2 Massive Market Game Changers You May Have Missed

Description

Two of the top stocks on the TSX started the week on the wrong foot. Here's why a pair of the nation's favourite tickers have fallen out of favour with investors this week, with potentially lasting repercussions for North American stock markets.

What's eating TD Bank?

Two words — or rather, one name — just knocked a chunk out of one of the biggest of the Big Five: **Charles Schwab**. The 13th-largest bank in the U.S., as well as one of its largest brokerage firms, just axed online broker fees — a move that sent investors into a panic. Shareholders, recognizing the move as the effective removal of a big chunk of revenue for brokers, quickly responded by knocking 9.73% off the bank's share price.

Perhaps more importantly for Canadian investors, **TD Ameritrade** then matched Charles Schwab's deal by dropping its own fees — and immediately suffered an even worse fate than Charles Schwab, ditching 25.76% on the news. **TD Bank** (TSX:TD)(NYSE:TD) was impacted by extension and ended the day down 2.59%.

On the plus side, value investors seeking wider income margins now have a 3.83% yield to mull over. Overall, TD Bank is trading closer to its 52-week high of $78 than its $65 low and has largely recovered from the summer trough that saw August prices drop below the $72 mark, which should reassure current and would-be shareholders of this popular dividend stock.

Whether the move from a skimming to a penetration model of online brokering adds or detracts from overall revenue remains to be seen, but the sell-off highlights that this is no time to experiment with a jittery market. That said, investors will likely benefit from the online and mobile broker fee removal, positively stimulating markets in the long term.

Enbridge also took a hit

Enbridge (TSX:ENB)(NYSE:ENB) rebounded before end-of-trade Monday, regaining most of the losses incurred during the day to end flat at $46.50 — about midway between its year-long high and low points. However, the ruling by the CER to halt open season on the Mainline network likewise spooked the market and could have lasting consequences in the oil patch.

The midstream favourite recently proposed a big change to the way shippers are allocated space on the Mainline system, moving from monthly rental to long-term contracts. While the monthly competition system had its detractors, the switch to locking shippers into contracts was met with vociferous protest and ultimately led to the CER's decision.

One of the main sticking points for the CER was that the revised Mainline framework would essentially lock 90% of pipeline capacity into firm contracts, leaving just 10% of the total network available for monthly spot contracts. Theoretically, had it been the other way around, there's a possibility that Enbridge might have eased the market into longer-term deals without spooking the CER and energy investors.

The bottom line

In one fell swoop, Enbridge got its wings clipped by the energy regulator, and TD Bank lost a revenue stream. For eagle-eyed investors watching market-moving changes, it's been quite the double-whammy. However, both stocks represent businesses at the top of their game, and while value opportunities exist for newcomers, current shareholders could expect to see those prices rebound.

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