



S&P/TSX Flat After Alarming Consumer Debt Report

Description

Canadian equity markets traded slightly higher on Friday, weighed down by shares of telecom and energy stocks.

The **S&P/TSX Composite Index** (^OSPTX) closed up 11.31 points, or 0.09%. In the United States, the **S&P 500** was off 0.18 points, or 0.01%, in quiet trading.

The big story today was the latest data from **StatsCanada**. As expected, the financial media choose to lead with the scariest headlines. Namely, household debt-to-disposable income hitting a record 163.7%.

No doubt, surging debt levels are a worrying trend, but there was some good news in this report. What many left out was the fact that household net worth hit a record high of \$7.5 trillion. That's an increase of almost 2% quarter-over-quarter, thanks mostly to rising housing and equity prices.

I'm not sure if there's a specific investment takeaway from this report. But it's important to point out the built-in bearish bias whenever the economy is discussed in the media.

South of the border, the U.S. Producer Price Index rose 0.7% year-over-year. That's the slowest gain in five years. This, coupled with other tame inflation reports, is raising hopes that the Federal Reserve will not taper asset purchases when it meets next week.

In stock specific news, Canada's Big 3 telecom companies were down hard. Shares of **Telus** ([TSX:T](#)), **Rogers Communications** ([TSX:RCI.B](#)), and **BCE** ([TSX:BCE](#)) were each down 0.81%, 1.30%, and 0.83% respectively.

This coming after the Canadian Radio and Television Commission, or CRTC, has launched a deeper investigation into wholesale wireless roaming rates in the country. The regulatory body has expressed concerns that 'some wireless companies' are making it difficult for smaller mobile operators without a national network to compete.

Once again, the telecom industry is feeling the heat as Canada's public enemy No. 1. And the Conservative government is successfully exploiting this populist anger. Whether this regulatory bite

has teeth or just show is a matter of inside political baseball. It has traders spooked today, but whether this will threaten industry profits over the long run remains to be seen.

BlackBerry (TSX:BB, NASDAQ:BBRY) were up 2.9%. BlackBerry, which recently concluded a \$1 billion convertible debt offering, has announced an agreement with its debtholders to extend an option deadline attached to the deal. This gives prospective investors a chance to buy up to a further \$250 million in convertible debt.

Finally, **Potash Corporation of Saskatchewan** (TSX:POT) shares were a leader, gaining 1.3% after China's Sinochem announced a one-year renewal of its three-year exclusive potash deal with Canpotex, the Canadian potash association.

Foolish bottom line

The real action begins next week. As hinted above, the Federal Reserve will meet to discuss its much anticipated interest rate policy decision. And of course, BlackBerry will report release its latest earnings report. So rest up, it's a busy week ahead.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
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