

Episode 1: Face-Off with Stephen Poloz – Global Markets and International Hockey

DEAN ORRICO: Welcome to Centre Ice, I'm your host Dean Orrico. Today I'm thrilled to welcome someone who needs little introduction – former Bank of Canada Governor, Stephen Poloz. Stephen, thanks for joining us.

STEPHEN POLOZ: Great to be here, Dean. Always enjoy our conversations, whether they're about finance or hockey.

DEAN: And we'll get to both today! But first, let's dive into what everyone's talking about – these equity markets in 2025. They've been quite a ride so far.

STEPHEN: They certainly have. What stands out to me is how the markets have been processing this new interest rate environment. After nearly two years of elevated rates, we're seeing different sectors respond in fascinating ways.

DEAN: The tech rebound has been particularly notable. After that correction last summer, many were calling for a sustained downturn.

STEPHEN: Right, and that's where market psychology gets interesting. When expectations become too one-sided, markets often surprise us. The tech sector has demonstrated remarkable resilience, especially companies with strong balance sheets and genuine AI applications rather than just AI hype.

DEAN: Speaking of resilience, Canadian financials have been outperforming expectations as well.

STEPHEN: They have, and I attribute that to their conservative capital structures. Canadian banks entered this higher rate environment with strong fundamentals. The market initially underestimated how well they could navigate these conditions.

DEAN: Let's shift gears to global markets. Europe has been the surprise performer of the year so far.

STEPHEN: Yes, and it's been fascinating to watch. European equities were undervalued for so long that even modest economic improvements have driven significant price appreciation. The energy situation has stabilized, and manufacturing is showing signs of life again.

DEAN: What concerns are on your radar for the second half of the year?

STEPHEN: I'm watching inflation data very carefully. While headline numbers have moderated, there are still stubborn pockets of inflation in services and wages. Central banks, including the Bank of Canada, will need to thread the needle on when to adjust policy.

DEAN: And how should investors be positioned in this environment?

STEPHEN: I think it's time for balanced portfolios with quality at the core. The days of just riding momentum in a few sectors are likely behind us for now. Companies with pricing power, strong cash flows, and the ability to return capital to shareholders should outperform.

DEAN: Excellent insights. Now, I know our listeners would be disappointed if we didn't talk hockey with you, Stephen. The Four Nations Tournament was quite a spectacle.

STEPHEN: It really was! Canada's performance was exceptional. What impressed me most was the team chemistry that developed so quickly.

DEAN: As a former recreational player yourself, what stood out to you about their style of play?

STEPHEN: The speed and creativity were remarkable. But what really separates elite teams is their decision-making under pressure. These players process the game at such a high level - it's like watching chess on ice.

DEAN: Any parallels you see between high-performance hockey and markets?

STEPHEN: [Laughs] More than you might think! Both require discipline, a game plan, and the ability to adapt when conditions change unexpectedly. And in both arenas, emotions can be your worst enemy.

DEAN: I understand you still lace up the skates occasionally?

STEPHEN: I do! Play in a weekly league with some other financial folks. It's a great release, though I'm pretty sure my slapshot isn't what it used to be.

DEAN: I find there's something uniquely Canadian about discussing monetary policy and hockey in the same conversation.

STEPHEN: It's part of our DNA, isn't it? Both require strategy, teamwork, and occasionally checking someone into the boards when they least expect it.

DEAN: [Laughs] Stephen, this has been fantastic. Before we wrap up, any final thoughts for investors watching these markets?

STEPHEN: Stay disciplined, focus on quality, and don't get caught up in short-term noise. The best investors, like the best hockey players, keep their heads up and see the whole ice.

DEAN: Stephen Poloz, thank you for joining us on Centre Ice.

STEPHEN: My pleasure, Dean. Looking forward to next time.

DEAN: To all our listeners, thanks for tuning in. Until next time, I'm Dean Orrico, and this has been Centre Ice.

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