


Novogratz Says Stock-Market Bubble Will Probably Pop If Biden Wins

- Crypto investor says market is in a 'liquidity-driven frenzy'
- He says Fed actions may push gold as high as \$3,000 an ounce

By [Donald Moore](#) and [Sonali Basak](#)

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Cryptocurrency investor Michael Novogratz, while a big fan of Democrats, said the relentless rally in the stock market could end if Joe Biden wins the U.S. presidency.

“Electing Biden and Harris, as much as it’s gonna be great for the country, is not going to be great for the market,” Novogratz said Friday in a Bloomberg TV interview, referring to the presidential contender and his running mate.

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Novogratz speaks with Bloomberg’s Sonali Basak and Taylor Riggs on “Balance of Power.”

Novogratz, 55, founder of Galaxy Investment Partners and a former hedge fund manager, said the market was in a “liquidity-driven frenzy,” fueled by stocks like Amazon Inc. and Tesla Inc. Should Democrats take control in November, Wall Street can expect higher corporate and capital gain taxes, as well as increased rates for the wealthy, he said.

“Those frenzied bubbles normally end with policy response,” said Novogratz, who has described his politics as center-left. “Usually it’s the Fed’s action, but action on raising taxes could end this froth. I mean Amazon’s an amazing company, it’s doing amazing through Covid, but it’s trading a hundred times earnings on a gigantic multiple.”

The S&P 500 Index, which hit its 2020 low in March as coronavirus lockdowns began across the country, has since surged more than 40% as the Federal Reserve pumped liquidity into the market. Novogratz said he expects the Fed to be “even more dovish” at its next meeting, which could drive stocks higher and push gold to \$2,500 to \$3,000 an ounce.

Like many Wall Street Democrats, Novogratz said he thought Biden and Kamala Harris would be good overall for financial firms. In an earlier interview, he described Harris, a U.S. senator from California, as someone who “brings

star power to the ticket.”

[Read more: Wall Street Democrats relieved at Biden’s pick of Harris](#)

Other topics Novogratz touched on included:

- Bitcoin -- He said he thought the cryptocurrency, which has surged in value in recent weeks, had “crossed the Rubicon” on the question of whether it’s a good store of value, and said he considers it a better investment than gold at the moment. About 25% of his money is tied up in cryptocurrencies, he said.
- New York’s future -- “New York taxes are certainly as high as they can go and we’re seeing that outflow of human capital,” he said. “Services are gonna go down and so it’s gonna be a very tough run for city.” As for those who left because of coronavirus, he expects it could be six months to a year after the “all-clear sign” before many of them return.

– *With assistance from Amanda L Gordon*

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