

Value Is Hiding in Plain Sight: The Top Stocks of Alberta

Description

The economy in western Canada, or, more specifically, Alberta, has not performed very well over the past three years. As the price of oil has declined from well over US\$100 to less than US\$30 per barrel, the pullback in the resource has dragged the entire province down with it. Making matters worse, a major fire in Fort McMurray has also wreaked havoc on the homes and businesses in the area. Albertans have experienced a number of bad breaks.

After a downward move, the silver lining can oftentimes be found in the recovery. Now far enough out of the doom and gloom, Fort McMurray has started to rebuild as the province has gotten more comfortable with a new standard of living. As many Canadian companies operate nationwide, the effects of the downturn in Alberta have not been felt as harshly for most. Certain companies that instead focus on the oil patch have been hit hard and may now be in the best positions to see the biggest gains.

Canadian Western Bank ([TSX:CWB](#)) was hit very hard. It has started to expand into the eastern part of the country by looking for strategic acquisitions in the wealth management space. The company pays a dividend of more than 3% and trades at 1.1 times tangible book value. With a trailing price-to-earnings ratio (P/E) of 13 times, this security will continue to run for quite some time yet.

Shares of **AutoCanada Inc.** ([TSX:ACQ](#)) have finally bottomed according to the 10-day and 50-day simple moving averages (SMAs), as the company, which owns a large number of car dealerships in the province, has started to see an increase in top-line revenues for the first time in a long time. As motor vehicles can only last for so long, the company is in prime position to benefit from rising rates of interest in the short term.

The catalyst will be that consumers will want to purchase a car sooner (at lower rates of interest) instead of waiting and having to pay a higher cost of borrowing.

Lastly, shares of **A and W Revenue Royalties Income Fund** ([TSX:AW.UN](#)) is another company that feeds hungry clients across the country, but it continues to have a significant footprint in the western provinces. The company carries a low beta of 0.72 and pays a monthly dividend yield of close to 4.75%. It is an excellent income play. The company paid out 100% of earnings in the form of dividends in the past two fiscal years, so it is in prime position to offer investors an increase in the monthly payment as the economy continues to improve.

With many opportunities to invest in companies with either a national or local footprint, investors will want to consider companies that focus on the country's hardest-hit province.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ACQ (AutoCanada Inc.)
2. TSX:AW.UN (A&W Revenue Royalties Income Fund)
3. TSX:CWB (Canadian Western Bank)

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Author

ryangoldsman

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