



## What a Trudeau Government Means for the Stock Market

### Description

As I research this topic, I'm quite surprised to find out that the liberals have taken a non-traditional approach to its campaign this year.

After a tumultuous 2019 with the SNC-Lavalin scandal and instances of Trudeau wearing blackface, Trudeau's Liberals have found new ways to appeal to voters on various issues.

Investors should take heed of Trudeau's campaign promises, as the implications on the stock market are significant. Although many promises have been made, the three that I will be focusing on include taxes, the environment and health care.

### Taxes

When I heard Trudeau's announcement the other day, I wasn't at all surprised.

Tax cuts have traditionally been used by conservatives to pander to its high-income and low-income voters, whereas liberal tax cuts are targeted to the middle class, which represents its voter base.

Trudeau has promised to increase the threshold under which no taxes are paid from the current \$12,000 to \$15,000, potentially resulting in savings of \$292 for an average Canadian.

The *National Post* defines the middle class as those with an income of between \$29,432 and \$78,485. Canada's middle class is estimated to compose 58% of our population.

The implication that this tax cut will have on the stock market is generally positive. As the range for middle class is significant, it's hard to determine where Canadians will spend this additional money.

It's fair to assume that those making the lower end of the range will put the money toward necessities, whereas those on the higher end will have more disposable income for investments in the stock market.

At the end of the day, the stock market will benefit, as those purchasing necessities increase revenues

for corporations, which then drives stock prices.

## Environment

When it comes to the environment, the liberals have a much better record than the conservatives. Under Stephen Harper, the conservatives cut funding to many government institutions that include Environment Canada and Fisheries and Oceans Canada.

Andrew Scheer is departing from his predecessor's approach with a home-renovation pledge that I will go into in my other article on the Conservatives.

In order to combat climate change, Trudeau has offered interest-free loans up to \$40,000 to upgrade old furnaces, replace leaky windows or retrofit homes.

If we assume the average Canadian uses the entirety of the \$40,000 and the interest rate is 6%, the average Canadian will save \$2,400, which is quite a bit of money.

That said, not many Canadians in the lower middle-class bracket have additional funds for home renovations. However, the stock market will still reap benefits due to the purchasing of new supplies and equipment which stimulates the economy along with the extra \$2,400 that consumers can use to invest in shares.

## Health care

Trudeau has pledged an additional \$6 billion for health care over the four years if re-elected. Although there is no direct impact on the stock market because of this, the overall effect is positive.

Additional funding for health care means shorter wait times in the ER and a generally more efficient health care system. This is beneficial for Canadians, as time spent in the waiting room is unproductive time, which means the faster a patient can be admitted and treated, the faster they can return to work and contribute to the economy.

Check out my other article published today for the Conservative's approach to these issues and its impact on the stock market.

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