



## Wall Street Is Betting Big on Joe Biden

### Description

**Goldman Sachs** is betting big on Joe Biden. And it's not the only Wall Street firm that's doing so. In a recent report, the company wrote that a Biden win would have a "net positive impact on the economy." Company insiders put their money where their mouths are by donating to the candidate. For example, former CEO Harvey Schwartz donated \$100,000 to Biden's campaign action fund.

According to *CNBC*, the Biden campaign has received large donations from **Blackstone**, **JPMorgan Chase**, **The Carlyle Group**, and **KKR**. These contributions indicate that Wall Street thinks Biden would be good for the U.S. economy. And, as you're about to see, he could be good for the Canadian economy, too.

### What Goldman Sachs wrote

In a market analysis led by David Kostin, Goldman analysts made three claims:

1. That a Biden presidency would be a net positive for the economy;
2. That they would revise their GDP forecast up by 4% if Biden won; and
3. That Biden's deficit spending would stimulate economic growth.

Ever since the 2020 presidential election began, Donald Trump has been claiming that Biden's proposed corporate tax hike would kill economic growth. Goldman Sachs, at least, seems to disagree. While higher corporate taxes do lower earnings, deficit spending can fuel growth. Goldman thinks the latter could compensate for the former.

### Any effect on Canada?

The question Canadians need to ask themselves is whether a Biden win would affect *their* portfolios. For Canadians who own U.S. stocks, the answer is obviously yes. Whether the effect would be good or bad is up for debate — but there'd undeniably be an effect. The more interesting question is whether a Biden win would influence Canadian stocks. The U.S. is Canada's largest trading partner, and many

public Canadian companies have U.S. operations. So, it's quite plausible that a Biden win would have repercussions for Canada.

## One Canadian stock that could benefit from a Biden win

One stock that would likely benefit from a Biden win is **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)). It's a [railway company](#) that transports goods like coal, grain, and cars.

In his trade disputes with Canada, Trump has threatened to put tariffs on cars and aluminum. These are among the goods that CN ships to the United States. The page on metals on CN's website states that its metal shipping services [include aluminum](#).

If Trump were to impose tariffs on either of these goods, then demand for CN's services would likely be reduced. Ultimately, demand for a product influences the demand for shipping it. In a second Trump term, CN's earnings could take a hit. Since Biden does not share Trump's hawkish trade policy, his victory would likely be a positive for shipping companies like CN Rail. That's not to say that Trump is guaranteed to bring in sweeping tariffs against Canada in his second term. It's just that, under Biden, the risk of that happening would be lower.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)

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