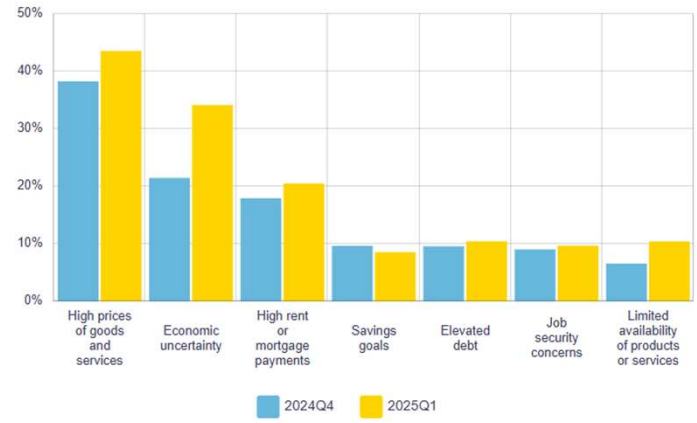
April - It is interesting that consumers expect spending to climb, but most were willing to compromise on eating out. **What this chart says is the 75 ish % expect to be unaffected or have not considered if they could be affected by changing economic conditions**.

There is lots in this report if you really want to dig in !
https://www.bankofcanada.ca/2025/04/canadian-survey-of-consumer-expectations-first-quarter-of-2025/

BoC Expectations – cont. Q1 Update

Chart 5: High prices, uncertainty and housing costs continue to weigh on spending

Consider the total spending of all members of your household (including you) over the next 12 months. Do you expect your spending to be negatively, positively or not really affected by economic factors or personal circumstances? If negatively affected: Which of the following economic factors or personal circumstances do you expect will have the greatest negative impact on your spending over the next 12 months? (Share of respondents expecting their spending to be negatively affected by any factor; more than one option could be selected)



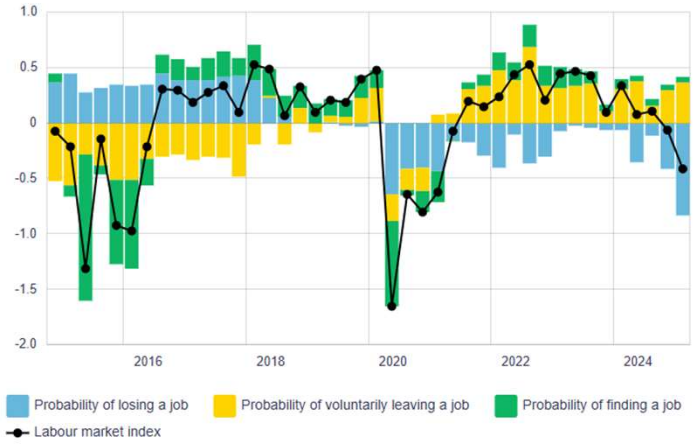
April - Consumers expect savings to go down, and expenses to go up.

https://www.bankofcanada.ca/2025/04/canadian-survey-of-consumer-expectations-first-quarter-of-2025/

BoC Expectations – cont. Q4 Update

Chart 1: Consumers are more worried than last quarter about losing their job

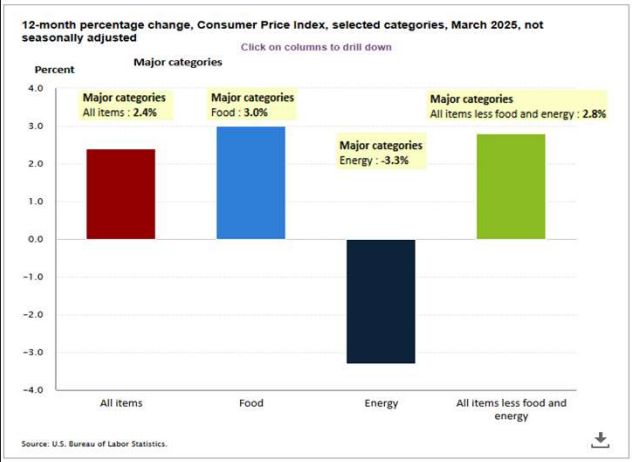
Contributions to the CSCE labour market index

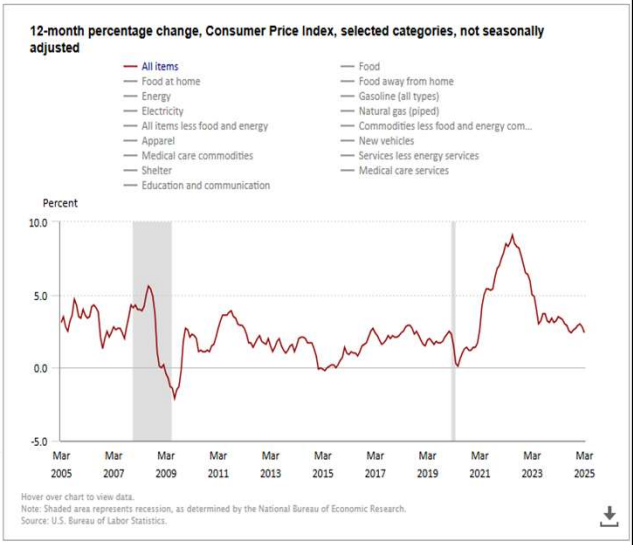


April – Consumers are expecting more job losses in the coming months due to trade conflicts. Job loss concerns so far, are muted. The labour loss data is noisy, so single month data points need to taken with a grain or two of salt. BoC interest rate decision made April 16th, was stand pat at 2.75%. It saw no immediate need to move on the media noises from the US.

There is lots in this report if you really want to dig in !
https://www.bankofcanada.ca/2025/04/canadian-survey-of-consumer-expectations-first-quarter-of-2025/

US Inflation Rate





All items : Unchanged 2.8%
All items less food and energy : 2.8 was 3.1 %
Food : 3.0 was 2.6
Energy : -3.3 was -0.2

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April – Reviewing all the charts, almost all are benign.
Food is the first place tariffs likely show inflation, and looks like it is beginning to show up !

If you go to the website, there is table that is MUCH easier to see the details.

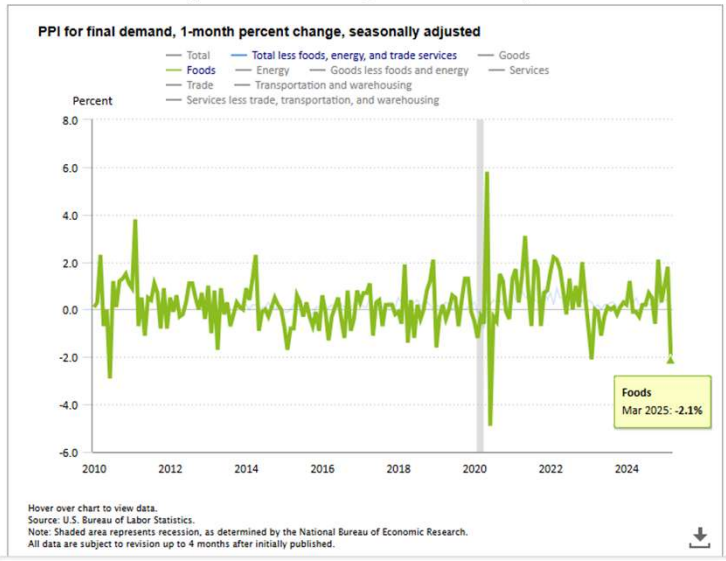
Lots of additional detail is located here – Each of the index items in the right hand cart above, has its own data.
The way you avoid muddying up the chart, is click once on the item you want to remove in the index, then click on the item you want to see.
https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-category-line-chart.htm

The left chart is here
https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-category.htm#

Producer Price Index – Food

1-month percent change, seasonally adjusted

April 1.7 to -2.1%

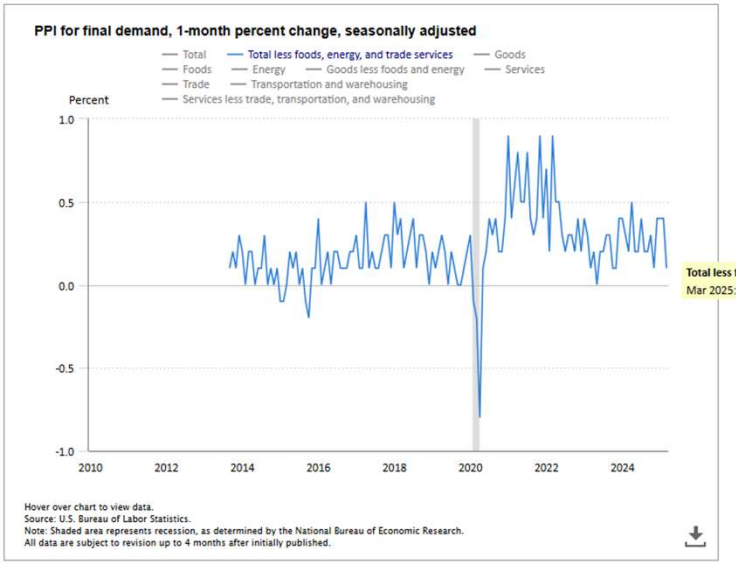


April – I did not expect to see a decline in this index ! The retail level is showing some upward pressure ! Food from the US should be coming in tariff free under the United States-Mexico-Canada Agreement (USMCA). Trumped backed down !
Details are here >> https://www.bls.gov/charts/producer-price-index/final-demand-1-month-percent-change.htm#

Producer Price Index – Total

1-month percent change, seasonally adjusted

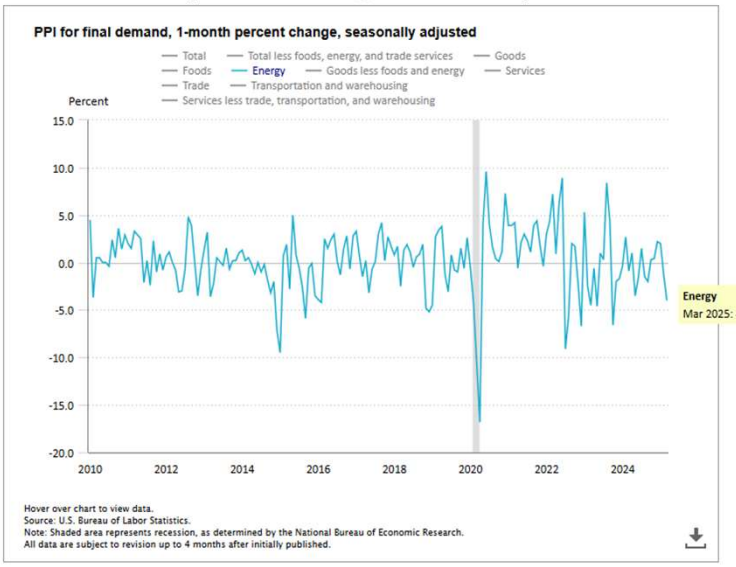
Range bound



April – Same comment as last month Range bound. Tariffs, so far, have no influence here !
https://www.bls.gov/charts/producer-price-index/final-demand-1-month-percent-change.htm#

Producer Price Index – Energy

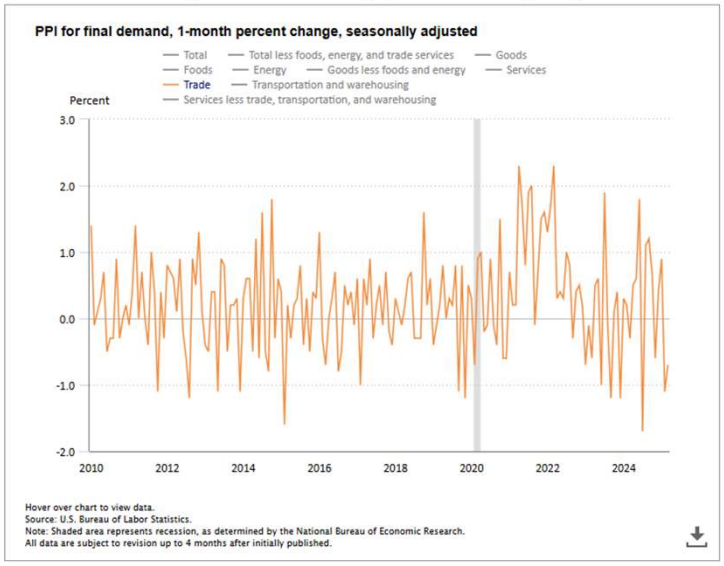
1-month percent change, seasonally adjusted



April - I saw the spike in prices at the pump, and the easing.
https://www.bls.gov/charts/producer-price-index/final-demand-1-month-percent-change.htm#

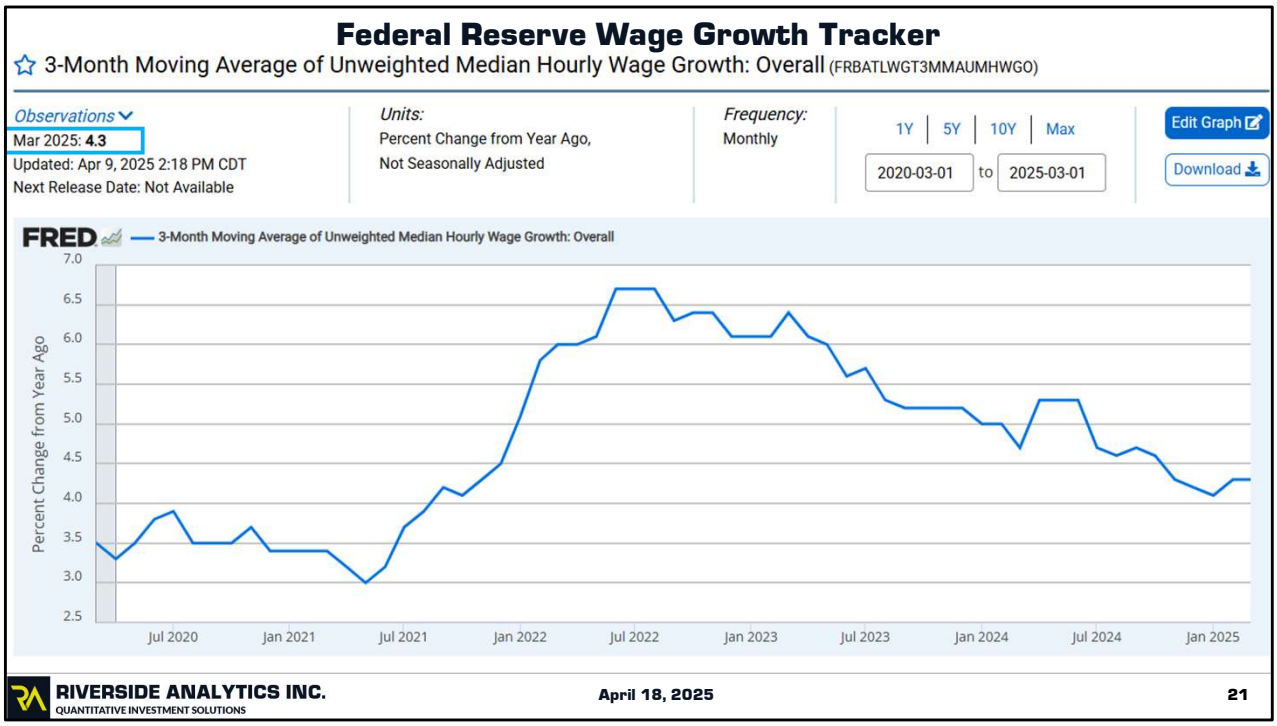
Producer Price Index – Trade

1-month percent change, seasonally adjusted



April – Nothing out of the ordinary ! We have been here before.

https://www.bls.gov/charts/producer-price-index/final-demand-1-month-percent-change.htm#

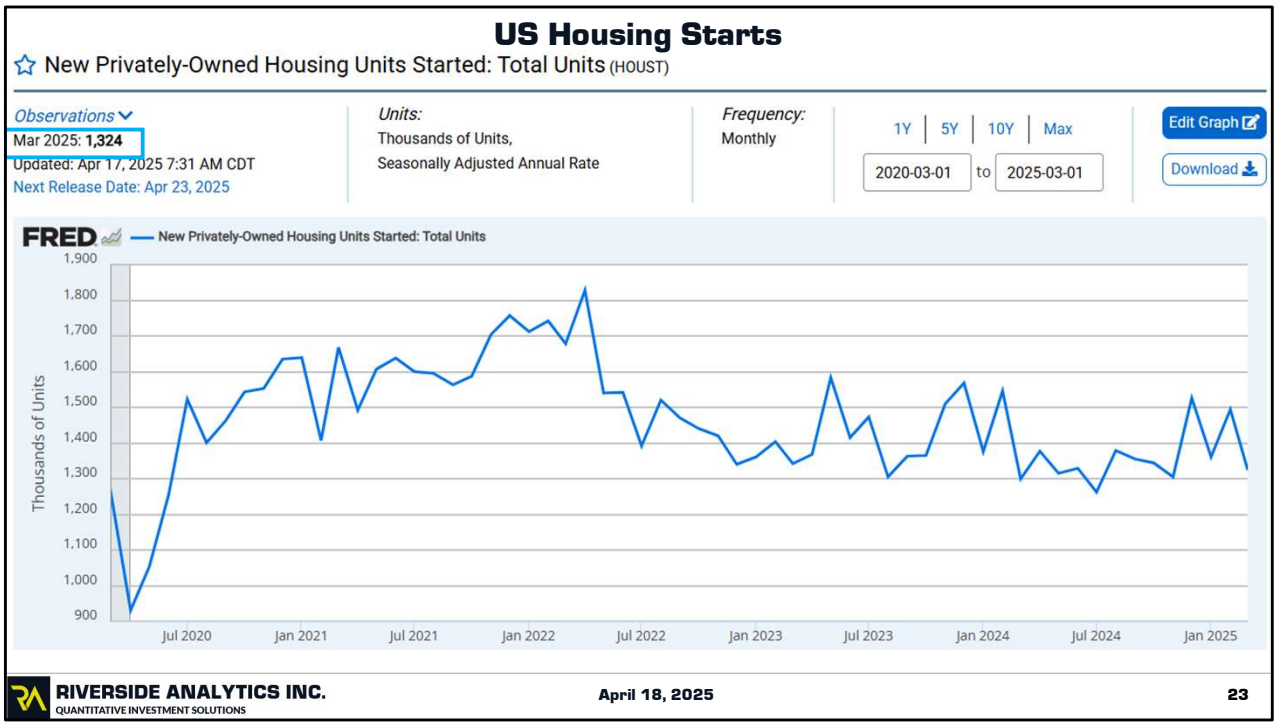


April – No change from last month ! Wages are growing faster than inflation.

https://fred.stlouisfed.org/series/FRBATLWGT3MMAUMHWGO

Leading Indicators

Housing Starts
Manufactures New Orders
Commodity Prices
Average Hours Worked

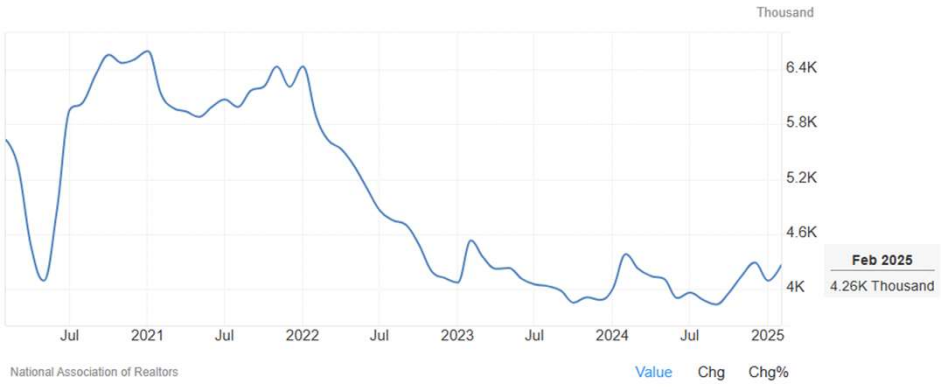


April – No changes of significance - More range bound housing starts.

Some builders are giving 5% commissions of real estate agents for a completed sale. They are pushing incentives to move units !

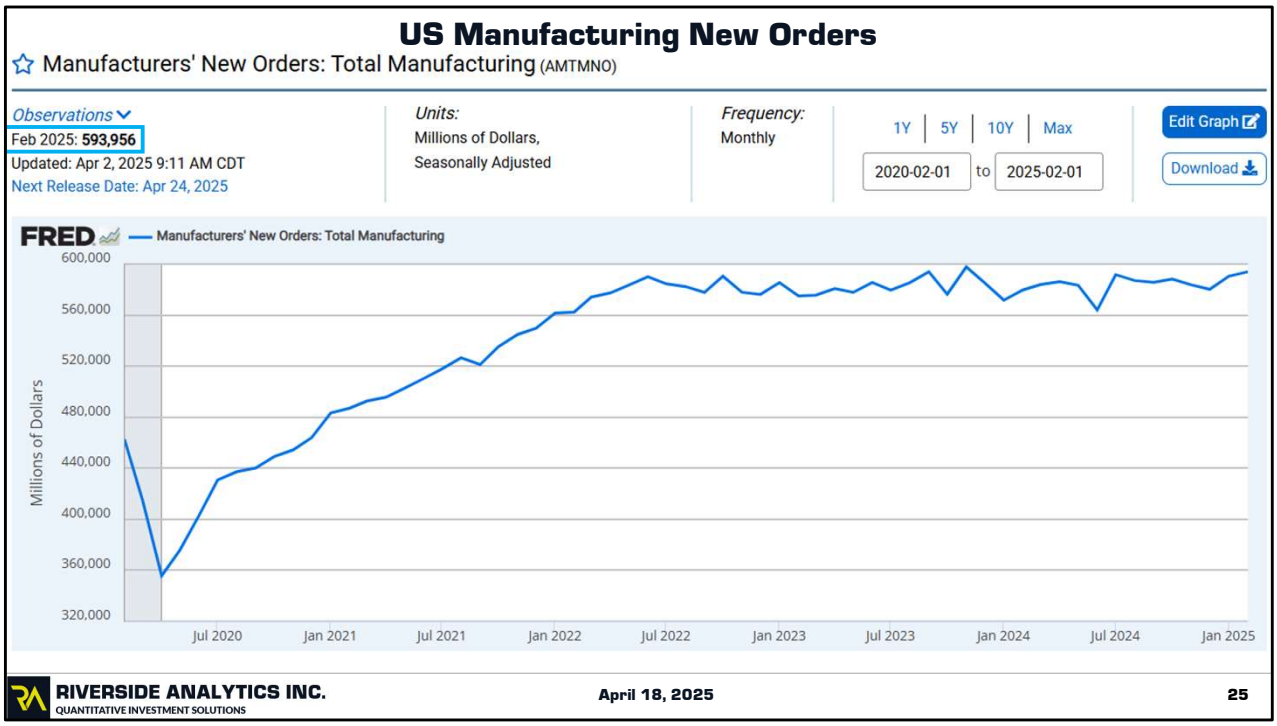
US Existing Home Sales

Existing home sales in the US rose by 4.2% from the previous month to a seasonally adjusted annualized rate of 4.26 million homes in February of 2025, rebounding from the downwardly revised 4.7% drop in the previous month and firmly above market expectations that they would decline to 3.95 million. "Home buyers are slowly entering the market," said NAR Chief Economist Lawrence Yun. "Mortgage rates have not changed much, but more inventory and choices are releasing pent-up housing demand." The median price for existing home sales was at $398,400, a 3.8% increase from the previous year. In the meantime, the inventory of unsold homes rose 5.1% from the previous month to 1.24 million, equivalent to 3.5 months of supply at the current sales pace. source: National Association of Realtors



April – another rangebound graph. Two years of very similar activity ! It is shaping up to be three spring peaks of 4.5 (2023), 4.4 (2024), and 4.3 (2025). There is a decent chance, summer interest rate reductions, followed by similar fall reductions could see some increased buying activity IF US avoids a significant recession.

From Trading Economics, who sourced it from National Association of Realtors

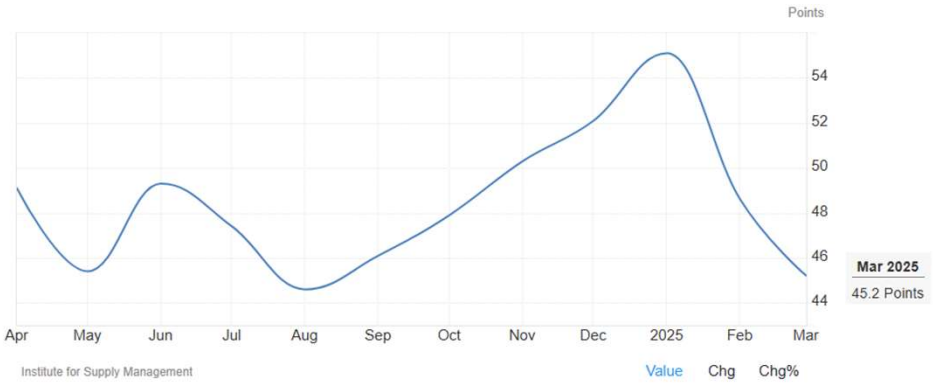


April - Range bound it is ! NOTE – **This is February data**, so tariff threats are not showing up in the data ! Next month should be interesting! I was aware GM had moved some production to a US plant to avoid tariffs, but since then, USMCA has been honored, and could mute additional manufacturing. Doing it with just overtime, is pretty easy to do, but requires a lot of co-ordination with feeder plants and suppliers. Vehicles become more expensive due to the OT. The additional cost per unit would be about $1,000. Still way cheaper than a 25% tariff !

I do not expect reshoring to happen in any significant way. It takes a long time to build a greenfield operation. The profit hit is huge.

ISM Manufacturing New Orders Index

The ISM Manufacturing New Orders subindex in the United States decreased to a seven-month low of 45.20 points in March 2025 from 48.60 points in February. ISM Manufacturing New Orders in the United States averaged 55.44 points from 1950 until 2025, reaching an all time high of 82.60 points in June of 1950 and a record low of 24.20 points in June of 1980. source: Institute for Supply Management



April – The bite continues. Until it drops below previous lows, this is normal activity. The previous low was 44.6, so next month could be interesting ! I would expect manufactures to have warehoused production materials in advance of likely tariff announcements, hoping to ride out the initial wave.

Source : Trading Economics
https://tradingeconomics.com/united-states/ism-manufacturing-new-orders

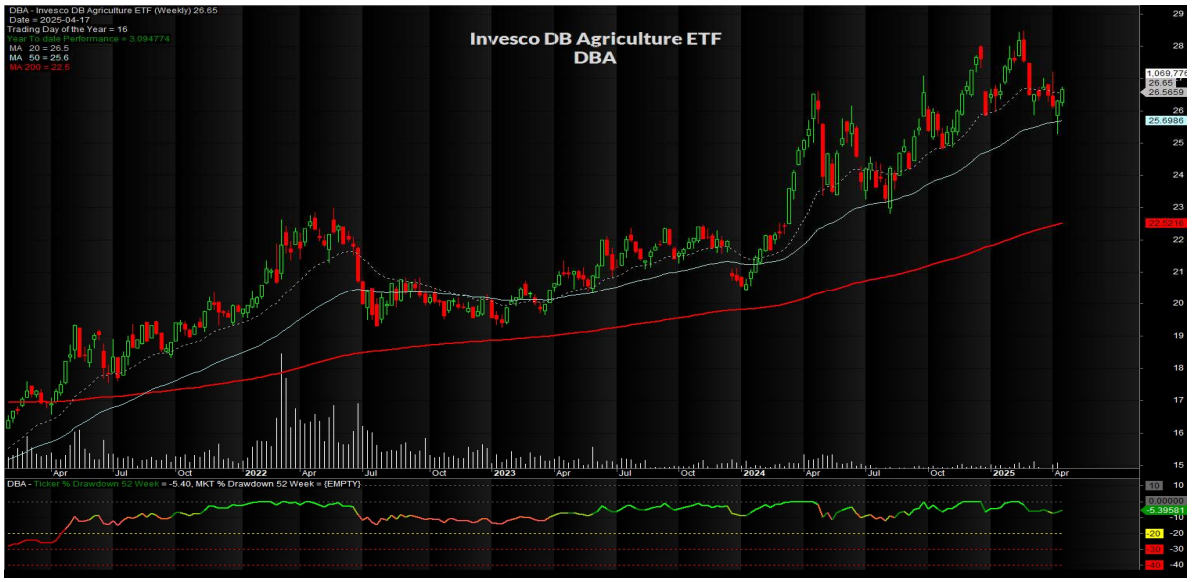
Commodity Pressure on Inflation – Weekly Candles



Wild ride this month !

April – Down 29.3% from the June 2022 peak. That was quite the drop this past month. The 20, and 50 MA remain on the trend down, indicating muted future inflation from carbon based energy, Gold, Silver, Aluminum, Zinc, Copper Grade A, Corn, Wheat, Soybeans, and Sugar.

Commodity Pressure on Inflation – Weekly Candles



Agriculture inflation on the other hand, is suggesting manufactured food price increases likely to remain elevated.

April – Down about 5.4 percent from the mid February peak. The underlying index includes corn, soybeans, wheat, Kansas City wheat, sugar, cocoa, coffee, cotton, live cattle, feeder cattle, and lean hogs. The one good thing is that Y/Y comparisons are likely to be more favourable than 2024, thus the RATE of change should be lower for 2025.

Keep an eye on your grocery store in Q1 for the annual price changes, and /or shrinking package. Weight changes tend to infer higher price changes than you would expect at the cash register. **15 percent shrinkage for the same great price is common.**

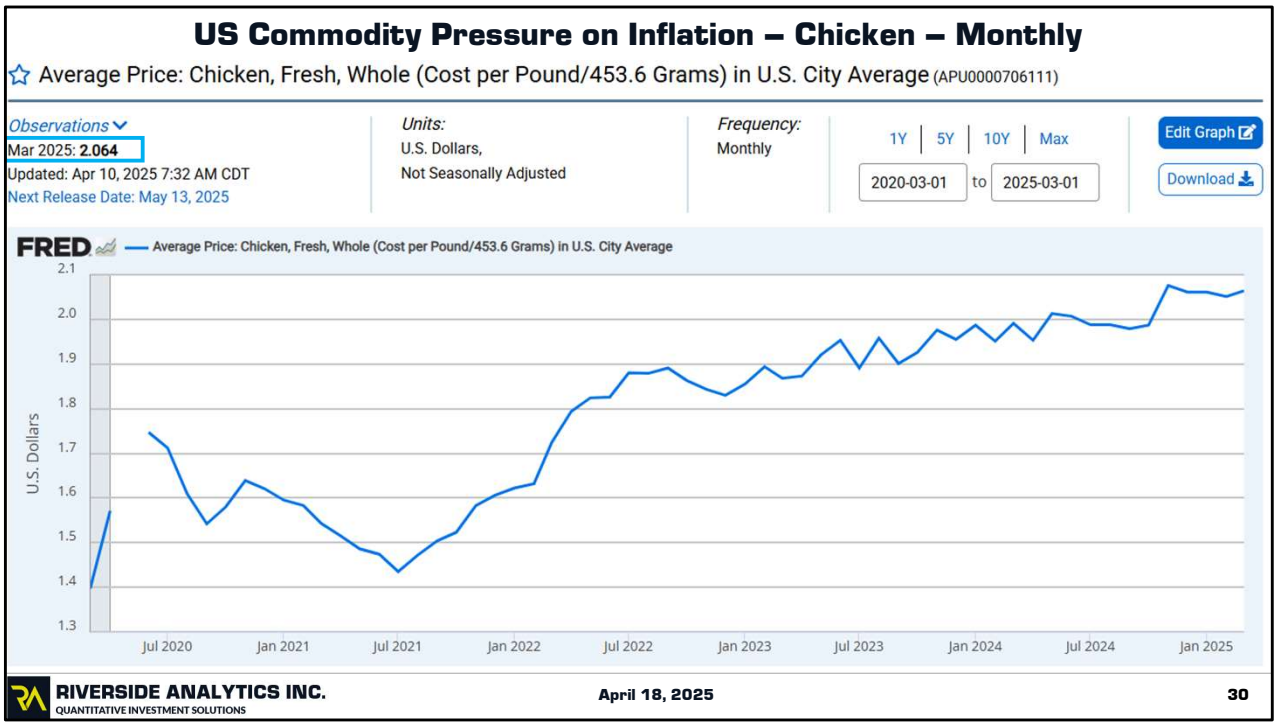
Commodity Pressure on Inflation – Weekly Candles



Where are primary protein prices going ?

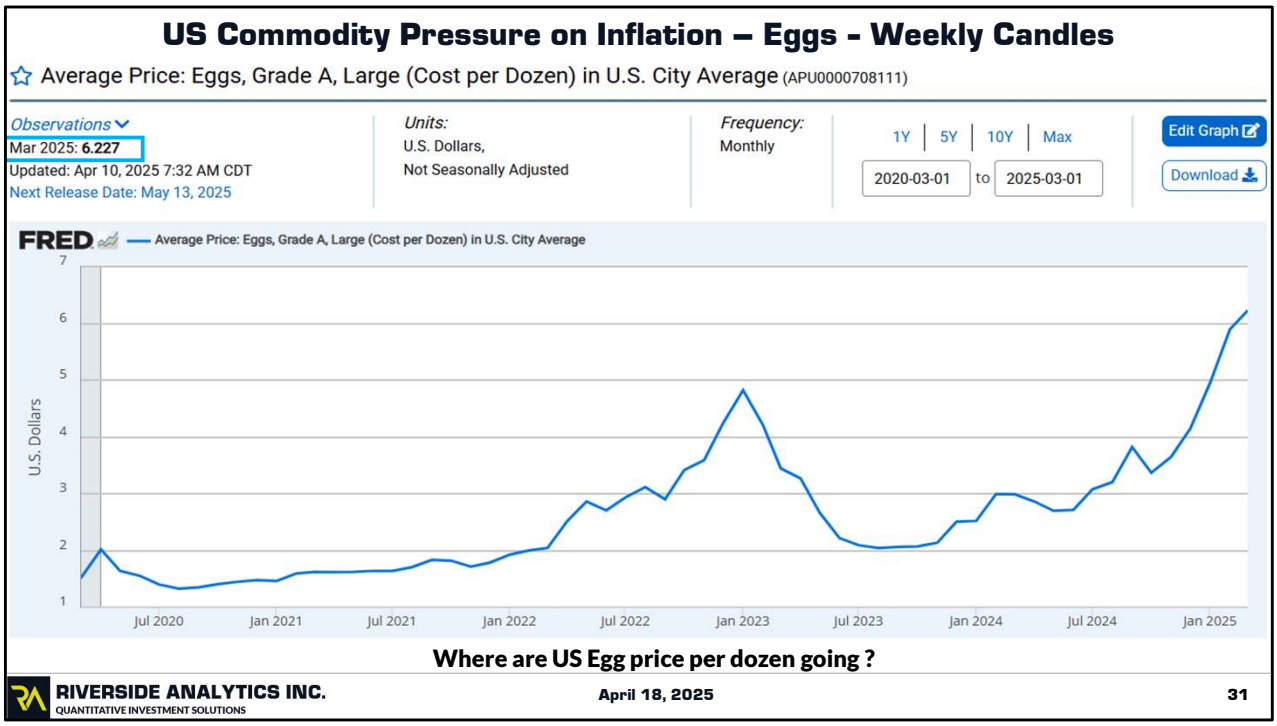
April – A drop to the bottom of the recent range. I do not get how this is down 25% since April of 2022, and retail beef prices are up significantly in the same time period.

Consumers need protein in their diets, and make up about 1/3 of the calories they consume. This covers both Cattle and Pork.



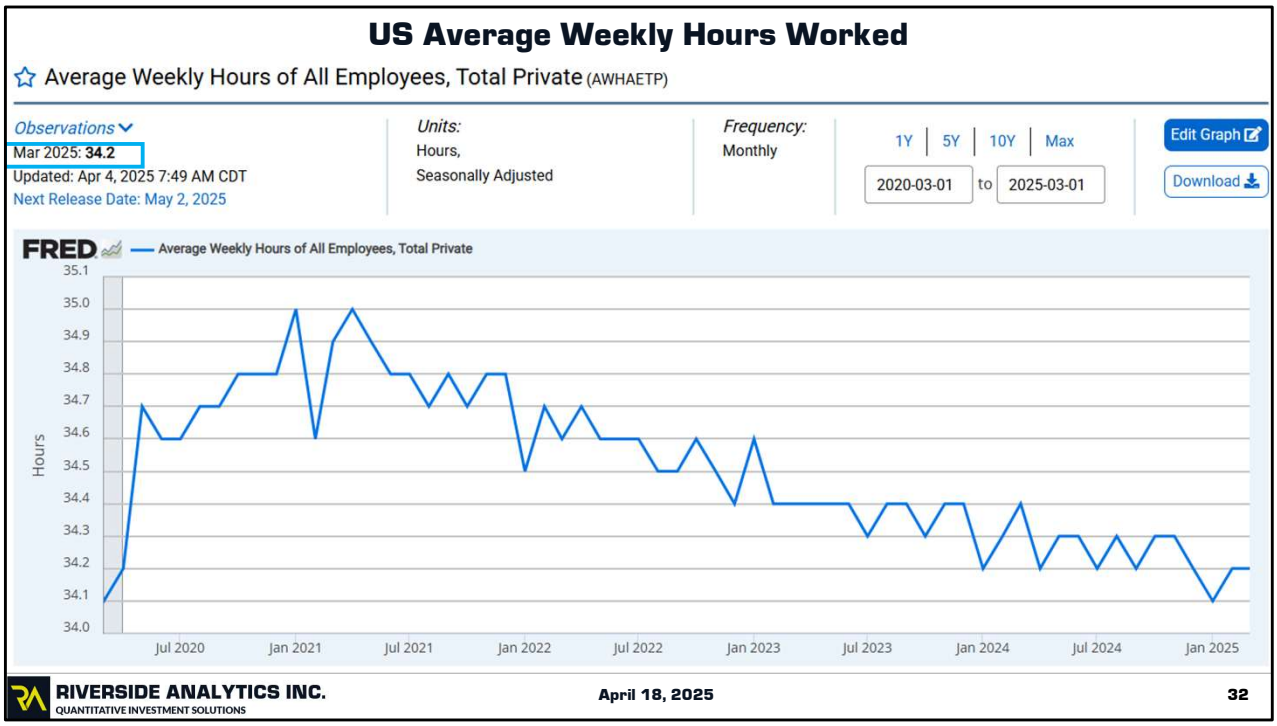
April – Prices are sticky, as the bird flu issue starts to resolve itself.
Bird flu has impacted egg prices in the US, and has had some upward pressure on chicken prices.

The jump in the chart to the right is November.



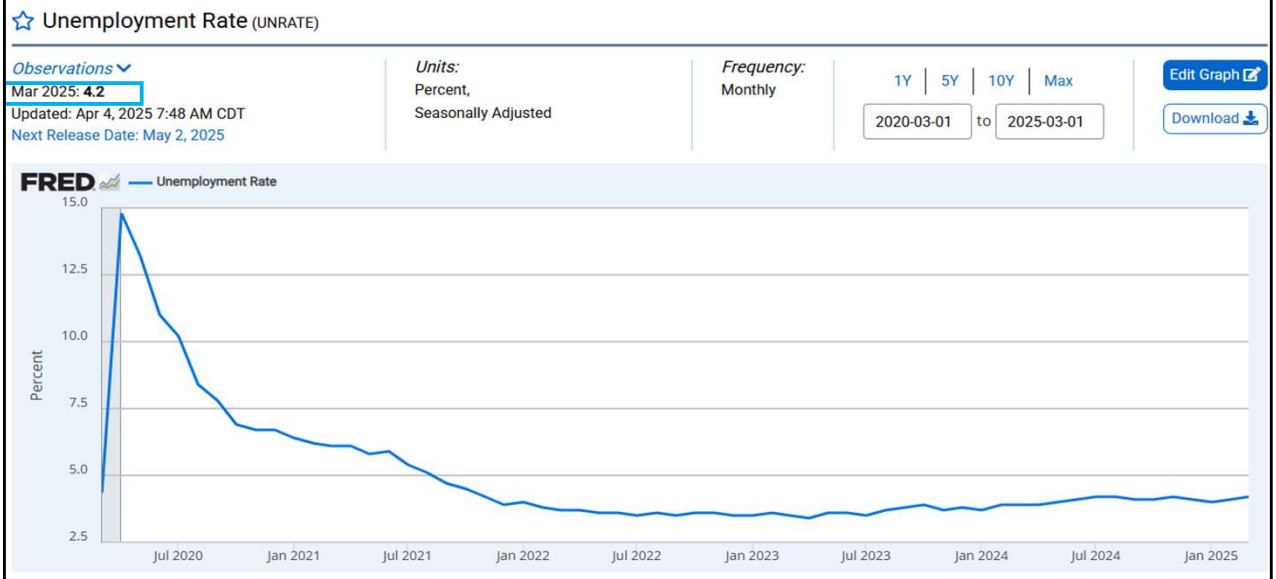
April – US egg prices remain well above normal ranges.

Note – I bought eggs in Florida early in April, and the prices at Costco were coming down. The prices in the local grocery store remained high. The severe shortage was in the process of resolving itself. Since about the end of the 3rd week in March, supplies were significantly improving, but certainly not normal. I am expecting this chart next month will show this as the peak price, and show clear signs of going back down. It will likely take a few more months before normal supply is in place. I expect prices will decline some, but likely reach a new normal at a higher level than consumers were used to.



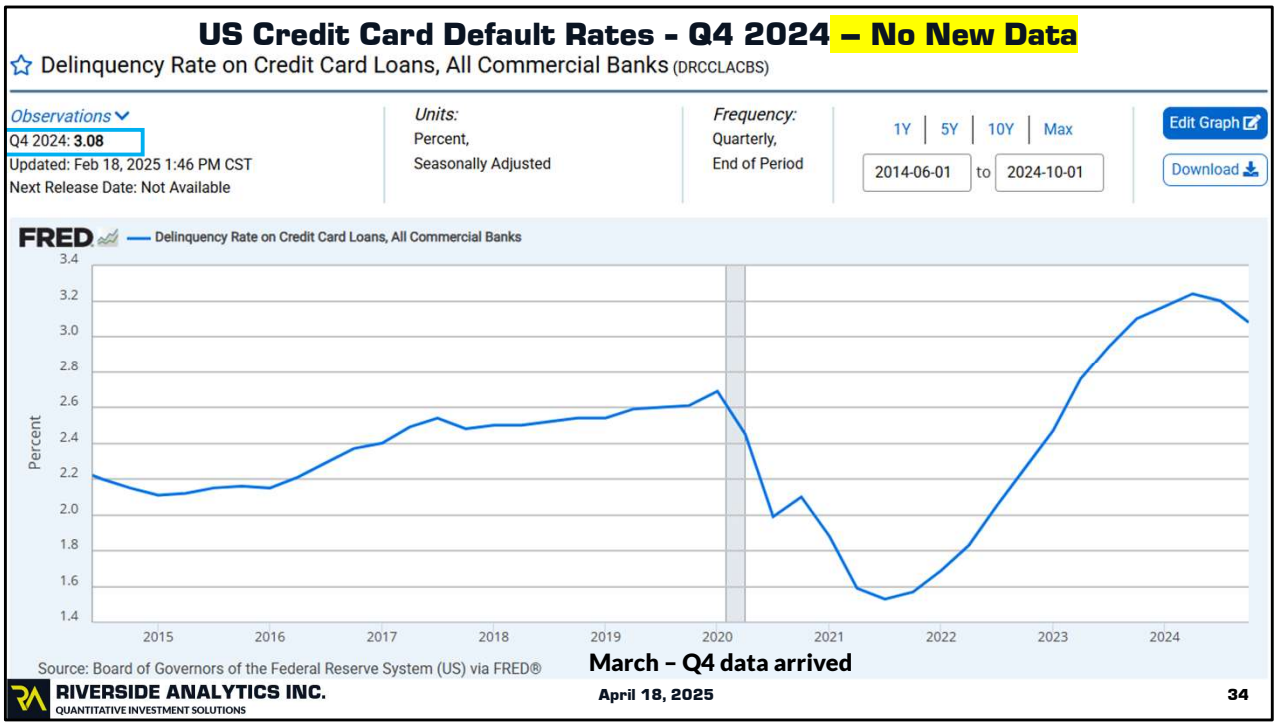
April – February got adjusted up by 1/10th, and March matched the adjusted value.

US Unemployment Rate



April 4.1 to 4.2 – Steady as she goes

April – up a 1/10th to 4.2… continuing statistical noise routine.



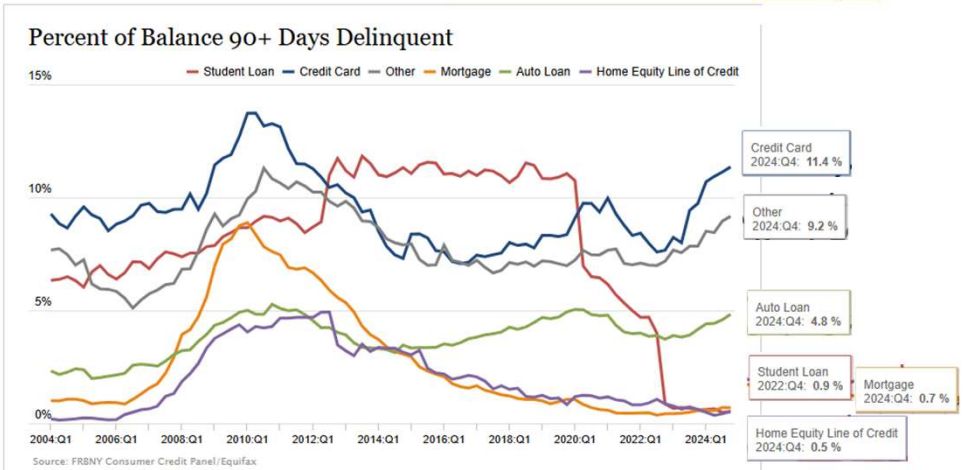
April – No new data - 2024 Q4 3.08 is a decline from the 3.24 peak in Q2.

As you will see on the next slide, there is a difference between numbers of cards defaulting, and the value of the debt defaulting!

Delinquent loans are those past due thirty days or more and still accruing interest as well as those in nonaccrual status. They are measured as a percentage of end-of-period loans.

Credit Card Default Rates – NY Fed – 2025 Q1 not available yet

US Household Debt Hits $18.04 Trillion



Aggregate delinquency rates increased slightly in the fourth quarter of 2024. As of December, 3.6 percent of outstanding debt was in some stage of delinquency, up from 3.5 percent in the third quarter. Transition into early delinquency held steady for nearly all debt types; the exception was for credit card balances, which saw a small uptick in the rate at which balances went from current to delinquent. Transition into serious delinquency, defined as 90 or more days past due, edged up for auto loans, credit cards, and HELOC balances but remained stable for mortgages.

April – No new data. 2025 Q1 data has not been published yet.

Household Debt Hits $18.04 Trillion; Auto and Credit Card Delinquency Transition Rates Remain Elevated

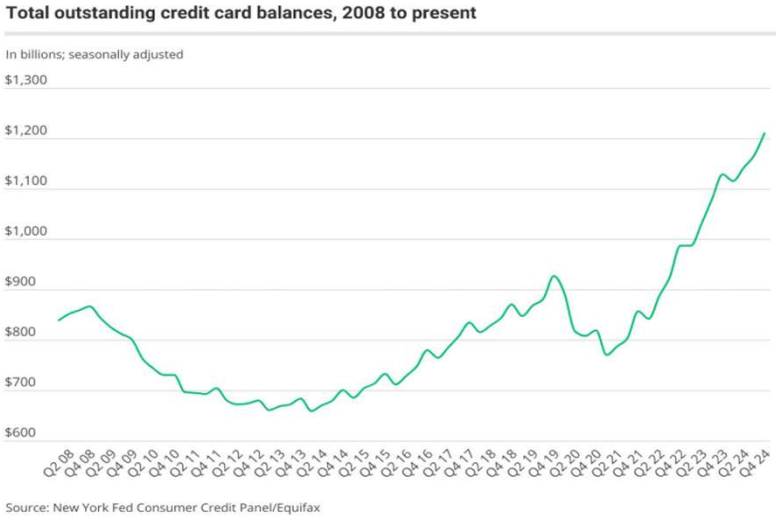
Total household debt increased by $93 billion to reach $18.04 trillion in the fourth quarter, according to the latest *Quarterly Report on Household Debt and Credit*. Aggregate delinquency rates ticked up 0.1 percentage point (ppt) from the previous quarter to 3.6 percent of outstanding debt in some stage of delinquency. Mortgage balances rose by $11 billion to stand at $12.61 trillion at the end of December. Transition into serious delinquency, defined as 90 or more days past due, remained stable for mortgages, but edged up for auto loans, credit cards, and HELOC balances. Auto loan balances saw an $11 billion increase to $1.66 trillion in the fourth quarter, while credit card balances increased by $45 billion from the previous quarter to reach $1.21 trillion at the end of December.

November – Federal Reserve Bank of New York.
https://www.newyorkfed.org/microeconomics/hhdc.html

Another way to look at the credit card delinquency rate. About 47% of cardholders carry a month to month balance. If 11 percent of those are in trouble, this infers about 23 percent of those carrying a balance, are in serious trouble.

What is the difference between delinquency and charge-off?
Charge-offs are the value of loans and leases removed from the books and charged against loss reserves. Charge-off rates are annualized, net of recoveries. Delinquent loans and leases are those past due thirty days or more and still accruing interest as well as those in nonaccrual status

US Credit Card Outstanding Balances – No Updates



$1.211 trillion

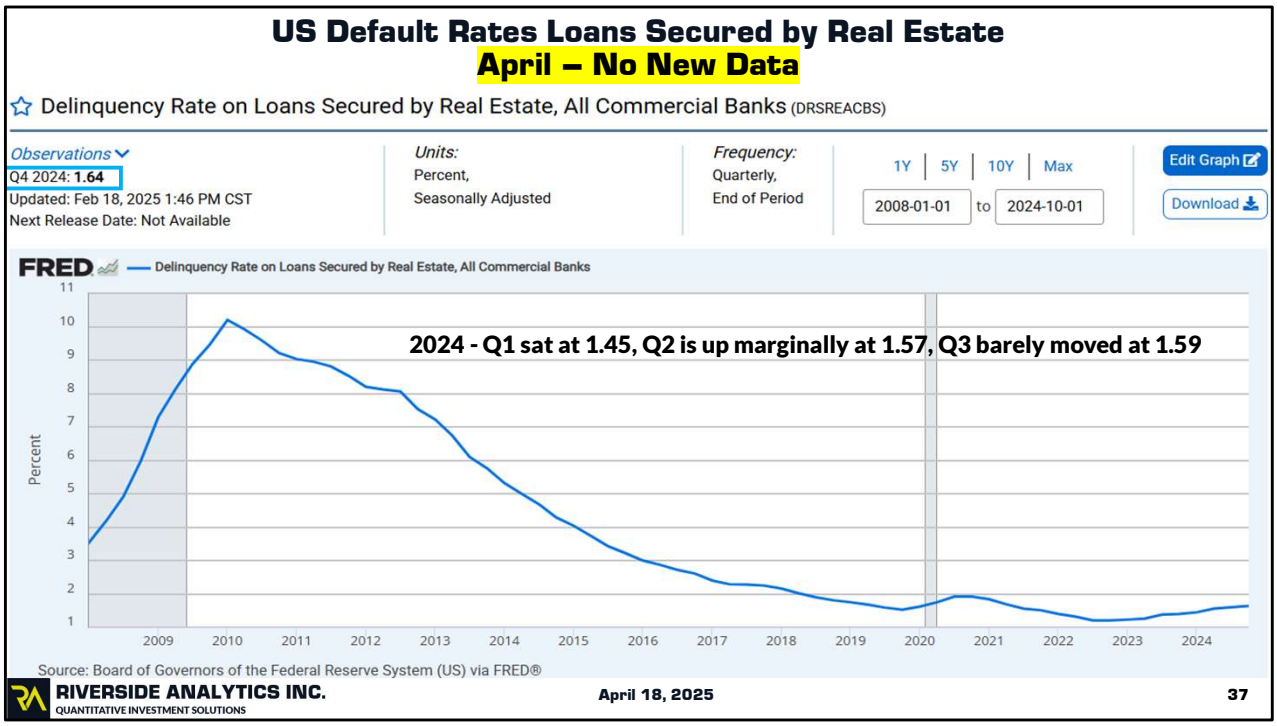
This is costing the 47 % of card holders on average $120.60 a month in interest charges or $1447 / year.

Average Interest rate : 22.8%

47% of card holders carry a balance month to month ! Average CC balance $7,236 in Q3

April – No updates - About half the population is paying some stiff interest charges on rotating debt.

https://www.lendingtree.com/credit-cards/study/credit-card-debt-statistics/
Additional detail here > https://www.bankrate.com/credit-cards/news/credit-card-debt-survey/#many-carry-debt-for-more-than-a-year



April – No new data

Q4 is 1.64 , Q1 sat at 1.45, Q2 is up marginally at 1.57, Q3 barely moved at 1.59,

Only about 10 percent of US Real Estate mortgages are variable rates.

US Net Percentage of Domestic Banks Tightening Standards – April - No New Data

☆ Net Percentage of Domestic Banks Tightening Standards for Commercial and Industrial Loans to Large and Middle-Market Firms (DRTSCILM)

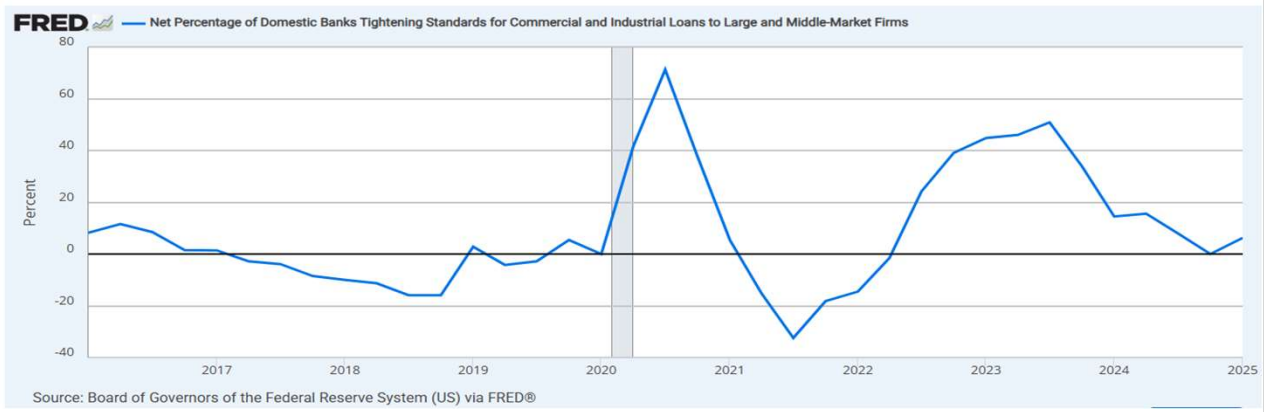
Observations
Q1 2025: 6.2
Updated: Feb 3, 2025 1:19 PM CST
Next Release Date: Not Available

Units:
Percent,
Not Seasonally Adjusted

Frequency:
Quarterly

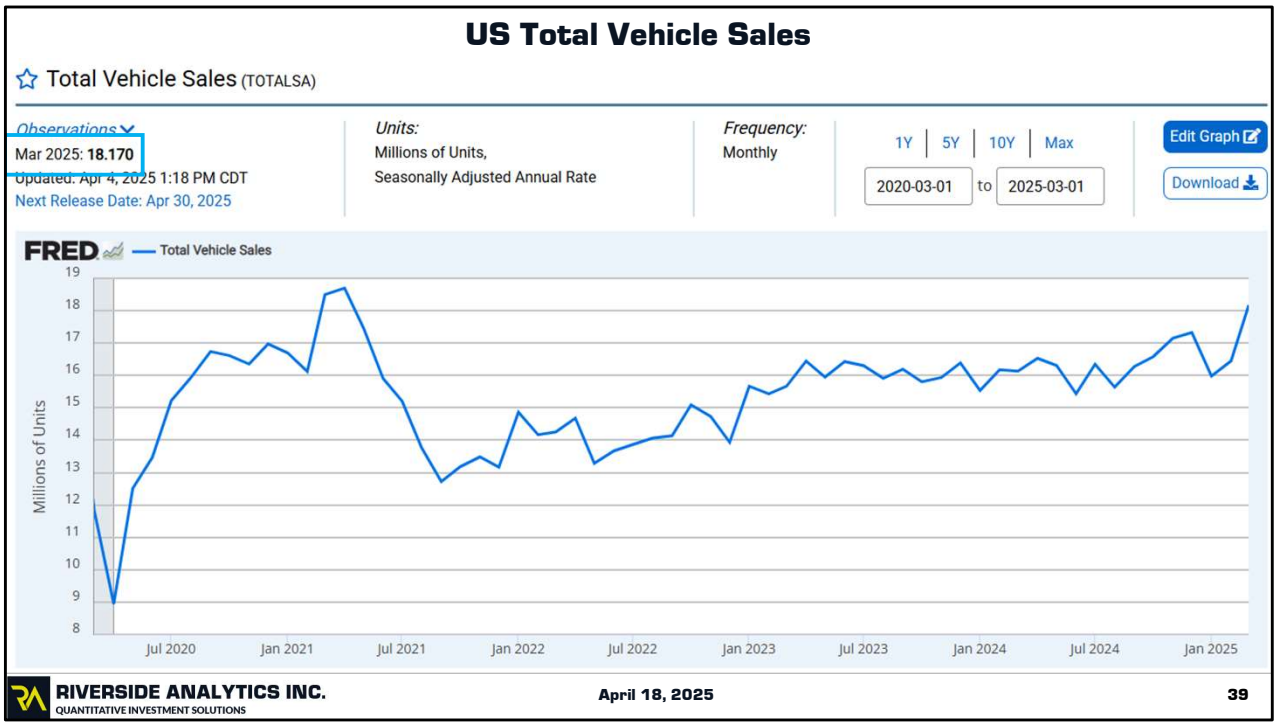
1Y | 5Y | 10Y | Max
2016-01-01 to 2025-01-01

Edit Graph
Download



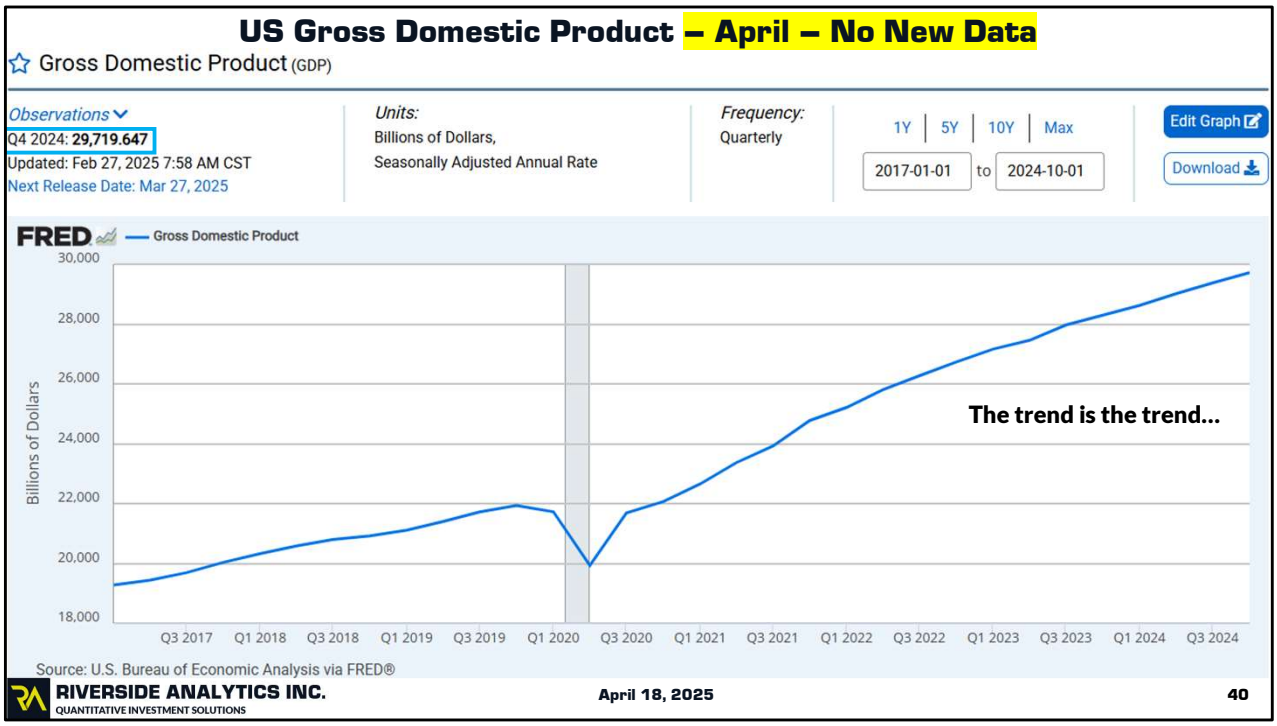
February – 6 percent uptick observed !

April – No change. **This is a quarterly report, so the May report should have 2025 Q1 data.**



April – March data is interesting. It appears that buyers were reacting to tariffs, and bought early to avoid them. My neighbour across the street in Florida did exactly that. Data suggests, he was not alone !

This likely means some soft months coming up as the moved up purchases resolves in the opposite direction !



April – No new data.
Q4 Update - 29,719 vs 29,700 - US economy is remains healthy, except existing home resales !

S&P 500 YEARLY RETURNS

AVERAGE YEAR vs YEAR #1 OF THE US PRESIDENTIAL CYCLE

US Presidential Election Cycle - S&P 500 Performance Analysis

	Jan%	Feb%	Mar%	Apr%	May%	Jun%	Jul%	Aug%	Sep%	Oct%	Nov%	Dec%	Yr. Profit%
Average Year 1	0.76	-1.66	0.61	2.45	1.90	0.56	2.28	-0.04	-1.52	-0.59	0.68	0.54	6.63
Average Year 2	0.47	0.01	0.11	0.26	-0.76	-1.32	1.01	-0.45	-1.48	2.16	2.03	1.19	3.11
Average Year 3	3.40	1.58	0.57	2.55	-0.17	2.07	1.24	-0.02	-1.08	0.84	-0.50	2.24	13.51
Average Year 4	0.05	-0.25	0.36	-0.12	-1.23	1.69	2.19	2.90	-0.50	-0.34	1.14	1.51	6.56
Democrats Avg Year 1	0.56	-1.64	1.14	3.79	2.72	1.06	2.71	1.04	-0.92	-0.70	1.25	0.71	12.89
Democrats Avg Year 2	0.46	-0.08	-1.38	1.29	-1.57	-0.25	1.80	-1.52	-0.46	1.85	1.61	2.72	3.29
Democrats Avg Year 3	2.25	0.52	0.28	2.46	0.23	1.08	2.53	-0.71	0.99	2.07	-0.18	2.60	14.68
Democrats Avg Year 4	0.32	-0.55	2.48	0.00	-0.23	2.72	0.78	1.08	0.64	1.64	0.64	0.27	9.77
Republicans Avg Year 1	1.00	-1.68	-0.03	0.86	0.95	-0.02	1.76	-1.33	-2.23	-0.45	0.00	0.33	-0.76
Republicans Avg Year 2	0.47	0.12	1.88	-0.96	0.19	-2.59	0.07	0.81	-2.67	2.50	2.48	-0.47	2.89
Republicans Avg Year 3	4.66	2.72	0.89	2.65	-0.61	3.16	-0.16	0.73	-3.34	-0.51	-0.85	1.84	12.23
Republicans Avg Year 4	-0.25	0.07	-1.96	-0.26	-2.33	0.57	3.73	4.88	-1.65	-2.32	1.63	2.75	3.35

April – under normal conditions, this would be a decent month for first year Republicans.

CME FedWatch Tool

TARGET RATE PROBABILITIES AS OF March 15, 2025

FED FUND FUTURES												
ZQH5	ZQJ5	ZQK5	ZQM5	ZQN5	ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6	ZQH6
95.6700	95.6750	95.7350	95.8100	95.9150	96.0000	96.0650	96.1550	96.2250	96.2900	96.3250	96.3500	96.3700

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES									
MEETING DATE	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475
3/19/2025				0.0%	0.0%	0.0%	0.0%	2.0%	98.0%	0.0%
5/7/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	27.7%	71.8%	0.0%
6/18/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	19.0%	57.7%	22.9%	0.0%
7/30/2025	0.0%	0.0%	0.0%	0.0%	0.1%	6.9%	32.6%	45.5%	14.8%	0.0%
9/17/2025	0.0%	0.0%	0.0%	0.1%	4.2%	22.4%	40.3%	27.1%	5.9%	0.0%
10/29/2025	0.0%	0.0%	0.0%	1.3%	9.6%	27.7%	36.4%	20.7%	4.2%	0.0%
12/10/2025	0.0%	0.0%	0.5%	4.6%	16.7%	31.1%	30.3%	14.3%	2.5%	0.0%
1/28/2026	0.0%	0.1%	1.0%	5.9%	18.3%	31.0%	28.5%	13.0%	2.3%	0.0%
3/18/2026	0.0%	0.3%	2.0%	8.6%	21.0%	30.5%	25.1%	10.7%	1.8%	0.0%
4/29/2026	0.0%	0.4%	2.6%	9.6%	21.8%	30.0%	23.9%	9.9%	1.6%	0.0%
6/17/2026	0.1%	0.6%	3.1%	10.6%	22.5%	29.6%	22.9%	9.3%	1.5%	0.0%
7/29/2026	0.1%	0.7%	3.4%	11.1%	22.8%	29.3%	22.3%	8.9%	1.4%	0.0%
9/16/2026	0.1%	0.8%	3.7%	11.4%	23.0%	29.1%	21.9%	8.7%	1.4%	0.0%
10/28/2026	0.1%	0.7%	3.4%	10.7%	21.9%	28.5%	22.5%	9.9%	2.0%	0.1%
12/9/2026	0.6%	3.1%	9.8%	20.5%	27.7%	23.3%	11.5%	3.0%	0.4%	0.0%

Looks a lot like a hurry up and wait situation

March – 50 / 50 probability of a cut in the summer.

What is the likelihood that the Fed will change the Federal target rate at upcoming FOMC meetings, according to interest rate traders? Use CME FedWatch to track the probabilities of changes to the Fed rate, as implied by 30-Day Fed Funds futures prices.

CME FedWatch Tool

TARGET RATE PROBABILITIES – Aggregated AS OF March 15, 2025

FED FUND FUTURES												
ZQH5	ZQJ5	ZQK5	ZQM5	ZQN5	ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6	ZQH6
95.6700	95.6750	95.7350	95.8100	95.9150	96.0000	96.0650	96.1550	96.2250	96.2900	96.3250	96.3500	96.3700

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES				
MEETING DATE	325-350	350-375	375-400	400-425	425-450
3/19/2025	0.00 %	0.00 %	0.00 %	2.00 %	98.00 %
5/7/2025	0.00 %	0.00 %	0.00 %	28.76 %	71.24 %
6/18/2025	0.00 %	0.00 %	0.00 %	96.87 %	3.13 %
7/30/2025	0.00 %	0.00 %	32.00 %	68.00 %	0.00 %
9/17/2025	0.00 %	0.00 %	92.07 %	7.93 %	0.00 %
10/29/2025	0.00 %	22.00 %	78.00 %	0.00 %	0.00 %
12/10/2025	0.00 %	60.93 %	39.07 %	0.00 %	0.00 %
1/28/2026	0.00 %	72.00 %	28.00 %	0.00 %	0.00 %
3/18/2026	0.00 %	93.72 %	6.28 %	0.00 %	0.00 %
4/29/2026	2.00 %	98.00 %	0.00 %	0.00 %	0.00 %
6/17/2026	9.72 %	90.28 %	0.00 %	0.00 %	0.00 %
7/29/2026	14.00 %	86.00 %	0.00 %	0.00 %	0.00 %
9/16/2026	16.86 %	83.14 %	0.00 %	0.00 %	0.00 %
10/28/2026	8.00 %	92.00 %	0.00 %	0.00 %	0.00 %
12/9/2026	95.36 %	4.64 %	0.00 %	0.00 %	0.00 %

The Fedwatch tool's "Aggregated" view compares the rates implied by CME's Fed Funds futures with the current target rate range as set by the Federal Reserve. As such, it provides a view into the cumulative number of hikes or cuts that the market is pricing by a certain point in the future. This is provided in addition to the traditional "Conditional" view of probabilities, familiar to long-term users of the FedWatch tool.

March – The aggregate tool is calling for a 25 point cut in June or July, then another one September or October.

This is an increase of two cuts this year from just one last month. **The Fed is more concerned about a slow down becoming visible in the second quarter.**

CME FedWatch Tool – Probabilities

TARGET RATE PROBABILITIES AS OF April 18, 2025

FED FUND FUTURES												
ZQJ5	ZQK5	ZQM5	ZQN5	ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6	ZQH6	ZQJ6
95.6713	95.6925	95.7600	95.8550	96.2000	96.2950	96.2575	96.3900	96.4800	96.5625	96.6300	96.6650	96.7325

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES									
MEETING DATE	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
5/7/2025					0.0%	0.0%	0.0%	0.0%	13.2%	86.8%
6/18/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.4%	54.2%	38.5%
7/30/2025	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%	27.3%	47.5%	22.1%	0.0%
9/17/2025	0.0%	0.0%	0.0%	0.0%	0.6%	7.8%	31.2%	42.6%	17.8%	0.0%
10/29/2025	0.0%	0.0%	0.0%	0.3%	4.7%	21.1%	37.6%	28.5%	7.7%	0.0%
12/10/2025	0.0%	0.0%	0.2%	3.2%	15.5%	32.0%	31.6%	14.8%	2.6%	0.0%
1/28/2026	0.0%	0.1%	1.1%	6.9%	20.5%	31.9%	26.6%	11.1%	1.8%	0.0%
3/18/2026	0.0%	0.5%	3.4%	12.4%	25.1%	29.8%	20.4%	7.4%	1.1%	0.0%
4/29/2026	0.1%	1.1%	5.2%	14.9%	26.0%	27.9%	17.8%	6.1%	0.9%	0.0%
6/17/2026	0.3%	1.8%	6.8%	16.8%	26.3%	26.2%	15.8%	5.3%	0.7%	0.0%
7/29/2026	0.5%	2.5%	8.3%	18.2%	26.3%	24.6%	14.2%	4.6%	0.6%	0.0%
9/16/2026	0.6%	2.7%	8.5%	18.4%	26.3%	24.4%	14.0%	4.5%	0.6%	0.0%
10/28/2026	0.5%	2.6%	8.4%	18.2%	26.1%	24.4%	14.3%	4.7%	0.7%	0.0%
12/9/2026	0.2%	1.0%	3.8%	10.5%	19.8%	25.7%	22.3%	12.2%	3.9%	0.5%

April – Nothing at this level to suggest changes in the foreseeable future. June OR July drops are a coin toss !

CME FedWatch Tool – Aggregated

TARGET RATE PROBABILITIES AS OF April 18, 2025

FED FUND FUTURES												
ZQJ5	ZQK5	ZQM5	ZQN5	ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6	ZQH6	ZQJ6
95.6713	95.6925	95.7600	95.8550	96.2000	96.2950	96.2575	96.3900	96.4800	96.5625	96.6300	96.6650	96.7325

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES					
MEETING DATE	300-325	325-350	350-375	375-400	400-425	425-450
5/7/2025	0.00 %	0.00 %	0.00 %	0.00 %	13.23 %	86.77 %
6/18/2025	0.00 %	0.00 %	0.00 %	0.00 %	68.90 %	31.10 %
7/30/2025	0.00 %	0.00 %	11.50 %	88.50 %	0.00 %	0.00 %
9/17/2025	0.00 %	0.00 %	30.84 %	69.16 %	0.00 %	0.00 %
10/29/2025	0.00 %	0.00 %	87.50 %	12.50 %	0.00 %	0.00 %
12/10/2025	0.00 %	53.61 %	46.39 %	0.00 %	0.00 %	0.00 %
1/28/2026	0.00 %	83.50 %	16.50 %	0.00 %	0.00 %	0.00 %
3/18/2026	23.84 %	76.16 %	0.00 %	0.00 %	0.00 %	0.00 %
4/29/2026	43.50 %	56.50 %	0.00 %	0.00 %	0.00 %	0.00 %
6/17/2026	60.53 %	39.47 %	0.00 %	0.00 %	0.00 %	0.00 %
7/29/2026	75.50 %	24.50 %	0.00 %	0.00 %	0.00 %	0.00 %
9/16/2026	77.71 %	22.29 %	0.00 %	0.00 %	0.00 %	0.00 %
10/28/2026	75.50 %	24.50 %	0.00 %	0.00 %	0.00 %	0.00 %
12/9/2026	0.00 %	96.59 %	3.41 %	0.00 %	0.00 %	0.00 %

The Fedwatch tool's "Aggregated" view compares the rates implied by CME's Fed Funds futures with the current target rate range as set by the Federal Reserve. As such, it provides a view into the cumulative number of hikes or cuts that the market is pricing by a certain point in the future. This is provided in addition to the traditional "Conditional" view of probabilities, familiar to long-term users of the FedWatch tool.

A June or July drop is likely, and it could be 50 points ! Another 50 late in the year !

April – This looks like a full 100 point drop coming by the end of the year, 50 points during the summer, and another 50 points late in the year. That would could give housing a nice boost, if US avoids a recession. If workers start loosing jobs in a significant way, all bets are off !

The US export market relative to internal market is about 11 % of GDP. Other country tariffs are not going to have a huge impact. Combine an export decline, with a significant drop in external visitors, and consumers tightening their wallets due to negative news impacts on their sentiment, and we have the makings of a soft few quarters.

Canadian Charts

St Louis Fed has quite a number of charts of Canadian data !

Residential Property Prices

Unemployment rate

Consumer Price Index

Inverted Yield Curve

Gross Domestic Product

Cdn existing home sales

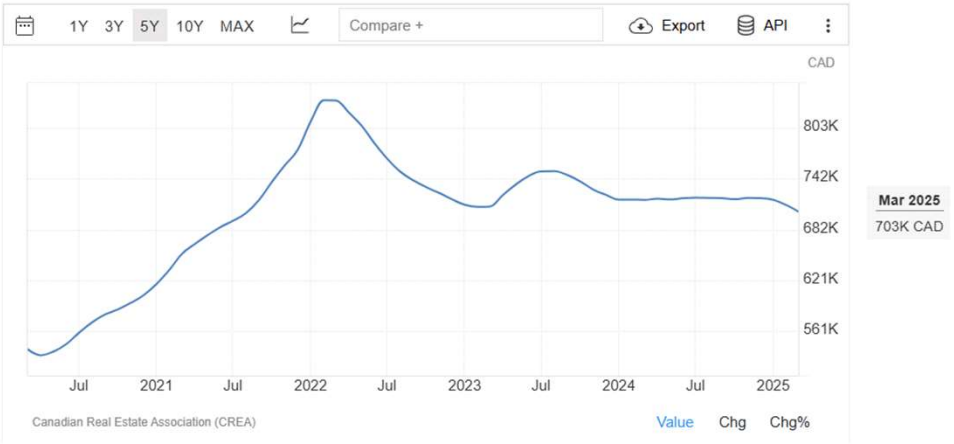
New Vehicle Sales

ST Louis Fed tracks a number of Canadian Metrics.

https://fred.stlouisfed.org/categories/32268

Average House Prices for Canada

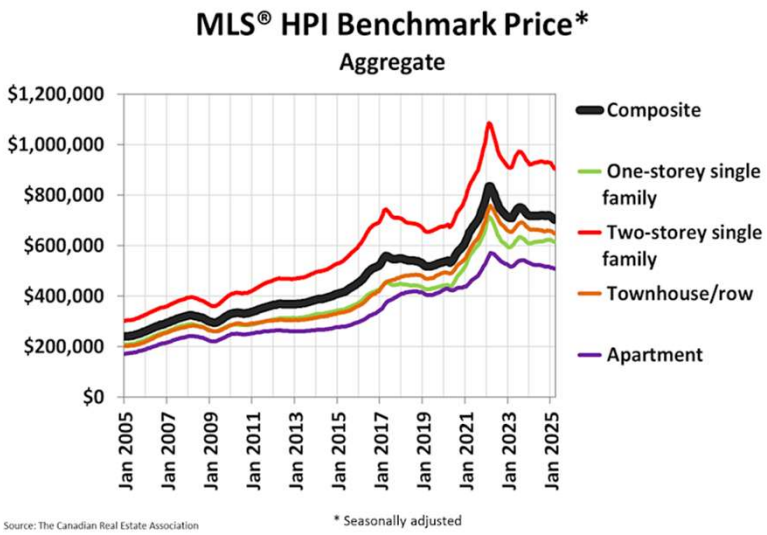
Average House Prices in Canada decreased to 702800 CAD in March from 710200 CAD in February of 2025. Average House Prices in Canada averaged 467575.31 CAD from 2005 until 2025, reaching an all time high of 834700.00 CAD in February of 2022 and a record low of 239800.00 CAD in January of 2005. source: Canadian Real Estate Association (CREA)



This is a change in behavior. Last time it was this low was August of 2021.

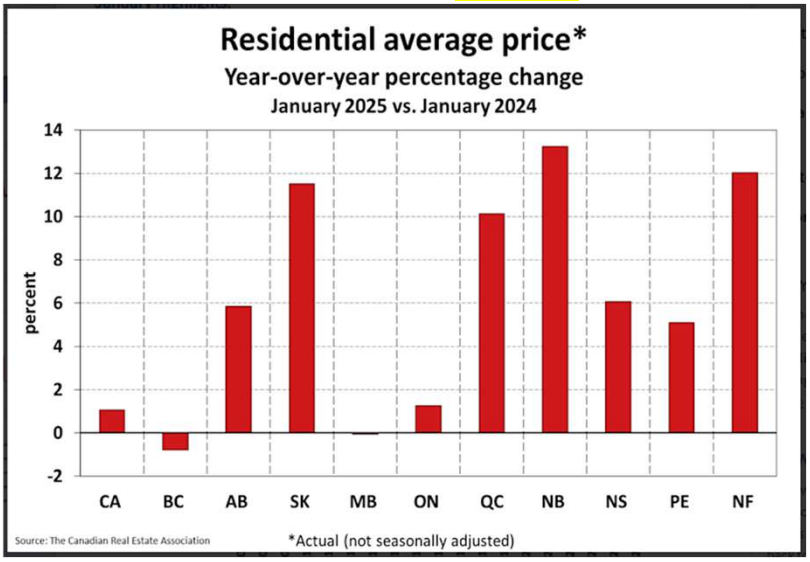
April – After prices were flat all last year, this month was a change, with a drop of $15k. Last time it was this low was August of 2021. This is a 16% decline from the peak in February of 2022.
Source : Trading Economics

Average House Prices for Canada – cont.
April – New Data !



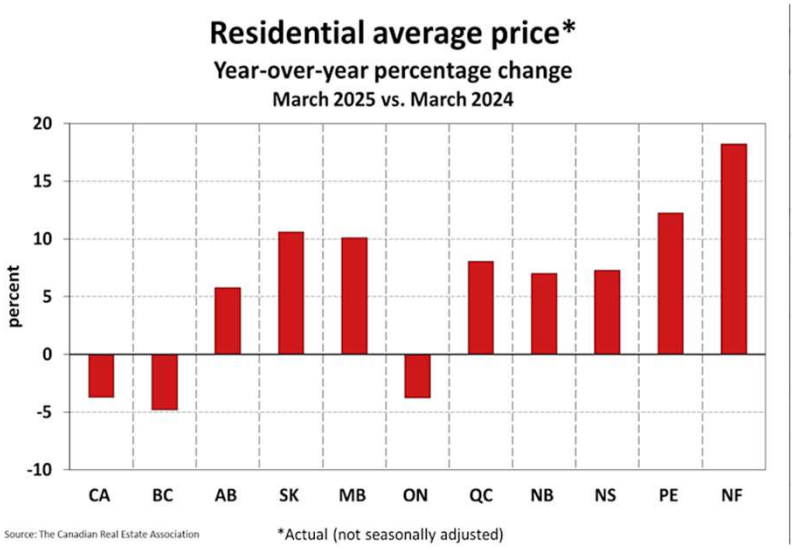
April – Quarterly report – New data this month. That decline is reflected in all categories.
Full report is here > https://creastats.crea.ca/en-CA/

Average House Prices for Canada – cont.
By Province – January



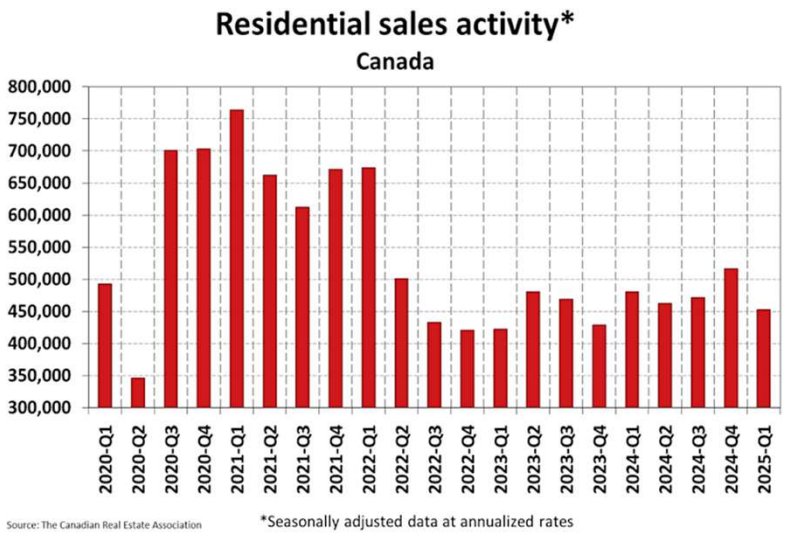
March – Quarterly report – no new data

Average House Prices for Canada – cont.
By Province – March



April – Quarterly report – New data released. Ontario and BC are leading prices down, while all other provinces continue higher. Newfoundland continues to lead with their price increases. Saskatchewan still running hot at over 10 % Y/Y.

Home Sales Activity for Canada



April – Quarterly report – New data. Sales activity is slower than it has been since 2023 Q2, almost 2 years.

This is from The Canadian Real Estate Association.

Housing Starts - % Change – Canada

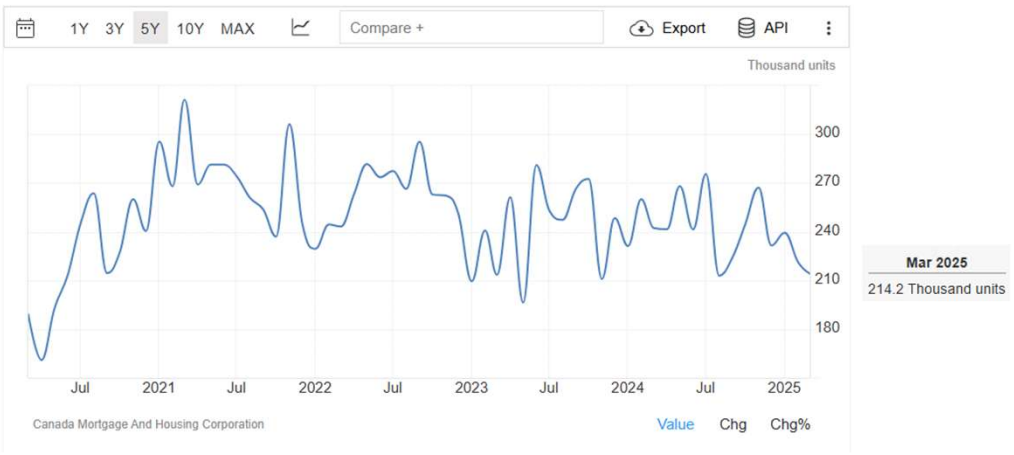
Canadian housing starts declined 3.3% month-over-month to 214,155 units in March 2025, compared to 221,405 units in February and below market expectations of 242,500. Urban housing starts in centres with populations of 10,000 or more were 2.8% lower to 203,285 units, compared to 209,093 units in February. Meanwhile, rural housing starts remained flat at 10,870 units. On an annual basis, actual housing starts in urban centres fell 12.5% to 14,924 units recorded in March 2025, compared to 17,052 a year earlier. Among Canada's three largest cities, Vancouver saw a steep 59% decline while Toronto saw a 65% drop since March 2024, both driven by lower multi-unit and single-family starts. In contrast, Montreal saw a 138% year-over-year increase with increases in multi-unit construction starts. source: Canada Mortgage And Housing Corporation



April – both February and March data are updated with the quarterly release.

Source : Trading Economics

Housing Starts – 5 Year – Canada
6 Month Seasonally Adjusted Annual Rate



April - Trading Economics – Big picture – Down near the bottom of the channel.

Housing Activity for GTA

View ~13,633 Home Listings in Toronto | Powered by Wahi

Greater Toronto Area (GTA) Housing Market Overview

DATA FOR MARCH 2025

ALL PROPERTY TYPES	DETACHED	SEMI-DETACHED	FREEHOLD TOWNHOUSE	CONDO APARTMENT
$1,093,254 **Avg. Sold Price** 0.8% increase (1-month change) 2.5% decrease (12-month change)	$1,439,268 Avg. Sold Price 0.5% decrease (1-month change) 1.9% decrease (12-month change)	$1,111,791 Avg. Sold Price 2.9% increase (1-month change) 0.9% decrease (12-month change)	$1,001,043 Avg. Sold Price 1% increase (1-month change) 3.7% decrease (12-month change)	$682,019 Avg. Sold Price 0.9% decrease (1-month change) 2.6% decrease (12-month change)
5,011 **Transactions (Buy/Sell)** 24.1% increase (1-month change) 23.6% decrease (12-month change)	2,155 Transactions (Buy/Sell) 26% increase (1-month change) 26% decrease (12-month change)	485 Transactions (Buy/Sell) 36% increase (1-month change) 16.2% decrease (12-month change)	505 Transactions (Buy/Sell) 25% increase (1-month change) 21.5% decrease (12-month change)	1,404 Transactions (Buy/Sell) 14.6% increase (1-month change) 23.8% decrease (12-month change)

https://wowa.ca/toronto-housing-market

April – Last month has 19,536 listings. This month is down sharply. Listings tend to get removed after 90 days on the market. They stay off the market for 31 days, then get relisted. This resets the clock.

WOWA - Housing Activity for GTA

Single-Family Detached Home Prices in the GTA



Statistics for March 2025

Average Price:	$1,439,268	↓-1.9% from Mar. 2024
Units Sold:	2,155	↓-26% from Mar. 2024
New Listings:	7,481	↑33% from Mar. 2024

Semi-Detached Home Prices in the GTA



Statistics for March 2025

Average Price:	$1,111,791	↓-0.9% from Mar. 2024
Units Sold:	485	↓-16.2% from Mar. 2024
New Listings:	1,164	↑27% from Mar. 2024

https://wowa.ca/toronto-housing-market

April – Inventory is up, and sales are down ! New listings / units sold indicates longer than 90 days to clear a sale, OR pull the listing and reset the timer.

WOWA - Housing Activity for GTA

Townhouse Prices in the GTA



Statistics for March 2025

Average Price:	$1,001,043	↓ -3.7% from Mar. 2024
Units Sold:	505	↓ -21.5% from Mar. 2024
New Listings:	1,594	↑ 36% from Mar. 2024

Apartment Prices in the GTA



Statistics for March 2025

Average Price:	$682,019	↓ -2.6% from Mar. 2024
Units Sold:	1,404	↓ -23.8% from Mar. 2024
New Listings:	5,488	↑ 28% from Mar. 2024

https://wowa.ca/toronto-housing-market

[Canadian Housing Market Report Feb. 20th, 2025 | Interactive Map - WOWA.ca]

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

April 18, 2025

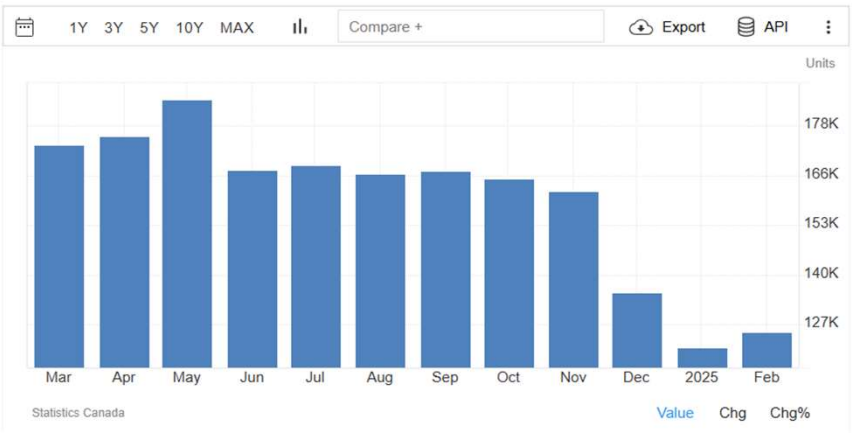
56

April – There is lots of data to explore here.

https://wowa.ca/reports/canada-housing-market

New Vehicle Sales Activity for Canada

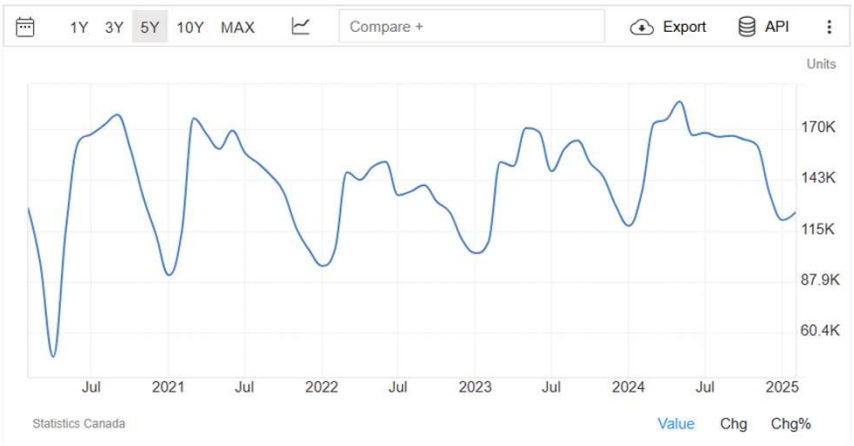
New Motor Vehicle Sales in Canada increased to 125402 Units in February from 121258 Units in January of 2025. Car Registrations in Canada averaged 103952.47 Units from 1950 until 2025, reaching an all time high of 220858.00 Units in May of 2018 and a record low of 19807.00 Units in December of 1951. source: Statistics Canada



A January / February drop in sales is normal

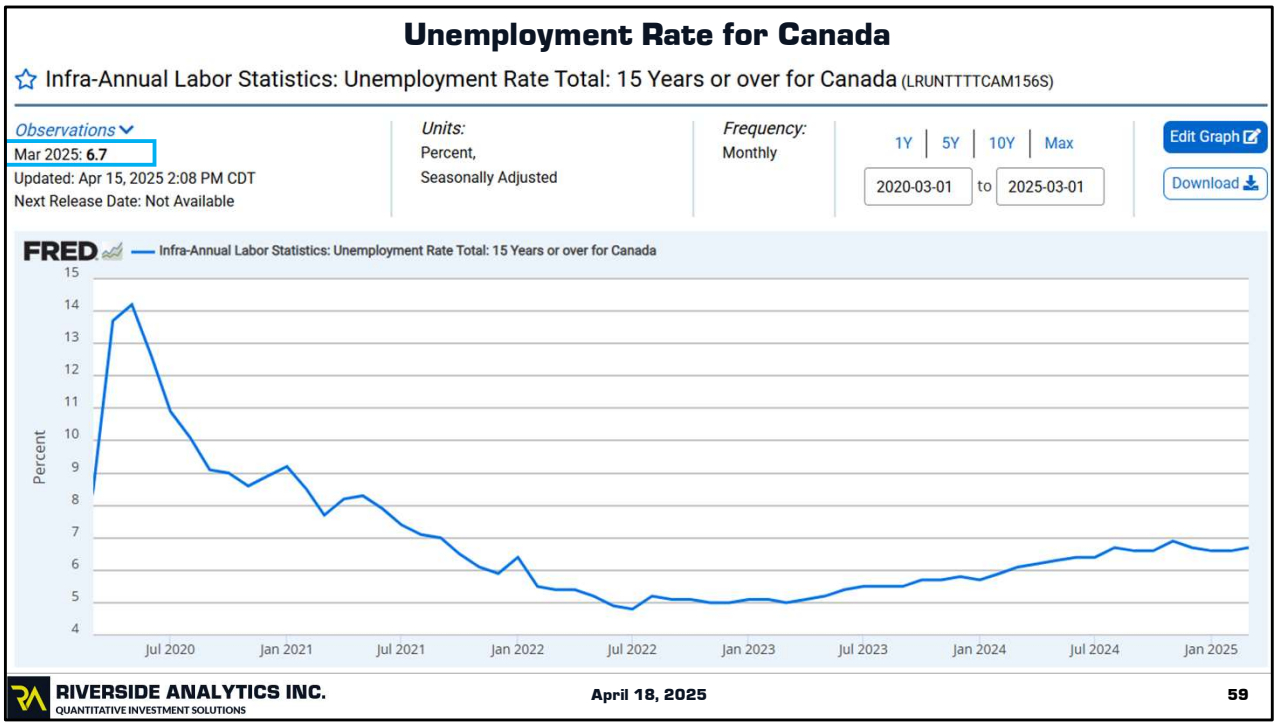
April - Trading Economics – Every January sales drop, then there is a rebound in February. This is perfectly normal.

New Vehicle Sales Activity for Canada – 5 Year Chart



It is normal that sales decline near calendar year end !
Higher highs, and higher lows is a good thing !

April - Trading Economics – Sales are following their normal patterns.

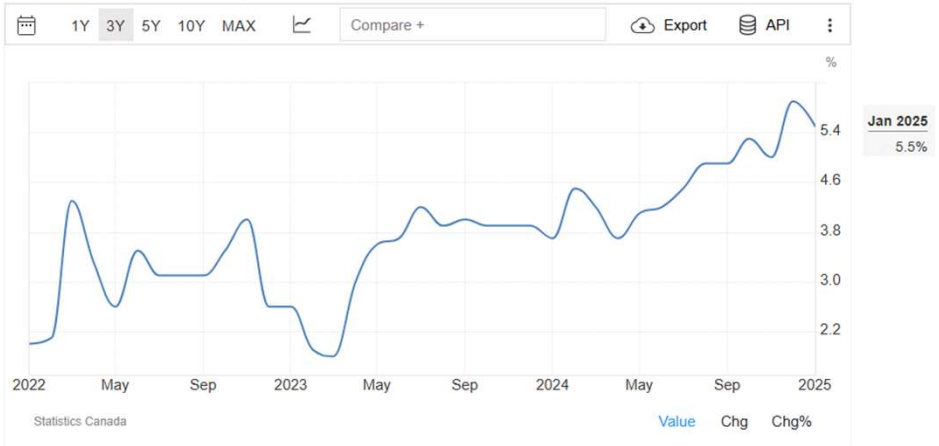


April - this month, the US St. Louis fed data was easier to get at.

Source: https://fred.stlouisfed.org/series/LRUNTTTTCAM156S

Canada Average Weekly Earnings YOY – 3 Year Chart

Average weekly earnings of non-farm payroll employees in Canada rose by 5.5% year-on-year to $1,294.26 in January 2025, following a 5.9% year-over-year increase in December, with 17 of the 20 sectors reporting gains. The largest increases were recorded in mining, quarrying, and oil and gas extraction (+8.8% to $2,470); information and cultural industries (+8.1% to $1,830); educational services (+6.1% to $1,267) and health care and social assistance (+5.0% to $1,137). Conversely, earnings decreased in utilities (-2.1% to $2,065); forestry, logging and support (-0.5% to $1,408) and construction (-0.3% to $1,500). source: Statistics Canada

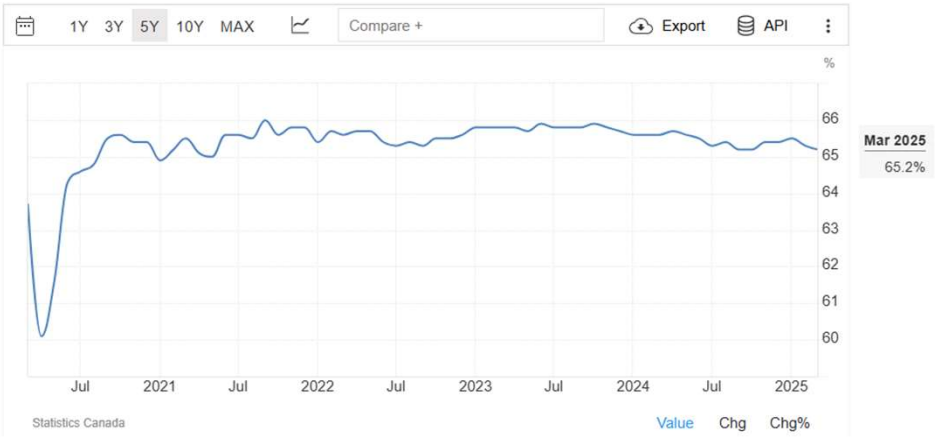


March - **January is the last reported month. This data is slow to update.**
Source is Trading Economics

There are LOTs of charts in this category on the Trading Economics website.
https://tradingeconomics.com/canada/wage-growth

Participation Rate – Employed Persons for Canada

Labor Force Participation Rate in Canada decreased to 65.20 percent in March from 65.30 percent in February of 2025. Labor Force Participation Rate in Canada averaged 65.73 percent from 1976 until 2025, reaching an all time high of 67.70 percent in December of 2003 and a record low of 60.10 percent in April of 2020. source: Statistics Canada



Number of employed persons in Canada on a percentage basis

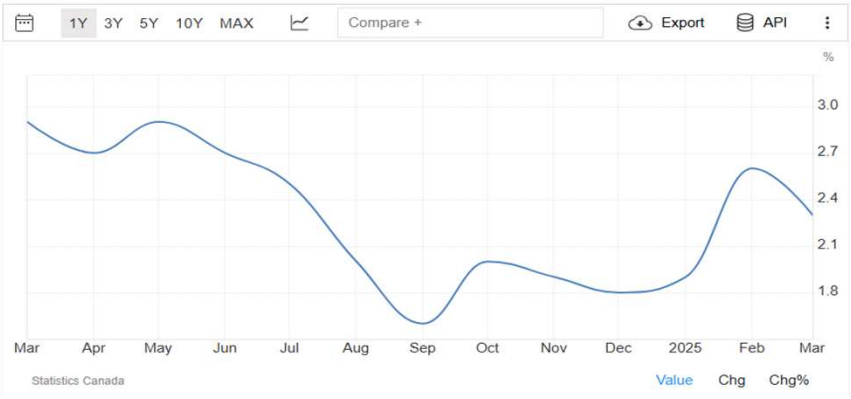
April – again, no meaningful change here.
This is also known as the Participation Rate.

Trading Economics > **https://tradingeconomics.com/canada/labor-force-participation-rate**

Details by age group are here >>
https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410028702
The participation rates vary by age group. I would really like to see the 55 and over group broken into two pieces. 55 – 65, and 66 and over.

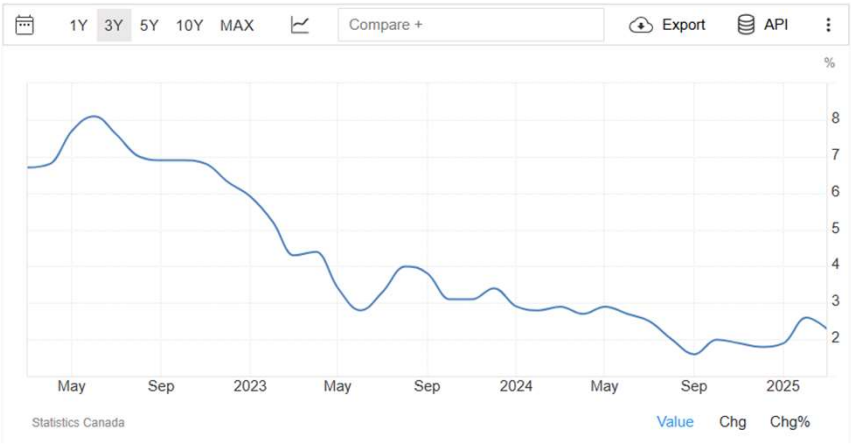
Consumer Price Index: Monthly Canada

The annual inflation rate in Canada fell to 2.3% in March of 2025 from eight-month high of 2.6% in the previous month, below market expectations that it would remain at 2.6% and below forecasts by the central bank of 2.5%. The decrease kicked off the normalization of the inflation rate forecasted by the BoC this year after end of goods and services tax (GST) and harmonized tax (HST) breaks halfway last month triggered a 0.6 percentage point increase in the headline inflation rate. Prices reversed for gasoline (-1.6% vs 5.1% in February) amid the aggressive drop in crude oil prices after OPEC+ confirmed plans to raise output, driving transportation inflation to slow (1.2% vs 3%). In the meantime, promotions by carriers drove cellular costs to plunge 8.8% (vs -3.7%). On the other hand, the first full month without tax breaks drove food costs to jump (3.2% vs 1.3%), mainly due to food from restaurants (3.2% vs -1.4%). From the previous month, prices rose by 0.3%. source: Statistics Canada



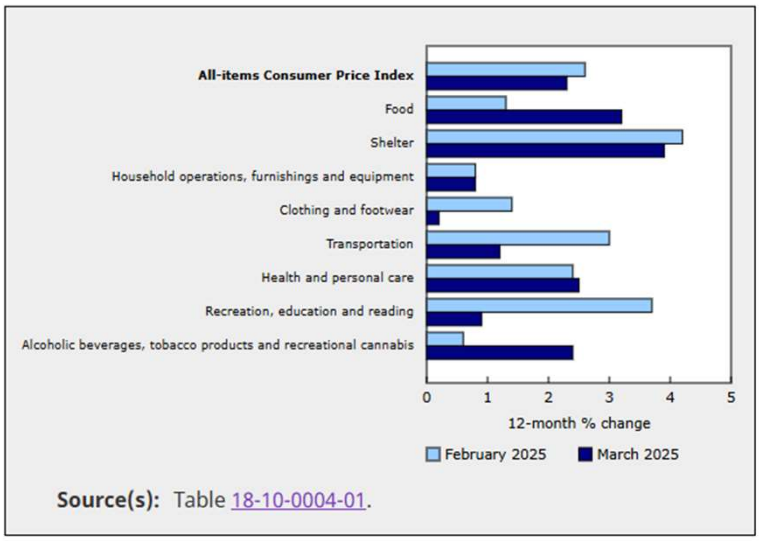
April – Inflation is muted. I had expected some front end loading of the tariffs in the inflation numbers, but that is not happening in any significant way. So far, Canada is doing a good job of keeping that under control.

Consumer Price Index: 3 Year View Canada



April – Inflation – long view - quiet as a church mouse !

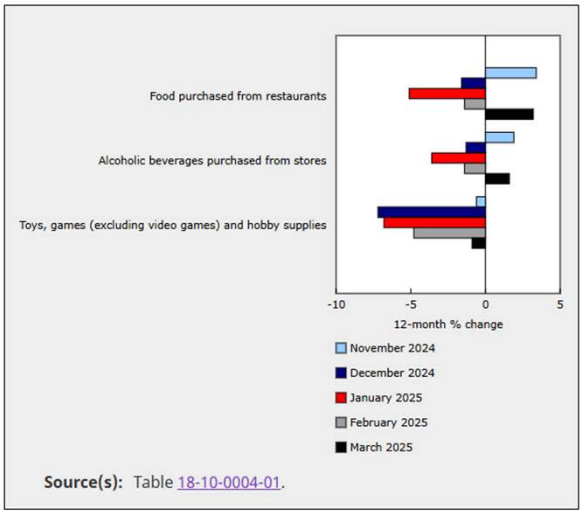
Consumer Price Index: Monthly Canada
12 Month % Change M/M



April – Food, and Alcohol have the biggest increases this month

Source : StatsCan - https://www150.statcan.gc.ca/n1/daily-quotidien/250415/cg-a002-eng.htm

Consumer Price Index: Monthly Canada

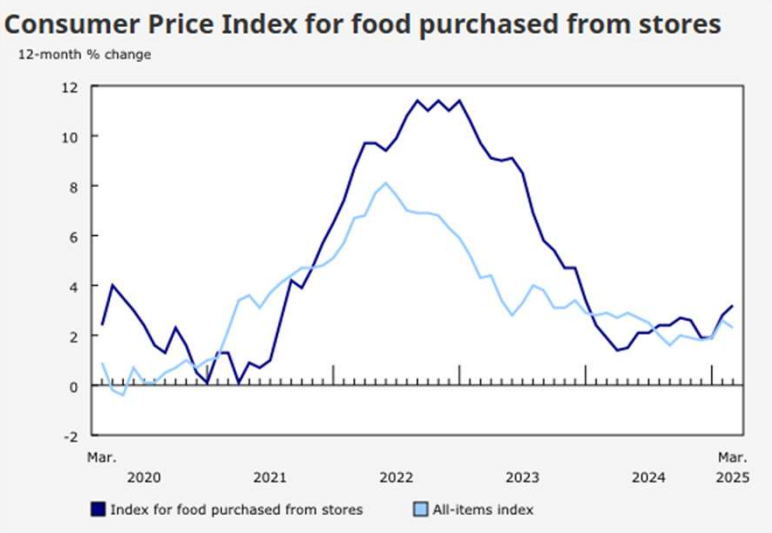


Since when does alcohol prices go down ? – There was some affect due to the GST holiday in restaurants, pubs, and bars.

April – Each category is down

Source : StatsCan - https://www150.statcan.gc.ca/n1/daily-quotidien/250415/cg-a004-eng.htm

Consumer Price Index: Food

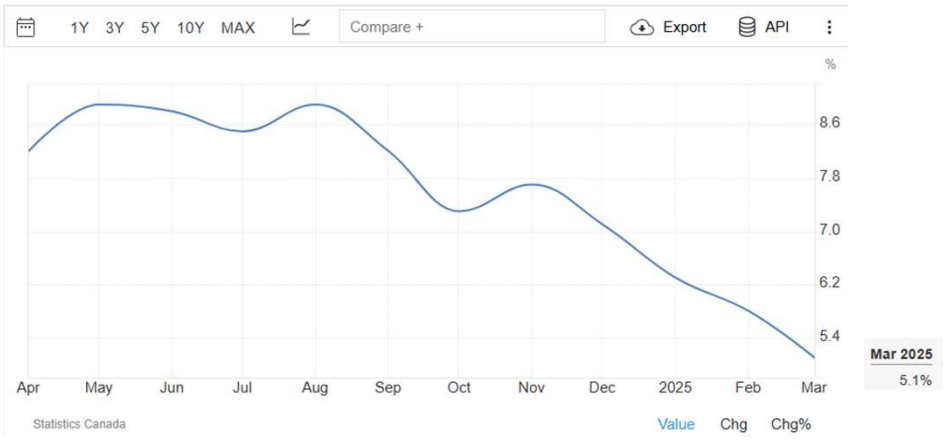


April – (StatsCan) – Time view of food price inflation in Canada.

Source : https://www.statcan.gc.ca/en/topics-start/food-price

Consumer Price Index: Rent

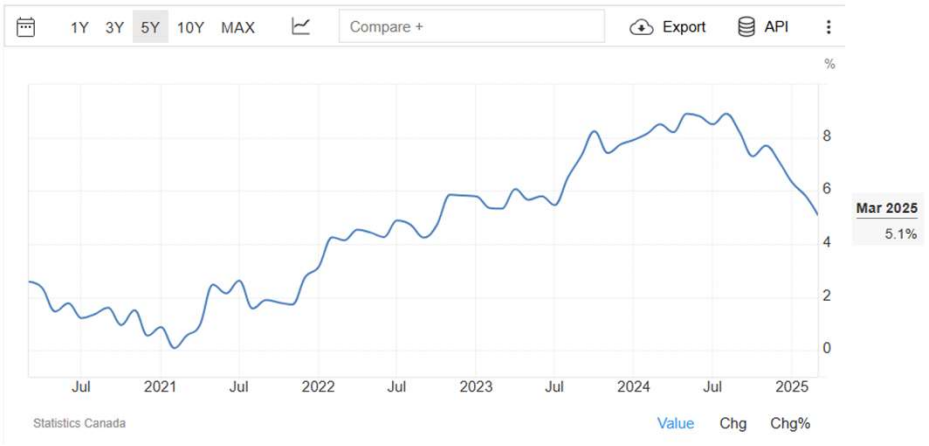
Rent Inflation in Canada decreased to 5.10 percent in March from 5.80 percent in February of 2025. Rent Inflation in Canada averaged 2.78 percent from 1951 until 2025, reaching an all time high of 10.27 percent in September of 1982 and a record low of 0.00 percent in September of 1961. source: Statistics Canada



April – The decline from 6.3% last month to 5.1% is helpful, but that is still a very stiff rate increase for renters !

https://tradingeconomics.com/canada/rent-inflation

Consumer Price Index: Rent
Long Term View

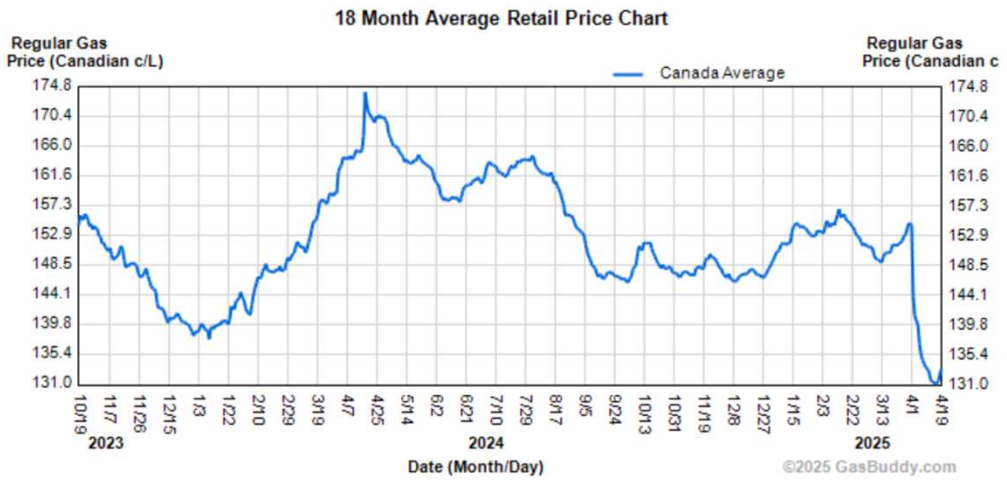


April.

Long view – renters has a long way to go before their shelter cost growth rates come down to something more manageable.

https://tradingeconomics.com/canada/rent-inflation

Gasoline Prices – Canada Average



April – Dropping taxes had a nice effect on prices. That will be helpful to consumers !

https://www.gasbuddy.com/charts
Gas tools > Gas Price Charts, Choose Canada Average, and Canadian c/L



April – Closed 3.08, barely budging from the mid March close at 3.04

Canada 10 Years / Canada 3 Months Government Bond spread

The Canada 10 Years / Canada 3 Months Government Bond Spread reached a maximum value of 201.8 bp (27 March 2022) and a minimum value of -205.6 bp (20 December 2023).

Available Data Source: from 17 April 2015 to 19 April 2025



April - close is 47.7, Up slightly from 42.4bp
https://www.worldgovernmentbonds.com/spread/canada-10-years-vs-canada-3-months/

Canada 10 Years / Canada 3 Months Government Bond spread
Longer Term View



April – 10 years of data.

https://www.worldgovernmentbonds.com/spread/canada-10-years-vs-canada-3-months/

Real Gross Domestic Product for Canada – March - No New Data
BoC Survey Results

1.1 What is your forecast for real GDP growth (year-over-year percentage change) in Canada?

	GDP growth in Canada (year-over-year % change)	
	End of 2025 (n = 27)	End of 2026 (n = 26)
25th percentile of responses	1.5	1.7
Median of responses	1.8	1.9
75th percentile of responses	2.1	2.0

1.6 What is the probability of the Canadian economy being in a recession in each of the following individual time frames?*

	Probability of a recession in Canada (%)			
	In 0 to 6 months (n = 25)	In 6 to 12 months (n = 25)	In 12 to 18 months (n = 24)	In 18 to 24 months (n = 23)
25th percentile of responses	20	15	20	18
Median of responses	25	30	30	25
75th percentile of responses	35	35	35	33

RIVERSIDE ANALYTICS INC. QUANTITATIVE INVESTMENT SOLUTIONS — April 18, 2025 — 73

April – **Q1 is not out yet.** No New Data - The Market Participants Survey results are based on questionnaire responses from about 30 financial market participants.

Participants think the probability of recession is low, but certainly not zero !

Real Gross Domestic Product for Canada – March - No New Data
I found some interesting BoC Survey Results

Monetary policy

2.1 What is your forecast for the Bank of Canada's policy interest rate?

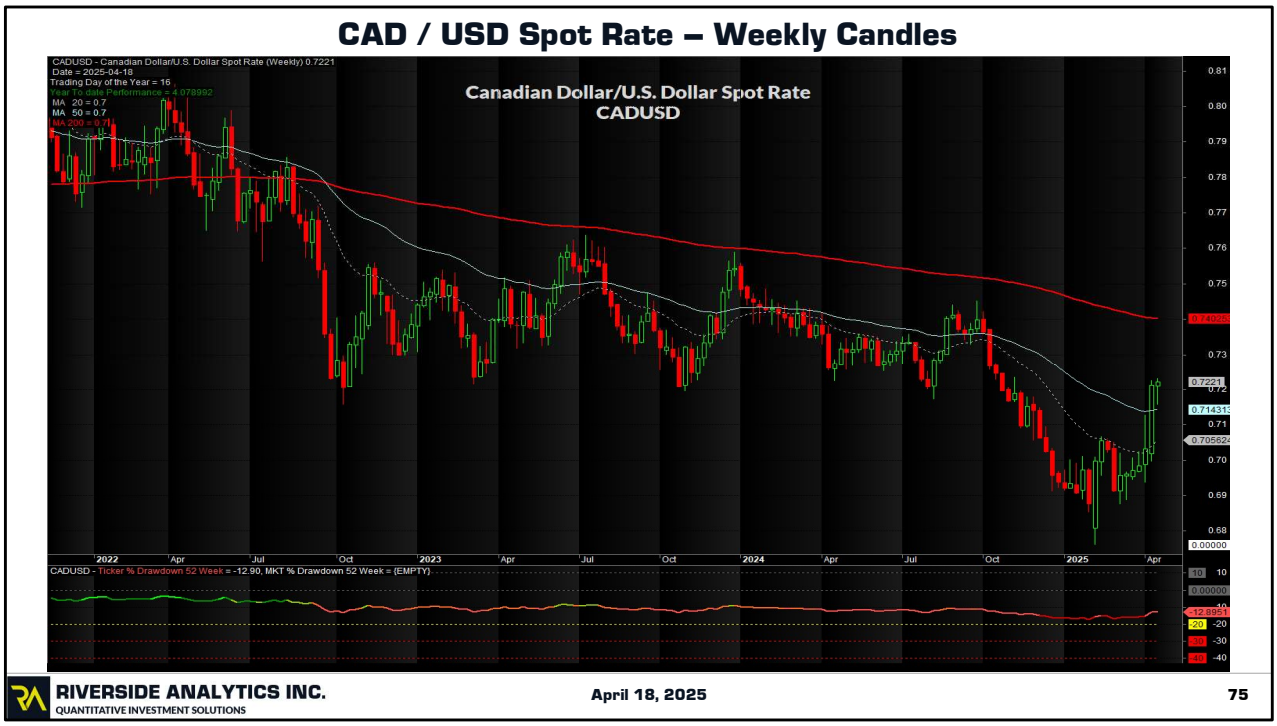
	Policy interest rate (%)			
	25th percentile of responses	Median of responses	75th percentile of responses	Number of responses
2025				
January	3.00	3.00	3.25	28
March	2.75	3.00	3.00	28
April	2.75	2.75	3.00	28
June	2.50	2.75	2.75	28
July	2.50	2.50	2.75	28
September	2.25	2.50	2.75	28
October	2.25	2.50	2.75	27
December	2.25	2.50	2.75	27

RIVERSIDE ANALYTICS INC. QUANTITATIVE INVESTMENT SOLUTIONS — April 18, 2025 — 74

April – **Q1 data is not out yet.** No New Data - The Market Participants Survey results are based on questionnaire responses from about 30 financial market participants.
They are expecting two more 25 point cuts this year.

Participants think the probability of recession is low, but not zero !

https://www.bankofcanada.ca/2025/02/market-participants-survey-fourth-quarter-of-2024/



April – Quite the pop up from last month.

Comment from Trading Economics

"The Canadian dollar strengthened past $1.39, close to its five-month high of $1.387 recorded on April 11th, as investors digested the Bank of Canada's recent policy decision, combined with a weakening U.S. dollar driven by escalating trade uncertainties. The Bank of Canada maintained its benchmark rate at 2.75%, its first pause after cumulative cuts of 2.25 percentage points over seven meetings, citing an unclear U.S. tariff outlook that could either support steady growth with inflation near 2% or, if tariffs intensify, trigger a recession and higher inflation. This cautious stance has cemented expectations of a stable monetary framework for Canada, bolstering the CAD, while the US dollar falters under the weight of potential new tariffs on critical minerals add further uncertainty to the U.S. growth outlook."

Soft landing is a coin toss ?

Consumer sentiment has declined but Manufacturing New Orders is hanging in there nicely.

US economy – I see nothing to suggest it is in any serious trouble. Political noises likely to remain elevated. The 10 percent universal tariff is in place. Electronics exception is in place. Steel, aluminum, lumber is in place. US Tourism will be hit.

Yield spreads are steady. The economy itself is pretty happy.

The lowering of Canadian Interest rates really has not little to help the housing market. First timers are largely locked out.
Housing market is challenging on both sides of the border. US resales remain very poor. This does not seem to harming the larger economy in Canada or the US.

Banks are well capitalized to weather repricing of mortgages. BoC reductions have achieved neutrality. 2025 likely sees 2, 25 point drops. 50 points would put retail 5 year mortgages close just above 4%.

Banks have been heavily building reserves for several years. There will not no new earnings data until mid May to see new reserve changes.

Canadian Total CPI is stabilizing near 2% target. Shelter inflation remains high.

Expected interest rate reductions will be helpful in Canada, US is queuing up 100 bp interest rate drop this year.

I am expecting tariffs will be targeted, as Trump must save face and apply some. Universal unlikely to stick. Canada, Mexico, EU and China are responding in kind specifically targeting Republican states and companies. CEOs are not happy!

US – China tariffs are out of control. Fall and winter retail production is being impacted now. Shortages likely if not resolved.

April – container shipments from China are stalling rapidly as importers try to avoid tariffs. In transit containers when the tariff escalation started are particularly problematic. One strategy is to warehouse in the US without actually importing, hoping saner minds will prevail. Retailers can not make money with 100% and change tariffs. Effectively, anything over 50% kills the trade.

Corporations are not going to reshore production. It takes years to make that happen, and if it did, it would be highly mechanized. The proposed job creation will not be substantive. Trades training to run the plants will be an issue. Never mind construction of power generation plants to run them.

White house on again, off again tariffs is creating havoc with the stock market, and business planning.

Recession Risk Summary

- I look at all the data, and I see nothing material to suggest any significant trouble.
- Trumps on again off again tariffs are driving people crazy, but other than Steel, Aluminum, and China being concerning
- CDN Inflation remains stabilized. Shelter costs remain high.
- US inflation is stable. Chinese tariffs are going to hurt, if they trade goods. Trade is largely frozen. The universal 10 percent tariff will lead to inflation increases in the coming quarters, unless reversed.
- Canadians with variable rate mortgages are seeing some relief. Renter increases still excessive.
- CDN Interest rate likely cuts 25 points more, is good for borrowers, not so much for savers. BoC stood pat at 2.75 % on April 16th,
- Unemployment is steady.
- Food price increases are running a little hot
- Gasoline prices dropped with the elimination of the carbon price tax. Save on gas, spend on food !
- Stock Market is in a rough spot. Industry level breadth is very poor, SP500 trend / breadth both bearish
- US stock market health has taken a hit with the tariff unpredictability.
- Canadian new vehicle registrations remain steady.
- Credit card default rates are steady, although, there was no new data this month to confirm this.
- Canadian mortgage renewals are being helped with interest rate reductions. Canada is proactive.
- CAD is improving, with the trouble the USD is having. That will help mitigate import costs.
- US interest rates likely get 50 point drop in the summer, then again late fall – updated from last month. This is concerning. US is likely heading for some soft GDP quarters.
- Expect some bumps, more mixed signals !
- Recessions tend to occur 5 to 7 months after the yield inversion fixes itself
- United States-Mexico-Canada Agreement (USMCA) is protecting Canadians from many tariffs.
- There is nothing to suggest a recession is on the horizon, yet !!!


THAT'S IT FOR TODAY!
The End
RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS
April 18, 2025
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Good investing is <u>not</u> an "event" like finding the next growth opportunity or catching the next market turn. Rather, good investing is a disciplined process that converts research and training into a well-tested methodology, and then makes a habit of following that approach day after day.

John P. Hussman, Ph.D
President, Hussman Strategic Advisors