



## What the Liberal-NDP Deal Means for Investors

### Description

The Liberal government reached a deal with the New Democratic Party on Tuesday in hopes of staying in power until 2025. While the deal still needs approval by the NDP caucus, it looks like it will indeed go through. What does the Liberal deal mean for Canadian investors today?

### What happened?

Prime Minister Justin Trudeau announced the Liberal deal between his government and the NDP party on Mar. 22. The deal will help the minority government stay in power until 2025. In return, the NDP receive progress on key issues for the party. This would include a dental care program, pharma-care, and action on housing and climate change.

This means one thing: the NDP will have a *big* say in how the government spends its money. However, it also means the NDP will pass each of the next four Liberal budgets. Trudeau stated that this will help “get things done for Canadians.” Meanwhile, Jagmeet Singh, leader of the NDP, stated this was a “starting point” and the party could pull its support at any time.

### So what?

All this is interesting, but how does this affect Canadian investors? Interim leader of the Conservative Party Candice Bergen seems to know. Bergen stated that this deal could lead to a stoppage of building pipelines, given the support for action on climate change and indigenous rights. This could be a problem, as Europe is looking for oil and gas at a time when the war in Ukraine has led to sanctions against Russia.

Further, the spending on a dental program that would see low-income Canadians under 12 receive free dental care would be a strain on government debt. “It will mean more debt, more inflation, more jobs lost, more uncertainty, and, frankly, more polarization,” Bergen said.

While this may or may not be true, on the flip side both the NDP and Liberals plan on creating “good-

paying jobs” that would help further the country towards the 2050 goal of net-zero emissions. It cannot be argued that climate change offers a large opportunity for investors as well. And with more jobs going towards this goal, that could see a boost in share prices for clean energy companies.

## Now what?

It looks like oil and gas companies and clean energy companies will be the most impacted by this new deal. That being said, I wouldn't say you sell all of the former and invest all in the latter. Instead, it's a wait-and-see approach. In fact, many energy companies, such as **Pembina Pipeline**, are already moving towards clean energy options. This includes the Alberta carbon-capture [program](#).

As for clean energy, if you want to get in on some of the action, at least for now, a great way would be to invest in what every clean energy source needs: [batteries](#). For that, you need lithium, so I would recommend seeking out **Lithium Americas** as a solid long-term hold. Whether it's solar or wind, batteries will part of that net-zero future.

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