



Donald Trump's Victory Just Changed the Fortunes of These 3 Stocks

Description

Donald Trump shocked many observers by winning the presidency with 288 electoral college votes, and a whole slew of uncertainties have been injected into the market that were not there before the election.

With regards to Canada, Trump has proposed a renegotiation or withdrawal from NAFTA, and with \$51 billion of goods crossing the border monthly, the status of NAFTA could cloud the growth outlook for many Canadian businesses. The removal of NAFTA could lead to tariffs on Canadian exports and could also disadvantage crude oil exports to the U.S. in favour of domestic production. Canada exports 99% of its oil to the U.S.

While it is uncertain what will happen with trade, there are several stocks in Canada that are likely to be long-term beneficiaries of a Trump presidency. Here are three names to consider buying today.

Baytex Energy Corp. ([TSX:BTE](#))(NYSE:BTE)

Oil producer Baytex may seem like a strange beneficiary, especially given the risks surrounding trade policy, but a deeper look reveals some major potential benefits for oil stocks, especially over a medium-term (one to three years) time frame. Baytex remains one of the most leveraged names to oil prices in Canada due to its heavy oil exposure and debt levels, and it's uniquely suited to profit from rising oil prices.

How will a Trump victory benefit oil prices? Several of Trump's policies actually benefit U.S. oil demand. Trump plans on reducing both corporate and individual taxes. Trump is going to reduce the number of individual tax brackets, drop to highest bracket from 39% to 33%, and lower the corporate tax rate from 35% to 15%. Trump is also lowering taxes on corporations that want to bring cash back from overseas.

These tax policies should be positive for U.S. economic growth as well as oil demand. In addition to this, Trump is planning an infrastructure spending program, which should bode well for growth. While some of Trump's trade and immigration policies could offset these effects to a degree, the effects of tax cuts and infrastructure should be immediate.

TransCanada Corporation ([TSX:TRP](#))([NYSE:TRP](#))

TransCanada is an obvious winner from a Trump presidency due to the fact that Trump had stated that he would approve the Keystone pipeline. It is little surprise that TransCanada shares shot up by 2.6% the day after the election. TransCanada stated it is still fully committed to building the pipeline and will be engaging with Trump.

A potential approval of Keystone would automatically increase the intrinsic value of TransCanada shares. TransCanada has a \$26.5 billion set of growth projects that are ready to be completed by about 2020, and this set of projects is what is driving the company's expected 8-10% dividend growth out to 2020.

TransCanada, however, also has \$37 billion of mega projects that are unlikely to be approved, and Keystone is the second largest of these projects, valued at \$8 billion. TransCanada does not factor Keystone into its growth outlook, and, if it were approved, TransCanada would grow faster and also be worth much more than the market is currently pricing in.

Barrick Gold Corp. ([TSX:ABX](#))([NYSE:ABX](#))

Finally, gold is expected to be a long-term winner from a Trump presidency. While some of the effects of Trump's policies may be bad for gold (the pro-growth agenda can boost growth rates, the U.S. dollar, and interest rates, which are all bad for gold prices), there are several positive components.

The main is that Trump's presidency will be filled with uncertainty, and this degree of uncertainty should be a tailwind for gold, especially before markets have a clear understanding of what policies he will implement. Barrick Gold is a smart way to play this, since it is the world's largest global producer and tracks the price of gold well; it also has declining debt and risk levels.

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