



What Justin Trudeau's Victory Means for TSX Stocks

Description

Liberal leader Justin Trudeau has won Canada's 43rd general election and now has the mandate to form a minority government. With this major political question now answered, investors can finally see value being unlocked in certain sectors and a pullback in others based on the Liberal Party's campaign promises.

Here's a closer look at the winners and losers of this election outcome:

Clean energy over oil

Perhaps the most controversial aspect of this recent campaign was the fate of Canada's energy sector. With the liberal party winning the most seats and poised to form a coalition with either the New Democratic Party or the Bloc Québécois, it seems Alberta's oil and gas industry must brace itself for another few years of pain.

The liberals want to reach net-zero emissions by 2050, and have promised a tax-cut for renewable energy producers and a \$200 million annual investment in clean energy. The NDP and BQ have similarly ambitious targets.

All three of these parties have focused heavily on cutting emissions and boosting clean energy. That could dent the prospects for companies like **Canadian Natural Resources** while enhancing the outlook for renewable energy stocks like **Brookfield Renewable Partners** and **TransAlta Renewables**.

Green energy stocks have hit maturity in recent years as the price of renewable energy has fallen to par or below the cost of conventional sources. Some of these businesses are expanding rapidly and offer high dividend yields. Even Warren Buffett is getting involved with a [\\$200 million bet on wind farms](#) in Alberta.

If the country has decided to go green, investors shouldn't overlook the opportunity to extract a profit from this long-term transition.

5G over telecommunications

Slashing the cost of wireless communications across the country was a key promise of the Trudeau campaign. Canada's telecommunications industry is relatively more concentrated than any other developed market. The top three players – **Telus**, **Bell**, and **Rogers** – collectively control over 88% of the market, which has kept prices up.

The liberals wants to cut the average family's cell phone bills by nearly 25%, while the NDP wants to place caps on prices and eliminate caps on data to help make the plans more affordable.

Introducing more competition by supporting smaller rivals like **Shaw** or capping prices for the industry could have a dramatic effect on the bottom line for the big players.

However, the clear winner is the semiconductor company **Sierra Wireless**, as all players are expected to invest heavily in the upcoming roll out of [5G wireless technology](#). SW's stock is beaten down at the moment, which could be an excellent opportunity for long-term investors in the space.

Bottom line

The outcome of yesterday's election paints a picture of Canada's near-term economy. While a lot can change over the next four years and political parties do tend to fall short of their own promises, investors must take note of the changing landscape for Canada's energy and telecommunications sector.

Fortunately, there's plenty of opportunities for investors to bet on these two transitions.

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