U.S. Election Aftermath: How Should Canadian Investors Navigate the Chaos?

Description

Yesterday, I'd discussed the United States presidential election, as citizens flocked to cast their in-person votes on November 3. The way this year has gone, it should have been obvious that there would be no clear winner by the time the early morning had arrived. At the time of this writing, we are not that much closer to a concrete result. However, Donald Trump held a press conference wherein he declared victory and vowed to take the fight to the courts. Today, I want to discuss how investors should move forward as the U.S. election fight rages on.

U.S. election: Why this fight could last awhile

In the weeks leading up to the U.S. election, some experts had predicted a bitter battle that could descend into a legal fight. That worst-case scenario was something I'd touched on yesterday. Gold prices have benefited from a chaotic environment this year. However, the yellow metal failed to receive a significant bump late last night and in the early morning.

The spot price of gold was down 1.2% to roughly $1,888 per ounce at the time of this writing. Silver was down 2.8%. Precious metals took a huge hit after Donald Trump stood victorious in the 2016 election. Big business was enthusiastic about the Trump win and the promise of corporate tax cuts. Gold and silver sunk further in the months following the 2016 U.S. election, but would eventually return to form towards the end of Trump's first term.

Kinross Gold (TSX:K)(NYSE:KGC) is one of the largest Canadian gold producers. Its shares have climbed 76% in 2020 as of close on November 3. The stock is down 6% week over week. It is likely we will see Kinross take another hit if these spot prices hold during the trading day on November 4.

Investors should not expect this poor performance for precious metals to continue indefinitely. A Biden turnaround is building as mail-in votes pour in. No matter how things shake out from this point onward, there will be no clean ending to this bitter U.S. election. Because of this, investors should look hard at Kinross stock.

Shares of Kinross possess an attractive price-to-earnings (P/E) ratio of 11 and a price-to-book (P/B) value of 1.8. Its earnings have posted strong growth in recent quarters, powered by record highs for the yellow metal.

Should banks and big finance be worried?

Last month, I'd looked at three stocks to buy no matter who wins the U.S. election. Donald Trump's presidency has been positive for top U.S. banks, especially after he passed corporate tax cuts in 2017. In a recent note, a top **Goldman Sachs** analyst suggested that a Joe Biden victory could also be good for banks and big finance. However, this would hinge on the Democrats winning the Senate and being able to wield a free hand when it comes to drafting policy. One thing we know from last night is that the Democrats were unable to take power back in the Senate.

A prolonged legal battle between Trump and Biden would likely not bode well for the markets or the broader economy. Investors are eagerly awaiting the giant stimulus package that was put on the back burner for the U.S. election. **Toronto-Dominion Bank** boasts a huge footprint as a retail bank in the United States. Its shares have dropped 13% in 2020.

Like many of its peers, TD Bank possesses an immaculate balance sheet. This top bank stock last had a P/E ratio of 11 and a P/B value of 1.2. That puts TD Bank in favourable value territory relative to its competitors.

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