

# Fast & Furious '25 - Tariff Drift

**Kevin Headland, CIM**  
Co-Chief Investment Strategist

**Macan Nia, CFA**  
Co-Chief Investment Strategist



# Talking Points

## Global Economy

- The balance of risks for the global economy is lower.

## Equities

- The pessimism towards US equities is overdone.
- There is no clear investment opportunity based on valuations.
- Earnings should be next drivers of performance

## Fixed Income

- Bank of Canada and Fed likely to cut rates further but on different pace
- Yields remain attractive.
- Active security selection and duration management are key.



# Global Economy



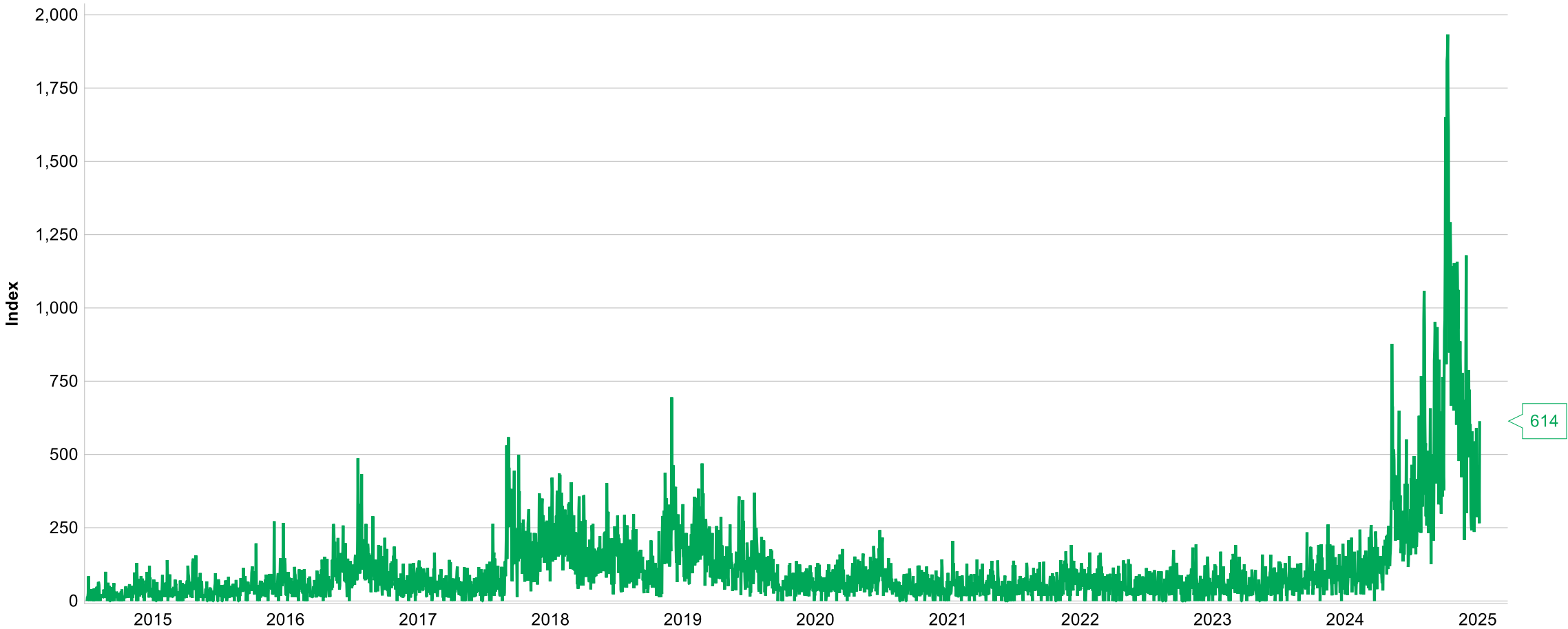
# Divergence within global manufacturing

	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
JPMorgan Global PMI	48.7	48.6	49.0	49.2	48.8	49.3	49.0	50.0	50.3	50.6	50.3	51.0	50.8	49.7	49.6	48.7	49.4	50.0	49.6	50.1	50.6	50.3	49.8	49.5	50.3
United States	46.3	49.0	47.9	49.8	50.0	49.4	47.9	50.7	52.2	51.9	50.0	51.3	51.6	49.6	47.9	47.3	48.5	49.7	49.4	51.2	52.7	50.2	50.2	52.0	52.9
Canada	48.8	49.6	48.0	47.5	48.6	47.7	45.4	48.3	49.7	49.8	49.4	49.3	49.3	47.8	49.5	50.4	51.1	52.0	52.2	51.6	47.8	46.3	45.3	46.1	45.6
Mexico	50.9	53.2	51.2	49.8	52.1	52.5	52.0	50.2	52.3	52.2	51.0	51.2	51.1	49.6	48.5	47.3	48.4	49.9	49.8	49.1	47.6	46.5	44.8	46.7	46.3
U.K.	46.5	45.3	43.0	44.3	44.8	47.2	46.2	47.0	47.5	50.3	49.1	51.2	50.9	52.1	52.5	51.5	49.9	48.0	47.0	48.3	46.9	44.9	45.4	46.4	47.7
Eurozone	43.4	42.7	43.5	43.4	43.1	44.2	44.4	46.6	46.5	46.1	45.7	47.3	45.8	45.8	45.8	45.0	46.0	45.2	45.1	46.6	47.6	48.6	49.0	49.4	49.5
Germany	40.6	38.8	39.1	39.6	40.8	42.6	43.3	45.5	42.5	41.9	42.5	45.4	43.5	43.2	42.4	40.6	43.0	43.0	42.5	45.0	46.5	48.3	48.4	48.3	49.0
Holland	43.8	45.3	45.9	43.6	43.8	44.9	44.8	48.9	49.3	49.7	51.3	52.5	50.7	49.2	47.7	48.2	47.0	46.6	48.6	48.4	50.0	49.6	49.2	49.0	51.2
France	46.0	45.1	46.0	44.2	42.8	42.9	42.1	43.1	47.1	46.2	45.3	46.4	45.4	44.0	43.9	44.6	44.5	43.1	41.9	45.0	45.8	48.5	48.7	49.8	48.1
Italy	43.8	44.5	45.4	46.8	44.9	44.4	45.3	48.5	48.7	50.4	47.3	45.6	45.7	47.4	49.4	48.3	46.9	44.5	46.2	46.3	47.4	46.6	49.3	49.2	48.4
Spain	48.0	47.8	46.5	47.7	45.1	46.3	46.2	49.2	51.5	51.4	52.2	54.0	52.3	51.0	50.5	53.0	54.5	53.1	53.3	50.9	49.7	49.5	48.1	50.5	51.4
Ireland	47.3	47.0	50.8	49.6	48.2	50.0	48.9	49.5	52.2	49.6	47.6	49.8	47.4	50.1	50.4	49.4	51.5	49.9	49.1	51.3	51.9	51.6	53.0	52.6	53.7
Czech Republic	40.8	41.4	42.9	41.7	42.0	43.2	41.8	43.0	44.3	46.2	44.7	46.1	45.3	43.8	46.7	46.0	47.2	46.0	44.8	46.6	47.7	48.3	48.9	48.0	50.2
Poland	45.1	43.5	43.1	43.9	44.5	48.7	47.4	47.1	47.9	48.0	45.9	45.0	45.0	47.3	47.8	48.6	49.2	48.9	48.2	48.8	50.6	50.7	50.2	47.1	44.8
Greece	51.8	53.5	52.9	50.3	50.8	50.9	51.3	54.7	55.7	56.9	55.2	54.9	54.0	53.2	52.9	50.3	51.2	50.9	53.2	52.8	52.6	55.0	53.2	53.2	53.1
Australia	48.2	49.6	49.6	48.7	48.2	47.7	47.6	50.1	47.8	47.3	49.6	49.7	47.2	47.5	48.5	46.7	47.3	49.4	47.8	50.2	50.4	52.1	51.7	51.0	50.6
Japan	49.8	49.6	49.6	48.5	48.7	48.3	47.7	48.0	47.2	48.2	49.6	50.4	50.0	49.1	49.8	49.7	49.2	49.0	49.6	48.7	49.0	48.4	48.7	49.4	50.1
China (caixin)	50.5	49.2	51.0	50.6	49.5	50.7	50.8	50.8	50.9	51.1	51.4	51.7	51.8	49.8	50.4	49.3	50.3	51.5	50.5	50.1	50.8	51.2	50.4	48.3	50.4
South Korea	47.8	49.4	48.9	49.9	49.8	50.0	49.9	51.2	50.7	49.8	49.4	51.6	52.0	51.4	51.9	48.3	48.3	50.6	49.0	50.3	49.9	49.1	47.5	47.7	48.7
Taiwan	44.8	44.1	44.3	46.4	47.6	48.3	47.1	48.8	48.6	49.3	50.2	50.9	53.2	52.9	51.5	50.8	50.2	51.5	52.7	51.1	51.5	49.8	47.8	48.6	47.2
Vietnam	46.2	48.7	50.5	49.7	49.6	47.3	48.9	50.3	50.4	49.9	50.3	50.3	54.7	54.7	52.4	47.3	51.2	50.8	49.8	48.9	49.2	50.5	45.6	49.8	48.9
Indonesia	52.5	53.3	53.9	52.3	51.5	51.7	52.2	52.9	52.7	54.2	52.9	52.1	50.7	49.3	48.9	49.2	49.2	49.6	51.2	51.9	53.6	52.4	46.7	47.4	46.9
Malaysia	47.7	47.8	47.8	46.8	46.8	47.9	47.9	49.0	49.5	48.4	49.0	50.2	49.9	49.7	49.7	49.5	49.5	49.2	48.6	48.7	49.7	48.8	48.6	48.8	49.3
Singapore	49.7	49.8	49.9	50.1	50.2	50.3	50.5	50.7	50.6	50.7	50.5	50.6	50.4	50.7	50.9	51.0	50.8	51.0	51.1	50.9	50.7	50.6	49.6	49.7	50.0
India	57.8	57.7	58.6	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57.5	56.5	57.5	56.5	56.4	57.7	56.3	58.1	58.2	57.6	58.4
Brazil	46.6	47.8	50.1	49.0	48.6	49.4	48.4	52.8	54.1	53.6	55.9	52.1	52.5	54.0	50.4	53.2	52.9	52.3	50.4	50.7	53.0	51.8	50.3	49.4	48.3
Turkey	51.5	49.9	49.0	49.6	48.4	47.2	47.4	49.2	50.2	50.0	49.3	48.4	47.9	47.2	47.8	44.3	45.8	48.3	49.1	48.0	48.3	47.3	47.3	47.2	46.7
South Africa	48.7	48.2	51.0	49.9	48.9	50.0	49.0	49.2	50.8	48.4	50.3	50.4	49.2	49.3	50.5	51.0	50.6	50.9	49.9	47.4	49.0	48.3	50.0	50.8	50.1
Saudi Arabia	59.6	57.7	56.6	57.2	58.4	57.5	57.5	55.4	57.2	57.0	57.0	56.4	55.0	54.4	54.8	56.3	56.9	59.0	58.4	60.5	58.4	58.1	55.6	55.8	57.2
Russia	52.6	52.1	52.7	54.5	53.8	53.8	54.6	52.4	54.7	55.7	54.3	54.4	54.9	53.6	52.1	49.5	50.6	51.3	50.8	53.1	50.2	48.2	49.3	50.2	47.5

High  
Neutral  
Low

# Tariff reprieve has calmed uncertainty... for now

Trade Policy Uncertainty Daily (TPU)



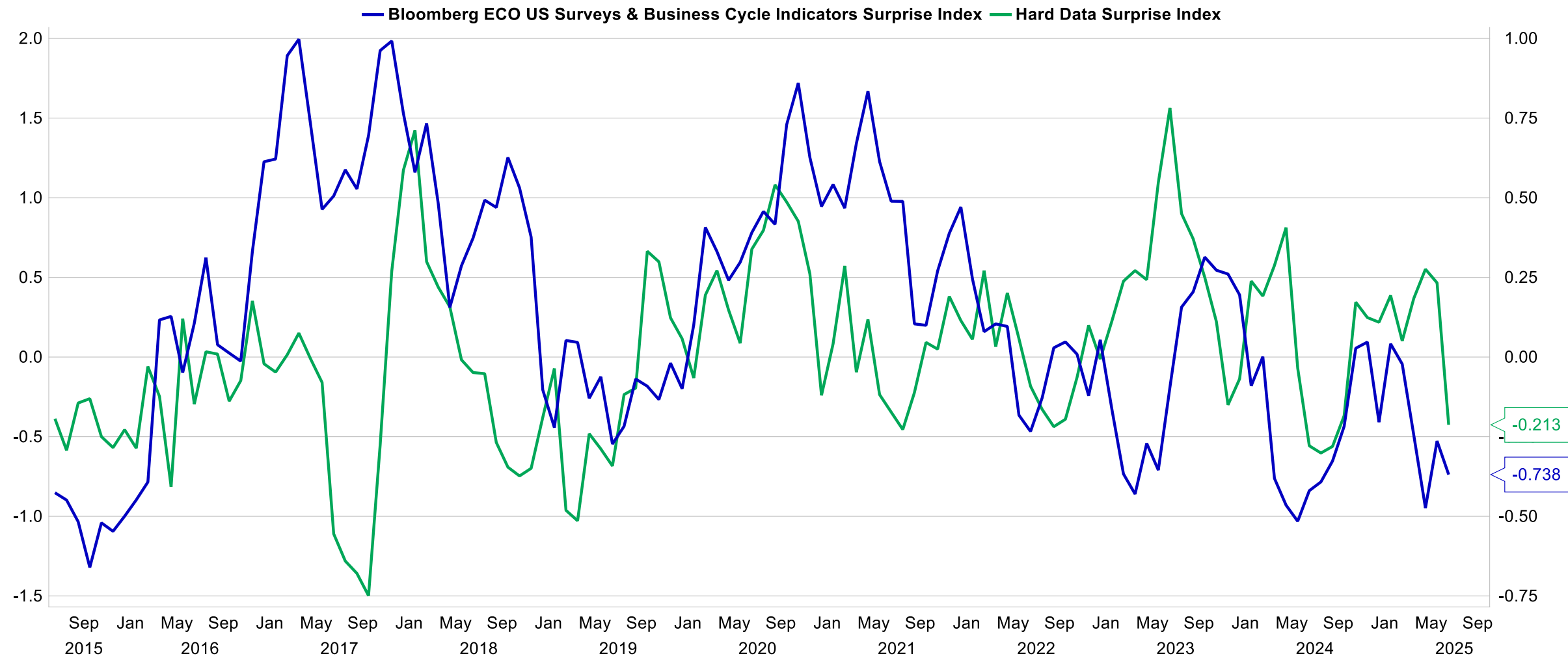
Source: Macrobond, Matteo Iacoviello, Manulife Investment Management, as of 7/8/2025.

# Global services showing mixed messages

	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
JPMorgan Global PMI	53.8	52.6	51.0	50.7	50.4	50.6	51.6	52.3	52.4	52.4	52.7	54.0	53.1	53.3	53.8	52.9	53.1	53.1	53.8	52.2	51.5	52.7	50.8	52.0	51.9
European Union	52.0	50.9	47.9	48.7	47.8	48.7	48.8	48.4	50.2	51.5	53.3	53.2	52.8	51.9	52.9	51.4	51.6	49.5	51.6	51.3	50.6	51.0	50.1	49.7	50.5
United States	54.4	52.3	50.5	50.1	50.6	50.8	51.4	52.5	52.3	51.7	51.3	54.8	55.3	55.0	55.7	55.2	55.0	56.1	56.8	52.9	51.0	54.4	50.8	53.7	52.9
Canada	49.7	48.5	47.2	47.8	46.6	44.5	44.6	45.8	46.6	46.4	49.3	51.1	47.1	47.3	47.8	46.4	50.4	51.2	48.2	49.0	46.6	41.2	41.5	45.6	44.3
China	53.9	54.1	51.8	50.2	50.4	51.5	52.9	52.7	52.5	52.7	52.5	54.0	51.2	52.1	51.6	50.3	52.0	51.5	52.2	51.0	51.4	51.9	50.7	51.1	50.6
Japan	54.0	53.8	54.3	53.8	51.6	50.8	51.5	53.1	52.9	54.1	54.3	53.8	49.4	53.7	53.7	53.1	49.7	50.5	50.9	53.0	53.7	50.0	52.4	51.0	51.7
Germany	54.1	52.3	47.3	50.3	48.2	49.6	49.3	47.7	48.3	50.1	53.2	54.2	53.1	52.5	51.2	50.6	51.6	49.3	51.2	52.5	51.1	50.9	49.0	47.1	49.7
France	48.0	47.1	46.0	44.4	45.2	45.4	45.7	45.4	48.4	48.3	51.3	49.3	49.6	50.1	55.0	49.6	49.2	46.9	49.3	48.2	45.3	47.9	47.3	48.9	49.6
UK	53.7	51.5	49.5	49.3	49.5	50.9	53.4	54.3	53.8	53.1	55.0	52.9	52.1	52.5	53.7	52.4	52.0	50.8	51.1	50.8	51.0	52.5	49.0	50.9	52.8
India	58.5	62.3	60.1	61.0	58.4	56.9	59.0	61.8	60.6	61.2	60.8	60.2	60.5	60.3	60.9	57.7	58.5	58.4	59.3	56.5	59.0	58.5	58.7	58.8	60.4
Brazil	53.3	50.2	50.6	48.7	51.0	51.2	50.5	53.1	54.6	54.8	53.7	55.3	54.8	56.4	54.2	55.8	56.2	53.6	51.6	47.6	50.6	52.5	48.9	49.6	49.3
Italy	52.2	51.5	49.8	49.9	47.7	49.5	49.8	51.2	52.2	54.6	54.3	54.2	53.7	51.7	51.4	50.5	52.4	49.2	50.7	50.4	53.0	52.0	52.9	53.2	52.1
Russia	56.8	54.0	57.6	55.4	53.6	52.2	56.2	55.8	51.1	51.4	50.5	49.8	47.6	51.1	52.3	50.5	51.6	53.2	51.2	54.6	50.5	50.1	50.1	52.2	49.2
Spain	53.4	52.8	49.3	50.5	51.1	51.0	51.5	52.1	54.7	56.1	56.2	56.9	56.8	53.9	54.6	57.0	54.9	53.1	57.3	54.9	56.2	54.7	53.4	51.3	51.9
Australia	50.3	47.9	47.8	51.8	47.9	46.0	47.1	49.1	53.1	54.4	53.6	52.5	51.2	50.4	52.5	50.5	51.0	50.5	50.8	51.2	50.8	51.6	51.0	50.6	51.8

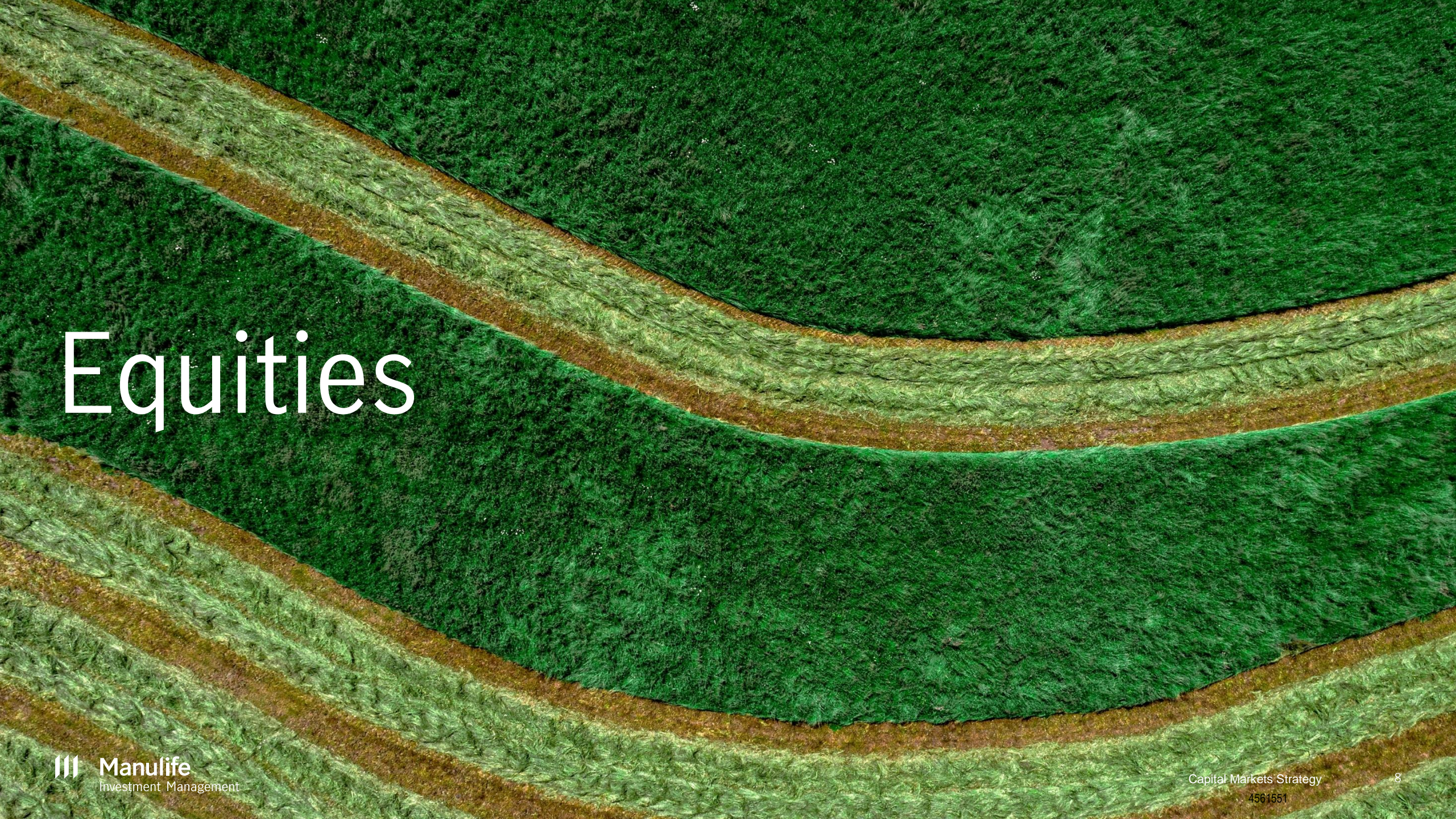
■ High  
■ Neutral  
■ Low

# “Hard” data not reflecting weakness in “soft” data



Source: Bloomberg, , Manulife Investment Management, as of 7/8/2025.

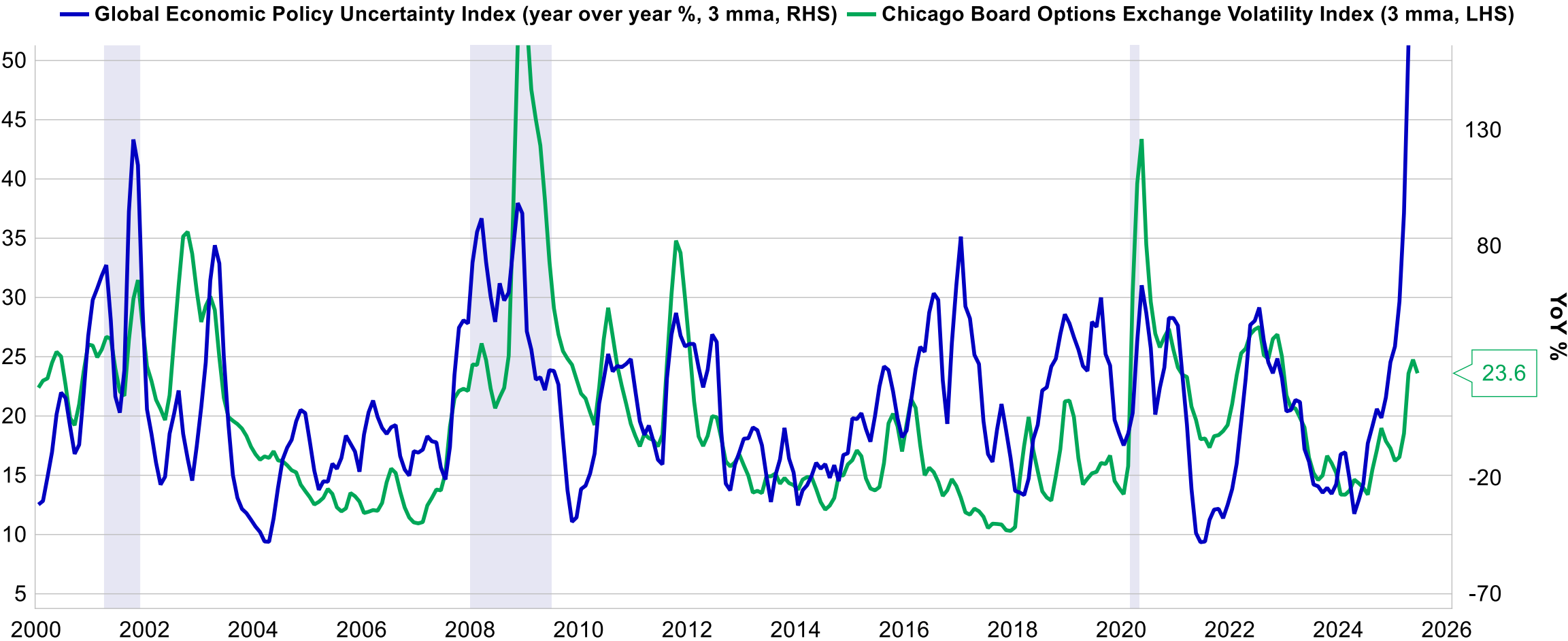




# Equities



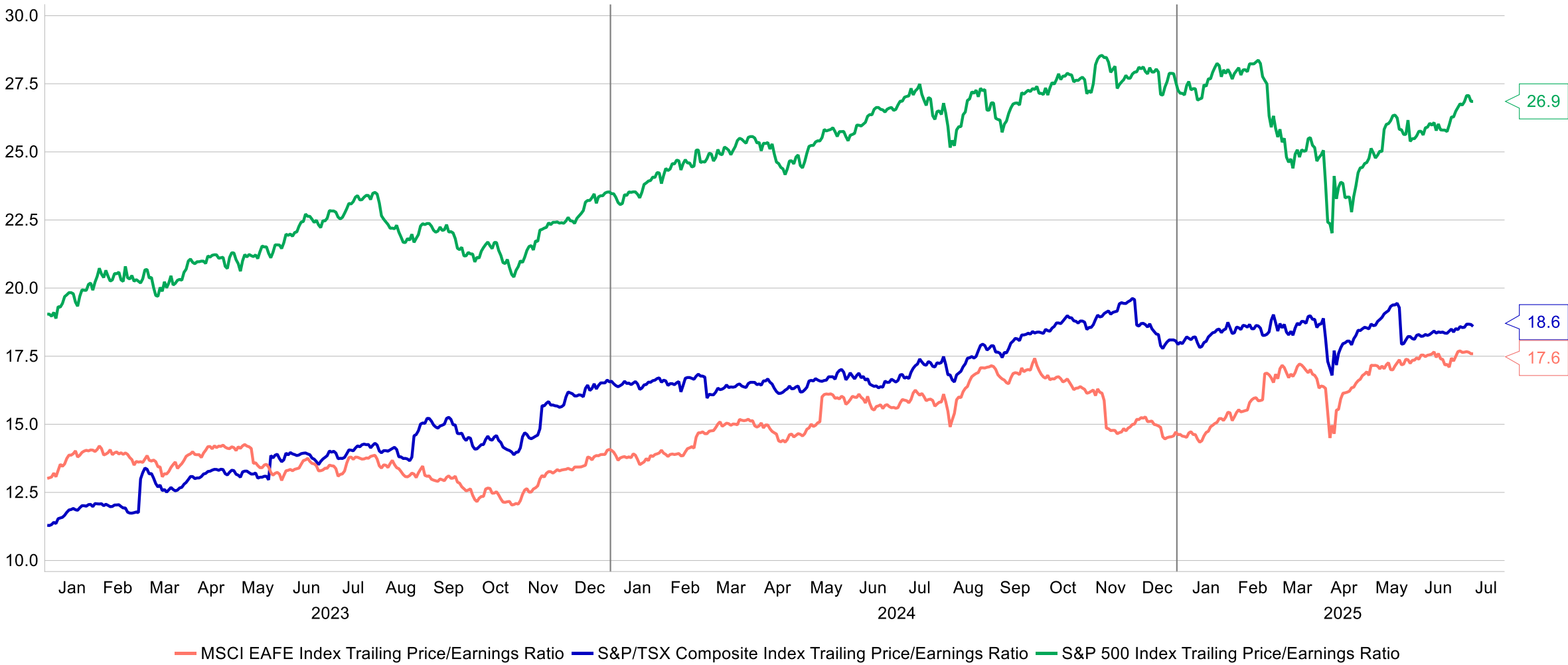
# An increase in global economic uncertainty leads to market volatility



Source: Bloomberg, , Manulife Investment Management, as of 7/8/2025.



# Valuations were the main driver of performance the last few years

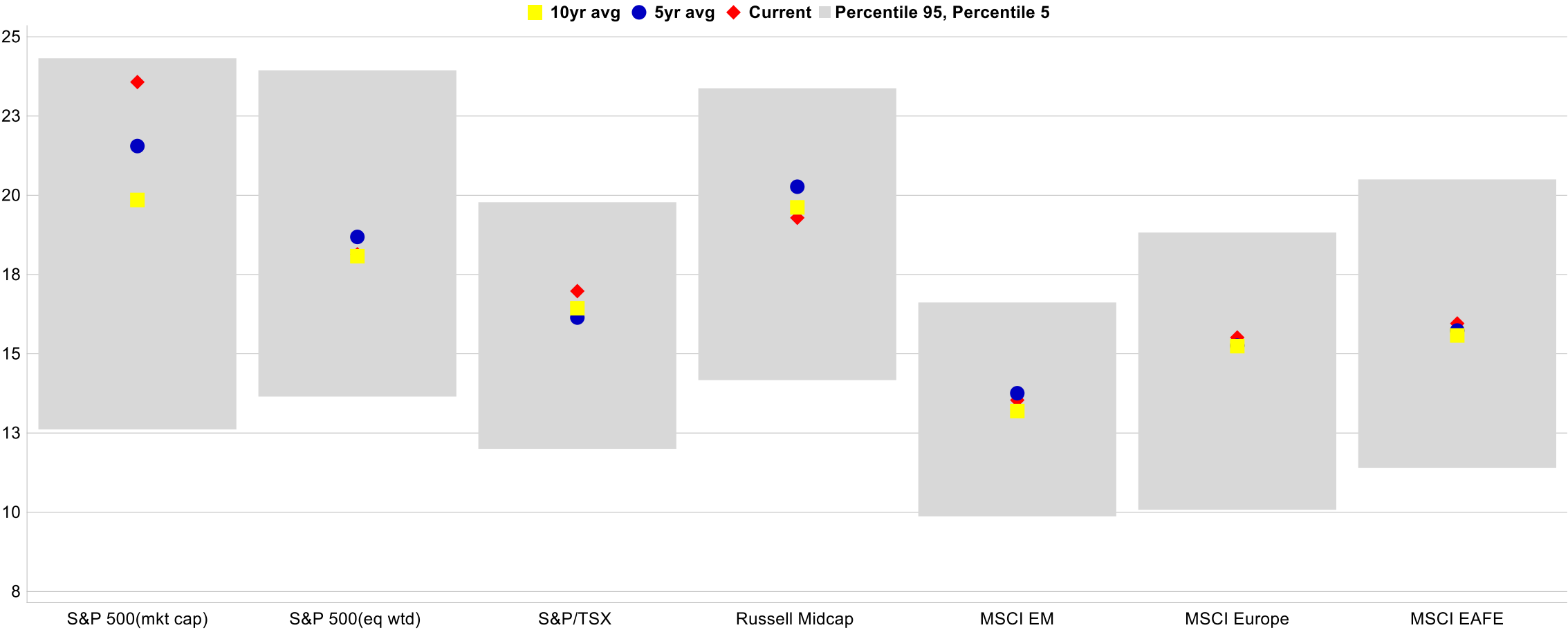


Source: Bloomberg, Macrobond, Manulife Investment Management, as of 7/8/2025.



# Earnings will likely drive performance over the next year

Forward P/E Ratios (last 20 years)

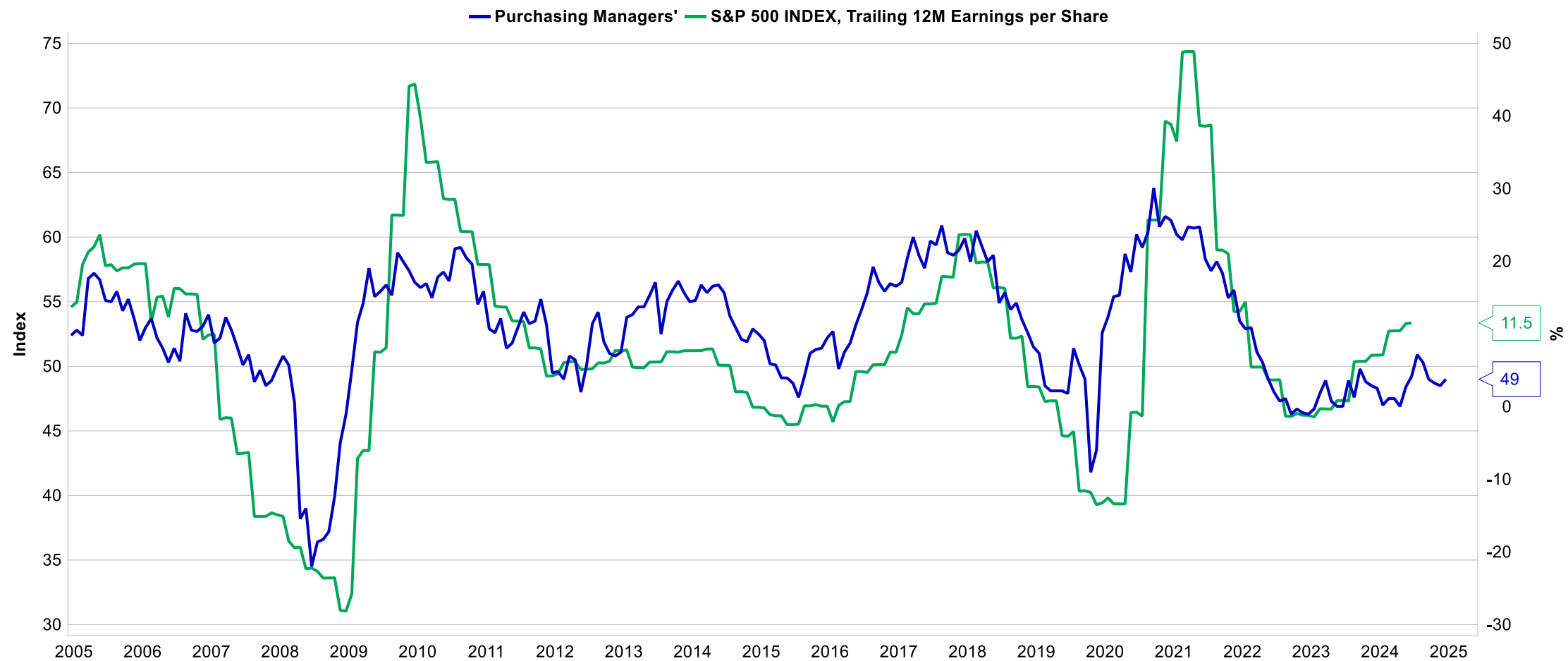


Source: Bloomberg, , Manulife Investment Management, as of 7/8/2025.



# Security selection is key as index earnings growth may be choppy

US Manufacturing PMI vs S&P 500 Trailing 12 months YoY earnings growth (advanced 6 months)



Source: Bloomberg, Macrobond, ISM, Manulife Investment Management, as of 7/8/2025.

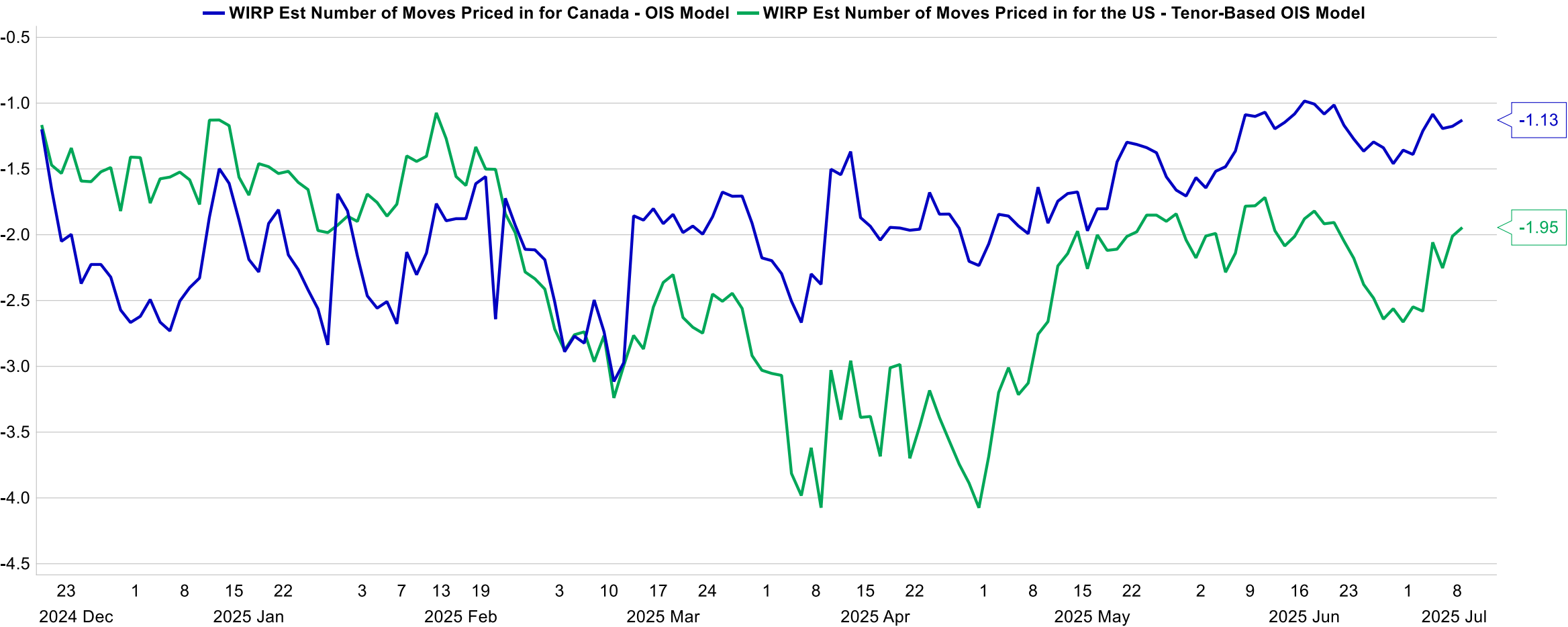


# Fixed Income



# Market expectations have changed materially

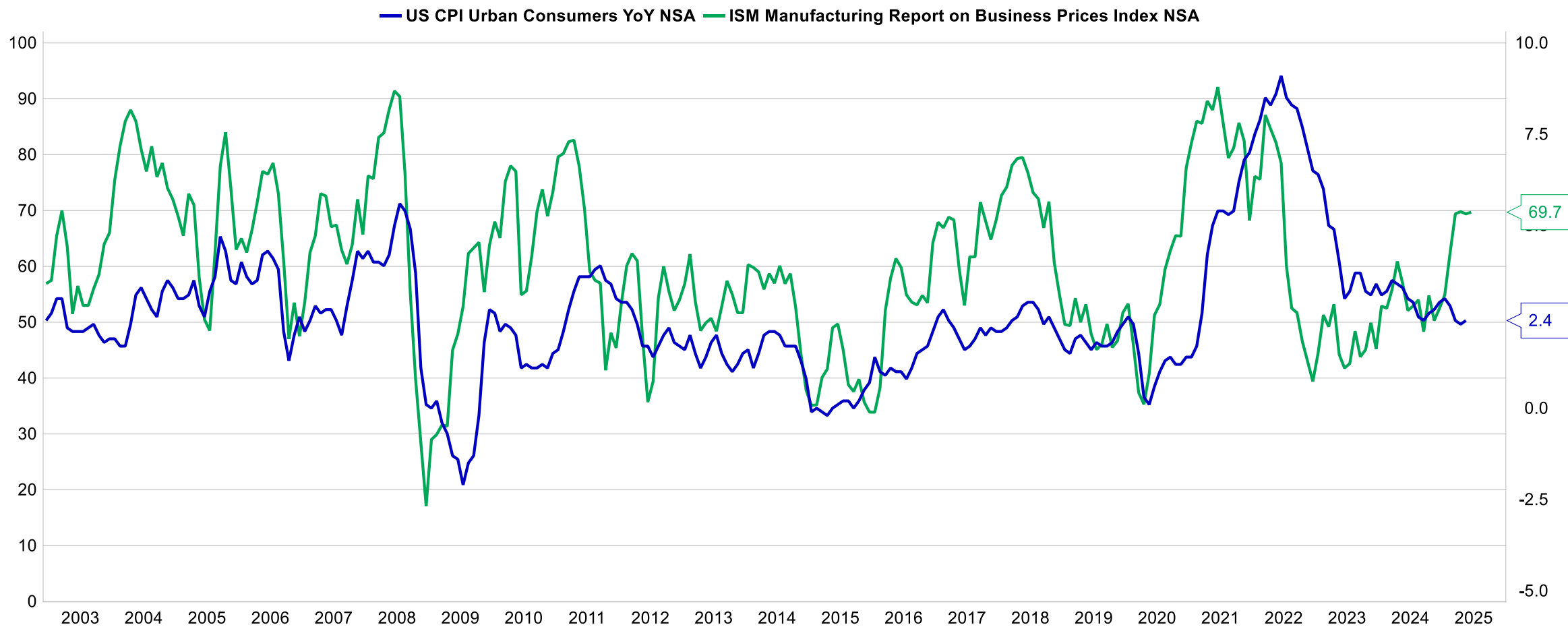
Market implied rate cuts by December 2025



Source: Bloomberg, Macrobond, Manulife Investment Management, as of 7/8/2025.

# Input costs could indicate upside risk to inflation levels

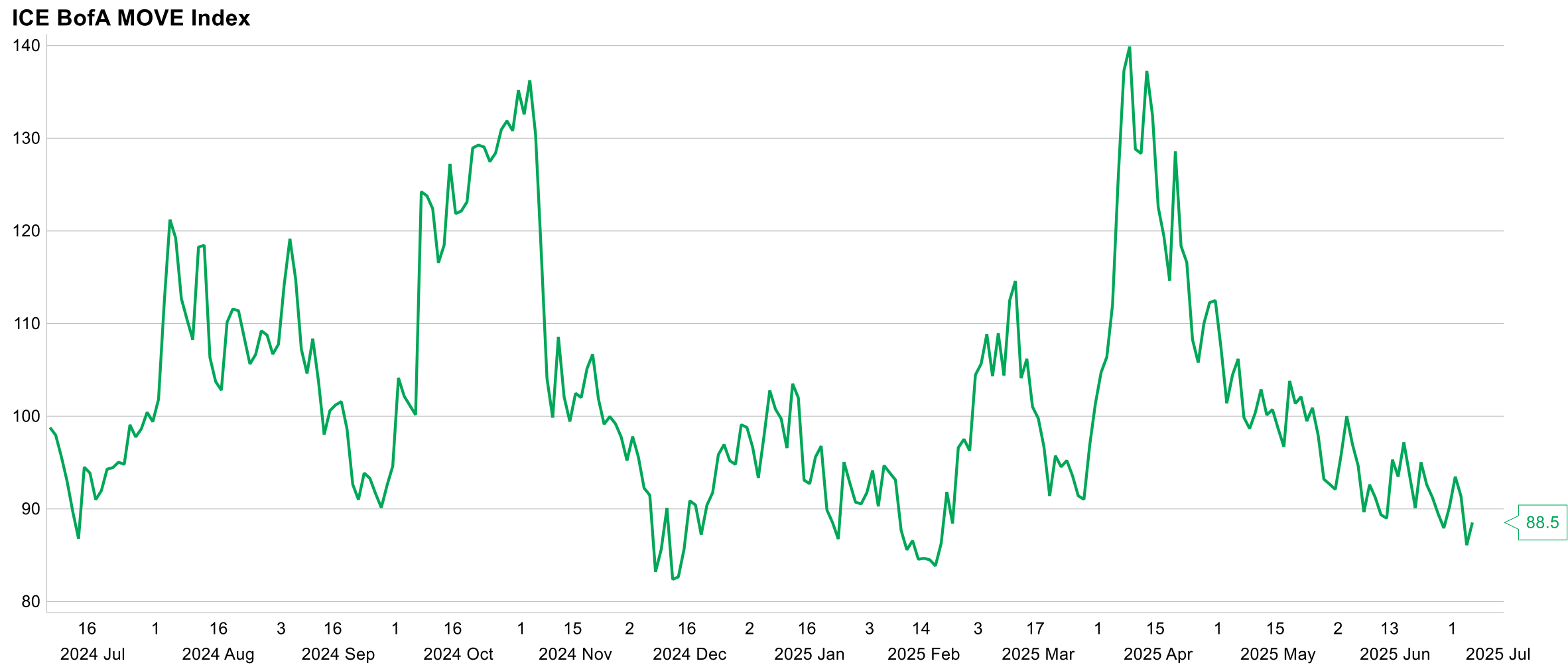
US ISM Manufacturing Prices Paid Index vs. US CPI YoY



Source: Bloomberg, , Manulife Investment Management, as of 7/8/2025.



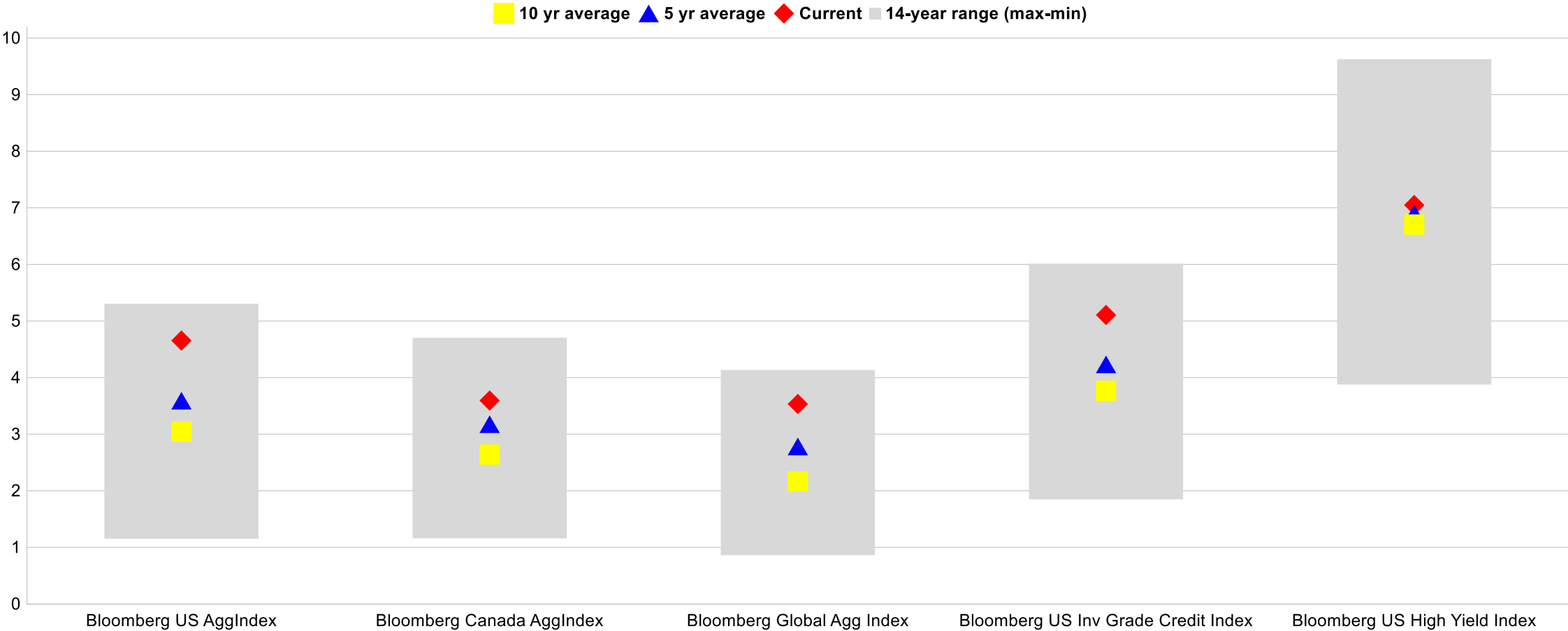
# Treasury volatility has come down but remains elevated relative to history



Source: Bloomberg, Macrobond, Manulife Investment Management, as of 7/8/2025.

# Yields are above their historical averages

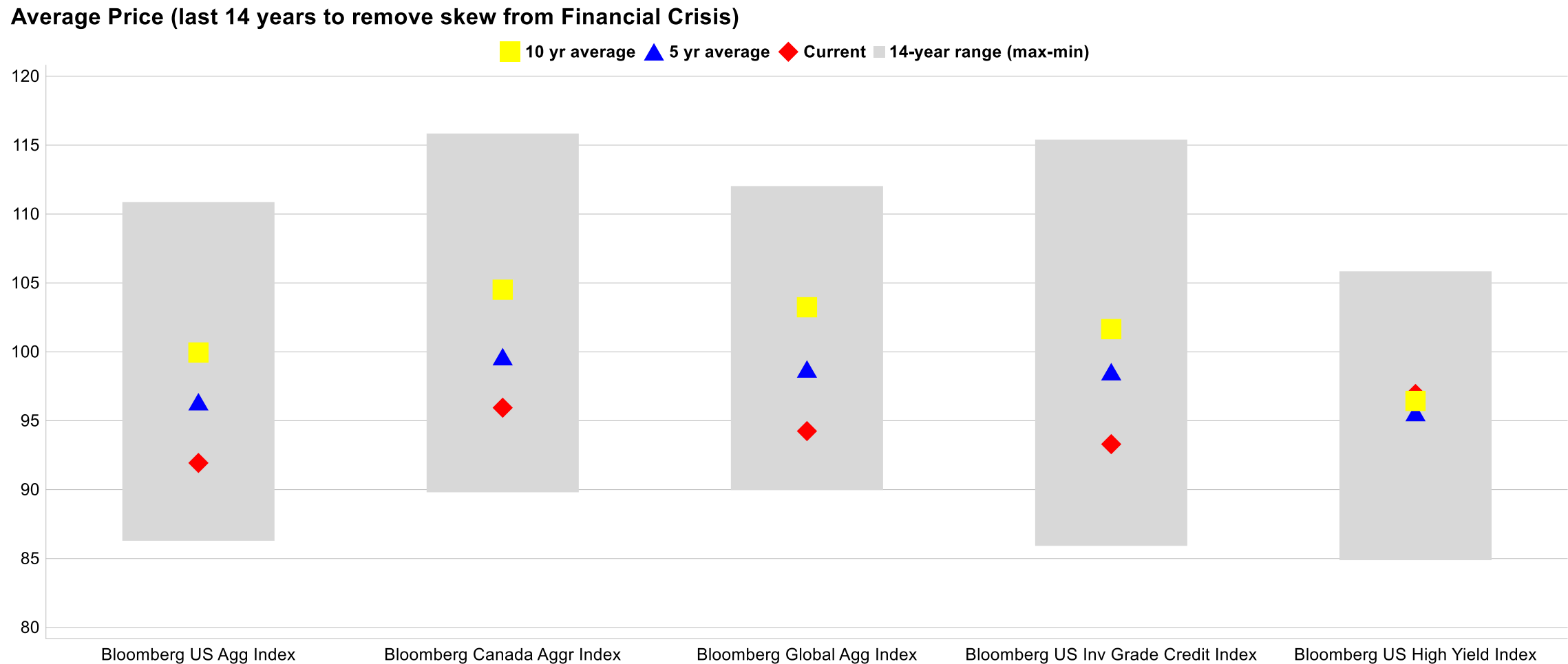
Yield-to-Worst (last 14 years to remove skew from Financial Crisis)



Source: Bloomberg, , Manulife Investment Management, as of 7/8/2025.



# Bond prices remain below their historical averages



Source: Bloomberg, , Manulife Investment Management, as of 7/8/2025.

# Talking Points

## Global Economy

- The balance of risks for the global economy is lower.

## Equities

- The pessimism towards US equities is overdone.
- There is no clear investment opportunity based on valuations.
- Earnings should be next drivers of performance

## Fixed Income

- Bank of Canada and Fed likely to cut rates further but on different pace
- Yields remain attractive.
- Active security selection and duration management are key.



# How to stay in touch with us

## Investments Unplugged

Check out our insightful, lively podcast for access to ideas from a range of experts who cover current market happenings, as well as investment trends and opportunities.

[Listen in.](#)



## WYNTK monthly email

This opt-in monthly newsletter, with over 3,000 subscribers, highlights top-of-mind topics—financial and economic activity that captures the Capital Markets Strategy Team’s attention—and the potential effects on markets and investors.

### For advisor use only

Contact us directly to receive the newsletter.

[\*\*kevin\\_headland@manulife.com\*\*](mailto:kevin_headland@manulife.com)

[\*\*macan\\_nia@manulife.com\*\*](mailto:macan_nia@manulife.com)



## Investment notes

Looking for discussions of important market-related topics—inflation, recession, interest rates, equities, bonds, currencies, and much more—that relate to Canadian investors?

[Search our articles.](#)



## Chart Book

Do you like visual illustrations of market data? We use a collection of charts and tables to support our views and help answer questions that may come up in discussions.

### For advisor use only.

Contact your wholesaling team or email us for a copy.



## LinkedIn

Want timely updates and snapshot views of the latest market and investment happenings? Follow us on LinkedIn.

[Kevin Headland](#)

[Macan Nia](#)



# Important information

*Investing involves risks, including the potential loss of principal. Financial markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. These risks are magnified for investments made in emerging markets. Currency risk is the risk that fluctuations in exchange rates may adversely affect the value of a portfolio's investments.*

The information provided does not take into account the suitability, investment objectives, financial situation, or particular needs of any specific person. You should consider the suitability of any type of investment for your circumstances and, if necessary, seek professional advice.

The views expressed are those of Manulife Investment Management as of April 30, 2025, and are subject to change based on market and other conditions. All overviews and commentary are intended to be general in nature and for current interest. While helpful, these overviews are no substitute for professional tax, investment or legal advice. Clients and prospects should seek professional advice for their particular situation. Neither Manulife Investment Management, nor any of its affiliates or representatives (collectively Manulife Investment Management) is providing tax, investment or legal advice.

This material is intended for the exclusive use of recipients in jurisdictions who are allowed to receive the material under their applicable law. The opinions expressed are those of the author(s) and are subject to change without notice. Our investment teams may hold different views and make different investment decisions. These opinions may not necessarily reflect the views of Manulife Investment Management. The information and/or analysis contained in this material has been compiled or arrived at from sources believed to be reliable, but Manulife Investment Management does not make any representation as to their accuracy, correctness, usefulness, or completeness and does not accept liability for any loss arising from the use of the information and/or analysis contained. The information in this material may contain projections or other forward-looking statements regarding future events, targets, management discipline, or other expectations, and is only current as of the date indicated. The information in this document, including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Manulife Investment Management disclaims any responsibility to update such information.



Neither Manulife Investment Management or its affiliates, nor any of their directors, officers or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained here. All overviews and commentary are intended to be general in nature and for current interest. While helpful, these overviews are no substitute for professional tax, investment or legal advice. Clients should seek professional advice for their particular situation. Neither Manulife, Manulife Investment Management, nor any of their affiliates or representatives is providing tax, investment or legal advice. This material was prepared solely for informational purposes, does not constitute a recommendation, professional advice, an offer or an invitation by or on behalf of Manulife Investment Management to any person to buy or sell any security or adopt any investment strategy, and is no indication of trading intent in any fund or account managed by Manulife Investment Management. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Diversification or asset allocation does not guarantee a profit or protect against the risk of loss in any market. Unless otherwise specified, all data is sourced from Manulife Investment Management. Past performance does not guarantee future results.

The Capital Markets Strategy team has a range of responsibilities, from market and economic analysis to investor education. The team analyzes and interprets the economy and markets on behalf of Manulife Investment Management. They work with the portfolio management teams to provide clients and investment intermediaries with commentary on strategies and asset allocation weightings. Their expertise spans across multiple asset classes and geographic regions. The output of the team's work is via written reports, audio and video recordings, conference calls, and webcasts. The team regularly contributes to Manulife Investment Management publications. Team members often speak at industry conferences, are frequent guests on BNN and are regularly quoted in the press.

This material has not been reviewed by, is not registered with any securities or other regulatory authority, and may, where appropriate, be distributed by Manulife Investment Management Limited. Manulife, Manulife Investment Management, Stylized M Design, and Manulife Investment Management & Stylized M Design are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license.