

Reassurance of Biden's Victory and its Effect on the Market

By Karen He

Stocks hit records after Congress certifies Biden victory after unrest.

U.S. stocks gained Thursday as traders shook off Wednesday's unrest in Washington. They are optimistic of the stimulus and looked ahead to the policy implications of the incoming presidential administration and Congress. "The S&P 500 gained more than 1% to reach a record high, and the Dow also rose to a record level. The Nasdaq recovered Wednesday's losses, outperforming with a jump of more than 2% to break above 13,000.", recorded by Yahoo Finance.



Overnight, Congress certified President-elect Joe Biden's victory in the Electoral College and formally recognized him as the next president. Even after protesters supporting President Donald Trump swarmed inside the Capitol, forcing the building to lock down

and lawmakers to evacuate, the stock market still performed positive. In fact, financial, material, and energy stocks extended gains. Biden's push on climate change is one factor. The prospects amid the Democratic sweep, allowed traders to assume there would be a bigger stimulus and increased infrastructure spending, pushing the stock market bullish. "With the Democrats now set to control Congress when Joe Biden officially becomes President in a few weeks' time, the market is now recalibrating the scenario where the future leader has a greater chance of pushing through his policies and thus what the consequences would be on asset classes, economic growth, monetary policy and so on", says Washington Post.

Though many investors worry that the Democratic-controlled Senate might ease the path for tax increases and regulatory changes, it would also increase the odds of more fiscal stimulus, boosting companies that have been hit hard by the coronavirus pandemic and the economic downturn.

Tying this with ESG factors, it is known of Biden's strong push towards climate change. Solar ETFs and indexes have proved to dramatically increase, especially after he was formally recognized as the next president. Environmental justice and climate equity have also been highlighted in Biden's campaign as well as in the proposals put forward by the House and Senate Democrats. The issue has also been a core feature of Biden's running-mate Kamala Harris' platform. Just days before she was announced as his vice presidential pick, Harris introduced a climate equity bill to ensure that any environmental legislation takes careful consideration of its impact on low-income communities. This would mean significant investment into green industries and technologies, and it would also require tighter regulation of higher-emitting industries, including oil and gas, utilities and autos. Beyond the climate agenda, Biden also has significant implications for consumer, healthcare and tech companies as Biden seeks to strengthen labour protections, improve access and affordability in healthcare and regulate big tech. As we wait for our next president to lead our country, we expect an increased focus on production and jobs to the US and another stimulus.

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