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## The Shifting (Global) Order

We are living through a period of shifting order. Global alliances are outwardly frayed, old rules have been bent, and new ones are being formed. As Prime Minister Carney reminded the world in January: *"The old order is not coming back. We shouldn't mourn it. Nostalgia is not a strategy."*<sup>1</sup>

Indeed, the shifts appear to be more rapid, with a near-constant stream of geopolitical surprises that have become almost routine. Amid shifting U.S. trade and tariff measures, evolving foreign policy and even war, uncertainty has grown and global conflict has widened. Even before recent events, there was a notable flight to safety in precious metals while the U.S. dollar declined. These defensive trades prompted some to ask once again: Is gold becoming the global reserve currency?

For now, they reflect a world placing greater focus on sovereign resource security and geopolitical insulation. Of course, geopolitics and economics remain intrinsically intertwined: while geopolitics explains how global leaders interact with their counterparts, economics can influence, and more importantly, constrain, their ambitions.

As events continue to reshape the global order, oil prices have spiked, renewing inflation worries. Over recent months, there have been broader shifts in markets. Technology stocks, long the market's darlings, have faced pressure despite many posting solid earnings. Elevated capital spending has continued to draw scrutiny, even though returns on such investments can take years to materialize. Concerns about artificial intelligence's potential to disrupt have also extended across sectors.

There has also been a rotation toward more undervalued market sectors. The Dow, considered by some young investors as *"about as relevant as paper stock certificates or ticker tape,"* outperformed the S&P 500 and NASDAQ to start the year, prompting headlines like *"Boring is Back."*

Meanwhile, amid all of these shifts, some order emerged: the U.S. Supreme Court ruled that

invoking tariffs under the Emergency Economic Powers Act was not legal. Although not expected to change the current administration's approach, its clear legal boundaries augur well for the future. Nevertheless, uncertainty remains as renegotiations for the U.S.-Mexico-Canada Agreement (USMCA) draw near.

While the skies may appear cloudier for Canada's economic prospects as a middle power, our position shouldn't be underestimated: an energy superpower with vast natural resources, abundant fresh water, three coastlines, the world's most-educated population and political stability. We have undoubtedly been dependent on the U.S., given our close proximity. Even so, an Oxford Economics analysis suggests that a full USMCA collapse would reduce Canada's GDP by about 1.8 percent below baseline and cut private investment by 6 to 7 percent.<sup>2</sup> By comparison, the early 1980s recession, driven by high inflation and high interest rates, saw output fall by 5 percent and unemployment reach 12 percent, a reminder that Canada has endured far more severe shocks and recovered.

Against this shifting backdrop, the growing dispersion we see today rewards a thoughtful and selective investment management approach. At a time when uncertainty feels amplified and global policy-making remains volatile, discipline becomes increasingly important, particularly when the range of possible outcomes is wide. The constant shifts should also remind us that no cycle, policy regime or market trend is ever permanent, reinforcing the importance of maintaining a longer-term view.

As advisors, we are here to help you navigate this shifting order. We continue to monitor the evolving global situation. If you have questions or concerns, please don't hesitate to reach out.

Wishing you warmer days ahead.

1. World Economic Forum, Davos, January 2026.

2. <https://www.oxfordeconomics.com/resource/usmca-scenarios-north-american-trade-at-a-crossroads/>

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GOLD & SILVER'S RUN

# The Debasement Trade Amid Geopolitical Tensions

Gold and silver opened the year with substantial momentum. By the end of January, silver had surged to around \$120 per ounce (intraday), up 63 percent in the month alone and up more than 248 percent year over year. Gold futures posted their largest single-day dollar gain on record, rising about \$231 per ounce, while spot prices reached \$5,600 (intraday), up 92 percent from a year earlier. In early February, both metals corrected sharply, retracing part of January's rapid advance.

**Surging Prices: Silver & Gold, Jan. 29, 2026**

What was driving demand?	Price <sup>1</sup>	January Gain	Gain Over 2025 <sup>2</sup>	Year-Over-Year <sup>3</sup>
Some market observers point to the	<b>Silver</b> \$115.79	+63%	+141%	+248%
	<b>Gold</b> \$5,377	+25%	+64%	+92%

1. At close; 2. 12/30/24 to 12/31/25; 3. 1/27/25 to 1/27/26.

"debasement trade": an effort to preserve purchasing power amid monetary expansion and fiscal strain. The investment thesis is simple: when governments expand the money supply aggressively, keep interest rates below inflation or run large fiscal deficits, the real value of cash and fixed-income assets erodes. For investors worried about weakening currencies, gold and silver act as tangible assets with no sovereign liability attached. Recent developments have reinforced these concerns. In Japan, long-term government bond yields surged to record levels after the government unveiled a plan to increase spending while cutting the consumption tax in January.

**Geopolitical Tension & the Commodities Imperative**

Monetary concerns are only part of the story. Geopolitical tensions are reshaping capital flows and reserve strategies. Trade wars, tariffs and sanctions risks have pushed some governments to prioritize resource security, including stockpiling critical commodities. At the same time, the broader shift from global interdependence

toward national self-sufficiency is strengthening demand for real assets. Since 2022, central banks including Poland, Turkey, India, China and Kazakhstan have significantly increased gold reserves partly as protection against geopolitical pressure or financial sanctions. This has raised the question: Is a commodities supercycle underway?



**U.S. Dollar & Treasuries: Under Pressure**

Traditional safe-haven assets are also facing scrutiny. For decades, the U.S. dollar and Treasuries were regarded globally for their stability, but this view may be changing. The dollar fell to a four-year low in January, fuelling headlines such as "How Trump Is Debasement the Dollar and Eroding U.S. Economic Dominance." With lower interest rates and pressure for further cuts, the relative appeal of Treasuries may be diminishing. Other safe-haven currencies are also under pressure. The Japanese yen has weakened amid inflation and fiscal stimulus, leaving the Swiss franc as one of the few currencies still widely viewed as reliable.

What comes next? Given the scale and speed of gains, it's reasonable to ask whether certain defensive trades were overextended. By historical standards, gold and silver's early-year surge was steep. Still, the underlying drivers persist, including monetary expansion and geopolitical fragmentation. In such an environment, diversified exposure to defensive sectors, including commodities, alternative assets and resilient segments of the equity market, can help mitigate risks tied to inflation, currency erosion and geopolitical shocks.

A BRIEF LOOK ACROSS FOUR DECADES

## Global Equity Market Perspectives: Nothing Is Permanent

The share of global GDP among the world's largest economies continues to shift, shaped by economic policy, technology and demographics. Equity market share has also shifted over decades.

How have things changed? Seasoned investors may recall a time when the prevailing view was that Japan would surpass the U.S. as the world's largest economy. During the late 1980s Japanese asset price boom, the Nikkei 225 rose from about 12,000 in 1985 to 38,915 in 1989: a 225 percent gain in four years. At that time, land under Tokyo's Imperial Palace was said to be worth more than the entire state of California. In 1989, Japan held nearly 40 percent of global market capitalization. Two decades later, its share had fallen to just 7 percent. Meanwhile, the developing economies of China and India,

**Share of Global GDP (%) of Select Countries/Regions**

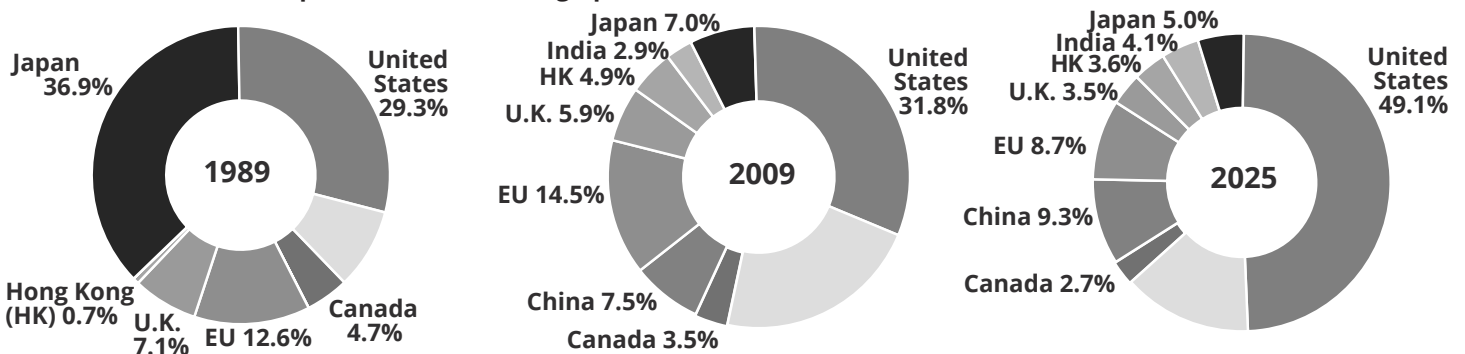
	USA	EU	Japan	China	India	Canada
<b>1989</b>	27.9%	24.9%	15.4%	2.3%	1.5%	2.8%
<b>2009</b>	23.6%	24.2%	8.6%	8.5%	2.2%	2.3%
<b>2025</b>	26.1%	18.0%	3.7%	16.6%	3.5%	1.9%

Source: IMF World Economic Outlook (October 2025 Dataset).

largely absent from charts in 1989, were rapidly expanding. Today, they together account for over 13 percent of global market value.

Where will we be in the next 20 years? Japan's experience reminds us that economic leadership is never fixed, and today's assumptions about global dominance may look very different in the future.

**Share of Global Market Capitalization, Select Geographies**



Source: World Bank Data, World Federation of Exchanges Database, updated to the start of 2025; some analyses use up-to-date FTSE index data as a proxy, showing greater U.S. share.

TAX SEASON IS HERE AGAIN

## When It May Pay to Defer Deductions

Tax season is here again. Most taxpayers are eager to maximize deductions to minimize the taxes they pay. However, careful attention to tax planning may mean doing the opposite. In some situations, it may be beneficial to defer making deductions to achieve a greater future tax benefit. Here are some perspectives:

**Registered Retirement Savings Plan (RRSP)** — There may be situations in which delaying your RRSP deduction makes sense. If you expect that you will be in a higher tax bracket in future years, you can make a contribution up to your limit but not take the RRSP deduction in the year of contribution and, instead, carry that amount (or a portion of it) forward. Or, you can defer contributing until the year when you anticipate being in the higher tax bracket to maximize the taxes saved. Unused RRSP tax deductions can be carried forward indefinitely.

**First Home Savings Account (FHSA)** — Similar to the RRSP, if you have opened and contributed to a FHSA, you can carry forward undeducted contributions to a later year — and, generally, even beyond the FHSA's closure. This may be beneficial for younger folks who might expect to be in a higher tax bracket in future years.

**Charitable Donations** — Eligible donations don't have to be claimed in the year made and can be carried forward and claimed within the next five years. The federal tax credit has two tiers: 14.5 percent (for 2025, or 14 percent for 2026) on the first \$200; 29 percent on amounts above \$200 (33 percent if taxable income is in the highest tax bracket), with additional provincial credits. If you make smaller donations over different years, it may be beneficial to delay a claim and combine donations together to maximize the amount that generates the higher tax credit. As well, spouses may be able to claim each other's unused charitable donations (including carried-forward

amounts) from previous years to optimize the tax credit.

**Capital Losses** — If an investment is sold for less than its adjusted cost base in a non-registered account, the loss may be recorded as a capital loss. Net capital losses can be carried back three years or forward indefinitely to offset taxable capital gains. You can choose to apply them in a year when you have larger gains or a higher income to maximize the tax benefit.

**Medical Expenses** — Eligible medical expenses may be claimed as a federal non-refundable tax credit once they exceed a threshold. The claimable amount is the portion of expenses above the lesser of 3 percent of net income or \$2,834 (for the 2025 tax year). Provincial or territorial medical expense tax credits also apply. Medical expenses do not need to be based on the calendar year and may be claimed for any 12-month period ending in the tax year (provided they were not claimed previously). Therefore, it may be beneficial to delay claiming expenses if doing so allows you to include them in a 12-month period that produces a larger claim.

**Tuition Tax Credit** — Many students don't use their tuition tax credit to reduce taxes because they have limited income at school. Up to \$5,000 of unused tuition amounts can be transferred to a spouse, common-law partner, parent or grandparent. Any remaining amount can be carried forward indefinitely to future years. However, once a student has federal tax payable, they must generally use available carried-forward tuition amounts to reduce that tax before claiming certain other non-refundable credits.



INFLATION &amp; AFFORDABILITY CHALLENGES

## Canada: "Food Inflation Capital" of the G7

It may be difficult to recall a time when a litre of gas was 52 cents and a carton of eggs was just \$1.64. That was 30 years ago. Fast forward to today, and Canada has now earned the title of "*food inflation capital*" of the G7 (Group of Seven advanced economies), with food prices rising by 6.2 percent in 2025 alone.<sup>1</sup> In response, Prime Minister Carney recently introduced the Canada Groceries and Essentials Benefit (CGEB) rebate (an expansion of the existing GST/HST rebate) targeted at low-income earners.

While the Consumer Price Index (CPI), the federal government's official measure of inflation, suggests average prices have risen roughly 88 percent over three decades, your grocery bills likely tell a very different story (chart). Inflation becomes especially troubling when incomes fail to keep up. For a growing portion of the population, this is a reality. When expenses, especially those like education and housing, become harder to afford, the impact is not just financial; it can influence confidence in economic opportunity and heighten social divides.

While affordability has come under increasing pressure, long-term investment performance paints a more encouraging picture. Throughout the same period, investors have seen the S&P/TSX Composite Index rise more than 573 percent, even before accounting for reinvested dividends. That growth has outpaced the price increases across every category on the chart, including average home prices during a prolonged housing boom.

Of course, those gains did not come without volatility, including four bear markets spanning a combined 40 months, two of which

### Changes in (Nominal) Prices of Select Items: 1995 & 2025

	1995	2025	Change
<b>Ground Beef (1 kg)<sup>1</sup></b>	\$3.80	\$15.54	+309%
<b>Chicken (1 kg, breast)<sup>1</sup></b>	\$3.75	\$15.19	+305%
<b>Eggs (1 dozen)<sup>1</sup></b>	\$1.64	\$4.74	+189%
<b>Coffee, Roasted (300 g)<sup>1</sup></b>	\$3.86	\$8.25	+114%
<b>Oranges (1 kg)<sup>1</sup></b>	\$2.30	\$4.46	+94%
<b>Unleaded Gas (Reg, c/L)<sup>2</sup></b>	50.2	137.0	+173%
<b>Consumer Price Index<sup>3</sup></b>	88.01	165.4	+88%
<b>University Tuition<sup>4</sup></b>	\$2,384	\$7,734	+224%
<b>Cdn. Family Income (Median)<sup>5</sup></b>	\$41,343	\$130,120	+215%
<b>CMHC Median Home Price<sup>6</sup></b>	\$170,000	\$740,000	+335%
<b>S&amp;P/TSX Composite Index<sup>7</sup></b>	4,661.18	31,382.80	+573%

1. Statistics Canada (StatCan) T-18-10-0002-01 (November 1995 data); Table: 18-10-0245-02 (November 2025 data); 2. StatCan T-18-10-0001-01 (November 1995 & 2025 data, Toronto); 3. <https://www.bankofcanada.ca/rates/price-indexes/cpi/>; 4. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710004501>; 5. <https://open.canada.ca/data/en/dataset/cf5a0c30-8893-11e0-b0f5-6cf049291510>; StatCan T-1110019101; for 2025 data, \$121,000 (2023), with 3.6% (2024) & 3.8% (2025) wage growth assumptions; 6. CMHC New Build Median Price; <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research>; 7. At close 11/30/95 and 11/28/25.

saw declines of more than 45 percent. Still, for those who stayed the course, equities have proven to be one of the most effective tools for building wealth and offsetting inflation over the long run. If history is any guide, that's encouraging news for long-term investors looking ahead to the next 30 years.

1. [www.theglobeandmail.com/business/article-food-inflation-retail-decoder/](http://www.theglobeandmail.com/business/article-food-inflation-retail-decoder/)

## Trade and Tariffs: Perspectives on Where We Stand Today

As renegotiations over the U.S.-Mexico-Canada Agreement (USMCA) approach, it's worth taking a brief look at trade to share perspectives on the framework that has governed North American trade since July 2020. The USMCA replaced the North American Free Trade Agreement (NAFTA), which was designed to support an integrated market based on free trade. It provides reciprocal tariff-free access among members, provided certain rules are met. Together, these agreements have shaped supply chains, supported investment and increased trade flows across North America for decades.

One of the greatest beneficiaries of the agreement has been the automotive sector, due to the scale, complexity and integration of supply chains across the continent. To qualify for zero tariffs, automobiles must meet strict regional value content thresholds, generally requiring that at least 75 percent of components be produced in North America, along with wage-related labour requirements. Production is now deeply integrated, with components often crossing borders multiple times during assembly.

### In Brief: Where We Stand Today

Given geographic proximity, Canada and the U.S. have long had extensive trade relations. Without a doubt, Canada's dependence on the U.S. is substantial: roughly two-thirds of total exports go to the U.S., representing around 24 percent of Canada's GDP.<sup>1</sup>

However, it's not all one-sided. Claims that Canada is being "subsidized" overlook substantial reverse flows. Canadian firms invest more in U.S. plant, structures and equipment than U.S. firms invest in Canada. About 59 percent of Canadian imports come from the U.S., representing roughly one-quarter of Canada's GDP, while the U.S. has a non-energy trade surplus with Canada (see charts).<sup>1</sup>

### The Path Forward

Many economists expect the USMCA to survive in some form, likely on terms favourable to the U.S. A full dismantling would risk inflation, job losses and supply-chain disruption, particularly during a U.S. midterm election cycle.

It's also worth noting that existing U.S. tariffs have had adverse effects on Americans. According to a report by the Federal Reserve Bank of New York, roughly 90 percent of the economic burden of the tariffs was borne by U.S. firms and consumers through 2025. Until now, they haven't triggered broad inflation, largely because many firms initially absorbed the cost through slimmer margins or cost-cutting measures. But that buffering has limits. Recent reports suggest companies under sustained cost pressure are increasingly raising, or planning to raise, prices.<sup>2</sup> This comes at a time when many Americans are already struggling with affordability.

Other economic effects have been more visible:

**U.S. manufacturing has weakened.** The expected tariff-driven revival has not materialized. More than 200,000 manufacturing jobs have been lost since 2023, and the Institute for Supply Management index of factory activity declined for 26 consecutive months through December 2025. Since many manufacturers rely on imported inputs, tariffs often raise production costs more than they provide protection.

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### Retaliation has had tangible consequences.

While China suspended many retaliatory tariffs in 2025, it left duties on soybeans for most of the year, cutting off what had historically been the largest U.S. export market, worth roughly US\$12 billion annually. By October 2025, five consecutive months had passed without a single U.S. soybean export to China,<sup>3</sup> an unprecedented stretch, prompting roughly \$12 billion in U.S. farm support by December. Purchases resumed before the month's end, following a meeting between Trump and Xi Jinping.

Closer to home, Canadian travel to the U.S. has dropped sharply over the past year, with an estimated US\$4.5 billion in lost tourism revenue.<sup>4</sup> Last year, it was reported that U.S. spirits exports to Canada, valued at about \$250 million annually, were down by 85 percent.

**Political pressure is rising.** The economic effects of tariffs are translating into political action. In February, six Republican senators joined Democrats in supporting the repeal of tariffs on Canada, breaking with President Trump. While a full repeal remains unlikely, the vote signalled mounting concern about their economic impact.

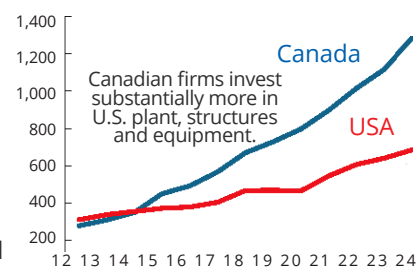
1. <https://www.scotiabank.com/ca/en/about/economics/economics-publications/post-other-publications/global-week-ahead-january-23-2026.html>

2. <https://www.wsj.com/business/price-increases-consumers-businesses-b70e4542>

3. <https://www.forbes.com/sites/kenroberts/2026/01/17/china-purchased-no-us-soybeans-an-unprecedented-sixth-straight-month/>

4. <https://www.forbes.com/sites/suzannerowankelleher/2026/02/12/canadian-visits-fall-january-trump-slump/>

### Foreign Direct Investment 2012 to 2024, in CAD\$B



### U.S.-Canada Trade 2000 to 2024 U.S. Trade Balance in US\$B

