

Where Investors Can Find Gains Amid Higher Oil Prices

Description

With oil once again closing in on US\$70 per barrel, many drivers are feeling the pain at the pump and starting to use a few choice words under their breath — hopefully, when no one else is listening.

As higher oil prices often bring a greater amount of capital investment for corporations, it is important to understand what the repercussions are for all parties involved.

First, consumers will be out of pocket a few more dollars every week, which will make savings a little more difficult for the average Canadian. On a national level, this may give way to inflation, which could be positive for the overall economy, but let's not forget: there have already been several rate hikes over the past 12 months.

More specifically, for investors who want to benefit from higher oil prices without necessarily holding the oil stocks themselves, there are still a few others that may fit the bill. With a large presence in Alberta, **Canadian Western Bank** (TSX:CWB) has already started to recover alongside the price of oil.

After finding a bottom near the \$23 mark of the past few years, the Alberta-based financial institution has been successful in belt tightening and aggressive risk-management practices. Now that it's expanding east of the province, investors can expect a raise from the current 3% dividend yield being offered to those who sit around and wait for more to happen.

As is often the case, banks will be the first to recover after a difficult period in any economic cycle.

Following Canadian Western Bank, shares of **AutoCanada Inc.** (TSX:ACQ) may be about to head substantially higher as well.

The <u>company</u>, which owns numerous car dealerships across the country has more locations in Alberta than in any other province. As the fortunes of oil went down the pipes, so did the share price of the company. What was originally supposed to be the next "it" stock became one of the biggest flops of the past five years. At a price of \$21.50 per share, investors may now be in a better position to make a substantial profit.

As is always the case, investors must ask themselves what they are giving vs. what they are getting before they deploy their capital. In the case of AutoCanada, the share price, for a long time, did not justify what investors were receiving, which was a business in decline. After several years of low oil prices and older vehicles, the tide may finally be starting to turn for those who are looking for hidden value.

As more and more Albertans head back to work, older vehicles may either be retired or handed off to a younger adult in the household, leading to a larger budget for car repairs and maintenance. With not only new cars being sold and serviced, investors can expect their fortunes to follow.

CATEGORY

- 1. Dividend Stocks
- 2. Investing

TICKERS GLOBAL

- 1. TSX:ACQ (AutoCanada Inc.)
- 2. TSX:CWB (Canadian Western Bank)

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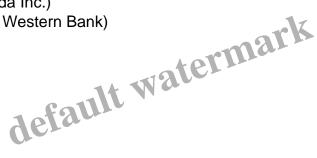
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