



3 Canadian Stocks to Buy in a Donald Trump World

Description

It's official. Republican Donald Trump has defeated Democrat Hillary Clinton and will be the next president of the United States.

At first, markets were shocked by the news. Dow Jones Industrial Average futures fell close to 1,000 points as Trump locked in votes, which would have represented a bigger crash than immediately after the 9/11 terrorist attacks. Investors panicked, convinced a Trump presidency would be bad for free trade, economic growth, and foreign investment.

But investors calmed down, and major U.S. and Canadian indices hit positive territory during today's trading. Trump's victory speech didn't even mention many of the issues that first alarmed investors, and many began talking about some of Trump's pro-business policies having a big impact, like cutting corporate taxes to 15% and encouraging multi-national corporations to bring earnings trapped overseas home.

A Trump presidency can also be good for Canadian stocks. Here are three that should be happy with his victory.

TransCanada

A Trump win is likely very good news for **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)).

Remember, the company was all set to build its Keystone XL pipeline through the heart of the United States before President Obama gave into political pressure and vetoed the project in November 2015. Oh, what a difference a year makes.

Keystone XL seems much more likely to pass under a Trump administration. It was part of his platform, and the president-elect even tweeted about it personally. Trump is also much more pro-energy than the current administration, favouring a plan to make America energy independent by encouraging domestic production. That's good news for a pipeline company with many of its assets in the U.S.

Don't be surprised if one of his first moves as president is to ask TransCanada to send its application

back in.

Gold

One of the hottest sectors on the Toronto Stock Exchange is gold, as investors think a Trump presidency is good news for the price of the yellow metal.

The logic goes something like this.

Investors are worried Trump will pass a number of laws that are bad for the U.S. dollar. He constantly spoke about slapping tariffs on various imports in an effort to keep manufacturing jobs at home. Anti-trade laws tend to be bad news for the U.S. dollar. Capital leaves a country with such policies.

Gold does well in such a situation. Investors run to so-called safe-haven assets.

Barrick Gold Corp. ([TSX:ABX](#))(NYSE:ABX) is a clear beneficiary in a world where the price of gold is increasing. That's because the company has massive operating leverage. If gold goes up, Barrick benefits quite a bit. Every gold miner benefits, but Barrick has high costs and a lot of debt. It benefits the most.

Valeant

A Trump victory is also a plus for **Valeant Pharmaceuticals Intl Inc.** (TSX:VRX)(NYSE:VRX), a company that really needs at least one thing to go its way.

Valeant is dealing with many different issues. It has a mountain of debt. Former execs have been named in a criminal probe after the Philidor scandal. And it could face increased competition as some of its major drugs will no longer be protected.

Clinton's campaign targeted drug makers like Valeant, vowing to take a serious look at rapidly increasing prices. Trump's campaign barely said a peep.

Valeant is hardly out of the woods yet. But shares are up 3.6% during Wednesday's trading session as investors are relieved it will have one less issue to deal with.

The bottom line

For the most part, investors shouldn't care at all about Tuesday's election results. It's business as usual for most North American companies until Trump proves otherwise.

But there are a few that will benefit from the current situation. Will it be enough to justify purchasing any of these companies? That's up to each individual investor to decide.

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