



Trade Tensions Should Not Scare You Away From These 3 Stocks in April

Description

On April 5, Larry Kudlow, the chief economic advisor to U.S. president Donald Trump, reassured reporters that the tariffs on China were mere proposals and that there would be no concrete action “for a couple of months.” This eased fears following the announcement from China that it would pursue tariffs on specific products in response to the proposals. U.S. and Canadian indexes rebounded on Thursday, but the optimism was short lived.

Futures plummeted on Thursday evening after Trump requested additional tariffs on China that could value over \$100 billion. What does this spat mean for Canada? China announced that it would slap tariffs on U.S. pork and wine, which [could potentially boost](#) some Canadian companies going forward.

Today, I want to look at three other stocks to focus on as trade tensions between the two largest world economies flare up once again.

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#))

TD Bank stock has dropped 2.8% in 2018 as of close on April 5. TD Bank CEO Bharat Masrani said in a recent interview that trade tensions “could trigger a slowdown and perhaps even recessions in certain countries.” Capital markets have been thrashed due to these anxieties in February and March, but I continue to be bullish on TD Bank going forward.

Shares of TD Bank have climbed 6.4% year over year. Masrani warned that growth at TD Bank is reliant upon U.S. economic performance and the [fate of NAFTA](#), but negotiations appear to be moving along quite well in recent weeks. The U.S. and Canada are a better bet to move closer together than further apart as trade tensions heat up between competing blocs. TD Bank is a good bet to benefit, as NAFTA appears to be on the cusp of a resolution in April.

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

Bombardier stock rose 2.2% on April 5, and it has climbed 20% in 2018 thus far. Bombardier managed to sidestep duties imposed by the U.S. Department of Commerce in January after the U.S. International Trade Commission ruled in favour of the company in its dispute with **Boeing Co.**

Bombardier may have scored another victory in the wake of China's announcement of tariffs on U.S. products. China will place a 25% tariff on U.S. aircraft with an "empty weight" between 15,000 kilograms and 45,000 kilograms. This would include the Boeing Business Jet 1 and, most notably, Gulfstream's products, the top-selling business jet brand in China. Gulfstream is in direct competition with Bombardier's Global Series.

Neither company has commented as of yet, as tariffs have only recently been unveiled. It is also possible that China and the U.S. could come to a resolution before the measures are fully implemented.

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

Linamar stock rose 1.22% on April 5, but the stock was in negative territory for the year as of Thursday's close. The U.S. NAFTA delegation has made a number of concessions on auto content, which is great news for Linamar, the second-largest automobile parts manufacturer in Canada. However, the auto industry remains anxious for a more complete deal. U.S. leadership reportedly wants to have a broad unveiling as soon as next week. Any significant progress or, better yet, a deal on NAFTA, will likely be good news for Linamar stock.

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