

## The Exceptional Case of Underperforming U.S. Markets

### Speaker Key:

DP	David Pett, Content Editor & Producer, Inside Perspectives: An AGF Podcast Series
KM	Kevin McCreadie, CEO and Chief Investment Officer, AGF Investments
JC	John Christofilos, Chief Trading Officer, AGF Investments
TN	Tom Nakamura, Head of Fixed Income and Currencies, AGF Investments

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00:00:01	MV	Welcome to AGF Inside Perspectives.
00:00:04	DP	Welcome, guys. We were just off air talking about Italian restaurants in Toronto. There seems to be a plethora of them that are pretty tasty. Happy Wednesday.
00:00:15	JC	Thank you.
00:00:15	DP	I don't think anybody's ever said happy Wednesday but happy Wednesday. The weather, dare I say, is turning for the better in Toronto. We've had two nice days in a row. I'm wondering if you guys have been out to enjoy the sunshine and milder temperatures.
00:00:33	KM	I got caught in a hailstorm on Saturday. So, there you go.
00:00:35	DP	So, there you go.
00:00:36	KM	So, if that counts as improving weather, yes.
00:00:40	DP	There you go. And, John, I think you actually got to really enjoy the weather on Monday.
00:00:46	JC	Yes. Finally, yes. After checking my weather app for about the last three and a half weeks 600 times a day, we pulled off our AGF Canada Company golf tournament on Monday in spectacular fashion in terms of weather. Unlike last year's tournament, that was rained out after three holes, we got through the entire day. It was a fantastic event, generally speaking.
00:01:09		We have great partners, brokers, vendors, friends, family, who all participated, and we raised a heck of a lot of money for Canada Company, a great charity that we

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		support here at AGF. So, yes, a great day on the golf course and great times with many friends.
00:01:25	DP	That's great. And just for those who are listening who don't know what Canada Company is, it's a not-for-profit that raises money for military members, veterans and their families. Blake Goldring, AGF's Chairman, is the founder of Canada Company and still, obviously, quite involved with the charity. So, it's a great day and I'm glad that the weather turned out, because I think last year was the first time it rained in something like 20 years of the event, right?
00:01:53	JC	Yes, that's right. Listen, in terms of the day, there was one moment that I do want to talk about real quick. We had a graduate of one of the scholarships that we presented many, many years ago, a young lady by the name of Serena, who's in her fourth year at Western University, who spoke eloquently about Canada Company and the money that she received and the scholarship money that she received. It was very, very heart-touching, heartwarming, that is, and she did a terrific job.
00:02:20	DP	That's great. And, Kevin, I believe you were there to watch the proceedings but not golf this year.
00:02:25	KM	Yes, I have a back that's not really cooperating right now for golf. So, I came out to support. It's a great event. It's a great charity. It takes care of the children of the fallen. And this woman, as John said, was just spectacular in her poise and having to relate about how she ended up with the scholarship. She lost a parent in one of those conflicts.
00:02:43	JC	Yes, a really heartwarming story and glad to be a part of an organization that supports something like that.
00:02:50	DP	Another question for you, John. So, it's a golf tournament. Yes.
00:02:53	JC	Yes.
00:02:53	DP	And we talk about golf a lot.
00:02:54	JC	Yes.
00:02:55	DP	I've never asked you, actually, how good are you at golf? Are you exceptional at this sport?

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00:03:01	JC	David, I have a day job, so I focus more on my day job than my golf game. My golf game is okay. I'm not exceptional at it. And somebody told me a long time ago life is the longest apprenticeship, so I'm always working on myself, so I need to continue to work on my golf game as well. So, that apprenticeship will continue for many years to come, I hope.
00:03:21	DP	There you go. On a serious note, you mentioned that you have a day job, and both of you do, and you're exceptional at what you do, I'll say that from the get-go. It makes it a little tough to become an expert in something outside of work. When you think about what you do outside of work, is there anything, Kevin, that you, yes, I'm pretty good at this. I can get by, whether it's cooking or...
00:03:46	KM	Think about a pro baseball player. If he hits the ball three to ten times, 300 average, he goes to the Hall of Fame. Right? In our business, if we pick three of ten securities and we get the rest wrong, we're out of business. So, this is a business where even if you hit it six to ten times, you're really, really good. But that's the expectation. So, I think in life we try to be better than average.
00:04:10		To be exceptional I think is an incredibly high bar, to be at that level in anything. It demands incredible focus, time, commitment, which I think for a lot of us, when we think about our day jobs, it's hard to have that kind of external commitment to anything.
00:04:27	DP	That's right. No, definitely. It's that whole...
00:04:29	JC	Besides, he's not that good of a golfer.
00:04:31	KM	A golfer I'm not.
00:04:32	DP	Okay. So, that's for the record.
00:04:33	KM	Let's move on, David. Let's move on.
00:04:35	JC	Get that covered. Let's get that really covered.
00:04:37	DP	You know who is pretty exceptional at photography is our next guest, Tom Nakamura, and he is the Head of Fixed Income and Currencies and also Portfolio Manager, obviously. So, without further ado, why don't we get into it and welcome Tom. All right, Tom, welcome, thanks for being here.

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00:05:00	TN	Thanks for having me. Happy Wednesday.
00:05:02	DP	I pumped the tires a little bit about your photography.
00:05:05	TN	I would say it's relative to how much time I'm able to spend on it but, yes, I do enjoy it.
00:05:09	DP	There you go. So, no Gladwell 10,000 hours kind of situation.
00:05:13	TN	Not quite.
00:05:14	DP	There you go. Okay. So, as always, let's start with a bit of a recap from the last time we spoke. John and Kevin and Tom, clearly weigh in on this. Markets a little bit better over the last month or so but still some volatility that we're dealing with, Kevin.
00:05:34	KM	Yes. I think what you have to think about is a month ago we were just post the reprieve of the 90-day postponement of the Liberation Day tariff stuff. So, markets had bounced pretty dramatically. We're now back kind of north of the 20% line off that low. You had the S&P for the month up 7%. You had names that didn't work in the first part of the quarter, that had been darlings last year lagged those where money has come back to.
00:06:05		So, think big tech. I think the magnificent six or seven. And so people are crowding back in on what they know. We still have uncertainty in front of us but we have bounced from that low. And John and I talk about this all the time, corrections like that which happen that quickly, there's a time element to it as well, not just the price element. I'm not convinced that we're through the time time element of this as we haven't really cleared any hurdles up.
00:06:33		We've just moved them down the down the road. And so we'll face this again on 9th July. But markets are responding to each data point that says we're going to moderate the outcome of these tariffs. And I think that's one of the things. Maybe we have to start adjusting where the end game will be. But we have a lot of uncertainty between now and these other dates. I also remind people we're going to be almost two months next week or so from the Liberation Day first cardboard list of retaliatory tariffs.

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00:07:06		And we've only got one framework of a deal. We don't even have a deal and, as we've talked many times, trade deals are long and they're hard and so two months in, the listed names on the cardboard presentation is only filled in by one. So, we have a lot of work to do yet that's in front of us. So, I'd say we've had a good bounce, good recovery, both on the equity market. The fixed income markets have been very volatile as well, and Tom can probably get into that. But I think it feels like it's been six months, not a month.
00:07:37	DP	And to your point, Kevin, in the blog that you just published, we still don't know what the economic damage of the tariffs that are in place are yet, because there's a lag to that. Right?
00:07:52	KM	One of the things we've talked a lot about internally is this idea of soft data versus hard data. Tom and I talk about it a lot, which is soft data is we survey people, how they feel and that is whether it be purchasing manner in indices. How are you feeling if you're buying things for your company? We look at it with surveys of small business owners. So, the NFIB survey we look at. And consumer confidence with the University of Michigan. All that data looks terrible.
00:08:20		So, people are saying, I really don't feel good about the future, I'm worried about inflation, I'm worried about where this is all going, I'm worried about my job. Now, if you do that, theoretically, you're not going to go out and spend on a lot of things. So, what we're not seeing, though, is the hard data is not weakening yet. And I'll underline the yet piece of it, because there is a time lag. The most recent data we got yesterday on consumer confidence, just because we said we're going to postpone those really high level tariffs on China for 90 days, bounced a lot.
00:08:53		So, again, whether the hard data drops down to meet the soft data or the soft data starts to improve to meet the hard data, but there's something going on that's disconnected there. The longer we see that soft data saying it's lousy, it probably has a higher probability of turning into something that means economic weakness.
00:09:10	JC	Yes. David, from my perspective, part of me is really surprised at the bounce because not a lot has changed, right? There's a few things here and there that have

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		changed but the violent nature of the bounce surprised me. To Kevin's point, we still need a little bit of time. And the time is not another week, the time is another month to two, maybe even three months before I feel more comfortable that we're not going to retest those loads that we saw in early April. So, that's one thing.
00:09:39		But when I put the other part of that thought process together, we were under-invested in equities. Sentiment was terrible, generally speaking. Positioning, as I mentioned, was way under-appreciated in terms of how little people were invested in the equity market. All that tells me that, yes, maybe this bounce is real, because they need to get back to some sort of reasonability around their positioning and sentiment. Because sentiment has gotten so bad, and positioning got so bad.
00:10:10		The other thing that surprises me is the veracity of the bounce led by retail. Retail investors have been buying this dip almost every single day. When we look at the numbers...
00:10:24	DP	When you say retail, this is the guy who relies on Robin Hood.
00:10:28	JC	Right. Self-directed retail for the most part has helped this balance tremendously, more so than hedge funds have, more so than long only managers, like ourselves, have. Retail continues to buy this bounce. At some point the guys in the basement run out of money. They've invested it for a period of time. So, we're going to have to watch that very carefully. But to this day and for the last month, it's self-directed retail that's been leading. So, we'll keep a close eye on that.
00:10:55		But, yes, I'm surprised at the bounce and we'll need a little bit more time before I feel comfortable that we're not going to retest those, 9th April I think it was, lows at 48, 50-ish on the S&P.
00:11:07	DP	And then, Tom, just to broaden this out a little bit, some thoughts on that. Kevin touched on treasuries and what's going on in the fixed income. But fixed income and currencies, your expertise, what's been going on there? Is it a similar kind of volatility?
00:11:21	TN	Yes, I think Kevin said it, the past month felt like six months. I feel like every day is a week for me and in terms of what we start with and what we end up with, lots of

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		volatility and, I think, this nervous feel to the market in terms of nobody really feeling settled in terms of what they know or what's around the corner. But what we did see in the past month is rates markets being pretty volatile, reacting to both the news coming out of Washington and globally as well the reaction to the news.
00:11:56		And I think that's been something that will stay with us as long as these negotiations drag on over the coming weeks, months, quarters. The interesting thing is on the currency side. So, we've continued to see the US dollar weaken. We saw that start earlier this year, continue to see that. But the nature of the downside in the US dollar has shifted a little bit, where we're not seeing so much euro strength or Japanese yen strength recently.
00:12:26		We're seeing the strength coming from emerging market currencies. And I think if you think about what's happened in the past month in terms of some of the tariff delays and trying to sound a bit more, the market's getting a little bit more optimistic that a better outcome is down the road, that's probably more beneficial for emerging markets, that are going to be the the tail end of this in terms of they're not going to be able to influence a whole lot for the most part.
00:12:56		So, I think that's been something that has manifested in FX markets. So, it's an interesting thing to watch as we make our way through the next few months.
00:13:04	JC	Yes, it's interesting, Tom. If you go back to the election, which is just about six months now, a little more than that, the market is probably back. The equity markets may be within 1% of where we were. Fixed income is maybe 10 to 15 basis points from where we were. It's been a wild ride, both of them, up and down. Gold is 20% higher and the dollar is about 10% weaker. And it's those latter two that tells you that something else has really changed.
00:13:34		And it's this fear of what? I don't know. They're on, they're off, they're this high, they're that high. I remember when we were kids... Many people don't know who Charlie Brown is but Charlie Brown and Lucy and Lucy would put the football down and Charlie was going to kick it and she'd pull the football away. The markets are dealing with this now, and so the dollar decline tells me something else is going on.



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00:14:04		And when people want to own gold, even though gold has backed off a little bit here, something else is going on in this. It's a story about uncertainty, it's about also the US budget deficit, which, in this perverse way, needs these tariff revenues to be ultimately passed by Congress to get into the revenue calculation so that we don't blow up the deficit even further. So, that is playing some of this as well.
00:14:30		So, they're linked. I need the tariff revenues to pay for this tax bill and budget. A lot of that's creating uncertainty, which is creating maybe some concern by foreign investors about owning some US assets. And I think that plays into gold and it probably plays in some of the dollar as well.
00:14:45	DP	And, Kevin, just to touch on that, I know we don't talk a lot about this, but I'm starting to keep a very close eye on this Bitcoin trade as well. Up 61% since Inauguration Day, almost at all-time highs today with gold also being elevated over the last period of time. So, is there something going on with that trade as well? That's the trade people talk about as a safe haven, when the markets could get a little bit bumpy. We're close but we'll keep a close eye on it. It's not something that we obviously invest in here but it's something we should definitely keep an eye on.
00:15:16	KM	I think there's some speculation there too, around the Trump administration is crypto friendly, and I think that's baked into there too. I do think some of it's also some fear around US assets maybe.
00:15:28	TN	Digital gold, right? I think it's all part of that kind of concern around what the US is doing and what it looks like at the end of the road.
00:15:38	JC	Hey, Tom, I do have a question for you that I asked all the time, and so does Kevin, on the US dollar being the reserve currency. Your thoughts on where that is today and is there any fear that it's not in the next period of time?
00:15:57	TN	So, I've been doing this for, what, 20- odd years now and from day one that's been a question and from day one until maybe six months ago, my answer's always been the same. US dollars and reserve currency, there's are so many going for it. The US Treasury market. All these



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		reasons. And that's not going in my lifetime, change my mind on that one.
00:16:23	JC	Interesting.
00:16:24	TN	I think it still has such a large lead. It's not that something is going to completely replace the US dollar but I think the crown has slipped and we are at the beginning phase of seeing some serious diversification away from the US dollar and US Treasury assets. So, I think this is something that we are starting to witness. It's not going to be a smooth ride. It's going to be a long, long process.
00:16:52	JC	Are we talking about decades?
00:16:53	TN	Decades, yes.
00:16:54	KM	But Tom's on to something. I've been in the markets a long time, like we all have. I don't get freaked out by much things anymore. There's a handful of things we talk about, grown men crying on TV. But we had that day when we saw the dollar weakening. We saw equity markets selling off hard, really hard, right after that Liberation Day mess. And you had Treasuries getting killed.
00:17:23		That is a foreign investor who owns treasuries selling those bonds. Right? Taking those dollars that they've got, selling those dollars and taking it home to their local currency. And to Tom's point, this won't happen overnight. But when you go around and talk to large pensions and large institutional investors, maybe not the retail guys that John was just talking about. They've all looked at that and said, gee, maybe I have a lot more than I think I should have allocated to US assets.
00:17:55		It's just not Treasuries. It could be equities. And so you're going to see, I think, over a long period of time, that that change is not going to happen overnight. But I do think... And I don't know what turns it back right now either, because the US has been the right place to be in the last decade for equities. It's almost 70% of most global indices on the equity side. So, it will change but, to Tom's point, it's going to be at the margin, and slowly, but it's something now to keep an eye on.
00:18:25	DP	So, as you've talked about, this is really a contemplation of this idea of US exceptionalism that's been going for, I don't know, a decade at least. And you've seen, as you

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		said, equities... Europe's outperformed, EMs outperformed, I believe, I think Canada's. So, a lot going on here.
00:18:44	JC	There's a second thing at play here too. You don't want to make a lot of it. As everyone knows, I am an American and also a proud Canadian citizen. I carry both passports. And I'm as angry about what's going on in terms of the tone and rhetoric coming from the US to Canada as anybody else. But there's something about brand America that's being damaged in all of this, and that too is at the margin. But it's people who are voluntarily saying, I'm not buying an American product.
00:19:16		If you look at travel data, Canadian travel data is down 30% to the US. Some of that's because it's expensive. Some of it's people making a choice. But European travel to the US is projected to be down me of it's people making a choice at European travel to the US is projected to be down 10%. And I think there's a lot of people who, probably a little bit more personally, are either offended by what's gone on here that's changing behavior on that brand. So, it's not just the currency issue. It feeds into it, though.
00:19:43	KM	Yes. It brings to mind whether it is an emotional reaction, which I think part of it is, but then is there a trust issue here that's starting to build in terms of can I trust the US Administration in this case, or the backdrop.
00:20:04	TN	And I think in terms of how long this loss is, because what happens in Washington and in politics in the US, that could change in a few years, but I think it's the reaction of the rest of the world. I think it's almost, I guess, the equivalent of one sports team calling out another sports team and that's put on the bulletin board and motivates them. I think we've seen this in Europe, the realization that they need to be able to take care of themselves.
00:20:35		They need to invest and think longer term and not rely on who their ally is of today. So, I think that might be the longer-lasting outcome of this, is that other economies start to not disengage the US just because they want to, but also because they realize they need to rely on themselves. They can't rely on these other partners solely. So, I think that's going to be a powerful thing.

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00:21:01	JC	I'm not an apologist. I have no issue whatsoever with buying Canada. I think it's great. I think Canadian citizens have woken, have looked around, have bonded together and the spirit is strong. The next step is for the Government of Canada to actually take the next step and make us more self-reliant. Tear down some of these interprovincial barriers. But I'm not an apologist, I'm a proud Canadian. And we go out for dinners as an industry and it's tough to find a US bottle of wine anymore.
00:21:33		But the Canadian wines are pretty good too. We've got Calona and the Okanagan's of the world. So, again, I'm okay with what we're doing to this point. It will lessen. The rhetoric will be taken down. There'll be a trade deal at some point. All this stuff will subside over time. But this isn't such a bad thing. This is a proud moment for Canada and we need to take advantage of it.
00:21:53	KM	Yes, I go back to what Tom said. This has been a wake-up call for everybody. Europe will pull closer together. You're seeing flow of funds into Europe now. European equities have done quite well. You're seeing probably the thing we should all be talking about, is Europe with probably the largest stimulus package that we've seen with the release of what we call the German debt brake. Germany now actually are going to spend some money on infrastructure, defense which will be a massive stimulus for Europe. And the same for Canada.
00:22:19		This election, regardless of which party you voted for, the policies that are on the table look the same and if we don't waste this opportunity, I think it's a longer term outcome that pushes the country forward. The near-term stuff about not travelling, that will wane over time. People will go back to travel in the US. I will tell a funny anecdotal story, though. We still love our bourbon here in Canada, apparently, because I was on a flight back from New York last week and I have never seen the duty-free cart as you're getting on the plane filled with more bottles of bourbon from Canadians who can't buy it here.
00:22:54	DP	Kevin, would you rather go to Kauai Island in January or Winnipeg, Manitoba in January?

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00:23:01	KM	We will continue to travel. It's just it's a moderation thing, and we'll all get over it over time.
00:23:06	JC	But I bring it back to the markets. I think the difference here is we may be filling the brand thing personally for now, but the market thing, it's not that. We've been overallocated maybe, just in terms of when you look at US economic growth to the rest of the world, given the size of that allocation, it's too high. And you're going to see people worry about some of the policies and they're going to say, gee, I don't know, is the US Treasury the safe haven asset anymore?
00:23:35		Especially if they're going to print money to fund this deficit. That means a lot of supply of bonds that have to be issued. And so I think those things are different than what I call this emotional brand America thing.
00:23:48	DP	So, Kevin, talk to me, then. I'd love to know your thoughts on why Canada has outperformed the US year to date. Is some of that money just reallocating back into Canada or is there something else happening?
00:24:01	KM	I think it's a combination of things. I think in the beginning of the year the stuff that got pounded was really that high-end growth stuff, which we don't have a lot of in Canada. And so part of it's make up of the market. I'd say the second is I think that there's some money coming back. And there's some foreign money coming in too. You've seen those flows too, John.
00:24:19	JC	Yes.
00:24:20	KM	So, it's a combination.
00:24:21	DP	So given everything that we've talked about, and this is maybe the big question, how do you react to what's going on from a portfolio construction standpoint or an asset allocation standpoint, when there is just so much uncertainty? You don't know whether this is...
00:24:43	JC	You get a Truth Social account, so you can wake up in the morning and figure out what to do.
00:24:46	DP	There you go. That's right, yes. But, seriously, what's the game plan when you're in this environment? Tom?
00:24:56	TN	It is really challenging, for sure. Every day you can win big, you can lose big. I think that's just something we need to stomach. My focus has been think long-term,

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		think diversification. Don't go overboard one way or the other but really try to keep an even keel and think through what some of the outcomes you believe strongly are.
00:25:22		So, if we believe the European Union is going to be stronger, come what may, over the next five, ten, 15 years, then start to position for that. So, I think for us diversification, I think, is really important. So, we have in fixed income, and I don't bore people to death with this, but we have duration. But where does that duration come from? Is it Canadian bonds? Is it US bonds? Is it corporate bonds?
00:25:48	TN	And I think having a mix can really help blunt some of the extreme moves that we're seeing that's driven by news.
00:25:56	JC	And from a trading perspective, and I'll let Kevin talk more about the asset allocation side, but it's all around legging into positions. So, if a portfolio manager wants to buy or sell something, you don't have to buy it and sell it immediately. You may want to take your time. You may want to leg into the trade. Because on any given day, David, we're up or down on a Tweet or a Truth or whatever you want to call it. There's no reason to go all in on something immediately. You want to watch, analyze the market, analyze the flows and then take advantage of that as much as possible.
00:26:26		Last thing I will say is this shall pass. This will pass. The trade wars will pass and we'll be on to the next part of the US Administration, whether that's deregulation or tax cuts or whatever. To Tom's point, it's surviving and not getting blown up in this market is vital to the success going forward. So, take your time, leg into trades and then this shall pass.
00:26:53	KM	Yes, I think we're just going to be in a volatile patch for now. We have to pay attention to technical. Markets get ahead of themselves. They get overbought, they get oversold. You've seen the volatility that we've had that's worked both ways. Down 20, back up to where we are. We couldn't even get to a new high by July. But we have dates in front of us that will create, as we creep toward them, further uncertainty. We're joking. There is a trade in the market that's called the taco trade, which is Trump always chickens out.

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00:27:22		So, people are starting to say, okay, if he says something negative in the morning, because markets have been higher, he's getting more aggressive, I can buy that because he's going to back off. That may not work going forward but this... To John's point, when we get to the fall and this will have to be resolved to some degree. You can't be making more 90-day postponements. Ultimately, we're going to work toward a world that probably looks like a 10% tariff.
00:27:50		But to get there is not going to be an easy path. You have this 9th July date. What happens there? You have a lot of countries that still are playing this game, that they don't want to come to the table. They know that the longer they wait to come to the table, the better it's going to be. In the case of Europe, I don't know how you're going to get a deal there. You've heard the Administration talk about you have 27 different countries and if you're asking them and if you're asking them to buy US cars, it's hard for me to see someone driving an F15 pickup truck in the middle of Europe.
00:28:19		And nor are they going to give up on some of their food safety issues and buy American beef. And the same could be said for Japan. So, I think these are going to be harder and as you creep to these dates, something has to give. I do think by the time you get to the fall, you can't keep extending. You're going to come to this framework, and I think that's the word I'd use, and then we're going to have to take a pulse check of the economy. Did we really damage stuff along the way?
00:28:45		And if that's the case, there is a silver lining here, which is called the Fed, which probably then has to step in and cut rates further. And they've been pretty adamant. Their arms are crossed, saying, hey, we're going to wait and see what's going on, because we don't know what this looks like in terms of these tariffs and their impact on inflation. Or the damage to the economy, frankly. So, it will be clearer, I think, or less muddy, maybe not clear, by the fall.
00:29:11		But in the middle of that you have 9th July. You have the also the Chinese tariffs, which will expire right behind that. You have the G7 coming up in a week or so. Will something happen there? And then you have Canada and Mexico probably having to go deal with the US in

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		terms of accelerating this review of USMCA, which was really supposed to be next year. And so we have dates in front of us that this will get resolved. But between here and there it is going to be a bit of chop.
00:29:38	JC	Hey, David, the world knows that the US political system runs on two-year cycles. So, in very short order the US Congress, and the US President and the US Executive Branch, are going to start thinking about midterms.
00:29:54	DP	And how to protect their positioning.
00:29:56	JC	Right. Now the Republicans hold all three levels of government. The world knows this. So, to Kevin's point, management by delay is on purpose. We'll start talking but, to Kevin's point, it takes a long time to put trade deals together. It took upwards of two and a half years to get USMCA papered. You just can't change that on a dime. So, it's going to take a little bit of time, and the world knows that and they'll delay as long as they have to.
00:30:21	KM	The only caution I have on that is if you get into a recession in the fall... And that's not a base case. I think we're all in the same place, that we're not there yet. We're in a bit of a growth slowdown but even the data right now, as I said earlier, the hard data isn't showing that much. But if you get into a recession in the fall, it's going to be hard. They'll try. It's going to be hard to blame this on the last Administration. And then you're a year closer to the House election.
00:30:45		And so I think there is a dynamic where they even know they have to get this behind them, because if they want a recession, it's probably now. If they drag this out and they push it in the late fall, it's going to hurt their prospects there. So, I do think there's a time element to John's comment.
00:31:01	DP	Maybe just a last thought from me and then any thoughts from you back on this. But we talk a lot about market uncertainty and volatility but maybe the other side of this is the resilience of markets, which is also on display. The fact that we can go from big sell-offs to now, as we've talked about, we're back to close to all-time records. Is there some comfort in knowing that the mechanism is working the way you want?



Time Code	Speaker	Text
00:31:29	JC	The mechanism is working well, David. The plumbing in the markets is working exceptionally well. We're not fussed by that whatsoever. My theory is as follows. We have more participants in the market today, whether that's percentage of households in Canada, in the US, that are invested in the markets. We have a different array of participants, whether that's long only, short, CTAs, retail, institutional, hedge fund. The community or the ecosystem is much larger.
00:32:00		So, when we see a pullback, somebody's going to buy the pullback. When we see a rip in the market, somebody is going to sell the rip in the market. But every time we have one of these situations, there's a lot of people invested in the market, more so than ever in history. I think the number is 58% of all US households now have an interest in the US stock market. That's all-time high. It doesn't sound like a big number, but think about that, at 58%.
00:32:26		And they're buying stock every two weeks and then you've got other sellers. So, the ecosystem has gotten much larger. So, I'm very optimistic about the plumbing and the infrastructure working well. And it has to this day, even though we've had some very, very big moves, one way or the other.
00:32:41	DP	Lucy had a perfect gig, by the way, Kevin. Messed with Charlie Brown's mind and then offered him psychiatric services for \$0.05.
00:32:53	JC	Mike might be the next Trump business we're getting into.
00:32:56	DP	There you go. Okay.
00:32:58	JC	Mass therapy for equity investors.
00:33:01	DP	All right, there you go, let's end it there. Tom, thanks very much for being here. Great to hear your insights.
00:33:06	TN	My pleasure.
00:33:07	DP	And, John and Kevin, we'll see you next time. Thanks, everyone, for listening. For a full transcript of today's episode, visit <a href="https://AGF.com/podcast">AGF.com/podcast</a> . And don't forget to subscribe to hear more from us at Apple Podcasts, Spotify, Stitcher, Podcast Addict and Pocket Casts.
00:33:31	MV	This episode of Inside Perspectives was recorded on 28th May 2025 at AGF's offices in Toronto, Ontario, Canada.

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