

Markets Rattle as Trump Doubles Tariffs on Canadian Steel and Aluminum; Ontario Premier Threatens to Cut Its Electricity Supply to the US.

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The US and European stock markets closed with more losses following President Trump's announcement that tariffs on steel and aluminum exports from Canada will increase from 25% to 50%, taking effect on Wednesday. This move marks another escalation in trade policy that has heightened concerns about a potential US economic downturn. This latest chapter is in response to Ontario's Premier Doug Ford announced plans to impose a 25% surcharge on electricity exports to three US states starting Monday. He also issued a stark warning, stating that if the United States moves forward with additional tariffs on Canadian goods, he is prepared to cut off electricity exports entirely.

"If the US escalates, I won't hesitate to pull the plug", Ford declared.

However, following a last-minute agreement with US Commerce Secretary Howard Lutnick to restart trade negotiations, Ontario Premier Doug Ford announced Tuesday that he is pausing the planned 25% surcharge on electricity exports. At the same time, the two sides explore trade and diplomatic efforts to resolve the dispute.

The administration has already imposed tariffs on imports from Canada, Mexico, and China, contributing to significant declines in the stock market. Meanwhile, bond yields are slightly higher, with the 10-year Treasury yield hovering around 4.23%. The two-year Treasury yield briefly touched its lowest level since October 2024 as traders' factor in the likelihood of two or three Federal Reserve rate cuts this year.

Asian stocks ended lower but managed to recover from session lows. Japan reported no assurance of exemptions from upcoming US tariffs on steel and aluminum set to take effect Wednesday, while additional tariffs on autos remain possible in April. The US dollar continues to weaken against major currencies. Over in commodities, WTI crude oil is trading higher.

Small Business Confidence Slips for a Second Month

The National Federation of Independent Business (NFIB) Small Business Optimism Index declined for the second consecutive month, falling to 100.7 in February from 102.8 in January. Despite the drop, the index remains above its historical average of 98, signaling that sentiment remains modestly positive.

One notable development was the increase in the uncertainty index, which rose to 104—the second-highest reading on record. Hiring trends remain solid, with 53% of small businesses actively hiring or looking for workers. However, labor quality remains the most pressing challenge, with 38% of businesses reporting unfilled positions due to a lack of qualified applicants.

Investors Look Ahead to Inflation Data

All eyes are on Wednesday's release of the February Consumer Price Index (CPI); the Inflation Nowcasting expects headline CPI to ease slightly to 2.83%, down from 3.0% in January. Core CPI is projected to decline to 3.16% from 3.3%.

Trump's Distributive Bargaining

Trump employs a zero-sum negotiating style, in which one party wins at the expense of the other. This allowed him to reduce costs in real estate, but in international politics, it has led to conflict and retaliation.

Unlike integrative negotiation, which seeks mutual benefits, Trump has imposed tariffs without anticipating responses. For example, China stopped buying US soybeans, which benefited Russia, Argentina, Brazil, and Canada and affected US farmers.

In trade, distributive bargaining erodes trust and damages long-term relationships. An example is Canada's decision to eliminate the purchase of US spirits and wine; it was a big hit as sales were at least \$3.48 billion.

Trump sees politics as winners and losers, ignoring the need for coalitions and diplomacy. His real estate expertise is not enough to address the complexity of global negotiations, where his opponents play strategic chess while he flips a coin.

Economic Data Update:

- **US Job Openings: Total Nonfarm:** rose to 7.74 million, up from 7.508 million last month, increasing 3.09%.

Eurozone Summary:

- **Stoxx 600:** Closed at 536.89, down 9.31 points or 1.70 %.
- **FTSE 100:** Closed at 8,495.99, down 104.23 points or 1.21%.
- **DAX Index:** Closed at 22,328.77, down 292.16 points or 1.29%.

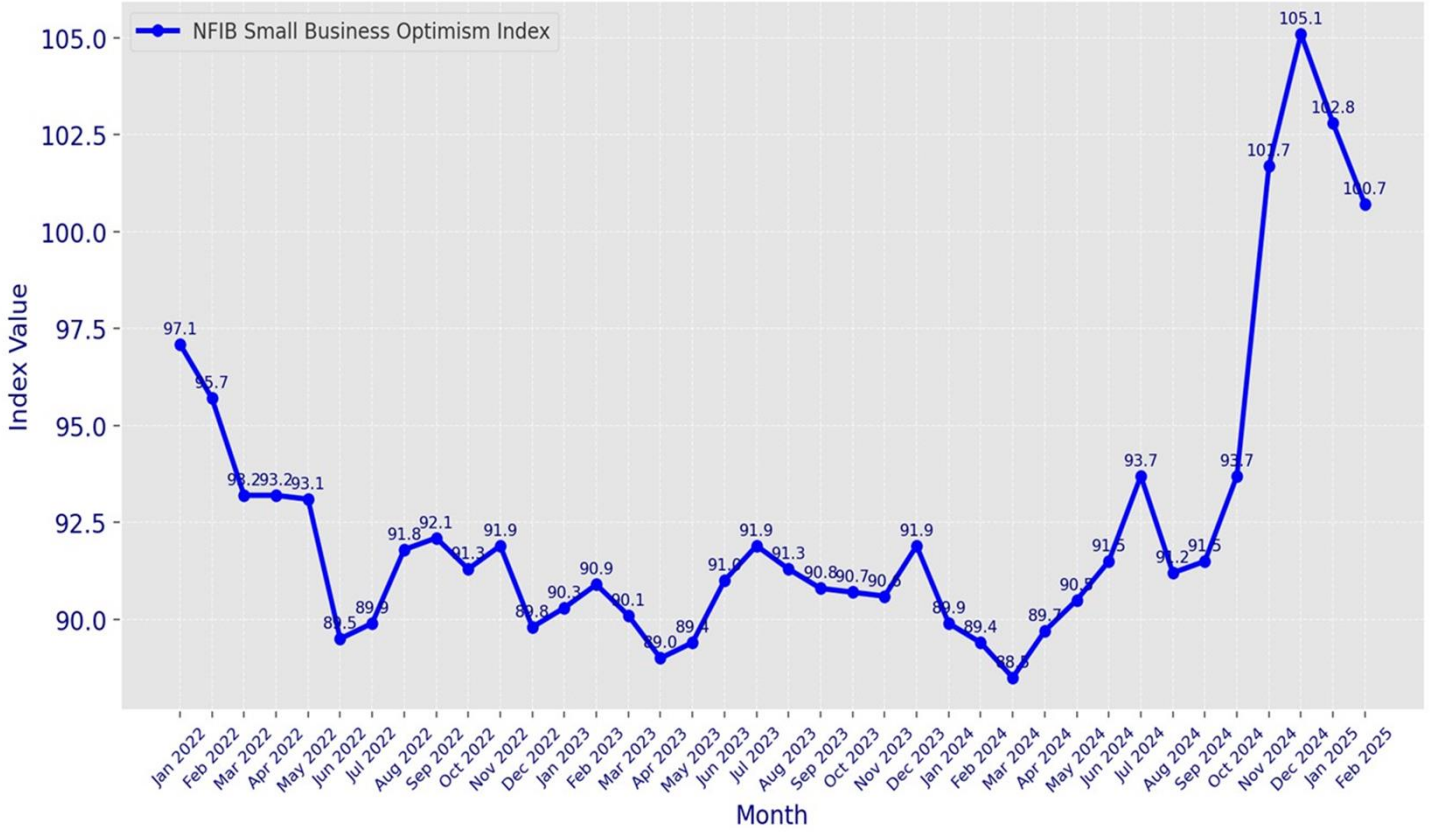
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 41,433.48, down 478.23 points or 1.14%.
- **S&P 500:** closed at 5,772.07, down 42.49 points or 0.75%.
- **Nasdaq Composite:** closed at 17,436.10, down 32.22 points or 0.18%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,525.33, down 149.79 points or 4.08%.
- **Birling Capital US Bank Index:** closed at 5,885.22, down 306.01 points or 4.94%.
- **US Treasury 10-year note:** closed at 4.28%.
- **US Treasury 2-year note:** closed at 3.94%.



NFIB Small Business Optimism Index 2022-2025 YTD

NFIB Small Business Optimism Index (2022 - 2025)



US Job Openings: Total Nonfarm vs US Unemployed Persons: Job Seeker



Dow Jones Industrial Average, S&P 500, Nasdaq Composite, Birling Puerto Rico Stock Index & Birling US Bank Index YTD Returns 3.11.25

	VAL
● Dow Jones Industrial Average Level % Change	-2.61%
● S&P 500 Level % Change	-5.26%
● Nasdaq Composite Level % Change	-9.71%
● Birling Capital Puerto Rico Stock Index Level % Change	-3.11%
● Birling Capital U.S. Bank Index Level % Change	-6.11%

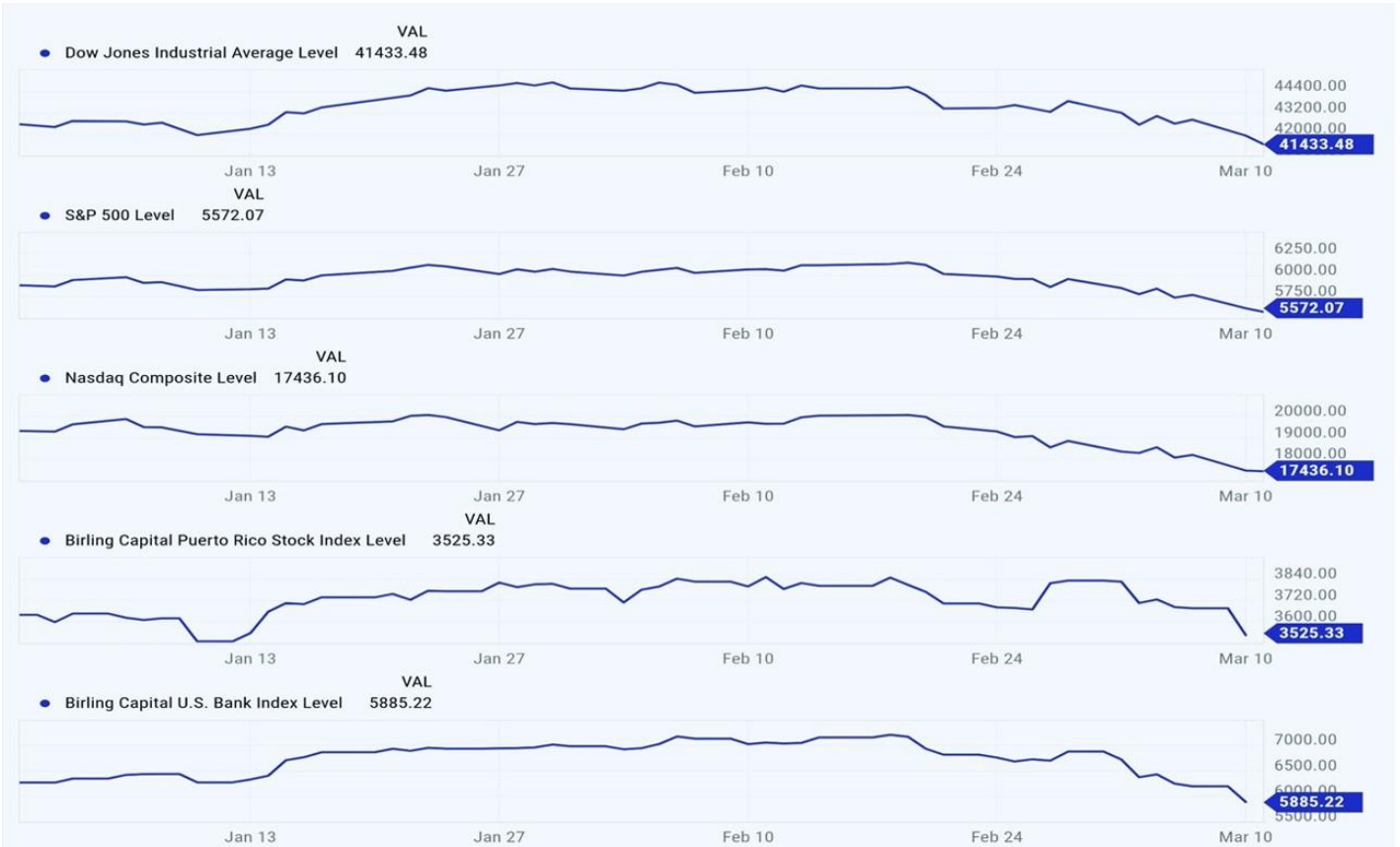




Wall Street Recap

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