

Federal election result: Tell us how you really feel

By Alpa Atha/Taylor Schleich

We're now three days removed from Canada's 44th general election. For Trudeau and a Liberal caucus little changed in number, its time to get back to business with a fresh (minority) mandate from Canadians. Key stakeholders have had time to digest the election results, offer congratulations (or not, in some cases) and make their voice heard as the Liberal government prepares to embark on a new parliamentary session. Here, we've compiled various reactions and responses from key politicians, business groups, lobbies and the like, in some cases offering up policy advice and/or flagging potential priorities for Trudeau and company. Additionally, we've assessed the immediate market reaction to Monday's vote, with an eye to how things looked after prior votes.

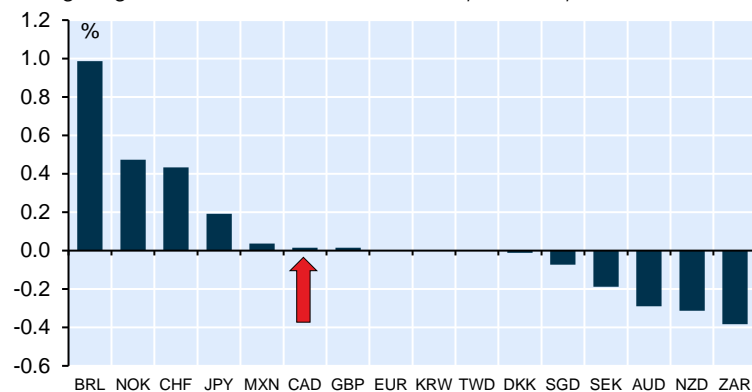
- **Federal party leaders:** Each candidate extended their congratulations to the re-elected Trudeau, with comments varying in the degree of positivity. So-called 'progressive' parties (who'll be keen to work with the re-elected Liberals) were predictably more positive. Comments from those politically right of the Liberals included characterizing the election as a "quick power grab" (Erin O'Toole) and implying voters elected a tyrannical and authoritarian government (Maxime Bernier).
- **G7 leaders:** With the world embroiled in an ongoing pandemic, world leaders presumably had more pressing matters than watching Canada's election returns. President Biden, however, has congratulated Trudeau and is keen on strengthening the resilience and competitiveness of the U.S. and Canadian economies. A similar tone was echoed from Boris Johnson in the United Kingdom.
- **Premiers:** Post-election remarks have poured in from provincial leaders. Many were quick to highlight the need for action/follow-through on key issues such as: childcare; infrastructure investment; expanded capacity for Canada's health-care system. We've yet to hear a coordinated response from the Council of the Federation (Canada's Premiers) but we already knew one priority prior to the vote: serious and immediate enrichment of the Canada Health Transfer. Of course, with many non-Liberal provincial leaders out there, not all reactions were positive—Saskatchewan Premier Scott Moe fired off one of the more scathing post-vote messages in our memory:

"That was the most pointless election in Canada's history... The Prime Minister spent \$600 million of taxpayers' dollars and five weeks further dividing the country to arrive at almost the same result as where we started"

- **Other governments and industry groups:** Canadian municipalities were quick to remind the Liberals of their many campaign promises made to local governments. These include the introduction of a \$4 billion municipal Housing Accelerator Fund, permanent and predictable investment in public transit and rural mobility and support for local climate resilience, among others. Meanwhile, business groups have stressed their importance in the Canadian economy. Continued investment in industry and support programs for Canadian and Canadian businesses were a common thread. Moreover, environmental issues and the need for clear and fair climate policy was an overriding theme—a key issue that's increasingly top of mind for the Canadian public as well.
- **Market reaction:** With results coming in almost exactly in line with where the pollsters had been predicting, immediate market reactions were understandably muted. The Canadian dollar closed the day Tuesday effectively unchanged from where we'd left off pre-vote (Chart 1). True, the C\$ has been on the rise over the last couple of days, but importantly, that's coincident with firmer commodity prices and risk being broadly bid (i.e. not what we'd attribute to an 'election effect'). The reaction in rates was also subdued. Across the curve, rates barely budged the day or two after the vote. There was very modest outperformance versus the U.S. (0-1 bps out to 10-years), which one could consider the removal of the teeniest amount of election anxiety. The one outlier? That would be the 30-year sector which underperformed post-election (Chart 2). With the Liberal government having earlier made a concerted effort to term out its bond stock, Monday's election result was confirmation that there will be no shortage of long bonds coming to market. As for equities, previous election cycles had been characterized by non-trivial Canadian underperformance versus U.S. stocks. That was not the case this time, as Canadian stocks held up well despite campaign noise on tax hikes. Since the vote, we've had a relatively hawkish Fed meeting that introduced some serious rate volatility. Moreover, the fingerprints of China's Evergrande saga has been all over markets this week, so one needs to be careful interpreting short-term reactions in turbulent times. But overall, we don't see Monday's results as having *materially* impacted the market's outlook for Canadian rates (outright or relative) or the C\$. After all, with a gross change of just [eight seats](#) vs. 2019, has anything really changed?

Chart 1: CAD barely budged immediately post-election

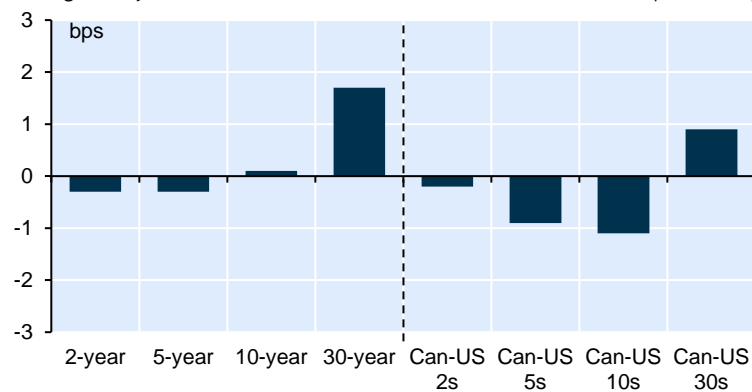
Change in global currencies versus USD: 20-Sep vs 21-Sep



Source: NBF, Bloomberg

Chart 2: For most of curve, immediate reaction was muted

Change in key interest rates/Canada-U.S. rate differentials: 20-Sep vs 21-Sep



Source: NBF, Bloomberg



Table 1: Rating the reaction from peers near and afar

Reactions/responses from federal leaders, premiers, local governments, and key business groups

Leader	Party	Source	Remarks During Campaign /Reaction from Party Leaders	Website	Interpretation
Trudeau	Liberal	CNN News	•Trudeau told supporters, "you are sending us back to work with a clear mandate to get Canada through this pandemic and to the brighter days ahead. My friends, that is exactly what we are here to do!"	Click Here	
O'Toole	Conservative	CNN News	• Every Canadian has met a Justin Trudeau in their lives -- privileged, entitled and always looking out for number one. He was looking out for number one when he called this expensive and unnecessary election in the middle of a pandemic.	Click Here	
Blanchet	Bloc Québécois	CTV News	• The obligation for a (minority) government or a party to do something that is good for Quebec to secure the support of the Bloc is the best guarantee we can have.	Click Here	Neutral
Singh	New Democratic	CBC News	• Singh reassured supporters by saying, you can be sure that we will be there for you, and you can also be sure that if we work together, we can build a better society, and that's exactly what New Democrats will do.	Click Here	
Paul	Green	CBC News	• It's hard to lose, Paul said, thanking her campaign workers, supporters, and Greens across the country.	Click Here	Neutral
Bernier	People's Party of Canada	The Star	• Canadians who oppose the rise of tyranny and authoritarian government need a voice. We are going to be that voice.	Click Here	

Leader	Country	Source	Reaction from G7 Leaders	Website	Interpretation
Joseph R. Biden	United States	The White House	• The President expressed to Prime Minister Trudeau his desire to continue working closely and deepening collaboration with Canada. The two leaders underscored the strong and deep friendship between the nations, and discussed their shared commitment to strengthening the resilience and competitiveness of the U.S. and Canadian economies while coordinating on COVID-19 pandemic response	Click Here	
Boris Johnson	United Kingdom	CBC News	• Johnson congratulated Trudeau and said that the U.K. and Canada are great friends and partners. Looking forward to working closely in the years ahead	Click Here	

Leader	Province	Source	Reaction from Provincial Leaders	Website	Interpretation
John Horgan	British Columbia	Vancouver Sun	• Keen on furthering core issues such as climate change, making quality childcare more affordable for families and building infrastructure to keep the economy moving	Click Here	
Jason Kenney	Alberta	Provincial website	• Keen to work with the minority Parliament on issues that matter to Albertans, which first and foremost means getting through this fourth wave of COVID-19. Alberta's government would like to expand the capacity of Canada's health-care system while also addressing rising health-care costs	Click Here	Neutral
Scott Moe	Saskatchewan	Twitter	• That was the most pointless election in Canada's history • The Prime Minister spent \$600 million of taxpayers' dollars and five weeks further dividing the country to arrive at almost the same result as where we started	Click Here	
Doug Ford	Ontario	Provincial website	• Ford says for many, this has been an extremely difficult and divisive election and I would like to take this opportunity to urge unity.	Click Here	
François Legault	Quebec	CTV News	• Although Legault prefers a minority conservative government, he has congratulated Trudeau and has committed to working with him to advance Quebec's interests	Click Here	Neutral
Blaine Higgs	New Brunswick	Provincial website	• Higgs will continue working with the federal government with a spirit of respect and co-operation to the benefit of all	Click Here	Neutral
Tim Houston	Nova Scotia	Twitter	• Houston is eager to work together to secure better healthcare funding and deliver on the mandate for his people	Click Here	
Andrew Furey	Newfoundland & Labrador	Twitter	• Initial reaction limited to Congratulating	Click Here	Neutral



Caroline Cochrane	Northwest Territories	Provincial website	<ul style="list-style-type: none"> Urges to build strong relations with the Federal government and to ultimately close the gap between the North and Southern Canada which has existed for decades but has become more apparent because of COVID-19. 	Click Here	Neutral
Valerie Plante	Mayor of Montreal	CTV News	<ul style="list-style-type: none"> Looking to continue working with the government on climate change, green initiatives, and the fight against firearms trafficking 	Click Here	

Organization	Group	Reaction from Business Lobbyists	Website	Interpretation
Federation of Canadian Municipalities	Municipal	<ul style="list-style-type: none"> Stresses the importance of building bridges, between parties and levels of governments. Looking for more support from federal government on affordable housing and climate change. Specifically, asking for a \$4 bln municipal Housing Accelerator Fund, permanent and predictable public transit investment. The FCM is also looking for the feds to help in closing the rural internet gap, supporting local climate resilience, and continuing to help with western economic development and innovation 	Click Here	
The Canadian Federation of Independent Business	Business	<ul style="list-style-type: none"> "With the election behind us, it is critical that we return to important work of getting Canadians and Canada's job creators through the difficult months ahead." Specifically, CFIB is calling on the Liberals to implement the best ideas from each party that emerged during the election including, extending the wage, and rent subsidy, reopening the CEBA loan program, providing financial support to small business owners required to implement vaccine passports and rethinking the Canada Recovery Benefit to ensure it doesn't contribute to a shortage of workers 	Click Here	
The Canadian Association of Petroleum Producers	Oil and gas	<ul style="list-style-type: none"> This election result reaffirms the uncertainty in Canada as we continue to struggle with public health and economic issues related to the COVID pandemic. The association asks the federal government to support Canadians by getting behind our own natural resources rather than relying on other nations to supply the world's need for oil and gas 	Click Here	
Canadian Manufacturers & Exporters	Manufacturing	<ul style="list-style-type: none"> CME urges the new government to prioritize the manufacturing sector and cement its place as a pillar of the Canadian economy. CME calls on the new government to attract at least 2% of the annual manufacturing investment made in the OECD, or \$50 billion per year over the next decade by getting the workers they need, and stimulating investment in innovation and technology 	Click Here	Neutral
The Ontario Federation of Agriculture	Agriculture	<ul style="list-style-type: none"> The OFA aims to renew its focus with the government on issues impacting farmers including environmental sustainability, a fair carbon pricing policy, and access to skilled labour 	Click Here	
The Canadian Chamber of Commerce	Commerce	<ul style="list-style-type: none"> The clear message from last night's election is that our politicians need to get back to work on the issues that matter. With an election that lacked a meaningful debate on the economy, it is critical for Parliament and the government to resume the business of governing the country. The parliament needs to extend wage and rent subsidy programs, accelerate deployment of a harmonized digital health system, refocus our efforts with the United States to defend Canada's trade interests and create a genuine partnership with businesses to reach Net Zero by 2050 	Click Here	

Source: NBF, CNN, CBC News, CTV News, The Star, Vancouver Sun, Twitter, The White House, Provincial Websites, Official Websites of Business Lobby Groups

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