



Which Stocks Benefit From Natural Disasters?

Description

This year has already been one for the record books when looking at natural disasters, and we still have almost four months to go. We've had heavy flooding and wildfires across multiple parts of Canada, and now the southern U.S. is expecting a second large hurricane to make landfall shortly. What do all of these emergencies mean for your stock portfolio, and are there any companies that benefit from natural disasters?

There are certainly companies hurt by all of these events, especially insurance companies that may have to make large-scale payouts. After Hurricane Harvey in the U.S., we've already seen energy companies such as **Enbridge Inc.** take a hit because they have been forced to halt operations in Texas.

Before the disaster

Even though we might feel squeamish about companies benefiting from disaster, the truth is, some companies do very well when disaster strikes.

Some problems, such as hurricanes and wildfires, can be anticipated by at least a few days, giving residents time to prepare. With this time, people sometimes move as many belongings as they can into storage units for protection. So, companies such as **StorageVault Canada Inc.** (TSXV:SVI) can come out ahead after a disaster. People will also try to stock up on supplies, such as food and water, so grocery chains like **Loblaw Companies Ltd.** ([TSX:L](#)) can see a temporary boost in sales.

During and after the disaster

When people are forced to flee their homes, many of them end up in hotels. Large hotel chains, such as **Hilton Worldwide Holdings** ([NYSE:HLT](#)) and **Marriott International Inc.** ([NASDAQ:MAR](#)), now the owner of the Canadian Delta chain of hotels, often see bookings go up right after a catastrophe, helping their bottom lines. In the case of some extended disasters, such as towns being destroyed by forest fires, governments and insurance companies sometimes end up paying for extended hotel stays for those displaced by the disaster.

Once the event is over, people need to repair, replace, or rebuild. Hardware-type companies, such as **Home Depot Inc.**([NYSE:HD](#)), benefit from people handling DIY repairs. Large construction and contracting companies benefit when entire towns and large buildings need to be replaced or repaired. Even companies like **Canadian Tire Corporation Limited** ([TSX:CTC.A](#)) benefit. Disasters also tend to destroy items such as outdoor furniture and sporting equipment, so store cash registers ring when people begin to replace whatever they've lost.

Investor takeaway

Natural disasters have been increasing in recent decades, meaning you can't afford to ignore them and the effect they might have on your life and your money. Smart investors look for diversity in their portfolios and ways to mitigate the effects of large global and economic impacts. Including stocks that might benefit from (or at least won't be hurt) by natural disasters is one smart way to protect your money.

CATEGORY

1. Energy Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:HD (The Home Depot Inc.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:L (Loblaw Companies Limited)
4. TSX:SVI (StorageVault Canada Inc.)

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