



## 3 Stocks That Will Profit Even if Oil Falls to \$35

### Description

There is a lot of fear going around right now about oil. OPEC announced that it would not be changing its output production at all, which sent the price of oil plummeting again to under US\$70 a barrel.

Tom Kloza, the founder of Oil Price Information Services, predicts that we could see US\$35 a barrel by the middle of 2015 if OPEC doesn't change its output. Cutting the current value of a barrel of oil in half would be catastrophic to many companies. Even right now, only those oil companies that have very mature operations are able to scrape by.

While it is possible that oil could drop that far, I currently don't buy the likelihood of it. Many of the countries in OPEC—Saudi Arabia, Iran, Venezuela, etc.—require oil to be at a certain price to survive. It's not just companies that require it, but entire countries. In undiversified economies like those in OPEC, low oil would greatly hurt them.

Because of that, I don't buy that OPEC will allow the price of oil to drop that much. Right now, they are playing a game of chicken with North American oil providers. What they are hoping will happen is some of the North American producers will shut down their operations, which will cause a drop in production, which will see the price rise. OPEC doesn't want to be the first to lower its production.

### What should you do?

All of this is fine and dandy, but we're here to make money. My advice right now is to avoid the oil companies. While there are a few that will be able to survive OPEC's games, it's a very volatile sector right now. Until we know the real support price for oil, I don't want investors jumping in and potentially losing their money.

But that doesn't mean you should avoid the sector entirely. Oil isn't going anywhere for a long time. But I would move your focus to oil transportation rather than to the actual resource. Whether the price is \$100 or \$50 or \$35, that oil still needs to be transported from point A to point B.

Therefore, I would look to start acquiring positions in the following four companies:

You should look at two railroads as must haves. **Canadian Pacific Railway Limited** ([TSX: CP](#))([NYSE: CP](#)) and **Canadian National Railway Company** ([TSX: CNR](#))([NYSE: CNI](#)) both make a significant amount of money from oil transportation. They will make money no matter the price of oil. I would also consider looking at the American railways.

The next company to watch is **TransCanada Corporation** ([TSX: TRP](#))([NYSE: TRP](#)). This large pipeline company is responsible for the transport of oil around Canada and into the United States. Companies are going to continue using it to transport oil no matter what oil prices do.

And then there is my favorite. It is the Motley Fool's top stock of 2014 and I believe it's one of the best companies to own. Check out our [free report](#) to get it.

## CATEGORY

1. Energy Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:CP (Canadian Pacific Railway)
3. NYSE:TRP (Tc Energy)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:CP (Canadian Pacific Railway)
6. TSX:TRP (TC Energy Corporation)

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