

One of the Most Controversial Trade Ideas Hitting New Highs

Immigration policy is one of the most controversial topics in the U.S. at the moment.

So we have to be careful on how we approach the topic, not wanting to take sides. For us, we are looking at the issue solely from an investor standpoint. As long as the story remains red hot, some of the best opportunities have been found in private prison stocks.

In fact, these very stocks are the best performers on the market.

And they're expected to move even higher with such a hot button issue. Here's what we found.

Private prison stocks are no longer on death row.

In the final months of the Obama Administration, the Justice Department announced it would end the use of private prisons. Sally Yates, the former deputy attorney general even directed the Bureau of Prisons to withdraw or decline contracts for private prison operators, noting they compared poorly.

Shares of GEO Group (GEO) would plummet from \$20 to less than \$12.



Core Civic (CXW) would fall from \$32 to less than \$12.



It was devastating.

But, it also created the buying opportunity of a lifetime for crisis investors.

Days into the new Trump Administration, the Obama rule on such prisons was cut.

U.S. Attorney General Jeff Sessions rescinded the order and has decided not to phase out the use of private prisons by the federal government. And up went the prison stocks with little likelihood of immediate term downside. Since then, GEO rocketed to a high of \$30 a share, more than doubling since the election. CXW soared to \$35.

Crisis gave way to opportunity for smart traders.

While related stocks would slip from their lofty highs following Trump news, they began to outperform most other stocks mid-2018 on immigration news. A recent Republican House compromise bill on immigration seeks to end the family separation issue at the border from a \$7 billion budget allocation.

According to Observer.com, "The bill mandates that the Department of Homeland Security hold any adult only charged with a misdemeanor who crossed the border with a child under age 18 with their child, at specific family detention facilities. It would apply to all past and future cases of family detention, so children already separated from their parents could be reunited. It would also approve funding for family detention centers."

In July 2018, Trump signed an executive order that stopped the act of separating children from their

parents, while committing resources to building detention centers that can house families.

According to KCET Link:

“The two private prison companies have also benefited from the opening of family detention centers after the surge in migrants from Central America started happening in 2014. Core Civic runs the South Texas Center Residential Center in Dilley, Texas, and Geo Group runs Karnes County Residential Center. Both are set to continue benefiting from the expansion in family detention.”

While there are arguments on both sides of the aisle regarding immigration policy, the one certainty is that related stocks will continue to profit amid demand.

The best thing to do here is buy and hold these two stocks, long-term.