



5 Can't-Miss Investing Stories This Week

Description

It was a solid week for Canadian equities with the **S&P/TSX Composite Index** (^OSPTX) posting a gain of 1%. But there were plenty of corporate stories for investors to digest as well. Here are the top five 'can't-miss' headlines for the past week.

1. How safe is your portfolio from this new threat?

Canadian railroads were a big drag on the TSX this week after **CN's** (TSX:CNR, NYSE: CNI) safety division told an industry forum that it wants to 'aggressively phase out' older model tank cars that have been implicated in recent derailments. It shouldn't be shocking why investors are concerned: new tank cars cost about \$100,000 a piece and updating an entire fleet could cost in the hundreds of millions of dollars.

Obviously this is a big concern for the rail industry. But I'm looking at how this development could impact other industries. The oil patch has become increasingly reliant on rail to ship growing oil production. Higher shipping costs could impact the bottom lines of energy giants like **Cenovus Energy** and **Canadian Natural Resources**.

2. Where were you this holiday season? Not at the mall apparently

A funny happens when ice storms, arctic cold temperatures, and power outages shut down the central part of the country: a lot of people stop shopping.

And that's exactly what we saw in **Dollarama** ([TSX:DOL](#)) monthly results on Friday. The Montreal-based retailer reported that December same-store sales fell 7.5%, versus an 8.4% increase in November.

Investors were sympathetic to Dollarama's plight. Shares of the discount retailer edged down \$0.60 cents to \$83.68 during Friday trading, suggesting to me at least that the market can occasionally be far-sighted enough to dismiss one-off bad reports.

However, expect more sales slumps to be a regular theme from other Canadian retailers over the next few weeks.

3. Bombardier's CSeries won't be off the ground until...2015

Bombardier ([TSX:BBD.B](#)) dropped a bombshell on Thursday: the launch of its flagship CSeries aircraft will be delayed for at least a year.

The company reported Thursday that the CS100 will not enter service until likely the second half of 2015, while the larger CS300 isn't expected to be launched until six months later. The original timetable projected that the CSeries would be out on the tarmac by the end of this year or early 2015.

4. Wheeling and dealing in the gold industry

The big headline Monday morning was **Goldcorp's** (TSX:G, NYSE:GG) \$2.6 billion cash-and-stock takeover bid for Quebec-based **Osisko Mining** ([TSX:OSK](#)) — roughly a 15% premium to where the stock closed the previous Friday. However, Osisko Mining urged shareholders to refrain from accepting Goldcorp's bid until the board can review the proposal and called the offer 'very low'.

A few important takeaways for investors here:

First, Osisko shares have traded well above the \$5.95 implied value of Goldcorp's stock-and-cash offer, suggesting that the market is anticipating a higher bid. Typically, comparable transactions are completed at 25% to 50% premium. I doubt Osisko shareholders are going to rush to accept Goldcorp's lowball offer.

Second, and more importantly to other investors, does this deal signal a coming wave of takeovers in the mining sector? That's doubtful because there aren't many cash-heavy buyers walking around. Buying second-tier securities and hoping for a surprise buyout bid seems foolhardy when most of the industry is retrenching.

5. Canadians are cutting the cord

Canadian telecom giants **Cogeco Cable** ([TSX:CCA](#)) and **Shaw Communications** ([TSX:SJR.B](#)) both reported quarterly earnings during the week. The most startling trend out of these reports: Canadians are cutting the cord at an accelerating rate. During the last quarter, Cogeco and Shaw lost 9,000 and 29,000 television subscribers, respectively.

Of course, this is only a small sample size. And we're still awaiting the quarterly numbers from other telco giants like **Telus**, **Rogers**, and **BCE**. But quarter after quarter, we're seeing Canadians drop their cable subscriptions at accelerating rates.

Obviously this is a big threat to a highly profitable industry segment. If service providers can't find a way to stop the hemorrhaging, more dollars are going to be sent to online rivals like **Netflix** and iTunes.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CCA (COGECO CABLE INC)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:OSK (Osisko Mining)
4. TSX:SJR.B (Shaw Communications)

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