



ALERT: Will These TSX Stocks Suffer From Trump's New Tariff?

Description

Canadians were preoccupied with a frustrating trade battle for much of 2018. United States president Donald Trump imposed tariffs on Canadian steel and aluminum in the spring of that year. This [applied pressure](#) as the countries attempted to negotiate a new trade agreement. Tensions have cooled since the United States-Mexico-Canada Agreement (USMCA) was drafted in the fall of 2018. However, TSX stocks could be at risk again, as Trump has reignited the trade spat.

Will the aluminum tariffs deal damage to this TSX stock?

This week, President Trump announced a 10% tariff on Canadian aluminum. In response, Prime Minister Justin Trudeau vowed to impose countermeasures. The U.S. tariffs will take effect on August 16. This will only apply to raw aluminum, which accounted for 59% of Canadian exports to its southern neighbour over the past year.

The last point is good news for **Exco Technologies** ([TSX:XTC](#)). Exco designs, develops, and manufactures dies, moulds, components and assemblies, and consumable equipment for the die-cast, extrusion, and automotive industries. It is a global supplier of aluminum-focused tooling. This light-weight option has become popular in recent years, especially in vehicles that aim to be more environmentally friendly.

Shares of this TSX stock have dropped 15% in 2020 as of close on August 6. Its sales have suffered in fiscal 2020, as the automotive industry has been hit hard by the COVID-19 pandemic. This is the more damaging headwind in the near term. However, Exco stock still possesses a favourable price-to-earnings ratio of 11. Moreover, it offers a quarterly dividend of \$0.095 per share. This represents a strong 5.8% yield.

Two metals stocks that are still safe

Fortunately, Trump did not target the Canadian steel industry with his latest round of tariffs. Back in May 2019, I'd discussed whether investors should jump into metals stocks, as the [trade battle had been shelved](#)

. Below are two TSX stocks investors may still want to consider today.

Russel Metals is a metals distribution company that distributes steel and other metal products in North America. Its shares have climbed 29% over the past three months as of close on August 6. The stock is still down 1% year over year. Shares of Russel Metals currently possess P/E ratio of 21 and a P/B value of 1.1. This puts the stock in solid value territory relative to industry peers. It still offers a quarterly dividend of \$0.38 per share, representing a monster 8.2% yield. This TSX stock is a solid option for income investors.

Stelco is Hamilton-based company that produces and sells various steel products in North America. The stock has increased 19% in the last three months. Stelco still offers solid value, but it was forced to discontinue its dividend. Because of this, I'm more inclined to scoop up Russel Metals in early August.

How long will tariffs remain in place?

It is difficult to say what is behind this latest move from President Trump. Investors should not expect any serious ramifications for top TSX stocks in the near term. However, if this is a prelude to further trade battles, then that would be a negative development in a dangerous economic climate.

CATEGORY

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2. Investing

TICKERS GLOBAL

1. TSX:XTC (Exco Technologies Limited)

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