



2 Stocks to Buy After the Steel Deal

Description

After almost a year since the announcement from President Donald Trump, the steel and aluminum tariffs have finally been lifted off Canada's shoulders. The 25% tariff on steel and 10% tariff on aluminum came after the president cited a section of the Trade Expansion Act of 1962, stating that he could impose a tariff if he believed it threatened national security.

Well, luckily for Canada, it looks like, for now, we aren't a threat — at least in this industry. And the markets are certainly thankful.

After it looked like the tariff wouldn't be lifted, steel and aluminum stocks plunged during the summer. Now, there's an opportunity for investors to get in before they rise back to pre-tariff levels. If you choose to get in while it's good, I'd recommend **Stelco Holdings** ([TSX:STLC](#)) and **Russel Metals** ([TSX:RUS](#)).

Stelco

Before the announcement, Stelco stock was trading fairly steadily between \$22 and \$25 per share. Come the [announcement last year](#), the stock slumped to its lowest point in its history at \$13.60 per share. Now that the tariff has been lifted, that stock has risen significantly, with its biggest rally in 18 months and trading at the time of writing at \$18.04.

But analysts believe it's more than the lack of tariffs that should have investors interested in this stock. The company's earnings increased by 22% in the last year, despite the tariff. Now, the CEO argues its earnings should be even greater with that out of the way.

With an ROE of 52.40% and its recent completion of its acquisition to build an industrial space and office space, analysts see growth in the company's future back to its pre-tariff days around \$23 per share in the next 12 months.

Russel

After the announcement last year, [Russel Metals also plummeted](#) to its lowest point since January of 2016, when shares bottomed out at \$15.75 per share. The announcement didn't hurt it as much as it hurt Stelco. Shares fell to \$19.76, and the stock has come back to \$23.64 since the news broke of the tariff deal.

This is apparently only the beginning, as the company also posted strong earnings results for the last quarter, despite tariffs. Net income came in at \$34 million, and its revenue from steel increased by 30%. But that's only part of it, as this company has its foot in more than just steel, with energy products also being a large part of its business.

It's this that has analysts expecting more from Russel Metals, with an ROE of 23.26%, and a 12-month projection of reaching between \$30 and \$60 per share.

Bottom line

While the horrible news is behind us, it can be risky to put money on a stock that puts all its money into one area. Should more tariffs come up in the future, or something else that affects the economy, these stocks could see another slowdown.

So, if you're going to go with one stock for today, I'd go with Russel Metals. The company may have a lot coming in from steel, but it's not the business's only source of income. Should another incident happen, the stock should only fall slightly as it did before and rebound quickly. This stock should continue to rise steadily over the long term.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:RUS (Russel Metals)
2. TSX:STLC (Stelco Holdings Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Metals and Mining Stocks

Date

2025/09/12

Date Created

2019/05/25

Author

alegatewolfe

default watermark

default watermark