



S&P/TSX Broadly Higher on Christmas Cheer

Description

Equity markets closed broadly higher Friday led by gains in the financial, mining, and energy sector. The TSX was closed for the Boxing Day holiday, so Canadian stocks were playing catch-up to their American counterparts.

Optimism as a results of the U.S. Federal Reserve's easy monetary policy and a bright outlook for global economic growth continued to push equity prices higher. The **S&P/TSX Composite Index** (^OSPTX) finished the day up 69.96 points, or 0.52%, to 13,587. In the United States, the broad base **S&P 500** finished roughly flat down 0.62 points, or 0.03%, in light trading.

But while the wider stock market were relatively quiet on Friday, there's was plenty of corporate news driving individual issues.

Saputo's ([TSX:SAP](#)) bidding war for Australia's Warrnambool Cheese and Butter Factory continues to heat up. Bega Cheese, the largest shareholder in Warrnambool, announced that the company was in talks with 'non-Australian' investors on a possible sale of its stake.

In September, Bega kicked off a takeover battle with Saputo dairy giant for the Australian cheese maker, but the company declined to extend its final offer last week. For Saputo, Warrnambool is seen as an important foothold into the Asia-Pacific region. Saputo shares finished the trading day down 0.29% to \$48.26 per share.

In other corporate news, filings from Mike Lazaridis, co-founder and former Chief Executive of **BlackBerry** (TSX:BB, NASDAQ:BBRY), announced the sale of \$26.5 million of BlackBerry stock. The reduces his combined stake with co-founder Doug Fregin to below 5% from 8%.

Many investors had hoped Lazaridis would ride to the rescue and take the troubled company over in some sort of privatization deal. But today's announcement likely takes any future bid off the table and could be interpreted as a vote of non-confidence in John Chen's turnaround strategy. BlackBerry shares finished the day down 5.09% to \$7.83 per share.

And finally **Sheritt International** ([TSX:S](#)) is facing pressure from an activist shareholder, news that

was overshadowed this week due to the sale of the company's coal business. **Clarke** Chief Executive George Armoyan, the company's largest shareholder, told the *Wall Street Journal* that wants Sherritt to reduce its board size to seven from nine seats and replace three directors with its nominees.

Mr. Armoyan is also disappointed with the company's stock price and recent operational performance as highlighted by the loss the company will take on the sale of its coal business. He believes that the current set of directors own too little of Sherritt stock to justify their current compensation.

I'm not familiar enough with Sherritt's business to provide instant commentary on Mr. Armoyan's remarks. But as we have seen at **Barrick Gold** and **Canadian Pacific**, activists have a tendency to shake up complacent management teams and create value for their fellow shareholders. I do believe this stock should certainly be added to investors' watchlists in the New Year.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
3. TSX:S (Sherritt International Corporation)
4. TSX:SAP (Saputo Inc.)

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Author

rbailieul

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