



## How the Federal Election Will Impact Your Portfolio

### Description

Election time is upon us again. While Canadians choosing their government for the next few years does not garner the same fame that our neighbours to the south have for their electoral process, our next leader will have an impact on the market and segments of the economy as a whole, regardless of who is elected.

Let's take a look at what the future holds party by party on the market.

#### Conservative victory: Stephen Harper

A fourth victory for the Tories will arguably have the least amount of impact on the economy from its current state. The party is already seen as the most pro-business of the three, and energy stocks will likely see the most benefit, with the party being in favour of Keystone XL and Trans Mountain pipeline projects.

Expect **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)) and **TransAlta Corporation** ([TSX:TA](#))([NYSE:TAC](#)) to be at the top of the list of winners.

Moving to the financial sector, a Conservative victory will be most beneficial to banks, but this is likely not due to any action of the new administration, but because none of the competing parties that had agendas for banks got in. Banks have grown considerably over the years under a Harper government, and will likely continue that trend.

The dollar is another factor to consider, as during most of the Harper government, the dollar has hovered at or near parity, with the exception of the past year, when the loonie took a dive to sit near the \$0.75 level compared with the U.S. dollar.

A lower dollar means Canadian exports are cheaper, putting our products at an advantage abroad. Unfortunately, it can also spell havoc for businesses that have significant exposure to foreign exchanges and prices, such as airliners and food companies that import foods.

## Liberal victory: Justin Trudeau

The Grits haven't been in power since losing to the Conservatives over a decade ago. The Liberals have an ambitious plan to double spending on infrastructure, even willing to run a deficit to kick start the myriad of bridges and tunnels that need to be built or repaired. Coupled with tax cuts for the middle class, this could give a significant boost to the economy and put more people to work, while improving the infrastructure of the nation for generations to come.

Firms such as **SNC-Lavalin Group Inc.** (TSX:SNC), **Stantec Inc.** ([TSX:STN](#))([NYSE:STN](#)) and **Aecon Group Inc.** ([TSX:ARE](#)) seem the likely benefactors in this scenario, as each will shore up on staff due to all the expected work projects around the country.

The Liberals are not coy on plans to impose a price on carbon emissions, which could have negative impacts to the larger emitters of greenhouse gases.

## New Democratic Party victory: Tom Mulcair

The NDP proposal includes a 2% increase to the federal corporate tax rate, which is currently at 15%. This is in stark contrast to the other platforms, where the Liberals want to lower the rate and the Conservatives want to keep it the same. This increase could put as much as an additional \$5 billion into federal coffers within a few years.

Taking a look at the financial sector, the NDP would make a move for regulating bank fees that are passed on to consumers, which could spell lower earnings for the Big Five banks.

From an energy perspective, the NDP is similar to the Liberal view of assigning a price to carbon emissions, but would go further and apply a cap-and-trade system. This could have negative impact on energy and pipeline companies as well, with **Canadian Pacific Railway Limited** ([TSX:CP](#))([NYSE:CP](#)) and **Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)) likely gaining significant crude shipments.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:CP (Canadian Pacific Railway)
3. NYSE:STN (Stantec Inc.)
4. NYSE:SU (Suncor Energy Inc.)
5. NYSE:TAC (TransAlta Corporation)
6. TSX:ARE (Aecon Group Inc.)
7. TSX:ATRL (SNC-Lavalin Group)
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