



ANALYST QUICK NOTES

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Our Trump List

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A List of Five Stocks for the Trump Administration

- Donald J. Trump was sworn in as the nation's 45th President on Friday. His election turns the White House Republican, to go along with the Republican House of Representatives and Senate. President Trump was elected in part because he promised the country he would focus on creating jobs by altering regulations, modifying trade programs and scrapping policies enacted by his predecessors.
- We doubt that President Trump will enact many tangible new programs in his first 100 days, but over the next 1-2 years, we expect his decisions to lead to reduced energy regulations, higher interest rates and renewed spending on infrastructure.
- Here is a list of five BUY-rated companies followed by Argus analysts that may benefit from these programs:
 - New Jobs: Automatic Data Processing (ADP). ADP is the leading payroll processing company in the country. The company's Employer Services division accounts for 75% of total revenue, and year-over-year same-store payroll counts have been rising at a 2.5%-plus pace. We recently raised our target price on this blue-chip business services company.
 - Higher Short-Term Rates: Federated Investments (FII). The Federal Reserve is poised to increase interest rates in order to stay ahead of inflation. This should help Federated, which has been forced to waive management fees for money-market offerings because of persistently low interest rates.
 - Higher Long-Term Rates: Prudential Financial (PRU). Prospects for economic stimulus have pushed Treasury yields higher and should lead to increased returns on PRU's \$788 billion bond portfolio.

- Energy Deregulation: Helmerich & Payne (HP). We expect a reduction in drilling regulations to lead to increased activity by E&P companies, especially in regions with relatively low production costs, such as the Permian basin and the Bakken and Eagle Ford shales. We note that many of HP's customers have a strong presence in these regions, and thus look for the company to benefit from a gradual increase in rig utilization and realized margins.
 - Infrastructure: Ecolab (ECL). This Industrial services company is a leader in water, hygiene and energy technologies. Though it won't be on the front line of infrastructure spending – and thus the ECL stock price has not skyrocketed like some others – the initial beneficiaries will likely turn to Ecolab to help clean up.
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