



## NAFTA Negotiations: 3 Stocks to Watch in September

### Description

The ongoing [trade negotiations](#) between the United States and Canada were paused on Friday as the two sides were unable to come to an agreement. This breached a “deadline” that was set by President Trump. However, both sides have committed to further talks in the hopes that a deal can be reached in the near future.

The Trump administration has sought to apply pressure on Canadian officials in setting a month-long deadline that will see the United States and Mexico enter a separate agreement. *The Toronto Star* released a report last week that indicated President Trump was unwilling to compromise on a number of key issues. Trump appeared to confirm the report later that afternoon.

Back in August, I'd [discussed](#) how a deal could impact bank stocks going forward. Unfortunately for investors, last month did not yield the clarity that many have craved. There is now intense pressure on the Canadian government factoring in the leaked comments from President Trump. The White House is also facing the November midterms, but this may only add to the urgency of the Trump administration to win a favourable deal.

As investors ruminate over these developments, let's look at three stocks that could be impacted by ongoing negotiations in September.

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

Magna International stock fell 2.3% on Friday, August 31. This put the stock back into negative territory for 2018. Shares have failed to build momentum even after record second-quarter earnings that were released in early August.

President Trump has reiterated his original threat to impose auto tariffs of 25% on Canada over Twitter and in recent media appearances. According to the aforementioned report, this is an action that has also been hinted at over the course of the closed-door meetings. So long as this threat is present Magna stock will face volatility. If the threatened tariffs are imposed, Magna and the Canadian auto industry at large could sustain significant damage.

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

TD Bank stock slipped 0.30% on August 31. Shares are up 6.8% in 2018 so far. The bank released its third-quarter results on August 30 that saw adjusted profit climbed to \$3.12 billion over \$2.86 billion in the prior year. Year to date, TD Bank posted adjusted profits of \$9.13 billion compared to \$7.98 billion in 2017.

TD Bank boasts the largest U.S. footprint of any of the Big Six Canadian banks. CEO Bharat Masrani warned in March that trade complications could spark a global recession. Bank stocks may continue to wobble in spite of a rock-solid third-quarter earnings season as the trade book remains open.

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

Stelco stock fell 1.4% on August 31. Shares are still up 10.4% in 2018 even after steel and aluminum tariffs were imposed in June. Fortunately, Stelco has managed to sidestep the immediate impacts due to strong domestic sales. However, the company's growth strategy relies on a move into the automotive sector. If this Canadian industry is disrupted by additional tariffs, Stelco stock could suffer going forward.

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1. Editor's Choice

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1. NYSE:MGA (Magna International Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:MG (Magna International Inc.)
4. TSX:STLC (Stelco Holdings Inc.)
5. TSX:TD (The Toronto-Dominion Bank)

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