



## “Buy Canadian” — 1 Top Dividend Stock to Head off the Trade War

### Description

Goodbye NAFTA, it was nice knowing you.

As the U.S. and Canada start trading tariffs, investors may be wondering where the best places are to put their money. A full-blown trade war between the neighbouring countries has begun, with the TSX and the loonie dipping in response. But this is only the beginning, with retaliatory Canadian tariffs not taking effect until July 1 and the U.S. hinting at further tariffs aimed at the auto and lumber industries.

With an already shaky outlook for the global economy that's preventing the TSX from surging ahead, the new trade war is likely to put an end to all talk of a return to a bull market, at least for now. Wise investors might therefore be looking for ways to trade-proof their portfolios and bet on the long-term stability of Canadian stocks.

### Meeting protectionism with protectionism

While Trudeau moves ahead with retaliatory tariffs to hit the U.S. like-for-like in terms of economic pain, he's also keeping in line with other U.S. allies hit by Trump's tariffs. Both the E.U. and Mexico are making moves to head off the protectionist measures.

However, the TSX is likely to start looking a little insular as investors start to eye stocks that are the least exposed to economic turbulence.

With the swapping of tariffs between the U.S. and several of its key allies, the world economy could see protectionism spread to nations that up until have been laying the foundations for lasting globalization. In light of a potentially contagious protectionism, Canadian investors might start battening down the hatches. The TSX may therefore start to look a little protectionist itself.

### Get used to hearing “buy Canadian”

When [news of the U.S. tariffs](#) broke, some Canadian observers took to social media to announce their intentions to “buy Canadian.” While this reaction shouldn't be too much of a surprise, it should be of interest to investors. Take Twitter for instance: #steeltariffs is still trending, and if you go and lurk

around that hashtag, you may get the impression that protectionism is already edging its way into Canadian consumerism.

We're going to single out **Canadian Tire Corporation Limited** ([TSX:CTC.A](#)) as an exemplar of Canadian retail. If you want to follow the coming trend, this is a good way to do it. Not only is it a very familiar and patriotic choice, it's also a just great stock to own and hold onto. Currently down 0.4%, it's a dividend stock with a forward dividend of 2.18%. Keep watching before you buy, however, as it's likely to get cheaper in the coming weeks.

### The bottom line

Unless the U.S. reverses its tariffs, you can expect to see a more insular spending pattern in Canadian households. What this means is that popular Canadian brands [such as Canadian Tire](#) will surge ahead. Get ahead of the curve and buy now because you are likely to see share prices in recognizably Canadian retail brands surge in the coming months.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)

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