

# NEWSLETTER

## JULY 2025 / QUARTER 2

The second quarter of 2025 was marked by ongoing uncertainties related to tariffs and global trade relationships, and as political tensions persist into the third quarter, Canadians will be watching closely to see what the longer-term effects of market fluctuations and sustained inflation will be on their portfolios and on their wallets.

At the end of January, the Bank of Canada announced the end of quantitative tightening, reducing their policy interest rate to 3%.<sup>1</sup> In March, another interest rate reduction to 2.75% followed, marking 9 straight months of reductions. Whether this trend will continue at the time of the next interest rate announcement at the end of the month will depend on many factors, though economic analysts indicate that the probability of a rate cut has decreased in the face of persistent inflation, and the positive news of the addition of 83,000 jobs in June.<sup>2</sup>

While U.S. economic policy seems to be increasingly geared toward domestic priorities, with potential negative impacts on foreign markets, the effects of Trump's sweeping tariffs are likely to start becoming more noticeable to consumers in the United States, where businesses are beginning to run out of their pre-tariff stock of imported goods. The U.S. Consumer Price Index increased 0.3% in June, and Trump's announcement of higher tariffs for many countries in August may portend higher inflation, which will likely limit the Federal Reserve's ability to announce the interest rate cut that Trump has been publicly demanding of chair Jerome Powell.<sup>3</sup> While markets eventually rebounded after tumbling following the announcement of Trump's "Liberation Day" tariffs in April, a weakening U.S. dollar may be indication that the long-term economic outlook of a trade war might be far less rosy than Trump seems to believe.<sup>4</sup>

According to the Bank of Canada's governor Tiff Macklem, while the announcement of U.S. tariffs initially caused a 10% surge in Canadian exports in the first quarter as businesses strove to get ahead of deadlines, the ongoing tariffs (including those in place for motor vehicles and steel and aluminum) and tariff threats have begun to shrink Canada's relationship with the U.S. market. In April, exports of Canadian goods to the U.S. dropped more than 15%.<sup>5</sup> The latest inflation numbers from Statistics Canada reveal that prices for clothing, vehicles, and groceries increased in June, which will put additional pressure on Canadians who are already struggling.<sup>6</sup> Still, in spite of these financial stressors, the number of Canadian flags that have popped up across the country in recent months tells a story about how many of us are striving for resilience in the face of uncertainty.

<sup>1</sup> <https://www.bankofcanada.ca/2025/01/fad-press-release-2025-01-29/>

<sup>2</sup> <https://www.theglobeandmail.com/topics/bank-of-canada/>

<sup>3</sup> <https://www.theglobeandmail.com/investing/markets/inside-the-market/article-market-implied-odds-of-july-30-boc-rate-cut-dwindle-further-following/>

<sup>4</sup> <https://www.reuters.com/business/investors-put-liberation-day-lessons-work-scarred-by-tariff-tumult-2025-07-08/>

<sup>5</sup> <https://www.bankofcanada.ca/2025/06/the-impact-of-us-trade-policy-on-jobs-and-inflation-in-canada/>

<sup>6</sup> <https://www.cbc.ca/news/business/inflation-rate-june-1.7585178>

### Our year-to-date rate of return for our Balanced portfolio was between -0.5 and +3% as of June 30, 2025

Sources: The Globe and Mail, CNBC, BNN Bloomberg, Jan 2/25, Apr 1/25, Jul 2/25	Market	Dec 31/24	Mar 31/25	June 30/25	YTD
Canada	TSX	24728	24917	26857	8.61%
U.S.	DOW	42582	42002	44095	3.55%
U.S.	S&P 500	5882	5612	6205	5.49%
U.K.	FTSE	8173	8583	8761	7.19%
France	CAC	7381	7791	7738	4.84%
Germany	DAX	19909	22163	23783	19.46%
Japan	NIKKEI	40281	35618	39762	-1.29%
Canadian \$		69.51	69.49	73.49	5.73%
Oil (U.S. \$)	WTI	71.72	71.48	64.78	-9.68%
Western Canadian Select	WCS	57.41	58.72	52.76	-8.10%

\*Listed above are the market numbers for end-of-month market close for December 2024, March 2025, and June 2025. The YTD column shows the % change from the end of December 2024 to the end of June 2025.

### Welcoming a New Employee to Maude Financial Inc.

We are pleased to announce that Jennifer Huynh has joined our office as a life insurance advisor in-training. Jennifer is currently working to complete her Life License Qualification Program, and she comes to us with a strong, customer-focused background in the banking and mortgage industries. We know that her knowledge and 18 years of experience will make her a valuable member of our team, and a fantastic resource for our clients. Jennifer lives in Wetaskiwin County with her partner Matt and their many rescue animals, and she looks forward to meeting you all in the months to come.

Welcome, Jennifer!

**John Maude**  
Life Insurance Advisor

**Bridget Maude**  
Life Insurance Advisor

**Jessica Maude**  
Life Insurance Advisor

**Maude Financial Inc.**  
5116 - 50 Avenue  
Wetaskiwin, AB T9A 0S6

Tel: (780) 352-8111  
Toll free: 1-877-352-8111  
[info@maudefinancial.com](mailto:info@maudefinancial.com)

**MAUDE**  
FINANCIAL  
INC.

## New or Used: What to Consider When Buying a Vehicle

Whether you're buying your first car or your fifth, the questions you have to ask yourself remain the same: *What type of vehicle will best serve my needs? Should I purchase new, or used? Which features are necessary? Will the maintenance costs fit within my budget? Can I pay for the vehicle outright, and if not, can I afford the monthly payments?* The number of decisions to be made while making a major purchase can be overwhelming and complicated, and the price increases in the vehicle market that have happened in response to tariffs and disruptions during the pandemic have created an extra layer of complexity when you step into a dealership or start to shop online.

According to AutoTrader's most recent Price Index report, while supply shortages have eased since the pandemic, the used car market continues to see increased demand, and tariffs have raised the likelihood that consumers will continue to forgo new vehicles in favour of more affordable options. While the average prices of both new and used vehicles in Canada are down year-over-year, used vehicles have shown a small increase in average price in recent months, reflecting a possible trend that will continue if tariffs remain in effect.<sup>1</sup>



With this increase in used vehicle prices, you might wonder whether it's easier and ultimately more cost-effective to spring for something shiny and new. However, unless you can comfortably buy a vehicle in cash, it is likely you will be looking at adding a significant monthly payment to your budget. Even when interest rates are low and favourable for borrowers, you should remember that a new car is a quickly depreciating asset. According to AutoTrader, most vehicles will depreciate 20% within the first year, and 10 to 15% with each year that follows.<sup>2</sup> Even if you put very few kilometres on your new car and decide to resell within a short period, you may be looking at a significant loss on your investment.

Before you begin to consider what colour vehicle you'd like, or whether heated seats are a necessity or a luxury, you should go back to the financial fundamentals. Could the money you spend on a new vehicle have more value elsewhere? Keep in mind that it's much harder to overspend when you're paying cash than when you're applying for a loan which will be paid off over several years. Let's consider a scenario where you have the option to purchase a used vehicle in cash for \$15,000, or finance a \$65,000 new vehicle and make a \$15,000 down payment. At a 5% interest rate, you will be paying \$6,614 in interest for the new vehicle, for a total loan of \$56,614. Over a 60-month loan period, you will be paying approximately \$944 monthly.

Now imagine instead that you purchase the used car and invest that \$944 monthly. Over the same 60-month period, at a rate of return of 4%, you will have saved a total of \$62,795 (\$56,640 in principal, and \$6,155 in earned interest). Though the used car may no longer have much resale value and might be at the end of its life, you could have meaningful savings at the end of 5 years, and more resources on-hand to consider what you might like for your next vehicle. A new car, meanwhile, would have depreciated 60% during the time it took you to pay off the loan. And as much as the creature comforts can add to the pleasure of driving (those heated seats really are nice in a cold Canadian winter), with just a little patience, financially thoughtful choices when it comes to your vehicle purchases will put you miles ahead.

Sources: <sup>1</sup> <https://go.trader.ca/autotrader-price-index-q1-2025/>

<sup>2</sup> <https://www.autotrader.ca/editorial/20230408/what-is-vehicle-depreciation-and-how-do-i-calculate-it>

	VS.	
<b>NEW</b>		<b>USED</b>
<b>\$65,000</b>	<b>VEHICLE PRICE</b>	<b>\$15,000</b>
<b>5%</b>	<b>LOAN INTEREST AMOUNT</b>	<b>N/A</b>
<b>\$944 CAR PAYMENT MONTHLY</b>	<b>MONTHLY PAYMENT OR MONTHLY INVESTMENT</b>	<b>\$944 INVESTMENT MONTHLY</b>
<b>\$26,000</b>	<b>HYPOTHETICAL VEHICLE VALUE AFTER 5 YEARS (ORIGINAL PRICE LESS 60%)</b>	<b>\$0 TO \$6,000</b>
<b>\$0</b>	<b>TOTAL INVESTMENT SAVINGS (AT 4% EARNED INTEREST)</b>	<b>\$62,795</b>

The above results are hypothetical and are intended for illustrative purposes only.