



2 Non-Energy Stocks to Buy If Oil Continues Its Rally

Description

The attack on a Saudi refinery last week has had massive impacts around the world. First, as most would guess, the price of oil shot up on worries that supply would be heavily impacted. This seems to have been over defensive and the Saudi's have already reportedly gotten half of the lost production back online.

Next the world markets took a slight pause, as investors were concerned that an increase in oil prices would negatively affect the global economy, which is already stretched. Not only did this have an impact on global indices, it also affected safe haven assets such as gold.

Now as oil continues its rally, there are many ancillary companies that are poised to benefit should the rise in oil prices hold steady.

As most can guess, these companies are located in Western Canada and have been negatively impacted while the economy in Alberta suffers setback after setback.

Should a sustained oil rally materialize, the impact to the Albertan economy would be huge, and many companies would see a major increase to both top and bottom lines.

Two top companies that could see positive implications from a rebounding Albertan economy are **Gamehost Inc** ([TSX:GH](#)) and **Canadian Western Bank** ([TSX:CWB](#)).

Gamehost

Gamehost is a [casino](#) and resort operator in Alberta. It has four main assets, two casinos, a casino and hotel and a stand-alone hotel. The assets are located in Fort McMurray, Calgary and Grande Prairie.

Gamehost has felt the impact of the Albertan economy for a while now. It has however, managed to stay profitable, though its payout ratio has been creeping up.

An increase in oil prices and consequently better economic activity in Alberta would be a direct boost to

business for Gamehost.

Gambling is usually a more defensive industry, but even the best companies will be affected by prolonged periods of static economic growth.

Its consistent return on equity near 15% even in these tougher times shows the resilience of the company and efficiency of its assets.

Gamehost should be a top stock on any investors list looking to cash in when the Albertan economy starts to boom once again.

Canadian Western Bank

Canadian Western Bank is a diversified financial services company with roughly a third of its operations in Alberta. The company has managed to diversify the company well the last 10 years getting Alberta's share of the business down from 52% in 2009.

Canadian Western's business hasn't been impacted too much from the situation in Alberta due to its strong risk management and disciplined operations. With that being said, an improvement in the economy would certainly go a long way to help its margins.

This is especially true considering one of the main reasons interest rates are so low is to help keep our oil exports competitive and spur the Albertan economy.

Going forward, it expects positive growth in Alberta this year and believes that general commercial and equipment financing will lead the increase in new loan growth.

Lower taxes in Alberta should also help businesses to earn more money, which will help to increase economic activity in the province.

Bottom line

The long-term impact of the oil outage in Saudi Arabia remains to be seen, and while it may not impact the market significantly, it's still a good idea to keep these companies in mind for the next oil spike in order to be ahead of the market.

CATEGORY

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2. Dividend Stocks
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TICKERS GLOBAL

1. TSX:CWB (Canadian Western Bank)
2. TSX:GH (Gamehost)

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