



Wal-Mart Stores Inc. Proves Some Stocks Benefit From Natural Disasters

Description

The United States got bombarded by multiple hurricanes this year, with Harvey, Irma, and Maria inflicting tremendous damage in the southern U.S. and Puerto Rico. We talked in September about how the [hurricanes](#) negatively affected energy companies. However, not everyone gets hurt by disasters, at least not when we look at stocks.

We discussed which kinds of companies might [benefit](#) from natural disasters in September, and we've been proven correct. Let's let at two companies that saw sales improve as a result of this year's hurricanes.

Wal-Mart Stores Inc. ([NYSE:WMT](#))

Wal-Mart released third-quarter earnings on November 16. The company reported better than expected sales for the quarter. It claims customers stocked up ahead of time on food and supplies needed to help them get through the major storms. In fact, Wal-Mart reported its strongest sales growth since 2009. The company stated that hurricane-related sales added 30-50 basis points to its overall sales numbers.

These sales helped the company reach adjusted earnings per share of US\$1. Overall profit fell in the third quarter due to increased expenses the company incurred. Wal-Mart has raised its profit outlook for the whole year, expecting annual earnings per share to be \$4.46. Part of this increase can be attributed to hurricane-related sales.

Home Depot Inc. ([NYSE:HD](#))

Home Depot released third-quarter earnings on November 14 with earnings per share of US\$1.84. The company also updated its full-year sales and profit forecast, partly due to increased sales in southern U.S. stores from Hurricanes Harvey and Irma. It now expects annual earnings per share of US\$7.36. Home Depot states the hurricanes boosted demand for multiple items, including flashlights, generators, and building materials.

What this could mean for Canadian investors

Neither of these stocks trade on the TSX, and hurricanes don't generally cause major problems for Canada. However, we are not immune to natural disasters, especially floods and wildfires. These disasters often create a need for the same type of items that get purchased in the face of hurricanes. Canadians in need may buy disaster items at their local Wal-Mart or Home Depot stores, but Canadian companies such as **Canadian Tire Corporation Limited** ([TSX:CTC.A](#)) might also see an uptick when disaster hits.

It's helpful to know that some stocks benefit from disaster. You can hold Canadian Tire or other similar companies in your portfolio if you want to hedge against holdings that will suffer in the same circumstances.

CATEGORY

1. Investing

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2. NYSE:WMT (Wal-Mart Stores Inc.)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)

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