What stocks and sectors to win in the US Presidential election

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With the US Presidential election on November 3 many investors are looking at the implications of a Trump win versus a Biden win. Based on the current polls Biden is ahead which means some of the Biden related stocks have already partially priced in a Biden victory.

Sectors and stocks to do well if Trump wins

If we see a President Trump victory this week then investors can expect more of the same from the past 3 years in office. Trump is likely to continue with the China trade war and his tariff policy, which has so far had mixed results. Agriculture (soybeans etc.) has suffered some severe ups and downs as China retaliated then appeased Trump. Chinese student education and tourism to the US is significantly down.

Sectors that have generally been favored under Trump include oil/gas/coal/nuclear, military, possibly financials, possibly technology, and some industrials. Trump's policy to reduce corporate Americas tax rate from 35% to 21% was a huge win for corporate America and it helped boost stock markets at the time. The recent September 30 White House Executive Order ('EO') on critical minerals is aimed to give a huge boost to the critical minerals mining sector and supply chain, especially for US based projects.

Some stocks and funds likely to do well in a Trump victory include oil/gas/coal/nuclear such as SPDR S&P Oil & Gas

Exploration & Production ETF (XOP) (assumes COVID-19 eases and oil prices increase), Exxon Mobil (XOM), Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR), Ur-Energy Inc. (NYSE American: URG | TSX: URE); defense stocks such as Northrop Grumman Corp. (NOC), Lockheed Martin Corp. (LMT), Raytheon Co. (RTN), and General Dynamics Corp. (GD); financials such as Bank of America (BOA), JP Morgan Chase (JPM); and the tech giants (Facebook FB), Amazon (AMZN), Alphabet (GOOGL) etc); US based critical minerals miners MP Materials Corp. (MP)(FVAC), Neo Performance Materials Inc. (TSX: NEO), and the other US critical mineral miners.

China related shares and funds would likely not do well if Trump wins and the recent renewable energy and EV stocks rally might reverse.

Donald Trump continues with 'make America great again'

Source

Sectors and stocks to do well if Biden wins

Biden's policy proposals are aimed at restoring equality and boosting the middle class as well as US manufacturing. Biden plans to work with other nations to solve global conflicts and less conflict with China. His other key policy pillar is green energy ('green new deal'). Biden's green plan is for the U.S. to have a carbon pollution-free power sector by 2035. This would be a massive boost to the renewable energy sectors such as solar and wind energy as well as more support to the electric vehicle (EV) industry. Biden also plans to boost spending on rural areas, agriculture, healthcare, child care and caregivers, as well as helping to reduce student debt and raising the US minimum wage to $15/hour. He plans to boost R&D spending by $300 billion on electric vehicles (EVs), lightweight materials, 5G

and artificial intelligence. To do all this he plans to raise corporate tax rate from 21% to 28%, and to raise taxes on individuals with incomes above $400,000, including raising individual income, capital gains, and payroll taxes. Also some capital gains tax increases for those on incomes above $1,000,000 pa.

Some stocks and funds likely to do well in a Biden victory include solar energy stocks and solar ETFs (TAN), SolarEdge Technologies Inc. (SEDG), First Solar (FSLR), Brookfield Renewable Partners LP (BEP), NextEra Energy (NEE); wind energy and wind stocks (FAN); US electric vehicle stocks such as Tesla (TSLA), Fisker (FSR); EV charging companies Blink (BLNK); and the miners that provide the raw materials for the clean energy sector. This would include miners in rare earths, lithium, cobalt, graphite, nickel, manganese, aluminum, and scandium etc. Also emissions reducing stocks such as dynaCERT Inc. (TSX: DYA | OTCQX: DYFSF) stand to benefit. US healthcare stocks such as United Health Group (UNH) and those focused on COVID-19 treatment and prevention should do well as Biden increases COVID-19 testing and therapies and drops medicare eligibility from 65 yo to 60 yo.

Joe Biden plans to help fix inequality and boost the middle class

Source

Sectors and stocks to do well no mater who wins

The technology sector has done well under Trump boosted by the corporate tax cut; however it is also likely to continue to do ok under Biden, despite a short term pull back due to higher corporate taxes. There is the Democrats (Biden) threat of more

regulation and possible breakups of big tech; but under Trump there is also greater pressure on big tech such as the recent Alphabet Google anti-trust lawsuit. Expanding rural broadband internet access under Biden is a small positive for tech.

The infrastructure sector should do well. If Trump wins the infrastructure to do well will be more based around older infrastructure such as highways, pipelines, and traditional energy (oil, gas). If Biden wins the benefits will go towards newer infrastructure such as his $2 trillion green infrastructure and jobs plan over his first term in office.

US critical materials related stocks look set to do well both under Trump and Biden.

Gold and precious metals will likely do well no mater who wins assuming continued US stimulus and money printing.

Closing remarks

InvestorIntel has no political bias, but rather seeks to help investors make informed decisions.

As a general rule if Trump wins the US election investors can expect the same stocks and sectors that did well the past 3 years to continue to do well. The best performing sector has been US technology. The lower corporate tax rate is a plus for US corporates in general.

If Biden were to win the winning sectors and stocks relate mostly around stocks that benefit from a supported lower and middle class, renewable energy including EVs, and government support (health care, child care, aged care).

Finally, how the US deals with the China trade war, COVID-19, and geo-political events going forward will also play a significant role in the US stock market over the next 4 years.

Good luck to all.