# 2 Top Dividend Stocks to Beat New U.S. Tariffs

## Description

To misquote Yoda from one of the less-than-stellar *Star Wars'* movies: "Begun, the trade war has!"



While making light of the rise of American protectionism is a typical knee-jerk reaction of stock market observers, it's important to recognize the U.S. initiation of an all-out trade war for what it is: a return to the pre-globalization economic Dark Ages.

The imposition of tariffs on Mexico, Canada, and Europe by the U.S. is one of the most serious events in the post-crisis global economy, and the TSX has dipped accordingly. But if you think it's bad now, wait until the new tariffs start to hurt actual businesses, their shareholders, and the companies that rely on them.

**New U.S. tariffs could be a contrarian's dream come true**

You can expect to see a sell-off in affected industries. Steel is an obvious one, and Canada is one of the top exporters of the metal to the U.S., itself the world's number one steel importer. However, if you happen to be a contrarian investor, what the sell-off means is that you have a great opportunity to buy deeply discounted steel and aluminum stocks.

Far from becoming worthless, however, your shares in these metal commodities will eventually pick up again. There's a finite amount of both metals in the ground, and while the outlook is rocky to say the least, demand will remain high. In fact, should the trade war spill over into *actual* war, you may well see your metal stock soar in value. Not something to look forward to in humanitarian terms, perhaps, but a metallic lining of a kind.

**What can you do to stay safe and still support Canadian suppliers?**

The classic contrarian move right now would be to find smart ways to buy steel and aluminum. While it's up to you to do your own homework here, at least one metal producer on the TSX springs to mind.

**Russel Metals Inc.** (TSX:RUS) is big, bold, and beautiful. It does very little cross-border business and thrives on high steel prices. Far from being a stock to avoid on the backs of steel tariffs, Russel Metals may be a wise and rewarding buy in the midst of a materials shakeup. A 5.14% yield and a currently falling share price – down 1.22% to $29.21 a pop – make this a bold contrarian pick with the plenty of upside potential.

What else can you do to stay safe and still turn a profit? Hold onto your stock in **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD), for one thing. It's surging ahead on its expansion into the U.S. market, and this growth is likely to be buoyed rather than sunk by news of tariffs and other economic high jinx. Instead of selling, gamble on level-headed customers south of the border being likely to see a Canadian bank as more stable than an American one in the coming months and years.

On the subject of bank stocks, Europe is reporting a sell-off in financials as the Italian government furor threatens a full-blown Eurocrisis. In the event that this contagion spreads to North America, contrarian investors could use this as a chance to grab some discounted stock in the Big Six.

**The bottom line**

When taken in conjunction with the OPEC/Russia oil market manipulation and an Italy-led Eurocrisis, a trade war between the U.S., Mexico, Canada, China, and Europe is going to fundamentally mess with the global economy. In short, you're going to see a serious decline in some stock prices. But, as always, war offers the opportunity to prosper. Identify which stocks will survive a potential crash and buy them at their weakest for long-term gains and regular dividends.



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1. Bank Stocks
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2. TSX:RUS (Russel Metals)
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