

# Outlook 2025: *Just Tariffic*

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# Canadian 2025 election: New leader, new result

## Canada – Federal election



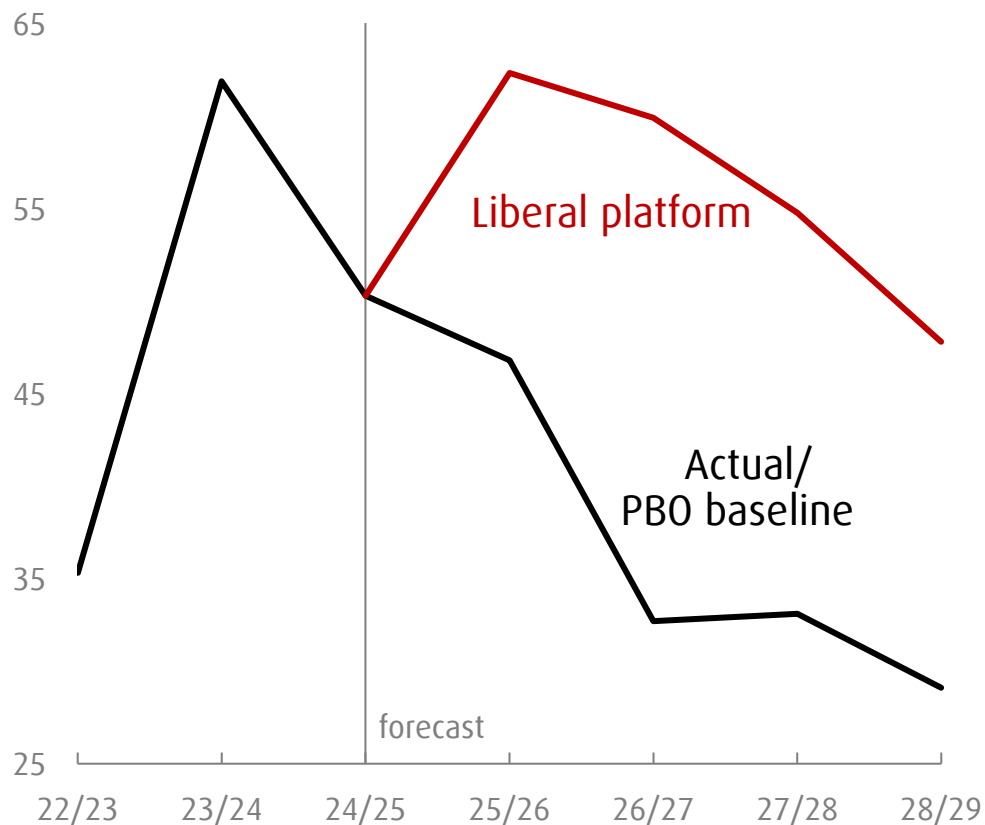
Political party	2025		2021	
	Votes (%)	Seats	Votes (%)	Seats
Liberal	43.8	169	32.6	160
Conservative	41.3	144	33.7	119
Bloc Québécois	6.3	22	7.6	32
New Democrat	6.3	7	17.8	25
Green	1.2	1	2.3	2
Other	1.1	0	5.8	0
		343		338

172 needed for majority

# Policy changes ahead

Canada – Federal government (C\$ blns)

## Budget deficit



## Liberal platform

Major policy area	Notable measures
Taxes	Lower income tax rate by 1 ppt for lowest bracket Cancel capital gains inclusion rate increase
Tariffs/trade	Direct support to businesses/workers
Infrastructure	Aggressive funding for transportation and trade infrastructure
Housing	Government-run homebuilding agency Remove GST on new homes < \$1 mln for first-time buyers Cut municipal development charges Rental building tax incentive
Immigration	Reduce NPRs to 5% of population Permanent immigration at 1% of population/year
Environment	Remove consumer carbon tax Add carbon border adjustment (tariff) Cap and cut O&G emissions

# Well, that's just *tariffic*

## Canada/United States



$$\Delta\tau_i = \frac{x_i - m_i}{\varepsilon * \varphi * m_i}$$

### U.S. actions and threats:

Reciprocal tariffs outside USMCA (10% minimum; 145% → 30% on China)

25% tariff on non-USMCA Canadian imports (10% on energy)

25% tariff on non-U.S. share of auto imports, non-USMCA parts

25% tariff on steel and aluminum

Sectoral tariffs pending (drugs, chips, films)

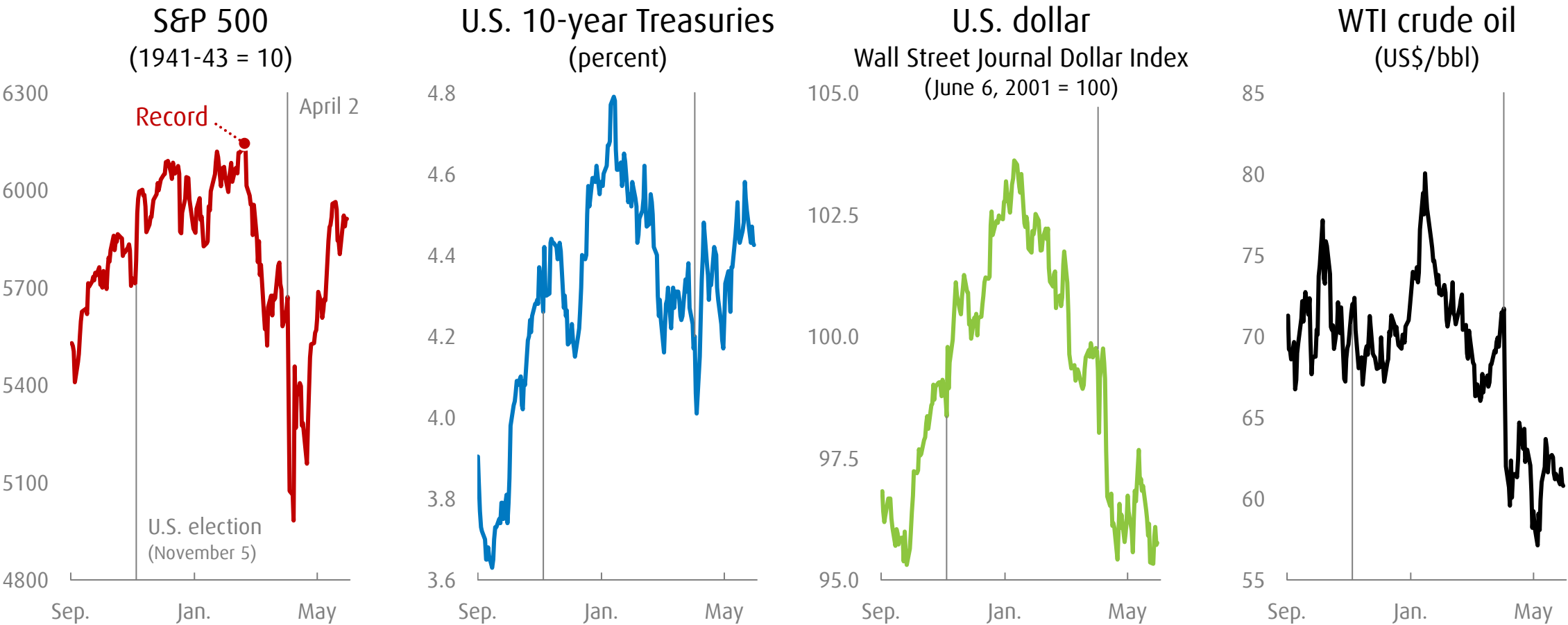
Threat of 50% on E.U., 25% on iPhones

Canadian retaliation on select U.S. goods and autos

Uncertain trade outlook will dampen investment longer term

# Financial markets: Full circle

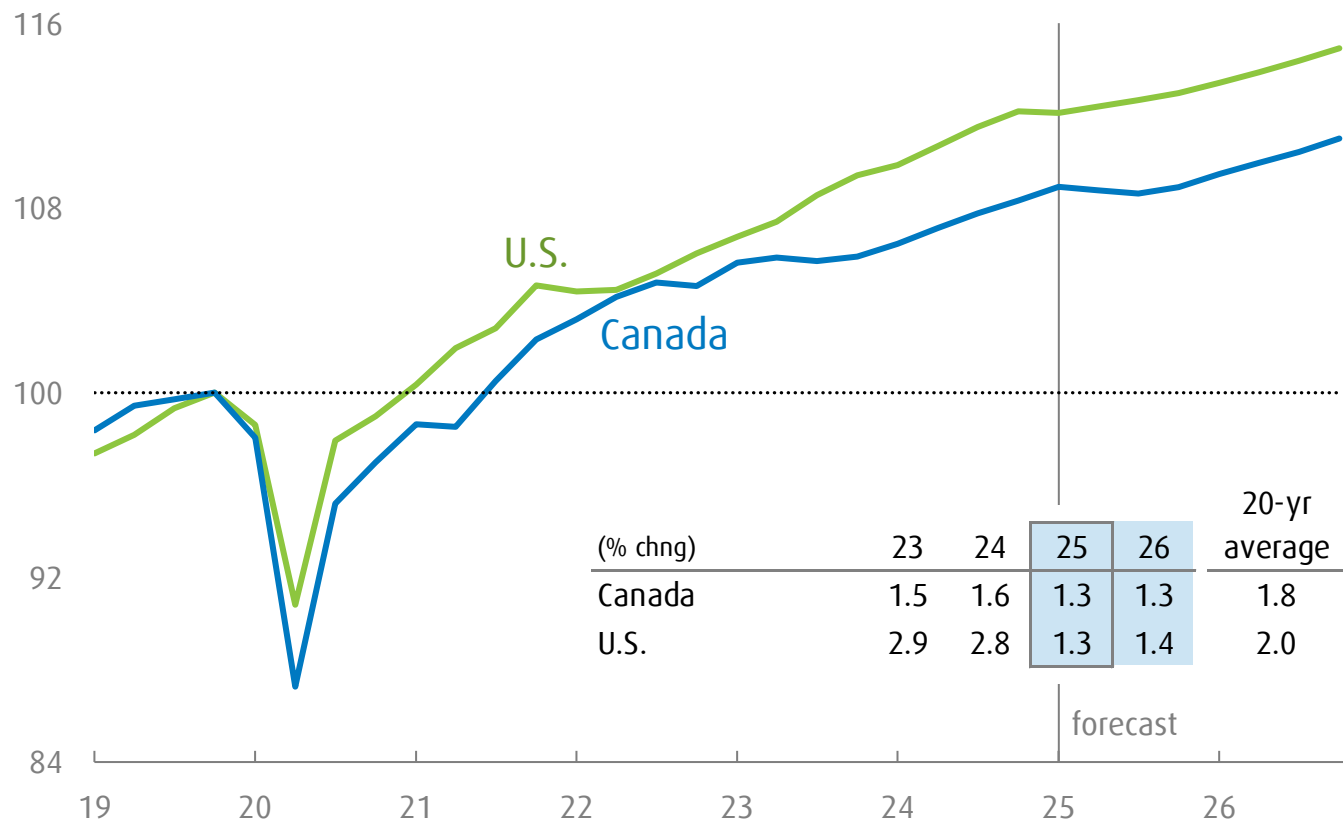
2024-25 (as of May 30, 2025)



# North American growth: Below average

(2019Q4 = 100)

## Real GDP



## Growth negatives:

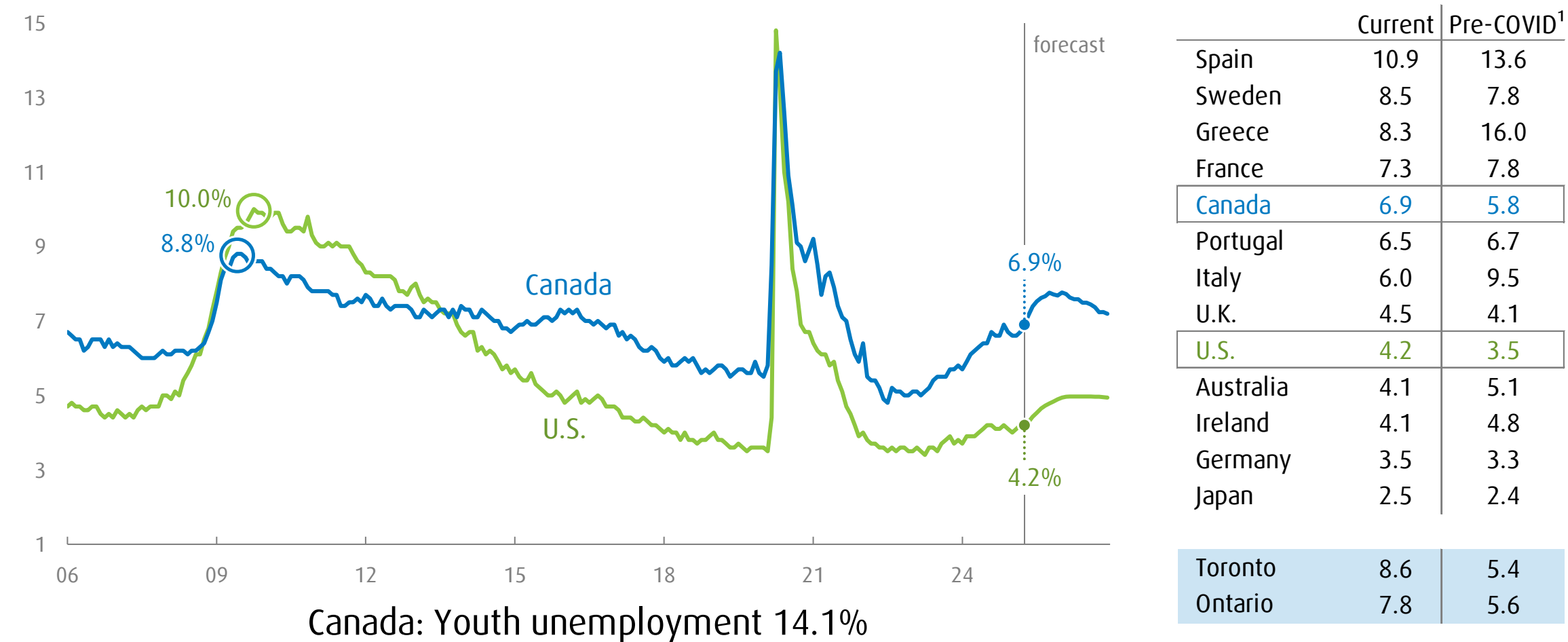
- Tariffs and trade uncertainty
- Eroding confidence
- Mounting uncertainty
- (U.S.) Government job cuts

## Growth positives:

- Lower interest rates
- Healthy household balance sheets
- (U.S.) AI boom
- Fiscal policy (?)

# Jobless rates: Rising from extreme lows

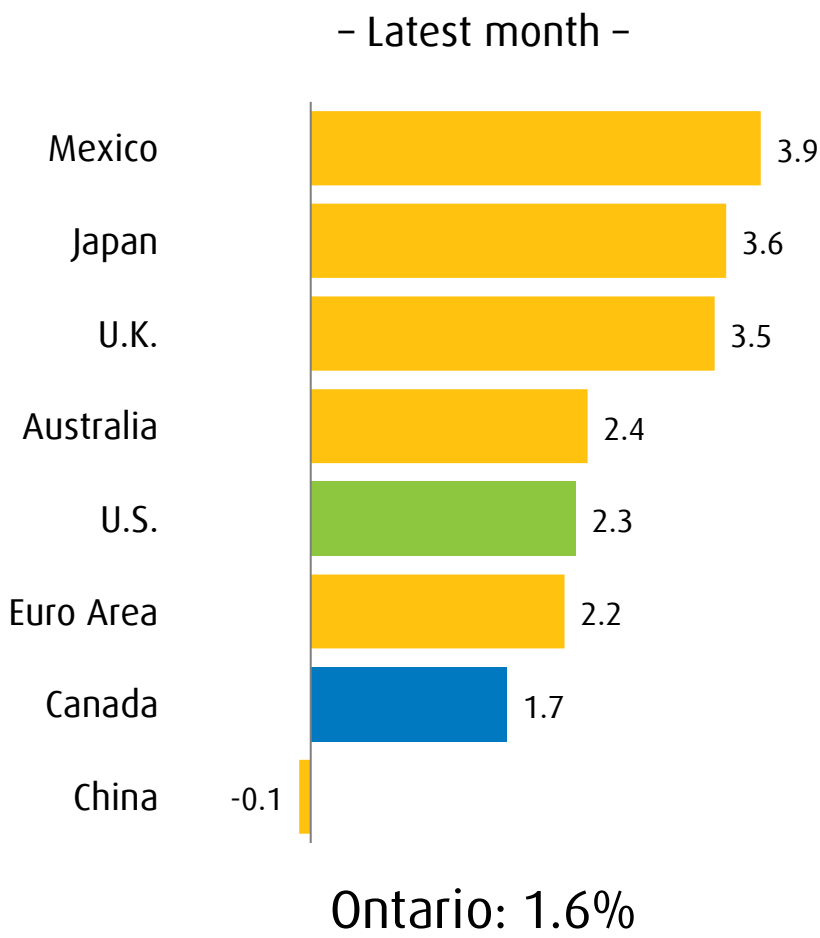
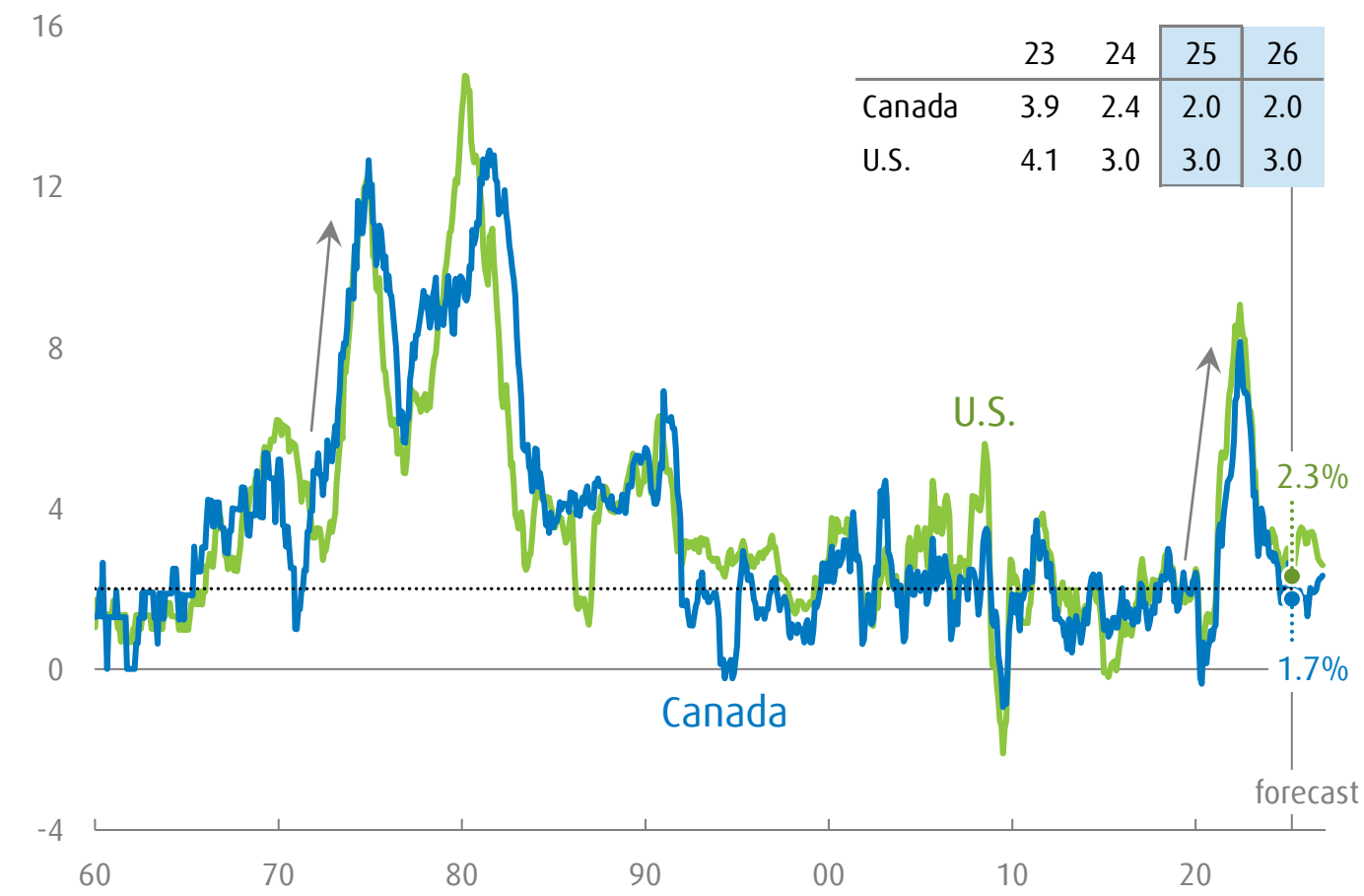
Unemployment rate (percent)



Cities: (3-mth m.a.) • <sup>1</sup> February 2020

# Inflation: Mixed trade war impact

Consumer price index (y/y % chng)





# Inflation and deflation in Canada

Canada – Consumer price index (y/y % chng : as of April 2025)

## Deflationary

Gasoline	-18.1
Natural gas	-14.1
Telephone services	-8.3
Hotel/motel rates	-6.7
Air fares	-5.8
Child care	-4.3
Public transportation	-2.8
Toys	-1.8
Clothing	-1.5
Tools	-0.7

## Inflationary

Sports equipment	11.1
Spectator entertainment	8.2
Auto insurance	7.7
Mortgage interest	6.8
Travel tours	6.7
Property taxes	6.0
Rent	5.2
Home insurance	4.3
Health care services	4.2
Groceries	3.8

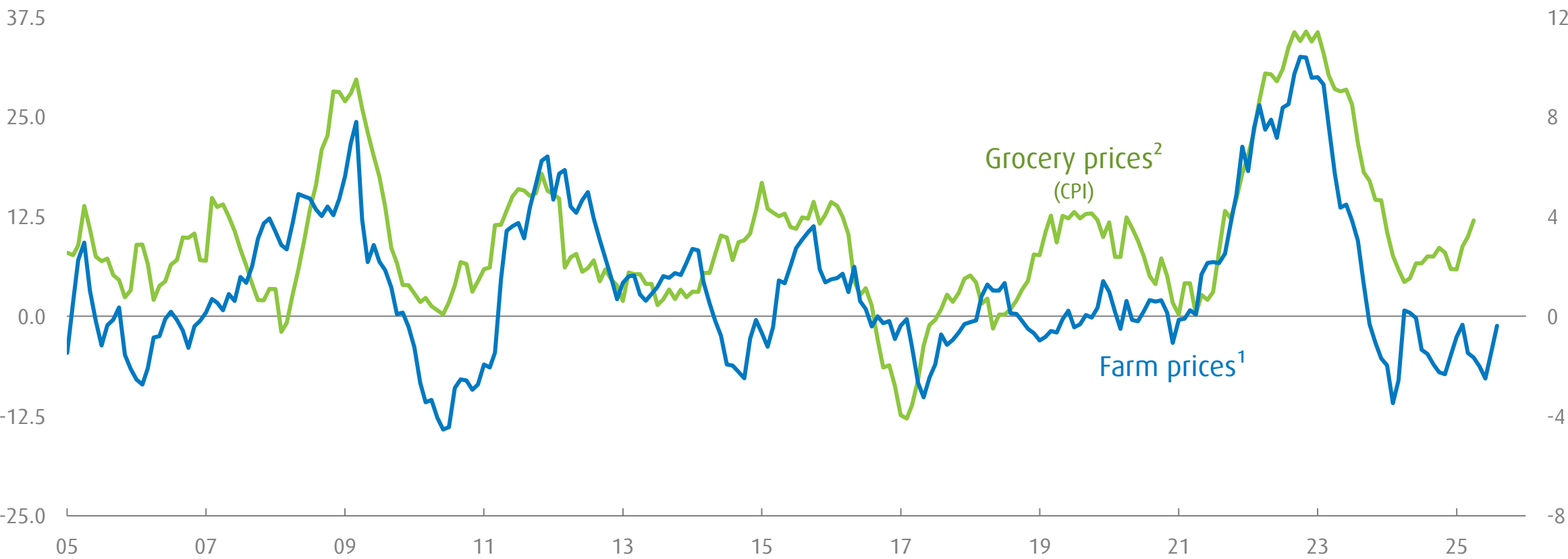
Overall CPI: 1.7%  
Excluding shelter: 1.1%

**Milk** 4.8  
**Cheese** 1.7

# Fast food?

Canada (y/y % chng)

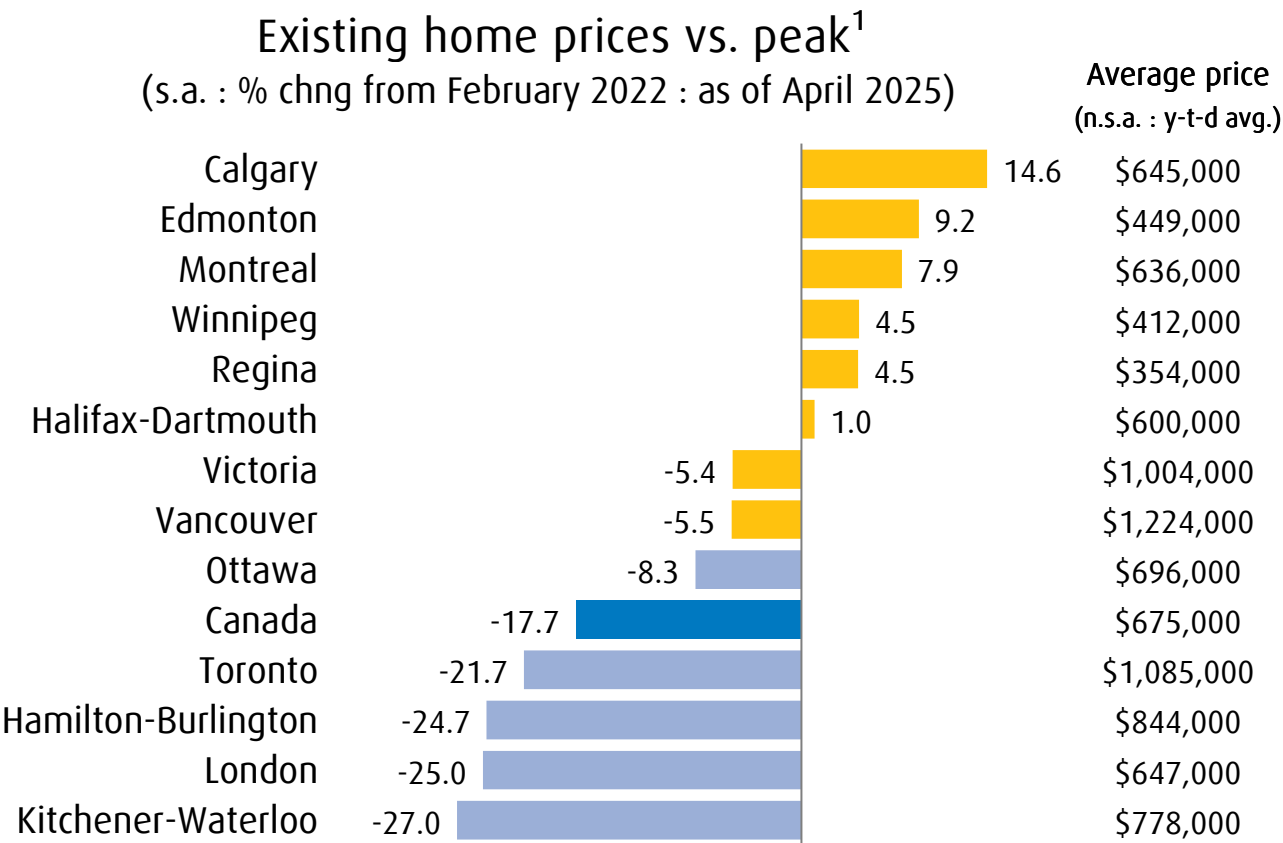
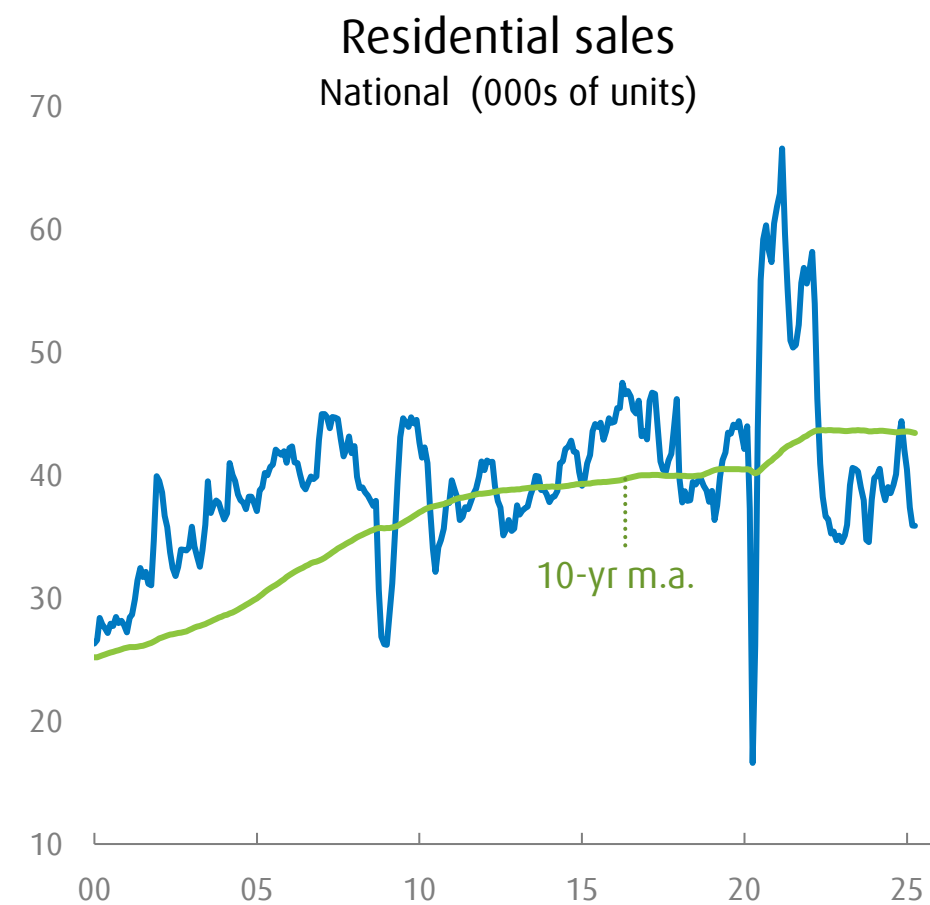
## Food price indices



<sup>1</sup> Farm product price index (lhs : advanced 8 mths) • <sup>2</sup> Consumer price index: Food (rhs)

# Canadian housing: Chilly again

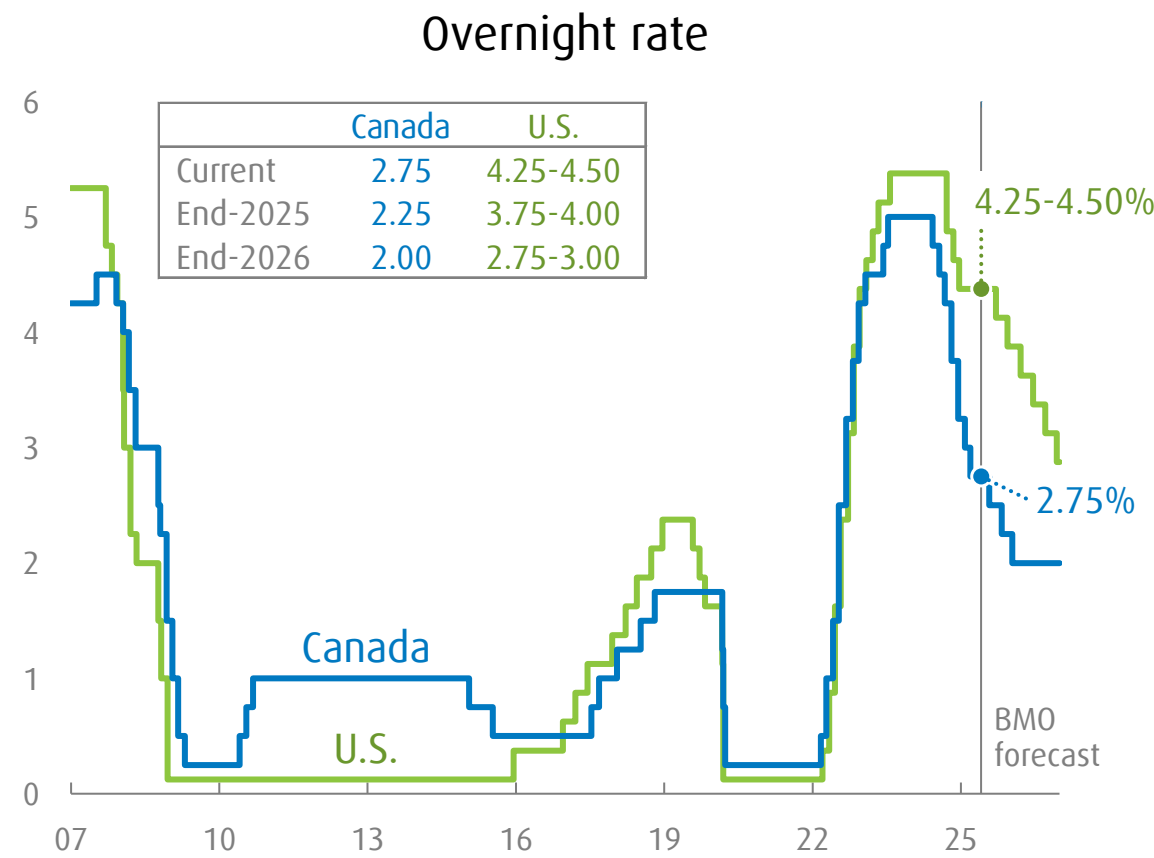
## Canada – Homes



<sup>1</sup> MLS HPI composite benchmark

# More rate cuts to come

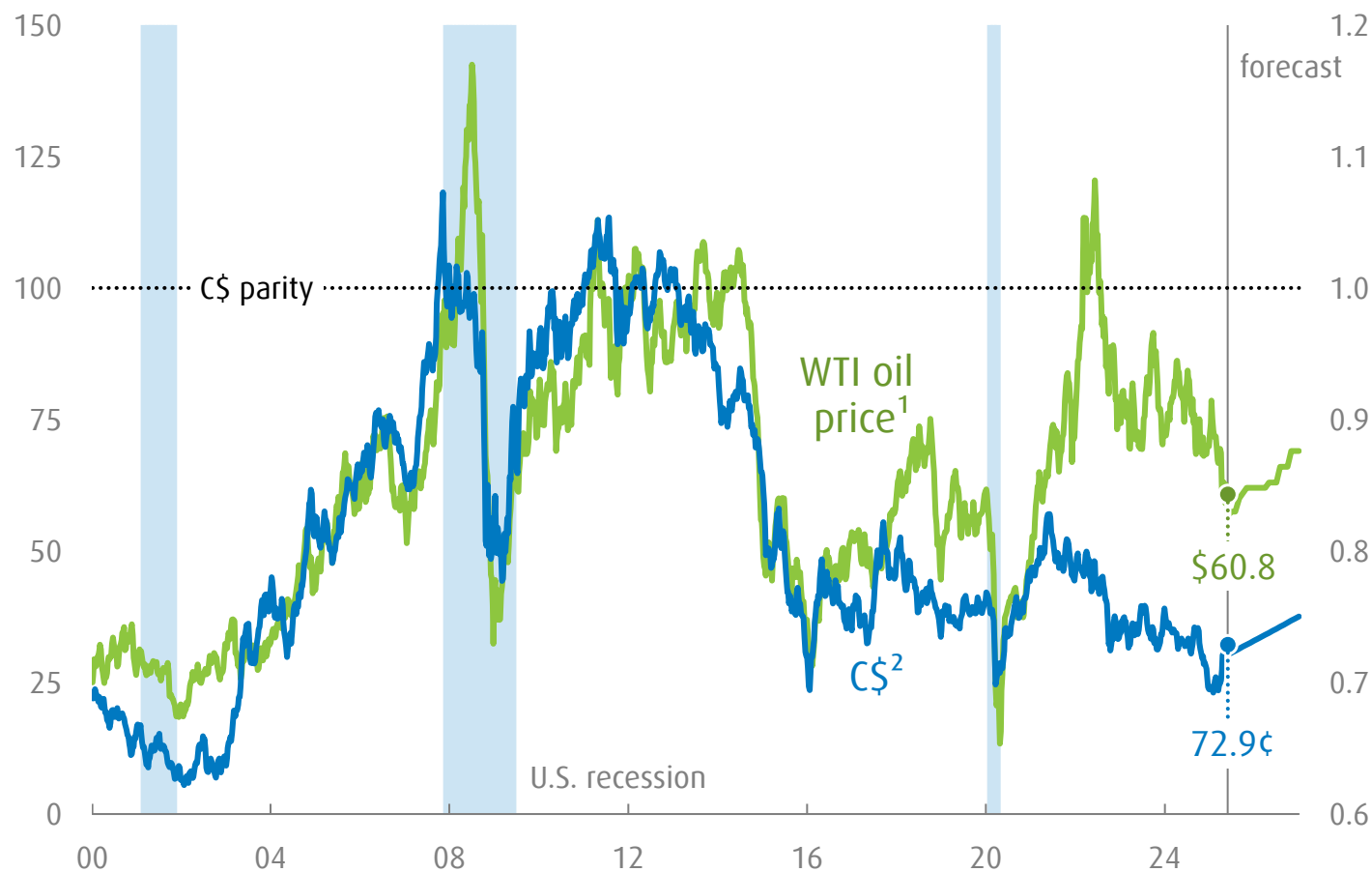
(% : as of May 30, 2025)



Fed in a very uncomfortable position

# Canadian dollar: Off the lows

(as of May 30, 2025)

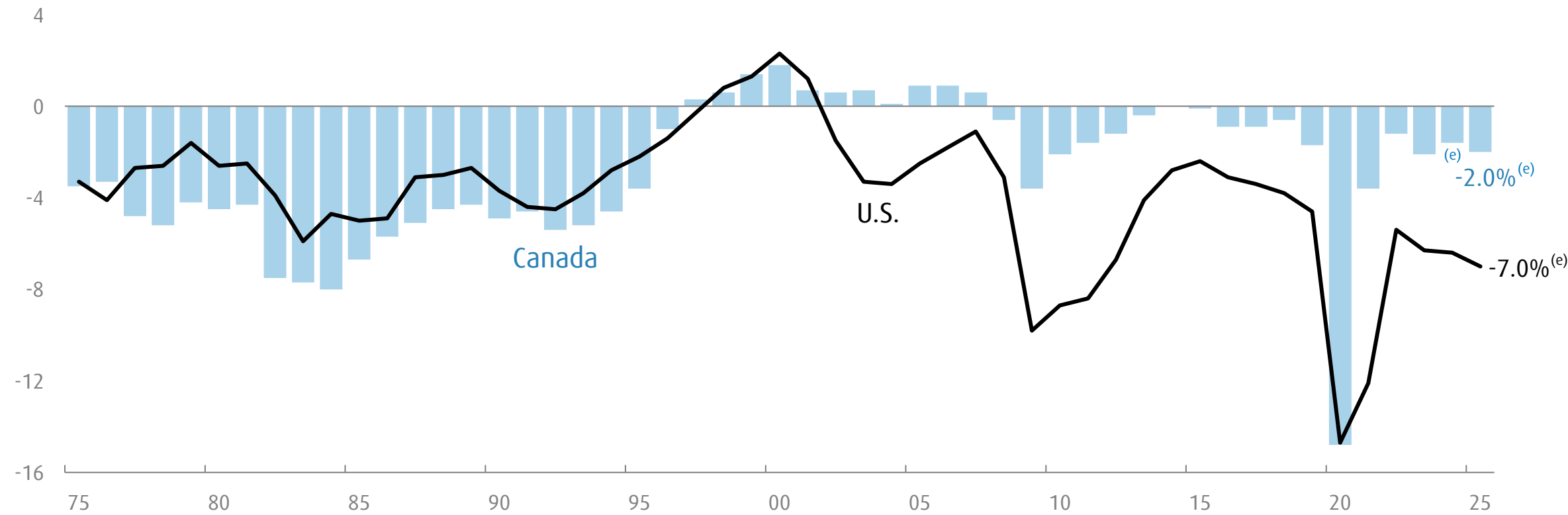


<sup>1</sup> (lhs : US\$/bbl) • <sup>2</sup> (rhs : US\$/C\$)

# Fiscal matters: U.S. budget constraints

(fiscal years : % of GDP)

## Federal government budget balance



One Big Beautiful Bill could boost deficit

(e) = estimate



# Implications for Canadian food business

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Somewhat resilient to trade war

## Biggest challenges:

Counter tariffs will raise import costs

Supply chain management—finding new suppliers while maintaining productivity and cost control

Slower population growth will weigh temporarily

## Opportunities:

Freer internal trade

Staycations

# Questions?

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