



Buy the Pre-Election Dip: This Stock Could Soar on a Trump Victory

Description

What a brutal week it's been for the **TSX Index**. I'd warned investors that **Morgan Stanley's** correction warning would likely come to fruition before the U.S. presidential election and to adjust their defensive positions accordingly.

Many big-league firms reported earnings this week. Most of them were very good, but investors were able to find a bit of hair on most of them. That goes to show you the type of pessimism that's in the market right now. As fears mount going into election week, I'd urge investors to start doing some buying, as **S&P 500** has already ripped most of the band-aid off, with the index now within 3% of the much-dreaded correction territory.

The correction is almost over: It's time to do some buying if you've yet to do so

While there are a plethora of things to worry about, with the looming U.S. election and [soaring coronavirus cases](#), I still think the stage could be set for a tremendous bull market rally that could kick off in the holiday season after investors have a chance to digest the election results.

Many investors have been rotating their portfolios based on who they think will win the U.S. election. I think investors shouldn't care who takes the oval office and should be buyers of bargains, regardless of which administration takes over for the next four years. Trump or Biden, there are market pros and cons of either decision. As such, investors should take their focus off what they can't control and look to scoop up shares of businesses that they deem are trading at discounts to their intrinsic value ranges.

Suncor Energy: Unreasonably discounted going into the U.S. election

Consider scooping up shares of **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), a severely undervalued energy stock with a rock-solid balance sheet that's down in the ditches due to slumping oil prices and the

greater odds that former vice president Joe Biden (who's green friendly) will win the election next week.

At this juncture, a Biden victory, I believe, won't move the needle much lower on Suncor shares because more than just depressed oil prices are baked in. The company lost fans after it reduced its dividend by 55%, and with its green energy peers picking up traction, it seems as though investors think that fossil fuels are dead. In reality, it could take many decades for sustainable energy sources to replace "filthy" fossil fuels meaningfully.

Suncor is sitting at its strong level of support at around \$15. With more than a 30% discount to its book value, I'd say now is the time to scoop up shares, as I think an energy stock resurgence could be underway. The fossil fuel stocks have sold off viciously this year, and with a Biden victory likely factored in, I think Suncor could be in a spot to soar over the near term on a surprise Trump victory.

Foolish takeaway

The way I see it, Suncor is a [high-upside bet](#) with minimal downside risk, given its vast undervaluation, its strong technical support, and the assumption that a fossil-fuel-friendly Trump will lose the election.

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