

## Why Canada's Looming Election Could Be a Market Mover in 2025

### Speaker Key:

DP	David Pett
JC	John Christofilos
KM	Kevin McCreadie
SR	Scott Reid

Time Code	Speaker	Text
00:00:00	DP	Welcome to AGF Inside Perspectives. Who watched the Grey Cup?
00:00:06	JC	I definitely did, David. One of my favourite days of the year. Once a year, I get to watch a CFL football game. And luckily enough for me, my hometown Argonauts won. That's two in the last three years. And beat Winnipeg again. Winnipeg's been there for five straight years and won two of five. Not quite the dynasty. I think the Argos are closer to a dynasty than the Winnipeg Blue Bombers are. It's probably not going to make my friends in Winnipeg very happy, but it was terrific.
00:00:33	DP	And I think that all the fans that are in the west are just yelling at you right now.
00:00:36	JC	They're not happy. But the good news is, next year's game is in Winnipeg.
00:00:41	DP	It is. My friends want to go, but they don't want to go to the game. They just want to go to the preparty.
00:00:44	JC	It's an outstanding... It's great. The Grey parties, the breakfasts that the Stampeders put out, it's a fun day.
00:00:50	DP	Let me ask you, do you have an actual Grey Cup party? Because those were things when we were younger kids?
00:00:56	JC	I have my son and my dad come over. We make some chilli...
00:00:58	DP	There you go. That's a party.
00:01:00	JC	We make some chilli and we have a little bit of fun.

Time Code	Speaker	Text
00:01:02	DP	That's a party. Kevin, people might not know this, but you're a Canadian citizen as of earlier this year.
00:01:08	KM	Correct.
00:01:08	DP	This feels like a rite of passage thing to watch the Grey Cup. Did you watch the Grey Cup?
00:01:13	KM	I did not. I watched the Bills, Chiefs game, but I knew who was playing. And I was in Winnipeg earlier last week, which is now... They call themselves the City of Champions. They were five straight Grey Cup participants. And when I was there, they were 15 and one in terms of the Jets. They felt pretty good about their sports teams there. Better than we can say in Toronto, my friend.
00:01:35	JC	I have a question for our newest Canadian. Kevin, do you know what a rouge is in the CFL?
00:01:42	KM	I do.
00:01:43	JC	Do tell.
00:01:45	KM	Unlike the NFL, where if you miss a field goal, you get no points. In the case of kicking a field goal here and it goes through the end zone, doesn't matter if it goes through the uprights, but out of the end zone, you get a point. It needs to be out.
00:01:59	JC	You can win the game by missing a field goal in the CFL?
00:02:03	KM	Correct.
00:02:04	DP	I think that's on the actual test for your citizenship?
00:02:09	KM	No, it was in the pre-discussion [overtalking].
00:02:12	DP	You mentioned the Chiefs, Bills game. Taylor Swift... I got to bring her into pretty much every podcast these days. She's in town. She's doing her Eras Tour, but she didn't show up to the game on Sunday.
00:02:25	JC	Maybe a little controversy, hey, David, maybe?
00:02:26	DP	A little controversy there, yes.
00:02:28	JC	Because it's right across the lake here.
00:02:29	DP	I know.
00:02:30	JC	It's like...

Time Code	Speaker	Text
00:02:30	DP	And I figured the NFL changed their schedule for it, but I guess not. I heard it was security reasons. She doesn't like to go to games away from Kansas City.
00:02:40	KM	I can get that, with the Bills fans throwing themselves through tables in parking lots, which I still don't understand, by the way.
00:02:47	JC	Bills Mafia.
00:02:50	DP	I think our guest is sitting patiently. He's like, oh my God. Let's introduce him. Our special guest today is Scott Reid. He's the principal of Feschuk Reid. Scott is a well-known political commentator who appears regularly on CTV News. He was an advisor and director of communications to former Prime Minister Paul Martin. And his X account... I just looked this up. I don't know if it's true.
00:03:15		You can't trust anything on X maybe. But describes him as being exceptionally tender-hearted. Maybe we'll dive into a little bit of that starting now.
00:03:32	SR	I may tear up before we're done. I'm just that gentle.
00:03:36	DP	There you go. Scott, thank you for being here. Pleasure. I think this is maybe our first real guest?
00:03:43	JC	External
00:03:44	DP	External, yes.
00:03:44	SR	Wow. That's cool. I'm flattered.
00:03:46	DP	You're groundbreaking here. Scott, I'll ask you about the Grey Cup. Did you watch?
00:03:52	SR	I did watch Grey Cup. I had a complicated afternoon. I'm a huge CFL fan. Oddly enough, coming from eastern Ontario, I'm oddly a Saskatchewan Roughriders' fan, for reasons I won't bore you with. But I definitely watched the Grey Cup. Used to be an Argos' seasons ticket holder, but our family is divided. And most of the family was rooting for Winnipeg. I was juggling a hockey game. My 15-year-old was playing hockey.
00:04:17		And the Bills were on and the Niners, who is my favourite NFL team, were on, and the Grey Cup. We had a busy rotation on the TV and in sports scene.

Time Code	Speaker	Text
00:04:28	DP	Man, the Niners.
00:04:30	SR	It's killing me.
00:04:30	DP	Just not getting it done this year.
00:04:32	SR	It's killing me. I sure thought Winnipeg Blue Bombers are going to win that game. Without Chad Kelly, I didn't think the Argos had a prayer. And there you go.
00:04:40	DP	We won't ask you what a rouge is. It sounds like you probably know what that is.
00:04:43	JC	But back to the Niners, though. How do you expect to win, Scott, when you only pay your quarterback \$900,000?
00:04:48	SR	Hey, man, it was working last year, but he's clearly going on strike or something because he's sailing a lot of those balls out of bounds.
00:04:56	DP	Let's talk a little bit about markets. It's been a big few weeks. We had, obviously, a US election with, I don't know if it was a surprising result, but President Trump is back. President-elect Trump, until January, is back. Markets reacted pretty positively, at least over that first few days. But we've spoken, Kevin. The reaction maybe is a little bit more mixed as we get further into this.
00:05:26	KM	It's been a little north of two weeks now. And the first outburst or first reaction from [?] the market was, that's not contested. That we actually knew that evening, which was a very low probability event when you looked at all the polling, that the polling data suggests that this was a statistical tie. Would have meant recounts in many of those contested states, the seven. And what many market participants feared was we would not know who the winner was for days, weeks.
00:05:53		Potentially civil unrest in a very remote sense, but still real maybe, that would hang over the market. A lot of positioning was people hedging going into that because of the fear that it was going to be that tight. The rhetoric on both sides was pretty loud going in, lawsuits, etc., potentials. The fact that you knew that early morning, I said there was a sense of relief in the market. I think what the markets did the next day and the next few days was interpret basically the 2016 Trump win playbook, which was, hey, this is going to be great for small businesses.

Time Code	Speaker	Text
00:06:27		This is going to be great for all businesses, big businesses, deregulatory environment, prospect of lower taxes. I think with the market's typical reaction, we had pretty massive moves in smaller companies, small-cap names. The rest of the world, interestingly, have sold off. The dollar got much stronger. Countries that would have been in the crosshairs of this maybe think, Mexico, because of the border, the peso sold off. China sold off. I think what you've seen over the last week, we've given back pretty much half of those gains, with the exception of a few speculative trades.
00:07:00		The market started to price in these extremes. And then you've seen the nomination of some of these cabinet members now start to weigh on the market. And we're now [?] just saying, maybe this is big business and it's great, but maybe they're going to be places we have to worry about playing because the rules are going to change from what we didn't know before. Last comment on this, I think we're also digesting the speed of this.
00:07:22		If you go back to the last Trump win, it took him a long time to figure out who was going to be in his cabinet, getting them through, figuring out what he was going to do. That the initial tariffs... Remember, he was elected in November of 16. Didn't even get put on the table until 18. We're going to be dealing with a situation on day one where there's a massive number of executive orders. Things are going to get moving quick.
00:07:44		And probably because he's only going to have about two years to do this, because the house comes up in two years and some of this stuff may be tough. I think you're going to see a speed of things, which the markets aren't ready for, which they're starting to get their heads around. You're seeing some softness. Last real piece of this is on the bond market. The bond market has been telling you something very different than the equity market.
00:08:02		It's saying, hey, this may not be great, because if we're going to do all this new fiscal lifting and further tax cut and you're going to drive a lot of demand and we're not certain we've killed inflation. In some of these policies, whether it be removing workers, if you have mass deportation, therefore, in a tight labour market, you have to pay more. Could be inflationary. If you put tariffs on

Time Code	Speaker	Text
		goods and those manufacturers want to pass them through, again, potentially more inflation.
00:08:27		The bond market is telling you something different. You've seen a pretty good back-up in here in yields on this fear that maybe we're going to get too much of what we don't want. Been a pretty volatile two weeks.
00:08:39	JC	I'm going to stay away from the bond market and I'm going to stay away from politics. But two small nuances off the trading desk. We saw the first move higher right after the election was a bunch of unwind from hedges that were put on, number one. And two, people sitting on exorbitant amounts of cash that got overly optimistic and started to run it in. The reason I say that it was so nuanced, number two, is we are at record highs of individual retail investors, invested in the market.
00:09:05		Every single day, upwards of 55 to 57% of every share in the US traded is now retail. That is historically high and is sat there now for about three to four weeks. It's not a one-day wonder. It's a month now as the retail investor comes back into the market.
00:09:25	KM	I would agree with John. And one of the things we did see was people unwinding those hedges. But the speculation and things like this whole crypto thing and jump in Tesla, up 40%. Banks, it ran banks up, the immediate next day, 13, 14% on the fact that we're going to remove all the capital buffers and we're going to allow M&A across the board, regardless. A lot of this stuff, people going to the extremes.
00:09:46		And I would just caution people that until you actually see what is truly going to get done, some of this just is, again, the retail investor getting a little bit out over their skis on some of these.
00:09:56	SR	I know I'm not the market guy, but can I throw in one quick take? I've always been told, and I always understood, that there's one thing that markets hate. It is uncertainty. And I don't think that the market has fully processed and digested yet how much uncertainty they're going to get. And I'll pick up on something Kevin said, which is, they're moving rapidly, really rapidly. And what does that tell you?
00:10:19		One, it tells you they know what they want to do. Two, it tells you they're unrestrained. They don't feel there's no

Time Code	Speaker	Text
		<p>limit for them in the house. No limit and leash on them coming from the senate. Look at his cabinet appointments. He's got all three branches of government, plus, he's got a lot of control over judiciary. We look at the supreme court and other levels of the judiciary. And I think what you're going to see is, as we get closer to inauguration day and once inauguration day in the first week passes, people think they'll move from this hoped for utopian notion of regulation will be eliminated and corporate taxes are going to be lowered greatly.</p>
00:11:03		<p>To exactly what the bond guys are starting to think about already. We're going to have massive unpredictability. He is going to impose taxes all across the board, massive tariffs. My guess is he'll say, you know what? On a date certain, three months or six months hence, this is it. And the negotiator in him will be doing that to say, now, sector by sector, trading bloc by trading bloc, nation by nation, come to me on bended knee and beg for exemption.</p>
00:11:28		<p>And he will attempt to play everybody off. He hates multilateral deals because he knows they limit his negotiation power. But he puts a big tariff across the board, does Canada go to him or does the energy industry in Canada go to him? Does Trudeau go to him or do you see the EV manufacturers go to him and say, we're with you in opposing EV manufacturer of Chinese vehicles in Mexico, but surely, we'll blast what's happening in Michigan and Ontario?</p>
00:12:00		<p>And we have no idea what his response will be, but it probably isn't going to be good.</p>
00:12:05	KM	<p>Markets, and John and I have talked on this, but [?], first of all, I hate uncertainty and we're about to get massive amounts of it. And I think Scott's absolutely right. This is going to be very bilateral, country by country, industry by industry. Because if he tries to do a blanket situation, he's creating law. And which means he's got to go through congress. He's got to go through the senate. He may have slim majorities there.</p>
00:12:26		<p>If he goes one by one, he could do a lot of this with executive order, man. And as my good friend Greg Valliere said, day one, man, the pen is going to be running out of ink in terms of the number of executive</p>



Time Code	Speaker	Text
		orders being signed. Very different than the last time around. But one by one deals, he can... And it's going to be a negotiating tactic. And I don't think the market is prepared for this.
00:12:45	JC	One quick comment. Not only did he win an election, he got a mandate. He won in a big way. He knows he's won in a big way and he's going to take full advantage of it. We just got to sit back and absorb it as it happens.
00:12:57	DP	Scott, you mentioned Canada and the US and that relationship, it's dear to everybody in this room and lots of our listeners. Maybe you can unpackage for us and we can get into that relationship. But let's start with Canada's meant to have a federal election, I think, by no later than October 20th, next year. But there's a lot of talk that it's going to be a little bit sooner. Can you maybe give us that landscape for what we can see or what we might see in 2025 from a Canadian political standpoint?
00:13:30	SR	You bet. You're going to see continued unpredictability and fragility. And that's what we've had for the last couple of months. Because in Canada, typically, a minority parliament lasts a couple of years, 18 months, 24 months, tops. Justin Trudeau, because he was able to strike this arrangement of a supply and confidence agreement with the NDP, meant that he was protected. He was sheltered from the fear that all minority governments traditionally have of their government collapsing and then being forced into an election.
00:13:57		And now that that agreement has been withdrawn, they're back to the traditional, how do we barter on a confidence vote by confidence vote basis? Conservatives want to go to an election right away. They're riding high in the polls. NDP are on the fence. They've withdrawn their blanket agreement, but they're going to probably work on a one-off basis with the Liberals for a certain period of time. How long? Get to your question.
00:14:24		My guess is not long. Because there is a thesis within the NDP that their polling numbers will not improve until they get into an election. They're not going to sit around and wait to suddenly soar ten points above the Liberals to force an election. At some point... My guess is it's going to be spring of 2025, because that's when a budget has to come down and that is a mandatory confidence



Time Code	Speaker	Text
		vote. Even if there's things in there that the Liberals prepare to try to tempt the NDP, I think at that point, you're going to see the New Democrats say, you know what?
00:14:58		If we've still got Trudeau... Whether you like him or not, a lot of unpopularity is directed at him. If we've still got Trudeau, that we can campaign against. If we have these conditions, we're effectively tied with the Liberals, trailing the Conservatives. Let's roll the dice, let's have an election and let's go. I think it's very hard to see how this government survives past the next budget cycle.
00:15:19	KM	For my American friends, maybe just to... We have... Think of parliament like congress, except we've got 338 parliament's members. And there are five parties, not two. And the Liberals, I'd say the classical Liberals, probably 45%. And I guess a little bit left of our classical Liberal in the US would be the NDP, is probably seven and a half. The majority you're talking about is thin.
00:15:42	SR	Very.
00:15:43	KM	And the Conservatives probably, I'd say, are 35%, if that. But again, the majorities here are, similar to what we're talking about, very thin.
00:15:53	SR	More than thin. The government is actually hostage to other...
00:15:58	KM	Exactly.
00:15:58	SR	Political parties to support it. Because unlike Congress, not everybody is a free ranger. You've got a political system that's far more whipped than, say, the US Congress. And you will see eventually a confidence vote and the government will fall. And I...
00:16:19	KM	And, Scott, when do you think that is, though? Is that April timeframe are we looking at?
00:16:26	SR	First of all, there's no guarantee they're going to get through 2024. I think it's likely they will. I don't think the NDP have decided that they want to really pull the plug on this parliament now. But the Bloc has said they are going to withdraw their support. That's another for American listeners, Bloc Québécois, a regional party, only elects members of parliament from the province of

Time Code	Speaker	Text
		Quebec. They were supporting the government on a contingent basis. They've withdrawn that support now.
00:16:52		When do I think? I think you'll see the government use a combination of tools to get through to Christmas. I think you'll see people whispering over Christmas, will the prime minister step down? Shouldn't he step down? Maybe we should give him a kick in the arse and get him out. You're going to see all of that unfold. And then the government, I think, will probably bring forward a budget in May. They'll bring it in later than usual.
00:17:17		Won't be as early as February or April, I think, or March. I think they'll bring it in as late as possible, preserve their lifeline as long as possible, because they're so far behind the polls. It's a 20-point gap.
00:17:28	DP	They need time.
00:17:29	SR	And their only hope is that something changes. And they're counting on Donald Trump to be so disruptive and to so reset the board that suddenly, people will look to them and go, please save us. We actually are going to re-evaluate our assessment of the relative political parties in Canada. I don't think that's going to happen, to be honest. I think it's a long shot. I think they're going to drag it out, introduce something.
00:17:49		April, May, the government will fall and you're going to have probably a June election.
00:17:53	JC	Scott...
00:17:54	SR	And that's worth 10 cents, that prediction.
00:17:57	JC	That's okay.
00:17:57	SR	Ten Canadian cents.
00:17:59	JC	That's 10 cents more than our opinion counted in this matter. Here's a question for you. Let's assume he loses a confidence vote. Does he stick around? And if not, who's next in line on the Liberals' side? Carney is now supposedly back in the picture some way, somehow. Is he a player or does he wait it out? Who's in line next?
00:18:19	SR	It's extremely dependent upon scenario. If he loses a confidence vote, if we say we get to May, they introduce a budget and then the government falls on the budget, they're going into an election. He doesn't

Time Code	Speaker	Text
		resign then, he'll campaign as the leader of the party in that election and he'll get drubbed. It could be a devastating, historically, bad beating. Right now, if you look at the polls and you translate them into seat, stuff can happen during a campaign.
00:18:43		But if you're looking at the objective evidence that is available right now, the Liberals are headed toward a historic beating. The real question is, does he step down before the election? He has insisted he won't. But let's, for the sake of discussion, say that he will. You look at it and you go, you're really in a bad spot. Who wants to be the leader? Just want anybody involved in politics, because you still get to be prime minister.
00:19:10		If you take over for him as a leader, under the Canadian system, you automatically become prime minister. And if you've ever known anybody who avails to be prime minister, they are generally possessed of the confidence that would allow them to persuade themselves. Doesn't matter how bad the polls are now. When I arrive, my personal charm and magnetism will reverse all of these polarities and suddenly, people will want to vote for me.
00:19:33		Who would the people be at the tip of everyone's tongue if there were a leadership prior to the election? Carney, running as something of an outsider, although he's obviously pretty tight. You'd probably see your foreign affairs minister, who may be a little off some people's radar. But Mélanie Joly has probably the most advanced political network and organisational network within the party. And Quebec... And she's a Quebecer.
00:20:02		Quebec, traditionally within the Liberal Party and within Liberal Party leaderships, plays a disproportionately important role. She's got those advantages going for her. You might see a couple of others. People talk about a young guy like Sean Fraser, who's tall, strong communicator. Most people would say he's probably running for next time if he were to run. People question whether Chrystia Freeland, as the most prominent member of Trudeau's cabinet, might run.
00:20:25		A lot of people doubt that, frankly, she has the political and campaign skills to pull it off. And then you might see somebody like a Dominic LeBlanc, who, although he's associated with Trudeau, because they're longtime friends and he's a cabinet minister, is one of a very few

Time Code	Speaker	Text
		people in Trudeau's cabinet who's got game, who can step up to a microphone and make sense and connect with real people. He could sit here and talk with you two guys about markets or he could go have a beer at the corner tavern and talk with guys about the Toronto Argonauts or the Buffalo Bills.
00:20:58		It's going to be some combination of those people and we'll see. If it's after the election, if the Liberals take a historic beating, then you may see people say, whoa, are the Liberals back to third place like they were in 2011? That's a much less attractive vehicle to hop in and take for a spin.
00:21:15	KM	It's amazing to me, when we sit here, take the G7 countries, the big seven, and throw in the other big economies with dictators, like China, even throw Russia in, that Russia and the dictators are the only ones who really now survived outside of Trudeau since the pandemic. And the theme that all of them, you go to Italy, you go to Spain, you go to France, you go to the UK, you go now to the US, has been the same.
00:21:39		It's been affordability, inflation, immigration everywhere. And the tide has shifted. He's really the only leader that has survived, other than what I call...
00:21:52	SR	Simply because he hasn't had to face the voters.
00:21:54	KM	Yes. Other than what I call the dictators.
00:21:56	SR	It's been hunting season on incumbents. And the fact that he hasn't had an election, that's why they're going to play for time. Their hope is inflation comes down. People start to feel it. Maybe tensions ease. Maybe Trump is such an overwhelming factor that people go, God, maybe we need someone who stands completely in the opposite side of the ledger from him. Who knows? But it all feels pretty elusory.
00:22:17	KM	And the inference there being that Poilievre Pierre has this great Conservative lookalike image to Trump. And if Trump gets a little bit off the rails, that people rethink that.
00:22:29	SR	People might say, oh God, we don't want one of our own, do we? Although... And again, speculative polls are really hard to place any stock in. There have been a number of polls in recent weeks saying, on balance, who do you trust most to negotiate with Donald Trump? And

Time Code	Speaker	Text
		Poillievre leads those. I would argue that's probably just a reflection of general popularity. Trudeau's personal numbers are so in the sewer that it's hard imagining asking a question where he will come out on top.
00:22:55	JC	Do we see another infamous handshake at the White House between Trudeau and Trump?
00:23:01	SR	I don't know if we get invited to... It used to be, we were like, we're not...
00:23:04	JC	Exactly.
00:23:04	SR	And back in my day...
00:23:07	JC	For his country.
00:23:08	SR	Working for Mr Chrétien and working for Mr Martin, we expected and we were the first foreign visit of the United States' president as they would come into office. I don't think we're going to see that, obviously. We didn't see that last time. We're not going to see it this time. There's going to be pretty... Look at yesterday. We had the G20 meeting. And it was a bilat, a one-on-one meeting between Biden and Trudeau.
00:23:31		What did their readout say? Their official report of their meeting said they talked about the importance of the rule of law. You don't think that's a jam, Trump?
00:23:40	DP	Absolutely.
00:23:41	SR	What are you talking about when you're like, we're anxious about the rule of law? Trudeau's going to have to play it very delicately. Trump doesn't respect people to lay down on the carpet, but he also is easily antagonised if you stand up to him. And already, he comes in with baggage disliking Trudeau. It's tricky territory, man.
00:24:04	KM	The big thing is we think, forward... If your timeline, which I believe is right, Scott, in 2026, July of 2026, there is a provision in the new USMCA, which is the old NAFTA. NAFTA lasted 25 years. This was a six-year deal, before the lookback, that ends technically in 36. But it really...
00:24:26	SR	The review clause was put in explicitly at the insistence of the Trump administration.
00:24:30	KM	Correct. And it's essentially a six-year deal. And someone who, whoever this is going to be, is going to inherit, what I

Time Code	Speaker	Text
		would argue is going to be, I think, a tougher negotiation this time around, given it's not just China in the crosshairs on tariffs. The threat of 10 to 20% tariffs across all of its trading partners. It's going to be about, in the US, probably a million units of vehicles are shipped from Mexico in.
00:25:00		A lot of people crying and complaining about the amount of Chinese origin parts in those cars coming in. I just think whoever gets this seat is going to be facing down a different, different negotiation this time around.
00:25:13	SR	Let me say two things about that. And we're all dealing in the world of speculation. I think two things are going to make it particularly difficult. One is, we've got a lot of time before we get there. And I do think that Trump, on day one, is going to announce import taxes right across tariffs or right across the board in order to produce the kinds of negotiations we talked about that will be particularly injurious to Canada.
00:25:35		A, because we're so reliant upon trade. B, because we're so reliant on trade with the United States. And C, because we have this renegotiation of the USMCA pending. And he's going to force us to make brutally divisive choices prior to that renegotiation. Again, I go back to it. He might say, listen, all things being equal, I don't mind giving you guys an exemption around energy. I want some of your energy.
00:26:05		Fine. Premier of Alberta is going to be very insistent on that. Maybe even the premier of Newfoundland. But he's going to say, in exchange for that, your whole supply management system, a bunch of agricultural subsidies, I'm coming for them. That discussion won't wait until USMCA in 2026. He's going to force us to our knees on that. And then for people who are holding up the whole...
00:26:26		Pierre Poilievre, if he's there, then maybe it'll be better. There are national interests you're going to have to maintain and represent. How do you protect the auto sector, how do you protect the agricultural sector if Trump is saying, that's a trade-off for exemptions on energy? And that will unleash huge political dynamics within the country that were generally able to paper over because we have these larger, broader negotiations and agreements that allow us to not go

Time Code	Speaker	Text
		sector by sector. And almost, in our case, sometimes province by province.
00:27:01	KM	Go back to 2018, when Trump put these tariffs in place on China, there were baskets of things at first. And to your point, I'll go to the next basket, unless you buy this amount of oil from us, grain from us, etc. It was a threat to get purchases. COVID came along. But if you remember, right in front of COVID coming along, he was going down the line of country by country in Europe on Bordeaux and wines and cheese.
00:27:30		And he hates or hated... I assume he hasn't changed his tone on this. Countries that they run. The US runs a large trade deficit. We run about \$100 billion trade deficit. I think Canada this time around is going to be, unfortunately, a little bit more in the crosshairs than the last time. And I'd say the other thing about this six-year transition period, if you're a company trying to do trade and think about building a facility, six years is not enough time.
00:28:00		And when they put that provision in, it nullified a lot of the good of a good, long-term trade deal. And NAFTA was 25 years. You could make investment decisions and know that you had 25 years run [?] under the rules. With this six-year lookback thing, it's been hard. And then you're left with a deal that will only be ten years left. And even then, that might get renegotiated out.
00:28:22	DP	Given what you've just spoken about, and maybe this is for Kevin and you, John, first, and then Scott, you can weigh in. But does this election that we're going to get in 2025, are the stakes even higher from an economic and a financial market standpoint than they have been in the past?
00:28:40	KM	To me, there's a bunch of things converging here. We're in a situation where the economy here is not as strong as we say. The US is doing much better. When we look at GDP per capita or I should say by person, it's going down. It's being lifted because we have so many more people in the country. But the average person is spending less. We have a very different backdrop on our mortgage market here. People have to refi every three to five years.



Time Code	Speaker	Text
00:29:06		People in the US can live in their house for 30 years. They get a 30-year mortgage that they locked in with a sub-3 handle in COVID, they're not moving. We have to refinance. The consumer here is going to be in a tougher place. We're coming to the table, I think, at a time where our hands is a little less strong as the American hand is, both because of just where the economy is. I do think leadership is going to be important here because of the backdrop of these two countries is very different right now than what we're facing down.
00:29:38	JC	David, to answer your question directly, I think this election is transformational for Canada. I really believe that. It's that big a deal. With what's happening in the US, with some of the stats and the numbers that we're seeing in Canada from a growth perspective, we can't make a mistake in this next election. We got to do the right thing or we're going to be in a little bit of trouble. We've been talking about this for forever that I think the Canadian dollar is showing us that we're in a little bit of trouble. We're at 141 to the US dollar. It's weak.
00:30:05	KM	And that's up from 132 earlier in the year.
00:30:07	JC	Yes. People are reading through into 2025 now.
00:30:11	KM	And think about that. If you're worried about inflation and you're the Bank of Canada and you're dealing with these other problems and you do have to buy a fair amount of American things. At that level of the currency, it will be inflationary.
00:30:22	SR	I'll be heretical. Of course, every election's important. Of course, an election in the shadow of Trump 2.0, with all the unpredictability and uncertainty and disruptive nature, is going to be important. But when it comes down to the choice that people make, whether they somehow were able to resurrect the Liberal Party and it gets re-elected or whether it's Pierre Poilievre, I guess, from my perspective, if I'm going to be honest about it, the forces that whoever sits in the prime minister's office will be confronted by are the same.
00:30:49		And you're going to have to deal with an irrational actor on the other side of the table who wants to work on a sector by sector, almost industry by industry basis. Your obligation to defend the agriculture sector or the Auto Pact and how that's going to unleash tensions as

Time Code	Speaker	Text
		suddenly, leaders from the energy patch say, no, don't just give us what we want. Those pressures will come to bear on a Conservative prime minister just as much as a Liberal.
00:31:19		And I guess the last thing I would say is the traditional Liberal approach and the traditional Canadian approach has been surround strategy. What they do in 2016, meet with governors and senators who have common interests with Canada, who can then be advocates and influences and have a conditioning effect on the White House. There is no conditioning effect on this guy. And it leaves a Conservative or a Liberal prime minister with very few levers.
00:31:51		I think our only hope, which is going to sound irrational, is that the immediate impact of what he does on tariffs is so inflationary and destabilising that it isn't that people come to him and say, Mr President, you've got to change course. But that the American people come to him and say, you've got to change course. This is having disastrous impacts. That he unleashes a Liz Truss popular reaction. But I'm not sure I'm going to hold out the hope that that's going to be that immediate or that extreme, the market reaction or the popular reaction.
00:32:23		But it's a tough spot for any Canadian prime minister, no matter what their political stripe.
00:32:29	KM	I think if it's a market reaction, Scott, you have a better chance.
00:32:32	SR	So do I.
00:32:32	KM	Because people reaction doesn't seem to care. It's about the market and [overtalking].
00:32:36	SR	I think those bond guys know what they're talking about, man, and they see trouble.
00:32:40	KM	I think and we're going to be... It's another two months before we actually get to that day where he is inaugurated. There's a lot of rhetoric that can be thrown around here that's going to move things around between now and then too.
00:32:53	SR	Do I buy gold? Am I allowed to ask for investment advice? With the US dollar going crazy, do I get out of gold or do I think, wow, he's going to bring the world to its

Time Code	Speaker	Text
		knees and I want to get some? And I mean physically have gold in my basement. That's what I'm wondering.
00:33:07	JC	We can't...
00:33:08	KM	Partake.
00:33:09	JC	We can't give you that advice, but...
00:33:10	SR	I know you're not allowed to.
00:33:11	JC	I will say this. This might be the first administration where, in the Oval Office, we have a ticker tape running across the top of the ceiling so you can keep tabs of the S&P 500. Because you're right, Kevin, his scorecard is a stock market. Stock market's doing well, he's okay. Stock market not doing well, some of his hedge fund buddies and pals are coming to him saying, you got to do better.
00:33:32	DP	I think we should end it there. Scott, this has been a pleasure having you here. I appreciate you coming. And John and Kevin, as always, a pleasure. And we'll see you next time.
00:33:44	KM	Thanks, David.
00:33:45	SR	Thank you, David.
00:33:45	JC	Thanks a lot.
00:33:52	DP	Thanks, everyone, for listening. For a full transcript of today's episode, visit <a href="http://agf.com/podcast">agf.com/podcast</a> . And don't forget to subscribe to hear more from us at Apple Podcasts, Spotify, Stitcher, Podcast Addict and Pocket Casts. Scott Reid's opinions are solely his own and do not represent those of AGF Investments Inc. and/or its employees. This episode of Insight Perspectives was recorded on November 19th 2024 at AGF's offices in Toronto, Ontario, Canada.
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