



NAFTA Negotiations to Resume in April: 3 Stocks to Watch

Description

Canadian prime minister Justin Trudeau [managed to avoid crippling tariffs](#) imposed by the United States on steel and aluminum exports. Trudeau visited Hamilton on March 13 to promote the Canadian steel industry. He also made trips to various manufacturing hot spots as the pressure mounts ahead of the next round of NAFTA negotiations.

U.S. president Donald Trump reportedly made clear in a recent phone call with Trudeau that he desired [a swift resolution to NAFTA negotiations](#). In an interview with *Bloomberg*, Trudeau expressed a desire to speed up the process as well and appeared confident that a deal could be reached in the near future. Larry Kudlow, the new chief economic advisor to the Trump White House, recently claimed that Trudeau was making concessions “hand over fist” in phone conversations. President Trump also boasted in a rally that he had attempted to convince Trudeau that the U.S. had a trade deficit with Canada as an apparent negotiating tactic.

All that aside, there may finally be a light at the end of the tunnel when it pertains to a new NAFTA deal. Let’s look at three stocks to watch as we look ahead to April and the eighth round of negotiations.

Linamar Corporation ([TSX:LNR](#))

Linamar is the second-largest automotive parts manufacturer in Canada. Shares have been mostly flat in 2018 as of close on March 15 — down 0.03% so far. In 2017 Linamar saw sales hit a record \$6.5 billion, and net earnings rose to \$549.1 million from \$522.1 million in the prior year.

From the outset, Linamar leadership has appeared confident that Canada and Mexico would not cave to the stringent demands made by the U.S. delegation. The original demand included a 50% U.S. auto content requirement, which would severely hamper Linamar in the short term. Currently, it has about a third of its business located in the U.S. The U.S. recently recalled its auto content negotiator from Mexico in round seven of talks and called for more collaboration with industry leaders. Canadian negotiators interpreted this as a positive going forward.

Bombardier, Inc. ([TSX:BBD.B](#))

Bombardier is a Montreal-based manufacturer of planes and rails. Shares of Bombardier have climbed 22.7% in 2018. The company scored a huge win in a U.S. International Trade Commission ruling that struck down tariffs of almost 300% on its new CSeries jet. In its fourth-quarter results, Bombardier saw its cash flow rise 76% to \$872 million, and its earnings beat analyst projections.

In 2017 Bombardier teamed up with European multinational Airbus and pledged to manufacture the CSeries in the U.S. in an effort to dodge duties. Reportedly, the new NAFTA deal will hash out a more detailed structure when it pertains to tariffs moving forward.

Russel Metals Inc. ([TSX:RUS](#))

Russel Metals has seen its stock rise 0.14% in 2018. Shares are up 10.4% year over year. Russel Metals leadership was pleased with the resulting steel and aluminum tariffs, as it expects steel prices to increase, which should be a boost to its business going forward. It possesses a firm footprint in the U.S. and should benefit from a NAFTA deal that secures the North American trading block for the long term.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)
2. TSX:LNR (Linamar Corporation)
3. TSX:RUS (Russel Metals)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/06/30

Date Created

2018/03/16

Author
aocallaghan

default watermark

default watermark