



Beat the Market by Purchasing Shares of TransCanada Corporation

Description

Over the past 10 years, **TransCanada Corporation** ([TSX: TRP](#))([NYSE: TRP](#)) has beaten the **S&P 500** in terms of total performance. The S&P 500 is up about 56%, while TransCanada's stock has returned about 62% during that span.

Both the S&P 500 and TransCanada's stock are sitting near their all-time highs, but TransCanada is in a position to continue surpassing the S&P 500's performance in the future.

TransCanada's stock is hovering near an all-time high, but the company still faces some downside pressure due to the unknown fate of its controversial Keystone XL pipeline.

The pipeline was designed to transport oil from Alberta to refineries in the U.S. Midwest and Gulf Coast, but the northern leg, which requires U.S. government approval because it crosses the U.S./Canada border, remains held up by red tape.

While TransCanada became a household name thanks to the pipeline, the fact is that it's not the company's primary business. The company's major lines of business are natural gas pipelines and storage.

TransCanada ventured into oil pipelines because it saw an opportunity to develop infrastructure to transport oil across North America, an opportunity that it deemed congruent with its line of business.

Even with the Keystone XL pipeline held up, TransCanada is showing growth, and has a huge backlog of projects. Beyond the Keystone, TransCanada's network of gas pipelines connect virtually every major natural gas supply basin and market, and transport 20% of the natural gas consumed in North America.

In addition, TransCanada is one of the largest developers of new storage facilities and providers of underground natural gas storage services in the U.S. The future looks bright for TransCanada.

If the Keystone is rejected, the company has many other operations to fall back on, and investors will continue to be drawn to the company due to its healthy dividend payment.

There is also speculation that the company, whose investor base is primarily made up of Canadian institutions, could attract U.S. investors, perhaps even activist investors who would encourage the sale, or break-up of the company. Either way, it looks like a decision on the Keystone XL will be made this November, after the U.S. midterm elections.

With the S&P 500 sitting near a record and many economists concerned about the sustainability of the rally, TransCanada's healthy business and potential for more upside indicate that the stock will continue to outperform the broader markets.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:TRP (TC Energy Corporation)

Category

1. Investing

Date

2025/09/13

Date Created

2014/08/29

Author

lklingel

default watermark

default watermark