5 Can't-Miss Investing Stories This Week

Description

Canada's housing market heats up, **Encana** (TSX: ECA)(NYSE: ECA) is betting big on Texas, and **Tim Hortons'** (TSX: THI)(NYSE: THI) earnings disappoint. It was another busy week for Canadian investors. Here are are the top five can't miss investing stories.

1. Encana bets big on Texas

Encana is speeding up its effort to boost high margin oil production. On Wednesday, the company acquired 45,500 acres in the Texas Eagle Ford shale field from **Freeport-McMoRan Copper and Gold** for U.S. $1.3 billion.

Encana is in the process of selling its natural gas assets to concentrate on five fields rich in oil and natural gas liquids — the British Columbia Montney, the Alberta Duvernay, the Colorado DJ Basin, the San Juan Basin in the U.S. Southwest, and the Louisiana Tuscaloosa Marine Shale. This deal adds a sixth major field to that list and will nearly double the company's oil output.

The deal also introduces the Eagle Ford shale play to many Canadian investors. The field is one of only six in the world to produce over one million barrels per day and could be the largest onshore oil reserve in the United States.

2. Tim Hortons reports bitter earnings

Analysts turned sour on Tim Hortons after the company posted another disappointing earnings report. Profits rose 5.5% during the first three months of the year to $90.9 million, or $0.66 per share, from $86.2 million or $0.56 per share during the same period last year. Same-store-sales, a key metric in the fast food business, rose by just 1.6% in Canada and 1.9% in the U.S.

It's evident that heightened competition is taking its toll on the Canadian icon. With encroaching rivals like **Starbucks** and **McDonald's**, the market is becoming more challenging than what we've seen in the past. However, Fool contributor Benjamin Sinclair notes that the company is taking appropriate step to fend off these competitors through product innovations and new technologies.

3. Bank of Nova Scotia and Canadian Tire team up

This week **The Bank of Nova Scotia** (TSX: BNS)(NYSE: BNS) purchased 20% of **Canadian Tire's** (TSX: CTC.A) financial services arm.

In exchange for $500 million in cash and a commitment to fund up to $2.25 billion in credit card account receivables, Bank of Nova Scotia will receive one fifth of the retailer's financial business. Canadian Tire also has the option to sell up to 29% more of its financial operations to the bank at a fair market price over the next 10 years.

This is a real win-win deal for both companies. Bank of Nova Scotia can quickly build out its position in the credit card business, something that it has been trying to do for some time. For Canadian Tire, the transaction frees up an enormous amount of capital. That can be either reinvested into the retail business Canadian Tire knows best or to reward shareholders through dividends and share buybacks.

4. Housing starts surge

Canada's residential construction market picked up speed last month. According to the Canada Housing and Mortgage Corporation, housing starts surged in April to an annual pace of 194,89 units, up from 156,592 in March.

Industry experts, though, don't think the boom can last. A bounce back in new home construction activity in April had been expected after bad winter weather. It's a large possibility that lingering pent-up demand could fuel the market for a little while.

5. Telus hikes its dividend

Investors also had to sift through quarterly reports from Canada's telecom sector as earnings season winds down.

Canada's new wireless code of conduct is taking a bite out of **BCE's** (TSX: BCE)(NYSE: BCE) wireless business. The company reported first-quarter net earnings of $615 million, up 8.7%, led by growth in its wireless and media divisions. The Canadian Radio-Television and Telecommunications Commission introduced a new wireless code of conduct in December which included limits on roaming and excess data charges as well as the right for consumers to cancel their wireless contracts after two years without fees.

Telus (TSX: T)(NYSE: TU) reported that its profits rose $377 million or $0.61 per share, from $368 million or $0.56 per share during the same time last year. The company said it added 48,000 new postpaid wireless customers in the quarter, exceeding the new additions at rival BCE and **Rogers**. The telecom company also boosted its dividend by 5% to $0.38 per share.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)

2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)
4. TSX:T (TELUS)

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Date
2025/08/28
Date Created
2014/05/09
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