



Will Oil & Gas Stocks Soar After Yesterday's Election Results in Alberta?

Description

After four years of NDP rule, Alberta is again changing its leadership, this time to the new United Conservatives party. It was a decisive victory for the Conservatives, and it could be a turning point for not just the province but the country as well. Back in 2015, elections took place in Alberta and federally, which resulted in a change in a strategy, particularly when it came to the oil and gas industry.

At a time when Alberta was going through a significant downturn, there simply was little support from either the provincial or federal government to help. While in the days leading up to yesterday's election, Notley tried to convince voters she would fight for the Trans Mountain pipeline to be built, it was simply too little, too late for a province that knew it had made a big mistake four years ago that it was sure not to repeat. What we do know is that Jason Kenney is promising to offer more of a fight with B.C., which has pushed back on the Trans Mountain expansion.

We'll have to wait and see if his methods translate into wins for the oil and gas industry. However, at a minimum, the industry knows it has stronger support behind it today. Next up is the federal election later this year, when a change in leadership there could mean even bigger changes for the industry. It's impossible to know how things would have played out if in 2015, voters not only in Alberta but across the country had made different decisions. What we do know is that those decisions certainly did nothing to help an industry that badly needed support at a critical time.

Lots of frustration in the industry

Political issues in Canada have undoubtedly weighed down the industry, as the amount of red tape has made it difficult to make any significant progress. In addition to the Trans Mountain issues that we've had, there's also been the cancellation of the [Energy East](#) and the Northern Gateway projects.

It should come as no surprise that stocks like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) have struggled in the time that Notley has been in office, declining by 20% since the NDP took control. While there's no doubt low oil prices have had a big impact on the industry, even with production cuts and stronger commodity prices, investors have still been very bearish on investing in Canadian oil and gas stocks.

Companies have scaled back investment in oil and gas as well, seeing little reason to do so and knowing that that now is a time where cost control is more important than expansion that might not even happen. And while Enbridge has made [progress](#) on its Line 3 replacement project, ultimately, it and its peers need governments not to present obstacles for the industry. There's a lot of frustration when it comes to building pipelines in this country, because even when companies focus on environmental or indigenous issues and address them, we see the goal posts effectively being moved. It becomes a costly and time-consuming process that isn't helpful in doing anything but delaying pipelines.

Bottom line

Electing the United Conservatives is a good move for Alberta's oil sands, but it won't be until we see a change at the federal level that there's a much more bullish outlook for the industry. It was, nonetheless, a step in the right direction and could be a sign of things to come later this year.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Energy Stocks
2. Investing

Date

2025/08/16

Date Created

2019/04/17

Author

djagielski

default watermark