



Why You Should Buy TransCanada Corporation Shares Today

Description

It's been a tough few months for Canada's energy giants.

Depending on the company, shares of our nation's largest producers and shippers of oil have declined anywhere from 10% to 30%. Investors are concerned that \$80 per barrel oil is here to stay, which will significantly cut into profit margins going forward. Many investors have been using this weakness to pick up shares on sale, which will probably turn out to be a pretty astute move.

There are a couple of factors holding down the price of oil. Various economies around the world are starting to look weak, particularly Europe and Japan. China is still growing, but nothing like it was a few years ago. Even many other emerging markets are seeing a slowdown. Additionally, U.S. shale oil production continues to decrease its dependence on foreign oil.

Plus, all indications are that Saudi Arabia isn't too excited about decreasing production in order to get oil prices back up. We could very well be heading into a high-stakes game of chicken between OPEC producers and other worldwide energy giants. Which group will slow production first?

This is exactly why investors looking to get exposure to the energy sector may be better served to invest in the pipeline companies. They're less sensitive to the price of crude, and business is generally very consistent. And in the case of **TransCanada Corporation** ([TSX: TRP](#))([NYSE: TRP](#)), the company has a couple of upcoming catalysts that could send the stock shooting higher.

Two potential huge events

Tuesday, November 4, could end up being immensely important for TransCanada, as well as the United States in general.

Political observers will already know what I'm talking about. The U.S. will be holding its mid-term elections, which will affect both the Senate and the House of Representatives. Why's this so important to TransCanada?

Because the company is looking to complete the final stage of its Keystone XL project, which will

connect Alberta produced crude with refineries in the Southeastern U.S. The section currently in dispute would stretch nearly 1,900 km between Alberta and Nebraska, and then existing pipelines would take the crude to refineries.

TransCanada has been waiting for years for approval of the project. A few months ago a government-sponsored panel ruled in favor of the project, citing the projected minimal environmental impact. All the company is waiting for is approval from U.S. President Barack Obama.

Currently, Republicans are projected to control both the House and Senate after Tuesday's elections. Thus, analysts are predicting that a Republican majority makes it only a matter of time before Keystone eventually becomes a reality. There's little doubt TransCanada's stock would rally on that news.

But wait. There's more.

In September, word leaked that the company was being targeted by activist investors. Essentially, these hedge funds are convinced that the company is worth more split up than it is together. Other ideas being floated around to unlock value are selling the company's power assets, spinning out its U.S. based natural gas assets, or substantially increasing the dividend.

These rumors aren't close to being verified, but generally in these types of situations rumors don't show up without some substance behind them.

Even if the activist rumors turn out to be false, TransCanada investors are still getting the potential growth from Keystone XL, a generous 3.4% dividend yield, and other potential growth projects, including a 4,600 km pipeline that would carry crude from Alberta to refineries in Eastern Canada through New Brunswick. There are plenty of reasons to own this stock. These two potential catalysts just make it all the more attractive.

If you like the stability of TransCanada, you'll love these other dividend payers. Check out our free report below.

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