



## 3 TSX Stocks to Buy Ahead of the U.S. Presidential Elections

### Description

The United States presidential election is less than 15 days away. The early polls have predicted a victory for the Democrats, but it is far from certain. Meanwhile, if the poll results hold good, then I believe the following three TSX stocks could see a steep rise.

### Canopy Growth

Currently, 11 states in the United States have legalized adult-use or recreational cannabis, while 33 states have legalized cannabis for medical use. Meanwhile, the United States federal government prohibits cannabis usage and has classified it as a schedule one drug. However, a victory for Democrats could favour the cannabis industry, as Joe Biden has [called](#) for decriminalizing cannabis use and expunging all earlier cannabis use convictions.

So, I believe **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), with significant exposure to the U.S. cannabis market, could benefit from Biden's victory. The company, which owns 74% of the market share in the cannabis-infused beverage segment in Canada, has planned to introduce its THC beverage formulations in the United States in the summer of 2021.

It had launched an e-commerce site "ShopCanopy.com" in July, which offers over 25 SKUs covering various brands, including First & Free, This Works, and BioSteel. Further, with cash and short-term investments of \$2 billion, the company has ample liquidity to fund its growth initiatives.

Amid the optimistic expectations, Canopy Growth is already trading 34% higher for this month. Despite the recent increase, the company is 6.3% down for this year, proving [an excellent entry point for long-term investors](#).

### Canadian Solar

Biden is a strong proponent of clean energy. In July, he had released his US\$2 trillion plan to boost investments in clean energy and stop harmful emissions from the power plants by 2035. So, **Canadian Solar**

([NASDAQ:CSIQ](#)), which provides solar photovoltaic products and energy solutions worldwide, could benefit from Biden's victory.

It operates in 23 countries and has a diverse revenue base. In the recently completed second quarter, the company earned 39% of its revenue from Asia, 32% from the Americas, and 29% from Europe and others. The company had outperformed its revenue and gross margin guidance during the quarter.

The company's outlook also looks robust. The management projects its module shipment for 2020 to be in the range of 11-12 gigawatts. However, for the next year, the shipment is projected to increase to 18-20 gigawatts, given the increased demand and consolidation amid the shift in customer preferences towards top-tier brands.

Canadian Solar is currently trading over 78% higher for this year. However, the victory for Democrats could take the stock further higher.

## TransAlta Renewables

**TransAlta Renewables** ([TSX:RNW](#)), an electric utility company which owns and operates energy generation and transmission facilities, is my third pick. At the end of the second quarter, it operated 19 wind farms, 13 hydro facilities, and one natural gas plant. Also, the company has economic interests in diverse assets in Australia and the United States.

The company earns 57% of its cash flows from operating wind, hydro, and solar facilities, while 43% comes from the natural gas plant. It sells the power generated from these assets through long-term power-purchase agreements, which delivers stable and predictable earnings and cash flows.

Over the years, TransAlta Renewables has increased its cash available for distribution consistently. This year, the company expects its cash available for distribution to come in the range of \$300-\$330 million. The stable cash flows have allowed the company to raise its dividends at a 4% CAGR since its IPO in 2013. Currently, its dividend yield stands at 5.3%.

### CATEGORY

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1. Editor's Choice

### TICKERS GLOBAL

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2. NASDAQ:CSIQ (Canadian Solar Inc.)
3. TSX:RNW (TransAlta Renewables)
4. TSX:WEED (Canopy Growth)

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### Date

2025/06/30

### Date Created

2020/10/22

### Author

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