



4 Stocks to Watch Ahead of NAFTA Meetings

Description

The White House is reportedly pushing for a preliminary NAFTA deal to be unveiled at the Summit of the Americas, which begins on April 13 in Peru. The U.S. wants Canada and Mexico to participate in a joint unveiling of the broad outlines of NAFTA. This comes after President Donald Trump [warned in March](#) that he would re-impose steel and aluminum sanctions on Mexico and Canada if progress on NAFTA did not satisfy his administration by May 1.

The Trump administration is wrestling with a volatile stock market and midterm elections in the fall of 2018. Mexico is also gearing up for an election in July. This likely accounts for the renewed sense of urgency to hash out a deal in the spring. Canada's chief negotiator Steve Verheul said last week that Canada and Mexico were still "quite a distance away" from a concrete agreement. A number of key sticking points remain.

With that in mind, here are four stocks that could rise or fall as the fate of NAFTA appears to enter a key phase this month.

Magna International Inc. ([TSX:MG](#))([NYSE:MGA](#))

Magna stock fell 3.57% on April 2. Shares have dropped 1.7% in 2018 thus far. Automobile content continues to be a significant dispute going forward, even after the White House appeared to drop its demands for 50% U.S. content a week ago.

Magna possesses a sizable footprint in the U.S., enough to sidestep even its most stringent demands, but tweaks on overall North American content could send shock-waves throughout the auto industry. A recent proposal from the U.S. has pushed for a minimum wage requirement of \$15/hour for auto workers, which would presumably punish Mexico in the long run. Market volatility and uncertainty surrounding the final NAFTA deal will likely produce headwinds for Magna in the short to medium term.

Tree Island Steel Ltd. ([TSX:TSL](#))

Tree Island dropped 1.96% on April 2. Shares have declined 6.3% in 2018 so far. The Richmond-based producer and supplier of steel has been hit with volatility as trade tensions have erupted. [Canada's exemption](#)

on recent U.S. steel tariffs could be in jeopardy if talks do not produce the desired result from the perspective of the Trump administration. Tree Island stock, which has plummeted 44% year over year, could sustain more damage if talks go in the wrong direction.

Stelco Holdings Inc. ([TSX:STLC](#))

Stelco fell 3% on April 2. Shares reached an all-time high after the exemption was announced but have since dropped to a new low in 2018. Stelco has produced stellar earnings since its initial public offering in late 2017, but the Hamilton-based steel company will also be subject to volatility until the tariffs are permanently shelved. Investors bullish on the prospect of a deal may want to scoop up these potentially cheap steel stocks in early April.

Exco Technologies Inc. ([TSX:XTC](#))

Exco fell 0.88% on April 2 and has plunged 11.1% in 2018 so far. Exco is also reliant on the fate of the auto content requirement, as it manufactures consumable equipment for the automotive industry.

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2. TSX:MG (Magna International Inc.)
3. TSX:STLC (Stelco Holdings Inc.)
4. TSX:XTC (Exco Technologies Limited)

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