GLOBAL Insight WEEKLY

Perspectives from the Global Portfolio Advisory Committee November 13, 2025

Power tools

Atul Bhatia, CFA – Minneapolis

The Trump administration has made broad interpretations of existing legislative authority to make unilateral policy moves. We examine how this type of centralized ad hoc decision-making raises structural concerns and how the economic policy framework can evolve from here.

In recent months, the Trump administration has sought or executed on actions that leave the U.S. government more closely intertwined with private enterprises. These range from direct investment in select U.S. chipmakers and mining companies to revenue participation in exports of strategic assets. Less directly, the administration has sought to use tariffs to influence supply chain management across the entire private sector.

Decisions like these have been criticized as "unprecedented" and "government overreach" by commentators on both the left and right of the political spectrum.

In our view, those comments emphasize labels over reality, ignore important context, and—most importantly—focus too heavily on today's concerns while ignoring the significant implications for future government action.

Unprecedented? Overreach?

Strictly speaking, we don't see these actions as unprecedented.

The U.S. has taken stakes in private entities in the past, most recently in response to the global financial crisis, and has even directly operated private assets, such as President Harry S. Truman's decision to take over steel mills during the Korean War.

There are fewer direct analogues for the Trump administration's idea to take a cut of sales on newly licensed chip exports to China, but that's largely a matter of form. For decades, the U.S. government has used overseas arms sales to bring down the per unit cost of key weapons systems used by the U.S. military. It's a different structure from a revenue-sharing arrangement, but the bottom line for the U.S. Treasury is the same: more export licenses, more cash in the bank.

The question of government overreach is more political than economic. Reasonable people can certainly come down on both sides of the economic and strategic tradeoffs involved with government ownership of productive assets in key sectors.

An owner without title

More broadly, however, we think the overreach question mischaracterizes the existing relationship between the federal government and private enterprise in the U.S. In particular, it overlooks the many ways in which long-standing government powers are tantamount to partial U.S. ownership of many private endeavors.

Take individual investors who buy stocks. For those shareholders, the rights and privileges largely boil down to percentage participation in the company's earnings, a right to vote on major corporate decisions, and a right to

For perspectives on the week from our regional analysts, please see pages 3–4.

For important disclosures, required non-U.S. analyst disclosures, and authors' contact information, see page 6.

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vote for the board of directors, which hires management and protects shareholder interests.

Is the U.S. government really in a very different position? Similarities abound:

- **Economics:** The U.S. gets a cut of earnings in the form of corporate taxes, and it gets that in cash. Private shareholders only receive dividends if the board of directors decides to pay them.
- **Major decisions:** Federal officials don't directly vote on a merger or acquisition, but they have significant ability to reject or modify deals under antitrust rules.
- **Policy influence:** The government doesn't currently appoint management, but we'd argue that the U.S. can use its regulatory and fiscal tools to heavily influence corporate strategy regardless of who is CEO. Set the rules of the game in a particular way, and you can dictate what the players will do.

Add it all up, and the U.S. may not have an explicit stake in private companies, but the set of rights and powers it does have at least puts the government in the ballpark of ownership.

The more things stay the same, the more they change

As a result, the practical difference between the Trump administration's *policies* and the existing government framework is one of degree, not kind. But when it comes to *process*, that's where we see what we believe is a radical change.

Prior administrations used relatively slow-moving tools with broad input. The current administration, however, has used broad interpretations of existing legislative authority to make unilateral policy moves. In many cases, we believe, this essentially boils down to the president choosing to exert control over a private company or contract. The moves are swift, so-called bureaucratic speed bumps are flattened out, and quick, decisive action is the hallmark.

The immediate impact of these moves may very well be a positive. When evaluating any individual move, it comes down to the quality of the idea. If it's good, moving faster works. If it's not good, faster implementation just means faster problems.

But this type of centralized ad hoc decision-making raises two major, related structural concerns.

First, they can't all be winners. Even a sound decision maker is going to have an occasional stumble, and without an institutional control, the bad decisions can flow just as easily as the good ones. Japan's Ministry of International Trade and Industry achieved fame in the U.S. for its role in promoting Japan's auto industry. Less appreciated is the agency's attempt to block Sony from using transistor technology, raising the specter of a Walkman-less 1980s.

Second, even if one likes the current policy mix, the nature of democracy is changing political leadership. The next administration can use the same techniques to switch goals and promote contradictory policy.

Take the nearly completed wind farms that the administration effectively cancelled. Whatever one's views on wind power, the nearly worst-case scenario for the economy is to make the investment but never reap the benefits. In a similar vein, future administrations could cancel pipeline or bridge permits. The only thing economically worse than a bridge to nowhere is half a bridge to nowhere.

Getting off the merry-go-round

We see four ways the economic policy framework can evolve from here:

- **New business as usual:** If this process becomes the new normal, we see headwinds to large-scale economic investment.
- **SCOTUS "one and done":** It's notable that many of the president's actions have only proceeded based on the Supreme Court allowing him to act while legal challenges move through the lower court system. If the Court ultimately rules against the administration, this could largely foreclose future administrations using these tools.
- **Return to *Lochner*:** In the early 20th century, the Court was in its so-called *Lochner* era, where it intervened consistently in economic policy. The period is now widely viewed as judicial overreach, but the Court retains the power to return to that framework and pass through only economic decisions it agrees with.
- **Congressional action to constrain executive power:** While in many ways the most constitutionally robust, we think this outcome is effectively impossible given current political realities.

Where to next?

For investors, the issues raised by centralized decision-making are easy to ignore for now, in our opinion. There is uncertainty on how the Court will rule, and the long-term consequences will depend both on electoral results and how future presidents choose to exercise—or not—the authority the current administration claims. We remain concerned, however, on the sustainability and advisability of the current path, and believe the typical legislative and regulatory process offers important safeguards.

UNITED STATES

Alan Robinson – Seattle

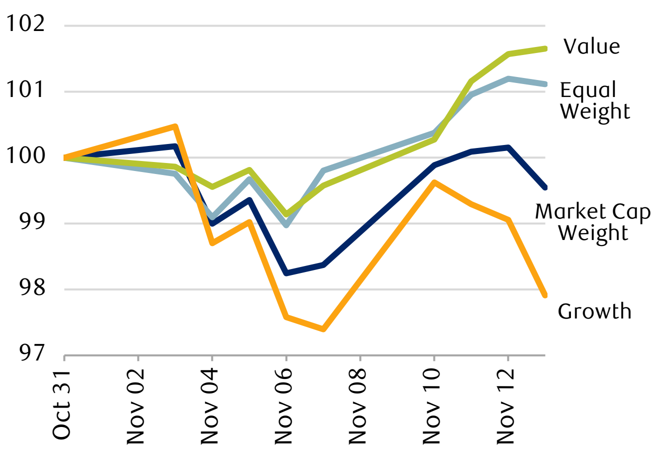
- **U.S. stock indexes had a mixed week.** While the broad indexes recovered from the closing low of the previous week, they surrendered their initial gains as investor enthusiasm for the end of the government shutdown gave way to concerns over a slowing economy.

- **Value investors were encouraged by a return to favor for this investment style** during the week. Most of the gains in the equity market this year have been driven by the megacap, high-growth technology stocks exposed to the AI theme. But as more investors questioned the historically high valuations of these stocks, **funds have started to flow into areas of the market that haven't participated in the bull market to the same extent.** This has resulted in the S&P 500 Value Index outperforming the S&P 500 Growth Index, and the S&P 500 Equal Weight Index outperforming the conventional market-capitalization-weighted index so far this month (see chart). **We view this broadening of equity market participation to be a positive sign of the market's health.**

- **The U.S. House of Representatives voted to end the longest-ever government shutdown** (at 43 days) on Wednesday. The market appeared to have shrugged off shutdown concerns with the S&P 500 up 2.4% over that period. RBC Global Asset Management estimates Q4 2025 GDP growth will be 1 to 1.25 percentage points lower due to the shutdown, but that Q1 2026 could add an extra 1 percentage point resulting in only a slight overall loss.

Divergence of S&P indexes demonstrates a healthy broadening of performance

Relative performance of S&P 500 Indexes since Oct. 31



Source - RBC Wealth Management, FactSet; daily data normalized with 10/31/25 = 100

We think a bigger issue could be the loss of economic data normally provided by the government at a time when the U.S. Federal Reserve is divided over the direction of interest rate policy.

- **Q3 earnings season finally wound down** during the week. With 95% of the S&P 500 on track to have reported by the end of this week, **earnings growth for the quarter is tracking at 13% y/y, with revenue growth up 8%.** This compares to consensus estimates of 8% and 6%, respectively, at the start of earnings season. The sectors that drove most of this growth include Information Technology, Financials, and Utilities, while Communication Services, Energy, and Consumer Staples posted negative earnings growth.

CANADA

Matt Altro, CFA & Elizabeth Grant – Toronto

- **The federal government announced a 43% reduction in the number of new temporary residents to 385,000 in 2026 from 674,000 in 2025. Additionally, the timeline to reduce the number of temporary residents to less than 5% of the total population was extended to the end of 2027.** International student admissions will face the heaviest burden of these cuts, remaining at the 150,000 level for the next three years. However, one-time exemptions to fast-track 115,000 protected persons to permanent residency over 2026 and 2027 will increase admissions by 11% and reduce the burden of the student admissions cuts. According to RBC Economics, the net effect of these changes should not affect its population growth projections for 2025, and it maintains the expectation that Canada's population growth will slow to near zero in 2026 and 2027.

- **The strength of the consumer has been a headline topic throughout 2025 as low- and high-income households have been spending, despite broader macro uncertainty. This spending has acted as a tailwind for the S&P/TSX Composite as companies that have value offerings and those that have premium offerings have both seen strength in their equity prices.** October's RBC cardholder spending data showed a continuation of the momentum seen in September, with core retail sales growing 0.5% on a three-month rolling average. The Blue Jays in the World Series provided a notable lift, and this drove flows into the Entertainment and Discretionary categories. With interest rates lower than last year—and at a more palatable level—RBC Economics believes that provinces with higher debt burdens, such as Ontario and British Columbia, will likely spend more aggressively as financial conditions ease.

EUROPE

Frédérique Carrier – London

- Ahead of widely expected tax increases in the Nov. 26 budget, Chancellor of the Exchequer Rachel Reeves might have hoped for better economic news. **UK Q3 GDP growth disappointed, coming in at a mere 0.1% q/q, below the 0.2% Bloomberg consensus forecast, and less than the 0.3% achieved in Q2.**

- A one-off factor was partly to blame for the weakness as manufacturing was particularly affected by a severe cyberattack on Jaguar Land Rover, which forced the company to temporarily shut down its production and retail systems. **In its Monetary Policy Report, the Bank of England (BoE) expects manufacturing activity to bounce back in Q4.** Nevertheless, the contribution for household consumption inched up but remains weak.

- Meanwhile, the **headline unemployment rate reached 5.0% in September, slightly above consensus expectations, and up from 4.8% in August.** Moreover, regular pay (excluding bonuses) was 4.6% higher in September than it was a year earlier.

- **The weakness of the economy—and particularly the rise in unemployment—increases the likelihood of the BoE cutting interest rates in December.** Though it may pause at its subsequent meeting due to the sticky wage inflation, absent an improvement in labour markets, we think it is increasingly likely that the BoE's easing cycle will go beyond what the market currently expects.

- Such a scenario is supportive of Gilts. For equities, it could also help to stimulate more housing market activity, which would be supportive of housebuilders.

- **The STOXX 600 Europe ex UK Index and the FTSE All-Share Index reached new all-time highs during the week**, benefitting from news of the end of the U.S. government shutdown, progress on the French budget, and a generally improving earnings backdrop in Europe.

UK unemployment is on the rise

UK unemployment rate

Source - UK Office for National Statistics, Bloomberg

ASIA-PACIFIC

Nicholas Gwee, CFA – Singapore

- In its Q3 monetary policy report released this week, **the People's Bank of China (PBOC) pledged to maintain accommodative financing conditions**, as the foundation for the domestic economic recovery "still needs to be consolidated through stronger policy efforts." The central bank also downplayed concerns about the slowdown in loan growth and is looking to adopt "cross-cyclical" policy adjustments. **We think the PBOC's latest statement suggests policymakers are willing to look beyond short-term volatility in economic growth and focus on long-term targets.** We believe the resilience of the domestic economy in the face of the recent U.S.-China trade dispute may have given the central bank more confidence in being patient. According to a Bloomberg report, several economists have pushed back their expectations of rate cuts in China to Q1 2026, from Q4 2025. We reiterate our expectation for more rate cuts, although the timing may have been pushed back.

- **In Japan, the yen looks set to retest the psychological level of 155 against the U.S. dollar.** The new Japanese finance minister, Satsuki Katayama, issued a warning regarding currency movements: "We're seeing one-sided, rapid currency moves of late …The government is watching for any excessive and disorderly moves with a high sense of urgency." We think her comments increase the risk of intervention if the one-sided moves continue. The last time Japan intervened in the currency market was in July 2024 when the yen broke the 160 level.

- **SoftBank Group** (9984 JP) said in its earnings statement on Tuesday that it **sold its entire stake in Nvidia Corp.** (NDVA US) for US$5.8 billion in October; it also disclosed that it **sold part of its stake in T-Mobile** (TMUS US) for approximately US$9.2 billion. **Softbank management suggested these moves were made with the aim of financing its investments in OpenAI and Ampere Computing.** According to an unconfirmed CNBC report, a person familiar with the matter said the Nvidia exit is not due to concerns surrounding AI valuations. This is not the first time SoftBank has exited Nvidia completely. The company was an early backer of Nvidia in 2017 before selling all its holdings in 2019. Despite the divestments, we believe the outlook for SoftBank remains intertwined with Nvidia, as SoftBank is involved in numerous AI projects that rely on Nvidia's chips. The stake sales and the US$19 billion gain from SoftBank's Vision Fund helped the company double its profit last quarter.

MARKET

Scorecard

Equities (local currency)	Level	MTD	YTD	1 yr	2 yr
S&P 500	6,850.92	0.2%	16.5%	14.5%	55.2%
Dow Industrials (DJIA)	48,254.82	1.5%	13.4%	9.9%	40.8%
Nasdaq	23,406.46	-1.3%	21.2%	21.4%	69.6%
Russell 2000	2,450.80	-1.2%	9.9%	2.5%	43.7%
S&P/TSX Comp	30,827.58	1.9%	24.7%	23.7%	56.8%
FTSE All-Share	5,330.64	1.7%	19.3%	21.3%	33.3%
STOXX Europe 600	584.23	2.2%	15.1%	16.3%	31.8%
EURO STOXX 50	5,787.31	2.2%	18.2%	22.0%	37.9%
Hang Seng	26,922.73	3.9%	34.2%	35.7%	56.5%
Shanghai Comp	4,000.14	1.1%	19.3%	16.9%	31.6%
Nikkei 225	51,063.31	-2.6%	28.0%	29.7%	56.8%
India Sensex	84,466.51	0.6%	8.1%	7.4%	30.1%
Singapore Straits Times	4,568.91	3.2%	20.6%	23.1%	47.1%
Brazil Ibovespa	157,632.90	5.4%	31.1%	23.4%	30.7%
Mexican Bolsa IPC	63,219.83	0.7%	27.7%	23.7%	23.3%
Gov't bonds (bps change)	**Yield**	**MTD**	**YTD**	**1 yr**	**2 yr**
U.S. 10-Yr Treasury	4.065%	-1.2	-50.4	-36.2	-58.6
Canada 10-Yr	3.145%	2.6	-8.0	-12.4	-70.5
UK 10-Yr	4.398%	-1.1	-17.0	-10.1	6.2
Germany 10-Yr	2.643%	1.0	27.6	28.1	-7.4
Fixed income (returns)	**Yield**	**MTD**	**YTD**	**1 yr**	**2 yr**
U.S. Aggregate	4.35%	0.0%	6.8%	6.5%	15.0%
U.S. Investment-Grade Corp	4.85%	-0.2%	7.1%	6.5%	18.0%
U.S. High-Yield Corp	6.79%	0.0%	7.4%	7.4%	23.3%
Commodities (USD)	**Price**	**MTD**	**YTD**	**1 yr**	**2 yr**
Gold (spot $/oz)	4,198.14	4.9%	60.0%	61.6%	116.4%
Silver (spot $/oz)	53.34	9.6%	84.6%	73.6%	139.5%
Copper ($/metric ton)	10,805.72	-0.6%	24.9%	20.0%	35.8%
Oil (WTI spot $/bbl)	58.39	-4.2%	-18.6%	-14.3%	-24.3%
Oil (Brent spot $/bbl)	62.63	-3.7%	-16.1%	-12.9%	-23.1%
Natural Gas ($/mmBtu)	4.55	10.3%	25.2%	56.5%	50.0%
Currencies	**Rate**	**MTD**	**YTD**	**1 yr**	**2 yr**
U.S. Dollar Index	99.5150	-0.3%	-8.3%	-6.1%	-6.0%
CAD/USD	0.7140	0.0%	2.7%	-0.4%	-1.5%
USD/CAD	1.4005	0.0%	-2.6%	0.4%	1.5%
EUR/USD	1.1586	0.4%	11.9%	9.1%	8.4%
GBP/USD	1.3126	-0.2%	4.9%	3.0%	7.4%
AUD/USD	0.6540	-0.1%	5.7%	0.1%	2.8%
USD/JPY	154.8100	0.5%	-1.5%	0.1%	2.2%
EUR/JPY	179.3600	1.0%	10.2%	9.2%	10.8%
EUR/GBP	0.8827	0.6%	6.7%	5.9%	1.0%
EUR/CHF	0.9248	-0.4%	-1.6%	-1.3%	-4.1%
USD/SGD	1.3023	0.1%	-4.6%	-2.7%	-4.3%
USD/CNY	7.1110	-0.1%	-2.6%	-1.7%	-2.4%
USD/MXN	18.3064	-1.3%	-12.1%	-11.1%	3.7%
USD/BRL	5.2924	-1.6%	-14.3%	-8.1%	7.8%

Equity returns do not include dividends, except for the Brazilian Ibovespa. Bond yields in local currencies. Copper Index data and U.S. fixed income returns as of Tuesday's close. Dollar Index measures USD vs. six major currencies. Currency rates reflect market convention (CAD/USD is the exception). Currency returns quoted in terms of the first currency in each pairing.

Examples of how to interpret currency data: CAD/USD 0.71 means 1 Canadian dollar will buy 0.71 U.S. dollar. CAD/USD 2.7% return means the Canadian dollar has risen 2.7% vs. the U.S. dollar year to date. USD/JPY 154.81 means 1 U.S. dollar will buy 154.81 yen. USD/JPY -1.5% return means the U.S. dollar has fallen 1.5% vs. the yen year to date.

Source - Bloomberg; data as of 11/12/25

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