

# Monthly Market Update

For the quarter and month ending March 31, 2025

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## Most Recent Quarter in the Markets: January 2<sup>nd</sup> - March 31<sup>st</sup>, 2025

	TSX	S&P 500	DOW	NASDAQ	ACWI	CAD/USD	GOLD (USD)	OIL (USD)	Govt CAN 10Y Yield
Quarter Close	24,917.50	5,611.85	42,001.76	17,299.29	827.16	69.51 ¢	\$ 3,150.30	\$ 71.48	2.965 %
quarter +/-	+ 189.56	- 269.78	- 542.46	- 2,011.50	- 14.18	- 0.03 ¢	+ \$ 509.30	- \$ 0.24	- 0.261 pts
quarter +/- %	+ 0.77%	- 4.59%	- 1.28%	- 10.42%	- 1.69%	- 0.04%	+ 19.28%	- 0.33%	n/a

(source: Bloomberg <https://www.bloomberg.com/markets>, MSCI <https://www.msci.com/end-of-day-data-search> and ARG Inc. analysis)

## What happened in the first quarter of 2025?

The most influential events affecting markets was the inauguration of President Donald Trump and his introduction of tariffs on imports into the United States. Tariffs that were initially described as measures to protect American jobs and security have caused equity markets to reverse their recent success.

Additionally, the downward trend for inflation has slowed, and in the U.S., it has begun to rise again. With the inflationary effects of tariffs still to be felt, rising prices will likely delay interest rate reductions by both the Bank of Canada and the Federal Reserve.

## Last Month in the Markets: March 3<sup>rd</sup> – 31<sup>st</sup>, 2025

	TSX	S&P 500	DOW	NASDAQ	ACWI	CAD/USD	GOLD (USD)	OIL (USD)	Govt CAN 10Y Yield
Month Close	24,917.50	5,611.85	42,001.76	17,299.29	827.16	69.51 ¢	\$ 3,150.30	\$ 71.48	2.965 %
month +/-	- 475.95	- 342.65	- 1,839.15	- 1,547.99	- 35.79	+ 0.36 ¢	+ \$ 301.80	+ \$ 1.72	+ 0.065 pts
month +/- %	- 1.87%	- 5.75%	- 4.20%	- 8.21%	- 4.15%	+ 0.51%	+ 10.60%	+ 2.47%	n/a
52 wk HIGH	25,876	6,147	45,074	20,205	888	74.52 ¢	\$ 3,177	\$ 87.67	3.874%
52 wk LOW	21,467	4,954	37,612	15,223	699	67.16 ¢	\$ 2,230	\$ 65.27	2.847%
YTD +/-	+ 0.77%	- 4.59%	- 1.28%	- 10.42%	- 1.69%	- 0.04%	+ 19.28%	- 0.33%	- 0.261 pts
1Yr +/-	+ 12.41%	+ 6.80%	+ 5.51%	+ 5.62%	+ 5.56%	- 5.84%	+ 40.74%	- 14.06%	- 0.507 pts

(source: Bloomberg <https://www.bloomberg.com/markets>, MSCI <https://www.msci.com/end-of-day-data-search> and ARG Inc. analysis)

## What happened in March?

Equities experienced a very difficult month with the Dow losing 4.2%, the S&P 500 dropped 5.8%, the NASDAQ plummeted 8.2%. Canada's TSX fell by *only* 1.9%, making it the top performer among major indexes. A 1.9% drop typically does not regarded as a success, but in March the TSX fared much better than American indexes. The allure of the formerly high-flying S&P 500 has lessened as it experienced its worst month since 2022. The much more temperate TSX now leads the U.S. indexes Year-to-Date and over the past year by remaining in positive territory and returning more than 12 percent.

The conditions for this decline after two stellar years for equity index performance is attributed to, and admitted by, Donald Trump. The effects of his proposed and implemented tariffs on imports to the U.S. are well understood by the markets. The cost of tariffs will either be absorbed by firms (lowering their profitability), passed on to purchasers (increasing inflation), or a combination of the two. If lower cost alternatives existed prior to tariffs, U.S. firms would have utilized those methods. Under a tariff regime a change in production location will increase costs for a firm. [NYT article](#)

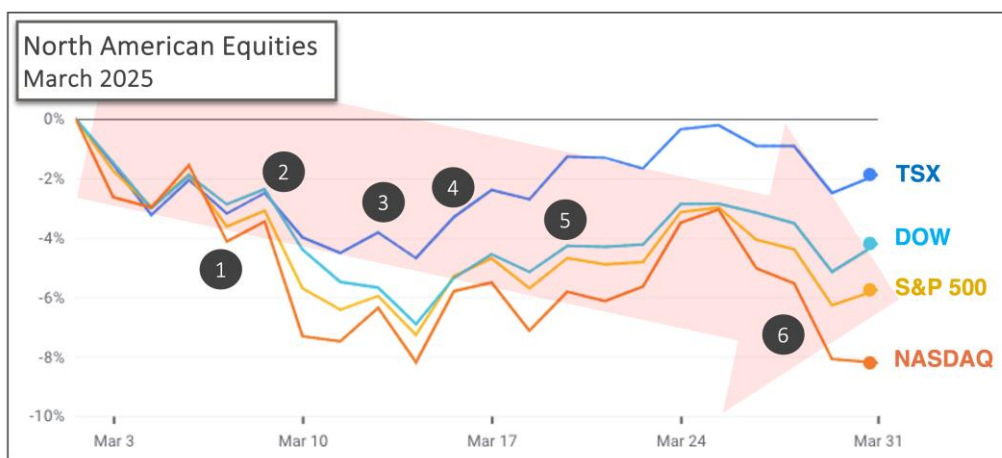
The price of gold has leapt nearly 20 percent in 2025 and over 40 percent over the past year. Its continued reputation as a [safe-haven](#) investment to protect against losses elsewhere, typically when uncertainty threatens equities.



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Additional economic reports influenced markets during March:

**1. March 6<sup>th</sup> – Interest rate announcement**

The European Central Bank (ECB) cut its interest rates by  $\frac{1}{4}$  percent (25 basis points), which set its interest rates on the deposit facility, the main refinancing operations and the marginal lending facility at 2.50%, 2.65% and 2.90%, respectively. [ECB release](#)

**2. March 7<sup>th</sup> - Canada and the United States released employment data for February**

In Canada, employment was virtually unchanged (+1,000) and the unemployment rate held steady at 6.6%. The gains found in wholesale and retail trade (+51,000) and finance, insurance, real estate and leasing (+16,000) were offset by declines in professional, scientific and technical services (-33,000) and transportation and warehousing (-23,000). Hourly wages have risen 3.8% on a year-over-year basis. [StatsCan release](#)

According to the Bureau of Labor Statistics (BLS), U.S. jobs rose by 151,000 in February, which was higher than expected, while the unemployment rate was unchanged at 4.1%. Wages have risen 4.0% over the last year. The latest U.S., jobs data suggests that the next Federal Reserve rate cut will occur in the second half of 2025. [BLS release](#) [CNBC and jobs](#) [CME FedWatch](#)

**3. March 12<sup>th</sup> – interest rates and inflation**

The Bank of Canada reduced its target for the overnight rate again. The [announcement](#) included, “the pervasive uncertainty created by continuously changing US tariff threats is restraining consumers’ spending intentions and businesses’ plans to hire and invest. Against this background, and with inflation close to the 2% target, Governing Council decided to reduce the policy rate by a further 25 basis points to 2.75%.”

U.S. consumer prices increased 0.2 percent in February, and on a year-over-year basis the all-items index increased 2.8 percent before seasonal adjustment. In January, the monthly inflation increase was 0.5 percent, and the annualized inflation rate was 3.0 percent. [BLS release](#)

**4. March 14<sup>th</sup> – new Prime Minister of Canada**

On Friday, Mark Carney, former central banker, replaced Justin Trudeau as Prime Minister. Unrelated to this change, North American equity indexes rose for the second consecutive Friday.



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## 5. March 19<sup>th</sup> – Federal Reserve interest rate announcement

The Federal Reserve kept U.S. interest rates steady. The [statement](#) included, “In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.” The Fed is watching the effects of the Trump administration’s actions to impose tariffs and trade restrictions, and the resulting responses from sovereign nations affected by the trade war. The Fed will continue to maximize employment and return inflation to its long-run target of 2 percent even as “uncertainty around the economic outlook has increased.”

## 6. March 28<sup>th</sup> – U.S. inflation rises, Canadian GDP rises and leaders talk

Equities initially moved lower again with the [U.S. Bureau of Economic Analysis' release](#) of the Personal Consumption Expenditures price index (PCE), which is the Federal Reserve’s preferred inflation measure. Inflation for February was 2.5% and Core PCE, excluding food and energy, ticked higher than expected to 2.8% from one year ago. The uncertainty surrounding inflation and tariffs continues to linger and delay [CME's FedWatch prediction](#) of lower rates to June and July. [CNBC and PCE](#)

Canadian Gross Domestic Product (GDP) rose 0.4% in January, a slight increase over the 0.3% increase in December. 13 of 20 sectors rose with goods-producing sectors delivering the largest increase at 1.1% for the first month of 2025. Mining, quarrying, and oil and gas extraction provided the largest increase in January. The largest drag on growth occurred in the retail trade sector, which contracted 0.9%. Tariffs are affecting February growth, when GDP is estimated to be unchanged. [StatsCan release](#) [CBC and GDP](#)

Upcoming tariff announcements, in addition to last week’s confirmation that imported vehicles would be subject to a 25% tariff, have been hanging over the markets. In the first telephone call between Prime Minister Carney and President Trump discussed economic and security matters as the Canadian federal election looms. Both sides indicated that the call was substantive and constructive, which is welcome news for Canadians and Americans who are directly affected by the trade war. [CBC recap of call](#)

## What’s ahead for April and beyond?

The path of tariff threats and introductions will continue to drive markets. By the end of March, a number of tariff and trade actions had been taken:

- Feb 1<sup>st</sup> – announcement of 25% tariff on all imports from Canada, 10% on energy
- Feb 2<sup>nd</sup> – Canada retaliates with tariffs on \$30 Billion of imports from U.S.
- Feb 3<sup>rd</sup> – Tariffs by U.S. suspended for 30 days
- Feb 13<sup>th</sup> – Trump announces 25% tariffs on foreign steel and aluminum on top of tariffs that were suspended on Feb 3<sup>rd</sup>, effective March 12<sup>th</sup>



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- Feb 13<sup>th</sup> – Trump signs memorandum to impose reciprocal tariffs on all foreign imports starting April 2<sup>nd</sup>
- Feb 21<sup>st</sup> - Trump signs memorandum to impose tariffs on countries that levy digital service taxes on U.S. technology
- March 4<sup>th</sup> – suspending tariffs go into effect, Canadian retaliation begins immediately
- March 5<sup>th</sup> – Trump exempts Big Three automakers until April 2<sup>nd</sup>
- March 6<sup>th</sup> – Trump amends orders to exempt USMCA compliant trade
- March 7<sup>th</sup> – Trump promises new tariffs on dairy and lumber
- March 9<sup>th</sup> – Trump declines to assure Americans that tariffs will not create U.S. recession
- March 10<sup>th</sup> – Ontario starts charging 25% export surcharge on electricity
- March 11<sup>th</sup> – Trump threatens to increase steel and aluminum tariffs to 50%
- March 11<sup>th</sup> – Electricity export tax and increase to 50% on steel and aluminum withdrawn
- March 12<sup>th</sup> – Steel and aluminum tariffs begin
- March 26<sup>th</sup> – Trump announces 25% tariff on foreign-made consumer vehicles and components  
[Trump Tariff Timeline](#)

On April 2<sup>nd</sup> at 4 pm Donald Trump announced additional details of his global tariff plan during a press conference from White House Rose Garden. During his speech, President Trump presented a table with “U.S.A. Discounted Reciprocal Tariffs” to be charged on goods from 60 countries, including China (34%), European Union (20%), Taiwan (32%), Japan (24%), India (26%), and the United Kingdom (10%), which are approximately half the rate of “Tariffs Charged to the U.S.A.”

Canada and Mexico were not on the list of countries contained in the table shared at the press conference. Immediately afterward, American officials stated that goods that are compliant with the [USMCA Agreement](#) are exempt from additional tariffs. The 25% tariff introduced in February and March on steel, aluminum, consumer vehicles and auto components imported from Canada, and Canada’s tariffs on \$30 Billion of U.S. goods will remain in-place. The tariff effect on individual products requires additional details. For example, only the non-U.S. portion of a foreign vehicle is subject to the 25% tariff.  
[Trump tariffs April 2nd](#)

Lastly, the next round of interest rate decisions by the Bank of Canada and the Federal Reserve will occur on April 16<sup>th</sup> and May 7<sup>th</sup>, respectively, and will rely on their existing mandates of price stability and employment to guide their actions as tariffs and reciprocity is revealed.