

Want Immediate Profits? Buy Canadian Tire Corporation Limited and Encana Corporation

Description

Canadian Tire Corporation Limited ([TSX:CTC.A](#)) and **Encana Corporation** (TSX:ECA)(NYSE:ECA) can be hot performers when the temperature dips. Here is why buying these stocks before the winter really takes off can add immediate value to your portfolio.

Canadian Tire Corporation Limited

Canadian Tire is a retailer, and retailers have their busiest season during the fourth quarter thanks to the holidays. For Canadian Tire; however, the entire winter can be a busy season as the retailer sells pretty much everything Canadians need to survive cold and snowy weather, from winter tires for our cars to snow shovels and snow blowers to clear the driveway.

Last year, a colder than usual winter caused Canadian Tire to post some record-setting results. It's anyone's guess what this winter will do, but if you look at how November has started, it could be another long and cold one. If it is, Canadian Tire's business and therefore its results will benefit.

Last year, from February to March when it became known to the public just how much Canadian Tire's business improved thanks to winter sales, the stock rallied very aggressively. Another positive for Canadian Tire, the company is heading into its busiest season with a solid bottom line. The company just released Q3 results and they showed a strong performance across all business lines. A major positive were retail sales, which were up year-over-year, a positive insight into the Canadian consumer, and a possible preview into what to expect during the upcoming busy retail season.

Encana Corporation

Encana Corporation's main business is natural gas. The company produces, transports, and markets natural gas and natural gas liquids. Liquids are an increasing part of the mix but production remains weighted toward natural gas. Natural gas is a seasonal commodity, and generally speaking the price peaks in the winter when cold weather increases demand for the fuel to heat homes.

Natural gas' winter spikes can be quite large because producers do not produce more natural gas during peak demand, in fact they produce basically a flat amount of natural gas throughout the year that goes into storage. The excess is used in the peak demand periods, but when demand skyrockets there can be very volatile price swings as investors and users panic over whether there will be enough natural gas to go around. This peak demand season is good for natural gas producers because both demand and price appreciate, which in turn translates into more revenue for the natural gas producers. A cold winter can mean really good revenues for natural gas producers in the fourth and first quarter.

Encana's stock has been struggling a bit recently, with some of the negative sentiment surrounding the stock coming from weak natural gas prices in Q3. Natural gas typically starts to ascend in September, but this year a long Indian Summer underpinned prices through September and into October. The weather; however, has since drastically changed and so have natural gas prices. For this reason, the

recent dip in the stock could have opened up a buying opportunity for a stock that could appreciate in the months to come.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)

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