



Think Donald Trump Will Win? Then Load Up on These 2 Stocks Now

Description

Love him or hate him, there's no denying Donald Trump has a very real chance of prevailing as president on November 8.

Depending on your perspective, this is either a good thing or a very bad thing. Trump's policies on things like immigration, free trade, gun control and health care are very clear. Certain people think if Trump has a chance to implement these policies, it'll be terrible news for the United States.

Take Trump's immigration stance. If he really cracks down on illegal immigrants in the United States, many fear it'll discourage many legal immigrants to choose America as their new land of opportunity. These immigrants will then take their talents to places like Canada or the United Kingdom, robbing the United States of the many benefits of immigration.

If we take this logic to its natural conclusion, having Donald Trump in charge of the United States will be a relatively bleak time. Nobody credible is predicting the United States will fall into a depression because of the person in charge, whomever that might be. But often the leader can make just enough of a difference to turn a prosperous economy into a tepid one.

A country's currency is a gauge of its overall financial health. If the United States elects Trump, one reaction from investors could be to sell U.S. dollars—a move that would undoubtedly be good for the Canadian dollar.

If such a thing happens, it'll be very good news for a few Canadian stocks. Investors who are bearish on the U.S. dollar would be wise to load up on these companies today.

Dollarama

When the U.S. dollar strengthened against its Canadian counterpart back in 2014, **Dollarama Inc.** ([TSX:DOL](#)) reacted by introducing a new \$3 price point on certain items. Because Dollarama is assumed by its customers to be the cheapest store out there, it was able to push through these price increases without too much complaining.

If the Canadian dollar strengthens against the U.S. dollar, this makes importing items from China cheaper, since the world's second-largest economy has pegged its currency to the U.S. dollar. Dollarama can then continue to hold its prices higher while paying less for product. This translates into higher profits without having to do much of anything.

The fun thing about this scenario is that Dollarama hardly needs any additional help. The company continues to crush investors' expectations. It recently reported an overall year-over-year sales increase of 13.2%, including same-store sales rising 6.6%. Gross margins increased to 37%, EBITDA grew to 18.8% of sales, and net earnings were up 36% from \$0.50 per share to \$0.68.

Imagine those results combined with a big increase in the Canadian dollar.

Baytex Energy

I'm convinced one of the factors that helped cause oil to decline from \$110 per barrel to sub-\$30 was the U.S. dollar's strength, since crude is priced in U.S. dollars. Sure, when priced in Canadian dollars, oil still fell. But it didn't fall as far, reaching a low of approximately \$40 per barrel when priced in Canuck bucks.

I believe the inverse will happen if the U.S. dollar struggles under a Trump presidency. Crude will increase not because of fundamentals, but because it's priced in a weaker currency.

This is great news for **Baytex Energy Corp.** ([TSX:BTE](#))(NYSE:BTE), which has turned into a levered play on crude. When crude goes up, Baytex tends to spring even higher.

Back when crude was below \$30 per barrel, Baytex shares floundered below \$2 each on the TSX. As crude slowly crept higher, Baytex did remarkably well. Shares are up approximately 300% from the lows set in January—a great move considering crude hasn't quite doubled.

Unlike some of its peers, Baytex doesn't really need crude to head up in a hurry to survive. None of the company's approximately \$1.8 billion in debt is due before 2021, meaning management can afford to wait out today's low prices. This gives investors a levered play on crude without an upcoming deadline.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BTE (Baytex Energy Corp.)
2. TSX:DOL (Dollarama Inc.)

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