



Ontario Election Reaction: 3 Stocks to Watch Today

Description

The [Ontario election](#) granted the Progressive Conservative party the most decisive victory in the province since 1995. With nearly all of the polls counted, the PCs are projected to carry 76 seats. Doug Ford's PCs managed to fend off a late charge from the New Democrats and score a significant majority.

PC leader Doug Ford declared that Ontario was "open for business" in his victory speech. The populist, pro-business message appeared to resonate with voters, as it spelled the end of a 15-year reign for the Liberals. Voter turnout was recorded at 58.4%, the highest total since 1990.

What does this result mean for investors? Let's take a look at three stocks to keep your eye on today after the PC win.

Hydro One Ltd. ([TSX:H](#))

Hydro One stock was down 13% in 2018 as of close on June 7 and could potentially be hit even harder if Doug Ford follows up with his earlier threats. During the campaign, the PC leader vowed to sack Hydro One CEO Mayo Schmidt. The board acted quickly to slap on protections that would make such a move costly, but it is unclear if Ford intends to follow through on this promise.

Investors will want to watch how the new party signals its intent regarding Hydro One. CEO Mayo Schmidt has warned that "political interference" had hurt the stock over the course of the campaign. It is hard not to like Hydro One at its current price, but the political risk is very real.

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

Magna International is the largest automotive parts manufacturer in Canada. Shares of Magna have climbed 20.7% in 2018 so far. Trade developments between Canada and the U.S. will be worth monitoring during the G7 meetings this weekend. North American auto content has been a significant sticking point during NAFTA talks. However, new policies in Ontario could also impact Magna.

Back in May, Magna CEO Don Walker warned that it was becoming costlier to do business in Ontario, particularly with the lure of the lower corporate tax rate in the U.S. following tax reform. Doug Ford's

PCs have vowed to reduce the corporate tax rate to 10.5% from the current 11.5%. The PCs hope that pro-business reforms will keep companies like Magna in the province and potentially attract others that may have looked south.

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

Stelco stock climbed 2.41% on June 7. Shares were driven down after the announcement that the Trump administration would move to [impose steel and aluminum tariffs](#) on Canadian imports. However, the stock moved right back up after Stelco announced a significant land acquisition worth \$114 million.

In response to steel tariffs in late May, Doug Ford warned that it could cripple an “already struggling steel industry.” He vowed to resolve the trade spat and other issues. The federal government is still in the midst of NAFTA negotiations, and it is more than likely that the Ontario PCs will be dealing with the fallout rather than actively influencing trade policy. Stelco has roared back from bankruptcy, but new tariffs could threaten the comeback story going forward.

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2. TSX:H (Hydro One Limited)
3. TSX:MG (Magna International Inc.)
4. TSX:STLC (Stelco Holdings Inc.)

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