

**ON DECK FOR MONDAY, OCTOBER 21**

Country	Date	Time	Event
CA	10/01	22:00	All Federal Election Polling Stations Close (eastern time)

**KEY POINTS:**

- Markets guarded ahead of politics
- Aborted Brexit vote might return as soon as today
- CDN election results could take a while
- Global Week Ahead

Please see the Global Week Ahead here. Key risks this week include the following, with an update to Brexit developments further down in this morning's note.

- CDN election
- Brexit 4.0 vote
- CBs: ECB, Riksbank, Norges Bank...
- ...Russia, Turkey, Chile, BI
- US speech on China
- US earnings
- Eurozone PMIs
- German IFO, GfK
- CDN retail, wholesale
- US housing, cap-ex
- Fed's blackout
- BoC's BOS, SLOS surveys
- Swiss election
- Asia other macro

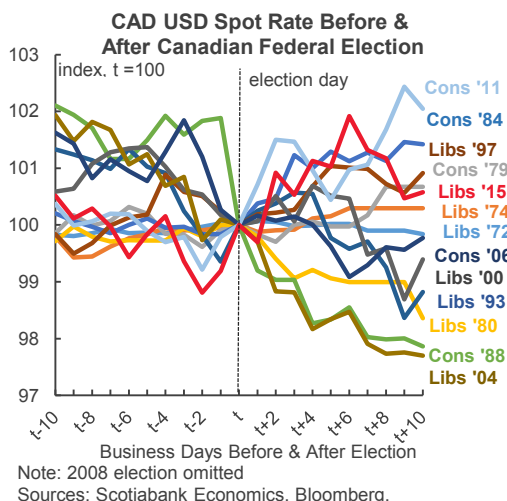
**INTERNATIONAL**

There is a slim chance that an aborted Brexit vote may come back today (see below) as the market focus on political risk also shifts toward Canadian election results that might take well into the night or later before they become available.

- US equity futures are up by about ¼% on average across the exchanges with TSX futures performing similarly. European stocks are up by roughly between ¼% and ¾% with the FTSE100 and Paris lagging and the Dax leading. Asian stocks saw flat exchanges in Hong Kong and mainland China but small rallies in Seoul and Tokyo.
- Oil prices are down by 40–60 cents in terms of WTI and Brent respectively. Gold is flat at about US\$1491 and has been stuck around that level for most of this month and last.

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- Sovereign bond yields are higher everywhere but especially across the gilts and EGBs curves. Gilts are cheaper by 2–6bps in a bear steepener move. EGB 10s are up by 3–6bps with Italy underperforming the rest. 10 year JGBs were up 1bp to -14bps.
- Currencies are mixed. The Euro and yen are flat to the USD, the Mexican peso is depreciating by about ¼% to 19.15, Scandies are leading appreciating crosses along with the won. CAD is very slightly firmer but the effects of past elections by party stripe have been random (see chart).

Well that was anticlimactic. The final, no going back, I really mean it this time, it must be today or else I'm gonna huff and puff and blow you all down deadline for the Brexit vote came and went on Saturday without so much as single nay or yeah on it. The Letwin amendment killed the planned vote, at least for a time. The amendment proposed holding back approval of the Brexit deal until the Withdrawal Agreement Bill that puts it into law is passed; the intent was to avoid a hard Brexit if a vote Saturday had approved the deal but legislation enacting it subsequently failed to meet the October 31<sup>st</sup> deadline. The Letwin amendment passed by a vote of 322–306. The vote was also symbolic in that it may have also served as an indication of support for the Brexit deal itself, although that's unclear.

There is a chance at a 'meaningful vote' late this afternoon into the evening (eastern time). For that to happen, Speaker of the House John Bercow has to decide whether to permit a vote against the ages old parliamentary tendency not to present a vote on precisely the same matter more than once. Apparently the issue is that because the government did not formally pull the vote on Saturday, parliament essentially weighed in on it and therefore cannot commit some form of parliamentary double jeopardy but in somewhat twisted fashion relative to the US Fifth Amendment's wording that no one can be "subject for the same offense to be twice put in jeopardy of life or limb." That would be a raucous parliamentary session indeed! If Bercow says yes at some point after 9:30amET when parliament reconvenes, then a vote could occur as soon as late this afternoon into the evening (eastern). The BBC is indicating that Bercow could weigh in at about 10:30amET.

Courts will also be asked to rule on whether PM Johnson's rather passive-aggressive action to send a letter requesting an extension to January 31<sup>st</sup> as per the requirement of the Benn Act was in keeping with the spirit of the act. Johnson sent his letter unsigned and followed it up with another letter requesting the EU ignore to ignore the first letter. Truth is stranger than fiction indeed.

The EU is holding off on its decision whether to grant an extension likely as it observes ongoing developments in the British Parliament and with still time ahead of the October 31<sup>st</sup> deadline.

## CANADA

It's election day in Canada. The writ was dropped on September 11<sup>th</sup> and less than six weeks later the day is upon us given the fixed dates set in the Election Act. If only elections operated this efficiently in the US.

Results will start rolling in for the east coast polls shortly after 7:30pmET local time for the east coast except for Newfoundland that will begin to be available shortly after 7pmET for Newfoundland. Results from Ontario and Quebec will be streaming in shortly after polls there close at 9:30pmET. The last poll results will begin arriving after 10pmET when they shut on the west coast. If the pollsters are accurate this time, then there could be many tight races that will mean that the overall results might not be available until late into the evening or even tomorrow. Barring a majority government, an attempt at a coalition government may be negotiated and that could take considerable time such that we may not know what government takes form until tomorrow or longer.

New polls arrived on Friday through to yesterday ([here](#)), but they generally repeat the same thing pollsters have been telling us for a while. Popular support is split at about one-third of voters for each of the Liberals and Conservatives especially taking into account the +/-3.5% margin of error. Translating that into seat counts is done at the same CBC link but the methodology and results leave all outcomes in play.

Please see the Canada section of the Global Week Ahead ([here](#)) for more on the election.

3

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