

Colleen Almeida Smith: Low energy prices are a window of opportunity for some

**By COLLEEN ALMEIDA SMITH Business Editor | Posted: Sunday, September 27, 2015
12:00 am**

Energy companies have dominated the Tulsa World Investment Guide rankings since 2011.

But Wal-Mart Stores Inc., which last held the No. 1 spot in 2010, landed atop our list this year. In 2010, it was the company's push into global markets along with its price rollbacks that made it attractive to our panel of analysts.

This year, the weak oil prices have helped push retail and banking companies to more prominent positions in our rankings.

Qian Zhang, investment manager for Fredric E. Russell Investment Management Co., sees Wal-Mart stock as attractive for multiple reasons.

"During an energy price downturn, a lot of investors are panicking and trying to stay away from energy companies and looking for companies which are less sensitive to or even benefit from lower energy prices, such as Wal-Mart," Zhang said.

In addition, consumers are using their savings from the low price of gasoline to buy more at the retailer.

"A large portion of Wal-Mart's customers have to drive long distances to the stores, so they are especially sensitive to fuel prices," she said. "When costs of fuel were above \$3 a gallon in 2014, customers tended to consolidate trips to stores or stayed at homes and ordered more online."

“As a result of lower fuel costs, Wal-Mart’s customers are not very concerned about the cost of driving, improving in-store traffic and sales,” Zhang said.

While the region is heavily invested in the oil and gas industry, it is no longer the only game in town.

“We are more diverse than we were in the ’80s, but we are still tied to energy,” said economist Bob Ball with the Tulsa Regional Chamber.

So while a large sector of our economy is struggling, other industries are seeing healthier bottom lines.

“Banking is really holding its own. It’s really doing quite well,” he said.

The return on assets for banks in the Tulsa area and across the state is higher than the national average, Ball said. Plus, some sectors are benefiting from lower oil and gas prices.

“We have a lot of industry and manufacturing that use a lot of energy, and they are taking advantage of lower energy prices overall,” he said, citing aerospace as a specific example.

So while the oil and gas industry — as well as the companies that provide goods and services for it — weathers a downturn, other firms are looking at opportunities.