This 1 Stock Could Soar Thanks to 2 Huge Events

Description

In just a few weeks the electorate will usher in a new government. The contest is hotting up with a slew of headlines clamouring for Canadians' attention, while an international backdrop of oil bottlenecks and ongoing American political and economic uncertainty could put immediate pressure on a new P.M.

At the same time, the grinding U.S.-China trade war could help push our central bank to make a key decision.

The election could coincide with a rate cut

While the election itself may not directly influence a rate cut, the Bank of Canada could use its next public outing to announce a lower interest rate. Investors will most likely already have October 30 marked on their calendars – the date of the central bank's next interest rate announcement and monetary policy report.

BMO is bullish on a rate cut, suggesting back in August that Sino-American trade tensions could push our central bank in that direction. Investors could expect to see the **TSX** jump on news of a rate cut, with energy stocks being a key area that could improve on the news.

Dividend investors with buy-and-hold portfolios might consider doubling down on relatively cheap stocks ahead of time.

Expect to see a focus on energy security

Investors may recall that the Canadian economy stalled during the summer, with Statistics Canada noting that the GDP was unmoved from June's 0.2% gain through July. A Bloomberg survey of analysts had expected a 0.1% gain for July.

Energy investors may have further noted that it was their sector that was mainly behind the summer stagnation, with a downward lurch in oil and gas extraction.

The sector was down 3% in July, representing the steepest per-month drop in three years, and was the driving factor behind the downturn. Energy security, then, is likely to be a focus for the next Canadian government.

Renewables could benefit from both events

As a solid buy-and-hold play in the renewable space, adding **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP) to a TFSA, for instance, would bring a relatively worry-free source of tax-free savings that will help Canadian stockholders reach their long-term financial goals.

Energy production is one of the most defensive areas of investment on the TSX, while renewables are also a growth industry and a global megatrend.

Brookfield pays a 5.12% dividend yield, which is the baseline for some low-risk income investors. While 3% yields are common in some strongly diversified ETFs, for example, a somewhat richer yield can go some way to reassuring long-term investors that their financial goals will still be safely met.

Back this up with a high-quality stock representing growth in the wind, solar, and hydroelectric sectors and you have a strong, pure-play renewable option with Brookfield.

The bottom line

For whichever new government we vote into power this month, energy is sure to be a hot topic. Whether it be oil, nuclear, natural gas, or renewables, the next Canadian government will focus on energy security as one of its main areas of discussion and legislation.

While TSX investors will be watching the varied energy sectors closely, renewables are one area of power production favoured across the board.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

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