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After election, investors bid up some sectors, thump others on the head

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By Matt Krantz, USA TODAY

The elections may have been Tuesday, but on Wednesday traders voted on which companies would win or lose from the new balance of power in Washington.

Industry groups perceived to be in the Democrats' sights suffered because of feared legislative changes. Stocks in any way involved in health care were hammered. But at the same time, companies involved in stem cell research and alternative fuels rallied on hopes Democrats would advance those technologies.

Some call the reactions short-sighted because changes will be slow. "A lot of this stuff is interesting copy and affects headlines but not bottom lines," says Sam Stovall of Standard & Poor's. Still, traders have made up their minds about potential winners and losers:

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•**Alternative energy: Winners.** Similar to the boost in stem cell stocks, investors assume Democrats will push alternative energy forward. The PowerShares WilderHill Clean Energy Portfolio ([PBW](#)), which tracks stocks developing renewable energy sources, rose 1.4%.

Investors need to curb their enthusiasm or fear for industries initially seen as potential winners or losers, says Charles Blood of Brown Bros. Harriman. He says the Democratic victory won't translate into any big changes overnight. "It's not like there's a new election and everything is different," he says. "It's part of a process and evolution."