



If Trump Wins, These 3 Canadian Stocks Will Surge

Description

Think Teflon Trump can pull it off again? Well, the outcome of the upcoming U.S. presidential election could have a noticeable impact on Canadian stocks. I'm willing to bet that most renewable energy and export stocks will crash if Trump wins re-election next month. However, some stocks are clear winners if the man retains power for another four years.

Here are my top three stock picks in the event of a Trump victory.

Enbridge

Trump's support was a vital part of getting the Line 2 pipeline approved. That's been excellent for **Enbridge's** ([TSX:ENB](#))([NYSE:ENB](#)) long-term prospects. With another four years in the Oval Office, Trump could double down on his pro-energy policies and make it easier to approve oil and gas pipelines across the States.

That isn't the only reason Enbridge should be on your radar. The stock is [clearly undervalued](#) and could pop regardless of who wins the next election. The stock is currently trading at just 14 times forward price to earnings. Meanwhile, the stock price is just a few percentage points away from book value per share.

Enbridge's robust business model and long-term contracts means it can reliably generate more cash flow than dividends for the next few years. That makes Enbridge stock's 8.34% dividend yield one of the best on the market this year.

Brookfield Asset Management

Trump has often said he wants to make the U.S. dollar weaker and push interest rates to negative. If he wins another term in office, he could make tangible progress on these agendas. A weaker dollar and lower costs of borrowing creates a flood of opportunity for private equity giants like **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)).

Brookfield can borrow capital for next to nothing and deploy it to acquire businesses and properties across the U.S. that have been marked down due to the crisis. Over time, these valuable assets could greatly enhance Brookfield's cash flows and book value.

Unlike Enbridge, Brookfield stock isn't cheap. It's trading at 95 times trailing earnings and 2.4 times book value per share. However, this company is a clear winner from a potential Trump re-election and could be worth adding to your watch list for 2021.

Trump's defence budget

Montreal-based **CAE** ([TSX:CAE](#))([NYSE:CAE](#)) is probably the most obvious winner in the event of a Trump re-election. Trump's obsession with the military defence budget is well known. Under his administration, capital allocated to fighter jets, drones, and missiles has ballooned like never before. A re-election could magnify the budget further over the next four years.

Meanwhile, Canada [pledged to boost defence spending](#) by 73% over the next 20 years as well. That means the prospects for defence contractors and aviation giant CAE are bright. The stock is down 32.6% year to date, but a Trump victory could be the catalyst it needs to unlock value over the next few years.

Currently trading at 27 times forward earnings per share, the stock is a bargain bet on future defence spending in North America.

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