



Canada Elections: 2 Industries That Will Thrive Regardless of the Outcome

Description

It's turning out to be another contemptuous election this year, with both parties aggressively criticizing their opponent's policies. However, despite the acrimony, there are a handful of issues both the front-runners — Justin Trudeau's Liberals and Andrew Scheer's Conservatives — seem to agree on.

Here's a look at two industries that could see positive developments regardless of who wins the election in October.

Renewable energy stocks

In terms of controversy, climate change may be as divisive as immigration or the cost of living. It's a pivotal subject for all parties in this upcoming election. While most investors focus on the impact of government policies on the oil and gas sector, I believe it's easier to bet on renewable energy, since both parties seem interested in boosting spending in this sector.

While the Trudeau administration has already spent billions of dollars on renewable infrastructure since taking office, the Conservatives seem to be making similar promises in this year's campaign. They have committed to meeting the Paris Agreement target and want to replace the carbon tax disincentive for emitters with a tax credit incentive for green technology innovators and investors.

"Conservatives fundamentally believe that you cannot tax your way to a cleaner environment. Instead, the answer lies in technology," Conservative leader Scheer said in a recent speech. That probably means his administration would be interested in spending more on solar, wind, and hydroelectricity.

It seems clear that stocks like **Brookfield Renewable Partners** and **TransAlta Renewables** stand to benefit from increased government spending regardless of who takes office for the next five years.

Housing market stocks

The cost and availability of housing is another pivotal issue that both front runners seem to agree on. They both want to increase the supply of affordable homes and help first-time home buyers.

The Liberals are offering \$55 billion to build new affordable units, a \$40,000 incentive for climate-focused home renovations and first-time home-buyer subsidies of 5-10%. Meanwhile, the Conservatives want to ease building regulations, raise amortization limits to 30 years and offer tax credits of up to \$20,000 for home renovations focused on energy efficiency.

In fact, even smaller parties like the Greens and New Democrats are offering similar incentives and promises of affordable housing.

This implies that residential housing real estate investment trusts, property developers and contractors will benefit from increased spending regardless of the election's outcome. Investors should probably add stocks like **Canadian Apartment REIT** and **Minto Apartment REIT** to their watch list.

Foolish takeaway

Elections are notoriously difficult to predict. To make matters worse, there's always a chance that a newly elected government will fail to live up to the audacious promises they made on the campaign trail.

With that in mind, I believe investors should tune out the noise and focus on stocks in industries that all parties seem keen to support. It seems clear that the need to invest in renewable energy and the desire for housing affordability is spread across the political spectrum.

Investors can probably add renewable energy and housing stocks to their portfolio with confidence this fall.

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