



## 1 Top TSX Stock to Buy for a U.S.-China Breakthrough

### Description

It's no secret that relations between China and the U.S. have been weighing on the markets. In fact, with Asian stocks mixed, as investors continue to weigh which side of risk they want to be on, the Sino-American trade dispute has simply become part of the daily grind. Every hint at a breakthrough in negotiations buoys the markets, and every setback sees them fall back again.

The situation has had a negative effect on the markets in general, stalling growth in the global economy and potentially causing long-range disruption to key industrial sectors. However, a breakthrough in negotiations, or even an end to the trade war, could cause a massive relief rally with some top TSX stocks likely to see steep gains.

### A strong play for a China trade relief rally

An [event-driven stock](#) in more ways than one, **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) owes much of its popularity to the deals it cuts with other players in the auto sector. In many regards, it's not unlike that other industrial wunderkind, **Maxar Technologies**, whose own popularity can be put down in large part to its deal-making prowess.

Just take a look at the deal Magna has with the Beijing Electric Vehicle Co. to help supply 180,000 cars per year to meet new quotas in China's electric and hybrid vehicles market.

The vehicle parts maker's size is another factor behind its popularity: Magna is the biggest North American original auto parts supplier. Its 2.7% dividend yield is also a key reason to snap up shares, while its market ratios remain attractive, despite the stock gaining more than 11% in the last three months.

**Tesla** continues to be the most dynamic player in the electric vehicle space, meanwhile. Investors up on their tech and auto news have likely watched this expensive stock ditch \$24 a share in the last week. Elon Musk knows how to sell things that don't exist, such as humans on Mars, utility vehicles that run on nothing but electricity, and armoured glass that doesn't shatter instantly.

However, shares in Tesla pitched more than 6% after the public Cybertruck stunt that saw the angular electric vehicle literally go up in smoke. However, Musk knows how to generate sales through viral marketing, as approximately 200,000 initial pre-orders of the Cybertruck show.

Another key stock for investors bullish on China is **Canada Goose**. Up 7.7% in the last five days at the time of writing, the [home of the luxury parka](#) is reacting to a possible breakthrough in talks between top U.S. and China trade representatives. The news that Canada's two largest trade partners are getting closer to agreeing on a phase-one deal has investors upbeat.

## The bottom line

While contrarian investors seeking unlikely value opportunities have been circling China-impacted stocks for a while now, long-term shareholders looking for sturdy stocks that would benefit directly from a relief rally have a number of solid choices. From electric vehicles to luxury clothing, investors bullish on an improvement or even an end to the trade war have several strong options right now.

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