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Pharma Stocks Rally As Election Dust Settles

by Sukaina Virji

Markets stumbled on the news of Donald Trump's shock victory in the US presidential election, but they quickly rallied. Around the world, stock indices rose, with pharma stocks generally performing well.

Despite major drops on the futures markets as the US election results came in the night of Nov. 8, by the end of the following day investors had found solid ground. Led by gains in the pharmaceutical and healthcare stocks, along with the industrial and financial fields, and allayed by President-elect Trump's promises of infrastructure spending, the major US indices rallied Nov. 9.

The Dow Jones Industrial Average gained 257 points (1.4%), the S&P 500 ended up 23.70 (1.1%); the Nasdaq Composite closed with a 57.58 point gain (1.11%); the true impact of the biopharma stocks showed on the iShares Nasdaq Biotechnology ETF, which surged 13% during the day. Elsewhere in the world, markets also rose: the FTSE100 was up 1%, the German DAX and French CAC 40 rose by 1.56% and 1.49%, respectively, and the NIKKEI opened up sharply on Nov. 10 after plummeting as election results came in on Nov. 9; it had climbed by 6.43% by 2pm on Nov. 10.

See chart below for a review of the day's trading for the top 25 companies in the Scrip 100.

Stock Movements For Top Pharmas* on November 9, Post-US Election

Company	Close price Nov. 8, Open Nov. 9	Range of daily trading activity	Close price Nov. 9 (+%)
Novartis AG (NYSE)	\$71.28 close, \$73.65 open	\$72.98-\$74.51	\$74.29 (+4.22%)
Roche (OTC)	\$28.76 close, \$30.07 open	\$29.77-\$30.32	\$30.31 (+5.37%)
Pfizer Inc. (NYSE)	\$30.00 close, \$33.01	\$31.50-\$33.37	\$32.12 (+7.07%)

	open		
Johnson & Johnson (NYSE)	\$117.05 close, \$120 open	\$118.10-\$122.50	\$120.31 (+2.79%)
Merck & Co. Inc. (NYSE)	\$60.51 close, \$63.96 open	\$62.76-\$65.00	\$64.18 (+6.07%)
AstraZeneca PLC (NYSE)	\$27.99 close, \$28.70 open	\$28.37-\$29.16	\$28.95 (+3.43%)
Bristol-Myers Squibb Co. (NYSE)	\$53.16 close, \$55.25 open	\$54.90-\$57.30	\$56.30 (+5.91%)
Sanofi (NYSE)	\$40.16 close, \$41.73 open	\$41.33-\$42.40	\$42.01 (+4.61%)
GlaxoSmithKline PLC (NYSE)	\$39.14 close, \$40.18 open	\$39.60-\$40.60	\$40.40 (+3.22%)
Eli Lilly & Co. (NYSE)	\$74.02 close, \$77.15 open	\$76.58-\$79.40	\$78.39 (+5.90%)
AbbVie Inc. (NYSE)	\$58.81 close, \$64.10 open	\$60.41-\$64.69	\$62.64 (+6.51%)
Amgen Inc. (NASDAQ)	\$138.45 close, \$146.75 open	\$142.75-\$152.85	\$146.42 (+5.76%)
Celgene Corp. (NASDAQ)	\$108.45 close, \$115.75 open	\$114.70-\$127.00	\$120.07 (+10.71%)
<i>Boehringer Ingelheim GMBH</i>	NA (private)		
Gilead Sciences Inc. (NASDAQ)	\$74.04 close, \$76.80 open	\$76.75-\$80.00	\$78.47 (+5.98%)
Takeda Pharmaceutical Co. Ltd. (OTC)	\$21.43 close, \$21.50 open	\$21.32-\$21.70	\$21.35 (-0.37%)
Bayer AG (OTC)	\$98.27 close, \$99.31 open	\$99.25-\$102.62	\$102.08 (+3.87%)
Allergan PLC (NYSE)	\$195.80 close, \$223.42 open	\$205.21-\$224.98	\$212.90 (+8.73%)
Novo Nordisk AS (NYSE)	\$33.87 close, \$34.52 open	\$34.21-\$35.15	\$34.56 (+2.04%)
Biogen Inc. (NASDAQ)	\$295.60 close, \$312 open	\$309.68-\$328.98	\$319.86 (+8.21%)
Astellas (OTC)	\$14.21 close, \$14.40 open	\$14.40-\$14.64	\$14.57 (+2.53%)
Daiichi Sankyo Co. Ltd. (OTC)	\$21.88 close, \$21.62 open	\$21.62-\$22.03	\$21.89 (+0.02%)
Otsuka Pharmaceutical Co. Ltd. (OTC)	\$21.46 close, \$22.04 open	\$21.69-\$22.26	\$21.80 (+1.58%)

Regeneron Pharmaceuticals Inc. (NASDAQ)	\$367.77 close, \$385.35 open	\$383.97-\$420.44	\$418.42 (+13.77%)
Shire PLC (NASDAQ)	\$167.71 close, \$181.20 open	\$179.84-\$188.11	\$186.98 (+11.50%)

**Top 25 companies in Scrip 100 ranking by sales, 2015*

In a brief statement to *Scrip*, AstraZeneca had this to say on Trump's win: "It is too early to comment on the new administration's priorities regarding healthcare. We will work with the new administration and both parties in Congress, as well as in the States to provide insight on issues impacting our business. Our priorities include increasing access and affordability to medicines, protecting patient health, and promoting an environment that encourages innovation in healthcare."

So why the positive sentiment around pharma? It's likely that investors believe pricing pressure on prescription medicines will ease under a Trump presidency. This has more to do with Democratic presidential nominee Hillary Clinton's outspokenness on drug price increases than any policy statement from Trump.

Clinton was aggressive on reining in price increases, while Trump wanted a more 'free-market' approach – but in typical Trump fashion, detail on what this means was sketchy.

In Trump's healthcare reform paper, this was all he said on drug pricing:

"Remove barriers to entry into free markets for drug providers that offer safe, reliable and cheaper products. Congress will need the courage to step away from the special interests and do what is right for America. Though the pharmaceutical industry is in the private sector, drug companies provide a public service. Allowing consumers access to imported, safe and dependable drugs from overseas will bring more options to consumers."

Both candidates promised healthcare reforms: Clinton promised to expand the Affordable Care Act (ACA, or Obamacare) while Trump said he would repeal it.

The ACA drives volumes (20 million more Americans are now covered by health insurance), so withdrawing it or reducing it would be negative for volumes.

"Trump could result in higher prices on lower volumes where Hillary offered the

In-Depth Perspective

See more about the election's implications for biopharma with these articles:

- (Also see "[*Pharma Is Ready And Waiting For A Tax Holiday Under Trump*](#)" - Scrip, 9 Nov, 2016.)

reverse. From a drug company's perspective this likely means Trump is (marginally) preferable," commented Peel Hunt analysts.

"Trump is unlikely to focus much on drug pricing and unlikely to really reform any Medicare particularly with GOP [Republican] Congress against this," wrote RBC analyst Michael Yee in a note on Nov. 9.

Almost 80% of healthcare investors believe major drug-pricing reform is now off the table, according to a survey conducted by Evercore ISI analyst Umer Raffat in light of the election result.

"The political and policy success of a Trump presidency will depend in large part on quickly improving the economy and reforming (not repealing) the ACA. These issues also are the ones on which Trump and congressional Republicans agree most, a fortunate political coincidence," noted Evercore ISI's Terry Haines in a note dated Nov. 9.

"Drug pricing affordability ... has clearly been amplified in this election cycle. There is considerable uncertainty and turmoil about both candidates' positions on these issues, and it's difficult to decipher between campaign rhetoric and legitimate policy views," said [Pfizer Inc.](#) CEO Ian Read during the company's third quarter earnings presentation on Nov. 1.

"It's been disappointing that this debate on pricing has completely neglected the other side of the ledger; that is the benefits and value added by the pharmaceutical industry. So while we understand the healthcare costs have been increasing for many patients, we disagree with the prevailing notion among some politicians that pharmaceuticals are the reason for these rising costs. And we believe that post the election cycle, good public policy will prevail."

But the mood in Europe, at least at the annual BioEurope partnering conference for the pharma and biotech sector, being held in Cologne, Germany from Nov. 7-9, was despondent. "We had two really upbeat days, but today people are wandering around as if they're hungover," commented *Scrip's* Mike Ward, who is at the meeting, on Nov. 9. "And that's not because they're celebrating."

This story was updated on Nov. 10 to include stock data for companies and global indices.

- (Also see "[Trump Victory: What Impact For Pharma In A Post-Referendum EU?](#)" - Scrip, 9 Nov, 2016.)
- (Also see "[California's Prop 61 Fails, But More Pricing Measures Could Be Ahead](#)" - Scrip, 9 Nov, 2016.)
- (Also see "[President Trump And Drug Pricing: What To Expect](#)" - Scrip, 9 Nov, 2016.)
- (Also see "[Trump's ACA Repeal: What's In It For Biopharma?](#)" - Scrip, 9 Nov, 2016.)

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