Top Stocks for Hurricane Season 2020

The 2020 hurricane season has been very active.

And it’s far from over.

According to the National Oceanic and Atmospheric Administration (NOAA), the season will be “extremely active” with 19 to 25 potential storms. “This year, we expect more, stronger and longer-lived storms than average, and our predicted ACE range extends well above NOAA’s threshold for an extremely active season,” NOAA said, as quoted by CNN.

“So far, Cristobal, Danielle, Edouard, Fay, Gonzalo, Hanna, Isaias, Josephine and Kyle have set records for being the earliest named Atlantic storms of their respective place in the alphabet. Only Hanna and Isaias have developed into hurricanes. Isaias weakened into a tropical storm before it hit the northeastern US,” says the New York Post.

With hurricanes, there are also plenty of stock opportunities to consider.

Some companies see a jump in costs as they repair businesses. Other companies generate more business as they supply the products and services needed in the rebuilding effort.

Generac Holdings (GNCR)

GNRC is an $11.7 billion leader in power generation equipment and other light-motor equipment for residential and industrial customers. The company is the market leader in home standby generators and the leading global manufacturer of mobile generators for industrial use. Beyond the physical damage to homes and businesses, one of the biggest inconveniences of a powerful storm is electrical outages.

While the stock is already up to $186, it could see even more upside. Even the Bank of America just upgraded the stock from Neutral to Buy with a price target of $200.

Home Improvement Stocks

As two major hurricanes thrash the Gulf, investors are bidding up Home Depot (HD), Lowe’s (LOW) and Lumber Liquidators (LL) since they historically stand to benefit from increased sales of plywood and other home improvement goods. All three stocks exploded on the intensity of the 2017 season.

This segment is “naturally positively exposed to preparation and recovery efforts,” says Morgan Stanley. These “typically see a boost in sales post-storm as damaged property is repaired.”