



S&P/TSX Higher As Investors Await Fed's Tapering Plans

Description

North American equity markets finished higher on Monday on good economic data out of Europe and renewed hopes that the Federal Reserve's bond buying program will be extended.

And it was mostly green on investors' screens to start this week of trading. The **S&P/TSX Composite Index** (^OSPTX) closed up 58.17 points, or 0.45%, at 13,184. In the United States, the **Dow Jones Industrial Average** posted a 130 point gain, up 0.82%.

Data released on Monday showed Europe's economic recovery is picking up momentum. The [Eurozone's flash composite PMI](#) climbed to a three-month high of 52.1 in December from 51.7 in November- any number above 50 signals growth. This should keep sovereign debt worries on the backburner.

And with the U.S. Federal Reserve set to meet tomorrow, traders are betting on whether or not the central bank will continue its monetary stimulus measures. A poll released last week in the *Wall Street Journal* found that most economists don't expect the Fed to taper its bond buying program until this spring. Through most of us here at Fool HQ will be happy to never hear the word 'taper' ever again.

While we typically don't worry about day-to-day share price moments, we occasionally review them just in case they're material to our investment thesis.

Barrick Gold (TSX:ABX, NYSE:ABX) led the TSX higher with shares of the gold miner up 1.63%. Investors were digesting a Saturday announcement that the company will lay off roughly 1,500 of its approximately 5,000 workers on the Argentine side of its suspended Pascua-Lama gold mine. Ramping down construction should save the company billions of dollars in construction costs.

However, I was much more concerned with a Sunday story published in the *Globe and Mail* that slipped beneath the radar. [According to the report](#), Barrick is considering revamping its executive compensation scheme.

Previously, managers were compensated for growth and not required to actually own any shares. However, under the proposed new plan, executives could be required to hold onto the Barrick shares

until retirement. This should better align the interests of management with shareholders.

Finally, **Valeant Pharmaceuticals** (TSX:VRX, NYSE:VRX) announced the acquisition of **Solta Medical** (NASDAQ:SLTM), a U.S. based company that makes medical devices used in cosmetic surgery procedures. Valeant offered \$2.92 per share, a 40% premium to where the stock closed on Friday, valuing the company at \$250 million.

This is likely to be another great acquisition for shareholders. Valeant has done a great job by buying up promising new medical technologies and exploiting its huge distribution to create value. It might be time to nickname this firm 'Little J&J'.

Foolish bottom line

All eyes are on the Fed this week. Expect more sideways trading until we get an update on the central bank's monetary policy.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:BHC (Bausch Health Companies Inc.)
3. TSX:ABX (Barrick Mining)
4. TSX:BHC (Bausch Health Companies Inc.)

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