



## 3 Stocks That Will Grow Under Joe Biden's Presidency

### Description

Joe Biden became the 46th president of the United States. Unlike former president Donald Trump, who was light on climate change and environmental issues, Joe Biden has a strict stance on clean energy. He has even set out a clean energy initiative proposing a \$2 trillion federal climate plan. This plan sent clean energy stocks up significantly.

### Impact of a Biden presidency on TSX stocks

During the election campaigning, Biden talked about some of his plans to achieve net-zero emission by 2050. Among the many elements of the plan were the installation of wind farms and public charging outlets. Three Canadian stocks surged significantly on the Biden win: **Ballard Power Systems** ([TSX:BLDP](#))([NASDAQ:BLDP](#)), **Northland Power** ([TSX:NPI](#)), and **Magna International** ([TSX:MG](#))([NYSE:MGA](#)).

All three companies aim to reduce carbon emissions and will benefit from Biden's clean energy plan. The policies and government investment will increase the adoption of renewable energy and electric cars.

### Ballard Power Systems

Ballard Power Systems's stock surged 123% since November 2020 when Biden won the election. The company manufactures fuel cells that enable the electrification of heavy-duty vehicles like buses, trucks, trains, passenger cars, and forklift trucks.

Beyond vehicles, Ballard is using its fuel cells to provide backup solutions for telecom networks and other critical communication infrastructure. It also introduced FCwave, the first fuel cell module designed for marine vessels.

Ballard Power has won several contracts in Europe and China, which are ramping up their effort on zero-emissions goal by 2035. Biden aims to reduce the U.S. carbon footprint by 50% by 2035. One of the elements of his plan is to create incentives for electrification. Ballard Power is well positioned to tap this opportunity.

However, the concern is its negative cash flow. The company's losses have only been widening for the last three years. But the renewed investment in hydrogen and a pipeline of projects present a good opportunity. Its revenue growth is accelerating from 10% last year to 18% in the nine months of 2020. The stock is already trading at 57 times its sales per share. But it has the potential to grow further, as the company secures more contracts and expands beyond vehicles.

## Magna International

Another company that will benefit from Biden's electrification strategy is auto parts maker **Magna International**. The company has been increasing its exposure to electric vehicles (EV), whose sales are growing double digits when auto sales are declining. In 2019, global EV sales rose 40%, while global auto sales [fell 5.1%](#).

Magna provides automakers with an end-to-end platform from development and supply chain to production. Now it is [focusing on EV](#) and has formed an electric Powertrain joint venture with **LG Electronics**. It is also working with many automakers and tech companies to build EVs and self-driving cars.

Magna has a diversified exposure to EVs without investing billions of dollars in research. This reduces the risk of product failure and accelerates its upside potential in the event of product success.

Biden has promised to deploy more than 500,000 new public charging outlets by the end of 2030. A supporting infrastructure will accelerate the uptake of EVs in America. Magna stock has surged over 40% since Biden's win and has the potential to grow further in the 2030 decade.

## Northland Power

Another agenda in Biden's clean energy plan is to install several offshore wind farms over the next four years. This will benefit Northland Power, which has a large exposure to offshore wind power. It has around 1.5 GW of projects under construction. Biden's win will accelerate the project completion and make capital available to build new wind farms.

As these projects come online, they will bring more cash flow to Northland Power through long-term power-purchase agreements. The company's stock surged 20% since Biden's victory and is trading at 26 times its EPS. It has the potential to grow significantly in the 2030 decade.

## The bulls in Biden presidency

The three stocks are at the cusp of the clean energy revolution. This decade will be different than the last two decades. This decade will have the technology and infrastructure to achieve net-zero emissions by 2035.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NASDAQ:BLDP (Ballard Power Systems Inc.)
2. NYSE:MGA (Magna International Inc.)
3. TSX:BLDP (Ballard Power Systems Inc.)
4. TSX:MG (Magna International Inc.)
5. TSX:NPI (Northland Power Inc.)

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## Author

pujatayal

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