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TD Economics: U.S. Liberation Day Binds The World To High Tariffs



From TD Economics

The U.S. administration announced broad reciprocal tariffs, targeting all trading partners, and not just the countries that run large trade surpluses with the U.S. The tariffs will be implemented under the International Emergency Economic Powers Act (IEEPA) of 1977.

Using IIEPA authority, the U.S. will impose a 10% tariff on all countries, effective April 5th, 2025. However, the administration also imposed higher tariff rates on countries with the largest trade deficits, which takes effect April 9th.

Based on the announcement, we estimate that the U.S. effective tariff rate will jump to over 20%, the highest level since the 1940's and a larger increase than what occurred under the Smoot-Hawley legislation during the early 1930s.

Canada is exempt from reciprocal tariffs and the baseline 10% rate, as prior tariff announcements remain in effect. This leaves the effective tariff on Canada at around 10%, close to what we assumed in our March quarterly forecast. This rate is likely to come down as more companies adjust to qualify their goods as USMCA compliant. Given the scarring on consumers and businesses, our forecast for a pullback in economic growth alongside higher inflation remains intact.

Relative to our baseline assumptions, the tariff rates for non-USMCA countries are a step higher. For the E.U. the 20% rate announced today is in line with what we had assumed. However, this is not true for all others. China will be more heavily hit than our baseline assumption of 30%. Likewise, on other trading partners, we had assumed a blanket 5% rate which is now a minimum of 10%, with many countries higher like Taiwan, South Korea and Vietnam at 32%, 25% and 46%, respectively.

Source: <https://economics.td.com/ca-trump-reciprocal-tariffs-2025>

Thinking of buying a GIC? Here are five things to know



(NC) You may be looking for ways to invest your money, but are unsure where to start and what the best options are. If you are looking for an investment option that provides a guaranteed return, a Guaranteed Investment Certificate (GIC) may be a good choice. When you purchase a GIC, you are loaning money to the financial institution that issues it for a specific amount of time. In return, you're guaranteed an interest rate for the investment's term, and the repayment of your initial investment at the end of the term. It's a low-risk financial product, making it a popular choice for those who are willing to lock-in on the investment. Here are five things to know about GICs:

1. You can buy them directly from the issuing financial institution, or through a broker or investment advisor.
2. A big advantage is that they are eligible for deposit protection through organizations like the Canada Deposit Insurance Corporation (CDIC). When purchased through a member institution, GICs are eligible for insurance, should the institution fail. If you want to find out how coverage works, you can try their online calculator.
3. When purchasing a GIC, typically your investment is locked in for the duration of the term. For example, if you put \$3,000 into a five-year GIC, that \$3,000 is locked in until the five years are up.
4. They can have fixed or variable interest rates. The time frame for when the interest will be paid depends on the product, but it could be monthly, annually, or at the end of the term (at maturity).
5. GICs can be deposited in many types of accounts like a Tax-Free Savings Account (TFSA), First Home Savings Account (FHSA), Registered Retirement Savings Plan (RRSP), or a savings account and can be held in brokerage accounts.

Knowing and understanding how your savings are protected brings peace of mind. Before purchasing any financial product, it's always good to speak with your financial institution or broker and read the product information to understand the terms.

You can also learn more about protecting your GIC at [CDIC.ca](https://www.cdic.ca).

www.newscanada.com

Have mortgage questions? I'm here to help you!

Please feel free to contact me with any questions you may have. It would be a pleasure to assist you or any one of your friends or family members!

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