



## Harris vs. Pence: 2 Key Lessons for TSX Stock Investors

### Description

The week in U.S. politics kicked off with Donald Trump convalescing ahead of an October 15th rematch with Democrat candidate Joe Biden. The American electorate will have to wait and see, though, whether the event — which may now be virtual [in light of Trump's health](#) — even goes ahead. Meanwhile, all eyes were on the Wednesday night debate between VP Mike Pence and his presumptive rival Senator Kamala Harris.

### The green economy is a polarizing issue

One of the few jabs that actually landed came when Pence brought up Harris's vote against the USMCA. Now, from a U.S. perspective, the new North American trade agreement had such industries as dairy production and auto manufacturing at heart.

In contrast, though, the Democrat senator was accused of putting a green agenda ahead of such industrial concerns. It was an insightful moment for investors, because this split between industrial and environmental concerns is a key battleground topic in this election.

Canadian investors have three distinct options here. Progressive green energy stocks will likely be strong plays for a Democrat win. A "Red November" might see oil stocks rise, however.

TSX investors might expect to see names like **Canadian Natural Resources** come in for some upside with a Republican victory. The renewables/hydrocarbon split is therefore starkly polarized. But a third option involves buying shares in diversified all-weather green utilities picks such as **Algonquin Power & Utilities**.

The last week has shown just how sensitive the TSX has become to American politics. The degree to which the TSX has been falling into step with American equities suggests that any turbulence caused by the election next month is highly likely to affect Canadian stocks.

TSX investors may want to temper any bids for upside with low-volatility stocks. The green economy is a global growth phenomenon that could satisfy this thesis, packing relative safety with long-term upside

opportunities.

## Everything is about the vaccine

Anybody watching the debate Wednesday night will know that the pandemic was front and centre. With political points being scored on either side, the two prospective VPs made it clear that [vaccine development](#) was high on the agenda. Harris even went so far as to state categorically that she would refuse to take a vaccine purely on the say-so of Donald Trump.

The election is now clearly all about the pandemic, with public opinion on the matter fast becoming the primary battleground. Canadian investors might therefore want to consider speculative side-bets on healthcare stocks pertinent to vaccine efforts. The November election outcome itself could potentially trigger a relief rally in these stocks, even if an actual breakthrough has not been forthcoming.

But one compelling pattern keeps recurring. The market is likely to favour the status quo come November. Whichever side Canadians come down on when it comes to U.S. politics, Trump's diagnosis and apparent recovery had direct affects on international markets. Of course, TSX investors can choose to "go purple" and look beyond the election. Whichever way you cut it, though, some extra turbulence is on the way.

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