

Economics

THE WEEK AHEAD

November 10 - 14, 2025

If the Supremes sing “stop, in the name of law”

by Avery Shenfeld avery.shenfeld@cibc.com

A skeptical line of questioning from the US Supreme Court raised the odds that it will strike down some of Trump’s tariffs as unconstitutional. The case centres on non-sector specific levies imposed under emergency powers legislation (the IEEPA), including “reciprocal tariffs” and the 35% fentanyl tariff that hits a modest volume of Canadian goods that don’t meet the US-Mexico-Canada (USMCA) content rules.

Unfortunately, not at stake in this case are the sector-specific tariffs imposed on national security grounds on autos and metals, or those on Canadian lumber on the claim that the sector is subsidized. The power to impose such tariffs has been tested in previous cases that demonstrated their constitutionality. Much of the tariff wall on China has also been imposed on other legal grounds. But the case would still have relevance for Canada, if we fail to negotiate an extension of the USMCA.

The constitution grants Congress, not the Executive Branch, the right to impose tariffs under its taxing powers, unless it has granted the President the authority to act on his own under specific legislation. If SCOTUS rules that the IEEPA doesn’t do that, it could strike down these tariffs. The court might go as far as ordering a messy refund of the tariffs already collected under the IEEPA. But more critically, how much would this undo Trump’s current trade agenda? Partially, but not fully, as there are other tools at his disposal.

The administration could add to the list of goods subject to tariffs on national security grounds. Someone could presumably launch a court challenge over the White House claim that importing Canadian wooden bathroom vanities and kitchen cabinets is a national security threat. But these tariffs can’t be imposed without a prior investigation, so there would be a gap during which importers could restock US warehouses. Nor can they be applied to all imports. Sweeping and heavy tariffs can be imposed on countries with policies that are “unreasonable and discriminatory to US goods”. But we haven’t seen these Section 301 tariffs applied to G-7 trading partners.

Under Section 122 of the Trade Act of 1974, the White House could quickly impose a broad 15% tariff to address a balance of payments crisis. That’s likely the Administration’s “plan B”, because it ended up setting exactly that 15% rate on the reciprocal tariffs for many countries. But its drawback is that Congress needs to vote to extend it after 150 days.

US Senators have signalled that they might not be willing to do so. In a 51-47 vote that needed a few Republican defectors from the cause, that body passed a resolution to have the reciprocal and fentanyl tariffs rescinded. That didn’t mean anything in the here and now, since the House isn’t even going to vote on that question, let alone pass it. But if Trump imposes a Section 122 tariff, he might lack the votes in the Senate to extend it after 150 days.

In the US, a Supreme Court ruling against reciprocal tariffs would dampen the inflation threat they pose, particularly if the replacement Section 122 tariffs expire after 150 days. But that might not yield a more dovish path for the Fed, because it would also reduce the drag on growth and employment by increasing household purchasing power relative to where we’re headed with higher tariffs.

Because much of its exports are exempted from fentanyl tariffs, all of this is less immediate relevance for Canada than for other US trading partners. Indeed, if broad tariffs imposed under the IEEPA are eliminated, and not sustainably replaced by other tariffs, Canada might lose an edge it now has in the US market. Outside of autos, metals, and lumber, many of our products compete with imports from other countries now subject to a tariff, while Canadian goods are still tariff-free due to the USMCA. But if the USMCA deal doesn’t get renewed, a Supreme Court ruling that puts out the stop sign on the fentanyl tariff will provide some welcome shelter for Canada. Indeed, the removal of that threat might reduce the upper hand that the President has at the negotiating table.

Week Ahead Calendar And Forecast—Canada

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, November 10	10:30 AM	Release: Market Participants Survey	-	-	-	-	-
Tuesday, November 11	-	Bond Market Closed (Remembrance Day)	-	-	-	-	-
Wednesday, November 12	8:30 AM	BUILDING PERMITS M/M	(Sep)	(M)	-	0.9%	-1.2%
Wednesday, November 12	10:30 AM	Publication: Summary of Deliberations	-	-	-	-	-
Thursday, November 13	-	AUCTION: 2-YR CANADAS \$6B	-	-	-	-	-
Friday, November 14	8:30 AM	MANUFACTURING SHIPMENTS M/M	(Sep)	(M)	2.8%	2.7%	-1.0%
Friday, November 14	8:30 AM	WHOLESALE SALES EX-PETROLEUM M/M	(Sep)	(M)	0.0%	0.0%	-1.2%

Week Ahead Calendar And Forecast—United States

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, November 10	-	AUCTION: 3-YR TREASURIES \$58B	-	-	-	-	-
Tuesday, November 11	-	Treasury Markets Closed (Veteran's Day)	-	-	-	-	-
Tuesday, November 11	10:25 PM	Speaker: Michael S Barr (Governor) (Voter)	-	-	-	-	-
Wednesday, November 12	-	AUCTION: 10-YR TREASURIES \$42B	-	-	-	-	-
Wednesday, November 12	9:20 AM	Speaker: John C. Williams (Vice Chairman, New York) (Voter)	-	-	-	-	-
Wednesday, November 12	10:00 AM	Speaker: Anna Paulson (Philadelphia)(Non-Voter)	-	-	-	-	-
Wednesday, November 12	10:20 AM	Speaker: Christopher J. Waller (Governor) (Voter)	-	-	-	-	-
Wednesday, November 12	12:15 PM	Speaker: Raphael W. Bostic (Atlanta) (Voter)	-	-	-	-	-
Wednesday, November 12	12:30 PM	Speaker: Stephen Miran (New York)(Voter)	-	-	-	-	-
Thursday, November 13	-	AUCTION: 30-YR TREASURIES \$25B	-	-	-	-	-
Thursday, November 13	12:15 PM	Speaker: Alberto G. Musalem (St Louis) (Non-Voter)	-	-	-	-	-
Friday, November 14	9:20 AM	Speaker: Raphael W. Bostic (Atlanta) (Voter)	-	-	-	-	-
Friday, November 14	10:05 AM	Speaker: Jeffrey Schmid (Kansas City)	-	-	-	-	-

Week Ahead's market call

by Avery Shenfeld

In the **US**, we remain in the dark on what's actually happening in the economy, and there aren't even any private sector data releases that can shed any light this week. The Fed speakers on tap in the week ahead are mixed flock of hawks and doves whose messages are likely to cancel each other out. Pressure is building on folks in Washington to find a way to end the shutdown, so we might get news on that front.

In **Canada**, we're also looking at a skimpy diet of economic news to digest in the coming week. We suspect that the "summary of deliberations" will hint at a more divided Bank of Canada Governing Council at the October meeting, since unlike after the September and July decisions, the Governor did not say that there was a "clear consensus". The latest jobs figures already squashed whatever hopes there were for an easing in December. There will be a lot more data to chew on, and a fresh economic outlook, when the January meeting rolls around, but for now, we're sticking to our forecast that the Bank will be on hold through 2026. Factory shipments seem to have rebounded in September based on the flash estimate, but we wouldn't expect momentum to carry over into October.

There are no major Canadian or US data releases next week.

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