



3 Stocks to Benefit From a Trump Presidency

Description

A Trump presidency continues to garner fear and consternation from investors, analysts, and economists. Not only do his proposed policies have the potential to derail global economic growth, but they could also trigger a trade war with China and escalate geopolitical tensions in Europe. There are also fears that his planned fiscal stimulus will cause the U.S. economy to overheat, creating a stronger U.S. dollar and sparking faster than anticipated rate hikes by the Fed. The negative implications of these policies would ripple across global financial markets.

Nonetheless, there are stocks that Canadian investors can add to their portfolio that will perform strongly even during a Trump presidency.

Now what?

One of the best hedges against this uncertainty is global infrastructure giant **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)). The ever-widening infrastructure-spending gap will act as a powerful long-term tailwind for Brookfield Infrastructure, because it is becoming evident that only the private sector is capable of filling it.

If Trump's planned trillion-dollar infrastructure investment eventuates, it will give that tailwind additional momentum.

A large number of Brookfield Infrastructure's assets operate in oligopolistic markets. This means that it can be a price maker rather than a price taker, thereby helping to protect its earnings. The majority of those earnings are contractually locked in, giving further protection in the event of an economic downturn.

Next is one of North America's largest transcontinental rail operators, **Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)).

Its transcontinental rail system forms an integral link in North America's transportation network.

Regardless of the state of the economy, its transportation services will remain in high demand,

particularly with rail being the only cost-effective means of bulk freight transportation. This is particularly important considering that Trump is determined to reinvigorate the U.S. energy sector, including coal production.

Finally, there is midstream services provider to the energy industry **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)). After its controversial Keystone XL pipeline was rejected by Obama, the stock has been treated harshly by the market, failing to keep pace with peer **Enbridge Inc.**

Nonetheless, crude remains an important source of energy globally; when coupled with Trump's plans to make the U.S. energy independent, growing Canadian oil production will ensure that its services remain in high demand.

A Trump presidency has breathed new life into the project. It is an important means of boosting U.S. energy security and competitiveness as well as helping meet Trump's goal of establishing U.S. energy independence by increasing pipeline capacity.

In early December 2016 Trump expressed considerable support for infrastructure projects, including pipelines, and this bodes well for a favourable review of the Obama administration's decision. The approval of the pipeline would give TransCanada's earnings a healthy bump and boost its share price.

Even without the Keystone pipeline, TransCanada continues to expand its transportation network; it received Federal Energy Regulatory Commission approval to commence the Leach XPress and Rayne XPress projects in Texas. On completion, these will add to its natural gas transportation capacity, which is growing in demand; it is becoming an important means of generating electricity.

The ongoing demand for crude and natural gas and a large portion of its earnings being contractually locked in mean that TransCanada is relatively immune to any economic slump.

So what?

It is easy to understand the growing consternation surrounding a Trump presidency. His erratic statements and opaque policies have markedly increased the degree of economic uncertainty, which has the potential to unnerve financial markets.

Nevertheless, the three companies discussed are not only relatively resistant to any economic upheaval triggered by his policies, but they will more than likely benefit from a Trump presidency.

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2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:TRP (Tc Energy)

4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
5. TSX:CNR (Canadian National Railway Company)
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