Market Crash 2020: Did Biden's Victory Increase the Odds of a Canadian Recession?

Description

Will Canada be in the good graces of America? Canadian prime minister Justin Trudeau congratulated President-Elect Joe Biden and Vice-President-Elect Kamala Harris on November 7, 2020. It might leave a positive imprint on the incoming administration, because Trudeau was the first world leader to speak with and congratulate Mr. Biden on the pair's election victories.

Biden's inauguration is on January 20, 2021, which means starting his four-year term as the 46th president of the United States. Despite the preliminary pleasantries, Canada's recession could still deepen in 2020 and lead to a market crash.

Fresh challenges

Canada had disagreements with the Trump administration on sensitive issues such as the NAFTA negotiations and tariffs but is facing fresh challenges with Biden. The president-elect ran on the platform, "the future is made in all of America." It implies protectionist measures against countries, including its next-door neighbour.

The Canadian manufacturing sector, for example, might be in a bind. Biden's administration could redirect critical supply chains back home and tighten domestic content rules. Some obstacles could emerge once it announces changes to trade policies.

COVID-19 remains a pressing concern. The Trudeau administration hopes better management of the pandemic comes about. Market certainty and economic recovery hinges on the potential future pandemic stimulus of Biden's team.

A developing flashpoint is a multi-billion-dollar project involving a prominent Canadian pipeline operator. Biden vowed during the campaign that he would scrap the project.

Core dividend stock in focus

The American media declared the Biden-Harris team as the victor, although it's the U.S. Congress that will announce the winner in early January 2021. Meanwhile, the S&P/TSX Composite Index has been on a rally since November 3, 2020, rising 834.9 points (+5.24%) to finish at 16,774.10 on November 11, 2020.

All eyes are on energy stock **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) and its Keystone XL pipeline. Biden once said that tar sands are very, very high pollutants America doesn't need. While the pipeline would carry crude from Alberta to refineries on the Gulf Coast, the incoming POTUS is opposed to the product.

In late October 2020, six major American union contractors won more than $6.1 billion worth of contract awards from TC Energy. In 2021, these contractors will execute the Keystone's pipeline construction spanning 800 miles in three U.S. states. The project will give jobs to over 7,000 union members.

Aside from being one of North America's largest natural gas pipeline operators, TC Energy is also one of the leading energy infrastructure companies in the region. The energy stock is popular with dividends investors due to its dependability as an income provider. Currently, it trades at $53.66 and pays a generous 6.02% dividend.

Sound advice to Canadians

According to *Bloomberg Economics*, the Canadian economy is better positioned to recover more ground than its G-7 peers. Furthermore, economists don't expect any extraordinary increase in bond yields. They are also calling for the availability of a widespread vaccine by mid-2021.

The Financial Consumer Agency of Canada advises Canadians to minimize debt and perhaps know the distinction between good and bad debt. Thus far, the consumer debt level appears to be manageable. Otherwise, the Bank of Canada wouldn't cut rates as an incentive to borrow.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Tags

1. Editor's Choice

Date
2025/08/14
Date Created
2020/11/16
Author
cliew

Footer Tagline